

# Lannebo Sverige

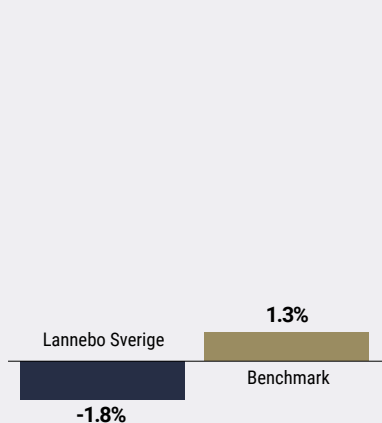
Swedish-registered equity fund

Monthly report December 2020

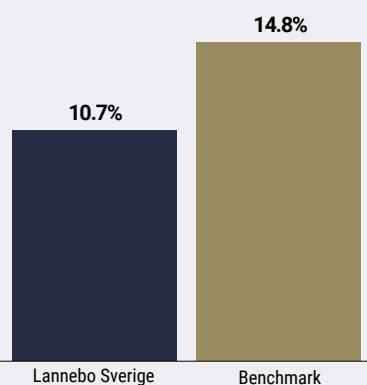
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	<b>Dec 2020</b>
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## Monthly performance



## Performance YTD



Martin Wallin & Robin Nestor

## Performance

Performance, %	Lannebo Sverige	Benchmark
December 2020	-1.8	1.3
Year-to-date 2020	10.7	14.8
3 years	33.2	48.1
5 years	59.5	77.8
10 years	154.2	193.8
Since launch (08/04/00)	515.9	410.3
Average annual return 24 months	16.1	24.5
2019 <sup>1</sup>	21.9	35.0
2018 <sup>1</sup>	-1.2	-4.4
2017 <sup>1</sup>	7.4	9.5
2016 <sup>1</sup>	11.0	9.6
2015 <sup>1</sup>	13.0	10.5

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

## New restrictions pressures fractions of the stock market

Increasing pulp prices benefit forest companies.

The Stockholm Stock Exchange ended the last trading month of the year on a positive note with an increase of 1 per cent – which meant 2020, a volatile market year, closed with a positive development of nearly 15 per cent. The market was cautious at the beginning of December following the stock market rotation in November.

However, as the month went on the market rotated back in favor of highly valued growth stocks. Brexit negotiations will likely continue even if an agreement has been signed and, in all probability, approved by both parties' various governing bodies. The fact that the agreement implies that virtually all trade is duty- and quota-free is positive for Swedish companies. Even though it has taken significant time and effort to work through the infamous Article 50, the British seem to have a favorable agreement in place with good access to the EU yet with more independence. It will be interesting to see if it leads to a new exit coming years.

As general demand continues at a good level, more and more supply deficits are emerging in various parts of the economy. Most raw material costs are increasing, where the price of steel and silver rose during December. It will be more expensive for manufacturing

## Monthly performance,%

Jan	Feb	Mar	Apr	May	Jun
0.8	-8.6	-16.4	13.8	4.9	0.7
Jul	Aug	Sep	Oct	Nov	Dec
4.7	5.4	2.2	-6.2	14.9	-1.8

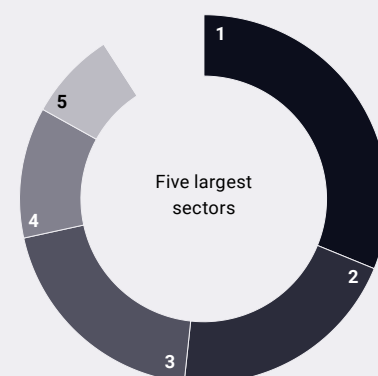
companies when hedge- and future contracts roll next year, even though most companies we have spoken with explain they are trying to compensate through increased pricing. We see this as a classic sign of inflation that begins far down the value chain, and then reaches consumers that currently seem to have both a strong will- and power to buy thanks to fiscal stimulus.

The US ten-year interest rate is still on a positive trajectory approaching 1.0 per cent, while the Swedish equivalent has traded in negative territory since the end of February. The Swedish krona has strengthened against the US dollar, Euro and UK Pound and is now at three-year highs.

Stora Enso and Billerud Korsnäs developed better than the market as a whole, increasing 14 and 5 per cent respectively. The recent pulp price increase has been favorable for Stora Enso. The company is net seller of pulp, where approximately 20 per cent of the 2021 profit is expected to arise from sales of pine and spruce pulp. Stora Enso sold a 5,200 hectares forest holding in Halland for SEK 940 million. The company motivated the sale in that the forest was remote from their other forest holdings and therefore limited economies of scale. However, the price may be considered very favorable and should clearly have been decisive for the decision. The positive demand development for cartons and price increases within Kraftliner has been beneficial for Billerud Korsnäs.

Nordea and Electrolux developed poorly, decreasing 8 and 7 per cent respectively. Both the ECB and the Swedish Financial Supervisory Authority announced new guidelines regarding bank dividends in their respective geographies. The ECB, which has a number of problem banks under its belt in southern Europe, was more restrictive and drastically limited dividend opportunities until September 2021. This affected Nordea that since 2018, via Finland, is a member of the European Banking Union. We consider this year's provisions as largely preliminary and previous profits remain on the balance sheet for possible dividends during the end of 2021 or the beginning of 2022. Electrolux has substantial exposure in its production to the raw materials steel and plastics, which has affected the share price in line with these rising costs. The gross effect of large changes in raw material costs can affect profits by billions. However, the company can offset an excessive impact by adjusting product pricing, working with its product mix and marketing.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	30.4
2.	Consumer discretionary	20.0
3.	Financials	19.4
4.	Information technology	11.2
5.	Materials	7.6
6.	Health care	5.0
7.	Communication services	3.9
	Cash	2.5

## 10 largest holdings

Holding	% of the fund
Volvo B	6.4
Ericsson B	6.0
H&M B	5.9
Trelleborg B	5.7
SEB A	5.5
Nordea	5.3
Swedbank A	4.8
SKF B	4.5
Nokia SEK	4.3
Electrolux B	4.1
<b>Total 10 largest holdings</b>	<b>52.6</b>
Cash	2.5
Total number of holdings	29

## Major changes during the month

### Buy

Volvo  
Boliden  
Tele2

### Sell

ABB  
Swedbank  
Stora Enso

## Risk and reward profile

Lower risk					Higher risk	
1	2	3	4	5	6	7

## Financial ratios

	Lannebo Sverige	Benchmark
Sharpe ratio	0.8	1.3
Total risk (%)	23.7	19.3
Tracking error	7.0	
Information ratio	-1.2	
Alpha	-0.9	
Beta	1.2	
Active share	73	
Portfolio turnover ratio (12/31/20)	1.6	

## Fund facts

Fund manager	<b>Martin Wallin &amp; Robin Nestor</b>
Launch date	<b>08/04/00</b>
NAV per unit (SEK)	<b>46.36</b>
Fund size (SEKm)	<b>2,822</b>
Management fee (%)	<b>1.6</b>
Bankgiro	<b>5563-4604</b>
ISIN	<b>SE0000740680</b>
Trading frequency	<b>Daily</b>
Minimum investment amount	<b>SEK 100</b>
PPM number	<b>806 869</b>
Supervisory authority	<b>Finansinspektionen</b>
LEI	<b>549300GJSC541WIWX079</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 take part in developments on the Swedish equity market.
- Want an actively managed fund with investments based on a clear understanding of each individual company.

## The fund's investment policy

Lannebo Sverige is an actively managed equity fund that invests in shares on the Swedish equity market.

## Explanations

**Benchmark** SIX Portfolio 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 risk adjusted return. 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.



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