

Investors and Fund Managers Gauge Brexit Impact

Many fund managers expect performance and investment decisions to be affected, while institutional investors expect to commit less to the UK

In the wake of Britain's vote to leave the European Union, Preqin has surveyed over 140 alternative assets firms* and 50 institutional investors to gauge their reactions and expectations following the result. The largest proportions of fund managers do not expect their performance or investment decisions to be impacted by Brexit, but hedge fund managers anticipate being able to benefit in the short term as they capitalise on market volatility. Investors are taking a cautious approach, with more than a quarter of investors overall expecting to invest less in the UK in the wake of the result. Below are some of the key findings of the surveys:

To see the full results and analysis across all alternative asset classes, please see the report below:
<https://www.preqin.com/docs/reports/Preqin-Special-Report-Impact-of-Brexit-on-Alternatives-July-2016.pdf>

Private Capital** Fund Managers

- In the next 12 months, **19% of surveyed private capital fund managers expect their performance to be negatively impacted by Brexit**, while 13% expect the impact to be positive. In the longer term, 9% expect Brexit to have a positive impact on performance, and 13% a negative impact.
- **Almost a third (32%) of fund managers will look to invest less in the UK** over the next 12 months, while 3% anticipate investing more. In the longer term, 14% each expect to increase and decrease their UK investments.

Hedge Fund Managers

- Although 13% of hedge fund managers said that they thought it would be negative in the short term, **31% expected the impact of Brexit on performance to be positive**. In the longer term, almost a quarter (23%) expect the impact to be positive, while no surveyed manager anticipated a negative impact.
- **Twenty-one percent of fund managers will look to make more investments in the UK over the next 12 months**, and 13% will make more UK investments in the longer term. Just 11% will reduce their investments in the short term, and 8% will make fewer investments in the longer term.

Investors

- Thirty percent of private capital investors think the impact of Brexit on performance is negative, while 12% think it is positive. **Hedge fund investors are more optimistic**; 22% think performance will be negatively impacted, but 35% think it will be positive.
- **Less than 10% of investors in both private capital and hedge funds think they are likely to invest more in the UK** in both the shorter and longer term. Almost half (43%) of private capital investors expect to invest less in the UK in the next 12 months, and 31% in the longer term. Among hedge fund investors, those figures stand at 31% and 24% respectively.
- **A quarter of private capital investors will also look to invest less in the EU over the next 12 months**, while 6% think they are likely to invest more. Overall, though, 70% of alternative assets investors expect to maintain their EU investments in the short term, and three-quarters expect no change in the longer term.
- In the next 12 months, 2% of investors will look to invest with more UK-based alternative assets firms, while 24% think they are likely to invest with fewer. The same proportion expect to invest with fewer UK-based managers in the longer term, but **no surveyed investor anticipates increasing investment with UK managers as a result of Brexit**.

* Preqin surveyed 75 private capital fund managers and 67 hedge fund managers 30th June – 4th July.

**Throughout, private capital refers to the closed-end alternative assets industry comprising private equity, venture capital, real estate, infrastructure, private debt and natural resources funds.

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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