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# Global Private Markets Outlook

## Extending the cycle: growth and opportunity across private markets

Private markets enter 2026 on stronger footing, supported by improving deal flow, a more favorable rate environment, and a supportive policy backdrop. Credit quality remains resilient as liquidity and investor access continue to expand. In this environment, investors are re-engaging with greater discipline, emphasizing selectivity, diversification, and transition-oriented opportunities across private markets.



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### Key macro forces impacting private markets



#### Financial conditions support activity

Easier short-end conditions and disciplined long rates point to a constructive private markets environment in 2026.



#### Global policy backdrop is constructive

Resilient U.S. growth, improving conditions across Europe, Japan, and China, and supportive policy should sustain global growth.



#### Global megatrends are driving capital-intensive investments

Geopolitical shifts reinforce global transitions in digitization, electrification, and supply chains, driving capital-intensive investment, especially in AI.

**Key takeaway: Private markets remain a core and growing component of portfolios, with opportunity increasingly defined by selectivity, diversification, and transition-oriented exposure. As the cycle extends, investors are leaning into greater complexity and control to unlock differentiated sources of return.**

### Our view of key asset classes

	OUR VIEWS	INVESTABLE TAKEAWAY
<b>Private equity</b>	Momentum is private equity deal activity built through 2025, setting the stage for a stronger recovery in 2026. Improving financial conditions and accelerated deal flow and exits is helping to re-energize the private equity flywheel.	We favor segments with greater choice and more compelling pricing, particularly middle and lower middle market private equity, where competition is lower and entry points are more attractive.
<b>Private credit</b>	As the credit cycle matures, private credit fundamentals remain resilient, supported by strong corporate liquidity, defensive capital structures, and relationship-based lending.	Focus on resilient segments. In our view, this includes middle market credit, which remains defensive and under appreciated.
<b>Real estate</b>	Differences in the pace and persistence of rate normalization are driving uneven price discovery across U.S. and European real estate markets, with cost of capital remaining the dominant influence on valuations.	Leverage country and regional differences to capture cyclical opportunities and focus on sectors with durable demand and cash flow growth, such as those driven by foundational changes in demographics and global megatrends.
<b>Real assets</b>	Geopolitical developments strengthen our conviction that global transitions – digitization, electrification, and supply chain re-globalization – will drive increased demand for real assets.	While valuations have risen in parts of the AI ecosystem, inputs such as energy and materials have seen more limited valuation expansion, creating attractive relative value and diversification opportunities.

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## Objective, **top-down analysis**

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Private markets remain a core and growing



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