

# European Alternatives Funds Surpass €2tn AUM Threshold for the First Time

## Preqin's third annual *Alternative Assets in Europe* report looks at the prospects for the industry in each key market

Preqin is pleased to announce the launch of its *2020 Alternative Assets in Europe* report, produced in partnership with leading European asset manager Amundi for the third year in a row. The report – the largest study of its kind – looks at how the industry has developed in key European markets, and what will drive activity in the coming months and years.

### Key Takeaways:

- Total assets under management for Europe-based alternatives funds have reached €2.00tn for the first time as of the end of 2019. This is up from €1.79tn at the end of 2018, and €1.39tn at the end of 2015.
- The UK is the largest market, with €1,180bn in AUM, followed by France (€242bn); since the beginning of the year, Germany overtook the UK as the most active private capital market by total deal value for the first time.
- COVID-19 has dampened activity across the region, but the industry remains robust and vibrant, and there are indications that activity may rebound as restrictions are lifted.

### Growth of the European Alternatives Industry

The report finds that Europe-based alternative asset fund managers now hold €2.00tn in assets under management as of December 2019, with the private equity (€795bn) and hedge fund (€609bn) sectors making up the majority. The growth of the European alternatives industry has been impressive, with an increase of more than €200bn in just 12 months. In fact, AUM has grown by 44% between December 2015 and December 2019, and Europe now accounts for 21% of the global industry. This is overseen by a manager universe of more than 6,900 firms and backed by almost 3,000 institutional investors in the region.

### The Impact of COVID-19

As with the wider financial landscape, the COVID-19 pandemic has caused significant disruption to the alternatives industry in Europe, with fundraising and dealmaking being directly impacted since the start of the year. But while activity is not at the record highs we have seen in recent years, funds are continuing to raise capital and managers are putting money to work, as investor appetite remains strong. Alternative assets are seen as portfolio diversifier and volatility dampener, and overall as a source of appealing risk-adjusted returns in a world of persistently low interest rates and volatile equities.

Despite the disruption, therefore, 2020 has been another active year for the alternatives industry in Europe. Mega acquisitions such as the €17bn sale of Thyssenkrupp Elevator AG have spurred total buyout deal values across the region to more than €42bn in H1, while venture capital investment approached €13bn. Private debt funds in Europe have seen a rush of capital, raising €21bn in the first half of the year as investors seek to take advantage of potential counter-cyclical investments. Private equity fundraising has been driven by an uptick in secondaries, with Ardian and Lexington Partners among those firms closing mega funds in the sector.

Real estate and infrastructure have seen a more significant decline in dealmaking. PERE deals in Europe totalled just €22bn in H1 2020, down from €82bn in 2019 and €120bn in 2018. Infrastructure deals have similarly fallen from €170bn in 2018 to €40bn in the first half of 2020. Fund manager report that the logistical challenges brought on by the COVID-19 pandemic have made due diligence and deal origination much more challenging. But even here, fundraising activity has been strong. This suggests that activity could rebound as social distancing restrictions are lifted across the continent.

### France and Germany Stand Out

The European alternative landscape is as complex and dynamic as the countries within it. Although the UK commands over half of all assets in Europe, we are seeing other countries such as France and Germany growing in influence.

France is the largest alternative assets market in mainland Europe, and in H1 2020, there have been some bright spots. The €4.3bn creation of Vauban Infra Fibre took total infrastructure investments in the country through H1 2020 to €6.5bn, outpacing the whole of 2019. And France has once again been Europe's most active private debt dealmaking market, recording €1.3bn in deals in H1 2020, compared to €0.7bn in the whole of 2019.

Germany, meanwhile, has been one of Europe's most active private capital markets – it has seen €34bn of deals recorded in H1 2020, eclipsing even the UK's €31bn. Private equity and infrastructure in particular are responsible for the bulk of activity, with total deal values in 2020 set to exceed 2019's figures despite the COVID-19 disruption.

*"Europe faces significant challenges in restructuring, reforming, and growing its economies," said Mark O'Hare, Preqin CEO. "The good news is that alternative assets can play a valuable role in helping to unlock the region's potential. Europe has a dynamic and successful industry, fully equipped and ready to meet the changing needs of all stakeholders. Efforts like this report aim to help shed light on developments across these key sectors, and we are delighted and honoured to work in partnership with industry leaders like Amundi to produce such a comprehensive and in-depth study."*

*"It is encouraging to see that despite the significant challenges of the Covid-19 pandemic, the allocation of capital to alternative asset classes continues to gather momentum," added Dominique Carrel-Billiard, Global Head of Real & Alternative Assets at Amundi. "Our investors are showing increased appetite for private equity, private debt, real estate and infrastructure, whether through funds or alternative multi-management solutions. We believe the crisis will create a number of opportunities in alternative assets as the economy rebounds, and European investors are watching this closely. We see our partnership with Preqin in producing such an important study as playing a vital role in bringing more transparency and education on European private markets at a time when the growth of this industry shows no sign of slowing down."*

**For more information and analysis, see the full [2020 Alternative Assets in Europe](https://www.preqin.com/insights/research/reports/2020-preqin-markets-in-focus-alternative-assets-in-europe) report [here](https://www.preqin.com/insights/research/reports/2020-preqin-markets-in-focus-alternative-assets-in-europe):**

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#### **About Preqin:**

*Preqin is the Home of Alternatives™, the foremost provider of data, analytics and insights to the alternative assets community. From pioneering rigorous methods of data collection to developing a revolutionary platform, we have committed ourselves to furthering the understanding of alternatives for over 16 years. Through close partnership with our clients, we continuously build innovative tools and mine new intelligence to enable them to make the best decisions every day.*

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

#### **About Amundi:**

*Amundi, the leading European asset manager, ranking among the top 10 global players, 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.*

*With its six international investment hubs, 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 4,500 employees in nearly 40 countries. Created in 2010 and listed on the stock exchange in 2015, Amundi currently manages more than €1.6 trillion of assets.*

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