

A Mirror Image of March

Stockholm (HedgeNordic) – After suffering their worst month on record in March, Nordic equity hedge funds registered their best month in April as equity markets rebounded strongly from their previous sell-off. Equity hedge funds gained 5.4 percent on average (88 percent reported), reducing the group's year-to-date decline to 3.6 percent. One in every three Nordic equity hedge funds is in positive territory year-to-date.

Global equity markets gained about 11 percent in Euro terms last month, recouping some of the sharp falls experienced over February and March. The VINX All-Share Index, which includes all the firms listed on Nasdaq OMX Nordic Exchanges and Oslo Børs, delivered a net return of 9.7 percent in Euro terms in April. Eurozone equities gained 6.6 percent in April, while North American stocks advanced 13.2 percent in Euro terms.

Based on preliminary estimates, both European and global long/short equity funds trailed their Nordic counterparts in 2020. The EurekaHedge Long Short Equities Hedge Fund Index, which tracks the performance of about 900 global equity hedge funds, gained 5.6 percent last month based on reported data from 17 percent of index constituents. This group was down 6.7 percent in the first four months of 2020. Another EurekaHedge index comprised of about 150 European equity hedge funds was up 3.5 percent in April based on reported data from 22 percent of index constituents. This group lost 6.5 percent on average in the first four months of the year.

There was wide dispersion in performance between last month's best- and worst-performing equity hedge funds in the Nordic Hedge Index. Last month, the top 20 percent gained 17 percent on average, whereas the bottom 20 percent lost two percent on average. In March, however, the top 20 percent gained 1.8 percent on average, whereas the bottom 20 percent was down 15.5 percent. About 84 percent of the members of the NHX Equities with reported April figures posted gains for last month.

Activist invest **Accendo Capital**, which maintains a focused portfolio of predominantly small- and mid-cap companies from Northern Europe, was last month's best performer in the Nordic Hedge Index with a gain of 26.3 percent. Accendo is up 6.1 percent year-to-date through the end of April. The fund's few holdings were well-positioned to navigate and benefit from the severe personal and economic restrictions put in place to curb the spread of COVID-19. As Elise Auer, Director of Investor Relations at Accendo, tells HedgeNordic, "more time indoors means more video games played (Remedy Entertainment); distance learning, work from home, and on-line entertainment require robust fiber internet connections for all (Hexatronic Group); and seniors need to be safe and connected to the world from their own homes (Doro)."

HCP Focus Fund, a long-only equity hedge fund maintaining a very concentrated portfolio of businesses that mostly render digital services and benefit from network effects, was up 23.4 percent last month and 11.1 percent year-to-date. Danish long/short equity fund **Symmetry Invest** advanced 22.6 percent in April, recouping some of the sharp losses incurred in March. The fund is down 24.7 percent year-to-date through the end of April. Norwegian long/short equity fund **Borea Global Equities** was up 20.2 percent in April (down 1.5 percent in 2020), while **Rhenman Healthcare Equity L/S** gained 17 percent last month and was down 7.5 percent in the first four months of 2020.

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