

Lannebo Sustainable Corporate Bond

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.

A continued strong credit market Invested in ICA's green bond issue



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The Nordic credit market continued to perform strongly in May, which is reflected in the fund's positive return. There was good demand for bonds and prices increased across the board, except for some segments of the real estate sector – in particular bonds issued by the property company SBB and its major owner, Ilija Invest. We are generally cautious in our exposure to the real estate sector and have no holdings in the companies involved in the SBB circus.

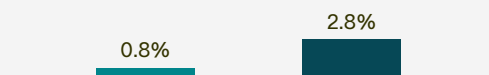
The interest rate on a Swedish 5-year government bond closed the period unchanged at 2.4 per cent. The 2-year interest rate continued to trade higher than the 5-year rate, indicating a belief in a coming recession and lower interest rates further down the line. The 3-month Stibor rate, which is the basis for setting interest rates on our Swedish floating-rate bonds, continued to increase during the period from 3.6 to 3.7 per cent.

The primary market got under way during the period and we participated in several new issues. The food chain ICA issued a green bond to finance projects that will reduce its climate footprint in connection with food production and consumption. The green framework includes a second opinion, Medium Green, by the second party opinion provider Cicero. In connection with the issue, we visited ICA's headquarters in Solna for a presentation of the company and its finances. We also visited the company's quality assurance test laboratory used for all ICA's proprietary products, which are sold under seven different brands, including ICA Basic, ICA Selection, and GoGreen. ICA's representatives presented how they manage quality and sustainability checks of suppliers, as well as the process in developing a new proprietary product. As an example, it can take up to three years to produce a soy sauce that meets ICA's quality requirements and suits the taste of the Swedish market.

We also participated in Stena Metall and Getinge's new issues, where both are current holdings. Stena Metall issued another green bond

The fund's performance*

■ 1 month
■ 1 year



Performance (%)	Fund	Index ¹
May 2023	0.8	0.0
YTD 2023	3.6	2.0
1 year	2.8	1.4
3 years	7.7	0.2
Since launch (02/18/20)	4.9	-0.6
Average 24 months	0.7	-1.0
2022 ²	-3.0	-3.9
2021 ²	2.6	0.1
2020 ²	1.8 ³	1.3 ³

¹ Before 06/01/20 the benchmark of the fund was Nasdaq OMX Credit SEK TR Index.

² The performance is based on closing prices.

³ Refers to the period 02/18/20 - 12/31/20.

* Net of fees

Jan	Feb	Mar	Apr	May	Jun
1.4	1.3	-0.6	0.8	0.8	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

under the company's green framework, Dark Green, by Cicero. The proceeds will be used to invest in Stena Metall's recycling facility in Halmstad, which is the largest and most modern in all of Europe. The bond has a five year term and a coupon rate of 5.75 per cent. Swedish healthcare and medical technology solutions company Getinge, with products such as ventilators and sterilization equipment, issued a five-year bond with a 5.30 per cent coupon.

The Q1 earnings season came to an end in May. Banks, as expected, delivered strong earnings where net interest income benefits from rising interest rates, while credit losses remain at very low levels. We own At1 capital in DNB and SEB, both of which reported strong earnings. As expected from a credit perspective, most industrial companies reported stable earnings. Also as expected, the interest coverage ratio for real estate companies is falling and the loan-to-value ratio is generally increasing. Many real estate companies implemented measures to reduce balance sheet risk. Several of our holdings sold properties during the period, took in new equity through share issues or extended the companies' banking facilities to strengthen liquidity in order to meet upcoming bond maturities. Our assessment is that the interest coverage ratio will continue to fall for these companies and that companies in the sector may see downgrades from the rating companies. But with that said, this is already priced into the bond prices.

Higher interest rates and wide credit spreads now produce historically high yields on corporate bonds. Given an unchanged interest rate, the annual rate of return for the fund is currently around 6.3 per cent after fees.

Our strategy is to maintain a low interest duration to protect the fund against rising interest rates. We do this by investing mostly in FRN loans, which are bonds with variable interest rates. We hedge all foreign currency exposure in the fund to Swedish kronor. At the end of the period, the average credit duration was 2.6 years and the interest duration was 0.5 years.

Largest holdings

Holding	Share of the fund (%)
Smakraft	5.3
Storebrand Livsforsikring	4.0
Tryg Forsikring	4.0
Mowi	3.9
Castellum	3.8
Bewi	3.4
European Energy	3.2
Vattenfall	2.8
Boliden	2.8
Volvo Car	2.7
Total ten largest issuers	35.9
Cash	9.7
Total number of issuers	53

Main changes

Bought	Sold
Stena Metall	Balder (redemption)
Getinge	-
ICA	-

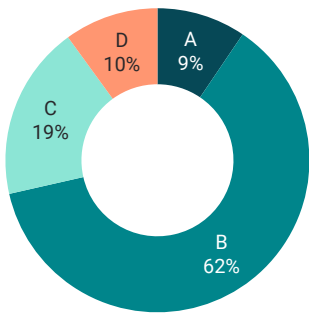
Sector allocation

Sector	Share of the fund (%)
Financials	20.8
Real estate	17.1
Industrials	13.9
Energy	11.7
Consumer staples	6.7
Material	6.3
Consumer discretionary	5.1
Information technology	4.6
Communication services	3.4
Healthcare	2.0

We work actively to take advantage of business opportunities and avoid risks related to the environment, social sustainability and corporate governance.

Sustainability grade

Lannebo’s sustainability analysis identifies and grades the portfolio holdings’ management of sustainability risks, environmental impact, and sustainability in the business model. A is the highest grade and E the lowest.



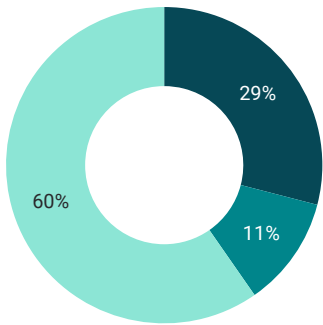
Share of the fund (%)

A	9
B	62
C	19
D	10
E	0

Climate target

Lannebo has committed to a climate target that requires the companies in material sectors within its portfolios to establish science-based emissions reduction targets, SBT.

Year 2040: 100% Year 2030: 50%



Share of the fund (%)

Validated SBT	29
Committed SBT	11
No SBT	60

Gender equality on boards

The objective is to ensure greater gender representation by aiming for a minimum of 40 percent representation of the under-represented gender among board members on average.

	Share (%)
Women	39
Men	61

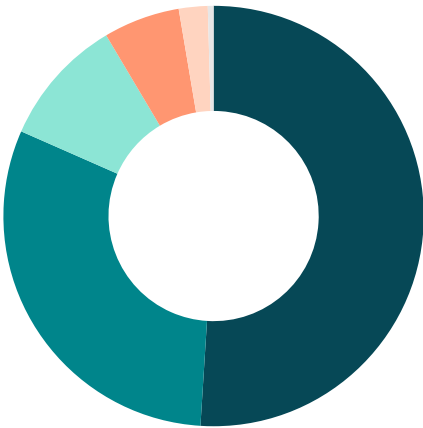
Financial ratios

	Fund	Index
Total risk (%)	3.0	2.0
Interest-rate duration (years)	0.5	
Credit duration (years)	2.6	
Portfolio turnover ratio	0.3	

Credit rating distribution

	Credit rating	% of the fund
Investment grade	AAA	0.5
	AA+/AA/AA-	0.0
	A+/A/A-	7.9
	BBB+/BBB/BBB-	44.5
High yield	BB+/BB/BB-	35.5
	B+/B/B-	1.8
	CCC/CC/C	0.0
Default	D	0.0
Cash		9.7
Official credit rating		49.5

Country allocation



Country	% of the fund
Sweden	46.0
Norway	27.6
Denmark	8.9
Finland	5.3
Luxembourg	2.0
Other	0.4

Fund facts

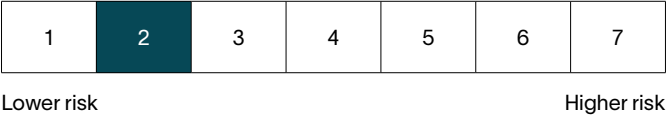
Fund managers	Karin Haraldsson & Katarina Carlsson
Launch date	02/18/20
NAV per unit	SEK 104.88
Fund size	SEKm 516
Ongoing charges	0.9%
ISIN	SE0013646866
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300VD1CKLHX5LM106

Maturity profile

	% of the fund
< 1 år	7
1-3 år	48
3-5 år	29
> 5 år	6

The maturity profile of the fund excludes cash.

Risk indicator



Explanations*

Total risk

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

Interest-rate duration

Weighted average life.

Credit duration

Weighted average maturity.

Green bond

A bond where the capital is being used exclusively for environmental projects and certified by a third party.

Benchmark

Solactive SEK IG Credit 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.

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 en.lannebo.se.

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.

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