



MONTHLY REPORT

# Sustainable Return

November 2023

## Good momentum despite real estate worries

The Nordic credit market saw limited movements in November, largely unimpacted by the strong positive momentum in the global high-yield markets, primarily due to the low rates risk. The fund yielded -0.14% during the month (+4.26% YTD) driven mainly by (i) a positive momentum in Cabonline on the back of a better than expected Q3 report; (ii) a continued drawdown in the price of Marginalen Bank (NAV impact  $\sim(30)$  bps); and (ii) a continued flow of negative publicity for Alecta, one of the main shareholders in Heimstaden Bostad.

Cabonline (3.5% of the portfolio) released its Q3 report which came in stronger than expected with upheld topline growth and profitability, resulting in a healthy liquidity position (SEK > 300m) although net leverage is still on an elevated level at 6.2x EBITDA. Going forward the management pointed out several green sprouts despite the uncertain macroeconomic environment: The company continues to improve its B2B offering with several procurements outstanding, and contracts won. The customer satisfaction is on all time high and the profitable routes to and from the airports are still increasing. Overall, the report was well received in the market and with the restructuring now completed, the bonds have regained some of the earlier price losses which impacted the NAV positively by  $\sim 61$ bps.

The Heimstaden Bostad bonds continued to trade down on the back of a wall of negative press pointed towards Alecta, one of its main shareholders. While our analysis shows fundamental value in the bonds, the market thinks differently and we see no trigger point for a reversed sentiment anytime soon, except in case of potential communication regarding a much awaited (and required) equity issuance. However, one for the great advantages of our fund structure is that we can seek fundamental value and be patient – even if it takes time to realise it. NAV impact  $\sim(54)$ bps.

Looking ahead, December tends to be a muted month as daily traded funds free up liquidity ahead of the holiday season to prepare for unexpected outflows although we recognise the positive momentum in the international markets may have a positive impact this year. In any event, we maintain significant dry powder in the form of unutilised leverage ready to be deployed both in current portfolio companies and in new primary transactions. Finally, we wish all of our investors happy holidays when the time comes. We continue to actively manage the portfolio over the holiday season –it's usually when everyone else is off that the best deals can be done.

*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
-0.14	4.26	3.93	10.93	13.18	100.74	100.60	100.42

### 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	-0.37	0.04	1.48	-0.47	-0.12	-0.14		4.26
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

<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:



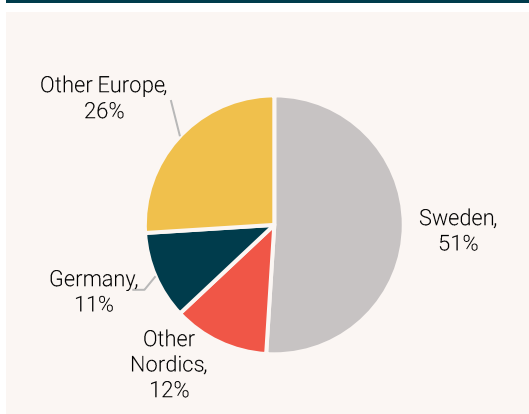
### Portfolio and performance ratios

Ratio	
Yield to maturity	20.9%
Yield to worst	20.9%
Average coupon	10.4%
Credit duration	1.6 years
Duration	0.28 years
Modified duration	0.24%
Weighted average bond price	92.5
Average credit rating	Non-rated

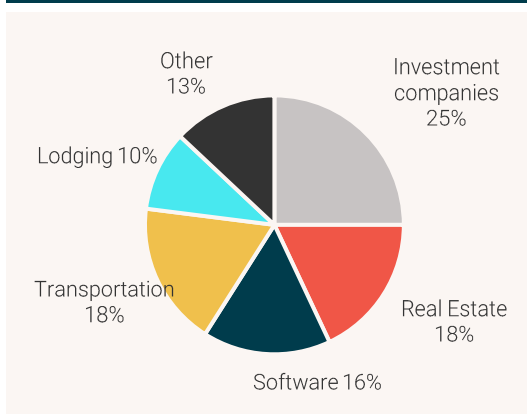
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Ratio	
Investments during the month	-
Divestments during the month	1
Positive months since inception	70%
Annualised return since inception	3.9%
Standard deviation p.a. since inception	2.5%
Sharpe ratio since inception	1.10
Sortino ratio since inception	0.76
Risk level	3 out of 7

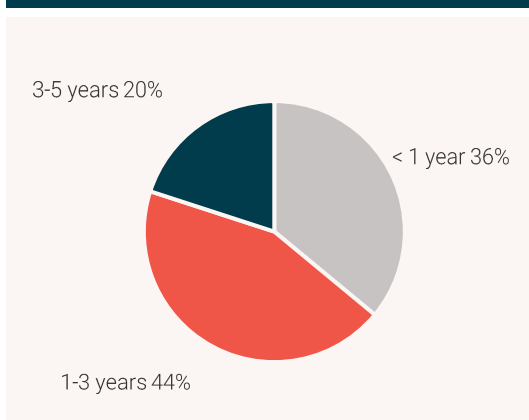
### Breakdown by geography (issuer)



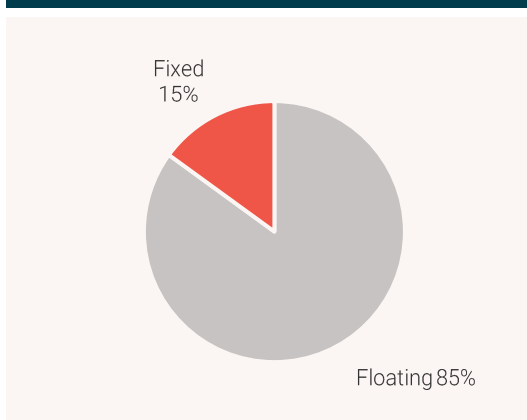
### Breakdown by sector



### Breakdown by maturity



### Breakdown by coupon

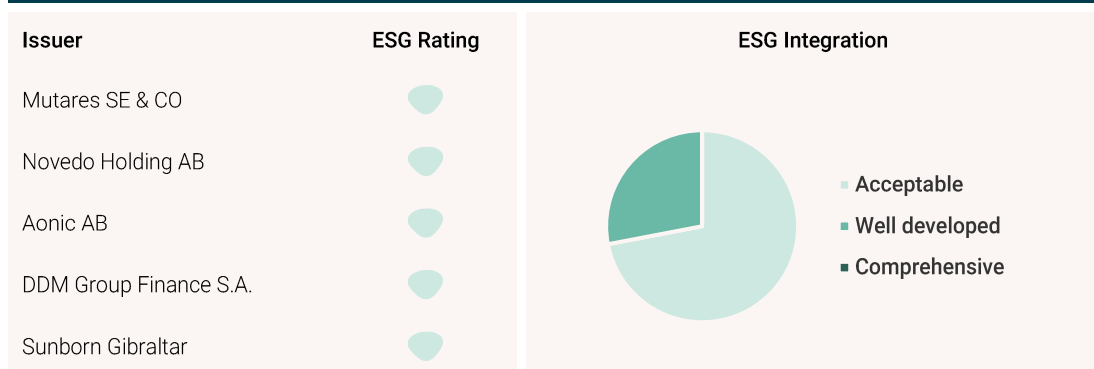


## Top holdings

Issuer	ISIN	Country	Maturity	Coupon	% Portfolio
Mutares SE & CO	N00012530965	Germany <sup>1</sup>	Mar 2027	Euribor+8.50%	6.3%
Novedo Holding AB	SE0017070980	Sweden	Nov 2024	Stibor+6.50%	6.2%
Aonic AB	SE0020975449	Sweden	Oct 2027	Stibor+8.50%	5.9%
DDM Group Finance S.A.	LU2570106943	Luxembourg <sup>1</sup>	Dec 2024	10.0% PIK <sup>2</sup>	5.1%
Sunborn Gibraltar	SE0010296632	Gibraltar <sup>1</sup>	Mar 2024	Euribor+5.00%	5.0%

<sup>1</sup>Issuers with significant operations in Europe but with a Nordic listing or ISIN. <sup>2</sup>With 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	-0.37	0.04	1.48	-0.47	-0.12	-0.14		<b>4.26</b>
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	<b>-1.79</b>
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	<b>8.19</b>
2020							0.33	-0.02	0.11	0.06	1.55	0.13	<b>2.16</b>

Share class information			
Share class	Class A	Class B	Class C
<b>ISIN</b>	LU2173402418	LU2173402509	LU2173402681
<b>Target client</b>	Inst. & Well-informed	Inst. & Well-informed	Inst. & Well-informed
<b>Currency</b>	EUR	EUR	EUR
<b>Income</b>	Distributing	Distributing	Distributing
<b>Distr. frequency</b>	Annually	Annually	Annually
<b>Min investment</b>	EUR 20,000,000	EUR 500,000	EUR 500,000
<b>Subscriptions</b>	Monthly	Monthly	Monthly
<b>Redemptions</b>	Annually / 3.0%	Annually/ 3.0%	Monthly / 7.0%
<b>Management fee</b>	0.50% p.a.	0.55% p.a.	0.55% p.a.
<b>Performance fee</b>	20% over Hurdle	20% over Hurdle	20% over Hurdle
<b>Hurdle</b>	3M Stibor+3%	3M Stibor	3M Stibor

## INVESTMENT TEAM

**Jakob Eliasson** 

Founder & Chief Investment Officer

**Emil Ahlin** 

Portfolio Manager, ESG lead

## INVESTOR RELATIONS

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