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# **Bloomberg Mandates COVID-19 Allocator Survey 2020**

Bloomberg Mandates Platform

June 11, 2020

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# Executive Summary

# Executive Summary

- The Bloomberg Mandates team surveyed 50 institutional allocators globally between May 14 - June 10, 2020.
- The majority of allocators surveyed (78%) categorized themselves as single or multi family offices, followed by fund of funds and financial institutions/asset managers. The majority (74%) had up to \$9 billion in assets under management and just over half (56%) allocated to both hedge funds and private markets funds.
- 94% believe the global economy will contract by end of 2020 as a result of COVID-19, with most believing we will see a contraction between -10 to -20%. Three-quarters (74%) believe these effects will be the main driver of fund performance for 12 months or more.
- 50% have increased or indicated a plan to increase allocations to alternative funds, with hedge funds and private debt funds seeing the largest increase or expected increase for allocations (47%, 35%, respectively).
- 68% of allocators sought to re-position their portfolios – of that 68%, three-quarters (73%) intend to keep their allocations within alternatives; either in a different strategy within the same alternative category (e.g. hedge fund to hedge fund) or a different major alternative category (e.g. hedge fund to private debt). A minority (9%) of respondents sought to move their capital outside of alternatives funds (e.g. into listed equities).
- For hedge funds, long/short equity, distressed debt, and global macro proved to be the most interesting strategies. Fund of hedge funds, long-biased equity, and private debt were shown to be the least appealing strategies.
- For private markets, debt strategies (distressed, special opportunities), and buyout (small and mid cap) proved to be the most interesting strategies. Fund of PE funds, buyout (large cap), venture (seed), and real estate were the least appealing strategies.
- Alternative fund managers have responded to the market impacts presented by COVID-19 by being nimble to provide new opportunities and allocators surveyed are eager to take advantage. These include new fund launches, re-opening of previously closed funds and co-investment opportunities.
- When it comes to being approached by new funds that the allocators surveyed have no existing relationship with, new timely product offerings spur the most interest compared to existing pre-COVID product offerings.

# Survey Methodology & Limitations

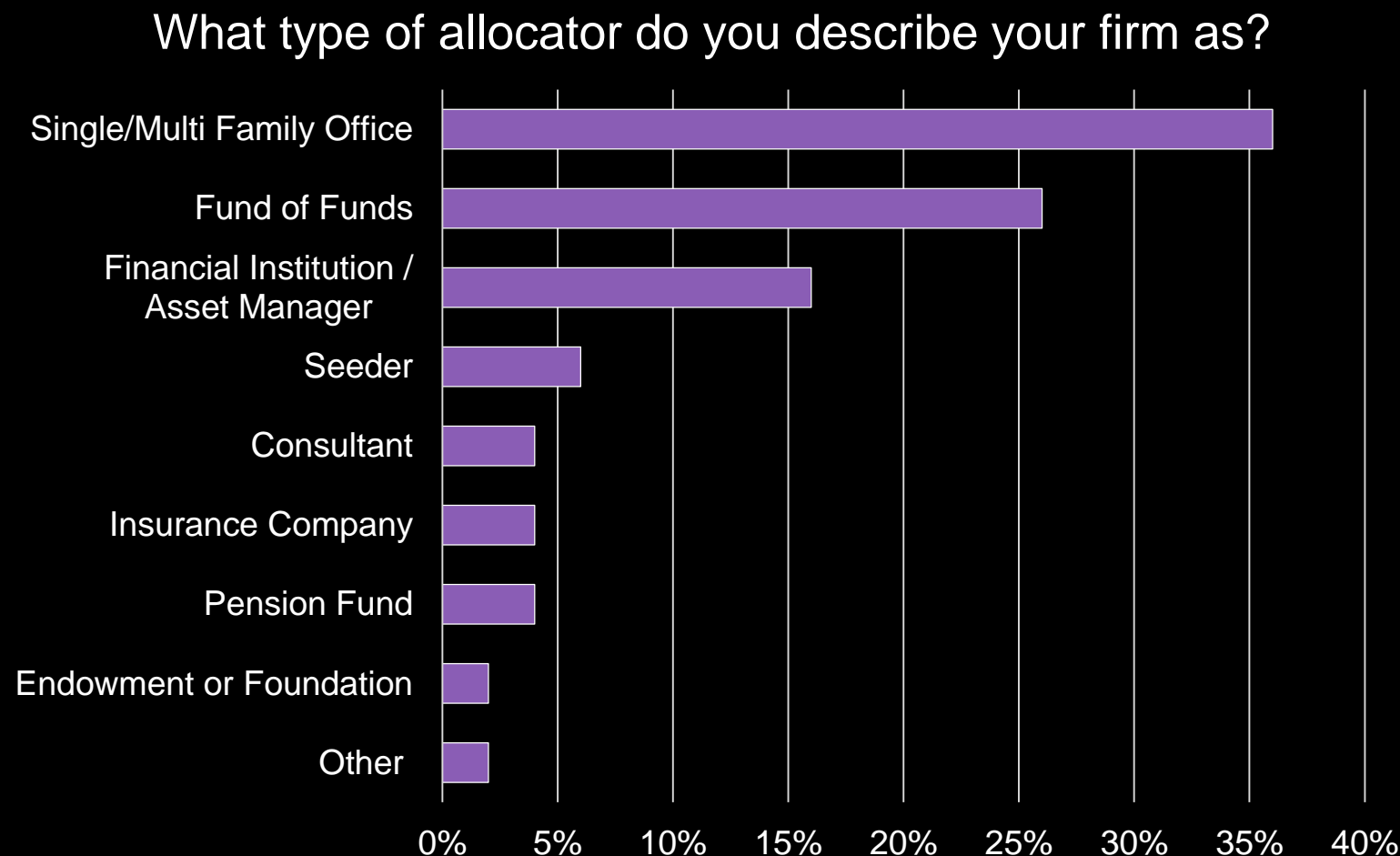
# Survey Methodology & Limitations

- The Bloomberg Mandates team surveyed 50 institutional allocators globally between May 14 - June 10, 2020
- Responses were aggregated and anonymized to gain an insight into how allocators are repositioning their alternative fund portfolios due to COVID-19 related market movements.
- By allocators we define these as institutional investors, such as family offices, fund of funds, wealth managers, asset managers, pensions, endowments and foundations.
- By alternative funds we define these as hedge funds, private equity, private debt, real assets and other private markets funds.
- Limitations: This is a small sample size of mainly currently and past mandates users. This is not a full representation therefore of all allocator views.

# Survey Results

# Section 1: Surveyed Universe

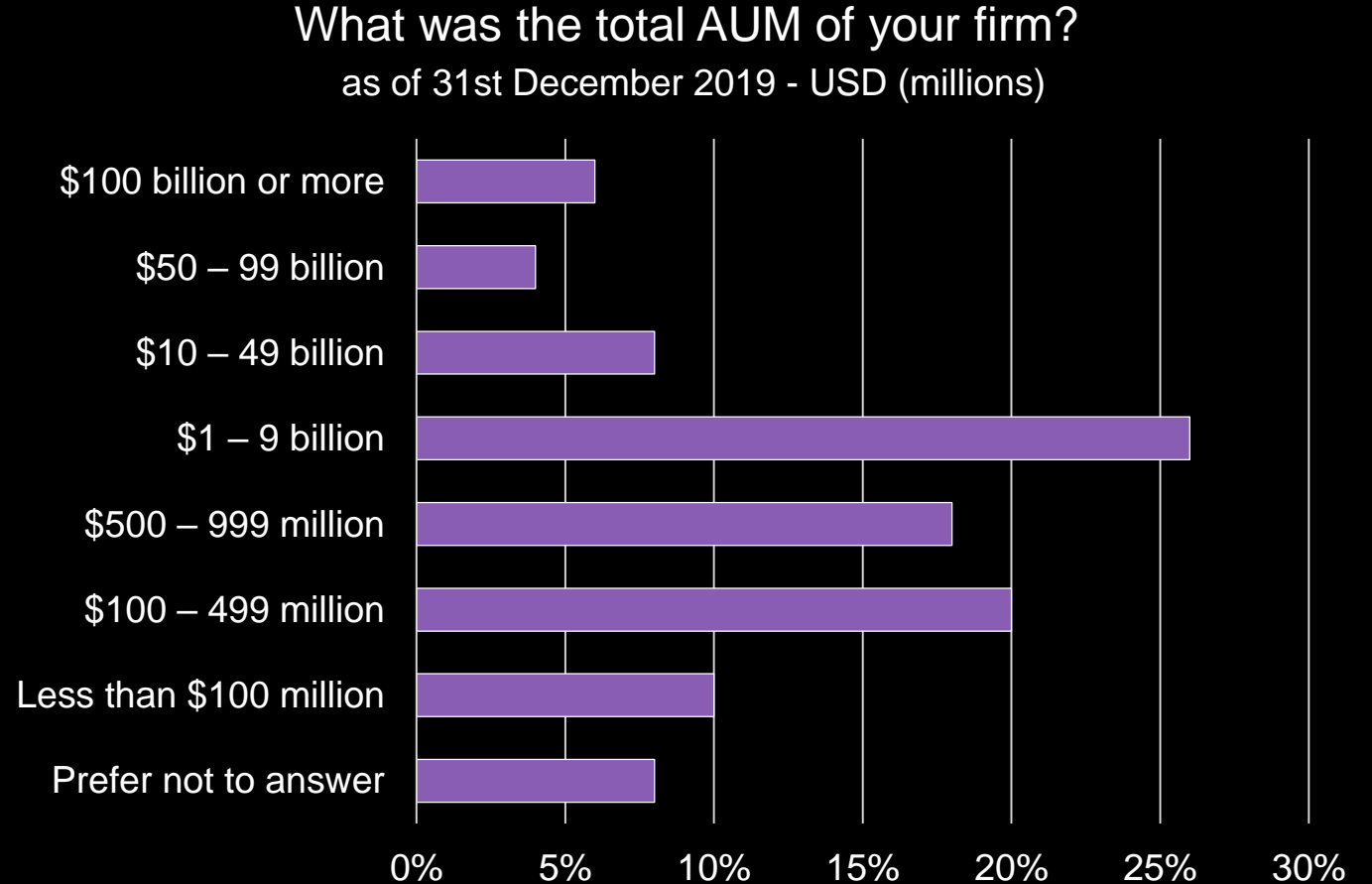
- The majority of allocators surveyed (78%) categorized themselves as single or multi family offices, followed by fund of funds and financial institutions/asset managers





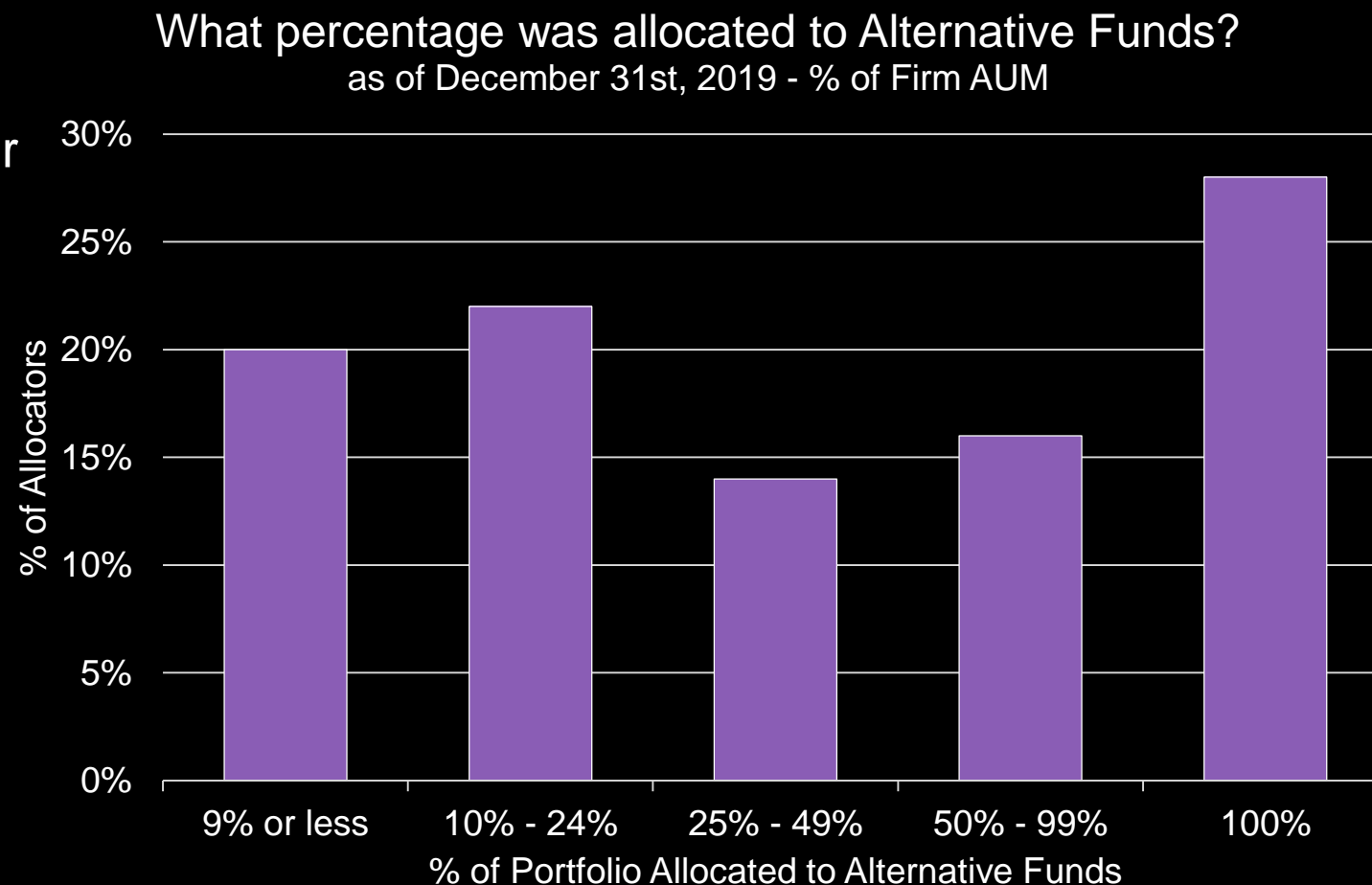
# Section 1: Surveyed Universe

- The majority of allocators surveyed (74%) had up to \$9 billion in assets under management
- 52% of allocators surveyed managed over \$1 billion



# Section 1: Surveyed Universe

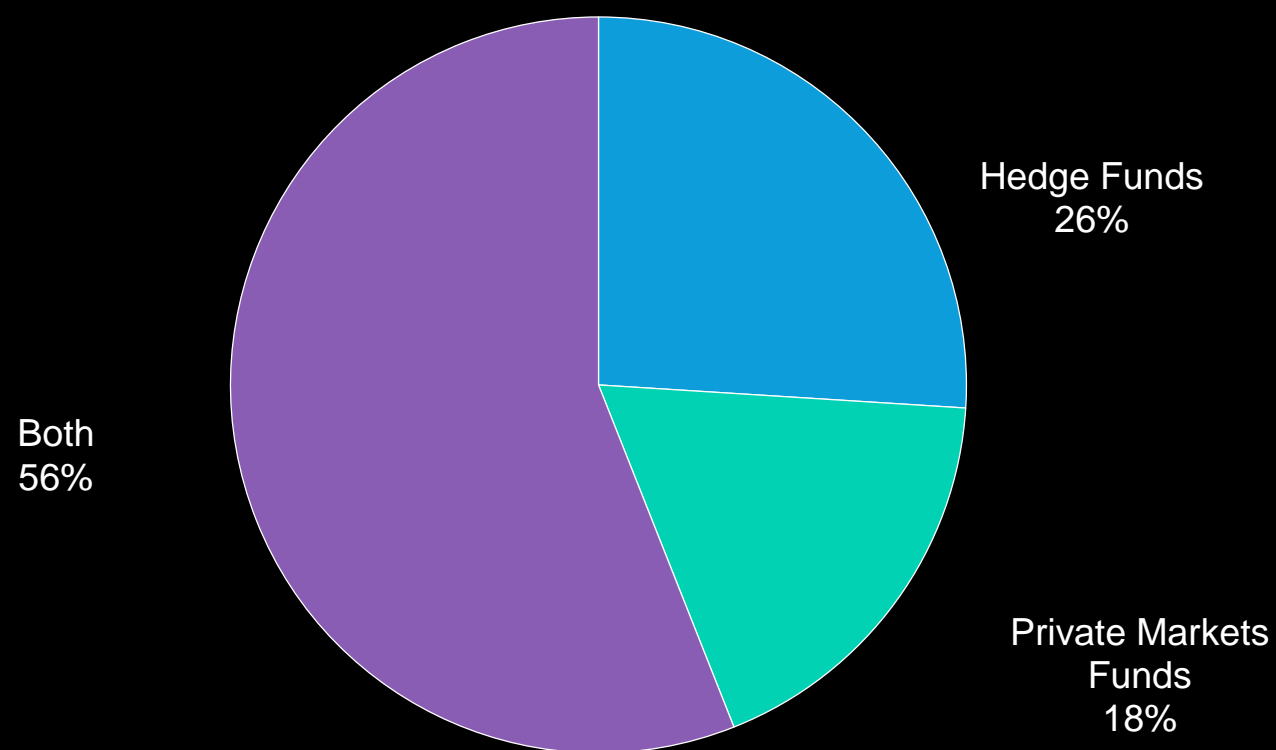
- 44% of allocators surveyed dedicated more than half of their portfolios to alternatives
- Just over a quarter (28%) of allocators surveyed dedicated their entire portfolios to alternative funds



# Section 1: Surveyed Universe

- Most allocators surveyed (56%) allocated to both Hedge Funds and Private Markets Funds\*

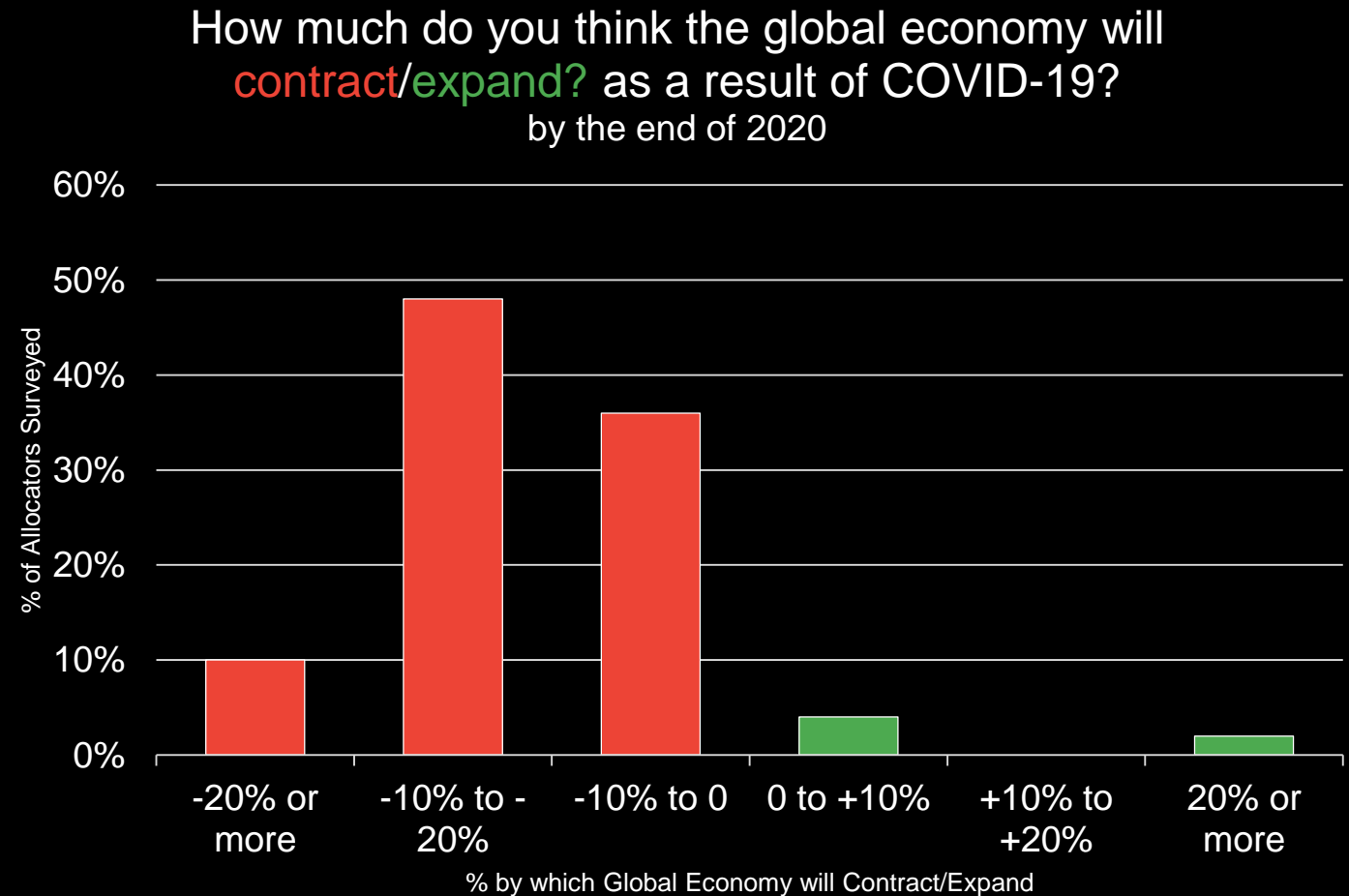
What types of alternative funds do you allocate to?



\*Private Equity, Private Debt, Real Estate, Venture Capital, etc.

## Section 2: Economic Outlook Sentiment

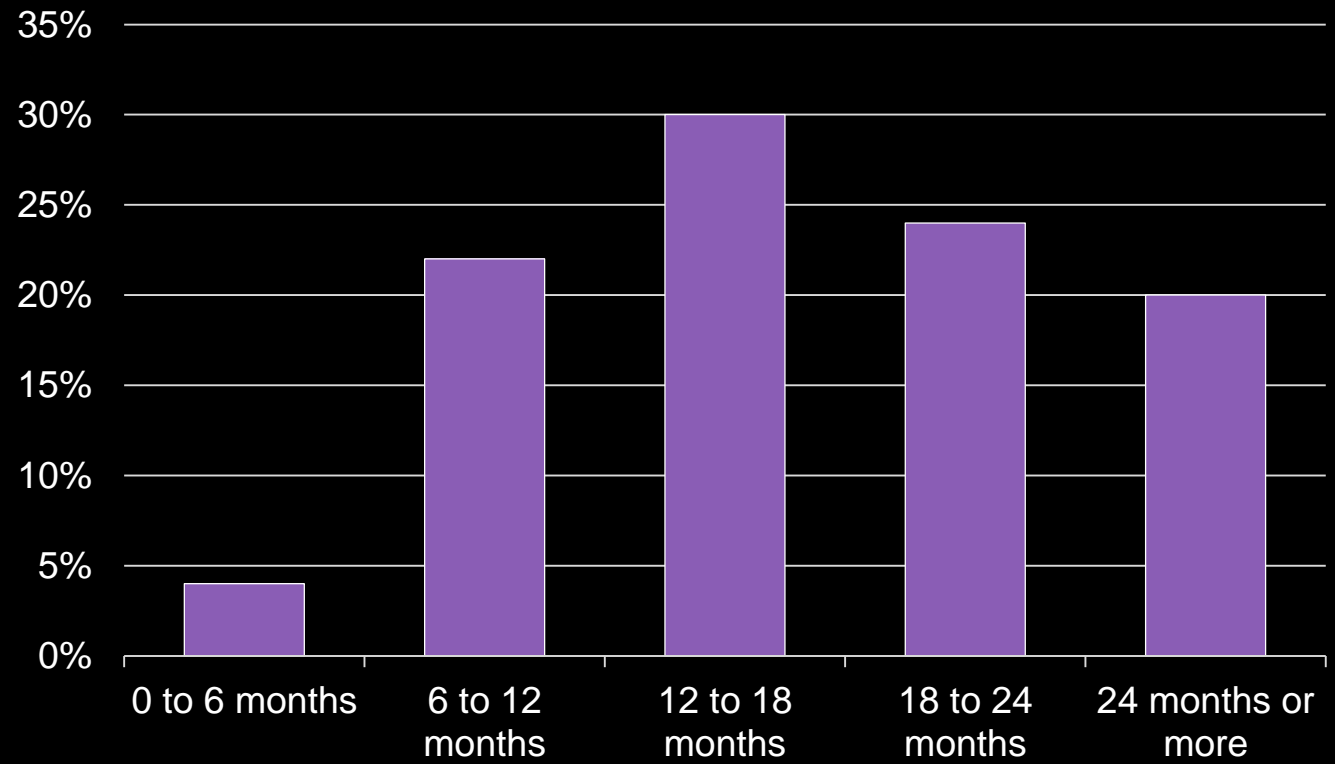
- A broad majority of allocators surveyed (94%) believe the global economy will contract by end of 2020, as a direct result of COVID-19
- Most believe we will see a contraction of between -10 to -20%



## Section 2: Economic Outlook Sentiment

- 80% of surveyed allocators saw the effects of COVID-19 being the major factor driving fund performance up to 2 years
- 20% of surveyed allocators see the effects lasting beyond 2 years

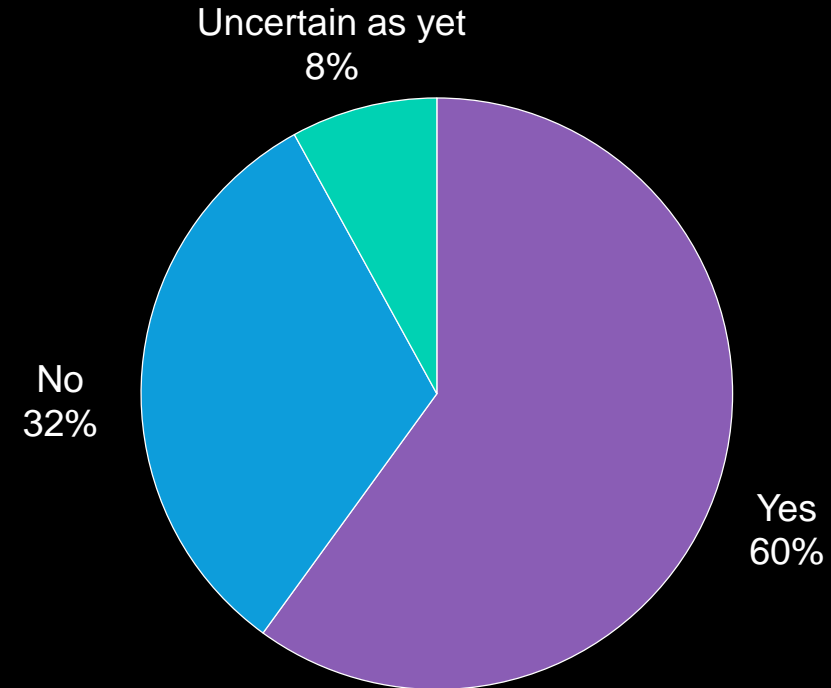
When do you expect the effects of COVID-19 will no longer be the major factor in driving fund performance?



## Section 2: Economic Outlook Sentiment

- In response to COVID-19, most allocators (60%) have decided to re-position, or plan to re-position, their portfolio's asset allocation

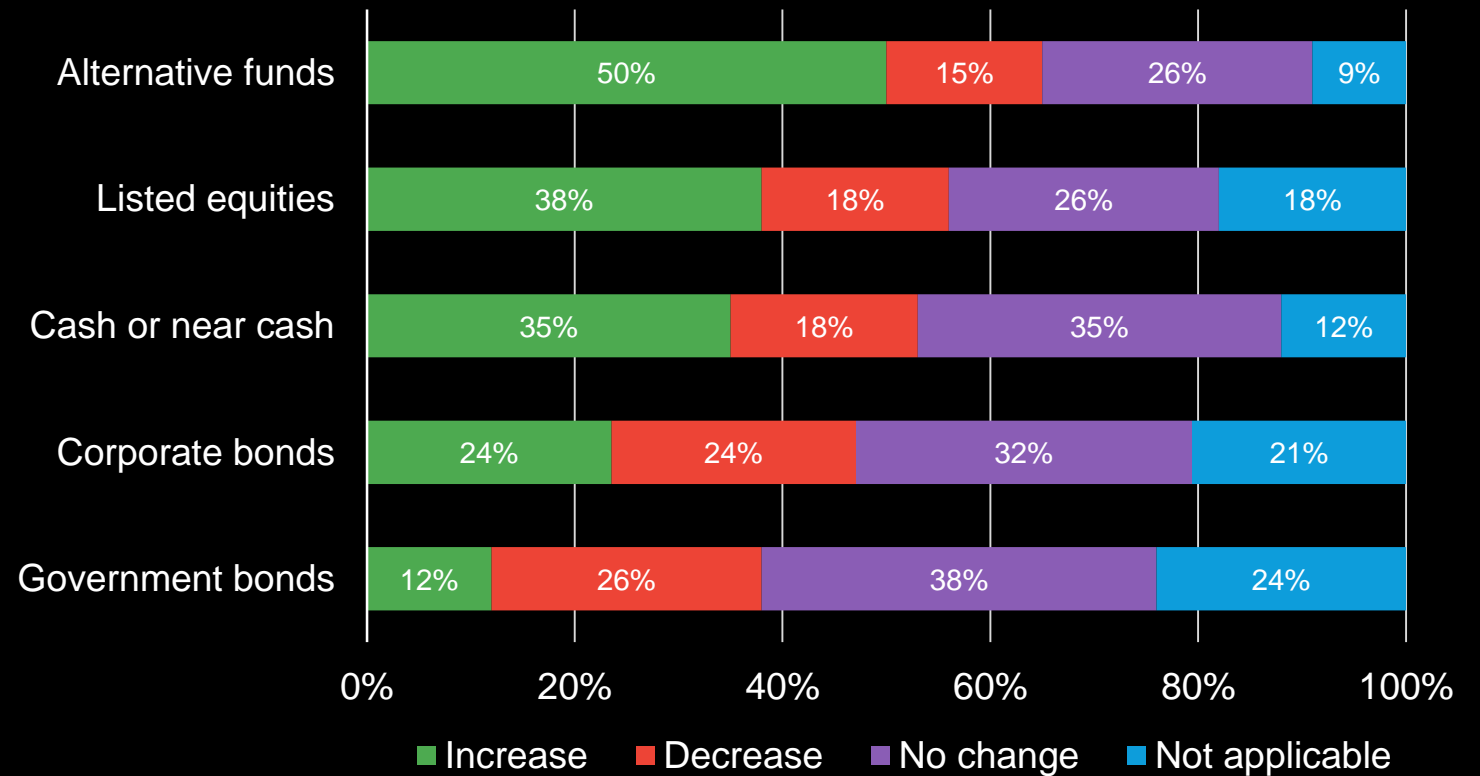
Have you re-positioned or will you re-position your portfolio's asset allocation in response to COVID-19?



## Section 3: Portfolio Re-Positioning

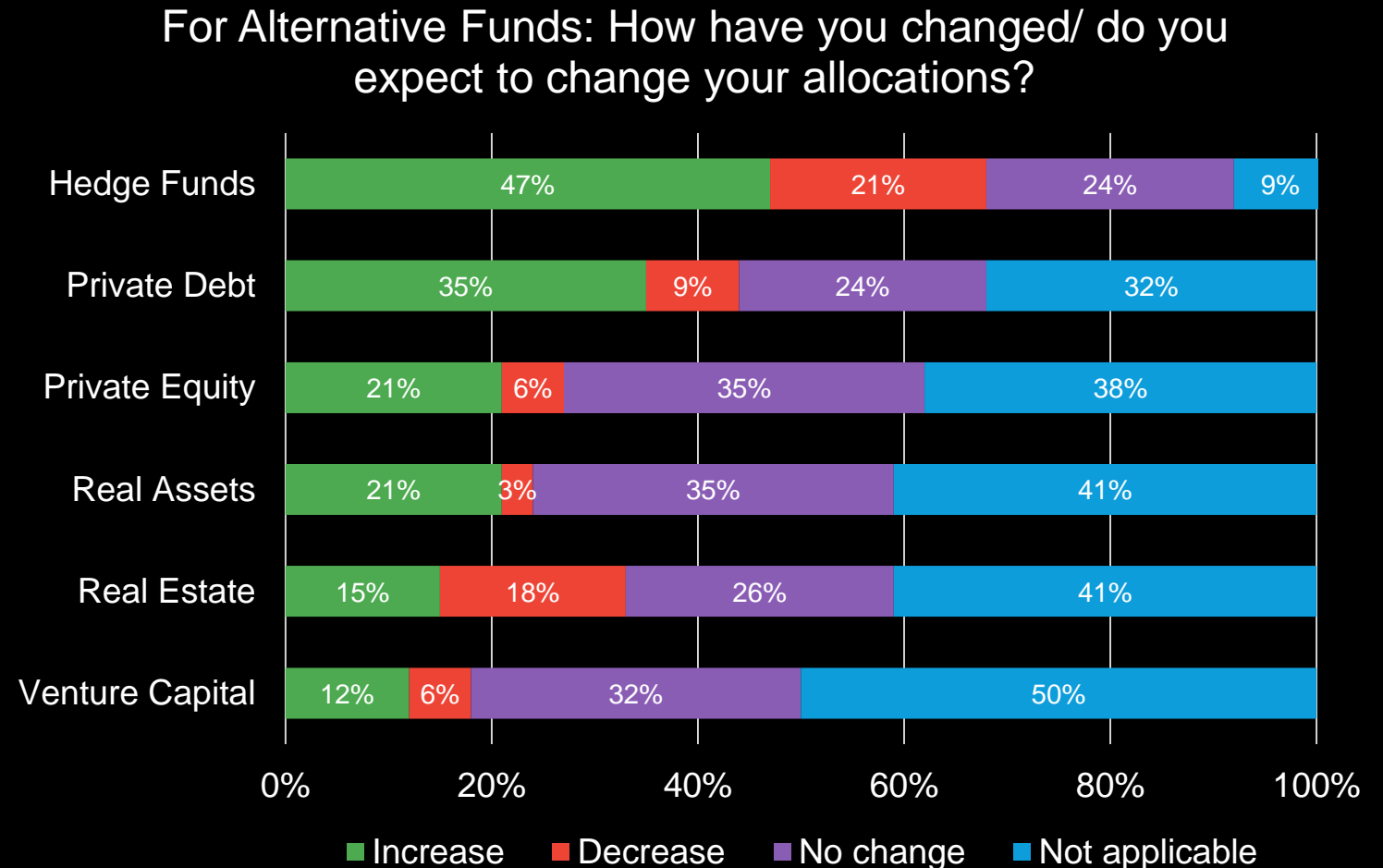
- 50% of surveyed allocators have increased or indicated a plan to increase allocations to Alternative Funds
- About a quarter decreased or indicated a plan to decrease their allocation to government and corporate bonds (26%, 24%)

How have you changed/do you expect to change your allocations for each asset class?



## Section 3: Portfolio Re-Positioning

- Most of the allocators surveyed predominantly invested in Hedge Funds, Private Debt and Private Equity
- Hedge Funds and Private Debt Funds saw the largest increase or expected increase for allocations (47%, 35%)
- Real Estate and Venture Capital saw the smallest increase or expected increase (15%, 12%)

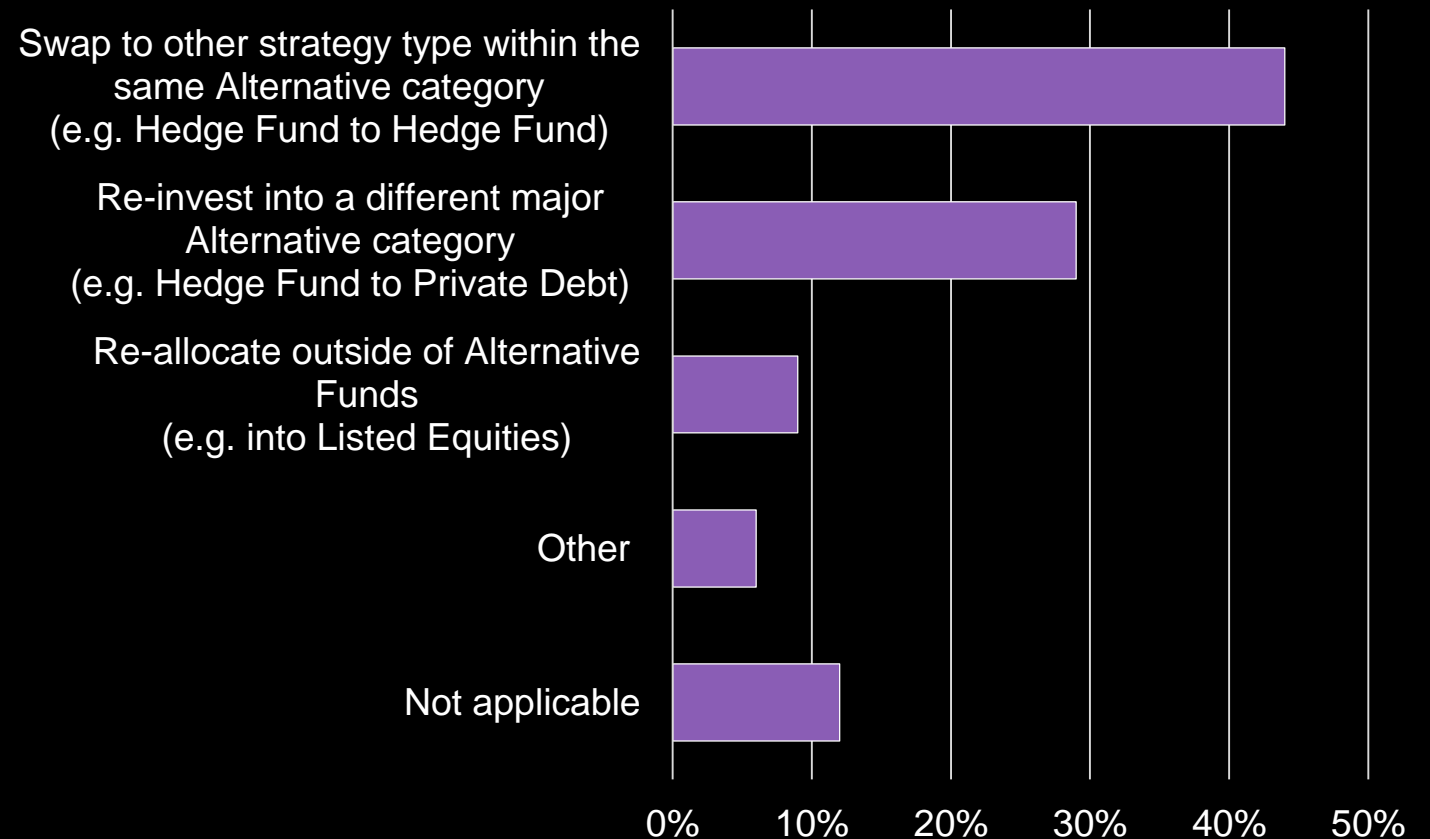




## Section 3: Portfolio Re-Positioning

- 73% of allocators surveyed intend to keep their allocations within alternatives; either in a different strategy within the same alternative category (e.g. hedge fund to hedge fund) or a different major alternative category (e.g. hedge fund to private debt)
- A minority (9%) of respondents sought to move their capital outside of alternatives funds (e.g. into listed equities)

In re-positioning to one or more categories, what is your major change?



# Section 3: Portfolio Re-Positioning

## Hedge Fund Strategies

- Long/Short Equity, Distressed Debt, and Global Macro proved to be the most interesting hedge fund strategies
- Fund of Hedge Funds, Long-Biased Equity, and Private Debt were shown to be the least appealing strategies

Hedge Funds: which strategies are currently  
**LEAST/MOST** interesting to you?

Allocators surveyed selected up to 3 strategies for each



# Section 3: Portfolio Re-Positioning

## Private Markets Strategies\*

- Likewise, Debt strategies (Distressed, Special Opportunities), and Buyout (Small and Mid Cap) proved to be the most interesting private markets strategies
- Fund of PE Funds, Buyout (Large Cap), Venture (Seed), and Real Estate were the least appealing strategies

Private Markets: which strategies are currently  
**LEAST/MOST** interesting to you?

Allocators surveyed selected up to 3 strategies for each

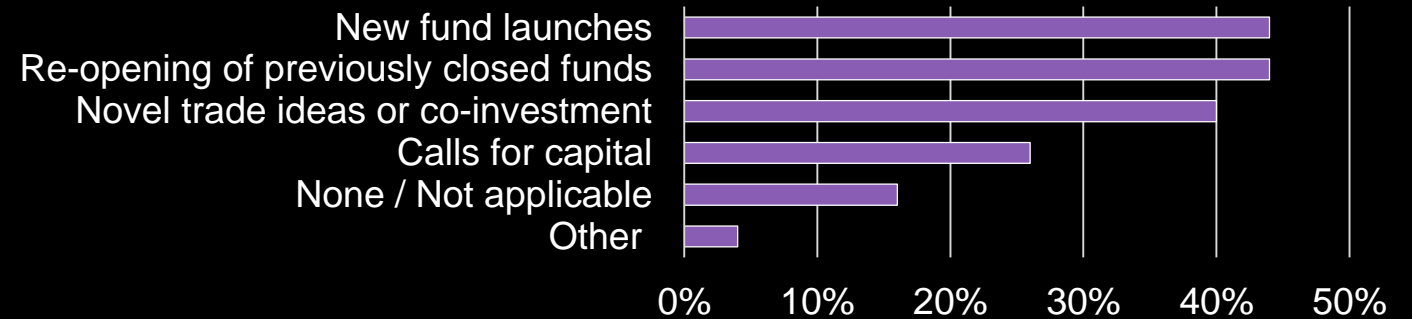


\*Private Equity, Private Debt, Real Estate, Venture Capital, etc.

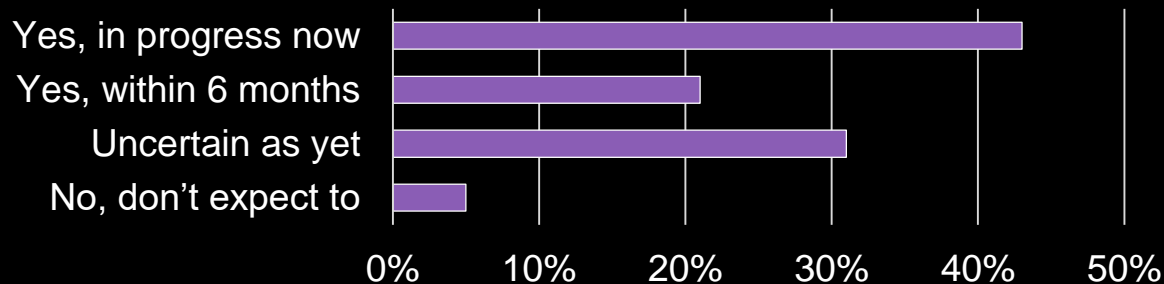
## Section 4: New Fund Product Offerings

- Alternative fund managers have responded to the market impacts presented by COVID-19 by being nimble to provide new opportunities...

Have funds presented you with any idiosyncratic opportunities as a result of market impacts from COVID-19?



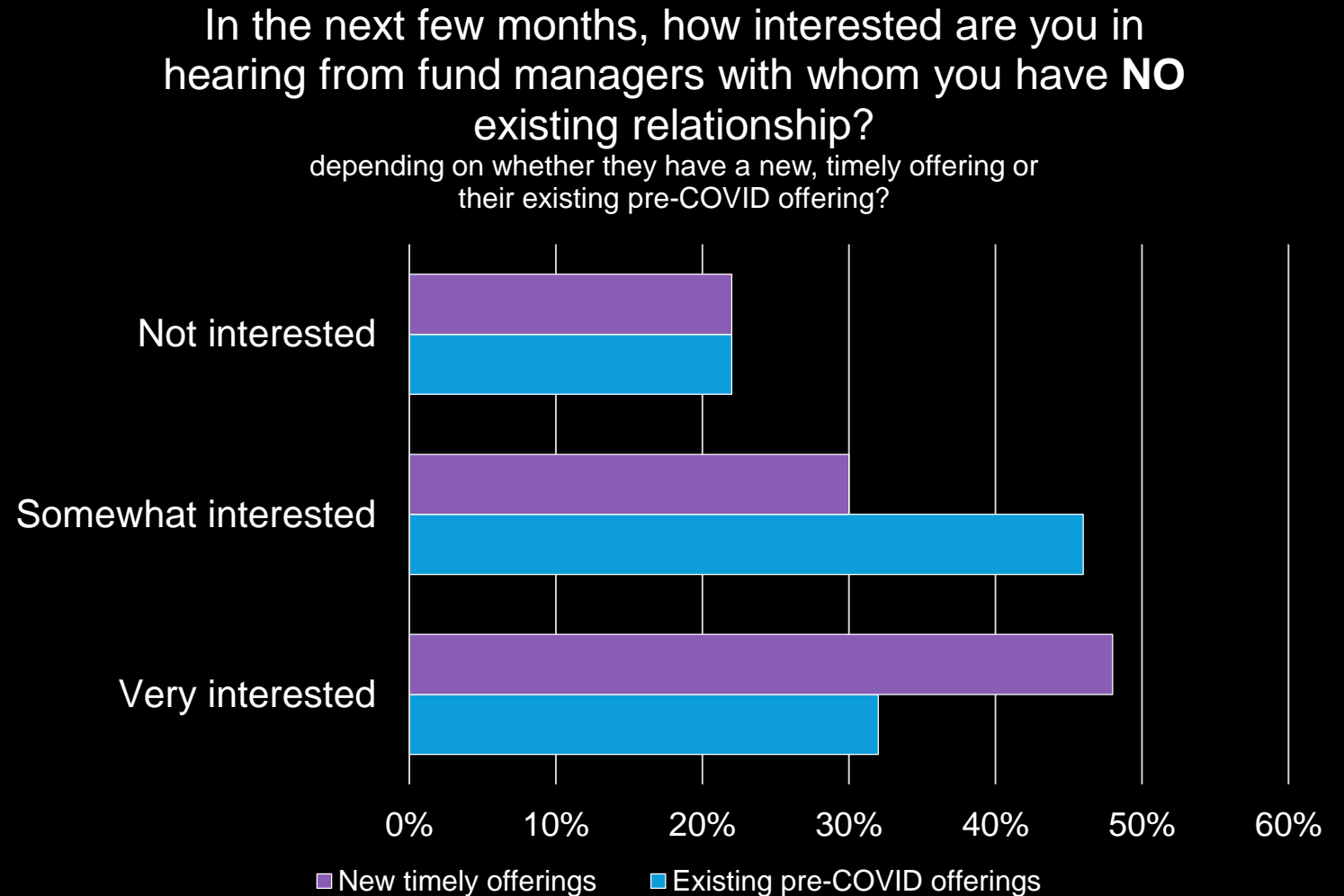
Are you investing in one or more of these idiosyncratic opportunities?



...and allocators surveyed are eager to take advantage of those new opportunities

## Section 4: New Fund Product Offerings

- When it comes to being approached by new funds that allocators surveyed have **NO** existing relationship with, new timely product offerings spur the most interest
- A proportion of allocators are not interested to hear about existing pre-COVID offerings or new timely offerings in the next few months



# **Bloomberg Mandates Platform**

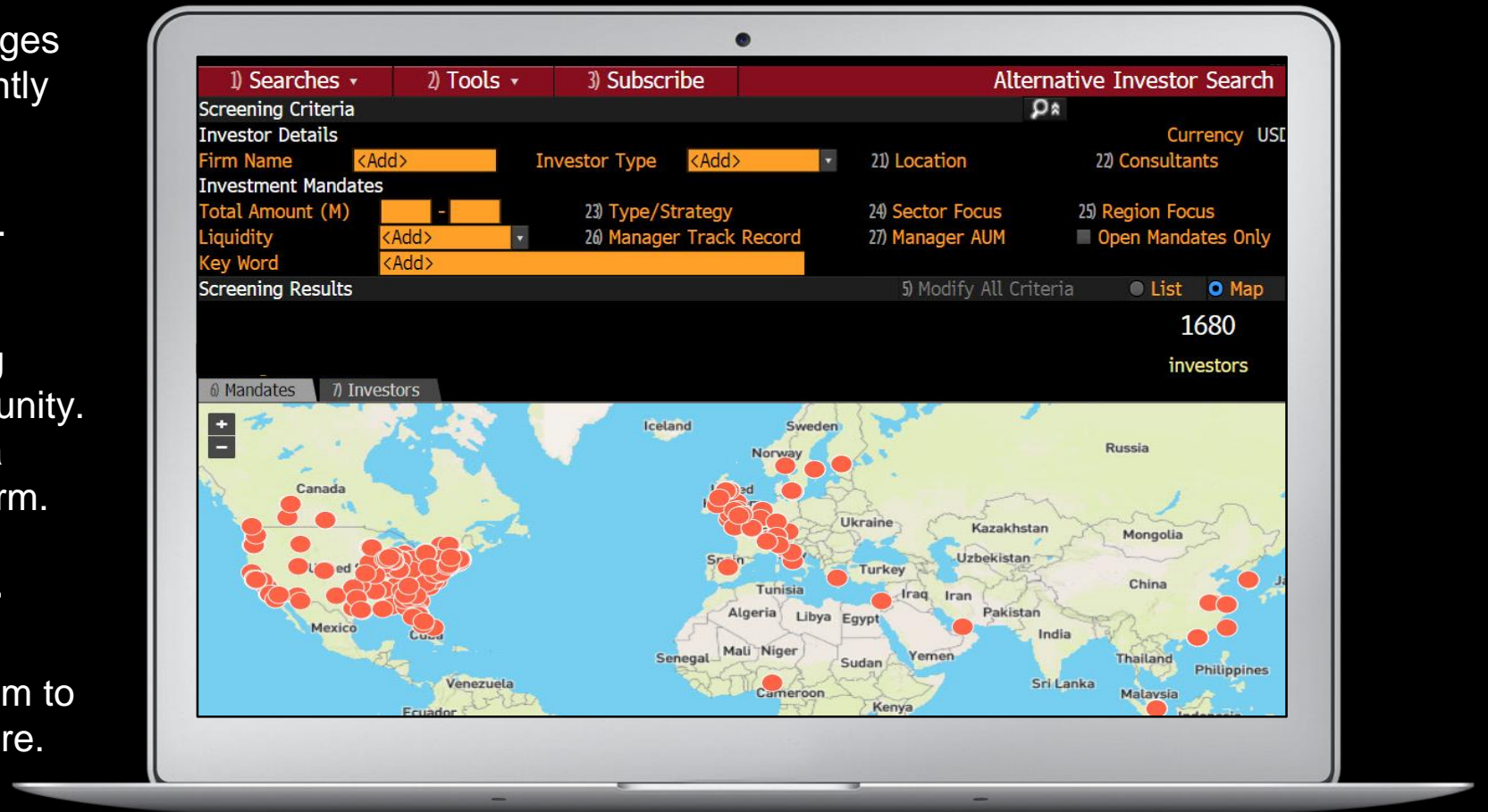
# Bloomberg Mandates Platform: MNDS <GO>

Bloomberg Mandates Platform leverages Bloomberg's global network to efficiently connect institutional investors with alternative funds to assist in manager research and capital raising.

Restricted to funds, end institutional investors and consultants, Bloomberg Mandates Platform is a closed community. Institutional investors do not require a Bloomberg Terminal to use the platform.

The function is found at **MNDS <GO>**

Contact the Bloomberg Mandates team to leverage our network and to learn more.



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