

# Lannebo Europe Small Cap

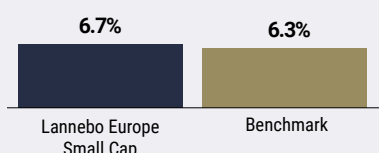
Swedish-registered equity fund, A EUR

Monthly report November 2022

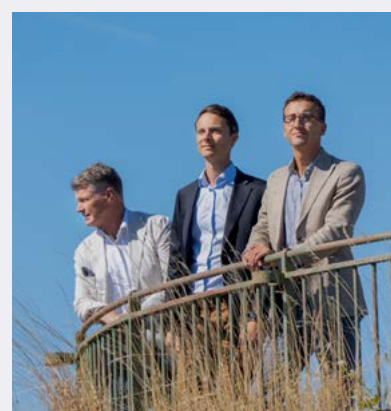
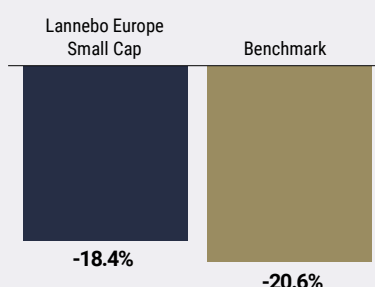
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

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



## Performance YTD



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

## Performance\*

Performance. %	Lannebo Europe Small Cap	Benchmark
November 2022	6.7	6.3
Year-to-date 2022	-18.4	-20.6
3 years	15.6	7.3
5 years	9.1	16.6
Since launch (10/17/16)	31.5	42.9
Average annual return 24 months	5.4	2.1
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

## Stock market rally continues

Bought shares in Italian Intercosa

The European equity market increased in October and again in November. In both months the market has been 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 the coming quarter. 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. In the last two months, Small Cap have performed in line with Large Cap. We believe that if the positive market continues, Small Cap will outperform. This is the pattern we have seen in the past.

The performance of the fund was 6.7 percent measured in EUR, compared with the benchmark's return of 6.3 percent in EUR.

Duerr and Keywords were the two most positive contributors in November.

Duerr engages in paint shop engineering for the auto producers and systems for the woodworking industry. The German company

## 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	6.7	-

hosted a Capital Market Day (CMD) in November. Financial targets were raised slightly in terms of organic growth and operating margin. It was highlighted from management that the company will continue to support its customers in reducing emissions which improve the customers ESG score. M&A is part of the strategy, and management believes smaller bolt-on acquisitions will be taken positively by the market, while a larger deal which could push the leverage above 2x will be taken rather negatively in the current market. Overall, we believe in Duerr's strategy and appreciate the focus on more profitable, stable, and structural trends in the Cap Goods sector.

Keywords is the largest provider of outsourced technical services to the videogame industry. The UK company did outperform the stock market driven by positive company specific news. Keywords

upgraded guidance for the fifth time this year. As a result, the consensus estimates were increased by 7-8%. We expect the company's exceptional organic growth momentum to continue throughout

2023. This, coupled with upward pressure on margin guidance and continued accretive M&A, leaves us confident of further upgrades.

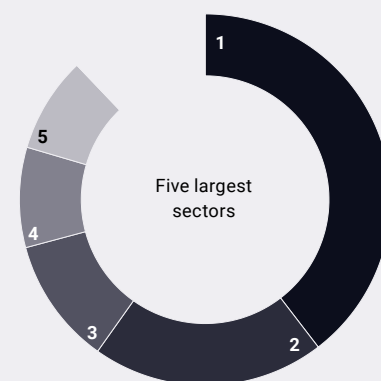
LNA Sante and Alfen were negative contributors in November.

LNA Sante, the French elderly care provider, have underperformed. The company is operating in line with expectations in terms of organic growth (mid-single digit) and EBIT margin (high-single digit) meaning that the poor stock price performance is not related to LNA Sante operating. We believe that the decisive factor is the financial issues related to the main competitor Orpea. Orpea suffers from allegations of mistreatment of elderly residents and misuse of public funds. There are no allegations against LNA Sante but still there is a negative spill over effect on LNA Sante.

Alfen is a Dutch developer and producer of smart grids solutions, energy storage solutions and EV charging equipment. Their recent quarterly report saw the group grow by 103 percent, which was mainly due to a stronger than expected performance in EV charging. However, this strong performance was not followed by a guidance upgrade for the full year, which worried the market expectations for Q4. We acknowledge that Alfen's profitability will be affected by a weaker product mix in Q4 but expect the continued strong growth in all its end markets to outweigh the headwinds. Furthermore, we believe that the market is underemphasizing the growth opportunities they have in the smart grid's solutions, which will deem critical for the energy transition

During November we bought the Italian company, Intercos, which is a leading manufacturer and developer of cosmetics and make-up products and has partner agreements in place with the largest multinationals, emerging brands, and retailers. Intercos has managed to differentiate itself from normal contract manufacturers by investing heavily in its R&D capabilities and building its IP from its proprietary formulations leaving high barriers to entry.

## Sector allocation



#	Sector	% of the fund
1.	Industrials	39.5
2.	Financials	20.2
3.	Health care	11.0
4.	Information technology	8.7
5.	Consumer discretionary	8.3
6.	Consumer staples	3.5
7.	Communication services	3.0
	Cash	5.6

## 10 largest holdings

Holding	% of the fund
LU-VE	5.3
Beazley	4.3
Dürr	4.2
Keywords Studios Plc	4.0
Bank of Georgia Group	4.0
DO & CO	3.9
Spar Nord Bank	3.8
TKH Group	3.7
Crayon Group Holding	3.5
SpareBank 1 Nord-Norge	3.4
Total 10 largest holdings	40.1
Cash	5.6
Total number of holdings	44

## Major changes during the month

### Buy

Aroundtown  
Flatex

### Sell

Biffa  
Inwido

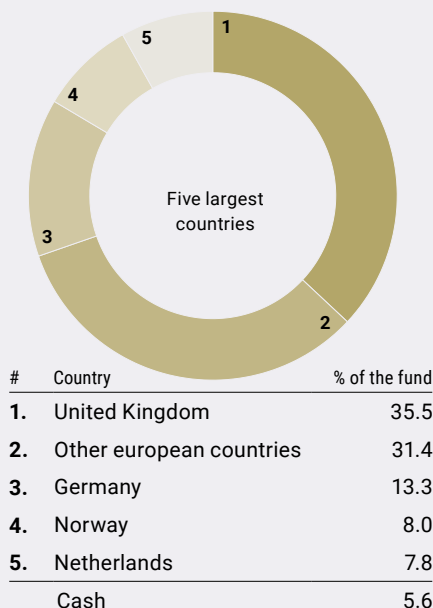
## Risk and reward profile



## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.4	0.2
Total risk (%)	19.7	19.7
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>131.52</b>
Fund size (EURm)	<b>124</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 November 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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