

The Future of Finance



The Shift to Private Capital: The new private wealth hubs



In partnership
with Asia House

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CEO's Message

The world is grappling with changes that defy easy prediction. Public markets are feeling the strain, with private assets expanding their reach and attracting a growing share of global capital. The rapid ascent of emerging economies, the swelling fortunes of the world's wealthiest individuals and intensifying technological disruption are upending the way capital moves around the globe.

Having witnessed the accelerating pace of change in the financial industry firsthand, I have seen how embracing uncertainty can fuel innovation and open up new avenues for growth.

At DIFC, this guiding principle underpins our commitment to developing a financial system, where capital, talent and opportunity converge to help our clients and partners pursue new sources of growth and innovation.

This new financial reality demands a shift in how investors and business leaders approach decision-making, especially in asset and wealth management. Today, success depends on rethinking their strategies and priorities, seizing emerging opportunities and embracing sustainability.

Dubai is uniquely positioned to help clients and partners in this endeavour. Our stability, world-class infrastructure, robust regulation, business-friendly environment and commitment to advanced technology and innovation together empower the financial services industry to navigate complexity and thrive.

The fourth in a six-part Future of Finance series, this forward-looking report draws on insights from a high-level roundtable held at DIFC at the end of 2024, which brought together senior financial services leaders to discuss the key themes shaping the future of finance. We have also leveraged network-based research and findings from direct interviews with leaders from across the financial sector.

As we enter a new era of private capital, this report addresses critical questions such as: how capital flows are evolving in a fragmented world and what strategies investors are adopting to unlock new sources of value. It then analyses how financial centres such as DIFC can benefit from growth in private markets and sustainable investments as well as shifting capital flows.

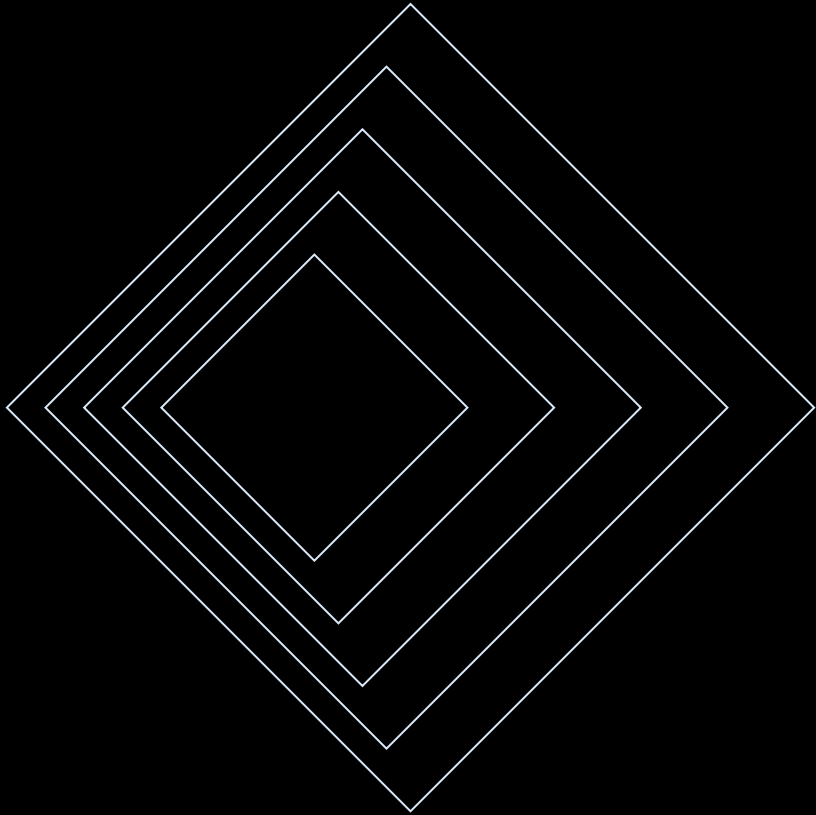
The report also offers practical guidance for investors, family offices and other financial services firms on how to capitalise on the transformative forces that are reshaping the future of finance.

Uncertainty is the essence of innovation and entrepreneurship, and the search for robustness and resilience demands imagination. By embracing this mindset, we can turn today's unpredictability into tomorrow's advantage.

Arif Amiri
Chief Executive Officer
DIFC Authority



Executive summary



Global capital markets are undergoing fundamental shifts. Public markets, once the backbone of global investing, are diminishing both in size and influence, marking a trend that is challenging old rules of asset diversification.

In response, private markets are becoming a preferred destination for wealthy individuals and family offices, thanks to their uncorrelated, consistent and often higher returns.

Emerging markets are seizing the moment. Powered by their relatively faster economic growth, countries in regions from the Gulf to East Asia are opening their doors to private capital, offering investor-friendly reforms and bold investments in infrastructure and innovation.

Private wealth exceeding USD 470trn is scanning the globe for stable and opportunity-rich jurisdictions. The transfer of assets between generations is adding urgency and intensity to this search. As trillions stand ready to change hands in the coming decades, younger heirs are setting new priorities. They are demanding personalised, tech-enabled and sustainable solutions, often seeking talent and innovation hubs that share their values and ambitions.

Financial hubs such as Dubai, with a strong focus on innovation, are ideally positioned to offer wealthy individuals, families and financial service firms the resources and flexibility they need to navigate an uncertain world with confidence.



Key findings

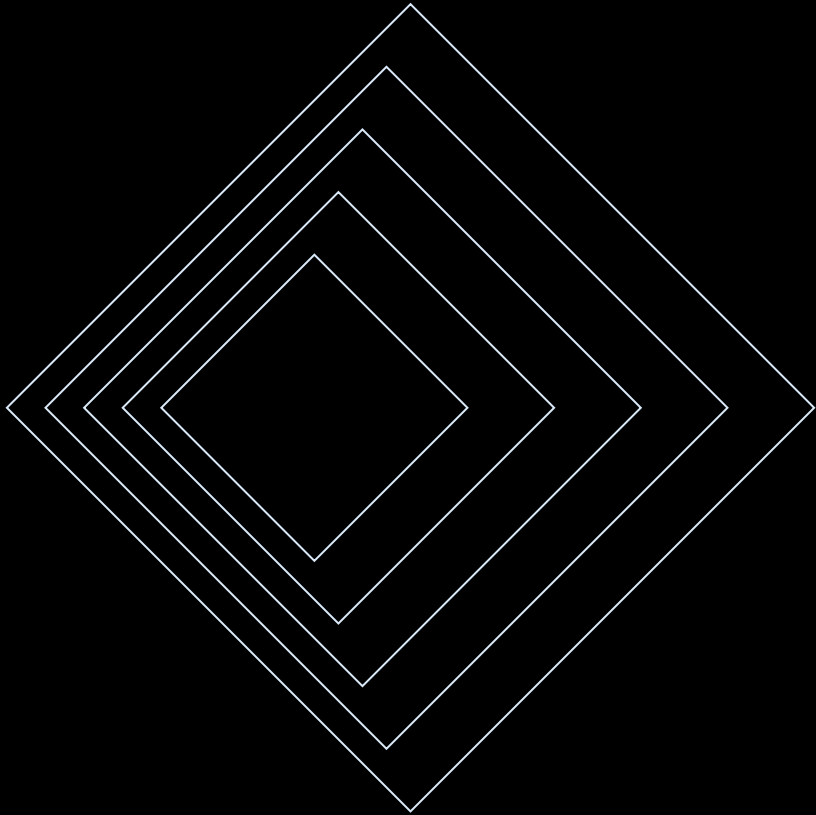
- **Public market listings are shrinking and concentrating.** The number of US publicly listed stocks has nearly halved since 1996, and a handful of tech giants now account for a record share of equity wealth. Regulatory burdens and pressure for short-term returns are discouraging innovation and long-term value creation, driving companies and investors towards private alternatives.
- **Traditional diversification may no longer work.** Recent periods have seen equities and bonds move in tandem, eroding the effectiveness of the classic 60/40 portfolio in a shift that urges investors to seek new approaches to portfolio management.
- **Private markets are ascending.** Private markets' assets under management (AUM) are projected to exceed USD 30trn by 2030 as investors seek stable sources of growth uncorrelated with broader market movements. Superior risk-adjusted returns, regulatory reforms and innovative structures widen private markets' appeal beyond conventional institutional investors.
- **Emerging markets are viable destinations for private capital.** As traditional Western economies face slower growth and pressure on public finances, emerging markets are stepping onto centre stage to attract investors with higher growth rates, improved market infrastructure and an ambitious innovation agenda.
- **Global wealth is surging and moving across borders.** Global private wealth has reached an estimated USD 471trn, a historic high, with private wealth growing eight times faster than public wealth in the past few decades. This pool of wealth is actively seeking jurisdictions with stability, regulatory clarity and opportunity.
- **Institutional investors are rewriting their playbooks.** With a long-term vision and deep pockets, institutional investors are venturing beyond the confines of traditional asset classes and seeking return from wider sources in a novel and dynamic approach that is likely to increase allocation to alternative assets.
- **The Great Wealth Transfer is redefining priorities.** Younger heirs, set to inherit trillions in coming decades, are seeking hyper-personalised, tech-powered and sustainability-focused wealth management solutions that are aligned with their distinctive goals and values and deliver the best investment outcomes in private markets. Family offices and other wealth service providers must innovate, especially digitally, to meet their needs.

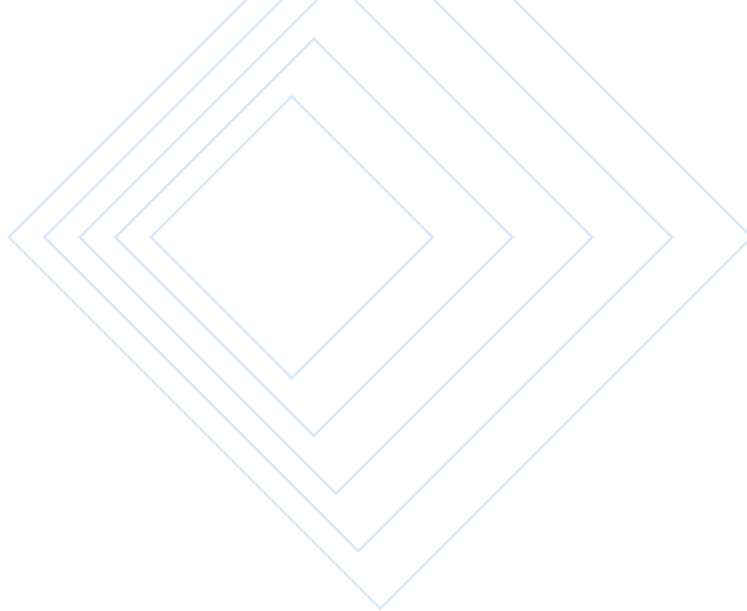


- **Financial hubs need a potent mix of strengths to compete.** For private capital investors, true appeal lies in a market with a well-established and sophisticated structure, robust institutional and governance frameworks and a business-friendly environment conducive to innovation and entrepreneurship. Dubai is a prime example, offering a launchpad for global private capital with its geographic advantages and ambitious initiatives designed to spur growth in such emerging sectors as technology and sustainability, backed by a young and risk-tolerant population.
- **Financial hubs thrive when they combine the discipline of developed markets and the dynamism of emerging ones.** Strong market structures, transparent rules and robust governance provide the stability and predictability investors demand, while entrepreneurial energy, ambitious growth mandates and a younger, more risk-tolerant demographic fuel innovation and speed. This interplay creates an environment where creativity is backed by institutional strength, and where capital can flow confidently into high-growth sectors. Dubai exemplifies this blend, pairing advanced financial infrastructure with an entrepreneurial culture shaped by its youthful population and strategic growth ambitions.



Introduction





The global financial industry is at a crossroads.

Investors, wealth holders and financial management firms face a new and unpredictable era as persistent geoeconomic tensions and far-reaching technological innovations have upended established models of capital formation and investing.

The reallocation of capital is not confined to geographies and asset classes. Wealth is being transferred to a rapidly evolving base of asset owners and decision-makers. High-net-worth individuals, family offices and institutional investors are rethinking how and where to best deploy their capital for long-term stability, growth and impact.

Against this backdrop, leading financial centres are actively competing for a bigger share of global private capital. Jurisdictions that combine forward-looking strategies and ambitious initiatives are in the vanguard. Among them, Dubai is especially well-placed to attract capital and talent on a global scale.

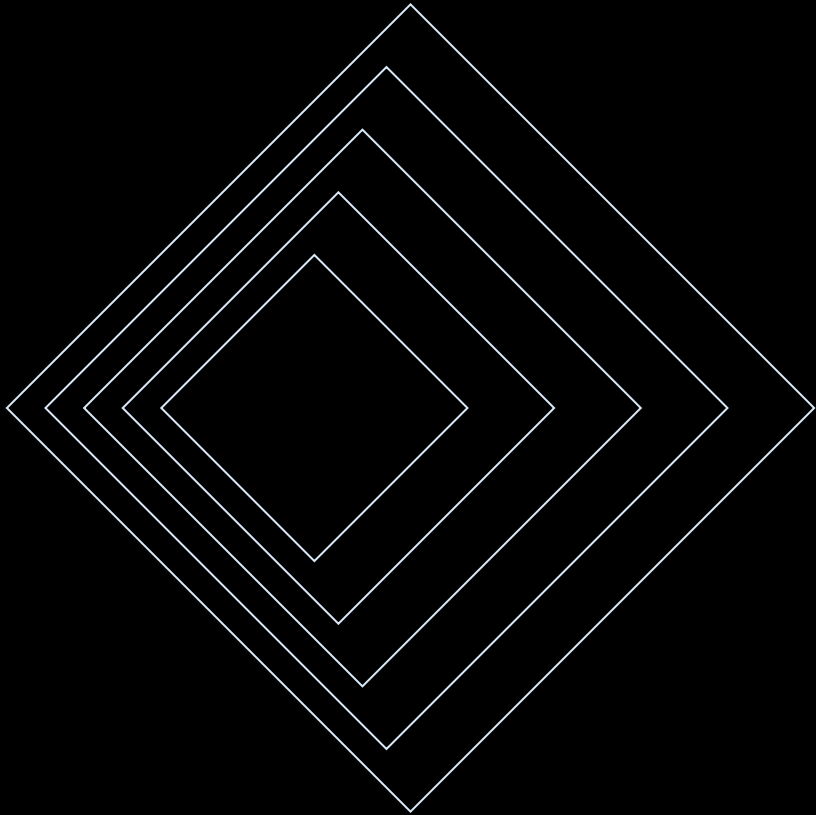
This is the fourth report in the Future of Finance series. Its findings are informed by a high-level roundtable held at DIFC in November 2024. Attended by 24 senior

finance and business leaders, the in-person gathering offered a forum for candid discussions about the opportunities and challenges shaping the future of finance. While these discussions were invaluable, no comments from the roundtable are attributed to any individual or organisation.

Insights from the roundtable have been augmented by network-based research, along with interviews with distinguished industry experts. These include: **Antoine Colson**, Chief Executive Officer and Managing Partner, IPEM, **Mark Oshida**, Regional Head, Middle East and Africa, Head of Endowments & Foundations, UK and Europe, Cambridge Associates and **Philippe Amarante**, Managing Partner - Middle East, Henley & Partners.



1. A structural shift in capital formation



Global money is on the move.

Revised global trade tariffs have resulted in periods of increased financial market volatility. Conflicts are reshaping the global security landscape. Then there is the rapid ascent of emerging economies. With their growing clout, these powerhouses are challenging the traditional dominance of the West and accelerating a shift towards a new multi-polar world order.

Together, these forces are transforming the way capital flows around the world. As investors adapt to an era marked by growing financial, economic and political upheaval, they are seeking to overhaul their portfolio strategies, tap into new sources of growth and embrace diversification.



1.1 Public markets: Fewer and bigger companies

The migration of capital activity is unfolding in multiple dimensions and across regions.

One of the notable trends in established markets is an increasingly challenging environment for public companies and their investors.

Regulatory changes in recent decades, including the 2002 Sarbanes-Oxley Act and the post-global financial crisis Basel rules for banks, have substantially increased the compliance burden of being a public company. They have also encouraged start-ups to seek a new – and less-regulated – channel of financing through non-bank lenders.

Growing pressure on corporate management to meet quarterly earnings targets has put long-term value creation at risk as companies fall prey to short-termism – or what former US Presidential candidate Hillary Clinton described as “quarterly capitalism”.¹ A company under such pressure may, for instance, decide to scrap plans to build a new facility, slash research and development (R&D) spending or source cheaper but inferior materials. By doing so, it might succeed in lifting immediate earnings, but will likely undermine its ability to innovate and boost competitiveness in the future.

A decline in the tenure of chief executives and misaligned executive compensation structures also encourage myopic corporate behaviour. Recent research has shown that a significant number of S&P 500 chief executives are serving notably shorter terms in their leadership roles, with their median tenure falling by a fifth to less than five years from 2013 to 2022.² What is more, most “long-term” executive compensation programmes last less than three years, encouraging business leaders to prioritise short-term actions that promise quick wins.³

Unfortunately, short-term gains typically fail to translate into long-term results.

A study of more than 600 US large- and mid-cap listed companies from 2001 to 2015 has shown that the revenue of those with a long-term focus grew on average 47 per cent more than that of their short-termist peers, and with less volatility.⁴ Long-termers also delivered superior financial performance, with their average market capitalisation growing USD 7bn more than that of the short-term group.⁵

Given all this, it is no surprise that the public market is shrinking. The number of US publicly listed stocks has nearly halved from a 1996 peak to around 4,600.⁶ In Europe, more than 1,000 listed companies with a combined value of just over USD 1trn have delisted in the past

decade after being acquired by privately-held companies or private equity (PE) firms.⁷ Across most global markets, IPO activity has been lacklustre since the 2021 high, except in regions such as the Gulf where it has seen strong and continued momentum.⁸

A decline in market liquidity could lead to greater volatility, pushing more companies and investors out of the public realm.

The concentration in listed equity markets is also a concern. A handful of firms – mainly those operating in the technology sector – now account for a record share of equity wealth, resulting in a greater correlation among indices. Reflecting the outsized influence of companies such as the Magnificent 7, the top 10 companies in the MSCI ACWI make up more than 18 per cent of the benchmark, the highest since 1994.⁹ This means investors in the public markets are disproportionately exposed to the tech industry, whether they like it or not.

Correlation is increasing between equities and bonds too, making matters more challenging for investors, who for the better part the past two decades have been accustomed to a market environment where bonds typically rise when equities fall, cushioning portfolios.

But they can no longer take this relationship for granted. In 12 of 15 months over the last

four years, when US stocks lost at least 2 per cent, Treasuries fell too.¹⁰ More recently, market turbulence in the aftermath of President Donald Trump’s “Liberation Day” tariff announcement saw Wall Street, Treasuries and the dollar falling in a rare triple sell-off.



1.2 The rise of private assets

In this new reality, private assets offer an appealing alternative. For one, this asset class often provides uncorrelated and stable sources of return. Data between end-2000 and September 2024 shows a basket of private market portfolios – including equity, credit, infrastructure, real estate and commodities – has exhibited low correlation with traditional equities and bonds.¹¹ This is partly thanks to what is typically known as the illiquidity premium: the extra return investors earn for locking up their capital for a longer term. This premium is estimated to add to some 2 to 4 per cent to private asset returns in the long term.¹²

Then there is their compelling performance record. Over the past 25 years, PE has outperformed the MSCI World Index by more than 500 basis points annualised on a net basis.¹³ Private credit, or direct lending – where non-bank lenders make direct loans to companies – has produced an annualised return of nearly 9 per cent in the past 10 years, at least twice that of high-yield or leveraged loans and six times that of investment-grade corporate bonds.¹⁴

Testifying to growing interest and capital inflows from conventional and non-conventional investors, the private capital market – which includes equity, credit, real estate, infrastructure and venture capital – has more than doubled in size in the

past decade.¹⁵ While still dwarfed by public markets, the private market's AUM is on course to exceed USD 30trn by 2030.

Figure 1: **Size of public and private markets, 2023/2024**¹⁶

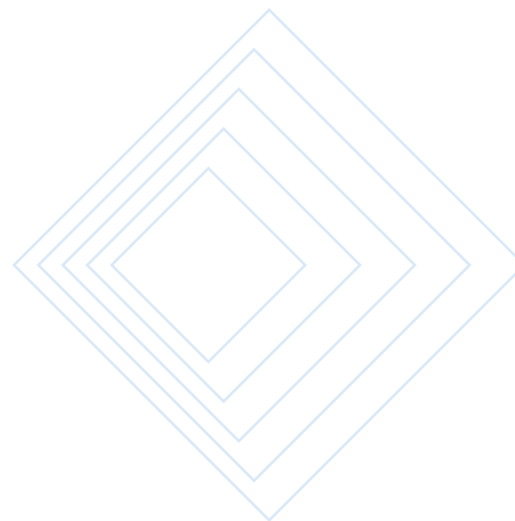
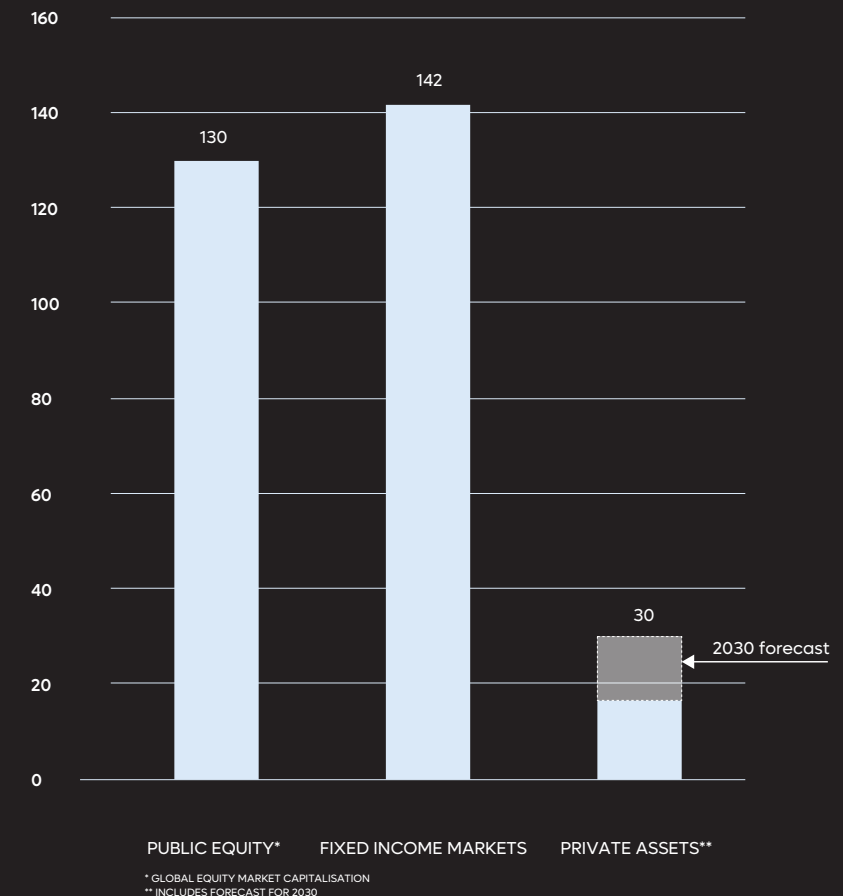


Figure 1:
Size of public and private markets, 2023/2024¹⁶

SIZE OF PUBLIC AND PRIVATE MARKETS
USD TRN



1.3 Private opportunity: Opening up

Private assets have traditionally been the preserve of sophisticated institutional investors. But this appears to be changing.

High-net-worth individuals (HNWIs), for example, are finding private assets an increasingly attractive option to improve their portfolio resilience and secure index-beating returns – or alpha. Novel structures such as semi-liquid funds give wealthy investors an easier way to buy into private funds with certain restrictions.

Retail investors are also gaining access, albeit slowly. The US plans to introduce a rule that allows some retirement plans to invest in alternative investment funds, while the UK and European countries have unveiled similar frameworks that open private assets to a broader pool of investors.

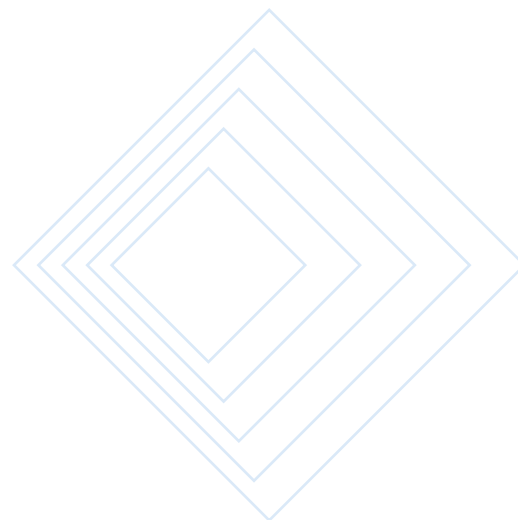
Of course, private assets come with a unique set of risks, not least a comparative lack of liquidity and transparency, price discovery challenges and evolving regulatory oversight. The asset class requires scrutiny and hands-on risk management, especially for newcomers, such as wealthy individuals or ordinary savers.

In fact, this shift has the potential to create significant opportunities for financial services firms as an influx of new entrants is likely to stimulate demand for specialised advisory

and risk management, as well as technology, compliance and servicing solutions.

The coming years are sure to see private assets feature more prominently in investor portfolios.

Marc Rowan, CEO of major US private asset firm Apollo Global Management, summed up the trend this way: “To the extent investors want alpha, and most investors do, they have had to step outside of public markets into private markets. We grew up as investors thinking that private was risky and public was safe, but what if that’s not true anymore?”¹⁷



1.4 Emerging markets: From understudies to leading players

The shift from public to private markets represents a turning point that is having a major bearing on investors' decision-making. But transformation of a similar magnitude is happening across geographies as well.

For more than a decade, investors have poured capital into US financial markets, attracted by the country's strong growth, deep liquidity and pioneering role in such transformative technological innovations as artificial intelligence (AI). This capital market dominance, in turn, has enabled US financial markets to outperform the rest of the world and benefit from the lower cost of capital.

But long-held assumptions about US superiority are now being called in question. An erratic and unpredictable policymaking environment, coupled with a growing government deficit, is beginning to unsettle investors.

Other regions which have traditionally attracted global capital may also be losing their appeal. Take the UK. The lingering impact of the country's withdrawal from the European Union – or Brexit – is casting a shadow over its economic outlook. The government's plan to reduce public debt with measures such as spending cuts, capital gains tax and reforms targeting wealthy non-domiciled residents is also likely to restrain growth and curtail market opportunities.

Europe faces its own challenges. With war at its doorstep, the continent is under pressure to spend its limited national budgets on defence and security. This will inevitably come at the expense of investment in innovation, research, climate action and infrastructure: areas vital for long-term competitiveness. Europe's bureaucratic rules, which cover everything from data privacy and environmental standards to consumer protection and financial regulation, can also stifle innovation and slow business activity.



1.5 Rolling out the red carpet

Sensing a rare opportunity, other overlooked regions, namely those in emerging economies, are rolling out the red carpet to global investors.

Emerging markets already enjoy robust economic fundamentals. In 2025, the developing world is expected to post economic growth of around 3.7 per cent – more than twice the rate projected for developed economies – demonstrating resilience in the face of global uncertainty and tariff shocks.¹⁸

But that is not the only appeal. Many emerging economies have been intensifying efforts to improve financial infrastructure and implement investor-friendly market policies.

From China and South Korea to India and the United Arab Emirates, emerging economies are introducing sweeping reforms designed to strengthen regulatory supervision and investor protection, improve corporate profitability and governance and promote transparency and the ease of doing business.

What is more, many of these countries are advancing ambitious innovation agendas focused on promoting high-growth and strategically important sectors, such as semiconductors, AI, clean energy and advanced technology. Their embrace of these priorities helps position them at the forefront of future global growth.

International private capital in action: Channelling money to green projects in the UAEs

The UAE has been attracting international private-sector capital to green projects, capitalising on its role as the COP28 host nation in 2023, and leadership in global climate negotiations to drive investment into high-profile and transformative clean energy projects.

In December 2023, BlackRock committed up to USD 400mn to Dubai-based decarbonisation company Positive Zero through its diversified infrastructure fund.¹⁹ The US asset manager is keen to boost its presence in the UAE and has, along with TPG and Brookfield Asset Management, partnered with the country's USD 30bn climate fund ALTERRA in a bid to capitalise on climate investment opportunities in the Global South.²⁰

French PE firm Ardian is also exploring investments in the UAE's hydrogen industry through Hy24, its clean hydrogen infrastructure investment platform. The Paris-based company has reported a tripling of investment flows from the Middle East in 2023, having increased its assets managed for the region's clients to nearly USD 20bn from just USD 200mn in 2008.²¹

What is more, international lenders such as HSBC and Standard Chartered have joined a financing deal to expand one of Dubai's flagship net-zero projects: a 5-gigawatt solar park backed with a battery storage system that will produce enough energy to power more than 700,000 homes.²²

As Ajay Banga, President of the World Bank Group, has said: "Private investment flows only where the right conditions exist and where there's a clear probability of return. And for that, two things are essential: a strong infrastructure foundation and a predictable regulatory environment."

Rather than merely filling the void left by the US and other traditional markets, emerging markets are stepping into leading roles and transforming themselves into vibrant investment destinations.

As the global financial gravity shifts, investors must actively seek out new opportunities. The next chapter of global growth is being written far beyond its old frontiers.

Interview with Mark Oshida, Regional Head, Middle East and Africa, Head of Endowments & Foundations, UK and Europe, Cambridge Associates



Mark Oshida is the Head of the UK and European Endowment & Foundation Practice and the Regional Head of Middle East & Africa at Cambridge Associates.

Mark joined the firm in 2007 and has more than 15 years of investment experience. Having spent multi-year assignments in the Boston and Singapore offices and now based in Dubai, Mark has worked with sovereign wealth funds, endowments, foundations, and private clients in more than 15 countries throughout Asia, the UK, Europe, Africa, North America and the Middle East to invest their portfolios across both traditional and alternative asset classes. In addition, Mark works with several clients on topics such as governance, asset allocation and investment manager due diligence.

Mark is also a member of the Executive Committee of Cambridge Associates Limited. Before joining Cambridge Associates, he worked for ExxonMobil's Treasurer's Division. Mark received his MBA from Harvard Business School, his MA from the Royal Academy of Music and his BSc from Brigham Young University.

→ How are private investors, including family offices, recalibrating their asset allocation strategies in today's macroeconomic environment?

Firstly, long-term institutional investors do not take wild swings in their asset allocations from year to year. If they did, they'd lose a lot of money, meaning it's very hard if not impossible to consistently call the markets. That said, today's continued higher-than-average inflation, increased geopolitical uncertainty across most continents and record high public market indices are causing private investors to make a few adjustments:

- **Reprioritising diversification.** Whereas most assets experienced higher than usual correlations in 2023 and 2024, the benefits of diversification have manifested themselves again through the crises thus far in 2025. Investors

are making sure they have adequate diversification, not just across asset classes but also across geographies and industries, particularly as any upcoming tariffs will have very uneven effects.

- **Increasing real assets.** A higher allocation to physical assets, such as infrastructure, real estate (e.g., logistics facilities, data centres) and even precious metals, can act as a hedge against inflation, which most people are currently worried about. Additionally, these tangible investments tend to offer emotional reassurance during periods of heightened uncertainty.

- **Rethinking illiquidity.** Many investors believe that the illiquidity premium will continue but not at the levels experienced over the past 15 to 20 years. Recent public market outperformance over private markets, coupled with a slowdown in private market distributions, is causing many private investors to reduce their private markets allocations. Whether that's a prudent move is debatable, but it's a trend that is happening.

→ How is client demand evolving around thematic investing, such as climate, tech or healthcare?

There are many popular themes right now that clients are increasingly allocating to, including climate, energy transition, AI, digital infrastructure, biotechnology, digital health and longevity. Because these themes are so prevalent, clients have had to rethink how they allocate to such themes. Traditionally, allocations were made in silos, meaning the Head of Private Equity might like the climate theme, but the Head of Public Equity might not. Because these themes cut across asset classes, the role of the CIO (or even the head of a named theme) to ensure a holistically considered thematic allocation has become even more critical.

It's important to remember that though thematic investing is popular right now, it's certainly not new. And many of these themes may fail to meet investors' expectations over the next three to five years. Take for instance climate. There was an earlier iteration of the cleantech theme in the mid-2000s and early 2010s.

Many people who invested during this time incurred a significant loss, e.g., the WilderHill Clean Energy Index (ECO) lost



over 80 per cent of its value from 2008 to 2012. Tech is another good example. It's one of the more enduring themes, but the well-known dot-com bubble popped in the early 2000s, wiping away USD 5-7trn in market value. That brings me to another point: within themes, there will be winners and losers. Amazon and eBay survived that era and ultimately thrived, but what about AOL and Netscape? This shows the importance of selecting the right fund managers who then select the right companies, and also the importance of not betting on just one theme.

→ **How do you see the role of private markets evolving over the next one to three years, particularly in shaping innovation, sustainability, and economic resilience?**

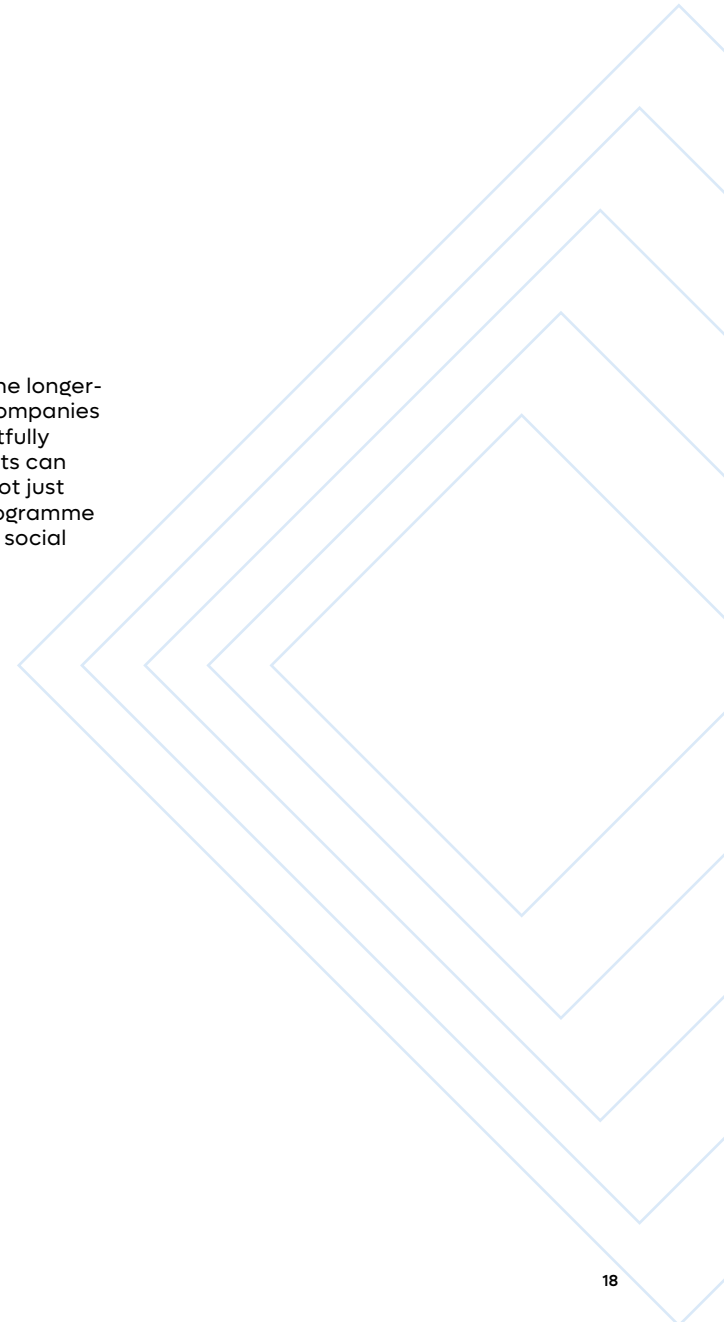
Private markets are becoming increasingly important on the world stage. The market cap of public equities globally over the past 20 years has grown by roughly three times. In contrast, global PE AUM has grown by more than 10 times, due to reasons including strong performance, higher institutional allocations to private markets and longer periods before IPOs. Further, over the past three to five

years, the S&P 500's returns have been dominated by the Magnificent 7, which make up nearly 30 per cent of the index. While those companies have provided exceptional returns, most institutional investors with a wealth preservation mindset see the concentration in the Magnificent 7 as a significant risk. Hence, investors have been turning more and more to private markets for not just the traditional argument of return enhancement but also for diversification.

That said, there has been a slowdown in private market fundraising for a variety of reasons, including higher interest rates, slower distributions, the "denominator effect" and geopolitical uncertainty. Such a slowdown will impact capital available for innovation, sustainability and the like. At the same time, less capital chasing attractive deals is a good thing for clients, General Partners (GPs) and Limited Partners (LPs).

Another trend that continues is co-investments. Investors who feel strongly about certain themes can double down on those themes through targeted co-investments alongside GPs. Two potential challenges are adverse selection from the GP as well as short sightedness of the LP (e.g., looking good

by saving on fees today while the longer-term success of hand-picking companies is unknown). But if done thoughtfully and strategically, co-investments can be an excellent way to shape not just an investor's private market programme but also broader economic and social agendas.



2. **Movers and shakers:** Sources of private capital and their strategic orientations



The world is getting richer.

Global wealth is surging to new heights, with private capital at the forefront of this growth.

Today, the world's private assets – from stocks and bonds to real estate and private businesses – are worth an estimated USD 471trn, a figure that stands among the highest ever recorded.²⁴

The scale of this expansion is striking: between 1995 and 2023, private wealth grew by more than USD 340trn, expanding eight times more than public wealth and adding the equivalent of three times the world's annual economic output.²⁵

Behind these numbers lies a profound shift in the private capital landscape as it attracts an ever more diverse group of participants, including institutional investors, wealthy individuals, family offices and wealth managers. Each of these brings their own strategic priorities, risk-return objectives, investment horizons and guiding values, shaping a dynamic marketplace that is rapidly transforming.



2.1 Institutional investors: Hunting, not tracking, returns

Institutional investors are by far the most powerful and influential group in the private capital market. They represent a sophisticated investor base of pension funds, insurance companies, endowment funds and large asset owners and managers that invest large pools of capital in the long term to meet future liabilities.

Today, institutional investors find themselves at a crossroads. Gone is the era where stable growth, low inflation and manageable geoeconomic conditions allowed them to achieve a robust median annual return of nearly 10 per cent between 2012 and 2021.²⁶

Figure 2: Institutional investors' performance, 2012-2021²⁷

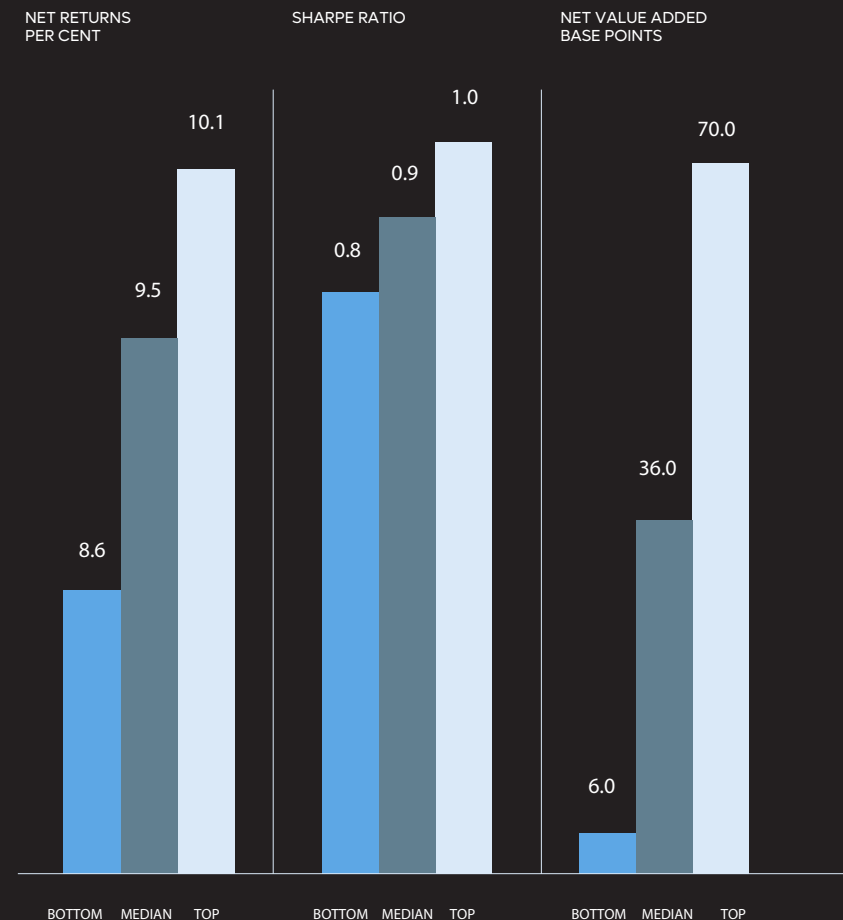
The coming decade will look vastly different. Global economic growth is likely to lag historical trends, inflation may remain elevated, and interest rate movements could prove increasingly hard to predict (see Future of Finance Report 1). Add to this ongoing military conflicts, trade disputes and persistent geoeconomic uncertainty, and the stage is set for a turbulent time.

To navigate these challenges, institutional investors must rewrite their playbooks. They need to reassess the construction of their portfolios and adopt a new approach to diversify their investments and discover new sources of return.

As traditional asset class correlations break down (see Chapter 1), institutional investors with a long-term vision are increasingly seeking return from wider sources, including from assets that are liquid, illiquid, public and private. In other words, they are adopting what is known as a Total Portfolio Approach (TPA) to investment.



Figure 2: Institutional investors' performance, 2012-2021²⁷



2.2 “Prepare, not predict”

TPA’s hallmark is that it incorporates both beta – what an index delivers – and alpha – an excess return stream that is uncorrelated with the market – within a single portfolio. This dynamic approach sources both beta and alpha across global financial markets, venturing beyond the confines of public and private or liquid and illiquid assets.

The TPA investor assesses the risk and return profiles of the entire portfolio by these sources – not by asset classes – and uses these insights to design a diversified portfolio. Performance is measured against internal return goals, not external benchmarks.

This means TPA can free investors from the constraints of traditional and sometimes rigid asset class buckets – an approach known as Strategic Asset Allocation (SAA) – and encourage them to channel more funds into private markets based on risk and return opportunities across the entire investment universe.

A survey of TPA investors – a group that includes some of the world’s most sophisticated institutional investors, large asset owners and pension funds – shows that the approach has an edge over SAA, with an annual outperformance of at least 50 to 100 basis points.²⁸

Figure 3: TPA versus SAA²⁹

Singapore’s sovereign wealth fund (SWF) GIC, a famous early adopter of TPA, believes that alpha sources not only help capture risk premia but also

reduce volatility and support long-term wealth compounding.³⁰

In identifying alpha sources, investors must understand the underlying, long-term drivers of return. Once properly identified, the alpha streams are less likely to be shaken by political and macroeconomic shifts. Instead, they should safeguard the portfolio from unexpected jolts and help it stand the test of time. Dr Chiam Swee Chiang, Head of Total Portfolio Policy & Allocation at GIC, has called this approach “Prepare, not predict”.³¹

TPA stands out for its dynamic, flexible and integrated features. It should appeal to wealthy individuals, who may also direct more capital into non-traditional assets, such as private markets.

A growing number of large institutional investors and asset managers are joining forces with PE or venture capital (VC) firms to co-invest in specific deals. These partnerships allow them to tap into the expertise of alternative specialists in innovative unlisted businesses, access larger deals and benefit from economics of scale. In one of the most prominent of such alliances, Capital Group partnered with KKR, one of the world’s leading PE firms, to launch public-private investment solutions in early 2025. Also in 2025, Blackstone – another PE giant – teamed up with Wellington Management and Vanguard to develop multi-asset investment solutions that integrate public and private markets as well as active and index strategies.

Figure 3:
TPA versus SAA²⁹



PERFORMANCE ASSESSED VS.:	BENCHMARKS	FUND GOALS
SUCCESS MEASURED BY:	RELATIVE VALUE ADDED	TOTAL FUND RETURN
OPPORTUNITIES FOR INVESTMENT DEFINED BY:	ASSET CLASSES	CONTRIBUTION TO TOTAL PORTFOLIO OUTCOME
DIVERSIFICATION PRINCIPALLY VIA:	ASSET CLASSES	RISK FACTORS
ASET ALLOCATION DETERMINED BY A:	BOARD-CENTRIC PROCESS	CIO-CENTRIC PROCESS
PORTFOLIO IMPLEMENTED BY:	MULTIPLE TEAMS COMPETING FOR CAPITAL	ONE TEAM COLLABORATING TOGETHER

2.3 Wealthy individuals: Driving innovation

HNWIs – those with at least USD 1mn in liquid assets such as cash, stocks and bonds – and ultra-high-net-worth individuals (UHNWIs) – with assets of at least USD 30mn – represent a rapidly expanding source of investment in private capital. Their collective wealth rose more than 4 per cent in 2024 alone, while the number of wealthy individuals increased more than 2 per cent.³² This cohort is likely to propel trillions in inflows into private assets in the coming years.

Like institutional investors, they are attracted to private markets' potential for higher and uncorrelated sources of returns. With their long-term investment horizons – sometimes stretching for generations – they can afford to harvest illiquidity premia and tap into unique opportunities usually unavailable in public markets, such as financial innovation or technology.

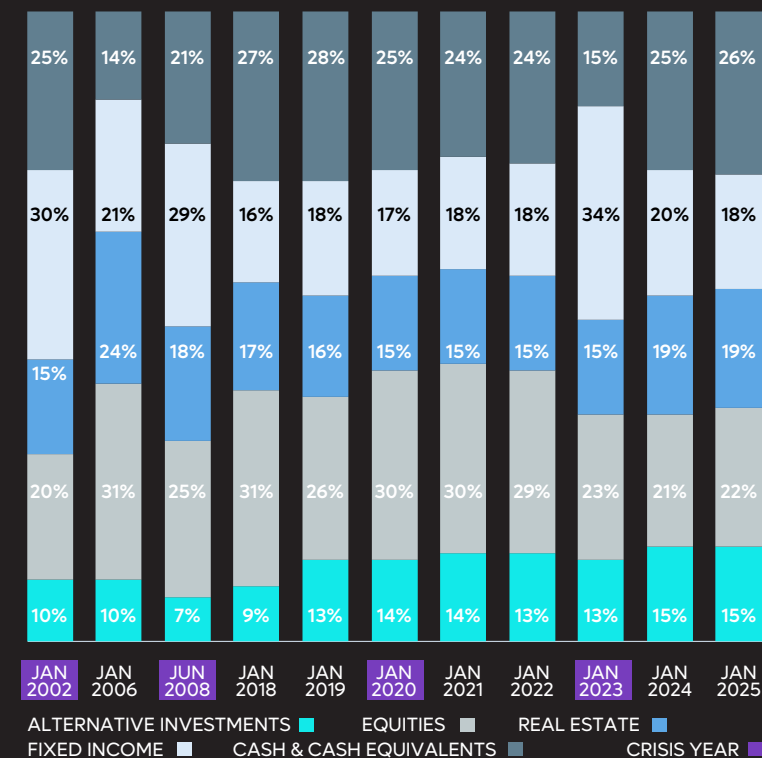
Their portfolios remain anchored in stability, with about a fifth allocated to stocks, bonds and real estate, while roughly a quarter is held in cash (see Figure 4). Yet beneath this steady surface, their exposure to alternative investments, such as private markets, digital currencies and tokenised assets, has been edging higher, reaching 15 per cent in January 2025 – more than double the 2008 level.³³

Regulatory changes are poised to further accelerate this growth in private market allocation by expanding access beyond traditional institutional investors. New rules easing private asset investments (see Chapter 1) and the arrival of Bitcoin and Ethereum exchange-traded funds (ETFs) could encourage the group to invest more into these cutting-edge assets.

Figure 4: Changes in HNWI asset allocation, 2002-2025³⁴



Figure 4: Changes in HNWI asset allocation, 2002-2025³⁴



2.4 The Great Wealth Transfer

These incremental adjustments conceal a far more dramatic undercurrent that promises to have a material impact on the growth of private capital markets.

In the next 20-plus years, ageing populations are expected to pass down a staggering USD 124trn to their younger family members, with HNWIs accounting for more than half of this global movement of wealth between spouses and generations.³⁵

One of the striking differences between the old guard and its heirs, especially those who belong to the next generation, is their embrace of sustainability and impact. Comprised of Generation X, Millennials and Generation Z, this younger affluent cohort tends to place greater emphasis on sustainability and impact, and their investment choices increasingly reflect their value priorities.



2.5 Embracing sustainability opportunities in private markets

Crucially, these sustainability-minded investors are more likely to head to private markets.

The reason is clear: greater opportunities for meaningful impact and attractive returns can more often be found in private assets than in public markets. Sustainable investing is no different. Private markets, encompassing PE, credit, VC, infrastructure and real assets, offer investors a unique ability to drive change from within as investors can work directly with management teams to accelerate change and capture long-term value.

Data from MSCI show that private market investments in low-carbon and climate solutions have outperformed public markets over the past five years, with private low-carbon solutions delivering a cumulative return of 123 per cent, compared with 57 per cent in public markets.³⁶ This superior performance, combined with private markets' access to exclusive early-stage sustainable projects, makes them particularly attractive to the new generation of HNWI's.

What's more, the long-term, patient capital nature of private markets aligns well with sustainability goals, which often require extended investment horizons to realise financial, environmental and social

outcomes. This generational pivot is evident in a recent survey of 150 UHNW investors with an average portfolio of USD 730mn.³⁷ One-fifth of respondents said they already allocate as much as 80 to 100 per cent of their portfolio to sustainable investments while 37 per cent expect to do so by 2028.³⁸ In the same survey, 80 per cent of respondents said returns on impact investments met or exceeded their expectations. Their long-term outlook is equally optimistic: more than 80 per cent of those active in impact investing expect sustainable investments to match or outperform traditional investment returns in the next five years.

Their confidence is not unfounded. Investing in sustainability-minded sectors – among the most vibrant areas of the global economy – can allow wealthy individuals to capitalise on the long-term growth potential of dynamic and innovative industries, such as clean tech or climate adaptation and resilience solutions.

Women: Untapped, underserved and unmatched

Today, women account for more than 10 per cent of the world's UHNWIs, up from just 6.5 per cent in 2010.³⁹

In the coming years, this rich demographic is poised to gain control of vast fortunes – capturing as much as 95 per cent of an estimated USD 54trn of inter-spousal transfers – and take a more prominent role in managing assets.⁴⁰

As their influence over wealth grows, women are likely to show greater interest in the distinctive opportunities offered by private assets. This is because a growing share of wealthy women prioritises investments that reflect their ethics and social impact interests, such as environmental, philanthropic or innovative projects, many of which are accessible only through private markets.

Women are also making strides as entrepreneurs and corporate leaders. Female entrepreneurs now run nearly one in three established businesses globally, with remarkable growth seen in the UAE, where women hold nearly 15 per cent of board seats at listed companies – a substantial rise from just over 10 per cent in 2024.⁴¹

But female heirs remain underserved and underrepresented in wealth management. A recent survey of more than 2,000 women investors in the US with at least USD 1mn in assets revealed that more than 70 per cent of respondents face challenges in intergenerational transfers, including a lack of transparency in family wealth and financial surprises.⁴²

Such long-standing gender disparities present a significant opportunity for wealth managers. They can capitalise on the rapid growth of female-controlled wealth by offering specialist investment advisory and inheritance planning specifically designed to address specific challenges faced by women and meet their unique needs and priorities.

2.6 Family offices and wealth managers: Upping their game

The global wealth transfer and the evolving investment philosophy of wealthy individuals will also push their wealth managers to embrace private markets too. This group includes internal, family-controlled entities known as family offices, as well as external managers, such as private banks.

Private markets are a familiar terrain for many family offices, which often have entrepreneurial backgrounds. Direct investments in private assets allow family offices to take greater control of their holdings, structure investment terms, negotiate directly and manage their own exit timelines. Such a level of control is often not possible with public equities or traditional funds.

Family offices – once quiet stewards of dynastic wealth – are growing at a breakneck speed, promising greater capital inflows into private markets.

The number of single-family offices has surged by more than a third in the past four years to more than 8,000, collectively managing wealth of just over USD 3trn.⁴³ By the end of the decade, that number is expected to exceed 10,000, with AUM reaching USD 5.4trn. This would mark an increase of more than 70 per cent in each over a 10-year period.⁴⁴

What sets family offices apart is their long-term horizon. Institutional investors are typically constrained by liabilities, mandates and the need for liquidity to meet obligations. In contrast, family offices can think in generations.

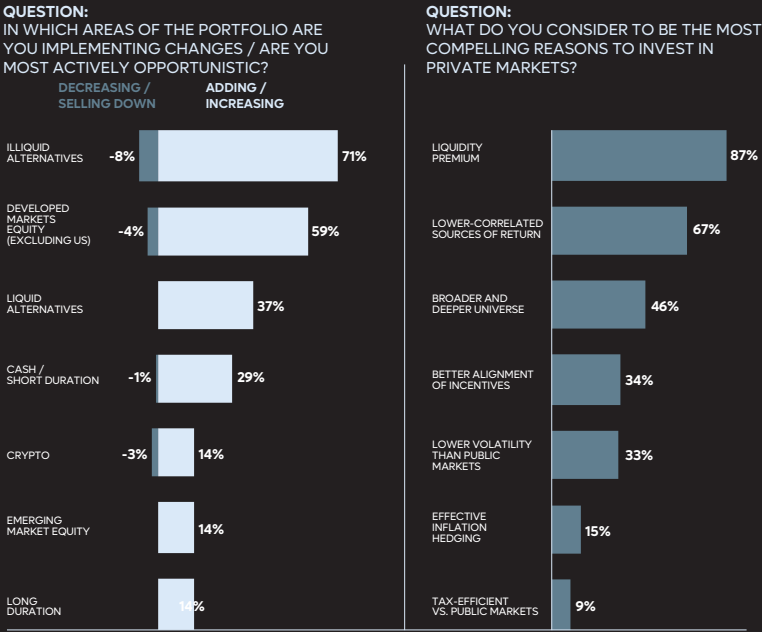
This strategic mindset allows them to invest more liberally in private markets, often turning illiquidity into a strategic advantage.

A recent survey by BlackRock showed alternative assets make up 42 per cent of respondents' portfolios on average, up from 39 per cent in its 2022-2023 survey – a testament to the growing appetite for diversification beyond traditional markets.⁴⁵

More than 70 per cent of respondents plan to increase their allocation to illiquid alternatives, while a third would increase investments into liquid alternatives (see Figure 5).⁴⁶ Private markets' illiquidity premium, low correlation and breadth and depth appear to be the top motivations behind higher allocation.

Figure 5: Investment intentions of family offices⁴⁷

Figure 5:
Investment intentions of family offices⁴⁷



Family offices, reflecting the changing values of their HNWI founders, especially the next generation, are beginning to prioritise investments with measurable environmental and social impact. Climate and technology have emerged as the dominant themes, with capital flowing into software, cloud computing, AI and renewable energy: sectors prized not only for their growth potential but also their ability to drive meaningful change.

This is no accident. Technology touches every sector of the economy, fuelling innovation, streamlining operations and unlocking new markets. Crucially, technology is also a lever for addressing some of the world's pressing challenges, from climate change to resource scarcity.



2.7 Unlocking opportunities in private capital markets

Accelerating growth in the HNWI sector brings new complexities that directly affect private markets. To keep pace, family offices – key vehicles managing their wealth – must shift into a higher gear.

As family offices grow in scale and sophistication, they are vying for highly skilled professionals with specialist expertise in private markets, including investment professionals experienced in PE deal sourcing, venture capital due diligence, private credit structuring and alternative asset portfolio management. In this hunt for talent, they have begun recruiting directly from investment banks, PE firms and institutional asset managers rather than from their traditional family business industries.

In private markets, deal sourcing and due diligence are more complex and less transparent than in the public domain. To effectively source and access the best investment expertise and opportunities in private markets, therefore, family offices may also join forces with other wealth managers to pool resources and co-invest in exclusive private deals that would have been out of reach on their own.

A global footprint is becoming the norm. Internationally minded family offices are expanding their geographical scope by opening branches beyond their home territories, which

should make it easier to uncover attractive private deals. According to a Deloitte study, more than a quarter of family offices already have branches across multiple jurisdictions – a strategy that helps them broaden their reach and navigate the complexities of global markets.⁴⁸ The Middle East is emerging as a destination of choice, matching Europe in its appeal to wealth holders seeking to establish additional branches. According to the study, the Middle East and Europe each host 14 per cent of North Americans' additional family office locations. The UAE has seen a rapid rise in the use of registered foundations by family offices, with registrations in DIFC surging by more than 50 per cent in 2024.⁴⁹



Interview with Philippe Amarante, Managing Partner - Middle East, Henley & Partners



Philippe Amarante is the Managing Partner at Henley & Partners Middle East and Head of Government Advisory EMEA. Philippe has been advising private and institutional clients across industries, countries and cultures for over 15 years as a successful business, relationship and brand builder. Before his current role, he served as the Global Head of Brand and Group Marketing Strategy at Credit Suisse Group. Philippe is a strategic thinker who enjoys a hands-on approach, delivering results across board and governmental levels in complex and international environments.

His interests include nascent technologies and emerging business models and related trends. Philippe also has experience in non-profit organizations and luxury, retail and finance industries..

→ **What have been the most significant triggers for HNWIs to move their capital or their domicile in recent years? Looking ahead, what developments might catalyse similar movement in the next few years?**

If you ask HNWIs, UNHWIs or centimillionaires, one of the key motivations is less about wealth acceleration and more about wealth preservation. Once you've accumulated a certain level of wealth, the question becomes: how do you protect it?

Over the past 10 to 15 years, there have been shifts impacting this equation, including rule of law, regulatory changes, rising geopolitical tensions and conflicts, tariffs and black swan events such as pandemics. Against this backdrop, HNWIs increasingly seek to place their capital and estates in safe havens, where they may not expect accelerated returns, but can expect protection.

The key motivation comes down to two things. First, there is a constant awareness among the wealthy regarding where the best place to park their capital is. Second, there is a growing choice of safe havens – jurisdictions that have realised that attracting HNWIs can lead to broader economic

stimulus. Some countries, particularly post-pandemic, have become more proactive. We see this particularly in the Gulf, where there are now strong and deeply embedded capital- and talent-attraction strategies.

→ **Beyond tax efficiency and visa access, what are the critical factors that make a jurisdiction attractive to HNWIs?**

HNWIs look for jurisdictions that are predictable, where they are unlikely to be hit with large regulatory changes. In short, they prefer conservative environments where the tools that have worked in the past continue to be utilised moving forward.

In addition, they look for an appetite for innovation. These individuals want effective and efficient ways to move, mobilise, utilise and park capital – jurisdictions with state-of-the-art regulatory frameworks, for example, leveraging certain technologies to improve the client, investor or capital owner journey.

One thing we are seeing in the UAE, for instance, is that HNWIs want to be treated as partners. That is something currently lacking in Europe, where, if you

are very wealthy, you are not regarded as a partner to government entities or regulatory bodies. HNWIs have created a lot of wealth, they have succeeded, and they expect to be treated as partners. That is where jurisdictions like the UAE and Singapore are making progress. The more conservative jurisdictions in the Global North tend to lag in that regard.

→ **What are the key factors behind the Gulf's – and particularly Dubai's – drive to attract global private wealth?**

There are many factors, but I would highlight two broad themes: opportunity and sentiment.

Opportunity is always a magnet. In Dubai, there is a sense of constant creation. Every week, there is a new tower, new records broken. And it is not just HNWIs moving in – you have teachers from the UK seeking a better life. That sense of possibility reminds me of what Manhattan may have felt like 200 or 250 years ago: the place where people arrived to build dreams.

There's an aspirational element – the idea that you can go from dishwasher to millionaire – and that is something people see here.



Beyond that, there's enormous capital being deployed through sovereign wealth funds in the Gulf. You've got M&A activity, IPOs, unicorns being founded, so it is a good time to participate, with significant opportunities for those who engage.

Then there's the emotional dimension: safety, not just in terms of crime but also overall sentiment. It's about how a place makes you feel. In Dubai, there is a real sense of can-do, momentum and economic stimulation. This attracts people because it exudes a positive narrative and a feeling of resilience.

This resilience is particularly evident in the UAE post-pandemic. While much of the world locked down, the UAE made decisive choices. It vaccinated its population quickly, put in place precautionary measures and declared to the world that it was open, safe and resilient. That sent a strong signal. And that matters. Strong decision-making is something HNWIs deeply value. It provides comfort and confidence. In Europe, we often see indecision. But in the Gulf, decisions are made quickly, for the greater good – of communities, society, and the economy.

Increasingly, people are asking: why should I stay in a place with knife crime, a negative economic outlook and less activity, when I could be somewhere like this – with great schooling, universities, lifestyle and a strong base for wealth preservation and even acceleration.

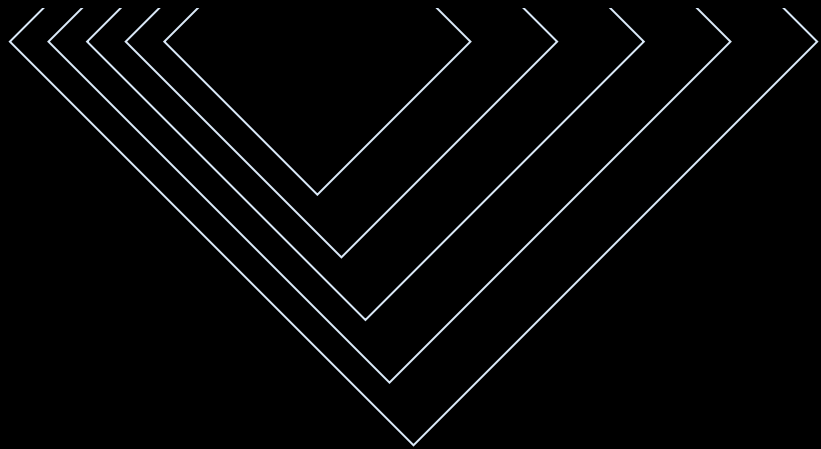
→ **Looking ahead, what are the key policy or macroeconomic developments that you believe wealth holders and jurisdictions must prepare for?**

There's no one-size-fits-all answer. What we see with DIFC is a constant appetite to innovate itself, to never stop learning and to look out for what's next, whether it is technology, or something else that can add value for their clients and customers. That kind of nimbleness, and strong play between policymaker and policy governor, is what resonates with investors.

The world is accelerating, and with that comes greater complexity. Standing still is not an option. Jurisdictions that can remain accessible, well-governed, agile, innovative and aligned with global best practices will be best positioned to succeed and will be attractive for people moving forward.



3. **Destination Dubai:** Why Dubai's competitive edge appeals to private capital on the move



A global wealth pool, growing rapidly in size, composition and diversity, is becoming increasingly mobile, unafraid to seek out the most favourable destinations that meet its complex and evolving needs. More specifically, private capital is actively seeking jurisdictions that combine the institutional strength of developed markets with the entrepreneurial dynamism of emerging ones.

As global hubs compete for a share of this capital, Dubai has emerged as a frontrunner by offering precisely this strategic blend: developed market discipline paired with emerging market growth opportunities.

In 2025's Global Financial Centre Index – an influential ranking of competitive global financial hubs – Dubai rose four places to 12th position.⁵⁰ The city is now recognised as one of eight global leaders with broad and deep capabilities across the finance industry, joining the ranks of London, New York and Paris.



3.1 From exodus to influx: Private capital migration patterns

One of the most visible forms of private capital migration playing out in Dubai's favour involves sophisticated institutional investors and family offices relocating their operations and capital allocation strategies in a quest for jurisdictions that combine regulatory sophistication with growth opportunities.

London-based wealth and investment advisory Henley & Partners (H&P) projects that a record 142,000 of the world's millionaires are poised to relocate to a new country in 2025, many bringing substantial private capital operations with them as they pursue political and economic stability, institutional resilience and ways to optimise their tax arrangements.⁵¹

The UK appears to be the epicentre of the wealth outflow. In 2025 alone, the country is poised to lose 16,500 millionaires, marking the largest net drain of HNWIs by any country since H&P began tracking this data a decade ago. Beyond individual relocations, Brexit, changes to non-dom status and regulatory uncertainty have prompted PE firms and family offices to reconsider their European domiciliation strategies, seeking markets with clearer long-term frameworks for private market deal structuring and fund operations.

Major European economies are by no means immune, with France, Spain and Germany

all expected to see net HNW losses in 2025, as regulatory complexity and bureaucratic delays increasingly constrain private market activity, where speed and flexibility are essential for competitive deal execution.

Switzerland remains a destination of choice for traditional wealth management, thanks to its safe haven status, political neutrality and strict bank secrecy. However, its reputation as a neutral financial centre has come under scrutiny in recent years, especially after it joined Western sanctions against Russia following the invasion of Ukraine – a move many saw as an awkward break with its established tradition.

China will see a net loss of nearly 8,000 millionaires, the second largest exodus globally, though this figure is lower than in recent years.⁵¹ Significantly for private capital markets, Beijing's regulatory crackdowns on private enterprises and restrictions on capital outflows have created exit uncertainties for PE investors and prompted many affluent Chinese to seek alternative shores, including in more predictable regulatory environments.

In this global reshuffle of private capital, Dubai has been a major beneficiary. The H&P analysis shows the UAE will welcome a net 9,800 relocating millionaires in 2025 – an all-time high and over 2,000 more than the second-place US. Dubai alone has more than



doubled its resident millionaire population over the past 10 years.⁵³ It is now home to 81,200 millionaires, 237 centimillionaires – or individuals with wealth of more than USD 100mn – and 20 billionaires. Importantly, this migration includes sophisticated private capital managers establishing family offices, PE platforms and alternative asset management operations. Dubai now hosts significant private capital operations, with DIFC serving as their regulatory home.

This rapid influx of affluent individuals has not only expanded the pool of deployable private wealth in Dubai, but has also created a sophisticated private capital ecosystem ready to deploy capital within Dubai and across high-growth Middle East, Africa, and Southern Asia (MEASA) and international markets.



3.2 Dubai's appeal: Combining developed market discipline with emerging market dynamism

In choosing a destination for private capital operations, the world's wealth holders look beyond mere financial returns or tax advantages. They prioritise locations that combine the governance, stability and institutional strength typically associated with developed markets with the entrepreneurial energy, ambitious growth mandates and risk appetite characteristic of emerging markets. Dubai's ascent as a global private capital and investment hub is anchored in precisely this strategic blend of competitive strengths.

→ **Developed market foundations:** Backed by the UAE's sound economic fundamentals and enduring stability, Dubai provides private capital investors with institutional certainty on par with top financial centres like London or Geneva, coupled with the strategic advantage of direct access to some of the fastest-growing emerging markets. The IMF projects that the UAE economy will grow 4 per cent on a real basis in 2025, while inflation will likely remain stable at just over 2 per cent – providing the macroeconomic predictability essential for long-term private market investment horizons.⁵⁴

Dubai's legal system, rooted in English common law principles, provides the

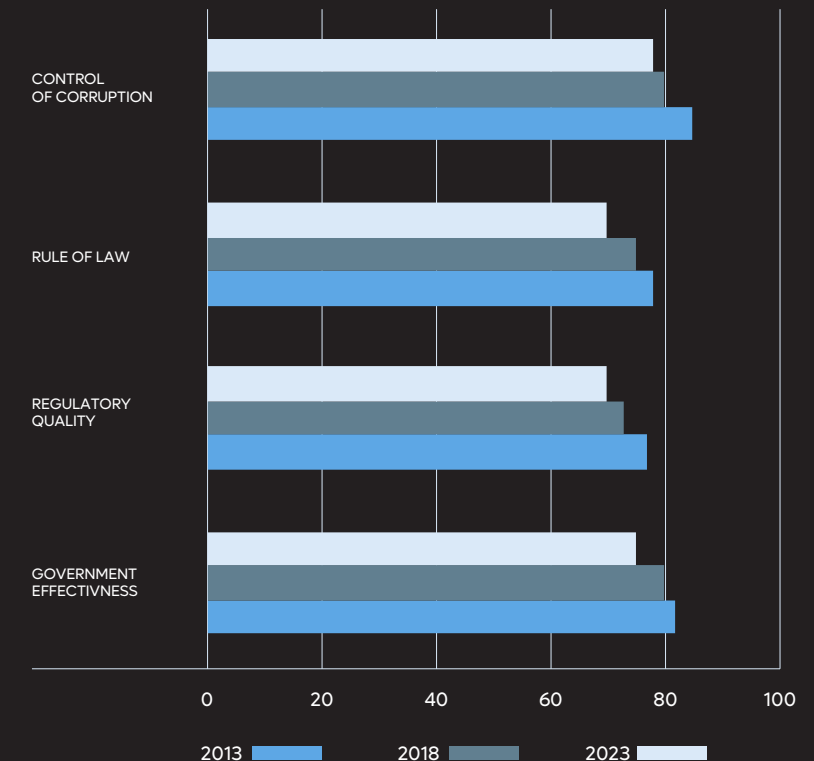
clarity, predictability and protection that private capital demands: a key consideration in private markets often lacking regulatory transparency and contract enforcement. This regulatory sophistication gives private capital investors familiar legal procedures for international businesses and investors, from PE firms executing complex buyouts to family offices structuring multi-generational investment vehicles. Investors can execute complex transactions confidently and manage risks effectively, knowing that disputes will be resolved to internationally recognised standards. As a recent example, DIFC has just completed a public consultation to amend its data protection law to further align with global standards, such as Europe's GDPR.⁵⁵

According to the World Bank, the UAE ranks in the 70th percentile globally for political stability, government effectiveness, regulatory quality and rule of law, outperforming its regional peers.⁵⁶

Figure 6: World Bank's Worldwide Governance Indicators, UAE⁵⁷

In many sectors, foreign investors benefit from 100 per cent ownership, giving them full control over business operations and

Figure 6: World Bank's Worldwide Governance Indicators, UAE⁵⁷





profit distribution – particularly crucial for private capital investors managing complex, long-term investment structures. Dubai's tax regime offers additional advantages, with no tax on personal income, capital gains or inheritance, enabling greater capital retention and reinvestment potential.

→ **Emerging market dynamism:**

Simultaneously, Dubai harnesses the entrepreneurial energy and rapid growth trajectory characteristic of emerging markets. The UAE's younger demographic – the country's median age is 31.6 years old – implies the higher risk tolerance essential for private market investing, fostering an environment where entrepreneurial ventures meet with support rather than scepticism.⁵⁸

The country's ambitious growth mandates across AI, clean energy, FinTech and digital infrastructure create a pipeline of high-potential investment opportunities. Government-backed initiatives such as the USD 30bn ALTERRA private climate fund – the world's largest – along with strategic AI programmes targeting healthcare, education and logistics are generating the early-stage and growth-stage ventures that private capital seeks.⁵⁹ This emerging market innovation agenda provides private

investors with access to transformative technologies and business models before they reach public markets.

Dubai is a magnet for forward-looking businesses and innovators keen to pilot next-generation financial and tech solutions in a supportive, well-regulated setting. This dynamic innovation-led environment not only fuels entrepreneurship and accelerates commercialisation of transformative technologies, but also provides private investors with exclusive opportunities that are often inaccessible in traditional markets.

→ **Strategic convergence:** This

interplay creates an environment where institutional strength backs entrepreneurial creativity – precisely what private capital requires. Strong market structures, transparent rules and robust governance provide the stability that institutional investors demand, while entrepreneurial energy, ambitious growth mandates and younger, more risk-tolerant demographics fuel the innovation that generates superior private market returns.

For private capital, this convergence enables family offices to implement

sophisticated succession planning while accessing exclusive early-stage technology investments. PE firms benefit from reliable legal frameworks while targeting high-growth companies in expanding sectors. Private credit investors, meanwhile, benefit from regulatory clarity when financing innovative businesses across emerging industries.

Dubai's strategic location provides access to USD 8trn of private wealth across MEASA markets, while its time zone enables real-time portfolio company management across both Asian and European markets: critical operational advantages for private capital's hands-on investment approach.⁶⁰ This geographical edge is a key reason why reputable financial institutions are choosing Dubai as a launchpad for regional expansion in the wealth management industry. Most recently, Zurich's NPB Neue Privat Bank has joined rivals such as Julius Baer, Lombard Odier and Pictet Group and opened a subsidiary in Dubai.⁶¹

The city provides a lifestyle and professional environment that attracts and retains the top-tier fund managers, lawyers and dealmakers essential for sophisticated private market

transactions and allows them to grow professionally. It blends a vibrant social scene, modern conveniences and world-class amenities within a cosmopolitan, multi-cultural setting, making it highly appealing for wealthy households and investment professionals while ensuring the talent pipeline necessary for complex private capital operations.

In short, Dubai exemplifies the blend of institutional strength and entrepreneurial opportunity that financial hubs need to thrive in the private capital era, pairing advanced financial infrastructure with an innovation culture shaped by its youthful population and strategic growth ambitions.

3.3 DIFC: Shaping Dubai's private capital landscape

Dubai's emergence as a prominent private capital hub owes much to the city's vision, foresight and leadership, with DIFC serving as the chief architect of this transformation through targeted infrastructure development specifically geared to serve the complex needs of alternative asset managers.

In the more than 20 years since its inception, DIFC has evolved beyond general financial services to build specialised private capital capabilities. As of H1 2025, DIFC is home to 7,700 active companies – a 25 per cent year-on-year increase.⁶² In 2024, AUM in DIFC rose 58 per cent year on year to USD 700bn, with private market assets comprising a growing share as family offices, PE firms and alternative asset managers establish regional operations.⁶³

DIFC's private capital ecosystem includes 27 of the world's 29 global systemically important banks – critical for private market financing and co-investment – eight of the 10 leading global money managers active in alternatives and 69 "billion-dollar" hedge funds, offering the institutional density that private capital operations require.

Building on its achievements, DIFC continues to evolve its private capital infrastructure through targeted initiatives that support this roadmap:

- **The Funds Centre:** Launched in 2025, the centre is designed to attract and support global fund managers, fund platforms and boutique wealth and asset management firms, along with industry experts and talented professionals. The centre enables fund managers to establish operations with direct access to MEASA's growing institutional investor base while benefiting from DIFC's sophisticated legal framework.
- **The Family Wealth Centre:** This project, which began in 2022, is aimed at supporting family offices and UHNWIs with a comprehensive suite of services for intergenerational wealth management, governance and succession planning.
- **Private credit regulatory innovation:** Private credit funds play an important role in closing funding gaps for many businesses with innovative financing solutions. DIFC has pioneered regulatory infrastructure specifically supporting the private credit market. For example, the New Bankruptcy Law, a specialised Bankruptcy Court and a dedicated Bankruptcy Department provide private credit investors with clear legal recourse and predictable workout



processes – critical infrastructure as non-bank lending becomes increasingly important for middle-market financing. Clear regulations make insolvency and restructuring processes more efficient, consistent and predictable, fostering a more secure environment for private credit deployment across the region.

- **The Dubai AI Campus:** Located within the DIFC Innovation Hub, the campus serves as a vibrant focal point for AI research, education and advanced FinTech development. Backed by world-class physical and digital infrastructure, the hub offers R&D facilities, accelerator programmes and collaborative workspaces. This is also expected to attract private capital into the city as investors scour the world for high-growth deals in the frontier technology.

With its ambitious 2030 strategy focused on advancing private capital infrastructure, DIFC supports the evolving needs of alternative asset managers while cementing its position as the leading platform for private capital deployment across fast-growing emerging markets. DIFC's approach demonstrates how financial hubs can thrive by combining developed market institutional strength with emerging market entrepreneurial energy: the formula that private capital demands.



Interview with Antoine Colson, Chief Executive Officer and Managing Partner, IPEM



Antoine Colson is the CEO and Managing Partner of IPEM (International Private Equity Market), the leading private capital marketplace, with flagship events in Cannes, Paris and internationally. A passionate tradeshow and event entrepreneur, Antoine joined the IPEM journey in 2017 after meeting founder Gilles Barissat, and has since led the strategic growth and global expansion of the IPEM brand.

Before IPEM, Antoine launched several event ventures, notably France Attractive, a national conference and awards program dedicated to local economic development. He began his career in the private sector with roles at Eurazeo, Saint-Gobain and The Walt Disney Company.

Antoine holds dual degrees from HEC Paris and Emory Goizueta Business School (Class of 2005). He is married and the father of four children.

→ **How has Dubai's standing as a global centre for private capital evolved in recent years?**

Dubai has grown into a significant private capital hub, especially post-pandemic. This is for several reasons. First, Dubai is much more than a well-positioned hub, geographically and geopolitically. It has developed into a strong ecosystem for our industry. DIFC, in particular, is a key platform for private capital investors looking to access long-term capital – particularly from sovereign wealth funds, family offices and other institutional investors across the UAE and wider GCC (Gulf Cooperation Council). At the same time, it offers proximity to a sophisticated network of wealth managers and private banks, which are central to private markets.

A more recent development is that Dubai is no longer just a hub where capital is sourced – it's becoming a burgeoning investment space. We've seen a rise in FinTech, AI and data

businesses, along with a growing number of PE and infrastructure deals in the region. The GCC is not only where there is long-term capital, but also a fast-growing economy with investment opportunities. I believe it's clear that Dubai is the region's hub right now.

→ **What are the main challenges that private market investors are facing, and how Dubai is approaching them?**

Private capital markets have been facing headwinds for the past two to three years, particularly around fundraising. It's become much harder for firms to raise the same amount of capital at the same pace as before. This is because of different macro factors: a new normal of higher interest rates, macro uncertainty and the fallout from deals struck during the boom years of 2020 and 2021, when valuations were at their peak. In addition to fundraising, capital deployment has also slowed. Good opportunities are harder to find, valuations remain high, and managers have become more cautious. Globally, this is creating a more selective, complex landscape for private market investors.

What's different in Dubai – and the

broader Middle East – is the availability of long-term capital that is still ready to be deployed, especially by SWFs, which are among the fastest-growing sources of capital in our industry. Something unique to the region, and illustrated by Dubai in particular, is long-term capital with a vision, with priorities or verticals where capital should be invested in the long term: AI, data, healthcare, infrastructure, energy transition, climate and frontier markets. The UAE has a long-term and strategic approach that differentiates it from what we see in other parts of the world. I call it transformative capital – capital that shapes the future of our world, economy and society.

→ **More broadly, what trends are you seeing across the Gulf in terms of investor appetite, capital mobilisation and private market growth?**

The broader Gulf region is increasingly aligned around the same themes we see in Dubai. Abu Dhabi and Riyadh, for example, are also actively mobilising capital and driving strategic investment into key sectors. Sovereign entities across the region are becoming more active, more sophisticated and more global in their approach.



Where Dubai stands out is in its international profile. It has become a magnet for global investors, fund managers, family offices, entrepreneurs and pioneers. So while Dubai's vision is comparable to that of Abu Dhabi and Riyadh, the attractiveness and growth of its ecosystem is unparalleled. This is part of why we chose to launch IPEM Future here. It feels like the natural home.

→ **Looking ahead, what do you think Dubai must prioritise over the next decade to consolidate its position as a leading private capital hub?**

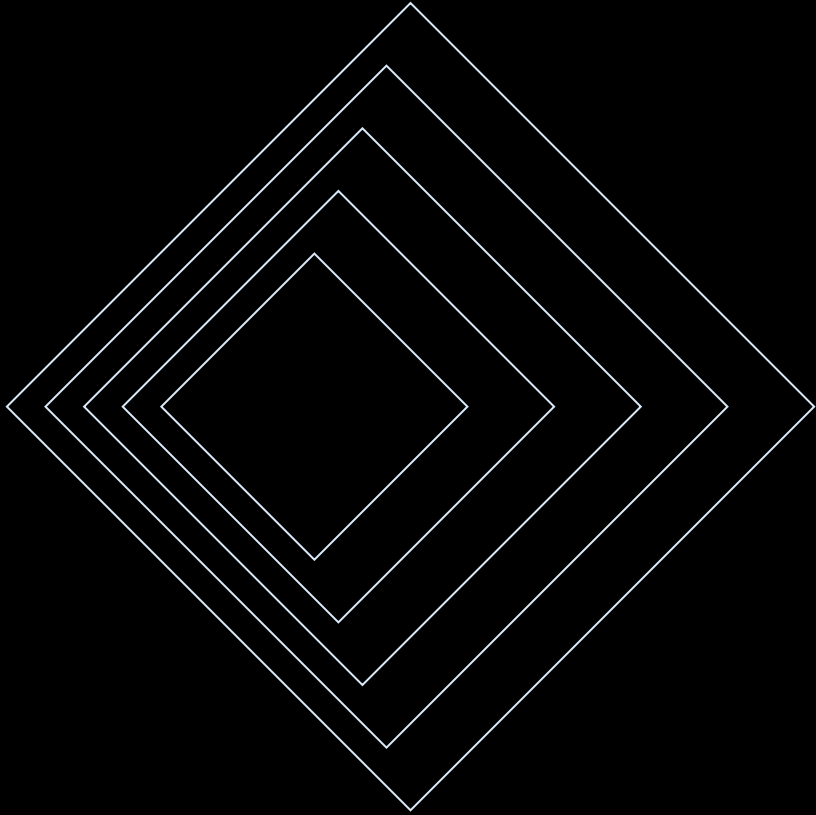
Dubai's strength lies in its strong conviction and alignment of long-term capital with long-term vision. Preserving that alignment will be key to staying one of the – if not the – fastest growing private capital hubs in the region. This is alongside great regulation, tax efficiency and immigration, which make Dubai one of the most exciting financial hubs, especially for private capital.

There are also specific verticals where Dubai is already leading and should stay ahead of the curve, notably wealth management and family

offices. Continuing to attract and grow this community will be important. Equally, Dubai should prioritise the convergence of technology, capital and entrepreneurship. That cross-fertilisation is what makes Dubai not just a financial centre, but a dynamic platform for the future of private capital.



Conclusion



This report provides an in-depth analysis of the ongoing transformation taking place within global finance, focusing on the movement towards private capital and the ascent of emerging international financial centres such as Dubai as sought-after hubs for private wealth.

As investors worldwide contend with profound uncertainty, capital flows have begun to reshape around new priorities and destinations. Established public markets feel the strain from intensifying regulation and mounting pressure to deliver short-term outcomes, which have stifled innovation and forced a reconsideration of how capital should be most effectively and sustainably managed.

The resulting growth of private markets has been led by investors seeking stable and superior risk-adjusted returns and innovative investment approaches that are less correlated to traditional equities and bonds.

Emerging markets, particularly in Asia and the Gulf, are rapidly cementing their status as dynamic platforms for global capital. Dubai stands out as a desirable destination, thanks to its combination of economic and political stability, world-class infrastructure, regulatory clarity and commitment to innovation.

The transformation of global markets is being further spurred by the Great Wealth Transfer: the passage of trillions of dollars from an older generation to one dominated by younger and more discerning investors who are demanding solutions that reflect their values and ambitions and jurisdictions that can best meet their needs.

Capturing these opportunities is no easy undertaking. Asset and wealth management firms must continually invest in innovative capabilities, ensuring that offerings are hyper-personalised, tech-enabled and designed for both sustainable impact and strong financial performance.

For those able to adapt and devise robust strategies, the rewards will be significant: access to vast pools of global wealth, entry into promising new markets and the chance to lead in an increasingly complex, interconnected and opportunity-rich world.



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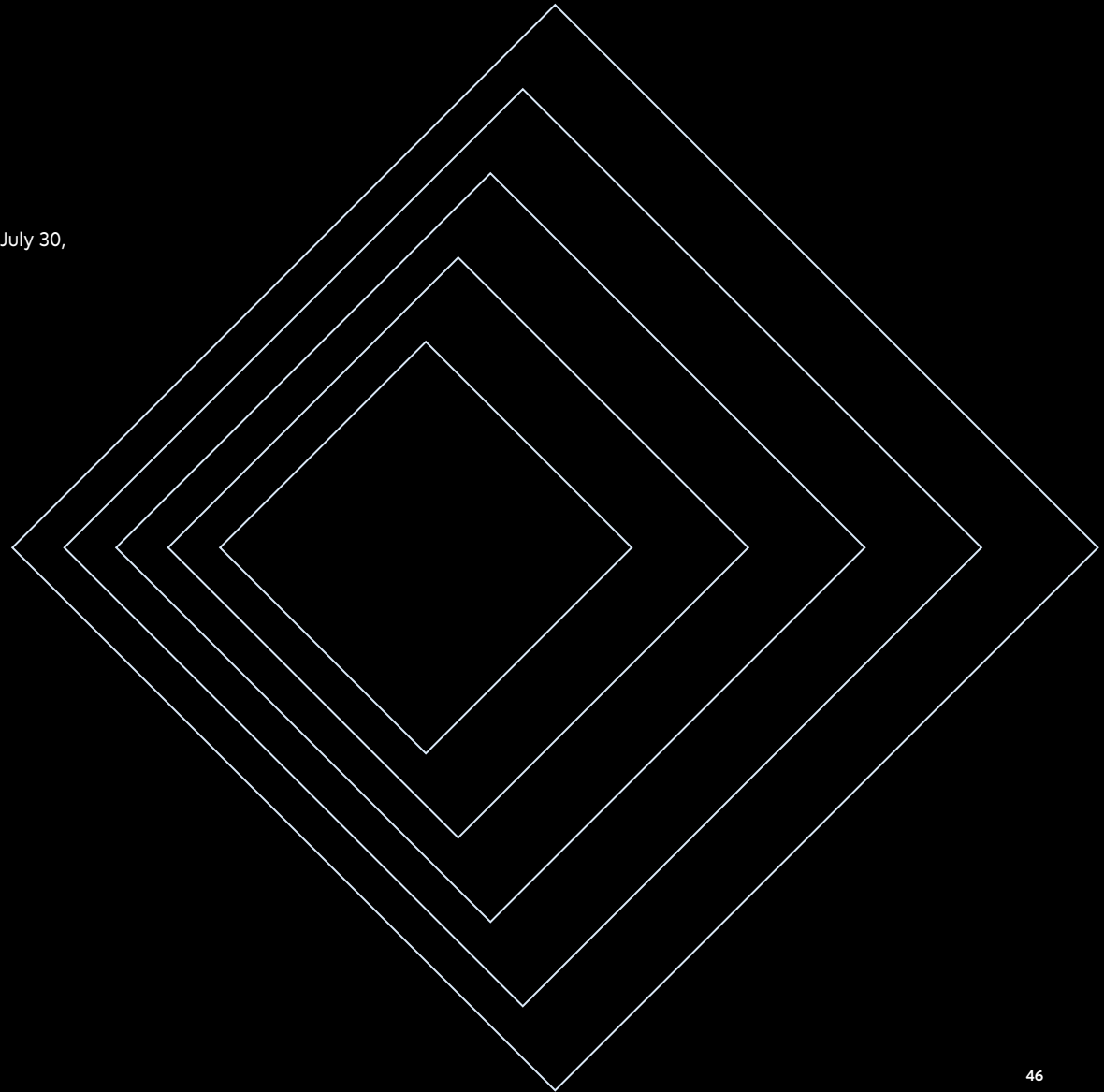
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Dubai International Financial Centre (DIFC) is one of the world's most advanced financial centres, and the leading financial hub for the Middle East, Africa, and South Asia (MEASA), which comprises 77 countries with an approximate population of 3.7bn and an estimated GDP of USD 10.5trn.

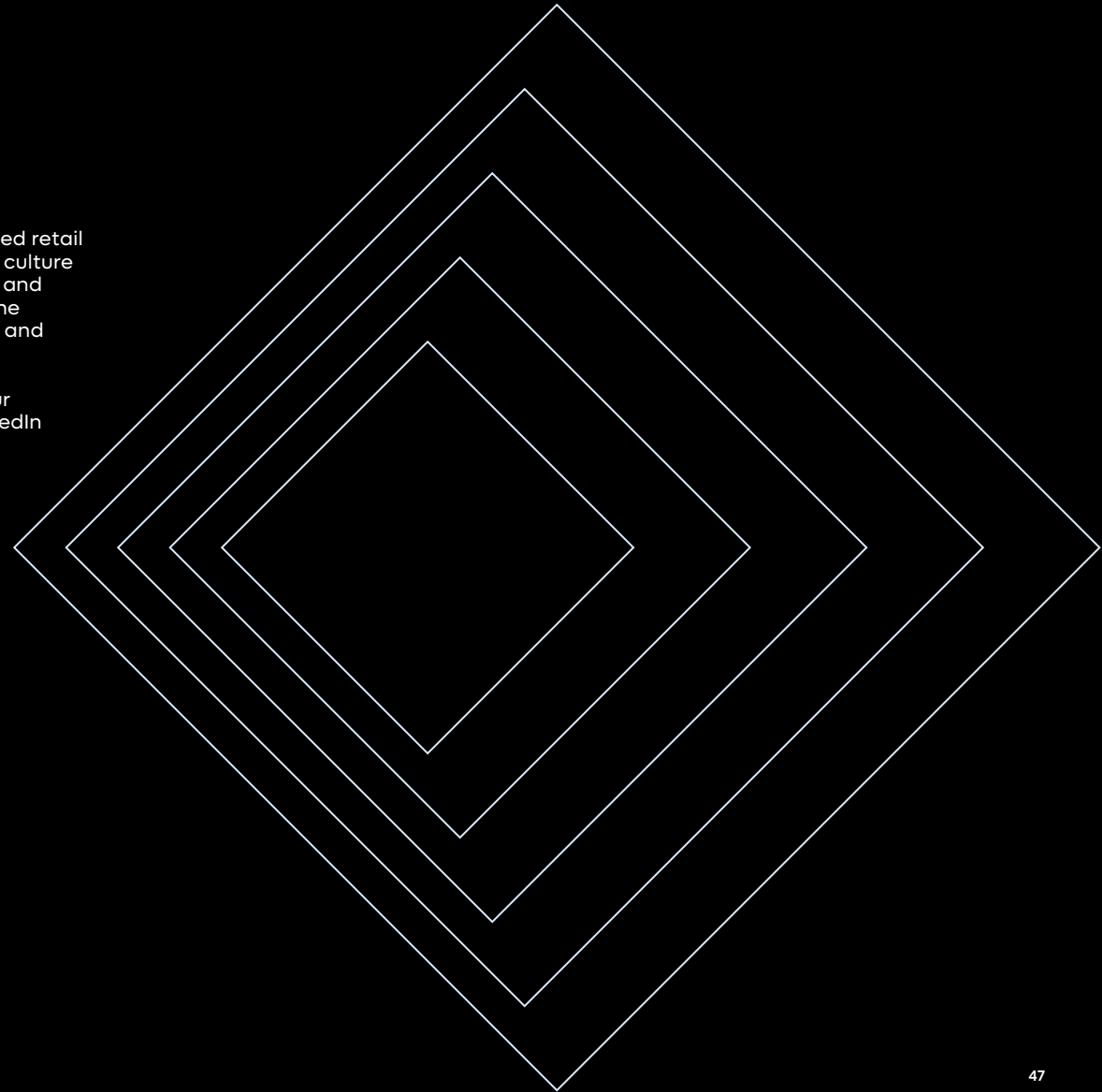
With a 20-year track record of facilitating trade and investment flows across the MEASA region, the Centre connects these fast-growing markets with the economies of Asia, Europe, and the Americas through Dubai.

DIFC is home to an internationally recognised, independent regulator and a proven judicial system with an English common law framework, as well as the region's largest financial ecosystem of 47,900 professionals working across over 7,700 active registered companies – making up the largest and most diverse pool of industry talent in the region.

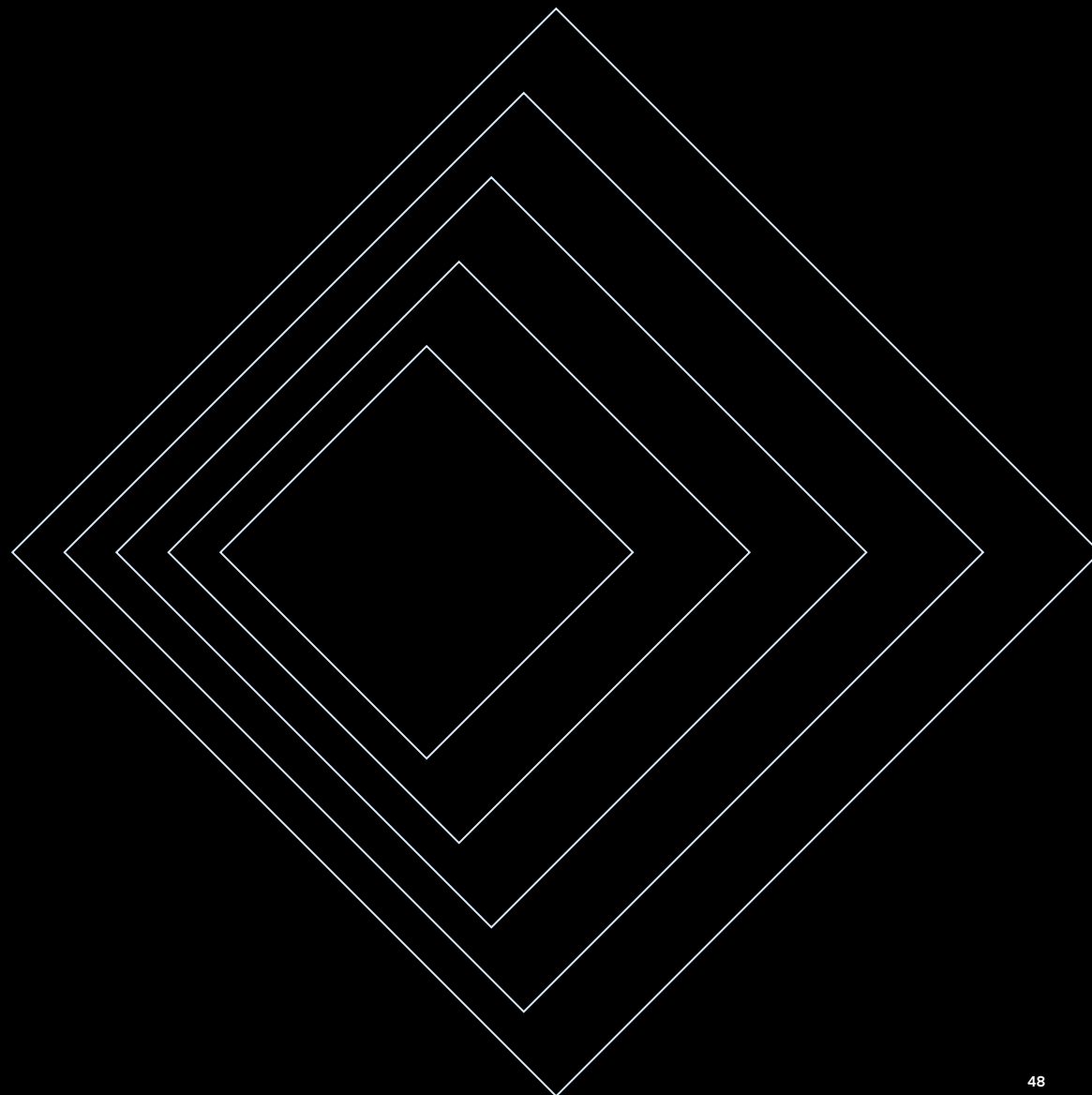
The Centre's vision is to drive the future of finance through cutting-edge technology, innovation, and partnerships. Today, it is the global future of finance and innovation hub offering one of the region's most comprehensive AI, FinTech and venture capital environments, including cost-effective licensing solutions, fit-for-purpose regulation, innovative accelerator programmes, and funding for growth-stage start-ups.

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