

The SEB Quant Team Leaves

Stockholm (HedgeNordic) – The SEB Global Quant team led by Hans-Olov Bornemann (*pictured*) is leaving SEB Investment Management on December 31, which served as a triggering mechanism for a wave of changes at the range of funds run by the team. One fund will be managed by a new team, another one will be closed down in January next year and two other funds will likely be put into liquidation after a shareholder vote in January.

SEB Asset Selection Fund, a purely quant-driven trend-follower investing across four different asset classes, will be managed by SEB's Quantitative Investments & Liquid Alternatives with Otto Francke and Mikael Nilsson in charge as portfolio managers. **SEB Diversified**, a multi-asset and multi-strategy fund, will be liquidated on January 12 next year. At an extraordinary general meeting planned for January 12, shareholders will vote whether to put **SEB Diversified V8** and **SEB Asset Selection Opportunistic** into liquidation.

SEB Diversified V8, originally called SEB Asset Selection Defensive and representing a lower-risk version of SEB Asset Selection, had its name changed in October 2018 after adjustments to its investment strategy. SEB Asset Selection Opportunistic (run with a targeted average volatility of 20 percent), on the other hand, represents a more aggressive version of SEB Asset Selection (targeted average volatility of 10 percent).

"The Global Quant team, which currently manages SEB Fund 1 – SEB Asset Selection Fund, will leave SEB IM on December 31, 2020, and in connection with that the team Quantitative Investments & Liquid Alternatives will take over the management of the fund," writes an announcement by SEB. "Otto Francke and Mikael Nilsson will be portfolio managers for the SEB Asset Selection Fund going forward," the announcement continues. "The investment strategy for SEB Fund 1 – SEB Asset Selection Fund will stay intact."

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Launched in October 2006, SEB Asset Selection Fund was the first ever UCITS-compliant managed futures fund or CTA fund in the world. SEB Asset Selection has been one of the largest CTA funds in the Nordics, with the fund overseeing €502 million as of the end of November. The fund had over €1 billion at the beginning of 2019. SEB Asset Selection's more aggressive sister, SEB Asset Selection Opportunistic, has seen its assets under management fall from €213 million at the end of 2019 to €22 million at the end of November this year.

In September of 2015, the SEB Global Quant team launched SEB Diversified, a multi-asset, multi-strategy fund aiming to maximize the Sharpe ratio and minimize drawdowns on a stand-alone basis. The fund delivered an annualized return of 2.8 percent through the end of November this year. "On 18 December 2020, the Board of the Directors of the sub fund SEB Alternative Strategies SICAV – SEB Diversified decided to put the sub fund into liquidation," according to a separate announcement by SEB.

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“The sub fund’s assets under management have decreased steadily since 2017. By the time of this notice, the assets under management have decreased by 40% since their peak,” writes the announcement. “The decrease has been driven by weak performance and, as a consequence, continued outflows,” the announcement continues. “In this situation, the Board of Directors of the sub fund considers that liquidation is in the best interest of the shareholders of the sub fund.”