

Lannebo Teknik

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.



Market uncertainty

Strong earnings releases from Microsoft and Amazon



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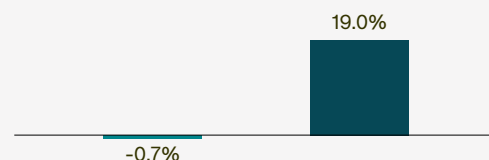
Earnings reports poured in during October, but it was interest rates that stole the show and put a wet blanket over the market. On top of that came concerns over the economy and a rapidly deteriorating Middle East security situation. Although inflation continued to fall back on a broad front globally, it is still well above central banks' inflation targets. This, along with record low unemployment in both the US and the EU, means that central banks continued to send hawkish signals. However, market expectations have changed as a result of the weaker economic signals, where no further interest rate increases are anticipated by either the Fed or the ECB. As we write this, the Fed announced it would maintain interest rates unchanged and that it will proceed cautiously, which was interpreted positively by the market. However, the Riksbank is expected to raise its key rate one more time before the peak is reached.

With regard to the economy, we see the downturn spreading to more companies, marked primarily by lower order intake. Despite this, many companies managed to maintain their margins both through price increases and cost restraints. Higher interest rates have had an increasing effect on the willingness to invest, not least for small caps, but we are now beginning to see that this also affects private equity and unlisted companies. So, the expected recession looks set to become a reality. At the same time, we are getting signals indicating that certain parts of the market are starting to bottom out. If we then come to an end to the interest rate increases and easier comparative figures, we should be able to see some recovery even in some smaller technology companies that have now come down in valuation. The stock market does not reflect the present, but rather the expected future.

Quarterly reports were the primary influence over which holdings contributed positively and negatively to the fund's development.

The fund's performance*

- 1 month
- 1 year



Performance (%)	Fund	Index ¹
October 2023	-0.7	0.2
YTD 2023	29.2	36.3
1 year	19.0	28.5
3 years	46.1	66.0
5 years	118.6	148.6
10 years	548.3	659.9
Since launch (08/04/00)	85.4	268.9
Average 24 months	3.6	8.7
2022 ¹	-20.8	-21.7
2021 ¹	31.4	41.5
2020 ¹	29.5	23.0
2019 ¹	40.6	50.8
2018 ¹	7.3	6.1

¹ 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	-0.7	-	-

Microsoft delivered another strong earnings report with continued good growth for cloud services within Azure. At the same time, the company managed to increase the price for Office 365, which is expected to continue as the AI co-pilot service is rolled out on a broad front. It was a strong report that calmed market concerns over increased investments. Amazon saw stable development for its cloud service AWS, while restructuring within e-commerce started to take effect, and the advertising business continued to grow. Amazon delivered a strong earnings report overall and was the fund's second largest positive contributor during the month.

Unfortunately, Tomra's negative development continued, which, despite being a relatively small holding, was the fund's biggest negative contributor in October. Tomra's weak earnings report disclosed few bright spots. Order intake was down over 30 per cent while costs were up, which of course does not provide for a positive margin indication. Therefore, even though expectations have come down, it was not enough and we are reviewing the holding given we are anything but satisfied with the development.

On the positive side was Dassault that was up 10 per cent during the month after releasing a strong quarterly earnings report. The company showed a 12 per cent overall growth, despite a tougher market for some customer groups. Dassault managed to close several large contracts in recent years and now has a strong customer list with names such as Boeing, Airbus, ABB, and others, which are also considered reference cases when pursuing further business.

Changes in the portfolio were marginal during the month despite some market concerns, and we have only seen minor movements of fund holdings. We instead focused more on the gross list of interesting companies that we have accumulated over several years to see whether the concerns create mis-pricings in well-managed companies with underlying structural growth.

Largest holdings

Holding	Share of the fund (%)
Microsoft	8.7
Alphabet A	6.6
Palo Alto Networks	5.9
Amazon	5.3
Adobe	5.1
Salesforce	4.6
Apple	4.5
Mastercard	4.2
International Business Machine	4.1
Intuit	3.9
Total ten largest holdings	52.9
Cash	4.8
Total number of holdings	29

Main changes

Bought	Sold
-	-
-	-
-	-

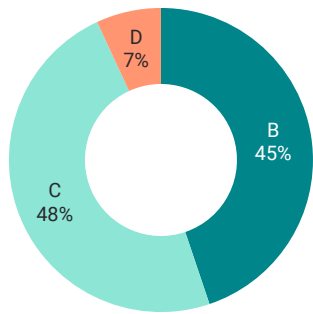
Sector allocation

Sector	Share of the fund (%)
Information technology	78.5
Communication services	6.6
Consumer discretionary	5.3
Healthcare	3.6
Industrials	1.1

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	0
B	45
C	48
D	7
E	0

Voting

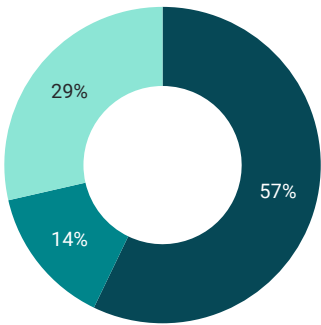
Share of the fund where Lannebo has voted at the general meeting.

	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%

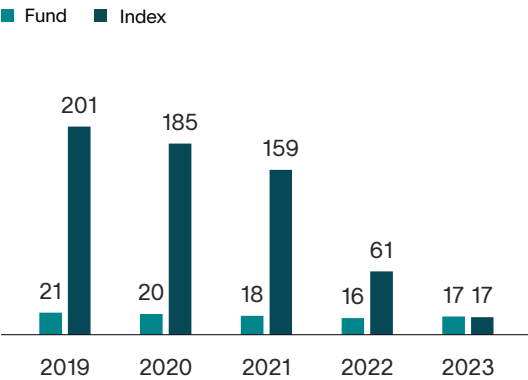


Share of the fund (%)

Validated SBT	57
Committed SBT	14
No SBT	29

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

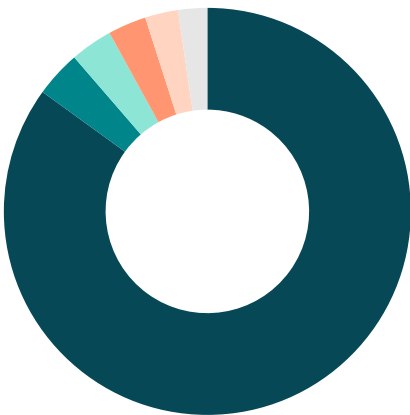
The objective is to ensure greater gender representation by aiming for a minimum of 40 percent representation of the under-represented gender among board members on average.

	Share (%)
Women	33
Men	67

Financial ratios

	Fund	Index
Sharpe ratio	0.2	0.4
Total risk (%)	20.5	23.6
Tracking error	4.9	
Information ratio	-1.2	
Alpha	-4.3	
Beta	0.9	
Portfolio turnover ratio	0.1	
Active share (%)	64	

Country allocation



Country	Share of the fund (%)
United States	80.9
Japan	3.5
Netherlands	3.2
Guernsey	2.9
France	2.5
Other	2.2

Fund facts

Fund managers	Johan Nilke & Helen Groth
Launch date	08/04/00
NAV per unit	SEK 17.47
Fund size	SEKm 8,614
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.

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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.

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.
