

Sarnia

GLOBAL ALPHA Fund: Factsheet

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Dear Reader,

could our fund end up being invested in lots of 'value traps'?

In case you haven't come across the term before, a value trap is an investment that looks cheap based on standard measures, but which stays cheap because the underlying business is permanently breaking down.

The simple answer is, the Sarnia GLOBAL ALPHA Fund is **unlikely to suffer this problem**.

The **philosophy** of our fund is different from that of conventional 'value investing'.

If you look at the fund's top 5 positions (see page 2), you are not going to find tobacco companies, utilities, or legacy banks. Instead, you will see **software firms**, **defence technology**, and **processors of critical minerals**.

Our portfolio manager, Michael Steindler, and I do like to strike a bargain among undervalued companies. However, Michael looks through an entirely different lens. His strategy is to hunt for **long-term growth businesses** that happen to temporarily trade at attractive prices. That's what we call "**growth at value prices**".

How do we find such companies?

Recently, they were to be found among software companies. We have to thank the '**SaaSocalypse**' for providing us with lots of opportunities for pursuing Michael's proven contrarian approach.

In case you have spent the last two years under a rock, the SaaSocalypse was a major market sell-off in stocks of companies that sell software-as-a-service (SaaS). The sell-off started in December 2024. In a podcast, Microsoft CEO Satya Nadella opined that we were leaving an era in which software was hard to build and hard to leave, and entering one in which AI would provide fast, cheap software solutions. In effect, investors feared that so-called no-code tools would **replace traditional software subscriptions**. Markets began to expect a fundamental reshaping of the software-as-a-service business model, driven by the rise of autonomous AI agents and the resulting commoditisation of software code.

One company that was **hit by this phenomenon** was Germany's **Hypoport SE**. Its share price was nearer to €300 when the SaaSocalypse began, and it is currently trading at not even €80.

Hypoport operates the Europace technology platform, which is a **B2B marketplace** for financial services companies. Banks and other financial services companies use the platform to transact in mortgages and other types of loans.

Michael and I had **jointly discovered this company** in the early 2010s when it was still in its infancy (with a €50m market cap). The stock subsequently produced a nearly 100-fold gain, which Michael captured successfully for some of his position. The share price rose as high as €600 in 2021. When it had become a **hyped stock**, Michael's strategy sold out of the position.

He is now back for what we believe could turn out to be another **strong multi-year cycle**.

Hypoport's Europace platform benefits from a **network effect**. Restrictions on competition and regulatory requirements create **high barriers to market entry**. This is what we call a 'moat'. As largest operator in the space, the company will likely continue to grow its market share simply because users of B2B networks flock to the largest platform. Hypoport has tremendous **pricing power**, which it has not yet tapped into. The company can also expand into other product categories and it'll ultimately have an opportunity to consolidate comparable platforms across Europe. There is likely **another 10-20 years of growth** ahead for the company, simply because of a number of underlying **secular trends**.

This set of circumstances should make it clear that Hypoport is **not your conventional value investment** where you are hoping for one last puff from a cigar butt.

It's a **growth business**, but one that the fund is invested in at **incredibly low valuation multiple**. We believe that from its current level, the share price could again multiply over the coming years.

We do like to look towards the US market, as it often yields **clues** how sectors and companies elsewhere in the world will develop. The US equivalent of Hypoport was **Ellie Mae**, known for its Encompass Digital Lending Platform. In 2019, Ellie Mae was acquired by the software-focused private equity firm, **Thomas Bravo**, for \$3.7bn. Just one and a half years later, Thomas Bravo sold the company to the **Intercontinental Exchange (ICE)** for \$11bn. Ellie Mae is now part of ICE Mortgage Technology.

Our biggest **risk** is that a private equity firm or a European platform like Deutsche Boerse could be interested in Hypoport and buy us out before we can fully harvest the company's growth.

However, bagging a quick gain from a lucrative bid would be a **champagne problem**, right?

I'll write more about this next month.

Best regards
Swen Lorenz
CEO, Sarnia Asset Management

News about the Fund's top 5 positions:

Hypoport (10.67% of portfolio weighting*): Cooperative banks and savings banks continue to gain market share within the Europace B2B mortgage platform, while private banks are losing ground. However, all of them run their transactions through the same infrastructure. The recovery of Germany's financing market remains a key source of operating leverage.

Secunet (8.69% of portfolio weighting*): Order intake once again rose sharply, with the book-to-bill ratio remaining well above one. This growth is driven entirely by the public sector, particularly Defence & Space and Homeland Security. The company's position as the government partner for cybersecurity is even embedded in Germany's regulatory framework.

Furuya Metal (7.17% of portfolio weighting*): Earnings exceeded the company's own forecast, with an operating margin that is exceptional for a materials manufacturer. This is precisely the core of the investment thesis: margin pressure arises at the OEM level, not at the input supplier. The company's proprietary processing of ultra-high-purity iridium and ruthenium remains a supply bottleneck through which raw-material scarcity translates directly into profits.

Frequentis (5.54% of portfolio weighting*): Revenue and order intake increased significantly, earnings turned positive, and the order backlog reached a new record high. The earlier-than-planned completion of project milestones brought forward earnings from the second half of the year. The company also increased its stake in Nemergent, a provider of mission-critical broadband communications, to a majority holding. Certified control-center technology combined with multiyear service commitments represents a chokepoint whose demand is government-driven and independent of the economic cycle.

Yubico (5.02% of portfolio weighting*): Subscription revenue, recurring revenue, and margins all increased, while retention rates remained high. The decisive development was on the product side: with its new generation of YubiKeys, the company is extending hardware-backed security beyond authentication to verified authorization – including digital signatures, identity wallets, payment approvals, and approvals by AI systems. This effectively turns the transition to machine authorisation into a product.

* weighting in the portfolio of the master fund

Current portfolio breakdown: (31 August 2026)



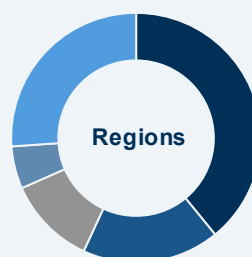
89.4% – Shares

7.3% – Commodities

1.5% – Other

1.8% – Cash

0.0% – Bonds



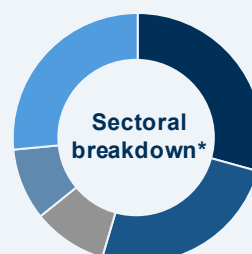
39.1% – Germany

17.8% – Japan

11.5% – Switzerland

5.5% – Austria

26.1% – Other



*Top 5 positions

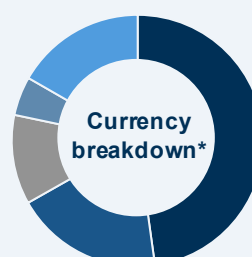
29.3% – Consumer

25.3% – Tech

9.6% – Communication

9.3% – Industrials

26.5% – Other



*Top 5 positions

47.8% – EUR

19% – JPY

11.5% – CHF

5.0% – SEK

16.7% – Other

The Portfolio Manager: Michael Steindler



Michael led the privately developed GLOBAL ALPHA strategy from 2000-2022 for a discretionary family mandate. Since then, he has continued to run the strategy through a Liechtenstein entity (= Master Fund). His passion is to find high-conviction investment ideas using fundamental analysis; focussing mainly on equities.

He has partnered with Sarnia Asset Management to bring his strategy to a broader audience of investors around the world. You literally invest alongside him. Our Guernsey-based feeder fund structure offers additional benefits but comes at zero additional cost to the fund investor.

Michael splits his time between Munich and the Principality of Liechtenstein. You can find more about his background in our fund's marketing deck; available by email request or through our website.



Terms and conditions of the Fund

Base Currency	EUR
Share Classes	1 share class ("A"), available in EUR and USD*
Minimum Initial Investment	€/\$ 100,000
Management Fee	2% p.a.
Performance Fee	20% above 6% (incl. High Water Mark)
Subscription	Monthly
Subscription Notice Period	2 days prior to subscription day
Fund Type	Guernsey – Private Investment Fund (PIF)
Redemptions	Request needed 4 business days prior to end of quarter, for redemption the following quarter.
Administrator	Beauvoir Limited, Guernsey
Auditor	Grant Thornton Limited, Guernsey
Legal Counsel	Carey Olsen, Guernsey
Regulator	Guernsey Financial Services Commission (GFSC)

Disclaimer

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This product is not suitable for retail clients. In order to invest you must be a Professional Client or Eligible Counterparty as defined in the Guernsey Financial Services Commission's regulatory rules and guidance.

If you are in doubt as to what type of customer you are then you should consult your financial adviser.

The strategy's performance data referred to in this document has been audited by Roedl & Partner for the years 2000-2022, and it is based on the Liechtenstein entity's (Master Fund) performance for the time from December 2022 onwards. Sarnia GLOBAL ALPHA Fund is a feeder fund to the Accuro Global Alpha Fund in Liechtenstein, with a fee sharing agreement between two entities which makes investing via the feeder fund cost-neutral for investors.

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There can be no assurance that the investment strategy or objectives outlined in this document will be achieved or that investors will receive a return on any amounts invested.

* EUR = reference currency share class, USD = unhedged

** Combined LIE and GG entities

Key figures:

Current NAV per share	EUR 238.35
Performance year-to-date	19.12%
12-months high	EUR 246.59
12-months low	EUR 192.66
Cash	1.83%
Securities	98.17%
Valuation interval	Monthly, or at the request of the fund's directors
AuM **	EUR 10.29m

Keeping you informed



QUARTERLY CALL
(starting Autumn 2026)



ANNUAL MEET UPS
(enquire for date)