

Alternative Assets Industry Hits \$6tn in AUM for First Time

Industry adds over \$600bn in assets through 2013 following strong performance and improved fundraising levels, becoming more important than ever to institutional investors' portfolios

Preqin today launches our 2014 Global Alternatives Reports, which reveal the global alternatives industry has shown significant growth in assets held by private equity, hedge fund, real estate and infrastructure fund managers. This is following a year of improving exit environments, strong performance and increased fundraising levels, all stemming from even greater appetite for alternatives from investors; more than 80% of investors in each asset class felt their investments had either met or exceeded expectations over the previous 12 months, and over 30% intend to increase their allocations over the next 12 months.

Key Findings from the 2014 Global Alternatives Reports:

Private Equity – A Need for Cautious Optimism:

- Total private equity assets under management stand at \$3.5tn as of June 2013 (including private real estate and infrastructure funds), up from \$3.2tn as of June 2012.
- 2013 saw the largest amount of capital raised since the global financial crisis, with private equity funds raising \$454bn, but only 7% was raised from first-time fund managers, the lowest proportion ever recorded.
- 71% of investors in private equity intend to commit to their next private equity fund within the next year.

Hedge Funds – An Improving Outlook by Investors:

- The hedge fund industry saw the highest growth in assets over the last year compared to other alternative assets, from \$2.30tn to over \$2.66tn, as a result of strong investment gains and new asset flows.
- Institutional investor capital now represents 66% of all hedge fund capital, with all major groups of institutional investors increasing their hedge fund allocations between 2012 and 2013.
- Hedge funds posted returns of 11.08% over 2013, but despite lagging the S&P 500 Index, 84% of investors stated that returns had met or exceeded expectations, the highest level recorded by Preqin.

Real Estate – Confidence Returning:

- Following the strongest fundraising year for the real estate industry since the global financial crisis, industry assets stand at \$657bn as of June 2013, up from \$576bn as of June 2012.
- Real estate was the best performing asset class in public pension funds' portfolios over the three years to June 2013, posting average returns of 13.7% and surpassing the average 13.6% returns on listed equities.
- 31% of institutional investors in real estate are looking to increase their allocations to the asset class over the next 12 months, with only 5% intending to reduce their exposure.

Infrastructure – A Maturing Asset Class:

- Industry assets are at a record high of \$244bn as of June 2013, up from \$210bn a year before.
- 46% of institutional investors in infrastructure are looking to increase their allocations to the asset class over the next 12 months, a larger proportion than in any other alternative asset class.
- Of institutional investors looking to make investments in infrastructure throughout 2014, 43% expect to allocate \$100mn or more.

For more information and to view the sample pages of each report, please see below:

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"The alternative assets industry is now valued at over \$6 trillion, according to Preqin's latest estimates, and all signs indicate this figure will continue to grow. In speaking with investors, we have found that many institutions not only have

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significant allocations to the private equity, hedge fund and real assets sectors, but many are looking to invest even more capital in these asset classes in the near future.

Performance has been a key component of this growth. The alternative assets industry has continued to demonstrate it can offer superior long-term risk-adjusted performance for investors, as well as offering key diversification opportunities or reducing volatility. With the fundraising environment in 2013 indicating the strong demand investors have for these investments, coupled with the positive intentions gleaned from speaking with investors, Prequin anticipates even further growth for the alternative assets industry throughout 2014.”

Mark O’Hare – CEO, Prequin

About Prequin:

Prequin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Prequin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Prequin’s services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.prequin.com

Note to Editors:

- Prequin is spelled without the letter ‘U’ after the ‘Q’.

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