

Lannebo Sverige Plus

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.

Ericsson Shows Improved Profitability

Positive results in the banking sector and ongoing challenges in forestry



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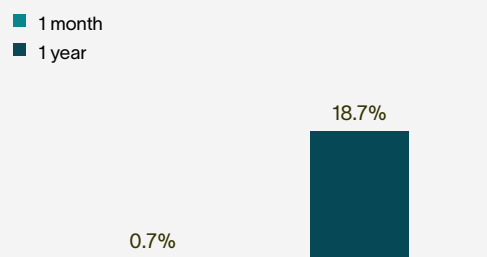
Lannebo Sverige performed well in October, driven by positive reception of several quarterly reports. Overall, companies appear to be in a "soft landing" phase, with subdued demand and profitability challenges. Cost adjustments to support earnings remain a priority in various sectors, with companies like Ericsson, Electrolux, and Sandvik as examples. With ongoing geopolitical and economic uncertainties, the outcome of the U.S. election could lead to market fluctuations and potential investment opportunities in the near term.

Ericsson demonstrated a clear improvement in profitability compared to the same quarter last year. The adjusted gross margin rose to 46.3 percent (up from 39.2 percent), and the adjusted operating margin improved to 11.9 percent (from 6.0 percent), largely thanks to a favorable geographical sales mix, with North America showing a 55 percent organic increase. The largest business segment, Networks, benefited from a recovery in U.S. operator investments, driving quarter-on-quarter growth. Free cash flow was robust at SEK 12.9 billion, resulting in a net cash position of SEK 25.5 billion. We view the stock's valuation as attractive at approximately 10 times next year's operating profit.

The banking sector reported generally solid quarterly results, with net interest income declining less than expected and cost increases being well managed. Return on equity was notably strong, with Swedbank at 18.0 percent and Handelsbanken at 14.6 percent. Although interest income is expected to decline next year due to continued pressure on lending margins, there remains potential for substantial dividends or share buybacks.

In the forestry sector, companies continue to face challenges with profitability at low levels, impacted by rising costs for timber and

The fund's return*



Performance (%)	Fund	Index ¹
October 2024	-0.2	-3.4
YTD 2024	10.6	10.5
1 year	20.8	30.5
3 years	22.1	8.9
5 years	72.5	71.8
10 years	200.5	190.9
Since launch (12/11/08)	848.9	696.6
Average 24 months	14.5	17.3
2023 ¹	13.6	19.2
2022 ¹	-9.5	-22.8
2021 ¹	33.1	39.3
2020 ¹	11.7	14.8
2019 ¹	22.6	35.0

¹ The performance is based on closing prices.

* Net of fees

Jan	Feb	Mar	Apr	May	Jun
0.2	1.8	5.3	2.2	2.6	-4.2
Jul	Aug	Sep	Oct	Nov	Dec
1.6	0.5	0.7	-0.2	-	-

pulpwood. The price increases in raw materials are significant, with timber up about 60 percent and pulpwood up around 100 percent since early 2022, following the halt of Russian exports. Companies that own forests benefit from higher profits and asset valuations, while other product categories face difficulty passing on costs in an environment of lukewarm demand and low-capacity utilization. Although current earnings are muted and cyclically depressed, valuations in the sector remain low relative to asset values on company balance sheets.

Autoliv maintained its full-year profitability guidance of 9.5–10.0 percent, despite profit warnings from several car manufacturers. Adjusted operating income was slightly below last year's quarter, and the adjusted operating margin for the first nine months stood at 8.5 percent, requiring a strong finish to the year to meet the annual target. Customer cost compensation and expanded internal cost-saving programs were offset by elevated levels of last-minute order cancellations from car manufacturers, which continue to pressure profitability.

Largest holdings

Holding	Share of the fund (%)
Ericsson	8.5
Sandvik	7.5
Swedbank	7.0
SKF	6.8
Elekta	5.7
Autoliv	5.5
Essity	5.1
Nokia	5.0
Getinge	4.8
SEB	4.7
Total ten largest holdings	60.6

Main changes

Bought	Sold
Essity	SOBI
Boliden	Millicom
SCA	Ericsson

Sector allocation

Sector	Share of the fund (%)
Basic Materials	23.7
Technology	19.2
Financials	15.9
Health Care	14.8
Industrials	11.5
Consumer cyclicals	9.8
Consumer non-cyclicals	5.1

Financial ratios

	Fund	Index
Sharpe ratio	1.2	1.3
Total risk (%)	12.4	13.9
Tracking error	7.8	
Alpha	1.6	
Beta	0.7	
Portfolio turnover ratio	1.7	
Gross equity exposure (%)	118	
Net equity exposure (%)	95	
Active share (%)	91	

Risk indicator

1	2	3	4	5	6	7
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Lower risk Higher risk

Fund facts

Fund managers	Martin Wallin & Robin Nestor
Launch date	12/11/08
NAV per unit	SEK 92.51
Fund size	SEKm 7,637
Number of holdings	33
Management Fee	1%+20% variable on any excess return
Ongoing costs*	1.4%
Performance fee	20% of any excess return
Return threshold	SIX Portfolio Return Index
ISIN	SE0002686584
Trading frequency	Daily
Minimum investment amount	SEK 100
PPM number	490292
Supervisory authority	Finansinspektionen
LEI	549300W8FUNESQQE9448

* 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).

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. 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.