
Hedge funds lost \$14.2 billion in 2012

By Editor Test Tue, Feb 19, 2013

Unlike the research mentioned above, the January 2013 TrimTabs/BarclayHedge Survey of Hedge Fund Managers found widespread optimism about the U.S. economy and the short-term prospects for stocks in 2013.

Hedge fund investors redeemed a net \$14.2 billion in 2012, reversing a \$50.7 billion inflow to the industry in 2011, according to BarclayHedge and TrimTabs Investment Research. The results are based on data from 3,492 funds.

Hedge fund redemptions hit a 44-month high of \$20.7 billion in December, according to the latest monthly *TrimTabs/BarclayHedge Hedge Fund Flow Report*, which noted that the industry earned 8.5% in 2012, far below the S&P 500's 13.4% increase for the year.

"Underperformance versus the S&P 500 Index is a likely culprit in last year's outflows," said Sol Waksman, founder and president of BarclayHedge. "We found that from 2010 through 2012, hedge funds gained 14.1% while the S&P 500 Index rose 27.9%. That's a major shift from the trend over the past five years, when hedge funds gained 10.7% while the S&P 500 was essentially flat."

Despite lagging performance over the past three years, hedge funds outperformed the S&P 500 Index in the last three months of 2012, gaining 2.46% while the S&P 500 fell 1.0%. Hedge fund investors enjoyed a net 1.7% gain in December, besting a 0.7% rise in the S&P 500 Index for the month.

The *Hedge Fund Flow Report* also noted that stock-picking hedge fund managers had a good 2012 and a great December.

"Managers of Equity Long Only hedge funds found their groove in December, earning an impressive 4.8% and besting the S&P 500 by 406 bps," Waksman said. Equity Long-Only funds earned 15.5% in 2012, the best performers among the 13 hedge funds categories tracked by BarclayHedge and TrimTabs. Fixed-Income hedge funds boasted the strongest 2012 inflows at \$36.6 billion.

The January 2013 *TrimTabs/BarclayHedge Survey of Hedge Fund Managers* found widespread optimism about the U.S. economy and the short-term prospects for stocks in 2013. The survey found that bullishness on the S&P 500 surged to a 12-month high in January and that more than two-thirds of the survey's 121 respondents see less than a 50/50 chance of a sharp correction in the S&P 500 in the first half of 2013.

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