

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 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 small cap market had a strong finish to the year after a minor correction in November. On the news front, the activity was muted in December. The return of the fund in December was 2.0 per cent versus 2.4 per cent for the benchmark. In 2017, the European small caps outperformed the European large caps by 9 percentage points. During 2017, the return of the fund was 24 per cent. We believe that the fundamentals for small cap companies in Europe will persist due to strong economic tailwind and low interest rates.

The best contributor to performance was Corestate Capital, which is an investment manager based in Germany focusing on real estate assets. The company has progressed well with acquiring properties for the real estate portfolio it manages on behalf of its clients. In addition, the integration of the three acquisitions done in 2017 is going slightly better than expected and the share of recurring revenue has increased, which is improving the quality of earnings. We believe the guidance from the company is credible and will result in more upside to the share price when this is realized by the market during 2018.

Beazley is a non-life insurance company based in the UK. After a challenging autumn when the severe hurricane season hurt the share price the shares rebounded towards the end of the year due to expectations of higher catastrophe insurance premiums. Furthermore, Beazley is seeing strong demand for its specialty lines such as cyber insurance and data protection liability insurance, where the company has been innovative in terms of new products.

TKH Group contributed negatively. The company is active within niches related to production equipment, connectivity and communica-

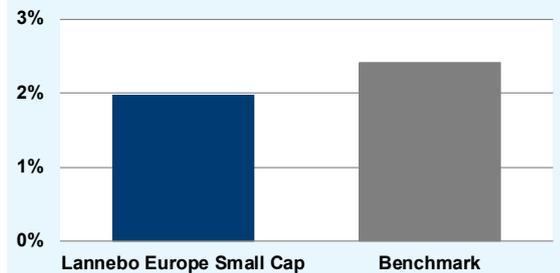
tion. In the absence of any negative company specific news we believe the share price decline was due to the tendency seen towards the year end of some investors selling the winners. TKH Group is up 44 per cent in 2017 despite the profit taking during December.

Grenke, the German financial company focusing on leasing for office communications equipment, underperformed in December. For many years, Grenke has shown very strong growth and the share price increased therefore by nearly 60 per cent in 2017. The underperformance in December was not related to any company specific news but connected to profit taking. We believe the investment case is intact.

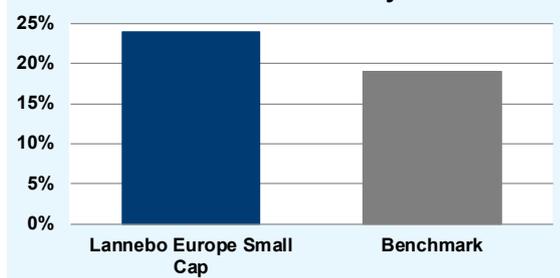
The UK-based waste management company Biffa was bought in December. It collects waste from about one million households and 75 thousand businesses and works with its clients to reduce their environmental impact and waste costs. It operates more than 30 landfills across the UK and is handling the processing, treatment and recycling of waste. The company also generates renewable energy through waste-to-energy plants and sells end products such as electricity, heat and gas in the market. Biffa is a quality company with a defensive business model at an attractive valuation of about 13 times earnings. Environmental regulation and increasing recycling share are structural growth drivers that will benefit Biffa going forward.

We participated in the IPO of Sabre Insurance Group, an insurance company dedicated to private motor insurance in the UK. It has a strong track record of profitability. Sabre's earnings drivers are relatively uncorrelated with macro factors and the valuation of about 9 times earnings is very attractive.

Performance for the month



Performance for the year

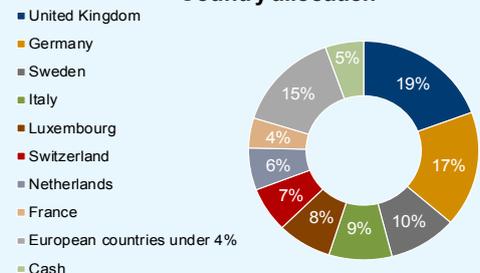


Performance, %	Lannebo Europe Small Cap	Benchmark
December 2017	2.0	2.4
Year 2017	24.0	19.0
Since launch (10/17/2016)	22.9	25.5

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
3.0	2.2	4.1	6.2	3.9	-1.8
Jul	Aug	Sep	Oct	Nov	Dec
1.5	0.2	5.4	2.3	-6.5	2.0

Country allocation



10 largest holdings

	% of the portfolio
Beazley	3.9
Arrow Global Group	3.8
BGEO Group	3.3
TKH Group	3.2
Stabilus	3.2
dormakaba	3.2
Dürr	3.2
Aalberts Industries	3.0
Grenke	2.7
Aurelius Equity Opportunities SE & Co KGaA	2.7
Total 10 largest holdings	32.3
Cash	5.4
Total number of holdings	49

Major changes during the month

Buy	Sell
Sabre	Palfinger
Biffa	CTS Eventim
Alimak	Simcorp

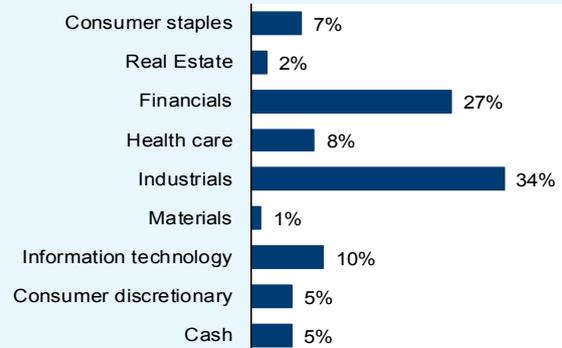
Risk and reward profile



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/2016
NAV per unit, EUR	122.90
Fund size, MEUR	453
Management fee	1.6%
Bankgiro	5140-8037
ISIN	SE0008092290
Trading frequency	Daily
Minimum investment amount	100 EUR
PPM number	891 507
Supervisory authority	Finansinspektionen
LEI	549300L5238BIDO30341

Sector allocation



Financial ratios

	Lannebo Europe Small Cap	Benchmark
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 12/31/2017	0.0	

Explanations

Benchmark	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.