

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.

Things are looking up for Europe's small caps

Takeover offer for Neo at a 27 per cent premium



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May was a generally positive month for equity markets and, in particular, for European small caps. Since the market peak in the Fall of 2021, small caps have had a rough time compared to their larger siblings - but that trend may now be broken given interest rate cuts in sight and the possible specter of inflation not being so scary anymore. During the month, profit estimates for European small caps were raised for the current- and coming year.

The best contributor to performance was Neoen (France, EUR 5.7 billion). The company is active in renewable energy where they develop, finance, build, and operate production facilities in solar, wind and biomass. We bought the holding at the end of March and the price has since increased 45 per cent, which has also taken the company's market value above the investment limit of EUR 5 billion. At the end of May, the company was the subject of a takeover offer, which caused the price to increase 20 per cent with room for an additional few per cent up to the bid level.

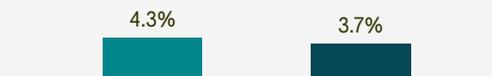
Another strong performer during the month was GVS (Italy, EUR 1.2bn), which is a leading manufacturer of advanced filters used in the healthcare, energy, and automotive industries. The share price increased 21 per cent following the release of a market report that was well received by the market; GVS's organic growth is returning as customers' inventory levels normalize.

Italian company Intercos (EUR 1.5 billion), which is a contract manufacturer for the global cosmetics industry, is approaching its April 2023 price peak; the 22 per cent increase in May follows from the release of a positive quarterly earnings report that showed strong order intake and an unchanged guidance for the year.

The worst performer was Bank of Georgia (EUR 2.1 billion), a Georgian digital bank listed in Great Britain. The share price fell sharply (-31 per cent) when the country's parliament voted through a new law that is perceived as pro-Russian, which is a departure from the pro-European

The fund's return*

■ 1 month
■ 1 year



Performance (%)	Fund	Index ¹
May 2024	4.3	5.8
YTD 2024	5.7	8.6
1 year	3.7	16.8
3 years	-4.2	1.2
5 years	31.0	43.6
Since launch (10/17/16)	35.7	70.6
Average 24 months	0.2	4.4
2023 ¹	-0.4	12.7
2022 ¹	-20.1	-22.6
2021 ¹	29.4	23.9
2020 ¹	3.6	4.6
2019 ¹	31.6	31.4

¹ The performance is based on closing prices.

* Net of fees

Jan	Feb	Mar	Apr	May	Jun
-0.7	-0.7	2.2	0.5	4.3	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

development the country has had for a number of years. The bank also reported quarterly earnings, which, however, did not notably worry us - or the market for that matter - and where the bank also has a high return on equity. The share trades at a P/E of 3 and, as such, our assessment is that the geopolitical risks are already priced in. Having said that, we had halved our position prior to this month's price drop given the holding previously made up too high a weighting in the fund given its risk.

The second worst performer in May was BFF Bank (Italy, EUR 1.9 billion) that in connection with the release of its quarterly earnings report informed they are the subject of an investigation by the Bank of Italy. Pending the outcome, the bank is temporarily prohibited from paying dividends and bonuses. On the face of it, this appeared as draconian measures, but on closer analysis, it seems rather to be symbolic politics by the regulator. The announcement came just days after the bank made its regular dividend and we expect the practical effect of the dividend freeze to be zero. The bank's operations and profitability are in no way under threat and the long-term investment case remains intact - although the news did cause some dividend-focused investors to panic. Instead, we bought more shares when the price drop was the greatest. The share price closed the month -24 per cent after trading as low as -41 per cent.

Basic Fit (Netherlands, EUR 1.4 billion) is one of our newer holdings and is a gym chain active in Benelux, France, Spain, and Germany. The company operates mid-tier gyms and currently has approximately 1,400 locations; Basic Fit expects to open approximately 200 new gyms per year in the coming years. Existing gyms are profitable and the company invests its free cash flow in growth. Profitability is expected to improve over time given the scale of growth. The holding in Basic Fit currently amounts to 2.4 per cent of fund assets.

Largest holdings

Holding	% of the fund
Neoen	3.4
Volution	3.0
Duerr	2.9
DO & CO	2.8
LU-VE	2.8
Banca Farmafactoring SpA	2.7
GVS	2.7
BAWAG	2.7
Rotork	2.6
Catena	2.6
Total ten largest holdings	28.2
Cash	2.1
Total number of holdings	46

Main changes

Bought	Sold
Tate & Lyle	AAK
Trustpilot Group	Somero Enterprises
OSB Group	Begbies Traynor Group

Sector allocation

Sector	% of the fund
Industrials	28.9
Financials	16.3
Information technology	13.6
Healthcare	9.2
Real estate	9.1
Consumer discretionary	7.2
Material	5.4
Consumer staples	4.8
Energy	3.4

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

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	53
2023	48
2022	25

Gender equality on boards

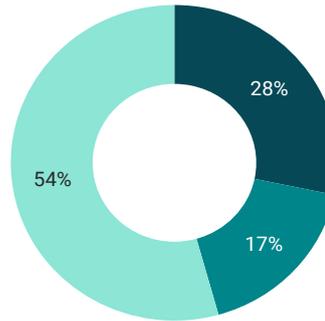
The objective is to ensure greater gender representation by aiming for a minimum of 40 percent representation of the under-represented gender among board members on average.

	Share (%)
Women	39
Men	61

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.

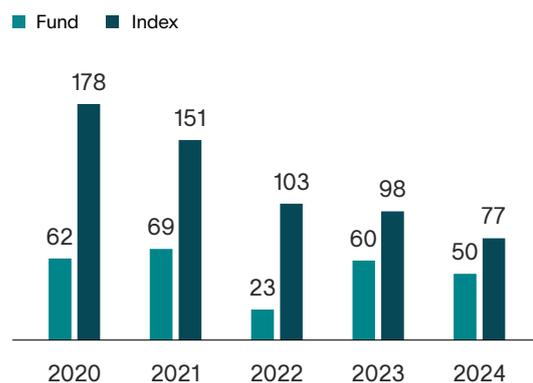
Year 2040: 100% Year 2030: 50%



	Share of the fund (%)
Validated SBT	28
Committed SBT	17
No SBT	54

Carbon footprint

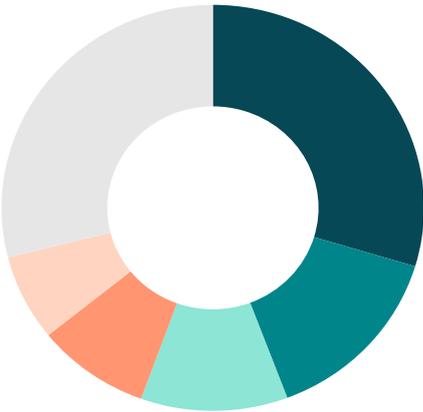
Carbon footprint, measured as the weighted average carbon intensity, shows the fund's exposure to companies with high carbon intensity. Higher carbon intensity is an indication of higher climate change-related risks.



Financial ratios

	Fund	Index
Sharpe ratio	0.0	0.2
Total risk (%)	19.4	20.8
Tracking error	5.7	
Information ratio	-0.8	
Alpha	-4.1	
Beta	0.9	
Portfolio turnover ratio	0.5	

Country allocation



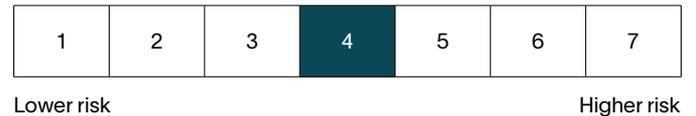
Country	Share of the fund (%)
United Kingdom	29
Italy	14.3
Germany	11
France	8.5
Netherlands	6.7
Other	28.3

Fund facts

Fund managers	Andreas Mattson and Anna Eliason (outsourcing agreement with Öhman Fonder)
Launch date	10/17/16
NAV per unit	EUR 135.69
Fund size	EURm 103
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*

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.

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.

Information ratio

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

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

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

Total risk

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

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.

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.

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.