

October 2023



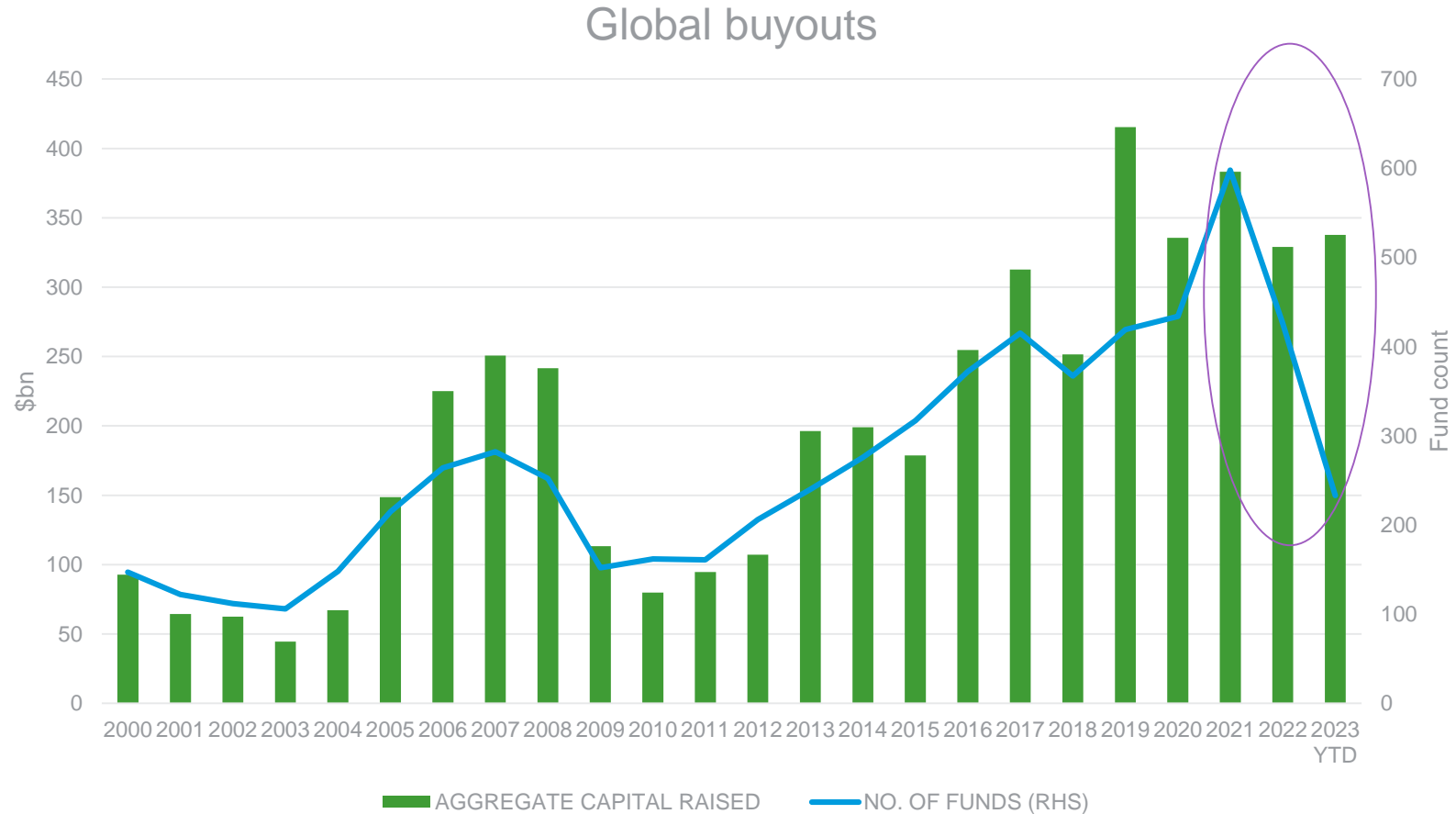
# UNDER PRESSURE, BUT ADAPTING

Jasper van Heesch, Senior Analyst – Private Equity, RSM UK

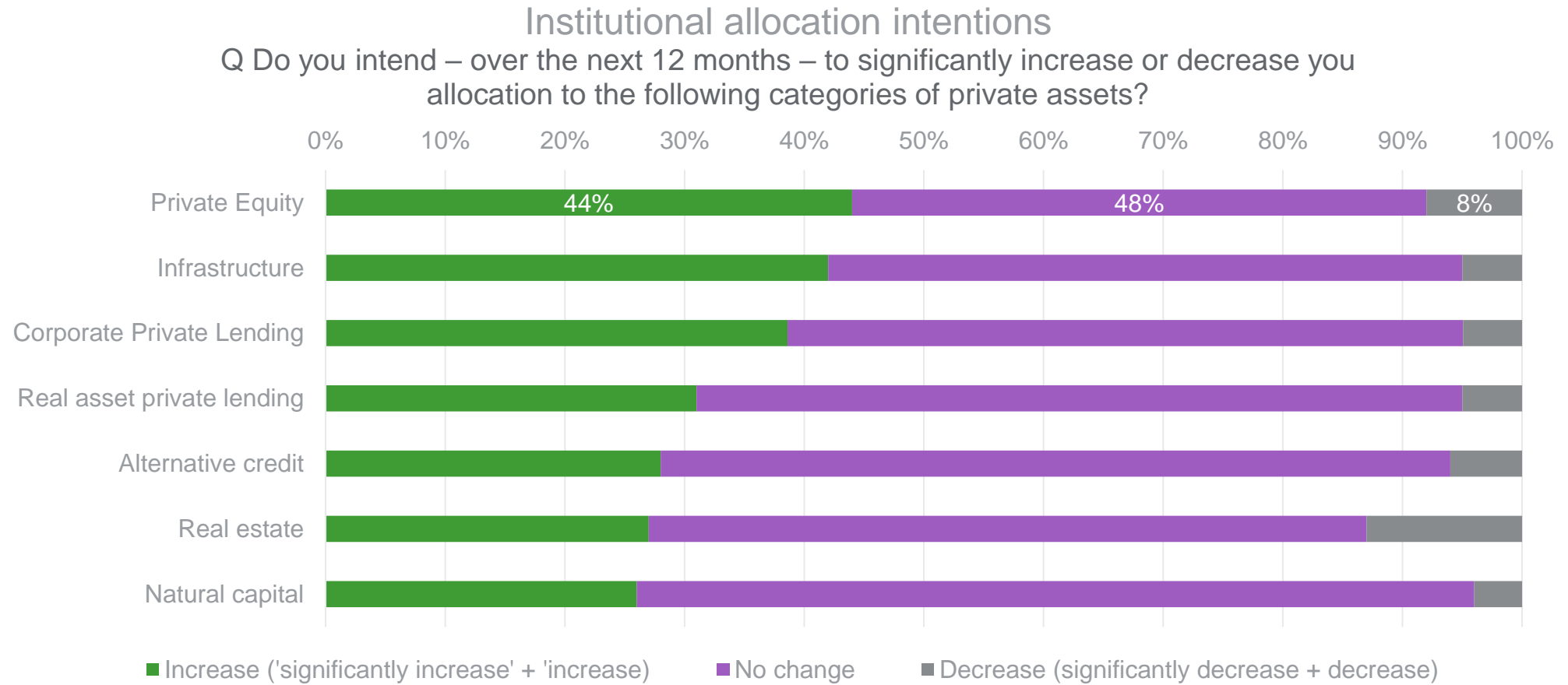
THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING



# NUMBER OF FUNDS HAS FALLEN, VALUE HAS NOT



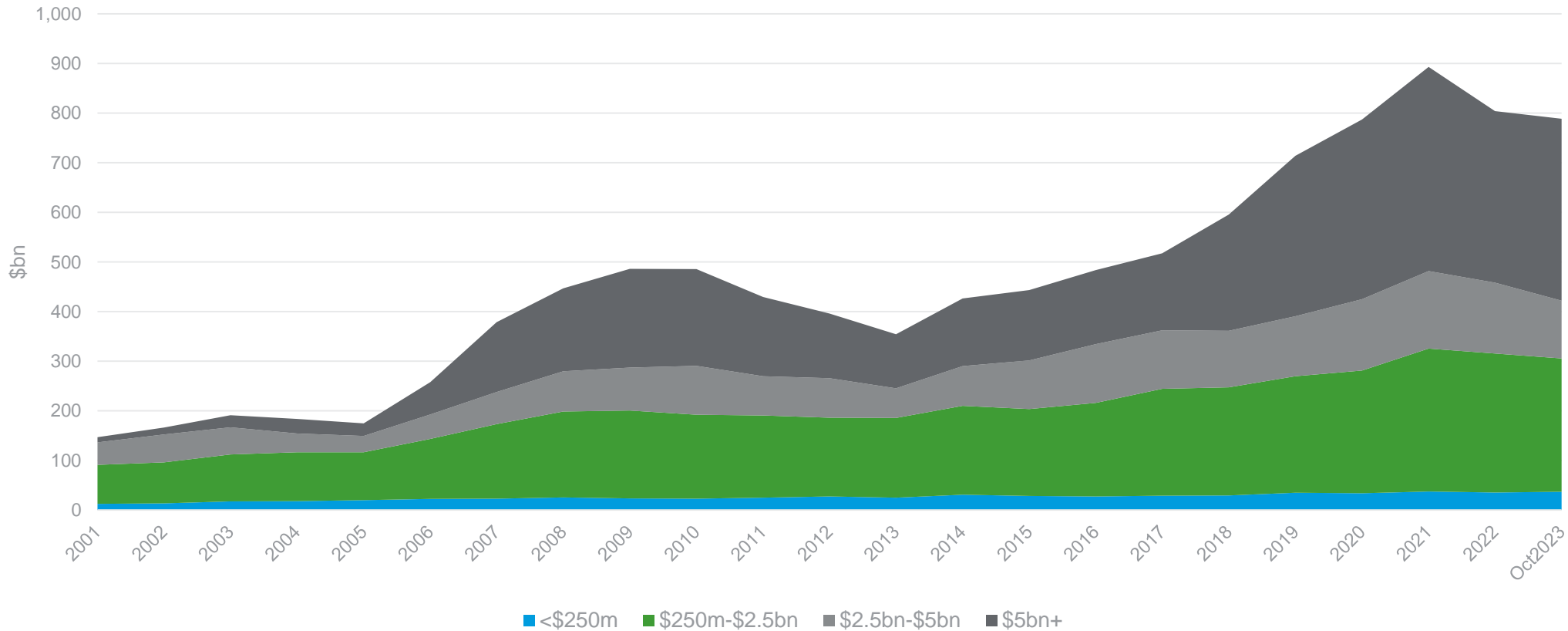
# INTEREST IN PE REMAINS AHEAD OF OTHER ALT ASSET CLASSES



Source: Shroders Institutional Research, June 2023. n = 770

# CONCENTRATION INTO LARGER HANDS, BUT MIDDLE STILL MEANINGFUL

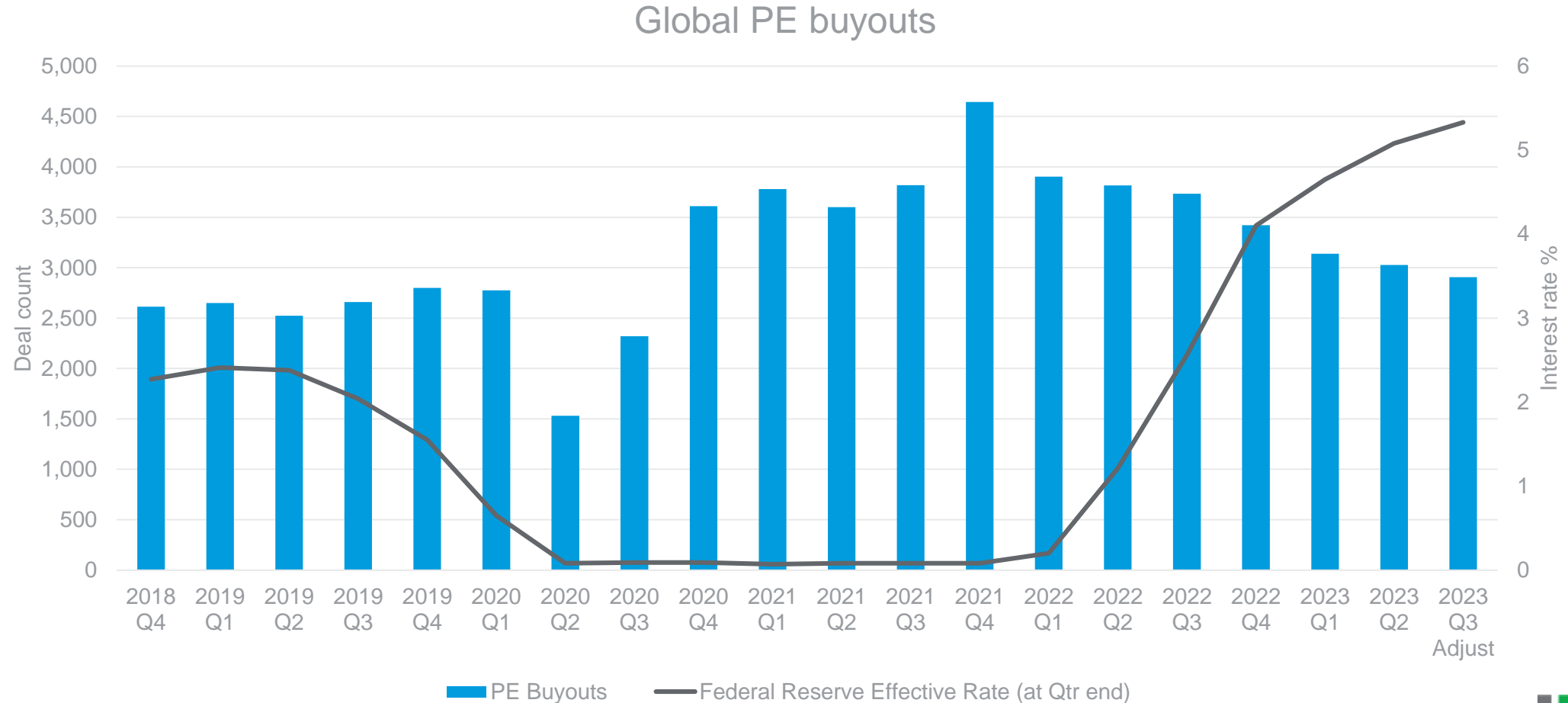
PE Buyout Dry Powder by Size of Fund



Source: Preqin, RSM UK. At period end. Total of chart = \$808bn, but without classification the total = \$1,042bn

# DEAL ACTIVITY WILL STABILISE WHEN INTEREST RATES DO

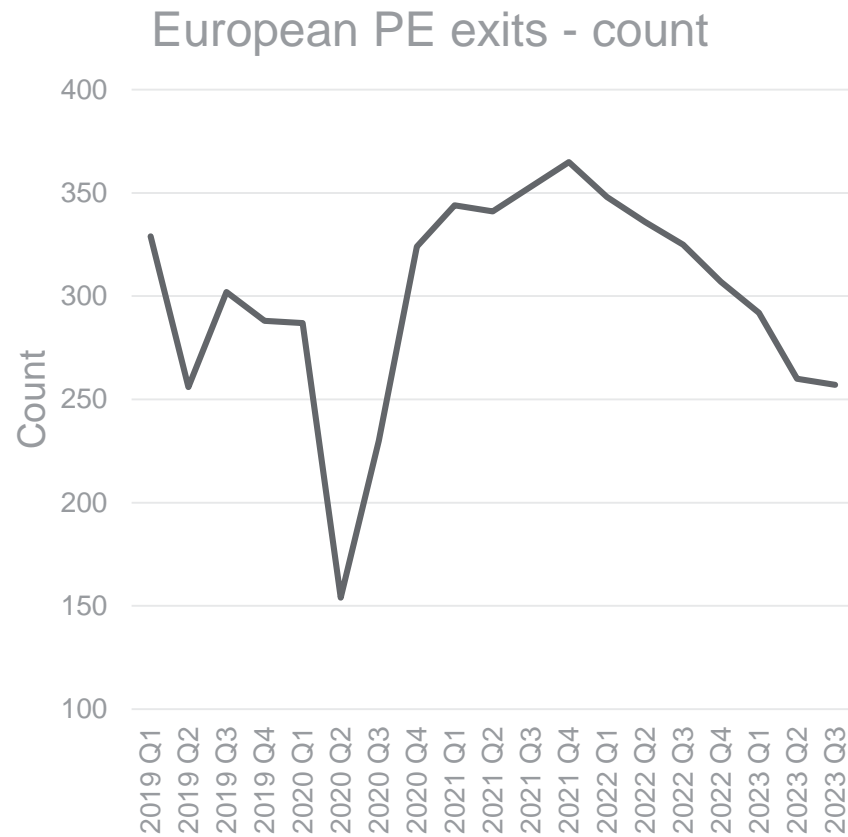
Significant impact of cost of debt



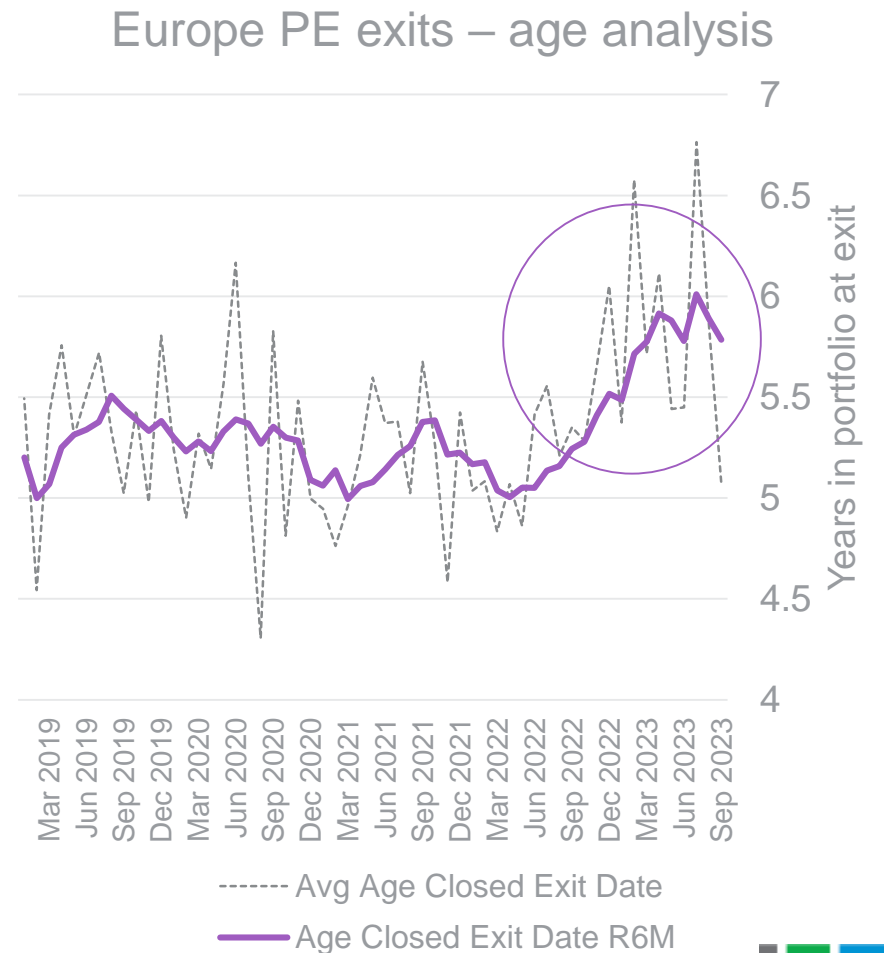
Source: PitchBook Data Inc, Bloomberg, RSM UK. Adjustment by RSM UK to account for reporting delays

# EXITS ARE DOWN

Hold on unless you have to sell?



Source: PitchBook Data Inc, RSM UK



Source: Arx, RSM UK

# DISCIPLINE AND EXTENSIVE INVOLVEMENT IN THE PORTFOLIO

Emphasis on EBITDA, growth and risk mitigation



Data, data, data + AI



Multiple growth levers, including add-on acquisitions and the integration thereof



Emphasis on ESG




Operational risk management, including supply chain resilience and cyber risk management




Exit readiness

# WINDS OF CHANGE - THEMES WE ARE TRACKING




Diversification by managers




Watchful eye of competition authorities



Winners: Those with scale and/or great 'stock pickers'



Emergent Asia



Consolidation and rationalisation of PE houses? Succession



New 'exits'



PE will remain a key but  
adapting asset class  
- LPs to identify the winners  
who adapt best

