

## Performance Losses, Redemptions Take Their Toll In Nov.

11<sup>th</sup> December 2008

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Hedge funds continued to lose money in November, but redemptions far outpaced investment losses as the source of the drawdowns.

Hedge fund assets fell by 5.2% last month to \$2.11 trillion, according to HedgeFund.net. Most of the decline was due to \$130.04 billion in redemptions, but the average hedge fund continued its downward spiral during the month. The HFN Hedge Fund Aggregate Average fell by 0.47% in November, and is down 14.75% on the year.

Another industry estimate, from EurekaHedge, shows the industry losing \$64 billion in assets. Redemptions were responsible for \$46 billion of the losses, while performance losses accounted for \$18 billion (the EurekaHedge Hedge Fund Index fell by 0.4% last month, according to early estimates, although the firm says losses could reach 2% on the month). According to EurekaHedge, hedge funds manage \$1.59 trillion.

Distressed hedge funds were the worst-performing strategy in November, according to HFN, shedding 6.63% on the month (down 26.21% year-to-date). The year's worst-performing strategy, long-only, fell 4.67% last month (down 41.74% YTD). Other strategies struggling through Thanksgiving included technology (down 3.96%, down 21.08% YTD), small- and micro-cap (down 3.77%, down 28.51% YTD), convertible arbitrage (down 3.51%, down 26.13% YTD) and event-driven (down 3.04%, down 19.46% YTD).

Following long-only funds in the race for this year's booby prize are emerging markets funds (down 2.78% in November, down 36.91% YTD) and energy funds (down 1.55%, down 33.36% YTD).

A handful of strategies—nine, to be exact—actually posted positive returns last month. Short-bias vehicles continued to profit from the declining stock market, adding 4.71% in November, leaving them up 34.71% on the year, on average. Healthcare and fixed-income funds also did well last month, rising 3.24% (down 12.58% YTD) and 2.36% (down 10.69% YTD), respectively.

Other than short-bias, just three of the strategies tracked by HFN are in the black year-to-date: CTA/managed futures funds (up 1.96% in November, up 11.72% YTD), asset-based lending (up 0.53%, up 5.97% YTD) and statistical arbitrage (up 2.18%, up 4.27% YTD).

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