
Portfolio Manager comment Coeli Nordic Corporate Bond Fund I-SEK August 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 0.95% during August. Since year-end, the NAV per share has consequently increased by 5.23%.

August offered a lot of volatility, especially in the equity markets, which fell sharply as a result of economic turmoil and question marks over valuations in the tech sector. The VIX index, which measures the volatility of the US S&P 500, rose to levels not seen since the pandemic. In the credit markets gyrations were smaller, credit spreads certainly widened but there was never any panic. One explanation is probably that market interest rates fell during the turmoil, which helped to stabilise the credit market. Since the turbulence, the markets for risky assets have recovered while interest rates are more or less unchanged. This means that the markets are now pricing in four reductions in the US until the end of the year and the same number for Sweden.

After several months of inflows into corporate bond funds, the Nordic credit market is currently characterised by a high risk appetite, which is evident not least in the number of new issues in the high-yield segment. With several interest rate cuts now on the table, there are some indications that we may see an economic recovery, which should benefit many cyclical companies and highly leveraged companies.

Bonds from real estate companies Heimstaden and Castellum were the month's biggest contributors. Property companies continued their positive trend, supported by continued falling expectations about future interest rates. During August, several Swedish real estate companies came to the market with new bonds that were met with sound interest from investors. Among the larger companies, issues were noted from, among others, Balder and Heimstaden Bostad. Castellum was also supported by an updated analysis from Moody's, where the company's outlook was raised to 'positive'.

Solid contributions were also seen from Hoist Finance. With the support of the strong quarterly report, Hoist issued new bonds with a slightly tighter credit spread, which led to higher prices for the company's other outstanding bonds. Positive impact on the month's results also came from covered housing bonds, which benefited from falling market interest rates.

During the month, the fund participated in new issues from the ship leasing company Ocean Yield and the accounting company Aider as well as the bank SEB. Further to this, convertibles from the installation and industrial group Novedo were added to the portfolio. Divestments took place of bonds from ViaCon and JumpYard.

Top Holdings (%)

| | |
|-----------------------------|------|
| WHITE MOUNT FRN 17-22.09.47 | 4.2% |
| NORDEA HYP 1.0% 19-17.09.25 | 4.1% |
| SWEDBK 1.0% 19-18.06.25 | 3.7% |

| | |
|----------------------------|------|
| B2 HOLDING FRN 19-28.05.24 | 3.5% |
| LANSBK 1.25% 18-17.09.25 | 3.3% |

Date Created
2024/09/16