

LANNEBO

Lannebo Småbolag

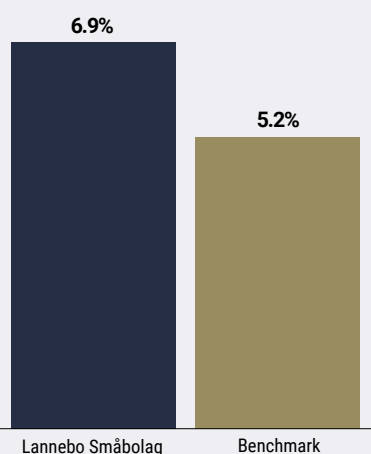
Swedish-registered equity fund, SEK

Monthly report August 2020

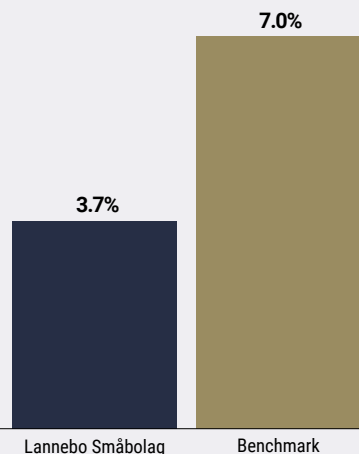
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
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Monthly performance



Performance YTD



Johan Ståhl & Hjalmar Ek

Performance

Performance, %	Lannebo Småbolag	Benchmark
August 2020	6.9	5.2
Year 2020	3.7	7.0
3 years	53.6	56.5
5 years	101.1	111.8
10 years	365.3	405.2
Since launch (08/04/00)	1,509.8	1,063.4
Average annual return 24 months	12.8	15.5
2019 ¹	40.4	43.2
2018 ¹	-1.7	-0.2
2017 ¹	12.7	8.8
2016 ¹	9.7	12.2
2015 ¹	30.7	30.1

¹ The performance is based on closing prices.

Hopes of a vaccine drove the market upward Fagerhult and Elekta demonstrated resilience.

In August, the stock market continued its upward journey where hopes of a coronavirus vaccine provided additional fuel. Most economic indicators pointed to a continued recovery, although economic data released during the month was slightly more mixed than previously. In view of this, several cyclically sensitive companies should see a marked improvement in demand compared to the extremely weak Q2. However, it is reasonable to assume a significant variation in how quickly different sectors recover.

During the month, the private equity company Triton made a public bid for the IT consulting company HiQ, where Lannebo Småbolag is the largest owner. The share price in HiQ increased by 33 per cent as a consequence of the bid.

We are pleased to note that the vast majority of the fund's holdings reported solid earnings in August, where Revenio, Fagerhult and Elekta stood out in particular. The medical technology company Revenio, which among other things manufactures equipment for detecting glaucoma, grew sales by double digits during the quarter, despite the fact that several of the company's markets were negatively affected by shutdowns. This, combined with good profitability, was rewarded with a share price increase of 21 per

Monthly performance, %

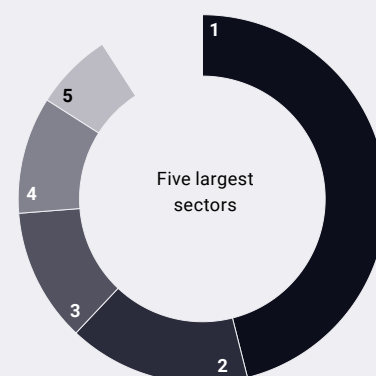
Jan	Feb	Mar	Apr	May	Jun
-0.9	-9.8	-20.7	14.1	9.3	0.6
Jul	Aug	Sep	Oct	Nov	Dec
9.1	6.9				

cent. Sales of lighting group Fagerhult were clearly affected by the effects of the coronavirus, decreasing by about 15 per cent. However, thanks to cost savings, among others, the profit margin was defended, which was positive following a period of weak earnings. Fagerhult's shares rose by 23 per cent. Radiation therapy equipment manufacturer Elekta released quarterly earnings that disclosed a relatively small decrease in sales, positive order intake and strong margins and an improved cash flow. The shares increased 22 per cent.

The Norwegian manufacturer of composite containers, Hexagon Composites, delivered weak quarterly earnings that revealed declining sales and margins. The result is not particularly surprising given that many of the company's customers are in the automotive industry, which was closed for a significant part of the quarter. However, the company has proposed a separate listing of its hydrogen division, Purus, at the end of 2020, which contributed to the shares increasing 13 per cent during the month.

In August, we divested our remaining shares in NIBE Industrier. Since the first investment was made approximately 15 years ago, NIBE Industrier has performed exceptionally, increasing sales from SEK 3.8 billion to SEK 25 billion. This has led to a marked rise in the share price and we estimate that the NIBE shares have contributed SEK 1.6 billion to Lannebo Småbolag fund assets – thank you Gerteric and all the other NIBE employees. However, we believe that the valuation is currently at the high end and have therefore divested the holding. The holdings in Nolato and Holmen were slightly reduced to manage the portfolio weightings following share price increases. The fund participated in CELLINK's rights issue in connection with the acquisition of the German company Scienion. Through the acquisition, CELLINK broadens its customer offering and gets closer to the customers' production stage; the product portfolio was previously more research-oriented. The holding in the pharmaceutical company Sobi was increased as we assess the market undervalues the company's product portfolio. The holding in the real estate company Castellum was slightly increased.

Sector allocation



#	Sector	% of the fund
1.	Industrials	44.4
2.	Health care	15.4
3.	Consumer discretionary	11.3
4.	Materials	9.9
5.	Real estate	6.6
6.	Information technology	5.0
7.	Communication services	3.0
8.	Financials	0.8
Cash		3.6

10 largest holdings

Holding	% of the fund
Nolato B	4.8
Addtech B	4.7
Securitas B	4.6
Huhtamäki	4.5
Trelleborg B	4.3
Husqvarna	3.7
Bravida	3.5
Lindab	3.0
Castellum	2.9
Hexpol B	2.5
Total 10 largest holdings	38.4
Cash	3.6
Total number of holdings	54

Major changes during the month

Buy

CELLINK
Sobi
Castellum

Sell

NIBE Industrier
Nolato
Holmen

Risk and reward profile

Lower risk					Higher risk	
1	2	3	4	5	6	7

Financial ratios

	Lannebo Småbolag	Benchmark
Sharpe ratio	0.6	0.8
Total risk (%)	25.1	22.0
Tracking error	5.7	
Information ratio	-0.5	
Alpha	-0.3	
Beta	1.1	
Active share (%)	65	
Portfolio turnover ratio (06/30/20)	0.3	

Fund facts

Fund manager	Johan Ståhl & Hjalmar Ek
Launch date	08/04/00
NAV per unit (SEK)	132.62
Fund size (SEKm)	28,525
Management fee (%)	1.6
Bankgiro	5563-4620
ISIN	SE0000740698
Trading frequency	Daily
Minimum investment amount	SEK 100
PPM number	842 690
Supervisory authority	Finansinspektionen
LEI	549300JC5787N3394631

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 lannebo.se/en. 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.

The fund is suitable for those who

- Want to invest in small and medium-sized companies listed on the Swedish and other Nordic stock markets.
- Want an actively managed fund with investments based on a clear understanding of each individual company.

The fund's investment policy

Lannebo Småbolag is an actively managed equity fund that invests in small and medium sized enterprises listed in the Nordic region, primarily in Sweden. The fund invests in companies with a market capitalisation amounting to a maximum of 1 per cent of the total Swedish market capitalisation. At the end of the mid-year 2020, this meant a market capitalisation of around EUR 7.3 billion.

Explanations

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.

Sharpe ratio Sharpe ratio is a measure of active risk in a fund. Calculated as the ratio of the fund's excess return above the risk-free rate of return and the fund's total risk.

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

Tracking error Tracking error is 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.

Information ratio A measure of risk-adjusted return. This is measured as the active return divided by the portfolio's active risk.

Alpha Describes the effect of the portfolio manager's decisions on the return of the fund. A positive alpha value is the risk-adjusted excess return relative to the return of the benchmark.

Beta Beta is 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.

Active share A measure of the proportion of the portfolio that differ from the benchmark.

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

