

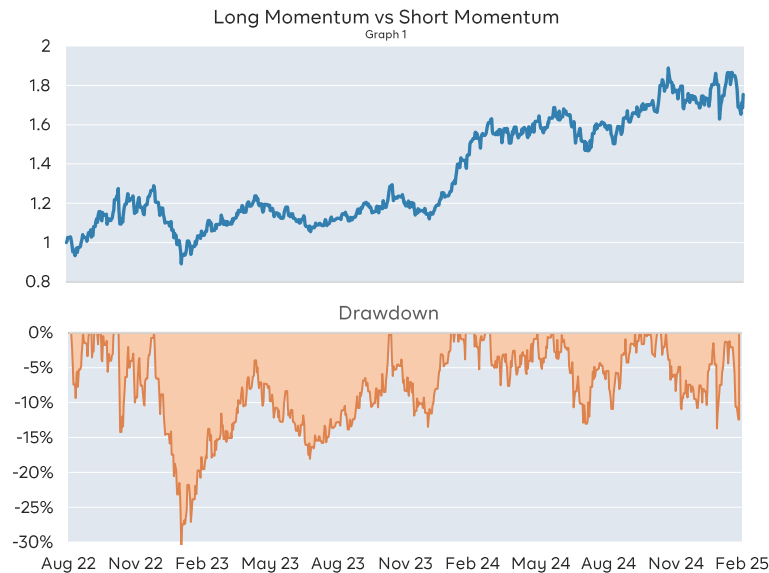
Southern Rock Capital
Allegro Strategy update
February 2025

Market update

February witnessed a notable shift in market leadership, as the mega-cap stocks that propelled headline gains last year yielded to a rotation into the Staples and Real Estate sectors for the month. Notably, the “Magnificent Seven” stocks have recorded drawdowns ranging from -7% to as steep as -39%, with the group’s mean decline exceeding 16%. It is worth emphasizing that such sector rotations are integral to the vitality of a healthy bull market. Momentum as an investment factor also faced some headwinds.

According to Graph 1, which tracks the relative price movement of Goldman Sachs’ Long Momentum vs. Short Momentum equity baskets, the index declined by over 10% in just a few sessions. Historically, these rapid drops have ranged from -10% to as much as -30% peak-to-trough over the past three years, based on Goldman’s analysis. Momentum crashes are by no means rare, and investors should remain mindful that such market swings can occasionally be abrupt and severe.

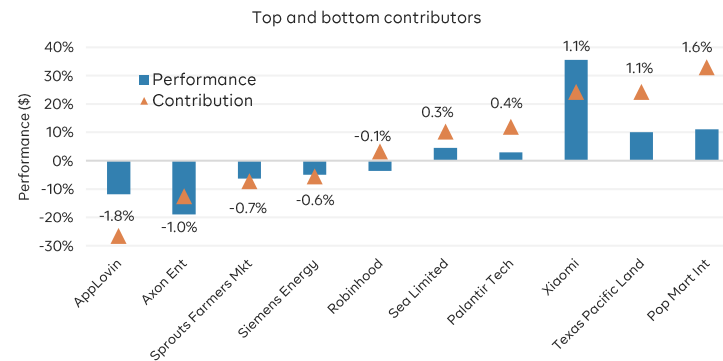
Despite the volatility, the **Allegro strategy** concluded the month with a flat return of **0.0%**, outperforming the benchmark’s **2.0%** decline.



The strategy

In precisely **120** trading days from its late-August launch, the Allegro strategy doubled investors’ capital. However, this achievement proved short-lived as February ushered in substantial volatility. A rotation away from momentum-driven stocks, coupled with a short-seller report targeting the strategy’s largest holding, resulted in pronounced intra-month swings. Meanwhile, the Hong Kong-listed positions provided crucial diversification from the U.S.-centric momentum sell-off, contributing more than 2.7% to overall performance.

The month started well with **Palantir Technologies** delivering a strong Q4 performance that exceeded expectations and has set a solid foundation for future growth. The company reported impressive revenue gains driven by robust performance in both government and commercial segments, with customer counts rising by 43% year-over-year. This stellar performance has led several analysts to raise their price targets, reinforcing confidence in Palantir’s transformational AI capabilities and its long-term growth trajectory.



AppLovin found itself in the spotlight after short sellers from Culper Research and Fuzzy Panda Research released reports accusing the company of exaggerating its AI capabilities and employing dubious tactics to inflate app download metrics. These reports triggered a significant sell-off, wiping billions off its market value. However, CEO Adam Foroughi has strongly refuted the allegations, asserting that AppLovin’s business practices fully comply with app store policies and that its impressive revenue growth is driven by genuine user engagement and robust technology. Despite the controversy, many analysts remain bullish on AppLovin, emphasizing its strong fundamentals and continued innovation in the competitive mobile ad tech space.

Axon Enterprise, the leading provider of public safety technology, reported another strong quarter and year, with revenue exceeding \$2 billion for the first time. The company saw continued momentum in its TASER 10 orders, which are outpacing the TASER 7 by 2x, and strong adoption of its premium Officer Safety Plan offerings. The company’s investments in AI, real-time operations, and drones and robotics are paying off, with these new product areas accounting for nearly half of the overall opportunities in Axon’s pipeline. The company also reached its 3-year revenue and adjusted EBITDA margin targets a full year ahead of schedule, demonstrating its ability to deliver consistent, impressive growth while also driving profitability. This late-month earnings release effectively quelled worries over intensifying competition, driving a 15% share price gain. Nevertheless, the stock still finished as the month’s weakest performer.

Rebalance into March

New inclusions for the month of March include:

Twilio (TWLO) - is a leading cloud communications platform that empowers developers to integrate voice, messaging, and video capabilities directly into their applications. Founded in 2008 and public since 2016, the company’s robust API ecosystem serves major brands like Uber and Airbnb, helping businesses create seamless, real-time customer experiences. Recent investor updates highlight Twilio’s focus on leveraging artificial intelligence to enhance customer communications, aiming to drive double-digit revenue growth and achieve GAAP operating profitability by fiscal 2025.

Fair Isaac Corporation (FICO) - is a global leader in analytics software that helps businesses make smarter, more data-driven decisions. Best known for developing the FICO® Score—the industry standard credit score used by over 90% of top U.S. lenders—FICO’s technology underpins credit decisions, fraud detection, and risk management for financial institutions, insurers, and retailers around the world. While the FICO® Score remains its flagship product, FICO has diversified into advanced predictive analytics and fraud detection software, now driving nearly half of its revenue—showing its evolution from a credit score provider to a broad analytics powerhouse.

Vistra Holdings (VST) – Vistra sees a return to the portfolio after being omitted the past 2 months.



Allegro Strategy

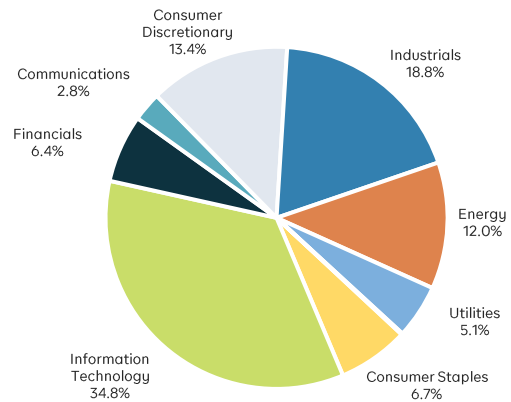
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Key facts

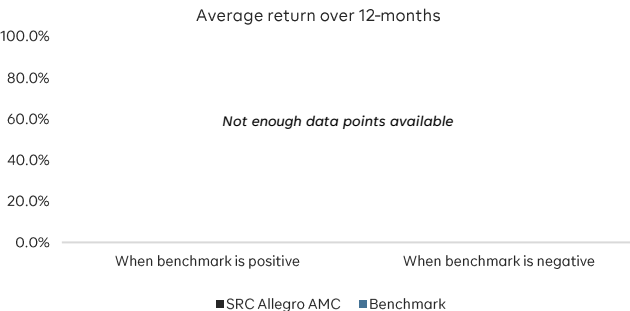
Structure	Actively Managed Certificate
Issuer	UBS AG, Zurich
Issuer rating	S&P A+ Moody's Aa2 Fitch A+
Exchanges	SIX (Switzerland) JSE (South Africa)
SIX JSE Symbol	ALEGRU ALEGRO
ISIN	CH1365474316 ZAE000342325
Number of holdings	14
Strategy objective	An actively managed global equity strategy that seeks to achieve long-term capital growth.
Portfolio Advisor	Southern Rock Capital Limited
Investment strategy	The strategy seeks to buy global companies with the highest quality momentum.
Benchmark	iShares MSCI World Momentum Factor ETF

Sector allocation

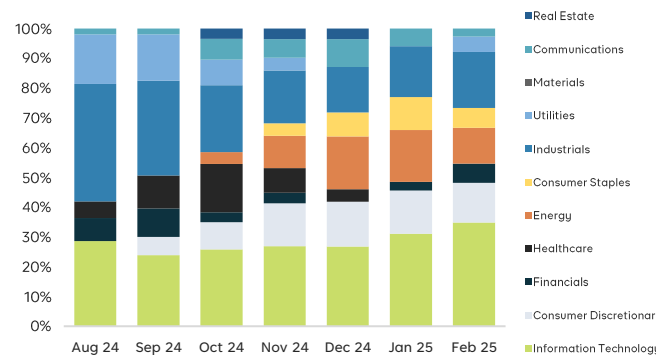


Top 10 holdings

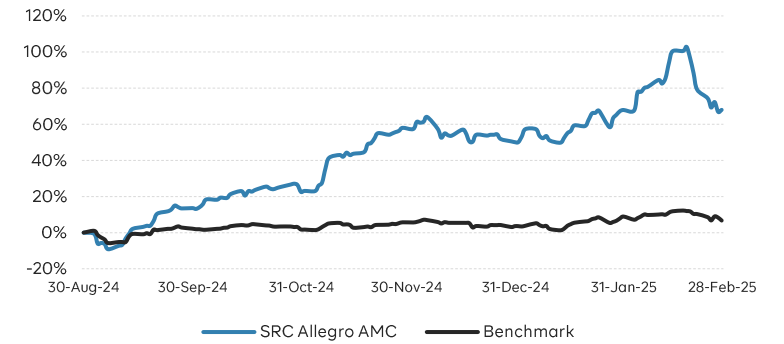
1 Palantir Technologies Inc. Class A	6 Axon Enterprise Inc
2 Pop Mart International Group	7 Sprouts Farmers Market, Inc.
3 Siemens Energy AG	8 Xiaomi Corp. Class B
4 Texas Pacific Land Corporation	9 Robinhood Markets, Inc. Class A
5 AppLovin Corp. Class A	10 Vistra Corp.



Sector allocation over time*



Net Performance (U.S. Dollar)



%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024									13.6	7.9	29.0	-5.0	50.1
2025	11.9	0.0											11.9

Inception : 30/08/2024
Source: UBS

Risk statistics

	Strategy	Benchmark
Alpha	57.5%	-
Beta	1.4	1.0
Annualised volatility (daily)	31.6%	14.4%
Sharpe Ratio	-	-
Sortino ratio	-	-
Tracking error	-	-





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Returns are net of fees, custody and brokerage and reference the UBS published reference portfolio level. Returns are calculated by UBS underlying securities of the model portfolio via the NEO engine. For periods greater than one year the returns have been annualised. Any illustrations prior to 30 August 2024 are back tested information.

Source: UBS

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