

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

January 2023

CEO Comments

Leaving the tough year of 2022 behind us, the start of the new year did not show any significant changes in the macro data. Inflation remained on a high level, and interest rates continued to increase. While these macroeconomic factors are certainly concerning, the market seems to be focusing a lot less on these numbers compared to last year. After a weak December, the sentiment around equities was really strong in January. This pattern was extra strong in the Swedish market. Possibly explained by a weak currency forcing inflows from global asset managers, in order to maintain the decided weights in global index funds.

During the month, we also saw the start of the Q4 earnings season, and most of our holdings so far have reported good numbers. It is important for us to evaluate our holdings financial positions in the case that a worse economy is coming up. Most of our holdings we consider having a strong balance sheet, or a clear path to strengthening it in the short term. For a few holdings, we are currently evaluating their financial position, as well as their market fit in a possible change of environment. Luckily, we have only had a few bad reports so far, were the disappointing news from ChemoMetec stood out. The company known for constantly outperforming their own guidance surprised us when they released a surprisingly bad reports and lowered its guidance. We are closely monitoring this development and evaluating our options.

Looking forward, we remain committed to our investment philosophy and curiosity when it comes to finding and investigating new ideas. Our focus continues to be on identifying high-quality companies with attractive valuations and sustainable growth prospects. While we cannot predict the future with certainty, we believe that our portfolio is well-positioned to navigate the challenges and opportunities that lie ahead.

Ludwig Germunder

Asset Manager's Comments

After a tough ending to the year of 2022 the market started of strong in 2023. During January, OMXSGI returned 7,88%. Compared to OMXSGI, our equities traded 5,34 % for the month.

The best performers during the month were Autostore, Evolution and Nekkar. The worst performers were Chemometec, SmartEye and Admicom.

During the month we sold Vestum. The decision was primarily based on the original investment case, which we perceived as violated. To recap, when we first bought Vestum we believed that the market overlooked hidden values in the company, such as the long history of profitability within the company's current holdings, a strong and capable management as well as the fact that the company had no institutional owners and no analyst coverage. Furthermore, we also noted that the growth potential was promising since the business model allowed for a continued extensive acquisition pace with promising synergy effects, which according to us had the possibility to lead to both earnings growth as well as a higher valuation perceived by the market (especially since we assumed that the company was overlooked during the time).

Unfortunately, the future did not play out as promising as we hoped. The underlying infrastructure market Vestum operates within has not progressed favourably and the future potential does not look promising which diminish the possibility of profitable growth. In addition, the acquisition pace that the company upheld previous years are no longer possible due to both leverage and a weaker stock price and as a result, the company has therefore changed its strategy making it a different company that we first bought into and we therefore decided to exit our position.

The whole portfolio returned 2,83% in January; this is slightly below our benchmark index which improved by 4,81% during the month. Global Bonds returned 4,66% compared to our benchmark which was up 2,37%. Corporate Bonds returned a positive 2,52%, while the benchmark returned 4,36%. Alternative Investments returned -0,99% compared to Barclays Hedge Fund Index which preliminary was up by 3,96%. 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

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Top Ten Equity Holdings

Company Name	% Portfolio	Value
Top ten holdings	76,0%	3 993 375
Investor AB A	12,9%	677 873
Evolution	12,3%	648 291
Kindred	9,9%	518 669
Microsoft	8,1%	427 642
Autostore	7,3%	383 832
Catella	6,5%	339 300
ChemoMetec	5,2%	273 301
MedCap	4,8%	254 650
Essity	4,7%	245 430
Nekkar	4,3%	224 388

Gainers and Losers

Five Largest Portfolio % Gainers	% Portfolio	% Gain
Microsoft	8,1%	1293,5%
MedCap	4,8%	163,5%
ChemoMetec	5,2%	160,6%
Catella	6,5%	53,0%
Kindred	9,9%	28,2%
Five Largest Portfolio % Losers	% Portfolio	% Loss
SmartEye	3,2%	-51,5%
Admicom	2,4%	-43,7%
Nekkar	4,3%	-23,5%
Evolution	12,3%	-14,8%
C-RAD	2,6%	-14,2%

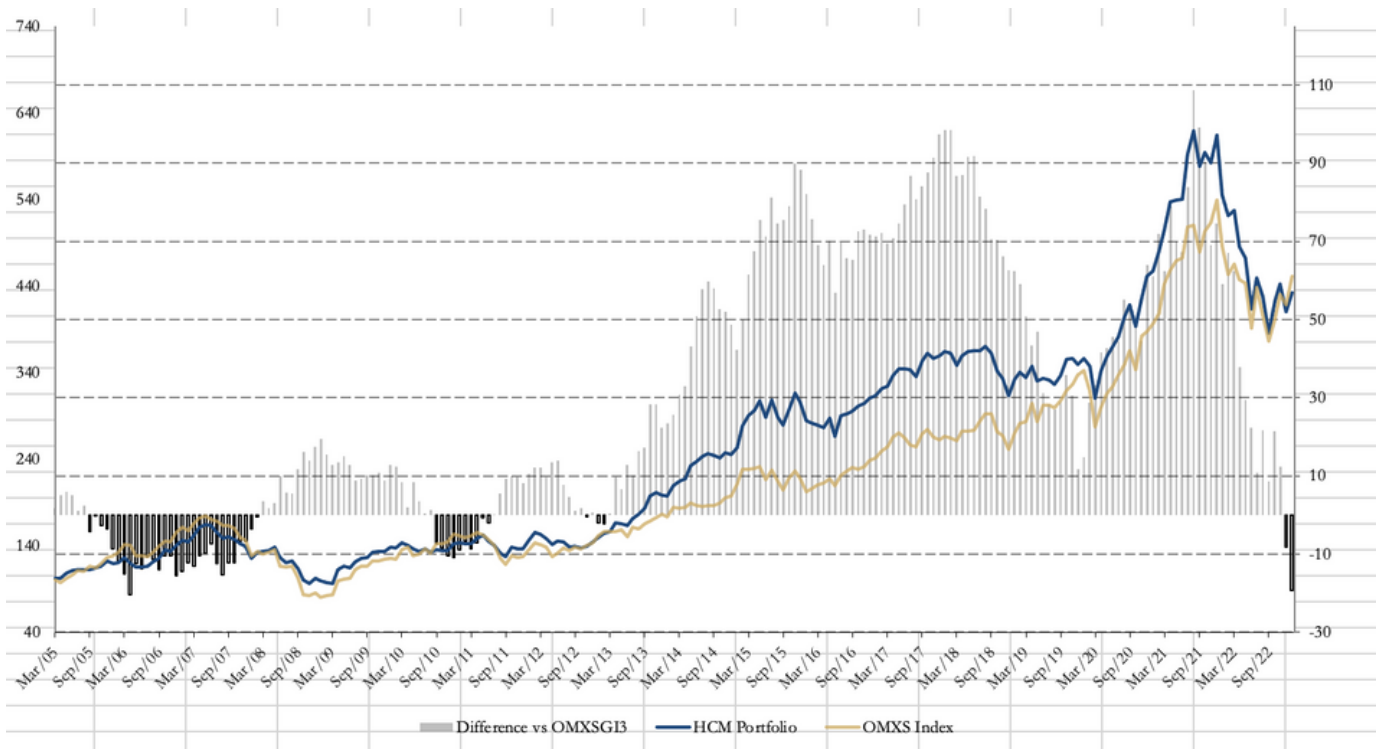
Total Portfolio Statistics

Return & Risk	Portfolio	Benchmark	Allocation	Weight
Last Month	2,83%	4,81%	Alternative Investments	24,6%
Year To Date	2,83%	4,81%	Corporate Bonds	8,0%
Last Twelve Months	-7,83%	-2,38%	Global Bonds	10,8%
Since Start (Nov 11)	68,08%	101,40%	Money Market	15,9%
Average Yearly Return	4,76%	6,47%	Equities	40,7%
Months Active	134	134	Currency Exposure	1 Month
Number of Positive Months	90	96	SEK	75,4%
Number of Negative Months	44	38	USD	10,1%
			EUR	6,3%
Annualized Std. Dev. Last 12m	12,18%	12,98%	NOK	6,2%
Sharpe Ratio Last 12m	-0,79	-0,32	DKK	2,1%
Benchmark Correlation Last 12m	0,00	0,00		

Equity Portfolio Statistics

Return & Risk	Portfolio	Benchmark	Best Performers	1 Month
Last Month	5,34%	7,88%	Autostore	25%
Year To Date	5,34%	7,88%	Evolution	15%
Last Twelve Months	-20,75%	-7,16%	Nekkar	13%
Since Start (March 2005)	332,20%	351,52%	Worst Performers	1 Month
Average Yearly Return	8,51%	8,78%	ChemoMetec	-12%
			Admicom	-5%
Months Active	215	215	SmartEye	-3%
Number of Positive Months	127	137	Currency Exposure	1 Month
Number of Negative Months	88	78	SEK	66,1%
			USD	11,3%
Annualized Std. Dev. Last 12m	26,30%	26,48%	EUR	2,4%
Sharpe Ratio Last 12m	-0,86	-0,34	NOK	15,2%
Benchmark Correlation Last 12m	0,94	0,00	DKK	5,1%

Equity Performance



Portfolio Performance

