

Lannebo Corporate Bond

Swedish-registered fixed income fund

Monthly report

December 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 is suitable for 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 0.5 per cent in December and has decreased 0.3 per cent during 2018.

Nordic credit markets continued to be weak during December. Credit spreads - the difference between the risk-free interest rate and the interest rate on corporate loans, for both investment grade and high yield bonds - continued to widen with falling bond prices as a consequence. Especially affected was the investment grade segment, that are bonds with high credit ratings, that suffered a severe blow. There are many reasons for the uncertain market climate in recent months including economic turmoil, reduced stimulus measures from the ECB and trade conflicts between the US and China. However, we should keep in mind that extremely low interest rates combined with low credit spreads mean that interest rates on corporate bonds have come down substantially in recent years, and as such a correction is quite healthy.

During December, there were minor movements in the Swedish long-term interest rates. The Swedish 5-year government bond yield was unchanged at around -0.03 per cent during the month. However, the 3-month Stibor rose significantly from -0.37 to -0.13 per cent. The fund has a low interest rate risk, which means that a change in the long-term interest rate has no major impact on the fund.

The Riksbank, with Stefan Ingves at the helm, raised the Swedish repo rate for the first time in seven years by 0.25 basis points to -0.25 per cent. According to the Riksbank, the economy is strong and conditions are good for inflation to reach near the

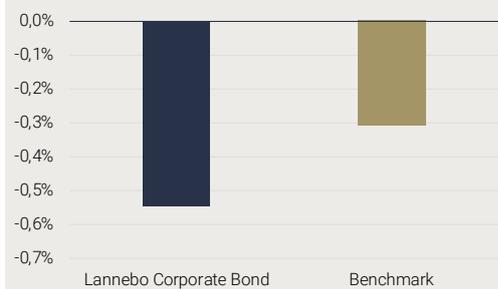
target rate going forward. The need for a very expansionary monetary policy has declined somewhat and the repo rate forecast indicates that the next increase is likely to take place during the second half of 2019. With a repo rate of -0.25 per cent, monetary policy is still expansionary and thus continues to support the economy. In the US, the Fed continued on its path and has raised the US policy rate four times. The interest rate has been raised eight times since the austerity began three years ago and the Federal Reserve provided guidance for two more increases in 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, increased to 3.3 years. The interest rate duration, measured as the average interest period, was unchanged at 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.

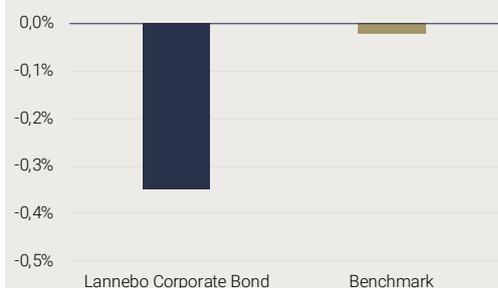
The weak market sentiment in December contributed to the primary credit market taking a Christmas break when activity was very low. The fund did not participate in any new issues during the month.

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

Monthly performance



Performance year-to-date



Performance (%)	Lannebo Corporate Bond	Benchmark
December 2018	-0.5	-0.3
Year 2018	-0.3	0.0
3 years	6.7	4.3
5 years	9.7	11.3
Since launch (09/10/2012)	16.8	16.6
Average annual return 24 months	1.5	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	-0.4	-0.5

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

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 fund
Castellum	7.1
Color Group	4.2
Storebrand Livsforsikring	3.8
OP Bank	3.8
Nordea Bank	3.7
Ahlsell	3.5
Cibus Nordic Real Estate	3.2
Vattenfall	3.2
Velliv	3.1
SEB	3.0
Total 10 largest issuers	38.4
Cash	2.2
Total number of issuers	41

Major changes during the month

Buy	Sell
-	Digiplex FRN190717

Financial ratios

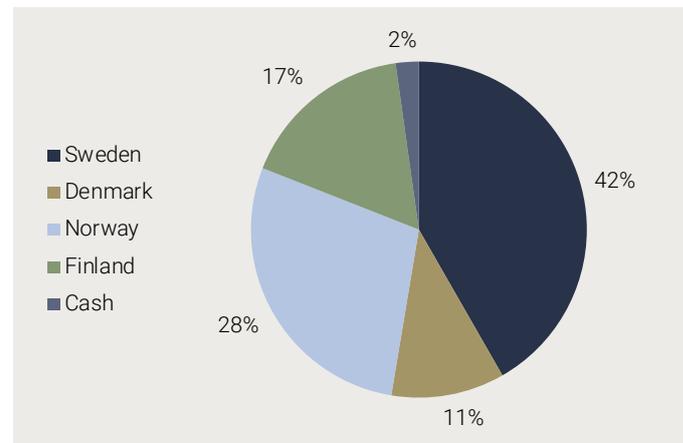
	Lannebo Corporate Bond	Benchmark
Total risk (%)	0.9	0.9
Interest-rate duration (years)	0.6	
Credit duration (years)	3.3	
Portfolio turnover ratio (12/31/2018)	0.4	
Weighted average credit scoring (based on internal assessments)	BBB-	

Maturity profile	% of the fund
< 1 year	2
1-3 years	35
3-5 years	60
> 5 years	3

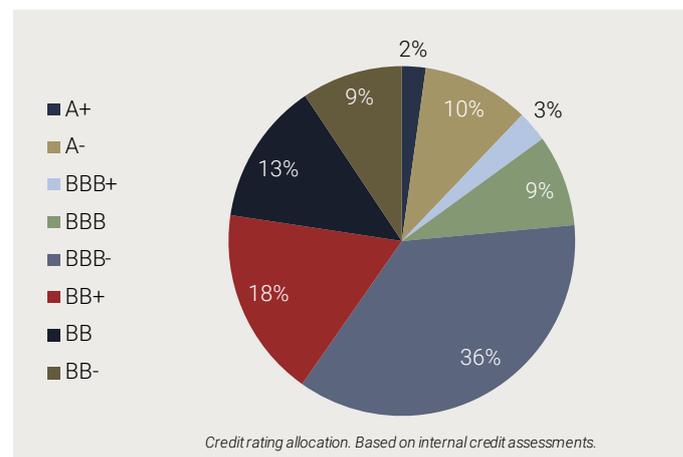
Fund facts

Fund manager	Karin Haraldsson & Katarina Ponsbach Carlsson
Launch date	09/10/2012
NAV per unit, share class A (SEK)	116.79
NAV per unit, share class B (SEK)	106.37
Fund size (SEKm)	1,606
Management fee	0.9%
Bankgiro A	303-5318
Bankgiro B	504-9580
ISIN A	SE0004750396
ISIN B	SE0005498243
Trading frequency	Daily
Minimum investment amount	SEK 100
Supervisory authority	Finansinspektionen
LEI	5493006FC1DHI1YJE467

Country allocation



Credit scoring allocation



Risk and reward profile



Explanations

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.

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.

Credit duration

Weighted average maturity.

Interest-rate duration

Weighted average life.