Best Nordic CTA 2018

Stockholm (HedgeNordic) – The CTA sub-index of the Nordic Hedge Index hosts three of the 20 largest CTAs in the world: IPM Systematic Macro, Lynx, and SEB Asset Selection. Competition in the "Best Nordic CTA" award category is fierce. The award as the Best Nordic CTA of 2018 went to **Shepherd Energy Portfolio**, a multi-strategy futures-based trend-follower focused on the Nordic power markets. **IPM Systematic Macro Fund** received the second prize, while **Estlander & Partners Presto** took the third step of the podium.

Shepherd Energy Portfolio's First Podium and First Win

Shepherd Energy Portfolio is a one-of-a-kind vehicle in the Nordic Hedge Index. After enjoying the best two years of its 15-year history in the past three years, the Stockholm-based fund won the prize for the Best Nordic CTA at the Nordic Hedge Award. Shepherd Energy Portfolio, founded by lead portfolio manager Arne Österlind, employs both trend-following and relative-value strategies in the Nordic market for electricity futures.

With a cumulative return of 34 percent in the previous three years and a gain of nearly 14 percent in 2018 alone while most other peers showed losses, the team behind Shepherd Energy Portfolio proved their vehicle "represents an uncorrelated alternative to traditional asset classes that also generates a positive return on investment" according to Österlind. The fund's uncorrelated nature stems from a discretionary- and systematic-based investing approach that seeks to capture both short- and long-term trends in Nordic electricity markets.

"Being nominated as the Best Nordic CTA and winning this prize at this year's edition of the Nordic Hedge Award is further proof that we have succeeded in our hard work to provide a high risk-adjusted return," Österlind comments on the distinction. Österlind and his team at Shepherd always enjoy a good fight, and the fight for prizes at the Nordic Hedge Award is no exception. "Asset managers live to compete in financial markets, but to compete against other skilled managers is even better," concludes the founder and lead portfolio manager of Shepherd Energy Portfolio.

IPM Systematic Macro: Nordic Giant Takes Second Place

Informed Portfolio Management's flagship **IPM Systematic Macro Fund** reached the podium in the "Best Nordic CTA" category for a fourth consecutive year, having received the main prize twice so far. Although IPM Systematic Macro usually gets clustered into broader CTA indexes (including the NHX CTA, as well as other indices such as the SG CTA Index and the Barclay BTOP50 Index), the vehicle is designed to "serve as a diversifier to the main source of diversification: trend-following CTAs" according to IPM's CEO, Lars Ericsson.

"We are a systematic macro manager and not a CTA, and we aim to diversify against exposures to equities and CTAs," Ericsson told the audience at this year's edition of the Nordic Hedge Award. "Our investors should not expect us to perform exceptionally well in very strong bull markets, but we expect to perform when there are hiccups and turning points in financial markets similar to the ones experienced in February or December of last year," he added. The fund's performance during 2018 provides evidence to Ericsson's arguments.

Despite gaining a mere 1.9 percent last year, IPM Systematic Macro Fund enjoyed strong returns in February, October, and December, exactly when most other strategies struggled. IPM's systematic macro strategy, which relies on a systematic, fundamental, mainly relative-value investing approach,

does serve as a source of diversifying returns. “We set out to be a diversifier from the outset,” said Ericsson.

Estlander & Partners Presto: Fade out in Style

Both big and small hedge funds stand a chance at winning prizes at the Nordic Hedge Award, with **Estlander & Partners Presto** being a case in point. Presto, one of several funds managed by systematic asset manager Estlander & Partners, employed a systematic short-term trend-following approach until the fund merged into another vehicle earlier this year. Given the lack of long-lasting trends in financial markets throughout 2018, the short-term focus helped Presto book an annual gain of eight percent last year.

“We, of course, knew 2018 was a tough year for CTAs in general and were happy to see positive diversification from our short-term models in the Presto programme. But considering the high quality of the other players in the Nordic CTA market, we were surprised when we received the news of the nomination,” CEO Mathias Österberg tells HedgeNordic.

With assets under management of less than €3 million throughout the entire 2018, Estlander & Partners Presto was merged into another vehicle this year. Whereas Presto no longer is on offer as a stand-alone investment product, the strategy continues to operate as part of the firm’s other investment products.

As Österberg points out, “short-term trading as in the Presto programme is so dependent on good work in many areas – data and software quality, systems stability, trading slippage, the capacity of back- and middle-office, etc. – in addition to quantitative analytics associated with ‘regular’ systematic trading. Being in the top three is truly a team achievement and an award for the team as a whole.”

The “Best Nordic CTA” award category was supported and presented by Efficient Capital Management, who have partnered with the Nordic Hedge Award for the seventh year running.