MIND THE GAP:

Why AI Fluency Matters More than Size

No business conversation today is complete without AI. Yet, there is still no set curriculum and accredited pathway to mastering it. Real returns don't go to those with the most resources, but to those who apply 'human' intelligence, judgement, and through trial and error successfully integrate AI in ways that extend beyond just productivity.

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In a merit-based society like Singapore, where the private capital industry has long rewarded track record, accolades and pedigree, this creates space for smaller, more agile General Partners (GPs) to build genuine advantage, while leaving the broader industry without a reliable way to distinguish real capability from the appearance of it.

In private capital, success has traditionally followed a clear logic: track record attracts Limited Partners (LP), capital enables larger deals, and larger funds justify the fees that sustain the franchise. According to Private Equity International (PEI), the world's 10 largest private equity funds account for over 26.5% of total capital raised by the top 300 firms. These funds have access to larger deals flow, better talent and stronger operating capabilities. But AI may change that.

AI ADOPTION ONLY COUNTS WHEN IT IS MEANINGFUL

AI adoption is uneven across private equity (PE), with the largest global PE firms moving furthest ahead. EQT has been operating its “Motherbrain” platform since 2018 to identify investment targets, while Blackstone applies AI to pipeline screening and deal sourcing. More broadly, leading PE firms have built AI into deal sourcing, due diligence, Investment Committee (IC) memo preparation, portfolio operations and investor relations.

An Accordion survey[1] found that only 59% of PE-backed companies have adopted AI, compared to 77% of Venture Capitalist (VC)-backed companies. While 98% of PE sponsors have told their portfolio Chief Financial Officers (CFOs) to prioritise AI, fewer than one in three have done so meaningfully.

Most member GPs are still experimenting, testing slide generation, automating data extraction and reducing manual load. These are genuine gains, but they fall short of the structural integration that reshapes how a fund competes. The real edge belongs to funds where AI fluency has moved upstream, into the room where partners make decisions and deals are won or lost.

WHEN AI ADOPTION MEETS AI FLUENCY

Novo Tellus Capital Partners, a Singapore-based GP specialising in the technology supply chain, offers a clear illustration. AI fluency operates at the partner level – the investment team spends up to 40% of its time coding, often working directly alongside the entrepreneurs they back. In competitive negotiations, Novo Tellus doesn't arrive with a slide deck. It delivers a working platform built specifically for that business. “As of today, we've had 3,398 software pushes on our firmwide platform, averaging six pushes a day, 365 days a year,” says Keith Toh, a partner at the firm. “This excludes the code we've built for portfolio companies.”

That capability has allowed Novo Tellus to secure exclusivity in deals where much larger funds were in contention. The megafund model, with its clearance cycles and reliance on external consultants, cannot match this speed. This execution gap is not a quirk of process. It is structural.

OUR SOVEREIGN ANCHORS LEAD THE AI FLUENCY MOVEMENT

AI is already embedded as infrastructure at Singapore's two largest institutional investors – GIC and Temasek. ChatGIC allows investment teams to deploy large language models on proprietary data without external exposure, while private strategy teams use AI to draft underwriting reports and sharpen deal assessment. AI@Temasek aligns thinking across the organisation on internal operations, investment decisions, and portfolio companies' AI adoption.

In doing so, they implicitly raise the bar for every GP they allocate to. AI fluency is becoming a due diligence expectation. But the pressure is not coming from sovereign anchors alone. A 2026 LP survey by Adams Street Partners found that 54% of LPs expect AI to have the greatest impact on operational efficiency, 48% on better identification of investment opportunities, and 43% on improved risk management[2].

The bar is moving, whether or not GPs are ready for it.

FROM NARRATIVE TO EVIDENCE

Caution sits alongside enthusiasm. Some LPs are alert to stretched AI valuations and warn that expected returns may not materialise. The opportunity is real, but it rewards discipline and genuine capability, not mere exposure to the theme.

Bain's 2025 Global PE Report estimates that operational value creation now accounts for over 50% of total returns, up from 30% a decade ago. Financial engineering alone no longer wins. Proprietary AI systems built on years of US or European deal data do not transfer cleanly to Southeast Asia's founder-led, succession-driven market, where speed and demonstrated vision matter more than brand.

That marks a new chapter for Singapore, as a private capital hub and as a society. Are you ready to play in the new AI era?

[1] https://www.accordion.com/ai-in-pe-ahead-of-the-market-behind-the-curve/
[2] https://www.adamsstreetpartners.com/wp-content/uploads/2026/03/2026-Adams-Street-Global-Investor-Survey_P.pdf