

May 2017

# HEDGENORDIC

PROMOTION. FOR INVESTMENT PROFESSIONALS ONLY. NOT FOR PUBLIC DISTRIBUTION



Stockholm, April 25th 2018  
**2017 Nordic Hedge Award**



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## 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.

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# EDITOR'S NOTE



## THE NORDIC HEDGE AWARD

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

**T**he 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.

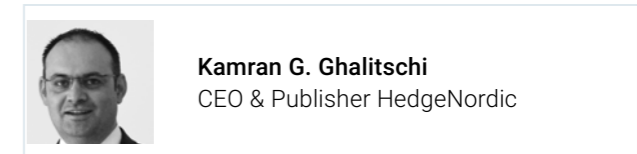
Maybe the main cornerstone of HedgeNordic is, and always was, to give a podium and platform to the outstanding, diverse and skilled number of managers in the Nordic region which often struggle to find a broader audience and recognition. The hedge fund space is an environment of highly talented, motivated 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 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

# NHX Key Facts at a Glance

Figures and data below are drawn from the HedgeNordic databses covering the constituents of the Nordic Hedge Index.

### Average sharpe ratios by NHX sub-category

Sub-category	Average Sharpe Ratio
NHX Equities	0.73
NHX CTA	0.05
NHX Fixed Income	3.21
NHX Multi-Strategy	0.90
NHX Fund of funds	0.45

### Performance fees charged by Nordic hedge funds

Fee Range	Frequency
0%-12%	6
12%-15%	17
15%-18%	10
21%-24%	87
27%-30%	3
More	0

### Country Breakdown

Country	Number of Funds
Sweden	97
Norway	16
Denmark	23
Finland	18
Total	158

### Hedge Fund Launches

Year	Number of Launches
2007	7
2008	11
2009	13
2010	8
2011	7
2012	18
2013	11
2014	10
2015	6
2016	16
2017	10

### Portion of Fund Gainers

77%

Based on 2017 performance

### Largest Fund by AuM

**Brummer Multi-Strategy**

38.0 Billion SEK ~ 4.6 Billion USD

As of December 29, 2017

### Hedge fund performance by country

Country	Performance (%)
NHX Sweden	~3.5
NHX Norway	~4.5
NHX Finland	~-2.5
NHX Denmark	~8.5

### 2017 Launches

- Volt Diversified Alpha Fund
- IAM Nordic Multi Strategy Fund
- CABA Hedge
- Nordic Cross Total Return Bond Fund
- Nordic Cross Stable Return
- Nykredit EVIRA Hedge Fund
- Asgard Fixed Income Risk Premia
- Adrigo Small & Midcap L/S
- Evli Factor Premia
- Nordic Cross Small Cap Edge

### Management fees charged by Nordic hedge funds

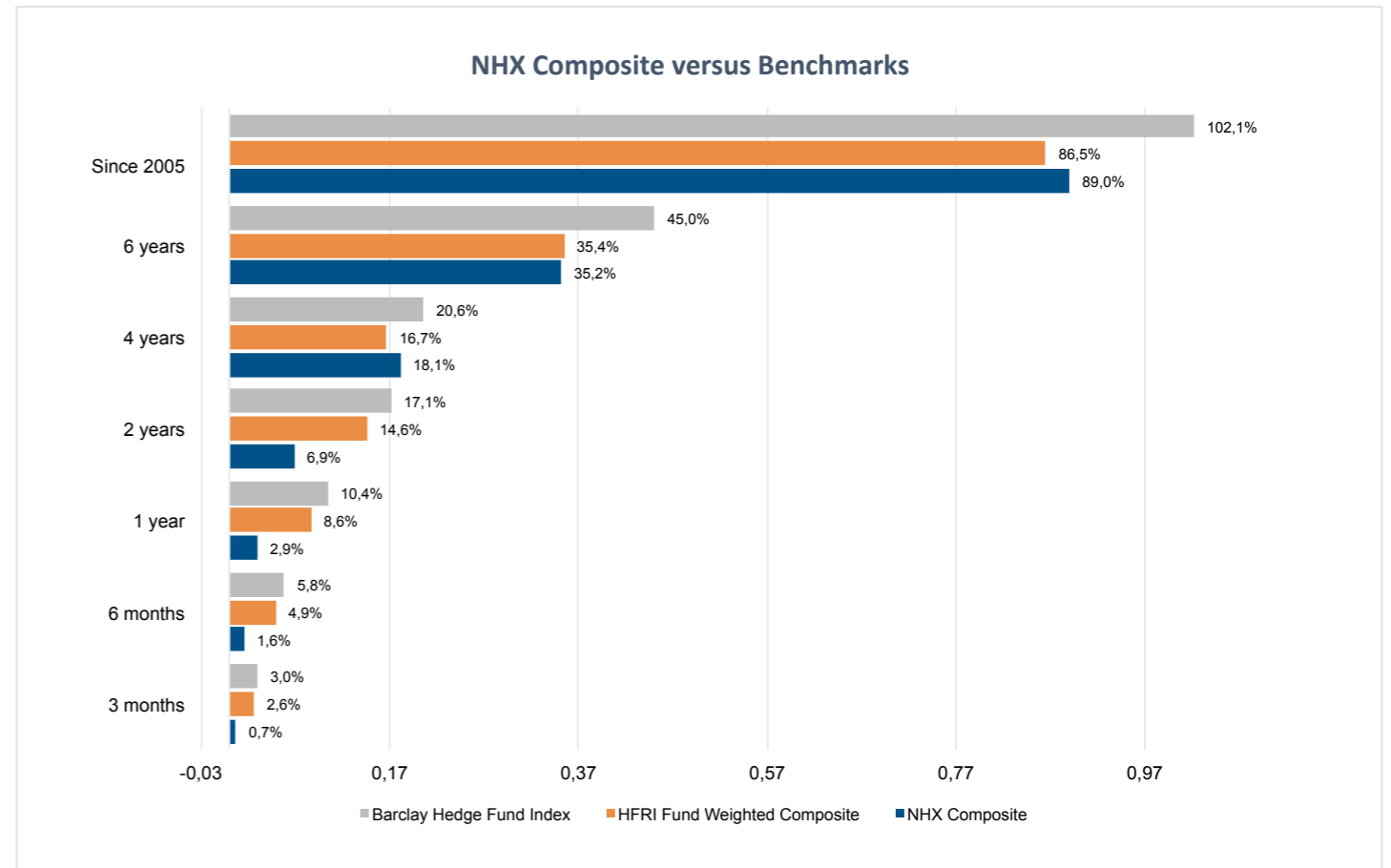
Fee Range	Frequency
0%-1%	8
1%-1.5%	54
1.5%-2%	41
2%-2.5%	16
2.5%-3%	3
More	1

# THE NORDIC HEDGE FUND SPACE 2017 - A REVIEW

The Nordic Hedge Index, hereafter the NHX Composite, tracks the performance of the Nordic hedge fund industry since the beginning of 2005. Despite lagging international peers in the past couple of years, Nordic hedge funds have broadly performed in line with their global counterparts over the past 13 years. The NHX Composite has generated

a cumulative return of 89.0 percent since the beginning of 2005, which compares with the returns of 86.5 percent and 102.1 percent produced by the HFRI Fund Weighted Composite Index and the Barclay Hedge Fund Index, respectively.

## PERFORMANCE COMPARISON BETWEEN NHX COMPOSITE AND BENCHMARKS

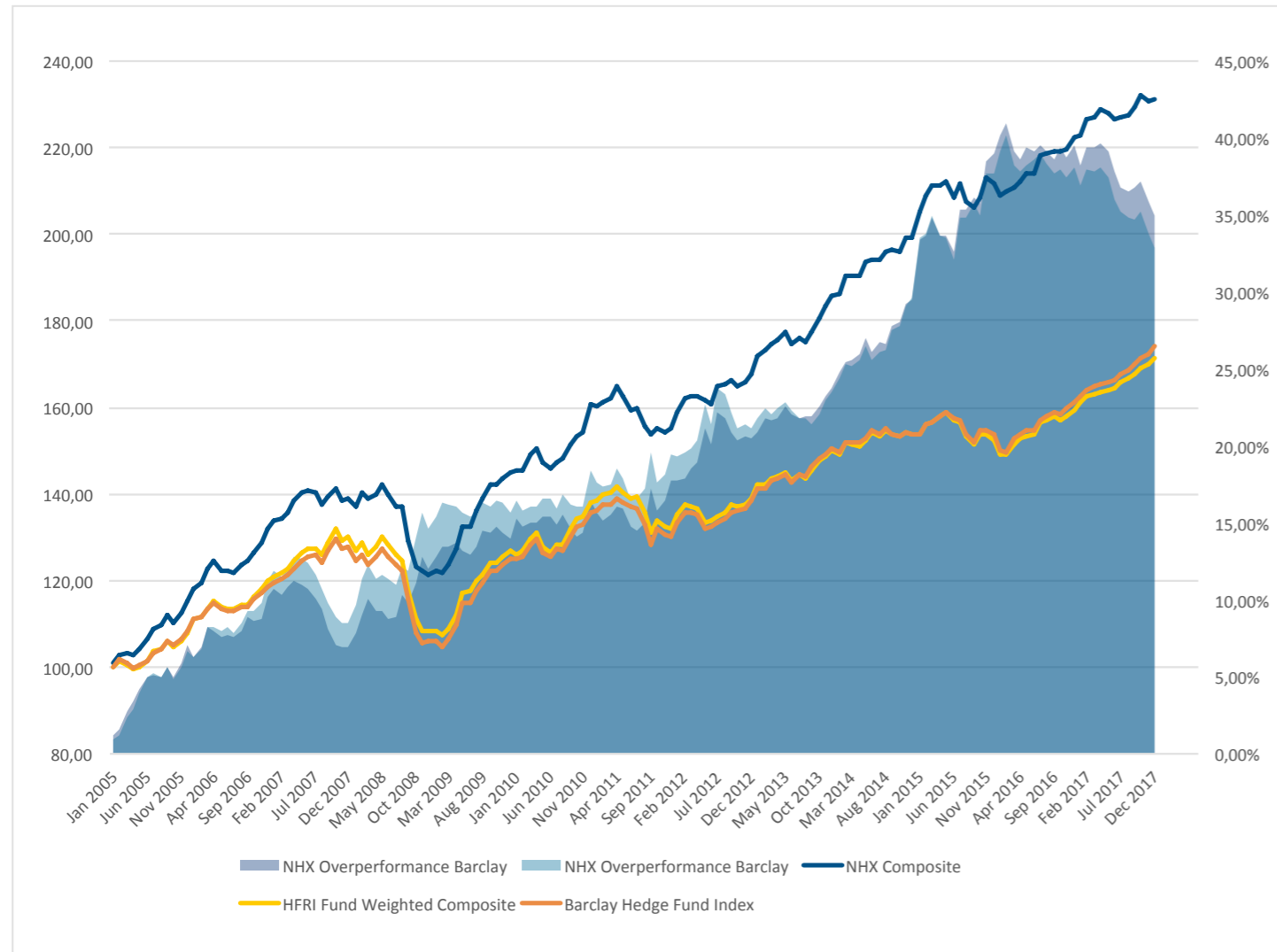


Source: HedgeNordic, BarclayHedge, and Hedge Fund Research.

However, the realized volatility of the NHX Composite on an annualized basis is significantly lower than that of the international indices. The annualized volatility of the NHX Composite stands at 3.8 percent, which compares

favourably with the volatility of 5.8 percent and 6.8 percent for the HFRI Fund Weighted Composite Index and the Barclay Hedge Fund Index, respectively.

**PERFORMANCE COMPARISON BETWEEN NHX COMPOSITE AND BENCHMARKS** (Adjusted to 5% Annualized Volatility)

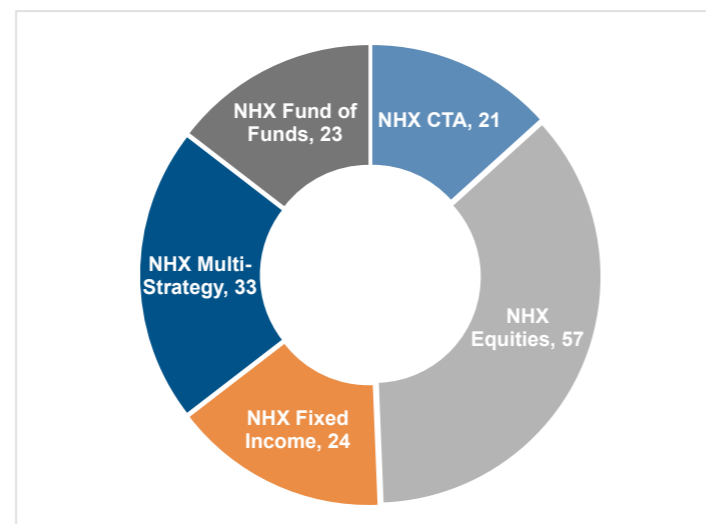


Source: HedgeNordic, BarclayHedge, and Hedge Fund Research.

When adjusting for the level of volatility, Nordic hedge funds outperform their international peers by a wide margin. Since 2005, the outperformance of the NHX Composite compared to the HFRI and Barclay indices accumulated to more than 30 percent, when the performance of all three indices is scaled to 5% volatility, which appears clearly in the graph above.

Historically, the NHX Composite has included a large number of equity strategies. Equity-focused hedge funds account for slightly more than one-third of the overall NHX universe, with a total of 57 members. The NHX family also contains 21 CTAs, 23 funds of funds, 24 fixed-income funds, and 33 multi-strategy funds.

**NORDIC HEDGE FUND (NHX) INDEX STRATEGY BREAKDOWN**

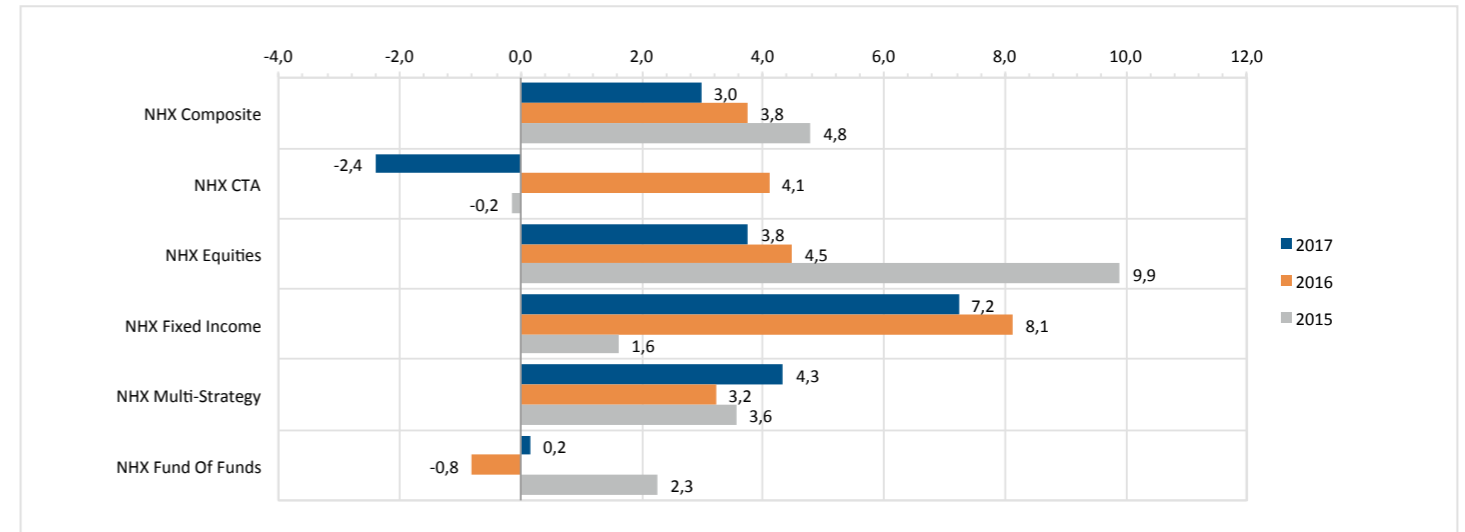


Source: HedgeNordic

Fixed-income hedge funds collectively formed the best-performing NHX sub-category in the past two years, after gaining 7.2 percent in 2017 and 8.1 percent in 2016. Equity-focused hedge funds gained the most among Nordic hedge funds in 2015 and trailed only fixed-income

funds in the subsequent year with an average gain of 4.5 percent. The graph below shows the performance achieved by each of the five NHX sub-categories in each of the past three years.

**PERFORMANCE COMPARISON BETWEEN NHX SUB-CATEGORIES, 2015-2017**

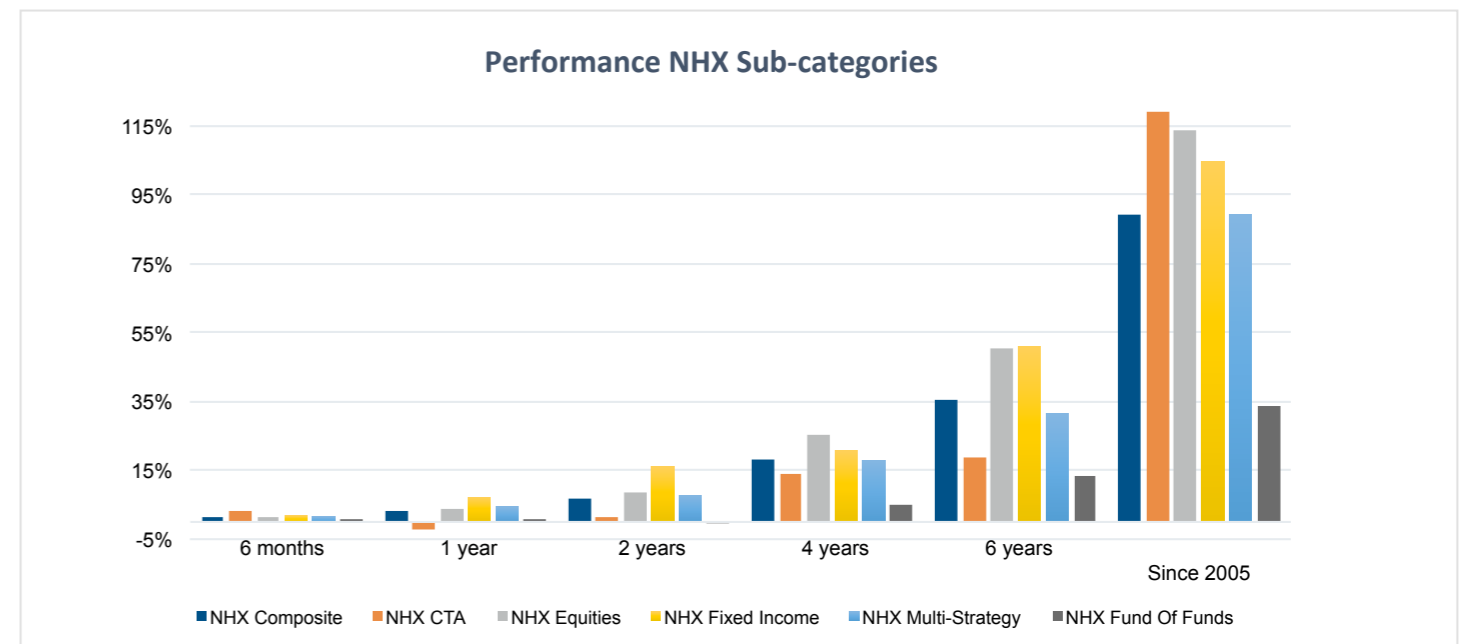


Source: HedgeNordic

Despite their recent underperformance, CTAs produced the highest return on average since 2005, delivering a cumulative return of 118.8 percent. On the other hand, equity-focused and fixed-income hedge funds outperformed the remaining fund categories, including

CTAs, by a wide margin in the past six years. Equity hedge funds generated cumulative gains of 50.4 percent since the beginning of 2012 through the end of 2017, while fixed-income strategies returned a cumulative 50.8 percent over the same time period.

**PERFORMANCE COMPARISON BETWEEN NHX SUB-CATEGORIES, CUMULATIVE RETURNS**

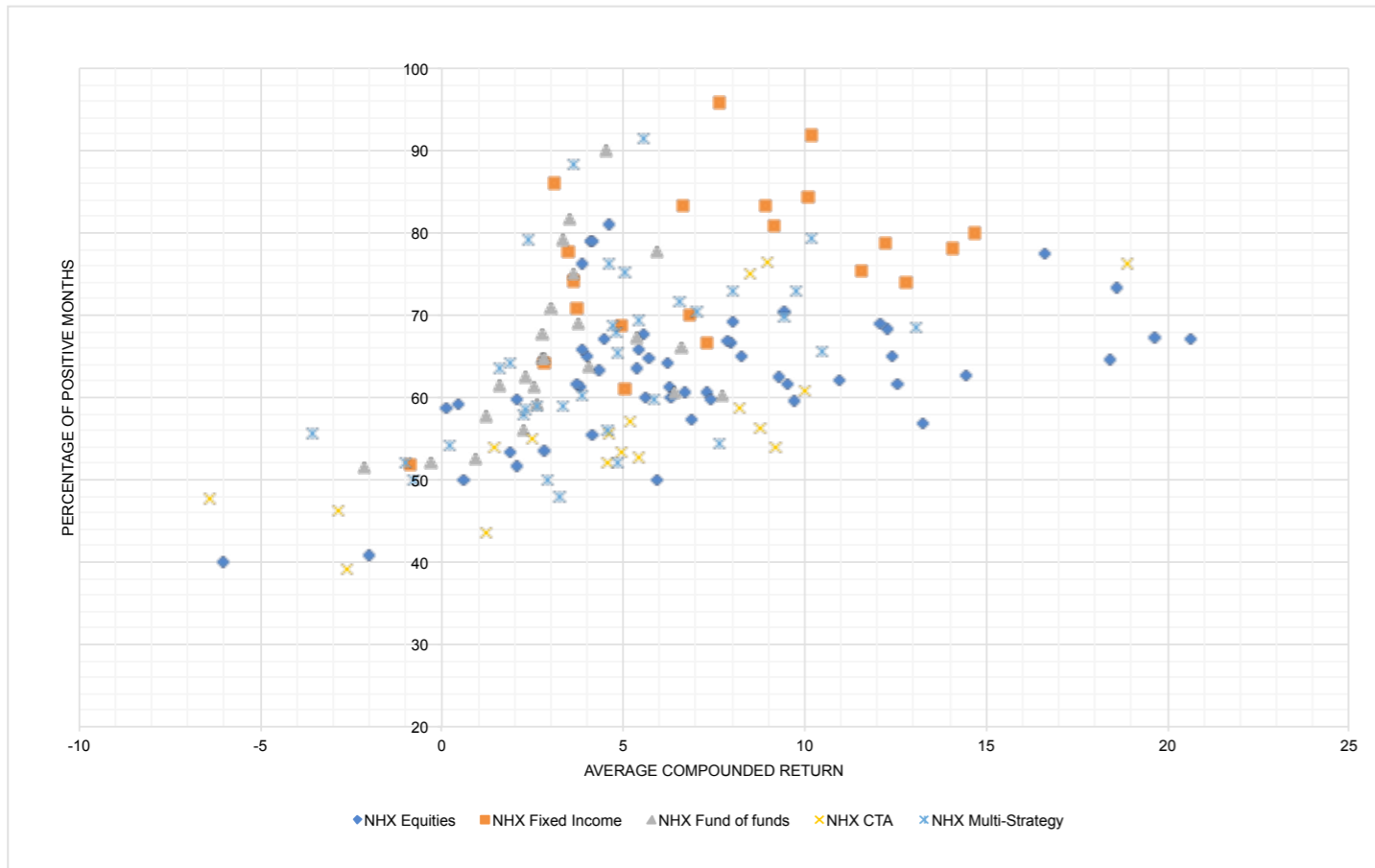


Source: HedgeNordic

Despite the long-term dominance of CTAs in aggregate since 2005, those dominating the list of best-performing NHX member hedge funds were equity strategies. Five equity hedge funds, namely Rhenman Healthcare Equity L/S, HCP Focus Fund, Borea Global Equities, Mjeltevik

Invest IS, and Taiga Fund, and one CTA (i.e. Alfa Sigma Opportunities) generated an average compounded return of more than 15 percent, of which the healthcare-focused fund managed by Rhenman & Partners Asset Management produced a compounded return in excess of 20 percent.

**AVERAGE COMPOUNDED RETURNS AND PERCENTAGE OF POSITIVE MONTHS FOR NHX CONSTITUENTS**

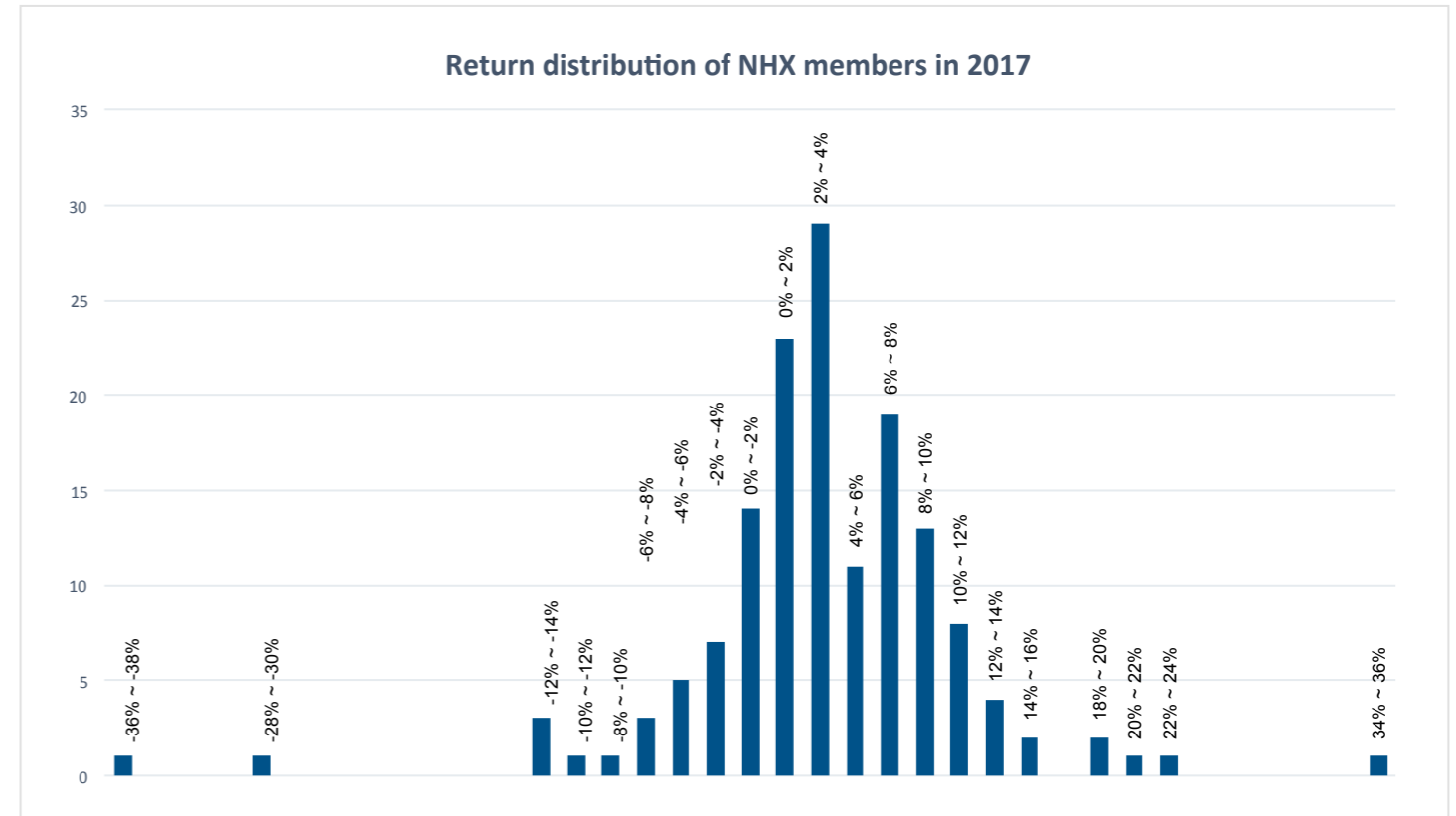


Source: HedgeNordic

Conversely, only one CTA currently included in the NHX generated an average compounded return of more than 10 percent. The construction of the NHX Composite minimizes the effects of survivorship bias by reflecting the performance of already-defunct funds. Therefore, the outperformance of CTAs against the remaining sub-categories stems from the outstanding performance of several CTA funds that, like shooting stars, shone brightly before disappearing. These funds no longer operate and have thus disappeared from the NHX.

On a positive note, Nordic fixed-income hedge funds, as shown by the same graph, generate attractive returns on average, while keeping their returns positive most of the time. A total number of seven fixed-income funds generated average compounded returns of more than 10 percent. The majority of fixed-income funds generate positive returns in more than 70 percent of all months.

**RETURN DISTRIBUTION OF NHX CONSTITUENTS IN 2017**



Source: HedgeNordic

Focusing on the 2017 performance alone, most hedge funds within the NHX Composite returned between 2 and 4 percent for the year. A total of 23 hedge funds returned between 0 and 2 percent last year, whereas 19 funds posted an average gain in the range of 6 to 8 percent. The Nordic hedge fund industry also observed some outliers

last year. Two existing NHX members, namely Gramont Equity Opportunities Fund and Estlander & Partners Alpha Trend II – Class P, lost more than 28 percent in 2017, while Rhenman Healthcare Equity L/S gained in excess of 34 percent.

# 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 the scores 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 amongst Nordic hedge fund specialists. For the

Selection at Swedbank Robur, Ulrika Bergman, CIO at the Nobel Foundation, Christer Franzén, CIO at Ericsson Pensinstifelse and Miko Niskanen, CIO at AIM Capital.

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, designed together with the Stockholm School of Economics. This qualitative assessment 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 process is now a well-oiled machine. For Kamran Ghalitschi who

the best Nordic hedge fund managers every year since 2012. After a quantitative screening finds the nominees in each category, a jury composed of Nordic institutional investors determines the winner. The jury’s selection criteria go beyond numbers, by taking into account other elements that investors typically consider, such as reputation or fund organisation. We have asked two of this year’s Nordic Hedge Award jury members to share their personal view on what they look at when making an investment decision in a hedge fund. Claudia Stanghellini, from Swedish National pension fund AP3, and Malin Hallén from Swedbank Robur, have accepted to answer our questions.

When considering a hedge fund, the first question is how the strategy fits within the firm’s broader asset allocation.

which are in-house long/short hedge fund mandates, as well as risk-premia strategies, in the absolute-return section of its overall portfolio. “Some people assign risk premia to the beta allocation of their portfolio, but we don’t. But it depends on what type of risk premia you choose and we try also to build a risk-premia portfolio which is uncorrelated to the market. Currently, we have more risk allocated to these strategies than to hedge funds, as we are looking to harvest risk premia in the long-term.”

At Swedbank Robur, portfolio construction is, of course, crucial, explains Hallén. “It is a mix of art and science,” she says. “Our hedge fund allocation is primarily included to add diversification but also value to our traditional asset classes. Our view of the market will determine how much



Malin Hallén, Swedbank Robur



Claudia Stanghellini, AP3



Helen Idenstedt, AP1



Christer Franzén,



Ulrika Bergman, Nobel Foundation



Miko Niskanen, AIM Capital

2017 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, Malin Hallén, Senior Portfolio Manager, Manager

has been coordinating the awards from the onset, coaching the jury members and easing them into the process for the sixth time didn’t pose any challenge.

The Nordic Hedge Award has been recognising

For example, AP3 excludes directional managers from its hedge fund allocation. “We don’t want to pay for beta at hedge fund prices,” justifies Stanghellini. “Hedge funds should not correlate with the equity market to be part of our absolute-return bucket.” In addition to external hedge funds, AP3 also includes its internal alpha strategies,

we allocate to each bucket. The hedge fund portion of the portfolio has to fit with what the rest of the portfolio looks like.” Currently, the hedge fund selection consists mostly of absolute return strategies such as equity market neutral and trend following strategies. “Within a strategy, the weights of the different funds are adjusted

depending on our conviction, and on the correlation, they have with the other hedge funds in the portfolio, as well as the portfolio as a whole for example. In general, we want our holdings to complement one another in terms of investment strategy, approach and performance and risk patterns and so forth.”

Numbers are evidently paramount in any manager selection process, but for both Stanghellini and Hallén, there is more to it than a mere quantitative screening. “There isn’t a single most important factor,” starts Hallén. “They all need to make sense, and we need to acquire a conviction in the management process, as well as the organisation behind the fund. The most important is the quality and the experience of the team. Once we have assessed that, the rest is more likely to follow.”

At AP3, Stanghellini reminds us, the “4Ps” are a guiding principle. “People, Process, Performance and Protection, these are the first things we consider. Practically, we like to see at least three years of track record, because we want to see how the managers handle drawdowns and risk. They must show that they have control of their portfolio in a stressed market. We don’t look for the next hedge fund stars who will produce 50 percent performance in one year with painful drawdowns when markets move against them. We want to have a fund with stable performance, that is mostly alpha. Our managers must have the ability to deliver on target given their mandate. Cost is an important consideration in our overall portfolio strategy, and a hedge fund’s fee structure must be in line with our means.” In addition to the actual selection criteria, AP3 also looks for a long-term strategic partnership with its hedge fund managers, Stanghellini reveals. “We select skilled managers in niche markets. At the same time, we want to grow our capabilities internally and look for managers that are open to share and discuss research, investment ideas and market views with us. We like knowledge sharing.”

Hallén mentions a new consideration in her selection process. “This may not be the most important criteria right now, but it has become more prominent in our manager selection process. We have added sustainability to our due diligence process a couple of years ago. It is a factor we take into consideration. We favour managers that have signed the PRI and incorporate those principles on a day-to-day basis. We are aware that it is easier for some strategies, such as equity long/short, than for others like trend followers. Hedge funds have started incorporating sustainable investing practices across the

board; the change is happening as we speak, and we are happy to see that.”

Concretely, Stanghellini and Hallén are looking for hedge fund strategies that complement their firm’s portfolio, and therefore they need to be de-correlated from traditional asset classes. “We don’t cover all the styles,” says Stanghellini. “We have selected some strategies, such as global macro and CTA, niche long/short structured credit, or even emerging market hedge funds. We try to find strategies that fit into the wider allocation, and that we cannot manage internally because we don’t have the expertise or the scale.” Stanghellini concurs with Hallén’s view.

“In strong beta markets,” Stanghellini continues, “interesting managers are those that are more market neutral. Volatility strategies are also interesting, even though they are getting crowded perhaps. It is still a niche space.” At Swedbank, volatility strategies have also been part of the portfolio. “Our long volatility position paid off in the recent market downturn. This type of market is notoriously difficult to navigate, especially for CTAs and trend followers. There is one fund however which distinguished itself during the recent turmoil, a Nordic shorter-term trend following strategy, Estlander & Partners Freedom. All our CTA positions had negative performance during the turmoil, but this one was down less than one percent. Among our market-neutral positions, on average the performance was slightly negative, but a bright spot was Pictet Asset Management’s Agora fund. It has managed to deliver a consistently positive return, even in choppy markets.”

Both Hallén and Stanghellini believe in long-term commitments once they have invested with any given manager, provided things pan out as expected of course. “Our holding time is long-term if the manager is on target,” says Stanghellini. “We target high single digits for volatility around or over 10 percent, and a Sharpe ratio of at least 0.7 for each of the funds.”

Swedbank Robur has gradually integrated hedge funds into its portfolio since 2012. “We have not exited that many of our investments, to be honest,” says Hallén. “In some cases, we did, because the fund didn’t fit into our portfolio construction, or because we saw better opportunities elsewhere. Our shortest holding period was one year; the fund didn’t live up to our expectations, but there were several other factors at play. It was an exception.”



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# THE LONG AND SHORT OF SUSTAINABLE HEDGE FUNDS

PANEL DISCUSSION AT THE NORDIC HEDGE AWARD

**Traditionally, the Nordic Hedge Award opens with a panel discussion. While in recent years we regularly had invited allocators and assets owners to talk about their view on the hedge fund space, this year the focus was on sustainable hedge funds.**

The panellists were Ann-Sofie Odenberg, Head of Responsible Investment at Brummer & Partners, Simon Reinius, CEO at Optimized Portfolio Management, Ulrika Hasselgren, Head of Sustainability & Impact Investment at Danske Bank and Eric Eidolf, CEO at Nordkinn Asset Management. The discussion was moderated by Aline

Reichenberg Gustafsson, Editor-in-Chief of the Nordic's leading sustainable investment platform, NordSIP.

## STATUS OF THE SUSTAINABLE HEDGE FUND INDUSTRY

The discussion started with an overview of the latest trend in sustainability practices adoption among hedge funds. Odenberg reminds us that sustainability is not equal for all the hedge fund strategies. "Equity long/short

strategies are often more advanced, as it is easier to integrate ESG criteria in your investment decisions," she says. "For other strategies, it is not that straightforward. But over the last couple of years, the perception has changed even for those strategies where sustainability is less obvious. Many more people realise that they can find a way to tailor responsible investing to their organisation and their strategy."

**"Over the last couple of years, the perception has changed even for those strategies where sustainability is less obvious."**

Odenberg mentions that the UN PRI has started working on five work streams for different hedge fund strategies, to propose guidelines to help hedge funds integrated their principles. "I look forward to seeing the launch of these guidelines due in September. I am sure that they will push the agenda even further."

Reinius, who selects hedge funds for his fund of hedge funds, says he sees an acceleration in the adoption of sustainability in the market. "It is still a challenge for a CTA manager, for example, to integrate sustainability. But five years ago, very few hedge fund managers thought that it was important to look at it. Now all of them know it is a crucial aspect of investing, and at least, they have a good explanation if they are not doing something. The trend is definitely positive."

Hasselgren agrees that the field of sustainability is continuously developing, also in the hedge fund space. "That said," she adds, "we have to take a step back and talk about what we mean by sustainability, ESG, or ESG integration which is a term on many policy documents and presentation materials. The way I view it is that true ESG integration is about investing. ESG then becomes a factor along with other investment factors. It should be embedded in a holistic approach to valuing a company. This has been an important part of the dialogue with hedge funds in the past. When you take all the acronyms and the greenwashing away, it is the factors that remain relevant."

**"True ESG integration is about investing. ESG then becomes a factor along with other investment factors. It should be embedded in a holistic approach to valuing a company."**

## EXPECTATIONS OF HEDGE FUND INVESTORS

For Eidolf, sustainability is also relevant with regards to how the actual fund company is run and managed. "If fund managers look at the G," he says, "whether they care about ESG or not, they can all relate to the necessity of protecting their investors, regarding their product structure, transparency and independence, for instance."

**"The UN has set a deadline in 2030 to reach those goals. With only 12 years to go, what does that mean for us?"**

"When it comes to the implementation," Eidolf adds, "we are a fixed income macro hedge fund, and it is not straightforward for us to implement ESG factors in our investment strategy. So for inspiration, we look at the Sustainable Development Goals (SDGs) developed by the UN a couple of years ago. The 17 goals are not necessarily equally relevant in

the context of hedge funds, but what is key is that the UN has set a deadline in 2030 to reach those goals. With only 12 years to go, what does that mean for us? What can we do to contribute? For us, that's a good way to engage with our investors on the subject."

**"If we look at the number of sustainability reporting frameworks, there are more than 400! That is a staggering number."**

Talking about how investors view hedge funds, Hasselgren believes defining expectations and ambitions is crucial. "The challenge for all of us is to be clear on what we mean and how we view this area," she says. "If we look at the number of sustainability reporting frameworks, there are more than 400! That is a staggering number. Add to that the number of stewardship codes, investor initiatives, identified sustainability and ESG factors, questionnaires. We need to pause and ask ourselves what this is all about. It is not about investing, but about something else that lands on investors and asset managers. They need to constantly answer questions from society, stakeholders, and of course also from the regulators. As a bank, we view ourselves as a pillar of society, so we owe these answers to our stakeholders. For our investments, however, and when it comes to our hedge funds in particular, it's crucial that we view sustainability as a factor."

**WHERE TO START**

The panellists also gave the audience some practical advice. Both Reinius and Odenberg agree that the minimum you can do as a fund manager is to sign the

**"You should show investors that you care and that if you had better processes and measurements available you would implement them."**

PRI. As its name suggests, the PRI proposes a set of principles (6 in total) that guide investors in becoming more responsible in their responsible investing. "Sign the PRI and then read the guidelines thoroughly," proposes Reinius. "You should show investors that you care and

that if you had better processes and measurements available you would implement them."

**"I would talk to my investors and try to figure out what their values and expectations are, and then be transparent."**

"Start by defining what responsible investment mean for your type of investment strategy," adds Odenberg. "As a minimum, I would talk to my investors and try to figure out what their values and expectations are, and then be transparent."

**"Your approach has to be genuine and close to your business."**

Eidolf continues on the theme of meeting investors' expectations, and he insists on keeping it authentic. "I subscribe to the idea that it is key to understand what responsible investment means to you because it can be subjective," he says. "If you take all of your investors and line them up, at one end you put the most dedicated ESG investor and at the other end, one that is not so interested. Wherever they stand, all investors must be able to relate to what you are trying to do. Your approach has to be genuine and close to your business."



**"If you don't have your own agenda, your own solid platform to stand on, then you will be like a leaf going here and there."**

Hasselgren picks up on the importance for hedge funds to set up their unique sustainability agenda. "We live in

a world where there are stakeholders everywhere. If you don't have your own agenda, your own solid platform to stand on, then you will be like a leaf going here and there. It is crucial to identify for yourself how E, S or G matters for your investment."

**WHERE THE FUTURE LEADS**

**"The hedge fund community can support the corporate world, by showing companies what is going to happen and suggest how they can position themselves."**

For Reinius hedge funds may have an opportunity to step up. "Hedge fund managers have a clear role to play because they are free to act," he explains. "Much more so than many investors, especially those governed by large organisations. The world and more specifically the companies that we invest in will be affected by different environmental issues going forward. Carbon-related issues are only a start. I believe that companies will find themselves in situations similar to those the internet has created in many industries. Many companies will be affected by climate change one way or the other, and the hedge fund community can support the corporate world,

by showing companies what is going to happen and suggest how they can position themselves."

Odenberg sees possibilities in technological innovations. "I'm going to use two buzzwords," she starts, "the analysis of big data and artificial intelligence. As we said, it is often quite difficult for systematic quantitative funds to figure out how to integrate ESG signals in their algorithms and

**"There is an opportunity to analyse vast quantities of information and to build that into our hedge funds."**

models. Exploring big data and artificial intelligence may be an answer for them. There is an opportunity to analyse vast quantities of information and to build that into hedge funds. I hope to see those types of solutions emerge."

**"Are short-term hedge funds traders bad for the markets, or do they provide liquidity, and thereby contribute positively to a sustainable financial system?"**

Eidolf shares some of the more low-tech solutions his firm has recently implemented. "There are several ways we can move forward, in multiple aspects. For example, a year ago we introduced an investor ombudsman on our board. The idea is simple: add an independent board member that solely focuses on the interests of the investors. We have gained on two fronts: we added a very competent person on the board while ensuring that we keep the investors' point of view in mind in all dimensions of our business."

Another idea Eidolf contemplates is the role hedge funds

can play more widely in the financial system. "At the PRI, for example, there is an active debate about the short-term nature of some investment strategies. Are short-term hedge funds traders bad for the markets, or do they provide liquidity, and thereby contribute positively to a sustainable financial system? There is some work to be done at the PRI level to make sure hedge funds are perceived as less dangerous for the community."

# PARTNERS

# 2017 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.



Harvest 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, Harvest 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.



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.



## RBC Investor & Treasury Services

RBC Investor & Treasury Services (RBC I&TS) is a specialist provider of asset services, custody, payments and treasury services for financial and other institutional investors worldwide. We serve clients from 17 countries across North America, Europe, Asia and Australia, delivering services to safeguard client assets and maximize liquidity. As a strong, stable partner, focused on meeting our clients' evolving needs, RBC I&TS has an unwavering commitment to managing operational risk in our business and the highest credit ratings among our asset servicing peers <sup>(1)</sup>. Rated by our clients as the #1 global custodian for seven consecutive years <sup>(2)</sup>, RBC I&TS is trusted with CAD 4.3 trillion in client assets under administration as at October 31, 2017 <sup>(3)</sup>.

(1) Standard & Poor's (AA-) as of November 30, 2017, compared to the top 10 global custodians by AUA, (2) Global Custody Survey, Global Investor ISF, 2011 to 2017, unweighted, (3) RBC quarterly results released November 29, 2017

## 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.

## 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 2017

## EQUITY ALPHA AND CREDIT STRATEGIES DRIVING RETURNS

**The NHX Fund of Funds index contains 23 funds, which made near-flat returns in 2017. This fell short of the NHX Composite 3.5% return. All three winning funds have made significant active shifts in their strategy allocations over the past year.**

The first ranked winner was Brummer Multi-Strategy (BMS), which returned 6.4% to investors in SEK in 2017, its best year in absolute terms since 2013. This was welcome after its worst ever year, in 2016. Co-manager, Mikael Spångberg, is particularly pleased with the returns in 2017 "because the alpha contribution was so high: the third best year in the 15 year history of BMS". Specifically, Spångberg homes in on the three months of June, July and August, when European equities lost 5%, while BMS made 2%.

Equity long/short and equity market neutral managers generated the larger part of profits, and "we increased these allocations because stock dispersion was at multi-year highs, increasing potential for active stock-pickers (Bodenholm, Black and White, and Manticore) to add alpha" says Spångberg. Brummer Multi-Strategy also underweighted allocations to primarily CTAs and systematic macro (Lynx and Florin Court) because the macro climate

of unwinding QE was not judged as best for these strategies. Brummer Multi-Strategy maintained the weight in macro/fixed income fund Nektar as the fund typically does well in stressed markets. Also the weighting was high to the credit fund Observatory. (Though Bodenholm does some event driven trades, BMS currently has no pure event driven manager).

BMS is keeping the faith with CTAs. Lynx is in its deepest ever drawdown, but Spångberg argues that CTA's may have a strong contribution in certain markets such as a high inflation scenario. Meanwhile, Florin Court is extracting returns from more exotic and esoteric markets.

Brummer & Partners has equity stakes in the management companies of BMS investee funds, but BMS only has exposure to some of the funds. Brummer & Partners listen to pitches from 100 or more managers seeking seed capital each year. BMS pays its managers 1 and 20 but charges no second layer of fees.

In second place, AIM Credit Strategies returned 3.16% in 2017 (or 5.51% excluding an illiquid legacy investment, which has been side-pocketed).



**Mikael Spångberg, Brummer & Partners**



Left to right: Mikael Spångberg (Brummer & Partners), Aline Reichenberg Gustafsson (HedegNordic), Simon Reinius (OPM) Juha Järvi (AIM Capital) Johan Lindberg (RBC ITS)

AIM Credit Strategies is one of three funds of funds run by Helsinki-headquartered AIFM, AIM Capital Oy. Since inception in May 2009, AIM Credit Strategies has allocated to credit managers who seek to profit from market segmentation and temporary dislocations.

"Most recently, AIM has been invested in areas including structured credit, distressed

opportunities, specialty finance, trade finance and catastrophe reinsurance (where AIM runs a separate insurance linked securities fund). In 2017, the highest return contributions came from managers of structured credit strategies, who enjoyed the tailwind of tightening credit spreads. For example, the fund had allocations to managers active in European CLOs, which was a very good

asset class to be invested in. Another positive contribution came from distressed opportunities, which benefited from the continued recoveries in Argentina and in the legacy U.S. RMBS market" says Chairman, Juha Jarvi.

Yet there may be challenges on the horizon - and the portfolio is being rotated accordingly.

"But there were also managers in the portfolio who showed signs that it may become difficult to maintain good returns, without succumbing to increased risk-taking, as the credit cycle is approaching an end. Therefore, a main theme for manager selection in 2018 is to gradually reduce directionally exposed managers and to replace them with more suitable opportunities for current circumstances. However, it should be borne in mind how difficult it may be for any credit strategy to maintain consistent performance when markets are approaching an inflection point. For that reason, AIM has now been focusing on funds pursuing liquid strategies, especially those with a niche or otherwise innovative approach" says Jarvi.

AIM's client base includes Nordic institutional investors like pension funds, endowments and insurance companies.

The third spot was taken by CARAM Systematic Alpha, which delivered a positive return of 4.12% in 2017. "This is a Swedish Krona return, and would have been higher in the USD share classes of underlying funds; the cost of hedging USD share classes back to SEK is now over 2%" explains CEO, Simon Reinius. The institutional share class charges fixed fees of just 0.4% (of which 0.2% is management fees and 0.2% administrative fees) and a 10% performance fee above SEK risk free rates (with a floor of zero).

In 2017, most of the returns came from five equity market neutral funds (BlackRock European hedge fund, Old Mutual ARBEA, Contour Manticore, ABC Arbitrage, and Capeview Azri) that are no longer part of the portfolio. By early 2018, CARAM had shifted the strategic allocation to five CTAs and systematic macro funds: a low cost pure trend follower (GSA), an alternative markets trend follower (Systematica), a more diversified quantitative strategy (Winton), and two systematic macro funds (IPM and ADG). "We think these funds are more likely to perform well in a recession or high volatility environment, and are a useful portfolio diversifier" says portfolio manager, Martin Alm.

Optimised Portfolio Management (OPM) has SEK 400 million in the Systematic Alpha fund of funds, and another SEK 1.6 billion in other liquid fund of funds, (and alternative products that allocate to less liquid strategies including real estate and private equity). OPM is a boutique in the family of CARAM, which runs EUR 23 billion.

CARAM is a fan of the Nordic Hedge awards. Says portfolio manager Martin Alm: "the Nordic hedge fund space is very different from the Italian, French or Spanish hedge fund industries, which are not so different from one another. In 2008 Nordic hedge funds behaved very differently. The Nordic Hedge Award are the only distinctive prize focused solely on the Nordic region".

# BEST NORDIC EQUITY HEDGE FUND 2017

## US AND NORDIC EQUITIES DRIVE RETURNS



Henrik Rhenman and Susannah Urdmark, Portfolio Managers Rhenman Healthcare Equity L/S

**T**he NHX Equities Index is the largest among the NHX sub-categories, containing 58 funds, which made an average of 3.8% in 2017. Some funds have net equity exposure near zero while others run a net long position above 100%. As the equity-focused award does not distinguish between market neutral managers and those running a net long position in equities, it is highly likely that the latter group will pick up the awards, during a bull market.

Winner of the category, that was presented by Harvest Advokatbyrå, was Rhenman Healthcare Equity Long/Short, with a return of 34.5% in 2017. Return drivers were mainly from the US-listed biotech sector, with nearly half of the return from five stocks. Two produce treatments for high cholesterol: "Nektar Therapeutics (a hitherto neglected firm which I have followed for 20 years) has developed a new drug for high blood cholesterol, and its share price has quadrupled since October 2017" says founder and CIO, Henrik Rhenman. "Esperion Therapeutics has targeted patients who do not respond to the highest doses of traditional treatments, with a new treatment that can be used in conjunction with statins, or for those who are intolerant of statins- and which is cheaper than injectable drugs" says Portfolio Manager, Susannah Urdmark (who is among the few women managing money in the Nordic hedge fund industry). "Adamas Pharmaceuticals has made it to the market with its first treatment for

Parkinsons disease; Oncology specialist Exelixis has gained approvals broadening the potential use of its drug, and raising earnings forecasts" says Rhenman; and "Sage Therapeutics, which is focused on Central Nervous System (CNS) disorders, has developed new treatments for identifying early stage depression" says Urdmark.

Pharma, services and medtech sectors also made some contributions to 2017 returns; and Rhenman avoided longs in the generic pharma sector. Shorts lost money, but helped to finance net long exposure in excess of 100%; Rhenman is in the process of developing a new hedging strategy on the short side.

Rhenman finds "the Nordic Hedge Award is a great thing to receive and be nominated for. We are very proud to have it. It is the most prestigious award in the Nordic region, and there is no comparison".

In second place was Accendo Capital, with a return of 24% in 2017, which came from long holdings in Nordic small cap stocks. Accendo takes an activist approach that usually involves taking a board seat. The largest contributor to 2017 performance was unrealised profits on fibre optic cables maker Hexatronic, which saw its share price roughly double in 2017 (and paid a small dividend). Accendo also exited a position in medical technology group Xvivo Perfusion in 2017. Finnish high-end

video game maker Remedy Entertainment also appreciated since the May 2017 IPO in which Accendo participated. Meanwhile, Accendo's long-term holding in telecom solutions provider Doro declined during 2017. Impact Coatings also saw its share price drift lower, but Accendo, which participated in a December 2017 equity issuance including options, has reported a positive contribution from this investment.

In third place was Borea, which made 19.25% in 2017, running average net exposure to equities of 70%. The top contributors for the year were all nordic: Storebrand, Novo Nordisk and Protector Forsikring.

Borea also benefited from two FANG constituents – Facebook and Alphabet – and have added to these on recent dips. "Facebook is implementing

the GDPR framework in Europe and the US. Opt-outs have so far been insignificant and engagement is stronger than ever across all its platforms, despite the headline negatives. Trading on 14 times EBIT for next year and growing EPS north of 20% is within reach caused by an accelerated shift of ad money still going into digital, high flow-through margins and plenty of upside options on a 4 billion user base with Messenger, Instagram and WhatsApp still not fully monetized" explains Borea PM,

Kjetil Nyland. Similarly, "We think Google still has a lot of growth left, just from the core of Google search and Youtube in particular. At the current price you basically don't pay up for the "other bets" part of the business" Nyland adds.

He argues that "It all comes back to risk/reward and what type of future cash flow stream you're comfortable with owning. Both Facebook and Google have massive sell-side coverage but sometimes, as a industry observer recently and correctly pointed out: bargains like these are hiding in plain sight, partly made possible by the Genovese bystander effect, where everyone witnessed the crime but no one called the police because they all thought someone else would".

"People dislike uncertainty and markets tend to overdiscount the uncertainty related to identified risks and underdiscount non-explicit risk factors. We tend to get interested in situations characterized by more perceived risks than actual underlying business risk. This has been the common thread for most of our investments" says Nyland.

Most of the returns came from longs, but one short position did generate good profits: Fred Olsen Energy was the fourth biggest contributor. "The shareholders will probably get diluted at some point. The credit was trading as low as 30 cents on the dollar, and if you get a 50% yield on the debt, it does not make sense to buy the equity" says Nyland. Borea also runs credit strategies that can provide useful signals for the equity strategies. Occasionally, Borea will own both debt and equity in the same company.

Nyland thinks "the Nordic Hedge Award is a very good initiative. There are not that many alternatives with a similar format. We always appreciate to have the opportunity to meet like-minded investors from the industry".



Left to right: Henri Österlund (Accendo Capital), Willy Helleland and Kjetil Nyland (both Borea Asset Management), Gustav Sälgröm (Harvest Advokatbyrå) and Kamran Ghalitschi (HedgeNordic)

# BEST NORDIC FIXED INCOME HEDGE FUND 2017

## GREAT DANES WAG THEIR TAILS

**The NHX Fixed Income index contains 24 funds, which made average returns of 7.2% in 2017, significantly outperforming the broader tNHX Composite Return of 3%.**

The fixed income sub index of the Nordic Hedge Index is dominated by Danish names. Typically, they all use leverage, and substantially hedge interest rate risk, but they do not necessarily invest in Danish markets – and the winning fund has most of its exposure outside the Nordic region.

“We are not focused so much on Nordic assets” says Danske Invest Senior Portfolio Manager, Tom Svend Rosenkrans Pedersen, whose first place winner, Danske Invest Fixed Income Relative Value, returned an impressive 9.1% in 2017. “The strategy is limited to 2x leverage in covered bonds, which is currently mainly invested in Norway, where spreads versus the funding rate are quite wide” he adds.

Elsewhere, Danske Invest typically has as many as 25 or 30 relative value trades in developed markets, OECD government bonds, in the G10 countries plus Sweden, Denmark and Norway. Interest rate duration risk is minimal. The unwind of QE is one portfolio theme, expressed partly through owning UK Government bonds against a short in lower yielding Dutch government debt. “This generates a spread of 60 basis points at the

15-year maturity, with further yield pickup from the roll down” says Pedersen. Cross currency swaps were another positive contributor in 2017. As the strategy collects risk premia and carry premia, it will sometimes see drawdowns during stressed markets, such as early 2016; these dislocations throwing relative valuations out of kilter also create opportunities for putting on trades.

Danske runs 4 billion Danish Krona in alternatives (including two other funds also listed in the NHX Fixed Income index), which is managed completely separately from long only assets of 211 billion DKK. Danske is seeing strong demand for liquid absolute return products and is rolling out several launches this year: a pure macro hedge fund, a more macro-focused fixed income fund, a cross asset volatility fund, and an FX fund. They will be Luxembourg AIF funds and the FX fund will be a UCITS. Currently, Danske’s client base is mainly pension funds and family offices. The intention is to get the funds approved for retail distribution.

Danske has been hiring and the growing team, led by Michael Petry, are all Danes. “Denmark is strong in fixed income, it is a big asset class” says Pedersen.

In second place was serial award winner, Asgard Fixed Income fund, which made 11.7% in 2017.



Left to the right: Tom Rosenkrans (Dankse Bank AM), Daniel Pedersen (Asgard Credit Fund), Nikolai Rasmussen (Nykredit Asset Management), Kamran Ghalitschi (HedgeNordic)



The strategy is biased towards less volatile, shorter maturities and has little exposure to Danish covered bonds. The portfolio spans Sweden, Norway and Denmark, and includes trades in rates, cross currency markets and yield curves.

In October 2017, Momas launched an Irish ICAV fund structure for the fixed income strategy, Asgard Risk Premia, which pursues the same fixed income arbitrage strategies as Asgard Fixed Income (and should not be confused with the growing number of "alternative risk premia" launches coming from many managers). "The Irish fund mirrors the Cayman fund as much as possible and as time goes on the two should converge" says CEO, Birger Durhuus. During the first few months, there has however been some "tracking error" between the Cayman and Irish funds, as it takes time to build up the portfolio. Later in 2018, some investors will switch around \$200 million of assets from the Cayman to the Irish vehicle. Currently, the Cayman contains EUR 575 million, and the ICAV EUR 133 million. Taken together, strategy capacity is EUR 1 billion. Momas has raised most of its assets from Scandinavia, with Asian investors from Japan, Hong Kong, Singapore and China the second largest group, and continental European investors the third largest.

Says Durhuus "the industry has a lot of awards and maybe just too many. We get invited to an awful lot but the Nordic Hedge awards are one that we do hold in regard and pay attention to".

The third award went to Nykredit MIRA fund, which made 18.1% in 2017. MIRA applies leverage to AAA rated Danish covered bonds, which currently have loan to value ratios of below 60%. The return comes mainly from the carry income, plus or minus spread tightening or widening, respectively. The level of income is high enough to absorb some degree of spread

widening and still result in positive returns. But the strategy is not just about clipping coupon income. Nykredit rarely holds bonds to their average estimated maturity of 5-8 years; the average holding period is 6 months. "We actively rotate the portfolio to take advantage of new issuance and valuations that appear attractive based on Nykredit's models (which differ from other banks' models)" says manager, Nicolai Rasmussen. Nykredit also needs to dynamically adjust interest rate hedges as the estimated duration of callable bonds fluctuates.

A drawdown in February 2018 has been swiftly recovered with performance close to 5% in March 2018. "Denmark's callable bonds have rallied on lower interest rates and lower volatility. The market has almost come back to where it started the year" says Rasmussen. Nykredit reckon spreads could tighten further, as they see strong interest from US, Japanese and German investors amid limited issuance. In fact, the market is about to shrink as the government has announced plans to buy back around 40 billion DKK worth of covered bonds related to social housing. "Approximately 7% of the callable market will disappear. We have never seen such a large net reduction in supply" says Rasmussen.

Nykredit manages 2.8 billion DKK in hedge funds, also runs around 100 billion DKK long only strategies, which have high position overlap with the hedge fund strategies as they are based on the same active management philosophy. The difference is return drivers. For the long only strategies, two thirds of returns come from interest rates with one third from spreads and volatility. The reverse applies to the hedge fund strategies, which make two thirds from spreads, which Rasmussen views as more stable than rates. Nykredit has won Morningstar awards for its long only strategies, and has also won a Eurohedge award for its

hedge fund strategies. Rasmussen likes the Nordic Hedge Award because he thinks "they are more comparable. We have different markets in the Nordic region, and you cannot compare an AAA rated bond with an emerging market bond". The Nykredit investment team are nearly all Danes, except for Rasmussen, who is about 1% Swedish, and Andre Wirth, who is a Swiss national.

A piece of trivia: Every one of the five nominated funds until this, the sixth edition of the Nordic Hedge Award, and thus consequently also all winning funds, were Danish managed. This year, for the first time, next to (again) four Danish nominees, Norwegian Borea European Credit was among those nominated in the fixed income category. The winner's podium though, once again, was in solid Danish hands. Og det var Danmark!



Left to the right: Tom Rosenkrans (Dankse Bank AM), Daniel Pedersen (Asgard Credit Fund), Nikolai Rasmussen and Henrik Jørgensen (both Nykredit Asset Management)

# BEST NORDIC MULTI STRATEGY HEDGE FUND 2017

## A BROAD CHURCH



Antti Aalto and Petri Tuutti, Visio Asset Management

**T**he NHX Multi-Strategy index contains 34 funds, which made average returns of 4.5% in 2017, above the NHX Composite Return of 3%.

Along with fund of funds, Multi-Strategy is the broadest category, as the main criterion is that less than 80% of capital is allocated to any single strategy.

The winners were two discretionary strategies: a long/short equity fund that can also allocate to corporate credit; and an asset allocation fund that blends leveraged long only equity, equity market neutral, bond and other strategies; and one systematic strategy: a new hybrid vehicle combining trend-following with market neutral strategies and risk parity market exposures.

In first place was Finland's VISIO Allocator fund, which made 12.68% in 2017. "Since 2009, VISIO has done value stock-picking, and beaten the European equity market with net exposure averaging 57%, while maintaining lower volatility, thanks to a focus on capital preservation and hedging" says managing director and CIO, Petri Tuutti. "Some 60% of returns have come from large cap Finnish stocks, including Outokumpu, Nokia, Stora Enso and Nordea. One Finnish microcap – cybersecurity firm Nixu Oyj – has also been a good contributor" he adds. Visio has as well held stocks in Sweden, Denmark, Norway and some Northern European markets. Derivatives

can be used – for example bought options on the UK's Shire Pharmaceuticals have been veryprofitable in 2018. Corporate bonds make up less than 10% of the portfolio due to low yields. The short book has included broad market indices, such as the Finnish HEX, Swedish OMX and German DAX, and sector baskets such as banking, industrials and real estate investment trusts (REITs).

The strategy contains \$250 million, over 90% of which comes from Finnish investors: predominantly family offices and high net worth individuals, with some smaller pension funds and insurance companies. The fund structure is a Finnish-domiciled, daily dealing, UCITS. All four investment professionals are Finns and staff account for 4.2% of firm assets.

In second place was SEB Diversified, which made 12.82% in 2017. The product blends beta and alpha. "SEB launched the first ever UCITS CTA in 2006 and this strategy is intended to be a diversifier, boosting portfolio Sharpe ratios. We launched SEB Diversified in 2015 to maximise standalone Sharpe ratios", says Hans-Olov Bornemann, Senior Portfolio Manager and Head of Global Quant Team, who leads a team of five quants who have been together since 2003.

SEB Diversified allocates 40-60% to trend-following strategies. The remainder is split between a number of market neutral strategies and risk parity strategies. Until the end of 2017,



Left to right: Hans-Olov Borneman and Jan Hillerström (SEB Global Quant Team), Antti Aalto and Petri Tuutti (Visio Asset Management), Soren Verup (Formuepleje) and Anders Andersson (SHoF)

the fund had generated both strong absolute returns and high risk-adjusted returns. The fund was even exceeding its targeted Sharpe ratio of 0.70 after fees. However, in 2018 the ride has been clearly more challenging. After a positive return of 1% in January, SEB Diversified lost almost 8% in February. The fund lost money in all three strategy buckets at the same time. The trend-following strategies were hit particularly hard – a phenomenon that pure trend-followers (CTA managers) also experienced during that month. Although the SEB Diversified strategy is almost entirely systematic, SEB retains the flexibility to intervene and exercise discretion over risk management.

SEB Diversified is an AIF fund structure, initially distributed in Sweden, Norway, Germany and Luxembourg. Once the three-year milestone is passed in September 2018, SEB plans to widen out distribution to more countries.

Bornemann believes that the HedgeNordic awards “make a lot of sense because the local industry has been so successful for such a long time. This is partly due to sensible regulation: Sweden is unusual in Europe in allowing retail investors to buy AIFs”. SEB manages EUR 108 billion, of which EUR 8.24 billion is in alternatives.

Formuepleje’s Penta strategy was the third winner, with performance of 15.19% in 2017. Director, Soren Astrup, admits that he was not entirely happy with all aspects of the strategy last year: “the fixed income team only

performed in line with their index, which is a blended benchmark - a 2.5 year constant maturity index deducting KIBOR funding costs”. That said, “the bond team did well to reduced exposure to interest rates beyond the ten-year mark” he adds.

Astrup also regrets having not hedged USD exposure, a decision that cost about 2%, viewed alone. A weaker Dollar has been a tailwind for US equities however, by increasing exporters’ revenues. The larger part of Penta profits came from the US equity strategy, where a mandate to maintain active share above 90% (and tracking error below 6%) has been given to Alliance Bernstein. Good contributors included Alphabet, Nike and industrials group Dover Corporation, with generic drug-maker Teva Pharmaceuticals a more volatile holding. Tax reform was also helpful for US stocks.

2018 has been more challenging as Penta was wrong-footed by equity and interest rate volatility, but had recovered to be flat year to date as of April 24th. “We are positive on equities as an asset class and looking forward to the earnings season, but have reduced exposure by 10%” says Astrup. The equity market neutral sleeve (which generates alpha from active stock-picking on the long book, paired against index shorts) has had its best ever quarter, producing positive alpha of 2.5% (which is levered up three times to reach alpha of 7.5% at the fund level).



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# BEST NORDIC CTA 2017

# CTA INDUSTRY ONCE AGAIN DISSAPPOINTS – TOP PERFORMERS REMAIN UNSHATTERED

**2017** marked yet another disappointing year for the CTA industry. The HedgeNordic CTA Index, which tracks 20 strategies connected to the Nordic region, lost 2,4 percent, thereby giving back most of the gains seen in 2016. The performance of Nordic names compared disfavorably to the industry during the year as both the SG Prime Services CTA Index and the Barclay CTA Index gained 2,5 and 0,7 percent respectively.

In recognizing the best performing Nordic CTAs in the Nordic region, HedgeNordic and its jury of professional allocators found three names that stood out, being left unshattered in an unforgiving environment for trend followers in particular. Winning the HedgeNordic CTA award was SEB Asset Selection Opportunistic, a long-standing trend following CTA program that over time has shown strong performance against its peers. Despite being down slightly (0.1%) in 2017, the program which is managed by Hans-Olov Borneman, apparently impressed the jury. In a comment on the distinction, Borneman says:

"Without knowing the exact details and process behind how the winners are determined, I suspect that it is not only

last year's performance that weighs into the decision but that the long-term and risk adjusted performance play into the picture. I would guess that it was our ability to generate returns over the last two years, in what has been a very tricky period for the industry, that was the decisive factor."

"In 2016, the fund managed to gain from its positions in bonds, while also profiting from stock indices and fx markets. In 2017, the fund gained from sustained trends in equities but lost money from currencies and bonds as these markets only showed short-lived trends and were marked by frequent reversals."

"Looking at SEB Asset Selection Opportunistic in a longer-term perspective shows that our performance has been highly competitive, especially during the last five years."

In second place was the RPM Galaxy Fund, a multi-manager fund that uses trend following managers as well as shorter-term ones to exploit major market trends. In 2017, the fund returned 3,3 percent, posting its fourth consecutive positive year. Per Ivarsson of the Stockholm-based RPM Risk & Portfolio Management, says that it was the blend of strategies combined with RPM's proprietary



SEB Global Quant Team: Jan Hillerström and Hans-Olov Borneman



Left to right: Hans-Olov Bornemann and Jan Hillerström (SEB Asset Selection), Joakim Jerner and Rune Madsen (Runestone Capital), Johanne Schou Vassbotn and Per Ivarsson (RPM) Chad Martinson (Efficient Capital) with Kamran Ghalitschi (HedgeNordic)

allocation models that explained the relatively strong returns for the year.

"RPM Galaxy has a core of trend following strategies, complemented by short term strategies, aiming to produce crisis alpha or risk mitigation, i.e. strong returns during prolonged equity bear markets", he says continuing:

"The strategy mix in the RPM Galaxy has worked quite well in the evaluation period. During tougher periods for trend-following the short-term exposure balanced portfolio returns and this resulted in positive performance for the fund during all of

the last three years: 2015, 2016 and 2017. I also believe our proven portfolio management process, where RPM use in-house developed indicators to manage the exposure in the portfolio, is another key qualitative factor considered by the jury."

In third place was a newcomer in the Nordic Hedge Index – Runestone Capital. The fund, which is managed from London by a Dane and a Norwegian, uses quantitative models to invest in US equity index volatility where it takes long, short or spread positions in volatility instruments on a one day forward basis. The fund gained 4.7 percent in 2017 with a standard deviation as low as 3.2 percent

after a strong 30.9% in 2016 .

"We take advantage of markets with both increasing and decreasing volatility, and are hence neither biased towards short, long nor tail-events specifically. Our investment horizon is one day forward hence the longer-term view of volatility is of less relevance for our strategy. We recalculate the statistical outlook each day and this is how we'll stay on top of the game every day in an asset class with infinite possibilities", Rune Madsen, portfolio manager at Runestone explains."As previous years, we have been able to maneuverer different volatility markets well. The strategy is different than many other non-correlated strategies due to the short-term and non-

biased nature of our positioning in volatility as well as our 100% focus on US Equity Index Volatility, making the management team more focused than e.g. multi-strategy managers."

"What we can conclude from 2017, which was a very different from 2016 both from a volatility and equity market point of view, is that our strategy can generate positive performance in different markets due to its uncorrelated nature. Volatility is always in motion so we proud to show it could perform in both up and down markets."

The category was supported by Efficient Capital and prizes presented by Chad Martinson.

# HEDGENORDIC PERFORMANCE AWARD

## WHERE PURE PERFORMANCE COUNTS



The Performance Awards to the Nordic Hedge Award were introduced in 2014 and go to the managers that had shown the highest net performance of all hedge funds within the universe of the Nordic Hedge Index. 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.

Rhenman Healthcare Equity L/S has won no less than four awards for 2017, also picking up top spots for the "Best Nordic Equity Focused Hedge Fund - 2017" and the "Best Nordic Hedge Fund - 2017" awards.

Rhenman Healthcare Equity L/S made 34.5% in 2017, and 198.5% over the five years between 2013 and 2017. On a five-year view, Rhenman has trebled investors' money, net of fees.

The 198.5% represents roughly half of the 426.5% performance since inception in June 2009. Since then, the beta performance of the global healthcare and biotech sectors has provided a strong foundation for Rhenman's returns, and the manager has produced alpha on top.

In 2017, the alpha was marked. Rhenman's 34.5% return was around triple the services

and medtech sub-sectors, and a larger multiple of biotech, world healthcare and pharma – which made only single digit returns in 2017. Rhenman's fund has made new highs, even though the MSCI World Healthcare index is 15% below its peak and the Nasdaq biotech index is 24% below its peak (in Euros). Recent performance is impressive, because the healthcare sector has had to contend with a headwind of valuation multiples compressing from around 20 in late 2015 to 16 today.

When correlations between stocks were very high, it is natural that Rhenman was also quite correlated to equity market indices. The collapse in correlations, and explosion in single stock dispersion, seen in 2017, has arguably "separated the sheep from the goats" and highlighted the stock-picking prowess of managers such as Rhenman.

Rhenman is both a long-term holder and an active trader. Names such as Roche have been in the portfolio since inception, but at the same time, Rhenman trades around some positions on a weekly basis. There is so much random "noise" in equity market volatility, that there are opportunities for top-slicing positions on rallies, and adding to them on pullbacks. Small and mid-cap names are seen as less efficient markets with less research coverage, and Rhenman has been disciplined in constantly managing exposure levels for individual holdings in this market cap segment

so that risk levels, on aggregate, have remained reasonable.

Rhenman is distinguished amongst Nordic hedge funds in having employed two female portfolio managers: currently Susannah Urdmark, and previously Ellinor Hult.

In the Nordic hedge fund universe, it can be argued that Rhenman is “a big fish in a small pool” as there are not that many sector specialist funds (and most of them specialise in different sectors). However, Rhenman’s performance also stands out as exceptional when compared against a much wider bench of international peers who specialise in healthcare.

Just as some quantitative hedge funds collaborate with academic advisers, Rhenman has a Scientific Advisory Board comprised of medical experts who provide insights into the science behind drugs and medical treatments.

Henrik Rhenman has been successfully investing in healthcare for 25 years since the 1990s, and he is looking forward to the next 25 years.

### BEST NET PERFORMANCE 3 YEARS

Activist Accendo Capital SICAV/SIF was the winner, with net returns of 140% (for the A share class) between 2015 and 2017, making it the best performer out of 154 funds in the NHX Index.

Accendo has been long-only for its ten years since inception (but can short) and its correlation to the MSCI Europe Small Cap Index of 0.54, is lower than that of many long/short equity funds (and most long/short equity indices). This is partly due to Accendo usually holding cash of 10-20%, but also because Accendo’s holdings are unique stories that are not driven by general

equity market performance. The reality is that shareholder activism (along with distressed debt) is, in the majority of cases, a long only strategy.

Accendo was founded by former private equity investor, venture capitalist and entrepreneur, Finnish citizen Henri Österlund, who as CIO, works collaboratively with other entrepreneurs (and company managers) who run microcap, and “nanocap” companies, usually with market caps between EUR 50 and 200 million. The investment universe is over 300 companies in Scandinavia and German-speaking Europe (including multi-lingual Switzerland), which generally have an edge in technology. Accendo runs a concentrated book: typically owning six positions, with four of them currently disclosed publicly.

The largest P&L contributor, at EUR 18.2 million (and realised), has been Finland’s Okmetec, which occupies a niche in the special sensor wafers market and generated a 24.5% IRR over its 8.5 year holding period. After strong share price appreciation, the icing on the cake was a bid. The premium was approximately 30% over the previous day’s share price. Okmetec was one of three Accendo investments that have been taken over, and was the first ever Finnish company to be bought by a Chinese consortium

Hexatronic is the second largest contributor to Accendo profits, with a contribution of EUR 14.5 million. In contrast to Okmetec, the share price appreciation on Sweden’s Hexatronic – which doubled in 2017 - is thus far unrealised. Österlund is chairman of the nominating committee and Shay was on the board during December 2016-April 2018. Accendo Senior Advisor Jaakko Kivinen was elected to the board at the April 2018 AGM. “The investment thesis is based on broadband communication networks – including 5G rollouts - driving demand for fibre” says Accendo’s Mark Shay (a CFA charterholder who has dual US and Swedish nationality, and won a Wallenberg scholarship for an

MBA at MIT). Not all of Accendo’s long term holdings have yet generated profits however. Talentum was exited at zero IRR via a cash + stock sale to Alma Media, whose shares subsequently generated a 78% IRR to Accendo. Telecom solutions group, Doro, has produced total returns close to zero since Accendo invested in it. Accendo sees huge growth potential, and remains very much committed to the future of the company. Österlund is vice chairman, and Accendo bought more stock in 2017. The other two disclosed holdings are recent investments initiated in 2017. Shay is since May 2018 chairman of the board of surface

treatment technology group, Impact Coatings: a nano-cap stock that makes nanocoatings for high performance surfaces, including fuel cells, automotive reflectors and consumer products. Österlund is on the board of Finnish high-end video games developer, Remedy Entertainment. Accendo advised on, and participated in, the May 2017 IPO. Neither of these has yet made a significant contribution to Accendo fund profits, but that is hardly surprising given the manager’s typical time horizon. “We have a five-year time horizon and are not seeking opportunistic investors who take a 12-18 month view” says Shay.



Left to right: Mark Shay (Accendo Capital), Henrik Rhenman and Susanna Urdmark (Rhenman & Partners) and Kamran Ghalitschi (HedgeNordic)

# BEST NEW NORDIC HEDGE FUND LAUNCH 2017

## US CREDIT EXPOSURE DELIVERS RETURNS

**T**he Rookie of the Year award was presented at the 2017 Nordic Hedge Award for the third 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 2016 and 30 September 2017 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 Nicolai Kjer Rasmussen, Chief Portfolio Manager at Danish Nykredit Asset Management (runner up as "Best Nordic Fixed Income Hedge Fund 2016"), Ola Wessel-Aas, Portfolio Manager at Norwegian Taiga Fund (last years' "Best Nordic Equity Hedge Fund"); Simon reinius, CEO and Portfolio manager at Fund of Hedge Fund manager Optimized Portfolio Management, Tommi Kempainen, CEO at Helsinki Capital Partners, and last but not least, Fredrik Sjöstrand, CIO and Founding Partner at Swedish Skandinaviska Kreditfonden, last year's Rookie of the Year.

The Rookie of the year in 2017, are infact well known at the Nordic Hedge Award. The winners' sister fund, winning four of the last five top spots as "Best Nordic Fixed Income



**Daniel Pedersen (Asgard Credit Fund) – Rookie of the Year 2017**



**2017 JURY MEMBERS FOR "ROOKIE OF THE YEAR"**



Fredrik Sjöstrand



Nicolai Kjer Rasmussen



Ola Wessel-Aas



Simon Reinius



Tommi Kempainen

Hedge Fund", and twice took the trophy as "Best Nordic Hedge Fund Overall" back to Copenhagen.

AIFM, Moma Advisers, are entrepreneurs who set up their own company in Copenhagen, exclusively focused on hedge fund strategies, with no long only mandates. And they are doing something different in the fixed income space. Danish fixed income managers are most famous for fixed income arbitrage strategies that often focus on Nordic mortgage markets, and Asgard has an award-winning strategy in that area.

Asgard's newest fund – Asgard Credit Fund - invests in corporate credits worldwide, and currently has most of its exposure in US corporate credit, which offers higher yields than European or Nordic names. "Moma has also turned cautious on European credit because the European Central Bank will at some stage stop buying credit" says CEO, Birger Dirhuus. Exposure to European investment grade credit was down to 14% as of March 2018. Cash bonds can be bought where they are more attractive than CDS, but no ABS, financials or CoCos or hybrids are in the book. "We offer clean credit exposure with minimal

interest rate and currency risk" says Durhuus. Interest rate duration is near zero.

Asgard Credit fund – an Irish ICAV with assets of EUR 130 million and capacity of EUR 750 million - made 7.29% in 2017, mainly from credit spreads on CDS positions, which have averaged net exposure of 370% since the fund started (somewhat below the 600% ceiling). Shorts unsurprisingly did not work well in 2017, and nor did a spread trade going short of European credit versus long of US credit. The strategy has seen some volatility in 2018, with a drawdown of 4%, which was largely recovered by April. Manager, Daniel Vesterbaek Pedersen, had a long, strong track record from PFA Pension, including the 2008 crisis, before being hired by Moma.

He is not afraid to express non-consensus views, and argues that many large cap US technology companies could be vulnerable to customers asserting control over data. The March newsletter says "Google, Facebook, Twitter, etc. are basically all companies that use private

data and the selling of ads as a primary driver of income" and argues that their valuations are too high.

Reflecting its global investment mandate, the credit strategy is trading with 6-7 counterparties, most of which are global investment banks, but also including two Scandinavian banks.

"When Pedersen came here, he was very well respected and had strong relationships with good counterparties" says Durhuus.

Moma is also distinguished by the diversity of its investment team. Given the long history of welfare, social, childcare and equal opportunities policies in Scandinavia, it is perhaps surprising that so few women are managing hedge funds in the region (though they are more active in allocation and non-investment roles). Asgard Credit may now have the youngest female portfolio manager in the Nordics, having just hired Christina Christensen, straight from a Maths degree at Aarhus University, to work under Pedersen.

**2017 "Rookie of the Year" – Qualified Funds**

Nordic Cross Small Cap Edge	Nykredit EVIRA Hedge Fund	IAM Nordic Multi Strategy FundABA Hedge
Evli Factor Premia	Nordic Cross Stable Return	Volt Diversified Alpha Fund
Adrigo Small & Midcap L/S	Nordic Cross Total Return Bond Funde Return	Asgard Credit Fund
Asgard Fixed Income Risk Premia	CABA Hedge	

**HEDGENORDIC**

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

Louis Pasteur

# BEST NORDIC HEDGE FUND 2017 (OVERALL)

## NET LONG STOCK-PICKERS HOG THE TOP DOG SPOTS



**Henrik Rhenman and Susanna Urdmark, Portfolio Managers Rhenman Healthcare Equity L/S**

**T**he 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.

In 2017 the prestigious title of "Best Nordic Hedge Fund (Overall)" went to Rhenman Healthcare Equity L/S.

Rhenman made over half of its 2017 profits of 34.5% from five US-listed biotech stocks. Historically, Rhenman has had more Nordic holdings, profiting from the 2014 takeover of Norwegian biotech Algeta, but has recently had little exposure to firms in Scandinavia.

"Most local companies are small and at a very early stage, as venture capital is more limited than in larger countries. We usually like to see a public market capitalisation of \$200 million and proof of concept" says Rhenman. One exception to this rule is a small position

in Lund-based BioInvent International AB, where Rhenman "likes the science". BioInvent's market capitalisation of SEK 565 million (EUR 53 million) is more typical of the size of firms invested in by Accendo, which has a typical market cap range of EUR 50 to 200 million.

In second place was Accendo Capital, with a return of 24% in 2017, which came from long holdings in Nordic small cap stocks. Accendo takes an activist approach that usually involves taking a board seat. The largest contributor to 2017 performance was unrealised profits on fibre optic cables maker Hexatronic, which saw its share price roughly double in 2017 (and paid a small dividend). Accendo also exited a position in medical technology group Xvivo Perfusion in 2017. Finnish high-end video game maker Remedy Entertainment also appreciated since the May 2017 IPO in which Accendo participated. Meanwhile, Accendo's long-term holding in telecom solutions provider Doro declined during 2017. Impact Coatings also saw its share price drift lower, but Accendo, which participated in a December 2017 equity issuance including options, has reported a positive contribution from this investment.

Borea Global Equities was in third place with returns of 19.3%. The fund had made significant profits from stocks listed on the Oslo market:

two insurers, Storebrand and Protector, and a short in Fred Olsen Energy. Denmark's drug maker, Novo Nordisk, was also an important contributor.

### Nordic investor bases broadening out into Europe

Rhenman reckon around two thirds of their assets come from Swedish investors. Both Rhenman's flagship healthcare strategy, with assets of EUR 600 million, and its newer global equity long/short strategy, are open to investment, and are seeking distribution approvals in additional countries. No UCITS is planned.

Accendo's main clientele are high net worth individuals and single family offices (who must

be professional, accredited investors). The three managers are also personally invested. Accendo would like to grow the Luxembourg SICAV fund from its EUR 68 million assets. The firm has three share classes with varying parameters to suit different investor preferences, including one class suitable for fund of fund investors.

Currently, most of Borea's assets come not only from Norway, but also from their local Bergen region. That partly reflects the firms' heritage: the founding investors account for 40% of the NOK 3.3 billion assets, and own 60% of the management company. This may change as Borea will soon start distributing the fund in other Nordic and European markets, but has no plans for a UCITS. Borea runs a concentrated book with the largest positions around 15%, and this would not fit the UCITS diversification criteria.



Left to right: Corinne Hutchinson (Northern Trust), Kai Tavakka (Accendo Capital), Willy Helleland and Kjetil Nyland (both Borea Asset Management), Susannah Urdmark and Henrik Rhenman (Rhenman & Partners) with Kamran Ghalitschi (HedgeNordic)



# WINNERS

## Nordic Hedge Award 2017



### Best Nordic Hedge Fund Overall 2017

Supported by Northern Trust

1. Rhenman Healthcare Equity L/S
2. Accendo Capital
3. Borea Global Equities

### Best Nordic Equity Focused Hedge Fund

Supported by Harvest Advokatbyrå

4. Rhenman Healthcare Equity L/S
5. Accendo Capital SICAV, SIF
6. Borea Global Equities

### Best Nordic Fixed Income Focused Hedge Fund

Supported by NordSIP

7. DI Fixed Income Relative Value
8. Asgard Fixed Income
9. Nykredit MIRA Hedge Fund

### Best Nordic Fund of Hedge Funds

Supported by RBC Investor & Treasury Services

10. Brummer Multi-Strategy
11. AIM Credit Strategies
12. CARAM Systematic Alpha

### Best Nordic Multi Strategy Hedge Fund

Supported by Stockholm School of Economics / SHoF

13. VISIO Allocator
14. SEB Diversified C
15. Formuepleje Penta

### Best Nordic CTA

Supported by Efficient Capital

16. SEB Asset Selection Opp.
17. RPM Galaxy
18. Runestone Capital Fund

### Rookie of the Year Award

Supported by HedgeNordic

Winner:  
Asgard Credit Fund  
MOMA Advisors

### Performance Awards

Supported by Mackmyra

1 year:  
Rhenman Healthcare Equity L/S  
3 years:  
Accendo Capital SICAV, SIF - Accendo Capital  
5 years:  
Rhenman Healthcare Equity L/S

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)**

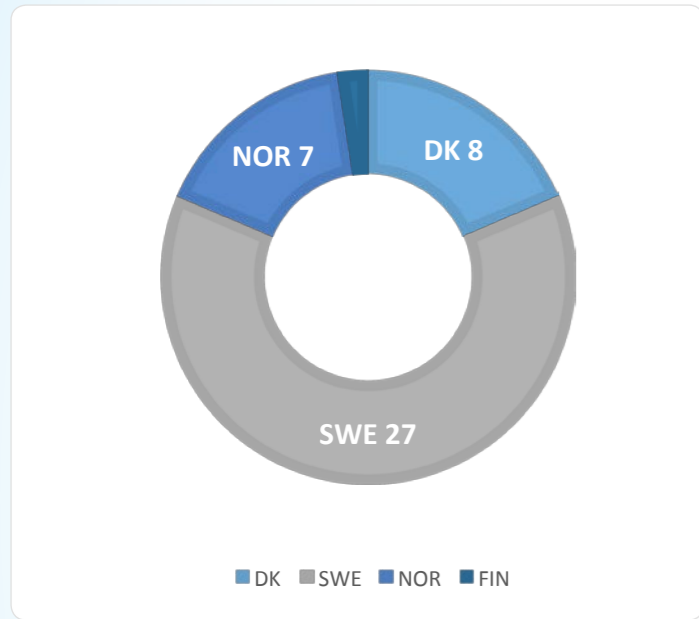
**“We greatly appreciate the Nordic Hedge Awards for the professional attention it brings to the alternative investment management space in the region as well as the opportunity to exchange views with other people in the industry.**

**Andreas Petterøe, Portfolio Manager**  
**Taiga Fund**

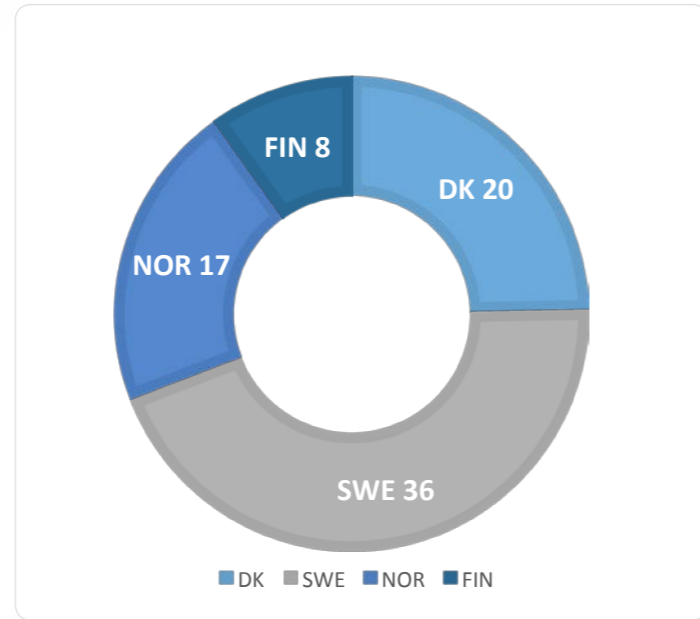
# HISTORY & STATISTICS

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

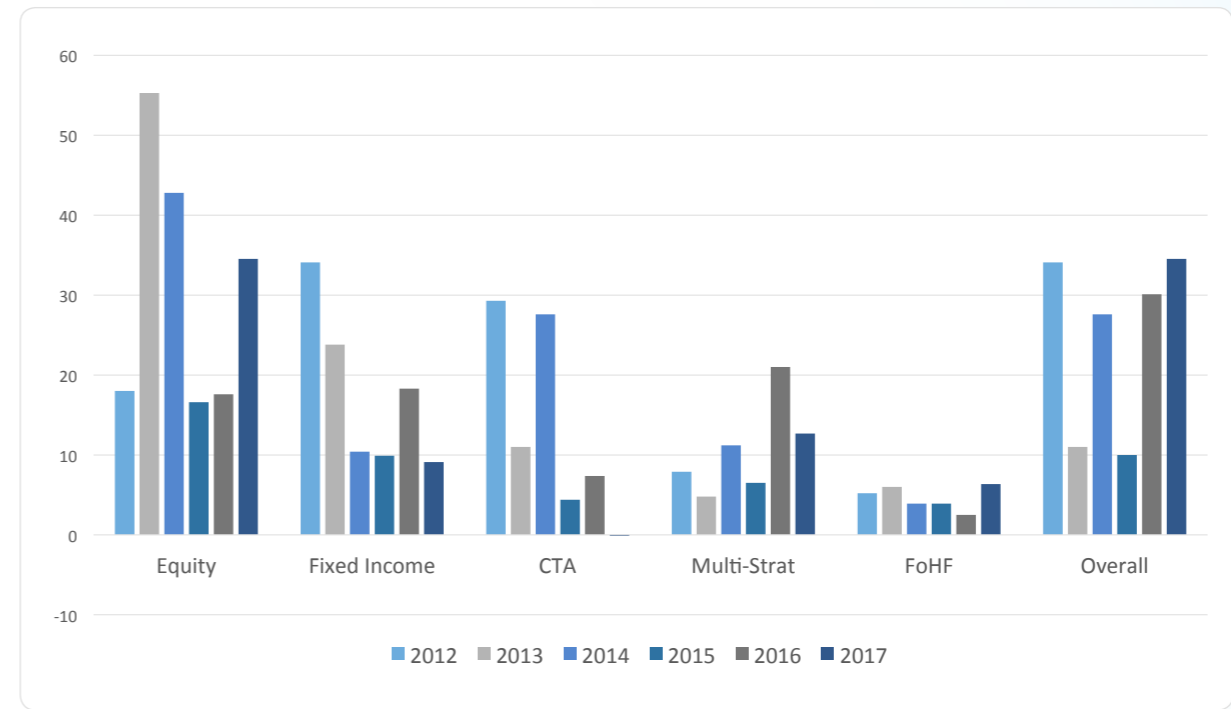
Category Winners by NHX Country (2012-2017)



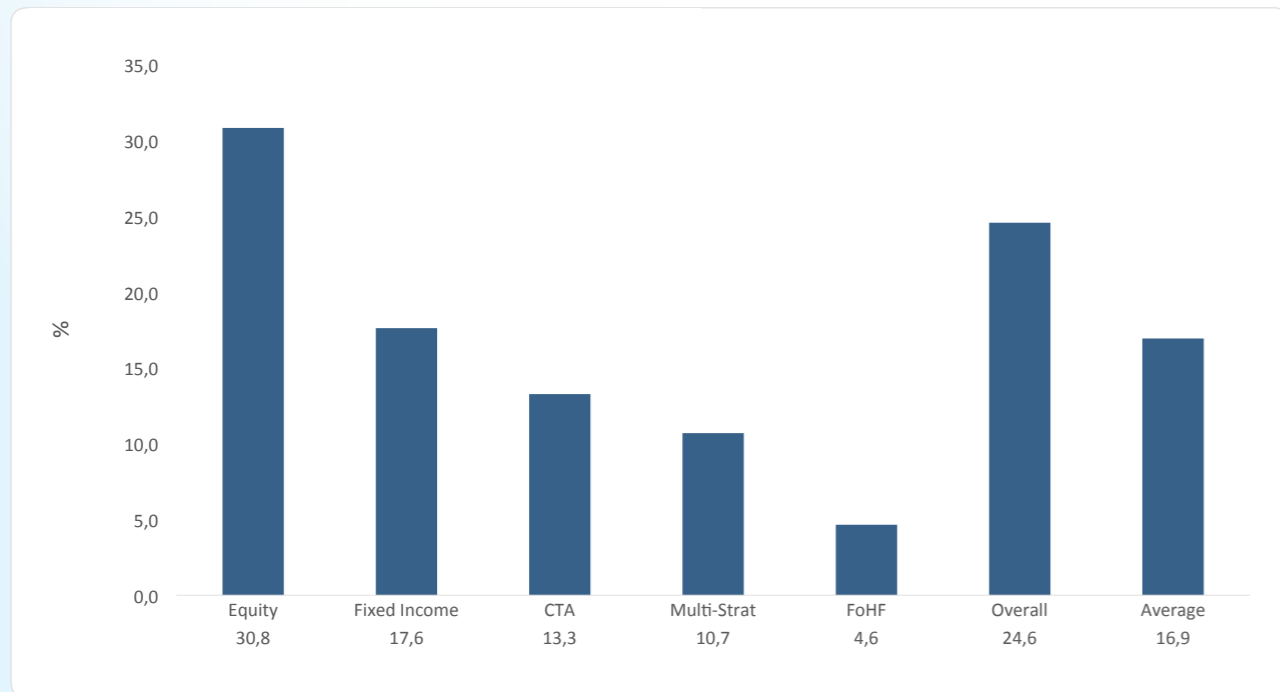
Runners Up by NHX Country (2012-2017)



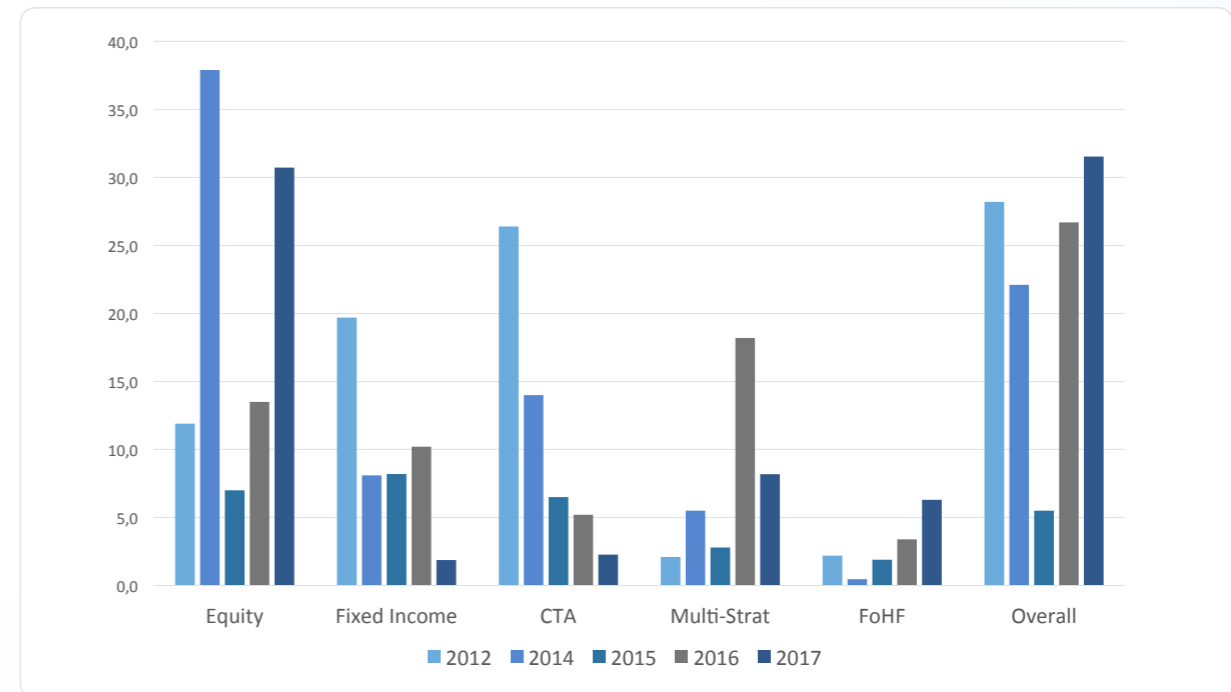
Performance of Winning Funds per Category (2012-2017)



Average Performance of Category Winners 2012-2017 (%)



Overperformance of Winning Funds to Respective NHX Benchmark 2012-2017





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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.