

---

## December hedge fund inflow "bullish": TrimTabs

---

By Editor Test     *Wed, Feb 9, 2011*

---

*"While the S&P 500 still sits about 8% south of its year-end 2007 level, our Hedge Fund Index is up about 8%," said Vincent Deluard of TrimTabs.*

---

"Hedge funds are on a tear, and continued aggressive investing is a huge plus for asset prices," said Vincent Deluard, a vice president of research at TrimTabs.

Hedge funds took in \$6.6 billion (0.4% of assets) in December 2010, the sixth straight inflow, according to TrimTabs Investment Research and BarclayHedge. Industry assets stand at \$1.7 trillion, the most since October 2008.

"The December inflow is very bullish for the industry because year-end redemptions typically produce an outflow in December," said Sol Waksman, founder and President of BarclayHedge. "We estimate that industry revenue in 2010 clocked in at \$53 billion."

Risk appetite among hedge fund investors is soaring. Emerging markets funds received \$5.8 billion (2.5% of assets) in December, the most since July 2008, while macro funds took in \$3.0 billion (2.6% of assets), the most of any hedge fund strategy. Fixed income funds attracted \$2.5 billion (1.4% of assets), the eighth straight inflow.

"Macro funds hauled in \$13.9 billion last year, which made them the most popular hedge fund strategy of 2010, even though they underperformed the S&P 500 by about 650 basis points," said Vincent Deluard, Executive Vice President of Research at TrimTabs. "But macro themes have dominated markets, and hedge fund investors count on macro managers to navigate extremely volatile currency markets. The bulk of last year's macro inflow hit after the first leg of the European debt crisis erupted in May."

Funds of hedge funds redeemed \$1.3 billion (0.2% of assets) in December, the second straight outflow, and underperformed hedge funds by about 600 basis points in 2010. Commodity trading advisors (CTAs) received \$1.9 billion (0.7% of assets), the ninth inflow in 10 months, as commodity prices gained momentum. Meanwhile, many hedge fund managers have set new high-water marks.

"More than 60% of the managers in our database have recovered from the losses they suffered in 2008," noted Deluard. "While the S&P 500 still sits about 8% south of its year-end 2007 level, our Hedge Fund Index is up about 8%. Meanwhile, flows in the past five months rival those of the pre-crisis period."

© 2011 RIJ Publishing, LLC. All rights reserved.