

Colosseum's Difficult Stretch Continues as Co-Portfolio Manager Departs

After a volatile journey since launching in mid-2025, Colosseum Global Alpha has suffered two consecutive months of steep losses, leaving the fund down more than 30 percent year-to-date through the end of May. The fund also underwent a management change during May, as co-portfolio manager Eric Andersson left the firm, leaving long-time trader Oleg Sutjagin solely responsible for managing the strategy going forward.

"One important organizational change is that co-portfolio manager Eric Andersson chose to leave the firm during May," writes Sutjagin in the fund's monthly letter. "The fund's investment strategy and risk-management process will, however, continue fundamentally unchanged."

Colosseum Global Alpha, which seeks to capitalize on short-term pricing dislocations across individual equities through a long/short approach, endured its most challenging period since inception during April and May. The fund declined 19.8 percent in April and a further 18.6 percent in May, pushing performance deeply into negative territory for the year.

While April's losses were largely driven by two individual long positions, the drawdown in May stemmed primarily from the short side of the portfolio. According to Sutjagin, a sharp rally in semiconductor and memory-related stocks moved aggressively against several short positions and related option structures at the same time. "A sharp rally in semiconductor and memory-related stocks – including Micron, Sandisk and Seagate – moved against the fund's short positions and option structures simultaneously," explains the portfolio manager. One notable exception was Sivers Semiconductors, whose volatility weighed heavily on performance in April but contributed positively during May.

Following April's losses, the team launched a comprehensive review of position sizing and portfolio risk limits, with particular emphasis on managing extreme single-stock moves. However, the changes implemented after April were not sufficient to prevent another difficult month, prompting the manager to introduce additional risk-management measures. "We do not consider this acceptable and are therefore implementing further measures," writes Sutjagin. These include stricter limits on individual short and option exposures, more explicit management of short-squeeze and sector-correlation risks, and a continued reduction in overnight exposure to individual names. The manager also intends to place greater emphasis on short-term tactical positioning when appropriate.

Looking ahead, Sutjagin expects market volatility to remain elevated. While acknowledging that fundamentals have supported part of the recent rally in U.S. equities, he believes the artificial intelligence theme continues to be the primary driver behind many of the market's strongest moves. He also expects a number of potential high-profile public listings to contribute to market volatility in the coming years. "We anticipate that major IPOs from SpaceX, Anthropic and OpenAI could contribute substantially to market volatility."

Looking ahead, Sutjagin expects markets to remain highly volatile in the near term. "Many U.S. stocks have appreciated significantly over a short period, driven partly by fundamentals but primarily by the AI narrative," writes the portfolio manager. "We also anticipate that major IPOs from SpaceX, Anthropic, and OpenAI could contribute substantially to market volatility."