

# Lannebo Småbolag

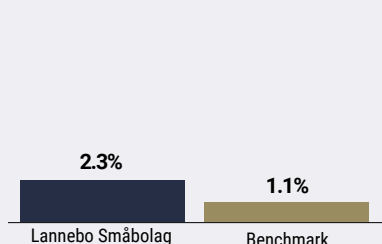
Swedish-registered equity fund. SEK

Monthly report February 2023

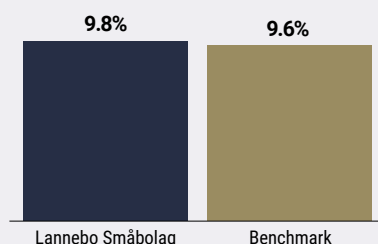
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2023 **Feb 2023** Mar 2023 Apr 2023 May 2023 Jun 2023 Jul 2023 Aug 2023 Sep 2023 Oct 2023 Nov 2023 Dec 2023

## Monthly performance



## Performance YTD



Per Trygg & Hjalmar Ek

## Performance\*

Performance. %	Lannebo Småbolag	Benchmark
February 2023	2.3	1.1
Year-to-date 2023	9.8	9.6
3 years	29.9	36.2
5 years	57.8	82.1
10 years	302.3	317.2
Since launch (08/04/00)	1 702.6	1 277.8
Average annual return 24 months	-0.7	0.5
2022 <sup>1</sup>	-31.2	-31.4
2021 <sup>1</sup>	29.5	37.1
2020 <sup>1</sup>	18.0	23.0
2019 <sup>1</sup>	40.4	43.2
2018 <sup>1</sup>	-1.7	-0.2

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

\*Net of fees

## Portfolio companies stable during the earnings season

### Divested Össur and Thule

The Q4 earnings releases were in focus during February. Overall, our conclusions from the previous monthly newsletter stand, where our holdings have managed the ongoing economic slowdown well. Although we are satisfied with the general results of our holdings, there are a couple of exceptions. As for the economy at large, the tug-of-war continues between inflation and central banks' interest rate increases. What this will result in is difficult to say, but, as usual, our focus is to have a portfolio of companies that we assess have the requisites to effectively manage different economic climates, as well as develop their respective market positions - even in tougher economic times.

Several holdings reported strong earnings during the month, where some stood out. Industrial group Addtech grew turnover by 30 per cent, almost half of which was organic. The operating result increased slightly more and the cash flow was strong. Indutrade and Lifco, which have similar approaches to managing companies, also reported strong earnings. Indutrade is the only company of the three to report order intake, which was unchanged organically during the quarter. We consider this as expected given the

## Monthly performance. %

Jan	Feb	Mar	Apr	May	Jun
7.3	2.3	-	-	-	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

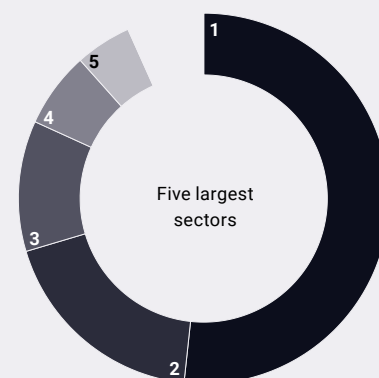
economic slowdown; at the same time, the strong cash generation is impressive given that high growth requires working capital.

Lighting company Fagerhult disclosed a strong quarter, which is particularly gratifying given the company has for some time had headwinds from strained supply chains. Implemented price increases are evident and all business areas improved their margins. Turnover increased 25 per cent and operating profit grew over 50 per cent during the quarter. The installation company Bravida also performed well, with sales, profit and cash flow growing at a healthy pace. This may seem surprising given the company's operations in a slowing construction market – however, a large portion of the Bravida's sales are smaller service contracts rather than large new construction projects. This makes it less sensitive to economic conditions than might appear at first glance.

On the weak side, polymer company Nolato released an earnings report where the company continued to be affected by irregular customer demand, high electricity prices and other factors linked to strained supply chains. Operating profit was halved, which can be seen as unusually weak. However, Medical - the company's most important business area - improved, and the balance sheet is strong. The situation should improve gradually over the year as Nolato's customers to a greater extent obtain components. Prosthetics manufacturer Össur and outdoor company Thule also reported weak earnings.

During the month, the holding in NCAB was increased after a quarterly report that was disliked by the equity market, but where, in our view, nothing had changed in the company's long-term potential. Holdings in Axfood and AAK were also increased. At the same time, the holdings in Össur and Thule were divested and the holding in ALK-Abelló was reduced.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	51.7
2.	Information technology	18.7
3.	Real estate	11.4
4.	Consumer staples	6.6
5.	Health care	4.9
6.	Financials	3.4
	Cash	3.3

## 10 largest holdings

Holding	% of the fund
Trelleborg B	6.4
Addtech B	6.4
Lifco B	4.9
Lagercrantz B	4.3
Beijer Ref B	3.9
Sagax B	3.8
AAK	3.6
Hexpol B	3.5
Addnode B	3.3
Beijer Alma B	3.3
<b>Total 10 largest holdings</b>	<b>43.5</b>
Cash	3.3
<b>Total number of holdings</b>	<b>44</b>

## Major changes during the month

### Buy

NCAB  
Axfood  
AAK

### Sell

Össur  
Thule  
ALK-Abelló

## Risk and reward profile

Lower risk					Higher risk		
1	2	3	4	5	6	7	

## Financial ratios

	Lannebo Småbolag	Benchmark
Sharpe ratio	0.1	0.1
Total risk (%)	27.8	26.1
Tracking error	4.5	
Information ratio	-0.3	
Alpha	-0.1	
Beta	1.1	
Active share (%)	69	
Portfolio turnover ratio (12/31/22)	0.4	

## Fund facts

Fund manager	Per Trygg & Hjalmar Ek
Launch date	08/04/00
NAV per unit (SEK)	148.50
Fund size (SEKm)	25896
Ongoing charges (%)	1.63
Bankgiro	5563-4620
ISIN	SE0000740698
Trading frequency	Daily
Minimum investment amount	SEK 100
PPM number	842 690
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](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 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 year 2022, this meant a market capitalisation of around SEK 92 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.



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