

New brooms To sweep clean at Catella's fixed income funds

Stockholm (HedgeNordic) – Continuous change is the name of the game in the world of investments. Modern risk management aims to mitigate the worst of these shocks but changes within an investment organisation itself in particular can be an uncomfortable ride both for clients and those working within the organisation.

Fund management companies have long discussed how to best deal with the so called key-man risk, whether a founder, CEO or a star portfolio manager. In the case of the latter many opt for moving away from a single star fund manager and instead have a more team-focused approach. This all well and good in theory but if a lead portfolio manager is not only good at his or her job of managing money but also charismatic and eloquent they often become the focus on both media and client attention, despite efforts to emphasise a team ethos.

During the summer Catella was thrown in at the deep end with the departure of four portfolio managers from its team, including the oft-quoted hedge fund manager Ulf Strömsten and his colleague Mikael Hanell. The team managed some SEK40bn so ensuring a smooth transition was vital. The ink had hardly dried on the news headlines focusing on the 'exodus' when Catella's hedge fund team hired Martin Jonsson and Anders Wennberg, adding that continuity had been secured by also retaining three existing team members.

The other two departures came from the fixed income team, which also handles the elements of interest-bearing investments in the Catella Hedgefund. Replacements were announced in August with Thomas Elofsson and Stefan Wigstrand joining on September 5 from Skandia, replacing Magnus Nilsson and Fredrik Tauson.

How do the new recruits envisage making their mark while ensuring continuity?

Elofsson and Wigstrand were interviewed before their official start date so would not comment on portfolio specifics but said that transition is expected to be smooth since they will be working alongside existing managers. Both also insisted they left Skandia in order to take on new challenges rather than because of any misgivings about the company or their roles.

Elofsson, as a former Swedish Junior High-jump champion, is used to setting the bar high (pun intended) and believes that everything can always be improved. At Skandia he was head of investment strategy and deputy CEO responsible for the teams managing fixed income, foreign exchange, credit, tactical allocation as well as balanced and fixed income funds.

The duo also concurred that coming from a life insurance company to a fund company will be a change in terms of investment horizon and culture, adding that both are fundamentally risk averse, but yet taking risk is what the job is all about. "I am looking forward to working in a new team and challenging myself rather than staying perhaps another five years doing the same thing. Change can be challenging but it is also an opportunity," Elofsson said.

Elofsson and Wigstrand agree that one of the biggest changes will be to manage a more liquid, flexible portfolio at a smaller organisation, compared to Skandia. In addition, they said it is very

different to being part an overall portfolio with many asset classes compared to a single portfolio, as handling the down-side risk is very different with new opportunities. "I am particularly excited about working on the Hedgefund and the different instruments used," Wigstrand said.

Neither expect any immediate or dramatic changes to the current portfolio but are confident they can add value and over time making it their own. "I want to make sure that we take our time to develop the product and reflect over how to improve it. It is not always as easy as it sounds as you have to also focus on your day job, which is busy enough, but it is nevertheless important," Elofsson said.

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