The Multi-Strategy Appeal

Stockholm (HedgeNordic) – The term “multi-strategy” does not always have clear edges, with multi-strategy funds often coming in many different shapes and colors. Multi-strategy is colloquially used for single-manager or multi-manager approaches, funds of funds, single managers with multiple in-house strategies, or simply as a “box” that characterizes funds that do not fit any other clear classification. But there are, of course, genuine multi-asset, multi-strategy funds, and Anna Svahn’s **Antiloop Hedge** may be one of them.

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Last year, Anna Svahn assembled an experienced team of five to launch a multi-strategy hedge fund called Antiloop Hedge. The fund caters to the diversification-seeking investor in an environment where equities and bonds are not expected to offer particularly attractive returns in the immediate future. The team includes Martin Sandquist, one of the co-founders of Lynx Asset Management, and Karl-Mikael Syding, former partner and portfolio manager at Brummer & Partners-backed hedge fund Futuris. “We assembled all these people together to form a unique team with different approaches, but who share the same ideas about the future,” Svahn tells HedgeNordic.

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“The Antiloop approach is fairly unique in that all the strategies are managed in-house and are designed to have a low correlation to each other by focusing on different asset classes, time frames, and methodologies,” says Svahn. In fully-fledged mode, Antiloop Hedge is designed to run eight different strategies that exhibit low correlation between each other and the broader traditional asset classes. “The real idea behind Antiloop Hedge is to offer different strategies with low correlation to each other by investing in low-correlated assets,” explains Svahn. Each of the eight strategies reflects the “bottom-up approach from each portfolio manager who used a similar strategy before,” elaborates Martin Sandquist.

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“The different, individual strategies are stemming from the portfolio managers themselves,” continues Sandquist. The multi-strategy investment approach was born out of each portfolio manager’s experience rather than the team’s top-down view of which strategies would perform better or worse in a given market environment. “We have eight different strategies, but they have no correlation to each other,” emphasizes Svahn. “We realized that it would be a good fit to put them all in one multi-strategy approach,” adds Sandquist.

“We do that by investing in different assets, different markets, and focusing on different time horizons,” says Svahn. Antiloop’s entire range of strategies is designed to exhibit limited or even zero correlation between each other, enhancing the risk-mitigation properties of Antiloop Hedge and ensuring that the fund generates attractive risk-adjusted returns in all types of market environments. Antiloop Hedge is, therefore, designed for investors looking for diversified sources of return that exhibit low correlation with traditional assets and potential for alpha without significant beta exposure.

Soft Launch

Antiloop Hedge had a soft launch at the beginning of November of last year and has so far mainly been running two strategies before the full roll-out of the entire range of strategies. “We really see this as a marathon,” Svahn points out. “The whole point with the soft launch was to make sure that we actually grow into it and that all the strategies are working together as they should,” she continues. “It could have been a big mistake to roll out everything at once without really testing to see what works and what doesn’t work.”

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The two strategies include the “Cygnus” tactical asset allocation strategy run by Anna Svahn and the long/short equity fundamental strategy managed by Karl-Mikael Syding. “It was a good start with Anna’s and Mike’s strategies because they are very long-term and not very trading intensive,” explains Sandquist. “We had the chance to try out everything, all the connections with the brokers and other service providers to see that everything is working,” he continues. “It was nice to start with these two strategies because the rest are more trading intensive.”

Syding’s long/short equity fundamental strategy “uses a fundamental approach to make bets on the relative value of sectors and the most favorable or unfavorable stocks within those sectors,” explains Svahn. The strategy relies on a thematic approach across sectors, with Syding aiming to capitalize on sector spreads by going long two to four sectors and shorting a similar number of sectors. Each sector bet reflects between two to four stocks, with each individual stock given an equal weighting.

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“TAA Cygnus allocates capital between stocks, soft commodities and precious metals to take advantage of the low correlation between these sectors,” explains Svahn, the strategy’s architect. “The approach is based on fundamentals and statistical analysis," she continues. The combination of fundamental and statistical analysis enables Svahn to build a portfolio containing equities, commodities and precious metals using exchange-traded funds (ETFs), futures and single securities.

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"We have started to implement scaled-down versions of two more strategies in March but with very low overall risk," Svahn tells HedgeNordic. "The plan is for a majority of the strategies to be up and running by April." In addition to the long/short equity fundamental and tactical allocation strategies, Antiloop Hedge's team aims to roll out strategies such as global macro, short-term futures, and short-term equity, among others. "The most prominent theme across the up- and-running strategies is the underestimation and misconception concerning inflation and monetary policies," says Svahn.

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"We have a multi-strategy approach because we just don't know which strategies will perform better at any given point in time," says Sandquist. "These strategies tend to perform well at different times and tend to work together to achieve our aim of delivering stable returns," he continues. "We believe the coming decade is going to be favorable to Antiloop's approach given the current high valuation of stock markets, especially when compared to commodities and precious metals," emphasizes Svahn. The aim, in the end, is to deliver double-digit returns between ten to 20 percent, with annual volatility between seven and ten percent. "A Sharpe ratio of 1.5 would be our target, but we are happy with a Sharpe ratio of one as well."

A Mix of Experience and Young Talent

The five-member team running Antiloop Hedge has a combination of youth and experience that creates an edge in the ever-changing market environment. "Mike and I are very old school, we have been in business for a long time," says

Sandquist. “Our experience is a good mix with Anna and the younger team,” he continues. “It is a good combination to have both experience and a new perspective on things from the younger team members who can contribute with a new line of thought, which is useful in the current paradigm shift going on in the markets.”

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