



Key findings from 3rd
Preqin/Amundi *Alternatives*
in Europe report

Alternative Assets in Europe

September 2020



About Preqin

Private Equity

Venture Capital

Private Debt

Hedge Funds

Real Estate

Infrastructure

Natural Resources

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- Over 110,000 subscribers across 32,000+ firms worldwide.
- Multi-award-winning service.
- Formed in 2003.



Key Findings from Preqin/Amundi *Alternatives in Europe* Report

Impact of COVID-19

How has the pandemic impacted alternative assets and what changes will we see?

Where is this Capital Going?

A closer look at the deals landscape in Europe.

Assets Under Management

How has AUM evolved in Europe and which products are seeing the greatest growth?

Markets in Focus

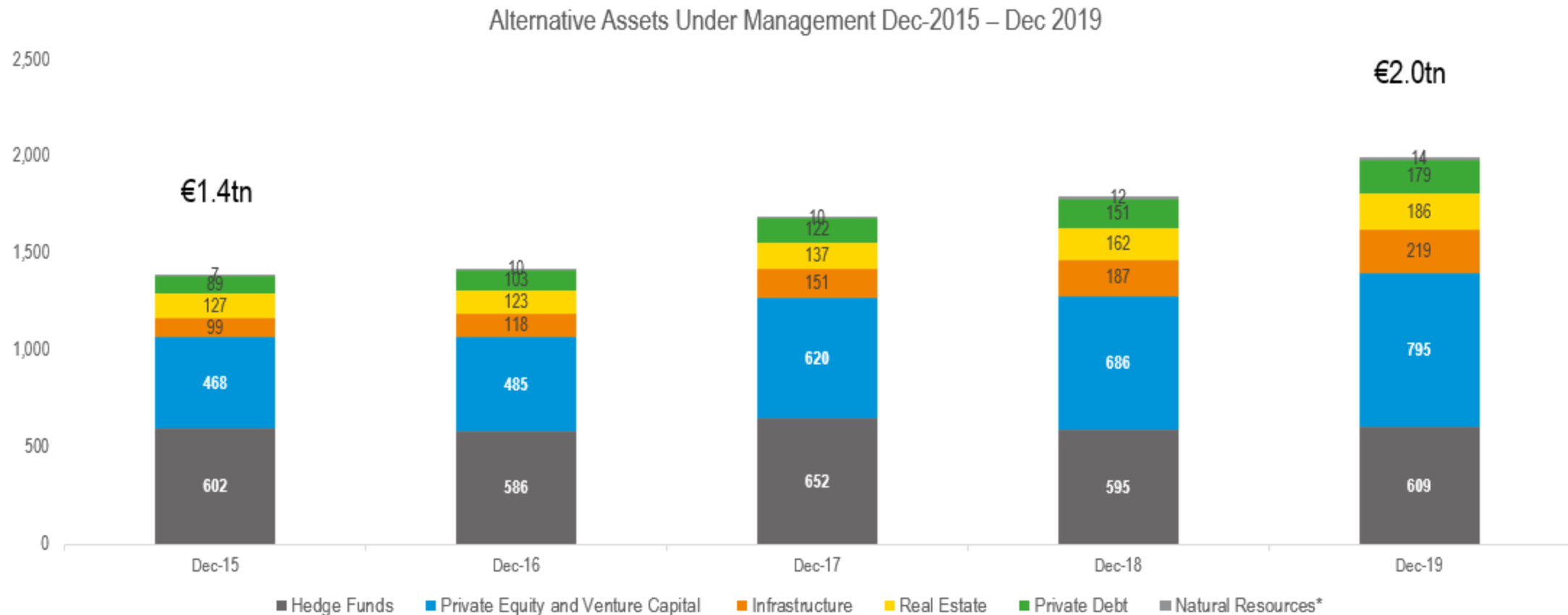
A closer look at the leading markets in Europe; UK, France, Germany and Italy

And much more!

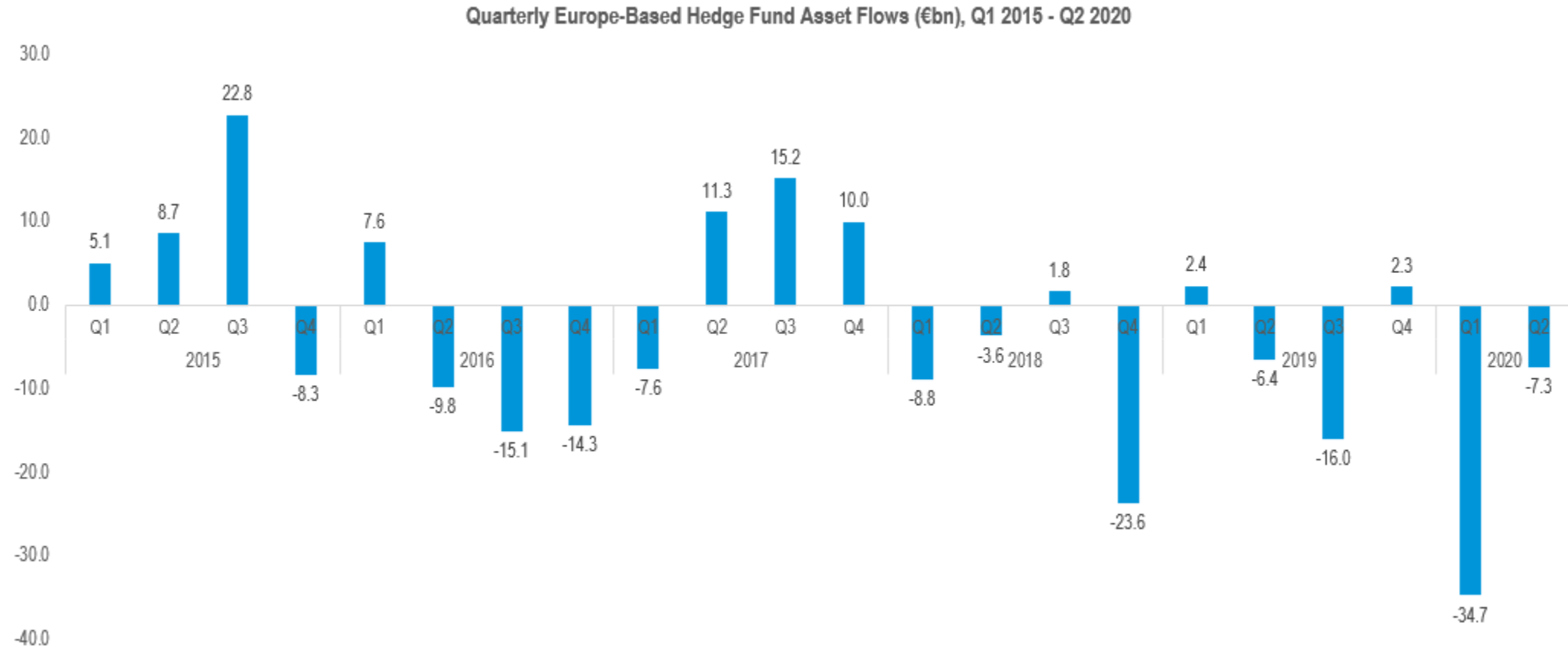
1.

Assets Under Management in Europe

European alternative assets AUM exceed €2tn for the first time

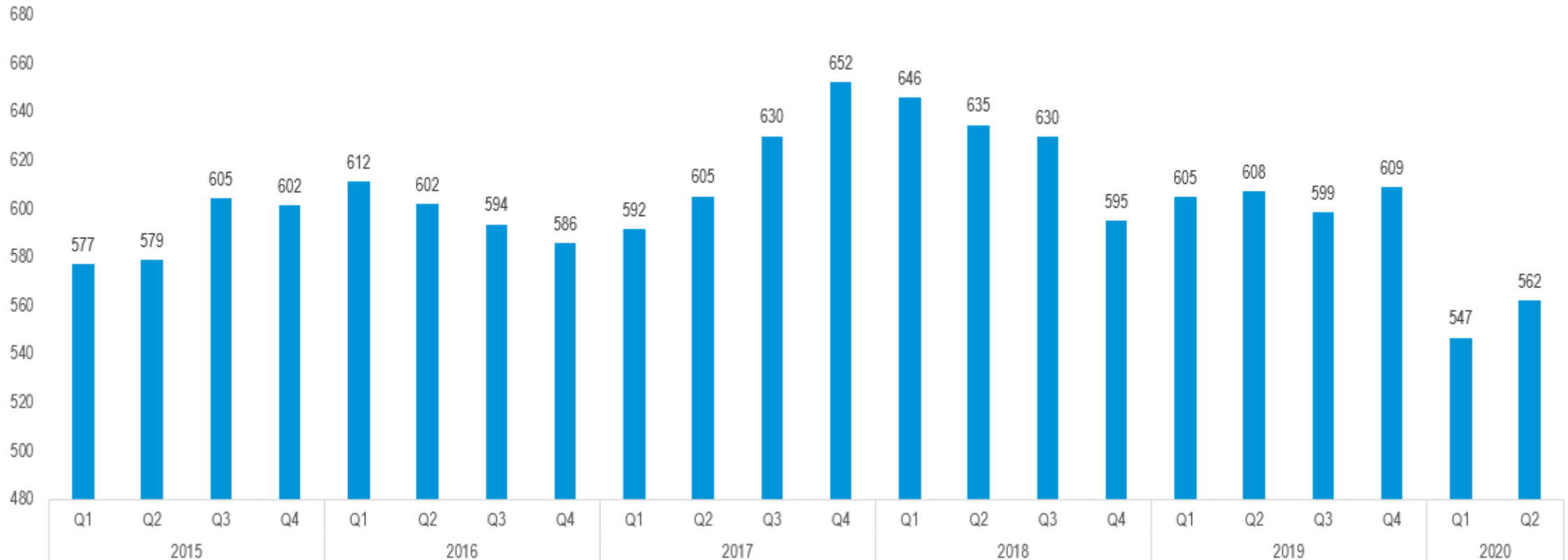


Hedge funds in Europe saw significant outflows in H1 2020: €42bn

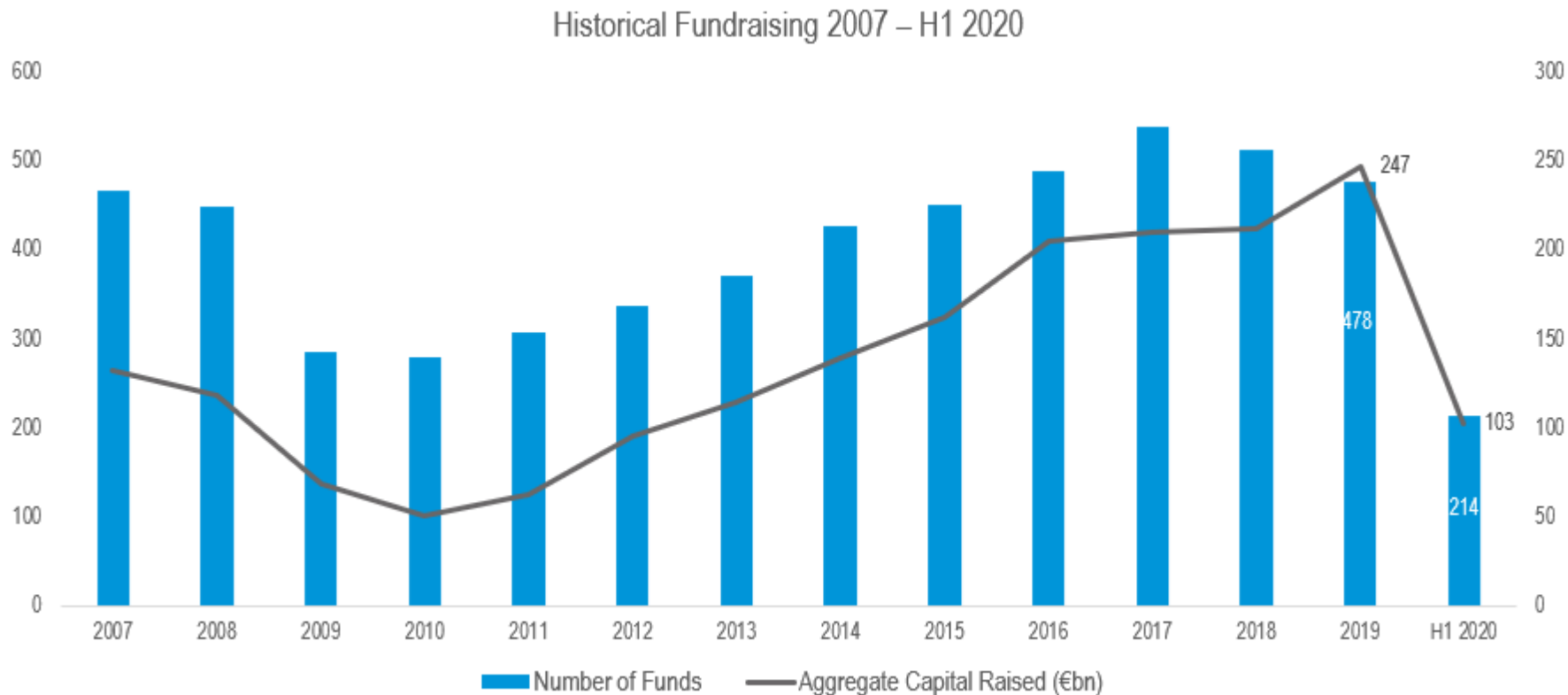


Outflows coupled with tough performance environment results in AUM contracting in H1 2020: €562bn

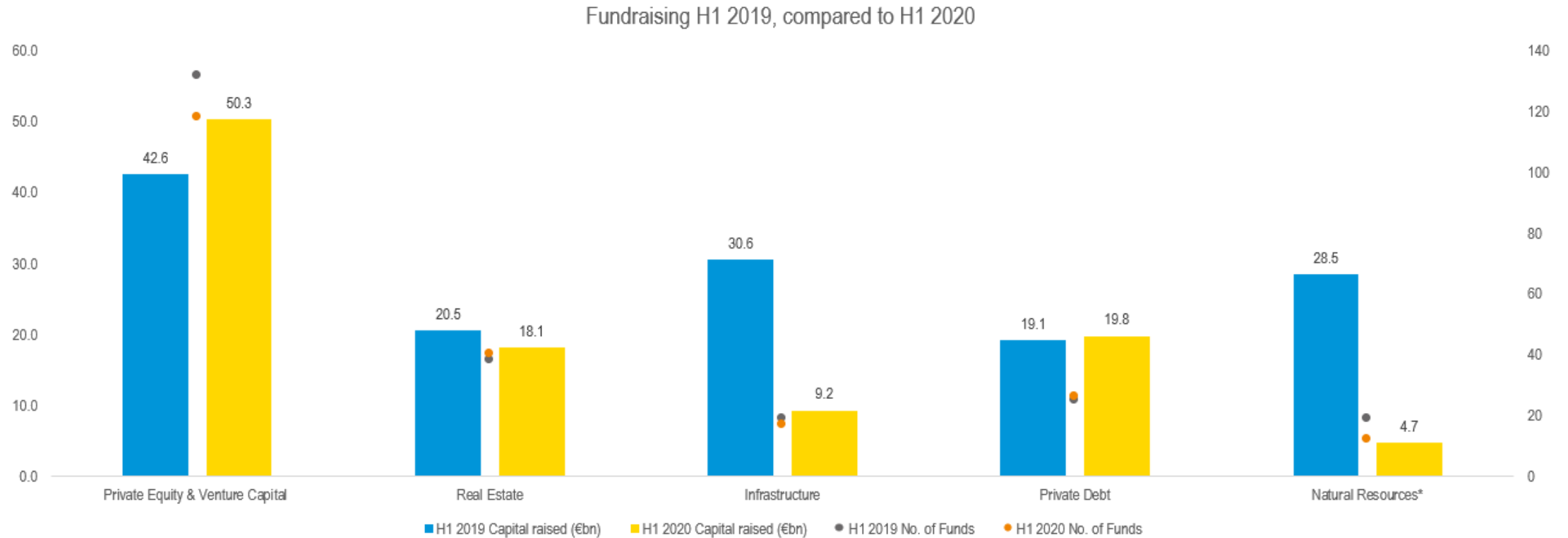
Europe-Based Hedge Fund Assets under Management (€bn), Q1 2015 - Q2 2020



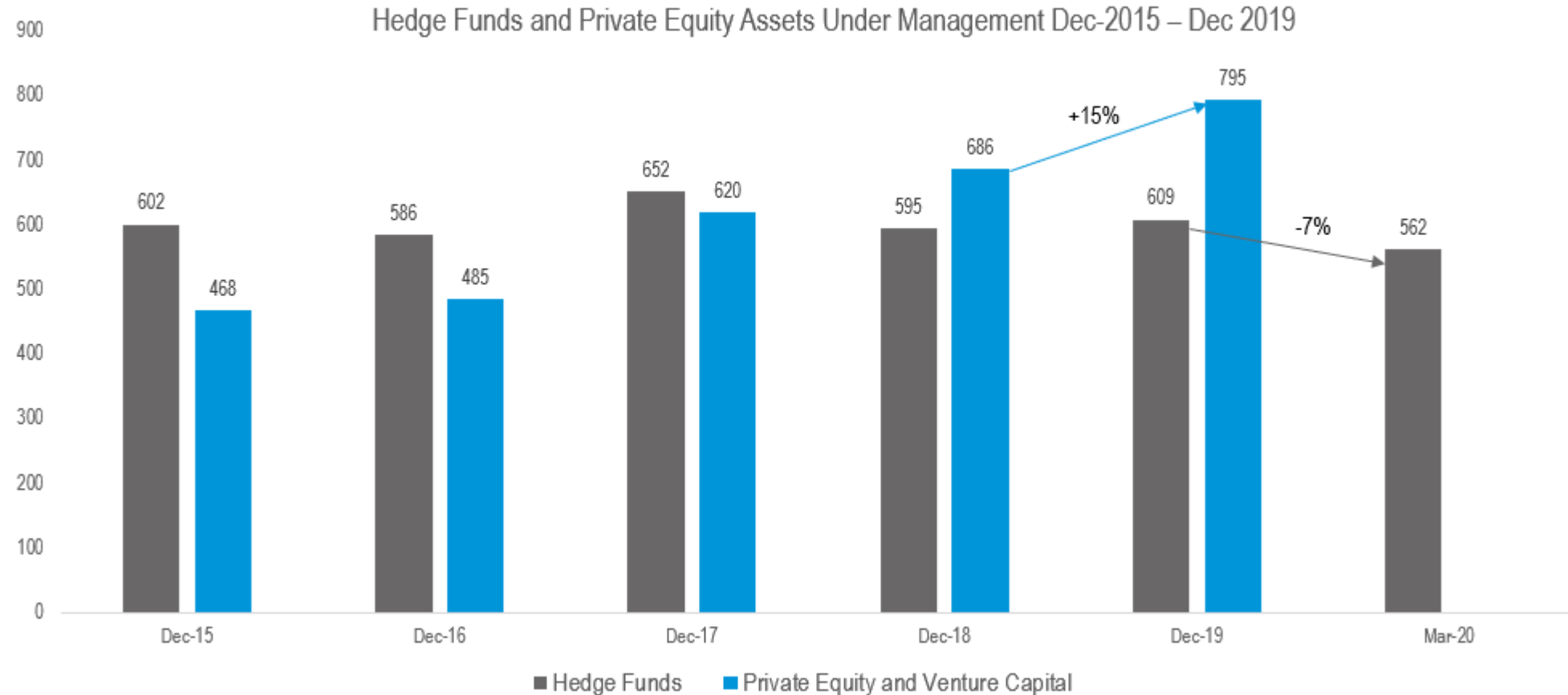
In contrast, private capital fundraising continued at a pace in 2019: but signs of slowing due to COVID-19 uncertainty



Infrastructure and natural resources funds particularly hard hit; in contrast private equity, real estate and private debt on track

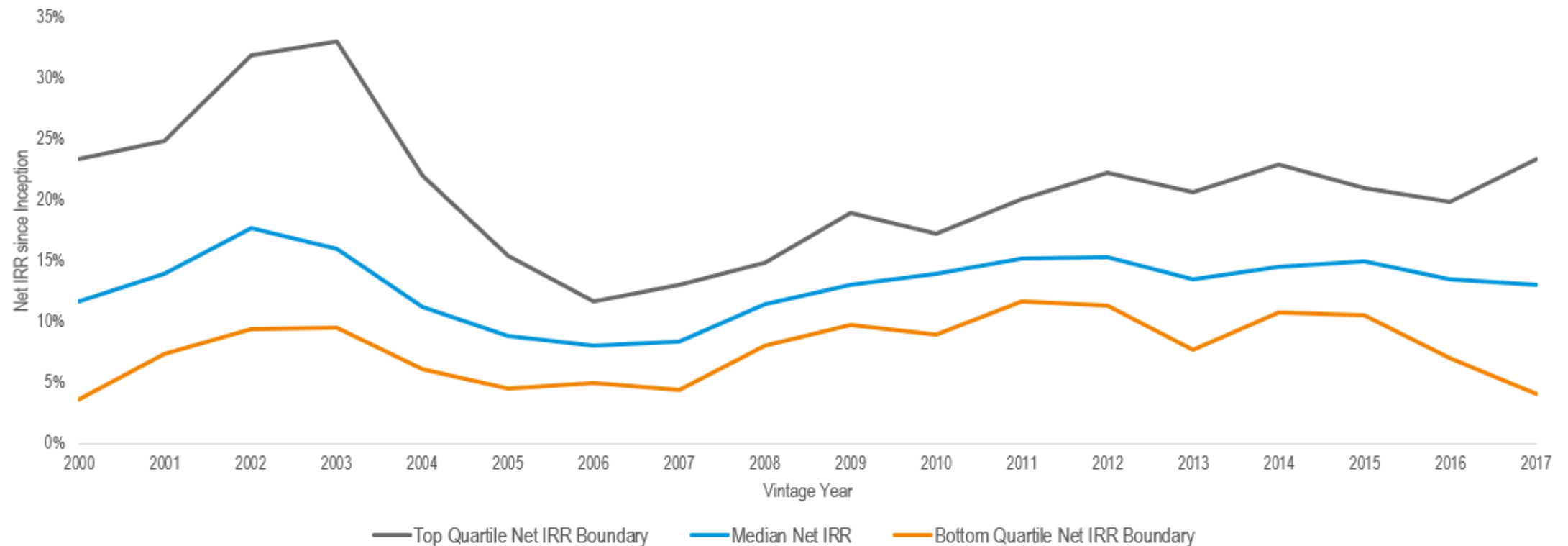


Diverging fortunes of European private equity and hedge fund sectors

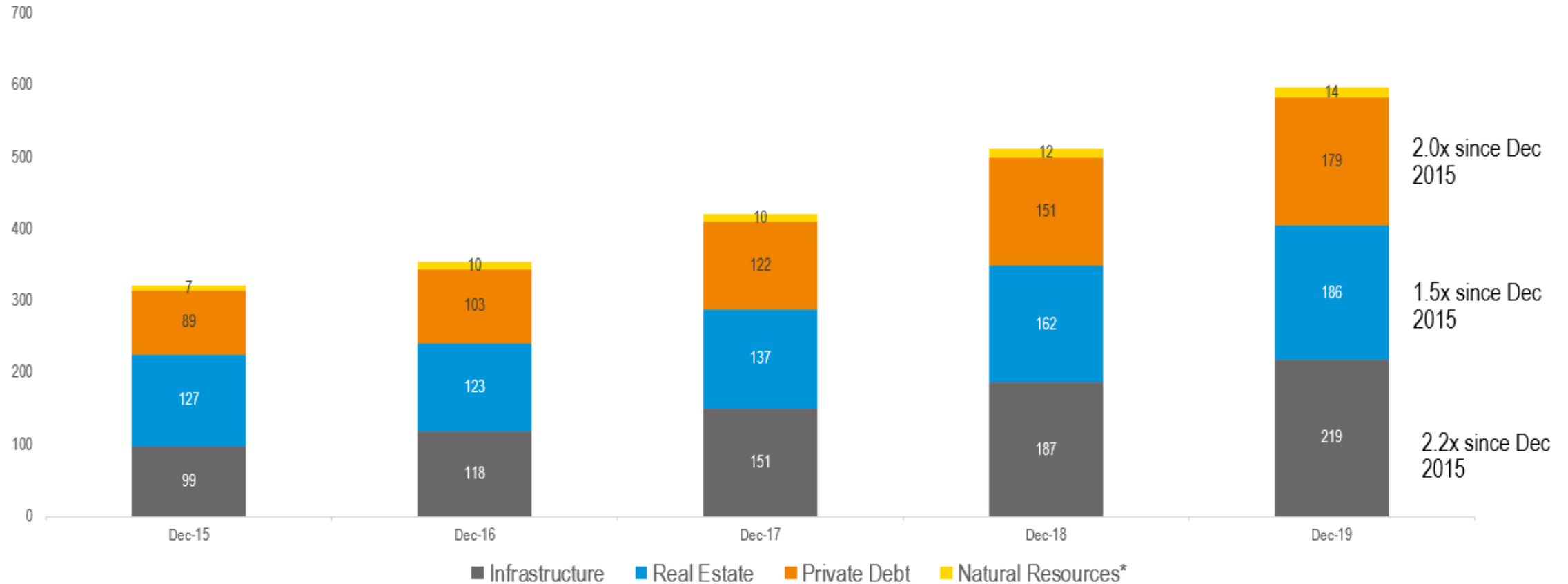


Unsurprising given performance in recent years

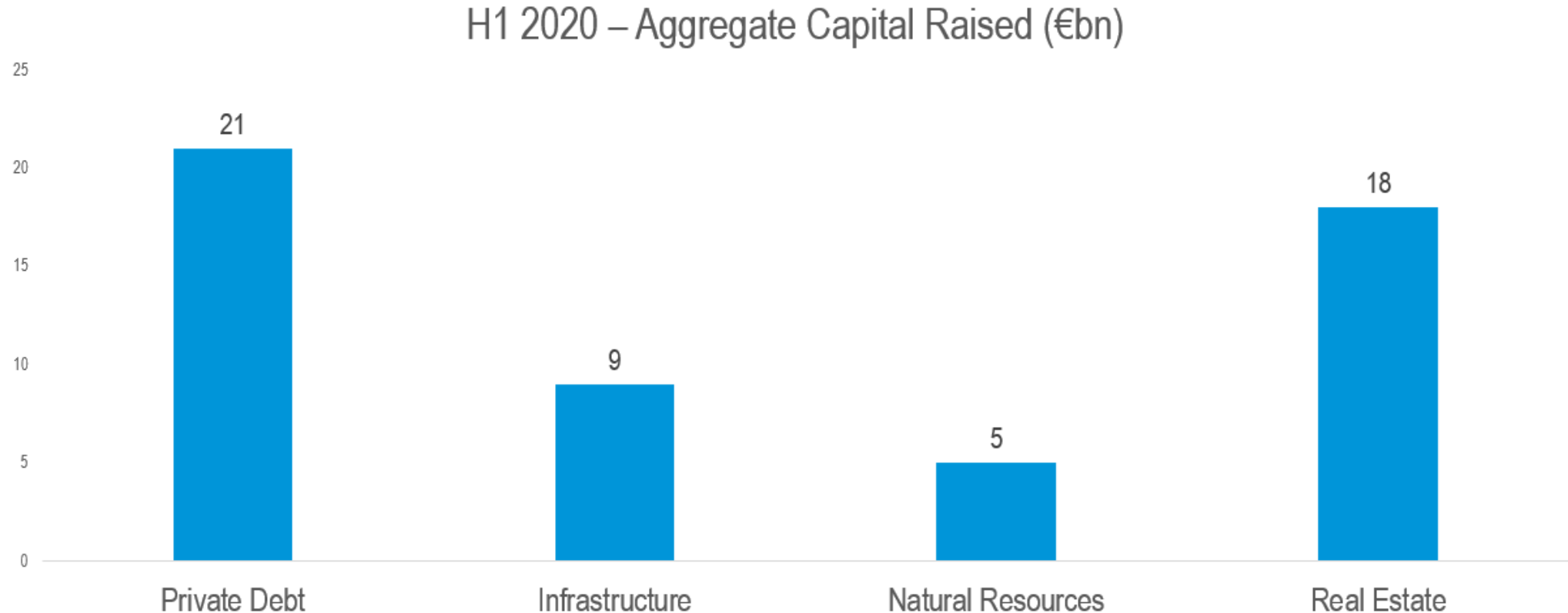
Europe-Focused Private Equity & Venture Capital Funds: Median Net IRRs and Quartile Boundaries by Vintage Year



European infrastructure and private debt have shown huge growth in the past 5 years



Signs private debt may become larger than real estate by the end of 2020?

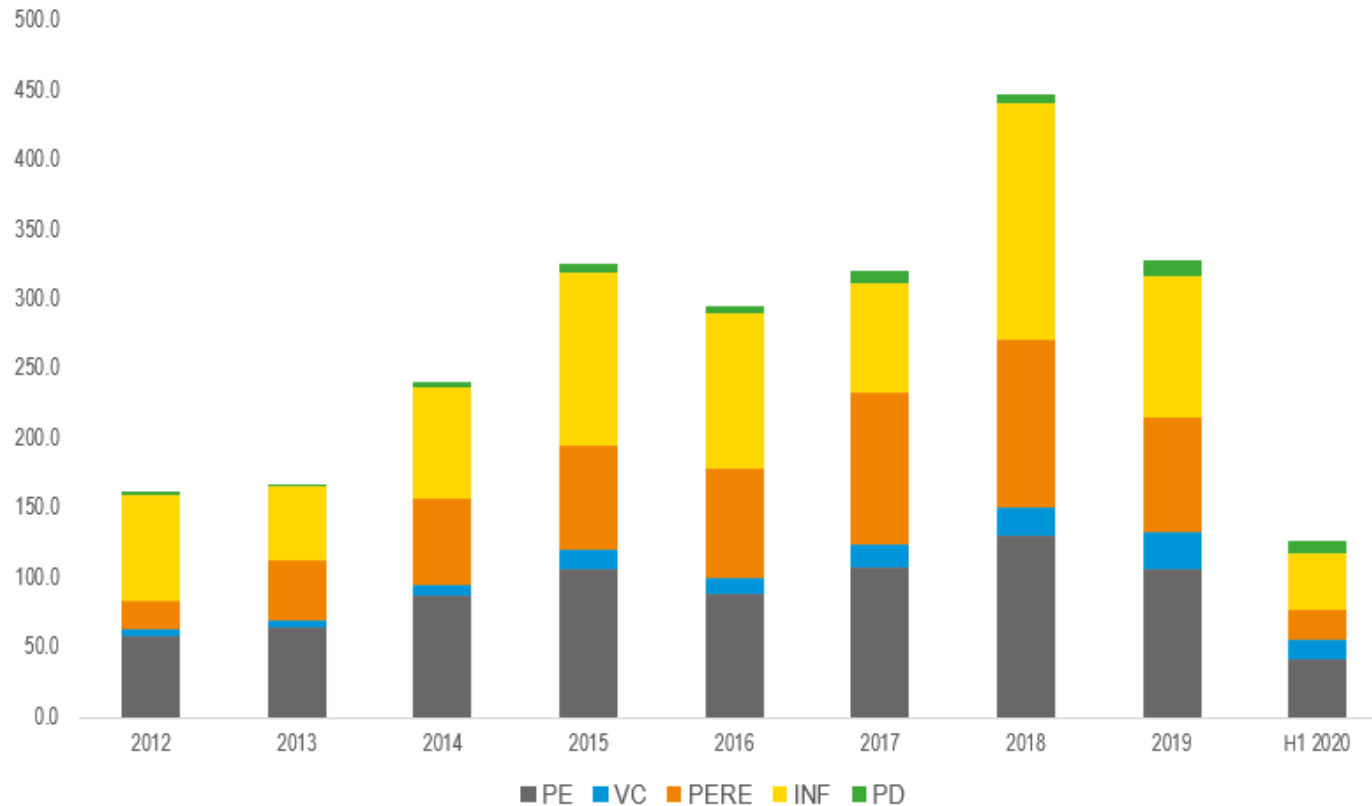


2.

Where is This Capital Going?

Following a drop in 2019, COVID-19 is being felt in terms of deal activity in 2020

Aggregate Deal Value 2012 – H1 2020



Following a strong start to 2020 buyout activity significantly impacted in Q2: just an aggregate deal value €6bn, representing the worst quarter since in at least 8 years.

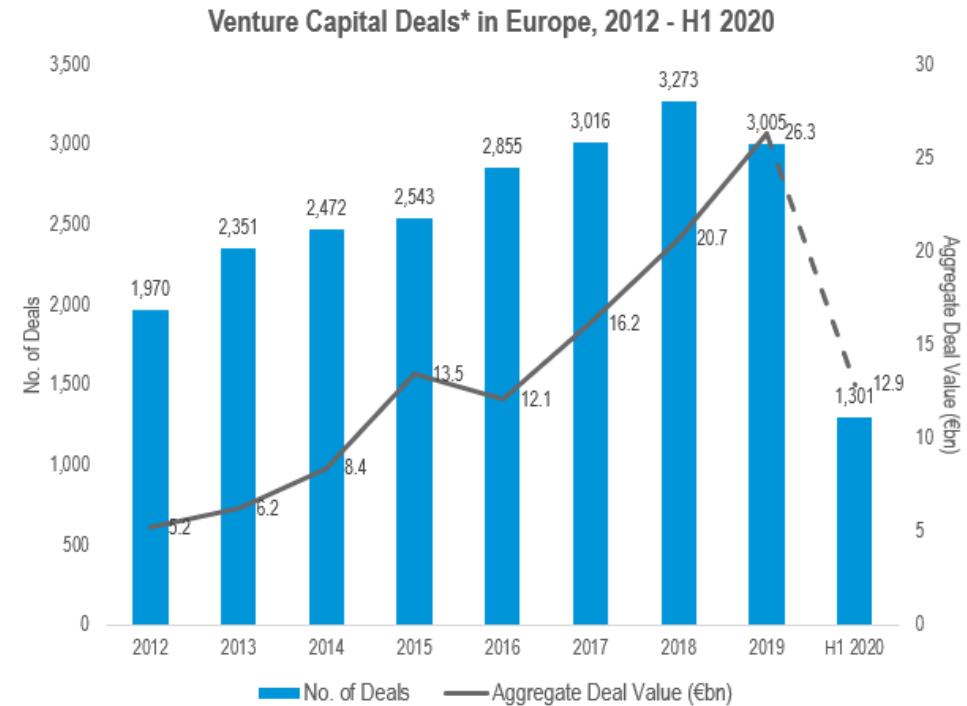
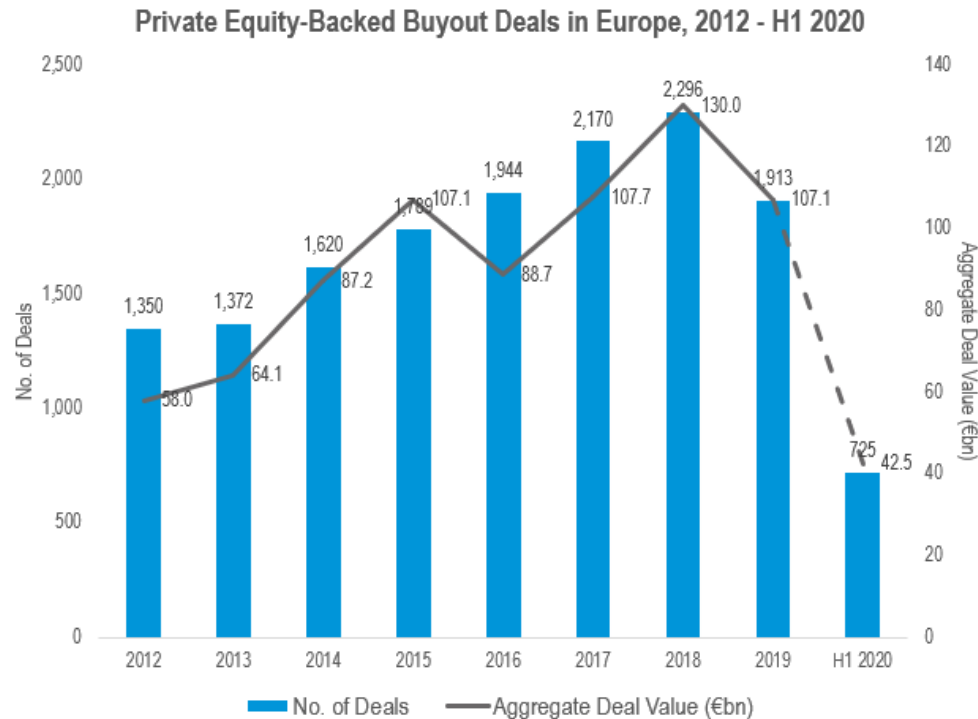
Venture capital looks more resilient – down 10% H1 2020 compared to H1 2019. However, deal numbers are down 16%

Real estate deals are significantly lower in H1 2020; -25% and -30% in aggregate value and number respectively. With just €6.3bn invested in European in private real estate in Q2 2020, being the lowest on record since Q3 2012.

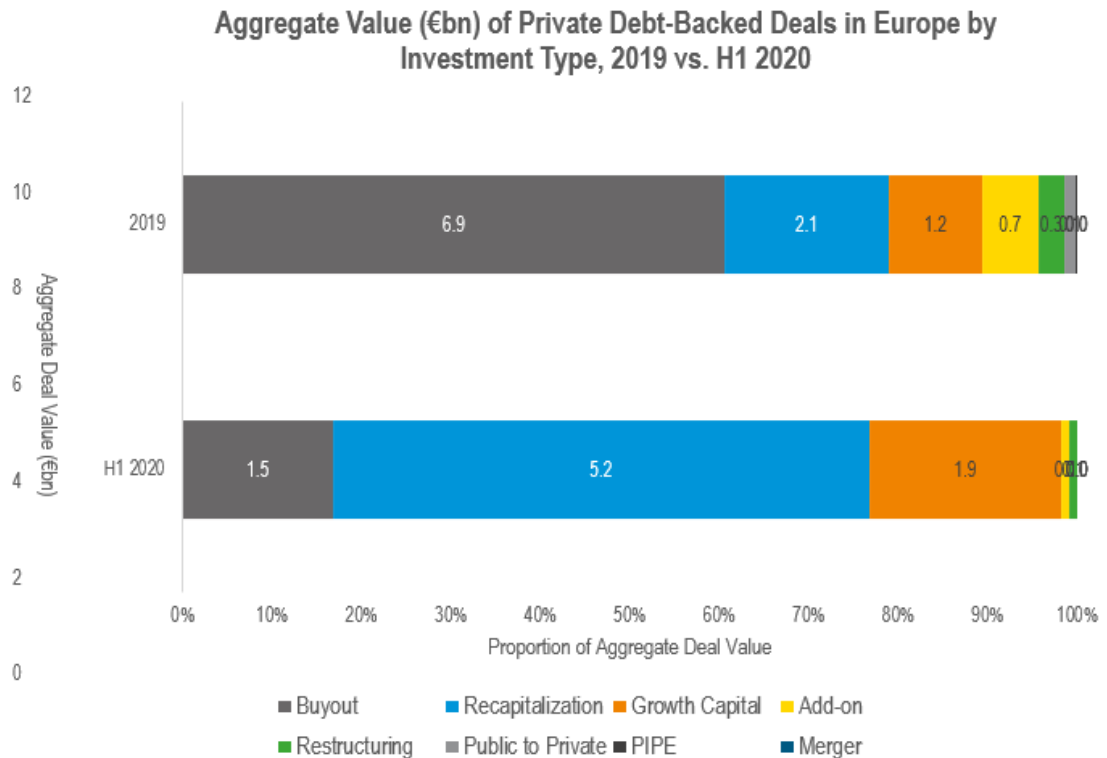
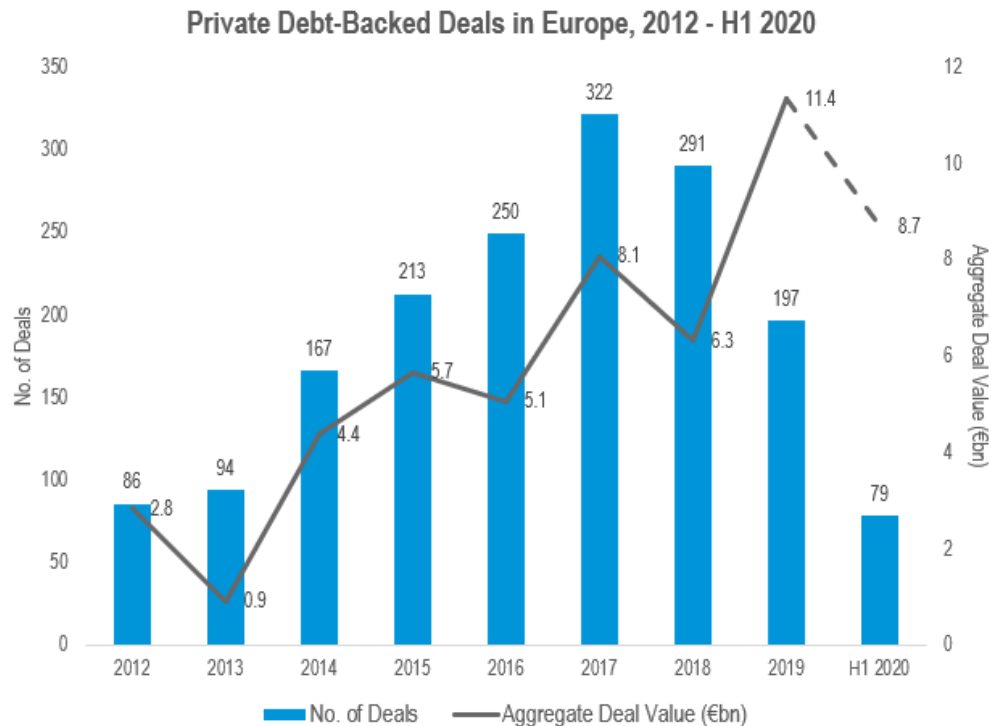
In contrast European infrastructure investment in H1 2020 (€41bn) was at higher levels to H1 2019 (€29.7bn)

Similarly European debt financed deals (€8.6bn) were higher H1 2020 compared to H1 2019 ((€8.1bn)

Both buyout and venture capital activity in Europe down in 2020

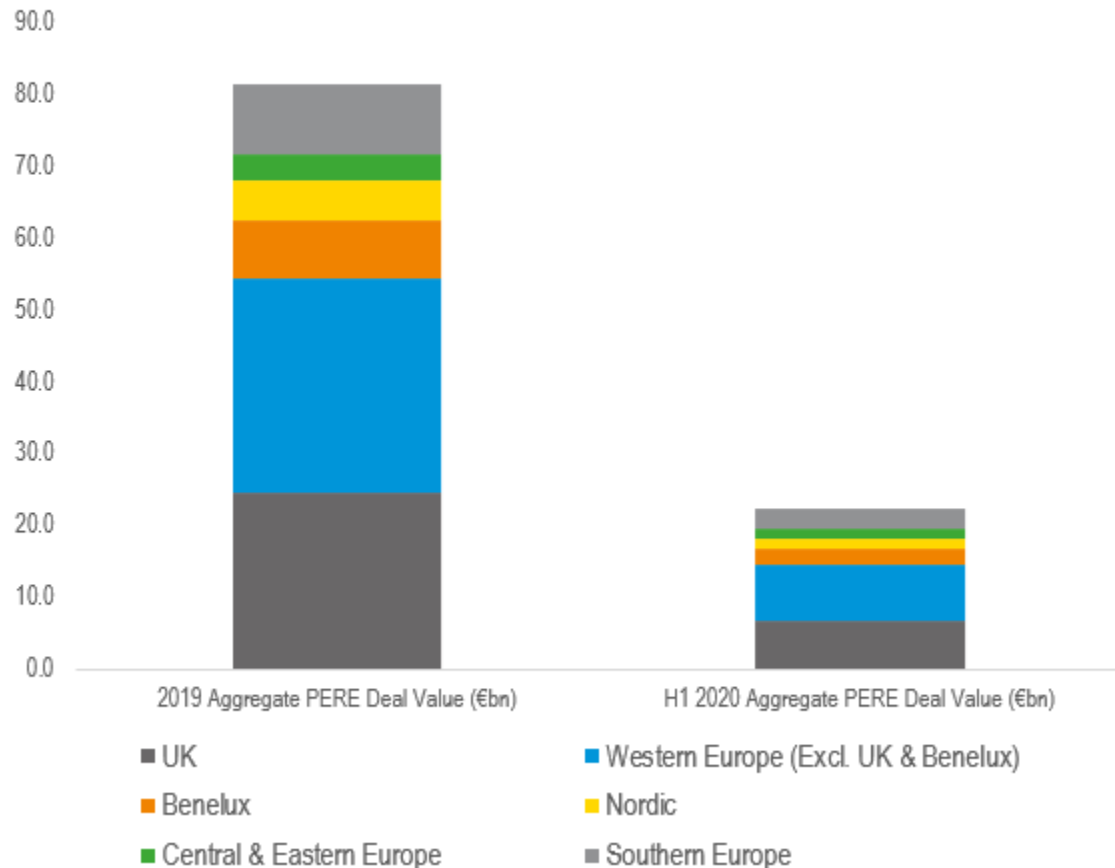


Although the number of debt-backed deals are lower than last year, the value is on track to surpass 2020

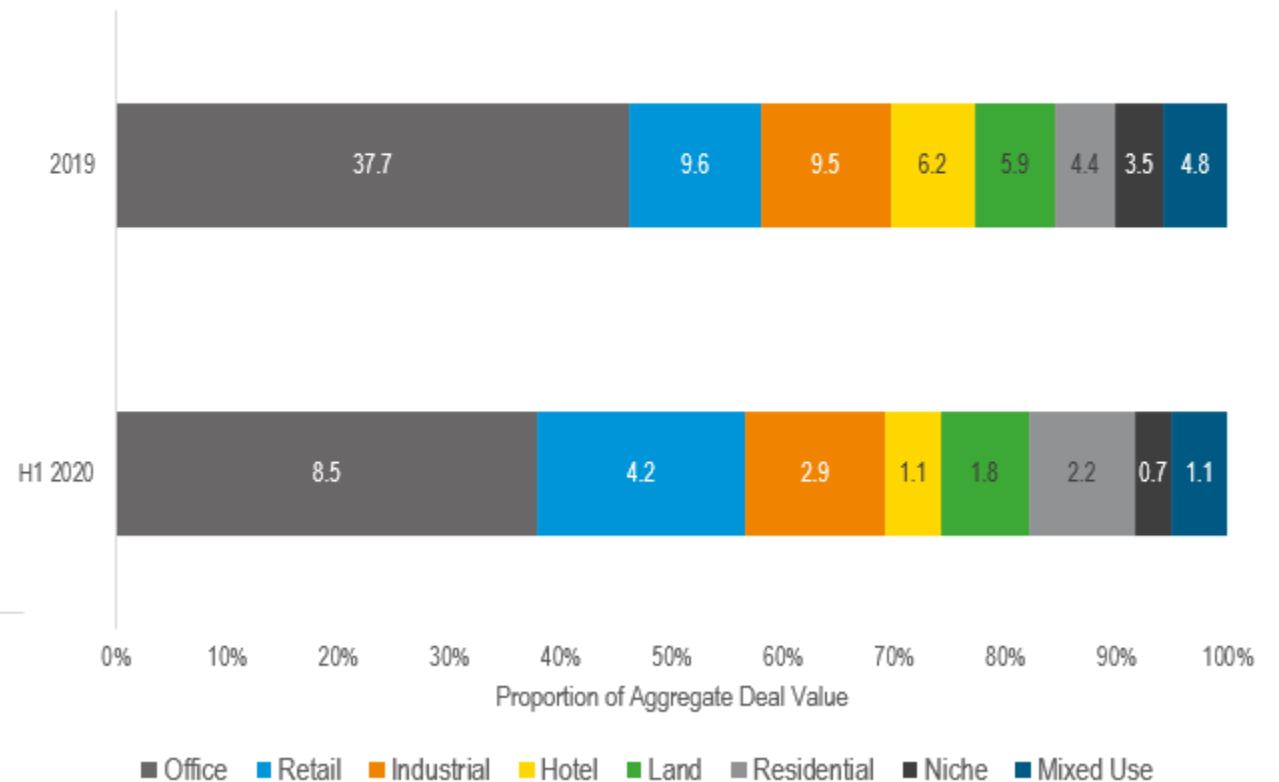


Real estate deals severely impacted: particularly in the UK and office sector

Aggregate Value of PERE Deals in Europe by Region, 2019 vs. H1 2020

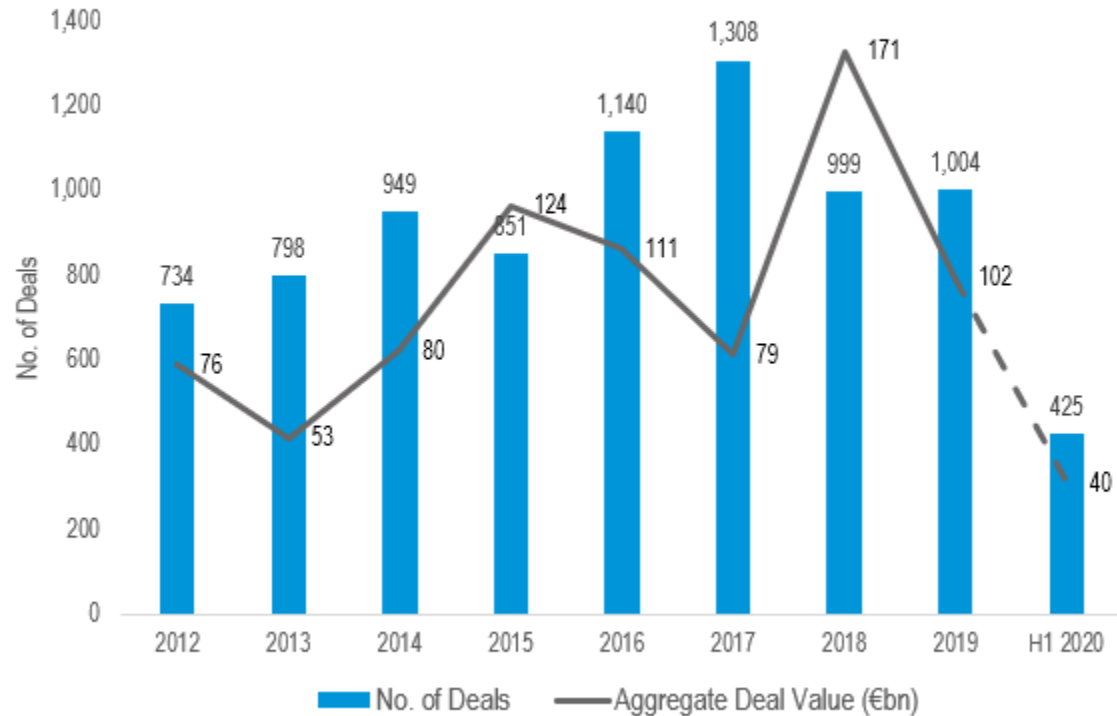


Aggregate Value (€bn) of PERE Deals in Europe by Property Type, 2019 vs. H1 2020

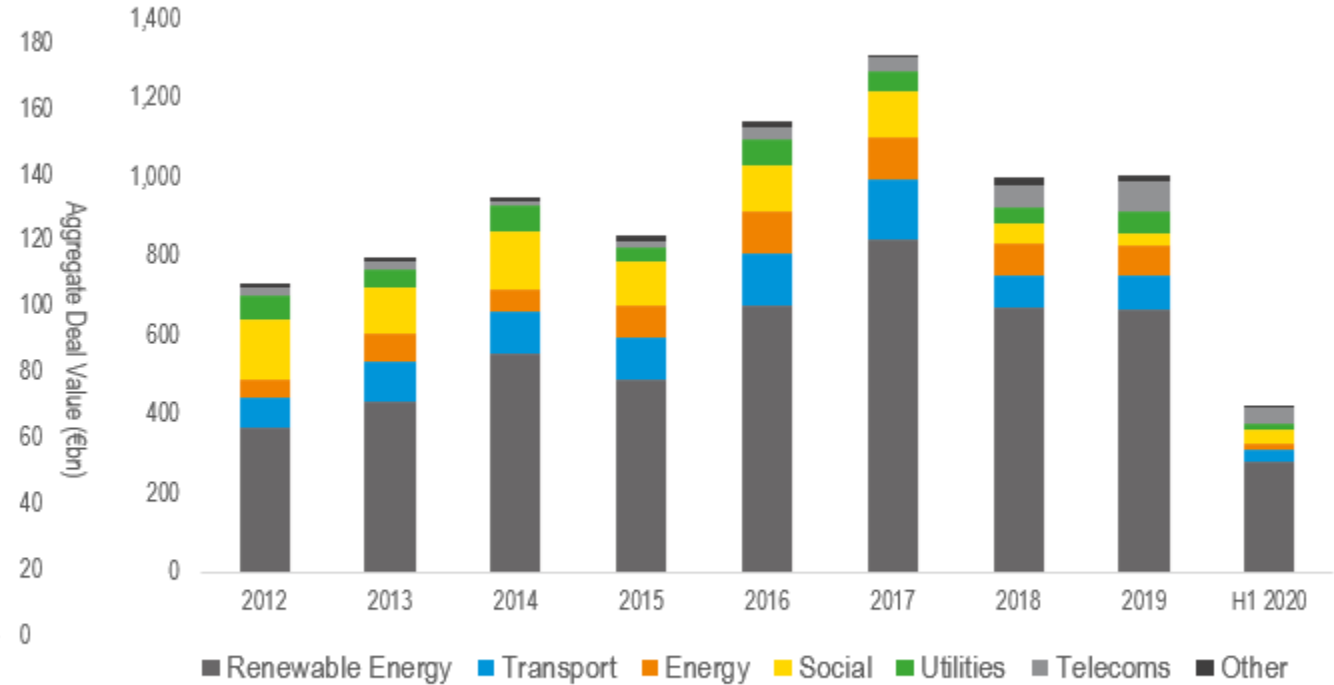


Although infrastructure deal flow has slowed, renewable energy activity still dominates the landscape

Unlisted Infrastructure Deals in Europe, 2012 - H1 2020



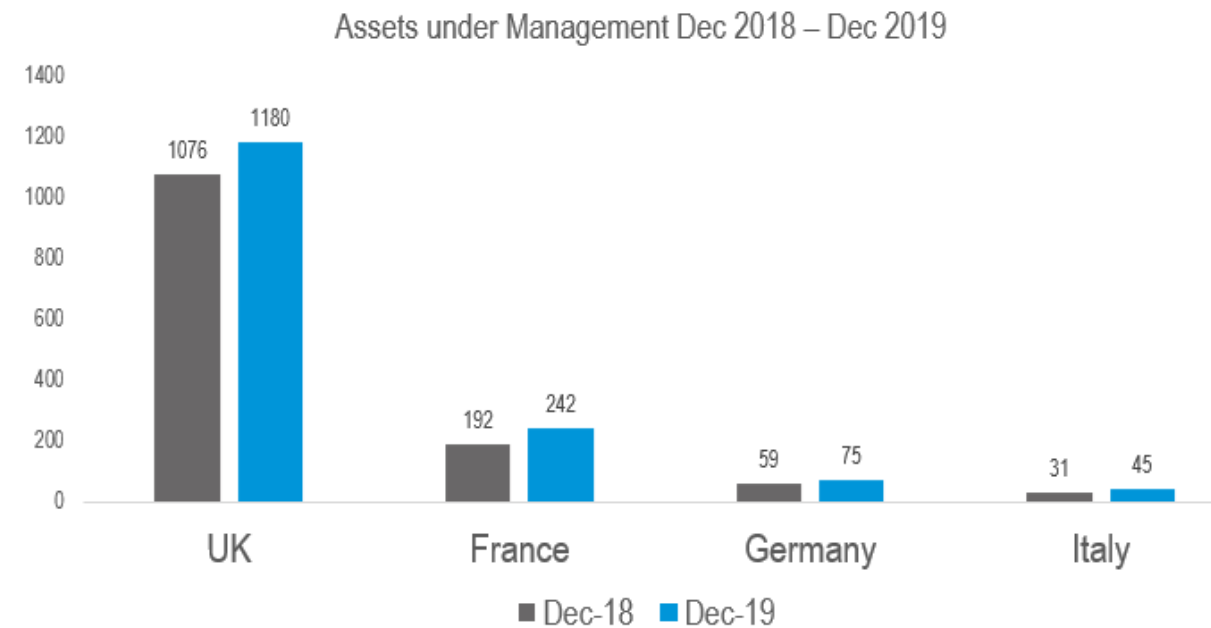
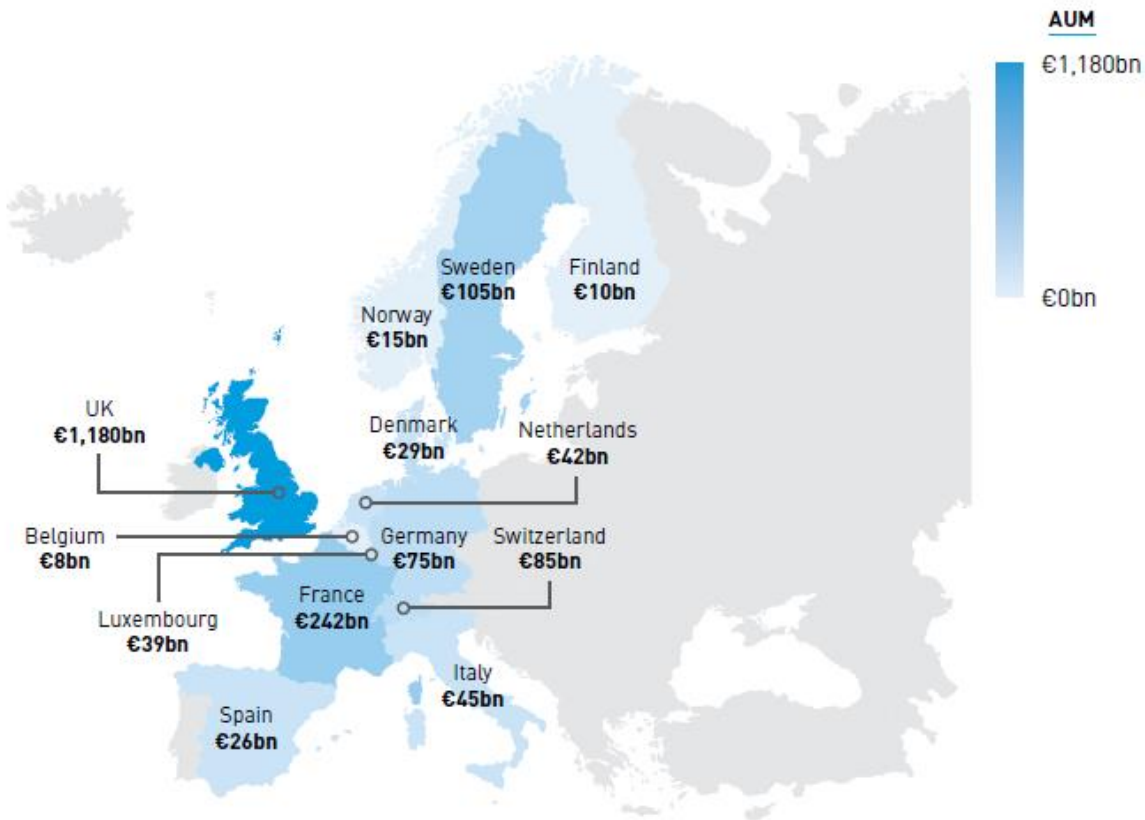
Number of Infrastructure Deals 2012 - 2020 YTD, by Sector



3.

Some Key Countries in Focus

Where are the biggest markets? A closer look at some of the leading centers for alternatives



UK



54%

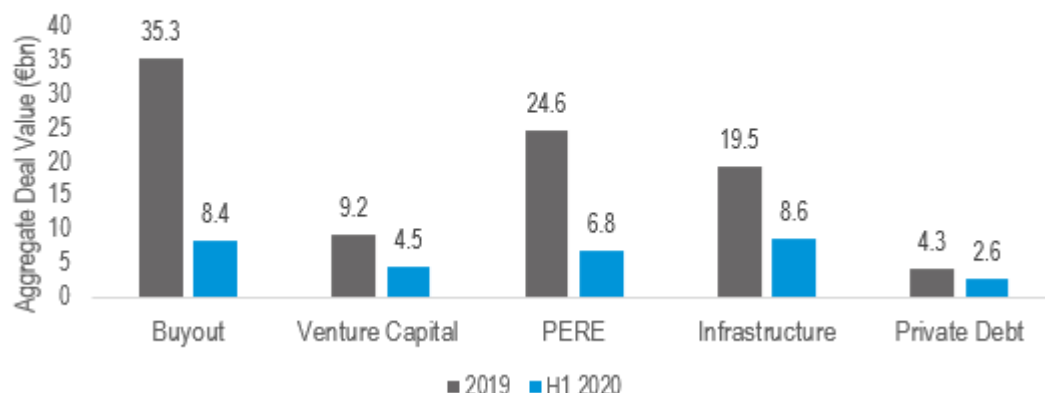
The UK's share of total European alternative assets under management



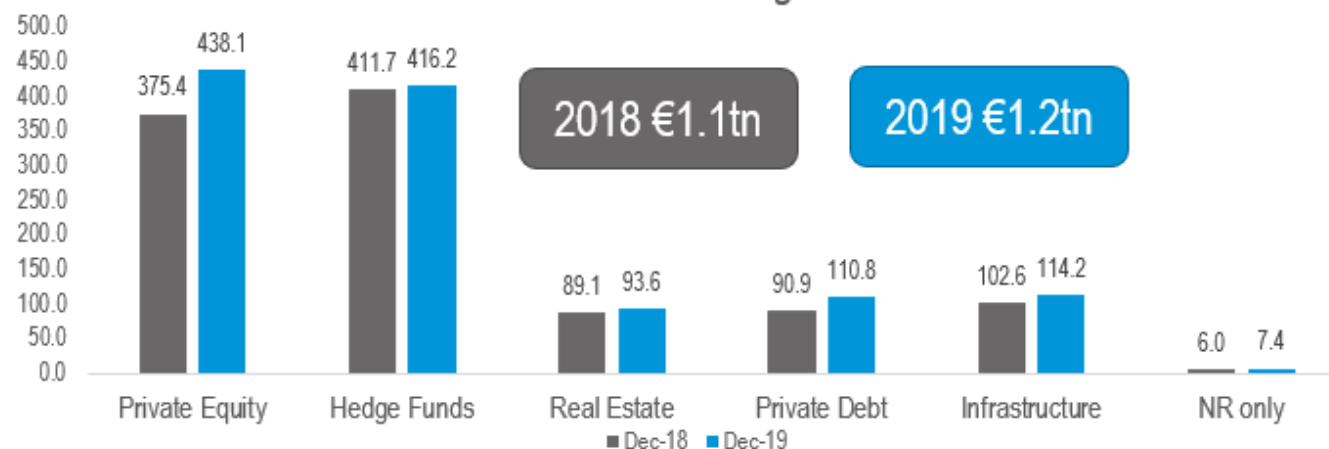
2,569

Number of UK-based fund managers active in alternative assets

Aggregate Value of Private Capital Deals in the UK by Type, 2019 vs. H1 2020



UK Assets under Management Dec 2018 – Dec 2019



UK private equity showed the greatest increase in AUM (+€63bn) but France and Germany show greater growth in percentage terms (26% and 32% respectively).

UK hedge fund AUM grew by 1% over 2019; representing €4.6bn. Both Italian and French hedge fund AUM expanded by greater amounts (€7.6bn and €5.6bn).

Buyout and private real estate deals have been hardest hit by impact of COVID; down 76% and 72% H1 2020, compared to all 2019. However, private debt likely to exceed 2019 activity.

UK fundraising has been hard hit: down 36% H1 2020 compared to H1 2019

France



166

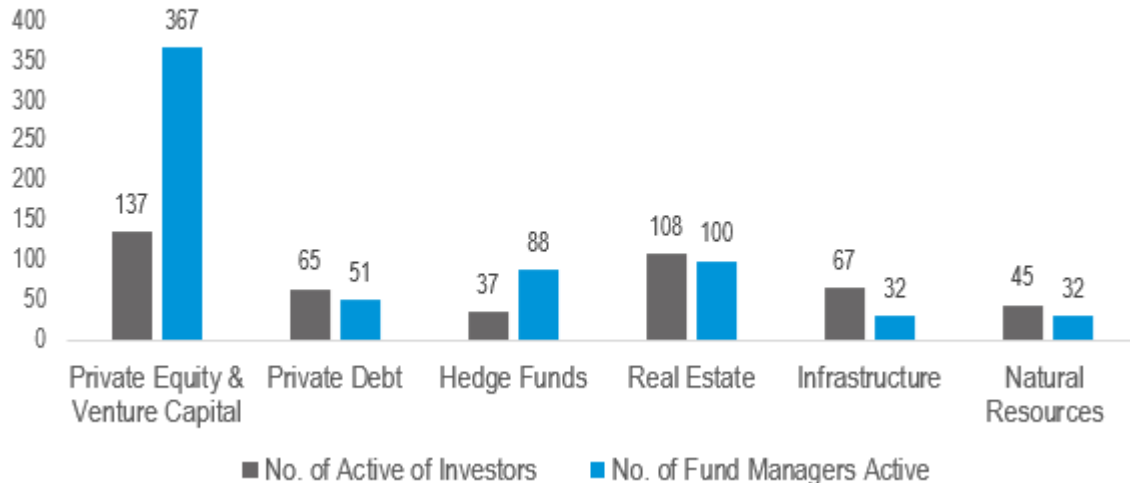
Number of France-based investors active in alternative assets



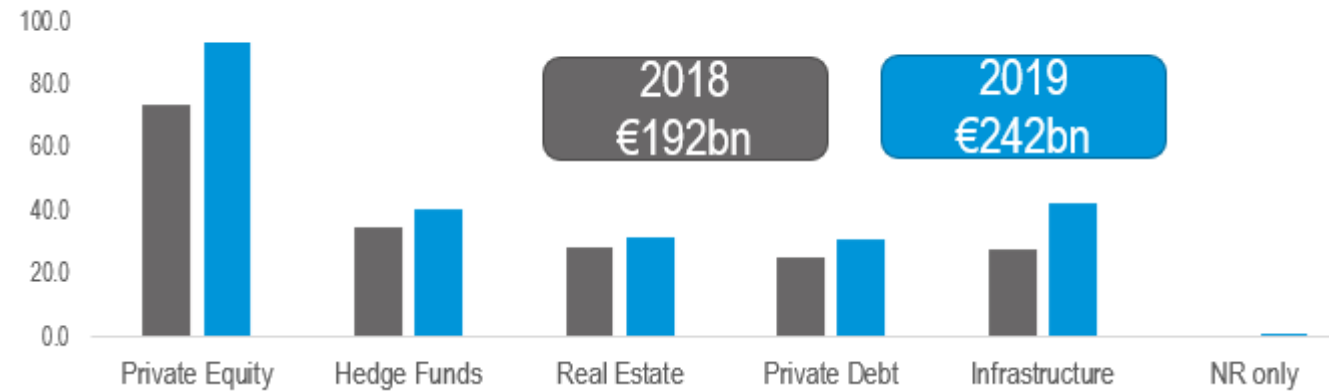
559

Number of France-based fund managers active in alternative assets

Number of Active Investors and Fund Managers in France



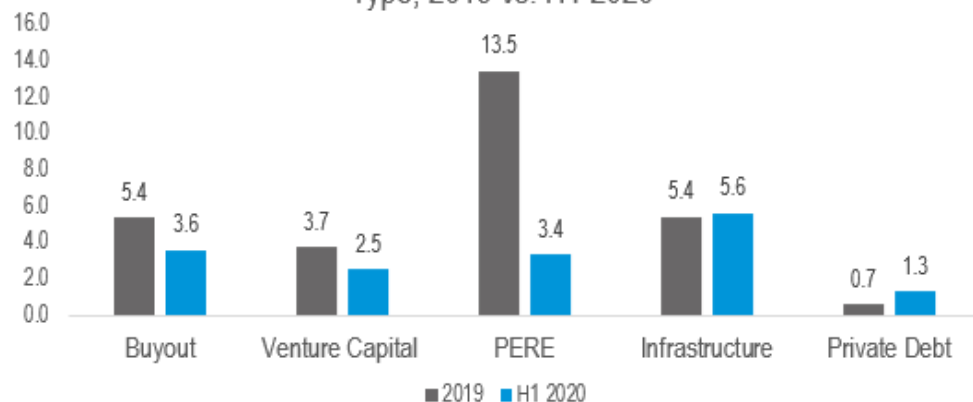
France Assets under Management Dec 2018 – Dec 2019



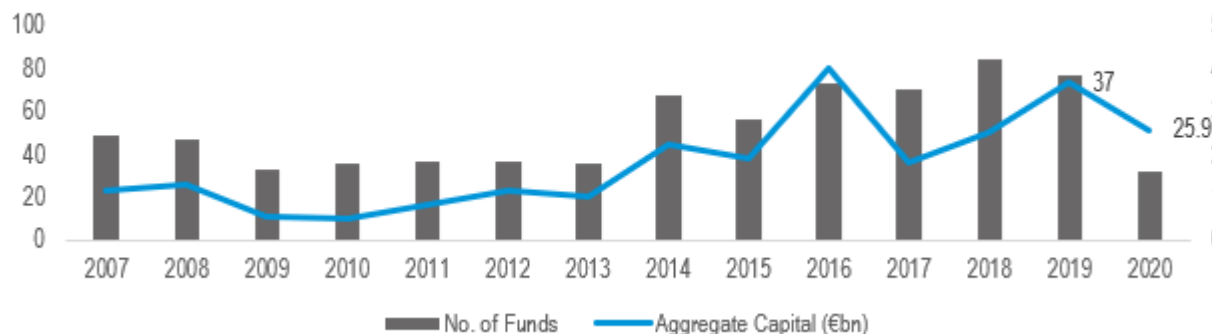
- France remains the largest alternative asset market in mainland Europe growing 26% and adding €50bn over the course of 2019.
- Infrastructure assets showed the strongest growth, climbing 51% (+ €14.3bn) taking France's share of European infrastructure AUM to 20% in 2019 up from 15% in 2018.
- Infrastructure deal making also a bright spot – already outpacing 2019, largely as a result of €4.3bn creation of Vauban Infra Fibre, by Vauban Infrastructure Partners, an affiliate of Natixis Investment Management and Axione.
- Private equity (+27%) and private debt (+24%) AUM also grew at a fast pace in 2019.

France continued

Aggregate Value of Private Capital Deals in the France by Type, 2019 vs. H1 2020



France-based fundraising (€bn), 2007 - H1 2020



Asset	Buyer(s)	Primary Asset Type	Deal Size (mn)	Deal Date
Square d'Orléans	PFA Pension	Mixed Use	1,900 EUR	Dec-19
Paris, France, Office Portfolio	Swiss Life REIM (France)	Office	1,700 EUR	Feb-19
Europe, Diversified Portfolio	PATRIZIA	Industrial	1,200 EUR	Dec-19
Tour Majunga	Mirae Asset Daewoo Securities, Amundi Platform of Alternative and Real Assets	Office	850 EUR	Apr-19
Europe, Residential Portfolio	AMPERE Gestion	Residential	825 EUR	May-20

- Buyout, venture capital deals look on track to beat 2019, with infrastructure and private debt deals in France already higher in 2020
- Private equity real estate deal value fell significantly during H1 2020, totaling just €3.4bn; half the amount over the same period in 2019
- Fundraising for France-based GPs has been strong in 2020 despite COVID-19; on track to match if not surpass 2019's record levels, accounting for 30% of all capital raised in H1 2020 compared to 25% in same period in 2019

Germany



377

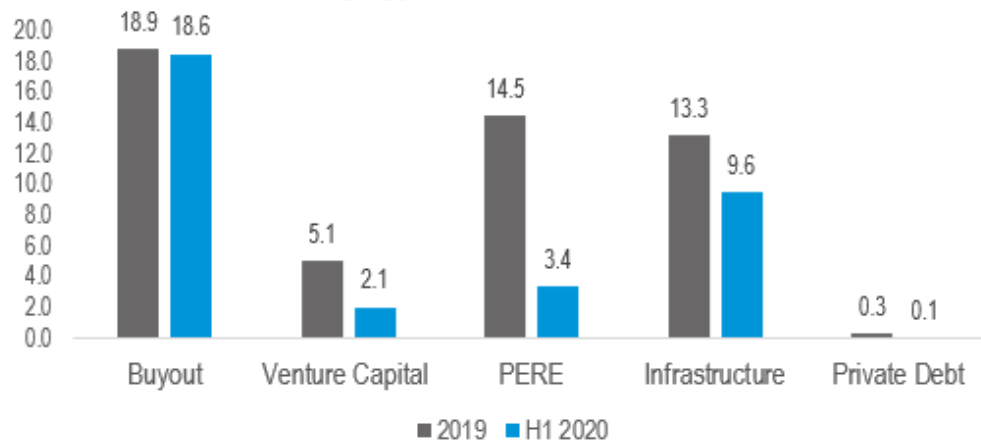
Number of Germany-based investors active in alternative assets



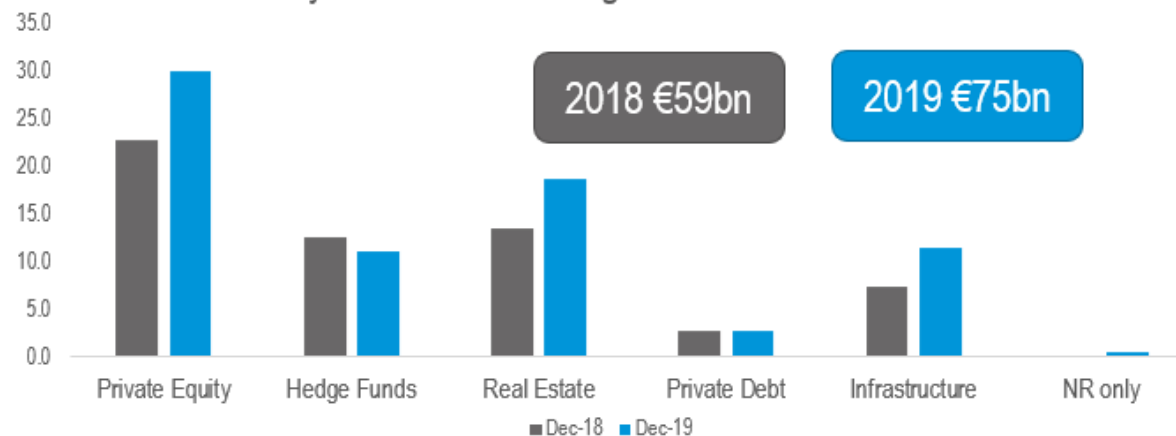
840

Number of Germany-based fund managers active in alternative assets

Aggregate Value of Private Capital Deals in the Germany by Type, 2019 vs. H1 2020



Germany Assets under Management Dec 2018 – Dec 2019



€34bn aggregate deal value recorded in H1 2020: highest of any country in Europe.

Led by €17.2bn acquisition of Thyssenkrupp Elevator AG, by Advent International and Cinven-led consortium: largest ever PE-backed deal in Europe.

Hedge fund AUM declined by 11% to just €4.2bn in 2019.

However, private equity (+32%), real estate (+38%) and infrastructure (+57%) assets are all expanding at a rapid pace.

Italy



194

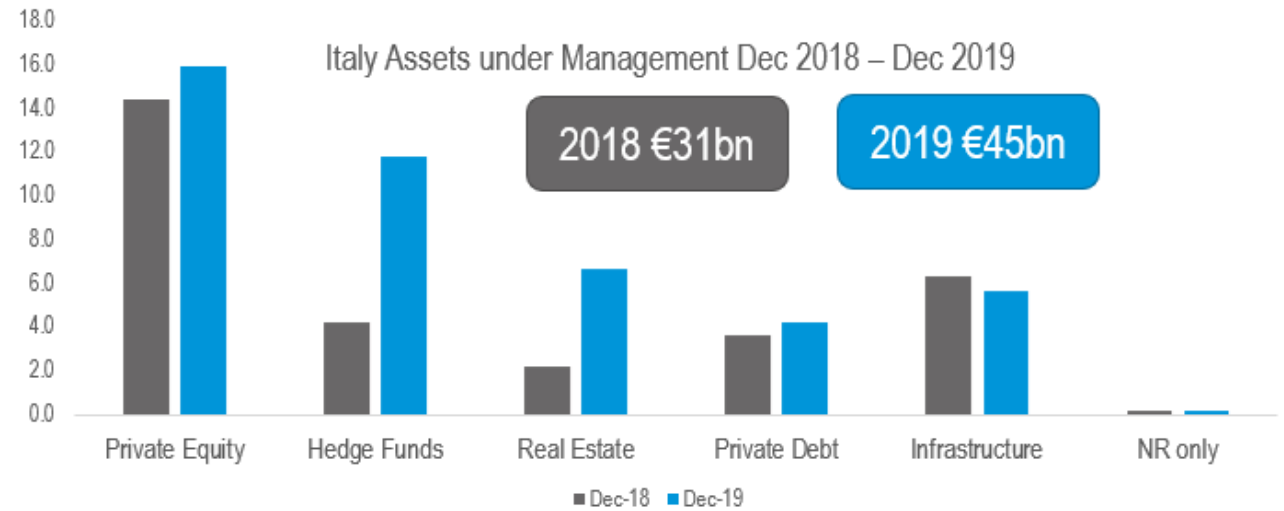
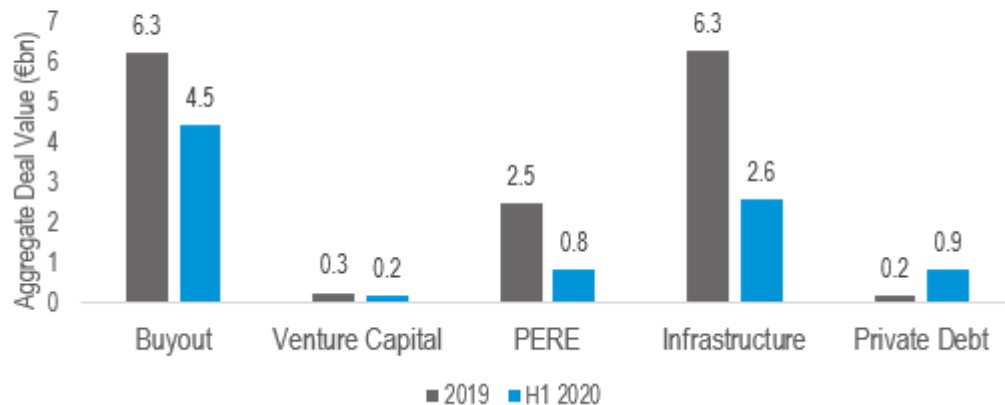
Number of Italy-based investors active in alternative assets



205

Number of Italy-based fund managers active in alternative assets

Aggregate Value of Private Capital Deals in Italy by Type, 2019 vs. H1 2020



Italy AUM increased 45% in 2019; fuelled by strong growth in real estate (3x) and hedge funds (2.8x) although infrastructure assets declined by 10%.

Emerging debt activity in Italy continues to grow, already more than five fold higher in 2020 than 2019.

Buyout deals in Italy look set to be on track to match 2019, with activity still occurring in traditional Italian markets (e.g. Permira's €1.3bn acquisition of Golden Goose, an online retailer) as well as emerging sectors (e.g Bain Capital and Engineering Ingegneria Informatica) despite COVID-19 challenges.

4.

Summary

Some key findings



€2.00^{tn}

Europe-based alternative assets under management as of December 2019. The private equity (€795bn) and hedge fund (€609bn) industries make up the majority.



2,926

Number of Europe-based institutional investors active in alternative assets.



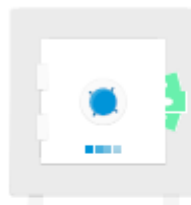
1,018

Number of Europe-focused private capital funds in market as of July 2020, seeking an aggregate €389bn



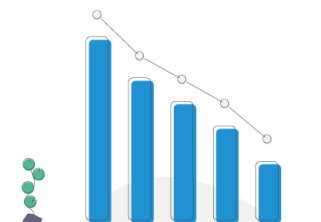
€126^{bn}

Aggregate value of European private capital deals completed in H1 2020, 38% of the full-year 2019 total (€329bn).



€99^{bn}

Aggregate capital secured by 213 Europe-focused private capital funds in H1 2020; €59bn of the total was raised by funds closed in Q2.



-€94^{bn}

Net capital withdrawn from European hedge funds since the start of 2018.

Final Thoughts

Alternative managers in Europe continue to be active despite the COVID-19 crisis

Funds are continuing to raise capital and managers are putting money to work: albeit not at the record highs we have seen in recent years.

However, the crisis may exacerbate the differences between the have and have nots

With the trend to more capital in fewer funds, smaller, emerging and first-time fund managers may disappear during the crisis.

Investors should continue investing through the crisis

Although a completely different crisis; funds of vintages during the GFC had some of the best returns, so perhaps by avoiding new investments today, investors may miss the best opportunities of tomorrow

Hedge funds continue to suffer, although perhaps the after-effects of COVID-19 may see appetite return

Hedge fund AUM in Europe has contracted significantly in 2020: however there are signs investor appetite may be on the up.

European alternatives 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 dominance

Managers have responded quickly to a crisis that emerged at breakneck speed

Unlike the GFC, managers have responded to a difficult situation well, with communication, and transparency key in uncertain times. With ESG a priority for many European LPs, investors will be encouraged to see private capital playing its part by reducing rents, deferrals of interest payments and helping portfolio companies, and wider world through the crisis.

Data Sources

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