

Preqin Releases 2016 Alternative Assets Performance Monitor

Preqin's report examines performance across the alternative assets industry over a range of metrics, including IRRs, consistent performing managers, and public market equivalents.

Key highlights include:

- **Private Capital Horizon IRRs Outperform Public Indices**

Using cash flow data for over 3,200 funds, Preqin calculates horizon IRRs to show what kind of returns investors can expect over a given time-frame. Taken together, private capital funds* have horizon IRRs over one, three, five, and ten years to the end of December 2015 that outstrip public indices, including the S&P 500, MSCI Europe, and MSCI Emerging Markets. Within the private capital industry, Europe-focused funds have the highest one- and three-year horizon IRRs, while over the five years to the end of 2015 both Europe- and North America-focused funds have returned almost 15%.

- **Private Capital Firms Reach Record \$4.3tn in AUM**

At the end of 2015, the assets under management (AUM) of the private capital industry stood at \$4.3tn, up from \$4.0tn at the end of 2014, and an increase of 54% from December 2010 (\$2.8tn). Unrealized value remaining in funds accounts for \$2.9tn of the total AUM, while dry powder accounts for \$1.4tn. Private equity firms hold the majority of AUM (\$2.4tn), followed by private real estate (\$809bn), private debt (\$561bn) natural resources (\$404bn) and infrastructure (\$331bn)**.

- **PrEQIn Index Shows Strong Distressed Private Equity Performance**

The PrEQIn Index – a measure of the returns earned by investors based on the actual amount of money invested at a given point in time – shows that private capital funds reached 322 index points by the end of 2015, from a starting point of 100 at the end of 2000. This is far ahead of the S&P 500 (208 points), demonstrating the superior returns potential of private equity portfolios. Distressed private equity, including distressed debt, turnaround and mezzanine funds, was the best performing strategy, reaching 494 points, while buyout funds finished 2015 on 438.

- **Successor Funds Give Indication as to Importance of Firm Selection**

Thirty-four percent of top-quartile private capital funds are followed by another top-quartile fund, with just 14% of firms following up a top-quartile vehicle with a bottom-quartile successor fund. By contrast, 37% of bottom-quartile funds are then succeeded by another bottom-quartile fund, with 16% able to follow with a top-quartile successor.

To access further information and analysis, please see the sample pages below:

<https://www.preqin.com/docs/samples/2016-Preqin-Alternative-Assets-Performance-Monitor-Sample-Pages.pdf>

If you are a member of the financial press and would like to register for an advance copy of the 2016 Preqin Alternative Assets Performance Monitor, please email press@preqin.com

Comment:

“The private capital industry has seen median net IRRs steadily climb in recent years, and among 2012 vintage funds they have reached their highest level since 1995. Over the longer term, the private capital industry continues to prove its value for investors, outperforming the S&P 500 considerably when looking at the potential growth of investor capital.

With institutional investors worldwide increasingly looking for diversified and innovative investment portfolios which can meet individual returns objectives, it is clear that the alternative assets industry plays a vital role in their allocations. Many institutions have long-term investment horizons, and the ability of private capital funds to outperform public markets is a key factor in explaining the attraction the industry holds for investors.”

Selina Sy – Editor, Preqin 2016 Alternative Assets Performance Monitor

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****Private capital denotes all private closed-end funds including private equity, private debt, real estate, infrastructure and natural resources.***

*****Some assets are counted into multiple asset class AUM totals due to the nature of the underlying investments.***

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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