

Sustainable Return

PROFILE

Nordic Credit Opportunities Sustainable Return invests in Nordic corporate bonds from issuers with an integrated sustainability strategy. The fund maintains a portfolio of c.25 holdings and has a return target of 6-9% p.a. Each investment undergoes thorough commercial, financial and ESG due diligence and is subject to final approval by NCP's Investment Committee.

SUSTAINABILITY

NCP integrates sustainability into the investment thesis to benefit our investors and contribute to the development of sustainability in society at large. We focus on companies that has a thorough understanding of the exposure to and impact on its specific sustainability factors and risks, thus futureproofing the portfolio and investing in long-term frontrunners.

Signatory of:



INVESTMENT TEAM

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Founder & Chief Investment Officer [in](#)

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Portfolio manager, Sustainable Investing [in](#)

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Nordic Credit Partners

MARKET & PORTFOLIO COMMENTARY

October marked another soft month in the Nordic high yield market despite both the US and EUR market strengthening and regaining some of the year's lost territory. The two main drivers behind the broader surge in these markets were (i) increased expectations that central banks are reducing the pace of monetary policy tightening; and (ii) surprisingly solid Q3 corporate earnings. These drivers had limited effect on the Nordic market where we saw uneven losses across all segments. Two historically strong sectors – real estate and investment companies – underperformed, both now with an average spread of >700bps, almost a 100bps increase during the month.

The fund yielded -1.96% during the month, the largest loss since inception (-2.38% YTD). The decline was a result of an overall price decline in the market with a tilt towards real estate. Our Heimstaden holding declined significantly in cash price (25 ppts) which impacted overall monthly performance. Heimstaden is Europe's second largest private residential real estate company with EUR 30bn+ of assets, an LTV of 49% and backed by tier 1 Nordic pension funds and insurance companies. In July, the company raised EUR 700m in new equity to buy back hybrid bonds in the market, underpinning the financial strength and long-term view of its institutional shareholders. Despite this, the Swedish real estate market is suffering from a loss of European investor confidence, resulting in price declines across all outstanding bonds. During the month we also made a new investment in an investment company with a low LTV and diversified asset base.

In the coming month, most of our issuers will publish their Q3 numbers. We expect to follow up with separate management meetings where necessary to understand outlook and to assess potential portfolio changes. In particular, we look forward to the report from YA Holding, which trades below par due to issues discussed in previous monthly reports. The primary market activity is down by 90% in October compared to previous year due to reduced risk appetite, strengthening our view that the secondary market offers better opportunities for anyone doing the homework and with cash to deploy.

Cecilia, Emil and Jakob

CUMULATIVE PERFORMANCE (%)

1 month	YTD	1 year	3 years	Since inception	NAV A	NAV B	NAV C
-1.96	-2.38	-1.62	NA	7.87	97.6	99.05	99.05

MONTHLY PERFORMANCE (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.77	-0.47	0.69	0.28	-0.51	-1.27	0.41	0.76	-1.06	-1.96			-2.38
2021	0.84	0.44	0.72	0.98	0.47	1.00	0.98	1.06	0.37	0.26	0.41	0.37	8.17
2020							0.33	-0.02	0.11	0.06	1.55	0.13	2.16

THE FUND

Fund name	Nordic Credit Opportunities SICAV-RAIF Sustainable Return		
Target instruments	Nordic corporate bonds	AIFM	Fuchs Asset Management
Target return	6-9% p.a. net of fees	Depository	Société Générale Luxembourg
Inception date	25 June 2020	Auditor	PWC Luxembourg

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 your invested capital. Complete prospectus and fund statutes are available at www.ncpgroup.se. The information in this document is proprietary to Nordic Credit Partners AB 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. Nordic Credit Partners AB is not responsible for the damage, whether direct or indirect result of any defects or errors in the information.

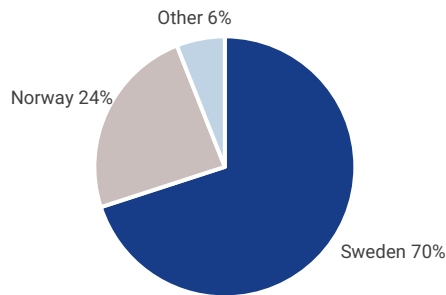
KEY RATIOS

Ratio	
Yield to maturity	12.3%
Yield to worst	12.3%
Average coupon	8.6%
Credit duration	2.00 years
Duration	0.57 years
Modified duration	0.51%
Standard deviation p.a. (since inception)	2.63%
Average credit rating	Non-rated

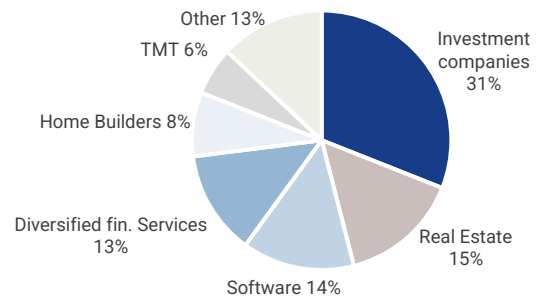
KEY RATIOS CONT.

Ratio	
Sharpe Ratio since inception	1.30
Additional names to the portfolio	1
Leavers of the portfolio	1
Positive months since inception	76%
Risk level	●●●○○○

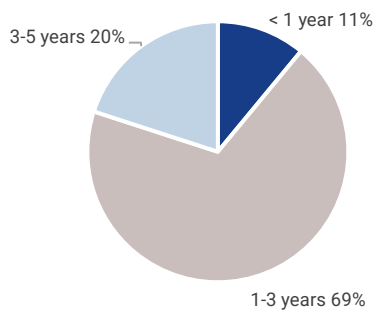
BREAKDOWN BY GEOGRAPHY



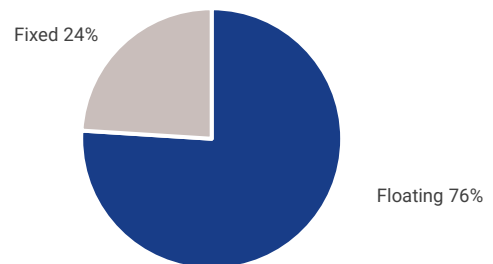
BREAKDOWN BY SECTOR



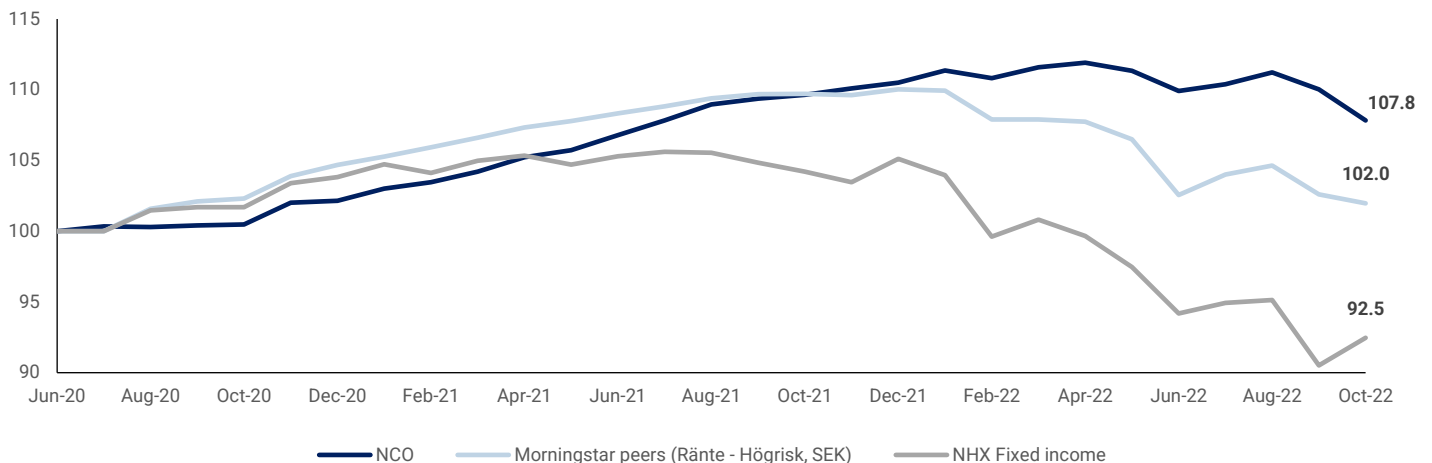
BREAKDOWN BY MATURITY



BREAKDOWN BY COUPON



TOTAL RETURN SINCE INCEPTION¹



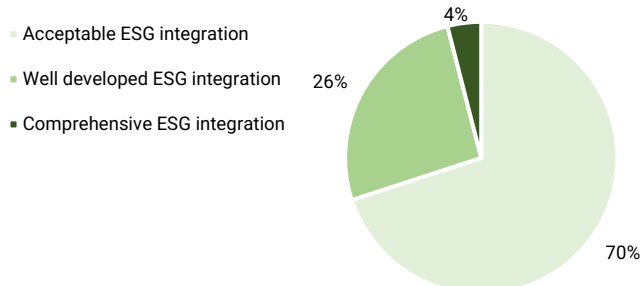
Source: Bloomberg & Nordic Hedge. 1) Inception June 2020.

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TOP HOLDINGS

Issuer	%
Novedo Holdings AB	5.5
Mirovia AB	4.9
Omnione S.A.	4.6
Impala Group PLC	4.6
Seafire AB	4.6

INTERNAL SUSTAINABILITY RATING



SHARE CLASS INFORMATION

Share class	Class A	Class B	Class C
ISIN	LU2173402418	LU2173402509	LU2173402681
Target client	Inst. & Well-informed	Inst. & Well-informed	Inst. & Well-informed
Currency	EUR	EUR	EUR
Income	Distributing	Distributing	Distributing
Distr. frequency	Annually	Annually	Annually
Min investment	EUR 20,000,000	EUR 500,000	EUR 500,000
Subscriptions	Monthly	Monthly	Monthly
Redemptions / redemption fee	Annually / 3.0%	Annually / 3.0%	Monthly / 7.0%
Management fee	0.50% p.a.	0.55% p.a.	0.55% p.a.
Performance fee	20% over Hurdle	20% over Hurdle	20% over Hurdle
Hurdle	3M Stibor+3%	3M Stibor	3M Stibor

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