LUXNORDIC
Wealth Management S.A.

PERFORMANCE The fund performed -0.1% in October, which corresponds to a performance of +7.2% year to date. European banking stocks (Stoxx600 Banks) increased with +1.0% in October, while AT1 CoCo's were positive +0.3% (ICE BofAML CoCo index). European banking stocks are positive with +48.6% year to date while AT1 CoCo's are positive with +2.8% for the same period.

MARKETS Fed delivered another rate cut by 25 bp in October, but guided cautious for another rate cut in December, saying that the cut is not given but data dependent. The US government shutdown makes the central bank's job more difficult as several economic releases are postponed or not released. In time of writing the shutdown has ended and government activity will resume soon. The tensions between the US and China eased as trade restrictions were softened. Both sides acknowledge the need for an agreement and not a tit for tat trade war. Eurozone GDP growth surprised to the upside, rising 0.2% QoQ slightly above consensus at 0.1%. The main drivers were much stronger growth in France, the Netherlands and Spain. Germany and Italy surprised to the downside.

3RD QUARTER EARNINGS Approximately 91% of European banks have reported third quarter results and it has been a strong earnings season. On average profit before tax was 6% higher than expectations. Net interest income seems to have bottom out in Q2 and showed an increase in Q3 especially for UK and Nordic banks. No sign of asset quality deterioration in Europe with provisions in average lower than expected. Capital ratios were broadly in-line with consensus and still solid.

The European banking sector trades at a current 2026 price/earnings expectations of 9.2x. Compared to pre great financial crisis (GFC), the sector can trade at 11-12x price/earnings, leaving room for further upside.

PORTFOLIO STATISTICS

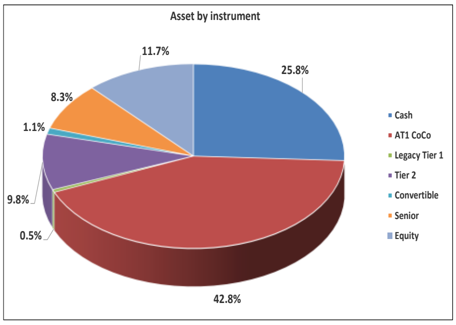
Yield to call	6.21%
Yield to maturity/perpetuity	6.87%
Modified duration	2.21
Credit duration	3.22
Credit spread	363

Fund data and facts

Share class	BI (accumulating)
ISIN	LU0560186115
Bloomberg ticker	NDISEBI LX
Depository Bank	BIL Luxembourg
Domicile	Luxembourg
Lock-up	No
Subscriptions/redemptions	Weekly/Weekly
Base currency	EUR
Minimum investment (EUR)	125,000
Annual management fee	1.00%
Performance fee	20%, hurdle rate 5%
AUM (EURm)	34.3
Number of holdings	46
Portfolio Manager	Lux Nordic
Launch date	30.11.2010

Performance data

Net asset value per share	231.66
Since inception	131.7%
YTD	7.2%
1 year	8.4%
3 year	44.7%
5 year	35.2%



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Returns, net of fees - EUR

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010												-3.1%	-3.1%
2011	2.3%	3.1%	1.4%	3.2%	-0.9%	-7.4%	-3.7%	-11.2%	-11.9%	6.1%	-10.5%	5.0%	-23.8%
2012	18.1%	14.6%	4.1%	-4.1%	-6.9%	2.4%	3.4%	6.3%	6.3%	3.2%	3.7%	5.3%	69.8%
2013	2.6%	-3.5%	0.9%	5.2%	3.3%	-4.7%	2.7%	1.3%	3.4%	4.9%	3.9%	1.2%	22.8%
2014	1.4%	2.0%	2.0%	3.2%	4.9%	1.4%	-3.4%	-1.2%	-2.0%	-2.4%	1.2%	-4.8%	1.9%
2015	-5.6%	8.8%	0.2%	3.8%	-0.4%	-3.4%	1.3%	-2.6%	-0.7%	7.9%	0.6%	-0.5%	8.8%
2016	-7.6%	-3.3%	4.6%	2.7%	1.6%	-5.0%	2.5%	2.2%	-1.9%	2.6%	-1.3%	0.8%	-2.7%
2017	3.0%	-0.2%	1.3%	0.3%	-1.0%	-2.1%	0.8%	0.4%	-0.4%	3.3%	-0.2%	1.1%	6.5%
2018	1.5%	-0.4%	-2.2%	1.5%	-2.6%	-0.6%	1.4%	-0.4%	-0.3%	-1.8%	-2.3%	-2.1%	-8.2%
2019	1.9%	2.1%	0.2%	3.2%	-1.1%	0.7%	0.2%	-0.9%	0.8%	0.7%	1.0%	0.5%	9.7%
2020	0.6%	-1.3%	-10.5%	3.9%	1.3%	1.0%	0.4%	1.7%	-0.4%	0.1%	4.1%	0.7%	0.8%
2021	0.1%	0.9%	0.8%	0.7%	0.5%	0.2%	0.4%	0.5%	-0.1%	0.2%	-1.3%	1.2%	4.1%
2022	-0.5%	-3.0%	-0.1%	-2.1%	-0.5%	-6.5%	3.2%	-1.7%	-5.6%	1.9%	2.4%	0.0%	-12.3%
2023	4.6%	0.1%	-7.1%	0.3%	1.2%	13.8%	1.6%	0.3%	0.6%	0.5%	1.2%	2.0%	19.4%
2024	1.3%	-1.6%	2.6%	0.1%	3.1%	-0.3%	0.8%	1.0%	1.3%	0.5%	0.7%	0.5%	10.4%
2025	1.3%	1.1%	0.3%	-1.0%	1.6%	0.9%	1.0%	0.5%	1.3%	-0.1%			7.2%