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

HFRI records best annual performance since 2009

*Industry capital grows by record \$642.8 billion in 2025;
Healthcare funds drive Equity Hedge to lead HFRI strategy gains for the year*

CHICAGO, (January 22, 2026) – Total global hedge fund industry capital surged above the historic \$5 trillion milestone for the first time, with capital jumping for the 9th consecutive quarter in 4Q25 *to end the year at a record \$5.15 trillion*, 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.

Hedge fund managers navigated a volatile 4Q with risk sentiment ranging and oscillating between powerful risk-on sentiment and extreme risk-off sentiment across thematic micro-cycles, strategies and regional markets.

Industry capital rose by \$178.9 billion in 4Q, driven by strong performance-based gains of \$134.1 billion and quarterly net asset inflows of \$44.8 billion. For the full year 2025, total industry capital grew by a record \$642.8 billion, inclusive of performance-based gains of \$527.0 billion and net asset inflows of \$115.8 billion, *the strongest calendar year of investor inflows since 2007*.

Hedge funds also posted the strongest calendar year of performance since 2009, with the HFRI Fund Weighted Composite Index® (FWC) advancing +12.5 percent in 2025. Strategy performance was led by the HFRI Equity Hedge (Total) Index, which vaulted +17.1 percent for the year, and the HFRI Event-Driven (Total) Index, which gained +10.9 percent. HFRI sub-strategy performance was led by the

HFRI EH: Healthcare Index, which surged +33.9 percent, and the HFRI EH: Energy/Basic Materials Index, which jumped +21.4 percent in 2025.

Equity Hedge (EH) strategies grew by \$72.3 billion in 4Q25, inclusive of net asset inflows of \$20.5 billion, bringing total EH capital to \$1.57 trillion. For the FY 2025, total capital in EH increased by \$260.5 billion, driven by strong performance gains, as well as net inflows of \$48.6 billion.

Event-Driven (ED) strategies added \$42.2 billion in 4Q25, inclusive of net asset inflows of \$10.2 billion, to bring total ED capital to \$1.45 trillion. For the FY 2025, total ED capital increased by \$169.6 billion, inclusive of investor inflows of \$21.9 billion.

Capital invested in Relative Value Arbitrage (RVA) strategies ended the year at \$1.35 trillion, an increase of \$36.8 billion over the prior quarter, inclusive of net asset inflows of \$11.8 billion. For the FY 2025, total RVA capital increased by \$137.3 billion on inflows of \$33.3 billion for the year.

Macro strategy assets increased by \$26.7 billion in 4Q25, inclusive of net asset inflows of \$2.3 billion, bringing total Macro capital to \$786.6 billion. For the FY 2025, total capital in Macro increased by \$75.3 billion, including \$12.0 billion of investor inflows.

Investor allocations were concentrated in the industry's largest firms again in 4Q25. Managers with over \$5 billion in AUM saw \$39.3 billion in quarterly net inflows, while mid-sized firms (\$1-5 billion AUM) were allocated a net \$4.0 billion, and smaller firms (under \$1 billion AUM) added \$1.5 billion. For the FY 2025, large firms experienced inflows of \$101.4 billion, mid-sized \$7.8 billion, and smaller managers \$6.6 billion.

“Global hedge fund capital surged to surpass the historic \$5 trillion milestone (by a wide margin) in the fourth quarter, driven by strong industry-wide performance and asset inflows from a wide range of investors including institutions, individuals, pensions, family offices and sovereign wealth funds. This historic capital growth has been driven by a successful navigation of volatility in 2025 and a combination of powerful, accelerating trends including strategic M&A, rising and uncertain geopolitical risk, uncertainty regarding lower interest rates, inflation and leadership at the US Federal Reserve, and unprecedented investments in AI infrastructure,” stated Kenneth J. Heinz, President of HFR. “As managers position for 2026, the only certainty is uncertainty – tactical, thematic, opportunistic positioning which can and will evolve as managers execute across a wide range of strategies. Institutions and individuals seeking to strategically position for these trends are likely to continue increasing their allocations to hedge funds, further accelerating the historic industry growth into 2026.”

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About HFR®

HFR is the global leader in the alternative investment industry, specializing in the indexation and analysis of hedge funds. Established in 1992, HFR produces the HFRI, HFRX and HFRU Indices, the industry's most widely used benchmarks of global hedge fund performance. HFR calculates over 500 indices of hedge fund performance ranging from industry-aggregate levels down to specific, niche areas of sub-strategy and regional investment focus. HFR Database, a comprehensive resource available for hedge fund investors, includes fund-level detail on historical performance and assets, as well as firm characteristics on both the broadest and most influential hedge fund managers. HFR has developed a detailed fund classification system, enabling granular and specific queries for relative performance measurement, peer group analysis and benchmarking. The HFR suite of analysis products leverages HFR Database to provide detailed, current, comprehensive, and relevant aggregate reference points on all facets of the hedge fund industry. HFR also offers consulting services for clients seeking customized top-level or more sophisticated analysis. For the hedge fund industry's leading investors and hedge fund managers, **HFR is The Institutional Standard.**

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