

# HCM

HANDELS CAPITAL MANAGEMENT

## PORTFOLIO REPORT

April 2018

### CEO'S COMMENTS

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In April, the political tension and macroeconomic outlook has somewhat improved. Following the offensive rocket launch in Syria and imposed tariffs and sanctions, this month was instead characterized by a positive response from China easing import tariffs on American automobiles. However, the two countries remain very far apart on trade deals and negotiations are likely to continue for some time. Highlight of the month is considered by many the meeting between the Korean leaders, taken place in a demilitarized zone between the two countries. Both parties expressed their will to cooperate to bring an everlasting peace on the peninsula. Although, if and when this will become a reality is still unclear and many are skeptical. For sure, dictator Kim Jong-Un will remain in focus the next month as the meeting between him and President Trump will take place on June 12<sup>th</sup> in Singapore.

Domestic newsfeed has continued to circulate around the Swedish housing market with signs of a cooler market, especially in the high luxury segment. Of course, inflation and interest rates have also been in focus and with the Riksbank changing their forecast once again early May, the market now expects a first hike late 2018 or early 2019. This further fueled the depreciation of SEK, reaching a high of 10.70 compared to EUR, the highest level since 2009. In addition, the oil price has surged to almost \$80, up almost 20 per cent YTD. For sure, Swedish consumers now face higher prices on imported goods and holiday trips. Luckily, every cloud has a silver lining and the weak SEK is positive for our export and favorable for most of our companies and the stock market.

Sincerely,

2018-05-15

Filip Andreasson  
*Chief Executive Officer*

ASSET MANAGER'S COMMENTS

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**Purchases:** None

**Disposals:** None

During April our portfolio managed to beat our weighted indices, which is a strong result since we do have 16% of our portfolio in cash which returned 0%. The large cash position is only temporary and we are trying to find new investment opportunities. Our portfolio returned 2,23% and our average weighted indices were up 2,10%. Our equities returned 3,35% including cash adjusted for dividends compared to the benchmark (OMXSGI) which were up with 4,4%. Excluding our cash position the equities were up 5,22% which were pleased with, main contributors this month were LeoVegas and Attendo.

LeoVegas released new financial targets which got the stock to appreciate over 20% during April. Attendo released that they will recruit Martin Tivéus (former CEO of Avanza) as their new CEO which got the stock to rally during April.

No changes were made in the portfolio during the month. The earnings season is over and the reports were overall good.

Sincerely,

2018-05-14

Karl Norén

*Head of Asset Management*

## PORTFOLIO PERFORMANCE

Portfolio Holdings	1 Month	End of Month Portfolio Weight	Benchmarks	1 Month
Alternative Investments	0,6%	15,6%	Barclay Hedge Fund Index	0,6%
Gladiator	1,9%	8,9%		
Nektar	-1,2%	6,7%		
Corporate Bonds	-0,5%	9,3%	S&P Corporate Bond Index SEK	-1,0%
Carnegie Corporate Bond	0,0%	4,9%		
Nordea US Corporate Bond Fund	-1,0%	4,4%		
Global Bonds	5,7%	12,8%	S&P Global Dev. Sov. Bond Index	2,8%
Parvest Bond Absolute Return	6,1%	6,2%		
Templeton Global Total Return	5,4%	6,6%		
Money Market	0,1%	22,6%	OMRX Money Market Index	0,0%
Spiltan R�ntefond Sverige	0,1%	22,6%		
Equities, including cash on hand	3,4%	39,7%	OMXSGI	4,4%

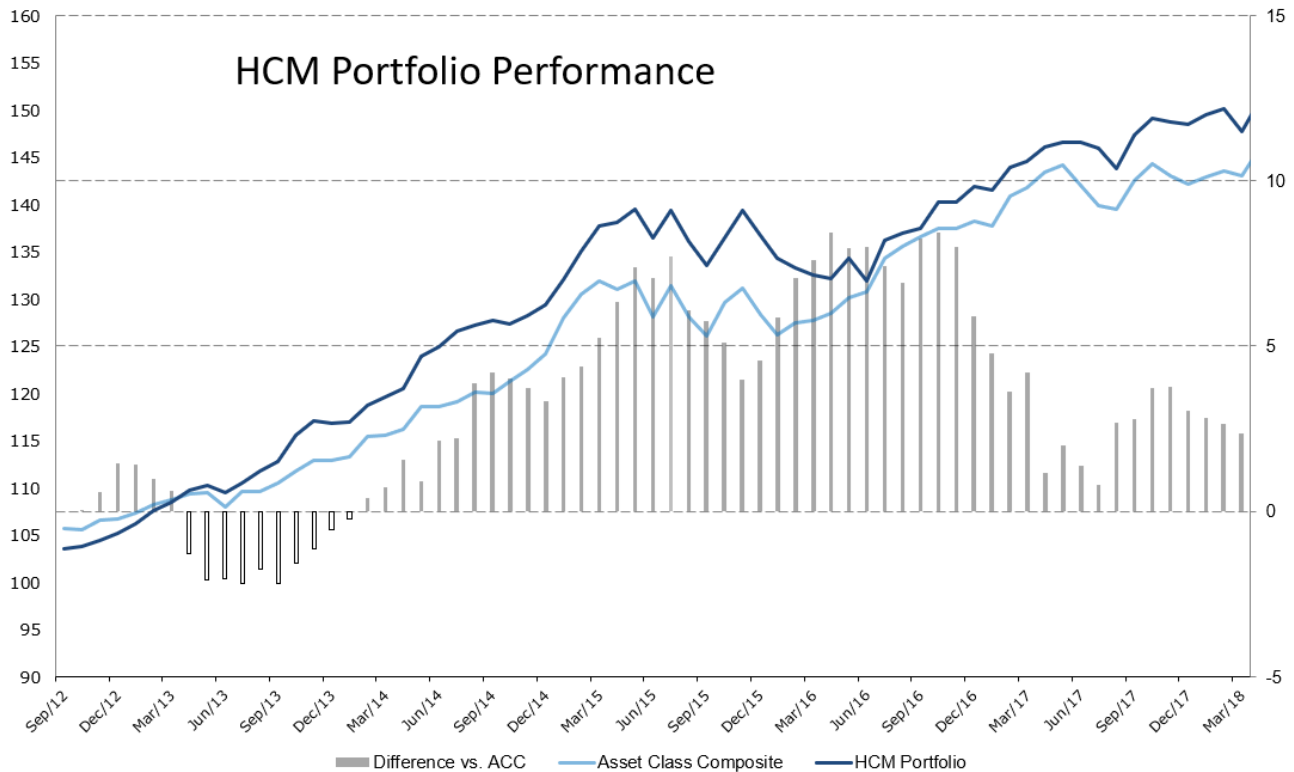
Return & Risk	HCM	Benchmark
Last Month	2,23%	2,10%
Year to Date	1,65%	2,70%
Last Twelve Months	3,34%	1,78%
Since Start (Dec. 2011)	50,98%	46,00%
Average Yearly Return	6,63%	6,08%
Months Active	77	77
Number of Positive Months	55	56
Number of Negative Months	22	21
Annualized Std. Dev. Last 12m	4,22%	4,20%
Sharpe Ratio Last 12m	0,49	0,12

Allocation Limits	Min.	Actual	Max.
Alternative Investments	15%	15,6%	25%
Corporate Bonds	5%	9,3%	15%
Global Bonds	10%	12,8%	20%
Money Market	10%	22,6%	25%
Equities	10%	39,7%	30%

Currency Exposure	
SEK	83,9%
USD	14,0%
NOK	2,1%
DKK	0,0%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011												1,35%	1,35%
2012	2,71%	1,85%	-0,85%	-0,89%	0,13%	-0,63%	0,17%	-0,87%	0,61%	0,21%	0,59%	0,75%	3,78%
2013	0,92%	1,38%	0,51%	0,71%	0,21%	-0,70%	0,93%	1,12%	0,88%	2,55%	1,25%	-0,18%	9,97%
2014	0,11%	1,51%	0,71%	0,80%	2,76%	0,88%	1,26%	0,50%	0,43%	-0,27%	0,68%	0,82%	10,65%
2015	2,05%	2,38%	1,94%	0,25%	1,00%	-2,12%	2,09%	-2,34%	-1,86%	2,19%	2,09%	-1,88%	5,73%
2016	-1,80%	-0,68%	-0,65%	-0,29%	1,69%	-1,80%	3,29%	0,52%	0,33%	2,02%	0,03%	1,20%	3,80%
2017	-0,28%	1,70%	0,43%	1,08%	0,29%	0,07%	-0,45%	-1,48%	2,45%	1,21%	-0,24%	-0,16%	4,66%
2018	0,61%	0,42%	-1,60%	2,23%									1,64%
Total													50,98%

Portfolio Holdings	Quantity	Initial Values		Market Values		Unrealized P/L		Weight	
		Price/Share	Value	Price/Share	Value	Amount	%		
<b>Alternative Investments</b>									
Gladiator	344	2 617	900 001	2 995	1 030 113	130 112	14.5%	8.9%	
Nektar	313	2 552	799 999	2 460	771 155	-	-28 844	-3.6%	6.7%
			<b>968 281</b>			<b>1 801 268</b>	<b>104 358</b>	<b>10.8%</b>	<b>9.3%</b>
<b>Corporate Bonds</b>									
Carnegie Corporate Bond	1 350	359	484 649	419	565 276	80 627	16.6%	4.9%	
Nordea US Corporate Bond Fund	5 125	94	483 632	99	507 363	23 731	4.9%	4.4%	
			<b>1 152 009</b>			<b>1 482 957</b>	<b>330 949</b>	<b>28.7%</b>	<b>12.8%</b>
<b>Global Bonds</b>									
Parvest Bond Absolute Return	1 650	358	591 226	435	717 652	126 426	21.4%	6.2%	
Templeton Global Total Return	2 838	198	560 782	270	765 306	204 523	36.5%	6.6%	
			<b>2 598 168</b>			<b>2 614 745</b>	<b>16 576</b>	<b>0.0%</b>	<b>22.6%</b>
<b>Money Market</b>									
Spiltan Räntefond Sverige	21 528	121	2 598 168	121	2 614 745	16 576	0.0%	22.6%	
			<b>2 522 295</b>			<b>4 582 259</b>	<b>237 201</b>	<b>9.4%</b>	<b>39.7%</b>
<b>Equities</b>									
HCM Equities			2 522 295		2 692 489	237 201	9.4%	23.3%	
Cash on Hand					1 889 770			16.36%	
<b>Total</b>			<b>8 940 752</b>		<b>11 553 868</b>	<b>790 353</b>	<b>8.8%</b>	<b>100%</b>	



## EQUITIES PERFORMANCE

Equities	Quantity	Initial Values		Market Values		Unrealized P/L			Weight
		Price/Share	Value SEK	Price/Share	Value SEK	Amount	%	1 Month	
Attendo	2 894	90,2	261 071	89,1	257 711	-3 360	-1,29%	13,22%	9,57%
B3IT	1 500	82,6	123 888	87,0	130 500	6 612	5,34%	3,57%	4,85%
Bilia	1 700	85,4	145 223	72,5	123 165	-22 058	-15,19%	-2,09%	4,58%
Bravida	2 360	59,8	141 083	62,8	148 208	7 125	5,05%	5,19%	5,51%
DNB	1 500	138,2	215 663	150,6	246 398	30 735	14,25%	1,65%	9,15%
Internationella Engelska Skolan	2 000	64,9	129 810	67,0	134 000	4 190	3,23%	-3,74%	4,98%
Kindred	2 450	90,6	221 921	113,5	277 953	56 032	25,25%	-0,61%	10,33%
Leovegas	2 450	96,9	237 432	85,8	210 210	-27 222	-11,47%	20,68%	7,81%
Loomis	1 140	249,2	284 049	320,2	365 028	80 979	28,51%	6,59%	13,56%
Micro Systemation	1 493	72,0	107 514	71,4	106 600	-914	-0,85%	0,00%	3,96%
Microsoft	165	27,7	30 688	93,5	134 874	104 187	339,50%	7,40%	5,01%
New Wave	2 669	56,6	151 068	52,1	139 055	-12 013	-7,95%	-4,05%	5,17%
Volati	3 083	62,3	192 194	44,0	135 652	-56 542	-29,42%	7,84%	5,04%
Xact OMXS30	1 500	187,1	280 692	188,2	282 240	1 548	0,55%	3,67%	10,49%
<b>Total</b>			<b>2 522 295</b>		<b>2 691 593</b>	<b>169 298</b>	<b>6,71%</b>		

Best Performers	1 Month
Leovegas	20,68%
Attendo	13,22%
Volati	7,84%

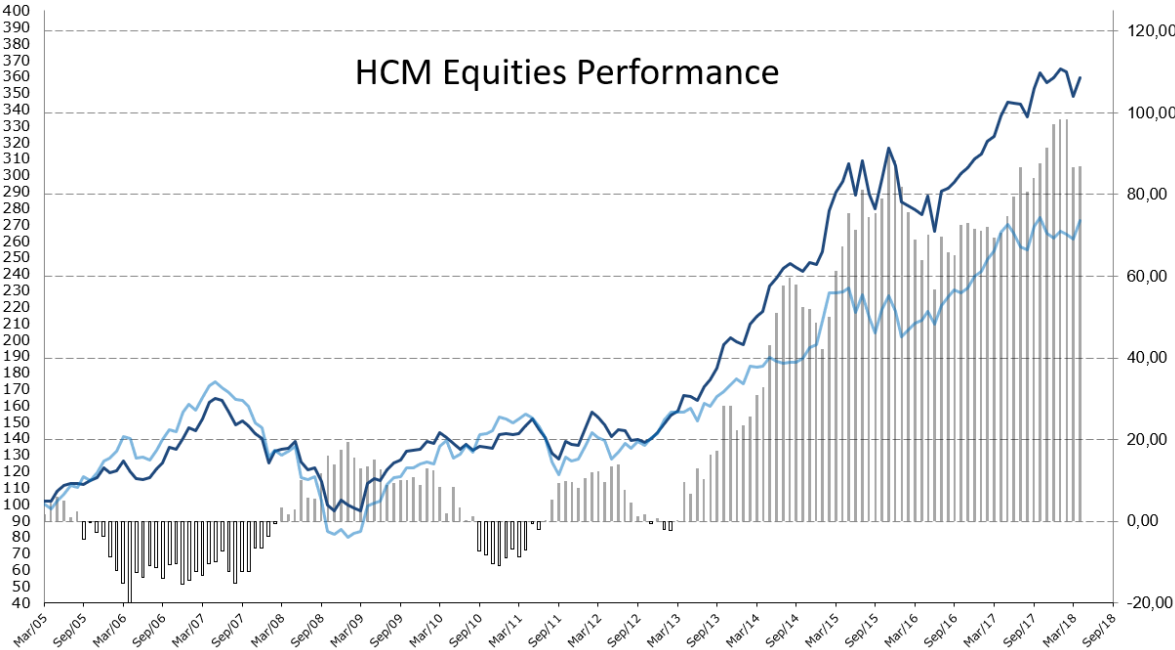
Worst Performers	1 Month
New Wave	-4,05%
Internationella Engelska Skolan	-3,74%
Bilia	-2,09%

Currency Exposure	Weight
SEK	91,68%
USD	2,94%
NOK	5,38%
DKK	0,00%

Allocation Limits	Actual	Allowed
Nordic Large Cap Exposure	41,70%	>50%
Largest Equity Weight		
Loomis	13,56%	<15%
Lowest Equity Weight		
Micro Systemation	3,96%	>2,5%
Largest Non-Nordic Large Cap		
New Wave	5,17%	<7,5%

Return & Risk	HCM Equities	Benchmark
Last Month	3,35%	4,40%
Year To Date	0,11%	4,09%
Last Twelve Months	6,96%	2,72%
Since Start (March 2005)	259,47%	172,53%
Average Yearly Return	10,21%	7,91%
Months Active	158	158
Number of Positive Months	92	98
Number of Negative Months	66	60
Annualized Std. Dev. Last 12m	9,21%	10,22%
Sharpe Ratio Last 12m	0,62	0,14
Benchmark Correlation Last 12m	0,84	

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005			1,96%	0,02%	5,89%	3,12%	1,26%	-0,07%	-0,36%	1,61%	1,97%	5,16%	22,33%
2006	-2,59%	0,88%	4,84%	-5,22%	-3,35%	-0,48%	1,23%	4,39%	2,96%	7,87%	-1,02%	5,04%	14,61%
2007	4,35%	-1,06%	4,81%	6,58%	1,72%	-0,72%	-4,62%	-4,76%	1,54%	-2,10%	-3,19%	-2,11%	-0,33%
2008	-10,54%	5,75%	1,02%	0,42%	2,94%	-8,80%	-4,09%	1,11%	-6,85%	-12,25%	-3,86%	6,80%	-26,67%
2009	-2,96%	-1,78%	-1,61%	16,85%	3,14%	-1,09%	5,53%	3,60%	1,12%	4,43%	0,47%	0,37%	30,15%
2010	3,72%	-0,93%	4,63%	-2,04%	-2,70%	-2,25%	2,06%	-2,71%	2,98%	-1,65%	-0,09%	6,01%	6,70%
2011	0,33%	-0,21%	0,18%	3,63%	2,32%	-4,43%	-3,39%	-6,73%	-2,82%	8,83%	-1,49%	-0,16%	-4,73%
2012	7,30%	6,77%	-1,78%	-2,94%	-4,89%	3,01%	-0,53%	-4,24%	0,43%	-1,08%	1,50%	2,94%	5,80%
2013	3,67%	3,27%	1,67%	5,99%	-0,38%	-1,16%	4,97%	2,57%	4,07%	7,66%	2,04%	-1,26%	38,07%
2014	-0,84%	6,49%	2,08%	1,42%	7,23%	2,14%	2,37%	1,16%	-0,78%	-1,14%	2,39%	-0,59%	23,80%
2015	3,13%	9,84%	4,13%	2,20%	3,63%	-6,16%	7,12%	-6,57%	-3,00%	6,39%	6,29%	-3,40%	24,33%
2016	-7,09%	-0,83%	-0,91%	-1,12%	4,20%	-7,39%	9,15%	0,56%	1,23%	1,88%	1,06%	1,88%	1,53%
2017	0,85%	2,59%	0,89%	3,80%	2,49%	-0,11%	-0,23%	-2,32%	5,24%	2,59%	-1,55%	0,74%	15,76%
2018	1,57%	-0,55%	-4,11%	3,35%									0,11%
Total													259,47%



## BENCHMARKS

### **OMX Stockholm All-Share Gross Index (OMXSGI)**

The OMX Stockholm All-Share Gross Index includes all the shares listed on OMX Nordic Exchange Stockholm. The aim of the index is to reflect the current status and changes in the market. Dividends are re-invested in the index. The index is market capitalization weighted and is calculated in Swedish Kronor. Note that historically Handels Capital Management used OMXSPI, but after revising the performance measurement to include changes in cash on hand and thus dividends for HCM Equities, the benchmark index was changed accordingly.

[http://www.nasdaqomxnordic.com/index/index\\_info/?Instrument=SE0002416156](http://www.nasdaqomxnordic.com/index/index_info/?Instrument=SE0002416156)

### **Barclay Hedge Fund Index**

The Barclay Hedge Fund Index is a measure of the average return of all hedge funds (excepting Funds of Funds) in the Barclay database. The index is simply the arithmetic average of the net returns of all the funds that have reported that month.

[http://www.barclayhedge.com/research/indices/ghs/Hedge\\_Fund\\_Index.html](http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html)

### **S&P U.S Investment Grade Corporate Bond Index Rebased**

The S&P Corporate Bond Index is an equally weighted basket of 5612 investment-grade corporate bonds with laddered maturities. The index intends to measure the return of readily tradable, high-grade U.S. corporate bonds. The index is denominated in USD, and is therefore rebased to SEK on a monthly basis.

<http://us.spindices.com/indices/fixed-income/sp-us-issued-investment-grade-corporate-bond-index>

### **S&P Global Developed Sovereign Bond Index**

S&P Global Developed Sovereign Bond Index is a comprehensive index designed to track the performance of local currency-denominated securities publicly issued by developed countries for their domestic markets. Its 1300 components are market-value-weighted. The index is denominated in USD, and is therefore rebased to SEK on a monthly basis.

<http://us.spindices.com/indices/fixed-income/sp-global-developed-sovereign-bond-index-usd>

### **OMRX Money Market Index**

OMRX Money Market Index is an index related to treasury bills, nominal treasury bonds with benchmark status and a time to maturity of less than one year.

[https://indexes.nasdaqomx.com/docs/Methodology\\_OMRX.pdf](https://indexes.nasdaqomx.com/docs/Methodology_OMRX.pdf)

### **Asset Class Composite Index**

The ACC-index is a tailor made index constructed solely to reflect the tactical asset allocation implemented by HCM. It is calculated from all of the above named indices. The indices are reweighted on a monthly basis by each asset class's weight in the HCM portfolio as per the previous month's closing balance.

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