

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 2019, this meant a market capitalisation of around EUR 7.0 billion.

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 ongoing trade dispute ratcheted up when China unexpectedly announced further tariffs on the US; shortly thereafter, the US responded in kind. Markets were nervous following the intensified trade conflict, contributing to increased economic turmoil – particularly given that the market had hoped that trade talks would have a positive outcome. Interest rates also fell significantly, which favoured interest rate-sensitive sectors such as real estate.

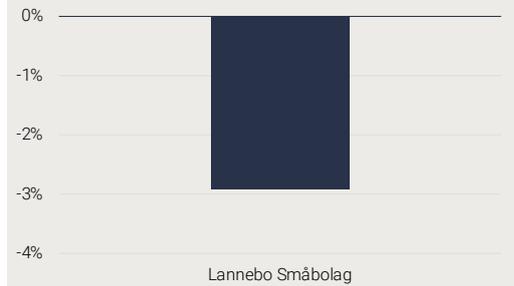
The MSCI World index fell 1.9 per cent in August, while the S&P 500 dropped 1.6 per cent. Equity market trends were similar in Europe with the STOXX Europe 600 decreasing by 1.3 per cent. The Stockholm Stock Exchange, measured as SIXPRX, lost 1.2 per cent and small caps, measured as CSRX, fared somewhat better, decreasing by 0.9 per cent. Lannebo Småbolag (EUR) lost 2.9 per cent in EUR.

The last of the fund's holdings released Q2 earnings reports during the month. Overall, earnings continued to be on the weak side, echoing the rest of the earnings season of an apparent economic slowdown. Forest company Holmen released earnings that were slightly below expectations, primarily attributable to the paperboard division. However, the shares increased 12 per cent during the month following the board's announcement of a share repurchase program. The share buybacks appear to be value creating given Holmen's strong balance sheet and the value the stock market puts on the company's forest holdings relative to other forest transactions on the market. Healthcare company Ambea demonstrated that the integration of the Aleris acquisition is progressing well, which was important after a weak Q1. The Ambea shares rose 8 per cent.

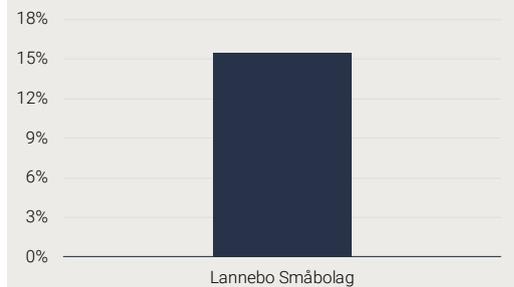
Lighting company Fagerhult released an interim report that was below expectations, where the margin was significantly lower. The shift from physical retail to e-commerce is weighing on customers' willingness to invest. Fagerhult continued to develop well in Northern Europe, however, the UK market was weak due to concerns over Brexit. The share price declined 10 per cent. Paint manufacturer Tikkurila continued to improve the margin, which is crucial given it is well below historical levels. However, sales in Sweden and Finland fell unexpectedly as a result of weaker demand and lower sales to several larger customers. The company has good opportunities to improve the margin long-term through price increases, as well as internal measures targeting, for example, procurement efficiencies and a reduced product assortment. The shares lost 9 per cent.

The holdings in Elekta, Trelleborg and Hexpol were increased because of attractive valuations. Sweco is a well-managed consulting company with relatively non-cyclical end markets; however, the holding was reduced due to a significant increase in valuation. The holdings in investment company Latour and real estate company Castellum were also reduced during the month.

Monthly performance



Performance year-to-date



Performance (%)	Lannebo Småbolag
August 2019	-2.9
Year 2019	15.5
3 years	20.6
5 years ¹	78.0
10 years ¹	347.0
Since launch (08/04/00) ¹	941.0
Average annual return 24 months	6.1

Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
5.3	4.1	2.4	5.5	-4.0	6.1
Jul	Aug	Sep	Oct	Nov	Dec
-1.5	-2.9				

Annual performance (%)

Annual performance (%)	Lannebo Småbolag
2018	-4.8
2017	9.8
2016 ¹	5.1
2015 ¹	33.9
2014 ¹	15.3
2013 ¹	40.1

The performance in the table above is based on closing prices.

¹ Performance of the fund before start of the asset class (05/02/16) is simulated from the SEK-asset class.

10 largest holdings

Holding	% of the fund
Huhtamäki	5.9
Securitas B	5.4
Castellum	4.9
Trelleborg B	3.8
Bravida	3.8
Addtech B	3.8
Husqvarna	3.4
Nolato B	3.4
Beijer Ref B	3.2
Holmen B	2.9
Total 10 largest holdings	40.6
Cash	5.7
Total number of holdings	50

Major changes during the month

Buy	Sell
Elekta	Sweco
Trelleborg	Latour
Hexpol	Castellum

Financial ratios¹

	Lannebo Småbolag
Sharpe ratio	0.6
Total risk (%)	12.4
Tracking error	5.3
Information ratio	0.0
Alpha	0.1
Beta	0.9
Active share (%)	71
Portfolio turnover ratio (06/30/19)	0.2

¹ Financial ratios of the fund before start of the asset class (05/02/16) is simulated from the SEK-asset class.

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

Sharpe ratio is a measure of active risk in a fund. Calculated as the ratio of the fund's excess return above the risk-free rate of return and the fund's total risk.

Total risk

Given as the standard deviation of variations in the total return of the fund or index.

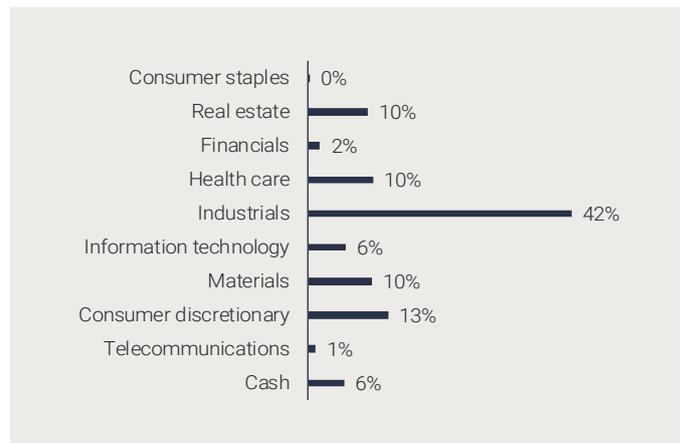
Tracking error

Tracking error is a measure of active risk in a fund. Calculated as the standard deviation of the difference between the return of the fund and its benchmark.

Information ratio

A measure of risk-adjusted return. This is measured as the active return divided by the portfolio's active risk.

Sector allocation



Risk and reward profile

Lower risk

Higher risk



Fund facts

Fund manager	Johan Ståhl & Hjalmar Ek
Launch date	05/02/16
NAV per unit (EUR)	127.89
Fund size (EURm)	2,377
Management fee	1.6%
Bankgiro	5563-4620
ISIN	SE0008040885
Trading frequency	Daily
Minimum investment amount	EUR 100
PPM number	842 690
Supervisory authority	Finansinspektionen
LEI	549300JC5787N3394631