

# Lannebo Sverige Plus

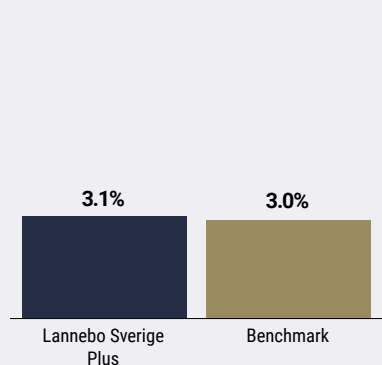
Swedish-registered equity fund

Monthly report February 2021

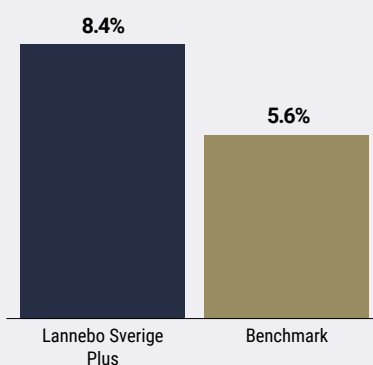
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2021 **Feb 2021** Mar 2021 Apr 2021 May 2021 Jun 2021 Jul 2021 Aug 2021 Sep 2021 Oct 2021 Nov 2021 Dec 2021

## Monthly performance



## Performance YTD



Martin Wallin & Robin Nestor

## Performance

Performance. %	Lannebo Sverige Plus	Benchmark
February 2021	3.1	3.0
Year-to-date 2021	8.4	5.6
3 years	44.9	55.2
5 years	90.7	98.2
10 years	224.0	219.1
Since launch (12/11/08)	583.9	493.3
Average annual return 24 months	16.2	20.9
2020 <sup>1</sup>	11.7	14.8
2019 <sup>1</sup>	22.6	35.0
2018 <sup>1</sup>	-0.7	-4.4
2017 <sup>1</sup>	8.8	9.5
2016 <sup>1</sup>	13.3	9.6

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

## Increasing raw material prices trigger inflation

Invested in Swedbank and Essity.

The remaining Q4 2020 earnings reports were released during February; and, as in January, the earnings reports disclosed sales and profit improvements compared to the previous quarter, and in some cases results were even better than Q4 2019. Most companies reported production challenges due to component shortages and low inventories; increased logistics costs; and rising raw material prices.

Prices for raw materials and input components continued to rise and the price development for copper, pulp, iron ore and lumber were strong over a short period of time. The copper price is now about 50 per cent above the five-year average, while pulp prices are moving towards high levels last seen during the Summer of 2018. Our assessment is that the sharp price movements seen in recent months stem from imbalances in value chains caused by Covid-19.

The Riksbank and the Bank of England kept their key interest rates unchanged in February. The US ten-year interest rate rose by about 30 basis points to around 1.40 per cent at the end of the month. The Swedish krona weakened slightly against the US dollar and the British pound.

## Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
5.2	3.1				
Jul	Aug	Sep	Oct	Nov	Dec

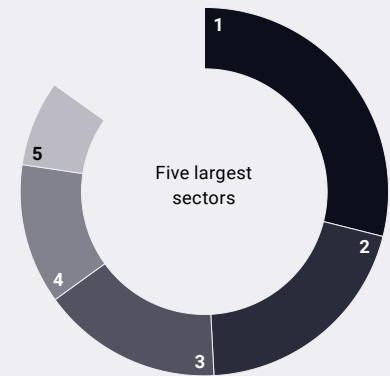
Boliden and Alfa Laval were holdings that developed better than the market as a whole increasing 22 and 19 per cent, respectively. Boliden reported a strong quarter where production in primarily smelters, but also mines, developed well. Rising metal prices were favorable for profitability, which contributed to almost a doubling of operating profits compared with the same quarter last year. Investments were low in the quarter but are expected to increase in 2021 by 12 per cent to SEK 7 billion. The board proposed an ordinary and extra dividend at a total of SEK 14.25.

Alfa Laval reported good profitability as a result of successful cost controls during Q4. The Food & Water business area improved its operating margin for the third consecutive quarter, while currency-adjusted order intake grew by 9 per cent compared with the previous year. Customers in the pharmaceutical and biotechnology markets showed strong order growth. The full year order intake for the Marine business area decreased 8 per cent currency-adjusted. We expect an improvement for the shipping market in the coming year following the weakened market since 2018. Interestingly is that Danish Maersk announced that in 2023 they will launch the first carbon-neutral cargo ship based on Methanol fuel. Alfa Laval has the opportunity to increase sales through the company's environmentally efficient products for renewed fleets with lower climate impact.

SOBI and Essity developed poorly and fell by 13 and 5 per cent, respectively. SOBI's 2021 sales and profit forecast was lower than the company previously communicated at their Capital Markets day, which led the share price to decline on the release of the earnings report. The reason for the lowered forecast was attributed to Covid-19 impacts, which had likely been extended, and will have particular effects on sales of the company's products Elocta and Synagis. With respect to Elocta competitiveness, information disclosed in the earnings report revealed patient growth of one percent compared to the previous quarter, and 10 per cent growth for the full year. Near term we will see investments in the product portfolio, with a return to profit growth in 2022.

Essity, which initially benefited from bunkering effects in 2020, saw sales negatively affected due to the more far-reaching effects of Covid-19 given the reduced number of restaurant and hotel visits and lower office utilization. As the world moves towards reopening, the price of pulp has increased sharply following high demand in China. Pulp priced in US dollars accounts for around 20 per cent of the company's total operating expenses. Even if the company has a purchase agreement and compensates with price increases, the high pulp price will likely negatively affect profitability. Based on 2021 and 2022 forecasts, the valuation is interesting both relatively and absolutely with a return on free cash flow of approximately 7 per cent.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	27.7
2.	Financials	19.4
3.	Consumer discretionary	15.2
4.	Information technology	11.8
5.	Materials	7.2
6.	Communication services	6.5
7.	Health care	5.4
8.	Consumer staples	2.1
9.	Real estate	-0.5
	Cash	5.0

## 10 largest holdings

Holding	% of the fund
Ericsson B	6.3
Trelleborg B	6.0
Nordea	5.7
Swedbank A	5.6
H&M B	5.3
SEB A	5.2
Handelsbanken A	4.0
Securitas B	3.9
SKF B	3.8
Nokia EUR	3.7
<b>Total 10 largest holdings</b>	<b>49.8</b>
Cash	5.0
Total number of holdings	41

## Major changes during the month

### Buy

Nokia  
Swedbank  
Essity

### Sell

Stora Enso  
Boliden  
Volvo

## Risk and reward profile

Lower risk						Higher risk	
1	2	3	4	5	6	7	

## Financial ratios

	Lannebo Sverige Plus	Benchmark
Sharpe ratio	0.8	1.1
Total risk (%)	24.3	18.8
Tracking error	7.9	
Information ratio	-0.6	
Alpha	-0.7	
Beta	1.2	
Active share	73	
Gross equity exposure (%)	104	
Net equity exposure (%)	95	
Portfolio turnover ratio (12/31/20)	1.8	

## Fund facts

Fund manager	<b>Martin Wallin &amp; Robin Nestor</b>
Launch date	<b>12/11/08</b>
NAV per unit (SEK)	<b>66.67</b>
Fund size (SEKm)	<b>4,707</b>
Management fee	<b>1.0% + 20% of any excess return</b>
Return threshold	<b>SIX Portfolio Return Index</b>
Bankgiro	<b>346-3585</b>
ISIN	<b>SE0002686584</b>
Trading frequency	<b>Daily</b>
Minimum investment amount	<b>SEK 100</b>
PPM number	<b>490 292</b>
Supervisory authority	<b>Finansinspektionen</b>
LEI	<b>549300W8FUNESQQE9448</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 a Swedish equity fund with greater opportunities.
- Want an actively managed fund with investments based on a clear understanding of each individual.

## The fund's investment policy

Lannebo Sverige Plus is an actively managed equity fund that primarily invests in shares on the Swedish equity market. The fund is similar to a traditional equity fund, but with more flexible investment rules. The "Plus" label reflects the fund's ability to invest more than 100 per cent of the fund's assets. For example, the fund can invest 130 per cent in shares that the fund managers are positive about and balance this by reducing its equity exposure by 30 per cent through the sale of shares that the fund does not own. i.e. short selling.

## 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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