SentinelOne

POST-MORTEM · S · CYBERSECURITY

Post-Mortem

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Right for the wrong reasons

GAIN · Short S · +26.00% · Cybersecurity

Other trades in S: None. This was the firm's only SentinelOne trade and the first short in the vertical. It was funded by the September 2025 exit of C-01.

The Original Thesis

As submitted to the committee:

SentinelOne was a sub-scale endpoint vendor at $1 billion of ARR competing against CrowdStrike at $4.7 billion and Microsoft Defender, both of which were bundling endpoint into broader platforms. The submission argued that net new ARR had decelerated for six consecutive quarters, that the company's non-GAAP profitability depended on stock compensation above 18% of revenue, and that the fiscal third-quarter report in December would show growth below 20% for the first time, forcing the multiple from 6 times revenue toward the 3 to 4 times that sub-scale software carried.

The mechanism: Decelerating net new ARR and a growth guide below 20% in December remove the growth premium; the stock de-rates toward sub-scale software multiples.

The magnitude: A target of $13, 26% below entry, at 3.5 times fiscal 2027 revenue.

The catalyst: Fiscal third-quarter 2026 results, December 4, 2025.

The stop: $21.13, 20% above entry.

What Happened

The stock closed October 2025 at $17.85, up 1% against the position, and November at $16.21. On December 4, 2025 the company reported fiscal third-quarter revenue growth of 23% and guided the fourth quarter to $271 million, about 20% growth, with stock compensation above 18% of revenue. The guide was not the sub-20% print the submission had named. The stock closed December at $15.00 as the software group began to de-rate.

The stock fell with the software group through the first quarter of 2026, closing January at $13.98, February at $13.12 and March at $12.88, 1% below the target. The committee covered at the March month-end under the target rule.

SentinelOne closed at $22.77 on October 21, 2026, 77% above the cover, after the May 28, 2026 first-quarter report (growth of 21%) and a sector-wide recovery in the security names. The firm did not re-short the stock.

Was the Thesis Right?

Right for the wrong reasons.

+26.00%
Gain · S

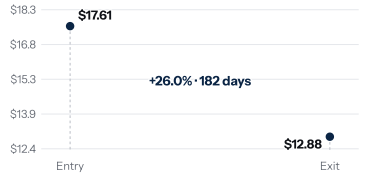
Direction	Short
Entry	$17.61
Exit	$12.88
Return	**+26.00%**
Days held	182
Error classification	Analytical

Exhibit 1: Position summary

Trade ID	C-03
Ticker	S
Vertical	Cybersecurity
Committee session	IC-05, September 30, 2025
Days held	182
Cost basis	$2,465
Realized gain	$640
Exit reason. Covered; thesis played out.	
Entry price	$17.61
Exit price	$12.88
Entry date	September 30, 2025
Exit date	March 31, 2026

Source: Point Alpha Capital execution record

Exhibit 2: S price path, entry to exit



Source: Point Alpha Capital execution record. Entry and exit prices only; no intraday path is shown.

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Forecast Versus Actual

Exhibit 3: Forecast Versus Actual

Item	Submitted	Actual	Result
Fiscal Q3 2026 revenue growth	About 22%	23%	Met
Fiscal Q4 guide	Below 20%	$271 million, about 20%	Missed
Stock compensation, share of revenue	Above 18%	About 29%	Met
Price at catalyst (December 4)	$13 target	$15.00 at December month-end	Below target at catalyst
Exit versus target	$13	$12.88	Met
Stop	$21.13	Never approached; worst month-end $17.85	Met

Source: Company data, Point Alpha Capital Research

Where the Analysis Was Wrong

The price thesis was right and the mechanism did not arrive on the date named. The submission forecast that the December report would show growth below 20% for the first time; the fourth-quarter guide was about 20% and the first-quarter 2027 print the following May was 21%, so the company never printed the sub-20% number inside or after the holding period. The stock fell 27% from entry to cover because the software group de-rated through the first quarter of 2026, and a sub-scale vendor at 6 times revenue fell with it. The sub-scale diagnosis was right: net new ARR had decelerated for six quarters, stock compensation was higher than the submission said at about 29% of revenue, and the company remained a fraction of CrowdStrike's size. What the submission got wrong was the timing and the trigger, and the trade would have been a hold at a small gain, not a cover at target, had the group not moved. The position was covered at the target four months after the catalyst; the analysis did not anticipate the recovery that followed, but a short covered at its target has no exposure to what follows.

Error Classification: Analytical

Analytical. The mechanism named a growth print that did not occur; the position reached its target on a group move the submission did not forecast. The exit followed the target rule. The post-mortem records the result as right for the wrong reasons so that the next deceleration short in the vertical is written against the group's multiple as well as the company's growth.

What Changes

1. Covering a short at its target rather than holding for more: kept as the rule. The 77% rise after the cover is the argument for it.
2. What does not change: the sub-scale test (ARR below one quarter of the category leader, net new ARR decelerating for four or more quarters) as the screen for shorts in this vertical.
3. This trade and C-02 (Zscaler) are the vertical's two profitable shorts; both were built on a reported deceleration that did not arrive on the dates named and both were carried by the group de-rating. The standard for the next deceleration short is a mechanism that has already begun to print.

Sources

1. SentinelOne. Fiscal Third Quarter 2026 Results (Form 8-K, Exhibit 99.1) and Earnings Call. December 4, 2025.
2. SentinelOne. Form 10-Q for the quarter ended October 31, 2025.
3. SentinelOne. Fiscal First Quarter 2027 Results (Form 8-K, Exhibit 99.1). May 28, 2026.
4. CrowdStrike Holdings. Fiscal Second Quarter 2026 Results, ending ARR. August 27, 2025.
5. Point Alpha Capital execution record, trade C-03; Nasdaq historical closing prices.

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