

Private Equity and Venture Capital Industry Shows Resilience and Optimism in 2024 Amidst Shifting Market Dynamics according to S&P Global Market Intelligence survey

Outlook reveals increased interest in private credit asset allocations and AI playing a larger role in deal sourcing and target selection

NEW YORK, April 29, 2024 /PRNewswire/ -- The private equity industry is showing resilience and optimism for 2024 despite shifting market dynamics, according to the S&P Global Market Intelligence 2024 Private Equity and Venture Capital Outlook. According to the outlook, private equity executives are notably more optimistic about deal activity in 2024 with 60% expecting an improvement, compared to 34% last year. Survey respondents also showed increased interest in private credit and shared that artificial intelligence (AI) will play a larger role in deal sourcing and target selection.



"This year's survey revealed more optimism among both general partners (GPs) and investors as they are racing for a return to increased deal activity with increasing valuations allowing them to exit their backlog of investments and return cashflows to limited partners (LPs)," said **Thomas Mercieca, associate director and lead author for the report, at S&P Global Market Intelligence**. "There is also increased investor interest in private credit allocation, with 61% of LPs reporting that they will increase their asset allocation to the asset class in 2024. We are pleased to see that despite macroeconomic challenges still lingering, the industry remains adaptable and poised for growth throughout 2024."

Key highlights from the 2024 Private Equity and Venture Capital outlook:

- Mid-tier and smaller private equity (PE) firms are more optimistic for the deal activity to pick up in 2024 compared to their larger peers.
- 61% of limited partners (LPs) investing in private markets reported they will increase their asset allocation to private credit in 2024.
- Presently, fund managers prioritize personal networks and referrals for sourcing investment opportunities. However, 54% of GP investment professionals foresee AI influencing deal sourcing and target selection in the future.
- Among private equity GPs, in the past year 37% reported expanding their use of private credit in deal financing, with larger PE firms in particular making more use of private credit over bank loans.
- Private equity GPs feel the fundraising outlook has bottomed out: only 15% of GP respondents expect deteriorating fundraising conditions in 2024, versus 45% at the start of 2023. However, among venture capital (VC) firms there are remaining concerns about LPs reducing their allocation to VC.
- A majority of VC professionals expect deal activity to improve in 2024 (68%), but there are a substantial number of respondents saying conditions will stay the same as 2023 (28%).

The S&P Global Market Intelligence Private Equity and Venture Capital Outlook surveyed a total of 370 global private equity, venture capital and limited partner respondents across North America, Latin America, Asia Pacific, Middle Eastern and Africa

regions. The survey was fielded between November 16, 2023 and January 12, 2024 covering questions on deal activity, strategy changes, market and firm-level challenges, sustainability consideration and technology adoptions.

To request a copy of the 2024 Private Equity and Venture Capital Outlook, please contact press.mi@spglobal.com.

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