symmetry
Investering i balance

Symmetry Invest
Østre Allé 102, 9000 Aalborg
www.symmetry.dk



Newsletter

H1 2023

The purpose of this Newsletter

Every month, Symmetry sends out a portfolio update to the shareholders. In them, we report the last month's return, news regarding our investments, and much more. In addition, we send out write-ups and a yearly investor letter analyzing our biggest positions. This newsletter will not replace our copy of the above-mentioned activities, since they are issued exclusively to Symmetry's shareholders. The free newsletter will therefore to a very limited extent be able to reflect on individual holdings, as this is reserved for our shareholders. Instead, this newsletter will touch upon general trends and developments in the markets and explain how Symmetry navigates them.

The newsletter will from time to time discuss specific stocks in which Symmetry could have a long or short position in, or no position at all, but an interest in.

The newsletter aims to increase awareness of Symmetry for all our stakeholders, including current investors, potential investors, and others who follow the stock market. Symmetry will continuously describe our strategy and make it as easy to understand as possible for readers.

We will, among other things, include quotes from well-known value investors and substantiate claims with graphs and other material that can be used to support our point.

We hope that as many people as possible will find the material useful and easy to read and that it will help sign up new people to the newsletter to follow us.

Disclaimer:

The newsletter is written and published by Symmetry Invest A / S. The newsletter contains Symmetry's own opinions, assumptions, and viewpoints. Symmetry does not guarantee the accuracy of the newsletter content.

Stocks commented on in the newsletter should not be construed as a buy, hold, or sell recommendation of the stock in question. Symmetry is a registered manager of alternative investment associations (FAIF) with the Danish Financial Supervisory Authority. Symmetry is NOT a registered/authorized investment advisor and on this basis does not provide any recommendations on specific shares. The newsletter exclusively describes Symmetry's viewpoints on the market and individual shares.

Under no circumstances is Symmetry liable for losses due to investments based on the use of the newsletter. Symmetry will, in some cases, owns shares in companies mentioned in the newsletter. Symmetry reserves the right to buy or sell shares in companies mentioned without further notice.

Our opinion or price target for shares may be changed on an ongoing basis after the publication of the newsletter. We are not obliged to provide updates on them.

Investing in shares is associated with high risk, and it is therefore always recommended to consult a competent financial adviser beforehand. Images and other material used in the newsletter are copyrighted and may not be redistributed

In the newsletter we mention "us", implying Symmetry, and sometimes "I", implying Andreas Aaen.

Newsletter

Table: Historical return in percentages

The table shows historical returns and the funds net exposure since its foundation in 2013

%	Jan	Feb	Mar	Apr	Maj	Jun	Jul	Aug	Sep	Okt	Nov	Dec	FYTD	Avg. Net Exposure
2013						8,1			7,9			15,0	34,1	N/A
2014			3,2			10,2			2,8			17,0	36,8	N/A
2015			6,8			23,2			-13,3			5,7	20,5	76,0
2016			1,3			10,6			3,5			3,4	19,9	44,3
2017	6,2	3,2	0,7	4,0	5,1	-2,7	1,1	-2,7	0,6	3,3	-2,1	-0,7	16,8	46,5
2018	1,9	-4,5	-4,4	0,8	-0,8	-5,9	-4,5	-1,8	-0,9	-12,8	1,9	0,3	-27,7	75,2
2019	7,3	6,4	4,5	4,5	-2,4	6,3	0,5	-7,1	5,8	0,3	10,0	2,5	44,4	73,3
2020	2,0	-4,1	-37,2	22,6	14,5	10,1	1,2	9,0	-0,2	1,8	17,1	12,9	40,4	74,9
2021	9,0	8,3	8,0	5,0	0,1	-0,5	2,2	4,8	-2,7	3,9	-5,4	0,9	37,8	75,6
2022	2,0	-6,0	-2,3	-7,0	-1,0	-3,7	3,5	0,0	-7,9	8,2	-0,1	-2,3	-16,4	77,7
2023	4,4	5,1	-6,6	0,0	2,6	-2,2							2,8	84,7

As always, returns and portfolio updates are sent to shareholders on a monthly basis through the website.

Table: Performance compared to MSCI ACWI

Below is our long-term and short-term performance compared to MSCI EU SmallCap

	2023	Total	IRR
Symmetry	2,8%	437%	17,7%
MSCI EU SMallcap	3,7%	88%	6,2%

2023 has so far been a quite frustrating year for us. While our returns are in line with our benchmarks – our goal is of course to deliver even better. We can't be satisfied with just being average – and our investors does not pay us to be so. But we are also fully self-aware that investing is often about taking a "short-term-pain" to achieve "long-term-gain". We are often contrarian when we invest in new and often declining stocks. And these declines often continue after we have bought until they don't. And the market we mostly operate within, European Small- and Midcap stocks is not where the money have flown so far in 2023. So, despite our low return, we are in line with our benchmark. Investors have so far in 2023 chased everything related to technology, especially large-cap tech and AI related names. This reminds of the period when everyone had to own Crypto, Blockchain and web 3.0 related stocks. Or when everyone had to own

meme-stocks and SPAC's. Our job at Symmetry is not to predict the next "thing" and ride a bubble. We invest in defensive and sometime boring stocks that we know will outperform over time, even if they are not sexy enough to catch a bull-wave over shorter periods of time.

One of the best books I read the last 6 months (and probably the best sport-biography ever) is definitely Andre Agassi's "Open". It gives the readers an honest and direct view into Agassi's mind, feelings and emotions in concrete situations and periods during his career and life in general. There are especially two things I took away from reading the book:

Learning to live with fear:

One of the things that fascinates me the most with books like "Open" is how different personalities can find their way through difficult situations and still go to the top. This can be both within business, sports or other areas in life. There is nothing more fascinating than people that have grown up in hardship and been through difficult periods and still ends up winning. One of the reasons I have this fascination is probably also because my own life has been totally opposite. I am grown up in an upper middle-class family with devoted and loving parents. My best friend's today are guys I become friends with in ground school at age 4-5. I have never experienced critical disease in my "close family". I met my fantastic wife 11 years ago and have been happily married the last 7 years. I have 3 healthy children and my investment firm have basically gone from strength to strength since I started it 10 years ago.

But this is also in many ways extremely frightening. One of the main points from the many biographies I have read is how going through hardship have made people much stronger. How fighting through tuff periods during life have created a stamina and conviction to overcome it later on. While it of course was hard to build Symmetry while creating a good life around me at the same time, it was more like a hard Marathon to work through, and not a "near-dead-experience" that I had to overcome and fight my way out of. But this in many ways also creates a fear on how to deal with hard situations if and when they arrive in the future. What if my wife suddenly left me? Or Symmetry starts to deliver badly and investors leaving us. Or God forbid it, my children where to become sick? How can I handle this?

One of the best things I have learned from my dad, and the thing I am most impressed of with him, is how he has handled his "work-life-family" balance during his life. He is now +60 years old and can look back on a succesfull life. He had great success as a business man, he has been an amazing father (barely missed any handball games the first 15 years of my life) and he is

constantly around good friends and family. But I have also come to learn that its not something that just happens, but something to create with the decisions you make. I remember an episode where my father was just promoted to the boss of one of the biggest accounting offices in Denmark. Just to resign only 3-6 months later and move to a smaller accounting firm with less pay but higher freedom and balance. I was only 16 years old then and probably couldn't understand the logic. But today at 33 and father to 3 I can only admire it even more. And thats probably the solution to "live-with-fear". You have to build a life where you are not depending on just one thing to keep it apart. To be both a good father, husband and businessman at the same time. The more legs a chair has to support it, the more likely it is to keep during maintaince even if one of the legs breaks down.

And how is this relevant for what this newsletter is all about – ie. investing? It reminds me and helps me around how to structure a portfolio. If one is to concentrated, you simply end up with only a few stocks defining you as an investor. Instead of becoming a good investor, one ends up just becoming a synonym with a few stocks – in good and bad. You have to own a portfolio that can support you and deliver for you even if one leg breaks down.

Retreat to attack:

Another important thing i took away from reading the book was Agassi's ability to take a step back, only to come back later much stronger. This happened in individual tennis matches – where under pressure, he would stop going after "winners" and instead playing safer balls, to get opponents to run more and only later try to go for the win when he felt he had the advantage. But it was not only in individual matches this tactic was usefull. Several times in his career Agassi took "pauses". Periods where things didn't work for him and where he wasn't in great mental or physical shape. Instead of continuing on the ATP-tour, he would often pull out for 3-6 months and retreat to the base. Here he would first work in his mental and emotional wellbeing, spend time with friends and advisors and focus on why the mental wellbeing was lost. When that was solved, he would focus on getting back in the best physical condition through hard training session and nutritional focus. Only after this, he would return to the tennis court, often in a much stronger condition.

There are many learnings from this we as investors can use in our daily lives. Some things I was already aware of, others have been a renewed focus after reading the book. As mentioned in earlier newsletters (Q2 2020, H1 2021 and H2 2022) I have always had a focus on physical and mental wellbeing, but there will always be periods where you are just not "in-the-zone". High stock

Data er ej reviderede tal og kan derfor være behæftet med usikkerhed. Tallene stammer fra udtræk fra Symmetrys depotbanker mv. og det er vores bedste overbevisning at de repræsenterer faktuelt korrekte tal. Afkastdata og indre værdi revideres en gang årligt af selskabets revisor ultimo året.

returns are often a factor of being able to take complex things and making them simple. An ability to focus on numbers, qualitative factors, to analyze external factors, read the market sentiment and maintain the ability to act rational at all times. Most times I feel I am “in-the-zone”. I can manage big numbers in spread-sheets, focus and analyze on interviews with managements and experts and read the sentiment in the market and use it to my advantage. But some days you just don’t have it. You can come into the office, look at the screen and the numbers does not make sense. You can be in meetings without really listening. One of the things I have tried to be aware of after reading “Open” is to read my own “state-of-mind” and act accordingly. When Agassi wasn’t “ready” he lost his Tennis matches. In investing you have the advantage of doing nothing. That is often the smartest over periods of time. So, what does I do when I am not “in-the-zone”? I take a step back. Firstly, I de-gross the portfolio and sell 3-5 of the lowest conviction investments. After that I find a great book that I spend a whole day reading while eating junk-food and just mentally reload. This can often be used in combination with seeing a performance coach. Hereafter I take 2-3 days with excessive focus on health and nutrition including a lot of exercise. Often this is all it takes to get back on track to find investments that can beat the market. Some people would have a hard time taking “2-3 days off” to focus on physical and mental wellbeing. But the fact is, you are not taking a vacation here. You are training yourselves to be able to deliver great results. And even with 2-3 days “off” a few times a year you still end up with 50-70 hour working weeks on average during a year. And in the end, investors care about returns. They would rather have a 15 % return from someone working 10 hours per week than a 5 % return from someone working 5 hours per week.

Market update – staying the course:

In many ways 2023 has continued as business as usual for us. And that’s normally a good thing. While our specific investing style has not been favored recently (European small-cap value stocks) we know it has worked over time. When we manage to take a step back and look past short term macro issues (and focus on the big picture) and focus on stock-picking we often do well. While we went into 2023 with an attractive portfolio and good ideas this already turned in January/February as the market moved up fast. We those trimmed/exited some stocks and added a lot of shorts. That was not a result of some macro call, but especially where we found the best investment ideas. During June this turned again. We now find a lot of good ideas on both the long and short side. Some of them is existing ideas I have already written about a lot in these newsletters. Some are new ideas. One identifier with these ideas is that they are often in defensive and boring sectors. As our portfolio have recently tilted towards defensive stocks with low P/E values and high dividend

yields, this also makes us comfortable with a net exposure around the top end of our normal 60-80 % range. While our portfolio probably won't explode with 40-50 % annually like in 2019-2021 we currently find the downside limited and is comfortable that we can deliver on our goal of +15 %

Why share so much about myself?

I sometimes get the question why I share so much about myself in these newsletters. Personal stuff around how I work, structure my daily life and act as a person and as an investor. Why not just write about individual stock ideas and share some ideas? Because in the end its structure and methodology that creates results. If people want stock tips, they can find them everywhere on the internet. SumZero, Seeking Alpha and Twitter etc. is filled with stock ideas. The problem is, you can steal other people's ideas, but you can't steal their conviction. If you invest based on stock tips, you are a renter not an owner of the idea. The only way to beat the market over time is to develop the capabilities to do so. Find a strategy that works and build structure and focus around it. It's never the same stuff that works for every person. And that's the essence of sharing things in my newsletters. To describe detailed what works for me as an investor and person, and hopefully this way it can give inspiration to other people around how to do it themselves.