

Öhman Fonder
Half Yearly Report 2018

Öhman

Fair values since 1906

How do you build a company of enduring stability? You start by laying a solid foundation: a philosophy. Öhman is a family-owned company in business for more than a century. A company that builds its business on long-term relationships. The family traditions live on and today, the third generation of the Dinkelspiel family is engaged in board governance within the Öhman Group. Whether you wish to be our client in Sweden or Luxembourg is up to you. As our client, we are always nearby.

Dear Investor,

After a very successful 2017, the first half of 2018 continued in the same positive spirit. Returns on our funds and client portfolios were good overall, even though the market environment was not as clearly shaped by positive drivers as it was last year. We saw large inflows in our funds during the first six months of the year, along with good new client acquisition. We also reinforced our organisation during the period with several new and important recruitments.

Above all, several of our active equity funds reported strong management results during the first half, which took place in the light of a very successful 2017 overall. Although equity markets generally rose during the period, they did so in a state of higher volatility and with a more fragmented picture as regards regions and sectors. Despite this more challenging market environment, a majority of our funds delivered positive returns, which were also good in relation to their benchmarks. We are also continuing our efforts to clarify and improve the family of funds. In addition to merging funds with similar orientations, we have also started Öhman Navigator - a sustainable, mixed assets fund that invests in both equities and bonds. We are working with active allocation among the asset classes in the fund, and investments are made in accordance with our most stringent sustainability criteria. Fixed income management during the period continued to deliver generally stable returns in both the traditional fixed income range and corporate bonds, in the face of generally challenging conditions in the fixed income markets. Our green bond fund, started last year, is off to a strong start this year, as is our FRN fund.

We had positive net inflow of more than SEK 4 billion in our funds during the first half of the year: the third largest inflow of all Swedish fund managers during the period, including those owned by banks and insurance companies. This is simply outstanding, considering that we are an independent asset manager. The inflow growth is coming from institutions, external cooperation partners and the private client segment.

All of our client segments are showing positive growth figures, and this is a signal that we are on the right path. We have also reinforced our organisation with new recruits who are further enhancing Öhman's skills in several areas. One of these is responsible investment, where Head of Responsible Investment Fredric Nyström is now backed up by Victoria Lidén, formerly with Söderberg & Partners. Victoria will be working with Fredric to continue driving the essential work that we managers - along with the rest of the industry and society at large - have a responsibility to swiftly advance. At Öhman, we take this responsibility very seriously indeed and intend to remain leaders in this vital area that affects us all. In perfect alignment with our long-term strategy, we have converted additional funds into sustainable funds and intend to continue in the same direction for the foreseeable future. At present, more than 60 percent of our assets under management are in sustainable funds - almost double the figure of only one year ago.

In line with what we signalled in the last report, the financial markets demonstrated larger upticks and downticks in the first six months of the year compared to last year. By early autumn 2017, our leading indicators suggested that the economy had probably reached at least a temporary peak in the growth rate and that it would gradually taper off later on. These leading indicators generally say something about trends six to nine months in the future, and our thesis was that the global economy would remain good for some time yet. We thus realised that the weakness the leading indicators warned of in autumn would not begin to be reflected in global economic statistics until sometime in the first half of 2018. Now that we have made it halfway into 2018, we can confirm that the cooling-off tendencies can be seen in several directions. This is one important reason we chose to reduce the risk in our funds and portfolios in various ways.

Valuations have been high for all asset classes for quite some time. This was due to record-low interest rates and an ultra-expansionary monetary policy, which helped the equity markets rise more than earnings growth and thus pushed valuations up to high levels in many areas. But companies delivered earnings growth in 2017, which kept valuations stable, and companies were able to grow into them to a certain extent. If we are to believe the analysts' earnings forecasts, it looks like corporate profits will continue to grow at a good clip this year and next. But, like the economy, growth in corporate profits looks like it will gradually slow down. From the valuation perspective, this makes conditions in the equity market more challenging.

The combination of the slowing global growth rate and a less advantageous valuation and earnings growth scenario means that the best equity market returns in this cycle are behind us. In this scenario, the economy and the equity market are both more sensitive to disappointments and completely unexpected events that are beyond the monitoring and assessment of the economic and financial markets: phenomena we call "exogenous shocks." Two courses of events that could be considered powerful exogenous shocks are political developments in Italy and the rising risk of a global trade war.

To sum things up, the fundamental trend is actually not bad, but it is not getting stronger, but rather becoming gradually less favourable. The direction is thus negative and the sensitivity to exogenous shocks is relatively high. Accordingly, the risk is that the second half will demonstrate a higher degree of volatility and more defensive behaviour among investors.

In conclusion, we can close the books on a very successful first half of the year. And yet, like the rest of the industry, we are always dependent upon what happens in the global financial markets. Major market downturns, for example, always have negative impact on our entire industry. It is therefore imperative that we continue working with that which is under our direct control: the quality of our products and services. We know that we must meet increasingly high demands to remain among the leading firms in our industry. As an organisation, we are taking on the future and the challenges ahead with gusto.

Pablo Bernengo
CEO, Öhman Fonder

SWEDEN MICRO CAP

Investment strategy

The fund is an equity fund whose objective is to achieve the highest capital growth possible while adhering to the investment strategy. The fund is an actively managed equity fund that invests in small cap companies listed on Nasdaq OMX Stockholm. The fund invests in companies whose market capitalisation does not exceed 0.5% of the total market capitalisation on Nasdaq Stockholm and complies with our Responsible Investment Standard. The fund is permitted to invest up to 10 percent of its net asset value in other Nordic equity markets.

Fund facts

Inception date	29 May 1997
Price quotation	Daily
Entry charge	None
Exit charge	None
Ongoing charge	1.50%
Manager Deputy	Stefan Kopperud
Benchmark index	Anders Avervik Carnegie Small Cap Total Return Net

Fund number with the Swedish Pensions Agency 416867
Registration number 504400-5741

Management report

The fund rose by 13.0 percent during the first half of 2018, while its benchmark index rose 6.4 percent.

Fund assets also grew during the period, from SEK 2,793 million to SEK 3,479 million. The fund had a net inflow of SEK 311 million during the half year.

Following an initial stock market upturn, the first half of the year was characterised by greater uncertainty related to future economic trends. US macro statistics were strong, but the trends in Europe and Sweden indicate an incipient economic cooldown. The American decision to implement import duties and subsequent retaliations has further increased worry about future economic developments. In spite of the deterioration in sentiment, small cap companies have had a good first half of the year. The strongest positive contributions among the fund's holdings came from Nolato, Beijer Ref and Sectra. Itab Shop Concept and Getinge were the holdings that had the most negative impact.

As of the reporting date, there are no other material risks in fund holdings beyond those outlined in the KIID and the prospectus.

In accordance with the fund rules, the Fund had the option to trade in derivatives, but did not utilise that option during the first half of 2018. The fund is permitted to use the techniques and instruments referred to in chapter 25, section 21 FFFS 2013:9, but chose not to do so during the first half of 2018.

Financial instruments, SEKK

Transferable securities admitted to trading on a regulated market or equivalent market outside the EEA.	Number	Market value, SEKK	Share of fund assets	Issuer, share of fund assets
Equities				
RETAILING				
ITAB Shop Concept B	1,393,236	49,460	1.42%	1.42%
Mekonomen	102,101	12,640	0.36%	0.36%
Nobia A	637,322	43,943	1.26%	1.26%
		106,043	3.05%	
POWER, WATER				
Micro Systemation B	890,343	73,186	2.10%	2.10%
		73,186	2.10%	
REAL ESTATE				
Balder B	191,760	44,833	1.29%	1.29%
Bonava B	385,821	40,550	1.17%	1.17%
Castellum A	184,345	26,758	0.77%	0.77%
Fabege	963,488	102,978	2.96%	2.96%
Kungsleden A	881,405	54,471	1.57%	1.57%
Platzer Fastigheter Holding B	437,993	25,623	0.74%	0.74%
Wihlborg Fastigheter	918,323	95,175	2.74%	2.74%
		390,387	11.22%	
TECH HARDWARE & PERIPHERALS				
Mycronic	642,962	64,425	1.85%	1.85%
Nolato B	188,068	135,973	3.91%	3.91%
		200,398	5.76%	
HEALTH CARE				
Arieo AB Serie B	1,407,096	44,957	1.29%	1.29%
BioGaia B	164,249	65,617	1.89%	1.89%
Boule Diagnostics	139,868	10,489	0.30%	0.30%
Elekta B	630,823	74,437	2.14%	2.14%
Getinge B	986,705	80,416	2.31%	2.31%
Medicover	320,493	25,639	0.74%	0.74%
Sectra B	432,078	102,619	2.95%	2.95%
		404,174	11.62%	

CONSUMER STAPLES & APPAREL

Björn Borg	291020	6,632	0.19%	0.19%
Bravida Holding	645390	45,919	1.32%	1.32%
Duni	584,442	74,925	2.15%	2.15%

CONSUMER SERVICES		127,477	3.66%	
Acando B	1,226,868	38,524	1.11%	1.11%
Addtech B	130,566	25,878	0.74%	0.74%
Kindred Group SDB	1,294,846	146,059	4.20%	4.20%
Know IT	41,226	7,107	0.20%	0.20%
NetEnt B	1,118,638	53,583	1.54%	1.54%

FOOD SALES		271,151	7.79%	
AarhusKarlshamn	700,680	99,917	2.87%	2.87%
		99,917	2.87%	

FOOD PRODUCTION		49,941	1.44%	
Bakkafrost	100619	49,941	1.44%	1.44%

PHARMACEUTICALS		189,099	5.44%	
Alligator Bioscience	729,976	23,724	0.68%	0.68%
Swedish Orphan Biovitrum	440453	86,087	2.47%	2.47%
Vitrolife A	603,963	79,288	2.28%	2.28%

MEDIA		213,531	6.14%	
Modern Times Group B	544,599	204,116	5.87%	5.87%
Qliro Group	705,793	9,415	0.27%	0.27%

SOFTWARE & SERVICES		202,054	5.81%	
Edgware W/I	404,690	6,346	0.18%	0.18%
HIQ International	870,772	53,997	1.55%	1.55%
HMS Networks	560,694	85,898	2.47%	2.47%
PROACT IT GROUP	94,360	15,890	0.46%	0.46%
Semcon A	702,872	39,923	1.15%	1.15%

COMMODITIES & MATERIALS		172,993	4.97%	
Beijer Ref B	741148	120,362	3.46%	3.46%
Lundin Mining Corp SEK	529,083	26,094	0.75%	0.75%
Salmones Camanchaca	409,771	26,536	0.76%	0.76%

SERVICES		57,019	1.64%	
Gunnebo	1,295,084	34,579	0.99%	0.99%
Sweco B	106,251	22,440	0.64%	0.64%

TRANSPORTATION		67,297	1.93%	
Nobina	981,011	67,297	1.93%	1.93%

ENGINEERING		708,817	20.37%	
Beijer Alma B	348,537	43,288	1.24%	1.24%
Concentric	732,771	112,700	3.24%	3.24%
Dometic Group	2,235,762	196,747	5.66%	5.66%
Hexpol B	800,123	74,571	2.14%	2.14%
Inwido	75,478	4,838	0.14%	0.14%
Nibe Industrier B	890,839	85,645	2.46%	2.46%
Nifisk Holdings A/S	46,476	20,295	0.58%	
NKT A/S	46,476	11,369	0.33%	0.91%
OEM International B	145,569	26,348	0.76%	0.76%
Outotec	1,063,933	75,788	2.18%	2.18%
Ramirent	220,002	20,911	0.60%	0.60%
Thule Group	162,993	36,315	1.04%	1.04%

Total Equities		3,333,485	95.81%	
Total Transferable securities		3,333,485	95.81%	

Financial instruments with positive and negative market value			
With positive market value	3,333,485	95.81%	
With negative market value			
Total financial instruments	3,333,485	95.81%	
Other assets and liabilities	145,624	4.19%	
Of which cash and cash equivalents	150,916	4.34%	
Fund assets	3,479,110	100.00%	

The fund had no derivative positions with underlying exposure during the year.

Balance sheet, SEKK

ASSETS	30 June 2018	2017
Transferable securities	3,333,485	2,689,116
Money market instruments	0	0
OTC derivatives	0	0
Other derivative instruments	0	0
Fund Units	0	0
Total financial instruments with positive market value	3,333,485	2,689,116
Deposits in accounts with credit institutions	0	0
Total investments with positive market value	3,333,485	2,689,116
Bank balances and other cash and cash equivalents	150,916	130,942

Prepaid expenses and accrued income	0	0
Other assets (Note 2)	3,101	509
TOTAL ASSETS	3,487,502	2,820,567

LIABILITIES		
OTC derivative instruments with negative market value	0	0
Other derivative instruments with negative market value	0	0
Other financial instruments with negative market value	0	0
Total financial instruments with negative market value	0	0
Tax liabilities	0	0
Accrued expenses and prepaid income	4,586	3,864
Other liabilities (Note 2)	3,806	23,826
TOTAL LIABILITIES	8,392	27,690
FUND ASSETS (Note 1)	3,479,110	2,792,877

MEMORANDUM ITEMS		
Financial instruments lent	0	0
Portion of transferable securities lent out	0.0%	0.0%
Collateral received for lent financial instruments	0	0
Collateral received for OTC derivatives	0	0
Collateral received for other derivative instruments	0	0
Other collateral received	0	0
Collateral pledged for borrowed financial instruments	0	0
Collateral pledged for OTC derivatives	0	0
Collateral pledged for other derivative instruments	0	0
Other pledged assets	0	0

NOTES, SEKK

NOTE 1 STATEMENT OF CHANGES IN FUND ASSETS	30 June 2018	2017
Unit issues	612,059	745,842
Unit redemptions	-300,828	-645,379
Net profit for the year	375,002	386,371
Dividends paid	0	0
TOTAL Fund assets	3,479,110	2,792,877

NOTE 2 OTHER ASSETS AND LIABILITIES		
Other assets include unsettled trades	3,101	509
Other liabilities include unsettled trades	-3,806	-23,826

Fund performance

	30 June 2018	2017	2016	2015	2014
Fund assets, SEKK	3,479,110	2,792,877	2,306,043	2,708,086	1,273,108
Total return, %	13.0	16.6	5.1	41.4	22.9
Benchmark index, %	6.4	8.8	12.2	30.1	21.6
Unit value, SEK	1,096.91	970.93	832.87	792.52	560.44
Units outstanding	3,171,739	2,876,484	2,768,898	3,416,935	2,271,544
Dividend SEK/unit					
	2013	2012	2011	2010	2009
Fund assets, SEKK	1,052,161	541,325	389,667	566,671	134,463
Total return, %	43.8	13.3	-17.8	39.6	75.7
Benchmark index, %	36.6	12.7	-13.2	30.6	68.9
Unit value, SEK	455.93	317.01	288.22	352.86	253.46
Units outstanding	2,307,631	1,707,550	1,351,908	1,605,875	530,489
Dividend SEK/unit		9.02	2.16	0.74	3.67

Tax rules

Tax liability of the fund: As of 2012, fund income is not taxable. Funds do, however, pay withholding tax on dividends received on their foreign equity holdings. The withholding tax varies from country to country. For reasons including legal uncertainty about the application of double taxation treaties and developments within the EU in the tax area, the withholding tax may be either higher or lower than the preliminary withholding tax deducted when the dividend is received.

Tax liability of investors: Swedish unitholders pay income tax on an annual standardised income calculated on the value of fund units at the beginning of the year, as well as tax on profits and any dividends received on fund units. The annual standardised income corresponds to 0.4 percent of the value of the units at 1 January of the year. The standardised income is reported as capital income and taxed at 30 percent. Income statements for tax purposes are issued for natural persons and estates taxable in Sweden, while legal persons must independently calculate the standardised income and pay the tax. The tax may be affected by individual circumstances and investors who have questions about possible tax consequences should seek expert advice.

Accounting policies

The operations of UCITS funds are regulated by the Swedish Investment Funds Act (2004:46) and by the fund rules for each fund. Accounting policies comply with Finansinspektionen's Regulations regarding Swedish UCITS (FFFS 2013:9). The funds furthermore apply, in all material respects, the accounting recommendations established by the Swedish Investment Fund Association. The funds otherwise comply with the provisions of the Swedish Bookkeeping Act where applicable. Fund unit values as of 30 June 2018 refer to the respective funds' NAV prices on 29 June 2018, the funds' last trading day for the first half of 2018. The funds' holdings have been measured at market value as of 30 June 2018 on the funds' balance sheets. Market value refers to last price paid.

If such is not available, the holdings are measured at the last bid price or, if this is not representative, at the value established by the fund management company on objective grounds.

Assets denominated in foreign currency are reported in SEK. Amounts were converted at the exchange rate in effect on 29 June 2018. Measurement of non-listed discount instruments is based on the interest rate curve for listed treasury bills. A markup is added for the spread estimated to apply to the non-listed discount instruments. Measurement of currency forward contracts is based on exchange rates on the reporting date.

Risk assessment method

Certain funds invest in derivative instruments. The "commitment method" is used to calculate the global exposure of the funds. According to the commitment method, derivative positions are converted to an equivalent position in the underlying assets.

The fund management company

Fund management company

E. Öhman J:or Fonder AB
 Box 7837
 103 98 Stockholm, Sweden
 Customer Service: +46 20 52 53 00 (9.00-17.00)
 Email: fonder@ohman.se
 Internet: www.ohman.se/fonder
 Corporate registration number 556050-3020, registered 27 January 1994.
 Share capital SEK 4,200,000.
 Authorisation for E. Öhman J:or Fonder AB to conduct fund business in accordance with the Swedish Investment Funds Act (2004:46) was granted by Finansinspektionen 28 March 1994 and reauthorisation was granted 4 May 2005. As of 8 January 2016, the company is also authorised to manage alternative investment funds in accordance with the Swedish Alternative Investment Fund Managers Act (2013:561). E. Öhman J:or Fonder AB is a wholly owned subsidiary of E. Öhman J:or Asset Management AB.

Board of Directors

Chairman:

Fredrik von Baumgarten, managing partner, Osborne Clarke, Sweden

Directors:

Björn Fröling, director, E. Öhman J:or AB
 Håkan Gustavson, CFO, Beijer Invest AB
 Åsa Hedin, director
 Catharina Versteegh, director, E. Öhman J:or AB

Chief Executive Officer

Pablo Bernengo

Remuneration policy at E. Öhman J:or AB

E. Öhman J:or AB is the parent company of the Öhman Group. The remuneration policy is published on the company's website at www.ohman.se

Auditors

Mona Alfredsson, authorised public accountant
 Ernst & Young AB
 Box 7850
 103 99 Stockholm, Sweden

This report has not been reviewed by the fund management company's auditors.

Depositary

SEB, Securities Services
 106 40 Stockholm, Sweden

Funds under management

Öhman Global Growth
 Öhman Global Hållbar
 Öhman Hjärt-Lungfond
 Öhman Småbolagsfond
 Öhman Sweden Micro Cap
 Öhman Sverige Fokus
 Öhman Sverige Hållbar
 Öhman Sverige Smart Beta
 Öhman Etisk Emerging Markets
 Öhman Etisk Index Europa
 Öhman Etisk Index Japan
 Öhman Etisk Index Pacific
 Öhman Etisk Index Sverige
 Öhman Etisk Index USA
 Öhman Global Marknad Hållbar
 Öhman Sverige Marknad Hållbar
 Öhman Fixed Income Allocation
 Öhman FRN-fond SEK
 Öhman Företagsobligationsfond
 Öhman Företagsobligationsfond Hållbar
 Öhman Grön Obligationsfond
 Öhman Obligationsfond SEK
 Öhman Penningmarknadsfond
 Öhman Realräntefond
 Öhman Räntefond Kompass Hållbar
 Öhman Obligationsfond
 Öhman Navigator
 Öhman Stiftelsefond
 Öhman Systematic Cross Asset
 Lärarfond 21-44 år
 Lärarfond 45-58 år
 Lärarfond 59 +
 Nordnet Superfonden Danmark
 Nordnet Superfondet Norge
 Nordnet Superfonden Sverige
 Nordnet Superrahasto Suomi
 Nordnet Räntefond Sverige
 Nordnet Försiktig
 Nordnet Balanserad
 Nordnet Offensiv

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Öhman
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