

# Finnish Commodity Fund Relaunches with Increased Return Target

Stockholm (HedgeNordic) - Helsinki-based commodity fund MG Commodity changed its structure from a managed account to a Luxembourg-domiciled fund during the summer of 2018. The new fund called Northern Star MG Relative Value was launched on the first day of August and employs MG Commodity's original strategy. However, the new fund increased the target return to 15 percent from MG Commodity's 10 percent with an associated increase in anticipated annual volatility to 10 percent to attract a wider investor base. NS MG Relative Value has also joined the Nordic Hedge Index (NHX).

NS MG Relative Value Fund, launched under the umbrella of Finnish asset manager Northern Star Partners, is managed by Karri Lehtinen, the founder and portfolio manager of MG Commodity, and Northern Star's chief investment officer, Markku Malkamäki. The fund employs commodity option trading strategies on the 50 most liquid and seasonal commodity products. Specifically, NS MG Relative Value Fund seeks to take advantage of price differentials between commodity-linked option instruments stemming from the time value of options. In other words, the fund focuses on the "time decay" characteristics of options and does not attempt to forecast market directions.

Speaking of the strategy employed by NS MG Relative Value, Karri Lehtinen tells HedgeNordic that: "I have traded many different investment strategies in my past since 1996 and I believe the strategy behind NS MG Relative Value is certainly the best and consistent with different economic cycles." "The strategy has a unique return/risk profile that also offers excellent diversification benefits for traditional asset investors as well as hedge funds. Correlations to other asset classes are really low," he adds. Although the strategy may face small challenges during certain times, acknowledges Lehtinen, "the recovery from drawdowns has been remarkably fast."

The Luxembourg-domiciled fund aims to generate an annual return in the range of 12 to 15 percent over a business cycle. MG Commodity, meanwhile, generated a compounded annual return of 8.0 percent since its inception in September 2012 through the end of August of this year with a lower return target compared to the new fund. Karri Lehtinen, who has more than 20 years of experience in institutional, corporate and high-net-worth-individuals asset management, is responsible for managing NS MG Relative Value. Prior to joining forces with Northern Star Partners during the summer, Lehtinen served as portfolio manager for MG Commodity, EPL Commodity, Contango Commodity, as well as Contango Alpha fund.

Welcome to the Nordic Hedge Index!