

May 2017

# **HEDGENORDIC**

PROMOTION. FOR INVESTMENT PROFESSIONALS ONLY. NOT FOR PUBLIC DISTRIBUTION



Stockholm, April 27th 2017  
**2016 Nordic Hedge Award**



# Contents

PROMOTION. FOR INVESTMENT PROFESSIONALS ONLY. NOT FOR PUBLIC DISTRIBUTION

## INTRODUCTION

HedgeNordic is the leading media covering the Nordic alternative investment and hedge fund universe. The website brings daily news, research, analysis and background that is relevant to Nordic hedge fund professionals from the sell and buy side from all tiers.

HedgeNordic publishes monthly, quarterly and annual reports on recent developments in her core market as well as special, indepth reports on "hot topics".

HedgeNordic also calculates and publishes the Nordic Hedge Index (NHX) and is host to the Nordic Hedge Award and organizes round tables and seminars.

### Editorial Team for this issue:

Jonathan Furelid  
Eugeniu Guzun  
Glenn W. Leaper, PhD  
Kamran Ghalitschi

### Editor-in Chief:

Aline Reichenberg Gustafsson

### Contact:

Nordic Business Media AB  
BOX 7285  
SE-103 89 Stockholm, Sweden  
Corporate Number: 556838-6170  
VAT Number: SE-556838617001

Direct: +46 (0) 8 5333 8688  
Mobile: +46 (0) 706566688  
email: kamran@hedge nordic.com

[www.hedge nordic.com](http://www.hedge nordic.com)

Pictures: © Niklas Akesson Creative for HedgeNordic

**ROOKIE OF THE YEAR SCANDINAVIAN CREDIT FUND**

37

**PODIUM DISCUSSION: ARE HEDGE FUNDS STRUGGLING TO PLEASE ASSET ALLOCATORS?**

09

**BEST NORDIC HEDGE FUND - OVER ALL 2016**

41

**BEST NORDIC CTA 2016**

31

**BEST NORDIC FOHF 2016**

15

**BEST NORDIC EQUITY HEDGE FUND**

19

**BEST NORDIC FIXED INCOME HEDGE FUND 2016**

23

**BEST NORDIC MULTI STRATEGY HEDGE FUND 2016**

27



INDEX	
<b>3</b>	The Editor's Note
<b>5</b>	The Nordic Hedge Fund Universe at a Glance
<b>7</b>	Jury Board to the Nordic Hedge Award
<b>9</b>	Are Hedge Funds Struggling to Please Asset Allocators?
<b>13</b>	Partners of the Nordic Hedge Award 2016
<b>15</b>	Best Nordic Fund of Hedge Funds 2016
<b>19</b>	Best Nordic Equity Hedge Fund 2016
<b>23</b>	Best Nordic Fixed Income Hedge Fund 2016
<b>27</b>	Best Nordic Multi Strategy Hedge Fund 2016
<b>31</b>	Best Nordic CTA 2016

<b>35</b>	Hedge Nordic Performance Award
<b>37</b>	Best New Nordic Hedge Fund Launch 2016
<b>41</b>	Best Nordic Hedge Fund 2016 (over all)
<b>45</b>	The Mingle
<b>47</b>	Podium Ceremony
<b>49</b>	History & Statistics

**HEDGENORDIC PERFORMANCE AWARDS**

35

# EDITOR'S NOTE



## THE NORDIC HEDGE AWARD

**“Let’s celebrate the Nordic Hedge Fund Industry - someone’s got to do it!”**

The seeds for launching HedgeNordic were pretty sown much at the height of the financial crisis, back in 2009/10. The hedge fund industry was not just struggling, but shaken right down to its core, pointed at and accused of being the major force and source of all evil in the financial system. It was a daunting challenge to be an objective, yet critical surveillor of the hedge fund industry, and raise the awareness and recognition for Nordic managers in particular.


Maybe the main cornerstone of HedgeNordic is, and always was, to give a podium and platform to the outstanding, diverse and skilled number of managers in the Nordic region which often struggle to find a broader audience and recognition. The hedge fund space is an environment of highly talented, motivated and competitive professionals. To create such an award, to give this justice seemed a natural thing to do. The actual award ceremony, which is the more formal part combined with the casual event character around it turned out to be a much liked concept. The Nordic Hedge Award has become an appreciated platform for fund manager and allocators, peers, competitors, and (former) colleagues to meet and socialize in a casual atmosphere attracting industry professionals from all across the Nordic region and those who take an interest in it.

Organising and hosting an event in this field was a rather big gamble on reputation and economically for the tiny outfit we were in its first full year of business. We knew we were onto something, humbled, and rather relieved, when for the inaugural Nordic Hedge Award every single manager that to be recognized confirmed their participation to the final event and over 120 people joined in celebration. Since the first Nordic Hedge Award, we take special pride that we are joined by so many CIOs, analysts, portfolio managers and other individuals who otherwise rarely leave the safe-zone of their screens and charts and usually would not even consider to engage in a social gathering.

I am most grateful to all the wonderful people and companies who have been supporting the Nordic Hedge Award over the years in so many ways. Very special thanks to Lukas Lindqvist and Mikael Larsson at Coeli who gave us the commercial backing and support to get this project off the ground in the early years when we had little to show for. An extra warm appreciation for Mike Marcey,

Chad Martinson and Ernest Jaffarian at Efficient Capital, who not only made the effort to fly in from Chicago over the last years, but who also supported the “Best Nordic CTA” category in every year since inauguration of the Nordic Hedge Award, at the 2012 ceremony. Stockholm School of Economics and the Swedish House of Finance are invaluable partners, who, too, helped and supported the Nordic Hedge Award from the very beginning onward.

I would like to think over the last five years a foundation has been laid of celebrating an own, Nordic award for hedge funds with its own habits and quirks, having its merits next to the big events in London, Paris and New York which will hopefully become a valued tradition over the years to come.



**Kamran G. Ghalitschi**  
CEO & Publisher HedgeNordic

# THE NORDIC HEDGE FUND UNIVERSE AT A GLANCE

## THE NORDIC HEDGE INDEX (NHX) REVEALS OUTSIZED GAINS FOR REGIONAL MANAGERS

The Nordic Hedge Fund Index, NHX, has been calculated since 2005, tracking the Nordic hedge fund industry. From inception to date (end March 2017), the index has generated accumulated gains of approximately 83 percent to an annualized volatility of about 4 percent. The leading industry benchmark from BarclayHedge, has during the same time period generated accumulated returns of 88 percent but to a volatility that is 68 percent higher. Adjusting returns to a similar risk profile reveals that Nordic Hedge Funds have outperformed global hedge funds by over 50 percentage points over this period.

The chart on the right page shows the development of the NHX index compared to the Barclayhedge index with both indices adjusted to a 5 percent annualized volatility. The relative outperformance of Nordic hedge funds has been stable over time but has been particularly strong during the last three years, a period that has been difficult for many hedge funds.

Looking at year-on-year numbers, this relationship becomes even more obvious. 2014 and 2015 were significantly better for the Nordic hedge fund industry. 2014 was particularly good in relative terms given a flat year for the industry. In 2016, numbers were more or less in line with the benchmark.

The reasons for the relatively strong performance for the Nordic hedge fund industry could be debated, but part of the explanation lies in its construction. The NHX index is heavily tilted towards equity strategies, a category that has performed well on the back of strong stock market gains in the Nordics and elsewhere in recent years. Even though most of the underlying funds in this category employ a long/short equity strategy approach, many of them have a long bias.

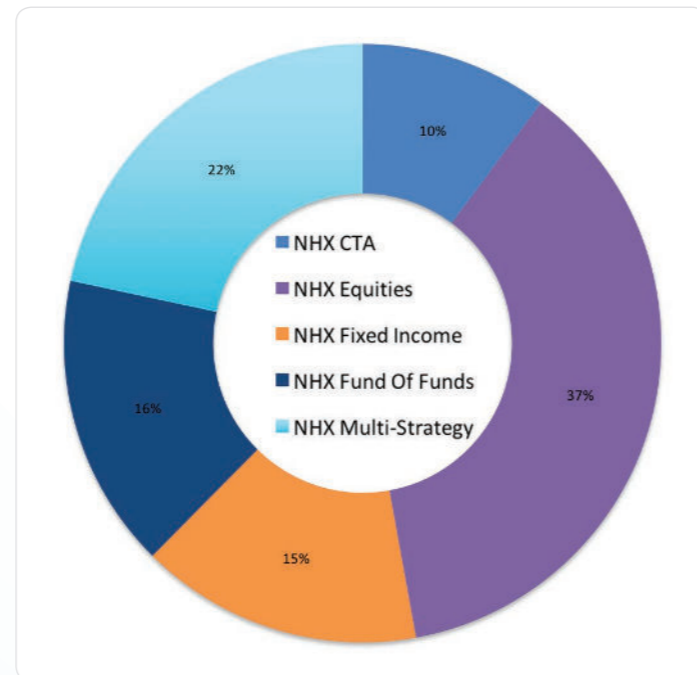
A look at the breakdown of strategies reveals that 37 percent of the underlying funds in the NHX index are defined

as the various equity hedge fund strategies,

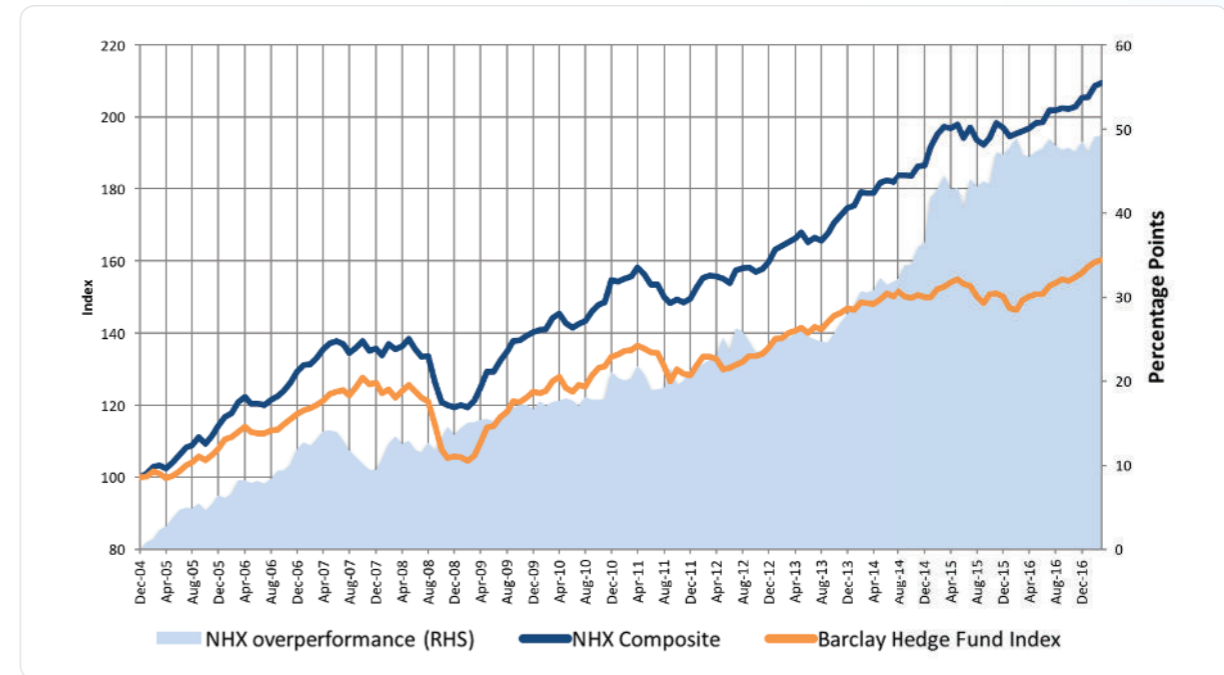
Another category that has performed well in recent years is the fixed income category, particularly considering its relatively low volatility. This category is entirely dominated by Danish funds. The category suffered a real carnage during the financial market meltdown in 2008 where the drawdown for the group was actually deeper than that for the equity hedge category. However, losses were recouped by early 2010 and since then risk/adjusted performance for the NHX fixed income index has been stellar currently trading at all time high levels.

In 2016, the fixed income category was by far the best performer outpacing the equity strategy group by a wide margin. The fixed income category is also the best performer so far in 2017, having added 4 percent by the end of April.

NHX Composition by Strategy (Dec 31 2016)



NHX Composite vs. Benchmark @ 5% volatility 2005-Q1 2017



NHX Composite vs. Benchmark YoY @ 5% volatility 2005-2016



# A DISTINCTION IN DISTINGUISHING THE BEST JURY BOARD TO THE NORDIC HEDGE AWARD

Compared to other industry awards, the Nordic Hedge Award is not a pure performance award. In order to also capture components of a fund and hedge fund manager that are hard to evaluate in a quantitative model, the HedgeNordic introduced a professional Jury to the scoring system. This Jury will also take qualitative and "soft factors" into account and determine the final ranking of funds through each jury member awards.

For the Nordic Hedge Award, half the weighting towards the final ranking of funds and managers relies on the work of a jury, whose members are selected

Malmqvist, Managing Director at International Asset Management Norden filial, Simon Reinius, CEO & CIO at Swedish Fund of Hedge Funds specialist Optimized Portfolio Management, Jonathan Sjö, Portfolio Manager at the Swedish multi family office Von Euler & Partners, and Björn Wendleby, Managing Partner at the Stockholm-based law firm Denovo. We asked three of them to give us some color about their experience.

The members of the jury are asked to make a qualitative assessment of the nominated funds – that is those that have been identified through a prior quantitative screening. This qualitative assessment

Economics," commented Malmqvist, "but in the manager selection process you have to find the skill in each manager. Designating a winner for an award can be very tricky as each manager could suit a portfolio in different ways. What is important in the jury's work is to give an assessment of the manager as such, beyond figures. It is about what kind of potential do you see in the manager. History doesn't tell you enough about the future."

The process is now a well-oiled machine. For Kamran Ghahitschi who has been coordinating the awards from the onset, coaching the jury members and easing them into the process for the fifth time didn't pose any challenge. According to Reinius, "the process was straight forward.

prised. Sjö believes that the results were very fair and was very impressed by all the winners. "Some of the winners have done a good job over a long time. They are very stable names with very good risk adjusted returns in the long run," noted Malmqvist. Reinius was also impressed by the winners. "The results ended very close to where I put my votes," he added.

All three agree that the Nordic Hedge Awards are important for the Nordic Hedge Fund industry. As Sjö mentioned, there are many hedge funds in the Nordics, and the award ceremony is a great way to market the industry. Reinius recognizes that in general the fund-raising process for most funds has become very tough. "Larger funds get all



Henric Malmqvist



Claudia Stanghellini



Helen Idenstedt



Simon Reinius



Jonathan Sjö



Björn Wendleby

amongst Nordic hedge fund specialists. For the 2016 Nordic Hedge Award, the jury board included Claudia Stanghellini, Head of External Management at the Swedish state pension buffer fund AP3, Helen Idenstedt, Analyst for Alternative Investments at the Swedish state pension buffer fund AP1, Henric

should ensure that the winners are not only pure performers, but that the funds are susceptible to figure amongst the investments of professional investors, such as the members of the jury. "The quantitative aspect is well covered by the process designed together with the Stockholm School of

It was easy to find information about funds I didn't know about. There were a couple of the funds I hadn't looked at before and I got more information about them. It was productive."

When it came to the winners, jury members were not sur-

the money," he says, "the Nordic Hedge Award is good way to show the variety in the market." Malmqvist adds that the Nordic hedge fund space has been attracting attention internationally and the Awards can be one way marketing attractive Nordic hedge funds. "We are very pleased that the Nordic Hedge Awards are around", he concludes.



**“We are still believing in hedge funds, but we have concentrated our assets in hedge funds to some high conviction names.”**

# ARE HEDGE FUNDS STRUGGLING TO PLEASE ASSET ALLOCATORS?

PODIUM DISCUSSION AT THE NORDIC HEDGE AWARD

**Considering the muted performance of hedge funds in the past several years, the assumption was an audience largely composed of hedge fund managers would be eager to hear what capital allocators think about the current state of the hedge fund industry.**

For that specific reason, the panel discussion at the Nordic Hedge Award on April 26th 2017 in Stockholm included representatives from different Nordic asset allocators: Claudia Stanghellini, Head of External Management at the Swedish state buffer-fund AP3, Helen Idenstedt, Analyst, Alternative Investments at AP1 and Christer Franzén, CIO at Ericsson Pensionstiftelsen, the Stockholm-based \$2.3 billion pension

fund covering Ericsson's employees. The panelists touched upon the trust between hedge fund managers and allocators and the relatively disappointing performance of the industry. They also offered insights into their allocation plans for the foreseeable future and shared thoughts on what catches their attention. The discussion was moderated by Aline Reichenberg Gustafsson, Editor-in-chief of NordSIP - a Nordic Sustainable Investment Platform - Hedge Nordic's recently launched sister site.

Gustafsson kicked off the discussion by asking the three panelists about the “secret sauce” hedge fund managers should use. More specifically, the panel participants were

requested to pinpoint the most important aspect allocators care about that managers usually underestimate or overlook. A solid company and operational structure; interesting niche strategies; and strong risk control of the drawdown were the three main factors laid out by Stanghellini. Idenstedt pointed out that transparency and trust are crucial in the asset allocator-hedge fund manager relationship. Franzén highlighted that long/short equity managers, for instance, need to prove that they don't have too much Beta in their portfolios. This is not to say that the level of return he expects should be much different than that from the market over the long run but he wants managers to generate equity-like returns with less volatility than the market.

There was no surprise in the room when the lackluster hedge fund performance became a topic of discussion. An attendee asked the panel participants whether they saw the disappointing hedge fund performance as “just a bump in the road”. Franzén indicated that it would be much easier for hedge fund managers to generate decent returns should interest rates normalize, as government bonds used to generate some income for hedge funds several years ago. Stanghellini expressed some disappointment with the “modest hedge fund performance” in recent years, but she reassured managers in the room, saying that her team continues to have faith in the hedge fund industry. “We are still believing in hedge funds, but we have concentrated our assets in hedge funds to some high conviction names,” said Stanghellini, mentioning that costs also triggered an impulse in this dynamic. Idenstedt said her team at AP1 was satisfied with their hedge fund allocations, mentioning that global macro and CTA hedge funds have performed in line with their expectations.

A non-Nordic fund manager attending the event sought to find out the most efficient method to keep asset allocators updated about what hedge funds are doing without “bothering them too much”. The panel participants seemed to agree that they would rather perform the search process on their own instead of being “bombed” with e-mails. Both Stanghellini and Idenstedt mentioned that they focus on a restricted number of strategies at any given time, which allows them to reduce the number of candidates to examine, and sometimes they are the ones approaching managers. Idenstedt also pointed out that in the search process for hedge fund managers AP1 sometimes also engages consultants and other partners screening the hedge fund universe. As the Ericsson pension foundation has less capital than the AP funds, Franzén's team mostly finds managers through private channels.

Although the hedge fund industry as a whole has been evolving quite rapidly in recent years, there is no clear universally-applied definition of a

hedge fund. Gustafsson attempted to get the panel participants to formulate their own definition. "Hedge fund as a word is pretty confusing. It's like emerging markets, what is that? I don't know really," said Christer Franzén with a twinkle in the eye. The panel agreed that the term "hedge fund", even if boundaries are sometimes blurry, defines investments vehicles that should contribute to as asset allocation with alpha-like, absolute returns that, by definition, are uncorrelated to other asset classes.

The audience was also interested in finding out the necessary fund size a hedge fund should have in order to be able to get the attention of asset allocators. While all panel participants claimed they didn't have any hard limits on size, some of them prefer seeing some assets before subscribing to a new hedge fund. Stanghellini emphasized the idea that hedge funds need to have the appropriate structure and infrastructure to handle the minimum investment tickets offered by pension funds, typically around \$50 million dollars. She also mentioned that her fund may need to invest quite early on some occasions before the capacity of hedge funds is filled up, but would prefer to see hedge funds managing between \$300M and \$500M prior to investing. Meanwhile, Idenstedt and her team started looking into the possibility of investing during early stages, which might prove to be a great opportunity for freshly-launched funds.

As to the question of whether the asset allocation of pension funds will look different within three years, all panel par-

allocation, but he did mention that it might become a different story should hedge fund managers generate more alpha.

Gustafsson asked for the panel participants' thoughts on sustainable investments within the hedge fund industry. It is well known that the Swedish buffer funds have a mandate to invest responsibly, with both Stanghellini and Idenstedt acknowledging the importance of ESG factors and sustainable investments overall. Idenstedt mentioned that a few newly-launched hedge funds focus their strategy on extracting alpha from sustainable investments, but for some other funds, it is particularly difficult to incorporate ESG factors, due to the nature of the strategy, for example in the case of CTA funds. When asked if he cared about sustainable investments, Franzén jokingly answered that "you can't say that you don't care." While Franzén highlighted the importance of sustainability when it comes to the wider investment universe and the importance to focus on substance rather than appearance, since otherwise it will risk diluting the cause. He stated that for some hedge funds, who cannot have a direct influence on their investments, like derivatives on stock indices, ESG issues are much smaller in range, and that therefore, it is not a central issue for him when selecting this kind of managers.

Last but certainly not least, when asked to pinpoint a game-changing trend within the hedge fund industry, the panel participants seemed to jointly agree on the idea that the transition to big data will be noticeable in the near



Claudia Stanghellini, AP3



Christer Franzén, Ericsson Pensionstiftelsen



Helen Idenstedt, AP1

ticipants seemed to suggest that the allocation won't change significantly going forward. More importantly, Idenstedt revealed that her team would like to increase their capital allocation and exposure to the hedge fund arena, but the relatively hard constraints on costs has not allowed them to significantly increase this exposure so far. Franzén said that there are no plans to change anything regarding the current

future. Idenstedt mentioned that artificial intelligence had certainly become an important trend and that she expected it to continue to grow. On this inspiring outlook, Gustafsson thanked the panel for their candid and insightful answers and tongue in cheek, invited the three allocators to find new investment targets amongst the winners of the upcoming award ceremony.

# Need help to manage your assets?

## Contact one of Swedens leading advisors.

# PARTNERS

# 2016 NORDIC HEDGE AWARD

One of the key factors of success for the Nordic Hedge Awards is the valuable support of our key partners. Every year brings another bouquet of leading service providers who find value in associating their brands with the Nordic Hedge Awards. For this year's edition, we are very proud to have gathered the support of Factset, Denovo Advokatbyrå, Northern Trust, Mackmyra, Novus, Efficient Capital Management, Swedish House of Finance and HedgeNordic.

## FACTSET

FactSet is one of the largest financial data and software companies. It is a global firm headquartered in the US. FactSet currently provides analytics, service, content and technology to more than 87,500 users in 4,400 firms in the financial industry and beyond. This year, FactSet chose to support the Best Nordic Equity Hedge Fund Award. Johan Åberg, Head of Nordics at FactSet, believes that partnering with the Nordic Hedge Awards is especially valuable to market the FactSet name in general and bring additional exposure to the Nordic hedge fund market specifically. He says "I thought it was the right format for us. It was a good opportunity for us as a sponsor to deliver a short message."

## DENOVO ADVOKATBYRÅ

Denovo is one of the leading law firms in Sweden providing legal services to firms operating within the financial services sector, such as banks, asset managers and insurance providers. The firm provide services in relation to compliance, internal audits, financial markets transactions

and applications for authorisations and registrations. This year, Denovo decided to support the Best Nordic Fund of Hedge Funds Award. Björn Wendleby, Managing Partner at Denovo, explains that his firm partnered with the Nordic Hedge Awards to support its position in the market as the leading legal advisor to alternative funds. "We wanted the event to be as it has been, a mixture between formal events and a very successful meet and great event. It was a successful event that fulfilled our main goal," says Björn. "I think that the event is very important and that the importance of the event is growing, the Nordics absolutely need their own awards ceremony. The managers in the region very seldom meet and I know that the event is popular among hedge fund managers."

## NORTHERN TRUST

Northern Trust is a premier provider of investment management and asset servicing solutions, covering depositary, fund administration, hedge fund technology and most recently equity brokerage and research. Originally a Chicago-based bank founded in 1889 to serve wealthy individuals, Northern Trust has evolved as an independent global player with 16,500 employees in 20 international locations. This year, Northern Trust has chosen to support the Best Nordic Multi Strategy Hedge Fund Award. Struan Malcolm, Head of Nordic Sales at Northern Trust says: "We have a long-standing interest in supporting the Nordic Hedge Fund community, but our goal goes beyond that. We deliberately got involved in this event at the beginning as we were excited at the idea of being involved in the Nordic hedge fund community." "This event is clearly the only and the best event in the region for hedge funds. We continue to see it as quite unique in that respect," Struan adds.

## MACKMYRA SWEDISH SINGLE MALT WHISKY

Mackmyra is the first and only Swedish-based single-malt whiskey distillery. "Today we produce whisky with the same joy of discovery and experimentation as we did when starting in 1999, but in one of the world's most modern distilleries. We do it according to the rules of art, but we do it our way and with Swedish ingredients. To produce whisky without additives and with as little environmental impact as possible is for us a matter of course," the company states. This year, Mackmyra supported the Performance Award. For Eric Bräck, Sales Manager at Mackmyra, the Nordic Hedge Awards is a great event to promote the brand. One of the particularities of the distillery is that anyone can purchase an entire cask of single-malt whiskey and enjoy their own-labelled bottles. The winner in each category received a unique Mackmyra bottle, branded with the exclusive Nordic Hedge Awards black label.

## Efficient capital management

Based in Chicago, Illinois, Efficient Capital Management is a multi-manager CTA portfolio investment firm. Since its foundation in 1999 by futures industry professionals from some of the most successful trading firms, Efficient Capital Management has been dedicated to helping their clients achieve their desired exposure to Managed Futures. This year, Efficient Capital Management supported the Best Nordic Managed Futures / CTA Award. Mike Marcey, Managing Director, Strategic Development at Efficient Capital Management represented the firm at the Awards ceremony and shared a few words with the audience before the award was presented to the winner. Efficient Capital Management has been a long-term partner of the Nordic Hedge Awards since the inaugural 2012 event.

## NOVUS

Novus is the world's leading portfolio intelligence platform with over \$2 trillion in client assets under management. Novus clients counts hedge funds, sovereign wealth funds, endowments and foundation and helps them see more data, process it faster and gain insights to make smarter investment decisions. First-time partner with the Nordic Hedge Awards, Novus decided to support the overarching Best Nordic Hedge Fund Award this year. Andrea Gentillini, Head of Europe at Novus Partners, gave a brief presentation of the firm's product before the award was presented to the winner. According to Andrea, "this is THE event for the hedge fund industry, the one and only".

## SWEDISH HOUSE OF FINANCE

The Swedish House of Finance at the Stockholm School of Economics is Sweden's national research center in financial economics. It was founded in 2011 by the Stockholm School of Economics and the Institute for Financial Research (SIFR) through a government initiative to strengthen financial research in Sweden. The Swedish House of Finance's aim is to create a hub for financial research in Sweden, thereby expand its knowledge and share its findings with the country's private, public and academic sectors. The Stockholm School of Economics has been one of the first partners of the Nordic Hedge Awards, as it developed the unique methodology that the nomination process relies upon. This year, the Swedish House of Finance supported the Nordic Fixed Income Hedge Fund Award. Riccardo Sabbatucci, Assitant Professor at the Stockholm School of Economics, presented the Swedish House of Finance shortly before the awards were handed to the winners.



# BEST NORDIC FUND OF HEDGE FUNDS 2016

## SLOWLY BUT SURELY, FOHF DELIVER

For the year 2016, the Best Nordic Fund of Hedge Funds Award was selected amongst the 25 funds that compose the NHX Fund of Hedge Funds sub-index, of which 5 were nominated following the quantitative screen: AIM Insurance Strategies, Merrant Alpha Select, Accum Capital Preservation Strategy, AIM Credit Strategies and Graal Total. For the year, the NHX Fund of Hedge Funds Index's performance as a whole was somewhat disappointing at -0.88%.

The winner of the category was Merrant Alpha Select, which performance was 2.52% (in USD) over 2016. As the fund specializes in market neutral strategies, the historical volatility of the fund is particularly low and makes for an attractive Sharpe Ratio of 3.15.

Rolf Hagekrans, Portfolio Manager at Merrant Capital, explains the key drivers to the 2016 performance: "The portfolio is concentrated and consist of only market neutral and relative value strategies. The fund should perform well in all market environments." In terms of the challenges: "In the beginning of 2016, the remaining holdings in the portfolio with fixed income strategies suffered from a tougher market. We redeemed the last one in February and have had since then only equity strategies. All our underlying strategies are denominated in USD."

Rolf believes that his fund is different from other Fund of Hedge Funds and well positioned to

withstand market turmoil. "Our fund's strategy is to deliver only pure alpha. We avoid the common beta strategies who always suffer when the volatility increase in the markets," he explains.

So far in 2017 (to the end of April), Merrant Alpha Select has shown only positive months and is up 1.16% compared to the NHX Fund of Hedge Fund Index, up 0.68%. "The year has started well with stable returns and we expect to deliver performance according to our goals," Rolf adds.

In second place, came the Finnish fund AIM Capital Insurance Strategies, which focuses on Insurance Linked Strategies (ILS) via externally managed ILS funds. The fund was up 3.56% in 2016 and has shown stable performance over the years, with no negative year since inception in 2012 and a Sharpe ratio of 2.83.

According to Laura Wickström, CEO at AIM Capital Oy, "the fund has a specific strategy focus in catastrophe reinsurance. Performance is generated from premium income from providing reinsurance, mainly against property losses from natural catastrophes, deducted with insured losses. Year 2016 was actually the lowest return in the Fund's 5-year history due to somewhat heightened catastrophe activity in comparison with the preceding years."

"Competitive pressures in the global reinsurance market were and still remain the major challenge,"



Merrant awarded as "Best Nordic Fund of Hedge Funds" for the fourth time in five years. Ulf Sedig and Rolf Hagekrans of Merrant Capital



Left to right: Ulf Sedig (Merrant), Björn Wendleby (Denovo), Laura Wickström (AIM Capital), Rolf Hagekrans (Merrant) and Kamran Ghalitschi (HedgeNordic)

she adds. "The absence of major natural catastrophes and resulting lack of material reinsurance losses has resulted in a larger pool of capital competing for the reinsurance business adding pressure on the premiums."

Laura believes that the strategy itself distinguishes the fund from its peers in the Fund of Hedge Funds universe. "Our focus

as the investment manager has always been in all of our funds to utilize the investment mandates the best way possible to generate steady and high long-term returns," she explains. "The number of insurance linked strategy funds offered is quite limited. We have managed to generate good returns since the fund inception, but as stated earlier this period has not included major catastrophes."

"2017 has had a robust start as is typical for the strategy", Laura says. "The main risk in the fund coincides with the North Atlantic hurricane season from June 1st to November 30th. Mother Nature eventually determines how the calendar year performance turns out. The investment portfolio is similar to what it was last year." So far in 2017, the fund is up 0.74%, six basis points ahead of the NHX sub-index.

Finally, the third place was awarded to AIM Capital Credit Strategies which invests in external funds operating in alternative credit markets. The fund was up 3.2% in 2016 and has exhibited stable returns over time, which is illustrated by a Sharpe ratio of 2.

Regarding the performance in 2016, Laura explains: "The fund exposure was tilted towards European structured credit strategies, mostly consisting of underlying long exposures in CLO equity and junior debt. The key return driver was the high yield rally that started in March and sustained beyond year-end. We also added a new exposure to Argentina early in the year and made an investment into a credit-focused macro strategy that both performed very well." More generally, Laura believes that the fund was well positioned going into 2016: "We had much hesitation in 2015 whether the uptrend in credit had already run its course. Mostly we were considering whether to reduce the long bias and increase diversification. However, as the spreads widened in late 2015 and early 2016, we decided to remain invested as we had been, which turned out to be a correct decision in hindsight."

When it comes to the challenges of 2016, Laura adds: "Our earlier, less liquid debt investments have turned out less successful than initially anticipated. Perhaps we had anticipated a more substantial potential for illiquidity premium than actually materialized in these investments."

So far in 2017, the fund is already up 2.2%, but Laura is cautious when looking at the future. "For now, 2017 has been a continuation from 2016. We realize that valuations are already quite high and the current phase of the credit cycle cannot continue forever," she concludes.

Need help to manage your assets?

Contact one of Swedens leading advisors.

DENOVO ADVOKATBYRÅ

info@denovolaw.se  
denovolaw.se

# BEST NORDIC EQUITY HEDGE FUND 2016

## NORDIC FOCUS PAYING OFF



**Elin Wallin Tørre**  
**Taiga Fund**  
*(Picture from 2016)*

**T**he equity category is the single largest sub-index of the Nordic Hedge Index with 57 underlying names, it is also a category that has had strong performance numbers in recent years. These characteristics makes it a challenging playing field for the contestants to the award as best equity focused strategy.

In 2016, the best equity focused Nordic hedge fund award was handed out to the Norwegian Taiga Fund, a long biased long/short equity fund that has had such strong returns and asset flows in recent years that the management company decided to close for new investments during the year. In 2016, the fund ended the year with a net gain of 17.6% which follows on three consecutive years of +20% gains.

In a comment to the year's performance, portfolio manager Ola Wessel-Aas says:

"A number of core long positions performed strongly, not least our largest investment Borregaard recovered strongly from a relatively poor 2015."

The manager however points to the fact that the fund did not manage to participate in the sector rotation into cyclicals that took place by year-end.

"We take a cautious stance in our valuation and stock analysis and generally seek support in current or near term financials. While this helped us during the rocky beginning of 2016,

we did not participate in the year-end sector rotation into cyclicals and commodities."

In second place came Swedish Gladiator fund managed by Max Mitteregger. The fund returned 14% in 2016 adding to a 20% return in 2015. Commenting on the performance, Karsten Ferm, assisting portfolio manager says:

"We had another successful year in 2016 due to our stock picking and demonstrated patience with our core investment ideas."

In third place came the asset manager Accendo Capital whose Luxemburg-based activist hedge fund Accendo generated returns of 30% in 2016, adding to a net gain of 49% in 2015.

Henri Österlund, founder and senior partner says " We always have a concentrated portfolio. Last year, three of our four larger strategic positions performed strongly and were the main drivers of fund performance."

"During 2016, we exited our historically largest holding, Okmetec, which was sold in June to an industrial buyer at a good premium. We also exited Alma Media toward the end of the year, which delivered nearly 80% from the time we entered the position until we sold it in a single block transaction. Xvivo Perfusion nearly doubled during the year, and we initiated an investment in Hexatronic Group, where we became the largest shareholder by year-end.

Hexatronic showed excellent growth and margins during 2016, and the stock nearly doubled in price from our first purchase in April."

Among holdings that did not quite perform during the year, Österlund mentions Swedish Doro.

"One of our largest holdings, Doro, faced several challenges during 2016, including a stand-still in much of its Care (personal safety alarm) business. The position lost money on the year, but we are

optimistic about the recovery of the Care business, and about the long-term contribution of new CEO Robert Puskaric who started in February 2017."

The start to 2017 holds promises for another solid year for the three winning funds. As per end April, Taiga were up +4.26%, Gladiator had gained 4.2% and Accendo added another 8.2%.

The category was presented and supported by Factset.



Left to right: Johan Åberg (Factset), Max Mitteregger and Karsten Ferm (Gladiator Fond), Henri Österlund (Accendo Capital) and Kamran Ghalitschi (HedgeNordic)

FACTSET > SEE THE ADVANTAGE

# BE THE ADVANTAGE.

Solve our clients' greatest challenges with the power of collaboration.



# BEST NORDIC FIXED INCOME HEDGE FUND 2016

## GREAT DANES WAG THEIR TAILS



**Morten Mathiesen**  
Asgard Fixed Income Fund

Nordic fixed income hedge funds (many of which are located in Denmark) continue to generate extraordinarily strong returns, both in absolute terms and on a risk-adjusted basis, year after year. HedgeNordic has sought some colour on where the returns are coming from - and also asked if they are sustainable. “Cassandras” in Denmark’s central bank, and in its commercial banks, seem to frequently raise alarms about a housing bubble, but the country’s fixed income markets and its fund managers carry on performing regardless.

Three funds were recognized in the category of “Best Nordic Fixed Income Focused Hedge Fund” (supported by the Stockholm School of Economics and SHoF): Plinius Capital’s Asgard Fixed Income; Danske Invest’s DI Hedge Fixed Income and Nykredit Asset Management’s Nykredit MIRA. We sounded out their managers’ views, and it is always healthy to hear they are cognizant of risks. For instance, a sharp jump in interest rate volatility could pose (at least short term) challenges for some managers’ strategies.

### Performance Attribution

Nykredit has identified its key performance drivers in 2016 as “tighter credit spreads, low interest rate volatility and limited new issuance in the Danish callable mortgage bond market, combined with strong foreign demand for Danish assets - especially long dated callable

bonds” recalls Chief Portfolio Manager, Nicolai Rasmussen. Carry contributed 30-35% of Nykredit’s returns, capital gains 60-65 % and trading roughly 5 %. Looking back on the year, Rasmussen reflects “we took the right risks at the right time and, even though we took some hits during 2016, we were faithful to our strategy and did not scale down”.

Asgard has subdivided its 2016 performance attribution into six categories: Covered and Government Bond carry; Covered and Government Bond spread performance; Country spreads; Curve trades; Other carry trades and Active trading. Says manager, Morten Mathiesen, “We estimate that the fund has made about 4 percentage points via carry. Short positions in [negative yielding] Swedish Government bonds have also added positively to the carry through 2016”.

Spread performance in Covered bonds and Government bonds contributed 6 percentage points in 2016. Country spread trading added another 1.5%. Relative value trades on the curve also worked well in 2016, emphasizing positive carry and timing good entry and exit points. These curve trades have contributed approximately 1 percentage point. Various carry trades across different currencies where risk premiums are viewed as attracted added 2%. Active trading, which aims to optimise the portfolio on a running basis, contributed a further 1% in performance.

## Brexit, Trump and volatility

But returns did not travel in a straight line throughout 2016. Danske Capital “had a difficult beginning of 2016 with negative returns in both January and February, but from there we had 10 positive months in a row” says Head of Hedge Funds, Michael Petry. Neither Brexit in June, nor Trump-related volatility in November, rocked the boat of Danske’s returns, which were positive in both months. In contrast, Nykredit saw a temporary setback from Brexit but overall it was a non-event. Heightened volatility around Trump’s election also caused a minor performance reversal for Nykredit’s MIRA strategy - due to the embedded options in callable bonds - whereas Nykredit’s KOBRA strategy was not affected, as it uses stable hedges. Asgard maintained steady returns throughout 2016, and Mathiesen reckons “this is partly due to the portfolio being well constructed and partly due to the limited impact of world events on the Scandinavian bond markets, where the fund is focused”.

## 2017 Outlook and the ECB

For Nykredit, “2017 has continued more or less as 2016 ended. So we have seen credit spread tightening once again and even though interest from foreign investors (especially the Japanese) has cooled down a little, the limited new issuance in the callable market, means that callable mortgage bonds have had a good start” Rasmussen confirms. This has helped Nykredit’s MIRA strategy to return more than 6% in 2017, as of early May, and its KOBRA-strategy has made around 4.5 %.

Rasmussen “does not expect that ECB scaling back on QE asset purchases, or higher interest rates, will affect the two strategies, since we have hedged the interest rate risk. But the volatility of interest rates can be more relevant than their level for at least one of Nykredit’s strategies. “If the ECB makes some drastic changes to the QE-

program, causing interest rates to rise sharply and pushing up volatility, this will put MIRA under pressure due to the embedded options and unstable hedges” explains Rasmussen. And he cautions that an explosion of interest rate volatility could also cause losses for the KOBRA strategy: “depending on how callable bonds are impacted in such a scenario, the KOBRA strategy could eventually underperform, as we saw it back in mid-2015”.

Danske’s winning streak has continued into 2017, with four positive months adding up to 14 months of positive returns in a row. Petry is not worried about ECB policy for the time being. He is of the opinion that “It seems likely we will have very low rates for longer than the market expects and that the ECB will continue with QE well into 2018. In my opinion, QE works much better than negative rates and they should rather increase rates to 0 before they start tapering”. Nonetheless, Danske is running a balanced book, which contains some hedges. The fund “has several strategies that could profit from higher interest rates so long as it does not happen too fast” Petry reveals.

Asgard also has a measured positive outlook. “Looking ahead, we still expect the overall macro picture to evolve nice and steadily even though we see the risk of Geopolitical problems has surged somewhat” observes Mathiesen. Faster than forecast ECB tapering would be something of a double-edged sword for Asgard. “An abrupt introduction of tapering is a risk to our positions, but we find the probability and downside risk of this is contained” he says. On the other hand, if market normalisation and tapering re-liquefy markets, and returns spreads to more healthy levels, Asgard could re-visit certain markets that do not currently offer sufficient liquidity nor spreads. “All in all we are optimistic going into 2017, and expect to deliver a decent positive return with limited volatility” sums up Mathiesen.

## The Nordic Hedge Awards

The awards are, unsurprisingly, popular with these managers, who feel it is very worthwhile to have awards dedicated exclusively to Scandinavian hedge funds. Nykredit “believe that the Nordic Hedge Awards offers great integrity and that we, as a fixed income manager in the Nordic region, get the most valid comparison to other similar hedge funds” Rasmussen says. Danske “really like the Nordic Hedge Awards - it is a very good way to attract attention to Nordic hedge funds. Especially on the Fixed Income side, Nordic Hedge funds

have actually been among the very best in Europe over the last 5-10 years. If you win the Nordic Hedge Award within Fixed Income you will very likely win the very prestigious awards in Europe like HFM & Eurohedge as well in the same year” asserts Petry.

Asgard “just love the Nordic Hedge Award. In our opinion, the fact that the Scandinavian countries are not part of the Eurozone, and the uniqueness of the Nordic countries and markets in general, just underpins the relevance of having a Nordic Hedge Award” sums up Mathiesen.



Left to right: Prof. Ricardo Sabatucci (Stockholm School of Economics), Joel Backesten (Danske Capital), Tormod Hagen and Nicolai Rasmussen (Nykredit Asset Management) Morten Mathiesen (Plinius Capital) and Kamran Ghalitrsci (HedgeNordic)

# BEST NORDIC MULTI STRATEGY HEDGE FUND 2016

## DIVERSITY IN APPROACH



Being a highly diverse category encompassing numerous different strategies, the NHX multi-strategy category is perhaps the most unpredictable one. In 2016, two asset allocation funds and one long/short equity fund were selected in the top three.

The winner of the category was Danish Formuepleje Penta, which is an asset allocation fund aiming to find the optimal allocation to bonds and equities at any given point in time. In second place came last year's rookie of the year, Elementa. In third was the Nordea Alpha 15 fund, which is a systematic fund that aims to identify market inefficiencies by integrating fundamental valuation analysis and systematic signalling models.

In a comment to the performance in 2016, Søren Astrup, Partner at Formuepleje says: "Penta is a multi strategy leveraged fund which invests in a balanced portfolio of Danish mortgage bonds with high liquidity and global equities. The leverage ratio is approximately 3.5 times. Asset allocation tilted towards the fixed income side, and the equity share of the allocation is approximately 25-30%."

"The main driver in 2016 the Danish mortgage bond portfolio, due to bond selection and successful calls on the yield curves. Bonds contributed with approximately 10% and equities with 10%. On top of that were able to

provide the leverage at net negative interest rates."

The year was not without challenges though, Astrup says: "The elections (Brexit, US etc) and of course the negative market at the beginning of the year was a challenge. Because of the various known factors on the "risk agenda" we were quite active in our tactical asset allocation. In April 2016, we reduced the exposure to equities by more than 10 percentage points because of the Brexit vote. We did the same in July 2016 because of the upcoming presidential election in the US. But a few days after the election of Trump we took the exposure up to the previous levels. That turned out to be a successful strategy."

As for Elementa, the fund managed to extend a highly successful first full year of trading in 2015 (+15%) with another 14% gain in 2016. The portfolio manager Marcus Wahlberg says in a comment that stock selection was a key to success during the year.

"The five largest positive contributions during the year was our positions in Link Mobility Group (Norway), Oriflame (listed in Sweden), Kotipizza (Finland), Boule Diagnostics (Sweden) and the corporate bond investment in PGS. We estimate that the alpha generation during the year amounted to approximately 20 percentage points for long positions and about 8 percentage points for short positions."



Left to right: Bo Thulin (Northern Trust), Filip von Uexküll and Marcus Wahlberg (Elementa), Per Walter (Nordea), Mogens Kristensen (Formueple) and Kamran Ghalitschi (HedgeNordic)

For Nordea Alpha 15, gains were broad based and were made across strategies, according to Per Walter, Head of Balanced Portfolios at Nordea.

“Using our own broad strategy definitions both Risk Parity Fundamental and Cross Asset & Momentum were strong contributions to performance in 2016. Hence both risk balanced strategies and more directional oriented strategies worked well for us. However the positive performance contributions were quite broad based and the fund also benefitted from Currency Strategies and Fixed Income”.

In terms of challenges, Nordea says that the post Trump equity rally was the main battle for their models.

“Our basket of Equity Strategies (Low Risk, Relative Value, Relative Momentum) were challenged by the cyclical, domestic US tilted equity rally following the US election in November. Our relative equity strategies, leaning on proprietary fundamental momentum and value factors, could simply not verify the strong relative price momentum. However year-to-date our Equity Strategies have had positive performance overall”, Walter says.

So far in 2017 (as of end April), both Formuepleje Penta and Nordea Alpha 15 have gained about 9 percent on the year, while for Elementa the year has started with a slight loss of 1.4 percent.

The category was supported by Northern Trust.



NORTHERN TRUST

# FIND A CLEAR WAY TO TRANSPARENCY

Today, the question of transparency is not “whether,” but “how.” And while it can seem costly and complicated, it doesn’t have to be.

We’ll help you solve for transparency in ways that can help you and your investors. Uncover long-term strategic advantages from better controls and faster decisions.

Because with the right technology and the right partner, you not only unveil new opportunities for transparency, transparency unveils new opportunities for you.

## ACHIEVE GREATER

*To learn how Northern Trust Hedge Fund Services can help you find a clearer path, visit [northerntrust.com/hedgefundservices](http://northerntrust.com/hedgefundservices)*

© 2017 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A. Incorporated with limited liability in the U.S. Products and services provided by subsidiaries of Northern Trust Corporation may vary in different markets and are offered in accordance with local regulation. For legal and regulatory information about individual market offices, visit [northerntrust.com/disclosures](http://northerntrust.com/disclosures).

**DIRECTED TO PROFESSIONAL CLIENTS ONLY. NOT INTENDED FOR RETAIL CLIENTS.**



# BEST NORDIC CTA 2016

## STANDING OUT IN A DIFFICULT YEAR FOR THE SPACE

In what was a challenging year for the CTA industry overall, there were some funds clearly standing out from the crowd, significantly outperforming industry benchmarks. In the Nordic hedge fund space, both funds from IPM, Systematic Macro Fund and Systematic Currency Fund, had a stellar year with gains of 7.4% and 9.5% respectively which compares favourably to the NHX CTA index that gained 2.2% on the year (which in itself was significantly better than global benchmarks).

IPM's Systematic Macro Fund was voted in first place in the category with Systematic Currency ending in third place. In second came the SEB Asset Selection Opportunistic Fund.

In a comment to the performance of the winning Macro strategy Serge Houles, Managing Director and Head of Client Portfolio Management at IPM, says:

"2016 was a good year overall for the strategy with all but the relative bond portfolio finishing the year positive. The first quarter's strong returns were dominated by the dev. currency portfolio with long JPY and short GBP the principal drivers. The directional portfolio also delivered good performance from a long bonds and short equities positioning. In the second and third quarter the relative bond portfolio continued to suffer losses. However, strong gains in short GBP and long JPY positions

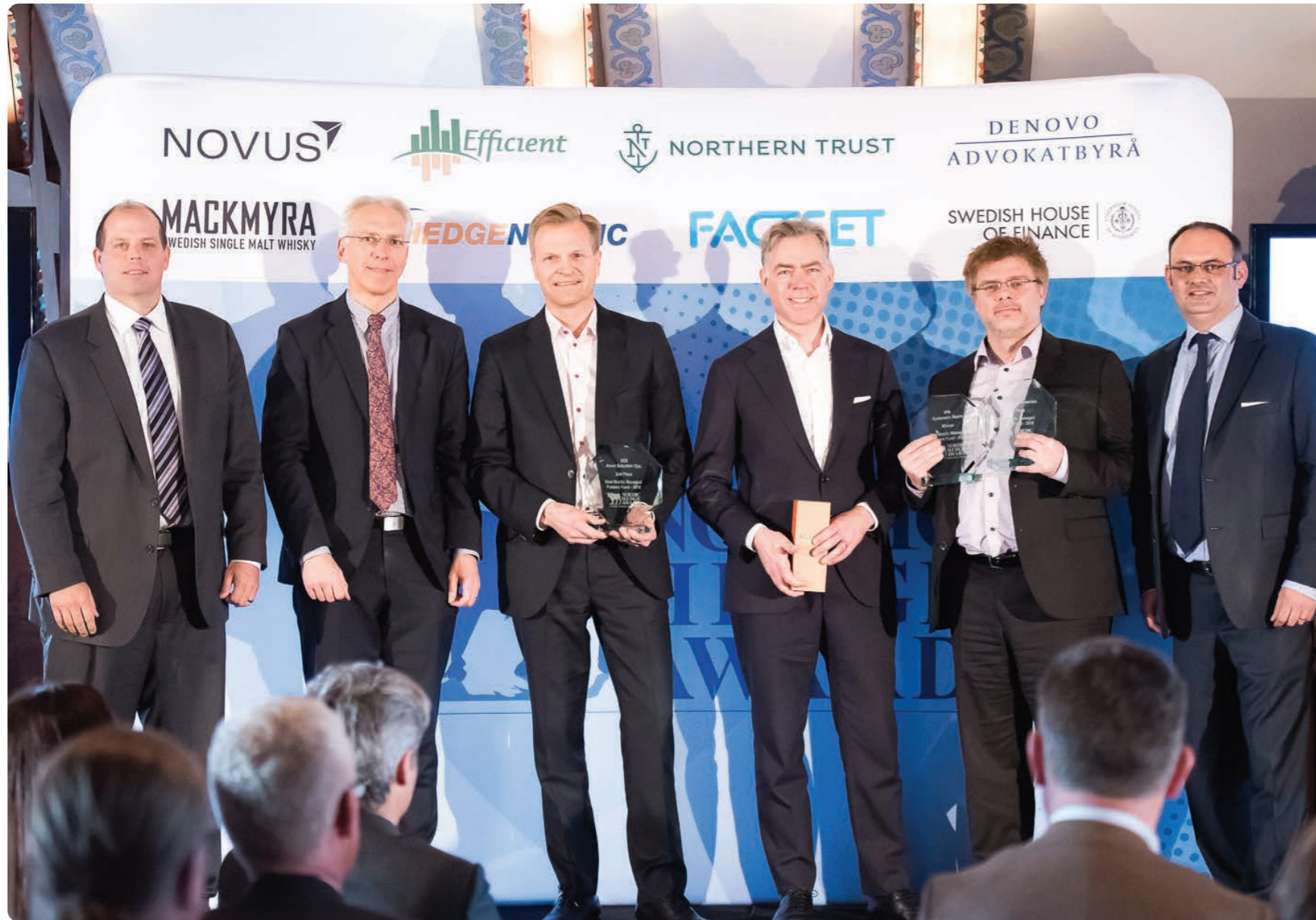
following the Brexit referendum compensated these losses. The directional portfolio was also relatively strong in the third quarter mitigating some of the losses experienced in the relative bond portfolio. By the end of the year, relative equity and directional portfolios compensated for losses in the developed currency strategies following the Trump win."

In trying to define what set the strategy apart from the competition during the year, Houles adds:

"Both our performance and the way it has been achieved set us apart, in general, but in particular also last year. Our strategy had a very strong start of the year performing very well at a time when all other strategies struggled impacted by the severe equity markets sell-off and the sharp recovery thereafter. When most strategies recovered during the summer in an environment generally pro risk assets, our strategy suffered as it was caught wrong footed by overreaction of market participants to the potential impact of Brexit on the UK economy which triggered a strong rally in the Gilts. This positioning dramatically turned around at the end of the summer back in our favour as the disconnection between the strong fundamentals of the UK economy and the level of interest rates became unsustainable, this came at a time when most other hedge funds strategies had weaker performance. Towards the end of the year, the post Trump election



**Informed Portfolio Management - IPM with two prizes in their category**  
**From left: CEO Stefan Nydahl, Portfolio Managers Björn Österberg and Mattias Jansson**



Left to right: Chad Martinson (Efficient Capital), Hans-Olov Bornemann and Jan Hillerström (SEB Asset Selection), Stefan Nydahl and Björn Österberg (IPM) with Kamran Ghalitschi (HedgeNordic)

proved challenging for us while most other strategies took advantage of the Trump trade and its impact on markets to yield decent positive performance for the year.”

So far in 2017, the IPM Systematic Macro Fund has gained 8 percent (as of end April) and the Systematic Currency has added 7.6

percent and Houles says that the strategies continue to be positioned for a normalization of interest rates spreads while being moderately bullish equities, in currencies, EM is favoured relative G10.

“As our strategy is systematic, it is difficult for us to provide any outlook. However,

looking through the lens of our positioning, our strategy is currently positive on European equities across the board against short positioning in North America (US and Canada), Australia as well as Hong Kong. In bonds, the strategy is still positioned for a normalization of the interest rates spread between the US versus Japan and the UK, as reflation so far

has been an isolated US phenomenon. In currencies, the positioning is still quite defensive being long the JPY and the EUR against a number of “carry” currencies that typically fare poorly during periods of risk aversion. Finally, in terms of the directional positioning, the strategy is moderately bullish equities, bearish bonds and positive on EM currencies versus G10 currencies.”

Hans-Olov Bornemann, who heads SEB’s Global Quant team responsible for the trend following CTA, SEB Asset Selection, says that the year was marked by a very positive start and that the strategy managed to handle the turnaround in interest rates by the end of the year.

“Last year, we made very good money in bond and interest rate futures. At the beginning of 2016, we were long government bonds and had a fantastic January and February. At the very end of the year, the bull market in bonds turned into a bear market. After having lost some money at the inflection point, we started to make money by being short bonds in November and December. Equities were also contributing positively last year. Currencies were positive, but only marginally so.”

In a year that was particularly challenging for trend following CTAs, SEB Asset Selection Opportunistic fund gained 10.2%. Commenting on what made the program stand out during the year, Bornemann says:

“Almost all of our competitors lost significant amounts of money on commodities last year. Since 2013, we have chosen to steer clear of commodities. This decision is partly based on the fact that the UCITS regulation makes it more complicated and more expensive to include commodity exposures into the fund. Partly the

decision is related to the ultimate purpose of the fund. We have chosen to optimise the SEB Asset Selection model in such a way that the client portfolio owning SEB Asset Selection receives the largest boost in its Sharpe ratio. Most of our competitors focus on achieving a high stand-alone Sharpe ratio for their funds. By contrast, we focus on boosting the Sharpe ratio of a typical client portfolio.”

In line with the CTA industry overall, the start to 2017 has been challenging for the SEB Asset Selection Fund, Bornemann says.

“Like other trend-following managed funds, the first quarter of 2017 has been a bit challenging for us. The major reason for this is that the positions in the currency markets have not been developing according to our expectations. We started with a bullish view on the US dollar. We had to scale back our positions to a neutral position when the dollar weakened more than expected. After having scaled down the positions, the dollar started to appreciate again. More recently, we have been building up a long dollar position again. Although we are still bullish on equities and cautiously bullish on bonds, the financial markets seem to be a bit hesitant right now. Non-trending markets like this exist about 1/3 of the time. The other 2/3 of the time when market are trending are more fun. But to get the fun part you need to endure the less fun part.”

The Category was supported and presented by Efficient Capital.

# HEDGENORDIC PERFORMANCE AWARD WHERE PURE PERFORMANCE COUNTS

The Nordic Hedge Award Performance Award was introduced in 2014 and goes to the manager that has shown the highest net performance of all hedge funds within the universe of the Nordic Hedge Index (NHX). No other criteria than net performance influences the ranking. In 2015, the category was expanded from only taking into account the recent 12 month period, to additionally distinguish funds showing the highest net performance over the last 36 and 60 month periods.

For 2016, the big winner of the performance award category was Accendo Capital taking the first spot in both the 12-month and 36-month time frames. For the 60-month time frame, the Norwegian trend follower Mjeltevik Invest conquered all competition.

With regards to Mjeltevik Invest, the gains seen in 2012 and 2013 where the fund added 39 and 58 percent respectively, is a likely explanation to why the manager ended in first spot for the 60-month time frame. The fund has however shown a consistent return profile over the full 5-year period with no losing year and has compounded 20 percent annually since inception in 2010.

In a comment to HedgeNordic regarding the performance of the Mjeltevik program in 2016, a year that ended with a net gain of 10.7 percent, Håvar Mjeltevik, founder and portfolio manager says: "The key driver was the risk management and we sat tight in our winning positions. The major challenges were at the start of the year, when we started 2016 off with two down months and it looked like



Henri Österlund, Accendo Capital



Håvar Mjeltevik, Mjeltevik Invest



HegeNordic Performance Award

The fact that Accendo Capital ended first in the 12 and 36 month categories should come as no surprise given the extremely strong performance numbers posted in 2015 and 2016 with gains of 49 percent and 30 percent respectively. The manager has been rewarded for their concentrated activist hedge fund approach and benefited from a couple of exits during these years that have left them with good premiums, according to Accendo's founder and senior partner, Henri Österlund.

we would see a bigger correction. In that kind of market, it is important to sit through and to preserve capital for better times."

Mjeltevik is a systematic, long-term trend following strategy that analyzes and monitors all liquid stocks on Oslo stock exchange and OMX Copenhagen.

The category was supported by Mackmyra.

# TEN YEARS

Sweden's first official  
ten years old whisky.  
Available now.



**MACKMYRA**  
SWEDISH SINGLE MALT WHISKY

www.mackmyra.com

**Alkohol är  
beroendeframkallande.**

# BEST NEW NORDIC HEDGE FUND LAUNCH 2016

## ROOKIE OF THE YEAR AWARD

The Rookie of the Year award was presented at the 2016 Nordic Hedge Award for the second time only. It is the youngest of the awards lineup and is supported by HedgeNordic. This prize rewards the most promising hedge fund launch of the year. In this year's edition, any fund domiciled in one of the Nordic countries or with strong ties to the Nordics launch between 1 October 2015 and 30 September 2016 automatically qualified as a potential candidate for the award, provided the information on the fund was made available to Hedge Nordic.

For this special award, the usual selection process is not applicable as the methodology used in the other categories would not lead to meaningful results. First, the quantitative screening performed to nominate the funds in each category cannot be performed, as the rookies have, by definition, only a limited track record. Second, even if a quantitative screen were to be applied, the funds would not be comparable, as the length of their track-record, as well as the trading strategy would likely, at least potentially, differ considerably. Therefore, the result relies solely on the expertise of a peer group jury composed of other Nordic hedge fund managers.

The members of the jury had the difficult task to assess which funds they would be most comfortable investing in, which ones would be most likely to reach their target performance,

and overall which ones were positioned to become billion Dollar funds or star managers. They were given full discretion in choosing which criteria they felt most comfortable with. A few guiding questions were suggested such as: "How unique or original is the strategy?" or "How well does the past track record of the managers predispose them to be successful managing such a strategy?" or also "What is the quality of the supporting structure: number of people in the organization, proven track record or past experience of the back office and other key functions including risk management?"

This year, the jury was composed of Allan Winkel Hansen, Founder & CEO at the Danish multi strategy fund WH Invest; Wollert Hvide, CEO at the Norwegian multi-fund manager Sector Asset Management; Laura Wickström, CEO at Finnish Fund of Hedge Fund manager AIM Capital; Joakim Stenberg, Business Development at the newly established Swedish multi hedge fund manager Nordic Cross Asset Management; and last but not least, Marcus Wahlberg, Managing Partner at the Swedish hedge fund manager Elementa Management, winner of last year's Rookie award.

And the winner is... the direct lending fund, Scandinavian Credit Fund I, which is managed by Skandinaviska Kreditfonden! This fixed income fund engages in the private debt market providing capital to companies with short and medium-term financing needs. Its first trading



**Fredrik Sjöstrand, Scandinavian Credit Fund I**

**2016 JURY MEMBERS FOR "ROOKIE OF THE YEAR"**



Allan Winkel Hansen



Wollert Hvide



Marcus Wahlberg



Laura Wickström



Joakim Stenberg

month was January 2016, which showed a small loss, but the fund has only shown positive performance for every month thereafter. For the full year 2016, the fund showed 6.64% return with a very low volatility. This trend seems to be confirmed at the start of 2017, as it is up 2.78% as per the end of April. Statistical significance is not great with only 16 months of trading but we can nevertheless observe an astonishing Sharpe ratio above 7! According to CIO and Portfolio Manager Fredrik Sjöstrand, who HedgeNordic caught up with during the event: "The fund has delivered in line with our expectations during the first year. The strong interest for the fund has already brought

assets under management to 400 MSEK and we are now beginning to see interest from institutions as well."

"As the fund now has grown bigger, I see even more opportunities as we can approach lending objects that require larger sizes. This will work in favour of the fund going forward". As for winning the award, Sjöstrand is flattered that the fund has been recognized already as it is still early days. "We have only just started but this is a first recognition that we are on the right track, we hope to revisit the winners podium for many years to come".

**2016 "Rookie of the Year" - Qualified Funds**

Gamma Iceland Macro	Gamma Iceland Opportunity Fund	Asgard Credit Fund	Rhenman Global Opportunities L/S
AJ Value Hedge	Atlant Responsible	ALFA XO	Arcturus A
Ambrosia L	Peak Global Macro	Pacific Precious	Pacific Absolute Return
Scandinavian Credit Fund I	Atlant Protect	Atlant Opportunity	Atlant Multi-Strategy Internal
Coeli, Prognosis Machines	Trude	Atlant, Sharp Europe	Minastir Currency Fund



**"Chance favors the prepared mind."**

Louis Pasteur

# BEST NORDIC HEDGE FUND 2016 (OVER ALL)

## THE WINNER TAKES IT ALL



Left to right: Kai Tavakka, Henri Österlund, Mark Shay - Accendo Capital

The Best Nordic Hedge Fund Overall award is the crown jewel of the Nordic Hedge Award series. It rewards the best hedge fund in the Nordic hedge fund universe across all categories. This entails an outstanding risk-adjusted performance of course but also the validation from the jury that the winners deserve this overarching award. What this year's result shows is that to deserve a position on the podium in this category, a fund will have exhibited a coherent and perseverant strategy over a number of years already.

For the 2016 Nordic Hedge Award, the prestigious title of "Best Nordic Hedge Fund (Over All)" went to the equity activist hedge fund Accendo Capital.

The fund was the big winner of the night, also coming in third place in the category as "Best Nordic Equity Hedge Fund", and taking away two of the three Performance Awards, with best 12- and 36-month performance under their belt.

Indeed, in 2015 and 2016, the fund showed very strong performance with gains of 49 and 30 percent respectively. Accendo Capital is known for the high concentration of its portfolio. According to founder and senior partner Henri Österlund, the strong performance was driven by successful exits in a couple of the fund's positions during 2016, as well as a strong run of other positions, two of which showed performance of

almost 100%. Henri Österlund and his partner Mark Shay have shown that having the guts to stick to a high-conviction strategy can really pay off, especially when the team has the capacity to do it right.

The second spot went to Norwegian Taiga Fund, who after multiple runner-up positions over the last years took first place in the Best Equity Hedge Fund Category. Performance in 2016 for Taiga was 17.6%, led by several core long positions including the fund's largest holding, Borregaard, according to portfolio manager Paul Handeland. According to Handeland, the fund which focuses on small caps, is conservative in valuation and stock analysis and this methodology seems to have worked very well, as the performance in 2016 followed double-digit performance between 15% and 30% every year since inception (2009), except for one (2011). This very consistent performance also comes with a reasonable level of risk, which takes the fund's Sharpe ratio to the honorable level of just above 2.

Taiga currently is under a soft-close and not accepting new investments due to capacity restrictions in the.

The Danish managed fund Formuepleje Penta took third spot, after also having been crowned "Best Nordic Multi Strategy Hedge Fund 2016" on the evening, with a performance of 21% during the year.

According to Partner Søren Astrup, Penta is a multi strategy leveraged fund investing in highly liquid Danish mortgage bonds and global equities.

In 2016, most of the gains came from the Danish mortgage bonds allocation, which composes the largest part (70-75%) of this balanced 3.5x leveraged fund. Astrup mentions bond selection as well as successful yield curve calls as the main contributors to the successful performance. As for the other two winners, Penta's 2016 performance comes after a solid streak over the past few years, with double digits every year since 2012, of which two years with more than 30% return.



Left to right: Aline Reichenberg Gustafsson (HedgeNordic), Mogens Kristensen (Formuepleje), Henri Österlund and Mark Shay (Accendo Capital), Andrea Gentilini (Novus) and Kamran Ghalitschi (HedgeNordic)



# WINNERS

## Nordic Hedge Award 2016



### Best Nordic Hedge Fund Overall 2016

Supported by Novus

1. Accendo Capital
2. Taiga Fund
3. Formuepleje Penta

### Best Nordic Multi Strategy Hedge Fund

Supported by Northern Trust

1. Formuepleje Penta
2. Elementa
3. Nordea Alpha 15

### Best Nordic Equity Focused Hedge Fund

Supported by Factset

1. Taiga Fund
2. Gladiator
3. Accendo Capital

### Best Nordic CTA

Supported by Efficient Capital

1. IPM Systematic Macro Fund
2. SEB Asset Selection Opportunistic
3. IPM Systematic Currency Fund

### Best Nordic Fixed Income Focused Hedge Fund

Supported by Stockholm School of Economics / SHoF

1. Asgard Fixed Income Fund
2. Nykredit MIRA
3. Danske Invest Hedge Fixed Income Strategies

### Rookie of the Year Award

Supported by HedgeNordic

Winner:  
Scandinavian Credit Fund I,  
Skandinaviska Kreditfonden AB

### Best Nordic Fund of Hedge Funds

Denovo Advokatbyrå

1. Merrant Alpha Select
2. AIM Capital Insurance Strategies
3. AIM Capital Credit Strategies

### Performance Awards

Supported by Mackmyra

1 year:  
Accendo Capital SICAV, SIF - Accendo Capital  
3 years:  
Accendo Capital SICAV, SIF - Accendo Capital  
5 years:  
Mjeltevik Invest AS - Mjeltevik Invest IS

supported by:



# THE MINGLE

## LIKELY THE LARGEST GATHERING OF NORDIC HEDGE FUND PROFESSIONALS

The social aspect of the Nordic Hedge Award is often singled out as the most rewarding element of the event. The ingredients though are rather basic: gather a group of like-minded industry professionals, make sure there is some food and drink around and let it flow without being over-organized. The concept too, if you want to identify one, is rather puristic - Nordic, so to say.

There is no formal seating, people gather for a chat in groups, moving freely through the space. There is no fixed menu, the waiters float through the rooms with trays of finger food up for grabs, there are no black ties or evening wear, the guests show up as they went to the office. Beer is drunk directly from the bottle and the Amuse-Bouche is a hot-dog, served from the cart to be self garnished. As extra ice-breakers we secured true liquid alternatives with a Swedish whisky producer as a partner. We learned one of our loyal supporters plays the bagpipes which themed in well with the whisky and turned out to be a much enjoyed show act. The red line through all this is to offer a professional, but comfortable, relaxed warm and welcoming environment, with some quirky touches.

No matter how tough and competitive this industry is, at the end of the day it is a peoples business and nothing beats having a good time, smiles, handshakes, the exchange of business cards, stories and gossip over a drink and a bite to eat.







# NORDIC HEDGE AWARD

Even though we already had the privilege to distinguish the best Nordic Hedge Funds for the fifth year already, it may be early days yet to call it a "tradition". Still, the Nordic Hedge Award has in the short period since its inception become a much appreciated happening within the Nordic hedge fund community. HedgeNordic is proud and honoured to have been host and organizer to the Nordic Hedge Award which was carried out this year in Stockholm's old town, Gamla stan.

Over 150 guests joined on April 26th 2017 in what has become the - arguably - largest gathering of the Nordic hedge fund community. Managers, allocators and service providers alike come together to celebrate not only those managers and funds being distinguished as the best in their category, but

the Nordic hedge fund industry as a whole.

The aim was always to give a podium and platform to the outstanding, diverse and skilled number of managers in the region that often struggle to find a broader audience and recognition. The hedge fund space is an environment of highly talented, motivated and competitive professionals. To create such an award, to give this justice seemed a natural thing to do. The actual award ceremony, which is the more formal part combined with the casual event



character around it turned out to be a winning concept. The Nordic Hedge Award has become an appreciated platform for product providers and allocators, peers, competitors, and (former) colleagues to meet and socialize in a casual atmosphere attracting industry professionals

from all across the Nordic region and those who take an interest in it.

Looking forward very much to welcoming you next year when the best Nordic hedge funds of 2017 are announced.

*"The Nordic Hedge Award event is a fantastic opportunity to meet and enjoy the company of many Nordic hedge fund friends. An evening to celebrate the fantastic results some of the brightest asset managers bring to their investors. I am really grateful that HedgeNordic put so much effort into an evening that is always so much fun.*

**Gunnar Wiljander, CEO  
Nektar Asset Management**

*"Now the hedge fund community in the region has a natural scene to meet. Thank you Nordic Hedge Award for organizing this event.*

**Martin Källström  
Head of Alternative Investments  
First Swedish National Pension Fund (AP1)**

*"The Nordic Hedge Award is a great event to feature the talented hedge fund managers we have in the Nordic region. The evening format also makes it a great social event that most often fits everyone's calendar.*

**Peter Ragnarsson  
Portfolio Manager, External Management  
Third Swedish National Pension Fund (AP3)**

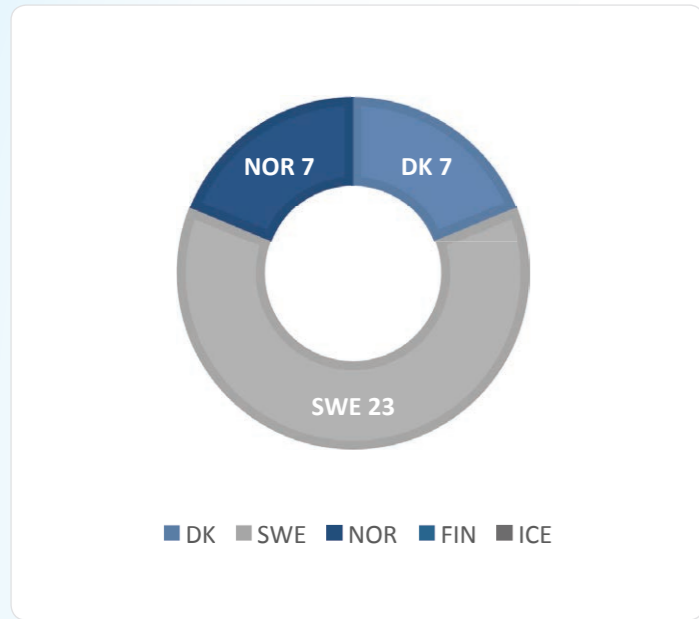
*"We greatly appreciate the Nordic Hedge Awards for the professional attention it brings to the alternative investment management space in the region as well as the opportunity to exchange views with other people in the industry.*

**Andreas Petterøe, Portfolio Manager  
Taiga Fund**

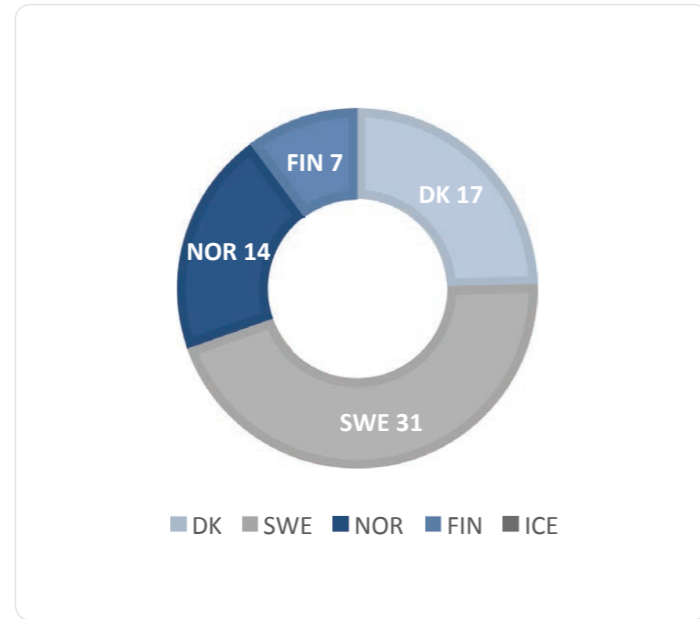
# HISTORY & STATISTICS

## KEY FIGURES AND FINDINGS FROM THE FIVE YEARS OF THE NORDIC HEDGE AWARD

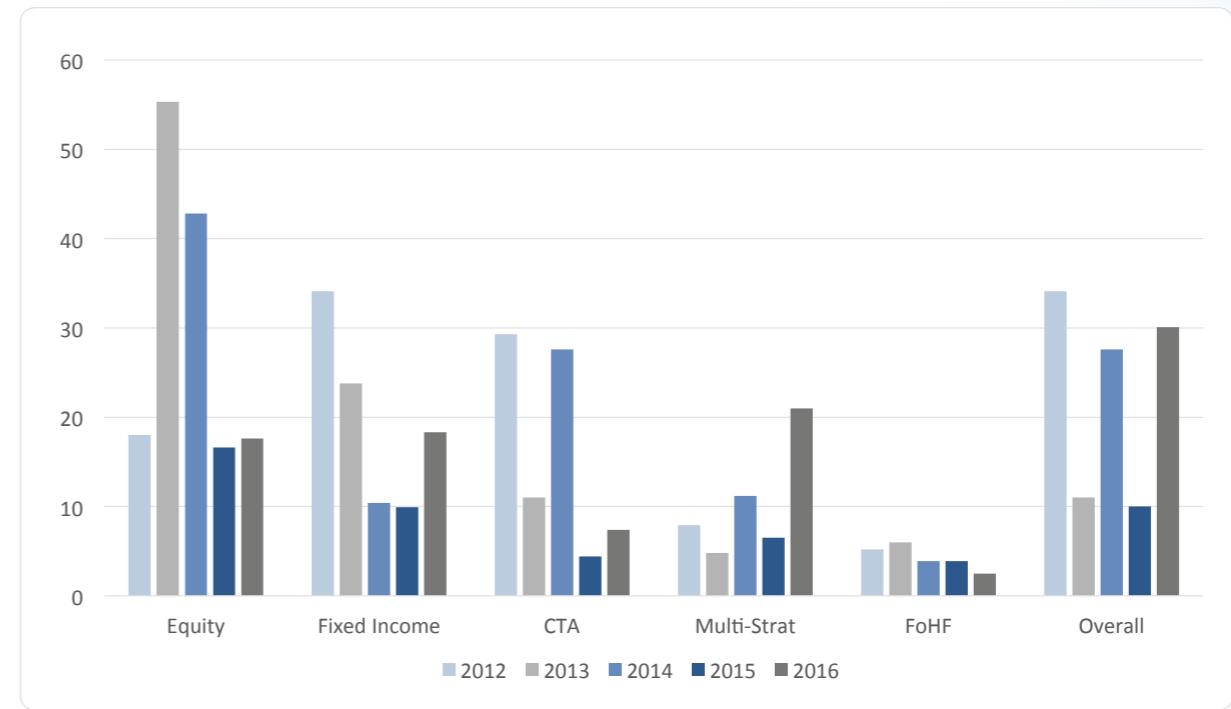
Category Winners by NHX Country (2012-2016)



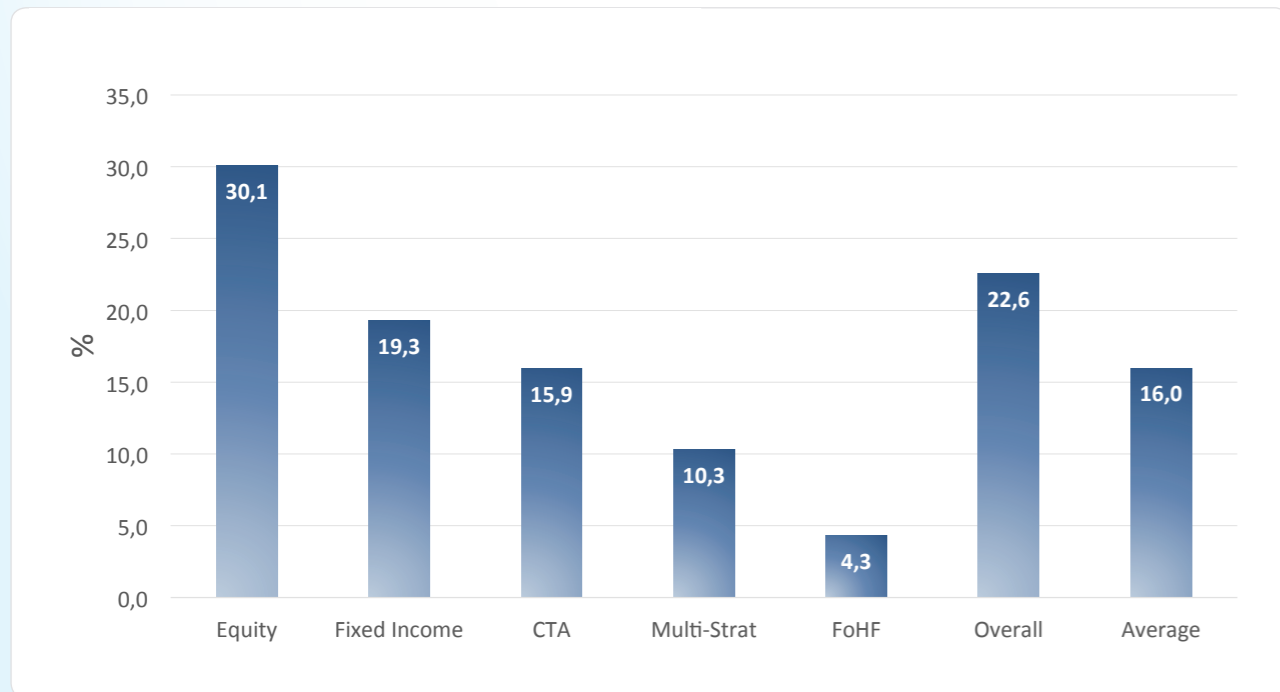
Runners Up by NHX Country (2012-2016)



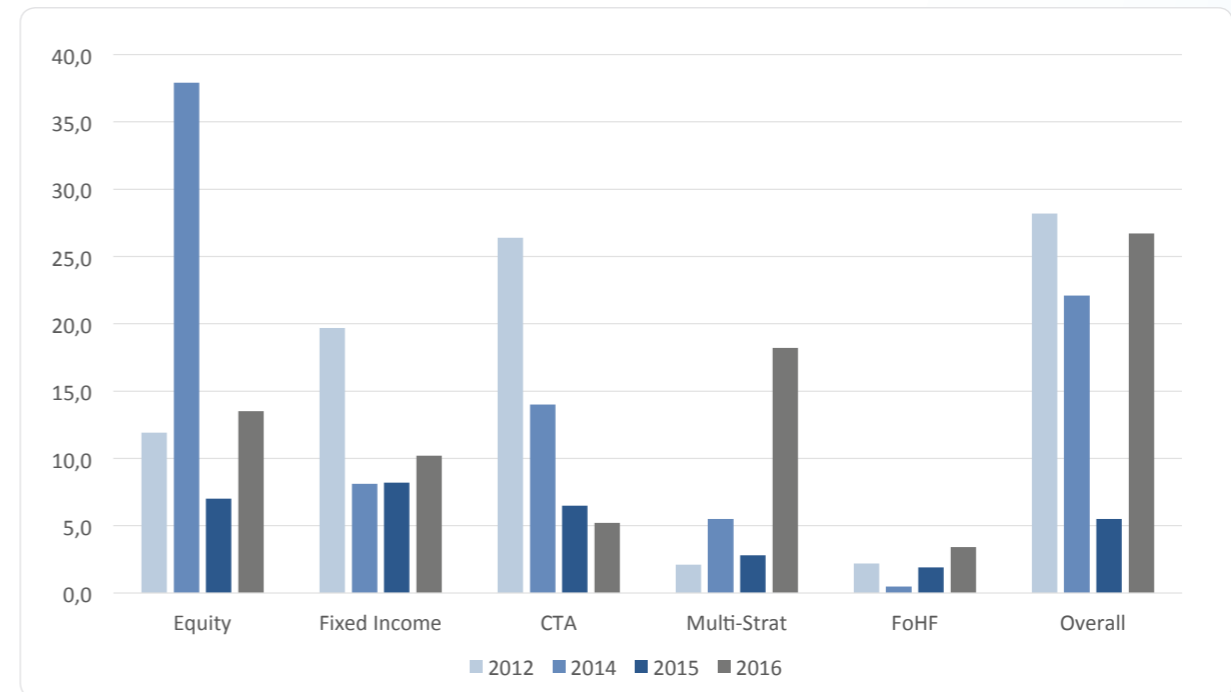
Performance of Winning Funds per Category (2012-2016)



Average Performance of Category Winners 2012-2016 (%)



Overperformance of Winning Funds to Respective NHX Benchmark 2012-2016





**HEDGENORDIC**

**“Your single access  
point to the Nordic  
Hedge Fund Industry”**



[www.hedgeaward.com](http://www.hedgeaward.com)



## GENERAL TERMS AND CONDITIONS

These are the terms and conditions which govern the use of „HedgeNordic Industry Report“, an online magazine edited and distributed by electronic means and owned, operated and provided by Nordic Business Media AB (the “Editor”), Corporate Number: 556838-6170, BOX 7285, SE-103 89 Stockholm, Sweden.

### DISCLAIMERS AND LIMITATIONS OF LIABILITY

1. The Content may include inaccuracies or typographical errors. Despite taking care with regard to procurement and provision, the Editor shall not accept any liability for the correctness, completeness, or accuracy of the fund-related and economic information, share prices, indices, prices, messages, general market data, and other content of „HedgeNordic Industry Report“ (“Content”). The Content is provided “as is” and the Editor does not accept any warranty for the Content.
2. The Content provided in „HedgeNordic Industry Report“ may in some cases contain elements of advertising. The editor may have received some compensation for the articles. The Editor is not in any way liable for any inaccuracies or errors. The Content can in no way be seen as any investment advice or any other kind of recommendation.
3. Any and all information provided in „HedgeNordic Industry Report“ is aimed for professional, sophisticated industry participants only and does not represent advice on investment or any other form of recommendation.
4. The Content that is provided and displayed is intended exclusively to inform any reader and does not represent advice on investment or any other form of recommendation.
5. The Editor is not liable for any damage, losses, or consequential damage that may arise from the use of the Content. This includes any loss in earnings (regardless of whether direct or indirect), reductions in goodwill or damage to corporate.
6. Whenever this Content contains advertisements including trademarks and logos, solely the mandator of such advertisements and not the Editor will be liable for this advertisements. The Editor refuses any kind of legal responsibility for such kind of Content.

### YOUR USE OF CONTENT AND TRADE MARKS

1. All rights in and to the Content belong to the Editor and are protected by copyright, trademarks, and/or other intellectual property rights. The Editor may license third parties to use the Content at our sole discretion.
2. The reader may use the Content solely for his own personal use and benefit and not for resale or other transfer or disposition to any other person or entity. Any sale of

Contents is expressly forbidden, unless with the prior, explicit consent of the Editor in writing.

3. Any duplication, transmission, distribution, data transfer, reproduction and publication is only permitted by
  - i. expressly mentioning Nordic Business Media AB as the sole copyright-holder of the Content and by
  - ii. referring to the Website [www.hedgenordic.com](http://www.hedgenordic.com) as the source of the information.provided that such duplication, transmission, distribution, data transfer, reproduction or publication does not modify or alter the relevant Content.
4. Subject to the limitations in Clause 2 and 3 above, the reader may retrieve and display Content on a computer screen, print individual pages on paper and store such pages in electronic form on disc.
5. If it is brought to the Editor's attention that the reader has sold, published, distributed, re-transmitted or otherwise provided access to Content to anyone against this general terms and conditions without the Editor's express prior written permission, the Editor will invoice the reader for copyright abuse damages per article/data unless the reader can show that he has not infringed any copyright, which will be payable immediately on receipt of the invoice. Such payment shall be without prejudice to any other rights and remedies which the Editor may have under these Terms or applicable laws.

### MISCELLANEOUS

1. These conditions do not impair the statutory rights granted to the readers of the Content at all times as a consumer in the respective country of the reader and that cannot be altered or modified on a contractual basis.
2. All legal relations of the parties shall be subject to Swedish law, under the exclusion of the UN Convention of Contracts for the international sale of goods and the rules of conflicts of laws of international private law. Stockholm is hereby agreed as the place of performance and the exclusive court of jurisdiction, insofar as there is no compulsory court of jurisdiction.
3. Insofar as any individual provisions of these General Terms and Conditions contradict mandatory, statutory regulations or are invalid, the remaining provisions shall remain valid. Such provisions shall be replaced by valid and enforceable provisions that achieve the intended purpose as closely as possible. This shall also apply in the event of any loopholes.