

Lannebo Småbolag (EUR)

Swedish-registered equity fund

Monthly report

August 2018

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.lannebo.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

During August, the last of the fund's holdings released quarterly reports. Overall it was status quo from the previous month where most companies reported good sales growth, but where several have difficulty compensating for rising input costs. Moreover, the S&P 500 set a new record for the longest run without a major correction, a so-called bull market. The previous record was set between October 1990 and March 2000. The new record is remarkable in light of the continuing trade dispute between China and the US and the Fed's gradual increase of its key interest rate.

The MSCI World increased 1.2 per cent in August driven by the S&P 500 which increased 3.3 per cent. Development was weaker in Europe and the STOXX Europe 600 decreased 2.1 per cent. The Stockholm Stock Exchange (SIXPRX) had a good month and increased by 2.6 per cent. The small cap index, CSRX, decreased 0.6 per cent in EUR. Lannebo Småbolag performed weaker than its benchmark and decreased 1.2 per cent in EUR.

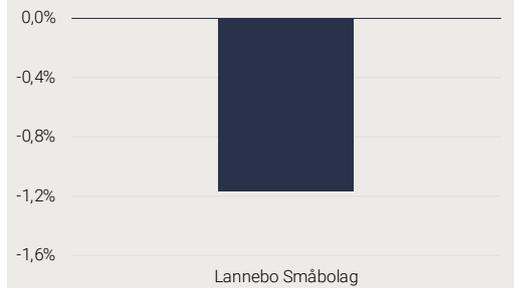
Latour, Royal Unibrew and Beijer Alma were holdings that stood out following the release of their earnings reports. Investment company Latour's portfolio consists of holdings in listed companies - such as Assa Abloy, Securitas and Fagerhult - in addition to wholly owned industrial operations. The industrial operations continued to demonstrate good development with organic growth of 11 per cent and a slightly higher increase in order intake. In addition, the EBIT margin improved from 11.7 to 12.2 per cent. The share price increased 11 per cent. Danish Royal Unibrew's sales increased by 13 per cent driven by the warm start of the summer and earlier acquisitions. EBIT increased 27 per cent due to higher margins on add-on sales

and operational improvements; the shares increased 4 per cent. The industrial group Beijer Alma released good numbers where all subsidiaries developed well. The shares rose 16 per cent.

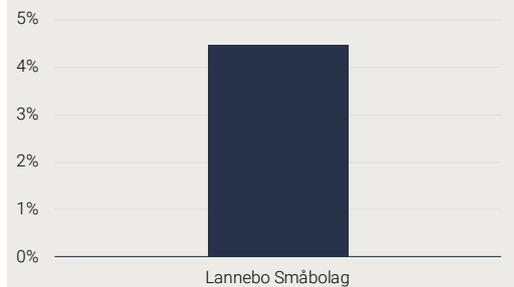
Expectations were high for gaming company Paradox Interactive's Q2 earnings report following a strong Q1 release. The market was disappointed when comparing with the Q2 report last year, which contained many new game releases. The shares fell 18 per cent. Nevertheless, sales and profits saw a healthy improvement over the first half of the year; it is worth reiterating that it is important to have a long-term perspective given results vary considerably from one quarter to another. The Alimak share price fell 13 per cent following an earnings report that disclosed challenges in two of its acquisitions. Finnish healthcare company Terveystalo released earnings that were worse than expected due to a certain over-establishment of healthcare facilities; the share price fell by 13 per cent.

We met a number of companies during the month and the overall impression is that demand remains strong, but companies are prepared for a downturn. Long-time holding Concentric manufactures pumps for diesel engines and hydraulics for excavators, among others. The high demand for new trucks in the US is driven by the increase in e-commerce in combination with stricter driving regulations. The electrification of trucks is a major concern and the company has several development projects for battery cooling pumps. The launch of a hybrid vehicle would be positive as there would be a need for pumps for both the diesel engine and the batteries.

Performance for the month



Performance year-to-date



Performance (%)	Lannebo Småbolag
August 2018	-1.2
Year 2018	4.4
3 years*	40.8
5 years*	107.2
10 years*	305.2
Since launch (08/04/2000)*	896.4
Average annual return 24 months*	7.4

Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
2.1	-3.1	-2.2	2.6	5.5	-0.2
Jul	Aug	Sep	Oct	Nov	Dec
3.1	-1.2				

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.

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10 largest holdings

Holding	% of the portfolio
Huhtamäki	4.9
Castellum	4.9
Securitas B	4.8
Trelleborg B	4.5
NIBE Industrier B	3.9
Addtech B	3.9
Beijer Ref B	3.4
Husqvarna	3.3
Holmen B	3.0
Bravida	3.0
Total 10 largest holdings	39.7
Cash	6.4
Total number of holdings	49

Major changes during the month

Buy	Sell
Trelleborg	Intrum
Huhtamäki	Royal Unibrew
Valmet	SOBI

Financial ratios*

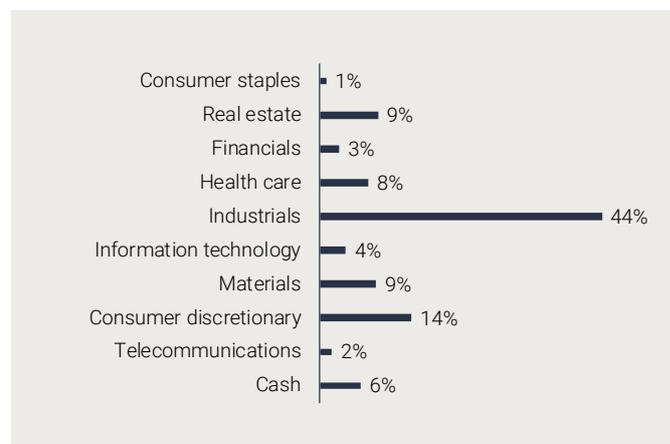
	Lannebo Småbolag
Sharpe ratio	0.8
Total risk (%)	10.1
Tracking error	4.3
Information ratio	0.1
Alfa	0.2
Beta	0.8
Active share (%)	67
Portfolio turnover ratio (06/30/2018)	0.2

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

Fund facts

Fund manager	Johan Ståhl & Hjalmar Ek
Launch date	05/02/2016
NAV per unit (EUR)	122.41
Fund size (MEUR)	2 457
Management fee	1.6%
Bankgiro	5563-4620
ISIN	SE0008040885
Trading frequency	Daily
Minimum investm. amount	100 EUR
PPM number	842 690
Supervisory authority	Finansinspektionen
LEI	549300JC5787N3394631

Sector allocation



Risk and reward profile



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.
Alfa	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.