

Hollands Team Annual Review 2025

The logo consists of the letters 'h' and 'T' in a stylized, bold, sans-serif font. The 'h' is lowercase and the 'T' is uppercase. Both letters are a vibrant yellow-green color. The 'h' has a thick vertical stem and a horizontal top bar that extends to the right, overlapping the vertical stem of the 'T'. The 'T' has a thick vertical stem and a horizontal top bar that extends to the right.

A Note Before Reading

This document is an internal review of Hollands Team's year – the market conditions we operated in, the quality of the portfolio as we assess it, the financial position of the office and our considered view of what follows. It is written with the directness we would apply to any investment analysis, including an honest account of where we were wrong or early, and where the market moved in ways that created either opportunity or caution.

The Year in Summary



2025 was the year that the enterprise technology market stopped debating the significance of artificial intelligence and began pricing it – selectively, and in some cases aggressively. The bifurcation we anticipated in our 2024 outlook arrived with more clarity than we expected. The companies we had identified as building structural rather than cyclical positions performed well on the private market valuation benchmarks that matter to us: revenue quality, retention, gross margin trajectory and the credibility of their paths toward liquidity.

The macro environment was more supportive than it had been since 2021. Rate cuts across the markets reduced the cost of capital and, as a consequence, improved the relative attractiveness of illiquid technology positions. The IPO market accelerated in the US with 202 companies priced, compared to 150 in 2024 and technology, digital infrastructure and cybersecurity consistently pricing at the top of ranges and delivering post-listing performance that renewed institutional confidence in the pre-IPO holding strategy.

The office entered 2025 with three active positions and exited with the same three, augmented by one new commitment made in Q3. No positions were exited. One was marked up on the basis of a third-party secondary transaction in the relevant company that established a reference valuation materially above our entry point. The aggregate effect was a portfolio that, measured on an unrealised basis, performed in line with our expectations for the year.

The matters requiring most attention in 2025 were not the positions themselves but the conditions surrounding the market: a widening dispersion in private company quality as capital continued to concentrate in AI-adjacent businesses; a secondary market that, for the first time in three years, offered genuine price discovery; and an IPO window that opened more substantively than expected and which informs our thinking about the holding period on at least two of our current positions.

Market Commentary

The year opened under conditions that were broadly favourable to long-duration private assets. Central bank easing, which had been anticipated but erratic through 2024, found a more consistent tempo through the first half of 2025. The effect on private market valuations was not uniform; early-stage and speculative positions continued to attract limited institutional interest, but late-stage technology businesses with demonstrable revenue quality and credible liquidity pathways saw material improvement in their pricing environment.

Equity capital markets recovered more assertively than most commentators expected entering the year. Global IPO proceeds reached \$143.3 billion from 1,014 issuances in 2025, a 21% increase on 2024. The US market was the primary engine of this recovery, with the backlog of VC and sponsor-backed companies that had deferred listings since 2022 beginning to clear. Technology-driven companies, particularly those in digital infrastructure and cybersecurity, priced consistently at the top of their ranges and held their gains in the secondary market in a manner not seen since 2021.

This matters to Hollands Team not merely as a market observation but as a direct input to our holding-period analysis. The anticipated listings of Databricks, Canva and Plaid – each deferred from 2025 into 2026 – suggest the IPO window that opened last year is expected to remain receptive. For a portfolio concentrated in late-stage enterprise technology positions, this is a significant contextual shift from where we sat twelve months ago.

Europe presented a more mixed picture. IPO volume fell 20% to 105 deals in 2025, and the proceeds decreased 10% year-over-year to \$17.3 billion, though the final quarter delivered a meaningful recovery and banks are building active pipelines for 2026. Our portfolio has minimal direct European IPO exposure currently, but the European private market remains a source of high-quality enterprise software opportunities that attract less capital competition than equivalent North American businesses, a dynamic we continue to monitor.

The Enterprise Technology Market

48% of US enterprise software venture capital went to AI-related startups in 2025. The concentration of capital in AI-adjacent businesses has had two effects that are directly relevant to our strategy. First, it has elevated valuations at the early and growth stages to levels that do not, in our assessment, adequately price execution risk or time to profitability. Second, and more usefully, it has directed institutional attention away from a cohort of late-stage enterprise software businesses, particularly in data infrastructure, whose fundamental quality is high, whose AI adjacency is real rather than narrative and whose valuation multiples have not followed the headline AI premium upward.

This is precisely the segment we have focused on, and the dynamics of 2025 reinforced our conviction in it. The companies we define as data infrastructure – those providing the storage, processing, governance and observability capabilities on which enterprise AI deployment depends – are experiencing demand conditions that their earlier investment theses described but that the market is only now fully appreciating. Spending on compute and storage infrastructure for AI deployments increased 166% year-on-year in Q2 2025 alone, reaching \$82 billion. That spend creates direct and durable demand for the companies building the software layer above it.

The bifurcation within enterprise software valuations that we described in last year's review became more pronounced through 2025.

The valuation spread between enterprise software sub-sectors narrowed from over 6.0x to below 3.5x on a revenue multiple basis. This a convergence that reflects the market's growing sophistication in distinguishing structural from cyclical AI beneficiaries. Companies with strong net revenue retention, expanding gross margins and genuine workflow integration held or improved their valuations. Those with AI positioning but weak unit economics or high customer concentration did not.

Median net revenue retention across private SaaS businesses in 2025 was 101% at the sector level, with enterprise-focused, higher ACV products sitting in the 118-130% range. The companies in our portfolio sit, in aggregate, around the top quartile on this metric – a characteristic we regard as the most reliable single indicator of the durability of the value we hold.

M&A accelerated as a liquidity and strategic mechanism. Around 33% of enterprise software M&A deals in 2025 involved a US VC-backed buyer. This is a signal that the larger platforms are acquiring capability rather than building it, and that the consolidation of the sector into a smaller number of scaled platforms is proceeding at a pace that creates both liquidity options and competitive risk for the companies we hold. We monitor this dynamic actively.

Portfolio Review

Position-specific details, including company names, entry valuations and round participation, are not disclosed in this document in accordance with the office's confidentiality protocols. The following commentary addresses the portfolio in aggregate and by characteristic.



Portfolio Composition

As at 31 December 2025, Hollands Team held four active positions in late-stage private technology companies. All four operate within the investment mandate: enterprise software, data infrastructure or the applied AI layer within enterprise environments. All four were acquired at the pre-IPO stage and are held with an anticipated holding period of between two and five years from initial commitment.

Three of the four positions were established prior to 2025. One new position was made in Q3 2025, at the Series D stage, in a business operating in enterprise data governance. This is a segment we identified in our 2024 review as likely to attract increasing scrutiny and spend as AI adoption surfaced the data quality and compliance questions that large organisations had, until recently, been able to defer.

Revenue Quality

The aggregate revenue profile of the portfolio is, in our assessment, the strongest it has been since the office's investment activity began. Across the four positions:

- All four companies report recurring revenue models with annual or multi-year contract structures
- Three of four report net revenue retention above 112%, with one reporting above 125%
- Gross margins across the portfolio are in aggregate above 74%, consistent with product architectures that deliver at scale without proportionate increases in human services cost
- Customer concentration risk has reduced in three of the four positions as each has expanded its enterprise customer base through 2025

One position warrants specific attention in this respect. The company's net revenue retention, while above the sector median, has declined modestly over the past two quarters as it transitions its go-to-market from a product-led to an enterprise sales motion – a transition we anticipated and supported, but one that produces short-term metrics noise before the enterprise contract base matures. We are monitoring this closely and regard the transition as strategically sound but operationally demanding.

Valuation and Marks

The portfolio is carried at cost for three positions and at a marked-up value for one, following a third-party secondary transaction in Q4 2025 that established a reference valuation approximately 2.3x our entry price. We do not mark positions upward on the basis of internal estimates or comparable company analysis alone; a third-party transaction is our minimum threshold for an upward revision.

The aggregate unrealised gain across the portfolio, measured against total invested capital, is positive. We do not disclose the precise figure in this document but will discuss it with authorised co-investors directly and in confidence.

Two positions are approaching the stage at which we would expect to see pre-IPO financing activity or secondary market transactions that will provide further valuation reference points. We anticipate that both will be relevant for the 2026 review.

Leadership and Governance Assessment

We conduct an annual qualitative assessment of the leadership quality and governance structures of each portfolio company, informed by direct conversations with management teams, independent board members, and, where accessible, customer references.

The assessment for 2025 is summarised as follows:

Three of the four portfolio companies have made meaningful progress on the transition from founder-led to professionally managed operations during the year. In each case, this has involved hiring at the CFO or CRO level that brings demonstrable public-company experience into the organisation. This is a development we regard as a strong forward signal of IPO readiness. One company appointed a CFO in Q2 2025 who had previously guided two enterprise software businesses through public listings. We consider this appointment significant.

The fourth company's leadership structure is the area of greatest remaining concern in the portfolio. The founding team remains heavily involved in functions that, at this stage of scale, would ordinarily have transitioned to professional management. We have raised this directly with the board. Progress has been made but remains incomplete, and we will return to this assessment in Q2 2026.

Financial Position of the Office

The following section provides a summary financial overview of Hollands Team as an operating entity. All figures are presented in approximate terms and are not audited. Full audited accounts are maintained separately and available to the principal on request.

Capital Deployment

Total capital committed to active positions as of 31 December 2025 represents the largest deployed balance in the office's history. The new commitment made in Q3 2025 was funded from reserved capital held in short-duration instruments and did not require any disposal of existing positions or external borrowing.

The office maintains a liquidity reserve sufficient to meet operating costs for a period of not less than 36 months without recourse to any position liquidation. This reserve is held in a combination of money market instruments and short-dated government paper and is not exposed to the equity or private market positions that constitute the investment portfolio.

Operating Expenditure

The operating cost base of the office in 2025 was in line with the prior year, with increases primarily in legal and professional advisory fees driven by the new Q3 commitment and the associated structuring work. No additional personnel were hired during the year. External adviser relationships – legal, accounting, and specialist technical due diligence – are engaged on a transaction-by-transaction basis.

Fee Income

Where Hollands Team has facilitated co-investment participation, no management fees or carried interest have been charged to co-investors at the co-investment level. The office is funded entirely from the principal's proprietary capital and generates no external fee income.

Observations on the Pre-IPO

The Secondary Market Has Matured

One of the more significant structural developments of 2025 was the deepening of the secondary market for late-stage private technology equity. Secondary transaction volume reached levels not seen since 2021, with late-stage private technology companies outperforming the public market on total return measures. This development has two implications for our strategy.

The first is positive: secondary transactions provide price discovery that was previously unavailable without a primary financing event or IPO. This improves the quality of the valuation information available to us and, where relevant, provides an exit mechanism that does not require waiting for a public listing.

The second requires more careful consideration. As secondary markets for private equity become more liquid, the price of that liquidity is partially absorbed by the return profile of early holders. The arbitrage between private and public valuations – which has historically been the primary mechanism by which long-horizon pre-IPO investors generate returns – compresses as the secondary market matures. This is not a reason to avoid pre-IPO investing; it is a reason to maintain the analytical rigour that identifies positions where the quality of the business, rather

The AI Infrastructure Spend Is Real and Growing

Morgan Stanley estimates that approximately \$2.9 trillion in global data centre construction cost alone will flow through the economy through 2028, with more than 80% of that spend still ahead of us. This reflects announced capital commitments from hyperscalers, sovereign wealth funds and industrial operators. The software businesses that sit above this physical infrastructure layer are direct beneficiaries of this spend; the ones providing the data management, observability, governance and AI orchestration capabilities that make the infrastructure useful.

Around 307 US VC-backed enterprise software unicorns exist as of 2025 estimates. The majority of the 75+ new unicorns that have entered this group since early 2025 are AI-native businesses at early or growth stages. The late-stage segment, that is, the companies closest to public markets, with demonstrated enterprise penetration and maturing revenue models, is a considerably smaller and more selective group. This is the segment in which we operate, and its relative scarcity is one of the structural supports for the valuations we are seeing.

IPO Window: 2026 and Beyond

The anticipated 2026 listings include several businesses – Databricks among them, deferred from 2025 – that will serve as significant reference points for the broader enterprise software pre-IPO market. Databricks' 2025 Series K financing placed its valuation above \$100 billion. Its public market debut, when it occurs, will reset the multiples discussion for data infrastructure businesses in a way that is directly relevant to the valuation of assets in that segment.

We expect the IPO window of 2026 to be more active than 2025, supported by the continuation of the conditions that drove last year's recovery: rate stability, pent-up supply from deferred listings and institutional investor appetite for technology growth that the public markets have not fully satisfied since 2021. Two of our four positions are, in our assessment, plausible candidates for pre-IPO secondary transactions or public-market readiness within the next 24 months. We are not predicting specific timelines; we are noting that the market conditions for realisation are more favourable than at any point since we established those positions.

The Discipline That Remains Required

The concentration of capital in AI-adjacent businesses has created a cohort of well-funded, high-profile private companies that will, in aggregate, disappoint. The model-layer businesses face a valuation correction that is, in the Hollands Team view, a matter of timing rather than probability. Those businesses that have raised at valuations imply sustained competitive moats in a segment where the underlying capability is rapidly commoditising. We do not currently have direct exposure to foundation model businesses and have minimal intention of acquiring any.

The infrastructure and enterprise software layer is more durable, but it is not uniformly safe. Companies with genuine workflow integration and compounding data advantages are structurally different from those with AI positioning and high growth rates but limited switching cost and no clear path to profitability. We remain attentive to this distinction within the portfolio and in the assessment of any new opportunity.

Outlook: 2026

Hollands Team's priorities for 2026 are, in order of significance, as follows.

Portfolio stewardship above new deployment

With four active positions at various stages of maturity, the most valuable work we will do in 2026 is ensuring that the investments we hold are developing as expected. This means active engagement with management teams on the governance and leadership questions we have identified, continued monitoring of revenue quality metrics on a quarterly basis and preparation for the liquidity events that are beginning to approach the horizon for two of the four positions.

Portfolio stewardship above new deployment

With four active positions at various stages of maturity, the most valuable work we will do in 2026 is ensuring that the investments we hold are developing as expected. This means active engagement with management teams on the governance and leadership questions we have identified, continued monitoring of revenue quality metrics on a quarterly basis and preparation for the liquidity events that are beginning to approach the horizon for two of the four positions.

Selective new commitment in data governance and AI infrastructure

We identified one opportunity in the data governance space in 2025 and committed to it. We believe this sub-segment, which addresses the practical compliance, quality and lineage questions that enterprise AI adoption has made urgent, is underinvested relative to the demand it is beginning to experience. We are actively evaluating one additional opportunity in an adjacent area of the infrastructure stack and expect to make a determination in H1 2026.

Co-investment framework review

As the portfolio matures and positions approach potential liquidity events, we anticipate that co-investment interest from the contacts and institutional relationships we have developed will increase. We intend to formalise the framework under which we facilitate such participation in 2026, including clearer documentation of process, communication obligations and the basis on which co-investors receive information. This is a housekeeping matter, but it is an important one.

IPO readiness monitoring

For the two positions most advanced in their development, we will conduct a structured IPO-readiness assessment in H1 2026, informed by our standard framework: revenue quality, leadership transition, governance, gross margin trajectory and the cohesion of the public-market narrative. The results of this assessment will inform whether we hold through a potential public listing or seek secondary liquidity in advance of it.

The conditions that motivated Hollands Team's investment focus, the structural shift in enterprise technology, the pre-IPO opportunity created by extended private holding periods and the valuation discipline that a long-horizon approach enables, remain intact. 2025 was a year of validation. 2026 will be a year of realisation, in the most literal sense of the word.

This document does not constitute investment advice, a financial promotion, or a solicitation of investment activity. All valuation commentary reflects the principal's internal assessment and should not be treated as audited or independently verified. Past performance and unrealised gains are not a guarantee of future results.