



## Catella launches new fixed income fund - Catella Credit Opportunity

Catella's award winning fixed income managers will now have an even greater tool box. Today's market requires a more flexible approach in order to generate adequate risk-adjusted returns.

"Record-low interest rates create an especially challenging environment for investors. Many traditional fixed income funds have overly narrow mandates and therefore less opportunity to generate returns in a low interest rate environment, and they may even provide negative returns if interest rates rise," says Magnus Nilsson, one of the fund's managers.

The new fund, the Catella Credit Opportunity, has a greater toolbox with its broad mandate, in order to better adapt to different market scenarios. The fund has a target return of 6-8 percent and an expected risk level, measured as its standard deviation, of 5-7 percent.

The Catella Credit Opportunity fund is an absolute return fund that seeks returns by investing in the entire fixed income capital structure, and in bonds with both high and low credit ratings. The fund is able to use the derivatives market to protect its capital against the two primary risks, interest rate risk and credit risk. All currency exposure is hedged back to its base currency, the Swedish krona.

"Instead of having a strict mandate with a benchmark, today's market requires an unconstrained approach in order to generate adequate risk-adjusted returns. A fund must be able to allocate to the best asset class at any given time. In addition, the fund should work with asset classes that provide capital protection in order to fend off rising market interest rates, for example, and/or a widening of credit spreads, for example as a result of a major stock market decline," says Fredrik Tauson, one of the fund's managers.

The Catella Credit Opportunity fund will be managed by Magnus Nilsson and Fredrik Tauson. This team has won the Hedgefund Journal award for the Best Fund L/S Credit and has been nominated for the Best UCITS Fund in Europe, the Best European Credit Fund and the Best Fund under EUR 50m.

Launch of the new fund is planned for late November.

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