

# Lannebo Småbolag

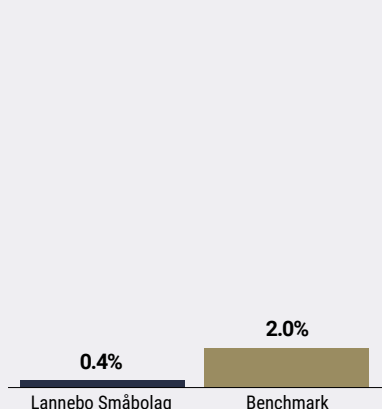
Swedish-registered equity fund, SEK

Monthly report May 2021

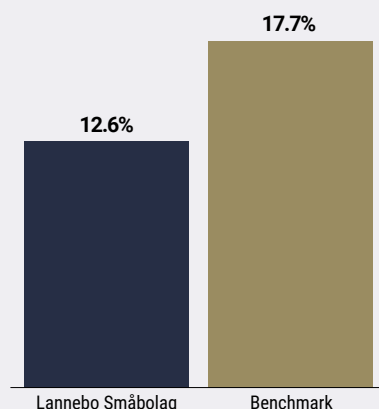
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2021	Feb 2021	Mar 2021	<b>Apr 2021</b>	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
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## Monthly performance



## Performance YTD



Johan Ståhl & Hjalmar Ek

## Performance

Performance, %	Lannebo Småbolag	Benchmark
May 2021	0.4	2.0
Year-to-date 2021	12.6	17.7
3 years	68.4	94.4
5 years	120.3	144.6
10 years	386.3	430.2
Since launch (08/04/00)	1,966.5	1,473.5
Average annual return 24 months	25.8	32.3
2020 <sup>1</sup>	18.0	23.0
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

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

## Focus on inflation risk

### Systemair goes higher on reverse profit warning

In May, the market's focus on the risk of rising inflation increased. Long term, a higher inflation rate would lead to higher interest rates and a change in monetary policy, which are both important stock market variables. Prior to the massive stimulus packages implemented to mitigate the effects of the pandemic, it was some time ago that it was realistic to imagine higher inflation. It is also important to keep in mind that some price increases - for example, pulp products, steel, semiconductors, etc. - are driven in part by supply chain challenges.

During the month, the remaining holdings released quarterly earnings reports, which, in our opinion, continued to show solid results. Polymer company Nolato's sales increased by more than 20 per cent and margins improved. The company plans to make significant investments to expand production capacity given the continued strong demand. Nolato's surgical products, which increased in importance for the group in connection with the acquisition of American GW Plastics, were negatively affected by the pandemic. However, as the healthcare sector returns to a more normal state, circumstances are favourable for a recovery. Nolato's shares increased by 4 per cent.

## Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-1.2	0.9	5.2	7.1	0.4	
Jul	Aug	Sep	Oct	Nov	Dec

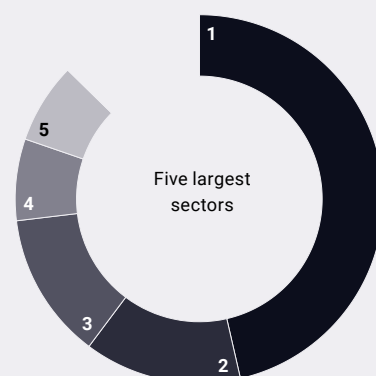
Indoor climate company Systemair presented a reverse profit warning at the end of the month, where preliminary figures disclosed strong sales growth and good profitability. The shares increased 20 per cent during the month. Systemair's sector colleague, Lindab, also delivered strong earnings figures, which alleviated the market's concern that higher steel prices would lead to margin pressure. Although this issue is still ongoing, Lindab has so far navigated the market situation in an exemplary manner by raising prices and actively working with its purchasing. Lindab's shares increased 18 per cent.

On the weaker side, care company Ambea released an earnings characterized by continued significant impacts from the pandemic. Sales and margins decreased slightly compared with the corresponding period last year. Ambea's shares fell 10 per cent.

Industrial trading company Addtech had a strong quarter last year, which in turn led to challenging comparative figures for the current year when sales and profit decreased slightly. However, demand remains healthy and Addtech has the opportunity to make value-creating acquisitions. We do not assess that anything has changed for the long-term outlook. The shares lost 7 per cent.

We increased our holdings in Huhtamäki, Sweco and NENT, as we think all three shares developed poorly due to excessive focus on short-term problems, but where strong market positions and attractive valuations support long-term value creation. The holdings in the real estate companies Castellum and Sagax were reduced for valuation reasons, where mainly the latter holding has had a very strong share price development since our initial investment. We continued to reduce our holding in BillerudKorsnäs based on rationale addressed in previous monthly reports.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	44.7
2.	Health care	13.3
3.	Consumer discretionary	12.4
4.	Materials	6.9
5.	Real estate	6.8
6.	Information technology	4.9
7.	Communication services	4.4
8.	Financials	2.9
	Cash	3.7

## 10 largest holdings

Holding	% of the fund
Trelleborg B	5.2
Addtech B	4.5
Securitas B	4.5
Nolato B	4.4
Huhtamäki	3.9
Bravida	3.4
Lindab	3.2
Castellum	2.9
Husqvarna	2.9
Hexpol B	2.8
<b>Total 10 largest holdings</b>	<b>37.7</b>
Cash	3.7
Total number of holdings	52

## Major changes during the month

### Buy

Huhtamäki  
Sweco  
NENT Group

### Sell

Castellum  
BillerudKorsnäs  
Sagax

## Risk and reward profile

Lower risk						Higher risk	
1	2	3	4	5	6	7	

## Financial ratios

	Lannebo Småbolag	Benchmark
Sharpe ratio	1.0	1.4
Total risk (%)	25.6	22.5
Tracking error	5.8	
Information ratio	-1.1	
Alpha	-0.7	
Beta	1.1	
Active share (%)	67	
Portfolio turnover ratio (12/31/20)	0.3	

## Fund facts

Fund manager	Johan Ståhl & Hjalmar Ek
Launch date	08/04/00
NAV per unit (SEK)	170.24
Fund size (SEKm)	34,191
Management fee (%)	1.6
Bankgiro	5563-4620
ISIN	SE0000740698
Trading frequency	Daily
Minimum investment amount	SEK 100
PPM number	842 690
Supervisory authority	Finansinspektionen
LEI	549300JC5787N3394631

## 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 year 2020, this meant a market capitalisation of around SEK 88 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.



Lannebo Fonder AB  
Postal address: Box 7854, 103 99 Stockholm  
Visiting address: Kungsgatan 5



Phone: +46 (0)8-562 252 00  
Customer serv: +46(0)8-562 252 22



E-mail: [info@lannebo.se](mailto:info@lannebo.se)  
Website: [lannebo.com](http://lannebo.com)  
Registration no: 556584-7042

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