

Defensively Positioned Copenhagen-Based Hedge Fund Gets Optimistic

Stockholm (HedgeNordic) – The Carnegie WorldWide Long/Short Fund, a fundamentally-focused hedge fund managed by Copenhagen-based Carnegie Asset Management, was down a mere 2 basis points (-0.02%) in August, bringing the year-to-date performance through August to 4.1%. The hedge fund generated a return of 0.25% in July and incurred a loss of 0.50% in the prior month.

The C WorldWide Long/Short Fund invests in public equity markets across the globe employing a combination of fundamental, bottom-up stock picking, together with top-down analysis. Specifically, the hedge fund takes investment decisions on the basis of a thorough analysis of company revenues, earnings, profit margins and other data. This analysis is combined with an evaluation of financial markets, with the aim of identifying global trends.

During the three summer months, the major equity markets across the globe were down between 4% (the United States, Europe) and 8% (Japan) in Euro terms, with only the Hong Kong Hang Seng Index managing to stay above water. European stocks suffered during the summer, weighted by the strength in the Euro. The team behind the C WorldWide Long/Short Fund anticipates the strength in the Euro to reduce earnings growth by about 3% over the coming year. However, this headwind is not expected to wipe out all earnings growth, considering the underlying strength in earnings.

The hedge fund's equity holdings in Japan-based manufacturing company Keyence, payment card companies Visa and MasterCard were the biggest contributors to performance in August. Keyence, a producer of sensors and vision products for factory automation, reported the strongest results during this earnings season among the companies residing C WorldWide Long/Short Fund's portfolio. Meanwhile, the fund's three largest detractors from portfolio return in August were the long position in Priceline (-41 basis points), the short position in producer of surgical glows Halyard Health (-19 basis points), and the long position in First Republic Bank (-16 basis points).

The C WorldWide Long/Short Fund, which manages EUR 37.22 million in assets as of the end of August, has been maintaining its net and gross exposure at low levels lately due to high valuations, discussions of tapering monetary stimulus and increasing geopolitical risks. The hedge fund's net exposure stood at 25.0% at the end of August, while the gross exposure equaled 81.9%. Should any of the aforementioned three factors improve, the Copenhagen-based hedge fund anticipates to increase its market exposures given that the fund is very defensively positioned at the moment amid signs of improving valuations. The fund's investment letter for August says "this is especially true in Europe, where the political risks seem to be receding gradually."