

## NEW STUDY REVEALS GAP IN EXPOSURE TO DIRECT OWNERSHIP OF REAL ASSETS

- 57% of investors believe direct ownership is best approach but only 43% currently use it, research<sup>1</sup> shows

A new study reveals that institutional investors are set to increase their direct ownership of real assets as their current exposure lags their preferred level by 14%.<sup>1</sup>

The research,<sup>1</sup> commissioned by Aquila Capital ('Aquila'), one of Europe's leading independent alternative asset managers, shows that more than half (57%) of institutional investors in Europe believe direct ownership is the best way to exploit opportunities in real assets - yet currently this approach is adopted by 43%. The findings reveal that specialised investment funds are used by 38%, closed-ended funds by 32%; and both club deal/co-investments and managed accounts by 16% of institutional investors.

Nine out of 10 investors (90%) said they had some exposure to real assets and 44% had more than 10% exposure. Property was the most popular asset, with 74% of investors having exposure to it, followed by infrastructure (37%); commodities (26%); renewable energy (21%); timber (18%); shipping (7.9%) and farmland (2.6%).

The study shows that the most significant deterrent to investing in real assets is the lack of liquidity, which was cited by 55% of respondents. Other reasons cited include institutions' lack of understanding of real assets (33%); limited long-term performance history (30%); a lack of suitable investment products (25%); fear of poor returns (23%) and unwillingness to diversify into 'untested' investment sectors (20%).

For real assets to be more compelling, institutional investors say product providers must demonstrate greater transparency (60%); assets should be run by managers with experience of managing them (41%); fees should be lower (32%); due diligence should be clearer (30%); and products need better scalability (14%). They also say investors need to have a clearer understanding of the risk-return profile of real assets (41%).

**Stuart MacDonald, Managing Director, Aquila Capital**, commented: "There is a growing appreciation among institutional investors of the benefits of direct ownership of real assets and over the coming years we can expect to see a narrowing of the gap between actual and desired levels of this approach.

"These findings show that institutional investors are fully aware of the opportunities in real assets but to attract their capital, managers have to demonstrate a strong and long established performance track record.

"Real assets are supported by long-term macro trends and can deliver strong, inflation-protected income with high investment security, manageable risk and inflation protection with limited correlation to the traditional asset classes of equities and fixed income."

Aquila Capital offers an extensive range of products offerings with a range of specialised real assets investment funds, which offer institutional investors the opportunity to access investment solutions including agriculture, timber and renewable energies.

<sup>1</sup>Source: Research carried out among 54 institutional investors based in the UK and Europe February 3-14 2014

## Notes to editors

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**About Aquila Capital**

Established in 2001, Aquila Capital is a leading provider of alternative and real asset investments. The firm focuses on distinctive areas of investment that are supported by macroeconomic fundamentals and offer the potential to generate uncorrelated, above average returns on a sustainable basis. Concentrating on these areas, Aquila Capital draws on the expertise of ten highly qualified, independent investment teams to generate a long-term edge.

Aquila Capital is part of the Aquila Group, headquartered in Hamburg with investment management and operations in nine offices including Zurich, London, Frankfurt and Singapore. The Group currently has over 250 staff and EUR 7.2 billion assets under management. For more information, visit: [www.aquila-capital.com](http://www.aquila-capital.com)

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