

## Vega funds 'almost halved' in a year

**William Hutchings**

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Hedge funds managed by Vega Asset Management, the Madrid firm that was until recently the largest hedge fund manager in the world, have fallen from almost \$13bn (€11 bn) last July to just over \$7bn.

An investment consultant said the firm had suffered heavy redemptions and investments losses which have almost halved the value of the firm's funds in just under a year.

He said the firm's flagship Relative Value fund has fallen from \$4.1bn at the end of July to \$2.5bn at the end of May and that the fund is down 6% for the year to date.

Other funds have also suffered from poor performance, with the \$2bn Select Opportunities fund down 10% so far this year and the firm's Global fund, which has dropped from \$4.3bn to \$2.7bn in almost a year, down 1.6%.

A spokesman for Vega confirmed the firm had suffered both investment losses and redemptions from investors but said some of the assets had been transferred from the funds, which are pools of investors' money, to managed accounts, which are specific to each investor.

However, he declined to say how much had been transferred in this way and declined to comment further.

The consultant said: "We should not forget that Vega has been around since 1996, they are not newcomers to the market. And part of their trouble was being large. Once you have reached \$13bn you become a target for speculation and market rumour."

Vega had shot to prominence last year after its assets under management had risen from just under \$2bn at the start of 2003 to \$11bn 15 months later.

Its assets under management continued to rise until early autumn of 2004, when losses on its flagship funds led to \$1bn of redemptions. The funds staged a recovery late in the year but have struggled this year.

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