



# Alternatives Update: 2024

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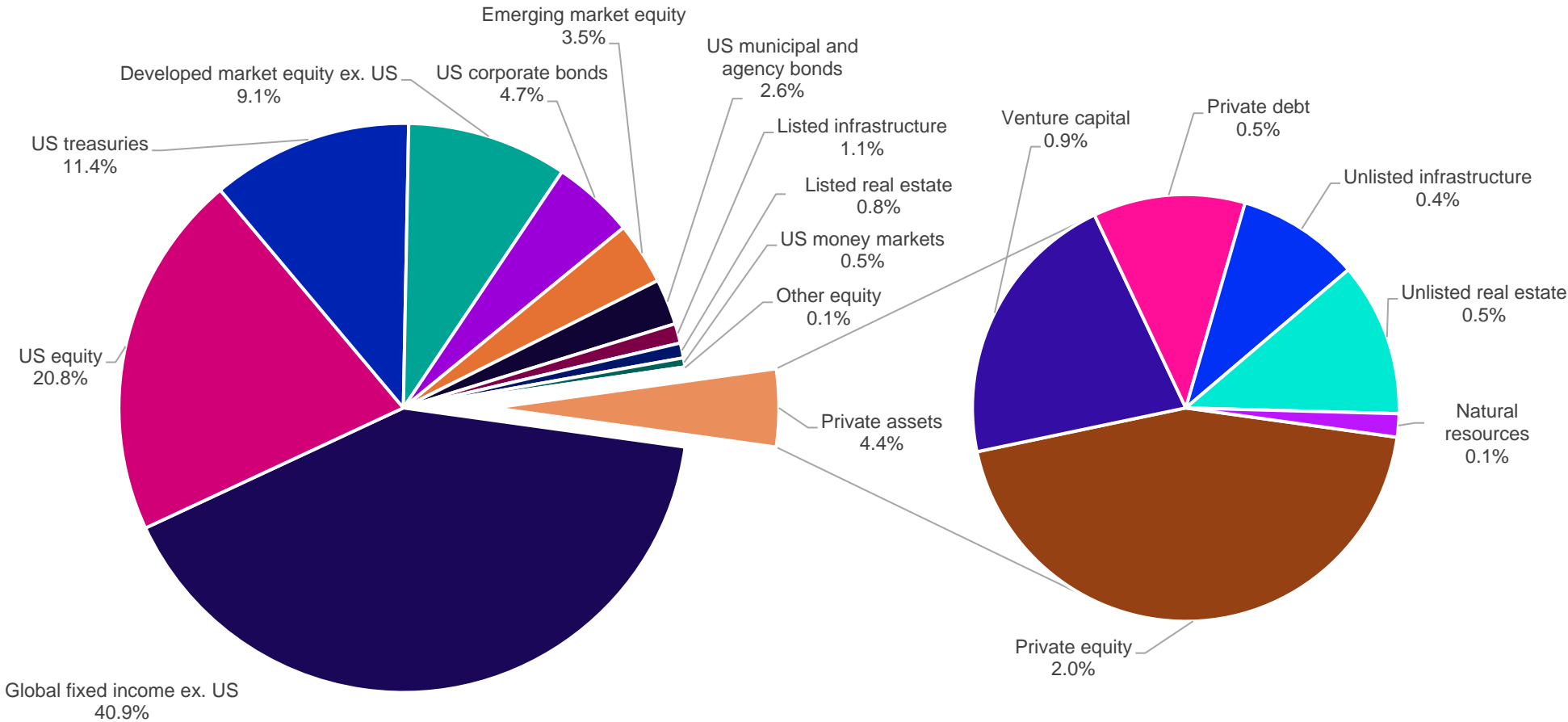
# Agenda

1. Alternative assets overview
2. Allocation changes
3. Private equity
4. Private debt
5. Hedge funds



# Private assets are only 4.4% of the current investing universe

Out of \$230.7tn in the full investing universe, private assets make up \$10.1tn in invested assets\*



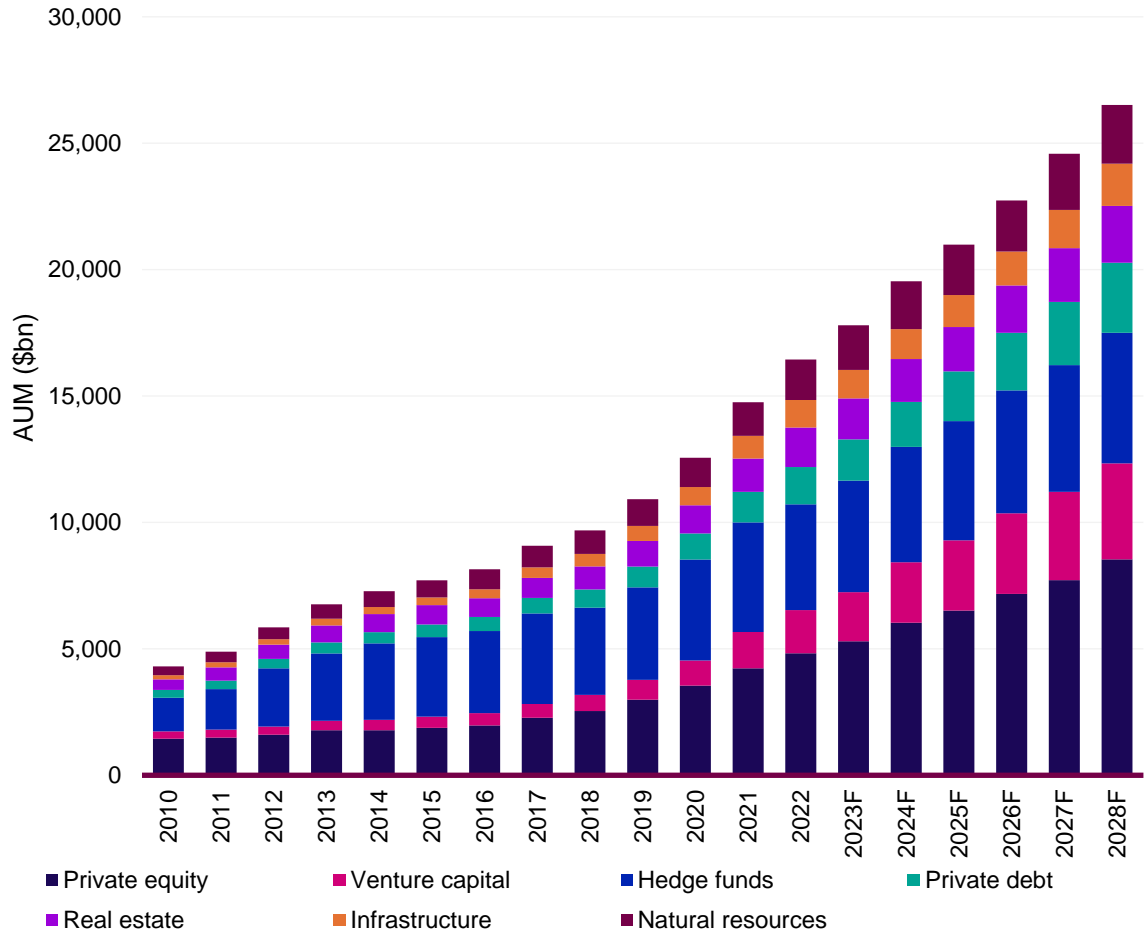
\*Public sector data as of May 31, 2024, and private assets as of September 30, 2023. Private assets account only for unrealized value (excluding dry powder) and exclude values for fund of funds and PIPE to avoid double counting

Source: S&P CIQ, Preqin, MSCI, FactSet, SIFMA, BIS

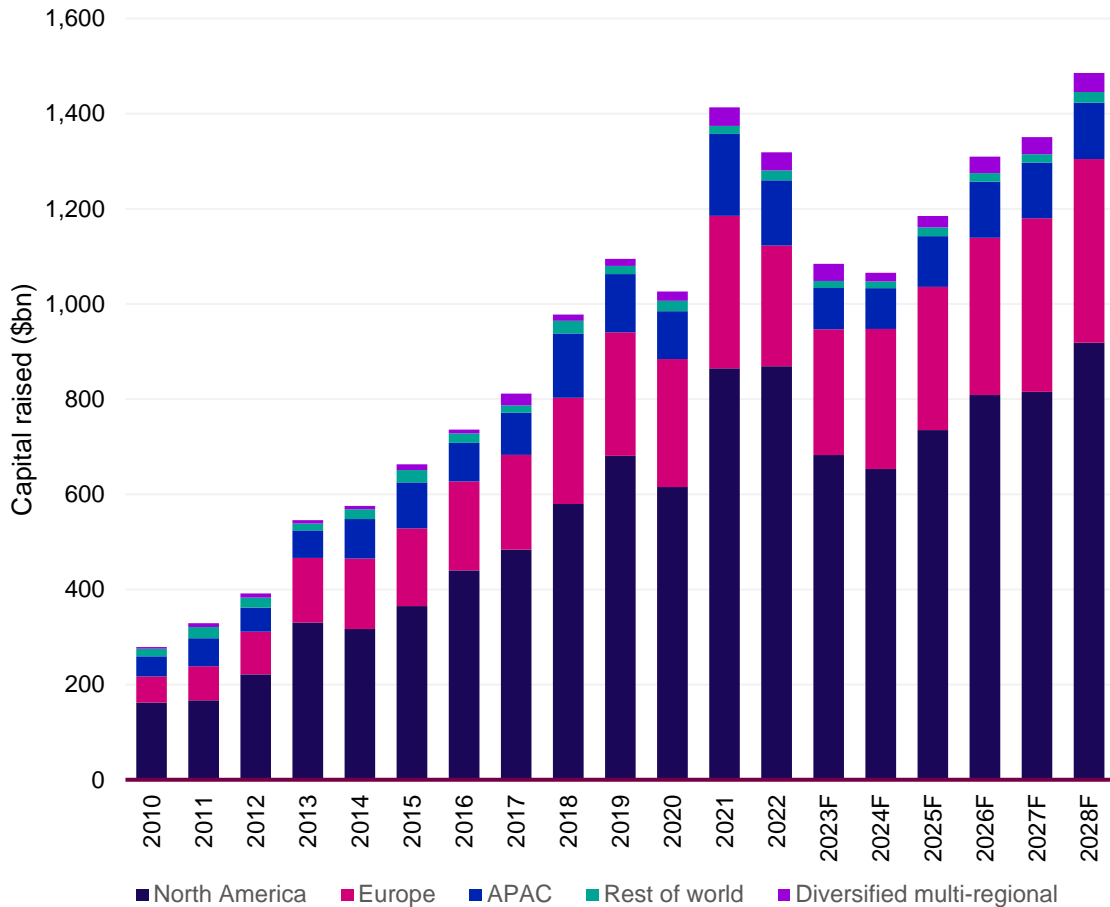
# Global alternatives AUM forecast to reach \$24.5tn by 2028

However, the rate of growth will slow in all asset classes when compared with the 2016 to 2022 period

Global alternatives AUM forecast to reach \$24.5tn by 2028



Private fundraising not expected to return to 2021 high until 2028



**Note:** AUM figures exclude funds denominated in Yuan Renminbi, secondaries, and funds of funds, and are based on end-year figures

Source: Preqin; Future of Alternatives in 2028

# History of returns: ranking private asset performance

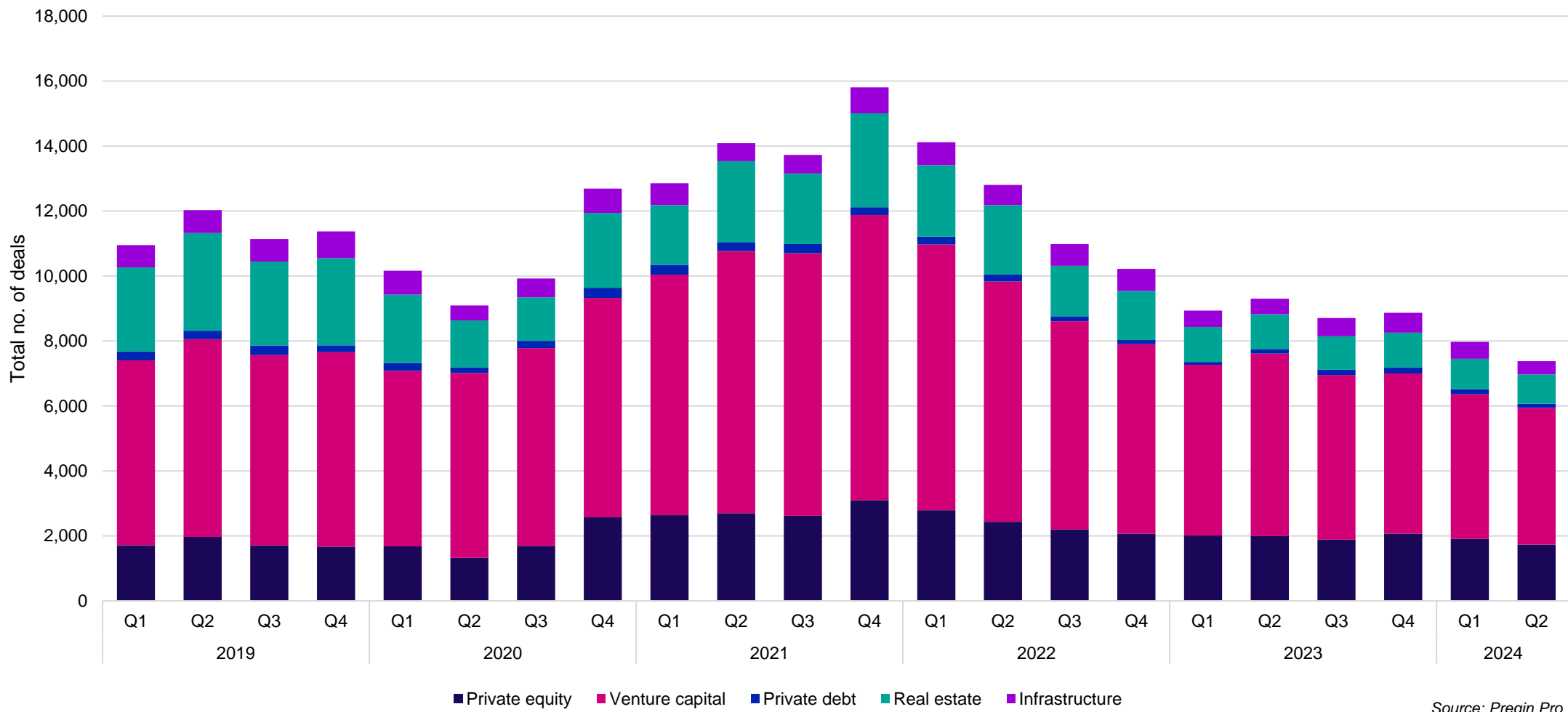
Ranked from high to low returns

	Full year 2016	Full year 2017	Full year 2018	Full year 2019	Full year 2020	Full year 2021	Full year 2022	Full year 2023		3 years	5 years	10 years
	22.0% Russell 2000 TR	37.8% MSCI Emerging Markets TR	13.9% Venture capital	31.5% S&P 500 TR	38.3% Venture capital	48.5% Venture capital	19.6% Natural resources	25.6% S&P 500 TR		60.0% Natural resources	109.3% Private equity	282.7% Private equity
	12.9% S&P 500 TR	26.2% MSCI Europe Standard TR	10.6% Private equity	25.5% Russell 2000 TR	24.5% Private equity	37.1% Private equity	15.9% Infrastructure	21.2% US 60/40		50.8% Infrastructure	106.1% S&P 500 TR	209.7% S&P 500 TR
	11.7% Private equity	20.8% S&P 500 TR	10.1% Infrastructure	24.4% US 60/40	20.0% Russell 2000 TR	28.7% S&P 500 TR	7.4% Real estate	19.2% MSCI Europe Standard TR		46.2% Private equity	82.7% Venture capital	199.7% Venture capital
	11.6% MSCI Emerging Markets TR	19.9% Private equity	6.8% Real estate	23.5% MSCI Europe Standard TR	18.6% MSCI Emerging Markets TR	26.6% Real estate	4.8% Private debt	18.1% Global 60/40		39.9% Private debt	74.7% Infrastructure	180.9% Infrastructure
	11.5% Natural resources	18.0% Global 60/40	2.9% Private debt	19.7% Global 60/40	18.4% S&P 500 TR	21.9% Natural resources	-0.3% Private equity	16.1% Russell 2000 TR		32.3% S&P 500 TR	74.6% US 60/40	144.4% Real estate
	9.2% US 60/40	15.0% US 60/40	2.1% Natural resources	18.9% MSCI Emerging Markets TR	15.4% US 60/40	21.0% US 60/40	-13.4% MSCI Europe Standard TR	10.4% Private debt		31.6% Real estate	59.8% Russell 2000 TR	137.9% US 60/40
	8.8% Real estate	14.2% Real estate	-1.2% Bloomberg Global Aggregate TR	16.8% Venture capital	14.3% Global 60/40	21.0% Private debt	-16.3% Bloomberg Global Aggregate TR	10.2% MSCI Emerging Markets TR		21.6% US 60/40	59.6% Private debt	124.3% Private debt
	8.5% Infrastructure	13.9% Russell 2000 TR	-3.0% US 60/40	15.0% Private equity	9.2% Bloomberg Global Aggregate TR	19.8% Infrastructure	-17.0% US 60/40	9.9% Natural resources		20.6% MSCI Europe Standard TR	59.2% MSCI Europe Standard TR	98.2% Russell 2000 TR
	6.6% Private debt	12.3% Venture capital	-4.4% S&P 500 TR	10.6% Infrastructure	6.9% MSCI Europe Standard TR	17.0% MSCI Europe Standard TR	-17.5% Global 60/40	8.6% Infrastructure		13.1% Venture capital	57.7% Natural resources	81.7% Natural resources
	5.9% Global 60/40	12.2% Private debt	-6.2% Global 60/40	8.7% Real estate	6.3% Private debt	14.8% Russell 2000 TR	-18.1% S&P 500 TR	7.0% Private equity		8.7% Global 60/40	48.7% Global 60/40	75.2% Global 60/40
	2.1% Bloomberg Global Aggregate TR	10.1% Infrastructure	-11.0% Russell 2000 TR	7.3% Private debt	4.7% Infrastructure	11.5% Global 60/40	-19.6% MSCI Emerging Markets TR	5.7% Bloomberg Global Aggregate TR		6.1% Russell 2000 TR	45.9% Real estate	58.9% MSCI Europe Standard TR
	0.2% MSCI Europe Standard TR	8.1% Natural resources	-14.2% MSCI Emerging Markets TR	6.8% Bloomberg Global Aggregate TR	2.0% Real estate	-2.2% MSCI Emerging Markets TR	-20.1% Venture capital	-3.1% Real estate		-13.3% MSCI Emerging Markets TR	22.2% MSCI Emerging Markets TR	35.1% MSCI Emerging Markets TR
	-0.6% Venture capital	7.4% Bloomberg Global Aggregate TR	-14.3% MSCI Europe Standard TR	3.5% Natural resources	-4.8% Natural resources	-4.7% Bloomberg Global Aggregate TR	-20.4% Russell 2000 TR	-4.7% Venture capital		-15.6% Bloomberg Global Aggregate TR	-1.6% Bloomberg Global Aggregate TR	3.9% Bloomberg Global Aggregate TR

Source: Preqin, FactSet. Data as of June 2024

# Private capital deal volume down, by asset class

Deal numbers across asset classes yet to recover in 2024



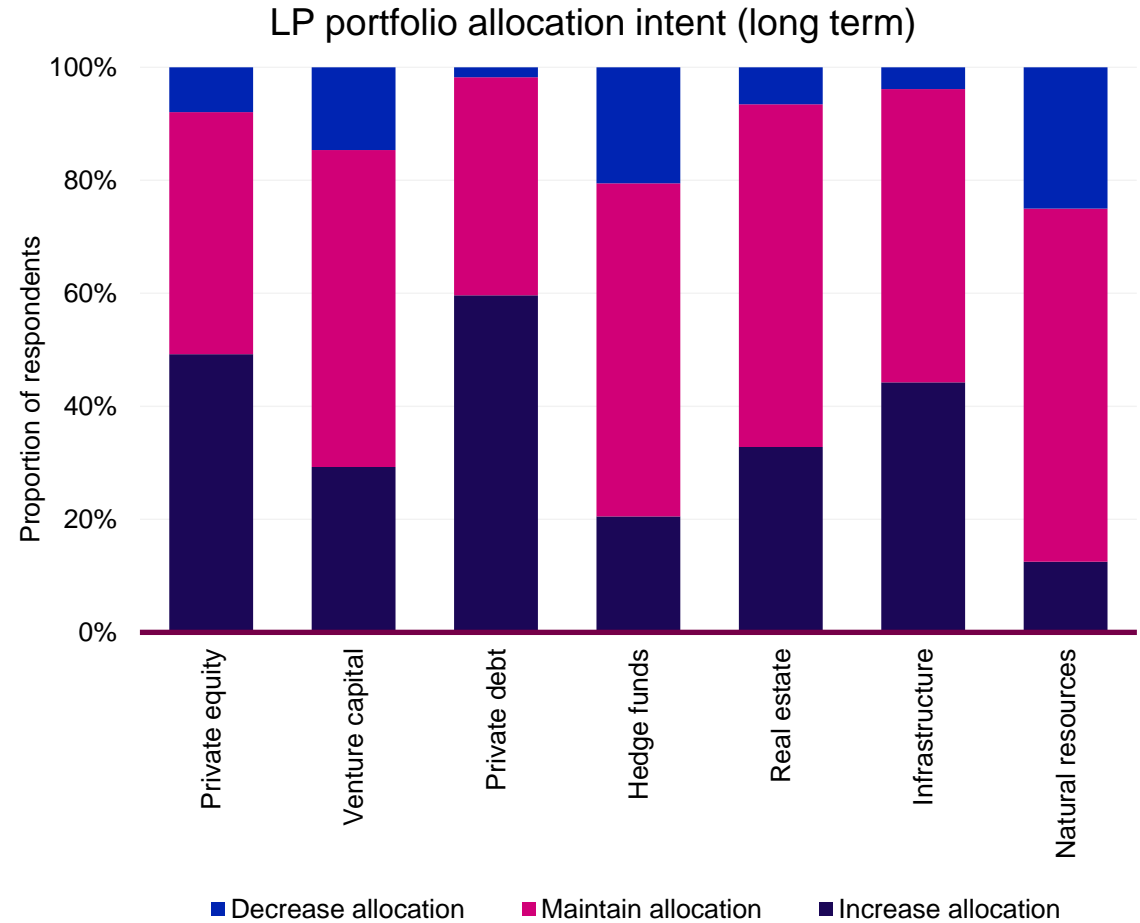
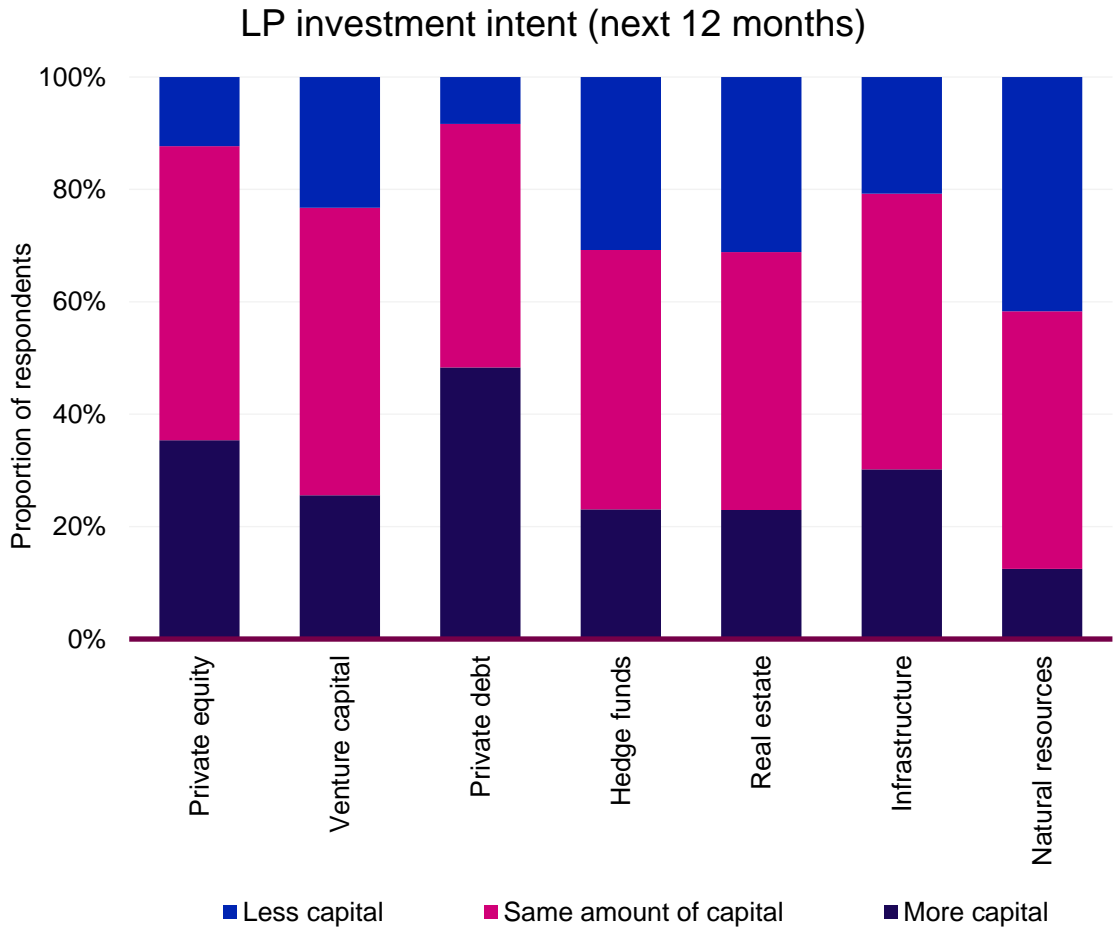
Source: Preqin Pro





# Investors to allocate to private debt, private equity, infrastructure

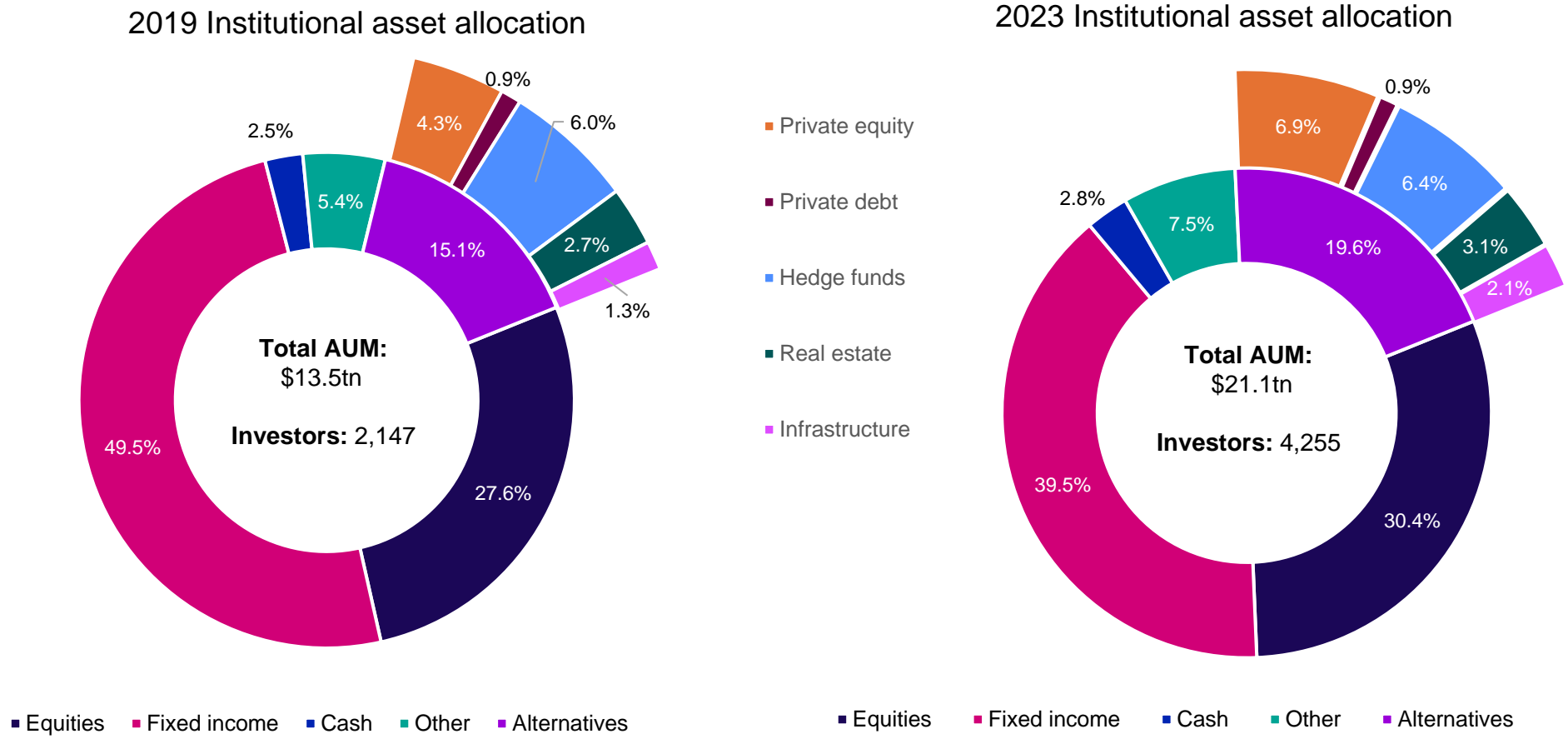
Long-term plans of global investors on capital and asset allocation to alternatives



Source: Preqin H2 2024 Investor Outlook

# Institutional investors increase allocation to alternatives

The major change in allocation has been the shift to private equity (4.3% to 6.9%)



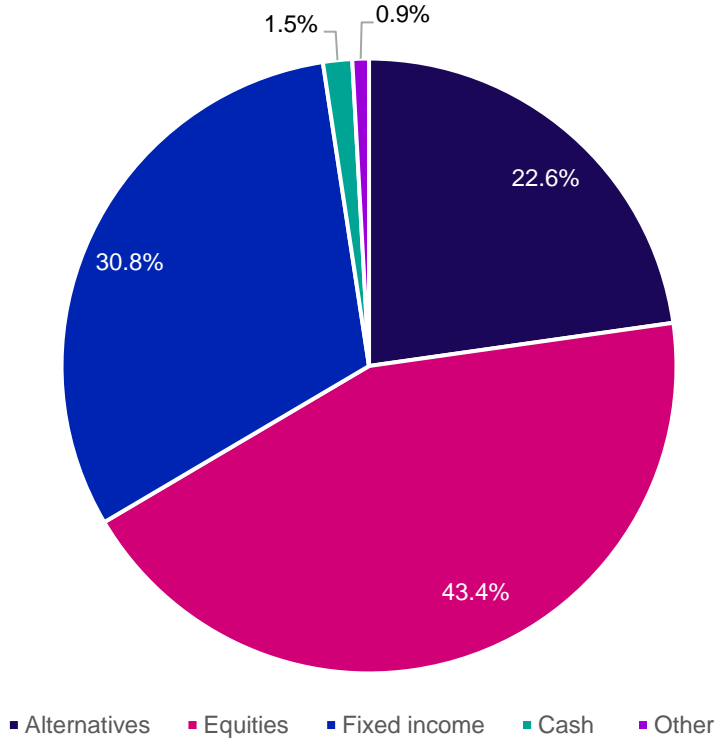
Note: Data as of December of each year and is the weighted allocation

Source: Preqin Pro, Insights+

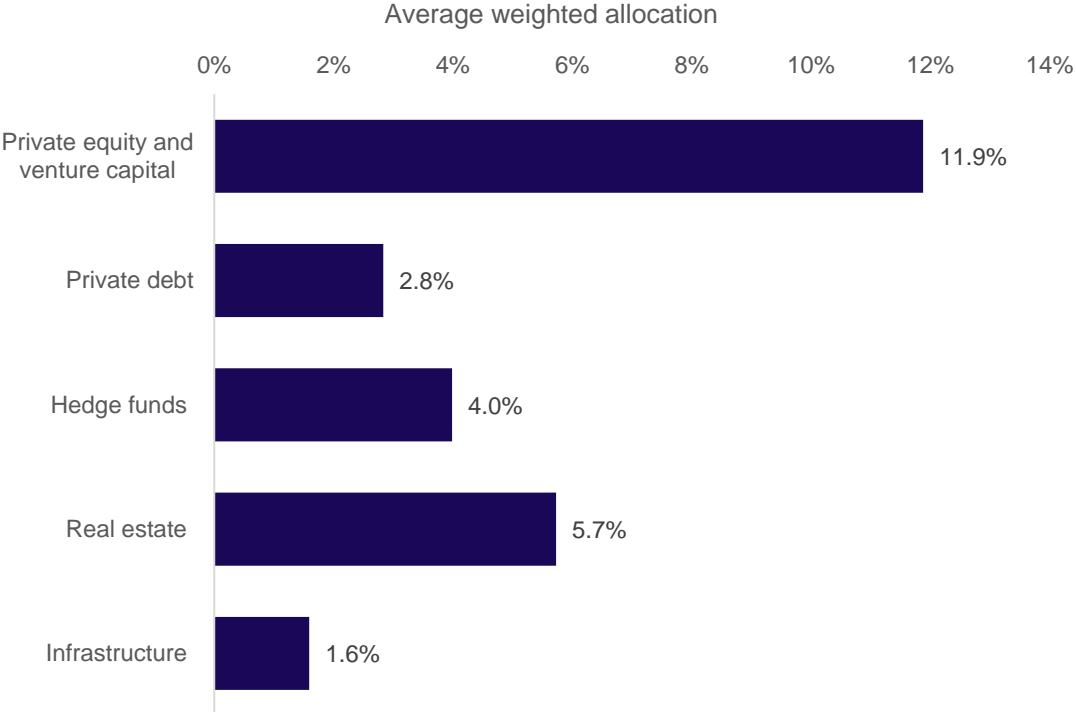
# Non-institutional investors allocate to alternatives

Nearly a quarter of family office and wealth manager AUM is allocated towards alternatives

Weighted allocation of family office and wealth managers



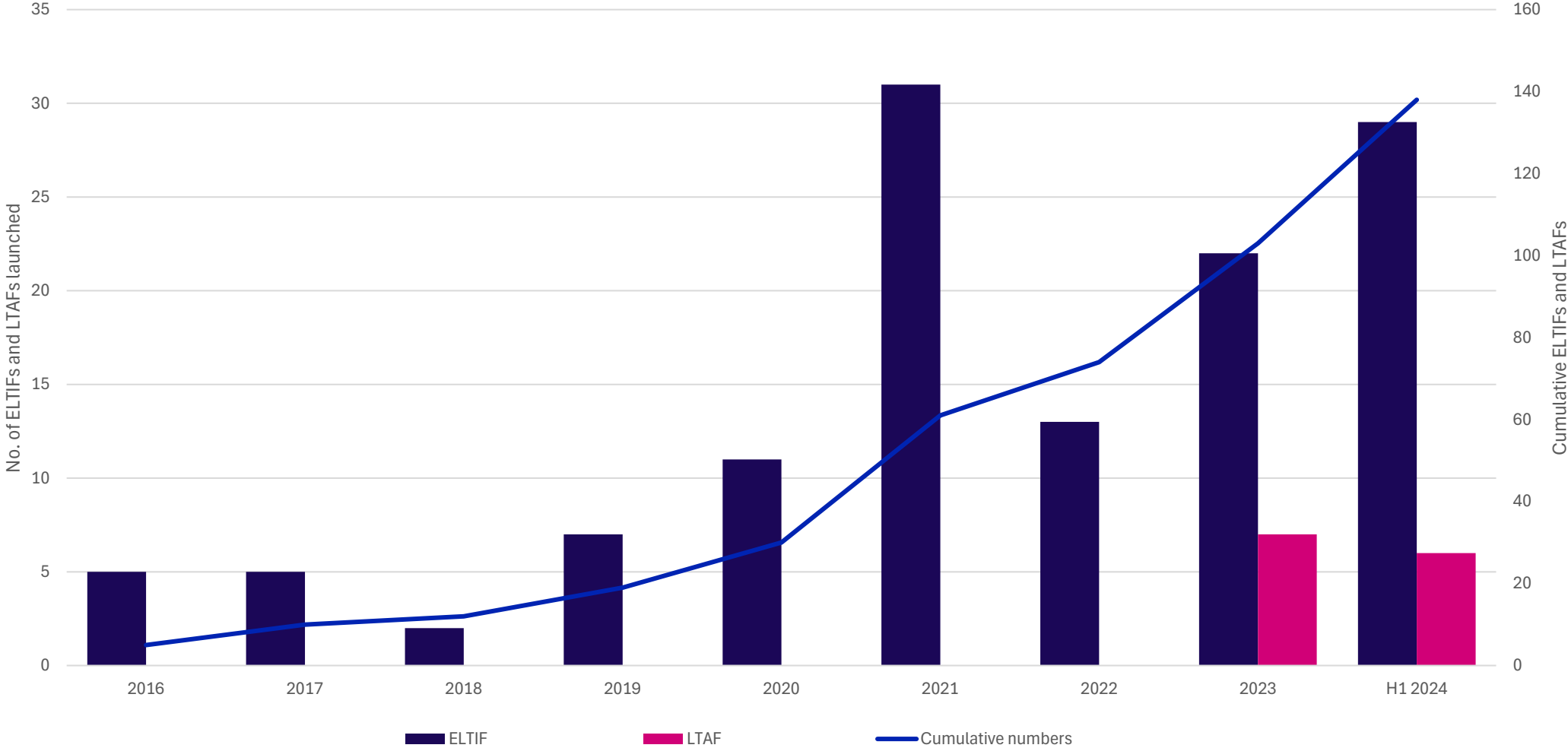
Weighted allocation of family office and wealth managers



Source: Preqin Pro. Data as of July 2024

# LTAf and ELTIF 2.0 opportunity set

Luxembourg share of new launches grows with Ireland a popular domicile in 2024

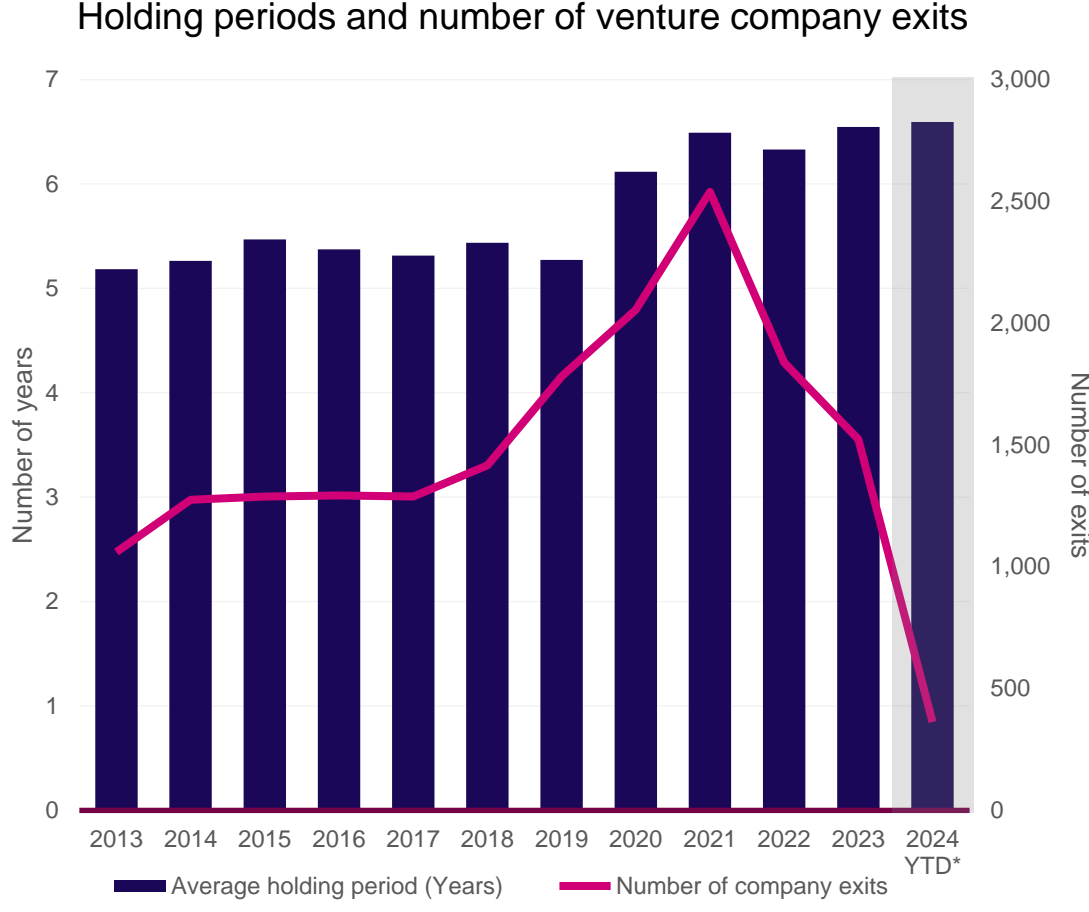
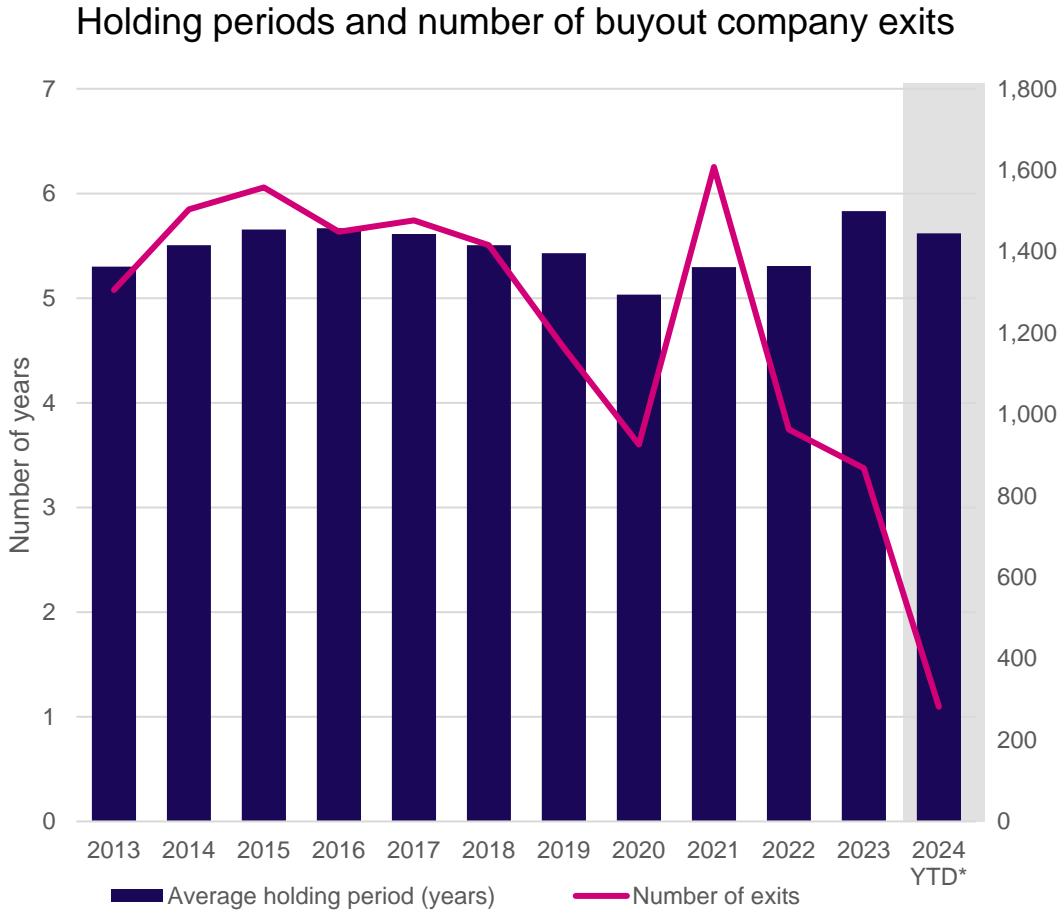


Source: Preqin Pro. Data as of July 2024



# Holdings periods extend in 2023 for both VC and private equity

Venture capital holding periods continue to rise in 2024 but buyout shows early signs of reversal



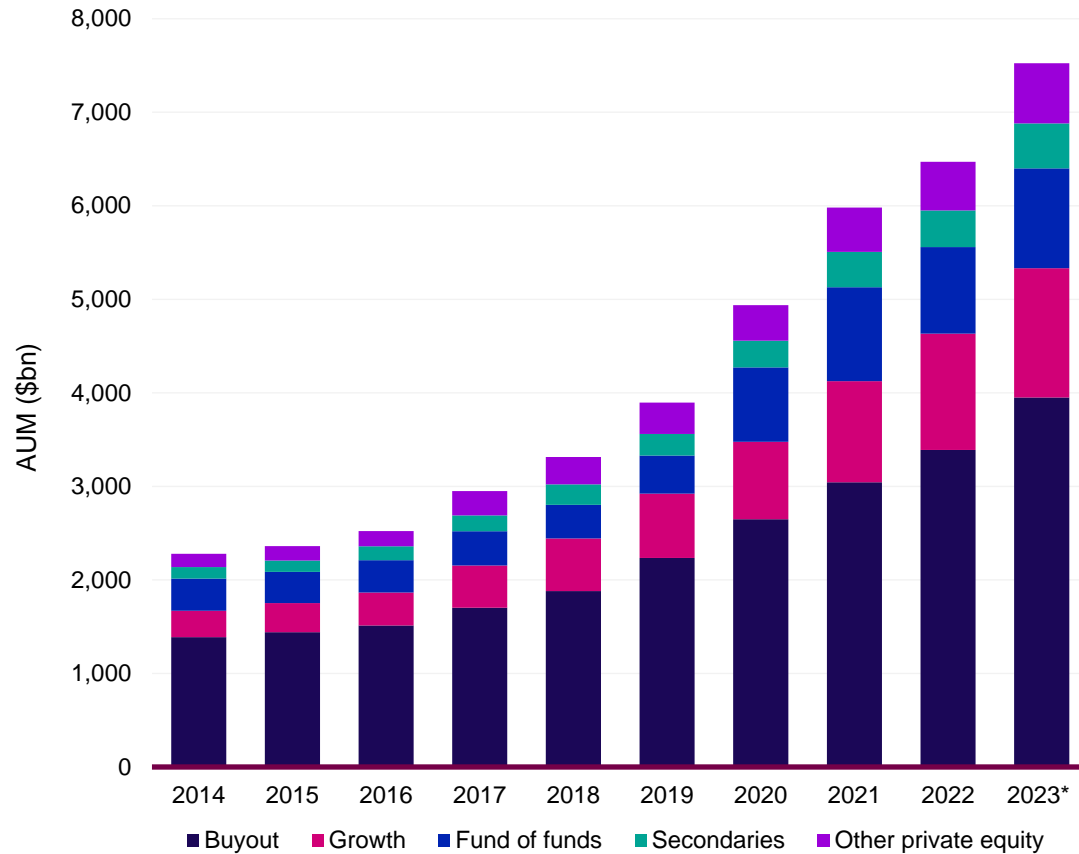
\*Data as of March 31, 2024

Source: Preqin Pro. Data as of March 2024

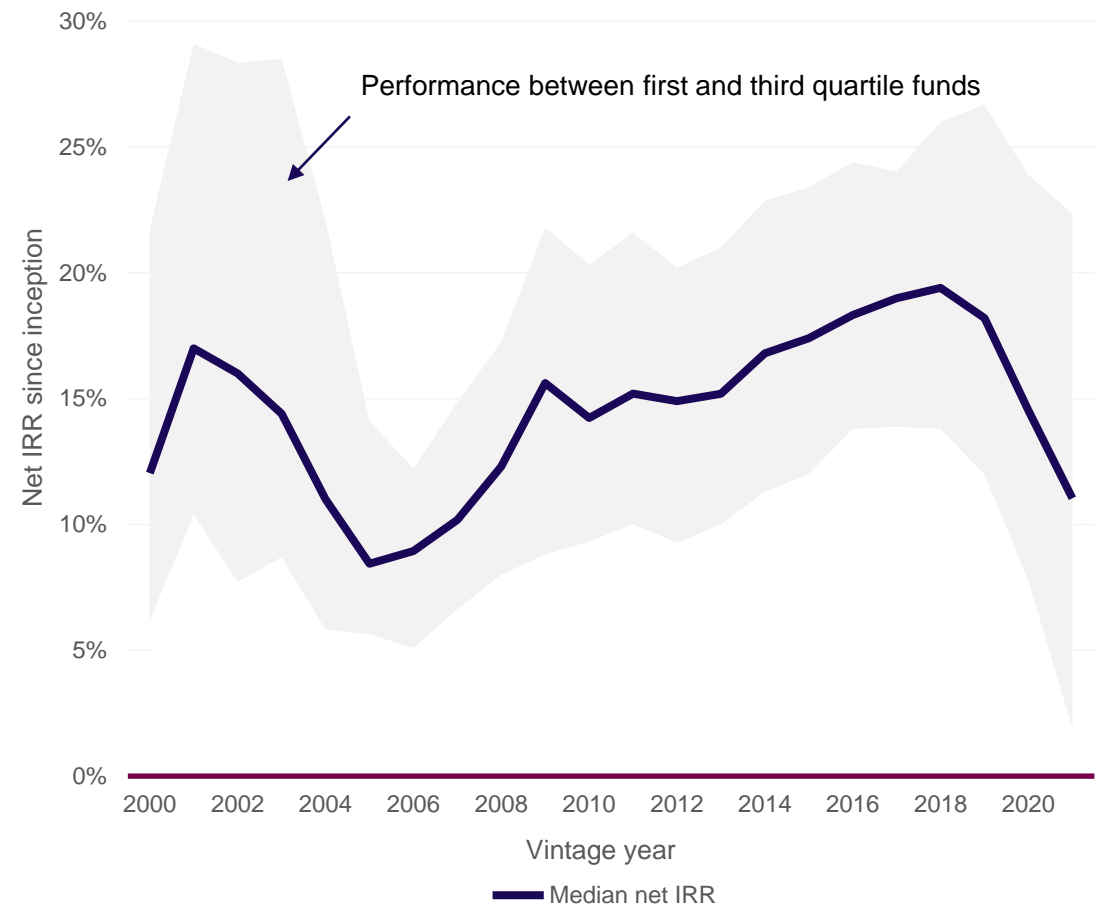
# Private equity grows but recent vintages struggle

Performance of private equity buyout vintages since 2018 trend downward as tougher environment bites

Private equity AUM more than doubles since 2017



Spread rises between top and bottom funds

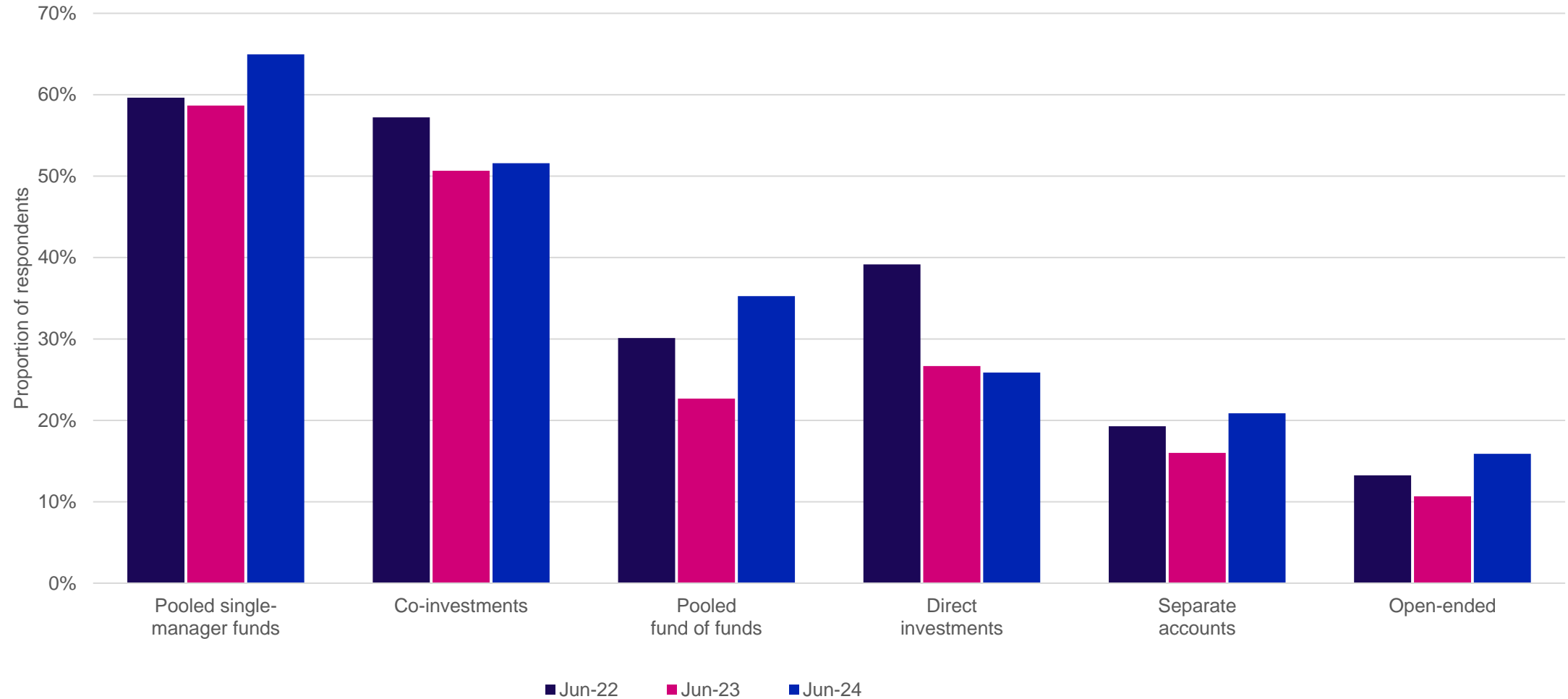


Source: Preqin Pro. Data as of June 13, 2024



# All fund structures except direct investments on the rise

Open-ended funds grow slightly in popularity with question marks over distributions



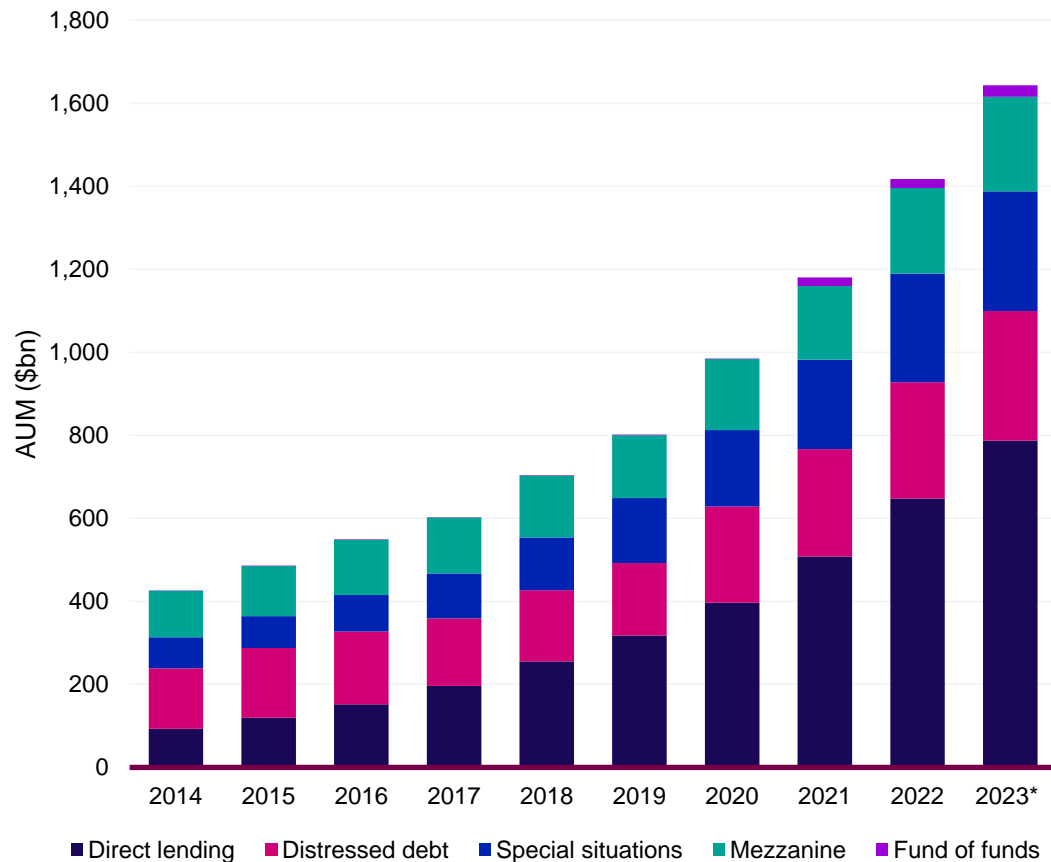
Source: Preqin Investor Surveys, June 2022 – 2024



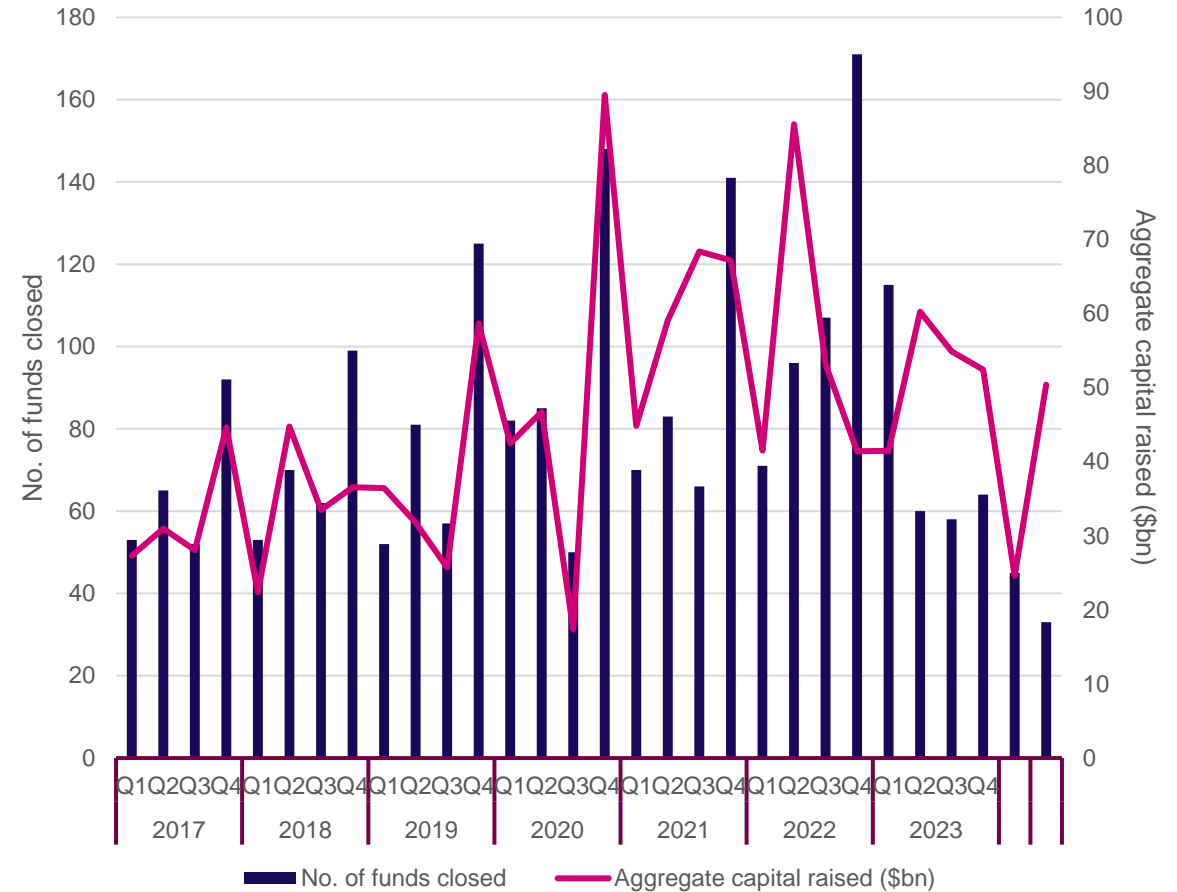
# Private debt rise tops \$1.6tn in AUM in 2023

Private debt has benefited from monetary policy tightening and bank retrenchment in lending

Direct lending has doubled over the past five years



Capital raised proving more resilience

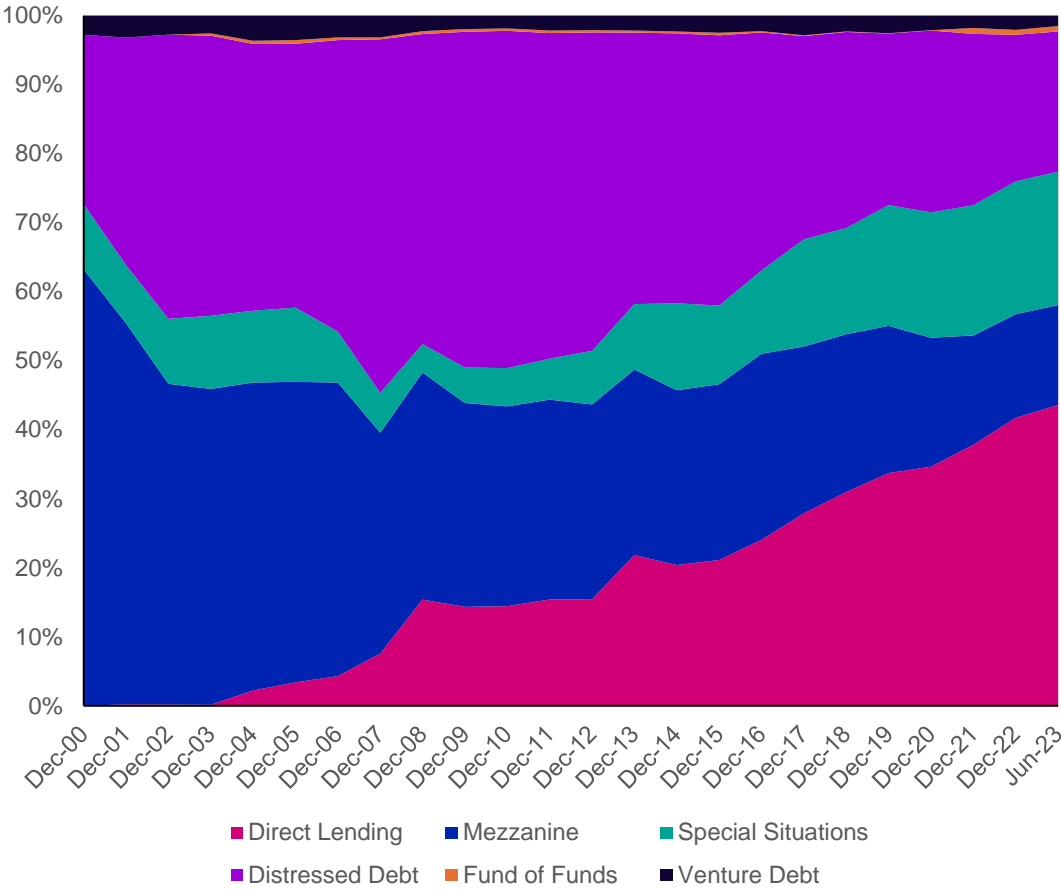


\*Data as of September 30, 2023

Source: Preqin Pro

# North American strategy mix more diverse than Europe's

North America Private Debt AUM by Strategy, %



Source: Preqin Pro

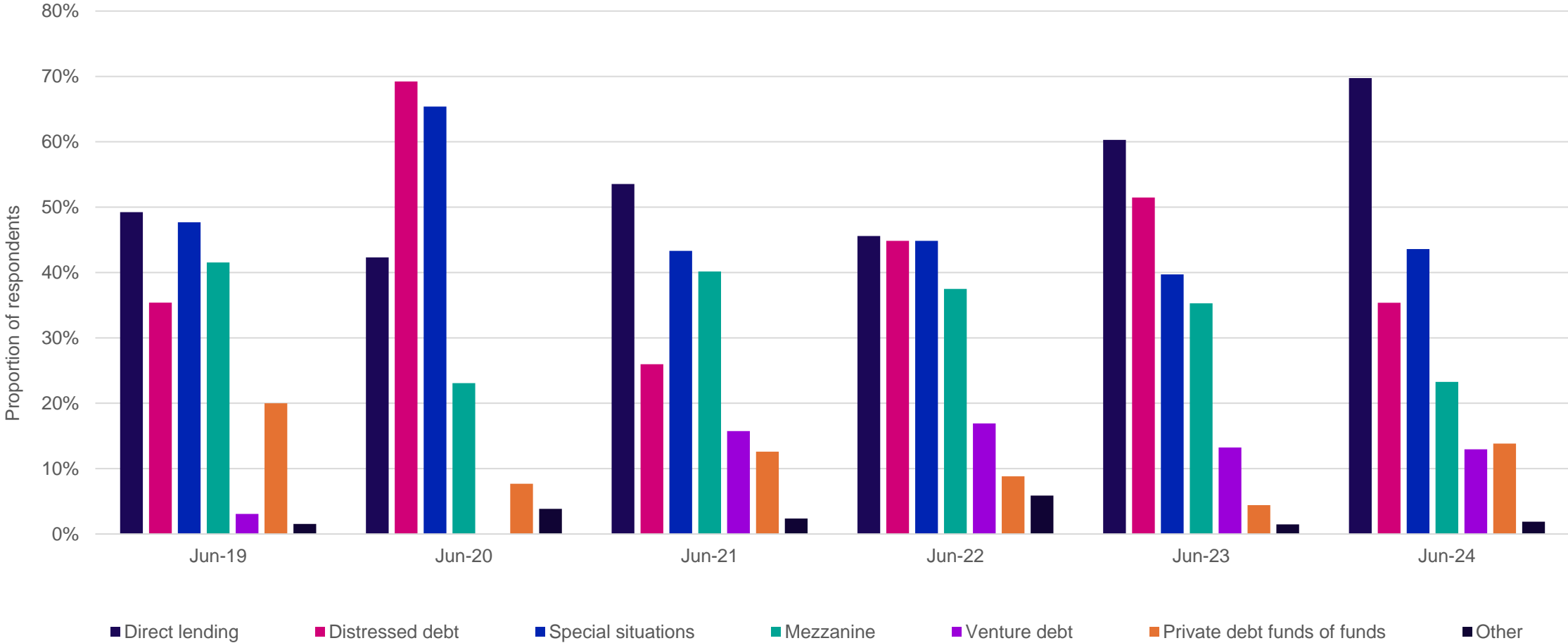
European Private Debt AUM by Strategy, %



Source: Preqin Pro

# Direct lending most favored

Investors were asked: 'Which fund types present the best opportunities?'



Source: Preqin Investor Surveys, June 2019 – 2024



# History of returns – ranking hedge funds and market returns

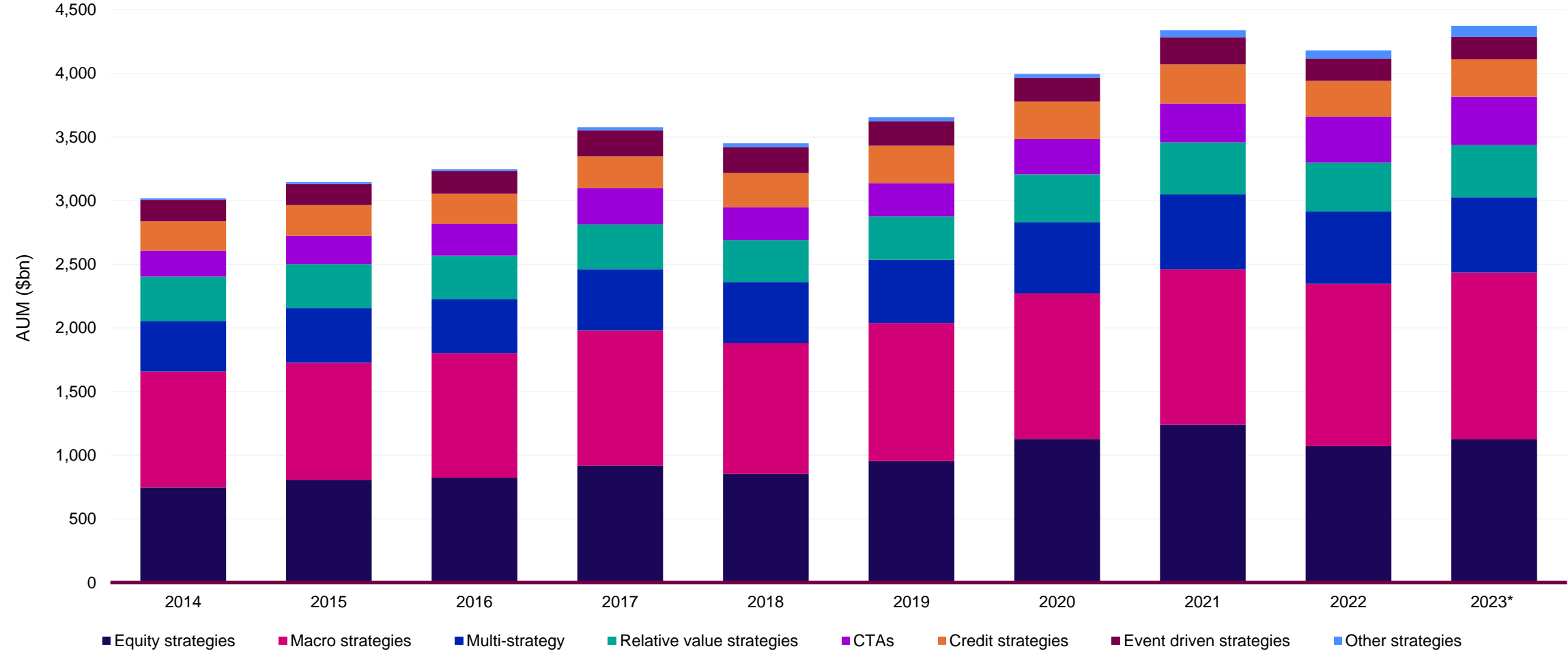
	Full year 2016	Full year 2017	Full year 2018	Full year 2019	Full year 2020	Full year 2021	Full year 2022	Full year 2023		Three years	Five years	10 years
	12.9% S&P 500 TR	20.8% S&P 500 TR	1.8% Credit hedge funds	31.5% S&P 500 TR	21.5% Equity hedge funds	28.7% S&P 500 TR	8.3% All CTAs	25.6% S&P 500 TR		40.2% Event driven hedge funds	106.1% S&P 500 TR	209.7% S&P 500 TR
	11.0% Event driven hedge funds	17.0% Equity hedge funds	1.1% Macro hedge funds	24.4% US 60/40	19.1% All hedge funds	21.0% US 60/40	6.8% Macro hedge funds	21.2% US 60/40		36.2% All hedge funds	74.6% US 60/40	137.9% US 60/40
	9.2% US 60/40	15.0% US 60/40	0.7% Relative value hedge funds	17.1% Equity hedge funds	18.4% S&P 500 TR	16.9% Event driven hedge funds	2.0% Relative value hedge funds	13.7% All hedge funds		33.6% Equity hedge funds	65.2% Equity hedge funds	113.1% Equity hedge funds
	9.1% Credit hedge funds	14.0% All hedge funds	-1.2% Bloomberg Global Aggregate TR	13.2% All hedge funds	15.7% Macro hedge funds	15.2% All hedge funds	-2.5% Multi-strategy hedge funds	13.7% Equity hedge funds		32.3% S&P 500 TR	63.9% All hedge funds	112.6% All hedge funds
	8.3% All hedge funds	11.0% Multi-strategy hedge funds	-1.6% All CTAs	11.2% Macro hedge funds	15.4% US 60/40	13.3% Equity hedge funds	-2.6% Credit hedge funds	10.7% Event driven hedge funds		30.3% Macro hedge funds	57.0% Macro hedge funds	109.1% Macro hedge funds
	8.2% Macro hedge funds	10.9% Event driven hedge funds	-1.9% Multi-strategy hedge funds	10.4% Multi-strategy hedge funds	14.3% Event driven hedge funds	11.2% Multi-strategy hedge funds	-4.4% Event driven hedge funds	8.7% Multi-strategy hedge funds		27.0% Multi-strategy hedge funds	53.9% Event driven hedge funds	91.5% Multi-strategy hedge funds
	8.2% Equity hedge funds	7.7% Macro hedge funds	-2.2% Event driven hedge funds	9.2% Fund of hedge funds	13.0% Multi-strategy hedge funds	10.9% Fund of hedge funds	-7.1% All hedge funds	8.3% Credit hedge funds		26.0% All CTAs	47.1% Multi-strategy hedge funds	91.1% Event driven hedge funds
	7.5% Multi-strategy hedge funds	7.6% Fund of hedge funds	-3.0% All hedge funds	8.8% Event driven hedge funds	12.1% Fund of hedge funds	9.1% All CTAs	-7.4% Fund of hedge funds	8.2% Fund of hedge funds		22.3% Relative value hedge funds	40.1% All CTAs	70.3% All CTAs
	5.2% Relative value hedge funds	7.4% Credit hedge funds	-3.0% US 60/40	7.4% Credit hedge funds	10.6% All CTAs	8.0% Macro hedge funds	-9.8% Equity hedge funds	7.6% Relative value hedge funds		21.6% US 60/40	37.8% Relative value hedge funds	69.7% Relative value hedge funds
	2.9% All CTAs	7.4% Bloomberg Global Aggregate TR	-3.7% Fund of hedge funds	6.8% Bloomberg Global Aggregate TR	9.9% Relative value hedge funds	7.6% Relative value hedge funds	-16.3% Bloomberg Global Aggregate TR	5.9% Macro hedge funds		20.2% Fund of hedge funds	36.1% Fund of hedge funds	63.3% Credit hedge funds
	2.1% Bloomberg Global Aggregate TR	5.1% Relative value hedge funds	-4.4% S&P 500 TR	6.2% Relative value hedge funds	9.2% Bloomberg Global Aggregate TR	6.5% Credit hedge funds	-17.0% US 60/40	5.7% Bloomberg Global Aggregate TR		17.9% Credit hedge funds	27.1% Credit hedge funds	50.3% Fund of hedge funds
	0.6% Fund of hedge funds	5.0% All CTAs	-5.0% Equity hedge funds	5.9% All CTAs	5.4% Credit hedge funds	-4.7% Bloomberg Global Aggregate TR	-18.1% S&P 500 TR	1.3% All CTAs		-15.6% Bloomberg Global Aggregate TR	-1.6% Bloomberg Global Aggregate TR	3.9% Bloomberg Global Aggregate TR

Ranked from high to low returns

Source: Preqin, FactSet. Data as of June 2024

# Hedge funds AUM nears \$4.5tn at end of 2023

AUM growth stalled in 2022 but rebounded in 2023 with CTAs and relative value strategies leading the way



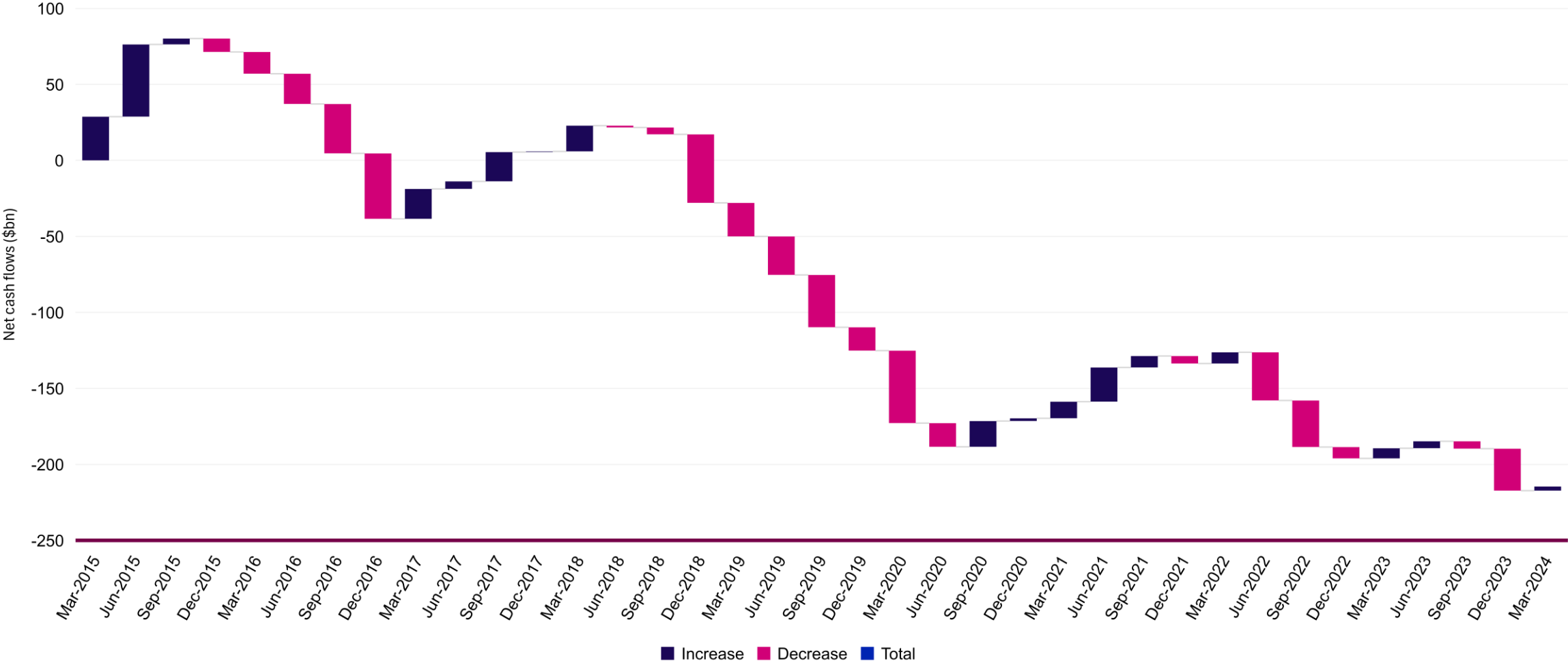
\*Data as of September 30, 2023

Source: Preqin Pro



# Redemptions remain a problem for hedge funds

Global hedge fund cumulative net outflows climb to more than \$214.6bn since 2015



Source: Preqin Pro

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