

# EU Private Markets: ESG re-boot

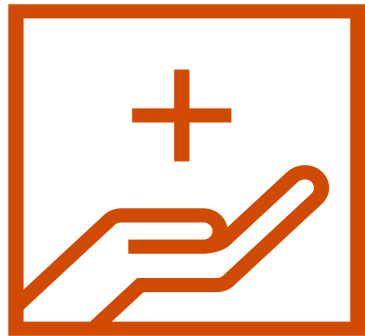
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**pwc**



# Four catalysts propelling the ESG shift in European Private Markets

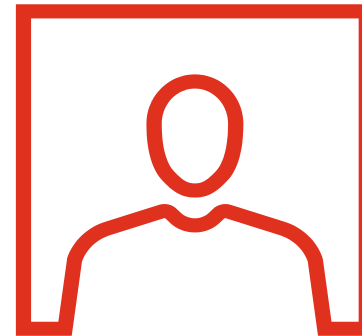
A combination of external and internal catalyst has been triggering a veritable 'ESG revolution' within the non-traditional realm



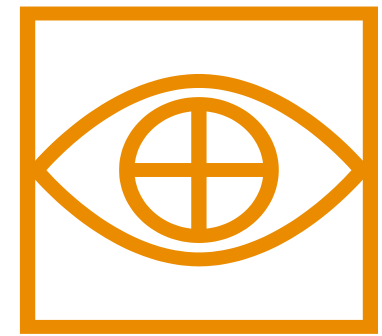
**Value creation & risk mitigation**



**Policy shifts & regulatory changes**



**Changing investor behaviour**



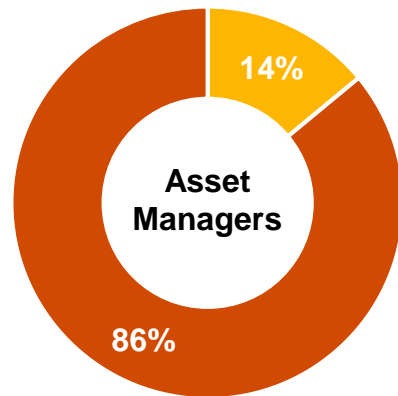
**Shifting societal values**

# Significant disconnect between investors and asset managers

Over **75%** of institutional investors intend to stop investing in traditional non-ESG products; while LPs are considerably more optimistic than GPs regarding an eventual ESG/non-ESG fund convergence in Private Markets

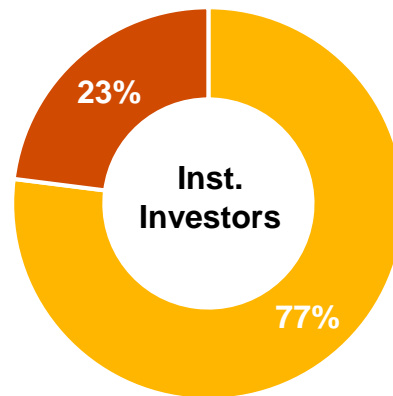
## Traditional Asset and Wealth Management

Do you intend to stop launching non-ESG European funds within the near future?



■ Yes ■ No

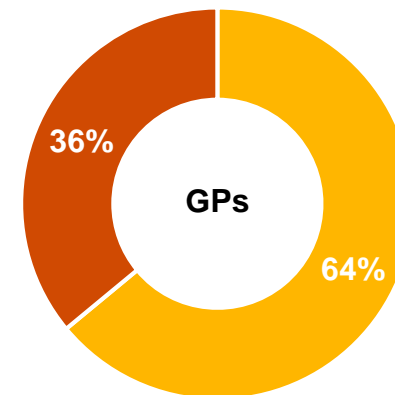
Do you intend to stop investing in non-ESG products within the next 24 months?



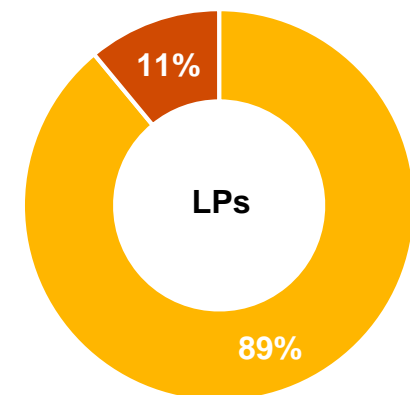
■ Yes ■ No

## Private Markets

Do you believe there will be a convergence of ESG and non-ESG funds across PM, to the point where ESG funds become the norm ?



■ Yes ■ No

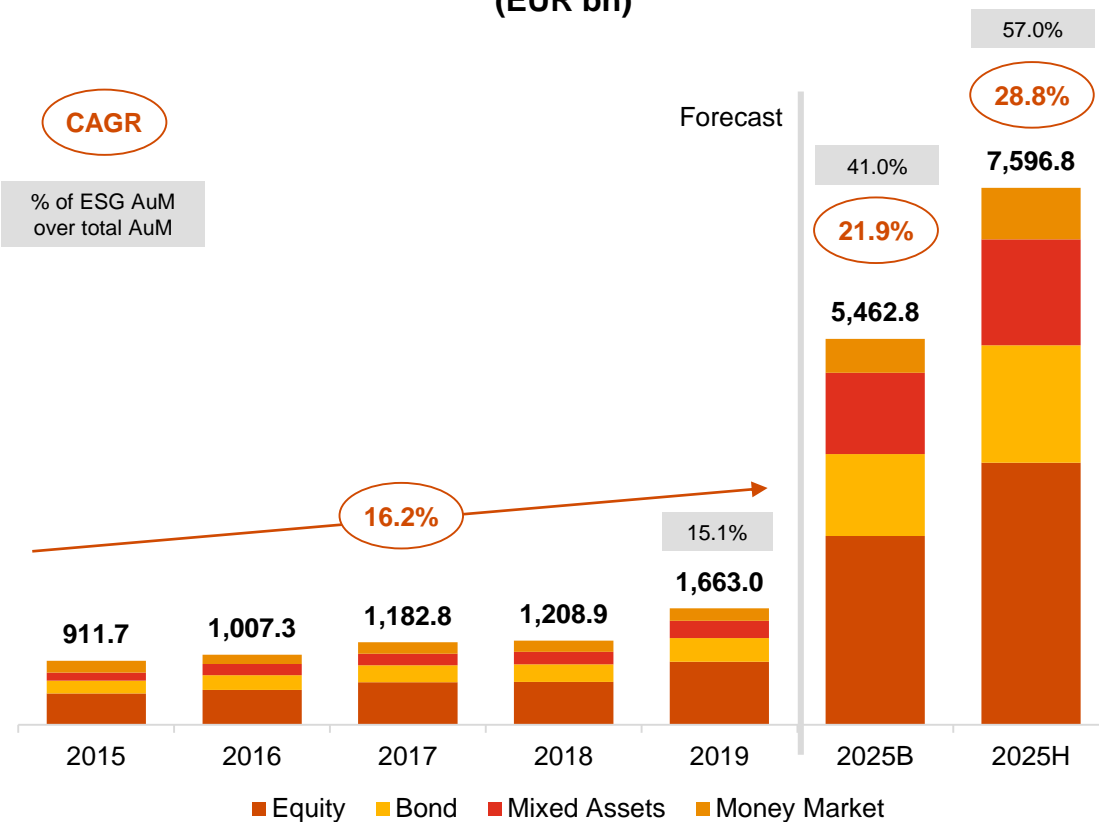


■ Yes ■ No

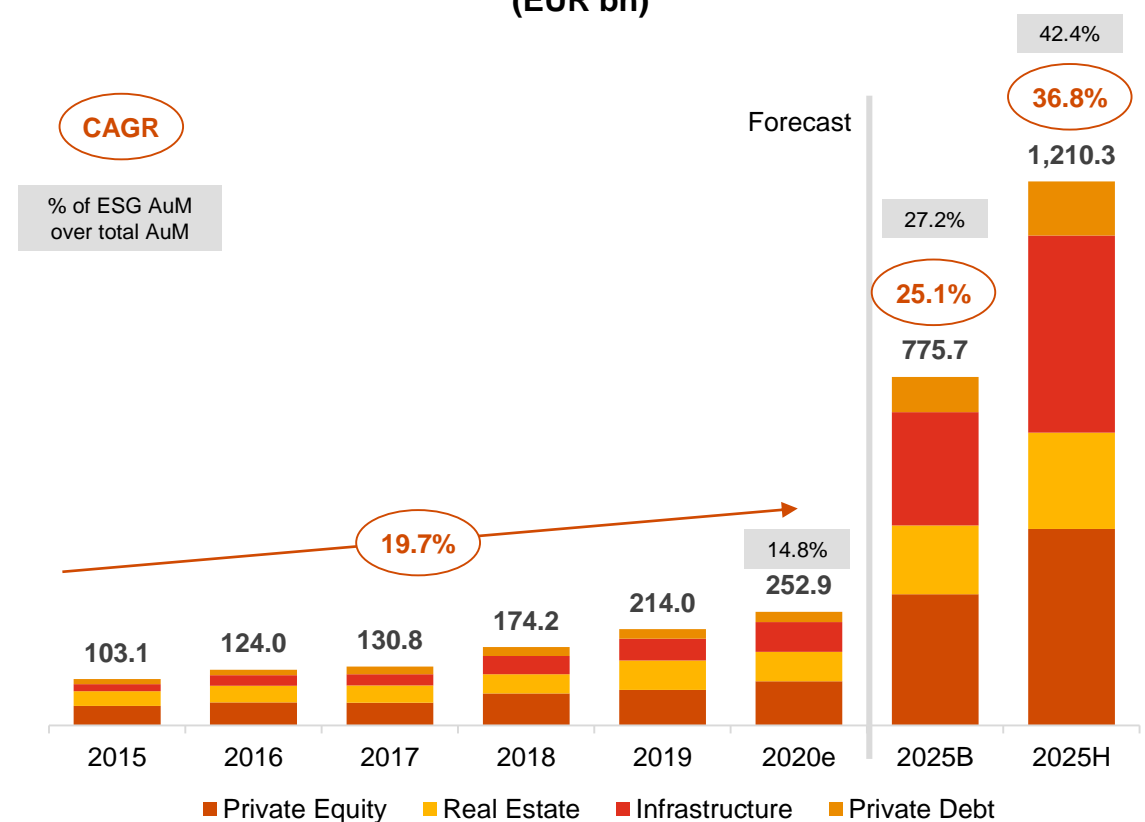
# ESG: a paradigm shift across the entire AWM industry

European ESG Mutual Fund AuM is set to reach between **EUR 5.4tn and EUR 7.5tn** by 2025, while European ESG Private Markets AuM is expected to reach between **EUR 775bn and EUR 1.2tn** within the same period

**European ESG Mutual Funds AuM: Split by asset class (EUR bn)**



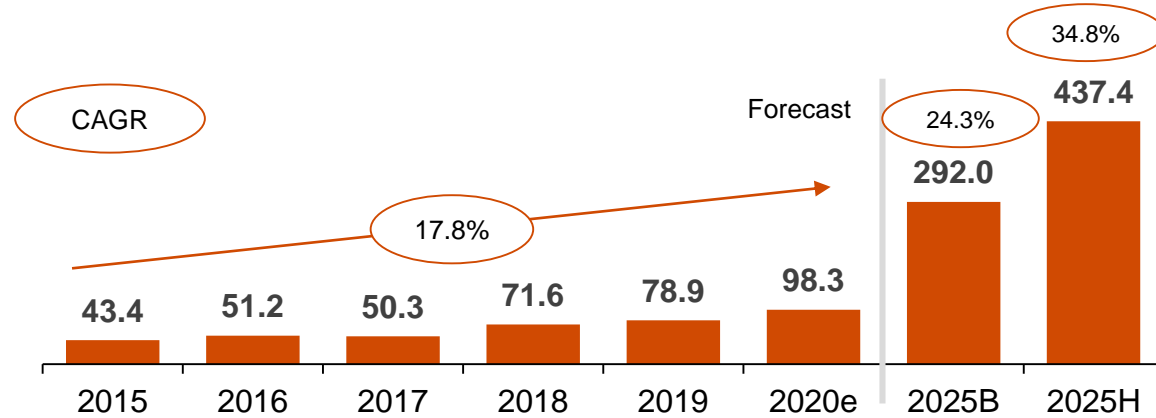
**European ESG Private Markets AuM: Split by asset class (EUR bn)**



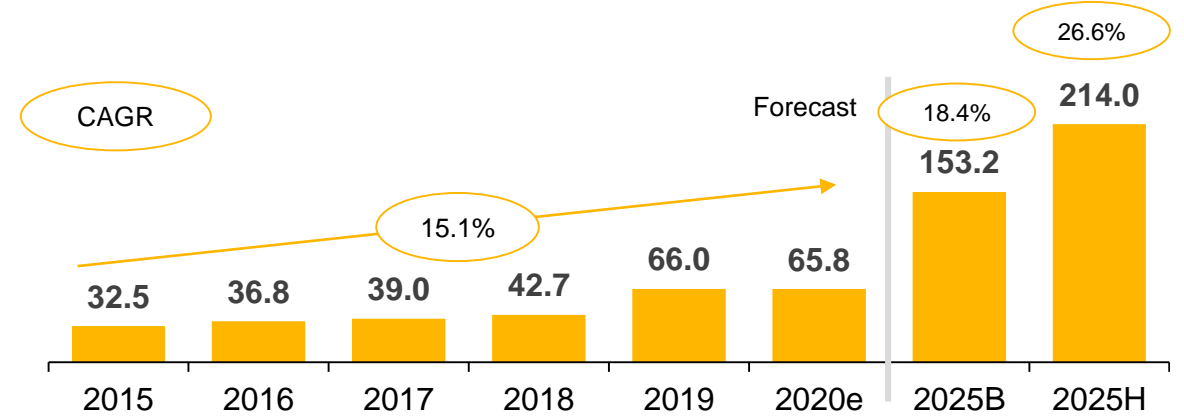
# European Private Markets' ESG assets to skyrocket by 2025

Infrastructure ESG AuM should witness the highest growth to 2025, followed by Private Debt

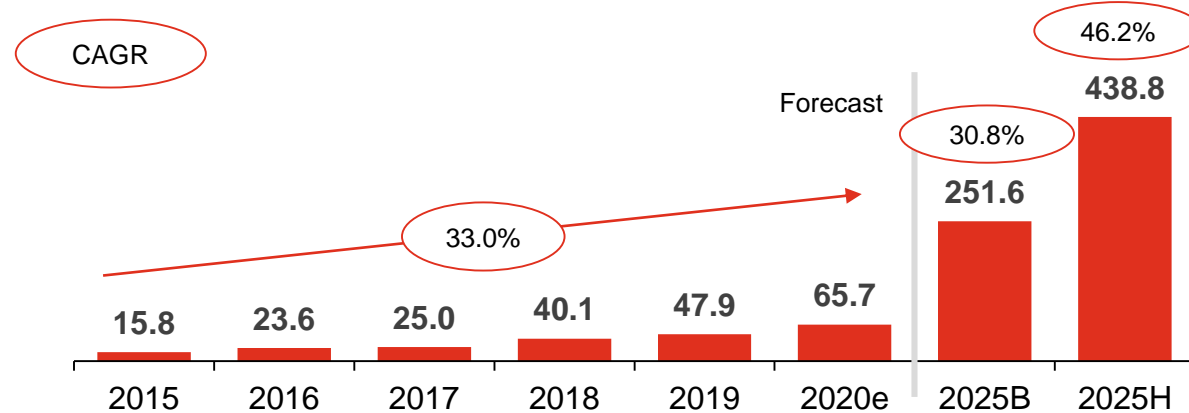
**Private Equity ESG AuM to 2025 (EUR bn)**



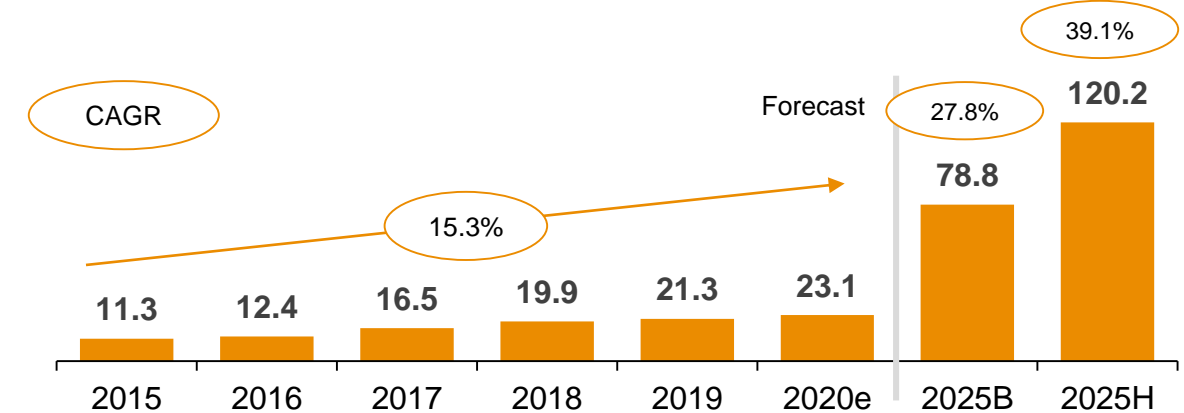
**Real Estate ESG AuM to 2025 (EUR bn)**



**Infrastructure ESG AuM to 2025 (EUR bn)**



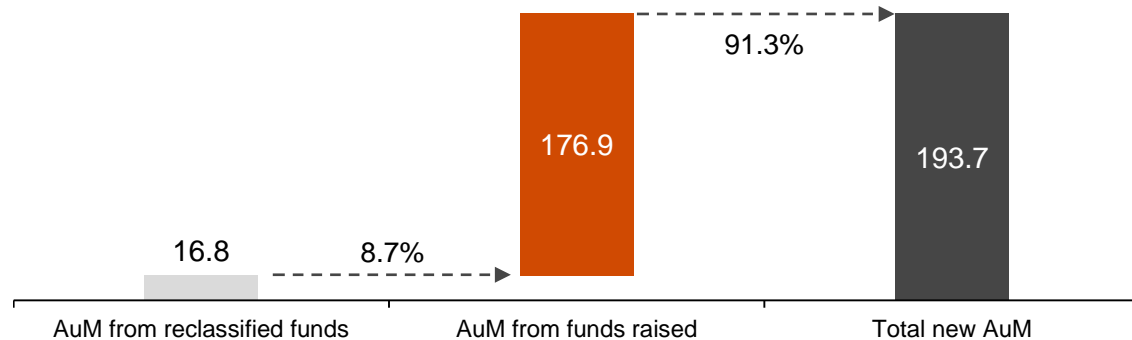
**Private Debt ESG AuM to 2025 (EUR bn)**



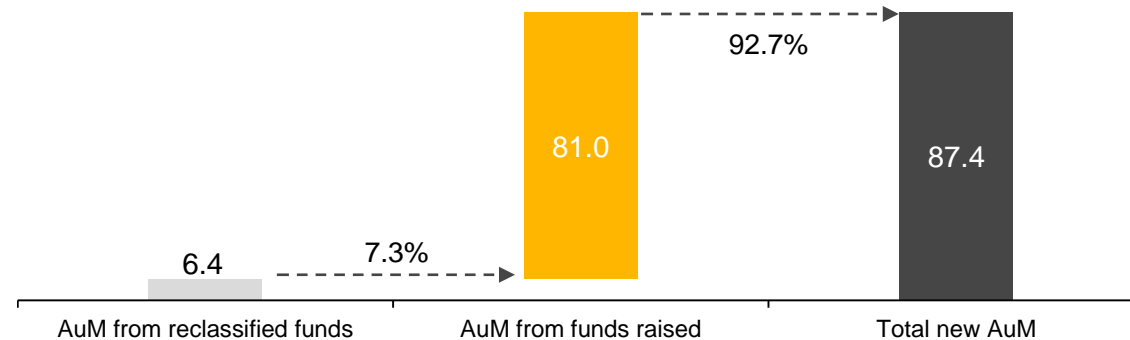
# Almost half a trillion in fresh money up for grabs in European PM to 2025

Close-ended nature of Private Markets sees new funds raised accounting for the lions' share of total new AuM to 2025

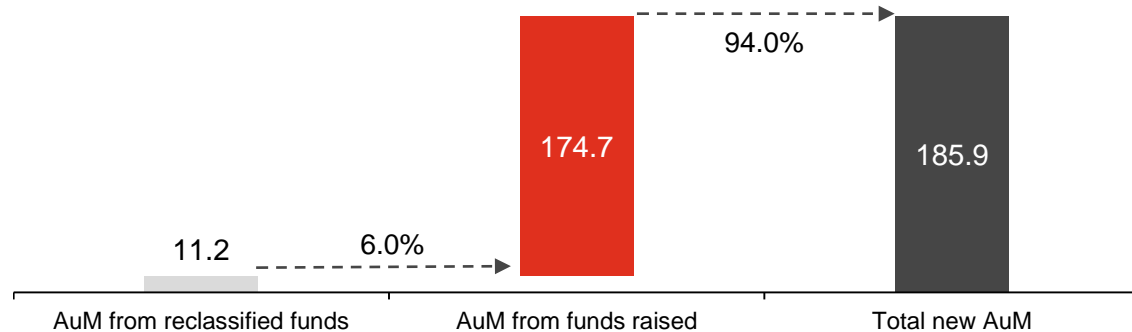
**New Private Equity ESG AuM to 2025\* (EUR bn)**



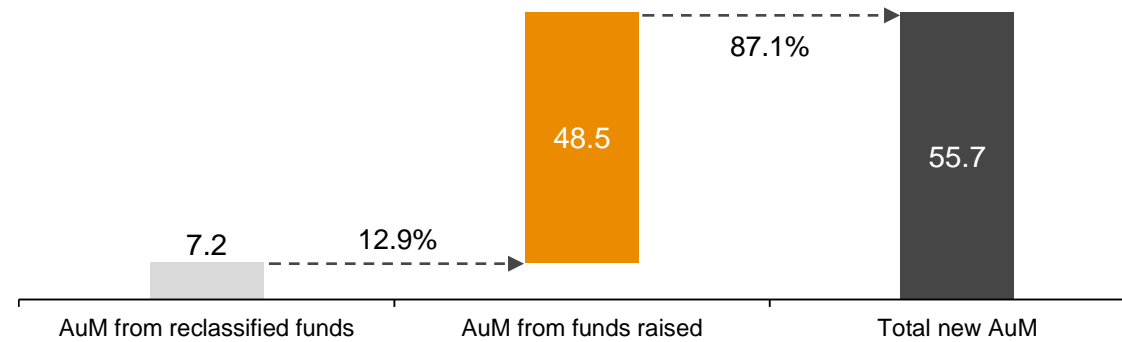
**New Real Estate ESG AuM to 2025\* (EUR bn)**



**New Infrastructure ESG AuM to 2025\* (EUR bn)**



**New Private Debt ESG AuM to 2025\* (EUR bn)**



\*Note: all figures refer to base-case estimations  
Source: PwC Global AWM Market Research Centre  
PwC

# How to create value through ESG?

**1. Master ESG at the GP level**



**2. Construct an 'ESG-enhanced' portfolio**



**3. Actively manage ESG risk**



**4. Create distinct & transparent reporting**



**5. Master the data challenge**



**6. Build a core ESG team**



# Many thanks for participating!



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<https://www.pwc.lu/en/sustainable-finance.html>





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