

Monthly report September 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.



Continued strong development for the fund

Several new holdings



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The fund's positive return during the month is largely due to the high running yield.

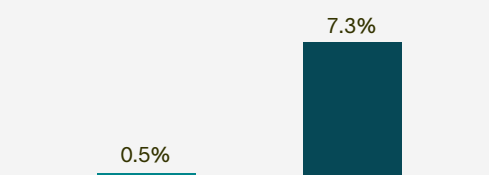
The primary market remained active and we participated in several new issues. We invested in the Norwegian industrial conglomerate Bonheur new green bond. Bonheur's largest business areas are within renewable energy such as wind farms and wind farms services. Bonheur issued a 5-year bond with a coupon of Nibor 3 months + 3 per cent, currently yielding 7.75 per cent. We also invested in a new bond issued by the Swedish property company NP3, which owns and manages properties in Norrland, an area that is at present demonstrating strong growth. The company owns properties worth just over SEK 20 billion. NP3 issued a bond with a 3.25 maturity and a coupon rate of Stibor 3 months +5.25 per cent.

Inflation continued to be high, albeit somewhat lower from the peak. During the month, the ECB and the Riksbank raised their respective key interest rates by 0.25 percentage points. The Swedish policy rate is now 4 per cent and the Riksbank has not rule out a further increase in November. The Fed, which initiated its rate hike cycle before Sweden, left its key rate unchanged in the 5.25-5.5 per cent range at its latest meeting.

The interest rate on a Swedish 5-year government bond rose slightly during the period from 2.9 to 3.1 per cent. The 2-year yields continue to trade higher than the 5-year yields, which indicates a continued belief in a coming recession and lower interest rates further down the line. The Stibor 3-month rate, which is the basis for the interest rate setting on our Swedish floating-rate bonds, continued to increase during the period from 4.0 to 4.1 per cent. Higher interest rates and wide credit spreads are now generating historically high yields on corporate bonds. Given unchanged interest

The fund's performance*

■ 1 month
■ 1 year



| Performance (%) | Fund | Index ¹ |
|-------------------------|------------------|--------------------|
| September 2023 | 0.5 | 0.3 |
| YTD 2023 | 5.7 | 3.1 |
| 1 year | 7.3 | 3.9 |
| 3 years | 6.2 | -0.6 |
| Since launch (02/18/20) | 7.0 | 0.5 |
| Average 24 months | 1.2 | -0.6 |
| 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 | 0.4 |
| Jul | Aug | Sep | Oct | Nov | Dec |
| 0.5 | 0.6 | 0.5 | - | - | - |

rates, the fund's annual rate of return is currently around 6.2 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 the Swedish kronor. At the end of the period, the average credit duration was 2.3 years and the interest duration was 0.5 years.

Largest holdings

| Holding | Share of the fund (%) |
|----------------------------------|-----------------------|
| Smakraft | 4.6 |
| DNB Bank | 4.0 |
| Storebrand Livsforsikring | 3.6 |
| Tryg Forsikring | 3.6 |
| Castellum | 3.5 |
| Mowi | 3.3 |
| Terveystalo | 2.9 |
| Bewi | 2.8 |
| European Energy | 2.6 |
| SEB | 2.5 |
| Total ten largest issuers | 33.4 |
| Cash | 7.5 |
| Total number of issuers | 55 |

Main changes

| Bought | Sold |
|-------------|------|
| Bonheur | - |
| DNB | - |
| FastPartner | - |

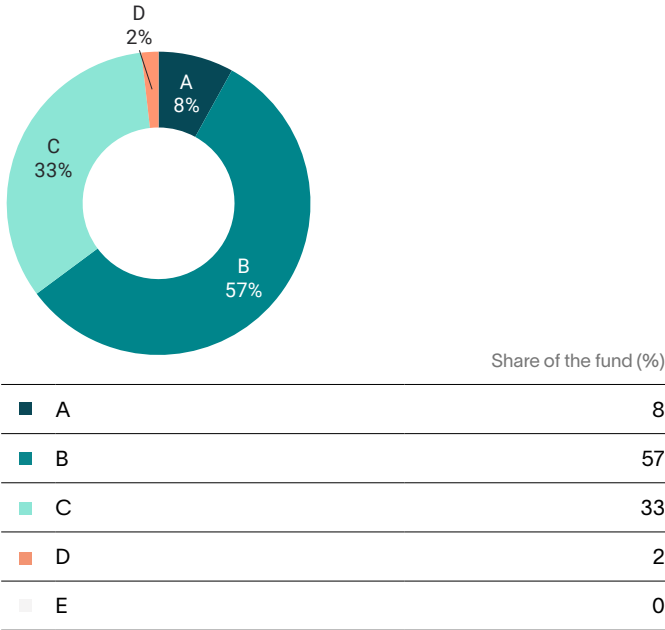
Sector allocation

| Sector | Share of the fund (%) |
|------------------------|-----------------------|
| Financials | 20.8 |
| Real estate | 19.3 |
| Industrials | 14.5 |
| Energy | 10.1 |
| Consumer staples | 5.9 |
| Material | 5.4 |
| Healthcare | 4.6 |
| Consumer discretionary | 4.4 |
| Information technology | 4.1 |
| Communication services | 3.0 |

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

Sustainability grade

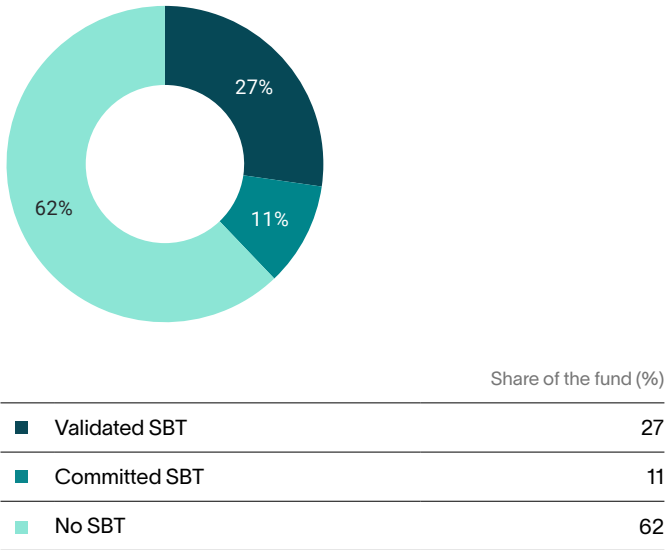
Lannebo’s sustainability analysis identifies and grades the portfolio holdings’ management of sustainability risks, environmental impact, and sustainability in the business model. A is the highest grade and E the lowest.



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 | 40 |
| Men | 60 |

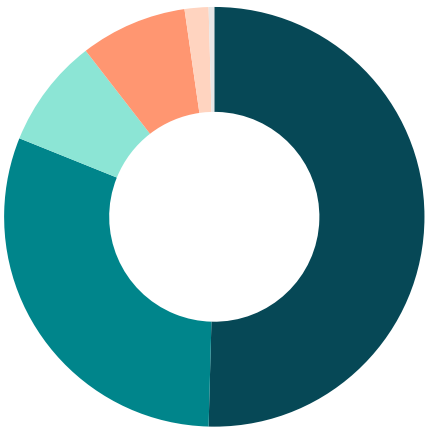
Financial ratios

| | Fund | Index |
|--------------------------------|------|-------|
| Total risk (%) | 3.1 | 2.1 |
| Interest-rate duration (years) | 0.4 | |
| Credit duration (years) | 2.4 | |
| 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- | 7.0 |
| | BBB+/BBB/BBB- | 47.8 |
| High yield | BB+/BB/BB- | 35.9 |
| | B+/B/B- | 1.4 |
| | CCC/CC/C | 0.0 |
| Default | D | 0.0 |
| Cash | | 7.5 |
| Official credit rating, including cash | | 49.0 |

Country allocation



| Country | % of the fund |
|------------|---------------|
| Sweden | 46.7 |
| Norway | 28.4 |
| Denmark | 7.8 |
| Finland | 7.6 |
| Luxembourg | 1.7 |
| Other | 0.4 |

Fund facts

| | |
|---------------------------|--------------------------------------|
| Fund managers | Karin Haraldsson & Katarina Carlsson |
| Launch date | 02/18/20 |
| NAV per unit | SEK 106.95 |
| Fund size | SEKm 599 |
| 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 | 50 |
| 3-5 år | 28 |
| > 5 år | 4 |

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.

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.