Kavaljer

Monthly report July 2026

Kavaljer Quality Focus

+4.1%
return July 2026

+13%
return five yrs

Monthly commentary

A good summer month
July was a strong month for Swedish equities, with the Stockholm Stock Exchange (OMXSPI-GI) rising 2.2%, while the global index (Dow Jones Global Index) was slightly weaker at -0.2%. The small cap index (Carnegie Small Cap Return Index Sweden) performed somewhat better than the broad indices, gaining 2.5%.

A strong reporting season and a promising cyclical turn
The second quarter reporting season dominated July and was strong overall for our portfolio companies. Carasent, Storytel, Bravida, Inwido, Ratos and Huhtamäki were among the companies that stood out particularly positively. A few reports were received less well by the market, but we consider these weaknesses temporary and the companies' long-term potential intact. We have used the share price declines to add to our holdings.

In addition, four holdings have seen value-creating structural transactions: Bahnhof has received an indicative bid from Telenor; Valmet is evaluating a separate listing of its two business areas; and RVRC and AOJ have both completed significant acquisitions.

Elsewhere, we are beginning to see positive signs in the wider economy. Sweden is in a stable, broad-based recovery with low inflation. Europe has just turned the corner but remains fragile. The US continues to grow, but the risk there is inflation. Energy prices and the conflict in the Middle East remain a significant source of uncertainty.

Our general view on macro is that it is rarely worth speculating about. That said, we find the current situation particularly interesting for our portfolio.

As we have emphasised in many monthly letters, we own a number of companies trading at record-low earnings multiples despite depressed current earnings. The reason has been weak momentum in the companies themselves. Although the market usually looks through temporary weakness, our assessment has been that it has instead turned its back on companies hit by the downturn whose cycle has yet to turn.

Our interpretation, confirmed by many of the Q2 reports, is that earnings momentum in our holdings is about to become more positive. That would be very positive for our portfolio, as in many cases we see scope for the rare combination of revenue growth, margin expansion and multiple expansion – which can generate very explosive share price gains.

Fund facts

Inception date	August 2019
Risk level	5 of 7
Number of holdings	25-40
Dealing	Daily
Fund rating (Morningstar)	★★★★★
Category	Sweden, small/mid cap
SFDR classification	Article 8
AUM	1019 million SEK
Management fee	Class A (1.25%) Class I (0.75%)
Ongoing charges	Class A (1.59%) Class I (1.08%)
ISIN Class A	LU1232457504
ISIN Class I	LU1232457686
Portfolio managers	Peter Lindvall, Håkan Telander & Jesper von Koch

Risk measures

	3 yrs	5 yrs
Alpha	1.7	3.85
Beta	0.87	0.82
Sharpe ratio	0.35	0.11
Standard deviation	15.55	18.12

Risk measures for Class A

Fund performance

Kavaljer Quality Focus performed strongly, gaining 4.1% over the month. Over the past five years the fund has returned 13%, compared with 32% for the Stockholm Stock Exchange (OMXSPI-GI) and -5% for the small cap index.

The largest positive contributors among the fund's holdings during the month were Valmet, Storytel and Inwido. The largest negative contributors were Swedencare, Svedbergs and CAG Group.

Changes and holdings

During the month the fund reduced its holding in Pandora and sold its entire holdings in Bahnhof, in connection with the Telenor bid, and in Nilörngruppen, where the bid went through as expected. We also added to ChemoMetec, Xvivo, BoneSupport, Nederman, ITAB, Proact and Valmet.

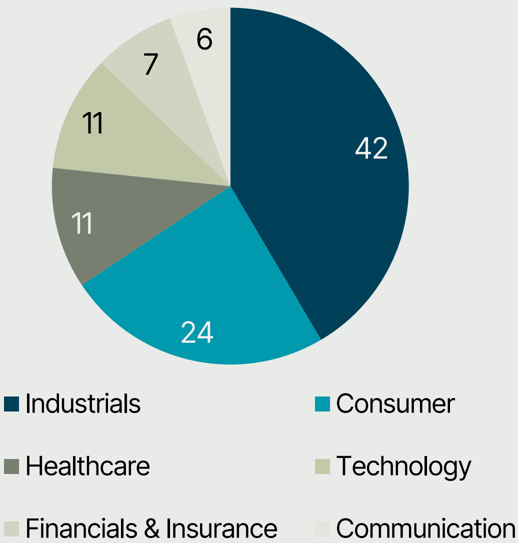
The equity exposure was 97.5%.

20 largest holdings in %

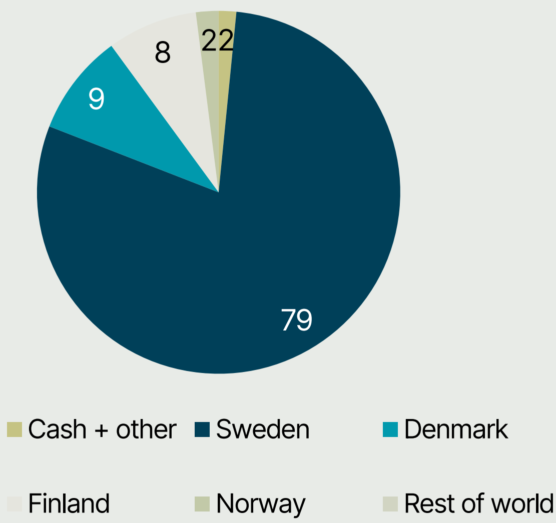
Carasent	4.5
Storytel	4.5
Revolutionrace	4.5
Securitas	4.4
Inwido	4.1
Proact IT Group	4.0
New Wave	3.9
Nederman	3.9
Huhtamäki	3.8
Valmet	3.7
Pandora	3.7
ITAB Shop Concept	3.6
Ratos	3.5
Swedencare	3.4
Xvivo Perfusion	3.4
Bonesupport	3.3
Brdr. A&O Johansen	3.1
Alligo	3.1
Bravida Holding	2.8
Idun Industrier	2.6

Total number of portfolio holdings	33
Top 20 as % of total	73.7

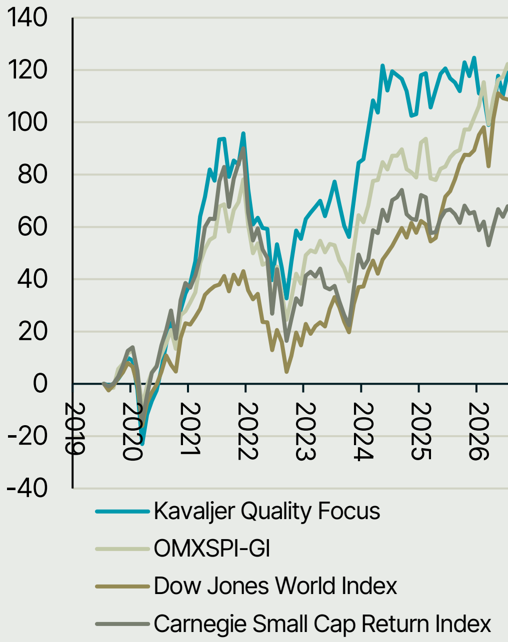
Sector breakdown in %



Geographic breakdown in %



Return after fees



Best and worst – contributors of the month

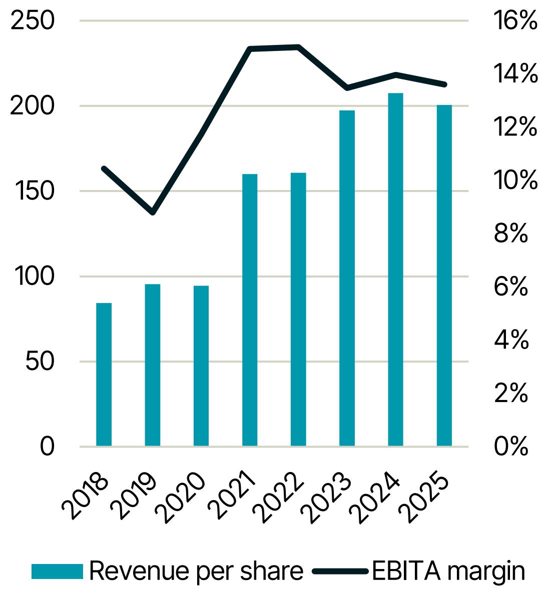
Company	Contribution
Valmet	+0.8%
Storytel	+0.8%
Inwido	+0.7%
Swedencare	-0.4%
Svedbergs Group	-0.2%
CAG Group	-0.2%

Idun Industrier – a long-term serial acquirer, primarily in industrials

Idun Industrier (2.6% of Kavaljer Quality Focus) is a serial acquirer focused on B2B companies, primarily industrial. It listed in 2021 and pursues a long-term strategy of value creation through selective acquisitions: buying well-established small companies with strong cash flow and reinvesting the profits in new acquisitions – a compounding model.

Founder Adam Samuelsson (previously Nordic Capital/Bufab) is chairman and runs the company together with CEO Henrik Mella and the original team, which signals long-term commitment.

Idun: strong track record. Acquisitions paused in 2024–2025, but higher acquisition activity should drive strong earnings growth ahead.



Acquires market leaders in narrow industrial niches

Idun buys companies that are already market leaders in narrow industrial niches, often with a 50–70% market share. Their strength is not extraordinary growth but exceptional reliability and dependable cash flows. An ROE of around 25% testifies to the high quality bar.

Acquisition strategy and ownership

Idun sources and executes its acquisitions itself, often without competing with other buyers on price, giving a historical average multiple of 5–7x operating profit. It typically acquires 70–80% of a company, with the seller retaining the rest – which helps ensure continued commitment from key individuals.

Insider ownership amounts to a full 44% of the capital and 84% of the votes. Alongside management, proven capital allocators such as Gunnar Tindberg (Indutrade) and David Mindus (Sagax) hold significant stakes.

Recovery and growth potential

Idun has high margins and a track record of stable growth, both organic (EBITA +4–6% a year) and acquired (+8–10%). The target is 15% growth in EBITA per share, against a historical rate of close to 30%.

After weaker years in 2024–2025, driven by high leverage and a hesitant economy, Idun has used its strong cash flows to reduce debt and has resumed its acquisition pace.

Valuation

Idun trades at 13x 2026e EBITA (16x P/E excluding goodwill), the lowest among Swedish compounder peers despite a documented 25% ROE. A quality serial acquirer at this level is typically valued at 17–18x. Higher acquisition activity and a better economy should drive strong earnings growth, closing part of that gap.

Period	1 mth	YTD	1 yr	3 yrs	5 yrs	Since inception*	Avg. annual return
Kavaljer Quality Focus	4.1%	-2.5%	1.0%	24%	13%	119%	13.6%
OMXSPI-GI	2.2%	10.2%	19.1%	45%	32%	126%	14.1%
Dow Jones World Index	-0.2%	10.3%	20.2%	57%	55%	114%	13.1%
Carnegie Small Cap Return Index	2.5%	1.3%	0.8%	22%	-5.4%	69%	8.9%

** 5 August 2019*

Telenor bid for Bahnhof
During the month Telenor bought a majority stake in Bahnhof at a 20% premium, and has indicated that it will make an offer of SEK 62 for the remaining shares. Although we think the premium was somewhat low, we see better opportunities in other investments and have therefore chosen to take the profit. Bahnhof accounted for 1.9% of the fund ahead of the bid.

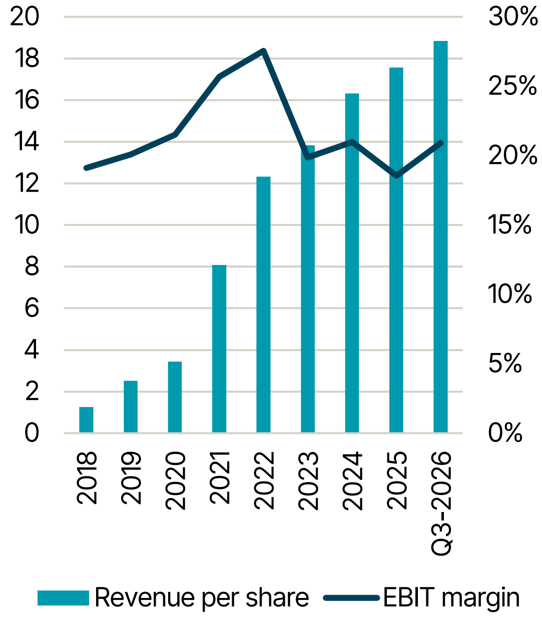
Significant acquisition by RVRC – adds more than 20% to earnings
RVRC (Revolution Race) (4.5% of the fund) acquired 90.1% of ICANIWILL AB on 9 July, a community-driven training and sportswear brand founded in 2012. The company generates revenue of SEK 470m at a 15.6% EBIT margin. The acquisition therefore adds almost 25% to the top line and more than 20% to operating profit.

The company has grown, and continues to grow, successfully at around 30% a year. Against that background we consider the price tag of 9.5x trailing EBIT attractive.

The deal is financed through a combination of treasury shares, existing cash and a small amount of debt. Net cash at the latest report was SEK 361m and the cash portion of the consideration was SEK 467m. Following the acquisition, net debt/EBITDA stands at a reasonable 0.3x.

Fashion exposure is high, and ICANIWILL's rapid growth has been driven primarily by an aesthetic trend rather than technical product superiority. Brands built more on identity than function can lose momentum quickly. That said, activewear has proved more durable than streetwear, and ICANIWILL's high repeat purchase rate suggests the brand is more than a passing trend. RVRC's distribution capacity can also accelerate growth in channels where ICANIWILL is under-represented. The fashion risk is high, but so are the potential synergies – and the price tag is low enough to allow for that risk.

RVRC: impressive organic track record. Now the first acquisition.



Significant acquisition takes AOJ into Norway – adds 28% to EBITDA
Brdr. A&O Johansen (AOJ, 3.1% of the fund) made a recommended offer during the month for Norway's Elektroimportøren AS. The bid amounts to NOK 1.1bn (~DKK 700m) and is debt-financed.

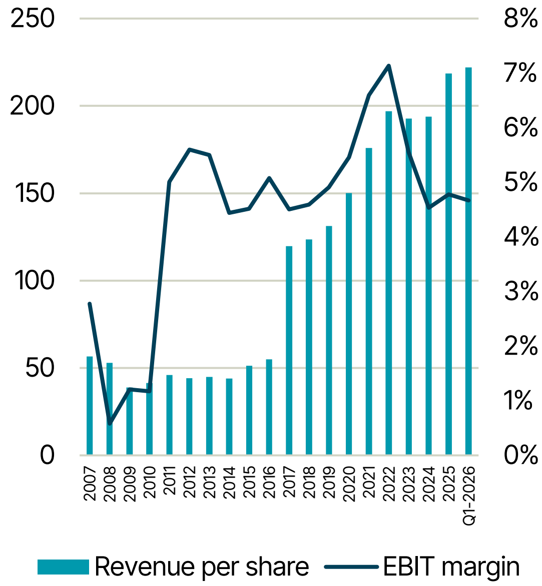
The transaction is substantial relative to AOJ's own operations. Elektroimportøren's revenue of ~NOK 1.8bn (~DKK 1.1bn) adds around 18% to AOJ's revenue of DKK 6.1bn (FY2025). The EBITDA contribution is even more striking: with a margin of 10.8%, Elektroimportøren generates ~DKK 121m — equivalent to roughly 28% of AOJ.

This is a transformative acquisition, not a marginal bolt-on. If the bid goes through as planned during Q3 2026, AOJ's earnings profile and Nordic presence will change fundamentally. In general we prefer several smaller acquisitions to large, transformative ones, particularly when leverage is already high.

Net debt/EBITDA stood at 2.9x after Q1 2026. Following the acquisition it rises to 3.3x on reported figures. That is high, and higher than we are normally comfortable with. It should be said, however, that this is based on trough earnings and that the company has guided for EBITDA growth of around 6–15% in 2026.

On the positive side, the company is buying in a downturn, which creates upside to earnings. CEO and principal owner Niels Johansen is also a cautious, long-term operator who would never take excessive risks.

AOJ: less cyclically sensitive than before. Usually makes small acquisitions, but now a large one.



Swedencare: frustrating communication, but a solid business

Swedencare (3.4% of the fund) reported organic growth of 7% in the second quarter, alongside improved profitability. The shares nonetheless fell 14%, as growth was lower than the company had indicated ahead of the report. Once again, the deviation was due to a large order falling on the wrong side of the quarter-end. The sharp share price reaction therefore mainly reflects the market's weakened confidence in the company.

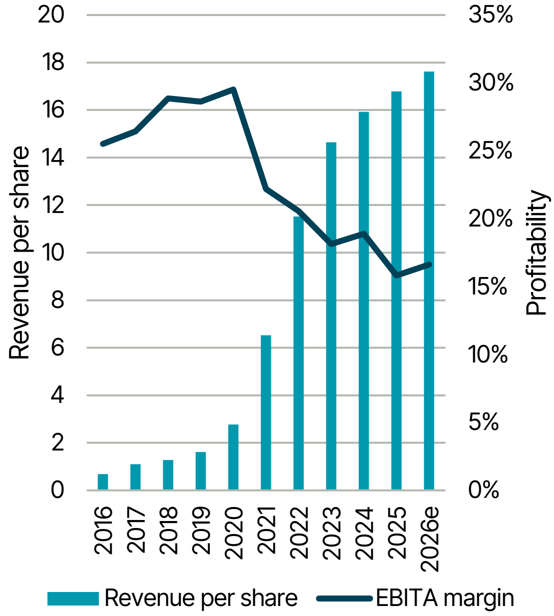
Despite this, we judge the underlying business to be fundamentally stable. The weakness lies primarily within NaturVet, where performance can partly be explained by the recent repositioning and by the decision to take Amazon sales in-house. These initiatives are expected to contribute to higher growth and improved profitability in the second half. The rest of the business is developing very well.

Management now knows that it has to deliver in line with its forecast for the second half. It nonetheless guides for double-digit growth and improved profitability, supported by both lower external costs and a stable cost base spread over higher revenues.

A P/E ratio of 12 for 2026, adjusted for acquisition-related amortisation, is in our view too low for a non-cyclical company with high profitability, strong cash generation and good long-term growth opportunities. We continue to believe in annual earnings growth of 10–15%. For the investment to work well, however, the company must deliver in line with its communication and win back the market's confidence.

Given the high level of activity and the high valuation multiples in the unlisted animal health market, together with the management change at principal owner Symrise, we do not consider a bid for Swedencare unlikely.

Swedencare: solid business, but confidence in management is at rock bottom



Proact: momentum has turned to strength – but the valuation remains low

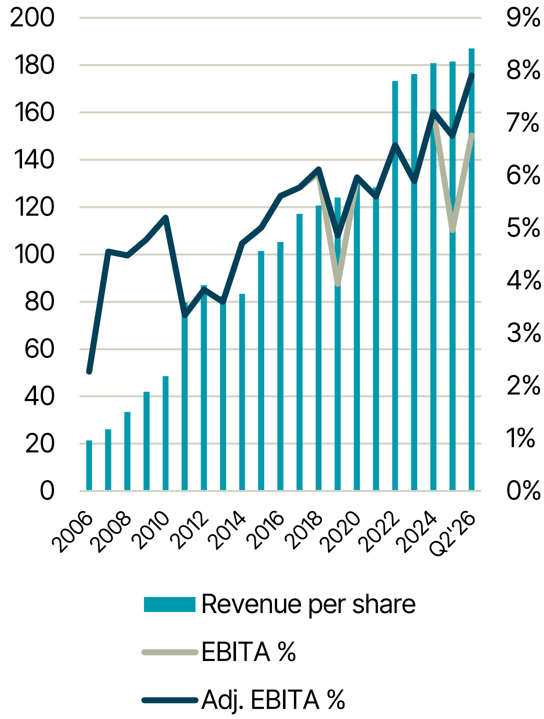
Proact (4.0% of the fund) delivered its second genuinely strong quarterly report in a row, driven partly by a successful turnaround in the West and Central regions and partly by increased demand for systems. The company benefits from a very strong structural trend, in which the main driver is customers' need to switch or adapt their data storage solutions. Earlier technology shifts have created similar needs, but we believe AI is reinforcing the trend through sharply rising data volumes.

Demand for the company's systems is currently exceptionally strong and exceeds its delivery capacity. Even if demand were to ease from today's high levels, the positive effect on sales is therefore expected to persist for longer, as the company gradually works through the order book it has built up.

The CEO highlighted that high hardware prices and long lead times create opportunities for Proact to offer its services as an alternative to customers' own purchases. Once installed, the solutions also generate recurring service revenues for Proact.

Although the Proact share has performed strongly, we believe earnings are well placed to keep growing, both over the coming quarters and in the years ahead. At the same time, we see scope for the P/E ratio to rise to 16–17x, which corresponds to the share's average valuation over the past ten years. That would imply a share price of around SEK 170 and thus continued good upside.

Proact: a long history of good growth and rising profitability



Valmet: strong Q2 and considering separate listings for its two business areas

Valmet (3.8% of the fund) presented a strong report for the second quarter, with good performance across the board. The company is also considering splitting the business and listing the two business areas separately. Valmet has long traded at a clear conglomerate discount, with the combined value of the individual parts judged to be significantly higher than the company's current market capitalisation.

A demerger would simplify the valuation and, over time, also make capital allocation easier. Since investors generally prefer clear and easily understood corporate structures, we believe a split could unlock significant value.

The two companies differ markedly in terms of profitability, margin stability, end-market exposure and order size. The combined structure has penalised Process Performance with a pulp and paper discount that should now disappear.

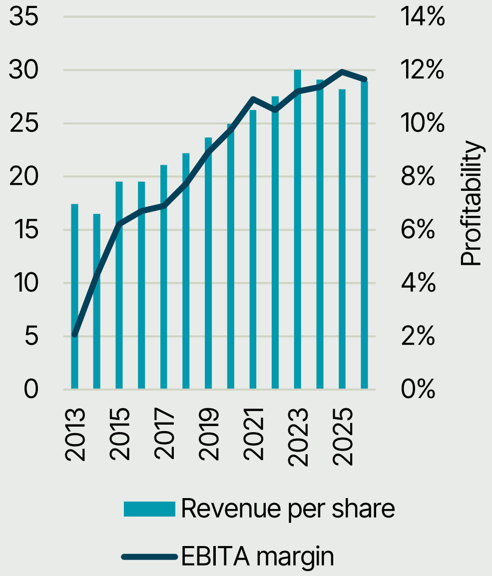
Their strategic direction also differs. Process Performance is aiming to accelerate both organic and acquired growth, expanding into new verticals such as chemicals, gas and food and beverage. Biomaterials is capital-light with a high ROCE and is expected to prioritise growth within Service.

In our own sum-of-the-parts valuation (SOTP) – that is, a valuation of the company's two parts separately – we arrive at a combined value of EUR 34 per share. In doing so, we deliberately apply conservative multiples of 8x EBITA for the "low-quality" Biomaterials business and 15x EBITA for Process Performance. This should be compared with 23x EBITA for ABB for 2026e, the best peer for Process Performance. The 8x for Biomaterial Solutions is also conservative and should be compared with the closest peer, Andritz, which is valued at 11x EBITA.

Even after a rise of just over 20%, the company was valued at 8.4x EBITA for 2026e. Given that value realisation is likely to come fairly soon, we see this as a very interesting opportunity and have therefore chosen to increase our position.

Nacka Strand, August 7 2026
Peter Lindvall, Håkan Telander, Jesper von Koch, Jakob Wahlberg

Valmet: a good whole, but would surface value better as two separate units



"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

Warren Buffet

More information about the fund
You can find further information at https://kavaljer.se/

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