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Big hedge funds suffer big losses in September

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BOSTON (Reuters) - Hedge funds made history in September but not the kind most managers want to remember.

Among the biggest losers, as last month's returns are slowly revealed to investors, are some of the \$1.9 trillion (1 trillion) hedge fund industry's most prominent and most successful names.

Dan Loeb, an activist investor known for his sharply worded letters to poorly performing companies, saw his Third Point Offshore fund tumble 11 percent in September, people familiar with the numbers said on Thursday.

In the first nine months the fund lost 17.86 percent.

Lee Ainslie, who once worked for industry legend Julian Robertson, saw his Maverick Fund lose 19.47 percent in September, leaving the fund down 21.24 percent for the year.

The flagship fund at Kenneth Griffin's Citadel Investment Group, boasting one of the industry's best long-term records, lost roughly 15 percent in September, leaving it down about 20 percent so far this year.

The list goes on and on, according to several hedge fund investors who asked not to be named.

Preliminary estimates show that the average hedge fund lost about 10 percent last month when Lehman Brothers collapsed, financial stocks tumbled, and regulators around the world quickly put a ban on shorting financial stocks to help steady markets.

"It is probably fair to say that the third quarter will go down as the worst in history," said Stewart Massey, founding partner of Massey, Quick & Co, an investment consultant.

Groups that track industry performance like Hedge Fund Research and Hennessee Group are expected to announce September results in a few days.

Afraid of further losses down the road, hundreds of investors asked to get their money out of hedge funds on September 30, a deadline many funds imposed for investors to get their money back by year's end.

"We were especially disappointed that the short components in a lot of the portfolios didn't dampen the losses very significantly," Massey added.

(Reporting by Svea Herbst-Bayliss, editing by Richard Chang)

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