

Monthly report August 2023

Lannebo Europe Small Cap EUR

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.

Destocking and macro in focus

Bank of Georgia best performer again



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The European equity market was volatile in August as focus remained on the various components of inflation coming down from high levels. This should eventually give the central banks enough confidence to begin a series of rate cuts which the market is hoping for. Many companies are now seeing supply chain constraints ease with less demand for holding large inventories, which has amplified a slightly lower end market demand and caused quite a few profit-warnings, especially among the industrial names. Small- and microcap companies still seem deeply out of favour relative to large cap, but we believe this could change when interest rates eventually come down.

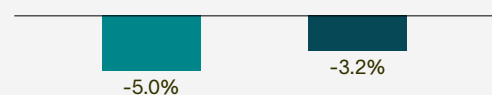
Bank of Georgia is a retail and commercial bank with an approximately 40 percent market share in Georgia. Results for Q2 showed a continued trend of delivering exceptionally well on all KPIs, driven by the strong economic growth in Georgia. Net interest margin, loan growth and ROE were higher than the market expected while loan losses remained low. The bank is well capitalized and has started a generous dividend policy which should see about half of the current market cap returned to shareholders over the next 3 years.

Coats is a global market leader in threads for apparel, footwear and performance materials. The company is seeing substantial destocking of inventories in the value chain, which has led to a sharp decline in sold volumes for Coats of more than 20% in H1. The end markets are doing better though, and Coats continue to gain market share from the small competitors while delivering progress on costs and synergies from acquisitions. The Q2 result was a consequence of this better than the market expected.

Do & Co is an Austrian company offering high end airline catering services and food for large events on a global scale. Our investment case is playing out nicely as the recovery in air traffic combined with Do & Co's unique quality concept is delivering market share gains and strong profit growth. On the negative side in August the company's

The fund's performance*

- 1 month
- 1 year



Performance (%)	Fund	Index ¹
August 2023	-5.0	-2.9
YTD 2023	-4.8	6.0
1 year	-3.2	4.8
3 years	16.2	18.0
5 years	5.4	14.6
Since launch (10/17/16)	23.0	47.7
Average 24 months	-11.5	-9.4
2022 ¹	-20.1	-22.6
2021 ¹	29.4	23.9
2020 ¹	3.6	4.6
2019 ¹	31.6	31.4
2018 ¹	-25.3	-15.9

¹ The performance is based on closing prices.

* Net of fees

Jan	Feb	Mar	Apr	May	Jun
3.4	3.1	-3.9	0.6	-1.7	-2.2
Jul	Aug	Sep	Oct	Nov	Dec
1.2	-5.0	-	-	-	-

exposure to the weak Turkish Lira as well as the resignation of the co-CEO caused some profit taking and sent the share price lower.

Lu-Ve is an Italy based industrial company offering refrigeration and air conditioning solutions. While there was no company-specific negative news out on Lu-Ve in August we note that several large companies in its peer group, such as Beijer Ref and Nibe, saw substantial drops in share prices. This has put Lu-Ve shares under pressure as well. Lu-Ve remains a high-quality peer and sub-supplier to the heat pump and cold chain industry, trading at a reasonable valuation.

Largest holdings

Holding	% of the fund
LU-VE	5.5
Bank of Georgia	5.1
DO & CO	4.8
Coats Group	4.5
TKH Group	4.2
Beazley	4.0
Volution	3.9
Spar Nord Bank	3.7
Duerr	3.7
SpareBank 1 Nord Norge	3.2
Total ten largest holdings	42.6
Cash	4.3
Total number of holdings	44

Main changes

Bought	Sold
Inwido	Bank of Georgia
Aroundtown	Crayon
-	-

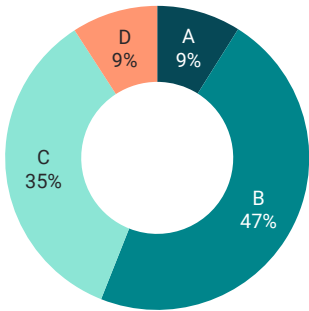
Sector allocation

Sector	% of the fund
Industrials	45.1
Financials	20.0
Healthcare	11.6
Consumer discretionary	8.8
Information technology	5.6
Consumer staples	2.8
Real estate	1.3
Material	0.5

We work actively to take advantage of business opportunities and avoid risks related to the environment, social sustainability and corporate governance.

Sustainability grade

Lannebo’s sustainability analysis identifies and grades the portfolio holdings’ management of sustainability risks, environmental impact, and sustainability in the business model. A is the highest grade and E the lowest.



Share of the fund (%)	
A	9
B	47
C	35
D	9
E	0

Nomination committees 2023

Lannebo participate in nomination committees to contribute to competent boards with relevant experience for the companies.

Company
Inwido

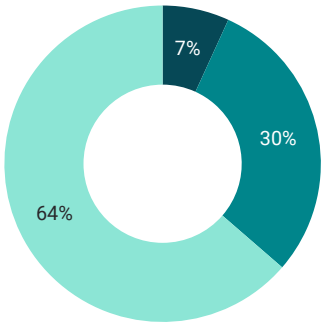
Voting

Share of the fund where Lannebo has voted at the general meeting.	
Share of the fund (%)	
2023 YTD	44
2022	25
2021	14

Climate target

Lannebo has committed to a climate target that requires the companies in material sectors within its portfolios to establish science-based emissions reduction targets, SBT.

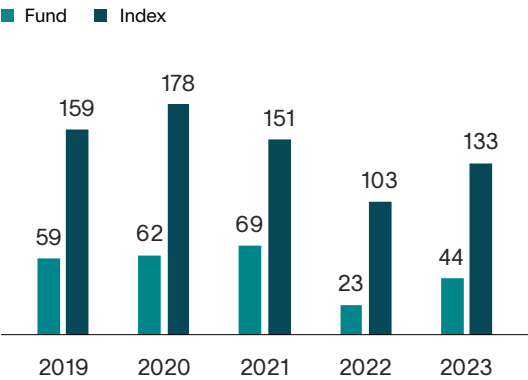
Year 2040: 100% Year 2030: 50%



Share of the fund (%)	
Validated SBT	7
Committed SBT	30
No SBT	64

Carbon footprint

Carbon footprint, measured as the weighted average carbon intensity, shows the fund’s exposure to companies with high carbon intensity. Higher carbon intensity is an indication of higher climate change-related risks.



Gender equality on boards

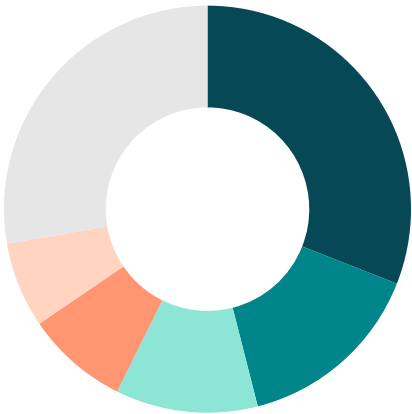
The objective is to ensure greater gender representation by aiming for a minimum of 40 percent representation of the under-represented gender among board members on average.

Share (%)	
Women	36
Men	64

Financial ratios

	Fund	Index
Sharpe ratio	-1	-0.5
Total risk (%)	18	19.5
Tracking error	7	
Information ratio	-0.5	
Alpha	-4.4	
Beta	0.9	
Portfolio turnover ratio	0.3	

Country allocation



Country	Share of the fund (%)
United Kingdom	29.6
Italy	14.4
Germany	10.8
Netherlands	7.8
Austria	6.5
Other	26.5

Fund facts

Fund managers	Carsten Dehn, Ulrik Ellesgaard & Philip Andreasen
Launch date	10/17/16
NAV per unit	EUR 123.04
Fund size	EURm 113
Ongoing costs*	1.9%
ISIN	SE0008092290
Trading frequency	Daily
Minimum investment amount	EUR 100
Supervisory authority	Finansinspektionen
LEI	549300L5238BIDO3O341

* Ongoing costs consist of management fees and other administrative or operating costs (an estimate based on actual costs over the past year) and transaction costs (an estimate of costs incurred when a fund buys and sells securities).

Risk indicator



Explanations*

Alpha

Describes the effect of the portfolio manager's decisions on the return of the fund. A positive alpha value is the riskadjusted excess return relative to the return of the benchmark.

Carbon footprint

The weighted average carbon intensity is calculated by multiplying the portfolio company's weight in the fund by the portfolio company's emissions (scope 1 and 2) in relation to its revenue in millions of SEK. In 2022, Lannebo changed data provider

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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Beta

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.

Sharpe ratio

A measure of risk adjusted return. Calculated as the ratio of the fund's excess return above the riskfree rate of return and the fund's total risk

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 en.lannebo.se.

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.

Information ratio

A measure of riskadjusted return. This is measured as the active return divided by the portfolio's active risk.

Total risk

Given as the standard deviation of variations in the total return of the fund or index.

Tracking error

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.