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Trends in the Alternative Investment Funds Industry


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Over the past few years, a number of trends in the alternative investment funds industry can be identified, which have helped alternative asset managers navigate what has, in many respects, been a volatile and challenging market, in respect of both fundraising and underlying transactional activity. These trends have helped keep the industry competitive and allowed alternative asset managers more scope to accommodate the priorities of their investors whilst enabling the continued evolution of their own businesses. In this chapter, we outline some of those trends and developments.

Co-investment and Separately Managed Accounts

Liquidity challenges for managers operating in the alternatives space (caused in large part by depressed transactional volumes that have reduced distributions to investors from their historic, and expected, levels) have led managers to diversify their product ranges accordingly (for example, through "retailisation" structures and semi-liquid vehicles, increased use of net asset value ("**NAV**") facilities and preferred equity, and the growth of continuation vehicles). As these liquidity challenges persist, the traditional fundraising cycle has continued to slow down as investors are unable to rely on a predictable volume of distributions to fund their investment programmes. Managers are increasingly considering ways to "incentivise" deployment from their investors, resulting in an uptick in the use of co-investment vehicles and growing demand for separately managed accounts ("**SMAs**") and funds of one.

Co-investment

Co-investment vehicles are now a key tool for alternative asset managers from both an incentivisation and investor relations perspective. With fundraising remaining challenging, many managers have struggled to grow their assets under management ("**AUM**") and attract new investors for blind pool strategies in line with historic trends.

A co-investment opportunity typically involves the manager raising a dedicated vehicle that invests in a single underlying asset alongside the manager's blind pool fund. Investors participating in this vehicle usually do so at lower fee rates (which includes, frequently, on a fee-free basis) compared to those participating in the blind pool. Accordingly, co-investments typically offer superior returns compared to traditional fund investments, as the reduced fee rates lower the spread between gross and net returns and therefore ultimately facilitate higher distributions to investors.

Additionally, investors participating in co-investment opportunities gain greater level of exposure to deals, increasing the chances of enhanced returns from outperforming assets. Unlike in the context of a blind pool fund, investors in a co-investment vehicle have the opportunity to conduct due diligence on the underlying asset themselves, allowing them to determine whether they wish to participate in the relevant transaction – effectively they transition from merely allocating intermediated capital to stock picking preferred opportunities. This also enables investors to gain greater control over diversification within their portfolios, optimising exposure across different sectors and geographies. This diversification, along with enhanced control over investment decisions, empowers investors to make informed choices regarding asset selection and the timing of capital deployment.

For managers, there are some immediate advantages from offering co-investment. The first is that it allows the manager to slow the pacing of deployment from its blind pool (as capacity which would otherwise be utilised is taken up by co-investors); this gives the manager greater control over the timing of its next blind pool fundraise, allowing it more time to return capital to its investors through realisations with the expectation that this enhances re-ups and providing it the scope to go to market in a preferred, and advantageous, window. Co-investment can also offer the manager scope for greater diversification within its blind pool; lower levels of deployment to support those opportunities suitable for co-investment capital should allow a higher number of deals to be consummated within the blind pool thereby reducing concentration risk and facilitating a wider range of transactions. There is also a significant IR benefit in offering co-investments to investors. With managers potentially struggling to fundraise, offering prospective new investors the ability to participate in select investments through co-investment opportunities is a way for the manager to prove its investment thesis. Successful co-investments may therefore help secure investments into its blind pool products when the manager returns to the market. For existing investors, it offers key investors lower blended fees without discounting headline rates from the flagship product. This approach creates strategic alignment with the investors ahead of the fundraising cycle. Both parties can leverage their expertise to identify and pursue lucrative investment opportunities with the potential to outperform primary fund investments.

There are certain challenges associated with co-investments, particularly for smaller managers. If a manager is operating a smaller strategy, the costs of raising and running a dedicated co-investment vehicle may outweigh the benefits. Additionally, co-investment deals often come with time pressures, demanding swift decision-making to capitalise on opportunities. Institutional investors can sometimes lack the operational capabilities to move quickly enough to source the relevant funds and execute the deals. Some investors may not want to be overexposed to a specific manager or specific assets, particularly if they have participated on the basis of a specific expected fund size but find that their exposure has grown disproportionately due to co-investment allocations.

SMAs

SMAs and funds of one have also become popular amongst larger investors seeking personalised or bespoke investment strategies. SMAs are typically offered at a lower fee rate than a blind pool fund and include enhanced governance rights for the investor, which allow it greater control in customising the portfolio of assets to which it has exposure.

Unlike a blind pool fund, a fund of one is constructed around a particular investor's bespoke needs, providing more control over tax structuring, investment decision-making and the rate of capital deployment. Additionally, matters that would otherwise be dealt with in a side letter can be incorporated into the primary constitutional documents upfront and tailored to the investor's specific requirements and priorities, such as environmental, social and governance ("**ESG**") measures and financial and governance reporting.

SMAs can also often act as a "sidecar" investing alongside a blind pool fund in underlying investments, allowing the manager to access deals that would otherwise be too large for the fund. Whilst this could also be achieved through co-investment, the availability of capital over which the manager has investment discretion should eliminate the execution risk associated with co-investment.

SMAs typically suit the largest investors for several reasons:

- **Size *vs* cost**: The entire setup and operational costs of the SMA need to be borne by the investor. If a manager has an established SMA programme already running, the setup and establishment costs may be minimised, but a first-time SMA will be costly for the manager to establish. There needs to be a certain minimum commitment to the SMA in order for it to be viable.
- **Operational efficiencies**: Institutional investors often do not have the ability to source deals themselves, so an SMA aligning with their investment criteria can provide a consistent pipeline of risk-adjusted returns.
- **Reduced fees**: Because SMAs can provide an immediate and often exponential increase in AUM for managers, investors tend to receive reduced fee rates. Certain institutional investors, due to internal policy constraints, will only bear reduced rates of management fee and carried interest, so an SMA allows the manager to offer institutional investors those favourable rates while increasing its overall AUM.

While liquidity challenges remain, we expect managers to increasingly come under pressure to diversify their product offerings. We also expect that co-investment opportunities and SMAs will continue to be important tools for managers in generating interest from, and maintaining the support of, investors.

Emerging Managers

As established alternative asset managers mature, potentially difficult questions regarding succession planning and leadership become more relevant. As a consequence, there are an increasing number of senior professionals in the industry who are choosing to depart and pursue a more entrepreneurial course by establishing their own house.

For these early stage managers ("**Emerging Managers**"), the current challenging fundraising and macro-economic climate causes extra difficulty, as investors are being more particular about how much they invest (tending to favour managers with whom they already have an established relationship), and fundraising without an established track record (notwithstanding past experience) is a harder endeavour. Indeed, in general, and unsurprisingly, experienced fund managers are able to raise both larger funds and more total capital according to Preqin data and there has always been some caution from investors when considering whether to support a first-time fundraising. Consequently, some Emerging Managers have pivoted to a deal-by-deal model whereby they raise separate single asset funds for each individual deal. This allows investors to diligence the target, engage with the manager and ultimately choose on a case-by-case basis whether to invest. This flexibility is attractive to investors and hard to achieve with a blind pool fund. Once an Emerging Manager has built up its core supportive investor base and investment record, and typically undertaken at least one realisation, blind pool fundraising can become easier. Additionally, Emerging Managers generally invest in accordance with a precise and targeted investment strategy, allowing them to differentiate themselves in a very competitive market. There is also the potential for investors to create a long-term partnership with the Emerging Manager.

A key consideration for any Emerging Manager is regulatory coverage. This is typically a new experience for the previously deal-focused executives who now find themselves responsible for, among other things, legal and regulatory compliance. Whilst this is the case regardless of the jurisdiction, UK houses must contend with a variety of regulatory regimes, including the UK Alternative Investment Fund Managers regime and the Financial Services and Markets Act 2000. Many of the services provided by alternative asset managers are regulated activities; this includes the critical function of investment management. However, Emerging Managers will often not have the appetite or bandwidth for the cost and time involved with obtaining Financial Conduct Authority ("**FCA**") authorisation. Consequently, they regularly turn to the UK's appointed representative regime for regulatory coverage. This allows a third-party service provider ("**Principal**") to make its permissions available for use by its appointed representative (i.e. the manager) to allow it to carry on regulated activities for which the Principal itself has obtained a permission from the FCA. The Principal will need to oversee its appointed representative and comply with the applicable FCA rules and guidance on the manner in which it supervises and interacts with its appointed representatives. However, the regime allows managers to obtain their regulatory coverage quickly (sometimes in a matter of weeks), enhancing their speed to market and thereby generating momentum in their efforts to fundraise. It is important to note though that the appointed representative regime does not allow a manager to undertake investment management, only to provide investment advice and arrange transactions, and therefore, where the appointed representative regime is utilised, it does impose some constraints on fund structuring, although these are usually navigable.

Like all managers, Emerging Managers are experiencing downward pressure from investors on fund economics, with fee discounts (especially for cornerstone and strategic investors) frequently being requested. This, however, does lead to a unique problem for Emerging Managers; a cornerstone investor can be transformative for a particular deal or fund; however, a healthy management fee is arguably more critical for an Emerging Manager than it is for an established house with multiple vintages under management. That revenue will go straight into the manager and fund the fundamentals that are critical to achieve any form of scale; for example, rent, salaries, hiring and technical infrastructure. Emerging Managers may not have the flexibility to make material concessions around management fee rates and may therefore prefer agreeing to reduced carried interest rates (although these may be tied to tiered waterfalls which reverse out the discount (and potentially offer enhanced rates) as certain performance hurdles are hit).

In a similar vein, the fund documents of Emerging Managers can contain terms that are slightly outside of the norm; for example, in relation to the construction of key executive provisions (and the consequences that follow a key person event) and the investor protection package in downside scenarios. Given that most Emerging Managers are founded by a single founder, or at the most a small core team, there is naturally an enhanced level of key person risk associated with Emerging Managers – this is especially true as investors are ultimately investing in the executive(s) as opposed to the nascent house or immature brand – and greater uncertainty around investment outcomes. Similarly, an Emerging Manager's capacity to deal with extensive reporting, ESG data and tax information requests are often more limited, and investors generally acknowledge these bandwidth constraints and accordingly pare down their traditional side letter requests to their core requirements.

Fund Finance and Liquidity Solutions: The Rise of NAV Facilities

The fund finance market has undergone significant expansion in recent years.

Subscription line (or capital call) facilities were, in many respects, the original products and remain a mainstay of managers' liquidity and operational toolkits, constituting a flexible and now (broadly) investor-accepted route to putting debt in place at the fund level. These facilities provide finance secured on the fund's undrawn capital commitments of its investors and classically were put in place to meet funds' short-term liquidity needs (for example, as a form of bridge finance to acquire investments on shorter notice than investor drawdown periods permit) and to smooth the drawdown process for investors.

However, over the last five years – and greatly accelerated by concerns around liquidity and asset-level leverage during the COVID-19 crisis – there has also been a significant increase in the use of NAV facilities. Comprising fund- (or fund holdco-) level debt secured against the value of the assets in the investment portfolio, NAV technology was developed largely in the context of secondaries funds as a tool to acquire and lever investor interests in other funds.

These NAV facilities are now reasonably common across private equity buyout funds of all sizes, in addition to direct lending, real estate and infrastructure funds. Typically, debt is available to this fund or fund holdco, with it granting (directly or indirectly) security over some or all of the fund's underlying assets. These are bespoke products with widely varying terms, but a loan-to-value covenant appears in almost all NAV facilities to size drawdowns and required repayments off the value of these underlying assets.

The purpose of these facilities has evolved over time. Broadly, the trend has been the evolution of NAV facilities from growing value in the secondaries space into growing, defending, releasing, extending and restructuring value across funds operating both private equity and other strategies.

- **Growing**: As discussed above, the "original" NAV facility is often considered to be acquisition financing made available to secondaries managers. NAV facilities remain available for this purpose and large private equity secondary acquisitions now consistently feature leverage in some form. In the private equity space, NAV facilities may also be used to fund follow-on investments in portfolio companies, either as a bridge to asset-level financing or where such financing is unobtainable or unattractive – whether due to timing, pricing or otherwise.
- **Defending**: NAV facilities are increasingly used in a defensive fashion. Here the overriding commercial aim for managers is to de-risk, or protect existing value within, a portfolio or specific investment, for example, the use of NAV facilities to effect an asset-level financial covenant cure, to fund assets in need of restructuring or to refinance asset-level debt approaching maturity – again, typically where asset-level financing is not available sufficiently quickly or on attractive terms.
- **Releasing**: Unlocking value in a fund's portfolio at the right time represents a constant challenge for private capital asset managers. Distributions to investors from the proceeds of subscription facilities are usually prohibited but, in the NAV facility context, lenders may be willing to provide solutions for value release, for example, by way of a dividend recap or a bridge to an exit. More broadly, NAV facilities may also provide a solution to what managers regard as insufficiently leveraged portfolios. Where equity cheques required in individual asset holding company stacks are too large, fund-wide NAV facilities may bring overall leverage levels more in line with investor expectations and provide liquidity at both asset and fund level.
- **Extending**: The average fund life has risen over the past decade, with funds holding on to assets for longer. The exit environment remains challenging, but managers are seeking to work assets harder and for longer in search of enhanced returns. In this context, for managers, the expiry of the investment period does not necessarily represent a bright line transition into harvesting mode. Significant cashflows may still be required to fund follow-ons and capital expenditure. Many NAV facilities are put in place at (or in contemplation of) this point, when investor commitments may have expired, be significantly depleted or otherwise committed and consequently, subscription line facilities are less available.
- **Restructuring**: Increasingly, there is investor appetite for opportunistic co-investing with incumbent managers, and managers are in turn increasingly willing to actively manage their investor bases. This has led to newly formed structures, with optional rollovers (usually via a continuation vehicle) for existing investors to participate. NAV facilities can be used to partially bridge the gap between the capital committed to the new vehicle and amounts owing to those investors which have chosen to cash out.

NAV facilities by design require the borrower fund to hold at least one investment and have, historically, been extended to funds towards the end of their investment periods once significant capital has been deployed. Recently, however, certain funds have started to structure and prepare for NAV facilities much earlier in their fund lifecycle. Common lender concerns around due diligence and structuring can be addressed at fund formation and during the investment period through (for example) permissions for NAV finance in fund constitutional documents and structuring of fund vehicles to either interpose holdcos capable of acting as NAV borrowers from formation or to reduce or eliminate the consents required for these vehicles to be interposed at a later date.

Perhaps inevitably, the increased popularity of NAV facilities has been mirrored in increased scrutiny from regulators, investors and the financial press, with concerns voiced around lack of transparency, unrestricted overleveraging of funds and a focus on DPI over absolute returns. It is worth noting that much of the controversy in the NAV space (except in relation to the funding of distributions) was in some form once raised in relation to subscription line facilities and/or continuation vehicles and with the maturation of the NAV market we would expect some of these concerns to abate, as investors become more familiar with the product.

NAV facilities have come a long way from where they started and are now a key part of an asset manager's toolkit, contributing towards a buoyant fund finance market.

Retailisation

The emergence of semi-liquid funds targeting private wealth channels has been making a splash in the asset management world for the last four to five years. Largely replicating products that they had already launched in the US, the world's largest multi-strategy asset managers kick-started the trend in Europe by launching semi-liquid products covering the whole spectrum of private asset investment strategies, from private credit to real estate secondaries and infrastructure.

But these structures are fundamentally different to asset managers' usual institutional offerings. For managers that are used to establishing and operating institutional-focused limited partnerships, understanding the available options, and how their features interplay with managers' existing businesses, can make them think twice about jumping in.

At its heart, retailisation (or somewhat more grandly, the "democratisation of private assets") is taking the assets that are traditionally invested by closed-ended, institutional-only, limited partnerships and making them available to certain, limited categories of sub-professional investors.

Crucially, retailisation is not designing products to target "truly retail" investors. Rather, existing highly authorised, daily dealing products remain the appropriate products for those type of investors.

The shift has been heralded as a new era in asset management – creating access for a whole new global investor base of non-professional investors with deep pockets to previously inaccessible private assets, and with both substantial capital raised to date and the larger, multi-strategy first-movers targeting up to $150 billion from private wealth in the coming years, it is clear that European semi-liquid funds are here to stay.

Beyond the target investor base described above, typical retailisation products have the following distinguishing features when compared to traditional, closed-ended structures:

Feature	Institutional Structure	Retailisation Structure
Structure	Typically, Luxembourg limited partnership interests.	Luxembourg public company shares.
Term	Eight to 10 years.	Evergreen.
Commitments	"Just-in-time" drawdown mechanic – commitments only called from investors when required.	Fully paid on subscription.
Liquidity	None, unless transferred with consent of the general partner.	Typically, quarterly, capped at 5%.
Liquidity Pool	None.	Up to 20% of portfolio is held in liquid investments to service redemptions.
Manager Remuneration	Management fee: 2% (may be lower for certain strategies). Carried interest: generally, 20% with 8% hurdle.	Management fee: 1.25% (subject to cornerstone/early bird discounted rates). Performance fee: varies.
Control	The general partner controls the structure.	The fund's board (usually including a majority of independent Luxembourg-based non-executive directors) control the structure.

There are various structures available (in ascending order of regulation):

- **Feeder funds or "sleeves" into existing institutional products**: "Retailisation-lite" structures which are usually unregulated and restricted to investors that can be opted-up to professional status. These closed-ended, fixed-life vehicles invest the entirety of their assets in an underlying institutional product.
- **Reserved alternative investment funds ("RAIFs")**: Unregulated products which can be distributed to "well-informed" investors. While most end-investors will satisfy this requirement, many distributors will resist having to obtain the necessary confirmations from their clients and push for a more regulated "part II" product. On the other hand, RAIFs are straightforward (and therefore relatively quick) to establish.
- **"Part II" funds**: Regulated structures which allow access to retail investors in Luxembourg and which are emerging as the vehicle of choice given the balance it strikes between flexibility (but subject to some restrictions) on portfolio composition and leverage as compared to ease of distribution (sub-professional participation permitted, but only benefits from a marketing passport for professional investors).
- **European long-term investment funds ("ELTIFs")**: Highly regulated structures subject to prescriptive rules on portfolio composition and leverage but which benefit from a pan-European retail marketing passport. Following last year's overhaul of the ELTIF regime, ELTIFs are generating more interest from managers considering a foray into semi-liquid products.

One of the key benefits of retailisation structures is that they can be structured as open-ended vehicles with an indefinite term. There is an obvious attraction to housing high-performance assets in an evergreen structure (making it an ideal vehicle for secondaries). But their evergreen nature can also present their biggest challenge for managers more used to managing closed-ended limited partnerships:

- Do they have a sufficient pipeline of high-quality investments to service monthly capital inflows (to avoid cash drag on these fully funded structures)?
- Is there sufficient liquidity in the portfolio to service potential redemption requests?
- Will allocations to the evergreen vehicle conflict with obligations owed to existing closed-ended products?

In addition, European semi-liquid funds take time to achieve critical mass, and so managers stepping into this space need to have the patience to see it through, given the initial resource required to get them off the ground.

The semi-liquid fund market in Europe is evolving, driven by both the innovation in fund structures and clearly identified demand for private asset access among wealthy investors. Before taking the plunge into semi-liquids, managers must balance the obvious attraction of increased sticky AUM and an evergreen home for high-performance assets against both the challenges of operating an open-ended evergreen structure as well as their own unique circumstances, market opportunities and regulatory environments to make informed decisions that align with their long-term business goals. As the market matures, those who can effectively find that balance will be well-placed to make a splash in that identified pool of available capital.

ESG and Sustainable Finance Developments in Europe and the UK Affecting Alternative Asset Managers

The EU and the UK both have stretching climate goals. They understand that the private sector will be crucial in helping to achieve those goals and have looked for ways to encourage more "sustainable finance" to flow from asset managers and owners. As a result, a wave of new regulation – mostly emanating from the EU – hit the statute books a few years ago, much of which affected alternative asset managers. Some of these new regulatory requirements were complex, poorly designed and hard to apply. Now, policymakers are re-focusing on competitiveness and growth and looking for ways to reduce the burden of these regulatory interventions.

The EU

The Sustainable Finance Disclosure Regulation ("**SFDR**") is the most notorious of the EU sustainability regulations to affect the finance sector.

The SFDR became effective, in stages, from 2021. Its primary goal was to increase transparency and prevent greenwashing in financial markets, and the rules required significant additional disclosures from all EU-regulated asset managers, and from non-EU firms using national private placement regimes to market their funds in the EU.

The SFDR requires asset managers to categorise their products according to their level of sustainability ambition. Funds with no ESG characteristics (known as Article 6 funds) are subject to minimal requirements, but those "promoting environmental or social characteristics" (Article 8) and those investing only in "sustainable investments" (Article 9) have significant initial and annual disclosure obligations.

There are also requirements to disclose a firm's approach to sustainability risks and, on an annual basis, a set of principal adverse impact indicators for the firm's portfolio – although most private funds have the option to opt out of that requirement and explain their reasons for doing so.

The SFDR has, by the European Commission's own assessment, been challenging to apply. Many investors have seen it is a labelling regime, which it is not, and there has been a lack of clarity about many of the rules. As a result, it is already under review.

The Commission has made it clear that SFDR 2.0 might look very different. It seems likely that the EU will move towards a labelling regime with disclosure obligations applying across the board – but the Commission will also have a close eye on developments in corporate reporting requirements. Driven in part by shifts in the European political landscape, the SFDR review will be undertaken against the backdrop of a significant reduction in the scope of general sustainability reporting requirements. The Corporate Sustainability Disclosure Regulation ("**CSRD**"), itself not even fully effective yet, is likely to undergo significant changes in the coming year – all with the aim of reducing the burden on businesses.

The CSRD has also had an impact on many alternative asset managers, and some of their portfolio companies. Initially with a very broad scope and tight timelines, some alternative asset managers were themselves in scope, and others were busy helping affected investee companies. The granular European Sustainability Reporting Standards require disclosure of a wide range of datapoints, covering a reporting entity's own operations and its value chain.

In response to concerns that this significant uplift in non-financial disclosure requirements was imposing disproportionate burdens on business, and potentially damaging EU competitiveness, the European Commission launched a "simplification revolution" early in 2025. In reality, the initiative will significantly de-regulate, removing most alternative asset managers and many of their portfolio companies from scope, and reducing the reporting requirements for companies that are still covered. As a first step, the implementation timetable was pushed back by two years for all but the largest companies – meaning that many have a reprieve which will, probably, become permanent when the EU finishes its deliberations later in, we expect, 2026.

There are a host of other EU regulations touching on ESG, including: the Corporate Sustainability Due Diligence Directive; the Carbon Border Adjustment Mechanism; the Deforestation Regulation; the EU Taxonomy; and the ESG Ratings Regulation. Navigating this minefield of rules is becoming an increasingly complex task, although the more recent focus on burden reductions may make life a bit easier.

The UK

Since it had fully left the EU by the time the SFDR became effective, the UK did not adopt it. Instead, it began work on its own set of sustainability regulations for the finance sector – now known as the Sustainability Disclosure Requirements ("**SDR**").

The UK regime came into force in stages from May 2024. It is much narrower in scope than the EU SFDR and has had a much more muted impact on alternative asset managers, especially those that are not targeting retail investors.

The first part of the SDR to become effective was the "anti-greenwashing rule", which reinforces an existing requirement to ensure that marketing communications are "clear, fair and not misleading". This general rule sits alongside a separate requirement for firms that use ESG-related terms in a product's name or in marketing materials. There are also some firm-level and product-level sustainability disclosure requirements, building on the existing requirement for any asset manager (and, in some cases, advisers) to report on their climate-related risks and opportunities. However, many private funds managers are able to make product-level disclosures on "demand" only. Firm-level sustainability reports under SDR will be published by the largest managers for the first time this year.

Unlike the SFDR, the SDR does create a labelling regime, establishing four labels that firms can use for their funds if they wish to. However, so far, very few alternative asset managers have chosen to adopt a UK label.

More widely, the UK government has committed to build on its existing climate-only reporting requirements for many listed and large private entities by adopting emerging international sustainability reporting standards. The standards, produced by the International Sustainability Standards Board ("**ISSB**"), are less prescriptive than the EU's CSRD standards, but are similar in their approach and are designed to be interoperable with them. In June, the UK government took the next step in its plan to adopt international sustainability reporting standards for UK businesses, publishing a key consultation document, proposing to adopt the ISSB standards as the first UK Sustainability Reporting Standards ("**UK SRS**"). The current consultation for adoption of the standards for initially voluntary use is expected to be followed, later this year, by an FCA consultation for mandatory UK SRS reporting by listed companies, and separately by a government consultation for mandatory reporting by "economically significant entities", a term to be defined.

At the same time, the government is consulting on how to implement its manifesto commitment to mandate UK-regulated financial institutions, including asset managers, and FTSE 100 companies to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement. The current UK government is also under pressure not to increase burdens on business, and is therefore considering a wide range of options for transition plans – from "comply or explain"/ disclosure only, to a full legal obligation to adopt and implement a credible and Paris-aligned transition plan.

Conclusion

These trends illustrate the industry's adaptability in an ever-changing and volatile market, and we expect these trends to continue to be a recurring theme.

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