

Lannebo Europe Small Cap

Swedish-registered equity fund, A EUR

Monthly report March 2022

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 2022 | Feb 2022 | **Mar 2022** | Apr 2022 | May 2022 | Jun 2022 | Jul 2022 | Aug 2022 | Sep 2022 | Oct 2022 | Nov 2022 | Dec 2022

Monthly performance



Performance YTD



Carsten Dehn and Ulrik Ellesgaard

Performance

Performance. %	Lannebo Europe Small Cap	Benchmark
March 2022	-1.5	0.7
Year-to-date 2022	-11.4	-9.9
3 years	38.7	34.5
5 years	31.6	43.8
Since launch (10/17/16)	42.8	62.2
Average annual return 24 months	28.4	28.2
2021 ¹	29.4	23.9
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.

War hampers Europe's growth

Sold the shares in Thule

The war between Russia and Ukraine was the equity market's main driver in March. The conflict started in February and led to a sharp drop in the market; but in March the European equity market was flat due to expectations the war would not spread to other countries and that there would be some sort of peace in the near-term. However, it cannot be avoided that European growth will be hampered by the war.

The fund's performance measured in EUR was -1.5 per cent, compared with the benchmark's return of 0.7 per cent in EUR.

The best contributors to performance were Coats and John Menzies.

The UK company Coats is a producer of sustainable threads for the apparel and footwear industry. Coats delivered strong full year earnings results and an upbeat outlook. Our investment case is driven by market share gains and cost reductions - we believe management can deliver on both. The range of leading sustainable products can gain market share, which is a trend we expect to continue. On the cost side, management presented a plan to reduce costs by USD 50m by the end of 2023. In all, Coats is a quality

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-7.4	-2.9	-1.5	-	-	--
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

company with strong ESG credentials traded at a very attractive valuation, a PE of 12x.

John Menzies, the UK baggage handling company, announced it had received a firm cash offer of Pence 608 per share by Kuwaiti aviation services provider Agility Public Warehousing. The John Menzies board has recommended shareholders to accept the offer. We believe that the transaction will go through given the offer represents a premium of more than 80 per cent compared to when Agility's interest in John Menzies was made public in February.

The most negative contributors to performance were Crayon and Volution Group.

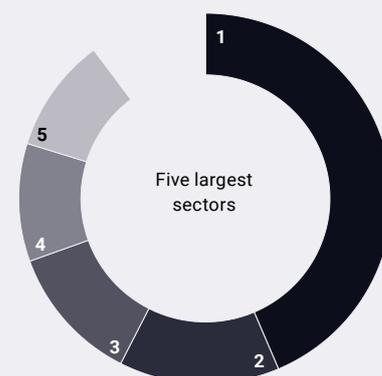
Crayon, the Norwegian IT advisory company, underperformed in March even though the company released a very strong earnings report in February that was above consensus and with an outlook which led analyst to raise their forecasts. We believe the weak share price performance can be explained by sector rotations unfavourable to IT companies. We stand firm with our holding because the high quality of the business is unchanged.

Volution Group, a UK manufacturer and supplier of sustainable ventilation products in Europe and Australia, was the worst performer in March. The company reported a solid H1 trading update, demonstrating pricing power and good top line growth. Volution is also progressing on their ambitions of increasing the proportion of low carbon products, which will also improve margins due to the effects of a better product mix. The current geopolitical situation with Russia and surging COVID-19 infections in China are, however, making investors somewhat concerned; we believe that the company is relatively well positioned to continue their growth journey, both organically and through acquisitions.

We divested Thule in March.

The Swedish seller of bike carrier racks and outdoor leisure products was divested in March. Even though we have been impressed with the company's strong performance over the past years, we are now more concerned with rising input costs facing Thule, which could make it hard to improve margins going forward. The covid-19 driven trend of vacations close to home has benefitted Thule, but this tailwind could also eventually disappear as the world re-opens.

Sector allocation



#	Sector	% of the fund
1.	Industrials	43.6
2.	Health care	13.9
3.	Financials	12.0
4.	Information technology	10.3
5.	Consumer discretionary	10.0
6.	Consumer staples	6.1
7.	Communication services	1.9
	Cash	2.2

10 largest holdings

Holding	% of the fund
John Menzies Plc	6.2
Volution Group	4.2
Biffa	3.9
Crayon Group Holding	3.7
LU-VE	3.6
SpareBank 1 Nord-Norge	3.5
Greencore Group	3.3
Somero Enterprises	3.3
Inwido	3.3
Medios	3.2
Total 10 largest holdings	38.3
Cash	2.2
Total number of holdings	43

Major changes during the month

Buy

FlatexDegiro
Rotork

Sell

Bank of Georgia
Thule Group

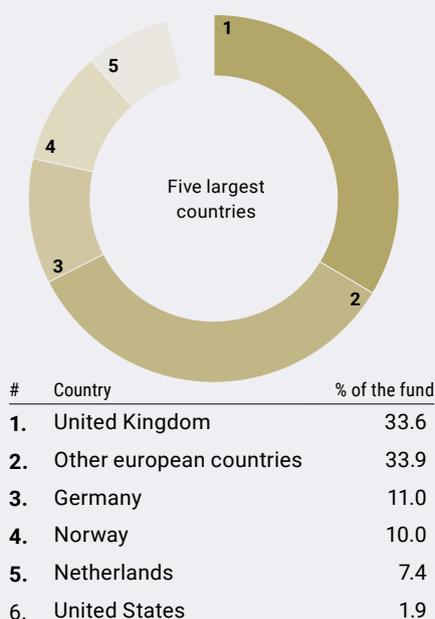
Risk and reward profile

Lower risk							Lower risk	
1	2	3	4	5	6	7		

Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	1.5	1.5
Total risk (%)	18.6	17.3
Tracking error	6.2	
Information ratio	0.0	
Alpha	-0.0	
Beta	1.0	
Portfolio turnover ratio (12/31/21)	0.4	

Geographical split



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/16
NAV per unit (EUR)	142.84
Fund size (EURm)	140
Ongoing charges	1.68%
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 March 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 March 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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