

Lannebo Corporate Bond

Swedish-registered fixed income fund

Monthly report

October 2018

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 www.lannebo.se. Please note that Lannebo Fonder 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.

The fund's investment policy

Lannebo Corporate Bond is an actively managed long-term fixed income fund that mainly invests in Swedish but also other Nordic corporate bonds. The credit duration of the fund is normally 3-5 years. Lannebo Corporate Bond may invest more than 35 per cent of the fund's assets in bonds and other debt instruments issued or guaranteed by a Nordic state or municipality.

The fund targets those who:

- want a higher return than traditional fixed income funds but at a lower risk than equity funds
- want exposure to corporate bonds with low to medium risk
- want an actively managed fund where a thorough company analysis creates long-term returns

Fund manager comment

Lannebo Corporate Bond decreased by 0.1 per cent in October and has risen 0.6 per cent so far this year.

Activity on both the primary- and secondary markets was good during the month. However, the risk appetite was low on both the equity- and corporate bond markets and equity markets fell sharply on several fronts. Corporate bond prices fell, particularly for investment grade bonds, with spreads widening. Geopolitical concerns, an escalating trade war between the US and China, as well as outflows in corporate bond funds – primarily in Europe – were factors that negatively impacted the Nordic credit markets.

Swedish long-term interest rates saw only modest movements in October. The Swedish 5-year government bond yield decreased from +0.11 per cent in September to +0.09 per cent at the end of October. The 3-month Stibor fell somewhat from -0.46 per cent to -0.49 per cent during the month. The fund has low interest rate risk, which means that a change in long-term interest rates has no major impact on the fund.

The Riksbank, at their October meeting, maintained the Swedish repo rate unchanged at -0.5 per cent. The Swedish economy is strong and inflation is at the 2 percent target, where higher fuel costs have pushed up inflation; however, the adjusted inflationary pressure is moderate. The Riksbank's Executive Board is of the opinion that monetary policy will continue to be expansive and that the repo rate will begin to rise in December or January 2019.

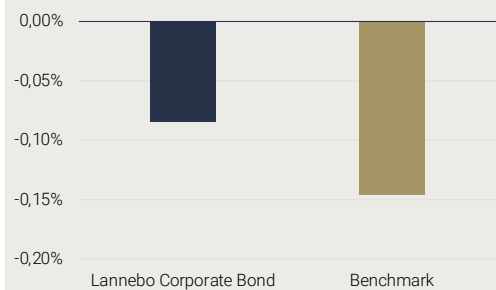
No major structural changes were made in the fund during the month. Credit duration, the average maturity

of all the holdings in the fund, was unchanged at 3.1 years. The interest rate duration, measured as the average interest period, increased somewhat to 0.6 years. The share of corporate bonds consists mainly of FRN-loans, which are bonds with a variable interest rate. The continued strategy of the fund is to maintain a low interest rate risk to protect the fund against rising interest rates. The fund hedges all foreign currency exposure to Swedish krona.

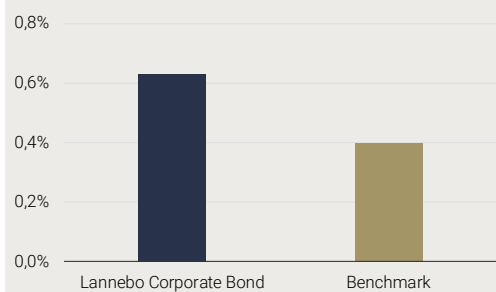
The Q3 earnings reports began to pour in during late October and so far most were in line with expectations from a credit perspective. Castellum, the largest holding, released as usual a positive report with stable growth where debt continued to decline. News related to ESG issues continued in October in the wake of Danske Bank's money laundering scandal. Volvo Trucks reported faults with its emissions exhaust systems, which suggested that it will likely lead to quite high costs to rectify. The company reported strong earnings for Q3 and, despite the negative news, there is a probable rating upgrade given the company's strong balance sheet and large cash reserve which can cope with the additional costs to address the problems.

The largest issues at the end of the month were: Castellum, Color Group, Storebrand Livförsäkring, OP Bank and Nordea Bank.

Performance for the month



Performance year-to-date



Performance (%)	Lannebo Corporate Bond	Benchmark
October 2018	-0.1	-0.1
Year 2018	0.6	0.4
3 years	7.7	4.1
5 years	11.9	12.5
Since launch (09/10/2012)	17.9	17.1
Average annual return 24 months	2.1	0.6

Monthly performance (%)

Jan	Feb	Mar	Apr	May	Jun
0.3	0.1	0.1	0.2	0.0	0.0
Jul	Aug	Sep	Oct	Nov	Dec
0.1	0.1	-0.1	-0.1		

Annual performance (%)	Lannebo Corporate Bond	Benchmark
2017	3.4	1.3
2016	3.7	3.0
2015	1.0	0.4
2014	1.7	6.2
2013	5.4	2.8

The annual performance of the fund is calculated from the NAV per unit in the final accounts.

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10 largest holdings

Holding	% of the portfolio
Castellum	6,6
Color Group	4,2
Storebrand Livsforsikring	3,3
OP Bank	3,2
Nordea Bank	3,1
IF P&C Insurance	3,0
Telia Company	3,0
Ahlsell	2,9
Cibus Nordic Real Estate	2,7
SEB	2,7
Total 10 largest issuers	34,7
Cash	6,1
Total number of issuers	44

Major changes during the month

Buy	Sell
Bilia	Hemfosa Fastigheter
Cibus Nordic Real Estate	

Financial ratios

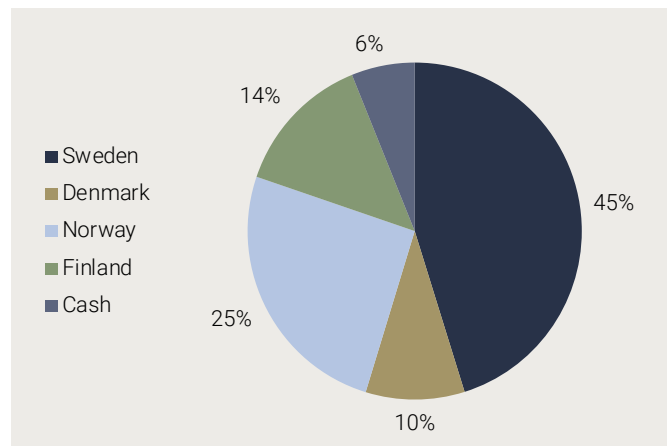
Lannebo Corporate Bond	Benchmark	
Total risk (%)	0.7	0.9
Interest-rate durations (years)	0.6	
Credit duration (years)	3.1	
Portfolio turnover ratio (06/30/2018)	0.3	
Weighted average credit scoring (based on internal assessments)	BBB-	

Maturity profile	% of the portfolio
< 1 year	7
1-3 years	38
3-5 years	53
> 5 years	2

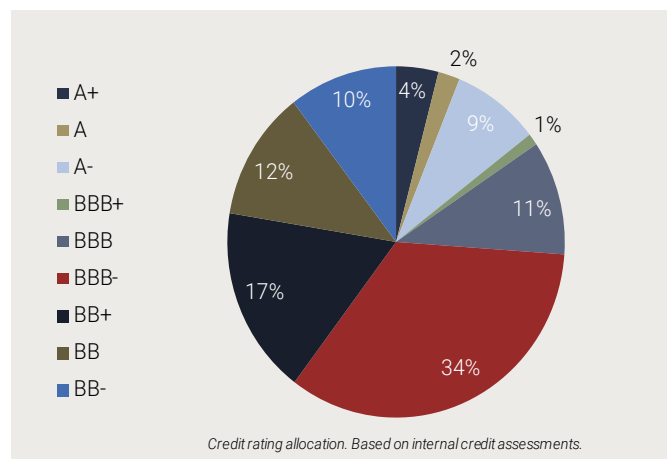
Fund facts

Fund manager	Karin Haraldsson & Katarina Ponsbach Carlsson
Launch date	09/10/2012
NAV per unit, share class A (SEK)	117.94
NAV per unit, share class B (SEK)	107.42
Fund size (MSEK)	1 920
Management fee	0.9%
Bankgiro A	303-5318
Bankgiro B	504-9580
ISIN A	SE0004750396
ISIN B	SE0005498243
Trading frequency	Daily
Minimum investment amount	100 SEK
Supervisory authority	Finansinspektionen

Country allocation



Credit scoring allocation



Risk and reward profile



Förklaringar

Benchmark

Nasdaq OMX Credit SEK Total Return 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.

Credit duration

Weighted average maturity.

Interest-rate duration

Weighted average life.

Total risk

Given as the standard deviation of variations in the total return of the fund or index. The information is based on monthly data and relates to the latest 24 months.