

Monthly report December 2023

Lannebo Småbolag Select

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.

Interest rates down, the stock market's up

Beijer Ref & Lagercrantz complete acquisitions



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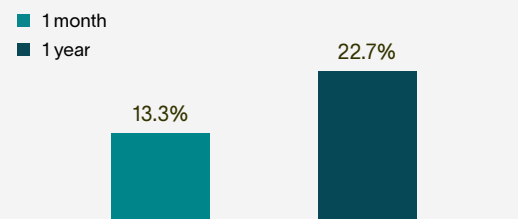
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November was a strong month for stock markets globally, and December continued on the same path primarily due to an increased anticipation that central banks around the world will cut interest rates over the next year. It appears likely that inflationary pressures will continue to decrease given large portions of the economy have slowed. It is rewarding that our strategy of maintaining a long-term perspective on cyclically sensitive stocks - while the market focuses on the short-term perspective - has paid off during the Autumn. The pressure on Swedish real estate companies has also decreased now that long-term rates have come down relatively sharply. This was visible in real estate shares during November and December where, for example, the fund's holding in Nyfosa was up around 30 per cent in one month.

December was a relatively news-poor month as companies had presented their Q3 earnings earlier. However, we visited a number of companies in southern Sweden during the month; we met with both existing holdings as well as a couple of prospective investments. Our findings of course vary per company, but generally it can be said the companies were optimistic over circumstances for maintaining the current high margin levels given there is room to work with cost savings and efficiencies; this is in comparison to previously when it was more about price increases and improving the product mix. Competition for acquisition targets has clearly eased as current interest rates have made private equity funds very cautious, as those typically finance their acquisitions with significant levels of debt.

During the month, several of the fund's companies made acquisitions. Beijer Ref acquired Webb Supply, a North American ventilation distributor. We see this type of smaller acquisition as an addition to the US platform that the company now has through the acquisition of Heritage Distribution and as relatively low risk and therefore positive.

The fund's performance*



Performance (%)	Fund	Index ¹
December 2023	13.3	9.6
YTD 2023	22.7	14.7
1 year	22.7	14.7
3 years	10.8	7.8
5 years	65.1	89.9
10 years	220.6	265.8
Since launch (10/31/00)	2028.3	1371.1
Average 24 months	-6.7	-11.3
2022 ¹	-29.0	-31.4
2021 ¹	27.2	37.1
2020 ¹	11.8	23.0
2019 ¹	33.3	43.2
2018 ¹	0.9	-0.2

¹ The performance is based on closing prices.

* Net of fees

Jan	Feb	Mar	Apr	May	Jun
7.5	2.0	2.1	2.1	0.8	-3.0
Jul	Aug	Sep	Oct	Nov	Dec
-3.5	-4.5	-4.9	-2.7	14.0	13.3

Beijer Ref has better purchasing prices than the distributors it acquires and can, as such, increase margins in the acquired companies basically from day one. Lagercrantz acquired Nordic Road Safety - a company that specializes in road safety barriers and noise barriers. Sweden accounts for approximately 85 per cent of sales, and, like several of Lagercrantz's other subsidiaries, Nordic Road Safety is relatively insensitive to the business cycle, but instead follows other types of cycles.

Largest holdings

Holding	Share of the fund (%)
OEM International B	7.4
AddTech B	6.5
Lifco B	6.3
Beijer Ref B	5.8
Addnode Group B	5.7
Sagax B	5.6
NCAB Group	5.5
Lagercrantz	4.7
Bufab	4.7
NP3 Fastigheter	4.6
Total ten largest holdings	56.8
Cash	2.1
Total number of holdings	25

Main changes

Bought	Sold
Bufab	Beijer Alma
-	-
-	-

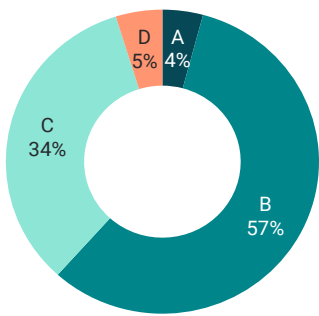
Sector allocation

Sector	Share of the fund (%)
Industrials	47.9
Information technology	23.3
Real estate	17.1
Healthcare	5.5

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	4
■ B	57
■ C	34
■ D	5
■ E	0

Nomination committees 2023

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

Company	
Addnode	MedCap
Addtech	Trelleborg
Beijer Alma	
BTS	
Hexpol	
Lagercrantz	

Voting

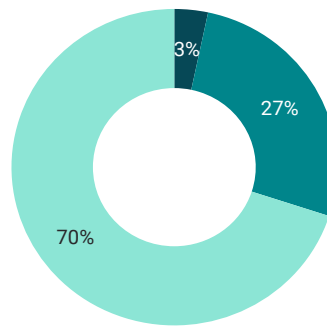
Share of the fund where Lannebo has voted at the general meeting.

	Share of the fund (%)
2023 YTD	78
2022	91
2021	99

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%

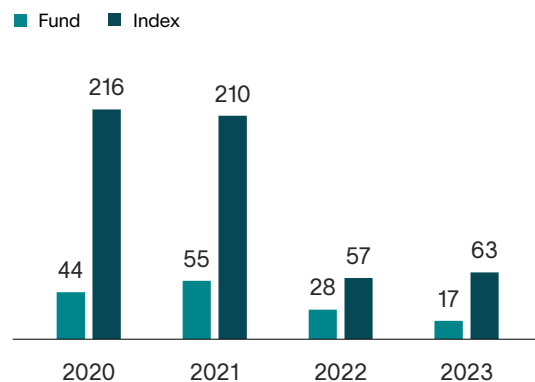


Share of the fund (%)

■ Validated SBT	3
■ Committed SBT	27
■ No SBT	70

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	32
Men	68

Financial ratios

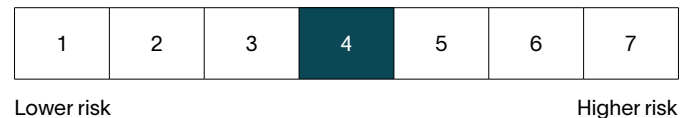
	Fund	Index
Sharpe ratio	-0.2	-0.5
Total risk (%)	30.0	25.9
Tracking error	8.1	
Information ratio	0.6	
Alpha	6.3	
Beta	1.1	
Portfolio turnover ratio	0.5	
Active share (%)	83	

Fund facts

Fund managers	Per Trygg & Hjalmar Ek
Launch date	10/31/00
NAV per unit	SEK 745.90
Fund size	SEKm 2,426
Ongoing costs*	0.9%
Variable fee	20% of any excess return
Return threshold	30-day STIBOR, monthly on the first banking day of each month, plus five percentage points, currently 5.00%
ISIN	SE0000917205
Trading frequency	The fund is open on the last business day of each month. The capital limit is currently set at SEK 3.5 billion
Minimum investment amount	The initial investment is SEK 100,000 and then SEK 20,000 per subscription thereafter
Supervisory authority	Finansinspektionen
LEI	549300ZTBJP4DRZ5I462

* 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.

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

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.

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.

Total risk

Given as the standard deviation of variations in the total return of the fund or index.

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