

A Message from Davos

Stockholm (HedgeNordic) – Swedish hedge fund house **Brummer & Partners** was founded almost 25 years ago and the journey is far from over. Brummer & Partners operates in “a survival of the fittest type of business,” says **Mikael Spångberg** (*pictured*), CEO of **Brummer Multi-Strategy**, in an interview at the World Economic Forum in Davos. “It is pure Darwinism. You need to adapt, meaning delivering the risk-adjusted returns driven by alpha,” sustainably and over the long term.

Overseeing more than €10 billion in assets under management, Brummer & Partners has been the largest hedge fund player in the Nordics for many years. On the question of what sets Brummer & Partners apart, Spångberg says that “there is no secret sauce or magic formula.” Instead, the competitive edge and differentiation stem from “a set of powerful structures, principles and processes that have been developed and tested throughout time.”

The Swedish hedge fund manager’s flagship fund – Brummer Multi-Strategy – is built on the multi-strategy concept, where the fund invests in the single-strategy hedge funds within the Brummer & Partners family. The multi-strategy fund invests in a “set of different hedge fund strategies that complement each other,” which are then combined and optimized to generate good risk-adjusted returns in a multi-strategy concept.

Discussing the past decade and the next ten years ahead, Spångberg says that “it is easy to see and conclude that the last decade was truly extraordinary for financial markets and risky assets in particular.” The portfolio manager responsible for Brummer’s flagship fund refers to the returns enjoyed by investors in the last decade as extraordinary. “There have been many powerful structures in place and forces to generate this level of returns,” argues Spångberg. The expansionary monetary environment has been the most imperative.

As “the effects of monetary policy are diminishing,” according to Spångberg, “in this new decade that lies ahead of us, the risk-reward picture will look completely different” and take a turn for the worse for all investors. Spångberg suggests that both retail and institutional investors should be “much more careful assessing the risk-reward ratio of the investments that you are looking at.” Therefore, portfolio construction and sources of diversification should be one everyone’s agenda going forward.

Discussing the topic of sustainability, Spångberg says “my main takeaway or advice if I may when it comes to sustainability is that each firm has to define what sustainability means to them.” Despite sustainability always being important for Brummer & Partners, the team has been working more intensely in the past few years to understand “what sustainability means for us, both in terms of investment activities but also when it comes to us as a business.”