

Put to the Test on Day One

Stockholm (HedgeNordic) – DNB Asset Management launched a multi-strategy, multi-asset absolute return fund on February 25, during a week that saw some of the largest stock market declines since the financial crisis of 2008. As one turbulent week ended, **DNB Fund Multi Asset** faced a few more weeks of heightened volatility, uncertainty and falling prices. “It would be a lie not to say that it has been a challenging start,” portfolio manager Anette Hjertø tells AMWatch.

Despite launching in an extremely challenging market environment, DNB Fund Multi Asset was down 4.7 percent month-to-date through March 17. The fund is down 6.3 percent since launching on February 25. “Considering the market development, the fund has delivered as expected,” says Hjertø, who is part of a three-member team responsible for managing the fund. “We would have, of course, preferred to start off with a positive return,” she adds.

DNB Fund Multi Asset employs a total of six sub-strategies across several asset classes such as equities, fixed income, and foreign exchange instruments. The sub-strategies include trend-following, minimum volatility equities, fixed-income carry, among others. DNB Fund Multi Asset does not seek to achieve market neutrality but attempts to limit exposure to traditional asset classes. “We are pleased to see that the overlaying risk framework and most, but not all, of our underlying strategies have performed as expected,” Hjertø tells AMWatch.

The team of three consisting of Lena Öberg, Kim Stefan Anderson and Anette Hjertø is responsible for portfolio construction at DNB Fund Multi Asset, with the team deciding on the allocation to each individual sub-strategy. “The strategies are based on their expected return profile and the characteristics they provide as part of a broader portfolio,” Hjertø tells AMWatch. “The allocation is strategic and long term but not static, so underlying strategies and the allocation to these could change over time.”

Hjertø reckons that the coronavirus-fueled market turmoil could drive up investor interest in market-neutral strategies. “We have seen some extreme movements in the broader hedge fund indices, but you have to take into consideration that many of the underlying strategies in these indices have directional positions and have followed the market in the sharp downturn we have seen,” says Hjertø. “I think that we could be entering an era when investors can benefit more from diversifying their portfolio and where the market environment provides more opportunities for market-neutral funds than what we have experienced in the past decade.”