

New Lion in the Savannah

Stockholm (HedgeNordic) – Many hedge fund launches may have been put on hold last year as the coronavirus pandemic hit financial markets and created a high degree of uncertainty among market participants. With the uncertainty slowly fading away, new launches are appearing on the horizon. Karl Oscar Strøm has left Pareto Securities to launch his own asset management firm and a hedge fund called Paleo Fund.

“I am in the process of starting a hedge fund,” Karl Oscar Strøm tells Finansavisen. “The only thing I lack now is capital, but in today’s world, it should be possible to raise the necessary capital.” Strøm, a partner at Pareto Securities, has set up a management firm called Paleo Capital, with the soon-to-be-launched hedge fund named The Paleo Fund. “Last summer I asked myself: what do I really want to do?,” Strøm tells Finansavisen. “It is to work more directly in the market and get the full upside when doing well. The puzzle pieces have been in front of me all the time, but I have now finally started to put them together.”

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In addition to launching The Paleo Fund in March, Karl Oscar Strøm is also in the process of publishing a book titled “Paleo Trading – How to trade like a hunter and gatherer.” He aims to raise up to NOK 100 million for the launch of The Paleo Fund. Strøm will rely on technical and quantitative analysis to run the soon-to-be-launched fund. “All investments will be based on technical and quantitative analysis,” Strøm tells Finansavisen. “I have been working with graphs and models based on price data for 25 years now, so I feel I have pretty good control over this approach.”

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“If I have to compare the strategy with another fund, it must be Renaissance Technologies’ flagship Medallion fund,” Strøm tells Finansavisen. “This fund has been in existence for more than 20 years and has an average holding period of just two days,” he continues. “My fund will have some positions that are very short-lived, and some that last for several weeks.”

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The Paleo Fund will use maximum leverage of 200 percent, with Strøm having the flexibility to maintain the entire portfolio in cash. “Just like a hunter and gatherer, I will seize opportunities when I discover them,” Strøm tells Finansavisen. “The lion mostly waits under the tree on the African savannah and looks for opportunities to present themselves,” he continues. “My point is that one should not be afraid to have cash,” says Strøm. “Timing, and thus waiting, is an important part of the strategy.”