

It Helps to Have Muscles

Stockholm (HedgeNordic) There is a bit of an epidemic among Nordic hedge funds it seems closing their funds for new subscriptions. The limitation in capacity for some hedge fund strategies is evident given the instruments they may use or markets they trade on. For others, one may assume, they are fishing for trading opportunities in space as vast as the oceans.

Global equity markets by gut feeling is such a space, especially if one is able to double the universe by trading long and short. In the case of Nordea 1 - Stable Equity Long/Short Fund , the portfolio managers in addition to this seemingly endless supply of trading ideas, may "invest up to 1/3 of its total assets in bonds and other debt instruments denominated in various currencies. Finally, the Sub-fund may invest up to 10% of its net assets in Exchange Traded Funds and may accessorially hold cash." That should give you some space to park some money.

But still, just recently, Nordea issued this statement: "In order to allow the investment manager to continue managing effectively the Nordea 1 - Stable Equity Long/Short Fund - Euro Hedged ("SELSF"), and in order to allow existing SELSF shareholders to continue benefitting from the performances of SELSF, the Board of Directors of Nordea 1, SICAV has decided to hard close SELSF as of 27 April 2016 and for an undetermined period of time. This means that, as of 27 April 2016, subscriptions and conversions in shares of SELSF requested by any investor will not be accepted."

Now, the statement and the fact the fund is closing is not exciting in itself. It was not until Taiga Fund issued a similar statement just this week, it seemed worth digging it up again. And, what did catch the attention here is that the fund was even able to reach its pre-defined capacity limit. Nordeas' last monthly report states Nordea 1 - Stable Equity Long/Short Fund has assets under management in excess of one and a half BILLION EURO. (!!!) We'd have to go and dig up numbers in archives, but by educated guess that should easily put the fund onto a top ten list of the largest Nordic hedge funds. And it managed to raise that in just 3,5 years since the fund launched in October 2012. Now, that is impressive. And it highlights what can happen when a half way decent fund is backed by massive placement and distribution power.

Taiga Fund, who also just announced hard closing their fund to new investors, needed nearly eight years to reach their capacity limit of two Billion NOK (approx 215 MILLION Euro). Now, I am not a hedge fund analyst and could not make a qualitative judgement on the merits of the portfolio managers, but take a look at the two funds and compare for yourself. (Don't forget to peek at risk adjusted numbers for the two).

Congrats, Nordea ☐

Taiga vs Nordea 1 - Stable Equity Long/Short Fund

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