

## Investors Diversify Alternative Assets Exposure

**More than a third of investors have exposure to at least four alternative asset classes at the start of 2017, a significant increase from a year ago**

Institutional investors are looking for exposure to an ever-widening range of alternative asset classes, with half now holding allocations to three or more. According to Preqin's **H1 2017 Investor Outlook: Alternative Assets\***, 9% of institutions invest in all six alternative asset classes, a fifth have exposure to five or more, and over a third (34%) invest in four or more. This represents a notable increase over the past 12 months: a year ago, only a quarter of respondents invested in at least four asset classes, and just 13% had exposure to five or more separate markets.

**For more information and analysis, see the full Preqin H1 2017 Investor Outlook: Alternative Assets:**  
<https://www.preqin.com/docs/reports/Preqin-Investor-Outlook-Alternative-Assets-H1-2017.pdf>

### Key Trends from the H1 2017 Investor Outlook:

- **Four-fifths of all institutional investors make commitments to at least one alternative asset class**, a rise of one percentage point from H1 2016.
- Satisfaction with the private equity asset class is at record levels, with **84% of investors holding a positive perception of private equity**, and just 3% viewing it negatively.
- Conversely, **43% of investors are dissatisfied with the hedge fund industry** and 31% plan to decrease their allocation to the asset class over the longer term.
- **Sixty-two percent of investors plan to increase their allocation to private debt over the longer term**, while 53% of investors intend to do the same with infrastructure.
- Although 93% of investors felt that their real estate portfolio's performance either met or exceeded expectations in 2016, over **a third (37%) believe their portfolio will perform worse in the coming year**, compared to just 9% that expect it to perform better.
- **More than a fifth (22%) of investors believe that it is now easier to identify attractive natural resources investment opportunities** than a year ago, a far higher proportion than any other asset class.

### **Andrew Moylan, Head of Real Estate Products:**

"Preqin's investor surveys demonstrate the considerable appetite for alternative assets within the investor community at present, with many looking to ramp up their participation within these markets. It is notable that although the proportion of investors that are not involved in the alternatives industry has remained relatively consistent, those with exposure are now expanding and diversifying their exposure to different asset classes.

While the private equity and hedge fund markets are large, well-established industries, sectors such as unlisted infrastructure and private debt have seen robust expansion in the past few years. This has been driven by sustained investor appetite, in part due to these asset classes' ability to outperform public markets over the long term. With the well-noted exception of hedge funds, there is a high level of satisfaction across the alternative assets industry, and it seems as though investor demand for alternatives will continue to grow and become more sophisticated in the near future."

*\*The H1 2017 Investor Outlook is based on the results of a survey of 533 institutional investors conducted by Preqin in December 2016.*

*Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.*

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