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GLOBAL HEDGE FUND INDUSTRY CAPITAL SURGES, NEARS HISTORIC \$5 TRILLION MILESTONE

*Hedge fund capital jumps to record \$4.98 trillion in 3Q;
Largest quarterly net asset inflow since 2007*

*Equity Hedge strategies lead YTD HFRI gains; Macro and Crypto bounce back;
HFRI Relative Value posts positive performance in 27 of the last 30 months*

CHICAGO, (October 23, 2025) – Total global hedge fund industry capital rose for an eighth consecutive quarter in 3Q25 to reach a record \$4.98 trillion as hedge fund managers and investors successfully responded to powerful risk-on sentiment across strategies and regional markets.

Industry capital rose by \$238.4 billion over the previous quarter, as reported in the latest *HFR Global Hedge Fund Industry Report*, released today by HFR®, the established global leader in indexation, analysis and research of the hedge fund industry.

Investors allocated \$33.7 billion of net new capital to hedge funds in 3Q25, the highest quarterly net asset inflow since 3Q 2007, topping the prior quarter and bringing YTD 2025 inflows to \$71.0 billion, the strongest first three quarters of inflows in a year since 2014.

Hedge funds also posted strong performance in 3Q25 with the HFRI Fund Weighted Composite Index® (FWC) advancing +5.4 percent for the quarter, led by the HFRI Equity Hedge (Total) Index (+7.2 percent) and the HFRI Macro (Total) Index (+4.7 percent).

Through the first nine months of 2025, the HFRI FWC Index gained +9.5 percent, driven by the HFRI Equity Hedge: Multi-Strategy and HFRI Equity Hedge: Fundamental Growth indices, both of which have surged +16.3 percent. The HFR Cryptocurrency Index surged +20.3 percent in 3Q25 to recover the sharp losses from early 2025, improving YTD performance to +6.7 percent.

Equity Hedge (EH) strategies grew by \$96.7 billion in 3Q25, inclusive of a net asset inflow of \$18.0 billion, bringing total EH capital to \$1.5 trillion. EH sub-strategy asset increases were led by Fundamental Value funds in 3Q25, which added \$47.7 billion during the quarter, while HFRI EH: Sector-Healthcare Index led EH sub-strategy performance with a gain of +19.0 percent in 3Q.

Event-Driven (ED) strategies added \$66.7 billion in 3Q25, inclusive of net asset inflows of \$4.6 billion, to bring total ED capital to \$1.41 trillion. ED sub-strategy asset increases was led by Special Situations funds, with an increase of \$24.2 billion from the prior quarter, while ED sub-strategy performance in 3Q was led by the HFRI ED: Activist Index, which rose +7.7 percent for the quarter.

Capital invested in Relative Value Arbitrage (RVA) strategies surged to end 3Q with \$1.32 trillion AUM, an increase of \$41.6 billion over the prior quarter, inclusive of net asset inflows of \$9.4 billion. Multi-strategy funds led RVA asset growth with a capital increase of \$24.3 billion during the quarter, including \$5.3 billion of net asset inflows, to end the quarter with \$807.3 billion AUM. The HFRI Relative Value (Total) Index advanced +2.6 percent in 3Q25 and has posted positive performance in 27 of the trailing 30 months. The HFRI RV: Fixed Income-Sovereign Index led RVA sub-strategy performance in 3Q, gaining +5.2 percent for the quarter.

Macro strategy assets increased by \$33.5 billion in 3Q25, with net assets inflow of \$1.7 billion, bringing total Macro capital to \$759.0 billion. Macro sub-strategy asset increases in 3Q25 were led by Systematic Diversified funds, which added \$12.2 billion during the quarter. The HFRI Macro: Commodity Index (+6.0%) and HFRI Macro: Discretionary Thematic Index (+5.4 percent) led Macro sub-strategy performance in 3Q25. The HFRI: Macro (Total) Index advanced +4.7 percent during the quarter to increase the YTD return to +3.4 percent through September.

Investor allocations were concentrated in the industry's largest firms again in 3Q25. Managers with over \$5 billion AUM saw \$32.2 billion in quarterly net inflows, while mid-sized firms (\$1-5 billion AUM) were allocated a net \$0.59 billion, and smaller firms (under \$1 billion AUM) added \$0.88 billion. Through the first three quarters, large firms experienced inflows of \$62.1 billion, mid-sized \$3.8 billion, and smaller managers \$5.1 billion.

"The hedge fund industry has experienced historic growth and performance in recent months, with total assets surging to the verge of the historic \$5 trillion milestone to end third quarter. This historic growth has been driven by a combination of powerful trends including accelerating M&A, expanding cryptocurrency investment, falling geopolitical risk, expectations for lower interest rates, and an unprecedented surge in strategic AI investment and infrastructure," stated Kenneth J. Heinz, President of HFR. "While risk-on sentiment has dominated recent months, risks have also evolved, with managers participating in acceleration of these trends through year end but also positioning for sentiment and trend reversals across equities, commodities, currencies and cryptocurrencies. Institutions seeking to

strategically position for these trends, including both continued acceleration and defensive reversals, are likely to increase allocations to managers which have demonstrated their ability to navigate both the recent risk-on trends, as well as volatile reversals, with these allocations set to drive industry growth beyond the \$5 trillion milestone into year end.”

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