

# CARNEGIE CORPORATE BOND 3 CHF

## MARKET COMMENT

### DEFENSIVE POSITIONING STILL PAYING OFF

Good risk appetite, albeit slightly more volatile, lasted through February. Nordic credits delivered strong performance during the month while European credits are trading more or less laterally. But we prefer Nordic exposure because the pay-off is still better in Nordic credits. We have seen major interest rate upturns, largely because instead of decreasing at the rate expected by the market and central banks there has been a sequential increase in underlying inflation. Meanwhile, the market has postponed expected interest rate drops and now believes the central banks are going to take stronger action going forward. The fund still has a relatively short fixed interest duration of one year, which makes the impact of interest rate movements relatively minor.

Moody's downgrading of Balder from Investment Grade to High Yield came in the evening of the last day of the month. As of the date this was written, Balder's bonds have traded down a bit. This has only marginal impact on the portfolio because our exposure is mainly limited to the short hybrid that will be repaid in full next week. As always, this kind of news creates a measure of volatility and anxiety in the market, but also creates fine investment opportunities for

investors with the liquidity and the scope to add credit risk.

One of the fund's larger high yield holdings, SGL Transgroup, was taken over by new owners and as a result simultaneously early redeemed existing bonds at a premium and issued new bonds at attractive levels. We participated and reinvested.

The reporting season is now over, including for the fund's high yield holdings. The outcomes can be summed up as relatively stable, although there is still some lag in passing on higher costs to end customers and outlooks for the year remain somewhat uncertain, considering where we are in the business cycle.

The fund continued to invest inflows in safer names like Ica and Industrivärden, which issued new capital during the month. Ica pays around 5% for a term of two years, which we think is good risk-adjusted return for a company whose business remains stable over the economic cycle. We are also maintaining a defensive portfolio with focus on relatively short time to maturity, diversification, liquidity and safer credits where the pay-off is still sufficient.



**NIKLAS EDMAN**

Manager since 2013.

**MARIA ANDERSSON**

Manager since 2016.

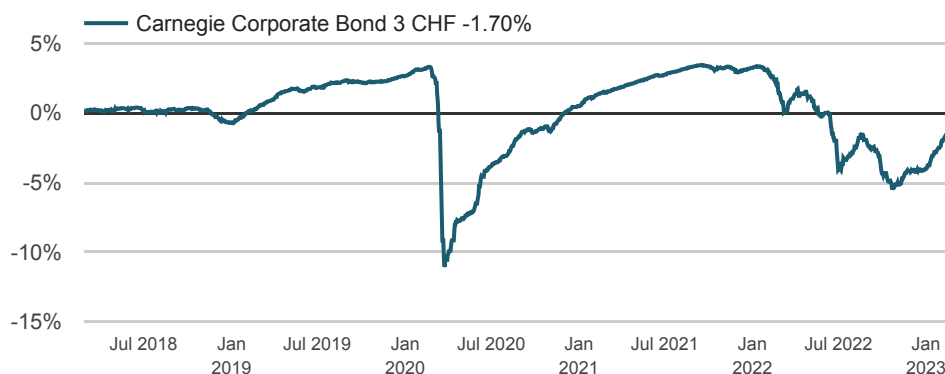
Carnegie Corporate Bond is a fixed income fund that invests in Nordic corporate bonds.

Start date	02/02/2018
Pricing	Daily
Morningstar rating	-
SFDR	Article 8
Risk level	2 of 7
ISIN	LU1697511969
Ongoing charges	1.06%
Performance fee*	20%
Minimum initial investment	0 CHF
Assets under management	1 023 MCHF
Dividend	No
NAV per share	97.77 CHF

### CUMULATIVE PERFORMANCE %

YTD	1 year	3 years	5 years	10 years	Since inception
2.44	-2.98	-4.22	-1.70		-2.23

### FIVE YEAR PERFORMANCE %



### MONTHLY PERFORMANCE %

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full year
2023	1.67	0.76											2.44
2022	-0.19	-1.66	0.01	-0.18	-1.21	-4.03	1.29	0.60	-2.12	-0.81	0.94	0.20	-7.04
2021	0.58	0.37	0.38	0.36	0.34	0.19	0.30	0.30	0.00	-0.14	-0.25	0.29	2.74

**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.

Historical returns are no guarantee of future returns. Capital 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](http://www.carnegiefonder.se). The information in this document is proprietary to Carnegie Fonder and is intended only as general information. It should not be construed as investment advice or recommendation. The information may prove to be inaccurate, incomplete or out of date. Carnegie Fonder is not responsible for the damage, whether direct or indirect result of any defects or errors in the information. The information may not be copied, altered or further distributed without Carnegie Fonder's consent.

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## CREDIT RATING

Category	Credit Rating	Share
Investment Grade	AAA	15.0%
	AA+/AA/AA-	0.3%
	A+/A/A-	9.2 / 12.3*
	BBB+/BBB/BBB-	24.3%
Sum		48,9 / 52,1**
High Yield	BB+/BB/BB-	26.5%
	B+/B/B-	21.5%
	CCC/CC/C	0.0%
Sum		47.9%
Default	D	0.0%
Cash and other		3.1%

\*Incl cash and other

\*\*The share of the portfolio's fixed-income securities with an official credit rating was 74.2%

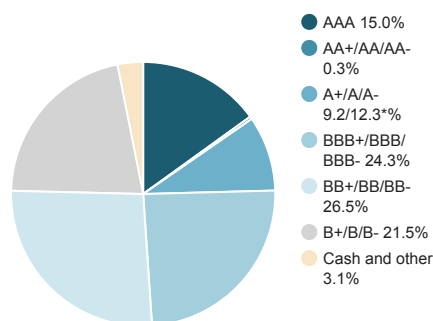
## LARGEST ISSUERS

Tele2	2.4%
Industrivärden	2.2%
Castellum	2.1%
Nordea Bank	2.1%
DnB	2.1%
Storebrand	2.1%
European Energy	2.1%
Heimstaden Bostad	2.0%
Handelsbanken	2.0%

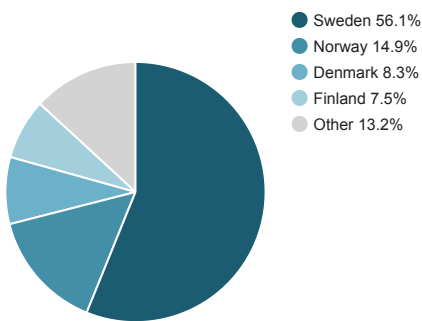
## KEY STATISTICS

Yield to worst (currency adjusted)	5.8%
Yield to maturity	7.6%
Current yield	5.6%
Duration (years)	0.9
Credit duration (years)	2.4
Standard deviation, 2 years	4.1%
Standard deviation, 3 years	8.5%
Standard deviation, 5 years	6.6%
Sharpe ratio, 2 years	1.67
Sharpe ratio, 3 years	0.26
Sharpe ratio, 5 years	0.68

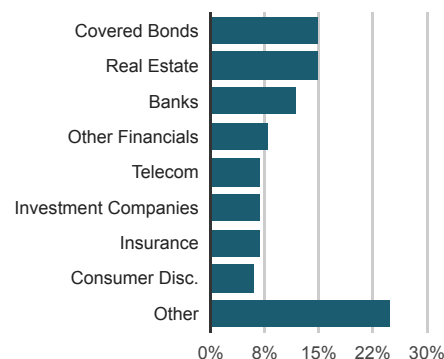
## CREDIT RATING ALLOCATION



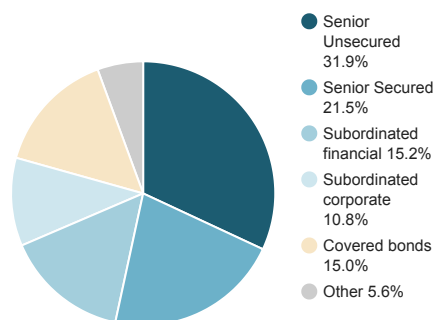
## GEOGRAPHICAL ALLOCATION



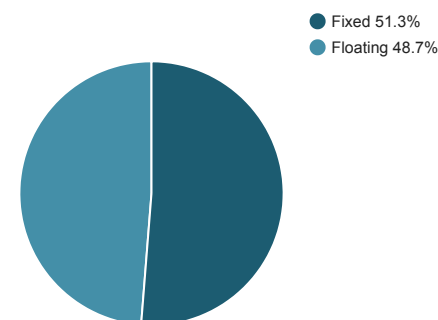
## SECTOR ALLOCATION



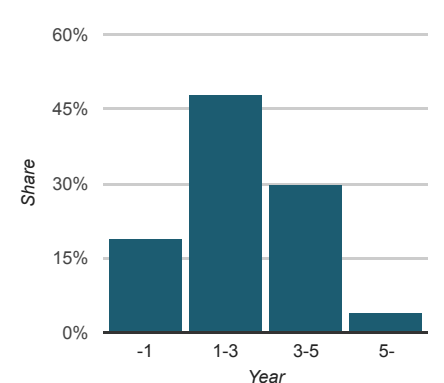
## CAPITAL STRUCTURE



## RATE DISTRIBUTION



## DURATION

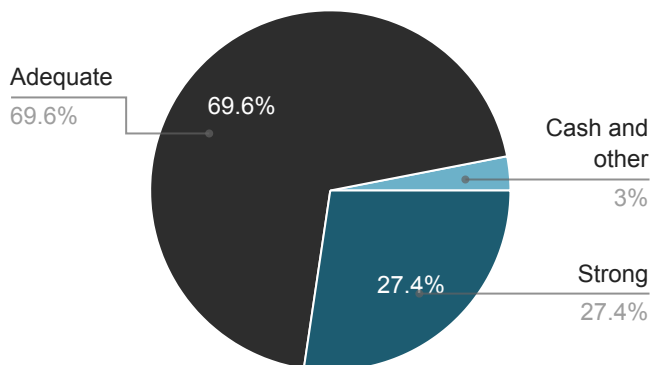


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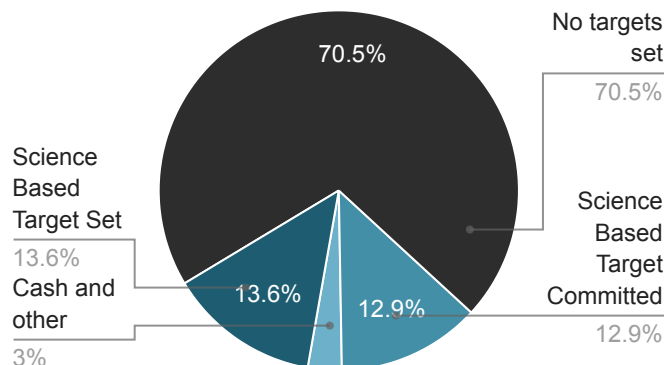
## ESG-RATING – THOR

Carnegie Fonder ESG analysis



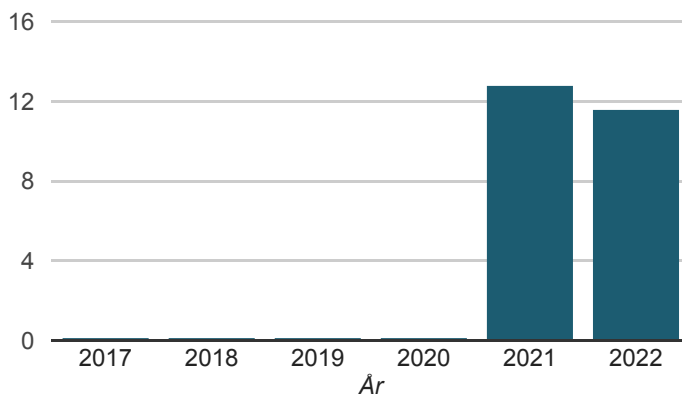
## SCIENCE BASED TARGETS

Strategy to reach zero emissions by 2050



## CARBON EMISSIONS

Tons CO2/SEKm turnover



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## SUSTAINABILITY

### *Carbon foot print*

Measured in accordance with recommendations from the Task Force on Climate Related Financial Disclosures (TCFD). Weighted average of portfolio companies' direct (Scope 1) and indirect (Scope 2) emissions divided by their revenue, converted to the fund's currency.

### *Climate target - Paris Agreement (Science Based Target)*

Percentage of portfolio invested in companies with climate targets in line with the Paris Agreement, validated by Science Based Target initiative.

### *SFDR*

The EU Sustainable Finance Disclosure Regulation. The main purpose is to harmonize regulations, increase transparency and comparability and reorientate capital to promote transition. The main elements of SFDR are integration of sustainability risks, consideration of Principal Adverse Impacts (PAI) on sustainability, classification of funds, disclosure and the EU Taxonomy. Article 6 The EU classification of funds that integrate sustainability risks or explain why they do not. Article 8 The EU classification of funds that promote ESG but do not have a stated ESG objective. Article 9 The EU classification of funds that have sustainable investment as their objective. The objective shall be aligned with the activities defined in the EU Taxonomy and the objective must be challenged, tracked and quantified.

### *THOR*

THOR is Carnegie Fonder's internally developed tool for ESG analysis. Thor is used by all fund managers at Carnegie Fonder before each investment. The primary aim of the assessment is to stop, reflect and document the level at which we believe the company's sustainability work should be. The rating criteria are calibrated over time as our universe of analysed companies grows and we gain a larger group for comparison. Moreover, the idea is that the assessment should be based on each company's unique circumstances. For example, our requirements may vary depending on factors including market and company size.

**Inadequate:** The company's work fails to meet our expectations in the chosen area or is non-existent.

**Adequate:** We assess the company as meeting our basic expectations in the chosen area.

**Strong:** We assess the company as making strong efforts in the chosen area. This can be relative to sector colleagues or the regional or global market. The characteristics of a Strong rating are that our basic expectations are being met, along with good transparency, such as the reporting of relevant data, through demonstrated awareness of relevant risks and opportunities linked to sustainability and, preferably, that the company has concrete and tangible targets linked to these areas.

**Very Strong:** This rating is generally given to companies that, in addition to the foregoing criteria, are also assessed as having particularly well integrated the relevant section in their operations and strategy. The rating can also be given to companies considered best-in-class (in a sector) or where the work or structure is considered "as good as it gets" (for example, an ownership structure that we do not believe could be any better).

For more information about THOR and Carnegie Fonder's work with the Carnegie Fonder Responsible Investment and Shareholder Engagement Policy, please visit our website (<https://www.carnegiefonder.se/hallbarhet/>).

## 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.

## CONTACT INFORMATION

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