

# April Turnaround For Alchemy

Stockholm (HedgeNordic) – Alchemy Trading, the Norwegian Nordic Long/Short Equity Fund with a Scandinavian listed equities mandate, enjoyed returns of 3.4% in committed capital for the month of April, up from a -2.30% deficit in March and marking the reversal of a difficult start to 2017, leaving it -2.10% YTD. This is by comparison to a 0.57% rise for April so far on the Nordic Hedge Index (NHX) (+2.19% YTD)

Alchemy, which was inceptioned in 2012, targets double-digit returns with half the volatility budget and incorporates momentum-based strategies with prudent cash management and Kelly criterion inspired risk-management practices to maximize returns. Returns on capital deployed as per the Calmar ratio are emphasized, with the fund favouring flexibility and open-mindedness.

In a comment to the month's performance, Alchemy Portfolio Manager Jarle Birkeland explained April's improvement comes on the back of recovery in its top 3 positions in Ekornes (furniture), ABG (broker) and Strongpoint (IT). Tactically it increased its weighting in cyclical large caps, increasing its net exposure to 49%, partly due to YTD decline in Oslo breadth, at the expense of general improvement in large cap earnings. The fund is still maintaining a basket of fish-farming names benefitting from seasonality and oversold on weak sentiment. Going forward, it sees opportunity in large cap industrials on subdued inflation.

Alchemy, which maintains 36% liquidity, applies what is called a "strong conviction, weakly held" composure to the best 10-15 ideas from a universe of the 300 most liquid securities in Scandinavia. Sizing is a function of risk-management through application of trading expectancy and Kelly Criterion portfolio sizing principles. Portfolio construction is a summation of the best individual risk-adjusted returns, rendering whether it has a variable long or short bias somewhat arbitrary. Due to a multiple time framework and the combination of short-term catalysts seeking out seasonality or behavioural patterns, Alchemy is able to be selective as well as systematic about individual risk versus reward.

Alchemy was distinguished as the "Best Nordic Equity Hedge Fund 2015" at last year's Nordic Hedge Award.