

# Rookie of the Year 2018: SEB Eureka



Stockholm (HedgeNordic) – Whereas Nordic hedge funds with track records of less than 36 months don't have a shot at receiving awards in our main categories, the youngest hedge funds on the Nordic arena do compete for the Rookie of the Year award every year. Already presented for a fourth consecutive year, this prize rewards the most promising hedge fund debut of the passing year.

All hedge funds domiciled in one of the Nordic countries or with strong ties to the Nordics launched between October of 2017 and September of 2018 that are constituents of the Nordic Hedge Index qualified as potential candidates for the Rookie of the Year award. 2018 was a busy year in terms of new hedge fund launches in the Nordics, and so was the second half of 2017. A total of 18 new hedge funds launched between October 2017 and September 2018 qualified for this year's Rookie of the Year award, the fiercest competition in this award category across all editions of the Nordic Hedge Award.

The 2018 Rookie of the Year award went to... **SEB Eureka Fixed Income Relative Value Fund!** Calculo Evolution Fund and Adrigo Small & Midcap L/S were close contenders for the award after the jury board's votes have been cast and counted.

## **Before Passing the Mic to the Rookie of the Year, how is the Winner Decided?**

For this special award, the usual selection process that relies on both qualitative and quantitative assessments is not applicable, as the methodology used in other award categories would not create an equal playing field for the younger generation of funds. First, the quantitative screening performed to nominated contenders in each category cannot be performed, as rookies, by definition, have a limited track record. Second, even if a quantitative screening were to be applied, the approach would not create an equal playing field for funds due to different lengths of their track record, as well as different investment strategies. The winner in this award category, therefore, has been selected based on the expertise of a peer group jury composed of other Nordic hedge fund managers.

The five-member jury board had the difficult task of assessing which funds they would be most comfortable investing in, which ones would be most likely to reach their target performance, and which ones were better positioned to become billion-dollar funds or star managers. The members of the jury were given full discretion in choosing the criteria they felt most comfortable with, with the final aim being to select the most promising hedge fund launch.

The jury board was suggested with a few guiding questions such as “How unique or original is each fund’s strategy?” or “How well does the past experience and track record of the managers predispose them to be successful managing such a strategy” or “What is the quality of the supporting structure: number of people in the organization, proven track record or past experience of the back office and other key functions including risk management?”

This year’s jury board assembled for the Rookie of the Year award was composed of Eyvind A. Holt, head of active management at KLP Kapitalforvaltning; Daniel Pedersen, chief investment officer at Moma Advisors; Thomas Elofsson, portfolio manager at Catella; Stefan Roos, managing partner at Origo Capital; and Søren Astrup, director at Formuepleje Asset Management.

## **Introducing the Rookie of the Year: SEB Eureka**

“Everyone in the portfolio management team of SEB Eureka Fixed Income Relative Value is happy and proud to win HedgeNordic’s Rookie of the Year award,” chief investment officer Bo Michael Andersen comments on the

achievement. “Given the challenging market environment for a number of hedge funds globally, we are happy to see that our Scandinavian Fixed Income Relative Value Strategy worked out well in the volatile market environment in 2018,” he adds.

The fund currently managed by CIO Andersen and portfolio manager Tore Davidsen predominantly invests in the Scandinavian covered bond market. The strategy may not be unique, but SEB Eureka’s approach to investing differs quite a bit. Whereas “an important pillar of our strategy involves holding leveraged positions in mispriced covered bonds,” the active management of the covered bond portfolio and the use of other relative-value strategies such as relative-value trades in Danish callable mortgage bonds are essential pieces of the fund’s investment approach too. As Andersen explains, “we are trying to run a more diversified approach by employing a wide range of strategies that are uncorrelated in nature.”

Andersen has been building up experience in fixed-income markets since 1996 and had tested the strategy behind SEB Eureka before the launch. SEB Eureka was launched on January 15 last year with around DDK 1 billion from seed investors, most of whom already knew what Andersen was made of. Fast forward one year, the two-member team, soon to be expanded with the hiring of another portfolio manager, already manages north of DKK 2 billion in assets. “We expect to raise another billion DKK within 6 to 12 months,” Andersen told HedgeNordic in mid-February of 2019.

“We believe and hope that winning the Rookie of the Year award can be a door-opener for us to promote our Scandinavian focused Fixed Income Relative Value Fund towards the international investor community,” says Andersen. “We want to extend our sincere gratitude to HedgeNordic for hosting the Nordic Hedge Award, and at the same time, for the ongoing in-depth coverage of the Nordic hedge fund industry,” he concludes.

The “Rookie of the Year” award was supported and presented by HedgeNordic.