

Lannebo Småbolag

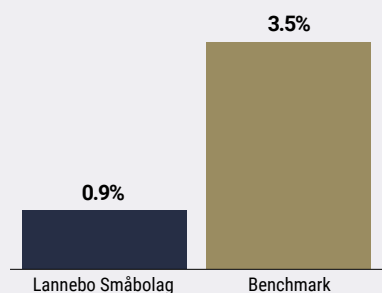
Swedish-registered equity fund, SEK

Monthly report February 2021

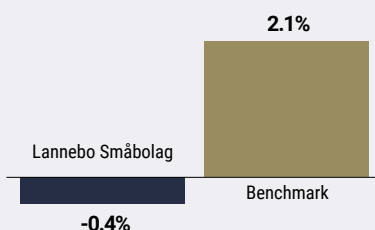
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



Performance YTD



Johan Ståhl & Hjalmar Ek

Performance

Performance, %	Lannebo Småbolag	Benchmark
February 2021	0.9	3.5
Year-to-date 2021	-0.4	2.1
3 years	60.1	80.5
5 years	112.5	129.1
10 years	351.9	384.7
Since launch (08/04/00)	1,728.1	1,265.1
Average annual return 24 months	21.4	26.1
2020 ¹	18.0	23.0
2019 ¹	40.4	43.2
2018 ¹	-1.7	-0.2
2017 ¹	12.7	8.8
2016 ¹	9.7	12.2

¹ The performance is based on closing prices.

Positive earnings reports – Mixed reactions

Desenio and Storebrand are new holdings.

In February, there were further signs of a global economic recovery, although the spread of the virus is taking hold at alarming levels in some countries. Vaccinations and the expectation of a gradual economic normalization led to a continued increase in market interest rates.

Several holdings delivered earnings reports with solid results.

Medical technology company AddLife released an earnings report that delivered high sales growth and a doubled operating profit. The company benefited from high demand for certain corona-related products. However, product areas related primarily to surgery and elderly care suffered somewhat due to the pandemic. Although a significant part of demand is transient in nature, good cash flow is generated which AddLife can use to reinvest in value-creating acquisitions. AddLife's share price rose 21 per cent during the month.

Polymer company Trelleborg delivered another earnings report that certified the company had continued to successfully manage the pandemic. Trelleborg managed to grow earnings compared with the corresponding quarter last year despite a sharp decrease in demand

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-1.2	0.9				
Jul	Aug	Sep	Oct	Nov	Dec

within the aviation industry. A stronger market for agricultural equipment should benefit Trelleborg going forward. The shares increased 13 per cent.

Cellink released what could be considered an odd earnings report, Q5, which also covered four months versus three months; the company will begin reporting on a calendar year basis, as opposed to the previous broken financial year. Cellink's various product lines enable life science researchers to grow cells in 3D environments, perform drug screening and print human tissues and organs for the medical, pharmaceutical and cosmetic industries. In recent years, Cellink has completed several acquisitions with the goal of providing a complete product range for pharmaceutical companies and universities. Cellink is at an early phase, but the Q5 earnings report unexpectedly showed positive earnings and a 377 per cent increase in sales, of which 73 per cent was organic. The shares increased by 33 per cent.

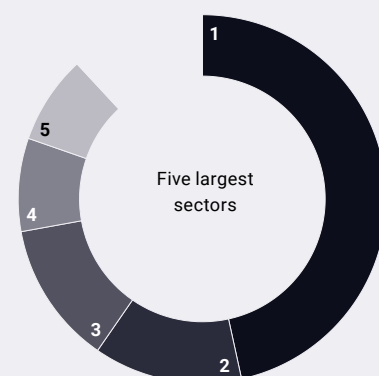
Electronics company Mycronic released quarterly earnings that were weaker than expected and the shares lost 10 per cent. In addition, the company presented 2021 guidance that could be considered cautious. It is important to maintain a longer-term perspective given that orders and deliveries of Mycronic's most profitable products vary greatly between different quarters and years.

Finally, specialist pharmaceutical company Sobi presented earnings that were better than expected with good profitability. However, the 2021 sales and earnings guidance was significantly below expectations, in part due to price reductions in certain markets. The shares fell 13 per cent.

During the month, we participated in online poster company Desenio's IPO. The company focuses on affordable art with a broad range of products. In recent years, Desenio has rapidly grown its high-margin sales. The business model has an attractive dynamic where customer returns are low and payment is made when ordering, while Desenio's suppliers are paid in arrears. This means that Desenio can maintain a high growth rate while also generating good cash flows.

Another new holding is Storebrand, a Norwegian financial group focused primarily on life insurance and asset management. Storebrand's operations in savings and non-life insurance demonstrated good growth with high underlying profitability. Storebrand, however, has a large exposure to pension solutions with guaranteed returns, which weighs on profitability. As these will diminish over time, capital will be released that can be returned to shareholders, while the positive operational development in other product areas will be more visible. To finance the acquisitions in Storebrand, we reduced our holding in the Danish insurance group Alm. Brand.

Sector allocation



#	Sector	% of the fund
1.	Industrials	45.0
2.	Health care	12.6
3.	Consumer discretionary	12.1
4.	Real estate	7.9
5.	Materials	7.5
6.	Information technology	4.4
7.	Communication services	4.3
8.	Financials	2.8
	Cash	3.4

10 largest holdings

Holding	% of the fund
Trelleborg B	5.7
Securitas B	4.9
Addtech B	4.8
Nolato B	4.5
Huhtamäki	3.6
Bravida	3.4
Lindab	3.3
Castellum	3.1
Husqvarna	2.9
Hexpol B	2.9
Total 10 largest holdings	39.2
Cash	3.4
Total number of holdings	54

Major changes during the month

Buy

Desenio Group
Storebrand
NENT Group

Sell

Alm. Brand
Husqvarna
AddLife

Risk and reward profile

Lower risk						Higher risk	
1	2	3	4	5	6	7	

Financial ratios

	Lannebo Småbolag	Benchmark
Sharpe ratio	0.9	1.2
Total risk (%)	25.9	22.4
Tracking error	6.1	
Information ratio	-0.8	
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)	150.60
Fund size (SEKm)	30,839
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.



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