

A wonderful year for the elite: Top 25 hedge fund managers earned record \$32 billion in 2020 as millions plunged into misery

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On February 22, the *Institutional Investor (II)* published its annual “Rich List” of the top twenty-five hedge managers and their earnings in 2020. During a year in which tens of millions of people lost their jobs and hundreds of thousands died from the coronavirus pandemic in the US, these super-wealthy individuals collectively increased their earnings 50 percent over 2019 to \$32 billion.

In “The 20th Annual Rich List, the Definitive Ranking of What Hedge Fund Managers Earned in 2020,” Stephen Taub wrote, “A bad year for humanity was a wonderful year for the hedge fund elite.”

To this the editors of the publication added, “when volatility increases and stock markets soar—regardless of their connection to the real economy—a select group of men (and yes, it is all men on *II*’s 2020 Rich List) stand to make bank. It may not be seemly, but it remains fact. And Steve Taub, alone among his peers, consistently gets it right.”

Topping the list was Israel (Izzy) Englander, the founder and CEO of Millennium Management, who earned \$3.8 billion in 2020. Englander, 72, more than doubled his 2019 earnings of \$1.5 billion and has a net worth of \$7.2 billion and is 74th richest American according to the Forbes 400 2020 list.

Englander’s Millennium Management is characterized in investment circles as “the world’s largest alternative asset management firm with \$39 billion assets under management” and it operates in America, Europe and Africa. The Millennium Management fund increased its value by 26 percent and earned “\$10.2 billion in 2020, bringing the firm’s lifetime return for investors to \$36 billion,” according to the *II* profile of Englander which noted, “Englander

has been on the Rich List in 19 of 20 years, including last year’s tie for third place.”

To get a sense of the amount of money earned by Englander in 2020, his payout of \$3.8 billion would cover the living expenses of 5,000 families of four for 10 years. The other 24 individuals on the “Rich List” earned between \$1 billion and \$2.6 billion and top 10 earned a collective \$20 billion.

A hedge fund is a pooled investment fund that engages in complex trading schemes on Wall Street. Short selling (betting that the value of a stock is going to fall), leverage (borrowing funds to purchase a financial asset) and derivatives (complex bundles of assets such as forwards, futures, options and swaps) are among the techniques used by hedge funds and these activities are available only to “institutional investors” and “high net worth individuals” who are part of the exclusive super-wealthy financial oligarchy.

One searches high and low online to find a single word of criticism or objection to the grotesque accumulation of wealth by the hedge fund managers hailed by the publishers and editors of *II*. It does not register in the capitalist press that there is any problem at all with a handful of billionaires raking in more billions while millions are without jobs, food, shelter and health care while the government and corporate America are demanding workers stay on the job and children go back to school to face the deadly pandemic.

All that could be mustered was the following from CNBC, “The big gains during the coronavirus pandemic, coupled with the public debate over hedge funds in the wake of the GameStop controversy, is likely to draw criticism from lawmakers and the public over hedge fund pay and fairness in financial markets.”

As analyzed on the *World Socialist Web Site* last week, the GameStop episode—which began as a “short squeeze” applied on hedge funds by a group of small retail investors—in the end resulted in many millions of dollars “pocketed by some of the most powerful sections of the financial oligarchy.”

The fact is that the bankrupting of small investors—some of whom mortgaged their homes to invest money amid the GameStop frenzy—was the inevitable outcome of a system dominated by the massive Wall Street firms.

Meanwhile, the GameStop experience as well as the 2020 hedge fund manager’s earnings barely raise an eyebrow in Washington D.C., where Congressional representatives and leading figures in the White House—both Democrats and Republicans—are themselves part of the financial feeding frenzy.

It should be recalled that leading figures of both parties—including Senators Richard Burr (Republican from North Carolina), Kelly Loeffler (Republican from Georgia), Diane Feinstein (Democrat from California) and James Inhofe (Republican from Oklahoma)—walked out of a secret briefing about COVID-19 in late January of last year and immediately made decisions to adjust their personal investment portfolios. They did not warn the public about what they had been told about the impact of the pandemic.

Additionally, it should be recalled that hedge funds brought on the Great Recession of 2007–2008 after an investment scheme in risky “mortgage-backed securities” failed and brought down the entire capitalist financial system. None among the financial oligarchy responsible for the meltdown—resulting in the worst economic and social crisis since the Great Depression of the 1930s—was ever prosecuted or brought to justice for this criminal activity.

Far from it, the response of the US government—at the end of the administration of George W. Bush and the beginning of the administration of Barack Obama—was to pump hundreds of billions of dollars of government resources from the US Treasury and the Federal Reserve Bank into the financial system to keep it from collapsing and ensuring the further enrichment of the billionaires on Wall Street.

The rise of the stock market over the past year that is behind the massive increase in the wealth of the hedge fund managers is likewise due to the ongoing purchase

of trillions of dollars in financial assets by the US federal government which was massively increased with the passage of the USA CARES Act during the Trump administration. On the eve of the passage of the new \$1.9 trillion stimulus package, there is no indication that this policy is going to change with Democratic President Joe Biden in the White House.



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