**ENTREPRENEURIAL
INVESTMENT
PARTNERSHIP**

„Investors are complacent about risks in equities today.
I am scared about what I am seeing in the market,
it feels quite dangerous.“

Chris Hohn, TCI Fund

July 20, 2026

Dear partners and supporters,

This is the Q2 2026 update of the Entrepreneurial Investment Partnership SICAV-RAIF (EIP). As of the reporting date of June 30, 2026, the value per founding partner share amounted to EUR 11,174.06, reflecting a 1.2% decrease compared to the beginning of the year. Today's NAV means a +4.9% increase year-to-date due to gains in United Internet, 1&1 and DocMorris.

During Q2, NAV increased by 2.9%. The three largest detractors during the quarter were United Internet (-3.6%), 1&1 (-1.7%), and ROVI (-1.7%), while DocMorris (+4.7%), RedCare Pharmacy (+2.4%), and Zalando (+2.2%) were the three largest contributors.

The Top5 companies in alphabetical order are: 1&1, DocMorris, Rocket Internet, United Internet, and Zalando.

At the reporting date, EIP owned squeeze-out improvement rights in Aareal Bank AG, Software AG, and About You Holding SE with a total volume of c. 25% of the NAV. These are valued at zero according to the standard accounting practice as the outcome is uncertain and dependent on the court proceedings. You will find prior updates via the partner login: `link` and the password "p4rtn3r!".

Let's briefly revisit the pillars of the EIP investment philosophy and portfolio management approach for new readers:

- Industries with a long runway of growth, and a high and predictable return on capital.
- Management teams that have skin-in-the-game, strong capital allocation track records, and the ability to lead people to do their best work.
- The stock price should trade significantly below what a strategic or private equity investor would pay for the whole company.

For an overview how the companies fit this philosophy, please access the company overview (link). EIP reviews thousands of listed companies every year to find the best meeting these criteria. Not all portfolio companies will score equally high in each dimension. After investing, companies remain in the portfolio as long as the companies develop as expected and remain undervalued. As valuations fluctuate, the share of each investment is adjusted accordingly.

Sale of remaining shares in MTG

The remaining shares in MTG were sold. Total returns came in at 1.20x MoM and 5.7% IRR. The shares have traded up due to good quarterly results and the anticipation of the upcoming IPO of its crown jewel gaming studio PlaySimple in India. If successful, the IPO could well lead to a higher valuation later this year, but it depends on high multiples of the market in India and carries certain tax and regulatory risks. MTG was among the first investments in 2021 and I have explained the sale in the 2025 update (link). The result is unsatisfying even though MTG was one of the best performing mobile gaming stocks of the last 5 years.

United Internet and 1&1 - share price weakness leading to a -5% performance drag in Q2

Telecom stocks have been trading weaker in recent weeks what seems to be due to press articles about Starlink allegedly starting to compete with mobile network carriers. For the foreseeable future, I am not worried about this "competition" as data speeds, latency and electricity consumption make it unfeasible for anything but a supplemental service in areas with poor mobile network coverage. As such, SpaceX is partnering with Deutsche Telekom who has most of the German customers in remote areas and plans to start satellite sms services for normal mobile phones in 2028 once the new Starlink v2 generation satellites are deployed.

In summary, the current share price weakness does not seem to have a material basis and the synergy logic of a deal with Telefonica remain high. Telefonica has 98% population coverage in Germany, whereas 1&1 has 25%. Telefonica has c. 18 million own customers, while 1&1 has 12 million own customers. While 1&1 can build out its own network and decrease payments to Vodafone month by month, Telefonica's options to acquiring 12 million customers are much more limited. United Internet does even have a distribution advantage as it can digitally distribute e-sim cards via its web.de and gmx.net email business that is used by around 40 million people in Germany. Aside if a deal with Telefonica happens, 1&1 and United Internet seem to be well positioned for predictable earnings growth for quite some time.

Asset	**NAV p. share**
Cash+ high yield loan portfolio	1.55
Public portfolio	4.62
Sum I	**6.17**
Space X	10.00
Kalshi	7.85
Traveloka	6.74
Sumup	2.45
Revolut, Canva, Pennylane, Personio, ...	7.13
Sum II	**40.34**
Co-Investments in RICP funds	3.22
Sum III	**43.56**
Potential carry payments	3.00
Sum IV	**43.56**

Figure 1: At a EUR 21.00 share price, Rocket Internet trades on a 50%+ discount to fair value.

Rocket Internet - EUR 600 million dividend paid, Kalshi USD 40 billion round as upside

Rocket Internet is returning cash to shareholders and paid a dividend of EUR 7.36 per share at the beginning of this month when the share price was trading at EUR 26. This brings the total dividend paid since 2021 to c. half of the entry price. The company owns significant shareholdings in SpaceX, Kalshi, Revolut, Traveloka, Personio and others as you can see in figure 1. SpaceX valuation is uniquely high on all metrics, while the business has unique know how, culture, and a head start to its closest competitor that reminds me of Amazon's AWS. Today's SpaceX Starlink satellites run on 25.000 watts of solar power. If they can reduce the cost of payload to orbit by 10-20x with their new rocket called Starship, science fiction scenarios like solar powered megawatt data centers in space could become reality once the launch costs are compensated by free 24/7 solar energy in space. To get a glimpse of how difficult their mission is and how far they have already come, take a look at their recent youtube video (`link`).

Kalshi is a prediction marketplace I have written about in the 2025 update (`link`). During the game of Mexico vs. England, over USD 400 million was transacted through the platform. Bets on the final yesterday have attracted USD 1.9 billion in volume. My prediction on the OMR podcast at the end of last year was that prediction markets will take a large share of the online sport betting market as they are cheaper, more transparent and more liquid. As Kalshi is in talks to raise funding at a USD 40 billion valuation - around a 4x compared to last year's December valuation, it might come true. If taken at face value, a USD 40 billion valuation would imply c. EUR 15 per share of Rocket's current EUR 21.00 share price. As the shares continue to trade at a c. 50% discount to its fair value (figure 1), the upside does not seem to be priced in.

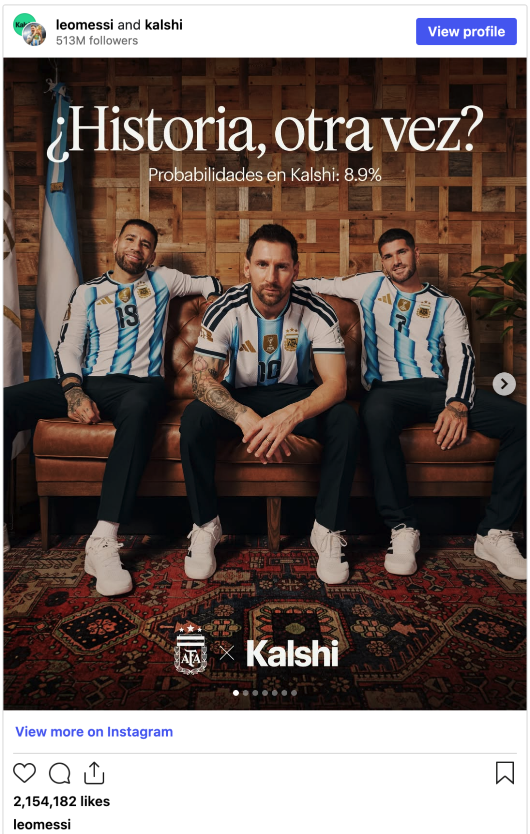

Figure 2: Argentina could not beat their initial odds of winning of 8.9% - despite unfair play.

Zalando - Bafin investigation, 5% share buyback done, directors buying shares

The Bafin (German financial watchdog) has announced an investigation into Zalando, what is said to be due to a minor lack of disclosure in the Zalando report about the About You acquisition. As Bafin is investigating, there will be a report with more information soon. I don't think there will be any material change to the Zalando investment thesis and the share price has completely recovered from the 20% drop on the day the news came out. More interestingly, Zalando management has stopped their automatic share selling program they introduced in 2024 and the company has finished its share buyback of c. 5% of shares outstanding. Furthermore, Anders Holch Povlsen, the largest shareholder at 10%, has bought EUR 25 million in shares. Insiders seem to perceive the valuation as attractive as well. This year should deliver at least 15% to 35% EIP adjusted EBIT growth (Zalando adjusted EBIT less lease interest payments, less share-based compensation) and despite the c. 40% return vs. the recent share price lows, the current valuation remains undemanding.

BioNTech - reorganization in progress, USD 1 billion share buyback initiated

BioNTech has announced the closure of its four underutilized manufacturing sites and will cut roughly 2.000 or c. 20% of jobs. Its COVID vaccine production will be shifted to partner Pfizer. The CEO search is ongoing and if anyone from the Pfizer or Bristol Myers Squibb universe would get the job, I'd believe a sale of the company could be next as the logic seems clear:

- The Strüngmann brothers, as the largest shareholders at 40%, are changing the priority from R&D focus to cash flow focus.
- The CEO Uğur Şahin and his wife own 15% of shares, but they want to do R&D, and they want to be independent from investors.
- BMS already owns 50% of the blockbuster-potential BNT-327 molecule.
- Pfizer owns the 50% profit share in the COVID franchise and is now taking over manufacturing.

It seems the board also believes that the share price undervalues the company as it has announced a USD 1 billion share buyback program. Due to the large net cash position of ca. EUR 17 billion, the EUR 20 billion market cap means the downside is well protected.

Market commentary - Eventually, everything trades on an earnings multiple.

AI gives every fundamental investor better tools. You can now read a company's filings, expert calls transcripts, model its cash flows, and digest news in minutes instead of days. So one would expect prices to snap to fair value faster and the market to get more efficient. Currently, this does not seem to be true.

It seems that everyone is asking the same question and is getting the same answer. If the one fact everyone is betting on changes, then everyone will run in the other direction increasing fear and greed driven momentum cycles to overshoot in both directions as written in the Q3 2024 update (link). AI does help spotting a stock is misprized, but it can't force other people to agree with you. As more and more investment managers are throwing in the towel to the momentum factor, e.g., Terry Smith, the market might bi-furcate even further.

This is bringing beautiful investment opportunities for EIP. We will focus even more towards companies with downward share price momentum that understand share buybacks and have the financial flexibility to do them as this is where the best opportunities are found in this momentum-driven market. If conducted well, share buybacks can soak up the full negative momentum of the exiting ”passive” funds as well as active (momentum) investors running value-at-risk approaches or are forced sellers for non-indexed securities, and so on. As the shares outstanding decrease, earnings are divided among fewer shares, what can spark massive moves upwards - especially if the business improves fundamentally in addition. After all, one fundamental principle of investing will never change:

Eventually, every company trades on an earnings multiple.[1]

The theory is already being put to practice as EIP has a new investment in an e-commerce shop software company that is similar to About You’s company Scayle. It was found by our crawlers due to the newly started share buyback program. The stock has fallen by c. 90% compared to its highs in 2021 and momentum suggests it will go to zero. As I am buying more shares for EIP, I will disclose the name and investment hypothesis in a future update. As an EIP partner, feel free to reach out for further info.

Increasing volatile share prices enable to trade more opportunistically, i.e., as I have done with ROVI as described in the Q1 2025 update (`link`). As ROVI has reported a weak quarter and the share is down a third from its recent high where I sold, I am now buying shares again. The underlying fundamental story has not changed due to a weak quarter.

That’s it for this update. If you or someone you have in mind might be interested in investing with EIP, I’d be happy to present our approach.

Thank you for your continued trust and support,

Tim Jeck

[1] https://papers.ssrn.com/sol3/Delivery.cfm/4206091.pdf?abstractid=4206091&mirid=1

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