

# Lannebo Småbolag Select

Swedish-registered non-UCITS fund (special fund)

Monthly report

March 2019

**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](http://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 Select is an actively managed equity fund (non-UCITS 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 no more than 1 percent of the total Swedish market capitalisation. At the end of the year 2018, this meant a market capitalisation of around SEK 59 billion. The fund has more flexible investment rules than a traditional equity fund, which gives the fund manager more options.

## The fund is suitable for 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

The stock market was more subdued during March in comparison to the first two months of the year. One cloud of concern is the continued weakening of economic data, which risks affecting demand for many listed companies. The US Fed lowered its forecast for future interest rate hikes, causing market rates to fall relatively sharply in March. The falling interest rates supported the stock market. Småbolag Select increased during the month and developed in line with its benchmark index.

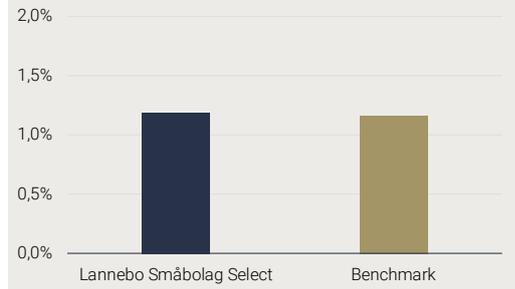
In anticipation of Q1 earnings reports, which are primarily released in April, corporate news was scarce during the month. However, the media company MTG distributed the TV and streaming division to owners under the name NENT (Nordic Entertainment Group). The division of the company has the potential to be value-creating as they are two broadly different operations that are now, to a greater extent, able to stand on their own and each can be given a distinct focus.

Fertility company Vitrolife performed positively during March, increasing by just over ten per cent without the release of any significant news. The measuring instrument company Vaisala rose by just under ten per cent after the company received a large order for weather observation systems for airports. Fabege performed well, just like the entire property sector. Shares with weaker share price performance were JM, Lagercrantz and Ambea, which declined during the month.

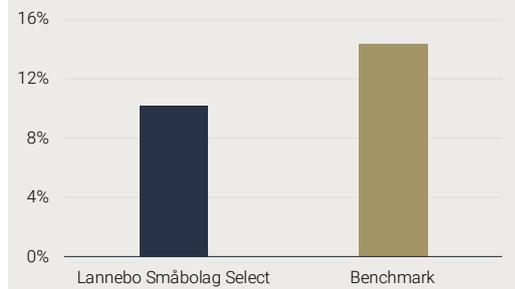
The fund has once again invested in Husqvarna, which manufactures products such as chainsaws, lawn mowers and irrigation equipment. The shares have a relatively low valuation despite good growth potential in, especially, robotic lawn mowers. As the restructuring of the troubled business area Consumer Brands continues, the market's focus should return to Husqvarna's strong market positions in its other business areas. The fund increased its holding in the construction group NCC, where a change program, initiated by the new CEO, is in progress after a weak 2018. The holdings in MTG and Recipharm were slightly reduced.

The equity market started the year strong and, in many cases, valuations have reached levels as seen before the market decline last fall - this means that the upside in many shares appears limited. A sustained decline in market interest rates or an improving economy would likely be positive for the equity market.

## Monthly performance



## Performance year-to-date



Performance (%)	Lannebo Småbolag Select	Benchmark
March 2019	1.2	1.2
Year 2019	10.2	14.3
3 years	41.4	40.5
5 years	94.7	103.1
10 years	517.7	548.1
Since launch (10/31/2000)	1 320.7	785.8
Average annual return 24 months	7.7	9.2

## Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
4.8	3.9	1.2			
Jul	Aug	Sep	Oct	Nov	Dec

Annual performance (%)	Lannebo Småbolag Select	Benchmark
2018	0.9	-0.2
2017	10.2	8.8
2016	17.0	12.2
2015	20.4	30.1
2014	24.1	21.6
2013	36.7	36.6

## 10 largest holdings

Holding	% of the fund
OEM International B	8.4
Securitas B	7.0
Pandox B	4.7
Lindab	4.4
Fabege	4.4
Fagerhult	4.4
VBG Group B	4.3
Alimak	3.9
NCC B	3.8
Bonava B	3.8
Total 10 largest holdings	49.2
Cash	8.1
Total number of holdings	30

## Major changes during the month

Buy	Sell
Husqvarna	MTG
NCC	Recipharm
	Fabege

## Financial ratios

	Lannebo Småbolag Select	Benchmark
Sharpe ratio	0.9	0.8
Total risk (%)	9.7	12.9
Tracking error	4.2	
Information ratio	-0.4	
Alpha	0.1	
Beta	0.7	
Active share (%)	80	
Portfolio turnover ratio (12/31/2018)	0.3	

## Explanations

### Benchmark

Carnegie Small Cap Sweden 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.

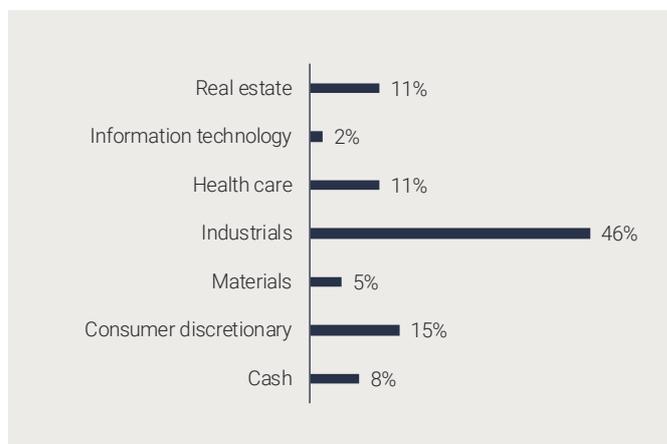
### Total risk

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	Hjalmar Ek & Mats Gustafsson
Launch date	10/31/2000
NAV per unit (SEK)	953.31
Fund size (SEKm)	2,830
Management fee	0.7% + 20% of any excess return
Return threshold	30-day STIBOR, monthly on the first banking day of each month, plus five percentage points, currently 5.00%
ISIN	SE0000917205
Trading frequency	The fund is open on the last business day of each month
Minimum investment amount	The initial investment is SEK 100 000 and then SEK 20 000 per subscription thereafter
Supervisory authority	Finansinspektionen
LEI	549300ZTBJP4DRZ51462

### 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.



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