

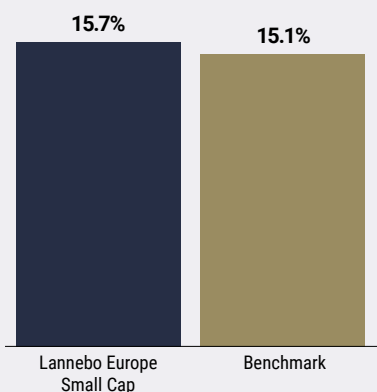
# Lannebo Europe Small Cap

Swedish-registered equity fund, A EUR  
Monthly report November 2020

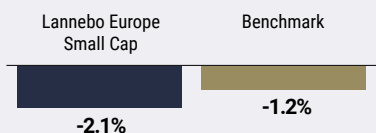
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

|          |          |          |          |          |          |          |          |          |          |                 |          |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------|----------|
| Jan 2020 | Feb 2020 | Mar 2020 | Apr 2020 | May 2020 | Jun 2020 | Jul 2020 | Aug 2020 | Sep 2020 | Oct 2020 | <b>Nov 2020</b> | Dec 2020 |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------------|----------|

## Monthly performance



## Performance YTD



Carsten Dehn and Ulrik Ellesgaard

## Performance

| Performance. %                  | Lannebo Europe Small Cap | Benchmark |
|---------------------------------|--------------------------|-----------|
| November 2020                   | 15.7                     | 15.1      |
| Year-to-date 2020               | -2.1                     | -1.2      |
| 3 years                         | -1.9                     | 11.8      |
| Since launch (10/17/16)         | 18.3                     | 37.0      |
| Average annual return 24 months | 8.7                      | 10.2      |
| 2019 <sup>1</sup>               | 31.6                     | 31.4      |
| 2018 <sup>1</sup>               | -25.3                    | -15.9     |
| 2017 <sup>1</sup>               | 24.0                     | 19.0      |

<sup>1</sup> The performance is based on closing prices.

## The fund benefits from sector rotation

Bought shares in Grenke and Arrow Global.

The European equity market experienced its largest monthly gain in November increasing 15.1 percent. The equity market has undergone a dramatic sector rotation since the beginning of November, triggered by the announcement of the COVID-19 vaccine test results that showed very high efficacy rates. The perception is, therefore, that the world will return to more normal, without restrictions. High momentum stocks, like IT and Pharma, started to underperform, whereas cyclical companies and financials started to outperform. We made several active changes to the fund and added cyclical companies such as Dürr, John Menzies, Bank of Georgia and Arrow Global, and we reduced the exposure to healthcare by selling Tecan, Nexus, Terveystalo and Össur. The changes had a positive effect on the fund's performance.

The fund outperformed the market in November, increasing 15.7 per cent measured in EUR, compared with the benchmark's return of 15.1 per cent in EUR.

TKH Group and Medios were the best contributors to performance

## 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 | 15.7 |     |

TKH Group, the Dutch company operating within vision security and manufacturing technology, was the strongest contributor in November. The company announced in a trading update they are seeing increased demand and a greater willingness from customers to invest. TKH Group also raised its lower-end guidance for the full year and the company expects a stable EBITA margin even as sales declined. Order intake in the tire production segment began to normalize faster than expected, while installations in the telecom segment are still affected by the pandemic.

Medios, the German specialty pharma company, was a strong contributor in November given its purchase agreement to acquire Cranach Pharma, a complementary speciality pharma wholesaler in Germany. The acquisition increases Medios' customer base by about 50 per cent, while the company also expects to realize synergies from increased cross-selling and improved purchasing practices. We view the transaction as very attractive both from a strategic perspective and from a valuation standpoint. Medios still has the capacity to continue their M&A ambitions without the need of additional capital.

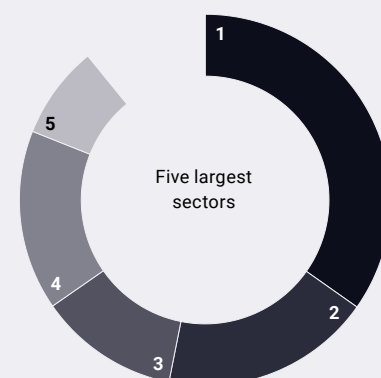
Tecan and Terveystalo were the most negative contributors to performance.

Tecan, the Swiss producer of instruments to the pharma industry, underperformed due to the sector rotation during November. It should be stressed that Tecan has been a star performer during the pandemic. There was no company specific news impacting the share price during the period.

Terveystalo, the Finish healthcare service provider, also unperformed due to the sector rotation in November. The Q3 results were better than expected, and Q4 is also expected to be very strong due to cost controls and high profitability from COVID-19 testing. The latter should come to an end in 2021, but Terveystalo will instead profit from the vaccine program starting early 2021

We divested our remaining shares in the Norwegian consumer bank Sbanken. Although it is a high quality and low risk bank, we had hoped for more growth and gains in market share, which currently seems unlikely to materialize.

## Sector allocation



| #  | Sector                 | % of the fund |
|----|------------------------|---------------|
| 1. | Industrials            | 33.9          |
| 2. | Health care            | 17.9          |
| 3. | Information technology | 11.9          |
| 4. | Financials             | 15.3          |
| 5. | Consumer discretionary | 7.9           |
| 6. | Consumer staples       | 5.8           |
| 7. | Communication services | 3.0           |
| 8. | Energy                 | 1.8           |
|    | Cash                   | 2.4           |

## 10 largest holdings

| Holding                          | % of the fund |
|----------------------------------|---------------|
| Medios                           | 5.0           |
| Volution Group                   | 4.7           |
| TKH Group                        | 4.6           |
| Solutions 30 SE                  | 3.9           |
| Interpump Group                  | 3.5           |
| Keywords Studios Plc             | 3.3           |
| Biffa                            | 3.2           |
| Dürr                             | 3.1           |
| Inwido                           | 3.1           |
| Sumo Group Plc                   | 3.0           |
| <b>Total 10 largest holdings</b> | <b>37.4</b>   |
| Cash                             | 2.4           |
| Total number of holdings         | 43            |

## Major changes during the month

### Buy

Arrow Global  
Grenke  
John Menzies

### Sell

Tecan  
Thule  
Sumo Group

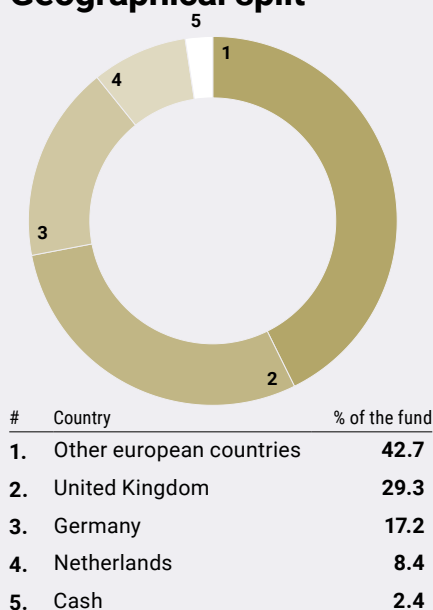
## Risk and reward profile



## Financial ratios

|                                     | Lannebo Europe Small Cap | Benchmark |
|-------------------------------------|--------------------------|-----------|
| Sharpe ratio                        | 0.5                      | 0.5       |
| Total risk (%)                      | 26.3                     | 24.9      |
| Tracking error                      | 5.8                      |           |
| Information ratio                   | -0.3                     |           |
| Alpha                               | -0.1                     |           |
| Beta                                | 1.0                      |           |
| Portfolio turnover ratio (06/30/20) | 0.2                      |           |

## Geographical split



## Fund facts

|                           |                                            |
|---------------------------|--------------------------------------------|
| Fund manager              | <b>Carsten Dehn &amp; Ulrik Ellesgaard</b> |
| Launch date               | <b>10/17/16</b>                            |
| NAV per unit (EUR)        | <b>118.28</b>                              |
| Fund size (EURm)          | <b>116</b>                                 |
| Management fee            | <b>1.6%</b>                                |
| Bankgiro                  | <b>5140-8037</b>                           |
| ISIN                      | <b>SE0008092290</b>                        |
| Trading frequency         | <b>Daily</b>                               |
| Minimum investment amount | <b>EUR 100</b>                             |
| Supervisory authority     | <b>Finansinspektionen</b>                  |
| LEI                       | <b>549300L5238BID030341</b>                |

## 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](http://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.