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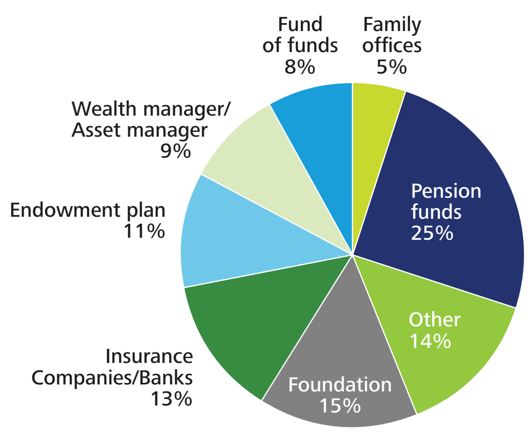
2014 ALTERNATIVE INVESTMENT OUTLOOK: Championing Growth

2014 ALTERNATIVE INVESTMENT PRIORITIES

Attracting new assets with scale and differentiating strategies

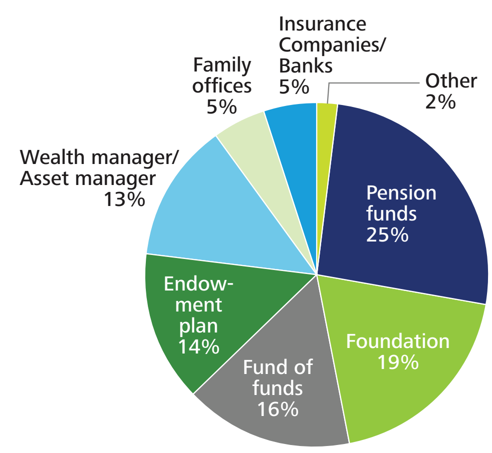
- Institutional investors are likely to allocate a higher percentage of their portfolio to alternative investments going forward
- Big funds will likely continue to get bigger, receiving the lion's share of institutional allocations
- Some institutional investors will look to diversify a portion of their holdings to emerging fund managers
- More alternative investment funds will likely go mainstream to pursue retail clients through '40 Act funds and UCITS

BREAKDOWN OF PRIVATE EQUITY INVESTORS



SOURCE: 2013 PREQIN INVESTOR NETWORK GLOBAL ALTERNATIVES REPORT

BREAKDOWN OF HEDGE FUND INVESTORS



SOURCE: 2013 PREQIN INVESTOR NETWORK GLOBAL ALTERNATIVES REPORT

Creating a competitive advantage through better data

- Alternative investment funds are looking to harmonize information into a single data platform to create greater transparency and customized client solutions
- More alternative investment funds will invest in a comprehensive data strategy that wraps in data warehousing and advanced data modeling
- Alternative investment funds will likely make room for a chief data officer to run the technology agenda

POLL QUESTION:

How is your firm currently handling the data challenges confronting the industry?

Proactively, we have a strategy and dedicated resources	29%
Currently evaluating a strategy and aligning resources	33%
Reactively, just trying to keep up with all the data requirements needed by investors and regulators	25%
No strategy in place	13%

SOURCE: DELOITTE DBRIEFS, 2014 INVESTMENT MANAGEMENT OUTLOOK, JANUARY 14, 2014

Managing external relationships and reputational risks

- Alternative investment managers will be more strategic about identifying and weighing risks when allocating resources
- More alternative investment funds are establishing service provider oversight frameworks to better manage their extended enterprise
- Alternative investment managers will take a more vigilant approach to cyber preparedness and establish an incident response team for cyber breaches

POLL QUESTION:

Which cyber threat has you most concerned in 2014?

Insider threats coming within your organization	8%
External threats e.g. service partners, vendors	40%
Evolving technology	36%
Organized crime	16%

SOURCE: DELOITTE DBRIEFS, 2014 INVESTMENT MANAGEMENT OUTLOOK, JANUARY 14, 2014

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