

Lannebo Europe Small Cap (EUR)

Swedish-registered equity fund

Monthly report

August 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. 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 equity markets were volatile in August and closed almost 2 per cent lower due to concerns over Brexit and an escalation of the trade war that is now beginning to affect companies. On the positive side, central banks are expected to introduce further economic stimulus, which would be favorable for the stock market.

Second quarter earnings reports presented in August were mixed for the fund's holdings - with a slightly higher percentage than usual reporting weaker than expected financial results. This had a negative impact on the fund's performance during the month. The fund fell 5.2 per cent in August, while the fund's benchmark index decreased 1.7 per cent.

Aroundtown Properties and Össur contributed most positively to performance during August.

German Aroundtown Properties invests in commercial and residential properties in Germany and the Netherlands. After an acquisition-intensive first half of the year, the company raised its forecast for rental income for the full year, which was positively received by the market.

Össur is a global market leader in prosthetics and other products for, among others, patients with joint issues. The share price increased following a strong quarterly report, where the largest business area Prosthetics presented higher than expected organic growth of 11 per cent. This is a sign that the recent years investments in research and development are bearing fruit and we expect the positive organic growth to continue in the future.

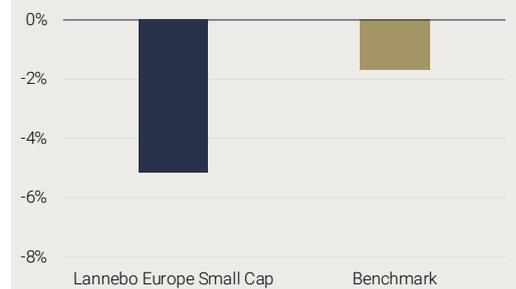
Arrow Global and TKH Group were the biggest negative contributors to performance in August.

UK buyer and manager of overdue receivables Arrow Global's share price under-performed the market in August, falling 25 per cent. Global Arrow reported earnings in line with growth expectations in debt collections together with a lower leverage level. However, another cost-cutting program was announced, which disappointed the market as the company had just completed a cost reduction program. The share was also affected by broader losses among British niche players in the financial sector. Despite the drop in August, the Global Arrow share price has increased by 16 per cent so far this year.

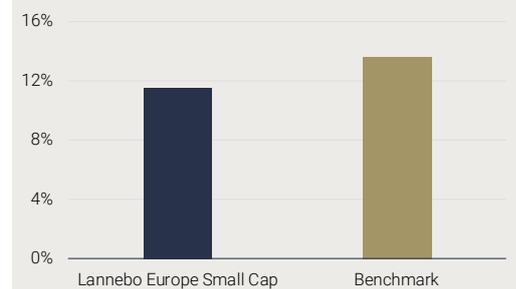
The Dutch conglomerate TKH, which markets, among others, visualization technology and tire manufacturing equipment, presented lower than expected earnings. The share price lost close to 20 per cent despite management's positive assessment on order intake going forward and a general optimistic outlook. This was in part caused by the new strategy where poorly performing units will be divested. The TKH share price has increased 10 per cent this year.

German Voltabox, which manufactures battery systems for electric-powered commercial vehicles such as trucks, buses and agricultural machinery, was divested in August. Although the market for electrification is strong and Voltabox's order book has developed as expected, the company has experienced production issues and customer delays. Earnings have not lived up to our expectations and due to the higher leverage we believe risk has increased.

Monthly performance



Performance year to date¹



Performance (%)	Lannebo Europe Small Cap	Benchmark
August 2019	-5.2	-1.7
Year 2019 ¹	11.5	13.6
Since launch (10/17/16)	2.2	20.0
Average annual return 24 months	-7.5	1.3

Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
8.0	2.9	1.7	6.7	-5.7	5.1
Jul	Aug	Sep	Oct	Nov	Dec
-1.0	-5.2				

Annual performance (%) ¹	Lannebo Europe Small Cap	Benchmark
2018	-25.3	-15.9
2017	24.0	19.0

¹ The performance is based on closing prices.

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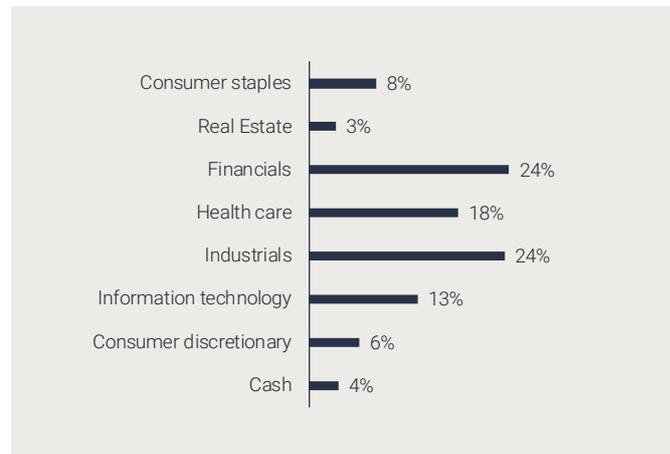
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10 largest holdings

Holding	% of the fund
AAK	4.7
Tecan Group	4.4
Beazley	4.2
Interpump Group	3.8
Grenke	3.8
TKH Group	3.6
Altran Technologies	3.4
LNA Santé	3.4
Aroundtown Property Holdings	3.2
Arrow Global Group	3.0
Total 10 largest holdings	37.5
Cash	3.5
Total number of holdings	42

Sector allocation



Major changes during the month

Buy	Sell
Solutions 30	Keywords Studios
Medios	Corestate Capital

Risk and reward profile



Financial ratios

	Lannebo Europe Small Cap	Benchmark
Sharpe ratio	-0.3	0.2
Total risk (%)	16.6	13.5
Tracking error	5.9	
Information ratio	-1.5	
Alpha	-0.8	
Beta	1.2	
Portfolio turnover ratio 06/30/19	0.1	

Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/16
NAV per unit (EUR)	102.24
Fund size (EURm)	194
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.