
Global aging named as world's most powerful trend

By Editorial Staff *Fri, Oct 18, 2019*

Investors will access major trends--aging, climate change, artificial intelligence--through private markets more than public markets, a survey of institutional investors showed.

An aging population was identified as the most significant driver of global economies and the investment landscape over the next 30 years, according to a poll of institutional investors sponsored by Investcorp, Mercury Capital Advisors, IMD Business School and ICR.

The demographic shift was selected by 78% of institutional investors surveyed. Artificial intelligence (AI) and machine learning ranked second (69%) and climate change third (66%), followed by "urbanization and smart cities" (42%) and redefining global trade (40%).

A study based on the survey, "What's Next? Investment Trends for the Future," was released this week. Here are descriptions of the world-changing factors that investors identified:

Aging population. Nearly 8 out of 10 (78%) of investors polled cited an "Aging Population" as the top trend that will shape the global economic landscape. Participants were more likely to invest in this trend through private markets (62%) than public markets (26%), with more than half of the allocation to private markets manifesting itself via private equity (38%) and real estate (21%) based strategies. Participants believe that this trend will peak around the years 2030-2032.

AI and machine learning. Participants were more than twice as likely to invest in this theme through private markets (58%) than public markets (25%). Those who did invest through private markets preferred to deploy capital through venture capital (44%) and private equity (34%). Participants believe that this trend will peak around the years 2030-2032.

Impact of climate change. Climate change ranked as the third most significant trend. Participants were more likely to invest in the impact of climate change through private markets (48%) compared to public markets (27%).

Urbanization and smart cities. Among the top five trends identified, this theme counted the highest percentage of investor access via private markets (67%) and the lowest access through public markets (20%). Private markets allocation is relatively even among private

equity (26%), real estate (25%), venture capital (25%) and infrastructure (17%).

Redefining global trade. Among the top five most important trends investors cited, redefining global trade generated the most equal representation of allocation between private markets (47%) and public markets (43%). This trend also saw private equity as the main private market asset class to deploy capital (45%). Participants believe that this trend will peak between 2023 and 2024, the earliest period among all topics surveyed.

The survey received responses from 185 investors representing more than US \$10 trillion in AUM across a range of institution types including: pension funds, sovereign wealth funds, foundations, endowments, insurance companies, consultants, funds of funds and family offices.

Approximately 60% of the respondents were senior executives at their organizations, identifying themselves as CIOs, heads of investment groups, managing directors and partners. Two-thirds (66%) of survey participants managed portfolios with an alternative/private markets tilt, with the remainder (34%) having a traditional/public market tilt.

Investcorp is a \$28.2 billion provider of alternative investment products, and IMD Business School is an executive education institution based in Lausanne, Switzerland. ICR is a communications firm and Mercury Capital Advisors has raised some \$170 billion from institutional investors for its clients.

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