



MONTHLY REPORT

Sustainable Corporate Bond 2XL

May 2023

MARKET & PORTFOLIO COMMENTARY

May – what a remarkable month for the fund! The fund yielded a record-breaking 3.51% during the month (6.86% YTD) on the back of 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. In addition, Momox (discussed in previous reports) continued to outperform on the back of a strong Q1. The performance of the remaining portfolio was neutral with the real estate holdings weakening slightly as the market responded to the events described above. We increased our holding in Mutares at attractive levels and exited our remaining holding in Yrkesakademien (also previously discussed) as we have lost confidence in the management and shareholders.

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

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Cumulative performance (%)					
1 Month	YTD	1 Year	3 Years	Since inception	NAV
3.51%	6.86%	0.51%	N/A	12.07%	112.07

Monthly performance (%)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.46	1.01	-0.07	0.80	3.51								6.86
2022	0.80	-0.86	0.60	1.17	-0.73	-2.42	1.09	0.91	-2.80	-2.83	-0.74	0.79	-5.03
2021	0.59	0.73	0.85	0.89	0.58	0.27	0.33	1.30	0.39	0.12	1.57	0.49	8.39

Key fund facts			
Fund name	Nordic Credit Partners SICAV-RAIF Sustainable Corporate Bond 2XL		
Target instruments	Nordic corporate bonds	AIFM	Carne Global Fund Managers
Target return	3m Stibor + 6-9% p.a. net of fees	Depository	BNP Paribas Securities Services
Inception date	5 August 2020	Auditor	PWC Luxembourg

PROFILE

NCP Sustainable Corporate Bond 2XL invests in Nordic corporate bonds from issuers with an integrated sustainability strategy. The fund maintains a portfolio of c.25 holdings and has a target return of 6-9% p.a. Each investment undergoes thorough commercial, financial and sustainability due diligence and is approved by NCP's Investment Committee. The fund applies up to 2x leverage to enhance the risk-adjusted return.

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:

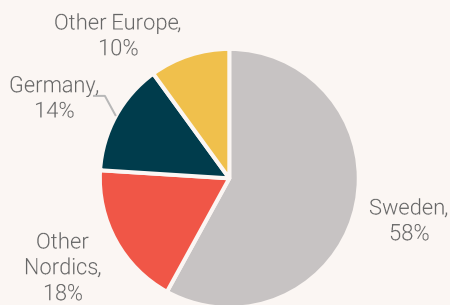


Portfolio and performance ratios

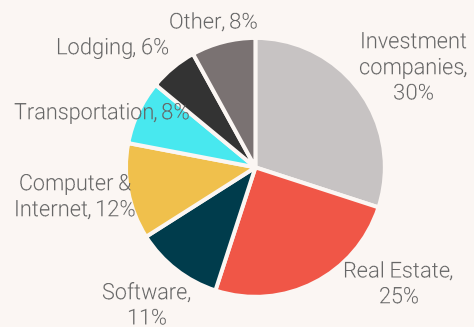
Ratio	
Yield to maturity (unlevered)	15.2%
Yield to worst (unlevered)	15.2%
Average coupon	9.5%
Credit duration	2.04 years
Duration	0.34 years
Modified duration	0.30%
Weighted average bond price	94.0
Leverage as % of gross portfolio	22%
Average credit rating	Non-rated

Ratio	
Investments during the month	1
Divestments during the month	1
Positive months since inception	79%
Annualised return since inception	4.1%
Standard deviation p.a. since inception	4.2%
Sharpe ratio since inception	0.47
Risk level	3 out of 7

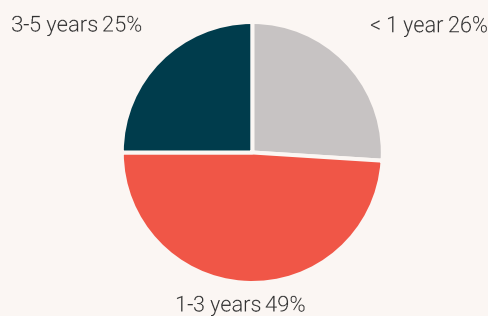
Breakdown by geography (issuer)



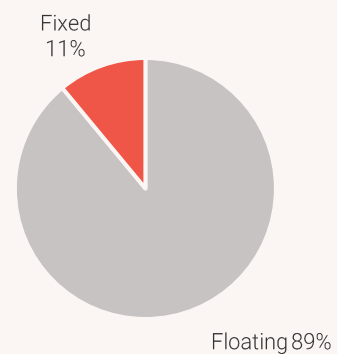
Portfolio breakdown by sector



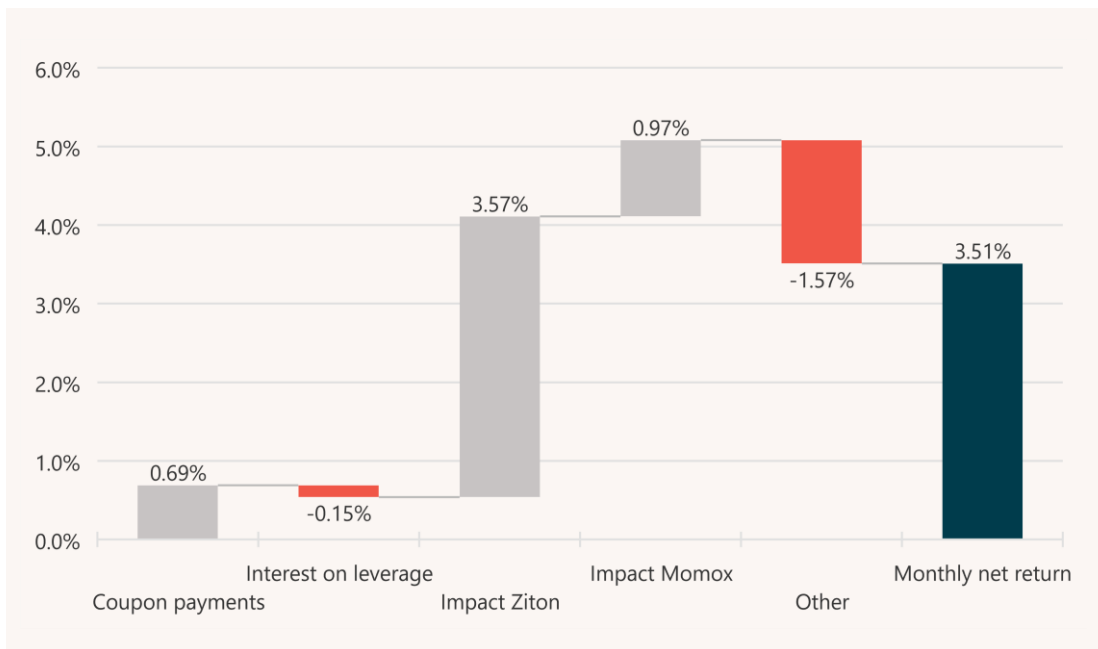
Portfolio breakdown by maturity



Portfolio breakdown by coupon type



Monthly return breakdown

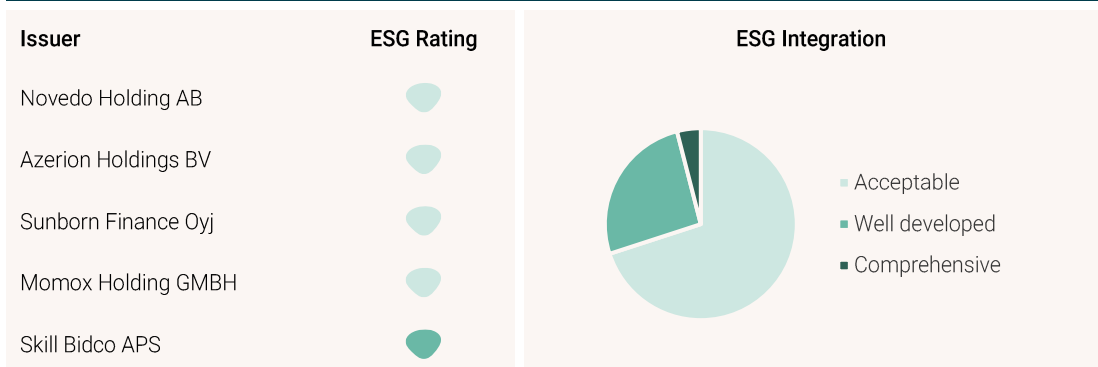


Other includes unrealised profit and losses, accrued fees and rounding differences.

Top holdings

Issuer	ISIN	Country	Maturity	Coupon	% Portfolio
Novedo Holding AB	SE0017070980	Sweden	Nov 2024	Stibor+6.50%	6.8%
Azerion Holdings BV	SE0015837794	Netherlands	Apr 2024	7.25%	6.6%
Sunborn Finance Oyj	FI4000292750	Finland	Feb 2024	Euribor+4.85%	5.7%
Momox Holding GMBH	NO0010886369	Germany	Jul 2025	Euribor+6.25%	5.6%
Skill Bidco APS	NO0012847831	Denmark	Mar 2028	Euribor+6.75%	5.1%

Breakdown by internal sustainability rating



Monthly performance since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.46	1.01	-0.07	0.80	3.51								6.86
2022	0.80	-0.86	0.60	1.17	-0.73	-2.42	1.09	0.91	-2.80	-2.83	-0.74	0.79	-5.03
2021	0.59	0.73	0.85	0.89	0.58	0.27	0.33	1.30	0.39	0.12	1.57	0.49	8.39
2020								0.17	0.25	0.59	0.24	0.61	1.88

Share class information

Share class	Institutional (SEK)	Partner (SEK)	Institutional (EUR)	Partner (EUR)
ISIN	Acc: LU2180877446 Distr: LU2180877792	Acc: LU2180877529 Distr: LU2180877875	Acc: LU2257616636 Distr: LU2257617014	Acc: LU2257616719 Distr: LU2257617105
Target client	Inst. Well-informed	Inst. Well-informed	Inst. Well-informed	Inst. Well-informed
Currency	SEK	SEK	EUR	EUR
Distributing	Electable	Electable	Electable	Electable
Distr. frequency	Annual	Annual	Annual	Annual
Min investment	SEK 1.5m	SEK 50m	EUR 125 000	EUR 5m
Subscriptions	Monthly	Monthly	Monthly	Monthly
Redemptions	Monthly	Monthly	Monthly	Monthly
Notice period	4 months' notice	4 months' notice	4 months' notice	4 months' notice
Management fee	0.95% p.a.	0.70% p.a.	0.95% p.a.	0.70% p.a.
Performance fee	15% if hurdle reached	15% if hurdle reached	15% if hurdle reached	15% if hurdle reached
Hurdle	3mS+5% p.a.	3mS+5% p.a.	3mS+5% p.a.	3mS+5% p.a.

INVESTMENT TEAM

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