

# Lannebo Sverige

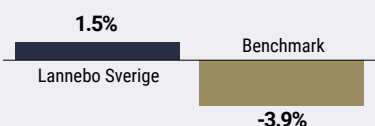
Swedish-registered equity fund

Monthly report April 2022

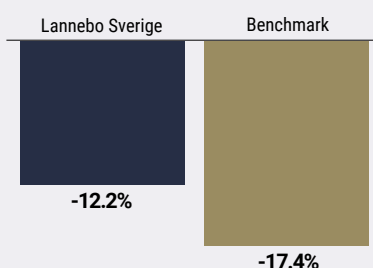
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2022	Feb 2022	Mar 2022	<b>Apr 2022</b>	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

## Quarterly earnings exceed expectations

Are order volumes temporarily high?

In April, the Stockholm Stock Exchange fell by almost 5 per cent and was down almost 17 per cent for the year, including dividends. The stock market continued to be volatile, and although the return for the stock market as a whole was not remarkable there were large underlying share price movements. The Riksbank upward adjusted the interest rate to +0.25 per cent and Sweden now has a positive repo rate for the first time since 2014. The Riksbank made a U-turn in its communication, where previous forecasts were completely written off. Asset purchases ceased at the end of the previous year and the bank's balance sheet will be reduced starting in the second half of 2022. Central banks globally have supported the economy more or less since the financial crisis in 2008, which had clear positive effects. Now we are likely at the start of a new era with limited stimuli monetary policy and higher interest rates longer-term.

Price increases, supply issues and logistics challenges continued to affect companies. For Q1, the challenges were generally well managed, even though expectations from both ourselves and the market were lowered. Profitability is under pressure and even though major price adjustments have been made, more is needed in the coming quarters. It was clear by the earnings reports that order intake was high and for most companies it was difficult to convert

## Performance

Performance, %	Lannebo Sverige	Benchmark
April 2022	1.5	-3.9
Year-to-date 2022	-12.2	-17.4
3 years	34.0	46.0
5 years	50.7	68.1
10 years	221.4	252.0
Since launch (08/04/00)	612.0	487.5
Average annual return 24 months	20.6	21.4
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.

## Monthly performance,%

Jan	Feb	Mar	Apr	May	Jun
-1.9	-10.6	-1.3	1.5	-	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

parts of the order book to revenue. The accuracy of the order intake should also be taken with limited optimism as there are likely customers who continue to place larger than necessary orders, while at the same time some customers are placing orders earlier than required to avoid future price increases.

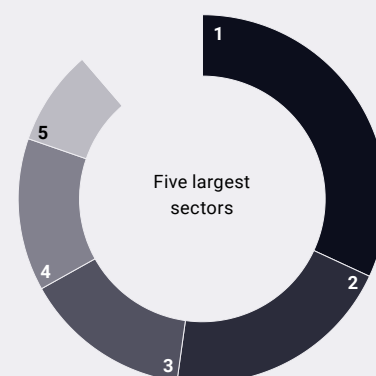
The holdings in Essity and Handelsbanken developed better than the market as a whole with share price increases of 17 and 15 per cent, respectively. Profitability in Essity was weighed down by large cost increases while price increases to customers lagged. As a result, the operating margin was pressured downward considerably, particularly in the last two quarters when cost headwinds for raw materials, energy and transportation reduced margins by 10.4 and 12.1 percentage points, respectively. For Q1, a clear price increase effect could be seen, but more is needed. In a scenario with relatively permanent cost levels, price increases of around 20 per cent for certain parts are required for the company to return to historical profitability levels.

Handelsbanken (SHB), together with other banks, reported positive Q1 earnings results. SHB revenues grew more than costs and net interest income rose on both higher volumes and better margins. Previous interest rate hikes by the central banks in England and Norway contributed to the improvement in margins. Now that the Riksbank is initiating a period of higher repo rates, the banks' lending rates will follow suit likely leading to profit growth for the Swedish banks. The divestment of the Finnish and Danish operations is still ongoing.

Ericsson and Millicom developed poorly in April, decreasing by 8 and 7 per cent, respectively. Ericsson's earnings missed market expectations, where a larger postponed software contract, together with higher costs, negatively affected earnings. Software sales are expected to be booked during the current quarter, while investments for the future will continue to imply higher costs generally, particularly for the Digital Services business area. Digital Services is in the midst of a product portfolio shift where new products, which are growing satisfactorily, have not yet compensated for those being phased out. The business area will continue to show losses in 2022. Ericsson's valuation is low, even when accounting for the US authorities' significant fines or penalties levied on the company.

Millicom reported a stable first quarter. Sales increased by almost 5 per cent, while the operating profit, before depreciation and write-downs, was unchanged compared to the corresponding quarter last year. Millicom's longer-term planning is proceeding according to plan and current investments contribute to continued good customer growth for both private mobile subscriptions and broadband services. Cash flow was lower than expected, but varies between quarters depending on investment level. The new share issue, which is a consequence of the acquisition of the minority interest in Guatemala, is now planned and should be completed prior the end of Q2.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	31.9
2.	Financials	20.3
3.	Information technology	14.7
4.	Consumer discretionary	13.4
5.	Health care	8.4
6.	Consumer staples	4.7
7.	Communication services	4.6
	Cash	2.0

## 10 largest holdings

Holding	% of the fund
Trelleborg B	7.3
SKF B	6.3
Nokia SEK	6.1
Ericsson B	5.4
Swedbank A	5.2
Electrolux B	5.1
Nordea	4.7
Essity B	4.7
Handelsbanken A	4.6
Millicom SDB	4.6
Total 10 largest holdings	54.0
Cash	2.0
Total number of holdings	25

## Major changes during the month

### Buy

Getinge  
Alfa Laval  
Volvo

### Sell

Nordea  
SEB  
H&M

## Risk and reward profile

Lower risk					Higher risk	
1	2	3	4	5	6	7

## Financial ratios

	Lannebo Sverige	Benchmark
Sharpe ratio	1.2	1.2
Total risk (%)	16.8	17.7
Tracking error	10.8	
Information ratio	-0.1	
Alpha	0.3	
Beta	0.8	
Active share	74	
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>53.59</b>
Fund size (SEKm)	<b>3,055</b>
Ongoing charges (%)	<b>1.63</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 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 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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