

Atlant Fonder Buys the Dips

Stockholm (HedgeNordic) - Liquidity strains have impacted all parts of the Nordic corporate bond market, even the higher-quality segments. "For several years we have warned of the poor liquidity in the corporate bond market and asked ourselves who would buy when everyone needs to sell," says Michael Ekelund (pictured), the CEO of Stockholm-based asset manager Atlant Fonder. "Now that everyone needs to sell, the prices of some bonds are unsatisfyingly low."

After hoarding larger cash piles at its range of funds over time, Atlant Fonder "can now act as a buyer and acquire attractively-priced bonds with short maturities issued by stable companies," says Ekelund. "We are contacted almost daily by fund companies that need to find buyers for their bonds, as fund investors want to sell their investments," lead portfolio manager Anders Kullberg tells [investerarbrevet.se](#). "We are in no rush and are careful about what we buy." The team at Atlant Fonder are mostly buying short-term, high-quality credits. "Right now, we are acting opportunistically to build fine credit portfolios for the next two to three years," says Kullberg.

The team recently bought SEB subordinated loans maturing in May 2020 and Svenska Handelsbanken subordinated loans maturing in May 2021, which are yielding 12.5 percent and 16.5 percent, respectively. Atlant Stability, one of the seven Atlant-branded hedge funds under the umbrella of Atlant Fonder, maintains the highest exposure to credit. According to Ekelund, the short-term downward pressure on bond prices weighs on the near-term development of Atlant Fonder's funds. "When the market stabilizes and recovers, the returns generated by our funds will be really good."

Kullberg reckons that the crisis in the credit market will worsen if companies cannot borrow capital. The Norwegian state oil fund started supporting the corporate bond market by buying bonds, and the Norwegian market began to stabilize. "Sweden is also likely to support the market, and we believe the bottom will soon be reached," Kullberg tells [investerarbrevet.se](#). "The Riksbank and the Swedish Financial Supervisory Authority understand the gravity of the situation, and no one wants to risk the credit market failing," he adds. "We believe that the credit market is well placed to recover at least 25 to 50 percent of the decline by year-end if liquidity is restored."