

# Lannebo Europe Small Cap

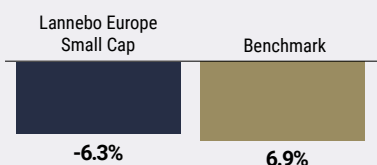
Swedish-registered equity fund, A EUR

Monthly report August 2022

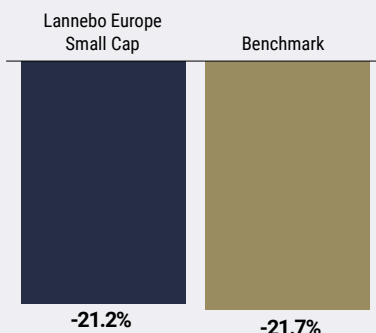
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	<b>Aug 2022</b>	Sep 2022	Oct 2022	Nov 2022	Dec 2022
----------	----------	----------	----------	----------	----------	----------	-----------------	----------	----------	----------	----------

## Monthly performance



## Performance YTD



## Positive development for Bank of Georgia

### Renewi a new holding

Inflation and interest rates are still haunting the equity market. The market is uncertain of the consequences of the unprecedented inflation figures. So far companies have been able to pass the higher input through, but demand is likely to be hit if the current pricing environment continues. Our strategy is to select companies with the strongest pricing power as these companies are best protected short term and will also be better positioned when high inflation comes to an end.

The performance of the fund was -6.3 percent measured in EUR, compared with the benchmark's return of -6.9 percent in EUR.

The best contributors were Biffa and Bank of Georgia.

Biffa is a waste management company in the UK. The company has been approached by Energy Capital Partners, a private equity firm, with a bid of 445 pence per share. Therefore, the share price is mainly driven by the increased perceived likelihood of the bid materializing. The deadline to come up with a firm bid has been extended two times and is now expected by the end of September.



Carsten Dehn and Ulrik Ellesgaard

## Performance\*

Performance. %	Lannebo Europe Small Cap	Benchmark
August 2022	-6.3	-6.9
Year-to-date 2022	-21.2	-21.7
3 years	24.4	17.5
5 years	6.3	20.5
Since launch (10/17/16)	27.2	41.0
Average annual return 24 months	9.6	6.1
2021 <sup>1</sup>	29.4	23.9
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.

\*Net of fees

## Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-7.4	-2.9	-1.5	-3.5	-1.9	-8.2
Jul	Aug	Sep	Oct	Nov	Dec
9.3	-6.3	-	-	-	-

Bank of Georgia, one of the leading retail and commercial banks in Georgia, posted a strong Q2 delivering a record return on equity of 32% while profit for H1 increased over 50% compared to last year. Declaration of the interim dividend and a renewed share buy-back further helped lifting the share price. Negative implications from the war in Ukraine have so far not materialized; on the contrary the bank is benefitting from healthy economic growth in Georgia, one of Europe's fastest growing countries. Importantly, tourism is picking up and the local currency is appreciating. We believe return on equity can remain above 20% for the foreseeable future.

The worst contributors were Crayon and Coats.

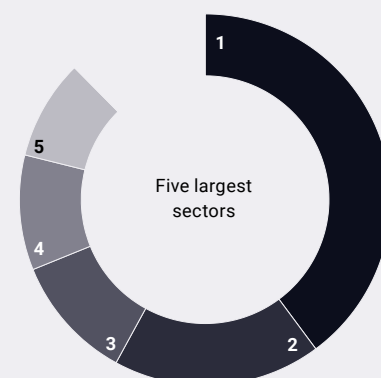
Crayon, IT advisory firm based in Oslo, underperformed the market, which was related to the release of the quarterly report. The report showed a double-digit organic growth across all market clusters, but the weakness can partly be explained by quarterly profitability falling short. This is partly due to lower margins in newly acquired business in Asia. We still see very strong growth for Crayon in the years ahead as demand is robust and the business model is convincing.

Coats is a market leader in sustainable threads for the apparel and footwear. The share price has been under pressure in August due to a share issue related to an acquisition. We participated in the share issue to show that we support the growth initiatives in the company. We believe that the business has real momentum, and importantly – given the current environment – the ability to pass cost inflation through. In the latest report, the profitability improved, and we see further upside.

Renewi was bought in August.

Renewi operates in Belgium and The Netherlands and is focused on waste collection, waste processing and sale of recycled materials. The company has invested in state-of-the-art solutions to turn waste into valuable materials. Therefore, we believe Renewi is in a good position to benefit from the transition to a more circular economy. As regulation in Europe is shifting towards more recycling and away from incineration and landfilling, the company should be able to grow both sales and margins, even if volumes of waste eventually could decline.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	39.8
2.	Financials	18.1
3.	Health care	10.9
4.	Information technology	10.0
5.	Consumer discretionary	8.7
6.	Consumer staples	5.5
7.	Communication services	2.0
	Cash	4.9

## 10 largest holdings

Holding	% of the fund
Biffa	5.7
Beazley	5.1
LU-VE	4.6
Somero Enterprises	3.5
DO & CO	3.4
SpareBank 1 Nord-Norge	3.3
Keywords Studios Plc	3.3
Coats Group Plc	3.3
Volution Group	3.1
Dürr	3.1
Total 10 largest holdings	38,7
Cash	4,9
Total number of holdings	43

## Major changes during the month

### Buy

Coats  
Begbies

### Sell

Medios  
Crayon

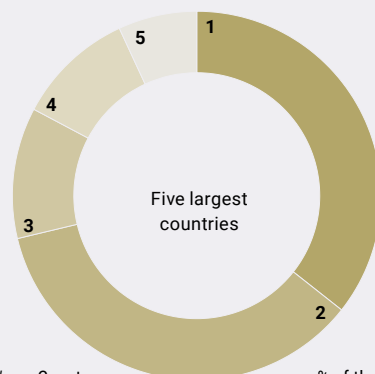
## Risk and reward profile

Lower risk							Lower risk	
1	2	3	4	5	6	7		

## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.6	0.4
Total risk (%)	20.2	20.1
Tracking error	5.7	
Information ratio	0.6	
Alpha	0.3	
Beta	1.0	
Portfolio turnover ratio (06/30/22)	0.4	

## Geographical split



#	Country	% of the fund
1.	Other European countries	31.7
2.	United Kingdom	31.4
3.	Germany	10.8
4.	Norway	9.6
5.	Netherlands	6.2
6.	United States	5.5
7.	Cash	4.9

## Fund facts

Fund manager	<b>Carsten Dehn &amp; Ulrik Ellesgaard</b>
Launch date	<b>10/17/16</b>
NAV per unit (EUR)	<b>127.15</b>
Fund size (EURm)	<b>122</b>
Ongoing charges	<b>1.68%</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 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](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 August 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.

*\* Source: MSCI. The MSCI information August only be used for your internal use, August not be reproduced or disseminated in any form and August not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and August not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)*



**Lannebo Fonder AB**  
Postal address: Box 7854, 103 99 Stockholm  
Visiting address: Kungsgatan 5



Phone: +46 (0)8-562 252 00  
Customer serv: +46(0)8-562 252 22



E-mail: [info@lannebo.se](mailto:info@lannebo.se)  
Website: [lannebo.com](http://lannebo.com)  
Registration no: 556584-7042

**LANNEBO**