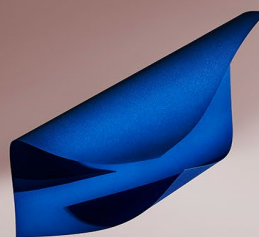


# Lannebo Sverige



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.

## High interest rates and low return requirements – is it sustainable?

### Increased willingness to take risk



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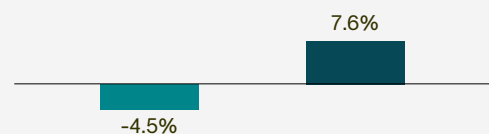
During May, some equity market sectors increased, where a few companies with high valuation multiples developed positively. The risk appetite has returned for these companies – companies that admittedly have performed well operationally – and they are now, once again, priced similar to the valuations we witnessed during 2021. However, we assess this as an opportunity to again apply our strategy to obtain good risk-adjusted returns going forward.

There is a certain discrepancy between economic indicators and companies' communications and their earnings releases. On the one hand the manufacturing PMI indicates a weakening market, the price of copper fell back, and the strength of China's economy has faltered. While on the other, last month's quarterly earnings releases were generally better than expected with positive outlooks from management. Part of the difference should be attributable to continued substantial price increase effects and improved manufacturing productivity, while, in broad terms, volume development is neutral to somewhat negative.

The holdings in BioArctic and Trelleborg developed better than the market as a whole, with gains of 21 and 5 per cent respectively. BioArctic, together with their partner Eisai, is preparing a launch of the drug Lecanemab in the US, Europe and Japan. Milestone payments were received in Q1, which resulted in a strong balance sheet with a net cash of approximately SEK 1.1 billion. Trelleborg, in connection with their Capital Markets Day, raised financial targets, where sales are expected to grow by over 8 per cent and the operating profit before intangible depreciation should exceed 20 per cent. Even the lowest level of return on capital employed was increased by 1 percentage point to over 15 per cent. This can be seen as ambitious, requiring the realization of synergies from the recently acquired American company Minnesota Rubber and Plastics.

### The fund's performance\*

■ 1 month  
■ 1 year



Performance (%)	Fund	Index <sup>1</sup>
May 2023	-4.5	-2.7
YTD 2023	7.9	9.0
1 year	7.6	2.9
3 years	51.1	43.7
5 years	59.8	67.4
10 years	200.4	197.2
Since launch (08/04/00)	673.9	498.3
Average 24 months	2.3	-1.8
2022 <sup>1</sup>	-12.1	-22.8
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

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

\* Net of fees

Jan	Feb	Mar	Apr	May	Jun
9.3	3.4	-1.3	1.3	-4.5	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

Further, the company's balance sheet remains strong with opportunities for share buybacks.

Viaplay, SOBI and Elekta developed worse than the market as a whole decreasing by 19, 13 and 8 per cent respectively. The Viaplay share price was presurred during the month after declining following the release of quarterly earnings at the end of April. The Nordic operations have developed well, while at the same time new investments in markets such as Poland and the Netherlands weighed on the result. The losses in the international operations should be limited during next year, when a high customer intake provides cost coverage and good scalability.

During May, SOBI made a bid for American CTI BioPharma worth approximately SEK 17 billion. Half the purchase price will be financed through the balance sheet, while the remaining share will be financed through a share issue. Since the beginning of 2022, CTI Pharma has had an FDA-approved drug, Vonjo, for the treatment of a rare hematological disease. Vonjo has an estimated peak sales of close to SEK 9 billion in 10 years. SOBI expects to be able to create synergies in the same treatment area with its product Doptelet.

Elekta reported Q4 earnings for its broken financial year. Turnover increased organically by 10 per cent through increased production efficiency. Profitability was significantly better than expected and the adjusted operating margin was 16.2 per cent, nearly 3 percentage points higher than the previous year. The order book increased during the quarter and amounts to SEK 43 billion, approximately 2.5 times annual sales. The valuation is attractive with a high probability of profitability improvements.

## Largest holdings

Holding	Share of the fund (%)
Swedbank A	8.4
Ericsson B	8.4
Handelsbanken A	7.0
Millicom Int. Cellular SDB	6.7
SKF B	5.8
Nokia SEK	4.8
Electrolux B	4.8
Sandvik	4.7
Nordea	4.6
SEB A	4.6
<b>Total ten largest holdings</b>	<b>59.8</b>
Cash	1.8
Total number of holdings	23

## Main changes

Bought	Sold
Trelleborg	Industrivärden
Swedbank	SCA
SKF	Stora Enso

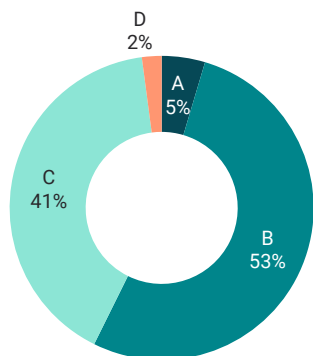
## Sector allocation

Sector	Share of the fund (%)
Financials	24.7
Industrials	18.3
Information technology	16.6
Healthcare	12.2
Communication services	11.2
Consumer discretionary	9.2
Material	3.1
Consumer staples	2.9

We work actively to take advantage of business opportunities and avoid risks related to the environment, social sustainability and corporate governance.

## Sustainability grade

Lannebo's sustainability analysis identifies and grades the portfolio holdings' management of sustainability risks, environmental impact, and sustainability in the business model. A is the highest grade and E the lowest.



Share of the fund (%)

A	5
B	53
C	41
D	2
E	0

## Nomination committees 2023

Lannebo participate in nomination committees to contribute to competent boards with relevant experience for the companies.

Company

Tobii
Trelleborg

## Voting

Share of the fund where Lannebo has voted at the general meeting.

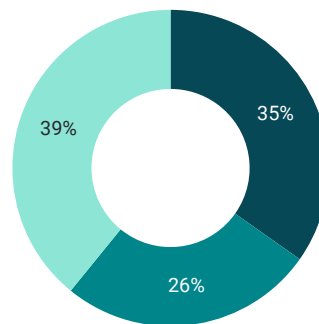
Share of the fund (%)

2023 YTD	79
2022	94
2021	81

## Climate target

Lannebo has committed to a climate target that requires the companies in material sectors within its portfolios to establish science-based emissions reduction targets, SBT.

Year 2040: 100%    Year 2030: 50%



Share of the fund (%)

Validated SBT	35
Committed SBT	26
No SBT	39

## Gender equality on boards

The objective is to ensure greater gender representation by aiming for a minimum of 40 percent representation of the under-represented gender among board members on average.

Share (%)

Women	37
Men	63

Financial ratios

	Fund	Index
Sharpe ratio	0.1	-0.1
Total risk (%)	18.3	21.6
Tracking error	10.9	
Information ratio	0.4	
Alpha	3.8	
Beta	0.7	
Portfolio turnover ratio	1.8	
Active share (%)	80	

Fund facts

Fund managers	Martin Wallin & Robin Nestor
Launch date	08/04/00
NAV per unit	SEK 58.25
Fund size	SEKm 3,309
Ongoing charges	2.0%
ISIN	SE0000740680
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300GJSC541WIWX079

Risk indicator



Explanations\*

Sharpe ratio

A measure of risk adjusted return. Calculated as the ratio of the fund's excess return above the riskfree 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

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 riskadjusted 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 riskadjusted excess return relative to the return of the benchmark.

Beta

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.

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.

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 [en.lannebo.se](https://en.lannebo.se).

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.

\* All financial ratios are calculated according to guidelines of the Swedish Investment Fund Association.