

# Lannebo Sverige

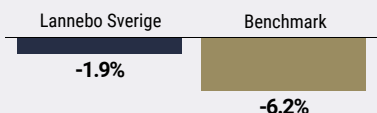
Swedish-registered equity fund

Monthly report September 2021

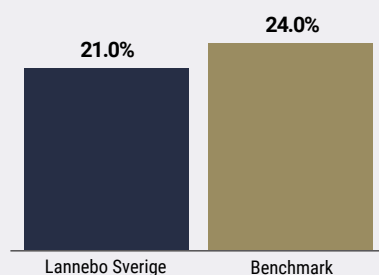
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



## Performance YTD



Martin Wallin & Robin Nestor

## Rising long-term interest rates and supply chain issues

Norway raises its key interest rate while the Fed and ECB are expected to raise rates in 2022 and 2024

September was the first month this year when the Stockholm Stock Exchange had a negative return. As the month continued, the market weakened due in part to rising inflation, logistics issues and higher interest rates. The four major banks were a quartet of the approximately 20 per cent of the SIXPRX index companies that developed positively during the month. The Fed and the ECB continued to consider the inflationary impulses as temporary. Supply changes are creating inflation, even if general demand remains good. We are not convinced that everything is transient given cost increases now flow through the entire value chain. We expect some investors, that previously preferred low corporate risk and were indifferent to valuation risk, may change their behavior now that the US ten-year interest rate has begun to increase.

Inflation in Sweden, measured as the consumer price index adjusted for fixed interest rates, was 2.4 per cent in August. In the US, consumer prices rose by 5.4 per cent in July. In both Sweden and the USA, inflation is above the long-term target of two per cent. In order to justify continued economic stimuli at a high level,

## Performance

Performance, %	Lannebo Sverige	Benchmark
September 2021	-1.9	-6.2
Year-to-date 2021	21.0	24.0
3 years	43.1	65.1
5 years	85.9	108.0
10 years	318.0	357.6
Since launch (08/04/00)	645.5	532.8
Average annual return 24 months	18.7	25.0
2020 <sup>1</sup>	10.4	14.8
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

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

## Monthly performance,%

Jan	Feb	Mar	Apr	May	Jun
5.0	2.9	7.5	2.3	1.0	0.8
Jul	Aug	Sep	Oct	Nov	Dec
3.4	-1.4	-1.9			

inflation must be temporary. Certain categories in the price of goods basket, such as used cars, will come down, while you might contemplate the effects of other categories such as wage and rent increases. Consumer Inflation is delayed because it takes time for the producer level cost increases to trickly all the way through. Therefore, there is a risk that continued central bank stimulus at too high a level and for too long could create excessive inflation and large cost increases.

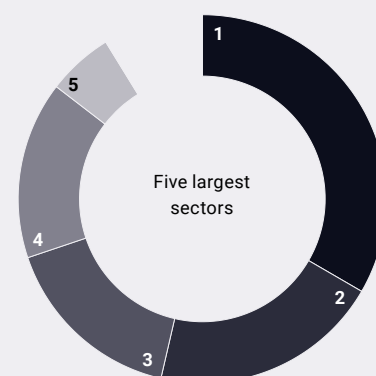
SOBI, Nordea and H&M developed better than the market as a whole, increasing 26, 12 and 6 per cent, respectively. On September 2, Advent International together with the Singapore Government Investment Fund made a bid on SOBI. At the time of announcement, just over 40 per cent of the company's owners had accepted the SEK 235 offer. Even if the bid premium is high, we considered the absolute price level prior to the bid to be low.

Together with the other banks, Nordea continued to develop well and was up 70 per cent for the year. Banks generally are well capitalized and there is excess liquidity that can be distributed to shareholders in the coming years. There is reason to believe that significant sums of the market capitalization could be distributed or repurchased by Nordea; this could also be the case with SEB, Swedbank and Handelsbanken.

H&M reported profitability that exceeded our expectations. The gross- and operating margin developed positively, which, to us, is central in the company's value creation. The gross margin of 53.2 per cent was the highest for Q3 since 2016. So far this year, free cash flow was SEK 19 billion and net cash improved to SEK 25 billion. The supply of goods works well, but it will be challenging in the coming quarters due to logistics issues, which more or less affects all companies. Even though sales are still below the full year 2019 level, we expect a higher operating profit and operating margin for the coming financial years.

Tobii, NCC and Sandvik developed poorly in September without company-specific news, decreasing 13, 11 and 9 per cent, respectively.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	32.4
2.	Financials	19.6
3.	Information technology	15.7
4.	Consumer discretionary	15.1
5.	Health care	5.6
6.	Communication services	3.3
7.	Consumer staples	3.8
8.	Materials	1.4
	Cash	3.2

## 10 largest holdings

Holding	% of the fund
Ericsson B	7.2
H&M B	6.9
Nordea	6.4
Trelleborg B	5.9
Nokia SEK	5.7
SKF B	5.5
Swedbank A	4.8
SEB A	4.7
Sandvik	4.5
Electrolux B	4.1
<b>Total 10 largest holdings</b>	<b>55.7</b>
Cash	3.2
Total number of holdings	27

## Major changes during the month

### Buy

Sandvik  
Essity  
SKF

### Sell

SEB  
SOBI  
Veoneer

## Risk and reward profile

Lower risk					Higher risk	
1	2	3	4	5	6	7

## Financial ratios

	Lannebo Sverige	Benchmark
Sharpe ratio	0.9	1.3
Total risk (%)	22.2	18.8
Tracking error	8.3	
Information ratio	-0.8	
Alpha	-0.6	
Beta	1.1	
Active share	73	
Portfolio turnover ratio (06/30/21)	1.5	

## Fund facts

Fund manager	<b>Martin Wallin &amp; Robin Nestor</b>
Launch date	<b>08/04/00</b>
NAV per unit (SEK)	<b>56.11</b>
Fund size (SEKm)	<b>3,348</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 September 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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