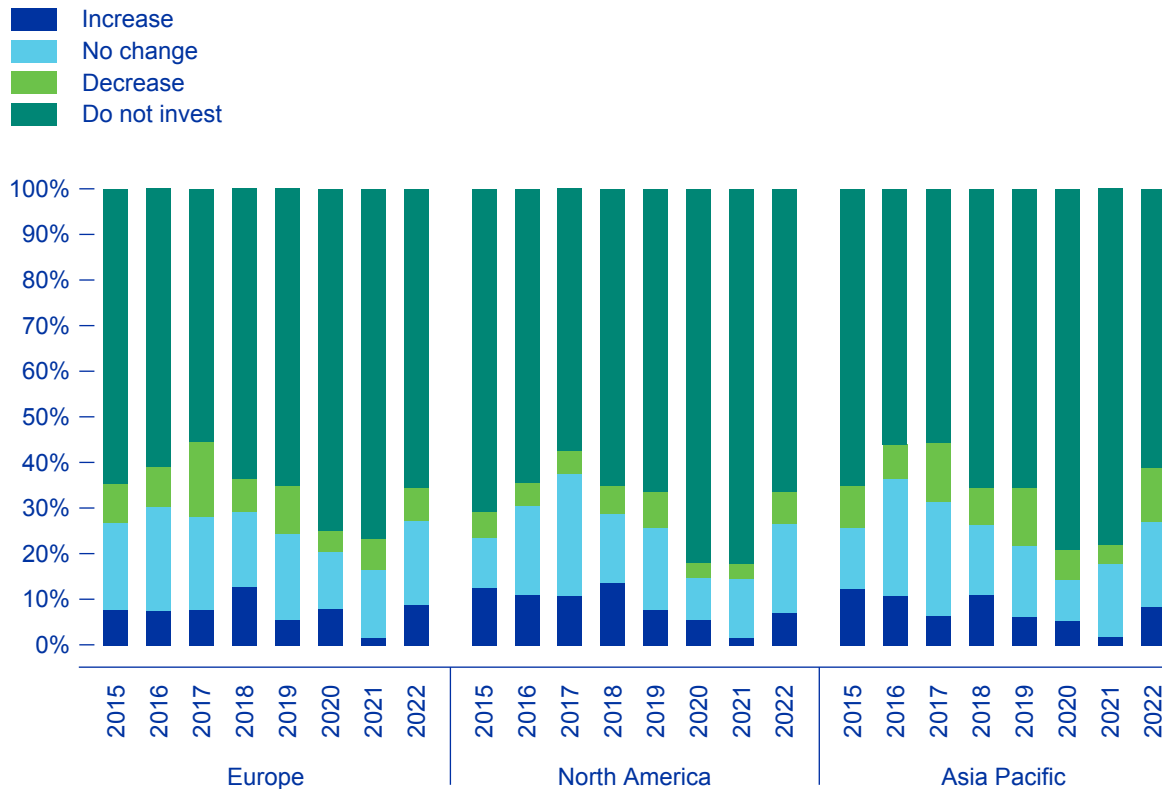


Funds of funds delivered a record-high total return of 12.4% in 2021

- > Funds of funds AUM rose to €52.6 billion globally at the end of 2021
- > Closed end funds of funds delivered a record-high total return of 16.5% in 2021
- > Large open end core funds of funds with a global strategy dominate the market segment

Figure 1: Expected changes in investors' real estate funds of funds allocations



Source: ANREV / INREV / PREA Investment Intentions Survey 2022

Funds of funds recovered some of their appeal in 2021. According to the results from [ANREV / INREV / PREA Investment Intentions Survey 2022](#), 7.0% of the investors targeting Europe expected to increase their allocation to these vehicles in 2022. This represents a substantial increase compared with the 1.7% reported in the same study in 2021.

In addition, the total funds of funds asset under management increased to €52.6 billion globally, a new record-high level, according to the [ANREV / INREV / NCREIF Fund Manager Survey 2022](#).

Core funds of funds make up the largest share of the [ANREV / INREV Funds of Funds Vehicle Universe](#), representing 59% of the sample by number and 96% of the total NAV.

By structure, open end vehicles represent the largest share of the sample both by NAV and by number with 96% and 64%, respectively.

Funds of funds with a global strategy account for the largest share of the sample, 77%, while the remaining 23% targets a European strategy. By the end of June 2022, there are no funds of funds with North American or APAC strategies.

The [ANREV / INREV Funds of Funds Study](#) indicates that over the years interest for global strategies has increased while diminished for regional strategies.

Those funds of funds that contributed cash flow data to the [ANREV / INREV Data Platform](#) reported an average total return of 12.4% in 2021 compared to 1.7% in 2020 and well above the 10-year average (5.8%). The total return posted by funds of funds in 2021 was the highest since the start of the time series in 2007 and was the ninth year in a row that funds of funds reported positive returns.

In 2021 non-core funds of funds outperformed core funds of funds. These non-core funds delivered a 14.4% total return to their investors, while core funds posted a total return of 12.3%.

This improvement in performance in 2021 was mainly a consequence of the post-pandemic recovery that led to robust capital growth in the real estate asset class.

By structure, closed end funds of funds outperformed open end structures in 2021. Closed end vehicles reported a total return of 16.5%, well above the 12.2% posted by open end funds. The performance of the closed end structure is quite similar to those funds of funds with a non-core strategy, as most of the closed end funds follow this investment route.

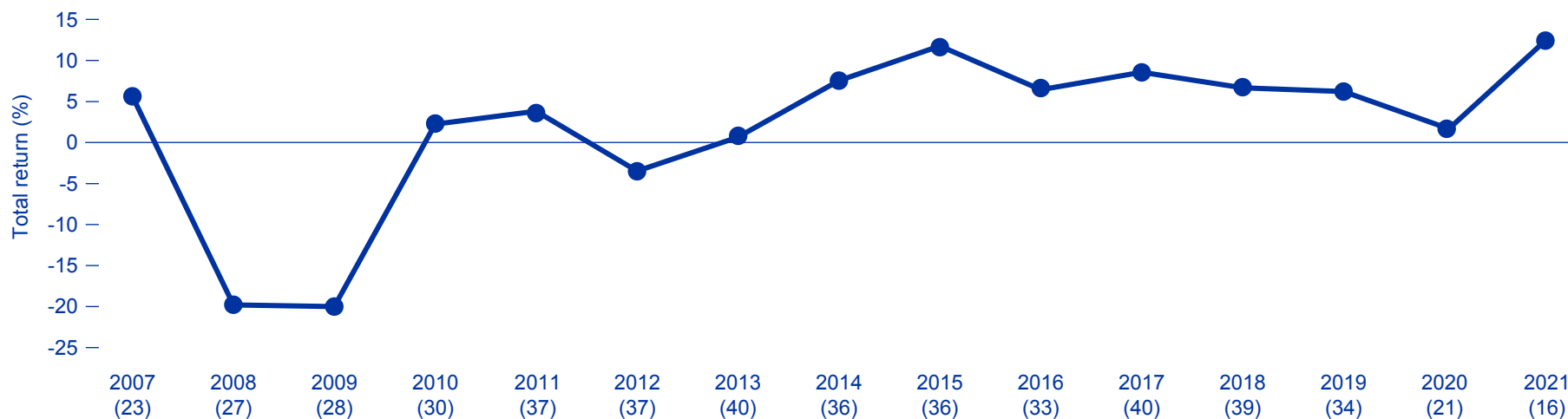
Younger funds outperformed those with older vintage years. Vehicles with a vintage year between 2015-2021 posted a total return of 12.6%, slightly above those vehicles launched between 2008-2014 which delivered a return of 12.3%.

By regional strategy, those funds of funds with a global strategy achieved a total return of 12.6%, ahead of those with a European strategy which delivered a total return of 7.5% to their investors

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Figure 2: Aggregate annual performance of funds of funds



Source: ANREV / INREV Data platform 2022

Numbers in brackets show sample size for the corresponding year