

JANUARY 2026

HEDGE FUND NEW LAUNCH LANDSCAPE: 2025 EDITION

Observations from the front lines

As investors focused exclusively on backing early-stage hedge funds, we have a differentiated vantage point on how the industry is evolving. We track new launches continuously and analyze what they reveal about hedge funds' changing portfolio role, the structures LPs are using to access them, and the ways managers deploy their investment skillset. Now in our fifth consecutive year publishing the New Launch Landscape, we view this dataset as a leading industry indicator where shifts in talent, structure, strategy design, and capital formation show up first.

We have broken our observations up into two sections: Firm/Organization Trends and Investment Strategy Trends.

EXECUTIVE SUMMARY – HIGH LEVEL OBSERVATIONS

Post-Peak Plateau

Launch activity in 2025 remained firmly within the “new normal” range that emerged after 2021. We tracked 374 new launches in 2025 – essentially unchanged versus the 2022–2024 average of 373. In other words, the post-2021 launch volume step-down has persisted for a fourth year rather than reverting toward prior-cycle levels. While 2025 did show a modest 6% increase relative to 2024 (374 vs. 353), overall launch volume remains approximately 30% below the 2021 peak, reinforcing the view that the industry has settled into a lower, more stable launch cadence.

Platform Pipeline

Multi-manager platforms continued to function as one of the industry's dominant training grounds in 2025. In our dataset, 17% of new launches came directly off a major pod / multi-manager platform, up from 12% in 2024 and 9% in 2023 – an unmistakable step change in the platform-to-launch pipeline. The flow remains concentrated, with Millennium and Citadel alone accounting for more than one-third of platform-linked launches. The 2025 cohort also broadened meaningfully into a “next tier” of platforms (including Walleye, Balyasny, ExodusPoint, Eisler, and Squarepoint). The net result is a platform funnel that is both larger and more diversified, reinforcing the role these firms play in industrializing talent development, portfolio construction, and – ultimately – the steady production of new standalone managers.

Systematic Surge

Quantitative- and systematic-centric launches continued to build in 2025, rising to a 21% share of new hedge funds. This is consistent with a world in which systematic tooling and, increasingly, AI-enabled workflows have moved from a niche capability to a baseline expectation in the hedge fund ecosystem. At the same time, the data suggest a nuance: while true edge may still concentrate among scale players with superior data and infrastructure, the accessibility of tools appears to be expanding the pipeline of teams willing and able to label themselves “systematic,” even as differentiation becomes harder.

OVERVIEW

THE NEW LAUNCH MANAGER SAMPLE

This study focuses on those managers that launched or attempted to launch hedge funds in the years 2019-2025. In aggregate, this includes a total sample of 3,042 so-called new launches (please see the Methodology section at the end of this report for more detail on how we define new launches).

Below is a breakout by year (as of December 22nd, 2025)



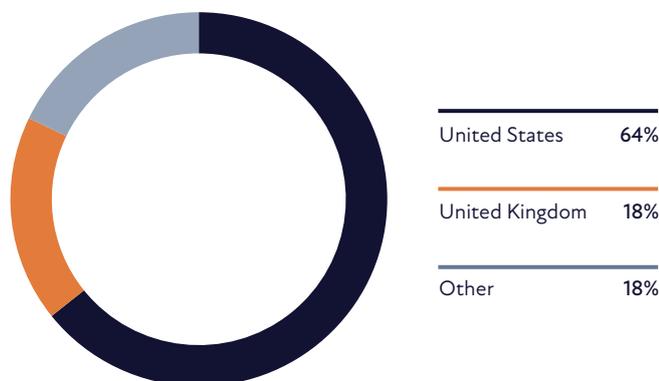
FIRM/ORGANIZATION TRENDS

NEW LAUNCHES BY COUNTRY OF ORIGIN

U.S.-based hedge fund firms remained the bulk of new launches in 2025 (64%), essentially flat in share versus 2024. The U.K. strengthened meaningfully, rising to 18% in 2025, marking the highest U.K. share in our 2019–2025 dataset. By contrast, Asia-Pacific activity – as proxied by Hong Kong and Singapore – softened.

There has been extensive public commentary on the Middle Eastern push to build a hedge fund “gravity well,” with the [Dubai International Financial Centre](#) recently highlighting 100+ hedge funds registered and positioning Dubai among the leading global hubs. However, our new-launch dataset shows only 1% of global launches are UAE-based. That gap suggests the center of mass in the region’s growth is currently existing firms relocating staff / opening offices rather than a surge in net-new hedge fund formation headquartered in the Middle East.

BREAKOUT BY COUNTRY (2025)



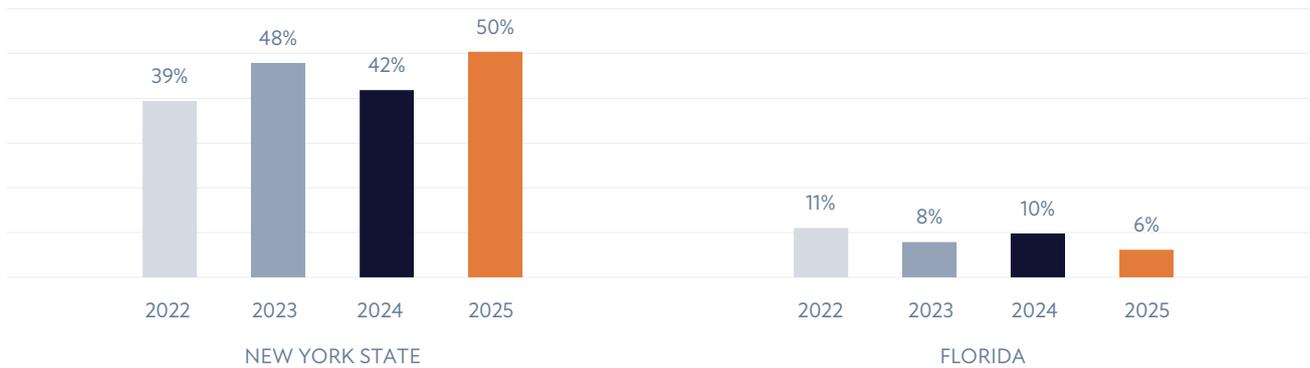
Methodology note: Percentages reflect composition of all new launches for the periods defined above. For this analysis, if a manager has multiple office locations, we considered only the primary office location (informed by the location of the key investment decision maker).

U.S.-BASED NEW LAUNCHES BY STATE

Within the U.S., launch activity re-concentrated in the Tri-State (NY/NJ/CT), driven by New York. The Tri-State region represented 54% of U.S. launches, up from 50% in 2024. This shift was overwhelmingly a New York story, however: New York state-based launches rose to 121 launches (50% of U.S.) from 94 (42%) a year prior. As observed in Chicago when a business-hostile mayor took office and hedge funds fled, it will be interesting to see if the new mayor in NYC leads to a similar migration.

Florida’s share moved the other direction in 2025, declining to 6% of U.S. based launches, down from 10% the year prior. This moderation aligns with [Hedge Fund Alert’s](#) SEC-filing-based relocation analysis, which found that only 68 firms changed municipality/state headquarters between April 2024 and April 2025, “down significantly from past years,” suggesting the post-pandemic relocation wave – which was particularly Florida-focused – is losing intensity.

YoY COMPARISONS



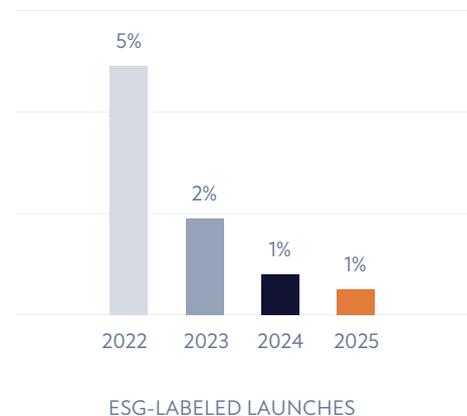
Methodology note: Percentages reflect composition of all new launches for the periods defined above. For this analysis, if a manager has multiple office locations, we considered only the primary office location (informed by the location of the key investment decision maker).

ESG-FOCUSED LAUNCHES

Our dataset shows new launches with ‘ESG’ labeling continued to fade. That direction aligns with public reporting of weak demand and rebranding/renaming pressure in ESG products: [Morningstar](#) reported global sustainable funds had their worst quarter on record in Q1 2025 with \$8.6B outflows. Separately, [ShareAction](#) highlighted a sharp decline in support for shareholder resolutions tied to social/environmental issues, reinforcing the broader pullback in ESG signaling.

Methodology note: Percentages reflect composition of all new launches for the periods defined above. For fund and strategy attributes, we rely largely on a manager descriptions and cannot necessarily attest to the veracity of such qualities that are often self-defined.

YoY COMPARISON



COMMON PEDIGREES

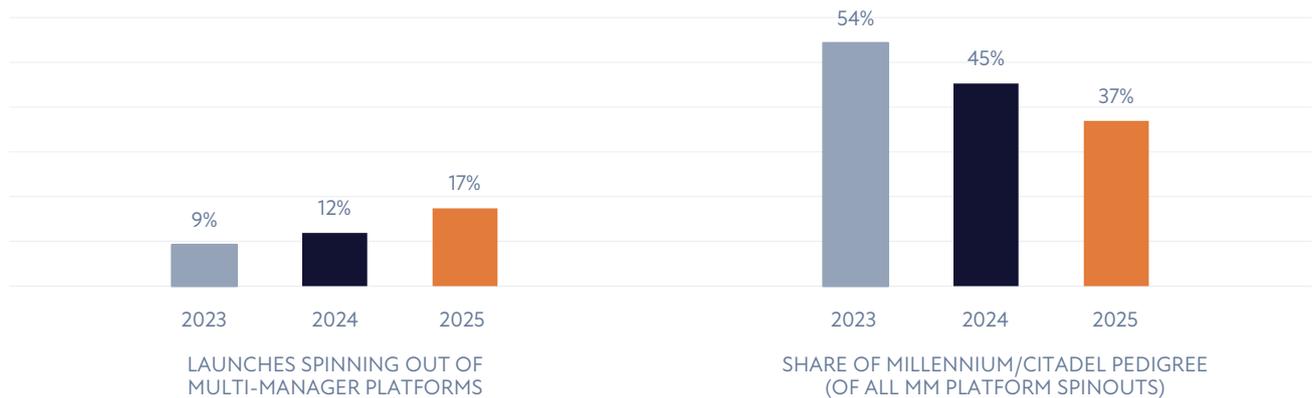
The “platform alumni” pipeline meaningfully accelerated in 2025 – and it remained heavily concentrated in a few brand names. In our dataset, 17% of new launches were directly spun out of a major pod / multi-manager platform in 2025.

This represents a clear, multi-year step change rather than noise. It is worth emphasizing that our dataset captures only managers coming directly off a platform (i.e., their most recent stop prior to launching). If we broadened the lens to include launches in which the team has any prior experience at a multi-manager platform, the share would be meaningfully higher.

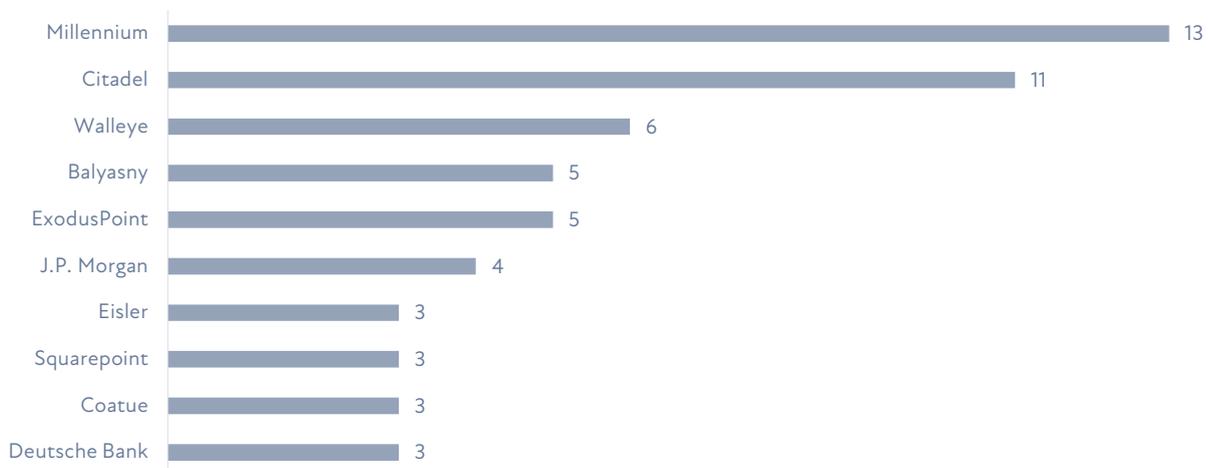
Importantly, the flow remains top-heavy. Millennium and Citadel alone accounted for over one-third of platform-linked launches. At the same time, many others contributed meaningful volume in 2025 – led by Walleye, Balyasny, ExodusPoint, Eisler, and Squarepoint – which has helped reduce concentration in Millennium/Citadel pedigrees over time. As it applies to Eisler, their closure has led to the increased diaspora and we’d expect more Eisler-pedigreed launches in 2026.

Major pod / multi-manager platforms included in this calculation: Balyasny, BlueCrest, Brummer, Citadel, D.E. Shaw, Eisler, ExodusPoint, LMR, Man GLG, Millennium, Paloma, Point72, Schonfeld, Squarepoint, Tudor, Two Sigma, Verition, Visium, Walleye, Woodline, and WorldQuant.

YOY COMPARISONS



2025 LAUNCH PEDIGREES (BY COUNT)



Methodology note: For “pedigree” data, we only considered the key investment principal’s last employer if the investment manager had a singular decision-making process. For firms with co/multi-CIO decision making structures, we considered the last employer for each of the key decision makers.

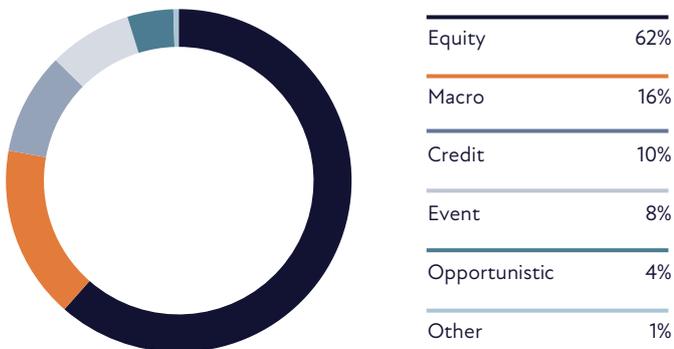
INVESTMENT STRATEGY TRENDS

NEW LAUNCHES BY STRATEGY CLASSIFICATION

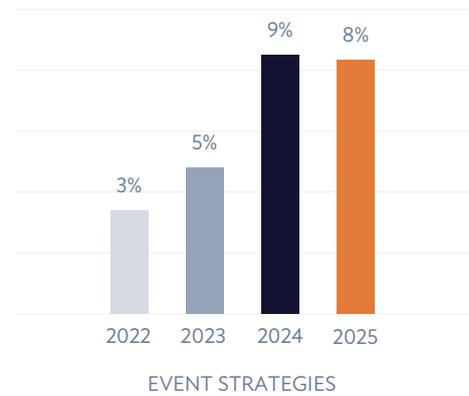
Equity-focused strategies extended their multi-year climb and reached a new high in 2025. In our dataset, equity-focused hedge funds accounted for 62% of all hedge fund launches. This is the most equity-dominant year in our 2019–2025 dataset, and it likely reflects a familiar set of LP preferences: (i) Comfort with equity as a core return engine, (ii) customization across the risk spectrum (from long-only to market-neutral implementations), (iii) structural ease (including the ability to launch at small scale and/or via SMAs), and (iv) liquidity relative to many alternative exposures.

Beneath that headline, the more cycle-sensitive buckets remained active but rotated. Event-driven strategies stayed elevated relative to the 2019–2023 levels. The persistence of these launches aligns with a backdrop of renewed corporate activity in 2025 (even if headline deal counts remain inconsistent), which tends to expand the opportunity set for merger arbitrage and broader event books.

BREAKOUT BY STRATEGY (2025)



YOY COMPARISON

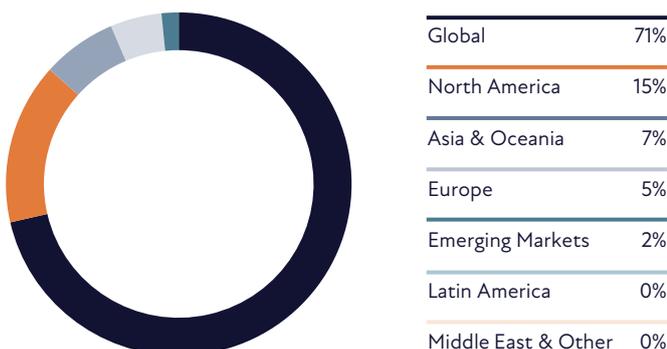


Methodology note: Percentages reflect composition of all new launches for the periods defined above. Strategy classifications are our own.

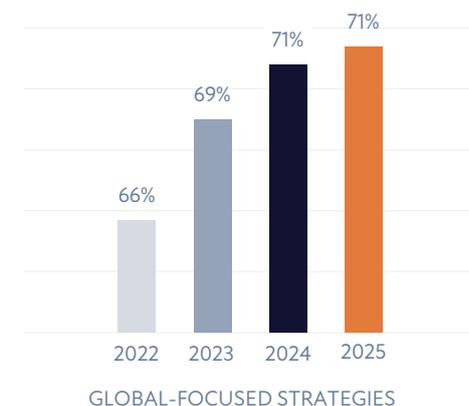
NEW LAUNCHES BY REGIONAL FOCUS (ALL STRATEGIES)

Manager mandates remained overwhelmingly flexible. Global-focused strategies represented 71% of new launches in 2025, once again a new high in the dataset. This reinforces the “maximum opportunity set” posture we referenced last year and suggests that even where managers have strong geographic conviction, many are still choosing to express it inside global mandates rather than dedicated regional vehicles.

BREAKOUT BY GEOGRAPHICAL FOCUS (2025)



YOY COMPARISON



Methodology note: Percentages reflect composition of all new launches for the periods defined above. Regional classifications are our own. If a manager focuses on more than one region, or does not have a specific regional focus, they are considered global.

QUANTITATIVE & SYSTEMATIC STRATEGIES

Quantitative- or systematic-centric strategies increased again in 2025 to 21%. This is directionally consistent with broader industry commentary that AI / systematic tooling is becoming more ubiquitous in hedge fund workflows and, increasingly, investment processes. In fact, we've seen a clear uptick in the number of launches that specifically cite "AI" or "Machine Learning" in the executive summary of their strategy descriptor over the last three years: 1.9% (2023) → 4.0% (2024) → 5.9% (2025). It also warrants an update to a view we expressed previously: while AI may still raise barriers at the frontier by advantaging scale, data, and infrastructure, the launch data suggests a parallel effect – tools are now accessible enough that more teams can credibly market themselves as "systematic," even if true, durable edge remains concentrated and differentiation becomes harder.

Methodology note: Percentages reflect composition of all new launches for the periods defined above. For fund and strategy attributes, we rely largely on a manager descriptions and cannot necessarily attest to the veracity of such qualities that are often self-defined.

YoY COMPARISON

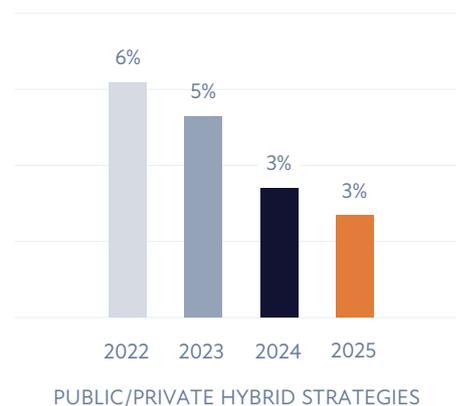


HYBRID STRATEGIES & STRUCTURES

The percentage of launches incorporating a public/private hybrid model continued to fade in 2025, generally tracking the fundraising trends observed in private market strategies. As private market distributions dried up (even if conditions may be improving at the margin), LP sensitivity to liquidity in their hedge fund portfolio has snapped higher. All else equal, that's a tougher backdrop for "hybrid" structures that tend to require longer-duration capital.

Methodology note: Percentages reflect composition of all new launches for the periods defined above. For fund and strategy attributes, we rely largely on a manager descriptions and cannot necessarily attest to the veracity of such qualities that are often self-defined.

YoY COMPARISON



CONCLUSION

The 2025 new launch landscape reinforces that the industry has settled into a post-2021 "new normal" on volume, while the underlying composition continues to evolve quickly. Equity-focused launches remain the dominant style, systematic approaches are increasingly pervasive, and the multi-manager platform ecosystem continues to grow as one of the industry's primary talent incubators. At the same time, the market is sending a clear structural signal: liquidity and ability to implement matter. That shows up in the continued fade of public/private hybrids and in the preference for strategies that can be launched at small scale, expressed via SMAs, and scaled without sacrificing transparency or terms.

Launch volumes may be lower than the prior cycle, but the sophistication of new entrants remains high – and the opportunity set for experienced allocators remains compelling. In a world where talent is increasingly trained inside platforms and tools are broadly available, the scarce resource is not access to managers; it is the ability to underwrite true differentiation, structure partnerships thoughtfully, and help scale the next generation of durable franchises.

METHODOLOGY

A few words on methodology: We believe the hedge fund industry suffers from an over-reliance on “bucketing,” and we are generally loath to do it ourselves. While we believe each hedge fund firm is unique, for this study we created rules to standardize and track the hedge fund characteristics we felt were interesting and relevant. Throughout this study, we included notes on the assumptions and methodologies utilized.

The data set utilized is proprietary and compiled from internal analysis, various news outlets, prime brokerage reporting, and other sources. We include all launches (including attempted launches) that were known to Borealis – referred to throughout as “New Launches” – and is not necessarily a complete summary of all launches throughout the industry.

Launch year “vintage” refers to the launch or attempted launch of a new hedge fund firm (and specifically the start of a live performance track record). Fund managers who attempted to launch a fund, but did not succeed, are still included in this study and their vintage year refers to the most recent targeted launch year, which may shift in later reports. The data presented are as of December 22, 2025.

Percentages are rounded and some totals may not sum to 100% due to rounding.

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