

FONDITA EUROPEAN SMALL CAP INVESTMENT FUND

ANNUAL REPORT

31.12.2021

FONDITA EUROPEAN SMALL CAP INVESTMENT FUND

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Activity Report 2021

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:

	2021	2020	2019
Market value 31.12.	87 338 242,29	69 560 931,69	90 589 515,80
Unit value 31.12. (return / A)	280,55	214,22	227,64
Unit value 31.12. (growth / B)	512,57	372,78	376,64
Growth unit price change during period	37,5 %	-1,0 %	32,8 %
Fiscal period profit	23 303 387,27	-3 326 775,29	23 462 528,44
Management fees paid to Fund Company	1 472 318,15	1 427 431,96	1 676 707,72
A-unit returns	10,70	11,40	8,95
Turnover rate (times/year)	0,39	0,52	0,29
Volatility (%/year)	15,6	30,3	12,8
TER (Total Expense Ratio)	2,00 %	2,00 %	2,00 %
Number of unitholders at end of period	355	349	386

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 14,05 € / share.

The return is paid on February 10, 2022.

The Fund Company has during 2021 paid 1 956 918,05 euros in remuneration to the employees whereof 0,00 euros in variable remuneration.

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

773 103,18 euro, no variable part

risk requiring actions (portfolio managers)

973 728,72 euro, no variable part

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

589 482,45 euro, no variable part

Note that some people may belong to several groups

INCOME STATEMENT 1.1.2021-31.12.2021

(euros)

REVENUE	1.1.-31.12.2021	1.1.-31.12.2020
Net profit from securities	24 019 304,26	-2 791 100,81
Dividends	761 360,75	894 435,04
Total revenue	<u>24 780 665,01</u>	<u>-1 896 665,77</u>
COSTS		
Commissions to the Fund Company	1 472 318,15	1 427 431,96
Interest fees	4 959,59	2 677,56
Total Costs	<u>1 477 277,74</u>	<u>1 430 109,52</u>
FISCAL PERIOD PROFIT	<u>23 303 387,27</u>	<u>-3 326 775,29</u>

BALANCE SHEET 31.12.2021

(euros)

ASSETS	31.12.2021	31.12.2020
Current assets		
Current assets		
Market value of securities	85 968 409,35	69 237 408,46
Receivables		
Dividends	121 865,84	190 964,60
Sold securities	<u>121 865,84</u>	<u>190 964,60</u>
	1 528 167,29	406 866,32
Cash and bank deposits	<u>87 618 442,48</u>	<u>69 835 239,38</u>
TOTAL ASSETS		
LIABILITIES AND SHAREHOLDER EQUITY		
	31.12.2021	31.12.2020
Fund value		
Fund value	87 338 242,29	69 560 931,69
Liabilities		
Current liabilities		
Purchased securities	142 031,13	163 528,79
Accruals	<u>138 169,06</u>	<u>110 778,90</u>
	280 200,19	274 307,69
TOTAL LIABILITIES AND EQUITY	<u>87 618 442,48</u>	<u>69 835 239,38</u>

Fondita European Small Cap Investment Fund

Portfolio content 31.12.2021

Germany	GICS	Shares	Price (euro)	Market value	35,15 %
Dermapharm Holding	Health care	53 265	89,15	4 748 574,75 €	5,44 %
All For One Group	IT	58 744	72,20	4 241 316,80 €	4,86 %
Verbio	Industrials	69 000	61,00	4 209 000,00 €	4,82 %
Adesso	IT	12 772	208,50	2 662 962,00 €	3,05 %
Wacker Neuson	Industrials	94 000	25,30	2 378 200,00 €	2,72 %
Stabilus	Industrials	30 000	64,80	1 944 000,00 €	2,23 %
Secunet	IT	4 600	412,50	1 897 500,00 €	2,17 %
Nagarro	IT	8 700	202,00	1 757 400,00 €	2,01 %
Befesa	Industrials	24 904	67,10	1 671 058,40 €	1,91 %
S&T	IT	107 098	14,65	1 568 985,70 €	1,80 %
Basler	IT	9 200	159,60	1 468 320,00 €	1,68 %
Stratec	Health care	8 433	137,20	1 157 007,60 €	1,32 %
7C Solarparken	Energy	230 028	4,33	994 871,10 €	1,14 %
Belgium	GICS	Shares	Price (euro)	Market value	1,59 %
Recticel	Materials	78 000	17,78	1 386 840,00 €	1,59 %
Netherlands	GICS	Shares	Price (euro)	Market value	9,13 %
IMCD	Industrials	13 591	197,20	2 680 145,20	3,07 %
Accel Group	Consumer Discretionary	46 500	47,65	2 215 725,00	2,54 %
TKH Group	Industrials	32 753	54,25	1 776 850,25	2,03 %
Corbion	Materials	31 500	41,30	1 300 950,00	1,49 %
Switzerland	GICS	Shares	Price (euro)	Market value	16,26 %
Siegfried	Health care	5 200	856,33	4 452 913,93	5,10 %
Kardex	Industrials	9 463	287,05	2 716 366,75	3,11 %
Zehnder Group	Industrials	28 200	90,99	2 565 862,60	2,94 %
Skan Group	Health care	21 500	86,16	1 852 518,33	2,12 %
Also Holding	IT	4 800	287,53	1 380 162,10	1,58 %
Huber + Suhner	Industrials	14 631	84,04	1 229 602,57	1,41 %
Spain	GICS	Shares	Price (euro)	Market value	2,84 %
Laboratorios Farma Rovi	Health care	33 500	74,10	2 482 350,00	2,84 %
Sweden	GICS	Shares	Price (euro)	Market value	14,49 %
Hexatronic	Industrials	96 500	49,44	4 771 019,59	5,46 %
Lagercrantz B	IT	308 069	12,95	3 988 386,58	4,57 %
Synsam	Consumer Discretionary	308 565	7,48	2 309 451,27	2,64 %
BHG Group	Industrials	172 000	9,21	1 583 956,23	1,81 %
Italy	GICS	Shares	Price (euro)	Market value	8,10 %
Reply	IT	24 982	179,60	4 486 767,20	5,14 %
Interpump Group	Industrials	39 931	64,75	2 585 532,25	2,96 %
Norway	GICS	Shares	Price (euro)	Market value	3,50 %
Borregaard	Materials	137 000	22,29	3 054 043,74	3,50 %
Great Britain	GICS	Shares	Price (euro)	Market value	1,35 %
Genuit Group	Industrials	166 470	7,08	1 178 302,91	1,35 %
Portugal	GICS	Shares	Price (euro)	Market value	1,22 %
Altri	Materials	190 000	5,61	1 065 900,00	1,22 %
France	GICS	Shares	Price (euro)	Market value	3,64 %
Vetoquinol	Health care	16 369	133,60	2 186 898,40	2,50 %
Korian	Health care	36 000	27,62	994 320,00	1,14 %
Austria	GICS	Shares	Price (euro)	Market value	1,17 %
UBM Development	Real Estate	23 657	43,30	1 024 348,10	1,17 %
Portfolio value				85 968 409,35	
Cash and other asset, net				1 369 832,94	1,57 %
Fund value				87 338 242,29	
Number of outstanding units					
Return units (A)			101 775,0779		
Growth units (B)			114 686,5593	216 461,6372	
Unit value					
Return unit value (A)				280,5547	
Growth unit value (B)				512,5689	

Fondita European Small Cap Investment Fund

Securities' change in the portfolio 1.1.-31.12.2021

(%-points)

Germany	-4,0	Spain	-2,6
Adesso	3,1 *	Rovi	2,8
Secunet	2,2 *	Faes Farma	-1,9
Basler	1,7 *	Construcciones	-3,6 *
Stratec	1,3 *		
Verbio	1,1 *	Italy	-0,4
Dermapharm Holding	0,7 *	Reply	0,2 *
Wacker Neuison	0,2 *	Interpump Group	-0,6 *
7C Solarparken	0,1 *		
Nagarro	-0,3 *	Great Britain	-2,1
Stabilus	-0,4 *	Genuit Group	1,4 *
Allgeier	-0,5	Softcat	-1,7
All For One Group	-0,6 *	Polypipe	-1,8
S&T	-1,0 *		
Befesa	-1,1 *	Portugal	-0,6
Carl Zeiss Meditec	-1,8	Altri	1,2 *
CompuGroup	-2,8	Corticeira Amorim	-1,8
Stroeer	-2,8	Greenvolt	0,0
Cancom	-3,2		
		France	-0,9
Switzerland	4,0	Vetoquinol	2,5 *
Kardex	3,1 *	Korian	-0,4 *
Zehnder Group	2,9 *	Solutions 30	-3,1
Skand Group	2,1 *		
Siegfried Holding	0,5 *	Austria	-0,1
Also Holding	0,0 *	UBM Development	-0,1 *
Huber + Suhner	-1,5 *		
Vifor Pharma	-1,6	Belgium	-0,6
Straumann Holding	-1,6	Recticel	1,6 *
		Barco	-2,2
Netherlands	-1,8		
Accel Group	2,5 *	Sweden	8,4
TKH Group	-0,6 *	Hexatronic	5,5 *
IMCD	-1,1 *	Synsam	2,6 *
Corbion	-2,7 *	BHG Group	1,8 *
		Lagercrantz	1,1 *
Norway	-0,3	Stillfront Group	-2,6
Borregaard	-0,3 *	Cary Group	0,0
		Cint	0,0
		Cash	1,1

* = Current holding at 31.12.2021

INCOME STATEMENT APPENDIX 31.12.2021

(euros)

	31.12.2021	31.12.2020
Net profit of securities		
Sales profit of securities	10 799 533,59	15 111 035,77
Sales losses of securities	(-) 1 460 406,65	(-) 6 868 902,60
Unrealized gains	21 480 542,59	8 473 438,92
Unrealized losses	(-) 6 800 365,27	(-) 19 506 672,90
Total	<u>24 019 304,26</u>	<u>-2 791 100,81</u>
Transactioncosts	90 500,17	103 837,50

BALANCE SHEET APPENDIX 31.12.2021

Fund value		
Fund value 1.1.	69 560 931,69	90 589 515,80
Unit subscriptions	7 307 554,39	1 716 317,90
Unit redemptions	(-) 11 784 481,89	(-) 17 505 341,85
Distribution of returns	(-) 1 049 149,17	(-) 1 912 784,87
Fiscal year profits	23 303 387,27	-3 326 775,29
Fund value 31.12.	<u>87 338 242,29</u>	<u>69 560 931,69</u>

Helsinki 2 / 2 2022

CEO

A handwritten signature in black ink, appearing to read 'Markus Larsson', written in a cursive style.

Markus Larsson

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 31.12.2021. 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 Equity Spice Placeringsfond, Fondita Nordic Small Cap Placeringsfond, Fondita 2000+ Placeringsfond, Fondita Nordic Micro Cap Placeringsfond, Fondita European Small Cap Placeringsfond, Fondita Sustainable Europe Placeringsfond, Fondita Healthcare 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 2.2.2022

Anders Svennas
Authorized Public Accountant

Robert Söderlund
Authorized Public Accountant