

Madrague Holds Firm In Face of Increasing Trump Doubt

Stockholm (HedgeNordic) - Amid concerns that stock market optimism about U.S. President Donald Trump's economic agenda may be overblown, Lars Franstedt, Chief Investment Officer and Partner with the \$150 million Swedish hedge fund Madrague Capital Partners, is remaining confident:

"The way I look at markets right now, there are a couple of things that speak for a continued upside... so we do not believe there will be correction soon," Mr Franstedt told Reuters. Madrague's long/short equity fund was recently awarded best European Equity Fund among funds managing AUM up to \$500 million USD for its 2016 performance at the EuroHedge Awards.

His comments come amid fears that market optimism is overstretched and isn't pricing in political risk for the coming year in Europe, which faces a number of elections that could prove potentially existential for the European project. Partly in consequence, other hedge funds are betting that the rally in equities is on the verge of ending.

Among the hedge funds that are shorting their bets against the Dow Jones Industrial Average in roughly the past month have been Boston-based Baupost Group, London-based Horseman Capital and Marcato Capital Management, according to the Reuters article (republished here). Worries include a sharp rise in inflation, apprehension about the fallout of Mr Trump's protectionist rhetoric and uncertainty about the knock-on effects of his overall leadership style.

Others are looking to gold as an insurance policy or are not quite ready to scale up short positions, even as they reduce leverage. For the time being, however, Madrague Capital Partners is holding firm.

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