

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](#)

Cecilia Bevik-Cronqvist

Portfolio manager, Sustainable Investing [in](#)

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Nordic Credit Partners

MARKET & PORTFOLIO COMMENTARY

The month started off on the same mood as the previous months with a muted primary and secondary market and declining market prices as a consequence. However, as the broader European market strengthened significantly, a few Nordic issuers opportunistically launched primary transactions, resulting in numerous issuers fighting for investor interest. We are currently participating in pre-soundings of a handful of transactions but note that bond processes currently are longer and come at more bondholder friendly terms than usual.

The fund yielded 0.03% during the month (-2.36% YTD). We were pleased to see the last couple of months' return decline coming to a halt with mainly one portfolio company, YA Holding, negatively impacting return. The company, briefly discussed in the September monthly report, released Q3 numbers in line with communicated targets but the market continued to trade down. Previous month's addition to the portfolio, Storskogen Group, slipped a bit further continues to trade at a significant discount to par. The company released (in our opinion) a satisfactory report with upheld demand for its services and a renewed focus on consolidating the balance sheet in order to de-leveraging the company well within their net leverage target of 2-3x. With a market cap of EUR 1.2bn and current leverage of 2.7x, the company still offers an attractive risk-adjusted return. Set aside YA Holding and to certain extend Storskogen Group, the return of the portfolio was driven primarily by smaller nominal price declines mitigated by coupons received.

During the month, we disposed one smaller holding, Nor5ke Viking I AS. The company traded above par after having delivered well on its financial targets for the year and we saw an opportunity to deploy the proceeds at better terms elsewhere. We still see many interesting opportunities in the market. It is the time of the year when we can be a bit more opportunistic than usual since market participants tend to close their books and think about next year. We monitor the market and trade flows opportunistically and is eager to use the remainder of the year to – where possible – regain some of the return lost previously in the year.

Cecilia, Emil and Jakob

CUMULATIVE PERFORMANCE (%)

| 1 month | YTD | 1 year | 3 years | Since inception | NAV A | NAV B | NAV C |
|---------|-------|--------|---------|-----------------|-------|-------|-------|
| 0.03 | -2.36 | -1.99 | NA | 7.90 | 97.70 | 99.08 | 99.08 |

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 | | -2.36 |
| 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.

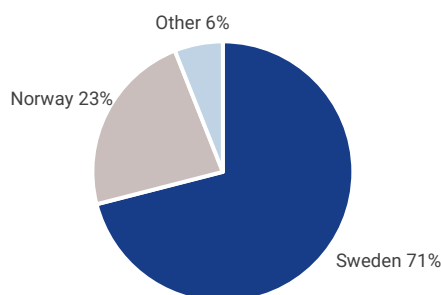
KEY RATIOS

| Ratio | |
|---|------------|
| Yield to maturity | 13.4% |
| Yield to worst | 13.4% |
| Average coupon | 8.7% |
| Credit duration | 1.92 years |
| Duration | 0.54 years |
| Modified duration | 0.48% |
| Standard deviation p.a. (since inception) | 2.59% |
| Average credit rating | Non-rated |

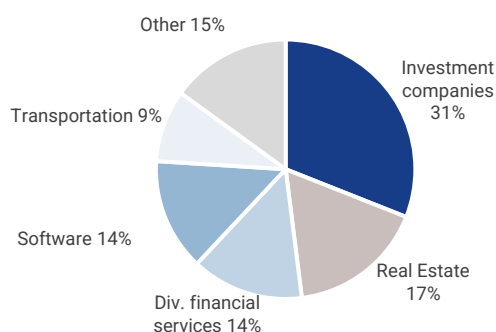
KEY RATIOS CONT.

| Ratio | |
|-----------------------------------|--------|
| Sharpe Ratio since inception | 1.23 |
| Additional names to the portfolio | - |
| Leavers of the portfolio | 1 |
| Positive months since inception | 77% |
| Risk level | ●●●○○○ |

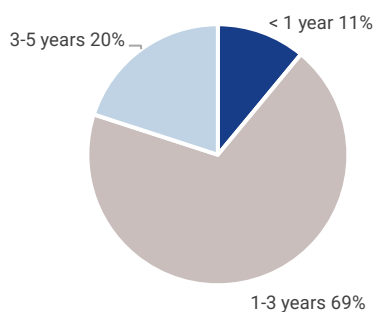
BREAKDOWN BY GEOGRAPHY



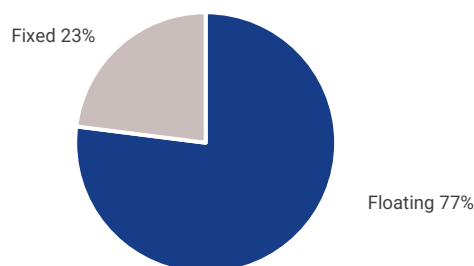
BREAKDOWN BY SECTOR



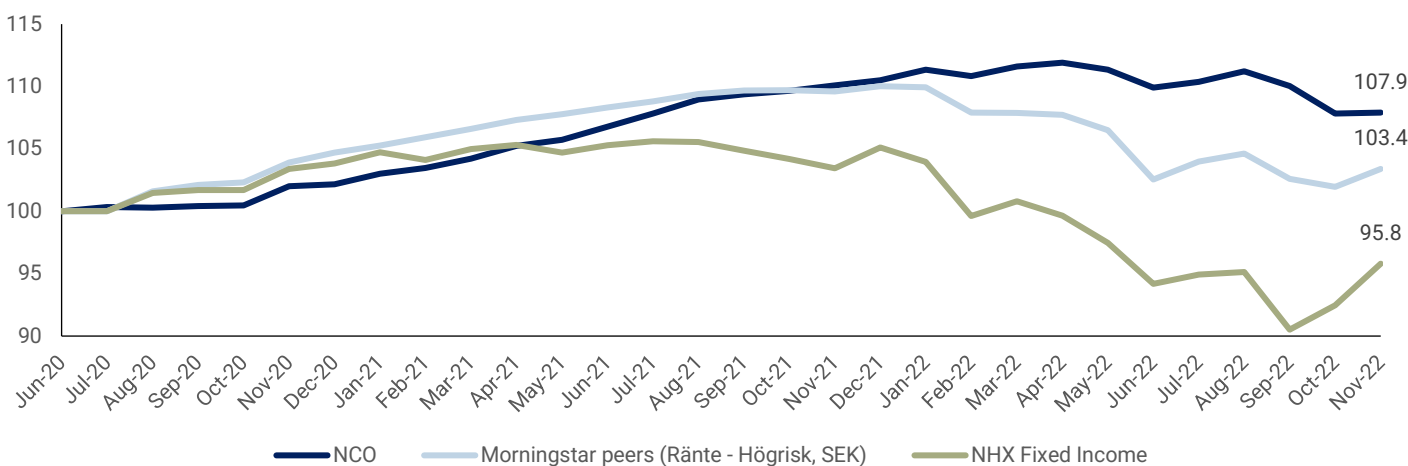
BREAKDOWN BY MATURITY



BREAKDOWN BY COUPON



TOTAL RETURN SINCE INCEPTION¹



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

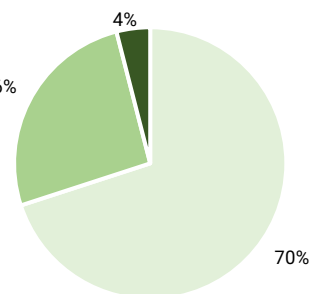
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TOP HOLDINGS

| 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

- Acceptable ESG integration
- Well developed ESG integration 26%
- 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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