THYRA Hedge Blames “Liquidity Supernova” for Reduced Risk-Taking

Stockholm (HedgeNordic) – THYRA Hedge, a fundamentally oriented long/short equity hedge fund run by Sentat Asset Management, has been struggling to find exciting investment opportunities due to high equity market valuations. Despite pinpointing an abundance of possible short candidates, the fund is wary of shorting company shares at this point in time.

Although THYRA Hedge acknowledges that a high number of companies are expensive both in absolute and relative terms, the technology hedge fund remains cautious about the possibility of equity markets being fueled even further by the so-called “liquidity supernova.” The billions of dollars in financial assets central banks have been buying in recent years have propelled global equity markets higher despite lingering political risks. All in all, THYRA Hedge’s appetite for risk-taking has been fading due to a combination of high valuations and central bank buying.

THYRA Hedge, which employs rigorous fundamental research to identify and evaluate investment opportunities, gained 0.92% after fees in July, bringing the year-to-date return to a negative 0.66%. The July performance was mainly driven by a string of strong quarterly reports released by companies within the long portfolio, which includes social network giant Facebook, cloud computing company ServiceNow, and Dutch semiconductor equipment maker ASML. The hedge fund’s short positions in tech giant IBM and high-tech company Edgeware also positively contributed to performance in July.

Given that the U.S. monetary policy normalization has already been kicked off in the wake of improved economic growth and low unemployment levels, THYRA Hedge and other players the industry will likely start playing the short-selling game more vigorously. However, only time will tell whether equity-focused hedge funds can make hedge fund investors happy again by producing jaw-dropping returns.