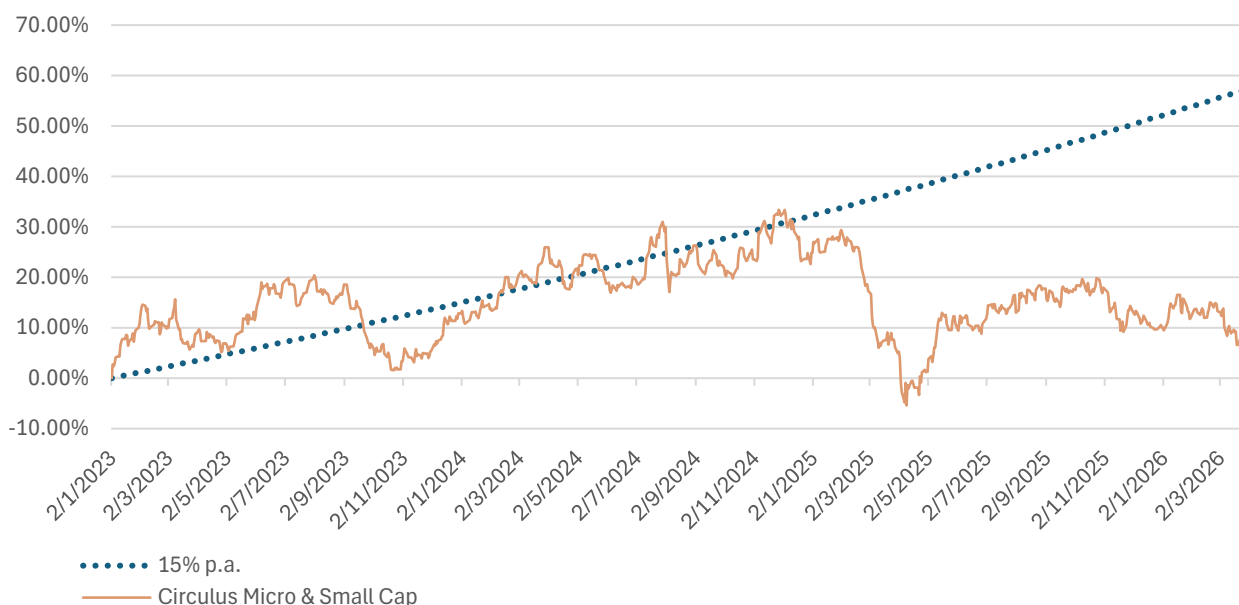


Green Shoots in the Shadows of War

The shadows of war hung over the markets in Q1. Micro- and small caps were not insulated from the fear of a wide spreading conflict in the Middle East. However, the market sell-off, has, so far, been quite modest compared to last year’s tariff worries. Maybe headline fatigue combined with some green shoots in the economy kept the market from falling off a cliff. For the first time in three years the industrial recovery seems to be well underway, with orders picking up. Also, profit growth in the Circulus portfolio has been accelerating further. The gap between profit growth and the fund’s performance is now the largest since the start of the fund – a strong buy signal.

Performance vs. 15% Profit Growth: A Multi-Year View



Maybe it’s the insulation of the US or maybe it’s the sharp focus of the companies; what struck Joakim By when he visited almost 40 US micro- & small companies in March while “Operation Epic Fury” was ongoing, was this: **how little focus and discussion management teams spent on Iran and the war**. Instead, the companies were razor-focused on what they can control. The meetings also reinforced that there are several themes and opportunities with stronger structural tailwinds than the rest of the economy, such as energy efficiency and vocational training. Growth is increasingly constrained by practical bottlenecks such as access to power, availability of skilled labor, and the reliability of mission-critical systems. Companies that help customers overcome these constraints — by enabling build-out, improving resilience, or embedding critical expertise — are seeing stronger visibility and more durable demand than those exposed purely to discretionary spending or cyclical end-markets. For the portfolio this means that the trip gave us even stronger conviction in companies like **Legacy Education** and **Willdan Industries**.

At the beginning of the year, there has also been clear signs that the US industrial cycle is turning after being in recessionary territory for three years. And with hefty tax stimulus for both companies and consumers in 2026 (it’s an election year after all) things were and are looking pretty good – if it wasn’t for the war. The added uncertainty of a war is, of course, not positive for the market. The lingering question being: how long will it last and will it spread to other countries? These are unknowns. Let us just say that uncertainty is never good, but also that oil dependency today (not least in the US) is a lot less than 10-20 years ago. Also, the Circulus portfolio has very little direct exposure to the Middle East, since our portfolio companies have only 2% of their sales in the region. And, knock on wood, so far we see no signs of a slowdown in profit growth for this year.

Accelerating Profit Growth

On the contrary, profit growth has been accelerating in the portfolio every year since the start of Circulus and looks to be doing so this year as well. Currently though, we see limited correlation between profit growth and share price performance in the micro- and small-cap space – a dynamic that is frustrating in the shorter term, but one that presents an attractive buying opportunity over the longer term. History tells us that the gap will close over time. And since the portfolio ended the year with 22% earnings growth and 2026 earnings are tracking toward 26%, we feel very confident in delivering on or above our target of 15% in 2026 as well. The gap between profit growth and fund performance has never been larger since the inception of the strategy. Our conviction in the attractiveness of the fund made us buy more of it privately in Q1.

Profit Growth	2024	2025	2026E	2027E	EPS Surprise
Circulus	19%	22%	26%	20%	3%



The picture above to the left summarizes Circulus earnings growth over the last two years. We also show what the expectations are for 2026 and 2027. Summarizing the fourth quarter reporting season, our portfolio had 35 beats and 7 misses. Year-over-year, the portfolio delivered 22% earnings growth in 2025 up from 19% in 2024. We are very diligent about the reporting season and the picture to the right shows our subjected grading of the last quarterly reports on a scale from 1-5. (Grade 3 is not included in the visualization).

Field Notes from the US – accelerating structural demand

Putting our boots on the ground to meet and discuss with management teams from our portfolio companies is an important part of our process. Will portfolio companies like **OSI Systems** and **Montrose Environmental Group** continue to deliver the strong profit growth seen in 2025? What’s driving demand for their products and how long will it last? After spending 8 days in California meeting with 38 management teams over a broad set of sectors we came away convinced that the outlook for our solutions-oriented companies continues to be very rosy. Here are some noteworthy thoughts from the US trip:

Power, Grid & Energy Infrastructure - The physical bottleneck behind AI growth

Our meetings reinforced that AI growth is now constrained by power rather than compute, making grid and energy infrastructure one of the most critical bottlenecks in the value chain. As a result, grid capacity, interconnection queues, switchgear availability, and permitting have emerged as gating factors determining whether AI investments can be translated into revenue. “You can’t build AI capacity today without first solving the power problem.” was the recurring message.

This dynamic is forcing utilities, hyperscalers, and industrial customers to accelerate spending on grid upgrades, equipment, engineering, and load-management solutions. Importantly, this investment cycle is being reinforced by policy support, as grid resilience and modernization are increasingly viewed through a national-security lens rather than as discretionary infrastructure spending

We see this as a long-term and structural theme. Grid investment is non-discretionary and cannot be delayed or replaced by software solutions. Power infrastructure projects are multi-year in nature, offering attractive visibility and recurring demand, while shortages of qualified engineers, consultants, and contractors limit supply and support pricing power for well-positioned companies. On the trip we met with both **Powell Industries** who is supplying mission-critical electrical equipment for power-intensive facilities and **Willdan Group** – who is enabling load growth through grid consulting, permitting, and utility programs, two of the companies with the most direct exposure to this theme.

We view Willdan Group as very well positioned as a structural beneficiary of rising U.S. electricity demand, driven by data centers, electrification and reshoring. Our meeting with senior management reinforced that the key constraint is not capital spending, but grid capacity — an area where Willdan plays a central role by helping utilities plan, expand, and optimize increasingly stressed power systems. Utilities remain Willdan’s most durable customer base, with grid constraints, regulatory pressure, and reliability requirements typically accelerating project execution rather than delaying it. Data centers are an increasingly important catalyst, acting as a system-wide accelerant for grid investment rather than a concentrated customer risk. The acquisition of Alternative Power Generation further strengthens Willdan’s position in high-voltage engineering and substation design, supporting multi-year backlog visibility. We view Willdan as a rare listed pure-play on structural electricity load growth and grid complexity, with demand drivers that are longer-dated and more resilient than a traditional engineering firm implies.



Picture: Joakim meeting Wildan's COO and CFO in Anaheim, CA – March 2026

Physical AI & Edge Intelligence - AI moves from the cloud into the real world

Our meetings reinforced that AI is increasingly moving out of centralized data centers and into physical systems, where decisions must be made locally and in real time. As AI shifts from model training to deployment, growth is being driven by applications in vehicles, robotics, industrial systems, healthcare, security, and drones — use cases where low latency, high reliability, and power efficiency make cloud-only solutions impractical. As one company put it: “Training was the first wave — everything we see now is inference.”

Running AI at the edge reduces bandwidth costs and enables entirely new applications that cannot tolerate delay or connectivity risk, making this transition structural rather than cyclical. Another recurring message across meetings was clear: “You can’t wait for the cloud when a machine has to decide in real time.” As a result, value is shifting toward specialized chips, sensors, embedded IP, and energy-efficient compute optimized for edge deployment.

This was evident in several of our meetings with companies across the value chain: **Ambarella** emphasized that all revenues are now tied to edge inference, driven by performance-per-watt advantages in vision applications; **Aeva** highlighted real-time perception as a prerequisite for autonomy in robotics and drones; and **One Stop Systems** focused on ruggedized edge compute enabling AI in harsh and mobile environments. We also met several additional prospects across edge compute, sensing, and embedded intelligence, reinforcing our view that Physical AI remains in an early and fast-expanding adoption phase.

Public Safety, Border security & Mission-Critical Digitalization - Where technology becomes infrastructure

Furthermore, our meetings reinforced that mission-critical digitalization is an area where technology adoption is driven by outcomes, not experimentation. In public safety and security, customers are increasingly relying on integrated systems that deliver speed, accuracy, and reliability in environments where failure is not an option. A recurring message from meetings was clear: “Time to insight is what actually solves cases — not more people.”

We view this as a structural and non-cyclical theme. Spending is largely non-discretionary, tied to safety, compliance, and national security, and is typically supported by long-term contracts, recurring service revenues, and high switching costs. Once deployed, these systems tend to become embedded infrastructure, with customers expanding usage rather than replacing platforms.

Our meetings with **OSI Systems** and **Zedcor** (both in the portfolio) reinforced our conviction in this area. OSI Systems operates at the core of global security infrastructure, providing integrated inspection and detection solutions for airports, borders, ports, and critical facilities, where reliability and regulatory compliance are paramount. Management emphasized that demand is increasingly driven by border security (with several triggers over the coming year), port inspection, and system upgrades, with penetration still low in several end-markets and backlog providing long-term visibility.

Zedcor addresses public safety from a complementary angle, offering mobile surveillance and monitoring solutions that allow customers to scale security coverage without proportional increases in personnel. As one key takeaway from the meeting highlighted, “customers are looking for flexible security solutions that can be deployed quickly and expanded over time.” Low penetration, improving software and analytics capabilities, and growing recurring revenue underpin a long runway for expansion.

Overall, security and public safety continue to stand out as areas of durable growth, supported by political backing, rising security needs, and high barriers to entry. In these markets, technology sit at the edge of operations and becomes part of the backbone.

Re-Industrialization of the United States - A long-duration, policy-supported investment cycle

The US is entering a multi-year re-industrialization cycle driven by national security considerations, supply-chain resilience, and the strategic importance of energy, infrastructure, and advanced manufacturing. Domestic production capacity, power infrastructure, and critical industrial systems are increasingly viewed as strategic assets rather than purely economic choices, supported by government incentives and broad political backing. A recurring message across meetings and policy discussions was that this is “a decade-long build-out, not a normal cycle.”

We view this as a structural theme with long visibility, where large, complex projects tend to proceed once approved, largely independent of short-term economic fluctuations. Importantly, re-industrialization reinforces several other portfolio themes — including electrification, grid investment, and infrastructure resilience — rather than competing with them.

Within this backdrop, several portfolio holdings stand out as direct beneficiaries. **Montrose Environmental Group** fits squarely into the re-industrialisation of America theme. As manufacturing capacity is reshored and new industrial facilities are built across the U.S., environmental permitting, emissions monitoring, and site remediation become mandatory rather than optional. Montrose benefits directly from this trend through its end-to-end environmental services, supporting industrial clients with regulatory compliance, testing, and remediation across air, water, and soil.

Powell Industries benefits from rising demand for mission-critical electrical equipment as power intensity increases across industrial and infrastructure projects. **Willdan Group** operates at the intersection of policy, regulation, and execution, helping utilities and municipalities navigate permitting, grid constraints, and compliance as investment accelerates. **Gates Industrial** benefits from increased domestic manufacturing activity and industrial maintenance requirements, while **Clean Harbors** is well positioned as environmental services, waste handling, and safety compliance become integral to expanded industrial activity.



Picture: Joakim meeting Montrose management team – Irvine CA – March 2026

Making a noticeable impact – Circulus in 2025

The first quarter was largely dedicated to taking stock – evaluating where each of our holdings stands on their impact journey, so we can allocate our engagement time correctly through 2026 and report transparently on what we have achieved. Much of this work has now been compiled in our newly published Impact Report 2025, which we encourage you to read in full.

A few highlights are worth pulling forward here. At year-end, 84% of the portfolio's revenues were directly tied to products and services supporting the 2030 Agenda. Behind that headline sit some genuinely meaningful real-world numbers: more than 262 million patients reached through our healthcare holdings, over 1.13 million students enrolled across our education companies, 1.36 billion m³ of water saved or recycled, and close to 2 million tonnes of CO₂e in lifetime emissions avoided from heat recovery products sold during the year. On the engagement side, of 350 total company meetings in 2025, we held 197 meetings with portfolio companies – averaging more than four interactions per investee – and saw four holdings (**Kurita Water**, **Volusion Group**, **Oxford Instruments**, and **Montrose Environmental**) secure formal SBTi validation, taking the share of portfolio carbon emissions covered by climate targets to over 95%. Alongside this, 15 holdings reached significant impact milestones during the year – a record for the strategy and a clear sign that engagement is translating into measurable progress.

Taken together, the quarter reinforced our conviction that the operational substance of the sustainable transition continues to advance regardless of the political backdrop. Despite the noisier rhetoric out of Washington, the underlying economics of the transition keep improving, and our companies

keep executing. If anything, the AI build-out is accelerating this dynamic rather than competing with it: the physical infrastructure, materials, water, and grid capacity required to power the digital economy are precisely the areas where the 2030 Agenda – and our portfolio – sits at the center. For the full picture – company by company, milestone by milestone – we refer you to the Impact Report 2025.



Picture: Cover page of Circulus' Impact Report 2025; click on picture to view Report

CONCLUSION

With profit growth above our 15% target and accelerating every year since the start of Circulus we feel more optimistic than ever on the Fund's outlook, despite the ongoing war. The structural themes that are driving the profit growth in the portfolio remain intact and are accentuating. We think the current dislocation between profit growth and the fund's performance presents one of the more compelling opportunities we have seen. **Circulus** valuation remains at highly attractive levels, offering what we view as an exceptional entry point for Circulus quality and growth profile. As such, in Q1, we have put our money where our mouth is and increased our private holdings in the fund.

Christofer, Joakim and Simon

Quarterly Performance & Portfolio Changes

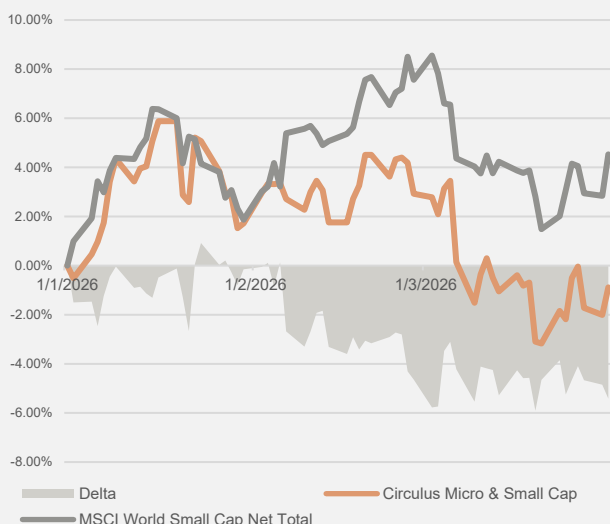
QUARTERLY PERFORMANCE

Circulus was down just under -1% during the quarter, while the global benchmark benefited from strong risk-on sentiment early in the quarter fueled mainly by the AI theme. For context, our small cap benchmark now includes several companies valued at between 50-130B USD with Sandisk being the largest with 130B USD of MCAP (the stock was also up over 100% in the quarter). Sandisk was also one of the largest negative contributors to the portfolio’s relative return in the quarter. This benchmark effect is frustrating given that Circulus delivered another very strong earnings season since the fund’s inception. **The portfolio's holdings delivered 20% year-on-year profit growth in Q4, coming in 3% above consensus expectations.** Later in the quarter, the focus shifted to the Iran war, and sentiment shifted with the uncertainty about global macro rising. During that period, the portfolio performed better than benchmark.

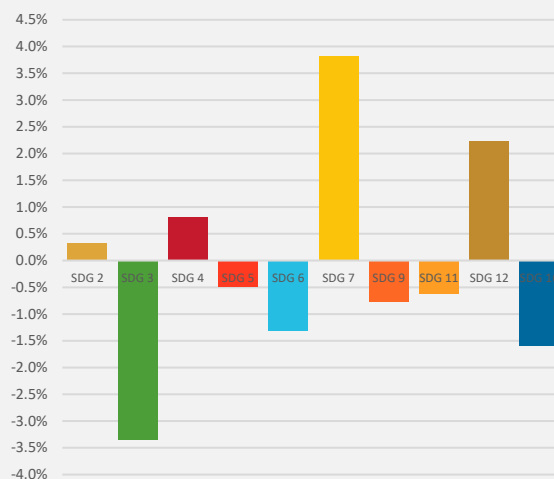
The USD strengthened by just over 2% against the SEK in the quarter, creating a marginal tailwind for returns.

Profit growth in the portfolio is currently tracking towards 26% for the year – well above our 2026 target. While we currently see little correlation between profit growth and share price performance – a dynamic that is frustrating in the short term – we believe it presents an excellent longer-term buying opportunity.

Performance, Q1 2026



Contribution to Return by Sustainable Development Goal (SDG), Q1 2026



BEST AND WORST CONTRIBUTORS TO RELATIVE PERFORMANCE

Best and Worst Active Contributors, Q1 2026

Best	SDG Target	Avg Wgt (%)	Tot Rtn (%)	Active CTR (%)
5N PLUS INC	12.5	4.6	+81.2	+2.76
ANIMA HOLDINGS SA	4.3	4.0	+40.9	+1.33
DARLING INGREDIENTS INC	12.5	1.9	+77.4	+1.09
TOYO GOSEI CO LTD	7.3	3.1	+44.1	+1.06
ADVTECH LTD	4.3	5.2	+13.4	+0.65
Worst	SDG Target	Avg Wgt (%)	Tot Rtn (%)	Active CTR (%)
WEAVE COMMUNICATIONS INC	9.3	2.84	-37.2	-1.34
REPOSITRAK INC	12.3	1.59	-36.4	-0.75
MAXIMUS INC	16.6	2.97	-23.0	-0.70
SANDISK CORP	--	-0.77	+176.3	-0.62
SCANDINAVIAN ENVIRO SYSTEMS*	12.5	0.42	-65.7	-0.60

* We fully exited our position in Scandinavian Enviro Systems this quarter.

Best Contributors

5N PLUS INC – 5N Plus contributed strongly during the quarter after they announced that the US government will spend 18M USD to expand their Germanium production in Utah. This was followed by a very strong quarter, and the raising of guidance in 2026. The team also met the management team after the report and we feel very confident that they will deliver another year of very strong profit growth in 2026, especially with the company's exposure to terrestrial renewable energy, space solar power and broader structural growth in advanced materials demand.

ANIMA HOLDINGS SA & ADVTECH LTD – The education companies Anima and Advtech were strong contributors in Q1, supported by resilient results and positive momentum. Anima saw a stronger-than-expected start to the 2026.1 intake cycle with disciplined capital allocation, while Advtech's robust FY2025 result reinforced our conviction in its long-term growth.

DARLING INGREDIENTS INC – Darling Ingredients was a strong contributor as sentiment around renewable fuels improved materially during the quarter. While the company reported a revenue beat, the more important catalyst was the EPA's finalisation of the 2026-2027 Renewable Fuel Standard in March, which limits the extent to which carryover RINs could weaken effective renewable fuel demand, supporting a re-rating of companies with exposure to waste-based fuel production.

TOYO GOSEI CO LTD – Robust financial results and strong demand for advanced semiconductor materials reinforced confidence in the company's earnings momentum.

Worst contributors

WEAVE COMMUNICATIONS INC - Weave Communications was among the weaker contributors in Q1 despite delivering record financial performance. We view the current share price weakness as primarily driven by broader valuation compression across AI- and software-linked growth equities and are optimistic on the company's strong execution and improving profitability profile.

REPOSITRAK INC – ReposiTrak was a weak contributor in Q1, with uncertainty around the timing of FDA food traceability enforcement under FSMA 204 acting as the primary overhang on the shares. This was exacerbated by selling pressure from larger shareholders, including the company's CEO, alongside broader valuation pressure across software equities. We will continue to monitor regulatory developments and customer adoption closely.

MAXIMUS INC – Maximus was a weak contributor in Q1 as government shutdown-related uncertainty weighed on sentiment and delayed U.S. federal award activity during the quarter. We view this primarily as a timing issue rather than a structural change in the business and will continue to monitor how award activity normalises over the coming quarters.

SANDISK CORP – Even though Sandisk is in our benchmark index, we cannot buy Sandisk even if we wanted to, since the market cap is too big.

SCANDINAVIAN ENVIRO SYSTEMS – Enviro was a weak contributor in Q1, primarily due to the breakdown of the Infinitaria joint venture, emerging as the key negative catalyst during the quarter. We significantly reduced our position ahead of this outcome following early warning signs (such as delayed project timelines, CEO resigning), and fully exited the position during the quarter.

PORTFOLIO CHANGES

Biggest Portfolio Changes, Q4 2025 – Q1 2026

Biggest Increases	SDG	Delta	Biggest Decreases	SDG	Delta
OXFORD INSTRUMENTS PLC	9.5	+1.7	ARQ INC	12.4	-1.3
ALARM.COM HOLDINGS INC	11.1	+1.2	HIKMA PHARMACEUTICALS PLC	3.8	-0.9
ANIMA HOLDINGS SA	4.3	+0.8	REPOSITRAK INC	12.3	-0.8
TOYO GOSEI CO LTD	2.4	+0.8	GLOBAL WATER RESOURCES INC	6.3	-0.8
GATES INDUSTRIAL CORP PLC	7.3	+0.7	VOLUTION GROUP PLC	7.3	-0.7

Increases

ALARM.COM HOLDINGS INC – We viewed the software sell-off during the quarter as an opportunity to increase our position in Alarm.com at a more attractive valuation. Alarm.com’s strong set of financial results and multiple revenue streams continue to support our confidence in the long-term upside.

TOYO GOSEI CO LTD & OXFORD INSTRUMENTS PLC – We increased our position in Toyo Gosei and Oxford Instruments as we maintain strong conviction in their strategic, market-leading positions within the semiconductor value chain which provides the portfolio with attractive exposure to long-term semiconductor demand through two high-quality niche leaders. Furthermore, for Toyo Gosei, we believe that the recent completion of major capital investments should position them to capture attractive returns and structural margin expansion as demand for next-generation and AI-related chips continues to grow.

GATES INDUSTRIAL CORP – We increased our position in Gates as we believe that the company is well positioned to benefit from an improving U.S. industrial backdrop. Gates differentiates itself as an end-market supplier with meaningful replacement exposure, offering business resilience even before a full cyclical recovery takes hold.

Decreases

ARQ INC – Since our site visit, we reduced our position in anticipation of an operational mishap and continued to scale it back further as our confidence in the business turnaround weakened. While the PAC business remains a durable cash-generative asset, we have become increasingly doubtful about Arq’s near-term prospects.

HIKMA PHARMACEUTICALS PLC – Unfortunately, our exposure to Hikma decreased organically owing to their softer near-term margin outlook in Injectables in this quarter. However, we remain convicted that Hikma will hold its position as a market leader in Injectables while the overall business remains strong, supported by the resilience of its broader portfolio and the quality of its diversified earnings base. We have confidence in the new management’s ability to continue to deliver strongly across the group’s business divisions.

REPOSITRAK INC – Amid regulatory uncertainty and declining confidence in current management, we progressively reduced our position in ReposiTrak during the quarter. It remains to be seen whether a clearer regulatory path could re-establish a stronger investment case.

GLOBAL WATER RESOURCES INC – Global Water Resources experienced uncertainty around the Arizona regulatory proceedings and rate case outcomes in this quarter. With the lack of a clear near-term catalyst, we have gradually decreased our position this quarter.

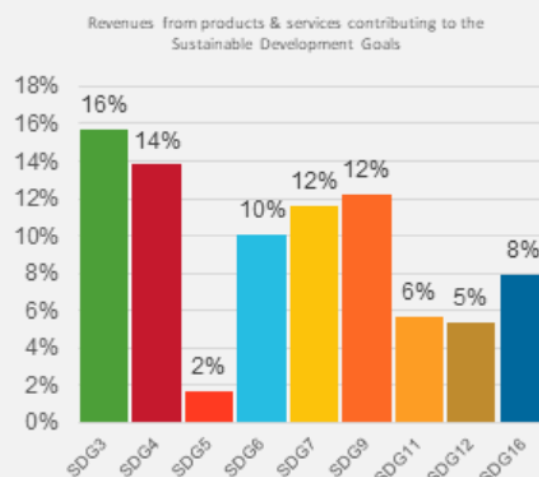
PORTFOLIO CHARACTERISTICS AND VALUATION

The characteristics of our portfolio are fundamental to our investment strategy, to create impact by presenting exposure to profitable, well-managed micro and small-cap companies that deliver solutions to the UN SDGs. The careful selection of companies in our portfolio is mainly defined by good governance and strong profitability which generates returns that are driven by consistent earnings growth. This underpins our core investment thesis to deliver on a five-year basis EPS growth that continue to trend above 15%.

The portfolio exhibits a superior growth profile. Five-year sales growth averages 15%, materially above the benchmark's 11%, while EPS growth stands at 20% versus benchmark's 12%. This growth is supported by strong underlying profitability and returns on capital - both of which are materially higher than the benchmark. Quality metrics remain robust, reflected in higher EBITDA margins and a more conservative balance-sheet profile, with net debt to EBITDA of 1.5x compared to 2.1x for the benchmark. This underscores our focus on resilient business models and disciplined capital structures.

At the end of the first quarter, the portfolio offers an attractive valuation of entry point. The portfolio trades broadly in line with the benchmark, with a forward P/E of 20.7x and a forward EV/EBITDA multiple of 11.2x. The combination of compelling valuation and lower risk profile proves the future potential of the portfolio.

Portfolio Characteristics, Q1 2026			
	Key Metrics	Coeli Circulus	Global Small Cap Index*
IMPACT	Investor Impact	100%	0%
GROWTH	Sales CAGR (5Y)	15%	11%
	EPS CAGR (5Y)	20%	12%
QUALITY	ROCE	15%	12%
	EBITDA margin	21%	18%
	Net Debt/EBITDA	1.5	2.1
VALUATION	Fwd 12m P/E	20.7	18.6
	Fwd 12m EV/EBITDA	11.2	11.8
RISK	Beta	0.91	1



Source: Bloomberg, Coeli, 31-03-2026

Benchmark Index: ISHARES MSCI WORLD SMALL CAP UCITS ETF

From an impact perspective, the portfolio maintains full alignment with our framework, with 100% of capital allocated to companies generating impact outcomes. During Q1, the strongest contributions to revenue have been made to good health and well-being (SDG 3) by HIKMA and Health Equity, quality education (SGD4) by ANIMA Holdings SA and Advtech LTD, and industry, innovation and infrastructure (SDG 9) by Oxford Instruments and Init Innovation.

Important Information

This is marketing communication. The prospectus and annual report are available in English and the fund's fact sheet is available in Swedish and English, among other languages. Relevant information documents are available in English at coeli.com. A summary of your rights as an investor in the fund is available at <https://coeli.com/regulatory-information-coeli-asset-management-ab/>. Past performance is not a guarantee of future returns. The price of the investment may go up or down and an investor may not get back the amount originally invested.