

Monthly report September 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.

Europe trading at their lowest valuation in 20 years

Bank of Georgia best performer again



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The European equity market in September was not without its challenges, facing pressures from persistent concerns over a prolonged environment of higher interest rates and ongoing Eurozone economic fragility, as highlighted by ECB President. With European Small- and Mid-caps now trading at their lowest P/E multiples relative to Large-caps in two decades, they present compelling value. We believe eventual signs of turnaround in economic activity and lower rates could be triggers for the small cap asset class and that the current undervaluation of SMID-caps offers potential future opportunities for discerning investors and funds like ours that focus on Small Caps with strong fundamentals.

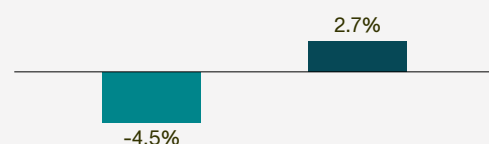
Renewi and Bank of Georgia emerged as the two most positive contributors in September.

Renewi, the UK-based waste-to-product company, emerged as the month's top contributor. The company received an unsolicited offer from Macquarie at 775p per share, a premium of 52 percent to the closing price. We are aligned with the board's decision to decline the offer, as it deems the proposal a fundamental undervaluation of the company and its future prospects. Actively initiating engagement with involved stakeholders, we aim to discuss the unfolding process, maintaining an engaged presence and fostering constructive dialogue. We maintain emphasis on Renewi's ongoing restructuring process designed to improve its profitability profile and expedite hazardous waste activities, all underpinned by the required licensing and commercial procedures.

Bank of Georgia was yet again one of the funds most positive contributors. Georgia's stable operating environment and BGEO's strong absolute and relative performance is evident, with a 17,6 percent annual growth in Q2 loan book and a 38 percent increase in underlying income, primarily driven by strong margins and higher fees, as well as excellent credit quality. Valued attractively and boasting a

The fund's performance*

■ 1 month
■ 1 year



Performance (%)	Fund	Index ¹
September 2023	-4.5	-3.1
YTD 2023	-9.1	2.7
1 year	2.7	14.0
3 years	10.9	15.0
5 years	1.9	13.2
Since launch (10/17/16)	17.5	43.1
Average 24 months	-12.3	-8.7
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	-4.5	-	-	-

forecasted total cash return to shareholders of 17.3 percent this year, BGEO continues to offer lower risk and superior returns and growth relative to UK lenders, backed by strong fundamentals and prudent risk management.

Lu-Ve and Strix were the two most negative contributors in September.

The Italian manufacturer of heat exchangers for heat pumps, Lu-Ve, was a poor performer in September. Following five years of strong growth, Lu-Ve reported its half year trading report where revenues and EBITDA were stable, a trend expected going into H2 as well. Profitability was sustained during the first half and management focus is preserving this for full year. We believe that Lu-Ve's diversification of product applications, will remain a key factor for the medium and long term growth. This is further supported by secular trends such as electrification, decarbonisation, data centre evolution, and the uptake of green refrigerant gases.

Strix, the UK-located leader in kettle controls and steam-management, was a negative contributor in September. Its H1 results underscored the cyclical and sensitive nature of the kettle component market. Recognizing this volatility, we have been actively and continuously engaging with management throughout our investment tenure. With a forward-looking strategy that includes transitioning into high-growth adjacent markets, launching a range of new products, and inaugurating a new manufacturing facility, we maintain an engaged presence, anticipating that these strategic moves bolster Strix's growth prospects.

Largest holdings

Holding	% of the fund
Bank of Georgia	5.1
DO & CO	5.0
LU-VE	4.8
Coats Group	4.5
Beazley	4.3
Spar Nord Bank	4.1
Volution	3.9
Duerr	3.6
TKH Group	3.5
SpareBank 1 Nord Norge	3.5
Total ten largest holdings	42.3
Cash	1.9
Total number of holdings	46

Main changes

Bought	Sold
Hilton Food Group	Bank Of Georgia
Aroundtown	TKH Group
-	-

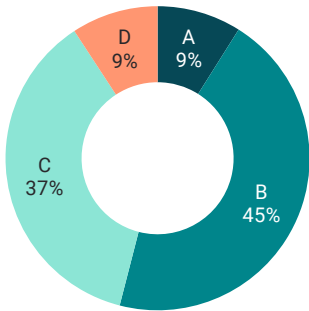
Sector allocation

Sector	% of the fund
Industrials	45.2
Financials	21.3
Healthcare	11.1
Consumer discretionary	8.7
Information technology	5.6
Consumer staples	3.7
Real estate	2.0
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	45
C	37
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

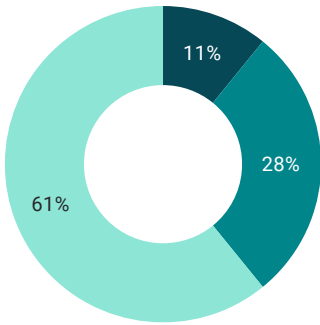
Voting

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.

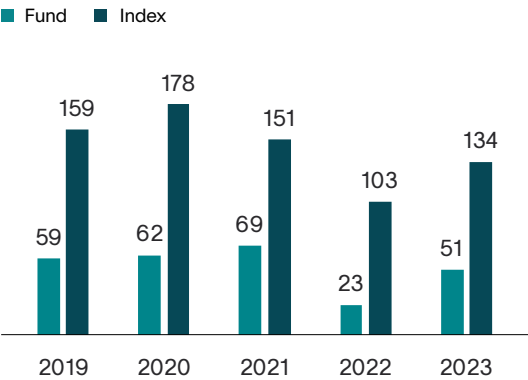
Year 2040: 100% Year 2030: 50%



Share of the fund (%)	
Validated SBT	11
Committed SBT	28
No SBT	61

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	-0.7	-0.5
Total risk (%)	18.1	19.4
Tracking error	6.6	
Information ratio	-0.6	
Alpha	-5	
Beta	0.9	
Portfolio turnover ratio	0.2	

Country allocation



Country	Share of the fund (%)
United Kingdom	32.5
Italy	14.1
Germany	10.7
Austria	6.8
Netherlands	6.8
Other	27.1

Fund facts

Fund managers	Carsten Dehn, Ulrik Ellesgaard & Philip Andreasen
Launch date	10/17/16
NAV per unit	EUR 117.51
Fund size	EURm 105
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.