HFR Newsletter

January - February 2026

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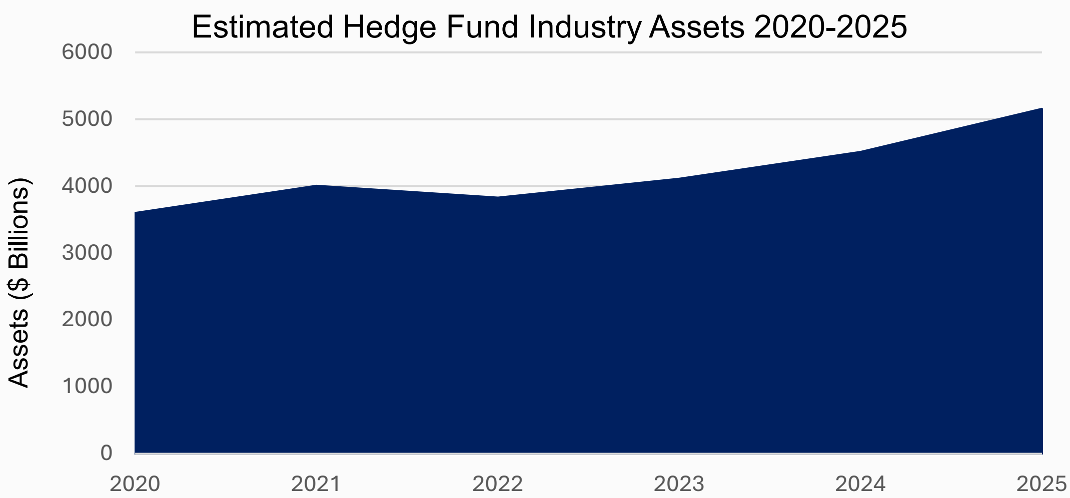
Global Hedge Fund Surpasses $5 Trillion Milestone



HFR's *Global Hedge Fund Industry Report*, is the definitive guide to industry dynamics and most widely cited reference source for hedge fund industry performance in financial reporting worldwide. The *Global Hedge Fund Industry Report 2025* was released in January 2026, harking the industry's crossing of the $5 trillion milestone in assets.

The final quarter of 2025 marked the 9th consecutive quarter of growth with net inflows surpassing levels last seen in 2007, before the Great Financial Crisis. Indeed, hedge funds delivered their best performance numbers since 2009 and the HFRI Fund Weighted Composite posted an annual return of 12.5% in 2025, reflecting gains across all major strategies.

Performance returns were highest in Equity Hedge, specifically in healthcare and energy and basic materials. Macro strategies also delivered, as they reliably do in periods of high uncertainty.

Investors allocated capital to large managers in 2025, gravitating towards funds with more than $5 billion AUM. Whether more of those allocations make their way to mid- and emerging managers in 2026 will depend on said managers' ability to demonstrate consistency in process alongside tactical agility.

Watch Ken Heinz, President of HFR Index discuss highlights and expectations for the coming year on the HFR Podcast. You can purchase your copy on our website at hfr.com

Benchmarks vs. Indices: How to Tell Them Apart

In the complex world of alternative investments, hedge fund managers and institutional investors rely on clear, transparent benchmarks to measure performance.

A strong benchmark is built on data integrity, governance, and industry coverage, all of which are key features of HFR's hedge fund indices.

Investors use benchmarks to compare performance and determine if an investment justifies its risk and cost. A well-designed benchmark reflects an investment's main characteristics, including asset composition, risk category, and investment horizon. In capturing these characteristics over time, a benchmark provides a measure of performance that can be used to assess opportunity cost of a particular portfolio.

While a market index such as the S&P500 is simply a broad, statistical measure of performance, an industry benchmark provides a specific reference point to evaluate a portfolio or strategy's results, which can in turn include indices or a customized portfolio.

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A benchmark index must meet eligibility criteria determined by global regulatory authorities, including International Organization of Securities Commissions (IOSCO) and European Securities and Markets Authority (ESMA).

HFR benchmarks fulfil the requirements of both these regulatory bodies, meeting the highest standards of transparency, compliance, and reliability. Critically important to maintaining compliance standards are annual audits, documented submitter's code of conduct, robust conflict of interest policies, and clear governance standards.

HFR maintains high-quality hedge fund benchmarks that are investable and adhere to the CFA Institute's S.A.M.U.R.A.I. framework. HFR benchmark indices are designed to ensure accurate representation, support strong governance, and provide dependable performance data.

You can learn more about HFR benchmark indices and HFR's due diligence process on our website here and by contacting us at index-data@hfr.com

Explore HFR World

Read last month's newsletter

HFR Podcast: Alternative Energy Markets & the Question of U.S. Competitiveness

Jeff Krimmel, a consultant and strategist, holds a PhD in Mechanical Engineering from Caltech with expertise in analyzing and pricing energy markets.

With over a decade devoted specifically to market intelligence, he discusses the operational roadblocks and rising success of alternative energy industries, especially in the context of U.S. competitiveness and strategic imperatives. Krimmel identifies infrastructure bottlenecks and whether regulatory policy impacts investment decision making. Listen here.

HFR Podcast: Economic Outlook for 2026

Third time guest on the HFR Podcast, Peter Berezin, Chief Global Strategist at BCA Research, is joined by Ron Logan, senior portfolio manager in oil and gas at Kayne Anderson.

This episode discusses the viability of the Venezuela gambit from an investment and economic perspective. We discuss the impact of AI investment outlays on oil and gas, as well as on U.S. labor productivity.

Markedly less pessimistic than in 2025, Berezin nevertheless takes a cautious approach to his forecasts for 2026, likening it to the early 2000s before the burst of the dotcom bubble.

You can listen to the episode here and leave us your comments and feedback via YouTube and Spotify. Subscribe to the HFR occasional updates by dropping your email at hfr.com/hfrmedia

HFR Performance Contribution Report

Regular subscribers to HFR's email updates receive HFRI, HFRX, and UCITS indices updates as they are released. These numbers provide an important and up to date gauge of the health of the hedge fund industry, as well as the performance of specific strategy areas.

Discerning investors would also like to learn which strategy areas in particular are key drivers responsible for a composite's performance.

As of November 2025, HFR has launched the Performance Contribution Report, which provides a look under the hood at the contribution of distinct strategies to the overall movements of composite indices.

The Performance Contribution Report includes:

- Performance drivers for the Fund Weighted Composite Index and UCITS indices
- Performance returns at index, strategy, and sub-strategy level
- Frequency: monthly & YTD
- Analysis by AUM, region, liquidity

Download the Performance Contribution Report, available to all website registrants free for a limited time. Register at hfr.com here

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HFR IndexScope: HFRI Data Visualization & Research

HFR IndexScope℠ offers advanced filtering of HFRI index constituents by key indicators, including strategy, region, and asset size. Live dashboards follow over 1000 current constituents of the HFRI index family, with over 30 strategy and sub-strategy area data updated continuously.
Alongside present-day data at monthly, quarterly, and annual frequencies, users have access to historical data going back over 18 years.

IndexScope is designed to give our clients a competitive edge with real time estimates of HFRI index performance before official publication dates. Users can easily assess the impact of fund size and performance dispersion, subscribed to email updates for their dashboards of choice, and create custom rankings for funds by percentiles, deciles, and quartiles.

The best part is that HFR IndexScope allows clients to export entire dashboards in multiple formats, giving them the ability to incorporate their custom analysis in presentation ready formats for their own investor materials.

Versatile export options and formats accommodate the download of full dashboards, capture high-quality visuals, and allow or raw data extraction directly for fully customizable output.

Request a demo and explore HFR IndexScope by emailing database@hfr.com

You can explore HFR Database offerings by visiting out website here

HFR IndexScope Key Features

- HFRI Index family interactive reports
- Continuous HFRI index performance estimation
- Time-series & cross-sectional monthly data: 2008-present
- Data series on fund assets, regions, and performance dispersion
- Performance insights
- Export-ready data, images, and dashboards

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