

Investment strategy highlights

The investment team seeks to invest in mispriced high-quality companies that offers long-term compounding potential in the small cap universe.

Business quality

- Companies that generate a high rate of return on the invested capital – reinvestment/allocation of capital.
- The market underestimates the compounding effect of high return companies with a strong moat.
- High quality companies have lower risk – lower probability of financial distress, fewer profit warnings.
- ESG considerations are integrated into our quality assessment.

Undervaluation

- Value investing works and is driven by overreaction to both positive and negative fundamentals.
- Value principles combined with quality gives an attractive risk-adjusted return - avoiding value traps, low quality companies.

Sector exposures

Sector	Portfolio	Benchmark	+/-
Information Technology	21.6%	9.0%	12.6%
Consumer Staples	12.0%	4.8%	7.1%
Health Care	11.1%	7.1%	3.9%
Energy	5.1%	2.3%	2.8%
Industrials	27.4%	26.9%	0.5%
Communication Services	4.6%	4.5%	0.1%
Consumer Discretionary	8.6%	9.2%	-0.6%
Utilities	2.6%	3.7%	-1.0%
Materials	2.8%	7.6%	-4.8%
Real Estate	0.0%	10.3%	-10.3%
Financials	4.2%	14.6%	-10.4%

Cumulative performance (*)

Returns in DKK	1m	YTD	1 year	3 years	5 years	10 years	----- Since Launch -----	
							Cumulative	Annualised
Portfolio	-0.7%	-25.2%	-16.1%	44.5%	57.2%	n.a.	88.0%	12.4%
MSCI Europe Small Cap	-1.7%	-13.0%	-7.1%	31.3%	29.7%	n.a.	47.0%	7.4%
Excess return	1.0%	-12.2%	-9.0%	13.3%	27.5%	n.a.	41.0%	6.5%

Annual performance (*)

Returns in DKK	2017	2018	2019	2020	2021	2022	2023	2024
Portfolio	26.3%	-12.4%	37.7%	28.4%	28.2%	n.a.	n.a.	n.a.
MSCI Europe Small Cap	19.2%	-15.4%	31.6%	4.2%	23.7%	n.a.	n.a.	n.a.
Excess return	7.1%	3.0%	6.1%	24.2%	4.5%	n.a.	n.a.	n.a.

Portfolio construction

- Typically 50-70 holdings
- Maximum position size is generally 5%
- Top 10 positions generally accounts for min. 30% of the portfolio
- Positions typically at lower end of market cap range vs. Benchmark
- Sector-agnostic: Typically +/- 15% sector exposure
- Overall balanced portfolio between cyclical vs. defensive sectors

Information on the strategy

Inception with current management team	1 Jan, 2017
Total strategy AuM (EURmn)	269

Portfolio characteristics

Characteristic	Portfolio	Benchmark
Weighted market cap (EURm)	2,120	3,528
# securities	61	925
Return on Equity, t12m (%)	16.9	11.8
Debt/Equity (%)	60	137
Operating margin (%)	9.5	9.5
P/E ratio, 12m trailing	19.7	15.4
P/E ratio, 12m forward	15.3	13.6
Price to Book ratio	2.5	1.6
Dividend yield	2.8	3.4
Active share	96.7	
Standard deviation	22.2	21.4
Tracking error	7.0	
Beta	1.00	

Top 10 holdings

Security	Weight
Jetpak AB	4.4%
Harvia Oyj	3.6%
Crayon Group Holding	3.3%
OEM International AB	3.1%
Ringkjoebing Landbobank A/S	2.9%
Hexpol AB	2.7%
Antares Vision SpA	2.7%
GN Store Nord A/S	2.6%
Rubis SCA	2.5%
Royal Unibrew A/S	2.5%
Weight of top 10 holdings	30.4%

Portfolio managers

Manager	Years of investment experience
Alexander Kokfelt	16
<i>Chief Portfolio Manager</i>	
Jonas Linding Fredberg	11
<i>Senior Portfolio Manager</i>	
Christopher Kjær Hansen	6
<i>Portfolio Manager</i>	

Source: Bloomberg, BankInvest SEB, 31.05.2022. *Notes: Gross return before fees. Responsibility for the SEB fund until 30.11.2018, where YTD 2018 return and excess return was respectively -7.5% and +1.9%.

Country exposures

Country	Portfolio	Benchmark	+/-
Sweden	31.9%	12.3%	19.6%
Finland	12.3%	2.8%	9.5%
Italy	14.9%	5.6%	9.3%
Denmark	8.2%	3.2%	5.0%
Norway	8.3%	4.6%	3.7%
Greece	1.8%	0.0%	1.8%
Portugal	0.0%	0.6%	-0.6%
Other	0.0%	0.5%	-0.5%
France	3.8%	6.0%	-2.1%
Ireland	0.0%	1.3%	-1.3%
Austria	0.0%	2.0%	-2.0%
Belgium	0.0%	3.2%	-3.2%
Netherlands	2.2%	5.7%	-3.5%
Spain	0.0%	4.1%	-4.1%
Germany	3.5%	9.5%	-6.0%
Switzerland	0.0%	9.5%	-9.5%
United Kingdom	8.8%	29.3%	-20.5%
Cash	4.2%	0.0%	4.2%
Total	100.0%	100.0%	

Market cap distribution

Mkt cap bracket (EURm)	Portfolio	Benchmark	+/-
>4,000	17.1%	34.6%	-17.5%
3,500-3,999	0.0%	6.7%	-6.7%
3,000-3,499	6.5%	8.7%	-2.2%
2,500-2,999	10.4%	9.8%	0.6%
2,000-2,499	0.7%	9.0%	-8.3%
1,500-1,999	5.9%	11.4%	-5.5%
1,000-1,499	7.6%	10.3%	-2.7%
500-999	19.7%	7.9%	11.8%
250-499	8.8%	1.4%	7.4%
0-249	19.2%	0.2%	19.0%
Cash	4.2%	0.0%	4.2%
Total	100.0%	100.0%	

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