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.

# Chip ohoj, Nvidia and AMD winners
## AI mentioned 20 times in the text

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Last month we wrote that we will probably refer back to Artificial Intelligence (AI) in several future reports. Since then, the hysteria surrounding AI has only accelerated, while worries over inflation are gone with the wind. No customer meeting, company meeting, or even a conversation with our parents goes without the topic of AI coming up. As a result, the lion's share of this report is also about AI.

AI is nothing new. As early as 1956, the concept was coined in a workshop at Dartmouth College in New Hampshire where IBM researchers, among others, participated. Since then, technology companies have raced to successfully compete against humans through various computer games. In 1997, IBM's Deep Blue beat world chess champion Gary Kasparov, and in 2011 it was also IBM and the Watson computer that beat the then Jeopardy champion. A few years ago it was Google's turn, through a lucky acquisition you could say, because a couple of years earlier Google had bought the British company Deepmind and the AlphaGo software. In 2016 the software beat a professional champion in the game of Go, which is considered a much more difficult nut to crack than chess and other similar games.

Since the 1950s, there has been continued research and investment in AI technology and several of our holdings have used AI in their operations for some time. A number of the healthcare companies use the technology; for example, Vitrolife that uses it to streamline the selection of embryos, while Veeva uses AI to speed up the development of new drugs. AI has also been used by IT consultants and software companies to create code and streamline developers' processes. In other words, there are several examples where the technology is already in use today. However, as with all new technologies, it becomes widely known when a user interface suitable for the broad masses becomes available. In the case of AI, it happened when OpenAI launched the open version of ChatGPT, which is a chatbot that you can ask anything and that has been trained on all possible open data up through 2021.

## The fund's performance*

■ 1 month
■ 1 year



12.8%
18.7%

| Performance (%) | Fund | Index[1] |
|---|---|---|
| May 2023 | 12.8 | 14.9 |
| YTD 2023 | 28.6 | 34.3 |
| 1 year | 18.7 | 27.2 |
| 3 years | 53.1 | 71.8 |
| 5 years | 116.8 | 147.6 |
| 10 years | 604.2 | 691.7 |
| Since launch (08/04/00) | 84.5 | 263.6 |
| Average 24 months | 10.3 | 17.2 |
| 2022[1] | -20.8 | -21.7 |
| 2021[1] | 31.4 | 41.5 |
| 2020[1] | 29.5 | 23.0 |
| 2019[1] | 40.6 | 50.8 |
| 2018[1] | 7.3 | 6.1 |

[1] The performance is based on closing prices.
* Net of fees

| Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|
| 10.4 | -1.7 | 6.5 | -1.4 | 12.8 | - |
| Jul | Aug | Sep | Oct | Nov | Dec |
| - | - | - | - | - | - |

The launch took place on November 30, 2022 and we were on DiTV talking about it on December 7. Since then, interest has only increased and everyone wants to ride the AI wave. This occurred while the rest of the economy was expected to soon enter into recession.

Our exposure to AI consists mostly of what is usually referred to as "picks and shovels". In other words, what enables AI is in large part what also enables cloud services and data centers. The basis of AI is mainly data, processing power, and competence, which is found primarily at the large technology companies. Otherwise, there are many unproven business models around AI, just as there were unproven models when it came to the internet around the year 2000.

The clearest winner when it comes to the AI wave is Nvidia, which is a company that we have invested in off and on for some time. We still remember the first meeting with their then new CFO Colette Kress in 2014 in a rather unassuming office in California. At that time the company's focus had primarily been graphic cards for gaming. However, Colette confidently presented their new future areas of gaming, car electronics and mobile phones. We went through our old notes and during that trip AI came up as an area of interest, but what was hot at that time - and mentioned in every single meeting - was cloud services and Amazon Web Services (AWS). Fast forward 9 years and AWS is the market-leading cloud service and Nvidia is the leading provider in AI development. Nvidia was also one of the largest positive contributors to performance during May, despite the fact that during the year we have sold, and continue to divest, parts of the holding given the valuation has started to outpace the company's actual development. Other major positive contributors were Alphabet, Microsoft, AMD and Palo Alto Networks - all of which are considered to have good AI positions. During the month, we chose to take home some profit in Microsoft and AMD.

The biggest negative contributor to performance during May was Disney, despite the fact that half of the Teknik fund's management team supported the company's sales during the month by visiting Mickey Mouse outside Paris. One reflection from our visit to Disneyland is that Disney is still the world leader in creating entertainment that works for both young and old, while at the same time the experience is increasingly digitized. Unfortunately, a strong recovery for the theme parks is not enough as consumers face a weaker economy while inflation increases costs, which led to the poor share price performance following the release of quarterly earnings in the middle of the month.

## Largest holdings

| Holding | Share of the fund (%) |
|---|---|
| Microsoft | 8.5 |
| Alphabet A | 6.5 |
| Palo Alto Networks | 5.2 |
| Amazon | 4.8 |
| Salesforce | 4.8 |
| Apple | 4.7 |
| Mastercard | 4.1 |
| Adobe | 4.0 |
| Microchip Technology | 3.9 |
| International Business Machine | 3.7 |
| **Total ten largest holdings** | **50.2** |
| Cash | 4.4 |
| Total number of holdings | 30 |

## Main changes

| Bought | Sold |
|---|---|
| Dassault | Nvidia |
| Fortinet | AMD |
| Veeva Systems | Microsoft |

## Sector allocation

| Sector | Share of the fund (%) |
|---|---|
| Information technology | 76.8 |
| Communication services | 8.7 |
| Consumer discretionary | 4.8 |
| Healthcare | 3.0 |
| Industrials | 2.2 |

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# 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.
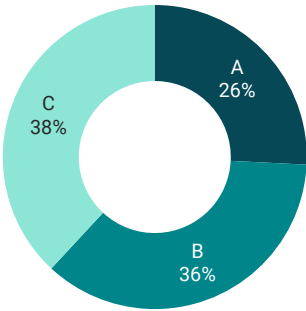


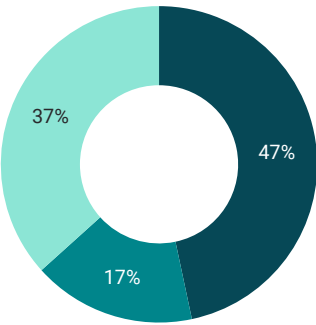| | Share of the fund (%) |
|---|---|
| A | 26 |
| B | 36 |
| C | 38 |
| D | 0 |
| E | 0 |

## Voting

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

| | Share of the fund (%) |
|---|---|
| 2023 YTD | 1 |
| 2022 | 15 |
| 2021 | 15 |

## 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 | 47 |
| Committed SBT | 17 |
| No SBT | 37 |

## 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 | 33 |
| Men | 67 |

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## Financial ratios

| | Fund | Index |
|---|---|---|
| Sharpe ratio | 0.5 | 0.8 |
| Total risk (%) | 20.9 | 23.8 |
| Tracking error | 5.0 | |
| Information ratio | -1.4 | |
| Alpha | -4.7 | |
| Beta | 0.9 | |
| Portfolio turnover ratio | 0.1 | |
| Active share (%) | 64 | |

## Country allocation
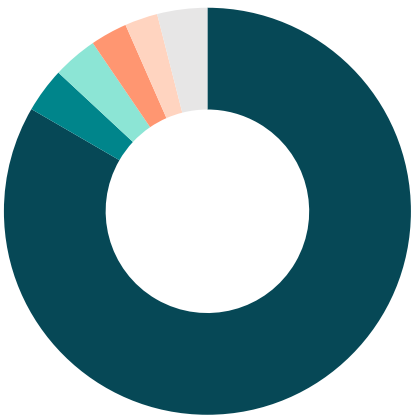


| Country | % of the fund |
|---|---|
| ■ United States | 79.7 |
| ■ Guernsey | 3.4 |
| ■ Japan | 3.4 |
| ■ Netherlands | 2.8 |
| ■ France | 2.5 |
| ■ Other | 3.8 |

## Fund facts

| | |
|---|---|
| Fund managers | Johan Nilke & Helen Groth |
| Launch date | 08/04/00 |
| NAV per unit | SEK 17.38 |
| Fund size | SEKm 8,386 |
| Ongoing charges | 1.7% |
| ISIN | SE0000740672 |
| Trading frequency | Daily |
| Minimum investment amount | SEK 100 |
| Supervisory authority | Finansinspektionen |
| LEI | 549300Y3UW5Y5DPJSO02 |

## Risk indicator

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

Lower risk                    Higher risk

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# 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

MSCI World IT 10/40 Net Total Return Index* calculated in SEK. 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.

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## 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.

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.

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