

AP1 Seeds HY Impact Fund

Stockholm (HedgeNordic) – Global asset manager Federated Hermes is launching a high-yield impact fund seeded by and designed in partnership with Swedish National Pension Fund AP1. The Federated Hermes Climate Change High Yield Credit Fund “aims to generate long-term, risk-adjusted outperformance by investing in attractive high-yield credit instruments and deliver positive impact that supports a low-carbon future.”

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“We are pleased to help bring the Climate Change Fund to the market, a fund we have worked intensely on with the Federated Hermes Credit team for the past year,” comments Tina Rönholm (*pictured*), Portfolio Manager responsible for external High Yield investments at AP1. “Having divested from fossil fuels throughout our portfolio last year, our ambition now and going forward is to contribute to getting absolute emissions down significantly in the real economy. Providing financing to facilitate a much-needed transition across sectors is an example of the actions we undertake in order to meet our net zero target we are determined to achieve,” she continues. “We recognize the need for collaborative action and financing and by helping launch this fund vehicle, we hope fellow investors will join us in driving change.”

Fraser Lundie, Head of Credit at Federated Hermes, will be the lead manager on the fund and will work alongside co-manager Nachu Chockalingam, Senior Credit Portfolio Manager at the firm. Fraser Lundie and the Credit team at Federated Hermes have a long-standing relationship with AP1 since being appointed to manage one of its Global High Yield investment mandates in 2017. Lundie and Chockalingam will be supported by a 12-member credit team, including Mitch Reznick, Head of Research and Sustainable Fixed Income, who is instrumental in implementing the asset manager’s proprietary climate framework into the investment process. The proprietary framework – the Climate Change Impact (CCI) Score – reflects the progress and impact towards decarbonization that holdings are making.

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“The global high-yield market offers great opportunities to identify attractive companies with the willingness and ability to change their operations, products or services in order to generate positive impact for the planet,” says Fraser Lundie. “This Fund is a natural extension of our existing credit offering and demonstrates our commitment to making a real difference for our climate and for future generations,” he adds. “We have always admired AP1 for setting a high bar when it comes to delivering long-term sustainable returns for its retirees and we are delighted that our pioneering and innovative approach to credit investing has enabled us to join forces once again.”