

# U.S. Hedge Fund Perspectives Shift on Europe

Stockholm (HedgeNordic) - Perspectives are changing on Europe among U.S. hedge funds, the Financial Times reports. It follows that valuations are looking increasingly attractive to investors compared with the U.S., and a small but growing number of hedge funds are taking the lead in increasing their exposure.

Continental Europe is currently held to be one of the least fashionable markets in the world, not least due to the current geopolitical environment under Mr Trump, who is seen to favour the disintegration of the EU. Consequently, Europe remains less favoured by investors than the U.S.

According to Northern Trust, however, fundamental valuations suggest this consensus is too negative. With a considerable gap between the U.S. S&P 500 Index and the European Stoxx 600, it points to European equities, which have rarely been as cheap by comparison to global prices.

Consequently, interest has grown from bottom-up equity-focused investors in shares in European-listed companies with considerable business based in the U.S., but which are still punished for being “European” by the market. Debt specialists also believe Europe is less crowded than the U.S., while yet others believe the coming political year may yet create attractive entry points for longer term investors.

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