

Month in Review - March 2021



Stockholm (HedgeNordic) - Nordic hedge funds are off to a strong start in 2021, with the industry closing the first quarter up 2.9 percent. Nordic hedge funds, as expressed by the Nordic Hedge Index, gained 1.1 percent in March on average (96 percent reported), as multi-strategy vehicles led the gains.

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Four of the five strategy categories in the Nordic Hedge Index enjoyed gains in March, with the multi-strategy group topping the performance chart with a monthly advance of 2.0 percent. Equity hedge funds, the strongest-performing strategy group in the Nordic Hedge Index this year, advanced 1.0 percent on average last month to bring the first-quarter performance to 5.1 percent. Fixed-income funds and funds of funds gained 0.9 percent on average in March. Nordic CTAs, meanwhile, edged down 0.2 percent in March to take the first-quarter performance down to 1.0 percent.

At a country level, the Danish hedge fund industry, dominated by fixed-income hedge funds, gained the most in March, with strong-performing multi-strategy vehicles driving the gains. Danish hedge funds gained 2.4 percent on average last month. Norwegian hedge funds followed suit with a monthly advance of 1.9 percent, while the 14 Finnish hedge funds gained 1.4 percent on average. Swedish hedge funds, which account for the largest portion of the Nordic hedge fund industry with 66 listed funds, edged up 0.1 percent last month.

The dispersion between last month's best- and worst-performing members of the Nordic Hedge Index slightly decreased month-over-month. In March, the top 20 percent of Nordic hedge funds gained 5.2 percent on average, while the bottom 20 percent lost about 3.0 percent on average. In February, the top 20 percent were up 5.9 percent and the bottom 20 percent were down 2.5 percent on average. About 72 percent of all the Nordic Hedge Index members with reported March figures posted gains last month.

Top Performers in March

Systematic value-oriented fund **HCP Quant** was last month's best-performing member of the Nordic Hedge Index with an advance of 9.5 percent. The fund managed by Pasi Havia was up 25.9 percent in the first quarter of 2021, delivering a rolling 12-month return of about 64 percent. **Formuepleje Penta**, a multi-strategy fund maintaining leveraged long-only portfolios in equities and bonds and a market-neutral equity portfolio, gained a similar 9.5 percent last month to take the first-quarter performance in positive territory at 6.4 percent.

Long/short equity fund **Symmetry Invest**, managed by founder Andreas Aaen and his co-portfolio manager Henrik Abrahamson out of Denmark, advanced 8.0 percent in March to take the year-to-date performance to 27.4 percent. Symmetry Invest is this year's best-performing member of the Nordic Hedge Index. Formuepleje Penta's sister fund, **Formuepleje Epikur**, also gained 8.0 percent in March. Norwegian value-oriented long/short equity fund **NOMA Fokus** advanced 7.2 percent last month to take its 2021 advance to 13.8 percent.

Biggest Performance Surprises

Hedge funds exhibit different risk-return profiles and hence experience different levels of volatility in their returns. With a return of 2.6 percent in March, **Nordkinn Fixed Income Macro Fund** enjoyed the highest above-own-average return relative to its historical volatility in returns. Its last month's gain was 3.0 standard deviations above its average monthly return. Norwegian long/short equity fund **NOMA Fokus** advanced 7.2 percent last month, which was 2.5 standard deviations above its average monthly return of 0.43 percent. **DNB TMT Absolute Return**'s gain of 4.4 percent was 2.0 standard deviations above its

average monthly return since inception.

Highest Sharpe Ratios

Given the heterogeneous nature of hedge fund strategies, absolute performance numbers do not always reflect how successful hedge funds are. Risk-adjusted measures such as the Sharpe ratio are a good starting point in the process of identifying the best-performing hedge funds. The three tables below display the Nordic hedge funds with the highest Sharpe ratios over the past 12 months, past 24 months, and 36 months.

Fund Name	12-M Sharpe	Fund Name	24-M Sharpe	Fund Name	36-M Sharpe
Scandinavian Credit Fund I	15.25	Scandinavian Credit Fund I	5.14	Scandinavian Credit Fund I	6.38
St. Petri L/S	8.52	St. Petri L/S	3.61	Formue Nord Markedsneutral	2.52
Catella Nordic Corporate Bond Flex	5.78	Proxy Renewable Long/Short Energy	2.85	Alcur	2.41
Danske Invest Elikser FoHF	5.22	Alcur Select	2.79	SEB Eureka Fixed Income Relative Value	2.35
Symmetry Invest	5.14	KLP Alfa Global Energi	2.78	St. Petri L/S	1.96
Agenta Alternativa Investerings	4.81	Formue Nord Markedsneutral	2.74	Ress Life Investments	1.88
Proxy Renewable Long/Short Energy	4.76	Alcur	2.69	Asgard Fixed Income Risk Premia	1.71
Adaptive Paradigm Alpha	4.74	Lucerne Nordic Fund	2.26	Asgard Fixed Income Fund	1.68
Excalibur	4.63	SEB Eureka Fixed Income Relative Value	2.22	Lucerne Nordic Fund	1.67
Agenta Alternative Fixed Income	4.58	CARN Latitude	2.12	CARN Latitude	1.57

Source: HedgeNordic.

The Month in Review for March 2021 can be downloaded below:



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