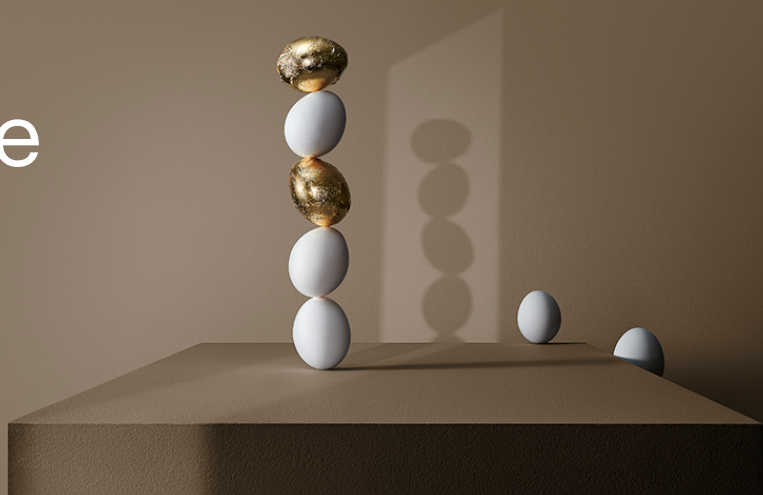


# Lannebo Europe Small Cap EUR

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.



## Positive Earnings Momentum

### Bank of Georgia and Beazley excel



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The reporting season in Europe is currently underway, and for the most part revealing positive results and a promising start to the year. However, concerns are mounting in the stock market regarding the postponement of interest rate cuts because of robust economies. We anticipate that rates will be cut during 2024, a development that we believe will be advantageous for European Small Caps.

Bank of Georgia and Beazley emerged as the top positive contributors to performance in February.

Bank of Georgia is a market leading full-service bank operating in Eastern Europe. The share price performed well due to 4Q results, which yet again demonstrated strong earnings momentum. More importantly, the bank announced that it is in advanced discussions to take over Ameriabank, which is the largest Bank in Armenia, which is just south of Georgia. The acquisition gives access to a less penetrated banking market which significantly expands Bank of Georgia's growth potential. We estimate the deal is earnings accretive from the first year of ownership by about 20%.

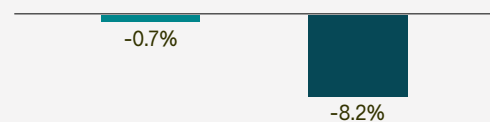
Beazley is a UK-listed non-life insurance company with high expertise in specialty lines such as cyber insurance. The company announced that 2023 full year results were better than expected, with a combined ratio of around 75% and that significant excess capital will allow special dividends in addition to ordinary dividends. The result shows that Beazleys quality products are generating pricing power, high margins, and increased market share.

Lu-Ve and Bytes were the two most negative contributors to performance in February.

LU-VE, an Italian producer of industrial heating, ventilation, and air conditioning (HVAC), underperformed in February. There was no company specific news, but market data suggest weak demand.

## The fund's return\*

- 1 month
- 1 year



Performance (%)	Fund	Index <sup>1</sup>
February 2024	-0.7	0.0
YTD 2024	-1.4	-0.8
1 year	-8.2	1.3
3 years	-0.2	2.9
5 years	25.0	30.9
Since launch (10/17/16)	26.6	55.8
Average 24 months	-6.6	-1.6
2024 <sup>1</sup>	-0.4	12.7
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

<sup>1</sup> The performance is based on closing prices.

\* Net of fees

Jan	Feb	Mar	Apr	May	Jun
-0.7	-0.7	-	-	-	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

There are, therefore, stock market concerns that Q4 results will show weakness. We share that concern, but see the slow-down more specifically in relation to the heat pump market (12% of sales). The commercial refrigeration should show early signs of improvement in 2024.

Bytes, the UK value added reseller of Microsoft products, underperformed in February. The CEO left because they had not disclosed several trades in the company's shares. The Chairman immediately terminated the contract with the CEO, which we see as positive given the circumstances. We also believe that the investment case is intact because of the exposure to Microsoft and other software vendors, which have good structural growth, pricing power and will benefit from AI.

#### Changes to the portfolio.

We invested in Kainos in February, which is an IT services and software company renowned for developing innovative solutions tailored for businesses and the public sector. Notably, Kainos boasts a strategic partnership with Workday Inc., facilitating rapid deployment of Workday ERP software for smaller enterprises. The company's excellent reputation for delivering high-quality solutions, coupled with its appeal as an employer, has fostered enduring client relationships and minimal staff turnover. We perceive Kainos as an attractive investment opportunity due to the structural growth in IT services and the increasing recurring revenue from software subscriptions.

Forbo was divested in February 2024. The originally investment case was based on Forbo's leading market position in the flooring market and its robust financial track record in terms of organic growth, EBIT margin, and RoCE. Risks associated with the investment included weak corporate governance and the inherent cyclical nature of the business. We divested Forbo due to higher than expected cyclical nature, which resulted in several downgrades from the company. Further, our engagement with the management to improve the corporate governance failed.

## Largest holdings

Holding	% of the fund
Bank of Georgia	5.0
DO & CO	4.8
Beazley	4.7
LU-VE	3.9
Volution	3.6
Somero Enterprises	3.4
Coats Group	3.3
Rotork	3.1
SpareBank 1 Nord Norge	2.9
Unipharm	2.9
<b>Total ten largest holdings</b>	<b>37.6</b>
Cash	3.9
Total number of holdings	46

## Main changes

Bought	Sold
Kainos	Forbo
-	-
-	-

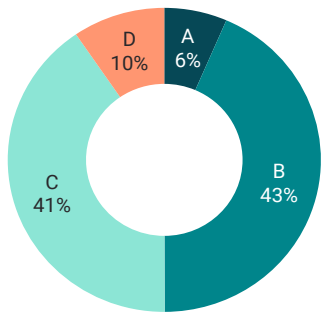
## Sector allocation

Sector	% of the fund
Industrials	42.2
Financials	20.5
Healthcare	11.1
Information technology	7.9
Consumer discretionary	6.1
Consumer staples	5.2
Real estate	2.6
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	6
■ B	43
■ C	41
■ D	10
■ E	0

### Nomination committees

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.

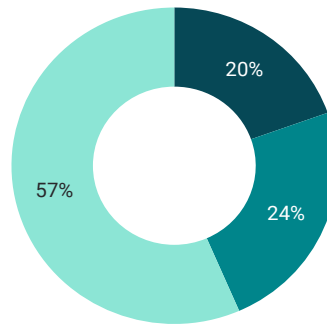
Share of the fund (%)

2024 YTD	0
2023	48
2022	25

### 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%



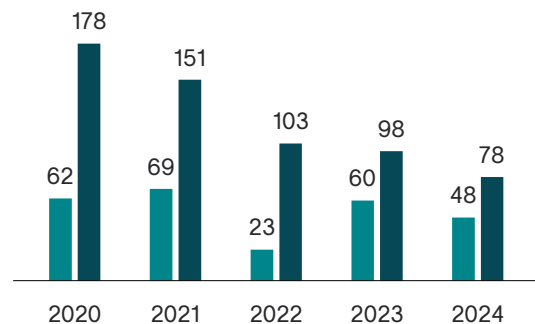
Share of the fund (%)

■ Validated SBT	20
■ Committed SBT	24
■ No SBT	57

### 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.

■ Fund    ■ Index



### 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.

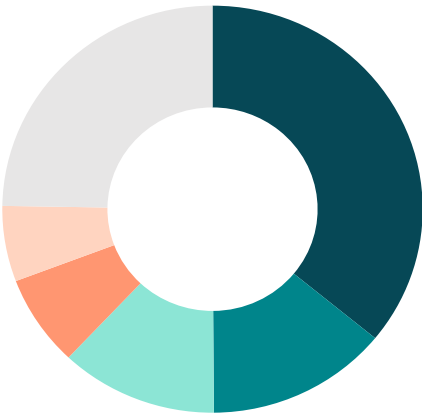
Share (%)

Women	38
Men	62

## Financial ratios

	Fund	Index
Sharpe ratio	-0.4	-0.1
Total risk (%)	19.2	20.3
Tracking error	6.0	
Information ratio	-0.9	
Alpha	-5.7	
Beta	0.9	
Portfolio turnover ratio	0.1	

## Country allocation



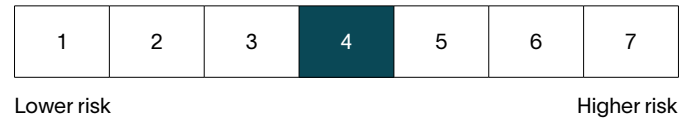
Country	Share of the fund (%)
United Kingdom	34.7
Italy	13.5
Germany	11.7
Austria	7
Sweden	5.8
Other	23.9

## Fund facts

Fund managers	Carsten Dehn, Ulrik Ellesgaard & Philip Andreasen
Launch date	10/17/16
NAV per unit	EUR 126.59
Fund size	EURm 102
Management Fee	1.6%
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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### 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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### 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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### 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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### 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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### Total risk

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

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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.

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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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### 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.