

Sustainable Return

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:



Principles for Responsible Investment



SVERIGES FORUM FÖR HÅLLBARA INVESTERINGAR

INVESTMENT TEAM

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Nordic Credit Partners

MARKET & PORTFOLIO COMMENTARY

The Nordic high yield market followed the softened trend from the later part of August, with more sellers emerging on the back of heightened volatility in the global markets. The usual kick-off of the primary activity post summer is conspicuous by its absence but has its reasons, mainly due to weak investor sentiment and volatile conditions. All industries saw a widening in spreads and for the second month in row real estate bonds are under "real" pressure. Since the beginning of the year, spreads have gradually widened and reached their highest levels YTD during a few volatile days during the end of the month.

The fund yielded -1.06% during the month (-0.43% YTD). The decline is a consequence of an overall price decline in the market. However, the single main contributor to the decline was YA Holding (2.2% of the portfolio), an educational services provider. The bond traded down in the beginning of the month following a weak Q2 report where profitability was negative, stemming from higher fixed costs following lower utilization of its services during the past months. A meeting with the management and owners was held to address the situation and an enlarged working capital facility from a bank was put in place together with additional new equity from the current shareholders. Towards the end of the month, news referring to the cost of debt was communicated and is deemed as credit accretive. We continue to monitor the situation closely.

With spreads wider than in several years, we note that many market participants now argue it is an attractive time to invest in Nordic corporate bonds. While we fundamentally agree the market offers an attractive risk-adjusted return, we also see current spreads as motivated given the current macro-outlook. In the coming 12-18 months, in-depth due diligence will be crucial to identify attractive investment opportunities in a choppy market. The volatility may persist in the short-term resulting in more outflows from daily traded bond funds, which in turn could cause more sellers to emerge and offer appetising opportunities in the secondary market.

Finally, we welcome Emil Ahlin to the portfolio management team of NCP. Emil joins us from the Leveraged Finance team at Nordea and he will be an important addition both in our financial and sustainability analysis going forward.

Cecilia, Emil and Jakob

CUMULATIVE PERFORMANCE (%) EXCL. DIVIDENDS

1 month	YTD	1 year	3 years	Since inception	NAV A	NAV B	NAV C
-1.06	-0.43	0.61	NA	10.03	98.77	100.14	100.14

MONTHLY PERFORMANCE (%) EXCL. DIVIDENDS

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.77	-0.47	0.69	0.28	-0.51	-1.27	0.41	0.76	-1.06				-0.43
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

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

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. 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.

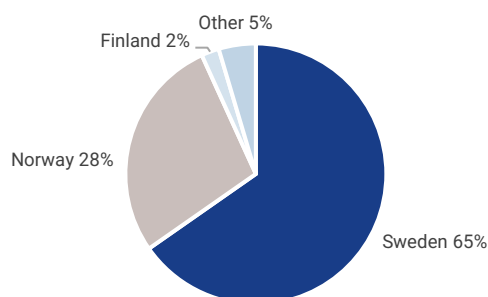
KEY RATIOS

Ratio	
Yield to maturity	10.7%
Yield to worst	10.5%
Average coupon	8.6%
Credit duration	2.06 years
Duration	0.60 years
Modified duration	0.54%
Standard deviation p.a. (since inception)	2.19%
Average credit rating	Non-rated

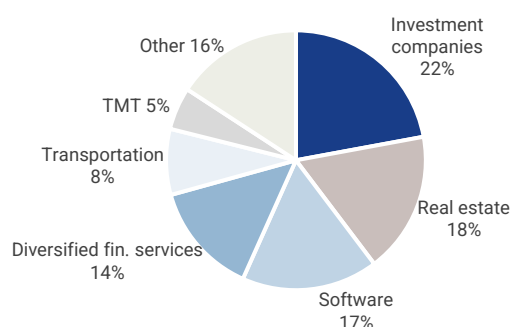
TOP HOLDINGS

Issuer	%
Novedo Holdings AB	5.4%
Mirovia AB	4.9%
Omnione S.A.	4.6%
Seafire AB	4.6%
Azerion Holdings BV	4.6%

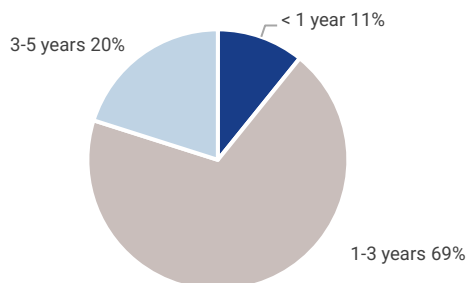
BREAKDOWN BY GEOGRAPHY



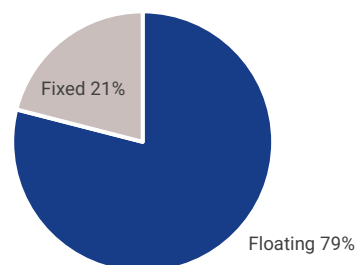
BREAKDOWN BY SECTOR



BREAKDOWN BY MATURITY



BREAKDOWN BY COUPON



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 / redemption fee	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

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