

Hedge Funds Hold Back Redemption Wave

Stockholm (HedgeNordic) – Hedge funds received new investment in May following two consecutive months of redemptions. The inflows of \$800 million in May represent a negligible portion of total hedge fund assets, which stood at \$3.07 trillion at the end of May according to Backstop BarclayHedge.

Redemptions from hedge funds during the 12 months ending May reached \$151 billion, accounting for five percent of industry assets. In April alone, redemptions amounted to \$9.4 billion. Despite investors adding \$800 million to the industry in May, the \$33.6 billion in trading losses during the month brought the industry's assets to \$3.07 trillion.

According to a press release by BarclayHedge, “strong U.S. economic indicators, an equity market rally that saw the S&P 500 making up ground lost in late 2018 and four consecutive profitable months for hedge funds was enough to overcome the redemption impact of Brexit worries and worries over an economic slowdown elsewhere in the world.” Hedge funds in the United States and its offshore islands received \$10.6 billion in inflows in May, offsetting the \$7.5 billion in redemptions in Continental Europe and \$5.8 billion in outflows in the United Kingdom and its offshore islands.

“An equity market rally coupled with strong U.S. economic news – highlighted by first-quarter economic growth exceeding expectations – drove U.S. hedge fund investment and tipped the global balance toward hedge fund inflows in May,” said Sol Waksman, president of BarclayHedge. “That said, ongoing Brexit concerns and downward revisions of economic growth projections in Europe and China drove redemptions in other regions of the world.”

Investors withdrew capital from managed futures funds for the eleventh consecutive month in May. The month's redemptions reached \$3.8 billion, or 1.2 percent of assets, bringing the overall volume of redemptions for the 12 months ending May to \$17.7 billion, 4.8 percent of assets. Following \$4.6 billion in trading losses for the industry in May, the group's assets stood at \$320.7 billion at the end of May.

The monthly Barclay Fund Flow Indicator for May, published by BarclayHedge, can be found below:

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