Interview: Johan Lindberg – Coeli Asset Management

Stockholm (HedgeFonder.nu) In Sweden and across the Nordics Coeli is mostly known as a wealth management firm and distributor. Yet the company has been taking steps towards becoming a major player in asset management also on a European level. Coeli Asset Management was an early mover to take advantage of new AIMFD regulations and setting up in Luxembourg. Todays hedge fund range of three single managers and two fund of hedge funds is set to be extended. We had the opportunity to meet with Johan Lindberg *(pictured),* Coeli Asset Managements newly assigned CEO, to learn more about the companies plans, and here is what he had to say:

HedgeFonder.nu: Let us step back a bit and help us understand the big picture behind some of Coelis actions, what is the masterplan behind this?

Johan Lindberg: Coeli has experienced steady growth in both AUM and numbers of clients for many years, including the last 3-5 years with a challenging market environment. The large majority of our growth the last two years has been a result of our increased focus on the institutional client side and interest in our products and services from international investors. Looking forward,strengthening our value proposition for these types of clients is an important part of the strategy for Coeli Asset Management.

HedgeFonder.nu: What will happen with your traditional business in Sweden, are you keeping that or is Coeli breaking with its heritage?

Johan Lindberg: The traditional wealth management business for private clients and entrepreneurs in Sweden will continue to be an important part of the business for the Coeli Group. The changes we are going through means we are separating the Asset Management and Institutional Client part of Coelis business from the Wealth Management part. Our ambition with this change is to make the value proposition to investors clearer, more focused and attractive for both client groups.

HedgeFonder.nu: Why do you feel was it necessary to set up shop in Luxembourg and not fully operate out of Sweden. Especially looking at the fact that most your funds are accessible through the big plattforms, such as DB Select already?

Johan Lindberg: This is mainly the effect of the large demand we have experienced for our single strategy hedge funds and equity funds from international institutions and professional investors. Luxembourg is the second largest fund domicile in the world if not the largest when measured by cross-border distributed volume. Establishing our fund platform in Luxembourg is a natural step in making it easier for investors to access our strategies and to deliver on our ambition of growing our Nordic multi manager offering and our international distribution.

HedgeFonder.nu: How far are you in the process setting up and licensing in Luxembourg, all sealed and signed?

Johan Lindberg: We have come far in the process. We will not give any definite dates out of respect for this process needing to take the time it needs, but our ambition is to be operational by fall this year.

HedgeFonder.nu: To be a major player in an international league you will need to be in a position

to attract extraordinary talent on every position within the team, especially on the fund management side. Are you confident to be an attractive partner?

Johan Lindberg: Definitely. We have a very competitive value proposition to talented asset managers with our boutique model. We take care of the regulatory and administrative tasks, offer a broad distribution and seed capital through our multi strategy fund. This allows our fund managers to focus 100% on their strategies, while being offered an equity share partnership and an unlimited upside if they are successful in their strategy.

HedgeFonder.nu: Coeli does not fully own the managers it works with but shares the equity with the managers. Can you tell us more about this setup and if that is part of the strategy in attracting new managers? To what extent do you seed managers?

Johan Lindberg: Our organization has over 10 years experience as fund selectors looking for the best actively managed funds in a wide spectrum of equity and alternative strategies. We have found that one common denominator of highly motivated management teams that outperform the market over time is clear incentives. Therefore we think it makes clear sense to offer exactly that to the management teams we partner with. If they succeed in their strategies they will get their fair share of the rewards. The other side of our offer means our organization takes care of all the regulatory and administrative tasks with the fund platform, risk management and compliance functions we already have in place. This means our fund managers can focus 100% on their strategies, which will naturally raise the probability of success. Our model creates a “triple win” for our organization, our management teams and most importantly, our clients.

HedgeFonder.nu: Can you give us a brief overview of your existing hedge funds? What strategies do you feel would complement your current offering best?

Johan Lindberg: At this particular time we have three single strategy hedge funds. Coeli Spektrum is our managed futures fund, Coeli Power is a trend following strategy focused on the Nordic power market and Northern Light is a market neutral and event driven equity fund. When we look for new strategies we have a couple of features we screen for. First of all, each strategy must be unique and fundamentally different from the other strategies we already have. Second, we are not interested in strategies that have a systematic market risk over time (Read: correlation to equity or fixed income markets). Third, we want the strategies to offer daily liquidity if possible, but monthly at the least. Fourth, we look for strategies with potential returns exceeding 10% per annum. We are not afraid to take on strategies with high volatility, as long as they are fundamentally different from the other strategies in their approach which enables us to diversify the fund specific risk for multi strategy investors.
We try to keep an open mind while looking for new strategies, but a Global Macro strategy is one of the lines on our “wish list”.

HedgeFonder.nu: I understand it may be too early to discuss, but can you give us a little teaser of what is in the pipeline of your product range and new managers, and when we can expect some news?

Johan Lindberg: We are very careful with disclosing information before everything is signed and sealed, with respect to how fast the markets can change. Our ambition is to be able to announce at least one new team before fall.

HedgeFonder.nu: What is the red line, the common denominator in your hedge fund offering? Will your aim be to become a specialist in a given niche or “one stop shop”?

Johan Lindberg: We have worded our ambition as becoming a Nordic multi manager with international distribution. Our first ambition is to make sure every new hedge fund we launch has a competitive strategy that complements the other strategies on our platform. Our ambition is to make Coeli Asset Management the right place to go whether you are looking for a complete solution for your alternative investments or a single strategy to add to the funds you already have and improve your portfolio.

HedgeFonder.nu: The ability for marketing, fund raising and increasing AuM will be a major challenge I would think for determining success for yourself, the firm but also in being in a position to be a strong and desirable partner. How does your strategy on the sales side look like?

Johan Lindberg: Our organization has spent the last two years building the platform for servicing our institutional clients. The front office team has built a large network of professional investors and institutions in Sweden as well as internationally, many of which have already become clients and others that we have an active discussion with. This type of dialogue with key customers in the market will always be the backbone of our sales work, but we will be putting a lot of effort and resources on making ourselves known in the international community as well. We are still in the process of building our presence in Luxembourg which will further add to our international reach.

HedgeFonder.nu: Next to your single manager funds, just a few months ago Coeli launched two versions of the Multihedge fund, a fund of hedge fund set up investing into your own product range. What is the idea behind that in a time when fund of funds tend to be a little less en vogue.

Johan Lindberg: This is a way for us to offer a diversified and competitive hedge fund allocation to private clients on the wealth management side as well as smaller institutions and semi-professional investors that have identified the need for alternative investments in their portfolio, but lack the interest, time or resources to pick single strategies and build a “custom made” hedge fund portfolio. The capital invested in our hedge funds through the multihedge funds also creates a diversified investor base in all our funds and gives us the ability to seed new fund strategies.

HedgeFonder.nu: Your product range consists of long only funds, private equity and of course the hedge funds. Which area will we see Coeli to be most ambitious and how important will the hedge fund business be for you?

Johan Lindberg: The hedge fund business is at the heart of our strategy and will be one of our key success factors going forward. We see the different business areas as complementing each other. We believe actively managed funds that encourage their management teams to pursue strategies they truly believe in have the best potential to outperform the market over time, so this is the environment we create for our fund managers. This will in some cases lead to higher risk concentration in the short term, which makes it important to balance out the market risk with a diversified portfolio of uncorrelated hedge fund strategies.

Our strategies in the equity, fixed income and alternative parts of the business are built to complement each other and create a full range of asset management products and services that makes sense as a whole, while at the same time being of such individual quality that they can be attractive to professional investors on their own.

HedgeFonder.nu: Will we be seeing any Coeli funds in the UCITS regime?

Johan Lindberg: Yes, starting off we will be offering five different strategies under UCITS.

HedgeFonder.nu: Coeli was a sponsoring partner to this years inaugural Nordic Hedge Award.

What in your view makes a good hedge fund?

Johan Lindberg: The same criteria as we use to look for new management teams. Unique strategies, being fundamentally uncorrelated to traditional markets and other hedge funds and of course a high expected, risk-adjusted return. We don't have a problem with high-volatility strategies as long as they offer a competitive return in relation to the risk. The risk can always be diversified against other strategies, if the strategy is unique and fundamentally uncorrelated. Daily liquidity is a plus and something we try to offer on all of our strategies, given that it does not harm the strategy itself.

HedgeFonder.nu: For the last question we always ask interview partners is to share some "market wisdom" with us. What are your "famous last words".

Johan Lindberg: I'd like to paraphrase "The Hitchhiker's Guide to the Galaxy" – Don't panic.