

FINANCIAL TIMES

MONDAY 22 JANUARY 2024

NATIONAL NEWSPAPER OF THE YEAR

UK £3.50; Republic of Ireland €3.90



Rising tide of insurgency sweeps west Africa

BIG READ, PAGE 21

How to survive the office politics game

MIRANDA GREEN, PAGE 17

Baltic port fire Russia blames 'external' force

Rescuers work to extinguish a large fire at a natural gas terminal in the Russian Baltic Sea port of Ust-Luga yesterday.

Operations at the terminal outside St Petersburg were suspended after the fire broke out and local officials had reported "explosions".

A Russian operator blamed the incident on "external action". Ukraine has hinted at responsibility for a number of strikes against Russian infrastructure, weapons production plants and other targets but rarely claims them outright.

Ust-Luga is a node in Russia's energy export system and includes a gas processing plant and a main port for shipping petroleum products abroad. An oil terminal in St Petersburg was recently hit by a drone attack, the first such incident in Russia's second-largest city since the full-scale invasion of Ukraine.

Report & Ukraine's spy chief page 4
Robert Zoellick page 23



AFP Photo/Telegram account

Briefing

Corporate debt sales in whirlwind start to year
US corporate bond markets are "on fire" as companies have sold a record \$150bn of debt since the start of this month, the busiest opening to the year for more than three decades as borrowers lock in lower costs and investors buy new bonds before rates rise. — PAGE 8

Foreign students snub UK
A third of UK universities saw a decline in overseas non-EU applicants in 2023, almost twice as many as the previous year, according to a Financial Times analysis of data. — PAGE 3

Economy's ills reach far
All parts of the UK have suffered economic stagnation since 2010, says a Centre for Cities study that shows households in some of the richest and poorest urban areas have also been hit hard. — PAGE 2

Knock to London listings
The boss of \$18bn fintech Kaspi has said the US is the "natural home" for ambitious technology companies after it became the latest London-listed group to sell shares in New York. — PAGE 11

Haley looks for late surge
Donald Trump holds a clear lead over Nikki Haley going into the New Hampshire Republican primary tomorrow, with Ron DeSantis facing the prospect of a distant third-place finish. — PAGE 7; JEMIMA KELLY, PAGE 22

Gilt suffers a bruising
An index of UK government debt has sunk by 3.6 per cent this month as a broad investor rethink on the timing of Bank of England rate cuts gives gilts a bruising new year. — PAGE 8

McInnes boss in for fight
Bob McInnes is facing a tougher than expected bid for re-election as global managing partner after a backlash to his restructuring of consulting firms and a slowdown in growth. — PAGE 10

Crossword and Lex
The Lex column, Business Life and the FT Crossword can be found inside today. — PAGE 17

Surging stock prices propel top-tier hedge funds to best profits on record

20 firms reap \$67bn in gains • Punchy bets on equities pay off • TCI, Citadel and Viking lead way

COSTAS MOURSELAS

The world's most successful hedge funds made their biggest profits in more than a decade last year as punchy bets on stock markets paid off when share prices surged.

The top 20 managers made profits for investors of \$67bn in 2023, according to research by LCH Investments — up from the previous record of \$63bn in 2021. This performance cemented their dominance over the rest of the industry. The 20 hedge funds that have performed best since their inception manage 19 per cent of assets but they made around a third of annual profits last year, in dollar terms.

The LCH list calculates which managers in the \$4tn hedge fund industry are

most successful, based on the cumulative dollar profits they have made for investors, net of fees, since inception. LCH has been tracking the top 20 hedge funds since 2012.

Standout performers last year included Sir Christopher Hohn's TCI, Ken Griffin's Citadel and Andreas Halvorsen's Viking.

Brad Amice, director and head of research at LCH Investments, said the stock market's strong performance was

'A concentrated position in high-quality positions has been the way to go'

Brad Amice, LCH Investments

a contributory factor for some of the biggest funds. "Equities have been on a fantastic run," he said.

That performance has continued into this year: the S&P 500 index of leading shares hit an all-time high on Friday, driven by strong gains for the largest technology companies.

TCI made \$12.9bn for investors and ended last year up 33 per cent, ahead of the S&P 500 index's 24 per cent rise. As at the end of September, its largest holdings included Alphabet, Canadian National Railway, Visa, General Electric and rating agency Moody's, according to a regulatory filing.

Citadel made \$8.1bn in profits last year after bringing in a record-breaking \$16bn in 2022. Its performance since its inception makes it the

most successful hedge fund in history. Halvorsen's Viking made \$6bn last year. US billionaire Bill Ackman's hedge fund Pershing Square rejoined the top 20 hedge funds after leaving the rankings in 2015. It was up 27 per cent in 2023, making \$3.5bn.

TCI and Pershing Square — the young-est funds on the list, competing with older firms such as Millennium and Citadel — benefited in particular by making narrowly concentrated bets that particular stocks would go up.

"You could argue that, since shorting is such a challenging sub-strategy, keeping things long-biased and having a concentrated position in high-quality positions has been the way to go," Amice said.

Some multi-strategy firms, which

trade a range of strategies, also performed well, including Citadel, Millennium and DE Shaw, which are also multi-strategy firms, took joint second place in the all-time rankings, making \$5.7bn and \$4.2bn last year respectively.

"The persistence in profitmaking of the big multi-strategy firms over the past few years has been a remarkable trend," said Rick Sopher, chief executive of Edmond de Rothschild Capital and chair of LCH Investments.

The research found that the top 20 managers had created \$755.4bn in profits since they were set up — more than the \$655.5bn in assets they are currently managing. The figures suggest that top managers prioritise careful deployment of investors' capital, rather than making the fund as large as possible.



Peer pressures will steer Rwanda bill through Lords

Labour has promised that it will not obstruct Prime Minister Rishi Sunak's asylum legislation when it reaches the House of Lords. The opposition is mindful of the fact that it holds a significant minority in the upper house and, in the event of victory in this year's election, it is keen to avoid Tory revenge attacks at a later date. With a median age of 76 for Labour peers, late-night votes to pass through tricky bills could prove problematic.

Asylum legislation — PAGE 2

EU seeks 'consequences' for Israel over opposition to Palestinian statehood

HENRY FOY — BRUSSELS

Brussels has urged EU member states to impose "consequences" on Israel if its Prime Minister Benjamin Netanyahu continues to oppose Palestinian statehood, as the bloc seeks to step up efforts to achieve a long-term peace.

The proposed threat will be discussed at a meeting of EU foreign ministers today. It underscores rising unease among many of Israel's western allies about its stance as the civilian death toll from its war in Gaza mounts, stoking instability across the Middle East.

In a document circulated to capitals ahead of today's meeting and seen by the Financial Times, Brussels proposed that member states should "set out the consequences they envisage to attach to engagement or non-engagement" with

their suggested peace plan. The plan includes statehood for Palestine and mutual sovereign recognition — the so-called two-state solution.

One senior EU official said: "We're proposing some ideas to member states. And part of these ideas... is how we will use our conditionality in the future to see how we can bring about... the two-state solution."

While the EU's leverage over Israel is significantly weaker than that of the US, it does have an association agreement that grants preferential trade and investment benefits, and the EU is Israel's largest trade partner.

"There are incentives and disincentives" for Israel, the official added, citing the benefits the EU currently offers Israel under the association agreement.

A second EU official said the proposal reflected significant anger among many

of the bloc's 27 members at Israel's refusal to engage with the two-state plan but cautioned that today's discussions were "preliminary" and that any action would be "a few steps down the line".

"It is hard to impose on Netanyahu," the second official said. "But he may not be around for ever."

Netanyahu this weekend insisted that Israel should maintain "security control over the entire area west of [the river] Jordan", territory that encompasses besieged Gaza and the occupied West Bank.

UN secretary-general António Guterres said yesterday that the refusal to accept a two-state solution and "the denial of the right to statehood for the Palestinian people" were unacceptable.

"The right of the Palestinian people to build their own state must be recognised by all," he said.

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World Markets

| STOCK MARKETS | Jan 19 | | | Prev. %Chg | | | | | |
|------------------|----------|----------|--------|--------------|---------|---------|------------|--------|---------|
| | Jan 19 | Jan 19 | Jan 19 | %Chg | %Chg | %Chg | | | |
| S&P 500 | 4894.41 | 4780.94 | 0.49 | \$/€ | 1.088 | 1.097 | €/\$ | 0.919 | 0.912 |
| Nasdaq Composite | 15155.39 | 15055.65 | 0.66 | £/€ | 1.268 | 1.276 | €/£ | 0.789 | 0.784 |
| Dow Jones Ind | 37801.53 | 37468.81 | 0.35 | ¥/€ | 0.898 | 0.899 | €/¥ | 1.165 | 1.164 |
| FTSE100 | 1865.79 | 1860.46 | 0.25 | ¥/\$ | 148.105 | 144.729 | \$/¥ | 101.85 | 108.688 |
| Euro Stoxx 50 | 4447.80 | 4433.05 | -0.12 | ¥/£ | 187.798 | 184.690 | £/¥ | 82.423 | 82.140 |
| FTSE 100 | 7461.93 | 7459.08 | 0.04 | \$/¥ | 0.946 | 0.933 | ¥/\$ | 1.102 | 1.086 |
| FTSE All-Share | 4078.87 | 4080.28 | -0.01 | CRYPTO | | | | | |
| CAC 40 | 7211.84 | 7401.35 | -0.40 | Jan 19 | | | Prev. %Chg | | |
| Xetra Dax | 16555.13 | 16567.35 | -0.07 | Bitcoin (\$) | | | 40645.00 | | |
| Nikkei | 35963.27 | 35486.17 | 1.40 | Ethereum | | | 2445.10 | | |
| Hang Seng | 15308.69 | 15391.79 | -0.54 | Bitcoin (€) | | | 41955.00 | | |
| MSCI World \$ | 3143.20 | 3120.44 | 0.73 | Ethereum (€) | | | 2471.80 | | |
| MSCI EM \$ | 961.34 | 958.39 | 0.31 | COMMODITIES | | | | | |
| MSCI ACWI \$ | 717.01 | 712.11 | 0.69 | Jan 19 | | | Jan 12 | | |
| FT Wilshire 500 | 6162.72 | 6130.08 | 0.68 | Oil WTI \$ | | | 73.42 | | |
| FT Wilshire 5000 | 48142.30 | 47737.10 | 0.85 | Oil Brent \$ | | | 79.73 | | |
| | | | | Gold \$ | | | 2013.20 | | |
| | | | | | | | 2029.15 | | |

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The top 20 managers made profits for investors of \$67bn in 2023 according to research by LCH Investments – up from the previous record of \$65bn in 2021.

This performance cemented their dominance over the rest of the industry – the 20 hedge funds which have performed best since their inception manage 19 per cent of assets but they made around a third of annual profits last year, in dollar terms.

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Standout performers last year included Sir Christopher Hohn's TCI, Ken Griffin's Citadel and Andreas Halvorsen's Viking.

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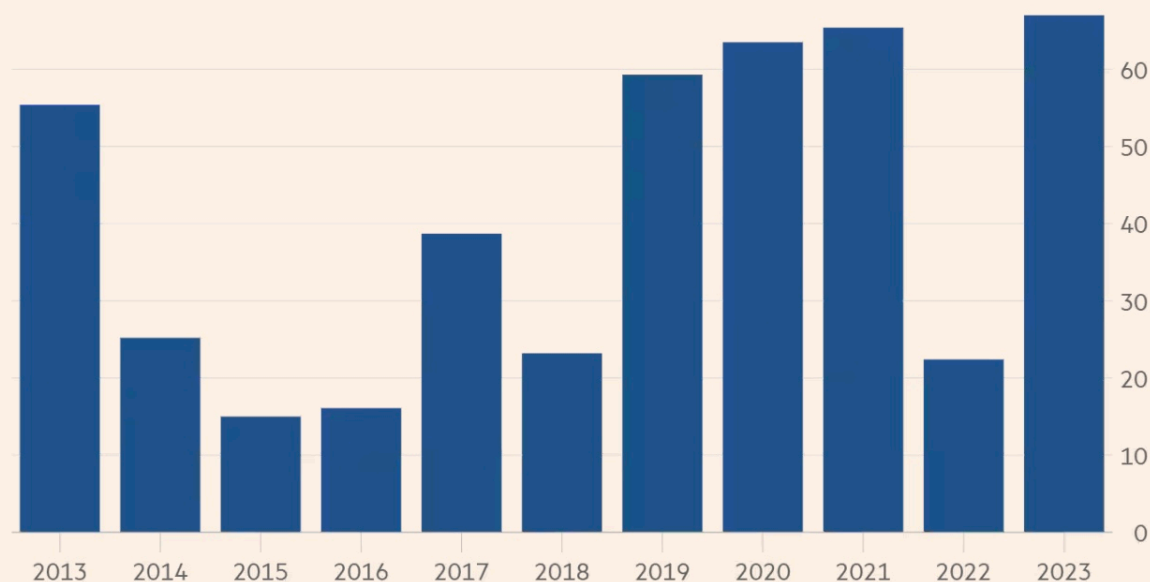
Brad Amiee, director and head of research at LCH Investments, said the stock market's strong performance was a contributory factor for some of the biggest funds.

"Equities have been on a fantastic run," he said.

That performance has continued into this year: the S&P 500 index of leading shares [hit an all-time high](#) on Friday, driven by strong gains for the largest technology companies.

The top 20 hedge funds made record profits last year

Net gains (\$bn)



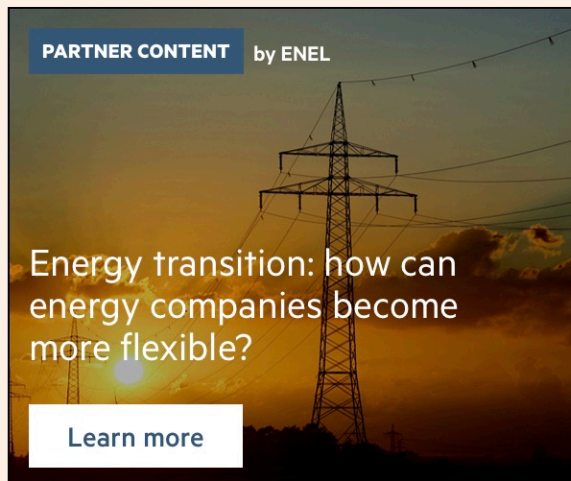
Source: LCH Investments
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[TCI](#) made \$12.9bn for investors and ended last year [up 33 per cent](#), ahead of the S&P 500 index's 24 per cent rise. Its largest holdings included Alphabet, Canadian National Railway, Visa, General Electric and rating

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agency Moody's as at the end of September, [according to](#) a regulatory filing.

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Citadel made \$8.1bn in profits last year after bringing in a [record-breaking \\$16bn](#) in 2022. Its performance since its inception makes it the most successful hedge fund in history.

Halvorsen's Viking made \$6bn last year.

US billionaire Bill Ackman's hedge fund Pershing Square rejoined the top 20 hedge funds after leaving the rankings in 2015. It was up 27 per cent in 2023, making \$3.5bn.

TCI and Pershing Square benefited in particular by making narrowly concentrated bets that particular stocks would go up.

“You could argue that, since shorting is such a challenging sub-strategy, keeping things long-biased and having a concentrated position in high quality positions has been the way to go.” Amiee said.

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Some multi-strategy firms, which trade a range of strategies, also performed well — including Citadel.

Millennium and DE Shaw, which are also multi-strategy firms, took joint second place in the all-time rankings, making \$5.7bn and \$4.2bn last year respectively.

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News in-depth Hedge funds

Bobby Jain's hedge fund launch falls short of \$8bn-\$10bn target

“The persistence in profitmaking of the big multi-strategy firms over the last few years has been a remarkable trend,” said Rick Sopher, chief executive of Edmond de Rothschild Capital and chair of LCH Investments.

Bridgewater, which in 2022 lost its place at the top of the all-time rankings to Citadel, fell a further two places to fourth, losing \$2.6bn. Last year it [capped investments](#) in its flagship vehicle and cut about eight per cent of its workforce in a shake-up after its founder Ray Dalio ceded control of the firm.

TCI and Pershing Square are the youngest funds on the list, competing with older firms such as Millennium and Citadel, which were founded in 1989 and 1990 respectively.

The research found that the top 20 managers had created \$755.4bn in profits since they were set up — more than the \$655.5bn in assets they are currently managing. The figures suggest that top managers prioritise careful deployment of investors' capital, rather than making the fund as large as possible.

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Subject: (BN) TCI, Citadel Lead \$218 Billion Year of Profits for Hedge Funds
Date: 22 Jan 2024 at 00:15:23
To: Rick Sopher rick@sopher.co.uk

By Nishant Kumar

(Bloomberg) -- Billionaire money managers Chris Hohn and Ken Griffin led hedge funds to deliver one of the best years for clients in 2023.

The industry produced combined gains worth \$218 billion after fees, according to estimates by LCH Investments, a fund of hedge funds. Hohn's TCI Fund Management made \$12.9 billion to top LCH's rankings, followed by Citadel, which made \$8.1 billion.

The annual survey focuses on money managers with the most overall profits in absolute dollar terms since inception, and as a result the largest and oldest hedge funds typically tend to do best. The top 20 firms, which oversee less than a fifth of the industry's assets, generated \$67 billion or roughly a third of the gains last year.

As measured by a more traditional way of assessing returns, the top grouping gained 10.5% in 2023, outperforming the average hedge fund which returned 6.4%. Over the past three years, the top 20 have generated 83% of the absolute gains made by all hedge fund managers, the report found.

"In most cases this reflects an ability to limit the downside in adverse conditions and to make money when conditions are favourable, as they were toward the end of 2023," Rick

Sopher, chairman of LCH, said in a statement. "These managers have been generating above average performance over several decades reflecting the persistence of their superior returns." The report also shows the dominance of large multistrategy hedge funds that have been gobbling up assets, talent and leverage in recent years, causing unease among regulators, investors and traders.

Read More: Citadel and Peers Face More Scrutiny as Pod Shop Risks Grow

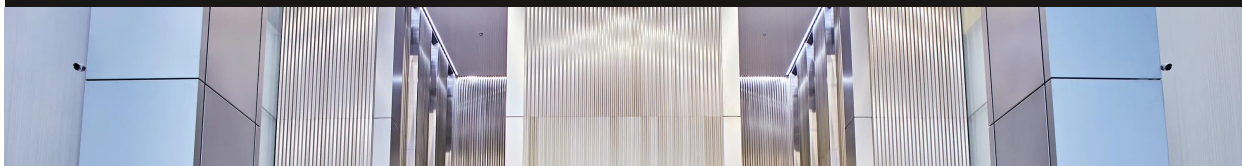
Citadel, Izzy Englander's Millennium Management, and D.E. Shaw & Co. lead the rankings for most money made since launch. Over the past three years alone, the trio generated \$71.2 billion of gains representing 38.3% of the total profits of all hedge funds. They managed 4.6% of industry assets at the end of last year, LCH estimates.

"Firms of this type typically run with leverage levels far higher than the average hedge fund, which has helped boost their performance," Sopher said. "Their strong net returns have been achieved after passing on substantial operating costs, which continue to be tolerated by their investors. The sustainability and acceptability to investors and regulators of the risks involved in these models is rightly coming under scrutiny."

Top 20 Managers Ranked by Profits in 2023

PREMIUM • • DAILY COVER

British Manager Chris Hohn Scores A \$13 Billion 2023 Windfall As Ken Griffin Remains Hedge Fund GOAT





Ken Griffin, worth an estimated \$37 billion, is the world's greatest hedge fund manager and also owns one of Wall Street's biggest market-making firms. [-] AARON KOTOWSKI FOR FORBES

Jan 21, 2024, 07:01pm EST



No other hedge fund comes close to Ken Griffin's \$74 billion in all-time gains, according to a new LCH Investments report ranking the top 20 all-time managers, but one British fund generated more gains in 2023.

By [Hank Tucker](#), Forbes Staff

Whether the stock market goes up or down, no hedge fund has performed as consistently as billionaire Ken Griffin's Citadel.

Griffin's firm generated an estimated \$8.1 billion in net profits for investors in 2023, according to LCH Investments' annual report of the world's top 20 hedge fund managers, lifting its estimated net gains since inception to an industry-leading \$74 billion. Its flagship Wellington fund generated a 15.3% return net of fees in 2023, a source confirmed to *Forbes*, lagging behind the S&P 500 index's 24% gain, though that came after a 38% return in 2022 fueled a record \$16 billion profit while stocks declined. A spokesperson for Citadel declined to comment for this story.

The Wellington fund's annualized net return since inception in November 1990 through the end of 2023 is 19.6%, crushing the S&P 500's 10.7% average annual return during that span, meaning \$1 million invested in the fund in 1990 would be worth \$378 million today. Citadel returned profits to investors at the end of the year to keep its assets under management at \$56 billion.

The next two hedge funds on LCH's list—D.E. Shaw, which was founded by David Shaw and is now led by a six-person executive committee, and Israel Englander's Millennium Management—leapfrogged Bridgewater Associates to land in a tie with \$56.1 billion in

profits since inception. Both generated returns around 10% last year after posting stronger years in 2022 as well, while the HFRI Fund Weighted Composite Index broadly tracking over 1,650 hedge funds was up a dismal 7.6% last year. Hedge funds typically charge their limited partners higher fees than mutual funds or index funds; in exchange they are expected to produce superior returns.

Citadel, Millennium and D.E. Shaw, all founded within two years of each other between 1988 and 1990, have some similarities as multi-strategy firms each with thousands of employees, generating gains from several sources of trading including macro, quant and commodities strategies. Their specific tactics are more opaque than funds that primarily invest in equities, but their methods are working. The \$71 billion in gains these three firms alone have generated in the last three years according to LCH represent 38% of the total gains of all hedge funds, though they only account for 4.6% of all hedge fund assets under management.

“Firms of this type typically run with leverage levels far higher than the average hedge fund, which has helped boost their performance. Their strong net returns have been achieved after passing on substantial operating costs,

which continues to be tolerated by their investors,” Rick Sopher, chairman of LCH Investments and CEO of Edmond de Rothschild Capital Holdings, said in a press release. “These firms are clearly also able to pay more aggressively to attract the best talent.”

LCH Investments is the world’s oldest fund of hedge funds and has returned 9.9% annually since inception in 1969. It has released this list every year since 2010, recognizing funds that have both sustained strong performance and the scale to generate billions in raw gains since performance often falls off as firms grow.

Bridgewater, the world’s largest hedge fund, is out of the top three for the first time after its flagship Pure Alpha fund lost a reported 7.6% last year, contributing to an estimated \$2.6 billion loss. Its assets had already shrunk from a peak of \$168 billion in 2019 to \$124 billion by the end of 2022 as founder Ray Dalio transitioned out of the business and returns lagged.

Here is LCH’s full list of the top 20 hedge funds, ranked by net gains since inception.

LCH INVESTMENTS' TOP 20 HEDGE FUNDS

| Hedge Fund | Portfolio Manager(s) | Profit |
|------------------------|---------------------------|--------|
| Citadel | Ken Griffin | \$ |
| D.E. Shaw | Various | \$ |
| Millennium | Israel Englander | \$ |
| Bridgewater | Ray Dalio | \$ |
| Elliott | Paul Singer | \$ |
| Soros Fund Management* | George Soros, Various | \$ |
| TCI | Christopher Hohn | \$ |
| Viking | Andreas Halvorsen | \$ |
| Baupost | Seth Klarman | \$ |
| Farallon | Tom Steyer, Andrew Spokes | \$ |
| Lone Pine | Steve Mandel | \$ |

The largest one-year gain in 2023 came from Christopher Hohn's TCI Fund Management, which earned an estimated \$12.9 billion in profits to leap from 14th to seventh on the all-time list. The \$50 billion London-based hedge fund has a concentrated long-focused equity portfolio that includes stakes worth billions in General Electric, Moody's, S&P Global, Visa and Alphabet, according to SEC filings as of the end of September. TCI returned a reported 32.7% last year, making up for an 18% loss in 2022, as its performance is typically correlated with stocks.

Hohn is a philanthropist who uses some of his profits to finance the Children's Investment Fund Foundation, which had a \$5 billion endowment at the end of 2022 and disbursed grants of \$530 million that year, primarily to climate action causes and child health and nutrition.



Christopher Hohn founded The Children's Investment Fund in 2003 and was knighted in 2014 to recognize his philanthropy. PETER MACDIARMID/GETTY IMAGES

Pershing Square's Bill Ackman was another successful stock-picker last year, returning to the top 20 for the first time in nine years. Disastrous investments in Valeant Pharmaceuticals and a short position in Herbalife lost his firm billions from 2015 to 2017, but Ackman has recovered particularly in the last five years with \$12.3 billion in gains, according to LCH, lifting his estimated gains since inception to \$18.8 billion. Pershing Square

gained 26.7% last year thanks to longtime holdings like Chipotle, which rose 65%, and a new position in Alphabet, which it began buying in the first quarter to capture its 58% return. That success came three years after Ackman [made billions on credit hedges in March 2020](#) when markets reacted more dramatically to the early weeks of the pandemic than anybody else expected.

Ackman boasted in a letter to shareholders last June that Pershing Square had generated average annual returns of 28.1% since its March 2018 restructuring, compared with the S&P 500's 12.1%. He attributed the successful run to investing in the “highest quality durable growth companies,” ensuring his portfolio companies have good leadership and governance, and hedging “‘black swan’ and other global macro risks when the market affords us the opportunity to purchase low-cost ‘insurance’ against these risks.”

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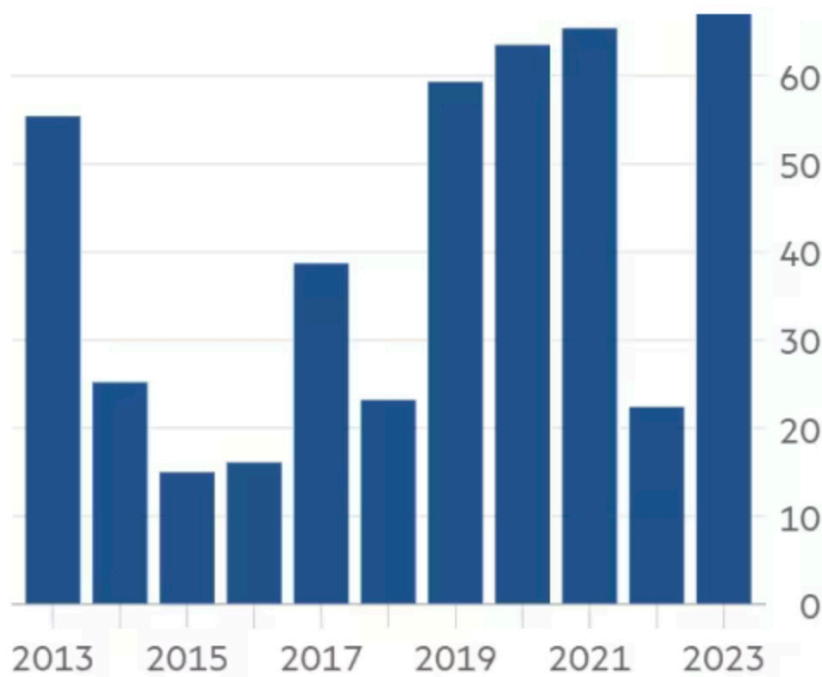


Harriet Agnew
Asset Management Editor

January 22 2024

Chart of the week

The top 20 hedge funds made record profits last year



Source: LCH Investments
© FT

Big gains by **Sir Christopher Hohn's TCI**, **Ken Griffin's Citadel** and **Andreas Halvorsen's Viking** helped the world's 20 best-performing hedge fund managers of all time to their biggest profits in more than a decade last year, writes *Costas Mourselas* in London.

The top 20 managers made profits of \$67bn for investors in 2023, according to research by **LCH Investments**. This is above the previous record of \$65bn made in 2021, according to **Edmond de Rothschild Group's** fund of hedge funds, which began tracking the top 20 managers in 2012.

The LCH list ranks hedge funds according to the cumulative dollar returns they have made for investors, net of fees, since inception.

Some of the top 20 managers were able to reap large profits during last year's strong equity bull market, helped by punchy bets.

The standout performer was UK billionaire Hohn's equity-focused TCI, which was up 33 per cent last year and made \$12.9bn for investors. This was the fourth-biggest annual dollar gain by a manager ever, according to LCH.

Citadel remains the most successful hedge fund in history, strengthening its position at the top of LCH's rankings with \$8.1bn in profits last year, after bringing in a record-breaking \$16bn in profits in 2022.

US billionaire **Bill Ackman's** hedge fund **Pershing Square** rejoined the top 20 hedge funds after leaving the rankings in 2015. The fund soared 27 per cent in 2023, making \$3.5bn. Halvorsen's Viking meanwhile made \$6bn.



Finance

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Top global hedge funds tripled gains for clients in 2023, LCH finds

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By Carolina Mandl and Nell Mackenzie

January 22, 2024 12:40 AM GMT

· Updated 7 hours ago

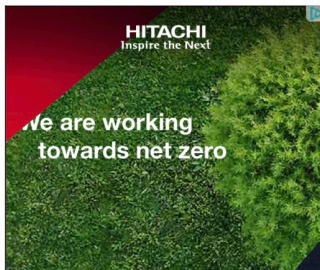
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A trader works inside a trading post on the floor at the New York Stock Exchange (NYSE) in New York City, U.S., January 19, 2024.



Red Sea disruption is 'very welcome' news for s



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NEW YORK/LONDON, Jan 22 (Reuters) - The world's 20 best-performing hedge funds generated \$67 billion for investors in 2023, roughly triple what they returned in 2022, with activist TCI Fund Management leading the pack, according to data published by **LCH Investments** on Monday.

Bridgewater Associates, founded by billionaire Ray Dalio, and Caxton, were the only two firms among the 20 whose funds posted a loss.

The ranking does not include all of Bridgewater's funds, such as All Weather, which tends to follow the broader market moves and was up 10.6% last year, a source familiar with the matter said.

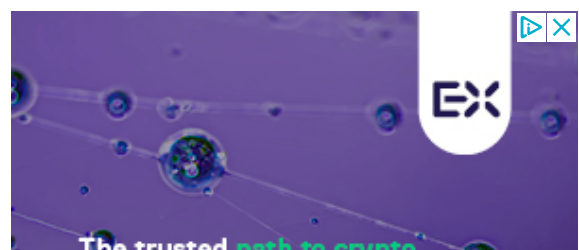
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On average, the top 20 managers were up 10.5% last year, while the industry overall returned 6.4%, LCH said.

Reuters Graphics



Billionaire Christopher Hohn's TCI led the annual ranking by 2023 returns, which were \$12.9 billion after fees, while Citadel, Millennium Management and D. E. Shaw, all multi-strategy firms, were the top three hedge funds by lifetime gains.

LCH's chairman, Rick Sopher, said in an email statement that, despite accounting for only 4.6% of the industry's assets under management, the trio generated 38.3% of the entire industry's returns over the past three years.

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Multi-strategy hedge funds typically use a lot of leverage to help returns. The biggest firms are also able to pay top dollar for the best talent, as they have a fee structure that pays for most of their operational costs.

Last year's strong industry performance followed a weak 2022, when at least eight of the top 20 hedge funds lost money on market turbulence sparked by the war in Ukraine and Federal Reserve interest rate hikes aimed at taming inflation.

LCH Investments, a fund-of-funds firm that is part of the Edmond de Rothschild Group, tracks hedge funds' annual returns to calculate their cumulative lifetime gains - a key measure of performance for some institutional investors.

Its sources include meetings with firm executives, audited and management reports, and other sources, it says.

Billionaire Ken Griffin's Citadel remained in pole position in 2023, with \$74 billion in gains since its creation in 1990. Last year, Citadel's flagship fund rose 15.3% and the firm decided to give back about \$7 billion to investors.

William Ackman's Pershing Square, an activist fund, returned to the rankings for the first time since 2015. It stood in 20th position for 2023, having generated \$18.8 billion for investors since 2004.

Last year, Pershing Square returned 26.7%, beating the broader stock market gains and bouncing back

from a loss in the previous year.

| 2022 Ranking | 2023 Ranking | Firm |
|--------------|--------------|-----------------|
| 1 | 1 | Citadel |
| 3 | 2 | D. E. Shaw |
| 4 | 2 | Millennium |
| 2 | 4 | Bridgewater |
| 6 | 5 | Elliott |
| 5 | 6 | Soros |
| 14 | 7 | TCI |
| 7 | 8 | Viking |
| 8 | 9 | Baupost |
| 9 | 10 | Farallon |
| 11 | 11 | Lone Pine |
| 10 | 12 | Appaloosa |
| 12 | 13 | Point 72 |
| 13 | 14 | Och Ziff/Sculpt |
| 15 | 15 | Brevan Howard |
| 16 | 16 | Egerton |
| 18 | 17 | Davidson Kemp |
| 19 | 18 | King Street |
| 17 | 18 | Caxton |
| - | 20 | Pershing Squar |
| Total | 755.4 | 67 |

Reporting by Carolina Mandl in New York, and Nell Mackenzie in London; editing by Michelle Price and Leslie Adler

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Chris Hohn's TCI Tops Hedge-Fund Rankings With \$12.9 Billion Haul for 2023



By *Caitlin McCabe*, Reporter



Chris Hohn's TCI Fund Management made \$12.9 billion for investors last year, LCH Investments says. (Dan Kitwood/Pool via Reuters)

The hedge-fund industry had a solid 2023. For a few, it was a standout year.

TCI Fund Management, the London-based activist hedge-fund manager helmed by billionaire Chris Hohn, made \$12.9 billion for investors last year, according to LCH Investments.

That was the year's biggest gain in dollar terms and after fees, according to LCH, a fund-of-hedge-funds firm that publishes an annual "Great Money Managers" list. Last year, [Citadel topped the rankings with a record-breaking \\$16 billion haul.](#)

For 2023, industry-wide gains totaled \$218 billion, LCH said—with \$67 billion, or roughly one-third, concentrated in its top 20 managers. Those hedge funds managed about 19% of overall assets at yearend, it said.

The firm's top 20 is based on how much money hedge funds have made in dollar terms since starting up.

Those gains at the top 20 exceed the value of all their current investments, said Rick Sopher, chairman of LCH. “The top managers have generally recognised that carefully controlling asset growth is a good basis for generating significant gains for investors over time,” he said in a statement.

Bill Ackman's Pershing Square Capital re-entered LCH's top-20 after dropping off the list in 2015. It made \$3.5 billion after fees in 2023, according to LCH.

Take a look at other selected 2023 returns below:

- **Citadel:** \$8.1 billion
- **Viking Global Investors:** \$6 billion
- **Millennium Management:** \$5.7 billion
- **Elliott Management:** \$5.5 billion
- **D.E. Shaw:** \$4.2 billion
- **Lone Pine Capital:** \$4.2 billion
- **Baupost Group:** \$3.8 billion
- **Point 72:** \$3 billion
- **Bridgewater:** \$2.6 loss

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