

“Bridgewater’s Jensen: Cash a ‘viable alternative’ to U.S. stocks, bonds” by Jennifer Ablan, Reuters News, July 12, 2018

<https://www.reuters.com/article/funds-bridgewater-jensen/bridgewater-jensen-cash-a-viable-alternative-to-u-s-stocks-bonds-idUSL1N1U81KY>

Summary: Bridgewater Associates, the world’s biggest hedge fund, is bracing for a long stretch of underperformance by U.S. stocks and bonds. “U.S. markets are not in long-term equilibrium,” Greg Jensen, Bridgewater’s co-chief investment officer, said in a telephone interview this week. “We believe the next move is into cash, as we believe stocks and bonds are going to perform poorly over the next 18 months.” “Cash has become a viable alternative to (financial) assets on an expected return basis,” he said. “While there is still a lot of cash globally, it is on corporate and bank balance sheets preventing a financial cascade, but U.S. investors have very low cash levels.”

LS Comment: *This is an unpopular, contrary, and even brave position to take, after several years of strong returns in U.S. stock and bond markets.*