

Market Calls

Mirante Increases European Exposure, Likes Engie

Mirante Fund Management is "cautiously" increasing its European exposure and is bullish on French utility company Engie SA and U.K. travel operator EasyJet Plc, according to fund manager **Alexis Dawance**.

"We believe that elections in France should not impact the markets,"

Dawance said in a telephone interview on March 15. He doesn't expect anti-euro National Front presidential candidate Marine Le Pen to win the election — the first round of which is scheduled to be held on April 23 — though its outcome remains a concern, he said.

"Donald Trump was a newcomer, while the National Front has been around for years," he said. "So it's not really the same situation."

Still, the firm's long-short equity fund is "only" 11 percent net long, and half of its assets are in cash, Dawance said. "If there is some volatility in the market after the elections, we have some dry powder to benefit from that," he said.

The MFM Global Thematic L/S UCITS Fund started buying shares in Engie in February. The stock has a "15 percent upside" from current levels, Dawance said. "It is cheap, has a good dividend yield, is a leader in hydro, gas and liquefied natural gas," he said.

The fund is also bullish on EasyJet because it is trading at a "low" price-to-earnings ratio and has a "nice" dividend yield. "The current environment is very tough in terms of competition, nevertheless EasyJet has managed to be profitable," he said.

The MFM Global Thematic L/S UCITS Fund returned 0.9 percent in its dollar I share class in February, bringing year-to-date gains to 2.6 percent, according to a performance report seen by Bloomberg News. The \$62 million fund returned 21 percent last year. The firm manages \$1.3 billion overall.

— Darshini Shah and Nishant Kumar

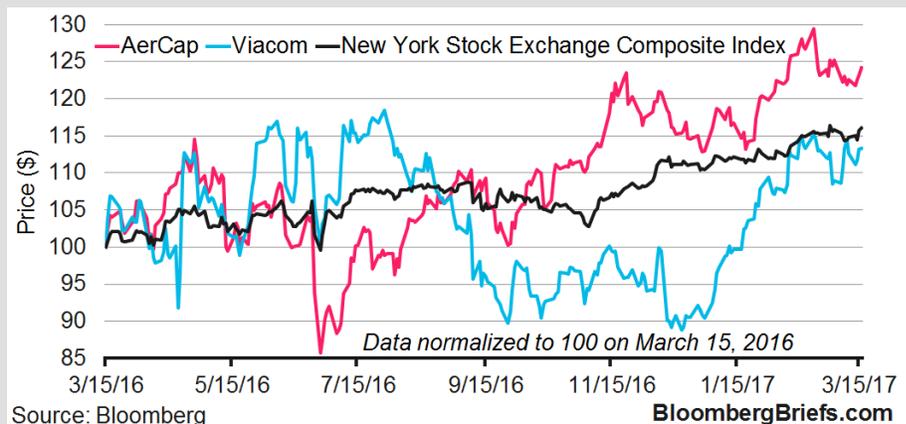
Granit Fonder's George Steps on Brakes

If you want to protect your portfolio, you better go liquid. The current market is "priced for perfection," said **Sean George**,

Market Calls, Revisited

By Hema Parmar

Last March, **Hugo Roque**, CIO of **Casa de Investimentos**, said aircraft leasing company AerCap and media company Viacom were "cheap value stocks with great potential." At the time, Roque said AerCap was trading below book value, and that air traffic had growth prospects of 5 percent a year until 2020. Viacom's ability to generate cash flow and the potential effects of an inevitable restructuring were being underpriced, he said in the interview published on March 15, 2016.



Source: Bloomberg

BloombergBriefs.com

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Since then, Dublin-based AerCap, which is listed on the New York Stock Exchange, has returned 24 percent and New York-based Viacom is up 13.5 percent. This compares with a gain of about 16 percent in the New York Stock Exchange Composite Index in that time.

Roque said he's still bullish on both stocks. AerCap continues to have "good future prospects and is still cheap with a P/E of 8," and Viacom has "immense international growth opportunities and is the lowest priced company in its undervalued sector," he said via email on March 15, 2017. Braga, Portugal-based Casa de Investimentos manages about 100 million euros (\$106 million).

a partner and head of fixed income at **Granit Fonder AB**.

"It's time to step on the brakes a bit," George, who has returned to Sweden to set up a hedge fund, said in a phone interview on March 9. "I may not pull the hand brake, but gear down a bit."

Driven by expectations of higher growth, stocks and high yield bonds have rallied since Donald Trump was elected U.S. president. "In this greed phase it can turn around quickly," he said. "Then you want some liquidity in your portfolio."

George, an American who studied at the University of Gothenburg, is now setting up a new hedge fund at Stockholm-based Granit and is seeking to raise \$50 million to \$100 million initially. The Global Credit Opportunity fund will invest about 75 percent of its capital in high-yielding corporate bonds and the rest

will be used for short-term opportunities and hedging, targeting a return of 5 percent to 7 percent a year.

The 44-year-old will use his experience as a trader at Deutsche Bank, Jefferies Group and Bank of America, where he ran credit default swap trading during the financial crisis, to profit from short-term mispricing and relative value trades.

The former kickboxer starts with top down analysis before picking companies for the income portfolio. A hedged credit portfolio offers a complement for fixed-income investors as rising interest rates sap bond returns, George said.

"There's a big risk for reflation in the US," he said. "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."

— Jonas Cho Walsgard