

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 included in the fund are, at the time of investment, allowed to have a market value that does not exceed 1 percent of the total market value at Nasdaq Stockholm. As of December 31, 2023, this corresponded to a market value of approximately 105 billion SEK.

The fund's development

Asset under management increased from 24 billion SEK at the beginning of 2023 to 28 billion SEK by the 31st of December 2023. The net of in- and outflows during the period was minus 895 million SEK. The fund increased with 22,2 percent during the period. The fund's benchmark, Carnegie Small Cap Return Index (CSRX), increased 14,7 per cent.

Comments to the results

The holdings that contributed most positively to the fund's performance were Addtech, Bufab and Trelleborg. Addtech has had a continued strong operational development, with good organic growth and rising margins.

In parallel, the company has continued to execute on its strategy of acquiring well-managed niche companies in selected industries. Bufab has performed well despite a more challenging economic environment. As the economic slowdown begins to show, Bufab has significantly improved its cash flow generation. At a capital markets day in December, Bufab also took the opportunity to raise its long-term margin target. Trelleborg has continued to improve the quality of its operations through selective acquisitions and divestitures, while delivering strong financial results.

The holdings that contributed most negatively to the fund's performance were Bravida and Biotage. Bravida has been weighed down by a weakened construction market, which has adversely affected both new orders and margins. Biotage made a large acquisition with a relatively high price tag, which was financed through a significant issuance, and this was not well received by the stock market. The holding was divested following the transaction.

The fund's three largest holdings are Addtech, Lifco, and Beijer Ref. **Addtech** is a technology solutions group with roots in Sweden but with increasingly European operations. Acquiring smaller companies combined with decentralized responsibility are central parts of the strategy. **Lifco** is a group of companies consisting of three main business areas: Dental, Demolition & Tools, and Systems Solutions. Although the operations are disparate, the common thread in Lifco's structure is a decentralized governance model with a high focus on return on capital and profitable growth. **Beijer Ref** is a refrigeration and air conditioning distributor that has built a global position through strong supplier relationships and a successful acquisition strategy.

Additional Information

Lannebo Small Cap share class SEK C was approved for marketing in Denmark. More information about the fund's environmental or social characteristics can be found in the information brochure and in the appendix to this annual report.

The fund's performance

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net asset SEK millions	15 375	18 903	21 388	23 793	21 595	29 834	31 841	36 082	23 638	27 793
NAV Share class SEK	57,12	74,66	81,90	92,34	90,74	127,40	150,35	194,67	133,90	163,66
Number of outstanding units, thousands, Share class SEK			261 135	257 366	237 218	232 527	210 729	184 486	175 318	168 933
Divident SEK per unit, share class SEK	0	0	0	0	0	0	0	0	0	0
Annual return %, Share class SEK	22,5	30,7	9,7	12,7	-1,7	40,4	18,0	29,5	-31,2	22,2
NAV Share class SEK C					91,11	128,92	153,36	200,15	138,80	171,03
Number of outstanding units, thousands, Share class SEK C					453	817	34	15	6	32
Divident SEK per unit, share class SEK C					-8,8	41,5	19,0	30,5	-30,7	23,2
Annual return %, Share class SEK C			106,60	117,01	111,38	151,85	186,12	236,81	149,80	183,33
NAV Share class EUR			1	25	25	66	82	69	96	85
Number of outstanding units, thousands, Share class EUR			0	0	0	0	0	0	0	0
Divident SEK per unit, share class EUR	21,6	30,1	12,2	8,8	-0,2	43,2	23,0	37,1	-31,4	14,7
Annual return %, Share class EUR			9,2	6,1	-4,3	40,5	27,7	34,8	-37,0	14,7
Benchmark, % in SEK					70	67	66	68	70	69
Benchmark, % in EUR	3,0	4,8	5,0	3,5	4,5	5,2	5,3	4,6	4,4	6,6
Active share %					4,4	5,5	5,5	4,7	4,5	6,5
Tracking error %										

* Benchmark: Carnegie Small Cap Return Index

The management of the fund can be compared against the fund's benchmark, which is the Carnegie Small Cap Return Index Sweden. This index is relevant as it reflects the fund's investment focus, for example in terms of company size, asset class, and market. The Carnegie Small Cap Return Index Sweden is an established reinvesting dividend index that includes small and medium-sized companies on Nasdaq Stockholm. The index also takes into account the return that shareholders receive in the form of dividends. Given that the fund's management is only compared against the benchmark index, deviations can be both larger and smaller.

** Active Risk (Tracking Error): Tracking error, or active risk, shows how much the fund's return varies relative to its benchmark index. It is calculated by measuring the difference between the fund's return and the benchmark index's return based on monthly data from the past two years. The measure is calculated as the standard deviation of the difference in returns. Theoretically, it can be expected that the fund's return will deviate from the index, plus or minus, by as much as the activity measure indicates, in two out of three years. For example, if a fund has an active risk of 1.5%, one can theoretically expect the fund to yield plus or minus 1.5% against its benchmark index two years out of three.

Given that two years of history are required to calculate an activity measure, figures for the first two years are missing for the EUR and SEK C share classes. The activity measure depends on how the fund varies with the market and how the fund's placements look compared to its benchmark index, for example, in relation to the holding of an individual security. The returns of stocks normally vary more than, for example, fixed-income securities. Therefore, activity measures are often higher for an actively managed equity fund than for an actively managed bond fund. The fund's active risk was 6.6%, a consequence of the fund being actively managed and the portfolio being constructed without regard to the benchmark index at the industry and company level. The fund has relatively large positions in a few companies. Furthermore, the fund has a significantly higher concentration level and fewer holdings than its benchmark index. Over the past year, the active risk in the fund has increased, partly because the number of holdings has been reduced.

The fund's activity measure

The fund is an actively managed equity fund that invests in shares of small and medium-sized publicly listed companies in the Nordics, with an emphasis on Sweden. The fund only invests in companies that meet the fund's criteria, for example concerning investment focus and sustainability criteria. Emphasis is placed on each individual investment in the fund and its future potential. The fund invests in companies where the fund managers can have a qualified opinion on the company's future and where the valuation is sufficiently attractive. Normally, the fund invests in about 40-60 companies. The fund's overarching financial objective is, with due caution, to achieve the highest possible value growth and to ensure good risk diversification.

Top 5 holdings

2023-12-31

Holding	Weight	Derivative instruments	
AddTech B	6,3	Maximum leverage, %	1,4
Lifco B	5,3	Minimum leverage, %	0,0
Beijer Ref B	5,1	Average leverage, %	0,1
Trelleborg B	4,8	Risk assessment method:	Commitment approach
Sagax B	4,7		

Key metrics

Total risk SEK Class	27,7
Total Risk SEK C Class	27,7
Total Risk EUR Class	32,3
Total Risk Benchmark Index	25,4
Average Annual Return (2 years) SEK Class	-8,2
Average Annual Return (5 years) SEK Class	12,5
Average Annual Return (10 years) SEK Class	13,4
Average Annual Return (2 years) SEK C Class	-7,4
Average Annual Return (5 years) SEK C Class	13,4
Average Annual Return (10 years) SEK C Class	-
Average Annual Return (2 years) EUR Class	-11,9
Average Annual Return (5 years) EUR Class	10,7
Average Annual Return (10 years) EUR Class	-

Costs

Management fee (Fixed %)	1,60
Management fees and other administrative or operational costs SEK Class	1,63
Deposit and withdrawal fees SEK class	-
Management fee (Fixed %) SEK C Class	0,80
Management fees and other administrative or operational costs SEK C Class	0,83
Deposit and withdrawal fees SEK C Class	-
Management fee (Fixed %) EUR Class	1,60
Management fees and other administrative or operational costs EUR Class	1,63
Deposit and withdrawal fees EUR Class	-

Example Customer 2023

	Value at Year End	Management Fees	Other Costs
Management fee for One-Time Investment of 10,000 SEK			
SEK Class	12 127	172	6
SEK C Class	12 227	86	6
EUR Class	12 135	167	23
Management Cost for Ongoing Savings of SEK 100			
SEK Class	1 367	10	0
SEK C Class	1 373	5	1
EUR Class	1 415	10	1
Turnover ratio	0,20	Analysis costs (thousand SEK)	-7 159
Transactions through affiliated brokerage firms	-	Transaction costs (SEK)	-5 199
Revenue through Lannebo funds	1,40	Transaction costs (%)	0,05

Income statement, SEK thousands

SEK thousands	Not	2023	2022	Not 1	2023	2022
Income and change in value						
Change in value of transferable securities	1	5 014 962	-11 079 230	Change in value of transferable securities		
Interest income		22 357	4 665	Capital gains	1 758 833	2 417 495
Dividends		425 163	457 862	Capital losses	-657 712	-2 400 813
Foreign exchange, gains and losses, net		-1 198	2 175	Unrealized gains/losses	3 913 841	-11 095 912
Other financial income		10	31	Total	5 014 962	-11 079 230
Total income and change in value		5 461 293	-10 614 497	Not 2 See holdings in financial instruments		
Costs						
Management fee		-398 750	-412 840	Not 3 Change in net asset		
Fee charged by the fund manager		-397 436	-411 457	Net asset in the beginning of the year	23 637 748	36 082 110
Fee charged by the custodian		-1 314	-1 383	Unit issue	2 597 013	2 262 858
Other financial expenses		-12 358	0	Unit redemption	-3 492 032	-3 658 419
Other costs		0	-21 464	Net result according to income statement	5 050 185	-11 048 801
Total costs		-411 108	-434 304	Net asset at the end of the year	27 792 915	23 637 748
Net result		5 050 185	-11 048 801			

Balance sheet, SEK Thousands

SEK Thousands	Not	2023-12-31	2022-12-31
Assets			
Transferable securities	2	27 018 567	22 904 650
Total financial instruments with a positive market value		27 018 567	22 904 650
Investment in account with credit institution		770 233	740 739
Prepaid expenses and accrued income		13 775	11 749
Other assets		30 371	13 315
Total net asset		27 832 946	23 670 453
Liabilities			
Accrued expenses and deferred income		-34 382	-32 705
Other liabilities		-5 649	0
Total liabilities		-40 032	-32 705
Fondförmögenhet	3	27 792 915	23 637 748
Items within the line		<i>None</i>	<i>None</i>

Investment in financial instruments as at 2023-12-31

2023-12-31	Quantity	Market value SEK thousands	% of net asset	Issuer weight %	Quantity	Market value SEK thousands	% of net asset	Issuer- weight %	
Category 1					Information technology				
Industrial goods & services									
AddTech B	7 921 663	1 753 856	6,3	6,3	Addnode Group B	9 409 750	802 652	2,9	2,9
Beijer Alma B	4 049 751	769 453	2,8	2,8	Avanza Bank Holding	1 440 549	336 368	1,2	1,2
Beijer Ref B	10 432 543	1 407 350	5,1	5,1	cBrain, Denmark, DKK/SEK	421 183	169 234	0,6	0,6
Bravida Holding	4 406 823	357 173	1,3	1,3	Fortnox	5 189 971	312 851	1,1	1,1
Brodrene A&O Johansen B, Denmark, DKK/SEK	327 972	34 439	0,1	0,1	HMS Networks	828 903	412 296	1,5	1,5
Bufab	3 015 293	1 165 109	4,2	4,2	Lagercrantz	9 402 450	1 270 271	4,6	4,6
CTT Systems	160 000	36 640	0,1	0,1	Mycronic	3 170 986	911 341	3,3	3,3
Hexpol B	8 668 923	1 057 609	3,8	3,8	NCAB Group	9 833 454	720 301	2,6	2,6
Indutrade	4 246 998	1 111 864	4,0	4,0	Vitec Software Group B	1 305 823	764 559	2,8	2,8
Lifco B	5 914 208	1 461 992	5,3	5,3	Total Information technology	5 699 873	20,5		
Loomis	1 776 223	475 317	1,7	1,7	Real estate				
Nolato B	14 453 171	764 573	2,8	2,8	Balder B	17 360 378	1 241 614	4,5	4,5
OEM International B	6 127 499	645 838	2,3	2,3	NP3 Fastigheter	2 166 191	504 723	1,8	1,8
Trelleborg B	3 941 058	1 330 501	4,8	4,8	Nyfosa	10 062 562	964 497	3,5	3,5
Troax	2 318 823	574 141	2,1	2,1	Sagax B	4 685 653	1 299 800	4,7	4,7
Vaisala, Finland, EUR/SEK	980 921	433 723	1,6	1,6					
Total Industrial goods & services		13 379 578	48,1		Total Real Estate	4 010 633	14,4		
Consumer goods					Total Category 1	27 018 567	97,2		
AAK	5 342 610	1 201 019	4,3	4,3	Total Securities	27 018 567	97,2		
Axfood	3 103 401	847 228	3,1	3,1	Other Assets and Liabilities	774 348	2,8		
		2 048 247	7,4		Net Assets	27 792 915	100,0		
Total Consumer goods		2 048 247	7,4		The fund's holdings of securities have been divided into the following categories:				
Healthcare					1. Transferable securities listed on a regulated market or a similar market outside the EEA.				
Medicover B	2 386 498	358 213	1,3	1,3	2. Other financial instruments listed on a regulated market or a similar market outside the EEA.				
Revenio Group, Finland, EUR/SEK	115 003	34 788	0,1	0,1	3. Transferable securities subject to regular trading on another market that is regulated and open to the public.				
Sectra B	1 870 865	337 242	1,2	1,2	4. Other financial instruments subject to regular trading on another market that is regulated and open to the public.				
Swedish Orphan Biovitrum	1 275 498	340 558	1,2	1,2	5. Transferable securities intended to be listed on a regulated market or a similar market outside the EEA within one year of issuance.				
		1 070 801	3,9		6. Transferable securities intended to be subject to regular trading on another market that is regulated and open to the public within one year of issuance.				
Total Healthcare		1 070 801	3,9		7. Other financial instruments.				
Finance									
Creaspac	1 298 000	126 425	0,5	0,5					
Nordnet	3 871 227	661 980	2,4	2,4					
Topdanmark, Denmark, DKK/SEK	43 667	21 029	0,1	0,1					
		809 434	2,9						
Total Finance		809 434	2,9						

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 ability to hold 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 refers to the risk of poorer liquidity in the holdings, which impacts the ability to realize the positions. Shares in smaller companies generally exhibit lower liquidity, necessitating stringent liquidity risk management within the fund. The fund's holdings are diversified across different issuers to mitigate this risk. Levels of relevant risks are continuously monitored and complemented by the outcome of regular stress tests. Appropriate risk measures are employed to assess the fund's risk profile. The fund's level of concentration and degree of active management are integral to the system used to manage the risks to which the fund is exposed. Throughout the half-year, the fund was managed in accordance with its risk profile.

Derivative instruments and other techniques and instruments

In accordance with the fund rules, the fund is authorized to trade in options, futures, and similar financial instruments, and to lend securities. Under current regulations, the fund may also use other techniques and instruments in its management. The fund did not lend securities during the year. As of the balance sheet date, the fund had no exposure due to techniques and instruments. Derivative instruments consisted solely of received subscription rights, and the leverage in the fund is a result of these.

Specific information regarding the fund's investment strategy

Securities funds are required to provide specific information about their investment strategies and their implementation. These information requirements are grounded in the EU's Shareholder Rights Directive and are intended to provide investors with information that enables them to assess whether and how a fund manager acts in a manner that best serves the investors' long-term interests and whether the manager applies a strategy that ensures effective shareholder engagement. Lannebo Small Cap is an actively managed equity fund focused on small and medium-sized companies in the Nordics, with an emphasis on Sweden. Otherwise, the fund's orientation is diversified and not specified to any particular industry. The fund invests only in companies where the managers can have a qualified opinion about the company's future and valuation. The focus is on analysis, selection, and follow-up of each individual investment and its long-term value creation potential. The fund has an overarching financial objective to achieve the highest possible value growth while maintaining due diligence and ensuring good risk diversification. The fund's transaction costs for 2023 amounted to SEK 5,199 thousand, which corresponds to 0.05 percent of the average fund assets. During 2023, the fund company did not engage any voting advisors for involvement in the companies that issued the shares included in the fund. The fund company's guidelines for securities lending ensure that any shares lent out by the fund company are recalled well before the company meeting if the fund company is to participate. These guidelines were adhered to by the fund company during 2023. There were no conflicts of interest between the fund company and the companies in which the fund's assets were invested during 2023.

AUDITOR'S REPORT

To the shareholders of Lannebo Small Cap
Company registration number 504400-7853

Report on the annual report

Statements

We, as auditors of Lannebo Funds AB, company registration number 556584-7042, have conducted an audit of the annual report of Lannebo Small Cap for the year 2023-01-01 – 2023-12-31, with the exception of the sustainability information on pages xx-xx.

In our opinion, the annual report has been prepared in accordance with the Securities Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds and presents, in all material respects, a true and fair view of Lannebo Small Cap's financial position as of December 31, 2023, and of its financial performance for the year, in accordance with the Securities Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds. Our statements do not cover the sustainability information on pages xx-xx.

Responsibility of the fund company

It is the responsibility of the fund company to prepare the annual report and to ensure that it presents a true and fair view in accordance with the Securities Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds. The fund company is also responsible for the internal control that it determines is necessary to prepare an annual report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users based on the annual report.

As part of an audit conducted in accordance with ISA, we exercise professional judgment and maintain a professional skeptical attitude throughout the audit. Additionally:

- We identify and assess the risks of material misstatement in the annual report, whether due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our statements. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misleading statements, or override of internal controls.
- We obtain an understanding of the fund company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of the accounting principles used and the reasonableness of the fund company's accounting estimates and related disclosures.
- We evaluate the overall presentation, structure, and content of the annual report, including the disclosures, and whether the annual report reflects the underlying transactions and events in a manner that presents a true and fair view.

We must communicate to the fund company, among other matters, the planned scope and timing of the audit and significant observations made during the audit, including any significant deficiencies in internal control identified by us.

Auditor's opinion on the statutory sustainability information

The fund company is responsible for the sustainability information on pages xx-xx and for ensuring that it is prepared in accordance with the Securities Funds Act.

Our review of the fund's sustainability information has been conducted with reference to applicable guidance, including FAR's statement RevR 12 Auditor's opinion on the statutory sustainability report, where relevant. This means that our review of the sustainability information has a different focus and substantially less scope compared to the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with sufficient basis for our statement.

Sustainability information has been provided in the annual report.

Stockholm, March 2024
Deloitte AB

Malin Lüning
Authorized Public Accountant

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid out in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective may or may not be in line with the requirements of the taxonomy.

Product name:
Lannebo Småbolag

Legal entity identifier:
549300JC5787N3394631

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** ___%

It **promoted environmental and/or social characteristics**, and although it did not have sustainable investment as its goal, it had a share of **55.8%** sustainable investments

with an environmental objective in economic activities that are considered environmentally sustainable under the EU Taxonomy

environmental objective in economic activities that are not considered environmentally sustainable under the EU Taxonomy

with a social objective

It promoted environmental and/or social characteristics but did not make any sustainable investments.

What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes:

- Integrating sustainability risks and opportunities and taking adverse impacts into account in investment decisions
- Investing in companies that strive to achieve the goals of the Paris Agreement
- Investing in companies that contribute to an environmental or social goal
- To promote good corporate governance through active ownership and encourage companies in a sustainable direction
- Exclusion of companies that do not respect international norms and conventions on the environment, human rights, labour law and diversity
- Exclusion of companies involved in controversial activities or in activities with significant negative climate impact

How these qualities are promoted is described under the heading of investment strategy. The Fund is actively managed and does not use an index to achieve the environmental and social characteristics promoted by the Fund.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What were the results of the sustainability indicators?
...and how do they compare to previous periods?**

	2023	2022
The fund integrates sustainability into its business model and strategies, striving to achieve the goals set by the Paris Agreement and follows good governance practices measured by the following indicators:		
Percentage of companies meeting our sustainability analysis criteria	100%	100%
Percentage of companies with science-based climate goals, SBT	11%	7%
Percentage of sustainable investments ¹	55,8%	NA
Carbon footprint ²	21	28
Voting at general meetings	37	46
Number of engagement dialogues with invested companies	16	15
Gender equality on boards (% Women/% Men)	33%/67%	34%/66%
Exclusion of companies that do not respect international norms or conventions on Environment, Human Rights, Labor Rights, and Diversity is measured through:		
Percentage of companies that respect the above	100%	100%
Exclusion of companies involved in controversial activities or activities with significant negative climate impact is measured through:		
Percentage of companies operating within industries ³ assessed as having significant negative external effects on society and climate:	0%	0%

¹ Average percentage of sustainable investments by the fund over the year. Other indicators are calculated as of December 31, 2023.

² Greenhouse Gas Emissions (Scope 1&2) Relative to Revenue (MEUR).

³ Tobacco, pornography, gambling, alcohol, cannabis, weapons, and fossil fuels. For complete exclusion criteria, visit [Lannebo's Exclusion Criteria](#).

● **What were the goals of the sustainable investments made by the financial product, and how did the sustainable investment contribute to these goals?**

The goals of the sustainable investments made by the fund were to significantly contribute to an environmental or social objective. For an investment to be considered as significantly contributing, it must meet the following requirements:

- At least 25% taxonomy-aligned turnover, capital expenditures, or operational expenditures.
- At least 25% turnover contributing to one of the UN's global goals for sustainable development.
- Have scientifically based emission reduction targets (SBTs) in accordance with the Paris Agreement (specifically addressing SDG 13 on climate change mitigation).
- Be a green, social, or sustainable bond.

The fund's sustainable investments have contributed to the EU's taxonomy in (i) limiting greenhouse gas emissions and (ii) adapting to climate change. The contribution of the fund's investments to achieving the EU's taxonomy objectives will be reported as soon as the relevant data from the companies become available.

How did the sustainable investments made by the financial product not cause significant harm to any environmental or social objectives?

To ensure that portfolio holdings do not cause significant harm, we analyze Principal Adverse Impact Indicators (PAI indicators) for all investments. This is done through the following exclusion principles:

- Exclusion criteria for companies involved in the production of fossil fuels (PAI 4)
- Exclusion criteria for companies involved in the production of controversial weapons (PAI 14)
- Exclusion criteria for companies involved in ongoing or recent major controversies that violate international norms and conventions (PAI 10)
- Exclusion criteria for companies operating in sectors with a significant impact on sustainable development that conflict with Lannebo's exclusion criteria

In addition to the above, other PAIs are analyzed to identify outliers that can be considered harmful. If such outliers are identified, we engage in dialogue with the company to understand and encourage improvement. The fund always has the option to divest from the holding if satisfactory responses or actions are not taken by the company.

During the period, no companies have been identified as causing significant harm to any environmental or social objectives.

How were indicators for adverse impacts on sustainability factors considered?

Adverse impacts on sustainability factors were considered for all investments using the PAI tool of the sustainability analysis. Investments deemed to cause significant negative consequences cannot be classified as sustainable investments according to Lannebo's sustainable investment framework.

Were the sustainable investments aligned with the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights?

Investments were not made in companies that violate international norms and conventions related to the environment, human rights, labor law, or the fight against corruption, including the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights. Analysis and evaluation of this took place in the investment process, where companies violating such norms and conventions were excluded.

Principal adverse impacts the most significant adverse impacts of investment decisions on sustainability factors relate to environmental, social, and employee matters, respect for human rights, and issues concerning the fight against corruption and bribery.

In the EU Taxonomy, a principle is established not to cause significant harm, according to which taxonomy-aligned investments must not cause significant harm to the objectives of the EU Taxonomy and are accompanied by specific Union criteria.

The principle of not causing significant harm applies only to the underlying investments of the financial product that consider the EU criteria for environmentally sustainable economic activities. The remaining part of this financial product has underlying investments that do not consider the EU criteria for environmentally sustainable economic activities.

Furthermore, no other potential sustainable investments may cause significant harm to any environmental or social objectives.



How were the principal adverse impacts on sustainability factors considered in this financial product?

The fund managers consider principal adverse impacts on sustainability factors using the sustainability analysis' PAI tool, which includes 16 PAI indicators. For three of these PAI indicators, we have established exclusion criteria because we believe they always cause significant harm. These are:

- PAI 4: Fossil fuels
- PAI 10: Violations of international norms and conventions
- PAI 14: Controversial weapons

For other PAI indicators, values are analyzed and, in cases where they show outliers, these can be addressed through dialogue with the company.

The values for all PAI indicators for the funds are available in the so-called EET file, which can be obtained on request from the fund company.



What were the key investments of the financial product?

The list includes the investments that constitute **the largest share of investments** in the financial product during the reference period, which is: 2023

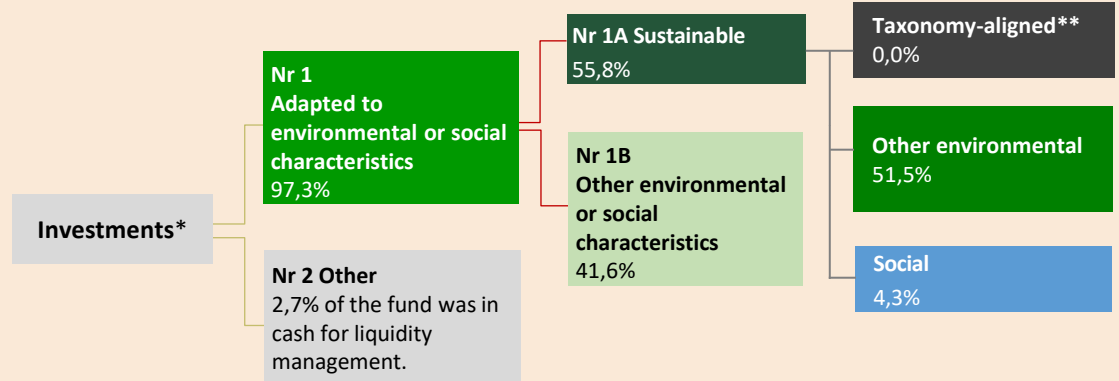
Largest investments	Sector	% of Assets	Country
AddTech B	Industrial Services & Supplies	6,7%	Sweden
Trelleborg B	Industrial Services & Supplies	5,8%	Sweden
Lifco B	Industrial Services & Supplies	5,3%	Sweden
Beijer Ref B	Industrial Services & Supplies	5,2%	Sweden
Lagercrantz	Information Technology	4,8%	Sweden
AAK	Consumer Goods	4,2%	Sweden
Sagax B	Real Estate	4,1%	Sweden
Bufab	Industrial Services & Supplies	3,9%	Sweden
Hexpol B	Industrial Services & Supplies	3,7%	Sweden
Mycronic	Information Technology	3,5%	Sweden
Balder B	Real Estate	3,5%	Sweden
Indutrade	Industrial Services & Supplies	3,4%	Sweden
Axfood	Consumer Goods	3,3%	Sweden
Beijer Alma B	Industrial Services & Supplies	3,2%	Sweden
Addnode Group B	Information Technology	2,9%	Sweden



How large was the proportion of sustainability-related investments?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets



Nr 1 Adapted to environmental or social characteristics includes the financial product's investments used to achieve the environmental or social characteristics promoted by the financial product.

Nr 2 Other includes the remaining investments of the financial product that are neither adapted to the environmental or social characteristics nor considered sustainable investments.

Category **No. 1 Adapted to environmental or social characteristics** includes:

Subcategory **No. 1A Sustainable** includes environmentally and socially sustainable investments.

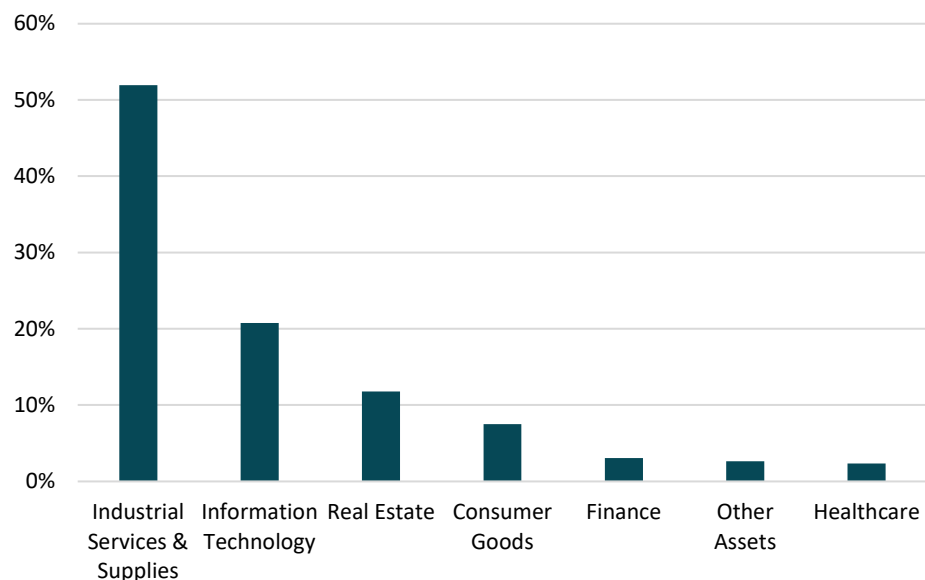
Subcategory **No. 1B Other environmental or social characteristics** includes investments adapted to the environmental or social characteristics that are not considered sustainable investments.

***Investments** refer to the total market value of the fund.

****Other environmental** investments may include sustainable investments that also contribute to the environmental objectives of the EU Taxonomy.

● Sectoral distribution of investments:

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Enabling activities directly enable other activities to contribute significantly to an environmental objective

Transition activities are activities for which there are currently no low-carbon alternatives available and which, among other things, have greenhouse gas emissions at levels equivalent to best performance.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

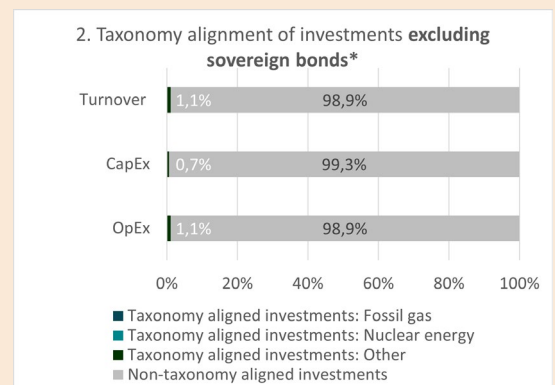
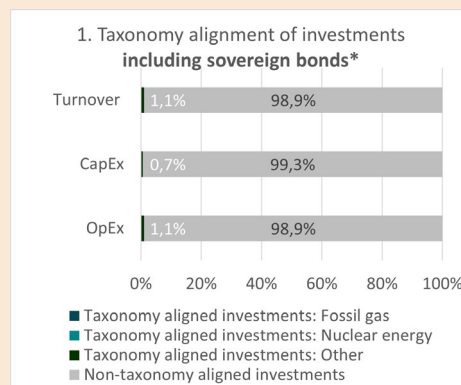
The bar charts below present the taxonomy alignment of all economic activities in the holdings. That a holding has a certain percentage of taxonomy alignment does not automatically classify it as a sustainable investment. For this classification, we apply thresholds and other criteria that must be met. The economic activities in the fund's holdings were aligned with the EU Taxonomy objectives for (i) climate change mitigation by 1.1% and (ii) climate change adaptation by 0.0%. The compliance of the investments with the requirements set out in the EU Taxonomy has not been subject to auditor approval or third-party review. However, the information is based on reported data from the investments, provided by a third-party supplier.

Does the financial product invest in fossil gas and/or nuclear energy activities that comply with the EU Taxonomy?

- Yes
 In fossil gas
 In nuclear energy
 No

²Fossil gas and/or nuclear-related activities will only meet the EU Taxonomy if they contribute to climate change mitigation ("climate change mitigation") and do not cause significant harm to any of the EU Taxonomy objectives - see explanatory note in the left margin. The complete criteria for economic activities related to fossil gas and nuclear energy that meet the EU Taxonomy are established in Commission Delegated Regulation (EU) 2022/1214.

The charts below depict in green the percentage of investments that were aligned with the EU Taxonomy. Since there is no appropriate methodology for determining the taxonomy alignment of government bonds*, the first chart shows the taxonomy compatibility with regard to all investments of the financial product, including government bonds, while the second chart shows the taxonomy compatibility only with regard to the investments of the financial product that are not government bonds



- In these charts, "government bonds" refers to all exposures in government securities.
- The Fund does not hold any government bonds, making the charts above identical.
- The taxonomy data in the charts above includes reported data from companies via a sustainability data provider.

Activities compatible with the taxonomy are expressed as a proportion of the following:

- **Turnover**, reflecting the share of revenue from the investment objects' green activities.
- **Capital expenditures**, showing the green investments made by the investment objects, e.g. for a transition to a green economy.
- **Operating expenses**, reflecting the investment objects' green operational activities.

What was the proportion of investments made in transition activities and enabling activities?

	Transition	Enabling
Turnover	0,0%	0,2%
Capital expenditures	0,0%	0,0%
Operating expenses	0,0%	0,1%

● **How large was the percentage of investments aligned with the EU Taxonomy compared to previous reference periods**

Taxonomy-aligned economic activities	2023	2022
Turnover	1,1%	2,0%
Capital expenditures	0,7%	2,4%
Operating expenses	1,1%	0,0%

For 2023, the figures include reported data from companies, while for 2022, the figures also include estimates.

 are sustainable investments with an environmental objective that do not meet the criteria for environmentally sustainable economic activities according to Regulation (EU) 2020/852.



What was the proportion of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

51.5%. The EU Taxonomy does not cover all economic activities, so in our framework for sustainable investments, we have several criteria to assess whether investments contribute to environmental objectives. These investments are sustainable according to both the EU's disclosure regulation and the fund company's own framework for sustainable investments, as described earlier in the document. We believe they play a significant role in promoting environmental objectives, even if they do not meet the goals of the EU Taxonomy.



What was the proportion of socially sustainable investments?

4,3%



Which investments were included in the category 'other,' what was their purpose, and were there any environmental or social minimum protection measures?

In the category 'other,' there were no investments, only cash accounts for liquidity management.



What actions have been taken to meet the environmental or social characteristics during the reference period

Sustainability has been integrated into all investment decisions through the fund managers' sustainability analysis, which is part of the company analysis underlying the investment decision. All investments in the fund have met Lannebo's sustainability analysis level requirements, and this analysis includes PAI indicators. The investments were also screened according to Lannebo's exclusion criteria. These analyses were tools to meet the fund's environmental and social characteristics.

Lannebo's active ownership aims to promote companies' positive contributions to sustainable development through engagement dialogues. Through engagement dialogues, we have informed companies about what we, as a fund company, expect on various sustainability issues and thereby contributed to driving change in the companies. We have discussed key negative impacts as well as Lannebo's focus areas. For example, we have encouraged companies to set scientifically based emission reduction targets to promote the fulfillment of the Paris Agreement. These dialogues are important tools for promoting sustainable development. The fund has also voted at shareholder meetings in line with Lannebo's principles for corporate governance



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