PROTEAN™

FEBRUARY 2026 • PARTNER LETTER

Dear Partners,

Protean Small Cap declined by 3.0% in February. The benchmark index was up by 2.8%. Since launching in June 2023, the fund has gained 56.9%. The Carnegie Nordic Small Cap Index is up 26.1% in the same period. All figures are net of fees.

The hedge fund **Protean Select** returned -1.6% in February.

Protean Aktiesparfond Norden returned 3.8%. The benchmark increased by 1.9%. Since inception, ten months ago, the fund is up 21.7%, and in the same period the VINX Nordic Cap index is up 15.8%. The fund now manages 1.7bn SEK.

This month's letter elaborates on conflicting narratives, ham-fisted trading in small caps by various funds, geopolitical risk, and the decision to go ahead with a Global Aktiesparfond. Plus, as always, commentary on the month's various winners and losers (the losers outnumbered the winners this month, annoyingly).

Thank you for being an investor!

// Team Protean

Conflicting narratives

FEBRUARY 2026 • WRITTEN BY PONTUS DACKMO

Rarely have the markets been more characterized by shifting and conflicting narratives. Stocks that weeks ago were considered obvious beneficiaries of AI are now casualties. The marginal buyers and sellers that set prices move quickly between sectors and regions, exacerbated by the prolific basket constructions that indiscriminately trade individual stocks as merely constituents of a strategists' make-believe index.

Not that it needs repeating, but underneath the index surface there is a lot of movement. Earnings in our part of the world have generally held up, but the reaction function appears changed: bets are not rewarded the way they were, and misses are punished harder.

Obviously, AI sits at the centre of much of this repricing. The discussion has moved on from abstract productivity gains to, what is perceived as, substitution risks. In software and services, the market is clearly reassessing durability. With falling switching costs and data portability improvements, competitive advantages come under pressure. That uncertainty is now being priced in. Is it done yet?

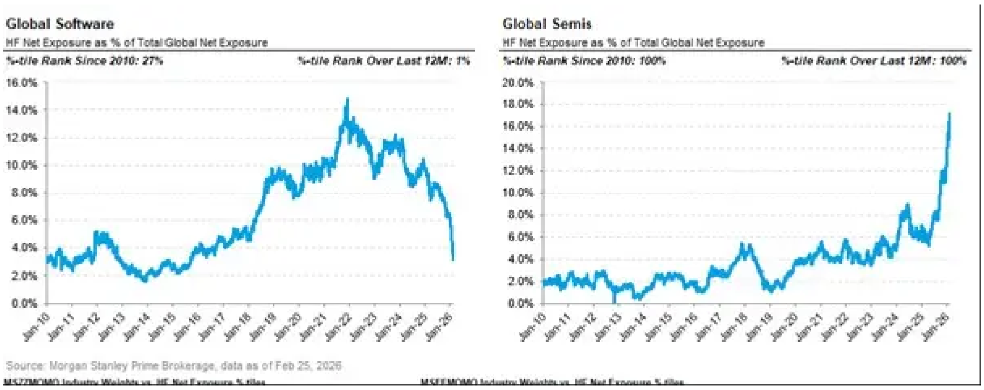
At the same time, it's worth keeping things in perspective. For AI to generate a sustained negative demand shock, adoption would need to accelerate meaningfully, labour substitution would need to be widespread, political policy would have to remain passive and investment would have to fail to absorb displaced labour. At the same time compute constraints (like chip pricing and energy) would have to prove irrelevant. It's a possible scenario, but it requires some demanding gymnastics to play out.

Technological waves over the past century have neither eliminated labour nor produced exponential growth. They have, combined, largely kept advanced economies on a trend growth path of roughly 2%. Today there are plenty of structural headwinds – ageing populations, climate transition costs and partial deglobalization – that pull potential growth lower. While AI may prove powerful enough to offset some of these drags, one can't help but wonder whether substitution elasticities, institutional responses and capital constraints still matter.

We do not necessarily consider it our job to take a definitive view on a single narrative. We conclude that dispersion has increased, valuation now carries more risk when it relies more heavily on the terminal value, liquidity and flexibility are worth more in a market that changes character this quickly.

The climate is not necessarily worse, but it is definitely less predictable.

One question we ask is what is the pain trade now? The below charts from Morgan Stanley are remarkable.



Soon to launch: Global Aktiesparfond

Thanks to encouraging feedback we have decided to pull the trigger on a Global Aktiesparfond. We are preparing the strategy and the prospectus as we speak. We anticipate being able to launch during Q3 of this year, pending regulatory approvals.

Get in touch if you are interested in seeding the strategy and finding out more details subject to an NDA.

A dislocation in Nordic Small Caps (continued)

The severe underperformance of Nordic Small Caps continued in February. In addition to the outflows from local small cap funds, there are also structural changes to the market that – in absence of the usual buyers – can be thought to have had an impact.

The Swedish public pension system has a handful of independently run buffer funds. Most of them have a not insignificant allocation to Swedish equities, among them small caps. As politicians are keen to be seen "doing something, anything!" one of the funds was closed down "to save costs". But the way it has been done is to split its assets and hand over to two other buffer funds.

We remain skeptical of the way the recent AP fund reform has been implemented. While the stated objective is administrative efficiency and cost savings, the reform has mechanically generated substantial forced trading as assets are reallocated, mandates reshuffled, and portfolios realigned. The implicit "cost" of this exercise measured in market impact, bid–ask spreads, liquidity premia, and opportunity cost from non-discretionary execution must reasonably exceed the administrative savings it aims to achieve. In practice, large-scale cash execution driven by policy rather than investment judgment is rarely neutral. When structural portfolio changes compel trading at scale, the frictional costs are real, immediate, and borne by beneficiaries, even if they are not explicitly itemized in a budget line.

What does a portfolio manager that gets 20 new small cap names he's not familiar with, or have conviction on, do? He chucks them. If the positions are, in addition, rounding errors in the grand scheme of things, there's limited price sensitivity.

One can have several takes on this. One that it is annoying as a small fund to take the pain from your stocks going down in the short term. The other is that it's annoying as a pensioner to see that the execution of the pension system appears to lack professionalism. The third is that it creates an opportunity to add to positions when prices deviate significantly from fundamentals for non-fundamental reasons.

We have during February done just that. Taken the pain but added selectively where we see it makes sense. Now we hope it pays off ahead.

Protean Select

FEBRUARY 2026 • WRITTEN BY PONTUS DACKMO

February summary

The hedge fund **Protean Select** returned -1.6% in February. As we have stressed from day one: a hedge fund can lose money even when markets are up. That being said, this is obviously an unsatisfactory outcome. Particularly considering that after the weak January we reduced exposures and risk further.

What didn't work

The bulk of the underperformance this month came from a handful of relatively sizeable positions. Remember we still size cautiously, which means that a 3%-position is considered large. That didn't help in today's market regime of outsized reactions to however small negative news or emerging narrative.

A disappointing report and guidance from long-term position **Camurus** cost the fund nearly 0.4%-points. The trading position in **Novo Nordisk** which missed the primary endpoint in the REDEFINE-study a similar amount. We cut the position on the day and avoided further losses.

Our position in **EQT** with no exposure to private credit and limited exposure to software (but still took a nosedive in sympathy with international peers as the sector was indiscriminately sold) was a drag of 0.4%. We have cut that position and are evaluating.

In addition, the previous month's AI-winner **DSV** quickly turned into a loser as the narrative shifted (we disagree and have increased our position on this weakness). Furthermore, the selling pressure in Swedish small caps intensified, with a handful of our long-term positions clearly suffering: **Acast, Biogaia, Storskogen, RaySearch** just to mention a few. In several instances, as mentioned earlier in the letter, we have added on weakness where we see opportunity. We remain convinced fundamental performance and valuation wins in the end.

What worked

On the positive side was Swedish retailer **Clas Ohlson** which bounced back after a luke-warm quarterly report, real estate company **Intea,** the growthy copper play **Lundin Mining,** and the special situation in **Coor**, which bounced following a highly unusual ownership change where no less than six loosely associated German/Swiss companies showed up on the shareholder roster with a combined stake just below mandatory bid levels.

Summarizing

We stubbornly keep focusing on what we can control in light of this uncertainty: limited gross exposure (low 100's), cautious net exposure (mid-teens), but trimming and adding as we see fit.

Ultimately, our belief remains that things want to come good, but that there are speed bumps on the way. Or, in the words of Jack Reacher "hope for the best, plan for the worst".

What lies ahead

All in all, we head into March with a light positioning, and lots of dry powder to try and capitalise on what is increasingly starting to look like the dislocation we discussed earlier in this letter. The mayhem in materials and defence stocks (it is very very hard to square valuations, but the madness of crowds is equally hard to call an end to) might well have peaked during February.

FX Hedging

We are not FX strategists or particularly astute at cross currency analysis. But we do take note of extremes. Mid 2023 we decided to implement currency hedges as the SEK was historically and extremely cheap vs the EUR & DKK. We have kept rolling that hedge since and it has served us very well. Now, however, we are in a more normalised band, and we don't have a strong view on any of the typical metrics the people who claim to understand currencies look at. We have therefore stopped hedging out our EUR & DKK exposure. Just as an FYI.

Geopolitical risk

Over the weekend ending February Israel and the US launched an attack on Iran. That had been a long way coming given the military build-up in the region. What was not part of the plan was that Iran's retaliation included lobbying a barrage of drones and missiles at the neighbouring Gulf states (and even towards a UK base on Cyprus, if reports are correct). Clearly these desperate actions are the ones of a Iranian regime acting like a cornered animal, grasping at whatever opportunities are left to put whatever pressure they can on the US.

Given market positioning was prepared for military action, it is less surprising to see more of a rotation than a liquidation in European markets on Monday the 2nd of March, at time of writing this partner letter. Typically when geopolitical events of this magnitude happen, the short term impact is relatively small – and the long term impacts harder to gauge. How will a weakened Iran impact the Russia-Ukraine conflict? Will any European countries be drawn into the mix? What will China do as their oil imports are suddenly more insecure? Will there be an impact on US Midterms from this – widely unwanted – new attempt at toppling a foreign government?

We don't have any answers. Despite reaching previously unseen levels of monitoring the situation over the recent days, as one of our team members is stuck in Dubai following spring break with the family.

Protean Small Cap

FEBRUARY 2026 • WRITTEN BY CARL GUSTAFSSON

Protean Small Cap returned -3.0% in February. Our benchmark CSRXN (SEK) **gained** 2.8% during the month. Hence, the fund underperformed by 5.8%. Since inception in June 2023, the fund has outperformed the index by 30.9%. Total performance since inception is 56.9% net of fees.

The fund now manages ca. SEK 885m.

February recap

This was a difficult month for Protean Small Cap. Several of our larger holdings missed expectations and were punished as a result. This was amplified by the fact that some core holdings, Acast comes to mind, beat expectations but still got tangled up in a combination of flow-driven weakness, potentially exacerbated by AI fears.

We are far from happy with the result in February but will continue with the same process as we have done since inception in June 2023, which has resulted in good performance so far.

We benefited from **Smartoptics**, **NCAB Group**, **CINT** and **Sdiptech**. Detractors include **Arctic Falls, Acast, OssDsign** and **ITAB Shop Concept**.

Let's start with the rays of light, where we felt that the operational performance of the companies actually translated into share price performance. **CTEK**, a Swedish supplier of battery charging products, returned to its true form with gross margins now firmly above 60 per cent again. CTEK has a strong brand in 12V battery chargers, selling almost 1m units of these per year. This is their bread-and-butter business, and where they have an entrenched position and a very strong brand. However, their foray into EV chargers has consumed the cash flows from their legacy business, and unfortunately, there has been very little progress in this area. The losses within EV charging products are now contained, and the improvement in underlying profit shows this. The share gained ca. 20 per cent in February.

Smartoptics, a Norwegian-Swedish supplier of optical network products, gained almost 30 per cent during February as their Q4 report underlined the strong momentum the company it's witnessing at the moment. Sales grew by 38 per cent as the effects of the supply tightness within their market trickled down to Smartoptics. The market is booming now, largely driven by investments in data centres. We used the strength during the month to trim our position by a third.

NCAB, which we added in January, showed that the business is back to growth following a very long post-pandemic slowdown. NCAB is a supplier of printed circuit boards (PCBs). However, they do not own any factories, instead acting as a middleman between buyers and the typically Asian factories producing them. This capital-light business-model creates strong cash flow, which NCAB uses to consolidate the market and in turn, improve their buying power in Asia. The share is far from cheap but has a very strong track record that has been obscured by the fact that they deviated far above long-term trends during the component crunch during 2021-2022.The share gained 19 per cent in February.

Sdiptech has become one of our larger positions. This is a Swedish acquisition-oriented industrial, often put in the compounder category, that has underwhelmed the market during the last couple of years. This explains why it trades around P/E 12x and 10x EBITA. We believe there to be ample upside if they only close a part of the gap to other compounders in Sweden, and the company is clearly addressing the issues holding their valuation back. The financing structure is being simplified as the expensive preference shares are being redeemed. They are selling several underperforming holdings which results in cleaner operational performance as well as a stronger balance sheet.

Arctic Falls became our biggest detractor during the month. This recently listed Swedish provider of facilities for vehicle testing missed estimates in their first report as a listed company. As the share had performed strongly, on thin volumes, in the run-up to the results it resulted in a major decline. The shortfall in earnings was attributed to a lack of variable volumes, which are typically contracted with short notice, and we consider this weakness to be of a cyclical, not structural, character.

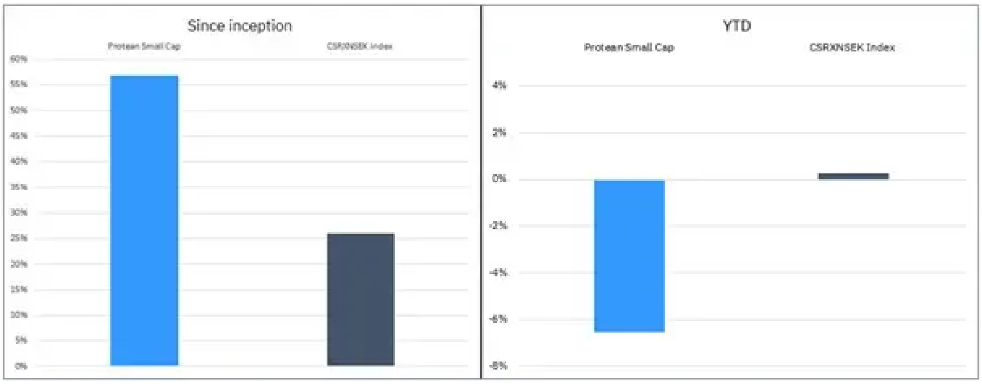
Acast continued to deliver well, growing 31 per cent organically in Q4, and being firmly profitable on EBIT in the quarter. That said, the share suffered during February. The new CEO has put more focus on sales effort, especially in the North American market, and this appears to have yielded results. Acast has >60% market share in the UK, while only 1–2% in the US, which suggests significant runway to gain share in the US over time.

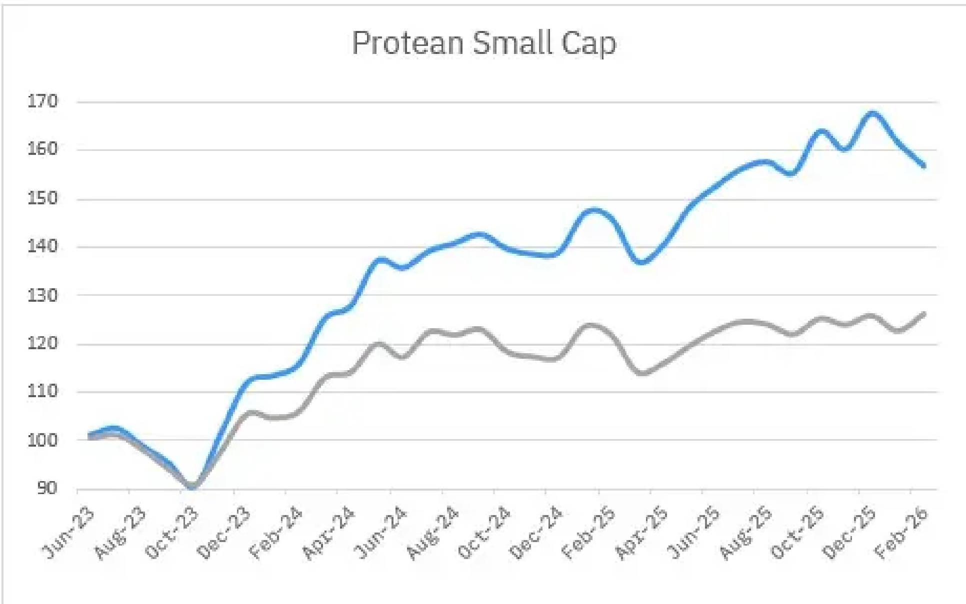
The portfolio holds 47 positions now. We have sold **Lundbeck** (we like the execution, but patent cliff fears linger), **Asmodee** (likely to suffer from fears about losing momentum in the Pokémon franchise at some point), **Kambi** and **Xano** (and a few other, smaller positions). We want to highlight three of the names added in February:

1. **Coffee Stain**: This spin-off from Embracer trades at single digit EV/EBIT, with very strong underlying cash flow generation. Coffee Stain controls a number of very durable franchises within gaming and combines a base rate of earnings from these with the upside optionality from new iterations of them, like the Swedish gaming company Paradox. Coffee Stain is likely to see a return to earnings momentum in the coming quarters and with the share losing 25 per cent since it began trading, the situation feels very similar to what Alleima had to endure before it found its footing following the Sandvik spin-off late 2022. A strong balance sheet limits the risk in the case.
2. **Sinch**: We have been back and forth in this Swedish provider of communications services, such as e-mail and messaging. We sold our position in December as we felt that the share was driven by the buyback program that was in place. That proved fortunate as the share plummeted on their Q4 report, which was weak-ish. With the share buyback program restarted, and likely to be relatively forward-leaning as it looks to be completed before the company enters a silent period in early April, we added back a 2% position.
3. **MTG**: There is an interesting catalyst that could materialize for this Swedish mobile gaming company during the spring as they are contemplating a spin-off of their Indian-based unit PlaySimple. Such a listing is likely to be made at a valuation higher than what MTG currently trades at (5x consensus EBIT for 2026). The proceeds from the listing would (we suggest) be used to perform buybacks at the current share price. It should be noted that the other parts of MTG are performing reasonably well, also, meaning this is far from a one-trick pony.

The funds top ten holdings as we enter March are:

Rank	Holding	% of portfolio	Rank	Holding	% of portfolio
1	Acast	4.7%	6	Devyser	3.3%
2	Sdiptech	3.9%	7	Cint	3.2%
3	ITAB	3.6%	8	Storskogen	3.2%
4	Storytel	3.5%	9	Arctic Falls	3.2%
5	BTS	3.5%	10	Getinge	3.1%





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FEBRUARY 2026 • PARTNER LETTER

Protean Aktiesparfond Norden

FEBRUARY 2026 • 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 ten months ago, delivered a **21.7%** return, in the same period the **VINX Nordic Cap index is up 15.8%.** The fund now manages 1.7bn SEK.

Our communication for Aktiesparfonden is currently only in Swedish, andupdates can be found at www.aktiesparfonden.se by clicking the headline “Anslagstavla”.

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

The monthly reminder

We optimize for performance, not for convenience, size, or marketing.
You can withdraw money only quarterly in Select (monthly in Small Cap).
We will 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 only have a medium-sized track record.

Aktiesparfonden's reminder

We aim to generate above index returns over 3-5 years, but there are no guarantees.
The fund is trade daily, 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