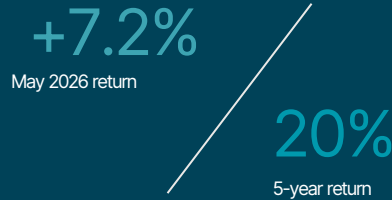


Monthly Report May 2026

Kavaljer Quality Focus



Monthly Commentary

Strong stock market month

May was a very strong month for equities. The broad Stockholm Stock Exchange (OMXSPI-GI) rose by 3.4%, while the global equity index (Dow Jones Global Index) increased by 4.8%. The small-cap index (Carnegie Small Cap Return Index Sweden) gained 4.1%.

Increasing frequency of acquisitions and takeovers from the stock market

Sweden has been in a recession since 2022–2023. The downturn has been both longer and deeper than in many comparable countries, and small-cap companies—generally less global than large-cap companies—have been hit particularly hard, with earnings coming under pressure as a result.

As we have noted previously, the stock market has rewarded companies with strong momentum, meaning companies whose earnings and share prices are in a clear upward trend. At the same time, companies with solid long-term track records but temporarily depressed earnings have been penalized. The result is a clear valuation gap: momentum stocks are trading at high multiples on peak earnings, while companies facing temporary challenges are trading at low multiples on recession-level earnings.

This combination—depressed small-cap share prices and highly valued large-cap companies—creates favorable conditions for acquisitions. A rational buyer looks at normalized earnings, sees a well-managed company trading at a low earnings multiple, and acts. In essence, this is the opposite of the currently dominant—and so far successful—momentum strategy.

So far this year, three companies have been taken private from the Swedish stock market: Nilörngruppen (which we own), Cint, and Sleep Cycle. Given the current market environment, we believe more will follow.

A prolonged recession creates opportunities for opportunistic acquisitions

Valuation multiples for private companies tend to be more stable than those in the public markets, making it more advantageous to sell during an economic boom than during weaker conditions.

Imagine an owner-manager who runs and owns their company and is planning to retire. Recent years have brought a pandemic, component shortages, high inflation, war, and a recession with no clear end in sight. Eventually, the owner abandons the idea of selling during a boom at a premium valuation and instead accepts an offer based on mediocre earnings at a mediocre multiple.

This creates acquisition opportunities, which several of our portfolio companies have taken advantage of. Later in this letter, we discuss our view on a selection of these acquisitions.

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 1032 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	3.96	3.31
Beta	0.85	0.82
Sharpe-Ratio	0.27	0.16
Standard Deviation	15.18	18.33

*Share Class A

Fund performance

The Kavaljer Quality Focus fund returned +7.2% during the month. Over the past five years, the fund has delivered a return of +19.7%, compared with +39.4% for the Stockholm Stock Exchange (OMXSPI-GI), but only +2.2% for the Swedish small-cap index.

The largest positive contributors among the fund's holdings during the month were Nilörngruppen, Proact IT, Pandora, and BTS. The largest negative contributors were Firefly, Catella, and Carasent.

Holdings/Changes

During the month, the fund fully exited its holding in Green Landscaping and reduced its positions in Proact IT, Storytel, BTS, Bravida, and Alligo.

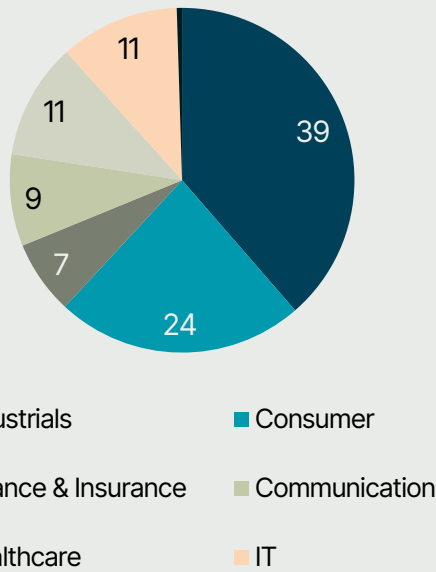
The fund increased its holdings in Nederman, Swedencare, ITAB, Svedbergs, AOJ, Bahnhof, Inwido, RVRC, and Xvivo.

The equity allocation was 99%.

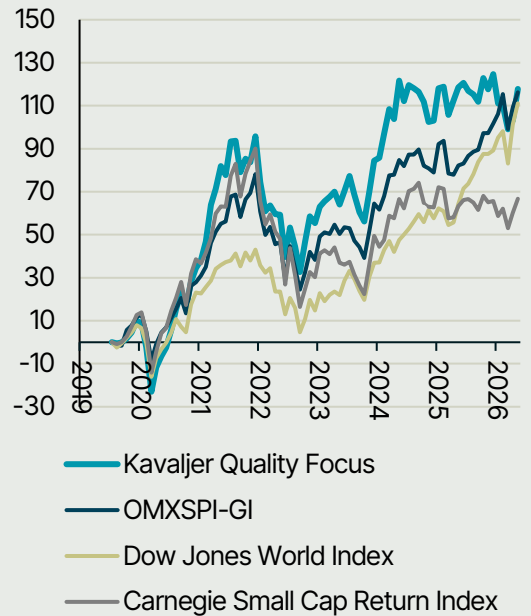
20 largest holdings, %

Storytel	4.9
Proact IT Group	4.6
Securitas	4.4
Carasent	4.2
New Wave	4.1
Revolutionrace	4.0
Swedencare	3.7
Nederman	3.4
ITAB Shop Concept	3.4
Inwido	3.4
Ratos	3.3
Huhtamaki	3.3
Bravida	3.2
Alligo	3.2
Bonesupport	3.2
Xvivo Perfusion	3.1
Brdr. AOJ	3.1
Pandora	3.0
Idun Industrier	2.7
Valmet	2.7
Total number of holdings	36
Top 20% of total	70.7

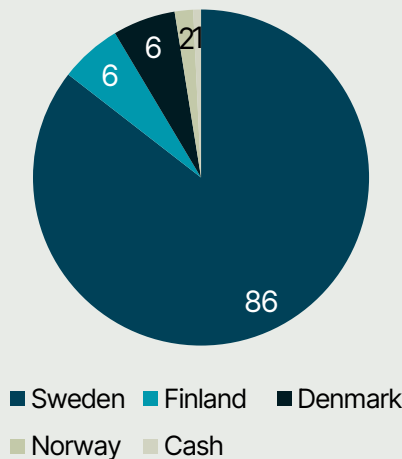
Sector allocation, %



Performance (after fees), %



Geographical distribution, %



Best/Worst Contributors

Company	Return
Nilörngruppen	+1.1%
Proact IT	+1.0%
Pandora	+0.7%
Firefly	-0.2%
Catella	-0.1%
Carasent	-0.1%

Deepened reflections on selected holdings

Nederman – High-Quality Industrial Company Trading at a Low Valuation on Recession-Level Earnings

Nederman is a global leader in industrial air filtration with more than 80 years of operating history. The company has evolved from a product supplier into a full-service solutions provider, offering systems that purify air, reduce energy consumption, and help industrial customers comply with increasingly stringent environmental regulations. Its combination of products, systems, services, and digital monitoring creates recurring revenue streams and strong customer relationships.

The business is diversified across four profitable divisions. Its customer base is broad, with no single customer accounting for more than just over 1% of sales. Nederman is the market leader in EMEA and holds a strong global position.

Historically, the company has delivered approximately 9% annual earnings-per-share growth over the past 20 years, driven by structural tailwinds, market share gains, and smaller acquisitions. Margins have gradually improved, and cash generation is strong, with free cash flow averaging around 115% of net profit. Net debt stands at approximately 2.1x EBITDA, and the dividend yield is 3.3%.

The shareholder base is strong, with Latour as the largest shareholder, owning nearly 30% of the company. The CEO holds shares worth approximately SEK 40 million, while several members of management own shares valued at around SEK 1 million each.

Current Situation and Why the Stock Is Particularly Attractive Today

Weak macroeconomic conditions and geopolitical uncertainty have delayed larger projects. Combined with the fact that around 40% of revenue is generated in North America—meaning a significant share of earnings is denominated in U.S. dollars, which have weakened—this has resulted in lower revenue and pressure on profitability.

Towards the end of the first quarter, however, the company observed that the segment that typically turns first in the economic cycle had begun to recover. Historically, this segment leads the recovery, with the rest of the business following thereafter.

Supporting this view is the fact that since February this year, no fewer than 14 insider purchases have been made by eight different insiders.

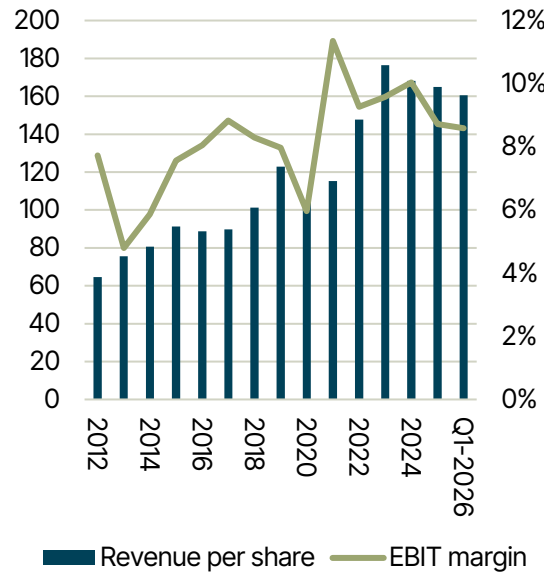
The stock is currently trading at a P/E ratio of 16 based on trailing earnings, compared with its historical average of 20–22, and this is on what we consider to be genuine recession-level earnings. As the market begins to recover—which appears to be underway—we believe the stock could appreciate significantly and rapidly.

Following Latour’s recent sale of Securitas and Assa Abloy shares for SEK 5 billion, we believe the likelihood of a potential take-private transaction involving Nederman has increased. Latour has signaled a greater focus on its unlisted portfolio, and with Nederman representing only 1–1.5% of Latour’s NAV, there are clear incentives to increase its ownership stake. Available liquidity is also well matched to Nederman’s market capitalization of just over SEK 4 billion.

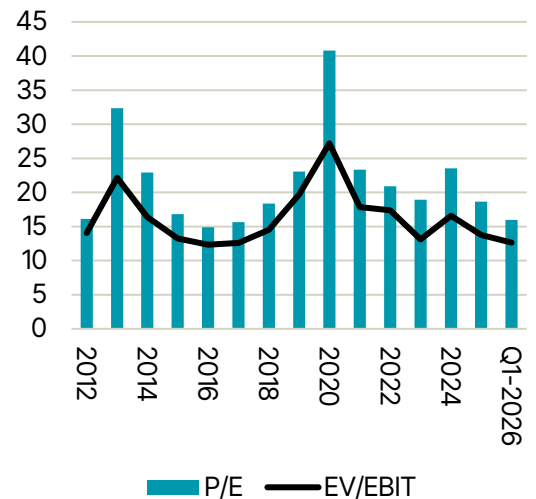
In summary, Nederman combines a strong market position, structural growth drivers, and a solid balance sheet with a valuation that remains low despite being based on recession-level earnings, creating attractive long-term upside potential.

Nederman represents 3.4% of Kavaljer Quality Focus.

Strong historical growth, but a temporary setback



Historically Low Valuation Based on Recession-Level Earnings



Time period	1M	YTD	1Y	3Y	5Y	Since inception*	Yearly return
Kavaljer Quality Focus	7.2%	-3.1%	-0.3%	33%	20%	118%	13.5%
OMXSPI-GI	3.4%	7.2%	18.7%	44%	39%	120%	13.6%
Dow Jones World Index	4.8%	11.5%	28.4%	73%	55%	116%	13.3%
Carnegie Small Cap Return Index	4.1%	0.6%	2.1%	22%	2.2%	68%	8.8%

* August 5, 2019

Bid for Nilörngruppen

On 4 May, Trimco Group (one of the larger players in the industry, serving more than 1,200 brands globally) announced a cash offer of SEK 77 per share, representing a premium of 53%.

The principal shareholder, Traction, together with Kavaljer Quality Focus, Protector Forsikring, and the CEO, who collectively control 66% of the voting rights, have committed to accepting the offer. This makes it highly likely that the transaction will be completed, although a 90% acceptance level is required.

Nilörngruppen has not developed as we had hoped. After many years during which the EBIT margin never fell below 8%, the company has recently experienced weak and volatile profitability. We are therefore pleased with the offer.

Nilörngruppen represents 2.4% of Kavaljer Quality Focus.

Carasent Acquires to Strengthen Its Moat and Improve Pricing Power

In April, Carasent acquired Infosolutions, adding almost 20% to Carasent’s revenue at a purchase price corresponding to 1.7x sales.

Infosolutions’ software connects healthcare providers’ electronic medical record systems with laboratories and diagnostic services and has long been a key add-on service to WebDoc (Carasent’s electronic medical record platform). Because Infosolutions dominates its market, the solution is effectively a necessity for customers, particularly for healthcare providers operating clinics across Sweden. As a result, Carasent can effectively encourage Infosolutions customers to adopt WebDoc by increasing prices for customers who do not also use WebDoc.

As we understand it, Infosolutions represents a very small cost for customers despite being mission-critical, suggesting that price increases should be achievable. From a financial perspective, the business generates underlying recurring revenue growth of approximately 10% annually, driven by growth in healthcare services and increasing testing volumes. The COVID period provided a significant revenue boost that has since normalized. The previous owners largely neglected profitability, with the business currently operating at roughly break-even margins. We see considerable potential for improvement.

We believe Carasent is well positioned to raise margins rapidly to around 30% through a combination of price increases and cost savings. Overall, we view the acquisition positively, as it should strengthen Carasent’s competitive position and drive a rapid increase in earnings, all at a clearly reasonable valuation.

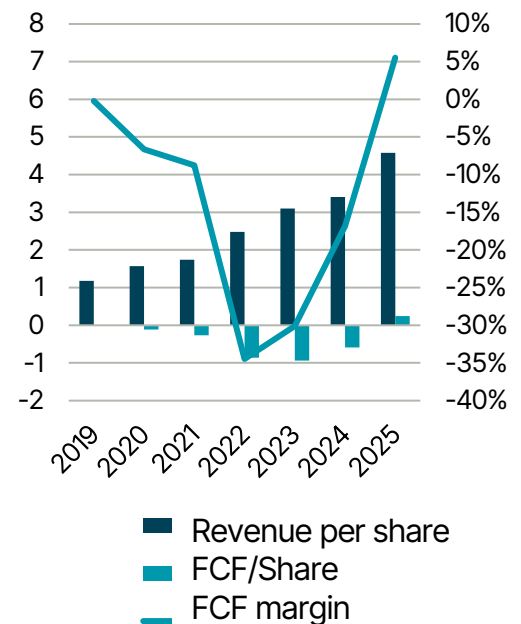
Carasent represents 4.2% of Kavaljer Quality Focus.

Exsitec Makes a Major Acquisition Adding 24% to EBITA

In May, Exsitec acquired Amesto Solutions, a business similar to Exsitec’s own operations and primarily focused on the Visma ecosystem in Norway. The company is expected to generate NOK 230 million in revenue with a 17% EBITA margin, meaning the acquisition adds approximately 24% to Exsitec’s current operating profit at a purchase price of 7x EBITA. We view the acquisition as a natural next step for Exsitec’s Norwegian operations, whose turnaround has now been completed.

Exsitec represents 2.0% of Kavaljer Quality Focus

Carasent: Profitability continues to scale with stable costs but accelerating revenue growth



Svedbergs Group Finally Makes Another Acquisition – Expansion into the Czech Republic

In May, Svedbergs continued its geographic expansion through the acquisition of 80% of Czech-based UBC, a bathroom products group founded in 1991 with proprietary brands spanning the entire value chain. UBC's product offering is similar to that of Svedbergs' existing operations, suggesting that purchasing synergies may be achievable. The company generates approximately SEK 365 million in annual revenue with an EBITA margin of 12%, adding just under 15% to the group's EBITA. The acquisition price was somewhere in the range of 5–8x EV/EBITA. The remaining 20% is intended to be acquired within the next three to five years.

The acquisition is being financed through existing cash resources and bank financing, meaning no share issue is required, unlike several of Svedbergs' recent acquisitions.

With UBC, Svedbergs gains exposure to the Czech market as well as export markets such as Slovakia, Poland, and Hungary. We view the acquisition positively, as it reinforces the company's position as a growing European bathroom products group. Following the announcement, we chose to increase our holding.

Svedbergs Group represents 2.5% of Kavaljer Quality Focus.

Storytel Makes a Norstedts-Like Acquisition in the Netherlands and Belgium

During May, Storytel acquired Overamstel Publishers, a publishing company operating in the Netherlands and Belgium. Storytel has previously lacked a meaningful presence in the Dutch publishing market and now intends to use Overamstel as a platform for future bolt-on acquisitions in the region. The acquisition is reminiscent of Storytel's purchase of Norstedts in Sweden—the transaction that established the company as a significant player in the publishing industry.

Through acquisitions of publishing businesses, Storytel strengthens its barriers to entry against competitors. A strong in-house publishing operation makes it more difficult and costly for a new entrant to replicate Storytel's offering in a given market. We therefore consider the acquisition to be a sound example of capital allocation.

Storytel represents 4.9% of Kavaljer Quality Focus.

Nacka Strand, June 4, 2026

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

"Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble."

Warren Buffet

More info about the fund:

<https://kavaljer.se/>