



Finserve

Nordic Factoring Fund

Monthly commentary - October 2023

Nordic Factoring fund AB (publ) reports a NAV price for October of 104.65. This is an increase of 0.50 %.

The portfolio's underlying return has increased while maintaining a good level of risk and has in Q3 2023 a return level corresponding to an annual return of 6.3 % after fees. The fund sees a continued good level of return in the future due to a high investment rate and continued good risk levels in the portfolio.

Factoring financing allows companies to manage liquidity needs, reduce risk and focus on growth. The potential flexibility and adaptability of factoring solutions makes it an attractive financing option for different types of businesses, especially those looking to manage their finances in a more agile and efficient way. The Fund continues to see strong demand and can finance the capital against good counterparties. The Fund has carefully analysed sectors and individual counterparties to mitigate risks and the portfolio outlook remains very good. Despite elevated risk in the market, the Fund sees that the counterparties in the portfolio manage their payments and demonstrate strong repayment capacity.

The fund sees very good prospects in the market and has 0% credit losses in 2023, which demonstrates how stable the fund generates high risk-adjusted returns despite challenging market conditions. In addition to the good credit quality, there is credit insurance that covers the entire portfolio against losses. The good quality of the portfolio and factoring as an asset class has since 2019 proven to be a good investment. In addition, the credit insurance provides a double protection for investors and it is a good testament to the fund's assets and processes that insurance companies are willing to insure. By investing in NFF, investors gain access to a large, well-diversified portfolio of over 250 counterparties.

The market and the economy

The interest rate was left unchanged by the ECB and the FED, which may indicate that the interest rate peak has been reached in the respective markets. The euro area is seeing indications, according to preliminary data, of a lower inflation figure in October than expected, which may also strengthen this thesis. The euro area has a lower inflation rate than Sweden according to the latest statistics and has had a clearer effect of the interest rate increases. The Riksbank's interest rate announcement in November is difficult to predict. A slight decline in core inflation in September and the continued weakness of the krona create incentives for an increase. Decisive figures will be inflation in October and the effect of the Riksbank selling EUR. What the market can conclude is that growth remains weak and that a period of high interest rates will characterise the market for a long time. This will open up opportunities for factoring as companies want more flexibility in their liquidity management.

Core inflation continues to fall slowly in Sweden. The economy is in a recession and GDP continues to decline. Weak international demand is affecting the export industry, while unemployment has begun to rise, which may be an indication that the interest rate level is having an effect, albeit slowly. Based on current data and in combination with challenges in the value of the krona, an increase in the policy rate in November is justified. Sweden's economy is in a recession and despite several sectors signalling that the interest rate is having a severe impact on the economy, core inflation needs to show a clear decrease as the level is far too high and the assessment is that the Riksbank sees that further measures are required in November.

IFRS 9

The reserves in the portfolio are very low. Almost 100% of the Fund's exposure is in category 1 and the collateral is over 30,000 invoices pledged in favour of the Fund. The invoices are rolled over 30 to 90 days with credit insurance both with and without recourse. In addition, there is property insurance to protect against the appearance of false invoices.

Fund Manager



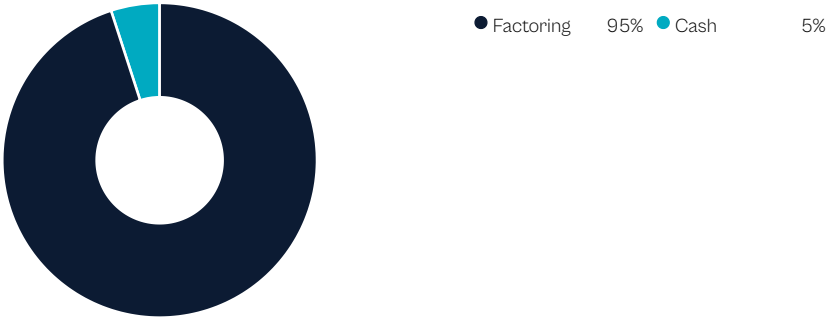
Andreas Konstantino has 10 years of experience in credit risk and lending. He has had credit risk reporting responsibility for a credit portfolio on 1,2 bn SEK, responsible for credit risk KRI monitoring, responsible for credit impairment and impairment analyzes at one

of Sweden's largest banks, Swedbank Swedish branch. Most recently comes from the role of independent valuation for Finserve Nordic AB.

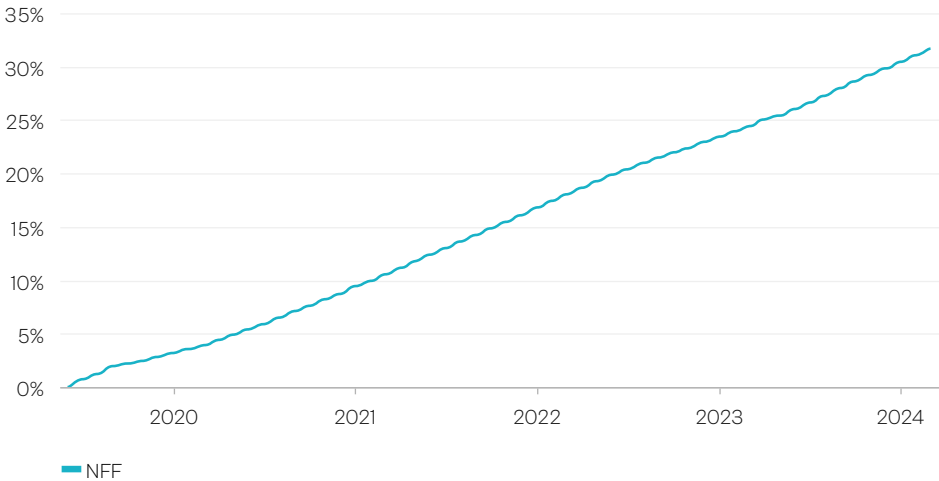
Key Highlights

- Nordic Factoring Fund (NFF) was launched in June 2019
- NFF is an alternative investment fund, focusing on direct lending, with a return target of around 6% per year
- The target for the fund's risk, expressed as standard deviation, is below 2 % annually.
- NFF shows low correlation with other asset classes
- Funds invested in the fund are lent to a pool of credit insured invoices
- The fund is placed in risk class 2 of 7 (SRRI)

Sector Exposure



Cumulative Monthly Returns*



Performance Statistics*

Last Month	Total Return Cumulative
0.50%	31.74%
Total Return Annualized	Winning Months (%)
5.97%	100.00%
Standard Deviation Monthly	Standard Deviation Annualized
0.09%	0.31%
Sharpe Ratio	
4.64	

General Information*

Minimum Investment	100,000 SEK
Management Fee	1.60%
Targeted Return (annual)	6+ %
Risk (SRRI 1-7)	2
AUM (million)	1,498 SEK
Trade (Buy)	Monthly
Trade (Sell)	Quarterly
Portfolio Manager	Andreas Konstantino
ISIN	SE0012116382

Monthly Performance (%)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	0.47	0.49	0.50										1.46
2023	0.39	0.43	0.37	0.55	0.28	0.45	0.52	0.51	0.55	0.50	0.49	0.45	5.64
2022	0.60	0.52	0.56	0.53	0.50	0.53	0.43	0.43	0.41	0.41	0.35	0.43	5.85
2021	0.62	0.47	0.56	0.54	0.59	0.55	0.58	0.56	0.52	0.54	0.54	0.52	6.79
2020	0.38	0.30	0.31	0.51	0.50	0.47	0.49	0.55	0.52	0.55	0.52	0.48	5.71
2019							0.68	0.59	0.64	0.28	0.29	0.34	2.86

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.