

# Meager February - USD 4.4bn trickles into hedge funds

Stockholm (HedgeNordic) - According to the February 2016 eVestment Hedge Fund Asset Flows report, new investments in hedge funds in February 2016 slowed to USD 4.4 billion, with performance losses of USD 24.5 billion coming out of global industry assets. The net loss dropped overall industry AUM to USD 2.94 trillion.

Historically, February has been a month of elevated flows into the industry. According to eVestment data, investors added an average of USD 22.6bn in net new capital to hedge funds the past six Februaries spanning 2010 to 2015. The dramatically reduced new investment into hedge funds in February 2016 reflects investor dissatisfaction with 2015 returns.

While overall asset flows remain a challenge for the industry, the beneficiaries of investor interest so far in 2016 were the funds that performed well in 2015. In the first two months of the year, hedge funds posting gains of 5 per cent or better in 2015 received nearly USD 14bn in allocations, while those with negative returns in 2015 have had USD 28bn redeemed.

Commodity strategies continued to receive new capital inflows, at USD 1.8bn. February was the largest in the current streak of six consecutive months of positive investor sentiment for commodity-focused hedge funds.

Fixed-income/credit-focused hedge funds saw inflows of USD 2.5bn, with larger funds being the primary beneficiaries. Flows in this space had been negative in the previous five consecutive months, and in seven of the last eight months. Inflows into the credit space may be a signal that investors believe the majority of damage has been done and that opportunities still exist in this segment.

Managed futures funds saw a return of positive investor interest, halting three consecutive months of redemptions, with USD 3.61bn in asset inflows.

Macro funds were the biggest losers among major hedge fund segments, with AUM dropping by USD 2.78bn during the month. Large macro funds lost a net USD 2.4bn of investor assets, accounting for the majority of the strategy's USD 2.78bn of redemptions.

The latest eVestment report provides charts that highlight asset flow trends by fund type, performance and size, offering a unique view of the industry not obtainable from any other data provider.