

Best Nordic Equity Hedge Fund 2018

Stockholm (HedgeNordic) – Equity hedge funds account for one-third of the entire Nordic hedge fund industry, which makes competition for the top spot on this category's performance leaderboard fiercer than in other groups. Losses on equity markets in October and December more than wiped out the gains made by the average member of the NHX Equities in the first nine months of last year.

Several members of the NHX Equities, however, not only managed to mitigate losses but also managed to deliver strong returns in what turned out to be a painful year for most equity-focused fund managers. **Gladiator Fond**, a two-man fund led by Max Mitteregger, stood out from the crowd last year after delivering 19.7 percent. The fund was recognized as the Best Nordic Equity Hedge Fund at this year's edition of the Nordic Hedge Award ceremony.

Gladiator Fond: Best Nordic Equity Hedge Fund of 2018

Although many variables decide the winners of the Nordic Hedge Awards, both the quantitative model and the jury board have reached a consensus on the winner in the "Best Nordic Equity Hedge Fund" category. In addition to gaining almost 20 percent in 2018, the Stockholm-based long/short equity fund maintaining a very concentrated portfolio earned 14 percent per year on average in the three years starting 2016 and an annualized return of around 16 percent since 2009. The fund's short- and longer-term returns are both impressive, but its 2018 performance did stand out indeed.

Given the concentration of Gladiator Fond's portfolio, where each of the three largest holdings accounts for 10-15 of the portfolio, "the main drivers of last year's performance are the five or six biggest names in the portfolio," says Max Mitteregger. "It was just a coincidence that a couple of my big names performed extremely well during the year," he plays down the fund's successful 2018. "I am very proud and happy to have been nominated for the Nordic Hedge Award," says Mitteregger. "We received second place before in the same category, so hopefully we win the main prize this year," he told HedgeNordic before the ceremony.

And indeed, Gladiator Fond received four trophies at this year's Nordic Hedge Award. "Winning all these awards at the Nordic Hedge Award is a milestone for us, it's an honor for us to be named the best equity hedge fund and the best hedge fund in the Nordics," Mitteregger comments on the distinction.

PriorNilsson Idea's Successful Stock Picking Earns Second Place

PriorNilsson Idea, a long-biased long/short equity fund managed by Torgny Prior, came in second place at this year's ceremony. The Stockholm-based fund rounded up last year's top ten list of best-performing Nordic hedge funds after gaining seven percent. "The 2018 performance was a result of successful long positions and well-timed hedging during the latter half of the year," portfolio manager Prior comments on the performance.

More specifically, "the fund had large long positions in manufacturers of telecommunications equipment Ericsson and Nokia. During the year, the fund also had large exposure to real estate companies such as Trianon, Castellum, and Brinova." The fund did maintain short positions in real estate companies with a large proportion of shopping centers in their holdings, but "individual short positions were primarily focused on the automotive industry with short positions in both car manufacturers such as Daimler and Volkswagen and subcontractors such as Continental, Autoliv, and Faurecia," according to Prior.

This year's second-place prize represents PriorNilsson Idea's first appearance among the winners at the Nordic Hedge Award. "It's a great honor to be nominated to the Nordic Hedge Award and win this prize," Prior comments on the achievement.

Sector Healthcare Fund: Brings Market Neutral to the Podium

Sector Healthcare Fund, an equity market-neutral fund focusing on the global healthcare sector, claimed third place in this category. The Norwegian fund is the first ever appearance of a market-neutral fund among the top three funds in the "Best Nordic Equity Hedge Fund" category at all editions of the Nordic Hedge Award. Managed by Trond Horneland and Trond Tviberg, Sector Healthcare Fund gained 3.6 percent in 2018 and earned an annualized return of 7.6 percent since launching in September 2005. "It is wonderful to be recognized at the Nordic Hedge Award and we would like to thank all our investors for their continued support," the Sector Healthcare team comments on this achievement.

"The stock picking environment during 2018 was challenging to say the least," said the portfolio managers of the market-neutral fund. After the February sell-off in equity markets, "the healthcare sector rallied until the end of September hitting record highs in the process, before being caught up in the fourth-quarter volatile risk-off environment." Sector Healthcare Fund navigated quite well through the fourth-quarter risk-off environment and has only recorded one year of negative performance in more than ten years of operations (the fund was down 1.1 percent in 2011; yet made 11 percent in 2008).

Having ended 2018 with a net market exposure of 2.5 percent, the portfolio management team reckons "2019 could be another challenging year for pure beta. In terms of healthcare as a whole and our strategy, in particular, we do not see any material change to our generally positive opportunity set heading into the new year."

The "Best Nordic Equity Hedge Fund" award category was supported and presented by Northern Trust.