

# Turning to Real Assets

Stockholm (HedgeNordic) – Swedish pension fund Alecta is reallocating a portion of its portfolio from bonds and equities to alternatives such as infrastructure projects and residential housing in the face of rising inflation. “Longer term we may see rising inflation and that is one of the reasons we are switching the portfolio towards more real assets,” chief investment officer Hans Sterte tells Bloomberg.

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With high valuations across public markets translating into low expected long-term returns, Alecta plans to allocate a higher share of its portfolio to alternative assets. Listed markets are “priced for perfection” and “everything is very expensive,” Sterte tells Bloomberg. Alecta, which oversees SEK 936 billion in assets under management as of the end of June, is planning to increase the allocation to alternative assets to 20 percent of the total portfolio by 2024 from the current level of 12 percent. “We have increased real assets about 5 percent over the past three or four years and we intend to continue increasing,” Sterte tells Bloomberg.

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In late June this year, Alecta and Brookfield Asset Management, investing through its core-infrastructure fund, announced the acquisition of 49 percent of Telia Company’s tower business in Finland and Norway. Alecta has also been part of a consortium that acquired a co-controlling stake in Stockholm Exergi, the owner and operator of the largest district heating and district cooling network in the Nordics.

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Alecta has also invested in privately-held companies such as veterinary chain IVC Evidensia, pest control company Anticimex, online pharmacy Apotea, and music rights tech company Epidemic Sound. “The private side is taking market share from the listed side,” Sterte tells Bloomberg, adding that it is easier for businesses “to expand and change in the private world than in the listed world.”