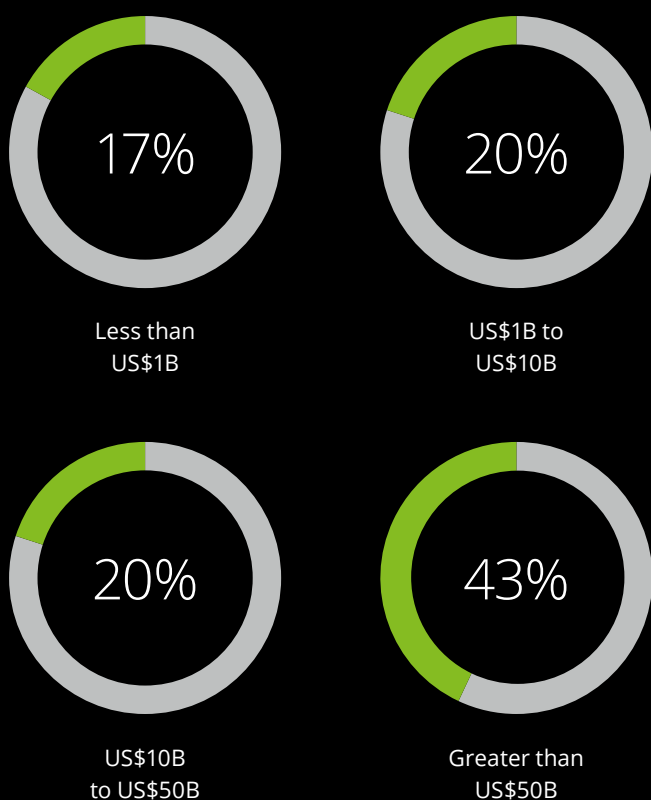


Private investments fair value survey

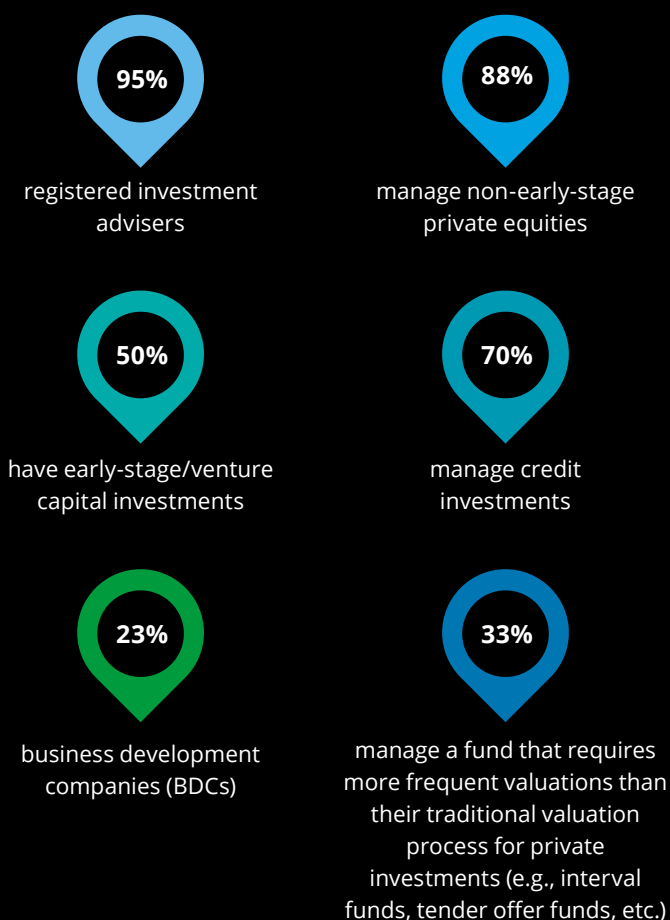
8th edition

How are valuation processes managed across the investment management industry, and how are they evolving over time? To uncover answers to these questions, we've conducted a survey (the "Survey") on this topic during fall 2024. While detailed Survey results are reserved exclusively for participants, we've provided some key highlights below.

The size of participating firms, based on assets under management (AUM), breaks down as follows:



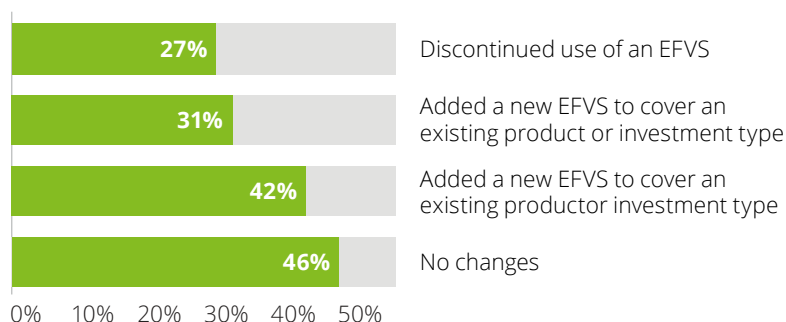
Key facts about the participating firms:



Use of External Fair Value Specialist (EFVS)

Survey participants appear to have been **active in changing External Fair Value Specialist relationships** in the current period with only 46% of Survey participants indicating that they made no changes to their EFVS relationships, compared to 80% in the prior year's survey.

Change in EFVS activity:



90%

expect their EFVS to assess, evaluate, and possibly challenge investment-specific details provided by the investment team or portfolio company, at least to some degree

The size of firm had a **positive correlation** with the number of EFVS that Survey participants indicated they engaged with, as displayed in the table below.

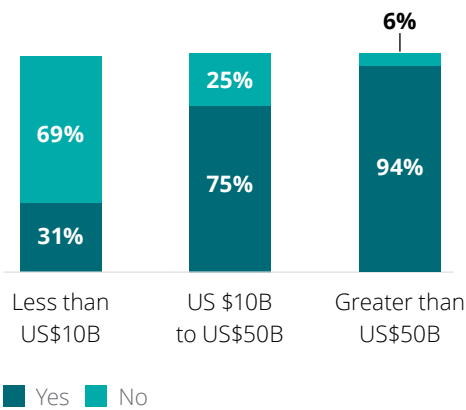
Number of EFVS	AUM			
	US\$250M to US\$1B	US\$1B to US\$10B	US\$10B to US\$50B	Greater than US\$50B
One	100%	67%	43%	18%
Two	0%	33%	29%	35%
Three	0%	0%	14%	12%
Four or more	0%	0%	14%	35%

Valuation at BDCs

Comparable to the results from the prior year’s Survey, those firms who manage a BDC were **more likely to subject an investment to their normal valuation procedures the following quarter end**, with 88% indicating as such (100% in the prior survey), compared to 64% for the broader group that manage private debt investments (64% in the prior survey). In the current year, an additional 26% of participants subject an investment to their normal valuation procedures within the first six months.

In-house valuation group

In-house valuation group by firm size (AUM)



Firms managing more than US\$10 billion **were more than twice as likely to have an in-house valuation group** that focused a significant portion of their time on valuation activities compared to those managing less than US\$10 billion.

Nearly all Survey participants managing more than US\$50 billion had such a group.

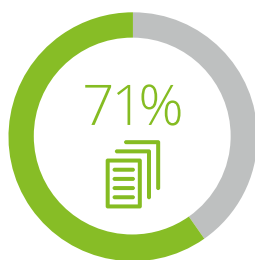
Firms managing greater AUM were also **more likely** to have their in-house valuation group spend a greater proportion of their time on valuation-related activities, as displayed in the table below.

Portion of time the in-house valuation group dedicates to investment valuation activities	AUM		
	Less than US\$10B	US\$10B to US\$50B	Greater than US\$50B
Less than 25%	40%	0%	13%
Between 25% and 50%	20%	50%	33%
Between 51% and 75%	20%	33%	19%
Greater than 75%	20%	17%	56%

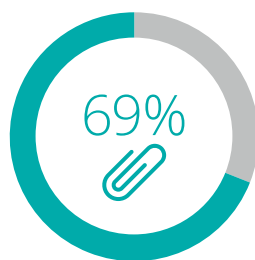
Transparency in the valuation process

In the ever-competitive arena of raising capital, many firms are being asked to provide greater **transparency** into the valuation process.

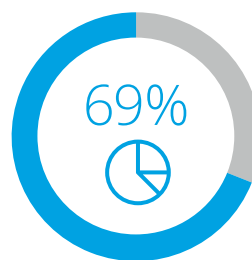
The most prevalent responses among participants was to provide:



Summary portfolio-level return information



Policies and procedures



Detailed investment by investment-level return information



Firms managing **more than US\$10 billion** were more likely to provide detailed, **investment-by-investment valuation metrics and share reports from EFVS** than firms managing less than US\$10 billion, with no such firm indicating that they shared such information.

Of the smaller firms managing **less than US\$10 billion**, **21% provide valuation committee presentations**.

Artificial intelligence (AI) in the valuation process

16%

of survey participants use AI in preparing or reviewing valuations

All participants indicating the use of AI noted that this was implemented **within the last 12 months**.

Still, for a small minority of participants, **AI has clearly entered the valuation process**, and we expect continued development of these capabilities, as outlined in our publication [Private capital innovation: Using artificial intelligence can accelerate the portfolio valuation process](#), to enhance the valuation process.

Contacts

Bryan Hart

Partner
Audit & Assurance
Deloitte & Touche LLP
bryhart@deloitte.com

George Psarianos

Advisory Managing Director
Deloitte Transactions and
Business Analytics LLP
gpsarianos@deloitte.com





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