

# Lannebo Europe Small Cap

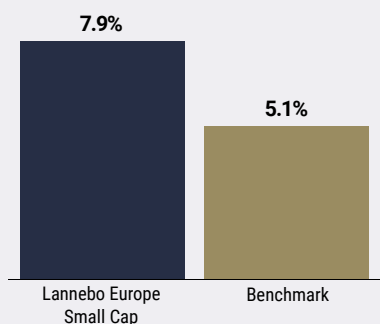
Swedish-registered equity fund, A EUR

Monthly report March 2021

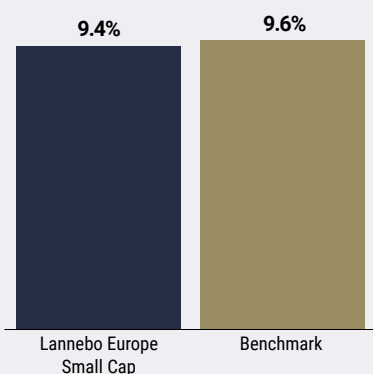
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2021	Feb 2021	<b>Mar 2021</b>	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



Carsten Dehn and Ulrik Ellesgaard

## Strong reports are paying off

Participated in three new IPO's during March.

The best contributors to performance were Volution Group and John Menzies

UK based Volution Group manufacturers ventilation products for buildings. Earnings results were announced in March, and clearly exceeded expectations as demand in Europe and Australia were supported by the increased focus on air quality and energy efficiency. Volution has already made progress on its ambitious ESG policy that was launched in 2020 with the increased use of recycled plastic, together with an increase in the share of low energy products.

John Menzies is active within aviation services and offers ground handling and fuelling to airlines globally. The airline industry has started its steady recovery after the 2020 crisis where the number of flights was down about 60%. John Menzies is in a strong position for profitable growth as aviation activity normalizes, given their remarkable cost control, benefits from government aid and by winning market share from weaker competitors.

## Performance

	Lannebo Europe Small Cap	Benchmark
Performance, %		
March 2021	7.9	5.1
Year-to-date 2021	9.4	9.6
3 years	17.1	30.3
Since launch (10/17/16)	36.9	59.2
Average annual return 24 months	15.3	14.9
2020 <sup>1</sup>	3.6	4.6
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
-0.4	1.8	7.9			
Jul	Aug	Sep	Oct	Nov	Dec

The most negative contributors to performance were Lu-Ve and TKH Group

The Italian manufacturer of eco-friendly HVAC-equipment and air-conditioning products, Lu-Ve, performed poorly in March despite delivering full year results that showed good resilience against the pandemic. The founding families increased the free float by placing about 6% of the share capital in the market. We see this as very positive news since it allows Lu-Ve to eventually transition to the Borsa Italiana STAR segment.

TKH Group is a Dutch company operating within vision security and manufacturing technology. The company delivered somewhat mixed full year results in March, with lower top line growth but stronger margins. The recent strong order intake bodes well for the current year.

Changes to the portfolio include Uniphar, which is an outsourced health care service provider based in Ireland. The company is one of the fastest growing companies within outsourced sales, marketing, and distribution and early access to unlicensed medicine. We see the supporting structural trends in the healthcare market to continue and make the assessment that the Commercial & Clinical and Product Access divisions will drive higher growth and margins.

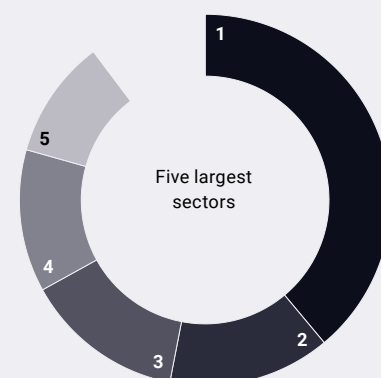
We also participated in three IPO's during March.

TinyBuild is a UK listed video game developer and publisher of Premium and Indie games. The company has a portfolio of 40 titles, where the most prominent game is Hello Neighbor. TinyBuild has more than 700.000 followers on So-Me channels and long-standing relationships with highly respected gaming influencers. We believe the structural trends in video gaming will continue and that the company's focus on long-standing IP's provides them with a very attractive market position.

EcoOnline is a Norwegian SaaS company, developing user-friendly Environmental Health and Safety products and software for chemical handling. The company has a leading market position in the Nordics, UK, Ireland, and have just expanded into the US. The company currently has an ARR of NOK 350m but aims at achieving a NOK 1bn ARR in 2025 with a more than 30% EBITDA margin. We think that their offering is well positioned to benefit from the continuing ESG focus, as it creates safer work environments while ensuring compliance with regulation.

Trustpilot is the world's largest two-sided reviews platform with more than 1 million new reviews posted each month. Trustpilot's product offers business' the opportunity to build trust toward consumers. The market potential for Trustpilot is estimated at approximately USD 20 bn, where Trustpilot is the largest global player within their business model. We believe that Trustpilot will leverage their reputation and size to continue to take more market share globally.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	38.3
2.	Financials	13.9
3.	Health care	13.7
4.	Information technology	12.2
5.	Consumer discretionary	10.2
6.	Consumer staples	5.6
7.	Communication services	3.9
8.	Energy	0.6
	Cash	1.6

## 10 largest holdings

Holding	% of the fund
Volusion Group	5.9
Arrow Global Group	4.0
Inwido	3.8
TKH Group	3.7
Interpump Group	3.7
Medios	3.7
Biffa	3.6
Dürr	3.5
John Menzies Plc	3.2
Sumo Group Plc	3.2
<b>Total 10 largest holdings</b>	<b>38.2</b>
Cash	1.6
Total number of holdings	45

## Major changes during the month

### Buy

EcoOnline  
Uniphar  
TinyBuild

### Sell

Volusion Group  
Sabre Insurance  
Terveystalo

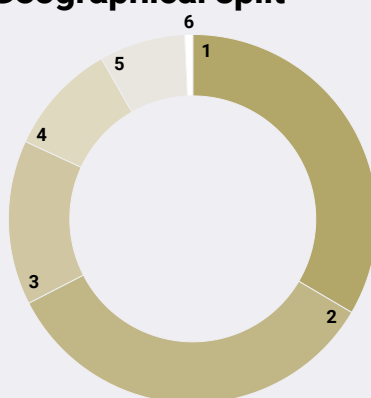
## Risk and reward profile

Lower risk							Lower risk	
1	2	3	4	5	6	7		

## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.7	0.7
Total risk (%)	25.4	24.1
Tracking error	6.0	
Information ratio	0.1	
Alpha	0.0	
Beta	1.0	
Portfolio turnover ratio (12/31/20)	0.1	

## Geographical split



#	Country	% of the fund
1.	United Kingdom	32.9
2.	Other European countries	33.4
3.	Germany	14.2
4.	Netherlands	9.7
5.	Italy	7.4
6.	North America	0.7

## Fund facts

Fund manager	<b>Carsten Dehn &amp; Ulrik Ellesgaard</b>
Launch date	<b>10/17/16</b>
NAV per unit (EUR)	<b>136.90</b>
Fund size (EURm)	<b>131</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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