

Monthly Report May 2026

Kavaljer Investmentbolagsfond

+2,1%
Return May 2026

+13,5%
Return 5 years



Monthly Commentary

Strong Stock Market Month

May was a very strong stock market month for large-cap companies, with the broad Stockholm Stock Exchange (OMXSPI-GI) rising 3.4% and the world index (Dow Jones Global Index) by +4.8.

Increased Frequency of Corporate Acquisitions and Buyouts

Sweden has been in recession since 2022–2023. The downturn has been longer and deeper than in many comparable countries, and small-cap companies – generally less global than large-caps – have been hit particularly hard, resulting in compressed earnings.

As we have previously noted, the market has rewarded companies with strong momentum – that is, companies whose earnings and share price are in a clear upward trend – while companies with a solid track record but temporarily depressed earnings have been penalized. The result is a clear valuation gap: momentum companies trade at high multiples on peak earnings, while companies with temporary challenges trade at low multiples on recession-level earnings.

That combination – depressed small-cap prices and highly valued large-cap companies – creates favorable conditions for buyouts. The rational buyer looks at normalized earnings, sees a well-managed company at a low earnings multiple, and acts. This is fundamentally the opposite of the currently dominant and thus far successful momentum strategy.

Extended Downturn Opens Door for Opportunistic Acquisitions

Valuation multiples for private companies tend to be more stable than on the stock exchange, making it more advantageous to sell during an economic boom than the opposite.

Imagine an owner 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 visible end. Eventually, the owner gives up on the idea of selling during a boom at a high price – and instead accepts an offer at a mediocre earnings level at a mediocre multiple.

This creates acquisition opportunities, which several of our portfolio companies have acted upon. Later in this letter, we review our views on a selection of these acquisitions.

RISK INFORMATION: The information on this page does not constitute investment advice. Past performance is no guarantee of future returns. The value of investments in the funds may both increase and decrease, and you may not get back the full amount invested. Before investing, you should read the fund's Key Investor Information Document (KIID) and the information brochure.

Fondfakta

Launch date	May 2018
Risk level	4 out of 7
Number of holdings	25–40
Trading	Daily
Fund rating (Morningstar)	★
Category	Global, Sweden
SFDR classification	Article 8
AUM	SEK 779 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
Fund managers	Peter Lindvall, Håkan Telander, Jesper von Koch & Jakob Wahlberg

Risk measures

	3 years	5 years
Alpha	-5.19	-7.06
Beta	0.75	0.94
Sharpe-kvot	0.27	0.1
Standardavvikelse	10.68	14.31

Risk measures for A-class

Fund Performance

Kavaljer Investment Company Fund delivered a positive return during the month of 2.1%. Since inception, the fund's total return amounts to 138%, compared to 135% for the Stockholm Stock Exchange (OMXSPI-GI) and 111% for the World Index (Dow Jones).

The largest positive contributors among the fund's holdings during the month were Microsoft, Ratos, and Svolder. The largest negative contributors were Fairfax Financial Holdings, Latour, and Prosus.

Changes and Holdings

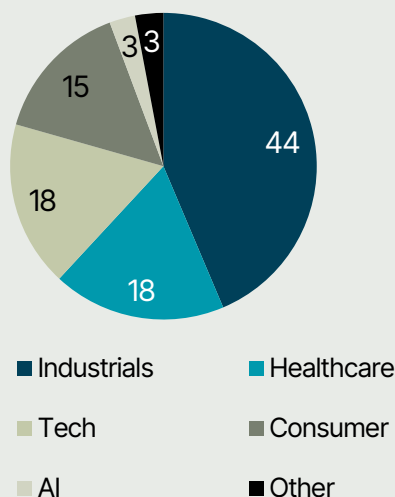
During the month, the fund reduced its holdings in Berkshire Hathaway and Lundbergs, and fully divested its positions in Dometic, Green Landscaping, VNV Global, and Spiltan Invest. New positions are Alphabet and Thermo Fisher.

The equity allocation was 97%.

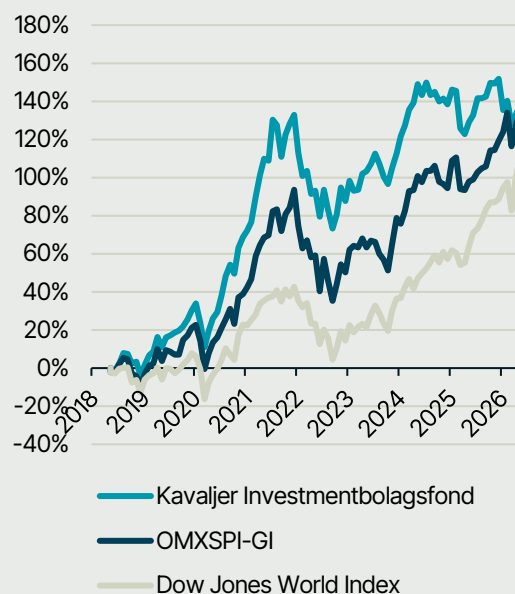
Top 20 Holdings in %

Svolder	7.4
Latour	6.1
Ratos	6.0
Investor	5.4
Industrivärden	5.1
Berkshire Hathaway	4.7
Linc	4.6
Markel	4.5
HBM Healthcare	4.5
Prosus	4.4
Fairfax Financial Holdings	4.2
Danaher	4.1
Lundberg	4.0
Microsoft	4.0
Beijer Alma	3.7
LVMH	3.6
Bure Equity	3.6
Idun Industrier	3.2
Byggmästare AJ Ahlström	3.0
Alphabet	2.8
Total Portfolio Holdings	25
Top-20 Share of Total	83.1

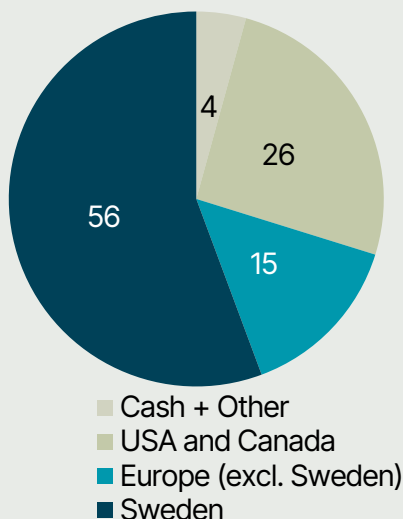
Sector Allocation in %



Return After Fees



Geographic Allocation in %



Best and Worst – Monthly Contributors

Company	Return Contribution
Microsoft	0.4%
Ratos	0,4%
Svolder	0,4%
Fairfax Financial Holdings	-0.5%
Latour	-0.3%
Prosus	-0.3%

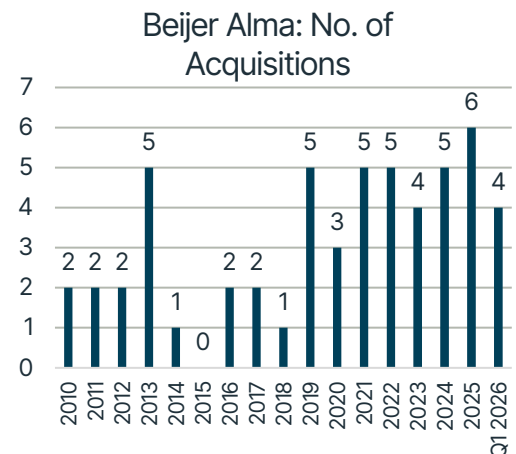
In-Depth Thoughts on Our Holdings

Beijer Alma: The M&A Machine Is Running!

During the week, Beijer Alma announced its fourth acquisition in two weeks through the purchase of a majority stake in Finnish JR-Wood. The company delivers pre-assembled material packages for roofs, facades, doors, and windows to the renovation market in Finland and Sweden.

In total, the acquisitions are estimated to add ~350 MSEK in revenue and just over 50 MSEK in EBITA. Despite the accelerated pace of acquisitions, leverage remains at a comfortable level, around 1.8x net debt/EBITDA assuming an acquisition multiple of 7x EBITA. This leaves ample room for continued acquisitions in 2026 and beyond. Overall, we continue to see an attractive risk/return profile in Beijer Alma.

Beijer Alma constitutes 3.7% of Kavaljer Investment Company Fund

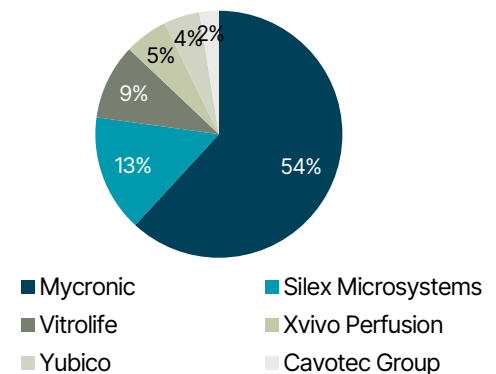


Bure Equity: Silex and Mycronic in Focus

In the April newsletter, we discussed Silex's listing and its significance for Bure Equity. Just over a month later, we can note that the outcome has exceeded most expectations. The semiconductor sector has for some time been characterized by high valuations, and Silex has so far been no exception. The stock has risen by more than 147 percent from the listing price of SEK 81, making Silex the second-largest holding in Bure's listed portfolio after Mycronic.

It is noteworthy that Bure's share is currently trading at lower levels than before the listing, despite the sharp increase in value of Silex. Given the strength and speed of the rally, it will be interesting to follow how Bure acts when the 180-day lock-up period expires.

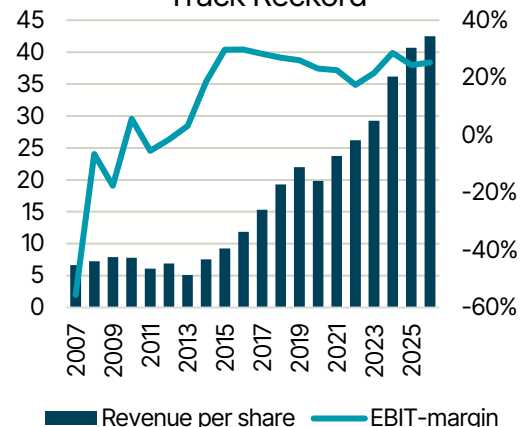
Bure: Listed Portfolio – Share of Net Asset Value



Mycronic has also had a strong performance during the year. The core business within Pattern Generators (PG) continues to account for the majority of the company's earnings. It was therefore positive that key customer Photronics recently reiterated its investment forecast, indicating continued stable demand for Mycronic's offerings.

In parallel, we see an interesting development in the smaller division Global Technologies (GT). Order intake increased by more than 60 percent in 2025 and by as much as 260 percent in the first quarter of 2026, driven by the global wave of investment in AI. Today, GT accounts for just over 14 percent of Mycronic's earnings, but we believe the share could rise to at least 20 percent over time. This would give Mycronic a more diversified earnings profile and reduce dependence on the large individual orders that characterize the PG business and have historically contributed to greater earnings volatility.

Mycronic: Long and Strong Track Record



Period	1 Month	YTD	1Y	3Y	5Y	Since Inception*	Annualized Return
Kavaljer Investmentbolagsfond	2.1%	-5.4%	4%	17%	13.5%	138%	12.9%
OMXSPI-GI	3.4%	7.2%	19%	44%	39.4%	135%	12.7%
Dow Jones World Index	4.8%	11.5%	28%	73%	55%	111%	10.9%

*May 2018

Combined with a strong net cash position and a solid track record of acquisitions, we continue to see good potential in the stock, despite the valuation having increased.

Bure Equity constitutes 3.6% of Kavaljer Investment Company Fund

Company Review: Danaher

Danaher is an American serial acquirer in life science and diagnostics with operations in over 50 countries and more than 60,000 employees. The business is divided into three segments: bioprocessing (equipment and consumables for the manufacture of biopharmaceuticals), life science (instruments and analytical tools for research and drug development), and diagnostics (clinical diagnostic instruments and rapid tests).

A key strength is that more than 80 percent of revenues are recurring, creating a stable and predictable cash flow profile. Historically, Danaher has reinvested the majority of its cash flow in acquisitions while achieving high returns on capital. In recent years, however, performance has been weaker.

The primary challenge has been inventory destocking in bioprocessing, which accounts for just over 30 percent of revenues. During the pandemic, pharmaceutical companies built up large inventories of equipment and consumables. When demand subsequently normalized, customers reduced their purchases as inventories were worked down, pressuring Danaher's most profitable segment in 2023 and 2024.

At the same time, weak funding in the biotech sector, government price regulations in China, and lower research funding in the US have weighed on demand. The prolonged weakness and several years of negative estimate revisions have contributed to a broad rotation among US investors from healthcare to tech.

What makes Danaher particularly interesting today is that much suggests the headwinds are beginning to abate. Order intake for bioprocessing equipment increased by more than 30 percent in the first quarter of 2026, which was the first positive order quarter in nearly two years. Historically, equipment sales have served as a leading indicator for the significantly larger and more profitable demand for consumables, which account for at least 80 percent of the bioprocessing business.

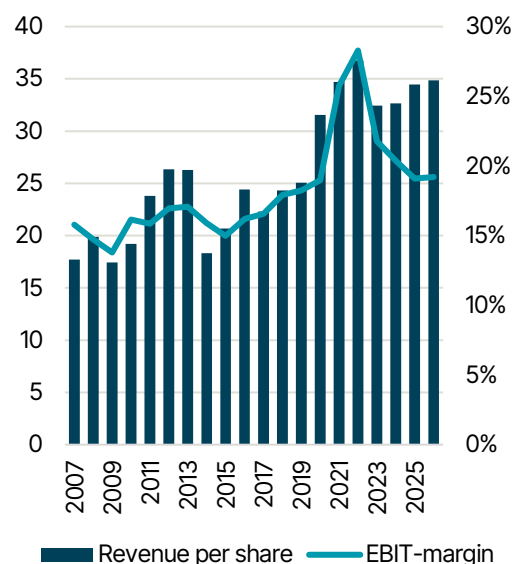
Beyond the cyclical recovery, we see Danaher as well positioned for broader AI adoption within the industry, where faster drug development directly strengthens demand for the company's core products. On similar grounds, the fund has also initiated a position in Thermo Fisher, which we will return to in upcoming newsletters.

For 2026, Danaher guides for earnings per share growth of 7–9 percent, driven by 3–6 percent organic growth, margin expansion, and share buybacks. Based on this year's consensus estimates, the stock trades at a P/E of 21.6x, compared to a five-year average of 36x and a ten-year average of 34x.

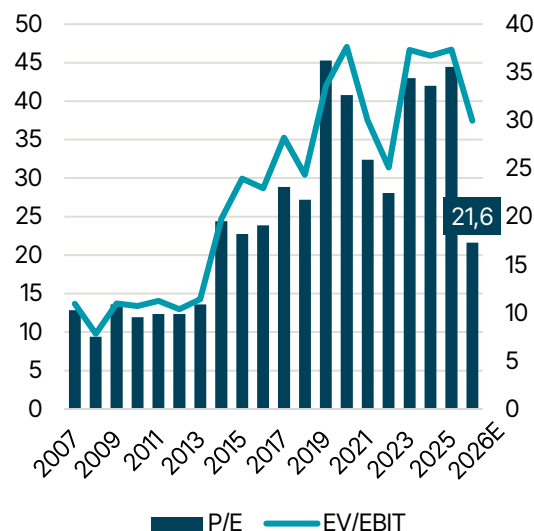
Historically, Danaher has demonstrated an impressive ability to create value through strong market positions, recurring revenues, and disciplined capital allocation. The stock is down more than 21 percent since the start of the year, despite two earnings reports in line with expectations and broadly unchanged full-year forecasts. With a cyclical recovery in sight and a valuation well below historical levels, we continue to see good potential in the stock over a multi-year horizon.

Danaher constitutes 4.1% of Kavaljer Investment Company Fund

Danaher: Long and Strong Track Record but Temporary Weakness



Historically Low Valuation on Recessionary Earnings



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Latour: Divestments of Assa Abloy and Securitas

During the month, Latour announced its intention to divest shares in Assa Abloy and Securitas for a total of SEK 5 billion, corresponding to approximately 7 percent of the holding in Assa Abloy and 25 percent of the holding in Securitas. The purpose is to free up capital to continue building the unlisted industrial operations in the portfolio.

The positive interpretation is that the unlisted segment has historically been one of the most important drivers behind Latour's net asset value growth of 14 percent per year over the past 20 years. How the capital will be allocated remains unclear. Add-on acquisitions within Nord-Lock, which represents approximately 7 percent of net asset value, appears to be an attractive option. The company generates a return on capital employed of 35.7 percent, more than double the average of 14 percent for Latour's industrial operations. At the same time, high profitability tends to be reflected in high acquisition multiples, meaning the return on newly invested capital is not necessarily highest there. Another conceivable alternative is a buyout of Nederman, which we discuss further in the Kavaljer Quality Focus newsletter.

Latour constitutes 6.1% of Kavaljer Investment Company Fund.

Vitec: Back to Organic Growth and Margin Expansion

Vitec delivered a solid first-quarter report that beat market expectations. After seven consecutive quarters of declining margins compared to the prior year, the trend finally turned in Q1. It was also the first time in over a year that the company posted both margin expansion and organic growth in the same quarter.

Looking ahead, we see good conditions for earnings growth to accelerate in the coming quarters. In addition to easier comparables from Q2 onwards, Vitec has begun realizing several concrete efficiency gains from AI. Transaction revenues, which account for just over 19% of total revenue and have previously weighed on profitability, have also begun to stabilize.

Leverage of 2x EBITDA is manageable, and during the quarter two acquisitions were completed, adding a combined pro forma revenue of 175 MSEK. If the lower valuation multiples for listed software companies also feed through to the private market, conditions for Vitec to increase its acquisition pace will improve.

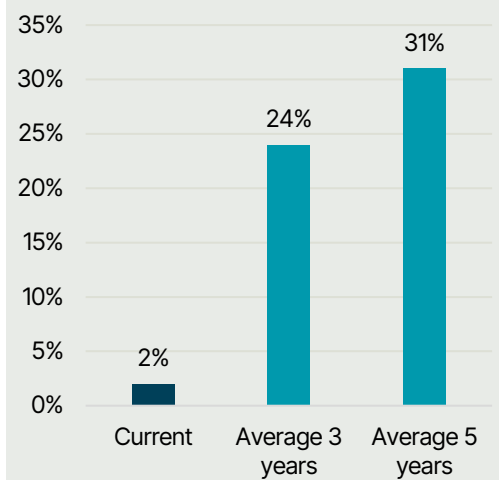
Overall, we believe 2026 will be a year in which Vitec returns to higher earnings growth, with good potential to exceed the market's current expectations. The stock trades at historically low levels, at just over 19 times free cash flow (EBITDA less capitalized development costs, capex excluding acquisitions, lease costs, interest costs, and taxes), compared to a three-year average of 35 times.

Vitec constitutes 2.8% of Kavaljer Investment Company Fund.

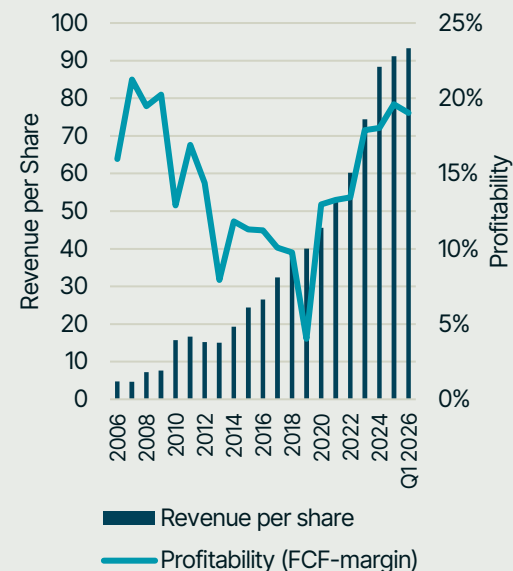
Nacka Strand 8 June 2026

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

Latour: Discount/Premium



Vitec: Revenue, profitability



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

Warren Buffet

More information about the fund can be found at: <https://kavaljer.se/>