



Finserve

Nordic Factoring Fund LUX

Monthly commentary - October 2024

Nordic Factoring Fund reports a 0.59 percentage point increase compared to the previous month. The year-to-date return stands at 5.45% after fees, with a volatility of 0.3%, resulting in an annual Sharpe ratio of 12.43.

Investing in Finserve Nordic Factoring Fund provides investors access to a well-diversified portfolio with over 1,000 high-credit-rating counterparties and an asset class that demonstrates low correlation with other asset classes, such as interest rates, equities, traditional credits, currencies, and commodities.

The portfolio consists of approximately 150,000 invoices issued by more than 1,000 companies, with an average invoice amount of 2,500 EUR.

During October, the risk level of the credit portfolio remained unchanged. The strategy has consistently achieved its target returns and displayed low volatility since inception, with no negative monthly returns.

No new investments were made during the period, but the fund management believes that the current portfolio composition is well-positioned for the upcoming market developments over the current quarter and beyond.

We continue to see good prospects for attractive risk-adjusted returns with low volatility. The underlying counterparties in the portfolio have an average credit rating of A, and the entire portfolio is protected by credit insurance, which safeguards against bankruptcies. The low insurance premium reflects the portfolio's composition, which the insurer views as satisfactory and indicates the quality of the underlying processes and counterparties.

Forecasts

With the Riksbank's low inflation figures, the likelihood of future rate cuts is strengthening, which increases the fund's long-term competitiveness and makes it more attractive compared to other low-risk investments, which are likely to yield lower returns in a low-interest environment.

Two major events marked October: the U.S. election and the Riksbank's interest rate announcement. As expected, Trump won the election, and the new administration could indirectly impact Swedish interest rates and inflation. The new U.S. policies may lead to increased government spending and a higher inflation rate, potentially prompting the Federal Reserve to pause or raise rates to counteract inflation, which could pressure long-term rates in other countries, including Sweden. On the other hand, Trump has promised tax cuts, which would stimulate the economy but increase debt.

The Riksbank chose to cut rates by 0.50%, which was expected. Previous and current forecasts indicate further cuts, though there is a risk of changes depending on the effects of U.S. monetary policy on the market.

The fund's current strategy and portfolio positioning are prepared for a scenario of potential market uncertainty and rising credit spreads. By maintaining a diversified portfolio and selecting counterparties with strong balance sheets, the fund is well-equipped to handle market stress.

IFRS 9

The provisions in the portfolio are very low. 100% of the fund's exposure falls into category 1, and the collateral is based on over 30,000 invoices pledged in favor of the fund. The invoices are rolled with payment terms of 30 to 90 days and are credit-insured, both with and without recourse.

Fund Manager



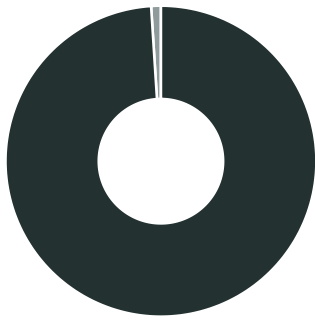
Andreas Konstantino has 10 years of experience in credit risk and lending. He has had credit risk reporting responsibility for a credit portfolio on 1,2 bn SEK, responsible for credit risk KRI monitoring, responsible for credit impairment and impairment analyzes at one of Sweden's largest banks,

Swedbank Swedish branch. Most recently comes from the role of independent valuation for Finserve Nordic AB.

Key Highlights

- The fund offers an interesting alternative for exposure to the Nordic market for corporate loans through factoring
- NFF enters into factoring agreements with small and medium-sized business clients with payment terms of 30 to 60 days and a maximum of 120 days
- The portfolio is credit insured up to approximately 99%
- The fund aims to provide a return of more than 6 percent after fees, with low volatility
- The main risks in the fund are credit risk and liquidity risk. All risks are detailed in the fund documentation
- The correlation with traditional asset classes is expected to be low to nonexistent.

Sector Exposure



● Factoring 98.99% ● Cash 1.01%

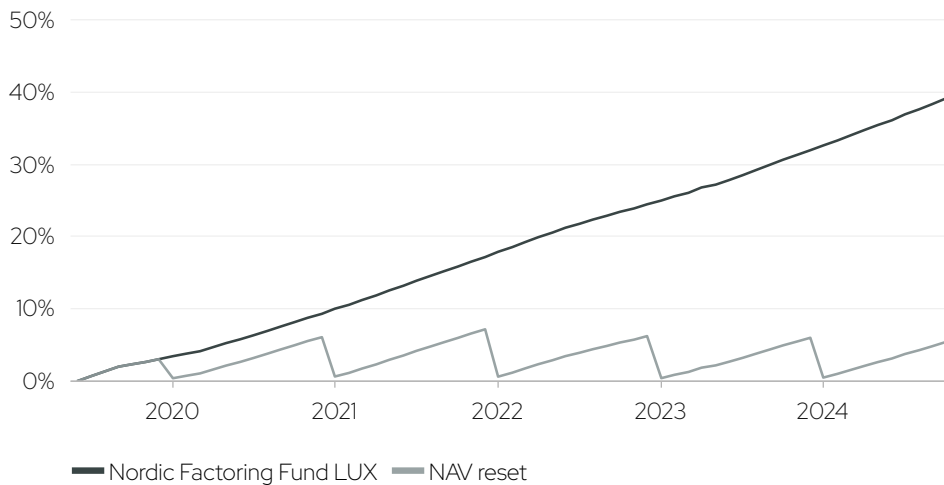
Performance Statistics*

Last Month	Total Return Cumulative
0.59%	39.14%
Total Return Annualized	Winning Months (%)
6.39%	100.00%
Standard Deviation Monthly	Standard Deviation Annualized
0.09%	0.30%
Sharpe Ratio (10YT-Note)	
6.42	

General Information*

Minimum Investment	125,000 EUR
Management Fee	1.25%
Net Targeted Return (annual)	6+ %
Risk (SRRI 1-7)	2
AUM	79M EUR
Trade (Buy)	Monthly
Trade (Sell)	Quarterly
Portfolio Manager	Andreas Konstantino
ISIN	LU2553414561
Bloomberg Ticker	BBNFFL1 LX

Cumulative Monthly Returns*



Monthly Performance (%)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	0.50	0.52	0.52	0.57	0.50	0.49	0.60	0.51	0.52	0.59			5.45
2023	0.42	0.46	0.40	0.58	0.31	0.48	0.55	0.54	0.58	0.53	0.52	0.48	6.01
2022	0.63	0.55	0.59	0.56	0.53	0.56	0.46	0.46	0.44	0.44	0.38	0.46	6.24
2021	0.65	0.50	0.59	0.57	0.62	0.58	0.61	0.59	0.55	0.57	0.57	0.55	7.18
2020	0.41	0.33	0.34	0.53	0.53	0.50	0.52	0.58	0.55	0.58	0.55	0.51	6.09
2019							0.71	0.62	0.67	0.31	0.32	0.37	3.04

*The track record above reflects the actual performance of the Nordic Factoring Fund (SEK), net of all fees and costs to investors, up to January 2024. Historical fees have been adjusted to represent the fee structure applicable to an institutional share class with a 1.25% management fee. Investing in mutual funds always involves a risk. The value of your investment can go up and down depending on factors affecting the market including interest rates. Historical returns are not an indicator of future returns. Investors may lose parts or the entire amount invested. For more information on risks, read more in the funds' KIID and prospectus.