UNIVERSITY OF AUCKLAND INVESTMENT CLUB

INVESTMENT BULLETIN

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Update from the Fund

BY ROHIT GUTHPE, INVESTMENT COMMITTEE CHAIRPERSON

The Investment Committee has had a strong start to Semester 2, 2025, delivering both portfolio progress and valuable learning opportunities for analysts. Fund performance has been supported by our ASX positions, with senior analyst Andrew Griffiths highlighting strong appreciation in Qantas, now around 14% of NAV, as OPEC's supply hikes boosted airline margins. Positive FDA approvals have also underpinned our investment in Nanosonics. Recent corporate developments were reviewed in depth, including Xero's ~$2.5bn acquisition of Melio, Pacific Edge's capital raise, and Infratil's recent asset divestments.

The committee initiated 3 new allocations following our semester 1 pitches. An NZD$1k position was taken in QBE Insurance at an average entry price of AUD$21.41 following a post-earnings dip of about 10%. While QBE's 1H25 results raised concerns around the sustainability of profits driven by premium growth and reserve releases, we remain confident in QBE's diversified operations and disciplined capital management. Broader portfolio rebalancing was also achieved through new allocations to the Vanguard ASX300 ETF (NZD$1.5k) and Vanguard International Shares ETF (NZD$3.5k). These moves expanded our global exposure, with 8% of NAV now invested outside ANZ, and reduced the portfolio's cash position from 28% to 12%, lowering our cash drag. Broader market events such as the Virgin Australia IPO, led by Bain Capital, and the ongoing BGH bid for Tourism Holdings were also analysed in the context of our Qantas holding and the growing role of private equity in ANZ markets.

This semester's meetings began with recognition of two strong committee showings at the UBS Investment Banking Challenge. Caden Van De Laak and Tasha Koo secured first place, proposing an acquisition of Antipa Minerals by Greatland Resources, while Andrew Griffiths and Tom Maclean placed third with a proposal for Scales to acquire Seeka. We were also pleased to welcome five new junior analysts: Bailey Smith, Lucas Dearlove, Tasha Koo, Annabelle Larsen and Bella Crawford. At the same time, several members departed to pursue new opportunities, including Sam Gowen, who founded Flatmate Ventures, New Zealand's first student-led VC firm, and Aimee Ng, now on exchange at UC Berkeley, along with Lily Crawford at Queen Mary College in London and Cullen Tran, serving as President of Velocity.

Beyond portfolio activity, the committee continues to prioritise analyst learnings. In our second meeting this semester, senior analyst Tom Maclean presented on the mining sector, highlighting M&A-driven consolidation (mostly due to strong gold performance) and geopolitical pressures in rare metals, while guest speaker Yao Ming from Bulletin spoke on Spark's recent ~$705m data centre divestment to PEP. The committee also successfully transitioned its brokerage from Craigs Investment Partners to BlackBull Markets, materially reducing our transaction costs. Looking ahead, analysts will benefit from workshops on valuation techniques, a property/real estate spotlight, and insights into institutional asset managers from Lucas Dearlove, drawing on his internship at Pie Funds.

With strong momentum across both the portfolio and analyst engagement, I am looking forward to a successful second semester for the Investment Committee.

TECHNOLOGY

Fintech of the future: Are Klarna IPO ready?

BY OLIVER TURNBULL

With a delayed initial public offering, questions around consistent profitability, and more and more regulations arising, the future looks uncertain for Swedish Fintech company Klarna. The shift into more Neobank style operations and heavy company reshuffles looks to be a path to success. Will these actions be enough to overcome a tough market environment, or are we in store for an even longer delay on what could be the IPO of the year for the Fintech industry?

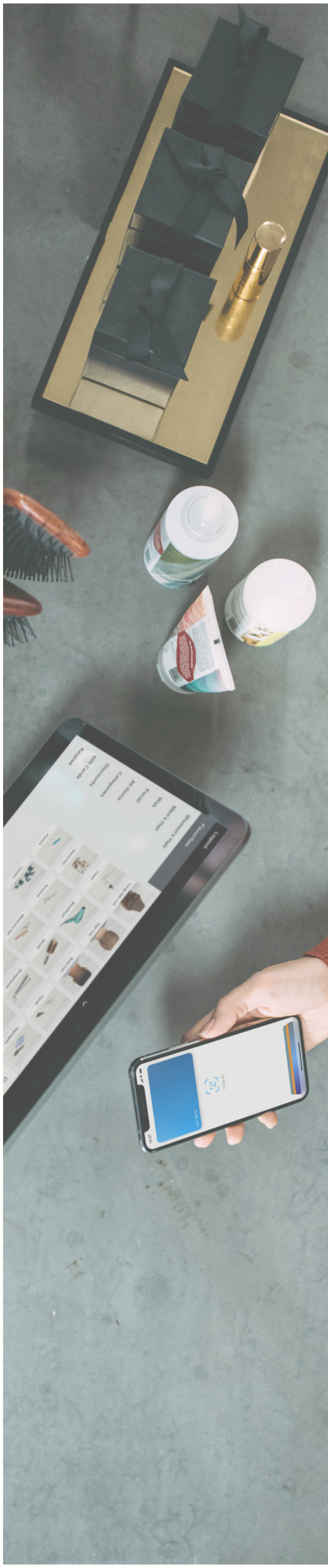
Intro

Klarna is a Swedish based company offering all sorts of financial products, from BNPL (buy now pay later) loans to, more recently, traditional interest loans and debit/credit cards. Founded in 2005, Klarna has seen a number of valuations and rounds upon rounds of fundraising that's causing them at one time to be one of Europe's highest valued private fintech companies, as well as being earmarked as one of the first Fintech unicorns. After expanding into the US market in 2015, Klarna then went on to publicly file their F-1 registration form (a form that must be submitted by foreign companies to the SEC when planning to offer securities to the public) on 14 March 2025. Alongside this, trials begun for a debit card option in June 2025, providing users with the ability to pay directly or put any purchases onto their more well known BNPL services - although this still remains more of a trial as its backed by Visa and Utah-based WebBank, with Klarna yet to gain its US banking licence. This, combined with mobile deposits and other traditional banking operations, shows a shift within Klarna as they look to move beyond just being seen as a BNPL provider.

IPO plans buffering

By all market standards Klarna pushes the image of a company ready to go public and continue to grow. However, they still find themselves plagued by macroeconomic and financial issues that continue to delay the next step. Valuation and financials don't seem to be much of a buffer with a 15 billion USD valuation estimate - that sits around 4-6 times their revenue reports - and a year on year increase in revenue and operating profit for the first two quarters of 2025. Lack of customers also doesn't come across as an issue with a 31% growth in that sector from 2024 to 2025. So with all financial and customer metrics pointing up, going public almost looks to be a no brainer from an investor perspective.

However, this isn't the full story. Although year on year growth shows increases in profit and revenue, and positive profits overall this year, in 2024 Klarna reported losses in both Q1 and Q2, creating a buffer on investor confidence as a lack of consistency becomes apparent, further causing speculation on Klarna's potential success on the public markets. The macroeconomic shock of Donald Trump's "liberation day' tariffs doesn't exactly help Klarna' s case either. After the beginning of IPO proceedings in March, the announcement of tariffs in April caused Klarna to pause these proceedings at risk of poor valuation in a volatile environment. Since then the market still remains uncertain, even with the original shock passing by, the tariffs still aren't set in stone creating investor caution around the long term effects. It wasn't just Klarna postponed by this wave of uncertainty, with global IPO numbers hitting a 9 year low in 2025 and proceeds falling 9.3% from last year. In a turbulent market it's not unusual for investors to demand a discount as a means to absorb any risk arising from the uncertainty in the market, further driving home Klarna's



decision to hold off as any potential valuation cuts could severely handicap them in the months following. It becomes clear that delays on the IPO run deeper than simply company performance. Thus, it becomes hard to blame Klarna alone for their IPO remaining in limbo.

Neobank activities

Despite the trouble with going public, Klarna continues to grow and revolutionise as they make a play to push away from their BNPL roots into more traditional banking activities. With the aforementioned debit card pilot rollout in the US that allows users to spend from FDIC insured accounts, similar to how actual banks operate. This comes alongside offering telecom plans in the US through an AT&T backed network. The growth and development doesn't stop there as Klarna also still holds a swedish baking licence and have been offering term deposits with competitive interest rates through their online system.

These movements stem from a want to boost investor confidence in the midst of the IPO process through diversification into different offerings as a way to mitigate risk as well as solidify themselves as a trustworthy player in the market. They also work to differentiate Klarna from their competitors, so as not to be seen as just another BNPL provider.

BNPL restrictions growing

However uncertainty still remains, with Klarna's largest income portion still being fees paid by merchants when they choose to use the BNPL product, accounting for around 57% of total revenue in 2024. With the United Kingdom deciding to bring BNPL loans into regulation under the FCA (Financial Conduct Authority) from July 2026 it is likely we will see some major changes for the BNPL industry not just in the United Kingdom, but globally in the near future. Companies like Klarna will be required to follow all consumer credit rules that larger and more traditional lending authorities follow: They'll need to offer greater support for customers in financial stress, enable complaint resolution via the financial ombudsman service, as well as facing affordability checks and credit worthiness standards, even for loans as little as 50 GBP. Similar restrictions have come in the United States. These changes represent another hurdle that Klarna is going to have to jump over if they remain largely funded through BNPL transactions.

Conclusion

Klarna sits at a crossroads. On the one hand, its growth is clear, revenues are increasing, operating profit has finally appeared in 2025, and customer numbers continue to expand. Klarna's shift into neobank activities through issuing debit cards, taking deposits and its telecom offerings shows clear ambition to diversify and build a sustainable model that's not overly reliant on BNPL transactions.

On the other hand, mounting scrutiny of BNPL, combined with increasing regulatory frameworks in the UK and abroad, will inevitably decrease margins and add compliance costs. Meanwhile, market turbulence, tariff shocks, and a lack of consistent profitability leave investors cautious.

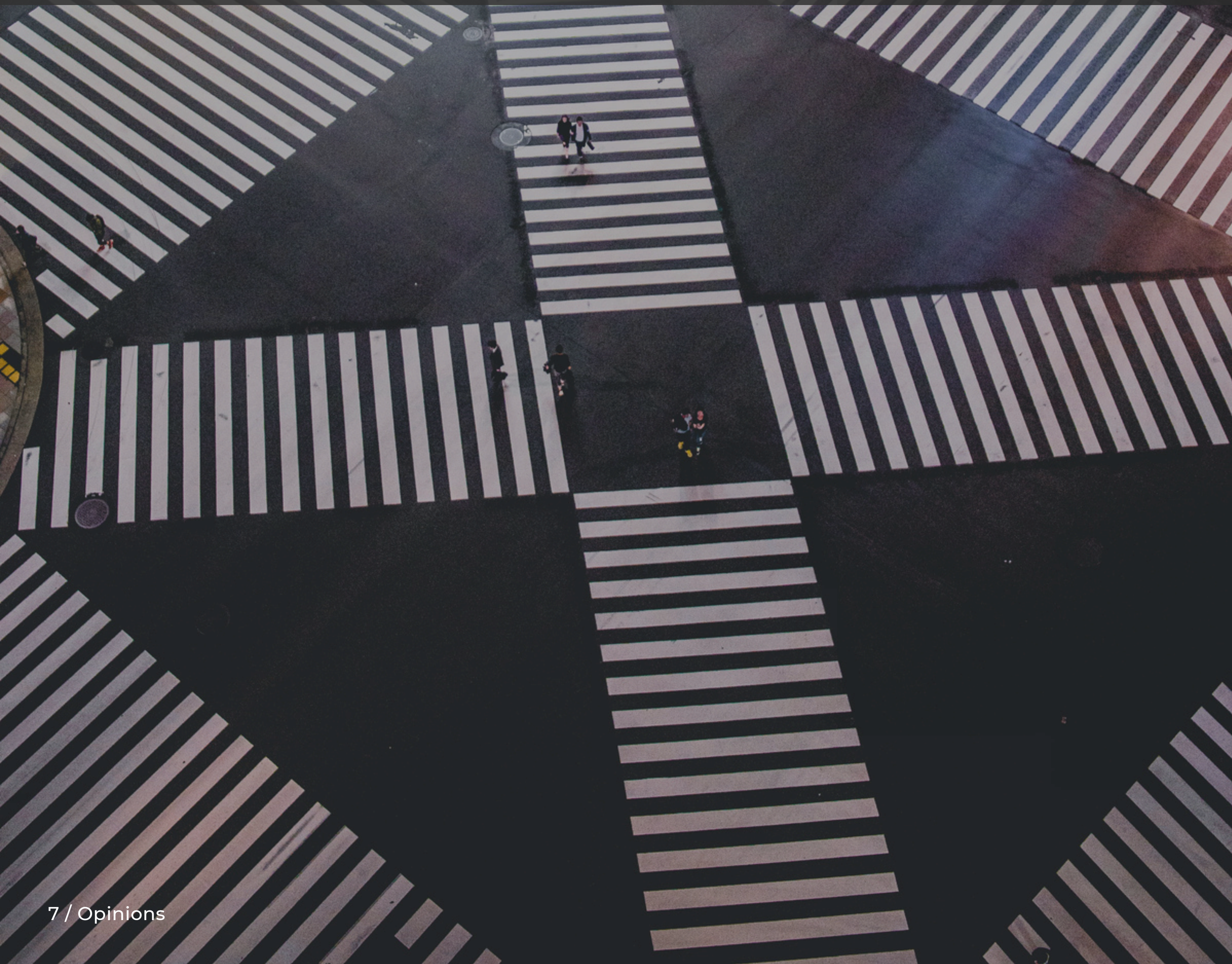
All this considering, the delay of its IPO seems to be less a reflection of failure and more a signal of just how volatile the landscape is for fintechs. Whether Klarna succeeds will depend on its ability to prove that profits are repeatable, regulation is manageable, and diversification can deliver long-term value. For now, Klarna remains a company in transition. The future looks promising for Klarna, but the same questions remain: Are we in store for more delays or is this new diversification angle going to be enough to go public successfully?

EDUCATION

Closing the Gap: How Education Reform Could Reshape New Zealand's Future

BY CONNOR PETRIE

After over two decades, New Zealand’s primary secondary-school qualification, NCEA, is back on the reform table. Ministers argue the current system is too flexible, complex to understand clearly, and doesn’t reliably signal what students know. They’re consulting on a replacement built around clearer subject syllabus and grades, compulsory English and Mathematics in Year 11, and a new Foundational Skills Award in literacy and numeracy. Decisions taken now could set the direction of secondary schooling for the next generation.



The proposal changes the qualifications pathway. NCEA Level 1 would cease to exist. Year 11 would be re-purposed as a foundational year, with each student taking both English and mathematics and gaining a foundation skills award to clarify the literacy and numeracy components. Starting in Year 12, two national credentials would replace NCEA Levels 2 and 3: the New Zealand Certificate of Education (NZCE) in Year 12 and the New Zealand Advanced Certificate of Education (NZACE) in Year 13. Students would study five subjects and earn the relevant certificate by passing at least four subjects. Assessment would shift from many separate standards being graded Achieved/Merit/Excellence to whole-subject marks out of 100 reported as A–E grades. A new Year 9–13 curriculum would standardise what is taught and when, with a proposed rollout between 2028 and 2030.

Why change at all? Under today's "mix-and-match" model, two students can claim "Level 2 English" while learning quite different content at different depths. The mix of internal/external assessment differs by school, and results sit in three broad grade bands, so the label "Level 2 English" can become hard to see what a student knows. A single mark at the boundary can flip a Merit into an Excellence, while two very different Excellence performances look the same on paper. The proposed system tries to fix this by anchoring learning to shared syllabi, assessing whole subjects on a 0–100 scale, and reporting straightforward grades, making it easier to understand coverage and performance and reducing assessment overload so teachers can focus on deeper learning. It also sits alongside a broader push, structured literacy in primary, a phone ban, and more standardised assessment in Years 3–8, to rebuild clarity and lift foundational skills.

When NCEA arrived in the early 2000s, it promised a fairer, more flexible system, with broadened subject choice and recognition of varied achievement, especially for Māori and Pasifika learners historically disadvantaged by high-stakes examinations. Two decades later, the promise was still not fully realised. Recent figures cited for 2024 point to lower attainment for Māori and Pasifika school leavers and lower University Entrance rates, with too many leaving without a qualification. These gaps are a social justice issue and a macroeconomic one. Education is a nation-building infrastructure. Just as roads and broadband lift productivity, raising student achievement compounds across decades, with a deeper skilled labour pool, higher incomes and tax payments, and lower welfare payments.

International experience shows equity and excellence can be complementary. Finland often serves as a reference point, with its universal access to high-quality early learning, deep teacher training and trust, and a curriculum prioritising creativity, wellbeing, and rich knowledge over constant testing. New Zealand doesn't need to copy-paste Finland, but we can adapt its lessons. Front-load investment in early childhood, particularly in Māori and Pasifika communities, so children arrive at school ready to engage. Elevate the profession, lift qualification expectations, and back teachers to teach.

Closing the Māori and Pasifika attainment gap could have very high returns for New Zealand. If reforms raised Māori and Pasifika results to match the overall student average, the workforce could expand by tens of thousands of skilled workers over time, with possible long-run gains in GDP and fiscal capacity as higher earnings flow through to tax and spending. For companies, that's a stronger domestic market and a broader talent bench. For investors, it underpins productivity and sustainable returns.

NZCE/NZACE will only work if clear syllabi and grading are matched by early-childhood investment, evidence-based literacy/numeracy, and targeted support where gaps are widest. Co-design with iwi, Pasifika educators and employers, and publish simple outcome metrics, so equity and excellence become real, compounding into a fairer, more skilled Aotearoa.

CULTURE

Labubu: The Monster That Ate Pop Culture

BY ANDY TRAN

What began as a niche Hong Kong art toy has now become part of the holy trinity of the performative male… and so much more. Today, Labubu dangles from Lady Gaga's Hermès bag, sits in Rihanna's collection, and pops up in Vogue editorials. In China, Pop Mart drops sell out in minutes, queues snake through malls, and resale prices climb into the tens of thousands. Since 2016, Labubu has gone from sketchbook oddity to Pop Mart's crown jewel, helping drive more than ¥12.8 billion (US$1.8 billion) in revenue last year. Cute, creepy, and impossible to ignore, this wide-mouthed gremlin has become the unlikeliest symbol of consumer culture in 2025.

The origin

The Labubu was born in 2015, sketched by Hong Kong illustrator Kasing Lung. Inspired by European folklore and mischievous sprites, he gave the creature rabbit ears, too many teeth, and a grin that unsettled as much as it charmed. For years, it floated in the margins of the art-toy scene, a cult curiosity for vinyl collectors.

The Pop Mart Effect

That changed in 2016. Lung partnered with Beijing-based Pop Mart, a company that had perfected the blind-box model: Sealed packages, rare editions, and the thrill of chance. At first glance, it looks simple, you buy a box without knowing which toy is inside. But that uncertainty is the point. It turns shopping into a lottery, part purchase and part gamble.

The psychology is powerful. Most series have a dozen standard figures and one ultra-rare "secret" hidden at odds of 1 in 72, or sometimes 1 in 144. Pulling a common figure gives a small dopamine hit. Pulling a rare one feels like a jackpot. And because each series forms a complete set, collectors keep buying, swapping duplicates and chasing the missing piece. In practice, Pop Mart isn't just selling toys, it's selling suspense, community, and the possibility of a win.

The results speak for themselves. Over 70% of Pop Mart's revenue comes from blind boxes, with fans sometimes queuing overnight just to buy a case. In April 2025, a new Labubu series in Los Angeles drew 2,500 people before sunrise. The company now runs more than 500 stores and 2,000 vending machines worldwide, making blind boxes an everyday impulse purchase in airports, malls, and train stations.

Culture: From Cult Toy to Performative Male Must-Have

The Labubu's leap from quirky collectable to cultural phenomenon was turbocharged by celebrity influence and social media. It began in 2024, when BLACKPINK's Lisa casually showed off her bag adorned with Pop Mart charms, including a Labubu, on Instagram. The post lit the match. Soon, Kim Kardashian, Rihanna, Dua Lipa, and even Madonna were flaunting their own fang-toothed gremlins. Lady Gaga dangled one from her Hermès bag, Vogue styled it in editorials, and TikTok feeds filled with unboxings and bag charms. Pop Mart stoked the frenzy, reposting fan content, hosting pop-ups, and teaming up with brands like Coca-Cola and Uniqlo. What started as a Hong Kong artist's oddball sketch had suddenly become a global it-accessory.

Then came the memes. Online, Labubu morphed into a signifier of the so-called *performative male*, the archetype of young men curating a sensitive, cultured image with matcha lattes, feminist literature, and, of course, a Labubu. In TikToks and memes, the doll wasn't just a toy; it was a wink, a badge of irony, and sometimes a "homing beacon" to signal supposed softness. Even singer Clairo was pulled into the joke, replying "Whatever that means" when a fan bragged about listening to her music while drinking matcha with a Labubu, a .

comment that racked up 25,000 likes. By mid-2025, the Labubu had become shorthand for internet identity, much like Supreme logos or BeReal check-ins in earlier years

But beyond irony, Labubu has become a status. Limited editions sell out in minutes and flip for thousands, some fetching more than US$30,000 on resale platforms. For some, owning one is now a cultural flex, a marker of taste, trend-savviness, and belonging to a global fandom. Pop Mart's blind-box drops and "secret" figures mimic sneaker culture, turning Labubu into a lifestyle brand as much as a collectable. Clipped to a luxury purse or perched on a desk, the doll says less about vinyl toys and more about the person holding it

Is the Hype Sustainable?

For every cultural boom, there is the spectre of a bust. Critics warn that Labubu risks following the path of Beanie Babies or Furbies, red-hot one moment, forgotten the next. Pop Mart has so far defied that fate by balancing scarcity with accessibility, drip-feeding new series, and stoking FOMO through collaborations. But sustainability will depend on whether Labubu can evolve beyond the meme. Hello Kitty survived for fifty years because Sanrio turned a cartoon cat into a lifestyle empire. Funko grew by licensing Marvel and Disney. For Labubu, the question is whether a creepy-cute gremlin can keep its cultural edge once the novelty fades, or whether it will vanish as quickly as it arrived.

Conclusion

What's clear is that Labubu has already carved out a place in the zeitgeist. At once a toy, meme, status symbol, and cultural wink, an object as likely to appear in a TikTok skit as it is dangling from a Hermès bag. Whether it endures or not, its rise tells us something about the times: That in 2025, consumer culture is as much about signalling identity as about owning a thing. A $30 blind-box figure can morph into a $30,000 collectable because it doesn't just sit on a shelf, it speaks. And for now, Labubu speaks louder than almost anything else.

Forsyth Barr FOCUS

The Power of Compounding Knowledge

We are privileged to live in an era of extraordinary progress. Although modern humans have existed for around 300,000 years, most advancements in life expectancy, education, and living standards have occurred in just the last 300, around 0.1% of our time as a species. Progress has been driven by our ability to record, share, utilise, and build upon knowledge. Today, artificial intelligence (AI) is adding a new layer of capability, with the potential to supercharge innovation and productivity and unlock even greater potential across the global economy.

Read the full article here.

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