

Special Report: Equity Strategies & Value Investing

Stockholm (HedgeNordic) – HedgeNordic is pleased to present our latest special report, this one on various equity strategies with a special focus on value strategies.

The report is available for free download, here: **Equity Strategies & Value Investing**

Featured Articles:

- Defensive Growth Story Continues
- Liquid Alternative to Private Equity
- Investing in Founder-Led Companies
- In an Arms Race for Returns
- Broad Pathway to Alpha Generation
- Sweden's Riskiest Fund – or a Silver Bullet for a Precious Metal Rally?
- Concentrate. Focus. Engage.
- Iterative Loop and Energy Transition
- In Focus: Value Investing
- What is Value Investing? Here's what my teacher says.
- If it's broken – fix it!
- Upside Potential is Overrated. Downside Protection Underrated
- One Value Strategy, Two Sources of Alpha (Perhaps Three)
- The Value in Sustainability
- Small-Cap Premium: A Factor That Matters
- O Value, Where Art Thou?
- An Unorthodox Value Approach
- A Balanced Approach to Growth and Value Investing

Intro and Editor's Note to the Publication

“Alles hat eine Ende, nur die Wurst hat zwei” (literally: everything has an end, only a sausage has two). This German expression is often used to explain– often to children – that all good things

eventually come to an end. The phrase also became a children's song that is at times embarrassingly abused during carnival and very well established in German.

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The exception to this "rule," if you like, seems to be with global stock markets that continue rising, unimpressed by anything you throw at them. Gloomier trade wars, threats of impeachment of a sitting US president, economic slowdown, some signs of a US recession...

You may have already forgotten, but roughly a year ago, between October 3 and December 24, global stock markets plummeted. The S&P 500 fell by 19.6% and the S&P/TSX Composite Index dropping by 14.2%. It was the first time since 2008 that the S&P 500 showed up dressed in red on New Year's Eve.

It appeared as if the 10-year post-recession bull run was finally reaching its end. While investors tend to overreact anytime the market falls, even by a couple of percentage points, the concern seemed warranted. Company earnings grew by 13.1% in Q4, down from 25.7% in Q3; global GDP growth started to slow; the S&P 500's price- to-earnings ratio was about where it was in mid-2008 and yield curves appeared to invert, which is usually a sign of bad things to come.

But it seemed all it took was a good night's sleep and some Aspirins to get the party going again.

So, why are stocks still climbing? One explanation, of course, is the low yielding environment in fixed income markets, with no signs of rising rates on the horizons. Low rates also mean people can continue borrowing cheaply, which helps fuel consumption and economic growth—and the more people spend the better it is for company earnings. There's also no immediate threat of rising inflation, while job numbers on both sides of the Atlantic are still strong. These are all good things for stocks. In fact, the climb earned itself a nickname, the TINA market. It stands for There Is No Alternative, which simply means that because central banks around the world were holding rates so low, investors had little choice but to buy stocks.

Another reason may be deeply human. Many having been calling an end to this increase in stock market prices, many times in the last decade, and simply cannot bear being wrong again and are riding the wave while it lasts. Not out of conviction but out of resignation and realization that in the end, the market is always right.

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In an interview with the New York Times JC O'Hara, the chief market technician at MKM Partners said: "This has been called the most unloved bull market in history, but it will be the most highly anticipated bear market whenever the next one comes around."

One area within the wide field of equity strategies that left a bitter taste to investors for many years now, is Value Investing. HedgeNordic's editor, Eugeniu Guzun though has a sweet tooth for value investing, and is persistently arguing for value investing like an apostle. He highlighted various

angles, approaches and styles in the value space in this publication. He even went as far as to bring his former university professor Kenneth Marshall and pick his brains for this issue.

In my native German language, we have another saying involving a sausage. (We do like our sausages!). *Es ist mir Wurst!* (It is sausage to me!) This expression is used when you want to express “I really don’t care”. So, in this sense, ideally it should be sausage to investors if equity markets go up or down. Portfolios should be well enough diversified and robust to be able to handle market swings.

Easier said than done.

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