

# Lannebo Sverige

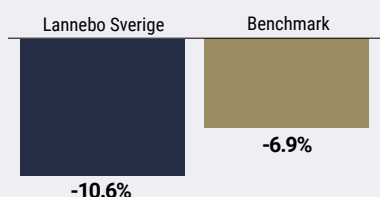
Swedish-registered equity fund

Monthly report February 2022

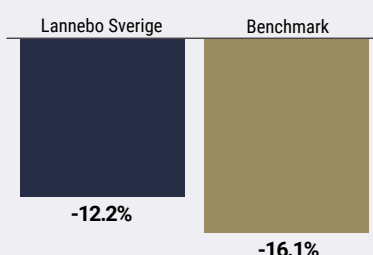
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2022	<b>Feb 2022</b>	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
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## Monthly performance



## Performance YTD



Martin Wallin & Robin Nestor

## Performance

Performance, %	Lannebo Sverige	Benchmark
February 2022	-10.6	-6.9
Year-to-date 2022	-12.2	-16.1
3 years	41.3	61.8
5 years	60.8	81.9
10 years	215.4	253.4
Since launch (08/04/00)	611.3	496.4
Average annual return 24 months	17.8	19.3
2021 <sup>1</sup>	32.3	39.3
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

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

## A united Europe for the future

### Increased the Millicom holding

The Stockholm Stock Exchange fell 7 per cent in February and was down 16 per cent so far in 2022. By comparison with the same month in 2021, SIXPRX is up 11 per cent despite share price declines.

Current changes to the world order create uncertainties for the future. Greater dissociation and further segregation between the Western world and Russia can be a reality for decades to come. Effects on the economy near-term will be a consequence of direct, as well as, indirect consequences of the course of the war. For our portfolio companies, effects on sales are clear and relatively limited, while it is more uncertain in terms of indirect impact on costs development and supply capacity. We think it reasonable to assume these emerging issues increase costs, which may drive inflation higher.

The holdings in Loomis and AstraZeneca developed better than the market as a whole, with increases of 12 and 6 per cent, respectively. Loomis' year-end earnings report disclosed improvements and organic sales growth in both Europe and the US of 8 and 13 per cent, respectively. Sales, mainly driven by developments in the US, were above the level for the same quarter in 2019 prior to the impacts of the pandemic. Profitability improved in line with reduced restrictions, even though the operating margin in the

## Monthly performance,%

Jan	Feb	Mar	Apr	May	Jun
-1.9	-10.6	-	-	-	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

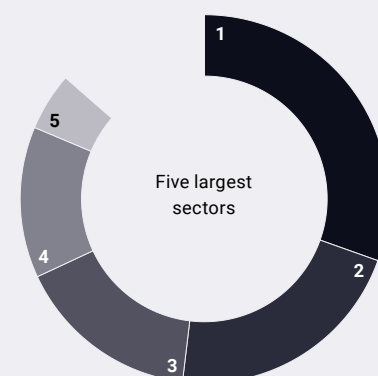
US was pressured by overtime pay and sick leave. We believe that the company has managed the challenges of recent years in a positive way strengthening conditions for higher profitability in a post pandemic society. Loomi's valuation is historically low and we see the opportunity of a good risk-adjusted return given the combination of rising profits, increasing cash flow and share repurchases.

AstraZeneca reported Q4 earnings wherein sales and operating profit were slightly above the market's overall expectations. Earnings were largely affected by the acquisition of Alexion and sales of the Covid-19 vaccine. For the quarter, the company sold Covid-19 vaccine for close to \$ 1.8 billion in cost coverage, which was about 15 per cent of total sales. To date, AstraZeneca has not manufactured the vaccine to generate profits, unlike the American pharmaceutical companies Moderna and Pfizer, which in 2021 made profits of approximately SEK 100 billion each. AstraZeneca's oncology drugs continue to develop well with organic growth of 21 per cent compared to the same quarter last year. Due to the fact that the share price developed relatively well during the month, we chose to sell the holding in favor of other investments.

Ericsson and SKF developed poorly in February and fell 23 and 16 per cent, respectively. Ericsson's share price fell during the month after the company and media reported on alarming historical incidents in the Iraq operations, where serious regulatory violations and bribes were identified in order to implement the construction of the 3G network in the country. In 2018, Ericsson addressed transactions relating to expenses that were provided to the internal audit department and then to an external independent party. The investigation concerns activities in Iraq during 2011–2019, which identified, among other things, information about corruption-related misconduct, bribes and possible payments to terrorist organizations – unfortunate careless conduct. In our opinion, this is not in line with Ericsson's code of conduct and in recent years the company has intensely worked to make improvements. We have a recurring dialogue with the company.

SKF reported Q4 earnings at the same time as the company communicated a new strategic framework in effect through 2030. The reported earnings figures disclosed a four per cent organic sales improvement while earnings were pressured by cost inflation. The adjusted operating margin decreased to 10.8 per cent (13.2 per cent) as price increases did not compensate for rising material-, logistics- and energy costs. The strategic framework will include decentralization of the organization, focus on certain product categories and investments in the business. We consider it positive that SKF's transformation is gaining new momentum, even if the framework can be considered very optimistic. Similar well-executed strategy changes are recognizable from Sandvik and ABB, where SKF's current valuation does not seem to consider any improvements over the coming years.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	30.5
2.	Financials	21.5
3.	Consumer discretionary	16.2
4.	Information technology	13.3
5.	Health care	5.1
6.	Communication services	4.5
7.	Consumer staples	4.3
8.	Materials	1.8
	Cash	2.7

## 10 largest holdings

Holding	% of the fund
H&M B	7.1
SKF B	6.8
Trelleborg B	6.5
Nokia SEK	6.2
Nordea	5.9
Electrolux B	4.6
Swedbank A	4.6
Millicom SDB	4.5
Handelsbanken A	4.5
Autoliv SDB	4.5
Total 10 largest holdings	55.2
Cash	2.7
Total number of holdings	25

## Major changes during the month

### Buy

SOBI  
Sandvik  
Nordea

### Sell

AstraZeneca  
Ericsson  
SEB

## Risk and reward profile

Lower risk					Higher risk	
1	2	3	4	5	6	7

## Financial ratios

	Lannebo Sverige	Benchmark
Sharpe ratio	0.8	1.0
Total risk (%)	22.9	20.9
Tracking error	10.6	
Information ratio	-0.1	
Alpha	-0.0	
Beta	1.0	
Active share	75	
Portfolio turnover ratio (12/31/21)	1.4	

## Fund facts

Fund manager	<b>Martin Wallin &amp; Robin Nestor</b>
Launch date	<b>08/04/00</b>
NAV per unit (SEK)	<b>53.54</b>
Fund size (SEKm)	<b>3,135</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 February 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.



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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