Press Release – For Immediate Release

3rd April 2019

Investors Prepare for a Market Shift in 2019

Widespread expectation that a downturn is due imminently is guiding investors' intentions for their portfolios in the year ahead

The *Preqin Investor Outlook: Alternative Assets H1 2019* finds that 61% of institutions now think that equity markets are at a peak at the start of 2019. This proportion has been rising over the past 18 months, and the sentiment has raised concerns that equity markets are due for a correction in the near future. For some institutions, this is impacting their approach to their alternative assets portfolios: key reasons investors give for investing in the industry include portfolio diversification, inflation hedging, high risk-adjusted returns and non-correlation to other asset classes. The roles that alternative assets perform for investors are becoming more pivotal in the face of a potential downturn. Increasingly, investors are beginning to act accordingly – a quarter are looking to commit more to private capital as a result of their market outlook, while 40% of hedge fund investors are positioning their portfolios more defensively in response.

For more information and analysis, see the full *Preqin Investor Outlook: Alternative Assets H1 2019* here:
http://docs.preqin.com/reports/Preqin-Investor-Outlook-Alternative-Assets-H1-2019.pdf

Amy Bensted, Head of Data Products:

"Concerns about the future trajectory of equity markets have moved to the forefront of investors' thoughts in the past 18 months. It's no surprise that this is throwing the role of alternative assets into sharper focus – among the advantages that investors cite are its long-term performance, diversification and non-correlation; key tools for capital protection in the face of a downturn. The general outlook is positive for the industry: investors have turned increasingly to alternatives through the long boom period, and their appetite does not look set to diminish with the onset of more difficult times. Indeed, the industry is likely to play a key role in helping institutions navigate short-term headwinds. But this appetite comes with greater scrutiny: across all asset classes, investors are putting their faith in experienced fund managers and truly non-correlated strategies, adding to the challenges facing less experienced managers and more trend-following strategies."

Key Investor Outlook Facts:

- **More than four out of five investors (82%) now commit to at least one alternative asset class.**
- The **majority of investors allocate to private equity, real estate and hedge funds** – 70%, 64% and 51% respectively. A third of investors each allocate to infrastructure, private debt and natural resources.
- The **most commonly cited reason for investing in each alternative asset class is diversification**. This ranges from 56% of private equity investors to 73% of real estate and infrastructure investors.
- **Sixty-one percent of investors across all asset classes believe equity markets are at a peak**, up from 56% that said so in June 2018. Just 21% believe we are in an expansion phase, down from 27% six months prior.
- In response to their outlook, **26% of private capital investors are putting more capital into the industry**, while 10% are drawing back from private capital investments.
- Similarly, **79% of hedge fund investors plan to maintain or increase their allocations in 2019** – the highest proportion recorded by Preqin since 2014.
- In the longer term, the **net majority of investors across all asset classes intend to increase their allocations to alternative assets**.

Preqin is the home of alternative assets, providing industry-leading intelligence on the market and cutting-edge tools to support participants at every stage of the investment cycle. More than 73,000 industry participants in over 90 countries rely on Preqin as their indispensable source of data, solutions and insights.

Preqin's data and analysis is frequently presented at industry conferences, and is used in the global financial press and academic journals & white papers. We are always happy to support journalists by providing reports, custom data and one-on-one interviews.

For more information, contact our dedicated press team at press@preqin.com or call (+44) 20 3207 0265.