

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. 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 index 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

The European equity market had a strong start in the first weeks of the year but the geo-political uncertainty began to affect the market in the end of January. The performance of the fund was 3 % measured in EUR and 1.5% measured in SEK and the outperformance was therefore equal to 2%-points which is considered to be acceptable.

Stabilus was the best contributor to performance. It is a German company with a global market leading position within gas springs, electric springs and dampers, mainly towards the auto industry. The company continues to benefit from increased use of gas springs and electronic tailgates in new car models. The popularity of SUVs and desire for comfort features in general are strong drivers of increased content per car of Stabilus products. We expect the management to increase their guidance during 2017.

Second best performer in the portfolio was Palfinger, based in Austria. The company manufactures a variety of truck mounted cranes for the global market, primarily used in the construction industry. The recent pick-up in construction related activity in the US and Europe is very positive for a cyclical company like Palfinger, which we expect to exceed current expectations of the market. Recent acquisitions of some of its distribution partners should help to increase the operating margins to about 10% in 2017.

Greencore has been the worst contributor in January. Greencore is a leading manufacturer of private label convenience food focusing on fresh sandwiches in the Food to Go markets in the UK and US.

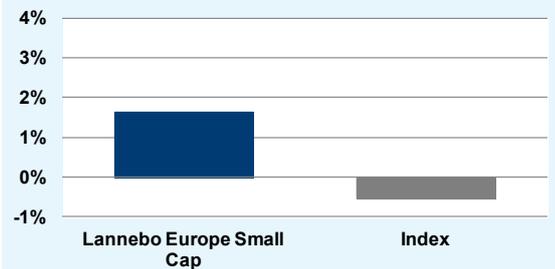
The main reason for the weak performance is that two other food industry peers to Greencore have issued negative news flow.

It is therefore a relief that Greencore end of January released a strong trading statement showing that all divisions are performing well, with improved growth in the UK and solid performance in the US owing to 2016 contract wins now flowing to the top-line. It also seems clear that there is scope to mitigate inflationary input costs and wage pressures. Management also informs that the newly acquired Peacock integration is progressing well.

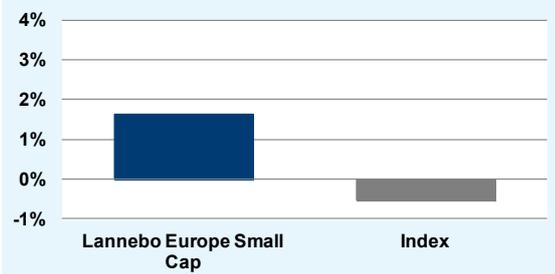
Aroundtown in Germany is our second worst contributor. Aroundtown is a specialist real estate company exposed to the commercial and residential segment. The performance is not related to company specific issues as the latest quarterly result released end of November was showing a strong performance in terms of rental growth and combined with improving occupancy levels, the earnings are increasing. On top of that, property portfolio growth will add to the earnings growth. The negative performance is related to an increase in interest rates which typically have a negative effect on property companies short term.

CVS Group is a new company in the portfolio. CVS is the second-largest veterinary services business in the UK, operating nearly 400 veterinary practices. The company is able to combine high organic growth with high acquisition growth. The market is growing by around 4% and CVS is able to deliver organic growth ahead of the market growth as it benefits from the scale effects of adding more sites to the business. The company is successful in acquiring small competitors at attractive prices and integrating them quickly. We therefore believe that earnings growth will be driven by top-line growth and higher margins.

Performance for the month



Performance year-to-date



Performance, %	Lannebo Europe Small Cap	MSCI Europe Small cap index
January 2017	1.6	-0.5
Since inception (161017)	-0.5	3.7

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
1.6					
Jul	Aug	Sep	Oct	Nov	Dec

10 largest holdings	% of the portfolio
Stabilus	4.4
Greencore Group	4.3
Dürr	4.1
Arrow Global Group	4.1
dorma+kaba	3.9
Palfinger	3.8
Aurelius	3.7
Alimak	3.7
Aalberts Industries	3.6
BGEO Group	3.5
Total 10 largest holdings	39.0
Cash	5.1
Total number of holdings	34

Major changes during the month

Buy	Sell
CVS Group	
BGEO Group	
Banca IFS	

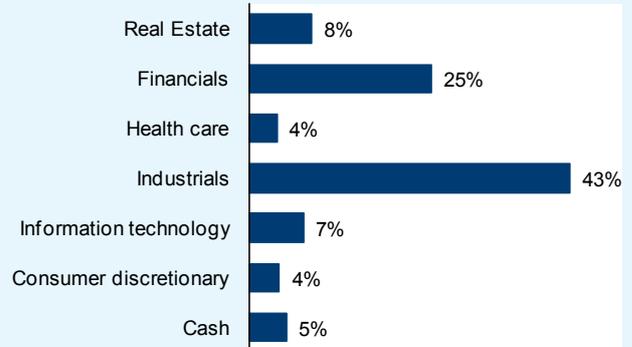
Risk and reward profile



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/2016
NAV per unit, SEK	9.95
Fund size, SEK millions	383
Management fee	1.6%
Bankgiro	5140-8037
ISIN	SE0008092290
Trading frequency	Daily
Minimum investment amount	100 SEK
PPM number	891 507
Supervisory authority	Finansinspektionen

Sector allocation



Financial ratios

	Lannebo Europe Small Cap	MSCI Europe Small Cap Index
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	n/a	

Explanations

Small cap index	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.
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.