

Report date: 01 November 2023

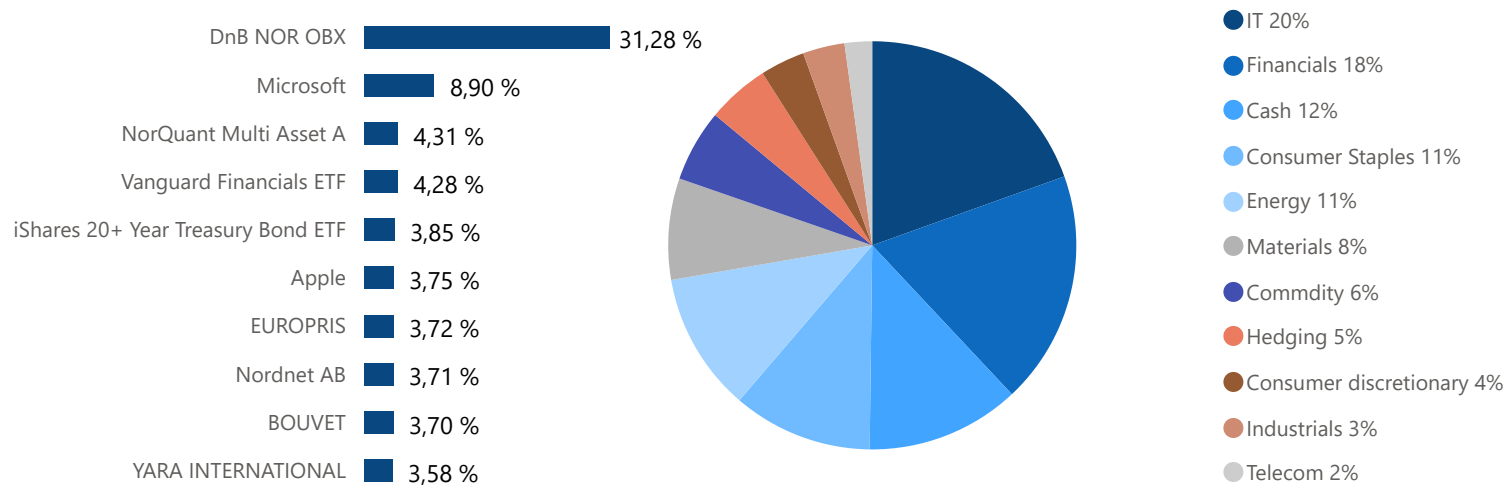
Fund: BISO Invest Fund  
Inception: 2017  
AUM: 509,574 NOK  
Benchmark: Oslo Børs Index

Category: Balanced fund  
Domicile: Norway  
Dealing days: All Norwegian business days

BISO Invest's mission is to safeguard and build financial wealth for BI Norwegian Business School's Student Organization while providing a platform for students to learn from and connect with businesses and other students with similar interest in investment

- Investment criteria:
- Equity and exchange-traded-funds (ETFs)
  - Long term financial strength and earnings capacity
  - High shareholder value creation
  - Moderate risk tolerance
  - Accomplished management and active owners
  - Sector exposure varies over time

Top ten holdings, sector allocation and geographical distribution



Key figures since Oct. 2023

	Fund	Index
Annualized returns	13.44%	-9.24%
Best month (Annualized)	13.44%	-9.24%
Weakest month	13.44%	-9.24%
Postive month	1	0
Negative month	0	1

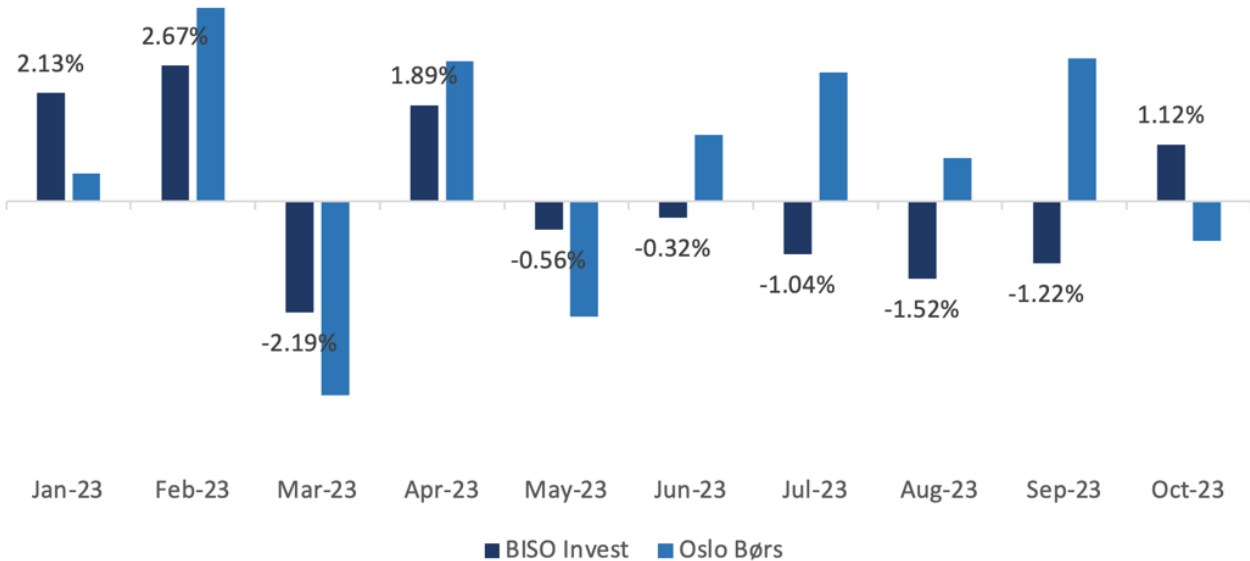
Risk figures

	Fund	Index
STD (Annualized)	8.49%	16.68%
Tracking error (Annualized)	n.a	n.a
Information ratio	n.a	n.a
Sharpe ratio	2.01	
VaR 95% (Annualized)	17.17%	

Performance by periods

	Fund	Index
Last month	1.12%	-0.77%
Year to date	1.01%	7.75%
Last 12 months	1.89%	8.99%

Monthly Return



# Monthly Commentary - October 2023

By: Shenye Liu & Eirik Dalen Nyrén

The portfolio had a positive development in October. The portfolio was weighed down by the poor performance of the OSEBX index. However, the solid Q3 report from Microsoft and the following increase in stock price, helped us outperform the benchmark. US reported solid growth in GDP, strong labour market and decreasing inflation. The yield of long US treasury is still increasing and nearing the symbolic 5% level. The fear of a recession is falling as the US fights inflation, in hopes of a soft landing for the economy. The geopolitical risk increased due to the war between Israel and Hamas. The initial reaction in the financial markets was a moderate increase in oil price. However, the oil price fell back due to the decreased fear of other countries getting involved in the war. If the latter happens, the ripple effect on the financial markets will create a more uncertain outlook of the global economy.

## Nordic Semiconductor

In October, we've made the decision to sell our position in Nordic Semiconductor. The company has faced significant challenges in 2023, primarily due to weaker demand and necessary inventory adjustments throughout the value chain, resulting in a substantial decline in its stock price. The combination of weak end-use demand and inventory accumulation during the semiconductor shortage in 2021 is factors causing the downturn in the semiconductor industry. In Q3, we saw the continued decrease in financial performance affected by the downturn. Notably, their Q3 financial report fell short of expectations, with a 33% decrease in revenue year over year leading to a 95% decrease in net income. The company has not seen signs in improvement in demand in the second half of 2023. The company has stopped reporting the changes in orderbooks, and they have also reduced their guidance for the Q4 report. We believe the cyclical downturn to be deeper and longer than expected, and that Nordic Semiconductor will keep decreasing in the short term. That's why we have Nordic Semiconductor on sell.

## Yara International

Yara shares fall as much as 9.81% in October after the Norwegian fertilizer company delivered an 'disappointing' 3Q results. Revenue of \$3.86bn (-38% YoY) came in 17% below consensus and the EBITDA figure of \$396m (-60% YoY) is 37% below consensus. The third quarter results are impacted by strong price decline as the nitrogen industry continues to operate in a lower margin environment. The European nitrate price negatively impacted by higher natural gas prices and long order book at the start of 3Q. The demand softened from mid-3Q as ammonia prices declined, after having risen earlier in 3Q, as the European customers were reluctant to take further positions for next spring's planting season. The company has a lower than normal order book coverage so far in 4Q. In spite of the missing on EBITDA, Yara delivered a very strong 3Q FCF of \$687m, which was driven by higher inventory reduction and lower capex than expectation. Yara cut 2023E capex guidance by 24%, reflecting that some of the its uncommitted growth projects are not going ahead. Maintenance capex guidance remained unchanged at \$0.9bn.

Nitrogen prices have significantly corrected from the highs due to some destruction and subsequent deferral in demand, latter due to falling prices. The nitrogen prices are now close to historical 2016-21 average when adjusted for higher productions costs in some marginal cost regions, especially Europe, due to still substantially higher energy costs compared to that in the past. This has improved farmers' fertilizers affordability. Thus, there is a likely of some snap back in demand which might drive some improvement in nitrogen prices in the coming quarters. Therefore, we believe the commodity fertilizer prices are likely to recover with new season demand, even though at lower levels, and this should be added to Yara's price. We rate Yara as a Hold.