Lupus alpha

Press release

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Liquid Alternatives upswing gains momentum

Market volume reaches record high – return clearly positive again

- **Liquid Alternative funds attract net inflows of EUR 21.5 billion in the first half of the year**
- **This already exceeds 80% of total net inflows for 2025**
- **Market volume climbs to a record EUR 296.4 billion**
- **Funds achieve an average return of 4.16%**

Liquid Alternative strategies within a UCITS wrapper managed more capital in the first half of 2026 than ever before: with a market volume of EUR 296.4 billion, the asset class exceeded its previous record high from 2019 (EUR 274.3 billion) for the first time. Compared to the end of 2025, this represents an increase of EUR 37.5 billion, or 14.5%. This development was driven by sustained strong net inflows and solid performance. For the first time since 2022, the number of funds also grew again, rising by 14 to 727. This is the result of the semi-annual Liquid Alternatives study conducted by Lupus alpha, based on data from research firm LSEG Lipper.

"The asset class's exceptionally strong growth shows that investors once again regard liquid alternative strategies as a firm component of their strategic asset allocation," says **Ralf Lochmüller, founding partner and CEO of Lupus alpha.** "In a more challenging market environment, demand is rising for strategies that combine diversification, risk control and independent sources of return."

The segment received net inflows of EUR 21.5 billion in the first half of 2026, already exceeding 80% of the entire prior year's net inflows. The upswing reached almost the entire segment: 13 of the 15 strategies examined recorded net inflows. Absolute Return Bond was particularly sought-after, attracting net inflows of EUR 8.7 billion. Equity-related strategies such as Alternative Long/Short Equity, Alternative Equity Market Neutral and Alternative Multi Strategies also benefited strongly from continued rising investor demand. Around 60% of net inflows and 50% of market volume were attributable to institutional share classes. The strategies Absolute Return Bond and Alternative Credit Focus together now account for 31.4% of total market volume, underscoring the central role of defensive bond strategies within the asset class.

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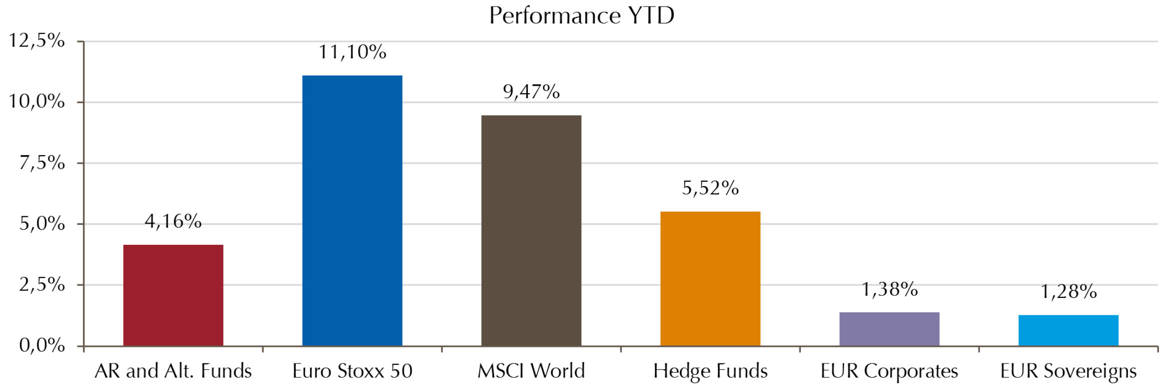
Performance also impressed in the first half of the year. Following a mixed prior year, Liquid Alternatives achieved an average return across all funds of 4.16% by the end of June 2026. The asset class thus once again positioned itself in its classic role between equities and bonds.



"These figures show that Liquid Alternatives have returned to their traditional role," says **Michael Lichter, Head of Product Management at Lupus alpha.** "They do not deliver an equity-substitute return, but their own distinct risk-return profile. Careful selection of strategies and funds is crucial here, as return dispersion within individual categories is considerable."

The segment also confirms its contribution to portfolio stabilization over longer time horizons. Over three years, Liquid Alternatives achieved an annualized return of 6.40%, and 5.08% over five years. At the same time, risk remained manageable: in the first half of the year, average maximum losses for 11 of the 15 strategies were clearly below the maximum drawdown of the MSCI World, EUR-hedged (-8.5%). Given the limited diversification benefits of traditional asset classes, demand for robust, flexibly deployable Liquid Alternatives strategies is likely to remain high.

The whitepaper on the Liquid Alternatives study contains further detailed data, including a breakdown of the performance, fund flows and risk indicators of the individual strategies.

About Lupus alpha: As an owner-managed, independent asset management firm, Lupus alpha has been synonymous with innovative, specialized investment solutions for 25 years. Lupus alpha is a pioneer in European small- and mid-cap investing in Germany and is one of the leading providers of volatility and capital preservation strategies, as well as collateralized loan obligations (CLOs). The specialized product range is rounded out by global convertible bond strategies and risk overlay solutions for institutional portfolios. The company manages around €15 billion in assets for institutional and wholesale investors. For more information, visit www.lupusalpha.com.