

2024 GP Outlook

Taking the pulse on tech adoption
and the market ahead



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INTRODUCTION

To say that our current decade got off to a rocky start would be an understatement. A pandemic, rock-bottom interest rates, geopolitical conflict, sky-high high inflation, ongoing talk of a recession, and then a dramatic comeback for interest rates. And thanks to all of it, private capital saw exhilarating highs as well as stubborn lows. But as we enter 2024, the dust just might be settling.

From a macroeconomic sense, inflation appears to be stabilizing, allowing interest rates to drop to a steadier level. Economists admit we may have dodged that recession. Geopolitical conflicts will continue on, but 'unprecedented' isn't a word that comes to mind for our current moment.

Under an environment that seems to be evolving for the better, Allvue wanted to know how private capital general partners (GPs) see it. During November and December 2023, we surveyed 114 private capital managers globally about their outlook on tech adoption and their expectations for 2024's investment environment. Our respondents fall across the spectrum of AUM size, geography, and private capital investment strategy.

Our survey found that across the board, GPs are buying into macroeconomic predictions and anticipating a strong setting for fundraising, deals, and exits. Additionally, they're broadly enthusiastic about the impact of artificial intelligence (AI) and machine learning on their operations, with nearly a quarter already investing in the tech's promise, and 42% planning to do so within two years.

Overall, our data paints the picture of tempered optimism for the year ahead and trust in emerging technology and the effects it can have on the private capital sector – not just as an investment target, but as a tool to optimize fund operations. Read on for our top takeaways, full results, and individual data views by investment strategy and firm size.

TOP TAKEAWAYS

24%

of emerging managers have already deployed AI or machine learning to assist in their fund operations

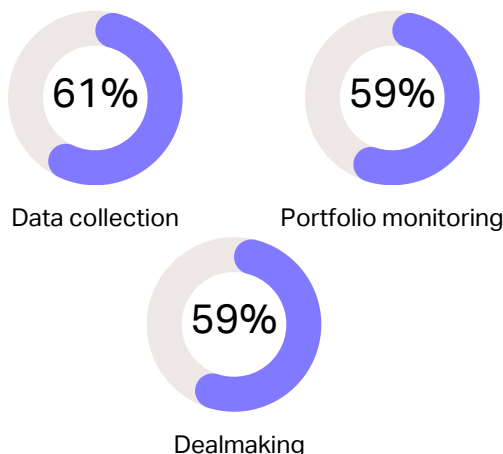
23%

of enterprise managers have already deployed AI or machine learning to assist in their fund operations

A level AI and machine learning playing field

Emerging managers (less than 5B AUM) show their commitment to investing in technology and outsourcing in order to achieve productivity and keep headcount low, as nearly the same number have invested in AI and machine learning compared to resource-rich enterprise managers (more than 5B AUM). However, the enterprise group shows a higher rate of planned AI/machine learning investment in the next two years – 58% versus only 37% of emerging managers.

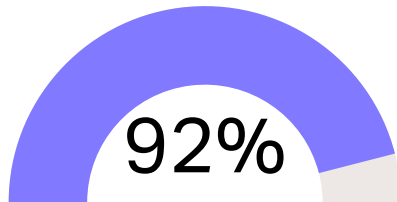
Where GPs are using AI/machine learning



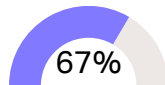
AI and machine learning's potential in the middle office

Nearly a quarter (24%) of all GPs use AI or machine learning to support their fund operations, and of that group, data collection, portfolio monitoring, and dealmaking emerged as the top use cases. Their responses indicate that AI and machine learning's current capabilities lend themselves best to middle office needs like the ingestion and analysis of portfolio company performance. The front office finds some representation in AI for the deals process, but the back office (investor reporting at 33% and accounting at 19%) hasn't cracked a top spot as a use case.

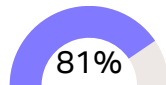
TOP TAKEAWAYS



of private debt managers have not yet implemented AI or machine learning in their operations, but plan to within two years compared to...



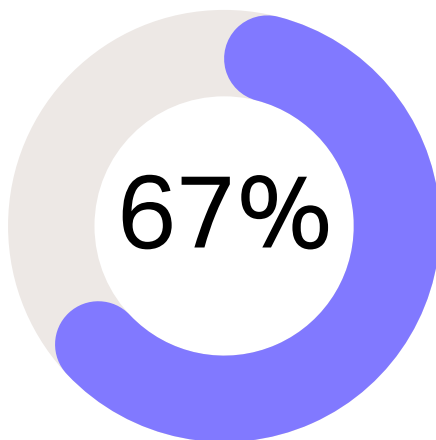
Private Equity



Venture Capital

Private debt lagging in AI and machine learning adoption

Private debt's profile has been on the rise as demand for private capital investments goes up and as our interest rate environment evolved over the past few years. As the asset class continues maturing, it may lag on elements like AI adoption, but it's certainly on private debt managers' radars. None of our surveyed private debt GPs have implemented AI or machine learning as of yet, but 92% plan on it within two years.



of private debt managers expect 2024 fundraising to surpass 2023 fundraising

Continued high demand for private debt

As noted, it's been a busy few years for private debt managers, and it likely won't slow down for 2024. Even with an influx of private debt competition, with new firms entering the space for the first time and new funds launching at a record rate, two-thirds of private debt managers predict that 2024 fundraising will surpass 2023's numbers.

TOP TAKEAWAYS

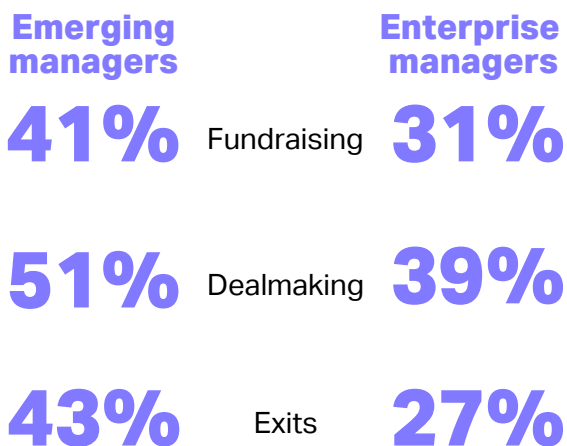
VC managers expecting a better 2024 environment compared to 2023



VC managers' sunny outlook for 2024

After years of record growth, the venture capital (VC) space fell on hard times in 2022, which continued into 2023. Fundraising was down, valuations were down, and overall deal and exit activity was minimal. But VC managers have a new outlook moving into 2024, with 64% predicting a better dealmaking environment and half predicting a better exit environment.

Enterprise vs. emerging manager expectations for a better 2024

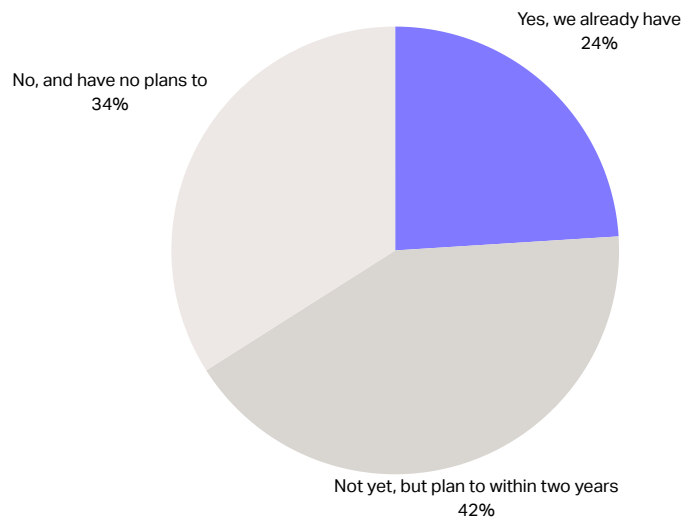


Conflicting emerging and enterprise manager views

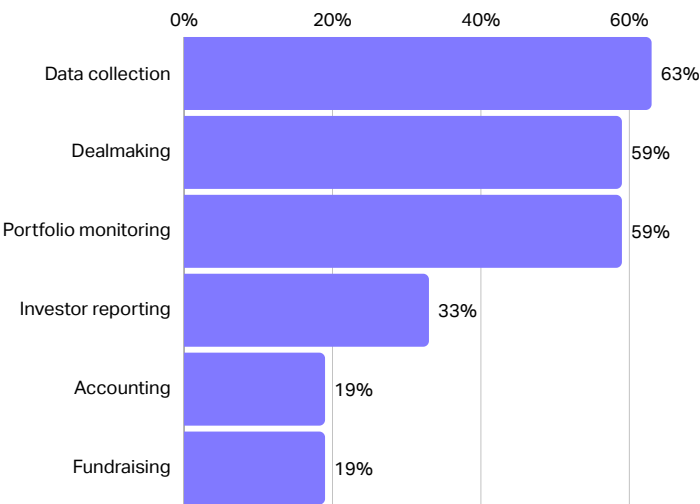
As we move into a new year, emerging managers (under 5B AUM) show they have a fairly more optimistic outlook on 2024's investment environment compared to their larger counterparts – enterprise managers with more than 5B AUM. Across fundraising, dealmaking, and exits, smaller GPs indicated 2024 would be a better year than 2023 at a higher rate than large GPs.

All GPs

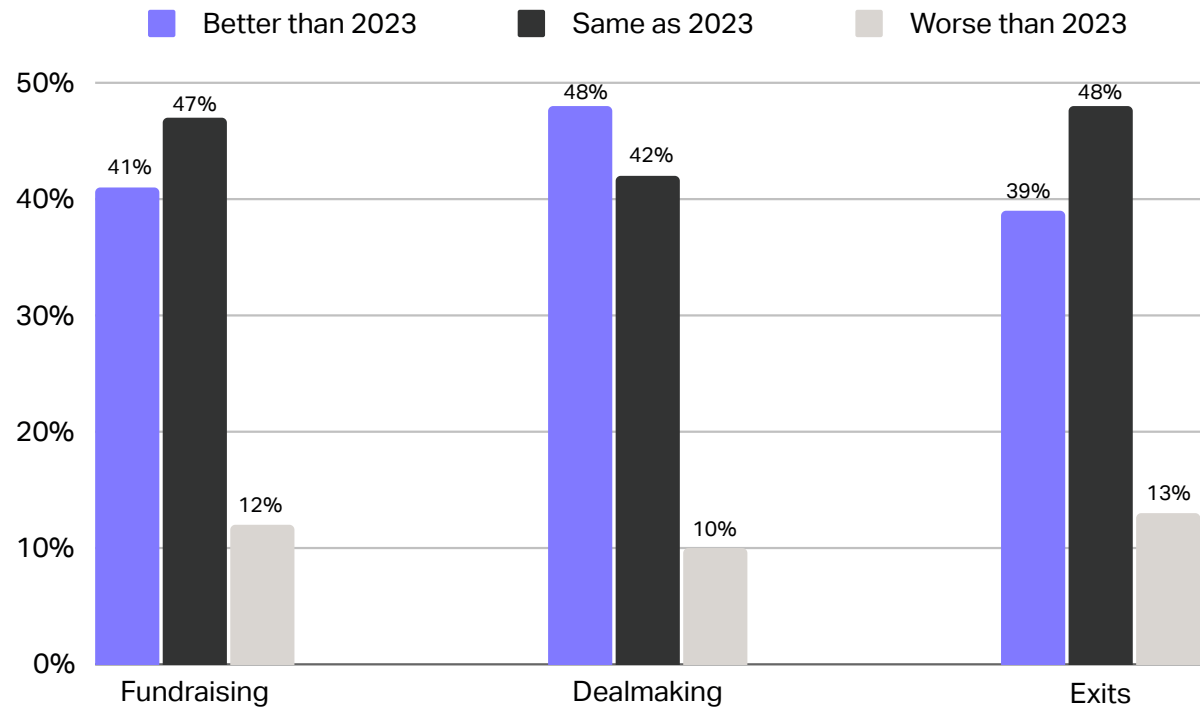
Has your firm deployed AI or machine learning to assist in your fund operations?



If you have, which operations does the AI or machine learning assist?

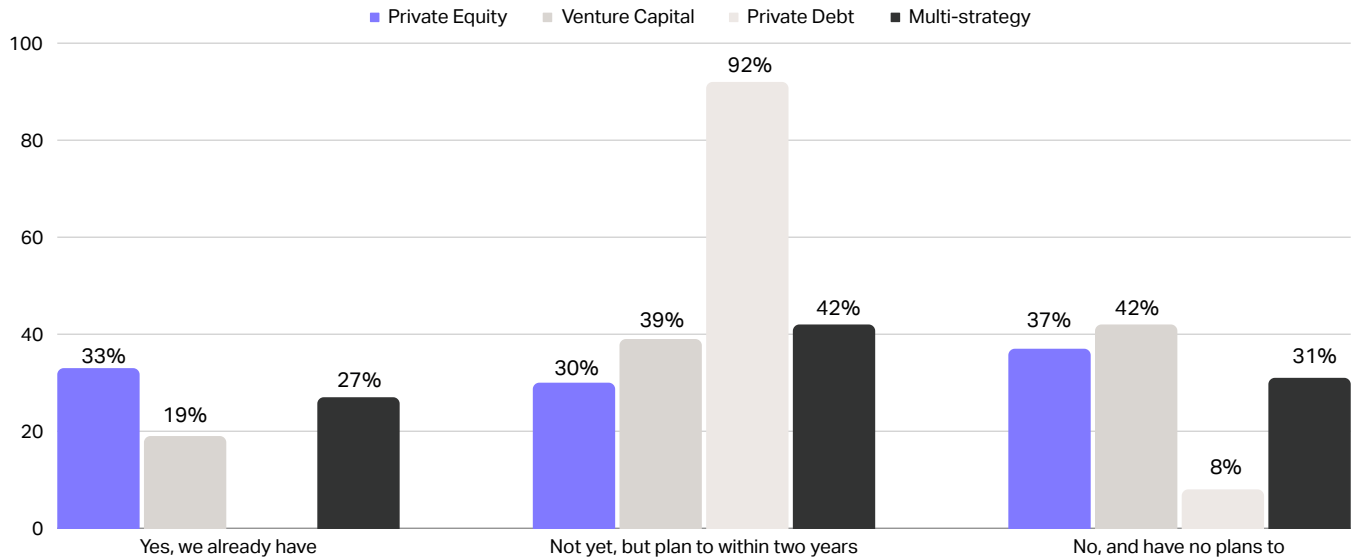


How will 2024's fundraising, dealmaking, and exit environments compare to 2023?

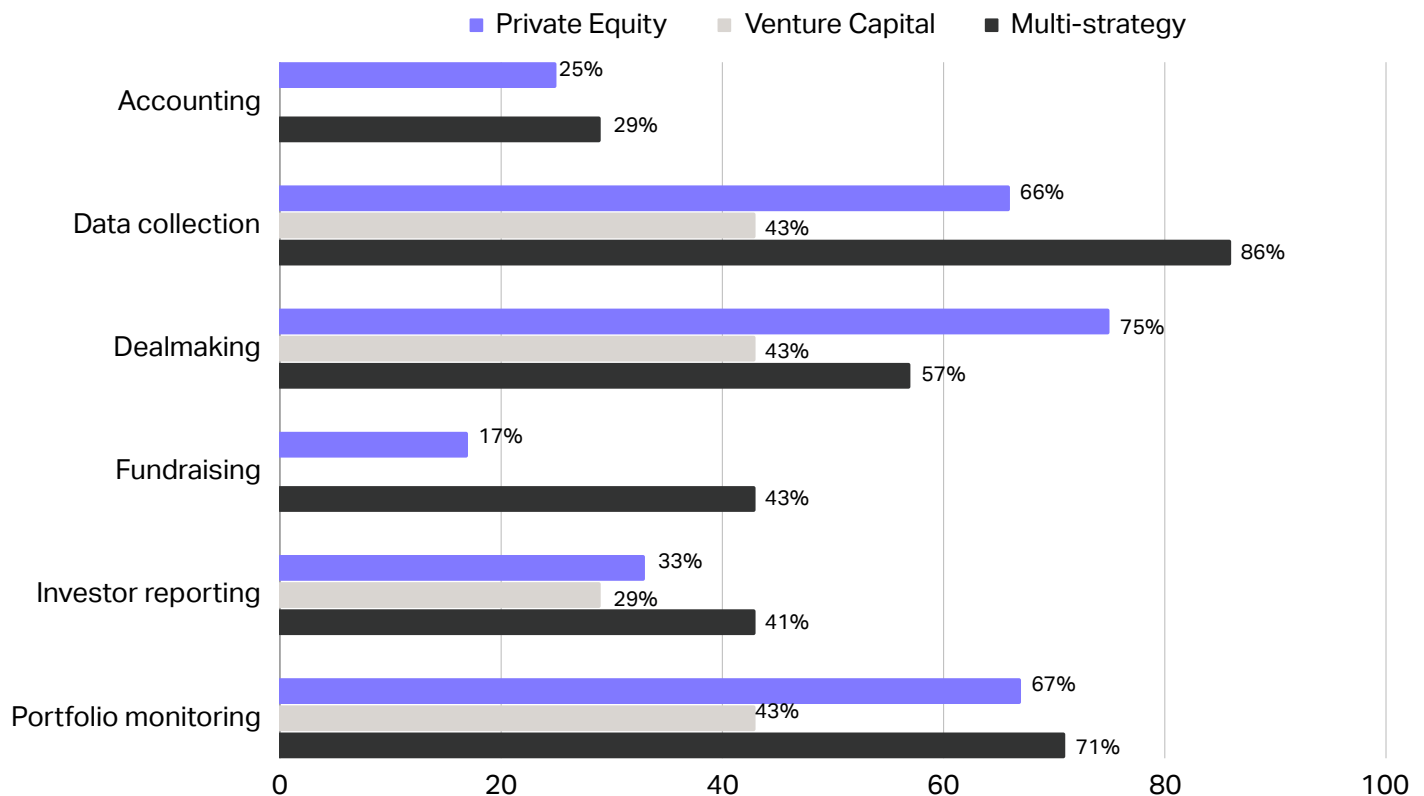


Comparing Investment Strategies' AI and Machine Learning Adoption

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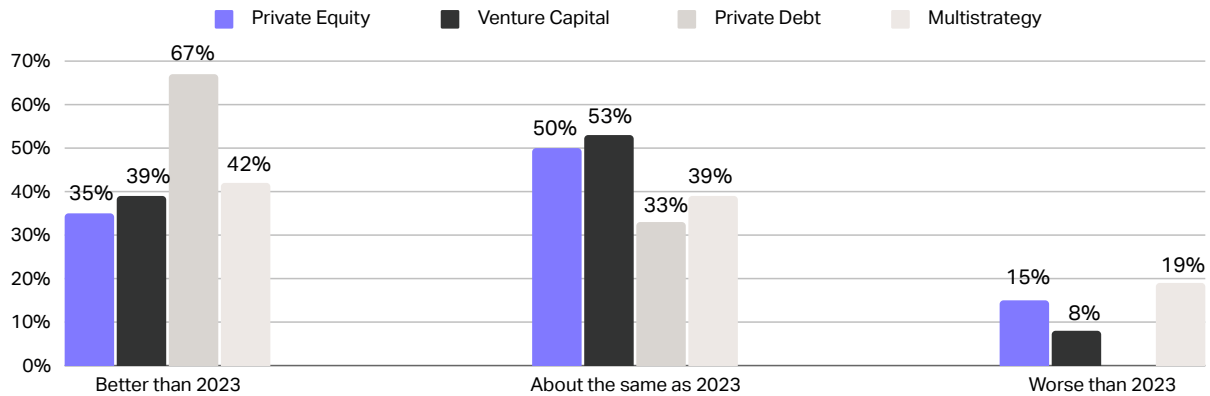
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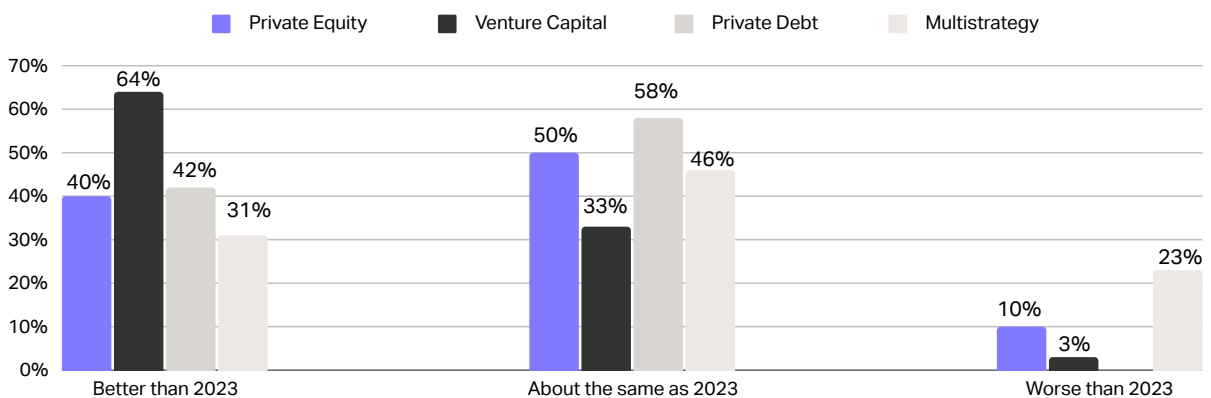
Comparing Investment Strategies' 2024 Outlook

How will 2024's investment environment compare to 2023?

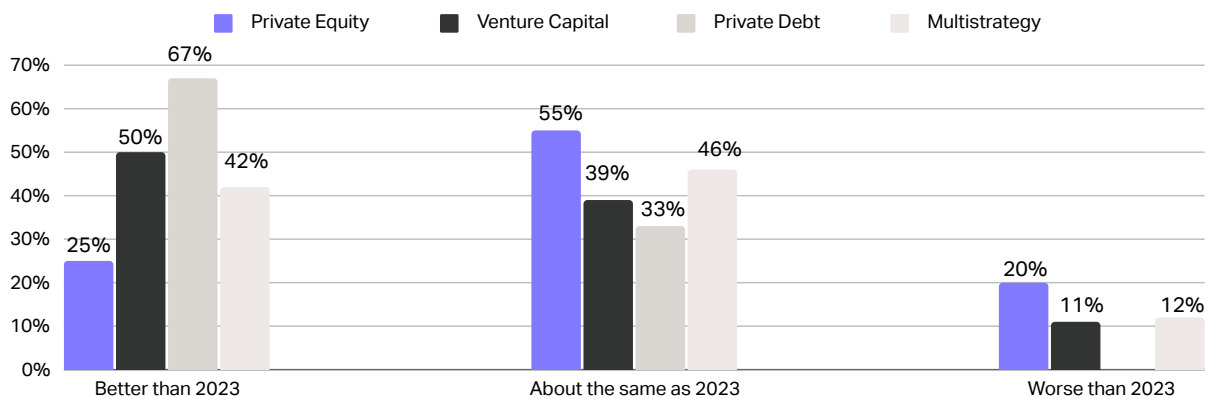
Fundraising



Dealmaking

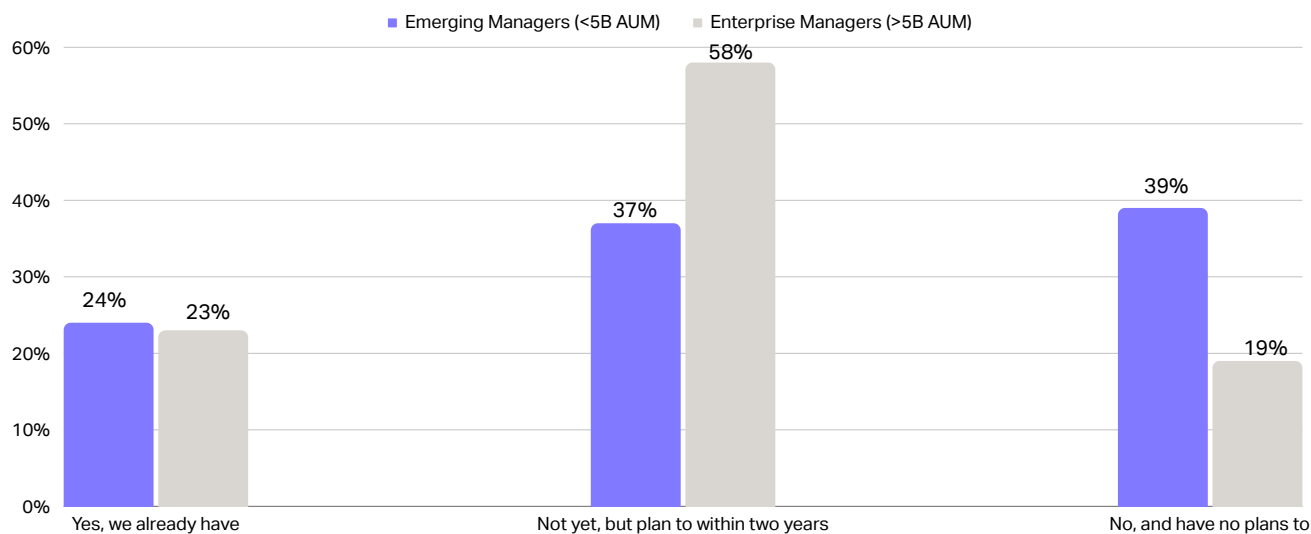


Exits

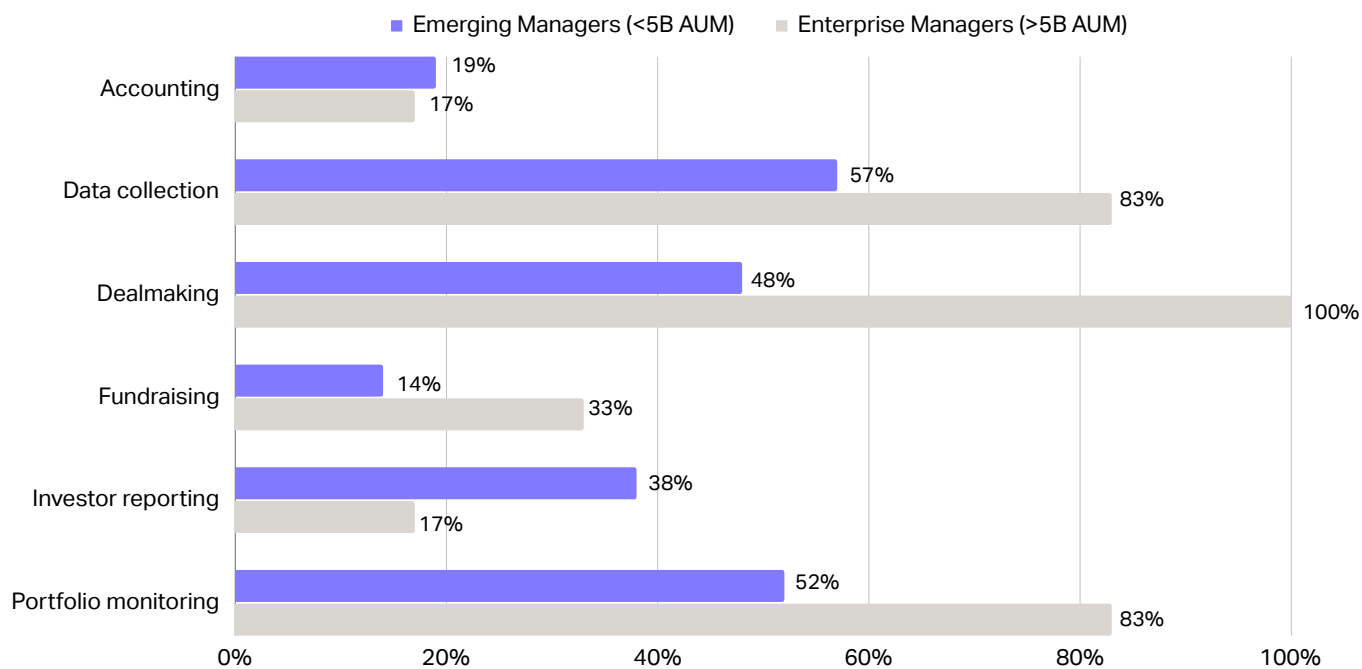


Comparing AI Adoption by Firm Size

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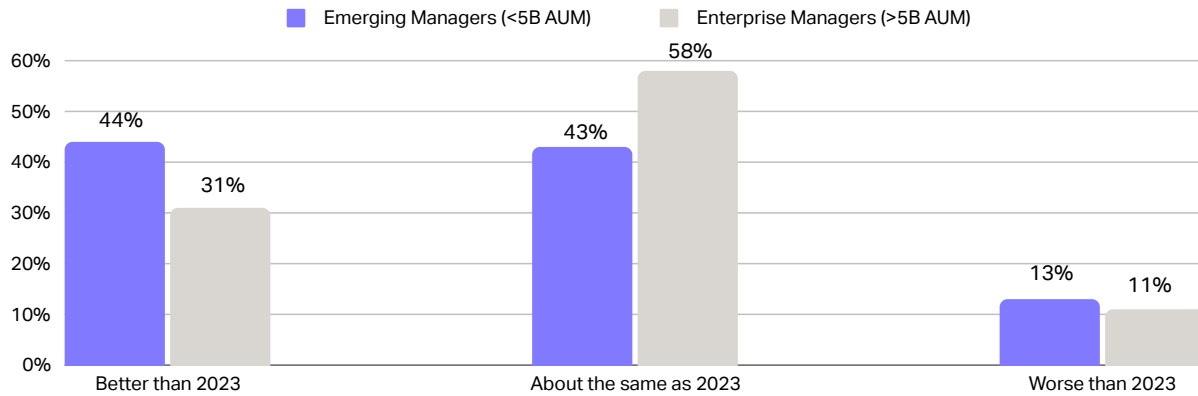
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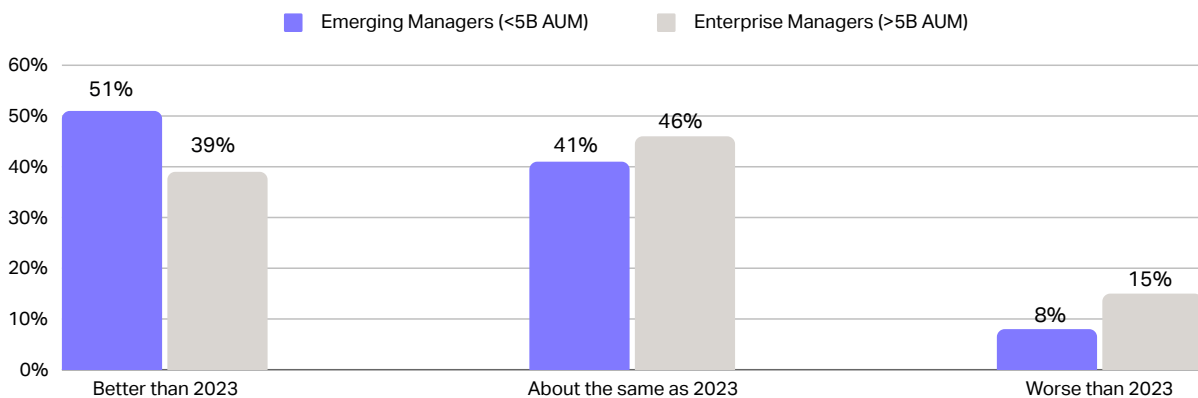
Comparing 2024 Outlook by Firm Size

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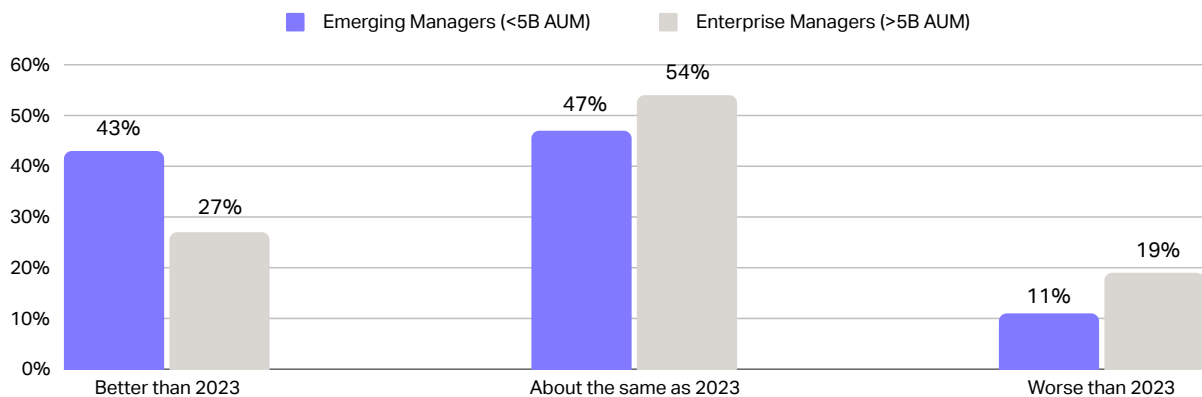
Fundraising



Dealmaking

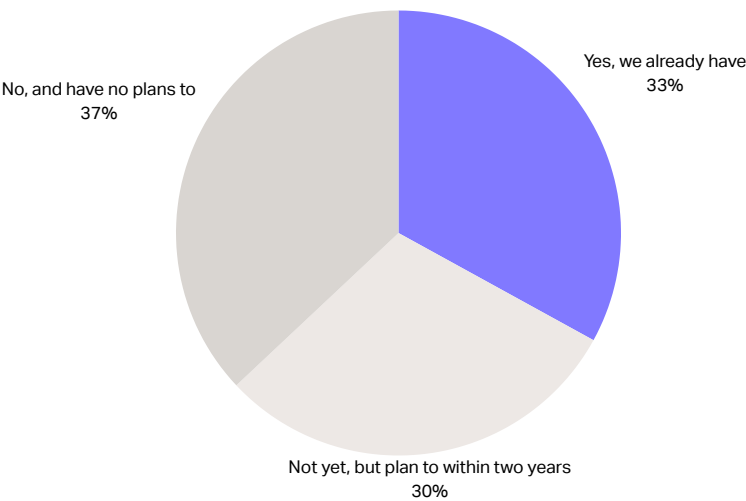


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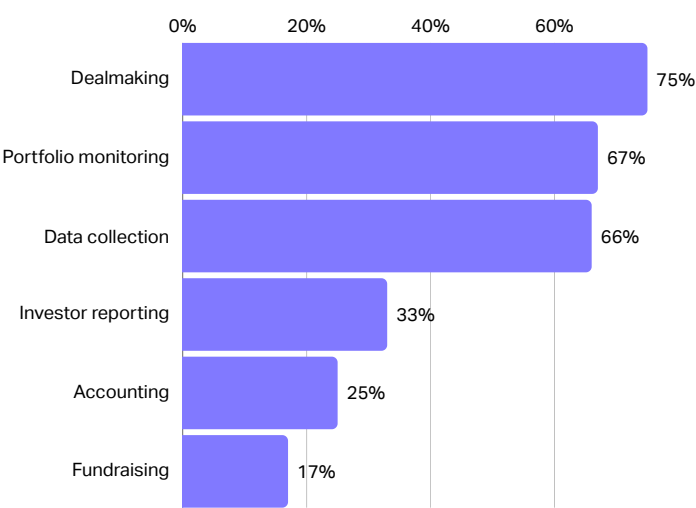


Private Equity

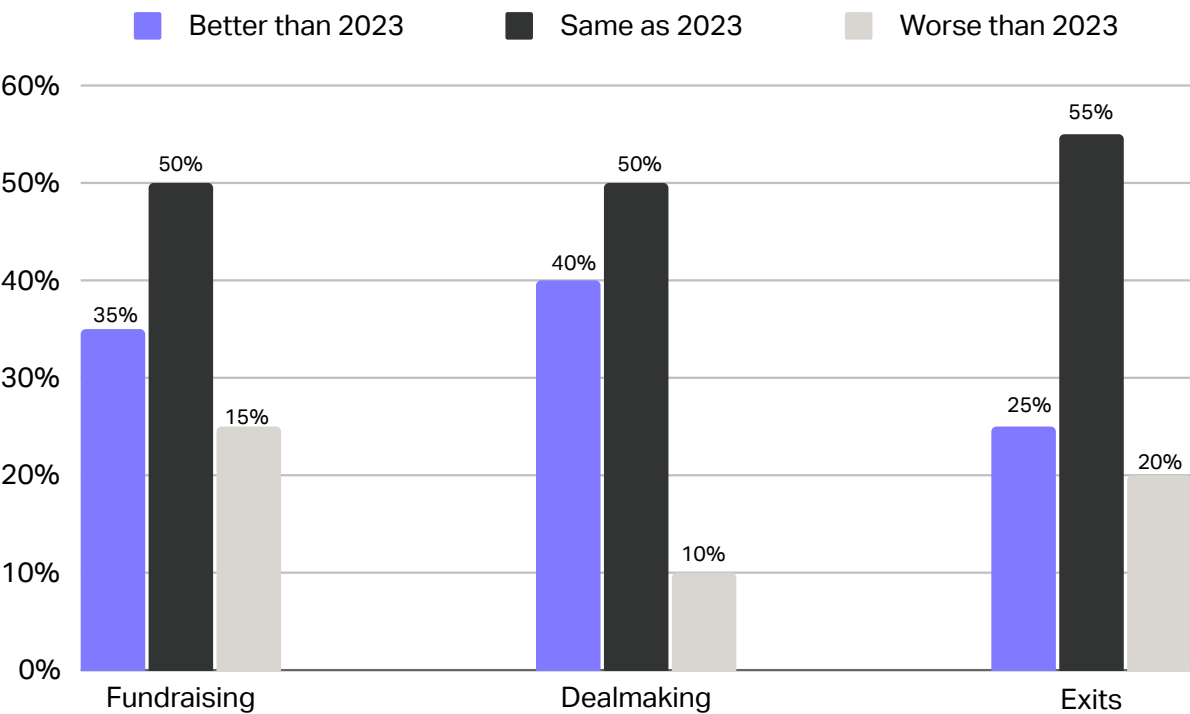
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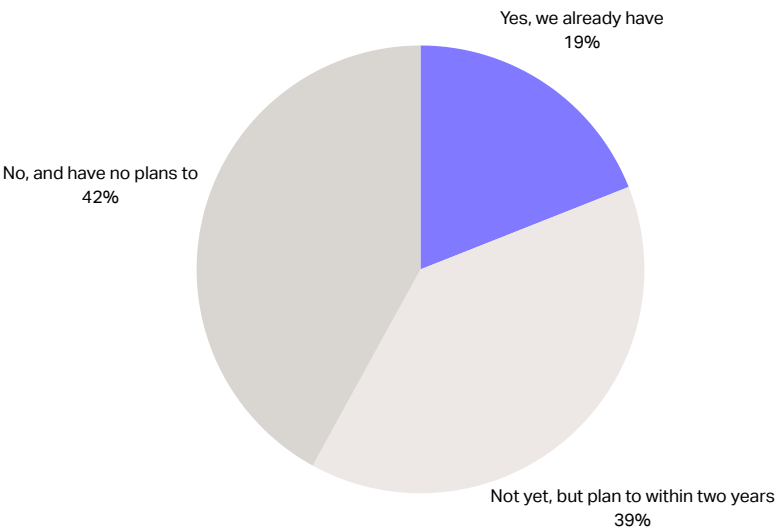


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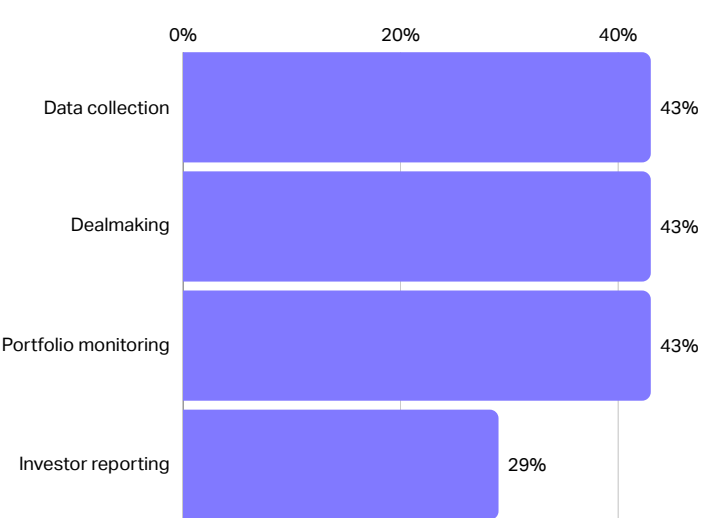


Venture Capital

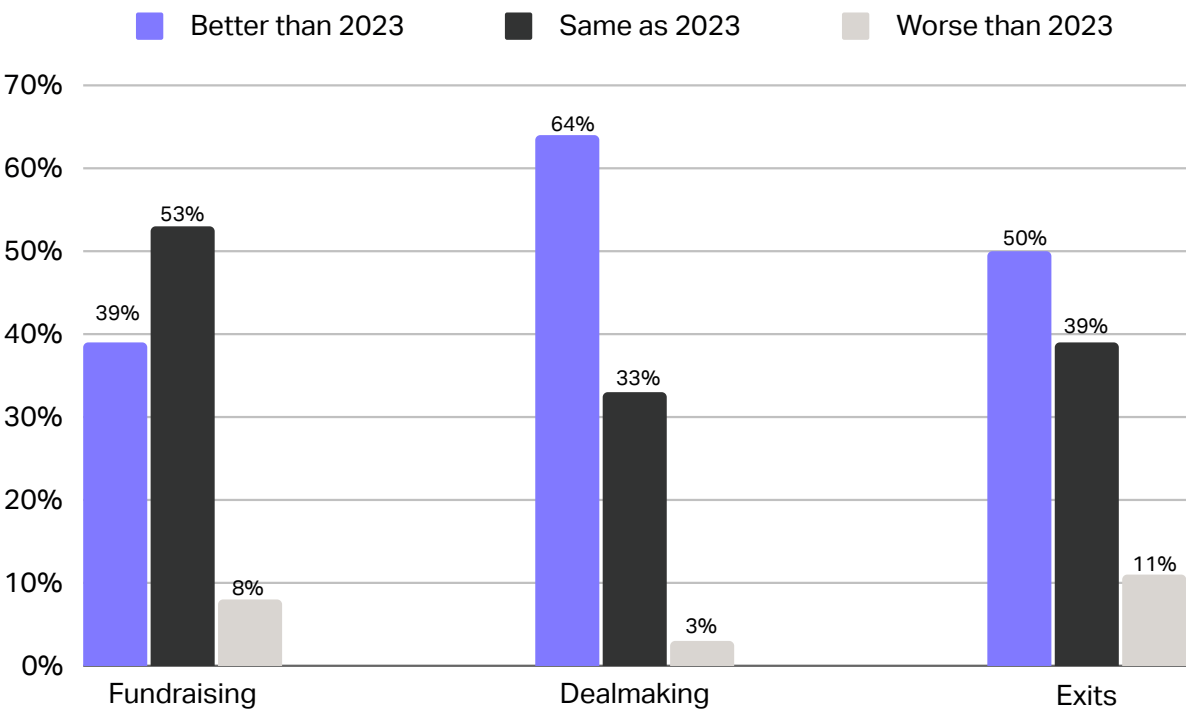
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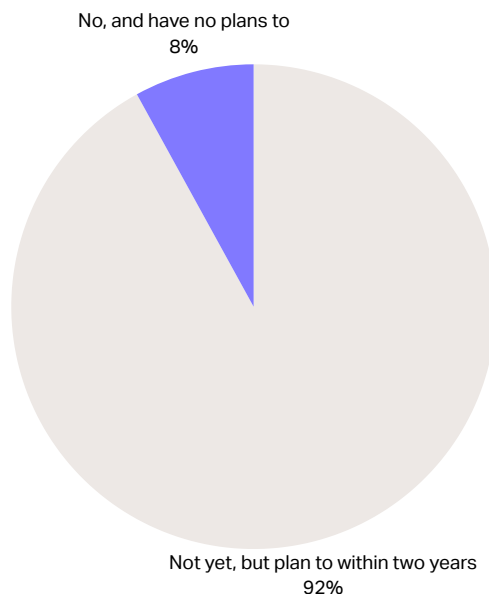


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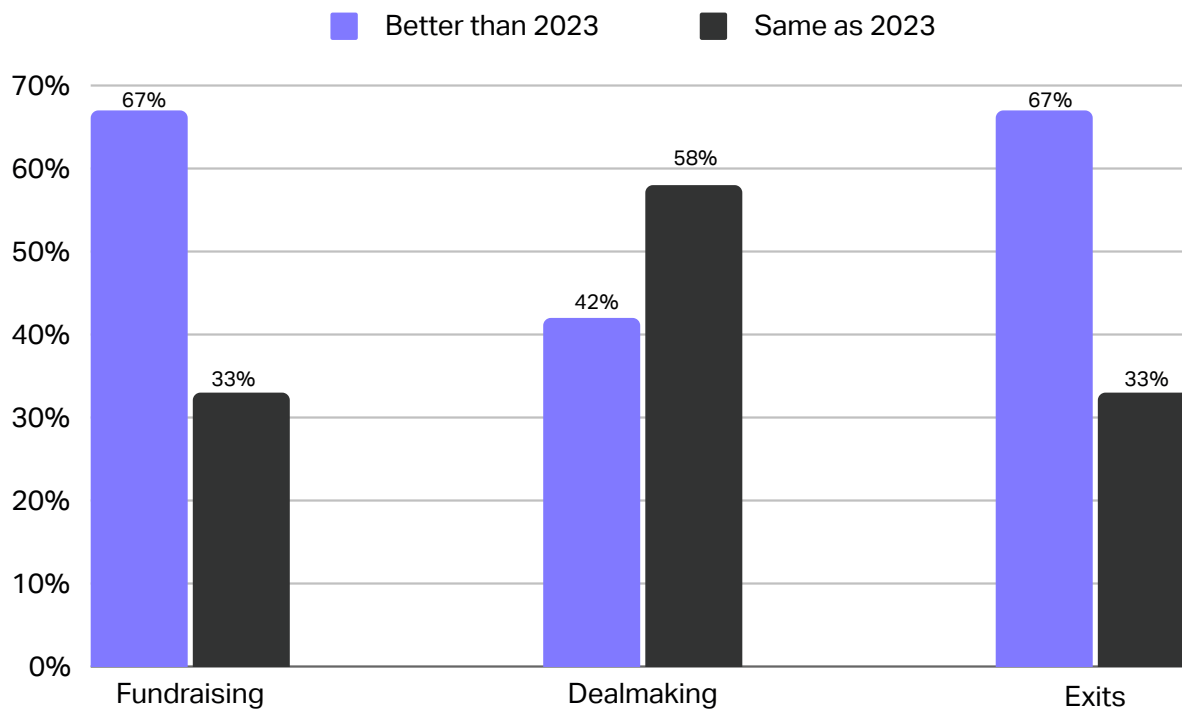


Private Debt

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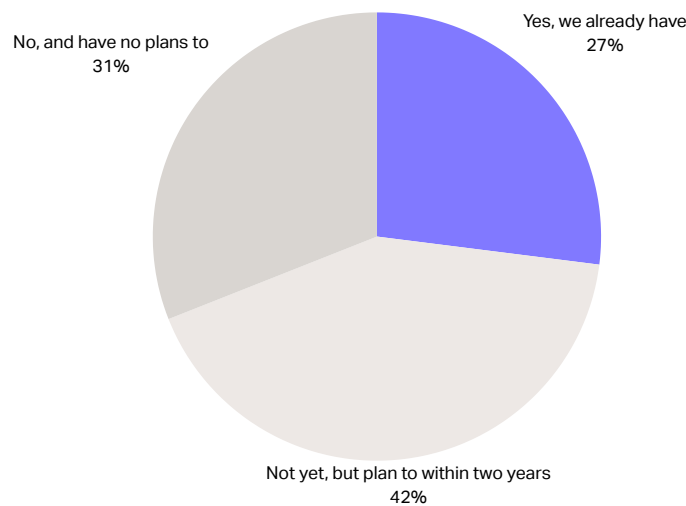


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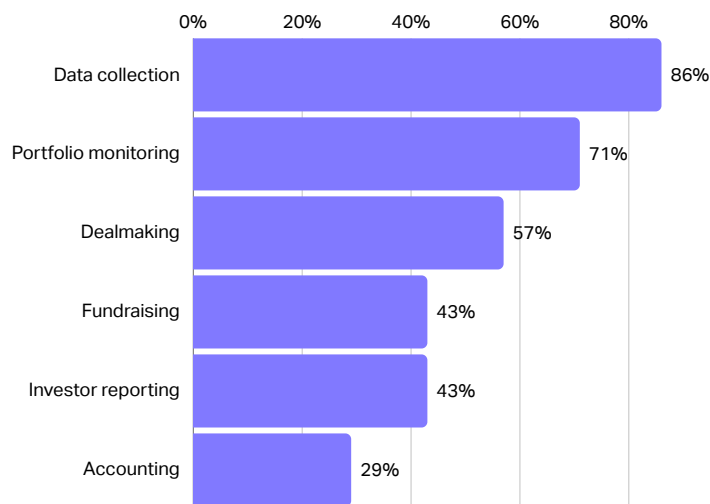


Multi-strategy

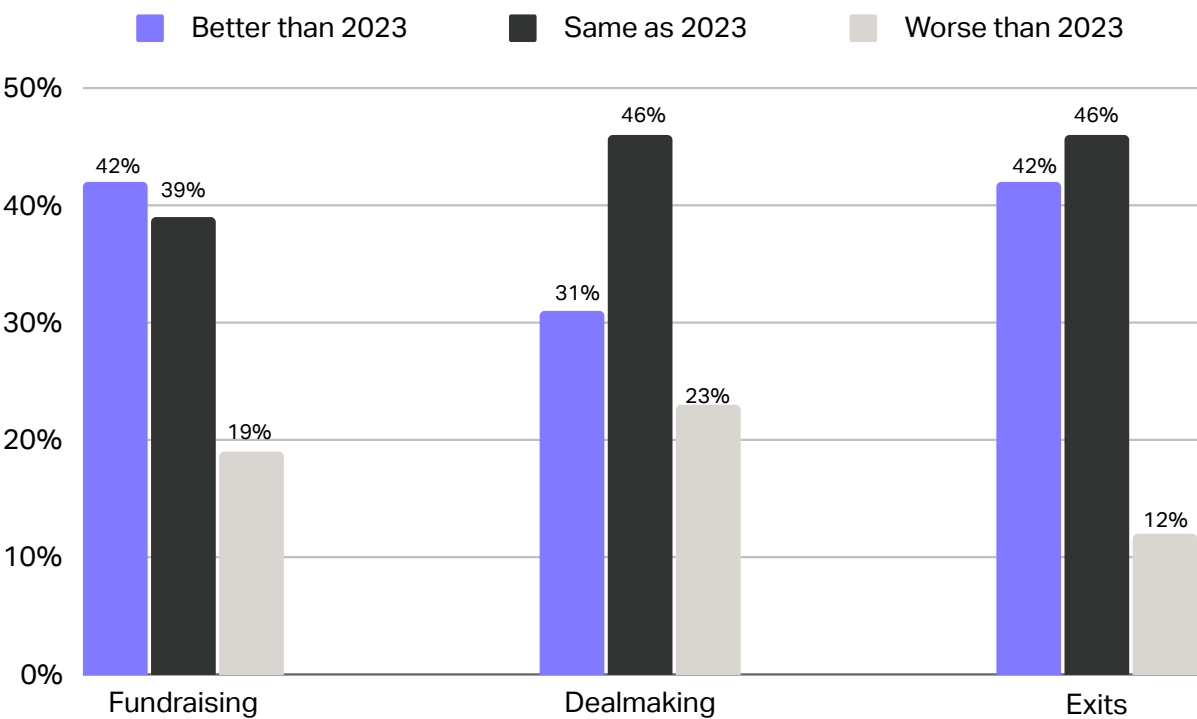
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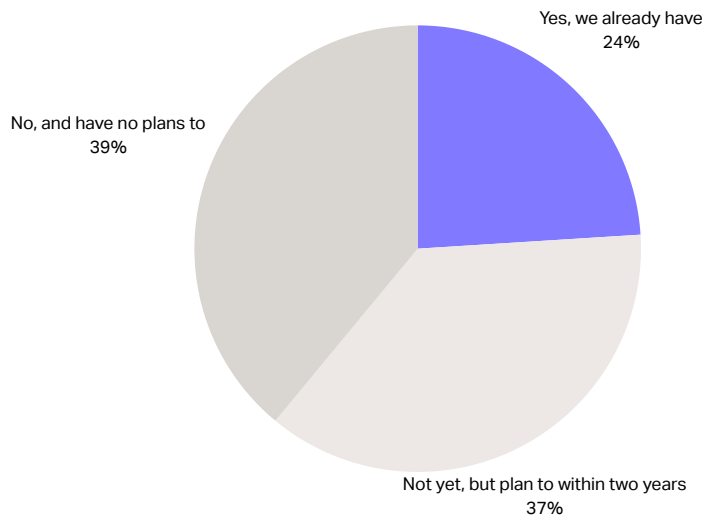


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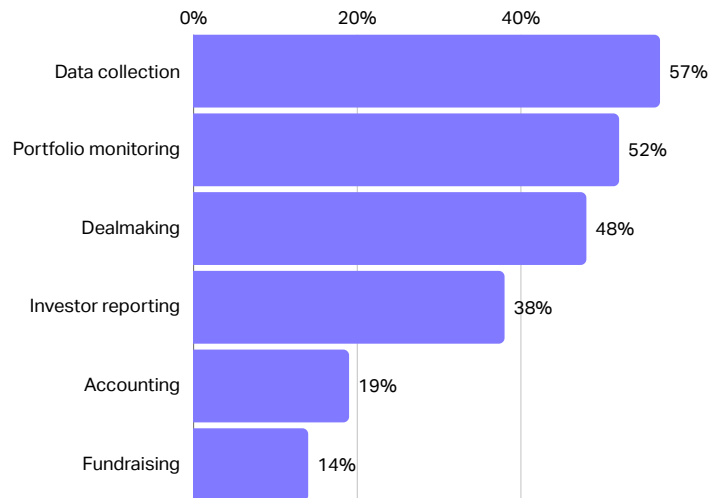


Emerging Managers (Less Than 5B AUM)

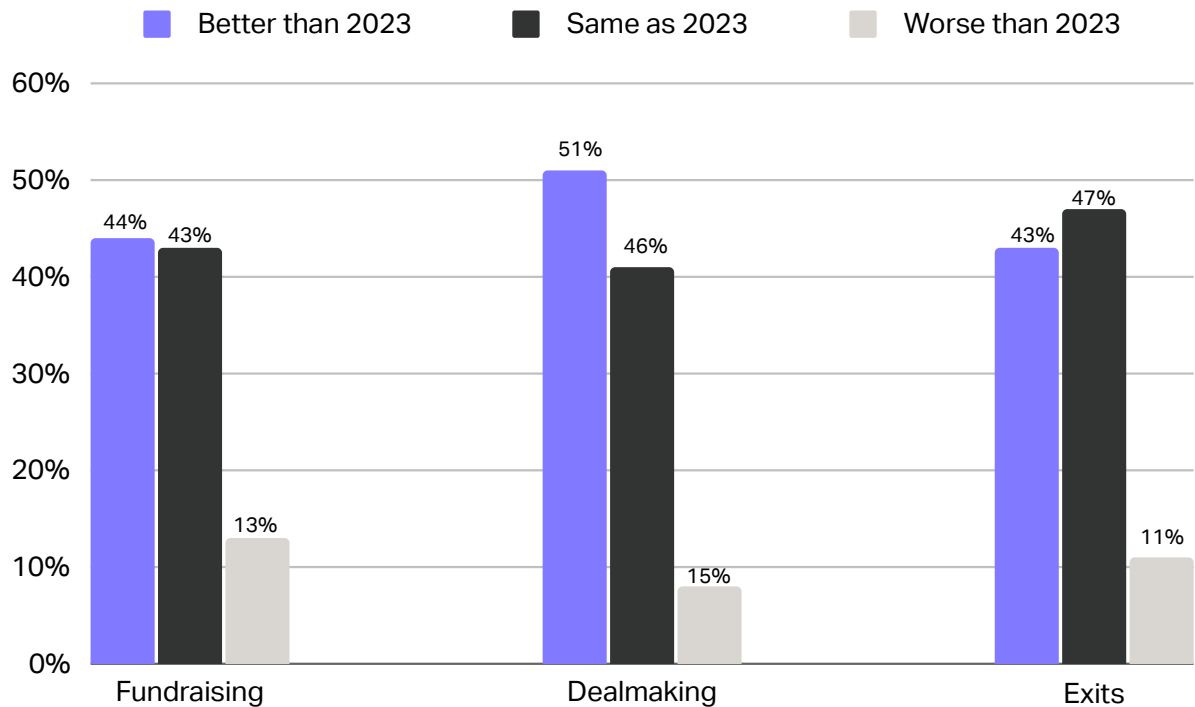
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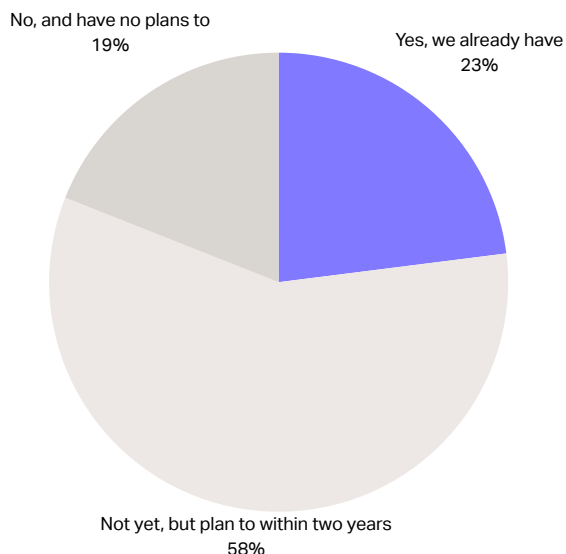


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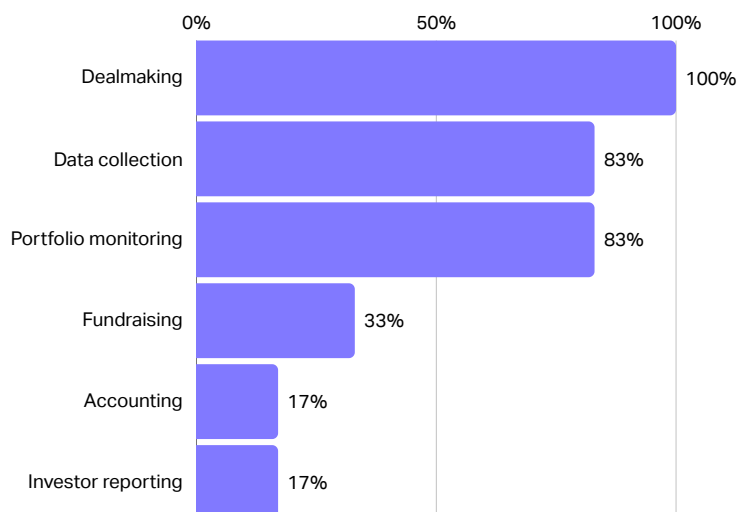


Enterprise Managers (More Than 5B AUM)

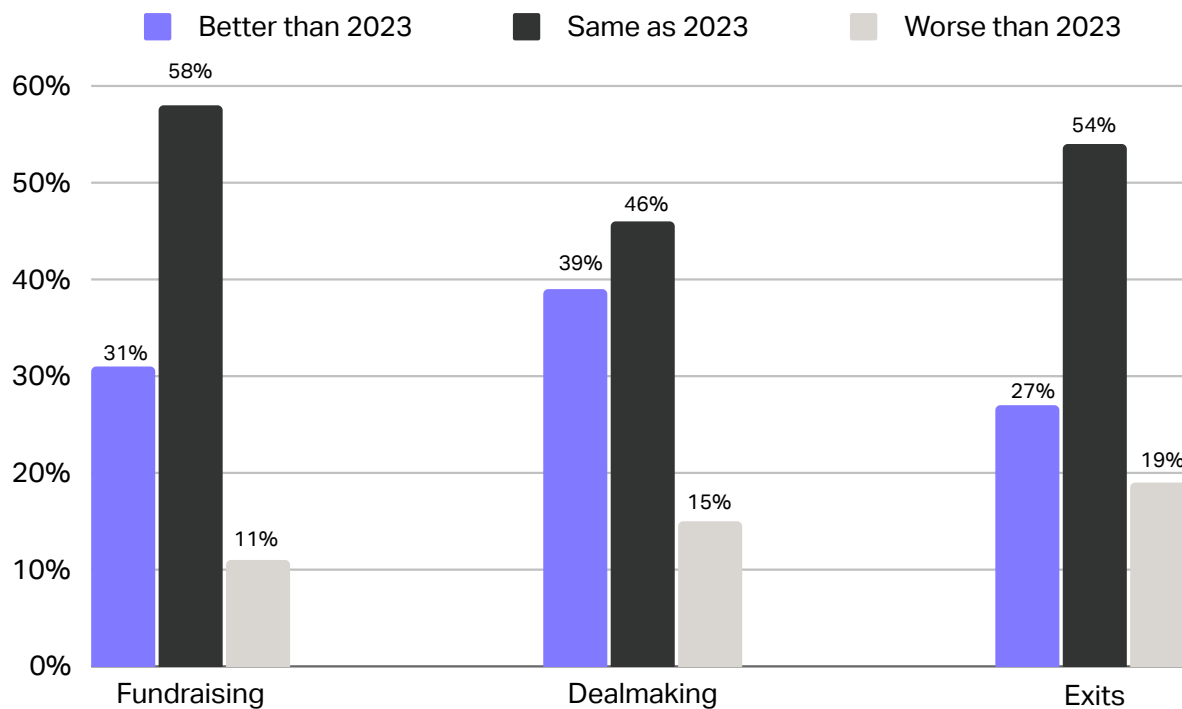
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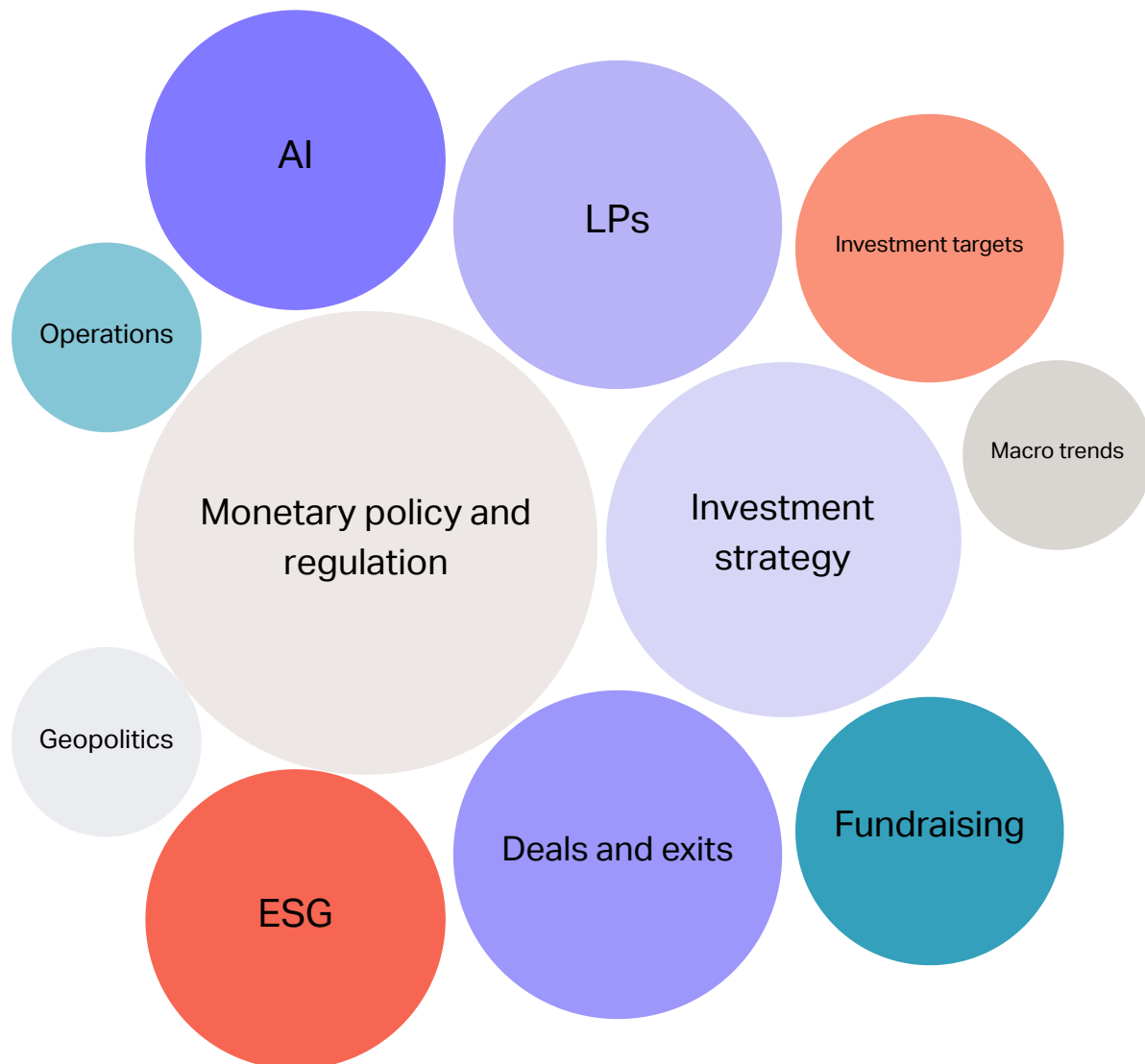


How will 2024's fundraising, dealmaking, and exit environments compare to 2023?



What private capital trends are top of mind for you in 2024?

We asked GPs about the biggest trends weighing on their minds for 2024, and the impact they think those trends will have on the private capital space. Check out the most popular associations and some direct quotes from participants.



Top-of-mind trends in 2024

"Insurance expenses for commercial real estate"

"Positive impacts of interest rates coming down to target levels"

"Better pricing but slow deals due to uncertain valuations"

"Investor focus on sustainability and ESG considerations continuing"

"What will happen to Web3 as a category"

"Low investor interest in small-to-mid market funds"

"Leveraging AI at portfolio companies to become more efficient"

"Organizational transformation and digital transformation"

"New SEC ruling for investor reporting"

"The situation in Gaza"

"Challenging fundraising environment"

"AI, especially large language models (LLMs)"

"Impact of rates on exit valuations for growth equity companies"

"Proximity to conflict in Ukraine"

"More emphasis on responsible investment mandates and alignment with SDGs"

"PropTech in real estate"

"Confidence in the broader economy"

"Adjusting investor expectations to lower exit multiples"

TURN TO ALLVUE IN 2024

Capitalize on this year's opportunities by tackling your top technology, data, and regulatory challenges with powerful software.

With reason to be optimistic for an opportunity-rich investment environment and industry-wide enthusiasm for emerging technology adoption, there's no better time to set yourself apart from the competition with powerful fund infrastructure.

01

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02

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03

[Reach out for a demo](#)

Contact our team with your bespoke software needs and set a time for a demo personalized to your challenges.

ABOUT ALLVUE

Allvue is a leading provider of technology for investment managers in the private capital and credit markets industry. Its mission is to empower superior investment decisions by pairing modern cloud-based software solutions with capabilities across multiple asset classes. Allvue's software solutions serve the entire investment lifecycle and are seamlessly integrated to provide a comprehensive product suite, serving investment managers of all sizes worldwide.

Allvue was established in 2019 through the merger of Black Mountain Systems and AltaReturn, two leading providers of investment technology solutions. Allvue is based in Miami, FL. With a commitment to innovation and a focus on multiple asset classes, Allvue's software solutions allow its clients to operate and grow their businesses more effectively by automating manual processes, improving data accuracy and consistency across workflows, and delivering enhanced analytics.

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