

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

Jakob Eliasson

Founder & Chief Investment Officer [in](#)

Cecilia Bevik-Cronqvist

Portfolio manager, Sustainable Investing [in](#)

Emil Ahlin

Assistant Portfolio manager [in](#)

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Nordic Credit Partners

Sustainable Return

MARKET & PORTFOLIO COMMENTARY

December finished off rather quiet as seasonally expected with a stabilisation of the market following the November spree. And what a year this has been! With the outbreak of war in Ukraine and energy crisis, inflation and rate hikes as a consequence, 2022 marks the toughest year in the history of the Nordic high yield market. Many funds erased returns earned in the previous handful of years and bond fund outflows added up to EUR 1bn (Nov YTD). Having that said, thanks to the floating rate regime and relatively short duration, the Nordic high yield market significantly outperformed both EUR and US high yield (both with double digit declines). In turn, the fund outperformed the market – thanks to credit quality, liquidity limitations and a robust risk management framework. Going into 2023, the scepticism to Swedish real estate is likely to remain with sentiment likely to start altering only after inflation and interest rates peak and fund flows turn positive.

The fund yielded -0.32% during the month (-2.67% YTD). The overall negative momentum in real estate persisted and weighted negatively on monthly return. We are underweight in the sector and have met with the management teams of all our real estate holdings in the last quarter and continue to monitor the situation closely. One of our largest real estate holdings, Heimstaden AB (discussed in previous reports), was the largest negative contributor to monthly return, falling by 14 percentage points during the month on the back of deteriorating investor sentiment. We see the underlying credit quality as intact but monitor and evaluate the issuer continuously. The negative sentiment in real estate was mitigated by an overall more upbeat market with stable or moderate price increases across most sectors.

With average price of the portfolio around 93% of par, and a YTW of 13%, we are likely approaching an attractive entry point in the market. Having that said, we expect the market default level to increase during the 2023 and a concentrated portfolio with good credit quality and experience and staffing to handle restructurings will be essential in minimising credit losses during these volatile times. We look forward to a continued supply of opportunistic investment opportunities and a gradually more positive sentiment as the new year advances.

Cecilia, Emil and Jakob

CUMULATIVE PERFORMANCE (%)

1 month	YTD	1 year	3 years	Since inception	NAV A	NAV B	NAV C
-0.32	-2.67	-2.67	NA	7.5	97.38	98.77	98.76

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	0.03	-0.32	-2.67
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.

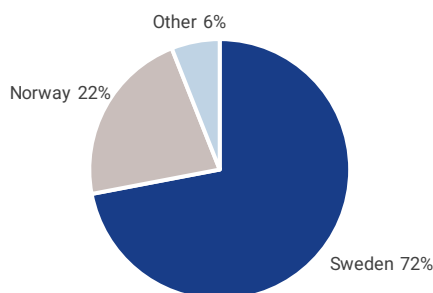
KEY RATIOS

Ratio	
Yield to maturity	13.1%
Yield to worst	13.1%
Average coupon	8.8%
Credit duration	2.03 years
Duration	0.41 years
Modified duration	0.35%
Standard deviation p.a. (since inception)	2.57%
Average credit rating	Non-rated

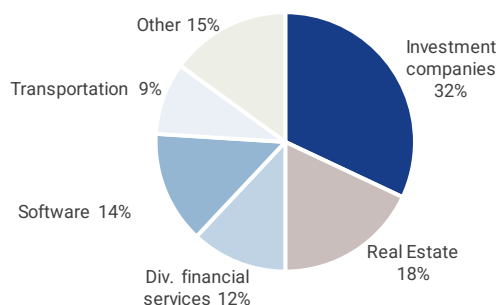
KEY RATIOS CONT.

Ratio	
Sharpe Ratio since inception	1.15
Additional names to the portfolio	-
Leavers of the portfolio	-
Positive months since inception	77%
Risk level	●●●○○○

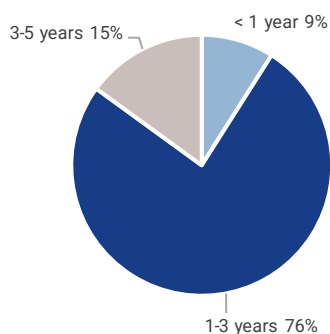
BREAKDOWN BY GEOGRAPHY



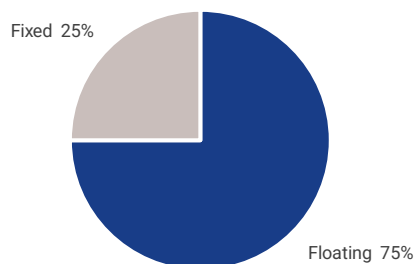
BREAKDOWN BY SECTOR



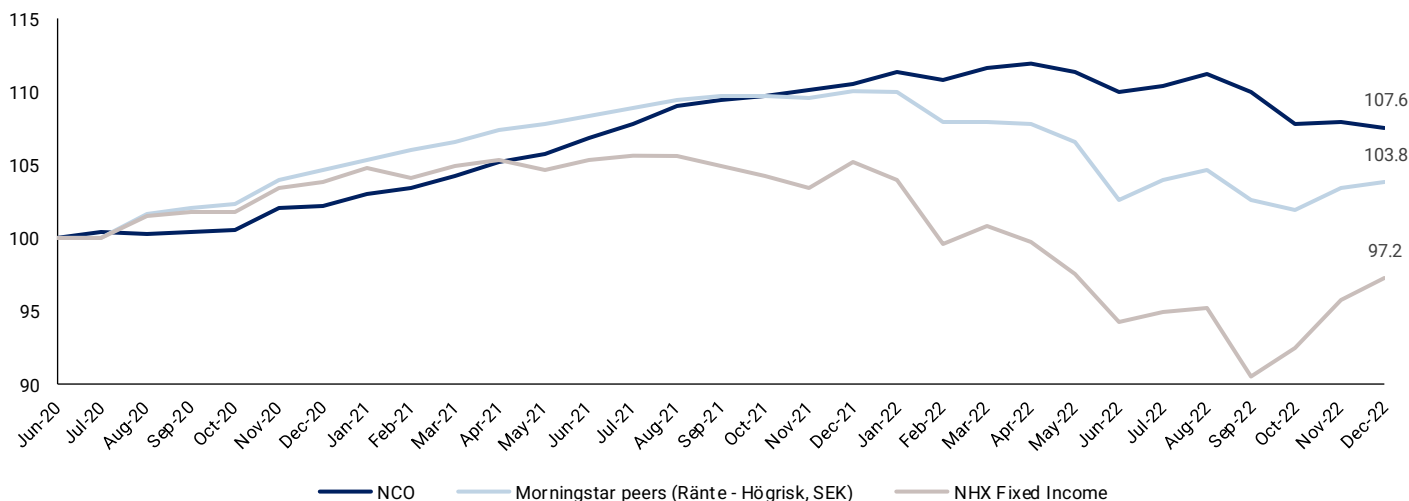
BREAKDOWN BY MATURITY



BREAKDOWN BY COUPON



TOTAL RETURN SINCE INCEPTION¹



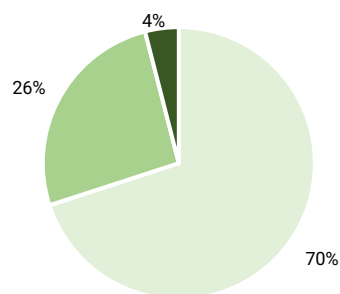
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TOP HOLDINGS

Issuer	%
Novedo Holdings AB	5.5
Storskogen Group AB	5.0
Omnione S.A.	4.9
Mirovia AB	4.9
Azerion Holdings BV	4.4

INTERNAL SUSTAINABILITY RATING

- Acceptable ESG integration
- Well developed ESG integration
- Comprehensive ESG integration



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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