

Lannebo High Yield

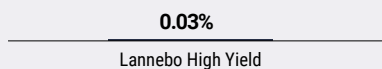
Swedish-registered fixed income fund

Monthly report October 2022

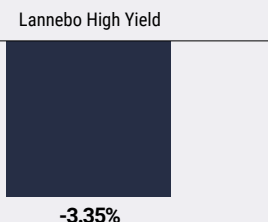
The money you invest in a fund can both increase and decrease in value and it is not certain that you will get back the full amount invested.

Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
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Monthly performance



Performance YTD



Katarina Ponsbach Carlsson & Karin Haraldsson

High inflation continues to worry financial markets

Continued reduced exposure to the real estate sector

The negative sentiment on the credit market continued during October with inflation still in focus. The ECB raised interest rates by 0.75 percentage points to 2 per cent and it will continue to raise rates until inflation has fallen back. The US FED will make its interest rate announcement at the beginning of November, where an increase of 75 points for a rate of 4 per cent is on the cards.

During September, the Riksbank raised the repo rate by 1 percentage point to 1.75 per cent, which was expected by the market following the recent inflation data that indicated continued high inflation. The Riksbank guided for further rate increases later this year and forecasts that the policy rate will be around 2.3 per cent at the beginning of 2023 and will peak around 2.5 per cent later in 2023. Even larger increases than what the Riksbank has signaled are priced-in on market rates. The 3-month Stibor, which is the basis for setting interest rates on our Swedish floating-rate bonds, increased during October from 1.7 to 2.1 per cent.

Performance*

Performance (%)	Lannebo High Yield
October 2022	0.0
Year-to-date 2022	-3.3
3 years	-0.6
5 years	5.0
Since launch (01/30/15)	18.7
Average annual return 24 months	2.5
2021 ¹	6.2
2020 ¹	-3.8
2019 ¹	5.0
2018 ¹	1.0
2017 ¹	5.1

¹ The performance is based on closing prices.
*Net of fees

Monthly performance, %

Jan	Feb	Mar	Apr	May	Jun
0.2	-1.7	0.4	0.6	-0.9	-2.1
Jul	Aug	Sep	Oct	Nov	Dec
0.4	1.4	-1.7	0.0	-	-

Long-term market rates, which rose sharply during the year, were unchanged during the month. The Swedish 5-year government bond was 2.3 per cent. Currently, 2-year interest rates are higher than the 5-year, which indicates a belief in a recession and lower interest rates in the future. Basically, we think it is healthy to have interest rates that are not too low. We maintain a low interest duration by investing in floating rate bonds in order to protect the fund against rising interest rates.

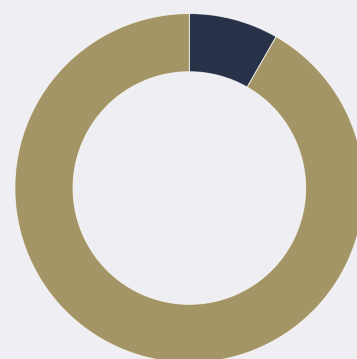
The Q3 reporting season kicked-off for our holdings, but the lion's-share of them will report earnings during November. A consistent theme was that companies with manufacturing and industrial exposure partially succeeded in offsetting cost increases at the supplier level - but not fully - which resulted in increased turnover but lower margins. For companies with direct consumer exposure, Q3 results have so far been in line with already low expectations; however, many companies see a weaker period ahead. The holding in Ekornes, which manufactures Stressless armchairs, communicated that they see a slightly weaker market going forward, driven by lower demand in Europe. So far, the Nordic banks are responsible for the positive earnings releases, driven by a strengthened net interest income given market interest rates have gone up, while interest rates on deposits have not increased at the same rate.

Bonds issued by real estate companies have traded down during the year over concerns of how they will cope as the cost of financing increases - a trend that continued in October. Some of the large listed real estate companies released their quarterly earnings and they are writing-down some of their holdings, which they will need to continue with in the coming quarters. Several of these companies that hold an official credit rating received downgraded outlooks and they are under pressure to improve their key ratios, such as debt, to avoid having their ratings downgraded. We continued to reduce our exposure to the real estate sector during the month.

The Nordic primary market for high yield bonds was basically closed and we did not invest in any new bonds. We maintained the fund's structure during the month. Both the credit duration, the average duration of all holdings in the fund, and the interest rate duration, measured as the average fixed interest period, were basically unchanged during the period.

The rate of return is currently around 8.5 per cent before fees, given an unchanged interest rate.

Credit rating distribution



	Credit scoring securities	% of the fund
Investment grade	AAA	0.0
	AA+/AA/AA-	0.0
	A+/A/A-	0.0
	BBB+/BBB/BBB-	7.3
High yield	BB+/BB/BB-	31.1
	B+/B/B-	48.4
	CCC/CC/C	1.3
Default	D	0.0
Cash/other		12.0

The share of the fund with an official credit rating amounted to 28.1 per cent.

10 largest holdings

Holding	% of the fund
Sbab Bank	3.7
Color Group	3.3
Open Infra	3.2
Aktia Bank	3.2
Ocean Yield	3.2
Seapeak	2.8
Arwidsro	2.7
Link Mobility Group Holding Asa	2.7
Carucel Property As	2.5
Duo Bidco	2.4
Total 10 largest issuers	29.7
Cash	12.0
Total number of issuers	44

Major changes during the month

Buy

-

Sell

Heimstaden

Dentalum

Risk and reward profile



Financial ratios

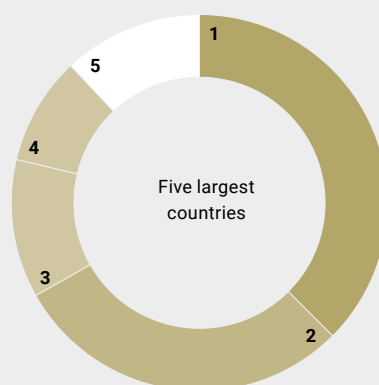
	Lannebo High Yield
Total risk (%)	3.2
Interest-rate duration (years)	0.5
Credit duration (years)	3.2
Portfolio turnover ratio (06/30/22)	0.2

Maturity profile*

	% of the fund
< 1 year	8
1-3 years	51
3-5 years	27
> 5 years	1

*The maturity profile of the fund excludes cash.

Country allocation



#	Country	% of the fund
1	Sweden	37.5
2	Norway	29.3
3	Finland	11.9
4	Denmark	9.3
5	Cash	12.0

Fund facts

Fund manager	Karin Haraldsson & Katarina Ponsbach Carlsson
Launch date	01/30/15
NAV per unit (SEK)	118.65
Fund size (SEKm)	458
Ongoing charges	0.92%
Bankgiro	584-9369
ISIN	SE0006421855
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300XRFORNDKE3IM10

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 lannebo.se/en. Please note that Lannebo 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 is suitable for those who

- Want a higher return than traditional fixed income funds and who are willing to take on a slightly higher risk.
- Want an actively managed fund where a thorough company analysis creates long-term returns.
- Want a well-diversified fund of corporate bonds.

The fund's investment policy

Lannebo High Yield is an actively managed fixed income fund that primarily invests in High Yield corporate bonds predominantly from issuers in the Nordic region. High Yield bonds are securities issued by companies with a lower credit rating. The average maturity of the fund's holdings is 3-5 years, but October at times deviate from this range. Investments in foreign currency are always hedged.

Explanations

Total risk Given as the standard deviation of variations in the total return of the fund.

Interest-rate duration Weighted average life.

All financial ratios are calculated according to guidelines of the Swedish Investment Fund Association.

Credit duration

Weighted average maturity.



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