

“2025 - revenge of Nordic Small Caps”

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Kenneth Blomqvist

Agenda

1. Fondita
2. Why the Nordics?
3. Why Small Caps?
4. Fondita Nord Small Cap fund

Stock picking with sustainability in focus

1997



Founded in Helsinki
Finland in 1997

4



We have representation in
Finland, Sweden, Germany
and Austria. Our funds are
available in several different
countries

500 M€



We manage 500 MEUR
invested in 8 equity
funds

10%



The annual return since 1997
has been approx. 10%

11



Employees

2010



UNPRI signatories since 2010.
Members of Finsif and Swesif.
Also members of CDP and
Net Zero Asset Managers
initiative.

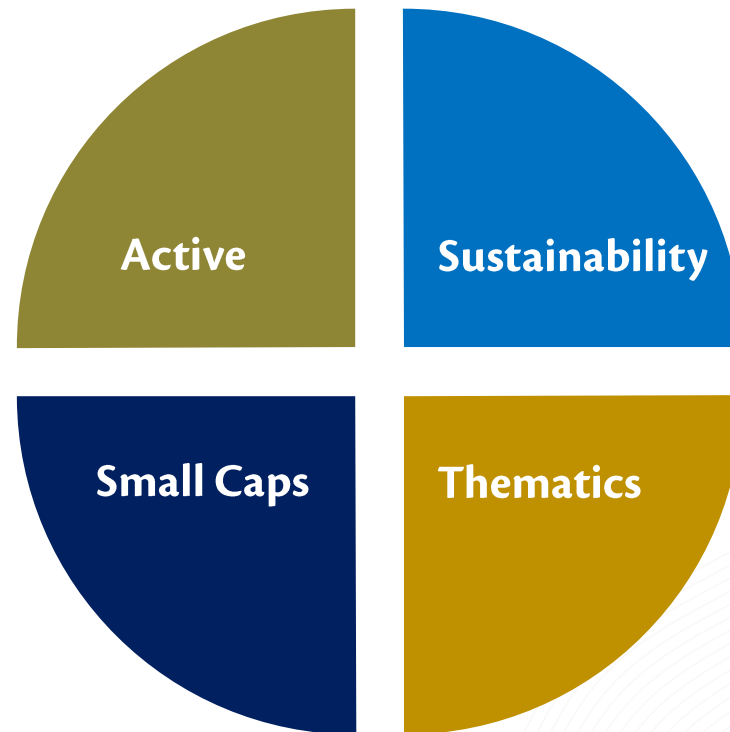
Fondita – focused independent fund management company

Active Equity Funds

Actively managed, concentrated portfolios with stock-picking at the core

Small Cap funds

Small Cap expertise in the Nordics, Finland, Europe and US



Sustainable investing

Sustainability and active ownership integrated throughout the investment process

Thematic funds

Exposure to megatrends

- Climate smart solutions
- Health and wellbeing
- Technology and digitalisation

Our Small Cap expertise

Small caps a part of Fondita DNA since 1997

Small Cap funds

€260m under management

Nordic Small Cap

Nordic Micro Cap

European Micro Cap

Finland Micro Cap

Global Small Cap



The portfolio management team



Kenneth Blomqvist

PM

Industry experience 24y



Janna Haahtela

PM

Industry experience 23y



Marcus Björkstén

PM

Industry experience 27y

Why the Nordics?

Did you know?



Combined population of around **28 million people**

Best performing stock market over time

Average GDP/ capita **€76.400**

Europe's largest small cap market (appr. 1000 small and micro caps)

Ranked at the top in innovativeness

Nordics combined 5th largest economy in Europe

In Finland 3m saunas/ population 5,5m

90 % of new cars registered in Norway are EVs

Energy, bio- materials
fishfarming, shipping

IT, Industrials, Consumer

Pharma, IT, Industrials
Consumer

Pharma, Consumer

Nordic countries has lowest corruption globally

Nordics – among the most innovative economies worldwide



Bloomberg 2021 Innovation Index

2021 Rank	2020 Rank	YoY Change	Economy	Total Score	R&D Intensity	Manufacturing Value-added	Productivity	High-tech Density	Tertiary Efficiency	Researcher Concentration	Patent Activity
1	2	+1	S. Korea	90.49	2	2	36	4	13	3	1
2	3	+1	Singapore	87.76	17	3	6	18	1	13	4
3	4	+1	Switzerland	87.60	3	5	7	11	15	4	18
4	1	-3	Germany	86.45	7	6	20	3	23	12	14
5	5	0	Sweden	86.39	4	21	12	6	7	7	21
6	8	+2	Denmark	86.12	8	17	3	8	22	2	23
7	6	-1	Israel	85.50	1	30	18	5	34	1	8
8	7	-1	Finland	84.86	11	12	17	13	14	10	10
9	13	+4	Netherlands	84.29	14	26	14	7	25	8	9
10	11	+1	Austria	83.93	6	9	15	23	16	9	15
11	9	-2	U.S.	83.59	9	24	5	1	47	32	2
12	12	0	Japan	82.86	5	7	37	10	36	18	11
13	10	-3	France	81.73	12	39	12	2	26	21	16
14	14	0	Belgium	80.75	10	23	16	15	43	14	13
15	17	+2	Norway	80.70	15	49	4	14	5	11	24
16	15	-1	China	79.56	13	20	45	9	17	39	3
17	16	-1	Ireland	79.41	35	1	2	12	42	17	39
18	18	0	U.K.	77.20	21	44	25	17	4	20	22
19	20	+1	Australia	76.81	20	55	8	16	10	31	7
20	19	-1	Italy	76.73	26	15	28	21	41	25	12
21	22	+1	Canada	75.98	22	35	21	25	37	22	5
22	21	-1	Slovenia	73.64	18	8	27	41	11	16	27

“*There’s something about those Nordic countries,*” Bloomberg wrote when presenting its Innovation Index in 2017. This region’s rise in innovation is only the beginning.

Nordic companies – strong brands in a global world



Why Small Caps?

Why Small Caps?

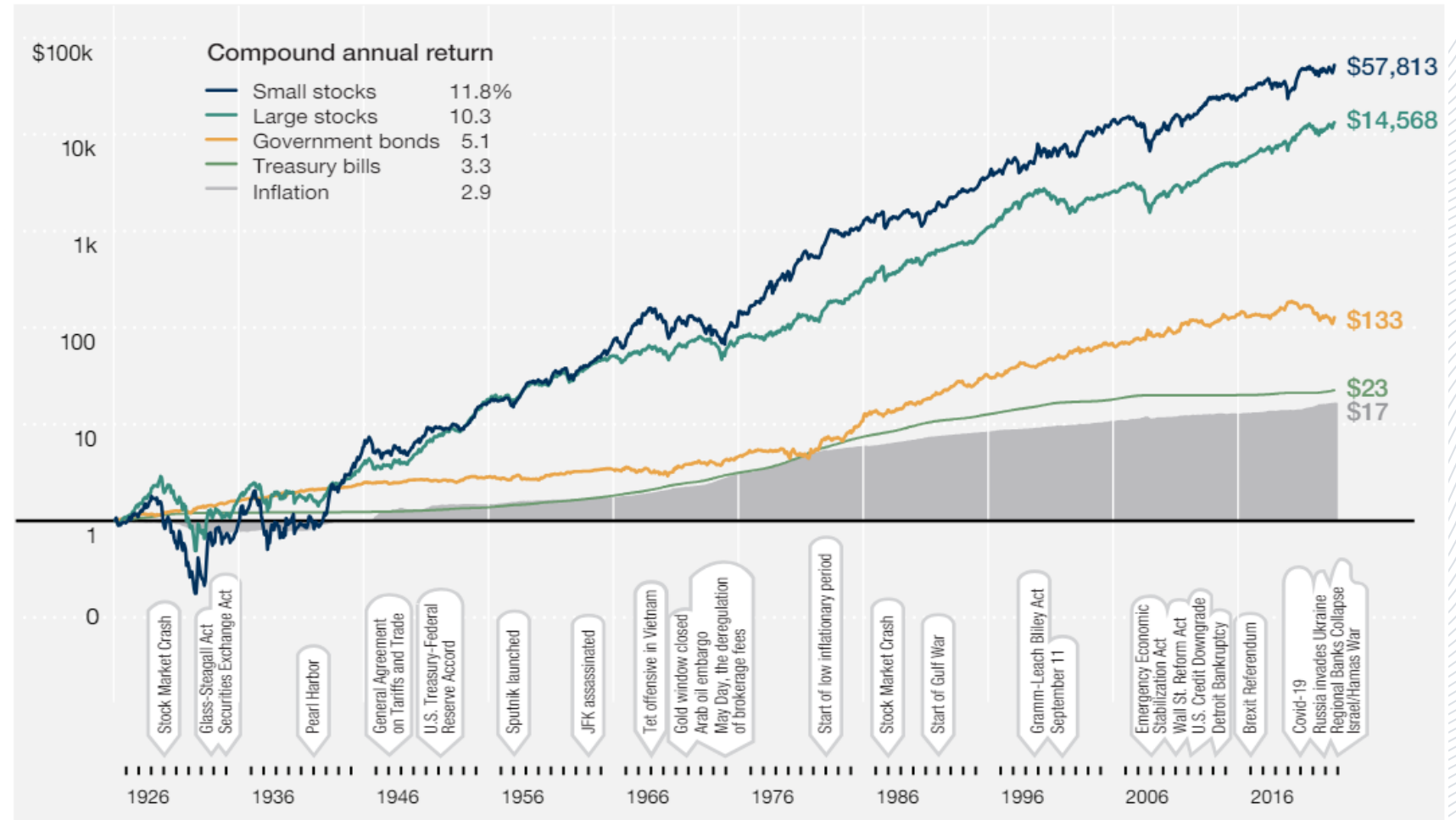
Small cap outperformance for almost 100 years in the US

1\$ invested 1926

Small Cap \$57 813 -> 11.8% p.a

Large Cap \$ 14 568 -> 10.3% p.a

Govern. bond \$133 -> 5.1% p.a



2025 – Revenge of the small caps?

Interest rates decreasing and improving economy bodes well for small caps

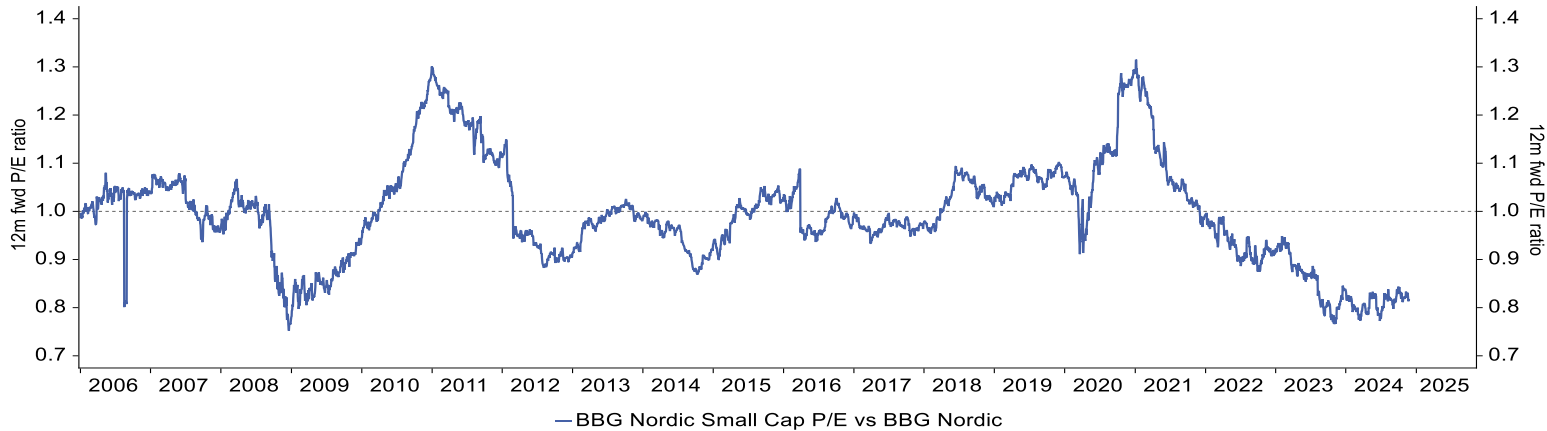
- Interest rate sensitive Nordics have suffered massively during 2022- 2023
- Record high valuation gap between small and large caps
- Economy turning for the better in 2025 driven by local investments
- Small cap profits higher than for large caps 2024- 2026
- The market has improved, M&A transactions in play, financing conditions have improved
- House prices has stabilized and consumer confidence on the rise
- Interest rates moving downwards gives strength to the economy
- Small caps has outperformed large caps over time



Small caps cheap vs large caps

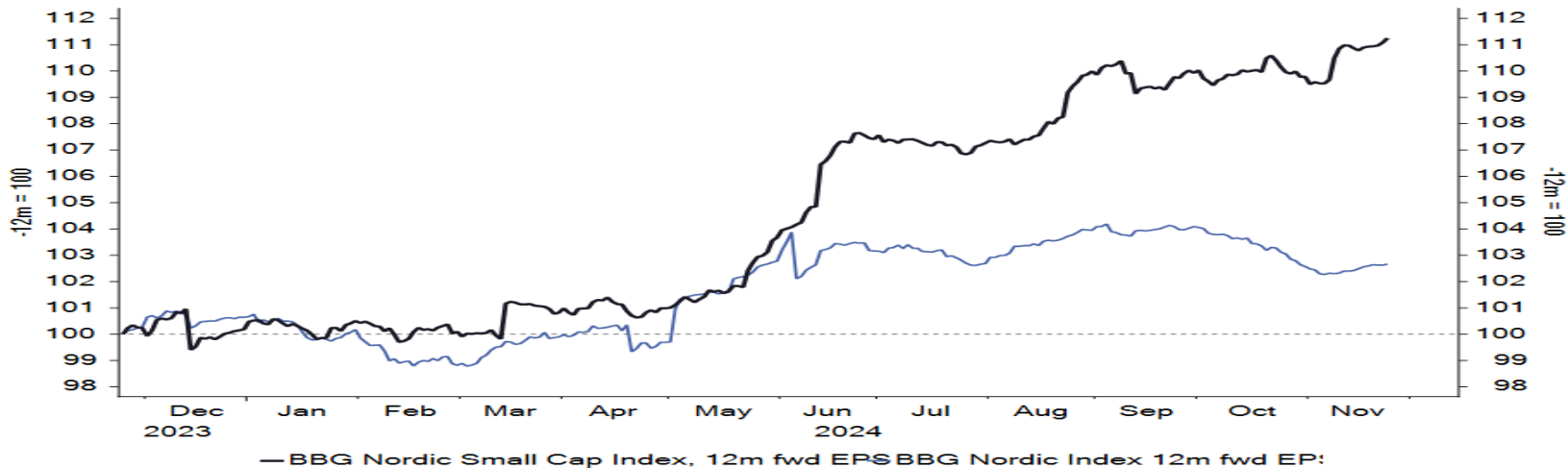
EPS revisions for small caps improving

Nordic Small Cap/ Nordic Large Cap, 12m fwd P/E



Source: Bloomberg, SEB Strategy Rese

Nordic Small Cap EPS vs Nordic Large Cap



Source: 11/2024 SEB

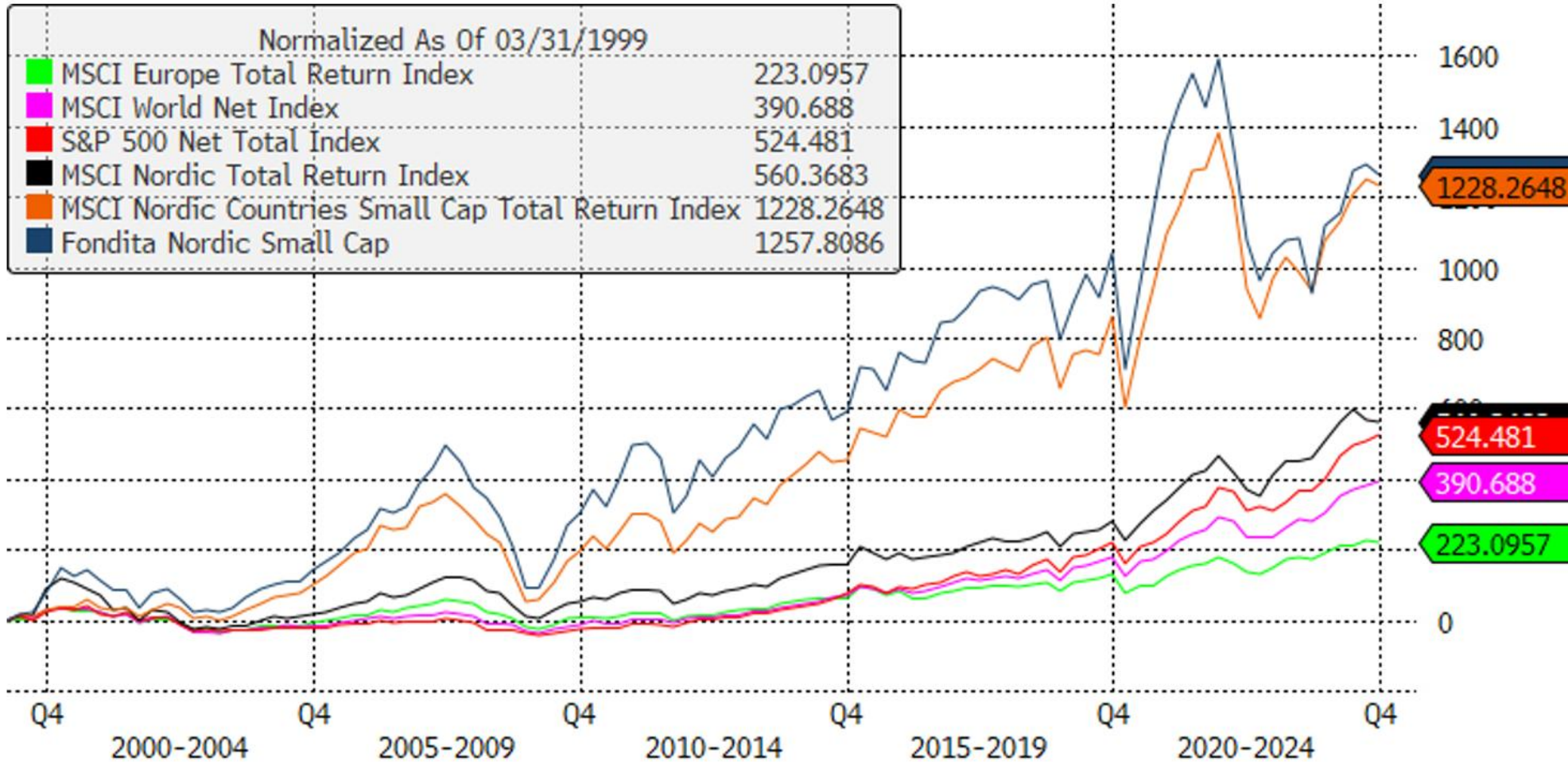
Why Nordic small caps?

- Dynamic region with fundamentals in place
- Agile champions with international exposure
- Sustainability is in the DNA of companies
- Often specialists and market leaders within their niches
- Strong balance sheets and high profitability
- Strong knowledge in digitalization, industrial technology and energy efficiency
- Often entrepreneurship with strong owner
- Often under-analyzed equities
- Small cap equities benefit from M&A – buy and get bought



Fondita Nordic Small Cap fund

Long track record of +25 years



*Fondita Nordic Small Cap founded 9/97 –chart from index start 12/98

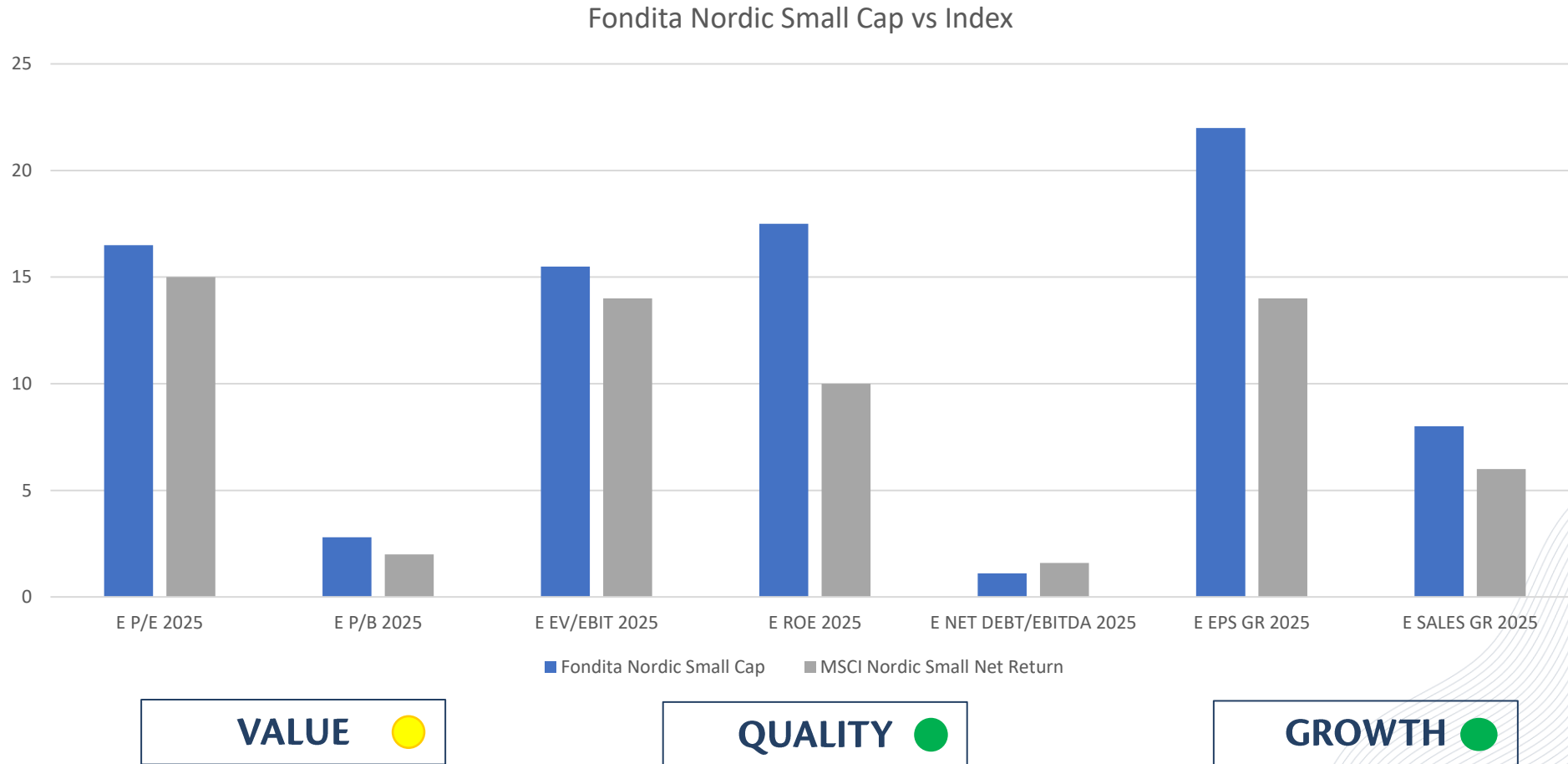
Fondita Investment philosophy

- Companies that have the potential to grow over time
- Companies with a proven business model
- Companies with high return on capital
- Companies with pricing power
- Companies that focuses on sustainability
- Companies with a strong owner
- Companies with a management team that are shareholders
- Local champions that have an international scope
- High conviction and active management
- Stock valuations vs company growth history

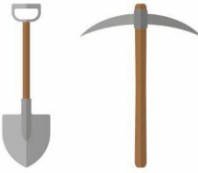


Portfolio structure

Focus on quality and growth at reasonable valuations



Stock picking – investments at grass root level



Health and wellbeing

Productivity & AI
digitalisation

Compounders

Economic recovery

Strong US

"Pricing Power"

Outsourcing

Energy transition

Local production
"de-globalisation"

Consumer

Medcap
Embla Medical
Vimian
Alk Abello

Note
Munters
Bufab
Afray

Vaisala
Crayon
Enea
IAR System

Harvia
Thule
Dometic
Nordnet

Borregaard
Cargotec
AAK
Nolato

Fondita Nordic Small Cap

Largest holdings

Vimian	4,1%
Bufab	3,8 %
Crayon	3,8%
Nolato	3,8 %
AAK	3,7%
MedCap	3,5%
Borregaard	3,5 %
EMBLA Medical	3,5 %
KoneCranes	3,2 %
ATEA	3,2 %

Sector split

Industrials	29 %
IT	22 %
Healthcare	16 %
Consumer disc	11 %
Materials	8 %
Real Estate	6 %
Consumer staples	3 %
Communication	2 %
Financials	2 %
Energy	0%

Geographical split

Sweden	63 %
Finland	17 %
Norway	13 %
Denmark	5 %

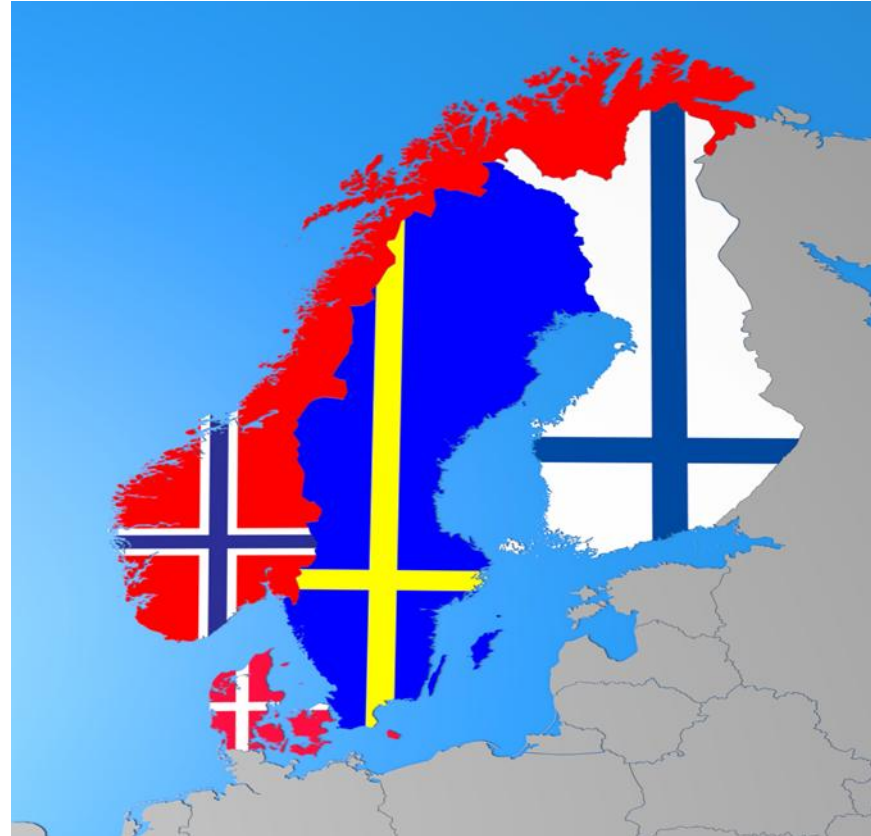


Nordic highlights

90 % of new cars
registered are EVs:
Norway



Second most
innovative in the world:
Sweden



Largest company by
market cap in Europe:
Denmark



Cleanest air in the world
is found in Lapland in
the north



Happiest country in the
world:
Finland





Vielen Dank!

Responsible investing at Fondita



Negative and positive screening

We define our investment universe by **excluding companies which are not in line** with our ESG criterias and exclusion list. Through positive screening we **identify companies which contribute** to our important investment themes.



ESG - integration

ESG criterias are integrated in the company assessments and analyses.

Environmental, Social and Governance parameters have an impact on how we see opportunities, risks and evaluate companies.



Active ownership

As active owners we conduct regular discussions with our holdings. We encourage responsible and sustainable operations and transparency in reporting.

We take part in investor initiatives and if we deem it necessary, we vote in the AGMs according to our corporate governance policy.

Better risk adjusted returns

ESG score (MSCI) Q3-24

Fondita Nordic Small Cap

ESG Report

Q3 / 2024

SFDR Classification

Article 8 Light Green

MSCI ESG Rating

AA
VERY GOOD

AAA	Excellent
AA	Very Good
A	Good
BBB	Average
BB	Satisfactory
B	Weak
CCC	Very weak

Current Responsibility scores

Overall Score	AA
Environment	BBB
Social	BBB
Governance	A
Percent of portfolio covered	91 %

Weighted Carbon intensity (Scope 1&2)	% of portfolio with set CO2 reduction initiatives	% of portfolio with set equality related policy
34,3 (t CO ₂ e/\$M Sales)	68,8%	66,2%

The fund excludes the following industries:

Max 5% of the turnover can be derived from the excluded sector.
Controversial weapons, Weapons, Nuclear power, Tobacco, Gambling, Adult entertainment, Coal, Uranium, Fossil fuels, Quick Loans and Recreational Cannabis.

Companies which have verified breaches of UN Global Compact, DNSH EU Taxonomy and OECD guidelines for multinational enterprises are excluded.

The Nordics in a nutshell

- The Nordic region, Sweden, Norway, Denmark, and Finland, has a combined population of around **28 million people**
- The Nordic countries have **many similarities** in their social structures and economies
- The Nordic Model = a combination of **free market capitalism** and a comprehensive **welfare state**
 - *Strong export driven economies and high GDP per capita*
 - *Stable societies with low levels of corruption and high levels of welfare*
- Nordics combined 5th largest economy in Europe
- The Nordic countries are **ranked at the top** in many areas such as education, innovativeness, quality of life, economic competitiveness and civil liberties
- Strong global brands: Novo Nordisk, Ericsson, Nokia, Atlas Copco, Kone, Ikea, Hennes & Mauritz, Orkla Foods, SAAB, Volvo, Assa Abloy, Royal Caribbean, William Demant, Maersk, Fiskars, ABB, Spotify, Electrolux, Skype, Jotun
- Small home markets – growth abroad why the companies have to be competitive, agile and innovative
- Best performing stock market over time (since 1965 8% annualized return vs Europe 6,5% and World 6%*)
- Europe's largest small cap market (appr. 1000 small and micro caps)