

# Lannebo Europe Small Cap (EUR)

Swedish-registered equity fund

Monthly report  
February 2019

**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 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

## Fund manager comment

European equities increased moderately in February. The news flow continued to be dominated by mixed information regarding Brexit and trade tensions between the US and China. Expectations of an interest rate hike have lessened, which supported the market. The fund increased 2.9 per cent while the benchmark increased 3.4.

The benchmark has increased 12.7 per cent year-to-date. The UK market has significantly outperformed the benchmark index year-to-date. The Italian and French markets outperformed the index, while the Nordic countries underperformed the benchmark index year-to-date.

Beazley and Tecan were the best contributors to performance in February.

Beazley, the UK liability insurance company with a focus on the US market, was a strong performer in February after it delivered a sound earnings report that beat expectations in terms of combined ratio. The outlook is promising as we expect premiums to continue increasing; normalised catastrophe activity; and high growth in the cyber security business.

Tecan, the Swiss producer of detection devices for labs, also contributed positively to the fund's performance during the period. The company has yet to report its H2 results, but the share price has benefitted from a proven track record built on customized product launches. This trend is expected to continue in the coming years.

During February, Aumann was the worst performing holding, followed by Corestate Capital.

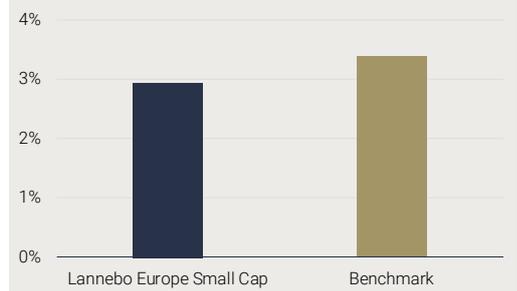
Aumann is an automotive industry equipment producer with a focus on the electric car segment. The 2018 full-year profits were up 40 per cent, which was slightly below expectations. Aumann's market guidance was lower growth for 2019 given it has proven to be challenging to increase capacity together with limited available capacity.

Corestate Capital is a real estate-focused asset manager based in Germany. The company delivered a Q4 earnings result which delivered better than expected organic growth and higher earnings. However, there was a critical article in the German press about one of the company's larger shareholders, who is an advisor to the company. In our view the article is not significant, but in light of recent management changes the negative press does not help build market trust.

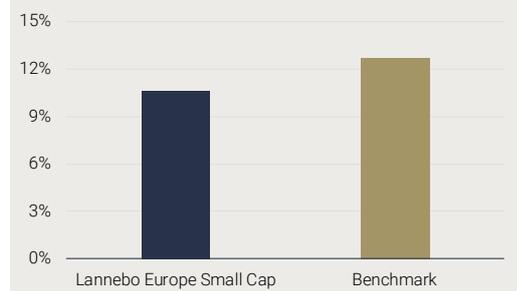
We increased the holding in Össur, which offers prosthetic and injury solutions to support the mobility of disabled or elderly people. We decreased the holdings in Forbo, Corestate Capital and Grencore.

Grencore proposed to return GBP 509m to shareholders by way of Tender Offer following the divestment of its US business. The price was issued at a 17.5 per cent price premium compared with the share price before the announcement. We participated in the tender offer, which was oversubscribed.

## Monthly performance



## Performance year to date\*



Performance (%)	Lannebo Europe Small Cap	Benchmark
February 2019	2.9	3.4
Since launch (10/17/2016)	1.3	19.0
Average annual return 24 months	-1.5	4.1

## Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
8.0	2.9				
Jul	Aug	Sep	Oct	Nov	Dec

Annual performance(%)*	Lannebo Europe Small Cap	Benchmark
2019**	10.6	12.7
2018	-25.3	-15.9
2017	24.0	19.0

\* The performance is based on closing prices.

\*\* Year to date

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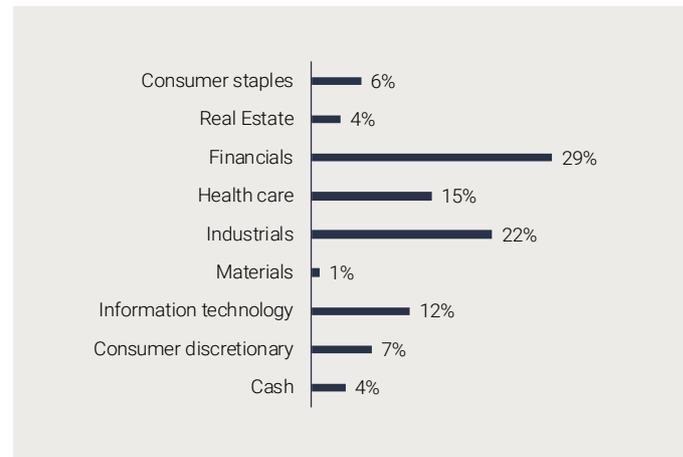
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## 10 largest holdings

Holding	% of the fund
Tecan Group	4.2
Beazley	4.1
Grenke	3.7
TKH Group	3.6
AAK	3.6
Aroundtown Property Holdings	3.6
Interpump Group	3.6
Thule	3.3
Datalogic	3.2
SBanken	2.9
Total 10 largest holdings	35.9
Cash	4.1
Total number of holdings	46

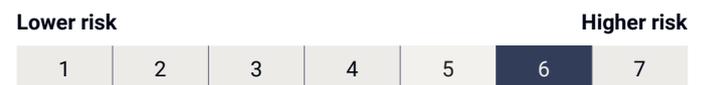
## Sector allocation



## Major changes during the month

Buy	Sell
Össur	Greencore
Medios	Forbo
Simcorp	Corestate Capital

## Risk and reward profile



## Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	0.0	0.4
Total risk (%)	15.8	12.8
Tracking error	5.9	
Information ratio	-0.9	
Alpha	-0.5	
Beta	1.2	
Portfolio turnover ratio 12/31/2018	0.2	

## Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/2016
NAV per unit (EUR)	101.29
Fund size (EURm)	254
Management fee	1.6%
Bankgiro	5140-8037
ISIN	SE0008092290
Trading frequency	Daily
Minimum investment amount	EUR 100
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

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.

### Active share

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

All financial ratios are calculated according to guidelines of the Swedish Investment Fund Association.