

Lannebo Europe Small Cap

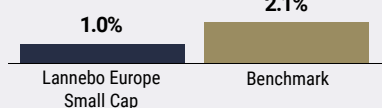
Swedish-registered equity fund, A EUR

Monthly report May 2021

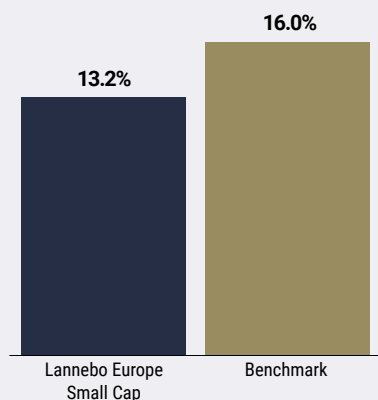
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



Carsten Dehn and Ulrik Ellesgaard

Positive earnings despite higher input costs

Bought shares in John Menzies and Trustpilot

The European equity market continued to increase in May driven by the reopening of the economy and a robust reporting season, demonstrating that companies in general have been excellent at managing the challenging market conditions over the past 18 months. The major concern highlighted by companies are increasing input cost, where it will be essential the higher cost base is passed on through product pricing.

Bank of Georgia and TKH Group were the best contributors to performance.

Bank of Georgia, a leading bank in Georgia, performed strongly in May following a weak share price development in April. The Georgian economy is showering good signs of recovery supported by a rebound in tourism. The bank reported better than expected Q1 results, with strong loan growth and a good cost-income ratio. The group has shown resilient returns and a robust capital structure during the pandemic and, therefore, they might reinstate dividends this year. Additionally, the Georgian Lari appreciated against the Euro during the month, which also supported the share price.

Performance

	Lannebo Europe Small Cap	Benchmark
Performance, %		
May 2021	1.0	2.1
Year-to-date 2021	13.2	16.0
3 years	16.1	30.3
Since launch (10/17/16)	41.6	68.5
Average annual return 24 months	16.9	19.1
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	7.9	2.4	1.0	
Jul	Aug	Sep	Oct	Nov	Dec

Bank of Georgia is currently being valued at about 4x PE for next year. Georgia is a fast growing economy and we see good recovery potential as the post pandemic normalisation process continues.

The Dutch solutions provider for the industrial and telecom industry, TKH Group, delivered a strong Q1 trading update during the month. The company raised its guidance for the half year, mainly driven by continued recovery in its tyre division and higher than expected capacity utilisation going forward. TKH group emphasized that the global supply chain constraints have so far had limited impact on operations. We believe that many of the group's verticals are well positioned for strong recovery in H2.

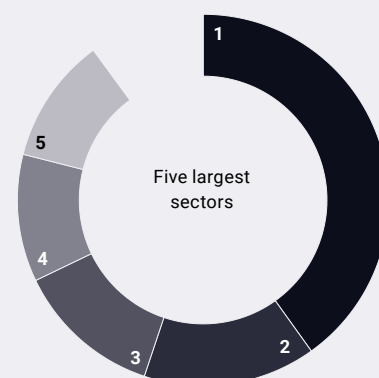
Solutions 30 and Grencore were the most negative contributors to performance.

Solutions 30 is a French based service company offering installation across Europe of smart electricity meters, broadband internet and more. While the operational performance has been excellent year to date, the share price has recently been completely driven by short seller pressures. In May, the company's auditor EY said they were not able to form an opinion on the 2020 accounts due to lack of access to relevant information. Solutions 30 disagrees with EY's conclusion, but as many investors, including ourselves, consider a company lacking audited financials is not investable, as a result, the share price came under severe pressure.

Grencore, the UK food-to-go producer, reported a result which, as expected, was heavily impacted by COVID restrictions on consumer mobility. Grencore is beginning to see positive effects from the re-opening of the economy, but the profit recovery will take longer than expected due to the effects of a negative mix of new business wins and challenging input and labour cost.

We divested Solutions 30, which as mentioned above has had a turbulent share price due to negative comments from short sellers, in addition to EY unwillingness to give an opinion on the 2020 full year financial figures. Given the audit has ended in a dispute between EY and Solutions 30, we fear it could take months to get another auditor to verify the accounts. This is unacceptable to us – a prerequisite for our fundamental research is that we can trust the financial figures that forms the basis of our analysis.

Sector allocation



#	Sector	% of the fund
1.	Industrials	38.7
2.	Health care	14.5
3.	Financials	12.3
4.	Consumer discretionary	10.7
5.	Information technology	10.6
6.	Consumer staples	5.2
7.	Communication services	4.0
8.	Energy	0.5
	Cash	3.5

10 largest holdings

Holding	% of the fund
Volusion Group	5.7
Interpump Group	3.9
TKH Group	3.8
Inwido	3.8
Biffa	3.7
Arrow Global Group	3.5
John Menzies Plc	3.3
Medios	3.3
Sumo Group Plc	3.3
Dürr	3.2
Total 10 largest holdings	37.5
Cash	3.5
Total number of holdings	44

Major changes during the month

Buy

John Menzies
Trustpilot

Sell

Grenke
Solutions 30

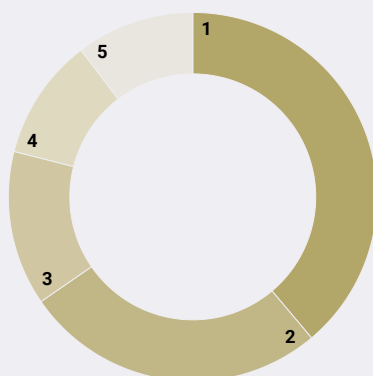
Risk and reward profile

Lower risk							Lower risk	
1	2	3	4	5	6	7		

Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.8	0.9
Total risk (%)	24.6	23.5
Tracking error	6.0	
Information ratio	-0.4	
Alpha	-0.2	
Beta	1.0	
Portfolio turnover ratio (12/31/20)	0.1	

Geographical split



#	Country	% of the fund
1.	United Kingdom	37.5
2.	Other European countries	25.6
3.	Germany	13.1
4.	Norway	10.3
5.	Netherlands	10.0
6.	Cash	3.5

Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/16
NAV per unit (EUR)	141.57
Fund size (EURm)	134
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

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.

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.

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