Ambrosia winding down, cites difficult market environment

Stockholm (Hedgenordic) – The Swedish macro hedge fund Ambrosia, which started only two and a half years ago, is winding down citing dissappointing performance and uncertainty about when the current difficult market environment will come to an end. This according to an investor letter from Ambrosia's CIO, Torbjörn Olofsson *(pictured)*, that was republished on the website "investerardygnet".

In the letter, Olofsson states that the performance of the fund, which amounts to 30 basis points above the risk free rate per annum since inception of Ambrosia XL, has not been in line with the fund's ambition of delivering 500 basis points above the risk free rate per annum.

The letter further states that the market environment for macro hedge funds has been difficult in recent years, especially for funds focused on fixed income markets in Europe, including Sweden. Key reference rates have hardly moved for an extended time period and interest rate moves have been very limited. On top of that the QE-programs of central banks have had a profound impact on liquidity and prices, Olofsson writes continuing:

"Ambrosia have not managed to adapt its positioning to this new reality. We have had difficulties navigating in an envirionment of extremely low interest rates and strong growth. For a long period of time, at least 18 months, we have misjudged the development of interest rates in Sweden and to a certain degree also in Europe, which has resulted in weak performance for the fund."

"I cannot hold for certain that the years to come will not mirror the market environment we have experienced in recent years. In this perspective, I feel a growing anxiety regarding our ability to handle such a market environment in a good way."

As from the month-end of July, the fund will be managed passively as all active positions have been closed. Investors will be able to redeem fund units by the end of August, the letter states. No fees will be charged unit holders during the month of August.