

# Lannebo Sverige

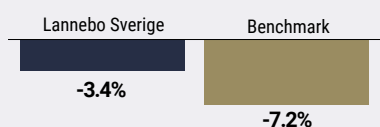
Swedish-registered equity fund

Monthly report August 2022

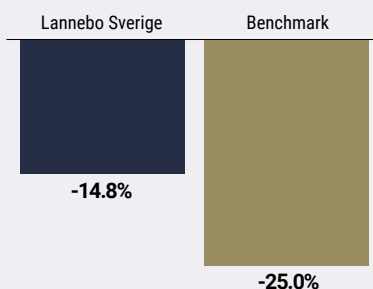
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2022	Feb 2022	Mar 2022	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
August 2022	-3.4	-7.2
Year-to-date 2022	-14.8	-25.0
3 years	36.4	35.4
5 years	54.6	59.0
10 years	228.3	225.9
Since launch (08/04/00)	590.6	433.0
Average annual return 24 months	10.2	7.6
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.  
\*Net of fees

## Reduced consumption – now and in the future

The EU's energy problems are significant, but manageable

The Stockholm Stock Exchange fell back during August and SIXPRX fell by 7 per cent. The collective message in quarterly earnings reports released by our portfolio holdings is that demand is good, where sales are supported by price increases and currency movements. Profit margins continued to be pressured from rising costs, which, to varying degrees, can be passed on to customers. However, there is significant uncertainty and we expect a slowdown during the end of the year and into 2023. Profit forecasts and share prices in some cases reflect a negative development, while some shares continue to trade at high prices with, in our view, overly positive expectations.

The European Central Bank, ECB, lags behind the US FED in number of rate increases, and the difference is currently 2.5 percentage points. Increasingly, central banks are steering towards a recession in order to bring down the bubbling price pressure. Even though our most likely scenario is a manageable reduction in demand, there is risk of a prolonged rate hike cycle.

## Monthly performance,%

Jan	Feb	Mar	Apr	May	Jun
-1.9	-10.6	-1.3	1.5	1.0	-9.5
Jul	Aug	Sep	Oct	Nov	Dec
9.8	-3.4	-	-	-	-

European energy supplies will become a challenge as temperatures fall. Given gas supplies have decreased significantly, measures are required to cope with the situation. Within the RePowerEU initiative, member states have agreed on a 15 per cent reduction in gas consumption. Simplified, the math must add up to have a balance between energy demand and supply. If the EU reduces total demand by 15 per cent, the Russian gas loss, which corresponds to approximately 40 per cent, is partially compensated. At the same time, it will be possible to use filled gas stocks, where Germany has now reached up to 84 per cent, corresponding to nearly 30 per cent of the country's annual gas consumption. Total storage capacity in Europe corresponds to approximately 25 per cent of annual gas consumption. Increased gas imports from the USA and Qatar also contribute positively. Accordingly, these measures compensate, but reality is more difficult and variations among countries are significant, leading to potential exceptional price movements that burden companies and consumers.

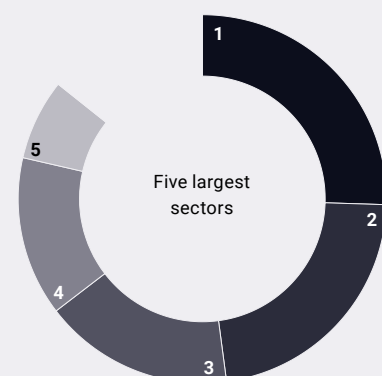
Holdings in SSAB and Ericsson performed better than the market as a whole, with share price increases of 8 and 4 per cent respectively. SSAB continued to increase in August after the share bottomed out in early July together with the SIXPRX, which hit its lowest level of the year. SSAB maintains an electricity cost advantage relative to their competitors, which last year accounted for half the company's energy supply. As expected, SSAB's product prices weakened significantly, and the operating profit is expected to fall about 70 per cent between 2022 and 2023. Even when considering the profit decline for next year, we believe that the cash flow from the business is attractively valued.

Underlying demand for Ericsson's products is good and should be sustained even in a weaker economy. Operators are compelled to invest in order to remain competitive, where new technology is more energy efficient and therefore reduces operational costs.

Elektro and H&M developed poorly in August, with share price decreases of 16 and 14 per cent respectively. Elektro reported its Q1 for the financial year where the gross margin increased to 38.9 per cent driven by a good product mix. However, order intake developed negatively and costs remained high, and the company, therefore, initiated an efficiency program in order to save SEK 450 million annually, or approximately 2.5 per cent of turnover. Our view is that Elektro's current challenges are more than well reflected in the share's valuation.

H&M is likely to face a period of reduced demand together with challenges in maintaining retail prices. While the future looks uncertain and profit expectations may be lowered, the share price is at the same level as at the most pressured period during covid-19 - March 2020.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	25.5
2.	Financials	22.4
3.	Information technology	16.7
4.	Consumer discretionary	14.0
5.	Health care	7.1
6.	Communication services	5.7
7.	Materials	2.7
8.	Consumer staples	2.5
	Cash	3.4

## 10 largest holdings

Holding	% of the fund
Ericsson B	6.5
Nokia SEK	6.3
Handelsbanken A	6.2
Swedbank A	6.0
Millicom SDB	5.7
Trelleborg B	4.8
Sandvik	4.7
Electrolux B	4.7
SKF B	4.7
Nordea	4.6
Total 10 largest holdings	54.0
Cash	3.4
Total number of holdings	28

## Major changes during the month

### Buy

Husqvarna  
Ericsson  
Sandvik

### Sell

SEB  
Trelleborg  
Nokia

## Risk and reward profile

Lower risk						Higher risk	
1	2	3	4	5	6	7	

## Financial ratios

	Lannebo Sverige	Benchmark
Sharpe ratio	0.6	0.5
Total risk (%)	19.2	22.1
Tracking error	11.3	
Information ratio	0.2	
Alpha	0.4	
Beta	0.7	
Active share	74	
Portfolio turnover ratio (06/30/22)	1.4	

## Fund facts

Fund manager	Martin Wallin & Robin Nestor
Launch date	08/04/00
NAV per unit (SEK)	51.98
Fund size (SEKm)	2,919
Ongoing charges (%)	1.63
Bankgiro	5563-4604
ISIN	SE0000740680
Trading frequency	Daily
Minimum investment amount	SEK 100
PPM number	806 869
Supervisory authority	Finansinspektionen
LEI	549300GJSC541WIWX079

## 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](https://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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