Evira Avoids Fallen Angels to Make Top Performers List

Stockholm (HedgeNordic) – Equity funds dominate this year's list of top performing hedge funds in the Nordics, as equity markets have been roaring ahead to new highs. There is one fixed income hedge fund that managed to sneak into the top five list of high performers. That fund is **Nykredit EVIRA**, which booked a gain of 21.4 percent in the first half of 2019.

Nykredit EVIRA is a hedge fund "dedicated to run a leveraged portfolio on corporate credit, primarily single names, no credit default swaps (CDSs)," according to Nicolai Kjer Rasmussen *(pictured)*, chief portfolio manager at Nykredit Asset Management. The Danish fund focuses on BBB- and BB-rated European corporates with reliable names and background. As Rasmussen tells HedgeNordic, "we like to invest in less secure loans (with less covenant protection, for instance) from corporates with a strong name instead of more secure loans from weaker companies."

Part of a three-member family of hedge funds at Nykredit Asset Management, Nykredit EVIRA gained 21.4 percent in the first half of this year. The fund booked a gain of 7.5 percent in June, its best monthly performance on record since launching in September of 2017. Commenting on the performance, Rasmussen tells HedgeNordic that "the significant spread-tightening during the first half of 2019 has suited EVIRA," further adding that the fund managed to leverage up in late May after investment grade and high-yield bonds lost around 20 and 60 basis points. "The rebound in spreads for June came in nice," adds Rasmussen.

The strong performance, however, comes after a difficult 2018 for Nykredit EVIRA. Down 16.7 percent last year, "EVIRA had a tough year in 2018, primarily due to a general risk-off sentiment in the market," explains the chief portfolio manager. The risk-off environment was predominantly evident in the final quarter of last year. Rasmussen and his team, however, "believed in the strategy, since the losses incurred by EVIRA were only a market-to-market (MTM) effect and not due to fallen angels," says Rasmussen, referring to corporates downgraded from investment grade into high yield. "We actually ramped up on leverage, since we did not run at full during 2018," further adds Rasmussen. The increased leverage "has paid off so far in 2019."