

The Second Derivative

September 2025

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Aknia's Letter

September 2025 was a study in contradictions. Liquidity was plentiful such that central banks were cutting rates and governments were rolling out stimulus, yet conviction was scarce. Markets reached new highs but investors felt uneasy; risk assets rallied and then sold off; good news was greeted with caution and bad news with shrugs. In Indonesia, a surprise rate cut and cabinet reshuffle unlocked a record rally, while protests and a tumbling rupiah reminded us that politics matter. In U.S. equities, technology stocks propelled the S&P 500 to eight record highs even as valuations touched dot-com-era levels. In crypto, Bitcoin and Solana surged on ETF inflows, but Ethereum slipped on outflows and a cascading liquidation. It was a month where narratives flipped on a dime.

The Nusantara Opportunity Fund delivered our strongest gains, led by Indika Energy and Darma Henwa, while WIR Asia disappointed. The Frontier Founders Fund edged up modestly amid broad dispersion; CrowdStrike and Palantir outperformed, but Constellation Software dragged. The Chain Catalyst Fund navigated a volatile crypto landscape, with Bitcoin and Solana shining and Ethereum lagging.

Overall Firm Performance Overview

Across all three strategies, performance dispersion was high. Indonesia delivered outsized alpha, U.S. equities managed a small gain, and our crypto fund outperformed its benchmark despite volatility. The underlying message is that macro-level diversification provided ballast: when U.S. technology faltered, Indonesian cyclical and digital assets picked up the slack.

Fund Snapshots

Nustantara Opportunity Fund: The fund's 14.65 % gain was driven by a handful of outsized winners. Indika Energy ("INDY") rose 79.15 % on news of a major strategic pivot into nickel and EV battery investments. Darma Henwa ("DEWA") added 24.77 % after securing new mining contracts. These gains more than offset WIR Asia's -19.19 % drop. The JCI itself rose only 4.2 % as Bank Indonesia's surprise rate cut spurred broad gains. Our overweight to energy and materials was rewarded. It also proved that Indonesia's idiosyncratic catalysts can dwarf macro concerns; however, with the rupiah under pressure and protests reminding us of political risks, we will remain vigilant and ready to trim if euphoria overshoots fundamentals.

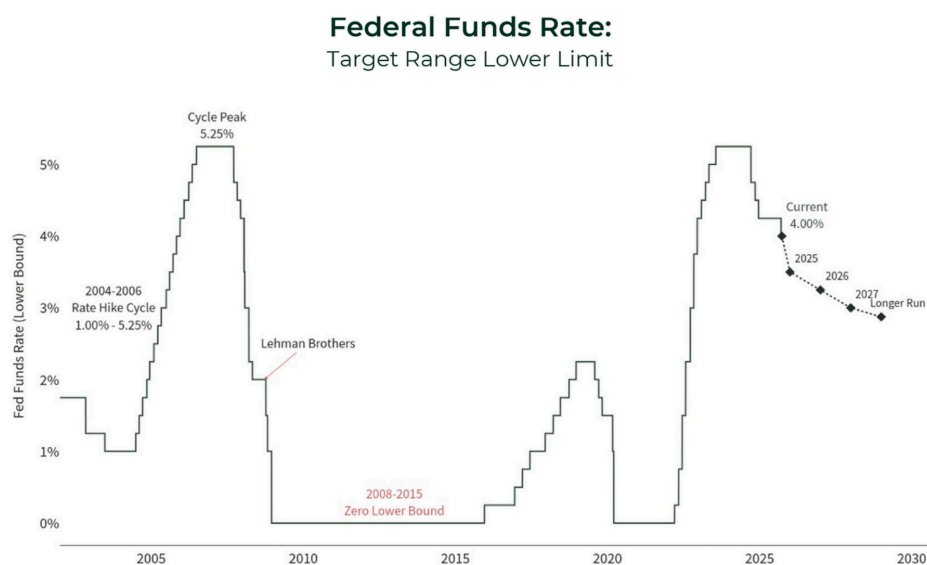
Chain Catalyst Fund: Crypto bucked its usual September slump thanks to institutional inflows. Bitcoin gained 6.30 %, Solana 6.00 %, and our HYPE token returned 4.77 %. Ethereum, however, fell -3.90 % after significant ETF outflows. Our net result was +5.08 %, comfortably beating the -0.4 % decline in the broad crypto index. Our balanced allocation cushioned us against Ethereum weakness. It also underscores how reflexive flows drive crypto; as ETFs attract or shed capital, prices move accordingly.

Frontier Founders Fund: U.S. markets were buoyant, with the S&P 500 hitting eight all-time highs. Yet our fund gained only 1.59 %. While CrowdStrike (+18.59 %) and Palantir (+16.12 %) rallied, Constellation Software's -17.31 % drop and double-digit declines in WiseTech Global and MicroStrategy weighed on returns.

Nusantara Opportunity Fund

Macro drivers

September's defining event in Indonesia was Bank Indonesia's (BI) surprise 25-bp cut to its 7-day reverse repo rate, lowering it to 4.75 %. The central bank also cut the deposit facility rate by 50 bp to 3.75 %, establishing an asymmetric corridor. It was a proactive step to support growth amid benign inflation. BI has cut rates by 150 bp since September 2024, but noted that the rupiah remains Asia's worst-performing currency in 2025. It warned that further easing could trigger capital outflows if the Fed maintains a tight stance. A dovish BI supports equity valuations and domestic liquidity, which is positive for our Indonesian holdings. However, currency weakness and protests mean the rally rests on a fragile foundation.



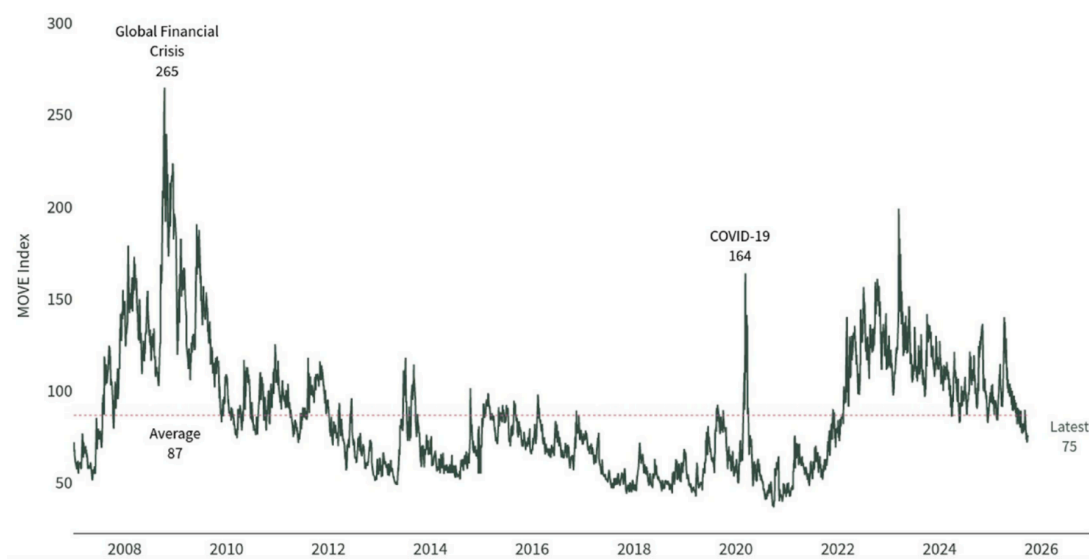
Source: Federal Reserve, Cleareconomics

Political and fiscal developments

The bigger story was politics. President Prabowo replaced Finance Minister Sri Mulyani Indrawati with Purbaya Yudhi Sadewa, a move widely interpreted as pro-growth but raising concerns about fiscal discipline. Protests over rising food prices and alleged corruption turned violent in late August and early September, causing infrastructure damage and reversing capital flows. The government responded with a 16.23 trillion rupiah stimulus package such as food assistance, cash-for-work programmes, tax relief and infrastructure loans.

Protests underscore social fragility; a pro-growth cabinet may deliver short-term gains but risk long-term stability. We consider the stimulus supportive for sectors like consumer discretionary and infrastructure, which we hold. However, if fiscal largesse spooks bond markets, yields could rise and compress valuations.

Bond Market Volatility: ICE BofAML MOVE Index Since 2007



Source: Intercontinental Exchange, Clearnomics

Valuation and independent perspectives

The JCI and MSCI Indonesia forward P/E ratios (10.8x and 11.3x) are more than two standard deviations below their 10-year averages. Thus, Indonesia is cheap relative to its long-term trend. Though, valuations may be low because earnings quality is under scrutiny and political risk is elevated. Domestic consumption has held up better than export-reliant sectors, and that investors should focus on companies with pricing power and domestic demand exposure.



Low valuations provide a margin of safety, but they are not a guarantee of performance. The key is identifying companies that can deliver earnings growth despite political noise.

Top performers and laggard

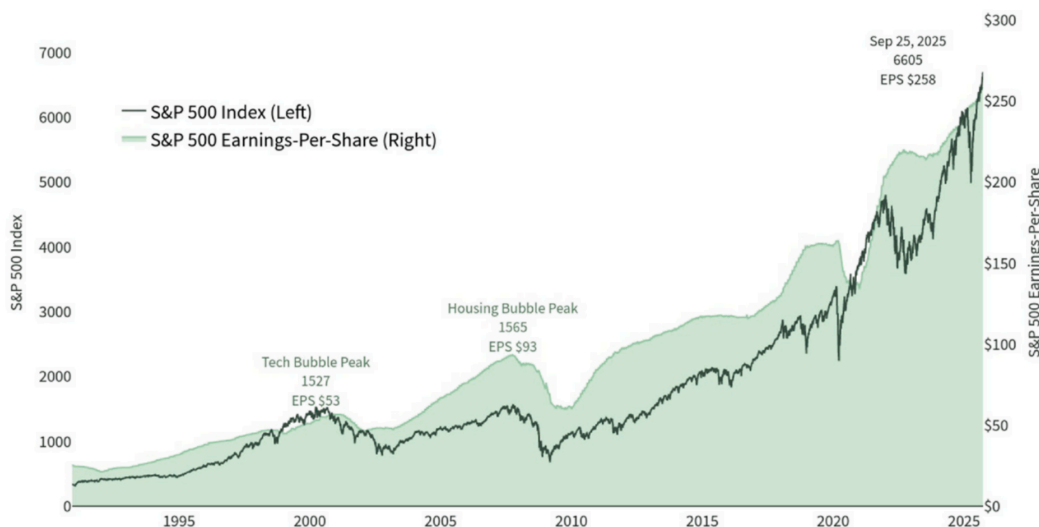
- *Indika Energy (INDY, +79.15 %)*: INDY's outsized return came after management announced the sale of its coal subsidiary to invest in nickel and EV battery projects. Diversifying away from coal could unlock a higher valuation multiple. This move signals a pivot toward energy transition themes, aligning with our belief that Indonesia's resource sector can transform. We increased INDY's weighting earlier in August; after the rally, we trimmed 0.5 % to manage position size. I remain optimistic but will watch execution risk, delays or cost overruns could negate gains.
- *Darma Henwa (DEWA, +24.77 %)*: DEWA's rally was fueled by the signing of new mining contracts and speculation about potential mergers. Rising coal prices provided an additional tailwind. So, contract wins validate our thesis that mining services would benefit from the government's push to develop downstream resources. However, contract revenue can be lumpy; we trimmed a portion after the run-up and will add if fundamentals remain intact.
- *WIR Asia (WIRG, -19.19 %)*: The augmented reality and metaverse play delayed a planned mobile-game launch, leading to downgrades and a flurry of negative comments. The delay undermines confidence in management and cash flow projections. But we didn't exit because the long-term AR/VR thesis remains compelling.

Frontier Founders Fund

Macro Context

September's positive surprise in U.S. equities defied the month's usual bearish reputation. The S&P 500 rose 3.5 %, chalking up eight record highs. The rally was underpinned by robust earnings: 79 % of companies beat revenue estimates and 82 % beat EPS. The bull bear sentiment survey stayed above the five-year average and the VIX remained below 15. Yet valuations stretched; forward P/E ratios close to 1999 levels and consumer discretionary and real estate sectors were expensive.

The Stock Market And Earnings:
S&P 500 Index Price And Trailing Earnings-Per-Share Since 1990



Source: LSEG, Standard & Poor's, Cleareconomics

A supportive macro backdrop doesn't guarantee broad participation. The rally was narrow, driven primarily by mega-caps. This means that our performance depends heavily on stock selection and sector exposure. If rates move up or earnings miss, high-multiple names could correct sharply.

Independent insights & challenges to consensus

The AI and productivity gains justify higher multiples for certain software names but warned against chasing hype without cash-flow support. Moreover, on the "Magnificent 7" narrative, 90 % of September's gains came from just seven stocks. These views caution against complacency. This supports our decision to diversify within tech rather than simply ride the Magnificent 7, and to scrutinise business models that rely on financial engineering.

Magnificent 7 Performance: Meta, Amazon, Apple, Alphabet, Nvidia, Microsoft, And Tesla. Simple Equal-Weighted Performance Versus The S&P 500 And Nasdaq Composite, Since 2020



Source: Standard & Poor's, Nasdaq, LSEG, Clearnomics

Top performers and laggard

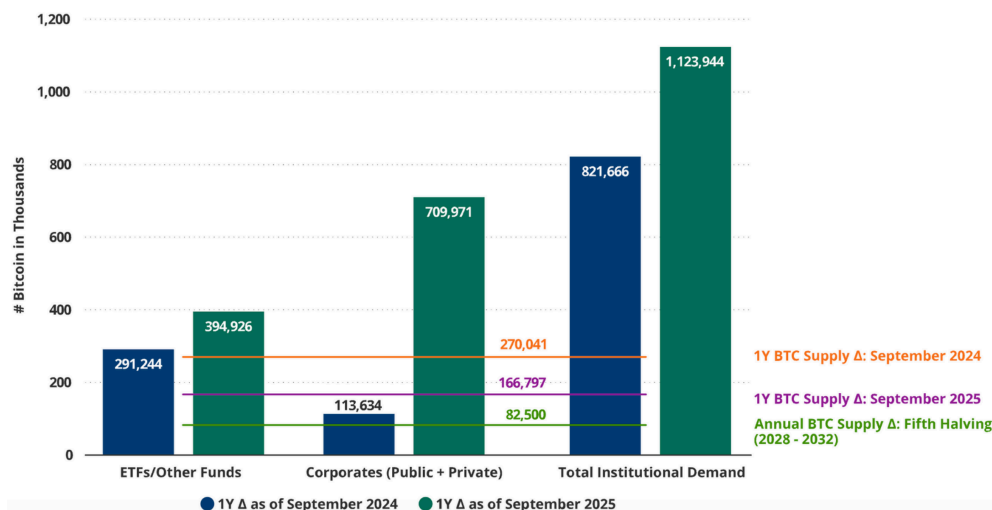
- *CrowdStrike (CRWD, +18.59 %)*: CrowdStrike delivered 35 % year-on-year annual recurring revenue growth, beating expectations which is driven by sticky demand for endpoint security. Cybersecurity remains a secular growth story, with the stock trades at a lofty 20x forward sales.
- *Palantir (PLTR, +16.12 %)*: Palantir's investor day showcased its Foundry and Apollo platforms' integration with generative AI, highlighting an accelerating commercial pipeline. While PLTR trades at about 10x 2026 sales, the TAM (total addressable market) expansion into energy and health care could justify this. So we maintain a core position but actively trim on spikes to control position size and volatility.
- *Constellation Software (CSU, -17.31 %)*: CSU tumbled after investors worried about a slower M&A pipeline and stretched valuation. Its roll-up strategy is hitting diminishing returns as cheaper targets become scarce.

Chain Catalyst Fund

Macro backdrop

Crypto markets often stumble in September, but 2025 defied the pattern. Bitcoin rallied to around US\$115,970 mid-month before consolidating near US\$110k; Ethereum peaked at about US\$4,711 and then fell after significant ETF redemptions. Solana enjoyed a strong month as developers flocked to its high-throughput chain. Institutional flows were the story: U.S. spot Bitcoin ETFs attracted US\$3.53bn in September, with BlackRock's IBIT adding

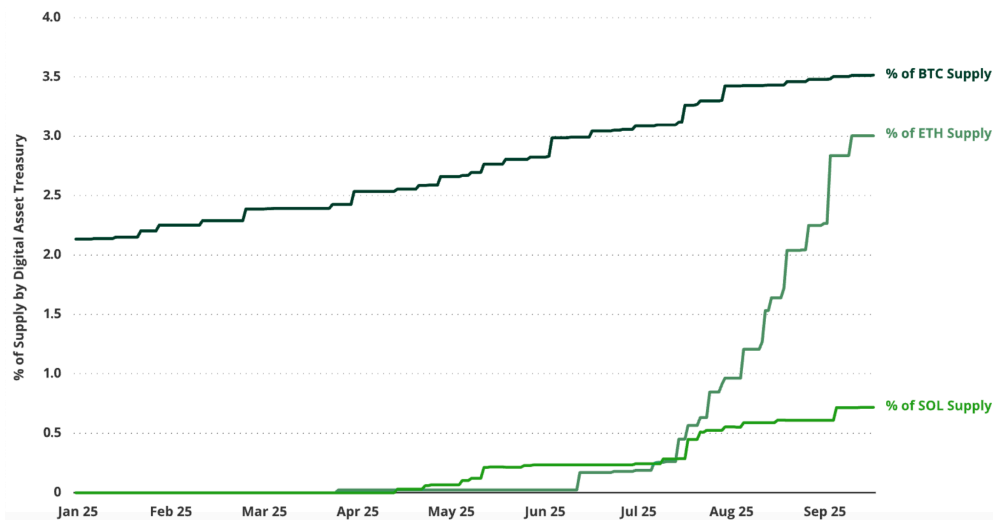
US\$199m. Corporations now hold more than 709k BTC on their balance sheets, representing roughly US\$83bn. This corporate accumulation means institutional demand outpaces new BTC issuance by 6.7x. Additionally, Layer-2 throughput and total value locked (TVL) reached all-time highs as DeFi and gaming volumes migrated off Layer 1.



Stock	EV (\$M)	BTC Treasury (#)	BTC Treasury (\$) (\$M)	BTC Treasury/EV (%)
IREN	9,276	-	0	0
MARA	8,507	52,477	6,078	71
RIOT	6,932	19,239	2,228	32
WULF	4,761	15	2	0
CIFR	4,584	1,414	164	4
HUT	3,876	10,667	1,236	32
CLSK	3,854	12,703	1,471	38
BTDR	2,909	1,935	224	8
BITF	1,537	1,166	135	9
HIVE	624	2,201	255	41

Source: VanEck

Institutional adoption is no longer a theory, it's happening. ETF inflows provide a structural bid for Bitcoin, while corporate treasuries treat BTC as a treasury asset. This strengthens the asset's store-of-value narrative. However, the concentration of flows means sentiment can reverse quickly if ETFs see redemptions or regulators change course.



Source: VanEck

On-chain analysis

Crypto's resilience rests on real adoption rather than hype. For instance, Solana processed more daily transactions than Ethereum, capturing 81 % of decentralized exchange (DEX) transactions. Moreover, stablecoin supply grew 35 % year-to-date, indicating deepening liquidity across the ecosystem. Conversely, the ETF euphoria masks underlying fragility: most DeFi yields are funded by incentive emissions rather than real revenue.

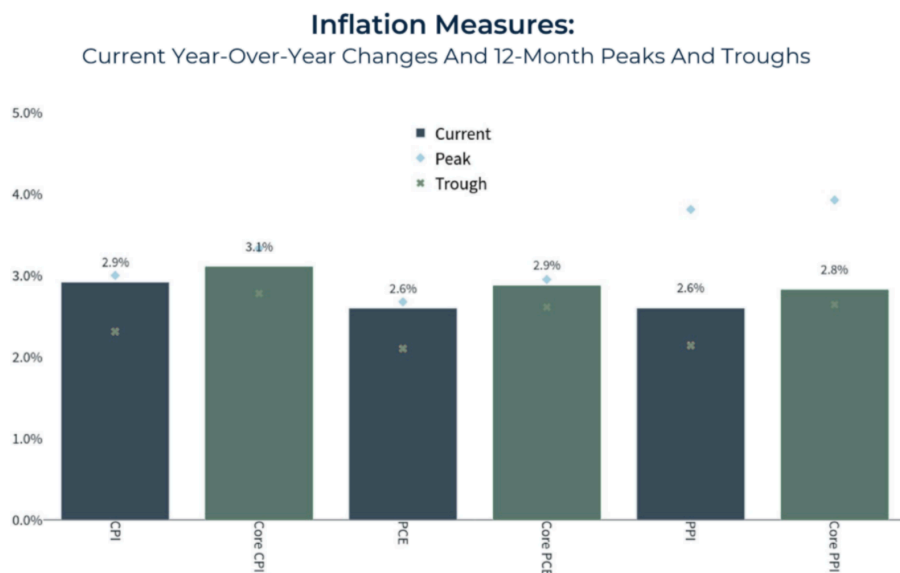
Top performers and laggard

- *Bitcoin (BTC, +6.30 %)*: BTC's rally was driven by ETF inflows and increasing institutional adoption.
- *Solana (SOL, +6.00 %)*: SOL benefited from surging DeFi TVL to US\$13 bn and speculation about a Solana ETF. Developer activity and record DEX volumes pointed to genuine adoption.
- *Ethereum (ETH, -3.90 %)*: ETH lagged due to an outflow from its. Investors were concerned about delays in U.S. regulatory approvals and competition from fast L2 chains.

Cross-Asset Synthesis

September underscored how the three markets we operate in such as emerging markets, U.S. equities and digital assets both converge and diverge. Central banks in Indonesia and the U.S. cut rates, adding liquidity across the board. Yet the reactions differed: Indonesia rallied as investors cheered a pro-growth pivot, U.S. equities rose but remained narrow, and crypto exhibited reflexive volatility tied to ETF flows. A weakening dollar provided a modest tailwind to EM currencies but not enough to prevent IDR weakness. Meanwhile, on-chain metrics signaled genuine adoption that was partly decoupled from macro events.

We expect one more Fed cut by December. Indonesia holds rates at 4.75 %, allowing growth to stabilise. Global liquidity stays abundant, but earnings decelerate modestly. Additionally, inflation might fall faster than expected, growth reaccelerates, and both the Fed and BI deliver additional cuts. U.S. earnings breadth widens; EM capital flows return strongly as political risks fade. Although, stagflation might also emerge such that oil prices jump, inflating headline CPI; central banks pause or reverse cuts; the rupiah weakens significantly. U.S. yields rise; earnings miss expectations; crypto ETFs see outflows.



Source: Cleartomics, Bureau of Labor Statistics, Bureau of Economic Analysis

Closing Statement

Aknia achieved strong gains in Indonesia because we leaned into undervalued cyclicals with catalysts and trimmed when valuations stretched. In crypto, our adherence to on-chain fundamentals allowed us to navigate volatility and outperform the benchmark.

What surprised us most was how quickly sentiment flipped from fear during early protests in Indonesia to euphoria after the rate cut; from caution about AI bubbles to renewed enthusiasm in the U.S.; and from crypto gloom to another rally.

Heading into October, our conviction remains high in our core themes: Indonesian cyclical recovery, high-quality U.S. growth with robust cash flows, and digital assets with real adoption.

Further information

For investors seeking additional information regarding Aknia's investment strategies, performance materials, or upcoming subscription windows, please visit www.akniam.com or contact yosua@akniam.com / kevin@akniam.com.

Existing and prospective investors may also request fund documentation, including the Private Placement Memorandum, Subscription Agreement, and related offering materials, through the contact details above.