

Ridge Capital Northern Yield
Portfolio Update
June 2024



RIDGE CAPITAL

Northern Yield is a SFDR Article 8
Only for professional, well-informed or qualified investors
Confidential and not for further distribution
Please refer to prospectus and to the KID before making final investment decision

Overview as of June 30th, 2024

119m EUR Assets Under Management	+1.1% in June +20.8% last 12 months +24.3% since Jan 2023 P2 share class* net	Since start 12 months Volatility 3.7% 2.9% Sharpe ratio 3.3 5.7**	56 bonds 40 issuers	13.2% YTM*** Unlevered gross 17.2% YTM Levered gross	Duration 0.6 years Credit duration 3.4 years Floating rates 80% Fixed rates 20%
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Main features

- Nordic High Yield "HY" bonds focus**
- Our lead manager has top track record** 2018 until today
- Yearly return target** 3-month base rate + >7% over a cycle
- Low volatility target** <5% over a cycle
- Performing credit** Solid cashflows and security packages
- Focus on credit selection** instead of over-diversification
- True active management** & portfolio optimization. Don't only "buy & hold" bonds issued in the primary market
- Focused portfolio** ~30-50 issuers/companies
- Portfolio rating equivalent** ~70% B ~30% BB
- Low interest rate risk** Floating rate notes majority of portfolio
- Inception** December 2022

Risk management and structure

- Monthly liquidity** via Luxembourg SCA SICAV-RAIF
- Share classes** in **several currencies** accumulating/distributing
- Hedging** capabilities (market downside protection and FX)
- Structural leverage ~1.5x** (+/- 0.25). Suitable level to handle phase of intense market stress. Allows us to reach our target return without excessive credit risk
- Portfolio restrictions** Issuer <10%, Sector <25%
- Hard close** EUR ~300m unlevered (EUR ~450m levered, <1% of market)
- Skin in the game** Team invested EUR >2m and committed to reinvest management fees
- SRI/risk-class** 4 of 7

Prime broker & Audit



SFDR article 8 environmental, social or governance characteristics and exclusion of oil & gas, coal, tobacco, gambling

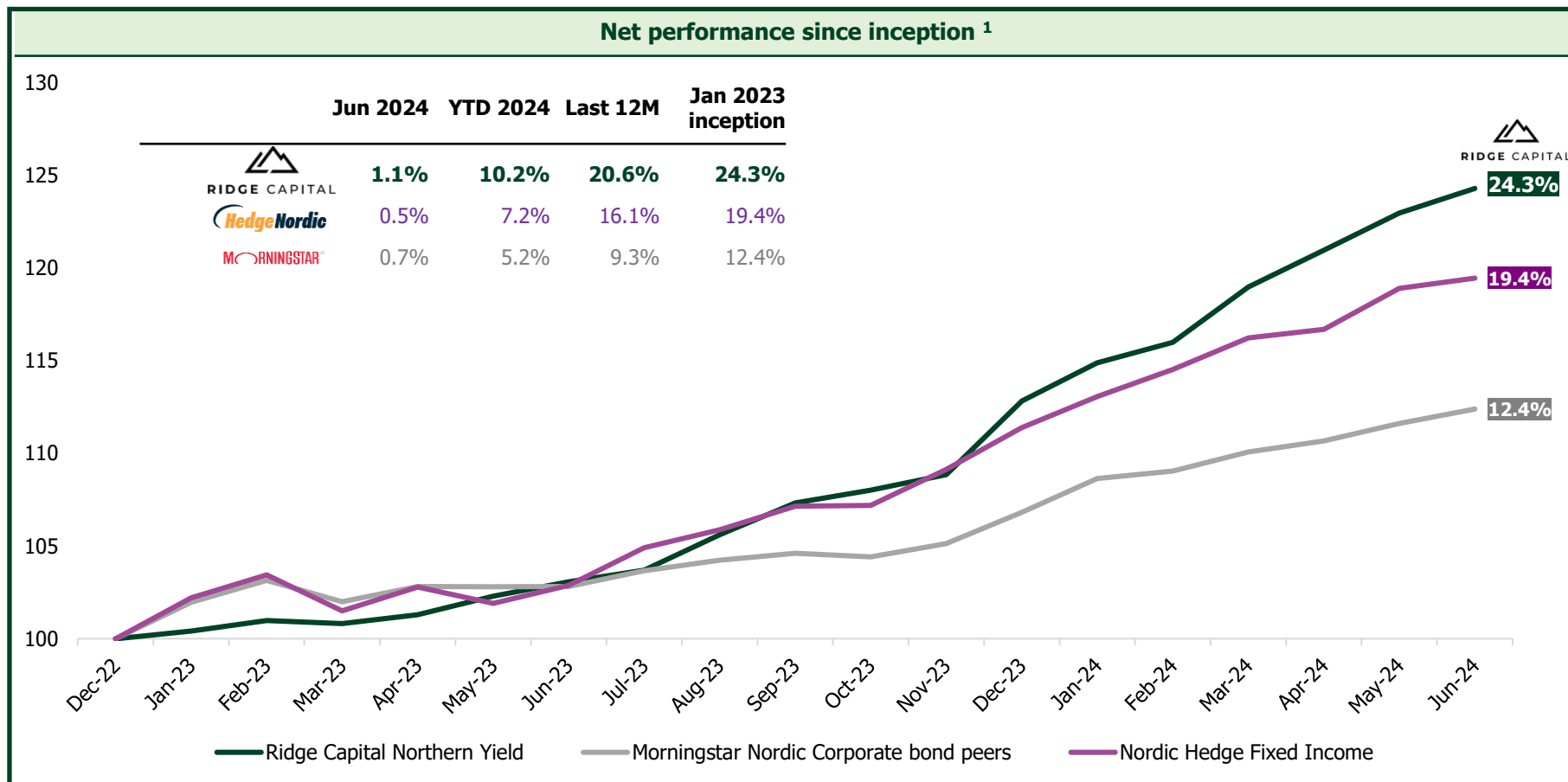


Signatory of:



* Ridge Capital Northern Yield P2 SEK acc. Also available in other currencies and formats (distributing etc)
 ** Risk-free rate assumed at average rate of 3-month Stibor for the period
 *** YTM = Yield To Maturity

#1 Performance since inception in January 2023



Past performance does not predict future returns and investment may lead to a financial loss. What you will get will vary depending on how the market performs and how long you keep the investment/product. Future performance is subject to taxation which depends on each investor's situation, and which may change in the future. Complete prospectus and fund statutes available through Ridge Capital. The information should not be considered investment advice nor recommendation and is Ridge Capital's proprietary. Ridge Capital should not be held responsible if the information or data may be incomplete, inaccurate or incorrect.

Source:

1. Ridge Capital Northern Yield P2 SEK acc (ISIN LU2559358101). Includes all Nordic Corporate Bond funds in the Morningstar category (SEK, Flex, HY), but excluding funds with global and / or pan-European mandate. The Hedge Nordic NHX Fixed Income is an equally-weighted sub-index of the NHX Composite that tracks the performance of Nordic fixed income hedge fund managers. Please reach out directly to Ridge Capital to get hold of data and performance for all available share classes.



Portfolio Managers commentary - June 2024

June brought sunshine to Nordic HY and to the portfolio

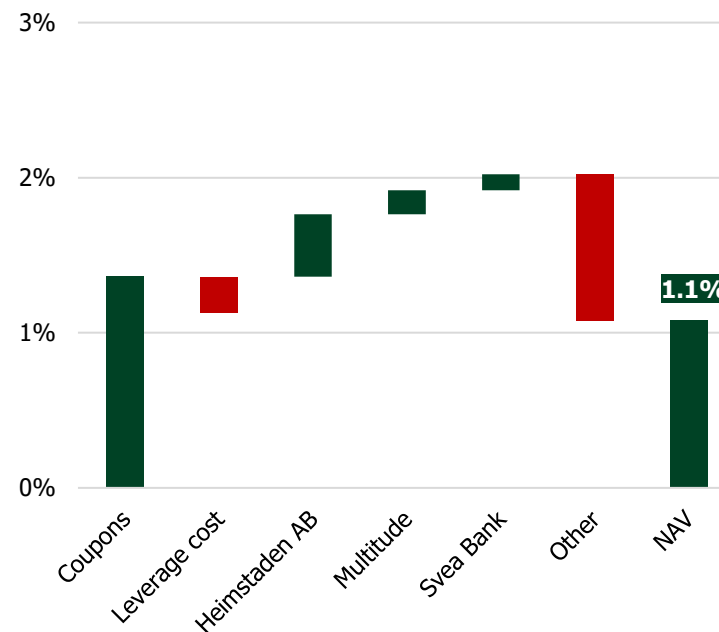
June has been full of political uncertainties in Europe with e.g. EU election results, which led to a surprise call for a parliamentary election in France. The Great Britain also hosted a parliamentary election, on July 4, which saw the Labour party get back in power with a new prime minister, Keir Starmer. European equities fell by 1.3% and European HY spreads widened by 37 bps to 359 bps during the month. Meanwhile, the US HY market was unchanged in June with spreads remaining at 309 bps, while the S&P 500 rallied by 3.5%.

The Nordic HY market performed well in June with our benchmark indices up +0.5 to 0.7% (see previous slide). Market returns were primarily driven by Swedish bonds, due to a continued recovery across the board. Sweden is also the region where we currently continue to see the most attractive opportunities. The DNB Nordic HY index indicate spreads of +408 bps and Arctic HY index at +441 bps, a tightening of ~200 bps since the start of the year, and a historically tight premium of 100-120 bps vs European iTraxx Crossover index (the 75 most liquid sub-investment grade entities has a historical average of ~200 bps).

The primary market had a strong month, with a total of 25 transactions. Notably, there were many first-time issuers which saw a great yield pick-up compared to recurring issuers.

June was an active month for the portfolio, where we participated in multiple primary issues and sold off some of our existing holdings. On the primary market, we further diversified the portfolio by investing in Purmo, which provides sustainable residential heating, and Karbon Equity which is a holding company invested in public equities such as Crayon and Link mobility as well as a private portfolio. We also took part in the new issue of Koskirent, a Finnish producer of modular buildings. Due to the uncertainty regarding Intrum, we sold off some of our position prior to the downgrade by S&P and Moody's. Storskogen and Relyon were also sold since the price had increased significantly, meaning that we took home our profits and searched for higher yielding opportunities in the market.

Major NAV impact for the month (%) ¹



Like last month, Heimstaden AB had the largest price increase out of the bonds in the portfolio, contributing +0.4% to the month's NAV. Our Multitude bond traded up in June, after a successful refinancing of an outstanding bond that we owned. Svea Banks' T2 bond saw a small price appreciation since its issue on the primary market. There were no large single bond price declines, but rather an overall decline in other bonds which impacted the NAV.

1. Ridge Capital Northern Yield P2 SEK acc

Portfolio Managers commentary – H1 2024 and outlook for the rest of the year

This year's performance has so far been above our return target

Continuing the momentum from last year, our investment strategy has kept bearing fruit. We have already achieved our target return of Stibor +7% net, and we still have another six months to continue delivering additional returns. This result has been achieved through continuously optimizing the portfolio, being active in the market and continuously searching for the best investment opportunities. This above-of-our-expectation result does not mean we will slow down or stand back. We will keep applying the same thorough credit research, investment methodology and strategy throughout the rest of the year, so that we can finish as strong as we started.

The fund has grown considerably during the year. Assets under management ("AuM") have almost doubled. The asset growth is partly due to current investor base topping up with more capital and new professional investors coming in, partly because of the fund's positive performance. As stated from the start, our ambition has never been to manage the largest fund by AuM, but to deliver top percentile returns for our investors over a cycle. We have set a maximum volume fund capacity as we believe it's needed to be able to deliver top returns.

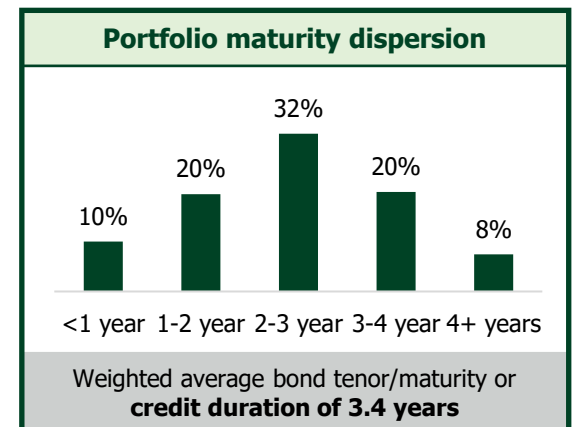
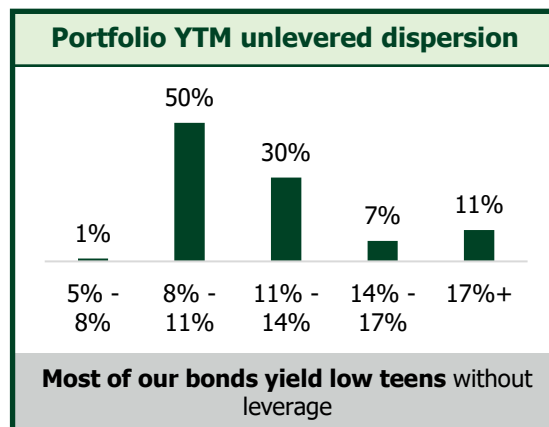
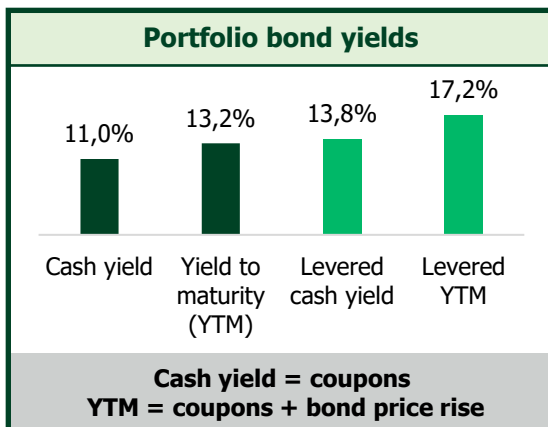
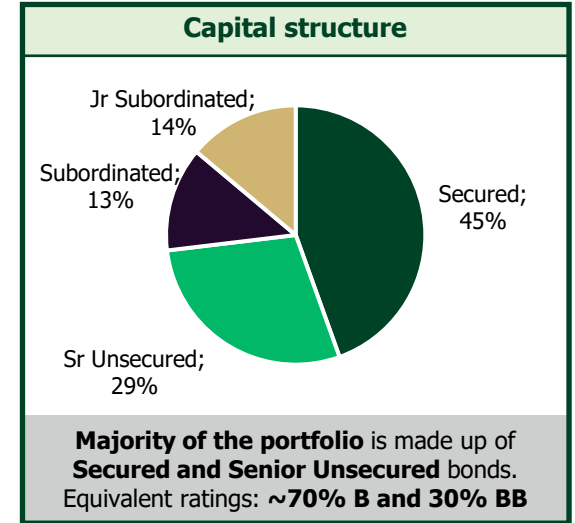
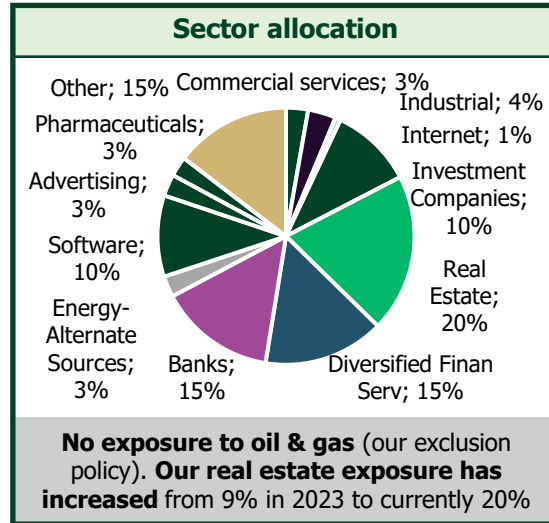
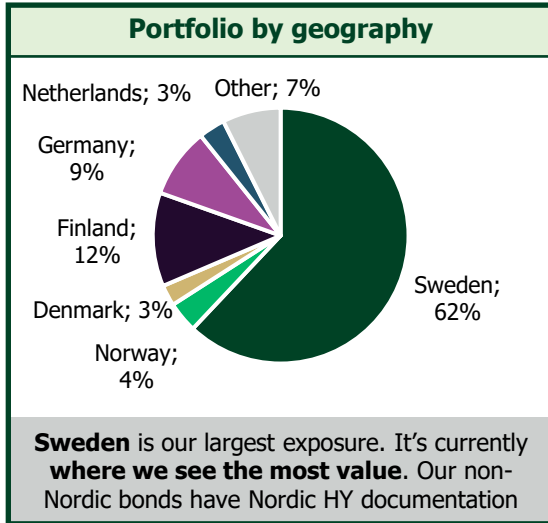
In the markets, there has been a convergence in yield between Nordic and Euro HY. This originates from a tightening of Nordic HY spread while Euro HY spread have been more flattish. We believe this have been driven by capital inflow to funds and new primary deals have not been able to swallow all the demand, resulting in spreads coming down. We expect that the premium from investing in the Nordics will start reverting to historical levels as primary market activity should be high for the rest of the year, taking the scarcity factor out of the equation in the secondaries. Until then, we are prepared to exploit e.g. the Euro bond market to find the best available bonds. On a sector basis, we see great continued risk/reward in the financial sector, where there are plenty of companies with good financial health and strong margins supported by this high interest rate environment, albeit one must be cautious of rising loan losses. The real estate sector, which already had a strong run in H1, should of course benefit from rate decreases in H2 and in 2025, suggesting there could still be room for improvement. DNB markets HY index suggests that real estate spreads are at +681 bps, ~260 bps wider than the broader market.

On a macro level, the Swedish Riksbank starts to take comfort from a sustainable lower level of inflation and has guided for rate decreases of 50-75 bps in H2 2024. This would suggest a risk-free rate of ~3% and a real rate of ~1%, adjusted for 2% inflation. Although the coupons would come down slightly on the back of rate decrease (as we invest mainly in floating rate notes), we believe it will be a boost to the market and our fund. Firstly, the major part of our return is derived from the spread on top of the risk-free rate, which we expect to remain flattish. Secondly, a lower interest level will in general reduce the default risk.

Finally, we are excited to announce that we have now completed the recruitment of a new portfolio analyst with an impressive CV and market expertise (CFA, Stockholm School of Economics, as well as analyst experience from leading hedge funds). He will join us after the summer to strengthen the investment management team. We will also expand our Stockholm office by absorbing an additional floor. Feel free to come and stop by if you are in the neighbourhood. We always have good coffee ready to be shared.

We wish you all a great summer holiday!

Portfolio breakdown June 30th, 2024



YTM = Yield To Maturity
The levered YTM includes interest costs paid to our Prime Broker Goldman Sachs

Performance per share class

ISIN	Share class	Jun-24 (%/NAV)	YTD 2024	Last 3M	Last 6M	Last 12M
Anchor investors						
LU2559357392	FO SEK Acc	1.09% 124.5	10.23%	4.50%	10.23%	20.76%
LU2559357046	FO EUR Acc	1.11% 120.8	10.16%	4.53%	10.16%	20.84%
LU2812394653	FO NOK Acc*	1.16% 102.9	2.86%	N.A	N.A	N.A
Accumulating						
LU2559356824	P1 SEK Acc	1.05% 123.1	9.94%	4.36%	9.94%	20.13%
LU2559358101	P2 SEK Acc	1.08% 124.3	10.16%	4.47%	10.16%	20.59%
LU2559358010	P2 EUR Acc	0.74% 115.8	9.44%	4.13%	9.44%	N.A
Distributing						
LU2559358523	P2 EUR Dis**	1.10%* 112.5	4.65%	1.81%	4.65%	12.46%
LU2559357988	P2 SEK Dis**	1.08%* 113.9	4.75%	1.80%	4.75%	10.97%

NAV was 100.00 for each share class at inception

* The share class was started in April 2024

** Distributive share classes distribute half of the total quarterly performance

Share classes are available in USD, NOK, CHF, DKK, GBP in accumulating "Acc" and distributing "Dis"

The team

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CFA Portfolio Analyst (joins September 2024)

Friends of Ridge Capital

- Company owners
- High-level executives
- Industry specialists
- Legal experts
- Founders & partners at Private Equity, Hedge Fund, VC

Board of Directors Luxembourg SICAV-RAIF & GP

- Mikael Holmberg
- Kelly Anchenmann
- Luc Régent



Prime Broker



Audit



AIFM (Compliance, risk, portfolio management) & Custodian





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Signatory of:

