

# UK PRIVATE INVESTMENT MARKETS STUDY SUMMARY REPORT

Research in Finance's UK Private Investment Markets Study (UKPIMS) is a new annual study that aims to understand awareness of and demand for private markets investments among financial intermediaries and institutional investors.

The study provides valuable insight to investment managers on various aspects of the private markets landscape and how it is evolving.

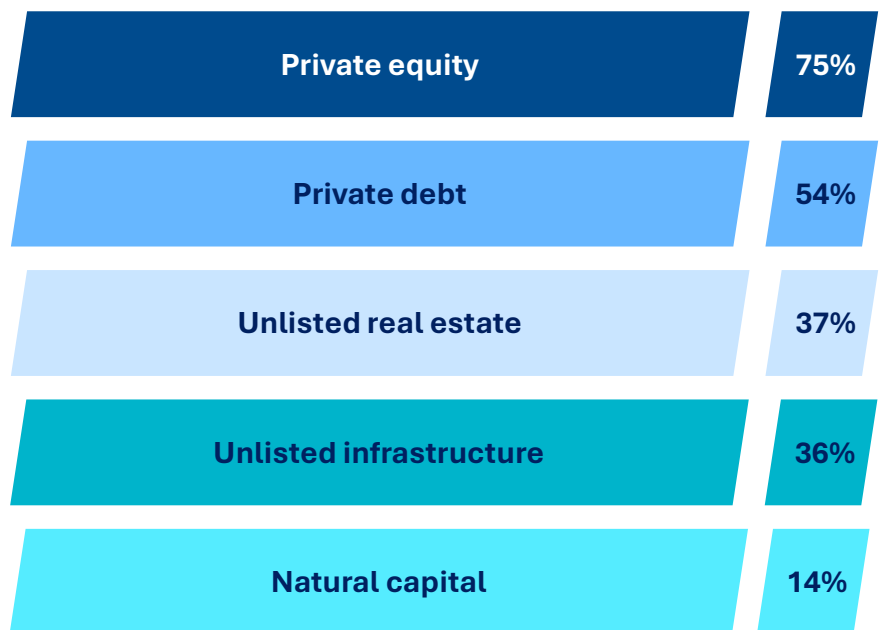
This summary report shares some of the study's key findings.

# AWARENESS AND USAGE OF PRIVATE MARKETS

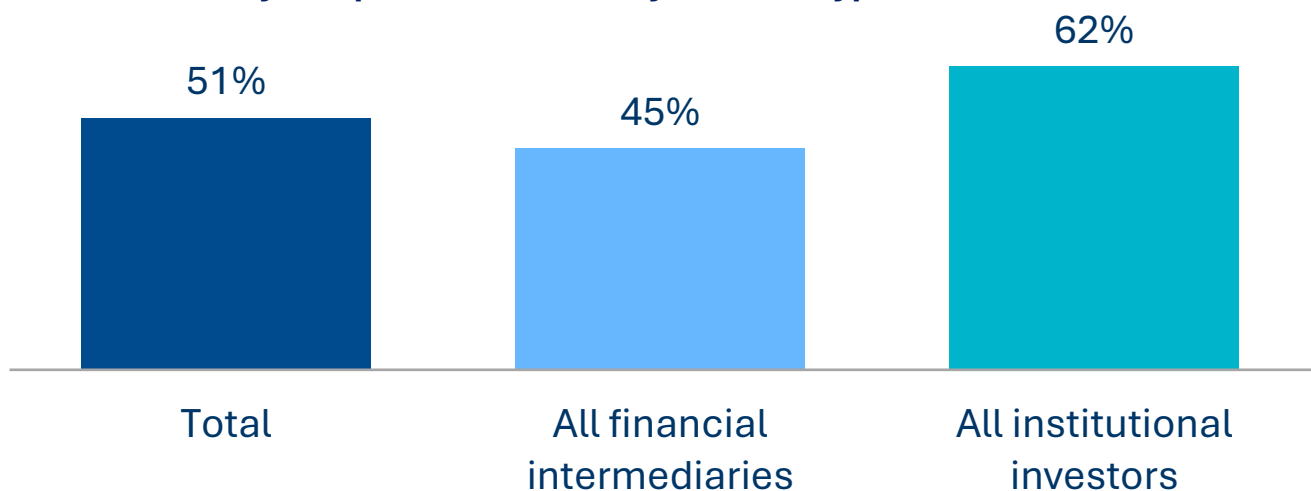
**OF THE FIVE PRIVATE ASSET CLASSES TESTED, PROFESSIONAL INVESTORS FEEL MOST FAMILIAR WITH PRIVATE EQUITY – THE LARGEST BY AUM – AND LEAST FAMILIAR WITH NATURAL CAPITAL**

**% of those who are quite / very familiar with each asset class (whole market)**

**Institutional investors are more familiar with all private asset classes than intermediaries, and especially so for private debt: 78% of institutional investors are quite / very familiar with this versus just 40% of intermediaries**



**% that currently use private markets by investor type**



**Institutional investors are most likely to currently recommend / invest in private markets, with consultants (76%) particularly likely to do so. Less than half of financial intermediaries do so, ranging from 25% of investment advisers to 60% of DFMs and 60% of high-net-worth advisers**

# DRIVERS OF AND BARRIERS TO USAGE

**USERS OF PRIVATE MARKETS SEE PORTFOLIO DIVERSIFICATION AS A KEY DRIVER OF INVESTING IN ALL ASSET CLASSES. FOR NON-USERS THAT DO NOT FIND PRIVATE MARKETS APPEALING, LIQUIDITY, RISK, AND A LACK OF KNOWLEDGE ARE THE KEY BARRIERS**

## Top perceived benefits by asset class (users)

Asset class	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Private equity	High returns	Diversification	Capital growth
Private debt	Diversification	Income	High returns
Unlisted infrastructure	Diversification	Inflation hedge	Long-term focus
Unlisted real estate	Diversification	Income	Inflation hedge
Natural capital	ESG credentials	Diversification	Long-term focus / innovative opportunities

*Users were given the option to choose from 11 specific benefits plus ‘other’*

## Top perceived barriers to appeal (non-users)

Asset class	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Private equity	Lack of liquidity	Too high-risk	Lack of knowledge
Private debt	Too high-risk	Lack of liquidity	Lack of knowledge
Unlisted infrastructure	Lack of liquidity	Lack of knowledge	Too high-risk
Unlisted real estate	Lack of liquidity	Too high-risk	Lack of knowledge
Natural capital	Lack of knowledge	Lack of client demand*	Regulatory concerns

*Non-users who said they did not find a private asset class appealing were given the option to choose from 14 specific barriers plus ‘other’ and ‘don’t know’*

*\*‘Lack of client demand’ only shown as an option to financial intermediaries*

# CURRENT AND FUTURE ALLOCATIONS

**PRIVATE EQUITY TYPICALLY FORMS THE LARGEST PRIVATE MARKETS ALLOCATION AMONG THOSE ALREADY INVESTING IN THESE. IT IS ALSO THE ASSET CLASS MOST LIKELY TO SEE NEW ALLOCATIONS FROM FINANCIAL INTERMEDIARIES THAT CURRENTLY INVEST**

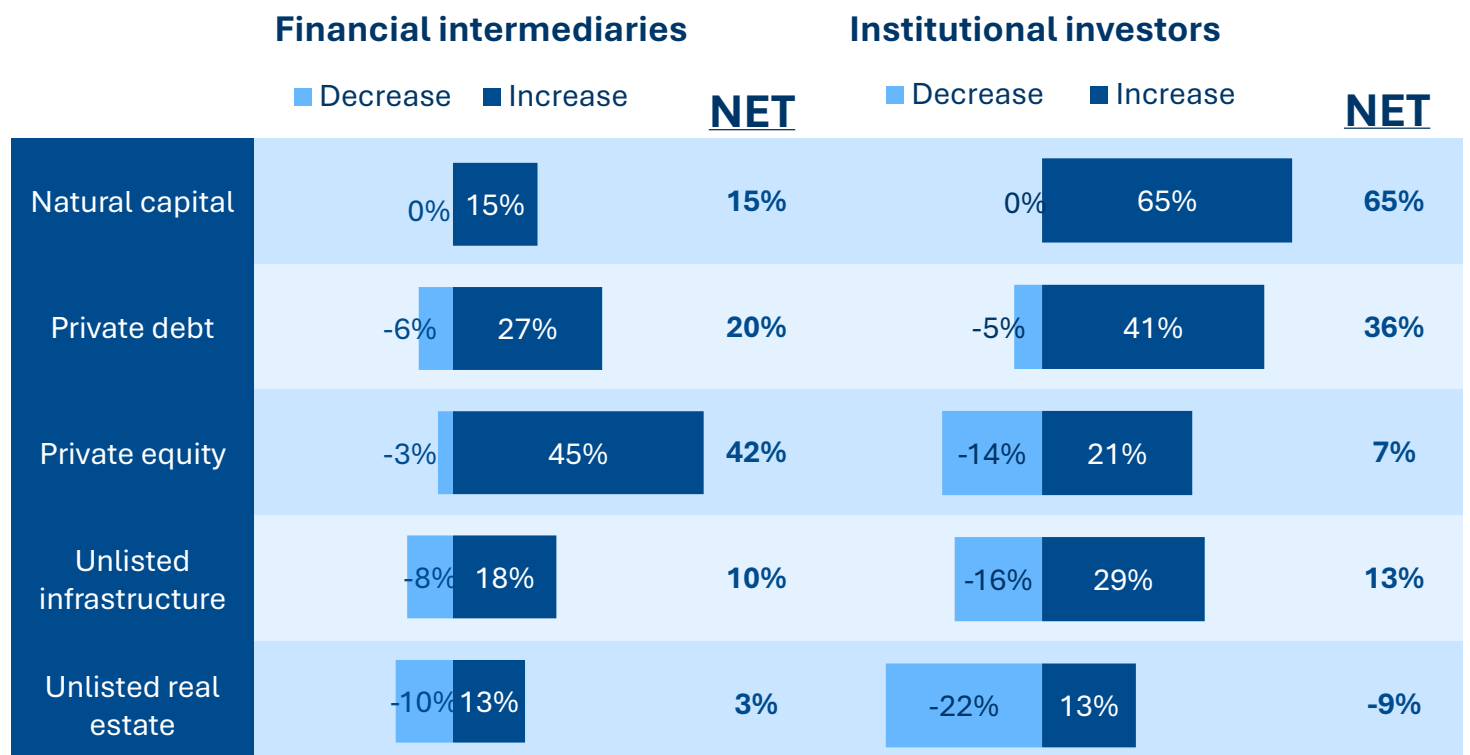
Among financial intermediaries, average allocations to private markets are higher to private equity than other asset classes; for institutional investors, allocations are highest to private equity and debt

Almost half of financial intermediaries that use private equity are planning further allocations in the next 12 months

Average % of client / scheme assets invested in private asset classes (users)

Asset class	Total	Financial intermeds.	Institutional investors
Private equity	7%	6%	8%
Private debt	6%	3%	8%
Unlisted real estate	5%	4%	5%
Unlisted infrastructure	5%	4%	6%
Natural capital	3%	<i>Small sample size</i>	3%

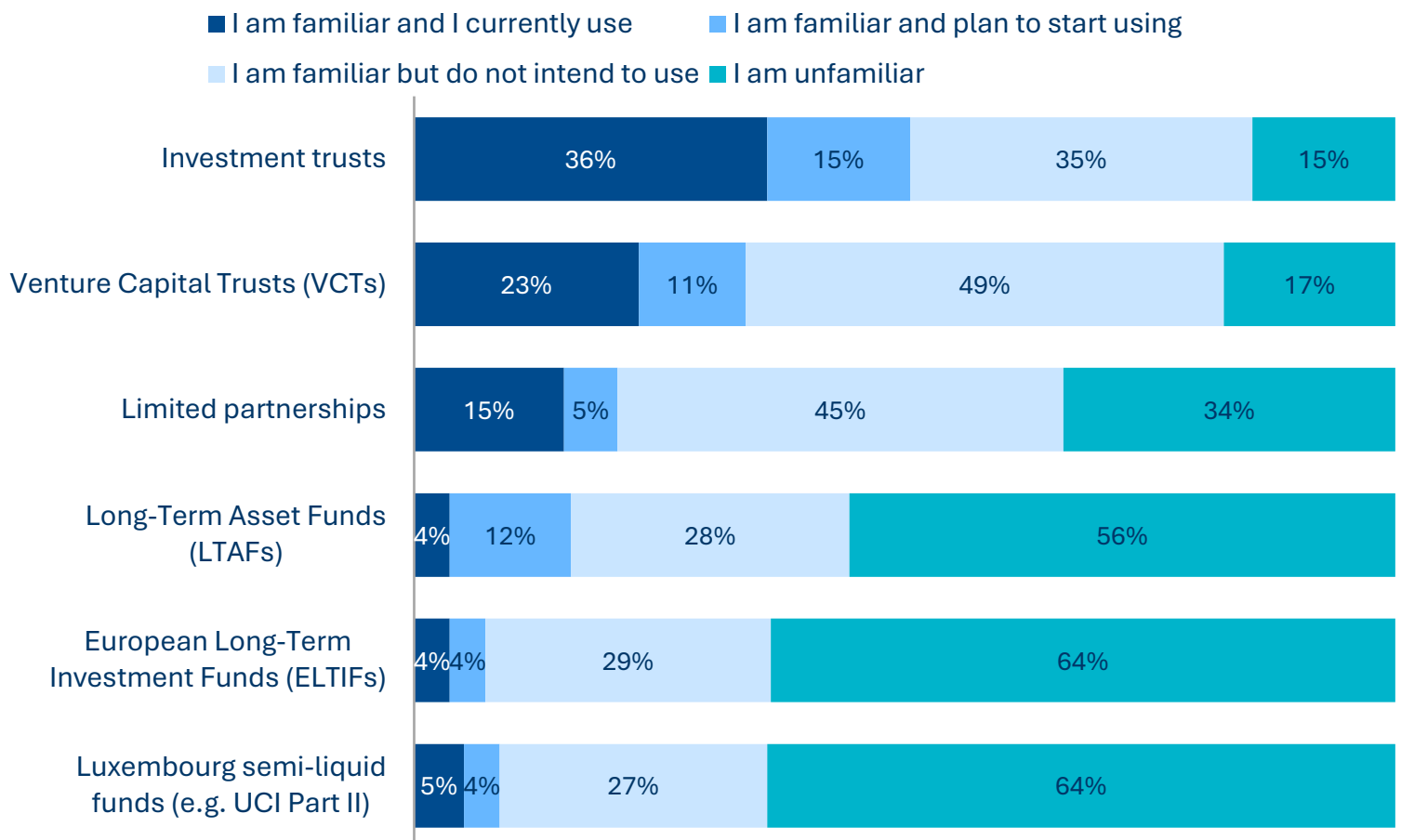
Asset class allocation expectations by investor type, next 12 months (% users)



# STRUCTURES USED TO ACCESS PRIVATE MARKETS

**INVESTMENT TRUSTS ARE THE MOST WIDELY USED STRUCTURES, DRIVEN BY DFMS IN PARTICULAR. CONSULTANTS ARE THE MAIN USERS OF LIMITED PARTNERSHIPS, AND MOST OPEN TO LTAFs.**

## Familiarity with and usage of different private markets investment structures (all)



**Some structures are clearly better known and more widely used to access private markets. Investment trusts appear particularly well used, but this is driven by financial intermediaries (46%), and especially DFMs (61%). VCTs are more likely to be used by investment advisers (43%) than other investors. Usage of limited partnerships is highest among investment consultants (35%), while high-net worth advisers (26%) are most likely to use these compared to financial intermediaries overall.**

**Awareness of the new LTAF is still relatively low, but consultants express the highest familiarity (59%) and current usage (11%). In response to a separate question to non-users, consultants are most likely to find LTAFs quite or very appealing (67%), followed by high-net-worth advisers (38%).**

# TOP-OF-MIND PRIVATE MARKETS PROVIDERS

TOP-OF-MIND PROVIDERS VARY BETWEEN INVESTOR TYPES, REFLECTING THE DIFFERENT WAYS PRIVATE MARKETS ARE ACCESSED.

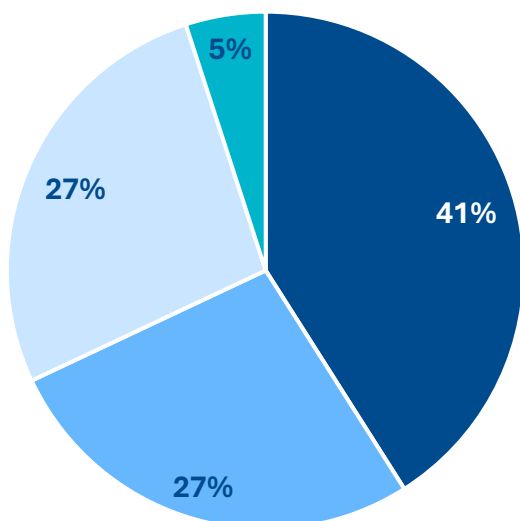
MANY PROFESSIONAL INVESTORS SAY PROVIDER CHOICE FOR PRIVATE MARKETS IS PRODUCT DEPENDENT, BUT OVER HALF OF INTERMEDIARIES EXPRESS AN OUTRIGHT PREFERENCE FOR EITHER TRADITIONAL ASSET MANAGERS OR ALTERNATIVE SPECIALISTS.

Top 5 front-of-mind asset managers for private markets by investor type

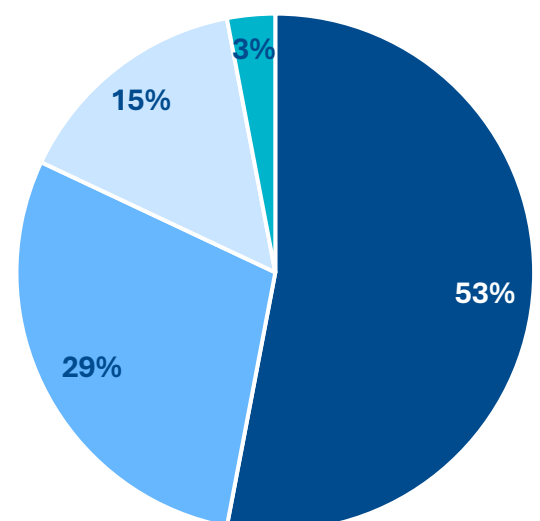
Rank	Investment advisers	DFMs	HNW advisers	Consultants	Pension schemes
1	Schroders	BaillieGifford™	Blackstone	Schroders	Schroders
2	octopusinvestments	Hg	KKR	PARTNERS GROUP	BlackRock.
3	PIMCO	Schroders	BlackRock	BlackRock	PARTNERS GROUP
4	BaillieGifford™	HARBOURVEST	PARTNERS GROUP	Blackstone	Blackstone
5	M&G	3i	Schroders	LGIM	M&G

Private markets investment provider preference by investor type

Financial intermediaries



Institutional investors



- It depends on the asset manager and its product offering
- An alternative asset manager specialising in private markets
- A traditional asset manager that offers public and private markets
- Don't know

## Methodology

UKPIMS is an annual research study launched in 2024 that aims to understand awareness of and demand for private markets investments among financial intermediaries and institutional investors. The quantitative survey takes place in Q1-Q2, and in this first wave surveyed 173 financial intermediaries – segmented by investment advisers, DFMs, and high-net-worth advisers (including private banks and family offices) – and 102 institutional investors – segmented by investment consultants and pension schemes. Deeper insight into the quant findings is achieved through 25 qualitative research interviews.

## Charity donations and partners

Thank you to all who completed the survey, and to those who opted to donate your reimbursement to one of our partner charities:



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**Mark McFee, Editorial and Insights Director**  
[markmcfee@researchinfinance.co.uk](mailto:markmcfee@researchinfinance.co.uk)

## Research

We sincerely hope you have found this summary report insightful, and that you will continue to take part in our UK Private Investment Markets Study in future years.

## Share

If you have any friends, family or colleagues in the institutional investment industry who would be interested in taking part in research, please send them the link below, where they will be able to receive invites to surveys, in-depth interviews and online communities.

## Thank You

As a thank-you for sharing your views, we offer a reimbursement for your time – either as a voucher or charity donation – as well as summary findings at the end of the project. Participation is entirely voluntary, and you can unsubscribe from survey invites at any time.

<https://tinyurl.com/RiFPanel>