

Arctic Nordic Corporate Bond



The Arctic Group is a Leading, Independent Provider of Financial Services



Arctic Securities

Leading corporate finance advisor with extensive experience
International equity and debt broker with a full-scale research department
Offices in Oslo, Stockholm, Hamburg, New York and Rio de Janeiro

236

Employees



Arctic Offshore International

Offshore broker providing transaction advisory services to the offshore oil & gas and renewables industries including project development, research and consultancy services
Offices in Oslo and Rio de Janeiro

11

Employees



Arctic Offshore Rig

Rig broker covering sale & purchase, newbuilding and chartering of jack-ups, semi-submersibles and drill ships as well as consultancy services
Brokerage services for the offshore wind segment and the offshore fish farming segment

6

Employees



Arctic Capital

Sales agent of direct investments in real assets
Focus on real estate, shipping and offshore assets

6

Employees



Arctic Real Estate Management

Authorized external accounting firm
Corporate and property management, advisory and accounting services
Offices in Oslo and Stockholm

31

Employees



Arctic Alternative Investments Management

Authorized alternative investment fund manager (AIFM)
Appointed manager for several alternative investment funds
Assets under management NOK >12bn

6

Employees



Arctic Asset Management

An independent Norwegian investment manager of funds and bespoke solutions
Assets under management NOK 42bn
Offices in Oslo and Stockholm

28

Employees



Arctic Shipping

Shipbrokers covering newbuilding and second-hand transactions of assets within the tanker, chemical, gas and dry bulk sectors
Offices in Hamburg and Tokyo

15

Employees



Arctic Asia Shipping

Ship/rig brokers covering asset sale and purchase services, chartering services, asset valuation services, asset newbuild contracting services, consultancy and advisory services
Located in Singapore

5

Employees



cleanworld

Independent broker-dealer with core business within green certificates related to production and consumption of renewable energy
Offices in Oslo, Sandefjord, Hamburg and Madrid

18

Employees



veyt

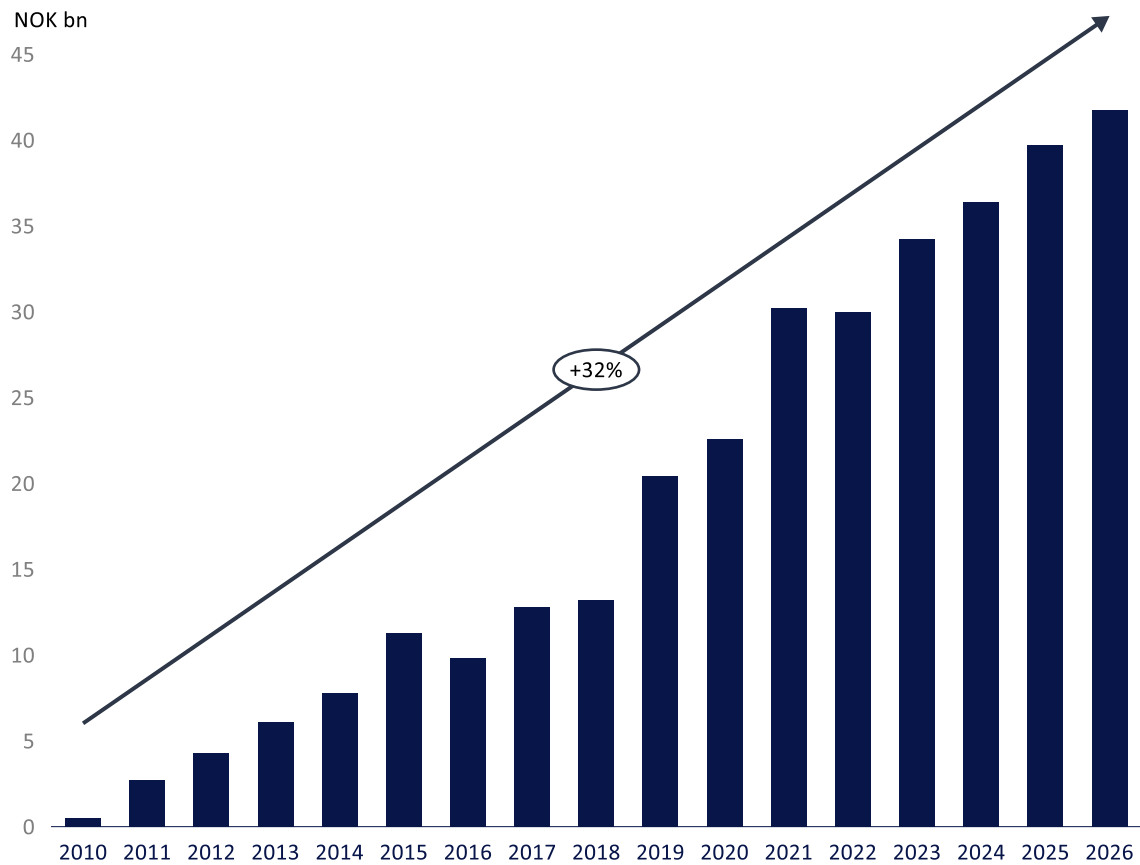
Market intelligence company with focus on the renewable energy market for certificates
Offices in Oslo and Berlin

34

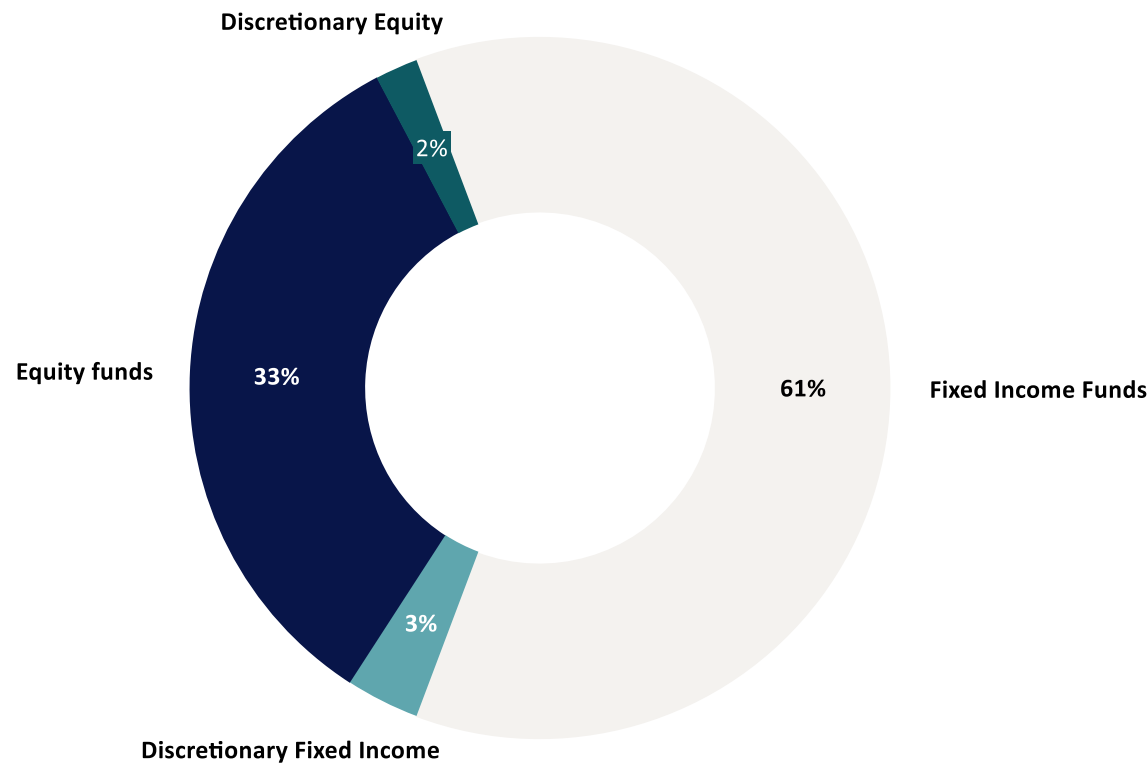
Employees

NOK 41.7bn in Assets Under Management

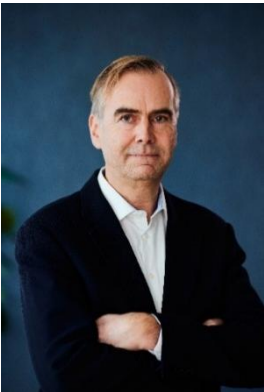
Solid Growth in AUM



Funds and Discretionary Mandates



Our Highly Competent Investment Group Follows the Companies and Sectors Bottom-up

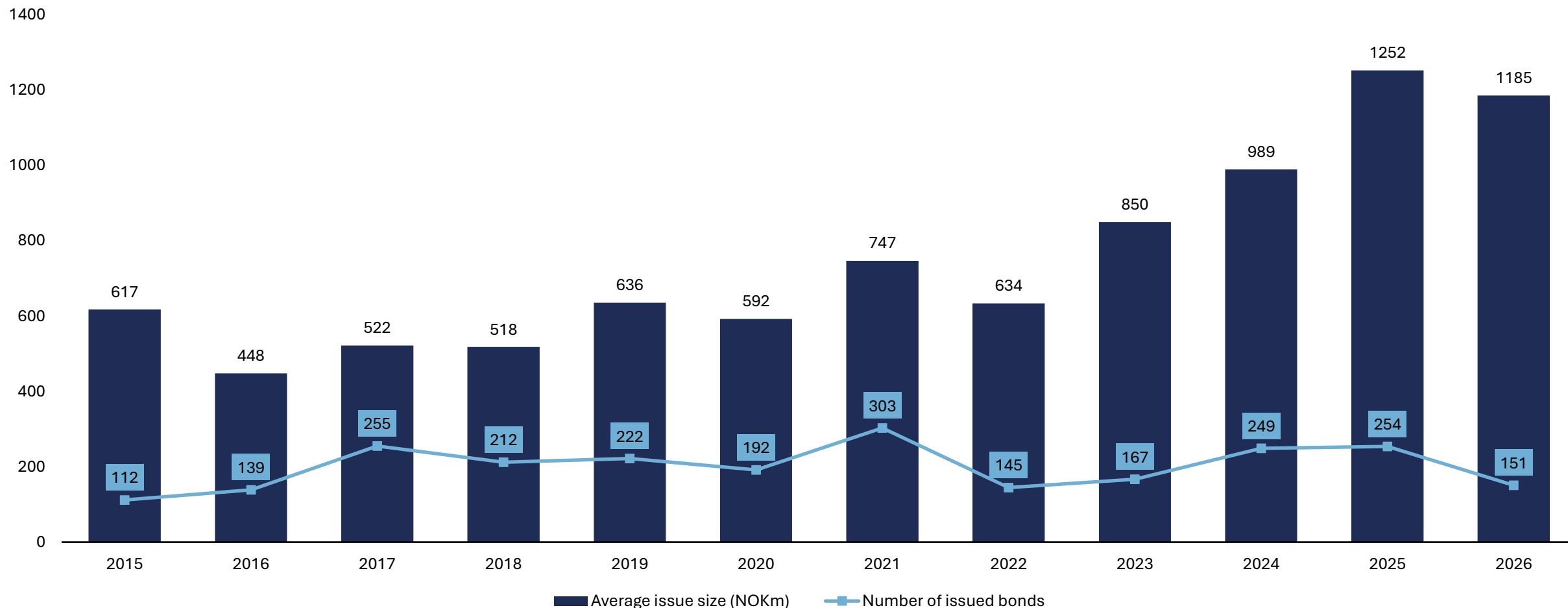


What is Nordic High Yield?

Nordic HY – An impressive growth trajectory . Now above 800bn (excluding CD's)

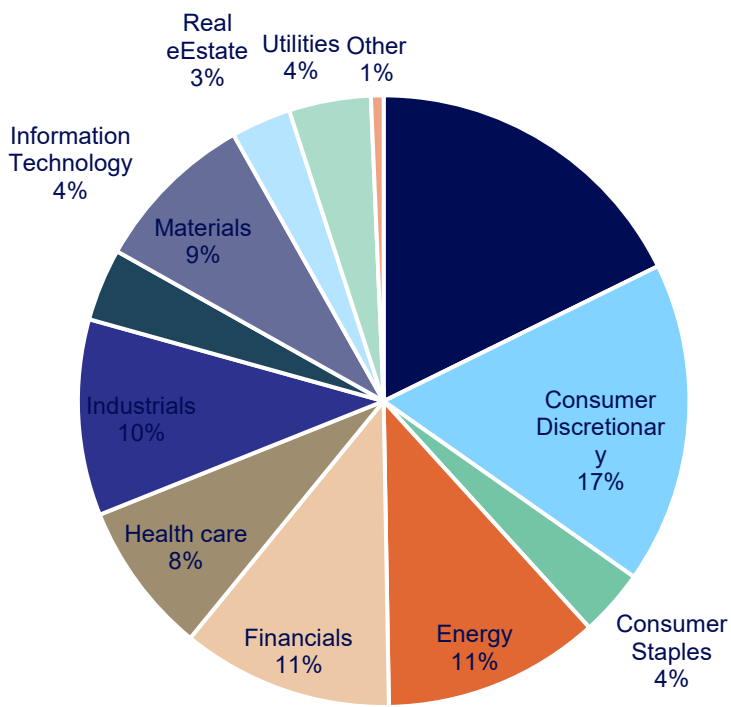
Average deal size is up 50% over the last five years

Average deal size NOKm

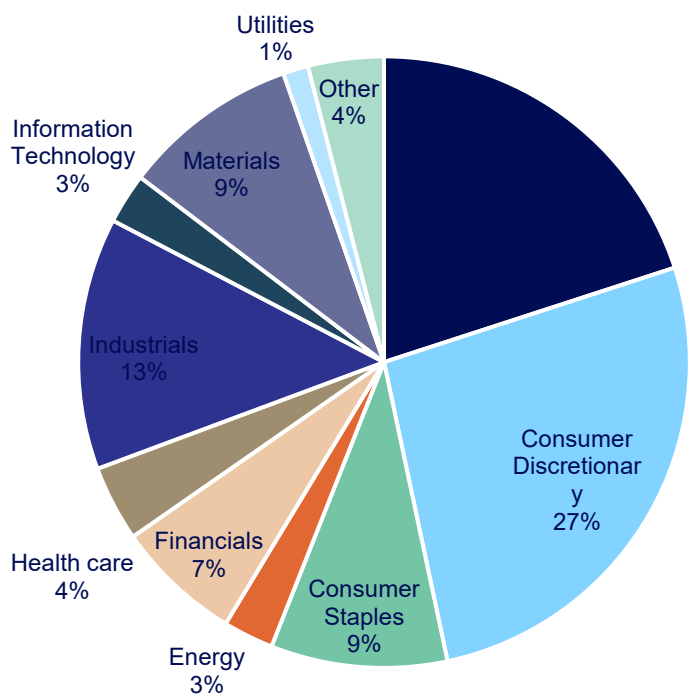


US, EU and Nordic Sector composition

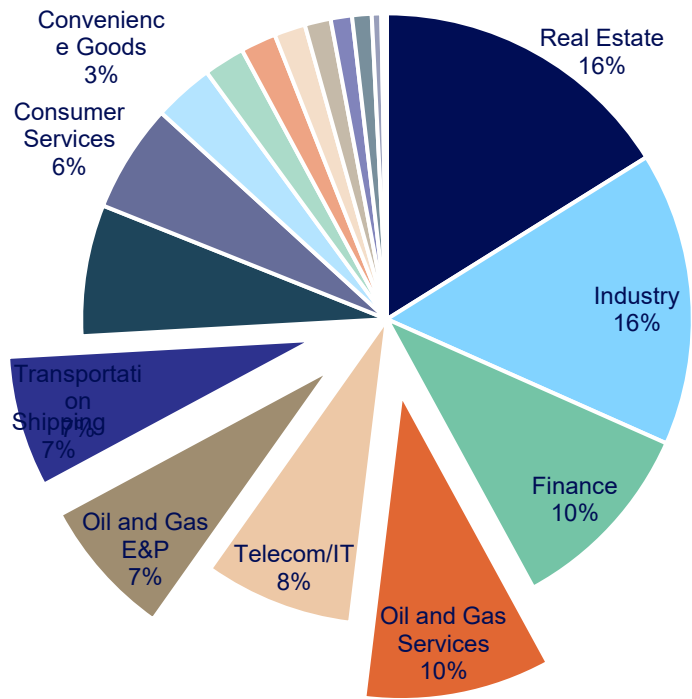
USD High Yield Corporate Bond (Iboxx)



EU High Yield (Itraxx Crossover)

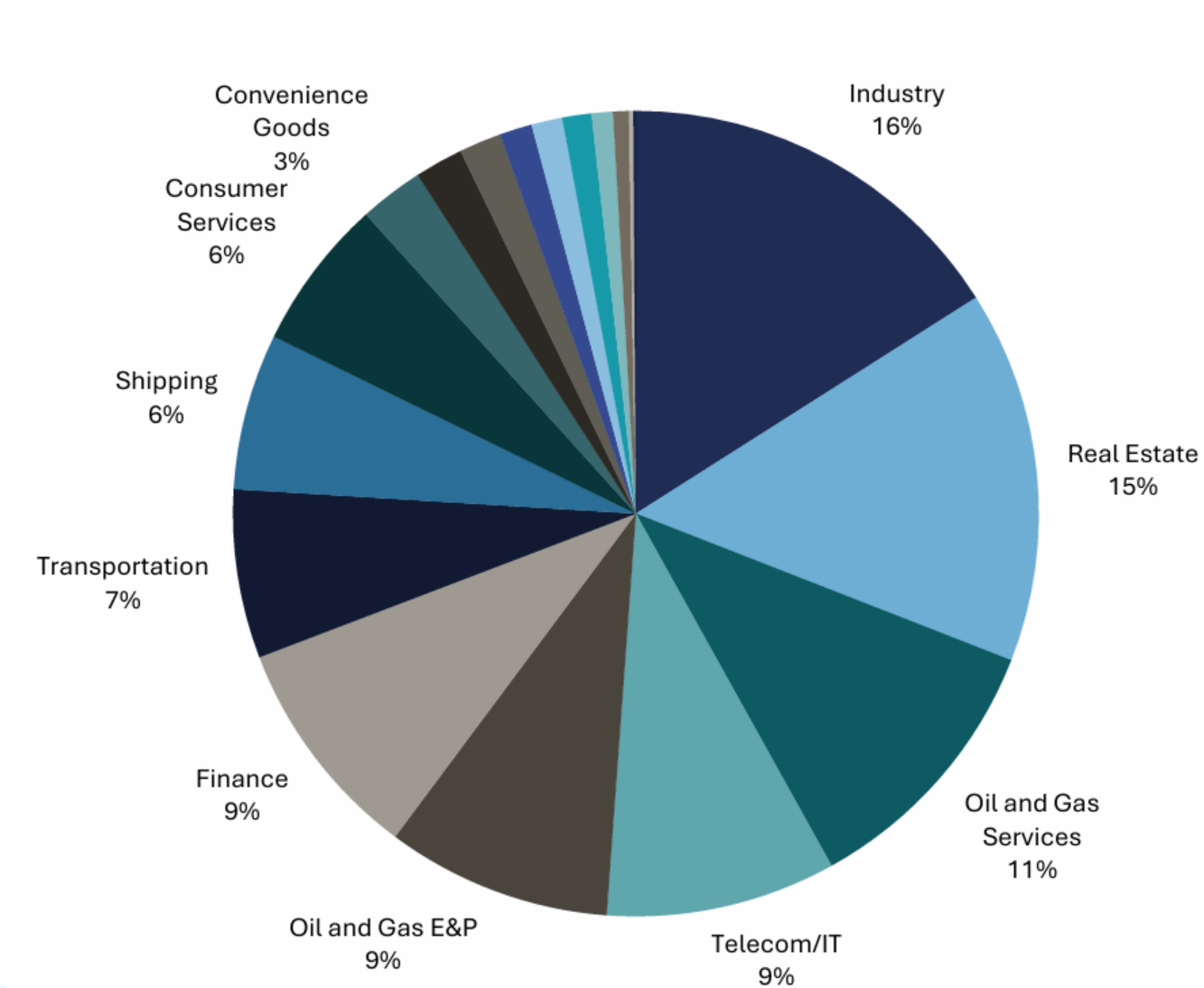


Nordic High Yield

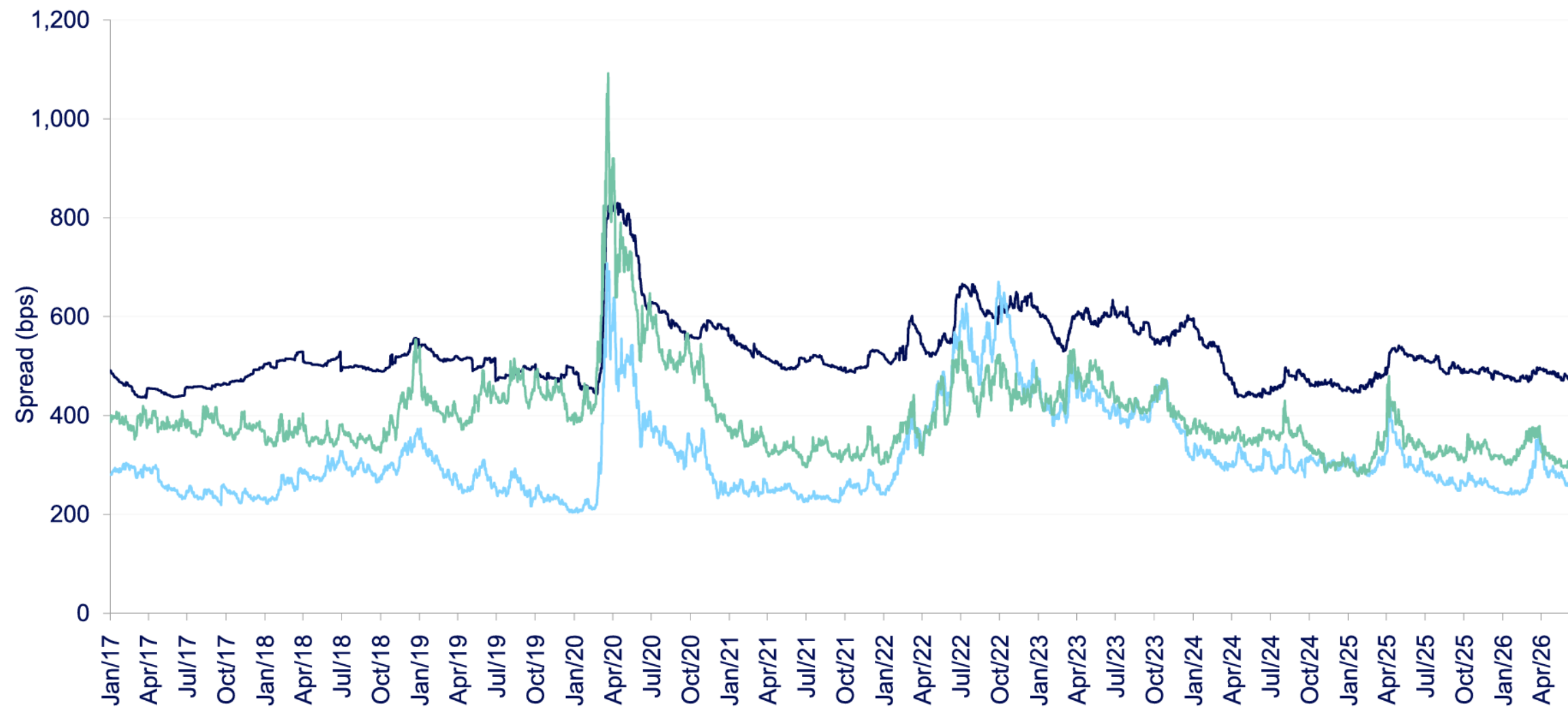


Why add it to an existing HY allocation?

Nordic High Yield Sector Composition



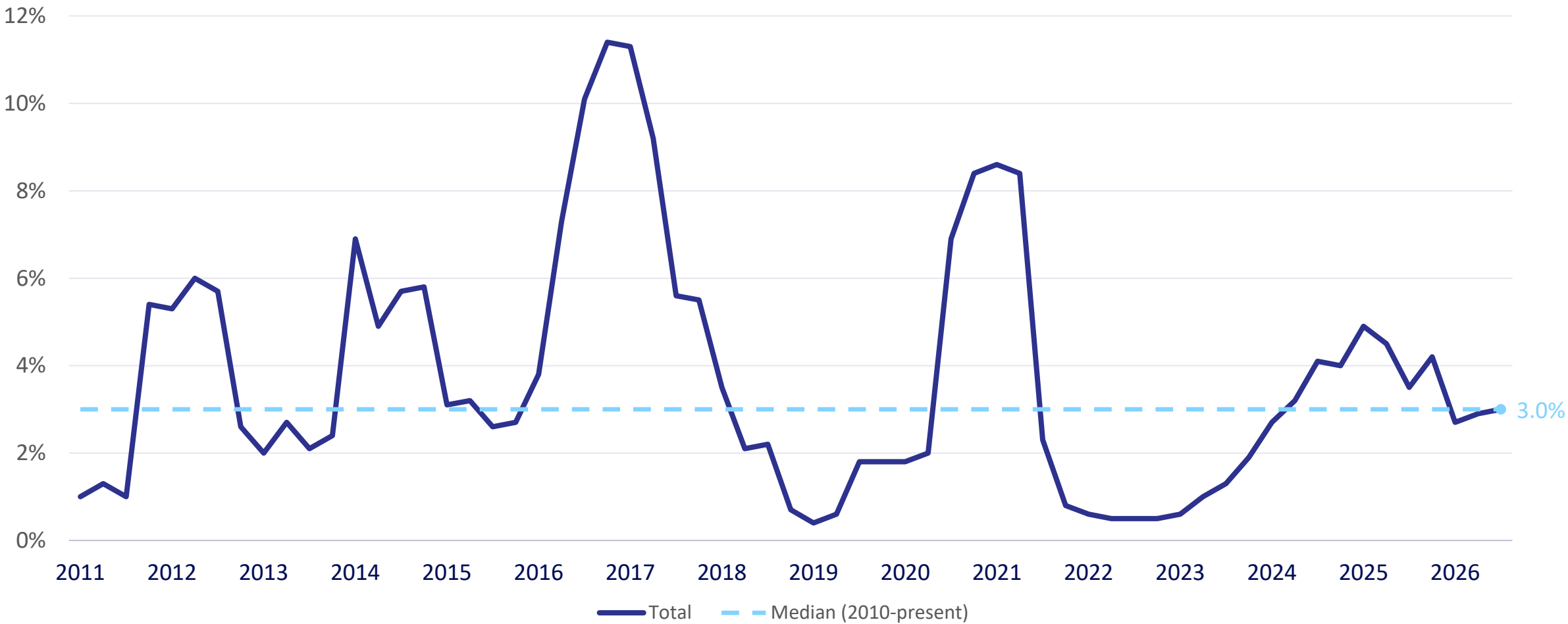
Nordic HY market: Spread development since 2017



What are the risks?

Nordic High Yield: 12 month trailing default rate,% 2011 to 2026

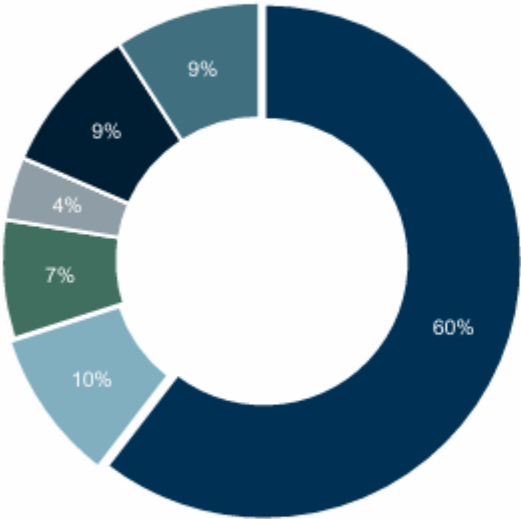
Total and median, %



Market growth has led to improved diversification

New issue volume per sector – 2010

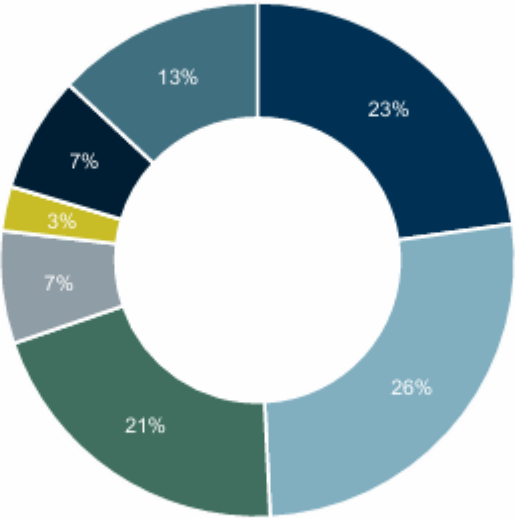
~ 30% non-oil / shipping



- Oil & Offshore
- Shipping & Transportation
- Real estate
- Financials
- Technology
- Renewables
- Industrials
- Other

New issue volume per sector – 2015

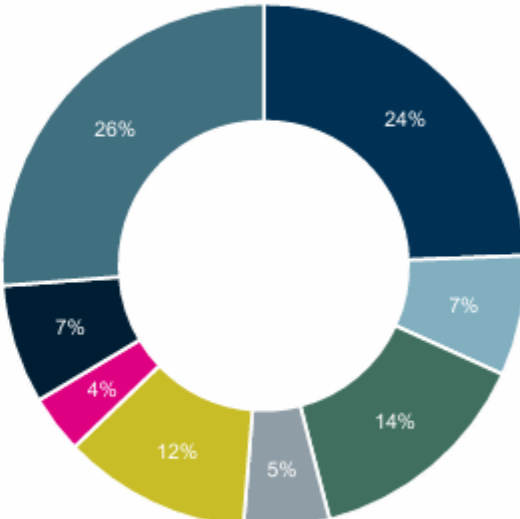
~ 50% non-oil / shipping



- Oil & Offshore
- Shipping & Transportation
- Real estate
- Financials
- Technology
- Renewables
- Industrials
- Other

New issue volume per sector – 2024-YTD'26

~ 70% non-oil / shipping



- Oil & Offshore
- Shipping & Transportation
- Real estate
- Financials
- Technology
- Renewables
- Industrials
- Other

Why Arctic?

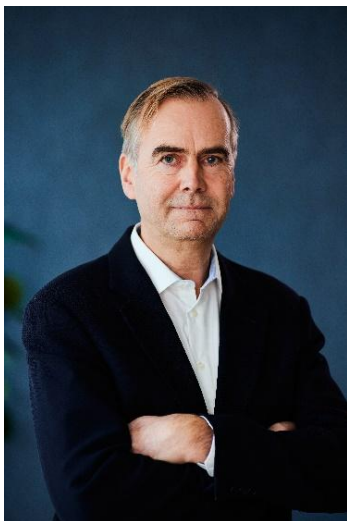
An experienced investment team

Trond Tømmerås

Fixed income portfolio manager

Financial market experience since 1989. Portfolio manager, leader of the Norwegian fixed income team, as well as head of tactical allocation at Alfred Berg. Previous employers include Storebrand and Fokus Bank.

Business education and MBA from the University of Warwick, University of Reading and NHH. Authorized Financial Analyst (AFA).



Cathrine Foyn

Fixed income portfolio manager

Experience from financial markets since 1991. Worked at Arctic from 2010-2015, and rejoined in 2017 as fixed income portfolio manager. Chief Investment Officer at Protector Forsikring between the spells. Also experience from Alfred Berg, Braathens Safe, Christiania Fonds, Oslo Stock Exchange.

Educated at BI Norwegian Business School and Interest Rate Analyst (NFF).



Vegard Kjølhamar

Fixed income portfolio manager

Financial market experience since 2013. Joined Arctic Asset Management in 2019. He previously worked in DNB as a trainee, corporate banking credit analyst and corporate bond credit research analyst.

He holds an MBA from the University of Colorado and is a CFA® charter holder.



Our investment philosophy

Active & Index-independent management

We seek the best combination of quality and price

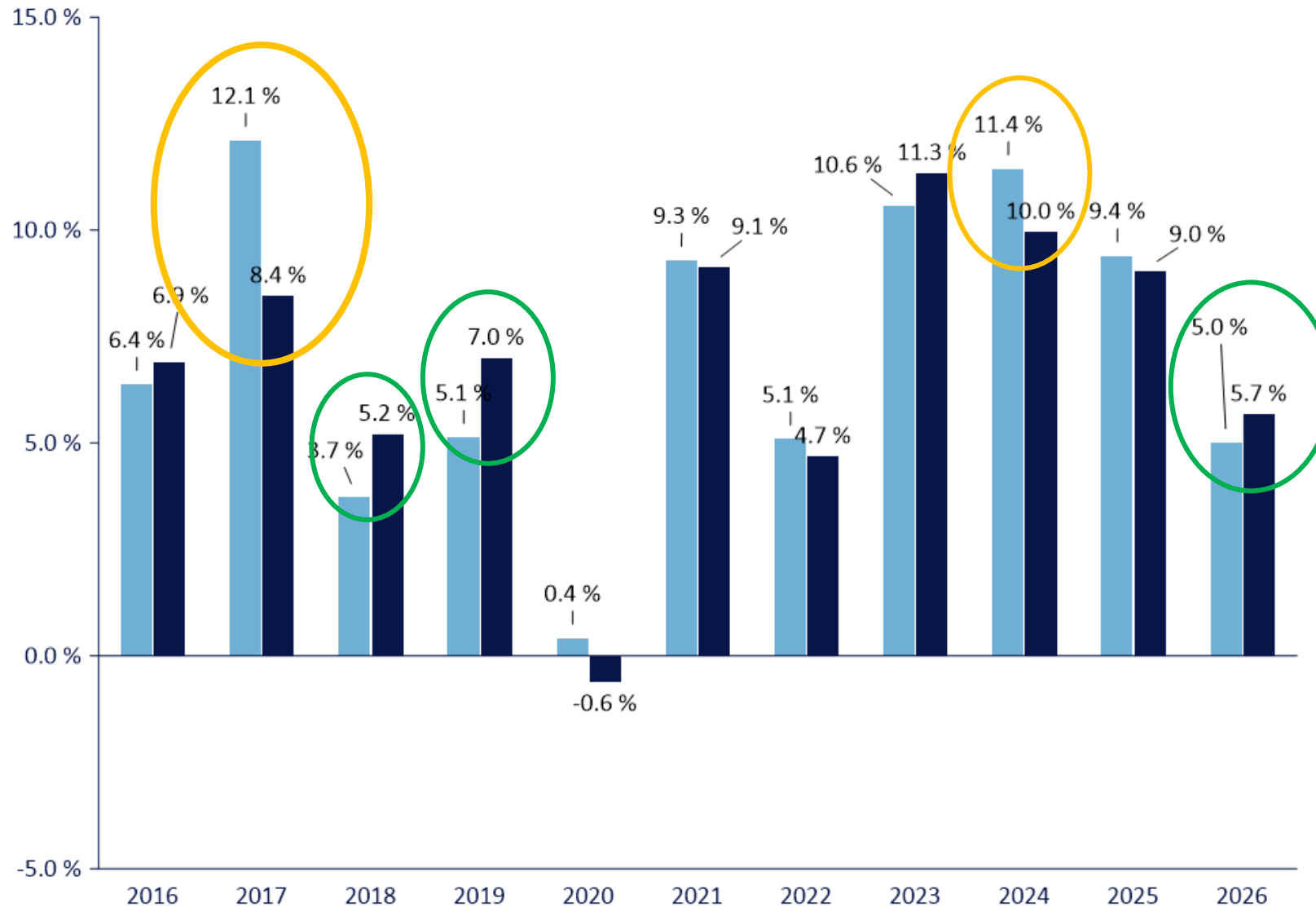
- Preference for value-creating and well-run businesses
- Aim to buy bonds at value prices – valuation focus
- Carefully evaluating risk/reward

We achieve our goals by

- Independent, proprietary, fundamental analysis
- Downside focus in the analysis of both outlook and balance sheet
- Being long-term investors with a diversified portfolio



Arctic Nordic Corporate Bond : Underperform in “Bull” markets (Performance in NOK)



How does your investment process work?

Stolt-Nielsen



- Long track record
- Listed on the Oslo Stock Exchange
- Active in the bond market for a long time
- Has conducted itself in an orderly and proper manner
- No negative quarter in over 20 years

Stolt-Nielsen: Score card

	Investment concerns/characteristics	Score	Comments	Ranking					
				0	1	2	3	4	5
Business Quality & Profitability	Simple and understandable business	4	The company owns and operates chemical tankers, terminals, tank container, aquaculture farms and gas shipping. Segment disclosure is good. But the trajectory of spot rates/supply/demand/cost position brings uncertainty. Mitigated by its long, stable track record.						
	Management quality and risk willingness	4	Owner-operated with Niels G Stolt-Nielsen served as CEO until 2023, son of founder Jacob Stolt Nielsen (-2015). New CEO Udo Lange to continue the long term oriented, transportation focused strategy. Risk willingness deemed to be lower given family controlled board and ownership directing strategy. Despite asset heavy industries' reliance on debt financing, the relatively high debt level shows higher risk willingness than many other family businesses.						
	Competitive advantages and moat	3	Chemical tanker business is cyclical with revenues dependent on supply/demand shipping markets. While margins are relatively high, return on assets have historically been low. Stolthaven terminals provide terminal services in different regions - high margins, low ROA. Stolt Tank Containers has relatively strong margins and return on assets above cost of capital. The aquaculture segment is volatile and has return on assets somewhat below cost of capital. For the whole company, return on capital (ROIC) is generally below cost of capital.						
	Leverage (TIBD/EBITDA, NIBD/EBITDA, TIBD/FOCF, implicit and explicit equity). Compared to competitors.	3	On the higher side of 'aggressive'. TIBD/EBITDA 2,5x. SOTP LTV c60x. Market cap based LTV c70%. Company priority to reduce debt.						
	Free cash flow generation	2	Free cash flow generation has increased after rates came up and newbuilds have been muted, contributing to deleveraging.						
	Earnings trend (top/bottom of cycle)	3	Stronger chemical tanker market, but does not seem extended						
	Financial track record (Number of years of historical numbers - Organic growth - margin expansion - stability)	3	Long track-record - listed since 2001. Positive net profit since 2004. Coped well with difficult market situation 2011-2020. Has not been able to grow organically in addition to this.						
	Accounting conservatism (Quality of earnings, accounting gimmicks, conservatism in estimates, use of non-IFRS numbers/ratios)	3	No red flags found						
	Ownership (Listed, PE, private)	4	Equity listed on Oslo Børs. Owner operated - Stolt Nielsen family controls close to 50% and is long-term minded. Stolt Nielsen LTD makes up majority of the family's assets.						

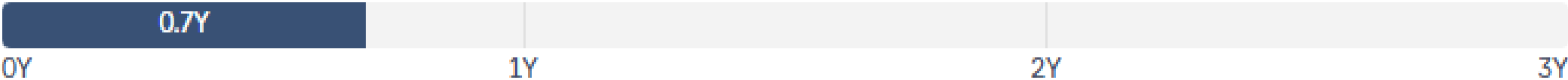
Stolt-Nielsen: Score card

Bond structure	Loan agreement	4	Covenant structure deemed better than most other Senior unsecured loan agreements. Maintenance covenants on Debt/book equity, minimum absolute book equity and interest coverage. Dividends capped to 50% of net income above USD1 per share.
	Duration of the bond	4	Spread maturity schedule. Tend to be invested more in the shorter maturities.
	Ranking	2	Senior unsecured behind secured bank
	Security	2	Unsecured
Risk factors	Stable/cyclically exposed	3	Exposed to relatively cyclical chemical tanker shipping markets. Mitigated by diversification from several business lines. Terminals and tank containers with less cyclicity.
	Diversification (Exposure to single lines of business, single customers or single geography)	3	Exposed to chemical tanker markets, but diversified into terminals, tank container, aquaculture and gas.
	M&A, Capex	2	Asset-heavy. Spends relatively large amount of OCF on CAPEX, resulting in low FOCF. But on the other hand investing for future earnings capacity. Company priority to review CAPEX spending.
	Political risk	3	Diversified across regions and segments
	Foreign exchange risks	4	USD business, costs and debt
	Liquidity of the bond (Number of managers, outstanding amount)	4	Several managers competing for business, well known name, cUSD600m bonds outstanding
	Maturity structure	4	Spread maturity structure of both bank and bonds.
ESG	Environmental	3	Increased focus on environmental metrics in presentations. Claims it has always been a focus in business. SNI assumed better than the average shipping peer, but shipping somewhat worse than the whole universe
	Social	3	Boasts of good treatment of workers. Assumed somewhat better than peers.
	Governance	4	Family-owned with good reputation.
TOTAL SCORE		3.22	
Credit attractiveness	Spread		on 2-year
	"Fair spread"		on 2-3-year
	Probability of Default		Low probability for short term bonds. Cyclicity gives higher Pd for longer-term maturities.
	Loss Given default		Unsecured behind secured bank debt makes loss relatively high if default
	Official rating		
	Internal creditscore	BB-	Business risk: Satisfactory , Financial risk: Aggressive. Notching: -1

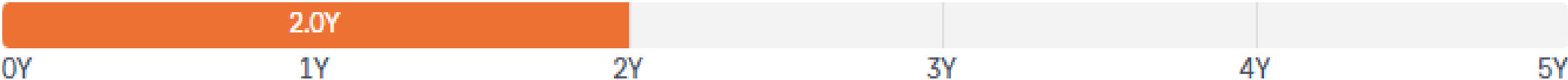
How is the portfolio positioned today?

Arctic Nordic Corporate Bond : Duration and EURO Yield

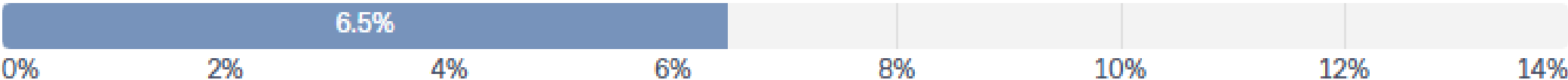
Duration



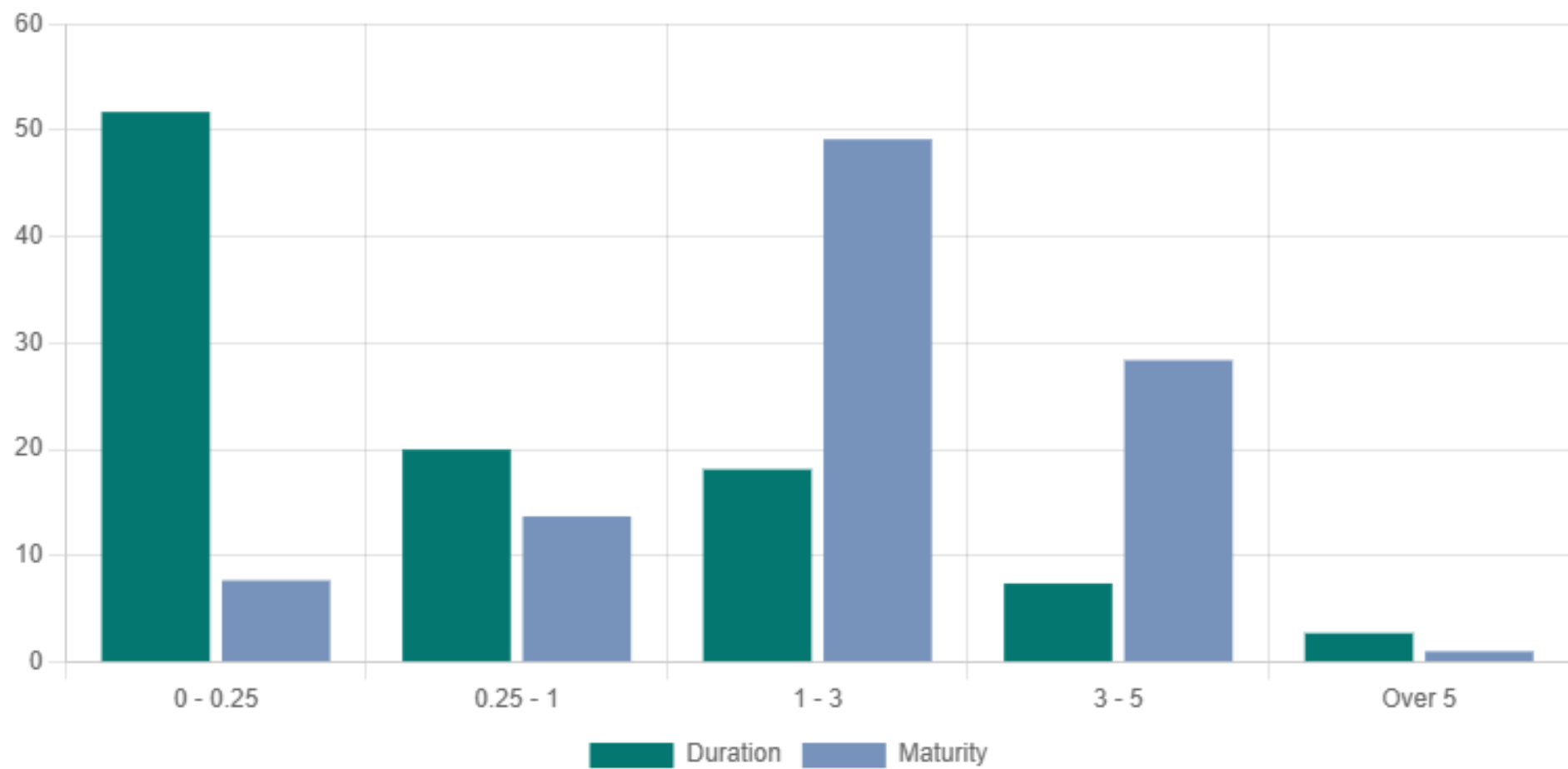
Credit maturity



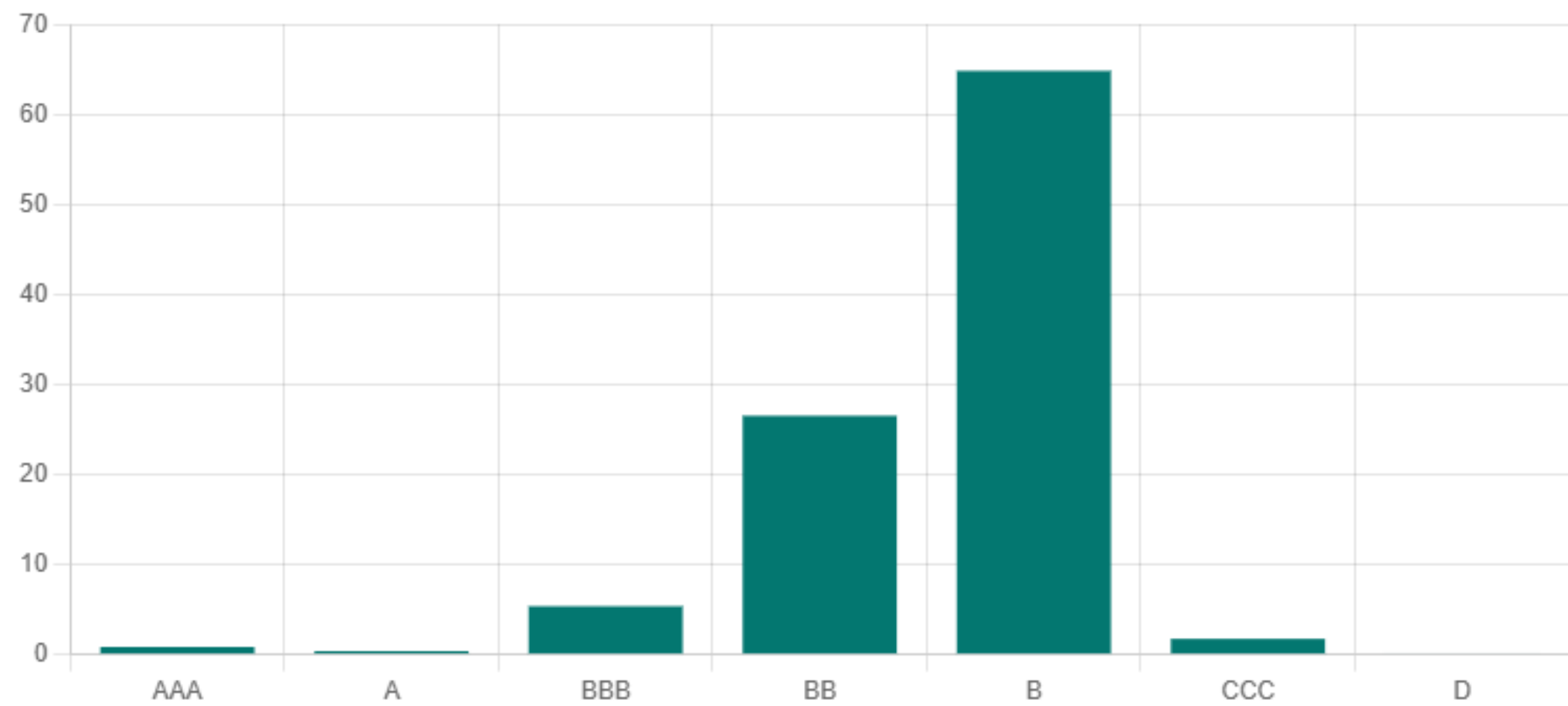
Yield



Arctic Nordic Corporate Bond : Duration Distribution

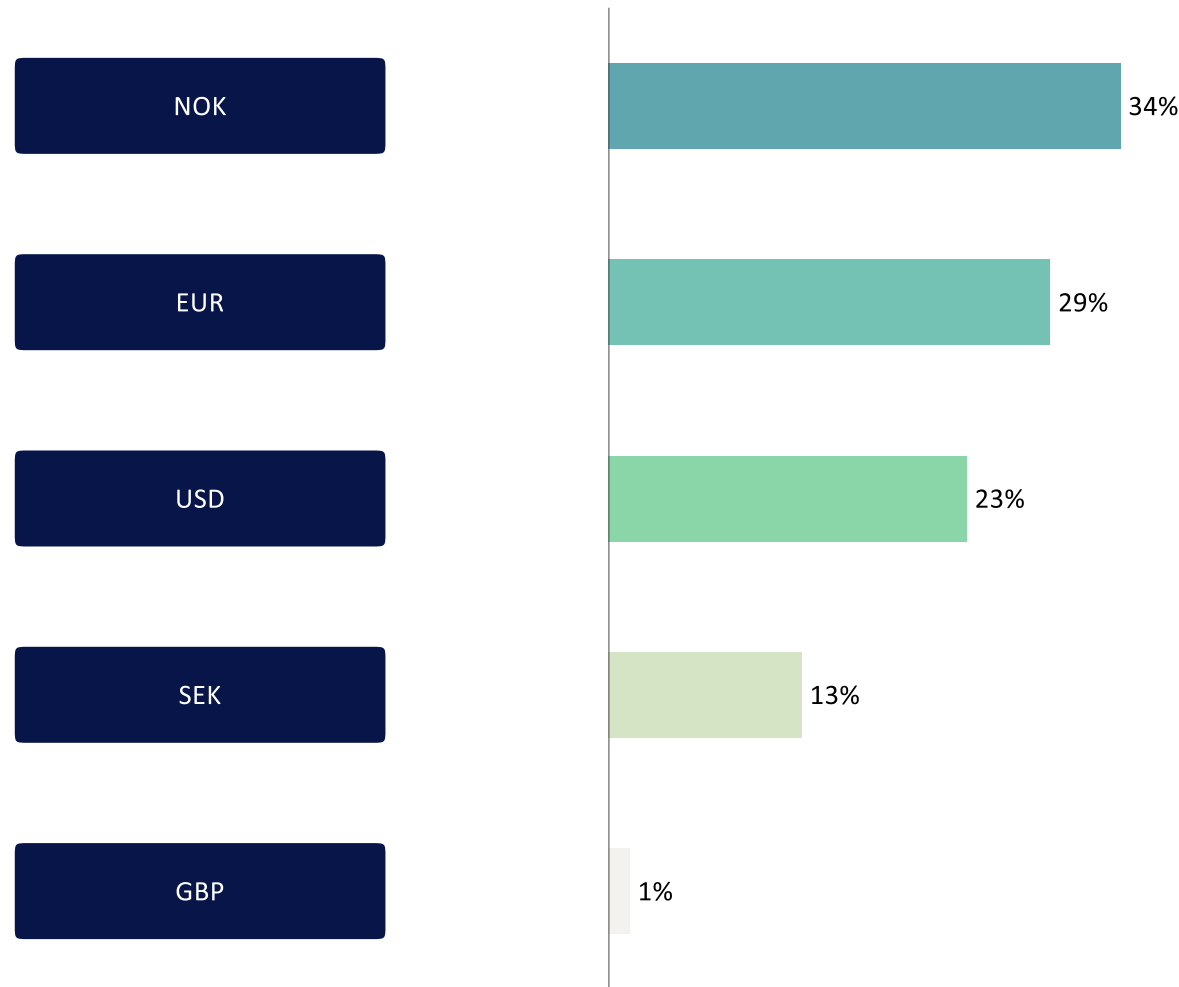


Arctic Nordic Corporate Bond : Credit Quality

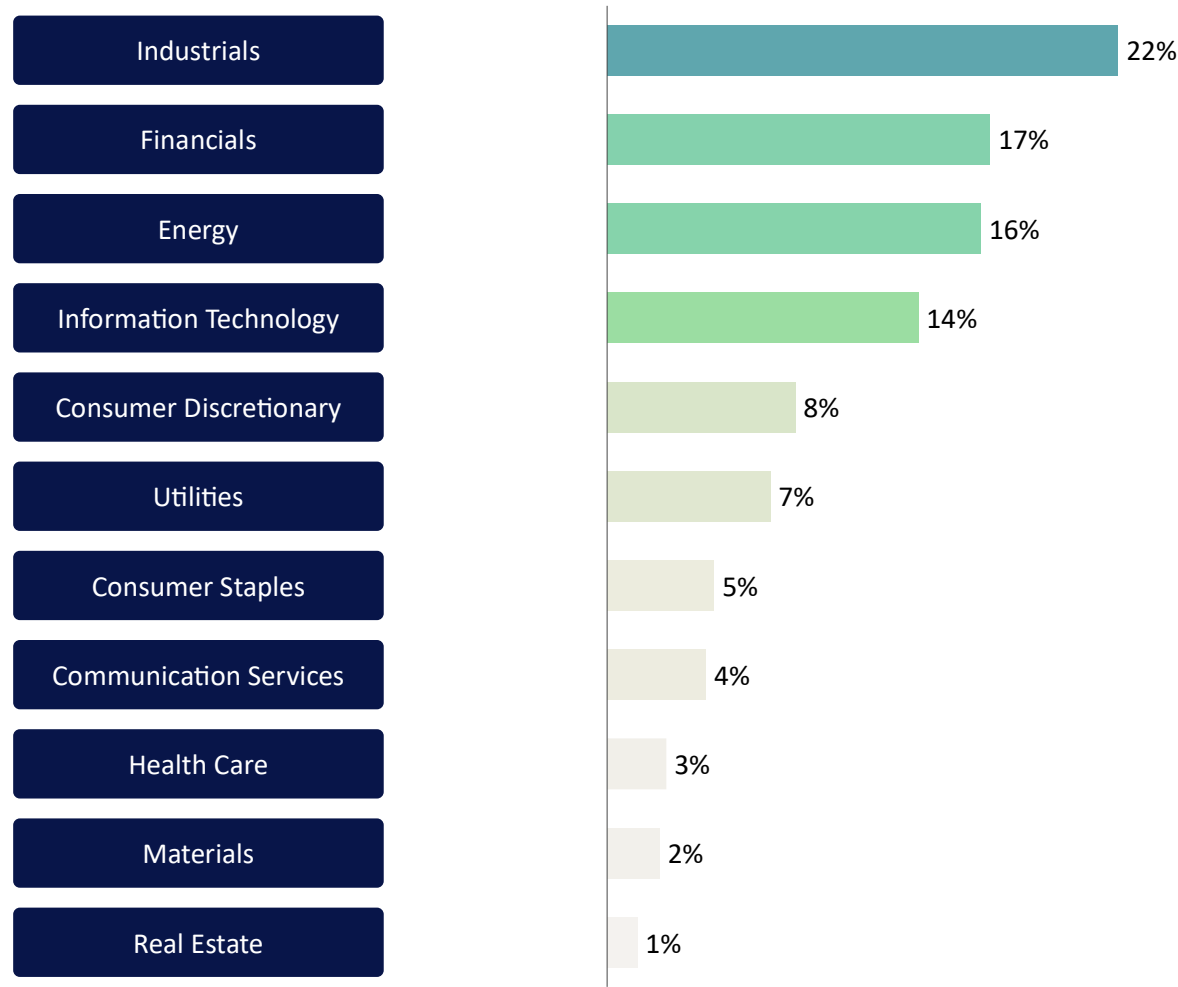


Diversified investments in the Nordic countries

Looking for opportunities across the Nordic countries



Spreading risk through a wide range of industries



Source: AAM per 31.07.2026

Arctic Nordic Corporate Bond – seeking credit opportunities in the Nordics



- Focuses on achieving absolute returns.
- Proven track record of high returns contra risk.
- Best fund house fixed income 2020, 2021 and 2023.

8.3% yield

Duration 0.7

Average credit score B+

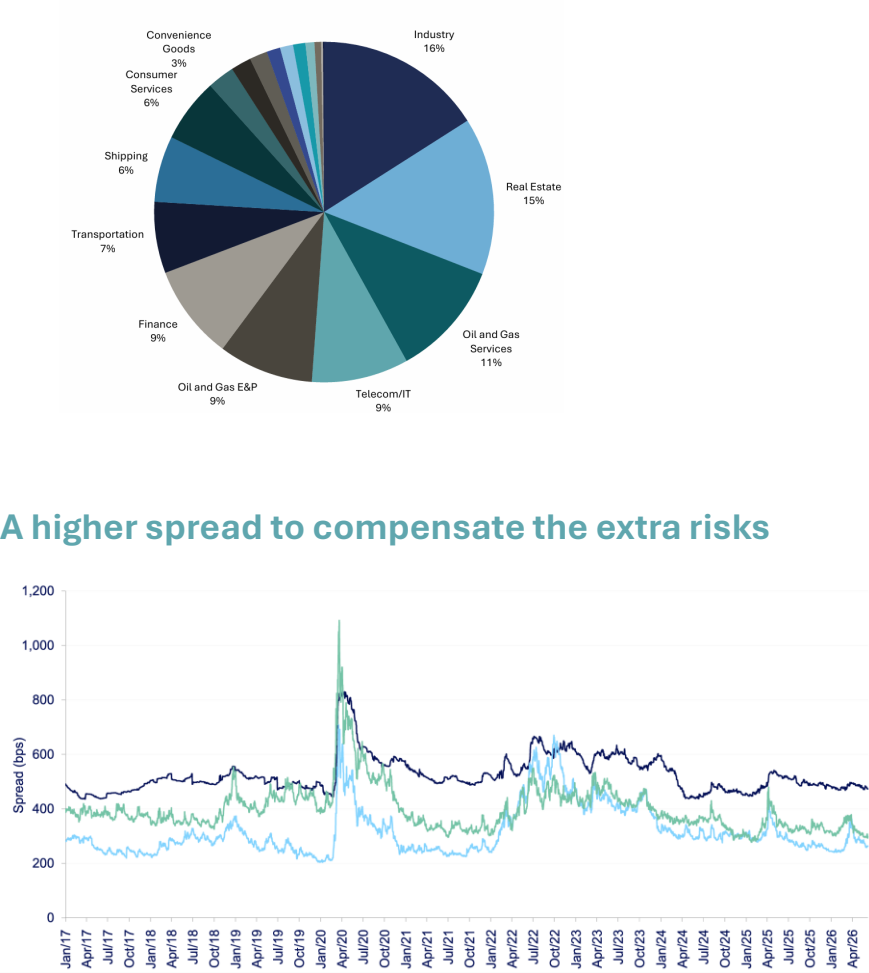


What role should the fund play?

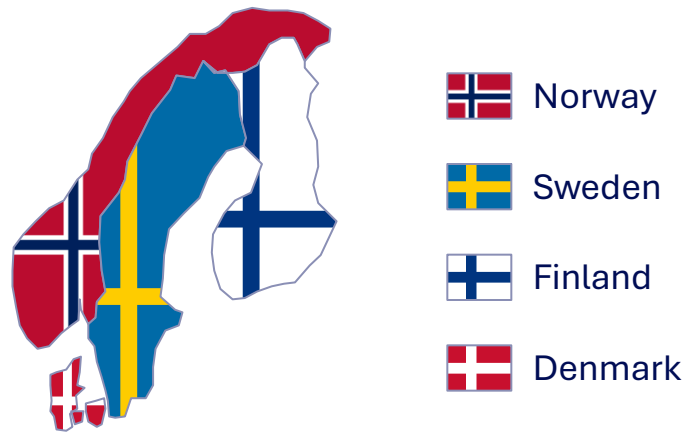
What role should the fund play?

Diversification component within an established HY portfolio - Not a replacement

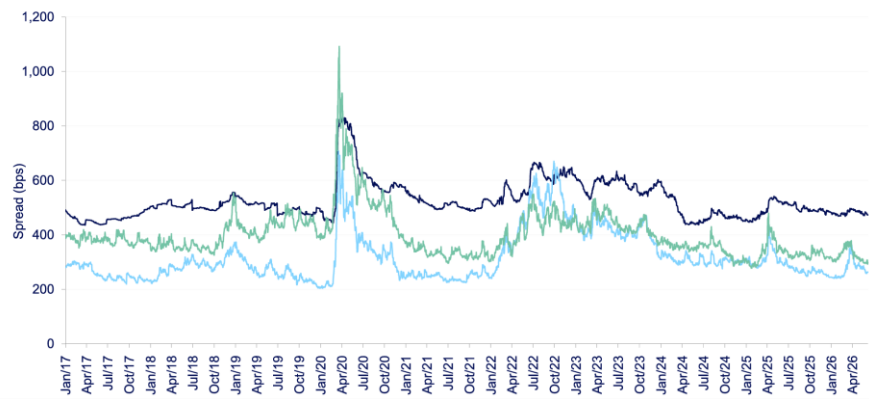
Divisification by issuer



Diversification by region



A higher spread to compensate the extra risks



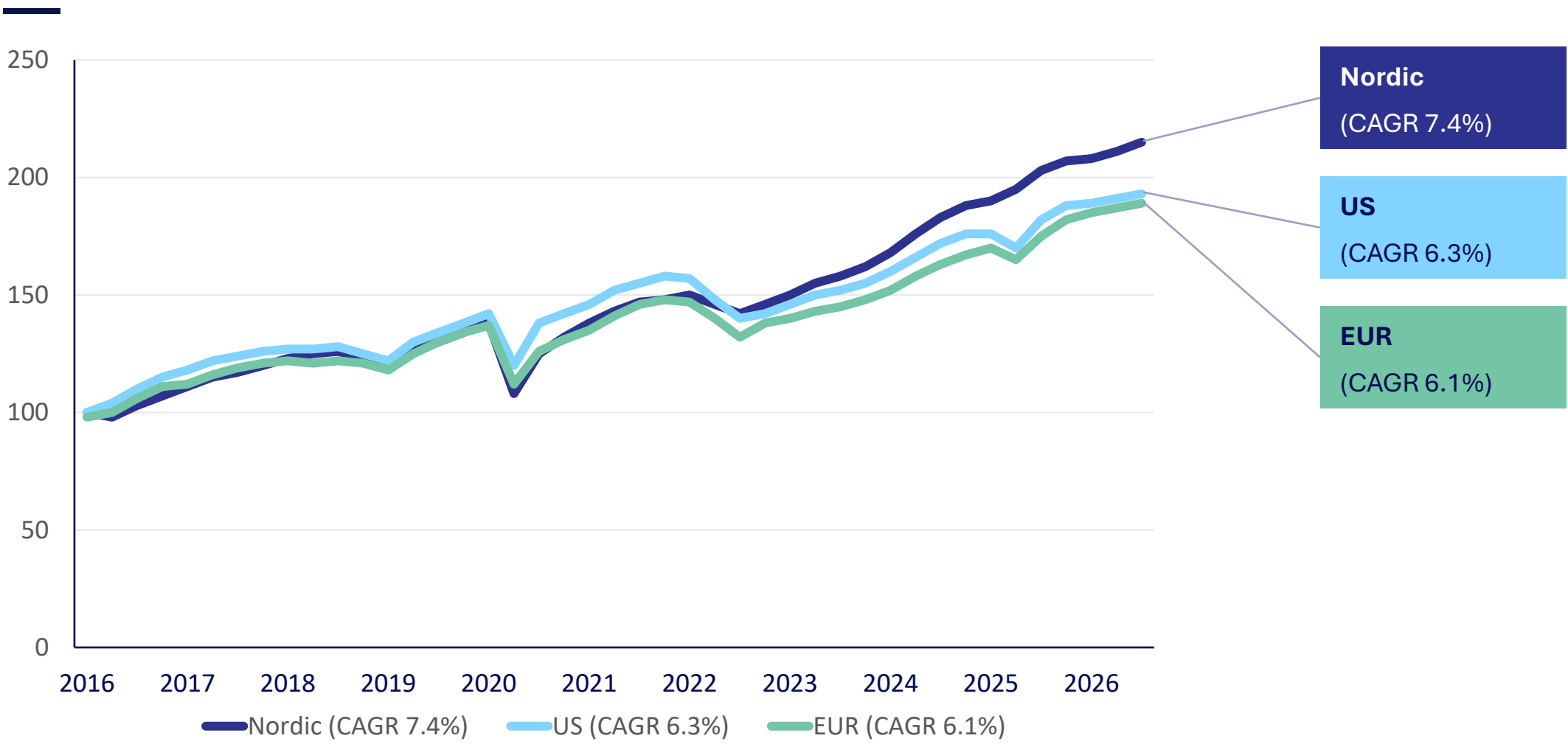
Shielded from volatility in long-term interest rates



Source: Stamdata, Bloomberg, Arctic Securities

Nordic HY has given attractive returns compared to US and Europe

Indexed performance, 2016 = 100 (USD Hedged)



Source: Bloomberg(underlying data), DnB Carneige (further calculations); 19 September 2026

Norway

Arctic Asset Management
P.O. Box 1833 Vik
NO-0123 Oslo
Haakon VIIs gt 5, NO-0161

Tel +47 21 01 31 00

Sweden

Arctic Asset Management
Sweden Branch
Regeringsgatan 38
SE-111 56 Stockholm

Tel +46 844 68 6100

www.arctic.com/aam

