

Havsfrun Divests Hedge Fund Portfolio

Stockholm (HedgeNordic) – Publicly-listed investment firm **Havsfrun Investment AB**, which has been managing a globally diversified multi-strategy portfolio of carefully-selected hedge funds, mutual funds and equities, is offloading its hedge fund portfolio and looks to deploy its capital into new investment opportunities. The Stockholm-based firm sent out redemption requests for about 85 percent of all remaining hedge fund investments.

According to a press release, “the divestments will take place during the second and third quarters of the year, which will mean that Havsfrun Investment will be close to fully liquid.” Havsfrun has managed a diversified portfolio mostly comprised of hedge funds since 2010, but decided to broaden its investment universe in response to low expected returns from the hedge fund industry. Havsfrun has been evaluating and gradually embraced some new types of investments such as equities, equity funds, credits, real estate and private equity.

Ahead of the annual meeting of shareholders in mid-June, the investment firm’s Board of Directors proposes an amendment to the company’s articles of association to allow for new types of investments. “Covid-19 has created a major Swedish and international crisis, but at the same time, completely new business opportunities,” writes the proposal by the Board of Directors. “The Swedish economy may change quite significantly in the future. Unexpected and interesting business opportunities are now likely to emerge, not least due to lack of liquidity,” the press release adds. “Havsfrun’s strong financial position combined with a broader business orientation means that the company stands better-equipped for new business opportunities.”



Jonas Israelsson, the Managing Director of Havsfrun Investment.

“The present crisis in the Swedish economy also provides new opportunities,” Jonas Israelsson, the Managing Director of Havsfrun Investment, tells HedgeNordic. “It’s quite invigorating. The quarantine, here and abroad, will change the Swedish economy and has already created new business openings,” he adds. According to Israelsson, “Havsfrun may find exciting possibilities, not just investments but also unexpected structural alternatives such as mergers and the like.” Jonas Israelsson and Claes Werkell, the Chairman of Havsfrun’s Board of Directors “are open for any

proposals and will ourselves look for more,” according to Israelsson. “Nothing is excluded in advance.”

Havsfrun Investments has been aiming to achieve equity-like returns in the long term with less volatility than the global stock market. The firm’s portfolio delivered an annualized return of 3.0 percent since early 2010 through the end of March this year, trailing the annualized return of 6.3 percent generated by the MSCI AC World Index over the same period. The portfolio exhibited a correlation of 0.7 with the MSCI AC World Index and generated an inception-to-date Sharpe ratio of 0.4. Havsfrun’s portfolio was down 17.4 percent in the first quarter of 2020. As of the end of March, Havsfrun Investment has about 3,000 shareholders and net assets of about SEK 163.7 million.

Picture courtesy of Havsfrun Investments.