Kenanga Investors

Kenanga Global Unicorn 2 (KGU2) Newsletter
December 2025

Agenda

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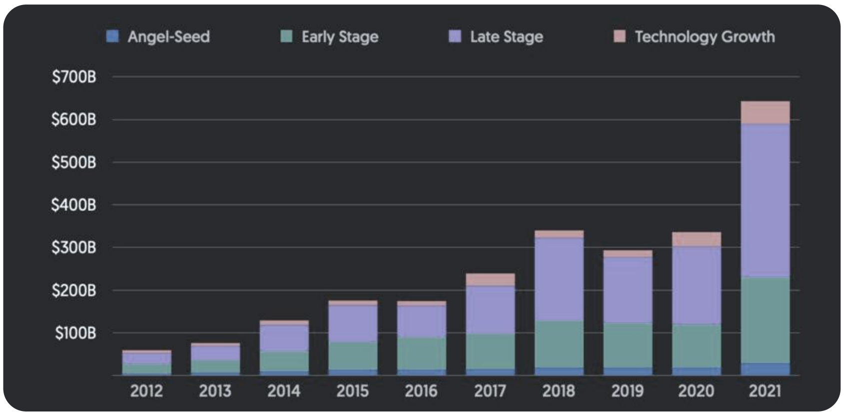
LOOKING BACK AT WHERE WE STARTED – AND WHAT THE MARKET LOOKED LIKE

Ericsenz Unicorn Fund II ("Target Fund") ~ Launched Ahead of a Period of Unprecedented Tech Growth

1. The 2021 Market — Acceleration of Global Tech Valuations

As stimulus and near-zero rates flooded the global economy, 2021 became one of the most explosive periods for growth and technology valuations. Investors piled into sectors at the forefront of digital transformation such as space, gaming, fintech, and Artificial Intelligence ("AI"), supported by widespread liquidity and strong demand across the ecosystem. It was a period defined by optimism, digital acceleration, and a firm belief that technology would redefine the global economy.

Total venture funding hit nearly $700B in 2021, (+92% YoY)

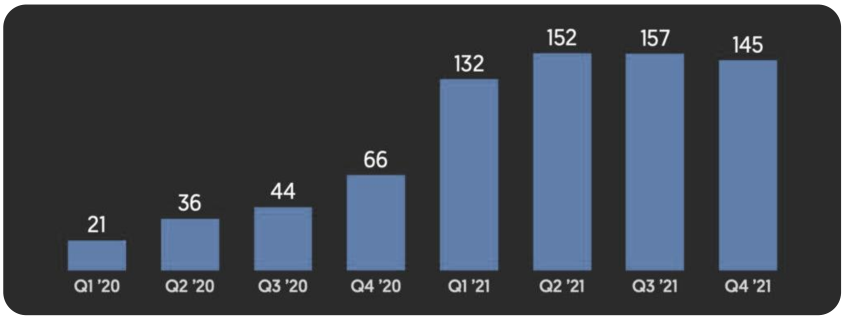


Sources: Crunchbase

Venture Volume

- **Late-stage and tech growth rounds led the surge** as investors poured massive liquidity into scalable companies.
- The wave reflected easy policy and optimism around innovation, marking the **peak of the global risk-on** cycle before 2022's tightening.

#Unicorn creation surged to record highs in 2021, 7x increase in 18mths



Sources: Crunchbase

Unicorn Count

- The spike in unicorns shows how '**easy money' compressed startup lifecycles;** companies hit billion-dollar valuations faster than ever.
- It captures the speed and intensity of **2021's private-market boom.**

2. Private Market Dominance

Private Equity **Consistently Outperformed** Public Markets Pre-2022

Index Return %

Index	6 Mo	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	20 Yr	25 Yr
CA US Private Equity*	25.5	58.2	25.1	22.3	16.7	13.9	13.5	14.2
Russell 2000® mPME	17.5	62.0	14.6	17.2	12.5	9.9	9.9	9.7
S&P 500 mPME	15.3	40.8	18.9	17.8	14.8	10.7	9.4	9.5
CA US Venture Capital	31.1	88.1	36.1	25.8	18.7	14.6	9.6	27.8
Nasdaq Constructed** mPME	12.8	45.4	25.0	25.4	18.6	14.3	11.9	12.1
Russell 2000® mPME	17.6	62.3	13.5	16.5	12.2	9.6	9.8	9.7
S&P 500 mPME	15.2	40.8	18.4	17.5	14.7	10.8	9.4	9.8
Nasdaq Composite*** AACR	12.9	45.2	25.7	25.8	19.3	14.7	10.9	11.3
Russell 2000® AACR	17.5	62.0	13.5	16.5	12.3	9.5	9.3	9.3
S&P 500 AACR	15.3	40.8	18.7	17.6	14.8	10.7	8.6	9.8

Sources: Cambridge Associates, PE benchmark aggregates returns from 1,600+ US private equity funds.

Returns Favored Private Equity

- **Private equity consistently outperformed public equities**, exceeding those of the S&P 500, Nasdaq, and Russell indices across short and long-term horizons.
- Companies were staying private longer where **significant value creation was happening before an IPO.**

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UNPRECEDENTED HEADWINDS – THE SYSTEMIC SHOCKS

From geopolitical upheaval to policy tightening that reshaped every market.

1. Geopolitical Shock 1 – China Triple Shock: Tech, Chips & Property (2022 – 2024)

A simultaneous crackdown on tech, chip restrictions, and the property crisis triggered a prolonged capital flight and valuation collapse across China's private markets.

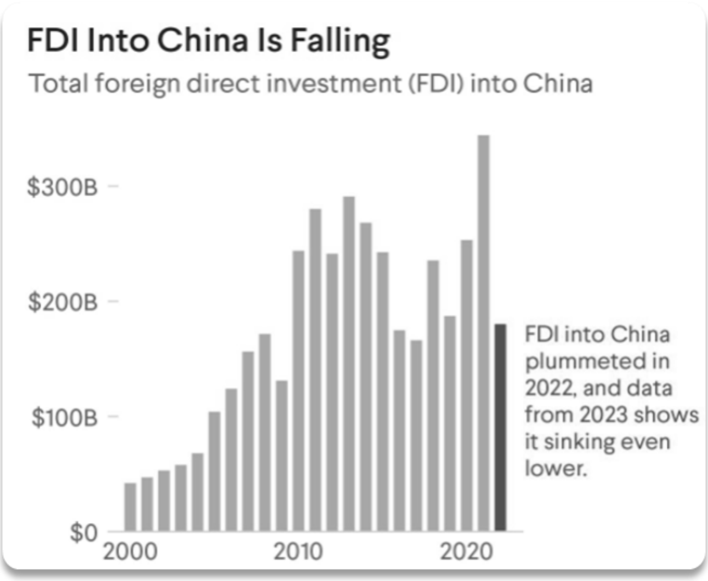
China's Triple Shock*

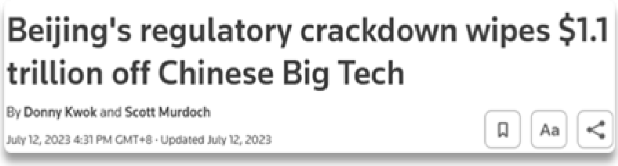
1. Unprecedented crackdown on tech (2022 – 2023) Abrupt policy actions targeting major tech platforms erased over **$1 trillion in market value.**

2. U.S. chip export bans (Oct 2022 onward) Washington **restricted China's access to advanced semiconductors** and chipmaking tools, straining its entire tech supply chain.

3. Property slump (2022 Onward) Developers defaulted as Beijing's Three Red Lines; **curbed leverage; home sales and prices** plunged, dragging consumption and local-government revenue.

   These shocks erased value and drove **foreign investment out of China**, compressing valuations in Chinese equities.




Beijing's regulatory crackdown wipes $1.1 trillion off Chinese Big Tech

By Donny Kwok and Scott Murdoch

July 12, 2023 4:31 PM GMT+8 · Updated July 12, 2023


With New Crackdown, Biden Wages Global Campaign on Chinese Technology

U.S. officials pushed to choke off China's access to critical semiconductor technology after internal debates and tough negotiations with allies.

Sources: National Bureau of Statistics of China, Bloomberg, New York Times
Notes: Initial headwinds were deemed isolated, but 2022 saw these risks compound into a systemic meltdown that fundamentally decoupled valuations from fundamentals.

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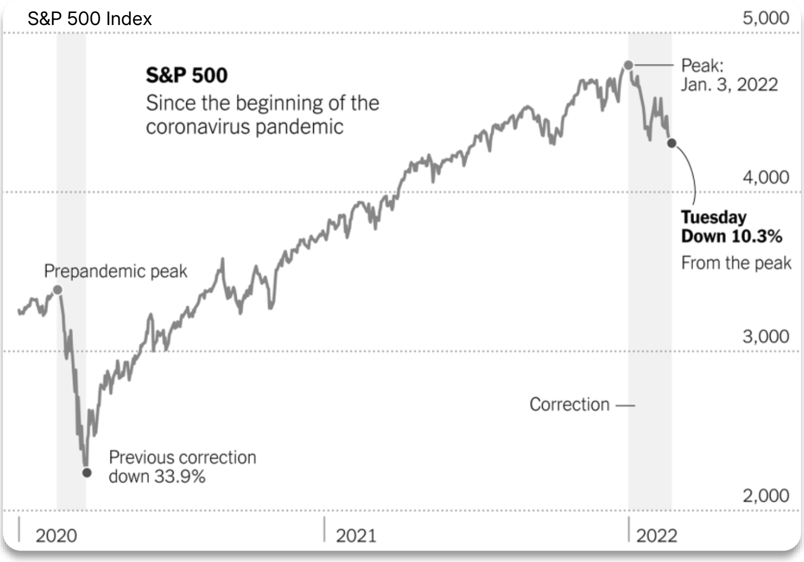
UNPRECEDENTED HEADWINDS – THE SYSTEMIC SHOCKS

From geopolitical upheaval to policy tightening that reshaped every market.

1. Geopolitical Shock 2: Ukraine vs Russia (2022)

The Ukraine war turned a post-pandemic recovery into a global inflation crisis; the first domino in the 2022 market reset.



Sources: nytimes

Ukraine War Impact

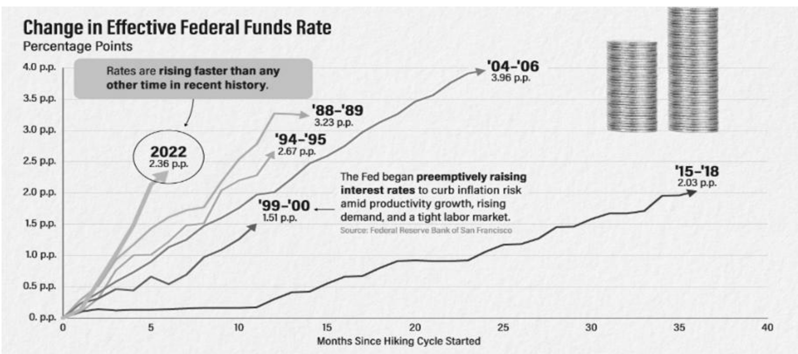
The invasion in **Feb 2022** triggered a sharp **risk-off correction**, sending the S&P 500 down ~10 % within weeks.

Energy and commodity prices surged 30% – 50%, reigniting global inflation pressures just as central banks were preparing to tighten.

This shock **flipped markets from recovery to inflation fear**, setting the stage for the Fed's most aggressive hiking cycle in 40 years.

2. Policy Shock: The fastest, most aggressive US Fed rate hike cycle in 40 years (2022)

A liquidity shock that redefined valuations overnight, draining capital from high-growth sectors and ending a decade of easy money.



Sources: Visual Capitalist

The Rate Hike Impact

It took the Fed 3 years (2015–2018) to raise rates from 0% to 2%, **but in 2022**, it **took only 6 months**; the **fastest tightening in 40 years.**

This resulted in **rapid repricing across all risk assets**. Private market liquidity collapsed as capital costs surged, valuations reset, and exit windows froze.

Growth and late-stage tech deals, previously supported by cheap funding, faced the **sharpest correction**.

UNPRECEDENTED HEADWINDS – THE SYSTEMIC SHOCKS

3. Private Market Recalibration –The 'Tech Winter' and Its Aftermath

The 2022–2024 Tech Winter marked the deepest freeze in private markets since the Global Financial Crisis. As liquidity evaporated and capital costs surged, growth valuations collapsed and fundraising slowed to a trickle.

The Trigger: 2022 Rate Shock

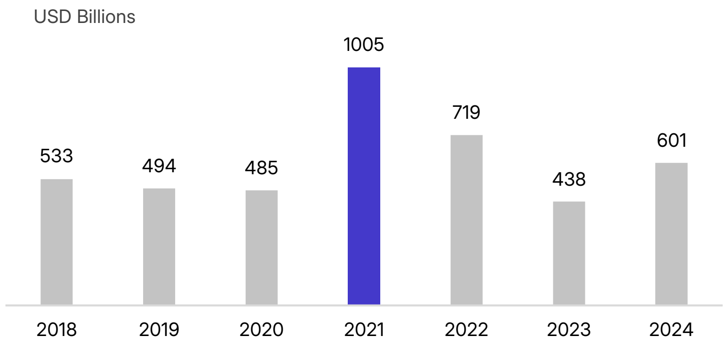
The downturn was triggered by the 2022 rate shock and valuation reset, as aggressive monetary tightening ended a decade of cheap capital and speculative growth.

The Amplifier: 2023 SVB Collapse

It was later amplified by the 2023 collapse of Silicon Valley Bank, which cut off venture lending and intensified the liquidity crunch across private markets.

1. Valuation Correction & Capital Impairment

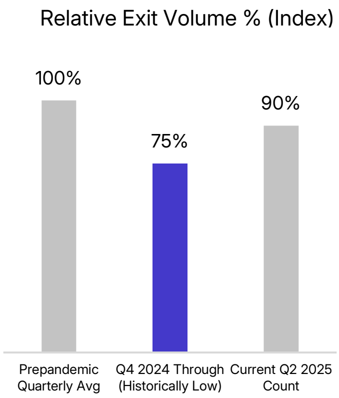
Global PE Investment Value 2018-2024

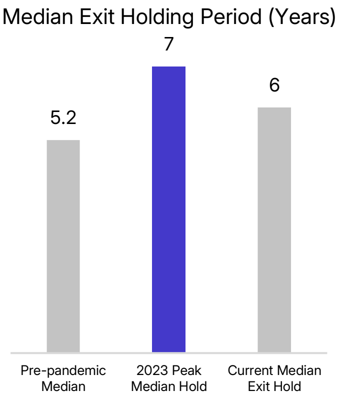


Source: Bain PE Insights 2025

With the cost of capital rising, the valuations set in a zero-rate environment of 2021 became unsustainable. This forced a sharp correction, particularly in tech, while investors simultaneously pulled back new capital, starving the market of new funds.

2. The Exit Freeze & Liquidity Crisis





Source: Pitchbook Q2 2025

Exit activity remains muted as buyers stay cautious and financing tightens, forcing funds to hold assets longer and delaying capital recycling.

Conditions, however, are gradually improving from 2024 lows, though volumes and liquidity remain below pre-pandemic levels.

THE TARGET FUND'S PERFORMANCE

Executive Summary

The Target Fund navigated one of the most volatile market cycles in recent years. Through disciplined management, the Target Fund remained focused on execution; securing necessary extensions, positioning into space and defense megatrends, and timing exits to maximise value.

The Target Fund's Allocation (%)

Investment Deployed across 2020 to 2022

Assets	Inception $	Allocation %
SenseTime	2.68	24%
GOGOX	1.26	11%
JD Logistics	1.56	14%
Anduril	0.52	5%
SpaceX	1.69	15%
Epic Games	1.02	9%
Klarna	1.84	16%
Wefox	0.52	5%
Calm	0.29	3%
Total inc. Cash	**12.29**	**100%**

Performance over the period reflected three divergent drivers: Acute macro and regulatory shocks that pressured listed holdings, a systemic valuation recalibration across late-stage growth assets, and the value anchor within the Target Fund's core portfolio.

The Major Detractors

China listed holdings impacted by tech regulatory crackdown, macro slowdown, and prolonged valuation compression across domestic equities.

Systemic Valuation Recalibration

Growth and late-stage companies hit by a systemic "higher for longer" reset, with valuations further compressed by a rotation of private capital toward AI megatrends.

The Value Anchor

SpaceX remains the core value anchor, currently tracking a 3x multiple on invested capital (MOIC) with recent pricing suggesting a leap to nearly 6x, balanced by our tactical exit of Anduril at a modest premium.

Sources: Ericsenz Capital Pte. Ltd.

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THE TARGET FUND'S PERFORMANCE

Portfolio Summary

December 2025

"Target Fund Manager is extending the Target Fund lifecycle to participate in the upside potential of SpaceX IPO in 2026, representing a historic, high impact exit opportunity."

TARGET FUND'S NAV

-37.0%

As of December 2025*

CURRENT LIQUIDITY STATUS

65%

Investment realised to date

SPACEX VALUATION MOMENTUM & FUND IMPACT

SpaceX valuation step-up to date as of December 2025 resulted in **more than 20% net gain impact to the Target Fund**. An exit was secured at nearly 3x multiple on invested capital (MOIC), but realisation was deferred in view of further upside. At the recent **USD 800B valuation**, the position has expanded to approximately 6x MOIC, materially strengthening the Target Fund's upside profile, with a potential IPO expected in late 2026 at valuations of up to **USD 1.5T.**

PRIMARY DETRACTORS

China listed holdings such as **SenseTime, GOGOX and JD Logistics** faced valuation pressure from several headwinds including regulatory crackdown on technology platforms, US-led chip ban, and a prolonged property slumped, accounting for nearly **30%** valuation drag on the total Target Fund drawdown.

SECTOR-LEVEL COMPRESSION

Epic Games, Klarna, Calm, and Wefox experienced valuation pullback driven by the global tech recalibration and a higher rate environment, as private capital rotated toward AI-centric opportunities. Each of these positions contributed **approximately -4% to -7% impact** on Target Fund performance.

CURRENT PORTFOLIO STATUS

Realised (65% of allocation)

SenseTime, Jingdong Logistics, GOGOX, Epic Games, Anduril

Unrealised (35% of allocation)

SpaceX (14% allocation):
Following a major valuation uplift to nearly 6x MOIC, the holding is retained to capture further upside ahead of a potential late-2026 IPO at up to USD 1.5T, with exit planning aligned to the Target Fund's extended timeline.

Klarna (15% allocation):
Position remains subject to an IPO lock-up period that expires in March 2026.

Calm and Wefox (6% allocation):
Positions will be actively managed during the extension period, with exits to be pursued opportunistically as conditions allow.

**December NAV is estimated based on proceeds from realised asset and latest statement values for unrealised assets. NAV stands for Net Assets Value. The performance of Target Fund was not a direct representation of the Kenanga Global Unicorn 2 fund performance.*

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Target Fund – Portfolio Asset Overview

SenseTime Group Inc. (HKSE:0020)

Initial Thesis

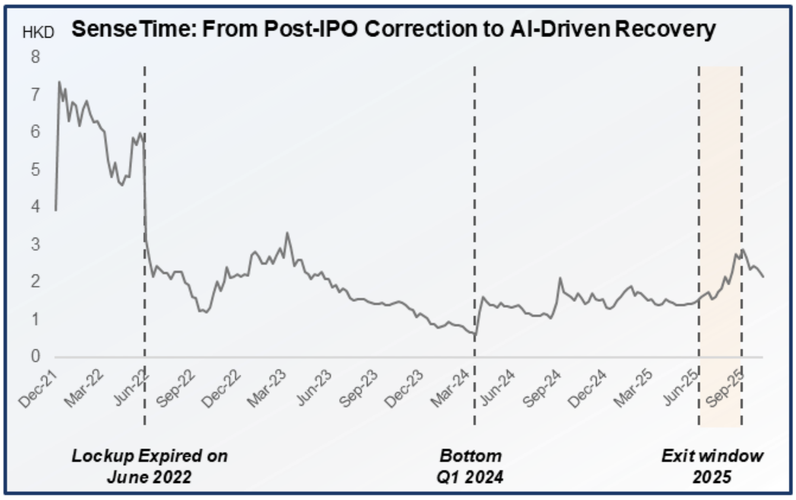
The Target Fund's initial investment was driven by SenseTime's undisputed leadership in **computer vision (CV) and deep learning**. The company was the *largest AI software firm in Asia by revenue* and commanded the No. 1 market share in China's CV applications for *three consecutive years.*

3x No. 1 Computer Vision Market Share	RMB 4.7B Revenue (+36% YoY)	11,000+ Global Patent Assets
Undisputed leader in China's computer vision applications (Frost & Sullivan).	Largest AI software company in Asia by 2021 revenue with remarkable growth rate.	Supported by 4,200+ research staff and one of the world's largest in-house AI computing platforms.

Performance & Exit Rationale

- Following its IPO, SenseTime faced sharp valuation declines amid **China's tech crackdown and successive U.S. sanctions**, including the **AI chip export bans** that restricted access to advanced semiconductors. The Target Fund held its position through this adjustment phase, focusing on the company's ability to adapt and reorient toward more scalable, high-value AI verticals.

- By 2023–2025, SenseTime had successfully **pivoted from Smart City projects to Generative AI** under its SenseNova platform, achieving nearly 300% YoY growth. Its latest **SenseNova V6 Gen-AI model** marked a **major national breakthrough**, outperforming GPT-4o in data analysis and multimodal reasoning while delivering the **lowest training and inference costs in the industry**, cementing SenseTime's position as **China's flagship AI model developer** and enabling the Target Fund to exit at a significant recovery from the market trough.



The Target Fund's decision to hold through the correction enabled Sensetime to rebuild around a more scalable, commercially relevant AI segment and allowing an orderly exit at more than two times the market trough in 2024.

Notes: Initial investment thesis reflects information available at the time of investment. Performance and exit rationale reflect information available up to the date of exit. Source: Ericsenz Capital Pte. Ltd.

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Target Fund – Portfolio Asset Overview

GOGOX Holdings Limited (HKSE:2246)

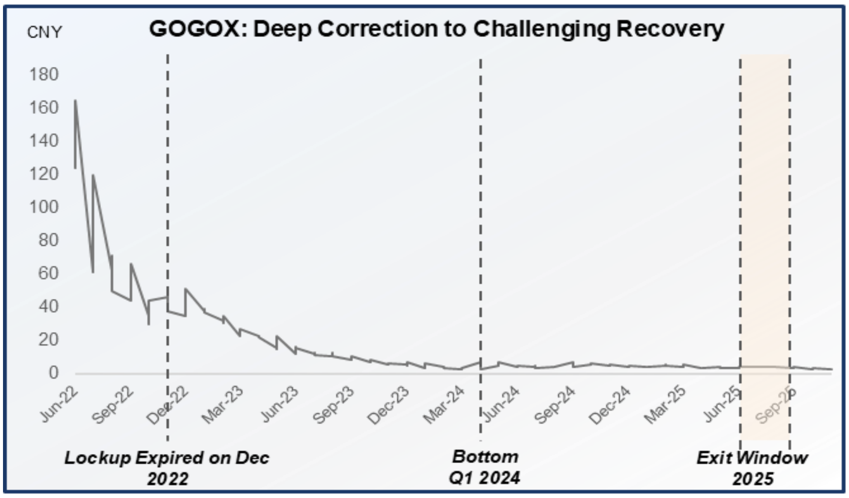
Initial Thesis

The Target Fund initial investment in GOGOX was anchored on its **leadership in Hong Kong's on-demand logistics market and** its strong network effects following its merger with Kuaigou Dache, China's largest intracity freight platform.

Leading intracity logistics in HK	Unrivaled Strategic Scale	Strong Diversified Customer Base
Pioneering the first App-based intra-logistic platform in Asia.	Massive network spanning 5 major Asian markets. With 5.2M registered drivers and 27M+ shippers.	Serving over 31M users and enterprises such as Cainiao, IKEA, HKTVmall, JD.com, and DHL.

Performance & Exit Rationale

- The GOGOX IPO coincided with an exceptionally challenging backdrop for China's logistics sector. **Prolonged zero-COVID restrictions** halted mobility and disrupted intracity delivery volumes, eroding near-term revenue visibility. At the same time, the industry faced severe structural pressure: overcapacity, price wars, and aggressive competition from Lalamove, Didi Freight, and JD Logistics drove margin compression across the sector.
- From 2023 to 2024, the company **restructured its cost base, reduced marketing spend, and pivoted toward Southeast Asian** growth markets. Revenue from Hong Kong and overseas operations rose modestly, led by Vietnam (+43%) and South Korea (+12%), even as China remained soft. These efforts **narrowed net losses by over 80% year-on-year, signaling gradual operational recovery.**
- Nevertheless, the broader logistics sector remained one of the **slowest to recover**, constrained by **thin margins, regulatory fragmentation, and muted investor appetite** for asset-heavy models. Given the contracting gross margins and a critical 12-to-18-month liquidity runway necessitating near-term capital raising, the Target Fund prioritised capital preservation by fully divesting the position.



The Target Fund executed a disciplined exit to preclude further downside risk, determining that the pace of the international turnaround was insufficient to counterbalance the prolonged structural weakness in the Mainland sector within the Target Fund's remaining investment horizon.

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Target Fund – Portfolio Asset Overview

JINGDONG LOGISTICS

JD Logistics (HKSE: 2618)

Initial Thesis

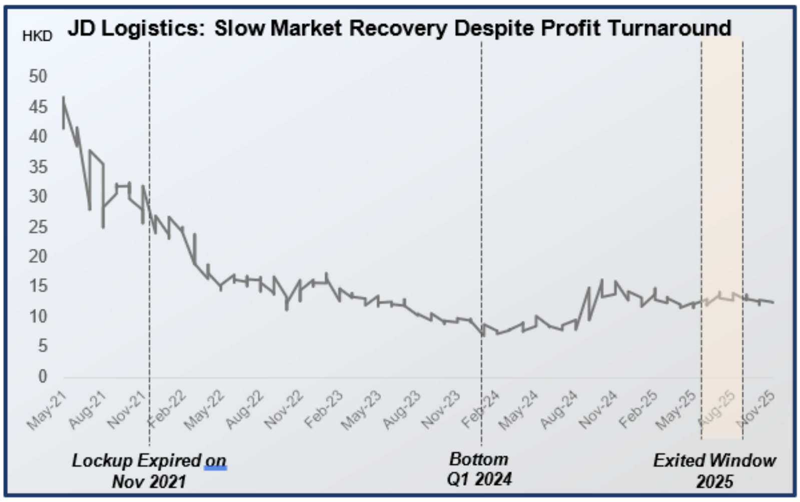
The Target Fund invested in JD Logistics to capture the structural rise of China's digital economy and e-commerce logistics infrastructure. As the **logistics arm of JD.com**, JDL was uniquely positioned to benefit from the shift toward integrated, tech-driven supply chain solutions offering warehousing, fulfillment, and last-mile delivery with nationwide coverage.

China's Leading Integrated Logistics Platform	Rapidly Expanding High-Margin External Revenue	Global Standard for Autonomous and AI-Driven Fulfillment
Operating a massive network of over 1,000 warehouses, JDL covers 99% of delivery of orders.	Aggressively capturing the external market, with revenue from third-party enterprise clients exceeding 50%.	First operator to commercialize Level-4 autonomous vehicles and drone delivery at scale, materially improving speed and reducing labor costs.

Performance & Exit Rationale

- The Target Fund's investment in JD Logistics capitalised on its strategic transition from an internal utility into China's premier independent supply chain powerhouse with the company nearly doubling its revenue from **RMB 104 billion to RMB 182.8 billion** in 2024 as external customers surged to over 60% of total business. The company invested heavily in automation, digital twin systems, and smart warehouses to enhance efficiency and scale. Operationally, it has turned the corner, achieving multiple profitable quarters since 2023 and improving margins through network optimisation and overseas expansion.

- Despite steady fundamentals, the stock has remained well below its 2021 listing price of HKD 40.36, trading at a range of HKD 10.08 to HKD 15.64 year-to-date 2025. The **underperformance reflects macro drag rather than execution failure**. Weak consumer spending, deflationary pressures, and the property downturn constrained logistics volumes, while aggressive price competition among major players such as SF Express, Cainiao, and Deppon, compressed margins across the sector. In August 2025, the Target Fund completed its exit following announcement of JDL's Hang Seng Index inclusion, capturing a modest uplift.



The Target Fund fully liquidated its position in JDL, leveraging a modest uplift ahead of the Hang Seng Index inclusion to mitigate execution risk amid intensifying competition in the logistics sector.

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Target Fund – Portfolio Asset Overview

ANDURIL

Anduril Industries Inc.

Initial Thesis

The Target Fund identified Anduril Industries as a **primary challenger to the legacy 'Defence Prime' oligopoly**, during a period of **escalating geopolitical tension** and **rising defense modernisation budgets** across the U.S. and allied nations. At the time, traditional defense primes were slow to adapt to autonomous systems and AI-driven decision software, creating a **clear gap for agile, technology-native entrants**. Anduril's advanced warfare control system and hardware positioned it as a next-generation defense contractor capable of **capturing this shift toward software-defined warfare.**

Next-Generation Defence Platform	Multi-Billion Contract Visibility	Government Defence Spending Surge
Fusing AI, autonomous drones, and advanced sensor networks under the Lattice operating system redefining defense.	USD 1.5 billion+ in active contracts with the U.S. DoD, U.K. Ministry of Defence, and Royal Australian Navy, expanding internationally.	Global defence spending exceeded USD 2.4 trillion (+9% YoY), the fastest growth in decades partly driven by the Russia–Ukraine conflict.

Performance & Exit Rationale

- Anduril represented a smaller allocation within the portfolio, supported by **deep government integration and multi year revenue visibility**. Its core platform, **Lattice**, combines AI-driven software with advanced autonomous hardware, positioning Anduril at the forefront of next-generation defence systems.

- Throughout the holding period, the company executed a series of high-impact acquisitions and program wins that structurally disrupted the defense industrial base, most notably through its **June 2023 acquisition of Adranos**. This move integrated proprietary **Solid Rocket Motor (SRM) technology** establishing the company as a vital merchant supplier that broke the domestic duopoly held by Northrop Grumman and Aerojet Rocketdyne. Simultaneously, the company achieved dominant maritime positioning through the **Ghost Shark program**; by late 2023, this extra-large autonomous underwater vehicle (XL-AUV) was **outpacing legacy competitors** by delivering advanced undersea capabilities on a fraction of the traditional development timeline.

- Combined with the **September 2023 acquisition of Blue Force Technologies**, these milestones cemented the company's role as the lead architect for autonomous air, sea, and strike systems. This multi-domain expansion effectively **displaced the traditional dominance of legacy heavyweights including Lockheed Martin and Boeing** across the entire defense spectrum prior to the Target Fund's exit.

- Amidst the **rise of global defense spending and robust secondary market liquidity**, the Target Fund executed a full exit in November 2023 to realise value at a point of high execution certainty and strengthen the Target Fund's risk profile during the extension period.

As the Target Fund neared its original maturity in February 2024, the defense sector upswing enabled a strategic exit of Anduril, achieving a ~10% absolute return in under a year to secure liquidity and strengthen the portfolio's position ahead of the Target Fund extension to capitalise on further market recovery.

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Target Fund – Portfolio Asset Overview

Epic Games Inc.

Initial Thesis

The Target Fund's thesis centered on backing one of the **world's few independent gaming giants** with a proven **ability to shape the future of interactive entertainment and creator-driven digital worlds**. Epic's integrated ecosystem of Fortnite, Unreal Engine, and the Epic Games Store positioned it at the crossroads of gaming, technology, and the emerging creator economy, offering scalable growth and long-term strategic value.

Largest Independent Entertainment Powerhouse	Global Platform Scale and Reach	Backed by Strategic Global Giants
Owning flagship franchises Fortnite, Unreal Engine, and Epic Games Store under a single ecosystem.	Engages 400 million+ players across Fortnite and powers 1,500+ studios through Unreal Engine 5.	Supported by Sony, Tencent, and LEGO Group (Kirkbi), reinforcing its role at the frontier of interactive entertainment and the metaverse.

Performance & Exit Rationale

- During the Target Fund's holding period, Epic remained a **leading interactive entertainment and 3D technology ecosystem**. Fortnite scaled to an estimated **~650m registered users with ~126m monthly active users**, remaining one of the world's largest live-service platforms by engagement. Unreal Engine continued to expand beyond gaming, achieving deep adoption across film, automotive, virtual production, and digital-twin applications, reinforcing Epic's relevance as core real-time 3D infrastructure.

- However, the translation of such scale into valuation uplift diverged from the Target Fund's original expectations. Epic's pivot toward a lower-margin creator economy and capital-intensive metaverse investments compressed near-term profitability. At the same time, Unreal Engine's long-term technical moat faced **structural thesis drift**, as generative AI materially lowered barriers to 3D content creation, introducing credible AI-native alternatives. This dynamic was compounded by a **sector-wide capital rotation from gaming toward AI infrastructure**, limiting near-term premium valuations across the space.

- In parallel, Fortnite's mobile monetisation failed to rebound. Mobile gaming revenue remains **~97.5% below 2018 peak** levels according to Statista, materially impairing a key historical profit driver. Combined with softening engagement trends, the timeline for meaningful valuation recovery extended beyond the Target Fund's liquidity mandate. Accordingly, in **December 2025**, the Target Fund exited its position at the **upper end of prevailing secondary market pricing**, reflecting a disciplined assessment of duration and realisation risk while prioritising certainty of liquidity and capital recovery.

The Target Fund executed this exit at a higher end of the active secondary market average, maximising capital recovery amidst a sector-wide valuation reset. This outcome prioritises certainty of liquidity over risking further erosion from structural thesis drift in a constrained market.

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Target Fund – Portfolio Asset Overview

SpaceX

Initial Thesis

The Target Fund's investment in SpaceX was driven by its leadership in the rapidly expanding commercial space economy, underpinned by the transition from government-led missions to privately operated orbital infrastructure. SpaceX stood out as the **world's leading launch service provider**, combining unmatched execution capability with a long-term vision to build scalable, recurring-revenue businesses through Starlink. The thesis centered on backing a vertically integrated platform that would dominate the global launch market while monetising its satellite constellation as a communications and data network.

Leading Provider (60%) of all Global Commercial Launches	Expanding Commercial & Government Demand	Scaling Starlink Toward Recurring Revenue
By 2021, SpaceX completed 132 launches with a reuse rate above 80% on its Falcon 9 fleet.	Secured multi-billion US Government & Nasa Contracts, reinforcing its trusted position in national security.	Starlink's constellation surpassed 1,500 satellites and 90,000 early users across 14 countries by mid-2021 signaling strong early adoption.

Performance

- Since investment, SpaceX has grown into the **world's most valuable private company**, consistently delivering record launch cadence and operational milestones. In 2024, SpaceX completed 96 successful orbital launches, accounting for more than 50% of all global launches, while maintaining a near-perfect reliability record with its reusable Falcon 9 rockets. This dominance translated into steady revenue growth, with total turnover estimated above USD 9 billion in 2024, driven by rapid Starlink expansion, government contracts, and increasing commercial payload demand.

- Starlink, now serving over 3.2 million subscribers across 70+ countries, has become the **largest satellite internet provider in the world** and a meaningful profit engine for the group. Its enterprise and defense business through Starshield has also scaled, securing multi-year contracts with the U.S. Department of Defense and several allied governments. Together, these units positioned SpaceX as both a space infrastructure and global connectivity leader, diversifying beyond launch revenue.

- In Dec 2025, SpaceX authorised a secondary insider share sale that values the company at around **USD 800 billion**, roughly double its prior valuation of approximately USD 400 billion. Public reporting by major finance sites including Bloomberg and Reuters has referenced potential IPO pathways as early as 2026, with materially higher valuation of up to **USD 1.5 trillion** discussed.

The Target Fund continues to hold SpaceX, following a major valuation uplift to nearly 6x MOIC. The position is retained to capture further upside ahead of a potential late-2026 IPO at up to USD 1.5T valuation with exit planning aligned within the Target Fund's extended timeline.

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Target Fund – Portfolio Asset Overview

Klarna Group plc (NYSE:KLAR)

Initial Thesis

Klarna represented exposure to one of **Europe's largest private fintech companies** and is a **global leader in Buy Now, Pay Later (BNPL).** The thesis focused on capturing structural growth in digital payments, e-commerce financing, and consumer credit data analytics at scale. The investment was made when Klarna had already demonstrated strong market penetration across Europe and the U.S., supported by marquee institutional investors including Sequoia, SoftBank, and Silver Lake.

Market Leadership in BNPL Expansion	Ecosystem and Data Moat	Strategic Capital and Institutional Reach
By 2021, Klarna had achieved market dominance in Europe and rapid penetration in the U.S., processing billions in annual GMV.	Klarna's consumer-merchant network generated extensive transaction data, enabling differentiated underwriting and cross-selling.	Supported by top investors and banking partnerships, Klarna had access to funds and strategic reach to extend its BNPL infrastructure.

Performance

- The Target Fund invested during a pivotal acceleration in digital commerce, backing Klarna's potential to disrupt global credit. However, the aggressive rate hikes of 2022 triggered a severe sector-wide correction, mirroring declines of 75%-95% seen in peers like Shopify and Affirm. Consequently, Klarna executed a financing round **in July 2022 at a post-money valuation of USD 6.7 billion**. While this represented a significant valuation reset, the capital was deployed strategically to fund **aggressive expansion into the U.S.** at a time when competitors were retreating, securing Klarna's foothold as the market leader.

- Post-financing, Klarna executed a radical operational transformation to restore margins. The company aggressively integrated **Generative AI** across its stack, launching an AI assistant that handles the workload of **700 full-time agents**. This technology-led efficiency drove a **~25% reduction in operating expenses**, fundamentally recalibrating the business from a high-burn growth story into a lean fintech that achieved **three consecutive quarters of profitability by Q1 2024**, all while growing its U.S. user base to over 30 million.

- Following its September 2025 IPO at a USD 15 billion valuation, Klarna continues to trade at a meaningful discount to its listed peers. Klarna's implied valuation multiple of around **3.6× price-to-sales ("p/s")** remains well below **Affirm's ~7×–9× p/s ratio**, even as Klarna delivers over **four times Affirm's scale**, processing more than USD 100 billion in annual GMV across 150 million users in 45 markets. Analysts including **J.P. Morgan and Goldman Sachs have initiated coverage with target prices of USD 45 and USD 55 respectively**, reflecting expectations for valuation upside, though near-term performance remains sensitive to broader market conditions and fintech sentiment.

Klarna remains subject to an IPO lock-up period that expires in March 2026. Given the administrative time required for share transfers and liquidation post-lock-up, it is anticipated that a cash realisation can be achieved by April 2026, at the earliest.

Notes: Initial investment thesis reflects information available at the time of investment. Performance and exit rationale reflect information available up to the date of exit.

Kenanga Investors

Target Fund – Portfolio Asset Overview

Calm Inc

Initial Thesis

The Target Fund invested in Calm, a **leading global mental wellness and meditation platform**, to capture the rapid digitisation of mental health solutions and the growing consumer shift toward mindfulness and sleep wellness.

The World's #1 Mental Health Platform	High-Volume Subscription Adoption	Strategic Institutional Integration
Calm ranked as the world's No. 1 health and wellness app, leading the fast-growing digital mindfulness and sleep market.	Reaching 4M paying subscribers and USD 210M in 2020 revenue demonstrates deep product-market fit.	By partnering with Apple, American Airlines, and more, Calm transitioned secures its role in the $1.5T corporate wellness economy.

Performance

- At entry, Calm was the **most downloaded health app globally**, with over 100 million installs and strong monetisation through subscription-based guided meditation, music, and sleep content. Supported by top-tier investors including TPG, Insight Partners, and Lightspeed Venture Partners, Calm represented a high-growth, category-defining leader with clear recurring-revenue visibility and expanding enterprise wellness adoption.

- During the holding period, Calm extended its reach to more than **120 million downloads and 4 million paying subscribers**, maintaining its position as the **world's most recognized meditation brand**. Revenue growth was supported by a diversified content portfolio from Calm Sleep Stories and Calm Music to partnerships with Apple, American Airlines, and Kaiser Permanente, embedding the app within corporate and healthcare ecosystems.

- However, from 2022 onward, the digital wellness sector faced valuation reset as post-pandemic engagement declined and acquisition costs rose, leading to sector-wide valuation compression. Investor appetite for consumer subscription models weakened, while capital rotated toward AI and infrastructure assets, **leaving secondary liquidity for wellness platforms thin and selective**. However, Calm continues to sustain strong brand leadership and enterprise demand, but valuation recovery remains constrained by the broader shift in investor focus and reduced private-market activity in the near term.

Amid muted secondary demand in the digital wellness sector, the Target Fund will manage the Calm position through the extension period, maintaining engagement with prospective buyers and pursuing an orderly exit when liquidity conditions improve.

Notes: Initial investment thesis reflects information available at the time of investment. Performance and exit rationale reflect information available up to the date of exit.

Kenanga Investors

Target Fund – Portfolio Asset Overview

Wefox Insurance AG

Initial Thesis

The Target Fund invested in Wefox, a leading European digital insurance platform, to capture the structural shift in **insurance distribution driven by technology, embedded finance, and data automation**. Wefox operates a hybrid model connecting traditional insurers, digital brokers to end customers through a single platform, enabling policy management, underwriting, and claims handling in real time.

Europe's #1 Insurtech platform	Digitised Hybrid Distribution Engine	Massive Market Disruption Potential
Operating across six markets with over 3 million customers and USD 300 million in annual revenue.	Digitising over 3,000 independent brokers that pairs real-time data with 80% administrative automation to capture the insurance market.	With Europe's USD 1 trillion insurance market still 90% offline, Wefox's tech positioned it to capture outsized share from legacy incumbents.

Performance

- Following its strong 2021–2022 expansion phase, Wefox sustained robust top-line growth but faced mounting **profitability and liquidity challenges** amid the broader downturn in venture-backed fintech. The company grew its user base to over **3 million customers** and maintained double-digit revenue growth, yet rising acquisition costs and capital inefficiencies weighed on margins.

- By late 2023, global insurtech valuations had undergone a sharp **sector valuation pullback**, as investor sentiment shifted toward profitable incumbents and AI-driven risk analytics. To stabilise operations, Wefox initiated a major **restructuring program** in 2024 including two CEO transitions, workforce reductions, and divestment of non core operating units, aimed at resetting leadership, lowering the cost base, and refocusing the business on its core platform.

- By April 2025, Wefox showed signs of **operational stabilisation with improving cash flow.** The company is transitioning toward a Managing General Agent model ("Wefox 2.0"), focusing on distribution and transferring underwriting risk to established reinsurers such as **AXA and BERAG.**

- Despite these measures, **persistent liquidity pressure, regulatory capital requirements tied to the insurance carrier and refinancing risks** ultimately necessitated new Series E-stage predatory fund-raising round which resulted in **material dilution for earlier shareholders**, and despite subsequent operational de-risking, the cumulative impact has meaningfully constrained recovery potential, shaping the Target Fund's performance outcome.

The Target Fund will seek to pursue an exit from Wefox during the extension period, as conditions allow, given the prolonged restructuring, limited recovery visibility, and constrained secondary liquidity.

Notes: Initial investment thesis reflects information available at the time of investment. Performance and exit rationale reflect information available up to the date of exit.

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