

# Arctic Nordic Investment Grade Monthly Report April 2019

ARCTIC  
FUND MANAGEMENT

## FUND COMMENTS

Arctic Nordic Investment Grade (Class B) was up 0.33% in April, and 1.10% year to date. The 3-month government certificate index (ST1X) has returned 0.09% and 0.28% for the same periods.

The strong sentiment in the credit market continued in April. Easter holidays and start of the reporting season contributed to few new bonds in the period, which combined with strong liquidity in the market, resulted in credit spreads for Norwegian investment grade (IG) bonds tightening by around 5bps during the month. In comparison, credit spreads for European IG corporate bonds and financial bonds were also down somewhat over the last month.

Three month NIBOR was up by 5bp to 1.40% and the 5 year swap rate was down by 3bp to 1.80%. Long-term interest rates were up over the last month with US, European, and Norwegian 10yr government rates up c5-20bps. 10Y Norwegian and Swedish government interest rates ended the month at 1.76% and 0.30%, respectively.

We participated in two new issues during April: Norsk Hydro (6yr) at NIBOR+112bp and Brage Finans (5yr) at NIBOR +69bp. We continue to see bonds with a duration of around three years as offering the most attractive risk/reward.

Arctic Nordic Investment Grade has a running yield of 2.17% going into April.

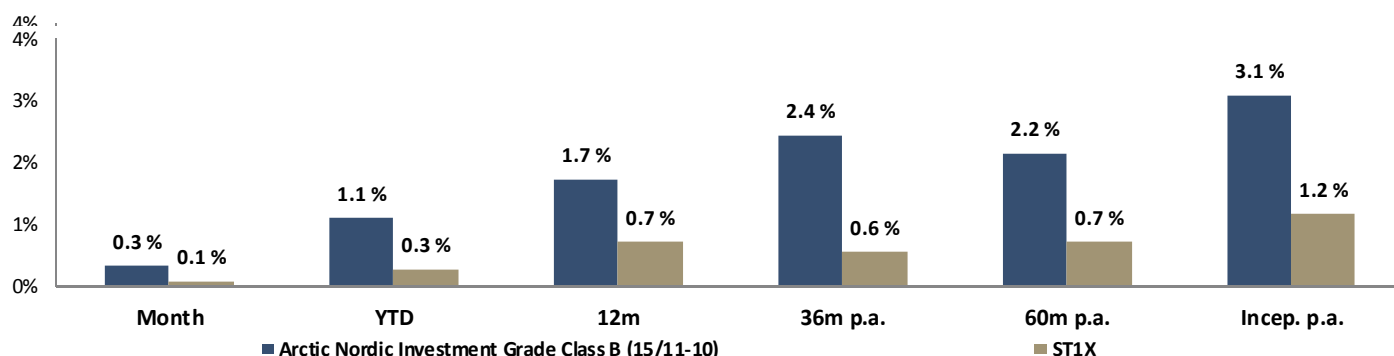
Oslo, May 2019

Trond Tømmerås  
Portfolio Manager

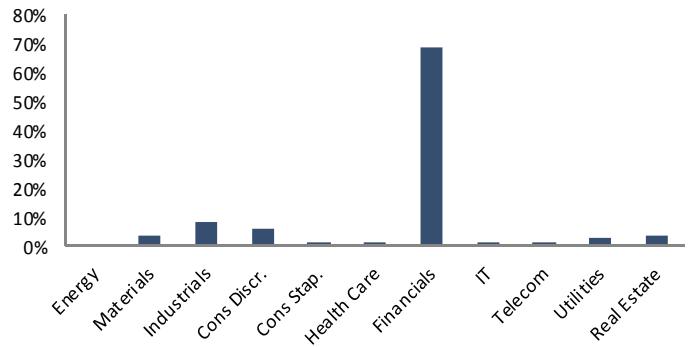
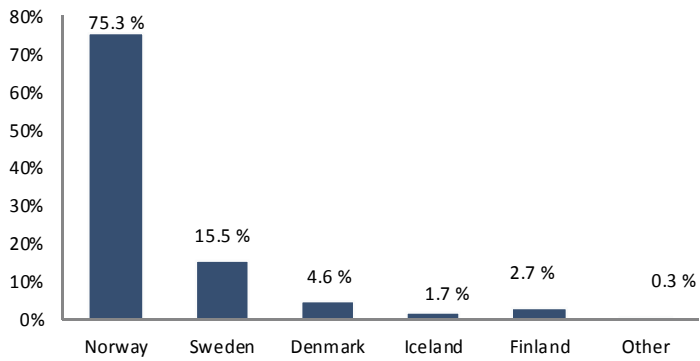
Cathrine Foyen  
Portfolio Manager

## ABOUT THE FUND

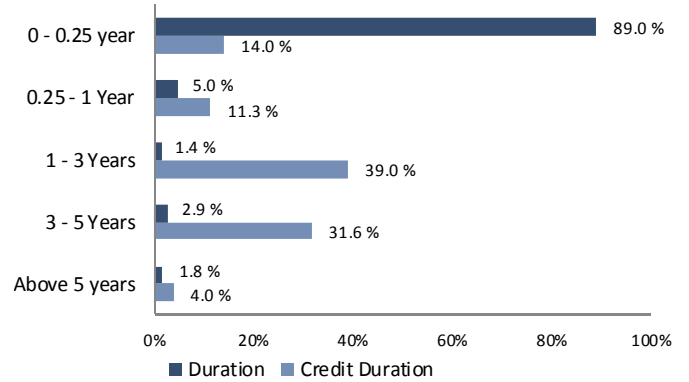
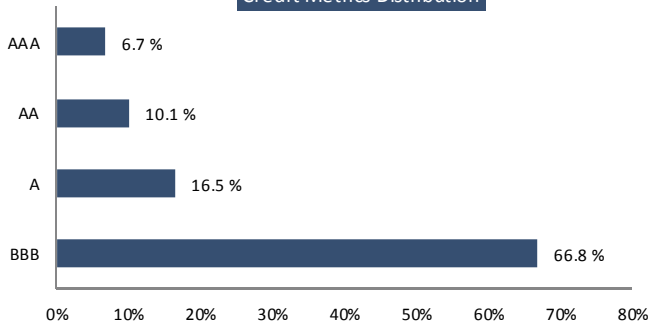
The Fund's objective is to achieve an attractive capital appreciation compared to Norwegian Money Market rates by investing in Investment Grade or Investment Grade equivalent bonds and money market instruments. The Funds benchmark index is Oslo Stock Exchange 3-month T-bill index (ST1X). By using this benchmark the Fund will measure its performance against an index return which on a yearly basis will be positive. The Fund will invest in fixed income instruments along the entire yield curve. The average modified duration and the average credit duration of the Fund's portfolio of assets shall be within the range of 0-5 years. The fund is a UCITS fund.



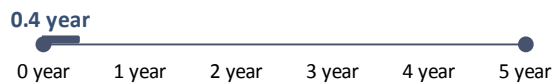
## FUND COMPOSITION END OF MONTH



### Credit Metrics Distribution



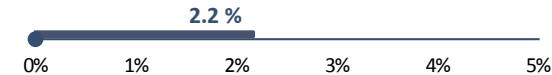
### Duration



### Credit Dur.



### Yield



Risk weight / % of portf.	Rating	Credit dur.
0 % / 0.0 %	AAA / 6.7 %	3.9 år
10 % / 6.4 %	AA / 10.1 %	0.2 år
20 % / 45.6 %	A / 13.5 %	2.9 år
50 % / 0.0 %	BBB / 24.7 %	2.7 år
100 % / 48.0 %	BB / 0.0 %	2.5 år
	IR / 45.1 %	2.5 år

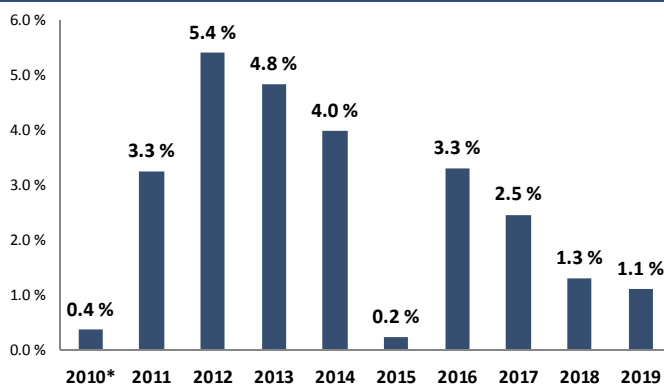
### 10 largest positions

SpareBank 1 SMN	2.5 %	BKK AS	2.1 %
Scania CV AB	2.4 %	Nordea Eiendomskredi	2.1 %
Danske Bank A/S	2.4 %	KLP Kommunekreditt A	2.0 %
DNB Bank ASA	2.4 %	Protector Forsikring AS,	1.9 %
SpareBank 1 Østlandet	2.1 %	Brage Finans AS	1.8 %

Portfolio Characteristics	Standard Deviation	Sharpe Ratio
Arctic Nordic Investment C	0.4 %	4.6
Benchmark	0.1 %	

\*) Based on 36 months rolling performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.25 %	0.27 %	0.25 %	0.33 %									1.10 %
2018	0.27 %	0.14 %	0.14 %	0.11 %	0.15 %	0.12 %	0.12 %	0.17 %	-0.02 %	0.11 %	-0.04 %	0.02 %	1.30 %
2017	0.39 %	0.25 %	0.26 %	0.23 %	0.22 %	0.11 %	0.20 %	0.17 %	0.13 %	0.19 %	0.14 %	0.14 %	2.46 %
2016	0.23 %	-0.35 %	0.45 %	0.51 %	0.41 %	0.10 %	0.36 %	0.59 %	0.23 %	0.30 %	0.22 %	0.20 %	3.31 %
2015	0.27 %	0.15 %	0.12 %	0.17 %	0.27 %	0.10 %	0.19 %	0.13 %	-0.93 %	0.09 %	-0.14 %	-0.19 %	0.22 %
2014	0.32 %	0.39 %	0.46 %	0.34 %	0.39 %	0.51 %	0.27 %	0.24 %	0.44 %	0.19 %	0.16 %	0.21 %	3.98 %
2013	0.68 %	0.42 %	0.52 %	0.35 %	0.48 %	0.34 %	0.26 %	0.21 %	0.49 %	0.41 %	0.26 %	0.33 %	4.84 %
2012	0.48 %	0.51 %	0.71 %	0.37 %	0.17 %	0.18 %	0.43 %	0.54 %	0.60 %	0.50 %	0.40 %	0.38 %	5.40 %
2011	0.39 %	0.28 %	0.36 %	0.32 %	0.43 %	0.30 %	0.29 %	0.04 %	0.05 %	0.20 %	0.29 %	0.26 %	3.25 %
2010*											0.11 %	0.25 %	0.36 %



\*) 15.11.10 - 31.12.10

*Disclaimer: Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. Arctic Fund Management AS seeks to the best of its ability to ensure that all information given in this report is correct, however, makes reservations regarding possible errors and omissions. Statements in the report reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. The report should not be perceived as an offer or recommendation to buy or sell financial instruments. Arctic Fund Management AS does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. Employees of Arctic Fund Management AS may be owners of securities issued by companies that are either referred to in this rapport or are part of the fund's portfolio.*