

Bodenholm Clinches its Best Month Too

Stockholm (HedgeNordic) - As the intensified trade tensions sent markets tumbling last month, at least two Nordic hedge funds achieved their best monthly performance on record. One was systematic market-neutral fund **QQM Equity Hedge**; the other was fundamental equity long/short fund **Bodenholm**. The fund founded by Per Johansson (*pictured*) gained 5.3 percent in May, its best month since launching in September 2015.

Bodenholm's performance last month was attributable to the team's bottom-up stock selection process, as "both the fund's long and short books had a strong alpha contribution in May" according to Per Johansson. "The positive performance was broad-based across stocks," he tells HedgeNordic, emphasizing the significant contribution from German digital publisher Axel Springer. The publisher "received takeover interest after we had been piling up a large position near lows." Bodenholm had a beta-adjusted net market exposure of 19 percent at the end of April, and the exposure was close to zero throughout the month of May, hence "no tailwind or headwind from market moves."

Bodenholm employs a Europe-focused fundamental equity long/short strategy with a global mandate, building a concentrated portfolio of "idiosyncratic ideas both on the long and short side using bottom-up stock selection." According to Johansson, the fund's portfolio of idiosyncratic ideas "has performed in any market environment since inception." Although the quality bias in its long positions can play to Bodenholm's advantage when investors load up on higher-quality stocks, "stock-specific drivers limit the fund's exposure to any factors and macro events."

With markets and most equity funds falling in unison last month, Johansson drew comparisons between the fourth quarter of last year and the month of May. "A majority of long/short managers have been running their portfolios with a large long-bias over the last years and started to experience more volatility in their returns," Johansson tells HedgeNordic. "2018 was a very bad year where one quarter erased all returns and took the group's performance into negative territory for the full year," says Johansson, adding that "the same happened in May where a lot of long-biased funds gave up most of their year-to-date gains in one month."

The founder of Bodenholm emphasizes the importance of shorting in the current environment. "We believe that successful shorting will be much more important in the pursuit of attractive returns going forward." Not only a low exposure to equity markets is essential in the current environment, argues Johansson, but the short alpha-generation is equally important. "Bodenholm should be well suited for this environment given that we have four investment analysts and two forensic accountants focusing on our short book."

Commenting on the progress of the UCITS version of Bodenholm's long/short equity strategy, Johansson tells HedgeNordic that "Bodenholm Absolute Return is receiving a lot of international interest and the fund's assets under management are close to \$200 million within three months of going live." Bodenholm earned an annualized return of 7.3 percent since launching in September 2015 and is yet to incur a year of negative performance.