

Monthly report August 2023

# 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.

## The fund continues to develop strongly

### Redeemed Heimstaden bonds



Karin Haraldsson  
[karin.haraldsson@lannebo.se](mailto:karin.haraldsson@lannebo.se)



Katarina Carlsson  
[katarina.carlsson@lannebo.se](mailto:katarina.carlsson@lannebo.se)

The fund continued to perform strongly due to high running yield. The Nordic primary market gradually opened after the summer. We invested in the Swedish heat pump manufacturer NIBE's new bond; the bond has a four-year maturity and a coupon rate of Stibor 3 months +1.35 per cent, which currently yields a coupon of 5.36 per cent. The Swedish real estate company Heimstaden AB initiated a buyback program at a level well above the market price. We chose to redeem our holding given our assessment is that Heimstaden has several challenges to resolve going forward.

Inflation continued to be high, although it has fallen somewhat from the peak. Most central banks are signaling further rate increases may be required. The interest rate on a Swedish 5-year government bond rose slightly during the period from 2.7 to 2.9 per cent. The 2-year yields continued to trade higher than the 5-year, which indicates a belief in a coming recession and lower interest rates further down the line. The Stibor 3-month interest rate, which is the basis for the interest rate setting on our Swedish floating-rate bonds, continued to increase during the period from 3.9 to 4.0 per cent.

Higher interest rates and wide credit spreads are now delivering historically high yields on corporate bonds. Given unchanged interest rates, the fund's annual rate of return is currently around 6.4 per cent after fees.

Our strategy is to maintain a low interest duration in order to protect the fund against rising interest rates. We do this by investing mostly in FRN loans, which are bonds with a variable interest rate. We hedge all foreign currency exposure in the fund to Swedish kronor. At the end of the period, the average credit duration was 2.1 years and the interest duration was 0.5 years.

## The fund's performance\*

■ 1 month  
■ 1 year



Performance (%)	Fund	Index <sup>1</sup>
August 2023	0.6	0.3
YTD 2023	5.2	2.7
1 year	5.2	2.9
3 years	6.3	-0.6
Since launch (02/18/20)	6.5	0.1
Average 24 months	1.1	-0.8
2022 <sup>2</sup>	-3.0	-3.9
2021 <sup>2</sup>	2.6	0.1
2020 <sup>2</sup>	1.8 <sup>3</sup>	1.3 <sup>3</sup>

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

<sup>2</sup> The performance is based on closing prices.

<sup>3</sup> 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	0.4
Jul	Aug	Sep	Oct	Nov	Dec
0.5	0.6	-	-	-	-

## Largest holdings

Holding	Share of the fund (%)
Smakraft	4.9
Storebrand Livsforsikring	3.7
Tryg Forsikring	3.7
Castellum	3.7
Mowi	3.5
Terveystalo	3.1
Bewi	3.0
European Energy	2.9
Vattenfall	2.6
Boliden	2.5
<b>Total ten largest issuers</b>	<b>33.6</b>
Cash	14.4
Total number of issuers	53

## Main changes

Bought	Sold
Nibe	Heimstaden
-	-
-	-

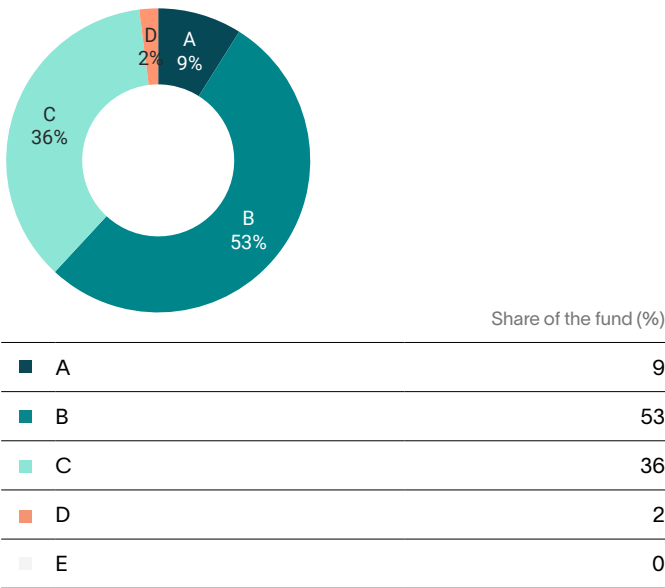
## Sector allocation

Sector	Share of the fund (%)
Financials	19.2
Real estate	15.4
Industrials	12.3
Energy	10.7
Consumer staples	6.2
Material	5.6
Healthcare	4.8
Consumer discretionary	4.6
Information technology	4.3
Communication services	3.1

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

Sustainability grade

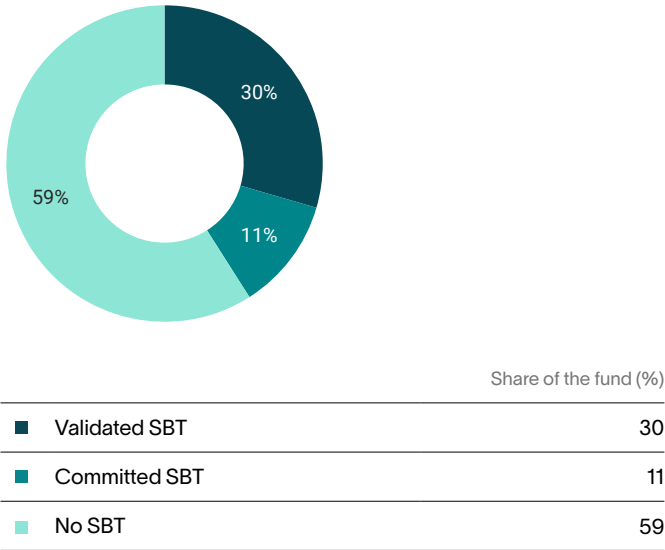
Lannebo’s sustainability analysis identifies and grades the portfolio holdings’ management of sustainability risks, environmental impact, and sustainability in the business model. A is the highest grade and E the lowest.



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%



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

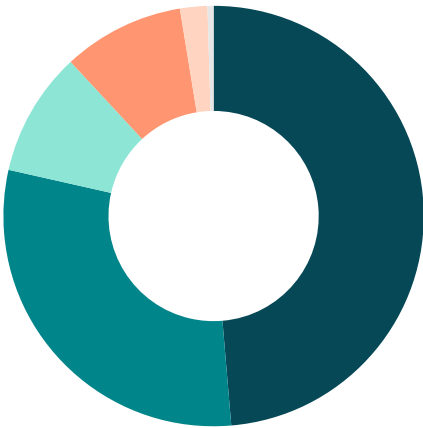
Financial ratios

	Fund	Index
Total risk (%)	3.1	2.1
Interest-rate duration (years)	0.5	
Credit duration (years)	2.1	
Portfolio turnover ratio	0.3	

Credit rating distribution

	Credit rating	% of the fund
Investment grade	AAA	0.4
	AA+/AA/AA-	0.0
	A+/A/A-	7.3
	BBB+/BBB/BBB-	43.6
High yield	BB+/BB/BB-	32.9
	B+/B/B-	1.4
	CCC/CC/C	0.0
Default	D	0.0
Cash		14.4
Official credit rating, including cash		49.0

Country allocation



Country	% of the fund
Sweden	41.7
Norway	25.6
Denmark	8.2
Finland	8
Luxembourg	1.8
Other	0.4

Fund facts

Fund managers	Karin Haraldsson & Katarina Carlsson
Launch date	02/18/20
NAV per unit	SEK 106.47
Fund size	SEKm 578
Ongoing charges*	0.9%
ISIN	SE0013646866
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300VD1CKLHX5LM106

\* Ongoing costs consist of management fees and other administrative or operating costs (an estimate based on actual costs over the past year) and transaction costs (an estimate of costs incurred when a fund buys and sells securities).

Maturity profile

	% of the fund
< 1 år	10
1-3 år	41
3-5 år	34
> 5 år	0

The maturity profile of the fund excludes cash.

Risk indicator

1	2	3	4	5	6	7
Lower risk						Higher risk

## Explanations\*

---

### 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.

---

### Interest-rate duration

Weighted average life.

---

### Credit duration

Weighted average maturity.

---

### 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](https://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.

---

### Green bond

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

---

### Total risk

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

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