

# AAM shorting energy companies paying big dividends

Stocholm (HedgeNordic) - Norwegian-based Oslo Asset Management, the fund management company behind last years top performing hedge fund AAM Absolute Return, currently sees opportunities to go short energy companies that promise investors big dividends.

In an interview with Bloomberg, portfolio manager Harald James-Otterhaug says that the fund is betting on declines for energy companies that “even short-term will struggle to uphold dividends”.

“In times of low rates when investors chase yield, we’ve seen that companies that pay dividends have often been rewarded with generous valuations. Some stocks have ended up being very overvalued.”, he said in a statement.

The \$230 million AAM Absolute Return Fund, which focuses on long and short bets in energy and natural resource stocks, returned 58.5 percent in 2015 and was awarded best performing fund over 1 year at the Nordic Hedge Award. The strong performance was largely a result of shorting stocks, particularly in energy infrastructure.

While the fund has kept its short bets after two years with crude under \$100, James-Otterhaug also sees “very good opportunities going long for the first time in a long time” in the cyclical energy sector.

Oilfield service providers, which have seen sales pummeled by cuts in investment by producers and explorers, is one industry that currently offers opportunities for long investors despite low oil prices, he said.

“We’re in a situation where the oil price maybe isn’t sustainable long term. While the timing of an improvement is uncertain you can buy relatively cheap inherent optionality in stocks that have relatively limited downside and are reasonably valued even if oil stays low”, James-Otterhaug told Bloomberg.

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