

# PORTFOLIO REPORT

EQUITY PERFORMANCE

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HCM  
HANDELS CAPITAL MANAGEMENT

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November 2023

## CEO Comments

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November showed a substantial rise for OMXGI as the index developed strongly by 9,11%. This strong development has been driven by a lower long-term interest rates and the consensus being that the cycle of increasing interest rates has come to an end. The capital market has also shown signs of recovery as many companies are taking the opportunity to strengthen their balance sheets.

The real estate sector performed especially well during the month of November as a result of the strengthened belief in lower interest rates for the coming year of 2024. The sector increased by a whopping 19% during the period.

HCM's stock portfolio returned 8,53% for the month, underperforming OMXGI. Part of the reason for this relative underperformance could be HCM's low exposure to the real estate sector.

The reporting season was generally positive for HCM's portfolio. The strongest performances of the month are accredited to Autostore, Smart Eye and Crayon. The weaker performances of the month being from Kindred, Loomis and Nekkar.

Autostore has seen some rough months since the court settlement of the Ocado litigation around Q2. However, the stock saw a sharp upturn after presenting a strong report of the third quarter at the beginning of the month. The order intake was good, and the EBITDA margin is back at the normal level of 50% for the full year. The stock was also aided by the lower long-term rates.

The weakest performance of the month was from Kindred, as a result of the delayed report not really meeting the markets expectations. However, despite the setback, our confidence in Kindred continued value creation ability remains strong.

During the month we also sold off our holdings in the Brummer fund from our bond and alternative investment portfolio. Partly to start the process of slightly restructuring that portfolio, and partly in order to increase our exposure to the stock market and bonds.

Bianca Andersson

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## Asset Manager's Comments

November was another stable month for our relative performance. I believe that the slight underperformance is a consequence of our underweight position in the real estate sector. The index performed well during the month, mainly due to a somewhat more dovish stance from central banks. The reporting season has continued, with the smaller companies that tending to report a bit later. The smaller companies, along with the real estate companies have outperformed the larger ones. This breadth in the market's upward momentum could indicate a healthier upward trend than before. However, our stock portfolio returned 8,53% this month while OMXGI increased with 9,11% which equals 0,58 percent points underperformance.

The best performers were Autostore, Smart Eye and Crayon. The worst performers were Kindred, Loomis and Nekkar.

After some weak months for Autostore the momentum reversed and Autostore became our best performer during November. Even though the P&L ended up a bit short of consensus the order intake is holding up which is a bit promising ahead of next year. Since there are many short sellers in the stock it was enough to start a coverage rally. The other factor that favoured Autostore was the downward action in rates since Autstore is a typical growth stock.

Smart Eye had an outstanding month following their report November report, which was closely aligned with consensus. We think that the stock's rally depends on a lower burn rate than anticipated and the announcement of a 50 MSEK loan facility that sharply reduces the risk of an extra capital injection. Coupled with a market embracing more high beta case has been favourable for Smart Eye's stock performance. We remain optimistic about the long-term potential in Smart Eye and look forward to monitoring the automotive ramp up.

Our underperforming stock, Kindred, delayed their report due to the strategic overview. We believe market participants had anticipated something more than the withdrawal of North America from the strategic overview. Combined with somewhat softer report the stock price initially traded down with approximately 8%. However, we've witnessed a recovery from that and our faith in their ability to create shareholder value with their position as one of the most sustainable iGaming operators is intact. We believe that the withdrawal from North America and decline in stock price should increase Kindred's M&A attractiveness. Kindred, with their strong position in European markets, could be an excellent fit for North American actors with global ambitions.

We made minor changes in our bond and alternative investment portfolio. During the month, we sold Brummer and plan to use the proceeds to increase our exposure to stocks and bonds. We believe that the hedge funds face challenges competing with bonds due to the increase in rates.

The whole portfolio returned 4,82% in November; this is 0,09 percentage points below our benchmark index which decreased by 4,91% during the month. Global Bonds returned -0,61% compared to our benchmark which was down with -3,27%. Corporate Bonds returned 2,63 %, while the benchmark returned -0,59%. Alternative Investments returned 2,63% compared to Barclays Hedge Fund Index which preliminary was down by 4,85%. However, it is important to note that our reported return in Alternative Investments is lagging with one month. This is due to the funds' NAV's updating after the last day of the month.

Sincerely, William Wällstedt

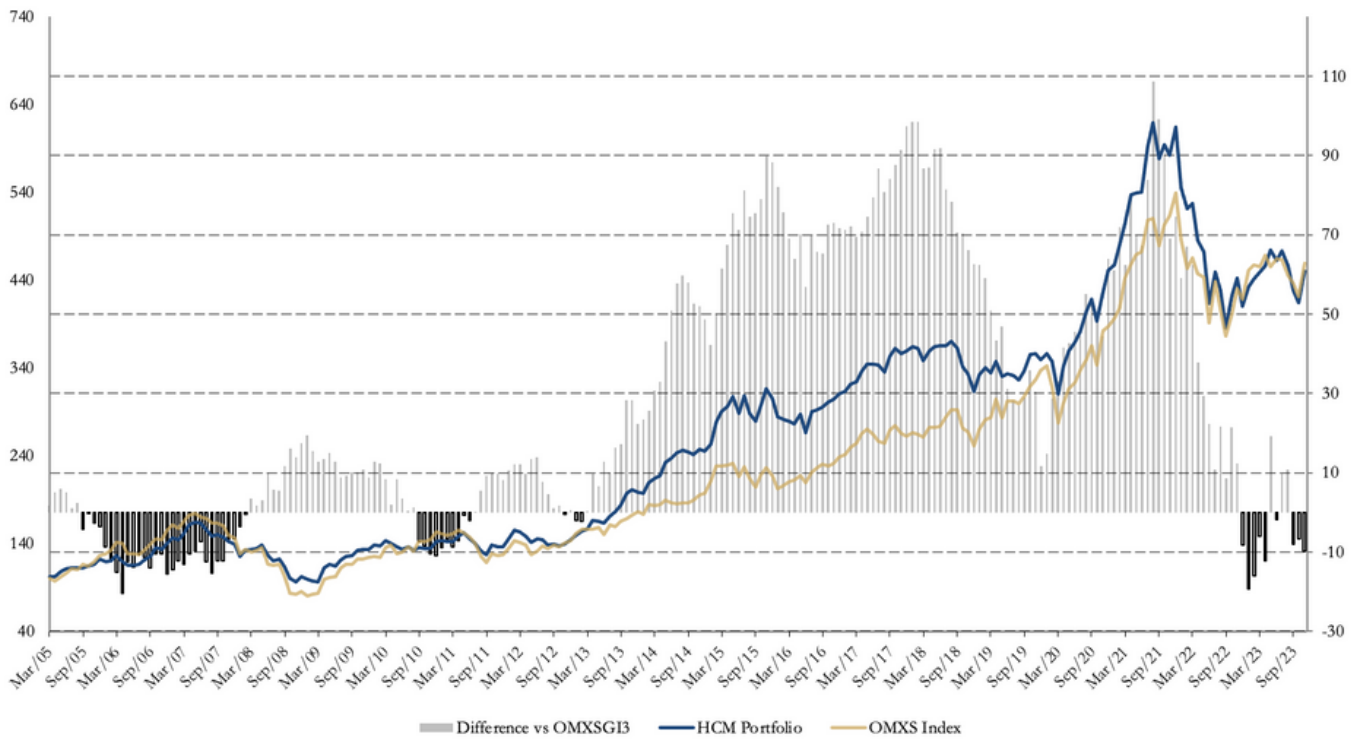
Top Ten Equity Holdings			Gainers and Losers		
Company Name	% Portfolio	Value	Five Largest Portfolio % Gainers	% Portfolio	% Gain
Top ten holdings	70,6%	3 976 296	Microsoft	11,7%	2039,6%
Investor AB A	12,9%	729 630	MedCap	5,9%	243,2%
Microsoft	11,7%	656 583	ChemoMetec	2,8%	50,5%
Evolution	8,1%	456 708	Bredband2	5,2%	24,4%
SmartEye	6,5%	367 838	Take-Two Interactive	4,6%	23,3%
MedCap	5,9%	331 650			
C-RAD	5,7%	320 650	Five Largest Portfolio % Losers	% Portfolio	% Loss
Bredband2	5,2%	293 945	Autostore	4,9%	-24,7%
Kindred	5,0%	283 096	Paxman	3,5%	-21,0%
Autostore	4,9%	278 679	Evolution	8,1%	-20,8%
Take-Two Interactive	4,6%	257 518	Nekkar	4,2%	-19,7%
			Crayon	3,4%	-14,3%

Total Portfolio Statistics					
Return & Risk	Portfolio	Benchmark	Allocation	Weight	
Last Month	4,82%	4,91%	Alternative Investments	18,2%	
Year To Date	6,37%	7,44%	Corporate Bonds	7,7%	
Last Twelve Months	4,70%	5,55%	Global Bonds	10,2%	
Since Start (Nov 11)	73,86%	106,42%	Money Market	16,2%	
Average Yearly Return	4,72%	6,23%	Equities	47,8%	
			Currency Exposure	1 Month	
Months Active	144	144	SEK	76,9%	
Number of Positive Months	96	100	USD	11,8%	
Number of Negative Months	48	44	EUR	5,1%	
			NOK	5,1%	
Annualized Std. Dev. Last 12m	7,65%	7,97%	DKK	1,1%	
Sharpe Ratio Last 12m	0,38	0,47			
Benchmark Correlation Last 12m	0,00	0,00			

Equity Portfolio Statistics					
Return & Risk	Portfolio	Benchmark	Best Performers	1 Month	
Last Month	8,53%	9,11%	Autostore	41%	
Year To Date	9,62%	9,80%	SmartEye	41%	
Last Twelve Months	1,70%	6,88%	Crayon	28%	
Since Start (March 2005)	349,78%	359,59%	Worst Performers	1 Month	
Average Yearly Return	8,35%	8,47%	Kindred	-4%	
			Loomis	-4%	
Months Active	225	225	Nekkar	-3%	
Number of Positive Months	133	141	Currency Exposure	1 Month	
Number of Negative Months	92	84	SEK	72,9%	
			USD	13,9%	
Annualized Std. Dev. Last 12m	16,33%	15,51%	EUR	0,0%	
Sharpe Ratio Last 12m	-0,01	0,33	NOK	10,7%	
Benchmark Correlation Last 12m	0,75	0,00	DKK	2,4%	



## Equity Performance



## Portfolio Performance

