
Portfolio Manager comment Coeli Nordic Corporate Bond Fund I-SEK July 2024

This is a marketing communication.

Before making any final investment decisions, please read the prospectus, its Annual Report, and the KID of the relevant Sub-Fund [here](#)

Nordic Corporate Bond Fund (Class I) advanced 0.93% during July. Since year-end, the NAV per share has consequently increased by 1.37%.

The sentiment in the financial markets remained positive in July, investors' risk appetite was supported by the increasing likelihood that the Fed and the ECB have reached the peak with their respective key interest rates. With slowing growth and a weaker labour market, most indications are that central banks are now very close to the peak in interest rates. How growth and the labour market develop during the autumn and how quickly inflation continues to fall will determine how long interest rates remain around current levels. The market is currently pricing in falling interest rates only in 2024, but the forecasts are very uncertain.

Long-term market interest rates rose slightly in July, while credit spreads narrowed. Compared to the European and US credit markets, the Nordic high yield market continues to look attractive. The relatively large proportion of bonds issued from the real estate sector has resulted in weaker risk appetite and pushed up yield requirements even for companies outside the sector. This means that credit spreads and yield levels are still significantly higher in the Nordic region compared to Europe.

Among the month's major contributors was the credit management company Intrum, the company reported slightly falling margins at the same time as leverage rose. The positive price reaction can be explained by management announcing new measures to reduce leverage, including sales of certain business units and a scrapped dividend for 2024. Bonds from real estate company Balder also performed well after the company reported good operational performance for the second quarter with rising rental income and stable low vacancy rate. Balder's credit-related key figures were generally unchanged, and the company has access to a reassuring liquidity reserve.

Bonds from real estate companies developed relatively weakly this month as well, with negative contributions from among others Heimstaden. Heimstaden was pressured on concerns that dividends from Heimstaden Bostad, where the lion's share of the group's property assets are held, may be reduced due to falling property values. Viaplay was also found on the list of detractors after the company in connection with the quarterly report presented a new strategy in which the expansion outside the Nordics is halted at the same time as extensive cost savings are launched.

No significant changes in the portfolio were implemented during the month.

Date Created

2024/08/16