

# Lannebo Europe Small Cap

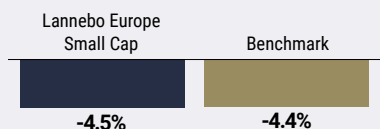
Swedish-registered equity fund, A EUR

Monthly report September 2021

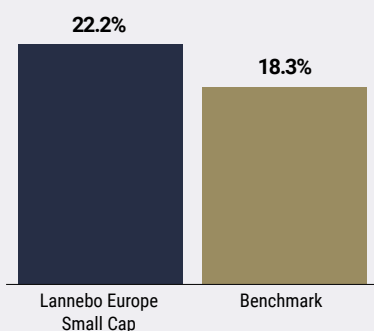
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



## Performance YTD



Carsten Dehn and Ulrik Ellesgaard

## Somero continues to show strength

Invested in the aviation food producer Do & Co

The stock market has been very robust in 2021, but the market turned negative in September. The support from central banks might come to an end as the global economy is running at full steam. Inflation is picking up caused by significant supply constraints and huge pent-up demand, creating instability. Our portfolio strategy throughout the year has been to be balanced, limiting risk in specific sectors. The risk in the portfolio is more related to our stock selection. In September, the fund performed in line with the benchmark.

The best contributors to performance were Somero and Sparebank 1 Nord-Norge

Somero is the world's market leader in high end equipment for levelling of concrete floors. After having raised expectations as recently as in July, the company again upgraded its guidance for revenue and earnings in September. The demand for Somero's advanced laser guided machines is especially strong in the US non-residential sector. Furthermore, its newly developed products are

## Performance

	Lannebo Europe Small Cap	Benchmark
Performance, %		
September 2021	-4.5	-4.4
Year-to-date 2021	22.2	18.3
3 years	32.6	35.9
Since launch (10/17/16)	52.8	71.8
Average annual return 24 months	20.0	17.6
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	5.9	-4.5			

being well received and are expanding the addressable market.

Sparebank 1 Nord-Norge is a strong regional retail and commercial bank in Norway. The bank benefits from improving client activity and low loan losses which resulted in significantly better earnings in the first half of 2021 than the market expected. On top of this the bank increased borrowing rates in September, which should boost future earnings.

The most negative contributors to performance were Inwido and Dürr

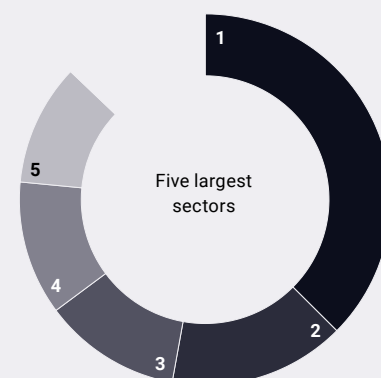
The share price performance of window producer Inwido has been strong this year supported by excellent quarterly reports in terms of order intake, sales, and earnings. However, in September the share price was weak. We assess two main reasons for this: firstly, the stock market correction; and secondly, supply chain constraints are currently affecting operations, which create short term business risks.

Dürr, equipment supplier to the auto and furniture industry, performed negatively in September. The main reason is that the automotive industry is facing supply chain headwinds, resulting in higher costs and lower output. Dürr is not directly affected by these issues since Dürr is influenced by the capex level in the auto industry and not the volume. It should be noted that Dürr benefits from the auto industry's transition to electrical vehicles.

Do & Co is an Austrian based food service business which was added to the portfolio in September. It offers high-end catering worldwide to airlines and events where its freshly prepared meals and service standards are setting it apart from its two main competitors. We believe the gradual easing of covid related travel restrictions coupled with recent client wins will lead to attractive growth and margins going forward, and that Do & Co's high ambitions on sustainability will be increasingly appreciated by clients.

Simcorp, the software company targeting the asset management industry, was divested. We believe that Simcorp is a true quality company, but we are concerned over the valuation particularly in an environment of increasing interest rates. It should also be stressed that the CEO announced his retirement after nine very successful years, where management change always creates new risk factors for a company.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	37.5
2.	Health care	15.4
3.	Information technology	12.0
4.	Consumer discretionary	11.7
5.	Financials	10.6
6.	Consumer staples	5.9
7.	Communication services	4.1
	Cash	2.9

## 10 largest holdings

Holding	% of the fund
Volution Group	4.5
LU-VE	3.8
Bank of Georgia Group	3.7
Interpump Group	3.6
Biffa	3.4
Dürr	3.4
Inwido	3.1
John Menzies Plc	3.0
Medios	3.0
Somero Enterprises	2.9
<b>Total 10 largest holdings</b>	<b>34.4</b>
Cash	2.9
Total number of holdings	46

## Major changes during the month

### Buy

Do&Co  
Tinybuld

### Sell

TKH Group  
Arrow Global

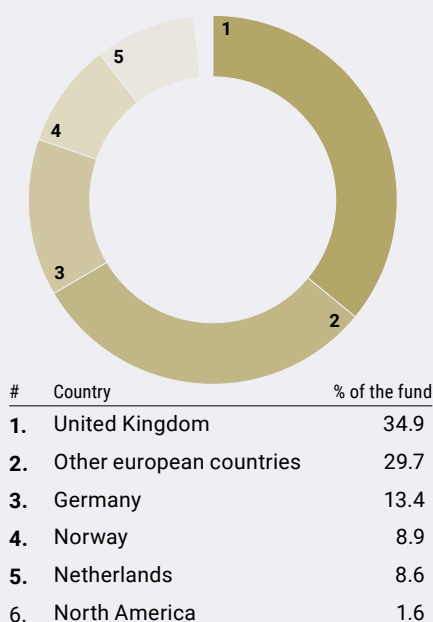
## Risk and reward profile



## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.9	0.8
Total risk (%)	24.8	23.8
Tracking error	5.9	
Information ratio	0.4	
Alpha	0.2	
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>152.81</b>
Fund size (EURm)	<b>162</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 September 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 September 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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