

# Semi annual report 2023

# Lannebo Småbolag



## Fund managers



### Per Trygg

**Experience:**

MBA Uppsala University 1996, Aragon Securities  
Equity Analyst 1996, MTG Group Business  
Controller 1997-1998, SEB Equity and Credit  
Analyst 1998-2007, SEB Investment Management  
Fund Manager Small Cap Funds 2007-2021,  
Lannebo Fonder Fund Manager 2021-.



### Hjalmar Ek

**Experience:**

Bachelor's degree in Business and Economics  
Uppsala Universitet 2016, Lannebo Fonder Analyst  
2016–2018, Fund Manager 2018–.

## Lannebo Småbolagsfond

### Investment focus

Lannebo Small Cap is an actively managed equity fund which invests in small and medium-sized public companies in the Nordics, with a focus on Sweden. The companies which the fund invests in are at the time of investment allowed to have a market capitalization of a maximum of 1 per cent of the total market capitalization of Nasdaq Stockholm. The 30th June 2023 this entails a market capitalization of 98 billion SEK.

### The fund's development

Assets under management increased from 24 billion SEK at the beginning of 2023 to 26 billion SEK by the 30th of June 2023. The net of in- and outflows during the period was minus 906 million SEK. The fund increased 13,2 percent during the period. The fund's benchmark, Carnegie Small Cap Return Index (CSRX), increased 4,5 per cent.

### Comments to the results

The holdings that contributed most positively to the fund's performance were Addtech, Bufab and Lifco. Addtech has had a continued strong operational development, with good organic growth and rising margins. In parallel, the company has also continued to execute on its strategy to acquire profitable niche companies in relevant industries.

Bufab has performed well operationally and when the slowdown in the economic cycle is becoming visible the cash generation in Bufab increases significantly. Lifco has reported solid growth with high margins and this development was also underpinned by good cash flows. One reason for this is that the improvement in the supply chain situation has reduced the need for buffer inventory.

The shares that contributed negatively to performance were Nyfosa and Balder. Swedish real estate companies have generally had a tough time in the stock market due to rising interest rates as well as worries regarding the companies' ability to refinance outstanding bonds. Nyfosa has a low share of its debt in bonds and Balder does not pay a dividend, while generating a solid cash flow that can be used to pay down debt.

The fund's largest holdings as of the 30th of June were Addtech, Trelleborg and Lifco.

Addtech is an industrial company with its roots in Sweden but with an increasingly European footprint. Acquisitions of smaller companies combined with decentralized responsibility are central tenets of the strategy.

Trelleborg is a niche producer of polymer products, which are sold to industrial customers. The products dampen, seal and protect. The products have a low impact on the cost of the end product, which means that quality rather than price is central to the customers.

Lifco is a conglomerate consisting of three main business areas: Dental, Demolition & Tools and Systems Solutions. Even if the businesses are quite disparate the core in Lifco's structure is a decentralized management model with a high focus on return on capital and profitable growth.

### The fund's performance

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023-06
Net asset SEK millions	14 351	15 375	18 903	21 388	23 793	21 595	29 834	31 841	36 082	23 638	25 824
NAV Share class SEK	46.62	57.12	74.66	81.90	92.34	90.74	127.40	150.35	194.67	133.90	151.60
Number of outstanding units, thousands, Share class SEK				261 135	257 366	237 218	232 527	210 729	184 486	175 318	169 256
Divident SEK per unit, share class SEK	0	0	0	0	0	0	0	0	0	0	0
Annual return %, Share class SEK	44.0	22.5	30.7	9.7	12.7	-1.7	40.4	18.0	29.5	-31.2	13.2
NAV Share class SEK C						91.11	128.92	153.36	200.15	138.80	157.73
Number of outstanding units, thousands, Share class SEK C						453	817	34	15	6	32
Divident SEK per unit, share class SEK C						0	0	0	0	0	0
Annual return %, Share class SEK C						-8.8	41.5	19	30.5	-30.7	13.6
NAV Share class EUR				106.60	117.01	111.38	151.85	186.12	236.81	149.80	160.42
Number of outstanding units, thousands, Share class EUR				1.0	25.0	25.0	66.0	82.0	69.0	96.0	84.6
Divident SEK per unit, share class EUR				0	0	0	0	0	0	0	0
Annual return %, Share class EUR				6.6	9.8	-4.8	36.3	22.6	27.2	-36.7	7.1
Benchmark, % in SEK	36.6	21.6	30.1	12.2	8.8	-0.2	43.2	23.0	37.1	-31.4	4.5
Benchmark, % in EUR				9.2	6.1	-4.3	40.5	27.7	34.8	-37.0	-1.2
Active share %						70	67	66	68	70	71
Tracking error %	3.4	3.0	4.8	5.0	3.5	4.5	5.2	5.3	4.6	4.4	5.2

\* Benchmark Carnegie Small Cap Return Index

### Top 5 holdings 2023-06-30

Holding	Weight
AddTech B	7.6
Lifco B	5.5
Trelleborg B	5.5
Lagercrantz	5.0
Beijer Ref B	4.7

**Balance sheet**

SEK thousands	note	2022-12-31	2023-06-30	Category 1	Count	Market Value	Weight fund %
<b>Assets</b>				<b>Industrial goods &amp; services</b>			
Transferable securities	1	22 904 650	25 270 902	AddTech B	8 413 052	1 975 385	7.65
<b>Total financial instruments with a positive market value</b>		<b>22 904 650</b>	<b>25 270 902</b>	Beijer Alma B	4 049 751	913 219	3.54
				Beijer Ref B	8 733 483	1 201 727	4.65
Cash and cash equivalents		740 739	548 961	Bravida Holding	5 927 926	614 133	2.38
Prepaid expenses and accrued income		11 749	61 919	Bufab	2 958 885	1 091 237	4.23
Other assets		13 315	3 138	Concentric	1 913 766	393 279	1.52
<b>Total assets</b>		<b>23 670 453</b>	<b>25 884 920</b>	Hexpol B	7 827 816	894 719	3.46
				Indutrade	3 576 140	868 644	3.36
<b>Liabilities</b>				Lifco B	6 056 880	1 419 127	5.5
Accrued expenses and deferred income		-32 705	-54 040	Loomis	1 496 766	470 883	1.82
Other liabilities			-6 986	Nolato B	14 003 328	709 969	2.75
<b>Total liabilities</b>		<b>-32 705</b>	<b>-61 026</b>	Nordic Waterproofing	524 162	72 230	0.28
<b>Total net asset</b>	2	<b>23 637 748</b>	<b>25 823 894</b>	OEM International B	5 920 567	580 216	2.25
				Sweco B	3 654 526	433 792	1.68
<b>Memorandum items</b>		<i>None</i>	<i>None</i>	Trelleborg B	5 400 000	1 411 560	5.47
				Troax	1 763 151	375 199	1.45
				Vaisala, Finland, EUR/SEK	1 092 485	542 029	2.1
						<b>13 967 347</b>	<b>54.09</b>
<b>Note 1</b>	<b>See holdings in financial instruments below</b>			<b>Staples</b>			
				AAK	5 194 284	1 053 401	4.08
				Axfood	3 768 400	859 949	3.33
						<b>1 913 350</b>	<b>7.41</b>
<b>Note 2</b>	<b>Change in net asset</b>			<b>Healthcare</b>			
				Medicover B	2 354 792	385 479	1.49
				Sectra B	1 035 962	187 406	0.73
						<b>572 885</b>	<b>2.22</b>
<b>Net asset in the beginning of the year</b>		<b>36 082 110</b>	<b>23 637 748</b>	<b>Finance</b>			
Unit issue		2 262 858	978 903	Creaspac	1 298 000	123 570	0.48
Unit redemption		-3 658 419	-1 885 089	Nordnet	3 744 275	540 299	2.09
Net result according to income statement		-11 048 801	3 092 331			<b>663 868</b>	<b>2.57</b>
<b>Net asset at the end of the year</b>		<b>23 637 748</b>	<b>25 823 894</b>	<b>Information technology</b>			
				Addnode Group B	7 350 000	613 725	2.38
				Avanza Bank Holding	1 215 446	266 790	1.03
				cBrain, Denmark, DKK/SEK	420 000	103 030	0.4
				Fortnox	6 000 000	382 080	1.48
				HMS Networks	713 323	376 635	1.46
				Knowit	851 903	148 572	0.58
				Lagercrantz	9 338 149	1 298 003	5.03
				Mycronic	3 700 315	987 984	3.83
				NCAB Group	8 262 387	694 454	2.69
				Vitec Software Group B	1 291 806	700 159	2.71
						<b>5 571 431</b>	<b>21.57</b>
				<b>Real estate</b>			
				Balder B	16 544 188	651 179	2.52
				NP3 Fastigheter	2 166 191	352 873	1.37
				Nyfosa	9 440 197	562 636	2.18
				Sagax B	4 333 322	922 998	3.57
						<b>2 489 685</b>	<b>9.64</b>
				<b>Sum category 1</b>		<b>25 178 566</b>	<b>97.5</b>

	Count	Market Value	Weight fund %
<b>Category 3</b>			
<b>Finance</b>			
Tebede A	936 474	92 336	0.36
<b>Sum Category 3</b>		92 336	0.36
<b>Sum securities</b>		25 270 902	97.86
<b>Other assets and liabilities</b>		552 992	2.14
<b>Net assets</b>		25 823 894	100

The fund's holdings of securities have been divided into the following categories:

1. Transferable securities admitted to trading on a regulated market or an equivalent market outside the EEA.
2. Other financial instruments admitted to trading on a regulated market or an equivalent market outside the EEA.
3. Transferable securities that are regularly traded on another market that is regulated and open to the public.
4. Other financial instruments that are regularly traded on another market that is regulated and open to the public.
5. Transferable securities which, within one year of the issue, are intended to be admitted to trading on a regulated market or an equivalent market outside the EEA.
6. Transferable securities which, within one year of the issue, are intended to be regularly traded on another market which is regulated and open to the public.
7. Other financial instruments.

#### Accounting principles

The fund's accounting principles are based on Generally Accepted Accounting Principles and are, where appropriate, prepared in accordance with the Swedish Investment Funds Act (2004:46), the Swedish Financial Supervisory Authority's regulations (FFFS 2013:9), the Swedish Financial Supervisory Authority's guidance, the Swedish Investment Fund Associations guidelines and also the Swedish Accounting Act.

#### Valuation of financial instruments

The fund's financial instruments including liabilities and derivatives are valued at their current market value. The current market value is established using different methods, which are applied in the following order:

1. If the financial instrument is traded on an active market, the closing price on the balance sheet date is used.
2. If the financial instrument is not traded on an active market, the current market value is derived on the basis of similar transactions that have taken place under market conditions over the past period.
3. If methods 1 or 2 cannot be applied, or will be obviously misleading, the current market value is established using a valuation model established on the market.

#### Material risks

Saving in shares involves market risk in the form of fluctuations in the price of a share. In a fund, this risk is reduced by the fund owning shares in several companies whose prices do not show exactly the same fluctuations, which is called diversification.

The concentration of the fund's holdings has increased during the half-year. Overall, the diversification effect is good. The concentration has a good margin to the permitted level according to the fund rules. Market risk, measured as the standard deviation of the fund's return, was higher than for the stock market as a whole (measured as Carnegie Small Cap Return Index Sweden).

The fund's currency exposure at mid-year was 3 per cent and related to exposures to holdings denominated in Danish kroner and Finnish holdings denominated in euro. The currency exposure had a slightly positive diversification effect on the portfolio at mid-year. The fund has a share class that is traded in euros, which means that the share class has a strong link to exchange rate fluctuations between euros and Swedish kronor.

The possibility of having large positions in small and medium-sized companies means that the market liquidity risk can be high in the fund at times. Market liquidity risk is the risk of poorer liquidity in the holdings, which affects the possibility of realising the positions. Shares in small companies generally have lower liquidity and there are therefore greater requirements for managing liquidity risk in the fund. The fund's holdings are diversified between different issuers to reduce this risk.

Levels of relevant risks are continuously monitored and followed up together with the outcome of regular stress tests. Applicable risk measures are used to assess the fund's risk profile. The fund's level of concentration and degree of active management are also part of the system used to manage the risks to which the fund is exposed. During the half-year, the fund was managed in accordance with the its risk profile.