

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

April 2026

Report April 2026

CEO Comments

In April, the portfolio returned 1.24%, compared to 3.50% for our benchmark. The equity portfolio returned 2.62%, while the benchmark returned 4.98%.

The main contributors during the month were **Careium**, **Asmodee** and **Swedencare**. The largest detractors were **Netcompany**, **Electrolux Professional** and **Coor**.

During the month, we had a much appreciated visit from Nemcap, an alumnus and one of the sharpest stock pickers around. He shared his investment playbook, parts of his journey and several memorable stories before we rounded off the evening at our usual after-work bar. We are thankful to have a great alumni network, showing engagement and a willingness to share ideas, time and guidance.

As graduation approaches, this will probably be the final letter from Balksten and me. It has been a privilege to be part of this organisation and we leave with confidence in the team taking over. With that, I want to thank my fellow management team and fellow analysts who also graduate this summer. I wish you the best of luck on your adventures ahead.

Sincerely,
Isac Svensson

Report April 2026

Asset Manager's Comments

Dear readers,

In April, markets swung back. OMXS30 was almost back at its all-time high mid-month, and over the Atlantic the US indices continued to show impressive strength. The IMF used its April WEO to rebrand the macro environment "Global Economy in the Shadow of War", yet equity markets seemed to be reading a different document. Our portfolio, in its more stable nature, did not follow along. The same thing that kept us from a large drawdown in March now kept us from a large gain in April. Our goal is to provide stable returns, which is why volatility will sometimes be on our side and sometimes not.

During the month, the portfolio returned +1,24% against the benchmark's +3,50%. Equities delivered +2,62% against the equity benchmark's +4,98%. Alternative investments continued to underperform their benchmark, while corporate bonds, global bonds and money markets each outperformed theirs. Top contributors in the month were Careium (+19,6%), Asmodee Group (+16,5%) and Swedencare (+11,4%). On the other end were Netcompany (-8,3%), Electrolux Professional (-8,2%) and Coor (-7,3%). During the month, we have also sold Essity and bought BioGaia.

We have held Essity for several years and the structural problems have continued to sharpen. Topline has only grown in three of the last ten quarters; the product is commoditized and volumes have been down. At the current valuation, even if the company hits its target and reaches all-time high margins (which we believe is very uncertain given the history), the IRR on consensus sits at around 12%, and that already assumes margins reach all-time highs while topline tracks GDP. The case has not played out and has continued to underperform in our view, which is why we have freed up the capital in the hope of better opportunities.

One of those better opportunities is BioGaia. With 16% topline CAGR since IPO, a large net cash position and high cash conversion, BioGaia is a completely different animal. The company started in 1990 by producing probiotics (friendly bacteria that keep our gut and immune system functioning) for others, but has since evolved into a large player owning almost all of the value chain from R&D to packaging to distribution. The moat is built around these probiotics, and especially the *L. reuteri* strains. We believe the company, with its D2M strategy, can continue to grow for years to come while expanding margins by taking on markets with low saturation and becoming the distributor itself. Furthermore, new ownership through Anatom, the Kahane family's investment vehicle, and Mauricio Graber, former CEO of Novonesis, joining as chairman, as well as an upcoming CMD, are all positive signals on top of the operational case.

While the Essity-for-BioGaia trade was not a one-for-one switch, it very well reflects the kind of capital allocation we want to be doing, i.e., less hope that cost cuts can fix a structurally tired franchise, and more capital behind one that is structurally advantaged. To end with an often-quoted, but very true line from Warren Buffett's 1989 shareholder letter:

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

Sincerely,
William Balksten

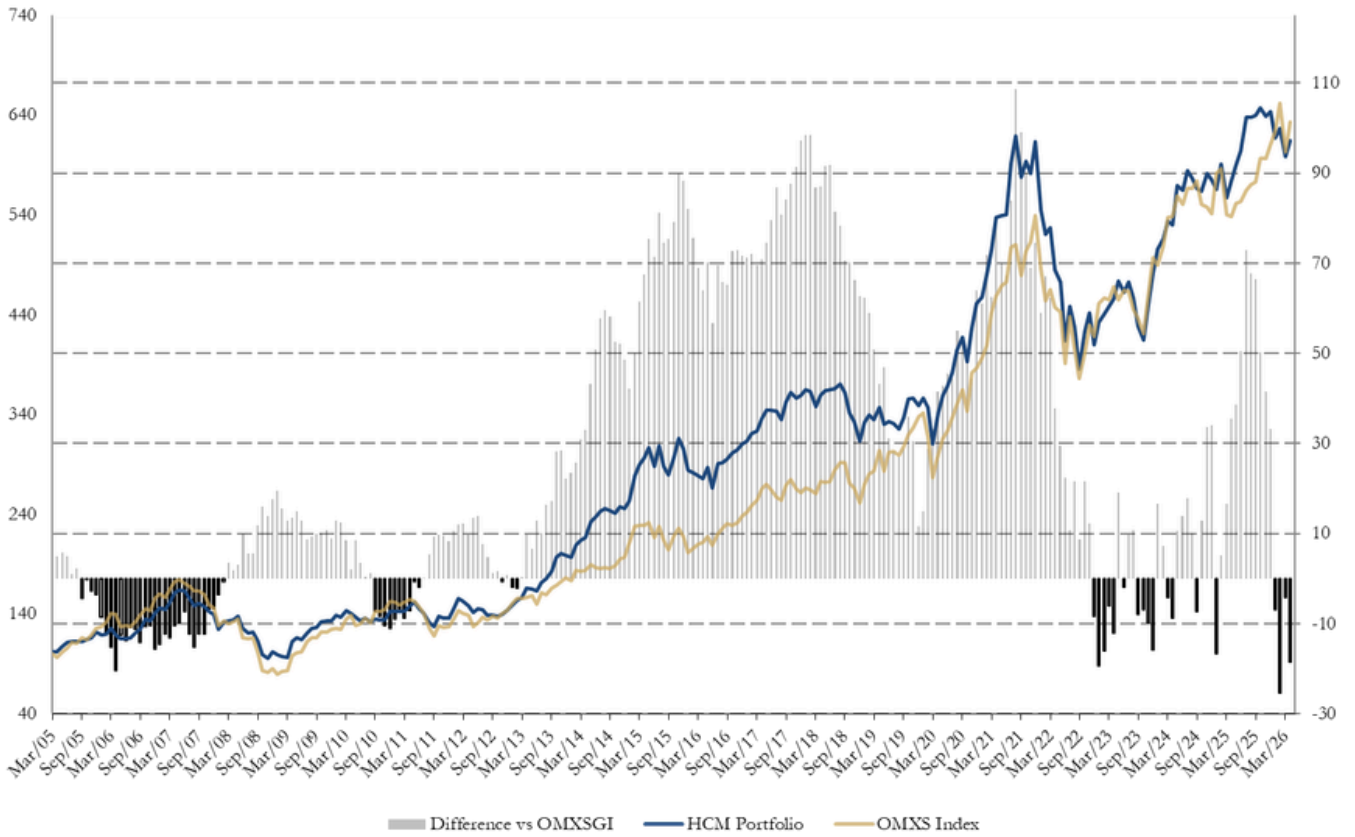
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Top Ten Equity Holdings			Gainers and Losers		
Company Name	% Portfolio	Value	Five Largest Portfolio % Gainers	% Portfolio	% Gain
Top ten holdings	58,2%	4 999 874	Microsoft	5,3%	1933,9%
Investor AB A	12,5%	1 078 056	MedCap	4,8%	366,5%
Asmodee Group	6,4%	551 727	Ambea	5,3%	157,8%
Ambea	5,3%	459 528	Investor AB A	12,5%	102,7%
Microsoft	5,3%	457 721	Loomis	3,3%	58,5%
New Wave	5,2%	443 210			
Beijer Ref	5,1%	439 280	Five Largest Portfolio % Losers	% Portfolio	% Loss
MedCap	4,8%	415 027	CTT	1,6%	-39,8%
Coor	4,7%	403 021	Swedencare	2,1%	-34,5%
BioGaia B	4,6%	391 710	Careium	2,6%	-18,3%
Securitas	4,2%	360 594	Exsitec	3,3%	-17,5%
			Catella	3,0%	-16,9%

Total Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Allocation	Weight
Last Month	1,24%	3,50%	Alternative Investments	20,9%
Year To Date	-3,09%	3,13%	Corporate Bonds	6,2%
Last Twelve Months	3,95%	11,19%	Global Bonds	10,3%
Since Start (Nov 11)	112,63%	155,31%	Money Market	8,5%
Average Yearly Return	5,37%	6,72%	Equities	54,2%
			Currency Exposure	Weight
Months Active	173	173	SEK	75,1%
Number of Positive Months	116	120	USD	2,8%
Number of Negative Months	57	53	EUR	4,5%
Annualized Std. Dev. Last 12m	5,32%	6,63%	NOK	0,0%
Sharpe Ratio Last 12m	0,40	1,42	DKK	0,0%
Benchmark Correlation Last 12m	0,00	0,00		

Equity Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Best Performers	1 Month
Last Month	2,62%	4,98%	Careium	19,6%
Year To Date	-4,55%	3,68%	Asmodee Group	16,5%
Last Twelve Months	7,06%	17,56%	Swedencare	11,4%
Since Start (March 2005)	514,42%	532,99%	Worst Performers	1 Month
Average Yearly Return	8,96%	9,11%	Netcompany	-8,3%
			Electrolux Professional	-8,2%
Months Active	254	254	Coor	-7,3%
Number of Positive Months	151	161	Currency Exposure	Weight
Number of Negative Months	103	93	SEK	58,7%
Annualized Std. Dev. Last 12m	9,74%	10,87%	USD	5,2%
Sharpe Ratio Last 12m	0,54	1,45	EUR	0,0%
Benchmark Correlation Last 12m	0,52	0,00	NOK	0,0%
			DKK	0,0%

Equity Performance



Portfolio Performance

