

# WH holds steady in August, sees positive trends

Stockholm (HedgeNordic) – Danish Asset Manager WH Asset Management A/S posted a 0.74% increase (+4.56% YTD) for August. This was by comparison to a rise of 0.49% on the MSCI World Index and an estimated drop of -0.13% on the NHX Composite.

The fund, which invests in bonds and stock indices, invests in a combination of equity and loan capital and maintains a returns target of 10% per annum, sought by holding the right mix of stocks and bonds, reducing risk in stock index investment and investing in a combination of markets simultaneously.

In a comment to the month's performance, Portfolio Manager Allan Winkel Hansen explained the month of August was one of mixed results, beginning strongly with positive news from the U.S. on the economy and unemployment, with the creation of over 250,000 new jobs outside agriculture, which contributed strongly to global equity markets. With virtually no corrections in the latter in the past few months, a positive underlying trend is emerging whereby current measurements will help set the tone in markets in the short term.

Shares couldn't keep up in the latter part of the month, however, with Emerging Markets proving the exception, showing neat trends and continuing the good performance on display in previous months. Emerging Markets, Mr Hansen says, have performed better than traditional markets this year, after several years of underperformance and amid the recovery and stabilization of growth prospects in major markets such as China, India and Brazil. This is a sign of increased risk appetite, he says, but which is also supported by commodity prices rising in general, which is traditionally positive for Emerging Markets.

As usual, there was a heavy emphasis on the U.S. Federal Reserve, with high unemployment figures and the commentary of various members of the Fed leading to growing speculation a rate hike is imminent in September (without markets per se being convinced of this). This focus is somewhat excessive, according to Mr Hansen, as whether there are hikes in September or December ought to have a minimal impact on the real economy as a longer series of hikes is not expected. It is, however, expected that interest rates will remain low for the foreseeable future, with the main thing likely to be able to alter outlooks being a demand for assets capable of producing higher returns than can be achieved at the current 0% risk-free rate.

Danish government bonds showed negative returns in August, but the search for yield ensured a high demand for mortgage bonds, which contributed positively to profits for companies in the WH portfolio. It also created a high demand for high-yield corporate bonds and bonds issued by emerging markets. Both asset classes therefore enjoyed a good month, says Mr Hansen, with increases of 1.88% and 1.67% respectively.

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