

Kenanga Sustainability Series: Frontier Fund (KSSFF) Newsletter December 2025

Agenda

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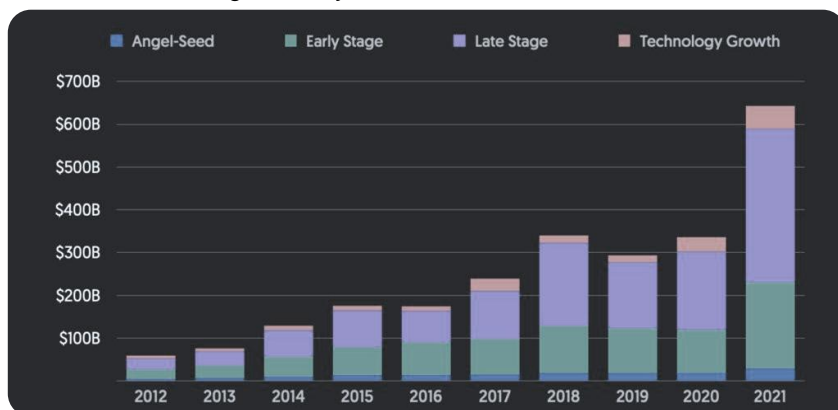
LOOKING BACK AT WHERE WE STARTED – AND WHAT THE MARKET LOOKED LIKE

Ericsenz Frontier Fund (“Target Fund”) ~ Launched During 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)

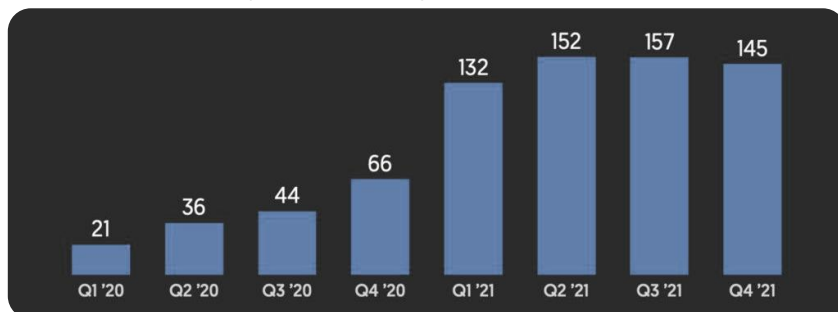


Sources: Crunchbase

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	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**.

UNPRECEDENTED HEADWINDS – THE SYSTEMIC SHOCKS

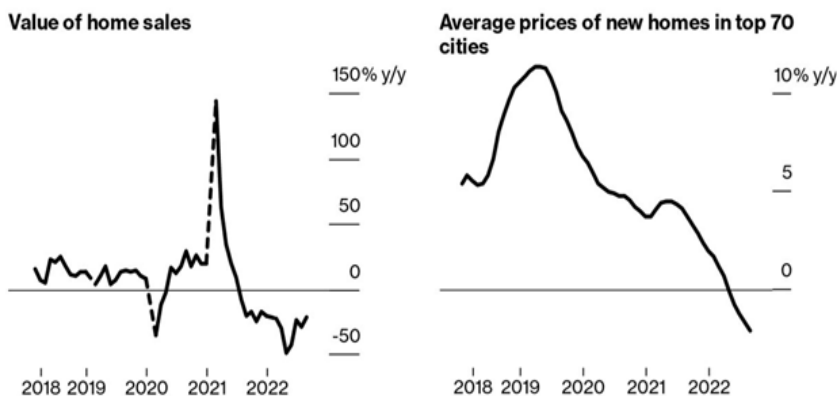
From geopolitical upheaval to policy tightening that reshaped every market.

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.

Housing Slump

Prices and sales in China's property market are both falling



Source: China's National Bureau of Statistics, Bloomberg Intelligence

Bloomberg

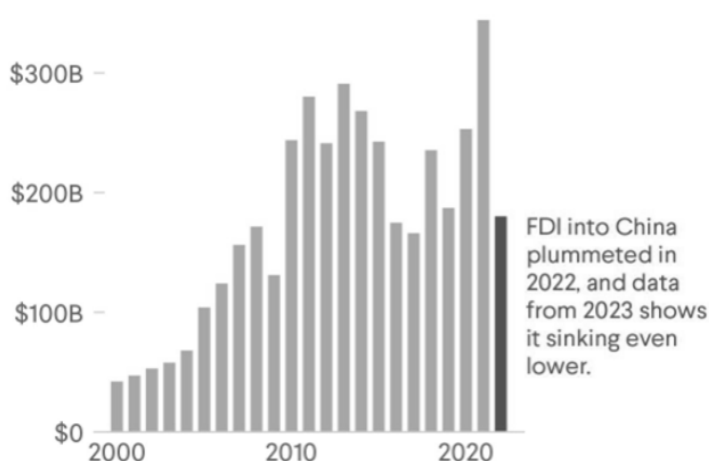
China's Triple Shock*

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.

FDI Into China Is Falling

Total foreign direct investment (FDI) into China



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

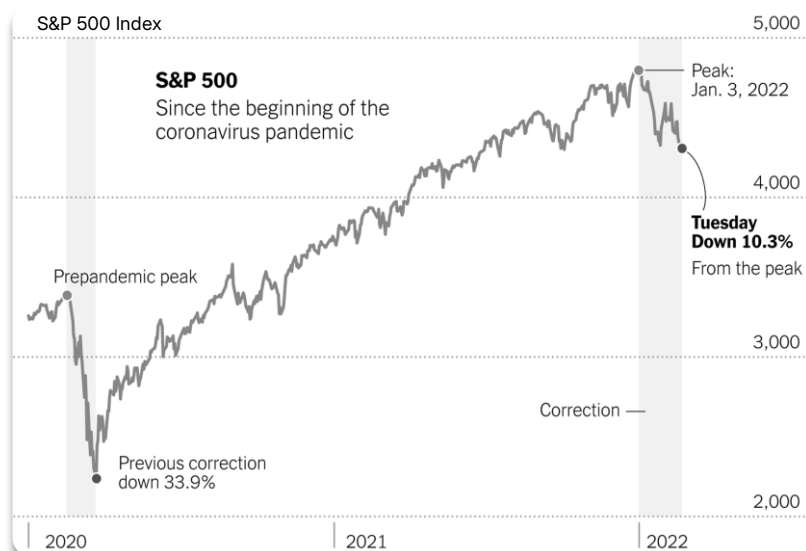
Notes: Initial headwinds were deemed isolated, but 2022 saw these risks compound into a systemic meltdown that fundamentally decoupled valuations from fundamentals.

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

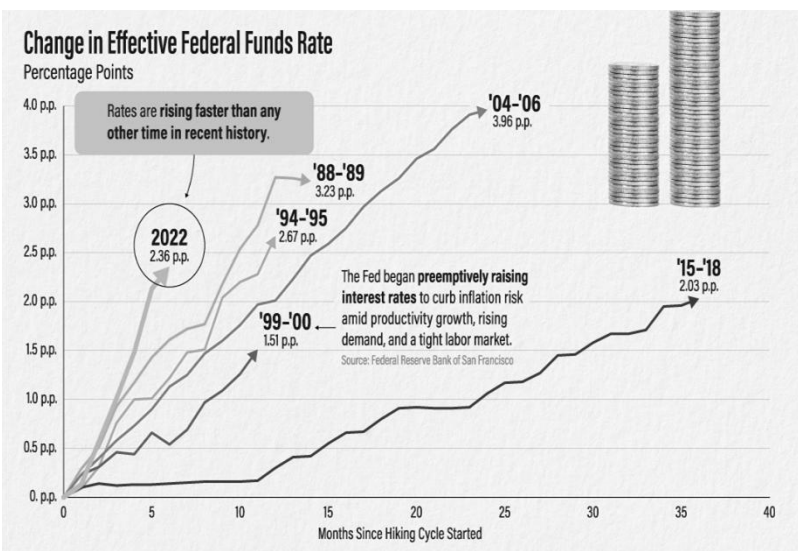
The invasion in **Feb 2022** triggered a sharp **risk-off correction**, sending the S&P 500 down ~10 % within weeks.

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.

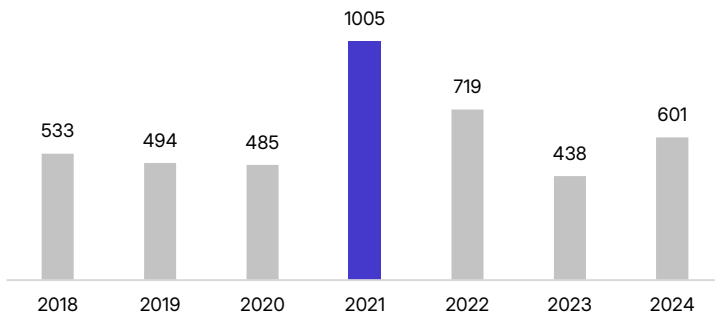
The Amplifier: 2023 SVB Collapse

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

USD Billions

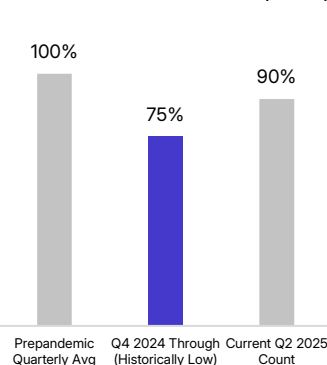


Source: Bain PE Insights 2025

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.

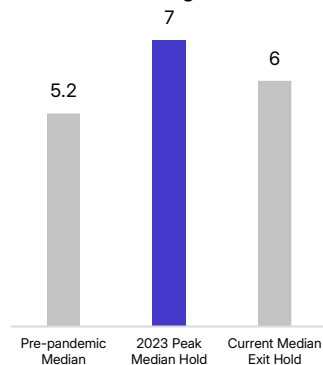
2. The Exit Freeze & Liquidity Crisis

Relative Exit Volume % (Index)



Source: Pitchbook Q2 2025

Median Exit Holding Period (Years)



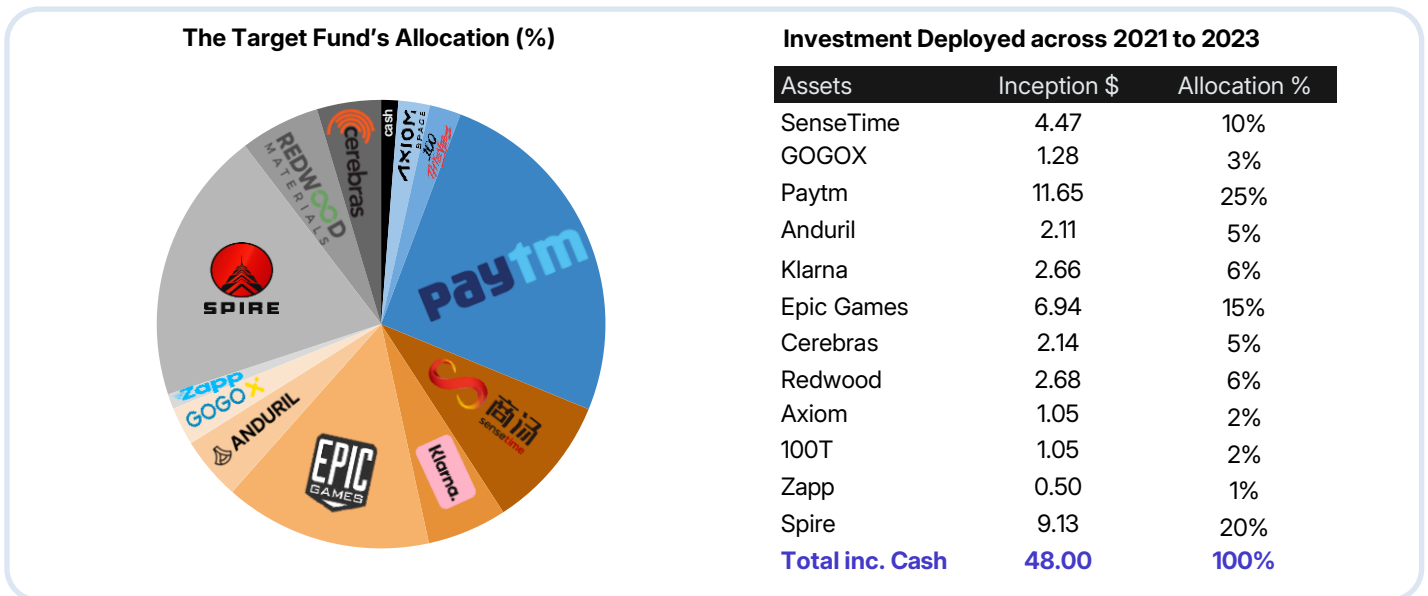
Exit activity remains muted as buyers stay cautious and financing tightens, forcing funds to hold assets longer and delaying capital recycling.

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 high-conviction megatrends such as defense and AI, and timing exits to maximise value.



Performance over the period reflected **three divergent drivers**: Acute macro and regulatory shocks that pressured listed and venture holdings, a systemic valuation recalibration across late-stage growth assets, and resilient alpha-driven compounding within the Target Fund high-conviction core portfolio.

The Major Detractors

Venture & Listed assets impacted by external shocks from rate hikes to China's downturn, Hollywood strikes, and India regulatory tightening.

System Valuation Recalibration

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

The Resilient Core

Successfully navigated exits at 2-3x Multiple on Invested Capital (MOIC), validating the Target Fund Manager thesis in disruptive AI & Defense technology leaders.

Sources: Ericsenz Capital Pte. Ltd.

THE TARGET FUND'S PERFORMANCE

Final Portfolio Summary

December 2025

"As Target Fund Manager conclude the Target Fund cycle, their focus remains on the orderly liquidation of the final assets to maximise remaining value."

TARGET FUND'S NAV

-55.0%

As of December 2025*

CURRENT LIQUIDITY STATUS

83%

Investment realised to date

★ REALISED PORTFOLIO BENCHMARKS

The Target Fund generated strong realised outcomes from select category leaders. **Cerebras Systems** was exited near its USD 8.1B valuation peak, alongside **Anduril Industries**, with both investments delivering returns in excess of 100% and validating the Target Fund's asymmetric upside strategy.

! PRIMARY CAPITAL DETRACTORS

Gains were outweighed by material capital impairment concentrated in **Paytm and Spire Animation Studios**, impacted by regulatory and industry specific headwinds, accounting for nearly **40%** of total Target Fund's drawdown.

✈️ SECTOR-LEVEL COMPRESSION

A broader set of high-growth holdings including **Epic Games, Klarna Group, SenseTime, and GOGO X** 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 **-3% to -6% impact** on Target Fund performance.

CURRENT DIVESTMENT PROGRESS

Exited (83% of allocation)



Spire Recovery Update



The Target Fund Manager has been notified that Spire is preparing to **file for liquidation** and is currently confirming this development. If confirmed, liquidation would necessitate the **conclusion of the recovery path for this asset**.

In-Progress (17% of allocation)

Klarna.

Klarna (6% allocation):

Position remains subject to an IPO lock-up period that expires in March 2026.



Redwood Materials (6% allocation):

Currently in active negotiations with a buyer and are working toward a binding commitment.



Axiom Space, 100 Thieves, and Zapp (5% allocation combined):

Continuous engagement with prospective buyers to resolve these positions as soon as reasonably practicable.

Target Cash Distribution

Q2 2026

By anchoring the disposal of the remaining assets to the Klarna liquidity window, the Target Fund Manager aim to provide a **definitive final payout that includes the proceeds from all remaining holdings**, marking the final closure of the Target Fund.

*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 Sustainability Series: Frontier Fund's performance.

Target Fund – Portfolio Asset Overview



SenseTime Group Inc. (HKSE:0020)

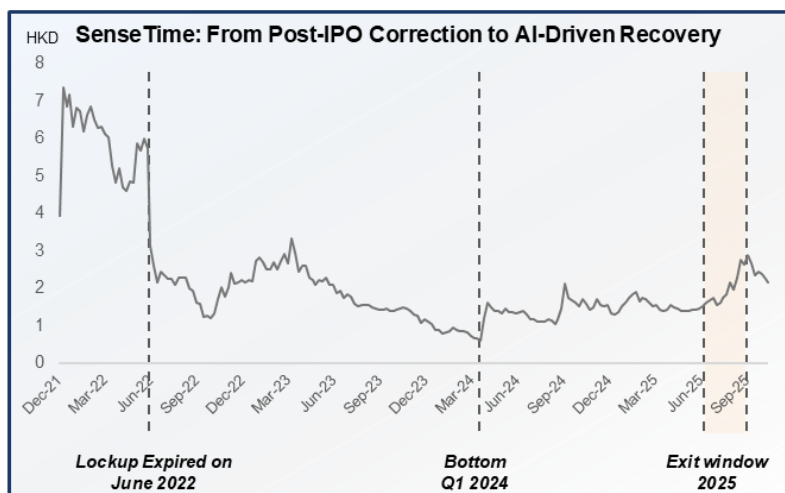
Initial Thesis

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*.

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

- Following its IPO, SenseTime faced sharp valuation declines amid **China's tech crackdown and successive U.S. sanctions**, including the 2021 Entity List designation and subsequent **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.

Target Fund – Portfolio Asset Overview



GOGO Holdings Limited (HKSE:2246)

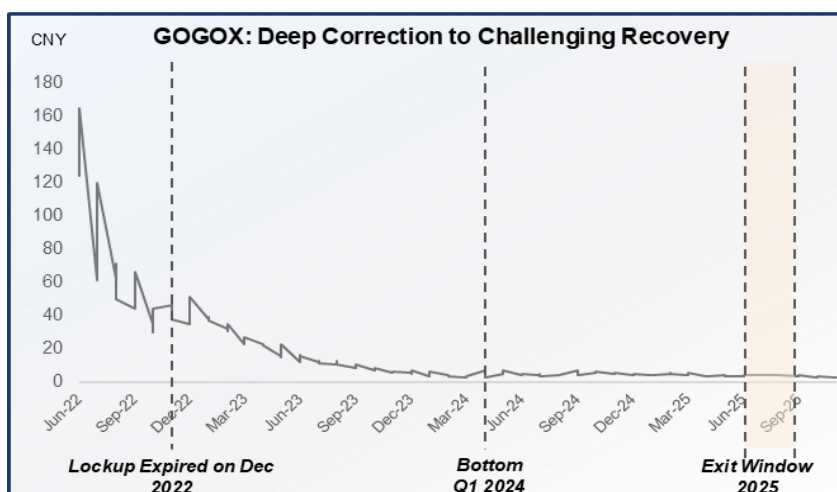
Initial Thesis

The Target Fund initial investment in GOGO 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 GOGO 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



One97 Communications Limited (NSE: PAYTM)

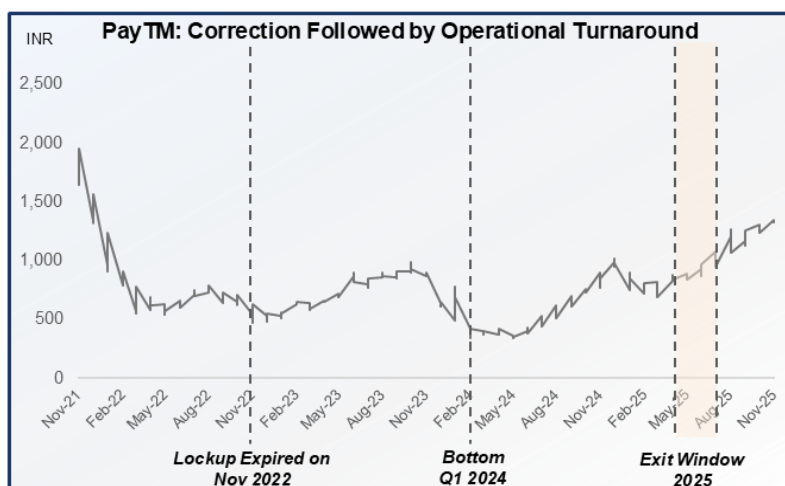
Initial Thesis

The investment thesis centered on India's leading digital payments platform, a high-growth fintech champion positioned to dominate the country's transition to a digital economy.

India's No.1 Digital Payments Platform	Record GMV and User Growth	Backed by Global Tier-1 Investors
Handled over 1.2B monthly transactions (2021), commanding the largest share in India's digital payments market.	Processed USD 60 billion+ GMV in FY2021, serving over 330 million users and 20 million merchants nationwide.	Supported by SoftBank, Ant Financial, Berkshire Hathaway, and the Indian government's "Digital India" initiative.

Performance & Exit Rationale

- Post-listing, Paytm's valuation declined over 70% as global **rate hikes**, India's **lending curbs**, and risk-off sentiment drove major investors (SoftBank, Ant, Berkshire) to **trim tech holdings**. This downward pressure intensified in early 2024 when **Paytm Payments Bank (PPBL) was ordered to halt deposits** due to regulatory lapses, disrupting a major revenue source and increasing execution risk. These challenges resulted in a slower recovery in core metrics and a longer, more volatile path to profitability.
- In response, the company undertook an operational reset, cutting expenses, **divesting its entertainment ticketing business to Zomato and monetised its stake in Japan's PayPay**. A key inflection came in August 2024 when the company received critical clearance from Reserve Bank of India for **its Payment Aggregator license**, allowing it to bypass PPBL-related restrictions and onboard new merchants directly. By rebuilding operations through **partnerships with major banks such as Axis, HDFC, and SBI**, Paytm achieved positive EBITDA and a 50% YoY reduction in net loss by FY2025.
- Following a material share price recovery of more than **150% from its Q1 2024 bottom**, the Target Fund exited Paytm to monetise value, as further upside was increasingly constrained by a **slower recovery in core metrics, a longer path to profitability, and rising execution risk**.



The Target Fund exited PayTM following a material price recovery, as upside remained uncertain and longer-dated, while execution and valuation risks increased.

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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 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.

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.

Target Fund – Portfolio Asset Overview



Spire Animation Studios Inc.

Initial Thesis

Spire represented the Target Fund's high-potential creative technology venture with content-driven play aimed at pioneering real-time 3D animation using Epic's Unreal Engine ("UE"). Founded by Oscar-winning producer Brad Lewis (Ratatouille, How to Train Your Dragon) and backed by co-investors including Epic Games, Creative Artist Association (CAA) and Temasek, the studio sought to redefine storytelling efficiency and interactivity for the next generation of animated films and metaverse-ready IP.

World Class Team with Industry Access	Metaverse and Gaming Monetisation Optionality	Institutional Validation & Strategic Moat
Led by Brad Lewis, with direct access to major studios and industry partners including Ron Howard, MGM, Paramount, and Hollywood talents.	Unreal Engine workflows enabled cross-platform monetisation beyond box office performance, creating upside across gaming and immersive formats.	Supported by Temasek, Epic Games, and Creative Artist Association, combining institutional strength with premier creative and technological backing.

Performance & Resolution

- Throughout the investment, Spire made notable creative and technical progress, completing the full 90-minute storyboard reel for its flagship film *Trouble*, and engaging with major distributors such as **Apple, Netflix, MGM, and Paramount**. However, the broader film industry entered a period of severe disruption: the **2023 Writers' Guild and SAG-AFTRA strikes**, liquidity constraints, and large-scale studio restructuring severely curtailed appetite for new IP and original content. Despite extended negotiations, Spire was unable to secure a distribution deal or bridge financing before its capital runway expired.
- Upon the senior creditor's declaration of default in late 2024, the Target Fund actively intervened to secure a **12-month exclusive realisation window** and a **profit-sharing agreement**, preventing an immediate foreclosure. Leveraging this mandate, the Target Fund Manager executed a comprehensive global outreach campaign targeting **Hollywood studios, UK asset managers, and Asian production houses** to explore all potential monetisation pathways.
- However, amidst challenging feedback regarding asset completion costs, **Spire and the Senior Creditor elected to proceed directly to formal liquidation in Q4 2025**, prioritising the winding down of the entity and filing of final tax returns. This decision by the primary lienholder definitively forecloses further recovery avenues for equity holders. Accordingly, the Target Fund has maintained a full impairment on this position, marking the final conclusion of the Spire investment.

Following the event of default, the Target Fund negotiated a standstill agreement to facilitate a structured global sale process. While the Target Fund continued to pursue monetisation avenues despite commercial hurdles, the Company's decision to file for liquidation in Q4 2025 definitively concluded the recovery window, confirming the full impairment.

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.

Target Fund – Portfolio Asset Overview



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 was a core defensive holding within the Target Fund, benefiting from **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.
- During the holding period, the company achieved a historic milestone by being selected for the U.S. Air Force's **Collaborative Combat Aircraft (CCA) program**, securing Tier-1 status alongside General Atomics. This selection explicitly **displaced legacy heavyweights like Lockheed Martin and Boeing**, cementing Anduril's role as the lead architect for the future of autonomous air superiority and mass-producible defense systems.
- The company aggressively expanded its industrial base through high-impact M&A, acquiring **Blue Force Technologies** to deploy the "Fury" autonomous fighter and **Adranos** to manufacture **Solid Rocket Motors (SRMs)** in-house, solving a critical nationwide ammunition supply bottleneck. Alongside the delivery of the Ghost Shark XL-AUV to the Royal Australian Navy and the launch of the Roadrunner interceptor, operational velocity drove **USD 1.5B+ in active contracts**.
- Amidst heightened global defense spending and robust secondary market liquidity, the Target Fund executed a full exit to crystallise a **>2x return on invested capital**. This decision capitalised on the optimal valuation window created by Anduril's rapid ascension to "Defense Prime" status, balancing value realisation with prudent risk management ahead of the Target Fund maturity.

The Target Fund achieved a premium exit amid rising global demand for AI-driven defence systems, reflecting early conviction in a mission-critical sector and aligning with the original thesis on Anduril's role in next-generation defence technology.

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.

Target Fund – Portfolio Asset Overview



Cerebras Systems Inc.

Initial Thesis

The Target Fund invested in **Cerebras Systems** as an **early picks-and-shovels enabler of the AI revolution**, anticipating exponential demand for model training infrastructure. At a time when the industry depended heavily on Nvidia GPUs, Cerebras' **wafer-scale architecture** offered a differentiated path toward **sovereign and enterprise compute independence**, combining unmatched processing speed with lower total cost of ownership.

World's largest AI processor	USD 150 B+ AI Infrastructure Buildout	Backed by G42 & early-investor Sam Altman
Cerebras Wafer-Scale Engine (WSE-2) is 56x bigger than Nvidia's A100 capable of training models in minutes vs days on GPU clusters.	Global AI infrastructure investment surpassed USD 150 billion (+40% YoY) as sovereign programs and hyperscalers accelerated data-center expansion.	Cerebras secured multi-cluster contracts across the U.S. and Middle East with partners, validating commercial scalability conflict.

Performance & Exit Rationale

- During the holding period, Cerebras transitioned from a niche AI hardware innovator into a commercially scaled infrastructure player. The company's *Wafer-Scale Engine 2 (WSE-2)* remained the **world's largest AI processor**, and its full-system supercomputers began **shipping in volume to institutional and government clients**.
- Demand surged during the Target Fund's investment period as GPU shortages constrained global model-training capacity, a dynamic that positioned Cerebras as one of few alternatives capable of delivering full-model training without distributed clusters. The company secured multi-system contracts with **G42** and **national research centers**, moving from pilot deployments to repeat orders. The company's backlog surpassed **USD 1 billion**, while improved chip yields and supply-chain optimisation lifted margins by an estimated 40%.
- In mid-2025, Cerebras had been preparing for an IPO, but later cancelled the listing after successfully raising a **USD 1.1 billion Series G round in September 2025 at a USD 8.1 billion valuation**, led by institutional and sovereign investors. The Target Fund's exit coincided with this period, capturing the uplift from the newly established valuation and realising strong returns just as the company opted to remain private. The timing reflected disciplined execution, monetising value at the point of peak market confidence in the AI infrastructure cycle.

The Target Fund's exit aligned with Cerebras' latest fundraise at an USD 8.1 billion valuation, capturing the valuation uplift and demonstrating disciplined timing amid strong AI infrastructure demand.

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.

Target Fund – Portfolio Asset Overview

Klarna.

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 **3.6x price-to-sales ("p/s")** remains well below **Affirm's ~7x-9x 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.

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Target Fund – Portfolio Asset Overview



Redwood Materials Inc.

Initial Thesis

Redwood Materials represented a high-conviction investment on the electrification supply chain, specifically the recovery and **recycling** of battery-grade materials critical to **EV and energy storage adoption**. Founded by **former Tesla CTO** JB Straubel, Redwood sought to close the loop in lithium-ion production, offering a domestic alternative to China's raw material dominance. The Target Fund's thesis centered on Redwood's strategic positioning within the EV ecosystem, its early contracts with leading automakers, and its potential to scale as the core enabler of North America's battery circular economy.

Leading Battery Recycling Facility in the US

Led by former Tesla CTO JB Straubel, Redwood provides critical battery materials supporting domestic EV and energy storage supply chains.

Established Partnerships with Major OEMs

Long-term supply agreements with Panasonic, Ford, Toyota, and Tesla provided multi-year revenue visibility and early customer integration.

Scaling Capacity with Federal and Private Support

Backed by over USD 4 billion in equity and loans, including a USD 2 billion government grant showcasing capabilities and trust at states level.

Performance

- Since the Target Fund's entry, Redwood has accelerated the build-out of its Nevada and South Carolina campuses, targeting 100 GWh of annual capacity. This operational scaling was catalysed by a **USD 2 billion loan** from the U.S. Department of Energy (DOE), explicitly validating Redwood's technical capability to produce anode copper foil and cathode active materials at a commercial scale necessary to support the domestic EV market.
- The company has further solidified its market dominance by establishing new verticals and expanding its revenue streams. In 2025, Redwood secured a partnership with **BMW Group** to recover batteries from nearly 700 U.S. locations and signed a landmark **MOU with General Motors** to redeploy end-of-life EV batteries into grid-scale storage systems. Additionally, the acquisition of **Redux Recycling GmbH** has successfully established Redwood's immediate operational presence in the EU, diversifying its geographic footprint beyond North America.
- By 2025, Redwood completed a **USD 350 million Series E fundraising** led by Eclipse Ventures and NVIDIA's NVentures, lifting its valuation to **above USD 6 billion**. This financing reinforces strong institutional confidence in Redwood's expanded business model, which now effectively bridges the gap between automotive manufacturing and critical energy infrastructure.

The Target Fund Manager is pursuing an exit of Redwood supported by sustained investor appetite for U.S. battery supply-chain assets and the company's strategic positioning within the domestic EV ecosystem. The value proposition remains intact, and the Target Fund Manager is currently in active negotiations with a prospective buyer, working toward securing a binding commitment.

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Target Fund – Portfolio Asset Overview



Axiom Space Inc.

Initial Thesis

The Target Fund invested in Axiom Space as a strategic entry into the **emerging commercial space economy**, driven by the shift from government-led missions to private orbital infrastructure. Axiom represented a rare, contract-backed platform at the intersection of aerospace, defense, and research applications, led by seasoned NASA veterans and supported by institutional capital. The thesis centered on capturing early exposure to a structurally expanding market with long-term barriers to entry and clear visibility toward scalable, recurring demand.

Exclusive NASA Partnership	Over USD 2 Billion in Contract Awarded	Scalable Dual-Market Model
Holds the sole NASA contract to build and attach the first commercial module to the ISS and replace it by 2030.	From astronaut missions and in-orbit research, establishing a proven revenue base before station completion.	Serves both government and private customers (research, manufacturing, tourism), ensuring diversified and recurring demand.

Performance

- Since the Target Fund's investment in December 2021, Axiom has delivered strong operational execution in advancing the commercialisation of human spaceflight, launching **four successful private astronaut missions** (Ax-1 to Ax-4). These missions validated a lucrative new revenue stream: sovereign human spaceflight. By serving national agencies from Italy, Turkey, Sweden, and Poland, Axiom has established a repeatable "Space-as-a-Service" model that generates revenue independent of NASA funding.
- The cornerstone of Axiom's value is the development of Axiom Station, the world's first commercial destination in orbit. Fabrication of the **first habitation module's pressure vessel is now complete**, and the company has recently revised its assembly sequence to accelerate its transition to a **fully independent, standalone commercial station**, enabling a "dual-use" economy for in-space manufacturing and biomedical research.
- Beyond orbital infrastructure, Axiom has successfully consolidated the market for critical human spaceflight hardware. In 2024, the company became the **sole active provider for NASA's next-generation spacesuits (xEVAS)**, positioning it to capture the majority of a **USD 3.5 billion contract ceiling**. This monopoly status, combined with high-profile partnerships like the **Prada space suits** collaboration for lunar missions, creates a unified ecosystem where Axiom's proprietary life-support technology services both low-Earth orbit and the upcoming Artemis lunar landings.

The Target Fund is seeking to exit Axiom Space, which remains a leading player in commercial space infrastructure, with exit timing aligned to the same liquidity window as Klarna.

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Target Fund – Portfolio Asset Overview



100 Thieves Inc.

Initial Thesis

The Target Fund invested in 100 Thieves to capture the commercialisation of gaming culture through a **hybrid model spanning esports, content, and lifestyle**. Founded by Matthew “Nadeshot” Haag and backed by Drake, Scooter Braun, and Sequoia Capital, 100 Thieves aimed to build a scalable entertainment ecosystem - one of the first to monetise the intersection of gaming, media, and consumer fashion.

Dominating the Esports Lifestyle Market	Scaling a Digital Content Powerhouse	Premium Monetisation & High-Tier Partnerships
Recognised among the Top 5 most valuable esports lifestyle brands globally, with a sticky fanbase and strong cultural relevance.	Scaled a powerful creator network and in-house studio, driving high-engagement content across YouTube, Twitch, and TikTok.	Built a profitable apparel and accessories business through limited-edition drops and collaborations with major partners such as Gucci & Lexus.

Performance

- Since entry, 100 Thieves has successfully transformed from a competitive esports team into a globally recognised lifestyle and gaming conglomerate. The Target Fund’s tenure saw the brand achieve **"Top 5" global status**, characterised by **record-breaking apparel drops** and the successful acquisition and scaling of Higrund, which established a **high-margin hardware revenue stream**. By leveraging the influence of its founders and a massive creator network, the company built a **"sticky" ecosystem** that commands premium valuation multiples in the gaming-meets-culture intersection, attracting blue-chip collaborations with brands like **Gucci and Lexus**.
- However, following a period of aggressive, **capital-intensive expansion** between 2022 and 2023, the organisation faced significant headwinds as private-market sentiment toward the **broader esports sector softened**. This period was marked by high operational burn and overhead from non-core ventures, such as **internal game development and the energy drink line, Juvee**. Recognising that these non-core verticals were **diluting margins**, the company subsequently pivoted toward operational discipline, divesting Juvee and right sizing the workforce to stabilise its financial base.
- Despite a successful operational restructuring and a modest topline recovery, including more than **23 new sponsorship deals** since 2024, the **broader esports sector remains weak**, with any meaningful recovery expected outside the Target Fund’s duration. In accordance with the Target Fund maturity timeline, the Target Fund Manager is actively pursuing an exit via the secondary market.

The Target Fund is seeking to exit 100 Thieves amid softened esports market sentiment, with buyer discussions ongoing and an orderly exit targeted within the same liquidity window as Klarna.

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Target Fund – Portfolio Asset Overview

ZAPP

Quick Commerce Ltd

Initial Thesis

The Target Fund invested in Zapp as an early exposure to the **on-demand quick-commerce sector** during its rapid expansion in 2021. Founded in London, Zapp set out to deliver premium groceries and essentials within minutes, differentiating itself through **high-quality assortment, owned dark-stores, and focus on affluent urban neighborhoods**. Backed by leading investors including Lightspeed Venture Partners, Atomico, and 468 Capital, Zapp represented a disciplined alternative to the cash-burning delivery models prevalent at the time.

#1 in London in Premium Convenience Retail

Zapp was well positioned to capture significant growth in the huge and underpenetrated London convenience retail market.

Best in Class Margins & Profitability

Maintained in-house logistics and dark-store operations to achieve best-in-class economics, driving superior margins and profitability.

Validation by Tier-One Capital

Supported by Lightspeed Venture Partners, Atomico, Lewis Hamilton, GIC and others, providing deep capital access and strategic credibility.

Performance

- Following entry, Zapp demonstrated disciplined execution during the height of the quick-commerce boom. While peers pursued aggressive international expansion, Zapp prioritised operational sustainability, concentrating its footprint in London and Amsterdam. This focus allowed the company to reach **positive contribution margins per order**, a rarity in the sector at the time.
- As market conditions tightened through 2023, Zapp adjusted its growth trajectory, streamlining its network and workforce to preserve capital while improving order density in its core markets. This shift supported ~80% revenue retention in Q1 2024 and a stabilised revenue base of approximately USD 93M annual recurring revenue as of Q3 2024, underpinned by a base of over 200k unique customers. The company's strategy of **premium positioning and selective city coverage enabled stronger unit economics** compared to broader-based rivals such as Getir and Gopuff, which underwent multiple rounds of restructuring.
- Despite sound execution, the quick-commerce industry experienced sharp valuation compression amid **rising rates and investor rotation away from delivery startups**. Secondary liquidity for the category remains limited, with most investors consolidating exposure through large incumbents. In this environment, the Target Fund is advancing an orderly exit from Zapp while continuing engagement with prospective buyers to achieve an orderly exit as soon as reasonably practicable.

The Target Fund is seeking to exit Zapp amid sector-wide compression, with buyer discussions ongoing and an orderly exit targeted with same liquidity window as Klarna.

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Kenanga Investors

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