

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 per cent of the total Swedish market capitalisation. At the end of the first half year 2016, this meant a market capitalisation of around SEK 54 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

Expectations for a positive earnings season were shattered when several companies, including Ericsson and NCC, issued profit warnings before the earnings season had even started. Generally, many Nordic companies saw weaker Q3 demand than expected in North America, while Europe developed in line from earlier. Furthermore, companies that reported earnings that deviated slightly negative to forecasts saw large negative price movements.

During October the MSCI World decreased 0.5 per cent, the S&P 500 decreased 1.8 per cent, and STOXX EUROPE 600 decreased 1.0 per cent. The Stockholm Stock Exchange (SIXPRX) decreased 0.9 per cent and the small cap index (CSRX) decreased 3.3 per cent. Lannebo Småbolag decreased 3.5 per cent during the period.

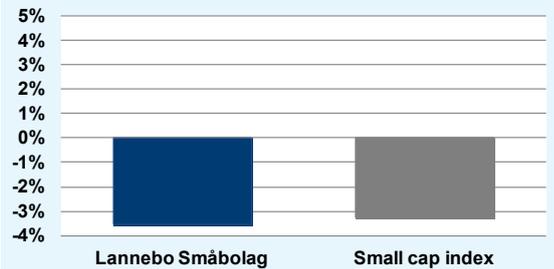
A majority of the fund's holdings reported mixed earnings results. NCC issued a profit warning due to project write-downs in Norway, mainly in connection with completed projects. However, market reactions were dampened given NCC's order intake and sales were better than expected.

Nobia, Intrum Justitia and Addtech released positive earnings reports. Kitchen manufacturer Nobia's sales fell slightly in the UK in the wake of Brexit, but nonetheless the company managed a positive sales trend due to strong sales to construction companies in the Nordic region. The company's margin also continued to develop positively. Debt collection company Intrum Justitia released strong earnings results with high investments in debt portfolios and the acquisition of two debt collection companies. Addtech grew both organically and through acquisitions during the company's second quarter, and the company managed to improve margins due to cost-cutting measures.

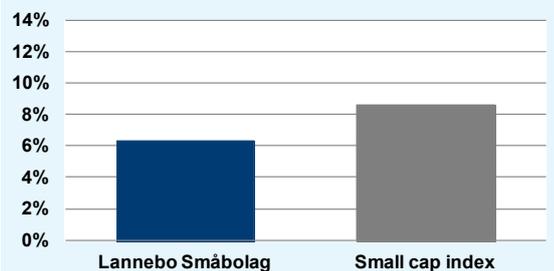
Huhtamäki, Bravida and Nolato released less favourable earnings reports. Packaging group Huhtamäki's earnings report did not live up to market expectations, but the company continued to show sales growth. The company reported the deviation was due to weak demand in July, which then improved in August and September. Among other things, the demand for icecream packaging in North America was lower compared to the previous year, which affected earnings for the quarter. Installation and services company Bravida reported lower than expected sales given the company declined some projects in Sweden due to downward pressure on pricing by competitors. The company believes that this situation has improved slightly and the order book, which is at a record level, should have better margins. Polymer company Nolato's earnings report was also below market expectations due to a substantial decrease in turnover from lower demand in the business area of telecom - which the company had previously indicated.

During October the fund increased the holdings in Nolato, Intrum Justitia and Trelleborg. Holdings in BillerudKorsnäs and Securitas were reduced.

Performance for the month



Performance year-to-date



Performance, %	Lannebo Småbolag	Small cap index
October 2016	-3.5	-3.3
Year-to-date 2016	6.3	8.6
3 years	78.0	79.4
5 years	170.0	166.6
10 years	231.8	194.3
Since inception (08/04/2000)	861.9	576.5
Average annual return 24 months	22.0	22.7

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
-6.5	1.6	4.0	-0.2	5.0	-5.0
Jul	Aug	Sep	Oct	Nov	Dec
7.8	2.5	1.2	-3.5		

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	6.9
Trelleborg B	5.8
Husqvarna	4.0
Castellum	3.9
Intrum Justitia	3.7
Securitas B	3.2
Sweco B	3.1
Nobia	3.0
NIBE Industrier B	2.9
Thule	2.8
Total 10 largest holdings	39.3
Cash	5.5
Total number of holdings	43

Major changes during the month

Buy	Sell
Nolato	BillerudKorsnäs
Intrum Justitia	Securitas
Trelleborg	

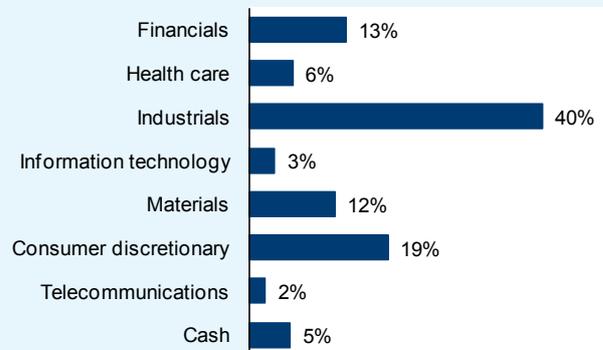
Risk and reward profile



Fund facts

Fund manager	Johan Ståhl
Launch date	08/04/2000
NAV per unit, SEK	79.24
Fund size, SEK millions	20,930
Management fee	1.6%
Bankgiro	5563-4620
ISIN	SE0000740698
Trading frequency	Daily
Minimum investment amount	100 SEK
PPM number	842 690
Supervisory authority	Finansinspektionen

Sector allocation



Financial ratios

	Lannebo Småbolag	Small cap index
Sharpe ratio	1.4	1.3
Total risk, %	14.9	16.9
Tracking error	5.6	
Information ratio	-0.1	
Alfa	0.2	
Beta	0.8	
Active share, %	65	
Portfolio turnover ratio 06/30/2016	0.3	

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.