

# Lannebo Europe Small Cap

Swedish-registered equity fund, A EUR

Monthly report December 2020

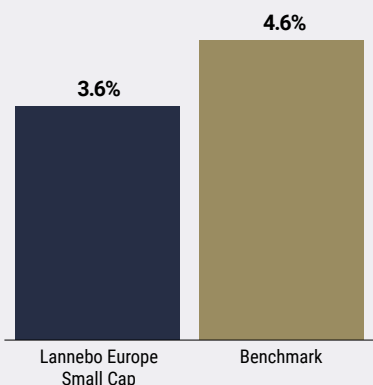
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	<b>Dec 2020</b>
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## Monthly performance



## Performance YTD



Carsten Dehn and Ulrik Ellesgaard

## Optimism in Europe towards year-end

The solar energy company Soltec developed strongly.

The European equity market was extreme in 2020, where the entire year was dominated by COVID-19. The US presidential election and the Brexit deal had a less significant effect on the market. COVID-19 lock-downs impacted countries differently, which resulted in huge discrepancies in their respective returns; for example, Nordic countries ended the year up more than 25 per cent, whereas the UK and Southern Europe suffered significantly. A similar pattern was witnessed in terms of sector returns, where IT and Health Care outperformed while Financials and Energy underperformed. In total, the Small Cap Index recorded a moderate positive return.

The fund underperformed the market in December; the fund's performance was 5.8 per cent measured in EUR, compared with the benchmark's return of 6.0 percent in EUR.

Soltec and Volution were the best contributors to performance during December.

Soltec is a leading Spanish manufacturer of solar trackers and solar

## Performance

	Lannebo Europe Small Cap	Benchmark
Performance, %		
December 2020	5.8	6.0
Year-to-date 2020	3.6	4.6
3 years	1.8	15.7
Since launch (10/17/16)	25.1	45.2
Average annual return 24 months	17.2	17.8
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.

## 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	5.8

PV projects through its subsidiary Powertis. Through a field test, Soltec's proprietary TeamTrack algorithm confirmed an energy yield increase of 3.6-7.5 per cent compared to standard tracking systems. These results demonstrate Soltec's technological leadership within solar trackers. The company also announced a joint venture with Aquila to develop 750MW of solar energy projects in Italy through Powertis.

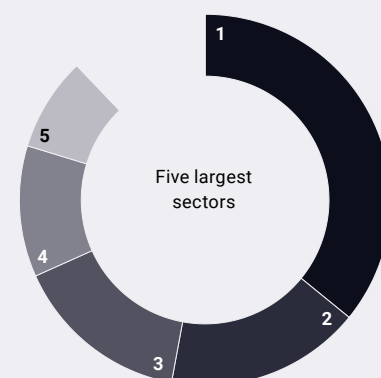
Volution Group, the UK producer of ventilation systems for domestic and commercial buildings, was a strong performer in December. The company released a trading update that disclosed better than expected margins and strong organic growth. The margin improvement was achieved across all its geographic regions. Furthermore, Volution announced the acquisition of Dutch ClimaRad, a manufacturer of decentralized heat recovery ventilation. ClimaRad will both broaden Volution's product offering and geographic coverage and will be earnings-enhancing from day one.

Solutions 30 and Medios contributed most negatively to performance.

Solutions 30 is a French company providing installation of digitalisation equipment to consumers on behalf of telecoms and utilities. The share price performed poorly due to an unfavourable report published by an anonymous author claiming various forms of misconduct and past connections to persons involved in money laundering. S30 has provided detailed responses to the allegations and have maintained an open dialogue with the market. Moreover, transparency is increasing given the company's up-listing to the regulated Euronext market, shift to IFRS 16 compliant reporting and simplification of its organization structure by reducing the number of subsidiaries. Our assessment is that the negative report is a dishonest attempt to destabilise the stock by someone who is short, and we believe that the investment case in S30 remains intact.

Medios, the German speciality pharma wholesaler, contributed negatively to performance in December. However, there was no company specific news from Medios during the month, and it seems the relatively weak performance was due to profit taking following a very strong November in which the acquisition of Cranach Pharma was announced. Medios was one of 2020's best performers despite a new German quota system causing procurement challenges following the pandemic.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	35.2
2.	Health care	16.7
3.	Financials	15.1
4.	Information technology	11.2
5.	Consumer discretionary	8.0
6.	Consumer staples	5.8
7.	Communication services	3.5
8.	Energy	2.6
	Cash	2.0

## 10 largest holdings

Holding	% of the fund
Volution Group	5.5
Medios	4.3
TKH Group	3.9
Interpump Group	3.7
Keywords Studios Plc	3.6
Sumo Group Plc	3.5
Inwido	3.5
Dürr	3.3
Biffa	3.1
Bank of Georgia Group	3.1
<b>Total 10 largest holdings</b>	<b>37.3</b>
Cash	2.0
Total number of holdings	43

## Major changes during the month

### Buy

Solutions 30

### Sell

TKH Group

Medios

Corestate Capital

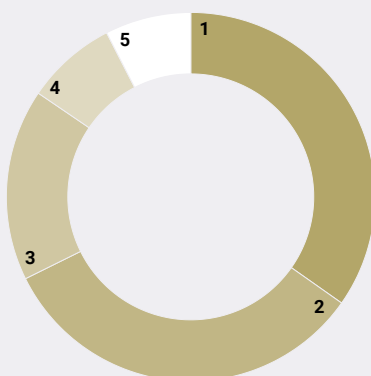
## Risk and reward profile

Lower risk							Lower risk	
1	2	3	4	5	6	7		

## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.8	0.8
Total risk (%)	25.4	24.5
Tracking error	5.5	
Information ratio	-0.0	
Alpha	-0.0	
Beta	1.0	
Portfolio turnover ratio (12/31/20)	0.1	

## Geographical split



#	Country	% of the fund
1.	Other European countries	34.1
2.	United Kingdom	32.3
3.	Germany	16.5
4.	Netherlands	7.8
5.	Italy	7.4
6.	Cash	2.0

## Fund facts

Fund manager	<b>Carsten Dehn &amp; Ulrik Ellesgaard</b>
Launch date	<b>10/17/16</b>
NAV per unit (EUR)	<b>125.10</b>
Fund size (EURm)	<b>121</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.



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