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**Kenanga Global Unicorn 2 (KGU2) Newsletter**

June 2025

## FOREWORD BY THE TARGET FUND MANAGER

Before quantum computers, classical computers could only achieve speedups that grew steadily, not explosively. They got much faster by boosting clock speeds and doing more tasks at once, but this was still a scaled-up version of the same old method. This push for more power, especially with the Artificial Intelligence (AI) boom driving a million-fold increase in demand since 2012, fuelled rapid chip advancements and specialized accelerators, giving rise to companies like Nvidia.

Quantum computing, however, is a game-changer. It is the first new computing approach since the 1930s that could fundamentally change how computers work. Quantum computers could make certain tasks much easier, solving problems that were previously almost impossible. For example, simulating complex systems in physics and chemistry could become much simpler. Even in finance, quantum computers can speed up complex calculations: according to JP Morgan, for option pricing, the classical Monte Carlo simulation needs millions of samples, but its quantum counterpart achieves dramatic speedup with only a few thousand samples.

Beyond this, the world of quantum technology is rapidly evolving, with advancements that promise to revolutionize a plethora of use-cases across many industries. From the world's first commercial flight with GNSS-free navigation, to provably-secure communications over 3,800km, to realizing viable cancer drug candidates, quantum technologies are set to revolutionize many sectors. Most notably, BCG analysis estimates that quantum computing could create value of USD 450 billion to USD 850 billion in the next 15 to 30 years.

Nevertheless, with quantum computing relatively still being at an innovative stage, currently, there is no set global standard for technology readiness levels for quantum technologies, so understanding the capabilities of computing, communications, networking, and sensing can be confusing. This Newsletter provides an in-depth exploration of the principles of quantum computing, recent breakthroughs in the field, and the vast potential opportunities that quantum technology is poised to unlock over the next few decades.

*Source and notes:*
*National Academies of Sciences, Engineering, and Medicine, JP Morgan Chase, BCG Analysis, Qureca*

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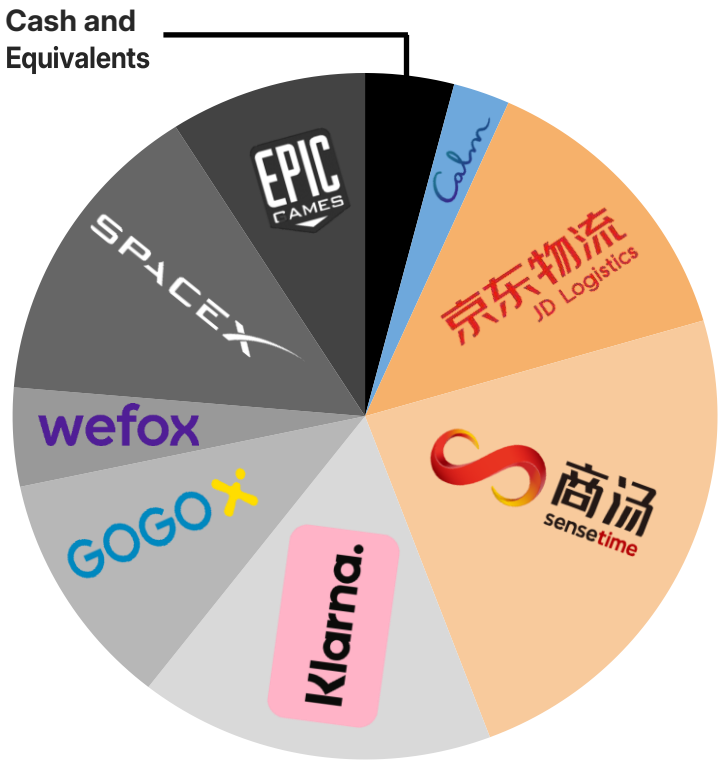
## TARGET FUND'S ASSET ALLOCATION




## TARGET FUND PORTFOLIO ASSET UPDATE

**Last Market Capitalization:** USD 7.02 billion as of 30 June 2025

**Updates:** Investment of USD 2.68 million in common shares at an approximate valuation of USD 12.50 billion.

- A leading artificial intelligence (AI) pioneer in China that specializes in computer vision and deep learning technologies.
- FY2024 revenue increased 10.8% year-on-year (YoY) to USD 526.87 million driven by a 103.1% YoY surge in Generative AI segment (63.7% of total revenue). Net losses also narrowed by 33.7% to USD 601.52 million.
- Unveiled the "SenseNova V6" and 'V6 Reasoner' AI foundation model, which notably substantially outperformed GPT-4o in data analysis capabilities.
- Introduced "SenseCore 2.0", its AI infrastructure platform, driving deep integration of Artificial Intelligence (AI) infrastructure with application development and industry needs.
- Announced plans to plans to boost its computing capacity over the next two years, where in in 2024, the company reported a 92% YoY increase in computing power, reaching over 23,000 petaflops.

*Notes: Information as of 30 June 2025*
*Source: News Articles, Capital IQ*

**Last Market Capitalization:** USD 29.88 million as of 30 June 2025

**Updates:** Investment of USD 1.26 million in common shares at an approximate valuation of USD 1.50 billion.

- Asia's first app-based intra-city logistics platform that operates across Chinese mainland, Hong Kong, India, Singapore, South Korea and Vietnam.
- FY2024 revenue decreased by 12.3% YoY to USD 92 million primarily due to strategic adjustments in the Chinese mainland and shifting to Hong Kong and Overseas markets that increased 5.8% YoY and accounts for 74.8% of the group's revenue.
- EBITDA FY2024 was at USD -12 million, an increase by 64.7%, and net income significantly improved by 82.6% YoY.
- Acquired a target company (unnamed company in the AI software sector, particularly in enterprise automation and conversational AI) for HKD 11.9 million, a strategic move to expand its business operations.

**Last Market Capitalization:** USD 10.28 billion as of 30 June 2025

**Updates:** Investment of USD 1.56 million in common shares at an approximate valuation of USD 49.00 billion.

- A leading smart supply chain and logistics services provider in mainland China, servicing both JD Group and external clients.
- Q12025 revenue recorded USD 6.5 billion growing by 11.5% YoY, driven by its expansion in its logistics capabilities by launching its 10th self-operated all-cargo airplane and opening new warehouses in Poland and the Middle East.
- Net income in Q12025 surged to USD 62 million, up 89.1% YoY, and achieved an EBITDA of USD 195 million, up 15.5% YoY, reflecting stable business expenditures.
- Launched JoyExpress, its self-operated Business-to-Client express delivery in Saudi Arabia. Reportedly there is a team size of over 1,000 members there.
- Partnered with China's Dirovo, JD Logistics officially opened a dedicated Wuhan warehouse, serving as a key intelligent supply chain hub for Central China.
- Began recruiting full-time riders for JD Food Delivery, aiming to create synergies with existing last-mile operations and boost efficiency.

*Note: Information as of 30 June 2025*
*Source: News Articles, Capital IQ*

**Last Raised Valuation:** USD 210.00 billion as of 26 June 2024

**Updates:** Investment of USD 1.65 million in common shares at an approximate valuation of USD 126.00 billion

- The world's leading private space company, pioneering in next-gen reusable rockets and the Starlink satellite broadband service.
- Founder Elon Musk clash with President Trump, prompted a White House review of SpaceX's USD 22 billion federal contracts and its 'Golden Dome' missile defense role; they have since reconciled.
- Received approval by the FAA for 25 Starship launches per year, removing a key bottleneck in getting approvals for test launches.
- One of their Starships exploded during a routine test after suffering a catastrophic failure due to an unnamed "major anomaly".
- Received approval to organize Starbase as a city which will give them control over local regulations, building permits, tax collection and the ability to write its own laws.

**Last Raised Valuation:** USD 31.50 billion as of 11 April 2022

**Updates:** Investment of USD 1.02 million in common shares at an approximate valuation of USD 40.90 billion.

- The leading interactive entertainment company providing an end-to-end digital ecosystem for developers and creators to build, distribute, and operate games and other content.
- Acquired Loci, an AI platform for automated tagging 3D assets, which will be integrated across the Epic ecosystem to improve search, sharing and discoverability of 3D content, along with helping to identify potential IP violations.
- Apple has failed to convince the US appeals court to pause key provisions of a previous federal ruling, which requires the company to allow external payment options in its App Store – enabling customers to pay Epic Games directly.
- Updating its store to offer 0% revenue share on the first USD 1 million per app annually and let developers launch webshops for lower-cost out-of-app purchases with 5% rewards for players to improve Epic's competitive position as a game distributor.

*Note: Information as of 30 June 2025*
*Source: News Articles, Capital IQ*

**Last Raised Valuation:** USD 6.70 billion as of 11 July 2022

**Updates:** Investment of a total of USD 1.84 million in common shares at an approximate valuation of USD 29.08 billion.

- Founded in Sweden, Klarna is popular alternative payment provider that enables shoppers to split purchase in installments through "buy now, pay later" (BNPL) financing.
- Q12025 revenue rose 15% YoY to USD 701 million, with a 4th straight adjusted operating profit at USD 3 million, highlighting improving margins and scalability.
- Launched waitlist for Klarna's mobile phone service in the U.S. via AT&T partnership, marking its first step into telecom.
- Reached 100 million active users in Q12025, the fastest growth rate in 2 years, supported by Stocard integration and U.S. expansion.
- Merchant count rose 27% quarter-on-quarter (QoQ) to 724,000, driven by Stripe integration, with further expansion expected through upcoming JPMorgan, Worldpay, and Nexi rollouts.
- Introduced an AI customer support chatbot modeled after CEO, now live in the U.S. and Sweden; customer service cost per transaction down ~40% vs. Q12023.

**Last Raised Valuation:** USD 4.50 billion as of 12 July 2022

**Updates:** Investment of USD 0.52 million in common shares at an approximate valuation of USD 2.37 billion.

- Manages a full-stack platform offering multiple solutions covering the insurance value chain, enabling brokers and advisors to leverage its tech, and providing end users a fully digitalized experiences.
- Completed EUR 170 million refinancing package led by Searchlight Capital in early 2025, providing strategic liquidity to support ongoing restructuring.
- Transferred existing, inactive insurance portfolio across Germany, Italy & Switzerland to DARAG Group in January 2025 as part of a broader divestment to BERAG Group.
- Completed sale of its Italian entities to J.C. Flowers & Co. in Q22025; deal finishes wefox restructuring and provides additional financial flexibility.
- With Italian divestment finalized, wefox now refocused on core markets in Netherlands, Austria, and Switzerland, having exited Germany and Poland.

*Note: Information as of 30 June 2025*
*Source: News Articles, Capital IQ*

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**Last Raised Valuation:** USD 0.30 billion as of 29 February 2024

**Updates:** Investment of USD 0.29 million in common shares at an approximate valuation of USD 2.30 billion.

- The number 1 app for sleep, meditation and relaxation, with over 150 million downloads and 4.5 million subscribers worldwide.
- Calm Health, under Calm and based in US, is expanding its mental health support globally, rolling out first in the UK and Canadian markets mainly targeting multinational employers.
- Unveiled "Not Calm Moms," a new initiative redefining maternal mental health by prioritizing community and real-world stress relief, including Mother's Day Rage Rooms and app content for daily challenges.
- Plans to role out a new revenue source from licensing its brand and IPs, having already licensed its branding with partners such as, Hilton, adiClub, and Trip Drinks.

*Note: Information as of 30 June 2025*
*Source: News Articles, Capital IQ*

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## QUANTUM COMPUTING: WHAT EXACTLY IS IT?

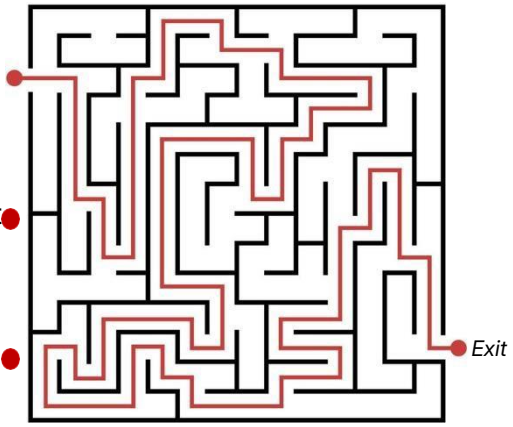
**'Quantum Physics' –** Is the study of the behavior of matter and energy at the smallest scales - typically atoms and subatomic particles like electrons and photons. This branch of physics, which emerged in the late 20th century is looking to set a new industry standard for computing.

**Classical computing** primarily process information using **bits**, a unit of information that can store **either 0 or 1**. In contrast, a **quantum computer** utilizes **qubits**, which can be any superposition **between 0 and 1**, **inclusive of both**, thanks to quantum physics. Thus, when data are input into the qubits, the qubits interact with other qubits, allowing for many different calculations to be run simultaneously; this is why quantum computers can work so much faster than classical computers. To further understand how quantum computers exploit these inherent properties of quantum particles, the 4 principles of quantum mechanics are studied, Superposition, Decoherence, Interference, and Entanglement.

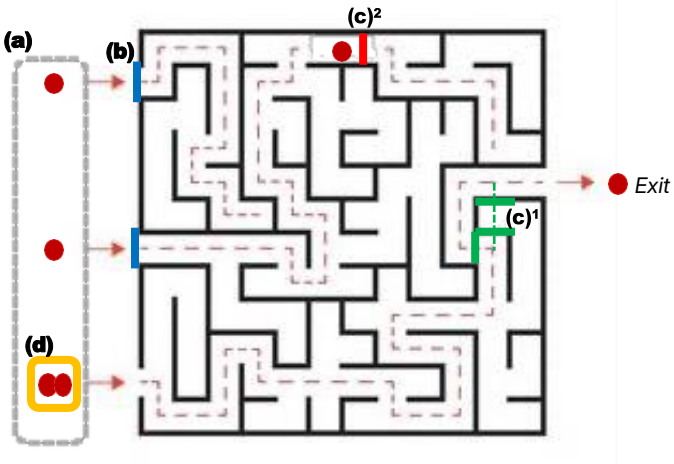
**4 Principles Explanation – As describing the behaviors of quantum particles presents a unique challenge, consider a Maze:**

**Classical Computer**

Must go in each direction one at a time to find the exit




**Quantum Computer**




**(a) Superposition:** Suppose the red dots are qubits that can go in all directions at the same time, and thus with more 'qubits' the faster the problem can be solved.

**(b) Decoherence:** While simultaneously exploring all paths, if the red dots accidentally bump into a wall, or interfered by outside noise, its '**superposition**' collapses.

**(c) Interference:** Constructive interference **(C)**$^{1}$ amplifies the correct route to a path closer to the exit, whereas Destructive interference **(C)**$^{2}$ cancels out incorrect paths or dead ends.

**(d) Entanglement:** Two or more red dots (qubits) become intrinsically linked, so the state of one instantly affects the state of the others, regardless of distance.

*Source: IBM, Qureca, McKinsey, Wecommunications, Ericsenz*

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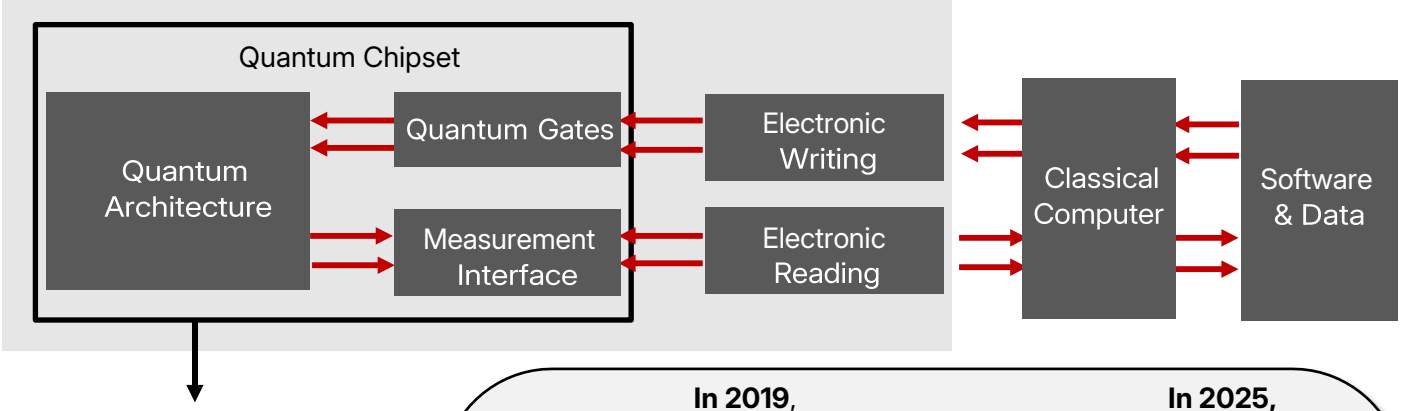
## BRINGING THEORY TO REALITY – A GAME CHANGER TO COMPUTATION

### How are Quantum Computers Built and What Makes it so Special?

Unlike classical computers that use transistors, quantum computers require highly specialized hardware. The main components include:

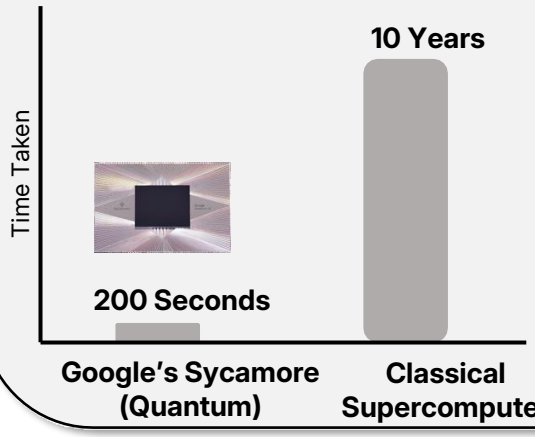
- **Quantum Architecture**: Represents the quantum error correction units and the physical qubits themselves.
- **Electronic Writing & Reading**: Acts as interfaces, translating signals from the Classical Computer into control signals for the quantum gates.
- **Quantum Gates**: Performs the actual computations by manipulating the states of the qubits in the quantum architecture.
- **Measurement Interface**: Reads the final state of the qubits from the quantum register after computations are complete.




The Quantum Chipset is housed by a chamber with a cryogenic cooling systems that operates at near absolute zero, -273°C, colder than the interstellar space.

The **IBM Q**, chamber operating at around **-273°C**


**In 2019,**
Google's Sycamore, a **53 qubit** quantum computer, solved a complex math problem in 200 seconds - a task that would take the world's fastest supercomputer 10,000 years to complete.




**In 2025,**
Microsoft showcased, the Majorana 1 chip, designed to scale to **1 million qubits** on a single chip displaying...

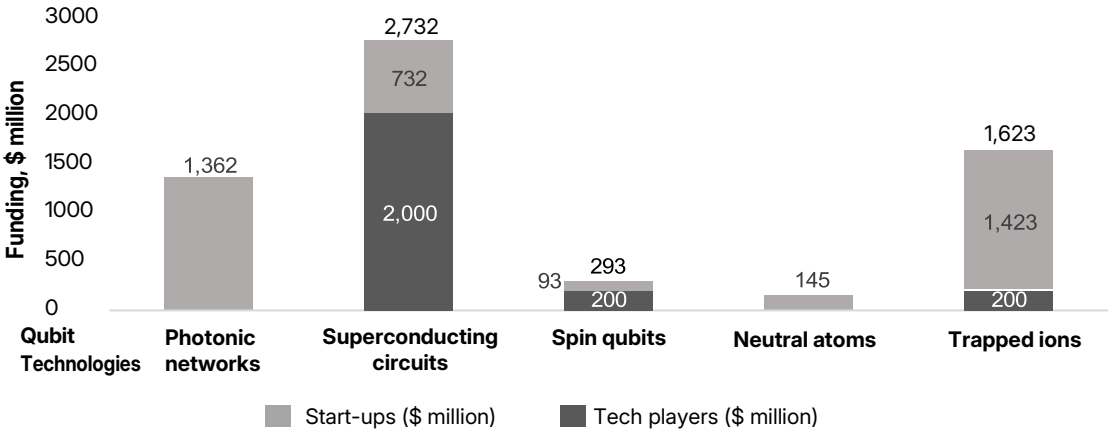

...a major advancement beyond an already revolutionary technology.

*Source: National Academie s of Sciences, Engineering, and Medicine, Company Websites, News Articles*

## KEY TECHNOLOGIES – FIVE MAIN QUBIT TECHNOLOGIES

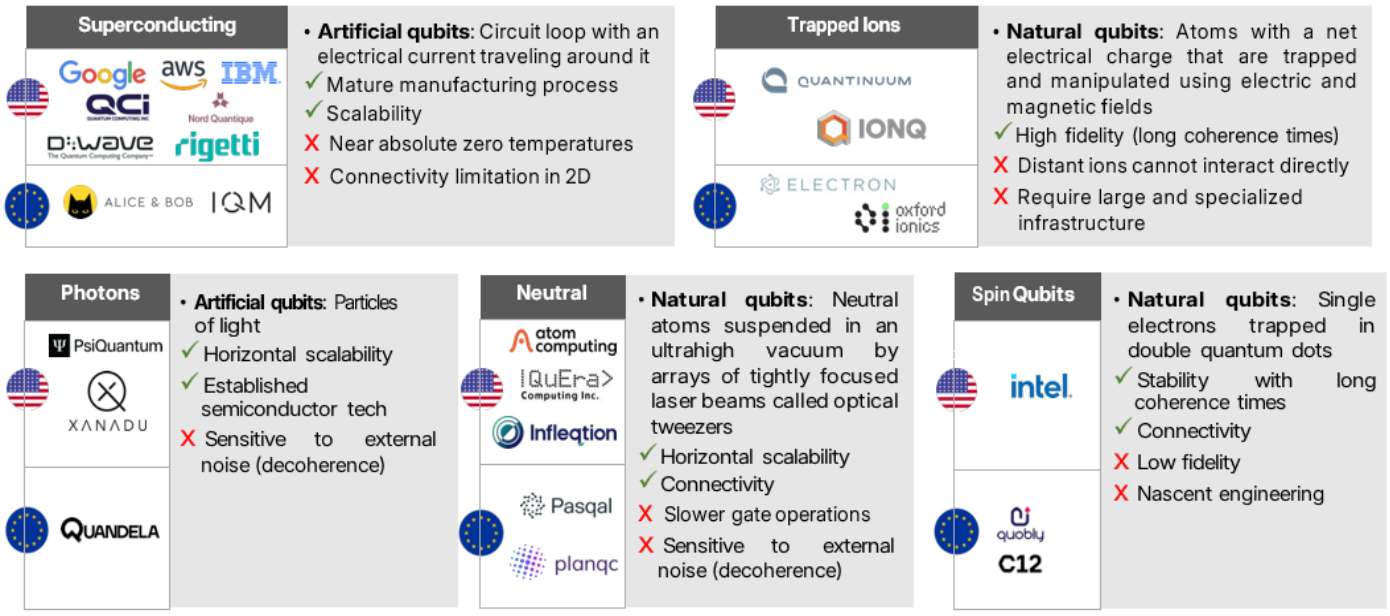
Despite recent breakthroughs, quantum computing is still in its early stages, with challenges in error correction, qubit stability and scalability. As such, we are currently in the stage commonly known as the "NISQ" era, for Noisy Intermediate Scale Quantum technology, where systems of qubits have yet to be "error-corrected,". Organizations are mainly using 5 qubit technologies in their attempts to build a scalable, universal quantum computer. These technologies are photonic networks, superconducting circuits, spin qubits, neutral atoms, and trapped ions:

### McKinsey Study on Total Funding for the 5 Main Qubit Technologies:




### Key Players

Superconductors is the technology adopted by Google, AWS, and IBM, gathering 44% of global investments in quantum. While it is not clear which technology will win the race yet, the quantum world might in fact live with a combination of different machines. Below is a mapping of this market and the key pros and cons:




*Source: National Academies of Sciences, Engineering, and Medicine, Company Websites, BCG Analysis, News Articles*

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## QUANTUM VALUE CHAIN - APPLICATIONS FROM QUANTUM COMPUTING AND VALUE CREATION

### Quantum-Advantaged Mathematical Functions

Quantum computers will likely not replace traditional computers, but will work together to solve complex problems that classical computers cannot handle quickly. While there is no consensus on the exhaustive set of problems that quantum computers will be able to tackle, but research is concentrated on the following 4 types of computational problems:

**Simulation**

Modelling complex natural phenomena beyond classical computers' reach.

*e.g.* Quantum-powered sensors enable satellite-free navigation by measuring motion with extreme precision.

**Optimization**

Using quantum algorithms to identify the best solution among a set of feasible options.

*e.g.* Volkswagen used quantum computing to optimize traffic flow in cities, reducing congestion and travel times.

**Machine Learning**

Identifying patterns in data to train ML algorithms, accelerating development in AI.

*e.g.* Banks are testing quantum machine learning prototypes for enhanced risk modeling and fraud detection.

**Cryptography**

Breaking traditional encryption and enabling stronger encryption standards.

*e.g.* Reportedly there is 50% chance quantum computers will crack RSA-2048 (considered the gold standard for public key encryption) by 2031.

### Value Creation Potential for Quantum Computing Problem

BCG estimates that quantum computing could create value of USD 450 billion to USD 850 billion in the next 15 to 30 years. With industries in Finance and Pharma likely to see the most value.

| | Applications | Value creation potential ($B) | |
|---|---|---|---|
| | | *Low* | *High* |
| Cryptography ($40-$80B) | Encryption/decryption | $40 | $80 |
| Optimization ($100-$220B) | Aerospace: Flight route optimization | $20 | $50 |
| | Finance: Portfolio optimization | $20 | $50 |
| | Finance: Risk management | $10 | $20 |
| | Logistics: Vehicle routing/network optimization | $50 | $100 |
| Machine learning ($150-$220B) | Automotive: Automated vehicle, AI algorithms | $0 | $10 |
| | Finance: Fraud and money-laundering prevention | $20 | $30 |
| | High tech: Search and ads optimization | $50 | $100 |
| | Other: Varied AI applications | $80+ | $80+ |
| Simulation ($160-$330B) | Aerospace: Computational fluid dynamics | $10 | $20 |
| | Aerospace: Materials development | $10 | $20 |
| | Automotive: Computational fluid dynamics | $0 | $10 |
| | Automotive: Materials and structural design | $10 | $15 |
| | Chemistry: Catalyst and enzyme design | $20 | $50 |
| | Energy: Solar conversion | $10 | $30 |
| | Finance: Market simulation (e.g. derivatives pricing) | $20 | $35 |
| | High tech: Battery design | $20 | $40 |
| | Manufacturing: Materials design | $20 | $30 |
| | Pharma: Drug discovery and development | $40 | $80 |

*Source: National Academics of Sciences, Engineering, and Medicine, Company Websites, News Articles*

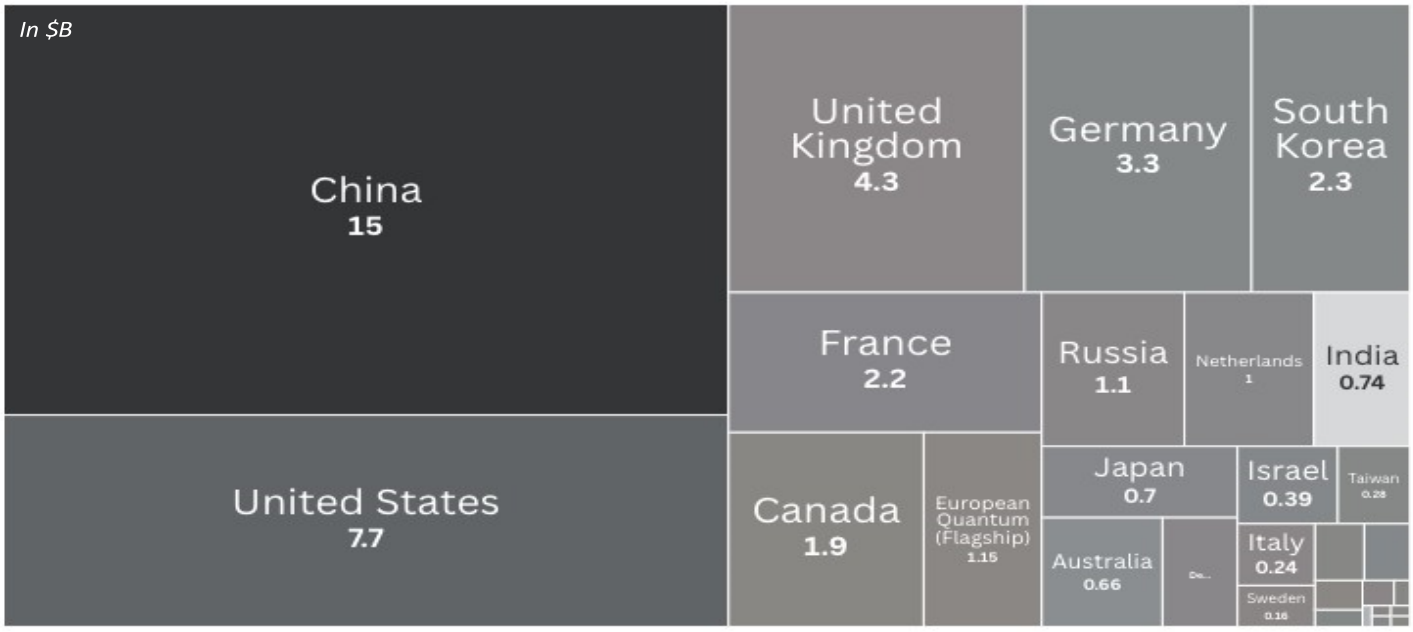
## THE DEVELOPMENT STAGE – RECENT DEMANDS AND GLOBAL INITIATIVES

### Current Demand for Quantum Technologies

The quantum computing sector has seen a flurry of significant contracts and collaborations recently, reflecting growing interest from governments, defence, and various industries. Below is a summary of recent major announcements, focusing on late 2024 and 2025:


### Global Government Engagement with Quantum Technologies

With such vast value creation potential, the global quantum effort in research and innovation into quantum science and technology is continually rising with current worldwide investments exceeding USD 55.7 billion. While much is still unknown, China is believed to be one of the leading nations in quantum information science.




*Source: National Academie s of Sciences, Engineering, and Medicine, Qureca, News Articles*

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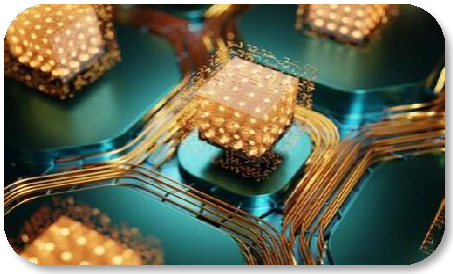
## CHALLENGES WITHIN QUANTUM COMPUTING



### Hardware: Still Prone to Decoherence

Improvement in qubit coherence and error correction is essential for future scalability, to which quantum hardware is constantly evolving and the 'correct path' is still unclear.

In contrast to the 5 main quantum technologies shown earlier, Microsoft's Majorana 1 chip distinguishes itself leveraging a new class of materials called "topoconductors" (indium arsenide and aluminum).

### Software: Need to Work With Classical Computers

To unlock near-term applications, hybrid quantum-classical algorithms need accelerated development.

For example, Zapata AI's "Orquestra" platform lets chemists mix quantum and classical computing to simulate molecules for drug discovery on a platform that is familiar to them.

### Infrastructure: Need Integration in Data Centers

Quantum computers must integrate into classical data centers to meet user demands.

For example, AWS Braket partners with Rigetti and IonQ to offer quantum cloud access alongside classical HPC in hybrid data centers.

### Talent: Limited Workforce Availability

There is a shortage of skilled workers in quantum computing, requiring training programs and private sector partnerships.

For example, US NQI funds "Q-12" education partnerships, while companies like Quantinuum offer certification programs for quantum programmers.

*Source: National Academie s of Sciences, Engineering, and Medicine, Company Websites, News Articles*

## INVESTMENT IMPLICATIONS

### Publicly Traded Pureplay Opportunities

For investment opportunities, there are different ways to play quantum computing. One is to focus on big-cap, but the impact of quantum computing technology on their income statements and balance sheets is largely muted because they have other large revenue streams. Hence, quantum technology companies recognised for their research and successful developments are highly sought after by investors.

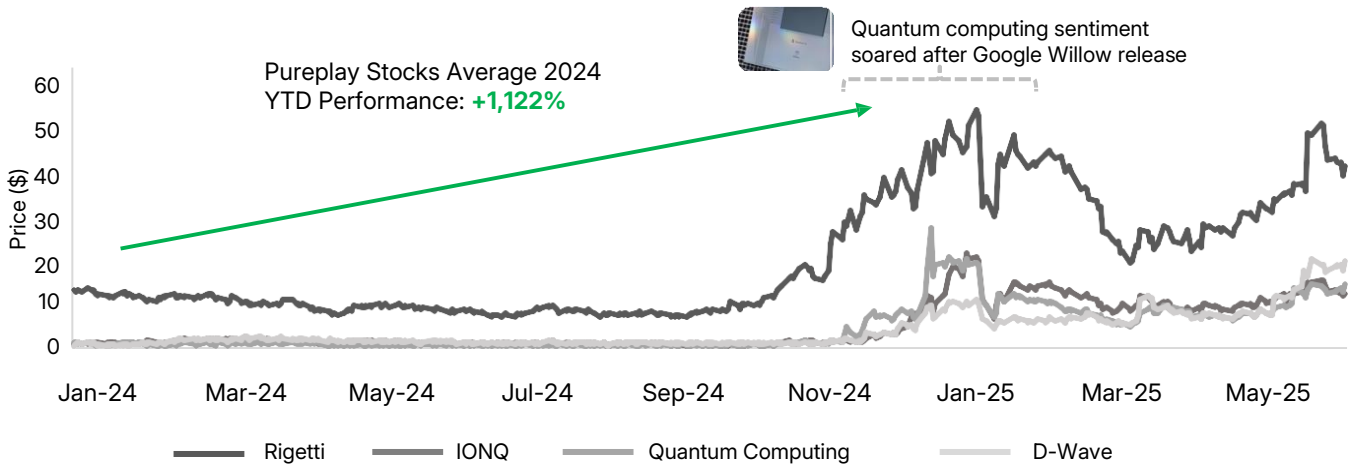
**Big-Cap**

Microsoft NVIDIA Google IBM

**Publicly Traded Pureplay Stocks**

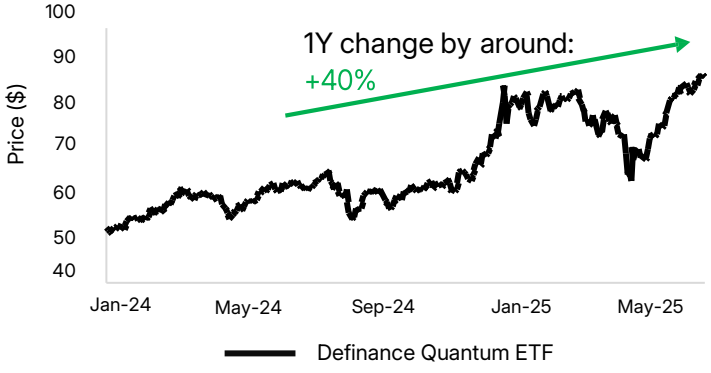
rigetti IONQ QCi D-Wave The Quantum Computing Company™

**Publicly traded pureplay stocks performance to date:**




### How to Play? – Quantum Computing ETFs

While early leaders show promise, BCG predicts quantum advantage by ~2030 and full fault-tolerant computers available post-2040. With quantum computing still in its early stages, investors may prefer broad exposure via ETFs like Defiance Quantum ETF (QTUM), which targets quantum and AI focused companies.




| Top 5 Holdings | Percentage of ETF |
|---|---|
| D-Wave Quantum | 7.63% |
| Palantir Technologies | 2.33% |
| NEC | 2.06% |
| Rigetti Computing | 2.02% |
| Orange | 1.90% |

For greater diversification in this speculative field, the ETF includes non-US companies, simplifying access to firms often difficult for individual investors to research due to foreign listings or reporting.

*Source: Ericsenz Analysis*

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