

Lannebo Småbolag

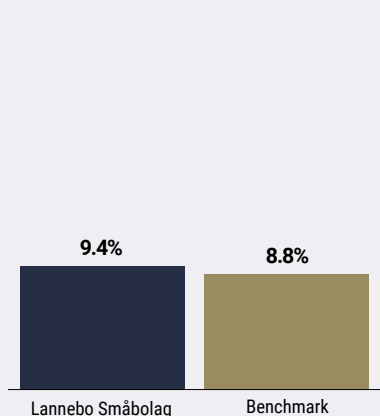
Swedish-registered equity fund, SEK

Monthly report July 2021

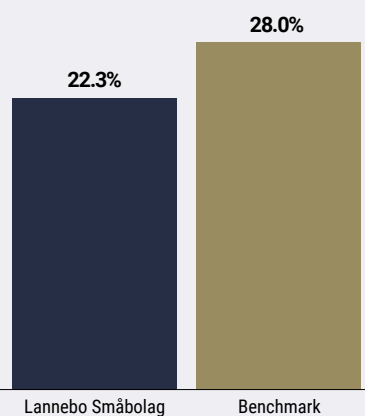
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



Per Trygg, Johan Ståhl, Hjalmar Ek

Performance

Performance, %	Lannebo Småbolag	Benchmark
July 2021	9.4	8.8
Year-to-date 2021	22.3	28.0
3 years	81.1	101.3
5 years	133.7	155.5
10 years	471.9	532.3
Since launch (08/04/00)	2 144.8	1 611.7
Average annual return 24 months	28.1	33.2
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.

A very active stock market

Invested in Nyfosa and Desenio

The Nordic region was on a high in July with good summer weather, strong quarterly earnings and a positive equity market performance. Even though earnings in Q2 of 2020 were hit hard due to shutdowns, earnings in Q2 of 2021 can be considered strong. In general, sales developed strongly, order intake was good, and companies were able to compensate for rising raw material costs. Company cost levels are still relatively low, and it remains to be seen whether they will be able to maintain margins when, for example, travel and trade fairs resume. Inflation on intermediate goods is another marginal risk. In terms of macroeconomics, market interest rates continued to fall during the month, which favored growth stocks. On the negative side, there was an increased spread of infection in some countries.

With regard to our holdings, the earnings season can so far be described as relatively strong, with some holdings being particularly positive. Trading company Bufab provides so-called C-parts - such as screws, nuts and other fastening elements - which are marketed to 13,000 manufacturing companies. The earnings report disclosed high organic growth with good margins and a strong order intake, which guarantees continued positive development in the coming quarters. Bufab also announced its

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-1.2	0.9	5.2	7.1	0.4	-0.7
Jul	Aug	Sep	Oct	Nov	Dec
9.4					

new CEO; Staffan Pehrson, currently CEO of Nefab Group. The Bufab shares rose by 36 per cent in July.

Industrial trade group Addtech also reported solid organic growth including increasing margins. In addition, Addtech maintained its high acquisition rate, which of course supports earnings growth. The shares increased by 25 per cent during the month.

Ventilation company Lindab announced, prior to the release of Q2 earnings, a reverse profit warning given development during the quarter was significantly better than expected. Lindab continues to successfully compensate for price increases in steel prices, while at the same time demonstrating good operational leverage as volumes return. The Lindab shares increased 24 per cent.

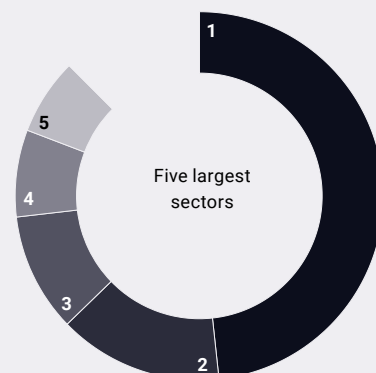
Securitas surprised with strong earnings figures on the next to last trading day of July. The 8 per cent increase in organic sales was better than expected and the operating margin also exceeded forecasts. The gradual opening of communities - including increased travel - positively affects demand. Furthermore, it seems the company has succeeded in raising prices sufficiently to compensate for rising wage costs. The share price rose 14 per cent in July.

On the flip side, the recently listed e-commerce company Desenio issued a profit warning. Desenio's market - affordable art in the form of posters - was negatively impacted by eased pandemic restrictions and people spending that less time and money on home furnishings. The expectation was the quarter would be weaker given growth exceeded 100 per cent last year; however, the magnitude of the decline was larger than expected. We deem the market difficulties as temporary, non-company-specific and we do not consider Desenio has lost market share or that growth opportunities have deteriorated. With that said, it is clear that Q3 will be burdened by the above effects. Desenio's share price fell by 43 per cent.

Technology consultant Sweco also had a weaker quarter, where operating profit, adjusted for calendar effects, decreased by 9 per cent. It is worth bearing in mind, however, that Sweco was resilient during last year's challenging Q2. The stock price declined 12 per cent.

We increased our holding in the real estate company Nyfosa during July. The holdings in Desenio and MTG were increased as we assess that in both cases the market attaches too much importance to short-term headwinds in relation to long-term opportunities. The holding in Biotage was marginally decreased after a positive share price development and increasing valuation. The holdings in Husqvarna and Fagerhult were also reduced.

Sector allocation



#	Sector	% of the fund
1.	Industrials	46.8
2.	Health care	14.0
3.	Consumer discretionary	10.1
4.	Real estate	7.4
5.	Materials	6.5
6.	Information technology	4.6
7.	Communication services	4.6
8.	Financials	2.9
	Cash	3.0

10 largest holdings

Holding	% of the fund
Addtech B	5.4
Trelleborg B	5.0
Securitas B	4.8
Nolato B	4.5
Huhtamäki	4.0
Lindab	3.6
Bravida	3.4
Castellum	3.1
Hexpol B	3.0
NENT B	2.9
Total 10 largest holdings	39.7
Cash	3.0
Total number of holdings	56

Julyor changes during the month

Buy

Nyfosa
Desenio
MTG

Sell

Biotage
Husqvarna
Fagerhult

Risk and reward profile

Lower risk						Higher risk	
1	2	3	4	5	6	7	

Financial ratios

	Lannebo Småbolag	Benchmark
Sharpe ratio	1.1	1.4
Total risk (%)	26.0	22.9
Tracking error	5.6	
Information ratio	-0.9	
Alpha	-0.6	
Beta	1.1	
Active share (%)	65	
Portfolio turnover ratio (06/30/21)	0.2	

Fund facts

Fund manager	Per Trygg, Johan Ståhl, Hjalmar Ek
Launch date	08/04/00
NAV per unit (SEK)	184.93
Fund size (SEKm)	36,233
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 July 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 mid-year 2021, this meant a market capitalisation of around SEK 106 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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