

US Hedge Funds bet on continued expansion, trimmed FAANGs

Stockholm (HedgeNordic/Reuters) – According to regulatory filings made public on Tuesday and reported by Reuters, US hedge funds took on big bets that the US economy would continue to expand in the second quarter buying cyclical stocks in retailers and tech, despite increased trade tensions between the US and China.

Third Point, an 18 billion dollar hedge fund managed by Daniel Loeb, added new positions in payment companies Paypal and Visa, both of which were up more than 19 percent year to date. Greenlight Capital, run by billionaire investor David Einhorn, added new positions in low-to-middle income retailers including Dollar Tree, Dollar General, Gap, and TJX Companies, the parent company of discount retailers TJ Maxx and HomeGoods.

Activist fund Jana Partners added shares of broad-based exchange-traded funds that track the S&P 500 and the Russell 2000 indexes and took new positions in Wells Fargo and food delivery company GrubHub.

While adding to cyclical companies overall, US hedge funds at the same time trimmed their exposures to the so-called FAANG (Facebook, Apple, Amazon, Netflix and Google parent Alphabet) stocks.

Third Point sold all of its stake in Alphabet and divested 1 million shares of Facebook, reducing its position in the company by 25 percent. At the same time, it increased its stake in Microsoft by nearly 310 percent, buying 1.7 million shares.

Omega Advisors, meanwhile, sold all of its position in Netflix and added new holdings in biotechnology companies including Madrigal Pharmaceuticals and Deciphera Pharmaceuticals.

A number of hedge funds sharply cut their stake in Apple only weeks before it became the first publicly traded US company to be worth more than US\$1 trillion.

Among the most noteworthy changes were Einhorn's Greenlight Capital slashing its stake by 77 percent, while Philippe Laffont's Coatue Management got rid of 95 percent.

Picture source: Pixabay