

**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](http://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 Sverige is an actively managed equity fund that invests in shares on the Swedish equity market.

### The fund targets those who:

- want to take part in developments on the Swedish equity market
- want an actively managed fund with investments based on a clear understanding of each individual company

## Fund manager comment

Equity markets globally reacted to geopolitical events and signs of an economic slowdown during October. Rising interest rates in the US, speculation of increased trade tariffs and weaker prospects for global car production weighed on share prices. In many cases, quarterly earnings reports led to large share price movements. The European PMI for industry continued to weaken at the start of Q4, while in the US the corresponding index was below market expectations - but continued to indicate expansion.

Lannebo Sverige decreased by 6.1 per cent in October, while the benchmark index SIXPRX decreased by 7.1 per cent. The World Index, MSCI AC World, decreased by 6.9 per cent, and in the US the S&P 500 decreased by 6.8 per cent. The Euro STOXX 50 decreased by 5.9 per cent.

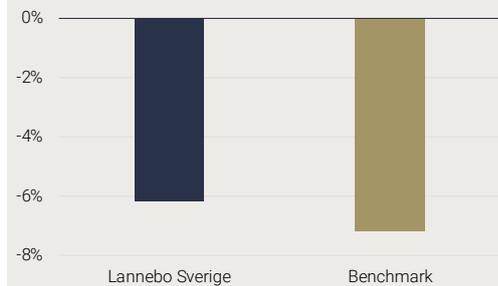
Nokia, Ericsson and Telia were holdings that performed better than the stock market as a whole, with share price increases of 5, 1 and 1 per cent, respectively. Nokia maintained both the full-year forecast for 2018 as well as the 2020 targets in their Q3 earnings report. The company announced an expanded cost-saving program of Eur 700 million to support development by 2020. Profitability and cash flow were weak in the quarter, leading to a net cash decrease of almost Eur 200 million. However, the company pointed out that the order book is well-filled and expects a very strong year-end. Ericsson increased organic sales and the gross margin continued to improve. The earnings improvement was clear within the company's three business segments, where continued efficiency and cost reductions are central.

Telia slightly raised its full-year earnings guidance (adjusted EBITDA) and the company is focused on working with its cost base and working capital.

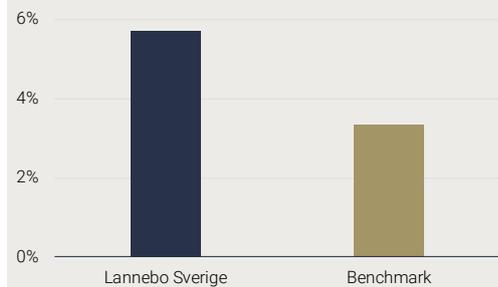
Veoneer, SAAB and Stora Enso developed weaker than the market as a whole, decreasing by 37, 20 and 19 per cent, respectively. As expected, Veoneer reported large losses in Q3, where earnings were burdened by a significant number of new hires within the Development activities. On the negative side was lower car production globally and postponed orders, which increased the risk of achieving communicated targets. SAAB released a weak Q3 earnings report, however the company was very optimistic about its order book. The Board proposed a new issue of Sek 6 bn to support growth. The recent order from the US Air Force, cost savings and increased productivity, together with new business, enable the company to achieve a 10 per cent operating margin in the near future; activity levels have never been higher and the outlook is very positive. Stora Enso significantly increased operating profit in all business areas with the exception of Consumer Board, which was pressured by historically high pulp prices. Profitability in paper operations was strong due to increased prices. Despite increased working capital requirements, the cash flow was good in the quarter.

During October the fund invested in Esstity, Sandvik and Veoneer; the holding in Investor, Epiroc och Ericsson were reduced.

### Performance for the month



### Performance year-to-date



Performance (%)	Lannebo Sverige	Benchmark
October 2018	-6.1	-7.1
Year-to-date 2018	5.7	3.3
3 years	25.1	23.4
5 years	77.0	65.8
10 years	332.8	304.3
Since launch (08/04/2000)	388.8	255.9
Average annual return 24 months	10.9	8.7

### Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
0.7	0.8	-0.9	5.3	-1.1	-0.4
Jul	Aug	Sep	Oct	Nov	Dec
4.8	1.6	1.3	-6.1		

Annual performance (%)	Lannebo Sverige	Benchmark
2017	7.4	9.5
2016	11.0	9.6
2015	13.0	10.5
2014	19.4	15.9
2013	24.9	28.0

The annual performance of the fund is calculated from the NAV per unit in the final accounts.

## 10 largest holdings

Holding	% of the portfolio
H&M B	7.0
Electrolux B	6.9
Telia	6.2
AstraZeneca	5.5
Nokia SEK	5.1
ABB	4.8
Volvo B	4.7
Autoliv SDB	4.5
Veoneer SDB	3.9
Swedbank A	3.8
Total 10 largest holdings	52.4
Cash	7.0
Total number of holdings	27

## Major changes during the month

Buy	Sell
Essity	Investor
Sandvik	Epiroc
Veoneer	Ericsson

## Financial ratios

	Lannebo Sverige	Benchmark
Sharpe ratio	1.1	1.0
Total risk (%)	11.0	10.1
Tracking error	3.5	
Information ratio	0.6	
Alfa	0.2	
Beta	1.0	
Active share (%)	58	
Portfolio turnover ratio (06/30/2018)	0.9	

## Explanations

### Benchmark

SIX Portfolio Return 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.

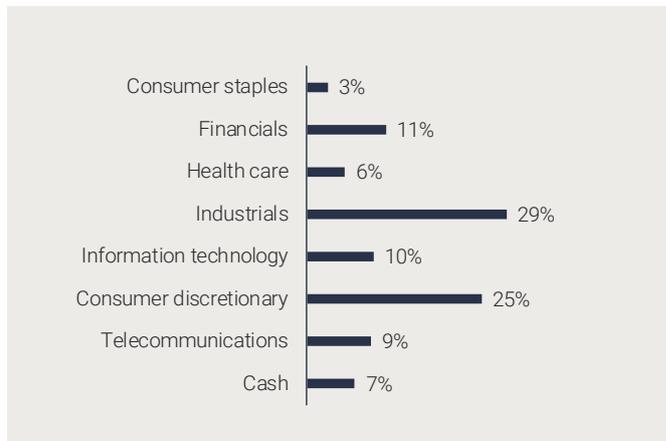
### Total risk

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.

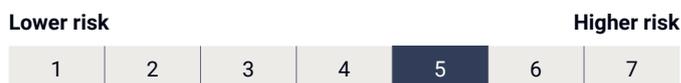
### Tracking error

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.

## Sector allocation



## Risk and reward profile



## Fund facts

Fund manager	Martin Wallin & Robin Pettersson
Launch date	08/04/2000
NAV per unit (SEK)	36.79
Fund size (MSEK)	3 220
Management fee	1,6%
Bankgiro	5563-4604
ISIN	SE0000740680
Trading frequency	Daily
Minimum investment amount	100 SEK
PPM number	806 869
Supervisory authority	Finansinspektionen
LEI	549300GJSC541WIWX079

### 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.