

European Alternative Investments 2023

Helping Investors Diversify

OVERVIEW & METHODOLOGY

This report takes a pan-European view of alternative investing and seeks to help alternative asset managers formulate their investment business strategies. It answers a variety of questions, including: What is the appetite for different alternative asset classes in Europe across private wealth and institutional investors? How should alternative managers approach the European market? What opportunity is there to distribute private assets products to retail investors?

USE THIS REPORT TO

- Understand how alternative asset managers in Europe should approach different markets and client segments with chapters highlighting the U.K., Switzerland, Germany, Italy, and France
- Explore the growing topic of providing private assets exposure to retail clients with lower levels of wealth, complete with an overview of the appetite for private assets among different types of retail investors and the preferred vehicles to access these private assets
- Understand institutional and retail investors' views on hedge funds and liquid alternatives, and how responsible investing is evolving in the sector
- Examine the more recent trend of investors turning to non-UCITS hedge funds in search of higher returns, along with how the denominator effect could impact allocations to the asset class
- Explore how alternative managers should integrate responsible investments into their alternative products

QUESTIONS ANSWERED

- What does the European alternative asset market look like across the spectrum of alternative asset classes?
- What are the most important institutional and retail distribution channels by market?
- What is the target allocation to private markets from private banks' and wealth managers' perspective?
- What role will technology and innovation play in expanding retail clients' access to private markets?
- What are the opportunities to distribute hedge funds and liquid alternative products to retail and institutional clients?
- How will market volatility and changing interest rate regimes influence hedge fund strategies investors pursue?

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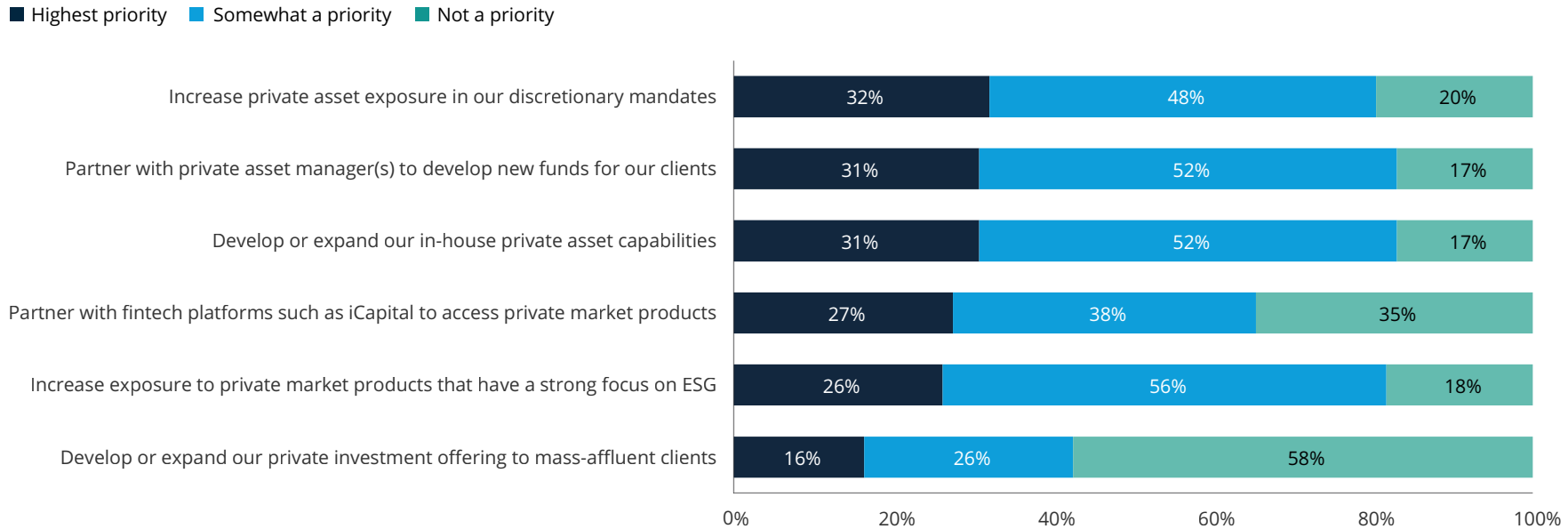
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Interact and explore select report data with Cerulli's visualization tool.

- **Private Markets:** Explore historical European private assets, including private equity, private debt, real estate, and infrastructure, analyze retail and institutional investors' allocation to different private asset classes and anticipated changes with customizable filters by market (France, Germany, Italy, Switzerland, U.K.), and institution type. In addition, investigate private banks' and wealth managers' recommended allocation to private assets, anticipated use and demand of various private investment strategies, and future allocation plans, as well as their preference for ELTIFs and likeliness of using technology platforms to access private assets.
- **Hedge Funds & Liquid Alternatives:** Evaluate institutional investors' and private banks' current allocation to hedge funds and liquid alternatives with customizable filters by market and institution type. Additionally, explore different retail investors' (family offices' or high-net-worth individuals') allocation to hedge funds, anticipated changes by market, and demand for various hedge funds strategies over the coming 12–24 months.

Exhibit 1.17**Private Banks and Wealth Managers: Priorities Regarding Exposure and Access to Private Markets, 2023**

Source: Cerulli Associates | Analyst Note: Respondents were asked their priorities with regard to their exposure or access to private markets over the next 12 months.

**The future of platforms**

Although lower-wealth investors such as HNWs offer significant opportunities for private banks and wealth managers, servicing such clients and adapting products to address their needs creates certain operational challenges. Partnering with technology-driven distribution platforms such as iCapital or S64 could be a way to overcome these challenges. More than a quarter (27%) of the private banks and wealth managers Cerulli surveyed said that partnering with distribution platforms is a high priority for them for the next one to two years (see **Exhibit 1.17**).

Private banks and wealth managers typically use platforms for middle- and back-office functions. They benefit from the speedy investor onboarding, online paperless subscriptions, seamless capital calls, and distribution, as well as reporting and administration services offered by such platforms. Working with platforms and using their technology enables private banks and wealth managers to deliver private market products more efficiently and at scale. The services offered by platforms are more appealing to mid-tier private banks and wealth managers, yet even some large multinational private banks that typically have the in-house expertise to build their own private asset offerings or access a broad range of asset managers are also keen to use platforms.

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