

# Sector Zen takes a hit in February

Vienna (HedgeNordic) - Sector Zen, the Norwegian managed, Japan focused long/short equity fund, fell 8.5% in February on the back of negative contributions of -10.0% of its long book due to significant negative contributions of Japanese real estate and housing related stocks, and a meager +1.5% contribution of its short book. The TOPIX Core 30, representing some of the largest Japanese companies, led declines on the month with a 10.3% drop, while the small cap index TOPIX small also fell hard and ended the month 8.7% lower. This fall in Japanese equities was attributed to global growth and credit worries on one hand, and the introduction of negative interest rates by the BOJ on the other.

In a letter to shareholders, Zen's PM Trond Hermansen writes that the long book negative performance was driven by condominium developer Goldcrest with -0.7% after a 21% share price fall, and other negative contributions from Cosmos Initia and Sumitomo Real Estate Sales at -0.4% respectively, Misawa Homes at -0.3% and Keihanshin Building and Panahome at -0.2% each. The Fund's long positions in financial shares also took a beating, with Ashikaga Holdings, Pocket Card and Kansai Urban Banking contributing a combined -1.3%. The one position within the long book that stood out in a positive way was Dynam Japan, which contributed +0.7% on the back of a share price rise of 61%. The short book was up by 1.5% in February, driven by Nitori (+0.5%), Yamato Holdings (+0.3%), and House Foods (+0.2%).

February 2016 has been Sector Zen's second worst month since inception in April 2006. By month-end, the fund had 67 positions, of which 56 longs and 9 shorts, with a net long exposure of 84%.

*Picture: (c) aboutpixel.de—Karin-Reich*