

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 year 2017, this meant a market capitalisation of around EUR 6.8 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

Last month's report highlighted how long-term interest rates had increased in January without any significant impact on equity markets. However, U.S. statistics released in early February showed wages had risen slightly faster than expected, which led to declines on equity markets and significant increases in risk indicators. The S&P 500 fell by 4.1 per cent on February 5; since then, equity markets have recovered, but long-term interest rates have risen in several major markets. The majority of Swedish listed companies released interim reports during the month and the overall view is that earnings results were mixed with strong sales but poorer margins.

The S&P 500 finally retreated with a decline of 3.7 per cent, after increasing 15 consecutive months. The MSCI World declined 3.5 per cent, and in Europe the STOXX Europe 600 fell by 3.8 per cent. In Stockholm, the market, measured as SIXPRX, had a more subdued development and declined by only 0.7 per cent (SEK), while the small cap index (CSRXSE) decreased by 4.2 per cent in EUR (1.1 per cent in SEK). In February, Lannebo Småbolag decreased by 3.1 per cent in EUR, but increased 0.4 per cent in SEK. The Swedish krona weakened against the EUR, from 9.78 at the beginning of the month to 10.11 at the end of February.

There was a steady stream of corporate news during February as a result of it being the earnings release period. MTG's earnings report disclosed that the company's investments in mobile games and e-sports had grown rapidly with positive earnings; but the report was overshadowed by the news that the company intended to divest the Nordic TV business, MTG Nordics, to the Danish telecom operator TDC.

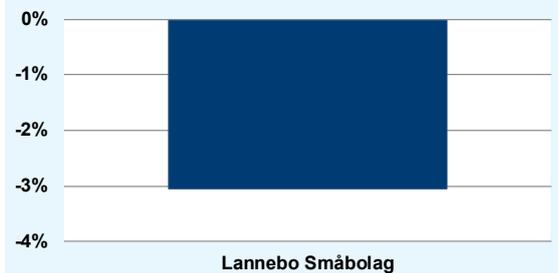
Later in the month, a consortium, led by private equity company Macquarie, made a bid for TDC on the condition, among others, that TDC abandon its deal with MTG. The TDC Board then announced that it did not support the proposed offer for MTG. Even though TDC withdrew its bid, MTG has clearly demonstrated that the company is open to structural changes, and that the last word has certainly not been said about the future of MTG Nordics.

Earnings reports were mixed. Holdings that released positive earnings reports were: Össur that presented higher earnings and an improved margin; engineering company Concentric, which delivered an improved margin and a favorable increase in sales; Nolato, whose profit after tax increased by 89 per cent compared with the corresponding quarter of 2016; online gambling company Kindred where profits were 15 per cent above expectations; and the Norwegian manufacturer of reverse vending machines Tomra that released strong results and a good order intake. Vitrolife, Ambea and Alimak were holdings with earnings below expectations.

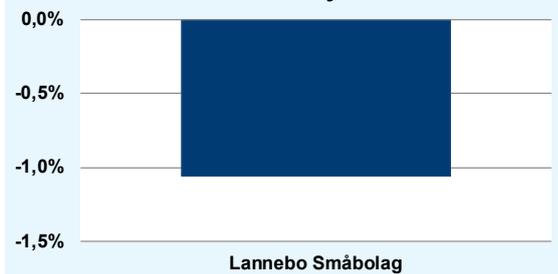
The share price development of Nolato (see above), HiQ and Bufab were strong with increases of about 10 per cent each. Bufab released an earnings report that the market appreciated. The share prices for Ambea, Vitrolife (see above) and Intrum fell in February. Intrum released its report in late January but traded down in February.

During February, the holdings in Vitrolife, Intrum and Lindab were increased; the holdings in Kindred, Trelleborg and HiQ were reduced following good share price performance.

Performance for the month



Performance year-to-date



Performance, %	Lannebo Småbolag
February 2018	-3.1
Year 2018	-1.1
3 years*	33.9
5 years*	112.2
10 years*	258.3
Since launch (08/04/2000)*	843.9
Average annual return 24 months*	10.7

Monthly performance, %					
Jan	Feb	Mar	Apr	May	Jun
2.1	-3.1				
Jul	Aug	Sep	Oct	Nov	Dec

Annual performance, %	Lannebo Småbolag
2017*	9.9
2016*	5.1
2015*	33.7
2014*	15.4
2013*	40.4

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

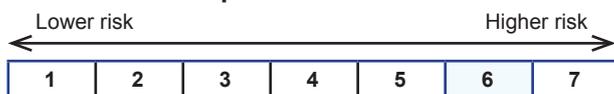
10 largest holdings % of the portfolio

Company	% of the portfolio
Huhtamäki	5.3
Trelleborg B	5.0
Castellum	4.2
Husqvarna	4.2
Addtech B	4.0
Securitas B	4.0
Nolato B	3.5
NIBE Industrier B	3.3
Holmen B	3.3
Intrum	3.3
Total 10 largest holdings	40.0
Cash	4.8
Total number of holdings	47

Major changes during the month

Buy	Sell
Vitrolife	Kindred
Intrum	Trelleborg
Lindab	HiQ

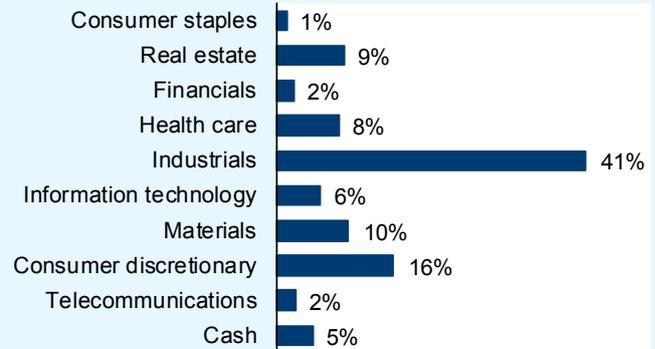
Risk and reward profile



Fund facts

Fund manager	Hjalmar Ek & Johan Ståhl
Launch date	05/02/2016
NAV per unit, EUR	115.96
Fund size, MEUR	2,352
Management fee	1.6%
Bankgiro	5563-4620
ISIN	SE0008040885
Trading frequency	Daily
Minimum investment amount	100 EUR
PPM number	842 690
Supervisory authority	Finansinspektionen
LEI	549300JC5787N3394631

Sector allocation



Financial ratios*

Ratio	Lannebo Småbolag
Sharpe ratio	1.0
Total risk, %	11.6
Tracking error	3.3
Information ratio	0.7
Alpha	0.2
Beta	1.0
Active share, %	69
Portfolio turnover ratio 12/31/2017	0.2

*Financial ratios of the fund before start of the asset class

Explanations

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.