



Nordic Cross Expands Suite of Hedge Funds with New Launch

Stockholm (HedgeNordic) - Stockholm-based asset manager Nordic Cross Asset Management launched an alternative fixed-income fund called [Nordic Cross Credit Edge](#) in mid-August, expanding the firm's suite of hedge funds to four vehicles. The fixed-income fund has also joined the Nordic Hedge Index (NHX), becoming the youngest member of the NHX universe.



Magnus Nilsson, Portfolio Manager and Founding Partner

Nordic Cross Credit Edge aims to generate long-term returns above those obtainable in the European high-yield bond market, targeting a net-of-fees annual return of more than six percent over a period of three to five years. The fund

focuses on the European investment universe, with an emphasis on the Nordic region. To meet its objective, Nordic Cross Credit Edge gets exposure to credit markets using derivatives, which requires a very small amount of invested capital. The remaining capital is invested in liquid fixed-income securities with high creditworthiness, with these investments turned into available cash to harvest liquidity-driven risk premia in corporate bonds markets during times of increased uncertainty. The liquidity risk premium increases in periods of high uncertainty, as market liquidity worsens during turmoil.



Fredrik Tauson, Portfolio Manager and Founding Partner

“The market for corporate bonds, particularly in the Nordic region, has a very limited ability to absorb risk. From time to time, there will be pockets of volatility that create excellent opportunities to capture liquidity premia due to selling pressure often derived from major redemptions from corporate bond funds,” Fredrik Tauson, a founding partner and portfolio manager at Nordic Cross, comments on the fund’s strategy. “A severe distortion of the market mechanism has been taking place in the last 10 years due to rules and regulation in the banking system and CB policy measures. One important distortion is the increased cost for banks to hold risky assets due to stricter regulations. The traditional middleman in fixed income is not as active as before and sellers of bonds must find a “real” buyer instead of putting them on the bank’s balance sheet. In market turbulence, this leads to a liquidity crunch due to the lack of opportunistic buyers of e.g high yield bonds. Our new fund, Credit Edge, aims to take advantage of bonds that occasionally trade at a discount due to lackluster liquidity,” Magnus Nilsson further explains the fund’s strategy.



Emil Nordström
Portfolio Manager, Partner

The investment management team running Nordic Cross Credit Edge consists of Emil Nordström, Fredrik Tauson and Magnus Nilsson, all part of the eight-member team behind Nordic Cross (*pictured*). Prior to founding the Stockholm-based alternative investment firm in 2016, Fredrik Tauson and Magnus Nilsson managed two alternative credit funds at Catella Fondförvaltning AB. Emil Nordström, meanwhile, worked at Carnegie Investment Bank prior to joining Nordic Cross in 2017 as partner and portfolio manager.

Asset management group Carneio owns 60 percent of Nordic Cross, while the remaining 40 percent interest is held by the firm's founders. In addition to the freshly launched fund, Nordic Cross manages three other hedge funds. [Nordic Cross Small Cap Edge](#) is an actively managed alternative equity fund that returned 10.3 percent year-to-date through the end of July. The eight-member team also manages alternative multi-strategy fund [Nordic Cross Stable Return](#) and fixed-income fund [Nordic Cross Total Return Bond](#). Nordic Cross oversees approximately SEK 2.5 billion in assets under management only 12 months after launching its first two hedge funds in the summer of last year.

Welcome to the Nordic Hedge Index, Nordic Cross Credit Edge!