

# Nordea Alpha 15 takes the lead

Stockholm (HedgeNordic) – 2016 is proving to be a challenging year for the hedge fund space to generate returns. The Nordic Hedge Index (NHX), up by 2.1% by end September, on track for its weakest year since 2011, when the Index lost ground and was down by 2.6%. Disregarding the only two negative yielding years, 2011 and 2008, the weakest annual return was +4% in 2007 as we started going into the global financial crisis. One of the funds which seems to be finding good trading opportunities is Nordea Alpha 15.

The fund delivered a robust YTD return of +21.3% , making it the strongest performing of all 166 funds listed in the NHX Composite, ahead of Accendo and IPM Systematic Currency Fund, Origo Quest 1 and Midgard. Most NAV reportings for October are still outstanding, however.

In a comment to the performance, Nordea Alpha 15 has disclosed that among its top contributing strategies:

- The greatest positive return contributions YTD source was the SAA Risk Balancing strategy, mainly thanks to its anti-beta sub-strategies – namely high quality government bonds (duration) and reserve currencies – performing well over the year.
- The second biggest positive contributor has been the portfolio's Currency strategy on the back of the strong gains coming from its diversified bucket of pair trades exhibiting anti-beta behaviour.
- The third most positive contribution sprang from the portfolio's Equity strategies, largely due to the solid performance of the low risk anomaly during the global growth scare sell-off (first half of Q1) and Brexit turbulence (late Q2) as well as the contributions generated by the more beta driven sub-strategies throughout the risky assets' rebound (second half of Q2).

None of the portfolio's SuperStrategies generated losses that substantially dragged on the performance YTD. The multi-strategy Fund, which was inceptioned in July 2011, uses various types of low-correlation investment strategies to provide dynamic exposure to multiple asset classes within a universe consisting of a subset of equities, fixed income securities and currencies. Alpha 15 implements different strategies through pair trades, combining a long position offset by short position, and aims to build a market-neutral portfolio over time in order to maintain impressive profits in the case of either upward market development or recession. Employing strict risk management guidelines with a focus on risk-adjusted returns, investors are offered a highly diversified portfolio with a high level of downside risk protection that translates into a realised volatility target of 10-11% p.a. (15% tail-risk volatility during adverse market environments).

The Fund's investment philosophy is to exploit inefficiencies from financial market valuations where information asymmetries are present or where there is trend dissonance. It is especially suited to experienced investors interested in long-term investments and prepared to accept short-term fluctuations in value. With returns over 21% since the beginning of the year, Nordea's Alpha 15 is proving the exception to difficulties elsewhere in the Alternatives universe.

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