

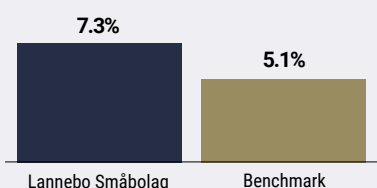
Lannebo Småbolag

Swedish-registered equity fund, SEK
Monthly report December 2020

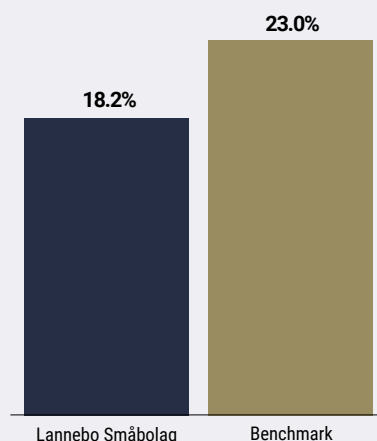
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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

Monthly performance



Performance YTD



Johan Ståhl & Hjalmar Ek

Performance

Performance, %	Lannebo Småbolag	Benchmark
December 2020	7.3	5.1
Year 2020	18.2	23.0
3 years	63.4	75.8
5 years	102.8	114.6
10 years	331.4	353.0
Since launch (08/04/00)	1,735.0	1,237.0
Average annual return 24 months	28.8	32.7
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.

The stock market ended the year on a high note Takeover bids for Tikkurila and Recipharm.

December was marked by vaccine news and rapidly increasing infection rates in several countries. A new, more contagious, mutation of the coronavirus was discovered in the UK and several countries stopped all air traffic to and from the island at the end of the month. According to experts, existing vaccines should also be effective against this new virus strain. In the US, Republicans and Democrats agreed on a new coronavirus relief package, which is positive for the market. During the month, several high-profile IPOs took place in the United States, including Airbnb (private rental) and DoorDash (food deliveries). There are some parallels to the IT bubble of 2000 given the substantial share price increases for loss-making, newly listed companies and the widespread euphoria that we now see in the stock market.

It was a relatively quiet month in terms of company-specific news, even though several companies announced acquisitions. There were also takeover bids for the Finnish paint company Tikkurila and the pharmaceutical manufacturer Recipharm, both of which are existing holdings. The American paint company PPG made a bid for Tikkurila, which owns Alcro and Beckers, among other brands. Tikkurila has been an obvious acquisition candidate for some time given the consolidation of the paint industry, where

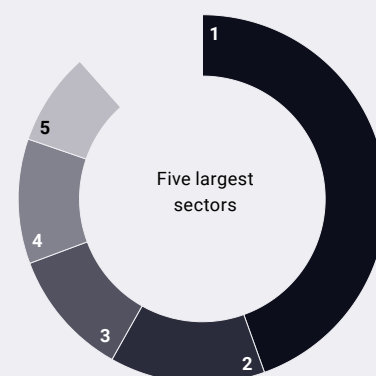
Monthly performance, %

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	6.2	-8.6	9.4	7.3

synergies are significant for major players acquiring smaller participants. Tikkurila's strong market position in the Nordic region and Russia is complementary to PPG's operations from a geographic point of view. The bid is a cash offer and corresponds to a premium of 66 per cent compared to the closing price the day prior to the takeover bid. Unsurprisingly, Tikkurila was the best performing holding during the month, increasing about 80 per cent. Private equity company EQT, together with Recipharm's founders and main owners Lars Backsell (chairman) and Thomas Elderred (CEO), made a cash offer for the company of SEK 220 per share. This corresponded to a premium of 24 per cent compared to the average price the day before the bid was announced. Recipharm shares increased 29 per cent in December. On a more general note, it is interesting that despite the market's current soft spot for highly valued growth companies, there are few bids in this segment, but, rather, bids are primarily made for lower valued companies.

The remaining shares in the fertility company Vitrolife were divested during the month. Vitrolife, a long-standing holding, is a well-run company in a growing market that has contributed to the fund's development over several years. With that said, the high valuation already discounts substantial profit growth over a long time period, where there is little room for negative inputs such as new competition and price pressure. The holding, therefore, was divested. The holding in debt collection company Intrum was also sold during the month. The company's earnings trend has not lived up to our expectations and the high net debt limits Intrum's ability to benefit from the more attractive pricing for overdue receivables. The holding in Lindab was marginally reduced. We continued to buy shares in Norwegian Borregaard and slightly increased our holdings in Sobi and Securitas.

Sector allocation



#	Sector	% of the fund
1.	Industrials	43.1
2.	Health care	13.2
3.	Consumer discretionary	10.8
4.	Materials	10.6
5.	Real estate	7.9
6.	Information technology	4.9
7.	Communication services	4.4
8.	Financials	1.9
	Cash	3.3

10 largest holdings

Holding	% of the fund
Securitas B	4.9
Nolato B	4.8
Trelleborg B	4.8
Addtech B	4.3
Huhtamäki	3.9
Castellum	3.5
Bravida	3.3
Husqvarna	3.3
Lindab	3.0
Hexpol B	2.8
Total 10 largest holdings	38.7
Cash	3.3
Total number of holdings	53

Major changes during the month

Buy

Borregaard
Sobi
Securitas

Sell

Vitrolife
Intrum
Lindab

Risk and reward profile

Lower risk					Higher risk	
1	2	3	4	5	6	7

Financial ratios

	Lannebo Småbolag	Benchmark
Sharpe ratio	1.1	1.4
Total risk (%)	26.0	22.7
Tracking error	6.0	
Information ratio	-0.6	
Alpha	-0.5	
Beta	1.1	
Active share (%)	66	
Portfolio turnover ratio (12/31/20)	0.3	

Fund facts

Fund manager	Johan Ståhl & Hjalmar Ek
Launch date	08/04/00
NAV per unit (SEK)	151.17
Fund size (SEKm)	31,999
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 year 2020, this meant a market capitalisation of around SEK 88 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.

