

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.

A gloomy autumn for the stock market

Sauna days are back



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The stock market's negative trend continued in October, driven by concerns over the economy and central banks' monetary policies. The rapidly worsening security situation in the Middle East contributed to the deteriorating risk appetite on the stock market. During October, Sweden was the weakest among the Nordic stock markets, while the more non-cyclical Danish market was unchanged. There was a marginal difference between small- and large-caps.

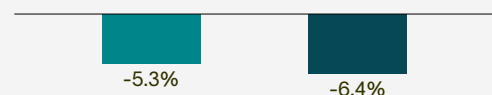
The reporting season began and it is clear that the economic downturn is spreading. Conventional companies reported poorer sales and reduced order intake, but they managed to defend profit margins. For some time, it has been companies in the construction and consumer goods sectors that have had it the toughest - but now cyclical industries are also weakening. Higher interest rates have had a gradually increasing effect on the willingness to invest, as well as limiting and making financing opportunities more expensive.

Among our portfolio companies, we would like to highlight window manufacturer Inwido, which managed to maintain their profit margin at high levels despite a sharp decline in demand. The most negative surprise was mining equipment company Metso, which, above all, had a weak order intake, but earnings were also worse than expected. A consistent feature of the reporting season is mining equipment manufacturers that surprised negatively, likely due to higher financing costs that has led mining companies to re-assess expensive investment projects.

As expected, Inflation continued to broadly subside globally, but remains above central banks' inflation targets, which, together with record low unemployment in both the US and the EU, means central banks continued to deliver hawkish signals. However, market expectations have changed as a result of the weaker economic signals, where no further interest rate increases are anticipated by

The fund's performance*

- 1 month
- 1 year



Performance (%)	Fund ¹	Index ²
October 2023	-5.3	-3.5
YTD 2023	-12.1	0.9
1 year	-6.4	5.4
3 years	0.8	22.6
5 years	34.2	55.7
10 years	121.1	157.9
Since launch (10/01/10)	186.7	243.3
Average 24 months	-13.6	-8.7
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	-5.3	-	-

either the Fed or the ECB. However, the Riksbank is expected to raise its key rate one more time before the peak is reached.

Following the stock market decline during the fall, we have a more positive market outlook. A recession is coming with company profits likely falling in 2024. However, this should not have a major impact on the stock market given the market has already factored this in. More importantly, our positive view of the stock market is that inflation worries should decrease as a result of a weaker economy, which in turn removes the risk of continued interest rate increases. An end to interest rate hikes is the key to a more positive stock market.

We invested in SKF during September, and we continued to top up our position during October given we find SKF's valuation attractive. Increasing the holding in a cyclically sensitive company may sound counterintuitive given current demand, but we believe that a negative cyclical scenario is relatively well discounted in today's share prices. Harvia, the Finnish sauna company, has once again entered the fund. The company had a demand boom during Covid, but sales are now back at pre-pandemic levels. What has surprised us is how well the company has maintained profitability, which we do not think is discounted in today's share price. We also increased the position in Danish Coloplast.

We reduced our position in Atlas Copco, which is one of the more stable and profitable companies in the industrial sector. However, this is also reflected in the share's valuation, which is why we chose to reduce the holding. Unlike most other sectors, forest-related shares performed well during October. We reduced our holding in SCA as it became a bit too large a share of the fund.

Largest holdings

Holding	Share of the fund (%)
AstraZeneca	6.1
Swedbank A	5.5
OX2	5.4
Nibe Industrier B	5.4
Investor B	5.1
Inwido	5.1
Hexagon B	4.6
Sandvik	4.5
SCA B	4.2
Bravida Holding	4.1
Total ten largest holdings	50.0
Cash	3.5
Total number of holdings	27

Main changes

Bought	Sold
SKF	Atlas Copco
Harvia	SCA
Coloplast	-

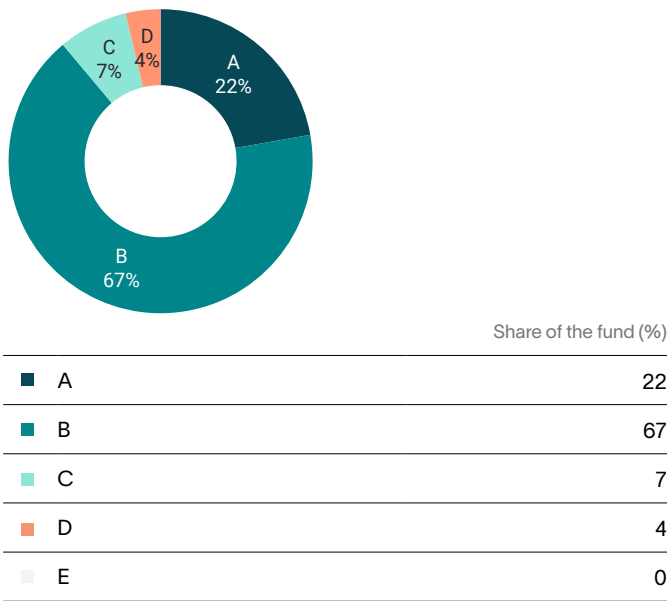
Sector allocation

Sector	Share of the fund (%)
Industrials	44.6
Financials	14.6
Energy	10.9
Healthcare	9.5
Material	6.0
Information technology	4.6
Real estate	3.3
Consumer discretionary	3.0

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.



Nomination committees 2023

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

Company
Balco
Inwido

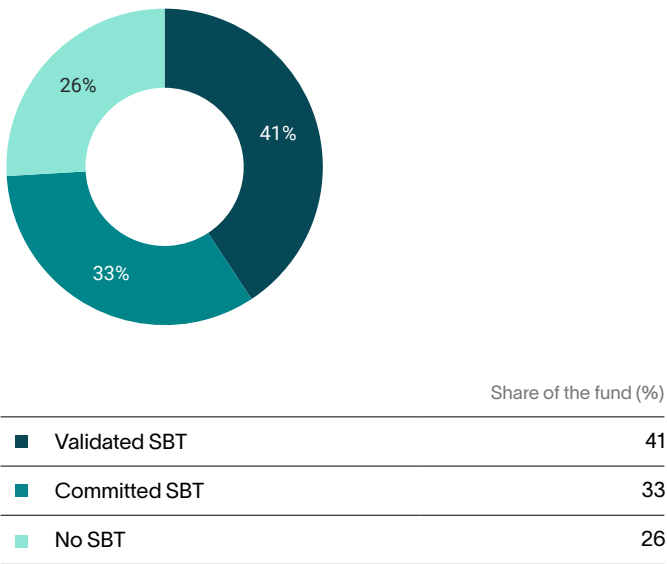
Voting

	Share of the fund (%)
2023 YTD	68
2022	57
2021	84

Climate target

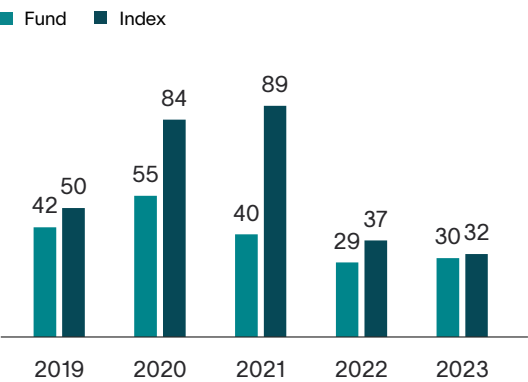
Lannebo has committed to a climate target that requires the companies in material sectors within its portfolios to establish science-based emissions reduction targets, SBT.

Year 2040: 100% Year 2030: 50%



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	-0.6	-0.4
Total risk (%)	22.5	20.5
Tracking error	9.1	
Information ratio	-0.6	
Alpha	-5.1	
Beta	1.0	
Portfolio turnover ratio	0.4	
Active share (%)	74	

Fund facts

Fund managers	Charlotta Faxén & Peter Lagerlöf
Launch date	10/01/10
Launch date share class	12/20/18
NAV per unit	SEK 1,915.66
Fund size	SEKm 835
Ongoing costs*	1.8%
ISIN	SE0011973684
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300Y41WZFFONEIE996

* 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.