September 2025 Partner Letter

Comfortably uncomfortable

Disclaimer: Before considering an investment in any of Protean's funds, please refer to our prospectus and KIID-material. Investments in a fund can both increase and decrease in value. Full return of capital is not guaranteed.

Dear Partners,

Protean Small Cap returned -1.4% in September, (very marginally) outperforming its index by 0.1% points. Year to date, the fund's return is 11.8% (index 4.0%). Since launching in June 2023, the fund has gained 55.5%, which is 33.6%-points ahead of the Carnegie Nordic Small Cap Index.

The hedge fund Protean Select returned -1.2% in September. Year to date, the return is 6.7%. 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 six months ago it is up 13%, in the same period the VINX Nordic Cap index is up 4%.** It now manages >1.1bn SEK.

This month's letter elaborates on why you need to have a grinder mindset in sideways markets, why these months happen with statistical certainty, how we've been **early and wrong** in a handful of MedTech names (but remain untroubled for now), why we think real world data is starting to support our thesis **Getinge** could double if they manage to do nothing for two years, an update on our **Investment Company short** case. And, as always, commentary on winners and losers for the month.

Thank you for being an investor!

// Team Protean

Grinding it out

With three quarters of the calendar year now behind us we can conclude it's been a less than inspiring year for the Nordic markets. The broad large cap MSCI Nordic is marginally down. The Nordic small cap index has eked out a mere 4% return.

Looking at a list of top and bottom performing equity funds for the year, there is a clear trend to be observed – particularly for Swedish and Nordic small cap funds – namely that the largest funds, many of which have done well for a long time, are now, on aggregate, doing poorly. Conversely, the top quartile is dominated by smaller, more nimble funds. Coincidence?

The flip side of branding your fund "long term" is that you must accept sitting through periods of underperformance when your holdings are out of favor. We don't do that. If we underperform, we will have done a poor job. It really is as simple as that. Hiding behind the "long term" thesis is a necessity when the assets in the fund can be counted in the tens of billions. You simply cannot be anything else than long term. You certainly cannot be nimble. This is the core of Protean's value proposition – when the market changes, we try to change too. It's why we promise to remain small.

From a top-down perspective, the year has been dominated by political headlines, tariff uncertainty, currency moves and a continuously cautious consumer. The ebbs and flows of rising and falling expectations can be observed not only in share prices, but also in analyst estimates. At the same time the uncertainty from the aforementioned factors that have set the agenda for the year has impacted multiples. As uncertainty increases, investors are less willing to pay up for earnings further out in time.

Not impressive, in isolation

Although September wasn't exactly an impressive month for Protean Funds, we take comfort in our apparent ability to grind on. By being active, we try to pick up basis points where we can find them through ECM, pair trades, and by trimming and adding to positions on spikes and dips.

We're convinced that over time, these small wins and adjustments pay off. Adding up the small basis points is what allows us to be ahead of market returns year-to-date in the hedge fund, and up more than double the market return in the small cap fund.

We would obviously like to present returns in a straight line, up and to the right. But if you believe there is an element of random walk in markets, and that returns reasonably can be approximated with a normal distribution, it is an **85% probability that a fund with 6% volatility and a 10% expected return, will have a >1% drawdown in any given month** during a 12-month period (if my old math skills serve me right?).

Head down. Eye on the long term. Keep grinding.

Protean Small Cap

– Carl's update for September

Protean Small Cap returned -1.4% in September. Our benchmark CSRXN (SEK) fell with -1.6% during the month. So far this year, the fund is up 11.8%, which is 7.8% points ahead of index.

Zooming out, this puts the fund 33.6% ahead of our index (CSRXN SEK) since inception in June 2023. In total, performance since start is 55.5%, net of fees. The fund now manages ca. SEK 720m. Thank you for your trust.

September recap

Whilst September was mediocre in terms of performance, we did manage to broaden our knowledge base. We attended several local conferences and spent a week in the US, visiting the operations of Swedish small caps in cities such as Miami, Vicksburg and New York. We had site visits with **Vitrolife, Vimian, Nimbus, Electrolux Professional** and **Skanska**, and a few more.

Main contributors in September were **Lundbeck, MTG, Asmodee** and **Sinch**. Detractors include **Gränges**, **Boule Diagnostics**, **Devyser**, **Sdiptech** and **Arjo.**

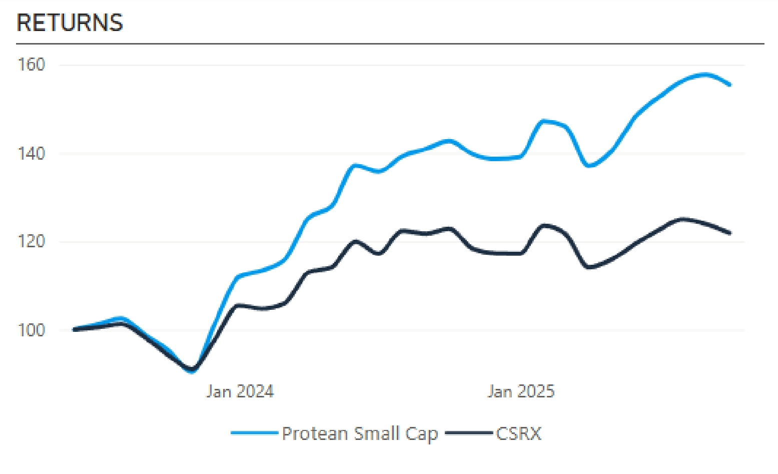
The Danish pharma company **Lundbeck** was our best contributor in September, continuing its journey toward a fairer valuation. We believe the shares have simply been too cheap considering their strong commercial execution in recent quarters, as we wrote in last month's letter**. MTG** bounced back following a poor August, and we sold out of the position on this move. **Sinch** and **Asmodee** were two larger detractors in August. We added to these holdings during August, which helped performance.

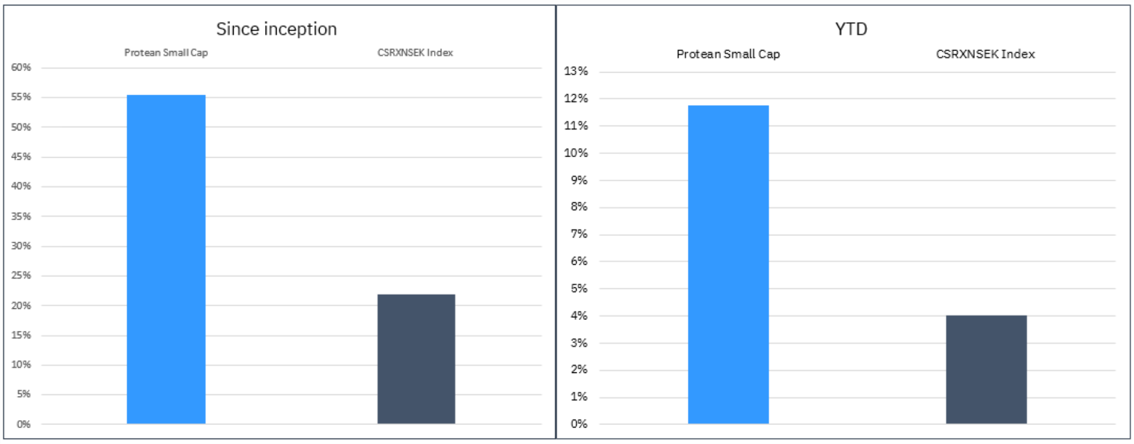
The Swedish aluminum rolling company **Gränges** had a poor September as the US HVAC industry signaled excess inventories at customer level, which is likely to lead to a subdued H2 for Gränges. We own Gränges as it looks to exit a period of heavy investments and enter a phase of strong cash flows, which could lead to buybacks. We were likely too focused on this long-term scenario, missing signals that H2 would weaken. We have kept our position.

We have added **Electrolux Professional** to the portfolio. This is a Swedish industrial focused on commercial appliances within food & beverage, as well as laundry. They operate with double-digit margins in a fragmented market, with a strong balance sheet that supports opportunities for M&A. Margins and cash flow are slightly subdued during 2025 as they prepare for several product releases in 2026, which should help organic growth. It trades at around 12-13x EBIT, which is undemanding relative to other Nordic industrials. The upcoming listing of Allied Laundry, which is expected to be listed at a considerably higher multiple, could put this attractive valuation in the spotlight.

We have also added the Stockholm-listed real estate company **Eastnine**, which we financed by reducing our position in Balder. Eastnine owns offices in the Baltics and Poland. The average age of their properties is low (meaning little cash flow leakage to maintain them), property valuations are appealing (yields are likely to trend down) and rents are low in an international perspective (implying a further upside).

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



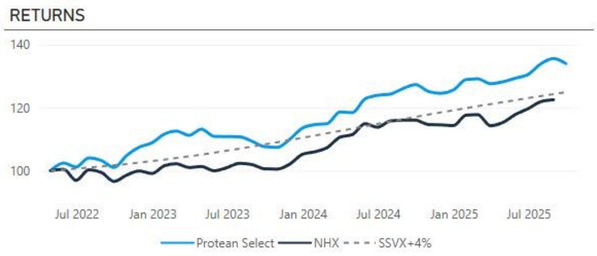


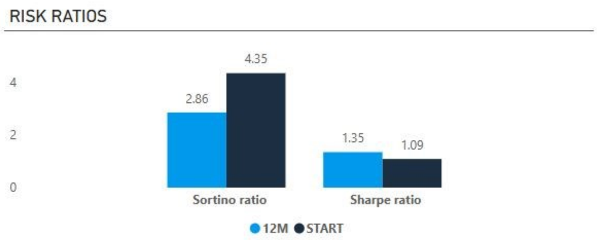
The ten largest positions in Protean Small Cap as we enter October:

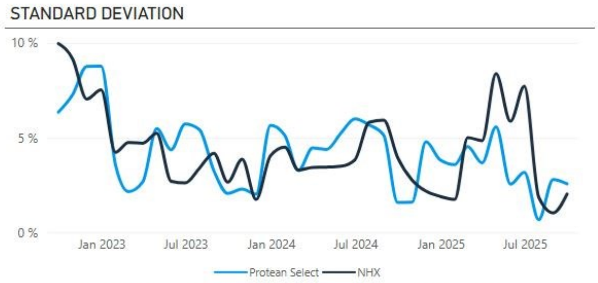
Rank	Holding	% of portfolio	Rank	Holding	% of portfolio
1	ACAST	4.6%	6	OssDsign	3.2%
2	Arjo	3.8%	7	Hexpol	2.9%
3	Getinge	3.4%	8	Devyser	2.9%
4	Sinch	3.4%	9	ITAB	2.9%
5	Rejlers	3.3%	10	Coor	2.8%

Protean Select

– Pontus' update for September







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	1.09	1.35
Sortino ratio	4.35	2.86

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

RISK METRICS	12M	START
Average above hurdle return	-0.11 %	0.19 %
Downside deviation	0.67 %	0.41 %
Standard deviation	1.42 %	1.65 %

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.

September summary

Protean Select returned -1.2% in September, leaving the fund up 6.7% year to date. Volatility remains well below 6%.

Biggest contributors to returns were **Hennes & Mauritz, Lundin Mining, Swedbank** and a basket of **small cap short positions**. Detractors included **Gränges, Coloplast, Indutrade** and **Rusta**.

Average beta adjusted net exposure for September was 30%, gross exposure 121% (adjusted for cash management positions).

Early and wrong

Telling, for a month like September, where we posted a negative return, is that there was no single big blow-up in the portfolio that explains the shortfall (although both Rusta and Coloplast were individually painful at -0.3% negative contribution). We simply had slightly more losers than winners in the month.

A period of muted performance always triggers intense soul-searching. We want to yield positive returns, always, if possible. Scrutinizing the portfolio, the individual holdings and our rationales, we have made some changes. In quite a

few cases we have added to positions that have underperformed and cut positions where conviction has been fading – either from deteriorating fundamentals or strong performance (such as Neste and Assa).

A common theme for the unusual number of detractors this month appears to be we are too early in picking up a handful of high-quality businesses that have fallen from grace. Particularly in the MedTech space. But, as we all know, too early is just another word for being wrong.

We have built positions in Danish MedTech large-caps Demant and Coloplast. Both are positions where we believe the market is approaching a bottoming process, where valuations have become sensible and there are ample triggers around the corner. The problem is the market is yet to look behind said corner. The negative momentum and "expensive quality" characteristics of the names has done them no favors during September – and neither has a generally soft performance from the entire MedTech sector in Europe. Not a great thing when we have been over-indexed: we have about 18% of the fund invested across 10 Nordic MedTech names. This portion of the fund alone accounts for more than the entire negative absolute performance.

But, as we've said before (and surely will say again) we do not manage for monthly performance. A calendar month is an arbitrary period. Make no mistake, it's incredibly frustrating to be down, particularly when you aim to generate positive absolute performance. But these things happen, and you must take them in stride.

Revisiting every line in the portfolio, with a particular eye to MedTech, we (so far) conclude that the opportunities have improved, not deteriorated. We picked up some Elekta on the significant weakness during September. We have added a starting position in Chemometec to the portfolio. We increased to our long-term position in Devyser slightly, after it performed a nosedive on a poorly executed block-sale by one of the local brokerage houses (we are not impressed). The company continues to make encouraging noises during presentations and meetings, and progress is made according to plan. Our bigger position in Arjo declined by 5% during September, on no apparent news, which also didn't help.

As always, there is a thin line between shouting "the market is wrong" and being plain old wrong yourself. But our judgement here is that we remain comfortably uncomfortable with our positions. Uncomfortable because the opposite would be consensus, and we don't necessarily want that.

Investment companies – A brief update

Since about a year we have been short a handful of Swedish investment companies. Not because they are bad companies or that the business models are unsustainable, but because they were overvalued. Several of them were trading at a premium to NAV – a NAV that in many instances is easy to replicate. This doesn't make sense, but we understand why it is the case: there has been a retail hype around investment companies, how great they are compared to regular mutual funds, the low fees, the long-term value creation etc.

All of this is true. But what is also true is that every opportunity can get taken to extremes. When the biggest financial newspaper in Sweden wrote "there are no excuses not to own Investors AB" at the same time as the number of individual Swedish owners in Investor passed 600,000, and the stock was trading at a record-low discount to NAV, that was a pretty good contrarian signal.

Another telling signal was when the biggest mutual fund focusing solely on Swedish investment companies (yes, of course the financial industry finds a way to capitalize on any sensible idea) grew so big (>6bn USD) that they outgrew the investable universe. Instead of closing the fund, they added a number of bog-standard industrial companies, arguing they had “investment company like attributes”, and Bob’s your uncle.

Since then, the investment companies as a group have underperformed not only the market, but also their own NAV – meaning the discount has widened. Right now, the average discount for the group is approaching its 5-year historical average. We have reduced our short positions gradually in the past weeks. It has been a profitable trade for us.

Getinge

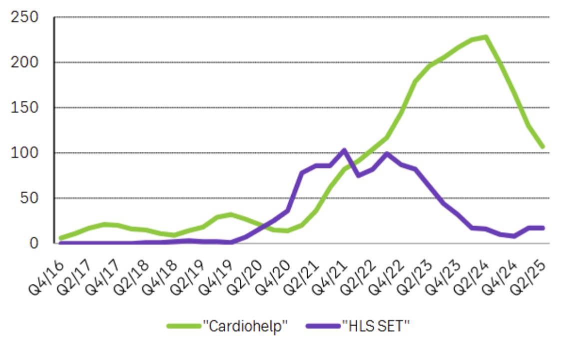
How could a 55bn SEK company double over two years without doing anything in particular? Let me try to answer.

Getinge is one of our bigger positions (about 3.5%). We have in earlier letters argued the company is on a long and winding road towards improving both its operations and the perception of the company. Both these things take time, and there are numerous investors out there who both frown and clench when Getinge is mentioned. This is due to the well-known and amply analyzed operational shortcomings over the past decade.

Our thesis has been that the significant sums invested in quality assurance and remediations will eventually garner results. Reading company communications has so far strengthened our thesis. Exactly a year ago, in Q3 2024, the “elevated quality cost levels” were expected to continue, but already in Q4 management stated that “the quality cost peaked in 2024”. Come Q2 2025 the rhetoric has evolved significantly: “no significant scrapping cost, from field actions or corrections”. In the quarter, R&D costs shrunk y/y thanks to lower cost for quality-related corrections. It is not too farfetched to believe years of remediation is starting to bear fruit.

A recent note from SEB analyst Mathias Vadsten details Getinge’s adverse events and product problems as recorded in the FDA MAUDE database. The chart below is specific for the ECMO franchise, where the FDA eventually saw fit to issue a loosely worded warning letter to users. Of course, it coincided with issues peaking.

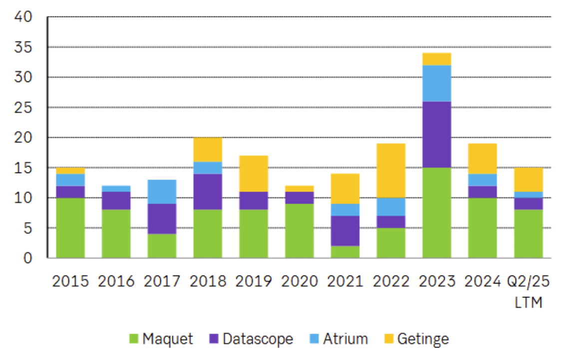
US “malfunction” reports LTM (Q4/16-Q2/25)



Source: MAUDE database, SEB

There’s no hiding there have been problems at Getinge (although it should be noted all MedTech companies have them, since all types of issues, from very serious to a dented package, are recorded) but it is also obvious they have peaked. As per the chart below, recalls are now back to a more “normalized” level. The data supports management’s claim.

Recalls across Getinge's key subsidiaries, 2015-Q2/25



Source: FDA Medical Device Recalls

ACT is a resilient business

Getinge's Acute Care Therapies business is a collection of highly specialized and often market leading surgical knick-knacks. Given the long list of regulatory and operational problems the division has had over the past year (the list is too long to reproduce), the remarkable thing is **ACT has still generated 3%+ organic growth and defended a 20%+ EBITA-margin** during the period.

If that's not a testament to the market position and stickiness of the product suite and strength of customer relationships, I don't know what it is.

Assuming Getinge manages its number one job from here (for the avoidance of doubt, it is: **not screw up**), there is ample upside in the valuation of ACT. Well over 70% of the revenues are recurring, and gross margins are north of 60%. It is likely that margins will continue up, as quality costs have been 3-4%-points of sales in recent years, and higher-margin businesses like the recent impressive acquisition Paragonix outgrow the rest of the division.

Simply assuming mid-single-digit revenue growth and a slight EBITA margin expansion to 23%, would mean ACT makes roughly 5bn SEK EBITA in 2028.

What multiple do you want to put on the ACT knick-knacks that grow MSD at 20%+ EBITA despite a ton of problems? Right now, assuming we value Life Science and Surgical Workflow profits at 20x and 13x, respectively, the market is implicitly valuing ACT at 10x EBITA.

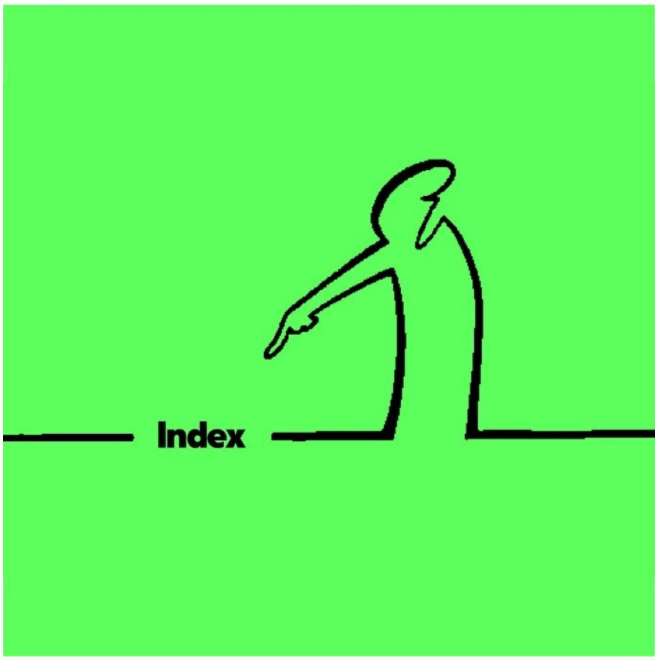
Multiples are powerful things

And they're a consequence of perception, expectations and willingness to believe. When the market starts to recognize that it's not only management talk, but that the improvements are visible in the actual data - both via lower costs and fewer quality issues – that implicit 10x could easily expand to a more reasonable 18x.
In which case the fair value of the ACT division on 2028 earnings would be north of 320 SEK. The stock today trades at 200 SEK. And has two additional divisions earning >2bn in EBITA worth anywhere between 80 to 140 SEK per share. But that's just gravy.

That's how you get a stock to double over two years by doing nothing in particular. And that's also why it's a big position for us.

Protean Aktiesparfond Norden

– 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 six months ago, delivered a **12.6%** return, in the same period the **VINX Nordic Cap index is up 3.9%.** The fund now manages >1.1bn 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.

The monthly reminder

We optimize for performance, not for convenience, size, or marketing.
You can withdraw money only quarterly (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 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