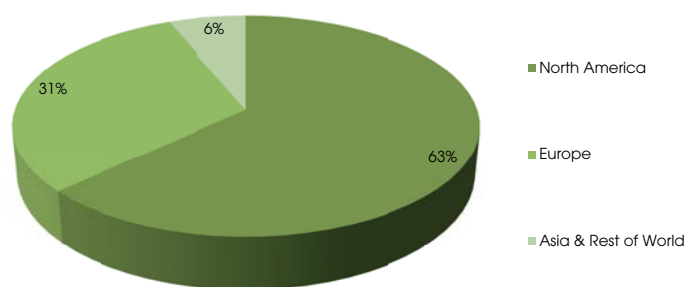




Investment Consultants in the Alternative Assets Industry

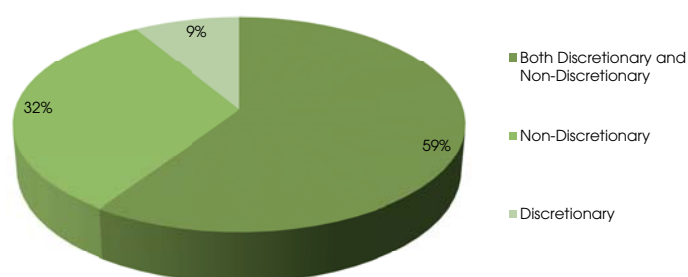
Which regions are investment consultants primarily based in? How much capital do consultants and their clients intend to commit? Using an extract from the [2013 Preqin Investor Network Global Alternatives Report](#), Dami Sogunro examines investment consultants in hedge funds and their preferences for the next 12 months.

Fig. 1: Breakdown of Alternatives Investment Consultants by Location of Headquarters



Source: 2013 Preqin Investor Network Global Alternatives Report

Fig. 2: Breakdown of Alternatives Investment Consultants by Nature of Service Provided



Source: 2013 Preqin Investor Network Global Alternatives Report

Overview of Current Universe

Consultants are an important resource to investors throughout the investment process, from making recommendations concerning asset allocation decisions to monitoring holdings. Within the alternatives space, consultants can often be even more important, due to the need for specialist knowledge in the often opaque investment market.

Preqin currently tracks 371 alternatives investment consultants. The majority (63%) of these consultants are headquartered in North America, and 98% of these North America-based consultants are located in the US. Europe is home to 31% of investment consultants, with the UK, Switzerland and Germany representing

Fig. 3: Proportion of Alternatives Investment Consultants Offering Services by Asset Class



Source: 2013 Preqin Investor Network Global Alternatives Report

the most prominent locations in the region. Significantly fewer investment consultants are based in Asia and Rest of World, with only 6% of consultants based in the region. A number of larger more established alternatives investment consultants operate in Asia and Rest of World through smaller outfits, which they use to gain local knowledge and form relationships, but are headquartered in North America or Europe.

Investment consultants are able to serve clients on a discretionary or non-discretionary basis, or provide both types of services. Providing both discretionary and non-discretionary services has been a growing trend among investment consultants in recent years, with firms adopting the ability to offer clients either service based on their needs in order to meet investors' varying requirements. Fifty-nine percent of alternatives investment consultants tracked by Preqin provide clients with both discretionary and non-discretionary services, 32% provide non-discretionary only services and 9% provide discretionary-only services.

Most alternatives investment consultants provide clients with services in a variety of alternative investments, as shown in Fig. 3. More than a third of investment consultants (34%) have services which cover private equity, hedge funds, real estate and infrastructure simultaneously. Only 16% focus upon a single asset class and, within this, 7% focus solely on hedge funds and 6% cover only private equity, and do not provide consulting services on any other asset types.

Consultants' Outlook on Hedge Funds

The outlook of consultants for the hedge fund space is largely positive. Over half of consultants are recommending that clients invest more capital in hedge funds in 2013 compared to 2012, with



38% expressing that they plan to commit slightly more capital to the hedge fund space and 17% significantly more (Fig. 4). This is a notably higher proportion than in 2012, when 28% planned to commit slightly more and 10% significantly more.

Only 10% of consultants plan to invest less capital in the hedge fund space on behalf of their clients in 2013 than in 2012, which is significantly lower than the 34% of consultants which stated this in 2012.

The regions viewed by alternatives investment consultants as providing the greatest opportunities in hedge funds have shown some notable changes since 2012. The region viewed by the largest proportion of consultants as presenting the greatest opportunities is North America, with 83% of consultants citing this region; this is a significant increase from the 68% of consultants which stated this in 2012. In contrast, consultants are seeing fewer opportunities in Europe. Europe is now viewed by 39% of consultants as the region presenting good opportunities for hedge fund investment, while this figure stood at a much higher 68% in 2012.

Appetite for South America and the Middle East is increasing. At present, 27% of consultants view South America as presenting strong investment opportunities, which is more than double the proportion in 2012. In 2012, only 3% of consultants selected the Middle East as one of the regions presenting strong opportunities in hedge funds; this has risen to 10% in 2013.

As shown in Fig. 6, direct fund investments are the most commonly recommended investment type by consultants currently (74%). Despite some discussion on the convergence of funds of funds and the consultants model, fund of funds vehicles are recommended by nearly 60% of the survey respondents. Alternatives to the traditional offshore commingled model are increasingly favoured among investors, which is mirrored by the consultants that serve them; a significant proportion of consultants are currently recommending investment in separately managed accounts (33%), listed funds (23%) and UCITS vehicles (22%).

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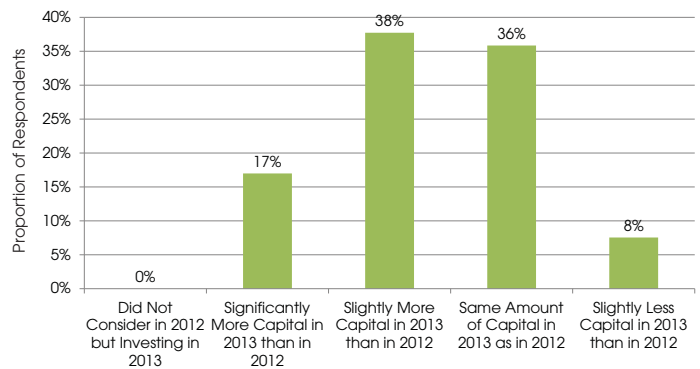
Interested in accessing details on investment consultants in hedge funds?

Premium subscribers to [Hedge Fund Investor Profiles](#) can click [here](#) to view a list of 367 hedge fund investment consultants. Click on a consultant's name to view a full profile, including service coverage, known clients, contact details and more.

Not yet a subscriber? For more information, or to arrange a demonstration, please visit:

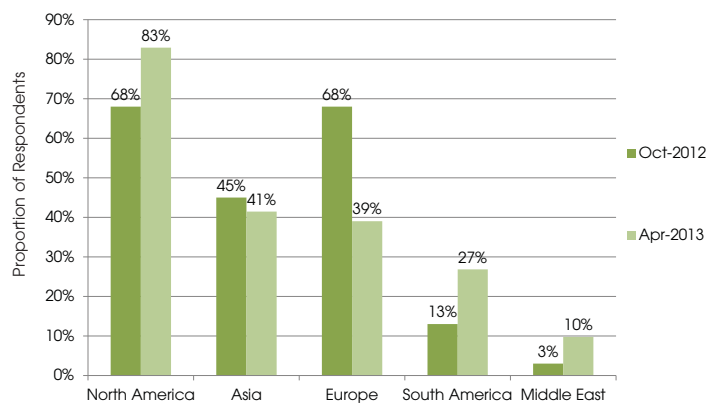
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Fig. 4: Amount of Capital Alternatives Investment Consultants/Clients Plan on Committing to Hedge Funds in 2013 Compared to 2012



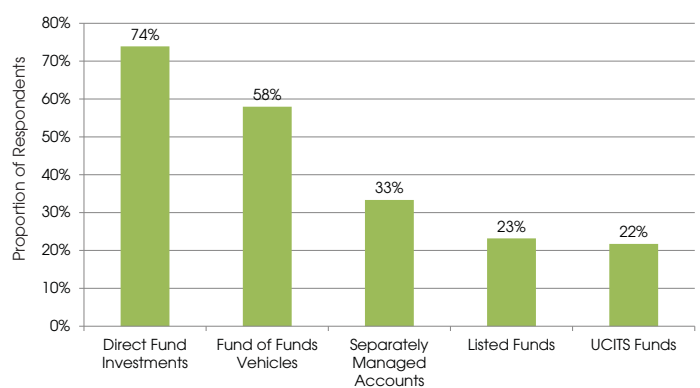
Source: 2013 Preqin Investor Network Global Alternatives Report

Fig. 5: Regions Viewed by Alternatives Investment Consultants as Presenting the Best Opportunities in Hedge Funds Over the Following 12 Months, 2012 - 2013



Source: 2013 Preqin Investor Network Global Alternatives Report

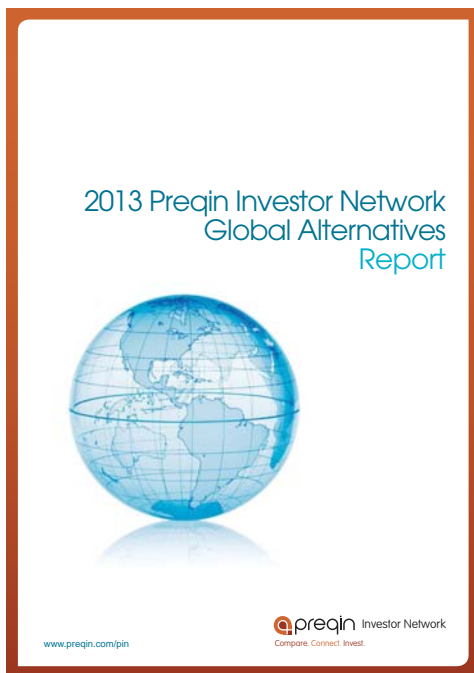
Fig. 6: Alternatives Investment Consultants' Preferred Route to Market for Hedge Fund Investment



Source: 2013 Preqin Investor Network Global Alternatives Report

2013 Preqin Investor Network Global Alternatives Report

The Report is the most comprehensive review of the alternatives industry aimed exclusively at institutional investors ever undertaken. It includes in-depth analysis on:



- ▶ **Methods of investing** in alternative assets.
- ▶ **Performance** of alternative assets, including industry benchmarks.
- ▶ Alternative **funds open for investment**, including league tables.
- ▶ **Consistent performing** managers, and top performing funds.
- ▶ **Terms and conditions, funds of funds, secondary market**, and more.

Plus hear from some of the industry's most significant voices, including David Rubenstein, Josh Lerner, and Luke Ellis.

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