

Brummer's Search for Equity Alpha



Stockholm (HedgeNordic) - **Brummer Multi-Strategy** is on track to add two new sector specialist long/short equity strategies under its umbrella during the autumn. Mikael Spångberg (*pictured*), who oversees the multi-strategy fund alongside founder Patrik Brummer, tells Bloomberg the Stockholm-based manager will be allocating \$250 million to Kersley Street Capital LLP and Pantechnicon Advisors LLP each. The funds are still in the process of receiving regulatory approval.

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Both Kersley Street Capital and Pantechnicon Advisors were only incorporated at the beginning of this year. Spångberg says he knows the people behind the two firms and their respective strategies well and “they have proved themselves in difficult markets.” Kersley Street Capital was co-founded by Martin Durell and Gary Jun Cheak Lee, both coming from London-based Abaco Asset Management. Durell was a co-founder of Abaco Asset Management and spent 19 years at the firm as a portfolio manager. Gary Lee, meanwhile, joined the London-based asset manager in 2017. Kersley Street Capital’s long/short equity strategy will be focusing on global insurance and diversified financials.

Pantechnicon Advisors was co-founded by Daniel Johansson and Gustaf Lindskog.

Lindskog spent seven years as an asset manager at Man Group and worked three years at Soros Fund Management. Johansson has experience from Zenit, the first hedge fund in Sweden and the first fund in the Brummer & Partners family of funds. Spångberg tells Bloomberg that about 30 different asset managers were reviewed before opting to back the two London-based teams.

Brummer Multi-Strategy, the multi-strategy model that has been at the heart of the asset manager's business since 2002, reached its second-best annual performance on record in 2020 after returning 12.6 percent for the year. Last year's advance was just shy of its record of 12.8 percent reached in 2005. Brummer Multi-Strategy has redeemed investments from several funds due to poor performance in recent years, including Nektar, among others. "Those are the rules of the game, it's a performance business," Spångberg tells Bloomberg.

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"Our investors, and we as a business, take comfort in having a multi-strategy platform as it makes us less dependent on the success of a single strategy," he tells Bloomberg. "Our thesis is that the coming years will be more demanding for beta strategies, while offering great opportunities for generating alpha," Spångberg says about strategies that look for ways to generate alpha. The challenge is navigating an environment in which "the margin of error is very small for central bankers as they ponder how to wind down stimulus," which means investors should brace for more volatility and dispersion within asset classes.