

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

July 2023

CEO and incoming CEO Comments

In July, our equities performed well as our portfolio returned 2,17%. This can be compared to OMXSGI returning -0,33%. During the month we saw a change as small caps had a stronger month than large caps, which was favorable for our portfolio.

The main focus of the month has been the earnings reports. The pattern was unchanged as the market has been very harsh on the reports. The slightest deviation from estimates have been treated harshly by the market. Very few names have been awarded with positive reactions, and even fewer have been given enough love to deserve a strong positive reaction by the market. The weak sentiment is a sign of fear in the market. Although the uncertainty is large, and the chance of facing a couple more quarters of head wind, this might be a good time to add stocks to the portfolio.

Our strongest contributor of the month, MedCap, is among the very few names that was rewarded with a very strong stock reaction following their report, as stocks traded 15%. The characteristics of MedCap is everything that the market loves in times of uncertainty. MedCap is active within the healthcare segment, divided in the business areas MedTech and Specialty Pharma. Businesses tilted towards healthcare are viewed less vulnerable to conjuncture, which is favorable in times of high uncertainty. Furthermore, MedCap has a net debt close to nothing, which is another favorable aspect when rates are raised at a rapid pace.

With the basics in place to be given some love by the market, what is left is for the business to deliver, and MedCap really did deliver. In the quarter they increased sales with 36%, of which 13% was organic. They also showed great scalability with the EBITDA margin expanding from 20,9% to 22,4%, the EBITA margin expanding from 15,3% to 18,7%, and earnings per share more than doubled. While MedCap was criticized and questioned for their low M&A activity during the booming years of 2020 and 2021, they are now rewarded for it. In hindsight it is easy to praise their decision to not get on the train of acquiring overpriced mediocre businesses, and instead navigate through a tougher environment with a very strong balance sheet. It is now up to the management to utilize this strong position, but it is safe to say that they have everything in place to succeed.

For the HCM operations, the activity is as always low during July. We will continue that way for a couple more weeks, as we prepare to restart the activity towards the end of August.

Bianca Andersson & Ludwig Germunder

Report July 2023

Asset Manager's Comments

Compared to previous month, July turned out great for our portfolio. During the month, OMXSGI decreased with -0,33%. Compared to OMXSGI, our equities traded 2,17% for the month.

The best performers were MedCap, SmartEye and Autostore. The worst performers were Essity, Evolution and ChemoMetec.

The whole portfolio returned 0,72% in July; this is above our benchmark index which decreased by -0,13% during the month. Global Bonds returned -0,53% compared to our benchmark which was down -2,79%. Corporate Bonds returned a positive 0,54%, while the benchmark returned -2,14%. Alternative Investments returned -1,16% compared to Barclays Hedge Fund Index which preliminary was up by 1,79%. 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.

July marks my last month as Head of Asset Management for HCM. From now on my successor William Wällstedt will be in charge of the HCM portfolio. William has been a dedicated member of the HCM team for nearly a year, showcasing skills and commitment throughout this duration. I am therefore certain that he will continue to do a great job as Head of Asset Management. Best of luck William!

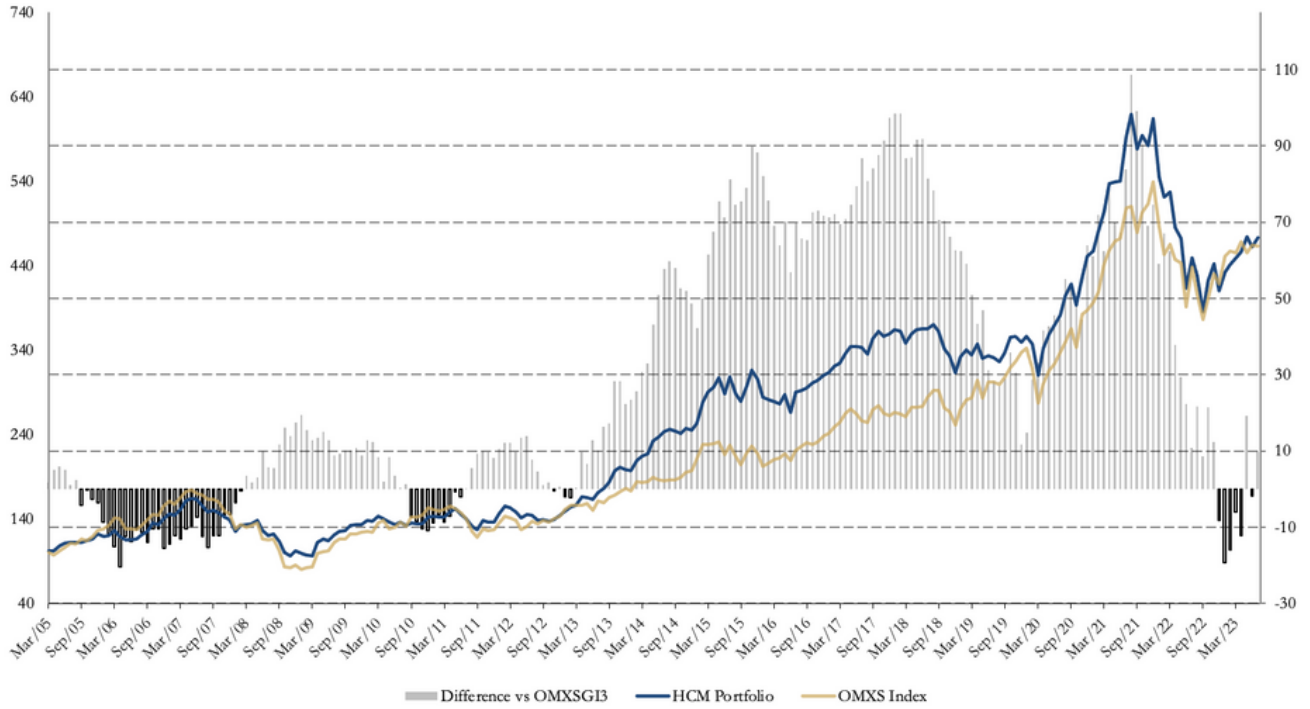
Sincerely, Ossian Malmberg

| Top Ten Equity Holdings | | | Gainers and Losers | | |
|-------------------------|--------------|------------------|----------------------------------|-------------|---------|
| Company Name | % Portfolio | Value | Five Largest Portfolio % Gainers | % Portfolio | % Gain |
| <u>Top ten holdings</u> | <u>69,7%</u> | <u>4 088 849</u> | Microsoft | 10,0% | 1801,3% |
| Investor AB A | 12,3% | 720 083 | MedCap | 5,9% | 259,1% |
| Microsoft | 10,0% | 583 455 | ChemoMetec | 3,6% | 102,0% |
| Evolution | 9,3% | 545 160 | Kindred | 7,0% | 54,3% |
| Autostore | 7,2% | 420 300 | Electrolux Professional | 4,5% | 40,6% |
| Kindred | 7,0% | 408 342 | | | |
| MedCap | 5,9% | 347 050 | Five Largest Portfolio % Losers | % Portfolio | % Loss |
| SmartEye | 4,8% | 278 875 | Nekkar | 3,4% | -32,2% |
| Catella | 4,5% | 264 600 | SmartEye | 4,8% | -29,7% |
| Electrolux Professional | 4,5% | 262 106 | C-RAD | 3,9% | -21,2% |
| Crayon | 4,4% | 258 879 | Paxman | 3,5% | -18,6% |
| | | | Essity | 4,0% | -7,0% |

| Total Portfolio Statistics | | | | | |
|--------------------------------|-----------|-----------|-------------------------|---------|--|
| Return & Risk | Portfolio | Benchmark | Allocation | Weight | |
| Last Month | 0,72% | -0,13% | Alternative Investments | 23,4% | |
| Year To Date | 6,70% | 6,74% | Corporate Bonds | 7,6% | |
| Last Twelve Months | 4,90% | 4,48% | Global Bonds | 10,4% | |
| Since Start (Nov 11) | 74,40% | 105,08% | Money Market | 15,7% | |
| Average Yearly Return | 4,88% | 6,35% | Equities | 42,9% | |
| Months Active | 140 | 140 | Currency Exposure | 1 Month | |
| Number of Positive Months | 95 | 99 | SEK | 75,7% | |
| Number of Negative Months | 45 | 41 | USD | 11,3% | |
| | | | EUR | 5,1% | |
| Annualized Std. Dev. Last 12m | 8,30% | 9,85% | NOK | 6,4% | |
| Sharpe Ratio Last 12m | 0,37 | 0,27 | DKK | 1,5% | |
| Benchmark Correlation Last 12m | 0,00 | 0,00 | | | |

| Equity Portfolio Statistics | | | | | |
|--------------------------------|-----------|-----------|-------------------|---------|--|
| Return & Risk | Portfolio | Benchmark | Best Performers | 1 Month | |
| Last Month | 2,17% | -0,33% | MedCap | 15% | |
| Year To Date | 15,22% | 10,63% | SmartEye | 13% | |
| Last Twelve Months | 5,33% | 5,70% | Autostore | 11% | |
| Since Start (March 2005) | 372,75% | 363,04% | Worst Performers | 1 Month | |
| Average Yearly Return | 8,80% | 8,68% | Essity | -9% | |
| | | | Evolution | -5% | |
| Months Active | 221 | 221 | ChemoMetec | -4% | |
| Number of Positive Months | 132 | 140 | Currency Exposure | 1 Month | |
| Number of Negative Months | 89 | 81 | SEK | 67,5% | |
| | | | USD | 14,1% | |
| Annualized Std. Dev. Last 12m | 20,23% | 20,23% | EUR | 0,0% | |
| Sharpe Ratio Last 12m | 0,17 | 0,19 | NOK | 14,9% | |
| Benchmark Correlation Last 12m | 0,82 | 0,00 | DKK | 3,6% | |

Equity Performance



Portfolio Performance

