

# Sustainable Corporate Bond 2XL

## PROFILE

NCP Sustainable Corporate Bond 2XL invests in Nordic corporate bonds from issuers with an integrated sustainability strategy. The fund maintains a portfolio of c.25 holdings and has a target return of 6-9% p.a. Each investment undergoes thorough commercial, financial and sustainability due diligence and is approved by NCP's Investment Committee. The fund applies up to 2x leverage to enhance the risk-adjusted return.

## 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. The fund is a SFDR article 8.

Signatory of:



## INVESTMENT TEAM

**Jakob Eliasson**

Founder & Chief Investment Officer

**Cecilia Bevik-Cronqvist**

Portfolio manager, Sustainable Investing

**Emil Ahlin**

Assistant Portfolio manager

## CONTACT

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(Umbrella fund)

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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 -2.83% during the month (-5.07% YTD). The decline was a result of an overall price decline in the market with a tilt towards real estate. Our three Heimstaden holdings declined significantly in cash price (10-25 ppts) which impacted overall monthly performance by -1.3%. 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 market has a generally negative view on the company and we see international investors continuing to trade out of the name, resulting in price declines across all its outstanding bonds.

In the coming months, most of our issuers will publish their Q3 numbers. We expect to follow up with separate management meetings where necessary to understand outlook to assess potential portfolio changes. There are two names that we will assess in depth when they present their quarter: Momox and YA Holding, both trading at significant discount to par as 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
-2.83	-5.07	-2.99	NA	4.84	104.84

## MONTHLY PERFORMANCE (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.80	-0.86	0.60	1.17	-0.73	-2.42	1.09	0.91	-2.80	-2.83			-5.07
2021	0.59	0.73	0.85	0.89	0.58	0.27	0.33	1.30	0.39	0.12	1.57	0.49	8.39
2020								0.17	0.25	0.59	0.24	0.61	1.88

## THE FUND

<b>Fund name</b>	Nordic Credit Partners SICAV-RAIF Sustainable Corporate Bond 2XL		
<b>Target instruments</b>	Nordic corporate bonds	<b>AIFM</b>	Carne Global Fund Managers
<b>Target return</b>	6-9% p.a. net of fees	<b>Depository</b>	BNP Paribas Securities Services
<b>Inception date</b>	5 August 2020	<b>Auditor</b>	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](http://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.

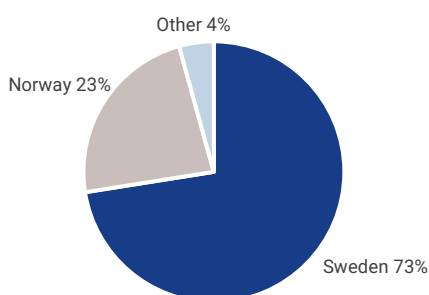
## KEY RATIOS

Ratio	
Yield to maturity	12.3%
Yield to worst	12.3%
Average coupon	7.8%
Credit duration	1.99 years
Duration	0.43 years
Modified duration	0.38%
Standard deviation p.a. (since inception)	4.01%
Average credit rating	Non-rated

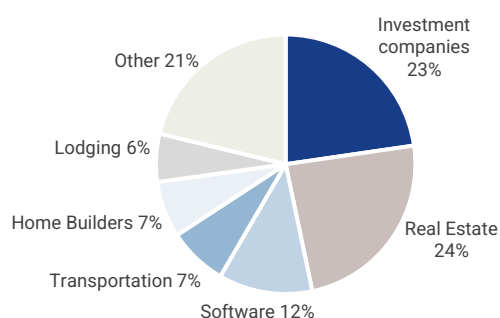
## KEY RATIOS CONT.

Ratio	
Sharpe Ratio since inception	0.53
Additional names to the portfolio	-
Leavers of the portfolio	1
Positive months since inception	81%
Risk level	●●●○○○

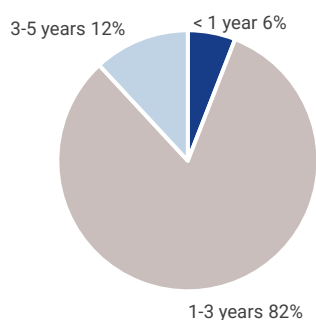
## BREAKDOWN BY GEOGRAPHY



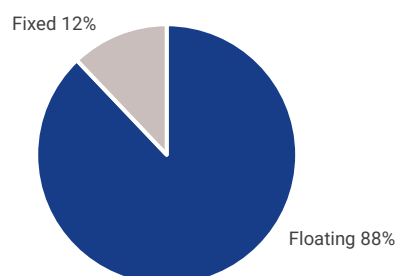
## BREAKDOWN BY SECTOR



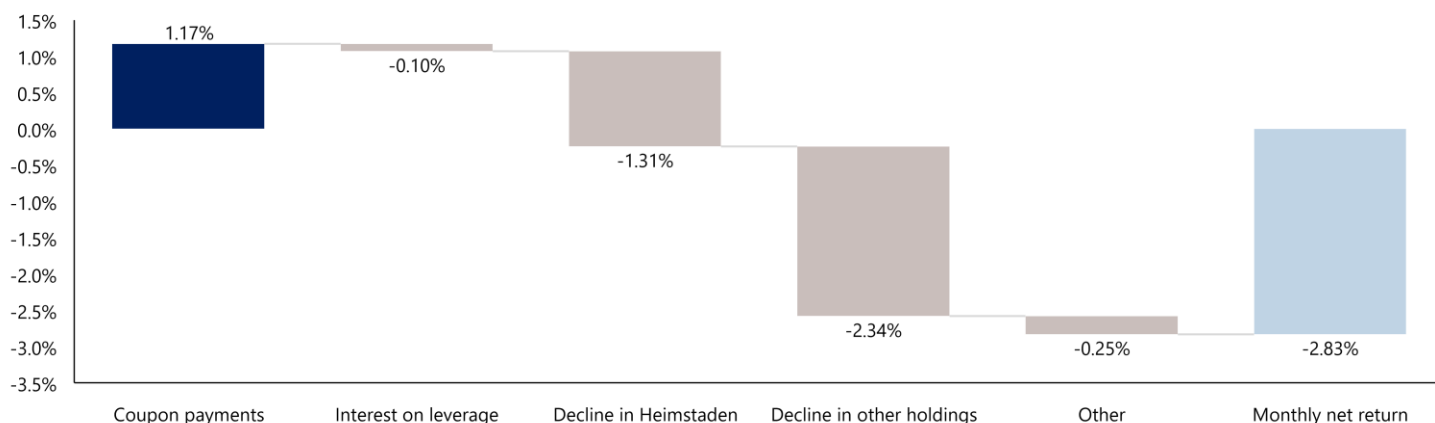
## BREAKDOWN BY MATURITY



## BREAKDOWN BY COUPON



## MONTHLY RETURN BREAKDOWN



Others include unrealised profit and losses, accrued fees and rounding differences

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## TOP HOLDINGS

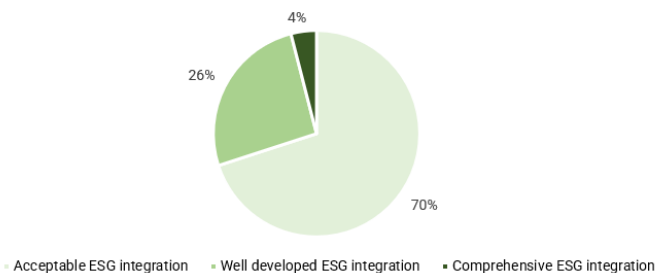
Issuer	%
Media and Games Invest	7.0
Azerion Holdings BV	6.5
Mutares SE & Co	6.0
Novedo Holdings AB	5.8
Esmailzadeh Holding AB	5.4

## MAIN MOVERS FOR THE PERIOD

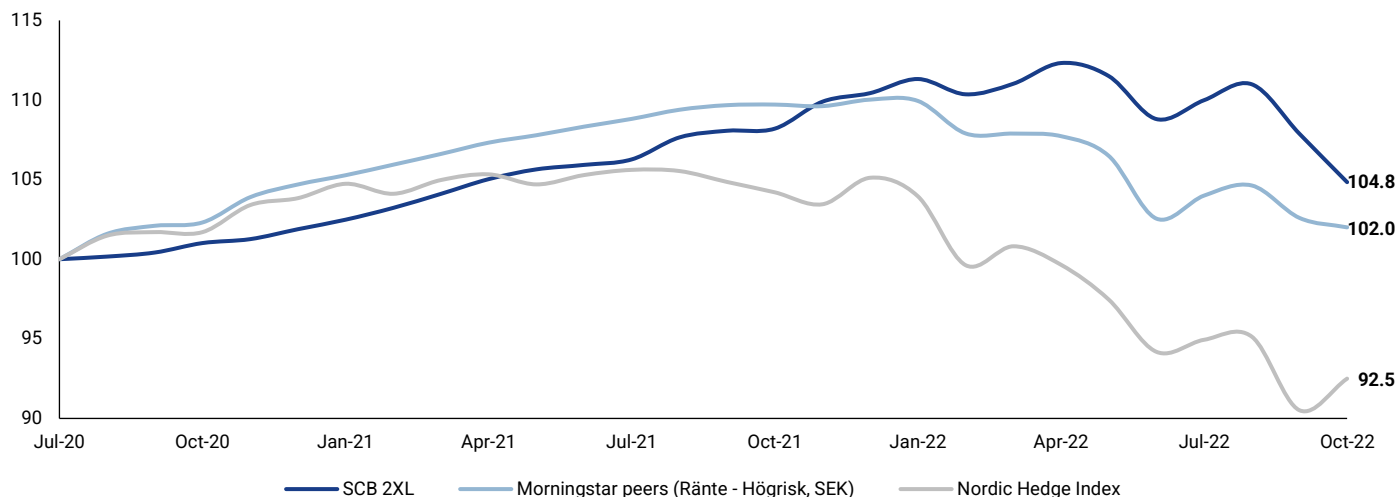
Issuer	%-points
Heimstaden AB	-25.9
Heimstaden Bostad AB	-14.4
Heimstaden AB	-11.1
Genova Property AB	-8.4
SGL International AS	-5.1

## BREAKDOWN BY INTERNAL SUSTAINABILITY RATING

Issuer	ESG rating
Media and Games Invest	
Azerion Holdings BV	
Mutares SE & Co	
Novedo Holdings AB	
Esmailzadeh Holding AB	



## TOTAL RETURN SINCE INCEPTION<sup>1</sup>



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

## SHARE CLASS INFORMATION

Share class	Institutional (SEK)	Partner (SEK)	Institutional (EUR)	Partner (EUR)
<b>ISIN</b>	Acc: LU2180877446 Distr: LU2180877792	Acc: LU2180877529 Distr: LU2180877875	Acc: LU2257616636 Distr: LU2257617014	Acc: LU2257616719 Distr: LU2257617105
<b>Target client</b>	Inst. & Well-informed	Inst. & Well-informed	Inst. & Well-informed	Inst. & Well-informed
<b>Currency</b>	SEK	SEK	EUR	EUR
<b>Income</b>	Acc./Distr.	Acc./Distr.	Acc./Distr.	Acc./Distr.
<b>Distr. frequency</b>	Annually	Annually	Annually	Annually
<b>Min investment</b>	SEK 1.5m	SEK 50m	EUR 125 000	EUR 5m
<b>Subscriptions</b>	Monthly	Monthly	Monthly	Monthly
<b>Redemptions</b>	Quarterly	Quarterly	Quarterly	Quarterly
<b>Management fee</b>	0.90% p.a.	0.60% p.a.	0.90% p.a.	0.60% p.a.
<b>Performance fee</b>	20% over Hurdle	20% over Hurdle	20% over Hurdle	20% over Hurdle
<b>Hurdle</b>	3M Stibor+2%	3M Stibor+2%	3M Stibor+2%	3M Stibor+2%

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