

INSIDE

Institutional Winners

How firms such as Dymon and Schonfeld are consolidating talent, capital and scale across the region.

Launches and Emerging Managers

The most notable new managers of 2026 and what they reveal about allocator preferences and fundraising trends.

Key Investment and Talent Themes

The strategies, sectors and talent pools attracting the greatest attention across Asia's hedge-fund landscape.

Outlook

Key observations and themes to watch as the industry enters the final months of 2026.

Market Overview

The Asia equity long/short market has re-established itself as one of the most important global sources of hedge-fund alpha in 2026. Supported by a powerful rally in artificial intelligence, semiconductors and related technology themes, Asia outperformed most other hedge-fund regions during the first half of the year, with managers benefiting from deep expertise across Taiwan, South Korea, Japan and selected areas of China. The region's central role in the global AI supply chain created a fertile environment for specialist investors, with several technology-focused managers generating exceptional returns.

However, 2026 has also highlighted the risks associated with crowding. As investor enthusiasm for AI-related opportunities intensified, exposure to semiconductors, memory and technology hardware reached historically elevated levels across many hedge-fund portfolios. The sharp July correction exposed the degree to which seemingly diversified portfolios had become concentrated around the same themes, resulting in one of the most significant de-grossing events experienced by Asia-focused fundamental managers in recent years. For allocators, the episode reinforced the importance of risk management, portfolio construction and liquidity discipline alongside investment insight.

Despite the volatility, the broader outlook remains constructive. Allocator appetite for hedge funds continues to recover, sovereign wealth funds and institutional investors are increasing commitments to alternative strategies, and capital formation remains healthy for managers with differentiated expertise and strong infrastructure. Large platforms such as Dymon, Schonfeld, Millennium and Point72 continue to invest heavily in both talent and regional expansion, while a new generation of launches, including Kuark Capital and Invictus Investment Partners, demonstrates continued investor willingness to back specialist managers with proven pedigrees.

Looking ahead, Japan's governance-driven renaissance, Korea's technology leadership, China's increasingly selective recovery and Asia's continuing importance within the global AI ecosystem should continue to support attractive long/short opportunities. The defining lesson of 2026 is not simply that Asia remains fertile ground for alpha generation, but that success increasingly depends on combining specialist knowledge with institutional-quality risk management. In an environment characterised by heightened dispersion and rapid capital flows, both investment talent and organisational scale have become important competitive advantages.

Institutional Winners: The Platforms Reshaping Asia

The defining corporate story of 2026 has been the growing influence of a small group of institutional-scale hedge-fund platforms. While new launches continue to emerge, the industry's centre of gravity is increasingly shifting towards firms with the capital, infrastructure and organisational depth to expand across strategies, geographies and market cycles. In many respects, the most important developments this year have come not from new entrants, but from incumbent platforms that continue to consolidate talent, investor capital and market share.

Dymon Asia: From Regional Champion to Global Contender

Few firms have been more active than Dymon Asia Capital. Supported by approximately US\$1 billion of new capital from Abu Dhabi Investment Council and assets approaching US\$9 billion, the firm has accelerated expansion across commodities, macro and equities while simultaneously broadening its geographic footprint beyond Asia. Recent hires include former Jain Global portfolio manager **Amir Ravan**, former Schonfeld macro trader **Manas Baveja**, BlueCrest executive **Jay Radia** and former Schonfeld risk head **Marwan Moubachir**, alongside earlier additions such as **Meng Lou**, **Hiroki Yamakawa** and **Wissam Mezrani**. Collectively, these moves suggest a firm investing aggressively ahead of growth and increasingly positioning itself as a credible alternative to the industry's established global multi-manager platforms.

Schonfeld Deepens Its Commitment to Asia

Schonfeld's establishment of **Triwood Asset Management**, a dedicated APAC long/short equities platform led by **Yasuhiro Tamaki**, reflects another important industry trend: Asia is increasingly being treated as a standalone source of alpha rather than a regional extension of global equities businesses. Spanning Hong Kong, Tokyo, Singapore and New York, Triwood represents a long-term commitment to the region and reinforces the growing importance of local expertise, dedicated infrastructure and on-the-ground investment resources. The initiative also highlights continued confidence in Japan, Korea and broader Asia as markets capable of supporting dedicated investment franchises at scale.

Strategic Implications

The defining theme of 2026 has been the continued institutionalisation of the Asian hedge-fund industry. Increasingly, the firms attracting the greatest investor interest are also those winning the battle for talent. As allocators place greater emphasis on infrastructure, governance, risk management and organisational resilience, competitive advantage is no longer determined solely by investment performance. The industry's strongest platforms are combining investment expertise with capital, technology and global operating capabilities, creating powerful network effects that attract both assets and personnel. The result is a more concentrated market in which a relatively small number of firms are increasingly shaping hiring activity, capital formation and the future direction of Asian hedge-fund investing.

Launches & Emerging Managers

Despite challenging fundraising conditions across the hedge-fund industry, 2026 has produced a select group of notable new managers backed by experienced founders and meaningful institutional capital. Unlike previous cycles, investors have generally favoured managers with established track records, differentiated expertise and the infrastructure required to scale from inception.

The standout fundamental equity long/short entrant of the year has been **Kuark Capital**, founded by former Kadensa portfolio manager **Kyle Su**. The Hong Kong-based firm reportedly secured at least US\$400 million prior to launch and is pursuing a low-net strategy focused on artificial intelligence, semiconductors and the broader Asian technology supply chain, with particular emphasis on Taiwan and Japan. The firm's early success in attracting capital reflects growing allocator conviction in specialist technology investing and continued demand for managers with deep regional expertise.

Another closely watched entrant is **Invictus Investment Partners**, established by former Point72 Japan head **Tomohiro Yamaguchi**. Backed by approximately US\$200 million of anchor capital, the firm is focused on Japanese equities and reflects growing investor confidence that governance reform, activist engagement and increasing stock dispersion continue to create attractive long/short opportunities in Japan. Its emergence reinforces Japan's position as one of the most compelling specialist markets for equity hedge funds globally.

Beyond traditional stock-picking strategies, some of the year's most significant developments have emerged from the quantitative and market-neutral universe. **Third Epsilon**, founded by former Citadel quantitative research leader **Paul Dou**, has attracted considerable attention through its strategic relationship with Millennium Management and its ambition to build a scalable quantitative equity platform. While structurally different from a traditional long/short fund, the firm's development highlights sustained investor demand for systematic strategies capable of delivering diversified alpha with institutional-quality risk controls.

What the Launches Tell Us

The emerging-manager landscape remains active, but the profile of successful launches is changing. Investors are increasingly backing specialist managers with proven pedigrees, clear investment edge and institutional-quality operating platforms. Rather than a broad resurgence of entrepreneurial startups, 2026 has been characterised by a smaller number of well-capitalised managers targeting highly specific opportunity sets, particularly Japan, technology and quantitative investing. The trend suggests future industry growth is likely to be driven less by the quantity of launches and more by the quality, scale and specialisation of new entrants.

Key Investment & Talent Themes

AI Remains the Dominant Investment Theme

Artificial intelligence and the broader semiconductor ecosystem have been the defining drivers of hedge-fund performance across Asia in 2026. Taiwan, South Korea and Japan have benefited from their central roles within the global AI supply chain, while several specialist technology managers generated exceptional returns during the first half of the year. Although July's sharp correction exposed the risks associated with crowded positioning, investor conviction in AI-related opportunities remains intact. Rather than diminishing interest in the sector, the volatility has reinforced the importance of stock selection, risk management and identifying differentiated exposures across the value chain.

Japan's Renaissance Continues

Japan remains one of the most compelling markets for fundamental long/short investors. Corporate governance reforms, increasing shareholder returns, activist engagement and widening performance dispersion between companies continue to create attractive opportunities for specialist managers.

The emergence of new launches such as Invictus Investment Partners, coupled with increased investment and hiring activity from major platforms, reflects growing conviction that Japan has become one of the most durable sources of alpha in the region.

The Rise of Institutional Platforms

One of the defining trends of 2026 has been the increasing influence of institutional-scale hedge-fund platforms. Firms such as Dymon and Schonfeld have expanded aggressively through hiring, geographic diversification and investment in specialist teams. At the same time, newer managers are launching with substantial anchor capital and institutional backing from inception. The distinction between a traditional hedge-fund launch and an institutional platform is becoming increasingly blurred as scale, infrastructure and operational capabilities become more important competitive advantages.

Competition for Talent Intensifies

Demand for experienced investment professionals remains strong across the region.

Japan specialists, technology investors, quantitative researchers and senior risk professionals have been among the most sought-after profiles during the year. The majority of high-profile hiring activity has occurred between hedge-fund platforms rather than between hedge funds and traditional asset managers, reflecting the growing concentration of talent within the alternatives industry. As firms continue to expand and investor capital remains available for proven teams, competition for experienced portfolio managers and analysts is expected to remain intense.

Key Takeaway

The most successful firms in 2026 have generally aligned themselves with two powerful trends: exposure to structural investment themes such as AI and Japan, and the ability to attract and retain high-quality talent within institutional-scale platforms. Increasingly, sustainable competitive advantage is being built through the combination of specialist expertise, disciplined risk management and organisational scale.

Outlook

While forecasting hedge-fund performance is inherently difficult, several themes appear likely to remain influential through the balance of 2026. Investor attention is expected to remain focused on artificial intelligence and the broader semiconductor ecosystem, although the events of July have highlighted the importance of differentiating between structural opportunities and crowded positioning. The market's sharp reversal demonstrated that conviction in a theme alone is not sufficient; portfolio construction, risk management and liquidity remain critical determinants of performance.

Japan is likely to remain a key area of focus for both investors and managers. Corporate governance reforms, shareholder-friendly policies and increasing performance dispersion continue to underpin the investment case, while recent launch activity and platform expansion suggest that many firms view Japan as one of the most attractive specialist markets in Asia. At the same time, South Korea and Taiwan should continue to attract attention as critical components of the global technology supply chain, albeit with potentially higher volatility following the sharp swings experienced during the summer.

From an industry perspective, the trend towards larger and more institutionalised platforms appears likely to continue. Firms such as Dymon and Schonfeld have demonstrated that scale, infrastructure and access to capital are increasingly important competitive advantages. As a result, competition for experienced investment professionals, particularly Japan specialists, technology investors, quantitative researchers and senior risk managers, is expected to remain intense.

More broadly, allocator appetite towards alternative investments remains constructive despite recent volatility. New fund launches, platform expansion and continued hiring activity suggest that investors continue to see attractive opportunities across Asia's long/short landscape. Rather than signalling a change in direction, the events of 2026 may ultimately be remembered as reinforcing a central theme: Asia remains a highly attractive region for alpha generation, but success increasingly depends on specialist expertise, disciplined risk management and institutional-quality operating platforms.



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