



FOUNDING LETTER

First dealing date | 12. August 2025

Managed by





Kronberg Capital VCC – Global Equities
Managed by Pilgrim Partners Asia Limited
137 Telok Ayer Street #04-07
Singapore 068602

September 22, 2025

Dear Partners,

Thank you for entrusting me with your investments, and welcome as partners to Kronberg Capital. At its inauguration, more than 80% of Kronberg Capital's assets are my own capital, representing the majority of my net worth. The way I invest your capital is the way I invest my own.

Kronberg Capital's strategy is rooted in my background as an entrepreneur and in how I want my own money to be invested. Firstly, I want to avoid the risk of permanently losing money. Secondly, I want to be able to sleep well at night, knowing I feel comfortable with the quality of companies that we are invested in. And thirdly, my aim and purpose with the fund is to deliver a net return over time that exceeds that of a global index fund.

I believe two of the key ingredients for strong long-term results (10+ years) are: running a strategy aligned with one's personality and strengths, which ensures emotional discipline and avoids impulsive decisions. The strategy is to own high-quality businesses, run by competent management, diversified across industries and geographies, businesses that can reliably withstand, and often benefit from, adverse conditions. This makes the strategy more resilient and easier to stick with through both good and inevitable bad times. There are strategies that might promise higher returns, but I don't want to be in the situation of holding low quality companies with a lot of debt during an economic downturn which might bring them to the brink of survival.

While I can't guarantee future returns, I believe my disciplined process of buying above average quality businesses at a below average price puts us in a favorable position to deliver superior net long-term returns over a global index fund. Our theoretically investable universe, as a small global fund, consists of more than 10,000 companies worldwide, giving us ample opportunity to find inefficiencies or mispricings from time to time.

In broad terms, I categorize our investments as falling into three groups: Quality Growth, Quality Mature, and Quality Opportunistic. Before diving into each, it's worth explaining what ultimately drives our returns as shareholders. In public markets, it comes down to three forces working together: the growth of a company's earnings, the cash it returns to shareholders through dividends or buybacks, and how the market values those earnings over time. While the last factor can swing up or down in the short to medium term and be disconnected from the fundamentals, over the long run share prices tend to follow the path of earnings growth.

Quality Growth

These are outstanding companies in their industries that are still in their growth phase. Many of our current holdings in this category are founder-led. I intend to hold these businesses for many years, even at times of high valuation, as exceptional companies often surprise on the upside. In the past, I have sold too early and missed out on significant long-term gains.

While higher-growth companies' share price can be more volatile and may underperform in the short term, the long-term benefits outweigh these fluctuations. Selling too soon risks not finding an attractive entry point again and losing the opportunity to participate in decades of compounding.

For us as shareholders, the primary driver of returns in this category is sustained earnings growth. As these companies mature, additional returns may come from dividends and share buybacks, further enhancing shareholder value.

Quality Mature

These are stable, well-established businesses with strong and predictable cash flows that are trading at depressed valuations. They continue to grow earnings steadily and return meaningful capital to shareholders through dividends and buybacks. A significant part of the expected return comes from valuation multiple normalization, closing of the gap between my assessment of intrinsic value and the market price, at which point I typically exit and reallocate capital to more attractive opportunities.

Because these companies are easier to forecast and their downside risks are relatively limited, they provide a stabilizing influence on the portfolio. Even if valuations never re-rate, the combination of dividends, buybacks, and continued earnings growth limits our downside. Their lower volatility compared to growth holdings also helps stabilize and balance the portfolio through different market cycles.

Quality Opportunistic

These are generally decent quality businesses that have some flaws but are trading at valuations too attractive to ignore. This category emerged from reviewing past decisions where I passed on mispriced quality companies that later delivered strong returns. An example is my previous investment in the Japanese SaaS company *Kaonavi*, which was taken private for a 120% premium after I had already sold due to some flaws in the business. Positions in this category will be small and selective, as they carry more uncertainty than our core holdings.

Looking ahead

My expectation is that the core strategy will stay consistent, but there will naturally be adjustments along the way. These refinements will be based on a continuous review of the investment decisions I have taken and how those decisions have played out over the years. This feedback loop is an important part of improving the process, learning from mistakes, and reinforcing what works.

To keep you informed, I will provide regular updates. Once per quarter you will receive an update letter. I will go deeper into the reasoning behind major purchases or sales and material developments in the portfolio. The purpose of this communication is twofold: first, to give you a clear picture of what we own and why we own it, and second, to allow you to follow how outcomes unfold over time. This way, you can see for yourself which elements of performance come from skill and process, and which may simply be the result of chance.

With appreciation,

Max Kronberg
Founder & Portfolio Manager
Kronberg Capital VCC – Global Equities

Portfolio overview

Over the past two years, I have built up the portfolio in my personal account and refined it in preparation for the fund's launch. Since the launch I have sold Constellation Brands (STZ) and added Novo Nordisk (NOVO B). The fund's first dealing date was 12. August 25. We currently hold 10 equity positions alongside ~28.5% in T-bills, which I intend to deploy as attractive opportunities arise

The fund's net return from the first dealing date 12.08.25 until 19.09.25 (end of day) is +3.1%.

Largest 10 equity positions in % of NAV

<u>Company</u>	<u>Ticker</u>	<u>% of NAV</u>
Converge Information and Communications Technology Solutions, Inc.	CNVRG	9.60%
Greggs plc	GRG	9.36%
Wise plc	WISE	8.65%
Puregold Price Club, Inc.	PGOLD	8.19%
Novo Nordisk A/S	NOVO B	7.84%
Nu Holdings Ltd.	NU	7.06%
Tencent Holdings Limited	700	6.36%
BYD Company Limited	1211	5.42%
Joint Stock Company Kaspi.kz	KSPI	5.00%
B&M European Value Retail	BME	4.06%

Constellation Brands (STZ) - Sold position

I have sold Constellation brands with a ~10% loss at 150USD / share. Constellation Brands sells Mexican exported beer into the US, with its main brands Corona, Modelo and Pacifico. My thesis was that beer is pretty much recession and sentiment proof which has been the case for the overall beer market in the past. Furthermore, Constellation Brands owns strong growth brands like Pacifico in the portfolio, which contribute to revenue growth in an overall challenging beer market. But as it turned out, Constellation's beer revenue was declining significantly more than expected by me, and I took the decision to sell Constellation brands. If the thesis doesn't work out as planned, I will exit the position even at a loss, as it protects capital and frees funds up for other opportunities.

Novo Nordisk (NOVO B) – New investment

Novo Nordisk is one of the leading global pharma companies, focused on diabetes, obesity, cardiovascular, and rare diseases. Its history dates back more than 100 years to the advent of insulin, and today it effectively operates in an industry that is close to a duopoly with Eli Lilly. The company is majority controlled by the Novo Nordisk Foundation, which allows for long-term decisions aligned with purpose rather than short-term shareholder pressure.

Novo is a high-quality business with strong margins, returns, low cyclicalities and balance sheet strength. It has built deep expertise in diabetes and led the way in obesity care with its GLP-1 drugs, such as Ozempic (for diabetes) and Wegovy (for obesity). These medicines also show effectiveness in cardiovascular diseases, broadening the addressable market. With around 500 million people globally affected by diabetes and 800 million by obesity, the growth potential is huge.

But the stock declined 70% from mid-2024 highs down towards record-low valuation multiples. The key issues are:

- Competitive race with Eli Lilly
- Impact of US policy (pricing and tariffs)
- Compound drugs in the US
- Multi-year supply constraints

Eli Lilly currently has an edge in weight-loss drugs, with Zepbound showing stronger results than Novo's Wegovy. Novo is catching up and also has a promising pipeline but risks losing market share. That said, the global market is expanding so quickly that even as #2, Novo has ample runway, and its long track record in insulin shows resilience in competition and I expect this to be a close race with Eli Lilly in the future, with times when Eli is a bit ahead and times when Novo is ahead.

US policy is the more serious short-term challenge. Most-favored nation pricing will most probably lower US revenues, though cheaper drugs may expand patient access. Tariffs could weigh more under a Trump presidency, depressing margins.

Due to Novo's strong growth in weight-loss drugs, they faced supply chain constraints. Because of this, cheaper compound drugs (basically copies of Novo's product) were allowed in the US. However, they continued selling even when Novo's supply came back, which is illegal. Lawsuits and the FDA are putting pressure on to stop this, which should see market share return to Novo.

As investor confidence fell also due to the above issues the foundation pushed for leadership change. Maziar Doustdar, a Novo veteran, has now stepped in as CEO. Production capacity has been significantly increased by Novo's acquisition of Catalent with several manufacturing sites.

The headline news might look very dark, but when I factor all these things in, I believe that the share price level is overly depressed, and we are getting overcompensated for these issues. This is a classic case of buying a high-quality company facing temporary headwinds.

Disclaimer

This document and the information contained herein is strictly confidential and is intended only for the exclusive use of the selected persons for information purposes only. It contains selected information about the activities and strategies of the fund referenced herein ("Fund") and does not constitute an offer or invitation to sell, or the recommendation or solicitation of an offer or invitation or subscribe for any units of the Fund.

This document may not be circulated or distributed, nor may the securities of the Fund referenced herein be offered or sold, whether directly or indirectly, to any person in Singapore other than (a) an institutional investor pursuant to section 304 of the SFA, (b) a relevant person pursuant to section 305(1) of the SFA, (c) a person acquiring the securities as principal and on such terms as set out in section 305(2) of the SFA, or (d) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

None of the Funds referenced herein is authorised or recognised by the Monetary Authority of Singapore and the securities of such Funds are not allowed to be offered to the retail public.

This document shall be construed as part of an information memorandum for the purposes of section 305(5) of the Securities and Futures Act 2001 of Singapore ("SFA"). Accordingly, this document must not be relied upon or construed on its own without reference to the information memorandum issued in connection with the offer of units of the Fund. This document is not a prospectus as defined in the SFA, and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and the recipient should consider carefully whether the investment is suitable for him. The risk of loss in investments into financial instruments can be substantial, including the loss of the entire investment amount. Past performance is not necessarily indicative of future results and the value of an investment may fluctuate.

Some of the economic and financial market information in this document (including certain forward-looking statements and information) have been obtained from published sources and/or prepared by independent third parties. While such information is believed to be reliable for the purpose for which it is used in this document, none of the officers or representatives of the Fund assumes any responsibility for the accuracy of such information.

No representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts, if any, are correct or that any objectives specified herein will be achieved.