

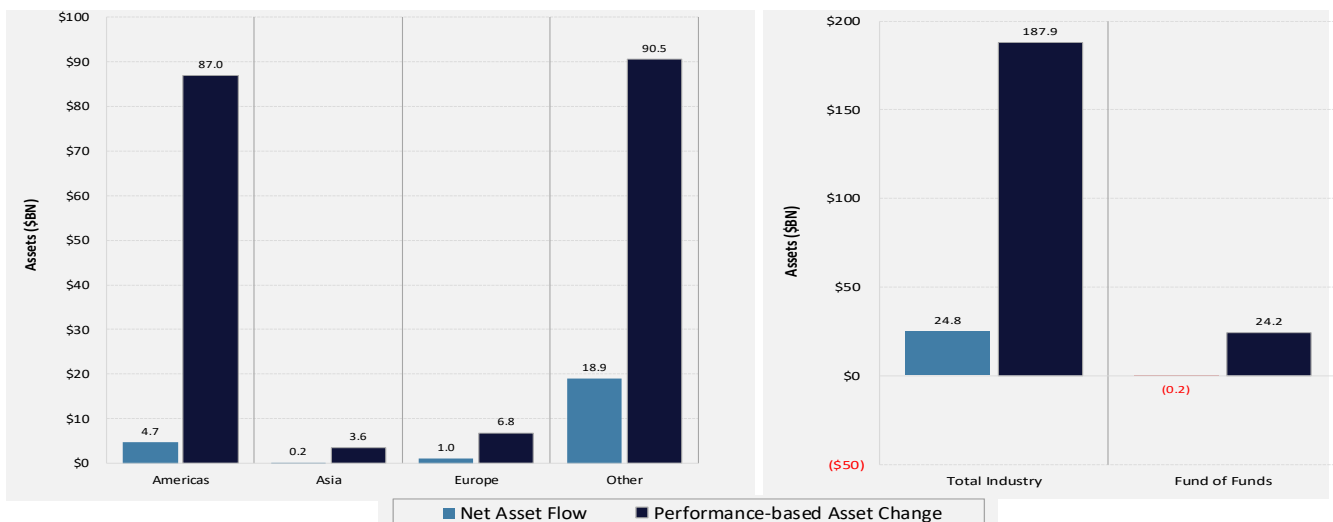
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<ul style="list-style-type: none"> HFR Global Report 2025Q2 Guest Analysis: ETF Growth & the Decline of Price Discovery HFR Podcast: Central Banking, Stablecoin, and HF Allocators U.S. Tariffs, Gold, Silver, & Copper: Long Term Real Effects 	<ul style="list-style-type: none"> HFR Long Volatility Index HFRI Industry Performance Report 2020-2024 Watch latest HFRX Indices Performance Snapshot 	<p>HFR Market Outlook offers exclusive interviews with constituent fund managers. Accredited investor verification is required for access.</p>

HFR Global Hedge Fund Industry Report 2025Q2

The first half of 2025 has seen record setting asset flows and performance across hedge funds. Topline insights from the HFR Global Report for 2025Q2 include:

- This quarter posted record industry AUM at \$4.74 trillion, exceeding the prior record set in 2025Q1 of \$4.53 trillion. Moreover, Q2 marks the seventh consecutive quarter of record industry AUM.
- Largest quarterly net inflows in 11 years at \$24.78 billion in 2025Q2; highest since 2014Q2 (\$30.5b)
- Best first half of net inflows in 10 years at \$37.3 billion in 2025H1.
- Performance-based gains of \$187.92 billion, which marks the largest ROR-based gains since 2021Q1 (\$195.4 billion).
- Top firms dominated Q2 inflows, capturing \$22.86 billion (of the \$24.78 billion total Q2 flows).
- Visible uptick in estimated net asset flows to emerging market economies. This is shown in the graphs below, where “Other” captures MENA, Global, and Multiple Emerging Markets.

For more depth and coverage, access the HFR Global Report through this [link](#).



Opinion: ETF Growth & the Decline of Price Discovery



Filippo Ippolito

by Dr. Filippo Ippolito

The growth of passive investing through ETFs has reshaped capital markets, offering diversification, lower fees, and immediate liquidity. Yet research shows that as ETF ownership increases, there may be unintended costs at the microstructure level, particularly for the informational efficiency of the underlying securities.

Greater ETF ownership is associated with increased trading frictions and weaker firm-level price discovery:

- A 1 percentage point rise in ETF ownership is linked to a 1.6% increase in average bid-ask spreads, and a 2% rise in average daily absolute returns over the next year, implying heightened price impact and reduced liquidity.
- Firms with higher ETF ownership also display greater return synchronicity and lower future earnings response coefficients, indicating that prices are less responsive to firm-specific information over time.
- ETF ownership is negatively associated with analyst coverage, reducing the supply of fundamental analysis in the market.

as ETFs grow, trading volume migrates from individual stocks to pooled vehicles. This reduces incentives for informed investors to incur the cost of fundamental research. Over time, price signals become noisier, not clearer. Notably, these effects are strongest during periods of high market volatility, when informational efficiency is most critical.

Taken together, these findings suggest that ETFs may inherit and transmit inefficiencies from their components, even as they appear efficient at the aggregate level. This calls for renewed attention to the feedback loops between passive investment vehicles and the informational quality of equity markets. For investors and policymakers, the key implication is not that passive investing is flawed, but that its rise may erode the very mechanisms of price discovery on which all market participants rely.

Dr. Ippolito is Associate Professor of Finance at Barcelona School of Economics. He welcomes comments and questions at filippo.ippolito@upf.edu. All opinions expressed are the author's own and do not constitute investment advice. For a full list of references for this piece, please contact hfrmedia@hfr.com

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Timely Insights
Monthly Fund Reporting
HFR Database

HFR Podcast

The HFR Podcast continues to attract experts of the highest caliber who can speak to current and future economic conditions.

Our latest episode is out now, with an indepth analysis of the role of stablecoins and its impact on the financial sector [here](#).

Click on any of the titles below to sample what we have covered so far in 2025:

[Stablecoins and the financial sector](#) with Jill Cetina, Texas A&M University

[Smart Contracts in defi](#) with Emilie Raffo, Chain Security

[Artificial Intelligence as technologies of freedom](#) with Amir Husain, Spec Five, Avathon, Argon Mech

[Markets and economic shocks](#) with Erik Norland, CME Group

[Economic outlook for 2025](#) with Peter Berezin, BCA Research

[Tariffs, Inflation and the Fed](#) with Joe Brusuelas, RMS Group

[Identifying Best Fit with Fund Managers](#) with Zack Driscoll and Ryan Lobdell, Meketa Investment Group

You can find all episodes of the HFR Podcast from our website, and on subscribe on our YouTube and Spotify channels. Please reach out to hfrmedia@hfr.com with questions.

Market Outlook: Long Volatility Index Constituents



Concurrent with the launch of the **HFR Long Volatility Index** family, we feature three top performing managers in the HFR Market Outlook series.

Doug Fincher (Ionic Capital Management), Patrick Kazley (One River Asset Management), and Zem Sternberg (Lake Hill Asset Management) discussed their strategic approach to long volatility, long convexity, and the informational value of popular market sentiment indices, such as the VIX.

HFR Media offers constituent managers with demonstrated high performance the opportunity to share their analysis of current market conditions and expectations of future trends.

Accredited investors can watch these Market Outlook interviews (ranging from 4 to 7 minutes in length) by clicking on the thumbnails to the right. To connect with these managers directly, please reach out to us at hfrmedia@hfr.com

U.S. Tariffs, Gold, Silver, & Copper - Long Term Real Effects

by Dr. S. Aneeqa Aqeel

Against a backdrop of extreme volatility there is one asset that every investor, sophisticated or naïve, can rely on without confusion: gold. Gold is the ultimate reserve asset because it cannot be manufactured, replicated, or substituted.

That fundamental truth may be at the reason for gold's relentless trajectory upwards in 2025, maintaining its supremacy over every human invention from fiat to crypto-currency. Gold prices have increased 27% from the start of the year in 2025. The question becomes: are there shocks that can impact this asset?

Arguably, two have recently occurred: the discovery of vast reserves of gold ore in Uganda, valued at \$12.8 trillion, and surprise U.S. tariffs on imports of gold bars, validating precautionary gold hoarding by U.S. banks earlier in the year. This 1-2 punch of supply and demand shocks has served only to propel price acceleration, as investors seek safe haven and central banks amass gold reserves at a rapid pace. Indeed, even by end-2024, according to the ECB, central bank gold reserves rose rapidly in China, India, Poland, and Turkey.

Gold is a commodity that easily traverses economic boundaries; artificial barriers to its free movement may ultimately prove to be self-harming.

That story may be relatively easy to understand, however, as compared to silver's place in investor portfolios. Historically, when gold prices have broken records, a rally in silver has shortly followed. Silver is the harder working precious metal: 60% of available supply is utilized in industrial sectors including manufacturing, defense, and sustainable technologies. Demand for silver is expected to outstrip supply in 2025, in line with other industrial metals like copper.

Gold offers flight to safety, but silver is a workhorse and valued at one hundredth of gold per ounce. Notwithstanding, a tipping point for silver is again at hand: silver prices are up 20% since the start of the year. Additionally, while other central banks draw and redraw lines around fiat and digital currencies, the central bank of Russia has added silver to its reserves since 2024.

Another workhorse metal is also embroiled in price volatility resulting from U.S. tariffs. Erik Norland, Chief Economist at the CME Group points out on the HFR Podcast that copper prices in 2025 buck historical correlation with oil, perhaps signaling a structural shift. In fact, the surge in copper prices in the U.S. is not matched at the London Metal Exchange, where copper fell after U.S. tariff news.

On reflection, U.S. divergence in these core sectors from the rest of the world due to the distortionary impact of tariffs could be the longer-term threat to revival of

U.S. manufacturing and technology industries. These real effects on the economy beg scrutiny, quite apart from the impact of tariffs on general inflation.

Dr. Aqeel is a macroeconomist and Director, HFR Media. All opinions expressed are the author's own and do not constitute investment advice. For questions and comments, please contact hfrmedia@hfr.com

HFR Commodity Indices

Click on any of the index names below to learn how HFR Indices track commodity markets

- [HFRX Macro: Commodity-Metals Index \(Flagship Funds\)](#)
- [HFRX Macro: Commodity Index \(Flagship Funds\)](#)
- [HFR Macro: Commodity Index](#)
- [HFR Macro \(Total\) Index](#)
- [HFR Fund Weighted Composite](#)