

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

March 2023

CEO Comments

March was a volatile month on the stock market. The first half of the month was rough and unforgiving, with the Stockholm index OMX30 being -7% at the worst point. The second half of the month was like someone turned the playground 180 degrees, and the index closed the month flat. This is a proper example of how difficult the market is to predict in the short term.

The main event of the month was undoubtedly the bank collapses, starting with the American niche bank Silicon Valley Bank, or SVB financial group. After a busy week for American banks, with both SVB and a couple of similar banks being bailed out by the SEC, the European major bank Credit Suisse was reported having major issues centered around their AT-1 bonds. After a nervous couple of weeks, where the market feared a new financial melt down like the grand financial crisis, the market was relieved with the American banks being bailed out by the SEC, and Credit Suisse being taken over by its compatriot UBS. With the market ambivalently switching to a risk on sentiment, it seems like a couple of bail outs was all it needed to calm down and rule out an upcoming crisis. At the time of this letter being authored, no new distressed banks have been revealed. Time will tell what the next major event in the market will be. Either way, the first quarter of this year for sure has been eventful.

Going into April and the second quarter of the year, we will start to get the first earnings reports of the year. There will be many critical datapoints to read out from the reports. Will there be any significant changes in demand? How will the increased rates affect the companies? How has the component shortage developed? How will the component shortage affect the companies pricing power? Questions are many, and luckily some answers will soon be given. My best guess is that we will see some major stock price movements in the coming month.

Also coming up is a recruitment of new analysts to our team. We will open up the process in early April and aim to finish the recruitment during the month. Simultaneously, we opened up the recruitment for a new CEO of the company in March, and the process is ongoing. Hopefully, we will be able to present both a new CEO as well as a couple of new analysts in the next monthly report. Certainly, exciting times ahead!

Ludwig Germunder

Report March 2023

Asset Manager's Comments

Another positive month for our equities. During Mars, OMXSGI returned -0,48%. Compared to OMXSGI, our equities traded 1,76% for the month.

The best performers were Microsoft, SmartEyes and Evolution. The worst performers were Nekkar, Chemometec and Crayon.

During the month we sold Admicom. Despite a strong track record with good profitability and a business model that allows for scalability we deem the transitory phase that the company is facing to be unfavourable at the moment. Even though the company is promising lofty goals for 2024 – 2025 as an effort to increase growth we are concerned with the negative outlooks for 2023. Despite attractive multiples (20x EBIT LTM) Admicom has much to prove. We therefore rather wait and observe on the side line in order to observe how the company executes on its own goals.

The whole portfolio returned 1,04 % in February; this is slightly above our benchmark index which improved by 0,24 % during the month. Global Bonds returned 2,23% compared to our benchmark which was up by 1,55%. Corporate Bonds returned a positive 0,58%, while the benchmark returned 1,92%. Alternative Investments returned -0,07% compared to Barclays Hedge Fund Index which preliminary was up by 0,33%. However, 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.

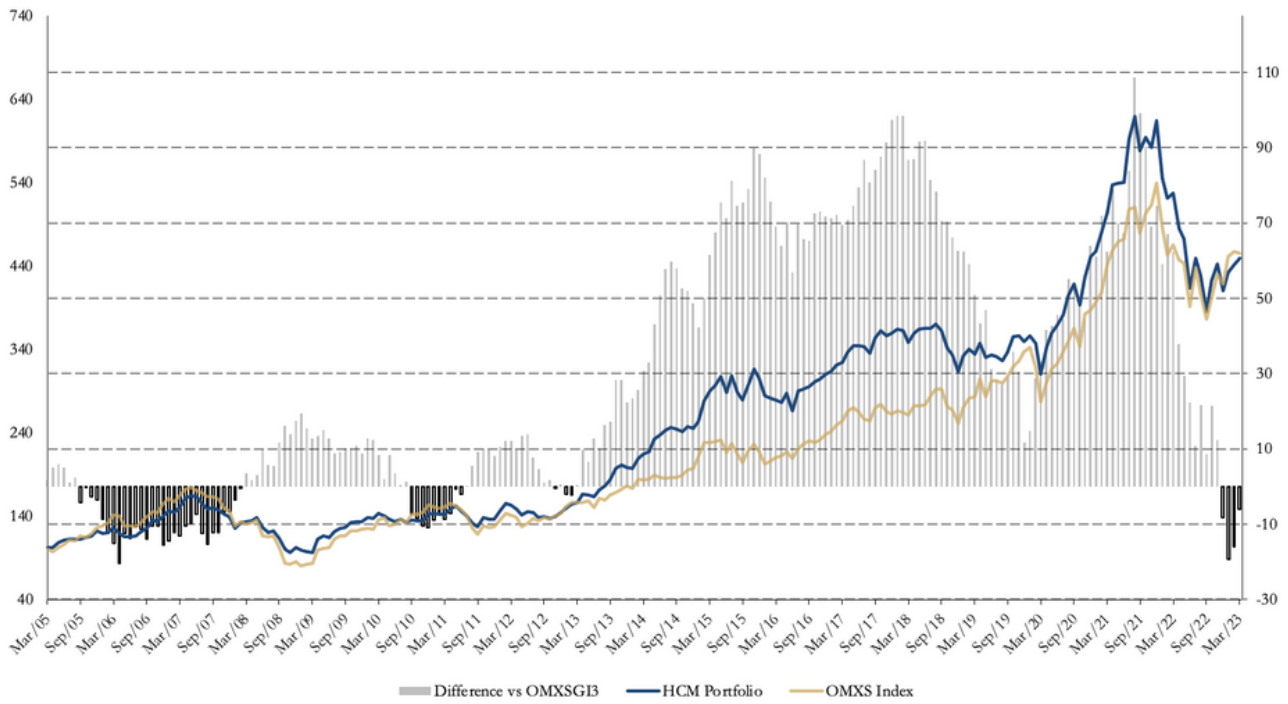
Sincerely, Ossian Malmberg

Top Ten Equity Holdings			Gainers and Losers		
Company Name	% Portfolio	Value	Five Largest Portfolio % Gainers	% Portfolio	% Gain
Top ten holdings	75,8%	4 142 278	Microsoft	9,0%	1508,9%
Evolution	14,1%	769 063	MedCap	5,1%	190,3%
Investor AB A	12,6%	690 268	ChemoMetec	3,3%	69,5%
Microsoft	9,0%	493 722	Catella	5,8%	41,8%
Kindred	8,0%	434 697	Kindred	8,0%	41,4%
Autostore	6,5%	356 647			
Catella	5,8%	314 550	Five Largest Portfolio % Losers	% Portfolio	% Loss
SmartEye	5,3%	287 571	Nekkar	3,5%	-35,2%
MedCap	5,1%	280 500	SmartEye	5,3%	-27,5%
Essity	4,9%	266 760	C-RAD	2,2%	-23,8%
Loomis	4,5%	248 500	Take-Two Interactive	3,5%	-8,1%
			Paxman	4,2%	-8,0%

Total Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Allocation	Weight
Last Month	1,04%	0,24%	Alternative Investments	24,5%
Year To Date	4,55%	4,74%	Corporate Bonds	7,8%
Last Twelve Months	-4,41%	0,24%	Global Bonds	10,3%
Since Start (Nov 11)	70,88%	101,23%	Money Market	15,9%
Average Yearly Return	4,84%	6,36%	Equities	41,6%
			Currency Exposure	1 Month
Months Active	136	136	SEK	78,0%
Number of Positive Months	92	97	USD	10,3%
Number of Negative Months	44	39	EUR	5,1%
Annualized Std. Dev. Last 12m	11,30%	11,58%	NOK	5,3%
Sharpe Ratio Last 12m	-0,55	-0,13	DKK	1,3%
Benchmark Correlation Last 12m	0,00	0,00		

Equity Portfolio Statistics				
Return & Risk	Portfolio	Benchmark	Best Performers	1 Month
Last Month	1,76%	-0,48%	Microsoft	15%
Year To Date	9,38%	8,69%	SmartEye	10%
Last Twelve Months	-14,90%	-2,18%	Evolution	10%
Since Start (March 2005)	348,79%	354,92%	Worst Performers	1 Month
Average Yearly Return	8,66%	8,74%	Nekkar	-19%
			ChemoMetec	-13%
Months Active	217	217	Crayon	-10%
Number of Positive Months	129	138	Currency Exposure	1 Month
Number of Negative Months	88	79	SEK	71,8%
Annualized Std. Dev. Last 12m	24,86%	23,99%	USD	12,2%
Sharpe Ratio Last 12m	-0,67	-0,17	EUR	0,0%
Benchmark Correlation Last 12m	0,93	0,00	NOK	12,8%
			DKK	3,2%

Equity Performance



Portfolio Performance

