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2025 PRIVATE EQUITY SECONDARIES INVESTOR SURVEY

TARGETING RESILIENT RETURNS

How private capital secondaries are helping LPs navigate more volatile markets

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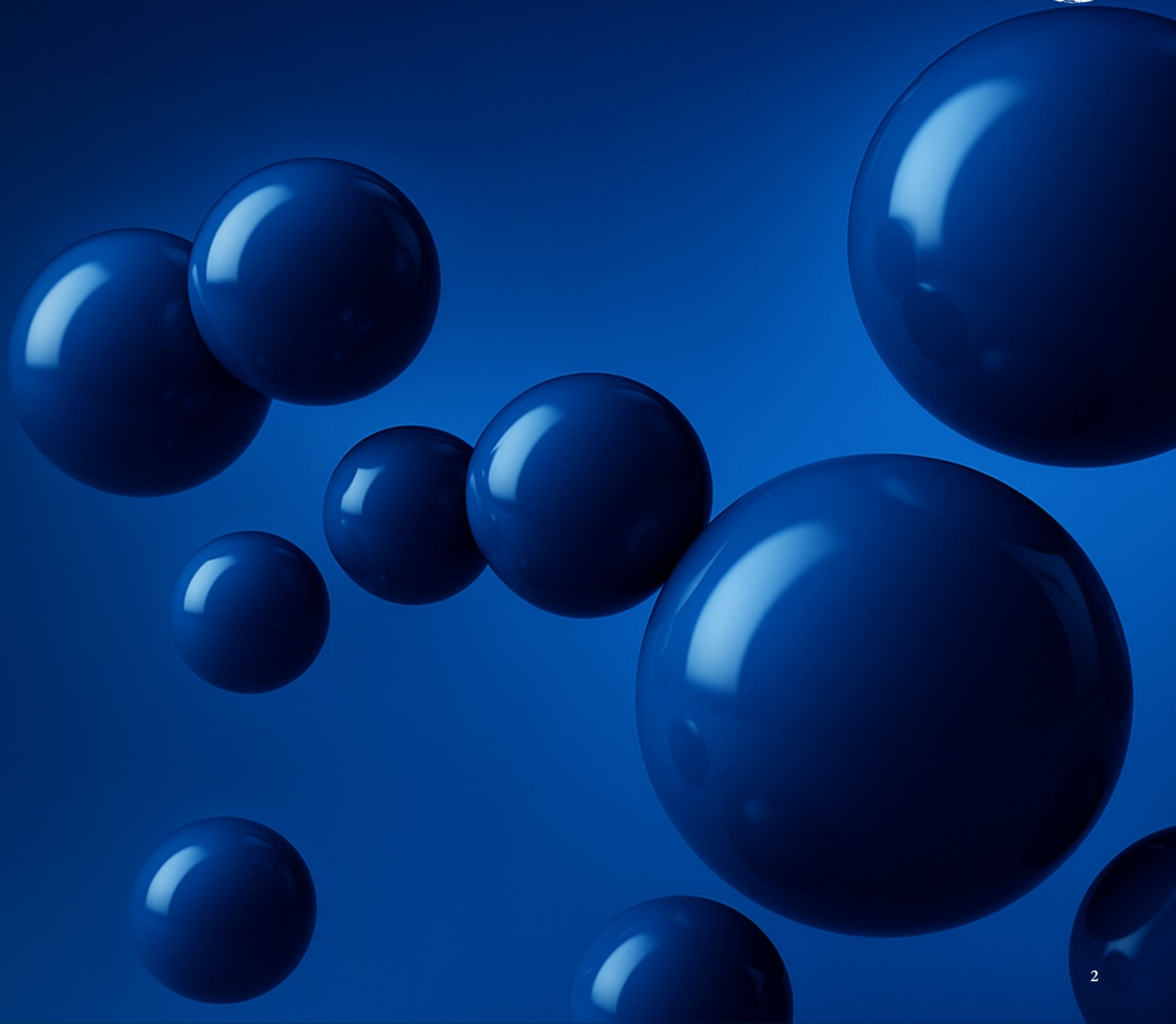
ABOUT MCP

Founded in 2011, Montana Capital Partners (MCP) is a specialist in midmarket secondaries, combining over a decade of investment experience with a rigorous, data-driven approach. Part of PGIM, MCP leverages global market access and a scaled investment platform to identify compelling GP-led and LP-led opportunities across North America and Western Europe.

MCP, together with its affiliates, manages more than USD 5bn in assets and has deployed over USD 5bn across secondary transactions to date, supported by a team of 45+ professionals in Switzerland and the United States.[1]



[1] Data as of 12/31/25.
References to experience and capabilities are for informational purposes only and do not constitute an investment recommendation.

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DEFINED TERMS

Aggregate PE Allocation – an LP's aggregate allocation to PE across:

- Primary PE funds; and
- Secondaries: GP-Led (including co-invest) and LP-led

(ignoring other potential exposures e.g. PE GP stakes, NAV loans to PE GPs etc.)

PE – equity investments in non-public companies and businesses (and excluding, for the avoidance of doubt, real estate and infrastructure investments)

PE Secondaries - PE secondary fund investments and/or direct secondary PE investments in underlying portfolio companies

A NOTE FROM DR. STEPHAN WESSEL

THANK YOU

First, a sincere thank you to the MCP LP community. For more than a decade you have supported our survey work, challenged our thinking and, more importantly, shared your perspectives with candor. Over time, you have helped us build a dataset of more than 20,000 observations, reflecting how the industry has evolved – and how your needs and preferences have evolved - across market cycles. This invaluable resource sharpens our understanding of your priorities and informs how we position for what comes next.

Our 2025 survey captures the views of investors across the Americas, Europe, the Middle East and Asia, together stewarding around USD 300 billion in private alternatives allocations. It provides a rare global snapshot of how investors are navigating today's private capital landscape.

One clear message stands out. Secondaries have transcended their traditional role as an opportunistic liquidity tool to become a fundamental structural element within private capital portfolios. Investors now recognise secondaries as a core allocation across portfolios at any stage of development. While the growth potential remains significant, they are firmly established as a pivotal mechanism for portfolio construction and the pursuit of resilient, risk-adjusted investment returns.

GLOBAL SURVEY PARTICIPANTS
AMERICAS, EUROPE, THE MIDDLE EAST AND ASIA

SINCE 2013

20,000+
DATA POINTS

~300BN
OF PRIVATE ALTERNATIVES REPRESENTED IN THE 2025 SURVEY

At the same time, the secondary market has witnessed considerable expansion, with managers increasingly specializing in meeting the burgeoning demand, particularly within the mid-market segment. New trends are emerging, such as the rise of new structures, like evergreen, and new sub-asset classes, like credit secondaries, which continue to diversify the opportunities available within this dynamic and evolving sector as they further unfold over the years to come.

(continued)

[1] Data as of 12/31/25.

A NOTE FROM DR. STEPHAN WESSEL

SECOND ORDER THINKING

Each year, our survey aims to uncover overlooked opportunities in the market, a process we call "Second Order Thinking". We assess what investors need from secondaries today, how those exposures fit within broader private capital portfolios and their performance, liquidity and risk-return. We also probe resourcing. Many investors run lean, and secondaries offer a practical way to manage complexity across the private capital stack.

What differentiates the best managers is measurable: data-driven pricing and structuring across LP- and GP-led opportunities, consolidated cashflow management, portfolio look-through and disciplined underwriting. Investors come to us for these capabilities. As the secondaries space becomes more competitive, they also benefit from the global lower - and mid-market LP, GP and company insights, investment reach and experience, which come with being part of PGIM's USD 1.5 trillion investment platform. [1]

AN OUTLOOK FOR THE YEAR AHEAD

Looking ahead, investors remain clear eyed about the challenges on the horizon. Heightened geopolitical uncertainty and tighter financial conditions have tempered confidence that private equity portfolios will meet historical TVPI and DPI expectations. Yet this has not translated into a wholesale reassessment of strategic allocations. Instead, investors are demonstrating discipline and conviction, maintaining exposure while becoming more selective about where and how capital is deployed. Confidence is notably strongest in the lower mid market, which we view as better positioned to navigate periods of volatility. With more conservative use of leverage, greater operational influence at the asset level, and lower correlation to public markets, this segment offers a degree of resilience that is increasingly valued. In an environment where returns may be harder won, investors are prioritising strategies that emphasise downside protection, cashflow visibility and durability across cycles.

We hope you find the results insightful. We would welcome your feedback, challenges and perspectives as we continue the conversation with you on what matters most in private capital secondaries.

Best,
Stephan

[1] Data as of 12/31/25.

6 HEADLINE TAKEAWAYS

ACTIVELY COMMITTED

86%

of investors will either maintain or increase their allocation into PE Secondaries, with more than 50% of investors feeling no or limited impact from prolonged market volatility and around 60% investors allocating more than 11% of their Aggregate PE Allocation to PE Secondaries, including 16% of investors allocating more than 25%.

EXPECTING LOWER DPI/IRR; STABLE TVPI

>50%

of investors believe that their primary PE allocations will be slower on DPI and lower on IRR than their modelled assumptions, but a supermajority believe that modelled return multiples (TVPI) will ultimately be achieved.

SECONDARIES AS PORTFOLIO RISK MANAGEMENT

78%

of investors believe that diversification, liquidity management or improving portfolio risk/return profile are the most important contributions that PE Secondaries can make to broader portfolio risk management. A further 19% view ramping up a new portfolio as the key portfolio risk management benefit of PE Secondaries.

These statements reflect investor sentiment, not forecasts or expected outcomes. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

6 HEADLINE TAKEAWAYS

SPECIALISTS FOR STRONG RELATIVE RETURN POTENTIAL

84%

of investors believe that specialist managers are best positioned to deliver strong relative performance, but they need to do that from a position of strength in terms of global sourcing networks (top-ranked for LP-leds) and direct investing experience (top-ranked for GP-leds).

CONFIDENCE IN MID-MARKET

84%

of investors are confident that secondary mid-market investments will meet or exceed their net distribution and/or return assumptions. Most investors are not confident in venture or large cap delivering against target returns.

CREDIT SECONDARIES BENEFITTING FROM A RISK MANAGEMENT EDGE VS PRIMARIES

72%

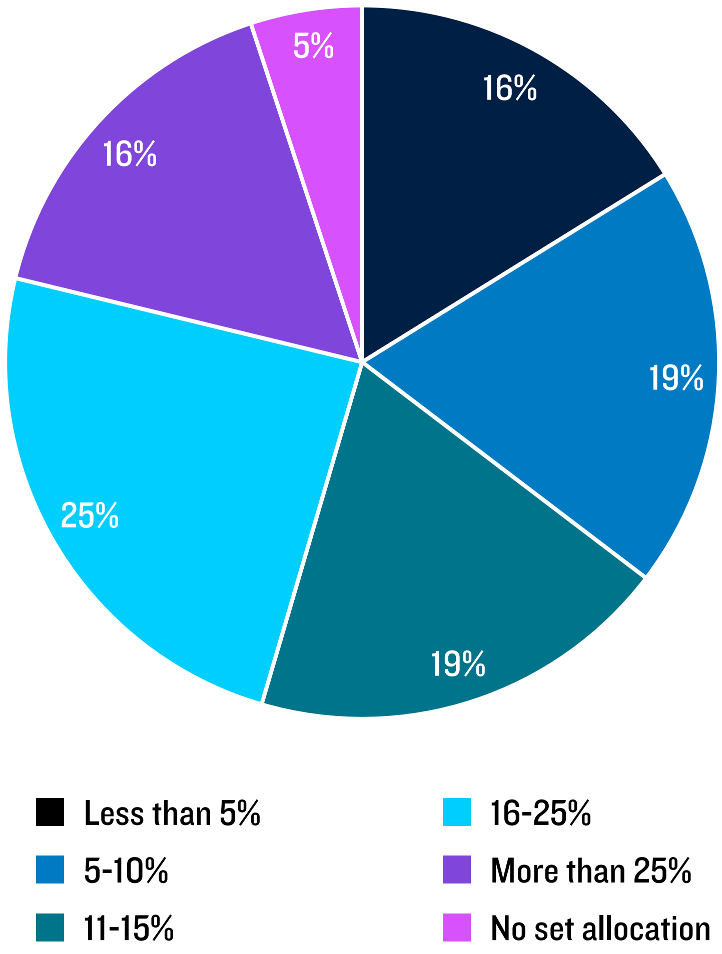
Credit secondaries are seen as the most attractive, natural adjacency to PE Secondaries, with 72% of investors seeing the main benefits of credit secondaries as lower loan default risk, j-curve mitigation or diversification as the main advantages of secondary private credit funds vs primary private credit funds.

These statements reflect investor sentiment, not forecasts or expected outcomes. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

ALLOCATION

ALLOCATION TO PE SECONDARIES

PE Secondaries are firmly embedded in investor portfolios. Nearly 60% of respondents allocate more than 11% of their total private equity exposure to secondaries, with 16% of investors allocating more than 25%. This highlights the strategy's transition from a tactical solution to a structural allocation for sophisticated investors.



SURVEY METHODOLOGY

The responses collected and shown throughout these results were drawn from a representative group of institutional investors across the Americas, Europe, Middle East, and Asia. Responses were collected between 07/01/25 and 12/31/25. The data represents the exclusive views of the respondents regarding the market. Survey responses do not predict future market behaviour.

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“Secondaries are increasingly seen as the go-to infrastructure for a clearer view on potential future LP cash flows and a set of tools to enable more active private capital portfolio management.”

DR. STEPHAN WESSEL

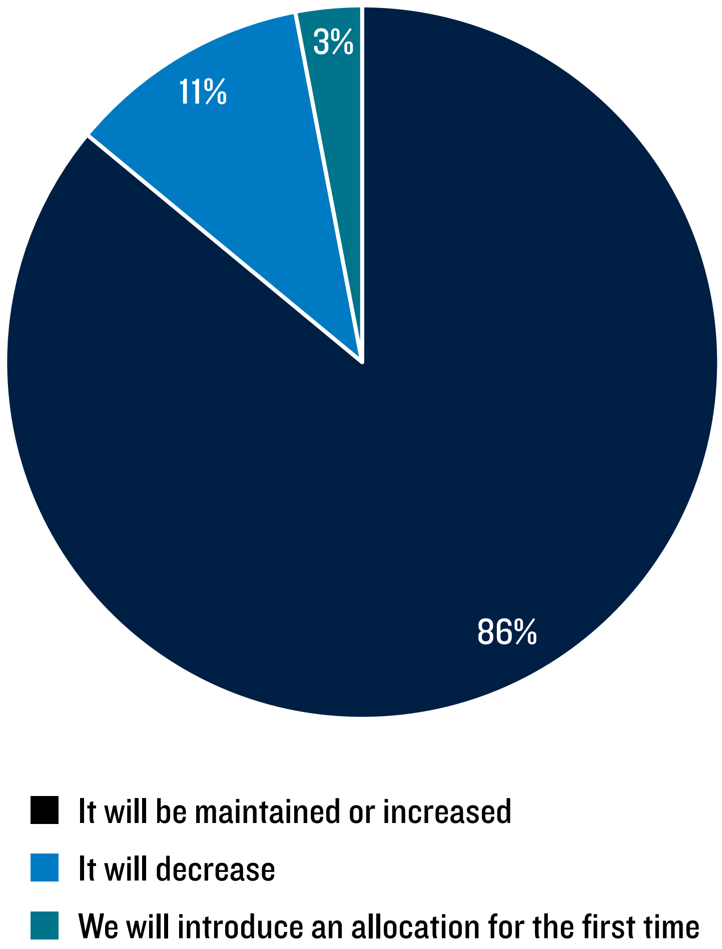
CEO and Managing Partner

REF: 023520

ALLOCATION

EXPECTED ALLOCATION CHANGES

Investor appetite for PE Secondaries remains resilient. An overwhelming 86% of respondents plan to maintain or increase allocations over the next 12 months, reinforcing the view that PE Secondaries continue to offer compelling portfolio benefits amid evolving market conditions.

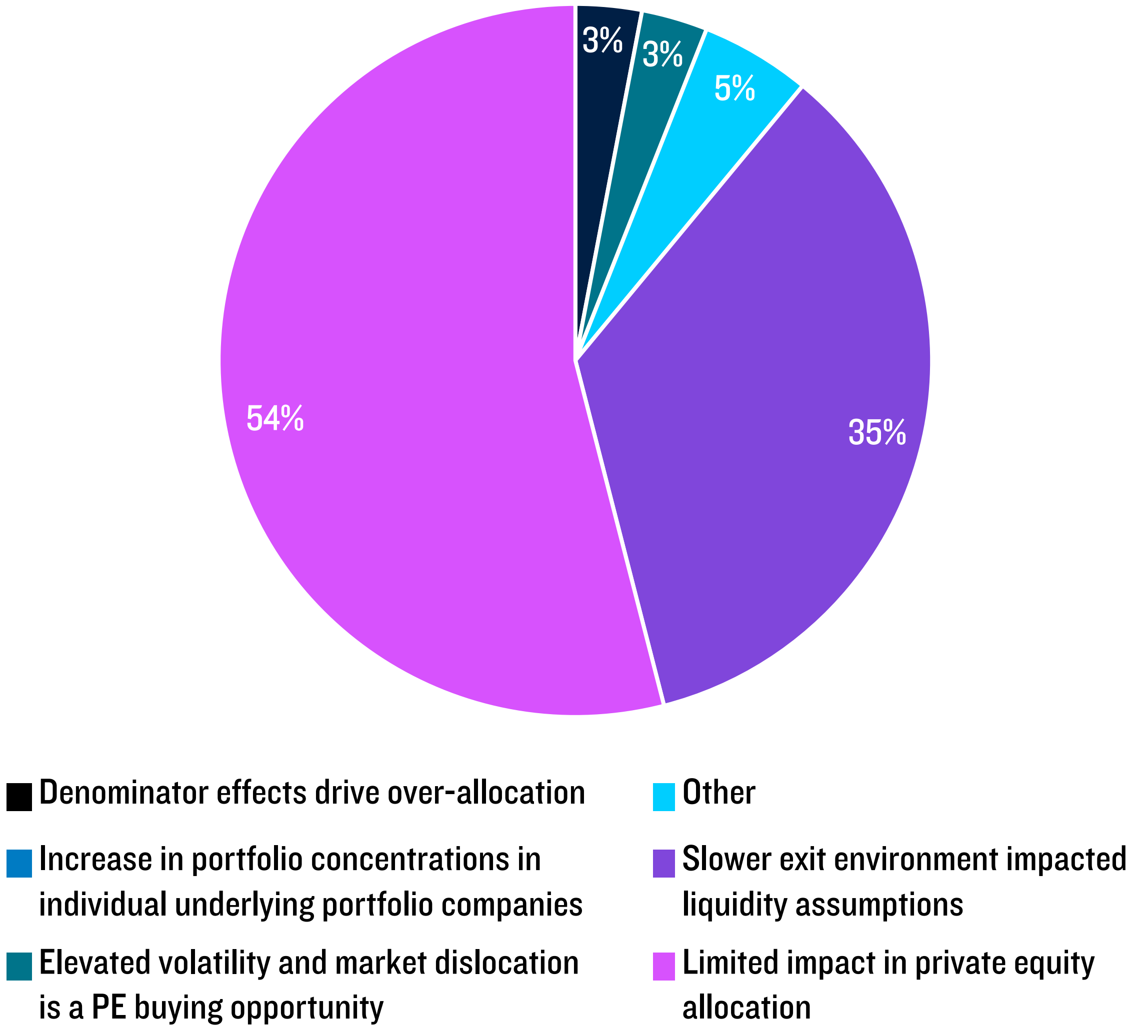


Survey responses do not predict future market behaviour.

MARKET CONDITIONS AND NEAR-TERM PRIMARY FUND PERFORMANCE

IMPACT OF MARKET VOLATILITY

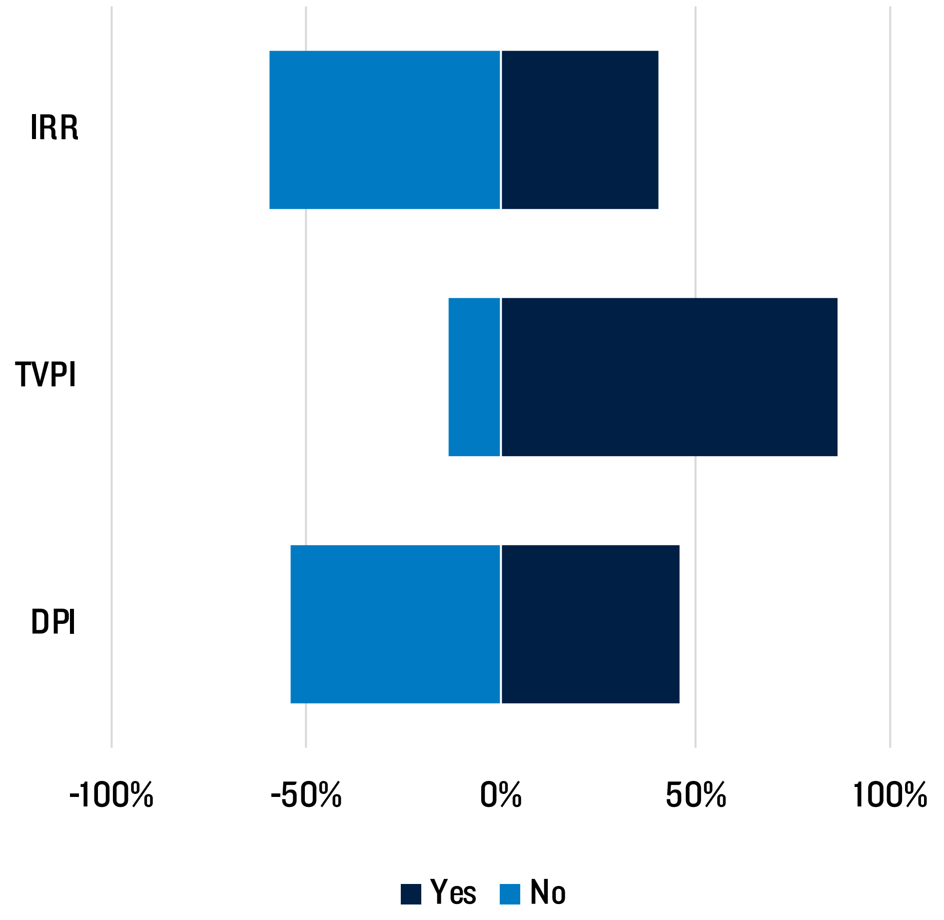
Market volatility has had a measured impact on allocator behavior. Around half of investors report limited disruption to their private equity strategy, while others point primarily to slower exit activity, underscoring liquidity timing rather than a loss of conviction in the asset class.



MARKET CONDITIONS AND NEAR-TERM PRIMARY FUND PERFORMANCE

CONFIDENCE IN PRIMARY PE OUTCOMES

Investors remain broadly confident in private equity's ability to deliver target multiples. However, expectations have recalibrated toward slower IRR realization and delayed distributions, reflecting a more pragmatic outlook on the pace — rather than the magnitude — of returns.

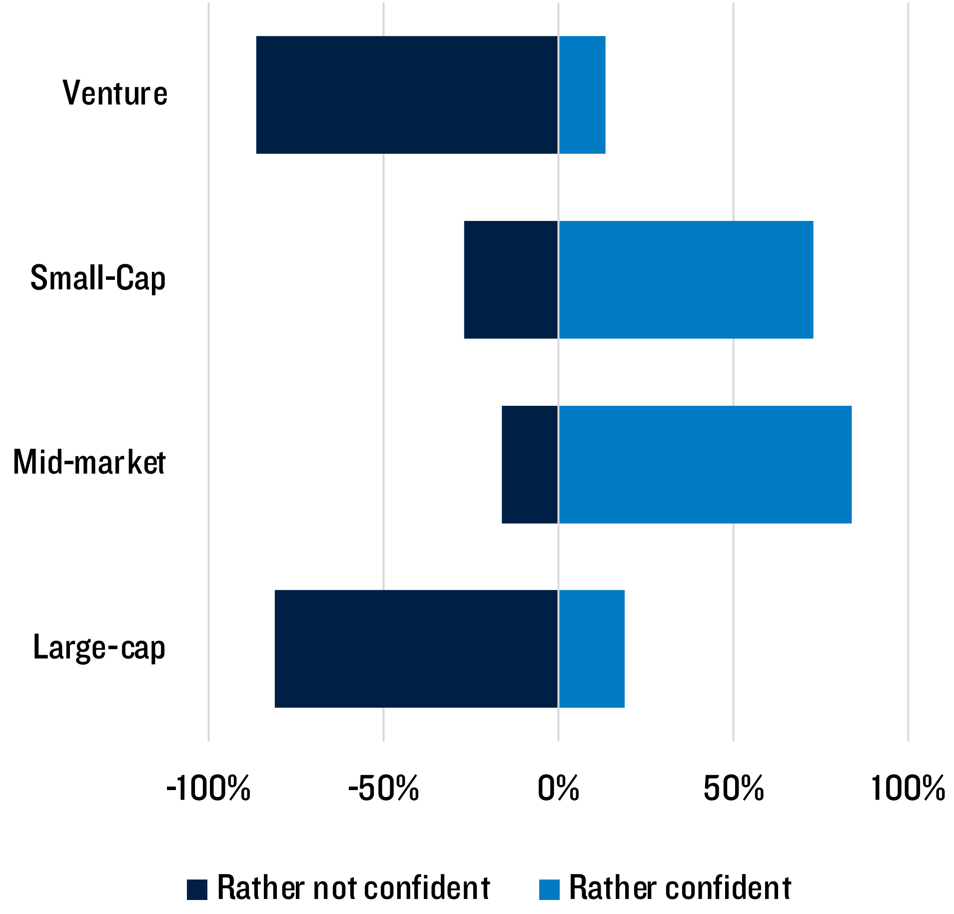


Investors mostly believe that multiple returns (TVPI) will be achieved, however at a slower pace (IRR) and with lagged liquidity (DPI)

MARKET CONDITIONS AND NEAR-TERM PRIMARY FUND PERFORMANCE

RETURN CONFIDENCE BY INVESTMENT SIZE

Return confidence is strongest in the mid-market segment followed by small-cap. In contrast, large-cap and venture strategies are more frequently viewed as facing return pressure, suggesting an ongoing preference for mid and lower mid-market segments with greater operational leverage, pricing inefficiencies and greater exit optionality.



“

MCP has an extensive track record of evaluating lower/mid-market portfolio company investments since inception. In tandem with PGIM’s established core focus in the sector, this provides an extremely powerful pool of relationships and market intelligence to generate unique opportunities and support our underwriting discipline in what we consider to be fertile ground for attractive risk-adjusted return potential.”

DAN KLIMA

Managing Partner and Head of North America

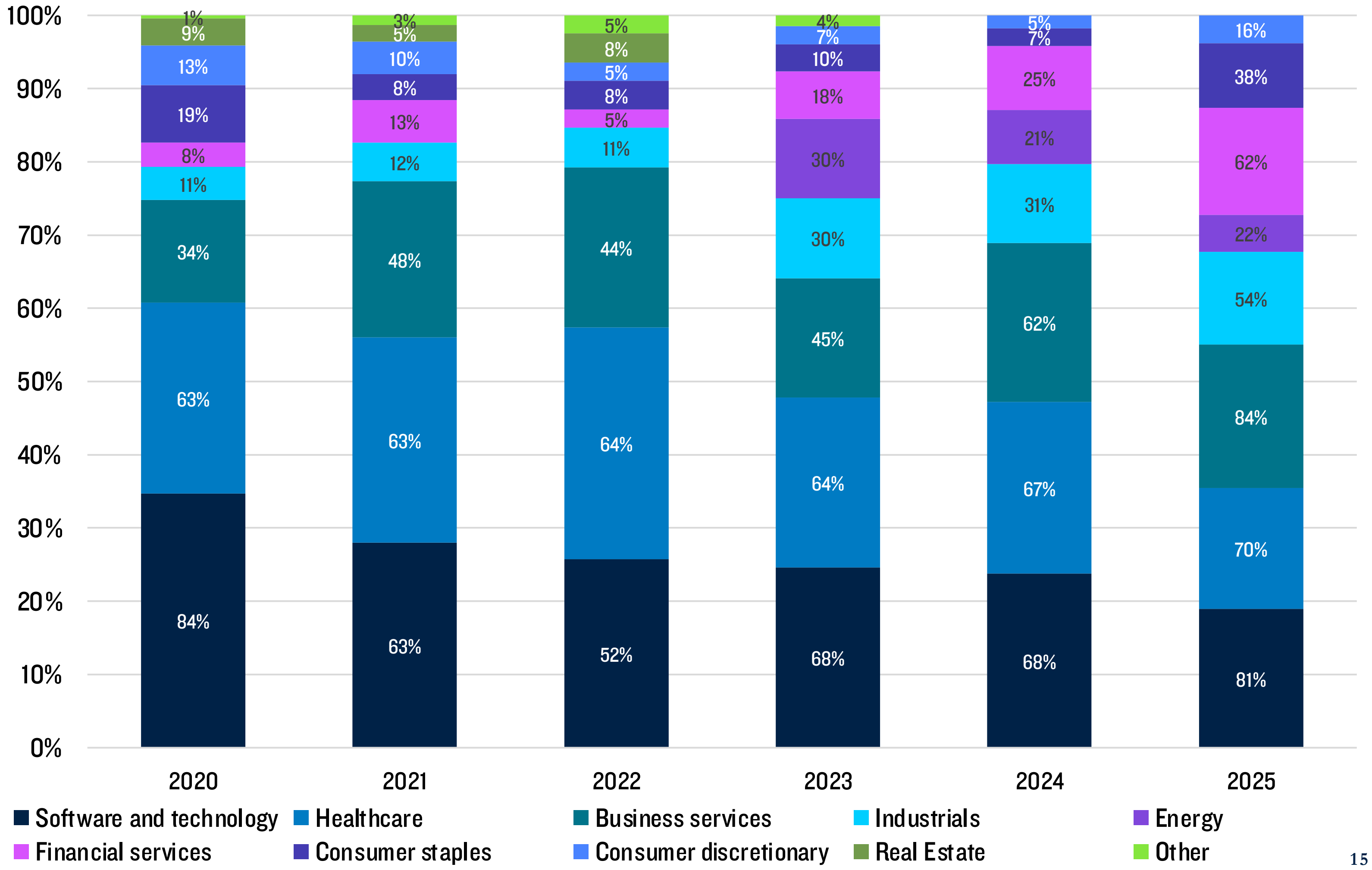
REF: 023520

MARKET CONDITIONS AND NEAR-TERM PRIMARY FUND PERFORMANCE

CONFIDENCE BY SECTOR

Sector preferences remain clearly defined. Investors express the greatest confidence in software and technology, healthcare, and business services, while energy and consumer sectors are viewed as less likely to meet return expectations in the current environment. This has been a consistent trend for at least the past 5 years.

In your opinion, which sectors currently present the most attractive risk/return profile?



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MARKET CONDITIONS AND NEAR-TERM PRIMARY FUND PERFORMANCE

KEY POTENTIAL MACRO PE RETURN TAILWINDS

Investors called out falling interest rates and an easing of inflation, improving IPO markets, and reduced trade tensions seen as the most influential macro tailwinds for private equity performance over the coming 12 months.

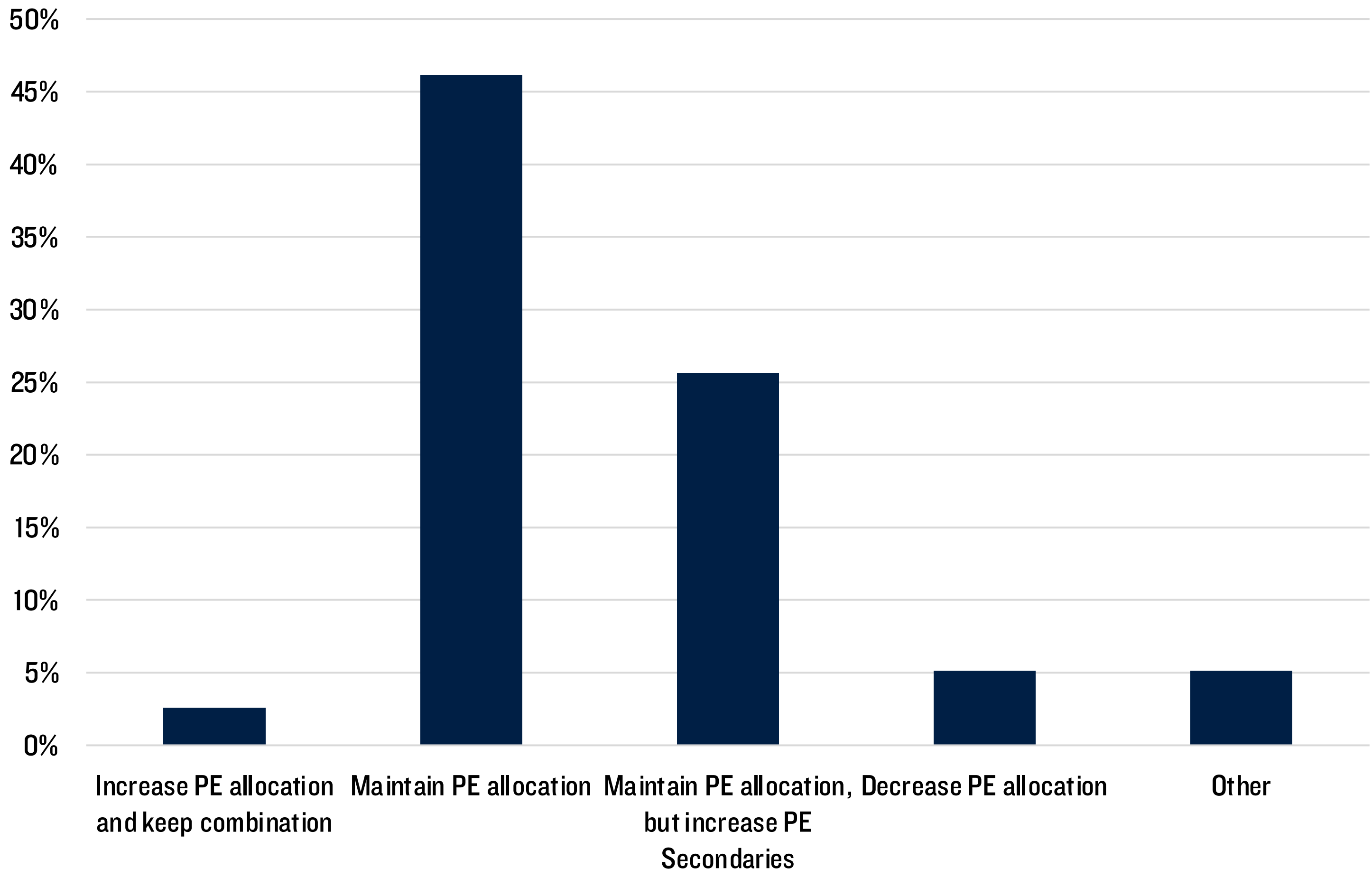
KEY POTENTIAL MACRO PE RETURN HEADWINDS

At the same time, risk awareness remains elevated. Geopolitical instability, valuation mismatches, recession risk and constrained IPO markets dominate investor concerns, while artificial intelligence impacting business models is not currently viewed as a material downside risk to private equity returns.

PORTFOLIO MANAGEMENT AND PE SECONDARIES

PORTFOLIO MANAGEMENT APPROACHES

Most investors are taking a disciplined approach to portfolio construction. Approximately 70% plan to either maintain existing PE exposure as is or maintain the same level, but increase allocations to PE Secondaries, underscoring the strategy's role in portfolio optimization and liquidity and risk management.



PORTFOLIO MANAGEMENT AND PE SECONDARIES

RISK MANAGEMENT VALUE OF PE SECONDARIES

Ramping up a new portfolio through PE Secondaries is no longer seen as a top driver. Rather, PE Secondaries are viewed as a versatile risk management tool. Investors highlight diversification, enhanced liquidity control, and improved portfolio risk-return characteristics as the primary benefits these secondaries bring to private equity portfolios.

TRANSACTION SIZE PREFERENCE

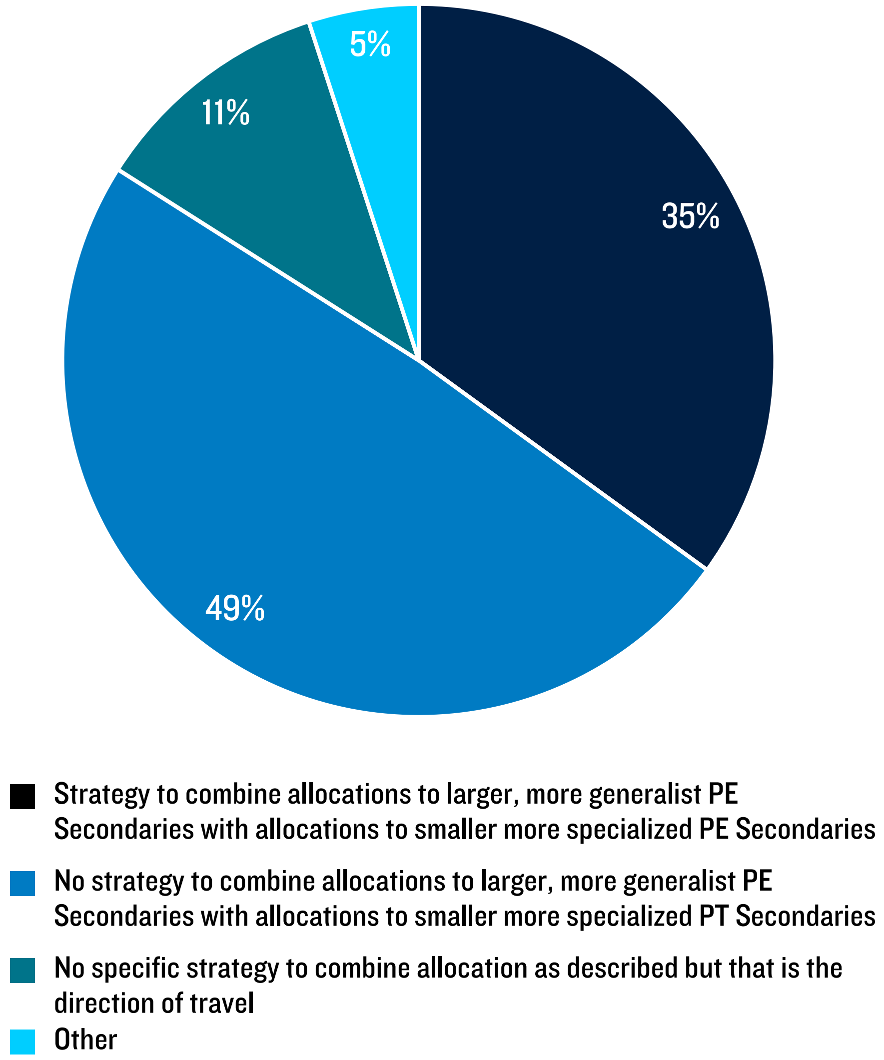
Allocator preference is skewed toward smaller transactions. Small and mid-market LP-led deals are viewed as most attractive, reflecting perceived advantages in pricing, access, risk-adjusted returns and exit optionality versus larger, more competitive secondary transactions.

While some respondents cite risk management benefits, secondaries remain illiquid and subject to valuation and market risk.

PORTFOLIO MANAGEMENT AND PE SECONDARIES

MANAGER SIZE DIVERSIFICATION

Almost half of respondents are seeing a trend towards combining allocations to larger, more generalist managers with allocations to smaller specialist secondaries managers. This suggests that the role of (often differentiated) specialist secondary managers may grow as an incremental as well as standalone proposition.



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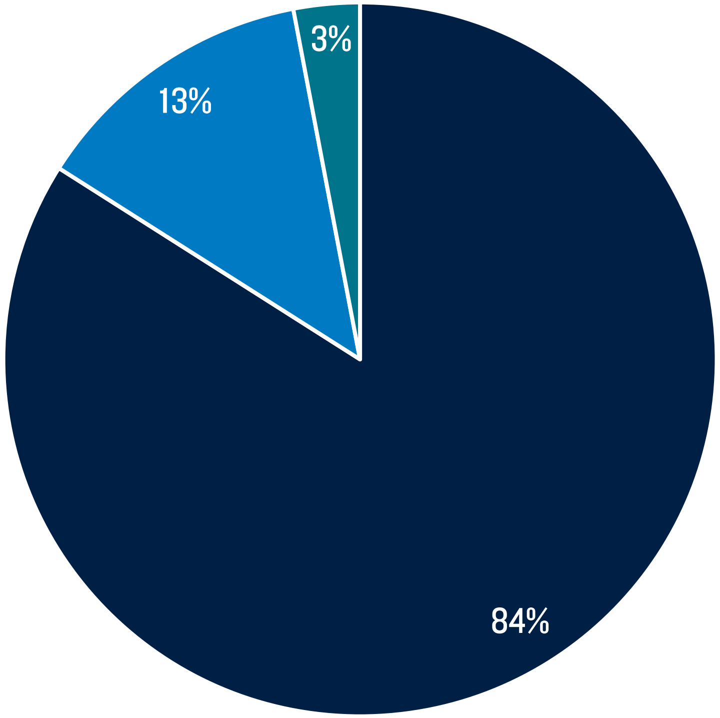
PORTFOLIO MANAGEMENT AND PE SECONDARIES

MANAGER POSITIONING

As capital inflows increase and discounts compress, investors overwhelmingly favor specialist secondaries managers. Differentiated deal flow and specialist execution capabilities are viewed as critical differentiators for achieving top-quartile performance.



- Specialist managers with differentiated deal flow and execution capabilities
- Large cap, generalist managers
- It’s all about mix of deal type, timing and execution

"As secondaries scale, we continue to champion the ability to unlock superior, differentiated returns by identifying relative value across GP-led and LP-led investment opportunities with a customized, data-driven approach to transaction and SMA structuring. Beyond serving as private capital industry's infrastructure for liquidity, secondaries are increasingly becoming the infrastructure for private capital portfolio management."

DR. CHRISTOPH JÄCKEL
CIO and Managing Partner, Switzerland

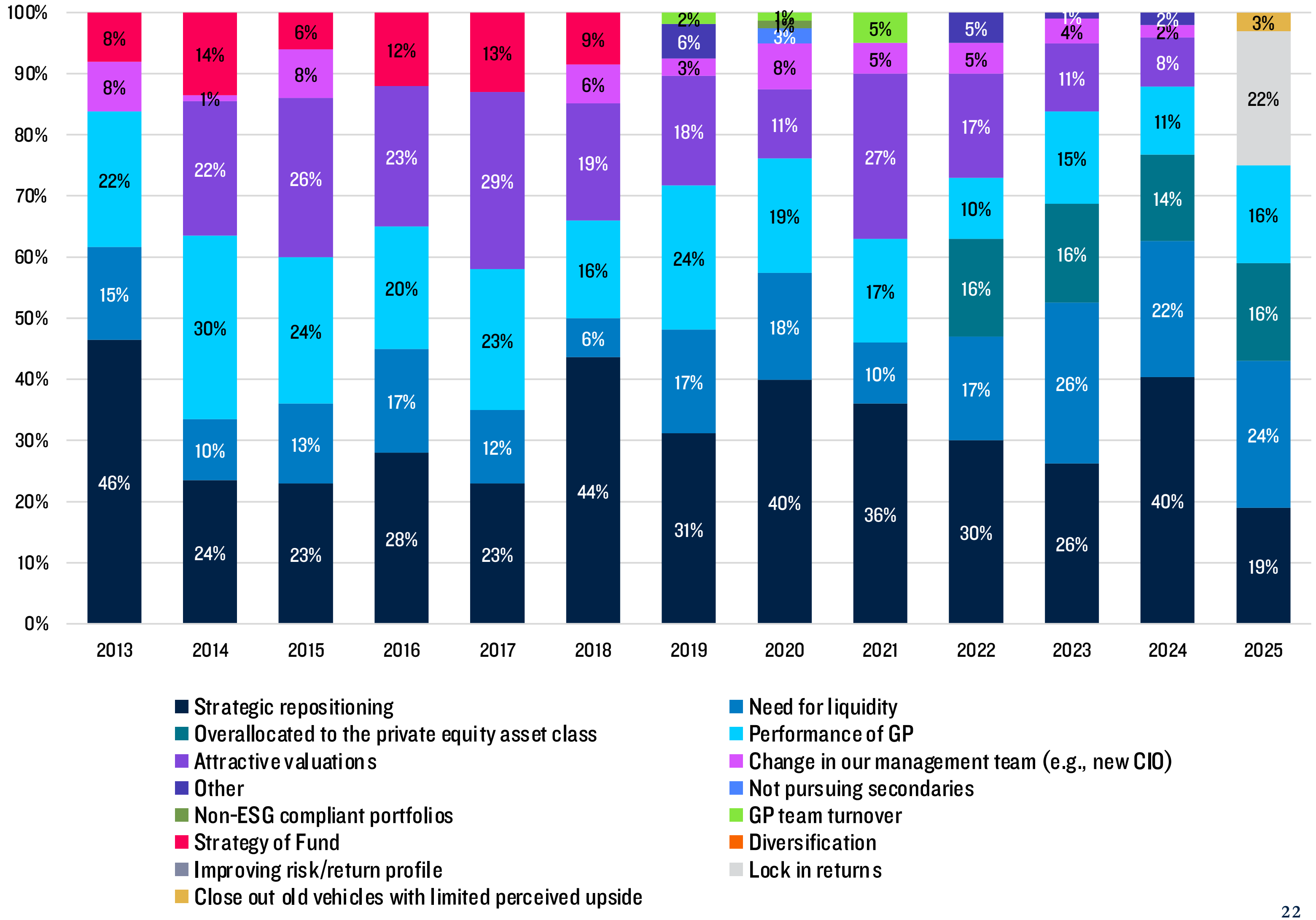
REF: 023520

PORTFOLIO MANAGEMENT AND PE SECONDARIES

MOTIVATIONS FOR LPS TO SELL PRIMARY FUND INTERESTS

Selling motivations are diverse, reflecting the maturation of PE Secondaries. While liquidity needs remain the most common driver, responses indicate a broad range of portfolio management considerations behind secondary sales including return lock-in, strategic repositioning or addressing over allocation.

A time series view underpins the point that selling motivations are diverse and while there are common themes secondary transactions are never cookie-cutter



Responses reflect historical trends and may not apply to all investors or future market conditions.

REF: 023520

PORTFOLIO MANAGEMENT AND PE SECONDARIES

BARRIERS TO SELLING

Operational constraints continue to limit LPs selling on the secondary market. A lack of internal experience, dedicated team capacity, or the systems/models to accurately price are the three most cited factors preventing LPs from more actively selling private equity positions.

IN-HOUSE CAPABILITIES

Investor views are mixed on whether LPs now have sufficient internal tools to actively manage private equity portfolios. This divergence most likely highlights varying levels of organizational scale, sophistication, and resourcing across the LP universe.

PORTFOLIO MANAGEMENT AND PE SECONDARIES

GP-LED SUCCESS FACTORS

In GP-led transactions, team quality is paramount. Experienced teams with direct investing experience are viewed as essential to navigating complex structures and delivering successful outcomes on the ground in continuation vehicles and other GP-led processes.

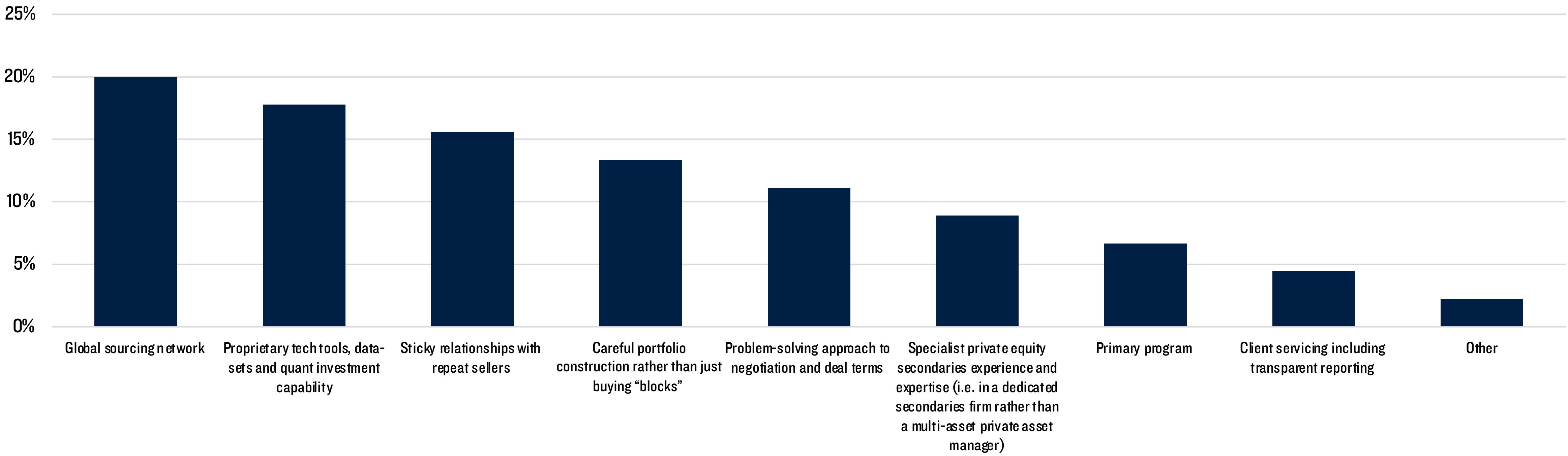
POTENTIAL BENEFITS OF CO-INVEST BROUGHT TO LPS BY SECONDARY MANAGERS

Co-investments offered by managers of PE Secondaries are valued for their effectiveness and operational efficiency. Investors particularly appreciate access to the manager's due diligence, pricing insights, negotiation and structuring capabilities, rather than viewing co-investments purely as a return enhancement tool.

PRIVATE EQUITY SECONDARY MANAGER SUCCESS FACTORS

LP-LED SUCCESS FACTORS

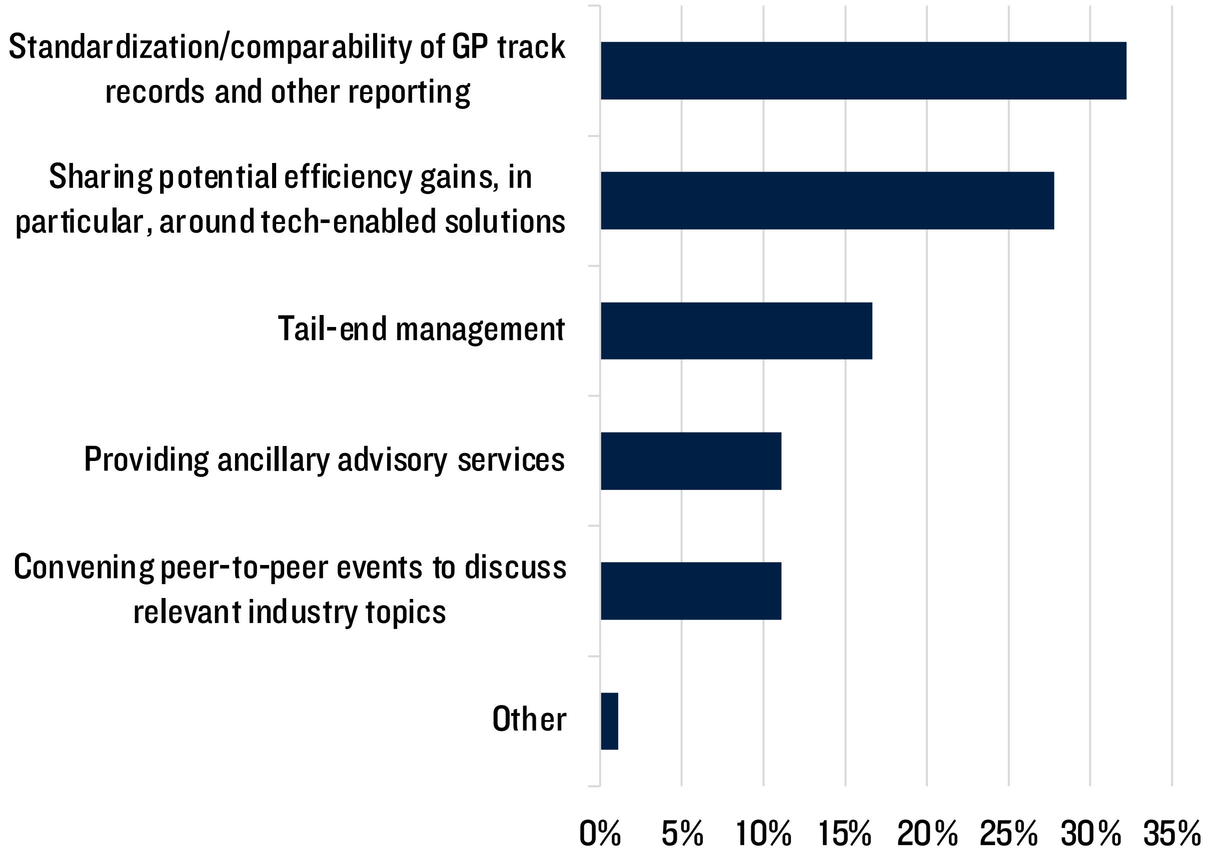
For LP-led transactions, sourcing strength matters most. Investors emphasize the importance of deep networks and strong seller relationships, ranking these well ahead of factors such as primary programs or enhanced reporting capabilities.



PRIVATE EQUITY SECONDARY MANAGER SUCCESS FACTORS

REDUCING OPERATIONAL BURDEN

Technology-led solutions are seen as the most effective way secondary managers can reduce operational friction. Investors prioritize digital tools that enhance efficiency, transparency, and reporting across PE secondary portfolios.



Sourcing strength and deal expertise remain the fundamental pillars of success for any secondary manager. Increasingly, we believe the ability to solve for complexity through operational efficiency specifically through a data-driven, technology-enabled approach to how private capital is measured and monitored is what truly differentiates a firm for secondary LPs today."

PATRICK GLOOR
CTO

EVOLVING SECONDARY FORMATS AND PREFERENCES

EVERGREEN STRUCTURES

Capital efficiency is the primary factor driving institutional investor consideration of evergreen private equity structures. Investors view these vehicles as a way to maintain continuous exposure while improving capital utilization and reducing traditional drawdown inefficiencies, albeit with some views that the drawbacks, for example, around net return potential, may outweigh the benefits.

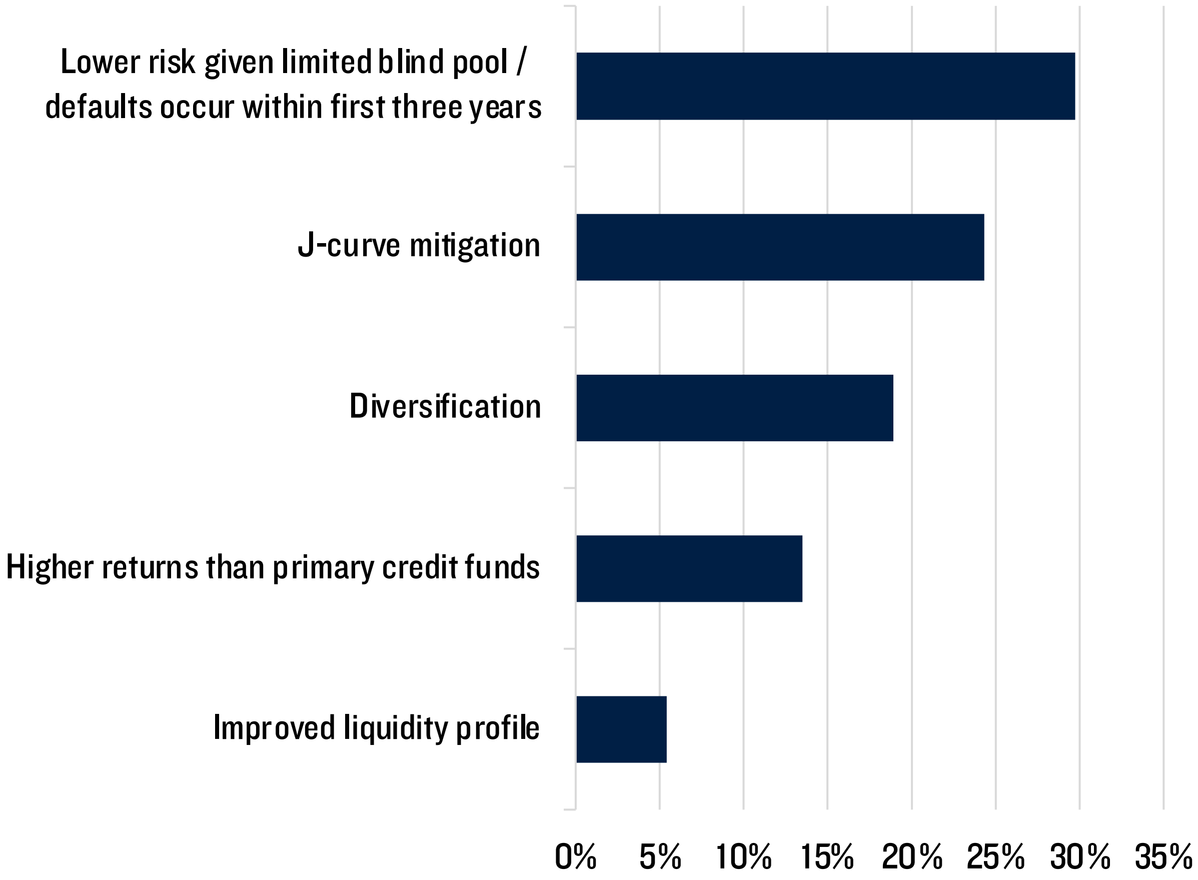
BEYOND PE SECONDARIES

Interest is expanding beyond traditional PE Secondaries. Private credit secondaries emerge as the most attractive adjacent strategy, reflecting growing demand for diversification and the versatility of the infrastructure of secondaries across other asset classes.

EVOLVING SECONDARY FORMATS AND PREFERENCES

SECONDARY PRIVATE CREDIT ADVANTAGES

Secondary private credit funds are valued for their defensive characteristics. Lower perceived loan default risk came out top as the most cited advantage of credit secondaries versus primary credit.



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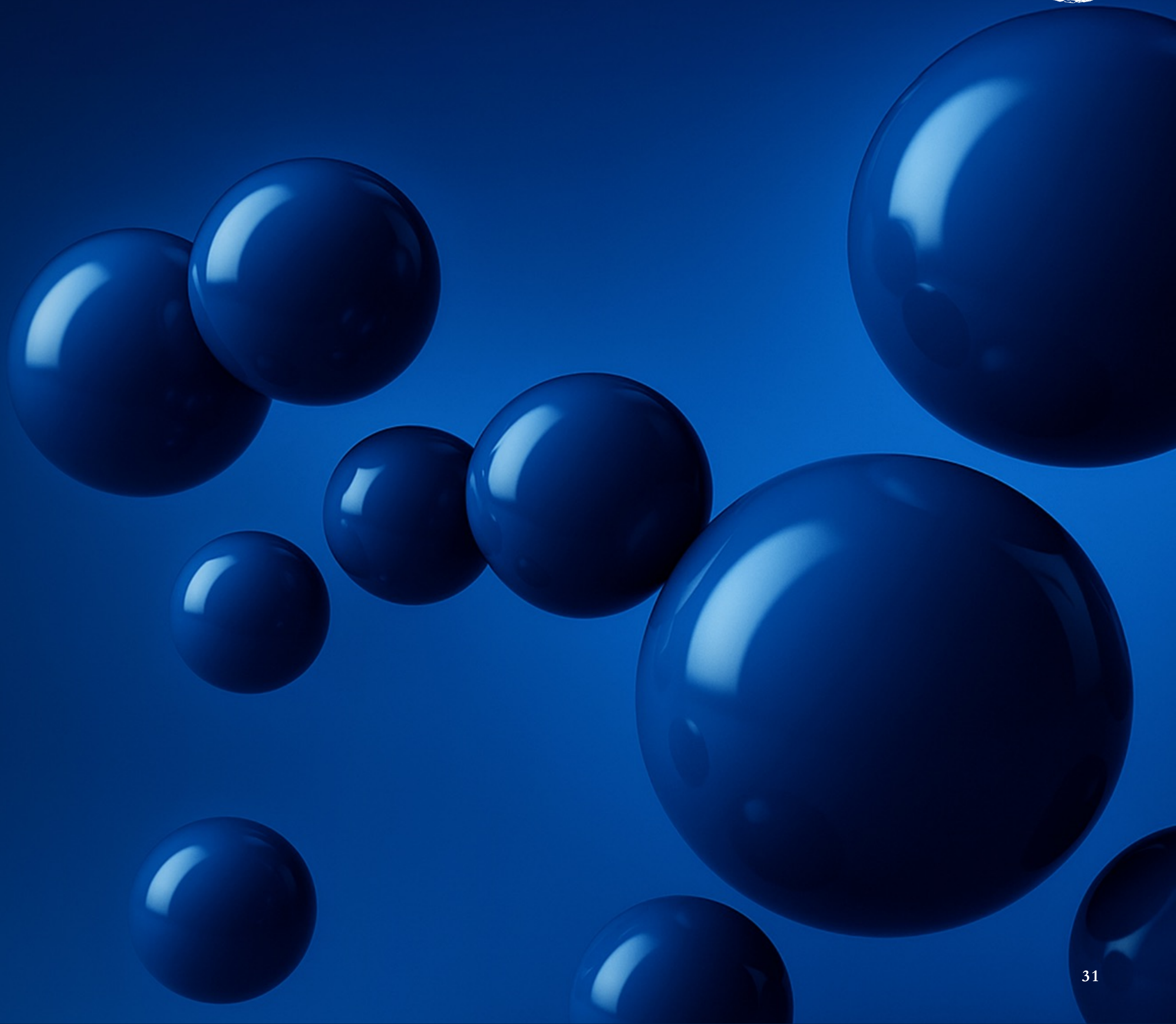
Credit secondaries benefit from greater cash flow predictability and more efficient pricing. Acquiring seasoned loans helps us assess borrower performance and price loans accurately. Together, this leads to a performance edge versus primary credit funds."

MAËLLE REICHENBACH
Senior Principal

REF: 023520

FEEDBACK

We welcome your feedback, challenges and perspectives as we continue the conversation with you on what matters most in private capital secondaries. Please share any comments with your usual relationship contact at MCP or if you prefer to submit anonymously to investor.relations@mcp.eu



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