TIGER 21's Ultrawealthy Investors Beef Up Private Equity Allocation

Those who build private companies are going back to 'what they know best'

April 18, 2013
By Michael S. Fischer

TIGER 21's cohort of ultrawealthy investors increased their private equity allocations by three percentage points in the first quarter, up from 19% in the fourth quarter of 2012.

The group's latest asset allocation report said private equity had risen by 12 points from a low of 9% in the fourth quarter of 2010.

TIGER 21's more than 200 members across North America maintain investable assets of more than $19 billion. Their asset allocations are tracked quarterly.

Key findings in the first quarter report: • Public equities declined to 23% from 24% in the fourth quarter • Real estate fell to 19% from 21% in the previous quarter • Hedge funds rose to 8% from 7% • Fixed income (14%), cash (12%), commodities (1%) and currencies (0%) remained unchanged.

"Private equity investments have always been a favorite of our members—who largely come from entrepreneurial backgrounds where they were actively involved in running companies," Michael Sonnenfeldt, TIGER 21's founder and chairman, said in a statement.

"It is not that private equity is a better alternative for all investors than public equity. Both public and private equity have seen increasing allocations as our members slowly wade back into increased equity exposure reflecting a cautiously optimistic view."

Sonnenfeldt said the findings seemed to indicate that the majority of members who had built private companies were going back to "what they know best," and were more focused than they were before 2008 on "keeping things simple."

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PIC13-045-E(07/13)