

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.lannebofonder.se.

The fund's investment policy

Lannebo Småbolag is an actively managed equity fund that invests in small and medium sized enterprises listed in the Nordic region, primarily in Sweden. The fund invests in companies with a market capitalisation amounting to a maximum of 1 percent of the total Swedish market capitalisation. At the end of 2015, this meant a market capitalisation of around SEK 58 billion.

The fund targets those who:

- want to invest in small and medium-sized companies listed on the Swedish and other Nordic stock markets
- want an actively managed fund with investments based on a clear understanding of each individual company

Fund manager comment

In the previous monthly report I commented on the disarray in the financial markets during December, but this was nothing compared to how financial markets would develop in January with oil prices once again at the centre of the turmoil. At times Brent traded below \$30/barrel and at the end of the month traded at \$34/barrel. Normally a low oil price would be positive for the global economy given consumers have more money to spend. However, the oil industry is a major borrower in the US fixed income market and lower profits due to lower oil prices have made it more difficult for the companies to meet their debt obligations. Furthermore, oil-producing nations such as Saudi Arabia have historically had large capital surpluses that have been invested abroad. However, at these price levels capital surpluses have dropped dramatically and fixed income and equity assets have likely been sold off pressuring asset prices. Moreover, the willingness of oil companies to invest in new capacity wanes given it is no longer profitable. Stock markets kicked off 2016 with falling share prices, and the small-cap index decreased nine out of the ten first trading days. Towards the end of the month oil prices rebounded following OPEC's comments regarding production cuts, while the European Central Bank, ECB, and the Bank of Japan announced increased stimulus. The US Fed, which raised rates in December 2015, announced that it had noted developments in the global economy had deteriorated. This means interest rates will remain at low levels over the next few years, which supports the equity markets.

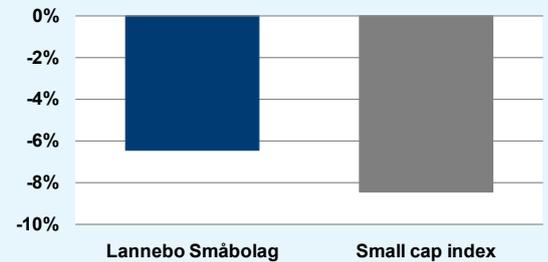
Developments in global equity markets were negative in January. MSCI World and the S&P 500 decreased 5.4 and 5.0 per cent respectively, while the Euro STOXX 50 decreased by 6.6 per cent. In Stockholm, the market (SIXPRX) decreased by 7.1 per cent and the small cap

index, CSRX, decreased by 8.5 per cent. Lannebo Småbolag decreased by 6.5 per cent.

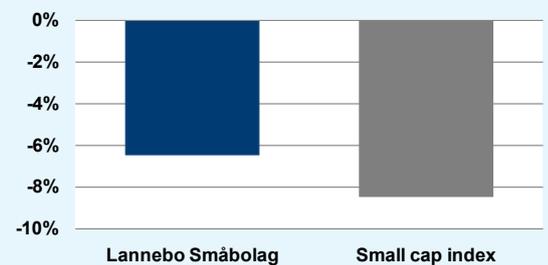
The first of the Q4(15) earnings reports were released in January, and to date five of the fund's holdings have announced earnings. NCC and Castellum delivered positive earnings surprises in the real estate and construction sector. NCC's 50 per cent profit increase, compared to Q4(14), was predominately attributed to residential construction. In addition, the board surprised the market with a 3 kronor dividend, where previously they had declared there would be no cash dividend. Castellum's dividend was also slightly higher than expected, and the company increased the value of its property portfolio. Earnings reports from financial services company Intrum Justitia and IT consultancy company HiQ were more or less in line with expectations. However, Tele2's earnings report was the largest negative surprise. The Q4 results were in and of themselves acceptable, but the guidance led the share price to fall. The company reported that costs in the Netherlands would be higher than expected, while the company's investments would also be higher than previously forecasted.

Castellum and NCC were the fund's best holdings during the month with price gains of 6 and 10 per cent respectively. Even Bufab, that gained a new principle shareholder during the month, and Sweco had a positive share price performance. Shareholdings with a weak share price performance were Concentric, Addtech and Tele2, which each decreased by more than 15 per cent. In January, the fund increased its holding in Husqvarna, NCC and Beijer Ref, and divested holdings in Intrum Justitia, Indutrade and XXL.

Performance for the month



Performance year-to-date



Performance, %	Lannebo Småbolag	Small cap index
January 2016	-6.5	-8.5
Year-to-date 2016	-6.5	-8.5
3 years	105.5	87.6
5 years	101.2	96.4
10 years	246.4	192.2
Since inception (08/04/2000)	746.3	470.4
Average annual return 24 months	22.7	20.2

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-6.5					
Jul	Aug	Sep	Oct	Nov	Dec

Annual performance, %	Lannebo Småbolag*	Small cap index
2015	30.7	30.1
2014	22.5	21.6
2013	44.0	36.6
2012	9.7	12.6
2011	-15.7	-13.2

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

10 largest holdings

Holding	% of the portfolio
Huhtamäki	7.1
Trelleborg B	4.6
Unibet SDB	4.5
Nobia	4.4
NCC B	3.9
Securitas B	3.7
Castellum	3.4
Husqvarna	3.3
Addtech B	3.3
NIBE Industrier B	3.3
Total 10 largest holdings	41.4
Cash	6.3
Total number of holdings	41

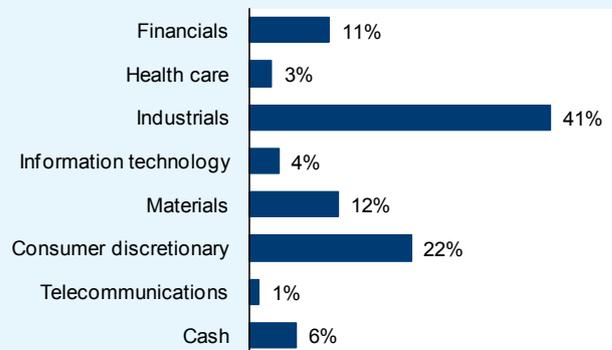
Major changes during the month

Buy	Sell
Husqvarna	Indutrade
NCC	XXL
Beijer Ref	Intrum Justitia

Risk and reward profile



Sector allocation



Financial ratios

	Lannebo Småbolag	Small cap index
Sharpe ratio	1.5	1.2
Total risk, %	14.2	16.8
Tracking error	5.4	
Information ratio	0.5	
Alfa	0.5	
Beta	0.8	
Active share, %	65	
Portfolio turnover ratio 12/31/2015	0.3	

Fund facts

Fund manager	Johan Ståhl
Launch date	08/04/2000
NAV per unit, SEK	69.72
Fund size, SEK millions	17,220
Management fee	1.6%
Bankgiro	5563-4620
ISIN	SE0000740698
Trading frequency	Daily
Minimum investment amount	100 SEK
PPM number	842 690
Supervisory authority	Finansinspektionen

Explanations

Small cap index	Carnegie Small Cap Sweden Return 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.
Alpha	Describes the effect of the portfolio manager's decisions on the return of the fund. A positive alpha value is the extra return which an investor receives for having taken greater risks than the market. 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.