

European Alternatives on Track for Record Fundraising Year, Poised to Support a Recovering Europe

Role of private capital crucial in Europe's recovery from COVID-19 and the transition to carbon neutrality

London, 15th September 2021 – Preqin, the global leader in alternative assets data, analytics, and insights, is pleased to announce the launch of its [2021 Alternative Assets in Europe Report](#), produced with leading European asset manager Amundi for the fourth year in a row. Preqin and Amundi share a common vision of providing the investor community with authoritative data, transparency, and standardization for private markets to support their growth. This report – the largest study of its kind – looks at how the industry has developed in the main sectors and asset classes, exploring current trends across 13 key European markets, with in-depth coverage on 6 leading markets.

Preqin and Amundi also announce that for the first time, the report will introduce Leagues Tables, ranking European-domiciled alternative fund managers regardless of fund structure or capital source, in order to provide the investor community with a comprehensive overview of the state of play of alternative assets in Europe. See below to view the five league tables by assets under management (AUM).

Mark O'Hare, Founder and CEO of Preqin, said: "We are ready to see Europe's economies reach new records in 2021, optimistic that they are on the road to recovery following the pain of the pandemic. Our discussions with Europe-focussed investors confirm that they are 'sticking with the program' as regards their allocations to alternative assets: faced with uncertainty and diminished returns across all asset classes, the attractions of alternative assets—including innovative green investment opportunities—remain compelling."

Dominique Carrel-Billiard, Global Head of Real Assets at Amundi, added: "Real assets will be the winning bet for a post-COVID world. Most notably, a new post-COVID cycle could see a resurgence of inflation and continue to drive capital towards these asset classes which offer protection against inflation and the prospect of higher returns. Real assets can help to meet the economic challenges posed by the COVID recovery and fulfil investor expectations on both performance and impact, notably by helping allocate capital towards the energy transition. As such it is crucial to make real assets accessible to a wider range of savers."

Growth of the European Alternatives Industry

Europe-based alternative asset fund managers now hold €2.06tn in assets under management (AUM) as of December 2020, up from €1.81tn a year ago—an increase of over 13%—and are on track to make 2021 a record year for fundraising. AUM had grown by 59% over the five years from December 2016 to December 2020, and Europe now accounts for 24% of the global alternative assets industry.

Fundraising, investment, and performance have accelerated in H1 2021. Fundraising by Europe-based private capital GPs in H1 2021 reached 59% of 2020's full-year total, which, despite the practical challenges caused by travel and meeting restrictions, was the second-highest on record. Investment teams have been busy, with the value of private capital transactions closed in H1 2021 already at 83% of 2020's full-year total, with venture capital, infrastructure, and private equity the most active sectors.

Strong equity and debt capital markets since Q2 2020 have translated into a buoyant exit market, not just for IPOs, but also for trade sales and refinancing. While return data in the early years of limited partnership funds is only an indicator of future performance, median net IRRs¹ for 2018 vintage private

¹ Internal rate of return

equity and venture capital (PEVC) funds stand at 22.0%, while vintages 2011-2017 have been lifted to between 14.0% and 19.4%. Those appealing performance prospects should attract even more investor capital into European alternative assets going forward.

Maturing of UK Alternatives allows Other Key European Markets to Catch Up

The UK has long been the largest European market for the management of alternative investments. As asset classes have expanded and globalized, the share of AUM managed by UK-based GPs has reduced. Between 2010 and 2020, private capital assets managed out of Europe increased by 209%, while AUM at UK-based managers increased 177%, with the UK's share of European private capital AUM falling from 59% to 52%.

AUM growth at UK-based PEVC managers has averaged 13% over the past three years. This is significantly slower than the 23% notched up by managers in France, but the UK's PEVC AUM is still 4.6x greater than that of France (€473bn vs. €102bn). Further country highlights for the **UK, France, Germany, Italy, Switzerland, and Luxembourg** can be found below.

Investment Driven by Infrastructure and Real Assets

Infrastructure has been a bright spot as governments across Europe are pushing investments as a way of stimulating economic growth and meeting carbon reduction targets, while increased public debt levels as a result of COVID-19 will increase demand for private capital. Europe-based infrastructure AUM has grown remarkably over the past five years, reaching almost €250bn as of December 2020—a CAGR of 22% since 2015. With the current Europe-focussed infrastructure dry powder of €130bn making up a remarkable 43% of the infrastructure dry powder globally, investment activity is set to heat up further.

Real estate investment in H1 2021, as measured by the number of deals, is tracking at a similar pace to 2020. H1 2021 saw deal numbers at 54% of 2020's total, which itself was down substantially on 2019. The pandemic did not trigger a widespread correction in real estate valuations—evidenced by a 9% increase in real estate AUM to €177bn over 2020, despite lacklustre fundraising.

Hedge Funds Back in Favour

In a challenging year for markets globally, European-focussed hedge funds finished the year positively in 2020, up 7.04% on average, with the momentum continuing into 2021. After experiencing record outflows of -€31.8bn in Q1 2020 amid the equity market sell-off, hedge funds stabilized, and then attracted capital through the second half, with the €32.2bn net inflows representing a turnaround for an asset class that has experienced consistent outflows over the past five years of bull market conditions. As Europe slowly comes out of its prolonged recession, hedge funds are best positioned to benefit from an expected increase in volatility in the market.

ESG Moving from Firm to Investment Strategy

Commitment to ESG principles and compliance with EU legislation are the norm for fund managers and investors in Europe, with more than 80% of AUM in ESG-committed funds. Environmental issues are also driving opportunities across alternative asset classes. In real estate, for example, there is increased emphasis on value added strategies, which raised €11.7bn in 2020, many of which focus on creating value by reducing buildings' carbon emissions. In private equity, investors are increasingly using an ESG lens to create KPIs in areas such as supply chains that will drive increases in valuations on exit, while infrastructure investment—led by governments in order to meet carbon reduction targets—is also increasingly important for the energy transition, notably in renewable energies.

For more information and analysis, check out the [2021 Alternative Assets in Europe Report](#).

Key country highlights:

UK

- The UK, which has long been the largest European centre for the management of alternative investments, saw its share of AUM managed by UK-based GPs reduced. Between 2010 and 2020, private capital assets managed out of Europe increased by 209%, slightly less than the global increase of 213%. In that time, the UK's share of European private capital AUM fell from 59% to 52%.
- At the halfway point of the year, Preqin has recorded €85bn of private capital transactions in the UK, already equal to the total for the whole of 2020.
- UK fundraising has varied across asset classes, with private equity and venture capital on par with 2020, infrastructure and natural resources ahead, and private debt and real estate having a slower year thus far.
- Hedge funds delivered downside protection through the early stages of the crisis and posted strong returns as markets recovered, reversing the long-term trend of capital outflows.

France

- France is Europe's second-largest alternatives centre in Europe, with private capital AUM up 19% in 2020 to €216bn. Aggregate private capital raised by France-based funds surpassed the €50bn mark in 2020. Not only is the French market more than double the size of the third-largest player in Europe, Germany, it is also slowly catching up with the UK.
- Private equity in France enjoyed the largest increase in capital flows. The asset class saw a 56% increase in fundraising between 2019 and 2020, from €20bn to €31bn.
- Real estate fundraising in France, on the other hand, declined during the pandemic year. A record €5.3bn of capital secured in 2019 was followed by just €1.7bn raised in 2020, with no real estate funds closing in H1 2021.
- In deal terms, venture capital and infrastructure have been the busiest, with transaction values in H1 2021 already exceeding 2020 totals, boosted by President Macron's grand ambitions for technology and Olympics-driven infrastructure development, as well as the mega-merger of Veolia and Suez.

Germany

- Plans to revive and boost the German economy are at the forefront of politicians' campaigns, and mobilizing private capital is another way to fill the gaps. Along with PEVC strategies, the maturing infrastructure market could play a key role in helping Germany to meet its carbon reduction goals.
- Private capital fundraising for German infrastructure has grown massively in recent years, with €4.8bn raised in 2020 and €4.2bn in H1 2021 already, the most of any private capital strategy. Deployment in German assets too has been increasing, with €13.4bn of infrastructure deals in 2020 and €6.5bn in H1 2021.
- With €8.1bn raised by Germany-based private capital funds in the first six months of 2021, managers are on track to beat the 2020 total of €15bn, which was itself a record by some margin.
- German private equity managers have dry powder of €6.2bn as of July 2021, up €1.6bn on the end of 2020 and a record high. Dry powder was boosted by the record €7.4bn raised in 2020 by Germany-based fund managers, including Deutsche Private Equity Fund IV (€1.0bn), EMH Growth Fund II (€650mn), and Holtzbrinck Ventures Fund VIII (€535mn).

Italy

- Italy's private capital market is becoming increasingly attractive. In 2020, aggregate capital raised by Italy-based funds increased 17% on the year before, and amounts to €720mn for H1 2021.

- PEVC is at the heart of Italy's alternatives industry, accounting for 35% of alternatives AUM as of the end of 2020 (€15bn). Meanwhile, infrastructure, real estate, and private debt represent a not insignificant 17%, 14%, and 11%, respectively. Hedge funds account for 22% of Italy-based alternatives AUM.
- Italy's €242bn Resilience and Recovery Plan will direct approximately 40% of Italy's public funding to green programs and 25% to digital projects, with infrastructure and high-speed trains among the priorities. This will create a huge range of opportunities for private capital financing.

Luxembourg

- Luxembourg is gaining ground in Europe. In total, there are 331 alternative funds domiciled in Luxembourg, with a total AUM of at least €173bn, significantly higher than the €44bn managed by funds based within the locality. Hedge funds remain the largest asset class in the Luxembourg alternatives industry, comprising 37% of total AUM as of December 2020.
- Since the UK voted to leave the EU in 2016, the territory has overtaken the UK as the most popular domicile for European PEVC funds.
- Private debt has been popular so far in 2021, with €2.7bn raised by Luxembourg-based managers, representing 68% of total capital raised in the first half of the year by alternative asset funds in the national market.

Switzerland

- Switzerland-based alternatives AUM was flat into 2020. Across alternative asset classes, total AUM stands at €71.6bn, with PEVC the largest single asset class in the market at €25.7bn, followed by hedge funds (€19.9bn).
- PEVC AUM increased by a healthy 11.7% in 2020, with infrastructure AUM growth outpacing even PEVC with a 30.6% increase between the end of 2019 and the end of 2020.
- Private debt AUM in Switzerland increased only marginally (3.6%), compared to a 18% increase in private debt assets across Europe. A similar trend may be underway in Swiss real estate markets. While Switzerland-based real estate AUM increased by 4.0% to €4.3bn as of December 2020, across Europe the asset class grew by 9%.

About Preqin

Preqin is the Home of Alternatives™, the foremost provider of data, analysis, and insights to the alternatives industry. The company has pioneered rigorous methods of collecting private data for almost 20 years so that 170,000+ global professionals are streamlining how they raise capital, source deals and investments, understand performance, and stay informed. Through close partnerships with its clients, Preqin continuously builds innovative tools and mines new intelligence to enable them to make the best decisions every day.

For more information, contact Eva Schuckel on eva.schuckel@preqin.com or call (+44) 20 3207 0265.

About Amundi

Amundi, the leading European asset manager, ranking among the top 10 global players², offers its 100 million clients— retail, institutional and corporate—a complete range of savings and investment solutions in active and passive management, in traditional or real assets.

² Source: IPE "Top 500 Asset Managers" published in June 2021, based on assets under management as at 31/12/2020

With its six international investment hubs³, financial and extra-financial research capabilities and long-standing commitment to responsible investment, Amundi is a key player in the asset management landscape.

Amundi clients benefit from the expertise and advice of 4,800 employees in more than 35 countries. A subsidiary of the Crédit Agricole group and listed on the stock exchange, Amundi currently manages nearly €1.800 trillion of assets⁴.

Amundi, a trusted partner, working every day in the interest of its clients and society.

www.amundi.com



Amundi Real Assets brings together a complete range of capabilities in real estate, private debt, private equity and infrastructure. Drawing on decades of experience in private markets, Amundi facilitates access to real assets for institutional and retail investors. With nearly €60 billion in assets under management⁵ invested in nearly 2,000 assets in 13 European countries, the business line is supported by 220 professionals in three main investment hubs in Paris, London and Milan. Find out more on real-assets.amundi.com.

For more information, please contact Jaïs Mehaji at jaïs.mehaji@amundi.com or call +44(0) 7500 558 924

Note to editors:

To view and download relevant league tables, please click on the links below:

- [Largest European Based Fund Managers by AUM in Private Equity](#)
- [Largest European Based Fund Managers by AUM in Private Debt](#)
- [Largest European Based Fund Managers by AUM in Real Estate](#)
- [Largest European Based Fund Managers by AUM in Infrastructure](#)
- [Largest Europe-Based Hedge Funds by AUM](#)

³ Boston, Dublin, London, Milan, Paris and Tokyo

⁴ Amundi data as of 30/06/2021

⁵ Amundi data as of 30/06/2021