

Monthly report October 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.

## Positioned for a Changing Environment

### Do & Co and Aroundtown - October's highlights



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The Eurozone's October Consumer Price Index slowed to its slowest pace since July 2021 where the lower inflation came at the cost of a slight contraction in GDP. This indicates Europe is entering into a recession, evident in the increased number of profit warnings. A natural consequence will be an increase in unemployment followed by interest rate cuts. This scenario is very beneficial for the performance of European Small Cap's – not only in absolute terms but also relative to the European Large Cap Index. Lannebo Europe Small Cap is rightly positioned for such a scenario.

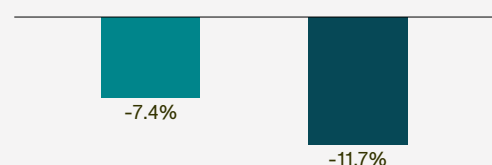
Do & Co and Aroundtown were the two most positive contributors to performance in October.

Do & Co, an international hospitality service provider for airlines and events, was the most positive contributor to performance in October. The company's commitment to product quality, coupled with its strategic initiatives to gain market share and establish new hubs, fortified its growth prospects. We are confident in Do & Co's potential to continue this upward trajectory, leveraging its competitive advantages to thrive in the evolving market landscape.

Aroundtown, a German real estate firm specializing in both commercial and residential properties, emerged as one of the most positive contributors to performance in October. Despite facing a temporary setback due to the full write-down of Credit Suisse's Aroundtown bonds in mid-October, the stock exhibited a rapid recovery. This resilience is bolstered by Aroundtown's financial acumen, as evidenced by their successfully securing bank loans as reported in H1, with a significant amount already drawn. Several positive indicators have also surfaced, such as the sector's near record low valuations, operational trends are solid, and deleveraging needs are manageable. As long-term investors, we are attentive to the historically wide discounts observed in European listed real estate.

### The fund's performance\*

■ 1 month  
■ 1 year



Performance (%)	Fund	Index <sup>1</sup>
October 2023	-7.4	-5.9
YTD 2023	-15.8	-3.3
1 year	-11.7	0.2
3 years	6.4	13.2
5 years	5.4	15.3
Since launch (10/17/16)	8.8	34.7
Average 24 months	-16.4	-13.0
2022 <sup>1</sup>	-20.1	-22.6
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

<sup>1</sup> 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	-7.4	-	-

Durr and LU-VE were the two most negative contributors to performance in October.

Durr, the group operates within paint shops for the auto industry and, through Homag, wood-processing machines for the furniture industry, issued a profit warning, which was related to Homag that faced severe macro headwinds. Homag suffers from lower demand following hefty investments. The profit warning was significant given Homag's high operational leverage. In the auto division Durr benefits from the changeover to electric powertrains. The outlook for the auto division is therefore still promising. It should be stressed that Durr's management creditability has been damaged and it will likely take a long time before it is recovered.

LU-VE, which operates within air heat exchangers and refrigeration systems, underperformed in October. Management communicated that recovery in the commercial refrigeration segment is taking longer than initially expected, mainly due to some food retailers postponing investment decisions. With regards to the other segments, demand for heat pumps remains strong albeit changes to some incentive schemes across Europe could cause some volatility short-term. Cooling solutions for data centers is performing well.

## Largest holdings

Holding	% of the fund
DO & CO	5.8
Coats Group	4.5
Beazley	4.3
LU-VE	4.2
Spar Nord Bank	4.2
Volution	4.2
Bank of Georgia	4.0
SpareBank 1 Nord Norge	3.6
Rotork	3.0
Duerr	3.0
<b>Total ten largest holdings</b>	<b>40.8</b>
Cash	5.6
Total number of holdings	45

## Main changes

Bought	Sold
-	-
-	-
-	-

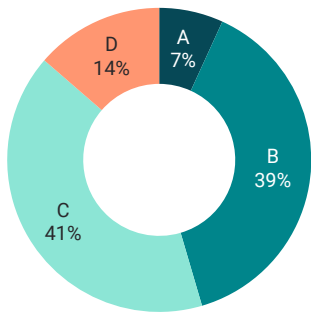
## Sector allocation

Sector	% of the fund
Industrials	42.3
Financials	20.6
Healthcare	10.8
Consumer discretionary	7.7
Information technology	5.8
Consumer staples	4.1
Real estate	2.5
Material	0.6

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	7
B	39
C	41
D	14
E	0

Nomination committees 2023

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

Company
Inwido

Voting

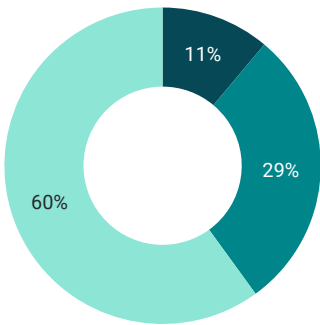
Share of the fund where Lannebo has voted at the general meeting.

	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%

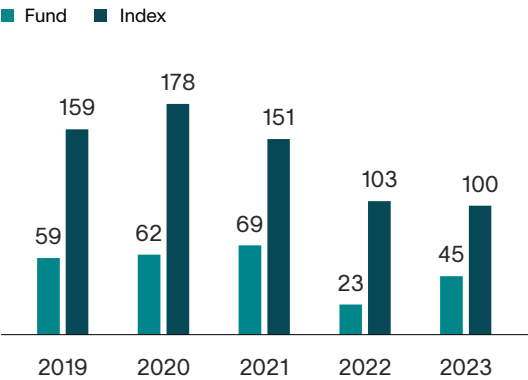


Share of the fund (%)

Validated SBT	11
Committed SBT	29
No SBT	60

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	37
Men	63

Financial ratios

	Fund	Index
Sharpe ratio	-0.9	-0.7
Total risk (%)	18.4	19.5
Tracking error	6.6	
Information ratio	-0.5	
Alpha	-4.9	
Beta	0.9	
Portfolio turnover ratio	0.2	

Country allocation



Country	Share of the fund (%)
United Kingdom	31.8
Italy	12.7
Germany	10.3
Austria	7.7
Norway	4.9
Other	27.0

Fund facts

Fund managers	Carsten Dehn, Ulrik Ellesgaard & Philip Andreasen
Launch date	10/17/16
NAV per unit	EUR 108.82
Fund size	EURm 97
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\*

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### 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.

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### 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 EUR. In 2022, Lannebo changed data provider

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### 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 may only be used for your internal use, may not be reproduced or disseminated in any form and may 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 may 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](http://www.msci.com))

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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.

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### 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

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### 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](http://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.

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### Information ratio

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

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### Total risk

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

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### 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.