

HCM

HANDELS CAPITAL MANAGEMENT

PORTFOLIO REPORT

August 2018

CEO'S COMMENTS

In August, worldwide markets showed continued strong performance with Stockholm OMXSGI appreciating +2,7%. U.S. Markets were even stronger, as S&P500 surged +3,0%. The past month both Apple and Amazon reached a \$1 trillion-market cap and tech/software continues to be a top performing sector. Although, looking at the Chinese sector peers those have plummeted the past few months with for example Tencent losing a third of it's market cap since ATH in January. This is partly due to investors fleeing the Chinese markets as the trade war between U.S and China is still on-going. The trade war of course remain in focus in the newsroom.

Domestic news reporting has solely focused on the Swedish election as well as the depreciation of the Swedish Krona. The election resulted in a rise for the far-right party Swedish Democrats, getting 17,5% of the votes. As the two blocks, Red/Green and the Alliance only reached 41,3 and 41,0 percent respectively, the historical block-politics of Sweden seems to be coming to an end. We now look towards the decision of the "Speaker of the Riksdag" at 24th of September and subsequently the vote for Swedish Prime Minister by latest the 8th of October and hope that the situation can be resolved in a good manner.

As for our own operations we are now up and running again after a low-activity period during summer. Recruiting is currently under way and looks promising with many applicants for the role as equity research analyst. We now look forward to a new school year, exchanging ideas with and learning from other students.

Sincerely,

2018-09-16

Filip Andreasson
Chief Executive Officer

ASSET MANAGER'S COMMENTS

Purchases: Gladiator

Disposals: None

During August our portfolio returned 1,04 percent which was lower than our weighted indices, this was mainly due to the fact that our bonds did not perform as well as their index. During the month the SEK has continued to depreciate, mainly because investors did not want to own SEK during the elections.

The equity portfolio returned 1,27% compared to its benchmark OMXSGI which returned 2,7%. New Wave appreciated over 30% after a strong report and Southwest continued to perform combined with a strong USD. LeoVegas reported in line with the previous reversed profit warning but a weak guiding for August led to a decline of 10% during the month. Engelska Skolan was also one of the stock who underperformed during the month of August, the fall can be related to the political risk that comes with the election since the election the stock has bounced back a little.

Sincerely,

2018-09-14

Karl Norén

Head of Asset Management

PORTFOLIO PERFORMANCE

Portfolio Holdings	1 Month	End of Month Portfolio Weight	Benchmarks	1 Month
Alternative Investments	2,6%	18,2%	Barclay Hedge Fund Index	0,6%
Gladiator	4,5%	11,6%		
Nektar	0,7%	6,6%		
Corporate Bonds	0,4%	9,1%	S&P Corporate Bond Index SEK	4,7%
Carnegie Corporate Bond	0,3%	4,8%		
Nordea US Corporate Bond Fund	0,5%	4,3%		
Global Bonds	0,4%	12,5%	S&P Global Dev. Sov. Bond Index	4,1%
Parvest Bond Absolute Return	3,0%	6,2%		
Templeton Global Total Return	-2,1%	6,3%		
Money Market	0,1%	23,8%	OMRX Money Market Index	0,0%
Spiltan Räntefond Sverige	0,1%	23,8%		
Equities, including cash on hand	1,3%	36,4%	OMXSGI	2,7%

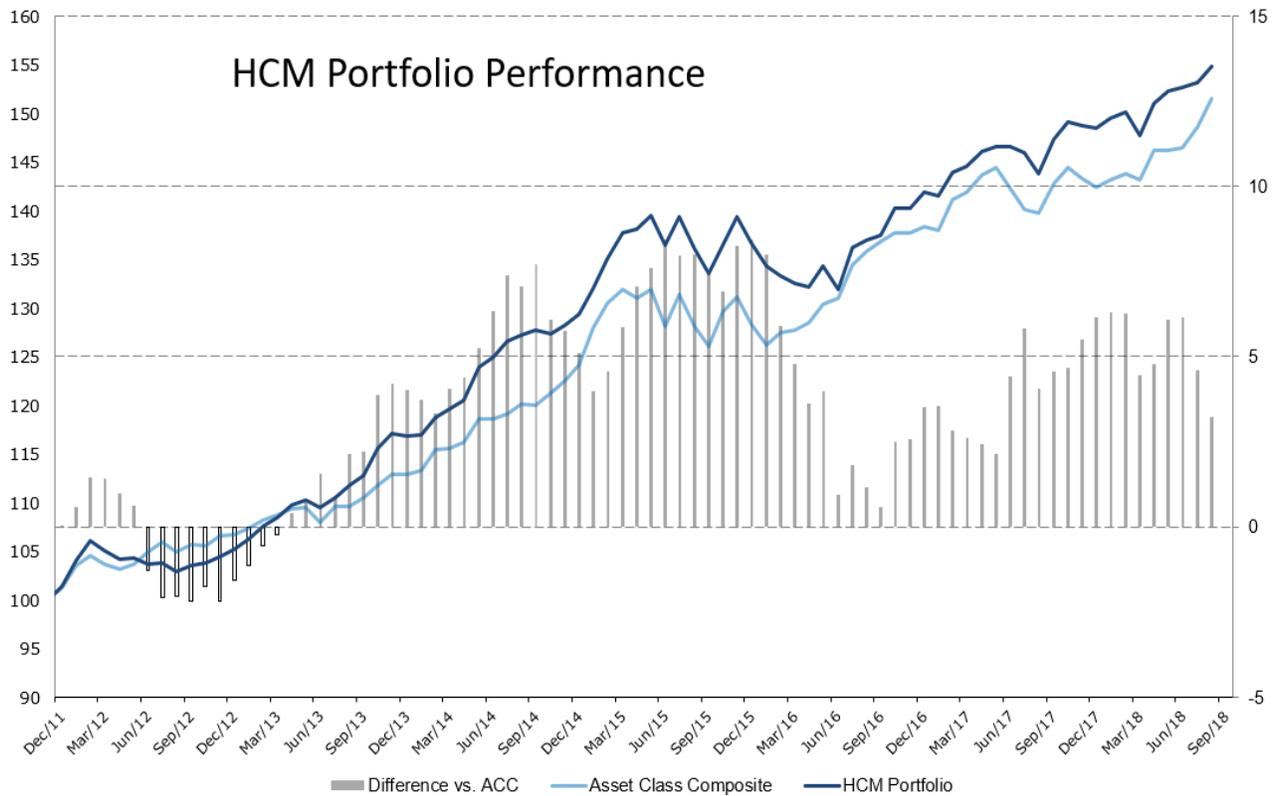
Return & Risk	HCM	Benchmark
Last Month	1,04%	1,99%
Year to Date	4,18%	6,42%
Last Twelve Months	7,61%	8,41%
Since Start (Dec. 2011)	54,75%	51,52%
Average Yearly Return	6,68%	6,35%
Months Active	81	81
Number of Positive Months	59	60
Number of Negative Months	22	21
Annualized Std. Dev. Last 12m	4,14%	3,65%
Sharpe Ratio Last 12m	1,53	1,96

Allocation Limits	Min.	Actual	Max.
Alternative Investments	15%	18,2%	25%
Corporate Bonds	5%	9,1%	15%
Global Bonds	10%	12,5%	20%
Money Market	10%	23,8%	25%
Equities	10%	36,4%	30%

Currency Exposure		
SEK		81,8%
USD		15,8%
NOK		2,4%

	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%	0,86%	0,24%	0,33%	1,04%					4,18%
Total													54,75%

Portfolio Holdings	Quantity	Initial Values		Market Values		Unrealized P/L		Weight
		Price/Share	Value	Price/Share	Value	Amount	%	
Alternative Investments			1 853 388		2 150 839	297 451	16,0%	18,2%
Gladiator	403	2 612	1 053 390	3 406	1 373 481	320 091	30,4%	11,6%
Nektar	313	2 552	799 999	2 480	777 358	-	-2,8%	6,6%
Corporate Bonds			968 281		1 075 204	106 923	11,0%	9,1%
Carnegie Corporate Bond	1 350	359	484 649	420	566 765	82 116	16,9%	4,8%
Nordea US Corporate Bond Fund	5 125	94	483 632	99	508 439	24 807	5,1%	4,3%
Global Bonds			1 152 009		1 479 890	327 882	28,5%	12,5%
Parvest Bond Absolute Return	1 650	358	591 226	445	734 639	143 413	24,3%	6,2%
Templeton Global Total Return	2 838	198	560 782	263	745 252	184 469	32,9%	6,3%
Money Market			2 800 115		2 822 592	22 477	0,0%	23,8%
Spiltan R�ntefond Sverige	23 172	121	2 800 115	122	2 822 592	22 477	0,0%	23,8%
Equities			3 302 490		4 313 633	226 336	6,9%	36,4%
HCM Equities			3 302 490		3 549 684	226 336	6,9%	30,0%
Cash on Hand					763 949			6,45%
Total			10 076 282		11 842 158	981 069	9,7%	100%



EQUITIES PERFORMANCE

Equities	Quantity	Initial Values		Market Values		Unrealized P/L			Weight
		Price/Share	Value SEK	Price/Share	Value SEK	Amount	%	1 Month	
Attendo	3 894	86,6	337 143	84,7	329 822	-7 321	-2,17%	6,54%	9,41%
B3IT	2 300	83,5	191 958	80,8	185 840	-6 118	-3,19%	-6,05%	5,30%
Bilia	1 700	85,4	145 223	71,8	121 975	-23 248	-16,01%	-4,46%	3,48%
Bravida	2 360	59,8	141 083	70,0	165 200	24 117	17,09%	-0,14%	4,71%
DNB	1 500	138,2	215 663	170,8	279 463	63 800	29,58%	5,04%	7,97%
Internationella Engelska Skolan	3 000	65,5	196 437	71,0	213 000	16 563	8,43%	-5,08%	6,08%
Kindred	3 165	95,4	301 928	112,4	355 746	53 818	17,82%	-1,01%	10,15%
Leovegas	5 000	82,4	411 950	65,0	325 000	-86 950	-21,11%	-10,96%	9,27%
Loomis	1 365	259,4	354 093	294,2	401 583	47 490	13,41%	6,67%	11,46%
Micro Systemation	1 493	72,0	107 514	75,6	112 871	5 357	4,98%	-7,80%	3,22%
Microsoft	165	27,7	30 688	112,3	169 516	138 828	452,39%	10,22%	4,84%
New Wave	2 669	56,6	151 068	69,1	184 428	33 360	22,08%	30,13%	5,26%
Southwest Airlines	400	52,4	184 948	61,3	180 155	-4 793	-2,59%	9,70%	5,14%
Volati	3 083	62,3	192 194	38,1	117 308	-74 886	-38,96%	-10,47%	3,35%
Xact OMXS30	1 820	187,1	340 600	199,8	363 672	23 072	6,77%	2,64%	10,37%
Total			3 302 490		3 505 579	203 090	6,15%		

Best Performers	1 Month
New Wave	30,13%
Microsoft	10,22%
Southwest Airlines	9,70%

Worst Performers	1 Month
Leovegas	-10,96%
Engelska Skolan	-10,47%
Micro Systemation	-7,80%

Currency Exposure	Weight
SEK	84,39%
USD	9,13%
NOK	6,48%

Allocation Limits	Actual	Allowed
Nordic Large Cap Exposure	54,30%	>50%

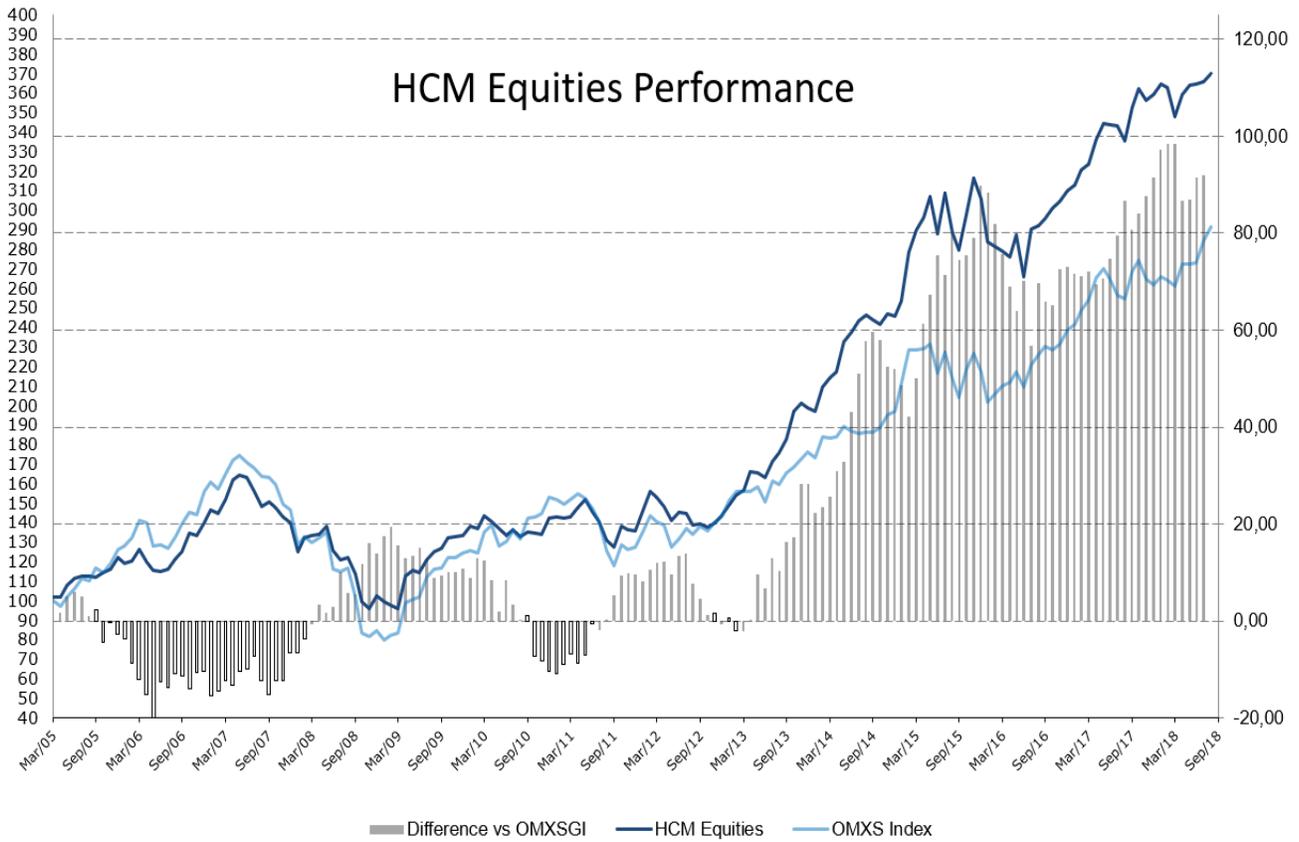
Largest Equity Weight		
Loomis	11,46%	<15%

Lowest Equity Weight		
Micro Systemation	3,22%	>2,5%

Largest Non-Nordic Large Cap		
B3IT	5,74%	<7,5%

Return & Risk	HCM Equities	Benchmark
Last Month	1,27%	2,70%
Year To Date	3,10%	11,46%
Last Twelve Months	10,41%	14,63%
Since Start (March 2005)	270,21%	191,81%
Average Yearly Return	10,18%	8,26%
Months Active	162	162
Number of Positive Months	96	101
Number of Negative Months	66	61
Annualized Std. Dev. Last 12m	8,47%	9,19%
Sharpe Ratio Last 12m	1,08	1,45
Benchmark Correlation Last 12m	0,77	

	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%	1,22%	0,27%	0,20%	1,27%					3,10%
Total													270,21%



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

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

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

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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