

Lannebo Europe Small Cap

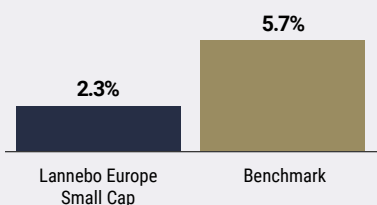
Swedish-registered equity fund, A EUR

Monthly report August 2020

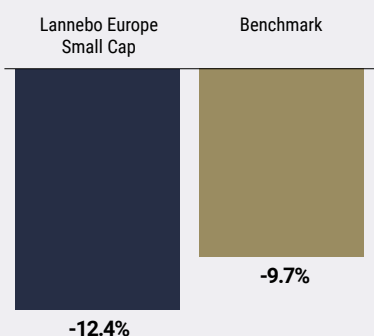
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
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Monthly performance



Performance YTD



Carsten Dehn and Ulrik Ellesgaard

Health care and Tech in the pole position

Terveystalo and Keywords among winners.

The European equity market increased again in August on the back of solid earnings reports from most European companies together with strong macro data. The covid-19 pandemic risk factor is, as such, having a diminishing effect on the market in general. It should however be stressed that there has been significant sector rotation since the market bottomed out in mid-March, with Health Care and Tech stocks leading the way.

The fund underperformed the market in August, increasing by 2.3 per cent measured in EUR, compared with the benchmark's return of 5.7 per cent measured in EUR.

Terveystalo and Keywords were the best contributors to performance during August.

The Finnish private healthcare service provider Terveystalo was the best performer in August. H1 earnings results revealed a gradual improvement in demand for healthcare services, following the decreased demand during the lockdown. In particular, the demand for non-acute care appointments was starting to grow

Performance

	Lannebo Europe Small Cap	Benchmark
Performance. %		
August 2020	2.3	5.7
Year-to-date 2020	-12.4	-9.7
3 years	-11.5	7.0
Since launch (10/17/16)	5.9	25.2
Average annual return 24 months	-4.8	-1.4
2019 ¹	31.6	31.4
2018 ¹	-25.3	-15.9
2017 ¹	24.0	19.0

¹ The performance is based on closing prices.

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-1.4	-7.2	-21.6	13.2	2.5	0.3
Jul	Aug	Sep	Oct	Nov	Dec
2.6	2.3				

rapidly, while the company's digital offering benefitted from the lockdown. Margins exceeded expectations illustrating the flexibility of Terveystalo's business model; we believe that the company will continue to protect profitability in H2 and that the pent-up demand will provide a boost to H2 results.

Keywords Studios, the UK based technical service provider for the video game industry, delivered a positive H1 trading update. The group's productivity remained high despite the transition to remote working. This resulted in strong top-line growth in H1 and an improved margin, which illustrates the margin recovery is on track. Additionally, Keywords managed to reopen its Audio and Testing studios in July, which was the division most affected by covid-19. Further, the company remarked that recruitment was still constrained due to the virus pandemic. However, we expect that Keyword's H2 results will be strong, in part due to delayed services in H1 and in part the game releases associated with the new consoles launching at the end of the year.

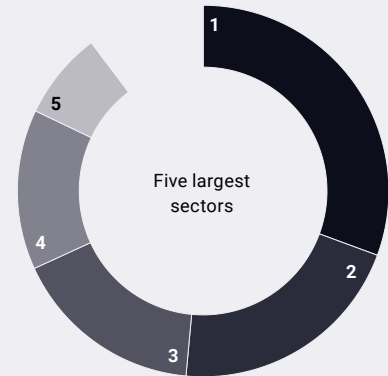
The most negative contributors to performance were Sabre Insurance and Medios

Sabre, the UK auto insurance company, underperformed in August. Premium volumes were down between March and May driven, in part, by lower new cars sales and fewer new drivers entering the market - a vital segment for Sabre. In June and July, the Sabre share traded more favorably for two reasons: pent-up demand from new car sales boosted policy sales; and increased pricing that makes Sabre more competitive. We believe that Sabre will continue to be the most profitable underwriter in the UK auto insurance market, and we expect the company to continue reporting combined ratios within its target range of 70-80%.

Medios, the German wholesaler and producer of specialty pharma, issued a profit warning in August. Stockpiling in the industry began in the first quarter and, therefore, authorities introduced a quota system for specific pharmaceuticals. Medios recently added several new pharmacies to the client portfolio, but the quota system, short-term, led to additional logistical costs. We believe that the increased unit costs will continue throughout 2020 and gradually ease at the beginning of next year. The underlying business is unaffected - in other words, profitable growth will continue beyond 2020.

Northern Data, which builds and operates high-performance data centers, was divested in August. The company's update on capacity utilization revealed lower progress in the revenue run-rate than we had anticipated, which risks the company meeting full year targets. We worry that the management resources are stretched too thin given Northern Data's rapid expansion plan with a huge data center in Texas that entails considerable execution risks while at the same time the company aims to expand in new countries.

Sector allocation



#	Sector	% of the fund
1.	Industrials	30.1
2.	Health care	20.5
3.	Financials	16.4
4.	Information technology	13.7
5.	Consumer staples	7.5
6.	Consumer discretionary	6.7
7.	Communication services	2.3
8.	Energy	1.1
	Cash	1.7

10 largest holdings

Holding	% of the fund
Interpump Group	4.4
Volution Group	4.2
Solutions 30 SE	4.0
Medios	3.7
TKH Group	3.7
Grenke	3.5
Bakkafrost	3.4
Terveystalo	3.3
Keywords Studios Plc	3.3
Tecan Group	3.3
Total 10 largest holdings	36.7
Cash	1.7
Total number of holdings	45

Major changes during the month

Buy

-

Sell

IMA

Interpump

Terveystalo

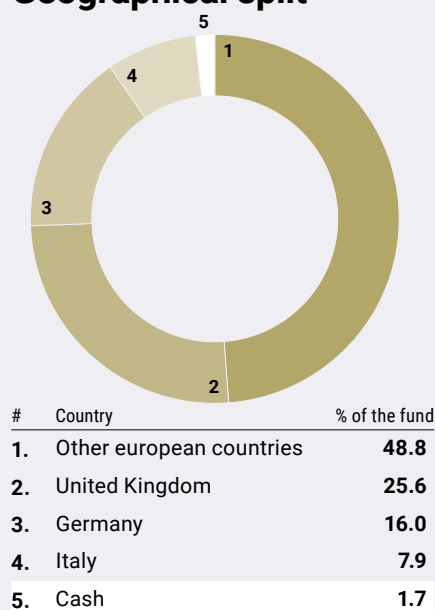
Risk and reward profile



Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	-0.0	0.1
Total risk (%)	25.1	23.3
Tracking error	6.0	
Information ratio	-0.6	
Alpha	-0.3	
Beta	1.0	
Portfolio turnover ratio (06/30/20)	0.2	

Geographical split



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/16
NAV per unit (EUR)	105.87
Fund size (EURm)	131
Management fee	1.6%
Bankgiro	5140-8037
ISIN	SE0008092290
Trading frequency	Daily
Minimum investment amount	EUR 100
Supervisory authority	Finansinspektionen
LEI	549300L5238BID030341

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. 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 may 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

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.

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.



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