Fear, FOMO and the Future

Insights from the iConnections Global Investor Survey

Introduction

The alternative investment industry kicked off the year with a record-breaking gathering at Global Alts Miami, bringing together over **5,000 industry leaders** and facilitating an unprecedented **18,000+ meetings** between allocators and managers representing **$55 trillion of assets**. The energy on the ground was palpable, and one thing was clear: investors are leaning into alternatives with confidence, despite keeping a close eye on potential volatility ahead.

We conducted our inaugural *iConnections Global Investor Survey*, of the most extensive of its kind, engaging with over 700 allocators to gain deep insights into the industry's current landscape—its challenges, opportunities, and the evolving market dynamics. A key takeaway is clear: allocators are increasingly turning to alternatives, with **more than 90% indicating plans to maintain or increase their allocations**, while adopting a more cautious stance toward other asset classes.

From emerging opportunities to innovative investment strategies, this survey provides a real-time snapshot of the current state of alternatives and where they may be headed in the months and years ahead. Allocators emphasized adaptability and innovation, with many highlighting the growing role of AI and data-driven insights in shaping future investment decisions.

While macroeconomic factors such as inflation and global uncertainty remain top of mind, there was also a strong focus on the accelerating opportunities within niche sectors and new markets. Investors are increasingly drawn to these areas, seeking to capitalize on unique value propositions beyond traditional asset classes.

We look forward to sharing these insights, hearing your feedback, and working together to accelerate investment that advances the world.

RON BISCARDI
CEO, iConnections

Executive Summary

Alternative Investors Step into 2025 with Confidence — But Not Without Caution

Surveying more than 700 industry leading allocators at Global Alts 2025 offered a unique opportunity to gauge the market's sentiment. It provided a snapshot of where investors are feeling bullish and optimistic, alongside a deeper look at emerging trends and potential risks that may already be shaping the industry's future.

WHAT'S DRIVING THE ALTERNATIVE INVESTMENT LANDSCAPE IN 2025?

In addition to surveying more than 700 allocators, we dug into the data behind 18,000 meetings that took place on site to understand investment appetite. Some trends stood out immediately. **Equity Long/Short, Private Credit, Liquid Credit, Multi-Strategy,** and **Private Equity** led the pack in terms of allocator-manager engagement.

But beyond the usual heavyweights, several strategies saw outsized interest—**Global Macro, Event Driven, Specialty Finance**, and **Multi-Strategy** were among those in higher demand, suggesting that investors are looking for ways to navigate market uncertainty and capitalize on dislocations.

But not every strategy found favor. Liquidity constraints remain a sticking point, and some vehicles struggled to attract as much allocator interest as many try to navigate liquidity concerns.

GREAT (IF HEDGED) EXPECTATIONS: WHAT ALLOCATORS ARE SAYING

To get a deeper sense of sentiment, we also surveyed nearly **700 allocators** on-site. Their responses confirmed what we were hearing in meetings: demand for alternatives is strong, but capital will continue flowing selectively and strategically.

Top Takeaways from the iConnections Allocator Survey

With nearly 700 respondents opining, the following are top takeaways:

01 **Nearly 90% of allocators** plan to maintain or increase exposure to alternatives, with **60%** actively adding to their positions.

02 **Private markets are taking the lead**—allocations to private funds outpaced public markets, and redemptions were lower for private assets.

03 **Japan and India are gaining favor over China**, with **18%** and **15%** of allocators, respectively, looking to increase exposure—compared to just **12%** for China.

04 **Liquidity remains the top challenge**, followed by performance concerns and macro/geopolitical uncertainty.

05 **AI is no longer a 'future' trend – it's the present**. Perhaps one of the most striking takeaways from the survey? AI adoption isn't theoretical—it's already happening. Nearly half of allocators report using artificial intelligence in investment processes, operational workflows, or both.

06 **Investors remain cautious about equity markets**, with only 8% expecting double digit returns this year for the S&P 500.

07 **Fed activity remains in focus**, with 45% of allocators expecting the Fed to maintain current levels or even raise rates in 2025

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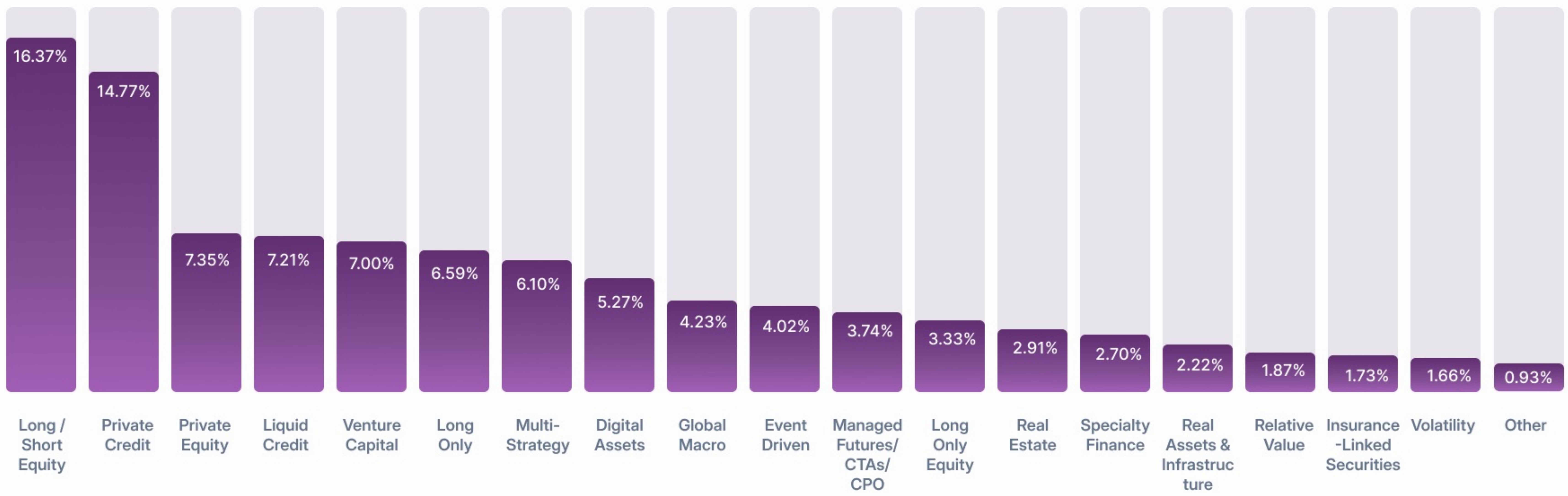
The Evolving Demand for Alternative Investments

Key Takeaways from Global Alts Miami 2025

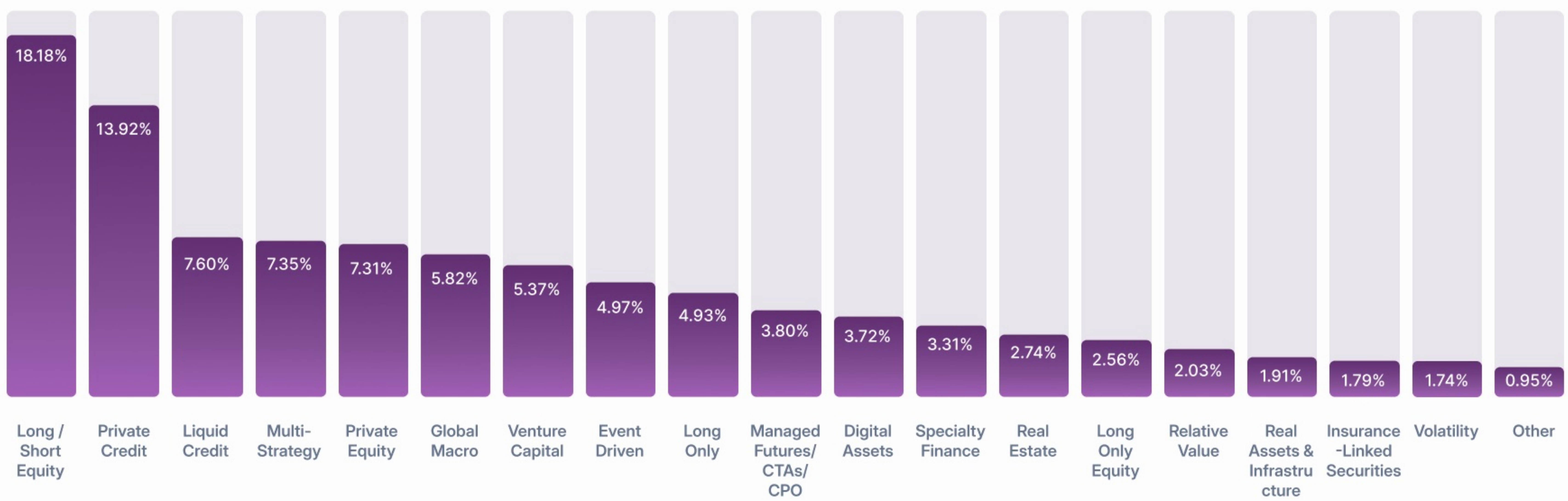
Analyzing **over 18,000 meetings** at Global Alts Miami 2025, allows us to gain key insights into current trends, future expectations, and potential challenges within the alternative investment space. The event saw an unprecedented level of engagement between allocators and managers.

What drew so many decision makers to Miami? Inflation concerns, interest rate uncertainty, diversification needs, the desire to hedge against broader equity and fixed income risks, and opportunities in niche markets or market dislocations. With their agility to navigate across market cycles, alternative funds are well-positioned to seize opportunities – in whatever form.

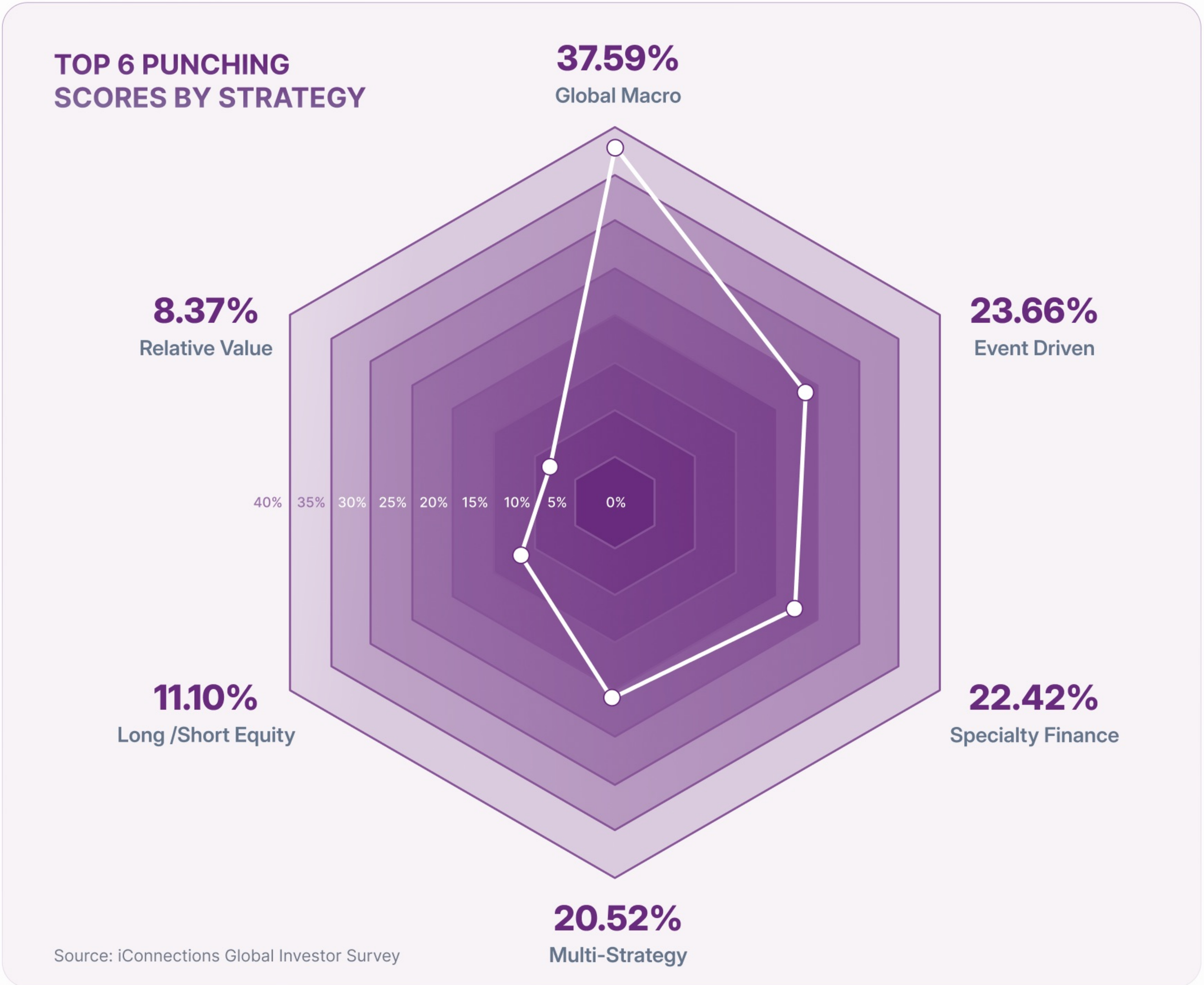
PERCENT OF FUND ATTENDEES BY STRATEGY



MEETING PERCENTAGE BY STRATEGY



Source: iConnections Global Investor Survey



Source: iConnections Global Investor Survey

Strategies Surging in Allocator Interest

What strategies "punched above their weight"? We know how many funds showed up, and we know who had the highest percentages and totals of notional meetings.

But what about funds who had more meetings than their fund numbers would suggest?

The iConnections "punching score" reveals strategies that commanded a higher share of total meetings compared to their share of total funds.

While investors are optimistic about the year ahead, there's a notable sense of caution as they prepare for potential uncertainties. We observed an uptick in interest for strategies that can navigate volatility and market dislocations.

Noteworthy performers at Global Alts 2025 included strategies such as **Global Macro, Event Driven, Specialty Finance, Multi-Strategy firms, and Equity Long/Short**. These strategies attracted outsized allocator attention relative to the number of funds present, signaling heightened interest from investors seeking to capitalize on opportunities in volatile or uncertain market conditions.

Global Macro strategies, which aim to profit from global economic trends and macroeconomic shifts, saw significant demand as allocators looked to hedge against market instability. **Event Driven** strategies, which focus on profiting from corporate events like mergers, acquisitions and other special situations, also drew attention.

Specialty Finance and **Multi-Strategy** funds garnered increased interest as well, with allocators attracted to their flexibility and ability to navigate complex market environments. Meanwhile, **Equity Long/Short** strategies, which provide a way to profit from both rising and falling stocks, remained a staple for those looking for both returns and risk mitigation in the current market climate. These strategies collectively illustrate a growing demand for more dynamic, adaptable approaches that can thrive in diverse market conditions.

Strategies Surging In Allocator Interest

- GLOBAL MACRO
- EVENT DRIVEN
- SPECIALTY FINANCE
- MULTI-STRATEGY FIRMS
- EQUITY LONG/SHORT

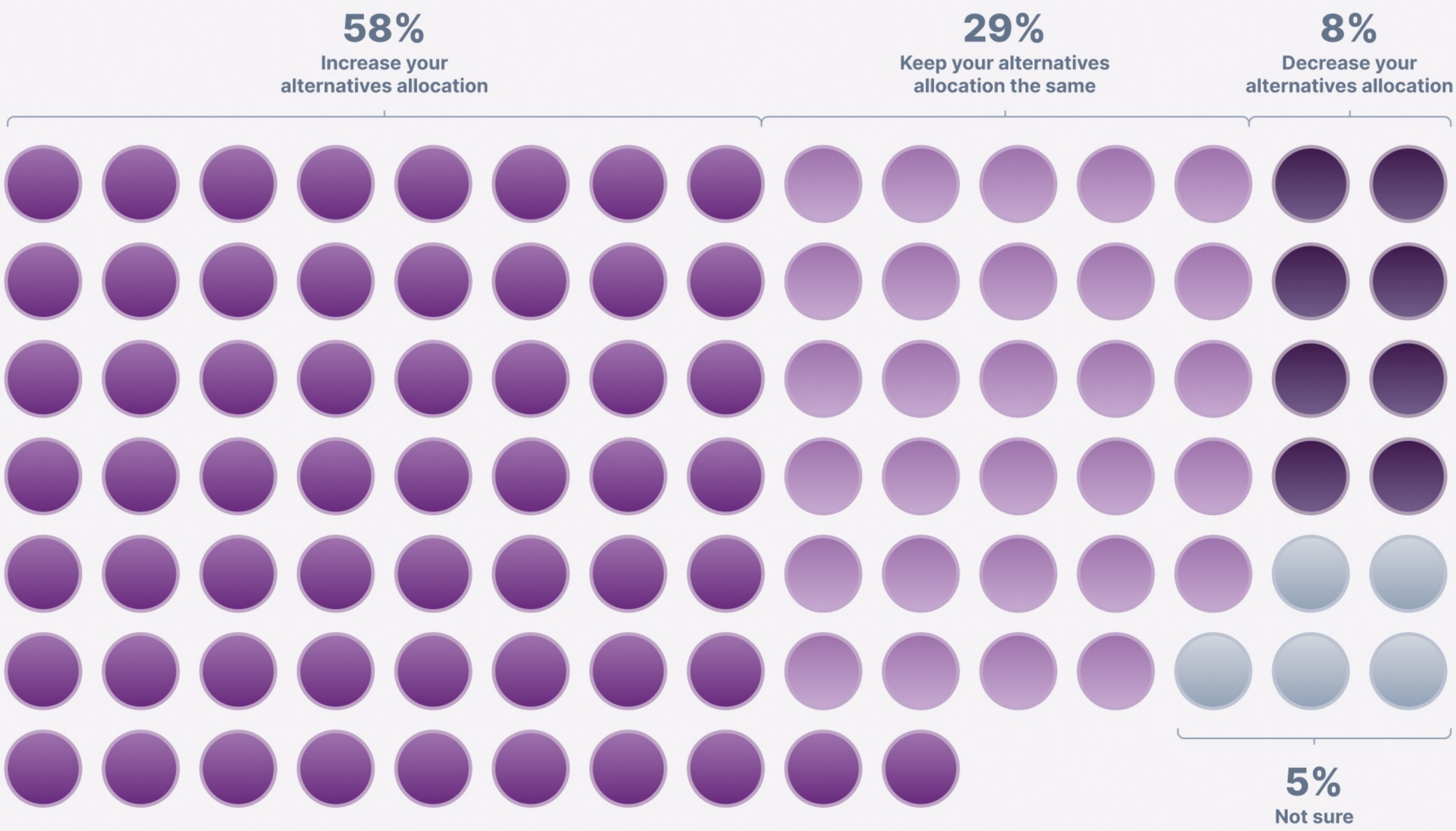
Results from the iConnections Global Investor Survey

We conducted an in-person survey with nearly **700 allocators** at Global Alts Miami, gathering valuable insights on recent activity, industry outlook, challenges, opportunities, and the evolving role of AI in their day-to-day operations.

Allocators Are Bullish on Alternatives

Nearly **90%** of respondents indicated they plan to maintain or increase their exposure to alternatives, with almost **60%** aiming to increase their allocations.

IN 2025, DO YOU INTEND TO:



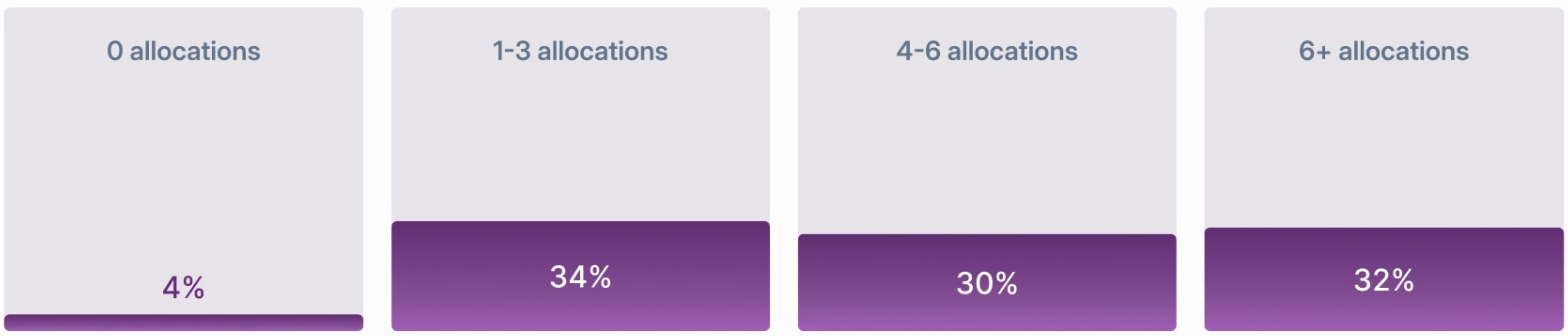
Source: iConnections Global Investor Survey

Active Investors: Private Market Strategies Are in Demand

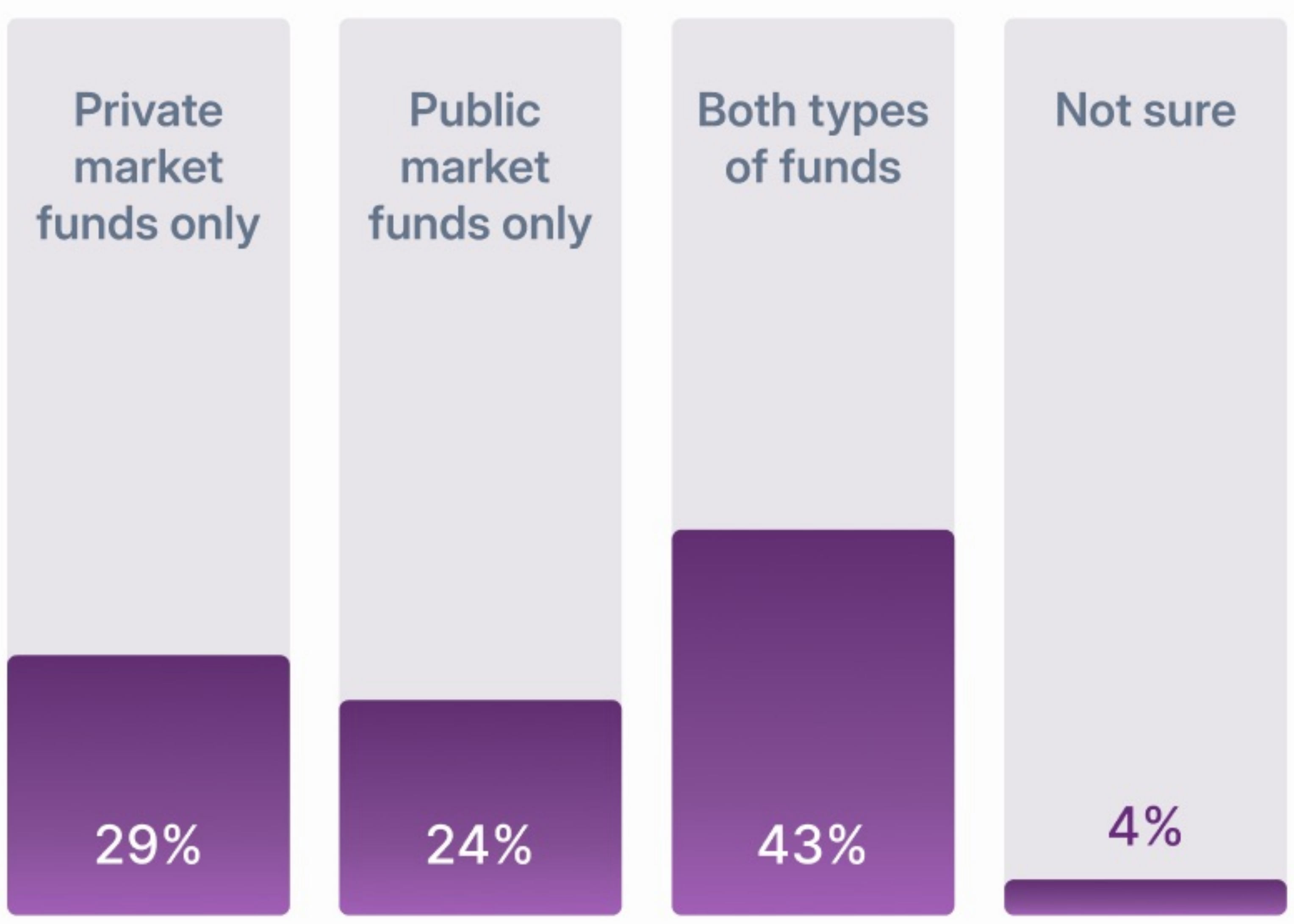
We asked allocators about their allocation and redemption activity in 2024. While past performance is not always indicative of future results, historical actions are often correlated with future decisions—particularly when it comes to alternative asset allocations. Past behavior influences portfolio opportunities and constraints, including strategy selection, exposure choices, and liquidity preferences. Therefore, understanding recent allocation and redemption patterns provides valuable insight into the decision-making trends that are likely to shape future investment strategies.

The results reveal a highly active allocator base, with **32%** making **6 or more allocations** in the last year, and **62%** making **4 or more allocations**. Private market funds continue to see strong demand, with nearly **30%** of investors increasing their allocations to private assets, compared to **25%** allocating to public market funds. Redemption activity mirrors this trend: over **30%** of investors pulled capital from public market funds, while only **19%** exited private market funds.

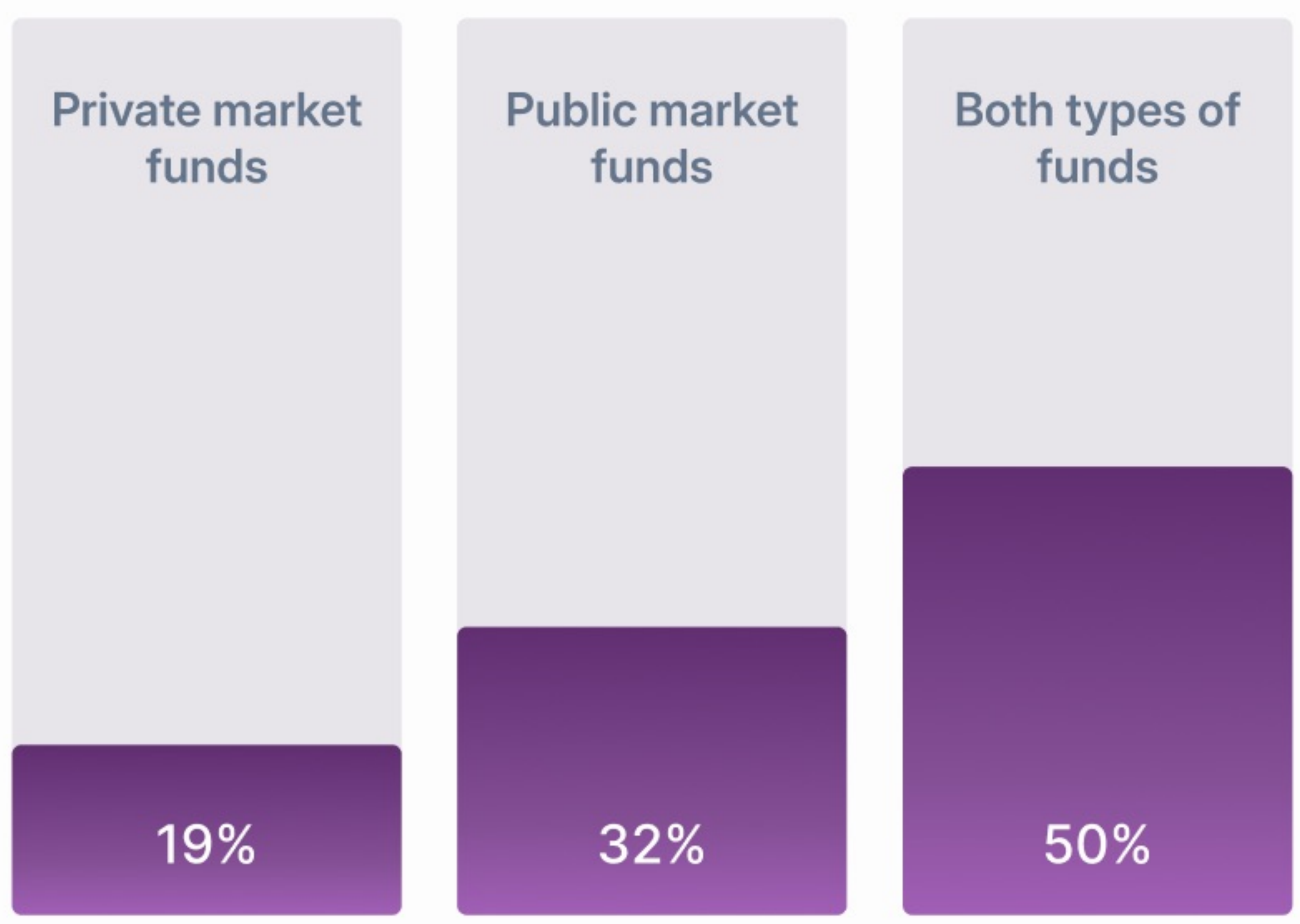
HOW MANY ALLOCATIONS DID YOU MAKE IN 2024?



IN 2024, WE ALLOCATED TO



WHERE DID YOU REDEEM ASSETS FROM IN 2024



Source: iConnections Global Investor Survey

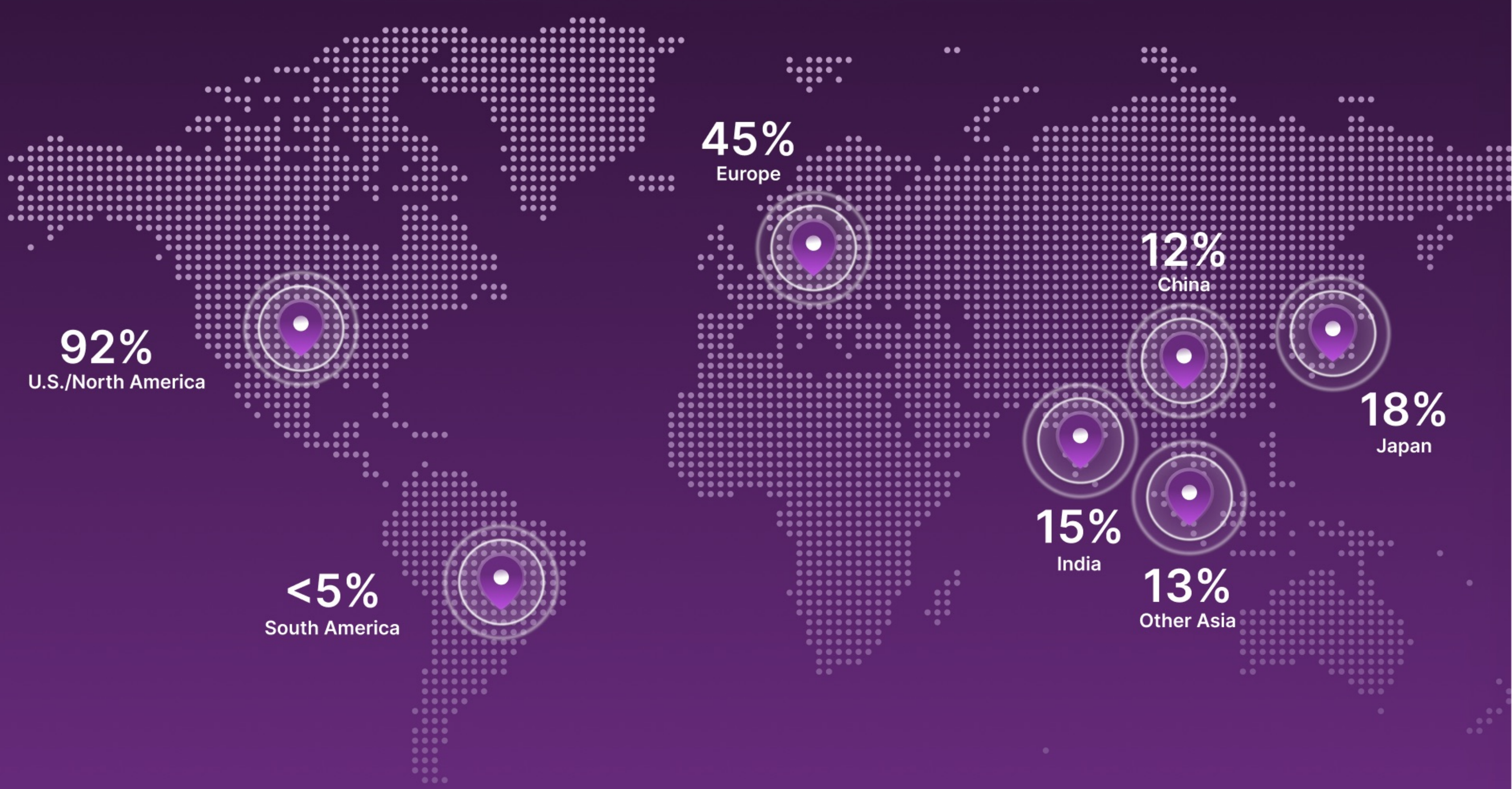
Regional Interest: Interest in Japan & India Exposure Outpacing China

Alternative investors are increasingly eyeing Japan and India for their distinct opportunities. Japan's recent structural reforms, corporate governance improvements, and attractive valuations, making it an appealing choice for long-term growth and diversification. But investors remain vigilant, with the Bank of Japan raising rates to their highest levels in 17 years.

India, with its rapidly growing economy, expanding middle class, and young, tech-savvy population, presents opportunities in sectors like technology, infrastructure, and consumer goods. Investors are drawn to its potential for high growth, particularly as economic reforms continue to unfold.

Meanwhile, concerns about regulatory changes and geopolitical risks in China have made some investors more cautious, as they seek clearer and more stable opportunities in other markets like Japan and India. These realities were reflected in our allocator base.

REGIONS: WHERE DO YOU INTEND TO INCREASE EXPOSURE IN 2025?



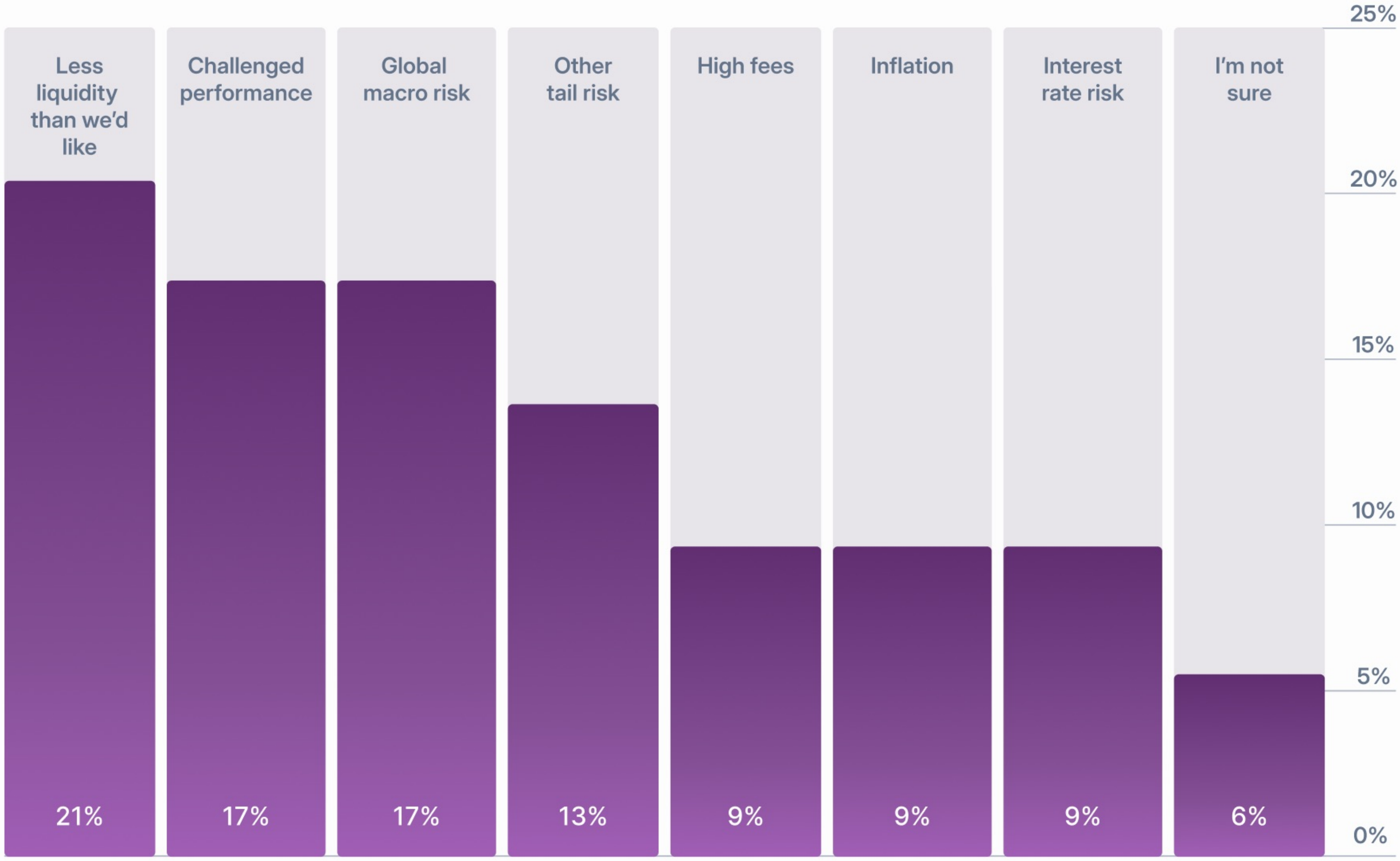
Source: iConnections 2025 Global Investor Survey
*Percentage may add to >100% as investors were permitted to select multiple regions

Top Portfolio Challenges: Liquidity, Performance and Geopolitical Uncertainty

When asked about their top portfolio challenges in the survey, allocators identified "less liquidity than we'd like" as the primary concern. This reflects the significant asset flows into longer-locked products in recent years, which have reduced the flexibility of many portfolios. This issue was also apparent during discussions with venture capital (VC) firms, which faced more difficulty "punching above their weight class" compared to other strategies, struggling to attract allocator interest despite their potential.

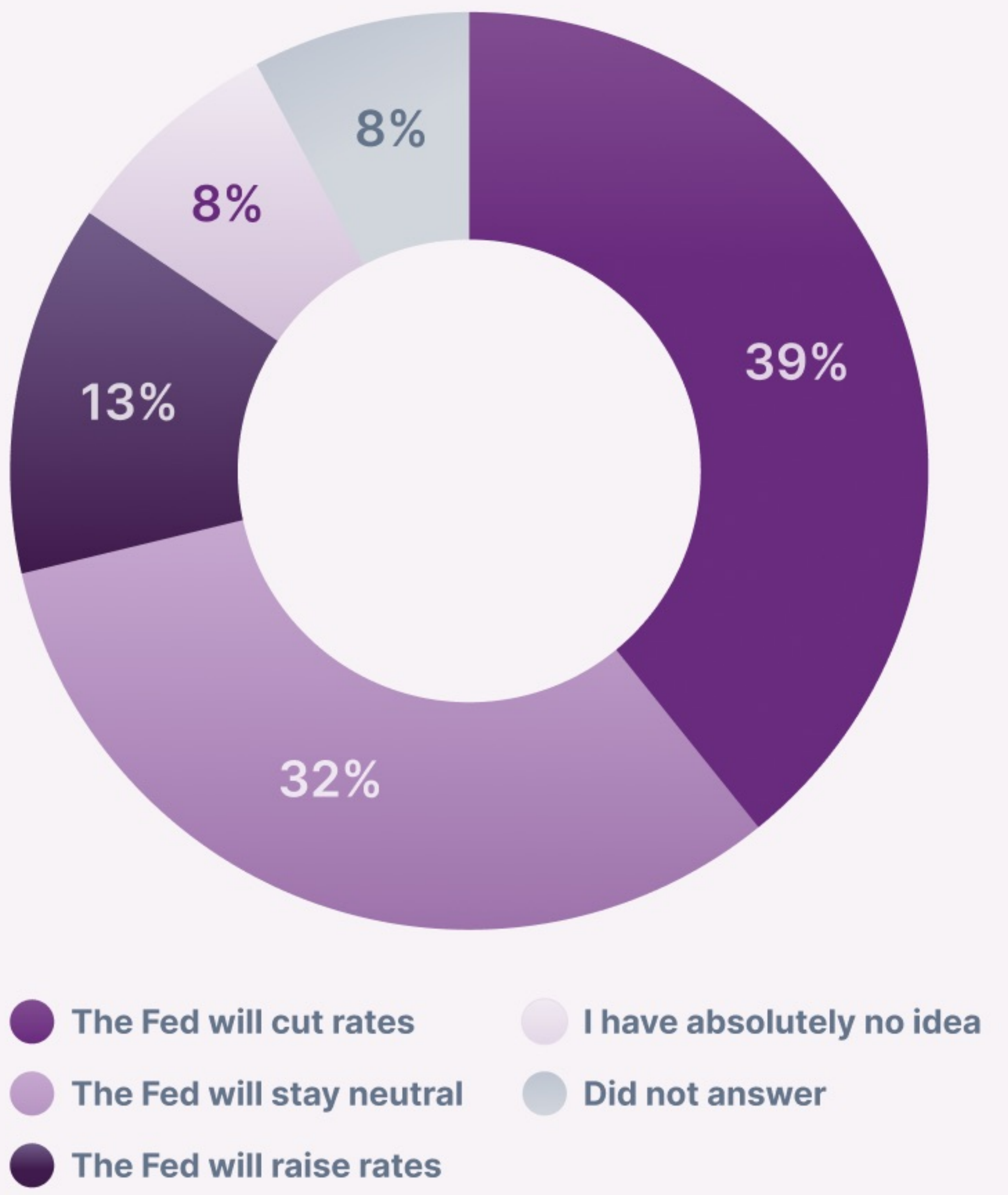
In addition to liquidity concerns, other risks highlighted by respondents include overall portfolio performance, as well as the uncertainty driven by geopolitical tensions and macroeconomic events, which continue to create headwinds for investors seeking stability and growth.

WHAT ARE THE BIGGEST RISKS TO YOUR PORTFOLIO?

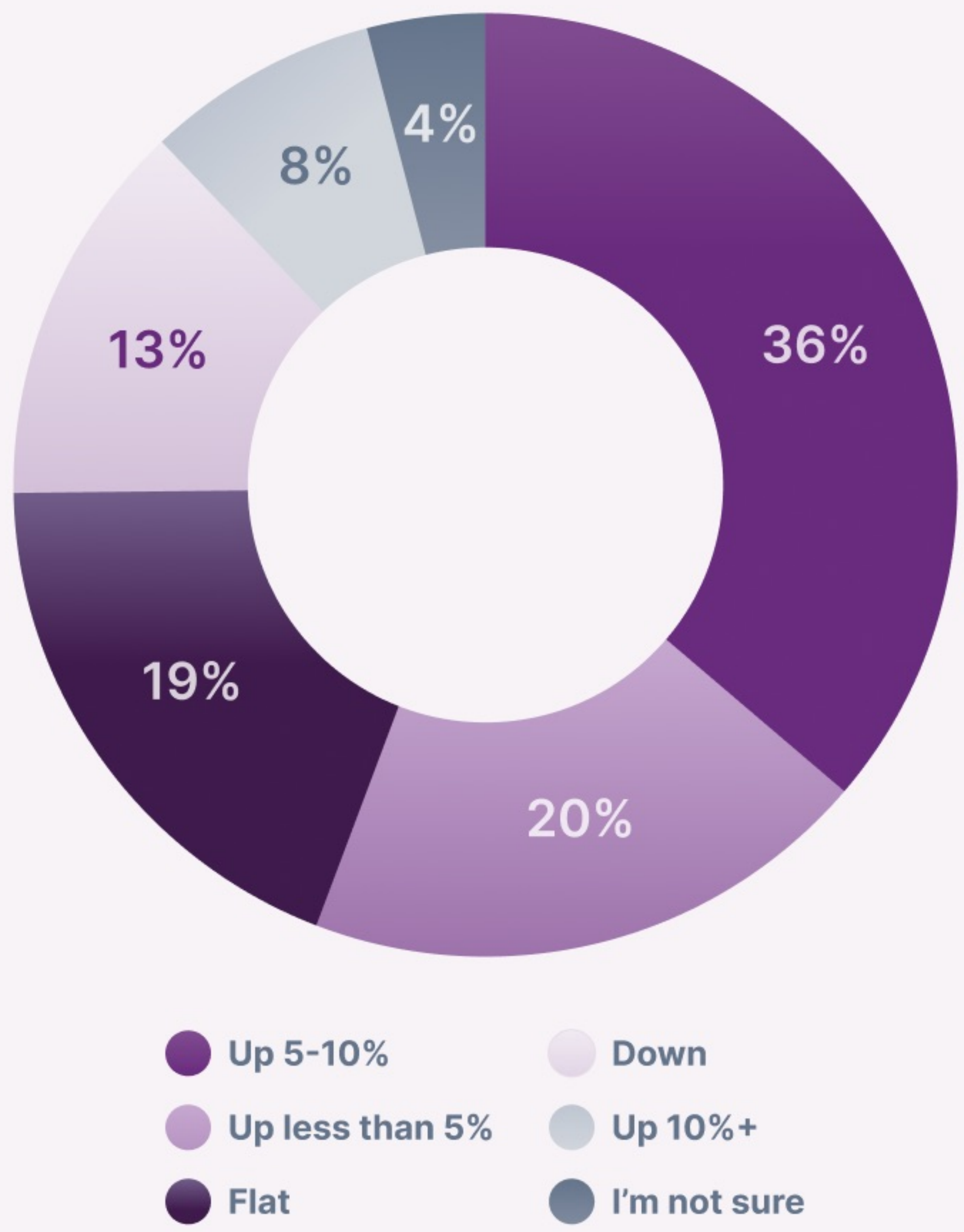


Source: iConnections Global Investor Survey
**Percentage may add to >100% as investors were permitted to select multiple risks*

WHAT ARE YOUR EXPECTATIONS FOR FED ACTIVITY IN 2025?



HOW DO YOU EXPECT THE S&P 500 TO PERFORM IN 2025?



Source: iConnections 2025 Global Investor Survey

Allocator Expectations for Equities and Interest Rates

We asked allocators for their outlook on Federal Reserve activity and the broader U.S. equity market, and responses were mixed. While **40%** believe the Fed may cut rates this year, growing uncertainty resulted in **45%** reporting they think the Fed will maintain or even increase rates.

Uncertainty remains, with many allocators closely watching macroeconomic indicators and Fed communications to gauge the potential impact on markets and portfolio positioning.

Allocators were less certain about the outlook for the broader U.S. equity market, with only **8%** of respondents anticipating double digit gains. More than half of respondents expect a **5%** return or less. On the back of two consecutive years of **20% +** returns for the S&P, allocators remain skeptical of a three-peat.

AI Adoption Is Already Here, and Not Just in Portfolios

Allocators have been investing in artificial intelligence in various forms for years, but it is now undeniably a dominant theme in portfolios. According to our survey, more than **50%** of respondents currently allocate capital to AI-related assets, themes, or strategies, reflecting a growing conviction in its transformative potential.

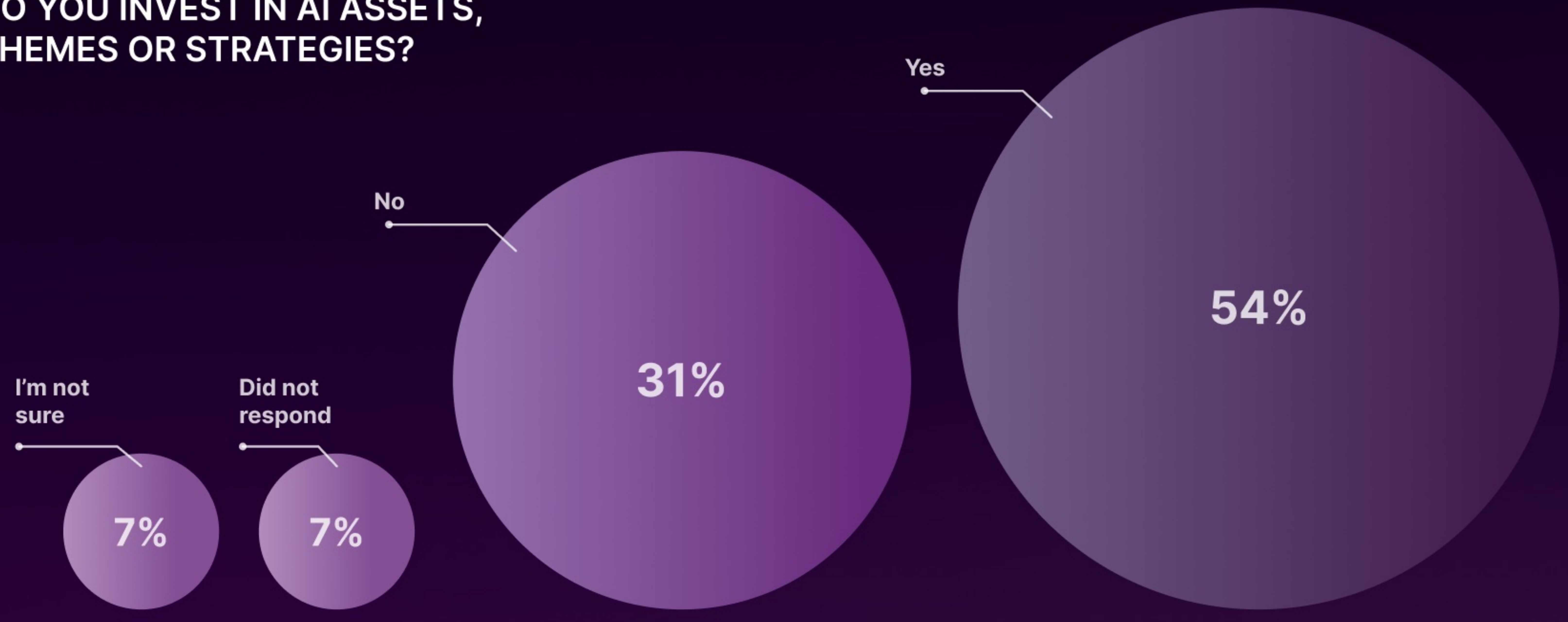
Unlike retail investors, alternative investors have multiple avenues to access AI investments, including direct investments in private AI startups, venture capital funds focused on emerging AI technologies, and hedge funds leveraging machine learning for trading strategies.

AI's expanding role across industries—from healthcare and finance to automation and cybersecurity—has made it an increasingly attractive area for capital deployment. As the technology continues to evolve, allocators are looking not only at traditional AI plays but also at infrastructure, data analytics, and the broader ecosystem that supports AI-driven innovation.

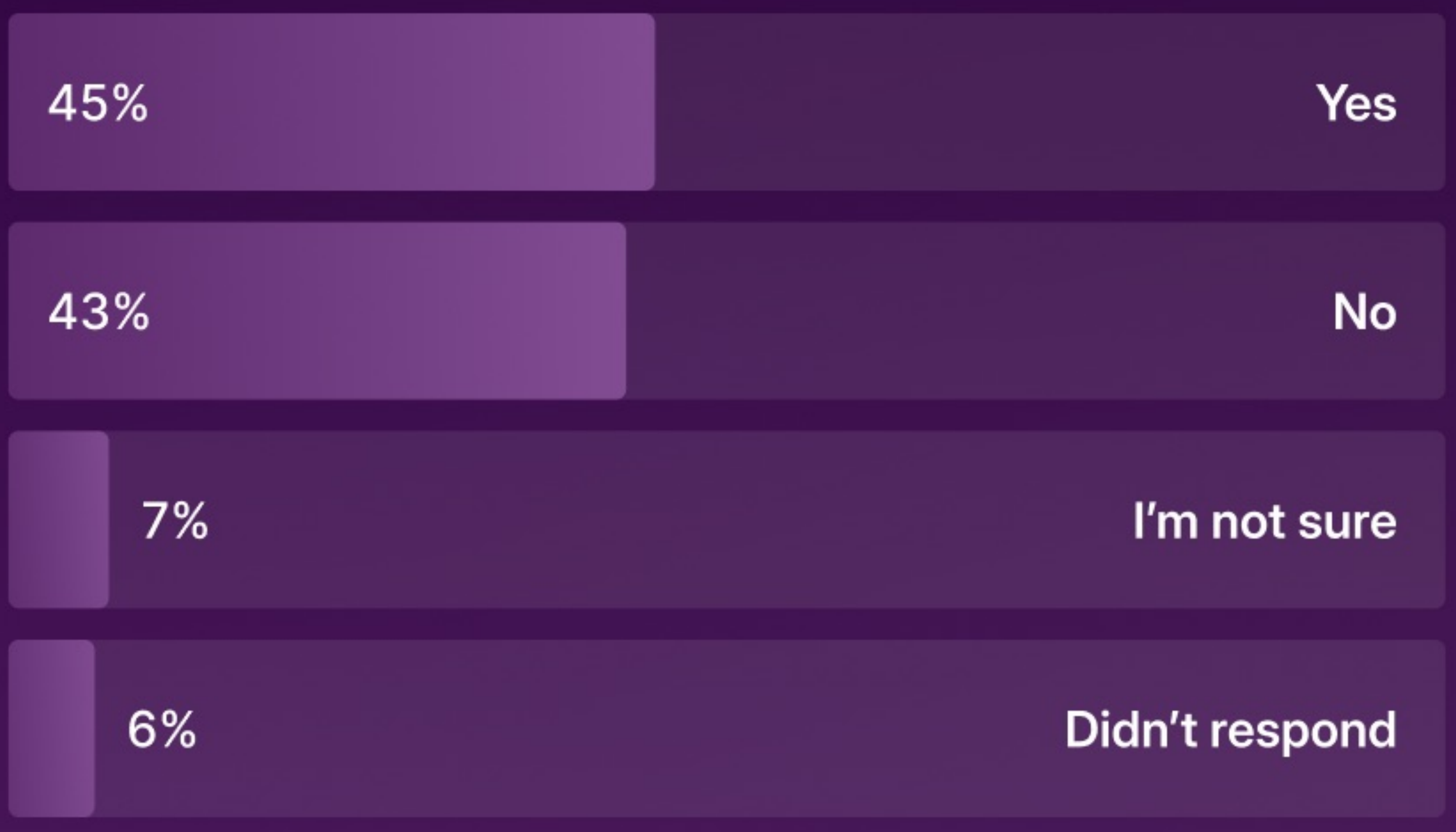
AI adoption in investment management is no longer a distant concept—it's already a reality, especially on the allocator side. According to the survey, **45%** of respondents have already integrated AI into their investment or operational workflows, signaling that the technology is being actively leveraged to enhance decision-making and streamline processes.

That is nearly as many respondents using AI tools as investing in them. While much of the discussion around AI is still clouded by hype, the data shows that its practical application is well underway, with allocators embracing AI to gain a competitive edge in a rapidly evolving market landscape.

DO YOU INVEST IN AI ASSETS, THEMES OR STRATEGIES?



DOES YOUR FIRM USE AI AS AN INVESTMENT OR OPERATIONAL TOOL?



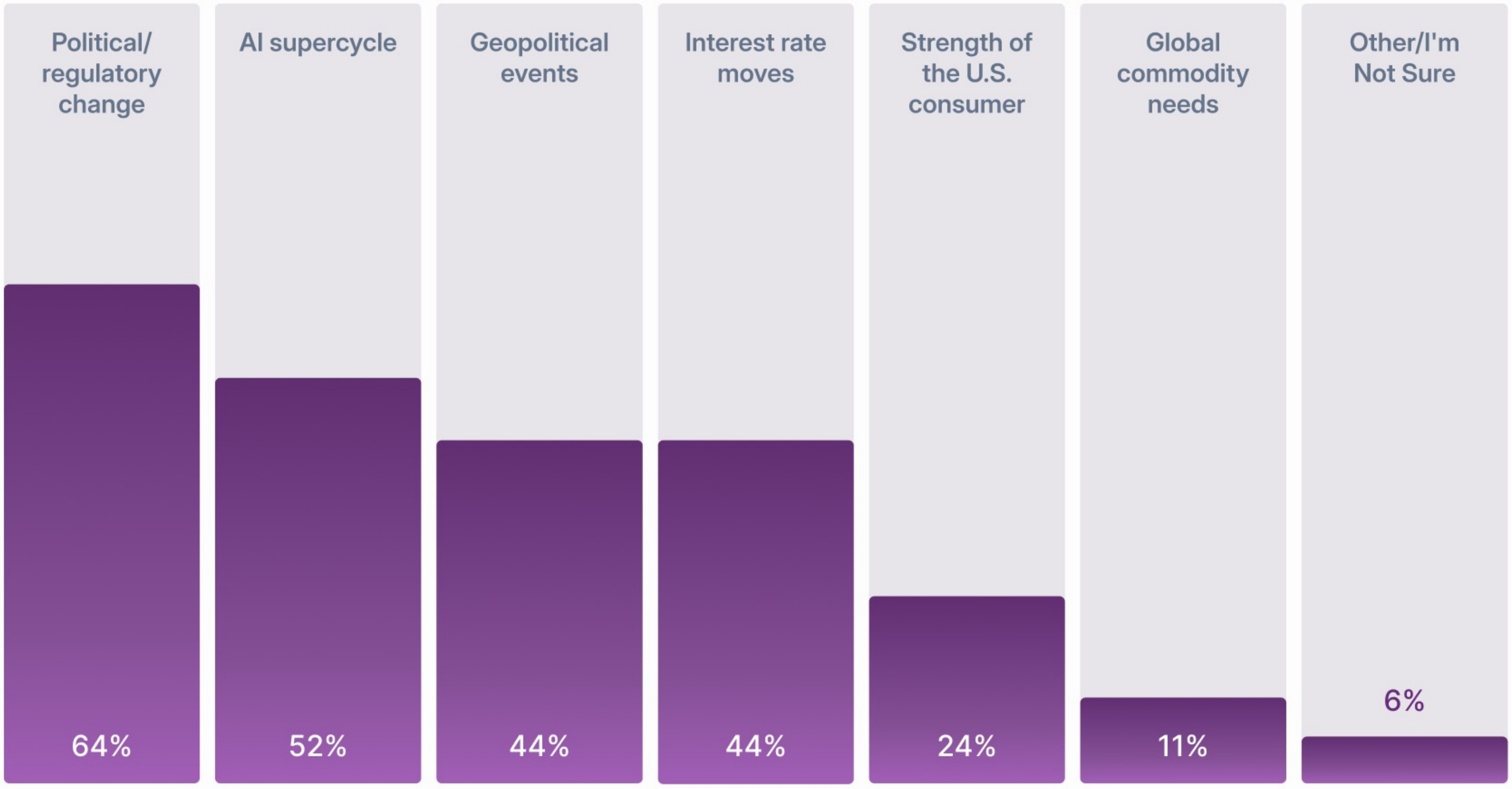
Source: iConnections Global Investor Survey

What’s driving all this?

The chart *Biggest Themes Shaping Investments in 2025* gives a clear look at what’s on allocators’ minds as they plan for the year ahead. At the top of the list is political and regulatory change, with **over 60%** of respondents flagging it as a major factor—no surprise given shifting policies, elections, and evolving regulations that can reshape markets. Right behind it, the AI supercycle is capturing attention, with more than half of allocators recognizing its potential to transform industries.

Geopolitical events and interest rate moves are nearly tied, both coming in above **40%**, highlighting ongoing concerns about global stability and central bank policy. The strength of the U.S. consumer ranked as a moderate consideration, likely tied to economic growth expectations. Meanwhile, global commodity needs ranked lower, suggesting that investors are more focused on macroeconomic and technological trends than supply chain disruptions. A small percentage of respondents remain uncertain or selected "Other," which leaves room for niche or emerging themes to gain traction in the months ahead.

BIGGEST THEMES SHAPING INVESTMENTS IN 2025



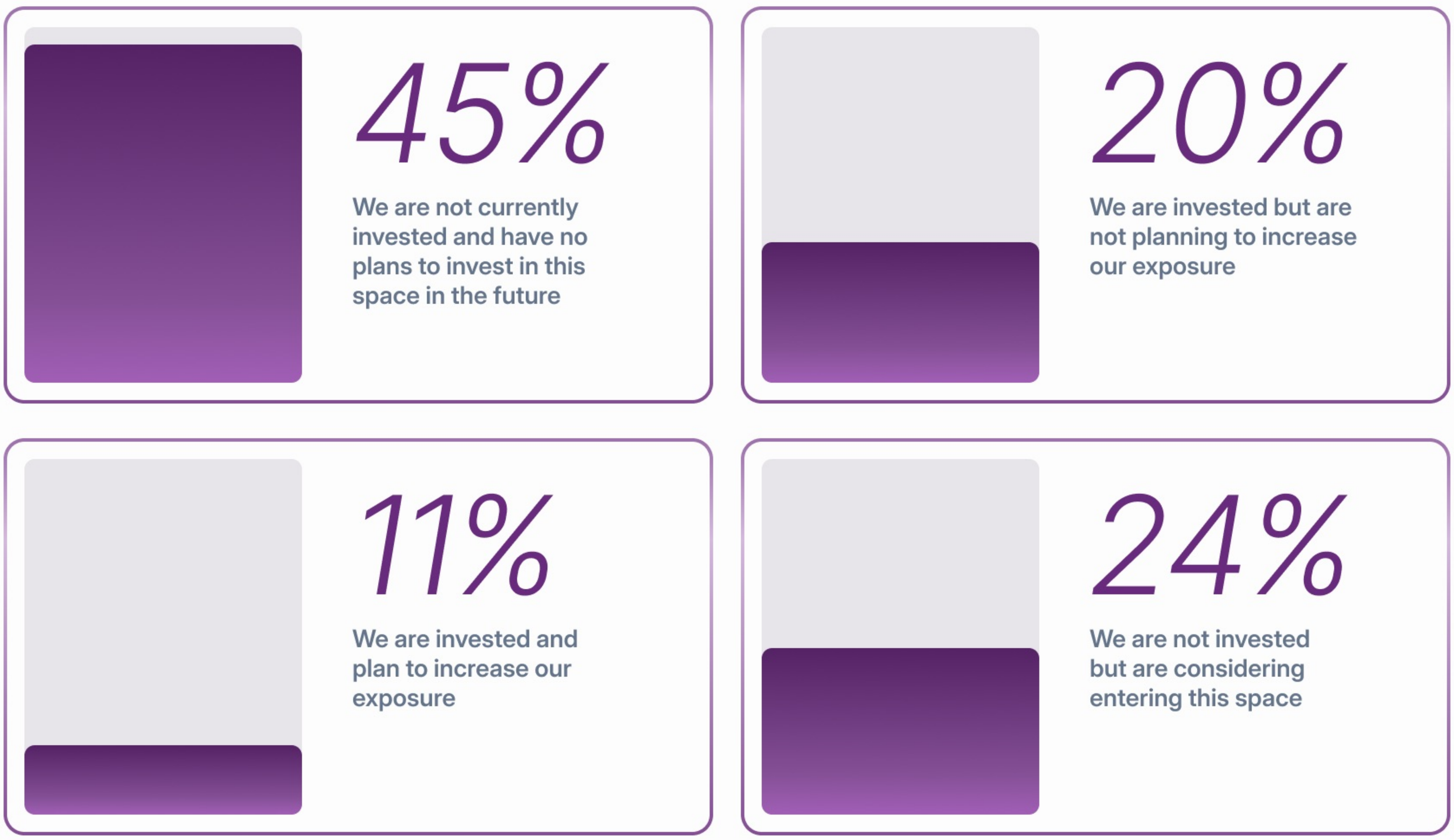
Source: iConnections Global Investor Survey

The Future of Digital Assets

For many allocators – a cautious but curious approach to digital assets remains the right position. Nearly half reported they aren't currently invested in the space, and have to plans to in the future. But the other 55% are either already invested in the space, interested in increasing their exposure or both.

This measured stance reflects the broader evolution of digital assets. Once viewed as a niche, speculative market, digital assets—particularly cryptocurrencies—have gained institutional attention due to growing regulatory frameworks, blockchain innovation, and potential diversification benefits. But volatility, regulatory uncertainty, and questions around long-term adoption continue to keep many allocators on the sidelines.

Certainly not everyone is sitting on the sidelines. Over 30% of respondents are already invested in the asset class, and another quarter are crypto-curious. As digital assets continue to grow their presence as a mainstream allocation, investors are keenly focused on volatility, regulation and new derivative opportunities as potential drivers for decision making.



LOOKING AHEAD

If the conversations and iConnections Global Investor survey are any indication, 2025 is shaping up to be a year of both optimism and pragmatism. Investors are embracing alternatives, but they're doing so with a clear-eyed focus on liquidity, risk management, and market opportunities. As volatility looms and innovation accelerates, one thing is certain: allocators aren't standing still—they're evolving.

They're also diversifying. Across asset classes, geographies, and themes, allocators are actively adjusting their portfolios to capture emerging opportunities while mitigating downside risks. From the continued rise of private credit and specialty finance to renewed interest in macro strategies, investors are seeking ways to navigate shifting economic conditions. At the same time, structural trends—such as the AI boom and geopolitical realignments—are reshaping investment priorities, forcing allocators to balance long-term conviction with short-term adaptability.

Yet, despite the enthusiasm for alternatives, caution remains a key theme. Liquidity concerns, evolving central bank policies, and global uncertainties mean that allocators are approaching 2025 with a mix of confidence and careful planning. The challenge ahead is clear: finding the right balance between risk and reward in an investment landscape that continues to defy easy predictions.

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