



YMER

Alternative Credit Fund III

2023 Q3

10.5%

Year to date

7.0%

Last quarter

10.5%

Since Inception

## Portfolio managers



Stefan Engstrand



Hubert Warzynski



Christian Fredriksson

## Key Statistics

	YMER AC FUND III	iBoxx EUR HY	Eurostoxx 50
Cumulative Return	10.5%	3.3%	-1.4%
Average Quarter	5.2%	1.6%	-0.6%
Valuation Periods	2	2	2
Positive Valuation Periods	2	2	1

## Market Commentary

In the third quarter stocks and bonds sold off as especially longer interest rates continued higher to levels not observed since 2007. Inflation continues to decrease, however strong labor markets particularly in the US require central banks to keep sending hawkish signals with rates expected to be higher for longer. Growth and corporate earnings surprised to the upside offsetting the negative effects of higher rates. Loans and CLOs which have a floating rate component saw prices appreciate meaningfully as they have been lagging the strength in other asset classes earlier in the year. Despite this, CLO tranches particularly in the junior part of the capital structure offers very good investment opportunities as spreads are historically high. Defaults are lower than expected albeit idiosyncratic events continue to occur.

	Q1	Q2	Q3	Q4	Annual
2023	-	3.27% (103.27%)	7.03% (110.54%)	-	10.5%

Based on a reference investor who invested at the initial close.

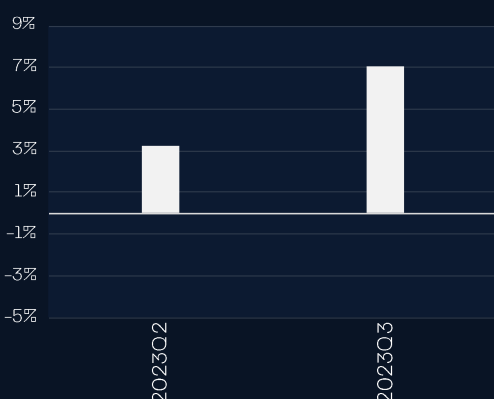
## Performance

The NAV increased by 7.03% in Q3 2023. Loan prices appreciated in the third quarter backed by strong activity in the primary CLO market. Despite this, CLOs continue to look very attractive compared to other credit investments as well as other asset classes.

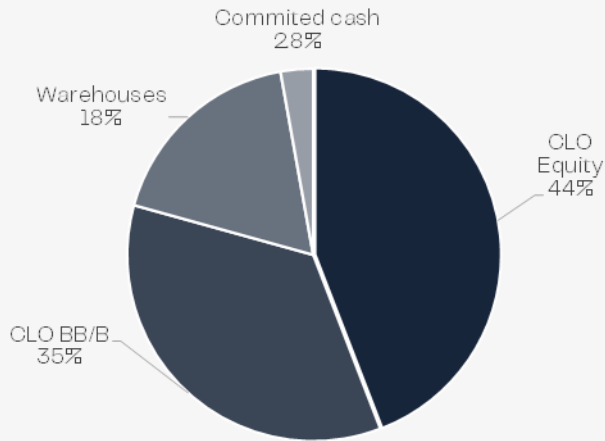
The fund has predominately deployed capital into a CLO warehouse which will eventually be rolled into a CLO position when the right opportunity arises. CLO risk metrics continued to be healthy even though some defaults have occurred.

Given the attractive investment opportunities in the market the fund will be open for new investors during Q4. The next NAV and quarterly report will be published ten business days into the first quarter of the year.

## Quarterly returns

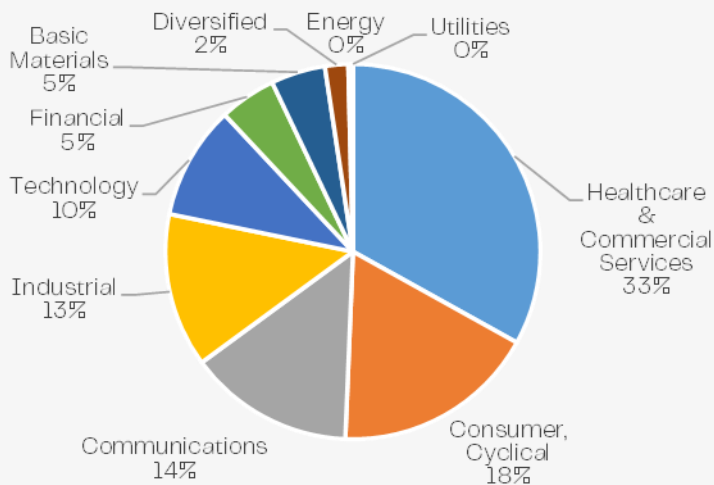


## Portfolio Allocation



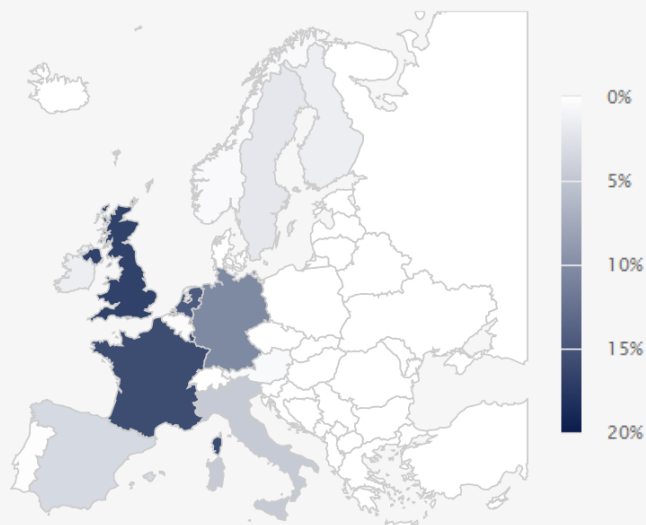
Allocation	Weight
CLO Equity	44.1%
CLO BB/B	35.2%
Warehouses	17.9%
Committed cash	2.8%

## Sector Exposure



Sector	Weight
Healthcare & Commercial Services	33.1%
Consumer, Cyclical	17.6%
Communications	14.3%
Industrial	13.3%
Technology	9.8%
Financial	4.9%
Basic Materials	4.7%
Diversified	2.0%
Energy	0.4%
Utilities	0.0%
Government	0.0%

## Regional Exposure



Country	Weight
United Kingdom	20.0%
France	18.9%
Netherlands	17.3%
United States	13.3%
Germany	12.5%
Italy	5.6%
Spain	4.0%
Sweden	2.6%
Finland	1.8%
Ireland	1.8%