

Large redemptions in January, hedge fund assets slip

Stockholm (HedgeNordic) - According to eVestment's latest hedge fund asset flows report global hedge fund assets declined by 64,7 billion USD, or 2,1% of total assets to start 2016. Total hedge fund assets therefor slid below the three trillion USD level for the first time since the industry first surpassed the milestone back in May 2014.

eVestment's report reveals that investor flows were negative in January with by estimated net 21,5 billion USD through redemptions. Negative performance accounted for an additional 43,2 billion USD decrease. The combination of performance and net investor outflows reduced total industry assets to 2.964 trillion USD.

For the January calendar-month flows have been weak or negative in all except one January since 2008 as investor redemptions from the prior year carry over before new assets are allocated. February has historically been the barometer month for the year's flows.

January's redemptions of over 21 billion USD were the largest in the years opening month for the industry since January 2009 and reflect dissatisfaction with losses in 2015. Investors redeemed a significant amount in January from funds which posted losses in 2015. Both large and small funds that underperformed faced redemption pressures. Among products posting positive returns in 2015, on an aggregate basis, January flows were only positive to the large, best performers (>USD1 billion, >5 per cent).

Products with negative returns in 2015 accounted for the vast majority of January's redemption pressures, while funds that returned greater than 5 per cent in 2015 actually saw positive investor interest to begin 2016.

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