

Global Survey Finds Private Market Investors Rethinking Risk, Favoring Established Investment Partners Amid Uncertainty

Rigorous diligence and fundamental analysis are priorities for private equity and private credit investment managers in light of inflation and higher interest rates

CHICAGO, IL – March 1, 2023 – **Adams Street Partners**, LLC, a leading private markets investment firm with over \$52 billion of assets under management, today released its third annual Global Investor Survey for 2023. Respondents believe private markets are more resilient than their public market counterparts, especially in times of heightened short-term uncertainty and risk. Over the long term, 86% of investors expect private markets to outperform public markets due to their focus on innovative, high growth companies and sectors.

Respondents identified inflation, rising interest rates, and geopolitical risk among their top investment concerns.

Jeff Diehl, Managing Partner & Head of Investments at Adams Street, said, “Institutional investors have become more discerning, putting fear of missing out behind them. Investors have indicated they are seeking resilient companies with pricing power, meaningful share in growing markets, strong balance sheets, and a clear path to profitability. They are increasingly placing their trust in global private markets managers that emphasize strong diligence, fundamental analysis, and sector expertise as they seek to produce attractive risk-adjusted returns through market cycles.”

Key findings from the survey of institutional limited partners in private markets globally include:

Geographic and Sector Preferences: 26% of respondents ranked North America first as the region they most favor for investment opportunities, followed by China (22%) and Europe (18%). Despite market fluctuations, 40% of investors ranked technology and healthcare as the sectors most likely to create the best investment opportunities in 2023, up from 35% last year.

Extra Credit: Private credit is identified by 30% of respondents as one of the three best investment opportunities in 2023, up from 23% last year. Rising interest rates are boosting returns while increased lender protections have reduced risk, according to investors.

Investors are also bullish on venture capital, with 33% rating it as a prime opportunity, compared to 28% in 2022.

Sector Expertise: 63% of investors “strongly agree” that sector expertise is critical to private equity performance, up 14 percentage points from last year’s survey.

Proceeding with Caution: Investors are more cautious about adding new managers, with 60% saying they will do so, down from 64% in 2022. They are also increasingly prioritizing managers with a strong record – cited as important by 32% of respondents, up 6 percentage points from 2022.

Key Risks: Investors cited inflation (91%), rising interest rates (88%), global supply chain disruption (81%), and international geopolitical risk (80%) among the biggest risks facing investors.



Putting “G” First in ESG: While 93% of respondents agree that investment returns are enhanced by incorporating ESG factors into decision making, 85% of respondents indicate that private companies offer superior governance to their public market counterparts. There was also a significant drop in investors that say ESG considerations are a determining factor in their investment strategy (56% in 2023, down from 67% last year).

The report, **“Navigating Private Markets in 2023: Rethinking Risk, Resilience, and Returns,”** surveyed 106 of Adams Street’s limited partners, including pension funds, institutional accounts, and portfolio managers located in the US, Europe, and APAC. They were surveyed on a variety of topics over six weeks leading into 2023.

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About Adams Street Partners

Adams Street Partners is a global private markets investment manager with investments in more than 30 countries across five continents. The firm is 100% employee-owned and has over \$52 billion in assets under management. Adams Street strives to generate actionable investment insights across market cycles by drawing on 50 years of private markets experience, proprietary intelligence, and trusted relationships. Adams Street has offices in Austin, Beijing, Boston, Chicago, London, Menlo Park, Munich, New York, Seoul, Singapore, Sydney, and Tokyo. Visit www.adamsstreetpartners.com

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