



MONTHLY REPORT

Sustainable Return

May 2023

MARKET & PORTFOLIO COMMENTARY

May – another solid month for the fund. The fund yielded 0.68% during the month (4.06% YTD). A contributor for the return was the refinancing of Danish renewable energy services company Ziton. The issuer had been under pressure for some time following a partial restructuring of the capital structure (although leaving the senior secured bond intact) while the underlying business has gradually improved. Despite this, we have kept it as the fundamental credit story persisted, but we expected a longer and more gradual recovery. We decided to give the management and the owners renewed trust and rolled our holding (both the pricing and terms reflected the new market environment). The performance of the remaining portfolio was neutral with the real estate holdings weakening slightly as the market responded to the events described below. In addition, coupon payments paved the way for the healthy return. We increased our holdings in Mutares and Sunborn at attractive levels and exited an opportunistic holding in Swedbank as it had traded up significantly and had limited remaining upside.

In May, the market was characterised by uncertainty regarding Swedish real estate – a theme which has been on the agenda since the rate hikes started over a year ago. A handful of issuers are approaching covenant breaches in the coming quarters (none of them in our portfolio) and we understand preparations for increased bank/fund financing, equity raises and amend & extend processes of outstanding bonds are widely ongoing. Listed Swedish commercial real estate company SBB (EUR 600m mkt cap) is centre of attention following a downgrade to high yield which immediately increased the interest rate bill by EUR 25m p.a. on its EUR 8bn debt pile. The CEO and main shareholder fights for survival of the business (“strategic review” initiated) and his holding company which is partly financed through a SEK 750m perpetual bond (you guessed right - it was issued in 2021). All in all, a tough few weeks in Swedish real estate with probably more to come. Again, the fund has no exposure to any of the above-mentioned issuers and is generally underweight real estate as we in most cases have deemed the risk-adjusted return unsatisfactory.

Although there have been moderate inflows into the Nordic corporate bonds funds YTD, fund managers are piling up cash and seem reluctant to taking risk. We, on the other hand, are not in the business of trying to time the market or second-guess near-term monetary policy but instead continue to look for high quality issuers with proven business models and stable cash flows, focusing on achieving the best risk-adjusted return regardless of market sentiment.

Emil & Jakob



Nordic Credit Partners

Nordic Credit Opportunities SICAV-RAIF Sustainable Return – May 2023

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Cumulative performance (%)

1 Month	YTD	1 Year	3 Years	Since inception	NAV A	NAV B	NAV C
0.68%	4.06%	1.32%	N/A	10.79%	101.26	102.77	102.77

Monthly performance (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.27	1.56	-0.09	0.58	0.68								4.06
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

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

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:



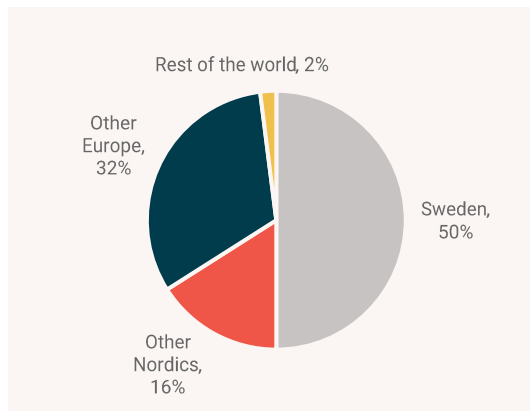
Portfolio and performance ratios

Ratio	
Yield to maturity	13.6%
Yield to worst	13.6%
Average coupon	9.8%
Credit duration	1.89 years
Duration	0.34 years
Modified duration	0.32%
Weighted average bond price	94.4
Average credit rating	Non-rated

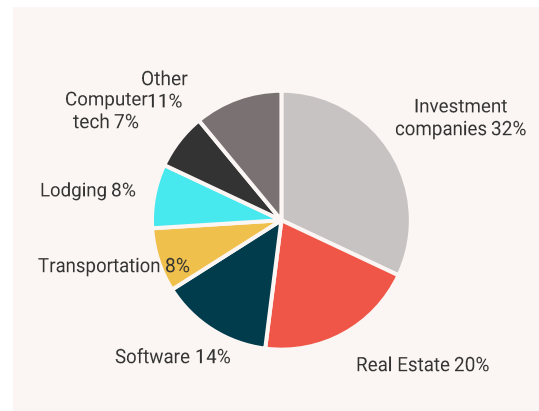
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Ratio	
Investments during the month	2
Divestments during the month	1
Positive months since inception	75%
Annualised return since inception	3.6%
Standard deviation p.a. since inception	2.5%
Sharpe ratio since inception	0.56
Risk level	3 out of 7

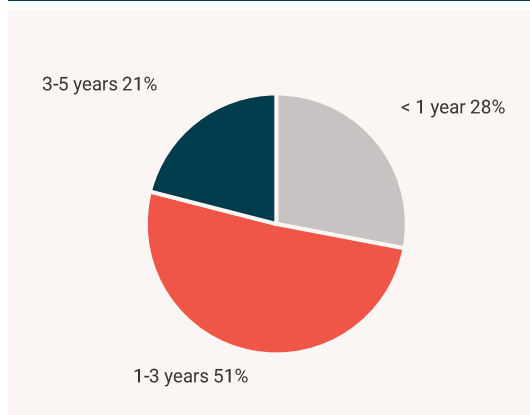
Breakdown by geography (issuer)



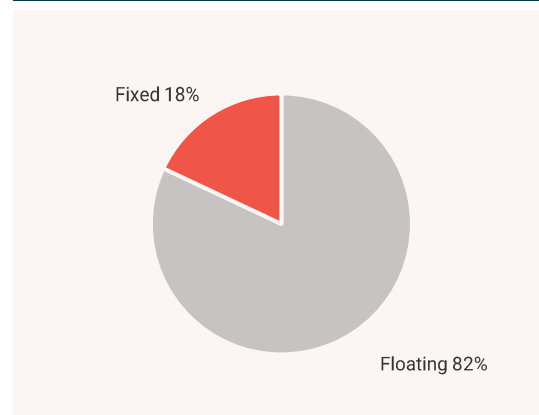
Breakdown by sector



Breakdown by maturity



Breakdown by coupon

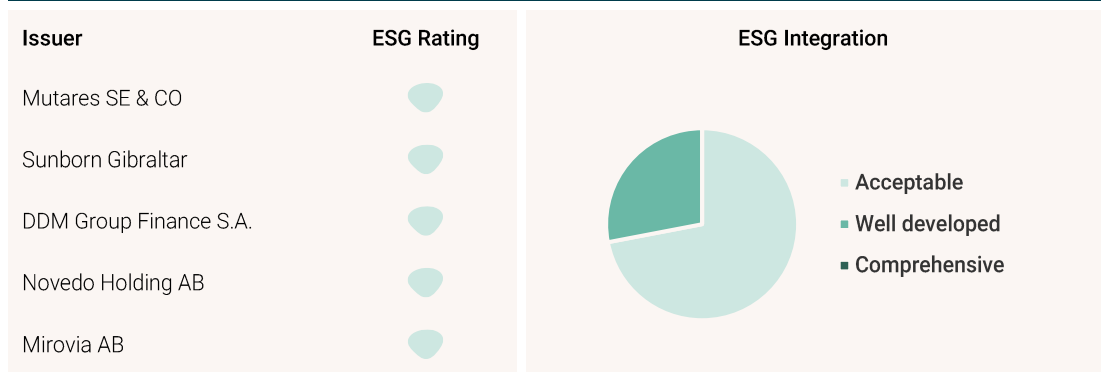


Top holdings

Issuer	ISIN	Country	Maturity	Coupon	% Portfolio
Mutares SE & CO	N00012530965	Germany ¹	Mar 2027	Euribor+8.50%	6.0%
Sunborn Gibraltar	SE0010296632	Gibraltar ¹	Mar 2024	Euribor+5.00%	5.0%
DDM Group Finance S.A.	LU2570106943	Luxembourg ¹	Dec 2024	10.0% PIK ²	5.0%
Novedo Holding AB	SE0017070980	Sweden	Nov 2024	Stibor+6.50%	5.0%
Mirovia AB	SE0015938378	Sweden	Jul 2024	Stibor+8.25%	4.8%

¹Issuers with significant operations in Europe but with a Nordic listing or ISIN. ²With a convertible feature.

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	0.58	0.68								4.06
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
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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

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