



# MARKET INSIGHTS – 1Q2024

## ABOUT

Pendlebury Hall Advisors, LLC is a management consulting and capital placement firm partnering with investment managers focused on private market strategies.

Pendlebury Hall Advisors, LLC leverages its deep experience with institutional and private wealth investors to better partner with investment manager clients offering private market strategies for distribution and ongoing client service efforts.

## CONTACT

<https://www.pendleburyhall.com/>



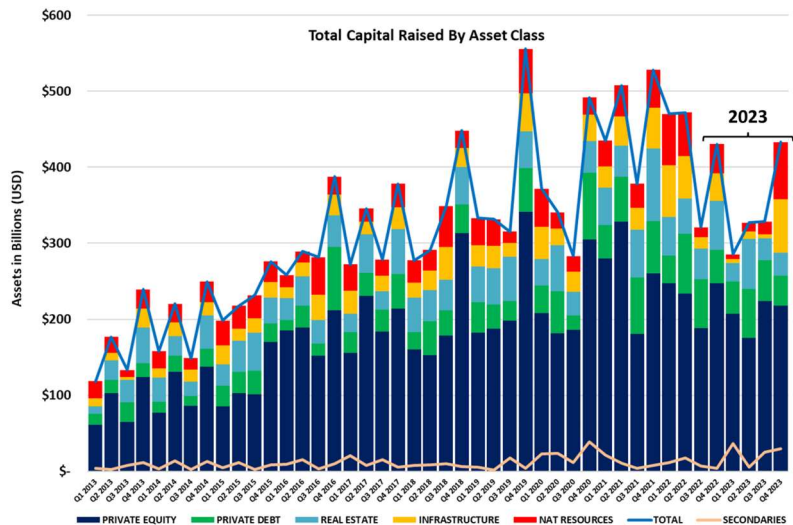
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Welcome and thank you for taking the time to read this inaugural [Market Insights](#). Market Insights has been created to assist allocators, investment managers as well as other industry providers and participants. Our mission is to provide commentary on marketplace trends in private markets and traditional investing to create greater awareness and enable industry participants to make more informed investment decisions.

**LOOKING BACK**– 2023 proved to be a challenging year for the investment management industry for both alternative and traditional investment managers:

- Reverting to 2018 levels, fundraising in privates was down across the board, with the exception of secondaries which reached new highs
- Large firms (and large funds) captured a significant amount of private capital fundraising activity along with notable growth emerging from evolving private wealth distribution channels
- Investment management firms focused on traditional investments (e.g., public equities) were under pressure for most of 2023, offset by strong 4Q equity market results



Source: Data sourced from Preqin.

**TRENDS IN 2024 & BEYOND** – We see the following themes prevailing for private market investments:

- Rise in demand and fundraising activity in alternatives as LPs increase target private allocations and sophisticated investors continue to fuel secondaries and co-investments
- Further “democratization” of private market investments driven by private wealth appetite and evolving distribution channels including platform providers (both intermediated & direct-access) and investment access vehicles (e.g., interval funds and BDCs)
- Investment management firms seeking growth will:
  - Continue to diversify and expand their private market offerings to promote growth through strategic lift-outs or broader acquisitions
  - Make critical strategic decisions concerning overall distribution strategy and channels which will dictate future long-term growth



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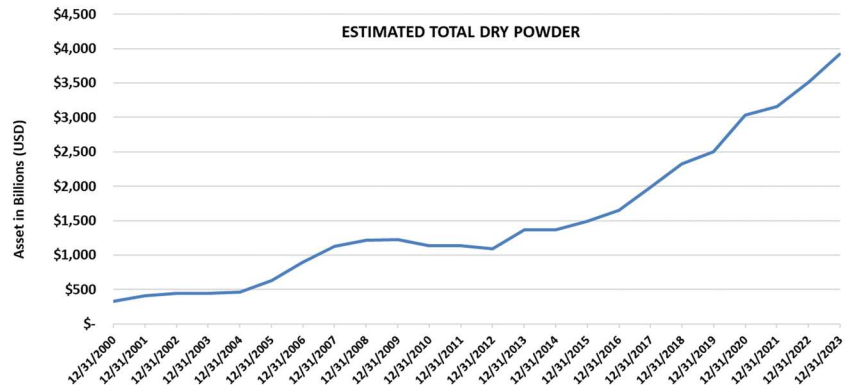
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## TRENDS IN 2024 & BEYOND, CONT'D.

- Demand from astute LPs exists for “niche” small and mid-sized private market strategies with compelling value propositions
- Overhang of record dry powder will need to be deployed, but success of those investments will be largely dictated by macro events namely re-financing, rate and geopolitical environments



Source: Data sourced from Preqin.

- Demand for further innovation (e.g., AI, SaaS) will continue streamline private market firms’ back-office operations and client servicing strategies
- Greater assets flowing into private markets and further “democratization” trends will raise industry exposure and awareness but also bring added risks for both GPs and LPs

There will be continued headwinds for traditional investments:

- Investors will continue to lower target allocations and consolidate individual manager exposures to traditional investments
- Actively managed investments continue to shift to passive including direct-indexing
- Trend of in-sourcing investment management in select areas (e.g., fixed income, large cap equities) continues with sophisticated, large investors
- Further fee pressure as consolidation in traditional investment strategies enable large asset-owners and providers (e.g., OCIOs, Wirehouses, RIA Aggregators, etc.) to leverage their scale
- U.S. corporate pensions will accelerate pension risk transfer activity with some uncertainty over the direction of rates, but higher demand could result in further capacity constraints with insurers

As always, we welcome constructive dialogue and feedback that will benefit industry participates as a whole. Thank you for reading! -Troy

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