Title: News article: Citadel and TCI drive top 20 hedge fund managers to bumper $65bn gains (ft.com)
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Can we discuss the article I've pasted below? (If you have spare cash, please subscribe to FT they are super awesome.) Specifically, if "we" believe Citadel is in the hole with its losing bet against "our" favorite stock, the holy GME, and facing infinite losses - how come they are reporting best annual profits ever? Did they just make all that monies on options? And if they are indeed more profitable than ever, doesn't that give them a looooong runway for fuckery? And also, why solicit capital from Sequoia if they are doing better than ever? None of this is clear to me... A discussion would be appreciated. The full article is reproduced below (sorry ft... : (

Group’s biggest rise in more than a decade comes despite patchy year for the sector

Large profits at Ken Griffin’s Citadel and Sir Christopher Hohn’s TCI helped the 20 best-performing hedge fund managers of all time to their biggest gains in more than a decade last year, although returns for the overall industry failed to keep pace with the rally in global stock markets.

The top 20 managers, who also include Izzy Englander’s Millennium Management and Paul Singer’s Elliott Management, made total gains of $65.4bn, ahead of 2020’s $63.5bn according to research by LCH Investments. That was their biggest annual gain since the fund of hedge funds run by the Edmond de Rothschild Group began compiling its data in 2010.

The improved returns at some of the top funds comes despite a tough year for much of the $4tn hedge fund industry. While the sector drew plaudits for its performance during the early stages of the pandemic in 2020, a series of market shocks last year made life more difficult.

Hedge funds gained 10.3 per cent on average, according to data provider HFR, well behind the 27 per cent rise in the S&P; 500 and the 20 per cent increase in the MSCI World index. Years of stubborn underperformance have caused many investors to quit the sector, with many instead turning to private equity and private debt markets.

“Hedge fund returns in 2021 varied greatly”, said Rick Sopher, chair of LCH Investments, adding that the overall industry’s gains “were quite modest, especially when compared with the strong performance of equity indices”.

Of the 20 funds, Hohn’s $44.4bn-in-assets TCI was the biggest winner in dollar terms, making $9.5bn for investors. The fund, a highly concentrated portfolio of equity positions, gained 23.3 per cent, said people familiar with its performance, helped by positions in stocks including Alphabet and Microsoft.

Citadel made $8.2bn, returning 26.3 per cent. The so-called multi-manager funds such as Millennium and Citadel, which employ multiple teams of traders, profited from diversification across a range of strategies and asset classes and their ability to cut risk rapidly when conditions sour.

However, a number of funds struggled last year, particularly those betting on rising and falling equity prices. While headline indices soared, many funds lagged behind because they tended not to hold large positions in the small number of mega-cap stocks that drove index gains. Funds were also hit as an army of retail investors pushed up the price of some meme stocks they were betting against.

Among those hit were several of the so-called Tiger Cubs — managers who came out of Julian Robertson's Tiger Management — who have also lost out during the recent sell-off in technology stocks.

Chase Coleman's Tiger Global lost $1.5bn for investors last year, according to LCH, and slipped from 14th to 16th place in the list of all-time moneymakers for investors. Its hedge fund lost about 7.5 per cent, with positions such as DoorDash and Pinduoduo falling sharply late in the year.

Andreas Halvorsen's Viking slipped from sixth to eighth after gains of just $1.3bn, while Steve Mandel's Lone Pine fell from third to sixth after making no money for investors, according to LCH.

"Equity long-short managers generally struggled. Shorting was difficult, especially in the face of meme stock rallies, and there were sharp market rotations," said Sopher.

TCI's gains lifted the hedge fund from 13th to ninth in the performance rankings, with $36.5bn of gains since inception. Also rising up the rankings from fourth to second place was Citadel, whose total gains since inception rose to $50bn, leaving it behind Ray Dalio's Bridgewater with $52.2bn.

Englander's Millennium, meanwhile, which made about 13 per cent or $6.4bn, advanced from seventh to fifth place.