

George: U.S. Reflation Risk Amid Market “Greed Phase”

Stockholm (HedgeNordic) “It’s time to step on the brakes a bit. I may not pull the hand brake, but gear down a bit,” Sean George (*pictured*), head of fixed income and partner at Granit Fonder AB, told Bloomberg with regards to the current market that, he says, is “priced for perfection.”

Mr George characterized the market as being in a “greed phase” following rallies by stocks and high yield bonds since Donald Trump’s election, with the MSCI World Index rising 8.9% and the Bloomberg Barclays U.S. Corporate High Yield Total Return Index gaining 3.6%. “It can turn around quickly. Then you want some liquidity in your portfolio.”

As Mr George told HedgeNordic last week, he is in the process of setting up a new hedge fund with Granit, which is seeking to raise \$50 million to \$100 million in its initial phase. The Granit **Global Credit Opportunity** fund will invest most of its capital (75%) in high yielding corporate bonds and the rest in short-term opportunities, targeting returns of 5-7% per annum. The hedged portfolio will offer a complement for fixed income investors as rising interest rates sap bond returns, Mr George said.

“There’s a big risk for reflation in the U.S. If there’s an inflation scenario in Europe and the U.S., you have to invest in another way than with all the QE and the central bank trades during all the years,” he said.