Kavaljer

Kavaljer Investmentbolagsfond

+2.1 %
Return for February 2026

+36%
5-year performance

Monthly Commentary

Large-cap stocks keep climbing, mixed results for small-caps

February saw continued strong growth for the large-cap index, while the small-cap index managed only a modest rebound—with considerable differences between companies. The broad Stockholm Stock Exchange (OMXSPI-GI) rose 4.5%, and the global index (Dow Jones Global Index) was up 1.5%.

At the same time, gains on the Stockholm Stock Exchange have been far from widespread. Only about 30% of OMXSPI stocks are up this year. Even though it may feel like the market is surging, most Swedish stocks are actually down so far in 2024.

Fund flows drive record gaps in company valuations

Since last year's mid-point, heavy outflows from small-cap funds have triggered forced selling, pushing funds to let go of stocks they actually favor. Every forced sale in illiquid small-caps makes a big impact, as buyers are often battered retail investors who no longer have the energy to "buy the dip"—leading to especially sharp moves on earnings days.

Serial acquirers show operational strength, but face headwinds from multiple contraction

Many small-cap funds have held large positions in serial acquirers, making those companies a source of liquidity when funds experience outflows. Operationally, Swedish serial acquirers continue to demonstrate underlying resilience, with a cautiously improving market, solid organic order intake, and better margins.

Big swings in investment company discounts open up opportunities

Over the past year, investment companies listed on the stock exchange have seen significant fluctuations in their discount and premium levels. While long-term ability to grow net asset value remains the key factor, the timing of these discounts can also play an important role in generating extra returns. For example, Investor is currently trading at a record-low discount, while its three largest listed holdings (ABB, Atlas Copco, and Saab) are all at record highs.

So while we're taking the opportunity to reduce our position in Investor, we're spotting opportunities elsewhere—especially in Latour, which is trading at its lowest valuation in years even as its holdings remain robust.

Fund Facts

Launch Date	May 2018
Risk Class	4 av 7
Number of Holdings	25-40
Trading	Daily
Rating (Morningstar)	★★
Category	Global, Sweden
SFDR Classification	Article 8
AUM	SEK 832 million
Management Fee	A-class (0.3%) C-class (1%)
Total Fee	A-class (0.56%) C-class (1.19%)
ISIN A-class	LU1777968246
ISIN C-class	LU2838471790
Portfolio Managers	Peter Lindvall, Håkan Telander & Jesper von Koch

Risk Measures*

	3Y	5Y
Alpha	-3.17	-4.72
Beta	0.75	0.95
Sharpe-Ratio	0.46	0.35
Standard Deviation	10.28	14.71

*Share Class A

Fund Performance

Kavaljer Investmentbolagsfond posted a positive return of +2.1% for the month. Over the past 5 years, the fund has delivered a total return of 36%, compared to 59.5% for the Stockholm Stock Exchange (OMXSPI-GI) and 57.8% for the World Index (Dow Jones).

The largest positive contributors to the fund this month were Industrivärden, Investor, and Linc. The biggest negative contributors were Prosus, Svolder, and Microsoft.

Changes and Holdings

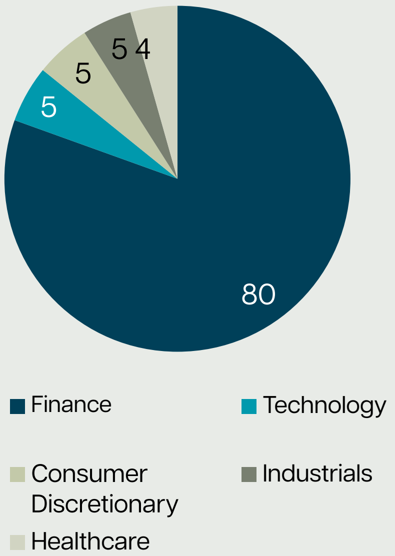
During the month, the fund reduced its positions in Investor, Industrivärden, and Lundbergs. In addition, we increased our holding in Bure Equity.

Equity allocation was 99%.

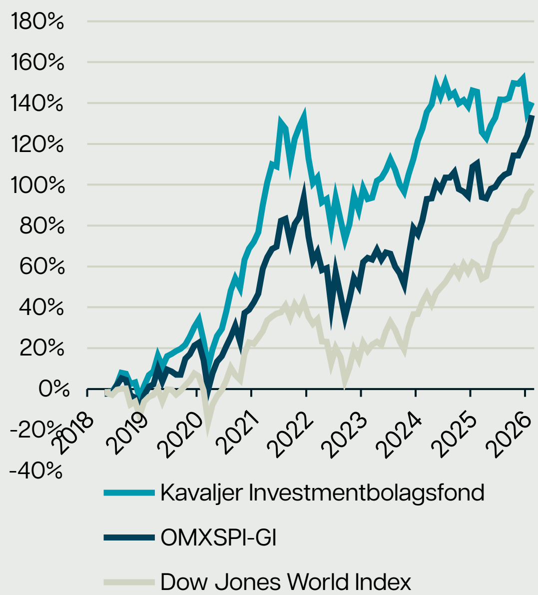
Top 20 holdings as % of portfolio

Investor	7.9
Berkshire Hathaway	7.4
Svolder	6.4
Latour	6.1
Ratos	6.1
Industrivärden	5.5
Markel	4.7
Fairfax Financial Holdings	4.7
Lundberg	4.6
Prosus	4.6
Danaher	4.3
Linc	4.1
HBM Healthcare	3.9
LVMH	3.8
Microsoft	3.2
Byggmästaren AJ Ahlströn	2.9
VNV Global	2.8
Idun Industries	2.7
Bure Equity	2.1
Vitec	2.1
Total	27
Top 20, as % of total	89.9

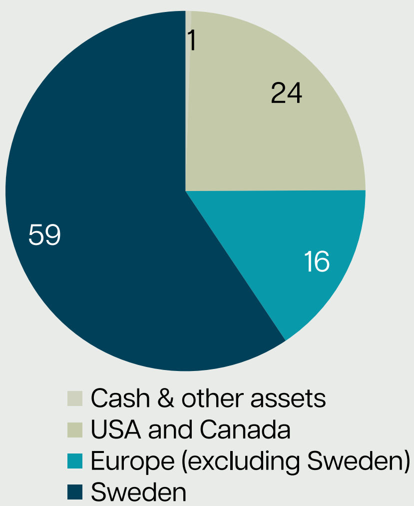
Sector Allocation, %



Return after fees



Geographical Distribution, %



Top and Bottom Perfomers

Company	Contribution of return
Industrivärden	0.8%
Investor	0.8%
Linc	0.7%
Prosus	-0.4%
Svolder	-0.4%
Microsoft	-0.2%

Deeper Insights Into Our Holdings

Bure Equity: Rarely Has Bure Been This Affordable

Bure ended 2025 with a net asset value per share of SEK 267.2, marking a 19.8% drop for the year. Looking at just the fourth quarter, the NAV fell by 2.8%. The downward trend has carried into the new year—by February 18, 2026, the same day the Q4 report was released, the net asset value per share had decreased by another 12.8% since the turn of the year.

The main reason for this weak performance is that most of the listed portfolio companies reported significantly lower earnings in 2025. Combined with a weak sentiment for tech stocks and outflows from small-cap funds, the market has not hesitated to penalize several of Bure's holdings. As of now, the discount sits at just over 14%. That's high compared to history, but given the circumstances, it's not entirely unexpected.

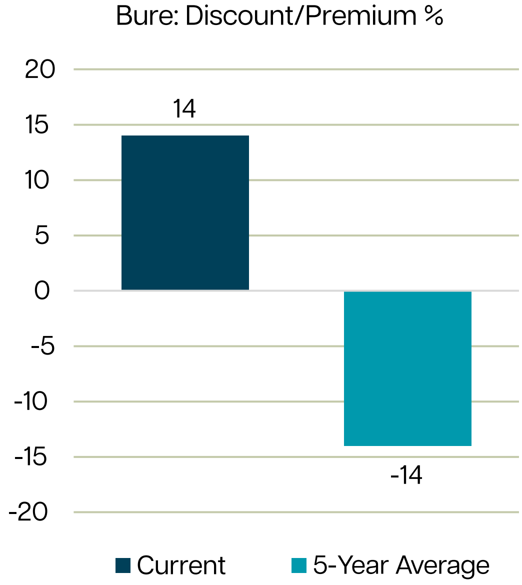
In fall/winter 2025, the fund invested in Bure (a more detailed review can be read here), after the historical premium disappeared and the company started trading at a discount.

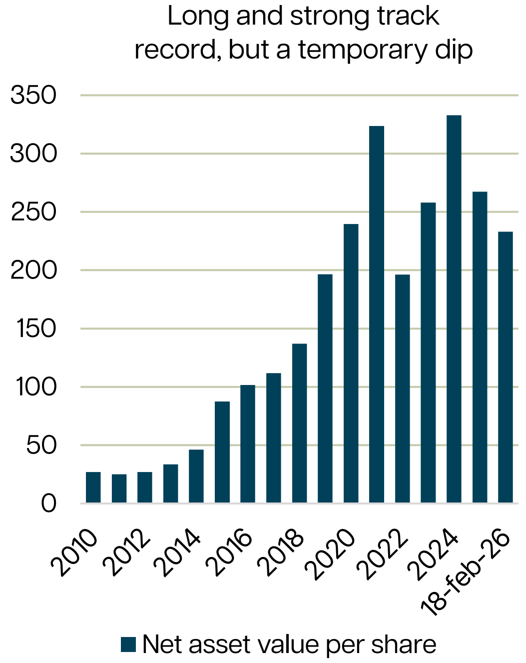
Looking ahead to 2026 and beyond, several factors point to a turnaround. Xvivo is expected to see a rebound in transplant activity, while Vitrolife's recovery depends on renewed global growth in IVF cycles. The backbone of the portfolio, Mycronic, continues to perform relatively well: 2025 was a record year for both orders and net sales. In addition, a brand-new product line in semiconductor inspection is under development, which should further expand the addressable market.

Perhaps the most exciting event to watch in the coming year is a potential IPO of Silex Microsystems. Silex is a global leader in so-called MEMS foundries—that is, manufacturing semiconductors with mechanically moving parts. In November 2025, Silex's board announced they are exploring the possibility of listing the company on Nasdaq Stockholm.

Currently, Bure records the company at its purchase price of 900 MSEK, which equals 5% of the NAV—but an IPO could reveal that Silex is actually worth significantly more.

Bure makes up 2.1% of Kavaljer Investmentbolagsfond.





Time period	1M	YTD	1Y	3Y	5Y	Since inception*	Annualized return
Kavaljer Investmentbolagsfond	2.1%	-3.6%	-2%	24%	36%	140%	13.0%
OMXSPI-GI	4.5%	6.8%	11%	43%	60%	119%	12.6%
Dow Jones World Index	1.5%	4.7%	23%	66%	58%	98%	10.0%

*May 2018

Investor: Another strong year, but at a higher cost

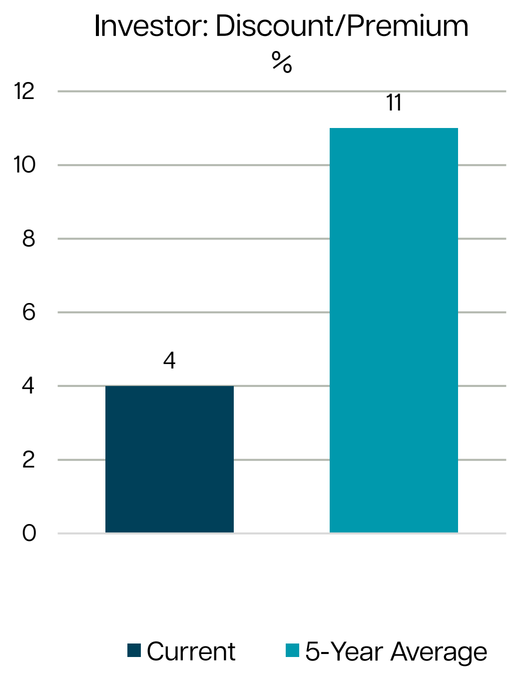
In the fourth quarter, Investor's adjusted net asset value climbed by 6%, and Class B shares delivered a total return of 13%—outperforming the Stockholm stock exchange's 6%. The full year 2025 was robust overall: adjusted net asset value rose 14%, and Class B shares returned 15%, compared to the SIXRX index's 13%.

We've grown accustomed to Investor delivering solid returns. Over the last 20 years, the average annual total return for Investor's Class B shares has been 15.1%, compared to the Stockholm stock exchange's 10.0% per year over the same period.

The discount to net asset value has narrowed to just under 4%, well below the historical averages—15% over 10 years and 11% over 5 years. While this reduced discount has historically supported share performance, with several listed holdings trading near all-time highs, it's reasonable to expect that this tailwind may be more limited going forward.

Investor remains a well-managed company with solid risk diversification—but the price for this quality is now higher than it's been in quite some time. As a result, we have chosen to slightly reduce our position in Investor this month.

Investor represents 7.9% of Kavaljer Investmentbolagsfond.



Ratos: The streamlining continues

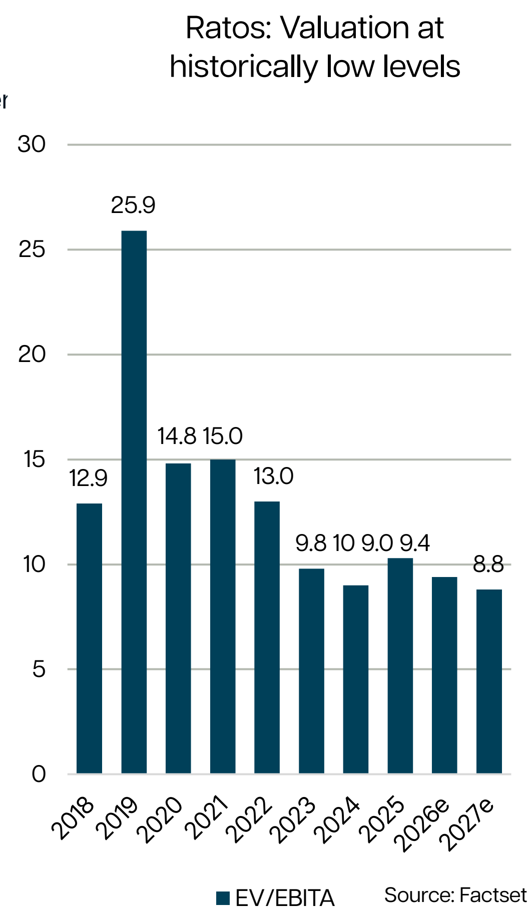
Ratos reported 3% organic sales growth in the fourth quarter, supported by the Construction & Services business area. At the same time, margins weakened across all segments. The adjusted EBITA margin was squeezed, mainly due to lower profitability within Industrial Services, where investments in automation at Speed Group and a challenging geographic mix at Knightec impacted results.

The quarter was also affected by a goodwill write-down of SEK 1 billion at Plantasjen and a negative result of SEK 795 million in connection with the sale of Expin. The company was acquired in 2022 under then-CEO Jonas Wiström as part of Ratos's push into infrastructure maintenance and has been a challenging business since.

We welcome the continued streamlining. Ratos's financial reporting is complex, making it difficult for external investors to get a clear overall picture of the group. The portfolio includes companies of various sizes, across different industries, and with diverse business models. The quality of the holdings also varies significantly. Continued streamlining and increased transparency should reasonably make valuation easier and clarify the investment case even further.

On March 19, Gustaf Salford and CFO Anna Vilogorac will present a new strategy and updated financial targets at Ratos's Capital Markets Day in Stockholm. We expect a more focused Ratos—with a clearer platform approach, fewer companies, and disciplined capital allocation. In that context, we hope share buybacks will receive more attention.

Ratos represents 6% of Kavaljer Investmentbolagsfond.



Microsoft: AI sentiment weighs on shares

Microsoft's stock has dropped more than 26% from its 2025 highs– despite consistently reporting strong growth and rising margins quarter after quarter. Concerns seem to center on the company's high level of net investments (CapEx) and its exposure to OpenAI. A growing number of investors are questioning whether Microsoft and other hyperscalers should be investing so aggressively in AI infrastructure.

In our view, the narrative around AI infrastructure and CapEx is overstated. We see similarities to times in the past when the market punished companies for bold investments ahead of structural shifts—only to reward them handsomely once profitability gains materialized.

Microsoft has a strong track record of turning investments into profits. When you compare Microsoft and Apple, the link between investment and profitability becomes clear. Since 2021, Apple has invested $67 billion in CapEx, while Microsoft has put in $265 billion. Over that same period:

- Apple's EBITDA grew by 27%
- Microsoft's EBITDA jumped by 130%

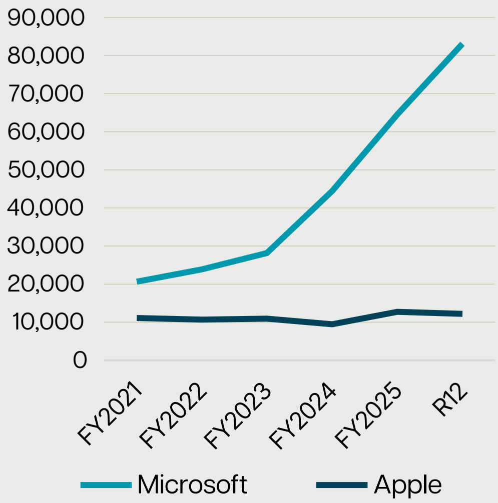
Microsoft has gone from generating 67% of Apple's EBITDA in 2021 to now surpassing Apple. In light of this, Microsoft's ability to deliver on its investments stands out clearly.

The criticism of Microsoft's investment pace also overlooks two key points. First, these investments are driven by real demand—management has repeatedly stated that demand outstrips available capacity, so CapEx is a response to a capacity shortfall, not a speculative bet. Second, margins keep expanding despite the investments: the operating margin hit 47% in Q2 2026, up 2% year over year, while CapEx climbed 66%.

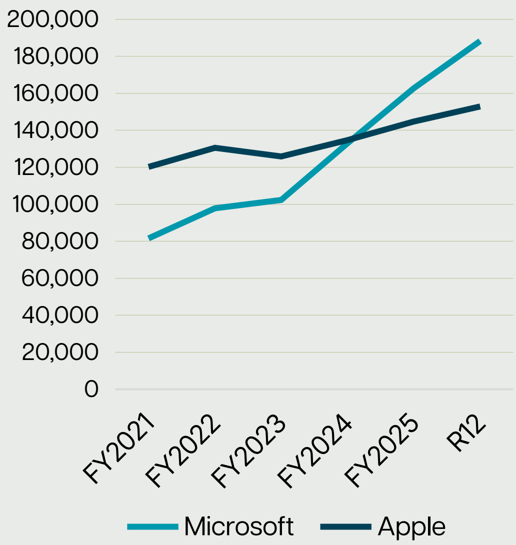
Looking ahead, Microsoft's valuation appears increasingly attractive. Analyst forecasts for 2027 estimate earnings per share at just over $19—which means that at a share price of $498, Microsoft trades at a P/E ratio of 21. That compares to the company's 3- and 5-year averages of 34.6x and 33.5x, respectively.

Microsoft makes up 3.2% of Kavaljer Investmentbolagsfond.

CapEx (USD million)



EBITDA (USD million)



"Nothing changes sentiment like price."

Howard Marks

Nacka Strand, March 5, 2026
Peter Lindvall, Håkan Telander, Jesper von Koch, Jakob Wahlberg

For more information about the fund, visit https://kavaljer.se/

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