

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

The remaining quarterly reports released during August confirmed that market expectations were generally on the high side. The USD continued to weaken during the month, which means that many Swedish companies are facing with currency headwinds. Tensions between the US and North Korea were also in focus. North Korea responded to new sanctions with further missile launches, where one of the missiles passed over the Japanese island of Hokkaido which was seen as an escalation. Overall, macro statistics in the US and Europe remained favourable.

The Stockholm Stock Exchange (SIXPRX) decreased by 0.9 per cent in August and therefore performed in line with many European markets. STOXX Europe 600 fell 0.8 per cent. The MSCI World Index increased by 0.2 per cent, and the S&P 500 increased by 0.3 per cent during the period. In Stockholm, the Small Cap index (Carnegie Small Cap Return Index) fell by 0.5 per cent, and Lannebo Småbolag decreased by 1.3 per cent during August.

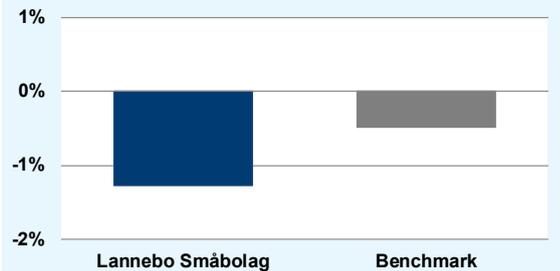
The last of the Q2 earnings reports released in August were mixed. The earnings report for lighting company Fagerhult was worse than expected, primarily due to political concerns in the company's African and Middle Eastern markets. Heating technology company NIBE Industrier released a report that overall was in line with market expectations. However, the margin for the business area Climate Solutions, which manufactures heat pumps, was slightly weaker, in part because acquired companies have lower profitability and that it takes time to raise these. This however, led to a negative share price reaction on the release of the earnings report. On the positive

side was Latour's earnings report that showed that the wholly-owned industrial operations continued to develop well. Latour has created significant shareholder value through its long-term industrial ownership philosophy and the company also has the financial strength to invest in new interesting holdings. Beijer Alma presented a stable report. The subsidiary Lesjöfors showed impressive growth of 41 per cent for chassis springs compared to the same quarter last year.

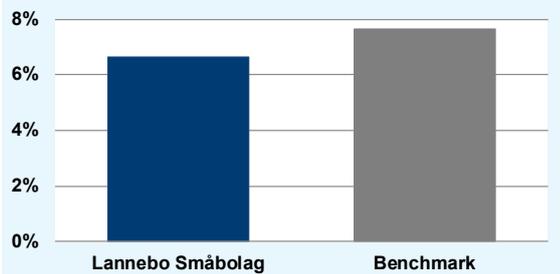
Holdings that performed positively were Tomra Systems, Kambi and Beijer Ref. Norwegian Tomra Systems share price continued upward following speculations that more markets will introduce return deposit systems. Holdings with weaker share price development were Finnish paint manufacturer Tikkurila, drug manufacturer Recipharm and residential developer Bonava. The Recipharm share price developed negatively following a weaker than expected earnings report in July. Tikkurila released an earnings report that included an internal action program to streamline the production structure, leading the market to believe that some of the company's challenges will take longer than previously expected.

The holdings in Nolato, Swedish Orphan Biovitrum and Securitas were increased during the month. During the summer Securitas, which announced in August that the CEO Alf Göransson would resign in 2018, had a weak share price development, which we saw as a good opportunity to increase the holding. The holdings in Mekonomen, Trelleborg and Husqvarna were reduced.

Performance for the month



Performance year-to-date



Performance, %	Lannebo Småbolag	Benchmark
August 2017	-1.3	-0.5
Year-to-date 2017	6.7	7.7
3 years*	58.3	60.8
5 years*	145.7	144.5
10 years*	198.5	175.2
Since launch (08/04/2000)*	825.4	558.6
Average annual return 24 months*	14.4	16.4

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	-1.3					

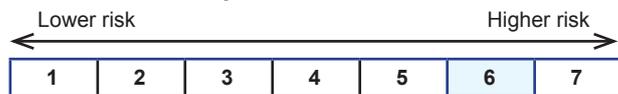
Annual performance, %	Lannebo Småbolag	Benchmark
2016*	5.1	7.6
2015*	33.7	33.2
2014*	15.4	14.3
2013*	40.4	32.9
2012*	13.6	16.6

*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
Trelleborg B	5.9
Huhtamäki	5.6
Husqvarna	4.2
Castellum	4.0
Securitas B	3.8
Intrum Justitia	3.5
NIBE Industrier B	3.4
Holmen B	3.1
Addtech B	3.0
Tele2 B	2.9
Total 10 largest holdings	39.4
Cash	4.8
Total number of holdings	46

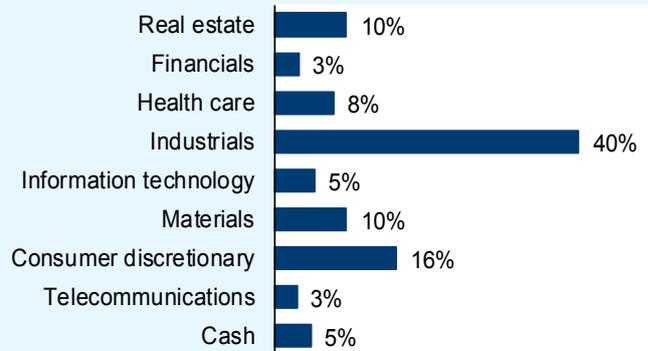
Major changes during the month	
Buy	Sell
Nolato	Mekonomen
Sobi	Trelleborg
Securitas	Husqvarna

Risk and reward profile



Fund facts	
Fund manager	Johan Ståhl
Launch date	05/02/2016
NAV per unit, EUR	113.69
Fund size, MEUR	2,761
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*	Lannebo Småbolag	Benchmark
Sharpe ratio	1.1	1.2
Total risk, %	14.2	14.8
Tracking error	3.5	
Information ratio	-0.6	
Alfa	-0.1	
Beta	0.9	
Active share, %	67	
Portfolio turnover ratio 06/30/2017	0.2	

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

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.