

Coeli's HF Scores Big on Small Holding

Stockholm (HedgeNordic) – **Coeli Absolute European Equity** has been pleasantly surprised with a cash offer for one of its smaller holdings. Last week, biotechnology company Amgen agreed to acquire Copenhagen-based biopharmaceutical company Nuevolution AB for SEK 1.61 billion or SEK 32.50 per share, which corresponds to a premium of 169 percent over the closing price on the day before the announcement.

Coeli Absolute European Equity, a European-focused equity long/short fund managed by Mikael Petersson (*pictured*), had 1.7 percent of its net assets in Nuevolution at the end of April and 1.5 percent at the time of the offer due to inflows. The subsequent increase in Nuevolution's share price following the acquisition announcement is expected to contribute around 2.5 percent to the fund's return for the month of May. Coeli Absolute European Equity, which usually manages a concentrated portfolio of 10 to 20 long positions, initiated a position in Nuevolution since the fund's inception at the beginning of last year.

"We often maintain some minor positions in companies that we understand well and know their management well," says Petersson, adding that these positions "offer great upside potential." With the market having ignored Nuevolution's progress, the lack of share price movement over a prolonged period tested Petersson's patience. But the persistence has finally paid off.

"Amgen, the world's largest biotech company with \$100 billion in market cap, bidding for Nuevolution shows that our holding owns a very unique asset," Petersson comments on the announcement. "A premium of 169 percent is extremely well negotiated by Nuevolution's board after an extended period of a depressed share price and sellers everywhere," adding that "both the name of the buyer and the premium were a positive surprise."

Nuevolution's Board of Directors accepted the public offer from Amgen. "Considering the significant premium and the undertakings from the three largest shareholders to accept the offer, our conclusion is that the offer is fair, and we are unanimous in the decision to recommend the offer of SEK 32.50 per share," Stig Løkke Pedersen, Chairman of the Board of Directors of Nuevolution, said in a statement.