

# Alternatives: Where Will Capital Come from in 2023?

## Fund managers predict that family offices and Asia-Pacific investors will play bigger roles in alternatives over the next five years

Alternative asset fund managers are anticipating that over the next five years, there will be significant changes in where they source their capital from. Banks and fund of funds managers are set to play less important roles, while almost two-thirds predict that family offices will become more prominent. Investors based in emerging markets, particularly in Asia, are also likely to contribute proportionally more capital to the industry, even as a third of firms say that they expect the share of capital coming from North America to decline.

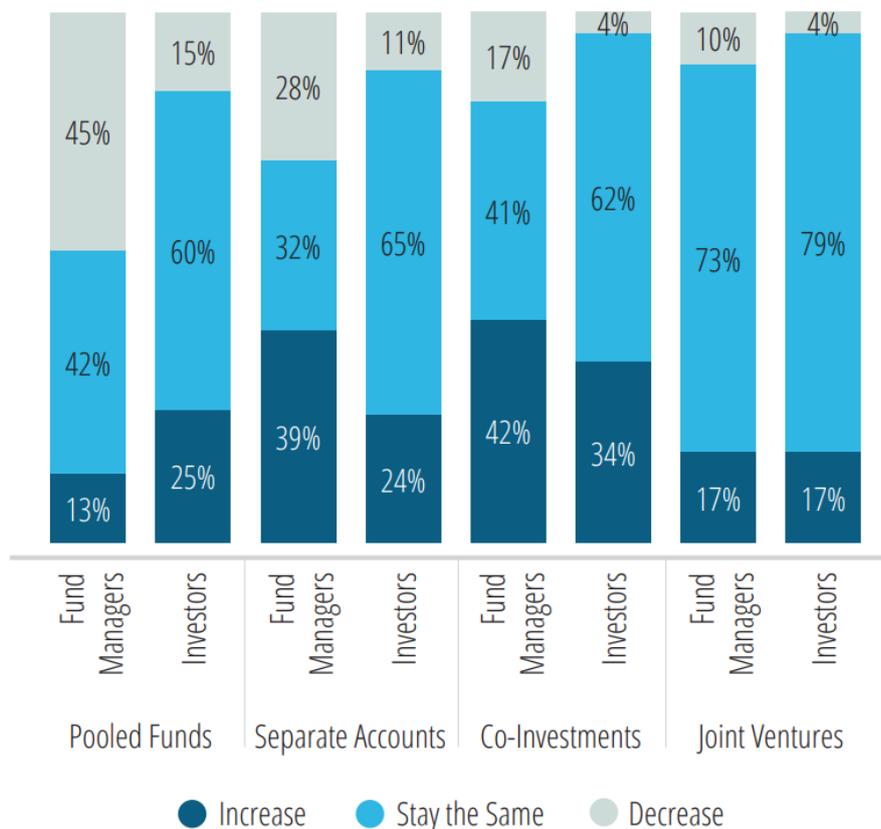
When they do commit capital, investors in 2023 are less likely to focus on pooled funds, and more likely to want to access the industry through co-investments, separate accounts and joint ventures. Almost half of fund managers anticipate less capital flowing to pooled funds, while more than a third of both fund managers and investors expect to see more capital being invested through co-investments.

**For more resources from the *Future of Alternatives* initiative, please find the full report here:**  
<https://go.preqin.com/future>

**Chris Beales, Editor – *Future of Alternatives*:**

*“Although we’ve been talking of increased competition in alternatives for the past few years, it’s with good reason. With capital more often than not in the hands of a small number of investors, fund managers are looking to stand out from one another, enticing investors with more customizable fund structures. While pooled funds have in the past accounted for the majority of capital in alternatives, a significant proportion of fund managers expect this balance to shift. They predict a rise in co-investment activity, as well as more separate and managed accounts – structures that offer investors more control and often lower fees.”*

### Projected Change in Route to Market over the Next Five Years



Source: Preqin Fund Manager and Investor Surveys, June 2018

## Key 2023 Sources of Capital Facts:

- Significant proportions of **managers predict a shift in where capital is sourced**. Forty-one percent predict that banks will play a less important role in 2023, while 40% expect fund of funds managers to play a smaller role.
- However, **65% of managers expect family offices to play a more important role** as a source of capital in 2023.
- The largest proportion of fund managers (60%) expect to source **more capital from Asia-Pacific-based investors**.
- By contrast, almost a third (32%) expect to source a **lower proportion of capital from North America-based investors** over the next five years.
- Forty-five percent of fund managers expect proportionally **less capital to be invest in pooled funds** by 2023, although just 15% of investors share that view.
- By contrast, the largest proportions are anticipating an **increase in capital in separate accounts and co-investments** (39% and 42% respectively).

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