

Eclectica Asset Management LLP**Hugh Hendry closes Eclectica hedge fund business**

Flagship fund has shrunk from \$1.3bn in assets in 2013 to \$30.6m



Hugh Hendry said the fund's 'substantial risk book' became strongly correlated with the 'maelstrom of President Trump' and North Korea © Reuters

SEPTEMBER 15, 2017 by Javier Espinoza, Private Capital Correspondent

[Hugh Hendry](#), one of Britain's highest profile hedge fund managers, is winding down his flagship fund amid sustained losses, according to a letter to investors seen by the Financial Times.

[Eclectica](#), the hedge fund Mr Hendry has run since 2002, lost 9.4 per cent in value in the first eight months of the year, according to a performance sheet seen by the FT.

The fund has shrunk in size from \$1.3bn in assets under management in April 2013 to \$30.6m as of last night, a person familiar with the fund's performance said.

Mr Hendry, who gained prominence thanks to his bets against banks during the financial crisis, is also winding down his firm, Eclectica Asset Management. As a result, he will close all remaining funds, which have about \$150m in assets under management, said the same person with knowledge of the decision.

"They are in the process of closing it down now," the person said.

Eclectica declined to comment further on the decision.

"It wasn't supposed to be like this," said Mr Hendry in the note to investors, thanking them. "And it is especially frustrating as nothing much has gone wrong with the economy over the summer."

However, he said the fund's "substantial risk book" became strongly correlated with the "maelstrom of President Trump and the daily news bombs emanating from the Korean Peninsula".

These risks, in addition to regulatory burdens, have made it impossible for funds like his to operate, the Scottish hedge fund manager added. He forecast a continuation of a strong global economy, which ultimately will be good for investors. He also said he did not foresee an abrupt increase in rates.

But Mr Hendry added: "It is bad news for me because funds like mine are required to demonstrate negative correlation with risk assets."

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