

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 2018, 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

President Trump was particularly active in June. His meeting with the North Korean leader Kim Jong-Un at the beginning of the month had a positive effect on financial markets. However, negative winds began to blow when concerns about a global trade war were once again sparked when the US stepped up its rhetoric. It was also reported that Trump is considering restricting Chinese companies from acquiring US companies active in strategic technologies. Furthermore, the US is considering the introduction of tariffs on imported cars. There is a risk that the situation will escalate as both China and the EU have been clear that tariffs and other measures will be answered in kind. The month was also characterized by political turmoil in Europe.

Equity markets globally were marked by signs of anxiousness, but most, nonetheless, closed the month higher. The S&P 500 increased 0.6 per cent. The MSCI World was slightly weaker but was still up 0.4 per cent, while STOXX Europe 600 decreased 0.6 per cent. The Stockholm Stock Exchange (SIXPRX) increased 0.3 per cent. Small caps fared slightly weaker than large caps during the month; the small cap index (CSRX) decreased 1.5 per cent in EUR (0.0 in SEK). Lannebo Småbolag developed marginally weaker than its benchmark and decreased 2.0 per cent in EUR (-0.2 per cent in SEK).

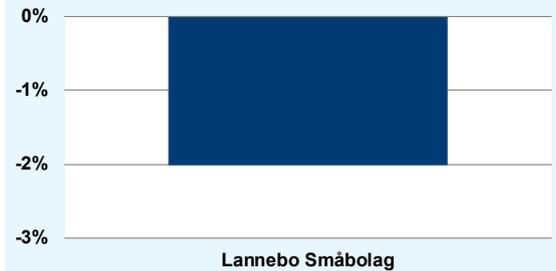
It was a quiet month in regard to company specific news in anticipation of the upcoming reporting period. Royal Unibrew raised its full-year forecast due to the warm weather in northern Europe and an accelerated integration of the Italian acquisition Termedi Crodo. Royal Unibrew also made an acquisition during the month of a small Danish company that markets cider and energy drink brands.

During the month we met with the CEO's of Thule, Beijer Ref and Nolato - three holdings located in southern Sweden. Thule's core operations of roof boxes and bicycle carriers are performing well, but CEO Magnus Welander is looking forward to the forthcoming launch of strollers. In addition, the European market for campers remains strong. Beijer Ref benefits from stricter regulations on refrigerants. The refrigerants that have been used historically in refrigerators, air conditioning equipment, etc. have a negative impact on the environment. New stricter rules have been gradually introduced with quotas on refrigerants, pushing prices up, while demand for refrigeration equipment using environmentally friendly refrigerants is increasing, benefiting Beijer Ref. CEO Per Bertland was also optimistic of the company's future prospects. We also met Nolato's CEO Christer Wahlquist and CFO Per-Ola Holmström. The Nolato share price has performed sensationally over the past year. All three business areas have developed well, but Integrated Solutions stands out. The business area has attracted new customers, generating substantial profit growth.

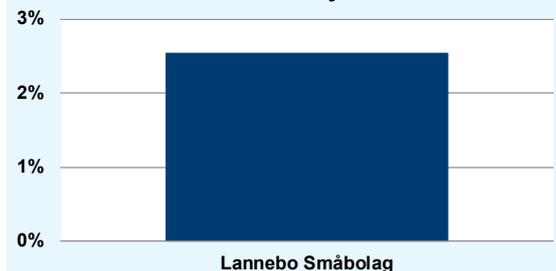
The share holdings in Kambi, Royal Unibrew and Sobi performed strongly during the month. Odds supplier Kambi gained an important new customer in the United States, while Royal Unibrew's share price was positively affected by the raised financial forecast. NCC and Huhtamäki share prices developed weakly. The market is worried about further project problems in NCC and Huhtamäki is being squeezed by its major customers.

The holdings in Trelleborg, NCC and Recipharm were increased, while the holdings in Nolato, Addtech and Beijer Ref were decreased after good share price increases.

Performance for the month



Performance year-to-date



Performance, %	Lannebo Småbolag
June 2018	-2.0
Year 2018	2.5
3 years*	37.9
5 years*	124.3
10 years*	301.8
Since launch (08/04/2000)*	878.3
Average annual return 24 months*	11.7

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
2.1	-3.1	-2.2	2.6	5.5	-2.0
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.

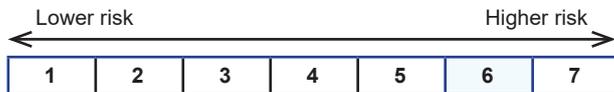
10 largest holdings % of the portfolio

Company	% of the portfolio
Huhtamäki	5.2
Securitas B	4.4
Castellum	4.2
Trelleborg B	4.2
Husqvarna	4.1
Nolato B	4.0
Addtech B	4.0
NIBE Industrier B	3.5
Thule	3.2
Beijer Ref B	2.9
Total 10 largest holdings	39.8
Cash	6.3
Total number of holdings	47

Major changes during the month

Buy	Sell
Trelleborg	Nolato
NCC	Addtech
Recipharm	Beijer Ref

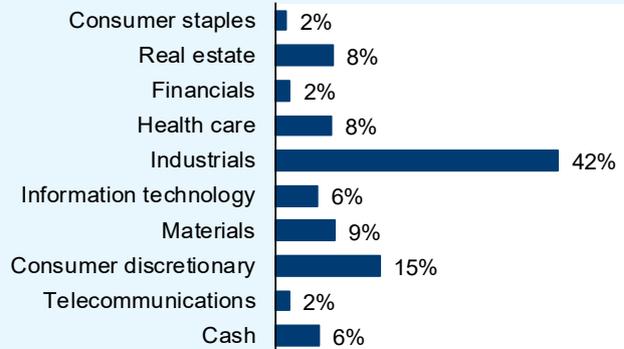
Risk and reward profile



Fund facts

Fund manager	Hjalmar Ek & Johan Ståhl
Launch date	05/02/2016
NAV per unit, EUR	120.18
Fund size, MEUR	2,417
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	1.1
Total risk, %	10.7
Tracking error	3.2
Information ratio	0.9
Alpha	0.3
Beta	0.9
Active share, %	65
Portfolio turnover ratio 06/30/2018	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.