

iCapital Network scores \$400M to capitalize on private equity demand

Article

The news: The US-based wealthtech platform reached a whopping **\$4 billion** valuation to broaden access to private market investment options and make acquisitions, [per](#) its press release.

What does it do? Launched in 2013, **iCapital** helps banks and asset management firms offer high-net-worth (HNW) clients exposure to private market investments. Financial advisors can

access and manage private equity, private credit, real estate, and hedge funds directly from its [turnkey](#) platform or create their own white-label offering from iCapital's [custom](#) solution.

What's its appeal to backers? iCapital has grown fast over the past year by easing access to private markets.

Ninety percent of private market AUM is held by institutional and ultra-high-net-worth investors, [per](#) a **Morgan Stanley** and **Oliver Wyman** report. HNW clients—those with **\$1 million** to **\$50 million** in investable wealth—have traditionally struggled to invest in private markets because they lack awareness of the asset class and firms impose high minimum thresholds, per the report.

iCapital aims to close that gap by bringing institutional-quality private market solutions to individual investors. Over the past year, it has made [five](#) acquisitions to help meet that goal. For example, it acquired portfolio and risk analytics tool **factorE** to help client advisors better evaluate and manage portfolios with both traditional and alternative investments. It also bought alternative investment education and compliance platform **AI Insight** to integrate private markets education within their client advisors' workflows.

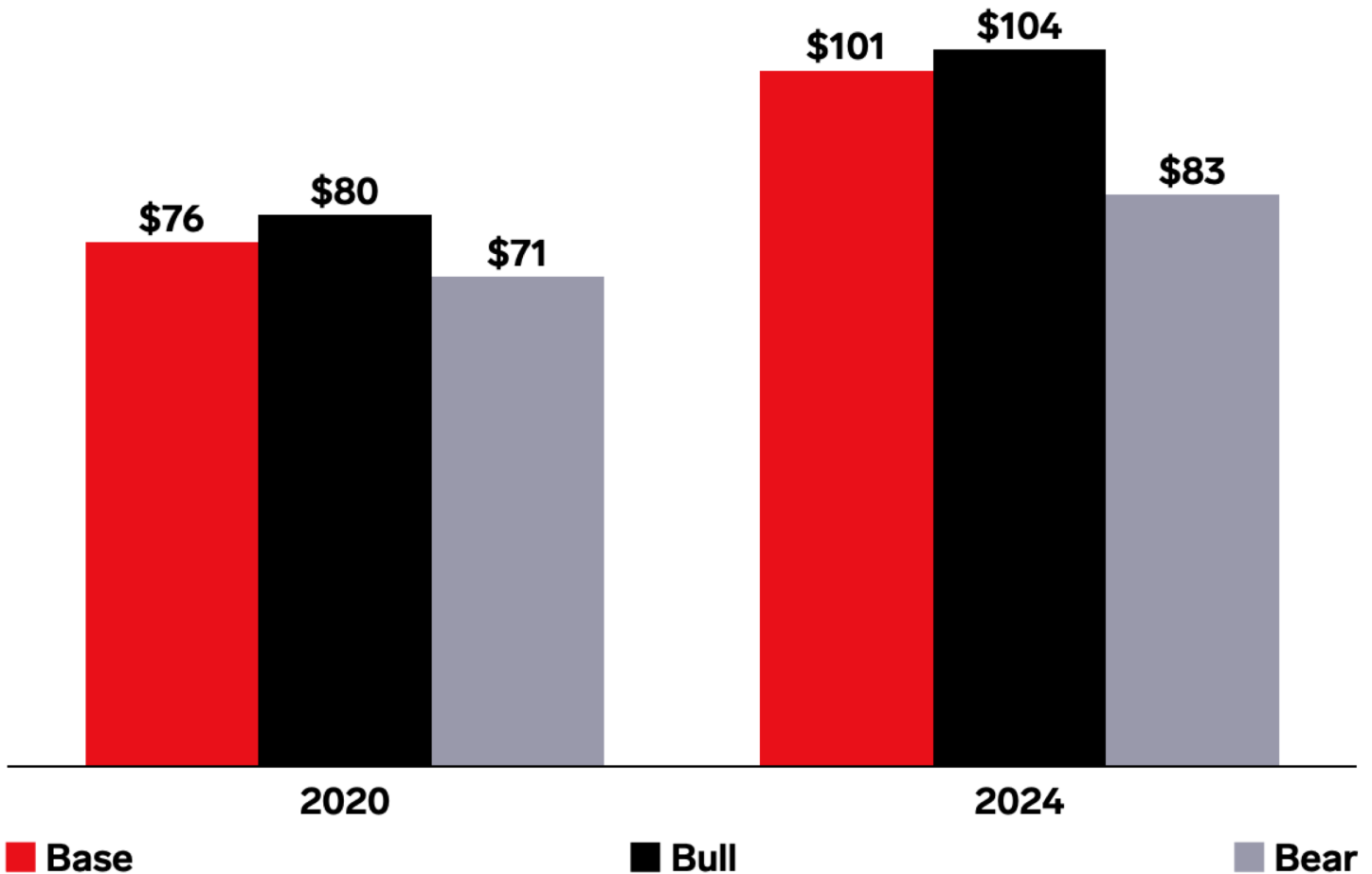
This has driven the fintech's growth, with the platform's AUM now worth more than **\$80 billion**, up from **\$46 billion** in March 2020. And it can now draw from the **\$400 million** injection to carry out more strategic acquisitions to enhance its value proposition further.

The big takeaway: iCapital's significant valuation underlines the importance of wealth and asset managers offering broader investment options to HNW investors.

Offering access to private markets is key to increasing investor retention and satisfaction in the coming years. The HNW customer segment is expected to allocate an additional **5%** of their wealth to private market assets, representing **\$1.5 trillion** in AUM, by 2025, per the report—an allocation that could create [better](#) returns for incumbents' clients than public market equivalents.

Worldwide HNWI's Wealth Across 3 Scenarios: Base, Bull, and Bear, 2020 & 2024

trillions



Note: Wealth in 2018=\$72 trillion and in 2019=\$79 trillion; HNWIs are defined as households with financial assets greater than or equal to \$1 million

Source: Oliver Wyman, "After the Storm," 2020

Methodology: Oliver Wyman forecasted the wealth growth of HNWIs across 3 scenarios: base (recession and rebound), bull (accelerated rebound), and bear (sustained downturn).

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