

June Portfolio

Our model portfolio finished off May strong and closed 3% higher for the month. Our benchmark index OMXSGI declined a modest 1%, resulting in an outperformance for our portfolio of 4 p.p. Our top performers were Vicore Pharma (+30%), Filo Mining (+15%), Volvo (+8%) and Munters (+8%). Overall, six of ten stocks in our portfolio beat the benchmark. We make one change for June by adding Swedbank and removing Vicore Pharma.

May Portfolio in review

Vicore Pharma (+30%), Filo Mining (+15%), Volvo (+8%) and Munters (+8%) stand out as outperformers and VEF (-13%), Bioinvent (-9.5%) and Storytel (-6%) underperformed. **VICO** surged as investors continued to react positively to unprecedented clinical data on the fibrotic lung disease idiopathic pulmonary fibrosis (IPF). The **FILO** share surged on the news of hole 57 with the high grade encountered suggesting that the company has stumbled upon a unique orebody. **VEF** continued to trade down, driven by growth pressure. **BINV** declined 6.4% on the last trading day of May, driven by pressure on the health care sector and nervousness from investors hoping to see initial data from BT-001 and BI-1808, of which BT-001 was promised for Q2.

We make one change for June

For June, we only make one change to our portfolio by adding Swedbank while removing Vicore Pharma. **SWED** has lagged its Nordic peers substantially during 2022, declining 19%. At SEK 148 per share, the bank is trading at a 2022E P/E of 8.0x, a clear discount to peers, for an attractive 8.3% dividend yield and 12.5% ROE. We expect the universal banks to be one of few sectors set to benefit from higher interest rates and believe that Swedbank, having a large deposit base and being tilted toward mortgage lending, should have the highest rate sensitivity of all. In our view, this has not been fully incorporated into consensus estimates yet, and therefore we include Swedbank in our June Portfolio.

Portfolio

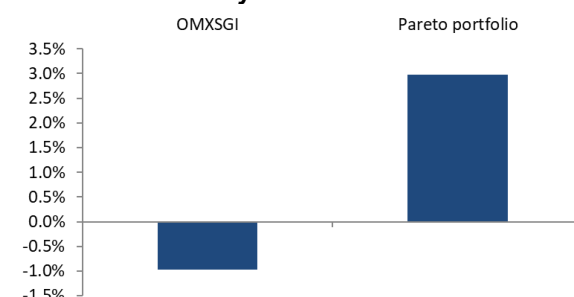
	Rec weight
Bioinvent	10 %
Evolution	10 %
Filo Mining	10 %
Jetpak	10 %
Munters	10 %
Storytel	10 %
Studentbostäder	10 %
Swedbank	10 %
VEF	10 %
Volvo	10 %
Sum	100 %

Performance

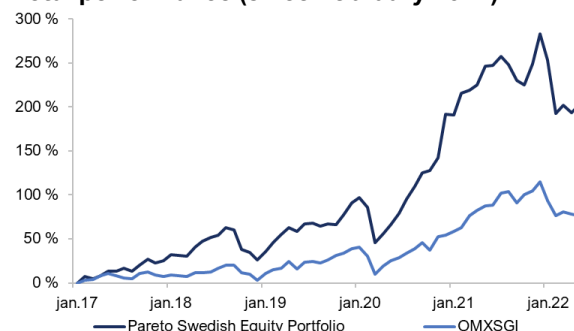
	May	YTD	Since start ⁽¹⁾
PAS Portfolio	2.98 %	-21.3%	202 %
OMXSGI	-1.0%	-18.0%	76 %
Relative performance	4.0%	-3.3%	125 %

⁽¹⁾ February 2017

Performance in May



Total performance (since February 2017)



Bioinvent – Buy, TP SEK 115

With liquid funds of SEK 1.3bn at the end of Q1, BINV is among the best-capitalized biotech companies in Europe. After a series of positive clinical trial data in both liquid and solid tumours in 2021, BioInvent is set to release clinical data from two new clinical programs from its diversified pipeline. These include the first safety and efficacy data of BT-001 in solid tumour patients in late June/early July and similar data from BI-1808 in Q3. Latest at the ASH conference in December, we also expect to see follow-up data from BI-1206 in NHL. We therefore look forward to catalyst rich quarters. While the healthcare sector is down a lot and has affected BINV with it, we believe that BINV with its strong cash position and the catalyst-rich pipeline is set to rebound as soon as the sector leaves its current lows (e.g. XBI)7.

Evolution – Buy, TP 1,690

North America will accelerate growth in the remaining quarters this year despite no launches in new states, partly due to the Ontario launch in Q2 and partly due to a broadened product offering in already live US states. Asia is also expected to continue its strong growth trend. New game launches are tilted towards H2 but will start to accelerate from Q2 already. This will contribute to the return of double-digit RNG growth by Q4. The current valuation of 15x EV/EBITDA on '23E leaves excellent upside potential, and we, therefore, keep Evolution in our portfolio.

Filo Mining – Buy, TP SEK 169 (under review)

Filo Mining is a Lundin Group mining company focused on advancing their key project, Filo del Sol, a copper-gold-silver deposit located in the Atacama Region of Northern Chile. Following the strategic investment from global mining giant BHP, Filo Mining sees itself as well-funded and ready to “rapidly” define the size of the Filo del Sol deposit. Filo recently announced results for further drill holes, where the share rallied following both hole 57 which extended Breccia 41, the high-grade mineralization, by 175m to the north and ended in the highest copper grade reported to date at Filo del Sol, and hole 55C which from a grade-thickness perspective is the best hole ever drilled at Filo del Sol. With a steady stream of drill results expected to come going forward, where currently hole 60 is the only hole left that is complete and awaiting assay, which could showcase potential for a future expansion of the deposit size for the company, we see Filo Mining as a solid bet on copper which has a strong macro back-drop in the medium-to-long term.

Jetpak – Buy, TP SEK 125

Jetpak is the leading Nordic provider of time-critical premium express delivery services, operating in the Express Air and Express Road segments. Jetpak's dominant position in the Nordic region with some 80% market share in ad-hoc express air freight is a vital competitive advantage when growing the market potential for ad-hoc services, not only in the Nordic area but also internationally. Jetpak expects that a stronger focus on international expansion, including M&A, will lift growth above 5% per year, supported by the fact that Jetpak has excellent customer relationships with a large base of global Nordic industrials and pharmaceutical companies. We see Jetpak as a winner from removed lockdowns and see improved air freight access from Q2-Q4 2022E to lift the mix and margins. Also, Jetpak scrapped the dividend for 2021 due to its new ambition of an accelerated M&A growth. We see Jetpak's valuation as very attractive, with a P/E below 10 for 2023

Munters – Buy, TP SEK 95

Munters is a leading global provider of energy-efficient and mission-critical climate control solutions in the two divisions AirTech and FoodTech. AirTech represents 80% of sales and its most important market segments are producers of lithium batteries and data centers representing 40% of sales in AirTech and 30% of the whole Group. These two market segments were growing with more than double-digit figures during 2021 and in Q1 2022 Munters order intake grew a record high 95% organically supported by a large US data center order of SEK 1.1 bn. However, Munters have missed its margin target of an EBITA of 14% in 2021 and the market is cautiously anticipating a possible outcome of the strong order intake due to the present depressed margins caused by supply chain disruptions and cost increases. However, we believe that Munters is in a turn-around situation and with a record-high order book for delivery well into 2024, we see a significant ramp-up of both sales and margins in 2023 and 2024 proving that Munters is on track with its long-term targets of an 14% EBITA-margin and an organic growth above 5%. The share potential could well be above 60% based on our target EV/EBITA of 14 for 2023 versus the present level of EV/EBITA of 9.

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Storytel – Buy, TP SEK 148

Storytel is one of the most undervalued stocks in our Swedish TMT coverage. The company is delivering strong organic growth of around 20%. In 2022 the organic growth will be complemented by the consolidation of Audiobooks.com, which will add ~15% to the topline. The balance sheet is in good shape, with no need for additional financing of the ongoing operations. We expect the recently announced cost-cutting efforts to bring Storytel into profitability on the EBITDA level already in 2022, which should be positive for the valuation of the company.

Studentbostäder i Norden – Buy, TP SEK 13

The Studentbostäder i Norden investment case is intact. STUDBO is the only listed pure student housing company in the Nordic region and an attractive countercyclical investment with an interesting growth outlook. We see the student housing shortage, student population growth and limited private ownership as key drivers for the student housing segment going forward. The company has a geographically diversified property portfolio with c. 5,000 student apartments under management in three countries. In addition, Studentbostäder has an extensive growth plan with c. 3,100 apartments in the project portfolio with estimated completion 2022-2026. The ambition is to double the number of apartments by the end of 2025 and to eventually become the leading student housing player in the Nordics. We argue that Studentbostäder is attractively valued compared with Swedish residential peers.

Swedbank – Buy, TP SEK 205

SWED has lagged its Nordic peers substantially during 2022, declining 19%. At SEK 148 per share, the bank is trading at a 2022E P/E of 8.0x, a clear discount to peers, for an attractive 8.3% dividend yield and 12.5% ROE. We expect the universal banks to be one of few sectors set to benefit from higher interest rates and believe that Swedbank, having a large deposit base and being tilted toward mortgage lending, should have the highest rate sensitivity of all. In our view, this has not been fully incorporated into consensus estimates yet. We include Swedbank in our June portfolio.

VEF – Buy, TP SEK 5.90 VEF is an investment company focusing on private Fintech companies in emerging markets. Since first raising cash in Q4 2015, the company has delivered a +30% NAVPS CAGR - the highest within our coverage universe. Following the recent market volatility, the share has lost some 42% YTD. We estimate VEF's current NAVPS to be SEK 6.92 and the share to trade at a historically very high discount to NAV of 49% - among the highest of all major Swedish listed investment companies. Despite the broad-based sell-off YTD among Fintech peers, we expect VEF's reported NAV to be relatively stable during 2022, given FX tailwinds and rapid underlying revenue growth. A near-term trigger for the share would be if the company decided to start repurchasing shares once the transfer to the Nasdaq Stockholm main market has been completed. We keep VEF in our June portfolio.

Volvo – Buy TP SEK 255

We maintain our Buy rating on Volvo with an unchanged 12-months target price of SEK 255 and only make minor adjustments to our 2022 forecast. The first quarter for Volvo was characterized by high freight volumes, good construction activity and improving service business. From a cyclical viewpoint, and due to the war in Ukraine, Volvo may be in for a choppy ride during 2022 in terms of Truck order intake. From a strategic view, however, Volvo is ticking most boxes. It is on top of the EV-battery transition and on the right track when it comes to growth in the service business. With our earnings scenario intact, the shares should find valuation support here with very low earnings multiples and a high dividend yield.