

# Hedge Fund Assets Hit New Record

Stockholm (HedgeNordic) – Hedge funds assets reached a new record at the end of the second quarter despite investors continuing to pull money from the industry. According to Hedge Fund Research (HFR), total hedge fund assets increased by \$63.7 billion in the second quarter to reach \$3.25 trillion, narrowly surpassing the previous record level of \$3.24 trillion in the third quarter of 2018.

According to the latest HFR Global Hedge Fund Industry Report, total hedge fund assets rose by \$63.7 billion in the second quarter and \$78.8 billion in the first quarter on the back of strong performance-based gains. The HFRI Fund Weighted Composite Index gained 7.4 percent in the first half of 2019, the strongest first-half performance since 2009. Net redemptions from hedge funds, meanwhile, amounted to an estimated \$4.8 billion in the second quarter, following \$45 billion in net outflows over the previous two quarters.

The hedge fund industry's largest firms started receiving new allocations from investors in the second quarter following several successive quarters of net outflows. Firms overseeing more than \$5 billion in assets under management received net inflows of \$5.4 billion in the second quarter, whereas firms managing less than \$5 billion experienced net outflows of about \$10 billion. The second quarter of 2019 represents the first quarter of net inflows of capital to this group since the final quarter of 2017, after outflows of \$33.3 billion in 2018 and \$17.8 billion in the first quarter of 2019.

“Hedge fund capital reached a new record through mid-year 2019 as the HFRI posted the best first half of performance in a decade, and as investors resumed allocations to the industry's largest and most established firms,” stated Kenneth J. Heinz, the President of HFR. “Funds which are effectively positioned for the complexities of this environment, maintaining tactical long and short exposures across not only hedge fund strategies, but also across cryptocurrency and risk parity exposures, are likely to attract institutional investor capital throughout 2H19,” added Heinz.

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