

# PORTFOLIO REPORT

EQUITY PERFORMANCE

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**HCM**  
HANDELS CAPITAL MANAGEMENT

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December 2021

## CEO Comments

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Following a very strong end of the month, our equities portfolio closed the month at a return of +5,5%. That made December the third best performing month of 2021 for our portfolio.

However, it was not a smooth ride all the way throughout the month. Reports of the new Omicron variant from South Africa set the tone for December, bringing new uncertainty to the markets. As we know, uncertainty is never appreciated by the market, and December came to be a very volatile month. After some significant drops in November, that continued in the beginning of December, we saw some interesting investment opportunities. We added to our positions in Nekkar and Evolution. Filip will comment on both investments in his comment.

To sum up the full year of 2021 with one word, it has to be madness. For a third consecutive year, the markets have been roaring. We have seen index returns of around and above +30% and individual stock returns of several hundred percent. Some incredible events have taken place, I am thinking mainly of the targeted short squeezes on the US markets in the beginning of the year. Some incredible volatility has also been seen during the year. Stocks that were loved by the market in the beginning of the year became hated just towards the year end. Fortunes were made, and destroyed, in a couple of months time. What a time to be alive.

Looking into 2022, we expect another crazy year. There are still a lot going on out there, and more uncertainty is for sure to come. The situation around the pandemic is still uncertain. Inflation and interest rates have been in the news lately and will perhaps continue to be. The only thing we know going in to the new year is that anything can happen. And to be fair, that is why we love this.

For us in HCM, the focus will remain on finding new interesting opportunities and follow our current holdings. We also expect the first earnings reports of the year during January. Reading the reports is always a highlight and this time will be no exception. As every earnings season, we hope for good numbers and outlooks from our companies of interest.

Ludwig Germunder

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## Asset Manager's Comments

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After a strong November, we saw another strong month in December. During December, OMXSGI returned +5,2% and the index closed at +39,43% YTD. Compared to OMXSGI, our equities traded +5,5% for the month and HCM is hence up +36,1% YTD.

The best performers during the month were Evolution, C-RAD and Catella. The worst performers were SBB, ChemoMetec and BillerudKorsnäs.

During the month, we have only made minor adjustments in the portfolio. SBB was trimmed somewhat due to the steep share performance. Hence, we needed to re-allocate some capital to keep the risk in control.

We increased our position in Nekkar. We believe that the company is significantly undervalued compared to the fundamentals and the business prospects. The market worries that no major shiplift contract has been awarded in the recent year. Selling cycles is very long and a new shiplift isn't something that you just implement in 2 weeks. We think the pipeline looks good and that we get a lot of optionality for free.

We also increased our holding in Evolution after some turbulence regarding grey/black markets. A lot has been written about the situation, and we don't have much to add. We still think the fundamentals look solid and impressive, but the valuation is now even more attractive. We saw it as a good long-term buying opportunity on a short-term uncertainty.

The whole portfolio returned +2,5% in December, somewhat outperformed by our benchmark which returned +2,9% during the month. Global Bonds returned a positive +1,5% compared to our benchmark which was down -0,3%. Corporate Bonds returned 0,0% compared to our benchmark which returned +1,3%. Alternative Investments returned a negative -1,4% compared to Barclays Hedge Fund Index which preliminary was up +1,3%. 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,  
Filip Helmroth

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### Top Ten Equity Holdings

Company Name	% Portfolio	Value
Top ten holdings	72,8%	6 909 397
SBB	13,0%	1 237 073
Investor AB A	10,1%	954 400
Evolution	9,3%	882 333
Kindred	8,5%	807 750
Microsoft	6,4%	608 450
BillerudKorsnäs	6,0%	571 845
Catella	5,6%	529 875
Vestum	5,2%	496 992
ChemoMetec	4,6%	432 219
Nekkar	4,1%	388 460

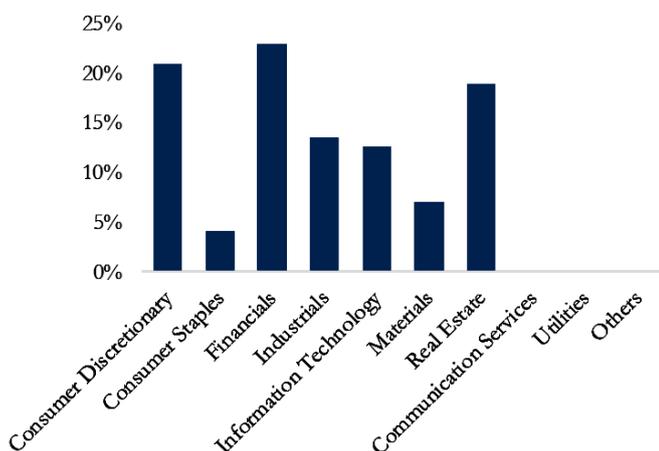
### Gainers and Losers

Five Largest Portfolio % Gainers	% Portfolio	% Gain
Microsoft	6,4%	1535,7%
SBB	13,0%	375,9%
ChemoMetec	4,6%	229,7%
Investor AB A	10,1%	112,5%
MedCap	2,7%	102,6%

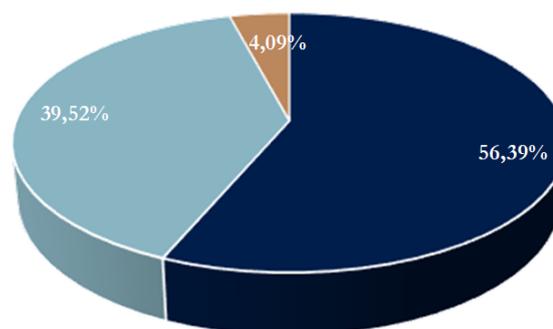
Five Largest Portfolio % Losers	% Portfolio	% Loss
Vestum	5,2%	-52,4%
Pexip	2,1%	-49,1%
BICO Group	1,9%	-43,9%
Admicom	2,2%	-11,1%
Loomis	2,2%	-7,2%

### Market Cap Analysis

#### Market Sector



#### Market Cap Breakdown



■ Large cap ■ Mid Cap ■ Small Cap

### Equity Portfolio Statistics

#### Valuation

	Portfolio	Benchmark
P/E - Current Fiscal Year	18,9	22,2
P/E - Next Fiscal Year	17,0	20,8
Price/Book	2,66	4,00
Price/Sales	3,15	3,56
Enterprise Value/EBITDA	22,6	18,0
ROE	26,1%	14,9%
Dividend Yield	2,3%	2,1%

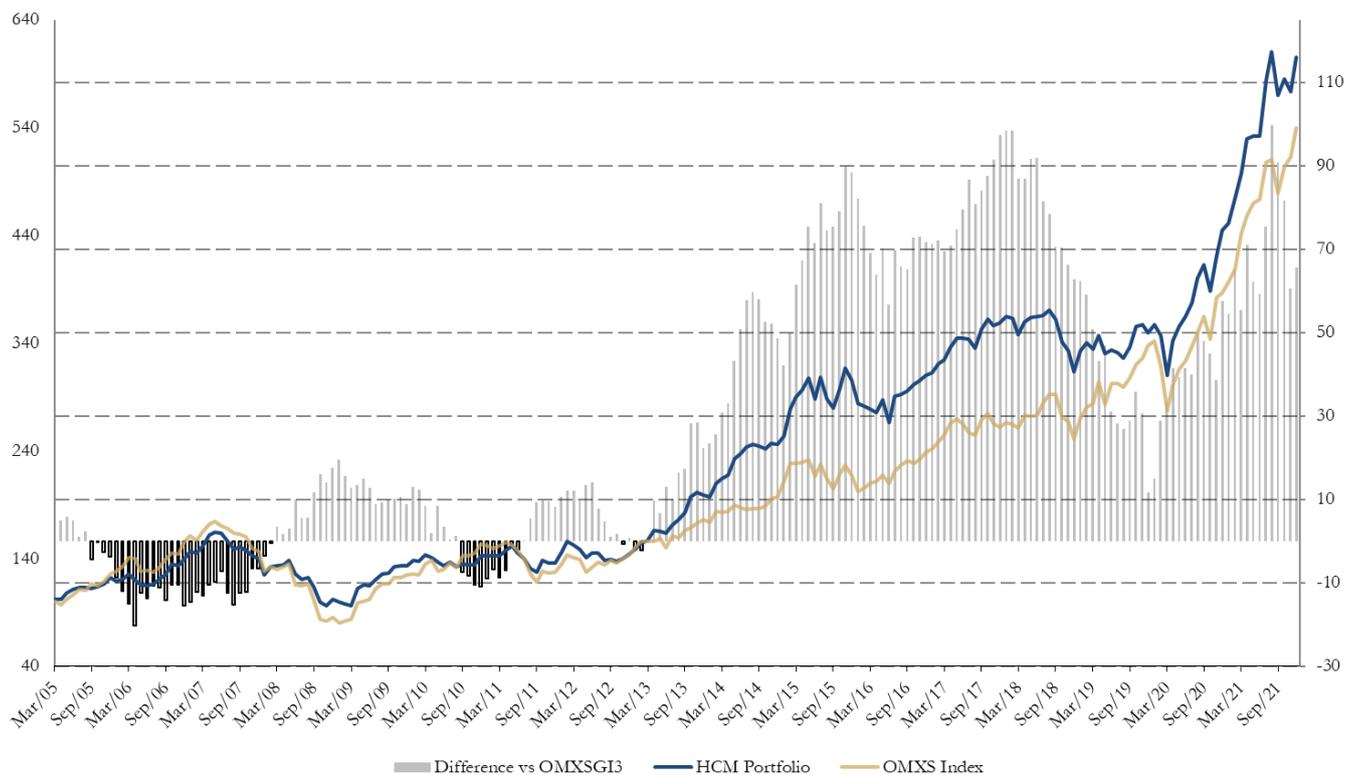
#### Risk

	Portfolio	Benchmark
5 Year Beta	0,90	0,58
2 Year Beta	0,96	0,64
1 Year Beta	1,15	0,63
5 Year Price Volatility	34,5	26,6
2 Year Price Volatility	50,4	29,2
1 Year Price Volatility	42,1	21,1

#### Growth

	Portfolio	Benchmark
% EPS Growth - 5 Yr CAGR	15,2%	1,4%
% Rev Growth - 5 Yr CAGR	13,2%	5,9%

## Equity Performance



## Portfolio Performance

