



Nektar's Farewell Message

Stockholm (HedgeNordic) - Earlier this month, [Nektar announced](#) it would liquidate all positions and close the fund, following the redemption of their largest investor, Brummer Multi-Strategy Fund. In Nektar's final monthly review and farewell letter to investors and partners, Gunnar Wiljander (CEO) and Martin Larsén (Deputy CIO) take the opportunity to thank their partners, business and relations and employees for "a magical ride" that lasted 21 years.

The letter reflects on some of the reasons that lead to the liquidation of the Nordic's oldest hedge fund and states: *"The marketplace is constantly changing, and Nektar's portfolio managers have always been encouraged to try out new strategies and explore new avenues. Over the years, complexity has increased. Our organisation was able to trade anything with anyone, anywhere. This privilege required a lot of resources, and the costs could be borne for as long as everything was going well but became increasingly hard to justify as the fund's performance started to lag. Nektar's business can be likened to running a Formula One racing team and is extremely costly. As we now wind up our business, the main reason is that our spectators and sponsors have left us to the extent that it is no longer financially viable to continue."*

There were, however, also words of caution and warning: *"A key reason why our returns have lagged in recent years is the central banks' exceptional and*

extended intervention in the markets. A large price-insensitive player can have a beneficial impact on one's position taking. Less positive is its striving to reduce price fluctuations and prevent financial prices from reflecting risks in the real economy. Over brief periods, it is possible to resist such ambitions but in the long run it is exhausting. A constant hunt for yield is a strong drive, and this is true also of Nektar's clients. At Nektar we have always said that the fund should be viewed as one element of a larger traditional portfolio. Congratulations to those who have adopted this diversification approach, as the total return over the past few years has been fantastic! Yet a growing number of our investors have over time been forced to, or chosen, to take on more and more risk. Meanwhile, awareness of Nektar's portfolio diversification properties has diminished, as these have not been stress-tested. We believe that when the music stops investors will discover that their portfolios have a higher risk and are less diversified than they imagined or would have liked."

Farwell, Nektar! There is a fair chance we will fall back to your cautioning, when, indeed, the music stops. It was a great ride, and a privilege to have such a fund and talent pool of people within the small universe of funds we at HedgeNordic cover. I am sure, our paths will cross in future, and we are looking forward to all the great things that will come out of the seeds you have planted over the years. Some of your fellow Swedes said it better than we ever could: thank you for the music!

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