



**Connection
Capital**



Connection Capital Alternative Investments 2022

Introduction

Connection Capital is a London-based alternative investments platform enabling experienced HNW/UHNW private investors to invest directly in private equity and private debt transactions sourced and managed by Connection Capital. Clients can also access institutional-grade alternative investment funds operated by specialist managers, which are usually inaccessible due to minimum ticket sizes. Through Connection Capital, clients can invest in all these opportunities in multiples of £25,000.

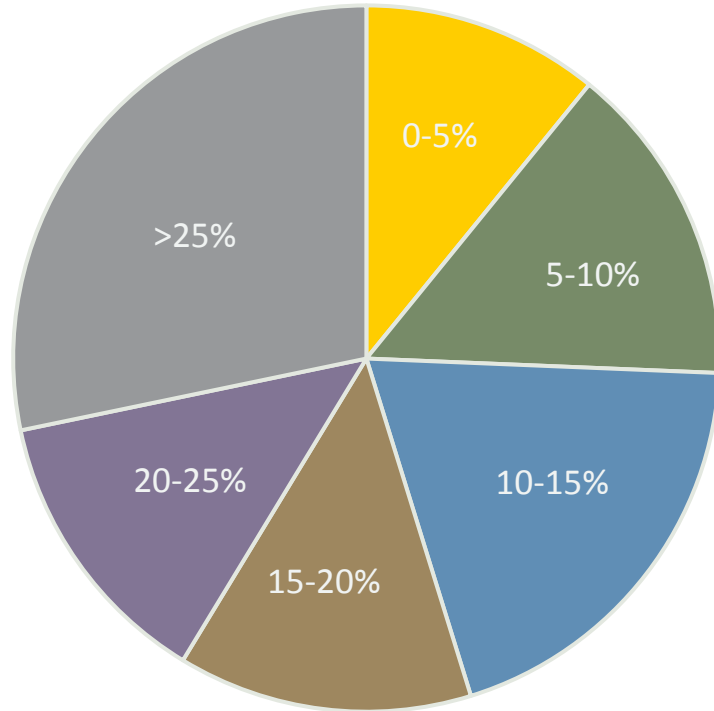
We have approximately 1,500 clients with an aggregate estimated net worth of over £11bn.

Our Private Client Alternative Investment Survey

Since 2018 we have surveyed our private client investors about their thoughts on alternative investments (classified in our survey as Private Equity; Private Debt; Commercial Property; Infrastructure; Alternative Fund Strategies) and portfolio allocation against the prevailing economic and market environment. The answers to the questions posed in this year's survey are provided in the following slides.

There were 230 responses to the survey, which were completed between June 8 and June 23.

Q1. Roughly what per cent of your investment portfolio is allocated to alternative investments (private equity/debt; commercial property; infrastructure; alternative fund strategies)?



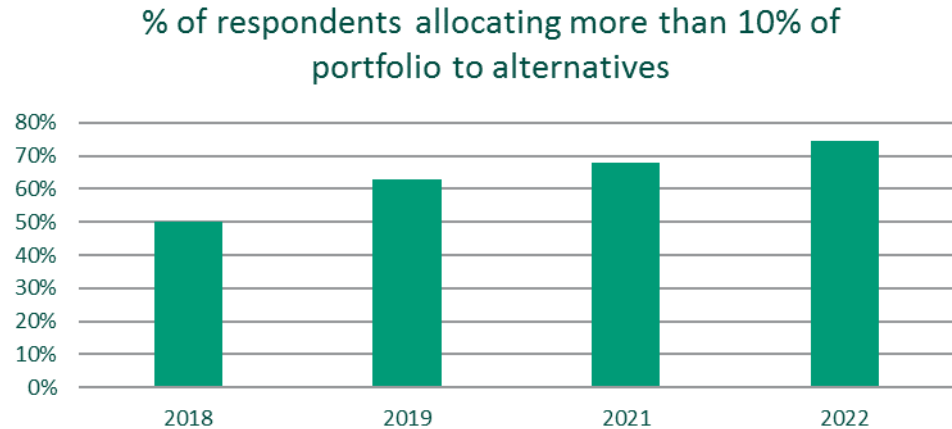
4 in 10 respondents now allocate more than 20% of their portfolio to alternatives.

Almost 3/4 (74%) of respondents allocate more than 10% of their portfolio to alternative investments.

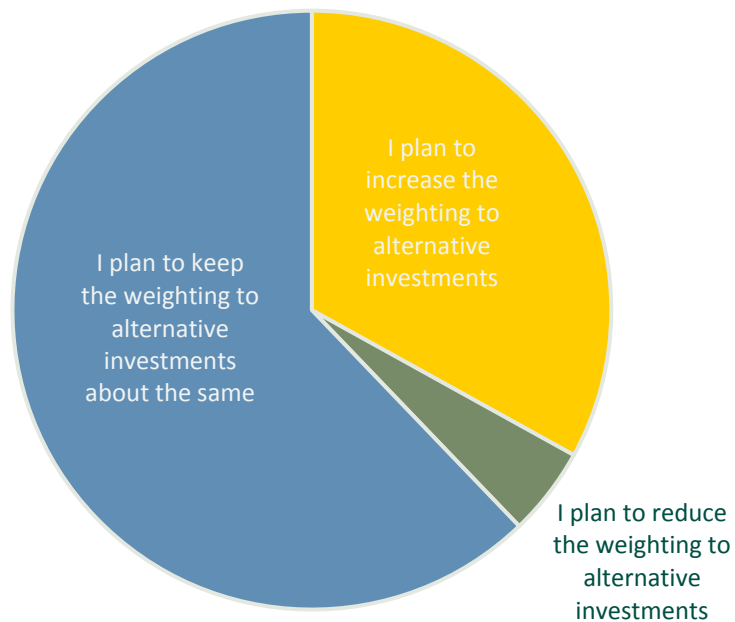
Q1 (continued)... Allocating to alternatives - a rising trend

The proportion of clients allocating at least 10% of their portfolios to alternatives has risen every year since our survey began.

Year	% of respondents with more than 10% portfolio allocation to alternatives
2018	50%
2019	63%
2021	68%
2022	74%
N.B. No data for 2020	

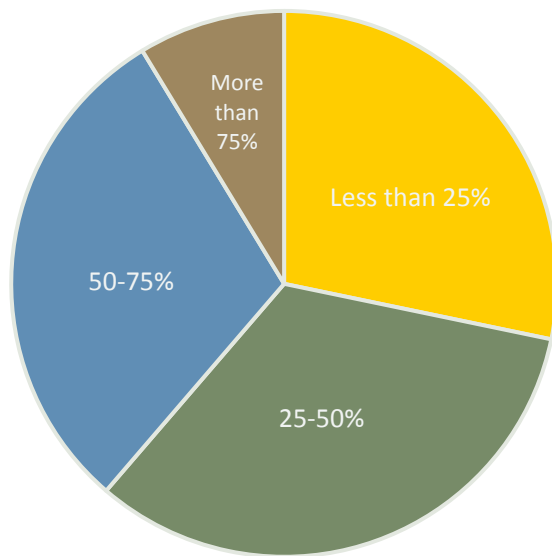


Q2. Do you plan on increasing your portfolio's % weighting to alternative investments over the next twelve months?



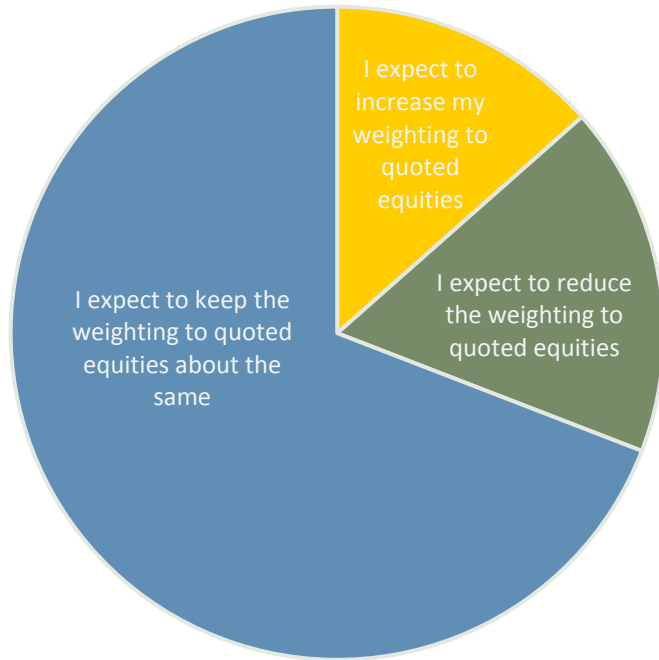
1/3 of respondents plan to increase their portfolio's weighting to alternative investments over the next 12 months.

Q3. What percentage of your overall investment portfolio is currently allocated to quoted equities?



Over 60% of clients allocate **less than half of their portfolio to quoted, public market equities.**

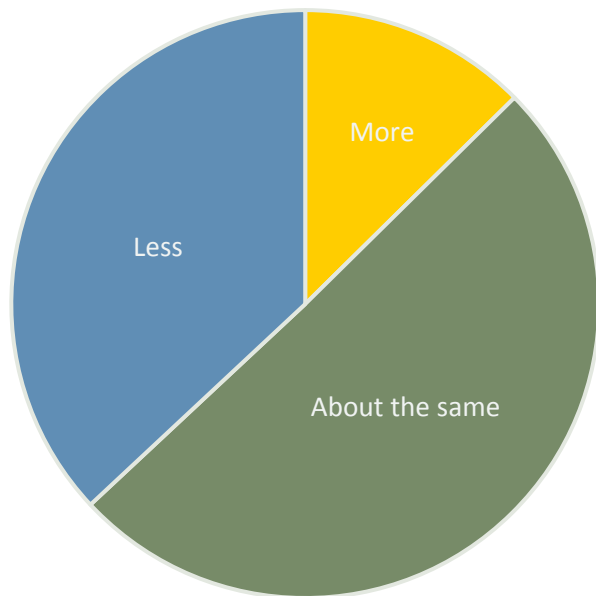
Q4. Do you expect to increase your portfolio's % weighting to quoted equities over the next twelve months?



The vast majority of respondents expect to maintain the same weighting of their portfolio to equities over the next 12 months.

Only 13 in every 100 investors plan to increase their allocation to equities.

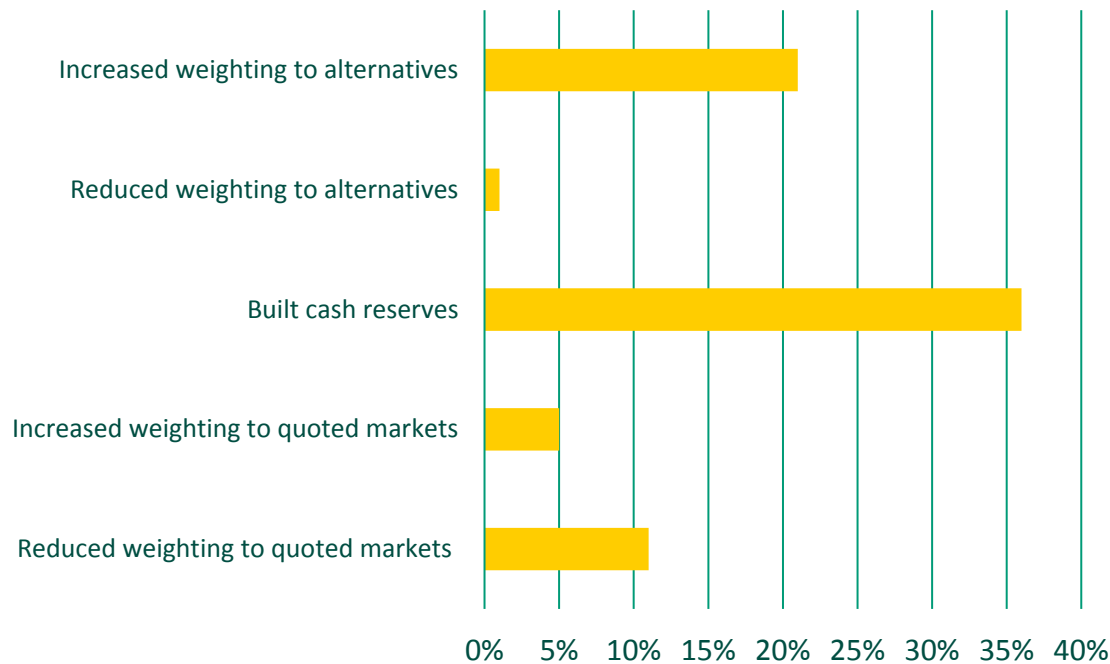
Q5.1 With regard to cash, over the next 12 months, do you plan on allocating more, less or about the same weighting of your portfolio to cash or cash-like instruments?



1/2 of all respondents will maintain current cash weighting...

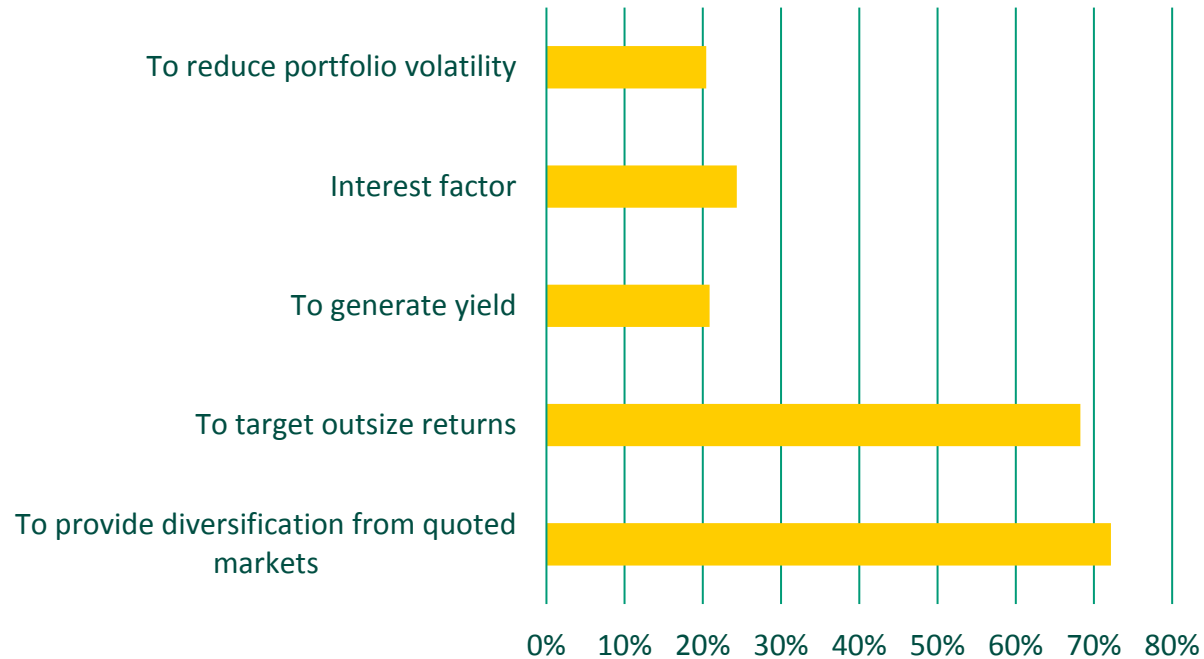
...but nearly 4 in 10 plan to reduce cash weighting - inflation given as main reason.

Q6. Looking back, from an investment portfolio perspective, how have you attempted to manage the recent volatility in the markets?



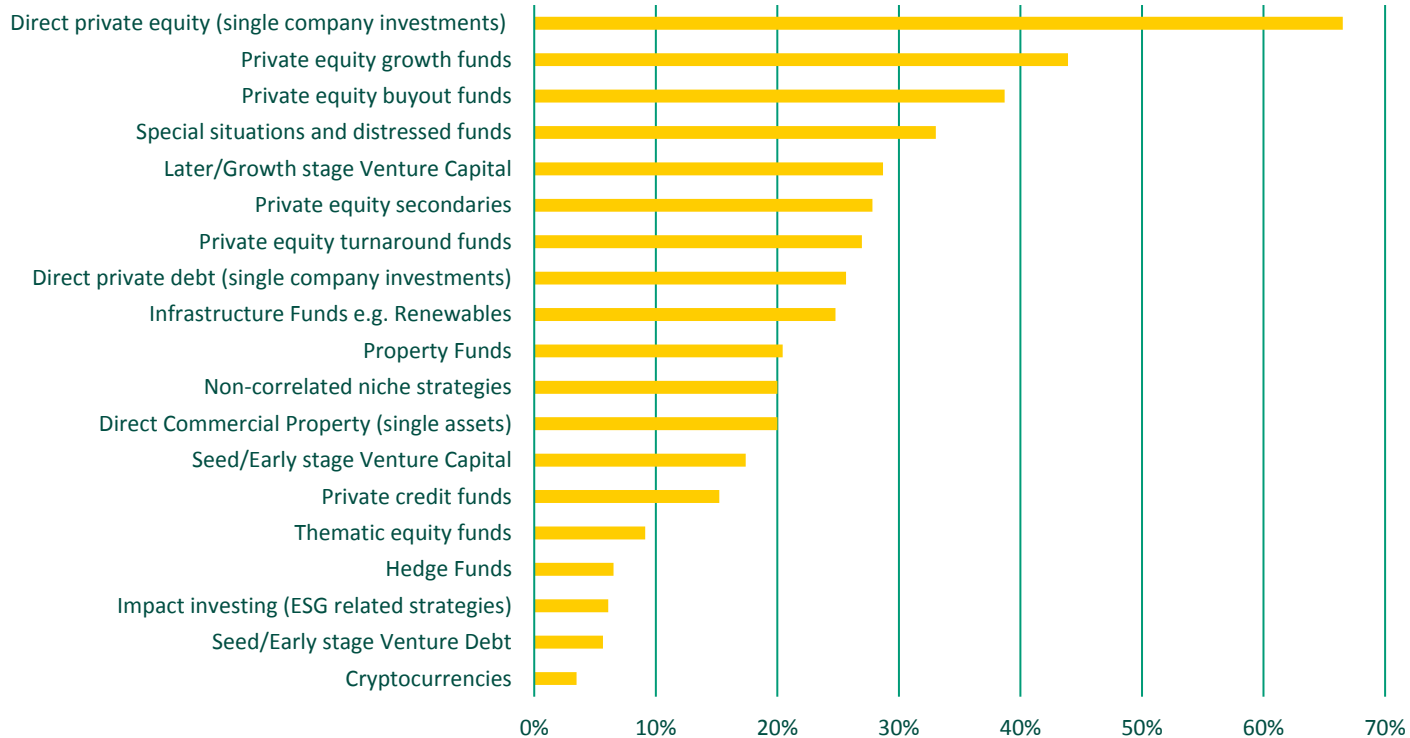
More than 1/3 of respondents have attempted to manage recent volatility by building cash. 21% of respondents have increased weighting to alts to achieve reduced volatility.

Q7. Why do you invest in alternative investments? (select all that apply)



More than 2/3 of respondents invest in alternatives to **provide diversification from quoted/public markets** and to **target outside returns**

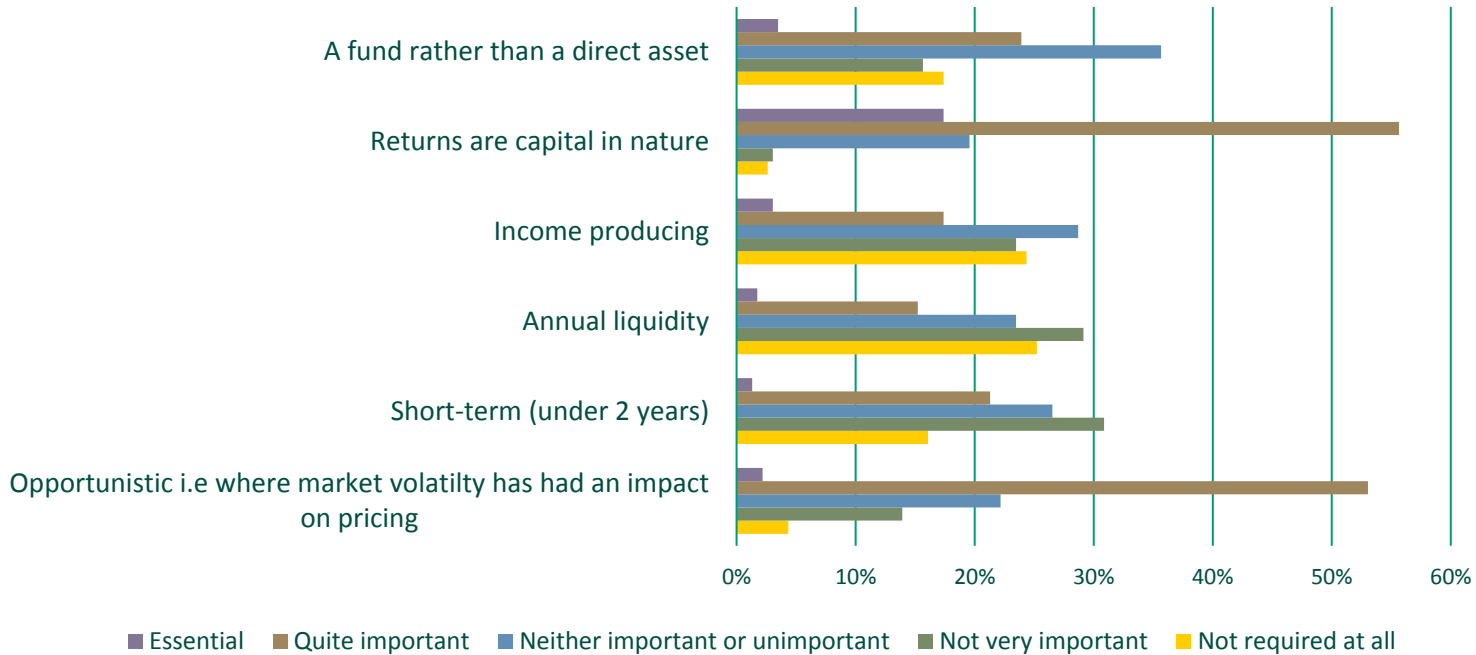
Q8. Which alternative investment strategies are likely to be most interesting to you over the next 12 months? (tick all that apply)



Private equity is the most sought after alternative investment class (direct investment and growth and buyout funds).

Other attractive strategies are special situations and distressed debt; later stage VC and PE secondaries.

Q9. How important are the following characteristics for any new alternative investment opportunity?

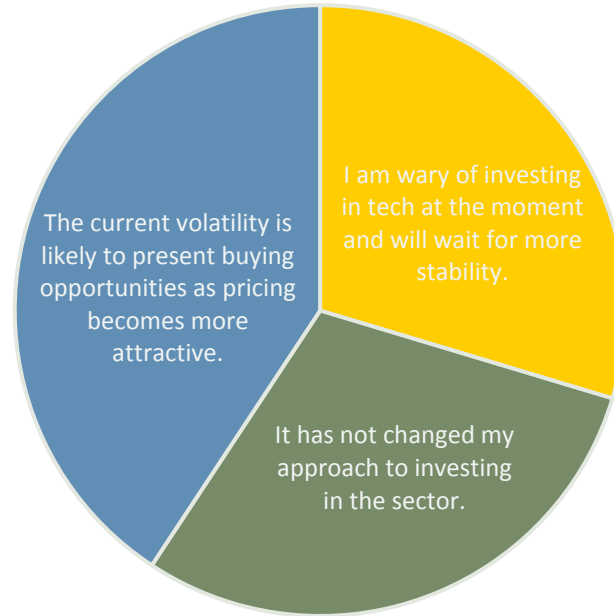


Survey respondents are clear that capital returns and opportunism are the most important characteristics.

Having returns in the form of capital is quite important or essential to 73% of respondents. Less than 6% think not v important or not required.

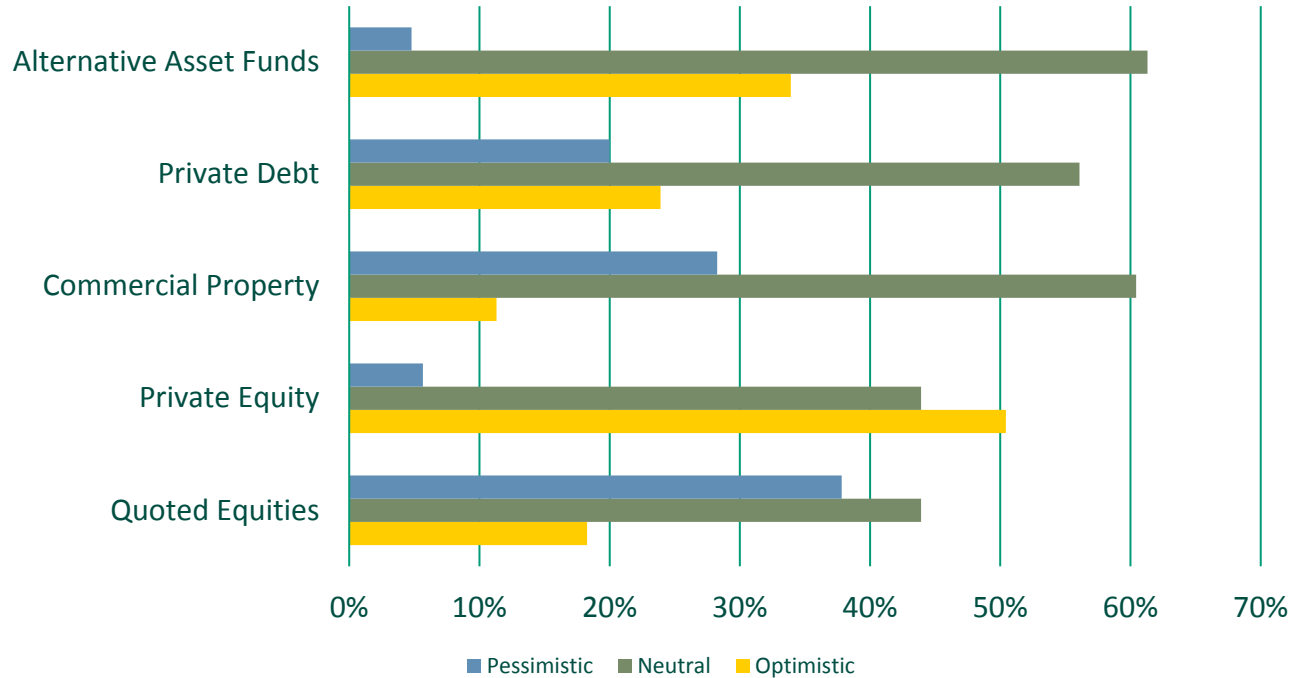
55% view opportunism as quite important or essential

Q10. How do you perceive the recent tech sector struggles from an investment perspective?



Recent tech sector volatility has had either no impact or seen as buying opportunity (70% of investors). Although some wariness in the cohort (30%).

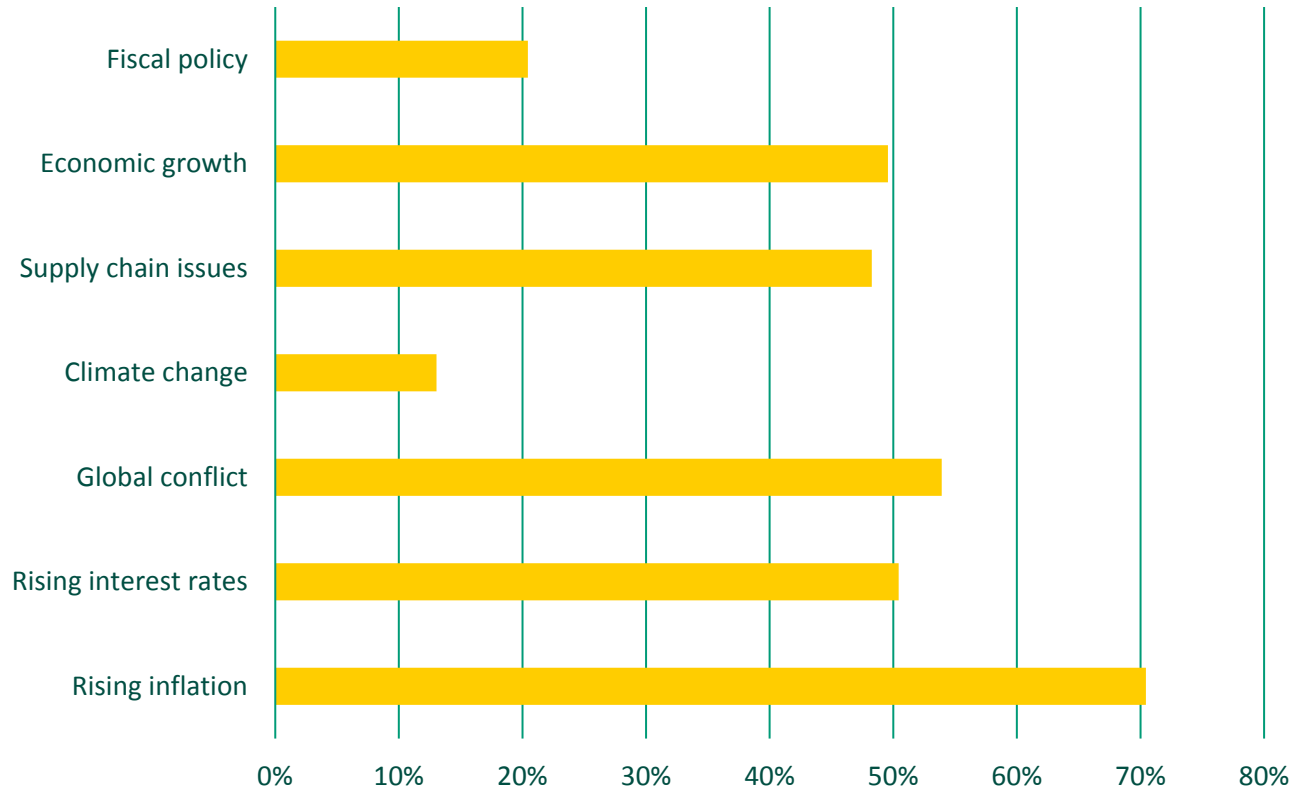
Q11. How optimistic are you about the investment landscape for the following asset classes? (Select either optimistic, neutral or pessimistic for each asset class) over the next twelve months?



Sentiment most positive on Private Equity (50% optimistic about performance over next 12 months).

Less than 20% of respondents are optimistic about quoted equity performance over next 12 months.

Q12. What do you perceive as the greatest threats to investment performance over the next five years?



About Connection Capital

Connection Capital LLP is a specialist syndicator of investment funds from private professional investors into direct private equity, private debt and commercial property deals, as well as alternative asset funds. As at 30 June 2022, it currently has some £400 million of funds under management across a diverse portfolio.

Connection Capital provides a specialist managed service to help professional clients build up their own alternative asset portfolios. Private investors self-select which opportunities they want to take a stake in. Opportunities are identified and negotiated by Connection Capital, which also carries out all due diligence and manages the investment from completion through to exit, on its clients' behalf. Connection Capital is authorised and regulated by the Financial Conduct Authority.

Press enquiries

Press enquiries:

Claire Madden

Managing Partner

Connection Capital

020 3696 4010 or 07764 241476

Russell O'Connor

Headlines for Business

07760 282586

Disclaimer

This presentation is issued by Connection Capital LLP for information purposes only and does not constitute advice or recommendation. Where information has been confirmed by or sourced from third parties, this has been identified by way of note. The contents of this presentation are private and confidential and should not be copied or reproduced without Connection Capital LLP's prior consent.

Connection Capital LLP is authorised and regulated by the Financial Conduct Authority (FCA) FRN 705640 and is incorporated in England and Wales, registered number OC349617.

This presentation is not intended for retail clients. The investments and services provided by Connection Capital LLP are only available to 'professional clients' who have sufficient experience and expertise to select their own investments, make their own investment decisions and understand the high risks involved. Being categorised as a professional client means that you will not be afforded the same level of protection as retail clients receive.

The types of investment offered by Connection Capital LLP for self-selection by professional investors are high risk and speculative. Investments may fall in value as well as rise, you may not get back the full amount invested and there is no guarantee of investment returns or distributions. Past performance is not a reliable indicator of future results. Investments of this type are illiquid and not readily realisable or transferable until the exit point. You should only invest if you can afford to do so and as part of a diversified investment strategy.

Tax treatment depends on the investment and your personal circumstances. Tax rules may change in the future. Connection Capital LLP does not provide tax advice and if required, you should seek advice from a qualified tax specialist.