

Monthly report September 2023

Lannebo Småbolag Select

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.

Rising interest rates and falling stock markets

Kingspan bid for Nordic Waterproofing



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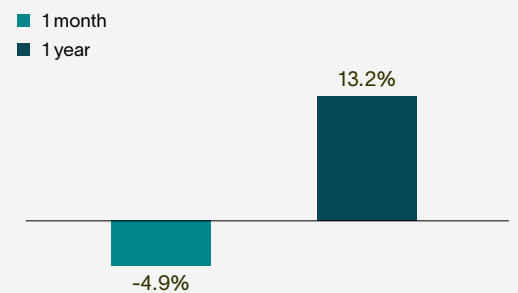
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September was in many ways a repeat of stock market patterns we saw during the summer. Continued economic turmoil, rising interest rates, and fear of consumer resilience weighed on markets. This was particularly clear among small caps, especially companies with sales linked to industrial demand. It is not uncommon for small caps to perform worse than large caps during turbulent stock market periods given investors seek more liquid and perceived safer shares. However, small caps have been better at growing profits over time and usually develop stronger when the stock market eventually turns up. Even if timing is irrelevant, we still believe that many shares appear attractively valued in a longer-term perspective and many industrial companies' shares are already factoring in a coming recession. However, this assumes a reasonably "normal" recession and not an economic collapse.

There was relatively little company-specific news during the month among the holdings, but nonetheless, some companies managed to make acquisitions. Among others, Beijer Ref acquired American AMSCO Supply, with a turnover of approximately SEK 500 million and 50 employees. AMSCO is a distributor of ventilation products and we assess that the acquisition is well in line with Beijer Ref's strategic ambition to grow in the US.

Trading company Bufab is an example of attractive values in a longer-term perspective. Since their IPO in 2014 through 2022, Bufab has increased earnings per share from SEK 2.94 to SEK 15.95 and succeeded in growing both organically and through acquisitions. Bufab has completed acquisitions without diluting existing shareholders and the company has a good main shareholder in the Liljedahl Group. Bufab sells nuts and bolts to a wide range of customers and is one of the larger players in its market, which is still very fragmented. Bufab has historically been good at gaining market

The fund's performance*



Performance (%)	Fund	Index ¹
September 2023	-4.9	-3.8
YTD 2023	-2.4	-3.0
1 year	13.2	8.5
3 years	-3.9	-1.3
5 years	63.4	41.4
10 years	176.9	229.8
Since launch (10/31/00)	1,593.5	1,144.1
Average 24 months	-12.2	-13.2
2022 ¹	-29.0	-31.4
2021 ¹	27.2	37.1
2020 ¹	11.8	23.0
2019 ¹	33.3	43.2
2018 ¹	0.9	-0.2

¹ The performance is based on closing prices.

* Net of fees

Jan	Feb	Mar	Apr	May	Jun
7.5	2.0	2.1	2.1	0.8	-3.0
Jul	Aug	Sep	Oct	Nov	Dec
-3.5	-4.5	-4.9	-	-	-

share and we assess the driving forces that made this possible should continue. Bufab's 2023 earnings should be around one billion SEK, which corresponds to a valuation of approximately 14 times operating profit. This is reasonable, in a longer-term perspective, for a company with a proven ability to grow profitably in a large fragmented market where there is clear rationale for larger players to continue to take market share. Short term, the business cycle negatively affects Bufab's profit development, but we believe this is more than offset by the longer-term potential.

During the month, Kingspan, the largest owner of roof sealing company Nordic Waterproofing, presented a mandatory bid for the company at a premium of approximately 14 per cent. Even if we assess there is still potential in the shares, the process will take time and since the rest of the portfolio also appears to be attractively valued, but without the restrictions, we chose to divest our shares. The holding in Trelleborg was also divested as part of further focusing the fund. Special oils and fats company AAK is a new holding, which we believe is traded at an attractive valuation in relation to the cyclically insensitive profit growth the company offers.

Largest holdings

Holding	Share of the fund (%)
AddTech B	6.4
OEM International B	6.4
Beijer Ref B	6.1
Lifco B	6.1
Sagax B	5.8
Addnode Group B	5.4
BTS Group B	5.4
NCAB Group	4.9
Lagercrantz	4.8
MedCap	4.3
Total ten largest holdings	55.6
Cash	3.7
Total number of holdings	25

Main changes

Bought	Sold
AAK	Nordic Waterproofing
Hexpol	Trelleborg
-	-

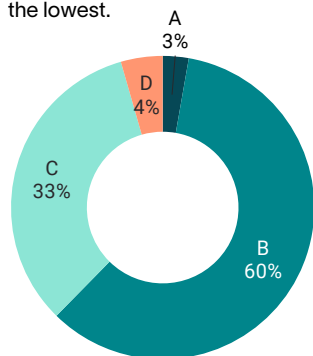
Sector allocation

Sector	Share of the fund (%)
Industrials	47.8
Information technology	23.1
Real estate	16.7
Healthcare	5.2

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	3
■ B	60
■ C	33
■ D	4
■ E	0

Nomination committees 2023

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

Company	
Addnode	Lagercrantz
Addtech	MedCap
Beijer Alma	Nolato
BTS	Trelleborg
Fagerhult	
Hexpol	

Voting

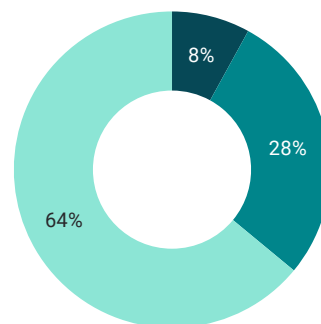
Share of the fund where Lannebo has voted at the general meeting.

	Share of the fund (%)
2023 YTD	80
2022	91
2021	99

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%

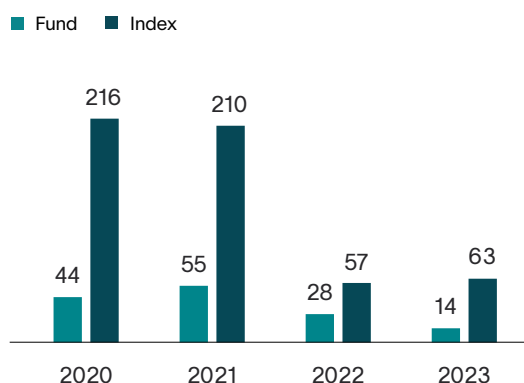


Share of the fund (%)

■ Validated SBT	8
■ Committed SBT	28
■ No SBT	64

Carbon footprint

Carbon footprint, measured as the weighted average carbon intensity, shows the fund's exposure to companies with high carbon intensity. Higher carbon intensity is an indication of higher climate change-related risks.



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	35
Men	65

Financial ratios

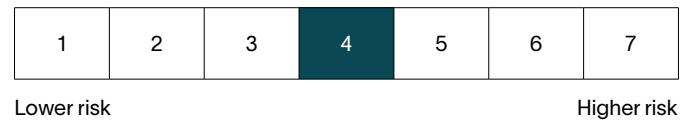
	Fund	Index
Sharpe ratio	-0.5	-0.6
Total risk (%)	26.8	24.1
Tracking error	7.7	
Information ratio	0.1	
Alpha	2.0	
Beta	1.1	
Portfolio turnover ratio	0.5	
Active share (%)	84	

Fund facts

Fund managers	Per Trygg & Hjalmar Ek
Launch date	10/31/00
NAV per unit	SEK 616.64
Fund size	SEKm 1,950
Ongoing costs*	0.9%
Variable fee	20% of any excess return
Return threshold	30-day STIBOR, monthly on the first banking day of each month, plus five percentage points, currently 5.00%
ISIN	SE0000917205
Trading frequency	The fund is open on the last business day of each month. The capital limit is currently set at SEK 3.5 billion
Minimum investment amount	The initial investment is SEK 100,000 and then SEK 20,000 per subscription thereafter
Supervisory authority	Finansinspektionen
LEI	549300ZTBJP4DRZ5I462

* Ongoing costs consist of management fees and other administrative or operating costs (an estimate based on actual costs over the past year) and transaction costs (an estimate of costs incurred when a fund buys and sells securities).

Risk indicator



Explanations*

Active share

A measure of the proportion of the portfolio that differ from the benchmark.

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.

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.

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.

Carbon footprint

The weighted average carbon intensity is calculated by multiplying the portfolio company's weight in the fund by the portfolio company's emissions (scope 1 and 2) in relation to its revenue in millions of EUR. In 2022, Lannebo changed data provider.

Information ratio

A measure of riskadjusted return. This is measured as the active return divided by the portfolio's active risk.

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.

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

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.

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.

Total risk

Given as the standard deviation of variations in the total return of the fund or index.

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