

iCapital®

# BEYOND 60/40

June 2024



# WELCOME TO OUR MONTHLY NEWSLETTER.

Designed to serve as your primary source for navigating the world of alternative investments.

The news headlines have been dominated by Artificial Intelligence (AI) and the myriad ways companies are incorporating this new technology. AI shows incredible promise to enhance productivity, improve communication, and meet evolving customer needs. Given the nascent stages, it is also clear we have not yet witnessed the synergy and business leverage that could be achieved through widespread adoption.

Though it is a hot topic now, AI has been a theme in the private markets for a long time. In the past decade, private equity and venture capital strategies accounted for \$785 billion in deal activity related to AI<sup>1</sup>. In addition, there are roughly 31,000 privately held AI companies globally compared with just 495 public AI companies<sup>2</sup>, offering investors a much broader opportunity set in the private markets for AI exposure. Looking ahead, that number is likely to grow as general partners (GPs) and limited partners (LPs) take an even greater interest in AI and see its ability to transform the future of business.

At iCapital, we are leveraging AI to support internal processes and have formed an innovation lab (“iCapital Labs”) to further adopt emerging technologies and methods to advance our strategic initiatives.

For a more in-depth take on AI, please read the articles Blackstone and Bridgewater shared in this month’s “Monthly Market Roundup.”

To learn more about private market investment opportunities focused on AI, software, or technology, please contact our sales team ([altsales@icapital.com](mailto:altsales@icapital.com)) or login to the [iCapital Marketplace](#).

Thank you for your continued partnership and support.



## Dan Vene

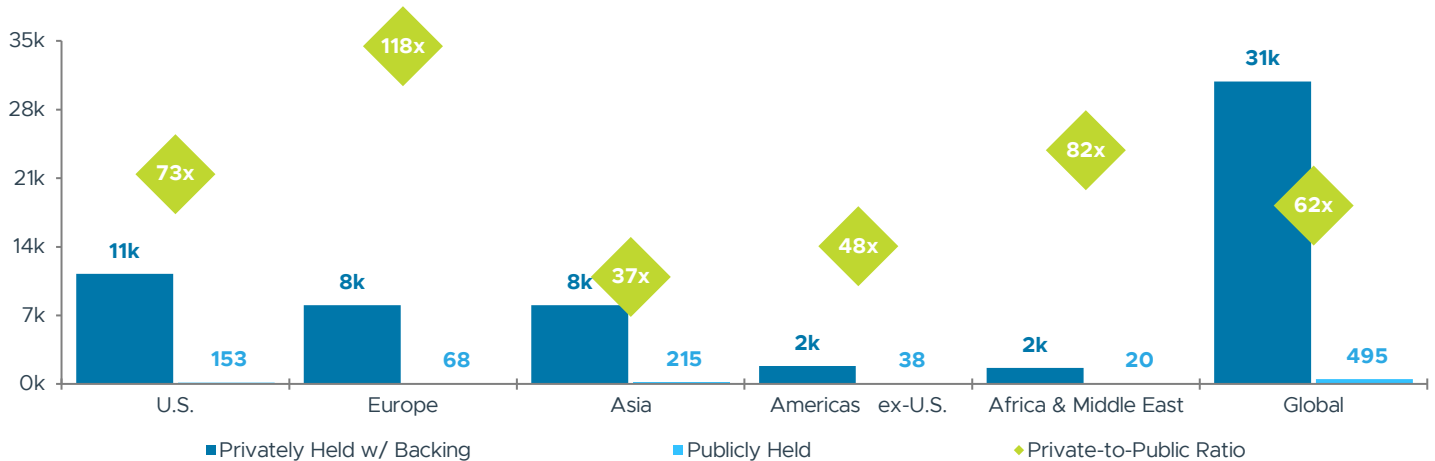
Co-Founder and Managing Partner  
Co-Head of iCapital Solutions

1. Source: Pitchbook I LCD, iCapital Investment Strategy, with data based on availability as of June 24, 2024. Note: Data as of April 18, 2024, and is subject to change based on potential updates to sources or databases. Analysis looks at Private Equity and Venture Capital annual deal activity within the Artificial Intelligence & Machine Learning vertical as defined by Pitchbook’s Artificial Intelligence & Machine Learning reports. 2. Source: Pitchbook I LCD, iCapital Investment Strategy, which data based on availability as of June 24, 2024. Note: Data as of June 24, 2024, and is subject to change based on potential updates to sources or databases. Analysis looks at companies within the Artificial Intelligence & Machine Learning vertical as defined by Pitchbook. Privately Held with backing includes any company that currently has any level of financial backing. This includes private equity, venture capital, angel, seed, and private debt funding. For illustrative purposes only. Past performance is not indicative of future results. Future results are not guaranteed.

# CHART OF THE MONTH

## Private markets offer investors a larger investment opportunity in AI

Number of private vs. public market artificial intelligence / machine learning companies



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## SPOTLIGHT: BEYOND 60/40: EPISODE 22



[Anastasia Amoroso](#), Chief Investment Strategist, discusses private equity investing in enterprise software with [David Flannery](#), President of Vista Credit Partners; and explores the preparedness of financial institutions when combatting AI deepfakes with [Gary Owen](#), iCapital Chief Information Security Officer.

[Watch Now](#)



# IN CASE YOU MISSED IT



When looking for private credit or real estate exposure, evergreen funds may offer a more investor-friendly structure than traditional drawdown vehicles. [Read more.](#)



Discover why a backdrop of higher benchmark rates, combined with resilient business performance, should help continue to deliver strong returns for direct lending funds. [Read more.](#)



With private equity exit rates still slower than desired, co-investments may offer investors the opportunity to gain faster and greater exposure to private equity investments. [Read more.](#)

[Gain More Insight](#)

# MONTHLY MARKET ROUNDUP

## Blackstone

### [Irony, Optimism, and AI](#)

AI has the potential to drive productivity and growth in the economy in ways equal to or greater than the 1990s technology boom and other previous tech revolutions. But the irony is no matter how disruptive the technology, traditional economic forces determine its trajectory and economic impact. Blackstone shares why they remain optimistic about the future with AI.

## BRIDGEWATER

### [Are We on the Brink of an AI Investment Arms Race?](#)

While AI-related investment isn't yet a major driver of economic growth, it looks poised to rise rapidly from here—with the potential to shape the business cycle well before AI is in widespread productive use. Bridgewater Associates provides us with perspectives on the economic impact of AI and its implications for business investment.

## CARLYLE

### [2024 Credit Market Outlook](#)

Narratives surrounding the disintermediation of banks have not flipped, but they have become more nuanced. The share of total credit market assets on bank balance sheets has dropped materially over the past 50 years, and this trend seems certain to continue. Carlyle reviews the overall landscape and the potential opportunity in the “Era of Bank Disintermediation.”

## KKR

### [An Evergreen Vehicle Can Be an Important Tool in Private Equity Asset Allocation](#)

There are many ways to access private equity, including diversified funds-of-funds, traditional drawdown funds, evergreen vehicles, and more. As evergreen vehicles proliferate and evolve, we have observed some structural advantages that investors may not be aware of, particularly when combined with traditional drawdown funds. KKR makes the case for including both evergreen vehicles and drawdown funds in an investment portfolio.

# WITH WORTH MEDIA AT THE MILKEN CONFERENCE



[Lawrence Calcano](#), Chairman and CEO of iCapital, sits down with [Jim McCann](#) of Worth Media Group to discuss the latest developments at iCapital and current trends in alternative investments.

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## MARKET PULSE

### Mid-year Checkpoint: What are the Risks for the Second Half?



Heading into the second half of 2024, we see reasons for continued market optimism. However, with equity markets back in overbought territory and the potential for increased headline risks there are reasons why we could see the markets consolidate in the near-term. As such, we outline five potential catalysts for markets during the second half of the year. Learn more in Chief Investment Strategist [Anastasia Amoroso](#)'s latest [Market Pulse](#).

[Subscribe to Market Pulse](#)

# NEW AT iCAPITAL



On May 23<sup>rd</sup>, we launched the first fund leveraging iCapital's new **Distributed Ledger Technology (DLT)**. iCapital's DLT aims to foster a more secure, efficient alternative investment management environment, connecting key financial players and allowing for seamless data sharing and transaction processing. This marks an important technological advancement for increasing scale and real-time connectivity across the alternative investments experience. This milestone delivers on iCapital's commitment to technology that creates unmatched operational efficiency and convenience for financial advisors.

[Learn More](#)

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