



# Lannebo Sverige Plus

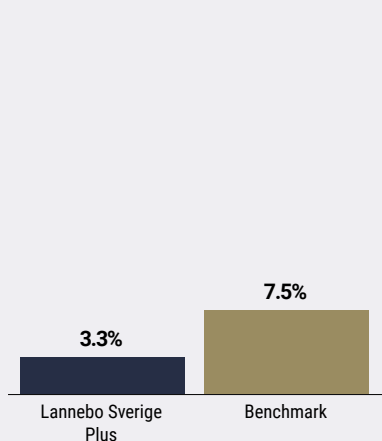
Swedish-registered equity fund

Monthly report July 2021

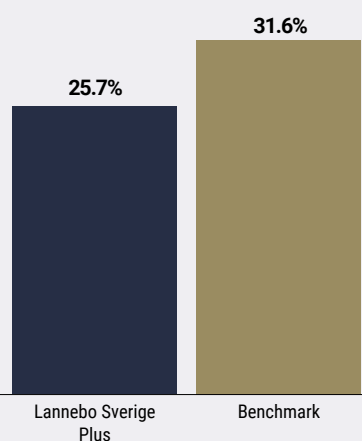
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



## Performance YTD



Martin Wallin & Robin Nestor

## Portfolio companies developed positively and are buying-back shares

### Veoneer and Nokia July's performance winners

Continued equity market gains marked the month and the Stockholm Stock Exchange was up 32 per cent for the year, as measured by SIXPRX. The willingness to take on risk increased as long-term interest rates fell back from the high point in early April. Companies recently released Q2 earnings, which disclosed generally good development, even though comparative figures for the same quarter last year are very low. Maintaining supply chains intact continued to be a challenge and commodity prices remained at high levels; as a result, most companies reported rising inventory levels for Q2 to secure deliveries while continuing to increase prices.

Companies began to review their balance sheets as societies open up and economies stabilizes. Prevailing caution during the pandemic means many companies now have low indebtedness or hold net cash; as a result, we expect more companies to announce share repurchases and/or extra dividends during the latter part of 2021 and into 2022.

Veoneer and Nokia developed better than the market as a whole increasing 34 per cent and 15 per cent, respectively. In connection

## Performance

	Lannebo Sverige Plus	Benchmark
Performance, %		
July 2021	3.3	7.5
Year-to-date 2021	25.7	31.6
3 years	55.6	79.8
5 years	107.6	130.2
10 years	306.7	308.7
Since launch (12/11/08)	692.7	639.2
Average annual return 24 months	23.7	29.8
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.

## Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
5.2	3.1	7.4	2.6	0.8	0.9
Jul	Aug	Sep	Oct	Nov	Dec
3.3					

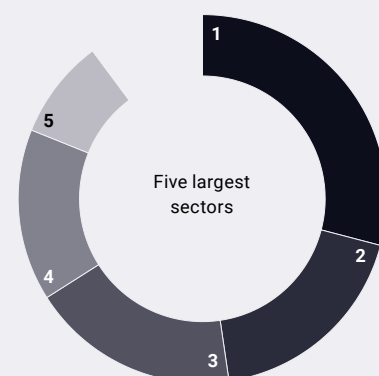
with the release of Veoneer's quarterly earnings, Canadian vehicle subcontractor Magna International announced a bid for the company. The cash offer corresponds to approximately SEK 270 per share - 43 per cent above the average share price over the last 30 days. Since the spin-off, we have been positive over the company's future and its industrial value. We deem, given Veoneer's and the market's development, the company's value exceeds the offer from Magna.

Nokia's earnings report exceeded expectations and the company raised its full year 2021 outlook. Nokia's operating margin, as well as for its largest business area Mobile Networks, rose sharply, including when adjusted for positive non-recurring effects. Nokia's established operating margin target for 2023 of between 10 and 13 per cent appears conservative in light of the recently reported financial figures. We deem it probable that Nokia's Mobile Networks, which is relatively easy to compare with a combination of Ericsson's Networks and Managed Services, should exceed in 2023 the 5–8 per cent guided margin target.

H&M and Ericsson developed poorly in July, decreasing 11 and 8 per cent, respectively. H&M reported an operating profit for the period March to May of SEK 3.8 billion, compared with a loss of SEK 6.2 billion the previous year. H&M saw improvements across all its sales channels and decreased the number of price reductions during the period, thereby improving the gross margin. Online sales continued to develop positively during the first half of the year, which was in line with sales growth in 2020. On-line sales during Q2 2020 increased by 32 per cent in local currencies, compared to a 40 per cent increase during the same period 2021. It is positive the rate of on-line sales growth remained high despite societal re-openings and increased in-store customer traffic.

Ericsson's Q2 earnings release disclosed an improved gross margin of 47.9 per cent (40.5%) and good sales growth in Networks - the largest business area. Networks' investments in R&D contributed to a more competitive product portfolio and the company secured contracts in North America and Europe. While the Networks business area developed very well in recent years, Digital Services has had difficulty reaching profitability targets. Digital Services' ability to reach profitability will likely be postponed until 2023 given the reduced sales to China. However, profit development is positive for both Ericsson and Nokia despite the lost market share in China. The absolute and relative valuation is attractive for both companies and allows for a good share price upside with limited downside for both.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	28.9
2.	Financials	18.5
3.	Consumer discretionary	18.2
4.	Information technology	15.0
5.	Health care	8.7
6.	Communication services	4.3
7.	Consumer staples	2.8
8.	Materials	2.5
9.	Real estate	-0.5
	Cash	1.7

## 10 largest holdings

Holding	% of the fund
Ericsson B	6.7
SEB A	6.5
H&M B	6.0
Nokia EUR	5.9
Trelleborg B	5.8
Nordea	5.7
SKF B	4.6
Swedbank A	4.6
Volvo B	4.4
Veoneer SDB	4.3
<b>Total 10 largest holdings</b>	<b>54.6</b>
Cash	1.7
Total number of holdings	34

## Major changes during the month

### Buy

Sandvik  
Electrolux  
H&M

### Sell

Tele2  
AstraZeneca  
Handelsbanken

## Risk and reward profile

Lower risk							Higher risk	
1	2	3	4	5	6	7		

## Financial ratios

	Lannebo Sverige Plus	Benchmark
Sharpe ratio	1.1	1.6
Total risk (%)	23.0	17.9
Tracking error	8.2	
Information ratio	-0.7	
Alpha	-0.8	
Beta	1.2	
Active share	78	
Gross equity exposure (%)	108	
Net equity exposure (%)	98	
Portfolio turnover ratio (06/30/21)	1.9	

## Fund facts

Fund manager	<b>Martin Wallin &amp; Robin Nestor</b>
Launch date	<b>12/11/08</b>
NAV per unit (SEK)	<b>77.28</b>
Fund size (SEKm)	<b>5,875</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 July 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.