

Alternative Assets Industry Grows to Record \$7.4tn in 2015

Private capital funds* reach \$4.2tn in combined AUM, while hedge fund industry grows to almost \$3.2tn

Preqin today launches its 2016 Global Alternatives Reports, which find that alternative assets fund managers hold a record \$7.4tn in combined assets under management (AUM) in 2015, up from \$6.9tn a year before. The private capital industry in particular has grown over the past year, as almost every constituent asset class saw its AUM increase. The industry as a whole added \$193bn in AUM through H1 2015, more than the \$149bn growth seen in the whole of 2014. The aggregate value of the portfolios of assets held by private capital fund managers is continuing to rise as GPs put more capital to work.

Hedge funds saw a challenging year in 2015, but combined assets under management grew from \$3.0tn to \$3.2tn despite performance concerns. Total hedge fund AUM grew by 13.3% over 2014 as funds added \$355bn in total assets; this rate of growth halved in 2015 with just \$178bn worth of assets added, an increase of 5.9%.

Key Findings from the 2016 Global Alternatives Reports:

Private Equity – Distributions Spur Investors to Commit More Capital

- Private equity funds distributed a record \$475bn back to investors in 2014, and returned a further \$189bn in H1 2015.
- Buyout and venture capital funds raised a combined \$199bn in 2015. Eighty-eight percent of investors expect to commit more or the same amount of capital to private equity in 2016 as in 2015.
- The biggest challenge facing investors in 2016 is asset valuation, cited by 70% of survey respondents.

Hedge Funds – Growth Slows in Challenging Year

- The industry saw \$71.5bn added through fresh capital inflows in 2015. These gains were made entirely in H1, as H2 saw a net industry outflow of \$4.8bn.
- Hedge funds had a disappointing year of performance with the Preqin All-Strategies Hedge Fund benchmark returning 2.02%, down from the 4.65% gains made in 2014.
- Forty-four percent of fund managers believe their performance objectives were not met in 2015, and 33% of investors saw below-expected performance on their investments.

Real Estate – Record Distributions Keep Investors Happy

- Private real estate funds have an average rate of return of 16% in the three years to June 2015, similar to higher-risk buyout and venture capital strategies.
- Real estate funds made record distributions of \$187bn in 2014, and returned a further \$103bn to investors in H1 2015.
- Eighty-nine percent of investors said that their real estate investments either met or exceeded their expectations in 2015, with 82% expecting to increase or maintain their allocation to the asset class.

Infrastructure – Asset Competition and Valuations Increase

- Fifty-two percent of fund managers cited finding attractive investment opportunities as their biggest challenge in 2016.
- Valuations and deal flow were also cited by the largest proportion of investors (38%) as key concerns over the year ahead.
- Capital is increasingly becoming concentrated among fewer fund managers as investors seek proven experience. Over half (52%) of capital raised in 2015 was secured by the six largest funds closed.

For more information and to find a link to the sample pages of each report, please see the factsheet below:

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Comment:

“The private capital industry has continued to show healthy growth over the past year, and is now worth over four trillion dollars. This has been fuelled by a rise in dry powder levels, following another strong year for fundraising, and an increase in the unrealized value of portfolio assets. This is not without its concerns, though; the fundraising market is more competitive than ever and dry powder levels continue to increase and put pressure on finding attractive investment opportunities.

The hedge fund industry has not enjoyed the same gains made in 2013 and 2014, although it has nevertheless grown to well over three trillion dollars. While the prolonged period of weak returns has taken its toll, returns are also difficult to find in other asset classes. 2016 looks set to be a challenging year, but the industry still has the potential for significant further growth.”

Mark O’Hare – Chief Executive, Preqin

** Preqin defines ‘private capital’ as all closed-end alternative assets funds, including private equity, venture capital, private debt, real estate, infrastructure and natural resources.*

Note to Editors:

- Preqin is spelled without the letter ‘U’ after the ‘Q’, the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

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

Preqin 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 Preqin’s services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

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Alternative Assets Industry in 2015

Key Facts and Figures from Preqin's 2016 Global Alternatives Reports

GLOBAL ALTERNATIVE ASSETS INDUSTRY HIGHLIGHTS



Total private capital* assets under management as of June 2015.



Total assets under management for the alternative assets industry in 2015.

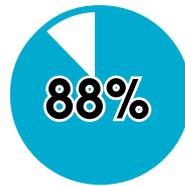


Total hedge fund assets under management as of November 2015.

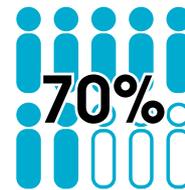
PRIVATE EQUITY AND VENTURE CAPITAL HIGHLIGHTS



Total private equity capital distributions in H1 2015, continuing from the record distributions seen in 2014 (\$475bn).



Proportion of investors that expect to commit more or the same amount of capital in 2016 as in 2015.

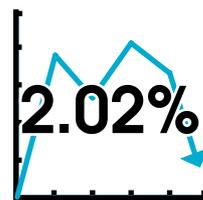


Proportion of private equity investors that cite valuations as the key challenge in 2016.

HEDGE FUND HIGHLIGHTS



Hedge fund assets under management reach nearly \$3.2tn in November 2015, up from \$3.02tn as of December 2014.



The Preqin All-Strategies Hedge Fund benchmark shows returns fell from the +4.65% seen in 2014.



The hedge fund industry added \$71.5bn in new net capital inflows in 2015.

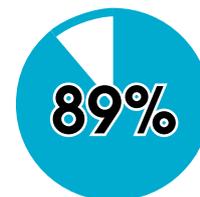
PRIVATE REAL ESTATE HIGHLIGHTS



Total capital distributions in H1 2015, following the record \$187bn distributed in 2014.



Annualized real estate fund return in the three years to June 2015.

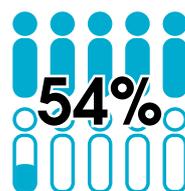


Proportion of investors that feel their real estate investments have met or exceeded their expectations.

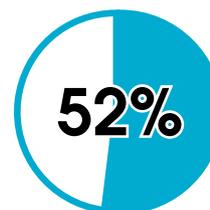
INFRASTRUCTURE HIGHLIGHTS



Average deal value has increased to an all-time high in 2015.



Proportion of surveyed fund managers stating that finding attractive investment opportunities is their biggest challenge over 2016.



Proportion of total capital raised in 2015 secured by the five largest funds to close.

*Preqin defines 'private capital' as all closed-end alternative assets funds, including private equity, venture capital, private debt, real estate, infrastructure and natural resources.

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