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HEDGE FUND LAUNCHES, LIQUIDATIONS RISE TO BEGIN VOLATILE 2026

***Liquidations spike to highest in 2 years;
Goldman Sachs, UBS, Citco, SS&C lead service providers;
HFR launches Tender Offer Index***

CHICAGO, (July 14, 2026) – Both new hedge fund launches and liquidations jumped to begin 2026, with liquidations rising off near historic lows to the highest quarterly total in two (2) years, as investors positioned for the powerful performance drivers which have defined recent quarters: ongoing geopolitical risk, AI and cryptocurrency volatility, and uncertain economic growth and inflation in 2026. The estimated number of new funds launched in 1Q26 rose to 166, an increase of 30 over the prior quarter and 45 over 1Q25. This increase follows the FY 2025 launch total of 561, the highest annual total since 2021, according to the latest *HFR Market Microstructure Report*, released by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry. Hedge fund liquidations jumped from historically low levels in 2025 to a total of 129 liquidations in 1Q26, an increase of 45 over the prior quarter and the highest quarterly total since 2Q24. For the FY 2025, fund closures totaled an estimated 287 liquidations, far below the 406 funds that shut down in 2024, which was the lowest level since 2004. As previously reported by HFR, total hedge fund industry capital reached another record level through 1Q 2026, surging to an estimated \$5.22 trillion.

“Increasing hedge fund launches through early 2026 clearly indicated strong institutional and retail demand in the face of accelerating geopolitical risk as well as increased opportunities associated with AI, Technology and participation in the ongoing record IPO cycle. Despite broad equity gains through early 2026, these were generally concentrated in AI and technology sectors, indicating both increased risk and opportunity for managers and investors for 2H26,” stated Kenneth J Heinz, President

of HFR. “Similar to the recently launched co-invest index, HFR is pleased to have recently launched the only tender offer index, also highlighting strong performance of these opportunities. Through the current market paradigm of rapidly shifting risk sentiment, it is likely that volatility, uncertainty and specialized opportunities will rapidly evolve as a function of dislocations and disruptions created by AI, IPOs and the uncertainty of the Iran military conflict.”

Fund launches by strategy again favored Equity Hedge (EH), with an estimated 80 new EH funds launched in 1Q26; this following an estimated 227 new EH fund launches in 2025. Macro strategies launched 52 new funds in 1Q, the second largest strategy area of launches. On the liquidations side, both Equity Hedge and Macro also led the way, as an estimated 64 EH funds and 25 Macro closed their doors in 1Q26.

HFR LAUNCHES TENDER OFFER FUNDS INDICES

HFR is pleased to announce the launch of Tender Offer Indices, which track total performance returns of equal- and asset-weighted basket of Tender Offer funds on a daily basis. The HFR Tender Offer Funds Asset Weighted Index has advanced 3.4% YTD through July 10, 2026. To learn more about the HFR Tender Offer Funds Indices, visit [HFR.com](https://www.hfr.com).

The performance dispersion of the HFRI Fund Weighted Composite Index® (FWC) expanded in 2Q 2026 over the prior quarter, as the top decile of index constituents returned an average of +36.4 percent, while the bottom decile declined by an average of -8.2 percent, representing a top/bottom decile dispersion of 44.6 percent, compared to the estimated top/bottom dispersion of 30.1 percent in 1Q 2026.

The average industry-wide management fee declined 1 basis point in 1Q26 from the prior quarter, settling at an estimated 1.32 percent, while the average industry-wide incentive fee also ticked down slightly to an estimated 15.78 percent, down 5 basis points from YE 2025. For funds launched in 1Q26, the average management fee was an estimated 1.22 percent, while the average incentive fee was 17.4 percent.

HFR estimates that Goldman Sachs, UBS, JP Morgan, and Morgan Stanley remained the top prime brokers for hedge funds to begin 2026, while SS&C GlobeOp, Citco Fund Services, and IFS State Street remained the top hedge fund administrators.

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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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