



2024 LP Survey: Key Findings

Insights on alternative investments

Presented in association with  private**equity**wire

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Editor's Note

The forthcoming *SS&C Intralinks 2024 LP Survey*, produced in association with Private Equity Wire, gathered insights from 251 limited partners (LPs), weighted toward the largest firms, with over 60 percent managing more than USD five billion.

The findings provide general partners (GPs) with access to investor sentiment about the performance of their alternative asset portfolios and indicators of allocation plans for the next 12 months.

The survey was conducted amid ongoing macroeconomic and geopolitical turbulence characterized by stock and bond market volatility, above-target inflation, rising interest rates and the ongoing conflict in Ukraine.

Against this backdrop, our research indicates that LPs are continuing to look to alternative assets to deliver the risk-adjusted returns and



Meghan McAlpine
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diversification they require. Almost half of the respondents are planning higher exposure in the coming months, with private credit a particular area of interest.

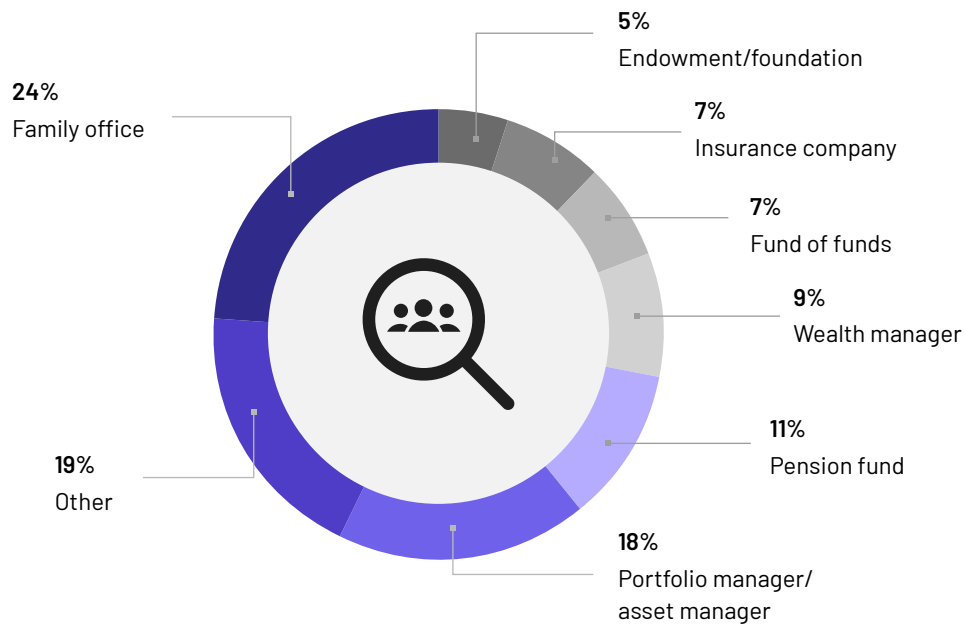
GPs are facing a challenge to satisfy LPs, with levels of dissatisfaction over performance almost three times higher this year compared to last. The survey provides key indicators that will influence LP decisions over the next 12 months, including areas of potential improvement – from technology to ESG.

Ahead of the full report, that will be released in September 2023, what follows are six key findings from our research that give a glimpse into investor sentiment and allocation plans.

We encourage you to explore these preliminary findings and leverage them to enhance your strategies. Lastly, our sincere thanks to the 251 LPs who took part in our annual survey.

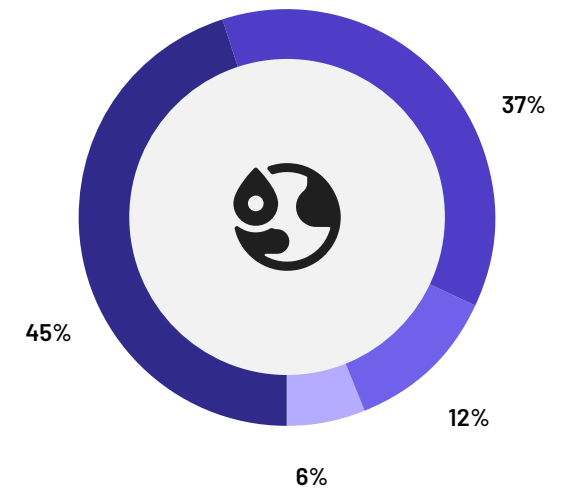
Types of Investors Surveyed

The survey measured the sentiment of a range of professionals who work in the private markets. Family office was the largest category of LPs, followed by portfolio manager/asset manager, pension fund and wealth manager. The vast majority (82 percent) are based in EMEA or North America.



Investors Surveyed by Geography

- Europe, the Middle East and Africa
- North America
- Asia Pacific
- Latin America



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“Investors are becoming more discerning about the long-term consequences of their investment decisions, and private markets provide unique opportunities to engage with emerging industries that have social or environmental benefits, such as Clean Energy, Sustainable Energy and financial inclusion.”

Adam Milgrom

Director at Tripple Family Office

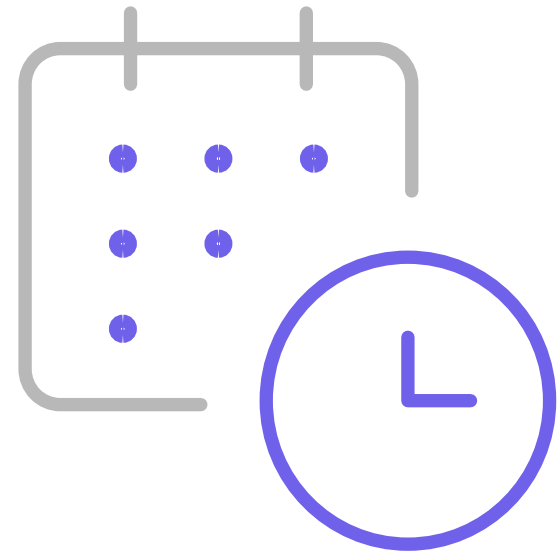
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Appetite for Alternatives Remains Strong

Only nine percent of LPs plan to reduce their exposure to alternatives in the next 12 months, indicating a strong vote of confidence for the sector. Nearly half (48 percent) of LPs surveyed are planning an increase, with over a third (34 percent) of respondents aiming to expand their exposure by at least 10 percent. This represents a slight increase from last year's figure of 32 percent.

48%

of investors plan to increase their exposure to alternatives in the next 12 months.

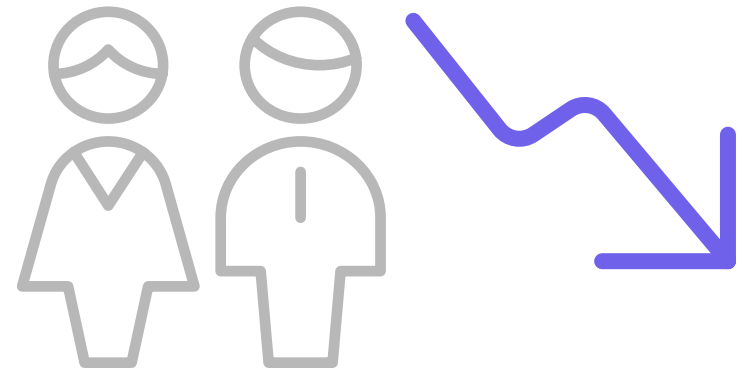


... But Satisfaction Cools Slightly

For more than half (57 percent) of respondents, the performance of their alternatives allocations met their expectations, showing an improvement from last year (43 percent). This year, a significantly larger number of respondents expressed dissatisfaction over performance, with 23 percent saying this failed to meet expectations — up from eight percent last year. For the remaining 20 percent, risk-adjusted returns exceeded expectations.

23%

of investors say the performance
of their alternatives allocation
failed to meet expectations.

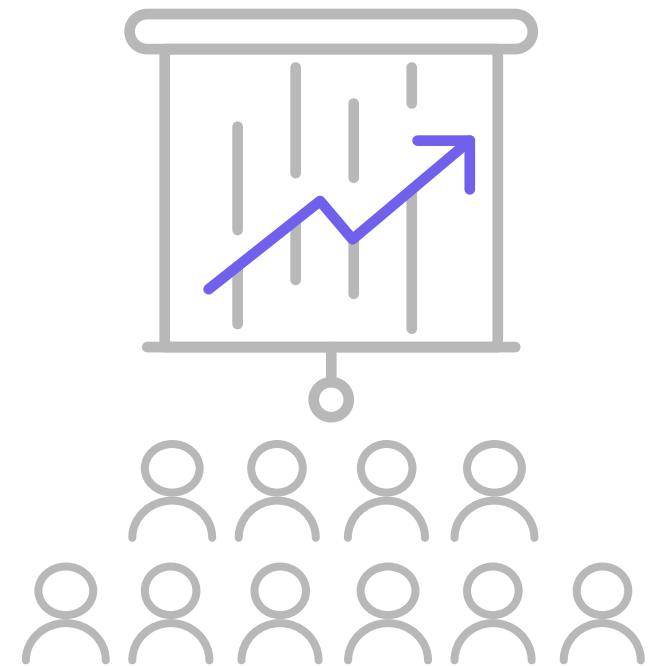


Private Credit To Play a Bigger Role

A vast majority of respondents (71 percent) believe that private credit funds will have a significantly greater role to play in the industry. Responses to this survey question garnered the highest level of enthusiasm, with over a quarter (26 percent) strongly agreeing with this statement. The growing eagerness for the approach is fueled by alternative credit providers looking to capitalize amidst a period of rising interest rates.

71%

of investors believe that private credit funds will play a greater role.

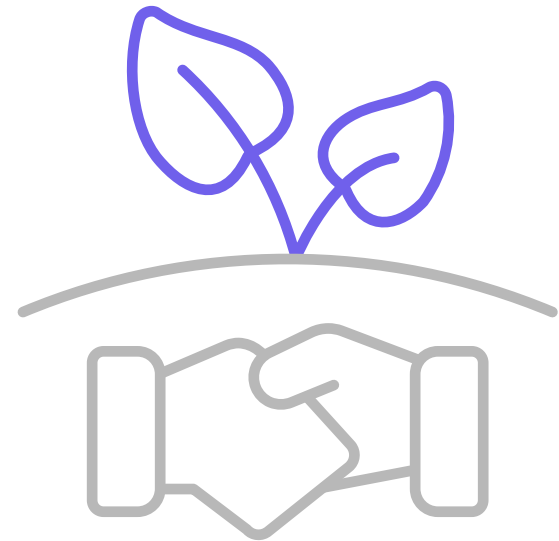


ESG: Room For Progress

LPs expressed a desire for improvement in the realm of environmental, social and corporate governance (ESG) investing. While a range of ESG frameworks are being used by LPs, the United Nations Principles for Responsible Investment (UN PRI) was the most favored, albeit by less than half of respondents (44 percent), underlining the lack of consensus in this area. Notably, less than a quarter of LPs engage frequently with GPs on ESG reporting.

38%

of LPs expect to increase exposure to PE-operated impact funds over the next 12 months.

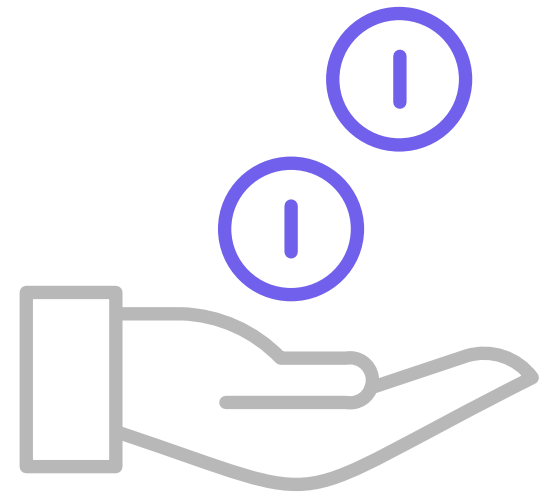


Valuations Are a Top Cause For Concern

The recent decline in valuations in private equity has had a major impact on investor sentiment. This was a key worry in this year's *LP Survey*, with 91 percent saying they were concerned about this issue. And that is not the only thing keeping LPs up at night: A large majority of LPs (81 percent) expressed concern about banks pulling back from lending on buyouts.

91%

of investors are concerned about valuations.

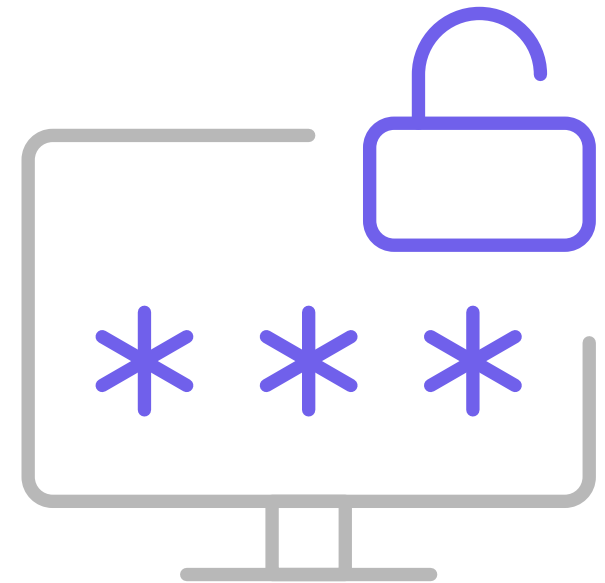


LPs Are Focused on Technology

LPs expressed concerns regarding GPs' technology, specifically as it related to security and reporting. While data security and governance measures emerged as the areas of least satisfaction, "disparate LP dashboards with multiple logins" were the biggest frustration for more than half (53 percent), an increase from 35 percent last year. Almost two-fifths (38 percent) of LPs were considering using technology to aggregate data across their private markets portfolios.

38%

of LPs are considering tech for aggregating fund performance data.



Looking Forward

This year's survey reveals that more than five times as many LPs are planning an increased allocation to alternatives as opposed to a reduction (48 percent versus nine percent). However, the survey also highlights a warning sign, with the rate of dissatisfaction with returns rising to 23 percent from last year's figure of eight percent. This data point emphasizes how important it is for GPs to avoid complacency.

Private equity has continued to deliver strong performance, with more than half (51 percent) of LPs acknowledging it as the asset class that delivered the best risk-adjusted returns. But the nature of the investment landscape is changing, as 68 percent of LPs reported being offered opportunities to invest in a GP-led secondary or remain in a continuation fund over the past 12 months.

The survey uncovers shifting challenges and opportunities, including concerns that GPs are not adequately reflecting economic headwinds when valuing assets and a potential shift in focus toward private credit.

Additionally, LPs expressed the need for resilient and responsive technology. Enhanced portfolio analytics emerged as a top priority for LPs, while over half of the respondents (53 percent) were frustrated by the continued use of disparate LP dashboards with multiple logins.

Furthermore, a significant portion of investors (38 percent) cited an inability to integrate GPs' technology with their own as a pain point.

As the survey reveals, GPs that facilitate the ability to provide information across multiple funds in one place will be in a stronger position with LPs in the coming months.

The 2024 SS&C Intralinks LP Survey will be published in September 2023.

About SS&C Intralinks

SS&C Intralinks is the pioneer of the virtual data room, enabling and securing the flow of information by facilitating M&A, capital raising and investor reporting. SS&C Intralinks has earned the trust and business of many of the Fortune 1000 and has executed over USD 35 trillion worth of financial transactions on its platform.

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About Private Equity Wire

Launched in 2007, Private Equity Wire publishes PE news and features for LPs and GPs as well as their service providers, issuing daily news over its website as well as features, reports, research, awards and events for the global PE industry.

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