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Data Pack

The data behind all of the charts and tables featured in this report is available in Excel format at no extra cost. This data may be used in marketing materials, presentations, or company reports with appropriate accreditation to Preqin.

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Amid a slowing global economy and geopolitical uncertainty, the alternative assets industry has continued to grow. Assets under management ballooned to in excess of $10tn as yield-hungry investors poured capital into alternatives, and no wonder: most investors we surveyed said that they were satisfied with the performance of their portfolios in 2019.¹

In private equity, 87% of respondents told us that their investments met or exceeded their return expectations in 2019. The percentages were similarly high across the rest of private capital, though natural resources had the lowest share at 71%. Even in the hedge fund space, investor satisfaction is improving, rising from 45% in 2018 to 59% in 2019.

Looking at returns across most asset classes, it’s no surprise that investors are largely satisfied with the performance of their alternatives portfolios. For example, among funds of vintages 2007-2016, private equity achieved the highest median net return of all private capital asset classes at 14.9%, followed by real estate at 12.4% and infrastructure at 10.6%. And while hedge funds did suffer net redemptions of $97bn in 2019, performance has improved, jumping from -2.00% in 2018 to +11.45% in 2019.

What Does This Mean for Future Allocations?

Sticking with the program: that’s what a significant proportion of the investors we surveyed plan to do in 2020. Our study shows that investors are tactically rebalancing for the future, as opposed to drawing back. Across each alternative asset class, a minimum of 77% of investors are planning to maintain or increase their capital commitments in the next 12 months. And looking ahead to the longer term, at least 81% will maintain or raise their allocations.

Although global markets could well be at an inflection point, and uncomfortably high asset pricing is a concern for investors in most asset classes, our study clearly shows that investors are keeping faith with alternatives. Given the historical evidence of returns through good times and bad, this strategy may well turn out to be justified.

For institutional investors, fund managers, and advisors alike, a key ingredient in pursuing selective, robust, and adaptive investment strategies is good information. Preqin is honored to support our customers and the industry with the best possible information. We aim to assist you in finding and selecting the best investment opportunities, and in connecting you with the best business partners.

¹ We surveyed almost 400 investors in November 2019 across six alternative asset classes: private equity & venture capital, private debt, hedge funds, real estate, infrastructure, and natural resources.
Participation in Alternative Assets

Fig. 1.1: Institutional Investors by Number of Alternative Asset Classes Invested In

- NONE: 26%
- ONE: 22%
- TWO: 13%
- THREE: 12%
- FOUR: 10%
- FIVE: 9%
- SIX: 8%

Source: Preqin Pro

Fig. 1.2: Institutional Investors Allocating to Each Alternative Asset Class (Incl. Funds of Funds)

- Private Equity: 66%
- Private Debt: 33%
- Hedge Funds: 46%
- Real Estate: 60%
- Infrastructure: 32%
- Natural Resources: 33%

Source: Preqin Pro

Fig. 1.3: Institutional Investors by Target Allocation to Each Asset Class (As a % of Total Assets)

- Private Equity: 11.0%
- Private Debt: 6.0%
- Hedge Funds: 12.9%
- Real Estate: 9.0%
- Infrastructure: 4.5%
- Natural Resources: 3.5%

Source: Preqin Pro
Reasons for Investing

Fig. 1.4: Institutional Investors’ Main Reasons for Investing in Alternative Assets

- Diversification
- High Risk-Adjusted Returns
- High Absolute Returns
- Low Correlation to Other Asset Classes
- Inflation Hedge
- Reliable Income Stream
- Hedge Funds
- Private Debt
- Private Equity
- Real Estate
- Infrastructure
- Natural Resources

Source: Preqin Investor Interviews, November 2019

Fig. 1.5: Institutional Investors’ Targeted Returns for Their Alternative Assets Portfolios

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Less than 2%</th>
<th>2-7%</th>
<th>8-13%</th>
<th>14-19%</th>
<th>20% or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity</td>
<td>12%</td>
<td>47%</td>
<td>32%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Private Debt</td>
<td>1%</td>
<td>39%</td>
<td>53%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>1%</td>
<td>43%</td>
<td>49%</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1%</td>
<td>49%</td>
<td>40%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1%</td>
<td>42%</td>
<td>49%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>1%</td>
<td>37%</td>
<td>49%</td>
<td>12%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Preqin Investor Interviews, November 2019
Fig. 1.6: Investor Views on Where We Are in the Current Equity Market Cycle, 2018 vs. 2019

Fig. 1.7: Investor Views on How Their Outlook on the Equity Market Cycle Is Impacting Their Private Capital Investments, 2018 vs. 2019

Fig. 1.8: Investor Views on How Their Outlook on the Equity Market Cycle Is Impacting the Positioning of Their Hedge Fund Portfolios, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019
Investor Allocations

Fig. 1.9: Investors’ Expected Capital Commitments to Alternative Assets in the Next 12 Months Compared with the Previous 12 Months, 2018 vs. 2019

<table>
<thead>
<tr>
<th>November 2018</th>
<th>November 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity</td>
<td>12% 57% 31%</td>
</tr>
<tr>
<td>Private Debt</td>
<td>16% 52% 32%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>21% 53% 26%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>19% 58% 23%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>12% 52% 35%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>17% 55% 29%</td>
</tr>
</tbody>
</table>

Proportion of Respondents

More Capital | Same Amount of Capital | Less Capital

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 1.10: Investors’ Intentions for Their Alternative Assets Allocations over the Longer Term, 2018 vs. 2019

<table>
<thead>
<tr>
<th>November 2018</th>
<th>November 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity</td>
<td>5% 49% 46%</td>
</tr>
<tr>
<td>Private Debt</td>
<td>5% 47% 48%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>21% 50% 29%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>9% 54% 36%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>6% 44% 50%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>12% 59% 29%</td>
</tr>
</tbody>
</table>

Proportion of Respondents

Increase Allocation | Maintain Allocation | Decrease Allocation

Source: Preqin Investor Interviews, November 2018 - 2019
**Fig. 1.11: Investors with an Active ESG Policy by Asset Class**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Yes</th>
<th>No, but Expect to within Next 12 Months</th>
<th>No, No Plans to</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity</td>
<td>32%</td>
<td>14%</td>
<td>44%</td>
<td>9%</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>27%</td>
<td>15%</td>
<td>43%</td>
<td>15%</td>
</tr>
<tr>
<td>Private Debt</td>
<td>25%</td>
<td>12%</td>
<td>49%</td>
<td>14%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>18%</td>
<td>18%</td>
<td>54%</td>
<td>10%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>31%</td>
<td>13%</td>
<td>48%</td>
<td>9%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>35%</td>
<td>11%</td>
<td>43%</td>
<td>11%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>23%</td>
<td>11%</td>
<td>50%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Proportion of Respondents

- Yes
- No, but Expect to within Next 12 Months
- No, No Plans to
- Unsure

Source: Preqin Investor Interviews, November 2019

**Fig. 1.12: Rate at Which Investors Reject a Fund Due to Inadequate ESG Policy**

- Frequently: 9%
- Sometimes: 42%
- Never: 26%
- Do Not Consider ESG Principles during Fund Evaluation: 23%

Source: Preqin Investor Interviews, November 2019

**Fig. 1.13: Investor Views on the Performance of ESG Funds vs. Non-ESG Funds**

- ESG Funds Typically Perform Better: 21%
- ESG Funds Typically Perform About the Same: 56%
- ESG Funds Typically Perform Worse: 23%

Source: Preqin Investor Interviews, November 2019
Fig. 1.14: Investor Views on the Benefits of Having an Active ESG Policy

- Stakeholder/Public Perception: 34%
- Risk Management: 24%
- Future-Proofing Compliance: 17%
- Risk-Adjusted Return: 8%
- Absolute Return: 4%
- Other Appeals: 10%
- ESG Policy Not a Consideration: 39%

Source: Preqin Investor Interviews, November 2019

Fig. 1.15: Investor Requirements for Fund Managers to Report on ESG

- ESG Is Already an Integral Part of the Industry: 61%
- ESG Will Become More Integral to the Industry: 22%
- ESG Will Stay as Integral as it Currently Is: 7%
- ESG Will Become Less Integral to the Industry: 10%

Source: Preqin Investor Interviews, November 2019

Fig. 1.16: Investor Predictions on How Integral ESG Will Become to the Alternative Assets Industry over the Next 36 Months

Source: Preqin Investor Interviews, November 2019
PREQIN PRO
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Private Equity: Investors Are Sticking with the Program

Buoyed by attractive returns, 86% of investors plan to maintain or increase capital commitments in the next 12 months

Positive Sentiment Prevails
Investors on the hunt for yield continued to commit capital to private equity in 2019, boosting total fundraising to $595bn. This was the third year in a row that the amount secured by private equity funds surpassed $500bn. A key factor underpinning robust fundraising is investor satisfaction with the performance of the asset class: 87% of investors told us that their private equity investments met or exceeded their return expectations in 2019 (Fig. 2.1).

Indeed, top-quartile funds of vintages 2015 and 2016 are delivering net IRRs of 23.0% and 25.9% respectively. Among private capital funds of vintages 2007-2016, private equity outperformed all others with a median net return of 14.9%. And some investors expect private equity returns to improve even further. Over a fifth (21%) of surveyed investors expect their private equity portfolios to perform better in the next 12 months, up from 17% in 2018 and 15% in 2017 (Fig. 2.2).

Asset Prices Continue Ascent
But 2020 will not be without its challenges. In each of the past five years, our surveys have revealed rising asset valuations as investors' key concern for return generation, and market competition is intensifying – competition for assets is the second most cited challenge for return generation in 2020 (Fig. 2.3).

Fig. 2.1: Investor Views on the Performance of Their Private Equity Portfolios over the Past 12 Months Relative to Expectations, 2012 - 2019

Fig. 2.2: Investor Expectations for the Performance of Their Private Equity Portfolios in the Next 12 Months Compared with the Past 12 Months, 2017 - 2019
In a market characterized by high prices for assets, fund managers will be looking to prove their ability to source attractive opportunities. Fund managers are not the only ones concerned about valuations – investors are as well. Sixty-four percent of those surveyed feel portfolio company pricing is higher than it was 12 months ago (Fig. 2.4). And given their perception that assets are overvalued, 36% are expecting a price correction in 2020 (Fig. 2.6).

Investors noted several other key challenges for return generation. A third of investors cited rising interest rates as a concern back in 2019, while only 10% said the same of 2020 (Fig. 2.3). Twenty-three percent were worried about the impact of stock market volatility on return generation in 2019, but just 18% said the same of 2020.

**What Is to Come?**

A significant majority (61%) of alternatives investors believe the equity market cycle is at its peak (Fig. 2.5), the same percentage as in our November 2018 survey. Even so, amid high asset prices and concerns about a weakening economy, private equity investors are keeping faith with the asset class. Over the next 12 months, 86% of private equity investors intend to commit at least the same amount of capital to the asset class as they did in the past year (Fig. 2.7). What’s more, 95% are planning to maintain or increase their long-term allocations to the asset class (Fig. 2.16).

Secondaries and fund of funds vehicles have attracted greater investor interest, with 33% and 17% of investors respectively believing they present the best...
2. PRIVATE EQUITY

Fig. 2.6: Private Equity Investor Views on Portfolio Company Pricing, 2018 vs. 2019

![Pie chart showing investor views on portfolio company pricing, 2018 vs. 2019.]

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 2.7: Investors’ Expected Capital Commitments to Private Equity in the Next 12 Months Compared with the Previous 12 Months, 2015 - 2019

![Bar chart showing the proportion of respondents expecting less, the same, or more capital compared to the previous 12 months.]

Source: Preqin Investor Interviews, November 2015 - 2019

Fig. 2.8: Number of Private Equity Funds Investors Plan to Commit to in the Next 12 Months, 2019 vs. 2020*

![Bar chart showing the proportion of investors planning to commit to different numbers of funds.]

Source: Preqin Pro

*February 2019 vs. February 2020

Fig. 2.9: Timeframe for Investors’ Next Intended Commitment to a Private Equity Fund

![Bar chart showing the proportion of respondents planning to commit in different timeframes.]

Source: Preqin Investor Interviews, November 2019

Fig. 2.10: Private Equity Investors’ Intentions for Forming New GP Relationships over the Next 12 Months

![Pie chart showing the proportion of respondents intending to form different types of GP relationships.]

Source: Preqin Pro

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opportunities, up from 23% and 8% a year prior (Fig. 2.11). And following recent years, investors still favor small to mid-market buyout funds; 60% feel they present the best opportunities in 2020, up from 54% in 2018.

Although private equity investors appear committed for the long term, emerging markets are less present in their plans – at least for the next 12 months. The proportion of investors that plan to target only developed markets in the coming year has increased from 37% in 2018 to 47% in 2019, and the share of respondents solely targeting emerging markets has declined from 5% to 2% in the same period (Fig. 2.12). Among private equity investors that are targeting emerging markets, 50% and 44% think Southeast Asia and China respectively offers the best opportunities (Fig. 2.14).

**Fig. 2.11: Investor Views on Fund Types Presenting the Best Opportunities in Private Equity in the Next 12 Months, 2018 vs. 2019**

![Bar chart showing the proportion of respondents by fund type and year](chart1)

**Fig. 2.12: Private Equity Investors’ Intentions for Targeted Markets in the Next 12 Months, 2018 vs. 2019**

![Bar chart showing the proportion of respondents by targeted market and year](chart2)
Fig. 2.13: Investor Views on Developed Markets Presenting the Best Opportunities in Private Equity, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 2.14: Investor Views on Emerging Markets Presenting the Best Opportunities in Private Equity

Source: Preqin Investor Interviews, November 2019

Fig. 2.15: Private Equity Fund Structures Targeted by Investors in the Next 12 Months, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 2.16: Investors’ Intentions for Their Private Equity Allocations over the Longer Term, 2012 - 2019

Source: Preqin Investor Interviews, November 2012 - 2019

*‘Open-Ended’ was not included as an option in our November 2018 survey.
Private Debt: Investors Settle for Less

Investors are more optimistic than they were at the end of 2018, but performance expectations have been lowered amid concerns over pricing pressure

Expectations Are Moderate
Among investors we surveyed across all asset classes in November 2019, those in private debt recorded the highest level of satisfaction with performance. Only 11% said they were disappointed with their private debt portfolios (Fig. 3.1). However, only 13% told us their expectations had been exceeded, which is down from 25% that said the same in 2017, and 18% in 2018. This is no surprise given that average returns from private debt funds have been among the lowest for private capital in 2018 and 2019.

The general sense is that 2019 returns will continue in 2020. Investors are more optimistic than they were at the end of 2018, perhaps because returns have improved somewhat in the intervening months. However, investors are almost equally split as to whether returns will be worse (18%) or better (19%) in 2020 (Fig. 3.2).

Pricing Is an Issue
Return expectations have been tempered by the increasingly challenging deals marketplace. Deal pricing and competition for opportunities have re-emerged as investors’ key concerns going into 2020, cited by 48% and 43% of investors respectively (Fig. 3.3). A similar proportion (49%) believe that pricing at the end of 2019 is higher than it was 12 months ago, although this is on par with views given at the end of 2018 and continues a long-term trend (Fig. 3.4).

More curiously, half of investors think that deal opportunities are fairly valued, up 10 percentage points

Fig. 3.1: Investor Views on the Performance of Their Private Debt Portfolios over the Past 12 Months Relative to Expectations, 2017 - 2019

Source: Preqin Investor Interviews, November 2017 - 2019

Fig. 3.2: Investor Expectations for the Performance of Their Private Debt Portfolios in the Next 12 Months Compared with the Past 12 Months, 2017 - 2019

Source: Preqin Investor Interviews, November 2017 - 2019
compared with 12 months ago (Fig. 3.6). Meanwhile, the proportion that think deals are overvalued has fallen from 55% in 2018 to 48% at the end of 2019.

Future Plans Are Lukewarm
In the longer term, private debt investors are progressively coming up to meet their target allocations, and intend to hold them there. The proportion of surveyed institutions that plan to raise their long-term allocation has fallen year on year from 62% at the end of 2016 to 41% at the end of 2019 (Fig. 3.14).

In the shorter term, investors are more enthusiastic. The proportion of investors that intend to invest more in the next 12 months than in the past 12 months had reached a nadir (32%) in our study at the end of 2018 (Fig. 3.7). At the end of 2019, though, this had rebounded...
Fig. 3.7: Investors’ Expected Capital Commitments to Private Debt in the Next 12 Months Compared with the Previous 12 Months, 2015 - 2019

Source: Preqin Investor Interviews, November 2015 - 2019

Fig. 3.8: Timeframe for Investors’ Next Intended Commitment to a Private Debt Fund

Source: Preqin Investor Interviews, November 2019

Fig. 3.9: Private Debt Investors’ Intentions for Forming New GP Relationships over the Next 12 Months, 2019 vs. 2020*

Source: Preqin Pro

*February 2019 vs. February 2020

Fig. 3.10: Investor Views on Fund Types Presenting the Best Opportunities in Private Debt in the Next 12 Months, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019
to 44%, with a further 39% that intend to invest as much in 2020 as they did in 2019. But even here, the 17% that will reduce their commitments in the months ahead is the largest proportion that Preqin has seen in five years for the asset class.

**A Tale of Two Outlooks**

As we progress into 2020, a general consensus on the health and direction of the private debt industry is difficult to establish. This is perhaps due to the radically different value propositions it offers. The fortunes of the direct lending market are tightly tied to those of the wider private equity and public markets, and so will rise and fall with them in the event of any major market movement. But distressed debt funds run counter-cyclically, and so can stand to make impressive gains in the event of a downturn. An investor’s attitude is likely to depend in large part on which side of the market it is more involved with.

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**Fig. 3.11: Private Debt Investors’ Intentions for Targeted Markets in the Next 12 Months, 2018 vs. 2019**

![Chart showing targeted markets intentions for 2018 vs. 2019]

**Source:** Preqin Investor Interviews, November 2018 - 2019

**Fig. 3.12: Investor Views on Developed Markets Presenting the Best Opportunities in Private Debt, 2018 vs. 2019**

![Chart showing investor views on best opportunities for 2018 vs. 2019]

**Source:** Preqin Investor Interviews, November 2018 - 2019
Fig. 3.13: Investor Views on Emerging Markets Presenting the Best Opportunities in Private Debt

Source: Preqin Investor Interviews, November 2019

Fig. 3.14: Private Debt Fund Structures Targeted by Investors in the Next 12 Months, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 3.15: Investors’ Intentions for Their Private Debt Allocations over the Longer Term, 2015 - 2019

Source: Preqin Investor Interviews, November 2015 - 2019

*‘Open-Ended’ was not included as an option in our November 2018 survey.
Hedge Funds: Investors at a Turning Point

Performance resurges from 2018, but investors are looking to rebalance their portfolios in what could be a make-or-break moment for the asset class

Hedge fund performance improved over 2019, but investors are demanding more from hedge funds. The +11.45% return of the Preqin All-Strategies Hedge Fund benchmark is one of the highest annual returns in recent years and a significant improvement from -2.00% in 2018. But investors take a long-term view on hedge fund performance and many remain dissatisfied with returns. Among investors we spoke to in November 2019, 40% still said their hedge fund portfolios fell short of their return expectations (Fig. 4.1). That said, this figure shows that sentiment has improved from 12 months prior (55%), and investors are looking for hedge funds to continue this resurgence in 2020.

And investors are optimistic that performance will continue improving, in spite of the $97bn of net hedge fund redemptions in 2019. Four in five (84%) survey respondents are expecting returns in 2020 to match or exceed those of 2020 (Fig. 4.2). Reflecting this, 79% of surveyed institutions plan to invest more or the same amount of capital in 2020 as they did in 2019 (Fig. 4.7). Indeed, the 28% of respondents that intend to invest more capital is the largest proportion recorded in any end-of-year survey since 2013.

A Rebalancing Act
Although most investors expect hedge fund performance to continue its recovery, our study reveals a sense of
caution in the wider alternatives space. Following a year of geopolitical uncertainty and extended economic growth, 61% of all surveyed alternatives investors place us at the peak of the cycle (for the second year running, Fig. 4.4). Meanwhile the proportion that are unsure of our positioning has increased to 16%.

Among hedge fund investors, a greater proportion (43%) say they are positioning their portfolios more defensively in response to the cycle, up from 37% two years ago (Fig. 4.5). As such, funds operating relative value strategies and macro strategies are in greater demand in the coming year (Fig. 4.8). More investors indicated plans to reduce their exposure (21%) than increase their exposure (17%) to equity strategies.

The primary barriers to hedge funds’ continued performance recovery over 2020 are stock market volatility (44%) and the geopolitical landscape (34%), investors report (Fig. 4.3). Should the performance of the asset class fall short of expectations when the market cycle is rising, investors may run out of patience with hedge funds. Similarly, should the market turn, investors will be expecting their defensive investments to offer a protective hedge.
Fig. 4.7: Investors’ Expected Capital Commitments to Hedge Funds in the Next 12 Months Compared with the Previous 12 Months, 2013 - 2019

Source: Preqin Investor Interviews, November 2013 - 2019

Fig. 4.8: Investors’ Intentions for Their Hedge Fund Exposure in the Next 12 Months by Top-Level Strategy

Source: Preqin Investor Interviews, November 2019

Fig. 4.9: Number of Hedge Funds Investors Plan to Commit to in the Next 12 Months, 2019 vs. 2020*

Source: Preqin Pro

Fig. 4.10: Hedge Fund Investors’ Intentions for Targeted Markets in the Next 12 Months, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 4.11: Investor Views on Developed Markets Presenting the Best Opportunities in Hedge Funds, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019

*February 2019 vs. February 2020
Investors Are Holding out
Despite their concerns over the prevailing market uncertainty, investors are committed to hedge funds. Over one-quarter (26%) of surveyed investors plan to increase their allocation to hedge funds in the long term, while a further 54% plan to maintain their allocation (Fig. 4.13). If fund managers can deliver returns to investors, whether the bull market continues or market conditions change, they will be hoping to reverse the significant withdrawals in 2019.

Fig. 4.12: Investor Views on Emerging Markets Presenting the Best Opportunities in Hedge Funds

![Chart showing investor views on emerging markets](chart)

Source: Preqin Investor Interviews, November 2019

Fig. 4.13: Investors’ Intentions for Their Hedge Fund Allocations over the Longer Term, 2013 - 2019

![Chart showing investors' intentions for hedge fund allocations over time](chart)

Source: Preqin Investor Interviews, November 2013 - 2019
Real Estate: Investors Look Further Afield

With competition rising, more real estate investors are looking to higher-risk strategies and emerging markets to ensure future performance

A Difference of Opinion
By comparison with other asset classes, investors in real estate are extremely satisfied with the performance of their portfolios in 2019. Twenty-one percent of those surveyed told us that performance exceeded their expectations in 2019, the largest proportion of any asset class, and overall 87% are satisfied with returns (Fig. 5.1). Compare this to historical sentiment, though, and it is clear that some of the shine has come off the asset class. The proportion that felt their investments had outperformed was the smallest in recent years, while the proportion that were left dissatisfied was the largest.

Looking ahead to 2020, opinion is split on whether returns will pick up again. Investors are certainly more optimistic than they were at the end of 2018: the proportion that think returns will improve jumped from just 7% to 21%, while the proportion that think performance will be worse fell from 33% to 25% (Fig. 5.2). But this leaves a quarter of investors believing performance will improve in 2020, a quarter feeling that it can only get worse, and half thinking that the asset class will continue as it has. Uncertainty therefore seems the prevailing tone.

Pricing Pressure on the Majority
The source of any investor dissatisfaction or trepidation is easy enough to spot: there is a general sense that asset pricing is now uncomfortably high. Asset valuations and competition for assets remain the two most cited challenges to return generation (Fig. 5.3). Moreover, for the first time, a majority (51%) of real estate investors think that assets are overvalued, compared to 42% that think pricing is fair (Fig. 5.6).
Conversely, our study shows that the level of concern over rising interest rates, as well as market volatility, has receded in the past year. It seems less likely that there will be sharp interest rate rises from central banks in the US and Europe, and with US-China trade tensions easing, investors foresee a less turbulent macroeconomic environment than they did at the end of 2018.

**Moving up and Away**

In their plans for 2020, real estate investors are moving up the risk/return spectrum and paying increasing attention to emerging markets. In both instances, it seems as though investors are looking to forestall future return compression by seeking out new markets and higher-return strategies that will meet their performance expectations.
Fig. 5.7: Investors’ Expected Capital Commitments to Real Estate in the Next 12 Months Compared with the Previous 12 Months, 2015 - 2019

![Chart showing capital commitment percentages over time](chart.png)

Source: Preqin Investor Interviews, November 2015 - 2019

Fig. 5.8: Number of Real Estate Funds Investors Plan to Commit to in the Next 12 Months, 2019 vs. 2020*

![Chart showing number of funds](chart.png)

Source: Preqin Pro

Fig. 5.9: Timeframe for Investors’ Next Intended Commitment to a Real Estate Fund

![Chart showing timeframe](chart.png)

Source: Preqin Investor Interviews, November 2019

Fig. 5.10: Real Estate Investors’ Intentions for Forming New GP Relationships over the Next 12 Months

![Chart showing relationship intentions](chart.png)

Source: Preqin Pro

Fig. 5.11: Investor Views on Fund Types Presenting the Best Opportunities in Real Estate in the Next 12 Months, 2018 vs. 2019

![Chart showing fund type preferences](chart.png)

Source: Preqin Investor Interviews, November 2018 - 2019
The proportion of investors that feel core and core-plus strategies currently offer the best opportunities has fallen by seven percentage points in both instances compared to 12 months prior (Fig. 5.11). Just 30% of investors are now targeting core funds, while 20% are seeking out core-plus vehicles. By contrast, value added and opportunistic strategies have seen an uptick in investor interest. Forty-three percent of surveyed investors feel that value added funds offer the best prospects in 2020, up from 37% a year before, and interest in opportunistic funds rose from 29% to 36% in the same period.

Similarly, the proportion of investors that will only consider developed markets has fallen from 63% at the end of 2018 to 54% a year later, while the proportion that will target a mix of developed and emerging markets jumped by 15 percentage points to 25% (Fig. 5.12). It seems that Brexit has not dampened enthusiasm for real estate investing in either the UK or the rest of Europe, while the US remains the destination of choice with seven out of 10 investors targeting it in 2020 (Fig. 5.13). Among investors looking at emerging markets, most are targeting investments in Asia and Central & Eastern Europe in the year ahead (Fig. 5.14), although it remains to be seen whether disruption caused by the coronavirus outbreak early this year will impact investors’ appetite for the region.
Fig. 5.14: Investor Views on Emerging Markets Presenting the Best Opportunities in Real Estate

Source: Preqin Investor Interviews, November 2019

Fig. 5.15: Real Estate Fund Structures Targeted by Investors in the Next 12 Months, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 5.16: Investors’ Intentions for Their Real Estate Allocations over the Longer Term, 2014 - 2019

Source: Preqin Investor Interviews, November 2014 - 2019

*‘Open-Ended’ was not included as an option in our November 2018 survey.*
Infrastructure: Investors Adjust Course

Investors are pleased with recent performance, but concerns over asset pricing are pushing them further up the risk spectrum

Performance Still Satisfies
The vast majority of surveyed investors are happy with the performance of their infrastructure investments. Almost nine out of 10 (87%) say that infrastructure met or exceeded their expectations in 2019 (Fig. 6.1). This is on par with previous years, although the proportion whose expectations were exceeded has declined slightly in the past two years.

While their enthusiasm may be cooling slightly, investors are upbeat about 2020 performance prospects. The proportion that feel that returns in the next 12 months will exceed those of the previous 12 months has jumped up from 15% at the end of 2018 to 22% a year later (Fig. 6.2). The proportion that feel returns will slacken, meanwhile, has dropped from 26% to 14%. This newfound optimism is likely because investors foresee a more settled macro-investing landscape in 2020, with less volatility anticipated and worries about interest rate rises receding (Fig. 6.3).

As such, it is unsurprising that 94% of investors intend to maintain or increase their allocations to infrastructure in the longer term (Fig. 6.16). It is worth noting, though, that the share of respondents looking to increase their allocations fell from 55% in 2017 to 50% in 2018, and again to 43% in 2019. This suggests that investors are starting to approach their target allocation rates, and are unlikely to increase them beyond around 5% of assets (see the 2020 Preqin Global Infrastructure Report for more details).

Fig. 6.1: Investor Views on the Performance of Their Infrastructure Portfolios over the Past 12 Months Relative to Expectations, 2016 - 2019

Source: Preqin Investor Interviews, November 2016 - 2019

Fig. 6.2: Investor Expectations for the Performance of Their Infrastructure Portfolios in the Next 12 Months Compared with the Past 12 Months, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019
The Pricing Squeeze
Infrastructure investors are expecting a more settled year in 2020. When asked about the key challenges to return generation back in 2018, significant proportions cited rising interest rates and volatility in equity, currency, and commodity markets. A year later and survey respondents are less concerned by these factors, having seen positive moves to resolve US-China trade tensions and a more dovish tone on interest rates from central banks in developed economies.

Asset pricing and competition for assets remain the key concerns, and were cited by 49% and 40% of investors respectively (Fig. 6.3). Half of investors believe asset pricing is higher now than it was 12 months ago, continuing a trend seen in the past several years (Fig. 6.4). That said, 40% feel assets are now overvalued,
Fig. 6.7: Investors’ Expected Capital Commitments to Infrastructure in the Next 12 Months Compared with the Previous 12 Months, 2016 - 2019

- Less Capital: Nov-16 - 12%, Nov-17 - 10%, Nov-18 - 12%, Nov-19 - 16%
- Same Amount of Capital: Nov-16 - 38%, Nov-17 - 39%, Nov-18 - 35%, Nov-19 - 38%

Source: Preqin Investor Interviews, November 2016 - 2019

Fig. 6.8: Number of Infrastructure Funds Investors Plan to Commit to in the Next 12 Months, 2019 vs. 2020*

- 1 Fund: 2019 - 59%, 2020 - 70%
- 2-3 Funds: 2019 - 18%, 2020 - 11%
- 4-9 Funds: 2019 - 1%, 2020 - 3%
- 10 Funds or More: 2019 - 9%, 2020 - 1%

Source: Preqin Pro

Fig. 6.9: Timeframe for Investors’ Next Intended Commitment to an Infrastructure Fund

- Q1 2020: 41%
- Q2 2020: 27%
- H2 2020: 21%
- Q1 2021: 12%
- 2021 or Later: 9%

Source: Preqin Investor Interviews, November 2019

Fig. 6.10: Infrastructure Investors’ Intentions for Forming New GP Relationships over the Next 12 Months

- Only New Relationships: 17%
- Mainly New Relationships, Some Re-ups: 9%
- Mix of New Relationships and Re-ups: 13%
- Mainly Re-ups, Some New Relationships: 9%
- Only Re-ups: 61%

Source: Preqin Pro

Fig. 6.11: Investor Views on Fund Types Presenting the Best Opportunities in Infrastructure in the Next 12 Months, 2018 vs. 2019

- Value Added: Nov-18 - 35%, Nov-19 - 39%
- Core: Nov-18 - 29%, Nov-19 - 30%
- Core-Plus: Nov-18 - 27%, Nov-19 - 32%
- Opportunistic: Nov-18 - 15%, Nov-19 - 30%
- Debt: Nov-18 - 10%, Nov-19 - 9%
- Secondaries: Nov-18 - 9%, Nov-19 - 13%
- Funds of Funds: Nov-18 - 6%, Nov-19 - 8%
- Distressed: Nov-18 - 4%, Nov-19 - 8%

*February 2019 vs. February 2020

Source: Preqin Investor Interviews, November 2018 - 2019
which compares with 47% a year ago, and almost half (49%) think assets are fairly valued (Fig. 6.6). As discussed in the 2020 Preqin Global Infrastructure Report, the asset class has more potential outlets to escape pricing pressure than either private equity or real estate – such as the explosion of the renewable energy industry – and it seems investors are confident these will keep the deals market from overheating.

Seeking Safe Havens

While they might be confident in infrastructure overall, investors are nonetheless seeking to reposition themselves slightly for the year ahead. We see a shift toward more known quantities in terms of fund manager relationships and geographies targeted, alongside a move toward higher-risk strategies.

The largest proportion (61%) of investors will invest with a mix of pre-existing managers in their portfolio and those new to them, but a further 17% are exclusively targeting re-ups (Fig. 6.10). The proportion of investors targeting only developed markets has jumped from 39% at the end of 2018 to 46% a year later (Fig. 6.12).

Investors’ risk appetite is growing as they seek to preserve returns. The proportion of investors targeting higher-risk opportunistic and value added strategies has jumped by six and four percentage points to 39% and 30% respectively in a year, while the proportion targeting core funds has fallen slightly to 29% (Fig. 6.11). More investors are now seeking core-plus, value added, and opportunistic investments than are seeking core funds – a first for the market. Return compression in highly competitive and expensive core sectors is leading investors to seek higher-risk/return investments in order to preserve future performance.

**Fig. 6.12: Infrastructure Investors’ Intentions for Targeted Markets in the Next 12 Months, 2018 vs. 2019**

**Fig. 6.13: Investor Views on Developed Markets Presenting the Best Opportunities in Infrastructure, 2018 vs. 2019**

*Source: Preqin Investor Interviews, November 2018 - 2019*
Fig. 6.14: Investor Views on Emerging Markets Presenting the Best Opportunities in Infrastructure

Source: Preqin Investor Interviews, November 2019

Fig. 6.15: Infrastructure Fund Structures Targeted by Investors in the Next 12 Months, 2018 vs. 2019

Source: Preqin Investor Interviews, November 2018 - 2019

Fig. 6.16: Investors’ Intentions for Their Infrastructure Allocations over the Longer Term, 2016 - 2019

Source: Preqin Investor Interviews, November 2016 - 2019

*‘Open-Ended’ was not included as an option in our November 2018 survey.*
Natural Resources: Investors Committed Despite Uncertain Conditions

Natural resources is a difficult value proposition for investors at the moment, but they remain committed for 2020 and beyond.

A Growing Industry Marred by Low Returns

AUM for the natural resources industry has surpassed $750bn\(^1\) and looks set to continue growing during 2020. Of that, natural resources and timberland funds accounted for $230bn, up from $81bn at the end of 2009.

Alongside this growth, the industry is also diversifying, with investors embracing new sectors beyond conventional energy funds. Agriculture funds raised over 100% more capital in 2019 compared with 2018, hitting $3.6bn. Renewable energy funds made up 68% of all energy-focused funds closed in 2019, their largest proportion yet.

Although the industry is expanding in more ways than one, natural resources funds are performing poorly. The horizon net IRR in the year to June 2019 was 1.5%, the lowest of any private capital asset class. Natural resources funds distributed just $53bn to investors in H1 2019, and funds with a primary infrastructure focus were responsible for a large proportion of this. That said, only 26% of natural resources investors allocate to the asset class in search of high absolute returns (see page 5). Especially considering the prospect of an imminent market correction, investors continue to rely on natural resources for portfolio diversification and low correlation to other asset classes.

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\(^1\) Includes Infrastructure and other Private Capital funds with a significant focus on natural resources.

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Fig. 7.1: Investor Views on the Performance of Their Natural Resources Portfolios over the Past 12 Months Relative to Expectations, 2015 - 2019

Fig. 7.2: Investor Expectations for the Performance of Their Natural Resources Portfolios in the Next 12 Months Compared with the Past 12 Months, 2017 - 2019

Source: Preqin Investor Interviews, November 2015 - 2019

Source: Preqin Investor Interviews, November 2017 - 2019
Indeed, the majority (71%) of surveyed investors feel performance met or exceeded their expectations over the past year, which marks a slight increase from our study one year prior (Fig. 7.1). We have observed a clear positive shift in investor sentiment over the past five years: only 29% of investors were left disappointed by their natural resources investments in 2019, which compares with 62% of those surveyed in 2015.

**Investors Are Undeterred**

As we move into 2020, investors are more positive about performance than they were at this point one year ago – which comes in spite of the recent market volatility, particularly in commodities. A third of surveyed investors believe their natural resources portfolios will perform better in the next 12 months, compared with only 18% of those surveyed at the end of 2018 (Fig. 7.2).

---

**Fig. 7.3: Natural Resources Investor Views on the Key Challenges for Return Generation in 2019 vs. 2020**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Valuations</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>Commodity Market Volatility</td>
<td>31%</td>
<td>35%</td>
</tr>
<tr>
<td>Geopolitical Landscape</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>Rising Interest Rates</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Competition for Assets</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>Regulation</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Deal Flow</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Currency Market Volatility</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Stock Market Volatility</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Exit Environment</td>
<td>9%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Source:** Preqin Investor Interviews, November 2018 - 2019

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**Fig. 7.4: Natural Resources Investor Views on Asset Pricing Compared to 12 Months Ago, 2018 vs. 2019**

<table>
<thead>
<tr>
<th>Pricing</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td>Same</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Lower</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Unsure</td>
<td>41%</td>
<td>41%</td>
</tr>
</tbody>
</table>

**Source:** Preqin Investor Interviews, November 2018 - 2019

---

**Fig. 7.5: Alternative Assets Investor Views on Where We Are in the Current Equity Market Cycle**

<table>
<thead>
<tr>
<th>Cycle</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery/Expansion</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Peak</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>Recession</td>
<td>15%</td>
<td>6%</td>
</tr>
<tr>
<td>Trough</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Unsure</td>
<td>11%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Source:** Preqin Investor Interviews, November 2018 - 2019

---

**Fig. 7.6: Natural Resources Investor Views on Asset Pricing, 2018 vs. 2019**

<table>
<thead>
<tr>
<th>Pricing</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undervalued, Considerable Room for Further Price Rises</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Undervalued, Some Room for Further Price Rises</td>
<td>21%</td>
<td>11%</td>
</tr>
<tr>
<td>Fairly Valued</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>Overvalued, Correction More than 12 Months Away</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Overvalued, Correction Likely within Next 12 Months</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Overvalued, Correction Imminent</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Source:** Preqin Investor Interviews, November 2018 - 2019
Fig. 7.7: Investors’ Expected Capital Commitments to Natural Resources in the Next 12 Months Compared with the Previous 12 Months, 2016 - 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Less Capital</th>
<th>Same Amount of Capital</th>
<th>More Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov-16</td>
<td>26%</td>
<td>11%</td>
<td>29%</td>
</tr>
<tr>
<td>Nov-17</td>
<td>52%</td>
<td>70%</td>
<td>55%</td>
</tr>
<tr>
<td>Nov-18</td>
<td>19%</td>
<td>29%</td>
<td>23%</td>
</tr>
<tr>
<td>Nov-19</td>
<td>77%</td>
<td>11%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Preqin Investor Interviews, November 2016 - 2019

Fig. 7.8: Number of Natural Resources Funds Investors Plan to Commit to in the Next 12 Months, 2019 vs. 2020*

<table>
<thead>
<tr>
<th>Number of Funds</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Fund</td>
<td>72%</td>
<td>68%</td>
</tr>
<tr>
<td>2-3 Funds</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>4-9 Funds</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>10 Funds or More</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Preqin Pro

Fig. 7.9: Timeframe for Investors’ Next Intended Commitment to a Natural Resources Fund

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Proportion of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2020</td>
<td>38%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>16%</td>
</tr>
<tr>
<td>H2 2020</td>
<td>31%</td>
</tr>
<tr>
<td>2021 or Later</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Preqin Investor Interviews, November 2019

Fig. 7.10: Investor Views on Strategies Presenting the Best Opportunities in Natural Resources in the Next 12 Months

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Proportion of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>86%</td>
</tr>
<tr>
<td>Agriculture/Farmland</td>
<td>27%</td>
</tr>
<tr>
<td>Timberland</td>
<td>25%</td>
</tr>
<tr>
<td>Water</td>
<td>20%</td>
</tr>
<tr>
<td>Metals &amp; Mining</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Preqin Investor Interviews, November 2019

Fig. 7.11: Natural Resources Investors’ Intentions for Forming New GP Relationships over the Next 12 Months, 2018 vs. 2019

<table>
<thead>
<tr>
<th>Relationship Type</th>
<th>Proportion of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only New Relations</td>
<td>12%</td>
</tr>
<tr>
<td>Mainly New Relations, Some Re-ups</td>
<td>5%</td>
</tr>
<tr>
<td>Mix of New Relationships and Re-ups</td>
<td>7%</td>
</tr>
<tr>
<td>Mainly Re-ups, Some New Relationships</td>
<td>6%</td>
</tr>
<tr>
<td>Only Re-ups</td>
<td>44%</td>
</tr>
</tbody>
</table>

Source: Preqin Investor Interviews, November 2018 - 2019

*February 2019 vs. February 2020
In terms of the barriers to return generation in 2020, the largest proportion (38%) of investors feel asset valuations will present the biggest challenge, but this is down from 45% a year prior (Fig. 7.3).

Asset valuations are seemingly getting lower, according to our survey. Over a third (35%) of natural resources investors feel asset prices have remained the same or declined in the past 12 months, compared with 26% one year ago (Fig. 7.4). What’s more, the 37% of respondents that feel assets are fairly valued is down from 48% a year prior (Fig. 7.6). These results indicate that the market might be on the verge of recession; indeed, the majority (61%) of investors surveyed across all alternative assets believe the equity market cycle is at its peak (Fig. 7.5).

Just under a third (29%) of investors are planning to commit more capital in the next 12 months than they did in the previous 12 months, and a further 48% expect to commit the same amount (Fig. 7.7). On the flipside, 23% of investors are looking to commit less capital in the next 12 months, which is up from 17% a year prior.

While many investors remain committed to natural resources, nearly three-quarters (73%) plan to allocate to only one new natural resources fund in the next 12 months (Fig. 7.8). Despite 38% of investors intending to make their next commitment to natural resources in Q1 2020, a significant proportion (31%) are waiting until H2 2020 to invest in order to establish the direction in which the market is moving (Fig. 7.9).
**What Investors Are Looking for**

The largest proportion (43%) of surveyed investors plan to predominantly target developed markets over the course of 2020 [Fig. 7.12]. Out of the developed markets, 73% of investors feel the US presents the best opportunities for investment this year [Fig. 7.13], up from 67% in 2019.

Investors are increasingly looking to place capital in emerging markets though, and Asia in particular is set to receive an uptick in investor interest over 2020. Almost a third of investors intend to invest in a mix of developed and emerging markets, which is up from 30% one year prior [Fig. 7.12]. Among investors targeting emerging markets for their natural resources investments in 2020, 32% are looking to direct capital to China, followed by 30% for Southeast Asia [Fig. 7.14].

Investors’ structure preferences are little changed from a year ago. Nearly three-quarters (74%) of investors plan to invest in natural resources in the next 12 months using pooled single-manager funds [Fig. 7.15]. Additionally, 17% of investors are looking to co-invest alongside fund managers, while 15% prefer to invest directly in natural resources.

Although the market appears in a state of transition, the outlook for the natural resources industry in 2020 is largely positive, with investors open to committing additional capital given the right opportunity. Ninety-four percent of surveyed investors plan to increase or maintain their allocation to the asset class over the longer term, marking the fourth consecutive year this figure has increased [Fig. 7.16].

---

**Fig. 7.15: Natural Resources Fund Structures Targeted by Investors in the Next 12 Months, 2018 vs. 2019**

<table>
<thead>
<tr>
<th>Fund Structure</th>
<th>Nov-18 Proportion</th>
<th>Nov-19 Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled Single-Manager Funds</td>
<td>76%</td>
<td>74%</td>
</tr>
<tr>
<td>Co-Investments</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Pooled Fund of Funds</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Direct Investments</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Separate Accounts</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Open-Ended*</td>
<td>13%</td>
<td>13%</td>
</tr>
</tbody>
</table>

*Proportion of Respondents*

Source: Preqin Investor Interviews, November 2018 - 2019

**Fig. 7.16: Investors’ Intentions for Their Natural Resources Allocations over the Longer Term, 2016 - 2019**

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Nov-16 Proportion</th>
<th>Nov-17 Proportion</th>
<th>Nov-18 Proportion</th>
<th>Nov-19 Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease Allocation</td>
<td>23%</td>
<td>18%</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td>Maintain Allocation</td>
<td>58%</td>
<td>72%</td>
<td>59%</td>
<td>67%</td>
</tr>
<tr>
<td>Increase Allocation</td>
<td>19%</td>
<td>10%</td>
<td>29%</td>
<td>27%</td>
</tr>
</tbody>
</table>

*Proportion of Respondents*

Source: Preqin Investor Interviews, November 2016 - 2019

*"Open-Ended" was not included as an option in our November 2018 survey.*