

# Hybrid Security Hedge Fund Enters the Nordic Arena

Stockholm (HedgeNordic) – Carlsson Norén Yield Opportunity, a hedge fund investing in hybrid securities that have both debt and equity capital characteristics, was launched at the beginning of January with the aim of serving as a diversifier in traditional portfolios. The vehicle managed by Gothenburg-based asset manager Carlsson Norén Asset Management AB has now joined the Nordic Hedge Index (NHX).

Hybrid securities such as preferred shares, convertible bonds, hybrid or perpetual bonds have characteristics of both stocks and bonds. Equity-like characteristics, for instance, can include infinite maturities, coupon deferrals or conversion rights. Debt-like features, meanwhile, include coupon payments and call dates set at issuance. As hybrids can be complex securities, the portfolio management team running Carlsson Norén Yield Opportunity are leveraging their experience in macroeconomics and expertise in balance sheet analysis to manage the new fund. The team comprised of Fredrik Carlsson, Martin Norén and Magnus Dahlgren also leads the firm's flagship hedge fund, Carlsson Norén Macro Fund, which was launched eleven years ago.

The newly launched hedge fund represents an actively managed solution that can help investors diversify and minimize downside risk. According to Fredrik Carlsson, Carlsson Norén Yield Opportunity has two main features. First, the fund can exploit certain investments in hybrid securities that offer a convexity of payoffs, defined as opportunities with an upside potential that greatly outweighs downside risk. Second, Carlsson Norén Yield Opportunity is designed to exhibit a relatively low correlation to equity and fixed-income securities, thus emerging as a useful tool for diversification. Because of the complexity of hybrid securities, this asset class lends itself to active investing. The team running the fund will, therefore, rely on their experience to find attractive risk-reward opportunities in the asset class.

Welcome to the Nordic Hedge Index (NHX)!