

Shining When Things Turn Ugly



Stockholm (HedgeNordic) - The risk-off environment in January triggered by the coronavirus outbreak played into the hands of **Volt Diversified Alpha Fund**, a Stockholm-based vehicle that relies on machine learning and fundamental data to capture price moves across various markets. The fund gained 5.7 percent in January, its best month since launching in March 2017.

Volt Diversified Alpha Fund is powered by the Volt Program, a diversified systematic trading program that applies machine learning to the major asset classes through the use of futures. Fundamental in nature, the program predominantly seeks to capture price moves motivated by changes in underlying economic factors. The Volt Program also relies on technical indicators for risk management, trade timing and execution.

Whereas “the risk-off environment had only a short-lived impact on equities,” according to the team at Volt, “both energy and soft commodities saw significant selloffs.” In contrast, the U.S. dollar and bond markets rallied. Commenting on the January performance, CIO **Patrik Safvenblad** (*pictured*) says that “the Volt Program profited from the negative market sentiment” last month. “Short positions in soft commodities and long positions in fixed income made the largest contribution to profits,” further explains Safvenblad. “Metal and energy trading also made a positive contribution,” whereas the trading activity in currencies and equities detracted from performance.

Although the Volt Program maintained low net exposure to equities during January, “the net performance was negative primarily as a result of a long position in U.K. equities.” The program’s currency trading also incurred losses, mainly stemming from a short position in the U.S. dollar against the Canadian dollar and the Euro.

Volt Diversified Alpha Fund was among the ten best-performing hedge funds in the Nordics in 2018, a challenging year for most investors and fund managers. The fund gained 7.9 percent that year but gave back some of the gains towards the end of last year, as the Volt Program was positioned for a weakening global economy. November was a difficult month for the Volt Program, as long positions in fixed income and precious metals and short positions in equities detracted from performance.