

Press Release

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CLO funds pass EUR 100 million mark

High-quality CLO investments deliver higher returns than comparable corporate bonds, even when interest rates fall

With more than EUR 100 million in assets under management, the Lupus alpha CLO High Quality Invest A (ISIN DE000A1XDX38) mutual fund has passed a major milestone. The Fund invests in broadly diversified portfolios of collateralized loan obligations (CLOs) with first-class investment grade ratings. Overall, the Frankfurt-based asset management company manages more than EUR 4 billion in investment grade CLO investments.

Launched in July 2015, the Fund has seen an increase in inflows since 2021. “Lupus alpha’s CLO strategy addresses institutional investors’ rapidly increasing need for diversification, especially in the investment grade segment,” said **Ralf Lochmüller, CEO and Managing Partner of Lupus alpha**, adding: “As interest rates rose sharply, even government bonds with a first-class rating suffered significant losses. This has led to an increased need for alternative sources of return in the fixed income space. CLOs convince here with their risk-return profile.”

Lupus alpha CLO High Quality Invest A currently offers a coupon of 7% calculated by adding the short-term interest to the spread. In the first half of 2024, the Fund achieved a return of 5.6%. While performance exceeded 11.3% in 2023, the Fund still generated 3.7% p.a. (as of 30 June 2024) over the past 3 years, even though this included the disastrous 2022 trading year. Lupus alpha’s CLO experts currently expect performance of around 8% for full-year 2024.

CLOs also offer a number of advantages over investment-grade corporate bonds. For example, potential interest rate cuts are unlikely to affect CLOs because they have a short duration due to their variable interest rate. Although the coupon changes with each rate adjustment, it is still significantly higher than comparable investment-grade corporate bonds. The variable interest rates of CLOs mean they also provide much better protection against inflation.

CLOs also have a significant advantage over high yields: “Although high-yield bonds offer similar returns to investment grade CLOs, they carry significantly

Lupus alpha
Asset Management AG
Speicherstraße 49-51
60327 Frankfurt am Main
Website: <http://www.lupusalpha.de>

Contact for press enquiries:
Pia Kater
Tel.: (069) 36 50 58 – 7401
Fax: (069) 36 50 58 – 8400
Email: pia.kater@lupusalpha.de

higher default risks in a recessionary economic environment due to their lower ratings,” explained **Norbert Adam, Portfolio Manager Fixed Income Credit**, adding: “Cumulative historic default rates of zero percent over the past decade impressively underline the value of investment-grade CLOs in Europe.”

Lupus alpha’s four-strong CLO team of **Norbert Adam, Stamatia Hagenstein, Michael Hombach** and **Klaus Ripper** are responsible for over EUR 4 billion in individual CLO mandates, a mutual fund and two CLO equity notes. Overall, the Frankfurt-based asset management company manages more than EUR 15 billion in assets for its institutional and wholesale investors.

An overview of the use of CLOs in institutional portfolios and their role in strategic asset allocation is provided in the AlphaDossier [“CLOs: high-yield returns, investment-grade quality”](#)

About Lupus alpha: As an independent, owner-operated asset management company, Lupus alpha has been synonymous with innovative, specialised investment solutions for over 20 years. As one of Germany’s European small and mid-cap pioneers, Lupus alpha is one of the leading providers of volatility strategies as well as collateralised loan obligations (CLOs). The specialist product range is rounded off by global convertible strategies and risk overlay solutions for institutional portfolios. The Company manages a volume of more than EUR 15 billion for institutional and wholesale investors. For further information, visit www.lupusalpha.de.

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