



Lannebo Europe Small Cap

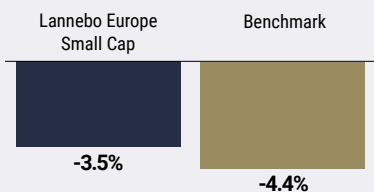
Swedish-registered equity fund, A EUR

Monthly report October 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



Carsten Dehn and Ulrik Ellesgaard

Dampened optimism over renewed spread of the virus

Participation in two IPOs.

The European equity market experienced its worst monthly performance since March, declining about 4.5 per cent. The US election, potential Brexit deal, and new lockdowns in Europe sparked new concerns over the economic recovery. In March, we saw national lockdowns coincid with the trough in the European equity market as investors understood further lockdowns meant increasing COVID-19 infections. Investor confidence should return to the European equity market if lockdowns successfully reverse the infections trend, in conjunction with the possibility of a vaccine candidate.

The best contributors to performance were Volution Group and Sumo Group.

Volution Group is a supplier of ventilation products for residential and commercial buildings in the UK, Northern Europe, and Australia. A recent trading update provided a positive surprise in light of the COVID-19 related uncertainty, which negatively

Performance

	Lannebo Europe Small Cap	Benchmark
Performance, %		
October 2020	-3.5	-4.4
Year-to-date 2020	-15.3	-14.2
3 years	-20.7	-4.7
Since launch (10/17/16)	2.3	19.0
Average annual return 24 months	-0.5	0.9
2019 ¹	31.6	31.4
2018 ¹	-25.3	-15.9
2017 ¹	24.0	19.0

¹ The performance is based on closing prices.

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-1.4	-7.2	-21.6	13.2	2.5	0.3
Jul	Aug	Sep	Oct	Nov	Dec
2.6	2.3	0.1	-3.5		

affected the share price earlier this year. Sales rebounded to growth versus last year, and margins improved thanks to better operating efficiency. The market was positive to the company's new ambitious ESG strategy, where the target is for low-carbon products to account for over 70 per cent of sales.

UK based Sumo Group develops video game software both in-house and in co-development with customers worldwide. In October, the company bought the US-based game developer Pipeworks, which was the company's largest acquisition to date. The acquisition will transform Sumo's ability to compete in the important US market and was completed at an attractive price.

The most negative contributors to performance were Solution 30 and Medios.

Solutions 30, the French company providing installation of digitalisation equipment in private homes on behalf of telecoms and utilities, negatively affected performance. There was no company specific news in October. The latest report, which was for Q2 and published in September, was better than expected despite COVID-19. In October, several countries, including France, introduced further COVID-19 restrictions that could have led to stock market concerns. We assess that the company, during the first wave of the virus, showed a high level of flexibility, which we trust will be the case during the second wave.

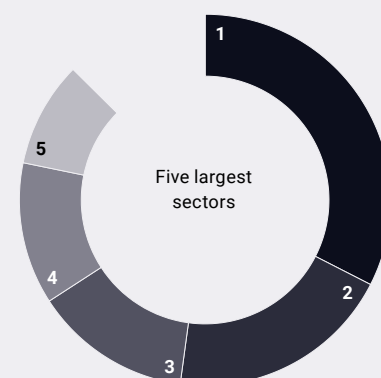
Medios, the German specialised pharma company, was also a negative contributor to performance in October. The founder and CEO of Medios, Manfred Schneider, announced he would retire and would be replaced by the current CFO Matthias Gärtner. We believe that from a corporate governance perspective it was the right step, since Mr. Schneider has been living abroad since the outbreak of COVID-19. We also believe that Mr. Gärtner has the skills and experience to continue the successful growth trajectory.

We participated in the German online retailer Fashionette's IPO in October. Fashionette is a data driven online retailer of, for example, luxury handbags and sunglasses, predominately in Germany. Their data driven approach is a key factor for the company given it improves the total efficiency of all business processes, such as, product pricing and marketing optimization. Fashionette is already profitable and benefitting from high average shopping-basket sizes, low product returns, and loyal and satisfied clients.

We also participated in the IPO of Spain based Soltec. The company is the third largest supplier globally of solar trackers for photovoltaic (PV) power plants, and the company also develops and sells solar parks. A solar tracker enables solar panels to follow the movement of the sun, thereby increasing the efficiency of the solar park by up to 25%. It is an attractive niche driven by the fast-growing market for solar energy generation, where Soltec is serving some of the world's largest utility companies. We believe the company will be able to increase margins and grow significantly given the strong market dynamics going forward.

We divested the holding in the listed German private equity company Aurelius, which specializes in turnarounds of loss-making companies. We believe that turnarounds are more difficult under a COVID-19 pandemic and divestments will therefore take longer.

Sector allocation



#	Sector	% of the fund
1.	Industrials	31.8
2.	Health care	19.2
3.	Information technology	13.4
4.	Financials	12.1
5.	Consumer discretionary	9.0
6.	Consumer staples	6.6
7.	Communication services	3.8
8.	Energy	1.9
	Cash	2.3

10 largest holdings

Holding	% of the fund
Volusion Group	5.0
Solutions 30 SE	4.3
Medios	4.1
Sumo Group Plc	3.8
TKH Group	3.7
Interpump Group	3.5
Biffa	3.5
Keywords Studios Plc	3.4
Inwido	3.1
Tecan Group	3.0
Total 10 largest holdings	37.3
Cash	2.3
Total number of holdings	44

Major changes during the month

Buy

Fashionette
Soltec Energy
Grenke

Sell

Nexus
Interpump
Volusion Group

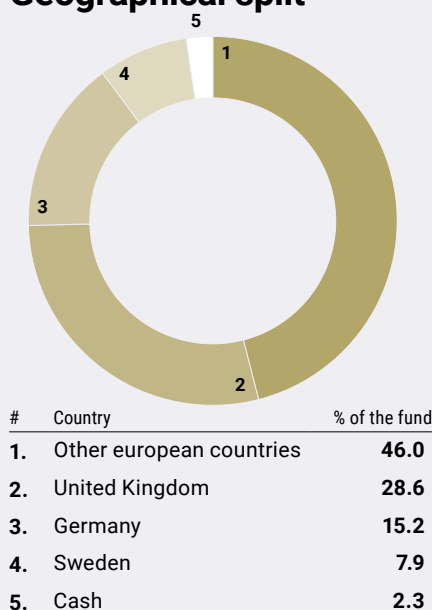
Risk and reward profile



Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.1	0.2
Total risk (%)	24.1	22.9
Tracking error	5.8	
Information ratio	-0.2	
Alpha	-0.1	
Beta	1.0	
Portfolio turnover ratio (06/30/20)	0.2	

Geographical split



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/16
NAV per unit (EUR)	102.27
Fund size (EURm)	102
Management fee	1.6%
Bankgiro	5140-8037
ISIN	SE0008092290
Trading frequency	Daily
Minimum investment amount	EUR 100
Supervisory authority	Finansinspektionen
LEI	549300L5238BID030341

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 in Europe.
- Want an actively managed fund with investments based on a clear understanding of each individual company.

The fund's investment policy

Lannebo Europe Small Cap is an actively managed equity fund that invests in small and medium sized enterprises listed in Europe. The companies' market capitalization at the time of investment may not exceed EUR 5bn. Equities are selected based on the fund manager's own assessments, therefore deviations from the benchmark can be both larger and smaller over time. Investments are made with a long-term horizon.

Explanations

Benchmark MSCI Europe Small Cap 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 risk adjusted return. 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.

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



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