



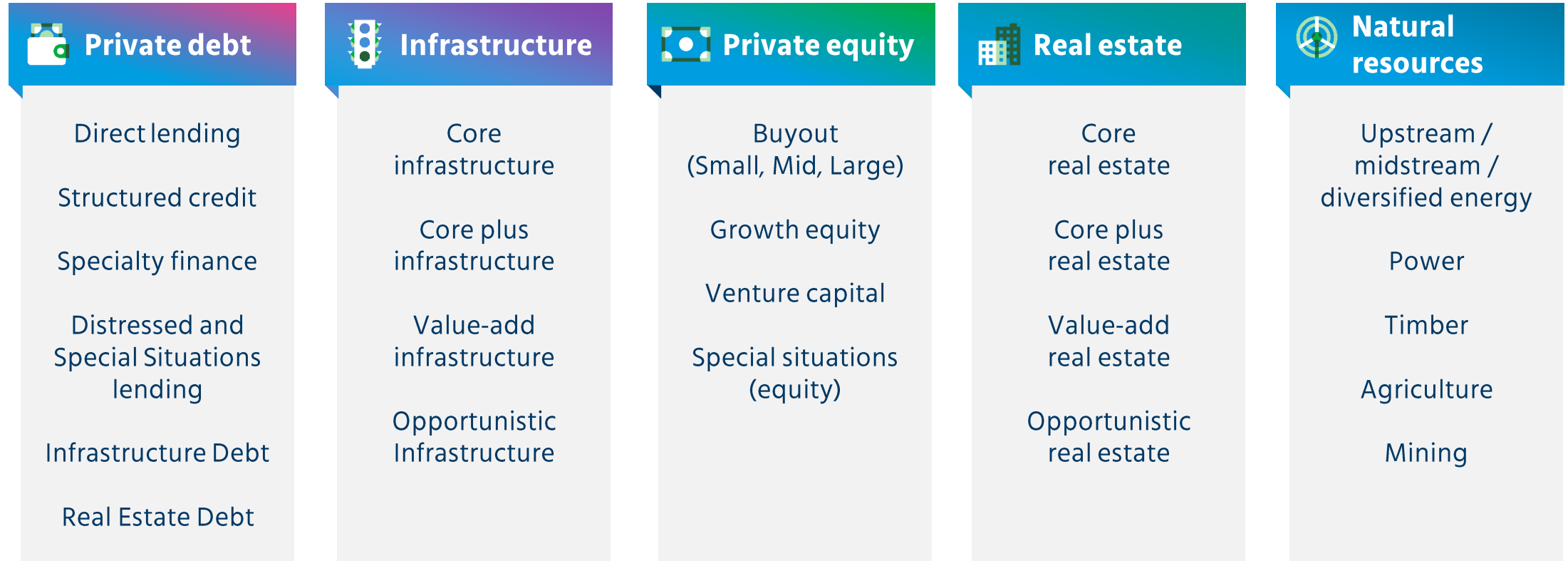
Society of Actuaries in Ireland

Private Markets Overview

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Private Markets

A diversified opportunity set

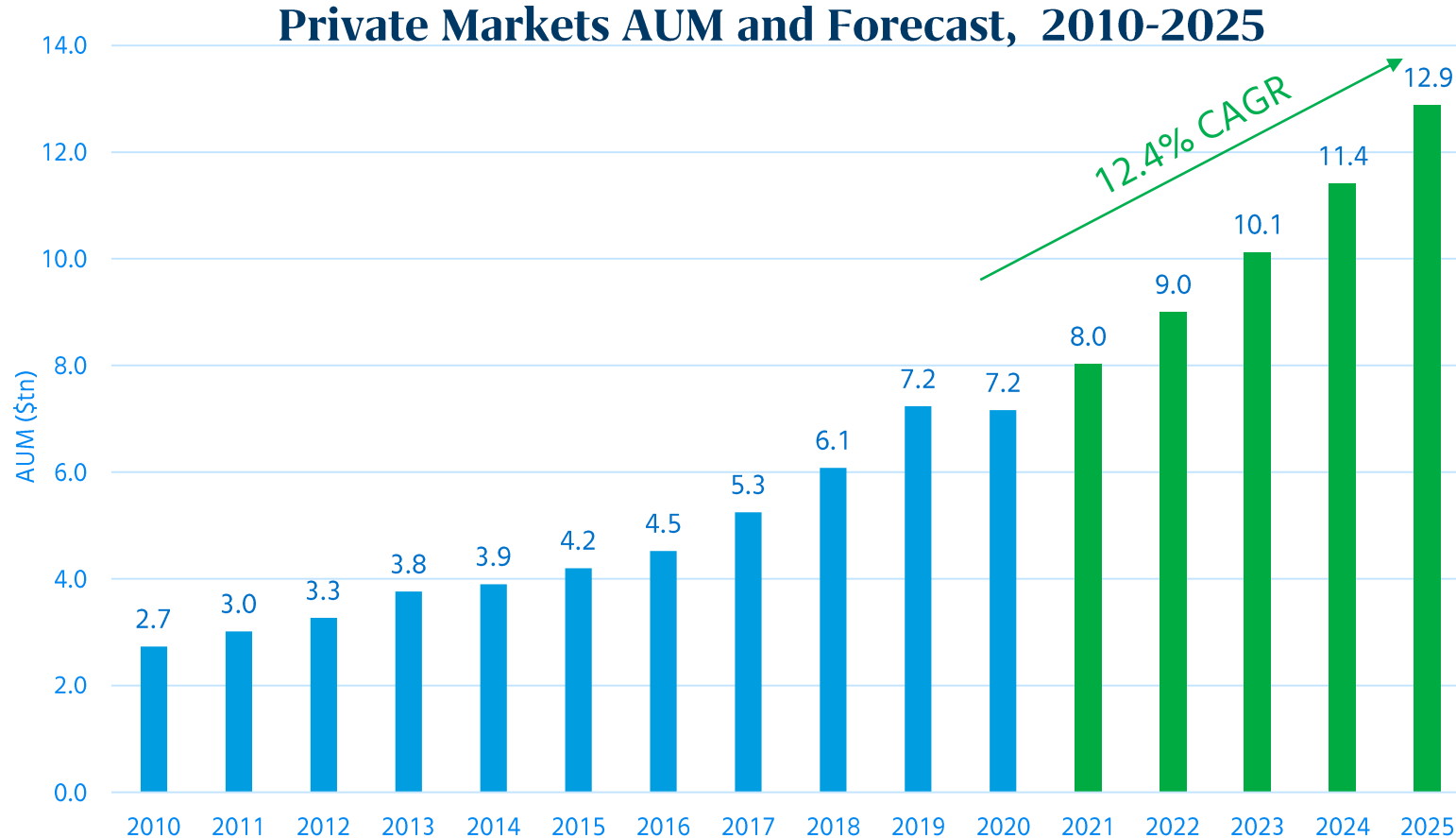


Environmental and Social Impact Opportunities

Opportunities exist in multiple asset classes

Private Markets

Looking to the future



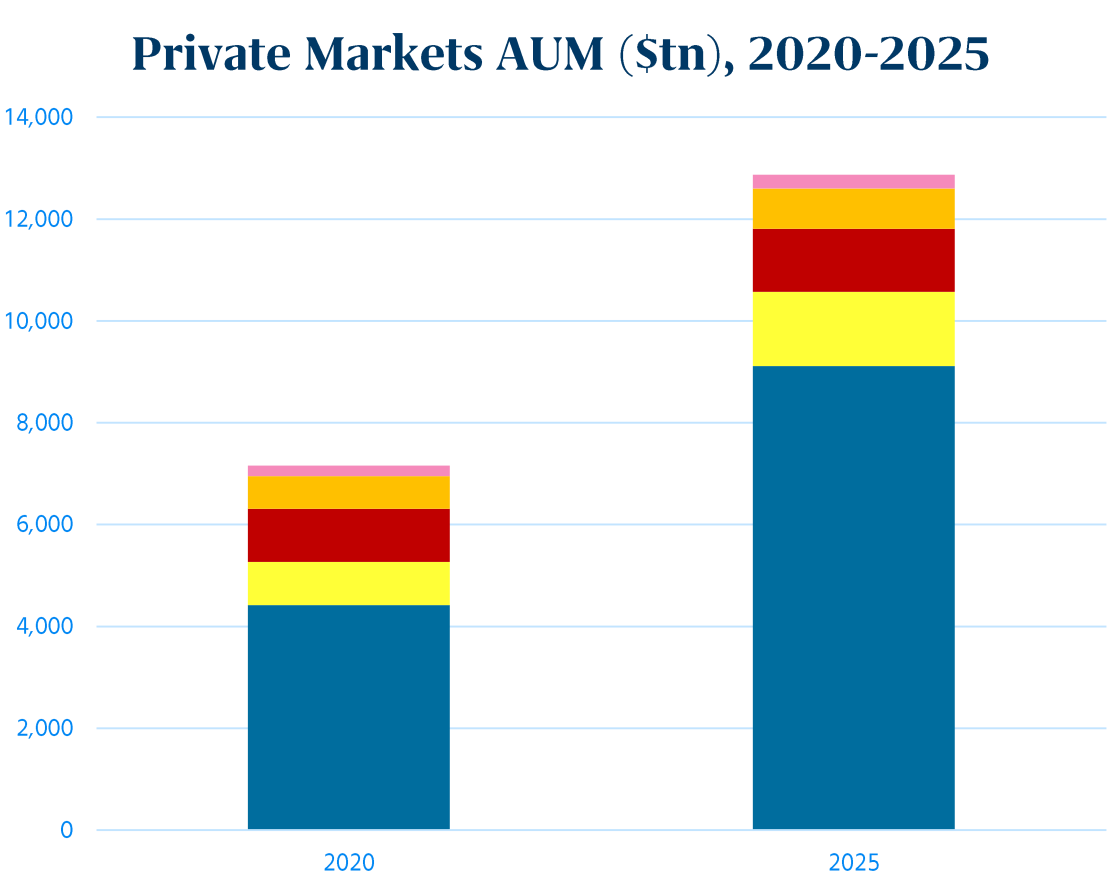
What's driving the growth

- Companies staying private for longer
- Bank lending constraints and bloated public finances
- Investors looking for enhanced performance and diversified source of returns

Source: Preqin, The Future of Alternatives 2025 dataset, November 2020

Private Markets

Looking to the future



	<u>2020</u> (\$tn)	<u>2025</u> (\$tn)	<u>CAGR</u>
Private Equity	4.4	9.1	15.6%
Private Debt ¹	0.8	1.5	11.4%
Real Estate ²	1.0	1.2	3.4%
Infrastructure	0.6	0.8	4.5%
Natural Resources	0.2	0.3	5.1%

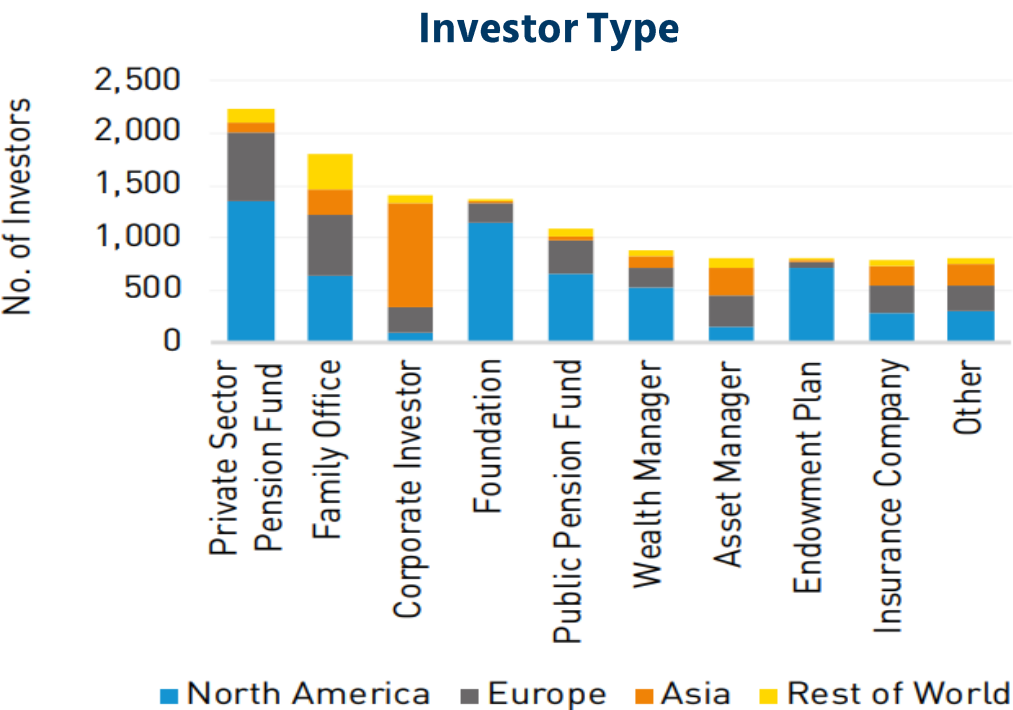
¹ Excludes infra and real estate debt

² Excludes core real estate equity

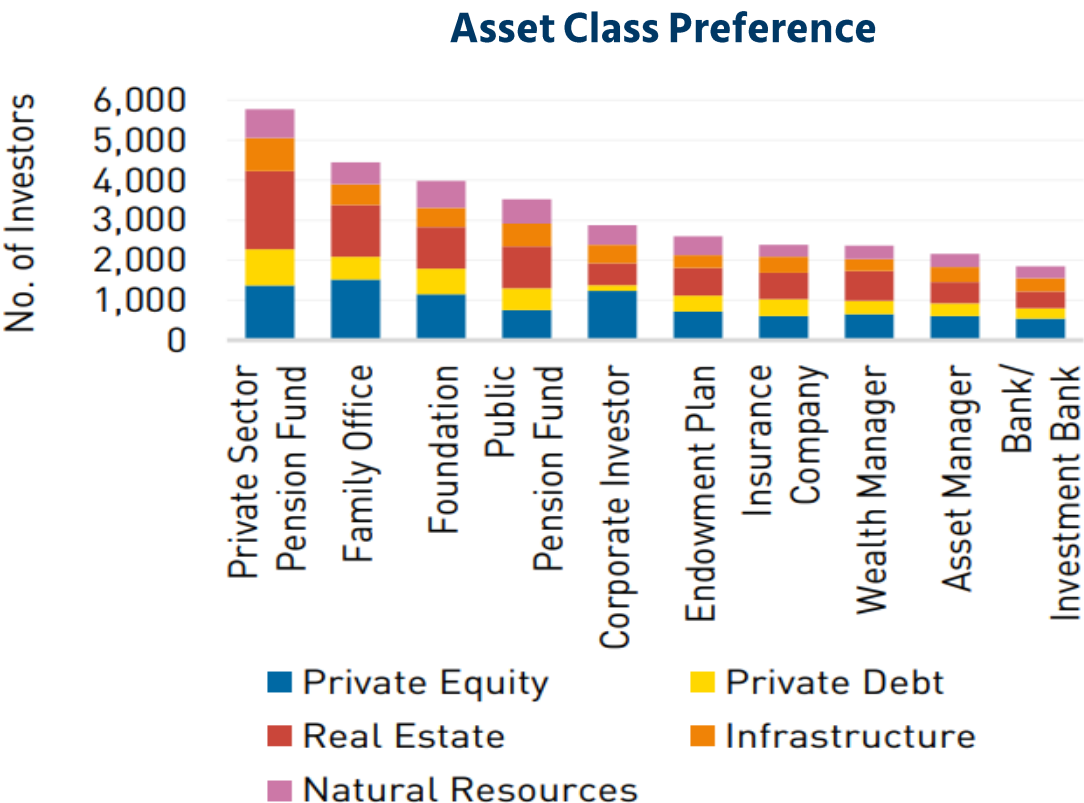
Source: Preqin, The Future of Alternatives 2025 dataset, November 2020

Private Markets

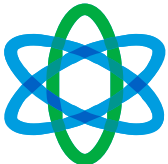
Investor Surveys



Source: Preqin Pro. Data as of April 2021



Source: Preqin Pro



13,747
Investors
Source: Preqin
April 2021



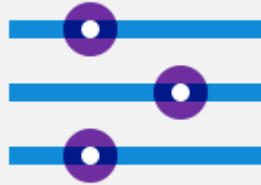
6,818 funds
in the market
Source: Preqin
April 2021

Building a Private Market Program

Key challenges



Setting a target allocation



Ensuring adequate diversification



Manager Access



Thorough investment, operational and legal due diligence



Drawdown and distribution forecasting



Understanding complex fee structures



Enhancing transparency and risk management



Internal resource requirement

But with those challenges come rewards



**Potential for
superior risk
adjusted returns**

**Illiquidity and
expertise premium**



**Greater diversification
away from listed
markets and access to
broader opportunity set**



Liability hedging?

- **Fixed rate investments**
- **Floating rate investments**
- **Stable cashflow profile**
- **Inflation hedge**

Implementation

Different approaches for investors

Direct to Managers

Advisory Led

Fund of Funds

Or a combination of the above

Q&A

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