Hedge funds feel pressure with August results

By Sam Jones in London

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Hedge fund managers are facing growing pressure to deliver strong performance in the last four months of the year after yet another month of mixed results.

While August was, on average, a positive month for the industry, several big-name managers struggled to gain traction, with many more under pressure to ramp up the level of risk in their portfolios to boost year-end numbers, according to brokers.

The average hedge fund returned 0.17 per cent in August, according to preliminary month-end numbers from Hedge Fund Research.

The average fund was up 1.29 per cent this year until the end of July, according to confirmed HFR figures.

Among big-name funds, only a handful have shone, however, almost all thanks to a more bearish outlook on the global economy.

The $1.7bn Autonomy Capital saw its global macro flagship fund, which aims to make money by trading on global economic trends and events, return 0.71 per cent in August, bringing its year-to-date return to 21.3 per cent.

The $700m Conquest macro fund, meanwhile, returned 10.96 per cent in August, bringing its year-to-date return to 23.32 per cent, according to an investor in the fund.

In contrast, many of the industry's largest and most prominent global macro players have struggled.

Brevan Howard, the $28bn hedge fund manager founded by Alan Howard, was flat through August, bringing its year-to-date loss to just under 1 per cent.

Large managers have been particularly careful of directional trades in foreign exchange and bond markets that have seen violent price movements in recent months.

Even more straightforward strategies have suffered. Equity long-short managers – which trade in the equity markets – also had another tricky month on both sides of the Atlantic.

Odey Asset Management's European fund was down on the month 4.12 per cent as of 20 August, according to an investor, bringing year-to-date performance for the UK manager to a loss of 12.5 per cent.

In the US, the Viking Global Equities fund was down 0.85 per cent for the month as of August 20.

The **Man Group**'s $21bn AHL fund returned 6.2 per cent in August, while Winton Capital saw its flagship computer-driven fund return 4.33 per cent.