

# Titan Sends Money Back to Investors

Stockholm (HedgeNordic) – **Titan Opportunities Fund**, a fund founded by Norwegian Espen Westernen (*pictured*), is shutting down. The fund started investing in June of 2016 after the massive price decline of crude oil hit both equity- and credit-related securities issued by oil companies. As “the market did not develop as we expected when we established the fund in June 2016,” Westernen tells Finansavisen, Titan Opportunities Fund will cease to operate and return the capital to its investors.

The team running Titan Opportunities Fund relied on their cyclical investing experience, distressed investing expertise and sector specialization to invest in stocks and bonds issued by companies operating in cyclical and commodity-related sectors. The fund returned almost 57 percent since its launch in June 2016 to the end of 2017, followed by a loss of 23 percent in 2018 and a nearly three percent-decline in 2019.

Whereas the broader stock market has performed strongly since the fund’s inception, the energy sector has lagged behind over the past couple of years. “We have done a good job at identifying some opportunities in the sector, but we had overestimated the potential for recovery following the downturn in the aftermath of the fall in oil prices in 2014,” Westernen tells Finansavisen. “We have not been able to deliver the return we had hoped to achieve,” he adds.

The increase in shale oil and gas production in the United States represents one reason the energy sector has developed differently than initially expected. “We expected the oil industry to recover sharply, but underestimated the scale and importance of American shale oil,” acknowledges Westernen. “At the same time, we failed to adequately take into account the rapid shift in investors’ interest towards ESG-related investments,” he emphasizes.

Titan Opportunities Fund delivered a cumulative return of 17 percent since launching in mid-2016 to the end of 2019. The strong performance in the first two years “unfortunately turned around and much of the accumulated returns disappeared during 2018 and last year,” says Westernen. “Now we take the consequence of this and send the money back to our investors.”