

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

March 2025

CEO Comments

The first quarter of 2025 has come to an end and so far HCM's total portfolio has posted the following monthly returns:

- January: +1.33% (benchmark index: -4.06%)
- February: +2.66% (benchmark index: -0.09%)
- March: -2.71% (benchmark index: -5.75%)

The Stock Market Year 2025 began with a strong performance across global equity markets. European stock exchanges performed particularly well, and the Swedish stock market also showed a significant increase in January, with a broad index return of 7.48%. This was followed by a continued positive, albeit more volatile, February, while March was mainly characterized by further declines.

January was marked by optimism surrounding interest rate cuts, improved macroeconomic data, and ongoing AI-driven growth expectations. February brought geopolitical concerns linked to potential tariffs from the U.S., but also signals of increased defense spending and stimulus packages in Europe. In March, sentiment turned negative, with clear rotation flows away from large-cap tech favorites ("Magnificent 7") and ongoing uncertainty regarding trade relations, particularly between the U.S. and its trading partners.

The bond markets were volatile during the quarter. Swedish and European government bond yields initially rose but fell back towards the end of the quarter. The Swedish krona showed strength at times, partly due to increased international demand for Swedish assets.

During the quarter, HCM made several changes to the equity portfolio. Autostore was divested in January after a review of the company's competitive landscape and margin outlook. We identified increased risks in growth rate, technological differentiation, and legal proceedings, which collectively worsened the risk/reward profile. Evolution was sold in March due to growing concerns regarding the company's operations in weakly regulated markets, which no longer aligned with our ESG criteria.

We maintained and reinforced our position in Careium, despite some share volatility caused by insider selling ahead of a quiet period. The company's Q4 2024 report showed solid margin development and stable sales, which strengthens our confidence in the case ahead of the Oslo contract launch in H2 2025. Smarteye continued to be volatile, but we still see support for long-term growth, especially in light of upcoming regulatory changes in the automotive sector expected in 2026.

Strong contributors during the quarter included Ambea, CAG, and Coor—all companies that demonstrated stability in a more uncertain market environment, with low exposure to exports and a high share of contract-based revenues.

No major changes were made in the corporate bond section of the portfolio, but we are closely monitoring the interest rate market for new opportunities.

Bianca Andersson

Asset Manager's Comments

Following a strong start to the year, where market dips were quickly recovered, March was mostly negative. U.S. stock indexes recorded their worst monthly performance since December 2022, driven by a rotation out of the Magnificent 7 and renewed uncertainty around tariffs. During the month, our benchmark index declined by 7.83%, while our portfolio delivered a return of -5.80%, resulting in an outperformance of 2.02 percentage points.

The best performers were Coor, CAG & Ambea. The worst performers were Careium, Electrolux Professional and Smart Eye. During the month we exited our position in Evolution.

During this volatile month our defensive holdings Coor, CAG and Ambea showed their resilience. All of them have resilient demand and doesn't export or are too dependent on customers that does it which have their role in uncertain times like we experience now.

On the negative side we find SEYE that had a setback following the strong Q4 report in February. This is combined with the uncertainty coupled with uncertainty over how tariffs will affect the automotive sector. However, in the near-term we think Europe is the important driver and tariffs are unlikely to have a huge impact and in the long-term we see high automotive tariffs in US as unprovable. The drop in Careium is a consequence of their CEO Christian sold half of his position one day before the silent period which is somewhat concerning going into Q1 report given the volatile product sales and that it was already expected to be somewhat soft.

The reason for the exit in Evolution is mainly ESG related. It has been more and more clear that black and grey markets are most profitable for EVO, that they sell through some controversial aggregators and that their definition of regulated market isn't fully reflected how many customers that play through regulated operators.

The whole portfolio returned -2.71% during March, this is above our benchmark index which decreased by 5.75% during the month. Global Bonds returned -1.70 % compared to our benchmark was down with 5.64%. Corporate Bonds returned -0.03%, while the benchmark index returned -7.04%. Alternative Investments returned 1.69% compared to Barclays Hedge Fund Index which preliminary was down by 1.30%. 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	71,1%	4 221 624
Investor AB A	14,6%	864 618
Ambea	9,0%	536 769
Microsoft	7,7%	456 582
Loomis	7,1%	418 592
Bredband2	6,4%	380 400
Securitas	5,6%	332 163
Take-Two Interactive	5,4%	322 906
Essity	5,3%	316 794
MedCap	5,0%	297 560
CAG	5,0%	295 240

Gainers and Losers

Five Largest Portfolio % Gainers	% Portfolio	% Gain
Microsoft	7,7%	1928,9%
MedCap	5,0%	291,6%
Ambea	9,0%	117,6%
Investor AB A	14,6%	62,6%
Bredband2	6,4%	61,0%
Five Largest Portfolio % Losers	% Portfolio	% Loss
SmartEye	2,2%	-31,7%
Fenix Outdoor	4,2%	-20,1%
Coor	4,3%	-18,3%
Essity	5,3%	1,7%
CAG	5,0%	2,7%

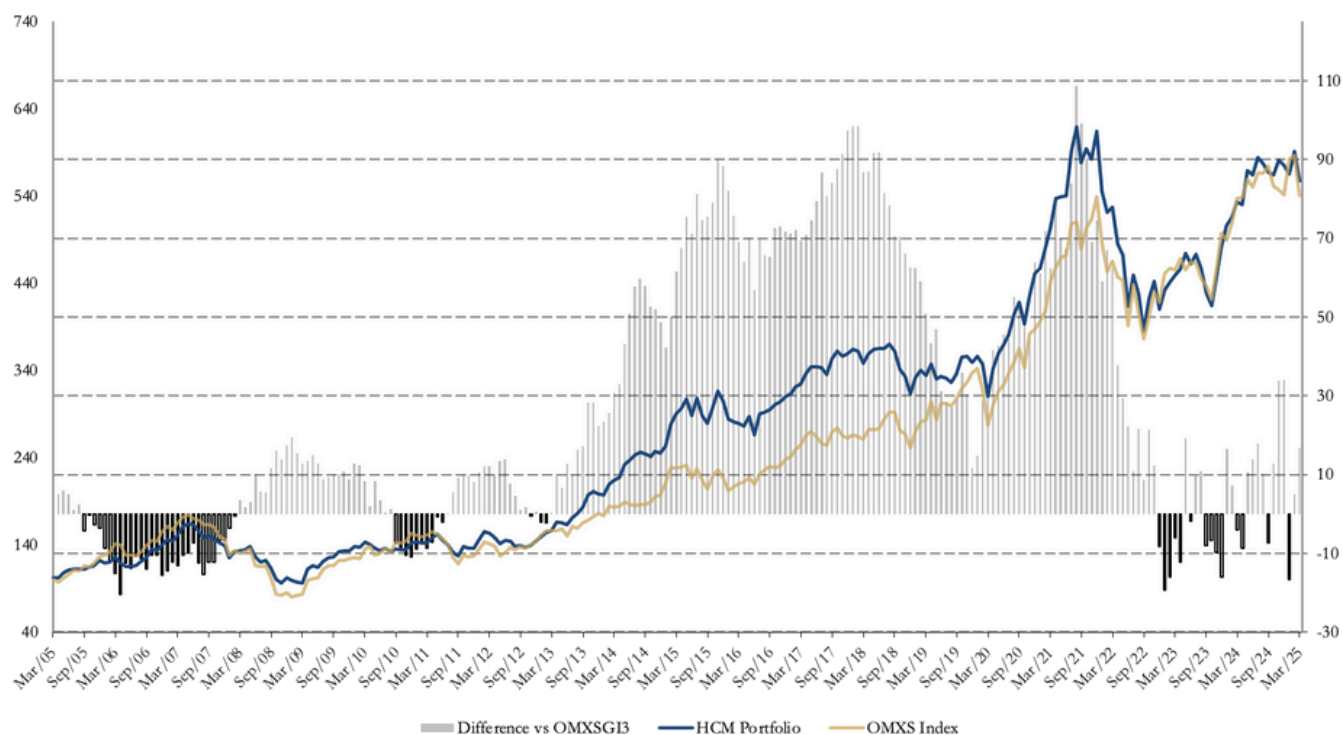
Total Portfolio Statistics

Return & Risk	Portfolio	Benchmark	Allocation	Weight
Last Month	-2,71%	-5,75%	Alternative Investments	13,9%
Year To Date	24,08%	20,19%	Corporate Bonds	18,4%
Last Twelve Months	4,92%	0,69%	Global Bonds	13,3%
Since Start (Nov 11)	102,80%	131,05%	Money Market	9,1%
Average Yearly Return	5,45%	6,48%	Equities	45,2%
Months Active	160	160	Currency Exposure	1 Month
Number of Positive Months	106	110	SEK	87,5%
Number of Negative Months	54	50	USD	5,0%
			EUR	4,2%
Annualized Std. Dev. Last 12m	5,74%	8,81%	NOK	0,0%
Sharpe Ratio Last 12m	0,54	-0,13	DKK	1,5%
Benchmark Correlation Last 12	0,00	0,00		

Equity Portfolio Statistics

Return & Risk	Portfolio	Benchmark	Best Performers	1 Month
Last Month	-5,80%	-7,83%	Coor	2%
Year To Date	35,71%	29,05%	CAG	0%
Last Twelve Months	4,41%	0,51%	Ambea	-1%
Since Start (March 2005)	456,83%	440,15%	Worst Performers	1 Month
Average Yearly Return	8,93%	8,76%	SmartEye	-21%
			Electrolux Professional	-17%
Months Active	241	241	Careium	-12%
Number of Positive Months	141	150	Currency Exposure	1 Month
Number of Negative Months	100	91	SEK	81,7%
			USD	10,9%
Annualized Std. Dev. Last 12m	12,22%	13,84%	EUR	0,0%
Sharpe Ratio Last 12m	0,21	-0,09	NOK	0,0%
Benchmark Correlation Last 12	0,53	0,00	DKK	3,3%

Equity Performance



Portfolio Performance

