

## South Korean Investors Join the World Stage

### Institutions are establishing overseas offices and raising allocations to alternative assets

South Korea-based investors are looking beyond the domestic market to invest in alternative assets funds around the globe. Preqin tracks 154 institutional investors in South Korea, more than either Singapore or Hong Kong, of which almost two-thirds now invest in at least one alternative asset class. This is partly due to their growing assets under management: Korean pension funds now hold \$639bn, up from \$405bn just five years ago. It is also partly because in a low interest rate environment, alternative assets provide long-term outperformance of traditional asset classes.

The domestic alternative investment market is also diversifying. Private equity firms based in South Korea now hold almost \$50bn in assets; this is due to the government's drive to foster the domestic private equity industry since the Asian Crisis, and its support for venture capital as a future growth engine. Real estate funds are also on the rise as experienced managers start raising blind pool funds, moving away from deal-by-deal capital raising activities.

**For more information and analysis, see the full *Preqin Markets in Focus: Alternative Assets in South Korea* [here](http://docs.preqin.com/insights/special-reports-and-factsheets/preqin-markets-in-focus-alternative-assets-in-south-korea/24005):**

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#### Ee Fai Kam, Head of Asia Operations:

*"Despite being the world's 11<sup>th</sup> largest economy, South Korea's alternative assets industry has been relatively limited. However, Korean investors continue to expand their overseas alternatives allocations, and the growth of investors' overseas alternatives allocations is fast outstripping that of their domestic allocations. At the same time, opportunities for investment in the South Korean market are proliferating: government backing of venture capital initiatives and voluntary restructuring of chaebols are opening new opportunities for private investment, and attracting interest from local and foreign fund managers alike."*

#### Key South Korea Alternatives Facts:

- **There are 154 South Korea-based investors allocating to alternatives.** This is more than are based in either Hong Kong (149) or Singapore (134).
- **The largest proportion (63%) of South Korea-based investors allocate to private equity**, while 47% allocate to real estate. A fifth invest in hedge funds.
- **Banks make up the largest proportion (21%) of South Korea-based alternative asset investors**, followed by asset managers (20%), corporate investors (18%) and insurance companies (18%).
- **National Pension Service, the largest investor in South Korea, allocates 11% of its AUM to alternatives.** Small- to medium-sized pensions in aggregate allocate over 30% to alternatives.
- **Private equity assets under management holds \$47bn.** The real estate blind pool fund industry is growing, with its assets under management of \$2.3bn.

*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 60,000 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.*

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