

SMA Capital Drives Protean Select to Lower Capacity Limit

Since launching Protean Select as an opportunistic long/short equity hedge fund in 2022, Pontus Dackmo and his team have emphasized a clear priority: returns first, asset growth second. That philosophy is now translating into action, as Protean Funds lowers the fund's capacity to SEK 1 billion, just as assets approach the new limit, amid strong inflows from institutional investors, particularly via separately managed account (SMA) mandates.

"We are today lowering the capacity limit for Protean Select from SEK 2 billion to SEK 1 billion," says co-founder and CEO Pontus Dackmo. The fund currently manages approximately SEK 970 million, leaving limited room before reaching the revised cap. "When we originally set the limit at SEK 2 billion, we assessed capacity based on the fund in isolation," he explains. Since then, Protean has attracted significant institutional capital through SMA structures. "We now manage institutional mandates alongside the fund, applying a similar investment strategy and investing in the same universe of companies."

The inclusion of these parallel mandates has effectively reduced the strategy's overall capacity. "It's not the end of something to close the fund, it's the beginning of a new period," says Dackmo. "We can now spend more time on the actual job of managing money, not on marketing and due diligence processes." Dackmo and his team believe "the quality and integrity of the investment process must take precedence." He frames the decision as a deliberate prioritization of returns over asset growth. "This decision reflects our responsibility to the investors who have already entrusted us with their capital," he adds. "Protecting the conditions for strong long-term returns is, in our view, the most important thing we can do."

Just a week earlier, Protean Funds announced a new mandate from an international institutional investor, allocating capital to both Protean Select and its long-only small-cap strategy, Protean Small Cap. Following this inflow, the boutique's total assets under management surpassed \$700 million across its three strategies.

Launched in May 2022, Protean Select is built around a straightforward guiding principle: "generate reasonable returns, with reasonable risk, for an unreasonable long period of time." The fund has delivered an annualized return of 7.7 percent since inception through the end of February. Lowering capacity and a hard close to new subscriptions marks a continuation of the team's stated commitment to prioritizing performance over scale. Existing investors are unaffected. Redemptions remaining open as normal. "The whole point of closing is to protect the people already in the fund," concludes Dackmo. "If we keep adding assets, we'd be prioritizing new money over the investors who backed us early, risking the performance dilution you typically see when funds become too big. That's not a trade-off we're willing to make."