

Performance in Alternative Assets: High Returns, High Expectations

Preqin's 2018 Performance Monitor finds that the industry's long-term performance still outpaces most other asset classes

Preqin's 2018 *Alternative Assets Performance Monitor* looks at the returns of the industry as well as within each asset class, and finds that funds are returning more capital to investors than ever before, while maintaining strong longer-term performance. Investors are largely satisfied with the returns of their alternative assets investments, and a net majority of them believe that performance will continue to improve in the months ahead, despite widespread concerns about pricing and volatility in equity markets.

See the sample pages of the 2018 Preqin Alternative Assets Performance Monitor here:

<http://docs.preqin.com/reports/The-2018-Preqin-Alternative-Assets-Performance-Monitor-Sample-Pages.pdf>

To request a complimentary press copy of the full report, please get in touch with us at press@preqin.com.

Highlights of the 2018 Preqin Alternative Assets Performance Monitor:

- ❖ **Assets under Management:** As of the end of 2017, the alternative assets industry holds \$8.81tn in AUM. This includes \$5.23tn in private capital AUM and \$3.58tn in hedge fund AUM.
- ❖ **Capital Calls and Distributions:** While below the record levels achieved in 2016, net capital distributions surpassed capital calls in 2017 for a fifth consecutive year. Capital calls reached a record high of \$789bn, and net capital flow was \$114bn.
- ❖ **Alternatives vs Public Markets:** Private capital funds have performed strongly against public markets in the longer term. In fact, private capital outstripped all major benchmarks over the 10 years to December 2017. Hedge funds have struggled to match the historic bull run on public markets, but have returned an annualized 7.50% over the past 10 years compared to 7.82% for the S&P 500 PR Index.
- ❖ **PrEQIn Index:** According to the PrEQIn Index, buyout has outperformed all other private capital strategies, while the private capital industry as a whole has consistently outperformed the public market index since June 2002.
- ❖ **Investor Satisfaction:** The majority of investors feel that returns have met or exceeded expectations over the past years. At least 80% of respondents across all asset classes expect similar or better performance in the upcoming year than in the past 12 months.
- ❖ **Fund Pedigree:** Top-quartile private capital funds tend to be followed by top-quartile successor funds: 36% of top-quartile predecessors had a top-quartile successor, while 15% of bottom-quartile funds were followed by a top-quartile fund.
- ❖ **Risk vs Return:** Alternatives present a wide range of different risk/return profiles. Whereas growth funds tend to be higher risk with higher returns, direct lending funds have traditionally been less risky while providing lower returns. It's this variation in risk/return profiles that can appeal to investors seeking to build diversified portfolios.
- ❖ **Regional Differences:** North America- and Europe-focused private capital funds hold the largest share of the private capital market and have posted the strongest returns. Globally, private capital funds posted median net IRRs between 10% and 11% for vintage 2005-2015 funds.

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.

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

New York	London	Singapore	San Francisco	Hong Kong	Manila	Guangzhou
+1 212 350 0100	+44 20 3207 0200	+65 6305 2200	+1 415 316 0580	+852 3892 0200		

www.preqin.com / info@preqin.com