

# Volt's Electric Year

Stockholm (HedgeNordic) - In a volatile year characterized by a sudden sharp correction in equity markets followed by an equally sudden - albeit not so sharp - recovery, equity hedge fund strategies were the stand-outs last year. Equity hedge funds almost entirely dominated the list of last year's top ten best performers in the Nordic hedge fund industry. "Almost" because one fund from the CTA crowd stood out and made the industry's top ten list.

**Volt Diversified Alpha**, a diversified, fundamental macro manager that uses machine learning and fundamental data to capture price moves across various markets, returned about 41 percent last year after gaining 11.5 percent during March and advancing 4.6 percent in the last month of the year. "December crowned a strong year for Volt and our program," CIO Patrik Safvenblad (*pictured*) writes in a letter to investors. "Despite the strong performance, 2020 has not been an "easy" year from a trading perspective," acknowledges the CIO.

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"Equity markets proved to be particularly difficult with sharp and sudden shifts in sentiment, often triggered by news related to the COVID-19 pandemic," says Safvenblad, who manages the Volt program jointly with Jukka Harju, a former researcher at Lynx Asset Management. "Disciplined risk management has therefore been a crucial part of our success during 2020," he continues in the letter to investors for the fourth quarter.

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"We believe that markets continually change," reflects Safvenblad. "However, we know that change can be hard to handle for systematic traders," he continues. "This is a risk for static trading styles, but it offers opportunities for dynamic and diversified trading approaches (including discretionary traders)." The team at Volt developed a machine learning framework that gradually and automatically adapts the program powering Volt Diversified Alpha to changing market conditions. As Safvenblad told HedgeNordic last year, "our returns largely reflect the strength of the underlying models, but machine learning makes us more efficient and better able to adapt to changing markets."

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According to Safvenblad, "the key to long-term success is to learn from events and to adapt." The Volt program run by Volt Diversified Alpha learned from and adapted to two main findings. First, with Volt's risk management philosophy heavily relying on stop-losses, using standard stop-losses has become more expensive during the highly volatile market environment of 2020. Second, signals related to equities has become less informative for Volt's trading models. The Volt program has

evolved to tackle the two findings outlined above, contributing to last year's strong performance for Volt Diversified Alpha. "Markets will continue to change, but thanks to our adaptive approach we expect good opportunities also in 2021."

Patrik Safvenblad participated in HedgeNordic's virtual round table discussion on Managed Futures last year: