
Portfolio Manager comment Coeli High Yield Opportunities R SEK January 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 (R SEK), which is a share class reserved for private 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 R) (formerly Nordic Corporate Bond Fund) advanced with 0.61% during January. Risk appetite was generally positive during most of January, with solid development in both equity and fixed income markets. The global corporate bond markets were supported by falling long-term interest rates, while credit spreads were relatively unchanged. At the end of the month, news that a Chinese company had launched an AI model contributed to increased volatility and pressured stock prices for American tech companies.

Among the major central banks, the US Federal Reserve chose to leave its policy rate unchanged, and the European ECB cut it by a quarter of a percentage point, both in line with expectations. The Riksbank also decided on an interest rate cut, and the repo rate thus became 2.25%. According to the Riksbank's forecasts, no further cuts are expected, the Swedish economy is considered to remain weak but that there are signs that it is strengthening and that previous interest rate cuts are supporting households. However, uncertainty is considered to be high and the Riksbank is signaling readiness to act if inflation or growth were to deviate from forecasts.

Part of the uncertainty that the Riksbank addresses is linked to the newly elected American administration, which during its first two weeks in power has made a series of worrying announcements in both trade and security policy. American territorial claims violate the prevailing global security order, for which the United States was previously seen as a guarantor. In the trade area, both allies and countries with less friendly relations have been threatened with tariffs, and at the end of the month, extensive tariffs were announced against, among others, Canada, Mexico and China. How this will play out is not yet known, the only thing known for sure is that trade barriers are negative for the global economy and the increased unpredictability in the United States' foreign relations has a detrimental effect on investment willingness worldwide.

The reporting season for the fourth quarter began on behalf of the Fund with a couple of solid reports in banking and insurance. Nordea delivered a report that met market expectations on most points and gave reassuring information regarding credit losses and credit quality. Among the insurance companies, impressive figures from Gjensidige can be highlighted. The company's results far exceeded expectations thanks to successful price increases and lower claims costs.

Among the month's biggest positive contributors were the property companies Citycon and Heimstaden. Bonds from Citycon continued their positive trend and recovery relative to other property companies without any company-specific news being presented. Heimstaden issued new bonds at the same time as outstanding bonds were repurchased. With the refinancing, the company is considered to have secured its liquidity needs for the next two years.

The logistics company DFDS ended up among the detractors, after it issued a profit warning in which the outlook for the coming year was written down. DFDS's profitability is being pressured by increased competition on a couple of individual ferry lines, while the profitability of the integrated logistics solutions, with European car manufacturers as customers, among others, has not lived up to expectations.

Swedish market interest rates fell during the month in all maturities up to ten years. The decline in interest rates resulted in good returns for the fund's holdings of covered bonds from, among others, Lånsförsäkrings Hypotek.

During the month, the fund participated in new issues from, among others, the software company SuperOffice, the ship leasing company SFL Corporation and CIBUS, which operates in grocery properties. The position in bonds from Norske Skog was exited following a string of news that could risk the company to breach its loan covenants. Further, the holdings of bonds from Securitas and Balder were divested.

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