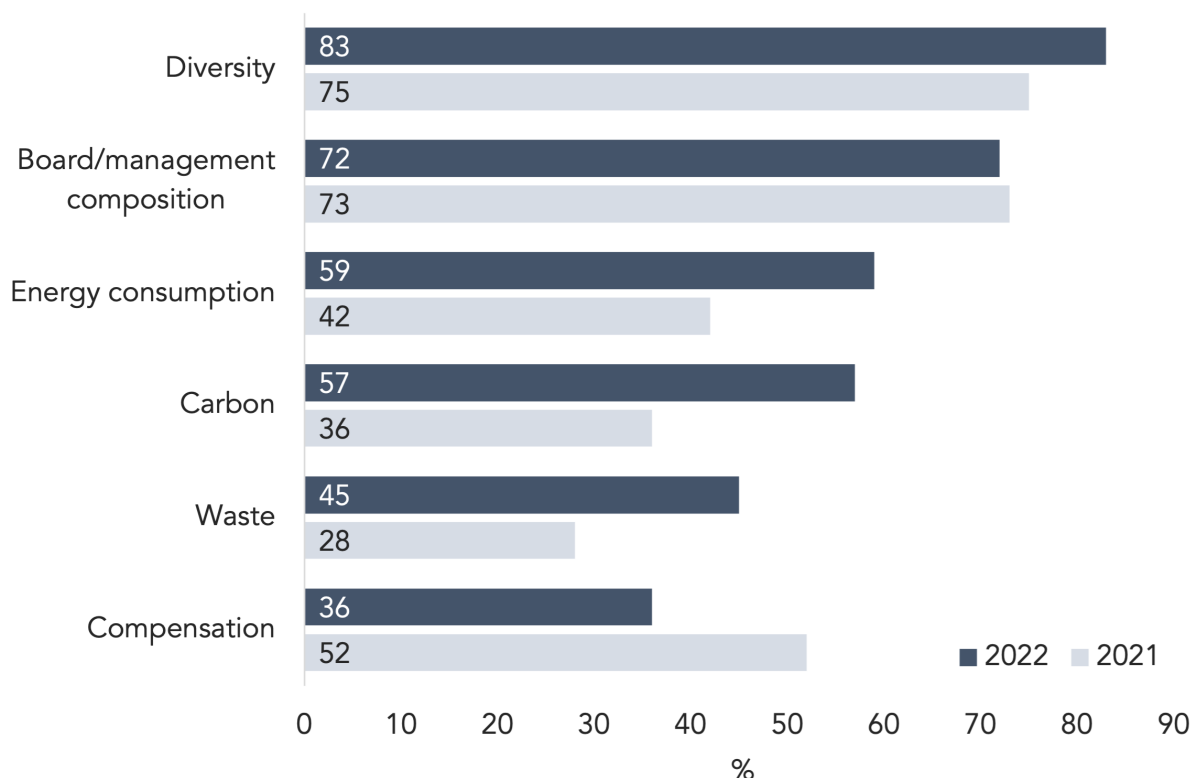


A fast-changing asset class

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Which of these ESG metrics are you tracking?



Continuing our reflections on how different dynamics are being seen across private markets.

In last week's edition of *Lead Left*, we took a look at some of the key themes emerging from our *Private Funds Leaders' Survey 2022*, which we published in conjunction with MUFG Investor Services. This week, in our second exploration of respondents' views, we focus on ESG KPIs, technological disruption and the changing nature of the investor base.

Keeping track of ESG: There has been a significant increase in the depth and breadth of ESG KPIs being tracked in the past year. The percentage of respondents tracking carbon emissions climbed from 36 percent to 57 percent, those tracking energy consumption rose to 59 percent from 42 percent and those tracking waste increased from 28 percent to 45 percent. Diversity remains the best-tracked metric, monitored by 83 percent of private fund leaders.

The impact of technology: Portfolio management is the area most poised for technology disruption, followed by fund operations. Some funds are also making strides towards automating origination, with AI-driven tools that help curate potential targets. IR and fundraising, meanwhile, have been revolutionised by investor-friendly tools

that really gained traction during the remote fundraisings of the pandemic. Indeed, few areas of private markets remain untouched by technology today.

The future of fundraising: Respondents to the survey were preparing themselves for fundamental changes to the private markets' investor base, with 60 percent predicting that private wealth will become an increasingly important component, and a further 52 percent predicting that retail money will move meaningfully into private markets over the next five years. A proliferation of feeder funds is helping to overcome historical obstacles for retail investors and open up this vast potential pool of capital for alternative asset classes.

(Past performance is no guarantee of future results.)