

## MARKET COMMENT

### Stable flows mean allocation opportunities

The European credit market was stable in August, while growth indicators are trending back, as are inflation concerns, and both the Fed and the ECB are preparing the markets for a phasing-out of support purchases. The delta variant is spreading and pent-up demand is leading to component shortages as supply chains recover from the aftermath of the pandemic. The Nordic market is still stronger, driven by a closing of the yield gap against Europe and the call bonanza that prevailed during the summer when the primary market was closed. Increased volatility but stable flows should offer interesting opportunities to reallocate in the portfolio.

The concerns ahead of the reports were the ability of companies to pass on cost inflation to their customers and how they handled bottlenecks in production. The majority certainly talked about volatile commodity and freight prices, but also strong margins, so even if the comparison with last year is pointless, the outlooks are promising and specific company news remains as a positive option.

In connection with its report, Axactor presented official credit ratings from both Moody's and S&P and reiterated its ambition to optimise its capital

structure after the refinancing in Q1. Although the credit profile can be argued to be the same, the markets are looking at the stamp provided by the rating institutes, which, rightly or wrongly, caused the bond's price to rise almost 3%. In addition to 7% on the regular coupon, we have received 6% in price increases over 8 months, so the bond has been sold in favour of other investments. Instead, Titania has risen to the top 10, a construction and management company that mainly focuses on municipalities close to Stockholm. Perhaps the company's most notable project is Tingstogtet in Alby, where the area's vulnerable reputation has been removed by mixing condominiums, rental apartments and commercial premises in a project nominated for Construction of the Year.

The excess return realised so far this year will, all else equal, decrease in the future, and during the remainder of the year the expected return should once again reflect the underlying coupons. In the short term, however, we are optimistic about being able to create a certain excess return from company-specific factors.

## MONTHLY REPORT

### AUGUST 2021



**NIKLAS EDMAN**

Manager since 2017.

**MARIA ANDERSSON**

Manager since 2017.

Carnegie High Yield Select invests in high-yield bonds issued by Nordic companies.

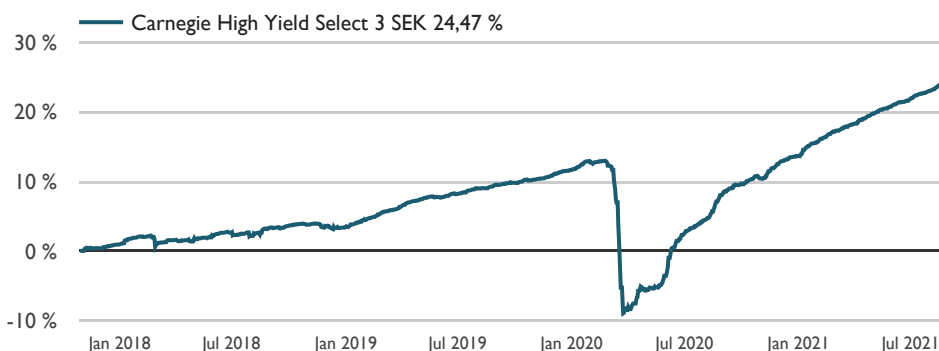
Start date	02/11/2017
Pricing	Daily
Morningstar rating	★★★★★
Risk level	4 of 7
ISIN	LU1627770685
Ongoing charges	1.04 %
Performance fee*	20 %
Minimum initial investment	50 000 SEK
Assets under management	1 288 MSEK
Dividend	No
NAV per share	124.47 SEK

\* Performance fee of 20% of returns in excess of STIBOR 90 days + 2% with high water mark.

## CUMULATIVE PERFORMANCE %

YTD	1 year	3 years	5 years	10 years	Since inception
9,55	15,10	20,46			24,47

## PERFORMANCE SINCE START %



## MONTHLY PERFORMANCE %

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full year
2021	1,75	1,31	0,96	1,24	0,91	0,84	0,96	1,20					9,55
2020	0,95	-0,39	-18,39	3,01	2,16	6,30	1,86	3,60	1,41	0,68	1,96	0,93	1,78
2019	1,13	0,92	0,79	0,99	0,34	0,39	0,79	0,45	0,26	0,41	0,53	0,74	8,01

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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.

# CARNEGIE HIGH YIELD SELECT 3 SEK

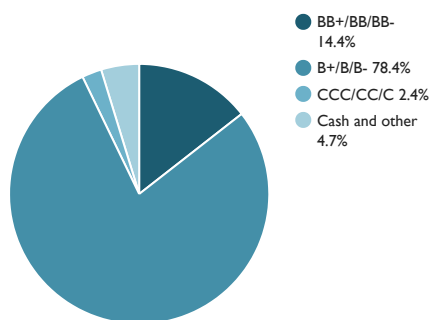
## CREDIT RATING

Category	Credit Rating	Share
Investment Grade	AAA	0,0 %
	AA+/AA/AA-	0,0 %
	A+/A/A-	0,0 / 4,7* %
	BBB+/BBB/BBB-	0,0 %
Sum		0,0 / 4,7* %
High Yield	BB+/BB/BB-	14,4 %
	B+/B/B-	78,4 %
	CCC/CC/C	2,4 %
Sum		95,3 %
Default	D	0,0 %
Cash and other		4,7 %

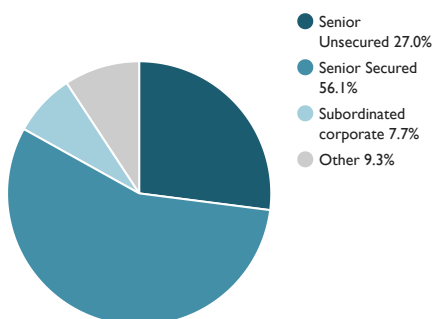
\*Incl cash and other

\*\*The share of the portfolio's fixed-income securities with an official credit rating was 23,2 %

## CREDIT RATING ALLOCATION



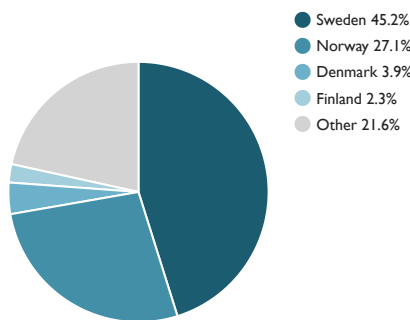
## CAPITAL STRUCTURE



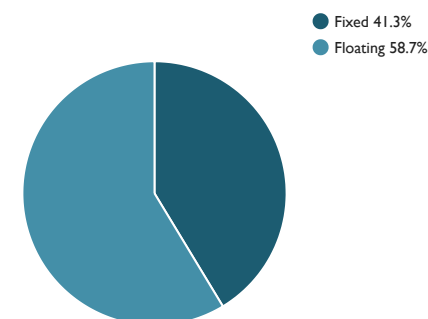
## LARGEST ISSUERS

Azerion	3,7 %
Dooba Finance	3,6 %
Humble Group	3,4 %
NBT	3,0 %
Ice group	2,9 %
Scan Global	2,9 %
Babylon	2,9 %
Zengun	2,8 %
Titania	2,4 %

## GEOGRAPHICAL ALLOCATION



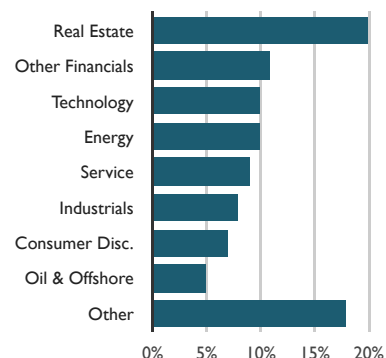
## RATE DISTRIBUTION



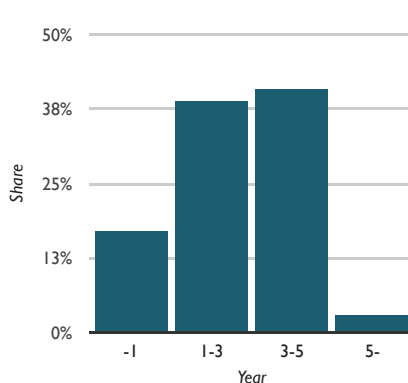
## KEY STATISTICS

Yield to worst (currency adjusted)	7,1 %
Yield to maturity	7,2 %
Current yield	7,3 %
Duration (years)	0,7
Credit duration (years)	2,7
Standard deviation, 2 years	14,5 %
Standard deviation, 3 years	11,8 %
Sharpe ratio, 2 years	0,48
Sharpe ratio, 3 years	0,58

## SECTOR ALLOCATION



## DURATION



## CARNEGIE FONDER - SUSTAINABLE INVESTMENTS IN VALUE COMPANIES

Carnegie Fonder is an independent fund management company that was founded in 1988. Our mission is to create long-term good returns for our unit holders. By combining modern sustainability analysis with traditional financial analysis, we identify undervalued companies that are properly equipped for the challenges of the future. We call these value companies.

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