

# Lannebo Europe Small Cap

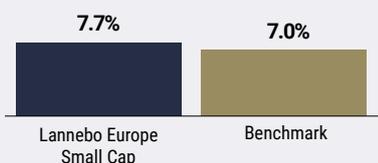
Swedish-registered equity fund, A EUR

Monthly report October 2022

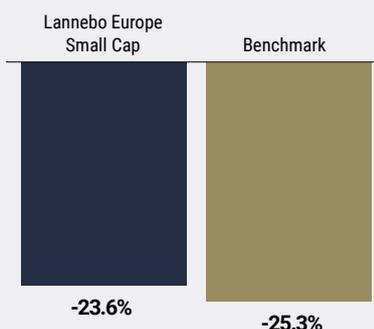
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



## Performance YTD



**Carsten Dehn, Ulrik Ellesgaard and Philip Andreassen**

## Performance\*

Performance. %	Lannebo Europe Small Cap	Benchmark
October 2022	7.7	7.0
Year-to-date 2022	-23.6	-25.3
3 years	14.7	5.6
5 years	-4.4	7.6
Since launch (10/17/16)	23.2	34.4
Average annual return 24 months	9.8	6.3
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

## Peak inflation is approaching

### Bid for British Biffa

The European equity market increased in October driven by an expectation of a near term peak in inflation. ECB announced a 75-basis-point interest rate hike to tame inflation and further hikes can be expected but when inflation will start to normalise the stock market will get further momentum even though companies could release weak reports for Q3. A “risk on” market will benefit small cap versus large cap as small cap is assessed as an asset class with higher risk.

The performance of the fund was 7.7 percent measured in EUR, compared with the benchmark’s return of 7.0 percent in EUR.

Duerr and Brembo were the two most positive contributors in October.

Dürr, the global leader in paint shops and final assembly lines for the auto industry, was a strong performer in October following their presentation of a new design concept for greater flexibility and efficiency in final assembly. Q3 is expected to reflect an increasing order intake and sales, due to further benefits from increased demand for energy-saving solutions and post-pandemic

## 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	-10.0	7.7	-	-

recovery. The automotive sector account for more than 40% of sales and this sector is expected to be a driver for growth partly due to investments in new production lines for electrical vehicles. It should be mentioned that cost inflation for Duerr can be an issue short term.

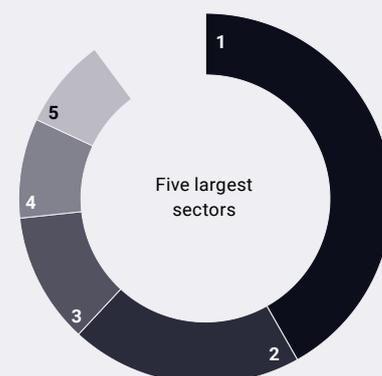
Brembo, the Italian global leader in automotive brake technology, was a positive contributor. Following a gradual improvement of the recent production constraints affecting industry volumes, sales growth is expected to accelerate. The high exposure to the premium segment and rising prices also affected sales positively. We therefore believe that the higher cost base will be passed to sales prices. We believe that the coming Q3 statement will show top line growth of more than 40%, driven by a positive performance across all main segments.

TinyBuild and Lu-Ve were negative contributors in October.

TinyBuild from UK is a developer and publisher of games. The company underperformed in October even though the TinyBuild delivered a very strong set of H1 figures, with revenues up by more than 50%, which was better than the guidance from management. This is an excellent achievement given that TinyBuild had to relocate more than 100 people from the Russia and Ukraine regions. Attention in the market have been centered around the release of Hello Neighbour 2. According to management the release is due in December, and the first episode of the animated series will premiere at the same time. No details of the platform in which it will launch have been given for the series, but we think this could be a big boost to marketing the game.

Lu-Ve, manufacturer of heat exchangers for refrigeration, was a strong performer in September but in October, the share price was flat and was therefore underperforming the market. There was no news in October, so we believe investors were taking profit after the stellar performance in September. We still see a very strong investment case for Lu-Ve. Medium-term financial targets point to a high single digit organic growth, which should be supported by the strong underlying market trends. EBITDA margin is seen reaching 14-15 per cent level, supported by operating leverage and efficiency capex.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	41.8
2.	Financials	20.1
3.	Health care	11.4
4.	Consumer discretionary	8.7
5.	Information technology	7.9
6.	Consumer staples	5.2
7.	Communication services	2.6
	Cash	2.3

## 10 largest holdings

Holding	% of the fund
Beazley	5.2
LU-VE	5.0
Dürr	4.1
DO & CO	3.8
TKH Group	3.7
Bank of Georgia Group	3.6
Spar Nord Bank	3.6
Keywords Studios Plc	3.5
SpareBank 1 Nord-Norge	3.4
Somero Enterprises	3.3
Total 10 largest holdings	39.3
Cash	2.3
Total number of holdings	43

## Major changes during the month

### Buy

Renewi  
BIG Tech

### Sell

Beazley  
Biffa

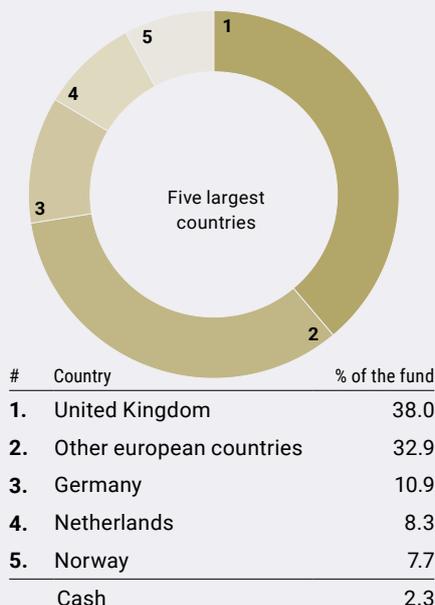
## Risk and reward profile



## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.5	0.4
Total risk (%)	22.0	22.0
Tracking error	5.7	
Information ratio	0.6	
Alpha	0.3	
Beta	1.0	
Portfolio turnover ratio (06/30/22)	0.4	

## 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>123.24</b>
Fund size (EURm)	<b>116</b>
Ongoing charges	<b>1.68%</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 October 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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