

# Lannebo Europe Small Cap (EUR)

Swedish-registered equity fund

Monthly report

October 2018

**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 [www.lannebo.se](http://www.lannebo.se). Please note that Lannebo Fonder 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'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 5 bn. 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.

## The fund targets 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

## Fund manager comment

European equities were bearish in October driven by recession fears and the unstable geopolitical situation connected to Brexit, the Italian budget and the outcome of the US midterm elections in November. We believe the market reaction is excessive, and a recession is not likely. On that basis, we have maintained an overweighting in cyclical companies while reducing the risk in the portfolio. The fund underperformed in October; performance year-to-date is -16.0 per cent.

Grencore, a food-to-go producer in the UK and US, was the best contributor to performance. During October the company surprised by announcing that it had received an offer for the entire US business. The company intends to dividend out the more than USD 1bn proceeds from the sale. The offered price is attractive and the transaction lowers Grencore's overall risk; the company can now focus solely on the UK, where it is a clear market leader. The French company Altran, which provides engineering services to several industries globally, was a significant contributor to performance. After a problematic takeover of Aricent in the US, Altran delivered a reassuring Q3 earnings result with organic growth of about 10 per cent. The share price increased significantly - supported by good progress on the path to the profitability target together with the lack of further accounting irregularities.

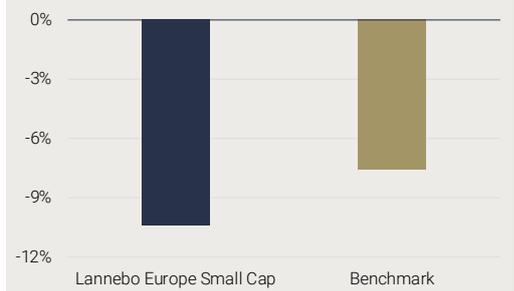
Grenke, the German IT leasing company that targets small ticket IT products, underperformed in October even though the company released earnings results well above expectations. As a result, management decided to increase the guidance.

We believe that the weak share price development in October is related to profit taking since Grenke has performed well year to date. Keywords Studios, provider of outsourced technical services to the video game industry, underperformed in October. There has not been any negative company-specific news from Keywords Studio and we therefore see the underperformance as a reflection of negative performance in the sector in general.

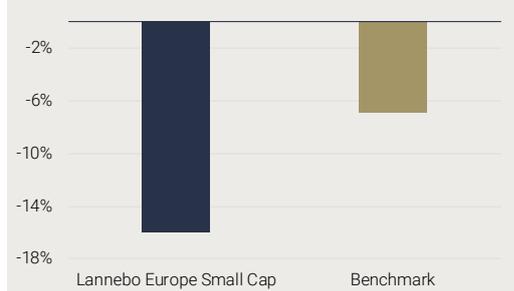
Since September, we have reduced our exposure in Outotec. At the end of the month, the remaining shares were divested given problems related to project execution continued to weigh on the company. Palfinger, an Austrian producer of truck and marine mounted cranes, was divested. The Marine division has continued to disappoint, and we think the cyclical end markets of the Land division could be less dynamic going forward. We also divested Banca IFIS, a specialist in non-performing loans and factoring in Italy, as we worry the company will continue to suffer under the political uncertainty we currently see in Italy - which shows no signs of improving.

We have invested in the Icelandic company Össur, which provides prosthetic and injury solutions to support the mobility of disabled- and elderly people. The company has a market leading position and benefits from demographic trends. We expect that the demand for its products should grow considerably going forward.

## Performance for the month



## Performance year-to-date



Performance (%)	Lannebo Europe Small Cap	Benchmark
October 2018	-10.4	-7.6
Year 2018	-16.0	-6.9
Since launch (10/17/2016)	3.3	16.8
Average annual return 24 months	3.5	8.4

## Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
2.5	-2.8	-4.6	2.4	1.9	-1.5
Jul	Aug	Sep	Oct	Nov	Dec
-1.4	-1.5	-1.3	-10.4		

Annual performance (%)	Lannebo Europe Small Cap	Benchmark
2017	24.0	19.0

The annual performance of the fund is calculated from the NAV per unit in the final accounts.

# Lannebo Europe Small Cap (EUR)

Swedish-registered equity fund

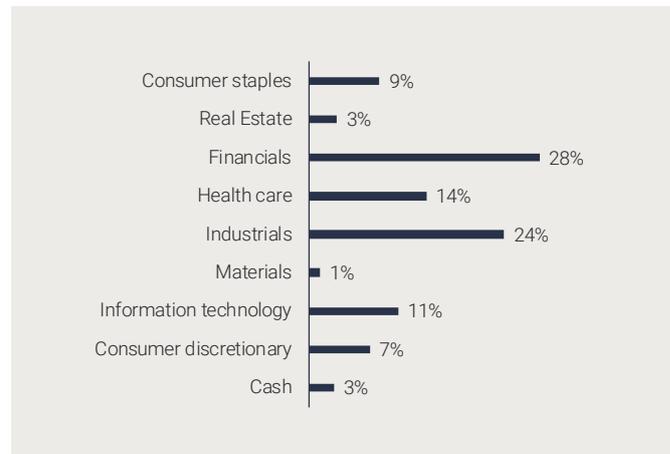
Monthly report

October 2018

## 10 largest holdings

Holding	% of the portfolio
Beazley	4.0
Corestate Capital Holding	4.0
Tecan Group	3.7
Grenke	3.6
Forbo Holding	3.5
Greencore Group	3.4
TKH Group	3.4
Aroundtown Property Holdings	3.4
AAK	3.2
Datalogic	3.1
Total 10 largest holdings	35.2
Cash	3.0
Total number of holdings	47

## Sector allocation



## Major changes during the month

Buy	Sell
Össur	Palfinger
Greencore	Outotec
	Banca IFIS
	CVS Group

## Risk and reward profile



## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	N/A	N/A
Total risk (%)	N/A	N/A
Tracking error	N/A	
Information ratio	N/A	
Alfa	N/A	
Beta	N/A	
Portfolio turnover ratio 06/30/2018	0.1	

The fund has not enough history to make it possible calculating above financial ratios.

## Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/2016
NAV per unit (EUR)	103.29
Fund size (MEUR)	291
Management fee	1.6%
Bankgiro	5140-8037
ISIN	SE0008092290
Trading frequency	Daily
Minimum investm. amount	100 EUR
PPM number	891 507
Supervisory authority	Finansinspektionen
LEI	549300L5238BIDO30341

## 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

A measure of the fund's return taking into account the total risk the fund has had during the period. Calculated as the ratio between the fund's return minus the risk-free rate of return and the fund's total risk (standard deviation). The information is based on monthly data and relates to the latest 24 months.

### Total risk

Given as the standard deviation of variations in the total return of the fund or index. The information is based on monthly data and relates to the latest 24 months.

### Tracking error

A measure that describes how closely the performance of the fund tracks the performance of the benchmark index. Calculated as the standard deviation of the difference between the return on the fund and a benchmark index. The information is based on monthly data and relates to the latest 24 months.

### Information ratio

A measure of risk-adjusted return. This is measured as the active return divided by the portfolio's active risk. The information is based on monthly data and relates to the latest 24 months.

### Alfa

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. The information is based on monthly data and relates to the latest 24 months.

### Beta

Describes the sensitivity of the fund's value to changes in the market's value. The beta value reports how much the fund's value changes in percentage terms when the market's value changes by one percentage point. The information is based on monthly data and relates to the latest 24 months.

### Active share

A measure of the proportion of the portfolio that differ from the benchmark.