

Monthly report September 2023

Lannebo

Sverige Hållbar

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.



Weak stock market in September – as usual

SKF a new holding (again)



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History has shown that September is usually a weak stock market month – a pattern repeated this year. The Nordic stock markets went considerably lower, with the exception of the Norwegian stock market, which benefited from rising oil prices. Small caps continued to develop worse than large caps. Banks were among the winners, while many companies within energy transition fell back.

Inflation and interest rates were in focus during the month. Central banks continued to raise their key rates, while also sending clear signals there may be more rate hikes before it's time to take a break. They reiterated that it will be a long time before it is time to ease monetary policy. The central banks' announcements had the intended effect. Bond yields went higher in both the US and Europe as a result of interest rate cuts being pushed further into the future.

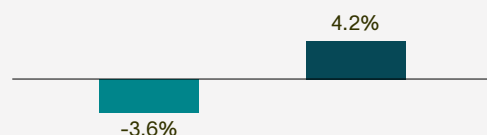
There were generally no major surprises on the macro front. Inflation is noticeably moderated on an annual basis, but underlying inflation is still clearly above the central banks' inflation target. The US economy continues to grow with good labor demand. In Europe, however, GDP is shrinking in increasingly more countries, but this is in line with expectations.

Among the listed companies, development across sectors varies widely. The construction sector, above all home builders, is having an especially rough time; the same applies to parts of the retail sector. So far it is more stable for industrials. Banks are still living in the best of worlds with improved net interest and the absence of credit losses.

The shares of many companies with exposure to energy transition continued to develop poorly. One explanation for the poor development in September is that some countries have revised their plans for the speed of transition from fossil-based home heating and

The fund's performance*

■ 1 month
■ 1 year



Performance (%)	Fund ¹	Index ²
September 2023	-3.6	-2.0
YTD 2023	-7.2	4.6
1 year	4.2	16.3
3 years	-2.5	19.5
5 years	34.2	49.9
10 years	137.2	171.9
Since launch (10/01/10)	202.7	255.8
Average 24 months	-8.6	-4.7
2022 ³	-20.5	-22.8
2021 ³	23.0	39.3
2020 ³	24.1	14.8
2019 ³	34.2	35.0
2018 ³	-0.7	-4.4

¹ Performance of the fund before 20/12/18 is based on Lannebo Utdelningsfond.

² Before 10/12/18 the benchmark of the fund was SIX Return Index.

³ The performance is based on closing prices.

*Net of fees

Jan	Feb	Mar	Apr	May	Jun
4.2	-1.7	0.1	3.6	-3.5	0.4
Jul	Aug	Sep	Oct	Nov	Dec
-3.2	-3.3	-3.6	-	-	-

combustion engines in cars. This has, among other things, affected the share price in Nibe, which fell sharply during the month. However, our assessment is that market growth for heat pumps will be strong over the next decade. Lower sales short term is primarily a consequence of the phasing in of various investment grants in important markets to 2024 instead of now in the Autumn. We have taken advantage of the weakness in the share and increased our holding in Nibe.

Some profit warnings have been issued ahead of Q3 earnings releases, but it is hard to assess any clear pattern. The aggregate profit forecast for public companies is almost unchanged, and analysts still expect rising profits in 2024. The Swedish krona has been widely debated in the Swedish media after reaching new lows against the Euro and the US dollar. For the stock market as a whole, however, the krona exchange rate has lost importance as many companies have production and sales in so many different markets which neutralizes the currency effect.

SKF was the largest net investment. The stock is trading well below its historical valuation levels and we think expectations look reasonable. In order not to increase our total industrial exposure, we divested Alfa Laval, whose share is valued significantly higher than SKF. We increased our holding in Norwegian Borregard and OX2. The latter company announced during the month two sales of energy projects at good prices. We divested Essity, which is disadvantaged by rising pulp prices, and we reduced the holding in AstraZeneca as the stock has performed favorably.

Largest holdings

Holding	Share of the fund (%)
AstraZeneca	6.0
OX2	5.9
Swedbank A	5.7
Nibe Industrier B	5.7
SCA B	5.2
Investor B	5.0
Atlas Copco B	4.8
Inwido	4.6
Sandvik	4.5
Bravida Holding	4.4
Total ten largest holdings	51.8
Cash	2.7
Total number of holdings	26

Main changes

Bought	Sold
SKF B	Essity
Borregard	Alfa Laval
OX2	AstraZeneca

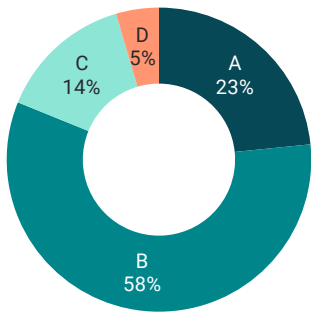
Sector allocation

Sector	Share of the fund (%)
Industrials	46.1
Financials	14.5
Energy	11.0
Healthcare	8.8
Material	7.0
Information technology	4.4
Real estate	3.0
Consumer discretionary	2.4

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	23
B	58
C	14
D	5
E	0

Nomination committees 2023

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

Company
Balco
Inwido

Voting

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

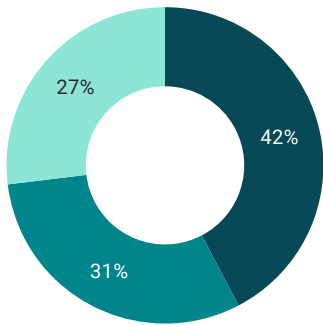
Share of the fund (%)

2023 YTD	68
2022	57
2021	84

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%

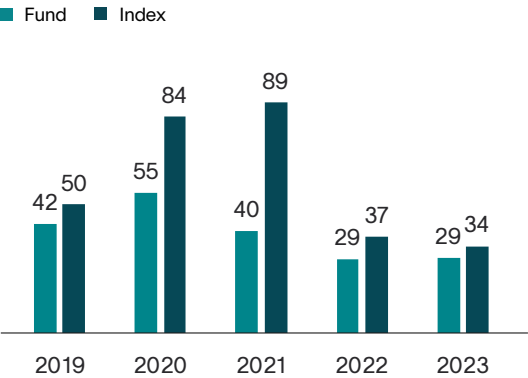


Share of the fund (%)

Validated SBT	42
Committed SBT	31
No SBT	27

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	34
Men	66

Financial ratios

	Fund	Index
Sharpe ratio	-0.4	-0.2
Total risk (%)	22.8	20.7
Tracking error	9.1	
Information ratio	-0.4	
Alpha	-3.9	
Beta	1.0	
Portfolio turnover ratio	0.4	
Active share (%)	71	

Fund facts

Fund managers	Charlotta Faxén & Peter Lagerlöf
Launch date	10/01/10
Launch date share class	12/20/18
NAV per unit	SEK 2,022.83
Fund size	SEKm 893
Ongoing costs*	1.8%
ISIN	SE0011973684
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300Y41WZFO1E996

* 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

1	2	3	4	5	6	7
Lower risk						Higher risk

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

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.

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.

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.

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.

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.

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