



Carnegie Emerging Markets Corporate Bond invests in corporate bonds within the emerging markets.

- Rapidly growing asset class
- Should be a long term part of a fixed income portfolio.
- Diversification between regions/companies and a complement to emerging markets equities.

MANAGER COMMENT: Bigger stake in upgraded Alrosa

We continued to see inflows to corporate bonds in the world's emerging markets during March, which gave further support to the market. Although the activity level in the primary market has gained momentum, the issued volume is at a lower level compared with last year. Technically, this can be seen as favourable from a supply perspective. In terms of credit spreads, there were relatively small movements in March, but compared with the start of the year they are over 50 basis points tighter. At the same time, we noted lower US market interest rates, which provided support for USD fixed-rate bonds. However, some concerns arose when the short three-month interest rate in the US hit a higher level than US 10-year bonds. An inverted yield curve is usually an indication of a coming recession. However, the picture is not clear since the two-year interest rate is still lower than the ten-year rate. We will watch this. Carnegie Emerging Markets Corporate Bond rose 0.58 percent in March.

We increased our exposure this month to Russian diamond company Alrosa, which pays relatively well for a bond with a fairly short time remaining to maturity. Alrosa was later in the month upgraded to Investment Grade by Fitch and announced that it is looking at a new five-year bond with partial repurchases of outstanding bonds maturing in 2020. Two other names that we increased during the month were Mexican cement company CEMEX and B2 Holding, which buys debt portfolios, largely in Eastern and Central Europe. In the more defensive part of the portfolio, we participated in the large issue that telecom operator Telenor carried out in the middle of the month. The company prioritised volume and, with its large Asian exposure, we see this credit as a good way to balance the portfolio. The company has a credit rating of A from S&P and A3 from Moody's, and paid Stibor +80 for a bond maturing in 2024.

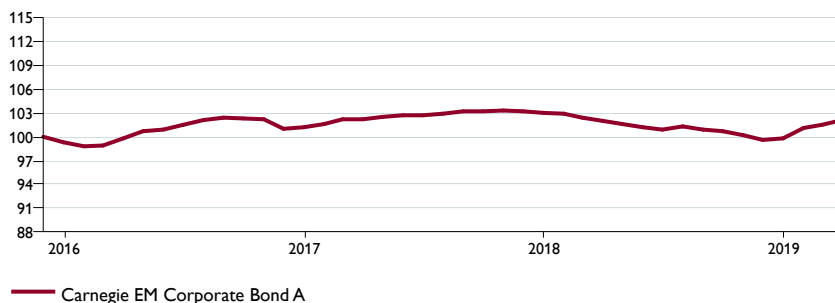
RETURN % (CLOSING NAV)

As of 31/03/2019

| | YTD | 1 Year | 3 Year | 5 Year | Since inception |
|--|-----|--------|--------|--------|-----------------|
| | 2.2 | 0.1 | 2.3 | - | 1.8 |

RETURN SINCE INCEPTION % (CLOSING NAV)

As of 31/03/2019

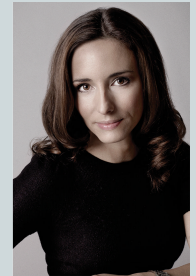


RETURN PER MONTH % (CLOSING NAV)

As of 31/03/2019

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|--------|
| 2019 | 1.23 | 0.45 | 0.56 | | | | | | | | | | 2.25 |
| 2018 | -0.14 | -0.48 | -0.38 | -0.37 | -0.43 | -0.30 | 0.40 | -0.41 | -0.21 | -0.48 | -0.59 | 0.24 | -3.10 |
| 2017 | 0.34 | 0.59 | 0.02 | 0.28 | 0.22 | -0.04 | 0.25 | 0.32 | -0.02 | 0.12 | -0.10 | -0.20 | 1.79 |

**MONTHLY REPORT
MARCH 2019**



MIKAEL ENGVALL

Manager since 2015 and in the business since 1996.

MONA STENMARK

Manager since 2015 and in the business since 2003.

| | |
|--------------------|--------------|
| Start date | 16/11/2015 |
| Pricing | Daily |
| Morningstar rating | - |
| Risk level | 2 of 7 |
| ISIN | LU1308446266 |
| Bloomberg | BBG00BH3Q9C9 |

| | |
|----------------------------|------------|
| Management fee | 1.05% |
| Minimum initial investment | 0 SEK |
| Asset under management | 134 MSEK |
| Dividend | No |
| NAV (End of month) | 101.80 SEK |

Signatory of:



Historical returns are no guarantee of future returns. Money invested in the fund may both increase or decrease in value and there is no guarantee that you will be repaid all of your invested capital. Complete prospectus and fund statutes are available at www.carnegiefonder.se.

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CREDIT QUALITY BONDS%

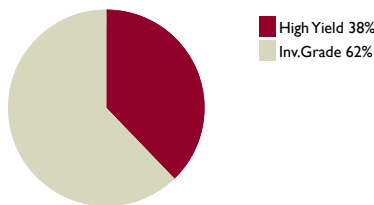
As of 29/03/2019

| | | | |
|------|-----|------|------|
| AAA | 0.0 | BBB- | 20.7 |
| AA+ | 0.0 | BB+ | 13.0 |
| AA | 0.0 | BB | 11.3 |
| AA- | 9.1 | BB- | 4.2 |
| A+ | 9.1 | B+ | 0.0 |
| A | 4.1 | B | 1.4 |
| A- | 9.4 | B- | 1.4 |
| BBB+ | 0.0 | OR | 6.5 |
| BBB | 9.9 | | |

Average credit rating of at least investment grade

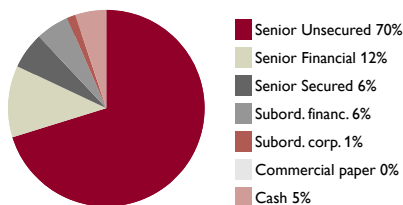
ALLOCATION HIGH YIELD/INV.GRADE %

As of 29/03/2019



CAPITAL STRUCTURE %

As of 29/03/2019



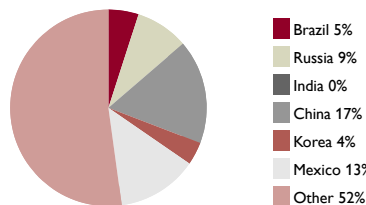
LARGEST ISSUER %

As of 29/03/2019 (Excl. covered bonds)

| | |
|-------------|------|
| Naspers | 4.9 |
| Volvo Cars | 4.4 |
| Grupo Bimbo | 4.2 |
| Tencent | 4.0 |
| Cemex | 3.7 |
| Alrosa | 3.7 |
| Kinnevik | 3.6 |
| HSBC | 3.0 |
| Telenor | 2.9 |
| Yara | 2.9 |
| Total | 37.3 |

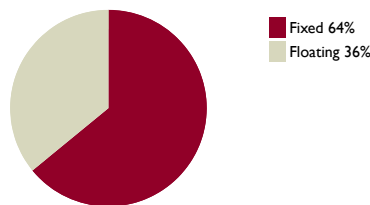
GEOGRAPHICAL BREAKDOWN %

As of 29/03/2019



BOND BREAKDOWN %

As of 29/03/2019



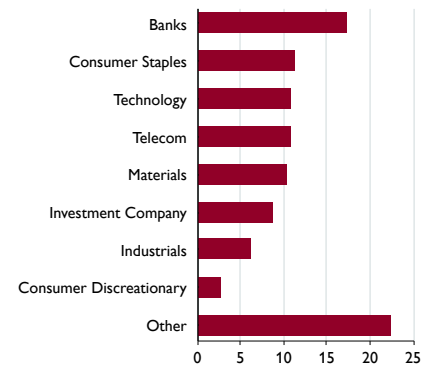
KEY STATS

As of 29/03/2019

| | |
|---|-------|
| Yield to maturity % (currency adjusted) | 1.74 |
| Yield to maturity % | 3.62 |
| Current Yield % | 4.08 |
| Credit duration (yrs) | 3.05 |
| Duration (yrs) | 1.99 |
| Standard Deviation %, 1 Year | 1.94 |
| Standard Deviation %, 3 Year | - |
| Sharpe Ratio, 1 year | -6.80 |
| Sharpe ratio, 3 Year | -3.20 |

SECTOR BREAKDOWN %

As of 29/03/2019



MATURITY %

As of 29/03/2019

| | |
|-----------|------|
| <1 year | 17.4 |
| 1-3 years | 28.5 |
| 3-5 years | 42.8 |
| >5 years | 11.3 |

ABOUT CARNEGIE FONDER

We specialise in equity funds and fixed-income funds in Sweden, the Nordic region and in the world's emerging markets. Our funds invest in a selected number of attractively valued assets that we really believe in – an investment philosophy we call focused value management, and which we have retained since our foundation in 1988.

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