

Lannebo Europe Small Cap

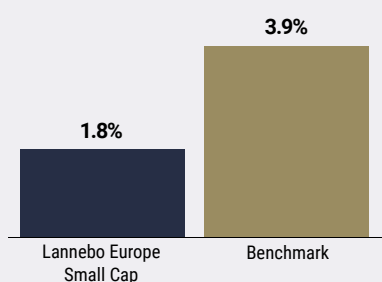
Swedish-registered equity fund, A EUR

Monthly report February 2021

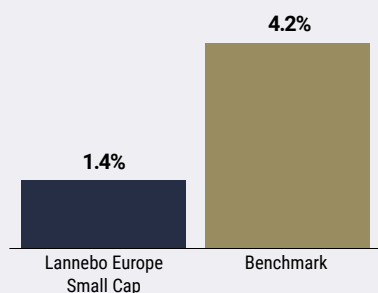
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2021 **Feb 2021** Mar 2021 Apr 2021 May 2021 Jun 2021 Jul 2021 Aug 2021 Sep 2021 Oct 2021 Nov 2021 Dec 2021

Monthly performance



Performance YTD



Carsten Dehn and Ulrik Ellesgaard

Strong reports and reopening of the economy Sold in the Spanish solar energy company Soltec.

The underlying positive momentum in the European Stock market continued in February, even though we witnessed some weakness at the end of the month. This was driven by inflationary concerns related to expansionary fiscal policy in the US and Europe combined with high household savings rates. Post the pandemic, this combination can generate bubbles in the economy. The market is sensitive to higher interest rate, especially in the context of shares traded on very high multiples.

The fund underperformed the market in February; the fund's performance was 1.8 per cent measured in EUR, compared with the benchmark's return of 3.9 per cent in EUR.

Arrow Global and Greencore contributed most positively to performance.

UK based Arrow Global specializes in acquiring and managing non-performing debt portfolios. The share price jumped in February due to a possible cash bid of 305 pence per share by TDR capital – a 32 per cent premium to the share price. We will know if the bid holds

Performance

Performance, %	Lannebo Europe Small Cap	Benchmark
February 2021	1.8	3.9
Year-to-date 2021	1.4	4.2
3 years	3.6	21.8
Since launch (10/17/16)	26.8	51.4
Average annual return 24 months	11.9	12.8
2020 ¹	3.6	4.6
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
-0.4	1.8				
Jul	Aug	Sep	Oct	Nov	Dec

during March.

Greencore is also based in the UK and is the market leader in take-away food products, such as sandwiches, sushi, and salads. The food-to-go market has been soft over the Winter given most people in the UK work from home. Greencore's share price was supported by the announcement in February of plans to re-open the economy. We see Greencore as great recovery play following the pandemic.

Grenke and Sumo Group contributed most negatively to performance.

The German leasing company Grenke has been under pressure since September 2020 due to allegations of weak anti money laundering controls and accounting misconduct. The German regulator, BaFin, is investigating the issues. Prior to the completion of the investigation, Grenke terminated the COO – the responsible person for compliance and internal audit. The announcement negatively affected the share price. BaFin's preliminary conclusions were released at the end of February; perception is that Grenke will need to improve internal processes and adapt to reporting requirements and risk management standards – which something we were aware of. On the plus side, the report validated lease receivables, while money laundering allegations were not affirmed. The share price recovered significantly on the news, but was down overall in February.

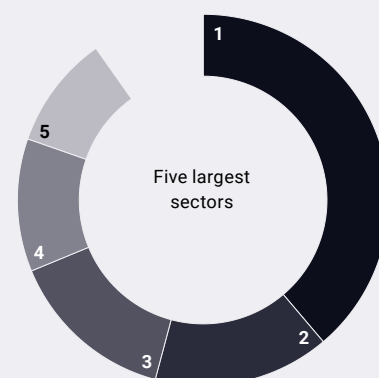
UK Sumo Group is a co-development partner for global video game publishers. The share was under pressure in February following a very strong share price run of nearly 200 per cent since mid-March last year. In January, the company released a strong trading update. However, the stock market is concerned that gaming companies will return to normalized growth rates once the COVID-19 pandemic is over.

We participated in Swedish Cint's IPO, a global market leader in digital insight gathering. Cint offers a platform for market research where buyers of market surveys can connect with panels of respondents who are compensated for their answers, enabling fast and efficient insights. The share price soared 38 per cent on the first trading day. We assessed that building a larger position in Cint had become too expensive, and we instead divested the shares and cashed in our profits.

During February we divested our holding in Soltec Power, the Spanish manufacturer of solar trackers for photovoltaic power panels. The share price had been very strong following the IPO in October 2020. We were concerned the company was trading at aggressive valuations, while operations are affected by the pandemic.

We also divested the remaining shares in the Georgian holding company, Georgia Capital. While it is trading at a discount to NAV, we believe portfolio company exits might be delayed and complicated by the COVID-19 pandemic.

Sector allocation



#	Sector	% of the fund
1.	Industrials	36.9
2.	Health care	14.6
3.	Financials	13.9
4.	Information technology	11.0
5.	Consumer discretionary	9.4
6.	Consumer staples	5.5
7.	Communication services	3.2
8	Energy	0.6
Cash		5.0

10 largest holdings

Holding	% of the fund
Volusion Group	5.7
Medios	4.1
TKH Group	4.0
Inwido	3.6
Arrow Global Group	3.6
Biffa	3.5
Interpump Group	3.5
Dürr	3.5
Keywords Studios Plc	3.3
Sumo Group Plc	3.2
Total 10 largest holdings	37.9
Cash	5.0
Total number of holdings	41

Major changes during the month

Buy

Accell Group
Dürr
Greencore

Sell

Bakkafrost
Soltec Power
Georgia Capital

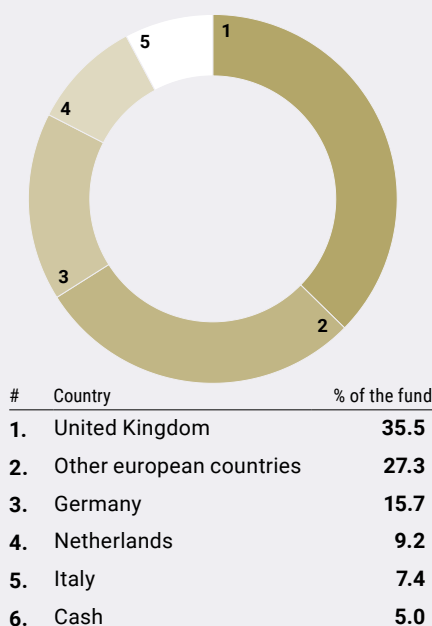
Risk and reward profile

Lower risk			Lower risk		
1	2	3	4	5	6

Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.6	0.6
Total risk (%)	25.0	24.0
Tracking error	5.7	
Information ratio	-0.2	
Alpha	-0.1	
Beta	1.0	
Portfolio turnover ratio (12/31/20)	0.1	

Geographical split



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/16
NAV per unit (EUR)	126.82
Fund size (EURm)	122
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.



Lannebo Fonder AB
Postal address: Box 7854, 103 99 Stockholm
Visiting address: Kungsgatan 5



Phone: +46 (0)8-562 252 00
Customer serv: +46(0)8-562 252 22



E-mail: info@lannebo.se
Website: lannebo.com
Registration no: 556584-7042

LANNEBO