

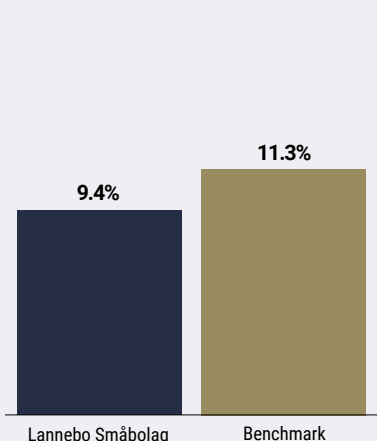
# Lannebo Småbolag

Swedish-registered equity fund, SEK  
Monthly report November 2020

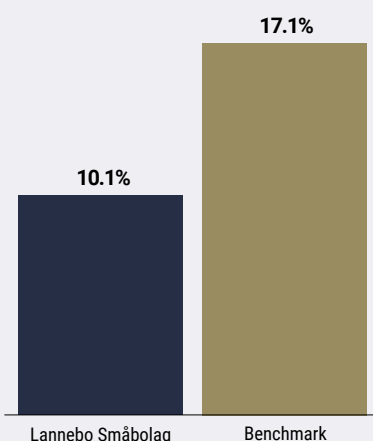
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

|          |          |          |          |          |          |          |          |          |          |                 |          |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------|----------|
| Jan 2020 | Feb 2020 | Mar 2020 | Apr 2020 | May 2020 | Jun 2020 | Jul 2020 | Aug 2020 | Sep 2020 | Oct 2020 | <b>Nov 2020</b> | Dec 2020 |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------|----------|

## Monthly performance



## Performance YTD



Johan Ståhl & Hjalmar Ek

## Performance

| Performance, %                  | Lannebo Småbolag | Benchmark |
|---------------------------------|------------------|-----------|
| November 2020                   | 9.4              | 11.3      |
| Year 2020                       | 10.1             | 17.1      |
| 3 years                         | 52.3             | 68.0      |
| 5 years                         | 89.8             | 102.3     |
| 10 years                        | 337.7            | 377.7     |
| Since launch (08/04/00)         | 1,610.0          | 1,172.5   |
| Average annual return 24 months | 21.4             | 25.8      |
| 2019 <sup>1</sup>               | 40.4             | 43.2      |
| 2018 <sup>1</sup>               | -1.7             | -0.2      |
| 2017 <sup>1</sup>               | 12.7             | 8.8       |
| 2016 <sup>1</sup>               | 9.7              | 12.2      |
| 2015 <sup>1</sup>               | 30.7             | 30.1      |

<sup>1</sup> The performance is based on closing prices.

## The stock market gets a boost from vaccine news

Nordnet and Borregaard new holdings.

During November, several pharmaceutical companies presented strong phase 3 data for their vaccine candidates. This, in turn, led to a certain recovery for hard-hit companies in, for example, the travel industry. Several shares that were previously considered winners of the pandemic were traded down, where several quickly recovered. After an initial increase in interest rates following the vaccine announcements, interest rates fell back and were basically unchanged during the month. We will now enter a period of waiting for the vaccination in the hope that 2021 will be a more normal year.

During the month, several of the fund's holdings hosted capital market days. NCC and Intrum presented, for the most part, updates and changed financial targets. Media company NENT's CMD, however, was filled with announcements. NENT, which, among others, owns Viaplay, launched an ambitious international growth strategy with the goal of having six million Viaplay subscribers in the Nordic region by 2025 and another 4.5 million subscribers outside the Nordic region. In the first stage, the company will enter new markets, which include the Baltic countries and Poland. We assess the shares are attractively valued if NENT comes close to

## Monthly performance, %

| Jan  | Feb  | Mar   | Apr  | May | Jun |
|------|------|-------|------|-----|-----|
| -0.9 | -9.8 | -20.7 | 14.1 | 9.3 | 0.6 |
| Jul  | Aug  | Sep   | Oct  | Nov | Dec |
| 9.1  | 6.9  | 6.2   | -8.6 | 9.4 |     |

achieving these new targets. The NENT shares increased by over 30 per cent.

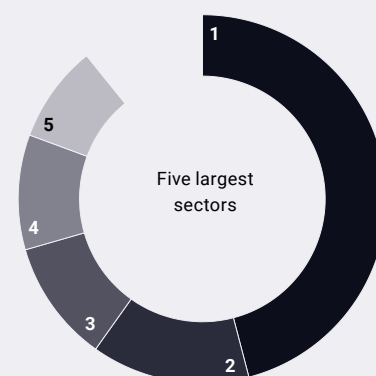
In November, Johan Ståhl together with Lannebo's sustainability manager Maria Nordqvist, held a meeting with Addtech to discuss sustainability. They met with the company's CEO, Niklas Stenberg, and Lena Ekbohm, who has been responsible for sustainability at Addtech since October 1, 2020. Addtech consists of 130 independent subsidiaries, and our focus was on understanding how Addtech implements sustainability across the organisation. According to Niklas Stenberg, the most important thing is to ensure the companies realize the business benefits of sustainability and that sustainability drives profitability. Education is central to this point and Lena Ekbohm will carry out six separate sustainability training sessions with all 130 CFOs. Furthermore, in 2019 Addtech updated its sustainability goals where one ambitious goal is that by 2030 100 per cent of sales, compared to the current 40 per cent, are attributable to products that contribute to a sustainable development. In our opinion, this affects the future acquisition strategy. In addition, Addtech has the ambition that 40 per cent of employees in leading positions will be women, compared to the current 14 per cent. In order for Addtech to be perceived as a modern employer, gender equality is an employment requirement for both women and men. A summation of our meeting is that Addtech takes sustainability topics very seriously and that Lena Ekbohm has made a fresh start with training initiatives and increased reporting to support subsidiaries. During 2020 Lannebo conducted more than 25 dedicated sustainability meetings with the companies, including the Addtech meeting.

During the month, the fund participated in the IPO of the savings platform Nordnet. The company differs from the competitor Avanza (present in Sweden only) through its operations across all Nordic countries. Following extensive IT investments, we believe that Nordnet is well positioned to continue to gain market share in the growing Nordic savings market. Nordnet's customer intake consists to a large extent of younger people, who stay with Nordnet and build a larger savings capital over time, which provides Nordnet an attractive return in relation to customer acquisition costs.

During the second half of the year, we progressively bought shares in Norwegian Borregaard. Simply put, Borregaard operates biorefineries, where raw materials in the form of wood are converted into a variety of ingredients used in production processes in a range of industries. An important product is lignin, which is used, among other things, as a binder in cement. Many of Borregaard's products replace fossil-based alternatives, which contributes to a sustainable transformation and raises interest in its products. The company has been in a significant investment phase, which has, for the most part, reached its end. We believe Borregaard has a successful specialisation strategy and potential to significantly increase profits.

Nolato's share price did not quite keep up with the general stock market recovery in November. We continued to increase our holding and, at the time of writing this report, the company was the fund's third largest holding. The holding in the fertility company Vitrolife was reduced for valuation reasons, while the position in Intrum was further reduced. During the month, Finnish Huhtamäki was also marginally reduced.

## Sector allocation



| #    | Sector                 | % of the fund |
|------|------------------------|---------------|
| 1.   | Industrials            | 44.6          |
| 2.   | Health care            | 13.5          |
| 3.   | Consumer discretionary | 10.4          |
| 4.   | Materials              | 9.8           |
| 5.   | Real estate            | 8.3           |
| 6.   | Information technology | 4.9           |
| 7.   | Communication services | 3.8           |
| 8.   | Financials             | 1.8           |
| Cash |                        | 3.0           |

## 10 largest holdings

| Holding                          | % of the fund |
|----------------------------------|---------------|
| Securitas B                      | 5.4           |
| Trelleborg B                     | 5.0           |
| Nolato B                         | 4.8           |
| Addtech B                        | 4.4           |
| Huhtamäki                        | 4.2           |
| Castellum                        | 3.8           |
| Bravida                          | 3.5           |
| Husqvarna                        | 3.1           |
| Hexpol B                         | 3.0           |
| Lindab                           | 3.0           |
| <b>Total 10 largest holdings</b> | <b>40.2</b>   |
| Cash                             | 3.0           |
| Total number of holdings         | 54            |

## Major changes during the month

### Buy

Nordnet  
Borregaard  
Nolato

### Sell

Vitrolife  
Intrum  
Huhtamäki

## Risk and reward profile

|            |   |   |   |   |             |   |
|------------|---|---|---|---|-------------|---|
| Lower risk |   |   |   |   | Higher risk |   |
| 1          | 2 | 3 | 4 | 5 | 6           | 7 |

## Financial ratios

|                                     | Lannebo Småbolag | Benchmark |
|-------------------------------------|------------------|-----------|
| Sharpe ratio                        | 0.9              | 1.1       |
| Total risk (%)                      | 26.2             | 23.4      |
| Tracking error                      | 5.8              |           |
| Information ratio                   | -0.7             |           |
| Alpha                               | -0.5             |           |
| Beta                                | 1.1              |           |
| Active share (%)                    | 67               |           |
| Portfolio turnover ratio (06/30/20) | 0.3              |           |

## Fund facts

|                           |                                     |
|---------------------------|-------------------------------------|
| Fund manager              | <b>Johan Ståhl &amp; Hjalmar Ek</b> |
| Launch date               | <b>08/04/00</b>                     |
| NAV per unit (SEK)        | <b>140.87</b>                       |
| Fund size (SEKm)          | <b>29,836</b>                       |
| Management fee (%)        | <b>1.6</b>                          |
| Bankgiro                  | <b>5563-4620</b>                    |
| ISIN                      | <b>SE0000740698</b>                 |
| Trading frequency         | <b>Daily</b>                        |
| Minimum investment amount | <b>SEK 100</b>                      |
| PPM number                | <b>842 690</b>                      |
| Supervisory authority     | <b>Finansinspektionen</b>           |
| LEI                       | <b>549300JC5787N3394631</b>         |

## Risk information

Past returns are no guarantee of future returns. The money invested in the fund may increase or decrease in value and it is not certain that you will get back all the capital you have invested. The key investor information document and prospectus can be found at [lannebo.se/en](http://lannebo.se/en). Please note that Lannebo does not produce investment recommendations or other information recommending or suggesting an investment strategy. Information in this monthly report should not be seen as anything other than a statement of the fund's trading activities and holdings.

## The fund is suitable for those who

- Want to invest in small and medium-sized companies listed on the Swedish and other Nordic stock markets.
- Want an actively managed fund with investments based on a clear understanding of each individual company.

## The fund's investment policy

Lannebo Småbolag is an actively managed equity fund that invests in small and medium sized enterprises listed in the Nordic region, primarily in Sweden. The fund invests in companies with a market capitalisation amounting to a maximum of 1 per cent of the total Swedish market capitalisation. At the end of the mid-year 2020, this meant a market capitalisation of around EUR 7.3 billion.

## Explanations

**Benchmark** Carnegie Small Cap Sweden Return Index. The unit price of the fund is set before the price of the index is calculated. This can sometimes result in a misleading comparison between the two.

**Sharpe ratio** Sharpe ratio is a measure of active risk in a fund. Calculated as the ratio of the fund's excess return above the risk-free rate of return and the fund's total risk.

**Total risk** Given as the standard deviation of variations in the total return of the fund or index.

**Tracking error** Tracking error is a measure of active risk in a fund. Calculated as the standard deviation of the difference between the return of the fund and its benchmark.

**Information ratio** A measure of risk-adjusted return. This is measured as the active return divided by the portfolio's active risk.

**Alpha** Describes the effect of the portfolio manager's decisions on the return of the fund. A positive alpha value is the risk-adjusted excess return relative to the return of the benchmark.

**Beta** Beta is a measure of a fund's sensitivity to market movements. The beta value reports how much the fund's value changes in percentage terms when the market's value changes by one percentage point.

**Active share** A measure of the proportion of the portfolio that differ from the benchmark.

All financial ratios are calculated according to guidelines of the Swedish Investment Fund Association.

