

FONDITA EUROPEAN SMALL CAP INVESTMENT FUND

ANNUAL REPORT

31.12.2022

FONDITA EUROPEAN SMALL CAP INVESTMENT FUND

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Activity Report 2022

The Fondita European Small Cap Investment Fund began operations on May 19, 2009. It mainly invests in shares of publicly traded small and mid cap companies in Europe.

The development of the fund is described in the following table:

	2022	2021	2020
Market value 31.12.	51 387 839,72	87 338 242,29	69 560 931,69
Unit value 31.12. (return / A)	180,74	280,55	214,22
Unit value 31.12. (growth / B)	350,33	512,57	372,78
Growth unit price change during period	-31,7 %	37,5 %	-1,0 %
Fiscal period profit	-26 641 973,58	23 303 387,27	-3 326 775,29
Management fees paid to Fund Company	1 251 943,61	1 472 318,15	1 427 431,96
A-unit returns	14,05	10,70	11,40
Turnover rate (times/year)	0,23	0,39	0,52
Volatility (%/year)	27,2	15,6	30,3
TER (Total Expense Ratio)	2,00 %	2,00 %	2,00 %
Number of unitholders at end of period	346	355	349

During the year the fund has not participated in any shareholders' general meetings. Thereby the right to vote has not been used.

SFDR classification of the fund: Article 8

The Board of Directors suggested that the A-units return will be 9,05 € / share.

The return is paid on February 15, 2023.

The Fund Company has during 2022 paid 2 059 023,15 euros in remuneration to the employees whereof 0,00 euros in variable remuneration.

executive management (CEO, deputy CEO and chairman of the board)

773 073,68 euro, no variable part

risk requiring actions (portfolio managers)

1 032 922,14 euro, no variable part

those who manage the internal supervisory functions (all members of the Risk Control Function, Compliance Function and Internal Control Function)

626 110,54 euro, no variable part

Note that some people may belong to several groups

INCOME STATEMENT 1.1.2022-31.12.2022

(euros)

REVENUE	1.1.-31.12.2022	1.1.-31.12.2021
Net profit from securities	-26 417 315,63	24 019 304,26
Dividends	1 033 931,73	761 360,75
Total revenue	<u>-25 383 383,90</u>	<u>24 780 665,01</u>
COSTS		
Commissions		
to the Fund Company	1 251 943,61	1 472 318,15
Interest fees	6 646,07	4 959,59
Total Costs	<u>1 258 589,68</u>	<u>1 477 277,74</u>
FISCAL PERIOD PROFIT	<u>-26 641 973,58</u>	<u>23 303 387,27</u>

BALANCE SHEET 31.12.2021

(euros)

ASSETS	31.12.2022	31.12.2021
Current assets		
Current assets		
Market value of securities	50 401 948,62	85 968 409,35
Receivables		
Dividends	8 575,19	0,00
Sold securities	0,00	121 865,84
	<u>8 575,19</u>	<u>121 865,84</u>
Cash and bank deposits	1 064 452,44	1 528 167,29
TOTAL ASSETS	<u>51 474 976,25</u>	<u>87 618 442,48</u>
LIABILITIES AND SHAREHOLDER EQUITY	31.12.2022	31.12.2021
Fund value		
Fund value	51 387 839,72	87 338 242,29
Liabilities		
Current liabilities		
Purchased securities	0,00	142 031,13
Accruals	87 136,53	138 169,06
	<u>87 136,53</u>	<u>280 200,19</u>
TOTAL LIABILITIES AND EQUITY	<u>51 474 976,25</u>	<u>87 618 442,48</u>

Fondita European Small Cap Investment Fund

Portfolio content 31.12.2022

Germany	GICS	Shares	Price (euro)	Market value	33,68 %
All For One Group	IT	54 979	45,60	2 507 042,40 €	4,88 %
Dermapharm Holding	Health care	56 765	37,52	2 129 822,80 €	4,14 %
Kontron	IT	136 098	15,29	2 080 938,42 €	4,05 %
Adesso	IT	15 672	131,80	2 065 569,60 €	4,02 %
Befesa	Industrials	37 904	45,06	1 707 954,24 €	3,32 %
7C Solarparken	Utilities	368 210	4,27	1 572 256,70 €	3,06 %
Verbio	Industrials	24 388	60,60	1 477 912,80 €	2,88 %
Jenoptik	IT	48 000	25,56	1 226 880,00 €	2,39 %
Secunet	IT	5 300	196,40	1 040 920,00 €	2,03 %
Basler	IT	27 600	29,55	815 580,00 €	1,59 %
Stratec	Health care	8 433	81,10	683 916,30 €	1,33 %
Switzerland	GICS	Shares	Price (euro)	Market value	15,23 %
Siegfried	Health care	3 600	623,03	2 242 916,62	4,36 %
Zehnder Group	Industrials	36 700	56,67	2 079 679,09	4,05 %
Huber + Suhner	Industrials	23 298	87,64	2 041 857,82	3,97 %
Kardex	Industrials	9 463	154,36	1 460 725,09	2,84 %
Sweden	GICS	Shares	Price (euro)	Market value	13,69 %
Lagercrantz B	IT	181 743	9,29	1 688 040,78	3,28 %
Hexatronic	Industrials	132 500	12,73	1 686 361,47	3,28 %
NCAB	IT	220 000	5,84	1 284 774,05	2,50 %
Bufab	Industrials	56 646	21,04	1 191 818,23	2,32 %
Synsam	Consumer Discretionary	333 565	3,55	1 185 283,75	2,31 %
Italy	GICS	Shares	Price (euro)	Market value	6,24 %
Reply	IT	16 982	107,00	1 817 074,00	3,54 %
Interpump Group	Industrials	32 931	42,16	1 388 370,96	2,70 %
Netherlands	GICS	Shares	Price (euro)	Market value	5,82 %
IMCD	Industrials	9 591	133,15	1 277 041,65	2,49 %
TKH Group	Industrials	27 753	37,16	1 031 301,48	2,01 %
Corbion	Materials	21 500	31,84	684 560,00	1,33 %
Great Britain	GICS	Shares	Price (euro)	Market value	4,27 %
Discoverie Group	Industrials	208 220	8,24	1 716 131,15	3,34 %
Genuit Group	Industrials	151 189	3,17	479 001,83	0,93 %
Norway	GICS	Shares	Price (euro)	Market value	3,77 %
Borregaard	Material	134 000	14,46	1 937 263,41	3,77 %
Belgium	GICS	Shares	Price (euro)	Market value	3,18 %
Recticel	Material	105 000	15,54	1 631 700,00 €	3,18 %
Denmark	GICS	Shares	Price (euro)	Market value	3,04 %
Össur	Health care	346 734	4,51	1 564 301,18	3,04 %
France	GICS	Shares	Price (euro)	Market value	2,88 %
Vetoquinol	Health care	16 869	87,60	1 477 724,40	2,88 %
Spain	GICS	Shares	Price (euro)	Market value	2,81 %
Laboratorios Farma Rovi	Health care	40 000	36,06	1 442 400,00	2,81 %
Portugal	GICS	Shares	Price (euro)	Market value	2,65 %
Greenvolt	Utilities	174 300	7,80	1 359 540,00	2,65 %
Austria	GICS	Shares	Price (euro)	Market value	0,83 %
UBM Development	Real Estate	18 653	22,80	425 288,40	0,83 %
Portfolio value				50 401 948,62	
Cash and other asset, net				985 891,10	1,92 %
Fund value				51 387 839,72	
Number of outstanding units					
Return units (A)			72 734,3029		
Growth units (B)			109 158,1588	181 892,4617	
Unit value					
Return unit value (A)				180,7416	
Growth unit value (B)				350,3332	

Fondita European Small Cap Investment Fund

Securities' change in the portfolio 1.1.-31.12.2022

(%-points)

Germany	-1,5	Netherlands	-3,3
Kontron	4,1 *	TKH Group	0,0 *
Jenoptik	2,4 *	Corbion	-0,2 *
7C Solarparken	1,9 *	IMCD	-0,6 *
Befesa	1,4 *	Accel Group	-2,5
Adesso	1,0 *		
All For One Group	0,0 *	Great Britain	2,9
Stratec	0,0 *	Discoverie Group	3,3 *
Basler	-0,1 *	Genuit Group	-0,4 *
Secunet	-0,1 *		
Dermapharm Holding	-1,3 *	Norway	0,3
S&T	-1,8	Borregaard	0,3 *
Verbio	-1,9 *		
Nagarro	-2,0	Belgium	1,6
Stabilus	-2,2	Recticel	1,6 *
Wacker Neuison	-2,7		
		Denmark	3,0
Switzerland	-1,0	Össur	3,0 *
Huber + Suhner	2,6 *		
Zehnder Group	1,1 *	France	-0,8
Kardex	-0,3 *	Vetoquinol	0,4 *
Siegfried Holding	-0,7 *	Korian	-1,1
Also Holding	-1,6		
Skand Group	-2,1	Spain	0,0
		Construcciones	0,0 *
Sweden	-0,8	Rovi	
NCAB	2,5 *		
Bufab	2,3 *	Portugal	1,4
Synsam	-0,3 *	Greenvolt	2,7 *
Lagercrantz	-1,3 *	Altri	-1,2
BHG Group	-1,8		
Hexatronic	-2,2 *	Austria	-0,3
		UBM Development	-0,3 *
Italy	-1,9		
Interpump Group	-0,3 *	Cash	0,4
Reply	-1,6 *		

* = Current holding at 31.12.2022

INCOME STATEMENT APPENDIX 31.12.2022

(euros)

	31.12.2022	31.12.2021
Net profit of securities		
Sales profit of securities	9 534 106,15	10 799 533,59
Sales losses of securities	(-) 4 165 289,86	(-) 1 460 406,65
Unrealized gains	2 181 985,56	21 480 542,59
Unrealized losses	(-) 33 968 117,48	(-) 6 800 365,27
Total	<u>-26 417 315,63</u>	<u>24 019 304,26</u>
Transaction costs	72 236,27	90 500,17

BALANCE SHEET APPENDIX 31.12.2022

Fund value

Fund value 1.1.	87 338 242,29	69 560 931,69
Unit subscriptions	1 813 415,91	7 307 554,39
Unit redemptions	(-) 9 679 138,82	(-) 11 784 481,89
Distribution of returns	(-) 1 442 706,08	(-) 1 049 149,17
Fiscal year profits	<u>-26 641 973,58</u>	<u>23 303 387,27</u>
Fund value 31.12.	<u>51 387 839,72</u>	<u>87 338 242,29</u>

Helsinki 28.2.2023

A handwritten signature in black ink, appearing to read 'Markus Larsson', with a long, sweeping underline.

Markus Larsson, CEO

This is an unofficial translation of the original in Swedish.



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working world

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AUDITOR'S REPORT (Translation of the Swedish original)

To Fondita Fund Management Company Ltd and to the unit holders of special mutual funds managed Fondita Fund Management Company Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fondita Fund Management Company Ltd (business identity code 0899688-5) and the mutual funds managed by Fondita Fund Management Company Ltd for the financial year ending 31.12.2022. The financial statements comprise the balance sheet, income statement, cash flow statement for the mutual fund company and notes.

In our opinion

- the financial statements of Fondita Fund Management Company Ltd give a true and fair view of the financial performance and financial position of the mutual fund company in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.
- the financial statements of the mutual funds managed by Fondita Fund Management Company Ltd give a true and fair view of the financial performance and financial position of the mutual funds in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements

The mutual funds managed by Fondita Fund Management Company Ltd are Fondita Nordic Small Cap Placeringsfond, Fondita Global Megatrends Placeringsfond (former Fondita 2000+ Placeringsfond), Fondita Nordic Micro Cap Placeringsfond, Fondita European Small Cap Placeringsfond, Fondita Sustainable Europe Placeringsfond, Fondita Healthcare Placeringsfond, Fondita Finland Micro Cap Placeringsfond (former Fondita Equity Spice Placeringsfond) and Fondita European Micro Cap Placeringsfond.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company/mutual fund in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's/mutual fund's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company/mutual fund or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's/mutual fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's/mutual fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company/mutual fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 6.2.2023

Anders Svennas
Authorized Public Accountant

Robert Söderlund
Authorized Public Accountant