

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.



## Fear of higher interest rates for longer is shaking things up

### Increases holding in ASML



Johan Nilke  
[johan.nilke@lannebo.se](mailto:johan.nilke@lannebo.se)



Helen Groth  
[helen.groth@lannebo.se](mailto:helen.groth@lannebo.se)

Historically, September is a weak month for the stock market – also for technology shares – and this year was no exception. Larger technology companies, which otherwise lifted the market this year, had a difficult month; small-cap technology companies also continued their weaker development. This means that small-caps trade at a discount to large-caps, which historically is typically the other way around.

Inflation and interest rates continued to be in focus during the month. The Fed, as expected, left its key rate unchanged, but at the same time communicated more increases may be required and that the interest rate is expected to be "higher for longer". The Riksbank also announced a rate hike in September with the expected increase of 25 basis points. Just like in the US, the Swedish Riksbank assesses interest rates will remain high for a long time, and that several increases may be necessary.

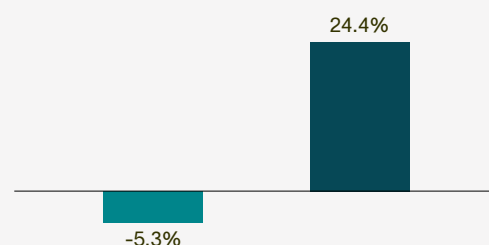
In general, there were no major surprises on the macro front. Measured on an annual basis, inflation is lower, but underlying inflation is still clearly higher than the central banks' inflation target. The US economy continued to grow with good labor demand. Increasingly, countries in Europe witness a shrinking GDP, which is in line with forecasts.

The focus on Artificial Intelligence (AI) continues to be substantial and we get many questions regarding our view of the phenomenon. We have shared our more balanced view of AI on our latest Lannebo Live broadcast with Johan Nilke who focused on AI; the episode is available on Lannebo's YouTube channel.

As previously mentioned, our funds invest based on various themes, where one theme is Data Management. This theme remains current regardless of trends such as Big Data, Cloud, SaaS, and now also AI.

### The fund's performance\*

■ 1 month  
■ 1 year



Performance (%)	Fund	Index <sup>1</sup>
September 2023	-5.3	-6.9
YTD 2023	30.2	36.0
1 year	24.4	37.8
3 years	38.6	55.3
5 years	108.7	133.0
10 years	589.3	689.4
Since launch (08/04/00)	86.8	268.2
Average 24 months	4.5	10.7
2022 <sup>1</sup>	-20.8	-21.7
2021 <sup>1</sup>	31.4	41.5
2020 <sup>1</sup>	29.5	23.0
2019 <sup>1</sup>	40.6	50.8
2018 <sup>1</sup>	7.3	6.1

<sup>1</sup> 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	5.1
Jul	Aug	Sep	Oct	Nov	Dec
-0.4	2.1	-5.3	-	-	-

For example, we owned the company Mellanox for their fast network solutions in data centers when it was acquired by Nvidia, which then became one of the cornerstones of Nvidia's revamped AI offering. Our thinking behind the theme of Data Management is that there are big profits for companies to manage their data where Cloud was an important component - and the same now applies to AI. Our exposure to AI consists primarily of companies that enable AI - usually referred to as "picks and shovels" - because at the base of every AI model are three major ingredients: competence, data, and processing power. This is where we feel secure in future growth and profitability, rather than in younger companies that deliver various AI services. Then, of course, we have some exposure to future revenue streams from new AI services, but generally through software companies with proven business models. We invest in companies with well-proven business models, but we also naturally continue to follow the development of companies in earlier phases.

It seldom happens, but during September all our holdings showed a negative development, which underscores the negative sentiment in the market during the month. Companies that contributed most negatively during the month were Adobe, Oracle, and Amazon. These companies have in common that they developed strongly during the year, so it is no surprise that there was profit taking when the sentiment is negative.

During the month, we increased our position in the Dutch company ASML, which produces photolithography machines for the semiconductors industry. Simply explained, you can say that ASML products enables the production of all digital products as their extremely advanced and expensive equipment allows for the manufacture of chips required to create high-tech products. They are also the only player who can supply the most advanced photolithography machines.

More recently, there has been a global shortage of semiconductors with major supply problems from both China and of the advanced technology required to produce semiconductors. This has created a trend where companies with a substantial need for semiconductors want production geographically closer in order to reduce the risk in their own operations. In addition, the technology is becoming more and more advanced, which means that the lifespan of a semiconductor is relatively short as new semiconductors are required that are adapted to new technologies. These are just some factors that lead us to have a positive long-term view of ASML. At the time of writing, the share price had fallen 19 per cent since the peak last summer. The stock is currently trading at a valuation on par with 2019, which we believe is a good level to increase the position.

During the month, we divested the entire holding in Disney given we have not seen a desirable development in digital services as a significant share of turnover with a higher margin as a result. Instead, the development has shown the opposite. The opportunity Disney had to leverage its strong brands in new digital channels such as the streaming service Disney + has not materialized as we expected. At the same time, the company is instead now investing more in its amusement parks. That in itself does not have to be negative, but this way forward is not in line with our fund. As a result, we no longer have a positive view of Disney.

## Largest holdings

Holding	Share of the fund (%)
Microsoft	8.0
Alphabet A	6.8
Palo Alto Networks	5.6
Amazon	5.0
Adobe	4.8
Salesforce	4.5
Apple	4.5
Mastercard	4.3
Microchip Technology	4.0
International Business Machine	3.9
<b>Total ten largest holdings</b>	<b>51.4</b>
Cash	5.1
Total number of holdings	29

## Main changes

Bought	Sold
ASML	Walt Disney
-	-
-	-

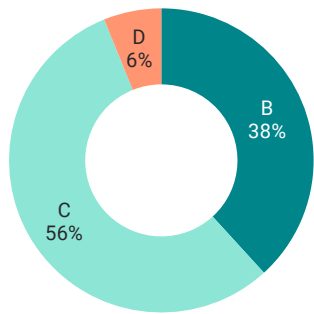
## Sector allocation

Sector	Share of the fund (%)
Information technology	77.7
Communication services	6.8
Consumer discretionary	5.0
Healthcare	3.8
Industrials	1.5

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	0
B	38
C	56
D	6
E	0

Voting

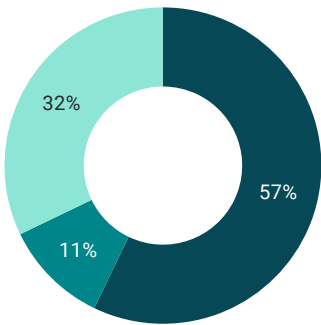
Share of the fund where Lannebo has voted at the general meeting.

	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%

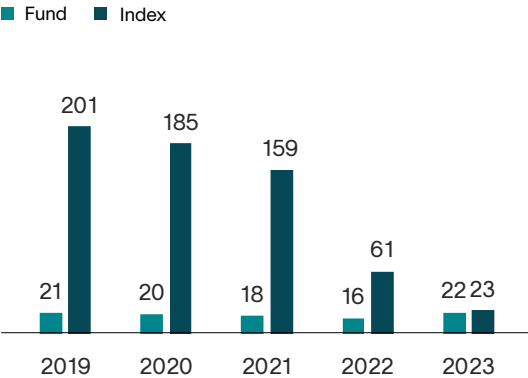


Share of the fund (%)

Validated SBT	57
Committed SBT	11
No SBT	32

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

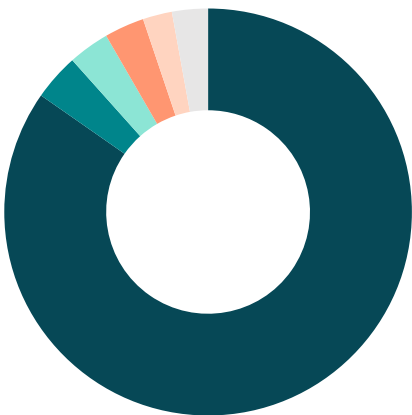
The objective is to ensure greater gender representation by aiming for a minimum of 40 percent representation of the under-represented gender among board members on average.

	Share (%)
Women	33
Men	67

Financial ratios

	Fund	Index
Sharpe ratio	0.2	0.5
Total risk (%)	20.6	23.7
Tracking error	4.8	
Information ratio	-1.3	
Alpha	-4.8	
Beta	0.9	
Portfolio turnover ratio	0.1	
Active share (%)	65	

Country allocation



Country	Share of the fund (%)
United States	80.3
Japan	3.5
Netherlands	3.1
Guernsey	3
France	2.2
Other	2.7

Fund facts

Fund managers	Johan Nilke & Helen Groth
Launch date	08/04/00
NAV per unit	SEK 17.60
Fund size	SEKm 8,560
Ongoing charges*	1.7%
ISIN	SE0000740672
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300Y3UW5Y5DPJSO02

\* 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\*

---

### 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.

---

### 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.

---

### 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.

\* Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and January not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com))

---

### 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.

---

### 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

---

### 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](http://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.

---

### Information ratio

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

---