

# Microcap Norden



The Handelsbanken Microcap Norden fund, which invests using specific sustainability criteria, provides you the opportunity to invest in the smallest companies on the Nordic equity markets. The Nordics have a well-functioning capital market that makes it possible for many entrepreneurs to bring new ideas to market. As a result, the Nordics have created a unique position in Europe with many exciting growth companies.

## Handelsbanken Microcap Norden

Handelsbanken Microcap Norden invests in the smallest companies on the Nordic equity markets. These are traded on Nasdaq Stockholm, Helsinki, Copenhagen and Oslo Børs as well as on other trading platforms such as First North and Spotlight. As a result, fund managers can choose between hundreds of smaller companies.

Smaller companies have a high return potential and have historically outperformed larger companies on the Nordic stock markets. One of the reasons for this is that all of the Nordic countries have successfully delivered conditions that are favourable for entrepreneurship and innovation.

Over many years, Handelsbanken has established successful fund management expertise in small cap funds. Fund managers work actively in close discussions with companies and analysts, creating their own analyses as well regularly determining which sustainable companies to include in the fund.

The fund's objective is to attain returns that exceed the average returns in the segment by investing in smaller companies with a good distribution of risk.

## Historical yields

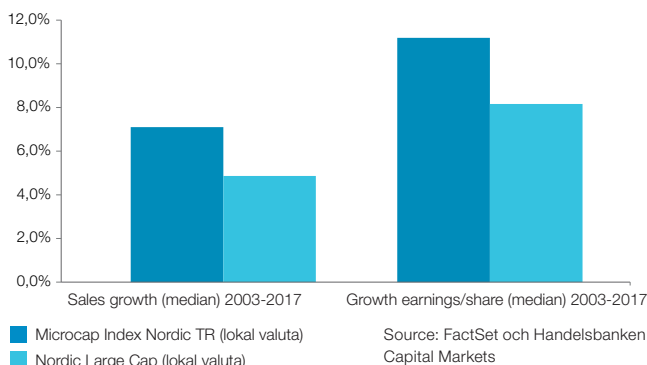
Smaller companies often generate higher returns over the long term relative to large companies. A simulation for Microcap Index Nordic<sup>1</sup> (graph below to the left), shows that the index has outperformed the returns for the MSCI Nordic Countries Index. In the example, the index with smaller Nordic companies has yielded 14.7 percent each year since 2003 (including dividends), which is 2.6 percentage higher than the Nordic stock markets as a whole.

The bar graph below provides an explanation. The smaller companies have had higher growth in both sales and earnings per share, relative to the larger companies.

## Higher yields in Microcap companies<sup>2</sup>



## Higher growth in Microcap companies<sup>3</sup>



1. Microcap Index Nordic TR measures the combined performance for companies with a stock market value that does not exceed 0.05 percent of the total market value for the Nordic stock markets. In October 2018 this was equivalent to a stock market value of approximately SEK 7.5 billion.  
 2. The comparison is made between broad indexes. The company universe for the Microcap Norden fund is slightly smaller since the fund takes specific sustainability criteria into consideration in its selection of small companies.  
 3. The calculations are made in local currency to capture underlying growth. Nordic Large Cap represents companies with a minimum market value of EUR 2 billion.

Historical yields are not a guarantee of future returns. The money you invest in a fund can both increase and decrease in value and it is not guaranteed that you will recover the entire invested amount. The complete information brochure including fund rules, fact sheets and current price performance is available at [www.handelsbanken.se/assetmanagement](http://www.handelsbanken.se/assetmanagement). Handelsbanken does not assume liability for any errors in the information.

### Specific sustainability criteria

Handelsbanken Microcap Norden invests using specific sustainability criteria and excludes companies with principal business activities in controversial sectors such as alcohol, tobacco, commercial gaming, war materials, pornography and fossil fuels. The fund also avoids investing in companies with confirmed violations of international norms and conventions. Consequently, the fund does not invest in companies that are considered as having violated international norms relating to human rights, the environment, corruption or work conditions. Additional information is available in the fund's Sustainability Profile.

### Risk

Higher expected returns for smaller companies also mean a higher company risk. These companies also have other risks, such as less transparency, weaker corporate governance and less favourable stock liquidity, which, as an investor, should require higher returns. However, smaller companies as a group have lower volatility relative to large companies, even if the largest downturns – from the highest to the lowest – are greater.

Key figures 2003-2018	Annual yield	Volatility**	Largest decline
Microcap Index Nordic TR*	14,7 %	16,2 %	-56,8 %
MSCI Nordic Countries Index TR	12,1 %	17,5 %	-47,7 %

Källa: Handelsbanken Capital Markets

\*Microcap Index Nordic TR measures the combined performance for companies with a stock market value that does not exceed 0.05 percent of the total market value for the Nordic stock markets. In October 2018 this was equivalent to a stock market value of approximately SEK 7.5 billion.

\*\*Calculated on the monthly closing prices.

### Key facts

Trading: Monthly

Minimum initial investment: SEK 250,000

Management fee: 1,85 %

Subscription/redemption fee: 0,00 %

Risk level: 6/7 (High)

Distributions: No

UCITS: No

ISIN: SE0008431811

Fund managers: Tore Marken, Christian Brunlid och Kris Robberstad

The fund will close for new subscriptions at a maximum of 30 million units, which at fund launch is equivalent to SEK 3 billion.



### Microcap Norden in the portfolio

The smallest companies on the Nordic stock markets, with a market value that does not exceed 0.05 percent of the stock market, together represent approximately 8 percent of the total value of the stock market. Thus, a neutral weighting in Microcap Norden should amount to almost 8 percent of the total Nordic equity portfolio, provided that there is no similar exposure in other investments. Therefore, a weighting of up to 12 percent of a Nordic equity portfolio is reasonable for an investor with a long-term investment horizon, provided an investor can manage the higher risk and limited liquidity in Microcap Norden as well as has sufficient liquidity in other segments of the portfolio.

### Trading and prices

Given that the fund is operating in a market with varied liquidity and volatility, trading occurs on a monthly-basis to optimise the fund management results and minimise transactions.

- Order submissions are normally made during the 1–15th of each month and notifications are binding.
- The transaction day is the last banking day in the month.

Under extraordinary circumstances the fund can be closed for trading if a valuation of the fund's assets cannot be calculated in such a way as to guarantee the equal treatment of the fund unit holders. Refer to [handelsbanken.se/assetmanagement](http://handelsbanken.se/assetmanagement) for additional information.

### Contact information for trading in Microcap Norden

Region	Group number
Norra Sverige	090-15 45 10
Mellansverige	026-17 20 90
Stockholm	08-701 24 80
Sydöstra Sverige	040-24 56 10
Västra Sverige	031-743 31 00

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