

**LANNEBO**

# Lannebo Småbolag

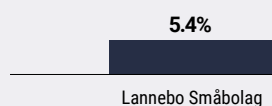
Swedish-registered equity fund, EUR

Monthly report October 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	<b>Oct 2022</b>	Nov 2022	Dec 2022
----------	----------	----------	----------	----------	----------	----------	----------	----------	-----------------	----------	----------

## Monthly performance



## Performance YTD



Per Trygg &amp; Hjalmar Ek

## Performance\*

Performance. %	Lannebo Småbolag
October 2022	5.4
Year-to-date 2022	-39.6
3 years	3.7
5 years <sup>1</sup>	19.7
10 years <sup>1</sup>	220.7
Since launch (08/04/00) <sup>1</sup>	1 064.6
Average annual return 24 months	-3.8
2021 <sup>2</sup>	27.2
2020 <sup>2</sup>	22.6
2019 <sup>2</sup>	36.3
2018 <sup>2</sup>	-4.8
2017 <sup>2</sup>	9.8

<sup>1</sup> Performance of the fund before start of the asset class (05/02/16) is simulated from the SEK-asset class.

<sup>2</sup> The performance is based on closing prices.

\*Net of fees

## Earnings releases dominated the stock market month

### Equipment orders lifted Mycronic

During October, several companies released Q3 earnings, where the general impression so far is broadly as one could expect. Most companies continued to show high growth, largely driven by currency effects and price increases. At the same time, order intake slowed in several areas, which is unsurprising given that the economic outlook is weakening. Many companies struggled with cost inflation and several saw profit margins decline, which was particularly evident in the healthcare sector. There are, of course, several explanations, one being that it is not possible to pass on rising costs immediately to either the public sector nor sales within framework agreements. We expect companies to work on freeing up working capital after a period of strong demand and inventory build-up. However, it appears likely that in the short term this will lead to erratic demand for many companies.

The fund's best holding during the month was the technology company Mycronic, which, in addition to a solid earnings report, received numerous equipment orders for the manufacturing of semiconductors. Mycronic's share price increased about 30 per cent.

## Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-14.6	-10.2	5.4	-3.5	-3.6	-16.9
Jul	Aug	Sep	Oct	Nov	Dec
20.5	-12.2	-13.3	13.3	-	-

As usual, several companies stood out with respect to quarterly earnings - both in a positive and negative sense. Addnode, Beijer Ref and Vitec were on the positive side. The IT company Addnode reported high growth, both organic and acquired. Turnover rose 75 per cent, of which 23 percentage points was organic. The operating margin increased, which led to a doubling of the operating profit compared to the same quarter last year. The share price increased 24 per cent in October.

Beijer Ref, an industrial refrigeration wholesaler, released particularly strong earnings, where the operating margin was the highest ever for a third quarter. The company benefits from an increased focus on energy efficiency, particularly in Europe. Turnover increased by nearly 40 per cent and operating profit by 70 per cent. The shares rose 25 per cent.

The IT company Vitec delivered 11 per cent organic growth and a nearly 50 per cent increase in the operating profit. It was also beneficial that the cash flow developed in a positive way. The share price rose 23 per cent in October.

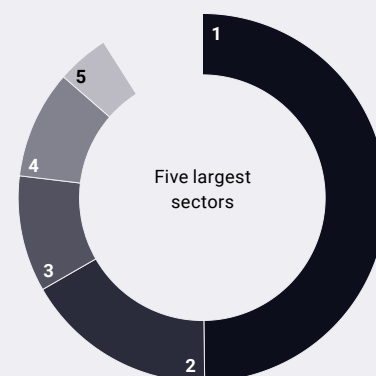
Nolato, Addlife and Sweco developed poorly. Nolato's turnover fell by 13 per cent and operating profit by roughly 35 per cent. The reasons vary per business area, but can be summarized as a combination of inventory reductions at the customer level, high energy and raw material prices, and the fact that a large customer chose to bring in another supplier to avoid dependence on Nolato alone. These issues should be temporary, but, if anything, they are likely to worsen short-term given the European energy situation for the winter. The share price fell 8 per cent in October.

The medical technology company Addlife presented an earnings report where turnover grew 14 per cent, but where underlying operations shrank somewhat organically. The company's operating profit fell 30 per cent, driven by difficulties in raising prices short term. The stock lost 11 per cent.

The consulting company Sweco reported stable growth. However, a weak utilization rate in Sweden and Finland weighed on profitability. Good growth but a somewhat weak utilization rate was a pattern found across several consulting companies' earnings reports. Sweco's shares lost 11 per cent.

The holdings in AAK and Indutrade were increased during October given a weak stock market during the year that has led to a significant drop in valuations, coupled with continued good operational execution from the respective companies. The holding in Addnode was increased for the same reason prior to the release of the quarterly earnings report. We divested the entire holding in MTG, given our assessment at the time of the investment in 2016 has now played out. The Eastern European and African operations have been sold, the company was split into MTG and NENT (later Viaplay), while e-sports was divested at a favorable price tag.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	49.8
2.	Information technology	16.9
3.	Real estate	10.2
4.	Health care	9.5
5.	Consumer staples	4.6
7.	Financials	3.0
8.	Consumer discretionary	2.0
	Cash	4.0

## 10 largest holdings

Holding	% of the fund
Trelleborg B	8.2
Addtech B	5.4
Beijer Ref B	4.8
Lagercrantz B	4.0
Lifco B	3.9
Sagax B	3.5
Hexpol B	3.5
Nolato B	3.5
Addnode B	3.2
AAK	3.0
<b>Summa tio största innehav</b>	<b>43.1</b>
<b>Likviditet</b>	<b>4.0</b>
<b>Totalt antal innehav</b>	<b>46</b>

## Major changes during the month

### Buy

AAK  
Indutrade  
Addnode

### Sell

MTG  
Hexpol  
Dometic

## Risk and reward profile

Lower risk					Higher risk	
1	2	3	4	5	6	7

## Financial ratios<sup>1</sup>

	Lannebo Småbolag	Benchmark
Sharpe ratio	0.0	0.2
Total risk (%)	31.9	30.4
Tracking error	4.6	
Information ratio	-0.8	
Alpha	-0.3	
Beta	1.0	
Active share (%)	73	
Portfolio turnover ratio (06/30/22)	0.3	

<sup>1</sup> Financial ratios of the fund before start of the asset class (05/02/16) is simulated from the SEK-asset class.

## Fund facts

Fund manager	Per Trygg & Hjalmar Ek
Launch date	08/04/00
NAV per unit (EUR)	143.07
Fund size (EURm)	2,023
Ongoing charges (%)	1.63
Bankgiro	5563-4620
ISIN	SE0008040885
Trading frequency	Daily
Minimum investment amount	EUR 100
Supervisory authority	Finansinspektionen
LEI	549300JC5787N3394631

## 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 invest in small and medium-sized companies listed on the Swedish and other Nordic stock markets.
- Want an actively managed fund with investments based on a clear understanding of each individual company.

## The fund's investment policy

Lannebo Småbolag is an actively managed equity fund that invests in small and medium sized enterprises listed in the Nordic region, primarily in Sweden. The fund invests in companies with a market capitalisation amounting to a maximum of 1 per cent of the total Swedish market capitalisation. At the end of the mid-year 2021, this meant a market capitalisation of around EUR 106 billion.

## Explanations

**Benchmark** Carnegie Small Cap Sweden 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 active risk in a fund. 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

**LANNEBO**