Round Table: Uncovering Alpha in a “Fat and Flat” Equity Market

Stockholm (HedgeNordic) – Equity markets have enjoyed an almost uninterrupted run upward ever since bottoming out in early 2009, after the fallout of the financial crisis. Being exposed to „the market “, being exposed to Beta, or even leveraged Beta was a winning strategy over the last years.

Hedge funds, as a whole, have been painfully made aware by media, and more crucially investors, that they have been failing to piggyback on these megatrends and are falling behind on performance as well as defaulting on other promises they had been making. Managers struggle increasingly to justify fees they charge investors. Or, indeed, often fail to make the case to be a valid investment.

HedgeNordic gathered a group of Nordic hedge fund managers and allocators in a roundtable discussion on equity markets, and the possibilities of extracting Alpha, and, indeed, the value of it in a period of seemingly endless tailwind from Beta.

Claudia Stanghellini, who is responsible for the selection of external managers for the large Swedish state buffer pension fund AP3 with more than SEK 350 billion AuM, Jonas Thulin who heads the asset management team at Swedish Erik Penser Bank and Tomas Gylfe, who works on the asset allocation team at Handelsbanken Asset Management shared their thoughts from an allocator perspective.

With Origo Capital, Bodenholm Capital and Taiga Fund there were three managers at the table with us relying on long/short equity strategies. Tilted towards the Nordic markets, often with a long bias – especially stock picking, and a good hand identifying those crucial shorts are important Alpha contributors. An addition to the discussion came from Coeli Asset Management´s newly launched Coeli Altrua Macro Fund.

The discussion led by Aline Reichenberg Gustafsson looked into how hedge fund managers, and indeed allocators, may be preparing for a perfect storm on global equity markets, the increasing role sustainable investing has and the opportunities and challenges it brings, how market volatility can become more of a friend, rather than just a risk factor, and how new technologies, such as the blockchain, artificial intelligence, and big data may transform the financial industry.

In all, some great topics to get some Nordic Insights on to read: here!