

Fund Finance Friday



Joint Morgan Stanley, Oliver Wyman Report Points to Further Private Market Growth

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High net worth investors may allocate an additional 5% of their portfolios to private markets by 2025 to drive \$1.5 trillion in additional AUM growth for the industry, according to a **joint report** by Morgan Stanley and Oliver Wyman. Other key drivers for private market growth in front of wealth and asset managers include ESG, crypto, and technological innovations that will permit scalable customization in private sector investment strategies.

As we've previously highlighted, the relative attractiveness of the generic 8% preferred return in a private fund is at historic highs compared against Treasury yields, investment-grade debt and high-yield bonds. The Morgan Stanley/Oliver Wyman report affirms the view that private market allocations are likely to increase across the board for all investor types.

High net worth investors, including aggregation vehicles, are routinely included in subscription facility borrowing bases, subject to eligibility criteria. Inclusion of these investors, however, is limited by individual and aggregate concentration limits. Over time, greater high net worth participation may test lenders' willingness to be more accommodative to such investors.