

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

January 2026

Report January 2026

CEO Comments

In January, our portfolio returned -2.6% while our benchmark did 1.07%.

Top contributors included Coor, Careium and Investor. Whereas Swedencare, fractal Gaming and CTT were the primary detractors.

Operations

January tends to be the calm before the storm of February's Q4 reporting season. Rather than spend pages on events already behind us, it makes sense to briefly reflect on the year just concluded.

Throughout the year, we evaluated roughly 70 investment ideas. At nearly every meeting, multiple new cases were pitched and debated. We saw opportunities in companies such as Exsitec, Clavister, Rugvista, Carasent, EQL Pharma, Adtraction and SP Group, as well as in Alligo, Kalmar, Beijer Ref, Asmodee, Netcompany and Valmet. We also spent time on special situations including OEM International and Lindex.

Of the ~70 ideas, approximately 15% passed our process and were ultimately included in the portfolio.

For the year, the portfolio returned 7.41% with a sharpe ratio of 1.07. Our benchmark returned 5.01% with a sharpe ratio of 0.41. Acceptable returns - whether this year looks similar is another question entirely.

Sincerely,
Isac Svensson

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Asset Manager's Comments

Dear readers,

January has been an eventful month, to say the least. The portfolio returned -2.26% compared to the benchmark's 1.07%. The weakness was primarily driven by equities, where our portfolio declined -4.15% while the equity benchmark advanced 2.19%. The main positive contributors were Coor, Careium and Investor while Swedencare, Fractal Gaming and CTT detracted.

During the month, OMXS30 increased 5%, while the Small Cap Index declined 4% - representing the largest dispersion observed in 20 years. Given that small cap companies represent the majority of our holdings, this environment translated into elevated volatility within the equity portfolio. Such periods are never comfortable, but they are consistent with the inherent characteristics of the segment we deliberately allocate to.

Furthermore, the market narrative around artificial intelligence continued to evolve. Software and perceived "AI-disruption candidates" came under pressure, while more cyclical and defensive segments displayed relative strength. We believe the current degree of AI-related risk discounting appears overstated in several areas, and that broad-based valuation compression often creates attractive entry points for patient investors.

Outside of equities, the remainder of the portfolio behaved as intended. Alternative investments, bonds, and money markets demonstrated resilience, outperforming their respective benchmarks and helped cushion the overall drawdown.

Looking ahead, periods of heightened volatility and flow-driven dislocations frequently present the most compelling investment opportunities. As capital continues to rotate and sentiment fluctuates, we see an expanding universe of companies trading at valuations that, in our assessment, underestimate their long-term earnings power and competitive positioning.

As Warren Buffett famously stated:

"Be fearful when others are greedy, and greedy when others are fearful."

Sincerely,
William Balksten

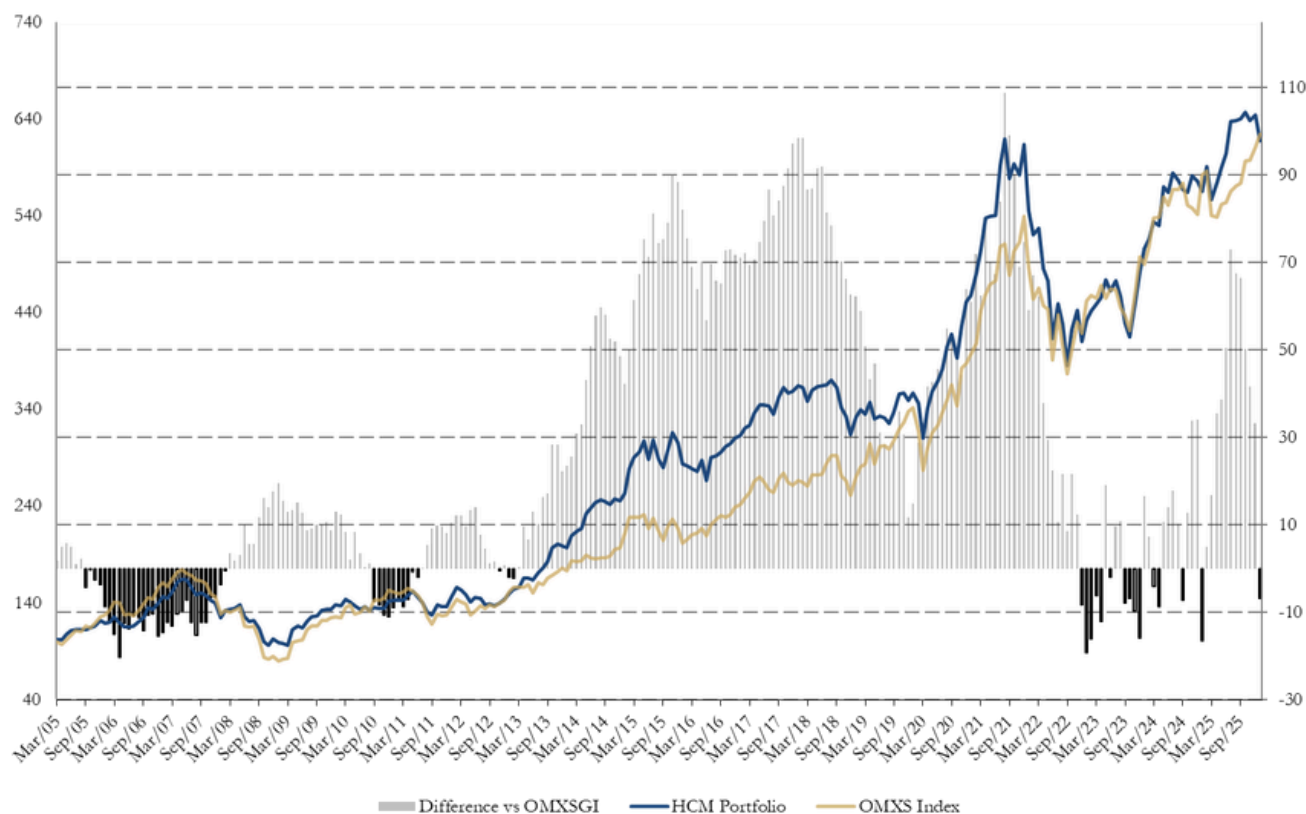
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Top Ten Equity Holdings			Gainers and Losers		
Company Name	% Portfolio	Value	Five Largest Portfolio % Gainers	% Portfolio	% Gain
<u>Top ten holdings</u>	61,4%	4 454 538	Microsoft	6,4%	1961,0%
Investor AB	13,7%	994 594	MedCap	5,8%	376,4%
Microsoft	6,4%	463 823	Ambea	6,1%	150,3%
Ambea	6,1%	446 080	Investor AB	13,7%	87,1%
MedCap	5,8%	423 850	Electrolux Professional	3,7%	45,7%
Coor	5,3%	387 238			
Loomis	5,2%	380 688	Five Largest Portfolio % Losers	% Portfolio	% Loss
Asmodee Group	5,1%	368 780	Fractal Gaming	2,0%	-44,9%
Securitas	4,7%	344 214	Swedencare	2,2%	-40,9%
Catella	4,5%	326 400	CTT	2,6%	-18,7%
Kahmar	4,4%	318 870	Careium	3,3%	-13,4%
			New Wave	4,1%	-6,6%

Total Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Allocation	Weight
Last Month	-2,26%	1,07%	Alternative Investments	16,3%
Year To Date	-2,26%	1,07%	Corporate Bonds	10,2%
Last Twelve Months	5,62%	2,02%	Global Bonds	10,8%
Since Start (Nov 11)	114,46%	150,23%	Money Market	8,9%
Average Yearly Return	5,53%	6,69%	Equities	53,7%
			Currency Exposure	Weight
Months Active	170	170	SEK	84,6%
Number of Positive Months	114	118	USD	2,8%
Number of Negative Months	56	52	EUR	4,2%
			NOK	0,0%
Annualized Std. Dev. Last 12m	5,85%	7,75%	DKK	0,0%
Sharpe Ratio Last 12m	0,65	0,03		
Benchmark Correlation Last 12m	0,00	0,00		

Equity Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Best Performers	1 Month
Last Month	-4,15%	2,19%	Coor	7,2%
Year To Date	-4,15%	2,19%	Careium	4,6%
Last Twelve Months	9,17%	7,23%	Investor AB	3,9%
Since Start (March 2005)	517,05%	523,86%	Worst Performers	1 Month
Average Yearly Return	9,09%	9,15%	Swedencare	-36,8%
			Fractal Gaming	-25,7%
Months Active	251	251	CTT	-17,9%
Number of Positive Months	149	159	Currency Exposure	Weight
Number of Negative Months	102	92	SEK	75,1%
			USD	5,2%
Annualized Std. Dev. Last 12m	11,30%	11,77%	EUR	0,0%
Sharpe Ratio Last 12m	0,65	0,46	NOK	0,0%
Benchmark Correlation Last 12m	0,32	0,00	DKK	0,0%

Equity Performance



Portfolio Performance

