

Nordea Equity HF Merges Into Multi-Asset Fund

Stockholm (HedgeNordic) – Nordea 1 – Stable Equity Long/Short Fund, a hedge fund employing a variety of equity strategies to generate returns that exhibit a low correlation with equity markets, was merged into a multi-asset hedge fund called Nordea 1 – 10 MA Fund on the last day of September. The merger is anticipated to benefit the merging fund's investors by creating efficiencies due to economies of scale as a result of spreading fixed costs over a larger asset base and providing investors with access to a more diversified investment approach.

Nordea 1 – Stable Equity Long/Short Fund Euro Hedged used to employ a range of strategies within the equity universe, which offered exposure to companies with relatively stable fundamentals that have been out of favor for a prolonged period of time. The merging fund, a member of the Nordic Hedge Index (NHX), has struggled to perform in recent years, with the fund recording four consecutive years of negative performance. The fund's investors gained access to a more diversified fund employing a wider range of strategies within multiple asset classes. The two funds share a number of similarities, including comparable risk profiles, similar degree of the use of derivatives, comparable fund types and return objectives.

Nordea 1 – 10 MA Fund uses an actively managed multi-asset strategy developed in-house at Nordea, with the fund receiving the highest rating from Lipper for two metrics – total return and consistent return over a three-year horizon – in its peer group. This rating is given to the highest 20 percent of funds in each peer group. The fund produced a cumulative return of 15.4 percent in the past three years. Nordea's 10 MA Fund employs a diversified risk premia approach and uses a bottom-up process coupled with an analysis of short-term market behavior to allocate capital to different risk premia and strategies. The fund oversees €1.82 billion in assets under management according to data provided by Morningstar.

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