

2014 Sees Alternative Assets Industry Near \$7tn in Value Industry adds \$690bn in assets through 2014, up from the \$648bn of asset growth seen in 2013

Preqin today launches our 2015 Global Alternatives Reports, which reveal significant growth in assets held by private equity, hedge fund, private debt, real estate and infrastructure fund managers. Total industry assets now stand at \$6.91tn*, up from \$6.22tn as of this point last year.

Although the performance of hedge funds over the past year has been generally considered underwhelming, the asset class accounted for over half of the asset growth across alternatives, as investors continued to deploy capital in funds that offered attractive opportunities. Across the other asset classes, improving valuations have been seen as a primary driver of asset growth.

Key Findings from the 2015 Global Alternatives Reports:

Private Equity – A Competitive and Sophisticated Market:

- Total private equity assets under management stand at \$3.8tn as of June 2014 (including private real estate and infrastructure funds), up from \$3.5tn as of June 2013.
- In H1 2014 (the latest data available), a total of \$444bn was distributed to investors, indicating 2014 is likely to surpass the \$561bn of capital returned to investors throughout the whole of 2013.
- 54% of private equity fund managers feel there has been an increase in competition for deals compared to a year ago.

Hedge Funds – Value Under the Spotlight:

- Hedge funds posted returns of 3.78% over 2014, the lowest average returns seen by the asset class since 2011. This compares to average returns of 12.25% seen in 2013.
- Despite this, the hedge fund industry saw the highest growth in assets over the last year compared to other alternative assets, from \$2.66tn at the end of 2013 to just under \$3.02tn.
- The value of investing in the asset class will be under scrutiny by investors throughout 2015, with investors naming performance and fees as the key issues facing the industry over the coming year.

Real Estate – Rising Prices and Competition for Assets:

- Private real estate industry assets stand at \$742bn as of June 2014, up from \$657bn as of June 2013, driven predominantly by improving valuations of unrealized assets.
- Higher asset valuations are affecting new investment activity, with 66% of fund managers saying it is harder to find attractive investment opportunities at suitable prices in the current market compared to 12 months ago.
- Nevertheless, performance of the real estate asset class has been strong, with annualized returns of private real estate funds reaching 16.7% over the past three years.

Infrastructure – Increasing Sophistication of Investors:

- Infrastructure assets are at a record high of \$296bn as of June 2014, up from \$244bn a year before.
- Investors are seeking exposure to infrastructure through a variety of methods, with 56% of investors expressing an interest in making direct investments into infrastructure assets over the coming year.
- The average size of infrastructure funds closed in 2014 reached \$1.0bn, compared to \$688mn in 2013.

For more information and to find a link to the sample pages of each report, please see the factsheet below

To request a full complimentary press copy of any of the reports, please email press@preqin.com

Comment:

“The alternative assets industry has reached \$7 trillion in assets in 2014. The past year has seen significant growth in the assets held by alternatives managers, most notably in the value of unrealized assets in manager portfolios. Even

with the sub-par performance seen by hedge funds over the course of the year, these managers witnessed the largest growth in their asset base as investors looked to the true value investments in hedge funds can bring.

The recent news of CalPERS cutting hedge funds and reducing the number of private equity partnerships within their portfolio does not reflect the wider sentiment in the industry. From our conversations with investors, the majority of investors remain confident in the ability of alternative assets to help achieve portfolio objectives. Indeed, across all asset classes a much larger proportion of investors plan to increase their exposure rather than cut back their allocations to alternatives. However, as the investor base for alternative assets grows and becomes more sophisticated, fund managers continue to face the challenge of how to attract this new capital. Those fund managers that continue to innovate with new products and solutions, as well as listening to investor demands for better alignment of interests and lower fees, may well be winners in 2015.”

Mark O’Hare – CEO, Preqin

**The \$6.91tn of industry assets is made up of \$3.02tn in hedge fund assets, \$3.79tn in private equity assets (which includes \$742bn in real estate assets, \$296bn in infrastructure assets and \$387bn in non-direct lending private debt assets), and \$97bn in direct lending assets.*

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

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.

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Alternative Assets Industry in 2014

Key Facts and Figures From Preqin's 2015 Global Alternatives Reports

GLOBAL ALTERNATIVE ASSETS INDUSTRY HIGHLIGHTS



Total assets under management for the alternative assets industry in 2014, up from \$6.22tn in 2013.

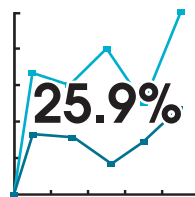


Increase in assets under management in 2014, compared to \$648bn of asset growth seen in 2013.

PRIVATE EQUITY AND VENTURE CAPITAL HIGHLIGHTS



Private equity and venture capital assets under management reach a new high as of June 2014.

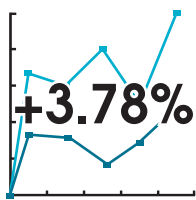


One-year rolling horizon IRR to June 2014 shows venture capital outperforming all other fund type.



Average private equity fund size for all funds closed in 2014, a new record.

HEDGE FUND HIGHLIGHTS



2014 return for the Preqin All-Strategies Hedge Fund benchmark, down from 11.89% in 2013.



Increase in hedge fund assets under management in 2014, from \$2.66tn to \$3.02tn.

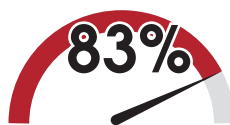


Proportion of investors that felt hedge funds met or exceeded expectations over the past year.

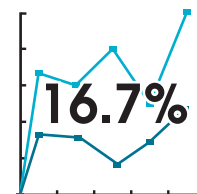
PRIVATE REAL ESTATE HIGHLIGHTS



Private real estate assets under management reach a record high as of June 2014.



Proportion of fund managers that have seen an increase in investor appetite in the past year.



Annualized returns of private real estate funds over the past 3 years.

INFRASTRUCTURE HIGHLIGHTS



Infrastructure assets under management reach an all-time high, an 85% increase over the past 5 years.



Average size of infrastructure funds closed in 2014, compared to \$688mn in 2013.



Proportion of active investors that are targeting direct investments in the 12 months.

For more information or to view the sample pages of any of the reports, please visit:
www.preqin.com/reports