



New ideas for investors

Second Nordic Investment Managers Forum in Luxembourg

Five leading Scandinavian asset managers gathered for a public discussion of key market trends and investment themes with a select group of professional investors. The second Nordic Investment Managers Forum in Luxembourg held at the historic Château de Septfontaines was attended by close to 100 professional investors. It addressed investment ideas like factor investing, tech-stocks, Danish mortgages bonds or frontier markets.

The Nordic Investment Managers Forum in Luxembourg was an insightful and interesting platform for new and exciting ideas. Danske Invest, Sparinvest, East Capital, Origo and DNB Asset Management each sent one expert to the Forum to present their views and ideas. Jonathan Boyd, Editor of Investment Europe and Moderator, said: "The Nordic Investment Managers Forum is the type of event that I believe we will see more of in coming years, as asset managers seek opportunity through European harmonisation, which encourages cross border trade. Ultimately, this should be welcomed as it will facilitate investor access both to products, but perhaps most importantly, the people who make up this industry."

Global Outlook: Chinas impact

Kim Asger Olsen, Managing Partner of Origo, spoke about the impact of China on the global economy. Concerns over the state of the Chinese economy have become the talk of town – and the markets. China's growth appears to be stalling. "China is growing and is now the world's second largest economy. So logically, what goes in China is increasingly important for the rest of the world. But China is still badly integrated in the international economy. It means that the effects of the economic changes are harder to predict", said Olsen. According to Olsen, China's leadership is firmly determined to avoid a major crisis. For him the question is if the means to fight the crisis are available.

Frontier Markets: Lower Volatility than Developed Markets

Emre Akcakmak, member of the portfolio management team for Eastern Europe and Global Frontier Markets at East Capital took a wider view on global frontier markets. "Contrary to common belief, these unique opportunities, that we see in frontier markets, come with low volatility, which has consistently been lower if compared to emerging and developed markets", said Akcakmak. East Capital's aim is to trek beyond the established universe into the next frontiers early on, which means going to countries as diverse as Saudi Arabia in the Middle East, Rwanda in Africa and Cambodia in Asia. In frontier markets Akcakmak looks for opportunities in food retail, fashion retail, car industry, medical care, insurance and air travel, in addition to more traditional early emerging market investment themes like banks and telecoms. Akcakmak: "Frontiers are the next-generation emerging markets, reforms and high growth convergence stories are taking place there where growth is supported by demographics: they represent a unique diversification opportunity."

Tech sector: sitting on mountains of cash

Anders Tandberg-Johansen, DNB's Head of Global Technology Equities and portfolio manager of the DNB Technology and DNB TMT Absolute Return funds talked about tech-investments. According to Tandberg-Johansen managers are no longer sitting on their money, but rather returning it to shareholders in the form of share buy-backs and dividends. The chances of growth remain high, too. The companies in the MSCI World Information Technology Index estimate a growth in operational profit of 16% in 2015. Global shares just reach an eighth of that figure with 2%. "The targets are high, but achievable", says Anders Tandberg-Johansen. According to the fund-manager, scalable business models have been taking share of wallet since buzzwords such as "Internet of Things" or "Big data" became reality. Traditional businesses are challenged by tech-companies like Google or Apple. Tandberg-Johansen: "Tech is peeking into everything. There are so many good stories out there. In our investment process we are focusing on valuation and underlying cash flows."

Danish Mortgage Bonds: No default since 218 years

Stig Brammer, Product Specialist at Danske Invest explained why Danish mortgage bonds are an attractive long term-investment with AAA ratings that yield 350 basis points more than government bonds. Brammer: “Danish mortgage bonds had no defaults for 218 years. Can you find me another bond market with the same track record?” This is due to a unique system which is called the Balance Principle where the cash flow is matched 100% between the investor and the underlying loan. This is why Danish mortgage bonds have been used as safe haven during international financial crisis. Now regulations have forced the international repo markets to cut credit lines and this is among other factors the reason why the international bond market has lost liquidity. This is a problem for many fixed income investors internationally and of course also in Denmark. The impact to the Danish mortgage market has been a sell-off and a spread widening. Which has made it even more attractive to buy investment funds with Danish mortgage bonds.

Factor Investing: Outperforming the market systematically

David Bakkegaard Karsbøl, Chief Strategist at Sparinvest and responsible for company's six blend funds as well as the 100% equity fund based on factor investing EQUITAS talked about Factor Investing: “The presence of factors – i.e. systematic market anomalies – has been remarkably consistent for the past century”, said Karsbøl. According to him, investors can benefit from that. Since most of the factors that strategical quantitative investing rely on persist over time, it is possible to outperform the market systematically. Sparinvest is using three factors: The outperformance of small and mid-caps, the valuation and the momentum as factors. “It is not always a good idea to be exposed to one particular factor, but investors have unambiguously benefited from being constantly exposed to several factors at the same time. Furthermore, if the investment objects each exhibit several factors at the same time, these tend to deliver even better returns.

Presentation documents can be viewed at www.nimf.lu. If you would like more information please contact the following persons:



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Projected returns are indicated before charges and based on current yield levels taking the historic default and recovery rates experienced by running the strategy.

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