

Title: Hedge Funds Are Getting Stiff-Armed in a Renewed Quest for Cash

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****Hedge Funds Are Getting Stiff-Armed in a Renewed Quest for Cash****

Hedge funds were for decades among the titans of Wall Street, now they're struggling to catch a break.

The latest data shows one of the financial industry's most storied — and in some quarters reviled — sectors is struggling to raise cash, after a year of getting pushed against the ropes by market volatility.

****Ransacked by Redditors****

Hedge funds — whose selling point is they devise complex stock picking strategies to maximize returns — have watched clients walk one by one out the door in recent years, drawn to the promise of higher gains from private equity and private debt funds (or also just plain old benchmark indexes). Last year from January to November — the latest period where figures are available — ****they gained a mere 8.7% on average, according to data firm HFR. That's good enough for a third straight year of gains, but brutal compared to the S&P; 500 index's 24% return in the same time period.****

They've also proven vulnerable to sharp volatility. Retail investors co-ordinating on Reddit's infamous WallStreetBets community last year succeeded at knocking billions off of some funds by targeting their short positions — major fund Melvin Capital famously needed a bailout to survive. Others were clobbered when Beijing cracked down on private education companies. That's made raising cash a lot harder:

*** **Investors put \$24 billion into hedge funds**, a \$4 trillion industry, from January to September 2021 according to HFR — ****compared to the \$110 billion they've withdrawn in the last three years****.**

*** Some firms have even waved the white flag — Intrinsic Value Investors, a \$1.3 billion firm, and hedge fund DSAM both told clients in recent months that they're returning their money (White Square Capital also shut down in the summer, tanked by Redditors [love of gme]).**

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