

September Stronghold for IPM

Stockholm (HedgeNordic) – IPM Informed Portfolio Management, the Swedish systematic investment manager offering macro and equity portfolio solutions to institutional investors globally, reported a healthy September with a 3.60% rise for its Systematic Macro Fund (+6.7% YTD) and its Systematic Currency Fund up 1.68% (+17% YTD). The returns were by comparison to a 0.5% increase on the MSCI world and an estimated 0.33% on the NHX Composite.

The Systematic Macro Fund's strong September performance was driven mainly by its relative bond portfolio, which was enhanced by its short position in UK Gilts, which fell after an ECB meeting which left interest rates unchanged and failed to address the extension of its QE program, resulting in a global selloff and higher yields. The strategy's view on the Gilt remains negative resulting from its relatively rich valuation and its macroeconomic outlook. Following a Bank of Japan meeting which announced a tweak to its own QE program including "yield curve control" targeting a yield of 0% for the 10Y JGB which provoked mixed market reactions, IPM's developing currency portfolio also profited from its long position in the JPY. Additional gains came from the short position in SEK, which is based primarily on macroeconomic factors and on the currency's risk premium. Detractors to the month's performance came from a short position in AUD and from the Fund's relative equity portfolio, mostly resulting from the long position in FTSE/MIB and the short position in the FTSE 100. However, the Fund's Emerging Markets currency portfolio posted minor positive returns for September, with ZAR, RUB and SGD positions outweighing losses from the TRY and MXN positions.

The Systematic Currency Fund's good performance in September profited from a long position in the JPY, which also strengthened after the BOJ meeting, and gained from its long position in CHF and its short position in SEK, the latter due to macroeconomic factors and a relatively unattractive risk premium. Most of the month's losses resulted from the short AUD position, which suffered as the currency strengthened. The Fund's EM currency portfolio performed moderately well, with gains and losses coterminous with those outlined for the Systematic Macro Fund.

Performances in September were also affected by the failure to raise interest rates by the FOMC in the United States, which led to a rally in global bonds and a weaker USD. News about Deutsche Bank also has a negative effect on market risk appetite, with global equities ending up 0.5% in September while global bonds ended down by 0.1%.

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