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THE 20 MOST PROFITABLE HEDGE FUNDS MADE US\$153
HEDGE FUNDS MADE MADE US\$ 835 BILLION IN PROFITS
COST OF \$0.19 A US\$19.2b

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Dalio beats Soros as hedge fund hero

Nishant Kumar

London | Ray Dalio of Bridgewater Associates overtook George Soros in 2015 as the man behind the hedge fund that has made the most money for investors in the history of the industry, according to an annual ranking.

Dalio's Bridgewater Pure Alpha fund, set up in 1975, has earned \$US45 billion (\$64 billion) in absolute terms through last year, according to estimates by LCH Investments, a London-based firm that invests in hedge funds. Soros' Quantum Endowment Fund, dating to 1973, has made \$US42.8 billion, LCH said in the ranking published on Tuesday.

Pure Alpha and Quantum Endowment have \$US82.3 billion and \$US29 billion respectively in funds.

The 20 most profitable hedge funds for investors earned \$US15 billion last year while the rest of the industry collectively lost \$US99 billion, LCH said. Those top managers have made 48 per cent of the \$US835 billion in profits that the hedge fund industry has generated since its inception.

"Over the past 10 years, which includes the period of the global financial crisis, the top 20 managers collectively made \$US304.8 billion," LCH Investments chairman Rick Sopher said. "This is a staggeringly good return, showing it is possible to make significant profits for investors, even in the most challenging of conditions."

Lansdowne Developed Markets and Maverick funds are new entrants to the top 20 list after making nearly \$US12 billion each for their investors.

Bill Ackman's activist hedge fund firm Pershing Square and hedge fund ESL moved off the list, LCH said.

Mr Dalio, who founded the \$US154 billion Bridgewater Associates in 1975, employs a unique macro view portrayed in his *How the Economic Machine Works* video and manages his business according to his self-penned set of *Principles*.

With global stocks on the verge of a bear market, China weakening and oil at the lowest in more than a decade, Mr Dalio has urged US Federal Reserve chair Janet Yellen to tread very carefully when it comes to rate increases.

"The world that they're getting feedback about is a deflating world with asset prices coming down and I hope that they'll remain flexible in their thinking of monetary policy," Mr Dalio

said at the World Economic Forum's meeting in Davos last week. "They have to wait for the whites of inflation."

Mr Dalio, who has said he expects the Fed's next major move to be a resumption of quantitative easing, said Yellen and colleagues are preoccupied with the business cycle rather than the US economy's debt burden.

"Be hesitant," he said. "There's no doubt the Fed can be effective in tightening monetary policy so if they're a little bit late and then they tighten monetary policy I don't think that's a problem. But they're not that effective in easing monetary policy."

Absent from this year's list of the top 20 global hedge funds was activist investor Bill Ackman, the founder of Pershing Square Capital Management. BLOOMBERG

Top ten

Hedge fund net gains (\$b)

	Since start	2015	Year founded
Bridgewater Pure Alpha	45.0	3.3	1975
Quantum Endowment Fund	42.8	0.9	1973
Appaloosa	22.8	1.0	1993
Baupost	22.6	-0.8	1983
Viking	22.5	1.7	1999
Lone Pine	22.4	1.2	1996
Paulson & Co	21.4	-2.1	1994
SAC/Point72	19.7	1.7	1992
Elliott Associates	18.5	0.5	1977
Moore Capital	18.1	0.6	1990

SOURCE: LCH