

Elementa Turns the Page with Best Month on Record

Stockholm (HedgeNordic) – Niche long/short equity fund **Elementa** is turning over a page as prior bets are paying off big time. Last month, the Stockholm-based fund founded and managed by Marcus Wahlberg (*pictured*) achieved its best monthly performance since launching in March 2015.

Elementa, a long/short fund specialized in Nordic small and mid-sized companies, achieved a return of six percent in July, bringing the year-to-date performance to 7.8 percent. Commenting on this year's performance, Marcus Wahlberg tells HedgeNordic that "Elementa has seen a strong 2019 year-to-date performance," further clarifying that "the main drivers of this, including July's net +6.01% return, are from investments made several years ago."

Elementa employs a research-intensive investment approach that involves searching for companies with strong growth prospects, business model scalability and strong cash flow generation. "At Elementa we strive to understand every aspect of the business models of the companies in our universe in order to find those with sustainable competitive advantages," explains Wahlberg. Such companies that possess strong cash flow generation and good prospects for growth "may become an interesting investment to Elementa," according to Wahlberg, who emphasizes that a low current valuation relative to the potential is also essential.

Long-term investing in small and mid-cap companies, just as all long-term investing, takes patience. "One of the main challenges operating in the small and mid-cap space is the time it takes to build the desired size of each investment," acknowledges Wahlberg, emphasizing that this challenge explains "why long-term thinking is necessary". Following two years of strong performance right off the bat, Elementa had two years of relatively muted performance in 2017 and 2018. The Stockholm-based fund successfully navigated last year's market volatility after gaining 1.8 percent for the year and 1.1 percent in the fourth quarter alone.

This year, Elementa appears on track to reach its long-term goal of delivering 12 percent annually. "As one of our primary goals is to find under-the-radar companies that have the potential to become popular in the future, we expect to have to wait a reasonable length of time before each investment comes to fruition," explains Wahlberg. Regardless of short-term price movements, the team at Elementa takes "great comfort in our investment research and believe our way of constructing the portfolio gives a good opportunity to reach our goal of delivering at least 12% net return on average per year over longer investment horizons, at a lower risk than a broad Nordic index," concludes Wahlberg.