

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 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 mid-year 2017, this meant a market capitalisation of around EUR 6.7 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

During July, the market focused on Q2 earnings reports. Many companies reported strong Q1 earnings, and expectations were turned up for this reporting season. Generally, Swedish earnings missed market expectations. The global economic climate continues to develop in a positive direction, where the ISM Manufacturing Index increased and China saw improved economic growth. Europe is also developing positively. The Swedish krona strengthened against most currencies, but above all it strengthened against the USD, where at the end of July the USD/SEK was 8.13 compared with 9.16 at the start of the year.

The Stockholm Stock Exchange (SIXPRX) decreased by 3.0 per cent in July and performed worse than most other international markets. The MSCI World Index increased by 1.9 per cent, and the S&P 500 increased by 2.1 per cent during the period. In Europe the trend was calmer where the STOXX Europe 600 fell with -0.3 per cent. In Stockholm, the Small Cap index (Carnegie Small Cap Return Index) fell slightly less than the stock market as a whole, with a decrease of 2.6 per cent, which can be compared with Lannebo Småbolag that decreased by 2.2 per cent during July.

The reporting period started with strong earnings from Addtech, Beijer Ref, Vitrolife, Nolato and Tele2. Addtech's earnings increased almost 20 per cent compared with the corresponding quarter in 2016. The company's CEO Johan Sjö describes the market situation as positive with improved demand from the manufacturing industry. The IVF company Vitrolife increased EBIT by about 50 per cent, driven by strong demand in Japan and China.

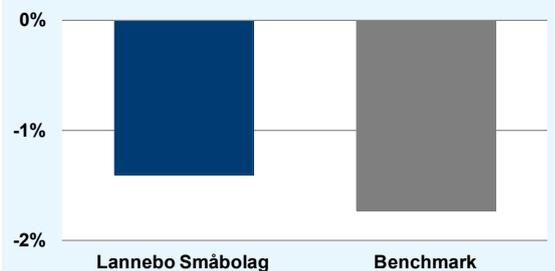
Nolato increased its profit by about 60 per cent driven by the business area Integrated Solutions.

Tele2 raised its full-year forecast and cut back on its investment plans. Later in July, Tele2 sold its operations in Austria for EUR 95m, where it is becoming increasingly clear that the company plans to divest operations that are not core to the business. Bufab, Icelandic Össur, NCC, Huhtamäki, Recipharm and Kambi were holdings with worse than expected Q2 earnings. Construction company NCC reported a weak margin for the business area Infrastructure due to older projects with low profitability. Huhtamäki's recent earnings reports have been setbacks. First, it was the currency reform in India, followed by the change in the Indian VAT system in Q2, which had a negative effect on demand. We estimate that demand in India will return later this year given food and drink packaging is typically stable. Odds compiler Kambi's earnings were weak due to higher costs and disadvantageous results with favourite-wins at the end of the football season. In addition, the contract with the second largest customer, 888, was renewed at lower royalty levels.

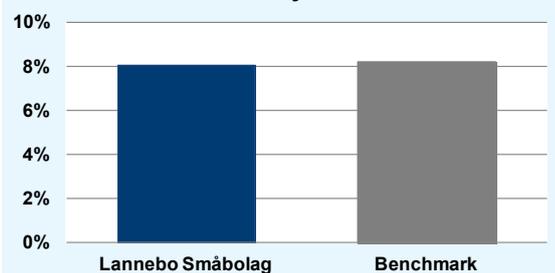
Holdings that developed positively during July were Vitrolife, Nolato, Hemfosa and Tomra. The share price increase for sorting machines manufacturer Tomra was due to a large order from Australia at the end of the month. On the negative side were Kambi, Recipharm, NCC and Fagerhult. The first three fell due to weak earnings reports while Fagerhult had not yet released Q2 earnings.

Fund activity was generally low during July. The holdings in Tele2, Intrum Justitia and Securitas were increased, while the holdings in Elekta and Kambi were decreased.

Performance for the month



Performance year-to-date



Performance, %	Lannebo Småbolag	Benchmark
July 2017	-1.4	-1.7
Year-to-date 2017	8.0	8.2
3 years*	61.1	61.3
5 years*	145.6	140.3
10 years*	183.5	162.9
Since launch (08/04/2000)*	837.4	561.8
Average annual return 24 months*	13.4	14.3

Monthly performance, %						
Jan	Feb	Mar	Apr	May	Jun	
1.3	1.9	1.4	5.1	0.7	-1.1	
Jul	Aug	Sep	Oct	Nov	Dec	
-1.4						

Annual performance, %	Lannebo Småbolag	Benchmark
2016*	5.1	7.6
2015*	33.7	33.2
2014*	15.4	14.3
2013*	40.4	32.9
2012*	13.6	16.6

*Performance of the fund before start of the asset class (05/02/2016) is simulated from the SEK-asset class.

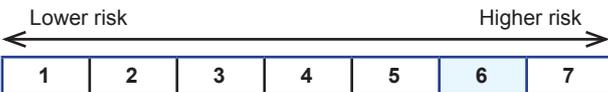
10 largest holdings % of the portfolio

10 largest holdings	% of the portfolio
Trelleborg B	6.1
Huhtamäki	5.5
Husqvarna	4.5
Castellum	4.0
Securitas B	3.6
Intrum Justitia	3.4
NIBE Industrier B	3.4
Holmen B	3.1
Tele2 B	2.9
Addtech B	2.9
Total 10 largest holdings	39.5
Cash	5.0
Total number of holdings	46

Major changes during the month

Buy	Sell
Intrum Justitia	Elektro
Tele2	Kambi
Securitas	

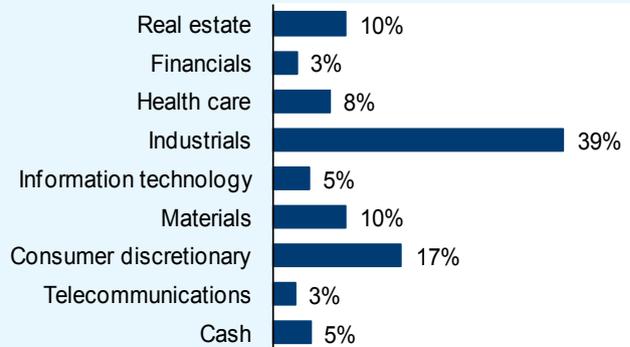
Risk and reward profile



Fund facts

Fund manager	Johan Ståhl
Launch date	05/02/2016
NAV per unit, EUR	115.16
Fund size, MEUR	2 408
Management fee	1.6%
Bankgiro	5563-4620
ISIN	SE0008040885
Trading frequency	Daily
Minimum investment amount	100 EUR
PPM number	842 690
Supervisory authority	Finansinspektionen

Sector allocation



Financial ratios

Financial ratios	Lannebo Småbolag	Benchmark
Sharpe ratio	1.0	1.1
Total risk, %	14.4	14.6
Tracking error	3.6	
Information ratio	-0.3	
Alfa	0.0	
Beta	0.9	
Active share, %	66	
Portfolio turnover ratio 06/30/2017	0.2	

Explanations

Benchmark	Carnegie Small Cap Sweden Return Index, recalculated in EUR. 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.