



ASANTE MARKET PULSE - WINTER 2023

Asante Capital is a leading independent private equity placement and advisory group focused on partnering with best-in-class managers and limited partners in both developed and emerging markets.

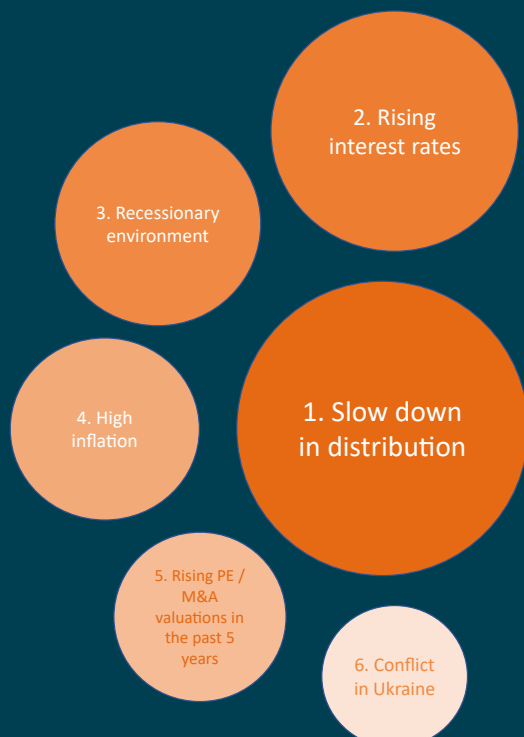
Asante would like to thank all of you who took the time to complete the Asante Winter Survey, which has resulted in Asante donating a record sum to our partners at the Asante Africa Foundation. The foundation has positively impacted over 840,000 lives in East Africa, striving to empower the region's youth by providing education programs and scholarships to the leaders of the future.

OVERVIEW

Last year's Asante Winter LP Survey looked back on 12 months of capital raising at all-time highs through 2021/22. This 2023 Asante Winter LP Survey reflects a shift in investor sentiment as a fall in public markets creates denominator effect, reducing investor allocations for private markets.

"BE FEARFUL WHEN OTHERS ARE GREEDY, AND GREEDY WHEN OTHERS ARE FEARFUL" Warren Buffett

TO WHAT EXTENT ARE YOU CONCERNED OF THE BELOW FACTORS' IMPACT ON YOUR INVESTMENT PORTFOLIO?

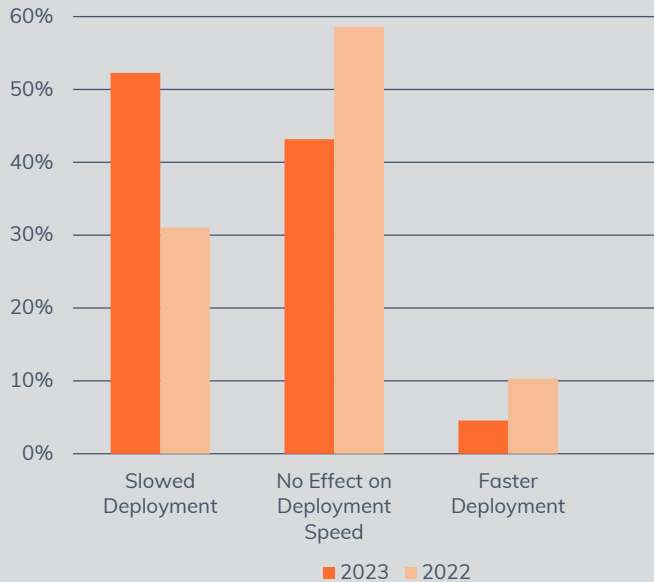


There was a host of "fear factors" to give LPs pause from investing in private markets in 2022.

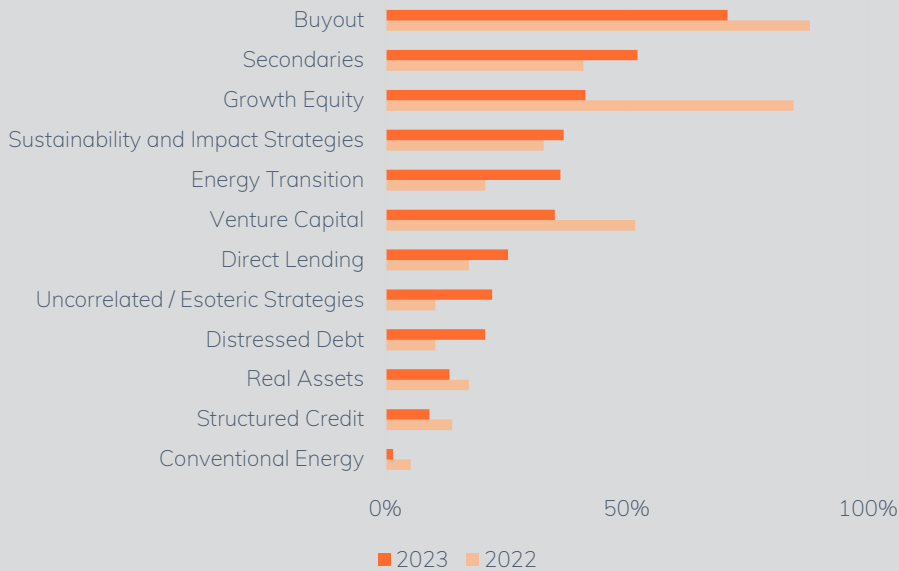
With an 18% fall in public market valuations in 2022 on the back of extreme volatility during the year, investors' ability to deploy was severely constricted. The uncertainty persists. Investors have remained cautious entering 2023, with rising interest rates being the leading cause – in fact, 54% of investors surveyed remain "highly concerned" about future interest rate rises impacting portfolios. Distributions declined severely, with LPs seeing distributions fall by over 50% compared to 2021. The picture is not expected to improve in the short term, with 48% of LPs surveyed expecting to receive even less capital in 2023 relative to last year.

HOW BAD IS IT OUT THERE?

\$1.4tn was raised across over 3,000 funds globally in 2022. Whilst total funds raised in 2022 fell ~11% vs 2021 (\$1.5tn), the drop defied most expectations. Unsurprisingly, most LPs surveyed reported a slowdown in deployment pace in 2023 vs 2022.



WHAT ARE LPS LOOKING FOR IN 2023?



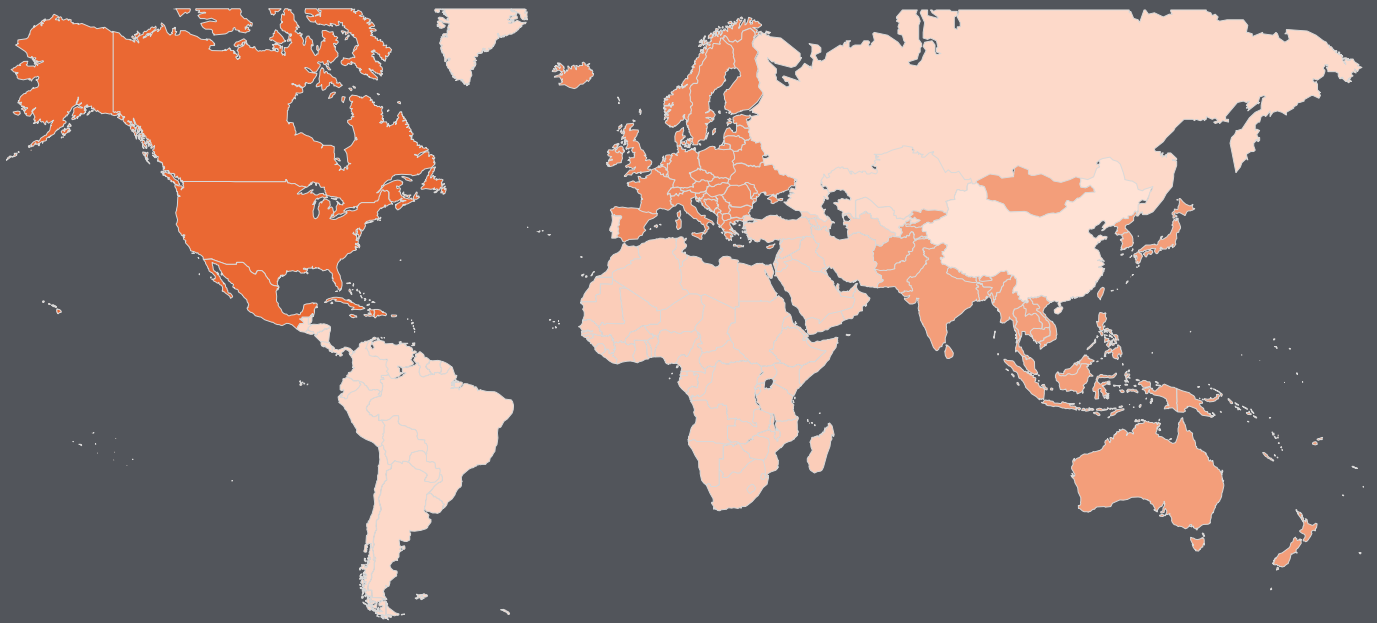
In line with every Asante survey for the past 8 years, buyout continues to be LPs' favoured strategy for 2023. While buyout remains favoured given its track record, risk-return balance and cash flow profile, other strategies are catching up. As a development from 2022, LPs are now more likely to add exposure to secondaries than growth equity, given a market dislocation and high trading discounts. The increase in support for credit and distressed debt strategies is also natural given improved return profiles driven by increased base interest rates.



HOW WILL YOU BE REBALANCING YOUR PORTFOLIO GEOGRAPHICALLY IN 2023?

Reduce Exposure

Increase Exposure



When it comes to geography, the hottest regions for investors' capital continue to be North America, followed by Europe. This is due to the excellent recent performance of US and European GPs, causing many LPs to reduce their allocations to emerging markets, or to place allocations on hold. LPs expect this trend to continue in 2023.

It is no surprise that sentiment on China has become increasingly polarised as political tensions feature more frequently and prominently in news headlines.

1. Business Services

2. Healthcare

3. Financial Services

4. Industrials

5. Technology

6. Energy

7. Consumer

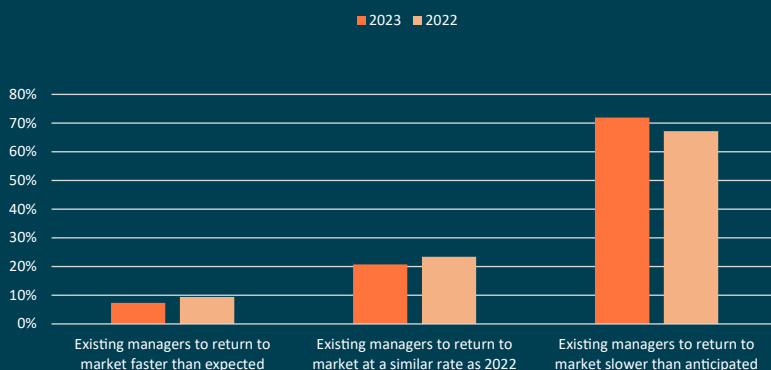
In terms of sectors, sentiment towards consumer-focused strategies has been tempered due to inflation driving cost of living crises around the world, which led to weaker consumer demand.

A more cautious approach to the tech sector is understandable on account of volatility in public tech-stocks, with many high-profile tech companies revalued in a higher-rate environment where future growth is more heavily discounted.

There is evidence of congestion alleviating

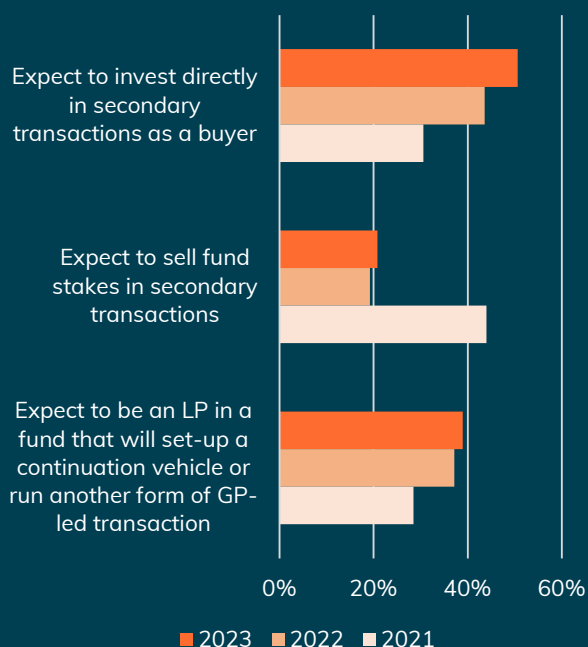
LPs reported a slowdown in managers returning to market in both 2022 and 2023. However, the largest and most successful GP fundraisers raised new funds as frequently as once every 1-2 years. Asante expects the average time to return to market will increase from the 3.2 year average last year. This should ease congestion in the market, providing LPs with more time to evaluate new opportunities.

How do you expect existing managers' fundraising timelines to look in 2023?



Whilst fixed income markets and M&A activity remain muted, LPs expect the secondaries market to be a key driver of liquidity in 2023, with 78% of LPs surveyed expecting to invest in and pursue some form of secondary activity in 2023. Secondary markets have become a key tool for investors to manage their portfolios, with portfolio rebalancing being the key driving reason behind this. LPs are increasingly turning to secondaries solutions to manage liquidity in their portfolio, enabling re-investment into trophy assets and to raise follow-on capital for portfolio companies.

What secondaries activity are you expecting to pursue?

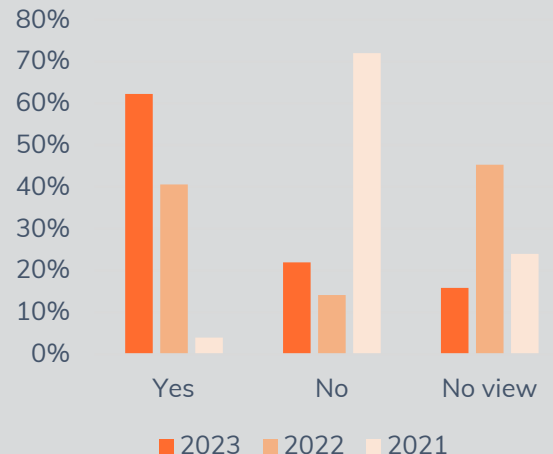


The best vintages follow recessionary environments

The consensus view is that market cycles cannot be timed. Investors learned a key lesson from the GFC to continue to deploy to avoid the risk of missing the best vintage years. 62% of LPs feel 2023 will be a stronger vintage than 2022. The precise strength of that conviction is harder to measure. Asante is seeing anecdotes indicating that some LPs are looking to time the market.

Whilst 89% of investors who responded are expecting to deploy more or similar amounts of capital in 2023 (compared to 2022), the majority of capital is being directed to existing GP relationships.

Would you expect 2022/23 vintage funds to be relatively stronger performers vs other vintages over the last 10 years?



When will the fundraising markets return to "normal"?

Asante's view is that several factors are required to contribute to the fundraising markets improving. The most predominant reason being a reduced number of funds in the market, clear and consistent policy from central banks on rates combined with a broader re-opening of fixed income markets as well as, an uptick in M&A activity.

ASANTE IN NUMBERS

4

Offices

\$56bn

Raised and advised
across 113 funds and
transactions

67

Team members

\$6.7bn

Secondary capital
advised on

20 years

Founding team
together

90%+

Of Asante-raised
funds have closed at
or above target



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