

Finserve Nordic AB

Monthly Commentary - December 2024

Finserve Global Security Fund closed 2024 with a strong annual return of 29.22%, despite a decline of -3.61% in December. During the month, U.S. budget tightening contributed to negative performance in the defense sector, while cybersecurity and commercial aviation performed well, with Cloudflare and Airbus leading as the month's top performers. The fundamental factors and outlook for the defense and cybersecurity sectors remain strong. Cybersecurity continues to stand out as a clear priority in both defense and corporate budgets, playing a central role in protecting against ongoing hybrid attacks, whether state-sponsored or private.

In 2023, defense investments within the EU rose to a record €279 billion (+10% YoY). The estimated EU defense expenditure for 2024 is expected to reach €326 billion (+17% YoY). European NATO members are now discussing raising defense spending from 2% to 3% of GDP, while Trump recently suggested Europe should aim for 5%.

Performance by position

Top Performers		Bottom Performers	
Cloudflare	7,86 %	AeroVironment	-20,88 %
Airbus	4,89 %	L3Harris	-14,61 %
Leonardo	1,81 %	Booz Allen Hamilton	-13,15 %
Rolls Royce	1,79 %	Leidos	-12,90 %
Cisco	-0,02 %	Zscaler	-12,67 %

Company-Specific News

Negative company-specific news was limited during the month. However, AeroVironment reported a decline in net income and lower earnings per share despite strong sales in its Q3 report. Potential U.S. defense budget cuts could impact companies like CACI, Leidos, and Booz Allen, whose services in the C4ISR segment are likely to face the greatest challenges.

On the positive side, Italy signed an agreement to purchase up to 24 additional Eurofighter Typhoon aircraft, shortly after Spain's order for 25 units. The aircraft is produced by the Eurofighter consortium, which includes Airbus, BAE Systems, and Leonardo—all fund holdings. Additionally, BAE Systems, Leonardo, and JAIEC announced a joint venture for the Global Combat Air Programme (GCAP), aimed at developing the next-generation fighter jet by 2035. This represents a significant step forward for the European defense industry and collaboration with the Pacific region.

Finally, the fund would like to honor former U.S. President Jimmy Carter for his significant contributions to human rights and peace during and after his presidency.

Fund Manager



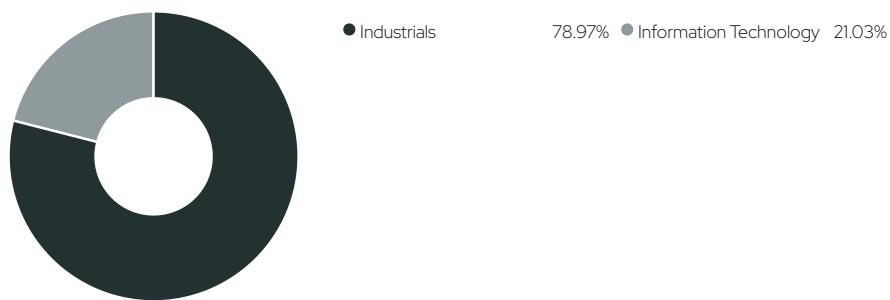
Joakim has over 20 years of experience working in the financial sector. Previous roles have focused on portfolio management in multi-asset, global macro and systematic and fundamental management at IPM, RCM and Finserve, among others. Joakim has a Bachelor of Science (BSc) from Stockholm

University with a focus on investment, finance and econometrics.

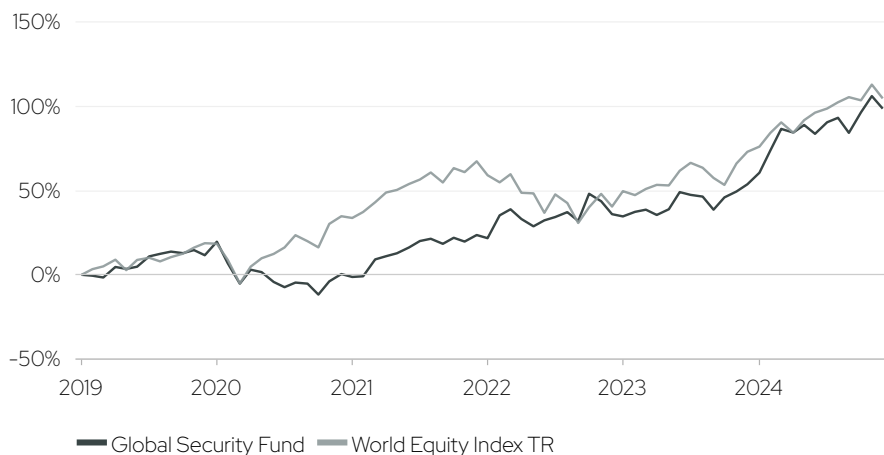
Key Highlights

- A fund that invests in three megatrends with good future prospects
- Defense and Homeland Security – budgets and investments are increasing due to increasing geopolitical tensions and conflicts
- Space infrastructure and innovations – a critical development for digitization, modern solutions and services
- Cyber security – an increasing cyber threat to states and businesses requires a more robust cyber security infrastructure and significant investments

Sector Exposure



Cumulative Monthly Returns



Performance Statistics

Last Month	Total Return Cumulative
-3.61%	98.57%
Total Return Annualized	Winning Months (%)
12.29%	57.75%
Sharpe Ratio (10Y T-Note)	Sortino Ratio
0.52	0.75
Standard Deviation Annualized	Beta vs World Equity Index TR
16.11%	0.56
Down Capture Ratio vs World Equity Index TR	
38.50%	

General Information

Minimum Investment	100 SEK
Management Fee	1.60%
Performance Fee	0.00%
Targeted Return (annual)	-
AUM (million)	595 SEK
Portfolio Manager	Joakim Agerback

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	4.48	8.20	7.37	-1.15	2.44	-2.78	3.73	1.40	-4.63	6.60	4.92	-3.61	29.21
2023	-0.98	2.01	0.95	-2.26	2.49	7.33	-1.10	-0.69	-5.31	5.26	2.41	2.85	13.03
2022	-1.51	11.12	2.67	-4.16	-3.26	2.75	1.50	2.16	-3.81	12.22	-3.00	-5.34	10.01
2021	-1.71	0.41	10.10	1.73	1.58	3.06	3.28	1.12	-2.47	3.03	-1.85	3.25	23.05
2020	7.20	-10.72	-11.30	8.73	-1.38	-5.75	-3.24	2.95	-0.65	-6.85	8.87	4.52	-10.00
2019		-0.53	-1.09	6.36	-1.11	1.27	5.84	1.35	1.18	-0.81	1.62	-2.67	11.60

Investing in mutual funds always involves a risk. The value of your investment can go up and down depending on factors affecting the market including interest rates. Historical returns are not an indicator of future returns. Investors may lose parts or the entire amount invested. For more information on risks, read more in the funds' KIID and prospectus.