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Protean Select's Three-Year Track Record and What's Next

When Pontus Dackmo and Carl Gustafsson launched their equity hedge fund, Protean Select, in early 2022, they made a clear commitment to themselves and their investors: "unless we have generated a competitive risk-adjusted return after three years, we will close down and do something useful instead." Three years on, Protean Select has passed that test. With an annualized return of 8.6 percent and volatility of just 6.0 percent, the team has demonstrated, in Dackmo's words, that "it seems possible to achieve an above-market return with less than a third of the volatility."

"It's been a wild three years," says Dackmo, reflecting on the fund's journey to date. "The war in Ukraine, rampant inflation, and the collapse of the COVID-era growth stock bubble of 2022. The bid for Swedish Match. The 'higher-for-longer' scare and rising tensions in the Middle East during 2023. The tariff chaos of 2025, and just the general nonsense of the second Trump administration. The 170 percent surge in Novo Nordisk's share price to become the biggest company in Europe, followed by its 60 percent+ fall." And that's just a sampling. All of this, he notes, took place within the span of three years.

Launched in May 2022, Protean Select is an opportunistic long/short equity hedge fund built around a simple guiding principle: aim for "acceptable returns but hate losing money," as Dackmo has previously described it. While the fund avoids benchmarking itself against any index, Protean Select delivered a cumulative return of 28.2 percent over its first three years, more than double the 14 percent gain of the large-cap MSCI Nordic Index, and well ahead of the 11 percent return from the Carnegie Nordic Small Cap Index and the 20 percent from the broad, dividend-reinvested Swedish SIX RX Index. Over the same period, the NHX Equities sub-index, which tracks Nordic long/short equity funds and includes Protean Select, rose 14 percent.

"By comparison, Protean Select has done well," says Dackmo. "This outcome is an argument for why a hedge fund can defend a place in a portfolio: it seems possible to receive an above-market return, but with less than a third of the volatility," he adds. "At least over this specific three-year period." Looking ahead, Dackmo remains realistic. "What the next three years look like nobody knows. We will for sure underperform the market in a massive rally, but limited drawdowns in down or volatile markets allow for more powerful long-term compounding."

With $80 million in assets under management and a solid three-year track record, Dackmo and the team is now focused on Protean Select's next phase – with plans to close the fund to new investments once it reaches $200 million. "We stick to our guns that small is beautiful – our belief that it's easier to generate returns via active management with a smaller fund than a large one," he explains. "Hopefully, we'll earn some attention over the next three years. But make no mistake: returns come first; asset growth is last on the list."

As Protean Select crosses its three-year mark, it does so with a solid track record, a disciplined approach, and a clear sense of identity. Three years may not sound like much, “but three years is the magic number to achieve for that elusive financial industry Holy Grail called Track Record,” reflects Dackmo. With a return profile that compares favorably among peers – despite running with lower volatility and modest net exposure — the team has shown that consistency and caution can still outperform.