

## Press Release

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### **Liquid Alternatives 2025: Net inflows rise to €26.4 billion Strong US dollar depreciation pushes average return to 1.99%**

**Liquid Alternatives confirmed their comeback in 2025: After registering positive inflows again at the end of 2024, the segment recorded strong net inflows of EUR 26.4 billion in the past year. This development was driven primarily by Fixed-Income Strategies. The average return over all funds was 1.99%. The sharp fall in the US dollar had a noticeable negative impact on results for euro investors. This is shown by the latest Liquid Alternatives Study by Lupus alpha, based on data from the analysis firm LSEG Lipper.**

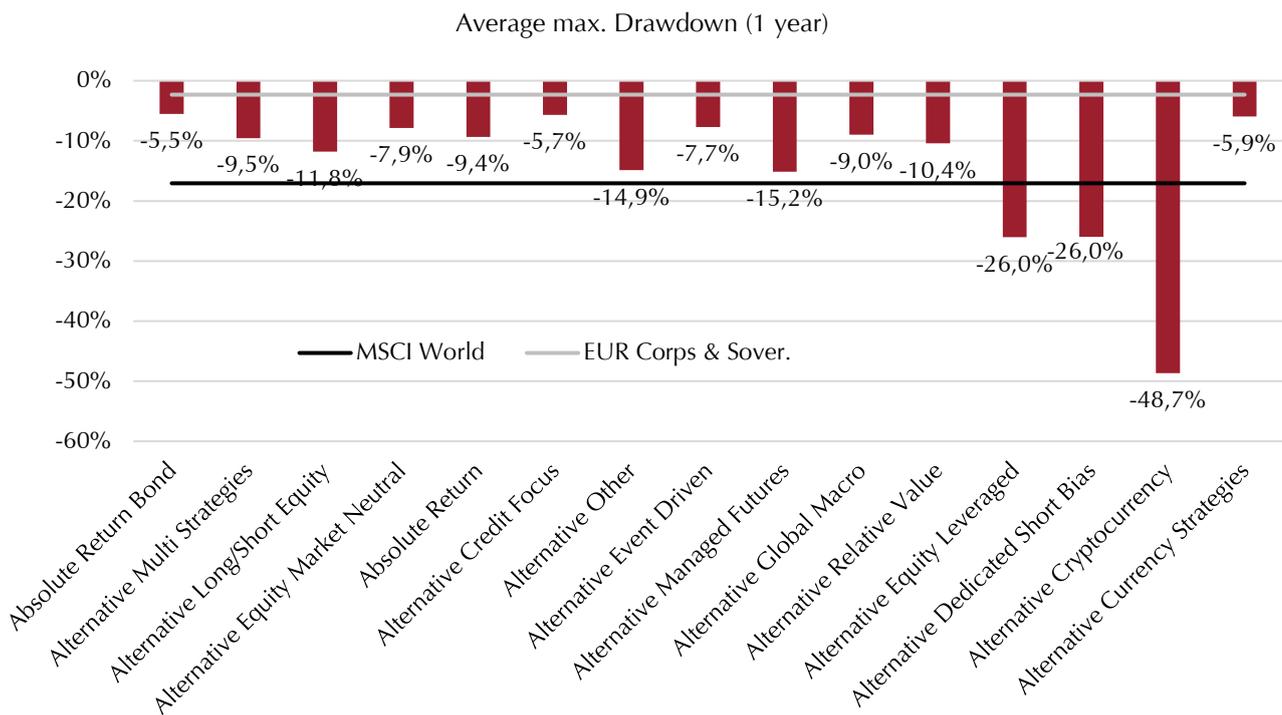
Over the past two years, investor interest in Liquid Alternatives has gradually returned. The segment recorded clearly positive net inflows for the first time in the second half of 2024. This trend gained significant momentum in 2025. In the first half of the year, €6.9 billion in new money flowed into Liquid Alternatives, with inflows accelerating by a further €19.5 billion over the course of the year. Ten of the 15 strategies in this asset class recorded net inflows by the end of the year – further evidence of the breadth of demand. The two Fixed-Income Strategies, Absolute Return Bond and Alternative Credit Focus, were among the biggest beneficiaries, with net inflows totalling €16.4 billion.

**Ralf Lochmüller, founding partner and CEO of Lupus alpha**, sees private and institutional investors regaining confidence in this investment segment: “The high net inflows show that investors are using Liquid Alternatives as a strategic building block to make their portfolios more robust – with independent sources of income beyond traditional asset classes.” Fixed-Income Strategies with a high degree of downside control were preferred.

With an average performance of 1.99%, Liquid Alternatives outperformed euro government bonds but lagged significantly behind the equity markets. The capital market year was marked by an extremely weak US dollar – the euro appreciated by 13.4% against the US currency. This has a significant negative impact on funds with a global focus, as is often the case with Liquid Alternatives. A return calculated in US dollars is quickly diminished in euros. Investors must pay attention to strategies with a euro focus or currency hedging if they want to avoid this effect.

On the risk side, Liquid Alternatives confirmed their diversifying effect: Most strategies were able to keep their maximum losses well below an investment in equities: The MSCI World recorded a setback of  $-17.06\%$  in the first half of the year in the wake of Liberation Day. Almost all Liquid Alternatives Strategies managed to keep their maximum losses significantly lower – with the exception of leveraged strategies and the Alternative Cryptocurrency category.

### Almost all strategies were able to effectively limit drawdowns



“Many strategies act as a stabilising element and help to smooth performance across the entire portfolio by effectively cushioning sharp price losses and reducing volatility,” explains **Michael Lichter, Head of Product Management at Lupus alpha**. “Especially in periods of pronounced stress, such as in 2020 and 2022, Liquid Alternatives were able to significantly limit their drawdowns compared to global equity investments.”

The white paper, available for [download](#), contains details on market size, fund movements, performance data and risk indicators, as well as methodological notes.

**About the study:** Since 2008, Lupus alpha has been evaluating the universe of Absolute Return and Liquid Alternatives funds on the basis of data from LSEG Lipper. The study, which is published every six months, covers UCITS-compliant funds with an active management approach that are approved for distribution in Germany. The study focuses on market size, development and composition, performance in the investment segment and individual strategies, as well as risk indicators. The three aggregation levels examined are the overall universe, strategies within the universe and funds within the strategies. A distinction is made between 15 strategies with a total of 713 funds.

**About Lupus alpha:** As an independent, owner-operated asset management company, Lupus alpha has been synonymous with innovative, specialised investment solutions for 25 years. As one of Germany's European small and mid-cap pioneers, Lupus alpha is one of the leading providers of volatility strategies as well as collateralised loan obligations (CLOs). The specialist product range is rounded off by global convertible strategies and risk overlay solutions for institutional portfolios. The Company manages a volume of EUR 15.5 billion for institutional and wholesale investors. Further information can be found at [www.lupusalpha.de](http://www.lupusalpha.de).