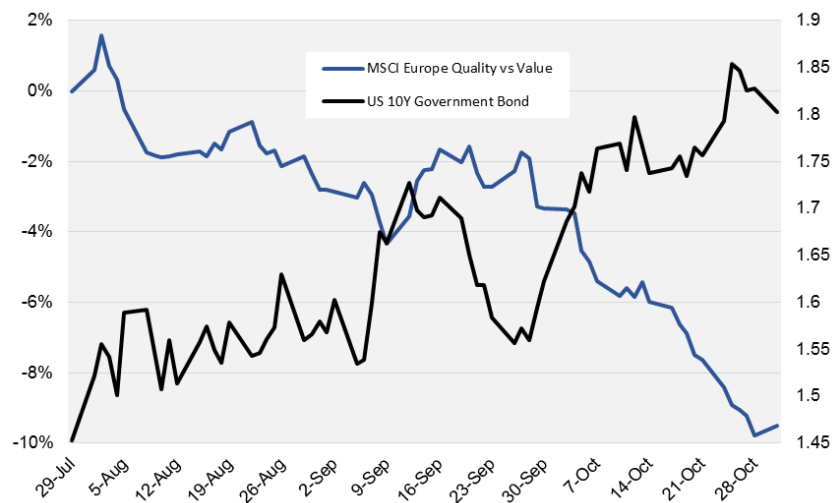


CB European Quality Fund

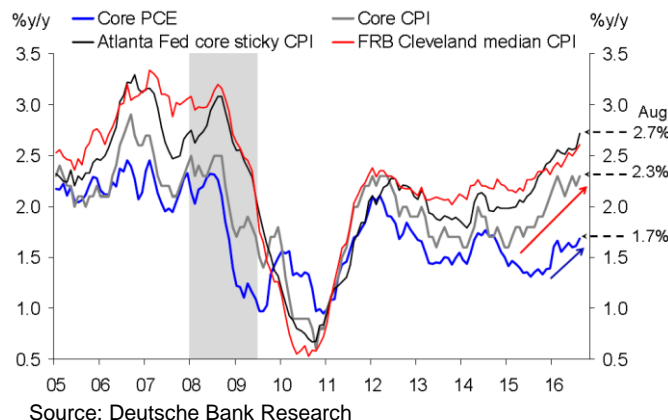
Trend reversal: interest rates up, quality stocks down



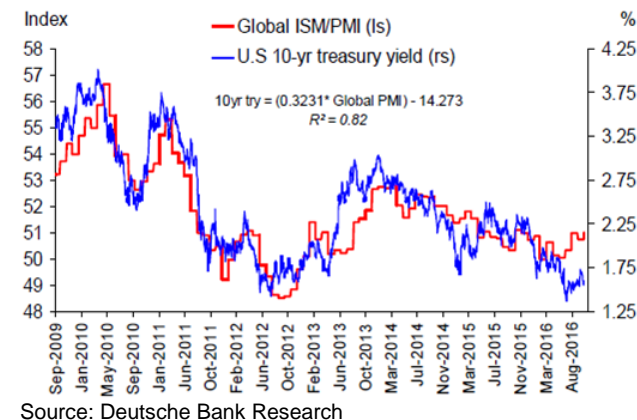
- **Analysis: Trend reversal**
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8 November 2016

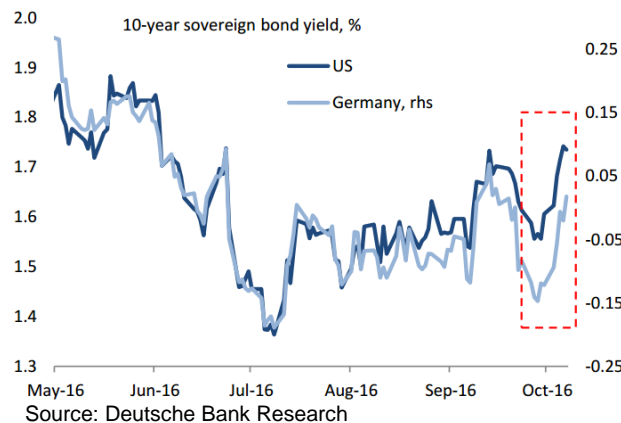
Inflation on the rise in the US



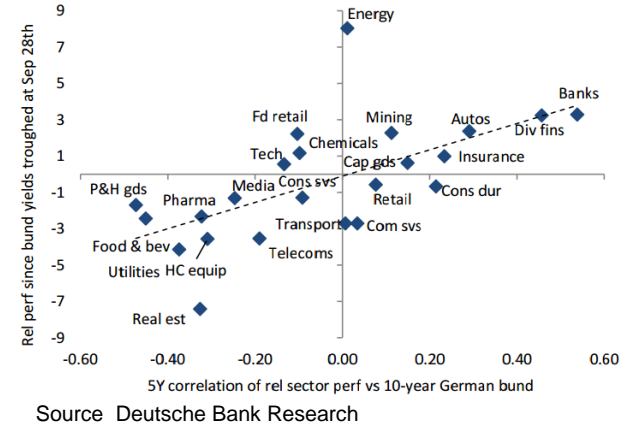
Global ISM/PMI suggests US 10-year treasury yield should be 2.2%



Both the US and German 10 year bond yield has risen since Brexit



Rising interest rates has triggered a sector rotation



■ **The broad measures of inflation in the US are all on the rise**, and three out of four are at the same level as before the financial crisis.

■ Global economic activity, measured as ISM/PMI, signals that the 10-year treasury yield in the US should be higher given the historical relationship.

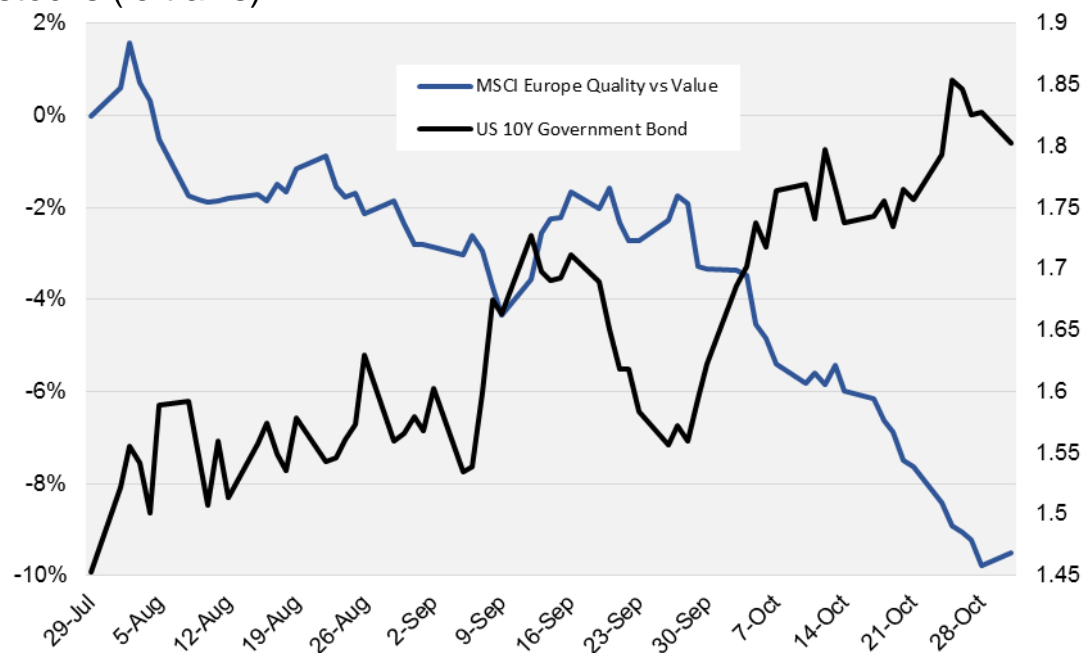
■ Is Fed behind the curve?

■ Since Brexit, the 10-year yield in both the US and Germany have risen and the latter is again in positive territory.

■ **Rising interest rates have triggered a sector rotation** in the market: sectors that are characterized by so-called “bond proxies” have suffered while sectors benefitting relatively more from stronger economic conditions and somewhat higher interest rates have benefited. The former includes among other real estate, utilities and consumer staples and the latter financials, industrials and consumer discretionary.

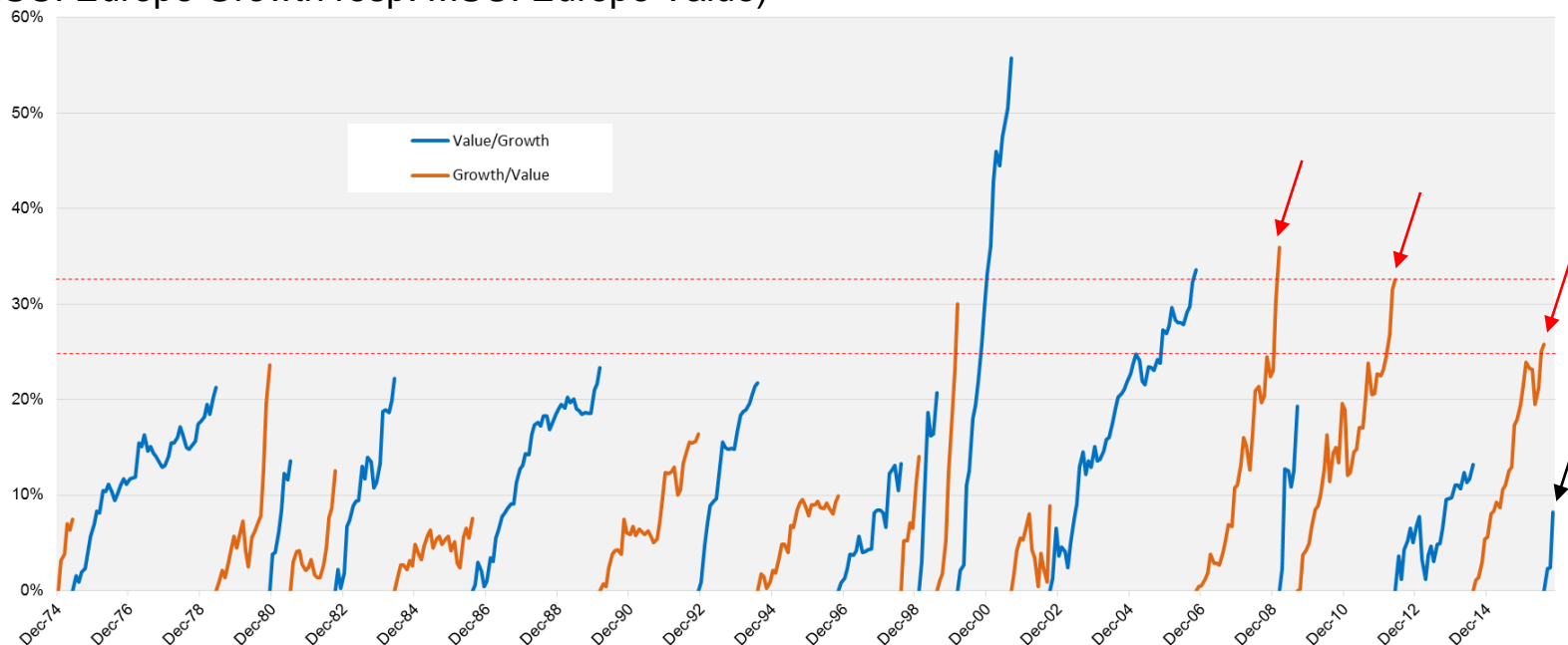
- **Since July 2016 there has been a strong trend reversal in the market:** the long term interest rate has started to rise (from historically low levels) making quality stocks ("bond proxies") relatively less attractive compared to more cyclical value stocks.
- The graph highlights this inverted relationship: **when the US 10Y bond yield rises, quality stocks underperform relative to value stocks.** The US 10Y bond yield has risen from 1.45% to 1.8% since July, at the same time quality stocks have underperformed 10% relative to value stocks.

The US 10Y bond yield (right axis) and quality stocks relative to value stocks (left axis)



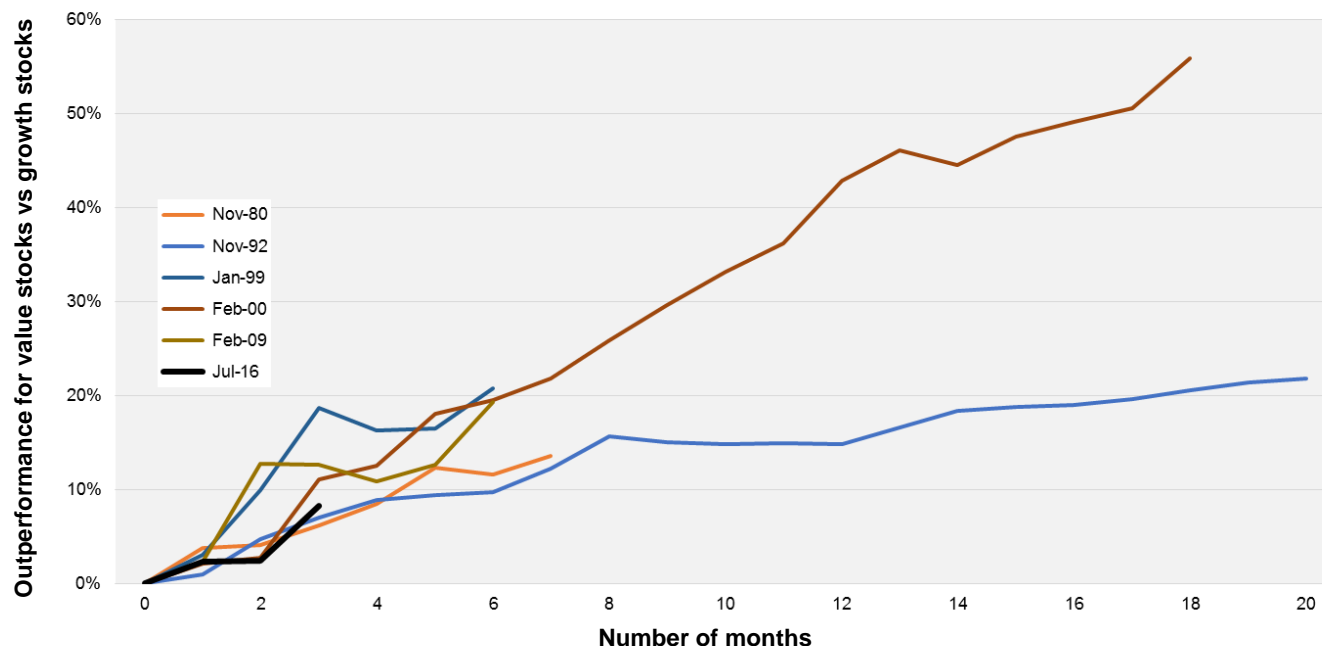
- The market can be divided into two main categories: growth and value stocks. The first one is characterized by high growth while the latter is characterized by low valuations.
- The graph displays periods of outperformance for growth stocks (orange lines) and value stocks (blue lines), respectively. **Trend reversals often occur around the red dashed lines.**
- The three latest periods of outperformance for growth stocks relative to value stocks were October 2006-February 2009, August 2009-May 2012 and July 2014-July 2016 (red arrows). **We believe that a new trend of outperformance for value stocks has begun** (black arrow).

Periods of outperformance for growth and value stocks, respectively
(MSCI Europe Growth resp. MSCI Europe Value)



- With data since 1969, we have identified 11 trend reversals where value stocks have outperformed growth stocks (blue lines on the previous page). Five of these are similar to the trend reversal that started in July 2016 (black line below), defined as strong outperformance for value stocks during a short period of time.
- This time value stocks have outperformed growth stocks by 8% during three months.
 - The strongest value trend started in 2000 and ended after 19 months with 56% outperformance for value stocks.
 - A strong trend reversal gives us reason to believe in continued outperformance for value stocks (none of the trend reversals below have been shorter than six months).

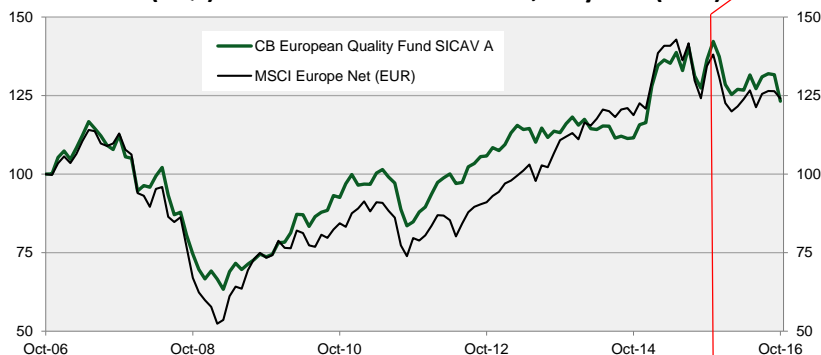
The current trend reversal is similar to five previous dittos



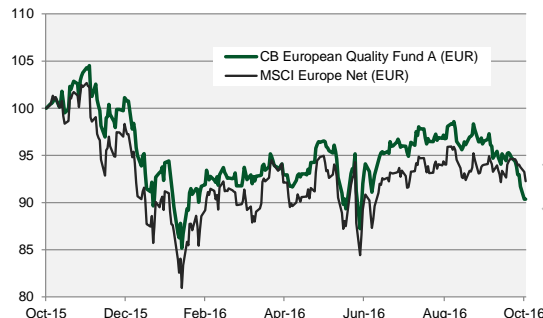
CB European Quality Fund: Performance

Status report

The fund (EQF) and the benchmark index, 10 years (EUR)

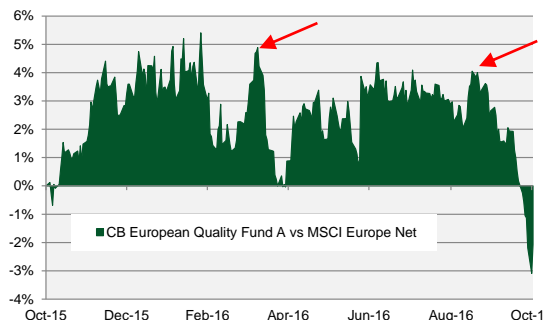


The fund and index, 12 months (EUR)



-7.7%

-9.6%



-2.1%

During the last 12 months, the fund has underperformed relative to the index. We have seen two periods of trend reversals where value stocks have outperformed strongly against growth stocks: April of 2016 and from July (red arrows).

Key ratios (10 years)

	EQF	Index
Performance, %	+23.2	+24.0
Standard deviation, %	15.5	20.7
Sharpe (0%)	+0.14	+0.11
Max drawdown, %	-46.8	-58.5
Beta against MSCI Europe	+0.66	
Alpha against MSCI Europe, % p.a.	+0.67	
Consistency with MSCI Europe, %	49.6	
Tracking error, %	10.22	
Information ratio	-0.01	

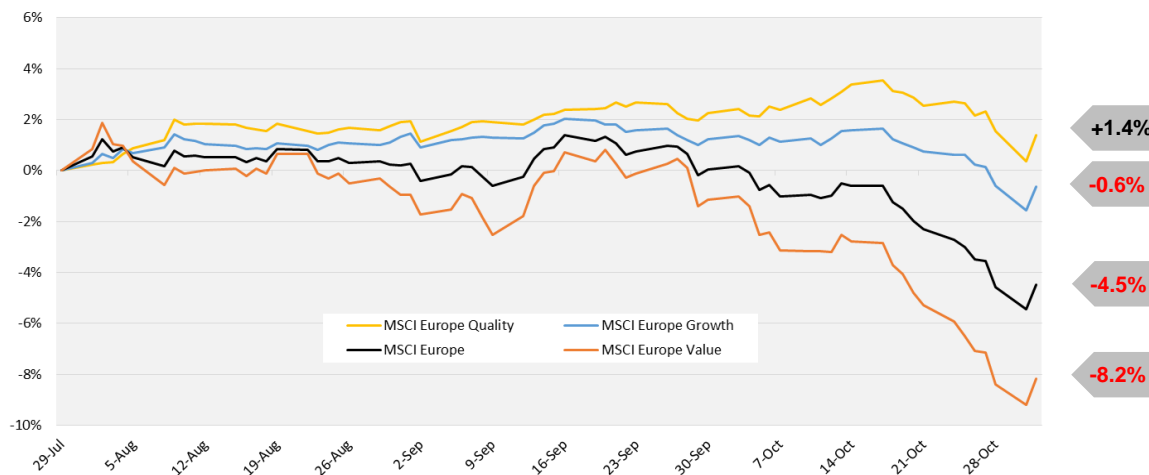
The Fund has – after the strong trend reversal – performed in line with the index, but has due to the low risk (beta: 0.66) a positive alpha. The risk adjusted return, Sharpe, is also higher compared to the index.

CB European Quality Fund: Performance

Status report

- The fund has, since the trend reversal in July, **performed better than quality stocks and in line with growth stocks** – the investment styles that the fund has the highest correlations with (table below).
- **The fund has performed significantly worse than value stocks** – the investment style that the fund has the lowest correlation with (table below).

The fund relative to different investment styles since July, as of 1 November



- The fund has the **strongest correlation with quality and growth stocks, and the lowest correlation with value stocks**. The fund's correlation with the European index is relatively low.
- The European index has the strongest correlations with growth and value stocks, and the lowest correlation with quality stocks.

The fund's correlation with different investment styles, 5 years*

	EQF	Europe	Europe Value	Europe Growth	Europe Quality
EQF	1.00	0.82	0.70	0.91	0.90
Europe		1.00	0.97	0.96	0.92
Europe Value			1.00	0.87	0.82
Europe Growth				1.00	0.97
Europe Quality					1.00

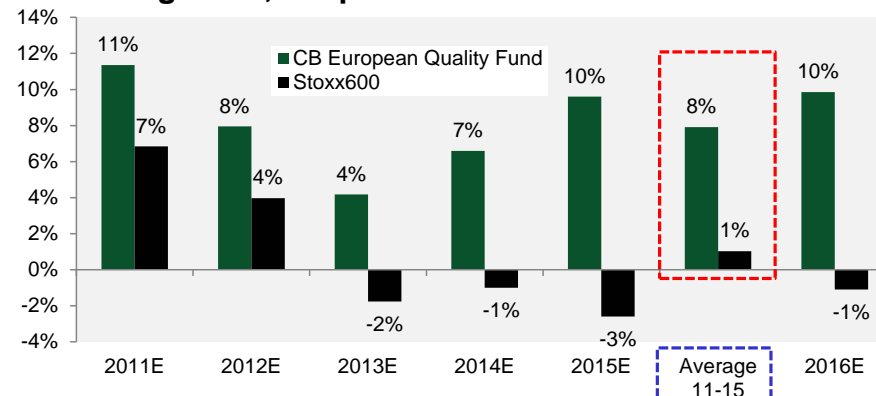
CB European Quality Fund: Portfolio

Status report

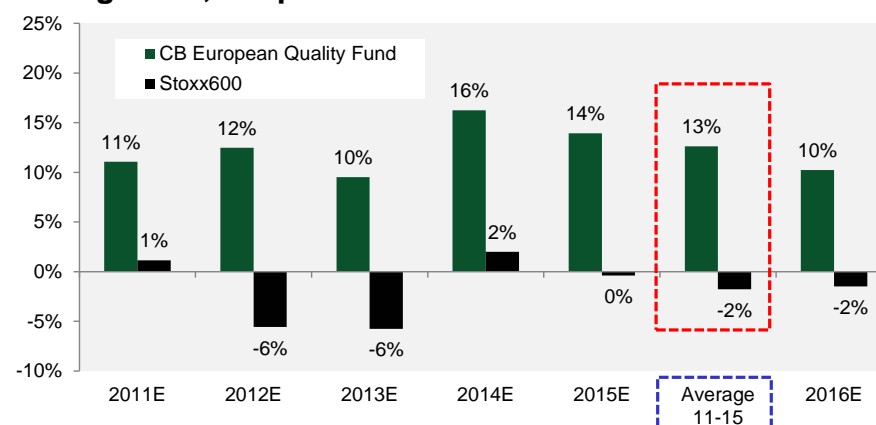
The portfolio as of 31 October 2016

Company	Country	Sector	Market cap € bn	Share of AUM	Share of MSCI Europe
Fresenius	Germany	Healthcare	35.9	4.7%	0.4%
Sampo	Finland	Financials	23.2	4.4%	0.3%
Legrand	France	Industrials	13.6	4.1%	0.2%
Geberit	Switzerland	Industrials	14.3	4.0%	0.2%
Henkel	Germany	Consumer Staples	46.6	3.8%	0.3%
Danske Bank	Denmark	Financials	27.3	3.8%	0.3%
Valeo	France	Consumer Discr.	12.3	3.6%	0.2%
Prudential	UK	Financials	38.3	3.6%	0.6%
Sika	Switzerland	Materials	11.1	3.6%	0.1%
SAP SE	Germany	IT	96.5	3.5%	1.1%
Handelsbanken	Sweden	Financials	23.8	3.3%	0.3%
DSV	Denmark	Industrials	8.1	3.3%	0.1%
Vinci	France	Industrials	38.8	3.1%	0.5%
AAK	Sweden	Consumer Staples	2.5	3.0%	0.0%
Halma	UK	IT	4.4	3.0%	0.0%
Shire	UK	Healthcare	45.3	2.9%	0.7%
Infineon Technologies	Germany	IT	18.1	2.8%	0.3%
Wirecard	Germany	IT	5.2	2.7%	0.0%
TKH Group	Netherlands	Industrials	1.5	2.6%	0.0%
Orpea	France	Healthcare	4.5	2.5%	0.0%
Assa Abloy	Sweden	Industrials	18.5	2.4%	0.2%
Dignity	UK	Consumer Discr.	1.5	2.3%	0.0%
SCA	Sweden	Consumer Staples	18.3	2.2%	0.2%
Reckitt	UK	Consumer Staples	56.4	2.2%	0.7%
Bunzl	UK	Industrials	8.2	2.1%	0.1%
Schindler	Switzerland	Industrials	18.5	2.1%	0.2%
Kerry	Ireland	Consumer Staples	11.5	1.9%	0.2%
Sage Group	UK	IT	8.5	1.9%	0.1%
Essilor	France	Healthcare	22.3	1.5%	0.3%
Hexagon	Sweden	IT	11.3	1.4%	0.1%
Spirax Sarco	UK	Industrials	3.6	1.3%	0.0%
SGS	Switzerland	Industrials	14.4	1.3%	0.1%
Huhtamaki	Finland	Materials	3.9	1.3%	0.0%
Total/Median			14.3	92.0%	7.9%

Revenue growth, the portfolio and index



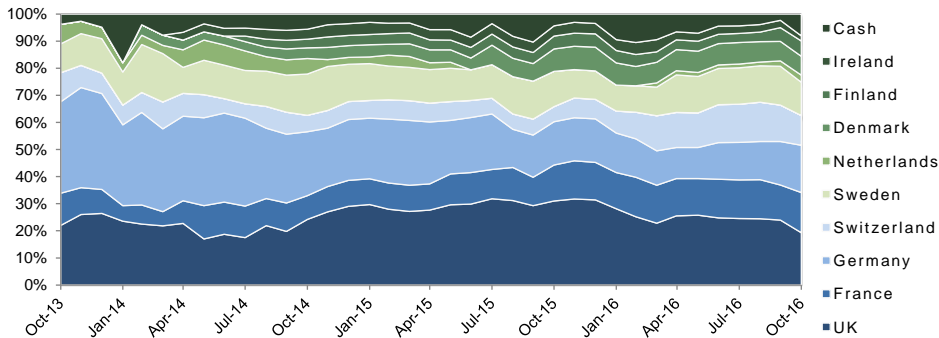
EPS-growth, the portfolio and index



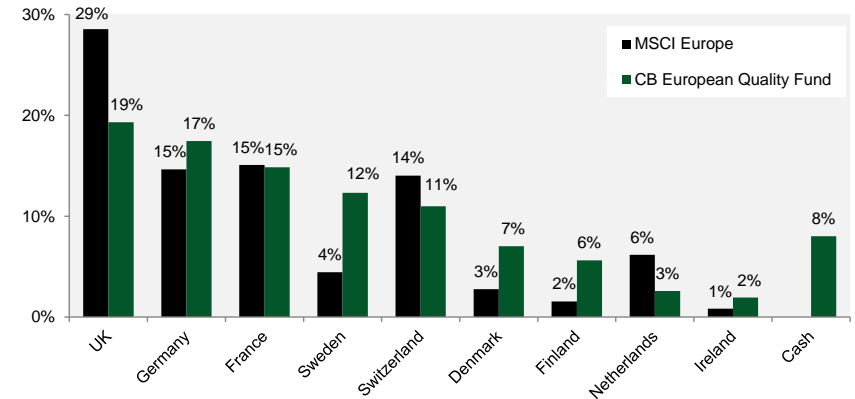
Included in one or more of the following sustainability indices:

- FTSE4Good Index
- Dow Jones Sustainability Europe Index
- STOXX Europe Sustainability Index

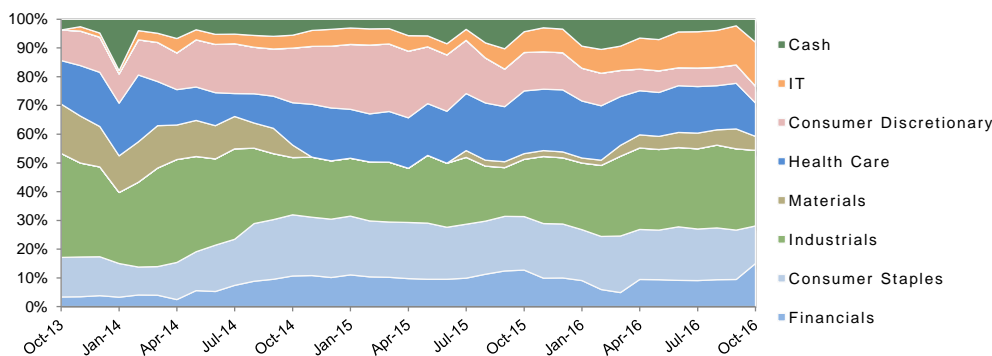
Geographical exposure, 36 months



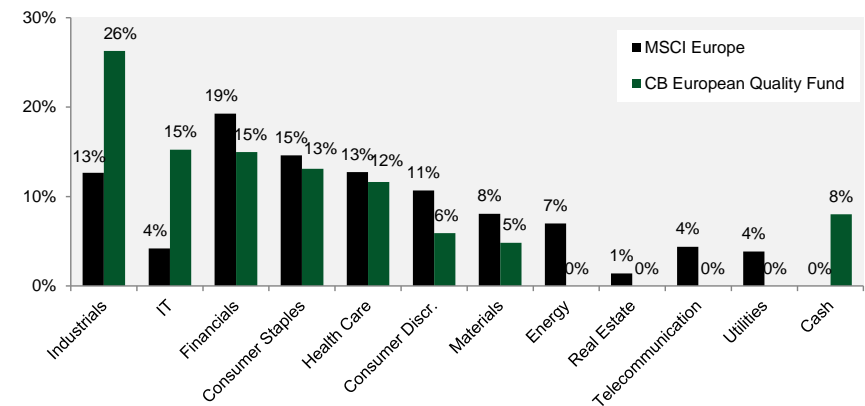
Geographical exposure, as of 31 October 2016



Sector exposure, 36 months

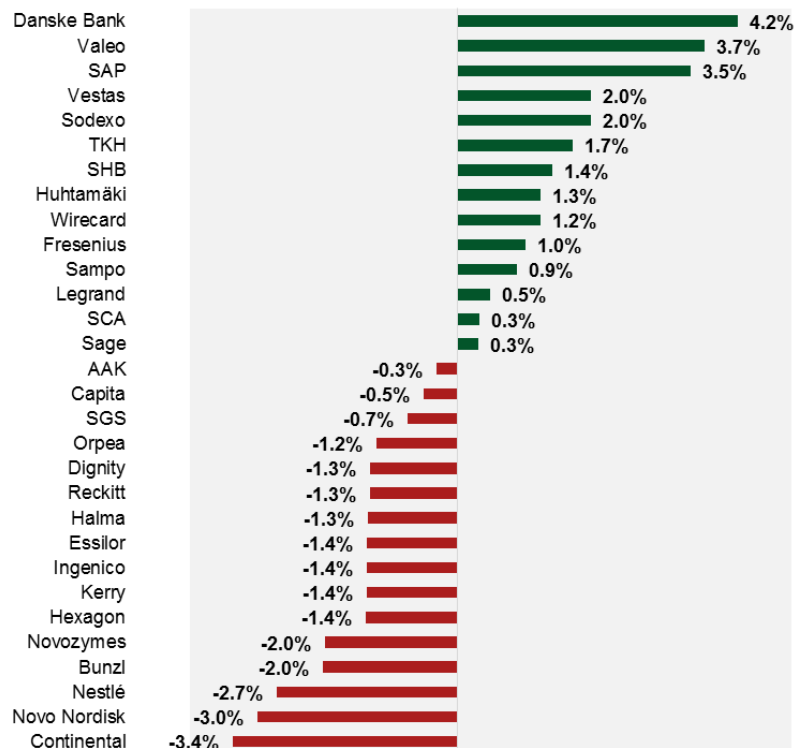


Sector exposure, as of 31 October 2016

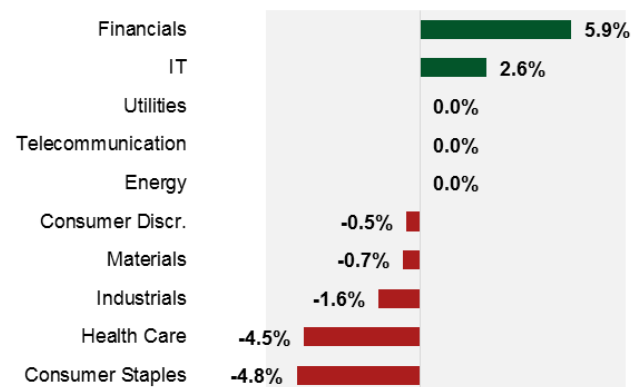


- **We have increased our exposure towards companies we believe will benefit relatively more from rising interest rates and a positive trend for value stocks.** Generally, this is a relatively good environment for financials and a relatively bad environment for consumer staples and health care.
- In this climate, we are more sensitive than usual to company specific issues.

Changes in holdings, 31 July – 31 October

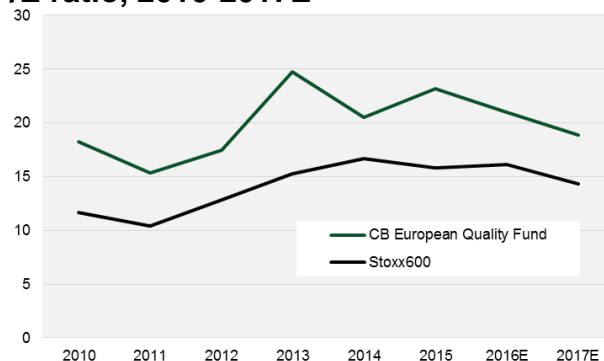


Changes in sector exposure, 31 July – 31 October

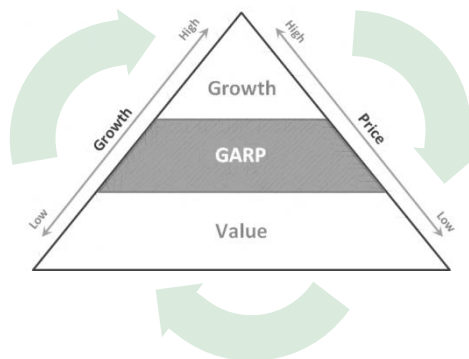
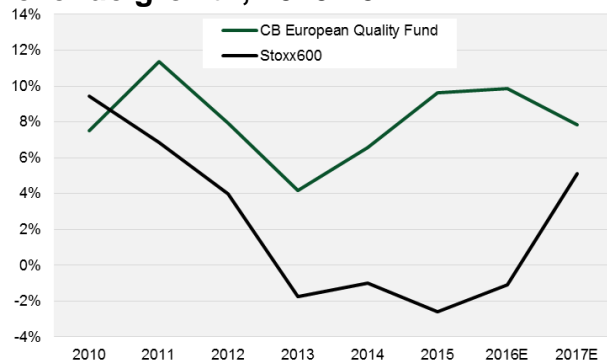


- In a market where value stocks outperform, it is of extra importance that we pay a "fair" price for our holdings: **focus on GARP** (Growth At A Reasonable Price).
- **The fund's EPS and revenue growth is 11 and 8 percent for 2017** respectively. Since 2010 the average for these numbers are 12 and 8 percent respectively. The P/E ratio for 2017 is 19x.
- The index has an expected EPS and revenue growth of 13 and 5 percent for 2017 respectively. These numbers have since 2011 always been estimated to be around these levels for the next year; the actual outcomes have since 2011 always been around 0%. The P/E ratio for 2017 is 14x.

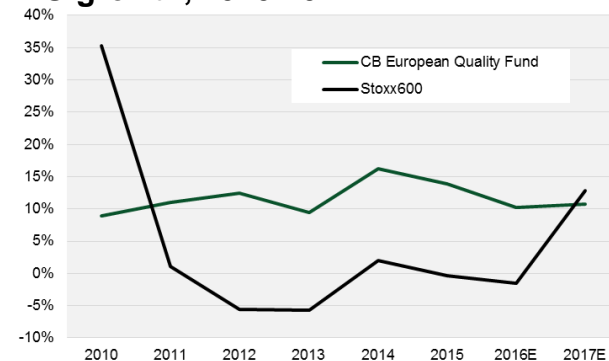
P/E ratio, 2010-2017E



Revenue growth, 2010-2017E

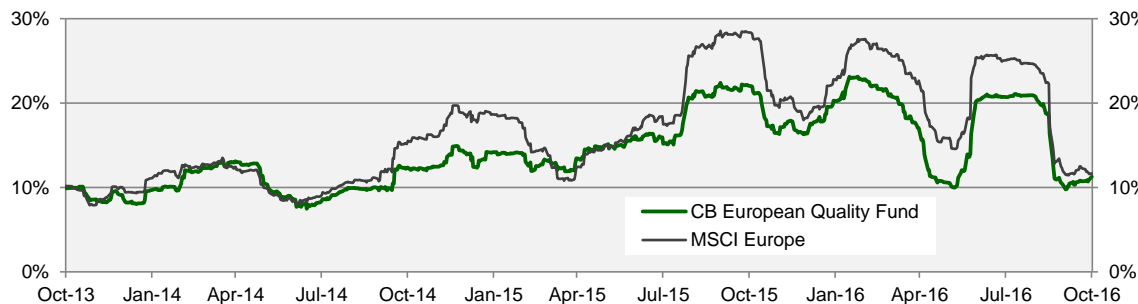


EPS-growth, 2010-2017E

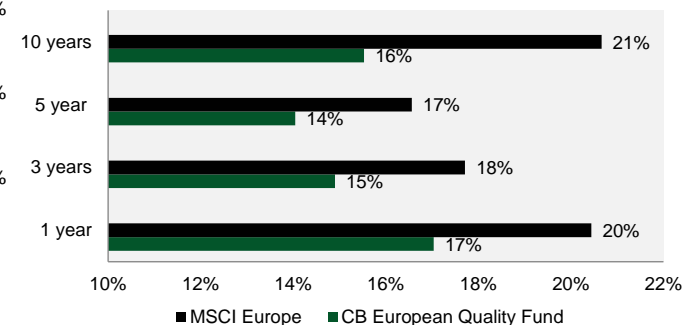


Standard deviation – consistently lower than index*

Standard deviation on a 60-day rolling basis, 3 years

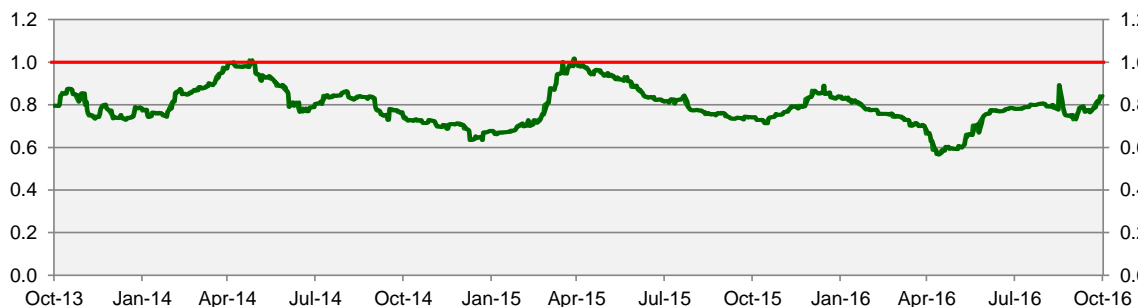


Standard deviation, 1-10 years

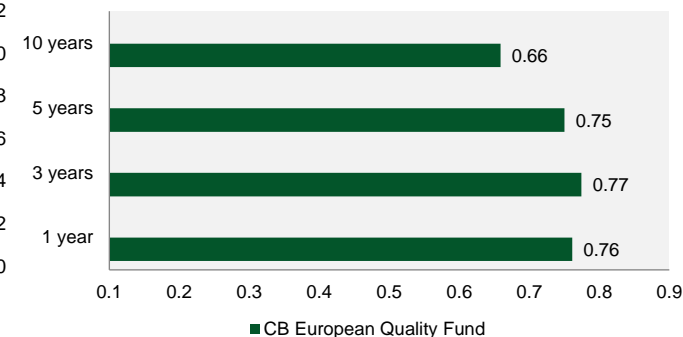


Beta against MSCI Europe – consistently <1*

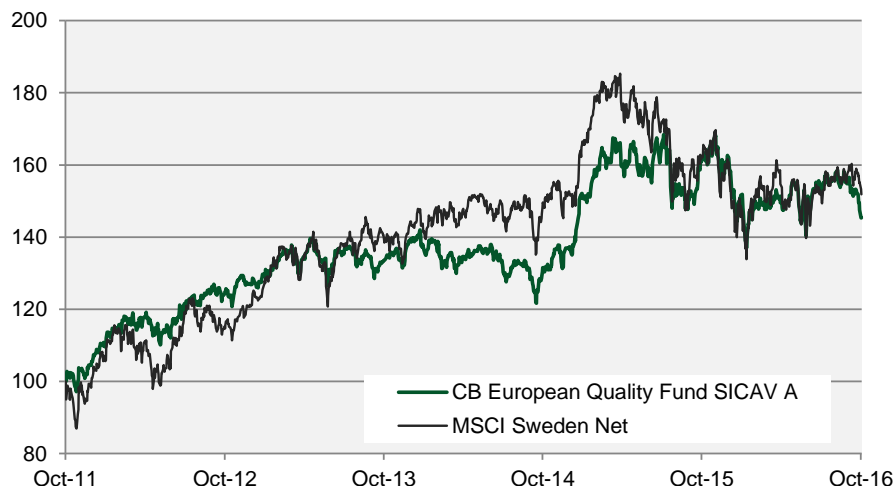
Beta on a 60-day rolling basis, 3 years



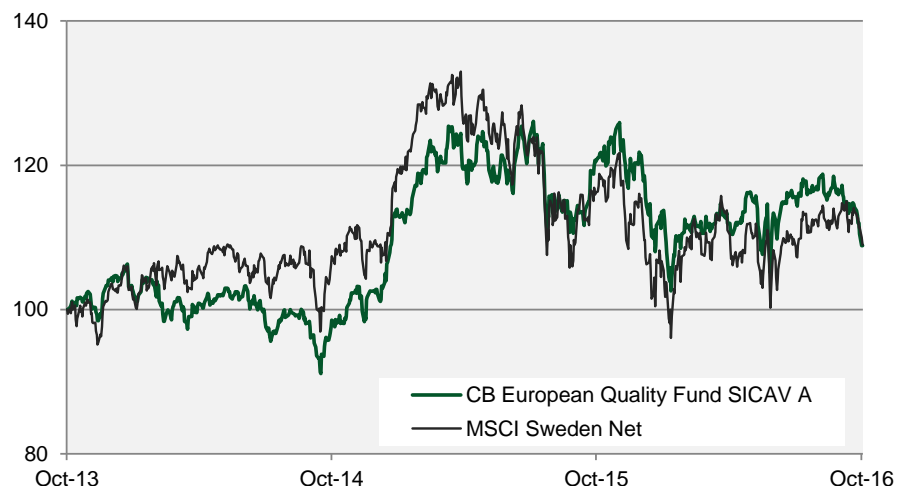
Beta, 1-10 years



EQF and MSCI Sweden Net, 5 years in EUR



EQF and MSCI Sweden Net, 3 years in EUR



Key ratios (5 yrs)*

	EQF	Sweden
Performance, %	+45.4	+51.9
Standard deviation, %	14.0	20.4
Sharpe (0%)	+0.56	+0.43
Maximum drawdown, %	-18.6	-27.8
Beta against MSCI Sweden	+0.56	
Alpha against MSCI Sweden, % p.a.	+2.84	

Key ratios (3 yrs)*

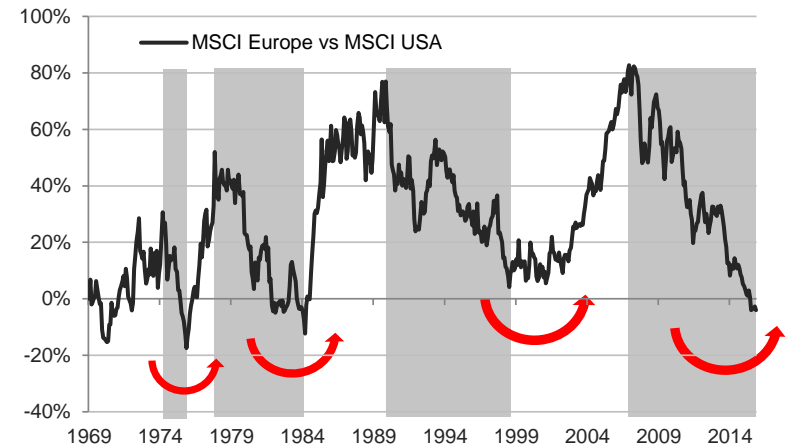
	EQF	Sweden
Performance, %	+8.9	+9.0
Standard deviation, %	14.9	20.5
Sharpe (0%)	+0.19	+0.14
Maximum drawdown, %	-18.6	-27.8
Beta against MSCI Sweden	+0.61	
Alpha against MSCI Sweden, % p.a.	+1.04	

- Europe has four explicit periods of underperformance against the U.S., all of which bottomed out when the accumulated underperformance reached ~40%. **This time Europe has underperformed by 47%!**
- **Does a new period of outperformance stand before Europe?** Never before (with data going back to 1969) has Europe underperformed more than today's 47% and never before has the underperformance lasted as long as today's 107 months.

MSCI Europe relative to MSCI USA. Periods of out-/underperformance

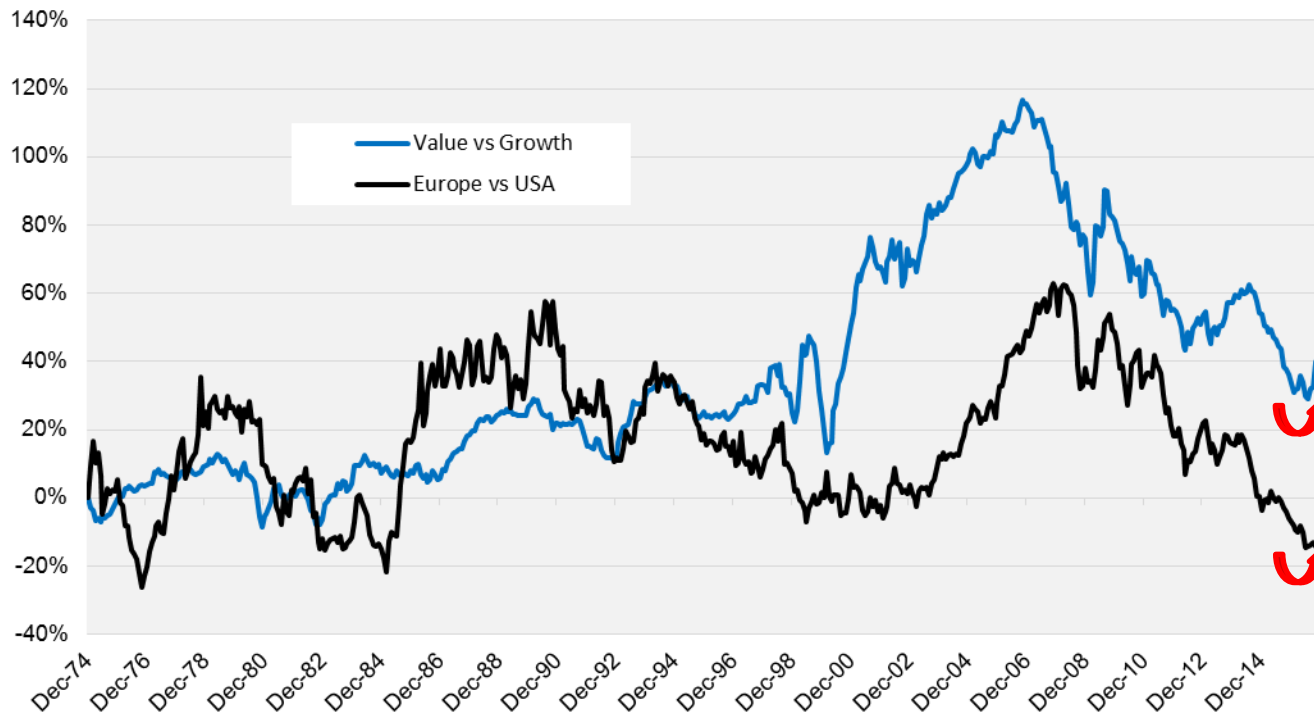
Time period		Absolute return (USD)		Relative return	Duration Months
From	To	MSCI Europe	MSCI USA		
1975-02-28	1976-10-29	-18%	30%	-37%	20
1976-10-29	1978-10-31	76%	-4%	84%	24
1978-10-31	1985-02-28	34%	132%	-42%	76
1985-02-28	1990-10-31	283%	90%	102%	68
1990-10-31	1999-06-30	224%	451%	-41%	104
1999-06-30	2007-11-30	102%	15%	75%	101
2007-11-30	2016-10-31	-13%	65%	-47%	107

MSCI Europe relative to MSCI USA, same currency



- **A trend reversal for value stocks relative to growth stocks has historically been positive for outperformance by Europe relative to the US.** This relationship has been especially strong since 2000.
- US stocks have a higher valuation than European stocks and the US index consists mainly of growth stocks, especially in IT (Amazon, Facebook, Alphabet among others), while the European index is more tilted towards value stocks, mainly in finance.

MSCI Europe Value vs MSCI Europe Growth and MSCI Europe vs MSCI USA



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Potential investors in the Fund should inform themselves of the applicable laws and regulations of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding, conversion and redemption of shares in the Fund.

Should you wish to obtain further information on the Fund, please consult our website, where the Prospectus, the latest available annual and semi-annual reports, and the Key Investor Information Document (KIID) of the Fund is provided.

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