

Monthly report October 2023

Lannebo Småbolag

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.

Overall positive earnings releases from the fund's holdings

Strong earnings from Addtech and AAK



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Focus was on earnings during October. Although share prices have generally fallen, it is positive to note that the fund's holdings continued to deliver strong results. This, combined with strong balance sheets overall among our holdings, gives us confidence that the companies will emerge stronger from the current troubled period of war, inflation, rising interest rates, declining business conditions, and general gloom in the world. Worth noting is that the factors that have weighed on the stock market are already well known and should, at least partially, be priced in. Having said that, we do not focus on macroeconomic events, but rather on investing in good companies – more on these below.

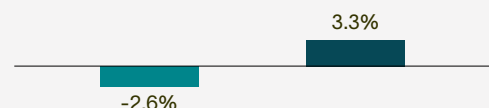
Industrial group Addtech delivered a strong quarterly earnings report. Sales grew 1 per cent organically and 10 per cent reported despite an economic slowdown and difficult comparative figures. Operating profit grew 25 per cent due to continued margin improvements. Furthermore, the cash flow was strong as the company freed up working capital. The Lifco group also reported strong earnings. Turnover fell 1 per cent organically, but a strong contribution from completed acquisitions and currency movements resulted in a sales increase of 17 per cent. As in Addtech, Lifco improved its operating margin, where the operating profit grew 23 per cent. Lifco delivered a very strong operating cash flow, which more than doubled compared to the same quarter last year.

Another holding that delivered a particularly strong results was the vegetable oils and fats company AAK. Despite a volume decrease of 5 per cent, AAK's operating profit grew by 39 per cent. The key to this has been the company's ongoing work with specialization and a reduced focus on segments where price competition is higher; this meant a 43 per cent increase in operating profit per kilo during the quarter.

Property company Sagax should also be highlighted on the positive side as one of the few real estate companies that, despite the climate

The fund's performance*

■ 1 month
■ 1 year



Performance (%)	Fund	Index ¹
October 2023	-2.6	-3.2
YTD 2023	-4.2	-6.1
1 year	3.3	-1.9
3 years	0.6	3.2
5 years	35.2	45.5
10 years	191.1	213.2
Since launch (08/04/00)	1472.8	1080.6
Average 24 months	-15.5	-17.2
2022 ¹	-31.2	-31.4
2021 ¹	29.5	37.1
2020 ¹	18.0	23.0
2019 ¹	40.4	43.2
2018 ¹	-1.7	-0.2

¹ The performance is based on closing prices.

* Net of fees

Jan	Feb	Mar	Apr	May	Jun
7.3	2.3	2.7	2.6	-1.2	-1.8
Jul	Aug	Sep	Oct	Nov	Dec
-4.0	-4.0	-4.9	-2.6	-	-

of sharply rising interest rates and increased uncertainty around leasing, managed to increase the management result by 12 per cent during the quarter. The company also took the opportunity to raise its full year forecast as a result of completed property acquisitions.

Installation company Bravida was found on the negative side due to a challenging construction and installation market. This resulted in a falling order backlog of -8 per cent and - despite sales growth of 8 per cent - weaker margins that led to an operating profit that decreased 1 per cent. The company noted a more wait-and-see attitude from both private and public sector customers.

During the month, we increased our holdings in Beijer Ref, Troax and Hexpol. Beijer Ref's share price was pressured by concerns over weaker demand and the company's cash flow. We assess the concerns as exaggerated; it is also worth noting that as per the quarterly report the cash flow was strong. Troax and Hexpol are two well-managed industrial companies whose share prices have been weighed down by general economic uncertainties in the market.

Largest holdings

Holding	Share of the fund (%)
AddTech B	6.0
Trelleborg B	5.6
Lifco B	5.6
AAK	5.1
Beijer Ref B	5.0
Lagercrantz	4.4
Sagax B	4.4
Balder B	4.1
Hexpol B	3.7
Bufab	3.7
Total ten largest holdings	47.6
Cash	3.1
Total number of holdings	38

Main changes

Bought	Sold
Beijer Ref	-
Troax	-
Hexpol	-

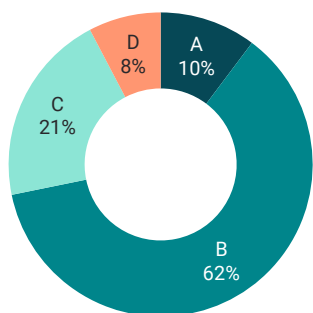
Sector allocation

Sector	Share of the fund (%)
Industrials	49.8
Information technology	20.1
Real estate	12.6
Consumer staples	8.7
Financials	3.7
Healthcare	2.1

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	10
B	62
C	21
D	8
E	0

Nomination committees 2023

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

Company

Addnode	KnowIT
Addtech	Lagercrantz
Beijer Alma	Nolato
Bufab	Nyfosa
CreaSpac	TBD30
Fagerhult	Trelleborg
Hexpol	

Voting

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

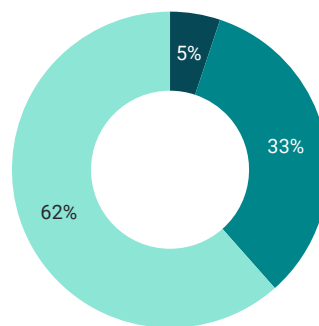
Share of the fund (%)

2023 YTD	92
2022	93
2021	92

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%



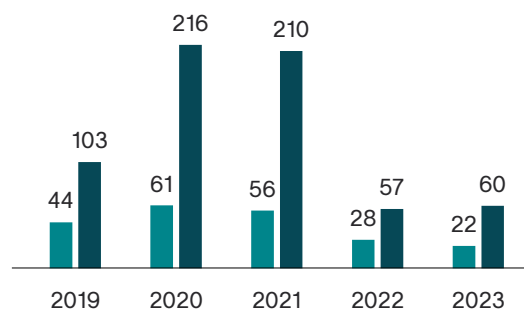
Share of the fund (%)

Validated SBT	5
Committed SBT	33
No SBT	62

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.

Fund Index



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	32
Men	68

Financial ratios

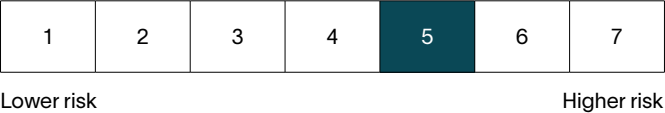
	Fund	Index
Sharpe ratio	-0.6	-0.8
Total risk (%)	25.1	23.5
Tracking error	6.5	
Information ratio	0.3	
Alpha	2.4	
Beta	1.0	
Portfolio turnover ratio	0.2	
Active share (%)	73	

Fund facts

Fund managers	Per Trygg & Hjalmar Ek
Launch date	08/04/00
NAV per unit	SEK 129.57
Fund size	SEKm 21,504
Ongoing costs*	1.7%
ISIN	SE0000740698
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300JC5787N3394631

* 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.

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.