



End of Year Report 2019-2020

By Maxime Rundström and Pontus Westesson

Main Sponsor

Nordea

nu
The Business Committee



THE STUDENT ASSOCIATION



Purpose of this report

The purpose of this report is to give members and other stakeholders of SASSE and the Stockholm Student Investment Fund an update on the development and financial standing of the Stockholm Student Investment Fund and the fund that it manages for the year of 2019-06-30 – 2020-06-30. This report fulfills the requirement of an end-of-year report as mentioned in the Constitution §4.3 and further regulated in Constitution §15. This end-of-year report is published by the Student Association at the Stockholm School of Economics (SASSE) and prepared by the SSIF Executive Committee as a constituent thereof. It is published under the following Disclaimer.

Disclaimer

The Stockholm Student Investment Fund (the “Fund” or “SSIF”) is the joint body of two entities within the Student Association at the Stockholm School of Economics (SASSE): The operational branch, a SASSE project which keeps a budget and can take operational expenses but make no investment decisions; and the investment branch, an authorized SASSE association which makes investment decisions and manages the actual fund of SSIF (“the fund” or “the SSIF fund”) and can only be exposed to no other costs than variable investment-related expenses as a reduction of assets in the fund (see Constitution §3). (Note the difference between “the Fund” and “the fund”.) SASSE is a separate legal entity to the Stockholm School of Economics. In terms of financial reporting and taxation, the Executive Committee can find no legal obligation of SSIF in itself to report any such figures. Any legal obligation to report holdings, return or any other figures of SSIF is reported along other SASSE projects in SASSE’s financial reporting. SASSE keeps another year for its books than does SSIF in this report. The name “Stockholm Student Investment Fund” should not be interpreted as an investment fund as regulated by Swedish authorities such as Finansinspektionen. There are no third-party claims to the fund. The fund is a fund in the sense that it is capital set apart for a specific purpose. The name further suggests that the purpose is for students to perform investments and to grow capital for the purposes of SASSE and the students associated with the organization (see Constitution). This report is to be regarded information and marketing which is deemed to be approximately correct, though not necessarily compliant with some legal aspects usually associated with the words used. The report takes the liberty to portray finances in a way that is informative to the reader and the stakeholders of the Fund. The report is not to be interpreted as such an annual report given by some Swedish entities by law (“Årsredovisning”) nor as such a report given by fund management firms for funds (“Årsberättelse”) under Swedish law. The content of this report should not, under any circumstances, be regarded as investment ideas, suggestions or advice — not in a general sense, specifically for certain securities herein mentioned, nor in any other sense. The Executive Committee of SSIF take no legal or economic responsibility for the portrayal of anything in this report nor for any interpretations made nor actions taken from its content. Members of the Executive and Investment Committees, as well as Analysts and other people that have worked on, are working on, have pitched, comment on securities and/or help in some other way with this report may have, have had, or plan on having positive or negative interest, directly or indirectly, in securities held by, discussed or pitched in the Fund during the past year and/or mentioned in this report. This includes but is not limited to passive and active personal investments. This report does not have to be and has not been audited by an independent auditor. For such auditing of assets and returns, the reader is directed to SASSE’s financial statements. The SASSE Board or Student Association Council of SASSE (SAC) may appoint an auditor to audit the asset allocation and valuation of the Fund as well as investigate its operational expenses, budgeting or the alike at any time (Constitution §15.4). As of 2020-06-30, such measures had not been undertaken. The trademark of Nordea, as main sponsors of the Fund, is being used in this report. This is purely for the sake of marketing towards the stakeholders of the Fund. Nordea does in no way endorse the Fund as such nor any investment decisions, other decisions, statements or actions of the Fund, its committees or members. This report fulfills the requirement of an end-of-year report as mentioned in the Constitution §4.3 and further regulated in Constitution §15. The report has been produced by the SSIF Executive Committee of 2018/2019 and published by the Student Association at the Stockholm School of Economics.

ABOUT

The Stockholm Student Investment Fund (SSIF) is a student-run investment fund committed to creating a comfortable, peer-to-peer educational environment of investment analysis, with bottom-up initiatives to real-money investments. The Fund has SEK 1.1m as capital to request from SASSE (The Student Association at Stockholm School of Economics) for investments, but have so far only invested a part of that amount.

The Fund is organized as a project under the Business Committee at SASSE. All recruitments to positions in the fund are open to all students of SASSE.

English is the language of the Fund, and as such all events are held in English.





PURPOSE

There is a threefold purpose of the fund:

- Educational experience for all students who wish to learn, regardless of prior experience
- Helping students make a career within finance through networking and a credible experience with investing and fund management
- Increase the number of female students at SSE who choose the BSc finance specialization, the MSc in Finance as well as a career in finance

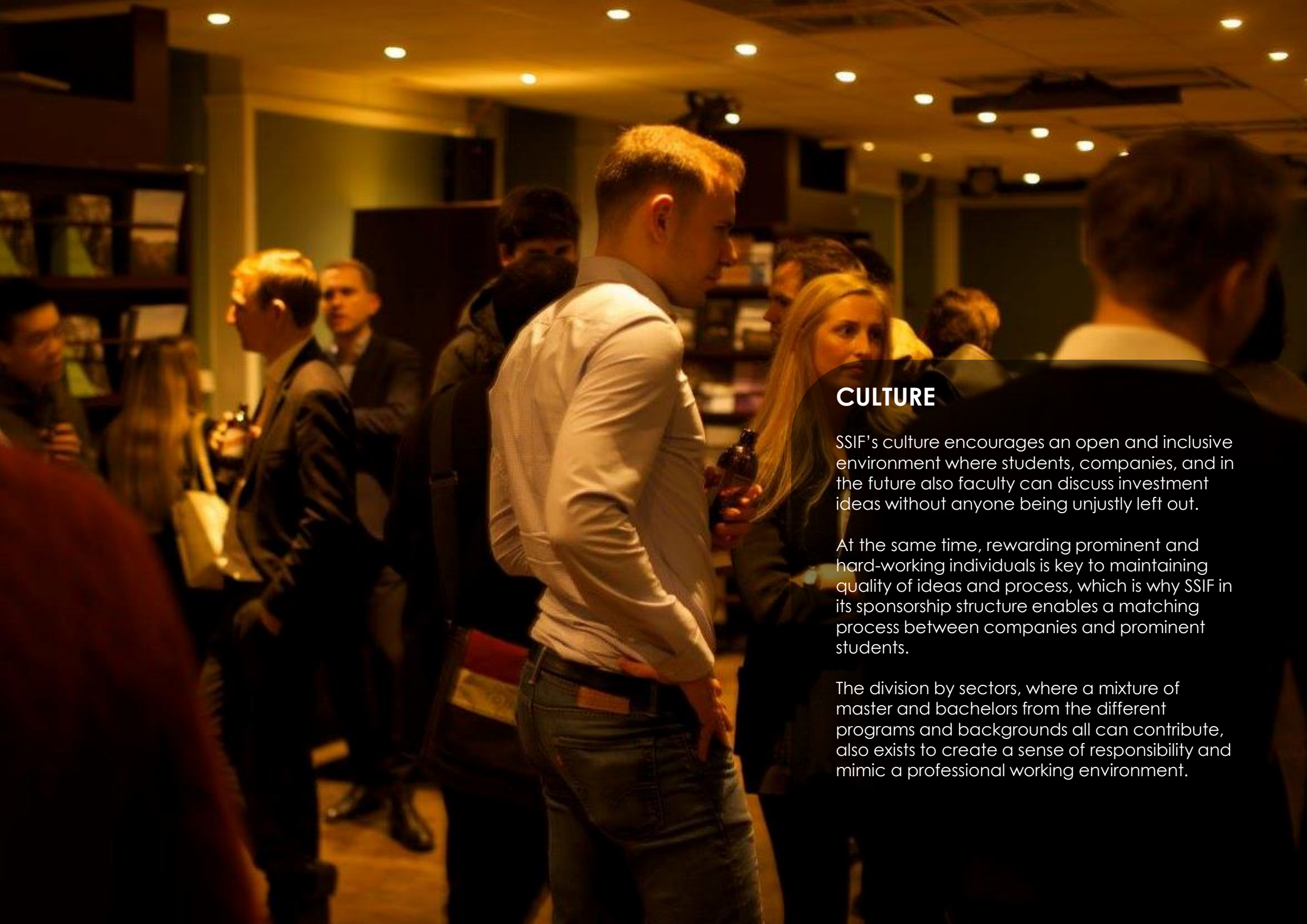
We believe that SSIF will provide a financial educational and networking experience unparalleled to that of other projects as industry leaders will support the process of real-money investment and ultimately open the door to relevant real-world experience.

AMBITION

Our long-term ambition is to be such a central part of SASSE and SSE that it is difficult for students to imagine the school and student association to exist without SSIF.

In the future, our ambition will require us to raise external capital, a long-term track record of delivering impressive returns, and several decades ahead even being a key contributor to the funding of projects and new initiatives for the students.





CULTURE

SSIF's culture encourages an open and inclusive environment where students, companies, and in the future also faculty can discuss investment ideas without anyone being unjustly left out.

At the same time, rewarding prominent and hard-working individuals is key to maintaining quality of ideas and process, which is why SSIF in its sponsorship structure enables a matching process between companies and prominent students.

The division by sectors, where a mixture of master and bachelors from the different programs and backgrounds all can contribute, also exists to create a sense of responsibility and mimic a professional working environment.

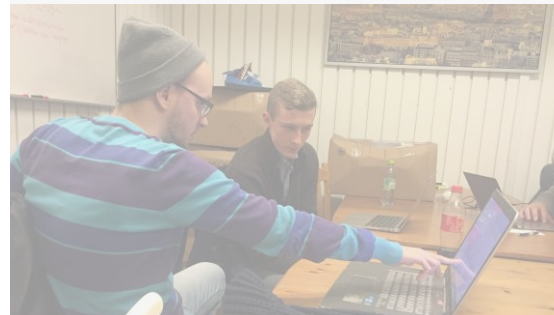
Table of contents

END OF YEAR REPORT

- I. President's message – the year in review
- II. Operational overview
- III. Portfolio overview
- IV. Financial position
- V. Key performance metrics

APPENDIX

- The Fund within SASSE
- Structure of the Fund
- Previous Presidiums throughout the years



Organisational and portfolio developments positions SSIF for continued success going forward

SSIF 2019-2020 yearly review



Maxime Rundström, President of SSIF 2019-2020

What a year it has been. During the past twelve months a great focus has been placed on forecasting future cash flows and comparing selected public comparables, while at the same time it has been a lot more than that. It has been about experienced industry experts and complete beginners joining hands. It has been about meeting new people and forming new friendships. It has been about individuals joining a project they believe in and doing everything in their power to make it succeed.

During the year, SSIF's internal organisation and relationships with external parties were further developed. New strategies were implemented regarding recruitment, including increased marketing towards MSc Finance students, resulting in a record number of applications. Furthermore, a dialogue was initiated with SASSE in order to ensure streamlined, frequent communication going forward. In addition to this, two new high profile corporate partners joined Nordea as sponsors to the Fund – ABG Sundal Collier and Redeye.

In terms of the Fund's investment strategy a refocus on Nordic stocks was implemented. This has been characterised by the divestment and investments made throughout the year. Furthermore, the allocation split between different investment classes was reworked. The Fund now primarily has an equity exposure, with ~75% invested in specific stocks. As a result of a revamped strategy and investment timing, the Fund boasted superior returns, crushing the selected benchmark index by more than 24 p.p.

I would like to thank all people who have actively contributed during the year, including our sponsors, the board of the Business Committee, and everyone else in SASSE. Special thanks to all members of the Fund for their efforts during the past twelve months. An organisation like SSIF is only as good as its members and I can say I am extremely proud of what we have achieved together.

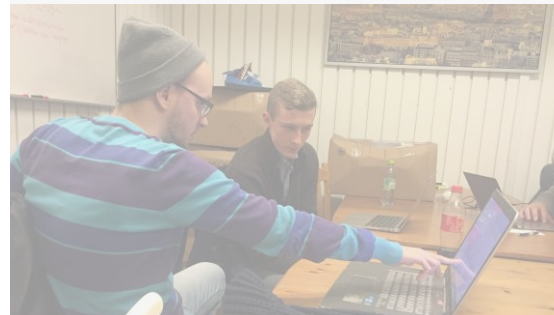
Table of contents

END OF YEAR REPORT

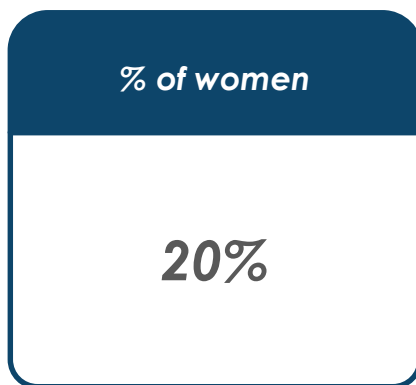
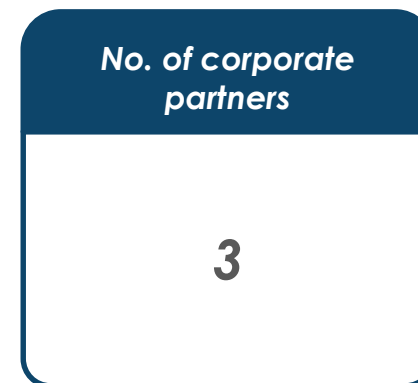
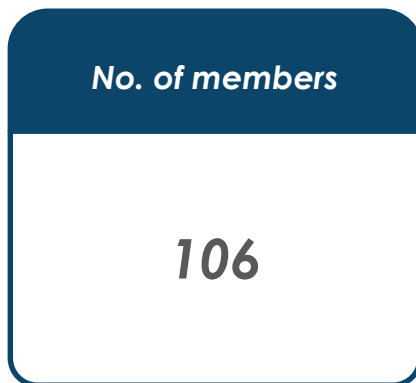
- I. President's message – the year in review
- II. Operational overview
- III. Portfolio overview
- IV. Financial position
- V. Key performance metrics

APPENDIX

- The Fund within SASSE
- Structure of the Fund
- Previous Presidiums throughout the years

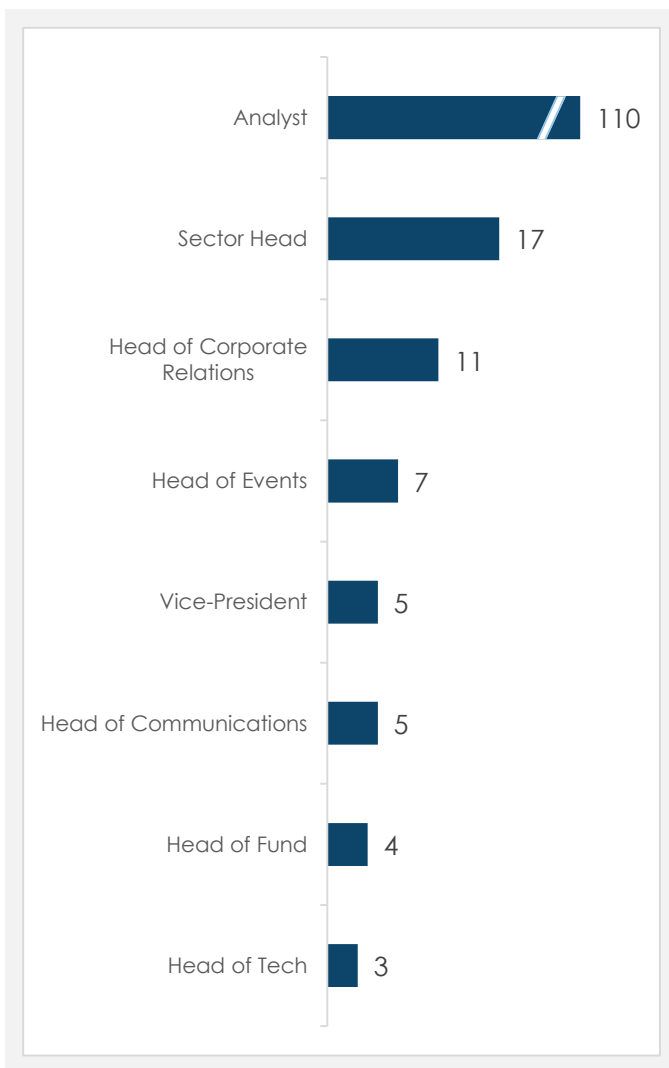


Operational highlights

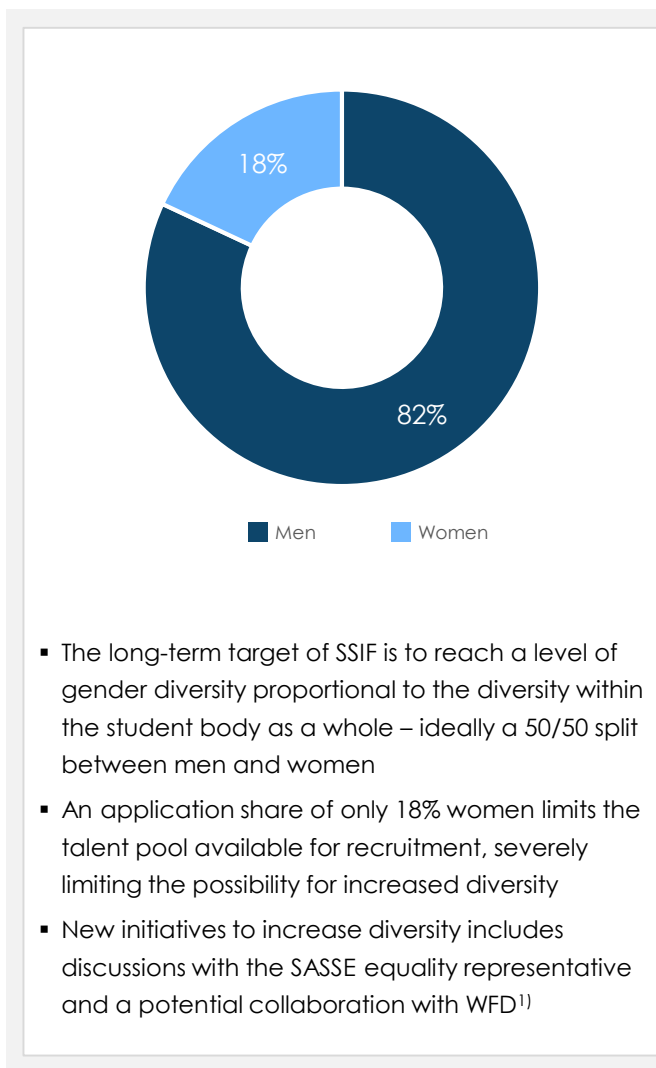


High number of applicants with continuous diversity initiatives in place

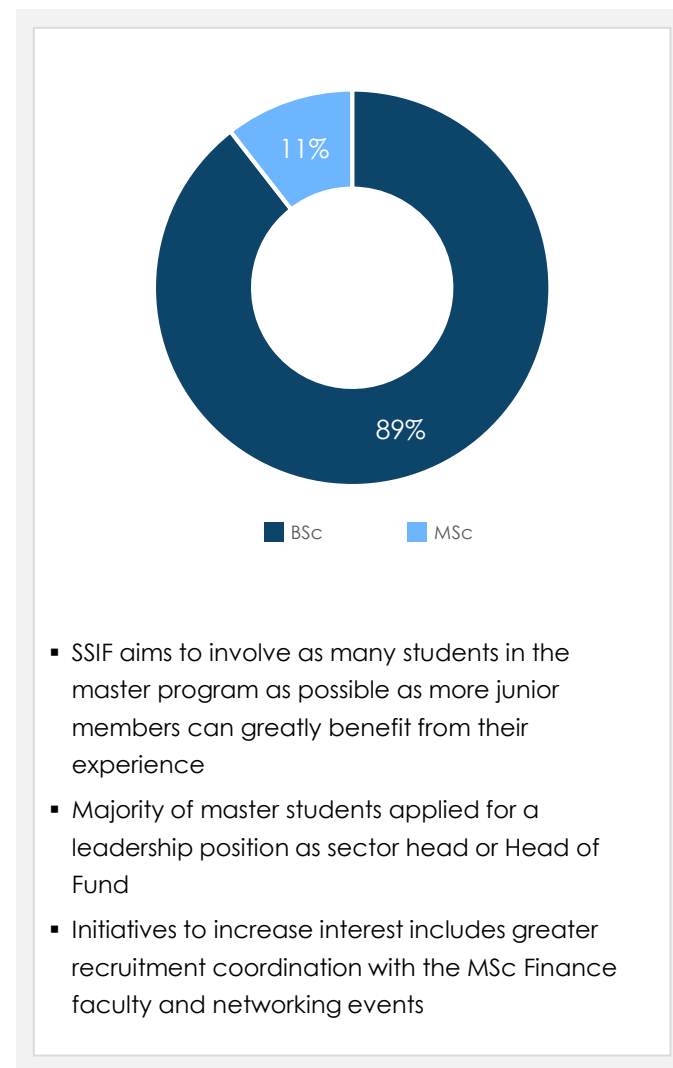
Number of applications by position



Gender diversity within applicant group



Program diversity within applicant group



Note: 1) Women's Finance Day



Leading corporate partners with diverse research coverage

Nordea Research



Main Sponsor

Since 2017

SSIF main contact person



Hemming Svensson
Quantitative Equity Analyst

ABG Sundal Collier – Equity Research



Sponsor

Since 2019

SSIF main contact person



Karl Bokvist
Equity Research Analyst

Redeye



Sponsor

Since 2019

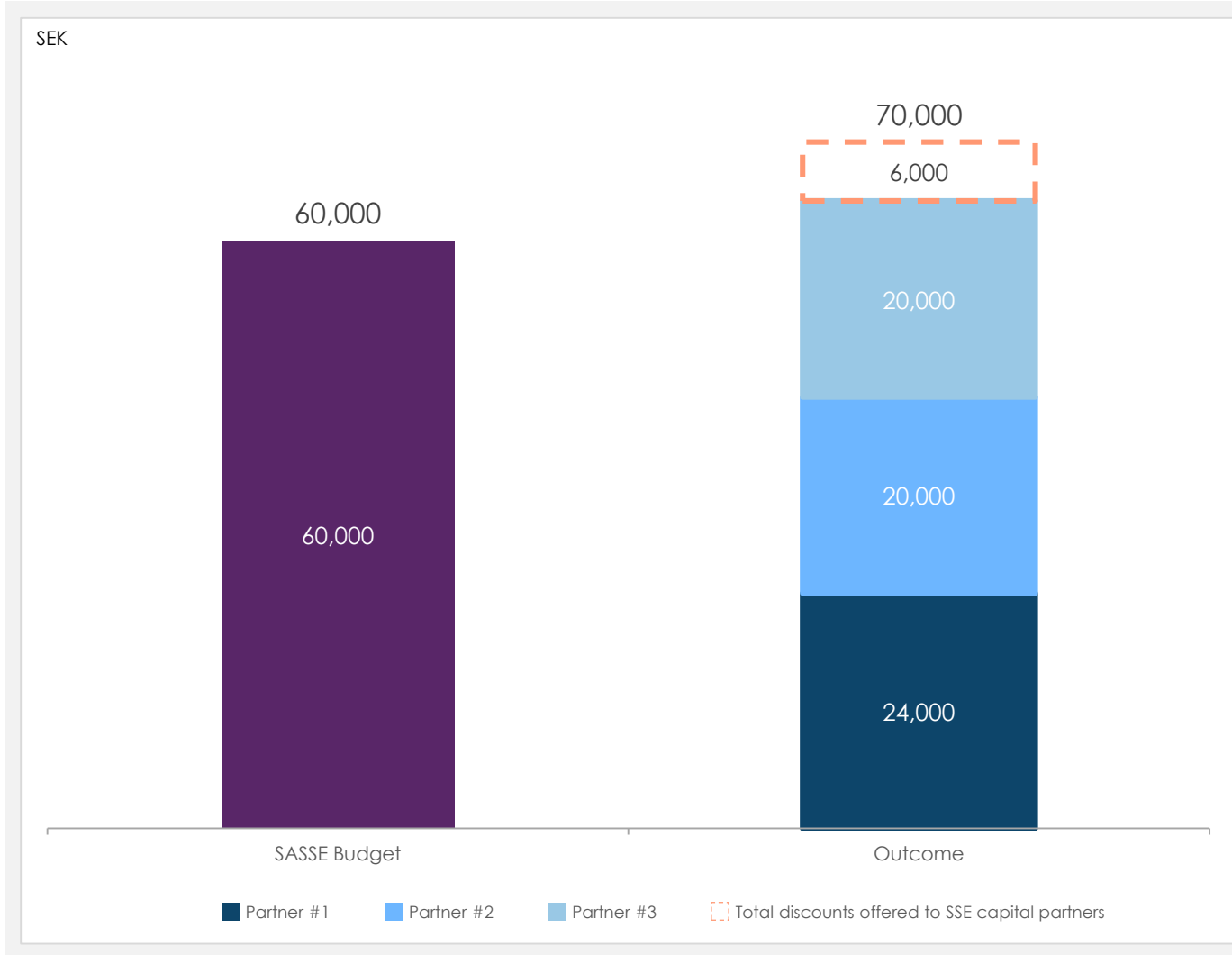
SSIF main contact person



Richard Goldman
Head of Corporate Finance

Strong corporate partnerships enabling significant sponsorship revenue

Sponsorship revenue from corporate partners 2019-2020

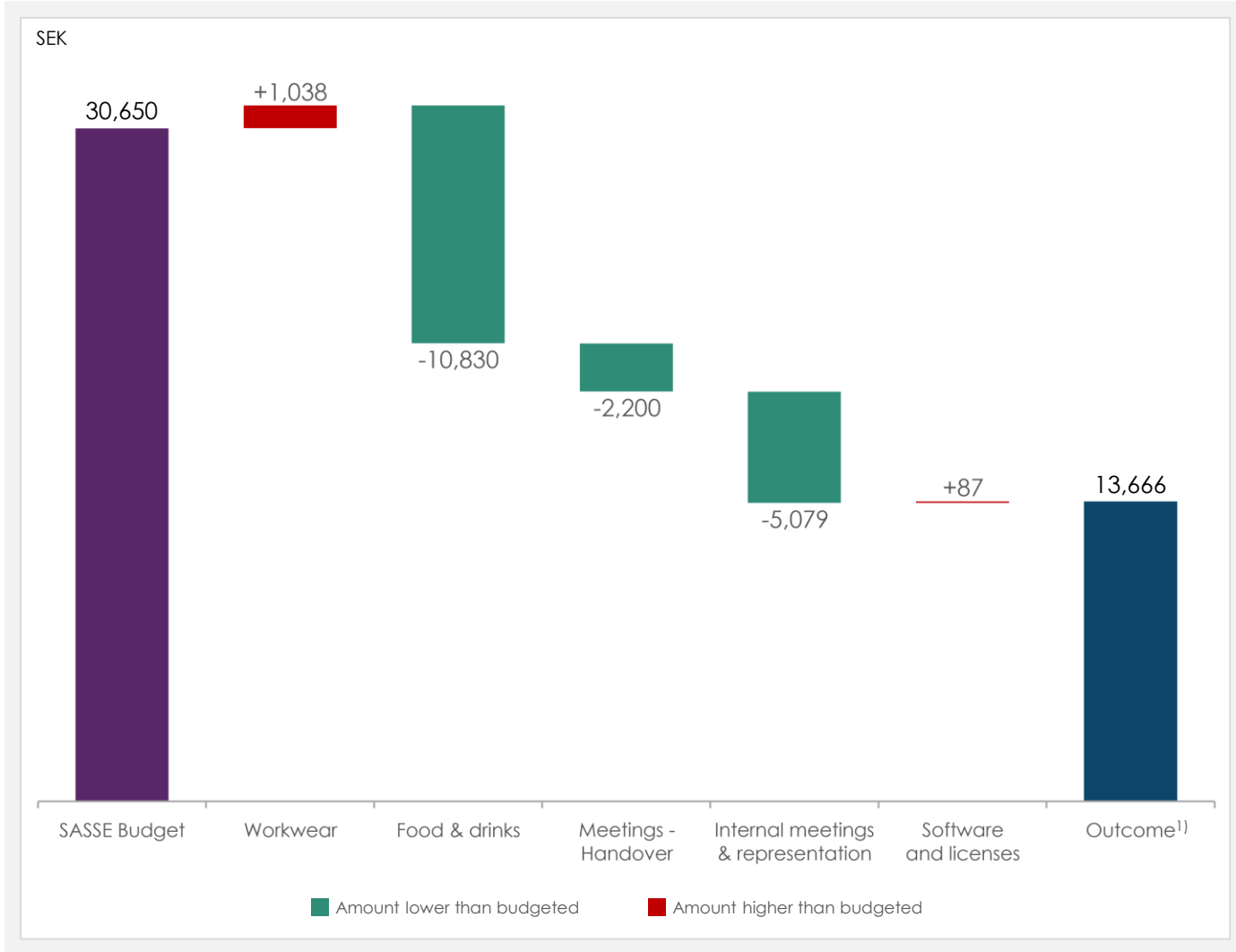


Comments

- Corporate Relations is a role within the Fund's executive committee, crucial in maintaining healthy relationships between the Fund and external parties
- The corporate partners benefit from greater access to SSE students, with the possibility to participate in stock pitching events, networking events, host case cracking sessions and sending out recruitment marketing material – while the members of the Fund get access to top employers
- The Fund is to provide students at SSE with excellent learning opportunities – the corporate partners assist in this process by providing deep industry knowledge and decades of industry experience
- This mutually beneficial partnership is deemed crucial for the Fund and the development of the interest for financial markets at SSE as a whole
- Corporate partners sponsor the Fund with a nominal amount negotiated on a yearly basis, thus generating revenue for SASSE – totaling SEK 64,000 in 2019-2020 when taking into account discounts, ~7% more than what was budgeted

Efficient operations and COVID-19 driving lowered operating expenses

Bridge between SASSE budget 2019-2020 and actual outcome for the year



Comments

- Investments and operations of the Fund are very distinct parts of the Fund and of SASSE. This sections only deals with the operations of the Fund, whereas the income statement of the fund deals solely with the assets and investments of the fund that SSIF manages
- As a project under the Business Committee of SASSE, the Operational branch of SSIF raises sponsorship which goes to SASSE centrally.
- The Operational branch of the Fund is allowed expenditures for events, printing, etc according to a budget under the Business Committee The budget is however only loosely connected to the amount of sponsorship brought in by SSIF
- Operating expenses ~55% lower than budgeted for at the start of the SASSE year
- Primary reason for lowered expenses include a decrease in the cost of foods and drinks, driven by a lower number of pitching events due to COVID-19
- As the lower outcome is primarily driven by COVID-19 adjustments should accordingly be made by the Business Committee when deciding upon the next year's budget

Note: 1) Excluding recognised expenses for workwear totalling 5,461 SEK which relate to the previous SSIF year (2018-2019).



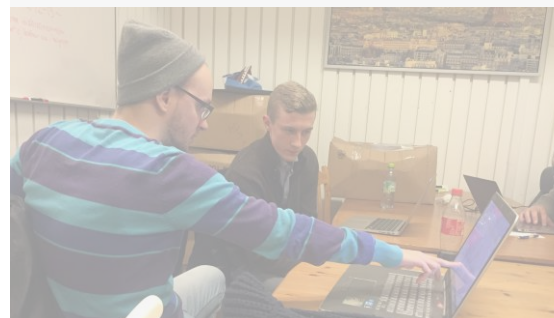
Table of contents

END OF YEAR REPORT

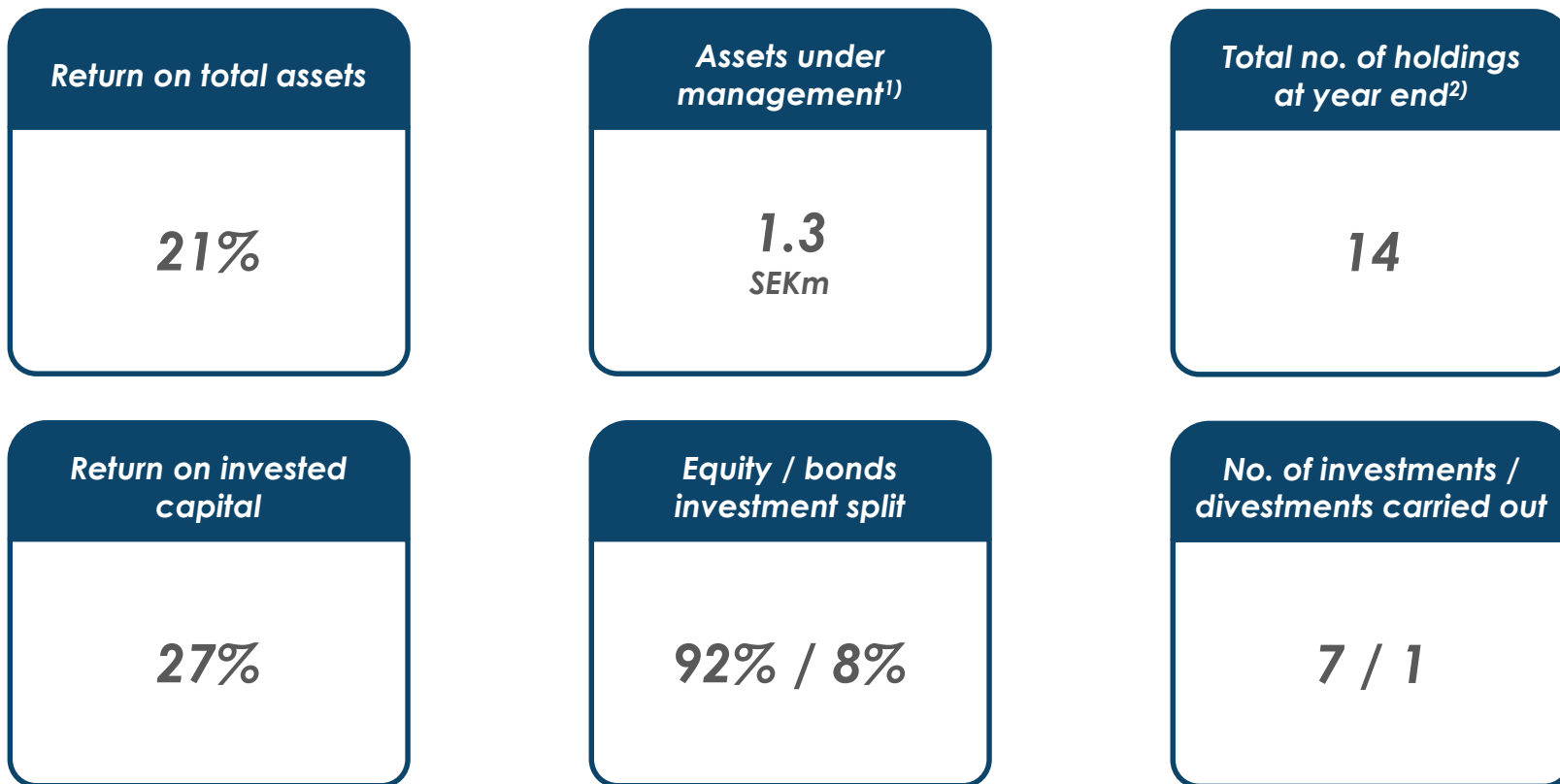
- I. President's message – the year in review
- II. Operational overview
- III. Portfolio overview**
- IV. Financial position
- V. Key performance metrics

APPENDIX

- The Fund within SASSE
- Structure of the Fund
- Previous Presidiums throughout the years



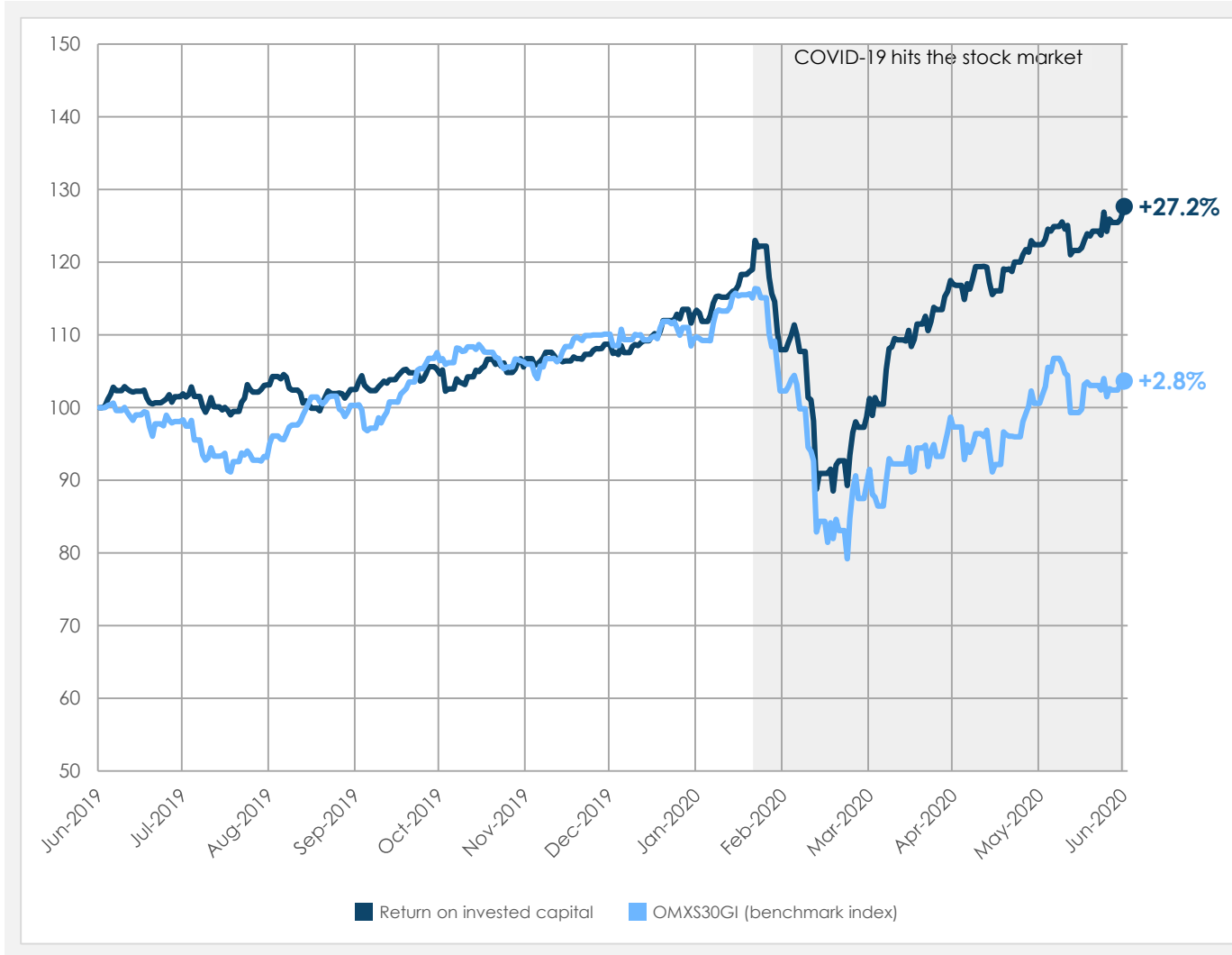
Portfolio highlights



Notes: 1) Including commitments and receivables 2) Number of holdings is here defined as the number of investments in specific company stock, excluding any investments in bonds, equity funds and the like.

High portfolio return beating comparable index by >24 p.p.

Return on invested capital during the calendar year 2019-2020



Comments

- Fund development measures indexed value development in invested capital
- Every time a change is made to the fund, such as a new investment or divestment, returns are rebased at that date
- The fund made new investments in mid-December and in mid-March
- After performing similarly to our benchmark index, the investment carried out when the market was at a low point boosted our weighted returns
- A return of >27% and >24% above the benchmark index are the highest levels of yearly return generated by the fund since inception

Source: nasdaqpmx.nordic.com



Investment strategy reflected in high exposure to the Swedish market

Portfolio exposure by sector, geography and currency

Sector	Exposure (%)
IT	33%
Financials	15%
Healthcare	14%
Industrials	9%
Other	7%
Public equities	77%
Equity funds	11%
Bonds	5%
Cash	6%

Geography	Exposure (%)
Sweden	56%
Rest of Europe	28%
USA	13%
Middle East	2%
Japan	1%
Other	0%

Currency	Exposure (%)
SEK	63%
EUR	19%
USD	8%
DKK	7%
CAD	3%

Comments

- The Fund has a primary focus on Nordic equity investments
- Nordic focus is reflected by the high Swedish geographical exposure, as well as the high currency exposure to the SEK
- High sector diversity with a slight overweight on the information technology sector as selected IT stocks are estimated to generate superior future returns

Source: Nordea portfolio overview



Refocus on Nordic portfolio holdings

New investments and divestments carried out throughout the year



Divestment

Atlas Mara Limited, formerly referred to as Atlas Mara Co-Nvest Limited, is a financial services holding company formed to undertake the acquisition of target banks in Africa



Investment

HMS Networks AB is an international company in the field of industrial communications and the Industrial Internet of Things with headquarters in Halmstad, Sweden



Investment

Bahnhof is a Swedish Internet service provider (ISP) founded in 1994. Today the company is represented in Stockholm, Gothenburg, Uppsala, Borlänge, Malmö and Umeå



Investment

Nordea Bank Abp is a European financial services group operating in northern Europe and based in Helsinki, Finland and serves 9.3 million private and 530,000 active corporate customers



Investment

Camurus AB (publ) is a Swedish research-based pharmaceutical and biotechnology company specialising in the commercialization of medicines for treating serious and chronic diseases



Investment

RTX is a global company with +25 years of extensive experience and knowledge in designing and manufacturing advanced wireless short-range radio systems and products, with headquarters in Denmark



Investment

Ferroamp is a Swedish company that has created the EnergyHub system, a new future-proof way to integrate solar energy, energy storage and electric car charging into one system



Investment

Securitas AB is a security services, monitoring, consulting and investigation group, based in Stockholm, Sweden with over 300,000 employees in 53 countries worldwide

Successful stock picking resulting in a total payoff of >200,000 SEK

- Specification of allocations and value of investments

All prices, values and returns stated in SEK

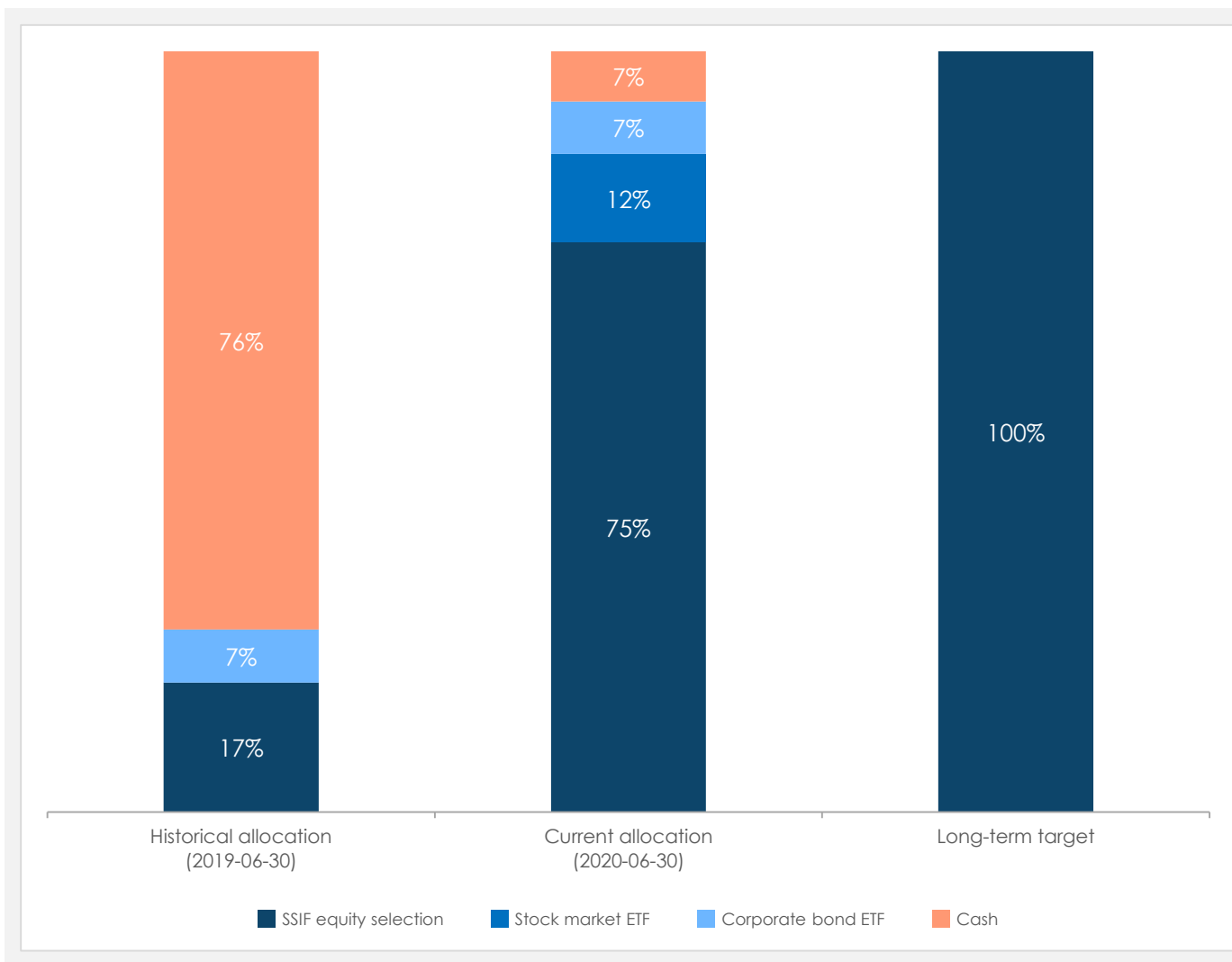
Asset	Opening portfolio			Transactions				Closing portfolio			Returns		
	# of shares	Opening price	Market value 2019-06-29	Date of transaction	# of shares	Transaction price	Transaction value	# of shares	Closing price	Market value 2020-06-29	Dividends	Return excl. Dividends	Total return
Equities													
ABB Ltd	74	186	13 795	-	-	-	-	74	210	15 520	611	1 724	2 335
Atlas Mara	710	13	9 420	2019-12-18	(710)	10	(7 237)	-	-	-	0	(2 183)	(2 183)
Bahnhof	-	-	-	2019-12-18	795	26	20 352	795	29	23 174	477	2 822	3 299
Camurus	-	-	-	2020-03-16	927	65	60 542	927	158	146 466	0	85 924	85 924
Embracer Group	606	80	48 642	-	-	-	-	606	131	79 113	0	30 472	30 472
Energiekontor	207	183	37 838	-	-	-	-	207	235	48 736	871	10 898	11 770
Exco Technologies	700	55	38 519	-	-	-	-	700	46	32 082	1 831	(6 437)	(4 607)
Fast. Balder B	147	311	45 717	-	-	-	-	147	355	52 200	0	6 483	6 483
Ferroamp Elektronik	-	-	-	2019-12-18	399	51	20 349	399	56	22 264	0	1 915	1 915
HMS Networks	-	-	-	2020-03-16	576	103	59 604	576	174	100 109	0	40 504	40 504
Nordea Bank Abp	-	-	-	2020-03-16	1 240	48	59 960	1 240	64	79 744	0	19 784	19 784
RTX	-	-	-	2020-03-16	278	225	62 504	278	299	83 134	0	20 630	20 630
SGL Carbon	194	76	14 656	-	-	-	-	194	34	6 557	0	(8 099)	(8 099)
Securitas B	-	-	-	2019-12-18	372	164	60 962	372	126	46 705	0	(14 257)	(14 257)
Visa Inc	15	1 610	24 153	-	-	-	-	15	1 800	26 995	122	2 842	2 964
Equity Index ETF													
VANGUARD FTSE ALL-WORLD UCITS ETF	-	-	-	2020-03-16	149	662	98 691	149	796	118 634	1 137	19 942	21 080
Corporate Bond ETF													
ISHARES \$ CORPORATE BOND UCITS ETF	59	1 107	65 295	-	-	-	-	59	1 201	70 849	2 254	5 553	7 807
Cash			198 916							67 375			
Total investments and cash			496 951							1 019 657¹⁾	7 303	218 518	225 821

Note: 1) Includes a SEK 300k cash injection in the portfolio



Steady progress towards long-term equity investment target

Asset allocation development and long-term target



Comments

- The long-term target of the Fund is to have a portfolio only composed of SSIF selected stocks
- During the 2019-2020 year, great progress has been made towards this goal - increasing from 17% to 75%
- An interim allocation of ~12% in a stock market ETF was made in order to gain equity exposure while waiting for additional opportunities for stock picking

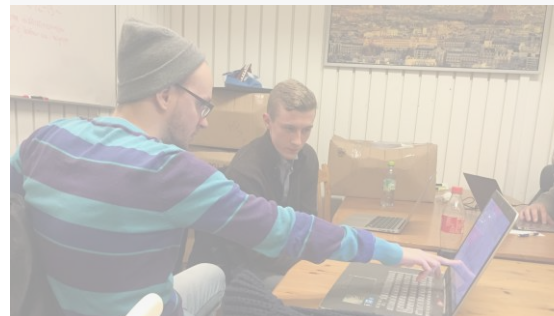
Table of contents

END OF YEAR REPORT

- I. President's message – the year in review
- II. Operational overview
- III. Portfolio overview
- IV. Financial position**
- V. Key performance metrics

APPENDIX

- The Fund within SASSE
- Structure of the Fund
- Previous Presidiums throughout the years



High asset appreciation generated with low brokerage expenses

Income statement and changes in total capital

INCOME STATEMENT		
SEK	2019-2020	2018-2019
Income		
Assets appreciation	218,518	9,251
Dividends and other income	7,303	3,531
TOTAL INCOME	225,821	12,782
Expenses		
Brokerage	-283	-1,379
Brokerage taxes	-	-546
TOTAL EXPENSES	-283	-1,925
NET INCOME	225,538	10,857
CHANGES IN TOTAL CAPITAL		
SEK	2019-2020	2018-2019
Capital at year open	1,094,118	1,083,262
Inflow / outflow SASSE	-	-
Net income	225,538	10,857
Capital at year end	1,319,657	1,094,118

Comments

- The income statement specifies changes in two different items under "Cumulative return" on the balance sheet, i.e. the cumulative return on the balance sheet is determined by the first two line items in the income statement
- Income tax, if any, is a SASSE matter and is ignored here
- FX spread is about 0.25% and is subject to a loss in terms of value change and is not a separate item

Solid financial position strengthened by high portfolio returns

Overview of balance sheet with a breakdown based on three different capital bases

SEK	2020-06-30			2019-06-30
	Investments	Assets	Total	Total
Assets				
Fixed assets	-	-	-	-
Listed public equity	881,433	881,433	881,433	232,529
Bonds	70,849	70,849	70,849	62,673
Cash, currencies and commitments				
Cash and equivalents		67,375	67,375	198,916
SASSE receivable commitment			300,000	600,000
TOTAL	952,282	1,019,657	1,319,657	1,094,118
Financing				
SASSE allocations and commitments				
Allocations	732,625	800,000	800,000	500,000
Commitments			300,000	600,000
Cumulative result				
Cumulative return on invested capital	221,624	221,624	221,624	-4,197
Cumulative transaction costs	-1,967	-1,967	-1,967	-1,684
TOTAL EQUITY AND LIABILITIES	952,282	1,019,657	1,319,657	1,094,118

Comments

- The balance sheet is not developed according to any legal standard. The design is deemed to be the most useful to the reader
- The total base includes investments, non-investment assets and receivable commitments. This might be the best method to judge the size of the fund. The assets base excludes receivable commitments, and gives a better picture of SSIF's assets as a part of SASSE, as unpaid commitments from SASSE are in other SASSE accounts. Additionally, commitments can be withdrawn effective immediately. The investments base is invested capital and excludes cash, equivalents and receivables
- Investments have been adjusted to market value. Close prices have been used at or before 2020-06-30 for both the securities themselves, but also for conversion from traded currency to SEK
- The fund does not keep any fixed assets
- A SASSE commitment of SEK 300,000 was allocated during the year, increasing assets under management

Note: SSIF reserves itself for programmatical, computational and human errors. Refer to SASSE's financial reporting for audited accounts and reporting according to Swedish law. See the disclaimer in the beginning of this report.

No third-party claims on the fund

Overview of claims on the fund

SEK	2020-06-30
SASSE commitments	300,000
Immediate SASSE claims	300,000
Total assets minus SASSE commitments	1,019,657
Long-term SASSE claims	1,319,657
Less invested capital	952,282
Short-term SASSE claims	367,375

Comments

- There are no third-party claims on the fund – these type of claims to the fund are constitutionally disallowed
- At the moment, SSIF is not allowed to raise endowments from third-parties and have not done so. SSIF may raise endowments from third-parties when allowed by the Student Association Council
- SASSE's option to claim back funds from the fund are regulated by the Constitution
- Short-term claims are to be paid within 50 days and long-term claims within 6 months

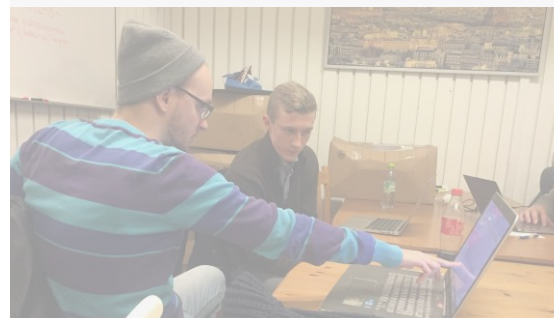
Table of contents

END OF YEAR REPORT

- I. President's message – the year in review
- II. Operational overview
- III. Portfolio overview
- IV. Financial position
- V. Key performance metrics**
- VI. President's message – the upcoming year

APPENDIX

- The Fund within SASSE
- Structure of the Fund
- Previous Presidiums throughout the years



Majority of financial and operational targets achieved

Overview of long-term key performance targets

Category	Target	Outcome 2019-2020	Comments
Portfolio return	>Benchmark Index	24 p.p. above index return	The Fund targets a portfolio return that consistently outperforms the selected benchmark index (OMXS30GI). This is in order to ensure the Fund does not only contribute to SASSE with learning and career opportunities, but also with an improved financial position. The Fund's performance for the year vastly outperformed the benchmark index
Number of events	>5	7	The Fund aims to offer opportunities for the Fund's member to get to know each other, develop their finance interest and meet potential future employers. The number of events organised is an indication of the Fund's performance when it comes to this aim. Despite the ongoing COVID-19 situation cancelling all plans for events during the end of the year, the target of more than 5 events per year was met
Sponsorship revenue	>60,000	64,000	Being part of SASSE, the Fund aims to have strong corporate partnerships that can provide not only investment advice, but also financial support. The Fund's sponsorship revenue target is set by SASSE in the yearly budget. This year's sponsorship revenue was slightly higher than budgeted
Number of members	>50	~100	In order to maintain a strong brand awareness, spread knowledge and generate as high interest in finance as possible within the student body, the Fund targets a high number of members. Following a strong recruitment period with a record number of applicants to the analyst position, this year's target was achieved
Gender diversity	50%	20%	The long-term target of SSIF is to reach a level of gender diversity proportional to the diversity within the student body as a whole – ideally a 50/50 split between men and women. The share of women being 18% for the 2019-2020 year is far below target, yet is a slight improvement over previous years, demonstrating that progress is slowly being made in this area as well



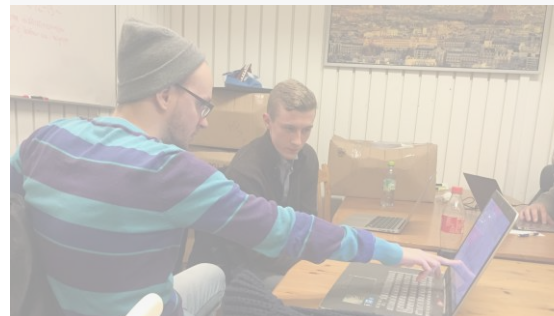
Table of contents

END OF YEAR REPORT

- I. President's message – the year in review
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- V. Key performance metrics
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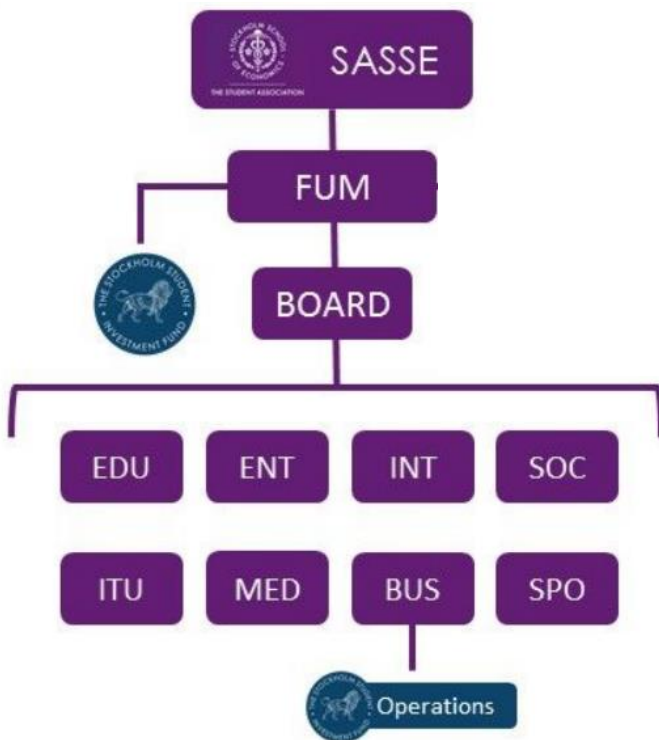
APPENDIX

- The Fund within SASSE
- Structure of the Fund
- Previous Presidiums throughout the years



The Fund within SASSE

SSIF and its operations in relation to SASSE

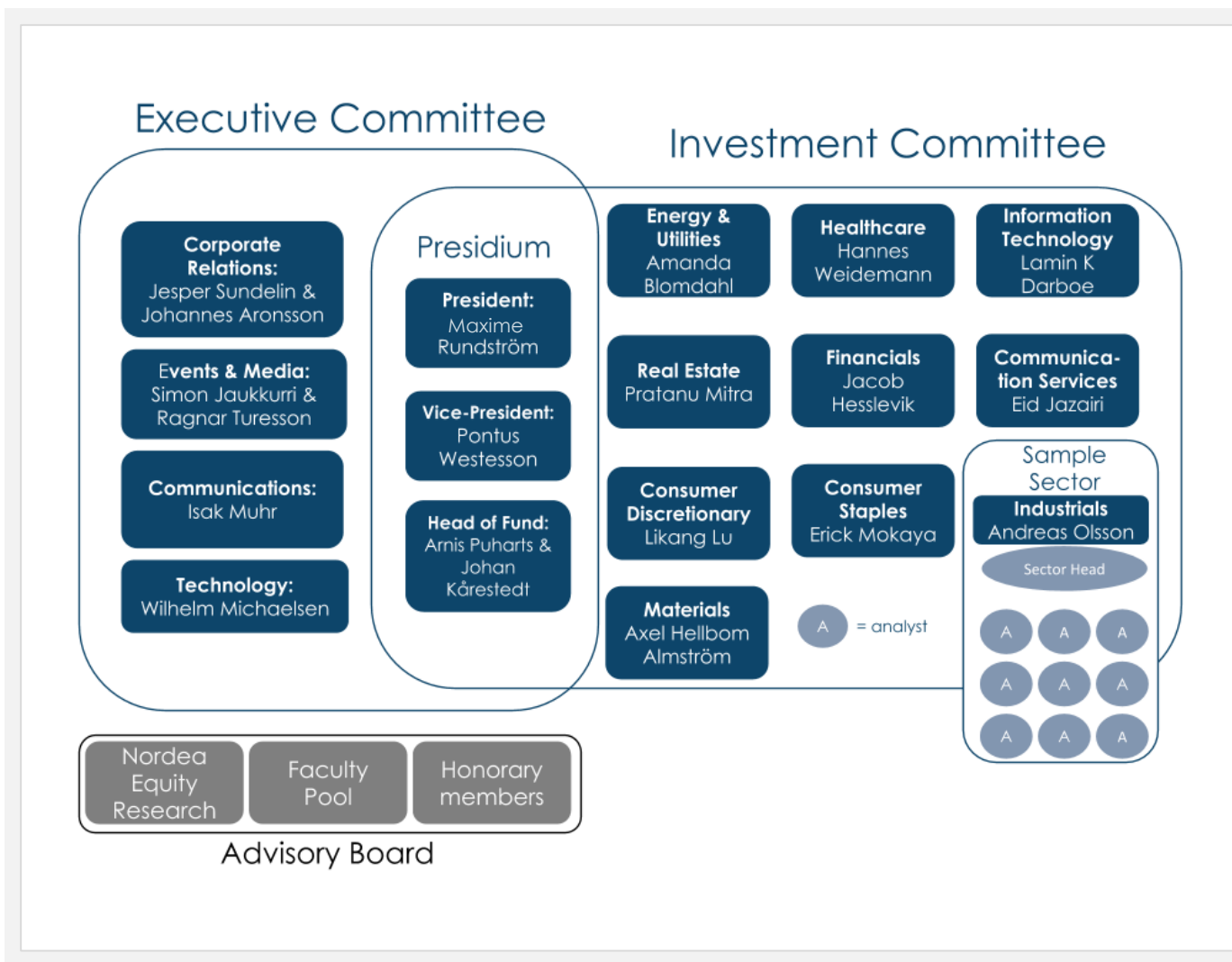


Comments

- The investment branch is organized as an authorized association directly under the Student Council (SAC) of SASSE, while the operational branch resides under the Business Committee (NU)
- The current structure enables for the integrity of the independence of the investment branch while the operational branch will be able to work in unison with the Business Committee regarding corporate relations, sponsorships, budgeting and other day-to-day activities

Structure of the Fund

Internal structure of the fund 2019-2020 organised by committee



Comments

Executive Committee

- Responsible for the day-to-day activities of the fund and making sure it operates smoothly
- Oversees all external relations, whether with SSE, media, or companies

Investment Committee

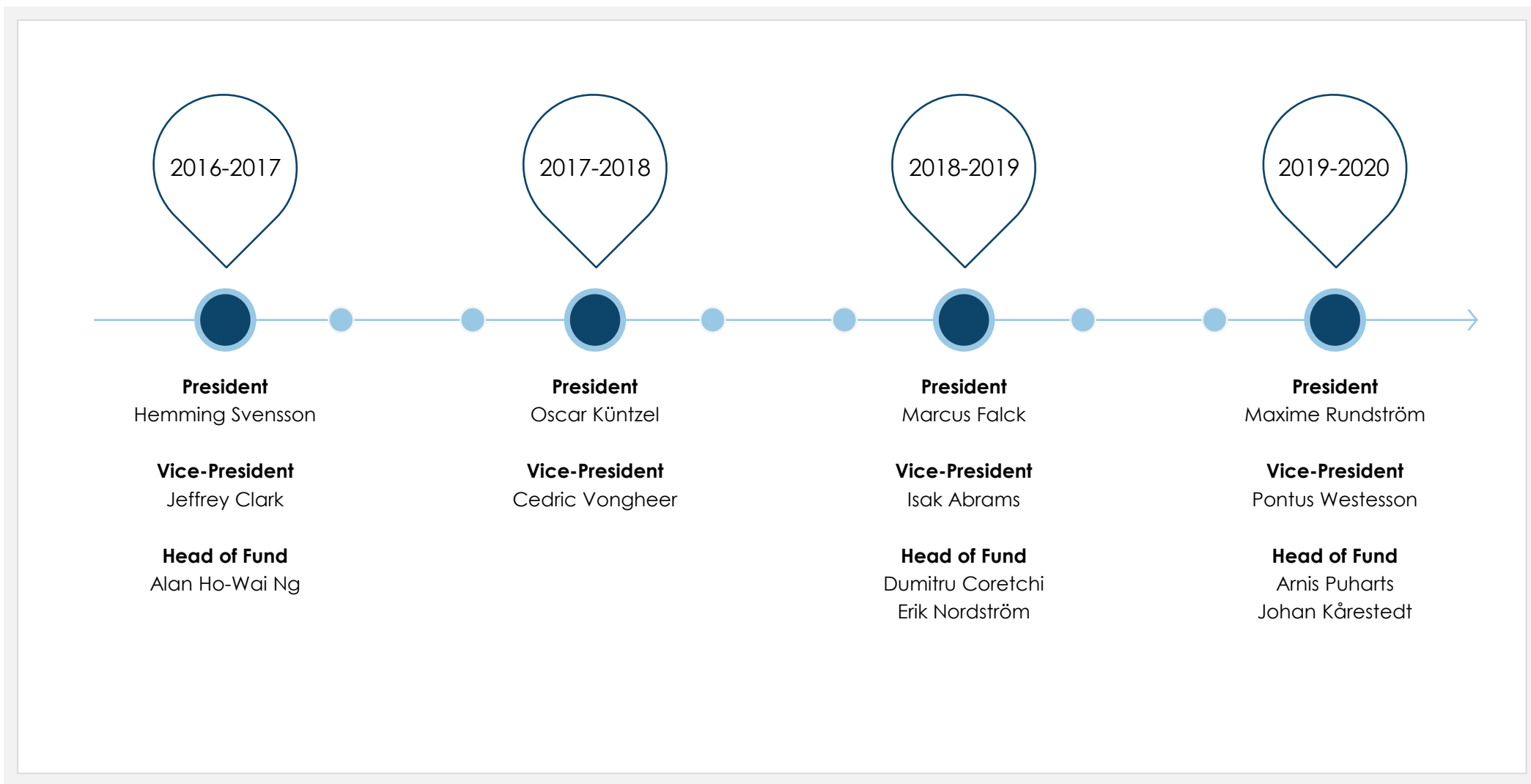
- Responsible for the asset allocation strategy and any and all investment decisions for the Fund

Sector

- Sectors are divided into 10 industries
- Sector Heads are responsible for analysis of public equities within their industry and preparing reports and pitching material of their stock(s)

Previous Presidiums throughout the years

Past Presidiums since foundation (2016-2020)





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