

# Sector Asset Management: Trump - “Let’s Do It”

Stockholm (HedgeNordic) – Sector Asset Management, the Norwegian hedge fund firm with \$1.7 billion in AUM, is betting on U.S. President-elect Trump’s promises to salvage society’s losers – or at least those financial sectors that have lost out in the past decade.

The firm, which launched Norway’s first hedge fund in 2000, is rearranging its portfolios to bet on bank, energy and materials stocks in anticipation of Mr Trump’s promises of a fiscal stimulus following years of fiscal global austerity. Mr Trump’s pronouncements on infrastructure spending, his natural calling in terms of his real estate background, and tax cuts, the standard Republican trope, have caused bond yields to soar while investors factor in accelerating inflation.

Peter Andersland (*pictured*), co-founder of Sector Asset Management, told Bloomberg in an interview: “You need someone that is crazy enough, like a Trump. Someone that just says, ‘let’s do it’.”

Mr Andersland believes fiscal expansion is the only option to revive the economy, following the failures of monetary policy since the financial crisis and under the Obama administration. “You must use the bazooka to get it going,” he said, echoing the type of language employed by Mr Trump. “A QE for the people can come. A fiscal policy in coordination with central banks. Then we can get an economic impulse for some time. The question is whether that’s enough to revive the animal spirit so people take the baton and start to spend money.”

With interest rates at an all time low, Sector Asset Management has opted to decrease its long exposure to stocks within consumer staples and discretionary. “Good companies, bad stocks,” Jannik Arvesen, manager of Sector’s Sigma Nordic Fund, says. Mr Andersland, who manages the Global Equity Fund with holdings including JPMorgan Chase and Goldman Sachs, says European banks have a long way to go to clean up their balance sheets. By comparison, “when long rates become higher than the short ones then the banks make money,” he says. The U.S. banks have cleaned up their balance sheets.”

Sector will also increase its investment in energy stocks on the view that oil prices have reached a bottom. Andersland holds a preference for big integrated producers and Sector also has holdings in BP and Chevron, among others. Sector’s global fund experienced a return of 7% in September, surpassing its benchmark. “Now our target is 13%,” Andersland says. “We buy the dips within energy. You can accumulate that now along with finance and materials.”