



# Global Shift towards Alternative Assets in Full Swing As Institutional Investors Look To Long Term Real Asset Investments

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The global shift towards alternative real assets has been gaining momentum, in recent years and 2016 was not an exception. Institutional investors are turning to infrastructure, property, hedge funds,

and private equity as they look to increase returns on each investment.

Assets purchasing programs by central banks gained momentum after the 2007-08 recession and ever since strong gains and stretched valuations have been witnessed across various publically traded equity and bond markets. This has helped increase the appeal of alternative assets especially among global institutional investors.

One of the major reasons that have been driving cash flows towards real assets has largely been based on the uninspiring returns investors have made with mainstream liquid assets over the last few years. The bonds and equities markets have been grappling with a protracted bull run that has now spanned nearly 8 years. According to an FTfm Global Alternatives Survey done by Willis Towers Watson, the total assets under

◀ the management of the world's top 100 alternative asset management companies rose just above \$4 Trillion in 2016. This represented an increase of a tenth compared to the year 2015. The growth was also remarkably stronger compared to growth registered in the previous year.

Capital inflows in alternative assets in 2015 grew 3%. Blackstone remained the leading global manager of alternative assets while Brookfield Asset Management was ranked among the top 20 alternative assets management companies in the world. Analysts note that there is an expectation that mainstream bond and equities markets are slowing as far as returns are concerned. In order to give their portfolios a boost, investors are looking at real assets as an option. In addition to this, investing on real assets has also been seen as a strategy in portfolio diversification

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especially to guard against volatility in equities and bonds.

Real Estate has remained the most preferred asset for the top 100 alternative asset management companies reaching a value of little above \$1.4 Trillion although growth in the real estate sector in both the US and the UK was relatively slower in 2016. Private equity, Funds of PE funds, Hedge Funds, Funds of Hedge funds, infrastructure, and illiquid debt all follow suit in that order. The private equity market in

particular recorded inflows of about \$325 Billion from alternative asset management companies, an increase of 18.5% compared to 2015.

Brookfield was also among the top two performances on infrastructure investments. Most of the leading top 100 institutional investors are however still behind on their targeted infrastructure investment allocations albeit efforts by governments to encourage funds to invest in roads and bridges, electricity and water supply have been intense over the last few years. There is no doubt alternative assets are offering an investment option for people who do not really want to put all their money in equities and bonds. In case you want to put your money in real assets under a managed portfolio, you can talk to [Brookfield Asset Management](#) for more information.