

Lannebo Europe Small Cap

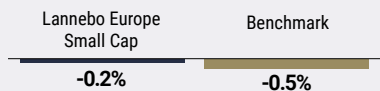
Swedish-registered equity fund, A EUR

Monthly report June 2021

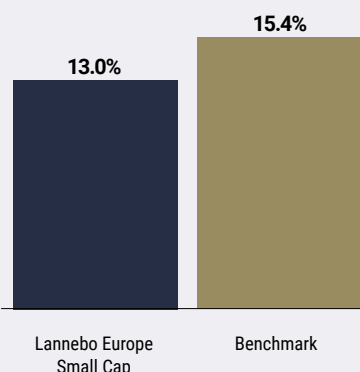
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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

Coats and FlatexDegiro added to the portfolio

The European equity market was flattish in June driven by two main factors. On the one hand, earnings reports were generally strong, but on the other, inflation fears affected the market. The higher inflation is driven by problems in connection with COVID-19 and relates to basic materials and logistic issues in the value chain for many industries. We see indications that both these inflation drivers will ease going forward.

The best contributors to performance were Interpump and Biffa.

Interpump, an Italian producer of high pressure pumps, hydraulics and cleaning equipment, was the best contributor to performance in June. We believe that the robust performance can partly be explained by the reopening of the global economy, where Interpump is expected to return to its previous growth path based on strong organic growth and a successful M&A strategy. Furthermore, the group made their largest-ever acquisition, White Drive More & Systems, from the Danish group Danfoss during the month, which is expected to lift EPS by more than 10 per cent.

Biffa, a UK waste management company, outperformed in June.

Performance

	Lannebo Europe Small Cap	Benchmark
Performance, %		
June 2021	-0.2	-0.5
Year-to-date 2021	13.0	15.4
3 years	17.6	31.1
Since launch (10/17/16)	41.3	67.6
Average annual return 24 months	13.9	17.1
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	-0.2
Jul	Aug	Sep	Oct	Nov	Dec

The share price was driven by a resilient result that was slightly ahead of expectations. Volumes in the Industrial & Commercial division are now close to pre-COVID-19 levels, which indicates a very fast recovery. On top of this, Biffa announced two value-add acquisitions that focus on plastic recycling. These initiatives strengthen the company's ESG profile.

The most negative contributors to performance were Volution and SATS.

SATS is the leading fitness chain in the Nordics. The shares underperformed as the COVID-19 delta variant increases, where Q2 earnings were affected by forced closures of fitness clubs. However, all clubs have now re-opened as of June and the focus is on securing new members. We assess SATS to be on the right track, and that the health and fitness trend will continue to be a strong tailwind.

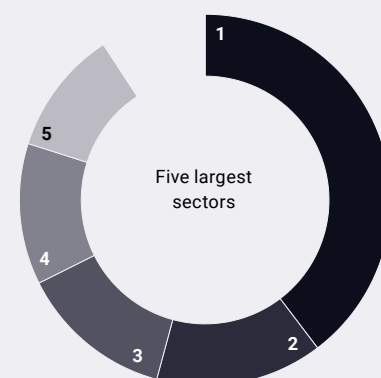
Volution is a UK based supplier of ventilation products for residential and commercial buildings in Europe and Australia. The shares fell back slightly in June even though there was no company specific news releases; we attribute the decrease to profit taking following a stellar performance year-to-date.

Changes in the portfolio:

Coats is the world's largest manufacturer of sewing thread with an approximate 20% market share. Their sewing thread is used in apparel and footwear, as well as performance materials such as personal protection or car interior. The company has best-in-class ESG credentials and has sustainability, digitalization, and innovation at the core of its strategy. Coats is trading at an attractive valuation and has a solid balance sheet, which provides the company enough investment capacity to further grow their operations.

FlatexDegiro is a German fin-tech company and the pan-European market leader in the online brokerage market. The company has the broadest product offering on the market spanning from stocks to cryptocurrencies. The market in continental Europe for online brokerage only has an 8% penetration and as such we see strong growth potential in the region. The customer base grew by 56% in 2020 to 1.25mn, which made them the fastest growing European online broker. The company is guiding for a customer base of 7-8m by 2026 from primarily continued market share gains.

Sector allocation



#	Sector	% of the fund
1.	Industrials	38.7
2.	Health care	14.2
3.	Financials	13.1
4.	Consumer discretionary	12.0
5.	Information technology	10.6
6.	Consumer staples	4.8
7.	Communication services	3.8
8.	Energy	0.4
	Cash	2.2

10 largest holdings

Holding	% of the fund
Volution Group	5.4
Interpump Group	4.1
Biffa	4.1
Inwido	3.7
TKH Group	3.7
John Menzies Plc	3.3
Medios	3.2
LU-VE	3.2
Bank of Georgia Group	3.1
Sumo Group Plc	3.1
Total 10 largest holdings	36.9
Cash	2.2
Total number of holdings	46

Major changes during the month

Buy

Coats

FlatexDegiro

Sell

Arrow Global

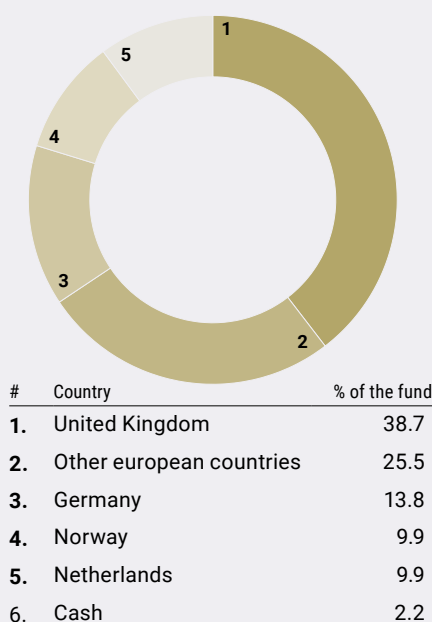
Risk and reward profile

Lower risk							Lower risk	
1	2	3	4	5	6	7		

Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.7	0.8
Total risk (%)	24.5	23.5
Tracking error	5.7	
Information ratio	-0.6	
Alpha	-0.2	
Beta	1.0	
Portfolio turnover ratio (06/30/21)	0.2	

Geographical split



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/16
NAV per unit (EUR)	141.33
Fund size (EURm)	137
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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