

## INSTITUTIONAL INVESTORS PREDICT SHARP RISE IN REAL ASSETS EXPOSURE

- Almost half of institutional investors (44%) say they have more than 10% exposure to real assets

The majority (60%) of European investors expect to see institutional allocations to real assets increase over the next three years, according to new research<sup>1</sup> by Aquila Capital ('Aquila'), one of Europe's leading independent alternative asset managers. Of these, one in five (21%) expect the rise to be 'significant' while only 7% expect institutions to reduce their exposure.

While nearly half (44%) of investors say they have more than 10% exposure to real assets, more than four times as many respondents are positive on the investment outlook for the asset class (41%) compared with those who are negative (10%).

Property was ranked as the real asset type offering the greatest investment opportunities over the next five years (33%), followed by infrastructure (18%); commodities (15%); farmland (15%) and renewable energy (15%).

Aquila's study identifies the key drivers behind institutions' increasing appetite for real assets. These are long-term positive cashflows (56%); protection against inflation (56%); portfolio diversification thanks to modest correlation with other asset classes (42%); continued need for attractive risk/returns profile (27%); and growing familiarity with the asset class due to existing allocations (17%).

There are a number of factors supporting the case for real assets over coming decades, including the increasing global population (55%), increasing standards of living, especially in emerging markets (51%); out of date infrastructure in need of modernisation (50%); increasing industrialisation and urbanisation (44%); and long term supply/demand imbalance (41%).

Aquila's findings are echoed by Towers Watson's latest Global Pensions Asset Study<sup>2</sup>, which reports an increase in exposure to alternatives generally from 5% to 18% of portfolios from 1995 to the end of 2013.

**Stuart MacDonald, Managing Director, Aquila Capital**, commented: "This study underlines the extent to which real assets are evolving into a mainstream asset class that will increasingly feature in investor portfolios alongside other alternative investments. Our own experience supports this trend as we are seeing a continued rise in enquiries from investors in our real assets products."

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

<sup>2</sup>Source: Towers Watson, Global Pensions Asset Study – 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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