TO: Investment Partners
FROM: Emeth Value Capital | emethvaluecapital.com
DATE: 7/14/2025
RE: 2025 H1 Letter

Annualized Net Returns to June 30, 2025 *(unanualized if < 1 year, inception 12/31/2015)*			
	Emeth Value Capital	MSCI ACWI Index	Delta
6 Months	+4.96	+10.29	-5.33
1 Year	+26.71	+16.31	+10.40
3 Years	+22.51	+17.33	+5.18
5 Years	+24.59	+13.73	+10.86
Since Inception	+20.29	+11.31	+8.98

Calendar Year Net Returns to June 30, 2025			
	Emeth Value Capital	MSCI ACWI Index	Delta
2016	+9.33	+8.40	+0.93
2017	+39.57	+24.35	+15.22
2018	-17.14	-9.18	-7.96
2019	+87.40	+26.58	+60.82
2020	+8.08	+16.33	-8.25
2021	+36.31	+18.67	+17.64
2022	-13.99	-18.37	+4.38
2023	+42.77	+22.30	+20.47
2024	+28.54	+17.46	+11.08
2025 YTD	+4.96	+10.29	-5.33
Cumulative Since Inception	+478.28	+176.63	+301.65

Foreword

I intend to share the updated results at the outset of each letter. It is worth reiterating that I ascribe little significance to short term results. I look out many years when making investments for the partnership and believe our results are best weighed using a similar time horizon.

Leverage

> *Give me a lever long enough and a fulcrum on which to place it, and I shall move the world. (Archimedes)*

What do Warren Buffett (Berkshire Hathaway), Jack Cockwell (Brookfield Corporation), and the Rales brothers (Danaher Corporation) – each renowned for some of the best compounding track records in history – have in common? They are all self-made entrepreneurs whose extraordinary success was built on a foundation of strategic and ample use of leverage. There has been no shortage of ink spilled in the investing world about the nature – good and bad (but mostly bad) – of financial leverage. To quote Warren Buffett quoting Charlie Munger, "*My partner Charlie says there is only three ways a smart person can go broke: liquor, ladies, and leverage. Now the truth is, the first two he just added because they started with 'L' – It's leverage.*" There is something paradoxical about leverage in that, the connotation of the word in the financial sphere is near universally negative, and yet, almost by definition, every outlier outcome involves it – extreme disproportionate outputs versus inputs. Widening our scope, time can serve as a powerful illuminator for the broad force of leverage at work. Consider that although the business icons above possess among the most enviable records in history, and that their compounding journeys largely began earlier, each is dwarfed by the technology giants of today like Microsoft, Alphabet, and Meta. It turns out when you combine technology-enabled hyperscalability, and a product with near zero marginal cost, that can be a pretty powerful thing. In part, this highlights the importance of another form of leverage – operating leverage. Indeed, this is also why pricing power, which is inherently operating leverage (i.e. the decoupling of revenue from costs), is such a powerful force. Consider the two oversimplified hypothetical companies below:

COMPANY A	0	1	2	3	4	5	6	7	8	9	10	CAGR
Widgets	100	105.0	110.3	115.8	121.6	127.6	134.0	140.7	147.7	155.1	162.9	5%
Price/Widget	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	0%
Cost/Widget	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	
Revenue	$100.0	$105.0	$110.3	$115.8	$121.6	$127.6	$134.0	$140.7	$147.7	$155.1	$162.9	5%
Cost	$80.0	$84.0	$88.2	$92.6	$97.2	$102.1	$107.2	$112.6	$118.2	$124.1	$130.3	
Margin %	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	
Profit	**$20.0**	**$21.0**	**$22.1**	**$23.2**	**$24.3**	**$25.5**	**$26.8**	**$28.1**	**$29.5**	**$31.0**	**$32.6**	5%

COMPANY B	0	1	2	3	4	5	6	7	8	9	10	CAGR
Widgets	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0%
Price/Widget	$1.00	$1.05	$1.10	$1.16	$1.22	$1.28	$1.34	$1.41	$1.48	$1.55	$1.63	5%
Cost/Widget	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	
Revenue	$100.0	$105.0	$110.3	$115.8	$121.6	$127.6	$134.0	$140.7	$147.7	$155.1	$162.9	5%
Cost	$80.0	$80.0	$80.0	$80.0	$80.0	$80.0	$80.0	$80.0	$80.0	$80.0	$80.0	
Margin %	*20%*	*24%*	*27%*	*31%*	*34%*	*37%*	*40%*	*43%*	*46%*	*48%*	*51%*	
Profit	**$20.0**	**$25.0**	**$30.3**	**$35.8**	**$41.6**	**$47.6**	**$54.0**	**$60.7**	**$67.7**	**$75.1**	**$82.9**	15%

In the exhibit above, you have two companies that begin in year zero making 100 widgets priced at $1 each, earning a twenty percent profit margin. Both companies grow their business by five percent per year over the next ten years; however, Company A achieves this by selling five percent more widgets each year and

Company B achieves this by increasing the price of a widget by five percent per year. We can see that while headline growth of the two businesses is identical, the financial fortunes differ wildly. Company B, the pricing power company, generates 2.5x more profit in year ten than Company A, and its growth rate of profits over the preceding ten years is three times as high. While a business that sells widgets may seem like a dated analogy, note the following. If a software company, where the marginal cost of product is zero, begins at the same twenty percent profit margin and grows by five percent per year, its financial results would exactly mirror those of Company B. It would sell more units at a static price point, like Company A, but like Company B, its aggregate costs would be unchanged – resulting in the same $82.9 in profit. In other words, growth through selling a product with a zero marginal cost and pricing power are functionally equivalent. This is an important insight, as in my experience, finding companies with reliable and sustained pricing power – available at reasonable valuations – is exceedingly rare. Another observation we can make is that for Company B, the growth rate of profits changes over time. For example, in year one the annual growth in profits is twenty-five percent while in year ten it's only ten percent. At bottom, what we find is that the operating leverage impacts of pricing power are magnified or diminished based on the current margin structure. Consider two more hypothetical companies, Company C and Company D.

COMPANY C												
	0	1	2	3	4	5	6	7	8	9	10	CAGR
Widgets	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0%
Price/Widget	$1.00	$1.05	$1.10	$1.16	$1.22	$1.28	$1.34	$1.41	$1.48	$1.55	$1.63	5%
Cost/Widget	$0.95	$0.95	$0.95	$0.95	$0.95	$0.95	$0.95	$0.95	$0.95	$0.95	$0.95	
Revenue	$100.0	$105.0	$110.3	$115.8	$121.6	$127.6	$134.0	$140.7	$147.7	$155.1	$162.9	5%
Cost	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	
Margin %	*5%*	*10%*	*14%*	*18%*	*22%*	*26%*	*29%*	*32%*	*36%*	*39%*	*42%*	
Profit	**$5.0**	**$10.0**	**$15.3**	**$20.8**	**$26.6**	**$32.6**	**$39.0**	**$45.7**	**$52.7**	**$60.1**	**$67.9**	30%

COMPANY D												
	0	1	2	3	4	5	6	7	8	9	10	CAGR
Widgets	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0%
Price/Widget	$1.00	$1.05	$1.10	$1.16	$1.22	$1.28	$1.34	$1.41	$1.48	$1.55	$1.63	5%
Cost/Widget	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	
Revenue	$100.0	$105.0	$110.3	$115.8	$121.6	$127.6	$134.0	$140.7	$147.7	$155.1	$162.9	5%
Cost	$20.0	$20.0	$20.0	$20.0	$20.0	$20.0	$20.0	$20.0	$20.0	$20.0	$20.0	
Margin %	*80%*	*81%*	*82%*	*83%*	*84%*	*84%*	*85%*	*86%*	*86%*	*87%*	*88%*	
Profit	**$80.0**	**$85.0**	**$90.3**	**$95.8**	**$101.6**	**$107.6**	**$114.0**	**$120.7**	**$127.7**	**$135.1**	**$142.9**	6%

Like Company B, both companies are pricing power companies that increase headline revenue through steady five percent price increases. However, Company C starts with a margin profile of only five percent, while Company D starts with a margin profile of eighty percent. The difference in results is striking, with Company C increasing profits by more than 12x over the ten year period, and Company D increasing profits by only 1.7x. Indeed, albeit on a different timeline, the results of Company C are not too dissimilar from a company we discussed in a previous letter – Altria Group – which increased its operating margins by nearly five-fold through continuous price increases, and has been one of the best performing stocks in history. Altogether, it is clear that leverage is a powerful concept that encompasses much more than simple debt and equity. Whether through traditional financial leverage, nuanced mechanisms like insurance float, the ability to raise product prices without impacting demand, or scaling products with near-zero marginal costs, leverage serves as the force multiplier that transforms modest inputs into extraordinary outcomes. In practice, I often look for what I call one-sided operating leverage. Where, on the downside there is some protection from a stream of highly durable and underwritable cashflows, while on the upside there is the opportunity to benefit from growth with operating leverage. The most powerful example that I've found to date is in publicly listed alternative asset managers. On one hand, these companies earn management fees which are legally contracted for over a decade, are paid on either the full investment commitment or the cost of invested capital, not an assessed NAV, and are backed by some of the world's most creditworthy counterparties. In other words, about as close to AAA bond like cash flows as you can get. On the other hand, the team that manages the $14 billion Brookfield Infrastructure Fund III, is near identical to the team that can manage the $27 billion Brookfield Infrastructure Fund V – allowing the firm to scale with very low marginal costs. Below I highlight another of our portfolio companies, SoftwareOne, which benefits from leverage in a different way – by being an ecosystem partner to virtually all of the world's most important technology companies.

SoftwareOne Holding AG

Overview

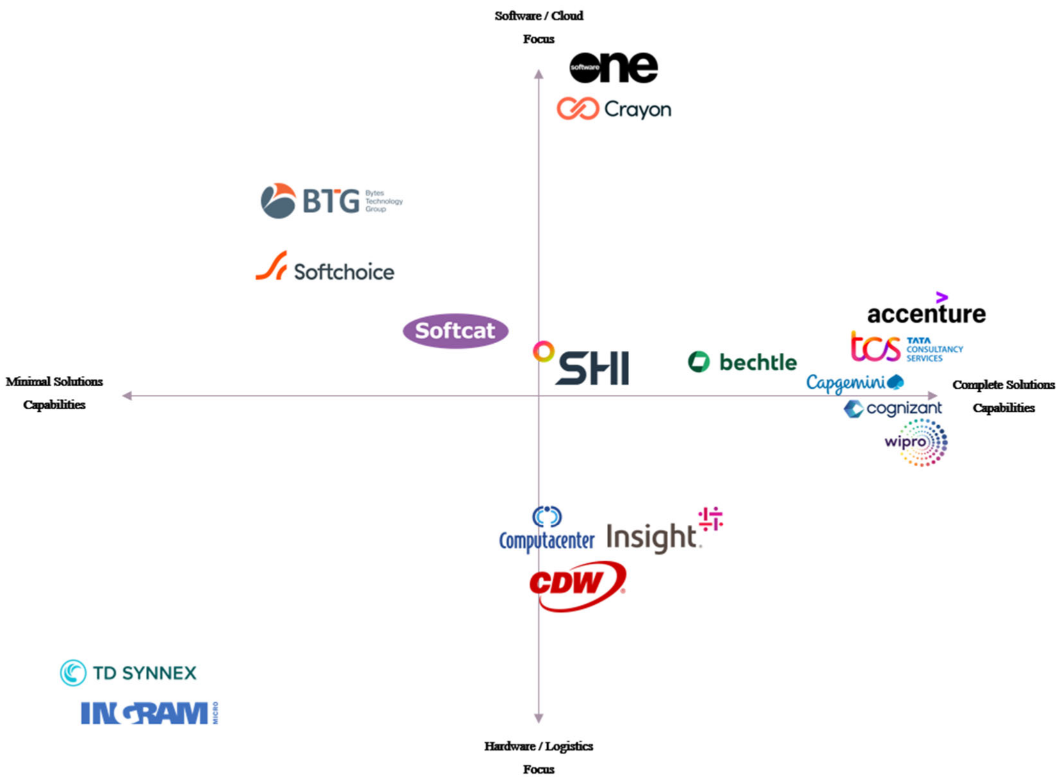
SoftwareOne is a leading global software reseller and cloud solutions provider. The group serves more than two hundred thousand public sector and private sector clients across more than seventy countries, and provides services across the full IT lifecycle – advisory and design, sourcing and procurement, implementation and integration, and management and optimization. SoftwareOne has distribution relationships with more than 7,500 software and cloud vendors, including many of the world's largest business-critical software publishers like Microsoft, Adobe, Oracle, and ServiceNow, and cloud hyperscalers such as Microsoft Azure, Amazon Web Services (AWS), and Google Cloud Platform (GCP). Originally established in Zurich, Switzerland, in 2000 as Softwarepipeline – a pioneer in software asset management – SoftwareOne has grown to achieve annual gross billings in excess of CHF 25 billion and stands as Microsoft's largest channel partner. Over the last decade, SoftwareOne has tripled its revenue per share and increased profits per share fivefold, with its founding partners—Daniel von Stockar, Patrick Winter †, René Gilli, and Beat Curti—continuing to hold over twenty percent of the company's outstanding common stock.

The IT Supply Chain

In 1952, General Electric contacted Arthur Andersen & Co's administrative services division, the predecessor of Accenture, to conduct a feasibility study on the commercial use of a computer system. General Electric had recently constructed a major appliances plant in Louisville, Kentucky and wanted to know if a computer could automate processes for payroll, accounting, and manufacturing controls. The answer, delivered a year later by Andersen, was the Remington Rand UNIVAC I. Its installation at GE in 1954 marked a historic milestone – the very first computer deployed for business use. The project was ambitious by any measure. For starters, the computer itself weighed thirty thousand pounds, occupied a room the size of a small house, cost $20 million (inflation adjusted), and the system had to be programmed directly in machine language (e.g. 0s and 1s). Implementation turned out to be a nightmare. The manufacturing controls program took over a year to deliver, and it took a combined team from Andersen, GE, and Remington Rand nearly three years to deliver a functional payroll processing program. Nevertheless, once operationalized the UNIVAC I delivered tremendous cost benefits and soon GE was doubling down on its computer strategy. However, this time it was not Remington Rand the company turned to, but a new player: International Business Machines (IBM). In 1955, IBM introduced the IBM 700 series, which was ten times faster than the UNIVAC, had superior memory, and was offered by the company on attractive lease terms. The advantages were only further entrenched when, in 1957, IBM released the first widely successful compiler alongside its IBM 704 machine, which allowed for programming in high-level languages like FORTRAN rather than raw machine code. By 1961, seventy-one percent of the $1.8 billion in installed computers had been built by IBM. This established the era of mainframe-centric enterprise IT environments – closed, vendor-specific ecosystems – the proverbial walled gardens. In other words, the purchase of IBM hardware necessarily meant the purchase of IBM services, IBM software, and eventually even more IBM hardware. The world of third-party IT services was nascent, with only a handful of players, like Ross Perot's Electronic Data Systems (EDS), beginning to offer outsourced data processing and managed services. In addition, the concept of an independent software vendor (ISV) was nonexistent, as all software was custom coded to the specific instruction set and architecture of the hardware running the code. Indeed, prior to the release of the IBM System/360 machine in 1964, software had to be completely rewritten even when transferring between IBM models. However, this paradigm shifted in 1981 with the launch of the IBM Personal Computer, which was designed with an open architecture and off-the-shelf components (e.g. Intel x86 CPU, Microsoft MS-DOS, etc.). This enabled third-party manufacturers to build compatible hardware, giving rise to an explosion of adversarial interoperability and "IBM clones", and critically, allowed software to be written to a specific set of standards that ensured portability. As a result, IT estates became increasingly diverse, and the role of intermediaries that could offer a complete range of offerings became essential. Indeed, the largest broadline hardware distributors like Tech Data (1974), Ingram Micro (1979), and Synnex (1980) were all established during this period. At the same time, the universe of independent software vendors began to flourish, as programmers recognized the opportunity to replace custom developed applications with vertical-specific and horizontal software solutions that could now scale across a diverse range of hardware. In addition, because these solutions were necessarily sold alongside the accompanying hardware, ISVs were able to achieve broad market reach by leveraging established hardware distribution channels or via partnering with the expanding ecosystem of VARs and IT solution providers, like CDW (1984) and SHI (1989), who themselves were supplied by the broadline distributors. Decades later, even with the rise of cloud computing, the IT channel remains as critical as ever, with global IT spending projected to exceed $5 trillion and more than seventy percent of that flowing through channel partners.

Competitive Landscape

The global landscape of companies operating in technology solutions and IT services is dense, and in order to assess the competitive landscape, it is useful to draw distinctions between the various business models. These groups, which by name consist of distributors, value-added resellers (VARs), cloud solution providers (CSPs), managed service providers (MSPs), IT consultancies, systems integrators (SIs), etc., are best mapped along two dimensions: hardware focus and solutions capabilities. To start, distributors sit at one end of the spectrum, with business models fundamentally centered around logistics. These are capital intensive businesses, often operating hundreds of global warehouses with billions of dollars of inventory, which earn slim gross margins on large transaction volumes. In addition, distributors generally have wholesaler business models, supplying hardware to VARs, MSPs, and SIs, and have relatively limited solutions offerings. Ingram Micro would be an example of one such distributor. Next, there are value-added resellers that focus on providing integrated technology solutions to end users. These businesses remain fundamentally hardware-centric, with their own warehousing infrastructure, but they have expanded to include software procurement and service offerings. VARs earn higher margins than pure-play distributors, as they bundle device-attached services like imaging and asset tagging, and benefit from a greater mix of higher margin software and professional services sales. Of note, unlike distributors, there are no truly global VARs as these companies tend to focus on a specific geographic or industry customer segment. CDW would be an example of a large-scale VAR that has a strong presence in North America. On the farthest end of the spectrum are systems integrators, who have the most comprehensive solutions capabilities. While these groups do not own or operate warehouses, they are best thought of as hardware-agnostic, as the nature of their engagements, which are highly complex enterprise-scale projects, require that they deliver across all varieties of infrastructure. An example of a project that would require a systems integrator would be a multi-national Fortune 100 company migrating from a disparate set of legacy ERPs to a unified cloud-based SAP S/4HANA deployment. A project of this magnitude would require significant networking configuration expertise, the integration of hundreds of existing applications with additional custom application development, as well as other services around change management and go-live support. In total, this engagement would likely consist of several hundred FTEs staffed on this project for two or three years to deliver to completion. Accenture would be a global systems integrator who could easily handle such a project. In addition, there are nuances in strategic orientation among the largest global systems integrators. For example, Accenture operates as a consultancy-led integrator, emphasizing strategic advisory services and delivering business outcomes through large-scale transformation programs. By contrast, other systems integrators are delivery-led, with business models centered around staff augmentation. For instance, companies like Tata Consultancy Services or Wipro often provide the skilled technical resources needed for an engagement, who then work under the direction of the client and are billed on a time and materials basis. The global systems integrators are capital-light, earn high gross margins, and unlike distributors and VARs, earn only a small percentage of their overall profit from reselling margins. Finally, SoftwareOne occupies a unique and advantaged position in the landscape as they are: (i) global, (ii) customer-facing, (iii) asset-light, and (iv) earn significant recurring revenue from software and cloud-infrastructure reselling margins. The group’s strategic decision long ago to focus on software licensing and related services meant that it was able to expand globally without the need for an accompanying capital-intensive hardware distribution network. As a result, unlike a VAR with a regional focus, SoftwareOne can offer a multinational client procurement coverage for their entire global software estate. And, critically, as public clouds continue to gain share, SoftwareOne has benefited from exposure to infrastructure spend through reselling margins on client cloud consumption—without the drag of a legacy hardware distribution business, which faces structural headwinds from the decline in on-premise infrastructure.

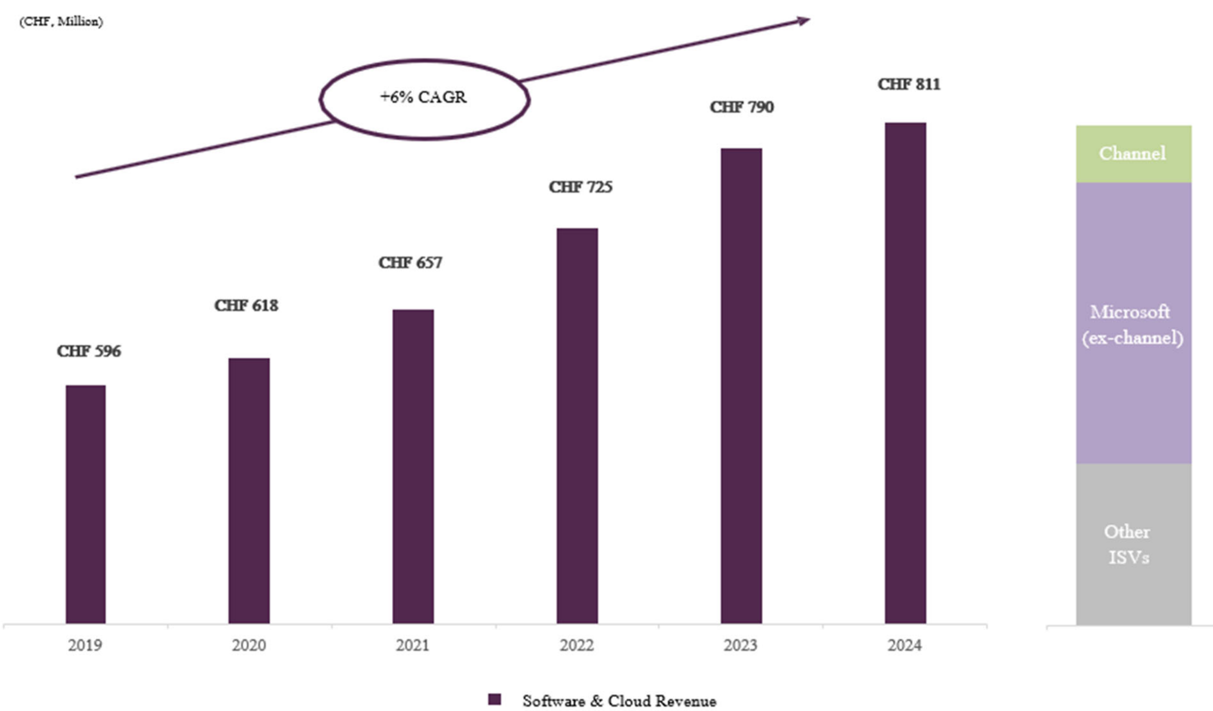


The Microsoft Partner Ecosystem

Microsoft invests billions of dollars annually in its channel partner incentive program, designed to reward partners for driving customer adoption and growth in strategic areas. The incentive pool supports a variety of payout structures, including traditional transaction-based licensing margins through vendor rebates, rewards for value-added pre-sale and post-sale services, enhanced incentives for high-priority solution areas, and cooperative marketing funds. Microsoft has always been a partner-led company. In fact, today, approximately ninety-five percent of Microsoft sales are transacted through its partner channel, which includes more than half a million firms and counting. While technologies, buying paths, and customer needs have evolved, what has remained is Microsoft's reliance on its partners to reach and connect with customers of all sizes across the globe. However, it is critical to note that while this incentive pool in aggregate continues to grow, how incentives are allocated each year changes. For instance, consider the evolution of the partner program over the last three decades. In the 1990s, Microsoft's licensing model began with perpetual licenses for its software such as MS-DOS, Windows, and Microsoft Office. These licenses were tied to specific customer-owned hardware and were delivered via physical floppy disks or CDs. Licensing programs like Full Packaged Product (FPP) allowed retail consumers to purchase boxed software for individual PCs, while the Open License Program (OLP) and Enterprise Agreement (EA) program were tailored to business customers. In this on-premise perpetual license era, the reseller business model was highly transactional. Resellers earned margins upfront on license sales, there was little emphasis on services, and resellers had minimal recurring engagement with customers. Beginning in the early 2000s, the cloud began to take shape as third-party hosting providers began offering off-premise IT infrastructure management, services, and datacenters. This shift enabled businesses to outsource their IT needs, and enhance efficiency and scalability. While on-prem licensing remained dominant during this time, this new model gave rise to the Service Provider License Agreement (SPLA). Unlike the perpetual licenses of FPP, Open License, and EAs, SPLA enabled providers to license Microsoft software (e.g., Windows Server, SQL Server, Exchange) on a monthly subscription basis for hosted services in their own datacenters. This allowed providers to offer multi-tenant solutions without requiring customers to purchase licenses, marking Microsoft's first major step toward subscription-based licensing. Meanwhile, while these broader changes in industry infrastructure and delivery were taking shape, Microsoft continued to strategically adjust incentives year-to-year within its growing suite of on-prem products. Some examples include increasing incentives behind SQL Server 2000 to compete with Oracle and IBM Db2 in the database market, and increasing incentives for Exchange Server 2003 to compete against Lotus Notes (IBM) in the enterprise messaging and collaboration market. A decade later, the number of third-party hosters had grown significantly along with the revenue and partner incentives from servicing them. Recognizing this shift and the opportunity, Microsoft launched Business Productivity Online Suite (BPOS) in 2008, its software solutions hosted and delivered on Microsoft-owned infrastructure. Not long after, Azure was launched in 2010. Notably, also in 2010, Microsoft began materially shifting incentives away from on-prem products toward its cloud-based offerings like Office 365 (the successor to BPOS). This was also the start of service incentives where partners were paid on delivering relevant cloud services to customers, like migrations. In 2015, Microsoft launched the Cloud Solution Provider (CSP) program to accelerate cloud adoption, enabling partners to resell and bundle Microsoft cloud products (e.g., Office 365, Azure, Dynamics 365) with their own service offerings. This program was aimed at mid-market enterprise customers and small businesses, and was designed around Microsoft's belief that growing consumption and adoption of cloud services would require its partner ecosystem to transition away from a transactional mentality towards a customer-centric consultative approach. Indeed, unlike previous programs, demonstrating technical competency and service capabilities is required to become a CSP partner. More recently, with partner incentives for on-prem products already nearing zero, Microsoft has turned its sights to contract structure. In 2024, Microsoft significantly reduced incentives on enterprise agreements, including those covering cloud-based products, and increased incentives for the digital subscription based offerings sold through CSP. In addition, for larger enterprise clients that are complex and require the predictability of an EA, incentives were re-oriented toward pre-sale and post-sale services. These shifts enable Microsoft to move a larger proportion of their customers to fully digital evergreen contracts, and continue to elevate the importance of partner engagement which is necessary for driving growth in the company's most strategic solution categories like artificial intelligence. As is clear, thriving as a Microsoft partner has always required the ability to adapt – whether to new licensing models, shifting incentive structures, or entirely new ways of delivering value to customers. And critically, success in the channel today favors the largest, most solutions-oriented partners, of which SoftwareOne is a prime example.

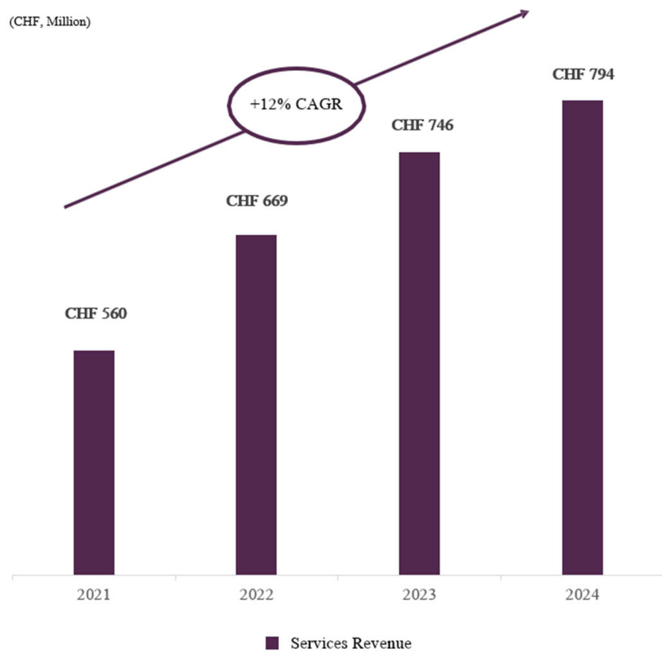
Software & Cloud

SoftwareOne's core software licensing business is best segmented into three categories: Microsoft EAs, Microsoft CSP, and other ISVs. Enterprise Agreements are still the backbone of the Microsoft enterprise landscape. These are structured as three-year contracts in which customers commit to a minimum license volume in exchange for tiered discounts. In addition, customers have flexibility to add licenses over time at predefined pricing, which are then reconciled during an annual true-up process. EAs are designed for organizations with at least five hundred users and Microsoft defines four levels of EA – Level A: 500-2,399, Level B: 2,400-5,999, Level C: 6,000-14,999, and Level D: 15,000+. Notably, while customers generally pay in annual installments, SoftwareOne earns the majority of its licensing margin upfront. For example, if a client signs an enterprise agreement for three million dollars of aggregate licensing spend over the three-year period, SoftwareOne might earn a one percent incentive fee upfront on the total contract. Moreover, reseller agreements for EAs are governed in two distinct ways: the indirect sales model or the direct sales model. In the direct sales model, SoftwareOne acts in an advisory capacity only, with the contract and payment handled directly between the client and the software publisher. This is common for large enterprise customers, and SoftwareOne earns revenue solely from vendor-side rebates. While Microsoft direct gross billings accounted for almost half of SoftwareOne's Microsoft gross billings, it accounted for less than fifteen percent of Microsoft licensing revenue. In the indirect sales model, SoftwareOne acts as a VAR, and is commissioned to place orders and manage purchases on behalf of the end customer. In this model, SoftwareOne handles all billing and customer facing aspects, and earns margin on the difference between the purchase price agreed with the publisher and the sales price agreed with the customer. Critically, this means that, unlike in the direct model, SoftwareOne can earn frontend margin as well as backend margin on these enterprise agreements. Finally, a single Microsoft EA can cover on-prem licenses, cloud-based licenses, and cloud compute, with differing vendor incentives tied to each component. Indeed, consider that at IPO in 2019, on-prem licensing accounted for nearly forty percent of SoftwareOne's Microsoft revenue. This is why, as incentives for on-prem licensing have continued to decline, the group's Microsoft revenues have stayed relatively constant even as its Microsoft gross billings have nearly doubled. Next, is the Microsoft CSP licensing business, a cloud-native and partner-led licensing program. While its use has evolved, the enterprise agreement is fundamentally designed for an on-premise world, with negotiated fixed-term contracts, manual license true-ups, and regular vendor audits. On the other hand, the CSP program centers around evergreen cloud-based subscriptions, month-to-month billing and licensing flexibility, and fully digital procurement. Within Microsoft CSP, there are two sales models: direct sales and channel sales. In the channel sales business, Tier 2 CSPs, often local sub-scale managed services providers (MSPs), purchase Microsoft products indirectly through a Tier 1 CSP like SoftwareOne. There are more than a hundred thousand MSPs globally, providing outsourced IT services to millions of small businesses. For these MSPs, partnering with a Tier 1 provider like SoftwareOne unlocks access to a broader portfolio of services—such as cloud migrations, managed security, and licensing optimization—that would be difficult for them to deliver in-house. These services are often available on a white-label basis, allowing the MSP to expand its offering to end clients without adding operational complexity. For Microsoft, continuously increasing the requirements of becoming a Tier 1 CSP allows them to work with fewer, more strategic partners while ensuring that end-customers have access to a comprehensive range of services, especially as cloud usage and complexity grows. The channel business accounts for approximately fifteen percent of SoftwareOne's Microsoft licensing revenue, has a long track record of double-digit growth, and is the most profitable segment of the company with nearly seventy percent EBITDA margins. In the direct sales model, SoftwareOne works directly with end-users, handling all billing and customer facing aspects. Importantly, a core element of the Microsoft CSP program is the ability for partners to bundle Microsoft products with their own value-added services. Note that while SoftwareOne can and often does sell its services alongside traditional enterprise agreements, the unique aspect of the CSP program is that partners can actually bundle Microsoft products and their own services into a single SKU. This means, not only is there the opportunity to earn both backend and frontend margin, but also there is added resiliency from selling a product you can differentiate with commingled margin sources. SoftwareOne capitalizes on this model through its Essentials portfolio, which packages Microsoft 365 and Azure subscriptions with a curated set of managed services. These can include comprehensive support, spend management, managed governance, backup management, and access to the marketplace platform – creating a turnkey solution that delivers ongoing value to the customer beyond the license itself. On average, backend incentives account for twenty percent of overall margin in CSP, while frontend and services margin accounts for eighty percent. Finally, in addition to its large Microsoft practice, SoftwareOne maintains a substantial software licensing business across a broad portfolio of independent software vendors (ISVs). This other ISV segment includes partnerships with Adobe, IBM, Oracle, VMware, Red Hat, and Citrix, among others. This is a large and growing business for SoftwareOne, and allows the group to serve as an end-to-end licensing advisor across complex multi-vendor environments. On average, SoftwareOne earns licensing margins of around six percent in its other ISVs segment – more than double the margin earned on a Microsoft Indirect EA. Altogether, other ISVs account for thirty-five percent of SoftwareOne's total licensing revenues, or CHF 270 million, and has grown at twelve percent per annum over the last five years.



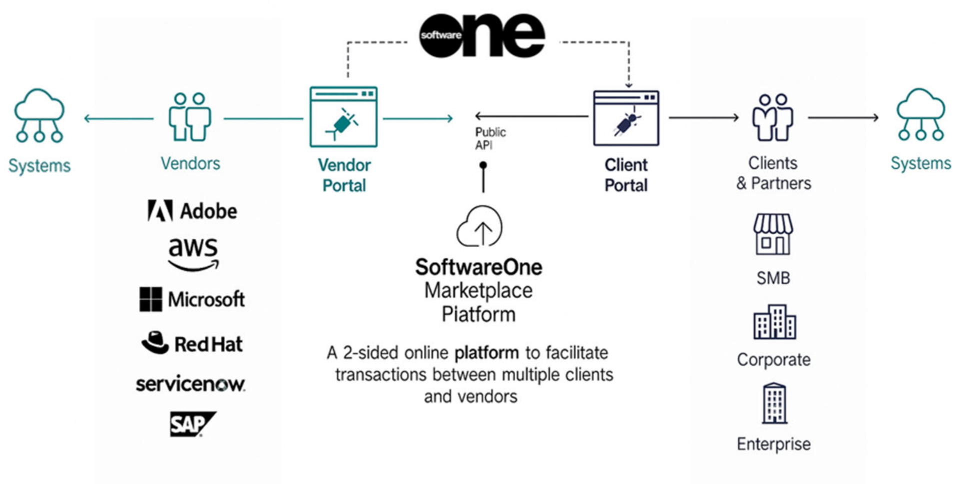
Solutions & Services

SoftwareOne has evolved from its origins in software procurement, to now offering a comprehensive range of enterprise-grade software and cloud services. These include advisory services (e.g., audit readiness, data foundations advisory, and publisher benchmarking), professional services (e.g., cloud migration, application modernization/development, and SAP services), and managed services (e.g., technical support, security operations, managed governance, and managed FinOps). From a business outcome framework, SoftwareOne has three core "lead" solution categories where its practices are deeply established: (i) spend optimization, (ii) cloud access, and (iii) workforce productivity. Spend optimization is undoubtedly the group's strongest solution category and consists of software asset management (SAM), IT asset management (ITAM), and cloud FinOps. In fact, following the acquisition of Crayon, SoftwareOne will own three of four Magic Quadrant leaders in Gartner's latest SAM report. Today, the average enterprise client buys from more than four hundred software vendors across a multitude of different licensing structures, and most don't have the full picture of what they own. This lack of visibility is especially problematic as organizations spend an average of eight percent of total revenue on IT, with software accounting for more than half of that spend. To add to this, with organizations migrating more and more workloads to the cloud where compute resources are variable, infrastructure cost overruns can be unexpected and significant without proper oversight. Altogether, SoftwareOne and Crayon have 1,200 global experts focused on SAM, ITAM, and cloud FinOps, and they estimate they save clients more than a billion dollars annually on software and cloud spend. Moreover, a superpower of helping clients sharpen IT capital allocation is that by delivering significant value and cost savings early in the journey, SoftwareOne is able to convince clients to reinvest those savings back into their IT estate. For example, if an organization is spending CHF 15 million with one of their Tier 1 ISVs, and SoftwareOne can drive seven figures of savings through relicensing, that could pay for the client's cloud migration. And of course, cloud access is another core solution offering for SoftwareOne, as they have helped thousands of organizations, including global enterprises, migrate their business to the cloud. Finally, as Microsoft's largest partner, SoftwareOne has deep expertise in helping organizations modernize how their people work. This means the frontline implementation of new tools, such as Microsoft Copilot, but also helping organizations with the behind the scenes work of governance and security challenges that arise with new technology adoption. From these three strong foundational practices, SoftwareOne earns the right to win in its developing "expand" solution categories: (i) cloud acceleration, and (ii) data and AI adoption. Over the last decade, SoftwareOne has completed more than twenty bolt-on acquisitions to add technical capabilities in key solutions areas, including SAP services and application services. The SAP services market, estimated at over $8 billion, is growing rapidly as organizations race to meet SAP's 2027 deadline for the end of support for its legacy ECC system. SoftwareOne specializes in S/4HANA technical migrations, and has more than 500 SAP experts delivering services in thirty countries. To date, SoftwareOne has delivered more than 600 SAP projects for customers, and expects that its SAP services practice can grow in the medium term to exceed CHF 100 million in annual revenue. Also in the theme of cloud acceleration, SoftwareOne has a growing practice in application modernization and development. When migrating to the cloud, if an organization chooses to simply rehost (i.e., lift and shift) without changing underlying code, their applications will retain many of the same limitations they had in the on-premise environment. To harness the full benefits of cloud, applications often must be refactored to take advantage of cloud-native paradigms, like serverless compute, which involves significant development expertise. Since its acquisition of InterGrupo in 2019, SoftwareOne has been building its muscle in application services, and this is another vertical it believes can scale to over CHF 100 million in annual revenue. Finally, virtually every organization in the world is exploring how to best adopt the rapidly advancing technologies in artificial intelligence. On a combined basis, SoftwareOne and Crayon have a strong solution practice in data and AI, with over 650 experts delivering on hundreds of projects. These range from helping corporates optimize, standardize, and unify their data to pave the way for AI use (i.e., Data Foundations), to delivering traditional predictive AI solutions in areas like decision intelligence and computer vision, to now exploring generative AI implementations across every industry. Critically, SoftwareOne is a strategic partner to all three major hyperscalers – Azure, AWS, and GCP – positioning it to benefit as these platforms compete to host high-value, compute-intensive AI workloads.



SoftwareOne Marketplace

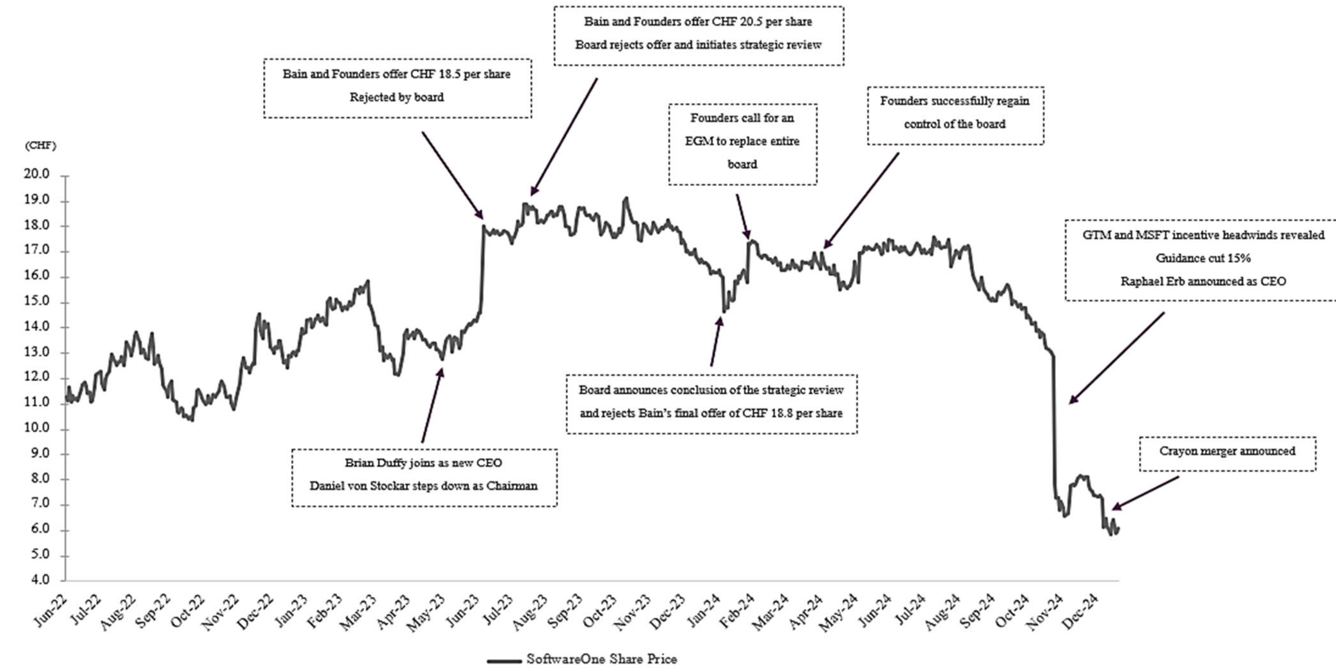
In 2016, SoftwareOne launched PyraCloud – a self-service marketplace platform designed to help organizations with software procurement, compliance, and spend optimization. This platform, now the SoftwareOne Marketplace Platform, has become increasingly relevant as software proliferation and complex multi-cloud environments have made transparency into an organization's IT estate essential. For SoftwareOne's over sixty thousand customers, the platform provides access to the industry's largest catalog of software publishers, now more than two thousand onboarded vendors, where clients can discover, compare, and procure software licenses in one place. Organizations can also design custom catalogs with vendor-negotiated pricing, implement approval workflows for process governance, and manage license inventory and renewals all on a single platform. In addition, all client information connected to the platform flows into SoftwareOne's FinOps tools for cloud and software asset management. For vendors, the marketplace allows software publishers to efficiently scale their solutions to a global audience while configuring and maintaining product offerings on a single portal, or from their own internal systems via API. In 2024, gross billings transacted through the SoftwareOne Marketplace Platform grew seventy percent year-over-year to CHF 859 million, or approximately ten percent of SoftwareOne's indirect billings, with more than forty thousand clients active. However, this platform delivers important competitive advantages to SoftwareOne beyond streamlining client and vendor interactions. The traditional process of negotiating and provisioning licenses via enterprise agreement is a heavily manual process that involves paperwork and significant labor hours upfront as well as during annual true-ups. SoftwareOne has invested in excess of CHF 100 million building its end-to-end platform over the last decade – a level of investment unmatched in the industry – and it is well positioned to capture operational efficiencies as enterprise software procurement becomes more widely digitized. The marketplace platform is already deployed internally as a tool for SoftwareOne's own salesforce, which drives increased workflow automation, and, when combined with an increasing proportion of customers self-serving, allows SoftwareOne to do more with fewer people. Finally, Crayon also has a digital platform of its own called Cloud-IQ. This platform is predominantly used in the group's channel business, enabling smaller MSPs to manage all their end-clients from a single pane of glass, and will add important capabilities to the SoftwareOne marketplace platform following the merger.



Setting The Stage

On October 31st 2024, SoftwareOne's share price fell more than forty percent in a single day as the company announced headwinds related to being caught unprepared for upcoming Microsoft incentive changes, compounded by a mismanaged rollout of its new go-to-market sales motion. The company revised EBITDA guidance down by fifteen percent, or CHF 40 million, and the shares lost CHF 860 million in market capitalization. At the same time, SoftwareOne replaced its then-CEO, who had only been hired eighteen months earlier. While the market reaction to the day's events was acute, the reality is that the drama at SoftwareOne had started years prior. In 2018, SoftwareOne's inspirational co-founder and CEO, Patrick Winter, tragically passed away. Winter was the lifeblood of the company culture, beloved by employees, and had built the business from a startup to a global organization serving almost forty thousand corporates. Indeed, in the decade prior to his passing, SoftwareOne grew its revenue by twenty-nine percent per annum and increased EBITDA by thirty-four-fold. It was a shocking end to an era for SoftwareOne, and the leadership deficit came at a particularly critical moment as the company was preparing to go public and was in the midst of completing its acquisition of Comparex, its largest transaction ever. The company ultimately ended up promoting its COO, Dieter Schlosser, who oversaw the public listing in 2019 and navigated the business through the global pandemic. Unfortunately, with several years of results post-2020, it became clear that management was not delivering on the company's lofty expectations. This coincided with SoftwareOne having a board that had transitioned to a majority of independent directors, and only one remaining founder, Daniel von Stockar, serving as chairman. In a radical move around the end of 2022, the independent board requested that Daniel von Stockar step down from his role as chairman and they initiated a search for a new CEO. The board elected to hire a non-Swiss external candidate that was a first time CEO with no Microsoft experience. Even worse, the new CEO, with support of the independent board, began pushing longtime SoftwareOne executives out of the business. Recall that the three surviving founders – Daniel von Stockar, René Gilli, and Beat Curti – own a significant amount of stock, at the time approximately twenty-nine percent of the company, while the remaining board member ownership rounded to zero. Rightfully upset at seeing an independent board with no skin in the game actively dismantle the ethos of the business, the founding group did not sit idle. Less than two months after the new CEO officially started, in June 2023, the founding shareholders teamed up with Bain Capital to make a take-private offer for the business at CHF 18.5 per share. The offer valued the business at approximately 12x EBITDA, and was a thirty percent premium to recent trading prices and more than an eighty percent premium to the lows of the prior year. The board quickly rejected the offer as materially undervaluing the business. Over the course of the next six months, the consortium between Bain and the founders made several additional offers as high as CHF 20.5 per share. All offers were rejected by the board without being put to a shareholder vote, citing an insufficiently low valuation. In February 2024, after Bain's final offer was rejected by the board, the founding shareholders called for an extraordinary general meeting to replace the board in its entirety. In April 2024, the founding shareholders succeeded in regaining control of the company. Unfortunately, by this time the damage had been done, and even more damage was in motion. SoftwareOne had a thirty year track record of managing Microsoft incentive changes by investing significant time in the relationship and proactively communicating to ensure that the company's priorities were aligned. This ball was dropped by the incumbent leadership that was more focused on corporate processes and not focused enough on customer and vendor needs. At the same time, the new go-to-market sales motion was already being rolled out in Q2, and in some markets – such as North America – rushed implementation led to serious customer disruptions. For example, ninety percent of customers in North America had their account manager change as part of the rollout. This brings us back to the day of the October announcement where the founders and board took decisive action to set the company back on track. Raphael Erb, who had started at SoftwareOne as a nineteen year old and had been at the business for more than twenty-five years, was announced as the new CEO. Erb was most recently the President of the Asia Pacific region, which was the fastest growing market under his leadership and has continued to post strong double-digit results into 2025. In the weeks that followed, new heads of the DACH and rEMEA markets were appointed, and Oliver Berchtold was elevated to President of Software and Cloud – all SoftwareOne veterans. In total, executives which had an average tenure at SoftwareOne of just over two years were replaced by internal leaders with an average tenure at SoftwareOne of almost seventeen years. In addition, Erb announced a plan to return the organization to its entrepreneurial decentralized roots by eliminating layers of management, and pushing strategic responsibility and P&L accountability back onto the group's more than sixty country organizations. This was seen as essential to restore speed and agility to the business, and was expected to remove CHF 50 million of costs by Q2 2025.

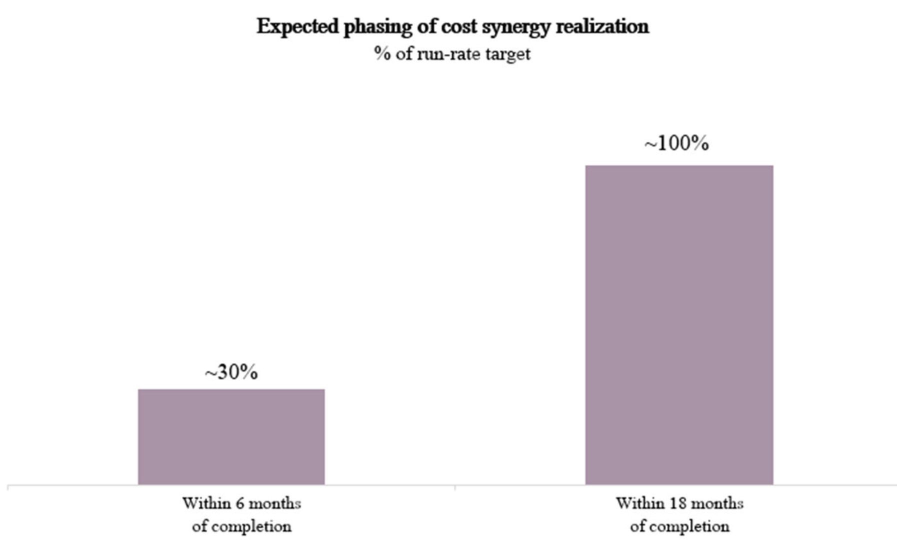
By Q1 2025, SoftwareOne announced that it had achieved a run-rate cost saving of CHF 88 million. Finally, less than two months after taking the reins as CEO, SoftwareOne announced that it would be merging with Crayon Group.



Crayon Acquisition

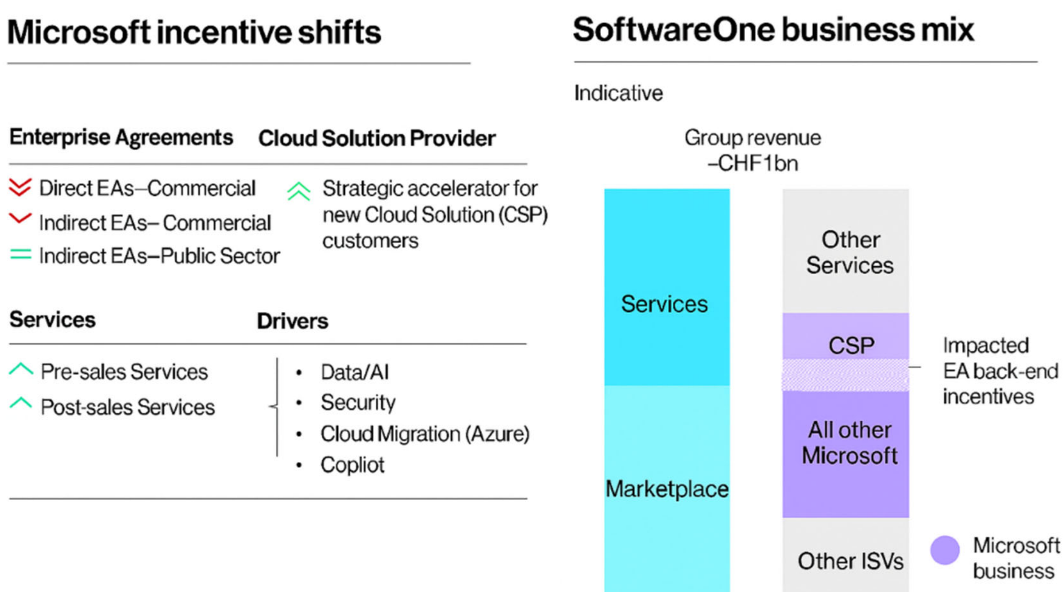
On December 19th 2024, SoftwareOne announced its intention to merge with Crayon Group, a Nordic software and cloud solutions provider that is the fifth largest Microsoft channel partner. The strategic logic of combining the two companies is clear, as they share an asset light business model with go-to-market motions that emphasize software asset management and value-added services. Moreover, the geographic footprints and customer segments of the two are highly complementary, with Crayon having a strong presence in the Nordics and serving largely SME clients, while SoftwareOne has a strong presence in the DACH region and serves many large enterprise clients. In total, the combined business will serve more than two hundred thousand customers across more than seventy countries and will firmly be Microsoft's largest channel partner. However, the market did not respond favorably to the transaction. On headline figures, SoftwareOne offered CHF 1 billion for Crayon, which generated CHF 94 million in EBITDA in 2024. Viewed in isolation, the price seemed reasonable: Crayon grew EBITDA twenty-seven percent in 2024, expects twenty-percent-plus growth again in 2025, and, like SoftwareOne, converts a high percentage of EBITDA to free cash flow. However, SoftwareOne itself produced CHF 223 million of EBITDA in 2024 – even after a highly challenging year – and was valued at the same CHF 1 billion. In other words, SoftwareOne agreed to pay twice the multiple for Crayon in a deal financed half in stock. While SoftwareOne could have created more immediate shareholder value by buying back its own stock, I believe that the market underestimated this transaction at first blush. To start, Crayon's business deserves to trade at a premium as they have a long history of growing profits per share at thirty percent per annum, and their portfolio of clients is attractively situated with a high proportion already transacting through the Microsoft

CSP program. Moreover, on the consulting and services side, Crayon has a particular expertise in AI where they have been building their solution practice for more than a decade. Second, SoftwareOne expects to realize CHF 80-100 million in cost synergies from the merger. In addition, the cash portion of the transaction – representing half of the total consideration – was financed through a credit facility carrying an interest rate of less than one percent (SARON + 0.85%). As a result, the deal is roughly EBITDA multiple neutral on a post-synergies basis and more than twenty percent accretive on a free cash flow per share basis. While integration always carries execution risk, both SoftwareOne and Crayon bring extensive transaction experience, having each completed more than a dozen acquisitions. For example, SoftwareOne acquired Comparex in 2019, which doubled the revenue and employee count of the business. In that transaction, the group expected to achieve CHF 40 million in cost synergies within a two year period, and ended up overdelivering on plan. In the Crayon merger, the synergies are expected to be achieved via several levers: consolidating current sub-scale geographies, integrating back and middle office functions, rationalizing management structure, and improving utilization in services delivery. What's more, even though these are expense reduction activities, there is reason to believe they will also drive business quality improvements. For example, SoftwareOne's North America business in particular has underperformed relative to its other regions. Meanwhile, Crayon has a very strong North America business, which is of similar scale. The merger will give SoftwareOne the opportunity to re-base around Crayon's strong local team, and unlock performance in the combined client portfolio. To wrap, it's also worth clarifying that the expected cost synergies from the merger are incremental to SoftwareOne's already executed CHF 88 million reduction program. Finally, while difficult to quantify, SoftwareOne expects to also achieve substantial revenue synergies from the merger. This will come from the ability to cross-sell an enhanced services portfolio, leverage Crayon's channel business in markets with strong SoftwareOne presence, and access larger accounts given combined capabilities. Using the Comparex transaction as a historical guide, this could result in a further CHF 50 million of EBITDA accretion from revenue synergies. Altogether, this transaction gives SoftwareOne a larger, more diversified, higher quality business, with the opportunity to grow profits per share by forty percent over the coming two years, before even considering the continued baseline growth of both businesses.



Valuation

SoftwareOne lost two-thirds of its total market capitalization in the last six months of 2024. While the guidance cut was a setback, the market was clearly voting that this situation would go from bad to worse. However, for those willing to turn the page, that narrative did not align with either the observable realities of the situation or the expectations of the new leadership team. The area most impacted by the Microsoft incentive changes was backend incentives for Level A and Level B enterprise agreements. In essence, Microsoft decided to lower all rebates on Level A, B, and C agreements down to match the Level D rebates, which were only fifty basis points. This change was significant, as EAs account for more than eighty percent of SoftwareOne's Microsoft gross billings, and would result in a roughly CHF 100 million headwind, offset in part by increasing incentives in the CSP program and for pre-sale and post-sale services. In total, SoftwareOne expected a mid-single digit negative impact on revenue growth in 2025.



However, there are several important points to take note of. First, SoftwareOne's Microsoft gross billings were still growing high single digits and were expected to continue growing for the foreseeable future. In other words, there was nothing structurally wrong with their Microsoft practice. Second, with rebate rates now at fifty basis points across the board, it was SoftwareOne's strong belief that on an absolute basis, EA incentives would bottom out in 2025. This is critical, as it means that for a large portion of SoftwareOne's business – which had faced several years of incentive headwinds prior to the recent changes – revenue will now start to more closely align with the strong underlying growth in billings. Finally, even if that ends up not being the case, and Microsoft decides to lower backend incentives further, reductions from here become easier to offset as even large percentage changes in the rebate would be very small percentages of the total client contract. Recall that indirect agreements, where SoftwareOne sets client pricing and invoices clients directly, account for the vast majority of the group's Microsoft licensing revenue. In practice, SoftwareOne and Crayon run their businesses by building a certain amount of margin into the client contract, of which backend margin has historically been one source. In the absence of backend margin, which is something that affects the entire channel, SoftwareOne can offset in indirect agreements through a combination of frontend margin and bundled services. Altogether, on a standalone basis, SoftwareOne still expected to grow revenue by two to four percent in 2025, and expected to grow EBITDA at a mid-teens rate owing to the significant expected cost cuts. So, what is the business actually worth? One way to assess this is looking at comps, as there are several peers in the Microsoft ecosystem that are publicly traded. For example, Softcat Plc and Bytes Technology Group Plc, which trade on the London Stock Exchange, are both significant Microsoft channel partners and have a similar business mix to SoftwareOne. These companies trade at 17.7x and 13.1x EV/EBITDA respectively. In addition, earlier this year another significant Microsoft channel partner, Softchoice Corp, which traded on the Toronto Stock Exchange, was acquired by WWT for $1.3 billion – or 13x EV/EBITDA. While not perfect comps given their high exposure to hardware sales, we can also consider large scale VARs, like CDW Corp and Insight Enterprises, who trade at 12.8x and 9.2x EV/EBITDA respectively. Finally, recall that SoftwareOne itself rejected a takeover bid from Bain in 2023 for 12x EV/EBITDA, while prior transactions – including Crayon's 2021 acquisition of Rhipe Ltd at 15.6x and SoftwareOne's own acquisition of Crayon at 12.6x – further underscore the valuation multiples historically assigned to scaled Microsoft channel partners. Taken together, a return to anywhere near the zip code of peer multiples implies significant go-forward returns for SoftwareOne. For instance, the peer set multiple on SoftwareOne's expected 2027 EBITDA would imply a share price of CHF 26.9 per share, or more than a triple from the current trading price.

	EBITDA (m CHF)	EV (m CHF)	EV/EBITDA	
Softcat Plc	198	3,506	17.7x	
Bytes Technology Group	91	1,187	13.1x	
Softchoice*	76	984	13.0x	*acquired by WWT in March 2025
Rhipe Ltd*	12	184	15.6x	*acquired by Crayon in October 2021
CDW Corp	1,761	22,581	12.8x	
Crayon Group*	110	1,388	12.6x	*acquired by SoftwareOne in July 2025 [@ 10 CHF / SWON]
Insight Enterprises	432	3,973	9.2x	
Average			13.4x	
SoftwareOne Holding AG	375	2,428	6.5x	

IMPLIED		Share Price (CHF)	Upside to IV
2025		19.6	148%
2026		26.9	242%
2027		33.5	324%

Finally, consider the base case model below which implies a share price of CHF 22.88 per share, or approximately 190 percent upside to intrinsic value. While the future is certain to pencil out different in detail, I believe this model is conservative as it: (i) does not include any revenue synergies from the Crayon merger, (ii) implies a significantly slower growth rate of gross billings than recent history, and (iii) assumes that SoftwareOne uses its free cash flow to pay down very low cost debt instead of buying back stock or completing further acquisitions.

BASE CASE SCENARIO					
	FOR THE YEAR ENDED				
	Year +1	Year +2	Year +3	Year +4	Year +5
	CHF (M)	CHF (M)	CHF (M)	CHF (M)	CHF (M)
Gross Billings					
Microsoft EA - Direct	11,500	11,960	12,438	12,936	13,453
Microsoft EA - Indirect	7,700	8,239	8,816	9,433	10,093
Microsoft CSP	2,950	3,304	3,700	4,145	4,642
Other ISVs	4,950	5,396	5,881	6,410	6,987
Channel	1,650	1,848	2,070	2,318	2,596
Software & Cloud Marketplace					
Microsoft Revenue	400.10	430.81	464.13	500.30	539.60
Other ISV Revenue	272.25	296.75	323.46	352.57	384.30
Channel Revenue	107.25	120.12	134.53	150.68	168.76
Delivery Costs	(89.65)	(93.24)	(101.43)	(110.39)	(120.19)
Contribution Margin	689.95	754.43	820.69	893.16	972.47
Sales & Marketing	(183.21)	(186.49)	(193.65)	(210.75)	(229.46)
G&A	(93.55)	(93.24)	(101.43)	(110.39)	(120.19)
EBITDA	413.19	474.70	525.61	572.02	622.82
Software & Cloud Services					
CSP Services Revenue	236.00	264.32	296.04	331.56	371.35
Other Services Revenue	547.43	602.17	662.38	728.62	801.48
Delivery Costs	(446.55)	(493.90)	(546.30)	(604.31)	(668.52)
Contribution Margin	336.87	372.59	412.12	455.88	504.32
Sales & Marketing	(184.10)	(190.63)	(201.27)	(222.64)	(246.30)
G&A	(94.01)	(95.31)	(105.43)	(116.62)	(129.01)
EBITDA	58.76	86.65	105.43	116.62	129.01
Cash Flow					
Corporate Costs	(93.78)	(85.71)	(94.03)	(103.19)	(113.27)
EBITDA	378.16	475.64	537.01	585.46	638.55
IFRS Lease Expense	(23.60)	(24.78)	(26.02)	(27.32)	(28.69)
Maintenance Capex	(63.50)	(67.95)	(72.70)	(77.79)	(83.24)
Interest Cost	(27.00)	(23.00)	(10.00)	(10.00)	(10.00)
Taxes	(52.81)	(71.98)	(85.66)	(94.07)	(103.33)
Free Cash Flow	**211.25**	**287.93**	**342.63**	**376.28**	**413.31**

VALUATION	
Discount Rate	8%
Terminal Multiple	16x
CF Value	579.4
Terminal Value	4,500.6
IV / Share	22.88
Upside to IV	*190%*

Conclusion

I am confident that our partnership owns a collection of businesses that, relative to the price paid, will produce a substantial amount of free cash flow over the coming years. As always, I am happy to speak with you at length about any of our companies, and I remain grateful for your trust and partnership.

Appendix A: Realized Investments

Ticker	Company	IRR*	MSCI ACWI	Delta
-	-	94.69%	17.29%	77.39%
-	-	3.19%	13.84%	-10.65%
-	-	46.07%	14.10%	31.96%
-	-	37.70%	17.21%	20.49%
-	-	3.29%	8.86%	-5.57%
-	-	28.08%	14.16%	13.92%
-	-	10.00%	2.09%	7.91%
-	-	38.91%	21.19%	17.72%
-	-	20.01%	14.81%	5.20%
-	-	27.84%	17.45%	10.40%
-	-	29.94%	14.95%	14.99%
-	-	18.71%	16.74%	1.97%
-	-	37.17%	15.28%	21.89%
-	-	42.56%	-2.85%	45.41%
-	-	93.23%	3.95%	89.28%
-	-	25.79%	5.39%	20.40%
-	-	152.89%	8.50%	144.39%
-	-	30.52%	6.80%	23.72%
-	-	-45.74%	6.17%	-51.91%
-	-	-27.90%	8.14%	-36.04%
-	-	52.40%	12.64%	39.75%
-	-	1.79%	-9.64%	11.43%
-	-	-27.62%	0.00%	-27.62%
-	-	-47.93%	0.00%	-47.93%
-	-	-23.85%	-5.67%	-18.18%
-	-	7.17%	-6.36%	13.53%
-	-	-14.32%	27.25%	-41.58%
-	-	67.27%	33.60%	33.67%
-	-	43.42%	9.53%	33.89%
-	-	43.62%	16.98%	26.64%
-	-	-60.75%	-4.47%	-56.28%
-	-	42.27%	9.61%	32.65%
-	-	-15.20%	0.56%	-15.75%
-	-	-10.08%	8.76%	-18.84%
-	-	41.90%	12.32%	29.58%
-	-	35.43%	12.56%	22.87%
-	-	5.12%	6.87%	-1.75%
	Average	21.83%	9.42%	12.40%

**Table above reflects the IRR of realized portfolio investments (unannualized if < 1 Year), and the equivalent IRR that would have been achieved had each invested dollar been allocated to MSCI ACWI.*

Appendix B: Unrealized Investments

Ticker	Company	IRR*	MSCI ACWI	Delta
-	-	-7.89%	7.75%	-15.64%
-	-	25.40%	14.47%	10.93%
-	-	37.86%	18.64%	19.22%
-	-	28.66%	8.74%	19.92%
-	-	28.76%	18.99%	9.77%
-	-	-8.77%	9.60%	-18.37%
-	-	-54.67%	19.95%	-74.62%
-	-	58.44%	12.97%	45.47%

**Table above reflects the IRR of unrealized portfolio investments (unannualized if < 1 Year), and the equivalent IRR that would have been achieved to date had each invested dollar been allocated to MSCI ACWI. As of 7/10/2025.*

Important Disclosures

Performance data for Emeth Value Capital and its predecessor shown in the chart on the first page of the letter is net of actual fees charged, reflecting our published management fee schedule, as well as performance incentive fees, if earned. Results include the effect of all trading and other custodial fees or expenses, and is current as of the date(s) indicated. Returns include the reinvestment of dividends and other earnings

Emeth Value Capital became initially registered as an investment adviser on January 1, 2021. Performance prior to that date reflects the personal account performance of Emeth Value Capital, LLC's sole managing member, Andrew Carreon, and therefore represents predecessor performance and not performance achieved by any account managed by Emeth Value Capital. After January 1, 2021, performance reflects a composite of all accounts subject to a performance fee arrangement, as well as Mr. Carreon's personal account. Mr. Carreon is responsible for both the prior results of his personal account (which was the only account he managed prior to forming Emeth Capital Value) and the results achieved at Emeth Value Capital. Mr. Carreon's personal account was previously managed in a manner substantially similar to the strategy used by Emeth Value Capital. Mr. Carreon's account performance reflects the application of model fees equal to the asset-based fee plus incentive structure applicable to all accounts held by qualified clients. Clients who are not subject to a performance fee are not included in the composite. These are a small subset of the firm's clients and represent approximately 1% of the firm's assets under management. Performance of non-qualified clients was generally better than qualified clients due to the impact of lower fees during the periods shown. Emeth Value Capital is no longer accepting non-qualified clients and currently offers only a performance-based fee arrangement.

Past performance is not a guarantee of future results. Investing through Emeth Value Capital includes risk, including the risk of permanent capital loss. Accounts managed by the firm may experience losses greater than prevailing market returns, as well as gains lower than prevailing market gains. Similarly, individual accounts included in the composite experienced performance different from the overall composite due to timing of account opening.

The Delta column in the performance chart represents the amount of outperformance (positive number) or underperformance (negative performance) of Emeth Value Capital and its predecessor relative to the results of the MSCI ACWI Index.

We believe portfolio and index information is from reliable sources, however, we cannot guarantee accuracy, completeness, or timeliness. We prepared this information internally and it has not been independently audited or verified. It should not be used to make investment decisions and does not constitute investment advice.

The MSCI ACWI index captures large and mid-cap representation across 23 developed markets and 24 emerging market countries. It contains 2,650 securities and covers approximately 85% of the global investable equity opportunity set. Market index information is included to show relative market performance for the periods indicated. Index returns are presented on a total return basis, including reinvestment of income distributions. Comparison to this index is imperfect since this is a broadly based index which differs in many respects from the composition of our portfolio strategies. Client portfolios are less diversified than the index in terms of number of securities and sectors represented. Our portfolios also include some amount of cash, which is not included in the index. Indexes are unmanaged and you cannot invest directly in them. They don't incur or report expenses, such as trading costs or management fees; these fees do apply to client portfolios and reduce returns.

Our strategy may experience greater volatility and drawdowns than market indexes. Such strategies are not intended to be a complete investment program and are not intended for short term investment. Before investing, you should evaluate your financial situation and ability to tolerate volatility.

Material market and economic conditions that could have had an effect on the results portrayed during the reported time periods include the decline in global capital markets during the COVID-19 crisis, the Great Financial Crisis (GFC), the lengthy stock market recovery from the GFC trough, historically low interest rates followed by significant increases in inflation and interest rates in 2021 and 2022, volatility in oil prices and currencies, and other factors. All other factors being equal, our own results will generally suffer from overall falling markets and will generally benefit from overall rising markets.

Contact

Emeth Value Capital welcomes inquiries from clients and potential clients. Please visit our website at emethvaluecapital.com or contact Andrew Carreon at acarreon@emethvaluecapital.com