



MONTHLY REPORT

# Sustainable Return

March 2023

## MARKET & PORTFOLIO COMMENTARY

March was a turbulent month for the capital markets, and the Nordic high-yield market was no exception. The turbulence was stemming primarily from the financial sector – banks in general, following the Silicon Valley Bank collapse, and AT1's (Coco bonds) following the UBS-Credit Suisse "merger". The weekend hustling to combine the two Swiss banking giants served as an unpleasant Déjà vu for those of us who were active when Lehman Brothers fell. In addition, long term interest rate volatility continued during March which reversed gains from earlier in the year for those investors (many, it seems) who had taken a bet on stabilising and falling long-term rates. In our view, it puts the finger on the rates risk which in the last few years have been almost forgotten but is now coming back and should not be mixed with credit risk.

The fund yielded -0.09% during the month (2.76% YTD) and the current cash price of the portfolio is unchanged at ~94% of par value which corresponds to a YTM of 13%. The unchanged cash price is explained by (i) the refinancing of one outstanding bond above par which was replaced by a new bond priced at par; (ii) investments and disposals of bonds at similar cash prices; and (iii) a general modest decline. Increasing coupon payments in conjunction with a couple of strong performers worked as mitigants for the bespoke negative sentiment that affected the market.

The primary market slowed down during the month, with larger spreads as a consequence. The word on the street is though that the pipeline still is flooded, and we expect to see many interesting primary issuances in the coming quarter leading up to the summer quietness. In addition, we continue to receive inbounds for more bespoke financing solutions which may serve as an alternative to the public bond market with better transaction certainty but at a significantly higher price for the issuer. Meanwhile, we continue to agnostically deploy our capital where we achieve the best risk-adjusted return. The benefits of the fund's redemption policy have become even more evident during this volatile period and - no doubt - continues to serve our investors well.

*Emil & Jakob*



Nordic Credit Partners

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.

### Cumulative performance (%)

1 Month	YTD	1 Year	3 Years	Since inception	NAV A	NAV B	NAV C
-0.09	2.76	-0.28	N/A	9.51	100.02	101.49	101.49

### Monthly performance (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.27	1.56	-0.09										2.76
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

### Key fund facts

<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:



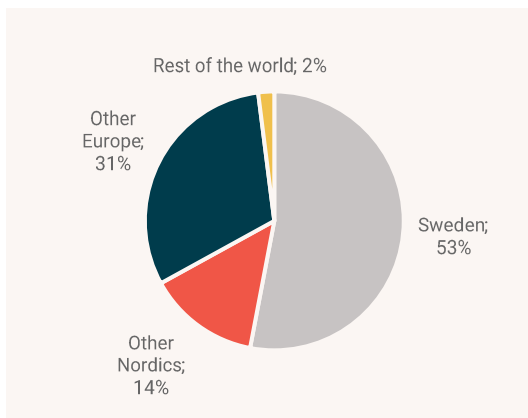
### Portfolio and performance ratios

Ratio	
Yield to maturity	13.2%
Yield to worst	12.3%
Average coupon	9.4%
Credit duration	1.87 years
Duration	0.36 years
Modified duration	0.32%
Weighted average bond price	93.6
Average credit rating	Non-rated

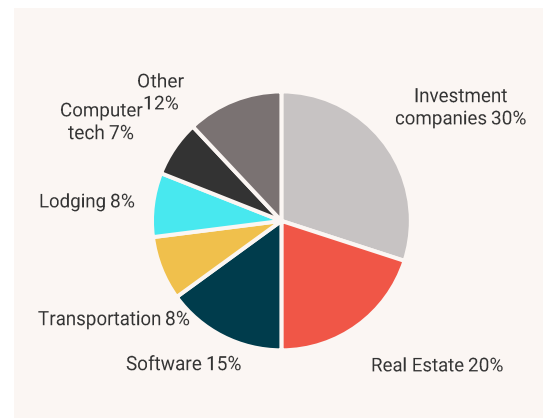
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Ratio	
Investments during the month	4
Divestments during the month	2
Positive months since inception	76%
Annualised return since inception	3.31%
Standard deviation p.a. since inception	2.5%
Sharpe ratio since inception	1.33
Risk level	3 out of 7

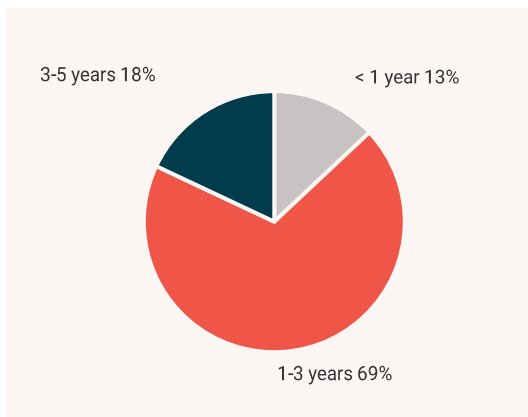
### Breakdown by geography (issuer)



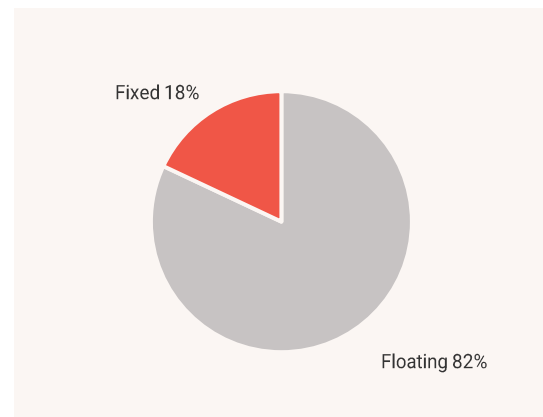
### Breakdown by sector



### Breakdown by maturity



### Breakdown by coupon

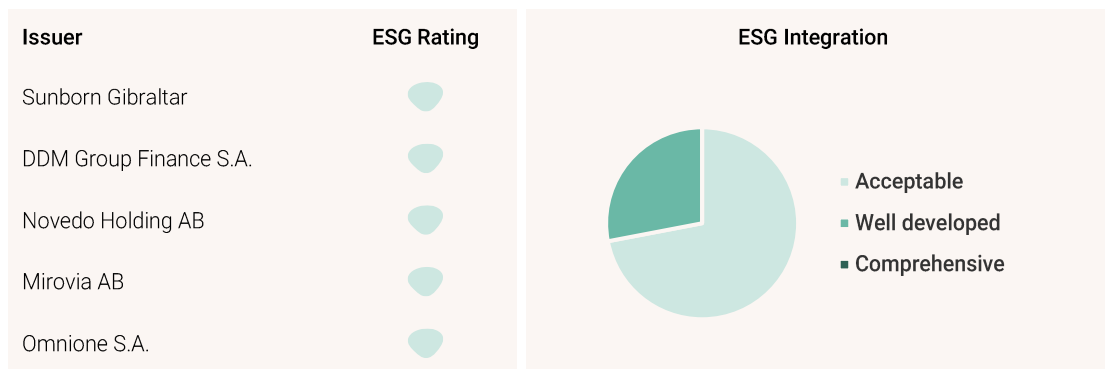


## Top holdings

Issuer	ISIN	Country	Maturity	Coupon	% Portfolio
Sunborn Gibraltar	SE0010296632	Gibraltar <sup>1</sup>	05/03/2024	Euribor+5.00%	5.0%
DDM Group Finance S.A.	LU2570106943	Luxembourg <sup>1</sup>	30/12/2024	10.0% (PIK)	5.0%
Novedo Holding AB	SE0017070980	Sweden	26/11/2024	Stibor+6.50%	5.0%
Mirovia AB	SE0015938378	Sweden	07/07/2024	Stibor+8.25%	4.6%
Omnione S.A.	LU2339104064	Luxembourg <sup>1</sup>	31/12/2023	8.00%	4.4%

<sup>1</sup>Issuers with significant operations in Europe but with a Nordic listing or ISIN.

## Breakdown by internal sustainability rating



## Monthly performance since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.27	1.56	-0.09										2.76
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



## 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	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

### INVESTMENT TEAM

**Jakob Eliasson** 

Founder & Chief Investment Officer

**Emil Ahlin** 

Assistant Portfolio Manager, ESG lead

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