



Investor Compendium 2021



Editor's letter

The institutional alternative investment wave swells as investors seek new sources of long-term alpha for a new, post-pandemic world

2020 was a year like no other, not only due to COVID-19 era restrictions, but also in the realm of alternative investments, as 2020 held some surprises for long-time industry veterans.

In the first annual *Alternatives Watch Investor Compendium* we aim to shed some light on those trends via our investment mandate reporting that tracks investor activity across private equity, private debt, hedge funds and real estate.

So what have we discovered? Not only did money flood into a variety of strategies throughout last year, but investors have committed long-term to strategies that historically they perhaps would have only dabbled in. Thanks to record stock market gains fueled by low interest rates and unbridled optimism, investors are stashing cash in new areas in order to further diversify their future return streams.

Here in our first annual guide, we provide a unique snapshot of the institutional investor search for returns in a rapidly changing set of market conditions.

We uncovered roughly \$103 billion in capital allocations across over 600 investment mandates in our reporting last year. Private equity, private debt, real estate and hedge funds have all gathered large sums of capital – mostly in the second half of 2020.

Much of the activity tracked was among public pension plans broadening their exposures to private equity via niche sector dedicated offerings in areas such as healthcare, financial services and technology. Even music royalties have taken off as a strategy. Endowments and sovereign wealth funds also moved forward with venture capital investments as well as hedge fund allocations.

The pandemic's role in strategy selection cannot be ignored either, as real estate managers have seen traction with unique logistics funds as consumers rely on home delivery of basic goods including groceries. REITs investing in grocery stores proved popular as did investments in laboratory real estate. So did investments in studio space for streaming entertainment services.

In hedge fund land, long/short equity is still in demand as a source of capital protection and alpha as volatility and stock dispersion grow across the global equity markets. While inflows slowed in the first half of 2020, a notable pick-up in allocations began around year-end that industry observers expect to continue well into this year.

As the lockdown began, the headline-stealing strategy went into full asset gathering mode – distressed debt and dislocation plays. The billions raised in only a matter of weeks in the first half of 2020 are still being put to work even as investors continue to pile money into the space and away from traditional U.S. Treasury holdings and investment grade debt.

In the pages that follow, we take an in-depth look at the 10 most active allocators as ranked by assets allocated to alternatives in 2020. Those allocators account for \$1.4 trillion in institutional assets under management, mostly on behalf of retirees. These 10 portfolios have a combined \$432 billion in alternative investments and put another \$68 billion to work in 2020.

We then drill down by strategy to see how much each strategy raised and which managers saw the most activity. Additionally, we provide a snapshot of which investors put money to work in each of the top firms by strategy.

And that leaves us pondering what is on the agenda for 2021. At the bottom of each investor profile, we offer some detail on what trustees are planning for this year. Most are continuing to eye private equity, while others have boosted aims to hire diverse investment managers and contributions to ESG initiatives via their alternative investment portfolios.

All eyes are on the U.S. stock market and how resilient it proves to be as the global economy struggles to recover from the long-term lockdowns. With U.S. monetary policy and fiscal policy set to reshape institutional investor portfolios for decades to come, this year could be even bigger for alternative investment strategies as allocators shift from passive equity plays to active management across the board. We here at *Alternatives Watch* will keep an eye on it all and provide the day-to-day analysis of the growing complexity in allocator portfolios.

Susan Barreto

Editor

Alternatives Watch



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Top 10 alternatives allocators of 2020

Overall, we tracked 600 mandates among roughly 50 investors. At a glance, here are the 10 most active allocators in alternative asset classes. The ranking is by how much each put to work combined across private equity, private debt, real estate and hedge fund strategies. Below the plans are ranked by the size of the overall alternative investment exposure. In the profiles that follow, the order was determined by the assets put to work in alternatives in 2020.

California State Teachers' Retirement System

Total assets: \$286 billion

Alternative investment exposure: \$91 billion

Annual Return: 3.9% for the year ending June 30, 2020 (Alts: Private Equity -0.1%, Real Estate 6.4%, Risk Mitigating Strategies 7.8%, Innovative strategies -2.7%)

Florida State Board of Administration

Total assets: \$235 billion

Alternative investment exposure: \$59 billion

Annual return: 12.9% (Alts: Real Estate 1.1%, Private Equity 21.1%, Strategic Investments 3.7%)

Washington State Investment Board

Total assets: \$164.9 billion

Alternative investment exposure: \$59 billion

Annual return: 12.4% (Alts: Tangible Assets 1.8%, Real Estate 6.1%, Private Equity 18.0%)

New York State Common Retirement Fund

Total assets: \$248 billion

Alternative investment exposure: \$56 billion

Annual Return: 10.1%

Virginia Retirement System

Total assets: \$92 billion

Alternative investment exposure: \$47 billion

Annual return: 10.3% (Alts: Credit Strategies 7.4%, Real Assets 1.3%, Private Equity 16.7%, Private Investment Partnerships 1.7%)

Oregon Investment Council

Total assets: \$82 billion

Alternative investment exposure: \$40 billion

Annual return: 7.7% (Alts: Private Equity 12.7%, Real Estate 2.7%, Opportunity Portfolio 10.2%)

Massachusetts Pension Reserves Investment Management Board

Total assets: \$87 billion

Alternative investment exposure: \$26 billion

Annual Return: 12.1% (Alts: Private Equity 24.5%)

Los Angeles County Employees Retirement Association

Total assets: \$67 billion

Alternative investment exposure: \$25 billion

Annual Return: 10.3% (Alts: Credit 4.9%, Real Assets 0.6%, Risk reduction and mitigation 7.8%)

Teachers' Retirement System of Illinois

Total assets: \$57 billion

Alternative Investment exposure: \$22 billion

Annual Return: 7.9%

Connecticut Retirement Plans & Trust Funds

Total assets: \$38 billion

Alternative investment exposure: \$9 billion

Annual Return: 11.24% (Real Assets 1.5%, Private Investment 15.5%, Hedge Funds -1.66%)

Investor Profiles



New York State Common Retirement Fund

Assets: \$248 billion

Alternative investment exposure: \$56 billion

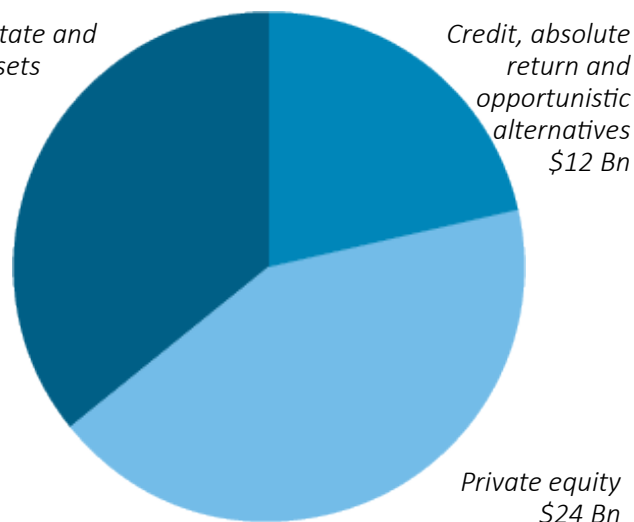
Private equity: \$24 billion

Real estate and real assets: \$20 billion

Credit, absolute return and opportunistic alternatives: \$12 billion

Alternative investment allocations in 2020: \$14.3 billion

*Real estate and real assets
\$20 Bn*



*Credit, absolute return and opportunistic alternatives
\$12 Bn*

*Private equity
\$24 Bn*

Private equity

- Ares Management
- Davis Companies
- CVC Capital
- Farol Asset Management
- KKR
- Leonard Green & Partners
- SSG Capital Partners
- MBK Partners
- Fortissimo
- NexPhase Capital
- Insight Partners
- Polaris
- EQT Partners
- Adamantem Capital
- Pitango Venture Capital
- Bridgepoint Capital Partners
- Primary Venture Partners
- Long Ridge Equity Partners
- Neuberger Berman
- Vista Equity Partners
- Blackstone Group
- Clearlake Capital Group
- S Capital
- Hamilton Lane
- Thoma Bravo
- New Era
- Valor Equity Partners

Real estate

- Ares Management
- Castlelake
- Cortland Partners
- Corten Real Estate
- I Squared Capital Partners
- Excelsior
- Fairfield Residential
- Global Infrastructure Partners
- Locus Point Capital
- NorthBridge Partners
- The Macritchie Group
- NREP AB
- Grain Management
- PGIM
- Stonepeak Partners
- ITE Management
- Carlyle Group
- Brookfield Asset Management
- Stillwater
- Grandview Partners
- NW Partners

Credit

- Avenue Capital
- Brasa Capital
- Pennybacker Capital
- Whitehorse Liquidity Partners
- Neuberger Berman
- Pearl Diver Capital

Hedge funds

- Cowen
- Stellex Capital Partners

2021 Outlook

The system's long-term asset allocation includes an investment target of 28% of overall assets to alternative investments, including private equity, real estate, real assets, absolute return strategies, and opportunistic funds. The system is also actively targeting ways to address climate change through its investment policy.

California State Teachers' Retirement System

Total assets: \$286 billion (as of Feb 28, 2021)

Alternative investments: \$91 billion

Real estate: \$36 billion

Private equity: \$31 billion

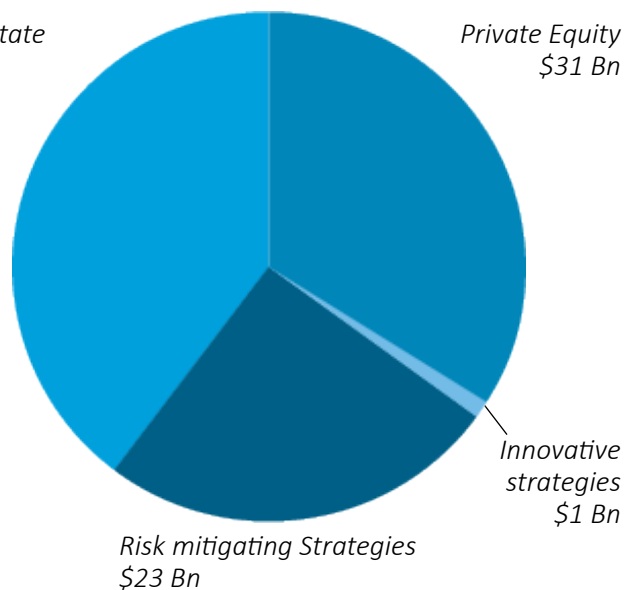
Risk mitigating strategies: \$23 billion

Innovative strategies: \$1 billion

Alternative investment allocations in 2020: \$9.4 billion

Real estate
\$36 Bn

Private Equity
\$31 Bn



Private equity

Apax Partners	Tenex Capital Management
Apollo Global Management	Palico
BC Partners	Thoma Bravo
CVC Capital	Vitruvian Partners
MBK Partners	Fortress
ICG Strategic Equity	Summit Venture
RRJ Capital	Hellman & Friedman
Blackstone	Stone Point Capital
Advent International	Riverstone
AlpInvest	Madison Dearborn Capital
Cortec Group	
TA Associates	
Francisco Partners	
Vista Equity Partners	
HgCapital	
Rubicon Technology Partners	
Summit Partners	
Clayton, Dubilier & Rice	
Spectrum Equity	

Real estate

Ares Management
Aberdeen Asset Management
GTIS
Starwood Capital Group

2021 Outlook

Trustees have been discussing important shifts within its alternative investment portfolios, including an additional allocation of up to roughly \$1.8 billion to macro strategies. Within inflation sensitive strategies, officials are also expecting to grow their exposure to commodities in from 3.6% now to 6% by 2024. The pension is relying on Albourn, which will be the advisor to the now \$24 billion risk mitigating and innovation portfolio going forward. Risk mitigating strategy consists of long duration U.S. Treasuries (40%), trend following strategies (45%), global macro (10%) and systematic risk premia (5%).

Washington State Investment Board

Assets: \$169 billion

Alternative investment exposure: \$59 billion

Private equity: \$30 billion

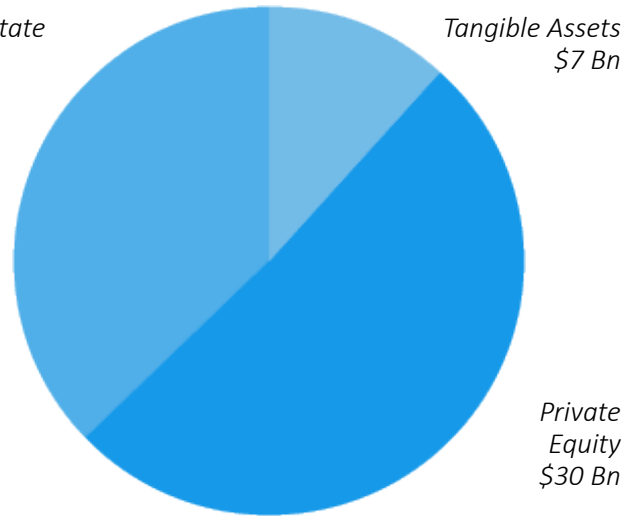
Real estate: \$22 billion

Tangible assets (real assets): \$7 billion

Alternative investment allocations in 2020: \$8.4 billion

Real estate
\$22 Bn

Tangible Assets
\$7 Bn



Private Equity
\$30 Bn

Private equity

Credit

Real estate

Madison Dearborn Capital

Insight Partners

GI Partners

Lime Rock Resources

Nordic Capital

Oaktree

TPG Capital

Thoma Bravo

Luminate Capital Partners

Searchlight Capital Partners

KKR

Trident

Cinven Partners

Hellman & Friedman

Permira

Leonard Green & Partners

Providence Strategic Growth

OHA

Aevitas Property Partners

Partners Enterprise Capital

Calzada Capital Partners

2021 Outlook

Trustees continue to focus on maintaining a well-diversified portfolio, but in recent board discussions they are also considering ESG initiatives including social justice and diversity governance issues. In addition, via Webex, trustees have outlined the impacts of meeting and doing business virtually and the current political environment as well as ability to find a scalable way to participate in venture capital.

Virginia Retirement System

Assets: \$92 billion

Alternative investment exposure: \$47 billion

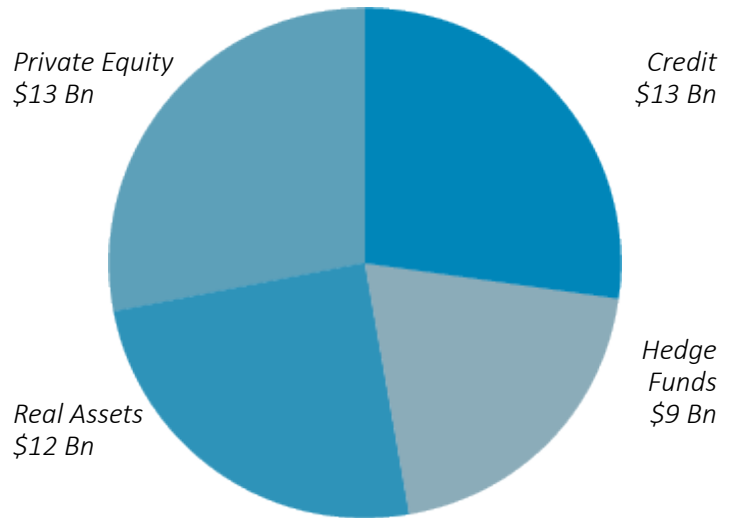
Private equity: \$13 billion

Credit: \$13 billion

Real assets: \$12 billion

Hedge funds: \$9 billion (housed across asset classes)

Alternative investment allocations in 2020: \$7.5 billion



Private equity

- Asia Alternatives
- Bain Capital
- Charlesbank Capital Partners
- CVC Capital
- H.I.G. Capital
- Insight Partners
- KKR
- Odyssey
- Thoma Bravo
- Spectrum Equity

Credit

- Aksia
- AQR
- Ares Capital
- Ares SSG
- Audax
- Carlyle Group
- Farallon Capital Management
- GTCR
- H.I.G. Capital
- Montalto (VRS internal management)
- Oaktree
- PGIM

Real assets

- Apollo Global Management
- Carson Companies
- Digital Colony
- iCON Infrastructure Management
- Harrison Street
- Taurus Funds Management
- Stonepeak

2021 Outlook

The pension system executive staff continue to seek diversification and to invest in strategies that help soften market declines while taking advantage of market factors that have proven to be effective in generating above index returns over the long run. Staff also is considering ways of integrating ESG data into the portfolio construction process and to monitor VRS's portfolio exposure to ESG-related issues. The team seeks to use NLP techniques to extract text data from 13F, 10-K, 10-Q, and 8-K corporate filings from the SEC Edgar database.

Oregon Investment Council

Assets: \$82 billion

Alternative Investment Exposure: \$40 billion

Private Equity: \$19 billion

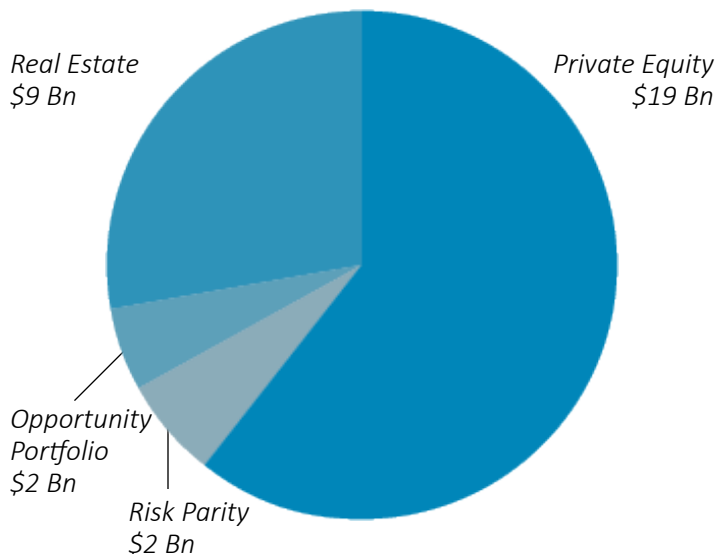
Risk Parity: \$2 billion

Opportunity Portfolio: \$2 billion

Real Estate: \$9 billion

Alternative Investments: \$8 billion

Alternative investment allocations in 2020: \$7.3 billion



Private Equity

- Clearlake Capital Group
- Thoma Bravo
- Vitruvian Partners
- CVC Capital Partners
- Sherpa Healthcare Partners
- Oaktree Capital
- TPG Capital
- Centerbridge
- GGV Capital
- GTCR
- Pathway
- Union Square Ventures

Real Estate

- Stonepeak
- GID
- Nuveen
- LS Power
- Abacus Capital Group
- Sculptor Capital
- Ascentris
- Waterton
- Brookfield Asset Management
- Harrison Street

Hedge Funds

- Bridgewater Associates
- Grantham, Mayo, & van Otterloo
- FORT

Private Debt

- Sixth Street
- Oak Hill Advisors
- Owl Rock

2021 Outlook

Within private equity, the current pacing plan is \$2.5 billion to \$3.5 billion per year in new commitments dispersed via 10-15 new opportunities. Yet, officials point to modest staff resources amid increasing due diligence demands and monitoring needs. The team has aimed for a pared down manager roster with less complexity. In the third quarter of 2020, Oregon began to rely on Pathway to explore liquidity solutions. Within the opportunity portfolio strategies of interest includes royalties, reinsurance, intellectual property, direct lending and multi-asset strategies. Also of interest are tactical and dislocation-oriented strategies such as bank loans and convertible bonds with a robust pipeline of opportunistic investments going into the second quarter of 2021.

Florida State Board of Administration

Assets: \$235 billion

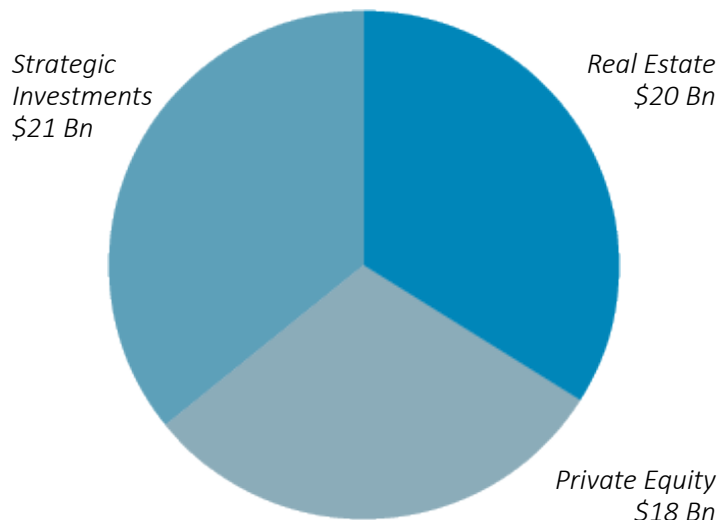
Alternative investment exposure: \$59 billion

Strategic Investments (includes hedge funds): \$21 billion

Real estate: \$20 billion

Private equity: \$18 billion

Alternative investment allocations in 2020: \$7 billion



Private equity

- Arbor Investments
- Centerbridge
- Charlesbank Capital Partners
- CVC Capital
- Francisco Partners
- Livingbridge
- Nippon Investment Company
- Silver Lake Capital
- SVB
- Thoma Bravo
- TPG Capital
- Waterland Private Equity Investments

Private debt

- Apollo Global Management
- Audax Management Company
- Blantyre Capital Limited
- Blue Torch Capital
- Carlyle Aviation Fund Management
- Cerberus Capital Management
- DoubleLine Capital
- Edelweiss Alternative Asset Advisors Pte Limited
- Kennedy Lewis
- Heitman
- CarVal Investors
- Highbridge Capital
- MSD Capital
- Oak Hill Advisors
- PAG Investment Advisors
- LCM Capital Management
- Lexington Partners
- Torchlight Investors

Hedge Funds

- Alantra EQMC Asset Management
- Hudson Bay
- EIG Global

Real estate

- Actis GP
- Capman Real Estate
- Cohen and Steers
- DWS Distributors
- CBRE Global Value Investors
- Grain Communications
- Orion Energy Partners
- Starwood Capital Group

2021 Outlook

Looking at strategic investments, which includes alternative investment assets outside of fixed-income, real estate and private equity, officials have told trustees that hedge fund performance has held up over recent periods of stock market volatility and that private credit has performed well too and with expected bouts of instability over the coming four to five years that it will present an interesting opportunity to buy new credit strategies. That said, over the next 12 to 18 months, officials expect to only re-up existing managers in the strategic investment portfolio.

Teachers' Retirement System of Illinois

Assets: \$57 billion

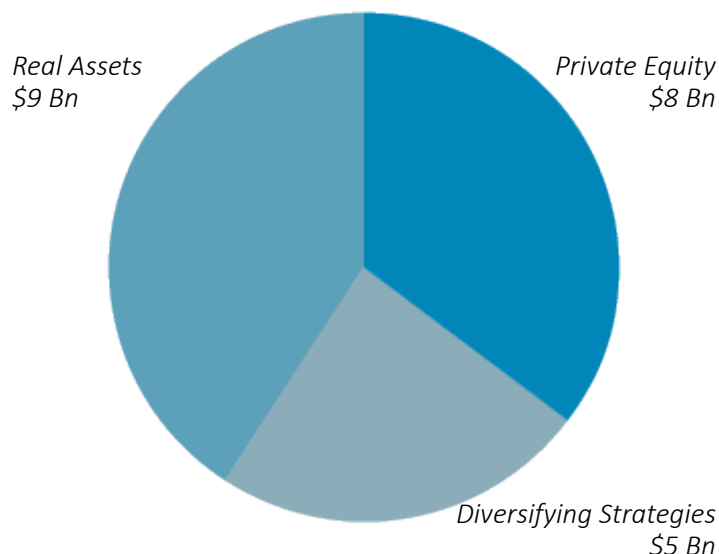
Alternative Investments overall: \$22 billion

Private equity: \$8 billion

Real assets: \$9 billion

Diversifying strategies: \$5 billion

Alternative investment allocations in 2020: \$4.7 billion



Private equity

- Ares Management
- Audax
- Baring Private Equity Asia
- Blackstone Group
- Bregal Sagemount
- Cinven Partners
- Clearlake Capital Group
- Greenspring Associates
- MBK Partners
- Parthenon Capital Partners
- TA Associates
- Ocean Sound Partners
- Silver Lake Capital
- Crestview Partners
- EQT Partners
- New Mountain Capital Partners
- Vista Equity Partners
- Pamlico Capital
- Bertram Capital Management

Real estate

- Oak Street Real Estate Capital
- REVCAP Advisors Limited
- PAG Investment Advisors
- Square Mile Capital Management
- Invesco Real Estate Asia
- BlackRock
- Starwood Capital Group

Private debt

- BCP Partners
- Cerberus Capital Management
- LCM Capital Management

Hedge funds/CTAs

- Aspect Capital
- Kirkoswald Asset Management
- Trend Capital Management
- Brevan Howard Asset Management
- Graham Capital

2021 Outlook

The retirement system currently has several equity manager searches, but is slightly underweight its target allocations to diversifying strategies, which includes hedge fund and CTA strategies. Staffers are currently focused on broadening the definition of diversity and moving forward with a plan for growth in the pension fund's diversity program from \$750 million to \$1 billion.

Massachusetts Pension Reserves Investment Management Board

Assets: \$87 billion

Alternative Investment Exposure: \$26 billion

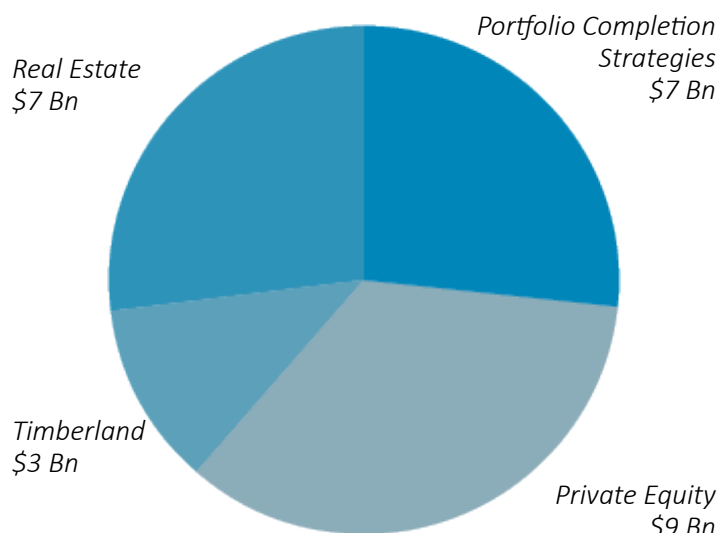
Private Equity: \$9 billion

Real Estate: \$7 billion

Portfolio Completion Strategies: \$7 billion

Timberland: \$3 billion

Alternative investment allocations in 2020: \$3.2 billion



Private Equity

- Charlesbank Capital Partners
- Thoma Bravo
- Insight Partners
- Index Ventures
- CVC Capital
- Nordic Capital
- Elysian Capital
- TCV
- Waterland Private Equity Investments
- Mayfield
- Francisco Partners
- NGP Royalty Partners

Real Estate

- Blackstone Group
- JEN Partners
- Prudential Agricultural Investments
- Oak Street
- Columbia

Hedge Funds

- Fir Tree
- LMCG Investments
- CKC Capital
- Loomis Sayles

2021 Outlook

The pension system's 2021 asset allocation recommendation generally brings no major changes besides a 1% increase in the private equity target range (from 10% - 16% is raised to 11% - 17%) and a 1% decrease in the portfolio completion strategies target rate (from 8% - 14% to 7% - 13%). The small increase in the private equity range is aligned with Mass PRIM's multi-year effort to slowly increase the allocation as private equity increases the fund's probability of achieving its objectives. The small decrease in portfolio completion strategies that includes hedge fund and real asset strategies reflects the practical challenge of allocating capital to this asset class.

Connecticut Retirement Plans & Trust Funds

Assets: \$38 billion

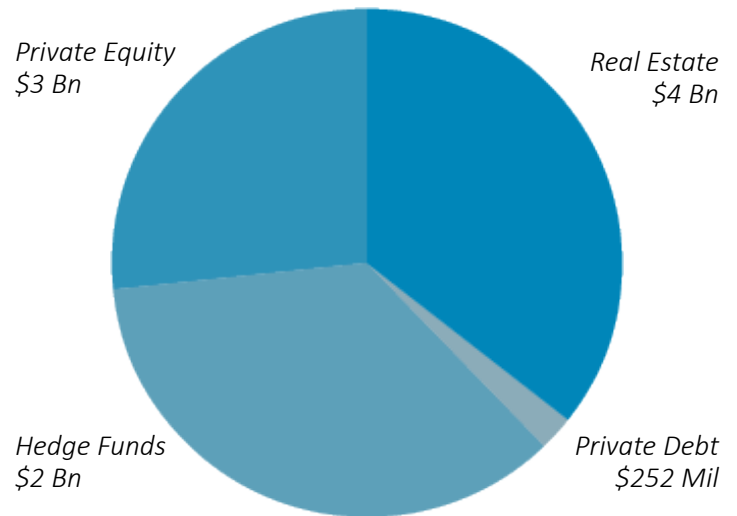
Alternative Investment Exposure: \$9 billion

Private equity: \$3 billion

Real estate: \$4 billion

Private debt: \$252 million

Hedge funds: \$2 billion



Alternative investment allocations in 2020: \$3 billion

Private equity

- Altaris Capital Partners
- Clearlake Capital Group
- Georgian Partners
- IPI Partners
- JF Lehman
- Harbourvest
- Hg Pooled Management Limited
- Hollyport

Real estate

- Ares Management
- Homestead Capital
- I Squared Capital Advisors
- TruAmerica Multifamily Investments
- Rockpoint
- Waterton

Hedge Fund

- The Rock Creek Group

Private debt

- Fortress
- Goldman Sachs Private Credit Partnership
- O'Brien Staley Partners
- TSSP
- Torchlight Investors

2021 Outlook

This year will be one of change, with a new Chief Investment Officer search underway at the system. Connecticut State Treasurer Shawn Wooden has also been eyeing additional allocations to ESG type investments including renewable energy. Also underway is finalizing the hedge fund investment program with the final selection of a fund of hedge funds manager.

Los Angeles County Employees Retirement Association

Assets: \$67 billion

Alternative Investment Exposure: \$25 billion

Private Equity: \$7.8 billion

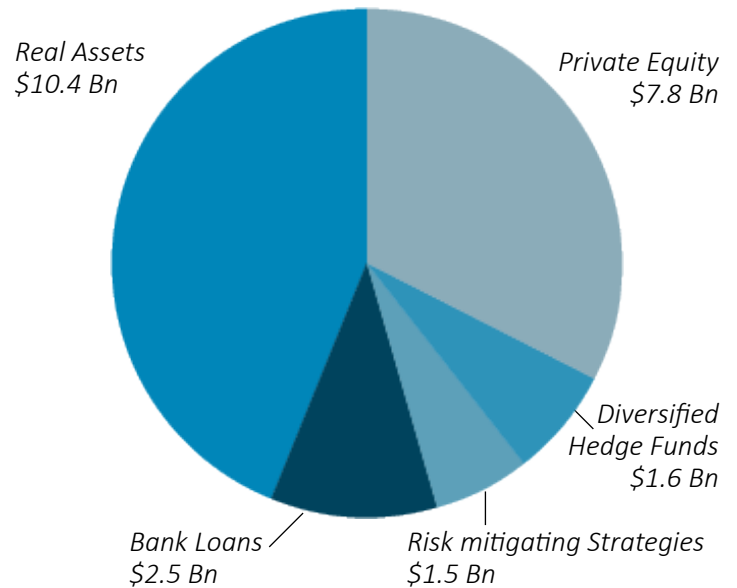
Bank Loans: \$2.5 billion

Illiquid Credit: \$1.5 billion

Real Assets: \$10.4 billion

Diversified Hedge Funds: \$1.6 billion

Alternative investment allocations in 2020: \$2.8 billion



Private equity

- Montefiore
- Summit Partners
- Clearlake Capital Group
- Access Foundation Partners
- Canaan
- Thoma Bravo
- CVC Capital
- Silver Lake Capital
- STG Partners
- GGV Capital
- MBK Partners
- Wynnchurch Capital
- Revelstoke
- Polar Asset Management Partners
- One Rock Capital Partners

Hedge funds

- Hudson Bay
- Stable Asset Management

Real Estate

- DWS
- Grain Management
- DIF Capital Partners

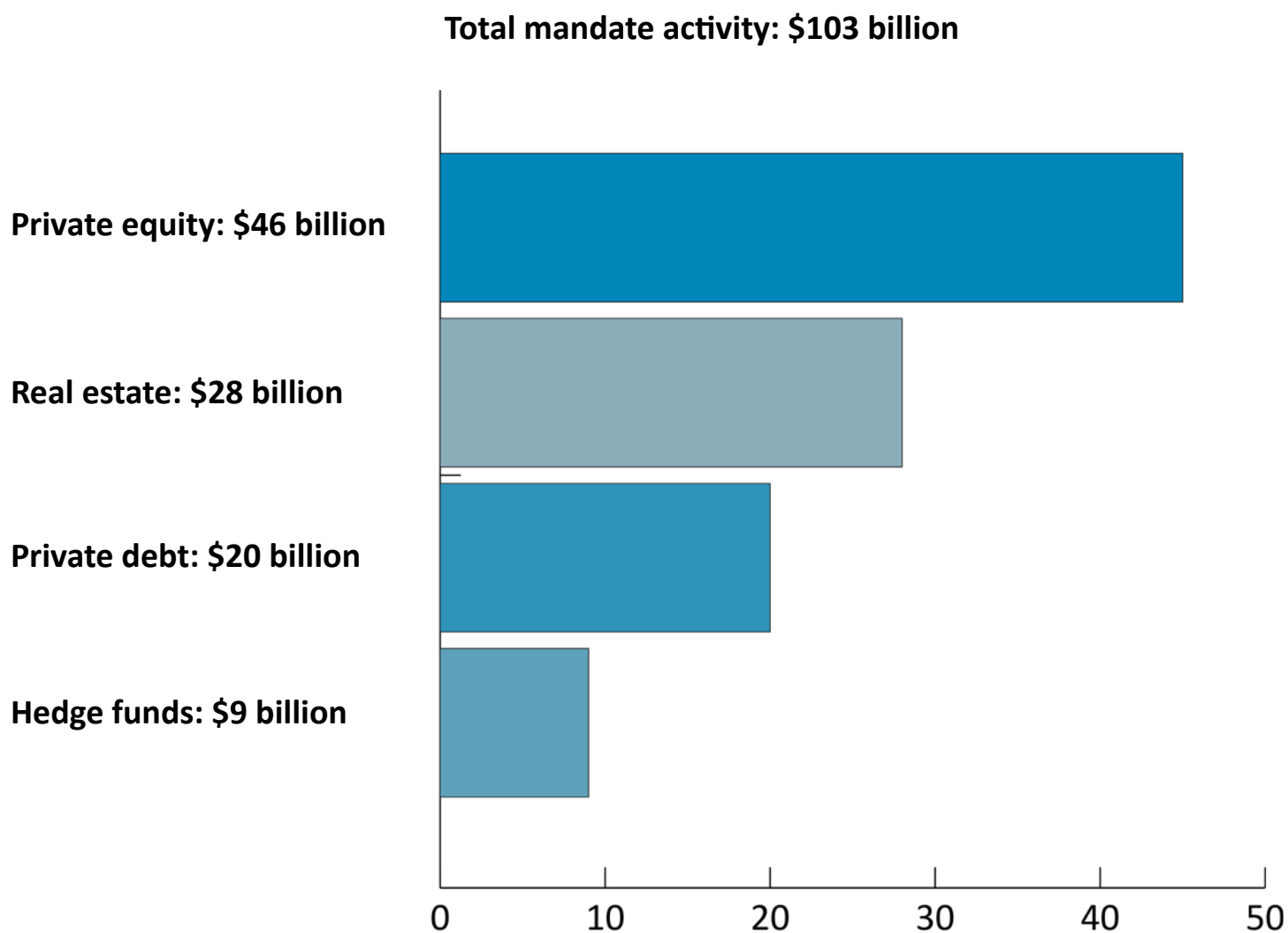
Private Debt

- Credit Suisse Asset Management
- Napier Park Global Capital
- Magnetar

2021 Outlook

The Los Angeles County Employees' Retirement Association is boldly building up its emerging manager portfolio with potential allocations to hedge fund, private equity, illiquid credit and real asset firms. The \$64 billion pension fund currently has emerging manager programs within its global equity, private equity and real estate programs. At the end of 2020, trustees approved a hedge fund sleeve within the successful initiative that dates back two decades. Officials also plan on implementing its TIDE initiative. TIDE stands for Towards Inclusion, Diversity and Equity. The pension system is also an ILPA signatory, along with many other limited partners in support of portfolio diversity.

Top strategies in 2020



Private equity: Investors back private market boom as venture capital makes a comeback

Alternatives Watch tracked \$46 billion across 369 mandates with an average allocation of \$126 million

Despite numerous multi-billion, record-breaking fundraises, the biggest headline of the year in private equity was the U.S. Department of Labor's opinion that private equity could be an option within 401(k) plans and platform providers, communicators and investors are still mulling how to move forward.

The competition between private and public financing for high-tech companies has meant more investors are locked out of the return potential of rapidly growing businesses that are less likely to issue an IPO and remain private longer. Healthcare financing is also on the rise as more investors seek to get those lucrative early returns as companies seek to commercialize key discoveries in the pharmaceutical and medical device arena. And so both the market appetite and the marketplace are seeking to grow in tandem.

Top 5 managers hired in 2020

Thoma Bravo: \$2.9 billion

Funds offered: Thoma Bravo XIV, Thoma Bravo Discover III, Thoma Bravo Explore Fund

Investors: California State Teachers' Retirement System, Florida State Board of Administration, Los Angeles City Employees' Retirement System, Los Angeles County Employees' Retirement Association, Massachusetts PRIM, Minnesota State Board of Investment, New York State Common Retirement Fund, Oregon Investment Council, Pennsylvania State Employees' Retirement System, Virginia Retirement System, Washington State Investment Board, Merced County Employees' Retirement Association, Teachers' Retirement System of Louisiana

CVC Capital Partners: \$2.6 billion

Funds offered: CVC Europe VIII, CVC Asia V, CVC Capital Partners VIII

Investors: California State Teachers' Retirement System, Florida State Board of Administration, Los Angeles City Employees' Retirement System, Los Angeles County Employees' Retirement Association, Massachusetts PRIM, Virginia Retirement System, New York State Common Retirement Fund, Oregon Investment Council

Oaktree Capital Management \$1.8 billion

Funds offered: Oaktree Opportunities Fund XI, Oaktree Latigo Investment Fund

Investors: California Public Employees' Retirement System, Oregon Investment Council, Washington State Investment Board

Clearlake Capital Group: \$1.3 billion

Funds offered: Clearlake Capital Management IV, Diamondleaf Co-Investment Partners LP, Clearlake Opportunities Partners II, Clearlake Flagship Plus Partners, Clearlake Capital Partners Fund VI, Clearlake Capital Partners V

Investors: Teachers' Retirement System of Illinois, Michigan Retirement System, Connecticut Retirement Plans & Trust Funds, Los Angeles City Employees' Retirement System, Los Angeles County Employees' Retirement Association, Maryland State Retirement & Pension System, New York State Common Retirement Fund, Oregon Investment Council

Vista Equity Partners: \$1.1 billion

Funds offered: Vista Foundation Fund IV, Vista Equity Endeavor Fund II

Investors: New Jersey Division of Investment, Kern County Employees' Retirement Association, Los Angeles City Employees' Retirement System, New York State Common Retirement Fund, California State Teachers' Retirement System, Teachers' Retirement System of Illinois

Real estate: Despite fragile market conditions due to COVID-19, investors make big moves

Alternatives Watch tracks \$28 billion in 2020 mandates across 157 commitments with an average allocation of \$181 million

Within real estate, we include real assets, infrastructure and natural resources allocations. Last year saw a good number of investors to shift their investment portfolios to boost diversification on a geographic and even on a sector basis as agricultural real estate, logistics warehouses and even renewable energy infrastructure investments gained in popularity.

The alternatives in real estate investing have been steadily growing with billions waiting on the sidelines to put money to work. But the largest managers were the ones that are continue to raise capital, even as a the overall inflows in the area slowed. Examples can be found even within the secondaries market with the Blackstone Group raising nearly \$2 billion within the Strategic Partners Real Estate VII. But the firm also put its surplus of dry powder to work in areas such as life sciences and even media and entertainment venues with the purchase of production studios in Hollywood.

Top 5 managers ranked by assets raised in 2020

Stonepeak Partners: \$1.5 billion

Investors: New York State Common Retirement Fund, Virginia Retirement System, Teachers' Retirement System of Texas, Oregon Investment Council, Rhode Island Employees' Retirement System

PGIM: \$1.2 billion

Investors: Massachusetts PRIM, New York State Common Retirement Fund

Ares Management: \$780 million

Investors: New York State Common Retirement Fund, Connecticut Retirement Plans and Trust Funds

AEW Partners: \$775 million

Investors: Alaska Permanent Fund, New Mexico State Investment Council

Global Infrastructure Partners: \$750 million

Investors: New York State Common Retirement Fund

Private debt: Meeting investors demand for long-term debt with short term pay-offs

Alternatives Watch tracked \$20 billion in investor inflows across 110 mandates with average commitment size totaling \$179 million

The private credit boom is showing few signs of letting up as the low-rate environment has boosted the use of increased leverage for private debt funds as debt capital is significantly cheaper than equity.

Credit investing with private institutions isn't for those who can't bear some illiquidity. One must be willing to place a bet and allow it to play out over a period of five to 10 years. For this very reason, there is a lot of involvement in the field by foundations and endowments. Yet as the pandemic lockdown began, the distressed debt and credit raising boom mushroomed with billions being allocated in short order. Experts said that investors had roughly 12 to 24 months of a robust opportunity set with the distressed situations working out over a number of years.

The nature of the opportunity set is different from the global financial crisis in that unlike the liquidity crisis experienced by lenders, the money to put to work seems to have outpaced the demand for loans. Still a number of large pension allocators are continuing to shift into private debt strategies this year.

Top 5 managers ranked by assets raised in 2020

Ares Management: \$1.3 billion

Investors: Alaska Permanent Fund, Texas County & District Retirement System, Virginia Retirement System

Carlyle Group: \$1.2 billion

Investors: Florida State Board of Administration, Virginia Retirement System

Credit Suisse Asset Management: \$1 billion

Investors: Los Angeles County Employees' Retirement Association

Cerberus: \$850 million

Investors: San Francisco Employees' Retirement System, Teachers' Retirement System of Illinois, Florida State Board of Administration, Texas County & District Retirement System

Oaktree Capital Management: \$800 million

Investors: Washington State Investment Board, Virginia Retirement System, New Mexico State Investment Council

Hedge funds: Back in the saddle as soaring equity valuations force investors to buy protection

Alternatives Watch tracked \$9 billion in fresh institutional allocations across 54 mandates that average \$160 million in size

Service providers anecdotally report new capital inflows and new hedge fund launches in the second half of 2020. Prominent hedge funds such as Bill Ackman's Pershing Square reported gains topping 60%, making 2020 a blockbuster year for his investors, especially those in his SPAC, which is still trading a significant discount to NAV after raising \$4 billion in its IPO in July.

In Q4, hedge fund launches grew to an estimated 175 and exceeded the estimated quarterly liquidations for the second consecutive quarter. This growth trend follows two years of quarterly industry fund launch contraction, according to the database provider. Equity hedge and event-driven hedge funds attracted the most inflows in the final quarter of 2020, according to HFR estimates.

Top 5 Managers Hired in 2020

Bridgewater Associates: \$900 million

Investors: Oregon Investment Council

Hudson Bay: \$500 million

Investors: Los Angeles County Employees' Retirement Association, Florida State Board of Administration

Elliott Management: \$420 million

Investors: University of Kentucky and State of Wisconsin Investment Board

Stellex Capital: \$400 million

Investors: New York State Common Retirement Fund

Aspect Capital: \$300 million

Investors: Teachers' Retirement System of Illinois

Largest allocators to hedge funds

Oregon Investment Council: \$1.4 billion

Managers hired: Bridgewater Associates, FORT, GMO

Teachers' Retirement System of Illinois: \$675 million

Managers hired: Aspect Capital, Brevan Howard, Graham Capital, Kirkoswald Asset Management, Trend Capital Management

State of Wisconsin Investment Board: \$665 million

Managers hired: Davidson Kempner, Elliott Management, Two Sigma, Voleon

About Alternatives Watch

Alternatives Watch is a daily news and research platform that covers the rapidly evolving world of alternative investments geared toward institutional investors. We cover investor mandate activity as well as manager news across private market sectors including hedge funds, private equity, private credit, infrastructure and real estate.

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