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INVESTOR INFLOWS DRIVE GLOBAL HEDGE FUND INDUSTRY CAPITAL TO NEW RECORD AS GEOPOLITICAL RISKS SURGE

HFR gains through unprecedented volatility in 1Q26, driven by Macro, Trend Following, Energy exposures;

Industry capital jumps to \$5.22 trillion on Iran military conflict, AI and private credit risks

CHICAGO, (April 23, 2026) – Total global hedge fund industry capital pushed further above the historic \$5 trillion milestone, jumping for the 14th consecutive quarter in 1Q26 and extending *to a new record \$5.22 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 an unprecedented surge in geopolitical risk and volatility in 1Q26, led by the surge in oil prices and uncertainty driven by escalation of the Iran military conflict. In addition to this, risk-off sentiment was also driven by weakness in large cap technology and software companies threatened by expanding AI capabilities, as well as weakness and illiquidity risks associated with private credit exposures.

“Against the powerful backdrop of risk and uncertainty driven by the Iran military conflict/shipping supply chain disruption, AI software industry disruption, private credit weakness and macroeconomic/geopolitical uncertainty stemming from the transition at the US Federal Reserve, US midterm elections, and the potential for shifting in military alliances, institutional investors continue allocating to hedge funds,” stated Kenneth J. Heinz, President of HFR.

Industry capital grew by \$64.0 billion in 1Q, driven by estimated net asset inflows of \$44.5 billion, nearly matching the \$44.8 billion of inflows in 4Q25. The trailing two-quarter total of \$89.3

billion of net asset inflows is the highest two-quarter period since 2007 and follows the 2025 total of \$115.8 billion in net inflows, *the strongest calendar year of investor inflows since 2007*.

Hedge funds posted performance gains through the volatile 1Q26 led by the **HFRI Macro (Total) Index**, which surged +4.9 percent for the quarter, despite declining -1.95 percent in March. The fixed income-based **HFRI Relative Value (Total) Index** advanced +1.4 percent for the quarter, while the **HFRI Fund Weighted Composite Index**[®] added +1.05 percent in 1Q as equities declined and oil surged over 40 percent in March on the escalation of the Iran military conflict. HFRI sub-strategy performance was led by the **HFRI EH: Energy/Basic Materials Index**, which surged +8.4 percent, and the **HFRI Macro: Systematic Diversified Index**, which jumped +7.0 percent in 1Q26.

Macro strategy assets increased by an estimated \$34.5 billion in 1Q26, inclusive of net asset inflows of \$11.1 billion, bringing total Macro capital to \$821.0 billion. Macro sub-strategy asset gains were led by quantitative, trend following CTA strategies, which increased by \$17.75 billion, leading all sub-strategy asset gains.

Total assets in Relative Value Arbitrage (RVA) strategies increased by \$17.8 billion, rising to an estimated \$1.37 trillion inclusive of net asset inflows of \$5.5 billion. RVA sub-strategy asset increases were led by Multi-Strategy funds, which increased by \$10.4 billion and driving total sub-strategy capital to \$843.3 billion, the industry's second largest sub-strategy, trailing on only EH: Fundamental Value.

Equity Hedge (EH) strategies grew by \$14.9 billion in 1Q26, as net asset inflows of \$16.2 billion outweighed the narrow performance-based losses to bring total EH capital to \$1.58 trillion. EH sub-strategy asset increases were led by Multi-Strategy funds, with these increasing by \$12.5 billion from the prior quarter.

Total capital in Event-Driven (ED) strategies declined narrowly in 1Q, as performance-based asset losses more than offset estimated net inflows of \$11.6 billion in 1Q26, bringing total ED capital to \$1.45 trillion. ED sub-strategy asset increases were led by Multi-Strategy funds, which grew by \$7.25 billion in the quarter

Investor allocations were again concentrated in the industry's largest firms in 1Q26, as firm managing over \$5 billion received an estimated \$39.0 billion of quarterly net inflows, while mid-sized firms (\$1-5 billion AUM) were allocated \$4.0 billion, and smaller firms (under \$1 billion AUM) added \$1.5 billion.

"The second half of the Jekyll-and-Hyde first quarter was dominated by dizzying, headline-driven dislocations and disruptions across energy, shipping, currency, interest rate, cryptocurrency, credit, AI and equity markets. Despite these challenges, hedge funds posted performance gains in the first quarter, while investors increased allocations to hedge funds not only in response to these volatile market micro-cycles, but as a mechanism to reduce overall portfolio volatility and to opportunistically position for the

rapidly changing cycles. Expecting these risks to continue evolving throughout 2026, it is likely that the trend of increasing allocations to hedge funds not only continues but accelerates into mid-year,” added Heinz.

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