



## **KTH FS Student Fund Investment Philosophy**

The goal of this Long/Short Systematic fund is to achieve high risk-adjusted return in any market condition, beating the MSCI World Index nominated in USD. The fund aims to invest primarily in equity based on fundamental analysis, but can also take positions in other classes as well, such as commodities or derivatives.

- **Focus on value based investments via fundamental analysis**

Value is identified via fundamental analysis. A value stock will often, but not always, come with sustainable competitive advantage, strong financial fundamentals (based on Cash Flow, Income statement or Balance sheet) and/or established market position, we believe these characteristics provide opportunities for asymmetric upside.

- **Time Perspective**

The fund has an investment philosophy of entering cases with an investment horizon of 12 or less months. By identifying and staying committed to the identified cases during the holding period, we create conditions for us to outperform our comparative index.

- **Portfolio Diversification and Concentration**

We believe in the importance of diversification to manage company-specific risk effectively across the portfolio and aim to have approx. 15-20 active positions at one time. The fund has a global mandate with a Nordic base and considers sector exposure when introducing new names in the portfolio.

- **Active Management**

The fund employs active management through quarterly reviews of holdings and potential investment cases. Active reviews and reallocation of stocks where changes in the original investment thesis justifies a reaction allows for a broader set of opportunities to take action.

- **Portfolio Structure**

The structure of the portfolio consists of a base of equities with an additional portion of derivatives and other financial instruments. The fund does not use a set allocation ratio for these segments