

31 July 2026

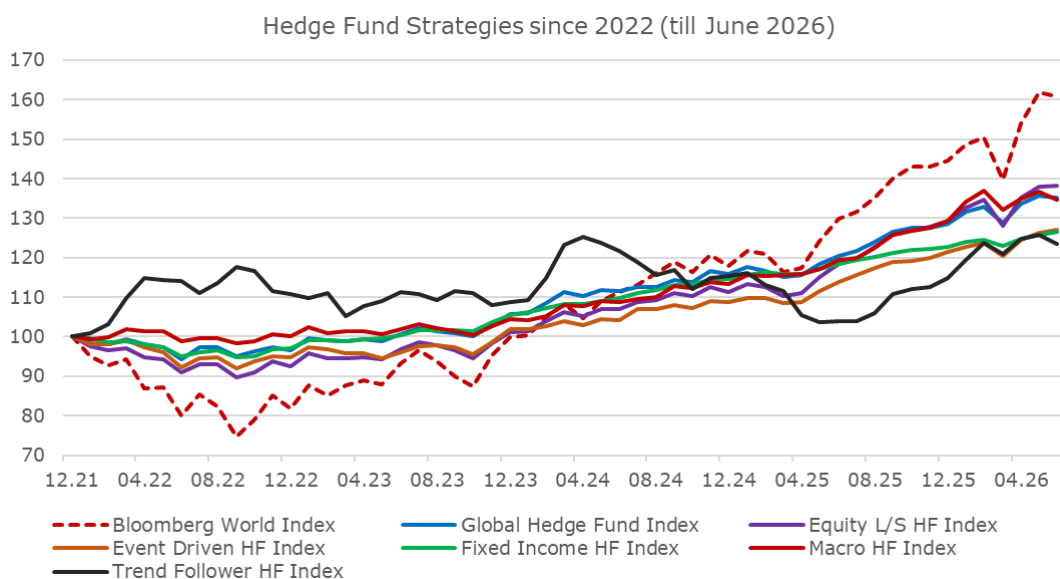
Hedge Fund Outlook H2 2026

1 Hedge Fund Review H1 2026

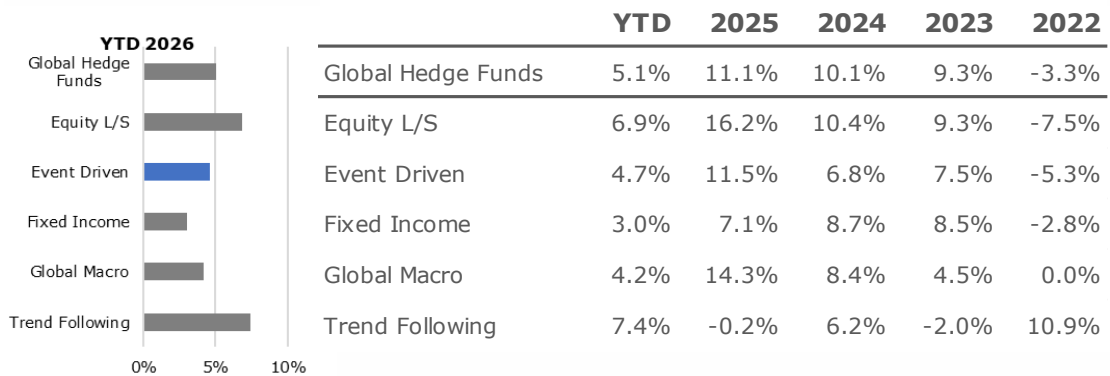
The broad hedge fund index gained +5.0% YTD 2026 (With Intelligence Hedge Fund Index as per 30 June, 2026), while traditional asset classes also ended the period in positive territory: equities advanced +9.6% (MSCI World), and investment-grade bonds returned +1.2% (Bloomberg Global Aggregate Total Return Index Hedged).

During the first months of the year, most hedge fund strategies generated solid gains, supported by rising global equity markets and a constructive investor environment. Equity Long/Short managers led performance rankings, delivering strong returns through successful stock selection, with Asia-focused funds among the strongest performers. CTAs (Trend Followers) and Macro funds benefited from pronounced trends across equities, currencies, precious metals, and commodities.

Chart I: Hedge Fund Strategies



(Source: AlpinumIM, With Intelligence)

Chart II: Performance of Main Strategies (YTD = June 2026)

(Source: AlpinumIM, With Intelligence, data as per end of June 2026)

2 March Correction and Strong Rebound Thereafter

March saw a significant market sell-off. The escalation of tensions in the Middle East triggered a global risk-off environment and made the month the most challenging for hedge funds since the onset of the pandemic in 2020. While the MSCI World corrected by more than 9% between 25 February and 30 March, the volatility index (CBOE VIX) surged from 17.9 to 30.6 over the same period. This level had last been reached in April 2025 following President Trump's tariff announcements.

Hedge funds could not fully escape the broad market correction; however, they navigated this period with significantly lower volatility than traditional markets. Most strategies posted losses in March, with Equity Long/Short, Macro, and Multi-Strategy funds experiencing the largest declines. CTAs (Trend Followers), by contrast, proved comparatively resilient due to their positioning in energy markets and their disciplined risk management.

April brought a strong rebound. Easing geopolitical tensions and renewed enthusiasm for AI-related technology and semiconductor stocks led to a significant recovery in global equity markets. Long/Short managers were at the forefront of the rally, while Event Driven, Credit, Macro, and CTA strategies also returned to positive performance, benefiting from improved market sentiment and a revival in corporate activity.

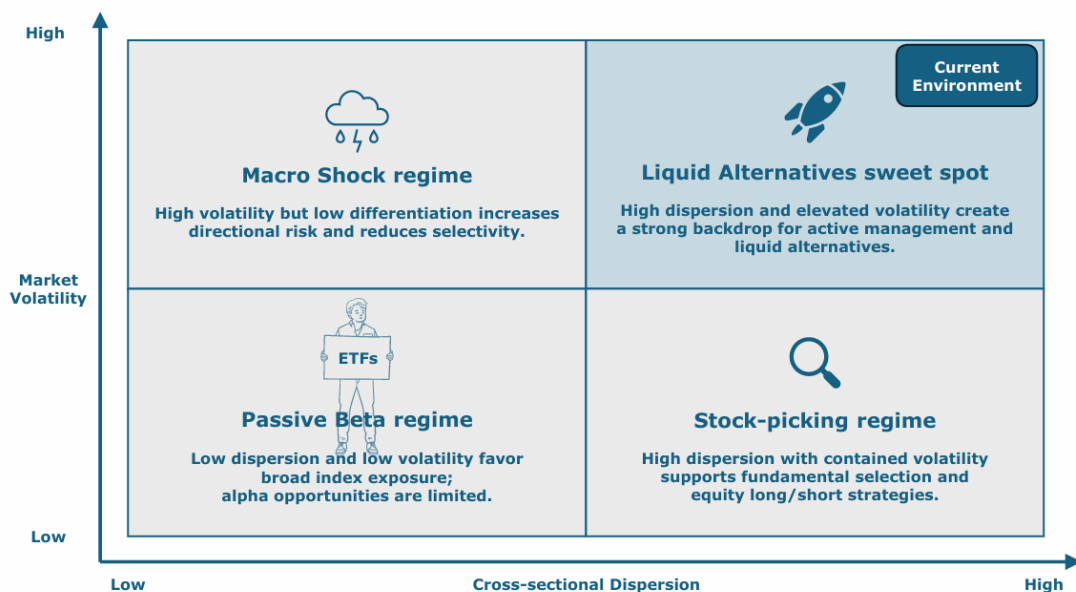
3 Outlook: Hedge Fund Strategies

The global economy remains on track despite the turmoil in the Middle East and higher energy costs. Inflation expectations continue to be closely linked to the evolution of oil prices and the status of U.S. negotiations with Iran. However, markets have looked through the conflict for some time and are increasingly recognizing the risk that part of the current inflation may become entrenched, driven not only by temporary supply constraints but also by the structural consequences of geopolitical realignment.

At the same time, we continue to expect a relatively resilient economy that could even gain momentum over the course of the year. This creates additional demand-side inflationary pressure and is likely to keep interest rates sustainably above pre-Iran-conflict levels. Meanwhile, the AI boom remains the dominant theme in equity markets. Technology, infrastructure, and semiconductor companies continue to lead broader market performance. Rising AI-related investments and productivity gains position artificial intelligence as both a catalyst for growth and a disruptor of existing business models and profit pools.

The global market environment is increasingly characterized by structural inflationary pressures, robust nominal growth, and a “higher-for-longer” interest-rate regime. At the same time, AI-driven investments, fiscal stimulus, and geopolitical shifts continue to widen the gap between winners and losers.

Chart III: Dispersion and Volatility as Drivers of Alpha Opportunities



The current environment of elevated dispersion combined with higher volatility creates an attractive backdrop for active investment strategies and liquid alternatives, as illustrated in Chart III. In contrast to passive beta strategies, the significant return differentials between sectors, companies, and asset classes create a broad range of alpha opportunities.

Against this backdrop, Long/Short and Relative Value strategies are particularly well positioned to benefit from market inefficiencies and elevated dispersion while enhancing portfolio resilience in an environment shaped by inflation, higher interest rates, and geopolitical risks.

Another notable feature is the growing disconnect between moderate real economic growth and strong capital market performance, supported by fiscal spending, AI investment, and structural liquidity. The current environment increasingly resembles an “inflation boom”: nominal growth remains robust while real economic growth is only moderate. At the same time, inflation pressure remains persistently elevated, reinforcing a “higher rates for longer” environment.

This represents a fundamental departure from the low-interest-rate regime that characterized the previous decade. Consequently, the primary downside macroeconomic scenario is not a severe recession, but rather stagflation resulting from geopolitical escalation or persistently elevated energy prices.

Chart IV: Strategy Weightings

	Underweight		Neutral	Overweight	
	heavily	slightly		slightly	heavily
Global Hedge Funds					
Equity Long Short				→	
Event Driven					
Credit Fixed Income					
Global Macro					
Trend Following					

We have upgraded our allocation to the Equity Long/Short hedge fund strategy. An environment characterized by high dispersion offers attractive alpha opportunities, particularly for Long/Short and market-neutral strategies that benefit from valuation differences among individual securities.

Equity Long/Short managers have delivered a strong year despite the March correction, supported by successful stock selection and positive developments in Asia, Europe, and emerging markets. The recovery since April has not been limited to AI and semiconductor stocks. Other sector specialists, for example in energy transition and banking, have also generated above-average results.

While we do not expect a straight-line trend, we currently see no signs of declining dispersion. In a reflationary environment, equity-focused strategies should continue to offer attractive opportunities.

Credit and Fixed Income hedge funds generated solid, albeit moderate, returns and proved more resilient than many other strategies during the March correction. Many managers used market volatility to reposition portfolios and are increasingly benefiting from the opportunities that emerged. Particularly in structured credit, highly attractive dislocations remain available in both the U.S. and European markets.

Event Driven strategies performed well but lagged stronger-trending hedge fund strategies. Lower M&A activity and risk aversion during March weighed on performance. For the second half of the year, we expect improving conditions driven by increasing mergers and acquisitions, restructurings, and activist campaigns.

Macro strategies remain well positioned to benefit from uncertainty surrounding inflation, interest rates, and geopolitical developments. Diverging monetary policy paths and elevated volatility should continue to create compelling trading opportunities.

CTAs should continue to benefit from trends across commodities, currencies, and interest rates throughout the remainder of the year, particularly if geopolitical risks and diverging central bank policies keep volatility elevated. However, in an environment of declining volatility and directionless markets, the return potential of trend-following strategies is likely to diminish

Disclaimer

This is an advertising document. This document does not constitute an offer to anyone, or a solicitation by anyone, to make any investments in securities. Such an offer will only be made by means of a personal, confidential memorandum. This document is for the intended recipient only and may not be transmitted or distributed to third parties.

Past performance is not a guide to future performance and may not be repeated. You should remember that the value of investments can go down as well as up and is not guaranteed. The actual performance realized by any given investor depends on, among other things, currency fluctuations, the investment strategy invested into and the classes of interests subscribed for the period during which such interests are held. Emerging markets refer to the markets in countries that possess one or more characteristics such as certain degrees of political instability, relative unpredictability in financial markets and economic growth patterns, a financial market that is still at the development stage, or a weak economy. Respective investments may carry enhanced risks and should only be considered by sophisticated investors.

Nothing contained in this document constitutes financial, legal, tax, investment or other advice, nor should any investment or any other decisions be made solely based on this document. Although all information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, no representation or warranty, express or implied, is made as to its accuracy or completeness and no liability is accepted for any direct or indirect damages resulting from or arising out of the use of this information. All information, as well as any prices indicated, is subject to change without notice. Any information on asset classes, asset allocations and investment instruments is only indicative. Before entering into any transaction, investors should consider the suitability of the transaction to their own individual circumstances and objectives. We strongly suggest that you consult your independent advisors in relation to any legal, tax, accounting and regulatory issues before making any investments. This publication may contain information obtained from third parties, including but not limited to rating agencies such as Standard & Poor's, Moody's and Fitch. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third party. Alpinum Investment Management AG and the third-party providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and will not be responsible for any errors or omissions (negligent or otherwise), or for the results obtained from the use of such content. Third-party data is owned by the applicable third parties and provided for your internal use only. Such data may not be reproduced or re-disseminated and may not be used to create any financial instruments or products, or any indices. Such data is provided without any warranties of any kind.

If you have any enquiries concerning the document, please contact your Alpinum Investment Management AG contact for further information. The document is not directed to any person in any jurisdiction which is prohibited by law to access such information. All information is subject to copyright with all rights reserved. Any communication with Alpinum Investment Management AG may be recorded.

Alpinum Investment Management AG is incorporated in Switzerland and is FINMA licensed and regulated.

July 2026

Contact Information:

Alpinum Investment Management AG
Talstrasse 82
CH-8001 Zurich
Tel: +41 43 888 79 33
Fax: +41 43 888 79 31
alpinumim.com