

Four Consecutive Months of Gains

Stockholm (HedgeNordic) – Nordic equity hedge funds gained an average of 1.7 percent in July (95 percent reported), the fourth consecutive month of positive returns, to push the year-to-date gain to about two percent. Four in every five equity funds from the Nordic Hedge Index posted gains for July, with half of the 56 Nordic equity hedge funds now in positive territory for the year.

Global equity markets fell by 0.3 percent in Euro terms last month. The advance of the Euro against the U.S. dollar during the month reduced the strong return of U.S. equities for euro investors. North American equities were up 0.5 percent in Euro terms last month to trim the year-to-date decline to 2.3 percent. Eurozone equities fell by 1.1 percent in July, extending the year-to-date decline to 12.7 percent. The VINX All-Share Index, which includes all the firms listed on Nasdaq OMX Nordic Exchanges and Oslo Börs, delivered a net return of 4.8 percent in Euro terms in July.

Both European and global equity hedge funds posted gains last month. The EurekaHedge Long Short Equities Hedge Fund Index, which tracks the performance of about 900 global long/short equity funds, gained an estimated 2.5 percent last month based on reported data from 31 percent of index constituents. This group of funds is now up 1.3 percent for the first seven months of 2020. Another EurekaHedge index comprised of 159 European equity long/short funds was up an estimated 1.4 percent in July based on reported data from 41 percent of index constituents. The EurekaHedge Europe Long Short Equities Hedge Fund Index is now down 2.2 percent year-to-date through the end of July.

The dispersion between last month's best- and worst-performing equity hedge funds in the Nordic Hedge Index slightly widened month-over-month. In July, the top 20 percent of funds gained 6.4 percent on average, whereas the bottom 20 percent lost about 2.0 percent on average. In June, the top 20 percent gained 6.3 percent on average and the bottom 20 percent was down 1.5 percent on average. About four in every five members of the NHX Equities enjoyed gains for the month of July.

HCP Quant, a quant-heavy systematic value fund managed by Pasi Havia, was last month's best-performing Nordic hedge fund with a gain of 8.8 percent. Last month's advance trimmed HCP Quant's year-to-date decline to 9.5 percent. Energy transition-focused **Proxy Renewable Long/Short Energy** followed suit with a monthly return of 8.3 percent. The fund is now up 25.9 percent year-to-date through the end of July, currently ranking as the sixth best-performing member of the Nordic Hedge Index in 2020.

Long/short equity fund **Origo Quest 1** was up 6.8 percent last month to bring the year-to-date performance further into positive territory at 9.3 percent. Another Stockholm-based long/short equity fund, **Elementa**, gained 6.8 percent in July, enjoying its 11th consecutive month of positive returns. Elementa currently ranks among the top five best performers in the Nordic Hedge Index with a year-to-date gain of 27.4 percent. Oslo-based long/short fundamental equity fund **CARN Long Short** rose by a similar 6.8 percent last month to push the year-to-date advance to 21.3 percent.