



MONTHLY REPORT

# Sustainable Return

February 2023

## MARKET & PORTFOLIO COMMENTARY

The positive market sentiment from the end of January continued into February with tightening spreads and fund inflows. Several primary deals were priced in the market, by both existing and new issuers, albeit at large spreads. It is clear that issuers are eager to utilise this (temporary?) window of market activity without being overly concerned about pricing. Although we are still waiting for the first real estate issuer to try the market, we note that outstanding investment company and real estate bonds have begun to recoup a bit of previous year's lost ground. We are actively involved in multiple refinancing discussions and pre-soundings and are closely monitoring primary market activity to identify emerging opportunities.

The fund yielded 1.56% during the month (2.85% YTD) and the current cash price of the portfolio is ~94% of par value which corresponds to a YTM of 13%. The unchanged cash price and higher YTM compared to the previous month is explained by (i) the refinancing of one outstanding bond above par which was replaced by a new bond issued with an OID (i.e. discount to par) and (ii) the disposal of one holdings above or close to par where proceeds were utilised to add size in two holdings sub-par. The performance of the fund was driven generally by coupon payments, the overall positive sentiment across sectors and, particularly, the rebounds for investment companies.

By the end of February, all portfolio companies had reported their FY 2022. In general, the reports did not reveal anything of a surprise. The general theme was that (i) underlying demand is still solid; (ii) the profitability is healthy thanks to more or less flexible cost bases or significant pricing power. The overall market reaction has been positive even if real estate developers continue to be under pressure, especially with regards to longer tenured bonds. Even if we still see interesting opportunities in the secondary market, we note that the market has had a strong start of the year, and spreads are tightening fast. The window to act opportunistically is not yet closed but has narrowed compared to previous months.

Emil & Jakob



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## Cumulative performance (%)

1 Month	YTD	1 Year	3 Years	Since inception	NAV A	NAV B	NAV C
1.56	2.85	-0.19	N/A	10.63	100.13	101.58	101.58

## Monthly performance (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.27	1.56											2.85
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

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

## 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:



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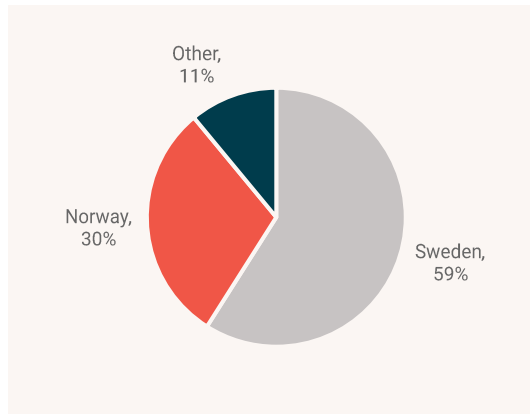
## Key ratios

Ratio	
Yield to maturity	13.0%
Yield to worst	13.0%
Average coupon	9.1%
Credit duration	1.89 years
Duration	0.43 years
Modified duration	0.39 years
Standard deviation p.a. (since inception)	2.61%
Average credit rating	Non-rated

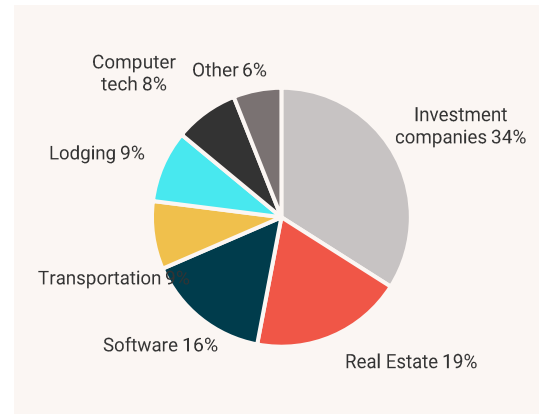
## Key ratios cont.

Ratio	
Sharp Ratio (since inception)	1.44
Additional names to the portfolio	-
Leavers of the portfolio	1
Positive months since inception	78%
Risk level	3 out of 7

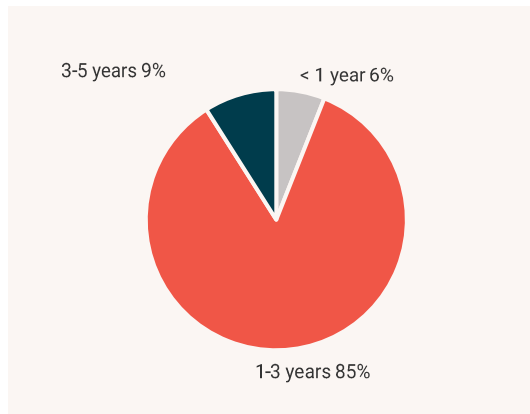
## Breakdown by geography



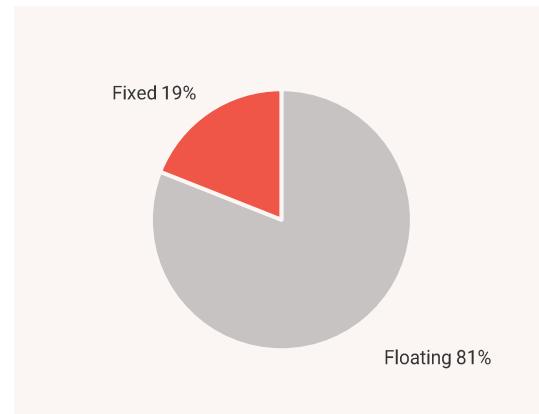
## Breakdown by sector



## Breakdown by maturity



## Breakdown by coupon



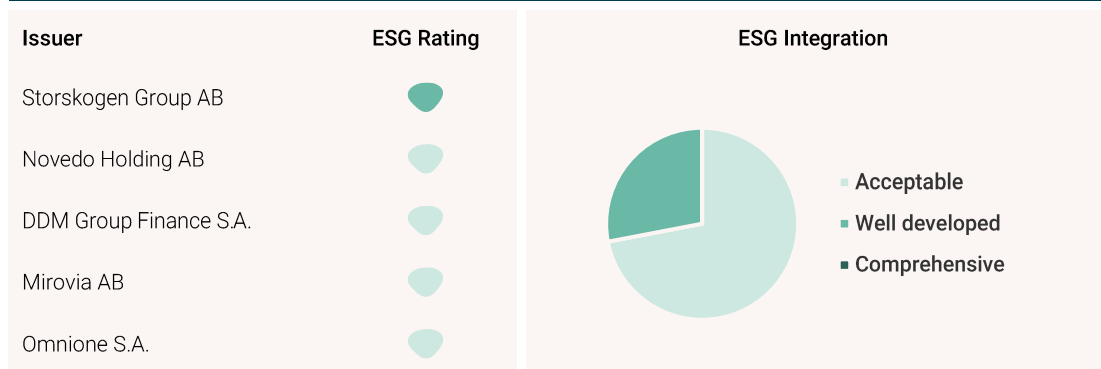
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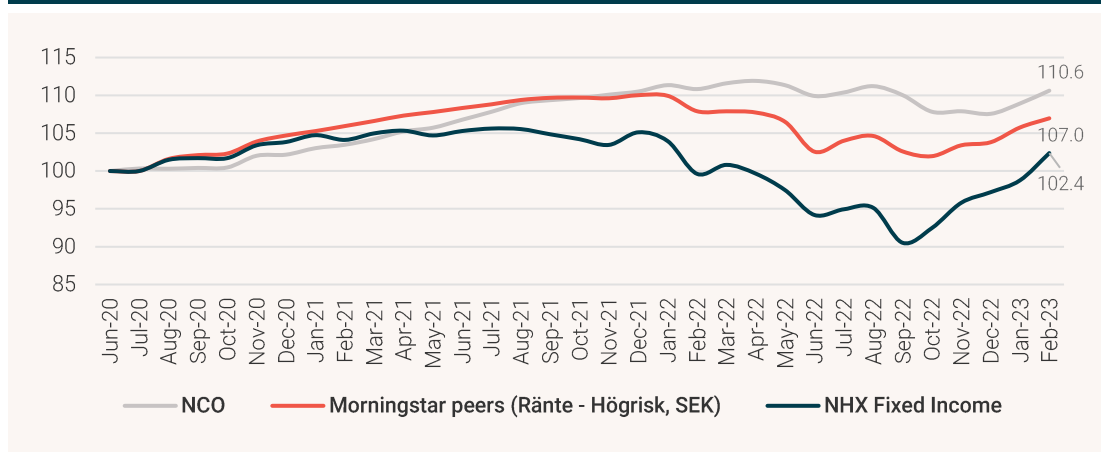
## Top holdings

Issuer	%
Storskogen Group AB	5.4
Novedo Holding AB	5.4
DDM Group Finance S.A.	5.3
Mirovia AB	5.0
Omnione S.A.	4.7

## Breakdown by internal sustainability rating



## Total return since inception<sup>1</sup>



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

## Share class information

Share class	Class A	Class B	Class C
ISIN	LU2173402418	LU2173402509	LU2173402681
Target client	Inst. & Well-informed		
Currency	EUR		
Income	Distributing		
Distr. frequency	Annually		
Min investment	EUR 20,000,000	EUR 500,000	EUR 500,000
Subscriptions	Monthly		
Redemptions	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		
Hurdle	3M Stibor+3%	3M Stibor	3M Stibor

### INVESTMENT TEAM

**Jakob Eliasson** 

Founder & Chief Investment Officer

**Emil Ahlin** 

Assistant Portfolio Manager, ESG lead

### INVESTOR RELATIONS

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