

# PORTFOLIO REPORT

EQUITY PERFORMANCE

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**HCM**  
HANDELS CAPITAL MANAGEMENT

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June 2021

## CEO Comments

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By the end of June, we close the books for the first half of the year. I am happy to say that the first half of 2021 has been a very good one for us. June marked the eight months in a row with a positive return, as our equities returned +0,1% over the month. Year to date our equities portfolio has returned +19,7%.

One of the recent main events on the Swedish stock market has been the record amount of IPO's taking place. There has been a clear trend all year with a rising amount of companies filing for IPO, and the number of offerings accelerated significantly in June. During the month, 26 new companies went public on Nasdaq Stockholm and First North, compared to the total of 41 during the first five months of the year combined. The large amount of IPO's is a sign of very good liquidity in the markets, as well as a generally bullish sentiment.

Although still on a historically high level, the number of filings now seem to be decreasing, and it looks like the euphoria around IPO's is going towards an end for this time.

Looking ahead, the earnings reports for the second quarter are expected to be published. To highlight one holding, we have high expectations on the earnings of Kindred, one of our largest holdings. As the Uefa Euros have led to high activity on Kindreds site Unibet, combined with many games having unexpected outcomes, this could lead to higher margins than anticipated for Kindred. That have been the case for some of their peers that has already released trading updates, further strengthening our thesis regarding Kindred.

During July, our main focus will be the earnings reports of our portfolio companies. We are very much looking forward to reading all our holdings reports, and I hope that I will be able to communicate good outcomes in our next monthly report.

Ludwig Germunder

07/13/21

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Report June 2021

## Asset Manager's Comments

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Hello,

Another month where the market keeps on finding positive prospects for the future. During June, OMXSGI rose +0,7% and the index closed at +22,2% YTD. Compared to OMXSGI, our equities traded +0,1% for the month and HCM is hence up +19,7% YTD.

The best performers during the month were ChemoMetec, Microsoft and GHP. The worst performers were Nekkar, Kindred and Admicom.

We made no transactions in the portfolio during the month.

Vaccinations are rolling out throughout the world and it seems like the world will be “normal” again during 2022. We believe that stock-picking will continue to play an even more important role in the following years, given the high valuations and changing business dynamics. As always, there’s an ongoing debate between growth vs. value and we stand our stance that good R/R-investments can be found in both segments.

Our holding in the hedge fund Gladiator has had a rough start to 2021 and has delivered a negative return of -18% YTD. Both Oncopeptides, Hansa Biopharma and Attendo have underperformed the market significantly, where BioArctic and AstraZeneca are the only outperformers. As one can guess, the volatility of a portfolio like Gladiator will be higher than a regular portfolio. Mitteregg's stock-picking ability in the sector has historically been very solid and we believe that nothing structurally has changed. We find the case in Camurus (the largest holding) to be especially exciting given the roll-out of Buvidal throughout Europe. We think that there’s plenty of upside in both patients switching from methadone to buprenorphine (Buvidal) in Europe, the US launch of Brixadi and the strong pipeline of new pharmaceuticals.

The whole portfolio returned -0,6% in April, somewhat lagging our benchmark which gained +1,1% during the month. Global Bonds returned a positive +1,0% compared to our benchmark which was up +2,0%. Corporate Bonds returned a positive +0,9% compared to our benchmark at +4,9%. Alternative Investments returned a negative -3,5% compared to Barclays Hedge Fund Index which preliminary was up +0,7%. 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

07/13/21

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### Top Ten Equity Holdings

Company Name	% Portfolio	Value
<b>Top ten holdings</b>	<b>69,3%</b>	<b>5 880 102</b>
Kindred	12,9%	1 093 125
SBB	12,1%	1 023 164
Investor AB A	9,4%	793 200
BillerudKorsnäs	6,8%	573 018
Latour	5,6%	478 380
Microsoft	5,6%	475 060
ChemoMetec	5,0%	426 834
Pexip	4,3%	368 090
GHP Speciality Care	3,8%	326 358
Catella	3,8%	322 875

### Gainers and Losers

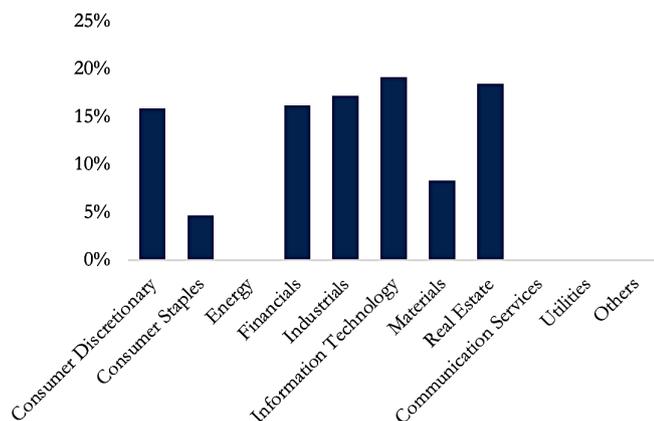
Five Largest Portfolio % Gainers	% Portfolio	% Gain
Microsoft	5,6%	1145,3%
ChemoMetec	5,0%	229,0%
SBB	12,1%	157,0%
MedCap	3,6%	141,3%
Latour	5,6%	77,9%

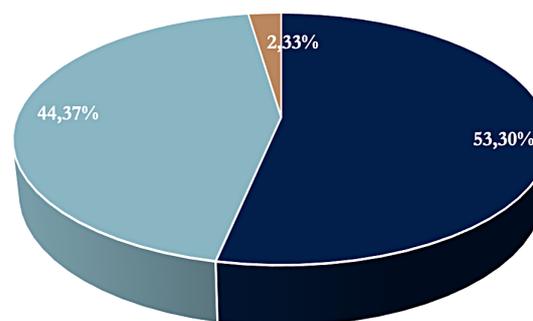
Five Largest Portfolio % Losers	% Portfolio	% Loss
Cellink	3,1%	-14,3%
Admicom	2,7%	-10,9%
Pexip	4,3%	-7,6%
Nekkar	2,3%	-7,3%
Fortnox	2,9%	-3,1%

### 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	20,8	23,1
P/E - Next Fiscal Year	14,7	20,5
Price/Book	2,44	4,61
Price/Sales	3,24	3,47
Enterprise Value/EBITDA	33,5	14,8
ROE	26,7%	24,4%
Dividend Yield	2,4%	2,1%

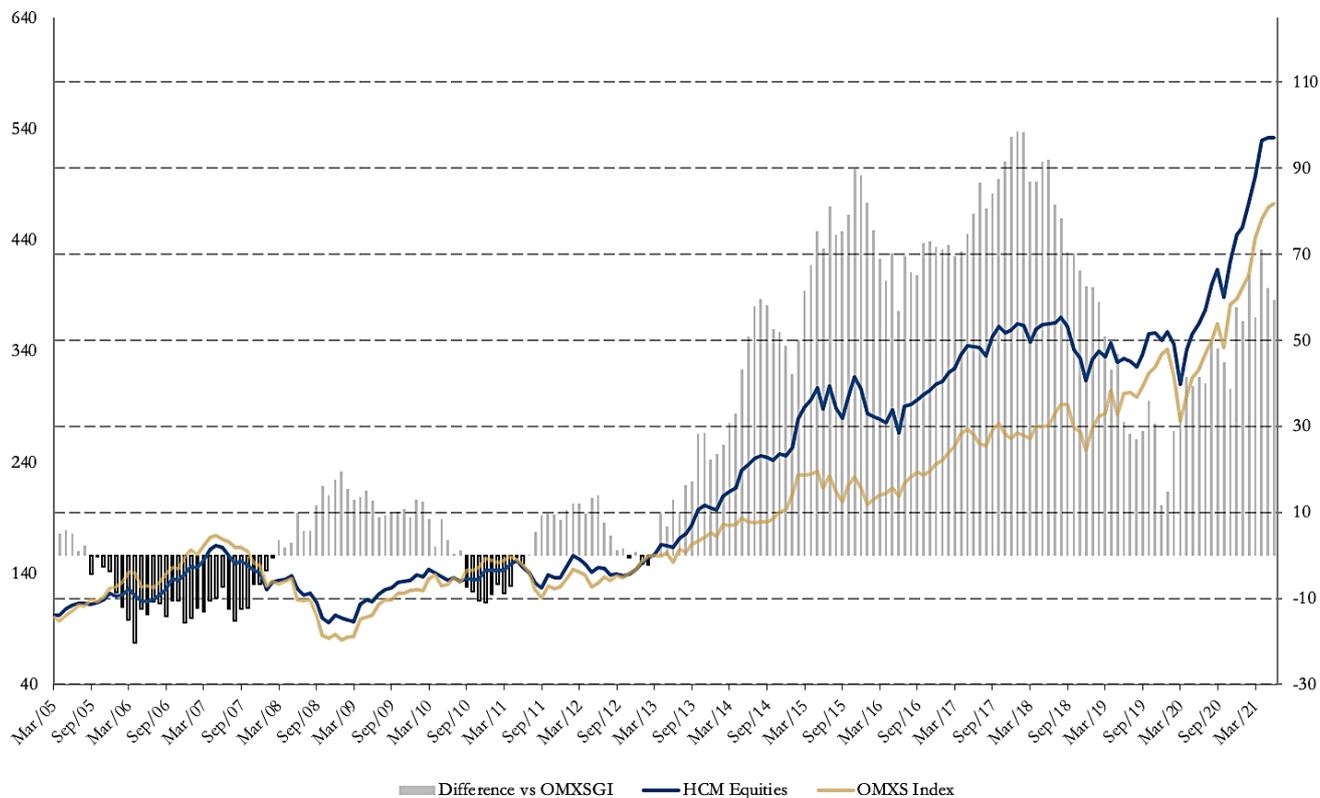
#### Risk

	Portfolio	Benchmark
5 Year Beta	0,82	0,59
2 Year Beta	0,93	0,65
1 Year Beta	0,76	0,69
5 Year Price Volatility	25,1	26,6
2 Year Price Volatility	42,4	30,0
1 Year Price Volatility	33,2	22,9

#### Growth

	Portfolio	Benchmark
% EPS Growth - 5 Yr CAGR	9,9%	3,9%
% Rev Growth - 5 Yr CAGR	9,0%	1,1%

## Equity Performance



## Portfolio Performance

