

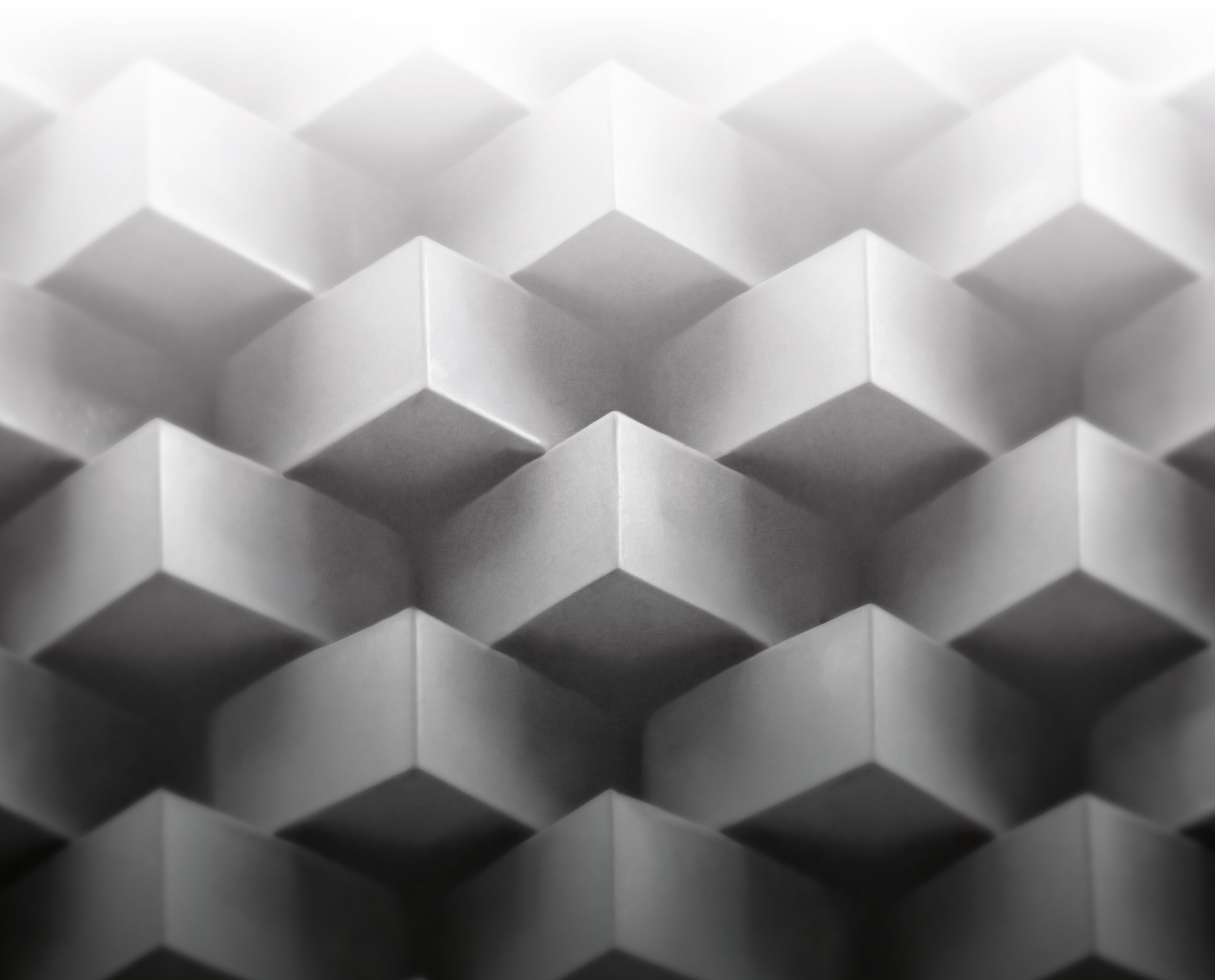


MAREX 

Emerging Manager Survey 2026

The next generation of hedge fund managers

# STACKING **UP**



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# EXECUTIVE SUMMARY

**We are pleased to present the fifth research paper in our series on the emerging hedge fund universe.**

In the first half of this year, AIMA and Marex Prime Services conducted research into the next generation hedge fund landscape through complementary surveys of hedge fund managers and investors allocating to these firms. Compared with previous years, this year's report expands the scope of the findings to include firms managing between \$500m and \$1bn in assets under management (AUM) demonstrating the continued evolution and institutionalisation of the emerging manager landscape.

The report examines key trends from both the manager and investor perspectives, including fund fees, operational costs, fundraising timelines, allocator preferences, operational due diligence expectations, as well as the growing influence of artificial intelligence and separately managed accounts (SMAs).

The report also includes a dedicated breakout analysis covering sub-\$100m managers (see page 22). This section explores how firms in the smallest AUM tier are adapting to a more institutional and competitive environment through earlier investment in infrastructure, increasing use of technology, evolving approaches to capital formation, and greater alignment with investors.

The report is divided into two main sections – part one focuses on findings relating to the main flagship funds managed by the relevant firms, while part two examines broader firm-level observations. Where relevant, time-series analysis has been included to illustrate how industry dynamics and survey responses have evolved over time.

We trust that you will find this report useful.

# DEMOGRAPHICS

## Methodology

This year's report is derived from the findings of two surveys, a hedge fund manager survey which received 180 responses and an investor survey which received 50 responses from allocators investing in the next-generation hedge fund managers.

The average 'data points' presented in this report are weighted averages derived using midpoint analysis.

Of the hedge fund manager respondents, 85% represented firms managing up to \$500m in assets under management while the remaining 15% represented firms managing between \$500m and \$1bn.

Where relevant, the analysis has been segmented across four AUM sub-groups: firms managing less than \$100m, between \$101m and \$249m, between \$250m and \$499m and between \$500m and \$1bn.

For clarity, we have rounded numbers in charts to whole numbers. In some instances, this has resulted in charts adding to just under or just over 100%.

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# MANAGERS

In terms of region, respondent managers were fairly broadly split between North America (29%), the UK (27%), and Asia-Pacific (26%). Average manager AUM has increased to \$233.7m in this year's survey.

**180**  
respondents

**\$42.1bn**  
aggregate AUM  
approx

**\$233.7m**  
average AUM  
per manager

Fig 1 – Average manager AUM (\$m)

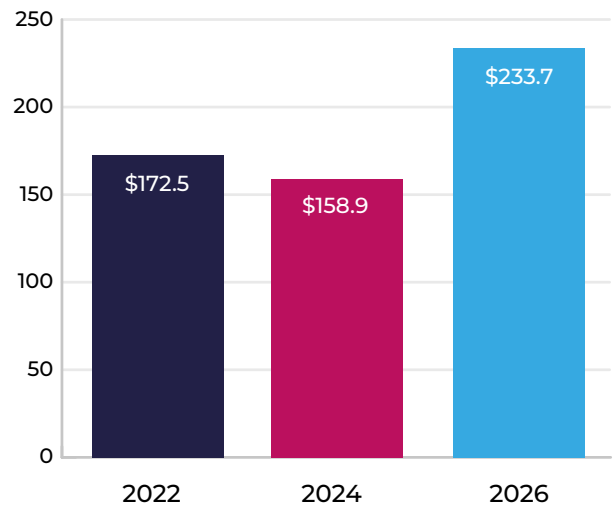
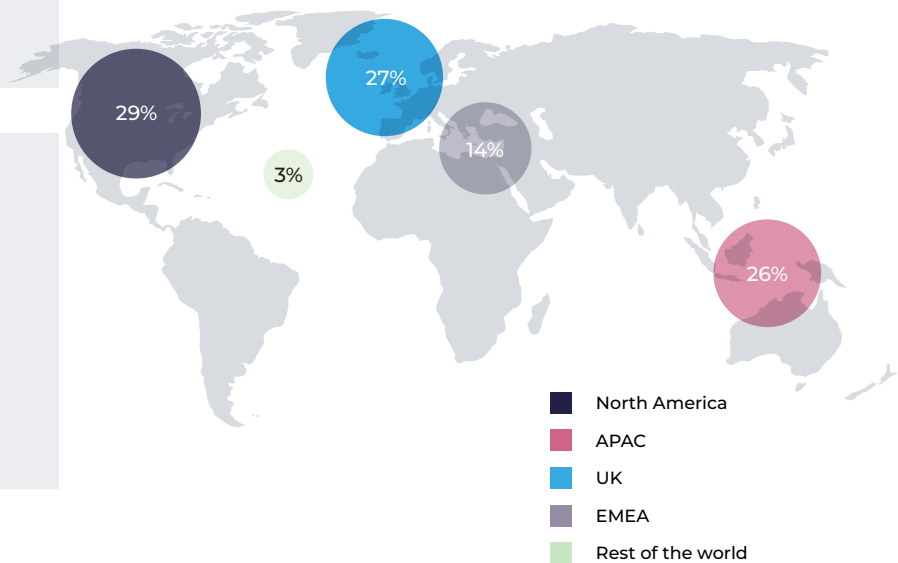


Fig 2 – Geographical breakdown of manager respondents



# INVESTORS

North America remains the dominant source of hedge fund allocations and new capital commitments. This is reflected in the survey-sample with almost 60% of investor respondents based in the region.

50  
respondents

>\$429bn  
total assets under  
management

30%  
proportion that allocate  
\$1bn+  
to hedge funds

Fig 3 – What best describes you as an investor?

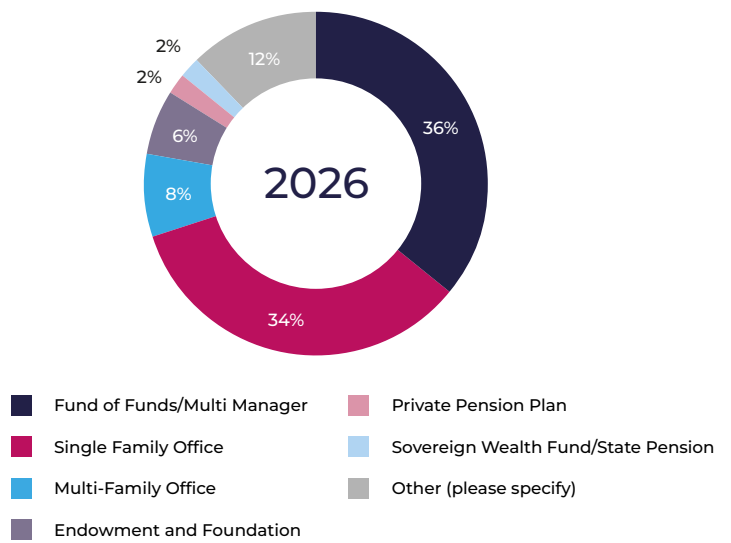
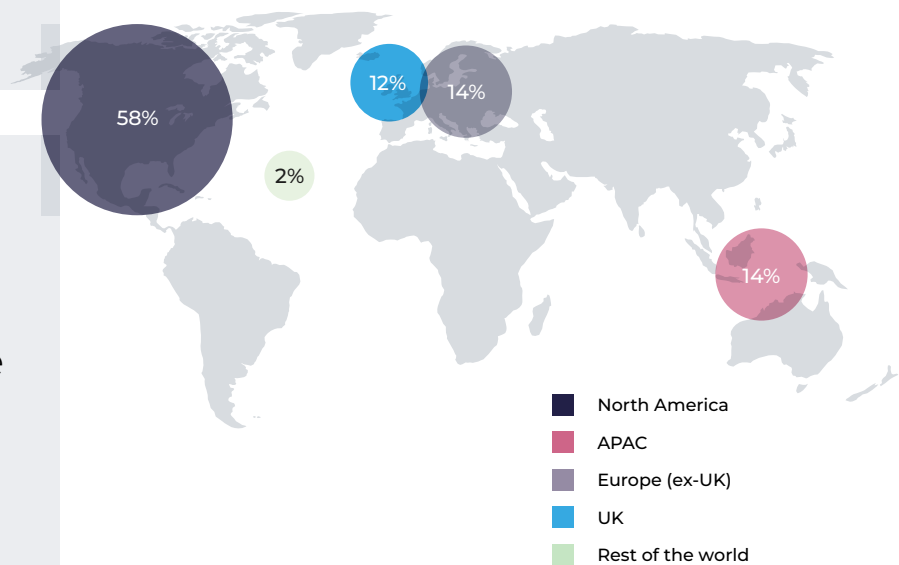


Fig 4 – Where is the head office of your investment plan located?



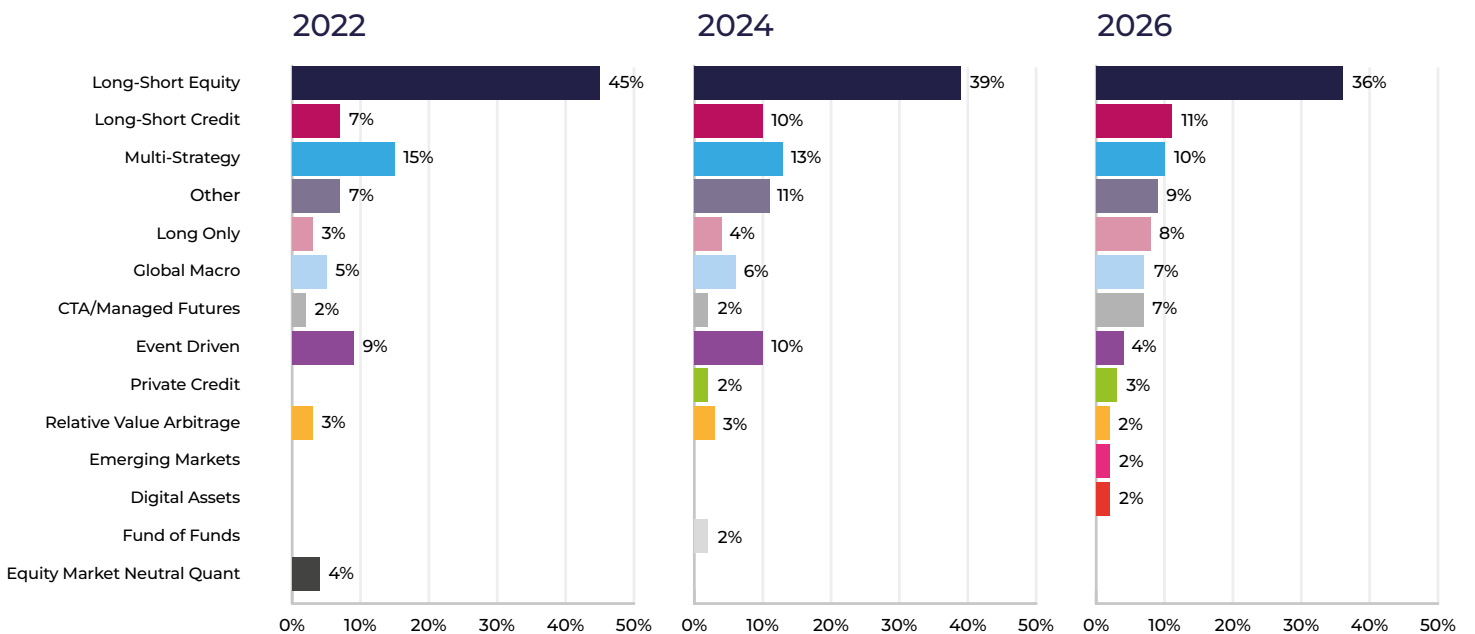
# STRATEGY BREAKDOWN

## Managers

Long-short equity is the most-represented strategy among respondents, at 36%, though this has fallen from higher levels in 2022 (45%) and 2024 (39%). Multi-strategy also slipped from 2024, though by just three percentage points, to 10%, and continues to remain popular. The prominence of long-short equity and multi-strategy reflects broader industry trends this decade.

Long-short equity was the hedge fund industry's foundational strategy. But multi-strategy has been the key engine of sectoral growth in recent years (comprising both "pod-shops" and firms running products which combine multiple strategies in a single product). CTA / managed futures, long-only and private credit are all more represented since the 2024 survey.

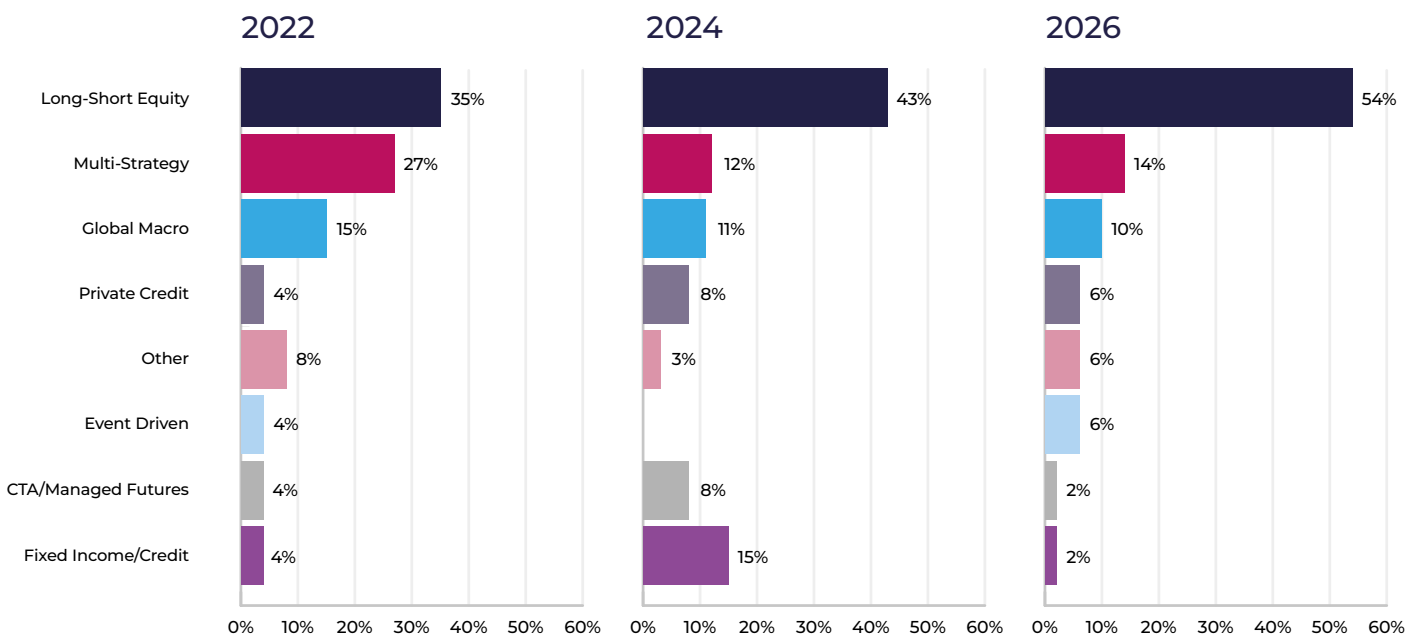
Fig 5 – What is the primary hedge fund strategy of your firm?



## Investors

The survey revealed a strong investor preference for long-short equity, which was the top choice for more than half (54%) of the respondents, up from 43% last time and 35% in 2022. This was followed by multi-strategy, up from 12% to 14%, still a relatively modest amount; and global macro, chosen by 10%, was third.

Fig 6 – What hedge fund strategies were most prominent in your investment allocations?



# 1

## FLAGSHIP FUND

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# FUND MATURITY

The average age of respondent firms has increased. Only 13% of respondents launched their main (flagship) funds within the past 12 months, and almost half (44%, up from 37% in 2024), launched more than five years ago.

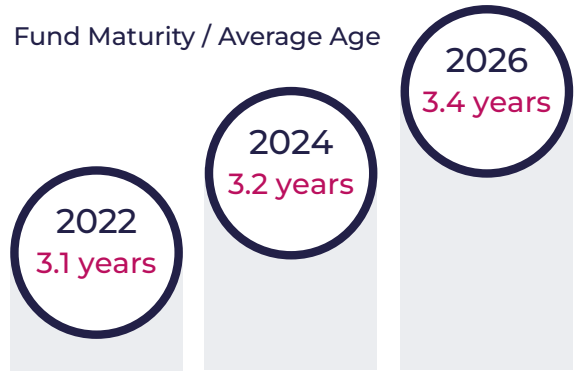
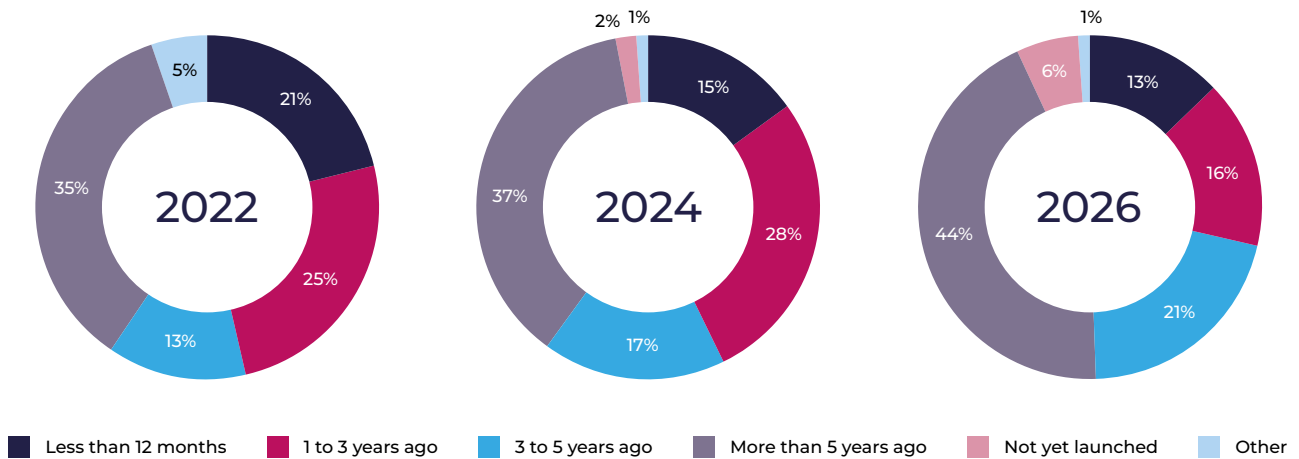


Fig 7 – When did you launch your flagship fund?



There are bright spots within the dataset. One of the clearest themes to emerge from this year’s findings is the declining share of managers remaining below the \$100m AUM threshold for more than five years. This could indicate an environment in which smaller and earlier-stage funds are scaling more efficiently, supported by investors’ increasing willingness to allocate capital earlier in a manager’s lifecycle.

While still a relatively modest level of AUM, the proportion of funds taking more than five years to surpass the \$100m mark has fallen from 56% in 2024 to 28% in 2026.

Fig 8 – Maturity of funds launched more than 5 years ago with an AUM of less than \$100m

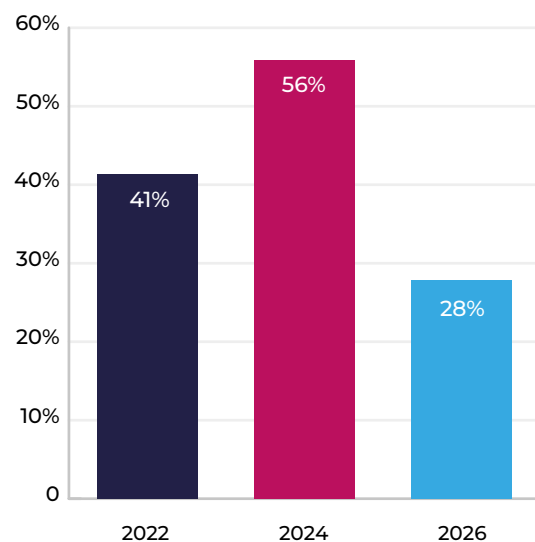
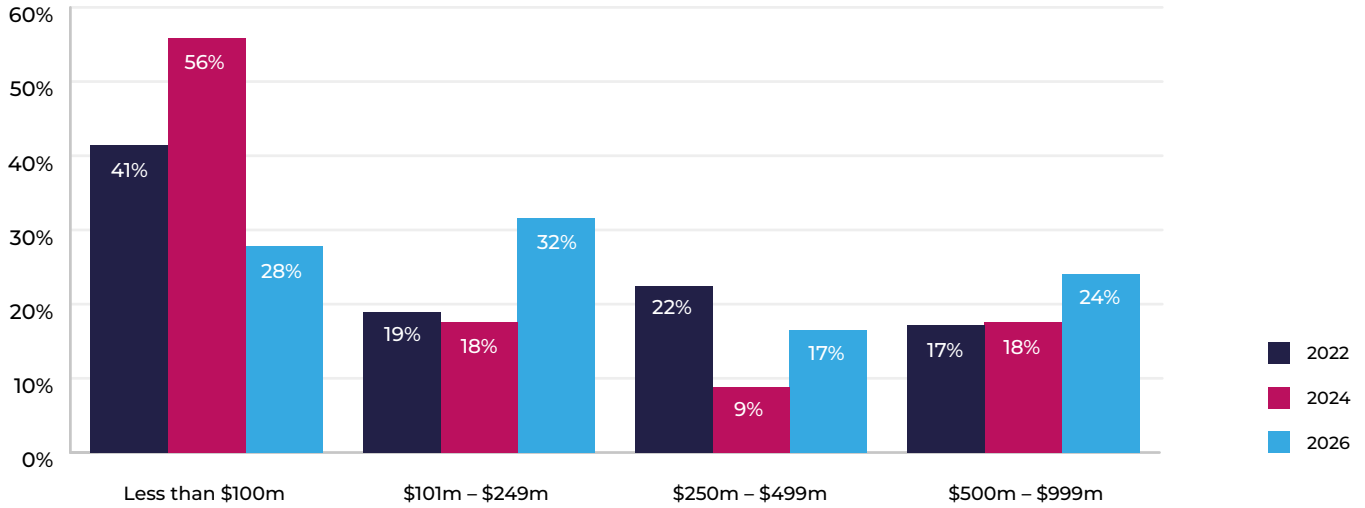
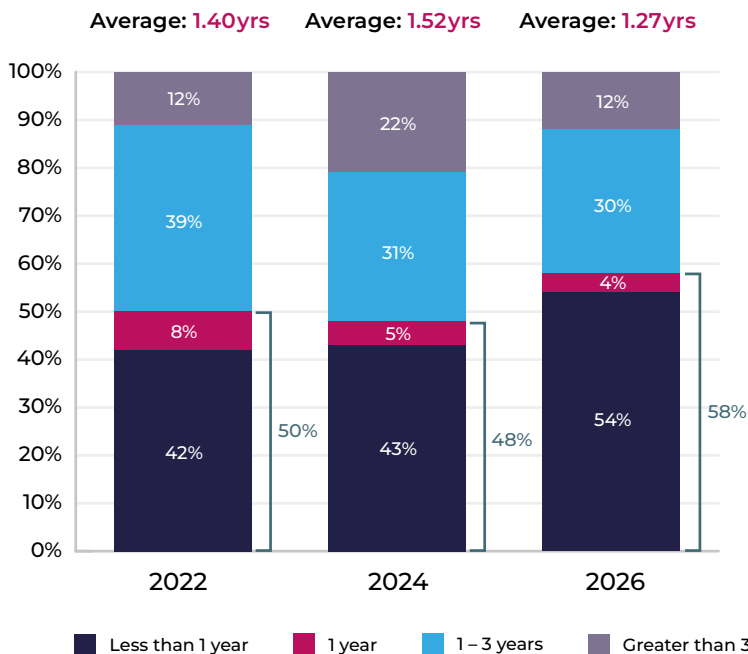


Fig 9 – Funds 5+ yrs old and remaining within each AUM bracket



# ALLOCATOR TRACK RECORD REQUIREMENTS

Fig 10 – How long a track record do you need the flagship fund to have when evaluating it for investment?

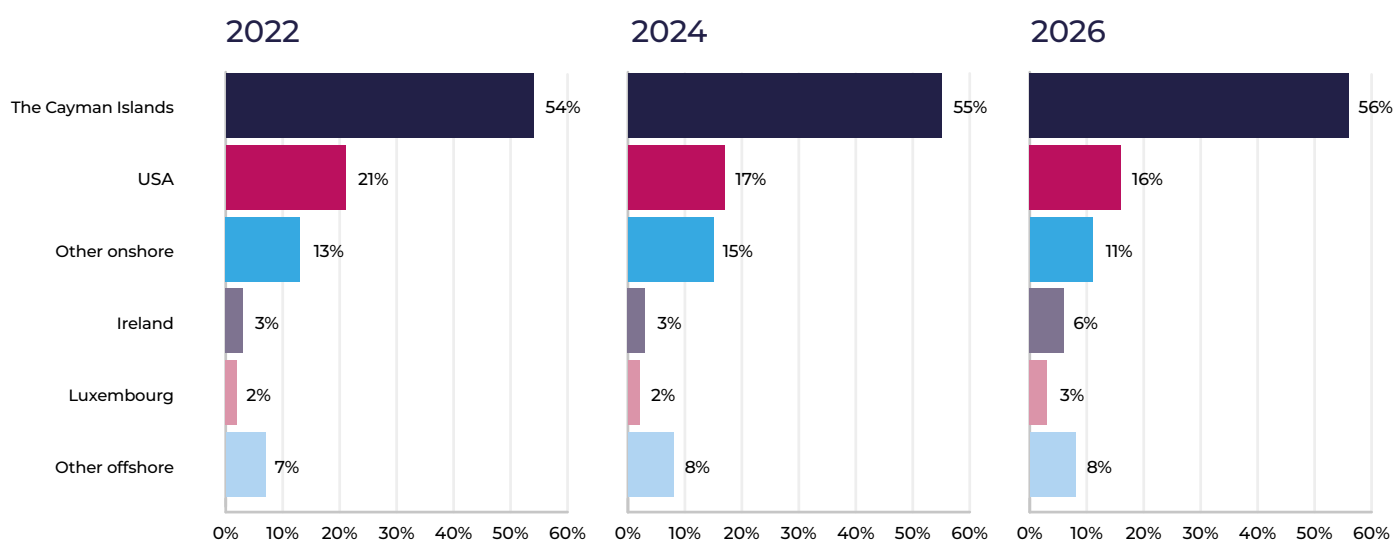


The average track record required by investors reduced from 1.52 years in the 2024 survey to 1.27 years this time around, a hopeful sign for emerging managers despite the reality on the ground that building a fund commingled vehicle is usually a slow process. Almost three-fifths of the investors (58%) are now willing to consider a flagship fund with one year (or less) of history.

Funds of funds / multi-managers were most likely to consider funds with less than a year of track record (61%), perhaps reflecting their deeper familiarity with the sector and greater comfort assessing a broader range of factors beyond performance history alone. This can also be attributed to the increasingly institutional nature of emerging managers at an earlier stage.

# FUND DOMICILE

Fig 11 – Where is your flagship fund domiciled?



The Cayman Islands and the US remain the dominant two domiciles, home to a combined 72% of new flagship funds in 2026 – unchanged from the 2024 survey.

One notable shift in domicile preference emerged with Ireland increasing its share slightly as a chosen location for flagship funds, from 3% in 2024 to 6% in 2026. Luxembourg moves from 2% to 3%. These moves, though small, suggest emerging managers may be increasingly looking toward EU-regulated frameworks to capture institutional interest.

Since our initial report on emerging managers in 2017, Cayman has consistently been a preferred location for small and emerging managers, in line with the established industry, with over half of the surveyed fund managers choosing it for their flagship fund.

For Investors, the preference for offshore funds is declining (68% in 2024 vs 54% in 2026). In its place, onshore (ex-UCITS) structures (up to 28%) and managed accounts (SMAs) (up to 14%) are gaining traction. The larger the allocator is in terms of its hedge fund commitments, the more likely it is to favour Cayman funds.

Fig 12 – Which hedge fund structure do you predominantly allocate to? (Multiple choice)

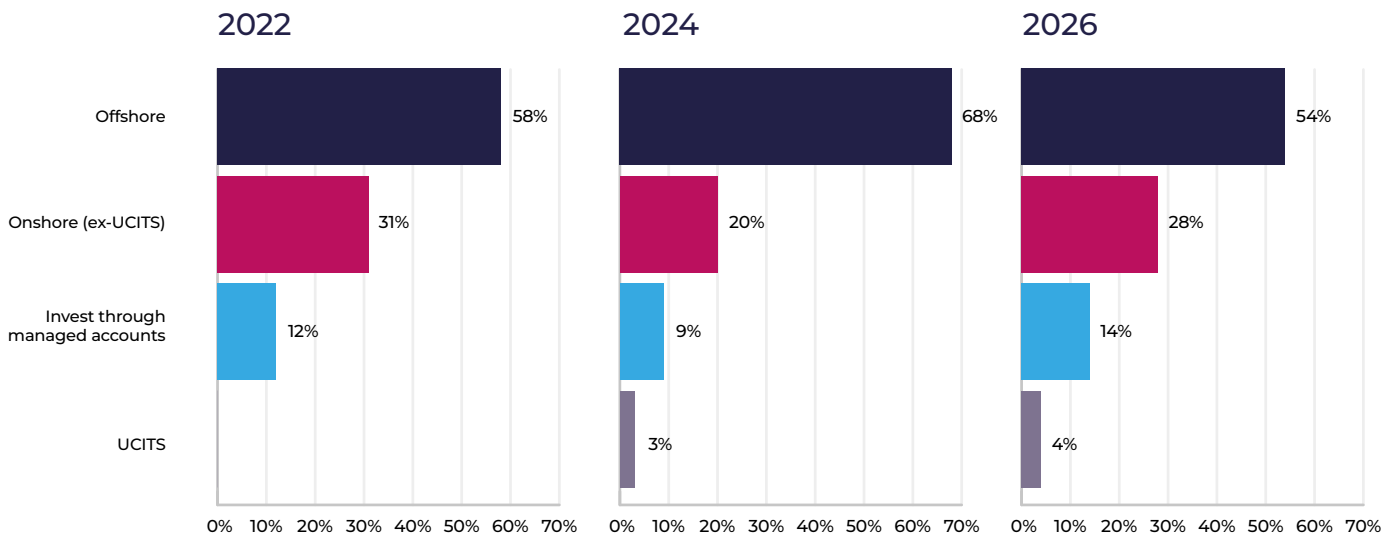
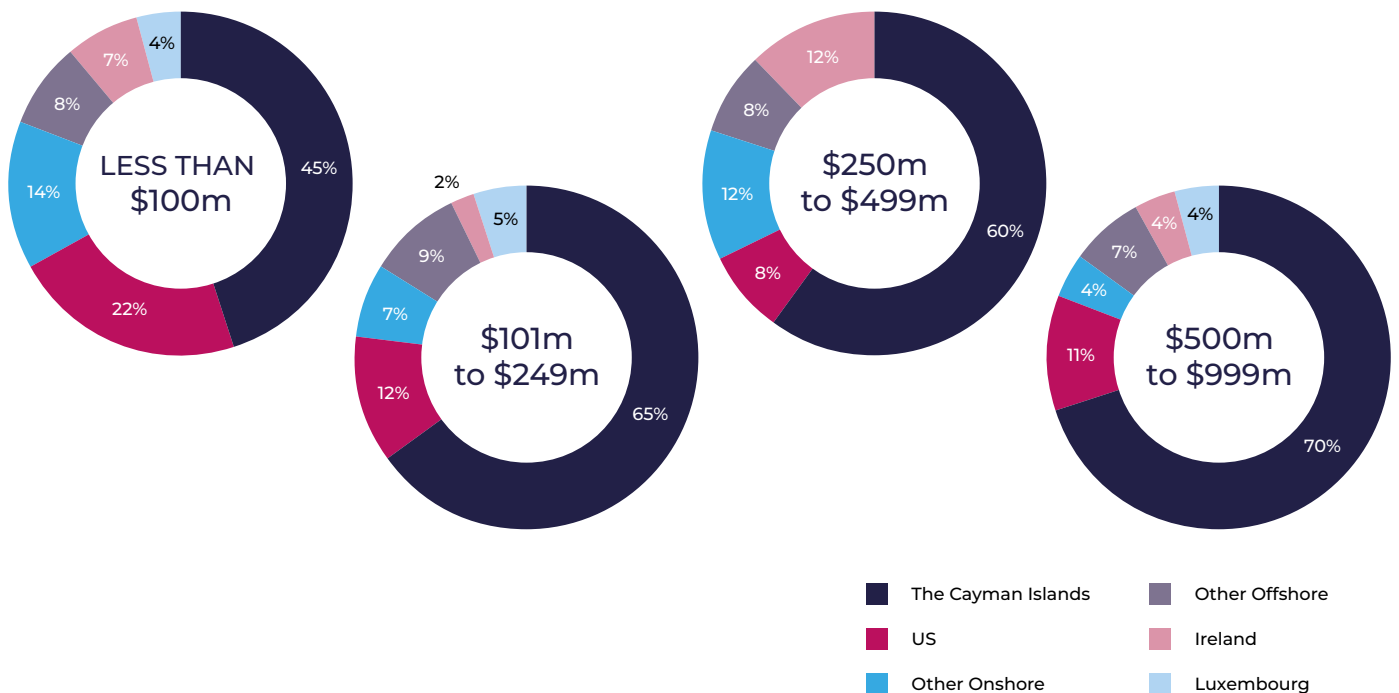


Fig 13 – Investor fund location preferences by AUM



# FEES

Manager compensation remains steady despite pressure on the sector and the competitive fundraising environment. Investors recognise that management fees are crucial for covering the operating costs of the manager, which in turn must ensure that fee levels align with the fund's expenses. Note that the mentioned fees exclude managed accounts and related arrangements, which can operate on much lower fees.

## Management fee

There was a slight increase in average management fee between 2024 and 2026, rising from 1.39% to 1.43%. However, this change was not significant, suggesting that fee levels have largely plateaued, consistent with findings from previous years. Only 13% of emerging managers charge a management fee of 2% or more and almost three-quarters of those launched more than three years ago.

Management fees for funds launched in the past 12 months were lower, at 1.33%.

Fig 14 – Average management fee

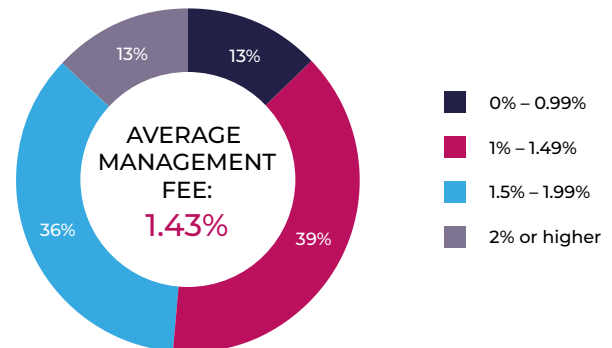
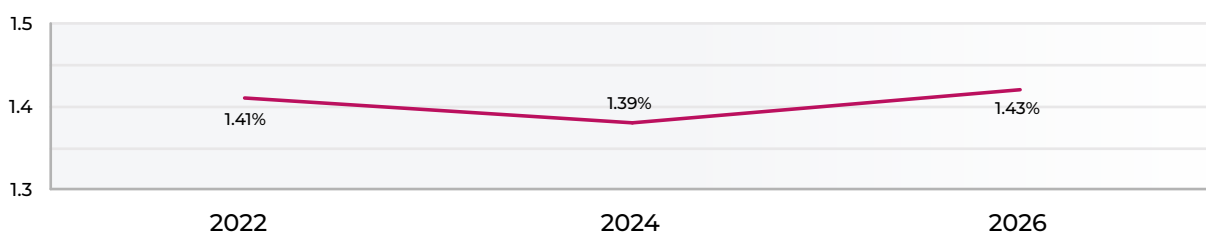


Fig 15 – Average management fee over time (%)



### Management fee by region and by strategy

Average management fee charged by emerging managers was highest in the APAC region (1.51%) and lowest in EMEA (1.27%), with North America (1.42%) and the UK (1.40%) in the middle ground.

It is interesting to note that management fees are lower in the US and UK, locations which have a relatively high breakeven rate (see later in report). Multi-strategy fees fall in the middle of the pack.

Fig 16 – Average management fee by region by year (%)

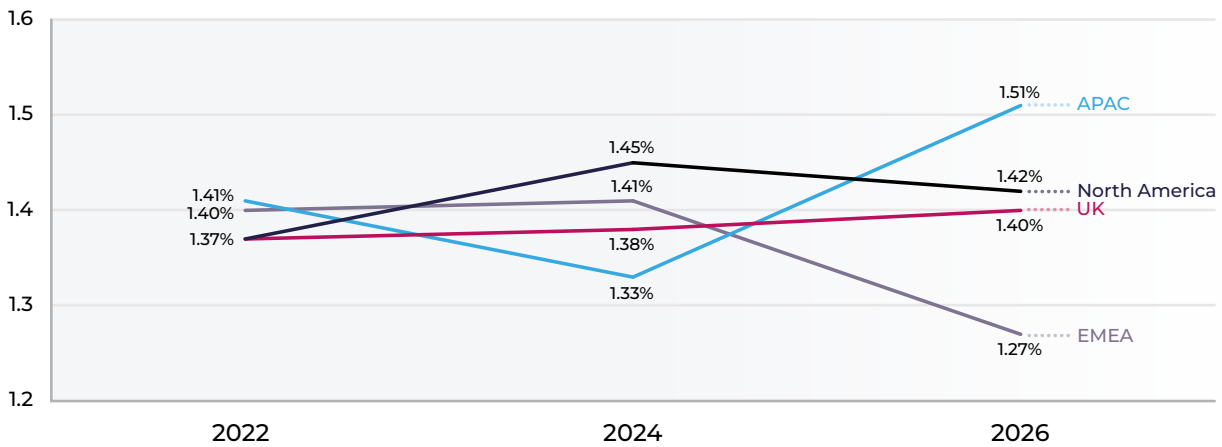
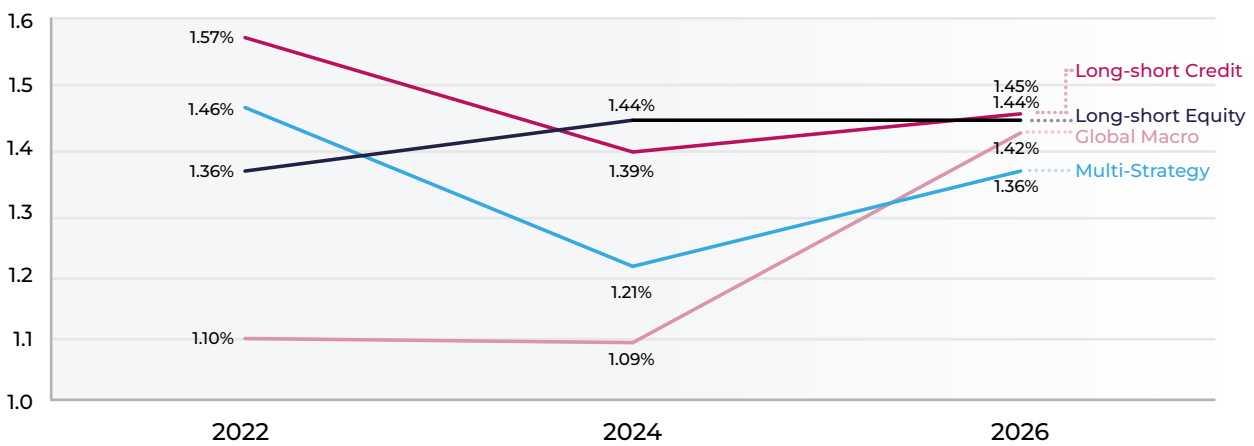


Fig 17 – Average management fee by hedge fund strategy over time (%)



## Performance fees

Just as management fees have shown little change, performance fees have remained largely unchanged. The average performance fee increased only marginally from 16.22% in the 2024 survey to 16.24% this year. After falling from 16.45% in the 2022 survey, performance fees appear to have stabilised at their current level in the post-pandemic period.

Performance fees for funds launched in the past 12 months was higher, at 16.35%.

Fig 18 – Average performance fee

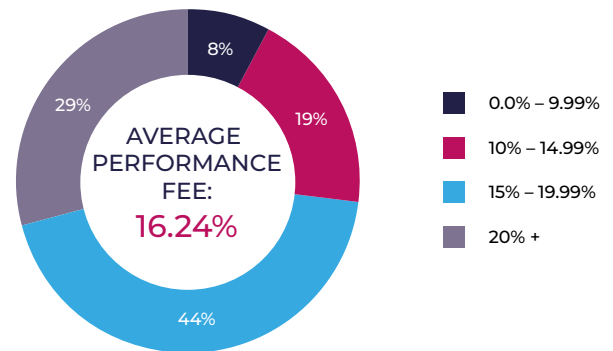
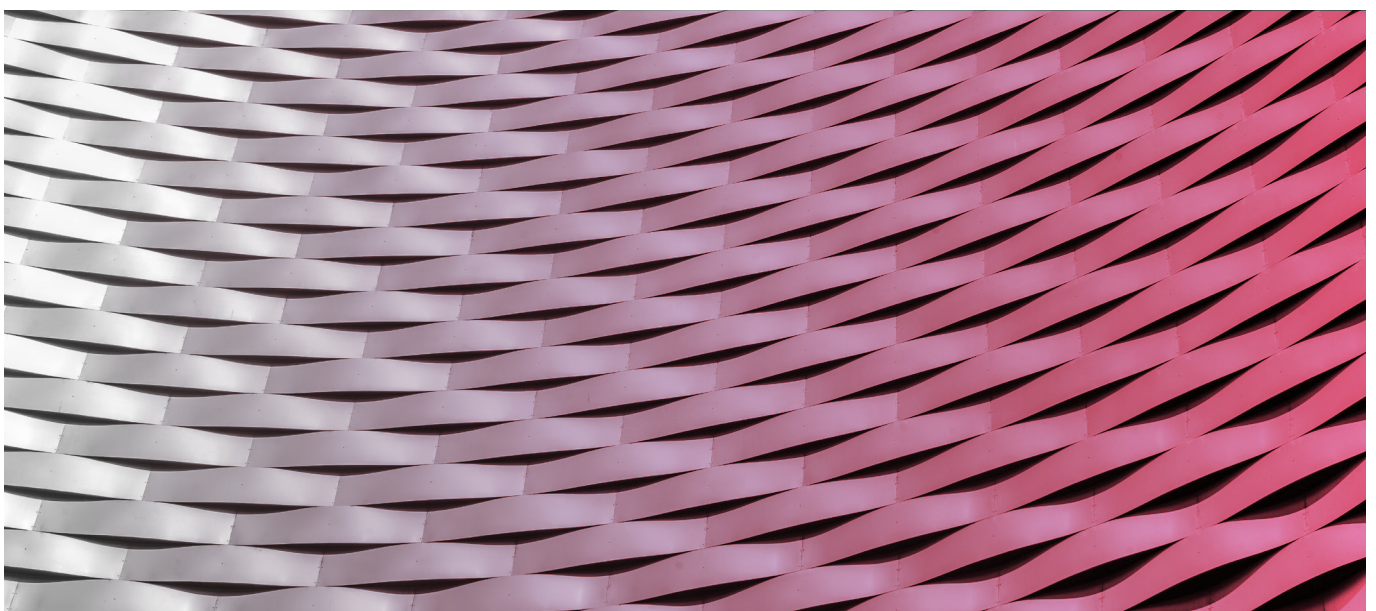
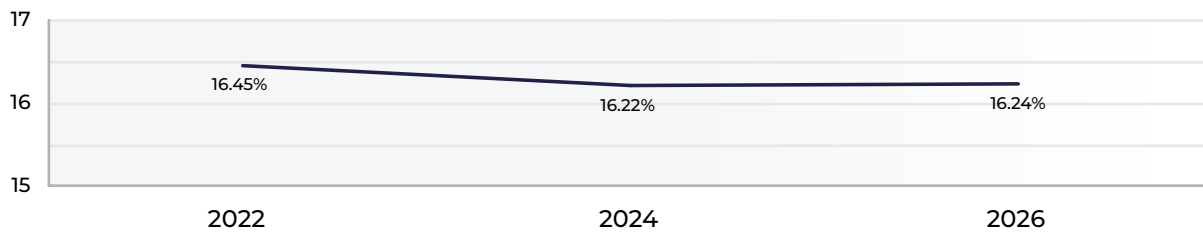


Fig 19 – Average performance fee over time (%)



### Performance fee by region and by strategy

Average performance fees are now higher in North America, at 16.79%, ahead of APAC (16.60%). The UK follows on 16.33% and EMEA charges the lowest fees,

15.10%, which is a turnaround from the last survey in 2024 when it charged the highest.

Fig 20 – Average performance fee by region by year (%)

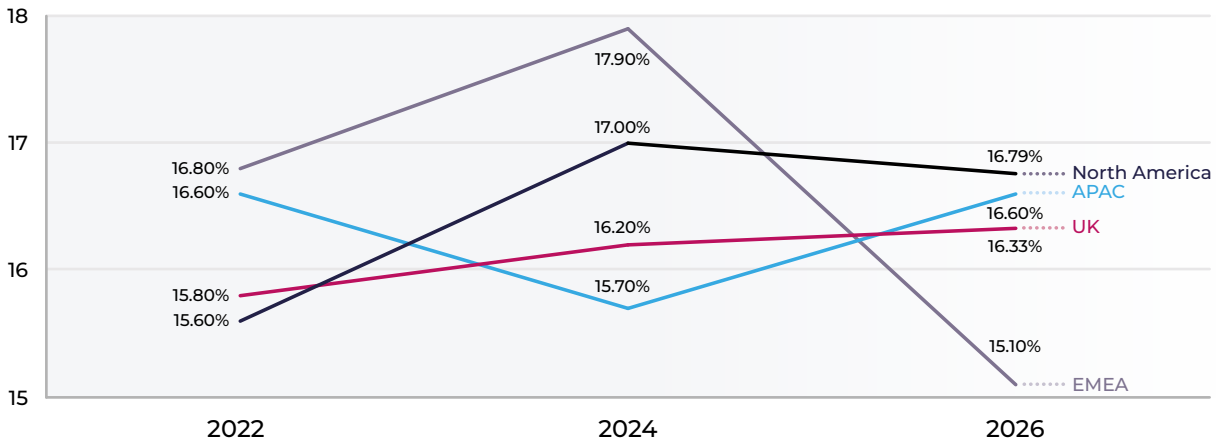
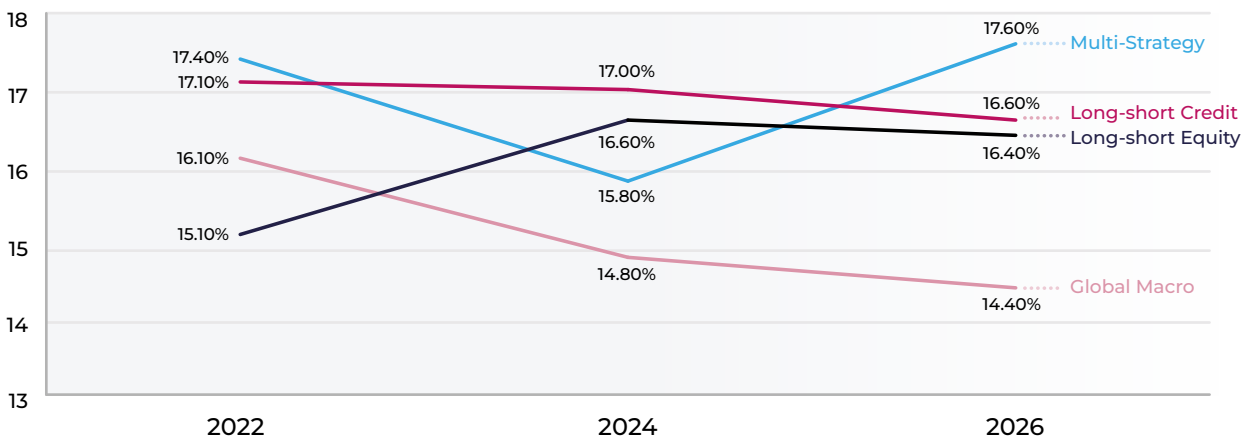


Fig 21 – Average Performance fee by strategy by year (%)



# PERFORMANCE INCENTIVES

Fig 22 – What performance incentives does your fund include? (Multiple choice)

Type of Performance Incentives (PIs)	2022	2024	2026
Overall respondents with PIs	88%	87%	87%
High watermark	79%	77%	80%
Hurdle rate	<u>21%</u>	<u>31%</u>	<u>36%</u>
Clawback	3%	4%	6%
None of the above	12%	13%	13%

With fee levels remaining broadly static (for early-stage managers), competition is shifting toward alignment with investors rather than pricing. Almost all respondents use a performance incentive of some kind, in line with previous survey results. But this year’s vintage showed increased deployment of high watermarks, hurdle rates and clawbacks, meaning emerging managers are becoming more likely to use multiple PIs.

<p><b>87%</b></p> <p>have performance incentives</p>	<p><b>80%</b></p> <p>work with a high watermark</p>	<p><b>36%</b></p> <p>of funds have a hurdle rate</p>
------------------------------------------------------	-----------------------------------------------------	------------------------------------------------------

In line with industry norms, the vast majority (87%) of emerging managers use a performance incentive of some kind, the most common being high watermark, deployed by four-fifths. The key trend to note from previous surveys is increased used of hurdles, reflecting investor pressure in a sustained higher-interest rate environment.

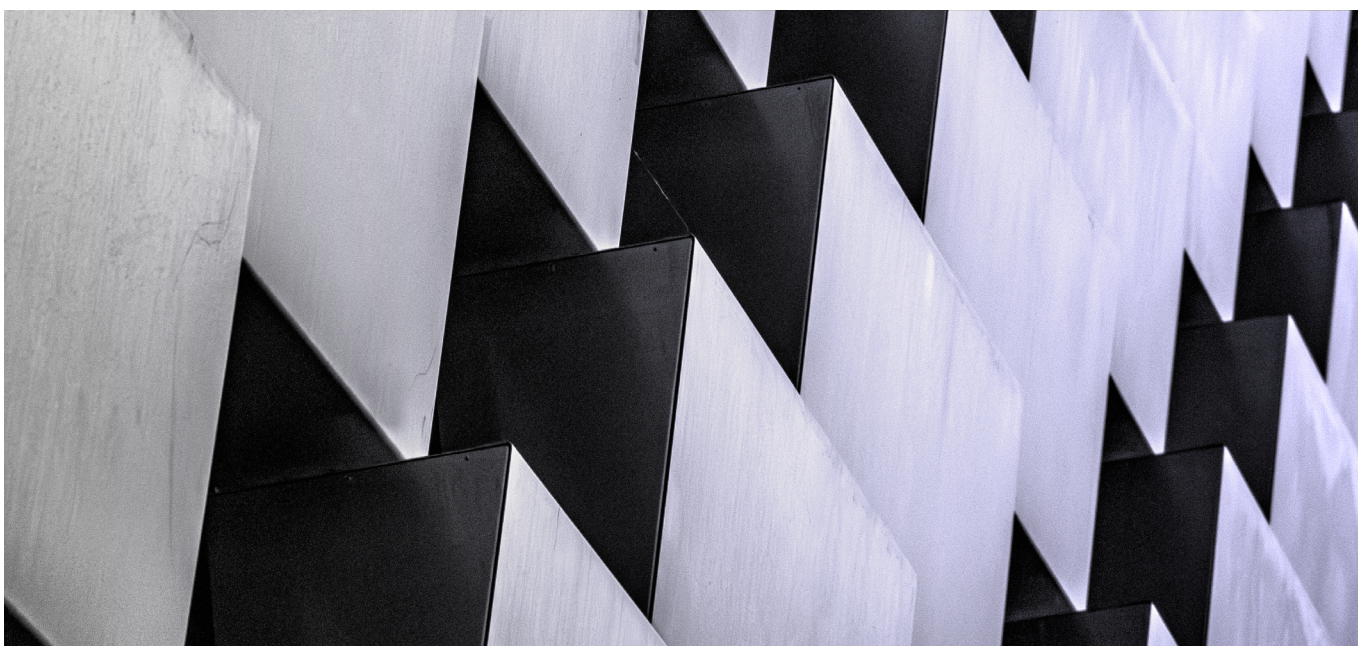
More than a third (36%) of emerging managers use a hurdle, up from 31% in 2024 and 21% in 2022. There was no clear correlation between any particular strategy and a greater propensity to use hurdles.

### Performance incentives by AUM

Larger funds between \$500m and \$999m were least likely to offer high watermark as a performance incentive (70%, versus 79% for the smallest funds, sub-\$100m). Clawbacks were most common among the largest funds.

Fig 23 – Performance incentives by fund AUM

Performance Incentives	Less than \$100m	\$101m – \$249m	\$250m – \$499m	\$500m – \$999m
High watermark	79%	81%	92%	70%
Hurdle rate	39%	35%	28%	33%
Clawback arrangement	2%	9%	4%	11%
None of the above	14%	9%	8%	19%
Other	1%	0%	0%	7%



# ADDITIONAL FUNDS

About half of emerging managers run a fund in addition to their flagship, in line with the previous survey.

Fig 24 – Additional funds

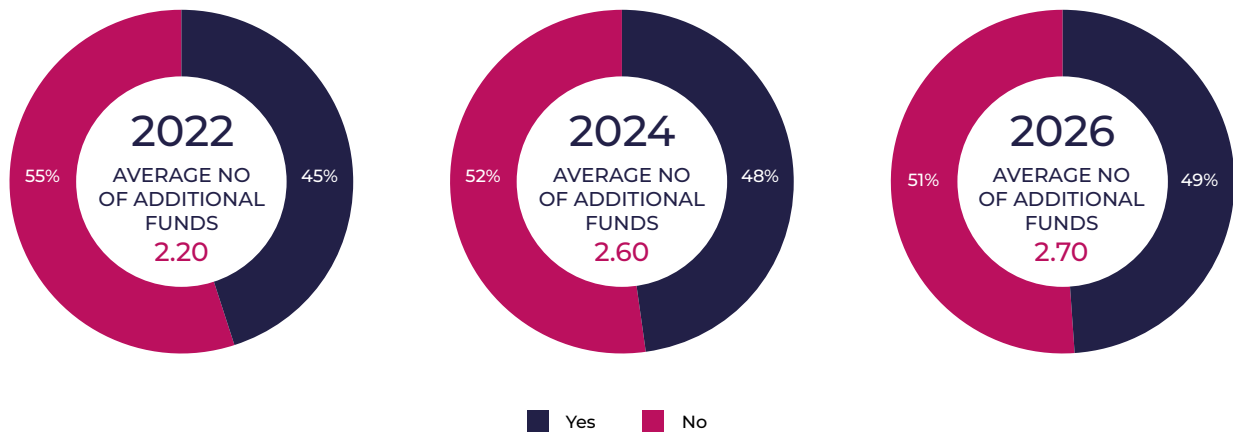
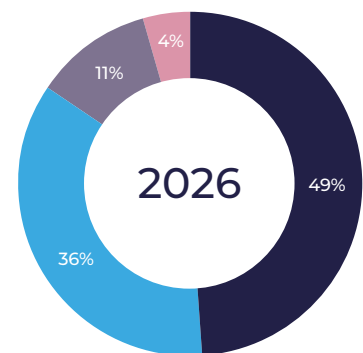


Fig 25 – In addition to your flagship fund, how many additional funds do you have?

Breakdown of respondents that have additional funds (no.)	Year		
	2022	2024	2026
0	0%	52%	49%
1	62%	23%	0%
1 – 3	28%	14%	36%
3 – 5	8%	6%	11%
5+	2%	5%	4%
Average	2.2	2.6	2.7



None 1 1-3 3-5 5+

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# SUB-\$100M-MANAGERS: INSTITUTIONALISATION FROM AN EARLIER STAGE

Firms managing less than \$100m in AUM continue to represent an important part of the emerging manager ecosystem and provide a useful insight into how the sector is evolving. While these firms continue to operate with tighter economics and greater fundraising pressures than their larger peers, the findings suggest they are increasingly building institutional-quality businesses from an earlier stage in their development.

The survey points to a segment that is becoming more operationally sophisticated, technologically enabled, and increasingly flexible in how it approaches capital formation and long-term growth.

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## Building institutional-quality businesses earlier

One of the most notable trends emerging from the data is the extent to which smaller managers are investing in infrastructure and operational capability earlier in their lifecycle.

Average headcount among sub-\$100m managers increased from 5.5 employees in 2022 to 6.1 in 2026, driven in part by continued investment in operations, compliance, risk management, and investor relations. This mirrors the broader trend across the industry toward earlier institutionalisation, driven in part by allocator expectations around governance, transparency, and operational robustness.

Despite this expansion, the sub-\$100m group of managers continue to operate with lower breakeven levels than the wider manager population, averaging \$57.4m in 2026 compared with \$82.9m across all respondents. This suggests smaller firms continue to operate leaner business models, even as operational expectations rise.

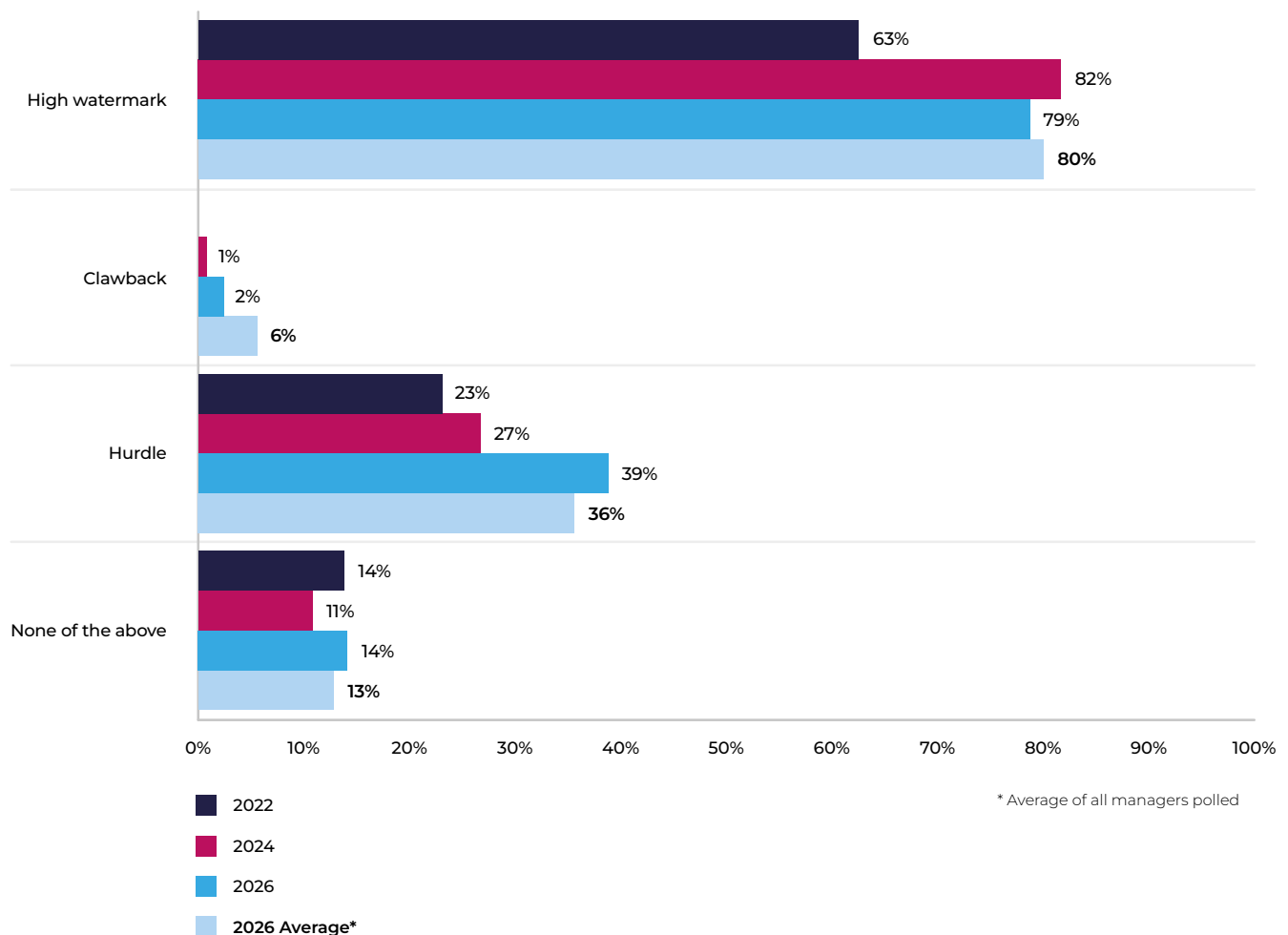
### Competitive economics and stronger alignment with investors

Fee dynamics continue to highlight the competitive environment facing smaller firms. Management fees stood at 1.36% in 2026, below the broader survey average of 1.43%, while performance fees declined modestly to 15.53%, compared with 16.24% across all respondents.

At the same time, the findings suggest increasing emphasis on alignment of interests between managers and investors.

39% of firms below \$100m now employ hurdle rates, up materially from 23% in 2022, while almost four-fifths utilise high-water marks. This suggests that alignment mechanisms are becoming increasingly important competitive differentiators at the earliest stages of firm development.

Fig 26 – What performance incentives does your fund include? (Multiple choice)



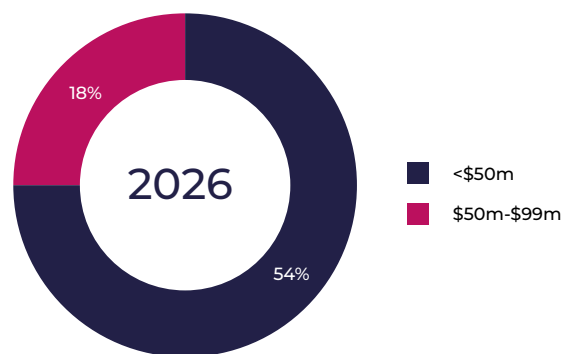
### Improving fundraising conditions at smaller scale

Operating expenses remain elevated relative to the wider market, with the sub-\$100m group of managers reporting an average total expense ratio of 1.11% in 2026 compared with 0.99% across all respondents. This highlights the relatively higher cost burden associated with operating at smaller scale, particularly in relation to infrastructure, technology, and regulatory requirements.

Nevertheless, fundraising conditions appear to be improving modestly. The average time taken to secure a new investment declined to 7.1 months in 2026, below the broader survey average of 7.5 months.

Investor appetite for smaller managers also appears increasingly supportive. More than half (54%) of allocators surveyed indicated they would consider allocating to funds managing less than \$50m in AUM, while a further 18% would consider managers between \$50m and \$99m. Taken together, the findings suggest allocators are increasingly willing to engage with managers earlier in their growth journey, provided institutional-quality infrastructure and operational robustness are in place.

Fig 27 – What is the smallest fund (as a measure of its \$ AUM) that your investment plan would consider allocating to?



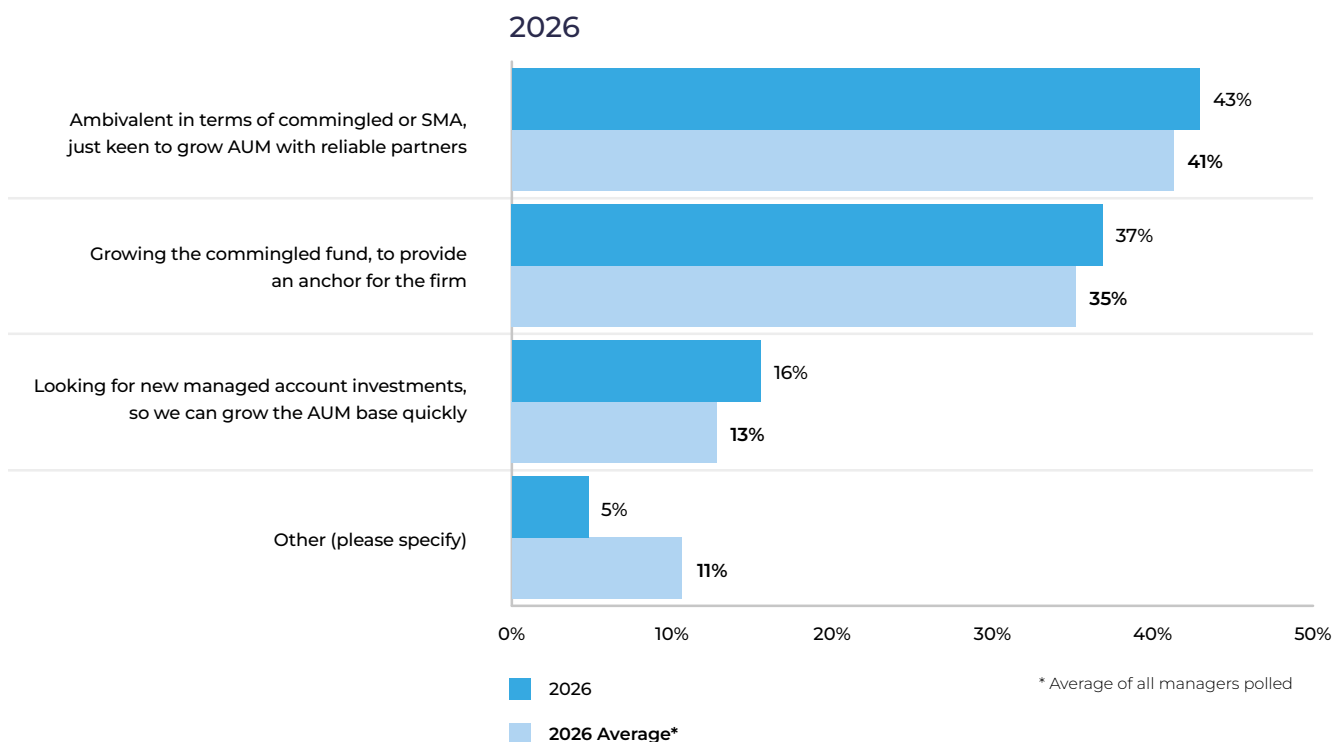
### Technology adoption and structural flexibility

The findings also point to rapid technology adoption among smaller firms. More than two-thirds of the sub-\$100m group of managers surveyed reported using AI technologies in some capacity, with almost 40% already deploying AI across all areas of their business. This suggests smaller firms are increasingly leveraging technology to drive operational efficiencies and support scalability.

The survey also highlights increasing flexibility in how these managers approach capital formation.

More than half (57%) indicated they are agnostic between managed accounts and commingled structures when seeking to grow AUM, prioritising growth with reliable partners over any single structure. A further 15% indicated they are actively seeking managed account investments to accelerate growth, while 37% remain focused on building the commingled fund as the anchor product for their business.

Fig 28 – What is your fundraising priority in 2026?



Collectively, the findings suggest that the sub-\$100m group of managers are increasingly combining institutional-quality operating models with pragmatic and flexible approaches to fundraising and business growth.

Fig 29 – Key institutionalisation indicators for the sub-\$100m group of managers over time

Less than \$100m	2022	2024	2026	2026 Average*
Average headcount	5.5	5.7	6.1	9.5
Average breakeven (\$)	\$39.9	\$52.5	\$57.4	\$82.9
Average management fee	1.39%	1.38%	1.36%	1.43%
Average performance fee	16.15%	16.35%	15.53%	16.24%
Average operating expense	1.24	1.07	1.11	0.99
Average period for new investments (months)	5.63	7.78	7.09	7.50

\* Average of all managers polled

# 2

## YOUR FIRM

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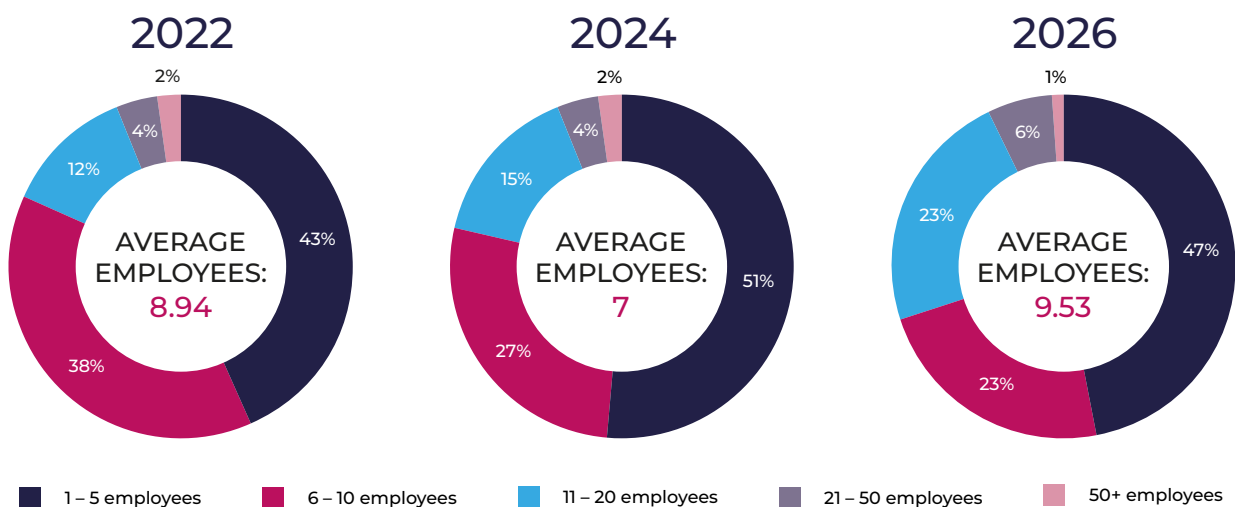
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# EMPLOYEES

Average headcount has increased among emerging managers over the past two years, with sub-\$1bn managers now typically employing between 9 and 10 in the business. While the pandemic accelerated outsourcing and the drive for operational efficiency, many managers are now investing earlier in in-house expertise as part of a broader shift towards more institutional operating models, and in response to LP expectations. The rise of SMAs has also contributed to higher staffing requirements to manage additional administration.

Managers are investing in infrastructure, governance and in-house capabilities earlier in their lifecycle, but more institutional operating models comes at a cost, with average breakeven AUM up almost a fifth in this survey (see next section).

Fig 30 – How many employees do you have at your firm?



As expected, average headcount increases alongside AUM, with firms managing more than \$250m typically employing teams of 13 or more.

Fig 31 – Average employees by firm AUM

AUM	2022	2024	2026
Less than \$100m	5	6	6
\$101m – \$249m	11	10	9
\$250m – \$499m	12	11	13
\$500m – \$999m	–	–	19

# COSTS

Costs have hit a plateau of about 1% as measured by the total expense ratio (TER). It is important to note that investors focus not just on fees, but the costs incurred by the hedge fund and their impact on the bottom line. A fund’s operating costs are typically higher as a percentage of its net asset value (NAV) during the early stages, with the fund’s initial organisational costs and many other costs not being wholly variable with its AUM.

Fig 32 – What does your flagship fund cost to run 2026? (Measured by average total expense ratio)

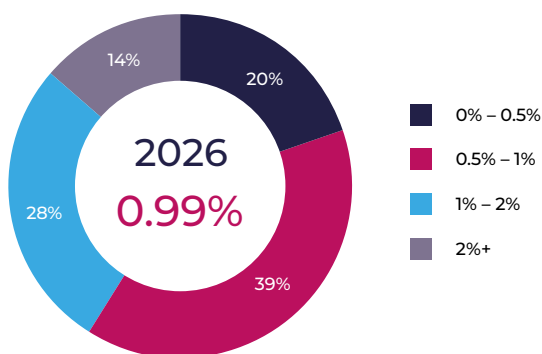
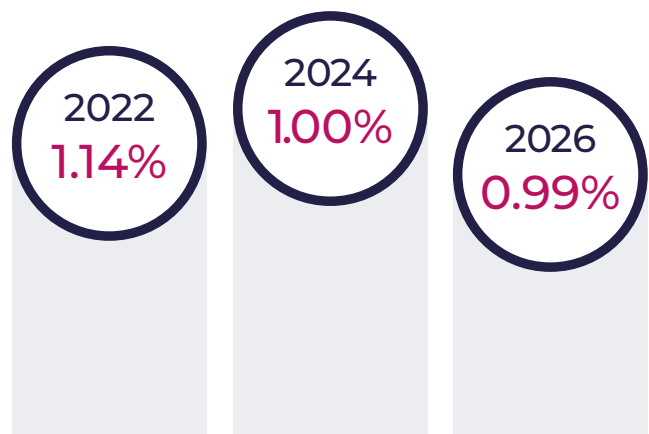


Fig 33 – Average total expense ratio over time



Various breakdowns of the total expense ratio (TER) over time provide insight into how fund maturity, AUM and strategy impact cost:

- Economies of scale are real. The TER ratio falls from 1.11% from sub-\$100m funds to 0.99% for \$500m-plus.
- Time in business has some impact but it is hard to pin down the drivers. The most recently launched funds (last 12 months) have a higher TER ratio than those between one and five years old. But it is highest among funds more than five years old.
- Strategy has a big impact. Long / short equity funds are twice as expensive to run as CTA / managed futures.

Fig 34 – Average total expense ratio by fund maturity over time

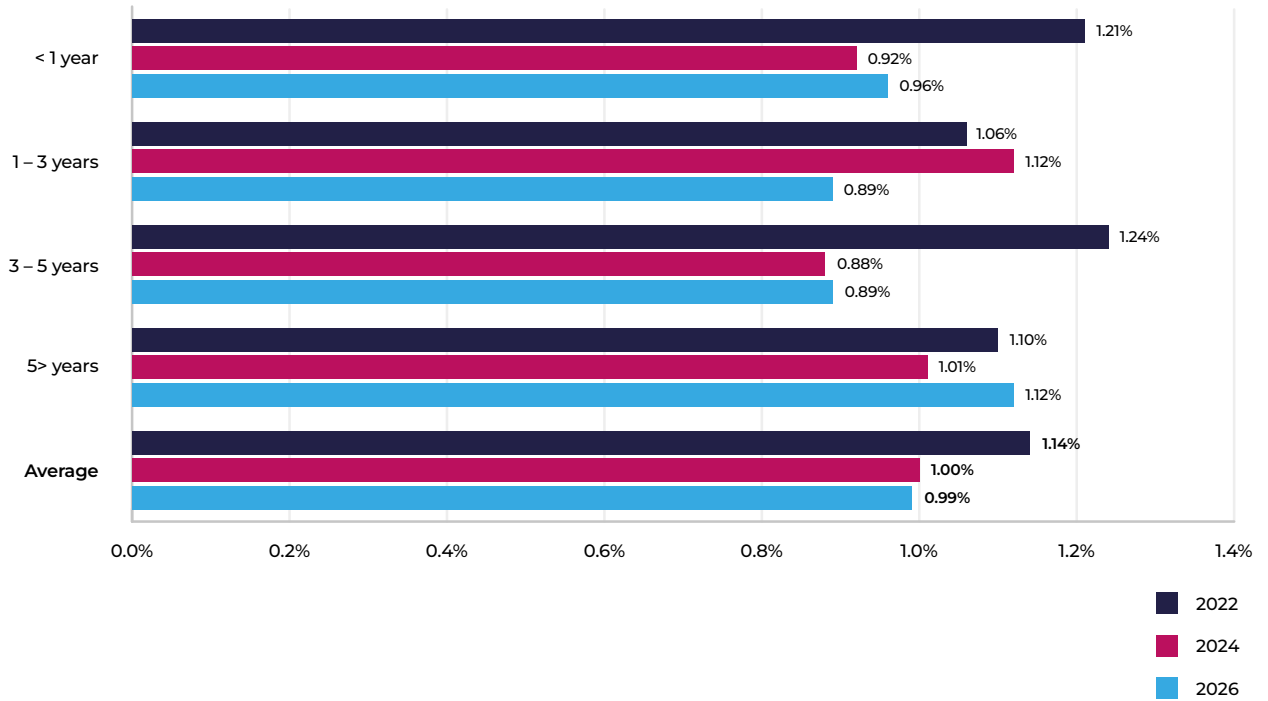


Fig 35 – Average total expense ratio over time by fund manager AUM

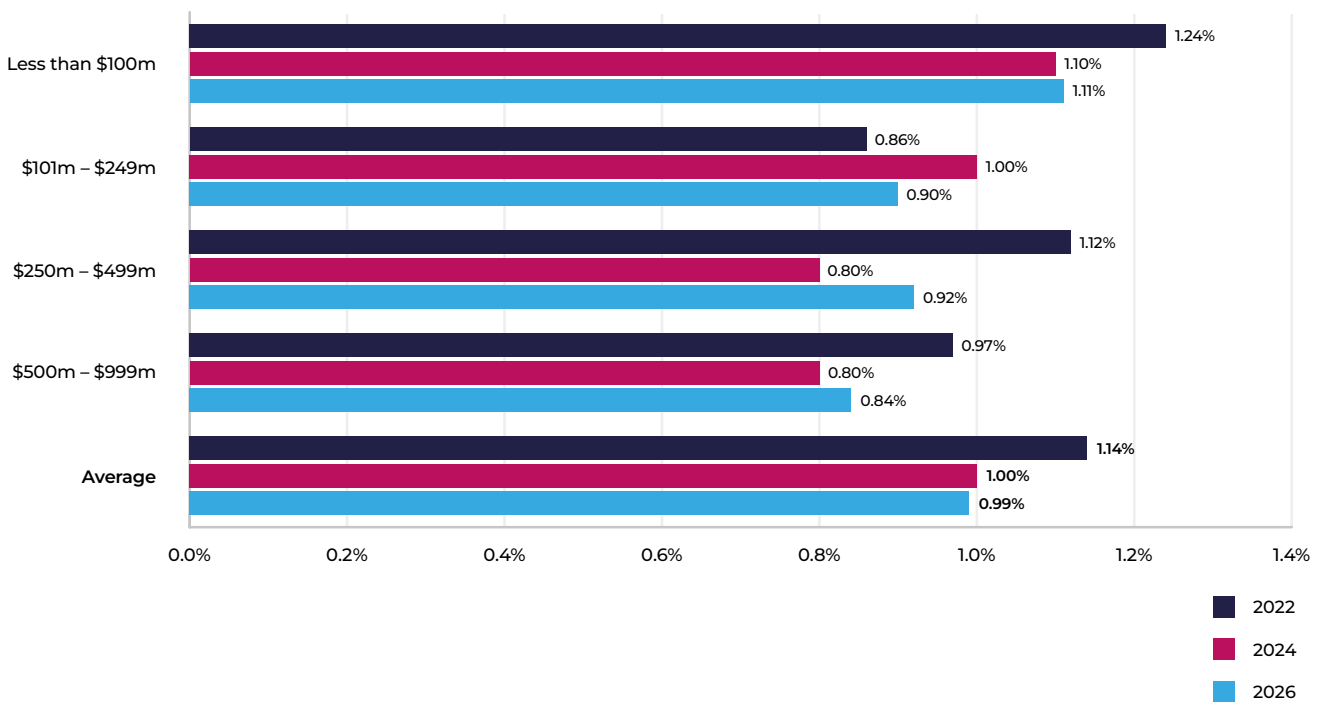
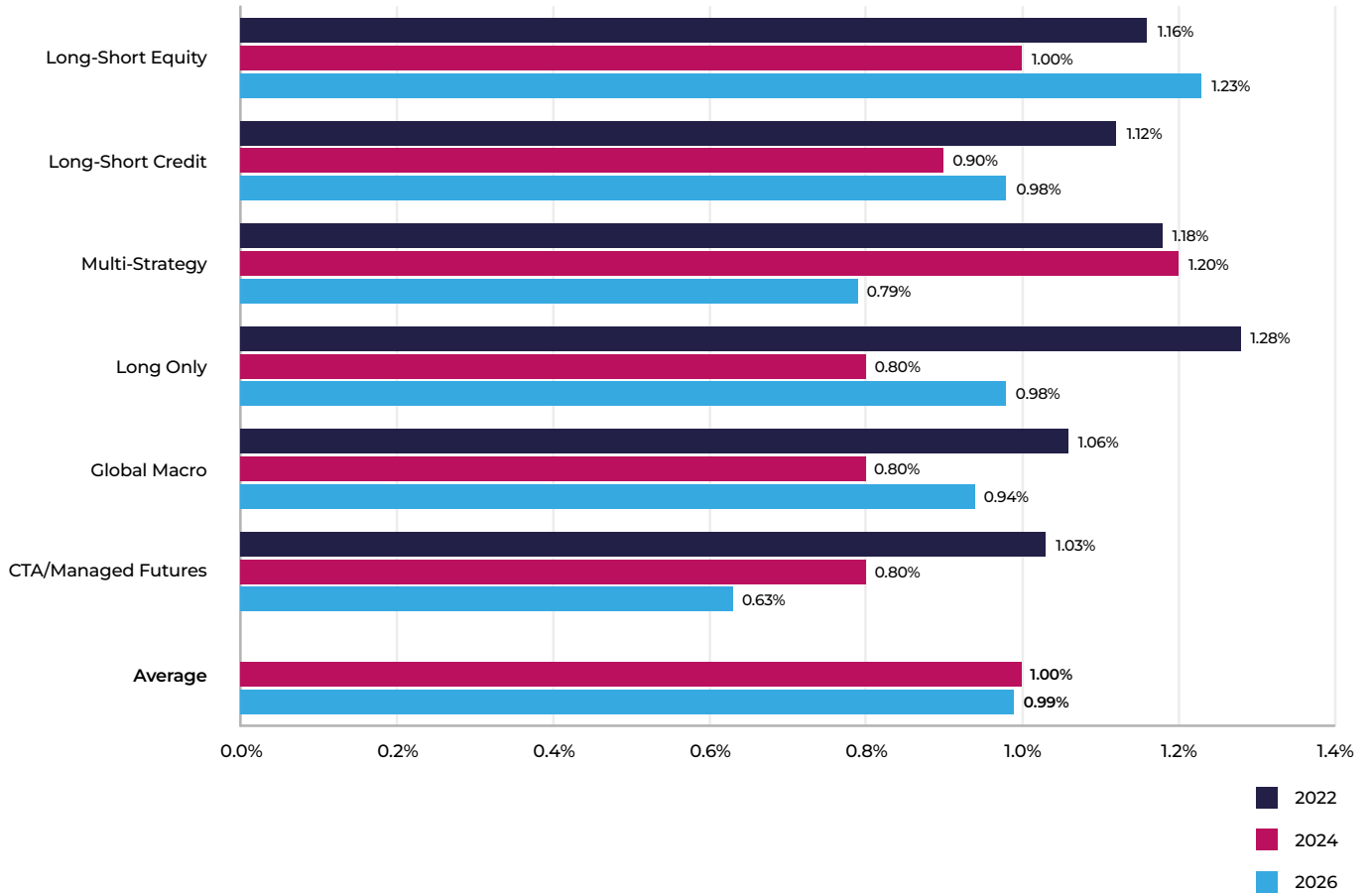


Fig 36 – Average total expense ratio over time by strategy



# BREAKEVEN

The average breakeven AUM has climbed to \$82.9m (up about a fifth, from \$70.1m in 2024). While inflationary pressures have contributed to this increase, the more relevant driver appears to be the intentional increased institutionalisation of emerging managers (evidenced by rising headcount) in response to heightened investor expectations.

Smaller managers (under \$100m AUM) can, on average, operate on a breakeven of \$57.4m, while those with an AUM above \$500m have an average breakeven of \$148.2m. By location, EMEA and APAC are the most competitive for breakeven points at \$67m, whereas North America and the UK sit above the global average at \$94.6m and \$92.6m, respectively.

Fig 37 – Average manager breakeven 2026 (AUM)

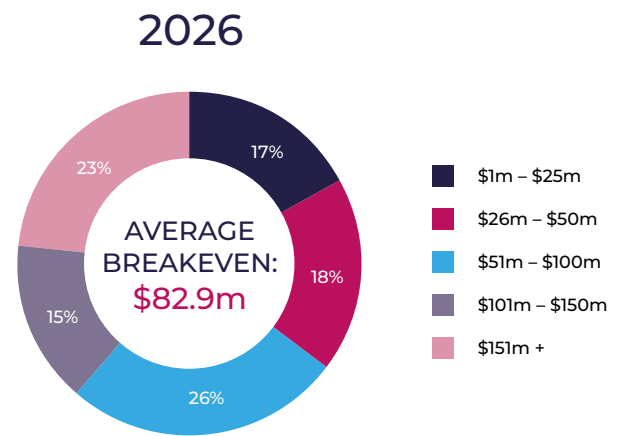


Fig 38 – Average breakeven over time (\$m)

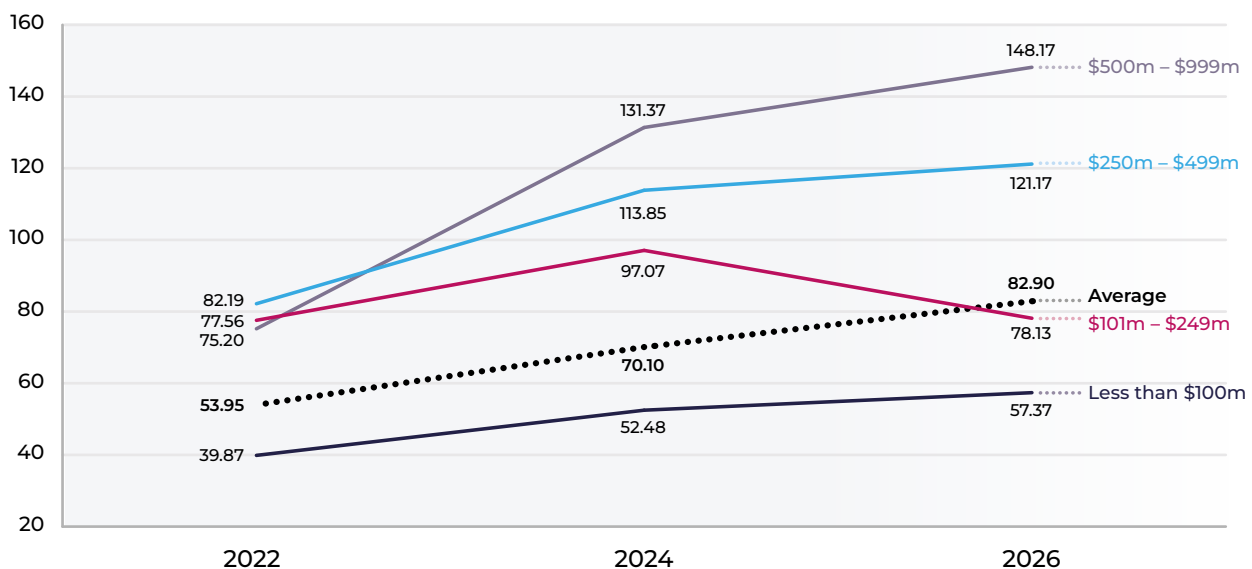


Fig 39 – Average breakeven (AUM) by hedge fund strategy (\$m)

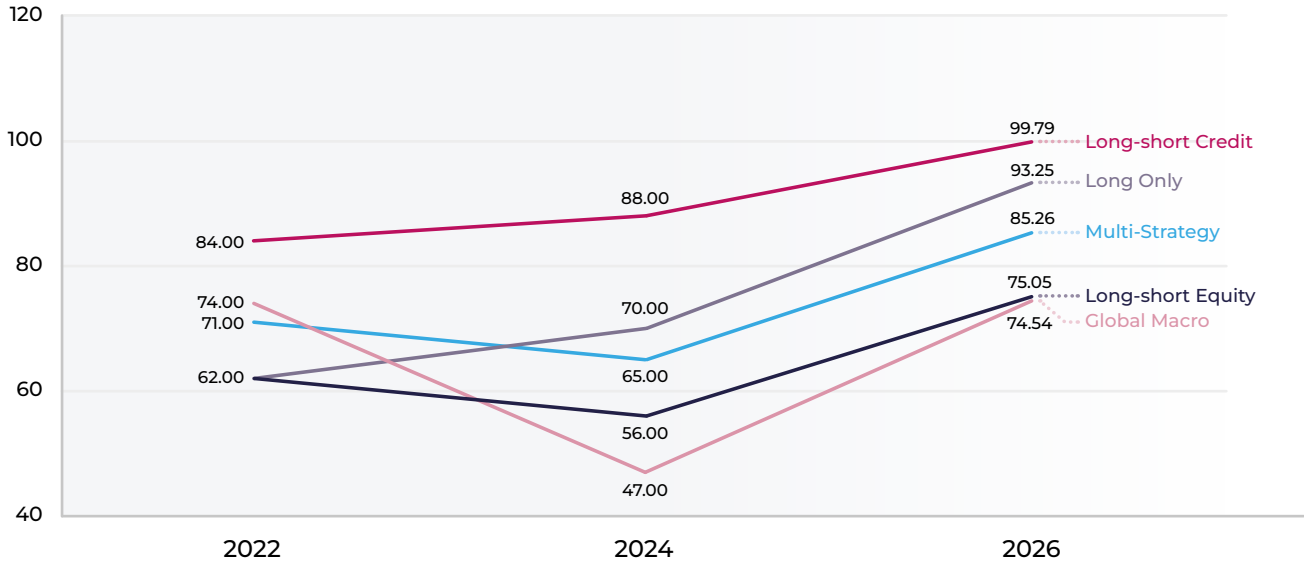
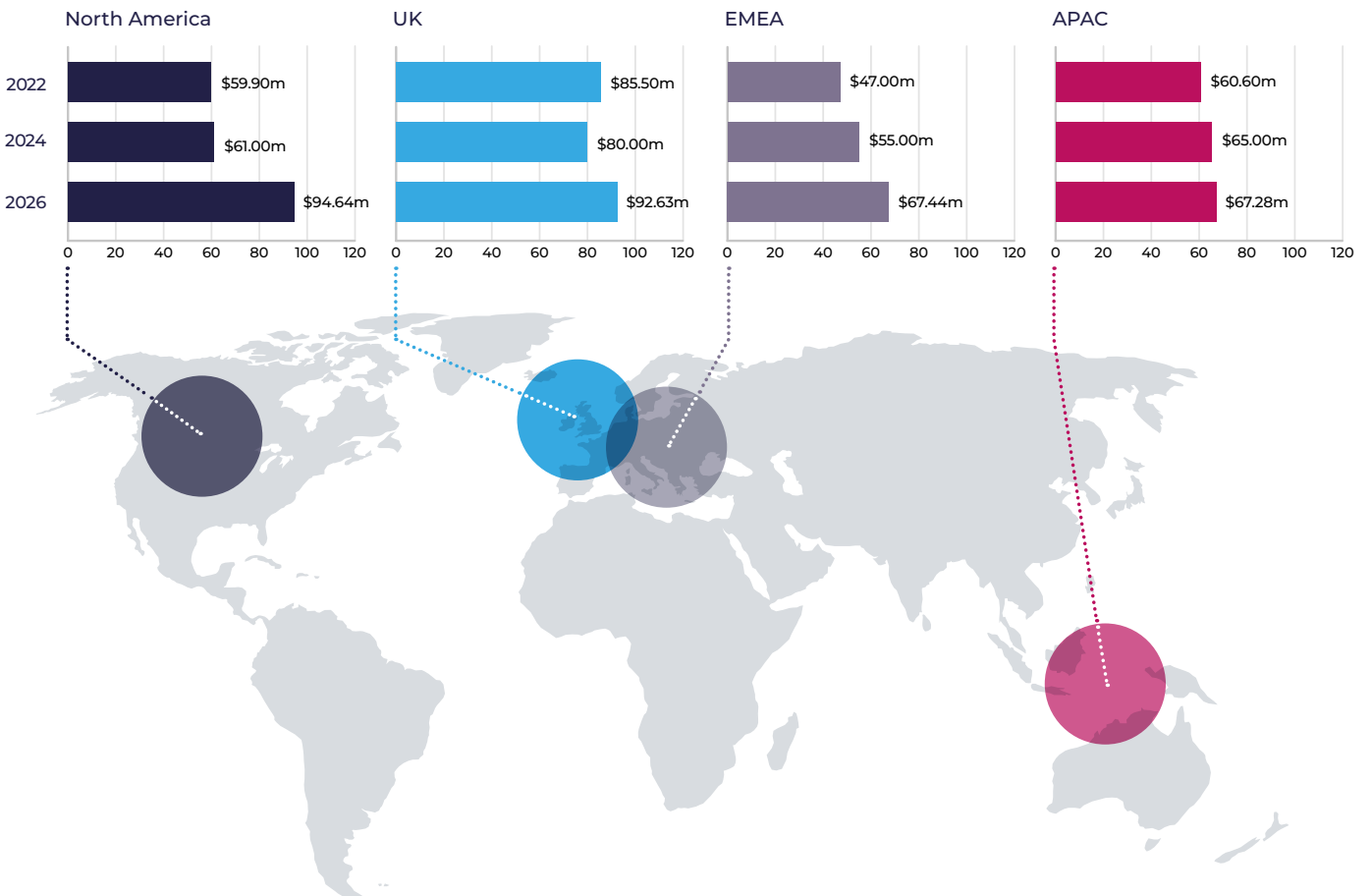


Fig 40 – Average firm breakeven (AUM) by region



# ALLOCATIONS: AVERAGE SIZE OF FUND

The average 'smallest fund' an investor will consider has decreased from \$106m in 2024 to roughly \$94m in 2026. This is another encouraging sign for the sector, suggesting increased flexibility.

Notably, the figure is down by almost a third from the \$151m recorded in 2022. However, the proportion of LPs willing to invest in the smallest fund category (sub-\$50m) has stayed relatively flat, from 49% in 2024 to 54% this year. This should reassure affected fund managers that investor appetite remains intact, despite the challenges they may face in connecting with these investors.

Fig 41 – What is the smallest fund (as a measure of its US\$ AUM) that your investment plan would consider allocating to?

■ <\$50m      ■ \$50m – \$99m      ■ \$100m – \$249m  
■ \$250m – \$499m      ■ \$500m – \$1bn      ■ Other

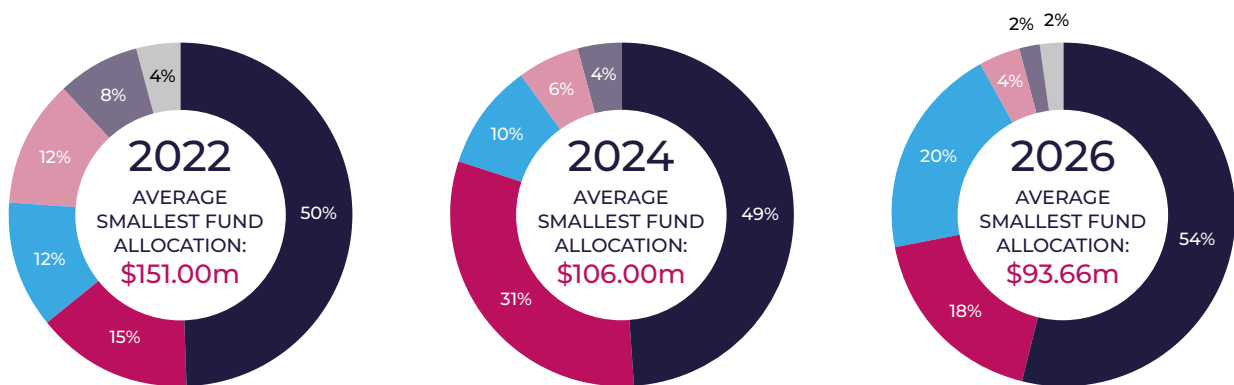
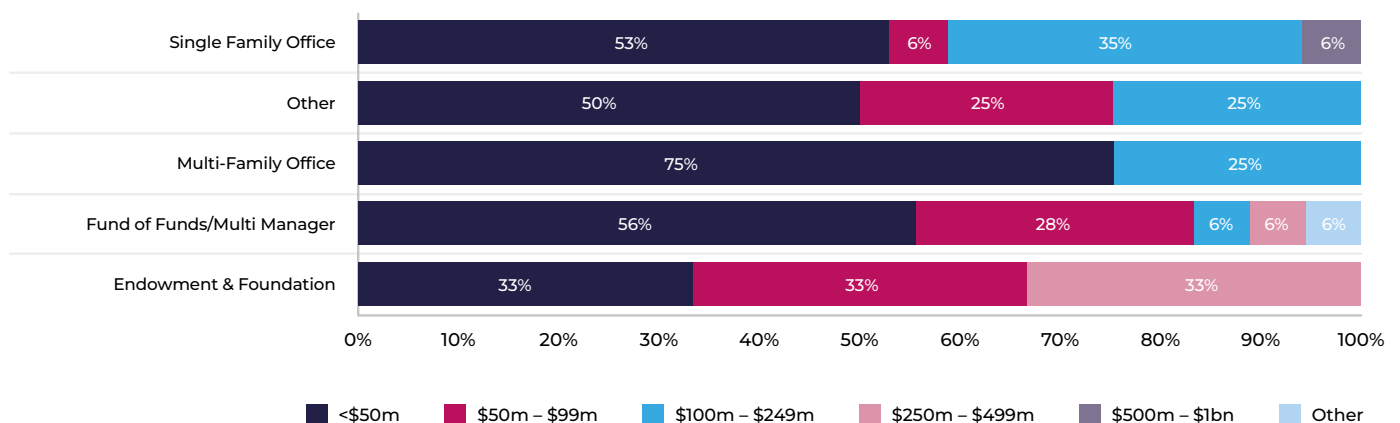


Fig 42 – Average smallest fund allocation – by investor type (AUM \$bn)



# RAISING CAPITAL

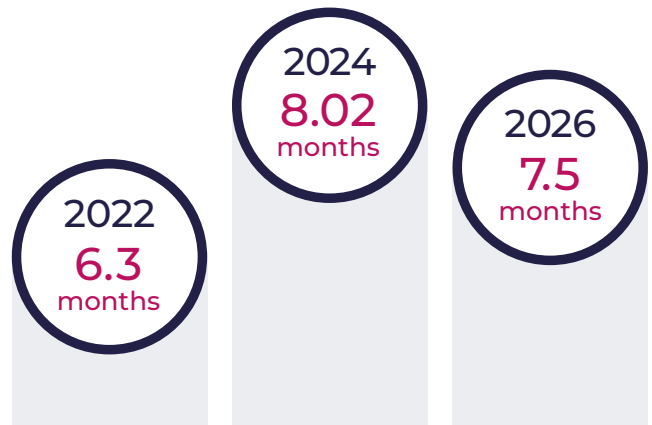
*“Managing the money is the easy part. Raising the money is still the hard part.”*

One of the 2026 survey respondents made this comment, speaking for many when it comes to the difficulty of the asset-raising process (although fewer perhaps would describe managing money as easy).

There has been a slight reduction in the time taken to secure new investments. The average length of time from initial meeting to allocation has dropped from 8 months (2024) to 7.5 months (2026).

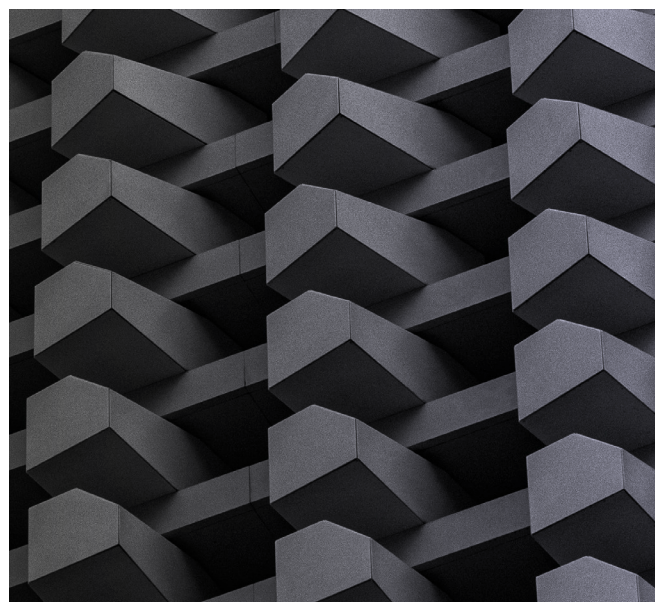
Raising funds remains challenging, in continuation of the trend seen in COVID, when many allocations were top-ups with existing managers as investors erred on the side of caution.

Fig 43 – Average length of time to close on a new investment



Managing the money is the easy part. Raising the money is still the hard part.

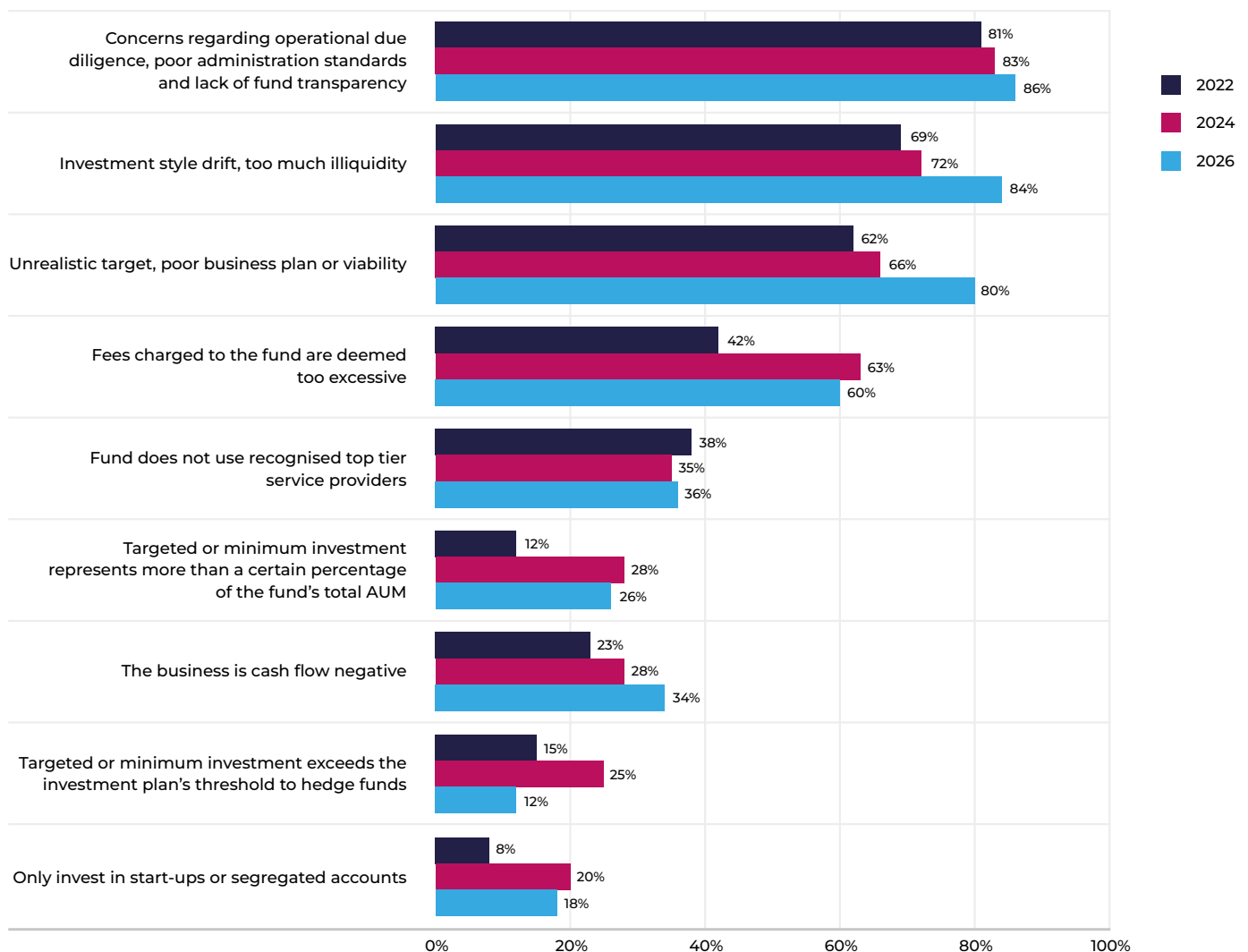
2026 Survey respondent



# BARRIERS TO ALLOCATING

Operational due diligence remains the top hurdle to allocating at 86% (up from 83% in 2024). Allocators could select multiple responses for this question. Concern regarding ‘investment style drift, too much illiquidity’ saw a significant jump, rising from 72% in 2024 to 84% in 2026, while ‘unrealistic targets or poor business plans’ rose from 66% to 80%. Given the manager survey findings around fees holding up, this suggests investors remain laser-focused on quality over cost.

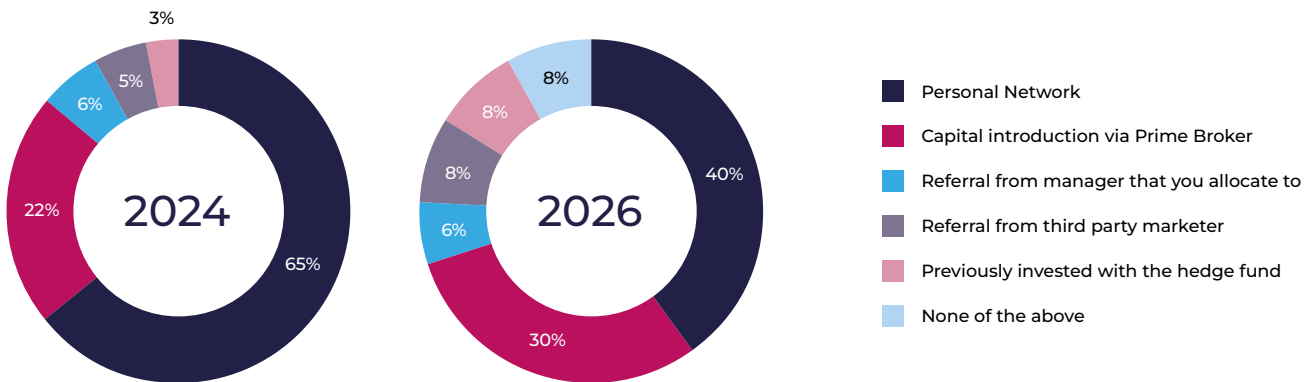
Fig 44 – Barriers to allocating (multiple choice)



# SOURCING NEW OPPORTUNITIES

The reliance on personal networks has weakened significantly (dropping from 65% to 40%). Meanwhile, prime broker capital introduction has become a more vital channel, increasing from 22% to 30%, tying in with the institutionalisation trend seen through the emerging manager universe. Family office respondents were in line with other respondents, with 43% using personal network versus 38% of the rest; and 29% of families using prime broker cap intro, versus 31% of the rest.

Fig 45 – Where are you sourcing new opportunities?



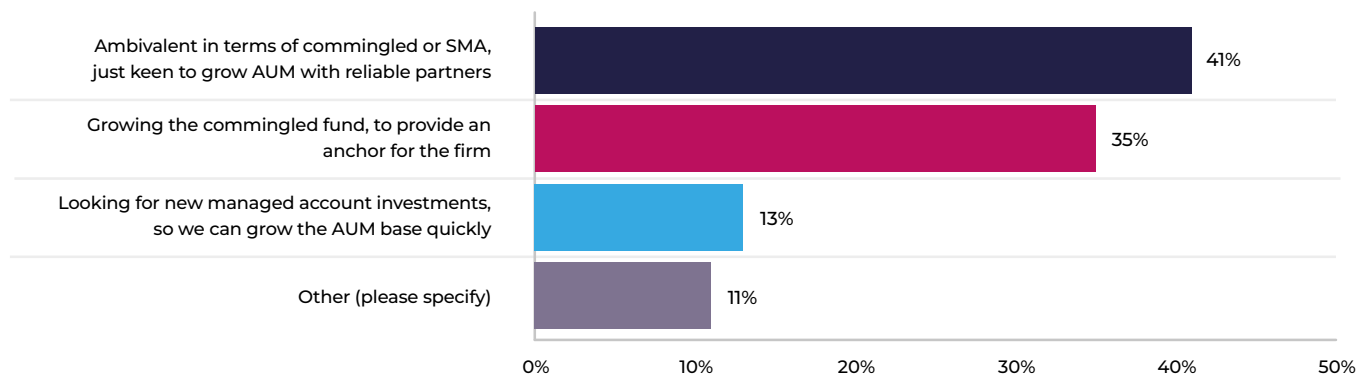
# FLEXIBLE FOUNDATIONS

Renewed use of managed accounts this decade by both established and emerging hedge fund managers has been an unmissable industry trend. Asked to give a sense of their fundraising priority in 2026, 41% of manager respondents revealed ambivalence over whether they went down the commingled or SMA route.

The answers revealed flexibility in terms of how emerging managers seek to grow. Emerging managers are prioritising growth with reliable partners over specific structures. Just over a third (35%) was committed to growing the commingled fund to provide an anchor for the firm, while a further 13% were specifically seeking managed account investments.

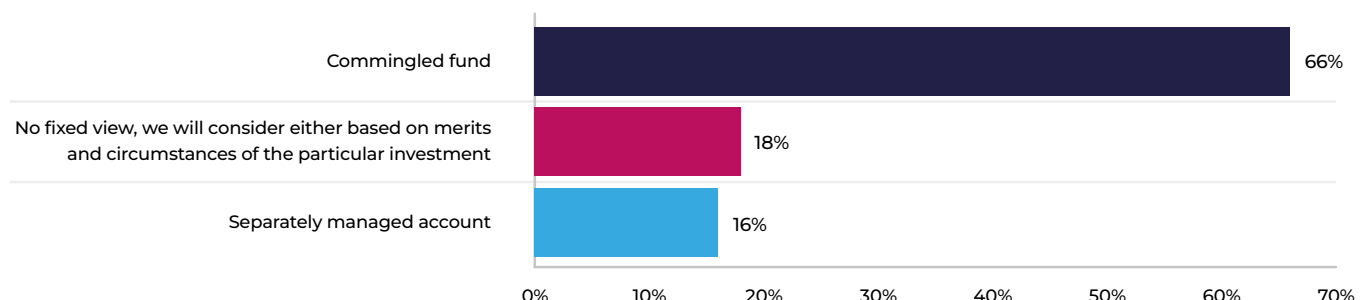
Multi-strategy funds were most likely to take a flexible approach (47%) and long / short credit least likely (26%).

Fig 46 – Managers: What is your fundraising priority in 2026?



By contrast, and perhaps going against what’s seen in the press, the survey found a high percentage of investors preferred to allocate to emerging hedge funds via the commingled fund. Two-thirds chose that option, compared to just 16% for SMAs, while 18% had a flexible attitude. During investor round-table discussions on this finding, some smaller investors find SMAs operationally burdensome to manage, preferring to ‘outsource’ to managers via a commingled product.

Fig 47 – Investors: What is your preferred method of allocating to emerging (early-stage, sub-\$1bn) hedge funds?



# AI INNOVATION

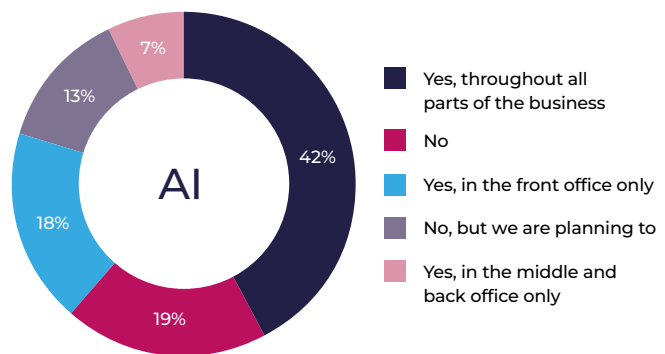
Generative Artificial Intelligence (Gen AI) is widely used to drive efficiencies at emerging managers, and most investors see a role for it. Three-fifths of investors wanted emerging managers to use it for relevant use cases, but don't see AI as a deal-breaker. Only 8% of investors said they expected managers to use it.

Nearly half (42%) of managers surveyed are now deploying Gen AI across all business functions, with an additional 18% using it specifically in the front office; meaning almost two-thirds are using it at least in their front office in some capacity. This backs up prior AIMA research into Gen AI's adoption by the industry as a whole. According to AIMA's report last year\*, 95% of fund manager respondents reported using Gen AI in their work. Three-quarters said they're using it more than before, while 9% said usage has remained consistent.

Almost a fifth (19%), however, are not using Gen AI, which may seem surprising given the technology's prominence in industry headlines and conversations. This could reflect a lack of capacity to develop and execute an adoption strategy that accounts for the operational and data-security challenges that come with these new and fast-evolving tools.

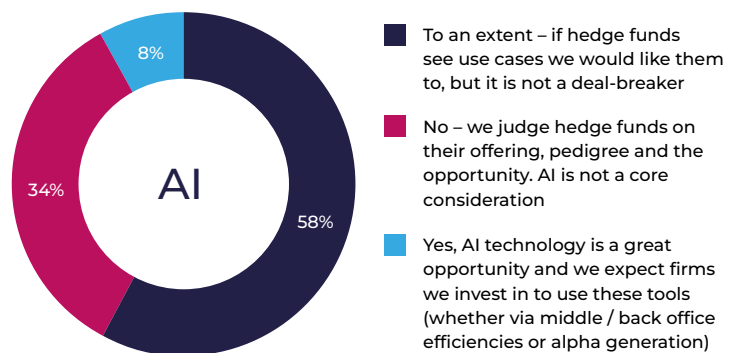
Emerging managers should note the need for rigorous safeguards when it comes to Gen AI, just as with other parts of their business. According to AIMA's 2025 report\*, more than 60% of global firms have instituted formal restrictions on how Gen AI may be used and 16% reported accessing Gen AI only through internal platforms.

Fig 48 – Are you using AI technologies in your business?



Meanwhile, three-fifths (58%) of investors view AI important if emerging managers do; but it is not a deal-breaker for those respondents. 34% of investors explicitly state they judge funds on traditional pedigree and opportunity, not AI integration. Only 8% currently 'expect' firms to use AI for alpha or efficiency. Therefore, the two-thirds of fund managers using Gen AI in the front office will need to clearly articulate how these tools are delivering value, especially if adoption is reflected in a fee increase.

Fig 49 – Is it important for hedge funds you invest with to use AI tools?



\*Charting the course: Lessons from AI leaders in alternative investment  
<https://www.aima.org/compass/insights/artificial-intelligence-ai/lessons-from-ai-leaders-in-alternative-investment.html>

## CONCLUSION

This year's survey presents an encouraging picture of the emerging manager landscape, although the operating and fundraising environment remains highly competitive.

The findings suggest that managers are becoming increasingly effective at scaling their businesses, expanding headcount, and managing operating costs, even as expectations around institutional infrastructure continue to rise.

At the same time, investor attitudes are evolving. Track record requirements are becoming less onerous, funds are being considered for investment earlier, and investment decisions are being made more quickly.

Taken together, these developments point to an emerging manager ecosystem that is becoming more mature, institutional and supportive of growth.

For emerging managers with the resilience, operational discipline, and differentiated insights required to succeed, the opportunity set remains significant in what continues to be one of the industry's most competitive segments.

We would like to thank all the hedge fund and allocator respondents to this survey and hope you have found the report useful and informative.

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## ACKNOWLEDGEMENTS

We would like to express our sincere gratitude to members of the AIMA Next Generation of Managers Group for providing their input to the development of this survey. We would also like to extend our thanks to the group of investors who contributed to this survey and provided valuable insight regarding their views and expectations as to what is best required from small and emerging hedge fund managers to secure investment.

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AIMA is the world's largest membership association for alternative investment managers. Its membership has more firms, managing more assets than any other industry body, and through our 10 offices located around the world, we serve over 2,000 members in 60 different countries.

AIMA's mission, which includes that of its private credit affiliate, the Alternative Credit Council (ACC), is to ensure that our industry of hedge funds, private market funds and digital asset funds is always best positioned for success. Success in our industry is defined by its contribution to capital formation, economic growth, and positive outcomes for investors while being able to operate efficiently within appropriate and proportionate regulatory frameworks.

AIMA's many peer groups, events, educational sessions, publications and practical tools like its Due Diligence Questionnaires and industry sound practice guidance available exclusively to members, enable firms to actively refine their business practices, policies, and processes to secure their place in that success.

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