

INVESTCORP AI  
INVESTMENT FRAMEWORK

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A Cross-Platform Perspective  
on Artificial Intelligence Across  
Private Equity, Real Assets,  
and Credit

AI is expected to be a net positive for long-term economic growth while reinforcing the importance of disciplined underwriting, asset selection, and operational engagement.

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## EXECUTIVE SUMMARY

Artificial Intelligence (AI) represents one of the most significant structural shifts in the global economy since the digitization of business processes. At Investcorp, we view AI not as a monolithic disruptive force, but as a differentiated catalyst whose impact varies meaningfully by sector, asset class, business model, and capital structure.

Across Private Equity, Real Assets, and Credit, AI is expected to be a net positive for long-term economic growth while reinforcing the importance of disciplined underwriting, asset selection, and operational engagement.

Investcorp's multi-asset investment platform is deliberately positioned to capture AI-driven upside while limiting disintermediation risk. In Private Equity, AI increasingly serves as a value-creation tool embedded with portfolio operations and investment processes. In Real Assets, AI's effects are selective rather than systemic, influencing tenant credit quality and capital flows more than real estate demand in aggregate. In Credit, AI reshapes competitive dynamics within software and services, favoring issuers with proprietary data, mission-critical positioning, and strong cash-flow durability.

This paper outlines Investcorp's integrated AI investment framework, highlighting how AI informs portfolio construction, risk management, and value creation across the firm.

## OUR INVESTMENT DISCIPLINE IN THE AI ERA

In the AI era, Investcorp's investment approach is defined as much by selectivity and avoidance as by opportunity. We view AI as a powerful enabler of long-term value creation, but not as a reason to suspend discipline, overpay for growth, or underwrite unproven business models.

Across Private Equity, Real Assets and Credit, AI sharpens our focus on durability, embedded relevance, and cash-flow resilience.

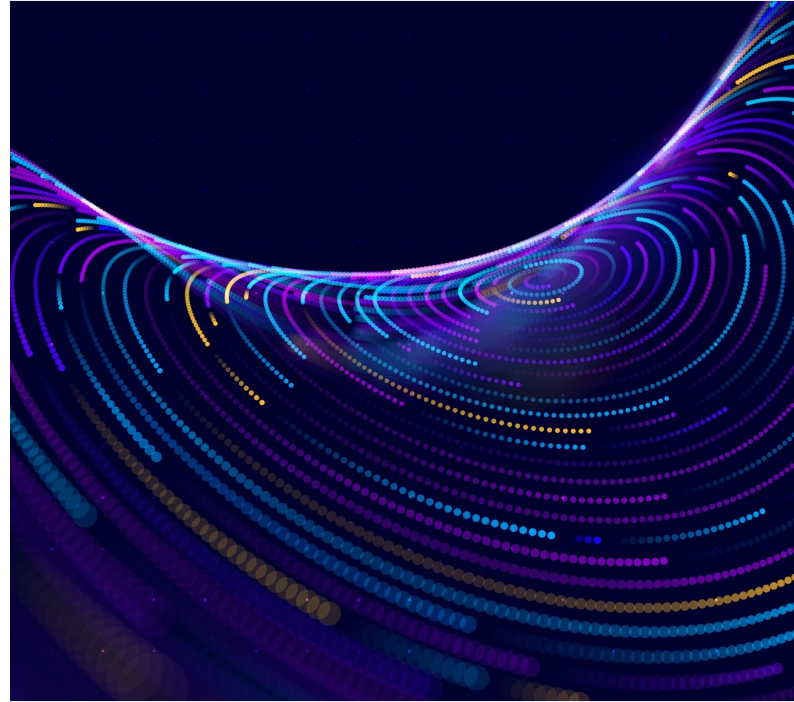
Across asset classes, we prioritize businesses and assets that:

- Are mission-critical or deeply embedded in customer workflows, operations, or decision-making processes, where switching costs are high.
- Control proprietary, high-quality data or sit directly on critical data flows that AI systems rely upon, particularly in regulated or complex environments.
- Benefit from AI as an augmentation tool, enhancing productivity, margins, customer experience, or scalability, rather than replacing the core value proposition.
- Exhibit strong unit economics and cash-flow generation, with AI reinforcing operating leverage rather than masking weak fundamentals.
- Demonstrate AI resilience at the business-model level, including pricing power, consumption-based revenue, regulatory barriers, or vertical specialization.
- In Real Assets, benefit from durable end-user demand (housing, logistics, education) and attract capital reallocation from more disrupted property types.

Equally important, Investcorp will remain cautious regarding:

- AI-exposed labor arbitrage models where value is primarily driven by headcount, seat-based pricing, or undifferentiated knowledge work vulnerable to automation.
- "Pure-play AI" businesses lacking defensible data, customer lock-in, or a clear path to sustainable profitability.
- Assets or tenants with fragile credit quality where AI accelerates displacement risk without compensating productivity gains.
- Software and services businesses facing structural margin compression, where AI adoption benefits customers but erodes supplier economics.
- Real estate segments dependent on declining job functions without strong location, tenant quality, or alternative-use optionality.

This invest-and-avoid discipline underpins our conviction that AI is a selective allocator of value rather than a systemic destroyer of demand. Investcorp's multi-asset platform is positioned to capture AI-driven upside while mitigating disintermediation risk through underwriting rigor, operational engagement, and long-term perspective.

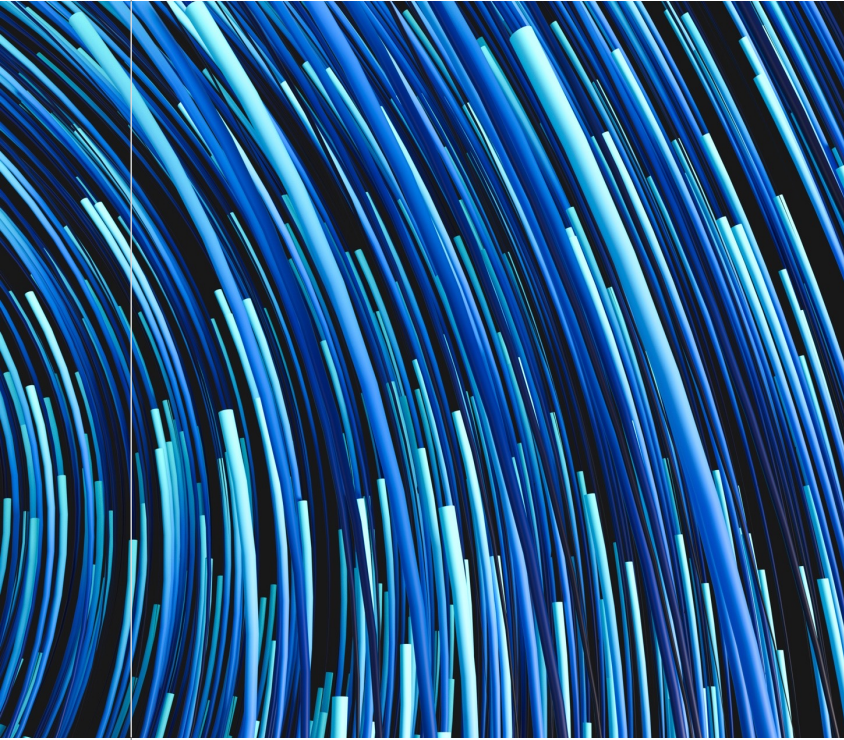


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## AI AS A MACRO-ECONOMIC FORCE

We believe AI will be a net positive for productivity, profitability, and long-term growth, supporting aggregate demand across the real economy. Third-party research, including Capital Economics, suggests that AI-driven efficiency gains are likely to offset displacement effects over time, resulting in higher overall output rather than sustained demand destruction.

For investors, this implies that AI's primary influence is distributional rather than destructive: reallocating value toward sectors, companies, and assets that are adaptable, data-rich, and operationally embedded, while challenging those with weaker differentiation or labor-intensive, easily automated models.



## PRIVATE EQUITY: AI AS A VALUE-CREATION ENGINE

### From Productivity Tools to Agentic AI

Within Private Equity, Investcorp views AI as an increasingly powerful value-creation lever, evolving from reactive productivity tools (assistants) toward agentic systems capable of executing workflows, augmenting decision-making, and automating complex processes. This shift has implications both for how Investcorp invests and how portfolio companies operate.

AI is being deployed across the investment lifecycle, including:

- Accelerated research and diligence
- Enhanced conviction-building and Investment Committee processes
- Origination and add-on acquisition screening
- Portfolio monitoring and reporting

At the portfolio level, AI adoption supports:

- Operational efficiency and margin expansion
- Product and service augmentation
- Selective disruption of legacy delivery models



"AI adoption supports operational efficiency and margin expansion, product and service augmentation, and selective disruption of legacy delivery models."

### Portfolio Company Enablement

Investcorp's Private Equity platform has adopted a pragmatic, test-and-learn approach to AI, rolling out targeted agentic use cases to deliver measurable impact. These include autonomous research agents, origination tools, reporting assistants, and operational automation across portfolio companies in software, services, and data-intensive verticals.

Importantly, Investcorp does not assume uniform AI readiness. Portfolio companies are assessed based on data availability, governance, talent, and delivery models, enabling differentiated strategies across augment, defend, and attack modes. This discipline helps avoid indiscriminate AI investment and concentrates capital where return potential is strongest.

Investcorp has also operationalized AI enablement across the portfolio through three parallel value creation levers designed to capture near term productivity while enabling deeper operational and commercial transformation:

- Deploy a general-purpose AI platform for daily use, supported by structured change management and training.
- Reshape core processes to be AI first, leveraging off the shelf tools to augment and automate workflows.
- Reinvent selectively with AI first offerings, enabling new products, services, and revenue streams.

Lastly, to accelerate adoption and compound learnings across portfolio companies, we have established a centralized enablement model emphasizing shared programming and coordinated support.

- Quarterly CEO forums review AI progress across selected portfolio companies.
- C suite deep dives with Chief Information Officers and AI leaders surface reusable use cases and scalable playbooks.
- Cross portfolio collaboration supports replication of successful initiatives where applicable.

The role of our Private Equity teams is to facilitate shared learning, establish common frameworks, and enhance readiness across businesses with varied starting points, enabling faster and more consistent execution.

## REAL ASSETS: SELECTIVE IMPACT, NOT SYSTEMIC RISK

### Office: Tenant-Specific Risk

The office sector faces the greatest near- to medium-term transition risk, as many roles most susceptible to AI displacement are office-based. This risk manifests primarily at the tenant level, through weaker credit quality, softer renewal demand, and elevated default risk among occupiers exposed to automation.

Importantly, Investcorp's U.S. office exposure is limited to a single core-lite asset in Washington, D.C., materially constraining portfolio-level risk and insulating the broader platform from sector-wide volatility.

### Residential and Multifamily: Structural Stability

We do not expect AI to negatively impact residential real estate. Multifamily fundamentals are driven by demographics, affordability constraints, and household formation rather than by specific job functions vulnerable to automation. Housing remains essential, and AI-driven changes to work patterns are unlikely to materially disrupt demand.

Moreover, capital reallocation away from office and other impacted property types may increasingly favor multifamily, providing indirect support to valuations and liquidity.



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### Student Housing: A Nuanced Outlook

Student housing warrants a more nuanced assessment amid debate regarding the long-term value proposition of higher education in an AI-enabled economy. We believe higher education remains differentiated by experience, social development, and network formation, not solely content delivery.

Investcorp's focus on large, cost-efficient public flagship universities with strong enrollment trends and athletic programs significantly mitigates risk. While smaller or niche institutions may face pressure, flagship campuses are likely to remain resilient.

### Industrial: A Modest Tailwind

In industrial real estate, AI represents a modest tailwind rather than a structural disruptor. Automation, robotics, and data-driven logistics support tenant investment and operational stickiness, reinforcing demand for well-located, adaptable assets capable of supporting evolving tenant needs.

### Infrastructure

AI's rapid adoption has accelerated investment in digital infrastructure, particularly data centers, as compute requirements grow and cloud providers expand capacity. We have data center exposure through one portfolio, but it is intentionally limited and not a core driver of the platform. We have largely stayed on the sidelines in scaling direct data center investing given the sector's specialized operating requirements, recurring and potentially elevated capex and technology refresh needs, and the importance of securing scarce inputs such as power availability, interconnection capacity, and permitting. These factors can create binary execution risk and longer lead times. In addition, many of the highest cost transactions can involve meaningful tenant concentration and limited tenant diversity, increasing reliance on a small number of counterparties. Significant capital inflows from hyperscalers, strategic buyers, and dedicated operators have also compressed risk adjusted returns. Consistent with our disciplined sector selection, we continue to monitor the space and would consider only selective opportunities where we see a clear path to differentiated execution and durable returns.



## CREDIT: AI RESILIENCE AS A CORE UNDERWRITING LENS

### Software and Technology Credit Exposure

In Credit, AI primarily influences competitive durability and refinancing risk, particularly within software and technology-enabled businesses. Investcorp Credit Management (ICM) has built a diversified set of software credit exposures with a clear bias toward:

- Enterprise infrastructure and mission-critical software
- High switching costs and deep customer integration
- Recurring, consumption-based revenue models

ICM systematically evaluates issuers based on resilience to AI disintermediation, favoring companies with proprietary data, regulatory or compliance barriers, and embedded roles within customer workflows.



“By focusing on AI-resilient business models, Investcorp seeks to reduce terminal value uncertainty and refinancing risk while maintaining attractive risk-adjusted returns.”

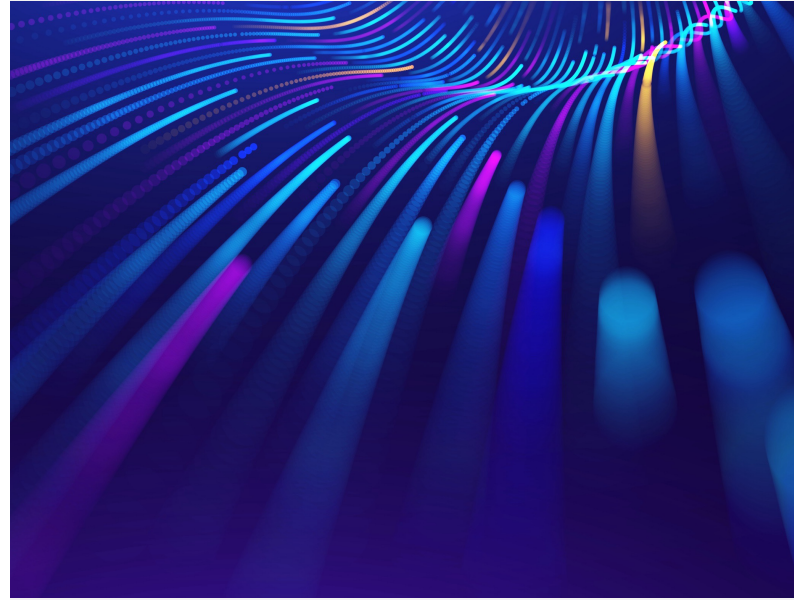
### Credit Market Implications

Public software valuations have declined amid concerns around slowing growth and long-term AI disruption, while capital structures remain highly levered with material refinancing needs concentrated later this decade. Importantly, near-term operating performance across many issuers remains intact.

Investcorp's approach emphasizes:

- Higher-quality credits with lower leverage and stronger free cash flow
- Issuers positioned to benefit from AI-driven data growth rather than labor displacement
- Discount and par-build opportunities created by indiscriminate selling

By focusing on AI-resilient business models, Investcorp seeks to reduce terminal value uncertainty and refinancing risk while maintaining attractive risk-adjusted returns.



## CONCLUSION: AN INTEGRATED AI INVESTMENT DISCIPLINE

Across Private Equity, Real Assets, and Credit, AI reinforces the importance of selectivity, data-driven underwriting, and active ownership.

Investcorp's differentiated advantage lies in its ability to:

- Apply AI as a value-creation tool in Private Equity
- Underwrite AI resilience and credit durability within leveraged capital structures
- Assess second-order tenant and capital-flow effects in Real Assets



“By integrating AI considerations across asset classes, Investcorp is positioned not merely to adapt to an AI-enabled economy, but to compound value responsibly and resiliently over the long term.”

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