Title: Hedge Funds had poor performance last year, their investors are asking for redemptions this month, and to free up cash they are selling off their tech stock positions further and covering some shorts like GME.
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The selling off of many tech companies favored by HFs last year that we have been seeing recently is because they are closing out those positions to free up cash, to send back to their investors. The HF sell off pushed the overall market down, which they used as a smoke screen to push GME down with it.

The spike in GME shares afterhours now might just be a little short covering to take advantage of the lower price, while using the WSJ article about NFTs as dust in everyone's eyes to hide that many Hedge Funds are under pressure to close out their positions.

While many hedge funds did poorly, and many are likely getting redemption requests and closing some positions, Shitadel actually outperformed most. So while others have to close their positions, Shitadel likely can hold on to their massive short positions on GME for a while longer. If share prices move up towards new highs though, even Shitadel will start feeling the heat and the pressure to close or go bankrupt.

HODL

List of 2021 hedge fund performances from an earlier post: https://www.reddit.com/r/wallstreetbets/comments/rt4th9/only_3_hedge_funds_outperformed_the_sp_500_in_2021/