PROTEAN™

AUGUST 2025 • PARTNER LETTER

Dear Partners,

Protean Small Cap returned 0.9% in August, outperforming its index by 1.4%-points. Year to date, the fund's return is 13.4% (index 5.7%). Since launching in June 2023, the fund has gained 57.8%, which is 33.9%-points ahead of the Carnegie Nordic Small Cap Index.

The hedge fund Protean Select returned 1.3% in August, staying true to its objective of generating reasonable returns and avoiding large drawdowns. Year to date, the return is 8.0%. Volatility remains below 6%.

Protean Aktiesparfond Norden, our recently launched fund that combines the low fees of passive funds with the active fund's chance of beating the market, continues to do what we hoped it would do: outperform. Since inception five months ago it is up 14.2%, in the same period the VINX Nordic Cap index is up 4%. It now manages >980m SEK.

This month's letter elaborates on our continued struggles with trying to build a first-class business in a first-class way (moving office and hiring are both challenging it turns out!), several portfolio changes in our Small Cap fund, some detail on Novo Nordisk (again) and Neste – two stocks we think are both climbing a wall of worry, and lastly a few thoughts on a weird Swedish phenomenon of bidding questionable companies up to stratospheric levels.

Thank you for being an investor!

// Team Protean

PROTEAN™

AUGUST 2025 • PARTNER LETTER

# Building in public

AUGUST 2025 • WRITTEN BY PONTUS DACKMO

Investing is an ever-changing process that blends analysis with judgement, patience with action, and structure with intuition. Hiring is, in many ways, similar. It is tempting to believe a hiring process can be reduced to a formula with résumés, credentials, test scores, and references neatly stacked into a rating system. And you simply pick the highest score. Not so. As with investments, the most meaningful qualities don't fit into a spreadsheet.

We are currently looking to expand the team with two new members, bringing us to a grand total of seven employees. The reason is that we'd like to future proof our organization. With more investors comes more administration, demands for processed data, reports, reconciliations and updates. We also find that there is a limit to how many investment opportunities a small team can reasonably digest and evaluate, and how many deep dives we are capable of. So, to safeguard our level of diligence, and stay aligned with our ambition to build a first-class business in a first-class way, we need more bums on seats. But not just any bum. We want to be impressed.

The art of hiring lies in reconciling multiple dimensions: skill and potential, experience and adaptability, independence and teamwork. We look for judgement, curiosity, and resilience. Traits that no CV really can reveal. Unlike a stock a person cannot be valued in a moment. The decision to bring someone into a small team is a long-term commitment, and with it comes uncertainty. The cost of a hiring mistake is not merely financial, like an investment mistake, but can easily erode trust, culture, and morale of the entire team.

This reflection is to say we will not rush our hiring decisions. The process might be slow, and the bar perceived as impossibly high. But patience in assembling the right team pays dividends in performance, atmosphere, and resilience. In a world with abundant capital, it is people – rare, extraordinary people – that are the scarce resource.

Thank you to all that have applied, we value your effort and are grateful for your interest. We will be seeing a double-digit number of candidates for an initial interview in the coming weeks.

## Decorating a new office...

Turns out not to be so easy. Or perhaps it's us. Called an interior designer "When do you want the office finalized?" Um, yesterday? "We're fully booked until January '26".

We'll just have to do it ourselves. A conference room table, a couple of rugs and lighting. A) How hard can it be? B) we don't have time for subtle touches.

But one thing was important. The trading room clock. Four time zones. Feels professional. Looks great. But we only do Scandinavia, and our satellite office is in a garage on the island of Tjörn so...

PROTEAN™

AUGUST 2025 • PARTNER LETTER

# Protean Small Cap

AUGUST 2025 • WRITTEN BY CARL GUSTAFSSON

Protean Small Cap returned +0.9% in August. Our benchmark CSXRN (SEK) fell with -0.5% during the month. So far this year, the fund is up 13.4%, which is 7.7% points ahead of index YTD.

Zooming out, this puts the fund 33.9% ahead of our index (CSRXN SEK) since inception in June 2023. In total, performance since start is 57.8%, net of fees. The fund now manages ca. SEK 720m. Thank you for your trust.

## August re-cap

Main contributors in August were Nilfisk, Lundbeck, Rugvista, Getinge and Swedencare.

Detractors include Sinch, Acast, Asmodee, Sdiptech and Senzime.

Nilfisk performed strongly during the month, supported by a Q2 report that many investors described as a "relief." There had been concerns that guidance might be lowered, but it was maintained—implying an acceleration in the second half of the year. This Danish cleaning equipment provider made an overly ambitious bet on autonomous cleaning a few years ago, neglecting its core product portfolio. Over the past two years, this has been corrected, with updated versions of its main products now reaching the market to support growth. With a new management team in place, decision-making is being moved closer to customers, while the headquarters is being streamlined. Valuation remains attractive.

Lundbeck remains a complex case, combining strong near-term momentum in two key products with uncertainty in its pipeline. This month, the standout performance came from its migraine treatment Vyepti. Combined with effective cost control, this drove a guidance upgrade, with the company now targeting nearly 20% EBITDA growth this year. The stock trades at single-digit earnings multiples.

Rugvista continued to be a major contributor to performance. Revenues grew 22% organically in Q2, providing a solid set-up for the seasonally stronger H2. Online rug sales remain an underappreciated niche, characterized by low return rates and relatively high average order values. Our recent visit to their new warehouse reinforced our view that incremental volumes can drive significant operating leverage.

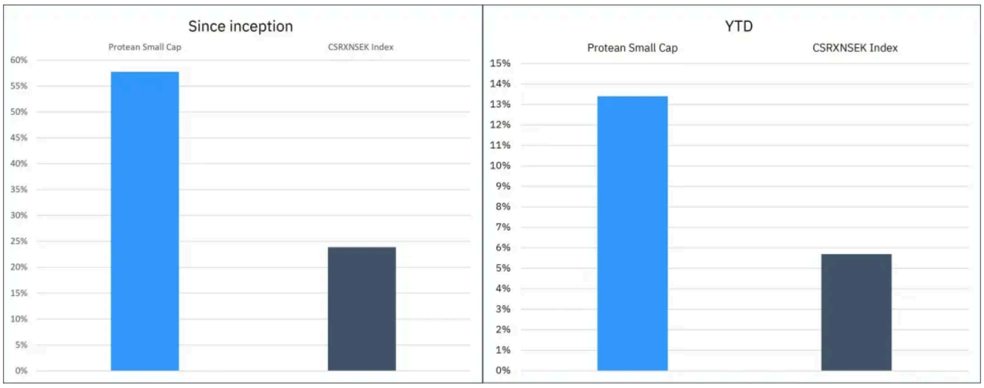
Sinch was the largest detractor, with the share price falling after its Q2 report. This Swedish communications company's stock is more volatile than its underlying business, and we have added to our position on weakness.

Asmodee also declined, falling back to levels seen shortly after its spin-off from Embracer, partly due to a sell-down by its main owner in August. This is despite the company beaten earnings expectations materially for two consecutive quarters, as the market underestimated the momentum from its Pokémon distribution rights. While this strength will fade at some point, it has not been factored into the valuation. Additionally, Asmodee has a stronger pipeline of proprietary product releases in the coming year, along with potential for increased M&A activity.

We have also undertaken some portfolio pruning, as the number of holdings grew too large. This led us to sell Proact, MOWI, Leroy Seafood, Sentia, Swedencare, and Loomis. New positions have been initiated in Afry, CTEK, and Truecaller, among others. We continue to believe markets are relatively range-bound, and that being nimble and opportunistic is the best way to outperform—allowing us to make full use of our edge.

The portfolio now holds 50 positions and remains well diversified, with the largest holdings shown in the table below.

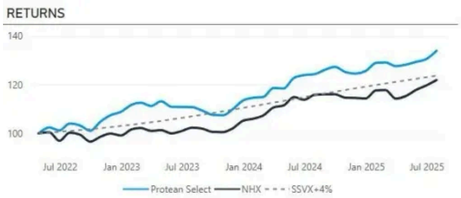
## RETURNS

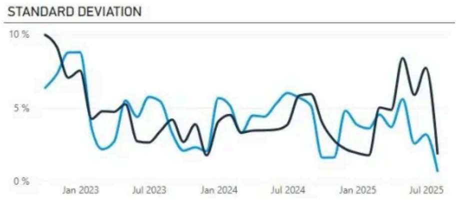




| Rank | Holding | % of portfolio | Rank | Holding | % of portfolio |
|---|---|---|---|---|---|
| 1 | ACAST | 4.5% | 6 | Balder | 3.3% |
| 2 | Sinch | 3.7% | 7 | Asmodee | 3.2% |
| 3 | Getinge | 3.6% | 8 | Devyser | 3.2% |
| 4 | OssDsign | 3.3% | 9 | ITAB | 3.0% |
| 5 | Arjo | 3.3% | 10 | Hexpol | 3.0% |

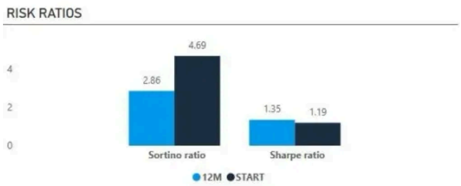
# Protean Select

AUGUST 2025 • WRITTEN BY PONTUS DACKMO




*The standard deviation is calculated using 3-month rolling data of returns, scaled to an annual basis.*




RISK METRICS & RATIOS

| RATIOS | START | 12M |
|---|---|---|
| Sharpe ratio | 1.19 | 1.35 |
| Sortino ratio | 4.69 | 2.86 |

*Ratios are calculated using monthly returns and are scaled to annual ratios.*

| RISK METRICS | 12M | START |
|---|---|---|
| Average above hurdle return | 0.06 % | 0.23 % |
| Downside deviation | 0.67 % | 0.42 % |
| Standard deviation | 1.42 % | 1.64 % |

*Risk metrics are calculated using monthly averages.*

*We illustrate our performance by showing a comparison with the NHX Equities index. This is an index constructed from the performance of 45 Nordic hedge funds focusing on equity strategies. NHX is published after our Partner Letter, so updates with one-month lag in the chart above. We aim to have positive returns regardless of the market, but no return is created in a vacuum, and a net-long strategy will correlate. Our hurdle rate is 6.0315% annualized (4% + 90-day Swedish T-bill). All figures are net of fees and ratios in the above charts are calculated using monthly returns.

## August Summary

Protean Select returned 1.26% in August, leaving the fund up 8% year to date. Volatility remains well below 6%.

Biggest contributors to returns were Novo Nordisk, Getinge and Neste. Detractors include Sinch, Acast and Asmodee.

Average beta adjusted net exposure for August was 33%, gross exposure 128% (adjusted for cash management positions).

## Novo – Climbing a wall of worry

I'm going to re-run the intro from last month's letter: "The headline stealer of the month was Novo Nordisk. Again."

In July Novo contributed 0.4% points to the fund's return from both being long and short during the month. We ended July with no position, and the stock trading at 315 DKK. We wrote about the up-side risks that the stock would be sensitive to should the selling abate, and the appealing valuation for a stunning business. But the narrative, and selling pressure, was still there.

One week into August the stock dropped another 10%. We decided to take a good hard look. At DKK 290 Novo trades on single-digit PE-multiples and 5% dividend yield, on estimates that have already been trimmed. We decided it was a good risk/reward to start a long position. Despite the stock not having "bottomed", the asymmetry should Novo finally get something – anything – right was too interesting to ignore. In the weeks that followed, one of the upside risks materialized: Eli Lilly's study read-out failed to impress, triggering a substantial move. In addition, after several data points on cost awareness and encouraging management meeting with the new CEO Mike Doustdar, the narrative started to shift "hey, he's actually pretty good".

We formulated a thesis that "Can it be argued the US market potential has been entirely priced out of Novo Nordisk now? They are significantly bigger than Eli Lilly outside of the US, a presence that has been built on the now CEO's work as head of International Operations.

Also, the patent cliff concerns for semaglutide – can it not be argued Novo has a material scale advantage vs the generics manufacturers given its significant investment in production capacity over the past decade, crowned by the Catalent acquisition and build-out? In addition, Novo on 9x PE is a material discount to any listed generics manufacturer, is that fair?"

Our conclusion from asking those questions was that: well, those are fair questions, with no conclusive answer.

The stock kept trending higher during August, indicating the selling pressure indeed has abated, and that new (or old) investors are finding their way to Novo again. We kept adding on strength and given how large and liquid the Novo Nordisk stock is, we have allowed it to become our largest long position.

Novo Nordisk alone contributed 0.7%-points to Protean Select's return this month. It is currently a 5.2% position, with an average purchase price of DKK 308.

Now, one might look at our adventures in Novo Nordisk over the past two months as a few lucky breaks and just a couple of guys with multiple screens punting around. You wouldn't be wrong. But this is exactly what we are set up to do. When the share price changes materially, when facts change materially, not only does the valuation change correspondingly, but the narrative does too. As does the potential return scenarios. Sometimes, simply looking at the share price tells you everything you need to know about the discounted expectations.

The Novo Nordisk stock is right now climbing a wall of worry, and every supportive data point, be it scripts or more confidence in the new CEO (or the positive real-world comparison study vs tirzepatide that dropped this weekend), helps clear out another seller. Let's see when we decide valuation is fair again, or when facts change, or when expectations rise too much. For now, it remains our biggest position in the long book.

Versatility, decisiveness and opportunity – the holy trinity for a nimble fund with the only target to generate returns for its unitholders.

## Swedish pie-in-the-sky

It's with growing astonishment we witness several small companies of questionable quality and lineage explode to rather impressive market capitalizations, entirely without institutional investors on the shareholder roster, pumped by retail traders and social media influences. Is this a purely Swedish phenomenon?

Take a Zinzino, purveyor of "personalized nutrition" via MLM sales. Since early 2023, the stock is up >600% and it clocks in at a 7bn SEK market cap (and insiders have now sold stock worth 45m SEK in the past months). Or an Intellego, up by nearly 800% in the past twelve months. It now clocks in at SEK 6.3bn market cap and last week traded 200m SEK/day. Surely something good is happening?

Hard to say, really. When applying a forensic accounting framework on these companies it raises more flags than the Kop at a Merseyside derby. But, given the low institutional ownership, there is limited stock available for borrow. This means they are close to un-shortable. They also have a loud and vocal following on various social media platforms, emboldened by the share price they now see everything through pink-tinted glasses. Shorting companies where fundamentals take a backseat and share prices go parabolic based on bombastic management promises, is akin to trying to put a stop to the irrationality of crowds when everyone is incentivized to keep the hype going.

We conclude that it will likely be a costly experience for those left holding the bag, but that there is little for us to do. For now.

## Neste – Graveyards Are Fertile Soil, or: Climbing a Wall of Worry Part II

There is nothing that tells you more about what actual expectations are baked into a share price than the share price itself. Sometimes I feel investors are too preoccupied with estimates, and levels, and growth and what not, and fail to recognize that a stock trading at sub-replacement value has an entirely different dynamic to it.

Neste was a first mover in renewable diesel. Basically, they take various fat residues and refine them to a diesel replacement called HVO. The residues can be anything from animal fat to used cooking oil to PFAD. During the happy ESG days politicians and corporates were happy to both subsidize and pay a premium for HVO.

Then both the capital cycle and the political pendulum swung at the same time. Sweden was Neste's biggest and most profitable market, until the beneficial tax-treatment was abruptly scrapped. The costly capacity expansion in Singapore looked like a genius move, until the Trump administration tilted the playing field such that only domestic producers could enjoy the tax credits, forcing Neste to find offset in other markets for their produce. And lastly, the Chinese entered the market in force, pushing prices for HVO down.

As margins for renewable products kept sliding, and Neste's capex splurge continued, suddenly they found themselves struggling to cover dividends and having to answer questions on balance sheet issues at conference calls.

Cue a new management team. CEO, CFO and COO were all replaced. And suddenly the tone changed drastically: from excusing old decisions, to decisively cutting cost. Yet the market wasn't convinced. Margins kept trending down, incentives kept getting scrapped. It wasn't until March this year, when the Neste stock had gone in a straight line from 50 to 7 (!), the first indication the market had troughed emerged. Prices stopped going down, the renewable margin could see a sequential uptick, potentially.

And the stock hasn't looked back. From the lows it's now doubled to 16 in an equally straight line to the upside. Buoyed by upcoming blending requirements for sustainable air fuels (SAF), of which Neste is a leading manufacturer, excitement has finally started to build, ever so slowly. Given their well-invested infrastructure, Neste is one of few players that can switch volumes from HVO to SAF, and back again. Optimizing both the supply chain and end products between the cheapest feedstock and most margin accretive product per geography.

The stock is now climbing a wall of worry. And the market is starting to look forward again. Optically it's starting to become somewhat expensive on consensus estimates. But this is a classic phenomenon when analysts have been chasing numbers down for two years, competing on who has the lowest number. Now they are one by one forced to realize the market is changing and must raise the estimates again. So, the stock has risen in anticipation of higher earnings, not yet reflected in estimates – which is why it looks "expensive".

Our take on the whole green tech space is simple: yes, there was a bubble there for a while, and more expensive options for going green (SAF is 5x more expensive than fossil jet fuel) need either forceful legislation or generous subsidies to build a market. This requires political will. That will is currently not present. But just reading the news on climate change, forest fires, record heat, ocean temperatures, God knows what, means there eventually will be a strong enough political movement to drive change.

The green tech space will become interesting again, and we've already dipped our toes in Neste. In fact, it was our second-best contributor to return in August. We're watching the space, and its politics, closely.

# Protean Aktiesparfond Norden

AUGUST 2025 • WRITTEN BY RICHARD BRÅSE

Aktiesparfonden is a Nordic long-only fund aiming to generate above-market returns over the long term by active investing in value-creating companies and charging a low fee. A fee that is reduced further as the fund grows, sharing the scale advantages with investors.

Aktiesparfonden has, since inception five months ago delivered a 14.2% return, in the same period the VINX Nordic Cap index is up merely 4%. The fund now manages >980m SEK.

Our communication for Aktiesparfonden is currently only in Swedish, and updates can be found at www.aktiesparfonden.se by clicking the headline "Anslagstavla".

Thank you for your long-term perspective and trust in our process.

AUGUST 2025 • PARTNER LETTER


## The monthly reminder

We optimize for performance, not for convenience, size, or marketing.
You can withdraw money only quarterly (monthly in Small Cap).
We tell you very little about our holdings.
Our strategy is tricky to describe as we aim to be versatile.
A hedge fund can lose money even if markets are up.
We charge a performance fee if we do well.
You do not get a discount if you have a larger sum to invest.
We do not have a long track record.

## Aktiesparfonden's reminder

We aim to generate above index returns over 3-5 years, but there are no guarantees.
The fund is daily traded, but that doesn't mean you should.
To beat the index, you need to deviate from the index. This means taking uncomfortable positions.
Be aware that the fund can underperform the index during periods. Sometimes, long periods.
We lower the fee as the fund grows. The first 10 basis point cut comes at 10bn SEK in AuM.

Thank you for being an investor.

Pontus Dackmo
CEO & Investment Manager
Protean Funds Scandinavia AB