

Can Xcent Multi-Strategy Defy the Odds?

Stockholm (HedgeNordic) – The fund-of-funds concept can offer benefits like diversification, professional management, and multi-strategy exposure. Despite these advantages, the fund-of-funds business has faced significant challenges in recent years, primarily due to fee pressure, along with evolving investor preferences and increasing competition. Yet, a new player in the Nordics, Xcent Multi-Strategy, has recently entered the market with a fund of funds.

"This multi-strategy fund invests in hedge funds – better described as alternative funds – along with long-only funds and fixed-income funds," says Per Mårdbrant, who launched Xcent Multi-Strategy at the beginning of September under the Alfakraft Fonder umbrella. Mårdbrant has for many years been a discretionary manager, as well as a fund manager at Advisor Fondförvaltning. He has now decided to launch a fund of funds that will provide his clients with exposure to a carefully selected group of fund investments.

"Fund selection has been my primary focus for many years. I regard myself a fund picker and want to help my clients by offering a fund with access to a wide range of funds," explains Mårdbrant. Structured as a Swedish special fund, Xcent Multi-Strategy aims to maintain a portfolio of 15 to 20 funds. However, the fund will allocate at least 50 percent of its capital to hedge funds, with the hedge fund exposure typically ranging from 50 to 70 percent. Xcent Multi-Strategy charges a fixed management fee of one percent per annum, with a performance fee of five to fifteen percent above a two percent threshold, depending on the share class.

The main selection criterion for Mårdbrant is a strong track record. "Good performance is the number one, number two, and number three criteria," he says. However, the selection process also involves a comprehensive qualitative due diligence process, where Mårdbrant seeks to meet with underlying fund managers to "gain a deeper understanding of the strategy, get a feel for the management team, and assess their background, expertise, and ideas." This aspect of due diligence is "very important" to Mårdbrant. "It's fascinating to meet these fund companies – some very small, some very large – and hear their stories, ideas, and what makes them different."

The allocation process focuses on constructing an optimal portfolio by analyzing metrics such as returns, return volatility, and correlations. "The goal is to improve the overall portfolio by considering the correlations between funds and with the broader market," says Mårdbrant. "We aim to achieve strong diversification and reduce the fund's volatility while, of course, targeting good performance."