

# PORTFOLIO REPORT

EQUITY PERFORMANCE

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**HCM**  
HANDELS CAPITAL MANAGEMENT

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August 2023

## CEO Comments

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Although not as strong of a performance as the previous month of July, in neither relative nor absolute terms, we are still satisfied with this month's relative performance. In the month of August, OMXGI decreased by 3,73%. Compared to this HCM's equities traded down by 3,46%. During the month large cap companies have once again been outperforming the small caps. The month of August has been somewhat weak, and the general perception appears to be that the economy is headed towards a harsh autumn.

Nekkar was our strongest performer of the month, seeing an increase of 27% in the stock price. This can be accredited to the initiation of a buyback program, the partnership with BEWI Invest and a strong report of their second quarter. Our second strongest performer of the month, Bredband2 (22%), also released a strong report for their second quarter, which was well received by the market.

As the school semester has just started again, and we've seen a large change in management within the company during the summer, the month of August has been quite slow for HCM. However, we are looking forward to going back to our regular routines and continuing the great work of our predecessors.

Bianca Andersson

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## Asset Manager's Comments

After July, that was a great month for us in relative terms, we're pleased with our relative performance during a weak August too. July was clearly a more risk-on month without performance by First North and Small cap. However, this momentum totally shifted during August where large cap once again performed better than the smaller lists. During the month, OMXGI decreased with 3,73%. Compared to OMXGI our equities traded down with 3,46%.

The best performers were Nekkar, Bredbandz and C-Rad. The worst performers were Autostore, Crayon and Kindred.

The best performing stock Nekkar (27%) released that they're initiating a share buyback program. This was good news since the market could start to price in the big cash position. This was followed up by an in our opinion strong report. The most important part Syncrolift performed well due to the normalization after covid, and the options continued according to plan. We're excited for the coming tenders and hopes that Nekkar could win some of them.

Another of our best performers was Bredbandz that released a Q2 report which was well received by the market. We think that the market was too worried about the declining customer intake that was caused by the A3 acquisition. In addition to the declining customer intake, we thought that some retail investors could miss the cheaper valuation on FCF basis and the history of organic growth before the acquisition. The Q2 showed zero decline in customer intake which relieved one of the market worries. This was combined with strong margin due to the lower opex which compensated increased network fees that caused lower gross margin. We believe that there are opportunities for even higher margin going forward and that Bredbandz's valuation remains attractive.

It's also worth mentioning that Linc bought a stake in C-Rad which we think is positive. On the negative side Crayon had continued issues with the cashflow which the market didn't receive well, however our long-term case remains intact. We believe Kindred's trading mostly depend on rumors about the strategic overview which obviously is volatile.

The bond side was weak relative the benchmark index. The main explanation was the USD/SEK exchange rate that boosted our benchmark index. Something that stands out is Adrigo's July performance with an exceptional return of 14,15%.

The whole portfolio returned -0,60% in July; this is above our benchmark index which decreased by -1,01% during the month. Global Bonds returned 1,19% compared to our benchmark which was up 3,84%. Corporate Bonds returned -0,14%, while the benchmark returned 3,33%. Alternative Investments returned 3,04% compared to Barclays Hedge Fund Index which preliminary was down by -0,63%. 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.

August is my first month as Head of Asset Management for HCM. Ossian has done a great job both as Head of Asset management and as an analyst. It'll be big shoes to fill, but I'm going to try my best. I'm grateful for the trust given by Bianca and excited for what's to come.

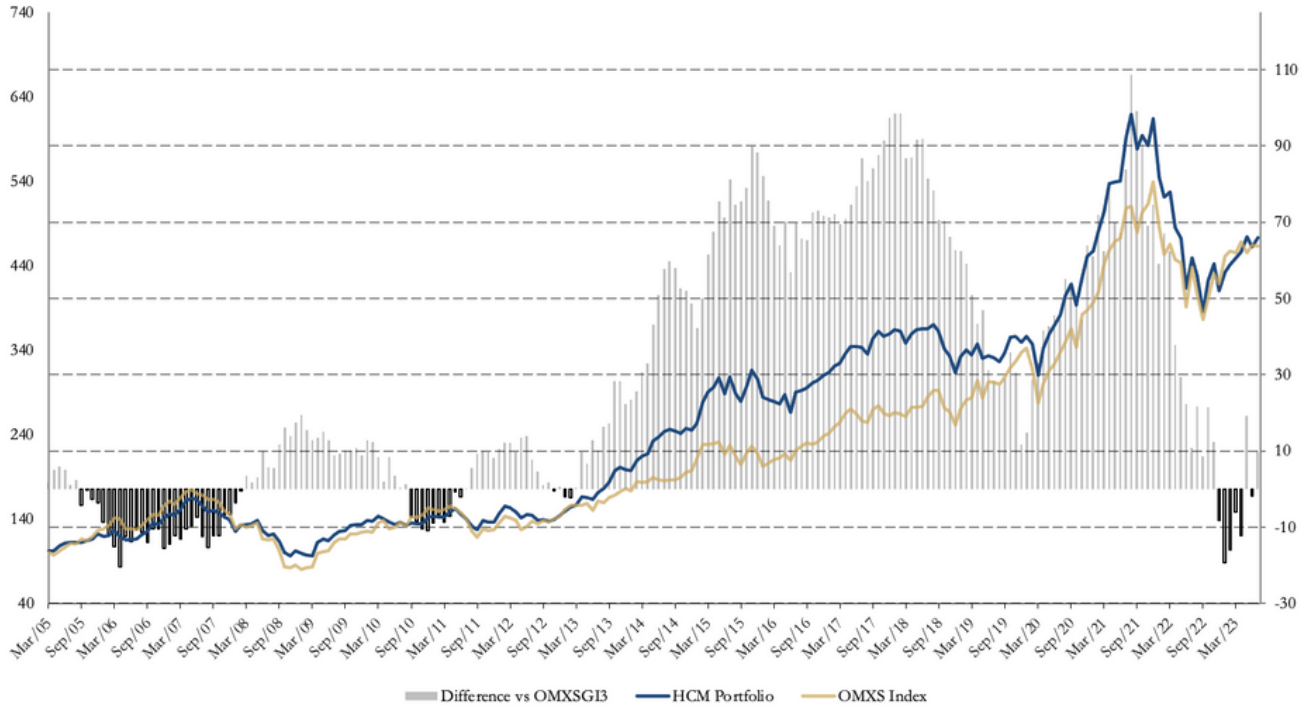
Sincerely, William Wällstedt

Top Ten Equity Holdings			Gainers and Losers		
Company Name	% Portfolio	Value	Five Largest Portfolio % Gainers	% Portfolio	% Gain
Top ten holdings	68,0%	3 847 246	Microsoft	10,5%	1829,0%
Investor AB A	12,5%	707 185	MedCap	5,5%	221,6%
Microsoft	10,5%	591 984	ChemoMetec	3,6%	92,7%
Evolution	8,8%	498 204	Electrolux Professional	4,6%	39,8%
Kindred	6,2%	350 884	Kindred	6,2%	32,6%
MedCap	5,5%	310 750			
Autostore	5,3%	300 327	Five Largest Portfolio % Losers	% Portfolio	% Loss
SmartEye	5,2%	292 860	SmartEye	5,2%	-26,2%
Bredband2	4,9%	279 344	Autostore	5,3%	-18,9%
Electrolux Professional	4,6%	260 559	Nekkar	4,5%	-13,9%
Catella	4,5%	255 150	C-RAD	4,4%	-13,8%
			Evolution	8,8%	-13,6%

Total Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Allocation	Weight
Last Month	-0,60%	-1,01%	Alternative Investments	24,2%
Year To Date	6,06%	5,63%	Corporate Bonds	7,7%
Last Twelve Months	5,37%	6,19%	Global Bonds	10,5%
Since Start (Nov 11)	73,35%	102,96%	Money Market	15,9%
Average Yearly Return	4,79%	6,21%	Equities	41,7%
			Currency Exposure	1 Month
Months Active	141	141	SEK	76,4%
Number of Positive Months	95	99	USD	11,4%
Number of Negative Months	46	42	EUR	5,2%
Annualized Std. Dev. Last 12m	7,56%	8,35%	NOK	5,5%
Sharpe Ratio Last 12m	0,47	0,53	DKK	1,5%
Benchmark Correlation Last 12m	0,00	0,00		

Equity Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Best Performers	1 Month
Last Month	-3,46%	-3,76%	Nekkar	27%
Year To Date	11,24%	6,46%	Bredband2	22%
Last Twelve Months	6,62%	9,63%	C-RAD	9%
Since Start (March 2005)	356,42%	345,61%	Worst Performers	1 Month
Average Yearly Return	8,55%	8,41%	Autostore	-29%
			Crayon	-21%
Months Active	222	222	Kindred	-14%
Number of Positive Months	132	140	Currency Exposure	1 Month
Number of Negative Months	90	82	SEK	68,6%
Annualized Std. Dev. Last 12m	19,11%	17,48%	USD	14,6%
Sharpe Ratio Last 12m	0,25	0,45	EUR	0,0%
Benchmark Correlation Last 12m	0,80	0,00	NOK	13,3%
			DKK	3,5%

## Equity Performance



## Portfolio Performance

