

Alternative Assets Industry Set to Hit \$14 Trillion by 2023

Preqin predicts that industry AUM will grow by 59% over the next five years

As part of its *Future of Alternatives* initiative, Preqin predicts that the alternative assets industry – comprising private capital and hedge funds – will reach \$14tn in assets under management by 2023. The industry currently holds \$8.8tn in assets as of the end of 2017, but is predicted to expand by 59% over the next five years (a compound annual growth rate of 8.0%).

Private equity funds are predicted to overtake hedge funds to become the largest alternative asset class. They are projected to grow by 58%, rising from their current AUM of \$3.1tn to \$4.9tn, while hedge funds will post lower growth of 31% to rise from \$3.6tn to \$4.7tn in assets. Private debt and real assets funds are predicted to double their AUM.

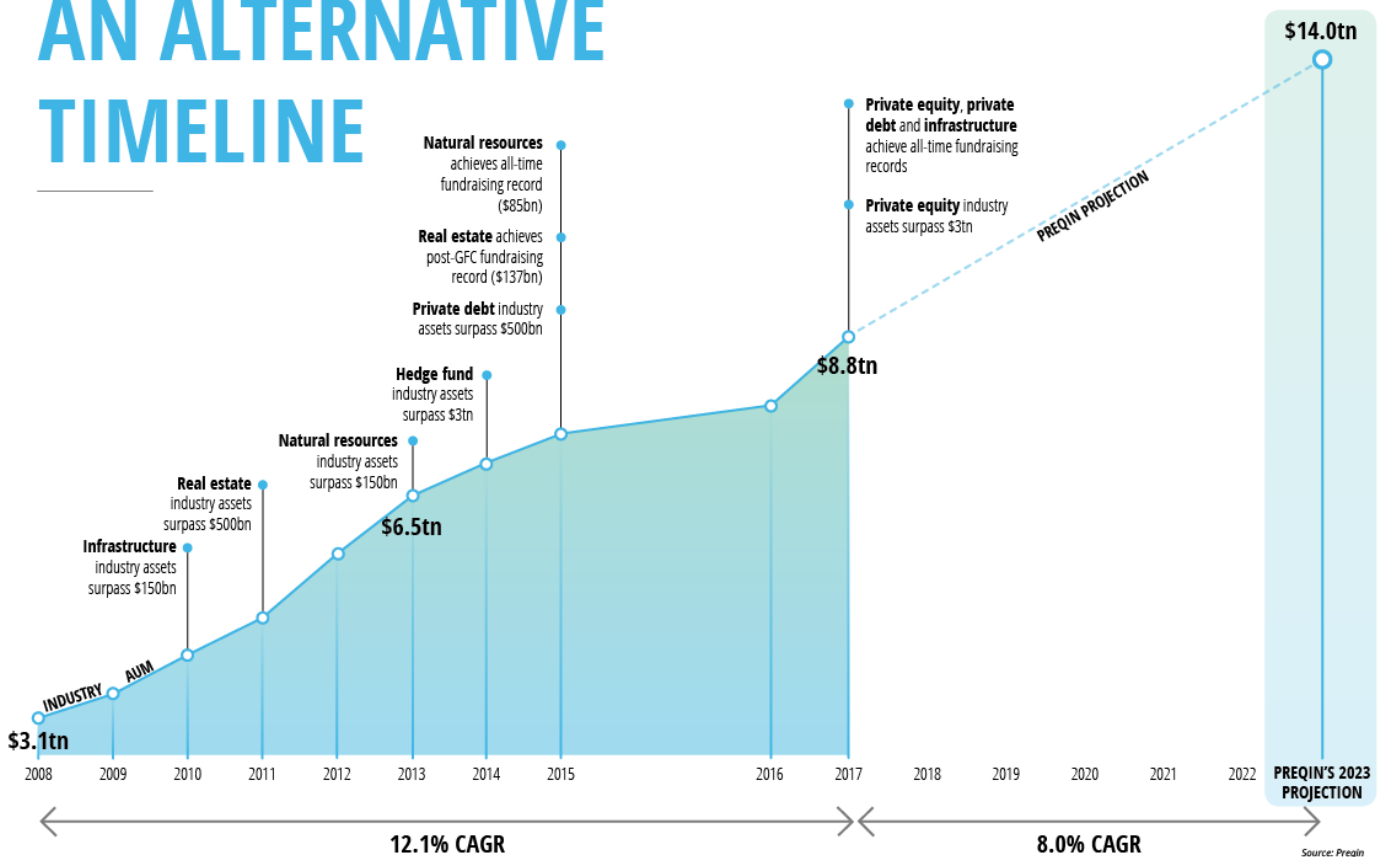
These predictions are based on Preqin’s interviews with 420 fund managers and investors. Industry participants were asked what their predictions were for AUM in each alternative asset class in 2023, based on AUM totals in 2008 and 2017. Preqin then calculated an average of their responses to produce its predictions.

For more resources from the *Future of Alternatives* initiative, please find the full report here: go.preqin.com/future

Mark O’Hare, CEO – Preqin:

“Fourteen trillion dollars may sound like an overly ambitious prediction for the alternative assets industry, but it is lower than the average growth rate we’ve seen in the past decade. There are several key factors that will drive this growth, including: the proven long-term performance of alternatives; the growing opportunities available in private debt; and the rise of emerging markets in which alternatives funds are already entrenched. If anything, we believe that \$14tn is more likely to be too low than it is to be too high.”

AN ALTERNATIVE TIMELINE



Key Facts on the Future of Alternatives:

- Preqin predicts that the **alternative assets industry's assets under management will reach \$14tn in 2023**. This is up from \$8.8tn at the end of 2017, the most recent total.
- This is an increase of 59%, or a compound annual growth rate (CAGR) of 8.0% - lower than the 12.1% CAGR seen from 2008 to 2017.
- **Private equity is projected to grow to \$4.9tn in AUM**, overtaking hedge funds (\$4.7tn) to become the largest asset class.
- **Private debt and infrastructure are predicted to double in size**, reaching \$1.4tn and \$1.0tn in assets respectively. Real estate funds are set to grow by 50% to \$1.2tn.
- Natural resources funds are projected to have the highest growth rate – 300% - but will remain the smallest asset class with \$0.8tn in AUM.
- **Key drivers of growth** include the long-term outperformance of private capital compared to public markets, growing appetite for alternatives from institutional and private investors, and strong growth in emerging markets.
- *“Preqin will stick with the \$14tn forecast – but it is more likely to be too low than too high”* – **Mark O’Hare, CEO**.

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.