



As of November 2017, Carnegie Strategy Fund is a feeder to Carnegie Strategifond, meaning that Strategy Fund only owns units in Carnegie Strategifond. As a direct result, this report is the same for Strategy Fund and Carnegie Strategifond.

MANAGER COMMENT: Turbulence with opportunities

Stock markets were exceptionally weak in October, which of course left a mark on fund performance. The credit markets did not exhibit the same nervousness, which could suggest that the stock market movement was a correction rather than the beginning of a prolonged downturn. As in previous years, the distribution between equities and credits in the fund has been around 50/50. Overall, the fund fell 4.2 percent in October, which means it is up 0.2 percent so far this year.

Many of the fund's holdings published third-quarter reports this month. A general observation is that share price reactions were negative, in several cases substantially, regardless of whether the companies lived up to our expectations and those of many analysts. One explanation could be that the market is not really interested right now in profits for the latest quarter, and is instead assuming that they are about to fall.

We rarely buy and sell the same stock within a short space of time. However, we believe the large price movements in October generated

long-term opportunities for active managers like us. The fund sold shares in both Dometic and Skanska in September, but given the slides in the wake of the reports the fund was a buyer of both these again. Skanska has not formally reported yet, but the essential numbers were released in advance when surprisingly large impairments of infrastructure projects in the US were revealed. A few days after the report, however, Skanska announced it had sold an office property in Boston with a development gain of some SEK 1 billion, once again demonstrating the surplus values that exist in its project portfolio.

The fund has also bought shares in ABB, Atrium Ljungberg, Epiroc and Holmen. Epiroc is a new holding, spun off from Atlas Copco, and manufactures drilling rigs, rock excavation equipment and construction machinery. It has a good growth track record, high margins and low debt. The purchases were financed through sales of some holdings in Investor and Telia, two stocks that weathered October's market turbulence relatively well.

MONTHLY REPORT
OCTOBER 2018



JOHN STRÖMGREN
Manager since 1998 and in the business since 1984.

Start date 01/01/1994
Pricing Daily
Morningstar rating (2018-09-30) ★★★★★
Risk level 4 of 7
ISIN LU0075898758
Bloomberg BBG000BNNY79

Management fee 1.25%
Minimum initial investment 0 SEK
Asset under management 443 MSEK
Dividend No
NAV (End of month) 5135.93 SEK

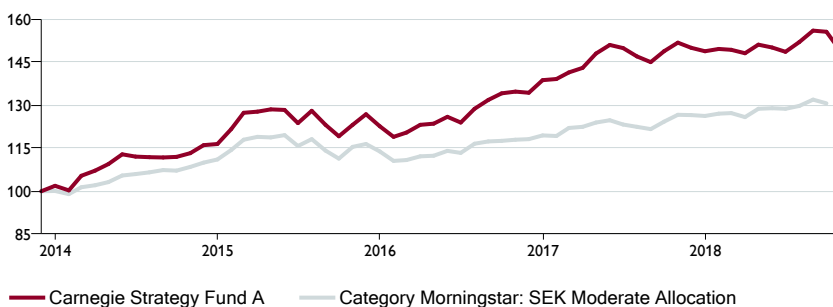
RETURN % (CLOSING NAV)

As of 31/10/2018

	YTD	1 Year	3 Year	5 Year	Since inception
	0.2	-1.8	21.0	50.8	1161.4

5 YEAR RETURN % (CLOSING NAV)

As of 31/10/2018



Signatory of:



FOR SWISS INVESTORS:

The Company is established as a SICAV under Luxembourg law and the Sub-Funds are authorised by FINMA. The Swiss representative is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. Investors in Switzerland can obtain the documents of the Company, such as the Prospectus, the KIIDs, the Articles of Incorporation and the semi-annual and annual reports, each in their latest version as approved by FINMA, in German, and further information free of charge from the Swiss representative.

RETURN PER MONTH % (CLOSING NAV)

As of 31/10/2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2018	0.55	-0.20	-0.78	2.04	-0.68	-1.01	2.30	2.65	-0.30	-4.21			0.17
2017	0.28	1.66	1.12	3.47	2.06	-0.76	-1.93	-1.36	2.62	2.01	-1.20	-0.82	7.22
2016	-3.08	1.28	2.28	0.33	1.93	-1.63	3.87	2.45	1.70	0.50	-0.34	3.31	13.11

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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LARGEST ISSUER %

As of 01/01/0001

B2 Holding	2.4
Akelius	2.2
Bergvik	2.0
Intrum	1.9
SBB	1.8
Total	10.3

LARGEST HOLDINGS EQUITY %

As of 31/10/2018

Investor B	8.5
Holmen B	4.3
Lifco	4.1
Essity B	3.7
Volvo B	2.9
Total	23.6

CREDIT QUALITY BONDS%

As of 01/01/0001

AAA	0.0
AA+	0.0
AA	0.0
AA-	0.0
A+	4.1
A	0.0
A-	0.0
BBB+	0.3
BBB	2.3
BBB-	3.8
BB+	9.4
BB	8.3
BB-	8.2
B+	2.2
B	9.0
B-	1.7
CCC+	1.2

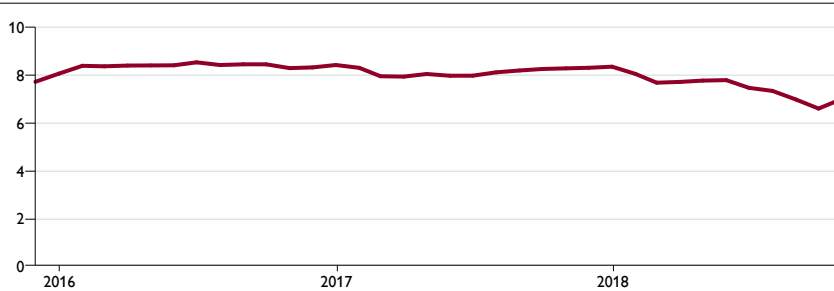
KEY STATS

As of 01/01/0001

Yield to maturity bonds	4.58
Dividend yield shares	3.58
Capital weighted yield bonds/shares	3.90
Credit duration (yrs)	3.20
Duration (yrs)	0.94
Standard Deviation %, 1 Year	6.49
Standard Deviation %, 3 Year	-
Sharpe Ratio, 1 year	-0.20
Sharpe ratio, 3 Year	1.01

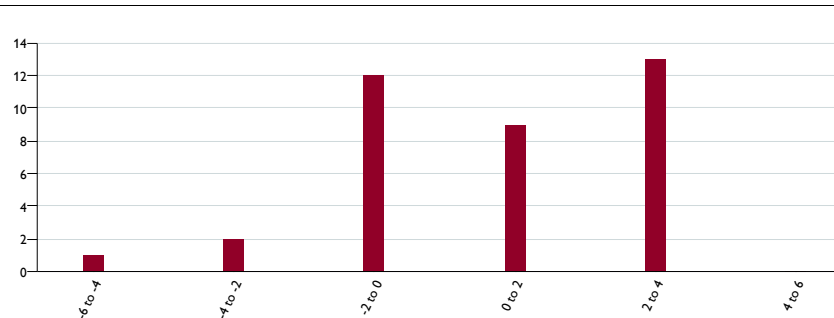
STANDARD DEVIATION %

As of 30/11/2015 to 31/10/2018



DISTRIBUTION OF MONTHLY RETURNS %

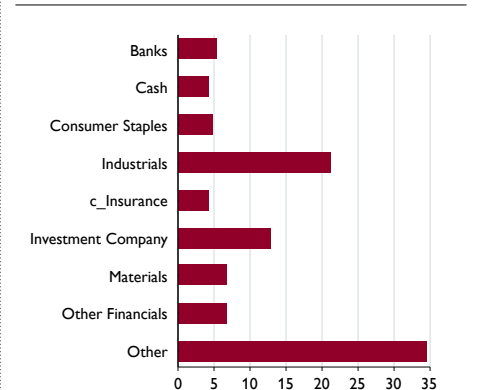
As of 31/10/2015 to 31/10/2018



The Y-axis shows the number of months the fund has a monthly return within the defined range on the X-axis.

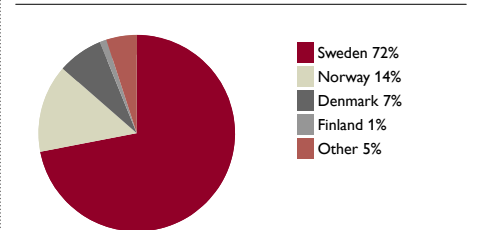
SECTOR BREAKDOWN %

As of 01/01/0001



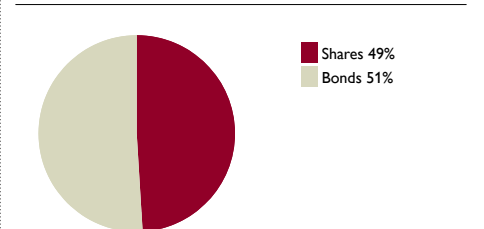
GEOGRAPHICAL BREAKDOWN %

As of 01/01/0001



ASSET ALLOCATION %

As of 01/01/0001



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.

CONTACT INFORMATION

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