



## STRUGGLING QUANT FUNDS TURN TO HEDGEBAY IN AN ATTEMPT TO SOLVE LIQUIDITY WOES

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2007-08-22

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### **NASSAU:**

As a result of the extreme volatility levels of recent weeks, which forced many quantitative hedge funds to reduce their exposure and sell positions, Hedgebay Trading Corp, a facilitator of secondary market transactions between hedge fund buyers and sellers, has been busy finding buyers for some of the hardest hit funds.

According to sources, some of the funds discussed in recent weeks are turning to Hedgebay to help sell their positions and facilitate liquidity. These include New Mexico-based Black Mesa Capital, whose statistical arbitrage fund was down approximately 7.5% through 7 August, New York-based Highbridge Capital Management's \$1.7 billion Highbridge Statistical Opportunities Fund, which fell 18% in the month to 8 August and AQR Capital Management's Global Stock Selection funds, down 21% YTD through early this month. "We are here to provide a service to investors who need liquidity," said Jared Herman, co-founder. "A lot of people in this kind of calamity get the blinders on and we are here to remind them they have options." Among these buyers are various institutions, including hedge funds, fund of hedge funds, pensions, endowments and foundations.

"The last thing anyone wants is a run on the assets of the fund so, to the extent that we are able to match willing buyers and sellers, which we fully disclose to the manager, we believe we are not only providing a valuable service to the investors, but also to the managers as well," Herman said.

In the last few weeks, several big-name quant funds have reduced their exposure, including Tykhe Capital, whose different classes of shares had losses ranging from 17% to 31% month-to-date, according to an investor letter dated 9 August. "We have taken significant steps to reduce market exposure, which as of the close of business on 9 August was the lowest level in the statistical arbitrage and quantitative long/short master funds since the inception of such funds," the letter stated. It went on to say, "we do not anticipate any shortage of liquidity in these master funds."

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### Article Information

**Publisher:** Hedge Fund Manager

**Published Date:** 2007-08-22

**Categories:** [Other](#)

**Sections:** News

**This article has been read 15 times.**

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