

ALCUR Set to Join Losers' Club for First Time?

Stockholm (HedgeNordic) – ALCUR, a Stockholm-based long/short absolute return fund managed by Consafe Capital Advisors AB, is suffering one of its worst performance patches in its almost 11-year history. The fund posted a negative net-of-fees return of 1.05% in July, the fund's fourth consecutive month of negative performance.

Despite the lackluster performance delivered in the last couple of months, ALCUR is down a mere 1.10% since the start of the year through the end of July. Should the Nordic-focused asset manager fail to end the year in positive territory, the fund will register its first annual loss since its inception in January 2007. Returns for Nordic equity-focused hedge funds have been lacking in the past couple of months, and ALCUR is no exception. The NHX Equities Index fell for the third consecutive month in July, with the index dropping by 0.21% in May, 0.24% in July, and 0.58% in August.

ALCUR's July loss was mainly attributable to the negative share price development of some core holdings. The fund's positions in real estate services provider Prime Living AB and online reseller of sports and leisure products Sportamore were the biggest detractors from performance in July. The share price development of both companies was very strong in the first half of the year and the team behind ALCUR continues to believe in the long-term potential of these companies despite recent share price weakness. The fund's small holding in provider of cloud-based communications services CLX Communications AB was the third-largest detractor from performance in July, as the shares of the software company fell by a disturbing 20% after releasing a seemingly disappointing second-quarter report. The report revealed slightly higher costs than expected, but the ALCUR team believes the drop was a significant overreaction. They point out that a new theme emerged in July, characterized by strong criticism for the slightest disappointment on the part of growth companies.

Not everything went wrong for ALCUR in July though. The absolute return fund's short positions in bearing and seal manufacturing company SKF, lock manufacturer Assa, and medical technology company Getinge AB, as well as its long positions in SSAB, Lumi, Tele2 and Evolution Gaming, were the largest contributors to performance in July. ALCUR currently exhibits a low net market exposure, and the fund has made a number of adjustments to the portfolio portion comprising smaller-sized companies.

Although the July negative performance has put ALCUR on track for its first ever annual loss, there is enough time to turn things around. The fund has gained 62.7% since its inception, compared to the 29.9% rise delivered by the OMX Nordic 40 Index over the same time span.