

PriorNilsson Launched Two-in-One Fund

Stockholm (HedgeNordic) – Stockholm-based asset manager PriorNilsson Fonder has launched a fund of funds investing in its own hedge funds without charging a double layer of fees. Launched in December of 2019, **PriorNilsson Balans** allocates capital between the asset manager's low-risk market-neutral fund, **PriorNilsson Yield**, and its more aggressive long/short equity fund, **PriorNilsson Idea**.

"The launch of PriorNilsson Balans is a result of investor demand," Marcus Ehrenpreis, Head of Sales and Marketing at PriorNilsson Fonder, tells HedgeNordic. "We also wanted to launch a fund that has a risk-return target that fills in the gap between our low-risk fund Yield and our fund Idea," he adds. Whereas PriorNilsson Balans can invest in all the funds managed by PriorNilsson, "the objective is to only invest in Yield and Idea," explains Ehrenpreis. PriorNilsson's fund range also includes three equity funds – a Swedish equity fund, a global equity fund, and a real estate-focused equity fund.

Managed by PO Nilsson (*pictured right*), PriorNilsson Yield aims to function as an alternative to cash or bank deposits by maintaining a market-neutral portfolio of Swedish equities. As previously explained by PO Nilsson, who founded PriorNilsson Fonder with Torgny Prior (*pictured left*) in 2002, "we aim to return between two and four percent above the risk-free rate offered by short-term certificates." PriorNilsson Yield has generated an annualized return of 3.5 percent since launching in late 2002.

PriorNilsson Idea is a long/short equity fund managed by Torgny Prior and Martin Lindqvist. The fund, which ranks as one of the best-performing hedge funds in the Nordics in the past three years through the end of March this year, claimed third place in the "Best Nordic Equity Hedge Fund" category at this year's Nordic Hedge Award. PriorNilsson Idea has delivered an annualized return of 8.9 percent since launching in early 2006.

According to Ehrenpreis, PriorNilsson Balans allows investors to "get the alpha creation from Idea as a layer on the Yield fund." On average, the newly-launched fund of funds will allocate around 70 percent of its capital to PriorNilsson Yield and the remaining capital to PriorNilsson Idea. However, the prospectus allows the fund to maintain a different allocation. PriorNilsson Balans oversees SEK 465 million in assets under management as of the end of March.

PriorNilsson Balans charges investors an annual management fee of one percent and a performance fee of 20 percent. Unlike other traditional funds of hedge funds, PriorNilsson Balans will not absorb the management and incentive fees of the underlying funds. "The fee is only charged in the new fund, and no fees will be charged in the underlying funds," Ehrenpreis tells HedgeNordic. This fee structure enables investors to get exposure to PriorNilsson's two hedge funds through one single product without paying a double layer of fees.