

Best Nordic Fixed Income Hedge Fund 2018

Stockholm (HedgeNordic) – Up until this year, all podium winners in the “Best Nordic Fixed Income Hedge Fund” category of the Nordic Hedge Award had been Danish-based funds. **Scandinavian Credit Fund**, a Stockholm-based direct lending hedge fund, ended this Danish domination after receiving the award for the Best Nordic Fixed Income Hedge Fund of 2018. Two Danish funds, **HP Hedge Danish Bonds** and **Asgard Fixed Income Fund**, took the remaining two podium’s steps.

In the past three years, it has been tough to stand out from the crowd of Nordic fixed-income hedge funds, as this group outperformed all remaining strategy categories within the Nordic Hedge Index. Fixed-income vehicles generated the highest average returns in both 2016 and 2017, as well as lost the least amount of money last year as a group.

Scandinavian Credit Fund Ending the Danish Hegemony

Scandinavian Credit Fund, the first (and so far only) Nordic alternative fund focused on providing short-term senior secured direct loans to small and mid-sized companies, is the first non-Danish fund on the podium in the “Best Nordic Fixed Income Hedge Fund” category of the Nordic Hedge Award. After already having won the “Rookie of the Year” award in 2016, Scandinavian Credit Fund finally ended the Danish domination.

“It is an honor to be a member of such a skillful community,” Fredrik Sjöstrand, founder and CEO of Kreditfonden, says on being nominated at the Nordic Hedge Award. Managing less than €40 million around the time the direct lending vehicle received the “Rookie of the Year” award, the fund has grown to manage well above €300 million three years later.

Commenting on receiving the main prize in the “Best Nordic Fixed Income Hedge Fund” category, Sjöstrand says the nomination itself and the top prize in particular are “a very nice recognition of the work we do and have done so far.” Scandinavian Credit Fund earned an annualized return of 7.3 percent since launching in January 2016, exhibiting an annualized volatility in returns of 0.69 percent and achieving a Sharpe ratio of around ten.



Fredrik Sjöstrand with Scandinavian Credit Fund's two Prizes on the Night

HP Hedge Danish Bonds: First Appearance on the Podium

HP Hedge Danish Bonds, managed by Henrik Fournais, Michael Nielsen, Thomas Loldrup Kjær and Mark Gerts Rentzmann Jøns, reached the podium at the Nordic Hedge Award for the first time despite enjoying a strong run of performance post-2008.

"We are very proud of our hedge fund receiving the recognition from HedgeNordic with this award," Henrik Fournais comments on receiving the second-place prize. "We are very humbled to receive the acknowledgment. We have worked for over ten years on the fund and there were only a few competing funds when the fund was launched. The wide range of competing funds today only makes this award even more valuable," Fournais adds.

The hedge fund aims to capitalize on yield spreads in the Danish mortgage market and earned an annualized return of 13.7 percent in the previous ten years by doing so. HP Hedge Danish Bonds had only one down month in the three years between 2016 and 2018. "2018 was a difficult year to navigate. Interest rates were on a very low level in a historical context and 2018 was a year of much uncertainty. However, despite all of this, the fund matched the absolute return goal and only had one month with a small negative return," Thomas Loldrup Kjær dissects the fund's performance for the past year.

HP Hedge Danish Bonds predominantly invests in high-coupon Danish mortgage bonds, as well as allocates capital to low-coupon and non-callable mortgage bonds. Following the success of the flagship fund, which was also among the five nominees for the "Best Nordic Hedge Fund Overall" award this year, HP Fonds launched a younger vehicle with a broader investment mandate in the

second half of last year. The sister fund, HP Hedge Fixed Income, is one of the best-performing Nordic fixed-income hedge funds this year.

Asgard Fixed Income Fund: A Familiar Name on the Podium

The flagship Asgard fund, which runs a classic fixed-income arbitrage strategy, has been on the podium in the “Best Nordic Fixed Income Hedge Fund” category in all seven editions of the Nordic Hedge Award, winning the top prize four times. Despite delivering a modest 1.4 percent gain last year, **Asgard Fixed Income Fund**’s performance in the previous two years helped the fund emerge as a contender in this year’s race for the best Nordic fixed-income hedge fund title.

Asgard Fixed Income Fund’s longer-term performance is even more impressive, as the fund led by Morten Mathiesen – Chief Investment Officer of Moma Advisors, registered only one year of negative performance (down four percent in 2008) since launching in July of 2003. The fund earned an annualized return of 13.3 percent since inception, ranking as the all-time best-performing fixed-income hedge fund in the Nordic Hedge Index.

The fund’s investment strategy focuses on relative-value investment opportunities in European fixed-income markets with a Scandinavian focus, with the fund investing in anything that offers a risk premium that does not involve credit risk.

The “Best Nordic Fixed-Income Hedge Fund” award category was supported and presented by Harvest Advokatbyrå.