

# Lannebo Europe Small Cap

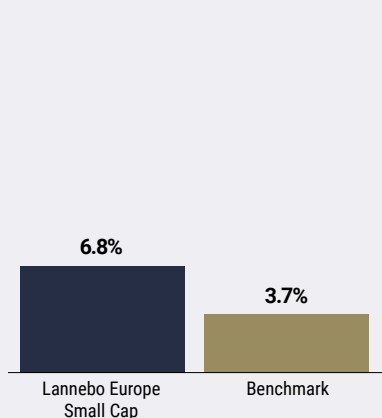
Swedish-registered equity fund, A EUR

Monthly report July 2021

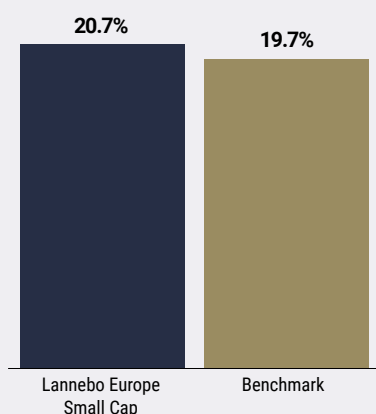
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	<b>Jul 2021</b>	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
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## Monthly performance



## Performance YTD



Carsten Dehn and Ulrik Ellesgaard

## Strong earnings reports and a bid for Sumo

The European equity market saw a healthy performance in July driven by a robust earnings season that, in general, revealed companies were very cost disciplined and are beginning to realize the positive effects of the re-opening of the economy. However, there have been serious concerns regarding further re-opening delays due to the new corona variant. The decline in German long-term interest rates also supported the equity market – where the lower rates surprised the market since inflation is picking-up. We consider central banks as a significant factor behind the lower interest rate. The fund also benefitted from robust earnings reports and, as such, outperformed the market in July.

The best contributors to performance were Sumo Group and Volution Group.

UK provider of video gaming services was the best contributor to performance in July. The Chinese video gaming company Tencent announced an all-cash bid of 513p per share - a 43 per cent premium to Sumo's then prevailing share price. Tencent currently holds about 9 per cent of the shares, and we assess Sumo's board will recommend shareholders to vote in favour of the transaction.

## Performance

	Lannebo Europe Small Cap	Benchmark
Performance, %		
July 2021	6.8	3.7
Year-to-date 2021	20.7	19.7
3 years	27.4	34.1
Since launch (10/17/16)	51.0	73.8
Average annual return 24 months	18.3	19.3
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	2.4	1.0	-0.2
Jul	Aug	Sep	Oct	Nov	Dec
6.8					

However, the share currently trades at a discount to the offer price due to concerns that US and UK governments will object to the acquisition of a Western tech company by a Chinese entity. We deem a government intervention as unlikely given Sumo is not a provider of critical infrastructure.

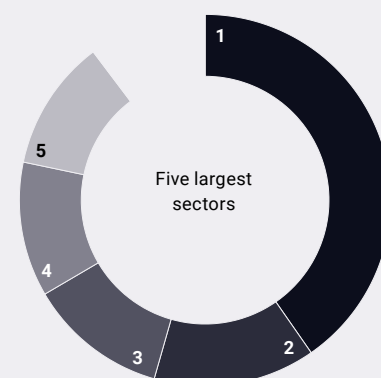
Volution is a UK based supplier of ventilation products in Europe and Australia for residential and commercial buildings. The company outperformed in July after raising their full year 2021 guidance in a trading update. Volution now expects organic growth of 20 per cent for the full year. Volution also disclosed UK sales were back to pre-Covid levels, and that growth, especially in Australia and Asia, were strong. The company is well positioned to benefit from the increasing focus on indoor air quality, while their strong balance sheet leaves room for further accretive M&A deals.

Accell and EcoOnline contributed most negatively to performance.

The leading bicycle producer in Europe, Accell, underperformed in July. The company delivered a very strong earnings result, driven by high structural demand in all segments. We believe that demand for bikes and e-bikes will remain robust and that Accell will benefit from its scale, brand(s)/pricing power and their distribution network. However, Covid-19 related supply chain issues, which is longer than expected, could impact 2022 - and thereof the poor July performance. In our opinion, the long-term investment case is unaffected. The company is a clear ESG company with a high sustainable growth combined with an attractive valuation.

Norwegian EcoOnline provides software solutions for the management of chemicals, as well as Environment, Health & Safety procedures. The underperformance in July is not related to any company specific news given Q2 earnings have not yet been released. We view the poor performance is due to sector rotations in the market.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	39.2
2.	Health care	13.7
3.	Consumer discretionary	11.8
4.	Financials	11.4
5.	Information technology	11.1
6.	Consumer staples	5.0
7.	Communication services	4.6
8.	Energy	0.4
	Cash	2.8

## 10 largest holdings

Holding	% of the fund
Volution Group	5.5
Biffa	4.2
Interpump Group	4.0
Sumo Group Plc	3.8
TKH Group	3.6
Dürr	3.6
Inwido	3.5
LU-VE	3.5
Bank of Georgia Group	3.3
John Menzies Plc	3.2
<b>Total 10 largest holdings</b>	<b>38.2</b>
Cash	2.8
Total number of holdings	46

## Major changes during the month

### Buy

Brembo  
Accell Group

### Sell

Arrow Global  
Thule Group

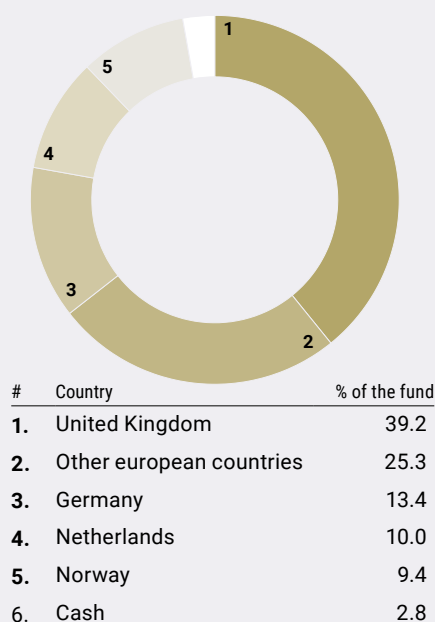
## Risk and reward profile

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 (%)	24.7	23.5
Tracking error	6.2	
Information ratio	-0.2	
Alpha	-0.1	
Beta	1.0	
Portfolio turnover ratio (06/30/21)	0.2	

## Geographical split



## Fund facts

Fund manager	<b>Carsten Dehn &amp; Ulrik Ellesgaard</b>
Launch date	<b>10/17/16</b>
NAV per unit (EUR)	<b>150.98</b>
Fund size (EURm)	<b>145</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 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](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 July 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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