

Underwhelming August Performance for Nordic Equity Hedge Funds

Stockholm (HedgeNordic) – The universe of Nordic equity-focused hedge funds continues to amass losses, with nearly two-thirds of equity funds posting a negative return for August. The NHX Equities fell an estimated 0.14% in August (96% reported), representing the fourth consecutive month of negative performance.

The MSCI World Index, which captures large- and mid-cap representation across 23 developed countries, gained 0.14% in August, with the index advancing 2.93% during the three summer months. Meanwhile, Nordic equity markets, as measured by the VINX Benchmark Index, rose 0.95% in August and fell 0.83% in the three-month period that ended August 31. The Swedish equity market slumped during the summer, reflecting a downward adjustment in expectations of corporate earnings growth and reduced expectations for fiscal stimulus from the United States. The summer slump also reflects an unfavorable currency trend for industrial companies.

Nordic hedge funds, as measured by the NHX Composite, gained an estimated 0.13% in August (86% reported), a gain driven by the strong performance of CTA funds (read more details). The NHX CTA index rose 2.37% in July and 0.98% in August, after experiencing four consecutive months of negative performance.

Event-driven activist fund Accendo Capital was the best-performing equity-focused fund in August, returning an impressive 8.91%. The fund's August performance was mainly driven by gains stemming from the Haxatronic holding, an investment in a Swedish company specializing in fiber communications. The value of Accendo's concentrated portfolio soared by 19.15% in the first eight months of 2017, with the activist fund set to enjoy a third consecutive year of mouthwatering returns. The fund gained 49.06% in 2015 and 30.14% in the following year.

Healthcare-focused long/short equity fund Rhenman Healthcare Equity L/S and fundamentally-focused Bodenholm Capital were the next two biggest contributors to the performance of the NHX Equities. The fund managed by Stockholm-based Rhenman & Partners Asset Management gained 4.32% in August, boosting the year-to-date performance through August to 25.76%. This makes Rhenman Healthcare Equity L/S the best-performing Nordic equity-focused hedge fund so far in 2017. Meanwhile, Bodenholm Capital returned a slightly lower figure of 3.71%, bringing the fund's year-to-date gains to 9.11%.

Moving on to the losing side of the table, long/short equity fund Norron Select, one-man fundamentally-focused Pandium Global, and small-cap specialist Taiga Fund were the worst-performing equity-focused hedge funds in August. Norron Select generated a negative return of 3.86%, Pandium Global and Taiga Fund lost 3.35% and 2.65%, respectively.

Pandium Global, a one-man hedge fund seeking to invest in good companies with good management at a good price, has been struggling so far in 2017 after enjoying three years of splendid returns (i.e. 19.66% in 2014, 9.13% in 2015, and 14.17% in 2016). The fund is down 4.22% year-to-date. One should keep in mind Pandium Global aims to generate superior long-term returns for shareholders, and short-term volatility is not important to the fund's portfolio manager and, presumably, the fund's investors. Taiga Fund, which manages a concentrated, value-oriented and long-biased portfolio, has enjoyed five consecutive years of returns above 15%, and gained 2.27% year-to-date through the end of August.