2025 Yearly Letter

31 December 2025

Writing has become my most reliable way of learning. Not from successes, which tend to flatter the ego, but from mistakes, which force clarity. This letter exists primarily for that reason. It is a tool for reflection, not a report card.

The venture and private portfolio are intentionally capped at roughly 1-2% of total capital. There is simply too much money chasing too few good opportunities in venture today. Valuations often reflect optimism rather than probability, and optimism is not an investable edge. As a result, my strategy here is narrow by design, and falls within two categories.

The first category is investing in people I know and trust who rank extremely high on what I think of as optionality. If you study equity valuation theory, most models, including discounted cash flow models, explicitly or implicitly price optionality. Some individuals compound opportunity faster than capital itself. At the extreme end of this spectrum sits Elon Musk.

The second category is repeat B2B software and SaaS founders who have already succeeded once and are now on their next rodeo. Empirical data here is unusually clear. The probability of success jumps from below 5% to north of 40% for founders with prior wins. When these opportunities arise at reasonable terms, I effectively have an unlimited pool of capital allocated to them. The challenge is access. These rounds are often oversubscribed or funded entirely out of pocket by the founders themselves.

The ideal case is a blend of both categories. Someone who ranks high on the optionality scale and qualifies as a proven operator. Petter Reistad at Sanna fits this description well, and I was fortunate to participate in their first round earlier this year. Other venture investments during the year include Crunched, Journalia, Jubelbud, and Billy Markiser.

On the public markets side, I remain a tourist. Roughly 3-4% of the portfolio is allocated to listed equities, and the primary objective here is learning. The filter is simple but strict. I look for capital-light businesses with little or no debt, high cash conversion (free cash flow never lies), and durable profitability. I also need to understand how the company earns its money and be convinced that the service it provides will still be relevant twenty years from now. This naturally leads toward software businesses and/or digitally inclined companies.

At year-end, the stock portfolio consists primarily of thirteen companies: Admicom, Alibaba, Alphabet, Atoss Software, Dedicare, Evolution, Exasol, Hacksaw, North Media, Novo Nordisk, Smartcraft, Snowflake, Vitec Software.

The largest loss was the investment in Evolution. The specifics matter less than the reminder it provided. Even great businesses can be poor investments at the wrong price, and confidence is not the same as margin of safety.

On the positive note, Alibaba deserves a specific mention. It was purchased at ~72 USD/share in February 2024. For the first six months, it did very little and was at times down from the purchase price. It served as a useful reminder that patience in the stock market can pay off, and that being early and right can, for long stretches of time, look indistinguishable from being wrong. I believe this is the same for a company such as Evolution.

Rather than pretending to be smarter than the market, I am actively learning from people who clearly understand something the rest of us do not. Investors such as Ulf Huse, Aasulv Tveitereid, Oskar Bakkevig, and other dedicated stock pickers serve as valuable reference points. I was lucky to be able to invest in Oskar's equity fund earlier this year and see how he works even more up close.

Equity funds make up roughly 25% of the portfolio and consist primarily of DNB Teknologi, First Veritas, Alfred Berg Gambak, and Holmen Spesialfond. Oskar Bakkevig, Thomas Nielsen, Leif Eriksrød, and the DNB team are role models for me. It has been a tough year for quality stocks on a relative basis, so added more capital to First Veritas during the year.

The whitson position remains conservatively around 50% of the portfolio, though valuation is inherently uncertain given its private nature. This is where I spend my time, focus, and energy, 24/7, and not a second less. It has been a great year for whitson, and I believe next year will be even better.

Cash stands at roughly 20% of the portfolio.

If there is a unifying theme this year, it is humility. I am still learning. I am still wrong more often than I would like. But the framework is becoming clearer ...

So here is a toast to hard work, continuous learning, and a happy new year.

Mathias Lia Carlsen