

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.



Mixed start to 2024

Industrials go lower



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The 2024 stock market year is off to a mixed start. Nasdaq continued to climb driven by the large technology companies, now known as the "Magnificent Seven". In the Nordics, the Danish stock market rose sharply, driven by a strong price development for the Nordics' by far largest company - Novo Nordisk. In Sweden, both large- and small-caps fell slightly, while Norway had the weakest market development in the Nordics.

After the bull rush on markets globally at the end of 2023, 2024 started calmer. In much the same way as in 2023, a lot of focus was on macro factors such as central banks' key interest rates and economic developments.

The consensus opinion in the market is now that the global economy will have a soft landing during 2024. Growth should slow down somewhat, which should reduce inflation risks, which in turn should lead central banks to ease monetary policy. However, history shows that soft landings are difficult to achieve. The most common outcome when the economy weakens is crash landings that include system-threatening financial problems, lower stock prices, and a sharp rise in unemployment.

However, there are some arguments for the rosy soft landing scenario to succeed this time. The energy transition contributes to unusually large investments globally, which has a positive effect on GDP. In addition to that, fiscal policy is expansionary in most major economies and we can also state that central banks have not tightened too much. There have been no financial crashes detected. And finally, households have had unusually large savings buffers following the pandemic, which has made a positive contribution to the possibility of maintaining consumption despite falling real wages. Large stimulus measures aimed at households were made during the pandemic-years, which were largely unused when the pandemic ended. It can

The fund's performance*

- 1 month
- 1 year

Performance (%)	Fund ¹	Index ²
January 2024	-2.6	-1.7
YTD 2024	-2.6	-1.7
1 year	-6.1	8.6
3 years	-2.8	23.0
5 years	49.9	81.5
10 years	137.3	191.6
Since launch (10/01/10)	219.1	298.5
Average 24 months	-5.7	0.2
2023 ³	1.4	19.2
2022 ³	-20.5	-22.8
2021 ³	23.0	39.3
2020 ³	24.1	14.8
2019 ³	34.2	35.0

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
-2.6	-	-	-	-	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

also be noted that unemployment is at a record low in both the US and the EU. This should mean that companies will be a little more careful than usual to get rid of staff when the economy slows down.

The Q4 earnings season started and it is very similar to Q3 developments. That is to say the economy is slowing down somewhat, which can be seen in the order intake, but, aside from the construction sector, there is no drama. Profit margins remain at historically high levels in tone-setting sectors such as industrial companies and banks.

Among the portfolio companies, Hexagon reported strong earnings where cash flow, which has been a concern, was really strong. Weak earnings reports have generally come from forest companies, which are also fund holdings. Most indications, however, are that both prices and volumes are at rock bottom levels and a turn for the better will take place during 2024.

Electrolux is a new holding. From having been a "covid"-winner, Electrolux ended as a real loser. Both sales and, above all, profit decreased, and from having had a strong balance sheet there has even been speculation about a new issue. We still chose to invest in the company as we assess that Electrolux has left the worst behind them in the form of weak demand, high prices for input goods, and logistics issues. It also appears there will be real wage increases in 2024 in most of the markets where Electrolux is active, which guarantees consumers will also have a better situation going forward.

Following the euphoric rise in the stock market, we chose to reduce our holdings in some industrial companies given we think an economic improvement has been discounted far too quickly. We therefore sold the holding in Alfa Laval and reduced the position in SKF and Sandvik.

Largest holdings

Holding	Share of the fund (%)
Investor B	5.9
Hexagon B	5.7
OX2	5.6
AstraZeneca	5.4
Bravida Holding	5.4
Handelsbanken A	5.3
Nibe Industrier B	5.0
Swedbank A	4.2
Inwido	4.1
Lindab	4.0
Total ten largest holdings	50.6
Cash	2.8
Total number of holdings	27

Main changes

Bought	Sold
Electrolux	Alfa Laval
-	SKF
-	Sandvik

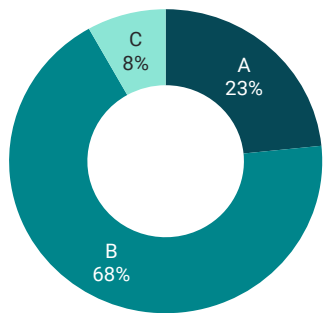
Sector allocation

Sector	Share of the fund (%)
Industrials	42.0
Financials	15.4
Energy	11.1
Healthcare	7.4
Consumer discretionary	6.8
Material	6.1
Information technology	5.7
Real estate	2.7

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	23
■ B	68
■ C	8
■ D	0
■ E	0

Nomination committees

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

Company

Balco
Inwido
OX2
Rejlers

Voting

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

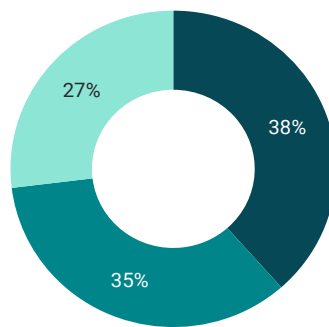
Share of the fund (%)

2023 YTD	0
2022	70
2021	57

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%



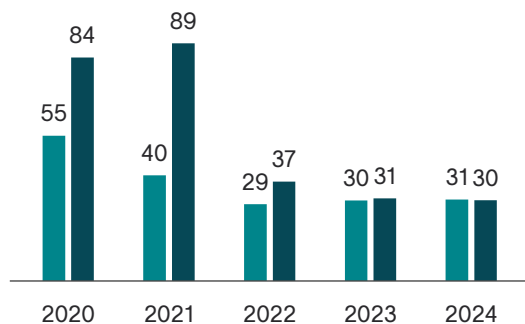
Share of the fund (%)

■ Validated SBT	38
■ Committed SBT	35
■ No SBT	27

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	35
Men	65

Financial ratios

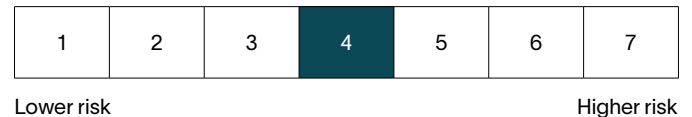
	Fund	Index
Sharpe ratio	-0,4	0,0
Total risk (%)	23,1	20,9
Tracking error	8,7	
Information ratio	-1,1	
Alpha	-9,2	
Beta	1,0	
Portfolio turnover ratio	0,4	
Active share (%)	75	

Fund facts

Fund managers	Charlotta Faxén & Peter Lagerlöf
Launch date	10/01/10
Launch date share class	12/20/18
NAV per unit	SEK 2 132.69
Fund size	SEKm 881
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



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.

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.