

Asian hedge funds start to bounce back

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Although last year was one to forget for Asian hedge funds, in particular long/short equity managers who ended the year down nearly 14 per cent, things have started to take on a more positive hue in the first quarter of 2012. Asia ex-Japan LSE strategies are already up nearly 9 per cent as at end-February, while the event-driven shops are up an impressive 12.95 per cent according to EurekaHedge. And as reported on *channelnewsasia.com* this week, Asian hedge funds have attracted USD600million in net fund flows since the start of the year compared to USD2.7billion in net outflows in Q4 2011. Singapore-based **Asean Investment Management** has been bullish on Vietnamese stocks and seen its positions gain 25 per cent so far this year, compared to 10 per cent in Thailand and 3 per cent in Indonesia. The firm's **CIO, David O'Neil** said they had been "deploying aggressively" into Vietnam since December. "We have around 55 per cent weighting at this point, and that is contributing massively to our performance. We have underweighted the expensive markets that we have made a lot of money on over the years like Thailand and Indonesia," said O'Neil.

Funds like Asean, and Danny Yong's Dymon Asia Capital, also based in Singapore, as well as Ortus Capital Management in Hong Kong, are, however, the exception to the rule. The region is still dominated by small hedge funds with less than USD50million. Indeed, over 140 Asia-focused hedge funds shut down last year alone. One hedge fund analyst said that hedge fund launches numbered around 30 so far in 2012 but that the closure rate is keeping pace. The majority have not been able to enjoy performance fees as they've failed to reach high-water marks. Credit Suisse said that as of end-2011, 67 per cent of global funds remained below their peak levels and 13 per cent hadn't earned a performance fee for four years or more: when markets get roiled, as they did last year, it puts enormous pressure on smaller fund managers to stay afloat. Let alone attract institutional money. Hopefully, though, the positive net inflows in Q1 and the excellent performance figures currently being seen will help Asia's hedge fund community continue to attract new investors and add ballast to what is still a growing industry.

- [Weekly Asia News \(Friday\)](#)

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