

When fundamentals play out

Stockholm (HedgeNordic) – Swedish quantitative asset manager Informed Portfolio Management, IPM, are celebrating the 10th anniversary of their systematic macro fund this year. By systematically exploiting fundamental relationships in global financial markets, the asset manager has built a reputation of being one of the world's leading hedge funds within its niche. Today IPM manages over 2 billion USD in its flagship macro strategy and has never been on a firmer footing as a company, according to CEO Stefan Nydahl (*pictured*).

"We have come a long way to get to where we are today, but I think the key to our success is that we always stood true to our fundamental, relative value, approach, always seeking to improve on our models and offering an uncorrelated return profile", Nydahl says.

IPM was originally formed by Anders Lindell and Jonas Rinné who came out of the fixed income trading division at JP Bank seeking to start their own venture in the mid-90s. The trading approach, by then little known within the asset management industry and primarily developed among US hedge funds, was later to become a strategy that industry practitioners would classify as Global Tactical Asset Allocation or GTAA.

The art of using well-researched quantitative models to exploit fundamental relationships in global financial markets is today a well-established strategy in the hedge fund space. The fact that the world's largest hedge fund, Bridgewater, are adhering to a similar approach has helped put IPM on the map, Nydahl says. "These days informed investors know what we do and what our models try to achieve, that was not the case when we started out. I think that our particular niche has been helped by the success of the likes of Bridgewater. At the same time, we are often benchmarked against them which of course makes it a tough competition", Nydahl explains.

By and large, the IPM Systematic Macro strategy looks to create uncorrelated returns through exploiting fundamental relationships in global financial markets. The execution is primarily carried out in highly liquid futures markets which makes the strategy scalable. The quantitative models used are well-documented and build on high-level academic research, however the models and the way they are executed are undergoing constant revisions and developments along the way.

"There is no such thing as a standstill-mode in our industry. Markets change and develop and we need to stay ahead of that development. Luckily, we have a very strong research team taking care of that", Nydahl explains.

"Even though we are constantly looking at how to improve things, we are not changing our basic concepts of managing money. The changes are more incremental in nature looking to improve the overall characteristics of the program. For example we have added emerging market currencies to the portfolio in late 2013 which we see as a possibility to expand the opportunity-set for our models to extract additional alpha".

Much of IPM's asset growth in recent years has come from the US, which Nydahl sees as being a result of their increased presence on this market. The fact that US investors have a long history allocating to systematic macro strategies has also helped drive interest, Nydahl reasons. There is however a significant pick-up in activity among European investors which is why IPM decided to launch a UCITS version of their program in 2015.

"We have seen a significant increase in demand from the European investor community for our systematic macro strategy which is why we decided to launch a UCITS version of our product on the Morgan Stanley Fundlogic platform. This product has already gathered a lot of interest and has 390 MUSD allocated to", Nydahl says.

Another change that was brought about at IPM in 2014 was a change in the ownership structure. Swedish asset manager Catella then bought a majority share in the company and thereby increased their 25 per cent ownership that was acquired in 2011 and 2012. It was in mid-2015 that Stefan Nydahl was appointed as CEO for IPM with the ambition of growing the company further.

"Having Catella as majority owner is not only a question of financing, they also bring with them a long experience from distributing financial products which feeds directly into our distribution strategy", Nydahl says.

"With the strong research and trading team we have in place, and knowing that in good hands, it allows me to also focus more on the business side of our industry. IPM strives to be attractive for additional investments to our strategy and identify new client groups. We currently have a core of institutional investors who have been with us for a long time but we work hard to diversify our investor base and to improve on our geographical coverage."

IPM today employs 45 people, all of which are based in the Stockholm office. Looking forward, Nydahl sees potential of adding more local presence and expand on the company strong track record of building tailor-made investment solutions.

"We have a fantastic track record and we are very good at dealing with managed accounts. The managed accounts approach put a lot of requirements on internal structures and efficient administration which we have built throughout the years. Our vision is now to build on these capacities and support more institutions with their asset allocation mandates".

For the US market, IPM has a local third-party marketing relationship established since many years. Nydahl however sees a potential of adding local offices to be able to support clients in their respective markets going forward.

"We are reviewing this possibility. The fact that all our employees are based in Stockholm means a lot of travelling for the people involved in business development functions. In order to support different client groups in their respective time-zones we would of course benefit from having local presence in that respect".

A short-term highlight for IPM is just around the corner. IPM will be celebrating the 10-year anniversary of their off-shore macro fund in the Stockholm archipelago this summer with selected investors and allocators who will enjoy a compact program of presentations and panels by industry experts.

"We are exited and truly looking forward to welcoming so many of our international clients and relations to Stockholm. We are humbled by the interest and encouragement we are getting from all corners of the world wanting to share this milestone-moment with us. It will be interesting hosting such an event that will hopefully be larger than the IPM Christmas party", Nydahl says with a smile.

This interview was conducted for the 2016 HedgeNordic Industry Report. The entire report can be read [here](#).

