

Finally Coming True - Evli Launches Leveraged Loans Fund

Stockholm (HedgeNordic) - Exactly one year after Jussi Hyypä joined Evli as a portfolio manager responsible for loan strategies, the Finnish asset manager has now launched its Nordic-focused leveraged loan fund. Intended for professional and a limited number of non-professional investors, Evli Leveraged Loan Fund is an alternative investment fund registered in Finland that invests in syndicated loans - corporate loans made by a group or syndicate of banks and institutional investors.

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Evli seeks to leverage its more than 20 years of experience in the Nordic corporate bond market to offer investors exposure to the Nordic leveraged loan market, which Evli says is predominantly populated by well-run small and medium-sized companies actively seeking expansion through growth investments and acquisitions. "Nordic companies are generally very well managed, have clear governance models and are at the forefront when it comes to the ESG themes of the world," says Jussi Hyypä, the portfolio manager of the fund. "The creditworthiness of Nordic companies is at a very high level, and expectations for a positive economic outlook indicate that the credit quality will remain high in the future."

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Leveraged loans and high yield bonds are two corners of the fixed-income market converging into a single non-investment grade asset class. Investors are increasingly turning their attention to the leveraged loan market due to its short duration, floating-rate structure and other benefits in a low yet rising interest rate environment. Both leveraged loans and high-yield bonds tend to benefit from

factors driving rate increases, including a brightening economic outlook and improving credit fundamentals. “Leveraged loans and high yield bonds complement each other in the sense that they can both be used to finance similar or even identical projects, such as M&A,” Jussi Hyypä explained last year.

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Evli Leveraged Loan Fund primarily invests in syndicated leveraged corporate loans issued by Nordic companies. “The fund focuses on direct debt investments in the Nordic region and offers the possibility of co-investing with selected local banks to secure capital,” says Hyypä, who joined Evli in September last year to be responsible for loan strategies. According to Hyypä, “in corporate bond investing, locality is a major advantage when evaluating investments, as it enables a more accurate risk analysis and creates the potential for increased returns. This applies especially when investing in high yield.”

“We were one of the first banks in the European high yield bond market and now we are among the first to offer access to leveraged loans in the Nordic countries,” said Evli’s Chief Investment Officer Mikael Lundström last year when revealing plans to launch a leveraged loan fund. “For many years, we have been planning to introduce a product for clients in the form of a fund that would co-exist alongside bonds. Now this new asset class is finally coming true,” added Lundström.