



MONTHLY REPORT

Sustainable Return

January 2023

Promising start to the year

During January, the Nordic credit market continued its positive trend (compared to EUR HY +0.7% and US HY 0.0%) from December last year triggered by lower long-term rates and increased risk sentiment. The fund yielded +1.15% during the month driven by (i) continued high coupons thanks to the high underlying base rates; and (ii) a touch of positive cash price increases in the portfolio in general.

The declining long-term rates during the last eight weeks of 2023 impacted primarily longer dated fixed rate bonds and the risk premia in equities. Secondly, the Nordic credit market was impacted in January through improved outlook for Swedish real estate companies and lower risk premia as a bolt-on effect from the equity markets. Many real estate companies (also smaller, high yield names) took advantage of the strong market sentiment locking in longer rates or refinancing outstanding bonds at attractive – or, at least, manageable – levels. Many bonds outside of the real estate sector have also traded up 1-2 ppts in cash price thanks to the increased risk sentiment.

The cash price of the real estate portfolio (19% of the total portfolio) increased on average 6 ppts during the month which contributed ~25bps to the monthly return. It consists primarily of residential real estate companies backed by institutional shareholders. Although company specific news were limited (none of them have yet reported Q4 numbers) the market saw lower long-term rates as positive both for improved funding costs and supportive for current book values of assets. It's too early to call off all risks in this sector but the systemic risk (if there ever was any?) is certainly diminishing.

Our other main sector exposures, primarily investment companies and software, also saw a positive sentiment with most holdings trading up. The investment companies (27% of the portfolio) which have been trading below par for more than a year, gained momentum and are trading closer to par. We saw a similar pattern in the software companies where the cash price increase in MGI alone (3.4% of the portfolio) contributed ~5 bps to the monthly return.

Is the positive sentiment here to stay? Impossible to say but with a portfolio of sound, cash generative investments with a controlled risk level we are certainly not dependent of it.

Emil & Jakob



Nordic Credit Partners

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Cumulative performance (%)

1 Month	YTD	1 Year	3 Years	Since inception	NAV A	NAV B	NAV C
1.15	1.15	5.66	12.75	16.15	103.40	103.24	103.08

Monthly performance (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	1.15												1.15
2023	1.27	1.56	-0.09	0.58	0.68	-0.37	0.04	1.48	-0.47	-0.12	-0.14	1.47	5.79
2022	0.77	-0.47	0.69	0.28	-0.51	-1.27	0.41	0.76	-0.18	-1.95	0.03	-0.32	-1.79
2021	0.84	0.44	0.72	0.98	0.47	1.00	0.98	1.06	0.39	0.26	0.41	0.37	8.19

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

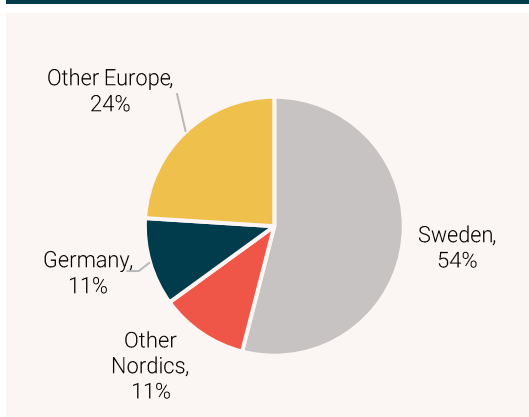
Ratio	
Yield to maturity ¹	14.1%
Yield to worst ¹	14.1%
Average coupon	10.3%
Credit duration	1.6 years
Duration	0.33 years
Modified duration	0.29%
Weighted average bond price	92.9%
Average credit rating	Non-rated

¹ Excl. two near-term maturities which impacts the YTM

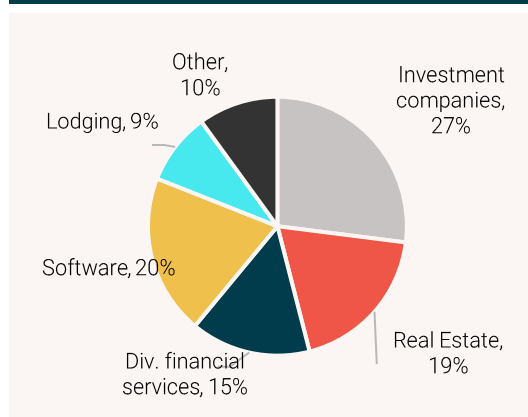
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Ratio	
Investments during the month	-
Divestments during the month	-
Positive months since inception	72%
Annualised return since inception	4.3%
Standard deviation p.a. since inception	2.5%
Sharpe ratio since inception	1.3
Sortino ratio since inception	0.9

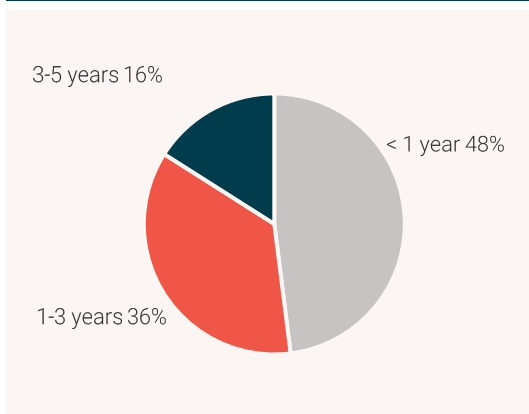
Breakdown by geography (issuer)



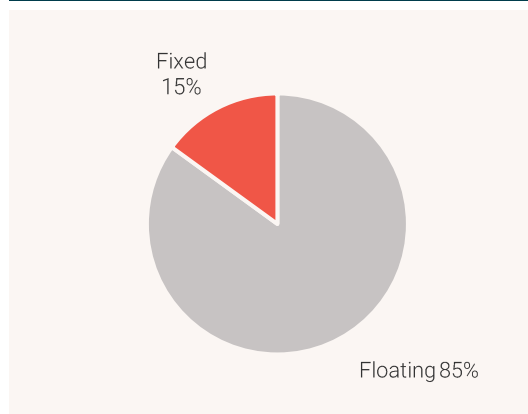
Breakdown by sector



Breakdown by maturity



Breakdown by coupon

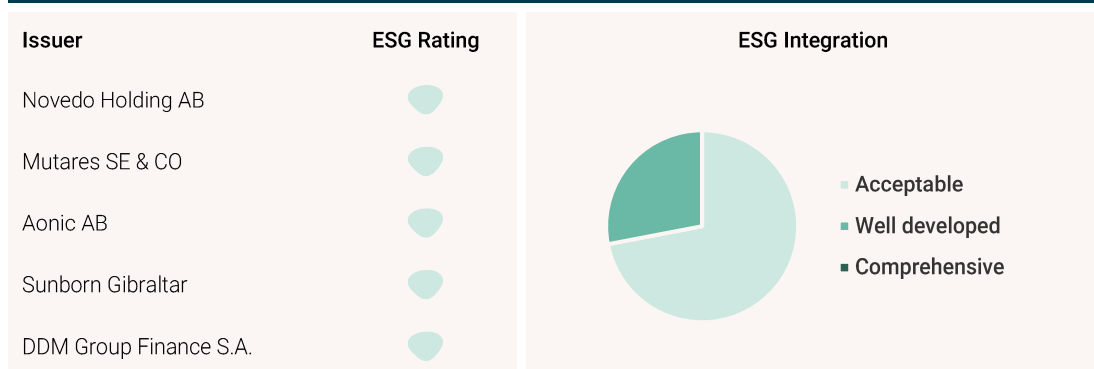


Top holdings

Issuer	ISIN	Country	Maturity	Coupon	% Portfolio
Novedo Holding AB	SE0017070980	Sweden	Nov 2024	Stibor+6.50%	6.1%
Mutares SE & CO	N00012530965	Germany ¹	Mar 2027	Euribor+8.50%	6.1%
Aonic AB	SE0020975449	Sweden	Oct 2027	Stibor+8.50%	5.7%
Sunborn Gibraltar	SE0010296632	Gibraltar ¹	Mar 2024	Euribor+5.00%	4.9%
DDM Group Finance S.A.	LU2570106943	Luxembourg ¹	Dec 2024	10.0% PIK ²	4.9%

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
2024	1.15												1.15
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2021	0.84	0.44	0.72	0.98	0.47	1.00	0.98	1.06	0.39	0.26	0.41	0.37	8.19
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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