

Monthly report March 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.



## Credit market strong right up to Easter

### Several new holdings



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The fund continued on the same path and again performed strongly in March. The high activity on the primary market continued and we participated in several issues. We invested in Castellum, Sanolium and Lantmännen. Sanolium, which is a new holding, redeemed its old bonds and issued a new one with a five-year maturity and an 8 per cent coupon. Sanolium provides healthcare IT solutions to the majority of Sweden's regions and, as such, has a strong market position. Lantmännen issued a bond under its green framework where proceeds will be utilized for sustainable agriculture. The property company Castellum also issued a green bond, and it can be said that high quality real estate companies have made a real comeback on the bond market.

Inflation continues to fall back and we have seen the last rate hike. As expected, the Riksbank left its policy rate unchanged at 4.0 per cent during the month; and the interest rate path was lowered a little more than expected. If inflation comes in as expected, the interest rate will likely be lowered in May or June. The interest rate on a Swedish 5-year government bond fell during the month. The 2-year interest rates are still higher than the 5-year rates, but the difference has narrowed. The Stibor 3-month rate, which is the basis for interest rate setting on our Swedish floating-rate bonds, was basically unchanged at around 4.0 per cent.

We maintained the fund's structure during the period. Both the credit duration, the average duration 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.

Returns on corporate bonds are still historically high even if credit spreads have narrowed somewhat. Given an unchanged interest rate, the running yield is currently just under 6 per cent after fees.

### The fund's return\*

- 1 month
- 1 year



Performance (%)	Fund	Index <sup>1</sup>
March 2024	0.8	0.7
YTD 2024	2.9	0.9
1 year	8.6	5.8
3 years	8.9	3.1
Since launch (02/18/20)	12.2	4.4
Average 24 months	4.3	2.5
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	0.7	0.8	-	-	-
Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	-	-

## Largest holdings

Holding	Share of the fund (%)
DNB Bank	3.5
European Energy	3.2
Storebrand Livsforsikring	3.1
Castellum	3.0
SEB	3.0
Tryg Forsikring	3.0
Mowi	2.8
Corem Property Group	2.7
Terveystalo	2.6
Fiskars	2.6
<b>Total ten largest issuers</b>	<b>29.5</b>
Cash	9.1
Total number of issuers	58

## Main changes

Bought	Sold
Sanolium	-
Lantmännen	-
Castellum	-

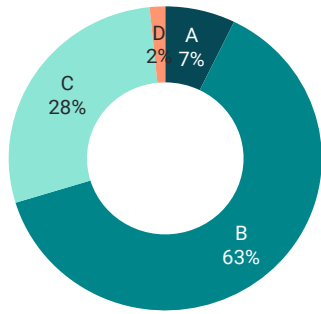
## Sector allocation

Sector	Share of the fund (%)
Real estate	21.2
Financials	19.3
Industrials	14.1
Energy	7.7
Consumer staples	6.2
Material	5.8
Healthcare	5.1
Consumer discretionary	5.0
Information technology	3.6
Communication services	2.6

## 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.



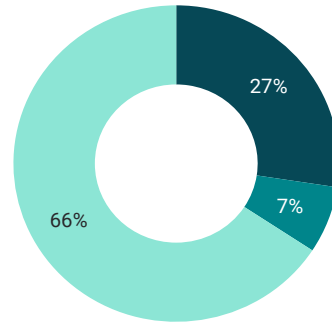
Share of the fund (%)

■ A	7
■ B	63
■ C	28
■ 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	27
■ Committed SBT	7
■ No SBT	66

### 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	42
Men	58

## Financial ratios

	Fund	Index
Total risk (%)	3.1	2.2
Interest-rate duration (years)	0.6	
Credit duration (years)	2.5	
Portfolio turnover ratio	0.2	

## Credit rating distribution

	Credit rating	% of the fund
Investment grade	AAA	0.3
	AA+/AA/AA-	-0.3
	A+/A/A-	6.0
	BBB+/BBB/BBB-	41.0
High yield	BB+/BB/BB-	40.4
	B+/B/B-	3.4
	CCC/CC/C	0.0
Default	D	0.0
Cash		9.1
Total official credit rating		39.7

## Country allocation



Country	% of the fund
Sweden	47.4
Norway	24.5
Finland	9.7
Denmark	7.5
Luxembourg	1.5
Other	0.3

## Fund facts

Fund managers	Karin Haraldsson & Katarina Carlsson
Launch date	02/18/20
NAV per unit	SEK 112.22
Fund size	SEKm 700
Management Fee	0.5%
Ongoing charges*	0.8%
ISIN	SE0013646866
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	549300VD1CKLHX5LM106

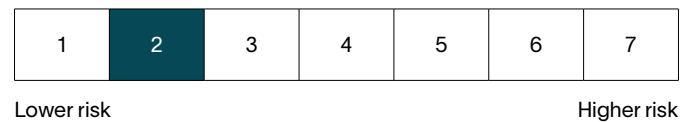
\* Ongoing costs consist of management fees and other administrative or operating costs (an estimate based on actual costs over the past year) and transaction costs (an estimate of costs incurred when a fund buys and sells securities).

## Maturity profile

	% of the fund
< 1 år	8
1-3 år	50
3-5 år	29
> 5 år	3

The maturity profile of the fund excludes cash.

## Risk indicator



## Explanations\*

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### 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.

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### Interest-rate duration

Weighted average life.

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### Credit duration

Weighted average maturity.

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### 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.

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### Green bond

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

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### Total risk

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