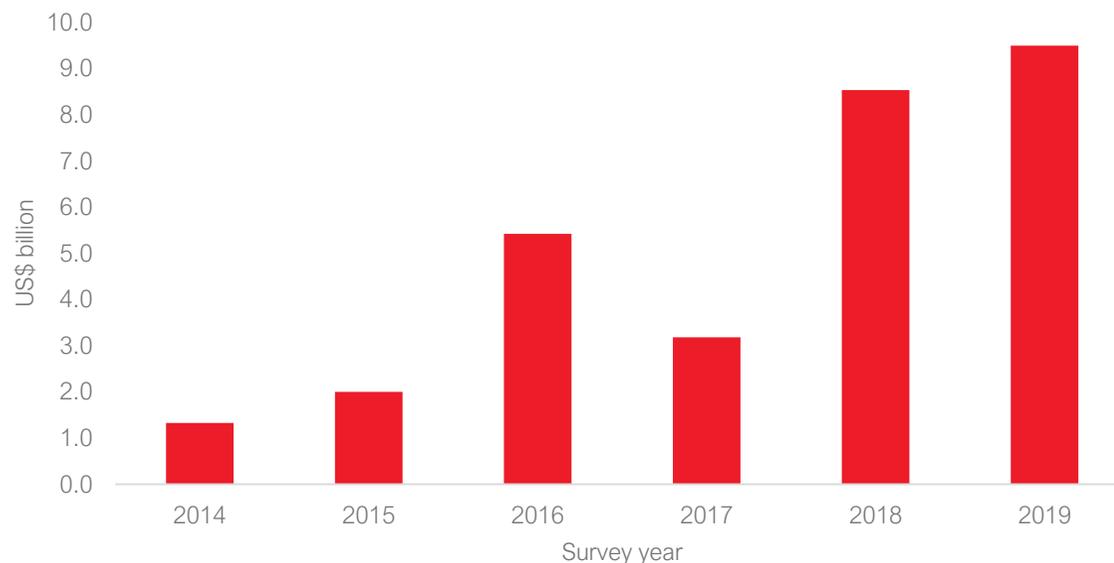


## Funds of funds deliver sixth year of positive performance

- At least a fifth of investors are looking to maintain or increase their exposure to funds of funds
- Global strategy vehicles represent the largest share of funds of funds
- As a group, funds of funds delivered positive returns of 6.7% in 2018

At least one out of five institutional investors plan to increase or maintain their allocations to funds of funds over the next two years. Investments into these vehicles remain at record levels with a total USD9.5 billion of new equity raised for funds of funds globally, consistent with the USD8.5 billion that was raised in 2017.

Figure 1: Capital raised for real estate funds of funds globally



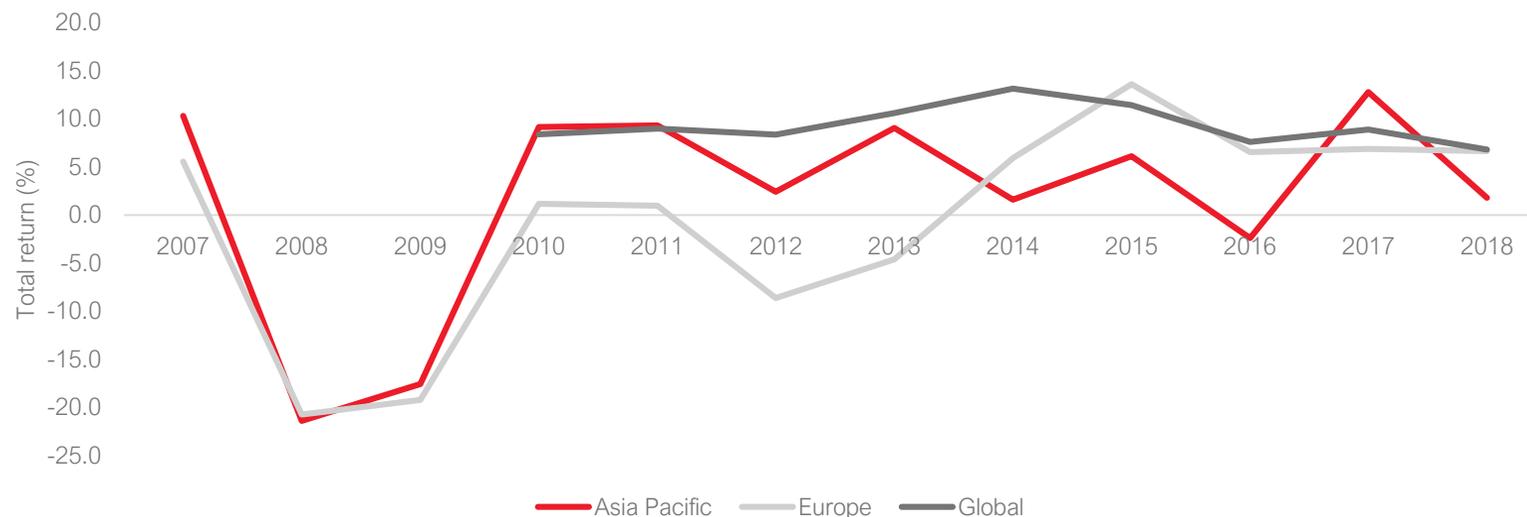
As such, total real estate assets under management (AUM) for funds of funds globally reached USD31.5 billion at the end of 2018 and have been averaging around USD25.3 billion since 2016.

Vehicles with global strategy make up the largest number of vehicles in the funds of funds universe, 25 out of 51. They also dominate by size representing 89.3% of total NAV. European funds of funds are next but are much further behind with 7.2%. Asia Pacific funds of funds represents 3.2% of total NAV.

By style, value added funds of funds dominates the universe by number of vehicles, whereas by size, the picture is very different. Core vehicles make up the largest share of total NAV (87.3%), while opportunity funds of funds account for the lowest share, representing just 3.5% while value added funds of funds make up the remaining 9.2%.

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Figure 2: Performance of funds of funds by target region



Across all regional strategies, funds of funds enjoyed positive performance, delivering an aggregate performance of 6.7% over 2018.

In 2018, Global funds of funds outperformed other region with a total return of 6.8%. Funds of funds with a European strategy delivered a performance of 6.6% meanwhile funds of funds investing in Asia Pacific showed the lowest returns of 1.3% in 2018 compared to high performance in 2017 of 12.8%.

For the third year in a row, open end funds of funds outperformed closed end ones. The gap between them was substantial: 7.2% for open end vehicles versus 1.3% for closed end.

In terms of vintage, vehicles that were launched in the 2008 to 2018 period experienced the best returns, significantly outperforming their older peers (that is, funds of funds launched prior to 2008).

In terms of vehicle size, vehicles of all sizes delivered positive returns in 2018. Large-sized vehicles (NAV greater than €300 million) delivered a total return of 7.3%, outpacing medium-sized vehicles (NAV in the range of €100 - €300 million), which returned 3.8% and smaller vehicles (NAV less than €100 million), which returned 0.6%.