

Monthly Report

Always Opportunities

Always Opportunities is an absolute-return credit fund focused on the Nordic corporate bond market. The strategy is designed to preserve capital and generate returns across market cycles, ready to act as a buyer when uncertainty pushes prices below fair value. To keep returns anchored in credit selection rather than broader market direction, we systematically hedge what we do not need to take a view on: currency, interest rates, and market beta.

August 2026

NAV as of 30 August 2026
Reporting Currency: SEK

Solid monthly performance, driven mainly by credit income and positive revaluations.

Net Return	Gross Return	Portfolio YTM	NAV/Unit
+1.24% August 2026	+1.59%	~10.0% Incl. derivatives	105.81 SEK

Risk information: Past performance is no guarantee for future performance. The value of the money invested in the fund can increase or decrease and there is no guarantee that all of your invested capital can be redeemed.

Portfolio at a glance

Issuers	WAL	FRN Allocation	Largest position
52 Cash bonds	3.1 yrs Excl. perpetuals	81% Of Cash Bonds	4.6% Of Cash Book

Key Takeaways

Performance	Portfolio	Outlook
Always Opportunities returned 1.24% net (1.59% gross) in August, as heavy primary activity picked up again after the summer break. Since the fund launched on April 1 st , the fund has returned 5.81% net achieved with low return variance across a very diversified book with ample active hedges.	Running yield is approximately 10.0% (~7.7% through cash bonds and 2.3% through credit derivatives. Due to our defensive posture, we have a preference for short-duration higher quality corporate credit as we see many areas for concern (such a rising sovereign debt levels and inflation outlook) and would prefer to maintain ample liquidity	We are increasingly defensive in our positioning as market concentration into certain names and sectors is growing and credit supply is expected to be very high. We remain long credit carry which paired with a convex short book, mainly against private credit, equity risk premia and cross-sector dispersion, held as low-cost tail protection. The fund remains strongly positioned to deploy into any volatility.

Manager Commentary

The fund returned +1.59% gross and +1.24% net in August as primary markets picked up again after the holiday season. The fund closed the period at a NAV per unit of 105.81 SEK - up +5.81% net since the 1 April inception. In strong contrast to July, the month of August saw very active primary issuance as the backlog of transactions appears to be very strong. Almost the entire result came from where we would want it to in a month like this - credit carry accruing day by day, with a positive contribution from spread moves and nothing from interest rates or market beta.

That makes five consecutive positive months, each earned in a different environment, with return dispersion that has remained very low and no significant drawdown worth naming. The fund remains fully invested in notional terms, with an approximate running yield in the region of 10%, split between cash-bond coupon income and the contribution from the credit-derivative book. Alongside that we continue to hold ample liquidity in cash and cash-equivalent paper, ready to be put to work if volatility returns and prices move in our favour.

We are becoming progressively more cautious and more defensive on the market outlook, over both the short and the medium term. The reasons are not new to readers of these letters, but they have hardened over the summer, and two in particular now sit above the rest.

The first is the cost of sovereign debt. The US treasury market has been visibly unsettled in recent weeks as the total debt burden approaches USD 40 trillion and inflationary pressure feeds through into the market-implied cost of carrying it. This has stopped being an abstraction about fiscal sustainability and become an arithmetic problem with a schedule attached: a large stack of low-coupon debt issued in a cheaper era has to be refinanced at materially higher rates over the coming 12 months, and the interest bill rises accordingly. That arithmetic constrains fiscal policy, transmits into the household economy through the housing market, and sets an increasing discount rate against which every other asset is priced.

The second is the circularity of the AI economy. A remarkable share of headline growth, of equity index returns and, increasingly, of credit issuance now traces back to the capital expenditure plans of a very small number of firms, most of which are funded by the committed future spending of an even smaller number of counterparties that are not yet profitable. We have written about this before and we repeat it because the concentration has continued to increase rather than to resolve.

What connects the two is that we believe neither is currently priced as a risk. Equity markets are valued as though the refinancing wall does not exist and as though the capex cycle is a permanent feature of the economy rather than a decision that a handful of boards revisit each quarter. We claim no insight into the timing of either, and we are not forecasting a drawdown however our job as allocators is to look past what is priced today and to be positioned for what is not.

Accordingly we are running the fund with a deliberately defensive posture: a large liquidity reserve, granular credit risk, and a convex hedging book built to pay disproportionately if conditions deteriorate sharply. In aggregate, the fund would rather meet a significant market downturn than a significant melt-up. We continue to monitor prevailing risks closely and expect the latter half of this year to offer better entry points than the first; until such a moment arrives, we are content to be paid to wait.

Market Backdrop

Equity Markets

Equity markets are priced as if none of the above matters. The broad S&P 500 index trades at a forward-implied earnings yield of roughly 4.6%, below the 4.8% available on the US 10-year risk-free rate. On that basis an investor is not compensated at all for taking equity risk over the risk-free alternative. This dynamic can persist for a long time, it has before, but it removes the valuation cushion entirely and leaves future index gains reliant on earnings growth continuing broadly at a double-digit pace, with around 12% expected for the year.

Beneath the index level, the concentration of that market has never been more apparent. Six companies, Nvidia, Microsoft, Amazon, Alphabet, Broadcom and Meta, account for just under 30% of total S&P 500 market capitalisation, the highest reading on record; extending to the top ten names takes that to 37% of the entire US stock market.

The distribution of this year's gains is narrower still: the top five contributors have delivered roughly 60% of the index's total return for 2026, with the remaining 495 companies accounting for the other 40%. Diversification across several hundred names is nominal when the marginal return is set by a single capital-expenditure cycle; the correlation that matters is not between sectors but between each of those names and the same underlying assumption about AI demand.

That assumption deserves scrutiny. US GDP growth is forecast at around 2% for the year, of which more than half is AI capital expenditure. Nvidia's second quarter showed revenues up 100%, yet more than 70% of accounts receivable sat with just five customers. More than half of Oracle's USD 600bn backlog is attributable to a single counterparty. The practical consequence is that the earnings outlook for the largest segment of the world's equity market and, by extension, a meaningful part of the US growth outlook rests on the committed future spending of two companies that are still losing money at a rate of tens of billions of dollars a year.

None of this tells us when, or whether, the capex cycle slows. It tells us what a slowdown would cost, and that the market is not being paid to hold that risk in our view. We are therefore adjusting our risk posture rather than our forecast, adding derivative instruments that are, in different ways, short parts of the AI ecosystem over the coming six months.

Credit Markets

The dominant feature of the credit outlook is the same interest-rate arithmetic driving the sovereign story, applied one rung down the capital structure. The US now spends more servicing the interest on its debt than it spends on its entire military, and around USD 10 trillion of treasuries matures for repayment within the coming twelve months. That paper was issued when rates were far lower, sub-3% across most of the stack, with a weighted average of 3.45% on all outstanding interest-bearing debt, against a market now implying above 5% for longer-dated bonds. Every additional percentage point paid across the stack is worth approximately 1.2% of US GDP in incremental interest, which is the order of magnitude that forces spending restraint, entitlement reform, or both, with the recessionary consequences that follow.

We would emphasise that this is not a US-specific problem, and that the European and Nordic version of it is the one that bears most directly on our market. European sovereign yields have drifted higher through the summer on the same combination of persistent inflation, heavy issuance calendars and expanding fiscal commitments - defence and infrastructure spending prominent among them - and Nordic market rates have followed. For a region whose corporate borrowers fund predominantly at floating rates, a higher path for market rates is not a distant refinancing question but an immediate cashflow one: interest costs reset upward on existing debt, quarter by quarter, whether a single bond matures or not.

Nowhere does that matter more than in real estate and nowhere is real estate more consequential than in the Nordic credit market. The sector's economics are levered to rates twice over. Higher market rates raise financing costs directly and compress interest coverage; at the same time they lift the yields at which properties are valued, which reduces asset values and therefore raises loan-to-value ratios on debt that has not changed in size. Rising costs and falling collateral values arrive together, and they arrive at borrowers whose covenants are written in precisely those two metrics. Rental indexation offsets some of this, but with a lag, and only where tenants can absorb it.

The concern is one of concentration rather than of any individual credit. Real estate constitutes an outsized share of the Nordic corporate bond market - a materially larger weight than the sector carries in the broader European indices, and larger still in the SEK-denominated market - so a repricing there is not a sector event that the rest of the market can look past. It would travel through fund-level redemptions and through the simple mechanics of forced selling: when investors reduce exposure to the largest constituent of a market, what actually gets sold is whatever is liquid, which means spreads widen in unrelated sectors whose fundamentals have not changed. That is the reflexive link we watch most closely, because it determines whether a real estate problem stays a real estate problem.

Against that backdrop, the compensation on offer is not enough in our view. Rising risk and inadequate reward for that risk is not a combination we are willing to hold in size, and we remain substantially underweight with only a handful of credits clearing our bar. We would rather hold liquidity than clear tightly priced deals and a material widening would find us positioned to buy into the dislocation rather than to be caught by it.

What drove performance?

August delivered +1.59% gross and +1.24% net, marking another solid month of returns. Where July was carry almost in its entirety, August was carry plus a market that finally moved: coupon income continued to accrue daily as it always does and was joined by positive revaluations across the cash book and by gains on selected derivative positions. The distinction matters, because the two sources have different characters. The carry is the engine and it ran at its usual rate; the revaluations are what a tightening, re-opening market hands to a portfolio that was already well-constructed and already paid to wait.

The credit coupon carry, including the credit-derivative positions, was again the principal contributor. That income is now spread across more than 50 separate holdings, amplified by credit derivatives and spread across multiple sectors, with no single position exceeding 5% of assets under management. The floating-rate cash bonds once more produced income with no sensitivity to the move higher in market rates, and prices moved in our favour as secondary liquidity returned and spreads firmed in some names we own. FX hedging on the non-SEK exposures ran at expected cost with no drag on the result. Selected derivative structures added further to the return.

The principal detractor was the hedging book. Most of the risk assets against which the fund is short posted positive returns over the month, and the protection positions were marked down accordingly. We would draw attention to the nature of that loss: it is a capital loss on instruments held for hedging, it is entirely unrealised, and the positions remain in the book with their convexity intact. Nothing has been closed, and no protection has been given up. A significant correction in the main risk-asset classes would therefore not merely recover these marks but reverse them sharply and would do so on a portfolio whose carry continued to accrue throughout. That asymmetry is, in our view, the most important feature of how the fund is currently positioned and the cost of carrying it is the reason a strong month was not a stronger one.

The result is a fifth consecutive positive month and the largest of the five, taking the fund to +7.44% gross and +5.81% net since launch on 1 April.

Positioning & Outlook

The fund enters the autumn more defensively positioned than at any point since launch. The construction of the core portfolio is unchanged: senior secured and senior unsecured floating-rate paper from issuers and sectors we have followed closely, with a contained allocation to selective high-yield names where the credit case supports the premium being paid. Credit risk is now distributed across a maturity ladder that remains spread across the 2027 to 2030+ buckets. That granularity is deliberate and it does two things at once: it gives us a regular reinvestment cadence, and it ensures that no single refinancing vintage or individual credit outcome can meaningfully move the fund.

Two features of the current posture deserve particular emphasis. The first is liquidity. We hold 19% of the fund in cash and a further 14% in very low-risk liquid assets, a third of the portfolio held explicitly so that it can be deployed into market turmoil rather than because we have run out of ideas. We have continued to let those reserves accumulate rather than clear the primary market's tighter deals, and we remain content for that to cost us a little carry in the near term. Underwriting standards for anything new are tightening accordingly, with particular reluctance to participate in transactions in data centres, real estate and the more crowded corners of the Nordic high-yield market.

The second is the near-total absence of duration. The book is overwhelmingly floating-rate, which means the fund carries virtually no interest-rate sensitivity: the move higher in market rates that is doing damage elsewhere in fixed income passes through our portfolio as higher coupon income rather than as capital loss. For investors assessing where the risk in this fund actually sits, that distinction is central. We are taking credit risk, selectively, and we are taking a deliberate convexity position to hedge parts of the portfolio. We are not taking a view on the direction of rates, and we would not want the fund's return to depend on one.

Alongside the core credit portfolio we continue to build out the derivatives programme, adding both carry instruments and downside protection. Candidates are assessed on the same test as everything else: an addition should either cost very little to carry and pay disproportionately if sentiment deteriorates sharply or add a new source of cashflow to the fund. Over the coming six months that programme also extends to instruments that are, in different ways, short parts of the AI ecosystem, not as a forecast of when that capital-expenditure cycle slows, but because the market is not currently charging much for the possibility that it does.

The result is a portfolio with two complementary sources of return – a steady income stream from the credit portfolio, currently running at an approximate yield near 10%, and a convex payoff from the hedges, giving an aggregate posture that prefers a significant market downturn to a significant melt-up. We do not expect to hold that tilt indefinitely. It is calibrated to a market where risk is being taken at prices we do not think is adequate, and our positioning will be unwound in favour of credit risk when and if prices change. Until then, a genuine widening in spreads would find the fund positioned to earn from the dislocation rather than merely to survive it, and we would rather enter the autumn with liquidity and protection than with positions we were not paid properly to own.

Appendix

Portfolio Detail

Performance

Period	Start	End	Return
Month (30 August 2026)	104.51	105.81	+1.24%
Since inception (1 April 2026)	100.0	105.81	+5.81%

Portfolio Yield Profile

Yield component	Contribution
Cash Bonds — Wtd Avg YTM	7.7%
Credit Derivatives — Est. Contribution	+2.3%
Total Portfolio YTM	~10.0%
Cash Bonds — Wtd Avg Running Yield	8.8%
Total Portfolio Running Yield	~10.1%

Maturity Profile

Maturity	Distribution	% Cash Bonds
2027		13.4%
2028		7.7%
2029		32.9%
2030+		33.10%

Currency Exposure (Gross)

Currency	Gross Exposure (% of NAV)
SEK	58.3%
EUR	24.3%
NOK	3.1%
USD	14.5%

Key Fund Characteristics

Characteristic	Detail
Inception Date	1 April 2026
Domicile	Sweden
Legal Structure	AIF
Base Currency	SEK
Subscription Frequency	Monthly
SRI Risk Classification	3 of 7

Important information

This report is provided for informational purposes. It is preliminary and based on a NAV calculation as of 30 August 2026. Final figures may differ following completion of all reconciliation and audit procedures.

Past performance is not a reliable indicator of future results. The value of investments and any income from them can fall as well as rise, and investors may not recover the amount originally invested. The fund may use leverage, derivatives, and currency hedging instruments, which may amplify gains and losses.

This document does not constitute an offer or solicitation to buy or sell any security or financial instrument, nor investment advice. Prospective investors should refer to the fund's prospectus and key investor information document before making any investment decision.

All figures in SEK unless otherwise stated. Source: Fund administrator, IVAR™ NAV system.