

Catching Up



Stockholm (HedgeNordic) - The team behind the second-best Nordic hedge fund of 2020 at the Nordic Hedge Award is looking to raise capital for their second vehicle. **Formue Nord Fokus**, a market-neutral hedge fund offering debt and other financing solutions to smaller companies in the Nordics, has reopened to new money from investors for the second time since launching in September 2018.

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“We have a hard cap of DKK 250 million and ideally, we are looking to raise between DKK 200-250 million until the end of May,” Mikkel Hagel, investment manager at Aalborg-based Formue Nord, tells HedgeNordic. “We are trying to match the opportunity set we see with the amount of money we raise, so we don’t dilute returns but at the same time have enough capital to seize the opportunities we like,” he elaborates. “We raised approximately DKK 200 million in August 2020, and now we are almost fully invested,” Hagel comments on the decision to reopen the fund to new money. “We see a growing demand for the solutions we offer, so we believe that we can place another DKK 200-250 million within the next 6-12 months.”

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Both Formue Nord Fokus and the older award-winning **Formue Nord Markedsneutral** focus on financing smaller companies in the Nordics while fully hedging the exposure with equity index futures and other derivatives. Formue Nord Fokus generally offers financing solutions with a maturity of at least one year, whereas Formue Nord Markedsneutral engages in transactions with shorter maturities. The strategy behind Formue Nord Fokus “revolves around debt financing solutions with a time horizon of up to three years,” as previously explained by Hagel. “At the same time, Formue Nord Fokus has the capability to partake in various equity financing solutions, enabling the fund to be a flexible financing partner to listed companies within the micro- and small-cap segment.”

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“The niche we are focusing on, which is micro-, small- and midcap-sized listed companies, primarily in the Nordics, is a growing segment,” says Hagel, who is part of a five-member team led by CIO Rasmus Viggers. “We specialize in providing capital to this segment, and we see an ongoing increase in the demand for capital both structured as equity, debt and hybrid solutions,” he continues. “We plan to grow as a company over the coming years, which will enable us to help even more amazing growth companies develop their businesses.”

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Aalborg-based Formue Nord had over DKK 800 million, or close to €110 million, under management across both funds at the end of April, with Formue Nord Fokus being approximately half the size of Formue Nord Markedsneutral. According to Hagel, Formue Nord Markedsneutral, the “Best Nordic Multi-Strategy Hedge Fund” and second-best Nordic hedge fund overall at the 2020

Nordic Hedge Award, has enough capital under management at the moment. “With this coming fundraising in May, the two investment funds will be approximately the same size,” says Hagel. “We look forward to hopefully raise additional capital for both Markedsneutral and Fokus again in the future, but for now, we have enough capital in Markedsneutral, and we do not want to dilute returns by being overcapitalized.”