

Monthly report January 2024

# 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.



## Strong start to the year

Increased holding in Cinus and European Energy



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



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

2024 has started the same way 2023 ended - with strong credit markets and narrowing credit spreads.

Towards the end of the month, the primary market opened up. We participated in a bond issued by Swedish Cibus, a previous holding, that owns and manages properties for large and stable grocery retailers in the Nordics, including ICA, Coop and Kesko. The bond has a three-year maturity and a coupon of about 8 per cent. The holding in the Danish wind and solar power producer European Energy was increased. We are generally cautious to the construction sector, which is currently having a tough time due to low construction levels, and, consequently, we divested Wästbygg in its entirety.

Inflation continues to fall back and we have likely seen the last of the rate hikes; focus has now shifted to when the first rate cuts will be announced. During the month, the Fed maintained its key interest rate unchanged for the fourth consecutive time. The interest rate on a Swedish 5-year government bond rose marginally during the month. The 2-year interest rates are still trading higher than the 5-year rates. The Stibor 3-month interest rate, which is the basis for interest rate setting on our Swedish floating-rate bonds, was basically unchanged at 4.1 per cent.

We maintained the fund's structure; both the credit duration, the average maturity of all holdings in the fund, and the interest duration, measured as the average fixed interest period, were basically unchanged during the period. We hedge all foreign currency exposure to the Swedish kronor.

Even if credit spreads decrease somewhat, returns on corporate bonds are historically high. Given unchanged interest rates, the fund's annual running yield is currently just over 6 per cent after fees.

## The fund's performance\*

- 1 month
- 1 year



Performance (%)	Fund	Index <sup>1</sup>
January 2024	1.4	0.2
YTD 2024	1.4	0.2
1 year	7.7	5.2
3 years	8.1	2.2
Since launch (02/18/20)	10.6	3.8
Average 24 months	2.9	1.2
2023 <sup>2</sup>	7.7	6.2
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	-	-	-	-	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

## Largest holdings

Holding	Share of the fund (%)
DNB Bank	3,6
Castellum	3,4
European Energy	3,4
Storebrand Livsforsikring	3,2
Tryg Forsikring	3,2
SEB	3,1
Mowi	2,9
Terveystalo	2,7
Fiskars	2,7
Balder	2,6
<b>Total ten largest issuers</b>	<b>30,8</b>
Cash	10,1
Total number of issuers	54

## Main changes

Bought	Sold
European Energy	Wästbygg
Cibus	-
-	-

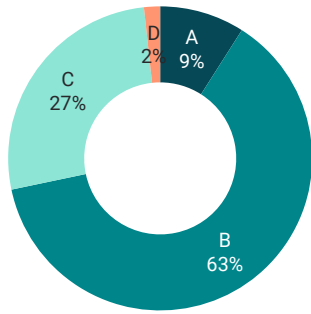
## Sector allocation

Sector	Share of the fund (%)
Financials	20,4
Real estate	19,2
Industrials	15,4
Energy	8,0
Material	6,2
Consumer staples	5,2
Consumer discretionary	5,2
Healthcare	4,2
Information technology	3,7
Communication services	2,7

## 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.



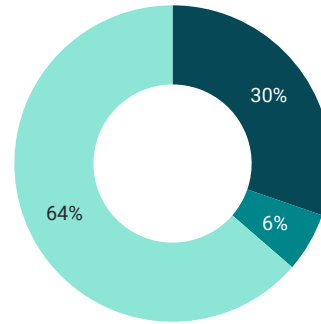
Share of the fund (%)

■ A	9
■ B	63
■ C	27
■ D	2
■ 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	30
■ Committed SBT	6
■ No SBT	64

### 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

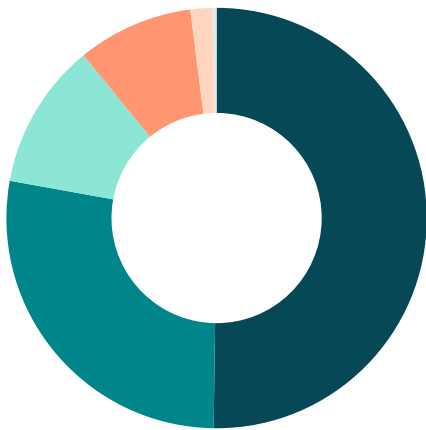
## Financial ratios

	Fund	Index
Total risk (%)	3.3	2.4
Interest-rate duration (years)	0.6	
Credit duration (years)	2.4	
Portfolio turnover ratio	0.2	

## Credit rating distribution

	Credit rating	% of the fund
Investment grade	AAA	0.4
	AA+/AA/AA-	-0.3
	A+/A/A-	6.3
	BBB+/BBB/BBB-	43.2
High yield	BB+/BB/BB-	38.3
	B+/B/B-	2.1
	CCC/CC/C	0.0
Default	D	0.0
Cash		10.1
Total official credit rating		40.7

## Country allocation



Country	% of the fund
Sweden	45.1
Norway	24.8
Finland	10.1
Denmark	8
Luxembourg	1.5
Other	0.3

## Fund facts

Fund managers	Karin Haraldsson & Katarina Carlsson
Launch date	02/18/20
NAV per unit	SEK 110.55
Fund size	SEKm 659
Ongoing charges*	0.8%
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	7
1-3 år	45
3-5 år	37
> 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.