

PORTFOLIO REPORT

EQUITY PERFORMANCE

HCM
HANDELS CAPITAL MANAGEMENT

January 2021

CEO Comments

January was a good month for the stock market. Our stock portfolio returned 1.5 percent and our total portfolio returned 1.6 percent. Yet, we underperformed the market this month due to our exposure to small companies and the health care sector which had significantly outperformed the market in 2020.

The main event of the month however was probably hausse in the share of the brick-and-mortar gaming store company, Gamestop. Reddit users hijacked and pumped the share in some sort of rebellion against the hedge fund managers that had shorted the share. We are unaffected by this, but many will probably lose a lot of money and the main losers will not be the hedge fund managers but rather the pension funds that invest in these hedge funds and retail investors looking to make a profit in the hausse.

In January we realized some of the profit we have made in from our holding in the cell therapy company Chemometec and made a new investment in the accounting software company, Fortnox. The investment and divestment followed a hefty investment process where several investments and divestments were evaluated to best allocate our capital for 2021.

Felix Ljungström
19/03/21

Asset Manager's Comments

Hello,

We're starting 2021 with a stable period. During January, OMXSGI rose +2,5 %. Compared to OMXSGI, our equities traded +1,5% for the month. We're hoping for a less volatile 2021 than what we saw in 2020. Our portfolio of companies has all been stress tested and we feel confident to continue as long-term shareholders.

The best performers during the month were Kindred, Catella and C-RAD. The worst performers were MedCap, ChemoMetec and GHP.

During the month we reduced our position in ChemoMetec from 7 % to 4 %. Although the company is making all the right moves, Mr. Market has significantly re-rated the valuation of the stock since we invested. The forward-looking multiple has expanded 2x, mostly driven by capital flows from institutions and funds. Fund capital has risen from 15% in 2020 to 35% in 2021. The long-term case is still intact, but we choose to reduce our holding to make room for some new investment ideas.

Fortnox is one of our new investment ideas. Even if the multiple is sky high, we believe that the market is underestimating the run-way for growth. The company ticks all the boxes; strong market position, best product, stellar management, high growth, high visibility in revenues and expanding margins. "Buy quality and cry once", they say. The capital markets day in January confirmed our thesis of continued strong growth, both in new customers and in ARPU. Management was clear on the fact that growth would be prioritized over margins. We believe that 2020 was a year of development, 2021 is a year of delivery.

The whole portfolio returned +1,6% in January, beating our benchmark which only gained +1,3% during the month. Global Bonds returned +0,6% compared to our benchmark which was up 0,4%. Corporate Bonds returned a negative -0,3% compared to our benchmark at +0,3%. Alternative Investments returned a positive +3,3% compared to Barclays Hedge Fund Index which preliminary was up +0,9%. It is important to note that our reported return in Alternative Investments, like Alcur Select, is lagging with one month. This is due to the funds are updating their NAV after the last day of the month.

Sincerely,
Filip Helmroth

19/03/21

Top Ten Equity Holdings

Company Name	% Portfolio	Value
Top ten holdings	74,3%	5 076 349
Kindred	14,4%	981 900
SBB	10,9%	743 920
Investor AB A	10,2%	699 050
BillerudKorsnäs	7,4%	505 515
Microsoft	6,0%	408 335
C-RAD	5,6%	384 000
Catella	5,5%	374 625
Latour	4,9%	332 860
Medistim	4,9%	332 707
ChemoMetec	4,6%	313 437

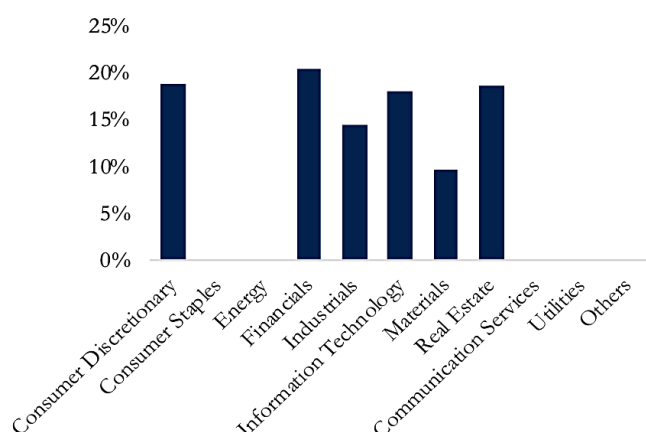
Gainers and Losers

Five Largest Portfolio % Gainers	% Portfolio	% Gain
Microsoft	6,0%	942,8%
MedCap	4,3%	132,2%
ChemoMetec	4,6%	99,0%
SBB	10,9%	96,8%
Medistim	4,9%	37,8%

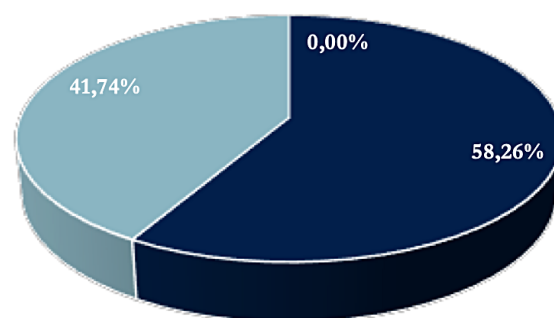
Five Largest Portfolio % Losers	% Portfolio	% Loss
Loomis	2,7%	-17,4%
Pexip	4,1%	-8,6%
Fortnox	3,7%	-5,6%
Eastnine	3,3%	15,0%
Latour	4,9%	18,7%

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	28,7	19,7
P/E - Next Fiscal Year	29,0	22,0
Price/Book	2,36	3,47
Price/Sales	3,02	3,36
Enterprise Value/EBITDA	33,4	16,2
ROE	20,0%	16,7%
Dividend Yield	2,7%	2,2%

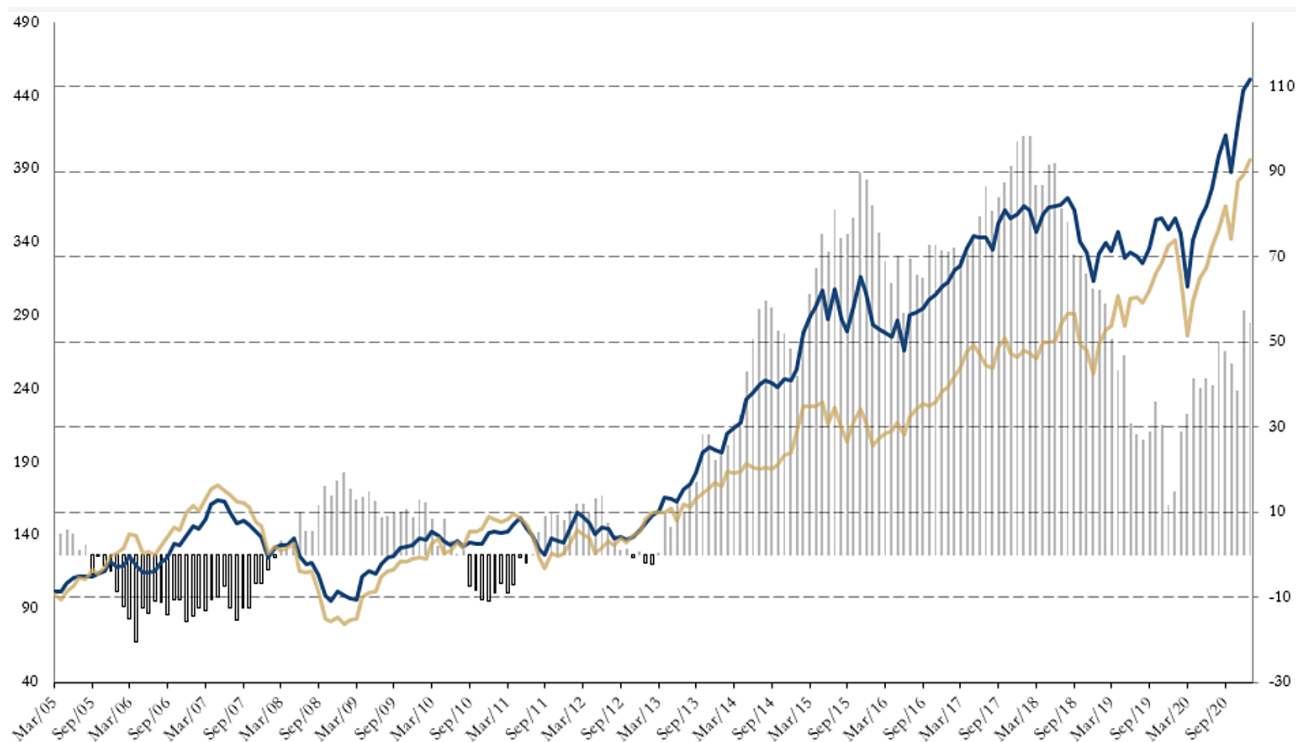
Risk

	Portfolio	Benchmark
5 Year Beta	0,80	0,62
2 Year Beta	0,91	0,73
1 Year Beta	0,94	0,69
5 Year Price Volatility	28,5	26,7
2 Year Price Volatility	41,6	30,6
1 Year Price Volatility	49,3	35,3

Growth

	Portfolio	Benchmark
% EPS Growth - 5 Yr CAGR	11,2%	7,9%
% Rev Growth - 5 Yr CAGR	12,3%	4,0%

Equity Performance



Portfolio Performance

