

HARRY QELM BAABSMAN

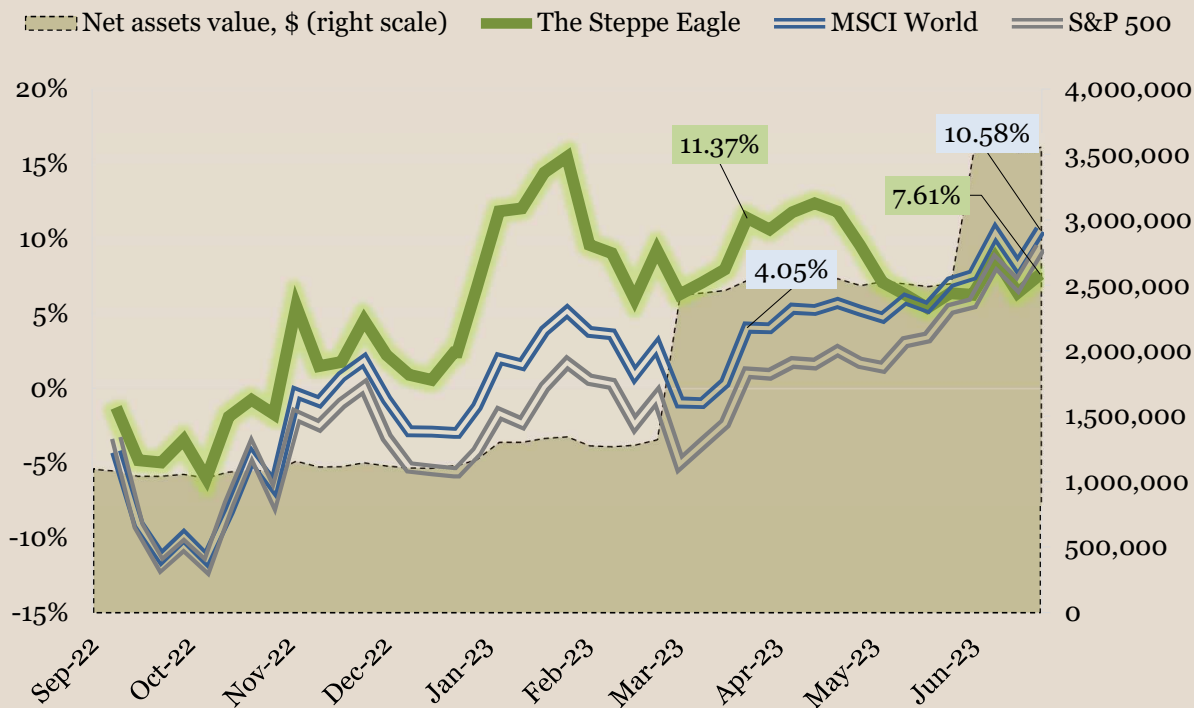
Eyrie of The Steppe Eagle



2023 Half-year investment portfolio report

Fellow Investors, Unitholders, Readers,

Our company is pleased to offer you the Investment report for the first half of 2023. It is brief compared to the Full year report because until a year is done, there are not too many conclusions an investment manager can arrive at. Yet, we find it crucial to narrate our journey thus far.



The Steppe Eagle OEIC Ltd was registered on 25th of July 2022; Started its operations on 9th of September 2022 and is managed by Harry Qelm Baabsman ltd, a CIS License holder at AIFC (AFSA-A-LA-2022-0006, active since 3d of February 2022). On the 30 of June 2023, The Steppe Eagle consisted of 330 573 128 Units; the Unit's price was \$0.01076.

The seeded back in September 2022 apple tree burst with emerald sprouts yearly in the year, rising to 8% in the first quarter, owing a lot to precious metals and European stock in the portfolio of The Steppe Eagle, especially Zalando SE (ZAL_GR) and ASOC PLC (ASC_LN). However, when the recovery in the US started picking up steam in the second quarter, our portfolio didn't benefit as much. And though we had enough tech stocks, the portfolio saw a sizeable influx of new investments, diluting North American shares' absolute power. At the same time, in May and June, our European stocks gave up most of the early gain. That enabled us to increase exposure to solid, financially healthy businesses at very agreeable prices. That's how we invest - chasing for first-class companies to buy and keep, especially when Mr. Market behaves irrationally.

For instance, Signify NV (LIGHT), previously known as Phillips Lightning, has annual sales of 7.5 billion EUR, pays truly handsome >4%, at current prices, dividend, and was offered by Mr. Market between 0.4 and 0.45 Price to Sales ratio in May and June, whereas the usual and fair valuation should be between 0.6 and 0.75 price to sales. Everyone knows the lightning

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solution of Phillips, everyone who bought lamps for their homes or cars. Additionally, the company is constantly fighting for better efficiency of its lightning products, developing greener and futuristic solutions to illuminate our life.

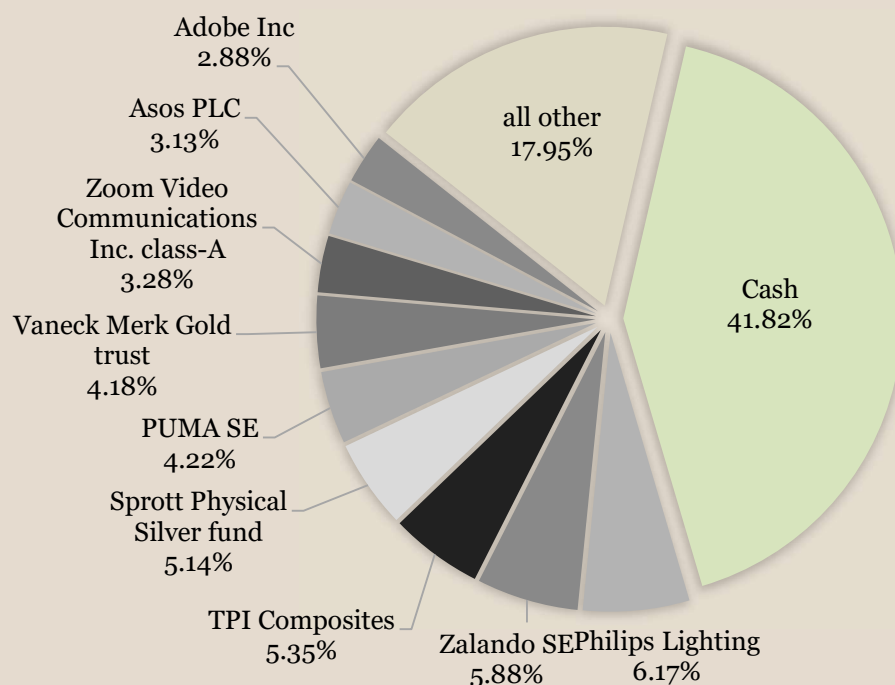
Another story is TPI Composites (TPIC) which builds and delivers composite wind blades for the largest wind energy equipment producers: Vestas Wind Systems, General Electric, and Nordex. The share prices dropped from \$14 to \$8.9 out of fears that the company is losing its grasp with these wind energy titans. That proved false because sales figures for the 4th quarter of 2022 and the 1st quarter of 2023 clearly show recovery, posting year-over-year sales growth. It is currently trading at a 0.3 price to sales ratio; meanwhile, the more accurate ratio, in our opinion, should be between 0.5 and 0.6, even with the risk of a prolonged negative profit margin. That is undoubtedly a riskier position than Signify BV, but potentially more rewarding. However, we limit this uncertainty by confining our exposure to mid-single digits of a portfolio.

The Steppe Eagle OEIC finished the first half of the year with a moderate result of 5.09% year-to-date versus our benchmark, *MSCI World Index, which captures large and mid-cap representation across 23 Developed Markets (DM) countries*, that returned a whopping 13.99%. Let us see how the situation changes at the end of this year because it can. For example, in the first quarter of 2023, The Steppe Eagle soared to 8.76% while MSCI World returned 7.25%.

Our fund saw an influx of 2.38 million USD, and we currently have more than \$1.5 million or 41+% of our portfolio to invest strategically. That is an immense advantage over our benchmark. We seek no mindless risk in order to show solid gains for investors; **thus, we patiently wait for a better price or a better business to purchase because we are playing a long game, where even three years is just a first step. We want to demonstrate that time in the market means more than timing the market.** Since the inception or hatching of the Steppe Eagle in September 2022, the absolute return is 7.61% versus 12.54% for our benchmark. The result is higher than USD inflation for the same period, but we still have several months before the fund crosses at least one year since inception, even though we consider that short-term.

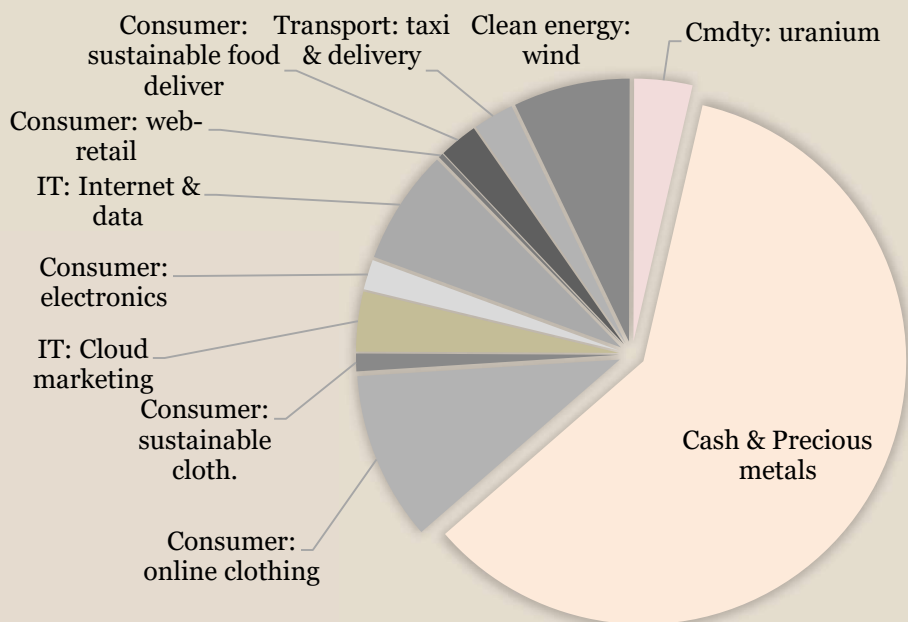
The following data describes the state of the portfolio on June 30, 2023. As the economic situation continues to unravel, we consider the portfolio well-positioned to benefit in the long run, and it also has an ample cash pillow to seize investment opportunities.

Composition of the portfolio by position:



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Composition of the portfolio by industry:



The Fund mainly invests in solar, wind, and other sustainable products and services. Sometimes those kinds of businesses appear too pricey to risk the Fund's money. So, we also search for sustainable Tech, IT, and Consumer companies. Companies with a true green agenda and bold vision for a better environment and Earth.

The fund's task is to search for a business that eases environmental threats, reduces wildlife suffering, and solves people's problems. The pleasure of investing in such companies is all ours.

We should also describe our view on several promising stories:

Signify BV (LIGHT_NA) and TPIC Composites (TPIC): Described above.

Zalando SE (ZAL_GR): Is a 10 billion EUR in sales European e-commerce clothing retailer with a stiff grip over the EU market. Financially healthy but with a thin profit margin, this clothing retailer is a leader that could bring stable double-digit growth for the portfolio over the years. The least exciting part about this business - it is less green than we previously thought because Fast-fashion is not green by definition, even with conscious execution.

Alphabet Inc (GOOGL): One of the cloud titans, the leader in search, and the most prominent tech investor. The business's financial strength, its technological moat, dozens of other bets, like one of the leaders in autonomous driving - Waymo, and its aspirations to build a better future for humanity. What not to like about the company?

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Allbirds (BIRD): we love the story: a New Zealand-born Australian football champion went to study after he retired from professional sport. As a graduation project, he founded a company that produces sport and casual shoes from sheep wool and environmentally sustainable polymers as technologically as possible. If the company grows its scale, this will be Nike's future. However, the chances are low; this is a classic high-risk - high-reward case. Everything will fall into place in the next couple of years.

Zoom Video Communications (ZM): We think that Zoom is not a Pandemic-dear, as many people do, but a sustainable, profitable business with a bright idea, which was a great pearl even before Covid. The debt level is low, the revenue hasn't fallen since the Covid-year, and its product ruined millions of unnecessary business travel, which is very green. Zoom is having a difficult time right now as competition gets tough. Shares fell from 400 to 65 USD. We'll see.

Adobe (ADBE) & PUMA SA (PUM_GR): These two are newcomers; when their valuation dipped in the spring of 2023, we decided to try them. Both companies need no presentation, mainly Adobe. Both companies are financially healthy and have undeniable chances to succeed over the next 5 to 10 years.

We are sincerely thankful to our funds' Investors for their patience and courage. It helps us to stay focused and continue investing in all market weather.

HQB

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