

IPM Funds Weather Brexit Storm in June

Stockholm (HedgeNordic) – Sweden's Informed Portfolio Management (IPM) reported its Systematic Currency Fund was up 6.8% (+16.7% YTD) in June, while its Systematic Macro Fund was down -0.5% (+10.4% YTD). These results were by comparison to a depreciation of -1.1% on the MSCI World index, an appreciation of 2.4% on the Citi WGBI index, and a slight dip of 0.15% on the NHX Nordic Hedge Index Composite. *(Pictured: IPM CEO Stefan Nydahl)*

June was marked by a depreciation of the U.S. dollar due to disappointing payroll data, lower interest rates on the longer end of the U.S. yield curve, and of course market turmoil prior to and following Brexit, when market volatility spiked as investors offloaded risky assets. Global equities ended the month down 1.1%, while global bonds gained 2.4%.

IPM's Systematic Currency Fund enjoyed large positive contributions from its developing currency portfolio, which benefited as investors sold the GBP in favour of safe haven currencies like the JPY and CHF, with additional gains from its short position in SEK. Only the short AUD and long EUR positions yielded losses. The fund's Emerging Markets currency portfolio also delivered positive returns thanks to its long positions in BRL and ZAR, alongside its short positions in CZK, HUF and INR.

IPM's Systematic Macro Fund's positions in developing currencies also benefited from the GBP firesale, as did its Emerging Markets currency portfolio, again thanks to long positions in BRL and ZAR and short positions in CZK and HUF. However, the JGB became the basket underperformer despite Japanese interest rates decreasing in absolute terms, which became problematic for the fund's relative bond portfolio, which had been positioned for the opposite scenario. Its relative equity and asset class portfolios also contributed negatively.

IPM's Risk Management Committee decided to reset its risk level to normal at the end of June, after having reduced the overall risk level of the strategy shortly before the Brexit referendum.