The allure of alternatives

Asset owners offered clarity about their alternatives investment preferences at the 13th Asia Investment Summit

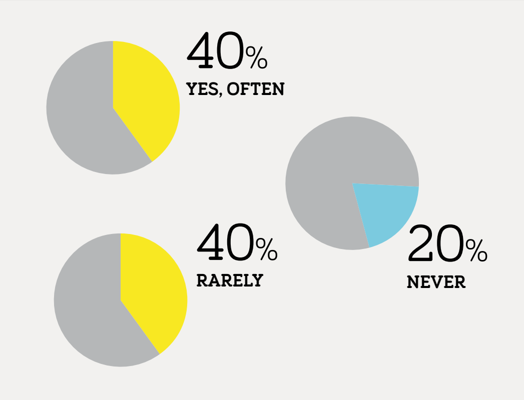
THE ONGOING NEED of asset owners to find consistent returns has led them to increasingly consider a wider array of investments, and to review the fees that they pay. Both areas were covered in an array of questions that *AsianInvestor* asked attendees to our 17th annual Asia Investment Summit, on May 30 and 31. All-told, 45 asset owners answered the set of questions, with 31% possessing assets under management of over $500 million and another 33% holding between $100 million and $500 million. They provided a sense of how an array of institutional investors across Asia view newer forms of investing.

All the following statistics are taken from the responses to questionnaires at *AsianInvestor's* 13th Asia Investment Summit

A QUESTION OF COST

INVESTORS WERE ASKED whether they ever decided not to use a fund house because they couldn't agree on fees to be paid.

Many said they said they had increasing difficulty in sourcing fees, which led them to seek to negotiate down the costs of the fund houses they employ. And 80% said that they had either often, or occasionally, avoided using an asset manager because they could not get them to cut their fees to an acceptable level.

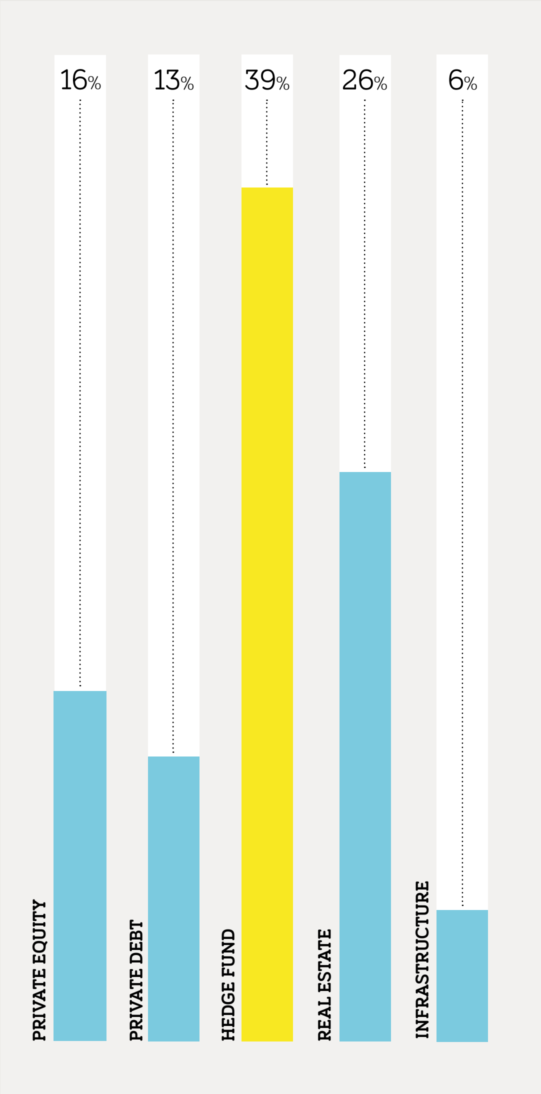


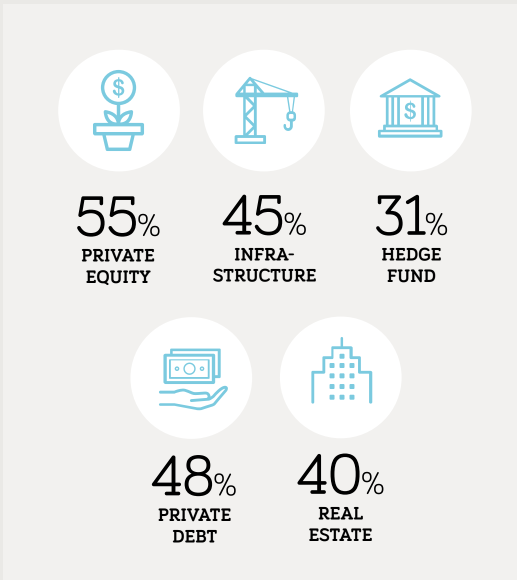
HEDGING YOUR BETS

CONVERSELY, RESPONDENTS WERE asked which alternative allocations they would be most likely to decrease over 18 months.

The investors were least impressed by hedge funds in the alternative asset space. When asked which alternative asset they would be most likely to reduce over 12 to 18 months, 39% pointed to hedge funds. Most other assets in this area were more popular, with few investors wanting to reduce them.

**Respondents could choose more than one option*





GOING PRIVATE

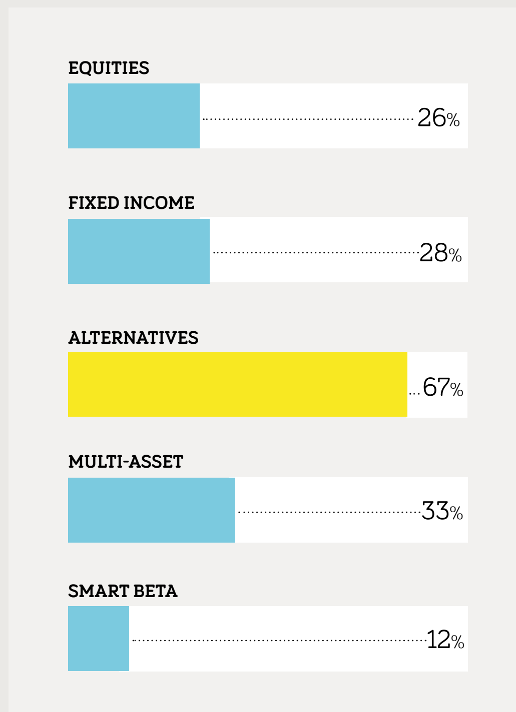
ALTERNATIVE ASSETS ENCOMPASS a large variety of options. Respondents were asked which ones they would most likely increase. over the next 12 to 18 months*

Overall, private equity was the clear standout with respondents; over half of the resopndents to the question said they would look to increase investments in that space. Just under half felt similarly about private debt assets as well, and infrastructure also gained strong support.

**Respondents could choose more than one option*

THE APPEAL OF ALTERNATIVES

WE ASKED INVESTORS which asset class most appealed to them out of five options over the next 12 to 18 months. Alternatives was easily the favourite choice, with two-thirds of respondents plumping for it. Multi-asset investments followed, likely reflecting the increased uncertainty in market movements in 2018, after a benign environment for equities last year.



STAYING ACTIVE

THE RISE OF passive index and exchange-traded funds has led to an asset outflow from actively managed rivals.

To see how this affected audience members, we asked: Will you reduce the actively managed part of your portfolio over the next two years? And the asset owners who answered did not seem predisposed to follow this trend; nearly four in five said they were not looking to reduce the actively managed part of their portfolio over the coming 24 months.