



BAI REPRESENTING
ALTERNATIVE
INVESTMENTS

Investor Survey 2024

Oktober 2024

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Introduction

The Bundesverband Alternative Investments e.V. (BAI) presents the 2024 Investor Survey, the 11th and with 111 participating German institutional investors combining more than € 2.3 trillion AuM the most comprehensive BAI survey to date. In addition, for the 4th time we surveyed the BAI member companies: worldwide operating asset managers and service providers, to mirror the results of LPs and GPs. This report highlights our annual survey results with a hope of providing you with a deeper understanding of how and why institutional investors in Germany invest in alternative assets – not just today, but also in the future.

The BAI Investor Survey has been an important component of BAI's research activities since 2013. The framework for institutional investments in Alternatives is subject to constant dynamic changes, which have been systematically captured in the survey once again. Therefore, the range of questions is continuously updated and adjusted to meet the needs of the investors and BAI member companies.

Founded 1997 in Bonn, the currently 301 BAI association's members are based in any field of the professional alternative investments business. The objective of our association's work is to improve the level of public awareness, create internationally competitive and attractive conditions for alternative investments by representing the interests of the industry. The BAI's annual Investor Survey helps to increase transparency in the alternative investments market. The results will hopefully serve as a valuable source of information for you.

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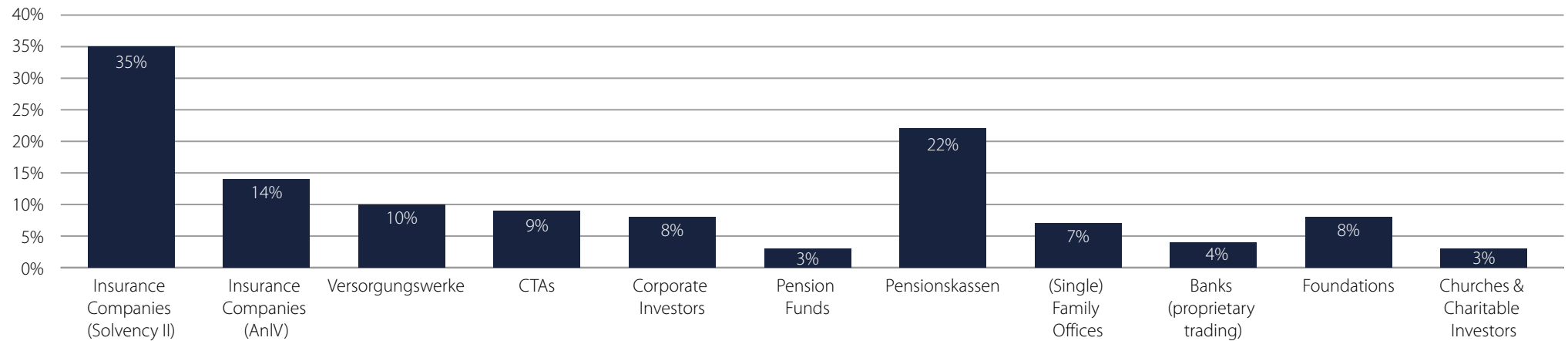
Methodology & Participants

The following charts summarize the profile of this year's respondents. The participating LPs, GPs & service providers represent a broad cross section of the alternative investments industry in terms of lines of business and size.

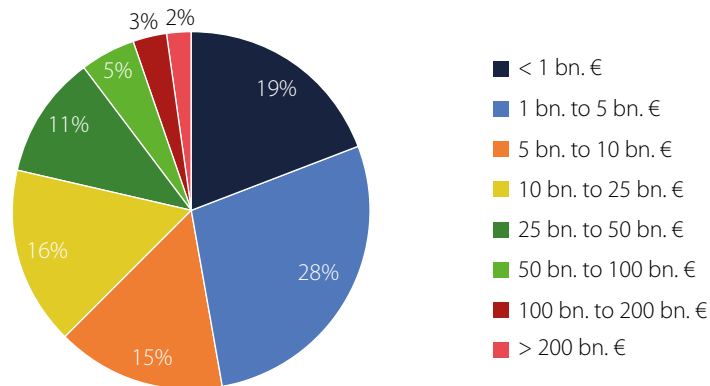
111 institutional investors across Germany participated in the 2024 BAI Investor Survey. We refer to this group as limited partners (LPs) in the following. This year, the survey included LPs that invest over €2.3 trillion.

Investor Survey Participants (LPs)

* multiple answers possible

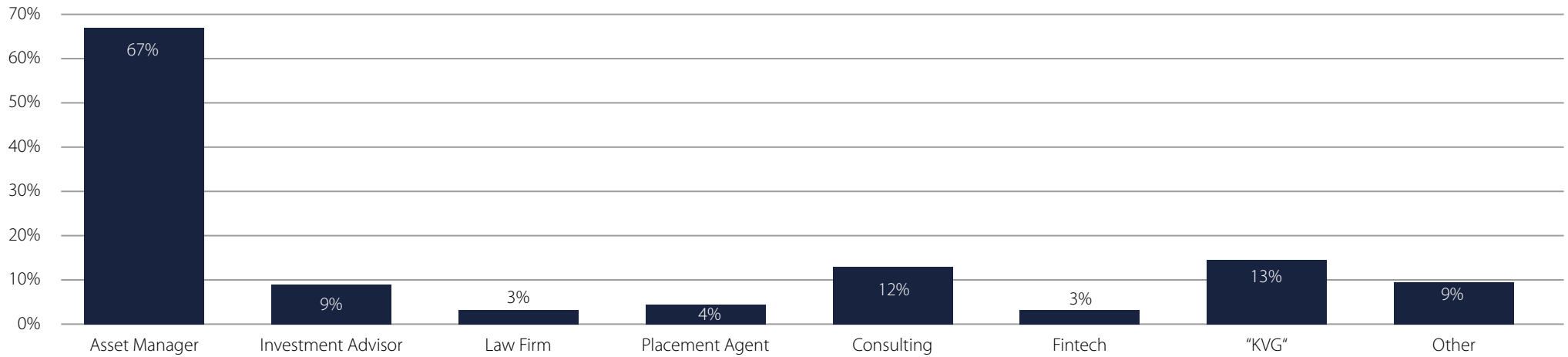


Participants' AuM (LPs)



BAI Member Survey Participants

* multiple answers possible



In addition to our LP survey, we received responses from numerous BAI member companies, mainly globally operative asset managers as well as service providers. We refer to this group as general partners (GPs) in the following.

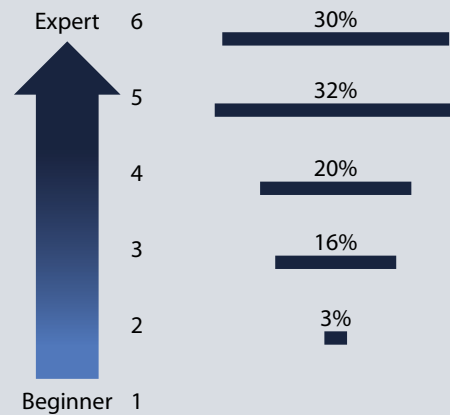


BAI Member Directory

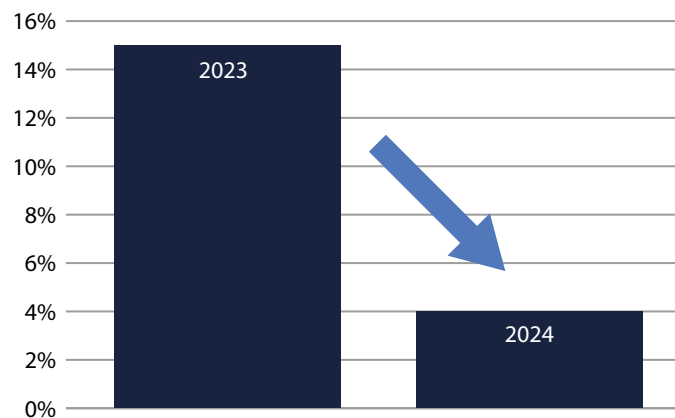
Most German investors are very experienced, only a few new investors moved into the private markets recently

LPs In-house Experience in Alternative Investments

Investors gave a self-assessment on a scale from 1 (low) to 6 (high).



Lack of In-house Expertise

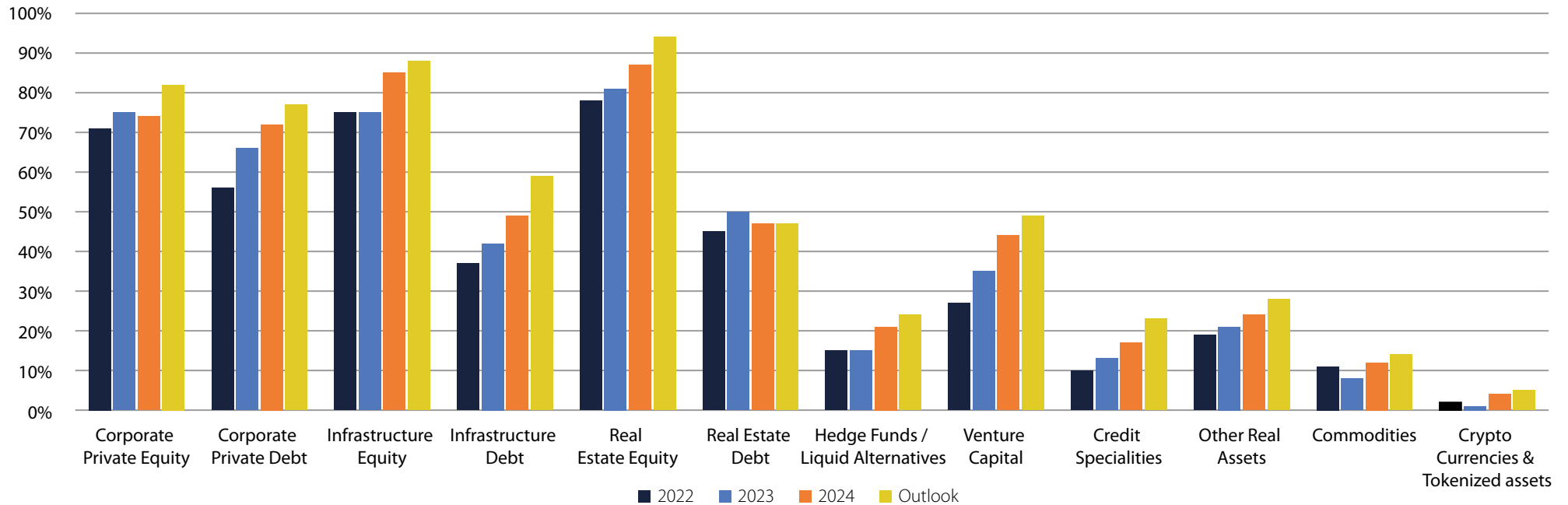


Lack of in-house expertise as one of the biggest challenges when investing in alternatives? Not anymore! For only 4% of investors, the lack of expertise of staff is a significant obstacle when it comes to investing in the private markets.

Past, present, and projected alternative investments allocation

Institutional investors allocating to each asset class – in the past and this year. The outlook adds the planned entries of new investors to each asset class.

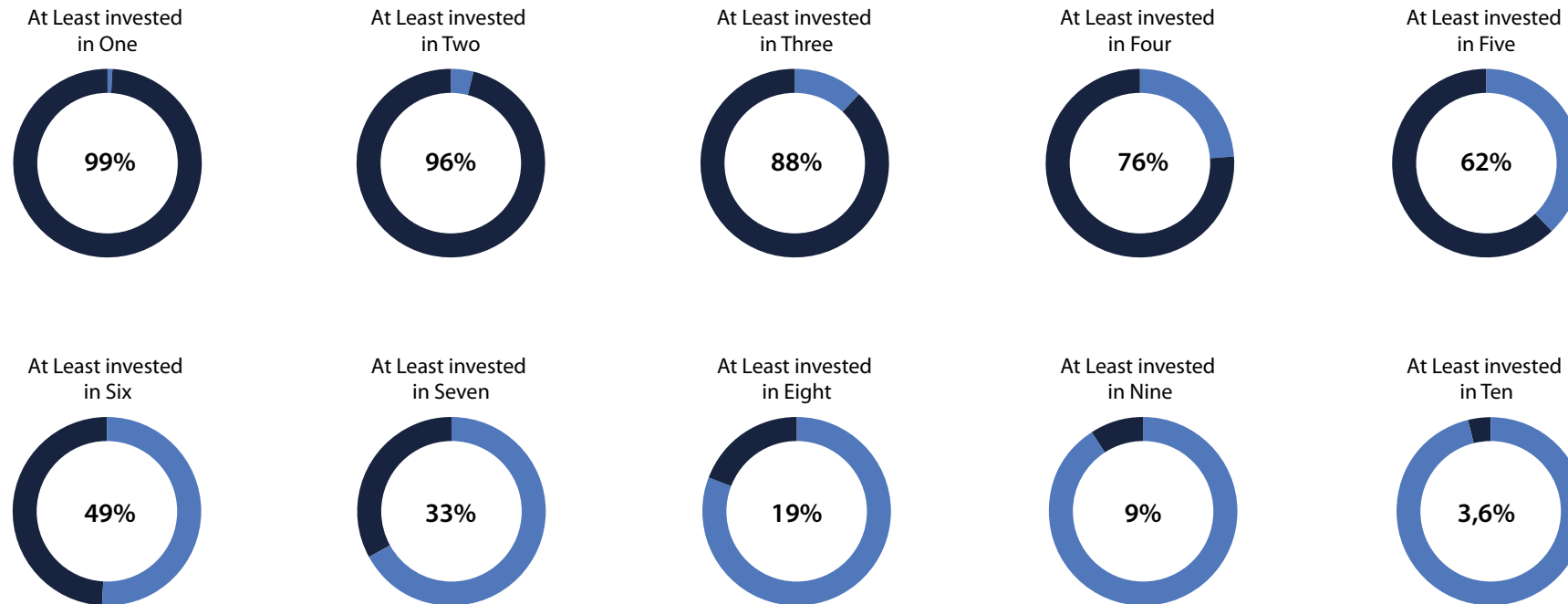
Proportion of Investors Allocating to each Asset Class



- The market entries by investors that we predicted in particular on the debt side in the previous year have only partially materialized: While new investors have entered the corporate private debt and infrastructure debt asset classes, we have seen a slight decline in investors in real estate debt in 2024.
- The steady growth of corporate and infrastructure debt should continue unabated in 2025.
- A recovery of the real estate markets is in sight, but it is very questionable whether this will already be reflected in the portfolios in 2025.
- For the first time, more investors have invested in infrastructure than in private equity in Germany. After years of slight stagnation, private equity could pick up speed again next year.
- The diversification of portfolios is steadily increasing and niches such as credit specialties, ILS, VC and real assets are benefiting from this. The outlook remains positive. We expect more and more investors to diversify their private markets portfolios with new asset classes.
- It is also a positive development that more and more investors are returning to hedge funds and liquid alternatives.
- One question remains unanswered: Will the tokenization that has been promised for years finally gain momentum in 2025? We are seeing some slight progress.

Many years of experience and investments are reflected in highly diversified alternative portfolios

Number of Alternative Asset Classes Invested in

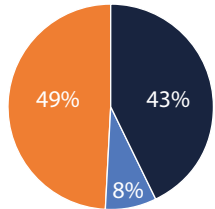


- Almost every institutional investor in Germany allocates to alternatives.
- Diversification has increased further compared to the previous year.
- Three out of four investors are already invested in at least four alternative asset classes.
- One in two invests in at least 6 different alternative asset classes.

The future looks bright for most asset classes

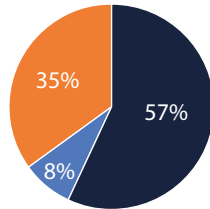
The charts provide an overview of intended allocation adjustments per asset class for investors already allocating.

Corporate Private Equity



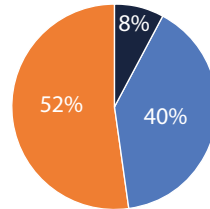
■ Increase ■ Decrease
■ Status Quo

Infrastructure Equity



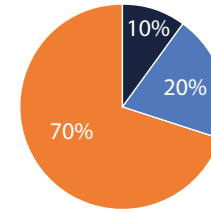
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Real Estate Equity



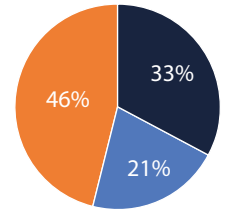
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Hedge Funds/Liquid Alternatives



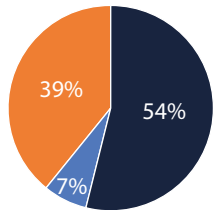
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Bonds



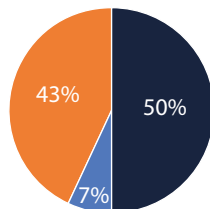
■ Increase ■ Decrease
■ Status Quo

Corporate Private Debt



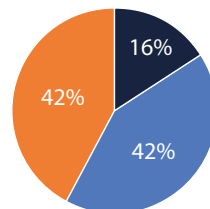
■ Increase ■ Decrease
■ Status Quo

Infrastructure Debt



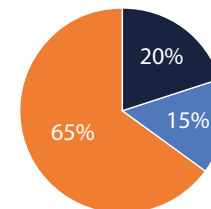
■ Increase ■ Decrease
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Real Estate Debt



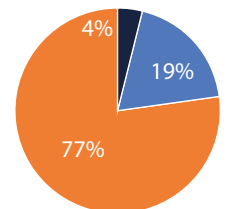
■ Increase ■ Decrease
■ Status Quo

Stocks



■ Increase ■ Decrease
■ Status Quo

Cash/Liquidity



■ Increase ■ Decrease
■ Status Quo

Future Allocation Adjustments

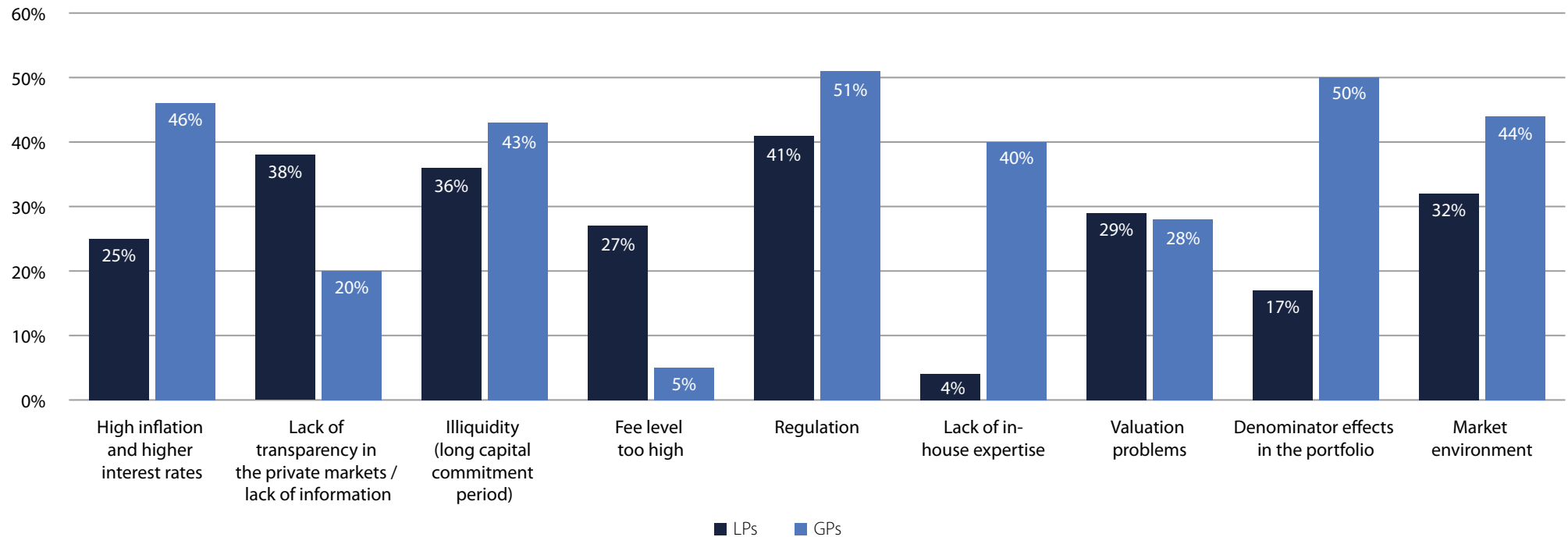
- As in the previous year, we also expect the following year significant fund inflows for private equity, private debt and infrastructure (equity & debt).
- Real estate: Although the real estate markets are recovering after the difficult previous year, investors remain cautious and many want to further reduce their high allocation.
- Following an increase in bond ratios in the previous year, the picture for the coming months is mixed. After all, almost 20% of investors have cash/liquidity reserves that they would like to reduce in the coming months.

What are currently your major challenges when investing in alternative investments?

In addition to the LPs, the GPs assessed the LPs biggest challenges when investing in alternatives.

Challenges when Investing in Alternatives

* multiple answers possible

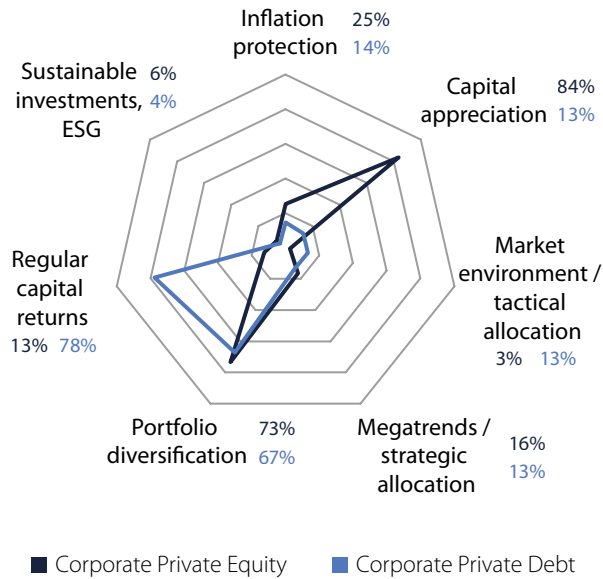


- All in all, investors can cope with most challenges. There is no consensus; rather, challenges are currently very individual depending on the investor and type.
- GPs and advisors are quite good at assessing the challenges of LPs. But they greatly underestimate the experience and expertise of investors!
- Compared to the previous year, inflation and higher interest rates no longer play a dominant role in investment decisions. Denominator effects have also become a thing of the past for most investors.
- Investors desire more information and transparency as well as fundamentally decreasing fee structures, which are still considered challenging by many.

Debt vs. Equity: LPs main reasons & drivers for investing in the respective alternative asset classes

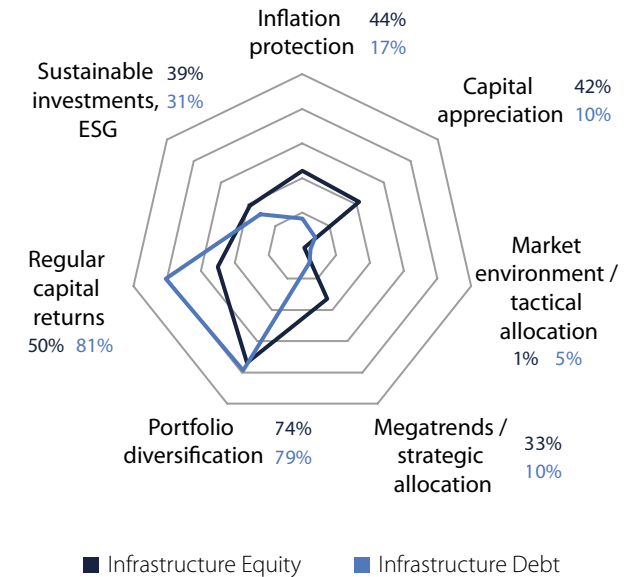
Corporate Private Debt & Equity

* multiple answers possible



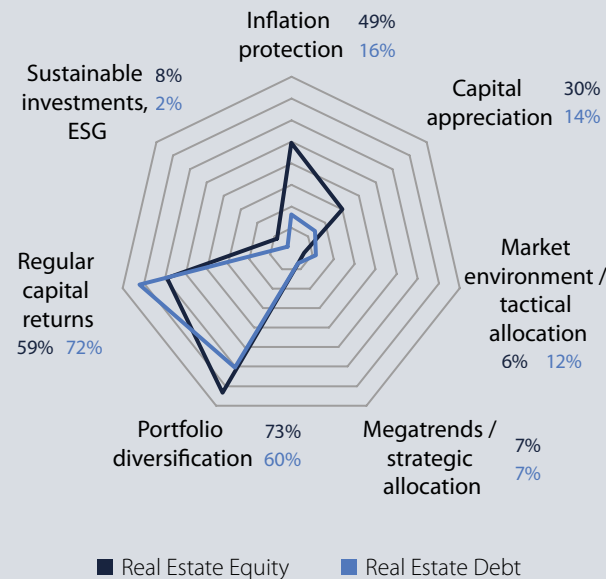
Infrastructure

* multiple answers possible



Real Estate

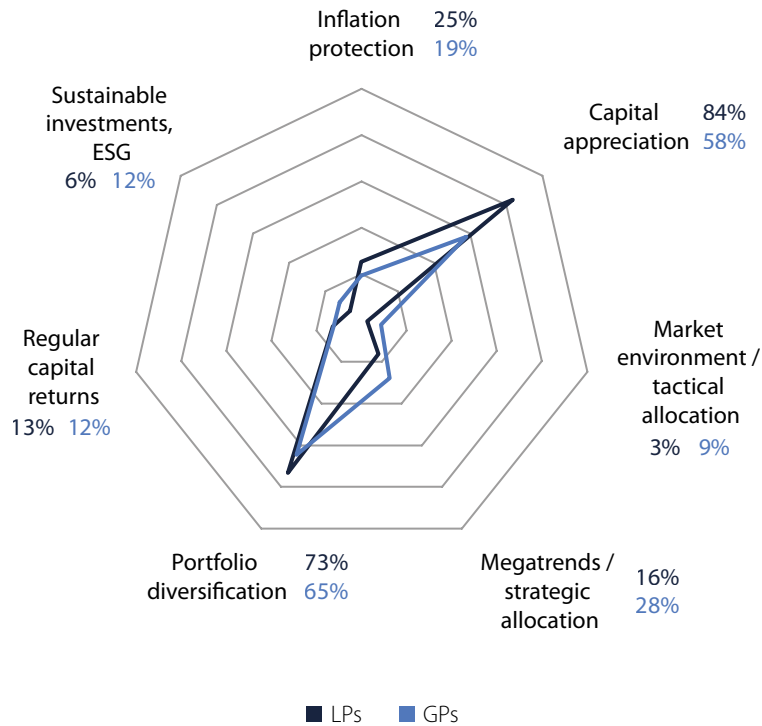
* multiple answers possible



LPs vs. GPs: Main reasons & drivers for investing in the respective alternative asset classes

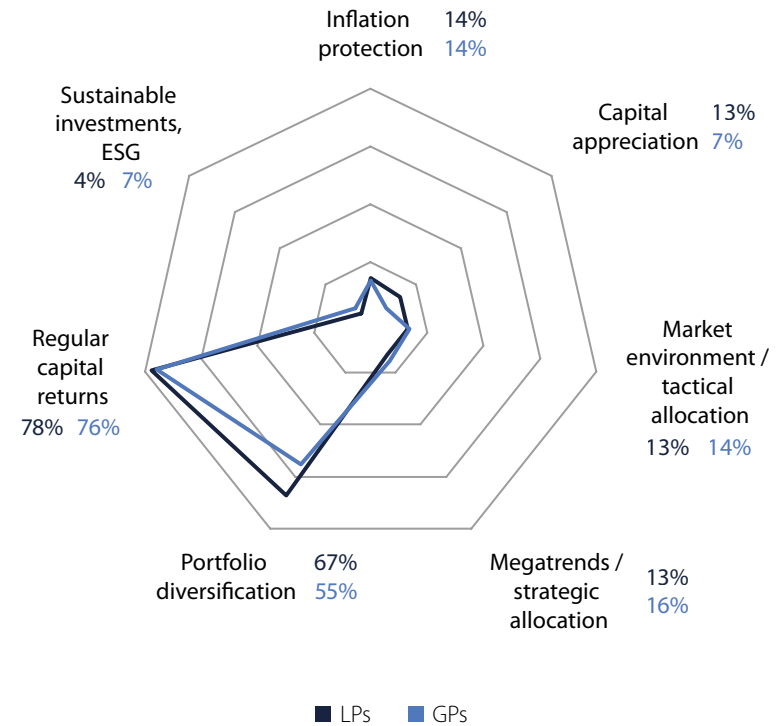
Corporate Private Equity

* multiple answers possible



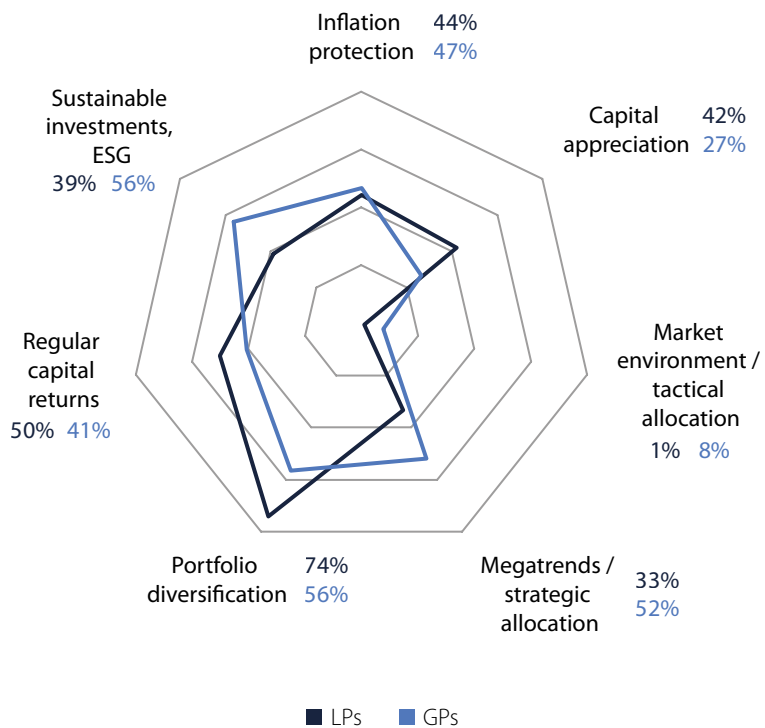
Corporate Private Debt

* multiple answers possible



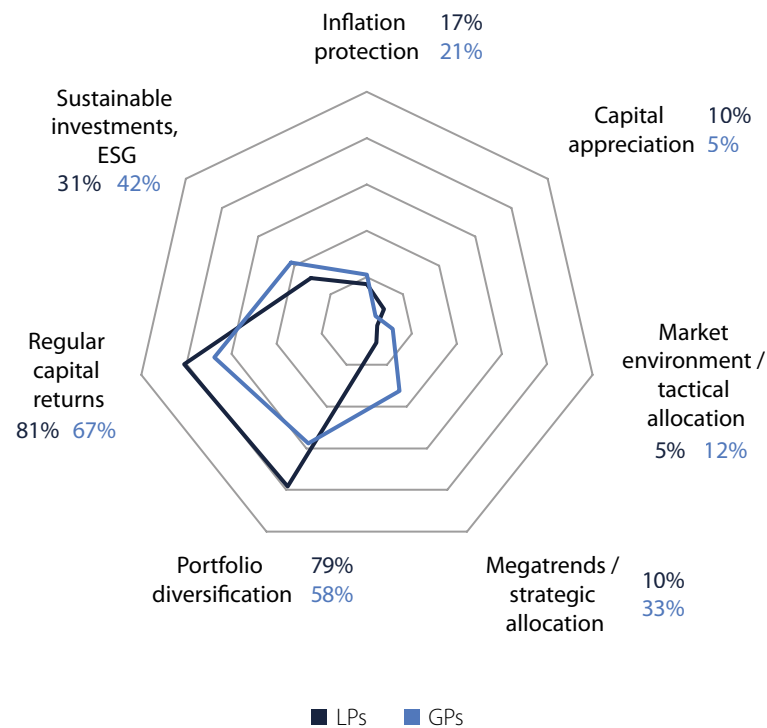
Infrastructure Equity

* multiple answers possible



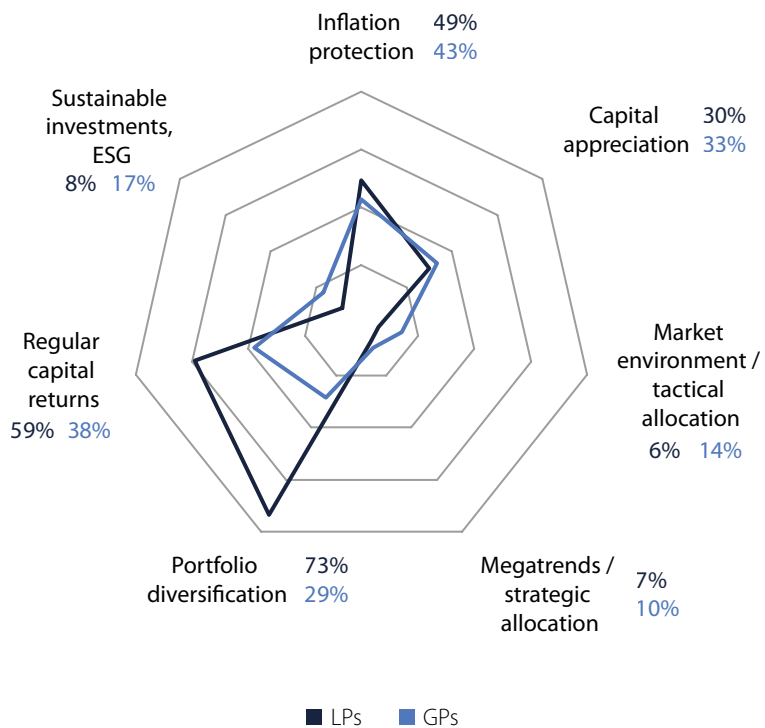
Infrastructure Debt

* multiple answers possible



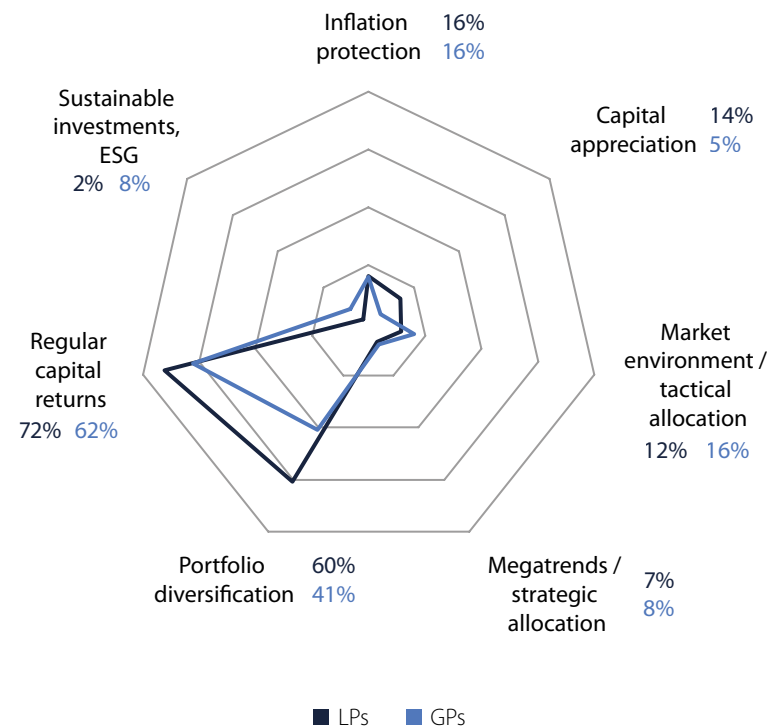
Real Estate Equity

* multiple answers possible



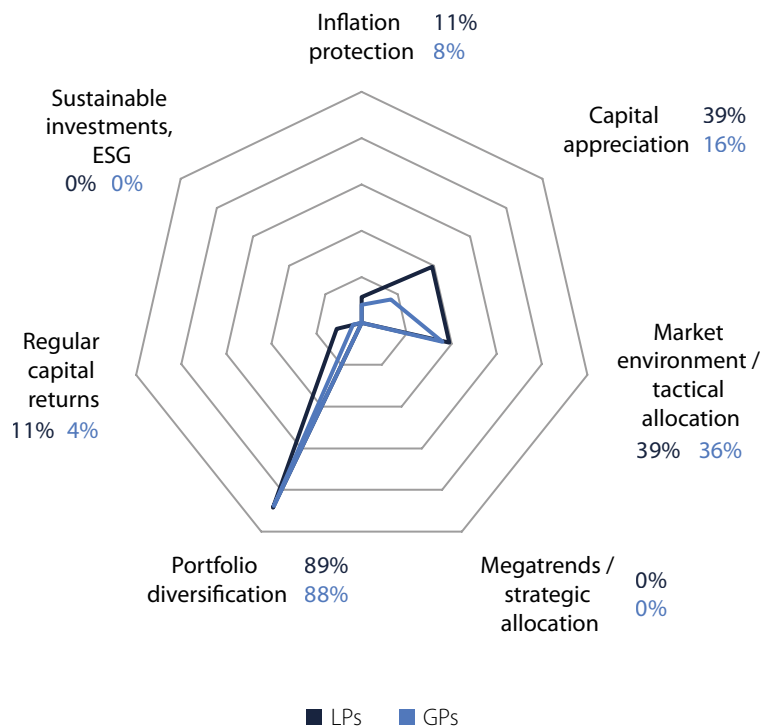
Real Estate Debt

* multiple answers possible



Hedge Funds / Liquid Alternatives

* multiple answers possible

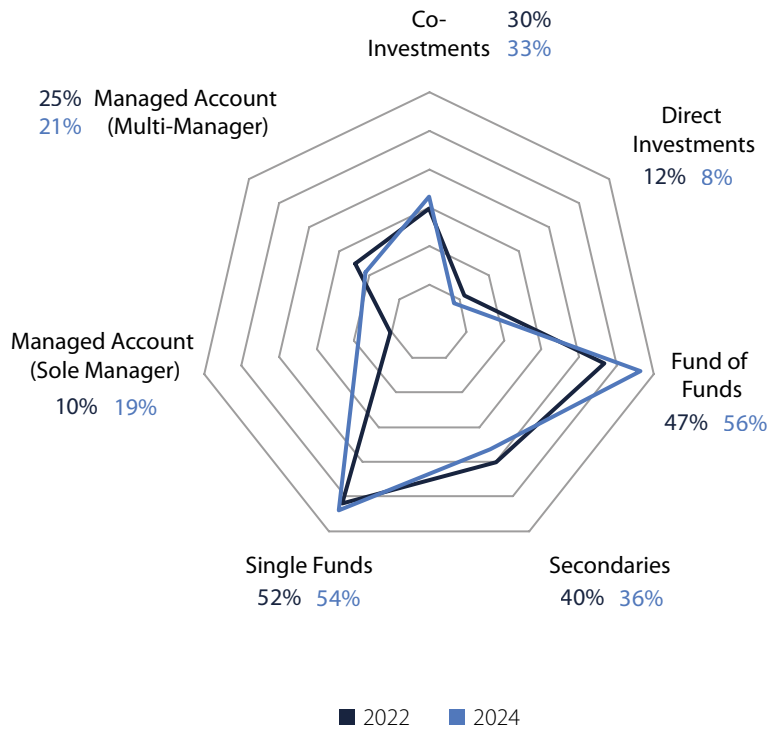


How investors allocate in the private markets

Minor changes today compared to two years ago.

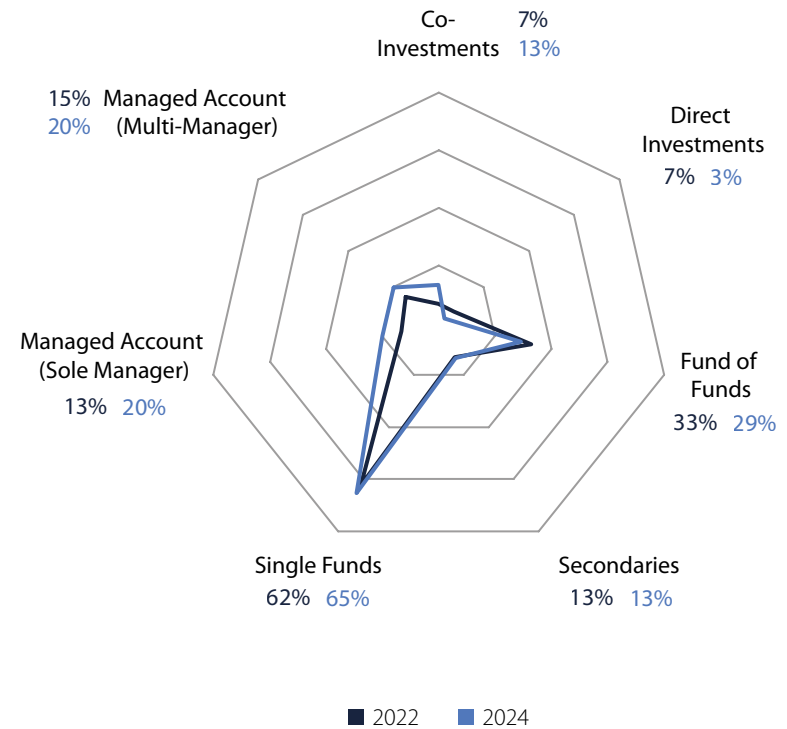
Corporate Private Equity

* multiple answers possible



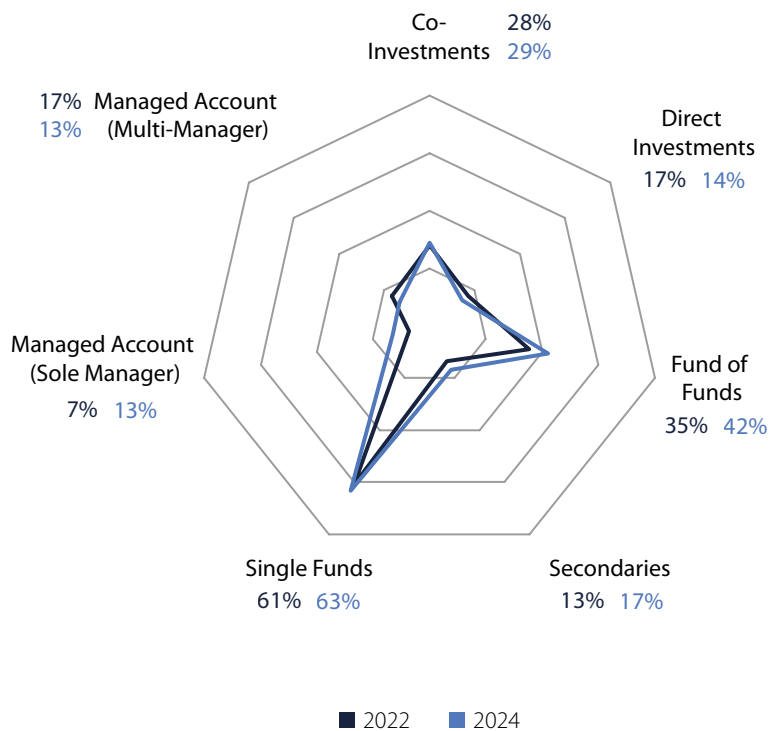
Corporate Private Debt

* multiple answers possible



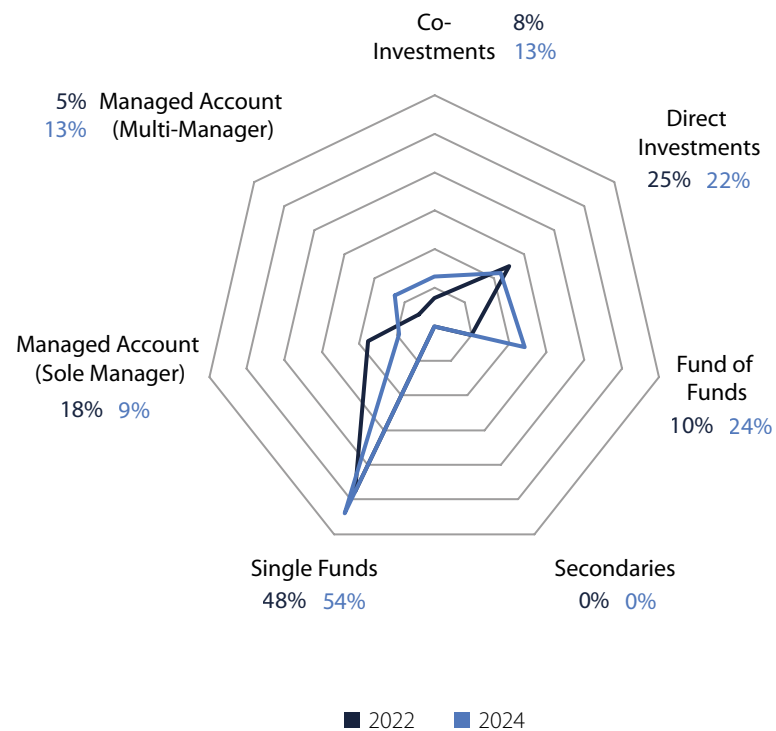
Infrastructure Equity

* multiple answers possible



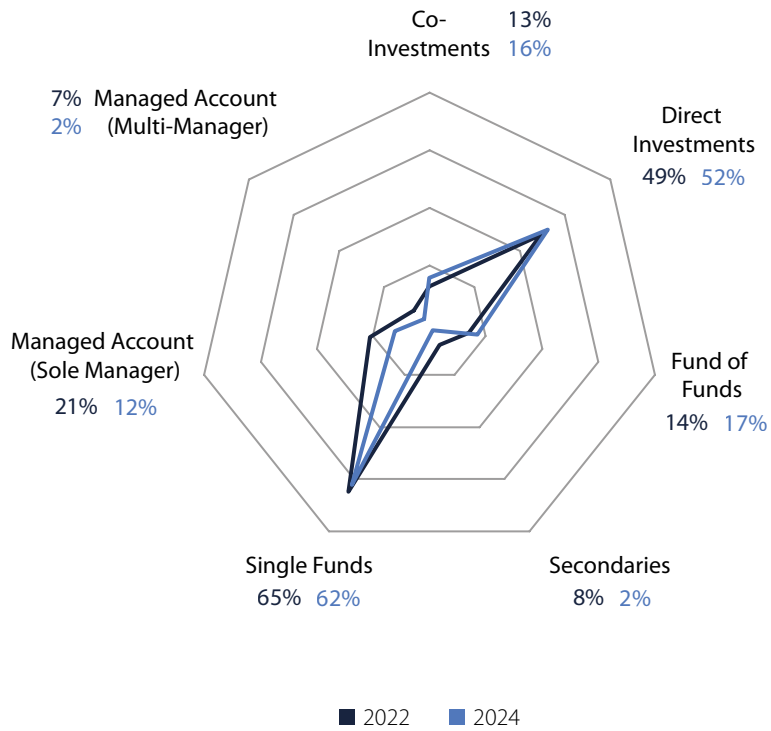
Infrastructure Debt

* multiple answers possible



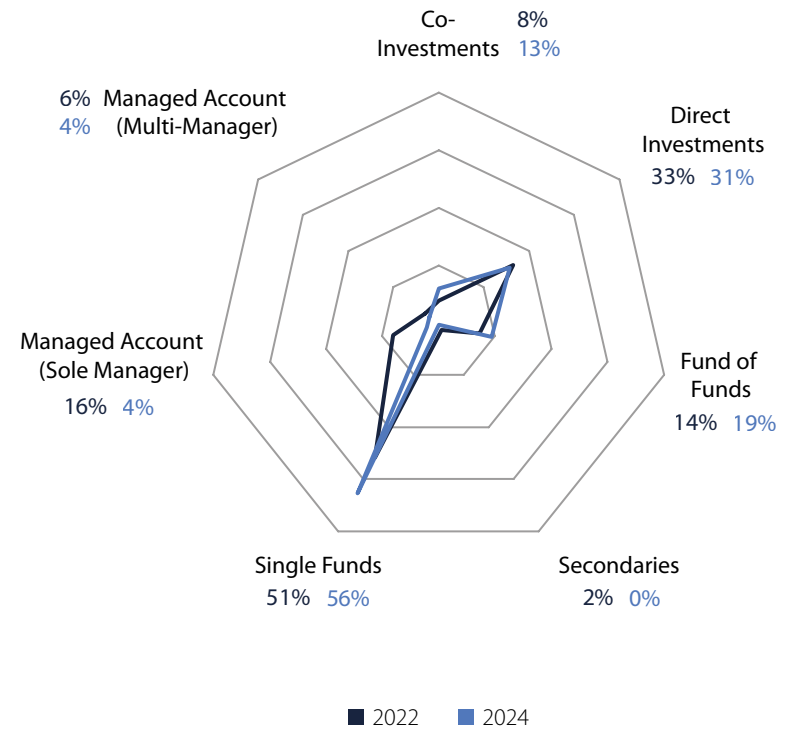
Real Estate Equity

* multiple answers possible



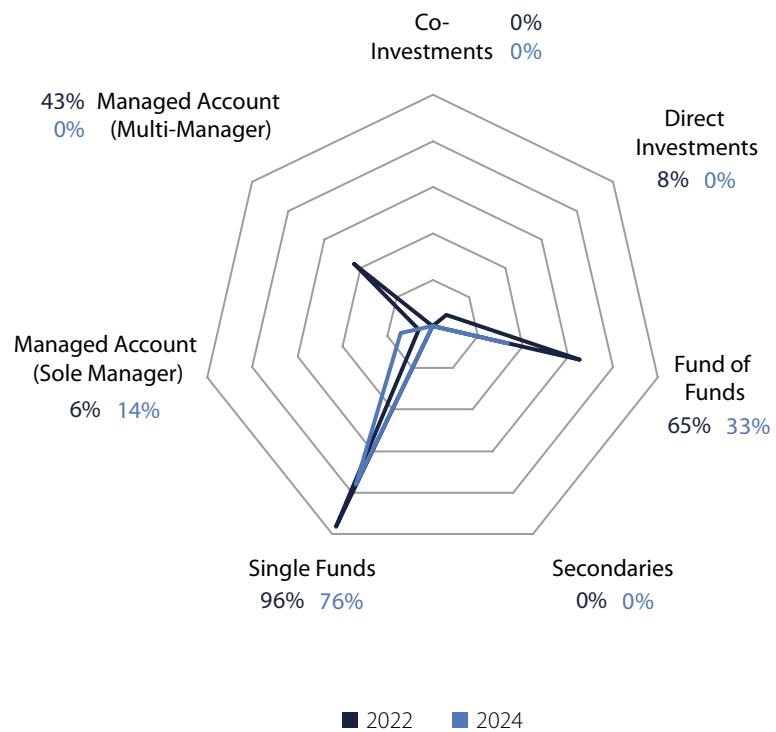
Real Estate Debt

* multiple answers possible



Hedge funds / Liquid Alternatives

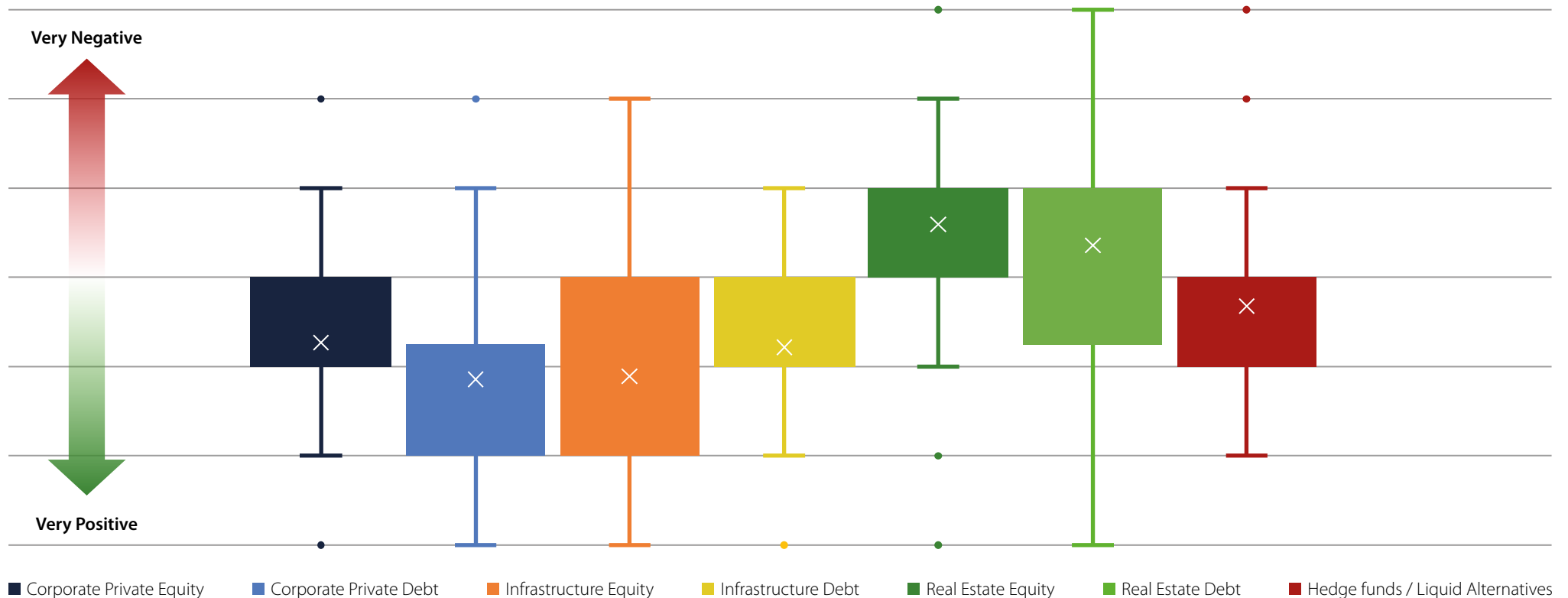
* multiple answers possible



BAI Sentiment Barometer

Investors were asked to assess the present investment environment for various asset classes.

Assessment of the Private Markets



All in all, we see only slight changes compared to the previous year:

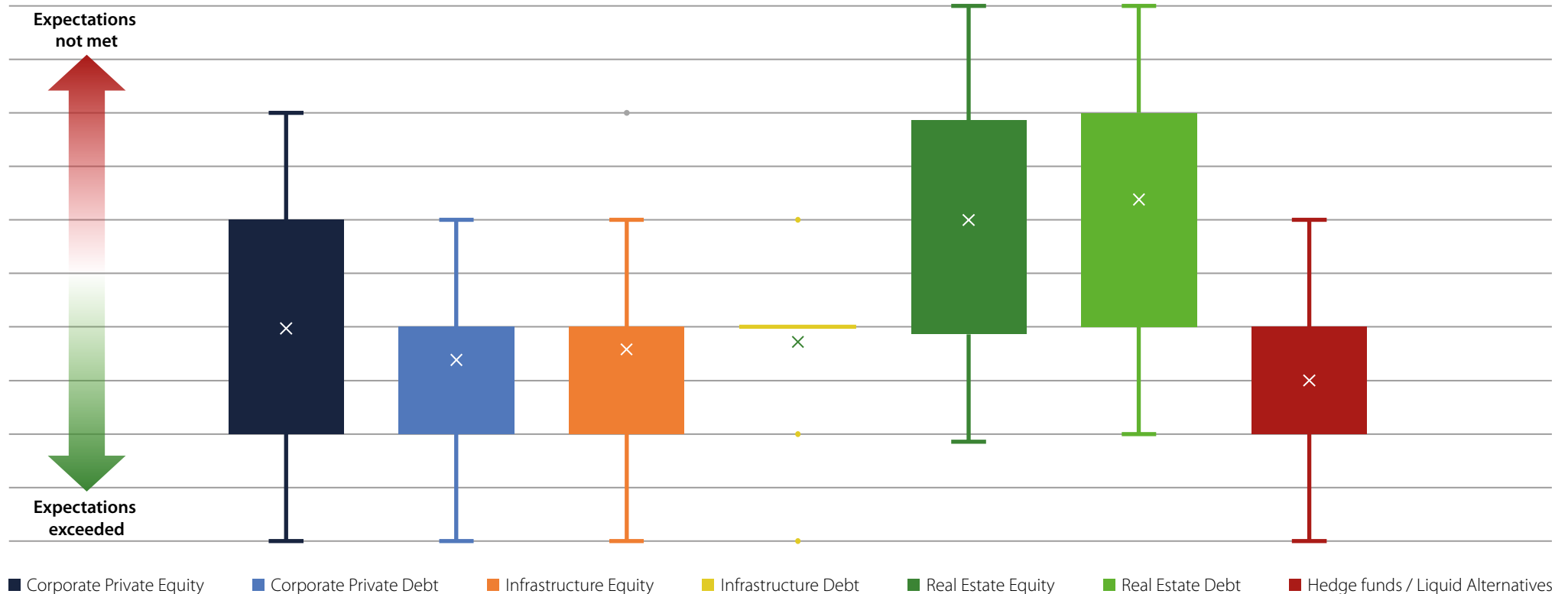
- The overall positive sentiment in private equity, private debt and infrastructure is almost unchanged.
- The recovery on the real estate markets is reflected in a slight improvement in sentiment, although the overall picture is still somewhat negative.
- Hedge funds are rated neutral with a slightly positive trend.

How to read our boxplots: the box represents the interquartile range (IQR) which is defined as the distance between the 1st quartile and the 3rd quartile (50% of observations within this range). The x in the box represents the mean. The whiskers (vertical lines) extend from the ends of the box to the minimum value and maximum value within 1.5 times the IQR. A data point is considered an outlier if it exceeds a distance of 1.5 times the IQR.

Have the Asset Classes Delivered what they Promise?

We asked investors to what extent their investments have met their expectations over the past 12 months.

Satisfaction with the Investment Performance is Mixed



The Sentiment Barometer also confirms the satisfaction with the performance results in recent months. Nevertheless, a few results compared to the previous year are worth mentioning:

- Although investors are still satisfied with their private equity performance overall, we see a negative trend compared to the same period last year.
- Infrastructure and corporate private debt also confirm the positive long-term performance in 2024.

- Unsurprisingly, many real estate investments have failed to meet investors' expectations over the last 12 months.
- Hedge funds and liquid alternatives are somewhat surprisingly in the lead. These investors are the most satisfied with their strategies. A significant increase compared to the same period last year.

Alternative Investments Navigator

Debt

Equity

Strategy

Liquid

Semi-liquid

Illiquid

Examples

Senior

Junior

Mezzanine

Equity

Public Market {Mainly Liquid}	Liquid Alternatives (and other)	<ul style="list-style-type: none"> Hedge Fund Strategies within regulated UCITS vehicles Crypto Assets 				
	Hedge Funds	<ul style="list-style-type: none"> Equity Strategies Macro Strategies Event Driven Strategies 				
Private Markets {Mainly Illiquid}	Commodities	<ul style="list-style-type: none"> Energy Metals Agricultural 				
	Corporate	<ul style="list-style-type: none"> Private Debt incl. Direct Lending Private Equity Venture Capital 				
	Real Estate	<ul style="list-style-type: none"> Residential Real Estate Commercial Real Estate Social Real Estate 				
	Infrastructure	<ul style="list-style-type: none"> Transportation Communication Energy / Renewables 				
	Other Real Assets	<ul style="list-style-type: none"> Aviation Shipping Raw Materials incl. Timber 				
Specialties	<ul style="list-style-type: none"> Insurance Linked Securities Trade Finance Regulatory Financing 					

Further existing: Listed Private Equity Funds, Listed Private Debt Funds, Listed Infrastructure Funds, Listed Real Estate Investment Trusts etc.

About us



The Bundesverband Alternative Investments e.V. (BAI) is the asset class- and product-spanning representation of interest for Alternative Investments in Germany.

Our goals

- We are improving the level of public awareness for alternative strategies and asset classes
- We are creating internationally competitive and attractive (regulatory) conditions for the investment in Alternative Investments
- We are representing the interests of the industry to politics and regulators
- We are serving as a catalyst between professional German investors and recognized worldwide providers of Alternative Investments products and services
- We are supporting scientific research in the field of Alternative Investments

Founded 1997 in Bonn, the association's members are resident in any field of the professional Alternative Investments Business. 301 national and international companies are members of the BAI. The members directory can be found [here](#).

Conferences and Events

- BAI ESG Workshop
November 28th, 2024, Frankfurt School, Frankfurt
- BAI Insight 60
December 3rd, 2024, Commerzbank Tower, Frankfurt
- BAI Private Debt Symposium
February 6th, 2025, Scandic Hotel Hafenpark, Frankfurt
- BAI Alternative Investor Conference (AIC)
Mai 6-8th, 2025, Kap Europa, Frankfurt