

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

February 2022

CEO Comments

What a terrible month. Stocks have had a rough time, but that is not what I am referring to. The invasion of Ukraine and the following war has not left anyone untouched. The scenes that take place in Ukraine is something we have not seen in Europe in a long time, and something we do not want to see anywhere. We hope to see an end to the war as soon as possible.

Following the shaky geopolitical situation, the stock market was volatile during the month. Our portfolio was no different. Looking at our equities portfolio it traded -4,5% in February. During the same period OMXSGI traded -6,7%.

Macro has this month been more relevant than in a long while, and the news flow have been constant and has had very high impact on the markets. Starting with the invasion, it was followed by sanctions towards Russia and then further sanctions towards Russia. Every comment from significant leaders has had very high impact on the markets as well.

The uncertainty around the war as well as the following macro-economic effects has led to very high volatility on the markets. As we know, if there is one thing that Mr. Market hates, it is uncertainty. While pretty much all stocks are being trading down in such market conditions, we believe that far from all companies will experience a significant impact on their businesses. Such situations could open huge opportunities for the curious and courageous investor. Curious in the meaning that one puts in the effort of digging through the stock lists to find the interesting and misunderstood cases. Courageous in the meaning that one dares to go against the frightened market and focus on fundamentals, rather than short term price actions. We believe that in the mid to long term, fundamentals will win. We also believe that in the short term, noise create opportunities for the curious and courageous to win in the mid to long term. Thus, we aim to be the curious and courageous investor.

For us in HCM, the focus before the invasion was on the earnings reports being released. Those are now all released for this time, and our focus is now changing. First out, we will have to oversee our portfolio, and analyze if and how our holdings are affected by the major sanctions towards Russia. We will also begin a new run of suspects, where we will screen the market for new investment ideas. However, our main focus will be to follow the news from Ukraine, and everything that is happening around that. My biggest wish right now is to be able to write good news about that in the next monthly report.

Ludwig Germunder

Asset Manager's Comments

After an extremely weak January, we saw another weak month in February. During February, OMXSGI returned -6,7% and the index closed at -15,9% YTD. Compared to OMXSGI, our equities traded -4,5% for the month and HCM is hence down -15,2% YTD.

The best performers during the month were ChemoMetec, Pexip and Loomis. The worst performers were GHP, SBB and Admicom.

During the month, we made no transactions. It has been a hectic month with a lot of external factors affecting the markets. We have been concentrating on our portfolio holdings and their exposure towards the potential risks regarding weakening supply-chains, disrupted end markets and political risks. February is usually the month when most of the listed companies are closing the Q4's and hence we have had a lot of reports to analyze and discuss. Overall, we've been pleased with the fundamental development in our core holdings.

Since no transactions were made, I'd instead like to present our new Asset Manager at HCM – Leonard Lenhoff. Leonard has been working at HCM for more than 2 years and I feel fully confident that he will handle the role exceptionally. More on that in the coming letters. I (Filip) will stay in the organisation but will focus more on equity research.

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

Top Ten Equity Holdings

| Company Name | % Portfolio | Value |
|-------------------------|--------------|------------------|
| Top ten holdings | 72,8% | 5 678 518 |
| Investor AB A | 10,7% | 831 982 |
| SBB | 10,6% | 823 039 |
| Kindred | 10,1% | 789 375 |
| Evolution | 9,7% | 755 149 |
| Microsoft | 7,3% | 566 156 |
| Catella | 6,0% | 471 375 |
| ChemoMetec | 5,4% | 418 559 |
| Nekkar | 4,7% | 367 263 |
| Vestum | 4,4% | 341 280 |
| Ratos | 4,0% | 314 340 |

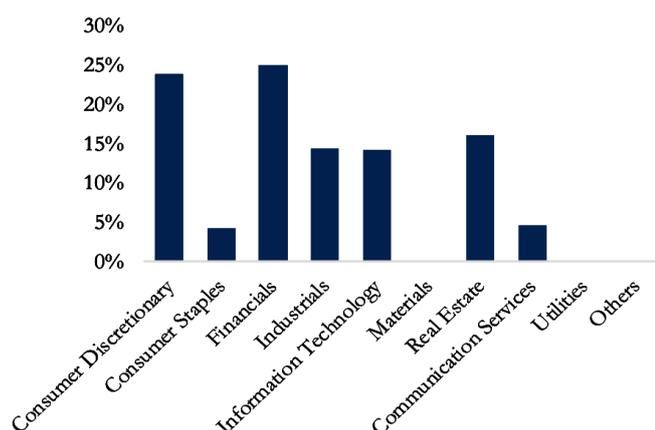
Gainers and Losers

| Five Largest Portfolio % Gainers | % Portfolio | % Gain |
|----------------------------------|-------------|---------|
| Microsoft | 7,3% | 1422,0% |
| ChemoMetec | 5,4% | 219,3% |
| SBB | 10,6% | 216,6% |
| Investor AB A | 10,7% | 85,3% |
| MedCap | 2,9% | 80,5% |

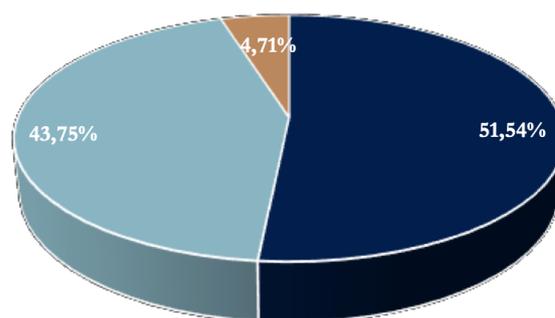
| Five Largest Portfolio % Losers | % Portfolio | % Loss |
|---------------------------------|-------------|--------|
| BICO Group | 1,5% | -64,5% |
| Pexip | 2,5% | -50,7% |
| Admicom | 2,0% | -33,8% |
| Evolution | 9,7% | -19,8% |
| Essity | 3,5% | -12,8% |

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 | 26,1 | 18,4 |
| P/E - Next Fiscal Year | 21,7 | 17,0 |
| Price/Book | 2,08 | 3,85 |
| Price/Sales | 2,73 | 3,42 |
| Enterprise Value/EBITDA | 20,9 | 14,9 |
| ROE | 28,7% | 10,4% |
| Dividend Yield | ##### | 2,4% |

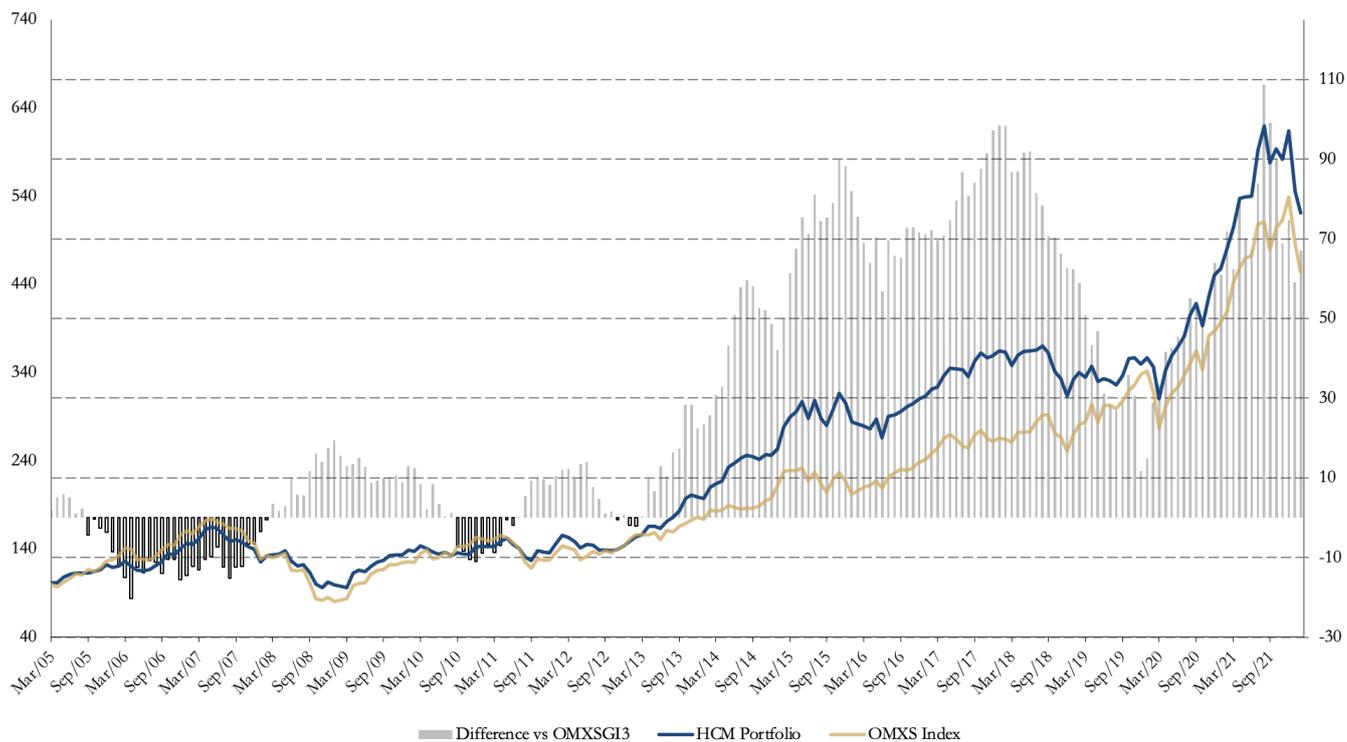
Risk

| | Portfolio | Benchmark |
|-------------------------|-----------|-----------|
| 5 Year Beta | 0,98 | 0,49 |
| 2 Year Beta | 0,87 | 0,40 |
| 1 Year Beta | 1,16 | 0,43 |
| 5 Year Price Volatility | 35,7 | 26,7 |
| 2 Year Price Volatility | 48,8 | 27,8 |
| 1 Year Price Volatility | 43,7 | 22,2 |

Growth

| | Portfolio | Benchmark |
|--------------------------|-----------|-----------|
| % EPS Growth - 5 Yr CAGR | 23,4% | -23,3% |
| % Rev Growth - 5 Yr CAGR | 28,0% | 8,3% |

Equity Performance



Portfolio Performance

