

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 equity market kept momentum in May. European small caps have had a good year relative to the European large caps. The European equity market was affected by the political turmoil and fear of a new election in Italy, which could have commitment to remaining in the single currency as a major theme. The return of the fund in May was 1.9 per cent measured in EUR versus 1.7 per cent measured in EUR for the benchmark.

In May, Stabilus and TKH Group were the best contributors to performance.

The German company Stabilus, which is a producer of gas springs and hydraulic dampers for the automotive sector, raised its guidance on organic growth for the year in the reported Q2 results. Furthermore, the results showed strong industrial business, especially in the Asia-Pacific area, where sales were up 18 per cent. TKH Group is a Dutch company which manufactures tire production equipment, security systems as well as connectivity systems. The company reported strong quarterly earnings in all segments, solid organic growth and margin improvements on group level.

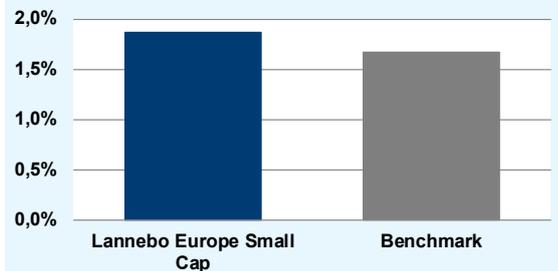
Negative contributors were Arrow Global and Banca IFIS. Arrow Global, a leading purchaser and manager of non-performing loans, underperformed significantly in May. Q1 earnings showed overall good momentum in terms of revenue, portfolio acquisitions and expected remaining collections, return on equity and growth in the asset management business. However, the stock market focused predominantly on the increased costs and the higher leverage in terms of net debt to EBITDA. We see these issues as temporary but acknowledge that the problems need to be solved. Banca IFIS is a specialist in non-performing loans

and factoring in Italy. As the populist parties are preparing to form a government, their rhetoric for increased public spending and confrontation with the EU is causing investors to reduce Italian exposure, especially to domestic financials. Even though the company in May confirmed to be fully on track to reach its business plan targets, we have reduced our position in Banca IFIS to less than 1 per cent.

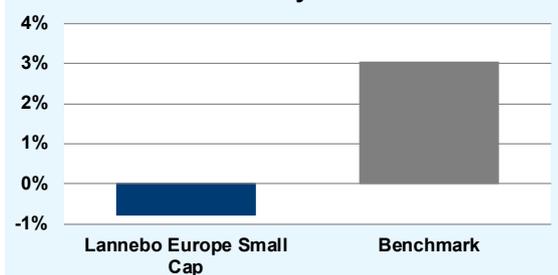
A new holding in the fund is Georgia Capital, which is a spin-off from Bank of Georgia (BoG) which now only consists of banking activities. Georgia Capital holds the majority of Georgia Health Care Group which is the leading healthcare provider in Georgia. It also holds a stake in BoG as well as utility, insurance and property assets. We expect the previous holding discount in BoG to be reduced and the value and growth prospects of Georgia Capital to become clearer to the market.

In May, CTS Eventim, an online ticketing and concert event business, was divested. We believe that the company is a high quality company with strong margins in the online ticketing divisions but growth in the main market Germany is expected to decelerate as the market penetration is very high. We also sold our holding in Banca Sistema, an Italian provider of factoring and other banking services. The company's results have not lived up to our expectations. Moreover, it relies on decent market conditions to achieve its ambitious financial targets, and with the political developments in Italy the market uncertainty has increased significantly.

Performance for the month



Performance year to date



Performance, %	LanneboEurope Small Cap	Benchmark
May 2018	1.9	1.7
Year 2018	-0.8	3.0
Since launch (10/17/2016)	22.0	29.3

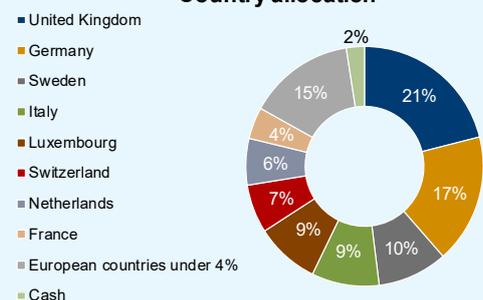
Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
2.5	-2.8	-4.6	2.4	1.9	
Jul	Aug	Sep	Oct	Nov	Dec

Annual performance %	Lannebo Europe Small Cap*	Benchmark
2017	24.0	19.0

* The annual performance of the fund is calculated from the NAV

Country allocation



10 largest holdings

	% of the portfolio
Beazley	4.3
Stabilus	4.1
TKH Group	3.8
Arrow Global Group	3.4
Grenke	3.3
Corestate Capital Holding	3.1
Interpump Group	3.1
Aurelius Equity Opportunities SE & Co KGaA	3.1
Dürr	3.1
Aalberts Industries	2.9
Total 10 largest holdings	34.1
Cash	3.0
Total number of holdings	48

Major changes during the month

Buy	Sell
Arrow Global Group	Banca Sistema
	CTS Eventim
	Banca IFIS
	Dorma Kaba

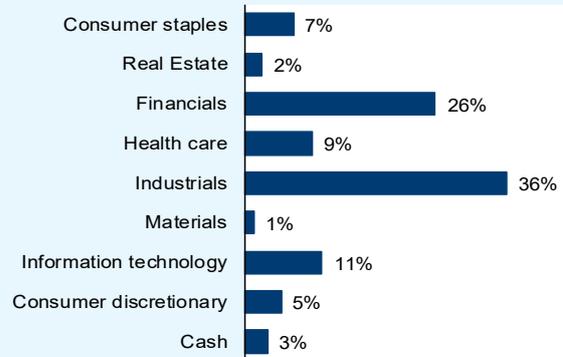
Risk and reward profile



Fund facts

Fund manager	Carsten Dehn & Ulrik Ellesgaard
Launch date	10/17/2016
NAV per unit, EUR	121.95
Fund size, MEUR	461
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	
Alpha	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 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.