Crisil
Coalition
Greenwich

In Private Markets, Institutions Seek Managers with a Commitment to the Asset Class

May 31, 2023

Interest in private markets hasn't slowed down. Our data-driven insights based on feedback from asset owners in the United States show that, despite signs of a slowdown in fundraising, private investments are expected to again claim the most significant allocation increases across U.S. institutional portfolios over the next three years. This finding is no surprise, as private investments continue to generate attractive risk-adjusted returns and access to high-growth opportunities. Furthermore, allocation to private markets also provides investors with effective tools to cope with some of the key challenges they face currently.

Interest in Private Markets Remains Strong

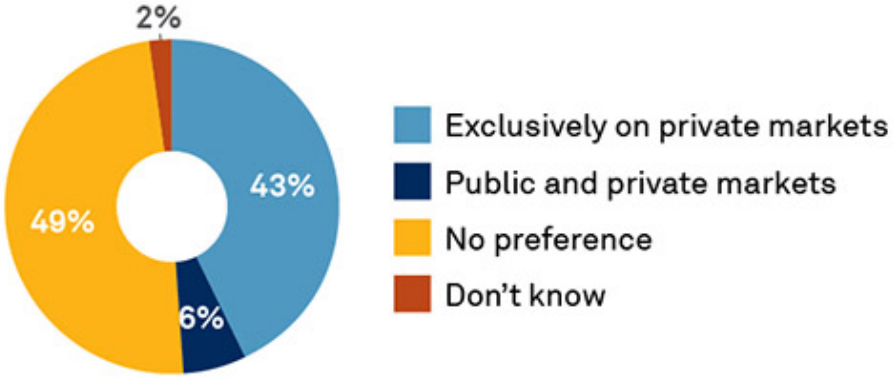
In 2022, institutional investors put market volatility and inflation risk at the top of their list of concerns. Compared to public markets, private investments offer relative stability due to their longer investment horizons and a lack of real-time pricing. Asset classes such as private debt and real estate also offer a degree of protection against inflation concerns by giving exposure to inflation-hedging assets and ongoing cash flows. As a result, following decades of strong growth in private markets, institutional interest remains significant even as the investing environment has become more challenging recently.

Private Markets Manager Selection Criteria, Beyond Returns

Percentage of U.S. Institutions



Preference for managers that focus exclusively on private markets



Note: Based on 112 respondents in 2021 and 125 in 2022.
Source: Coalition Greenwich Voice of Client – 2021 and 2022 U.S. Institutional Investors Studies

Seeking a Track Record in Private Markets

The nature of private market investing also means that managers competing for a share of the flow are often required to demonstrate a particular set of capabilities and attributes. In particular, investors are looking for expertise in private markets, demonstrated over time. A lengthy track record demonstrates an asset manager's ability to weather various market conditions and offsets the difficulty in evaluating performance due to infrequent valuation and lack of benchmarking. It serves as a reliable indicator of a manager's ability to generate consistent returns and manage risk effectively while navigating an illiquid market.

For about half of U.S. investors, however, this hasn't translated to a preference for managers that focus exclusively on private markets. But with the complexities specific to private markets, investors are looking for evidence of a manager's commitment to the asset class. Instead of delineating between specialist and generalist managers, the majority of investors cite the existence of dedicated private market investment resources as a requirement for selection, and this proportion has increased significantly from the previous year.

Evolving Through a New Phase

With fundraising slowing in recent quarters and the private markets evolving through a new phase, investors will become more selective when evaluating managers and strategies. Investors can be expected to place an even higher importance on evidence that demonstrates a deep expertise in the private market space. A robust track record is a distinct advantage as it instills confidence and trust in a manager's ability to deliver results long-term, as well as their ability to uphold their investment philosophy and approach through market cycles.

---

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF

ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., a company of S&P Global. ©2026 Crisil Ltd. All rights reserved.