



YMER | STRUCTURED CREDIT

Quarterly Report – Ymer SC AC

July - September 2020

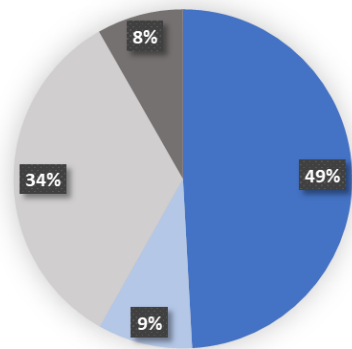
Market Commentary - Credit and equity markets continued the recovery witnessed in the previous quarter. Within credit, investment grade bonds continued to outperform on the back of the central bank support with high yield bonds trailing. Leveraged loan prices were flat during most of the quarter but advanced towards the end. On aggregate defaults in high yield and leveraged loans were considerably lower than projected earlier in the year. However, some Covid-19 affected sectors have experienced high default rates. CLO debt spreads tightened significantly after lagging in the previous quarter and are close to pre pandemic levels. Key CLO risk metrics such as OC (over-collateralization) tests improved with far fewer CLOs diverting cash flows from equity than anticipated. CLO equity valuations too improved but are still lagging the recovery in risky assets and present an interesting opportunity.

Quarterly Results (% of value at inception)

	Q1	Q2	Q3	Q4	Annual
2020	-1.24% (98.76%)	3.24% (101.97%)	6.04% (108.13%)		

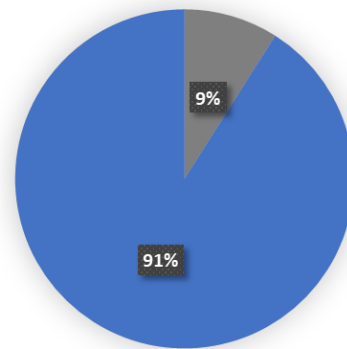
Based on a reference investor who invested in the initial close

Product Exposure



■ CLO Equity ■ CLO Junior Debt ■ Tranches on IG indices ■ Tranches on HY indices

Geographical Exposure



■ United States ■ Europe

Fund Performance - The fund increased 6.04% over the quarter, with the CLO equity positions outperforming in particular. All CLO equity positions paid their coupons as anticipated while key CLO portfolio risk metrics improved. During the quarter, the fund also increased the CLO equity and CLO junior debt portion of the portfolio as attractive opportunities arose.

The next opening for investors in Ymer SC AC is 31st October 2020. Q4 NAV together with the quarterly report will be published 10 business days after the new year.