



Change in Brummer Multi-Strategy

Brummer Multi-Strategy (BMS) is redeeming its entire investment in the fund Observatory. The fund was launched in 2004 and is currently hovering around its all-time high. However, BMS's portfolio managers deem the fund's expected future contribution to BMS's risk-adjusted return not to be competitive enough going forward.

"All credit to Observatory, its CIO Shazad Ghaffar and his 30+ years in the industry. He has performed well over a long period of time, with a market neutral approach and limited drawdowns. There are very few long/short credit strategies that have succeeded so well in generating alpha over time while maintaining high liquidity. Unfortunately, the annual absolute return over the past three years has been too low and the expected future risk-adjusted return is not deemed to be competitive enough", comments Mikael Spångberg, BMS portfolio manager and continues:

"The decision is an undramatic one. We have had a constructive dialogue with Shazad Ghaffar about risk-taking, the portfolio and the strategy's future opportunity set and have then decided to redeem our shares. The purpose of all investment decisions is to improve BMS and its conditions to be able to generate strong, risk-adjusted returns", Mikael Spångberg says.

Observatory is a trading oriented hedge fund focusing on corporate credit in which BMS has allocated capital since January 2010. Direct investments in the fund have only been open to professional investors. Observatory's return since start is 299%*, with an average annual return of 8.5%, but 3.0% over the past three years. The sharpe ratio over the last three years has been 0.24.

BMS intends to redeem its investment on two occasions, June 30th 2021 and July 31st 2021. Investors in any of the BMS funds do not need to take any action. Observatory Capital Management LLP will contact any direct investors in the fund.

After the redemption in Observatory, BMS will be invested in eight funds: AlphaCrest, Arete, Black-and-White, Florin Court, Frost, Lynx, Lynx Constellation and Manticore.

While continuously striving to generate value through strong risk adjusted returns over time, the BMS team searches opportunistically for new, complementing and diversifying single strategies. In line with this ambition, Brummer Multi-Strategy will add two new sector specialist long/short equity strategies in the autumn, both of which are market neutral.

*Figures as of May 31st 2021. Observatory was launched June 30th 2004.

CONTACT INFORMATION

For investor-related enquiries, please contact Investor Relations on +46 8 566 214 80 or info@brummer.se.

For media-related enquiries, please contact Johanna Hoffstedt on +46 73 987 43 11 or johanna.hoffstedt@brummer.se.

Brummer & Partners is a leading European hedge fund manager bringing together portfolio managers which pursue different investment strategies under a single corporate umbrella. Together, we manage SEK 108 billion on behalf of private individuals, businesses and institutional investors. Brummer & Partners has offices in seven countries and is headquartered in Stockholm. The group has around 350 employees. Our business concept is to offer well diversified asset management with the goal of achieving competitive risk-adjusted absolute return, regardless of the performance of capital markets.

Brummer Multi-Strategy is a multi-strategy fund with exposure to single strategy funds managed by the Brummer & Partners group. These hedge funds are managed by various management teams which work independently of each other, with a different focus and a low mutual correlation. Common to the single strategy funds is the fact that they all, in the long term, strive to generate a return regardless of market developments. The goal for Brummer Multi-Strategy is to deliver a competitive risk-adjusted return over time with a low correlation with traditional asset classes such as shares and bonds.

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