

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

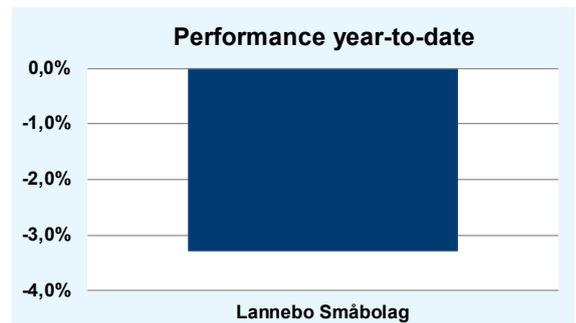
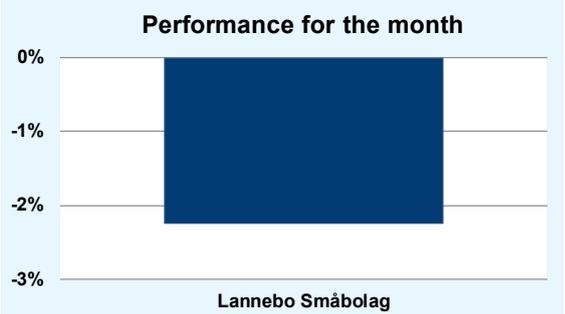
Compared to 2017, markets continued to be significantly more volatile and uncertainty increased during March. US macro statistics released during the month were strong, where the PMI for the manufacturing sector increased to the highest level since 2004. In Europe, the preliminary PMI fell more than expected, which was negatively interpreted by the market even though the level still indicates continued expansion. However, the biggest concern during March was the risk of a trade war, which increased significantly when the Trump administration announced that the US would impose tariffs on China for, among others, steel. China responded by stating it would introduce its own tariffs on selected US goods. There will be a negative impact on world trade and global growth if the protectionist rhetoric escalates and action is taken. In addition, the Italian election results created uncertainties given the difficulties to form a majority government.

During March, the S&P 500 continued to fall and declined 2.5 per cent. The MSCI World fell 2.2 per cent; Europe was also in the red with the STOXX Europe 600 falling by 1.9 per cent during the month. The Stockholm Stock Exchange (SIXPRX) fared slightly better, with a 1.3 per cent decline, while the small cap index (CSRXSE) decreased by 3.2 per cent in EUR (-1.6 per cent in SEK). Lannebo Småbolag also fell during the month, decreasing 2.2 per cent in EUR (-0.6 per cent in SEK).

The last of the earnings reports was released by Danish brewer Royal Unibrew, owner of the brands Royal in Denmark and Lapin Kulta in Finland; the company also produces Pepsi on license in Denmark. Earnings were better than expected and the company raised its forecast for 2018.

Tomra Systems, Royal Unibrew and Swedish Orphan Biovitrum were holdings with the best share price performance during March. Tomra Systems' shares increased on expectations that England will introduce reverse vending systems; an opening to the English market has been discussed for some time. At the end of March, the government announced that it would introduce a reverse vending system, but without an exact timetable. Scotland is expected to separately introduce its own reverse vending system. Royal Unibrew's shares increased following the release of strong earnings. The only news pertaining to Sobi was related to the patients that had tragically passed while being treated with the competitor's, Roche, haemophilia medication Hemlibra; Roche, however, does not believe the treatment was the cause of the unfortunate deaths.

Holdings with weak share price performance were NetEnt, Kindred and Ambea. Casino game developer NetEnt's share price decreased over concerns of future growth following the dismissal of the CEO. There were no specific news releases during the month for Kindred and Ambea to explain the decrease.



Performance, %	Lannebo Småbolag
March 2018	-2.2
Year 2018	-3.3
3 years*	28.8
5 years*	105.6
10 years*	253.6
Since launch (08/04/2000)*	822.7
Average annual return 24 months*	7.2

Monthly performance, %					
Jan	Feb	Mar	Apr	May	Jun
2.1	-3.1	-2.2			
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
Huhtamäki	5.6
Trelleborg B	4.9
Castellum	4.4
Securitas B	4.1
Husqvarna	3.9
Addtech B	3.9
Nolato B	3.6
Holmen B	3.4
NIBE Industrier B	3.3
Intrum	3.1
Total 10 largest holdings	40.4
Cash	5.1
Total number of holdings	47

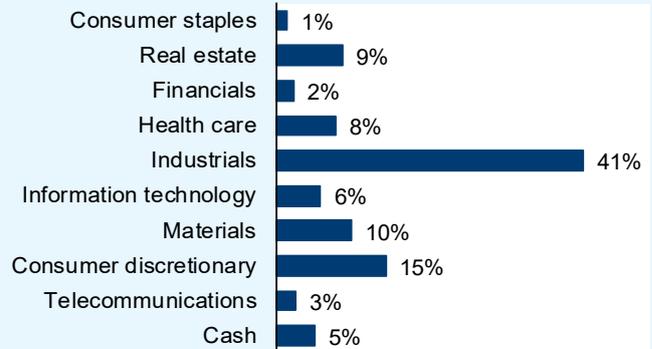
Major changes during the month	
Buy	Sell
Alimak	Swedish Orphan Biovitrum
Husqvarna	Kindred

Risk and reward profile



Fund facts	
Fund manager	Hjalmar Ek & Johan Ståhl
Launch date	05/02/2016
NAV per unit, EUR	113.36
Fund size, MEUR	2,278
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*	Lannebo Småbolag
Sharpe ratio	0.7
Total risk, %	11.4
Tracking error	3.4
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 (05/02/2016) is simulated from the SEK-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 risk-adjusted excess return relative to the return of the benchmark. 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.