

Monthly Report February 2026

# Kavaljer Quality Focus

-0,5%  
February 2026 return

+43%  
5-year return



## Monthly Commentary

### Large-cap rally continues, mixed results for small caps

February brought another strong month for the large-cap index, along with a small bounce for the small-cap index—though volatility remained high. The broad Stockholm Stock Exchange (OMXSPI-GI) climbed 4.5%, while the global index (Dow Jones Global Index) rose by 1.5%. The small-cap index (Carnegie Small Cap Return Index Sweden) ended at +2.1%.

### Outflows from small-cap funds are widening the gap between pricey large caps and bargain small caps

Arguably the main reason for the weak performance of small-cap stocks is the significant decline in net inflows and outflows from these funds. Historically, money moving in and out of small-cap funds fluctuated until about March last year. Since then, and especially since last summer, the trend has been overwhelmingly negative with persistent outflows. In January alone, Swedish small-cap funds saw a net outflow of 4.1 billion SEK.

These outflows put forced selling pressure on small-cap stocks, meaning funds are having to sell shares they would otherwise prefer to keep. Every time funds are compelled to sell in less liquid small caps, the impact is usually significant because the buyers tend to be weary individual investors who no longer have the appetite to 'buy the dip.' This leads to even bigger price swings, especially on reporting days when liquidity is higher, and funds often take the opportunity to offload large portions of their portfolios.

At the start of the year, the First Swedish National Pension Fund (AP 1) was dissolved and its holdings transferred to AP 2 and AP 3. As a result, AP 2 and AP 3 chose to sell certain positions, creating significant selling pressure in some small-cap stocks (such as Swedencare).

In these moments, it's easy to wonder: "Shouldn't you invest in large-cap stocks or funds where the inflows are strong?" But chasing trends can mean selling what's unpopular (and therefore cheap) and buying what's popular (and therefore expensive). That's why we stick to our approach—carefully assessing each company and its prospects, determining a fair value, and comparing that to today's price.

We believe the value of many small-cap companies far surpasses their current price. For example, the average P/E ratio for holdings in Kavaljer Quality Focus is 13.8 for 2027, compared to 19.1 for OMXS 30.

For this reason, we see strong growth potential in the fund's holdings.

**Risk Information.** The details provided here do not constitute investment advice. Past performance is not a guarantee of future results. The value of your investment in funds can both rise and fall, and there's no certainty you'll get back the full amount you invested. Be sure to review the fund's fact sheet and information brochure before making any investment decisions.

## Fund Facts

Launch Date	August 2019
Risk Class	4 out of 7
Number of Holdings	25-40
Trading	Daily
Fund Rating (Morningstar)	★★★★★
Category	Sweden, small/mid cap
SFDR Classification	Article 8
AUM	SEK 867 million
Management Fee	A-class (1.25%) I-class (0.75%)
Total Fee	A-class (1.59%) I-class (1.08%)
ISIN A-class	LU1232457504
ISIN I-class	LU1232457686
Portfolio Managers	Peter Lindvall, Håkan Telander & Jesper von Koch

## Risk Measures\*

	3Y	5Y
Alpha	4.91	5.91
Beta	0.86	0.84
Sharpe-Ratio	0.45	0.43
Standard Deviation	14.75	19.03

\*Share Class A

### Fund Performance

Kavaljer Quality Focus saw a slight decline this month, with a return of -0.5%. Over the past five years, the fund has delivered a total return of +43%, compared to +60% for the Stockholm Stock Exchange (OMXSPI-GI) and +15% for the small-cap index.

The biggest positive contributors this month were Bravida, Securitas, and Inwido. ITAB, Catella, and Exsitec had the most negative impact among the fund's holdings.

### Changes and Holdings

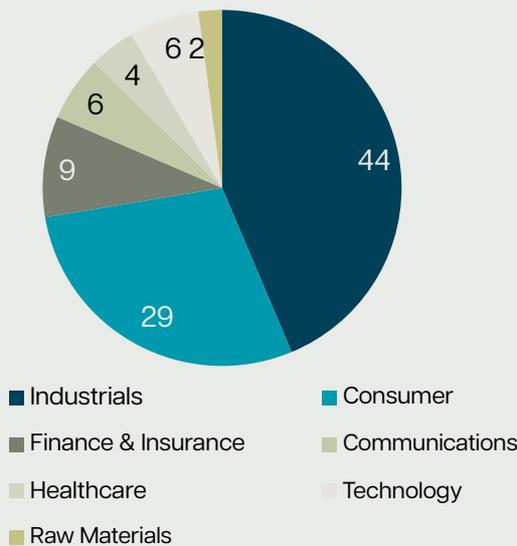
This month, the fund reduced its positions in Bravida and Svedbergs, and sold FlatexDegiro. We also increased our holdings in Carasent, Swedencare, Green Landscaping, Dometic, Proact, AOJ, Bonesupport, Storytel, CAG Group, and Valmet. Additionally, we re-entered Bahnhof, about a year after our previous sale.

Stock allocation was 98%.

#### Top 20 holdings as % of portfolio

Securitas	5.1
Storytel	4.8
Revolutionrace	4.7
Carasent	4.5
Proact IT Group	4.3
Ratos	4.3
Bravida Holding	4.2
Huhtamäki	4.1
Inwido	3.9
New Wave	3.9
Nederman	3.5
Valmet	3.5
Alligo	3.4
Swedencare	3.1
Dometic Group	3.1
ITAB Shop Concept	3.0
Idun Industrier	2.9
Bonesupport	2.8
Brdr. A&O Johansen	2.8
Catella	2.7
Total holdings	34
Top 20, as % of total	74.3

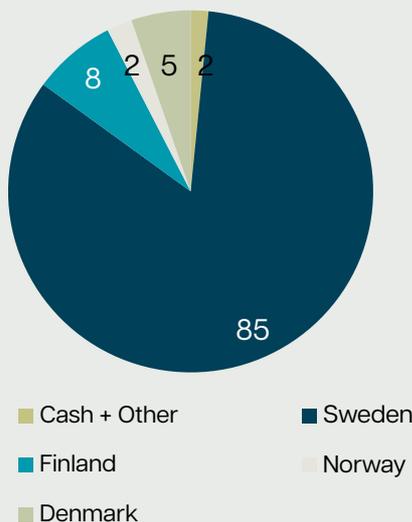
#### Sector Allocation, %



#### Return after fees



#### Geographical distribution, %



#### Top and Bottom Performers

Company	Contribution of return
Bravida	0.8%
Securitas	0.5%
Inwido	0.4%
ITAB	-0.6%
Catella	-0.5%
Exsitec	-0.4%

## In-Depth Reflections on Our Holdings

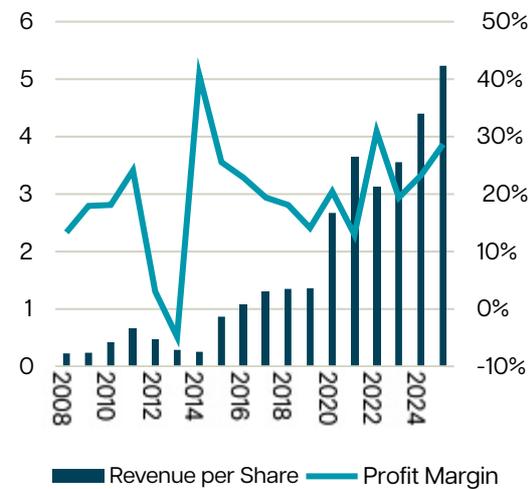
### FlatexDegiro: Sold After an Exceptional Journey

We invested in the pan-European online broker FlatexDegiro about a year ago, based on our view that it's a quality company with high growth and a scalable business model, allowing for gradually increasing margins as the business expands.

The P/E ratio based on the company's 2027 outlook was 11—on guidance that seemed conservative. We believed a reasonable 2027 P/E should rather be around 20— which gave us a substantial margin of safety.

The stock doubled in less than a year, so we sold our shares at around 40 EUR. Besides reaching our target price significantly earlier than expected, we also found it odd that the stock remained high even as AI fears were already spreading across various digital businesses. The share price has now dropped to 30 EUR, but we're waiting for a bigger margin of safety before buying back in—especially now that the small-cap segment is full of attractive alternatives.

FlatexDegiro: Sold After Sharp Revaluation



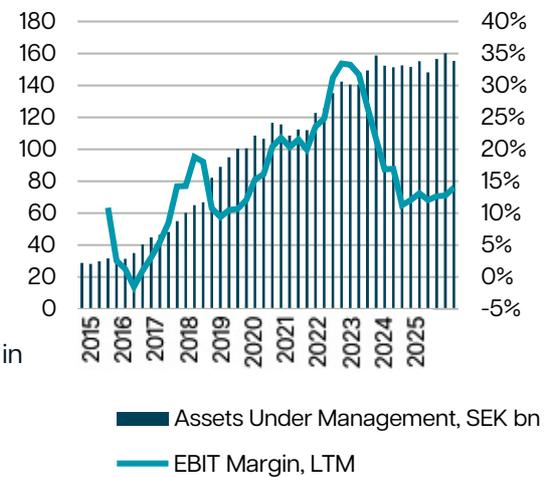
### Catella: Market Disappointed by Dividend and Capital Allocation—but Business Shows Signs of Recovery

Catella delivered a fundamentally strong Q4 report. The core Investment Management division posted increased transaction activity and much higher profitability than expected—EBIT surpassed analyst forecasts by 45 percent. At the same time, a write-down of 210 MSEK was made on the company's own property portfolio. All properties are now valued at the lower of cost or market value, which suggests there may still be hidden surplus value on the balance sheet.

The dividend of 0.9 SEK per share left some investors disappointed, considering the large net cash position. We believe the company hasn't yet decided how to use the excess liquidity. Acquisitions are a priority, but it's unlikely that all of the net cash will be used, which leaves the door open for a potential extra dividend down the line.

Two bond loans are weighing on results due to high interest expenses, but are expected to be repaid in fall 2026 and spring 2027. Net cash, including liquid assets in properties, comes to about 19 SEK per share. In a typical year, Investment Management generates around 300 MSEK in operating profit, equal to 3.3 SEK per share. Adjusted for net cash, the business is effectively valued at about 0.7 times operating profit—for a scalable business with a high share of recurring revenue. The market remains skeptical, but we see clear upside as the bonds are repaid and sentiment improves.

Catella: Consistent Growth and Profitability Finally on Solid Ground



Catella accounts for 2.7% of Kavaljer Quality Focus.

	1M	YTD	1Y	3Y	5Y	Since Inception*	Annualized Return
Kavaljer Quality Focus	-0.5%	-6.5%	-4.0%	27%	43%	110%	12.8%
OMXSPI-GI	4.5%	6.8%	11.2%	43%	60%	119%	13.5%
Dow Jones World Index	1.5%	4.7%	23.1%	66%	58%	103%	12.2%
Carnegie Small Cap Return Index	2.1%	-2.2%	-5.4%	13%	15%	64%	8.3%

\* August 5, 2019

**Proact: Likely a bumper year ahead after a thorough clean-up**

Proact IT stands as Europe’s premier specialist in data management, focusing on cloud services and data center solutions. The company supports more than 4,000 clients in storing, connecting, protecting, and leveraging the value of their data. Proact is strategically positioned to benefit from technological shifts in any direction—whether the trend is towards private cloud, public cloud, or on-premise solutions, either at the customer’s site or hosted by Proact.

The company’s strong position is primarily due to verified specialist expertise rather than reliance on any single storage model (including being agnostic towards AI). Its strength lies in four complementary revenue streams, allowing the business model to remain resilient even as the mix changes over time.

Today, nearly all profits come from NOBA (Nordics & Baltics), accounting for 88% of EBITA and 55% of revenue. This is also the division managed by the current CEO from 2022–2025, during which margins improved from 4–7% to consistently above 10%. The core business has clearly proven its profitability.

The UK has turned around following a cost program, with positive effects already visible. The remaining challenge is the West & Central region.

A new savings initiative of 80 MSEK per year provides a clear boost in this final problem area. Combined with the Consular acquisition (~20 MSEK in annual EBITA), we believe the company can reach 9.2 SEK per share in earnings.

At a share price of 101 kronor, the company is trading at an EV/EBITA of 6.8 and a P/E of around 11—well below the historical average of 17—which gives us a significant margin of safety.

Proact makes up 4.3% of the Kavaljer Quality Focus portfolio.

**Company Overview: Huhtamäki – Consistent Quality at a Historic Discount**

Huhtamäki is a global packaging corporation with a strong presence in sustainable food and consumer packaging. The business is divided into four segments: North America (36%), Flexible Packaging (32%), Foodservice Packaging (24%), and Fiber Packaging (10%).

Growth has historically been steady, averaging 4.4% over ten years (target 5–6%), though recent years have been weaker due to the economic climate and currency headwinds in North America. Profitability, however, has clearly improved over time, rising from 6–7% EBIT to above 10% over the past twelve months. In Q3 2025, all segments delivered over 9% EBIT margin for the first time.

An efficiency program of 100 MEUR was completed in 2025, ahead of schedule and at a lower cost than planned. The savings have resulted in a margin improvement of about 2.5 percentage points, with noticeable effects, especially in Flexible Packaging. At the same time, signs of a market turnaround are emerging: two segments (North America and Fiber Packaging) reported strong volume growth in 2025.

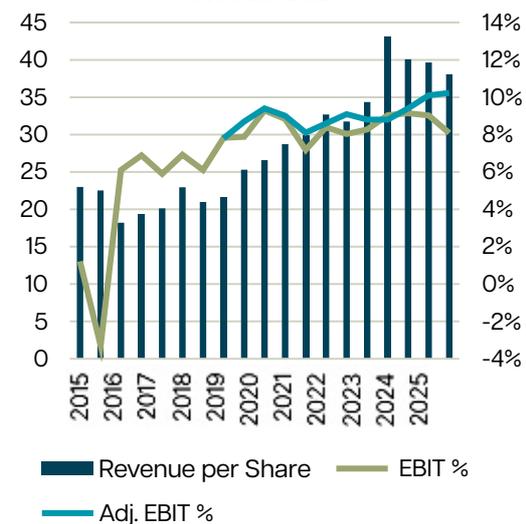
Investments in North America are still weighing on results due to ramp-up costs but are expected to contribute positively from 2026 onward. With a net debt/EBITDA ratio of 2.0x, the company maintains financial flexibility for investments, acquisitions, and ongoing dividends (16 consecutive years of increased dividends).

The stock trades at roughly EV/EBIT 11.1 and P/E 12.7 (adjusted for non-recurring items), well below historical levels of EV/EBIT 15 and P/E 19. With improved profitability, a solid balance sheet, and a 3.6% dividend yield, we see an attractive valuation and a solid margin of safety.

Proact IT: Consistent growth and improved profitability over the years



Huhtamäki: Like Clockwork, Despite Temporary Market Headwinds



## In-depth reflections on sustainability

### **Huhtamäki stands out from a sustainability perspective as well**

Huhtamäki clearly demonstrates how sustainability can be woven into a business model while boosting both competitiveness and resource efficiency.

Huhtamäki was founded in Finland in the 1920s, a time when the Finnish forestry industry was experiencing significant economic growth, leading to a notable increase in the disposable income of Finns.

A young visionary named Heikki Huhtamäki had an idea, traveled to Russia to learn the art of candy making, and then started a confectionery factory in an old barn out in the Finnish countryside.

From the very beginning, Huhtamäki's business was about more than just candy. To reach a growing market, they soon began making their own packaging—using wood and other forest-based materials.

In the decades that followed, Huhtamäki grew into a global industrial company through a mix of organic growth and strategic acquisitions. As consumer habits shifted and technology advanced, the business model evolved to include various material solutions, including plastics. In recent years, however, the company has made a clear strategic decision to focus on fiber- and paper-based packaging.

Today, more than 70% of Huhtamäki's products are designed for recycling, composting, or reuse, and virtually all the fiber is sourced from recycled or certified materials. They've also set goals to increase the share of circular materials by 2030. This positions them strongly and keeps them competitive as the EU's upcoming packaging regulations place higher demands on packaging producers.

Huhtamäki stands out as a great example of how a company can reduce risk, boost competitiveness, and create long-term value by integrating sustainability efforts into its core strategy.

Huhtamäki makes up 4.1% of the Kavaljer Quality Focus portfolio.

“Nothing influences sentiment quite like price.”

Howard Marks

Nacka Strand, March 5, 2026

Peter Lindvall, Håkan Telander, Jesper von Koch, Jakob Wahlberg

For more details about the fund, please visit: <https://kavaljer.se/>