Always Summer
Asset Management

Mid-month commentary H1 November

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.

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.

Manager Commentary

1-15th of November, 2026

The first half of November gave credit markets some relief. European high-yield spreads tightened by around 33 bp to 326 bp, and US high-yield spreads by around 17 bp to 323 bp. Equities recovered too: the OMXS30 rose about 2.8% and set a new record high, while the S&P 500 ended the period roughly where it started. Interest rates, however, went the other way as US inflation came in above expectations and the 10-year Treasury yield climbed back above 5.1%. Markets now see a Fed hike in December as close to certain. The Riksbank raised its policy rate to 2.00% on 4 November, for reasons that don't make much sense to us (more on this below), and signalled further rate hikes in an already fragile economic environment with little to no inflationary pressures.

However, the most important event of the period happened at a single company. On 12 November, Jensen Huang resigned as chief executive of Nvidia. Over the past year, Nvidia has become more than the main supplier of the AI build-out. It has also become its main source of funding, to the point where the market now calls it the central bank of AI. In the space of a week, that central bank lost its governor and, according to press reports, began preparing to tighten liquidity.

Nvidia: the chipmaker that became the central bank of AI

In the space of a week, Nvidia lost the founder who had run the company for 33 years and the only chief executive it has ever had, without a permanent successor in place. That would be significant for any company, but Nvidia is arguably the most important company in the world today. Its chips power much of the current wave of technological progress, and over the past year it has also become the main supplier, financier and guarantor of the companies building on them, which is why the market has started to call it the central bank of AI. The comparison is more than a figure of speech, since over the past twelve months Nvidia has taken on most of the functions a central bank performs for the AI economy.

It issues the currency: Nvidia's GPUs are the scarce resource the AI industry measures itself in. Data-centre capacity is priced per GPU, and billions of dollars of debt are secured on GPUs. Nvidia's decisions on who gets supply, and when, determine who can build the leading companies of tomorrow. This is also true for nation states, many of which urgently need Nvidia's most advanced chips.

It sets the cost of credit: Nvidia holds equity stakes worth around USD 99 billion in more than 240 companies. This year it has taken part in a significant share of all venture deals worldwide. For many AI start-ups, Nvidia's backing is what makes other investors willing to lend or invest.

It is the lender of last resort: Nvidia's latest quarterly filing shows around USD 530 billion of commitments and guarantees. These include:

- a guarantee of up to USD 105 billion on the lease of OpenAI's data-centre campus in Ohio;
- about USD 36 billion of commitments to buy cloud capacity that providers cannot sell elsewhere, including an agreement with CoreWeave that runs to April 2032;
- around USD 20 billion of data-centre leases that Nvidia has signed itself and intends to pass on to customers.

For comparison, Nvidia generated about USD 70 billion of free cash flow in the first half of its financial year.

The money it creates comes back to it: Much of what Nvidia invests returns as orders for its own chips. A preliminary agreement to invest up to USD 100 billion in OpenAI is paid in instalments, each tied to OpenAI placing chip orders. Last week Nvidia also agreed to buy USD 10 billion of shares in Anthropic's IPO. Anthropic has USD 901 billion of compute commitments, against revenue of USD 33 billion in the first nine months of the year. In the first half of Nvidia's financial year, gains on its equity stakes were USD 23.7 billion, about 17% of its pre-tax profit. In other words, a meaningful share of Nvidia's earnings now comes from the value of the customers it finances.

For a credit investor, this structure has a clear consequence. Much of AI-related debt is priced partly on the expectation that Nvidia will stand behind the industry. Some of that support is written into contracts. Much of it is only implied: the assumption that Nvidia will not let an important customer fail. Implied support is worth only as much as the willingness of the institution providing it and that willingness plausibly depends on who is in charge.

The governor resigns

On 8 November, Nvidia's board opened an independent investigation into reports that Huang had been the target of a foreign intelligence effort. On 12 November he resigned as chief executive, president and board member, with immediate effect. Chief Financial Officer Colette Kress is interim CEO and remains CFO. Harvey Jones has been named the company's first board chair. Nvidia's shares fell around 13% over the week, a loss of roughly USD 500 billion in market

value. Congress has requested briefings, and US policy on chip exports to China has lost its most prominent industry advocate.

What follows these events matters more for credit than the resignation itself. According to press reports, Nvidia now intends to scale back its financing of customers and start-ups, and the interim leadership has paused several large deals. UBS estimates that more than USD 50 billion could leave the AI funding market as a result. The change had begun before Huang left as in October he reportedly told partners that Nvidia's days as a "blank check" were over and that customers would have to pay in advance for GPUs.

In central-bank terms, this is a tightening cycle announced by an interim governor in the week the institution's credibility is at its lowest. Contractual guarantees remain legally binding. What changes, however, is the discretionary support: new equity, new guarantees, and help with refinancing. Companies that relied on that support will now have to raise money from customers, shareholders and the bond market instead. CoreWeave shows what that looks like. Its third-quarter results beat expectations and its shares rose 16% on 11 November, yet it is funding growth with a USD 4.2 billion convertible bond and a new share-sale programme, and its bonds still yield in the mid-teens. Shareholders were reassured. Bondholders are still waiting to be convinced.

Hyperscalers and the intensifying competition for global capital: Unprecedented borrowings from the largest companies potentially is starting to compete with sovereign debt

Nvidia is pulling back just as its largest customers have stopped funding the build-out from their own cash. In the third quarter, Microsoft, Alphabet, Amazon and Meta together spent around USD 200 billion on capital expenditure, more than twice as much as a year earlier. For the first time, the group's combined free cash flow was negative. Alphabet's free cash flow for the quarter was –USD 9.1 billion. Meta's was –USD 2.1 billion, against +USD 10.6 billion a year earlier. Amazon's was –USD 42 billion over the past twelve months. Microsoft stayed positive, but its free cash flow fell to USD 18.6 billion from USD 25.7 billion a year earlier.

The quarter continues a longer trend, which we described in our October report. Measured as a share of revenue, free cash flow at the largest AI spenders has fallen by at least half since 2019:

Company	2019	Trailing 12 months (to H1 2026)
Alphabet	19%	4%
Meta	30%	12%
Microsoft	30%	17%
Amazon	8%	−1%
Oracle	31%	−40%

Together, these companies hold around USD 600 billion of cash, against more than USD 2 trillion of committed capital expenditure. That leaves a gap of roughly USD 1.4 trillion to be filled by outside investors, and it is being filled:

New shares: Meta has announced share sales of USD 97.5 billion, including an at-the-market programme, and Alphabet has announced USD 84.75 billion. Alphabet has also stopped buying back its own stock.

New debt: The group's combined debt was USD 29 billion in 2019 and is now approaching USD 400 billion. Alphabet issued USD 28.7 billion of senior notes in the third quarter alone. Microsoft returned to the bond market for the first time since 2017 with a USD 25 billion deal, with coupons of up to 6.35%.

Leases: Microsoft also has USD 365 billion of data-centre leases that are signed but have not yet started. These commitments do not show up in its capital expenditure or its debt.

Share of the bond market: According to the BIS, hyperscalers accounted for about 24% of all corporate bonds issued this year with maturities of ten years or more.

Next year: AI-related borrowing in 2027 is expected to equal roughly 30% of the new debt the US Treasury will issue.

Taken together with Nvidia, the picture is this. The AI build-out has had three sources of money: the hyperscalers' own cash, Nvidia's balance sheet, and the capital markets. The first is largely used up and the second is being scaled back, so the capital markets will have to carry more of the load. That is happening with the 10-year Treasury yield above 5% and the US Treasury will have to refinance debt issued at much lower rates against that backdrop, at a time when US deficits are already at record highs. When the largest and highest-rated borrowers in the world need this much funding, they compete for the same investors as every other issuer, Nordic issuers included, and push up the cost of capital across the market. Unlike an internal budget, investors set a price for the money they provide, measured against every other opportunity available to them. That sets up an unprecedented backdrop for global credit going into 2027."

Nordic rates: Ill-timed rate hike by the Riksbank

In Sweden, the Riksbank raised its policy rate by 25 bp to 2.00% on 4 November and signalled that further increases may follow. We believe this is an illogical move for the following reasons:

1. **Inflation is well below target and falling**. KPIF inflation fell from 1.5% in September to 1.1% in October. The Riksbank's target is 2%, so it raised rates with inflation at roughly half of it.
2. **Excluding energy, there is almost no inflation.** KPIF excluding energy fell from 0.5% to 0.1%, and those prices dropped 0.2% during the month. That is the measure that best

shows domestic price pressure, and it is close to zero, which makes us question the case for tightening policy further.

3. **The inflation that remains comes from energy, which interest rates don't affect**. Fuel prices are up 25% year on year and electricity 14%, adding about one percentage point to inflation. These are global supply effects. A higher Swedish policy rate does nothing to lower oil prices. It only weakens demand in the rest of the economy, which is already showing almost no price growth. Central banks normally look through supply shocks like this one instead of tightening into them.
4. **Real rates are already restrictive.** With the policy rate at 2.00% and inflation excluding energy at 0.1%, the real policy rate is close to 2% on the measure that matters most. That is tight policy for an economy without domestic inflation.
5. **The timing was odd.** The decision came one day before the October figures were published, and the next decision is on 16 December. Waiting six weeks would have cost little and given the Riksbank much more data.
6. **Sweden feels rate hikes faster than most countries**. Swedish mortgages, corporate bonds and property company debt are mostly floating-rate, so a hike reaches households and borrowers within months. It lands on a real estate sector already under pressure and a credit market that has only just stopped seeing outflows. That combination adds financial-stability risk for little inflation benefit.

We believe the arguments presented by the Riksbank, such as the higher energy prices persisting into 2027, a weak krona and the fact that measured inflation is artificially low because of the food VAT cut still do not warrant a rate hike at this part of the cycle. Food prices are down 7.0% year on year. The VAT cut explains only about 5.4 percentage points of that, so food prices are falling even without it. We are therefore of the opinion that this was the last rate hike of this cycle.

Nordic credit: from selling to selecting

The early-November rally has taken away some of October's most distressed prices, and outflows seem to have largely halted, creating a more balanced market. As mentioned in our October report, the yields from a well-diversified and carefully selected Nordic credit portfolio are more attractive than at any time since the Fund's launch and we remain optimistic about the return profiles going forward. We still retain an ample liquidity reserve of above 25% of net assets to deploy if volatility in credit should increase.

What we are watching:

- **Nvidia results (17 November):** the size and direction of commitments and guarantees, and any formal statement on customer financing.

- **Anthropic IPO (pricing 18 November, trading from 19 November):** demand at the offer price, and how the shares trade once supplier participation is set aside.
- **Congressional hearings (18 November onwards):** possible new limits on chip exports to China, and what they would mean for Nvidia's revenue base.
- **SBB third-quarter report (24 November):** valuation yields, hedging and covenant headroom at the most closely watched Swedish property issuer.

A central bank's power rests on confidence that it will act when it is needed. For most of this year, the AI industry has borrowed on the strength of that confidence in Nvidia. With that confidence now in question, the credit market will have to price these companies on their own cash flows. We expect that to create mispriced bonds and very interesting opportunities in the coming quarters.
The monthly report for November, including fund performance, will follow in early December.

Important information: This commentary is for information purposes only and does not constitute investment advice or an offer or solicitation to buy or sell any financial instrument. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise, and investors may not recover the amount originally invested. Market data is based on third-party sources believed to be reliable but has not been independently verified.