



LPEA Members' Sentiment Survey 2022

Foreword

Dear LPEA members,

2022 has been a year of turmoil and unprecedented change, which will have a lasting impact on the way many of us operate and manage our businesses (as well as our personal lives). In light of this and to foster transparency and communication in our Luxembourg private equity and venture capital community, the LPEA has decided to launch a survey amongst its members to gauge current market sentiment and outlook for 2023. The survey was sent to full members only, ie GPs and LPs, who are tasked with making strategic investment and divestment decisions in the months ahead and who need to adapt their business to new realities. As such it was deemed that their views would best serve as barometer and proxy for the state of the industry as a whole.

Readers will note that the feedback is generally rather diversified with certain topics not gathering a full consensus/allowing identification of a clear trend, but that the overall sentiment could best be described as “moderately pessimistic”. That being said some positive tendencies have been identified as well. We will, of course, continue to monitor developments impacting our industry and make sure to continue being engaged in discussions with our constituents on this and other topics.

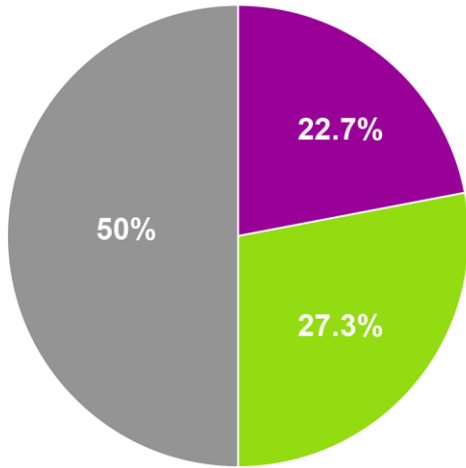
Kind regards,

LPEA

Disclaimer. The results are the views expressed by 22 respondents between September and November 2022.

1 How do you see the general economic outlook over the next 12 months?

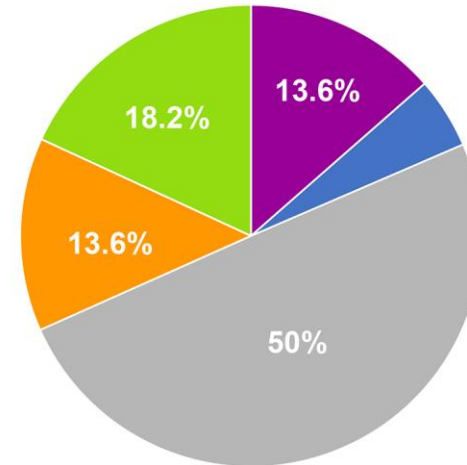
A majority of respondents are moderately pessimistic when considering the upcoming twelve months.



- Very optimistic
- Moderately optimistic
- Neutral
- Moderately pessimistic
- Very pessimistic
- N/A

3 How do you see deal activity developing over the next 12 months?

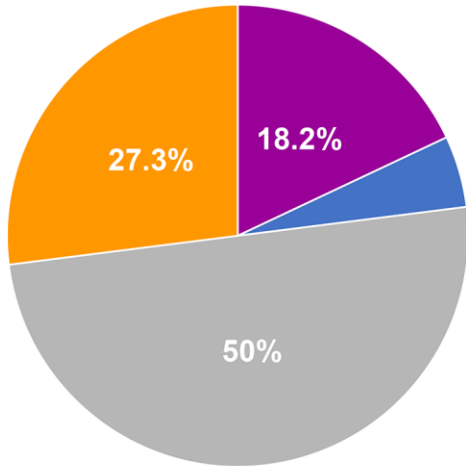
50% of them also anticipate a moderate decline in deal making.



- Significant increase
- Moderate increase
- Unchanged
- Moderate decline
- Significant decline
- N/A

2 How do you see the fundraising activities developing over the next 12 months?

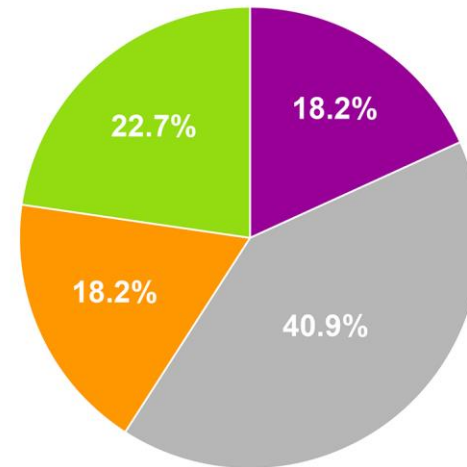
50% of participants anticipate a moderate decline in fundraising activity in the next twelve months.



- Significant increase
- Moderate increase
- Unchanged
- Moderate decline
- Significant decline
- N/A

4 How do you see portfolio company valuations developing over the next 12 months?

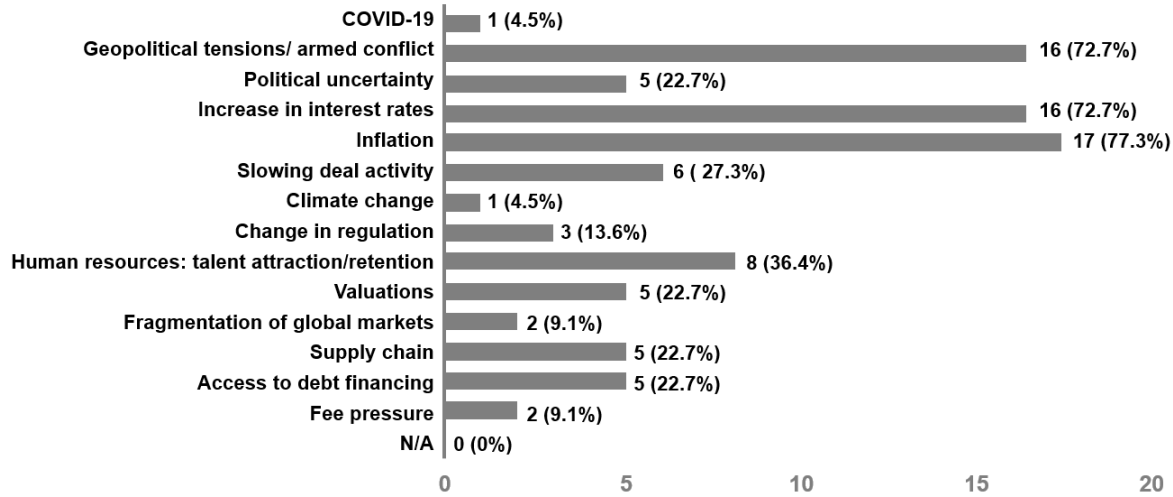
40.9% of respondents foresee a moderate decline in valuation of portfolio companies.



- Significant increase
- Moderate increase
- Unchanged
- Moderate decline
- Significant decline
- N/A

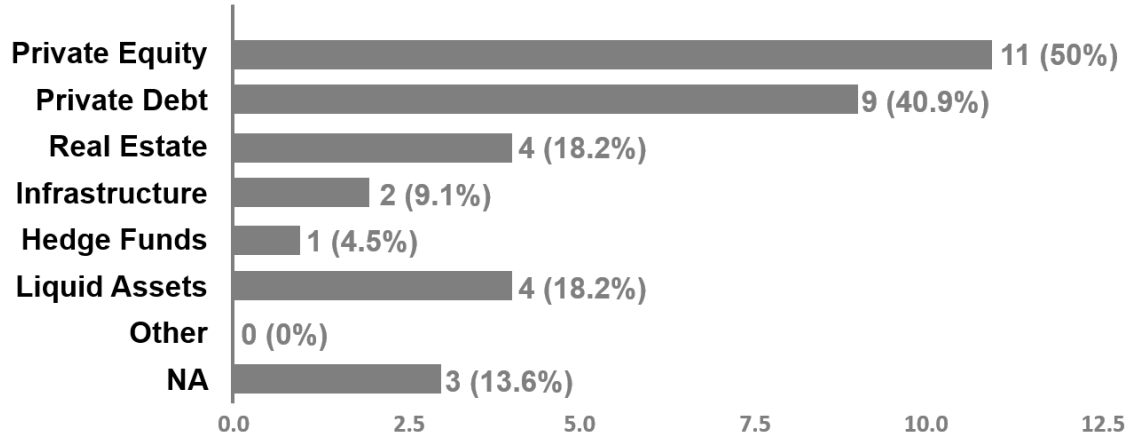
5 What are the biggest challenges you are expecting for the next 12 months (you can choose multiple answers)?

Inflation, interest rates increase & geopolitical tensions represent the top three main concerns on the market for the next twelve months.



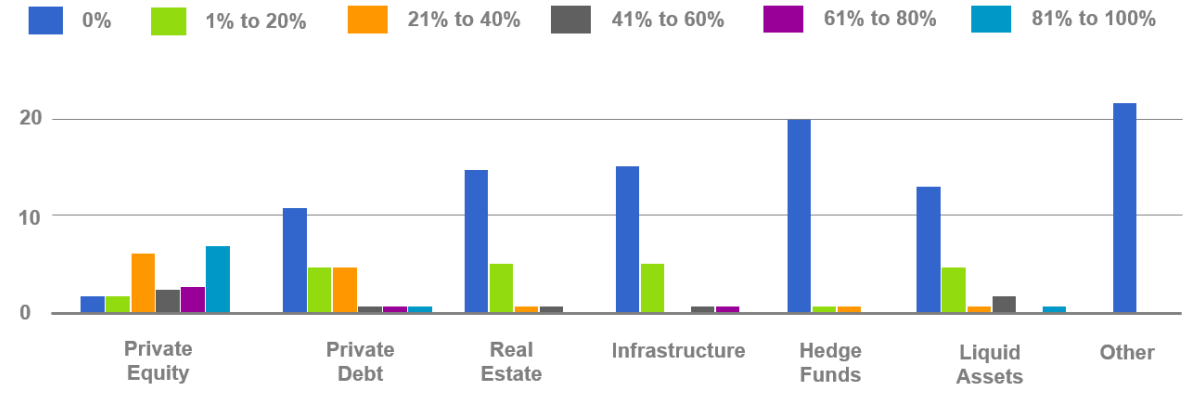
6 In the event you plan to diversify your portfolio, which asset class would you likely favor (you can choose multiple answers)?

PE, Private Debt and RE are the top three asset classes chosen for portfolio diversification among the survey participants.



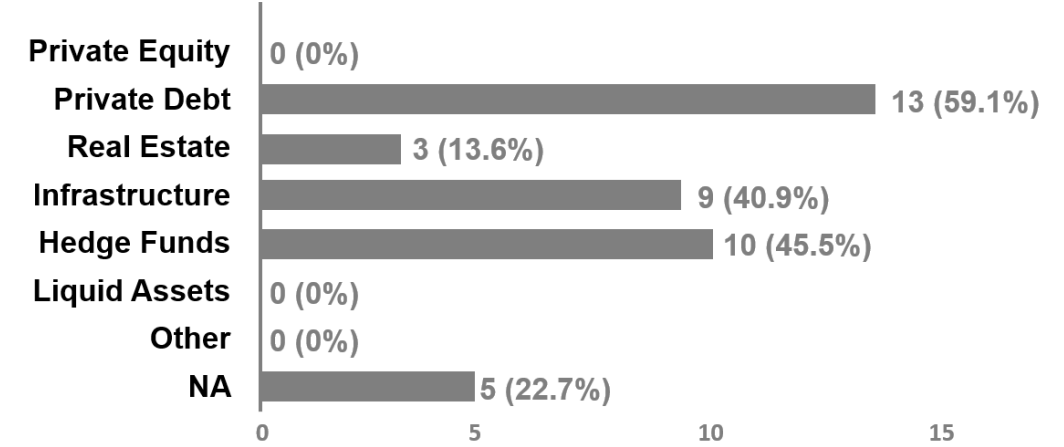
7 What would be your percentage of allocation per asset class?

Liquid assets, hedge funds are the top two disclosed asset classes favored by respondents. Infrastructure and RE share the third place.



8 Which asset class do you think will see the most growth in the next 12 months (you can choose multiple answers)?

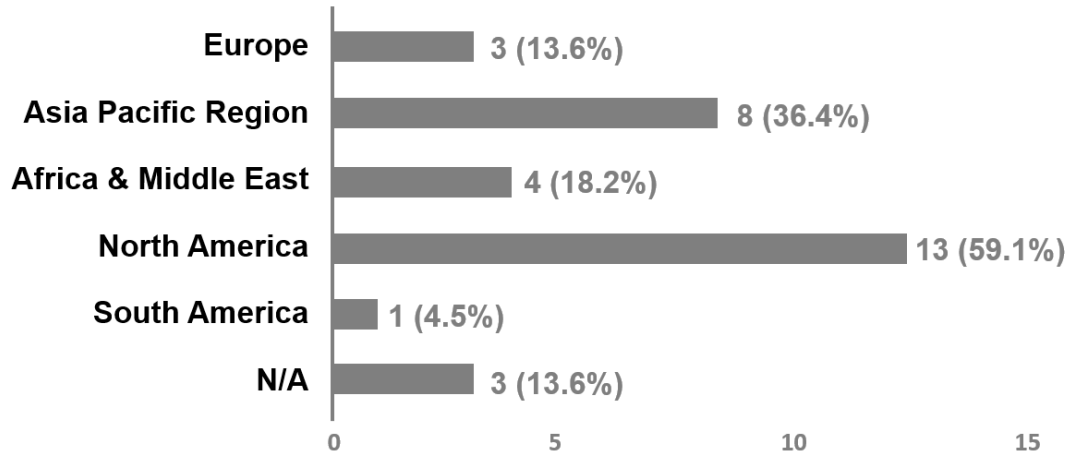
Private debt, hedge funds and infrastructure are deemed the top three asset classes that will see the most growth in the coming year.



9

Which geographies do you think will see the most growth in the next 12 months (you can choose multiple answers)?

North America and Asia Pacific are the regions that are foreseen to experience the most growth in the next twelve months.



10

Which exit routes/liquidity options do you anticipate using the most over the next 12 months?

Restructuring, secondaries sale to third-party and trade sale are the top three exit routes/liquidity options favoured by respondents.

