
Portfolio Manager comment Coeli High Yield Opportunities I SEK February 2025

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](#). Note that the information below describes the share class (I SEK), which is a share class reserved for institutional investors. Investments in other share classes generally have other conditions regarding, among other things, fees, which affects the share class return. The information below regarding returns therefore differs from the returns in other share classes.

Coeli High Yield Opportunities (Class I) (formerly Nordic Corporate Bond Fund) advanced 0.53% during February. Since year-end, the NAV per share has consequently increased by 1.20%. The positive sentiment persisted during the month with good development for both corporate bonds and stocks in both the Nordics and the rest of Europe. On the other hand, US stock indices retreated, which have developed very strongly over the past two years, was negative, which is largely explained by weak development for the largest tech companies.

US long-term interest rates fell back during the month and are now trading about half a percentage point lower than their peak in January. Explanations for the decline can be found in statistics that showed lower growth in the fourth quarter than expected and prospects that reduced federal spending may lead to lower public borrowing.

At the beginning of the month, the Riksbank chose to lower its policy rate by a quarter of a percentage point to 2.25%. The decision was motivated by the fact that inflation is considered to be close to the target of two percent and that the economy remains weak. The Executive Board was unanimous on the decision to lower the interest rate, the minutes published following the decision revealed increasing differences in opinions about the need for further interest rate cuts. Following the Riksbank's announcement, statistics were published showing higher-than-expected Swedish growth in the fourth quarter and inflation in January that was above forecast. The statistics gave a much-needed boost to the Swedish krona, which strengthened against most other currencies at the same time as Swedish long-term interest rates rose.

The US administration continued its path with a strident communication on both security and trade policy, which came to overshadow most of the news flow. The US's rapid movement in the security policy area was a rude awakening for European politicians who are now forced to realize that it is no longer possible to rely on the transatlantic axis and that major investments in their own defence capabilities are now required immediately.

Among the month's biggest contributors were the real estate companies Citycon and Heimstaden, whose bonds continued to trade in a positive trend. Heimstaden Bostad reported stronger key figures with a slightly falling loan-to-value ratio and continued success with the privatization program where individual apartments are sold at significant premiums to the valuation of the properties. Citycon's report, on the other hand, was somewhat weaker with a write-down of the value of the properties. The company is focused on defending its rating and has announced that further asset sales are to be concluded to strengthen the balance sheet.

Bonds from insurance companies continued to perform well with solid contributions from Protector and SiriusPoint. Protector reported a result that was clearly above market expectations as a result of low losses and good cost control. SiriusPoint also reported strong underlying profitability and good growth in premium income.

Rising Swedish long-term market interest rates put some pressure on the prices of covered bonds.

There was high activity in the primary market and the fund participated in new issues from, among others, Protector, Activeon, SGL, Sparc Group, Bonava and Scatec. Divestments were made of bonds from Sagax, Volvo Cars and Billerud. The portfolio changes contributed to raising the fund's expected return while improving diversification between different industries. In common for most of the new investments is that they have limited direct exposure to global trade flows and current challenges regarding tariffs.

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