PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

September 2025

CEO Comments

In September, our portfolio advanced 0.04%, our benchmark delivered 0.67%. The equity portfolio delivered 0.25% versus index on 0.47%. YTD our portfolio has performed 6.79%, the equity portfolio 11.21% versus index on 1.87% and 5.91% respectively.

Top contributors included **Take-Two Interactive**, **Smarteye** and **Ambea**. While **Swedencare**, **Medcap** and **Bredband2** were the primary detractors.

Operations
We have had an successful recruitment window, showcasing the continued high interest for our analyst positions. After an intense period of screening, interviews and case-solving we are excited to welcome two new analysts, Tobias Cedersparr Forsén and Jaspar Skålén. We would like to extend our gratitude to William Wällstedt, who is leaving HCM after three years. William joined HCM as an analyst in 2022 and has since held the roles of CFO and Head of Asset Management. We thank William for his contributions and wish him the best of luck in his coming endeavors. Following William's departure, Viktor Löfving will assume the role of CFO.

Sincerely,
Isac Svensson

Asset Manager's Comments

September was characterized by renewed market volatility and continued macroeconomic uncertainty. In Sweden, the Riksbank lowered its policy rate by 25 bps to 1,75%, citing easing inflation and a still-fragile growth outlook. According to the minutes, this could mark the final cut in the current cycle, as policymakers seek to balance supporting demand with maintaining price stability. The move provided some short-term relief to interest-sensitive sectors such ashousing and consumer credit, while the krona remained relatively stable.

On the global stage, market attention turned to the United States, where President Trumpannounced a 100% tariff on imported branded pharmaceuticals unless companies increase domestic production. The subsequent agreement with Pfizer, exchanging tariff relief for price reductions via a new "TrumpRx" program, temporarily calmed investor nerves but underscored the rising regulatory and trade uncertainty surrounding healthcare and lifesciences.

The strongest performers in September were Take-Two, Smart Eye, and Ambea, all of which continued to show strong momentum. Take-Two benefited from sustained optimismahead of its upcoming game releases, while SmartEye and Ambea extended its positive trajectory following another month of solid execution and growing investor confidence. On the weaker side, Swedencare, MedCap and Bredband2 detracted from returns. Swedencare declined sharply after sector peer Pets at Home issued a second profit warning in two months, raising concerns about softening demand for pet products amid higher living costs. MedCap fell modestly after a media debate on high valuations among serial acquirers, despite no company-specific news. Meanwhile, Bredband2 weakened following a report from Telekomnyheterna suggesting that Telia's takeover bid could face scrutiny from the Swedish Competition Authority over potential market concentration. Overall, the declines were largely sentiment-driven rather than based on fundamental deterioration.

During the month, we initiated new positions in Exsitec and Alligo. Exsitec is a high-quality IT consultancy that has consistently delivered superior margins and growth relative to peers. We are particularly positive on its high share of recurring revenues and its strong M&A potential. We believe the consulting sector will strengthen in 2026 and see meaningful upside from Exsitec's current valuation of roughly 10x EV/EBITA (2026e). Alligo, a Nordic distributor of workwear, tools, and protective equipment, has faced headwinds from the weak construction sector for a while. However, we view the company as well-positioned for renewed growth once these markets recover, supported by strong brands, solid operations and value-accretive acquisitions. Trading at 9x EV/EBIT (2026e), we see the valuation as attractive relative to peers.

For September, the portfolio returned 0.04%, compared to the benchmark's 0.67%, marking our sixth consecutive month of positive performance. Equities returned 0.25%, versus the benchmark's 0.47%, alternative investments underperformed modestly, while bonds and money markets outperformed their respective benchmarks. As we enter the final quarter of the year, we maintain a disciplined, high-conviction approach focused on quality companies with strong fundamentals and attractive long-term value.

Sincerely,

William Balksten

This Month's holding in focus

Why we did a Peer flip from Brdr. A & O Johansen to Alligo.

We invested in AOJ with a clear mean reversion thesis in both margins and valuation multiples, supported by strong underlying book values and potential as an M&A target in an ongoing sector consolidation. AOJ is a Danish wholesaler, founded in 1914, with more than 90% of sales in Denmark. Through its store network and e-commerce platform, the company offers a wide range of heating, plumbing, electrical, and tool products to both professional craftsmen and private customers. The thesis largely materialized: we realized a total return of ~54%, compared with 16% for OMXGI and 32% for AOJ's mid-cap benchmark (including dividends) over the same period. While there may still be residual upside in both margins and valuation, rather than trying to squeeze out the last leg of potential, we chose to reallocate capital to opportunities with even greater upside.

Alligo may seem boring at first glance, but with a low valuation and resilient fundamentals, even "boring" companies can generate attractive returns, just as in AOJ. Alligo is a Swedish distributor of industrial consumables, tools, workwear, and protective equipment across the Nordic region, created through the merger of Swedol and Tools and spun off from Momentum Group in 2022. We see Alligo as a higher-quality play in the same sector as AOJ, with a stronger upside potential.

The company should see a reversion in margins, with greater leverage than AOJ given its higher gross margin profile. AOJ operates at roughly 32% gross margins, while Alligo stands at ~42% Gross Margins on an NTM basis, giving Alligo significantly more operating leverage as conditions normalize. Currency dynamics provide an additional tailwind: Alligo sells largely in SEK but purchases in EUR. This effect was not yet visible in Q2 due to inventory turnover, as previously purchased goods at higher EUR prices were still being recognized. Going forward, however, the currency shift should increasingly support profitability.

On the demand side, Alligo is well positioned to benefit from rising ROT-related applications in Sweden following the recent increase in ROT subsidies. Moreover, the company has reached a scale where it can pursue multiple small bolt-on acquisitions at attractive multiples. This lowers business risk compared with larger, more complex integrations, while at the same time accelerating compounding of earnings over time.

When we reviewed Alligo's acquisition multiples since 2017, we noted that they have varied over time, with a peak in 2020 driven by the Swedol transaction at a clearly higher multiple. In contrast, the bolt-on acquisitions have consistently been carried out at much lower levels, typically in the 3–5x range, underscoring Alligo's disciplined M&A approach and ability to compound value through smaller deals.

Valuation remains highly compelling. The shares trade at ~8x next year's EV/EBITA on an organic basis, which we view as far too low for a quality company with strong management and clear compounding potential. This is lower than AOJ even though we believe that the company, as mentioned, is better and the ND/EBITDA is lower which provides better opportunities for acquisitions.

In our view, Alligo combines three paths to value creation: margin expansion, valuation rerating, and accretive M&A. And if rerating takes time, the company's ability to roll up smaller players and grow earnings in the meantime offers us an attractive balance of quality and upside.

Sincerely,

Jacob Kristensen
Equity Analyst at HCM

Top Ten Equity Holdings

Company Name	% Portfolio	Value
Top ten holdings	67,4%	5 111 624
Investor AB A	11,2%	852 157
Ambea	8,8%	666 182
Microsoft	7,8%	590 042
Bredband2	7,6%	579 245
MedCap	6,4%	488 725
Asmodee Group	5,5%	416 087
Loomis	5,5%	413 648
Take-Two Interactive	5,0%	377 022
Catella	4,9%	373 800
Coor	4,7%	354 717

Gainers and Losers

Five Largest Portfolio % Gainers	% Portfolio	% Gain
Microsoft	7,8%	2521,9%
MedCap	6,4%	543,1%
Ambea	8,8%	170,0%
Bredband2	7,6%	145,1%
Take-Two Interactive	5,0%	80,5%

Five Largest Portfolio % Losers	% Portfolio	% Loss
Careium	2,9%	-20,0%
Swedencare	2,5%	-17,4%
Essity	3,6%	-12,4%
Exsitec	1,3%	2,1%
CAG	4,0%	6,9%

Total Portfolio Statistics

Return & Risk	Portfolio	Benchmark
Last Month	0,04%	0,67%
Year To Date	6,79%	1,87%
Last Twelve Months	7,63%	0,69%
Since Start (Nov 11)	118,14%	140,21%
Average Yearly Return	5,80%	6,54%
Months Active	166	166
Number of Positive Months	112	115
Number of Negative Months	54	51
Annualized Std. Dev. Last 12m	5,24%	7,73%
Sharpe Ratio Last 12m	1,11	-0,14
Benchmark Correlation Last 12n	0,00	0,00

Allocation	Weight
Alternative Investments	13,0%
Corporate Bonds	18,1%
Global Bonds	12,9%
Money Market	8,6%
Equities	47,4%

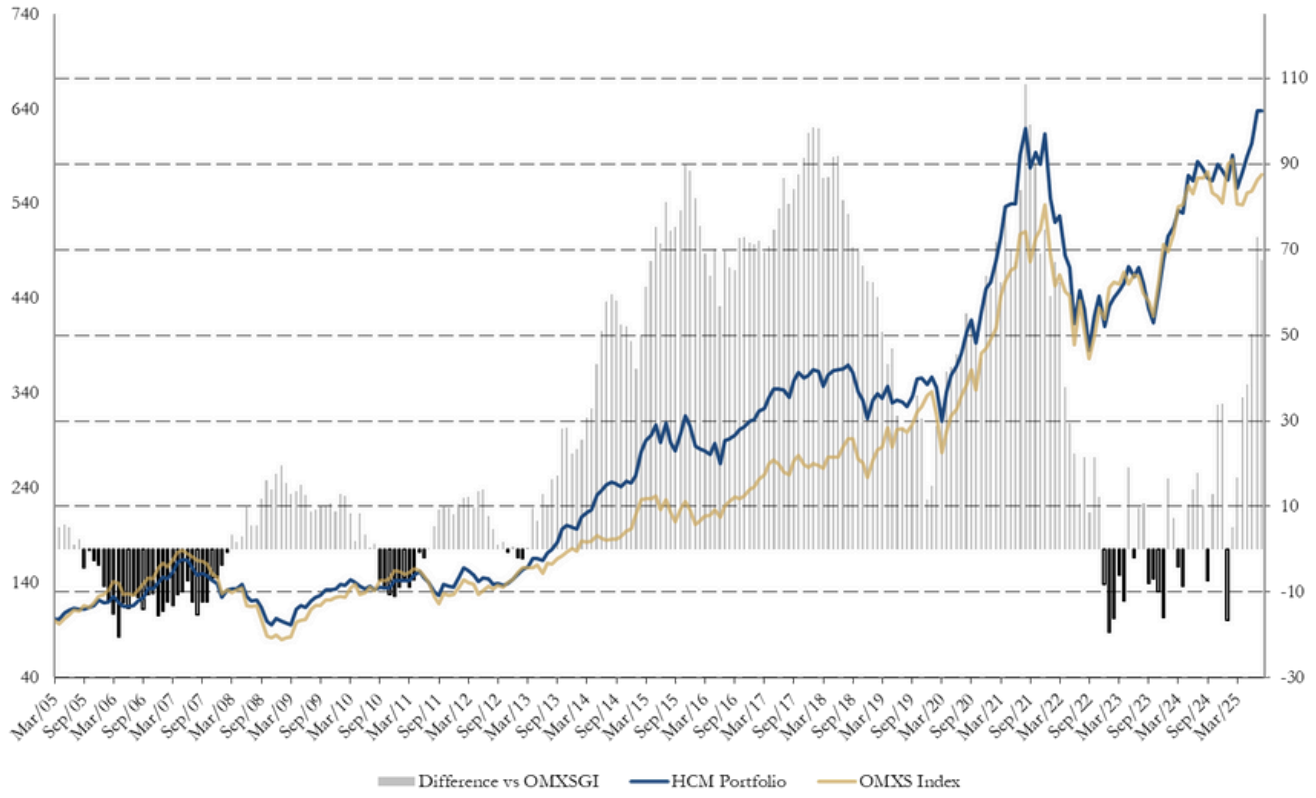
Currency Exposure	1 Month
SEK	88,5%
USD	5,7%
EUR	4,0%
NOK	0,0%
DKK	0,0%

Equity Portfolio Statistics

Return & Risk	Portfolio	Benchmark
Last Month	0,25%	0,47%
Year To Date	11,21%	5,91%
Last Twelve Months	12,88%	-0,13%
Since Start (March 2005)	539,74%	473,26%
Average Yearly Return	9,44%	8,85%
Months Active	247	247
Number of Positive Months	147	155
Number of Negative Months	100	92
Annualized Std. Dev. Last 12m	10,76%	12,17%
Sharpe Ratio Last 12m	1,03	-0,16
Benchmark Correlation Last 12n	0,39	0,00

Best Performers	1 Month
Take-Two Interactive	10%
SmartEye	7%
Ambea	7%
Worst Performers	**1 Month**
Swedencare	-15%
MedCap	-8%
Bredband2	-8%
Currency Exposure	**1 Month**
SEK	78,7%
USD	12,1%
EUR	0,0%
NOK	0,0%
DKK	0,0%

Equity Performance



Portfolio Performance