

BAI publishes Investor Survey 2021 – German investors set standards in expanding the sustainable portfolio with Alternative Investments

- BAI Investor Survey with new record number of participants (104 institutional investors, around €1,700 billion Assets under Management)
- German pension scheme gives Alternative Investments (AI-) sector a boost in demand; annual growth remains at 3 – 6 %
- Strategic Asset Allocation (SAA) of institutional investors totals 25 % for AI, indicating a high demand – in particular regarding private debt, infrastructure equity and private equity
- German investors are leading in ESG implementation in European comparison; greenwashing issue is taken seriously
- High dry powder remains a major challenge

Bonn, 30 November 2021. Since 2013 the **Bundesverband Alternative Investments e.V. (BAI)** conducts an annual Investor Survey. This year a new record number of participants was set. The BAI, the central organization representing the interests of the Alternative Investments industry in Germany, surveyed 104 (previous year 77) institutional investors (insurance companies, pension funds, pensions schemes, etc.), managing more than €1,700 billion (previous year €1,300 billion) Assets under Management (AuM), who offered deeper insights into their portfolios as well as into opportunities and challenges for institutional investment in Germany.

BAI board member **Andreas Kalusche** was delighted because of the record number of participants: “A large part of the German pension funds is represented in our survey and sends a clear signal: Alternative Investments are more important than ever and they play a huge role when financing the sustainable and digital transformation. AI is a growing field, particularly regarding Private Markets.”

Within the institutional portfolio real estate equity and private equity are the most widespread asset classes with 77 and 75 %. Infrastructure equity stands at 70 % and corporate debt is 66 %. Alternative Investment Funds (AIFs) continue to be reliable tried and tested access vehicles for German investors.

Frank Dornseifer, managing director at BAI, commented on the results: “German investors have a great expertise in dealing with Alternative Investments. Apart from the hedge fund segment, the initial concerns have been overcome by now. The portfolio share of almost 23 % sends a strong message. This is also a significant sign for the AI sector, as investors are primarily turning to AIFs as an access channel, regardless

of whether as single fund or as fund of funds. Not only to diversify the portfolio, but also to promote ESG integration. In our view, this is an important message to policymakers and regulators: on the one hand, the AIFMD framework has proven itself in practice and therefore the review should be handled rather cautious. In particular with regard to harmonizing the regulations for credit funds. On the other hand, investors and fund managers should be given time and guidance to conquer the special challenges of ESG integration.”

As in the previous year, ESG has been a main topic of this year’s survey. 66 % of the German investors pursue a dedicated ESG strategy, while in a European comparison only just under 50 % of investors do so.

Philipp Bunnenberg, analyst at BAI and in charge for Alternative Markets, emphasized: “The main reasons investors have for pursuing a sustainable investment strategy are in particular the avoidance of reputational risks, intrinsic interests and the expectations of policy holders or clients and members. It is remarkable, that all three ESG aspects are considered almost equally. This shows the professionalism of German investors when dealing with ESG risks. Investors note the problem of greenwashing. However, they seem to rely more on their own due diligence rather than to trust on regulation in this respect. “

As in the previous year, the most frequently mentioned investment challenge is dry powder, which is available in funds, particularly in private equity, private debt and infrastructure equity sectors.

For the first time, at least a small allocation in the area of crypto assets/tokens was identified in the survey. However, these are mainly directly attributable to foundations and family offices.

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