PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM

Handels Capital Management

September 2023

CEO Comments

The third quarter ended in weak equity markets overall. For HCM the month of September was bad speaking in both absolute and relative terms. OMXGI decreased by 2,03% and our equites traded down with 6,09% for the month. The companies with the best development during the quarter were commodity companies and banks, while consumer-related businesses were seen to suffer the most.

The heaviest weights on HCM's performance for September were Crayon, ChemoMetec and Autostore. All of which have suffered from varying levels of stagnating growth due to the macroeconomic circumstances. Regarding Crayon our belief is that there might be an overreaction to the negative short-term situation regarding FCF, as well as the margins suffering by the hands of the overall inflation. ChemoMetec released a somewhat weak report, approved a weaker guidance for revenue and EBITDA for 2023/2024 as well as announcing a profit warning, all things weighing down on the stock price.

The questions circulating right now is at what level, and at what time, the interest rates will peak. However, it seems to be taking more time than many have expected. We will follow the upcoming report season for the third quarter with great interest, as the updates from all businesses are expected to be most revealing in times like these.

A large focus after the summer has been on new recruitment of equity research analysts, as several of HCM's employees have now finished their university studies and therefor left HCM. After this autumn's intense recruitment period HCM has welcomed three new talents to the team. The focus since than has been to ensure that old routines are followed, to help our new colleagues to quickly become efficient in their work, while also looking for new opportunities to improve in our work.

Bianca Andersson

Asset Manager's Comments

September was a bad month for us in both relative and absolute terms. The narrative shifted towards higher for longer. Because of that the long-term rates have increased. For example, has US 10 Year treasury yield increased with 10,7% during the month. This has increased the WACC which led to drop in stock prices. This together with strengthening SEK hasn't favored our equities. During the month, OMXGI decreased with 2,03% and our equites traded down with 6,09%.

The best performers were Loomis, Investor and Take-Two Interactive. The worst performers were Crayon, ChemoMetec and Autostore.

We have noticed that Loomis have increased in popularity during the month. Affärsvärlden, Goldman Sachs and Di's Agneta Jönsson has during the month concluded that the stock is worth buying. We think that this case is misunderstood due to the "boring" market cash handling. We don't think that this is a growing market, but we think that Loomis could create value within it. The reason is that the market doesn't attract new entrances and big investments. Loomis could exploit this by creating good returns through solid margins and M&A activity at attractive multiples. The positive part of the declining market is also that it becomes more logical to outsource the cash handling when it declines. Our investment case is that North America should continue its positive momentum in revenue and some increase in margins when the labor market eases. We also think that Loomis should be able to perform well in a slower economy too. This thesis is based on that fact Loomis performed well during the financial crisis, and that they have long contracts with customers. As a summary we think that the resilience, opportunity to margin expansion and the growth should be valued higher than EV/EBIT 7 on our 24E.

On the negative side Crayon has traded weak. We think that the market focuses too much on the short-term problems with FCF, the outstanding Philippines receivable and the weaker margins due to general inflation, growth investments and poor performance within consulting. However, we think that Crayon could overcome these problems and when that happens, the market is likely to trade up Crayon significantly due to the unjustified discount to peers and low valuation compared to the growth rate. Autostore is a worst performer for the second month in a row. We think that this is caused by slow macro economy and rising rates that affect growth rate going forward and the justified valuation. The Q2 report was solid in both revenues and margins that came back to more normal levels in line with our expectations. However, the order intake was weak which doesn't technically affect 24E but the management was pretty cautious on the call too. According to that consensus has shifted down their expectations for 24E. We think that there's a risk for some weaker quarters but we still like the long-term case.

Our corporate bonds and money market funds have a strong month compared to our benchmark index helped by a strengthening of the SEK. On the other hand, the global bond funds had a tough month.

The whole portfolio returned -3,32% in September; this is below our benchmark index which decreased by -1,59% during the month. Global Bonds returned -5,01% compared to our benchmark which was down with -2,04%. Corporate Bonds returned -0,95%, while the benchmark returned -2,74%. Alternative Investments returned -1,17% compared to Barclays Hedge Fund Index which preliminary was down by -1,57%. 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

Company Name	% Portfolio	Value
Top ten holdings	68,5%	3 638 191
Investor AB A	13,2%	702 830
Microsoft	10,7%	569 197
Evolution	8,8%	464 688
Kindred	6,1%	322 413
MedCap	5,6%	295 350
SmartEye	5,4%	285 104
Bredband2	4,8%	254 368
Electrolux Professional	4,7%	249 509
Nekkar	4,7%	247 429
Autostore	4,7%	247 303

Gainers and Losers

Five Largest Portfolio % Gainers	% Portfolio	% Gain
Microsoft	10,7%	1754,8%
MedCap	5,6%	205,6%
ChemoMetec	2,9%	49,0%
Electrolux Professional	4,7%	33,8%
Kindred	6,1%	21,8%

Five Largest Portfolio % Losers	% Portfolio	% Loss
Autostore	4,7%	-33,2%
Crayon	2,9%	-29,3%
SmartEye	5,4%	-28,1%
Evolution	8,8%	-19,4%
C-RAD	4,6%	-16,1%

Total Portfolio Statistics

Return & Risk	Portfolio	Benchmark
Last Month	-3,32%	-1,59%
Year To Date	2,54%	3,95%
Last Twelve Months	6,78%	8,65%
Since Start (Nov 11)	67,60%	99,73%
Average Yearly Return	4,46%	6,02%
Months Active	142	142
Number of Positive Months	95	99
Number of Negative Months	47	43
Annualized Std. Dev. Last 12m	8,26%	8,04%
Sharpe Ratio Last 12m	0,60	0,85
Benchmark Correlation Last 12m	0,00	0,00

Allocation	Weight
Alternative Investments	24,8%
Corporate Bonds	7,9%
Global Bonds	10,4%
Money Market	16,5%
Equities	40,5%

Currency Exposure	1 Month
SEK	77,4%
USD	11,4%
EUR	5,1%
NOK	4,9%
DKK	1,2%

Equity Portfolio Statistics

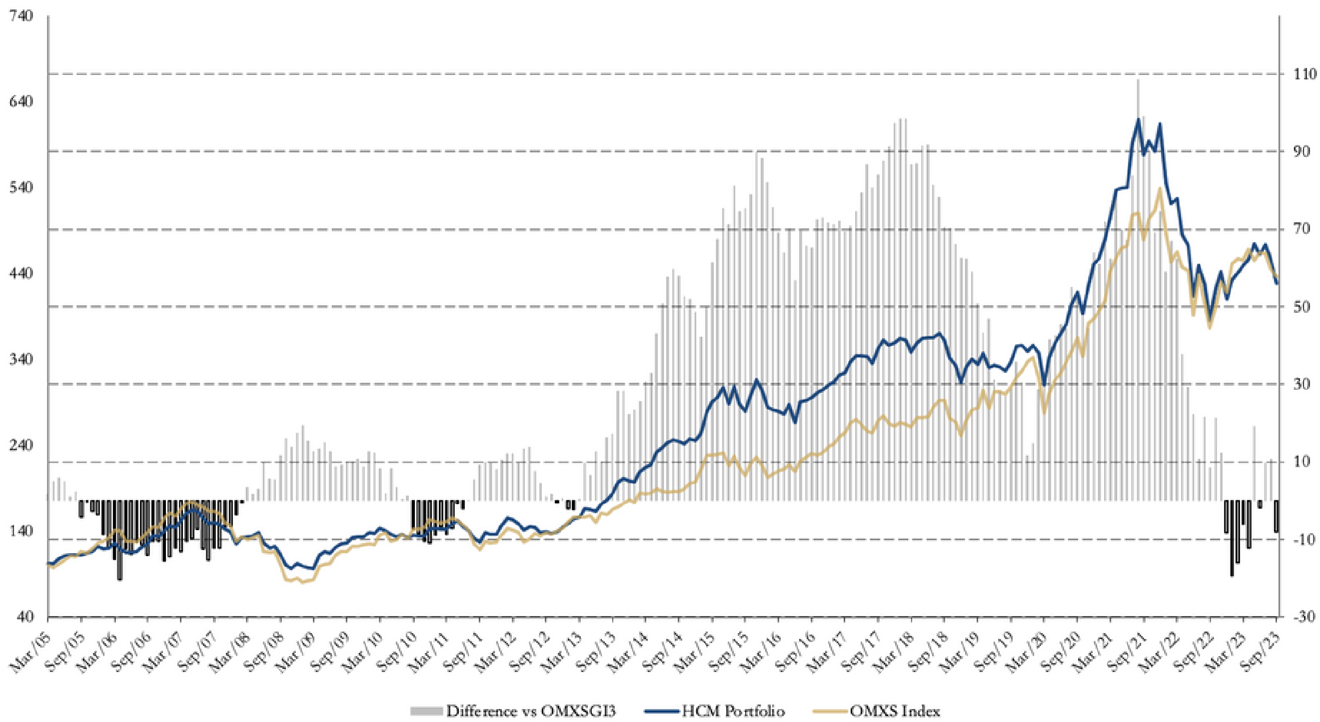
Return & Risk	Portfolio	Benchmark
Last Month	-6,09%	-2,03%
Year To Date	4,47%	4,30%
Last Twelve Months	11,27%	15,92%
Since Start (March 2005)	328,62%	336,56%
Average Yearly Return	8,15%	8,25%
Months Active	223	223
Number of Positive Months	132	140
Number of Negative Months	91	83
Annualized Std. Dev. Last 12m	19,54%	15,90%
Sharpe Ratio Last 12m	0,48	0,89
Benchmark Correlation Last 12m	0,79	0,00

Best Performers	1 Month
Loomis	1%
Investor AB A	-1%
Take-Two Interactive	-1%

Worst Performers	1 Month
Crayon	-24%
ChemoMetec	-23%
Autostore	-18%

Currency Exposure	1 Month
SEK	69,9%
USD	15,1%
EUR	0,0%
NOK	12,2%
DKK	2,9%

Equity Performance



Portfolio Performance