

# Strong June Takes Alfa Axiom to Positive YTD Territory

Stockholm (HedgeNordic) – Reports and articles declaring trend following dead surface in the media quite regularly. But every once in a while, there are players in the industry proving the rumors of trend following's demise are significantly exaggerated. Alfa Axiom Fund, a trend-following CTA fund in the Nordic Hedge Index (NHX), booked an impressive 10.2 percent gain in June, the fund's third-highest monthly return since its inception in June 2014.

Alfa Axiom Fund, one of the quantitative hedge funds managed by Swedish asset manager Alfakraft Fonder AB, is a systematic trend-following CTA-type fund that trades futures contracts that have as underlying assets commodities and financial instruments such as metals, currencies, gas, bonds, equity indices, among others. The fund is designed to serve as a tool of diversification in a portfolio of stocks and bonds by maintaining low correlations with traditional asset classes.

Last month's 10.2 percent gain was a breath of fresh air for Alfa Axiom Fund, considering that the fund suffered three consecutive years of single-digit losses. Despite delivering a solid return in the first month of 2018, the fund's performance in the subsequent months has also been somewhat underwhelming. However, the trend follower is up 5.2 percent in the first half of the year following last month's massive gain.

According to Thomas Stridsman (*pictured*), Alfa Axiom's fund manager, the June performance appears to have been mostly attributable to the strength of the U.S. dollar that started in April-May. The strengthening of the Greenback against gold has resulted in a series of profitable short positions in the grain markets, as well as in precious metals such as palladium and silver. The fund's latest monthly letter to investors writes that the fund remains short most markets, except for crude oil.

Commenting on the June performance, Stridsman told HedgeNordic that "when these oversized moves happen, I am just as surprised as everybody else. But don't get me wrong, I am not surprised that they happen – after all, to generate them is what the model is designed to do. But when they happen makes me as happily surprised as everyone else."

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"It's always nice with some strong performance, but let's not forget that all good runs also come to an end with a losing month as some of the profits inevitably will be given back to the markets before the models can give their exit signals. That is simply just another fact of this game," Stridsman added.