

Announcing the winners: Best Nordic CTA 2016

Stockholm (HedgeNordic) – In what was a challenging year for the CTA industry overall, there were some funds clearly standing out from the crowd, significantly outperforming industry benchmarks. In the Nordic hedge fund space, both funds from IPM; Systematic Macro and Systematic Currency, had a stellar year with gains of 7.4% and 9.5% respectively which compares favourably to the NHX CTA index that gained 2.2% on the year (which was significantly better than global benchmarks).

IPM's Systematic Macro Fund was voted in first place in the category with Systematic Currency ending in third place. In second came the SEB Asset Selection Opportunistic Fund. In a comment to the performance of the winning Macro strategy Serge Houles, Managing Director and Head of Client Portfolio Management at IPM, says:

"2016 was a good year overall for the strategy with all but the relative bond portfolio finishing the year positive. The first quarter's strong returns were dominated by the dev. currency portfolio with long JPY and short GBP the principal drivers. The directional portfolio also delivered good performance from a long bonds and short equities positioning. In the second and third quarter the relative bond portfolio continued to suffer losses. However, strong gains in short GBP and long JPY positions following the Brexit referendum compensated these losses. The directional portfolio was also relatively strong in the third quarter mitigating some of the losses experienced in the relative bond portfolio. By the end of the year, relative equity and directional portfolios compensated for losses in the developed currency strategies following the Trump win."

Hans-Olvo Bornemann, who runs the trend following CTA, SEB Asset Selection, says that the year was marked by a very positive start and that the strategy managed to handle the turnaround in interest rates by the end of the year.

"Last year, we made very good money in bond and interest rate futures. At the beginning of 2016, we were long government bonds and had a fantastic January and February. At the very end of the year, the bull market in bonds turned into a bear market. After having lost some money at the inflection point, we started to make money by being short bonds in November and December. Equities were also contributing positively last year. Currencies were positive, but only marginally so."

In a year that was particularly challenging for trend following CTAs, SEB Asset Selection Opportunistic fund gained 10.2%. Commenting on what made the program stand out during the year, Bornemann says:

"Almost all of our competitors lost significant amounts of money on commodities last year. Since 2013, we have chosen to steer clear of commodities. This decision is partly based on the fact that the UCITS regulation makes it more complicated and more expensive to include commodity exposures into the fund. Partly the decision is related to the ultimate purpose of the fund. We have chosen to optimise the SEB Asset Selection

model in such a way that the client portfolio owning SEB Asset Selection receives the largest boost in its Sharpe ratio. Most of our competitors focus on achieving a high stand-alone Sharpe ratio for their funds. By contrast, we focus on boosting the Sharpe ratio of a typical client portfolio. "

The Category was supported and presented by Efficient Capital.

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