



# Global Private Markets Outlook

Extending the cycle: growth and opportunity across private markets

FEBRUARY 2026



INVESTMENTS

# About the authors

Demonstrating the depth and breadth of the New York Life Investments platform

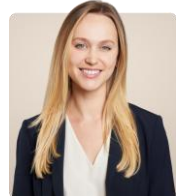
## Objective, **top-down** analysis

### *Global Market Strategy at New York Life Investments*

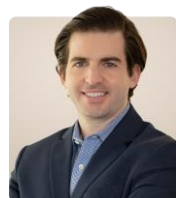
Our team of market strategists connects macroeconomics to asset allocation. Leveraging proprietary research alongside the breadth and depth of the New York Life Investments platform, we provide actionable insight into market-driving events, structural themes, and portfolio construction to empower investment decision-making.



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## Seasoned **bottom-up** expertise

### *The benefit of our multi-boutique platform*

New York Life Investments delivers a broad suite of private markets solutions designed to help clients achieve long-term objectives. Our approach is grounded in decades of institutional experience and deep market insight, with a focus on disciplined diversification and durable value creation. Through a proven, repeatable investment process, our teams actively manage **private equity**, **private credit**, **real estate**, and **real asset and infrastructure** strategies, applying rigorous underwriting, sector specialization, and a long-term perspective across the private markets landscape.

### Specialist investment capabilities across private markets:



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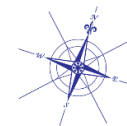
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# Executive Summary

## Global Private Markets Outlook

Private markets enter 2026 on firmer footing, with deal activity rebounding alongside a more supportive rate environment. We expect a constructive year ahead, with global policy support reinforcing momentum across public and private markets – accentuated by monetary policy easing and deregulation in the United States.

Against this backdrop, private markets continue to demonstrate resilience, underpinned by strong credit quality, new liquidity channels, and expanding investor access. As the credit cycle matures, investors are re-engaging with renewed discipline – emphasizing selectivity and diversification, while increasingly turning to more complex or fragmented markets for differentiated and transition-oriented opportunities.

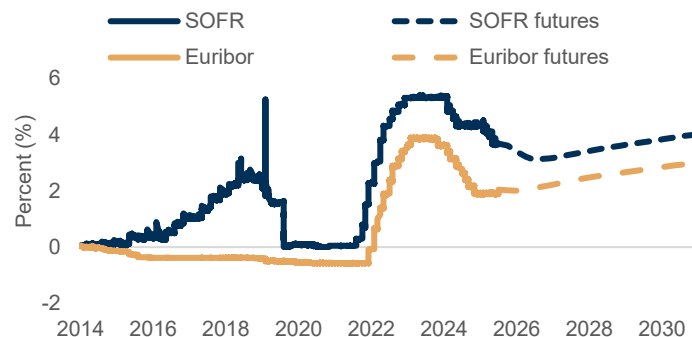
**Important context:** This material is provided for informational and educational purposes only and reflects the current market views of New York Life Investments as of the date shown. It does not constitute investment advice, a recommendation, or an offer to buy or sell any security or investment strategy. Any references to asset class characteristics, portfolio roles, or historical performance are illustrative and may not be indicative of future results. Private market investments involve significant risks, including illiquidity, valuation uncertainty, and loss of capital. This helps globally and reduces reliance on back-end disclaimers. This material is not intended for distribution to retail investors in any jurisdiction and may not be distributed where such distribution would be contrary to local laws or regulations. This is standard and often expected by APAC and Middle East regulators.

# Key macroeconomic forces impacting private markets

## Financial conditions are supporting activity

Lower short-end rates and improving liquidity are supporting confidence and deal flow. At the same time, higher long-end rates reinforce discipline, and elevate the importance of underwriting, manager selection, and cash-flow durability.

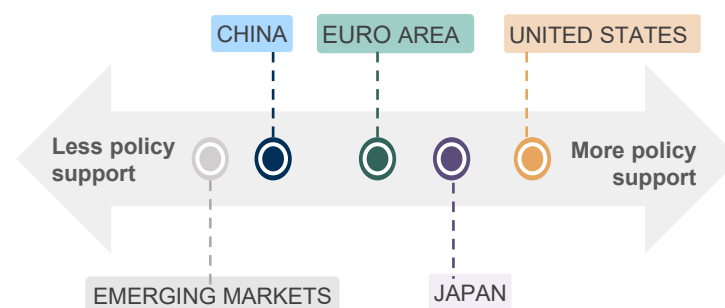
### Rates have moved lower, but remain elevated



## The global policy backdrop is constructive

We expect a supportive global backdrop, led by resilient U.S. growth and aided by stable to improving conditions across Europe, Japan, and China. Policy support – fiscal, deregulatory, and industrial initiatives – is likely to drive investment and economic momentum.

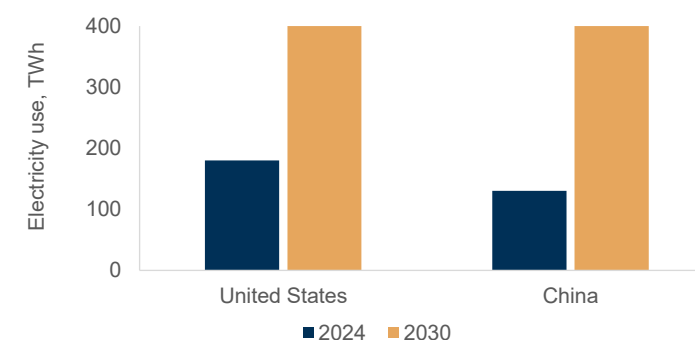
### Countries are facing differing degrees of policy support



## Global megatrends are driving capital-intensive investments

Geopolitical developments reinforce our conviction that global megatrends related to supply chain re-globalization, electrification, and AI are powerful drivers of capital-intensive investments, creating sector and diversification opportunities.

### Data center electricity use will grow substantially




**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.

Opinions of New York Life Investments, February 2026. Sources for each chart provided on later slides.

# Our views of key asset classes

Private markets remain a growing core allocation, supporting diversification and long-term return potential.

	Our views	Investable takeaway
 <b>Private equity</b>	Momentum in 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 and lower middle market credit, which we believe provides defensive characteristics, including lower leverage and limited reliance on covenant-lite transactions.
 <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, with cost of capital remaining the dominant cyclical 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 and infrastructure</b>	Geopolitical developments strengthen our conviction that global transitions – digitization, electrification, and supply chain re-globalization – will drive increased investment in real assets and infrastructure.	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.

Opinions of New York Life Investments, February 2026.

## 2 | Capital markets conditions

# Despite risks, global economic growth will remain resilient in 2026

Supportive financial conditions, fiscal tailwinds, and continued AI-driven investment underpin our constructive global outlook.

The shifting geopolitical landscape was a defining force in investment decision-making in 2025.

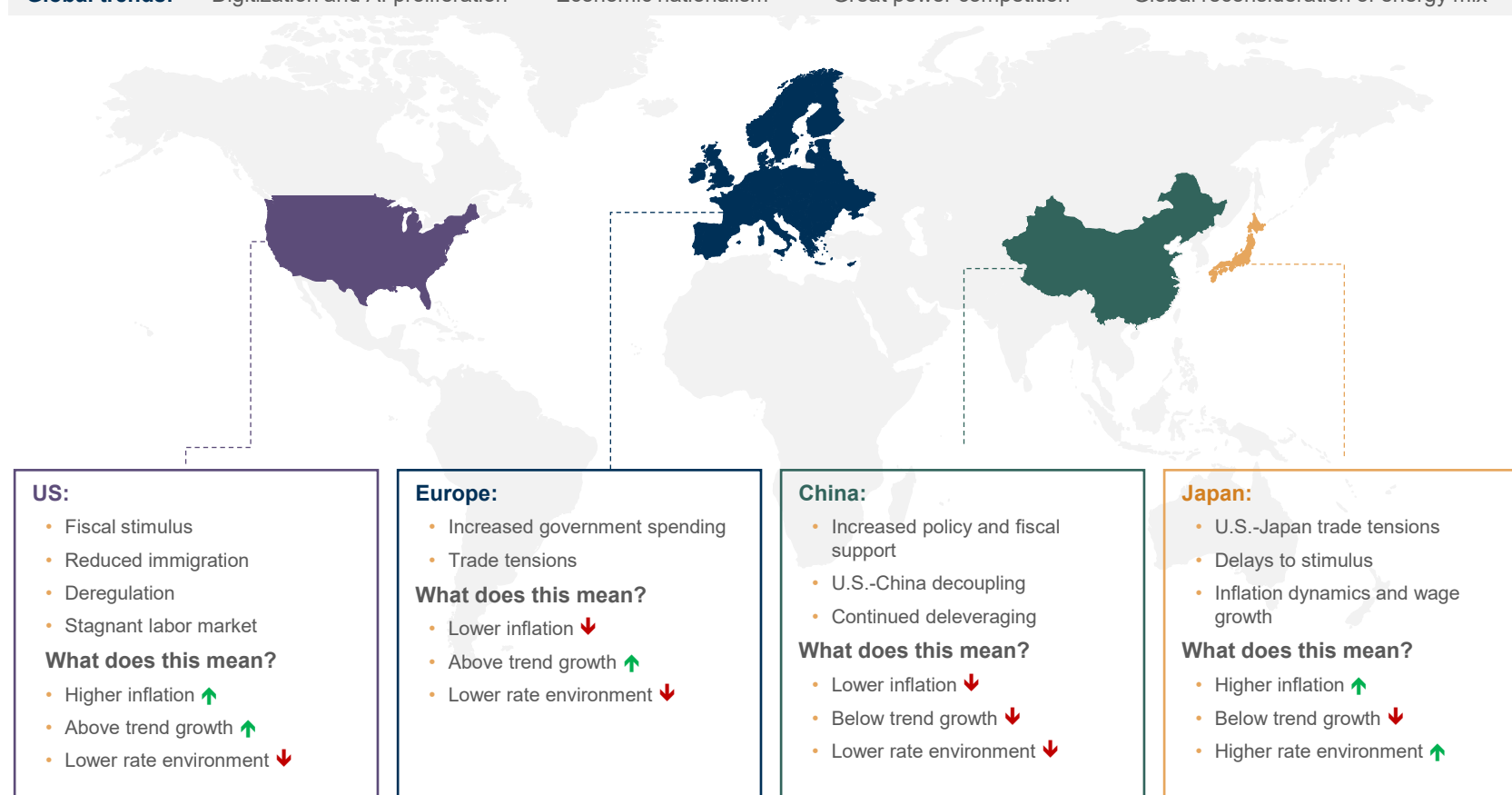
- Uncertainty has shaped investment decisions for several years, with investors now expecting disruption rather than stability. Geopolitical competition and economic nationalism are reshaping the global economy, while U.S. policy choices on trade and security reinforce these shifts.
- Despite this backdrop, 2025 delivered robust economic growth and a constructive market environment, as investors were increasingly willing to look through policy changes. We expect these trends to not only persist, but accelerate into 2026.

Looking ahead, easy financial conditions, policy support, and continued advances in global mega-trends – such as AI – should remain key drivers of investment.

- Our base case anticipates a constructive global economic and market backdrop in 2026, led by resilient U.S. growth and complemented by neutral-to-improving conditions in Europe, Japan, and China.
- Loose financial conditions, selective fiscal support, and sustained AI-related capex should support earnings and risk appetite, even as regional dispersion increases. While macro and geopolitical risks may rise, we expect them to remain manageable.

## Key trends shaping the global macroeconomic backdrop

**Global trends:** Digitization and AI proliferation   Economic nationalism   Great power competition   Global reconsideration of energy mix

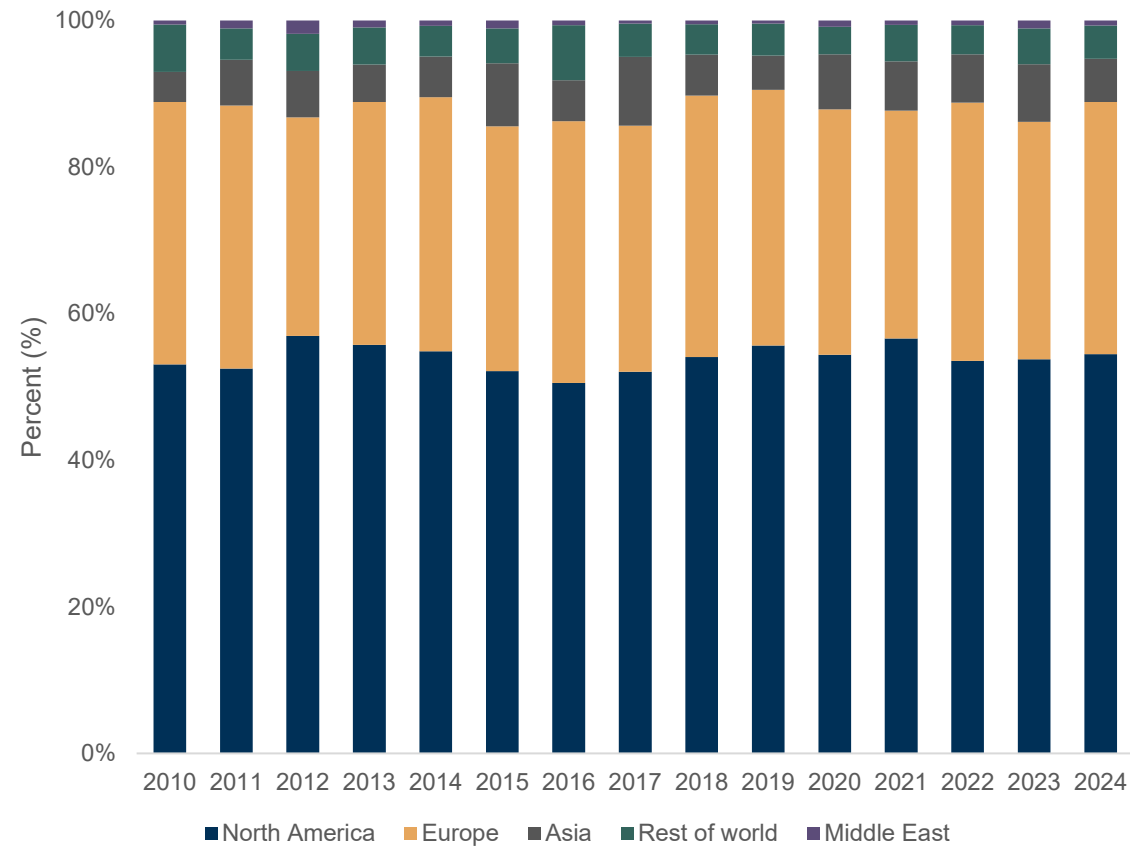




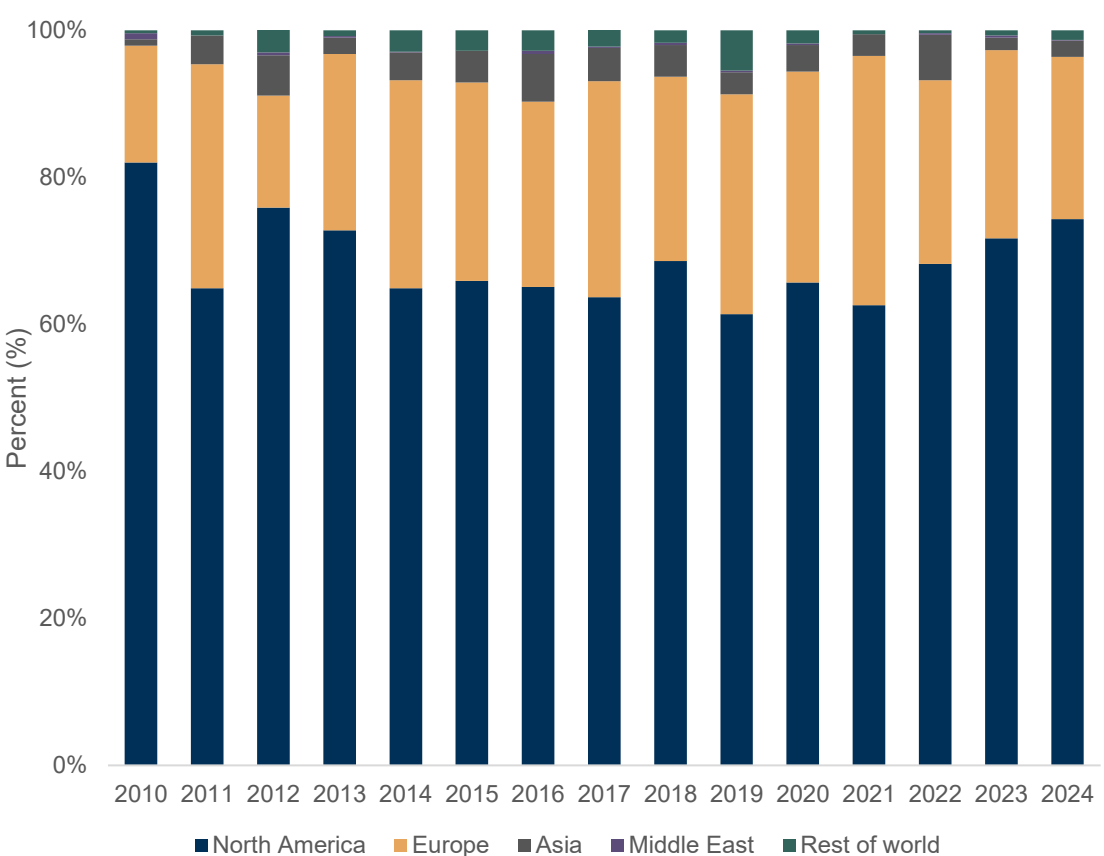
# Private assets are concentrated in North America and Europe – informing our focus

Europe and North America currently offer the deepest access to the private markets landscape.

Share of global private equity deal value by region



Share of global private debt capital raised by region



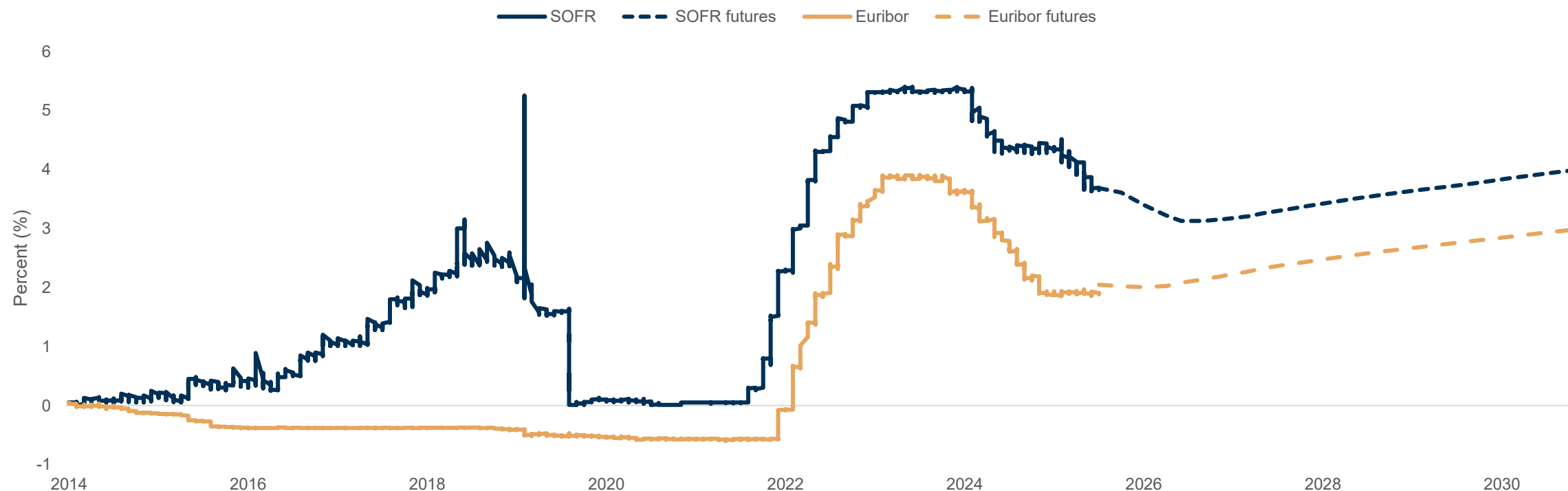
Sources: New York Life Investments Global Market Strategy, PitchBook, February 2026, with data as of June 30, 2025.

Sources: New York Life Investments Global Market Strategy, PitchBook, February 2026, with data as of June 30, 2025.

# Rates: While short-end interest rates have moved *lower*...

Lower interest rates in the U.S. and Europe have improved financial conditions, yet income generation opportunities remain.

Rates have moved from their post-COVID peaks, but remain elevated from the zero-interest rate period



Sources: New York Life Investments Global Market Strategy, Federal Reserve, European Central Bank (ECB), Bloomberg, February 2026. The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. The Euro Interbank Offered Rate (Euribor) is a daily reference rate, published by the European Money Markets Institute, based on the averaged interest rates at which Eurozone banks borrow unsecured funds from counterparties in the euro wholesale money market.

For a more detailed interest rate outlook, please see our latest [Macro Pulse](#) economic and market report.

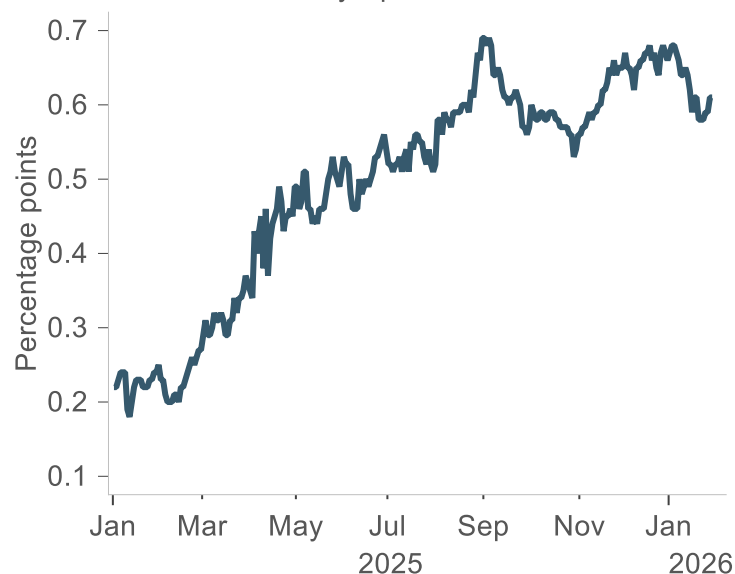
# Rates: ...Rising long-end rates reflect long-term policy and debt risks

Steeper global yield curves reflect growing concerns around political dysfunction and debt sustainability.

- Throughout 2025, long-term market interest rates rose, producing a bear steepener in the 30Y-10Y spread across several major sovereign curves. Though different countries have different economic and political pressures, a common reason for curve steepening has been the political dysfunction and economic discontent simmering in major economies like the U.S., France, Japan, and the UK.
- While private credit is typically financed off the short-end of the curve – and short-end policy rates have moved lower as central banks ease to support growth – investor return expectations, valuation frameworks, and volatility assumptions are increasingly shaped by long-end rates, elevating the importance of curve shape over the policy rate alone.
- For private markets, rising long-end rates reinforce discipline – rewarding strong underwriting, conservative leverage, and skilled managers – while creating attractive opportunities for patient capital.

## Pressure in U.S. Treasury long rates...

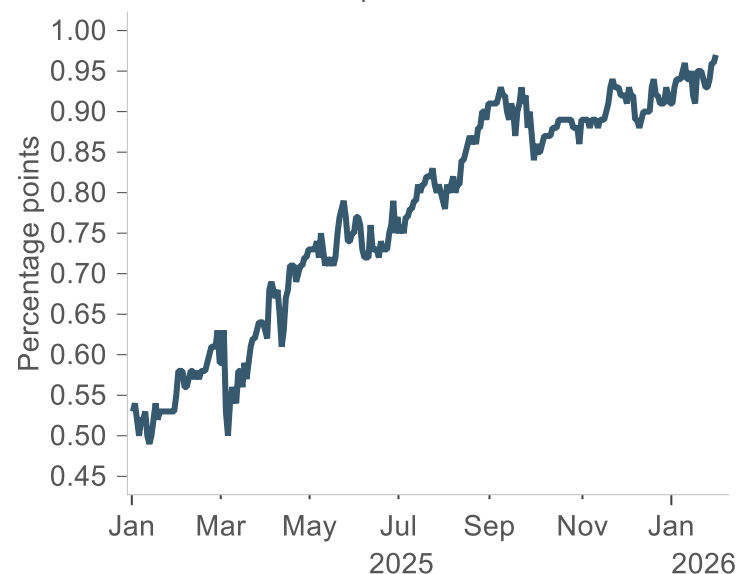
— U.S. 30Y-10Y Treasury Spread



Sources: New York Life Investments Global Market Strategy, U.S. Department of Treasury, Macrobond, February 2026.

## ...in the French OATs curve...

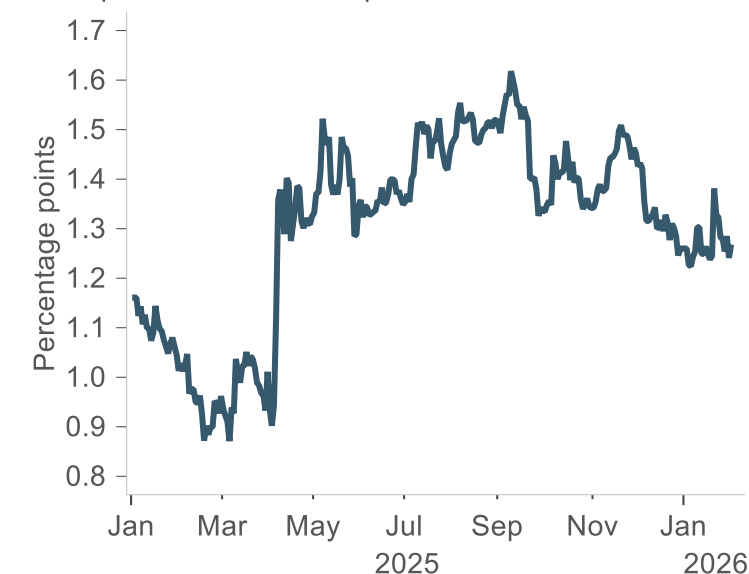
— France 30Y-10Y OAT Spread



Sources: New York Life Investments Global Market Strategy, Macrobond Financial AB, Macrobond, February 2026. OATs: Obligations assimilables du Trésor.

## ... and in Japanese government bonds.

— Japan 30Y-10Y JGB Spread



Sources: New York Life Investments Global Market Strategy, Macrobond Financial AB, Macrobond, February 2026. JGB: Japanese Government Bond.

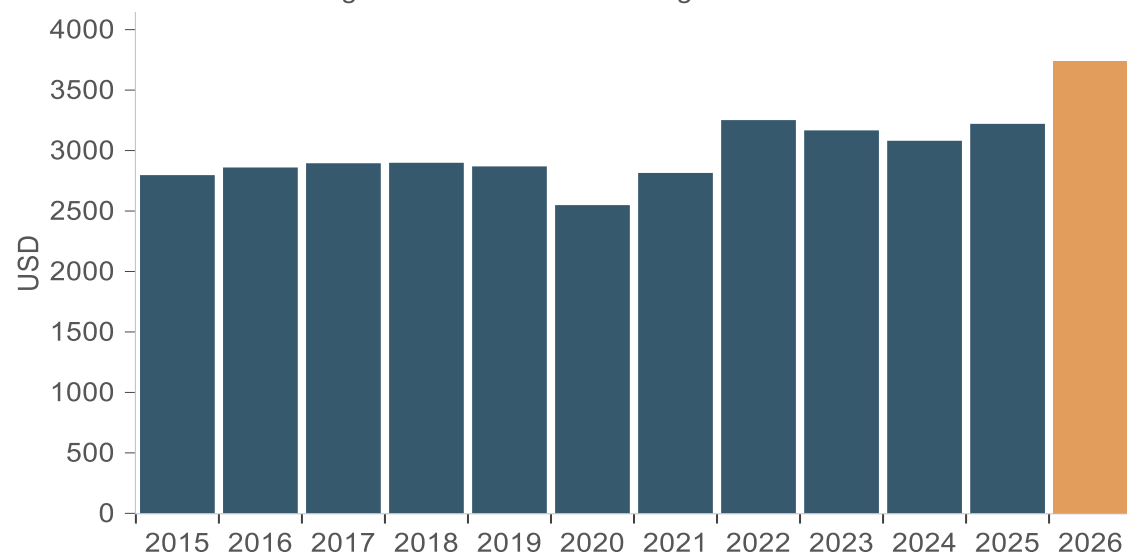
# Growth: Strong policy support should sustain U.S. economic activity

As the midterms approach, growth and affordability take center stage, with tax cuts and deregulation supporting the U.S. outlook.

- We expect the tax cuts in the One Big Beautiful Bill Act to deliver a significant boost to both U.S. consumers and businesses, especially in the first half of 2026, with higher year-over-year tax refunds (**left chart**). On the corporate side, the bill introduces generous tax incentives – including 100% depreciation for capital expenditure and immediate expensing for R&D – which may spur business activity and pull forward investment.
- We believe deregulation and industrial policies will provide a tailwind for growth throughout this year. Expanded government support for key industries, including energy, financial services, and technology, may strengthen strategic sectors and spur innovation and investment.
- Financial sector deregulation in particular is likely to take the form of lower bank capital requirements that could fuel loan growth, share buybacks, dividends, and [dealmaking](#). The top 13 banks alone hold an estimated \$200 billion in excess capital above current requirements (**right chart**).

## Annual tax refunds are likely to rise meaningfully in 2026

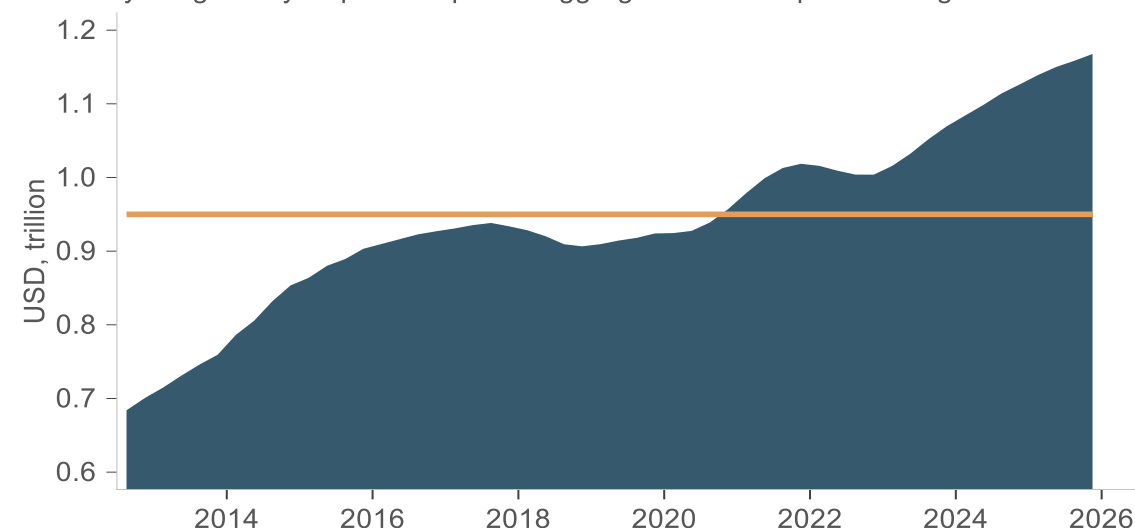
■ Forecasted 2026 average tax refund ■ IRS average tax refunds



Sources: New York Life Investments Global Market Strategy, IRS, JP Morgan, Macrobond, February 2026. JP Morgan estimate of the average 2026 tax refund taking into account the One Big Beautiful Bill Act.

## Bank capital holdings exceed regulatory requirements, providing excess capacity to extend credit to the real economy

— Today's regulatory required capital ■ Aggregate CET1 capital holdings



Sources: New York Life Investments Global Market Strategy, Bloomberg, Macrobond, February 2026. Data includes: JPM, BAC, C, GS, MS, PNC, RF, TFC, USB, BK, NTRS, STT.

# Growth: Demand recovery and fiscal spending boost Europe's outlook

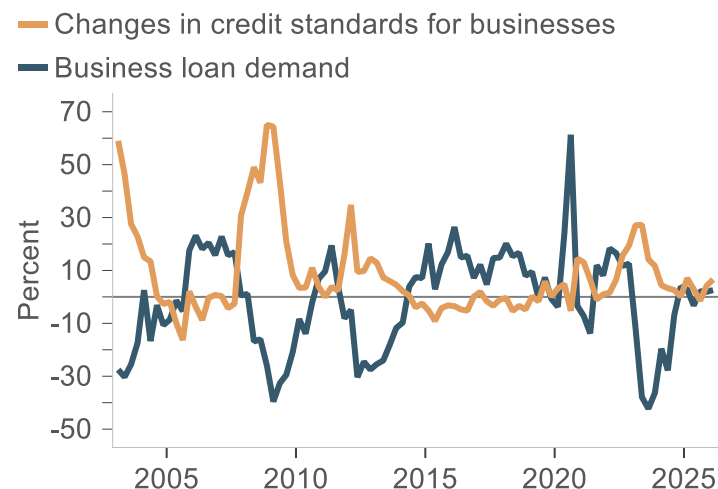
European growth remains constructive, as policy support and accommodative policy continues to filter through the economy.

- Over the past two years, easing inflation and wages (**left chart**) contributed to a consistent ECB rate-cutting cycle. Moderate credit conditions (**middle chart**) and recovering domestic demand (**right chart**) led to resilient outcomes. In the first half of 2025, persistent U.S. dollar depreciation and policy uncertainty also contributed to flows toward European assets.
- In 2026, we expect the ECB to remain on hold; rates are accommodative, with easier policy still filtering into economic activity. Stimulative defense spending from Germany may provide a boost, but may be delayed or more moderate than consensus.
- From an economic perspective, Europe is still at risk of disruption from global policy change. Key concerns include Europe's vulnerability to a global slowdown and the impact that a U.S.-China escalation may have; the U.S. and China are Europe's two largest markets. That said, global disruption may just as easily spur additional investment to bolster security or competitiveness.

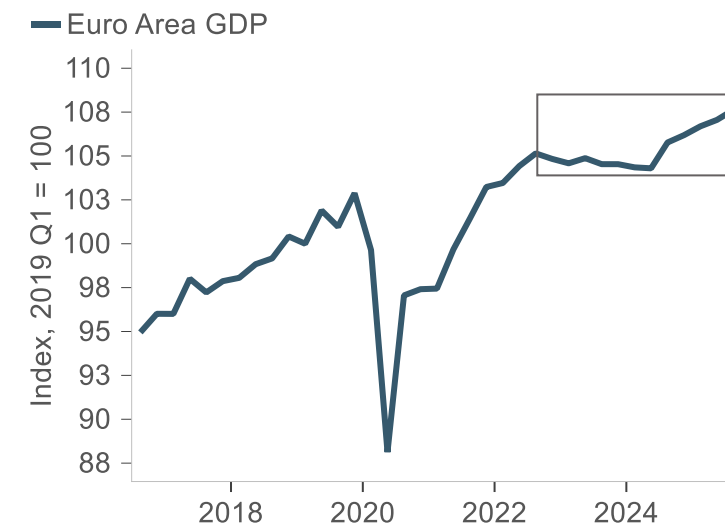
## Inflation and wage growth continue to ease



## Normalizing policy rates have contributed to improving credit standards and loan demand



## Domestic demand improved as rates moved lower



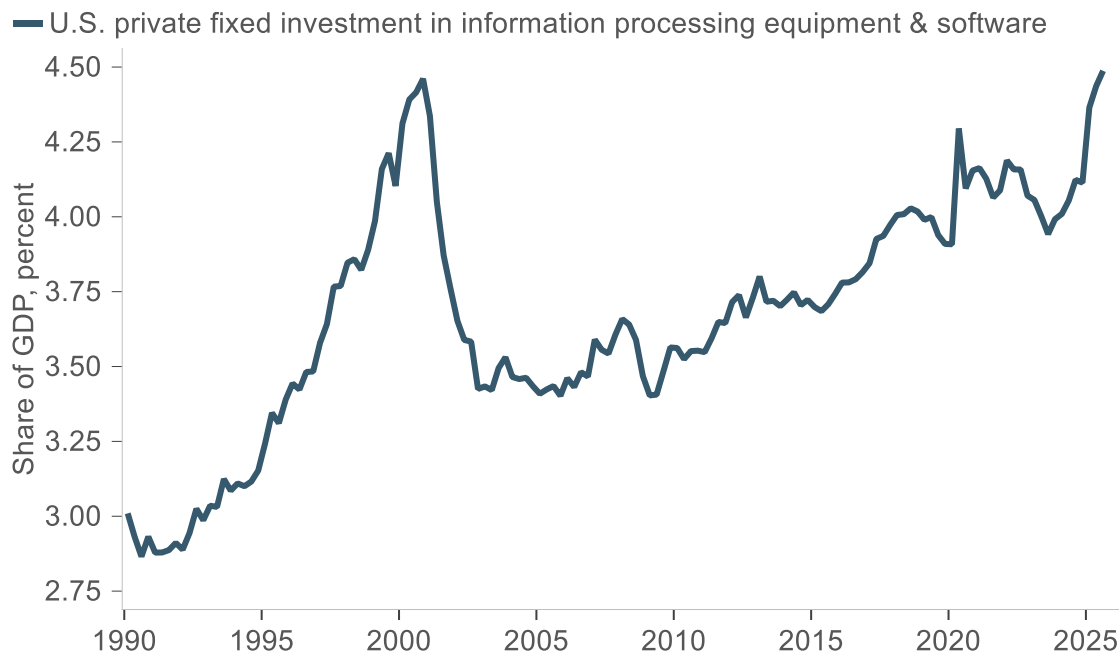


# Growth: AI spending remains a key global tailwind in 2026

AI investment will likely increase globally as adoption broadens and productivity potential rises.

- The pace of AI-related capital spending continues to accelerate (**left chart**), concentrated in data centers, semiconductors, and cloud infrastructure. This investment wave is being led by hyperscalers and reinforced by a broadening cycle of enterprise adoption.
- The scale of AI investment may translate into a measurable lift for global economic activity. The IMF estimates that AI could boost global growth by nearly one percentage point over the long term, reflecting productivity gains and sustained capital formation. Government, corporate, and consumer use cases combined give us confidence that the investment case around AI will persist.
- Financing for AI investment spans both public and private markets, with a significant portion funded through hyperscalers' operating cash flows rather than external capital (**right chart**).

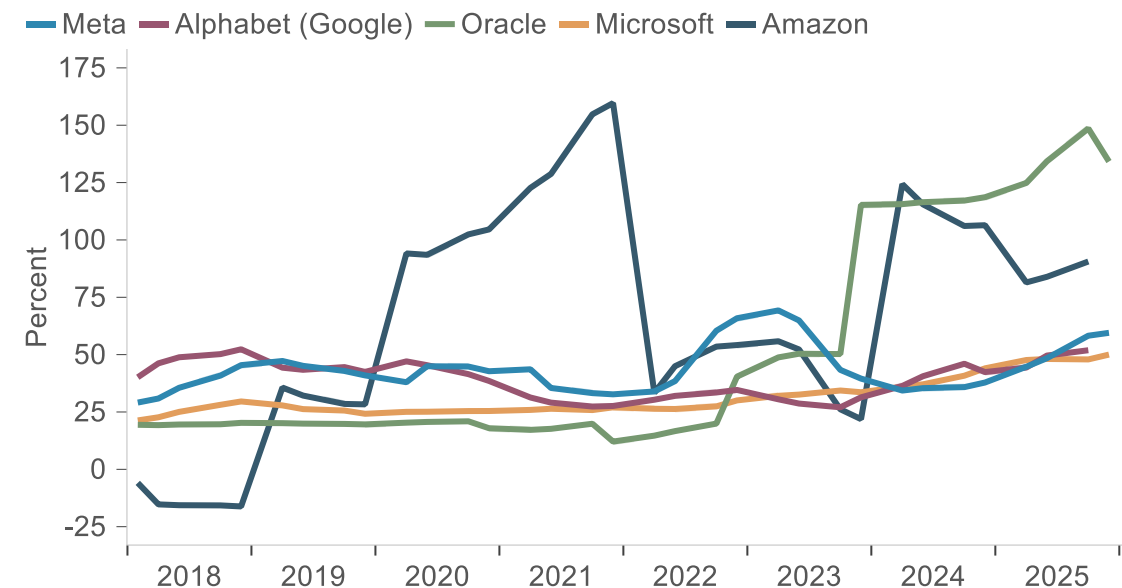
## The AI boom compares to dot-com in the scale and recent pace of tech capex



Sources: New York Life Investments Global Market Strategy, U.S. Bureau of Economic Analysis (BEA), Macrobond, February 2026.

## AI capex is not straining hyperscalers' cash

Capital expenditures as a share of operating cash flow



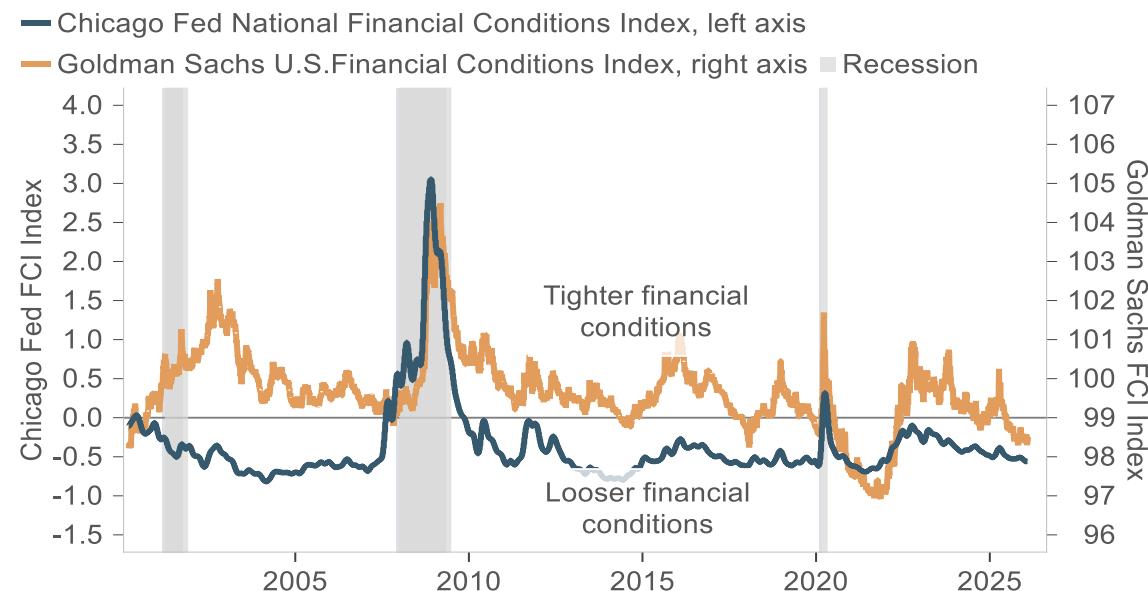
Sources: New York Life Investments Global Market Strategy, Bloomberg Finance LP, Macrobond, February 2026. Smoothing used: 1-year moving average for Meta, Alphabet, Microsoft. 2-year moving averaged used for Oracle and Amazon due to greater volatility.

# Implication: Policy support sets the stage for 2026 dealmaking resurgence

Strong growth, easy financial conditions, and supportive policy should propel dealmaking – energizing private markets activity.

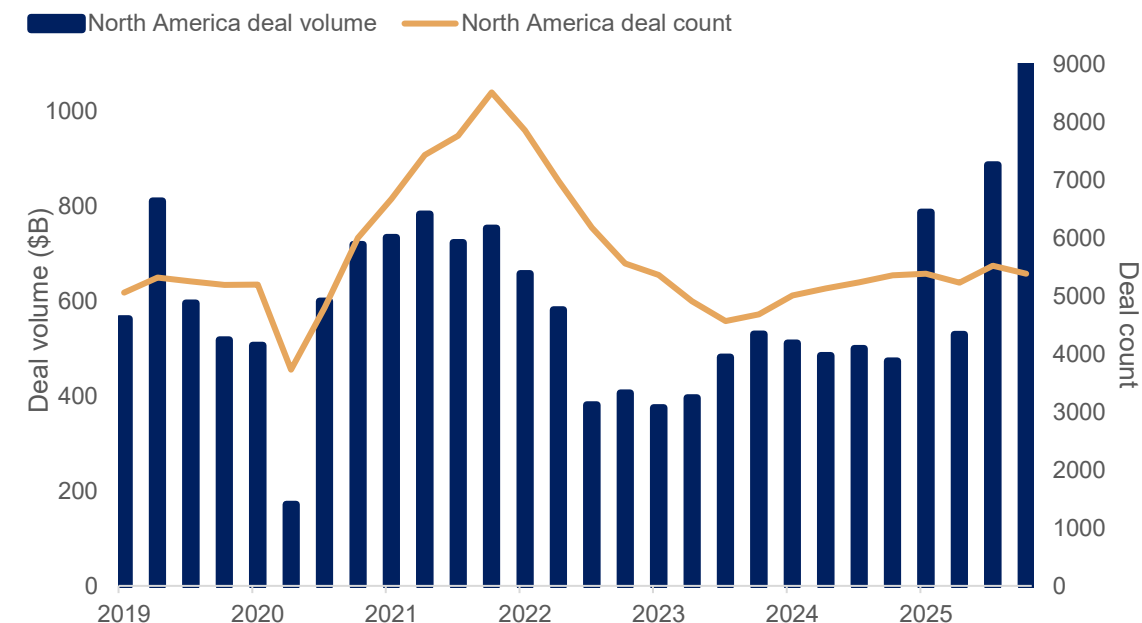
- After a banner year in 2021, the rate-hiking cycle of 2022-2023 triggered a sharp slowdown in global dealmaking. IPO and M&A volumes fell as financial conditions tightened (**left chart**), creating a slow-moving credit crunch in private equity as exits stalled. 2025 marked a clear resurgence in dealmaking, with lower rates reopening the IPO window and lifting M&A activity (**right chart**).
- Heading into 2026, we expect the central tenets of our economic view – strong growth, supportive financial conditions, and greater liquidity, aided by lighter bank capital requirements – to further support deal flow.
- Private equity activity should strengthen as lower rates bolster valuations – a trend we’ve seen manifest in in the second half of 2025. Combined with rising M&A momentum, the private equity “flywheel” of exits, fundraising, and new deals is likely to continue to accelerate.

## Market financial conditions are likely to remain supportive amid interest rate cuts



Sources: New York Life Investments Global Market Strategy, Federal Reserve Bank of Chicago, Goldman Sachs, Bloomberg, Macrobond, February 2026. FCI: Financial conditions index.

## M&A activity rose in 2025, and is likely to continue to accelerate in 2026



Sources: New York Life Investments Global Market Strategy, Bloomberg, February 2026.

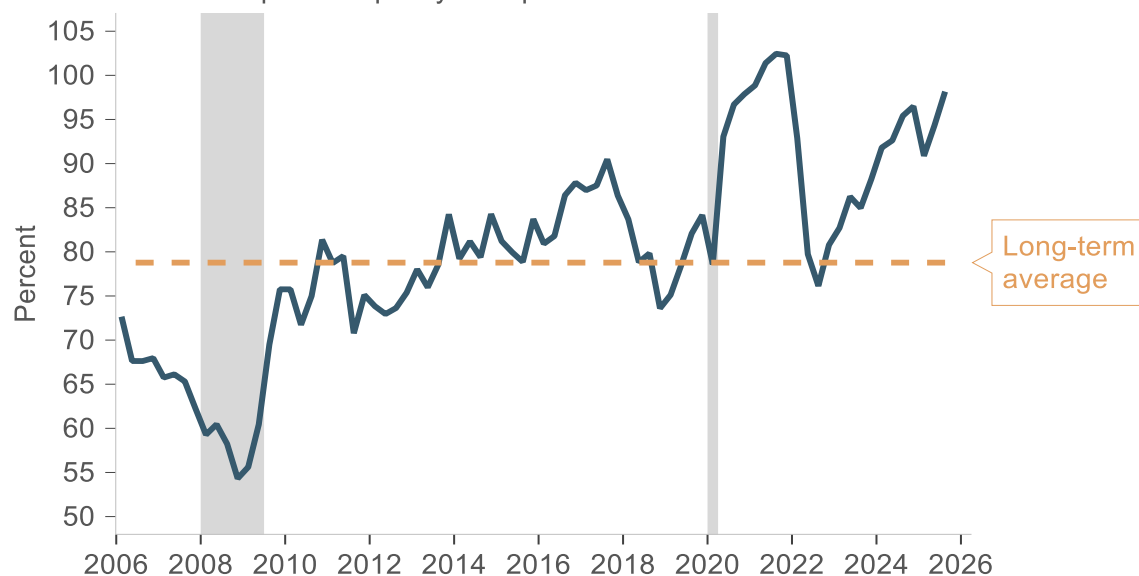
# Implication: The credit cycle is maturing, but fundamentals remain solid

We view recent high-profile credit events in the United States as idiosyncratic, within an otherwise resilient landscape.

- As the credit cycle matures, investors are watching for signs of strain. Recent bankruptcies (First Brands Group, Tricolor Holdings) alongside unexpected bank loan losses in the United States heightened the scrutiny of credit risk. In the absence of publicly available data, private credit is – and we believe it will remain – prone to headline risk. Still, we view these events as isolated, not systemic, in part because of the role of fraud in recent bankruptcies.
- We maintain a constructive outlook on credit. The economy is resilient, and corporate liquidity remains well above the pre-pandemic trend (**left chart**). Liquidity is at healthy levels, and defaults remain low (**right chart**). As the Fed lowers rates, flows from cash-like instruments may support overall flows and tighten spreads further.
- We continue to advocate for selectivity, strong underwriting, and disciplined exposure – not because we expect stress, but because resilience is best built before it is tested.

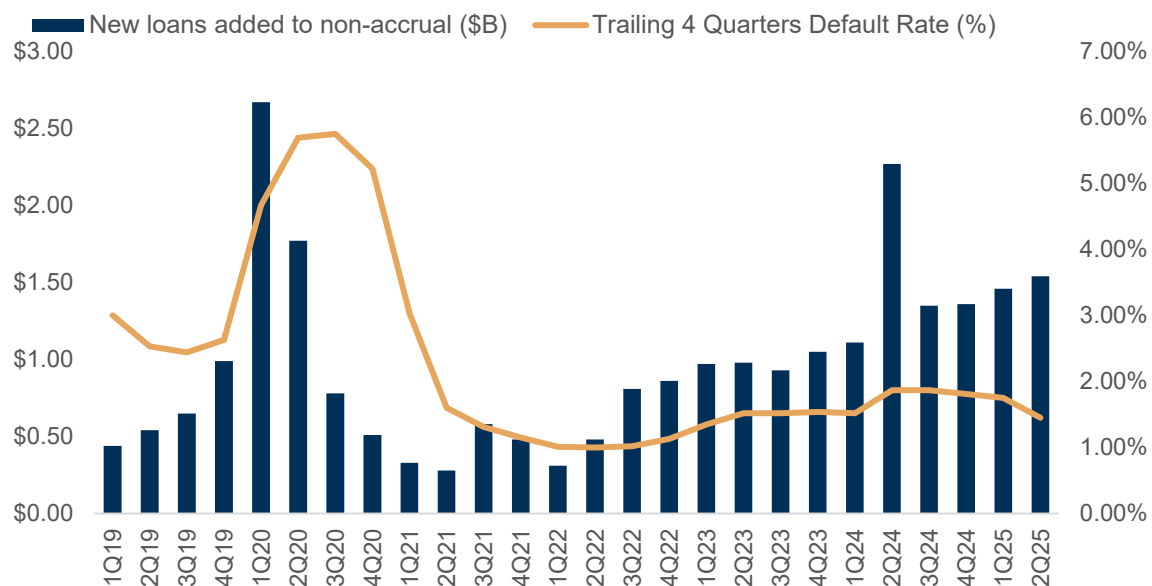
## Corporates' financial buffers still at a healthy level

— Nonfinancial corporate liquidity as a percent of short-term debt



Sources: New York Life Investments Global Market Strategy, Federal Reserve, NBER (National Bureau of Economic Research), Macrobond, February 2026.

## Private credit default rates remain low, while non-accruals have picked up modestly



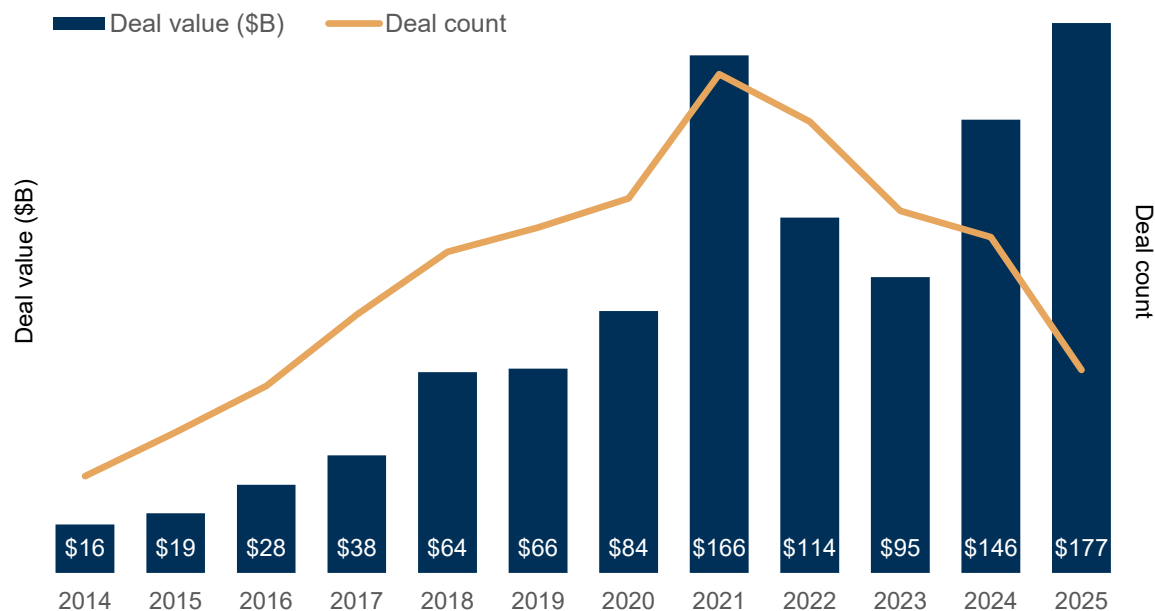
Sources: New York Life Investments Global Market Strategy, Cliffwater LLC, February 2026. Represents data from all loans in the BDC universe.

# Implication: AI buildout has room to run and broaden

From infrastructure to LLMs\*, we expect private markets to play a central role in financing the AI revolution.

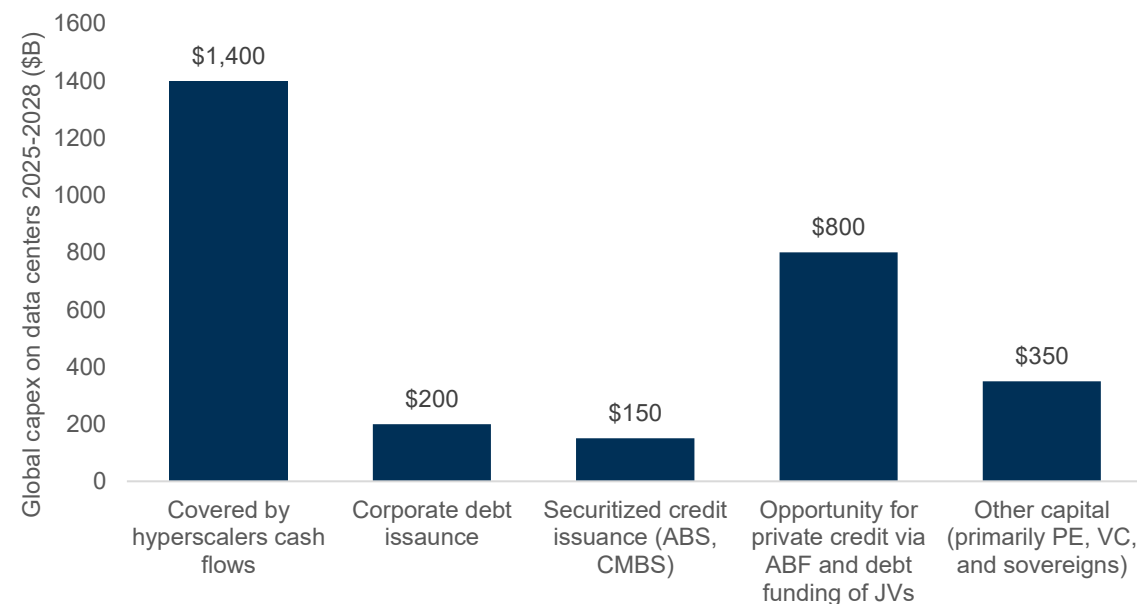
- As AI financing needs continue to rise, private markets have become an increasingly important source of capital for the AI buildout (**left chart**) – proving long-term capital and strategic partnerships – with growing investment across venture, private equity, and private credit reflecting the scale and capital intensity of the opportunity.
- Beyond funding, AI is becoming a source of competitive advantage within private markets, enhancing underwriting, due diligence, and credit selection, while also enabling more tailored client reporting.
- Meeting anticipated AI demand will require substantial and sustained investment in AI and AI-related infrastructure (**right chart**) – including data centers, power generation, and network capacity. Even with efficiency gains, a meaningful funding gap is likely to persist, reinforcing the important role of private capital in supporting this buildout.

## AI venture capital deal activity continues to grow



Sources: New York Life Investments Global Market Strategy, PitchBook, February 2026, with data through September 30, 2025.

## Private markets will be a key financier of the \$2.9 trillion global data center buildout



Sources: New York Life Investments Global Market Strategy, Morgan Stanley Research, July 2025, accessed February 2026, estimates of total global capex for data centers from 2025 through 2028.

\*LLMs stands for large language models, or AI systems trained on vast text data to understand and generate language.

# Implication: Strong U.S. growth slows transition in regional allocation preference

While geopolitics and U.S. policy uncertainty are driving interest in portfolio diversification, it is not unwinding U.S. dominance.

**Geopolitical shifts and U.S. policy changes are driving conversations around rebalancing, but not a retreat from U.S. assets.**

- The global economic and geopolitical landscape is shifting. A model defined by U.S.-led globalization is ceding to great power competition and economic nationalism.
- For investors, this means rethinking portfolios that have become overly concentrated in U.S. assets during the “lower for longer” and strong dollar period of the last 15 years.
- U.S. trade policy shifts in 2025 may have accelerated this trend, at least temporarily. However, global flows data suggest that much of this rebalancing was done via U.S. dollar hedging rather than outright sales of U.S. assets.

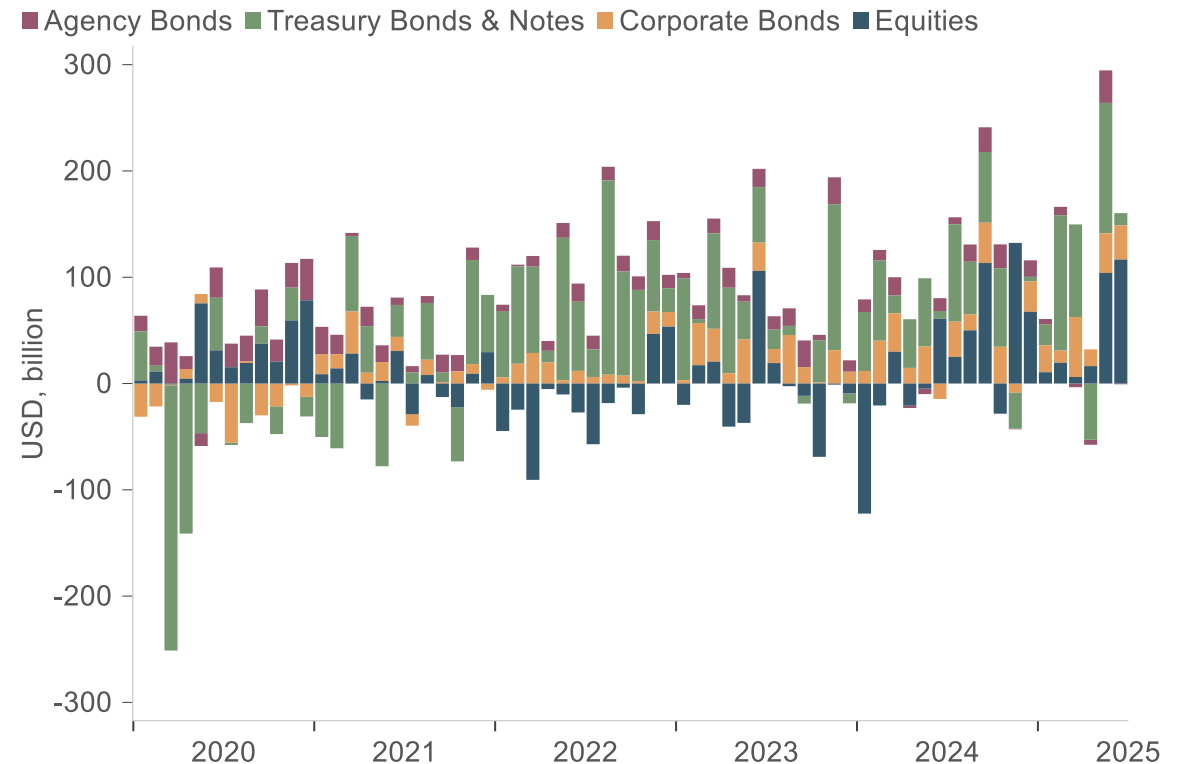
**For now, outperforming U.S. growth will keep the transition in check.**

- Overall, we believe that persistent U.S. growth outperformance, and the resilience of the U.S. dollar as the global reserve currency, will keep investors fully allocated – and even overweight – U.S. assets.
- The depth, liquidity, and breadth of U.S. markets, both public and private, reinforce their role as a core destination for investment.
- However, both policy-related and structural (debt service) concerns remain, and investor preference can shift on a dime – likely felt first in U.S. dollar volatility and potentially in long rates. Key triggers in 2026 include relative economic performance (upside risks to ex-U.S. growth or downside risks to U.S. growth), threats to Fed independence, and volatility around the U.S. midterm elections.

**In this environment, U.S. assets are likely to retain a central role in global portfolio construction, but investors may continue to seek to rebalance regional allocations to provide sector and business cycle diversification.**

**Despite policy uncertainty, foreign investors haven't lost confidence in the U.S. market**

Foreign purchases of U.S. securities by private investors: investment funds, corporations, individuals



Sources: New York Life Investments Global Market Strategy, U.S. Department of Treasury, Macrobond, February 2026.



# 3 | Asset class views

# Our view on allocation

Our key takeaways per asset class are explored in depth throughout this section.

## Private equity

- Momentum in private equity deal activity continued to build through 2025, setting the stage for a stronger recovery in 2026. Improved financial conditions and greater confidence accelerated deal flow and exits – helping to re-energize the private equity flywheel.
- While traditional fundraising remains more constrained, alternative sources of liquidity have strengthened the ecosystem beyond exits and fundraising.
- Looking ahead, private equity remains well positioned, supported by substantial dry powder, increasing activity by corporate buyers, and an evolving secondary market.
- As deal flow accelerates into 2026, opportunity sets are expanding beyond the highest-quality assets, creating attractive entry points.

**Investor approach:** Private equity momentum is building. We favor the middle and lower middle market for its attractive entry points, lower competition, and resilient fundamentals.

## Private credit

- As the credit cycle matures, private credit fundamentals remain resilient, supported by strong corporate liquidity, defensive structures, and long-term relationship-based lending.
- Selectivity is essential as investors lean increasingly into complexity and structure to help build resilience before it is tested.
- In Europe, structural tailwinds and continued bank selectivity support opportunity, while increased competition points to the benefits of a focus on smaller, sponsor-less deals in our view.
- Resilience is strongest in the middle and lower middle market, where credit quality remains high, competition is lower, and relative value is compelling in our view.

**Investor approach:** As the credit cycle matures, focus on resilient segments like middle and lower middle market direct lending, with disciplined manager selection and attention to competitive dynamics.

## Real estate

- Differences in pace and persistence of rate normalization are driving uneven price discovery across U.S. and European real estate.
- In Europe, rate normalization has enabled price discovery to advance, with early signs that valuations have bottomed and recovery becoming increasingly cash-flow led.
- In the U.S., higher rates slowed the price discovery process, though further easing and growing refinancing pressure are creating selective equity and credit opportunities.
- Demographic shifts and internal migration are reshaping local supply and demand dynamics, both within and across regions.
- Structural trends, such as re-globalization, digitization, and the continued rise of e-commerce, are also driving capital formation.

**Investor approach:** Leverage regional differences to capture cyclical opportunity. Focus on sectors with durable demand growth, such as those driven by foundational changes in demographics and global megatrends.

## Real assets and infrastructure

- Recent geopolitical developments have strengthened our conviction that global transitions – digitization, electrification, and supply chain re-globalization – will drive increased demand for real assets.
- These transitions are highly capital intensive, requiring sustained investment in energy, materials, and infrastructure to support AI adoption and industrial reshoring.
- While valuations have risen in parts of the AI and infrastructure ecosystem, inputs such as energy and materials have seen more limited valuation expansion, creating attractive relative value opportunities.
- In an environment of higher inflation and interest rate volatility, real assets may offer diversification benefits and durable cash-flow generation potential.

**Investor approach:** Opportunities related to global transitions (digitization, electrification, supply chain re-globalization) have become clear. Diversify a private portfolio by considering the natural resources inputs to that process.

Opinions of New York Life Investments, 2026.

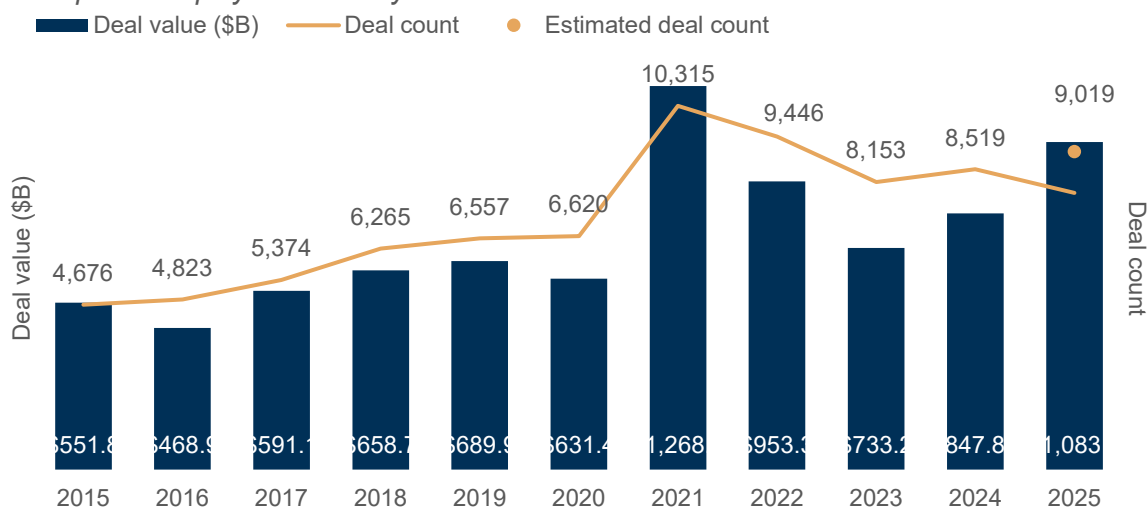
# Private equity: Momentum builds as deal activity and exits rebound

The private equity “flywheel” is gaining traction, led by a recovery in deal flow and exits.

- After a prolonged slowdown following the 2022-2023 rate-hiking cycle, U.S. private equity deal activity strengthened in 2025, supported by improving financing conditions and narrowing valuation gaps (**left chart**). While volumes remain below prior-cycle peaks, the rebound reflects renewed sponsor confidence and greater execution certainty.
- Exit values improved meaningfully in 2025, driven by large transactions as high-quality assets were able to secure attractive valuations (**right chart**). Exit counts have recovered more gradually, underscoring continued buyer selectivity and longer holding periods across the broader portfolio universe.
- The improvement in deal flow and exits marks an important shift, as capital is increasingly being put to work, helping to restart the private equity “flywheel” of exits, fundraising, and new deals. Easier financial conditions, a growing pipeline of exit-ready assets, and improving liquidity suggest continued normalization of private equity activity into 2026.

## As deal activity accelerates, momentum extends into 2026

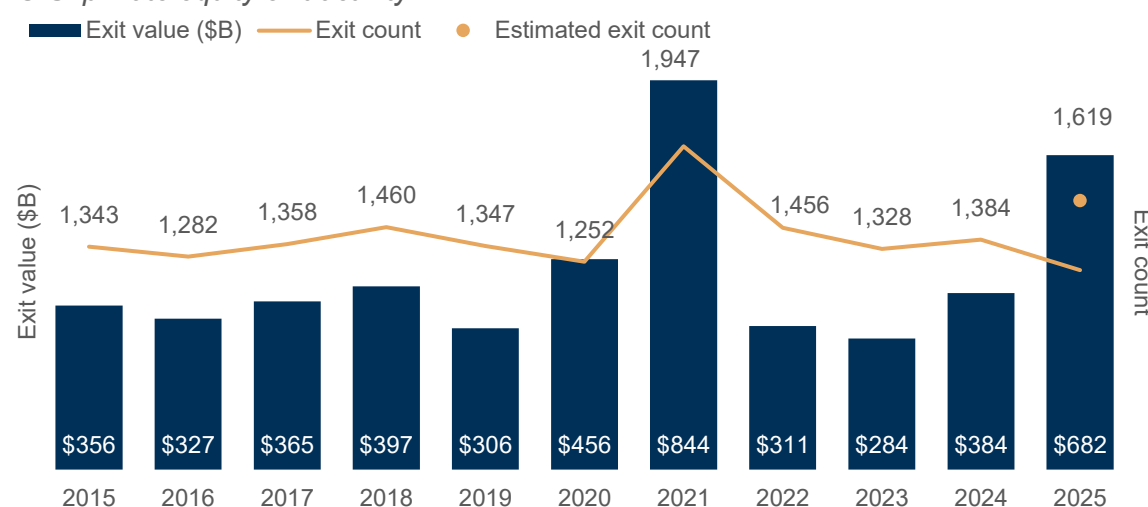
### U.S. private equity deal activity



Sources: New York Life Investments Global Market Strategy, PitchBook, February 2026, with data through December 31, 2025.

## Exit activity continues to grow, as high-quality assets secure attractive sales

### U.S. private equity exit activity



Sources: New York Life Investments Global Market Strategy, PitchBook, February 2026, with data through December 31, 2025.

# New sources of liquidity are reshaping the private equity ecosystem

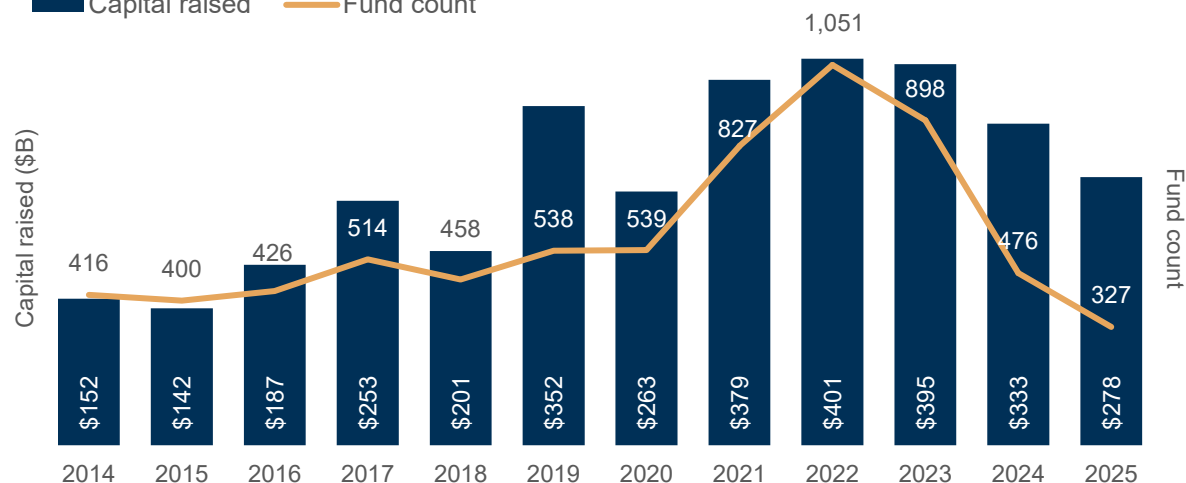
While fundraising remains subdued, a structurally stronger private equity market is emerging thanks to expanding liquidity options.

- Deal flow and exits are improving but fundraising is taking longer to rebound (**left chart**), as distribution activity remains muted. This slower pace of fundraising has catalyzed structural change across private equity, shifting negotiating dynamics in favor of LPs and allowing for the creation of new sources of liquidity.
- In response to this pressure, private equity has evolved beyond a model reliant solely on traditional exits and continuous fundraising cycles. A higher-rate environment reinforced this evolution, as companies remain private for longer. The growing secondary market, has enabled LPs to better manage private market exposure, offering greater flexibility and portfolio control. GP-led secondaries, especially continuation vehicles (CVs), have become more common, allowing GPs to retain key assets while offering LPs liquidity or reinvestment opportunities (**right chart**).
- These developments have strengthened the asset class, especially amid soft distributions, creating a more resilient liquidity ecosystem: LPs benefit from greater flexibility, while GPs gain the ability to hold high-conviction assets for longer – supporting a more durable, less cyclically dependent private equity landscape.

## While fundraising remains subdued...

### U.S. private equity fundraising activity

■ Capital raised    — Fund count

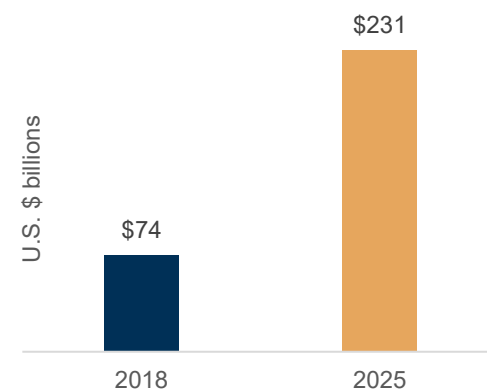


Sources: New York Life Investments Global Market Strategy, PitchBook, February 2026, with data through December 31, 2025.

## ...Newer sources of liquidity are growing and maturing

**200% + increase  
in secondary volume**

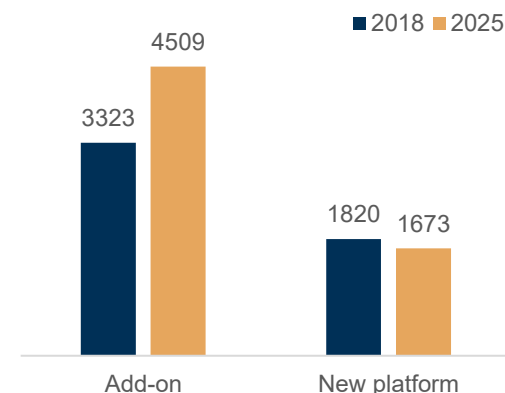
### Secondary volume



Source: Greenhill, "Global Secondary Market Review, FY 2024"

**70% +  
of new PE deals are add-ons**

### Deal count



Source: PitchBook, February 2026, data available through December 31, 2025.

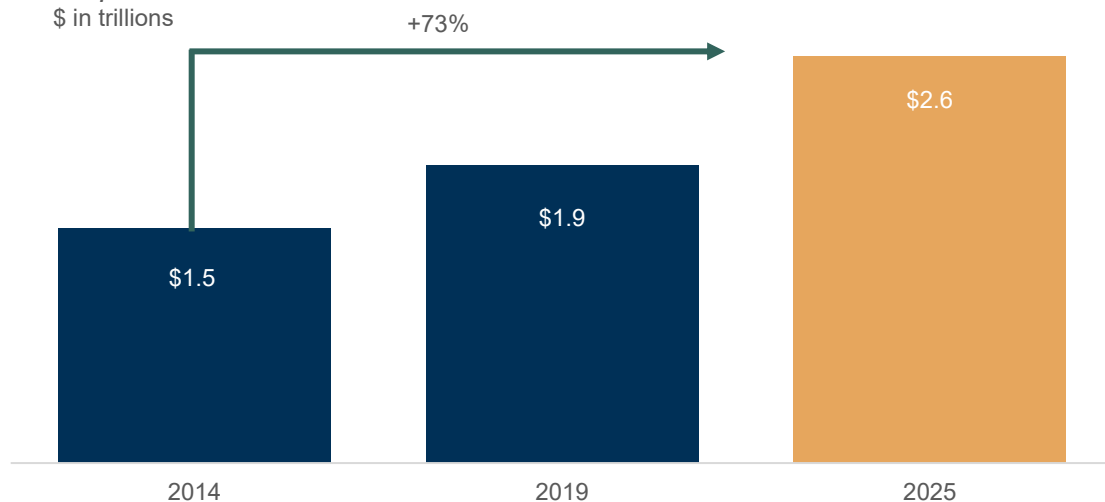
# With ample capital ready for exits, we expect the “flywheel” to keep turning

Long-term exit opportunities remain robust, underpinned by strong corporate balance sheets and improving deal flow dynamics.

- Private equity-backed companies are typically acquired by other private equity firms or strategic corporate buyers, which each account for 40-50% of exit value. Both buyer groups retain significant capacity to deploy capital as buyer-seller alignment continues to normalize.
- Corporate cash levels remain elevated relative to prior cycles (**left chart**), supporting the capacity for strategic acquisitions. A pickup in corporate-led exits in 2025 suggests a healthier backdrop than in prior years, with capacity for further acceleration.
- Similarly, private equity exit activity also improved in 2025. The elevated levels of dry powder – particularly among large and mega funds – points to pent-up demand that could support higher exit activity in 2026 (**right chart**). Some areas may benefit more than others. We view the size and concentration of dry powder as a potential positive for the middle market, which experiences less competition in general and benefits from the strong availability of capital up-market for middle market companies to exit into.

Corporate cash on hand remains elevated, providing sufficient capital for potential acquisitions

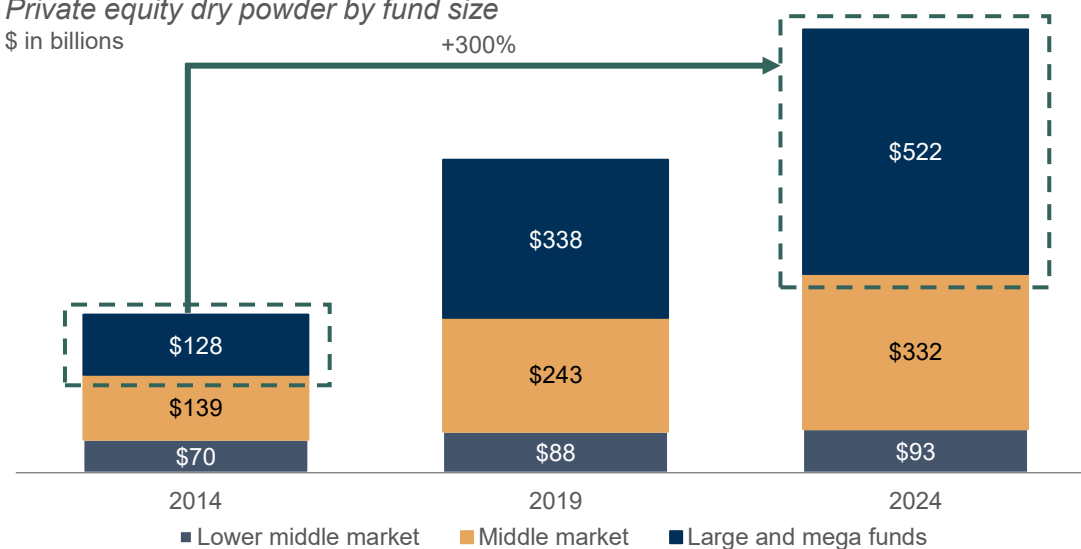
Corporate cash on hand  
\$ in trillions



Source: Apogem. Bloomberg. February 2026. Data as of December 31, 2025.

Dry powder levels will allow private equity firms to put capital to work as the M&A environment accelerates

Private equity dry powder by fund size  
\$ in billions



Source: Apogem. PitchBook. February 2026. Includes US and Canada private equity funds. Data as of August 31, 2025.



# Private equity offers diversification and relative value opportunities

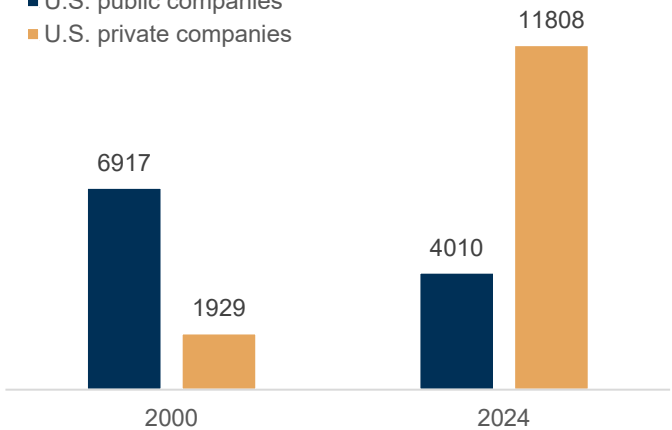
As public equity concentration increases and multiples expand, private equity valuations have moved off their peaks.

- Private equity offers meaningful diversification and relative value within long-term, multi-asset portfolios. As public equity markets have become more concentrated (**left chart**), with fewer listed companies and performance driven by a narrow set of large-cap technology stocks, private equity can offer access to earlier-stage or “main street” opportunities.
- Valuation dynamics have shifted in favor of private equity. While public equity multiples have continued to expand – supported by strong market performance – private equity valuations have adjusted lower from cycle highs, reopening a valuation gap (**middle chart**). This reset reflects normalization under a higher-rate regime rather than stress.
- We favor areas with more choice and compelling pricing – the middle and lower middle market – where valuation compression has been more pronounced (**right chart**). These segments, which benefit from smaller deal sizes and a broader buyer universe, now offer more compelling entry points and greater pricing flexibility.

Private equity offers diversification as company ownership moves from public to private markets

Number of public vs. private companies

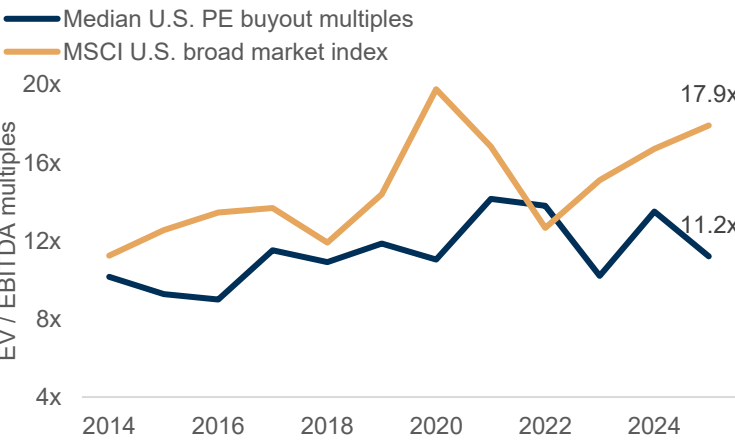
■ U.S. public companies  
■ U.S. private companies



Sources: New York Life Investments Global Market Strategy, PitchBook, World Federation of Exchanges, World Bank, February 2026.

Valuations in the private equity universe remain below public equity multiples...

Public vs. private equity EV / EBITDA multiples



Sources: New York Life Investments Global Market Strategy, PitchBook, Bloomberg, February 2026, with data through December 31, 2025. Enterprise value (EV) is a measure of a company's total value. EBITDA is earnings before interest, tax, depreciation, and amortization.

...With valuations for smaller deals more attractive

Valuation ratio: total enterprise value (TEV) / EBITDA

TEV	2003 - 2020	2021	2022	2023	2024	YTD 2025	Total
10-25	5.8	6.1	6.4	6.0	6.4	5.9	5.9
25-50	6.6	7.2	7.0	7.0	6.8	6.7	6.7
50-100	7.5	8.3	8.5	8.0	8.1	7.7	7.7
100-250	8.2	9.3	9.1	9.6	8.5	8.6	8.6
250-500	9.2	10.9	10.1	10.7	9.8	9.7	9.7
Total	6.7	7.6	7.5	7.3	7.2	6.9	6.9

Sources: Apogem, GF Data, February 2026, with data through September 30, 2025. Total enterprise value (TEV) is a measure of a company's total value. EBITDA is earnings before interest, tax, depreciation, and amortization

# We particularly favor the lower middle market...

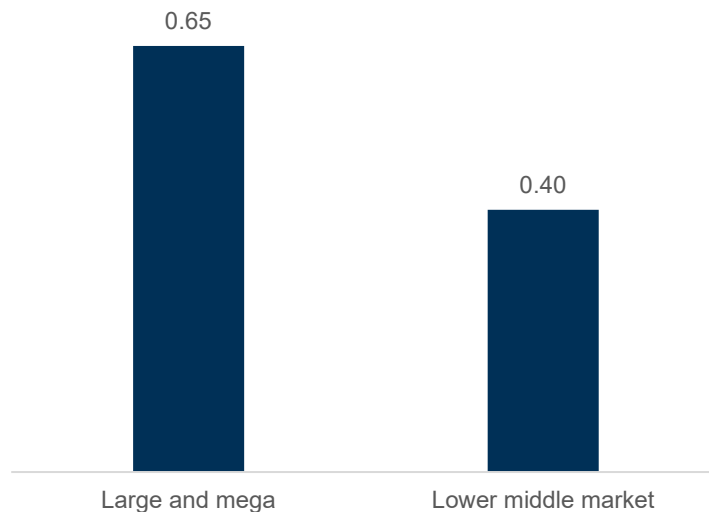
We favor the attractive pricing, performance, and portfolio construction benefits of the lower middle market.

- Given today's market backdrop, we believe the lower middle market provides significant benefits in terms of outperformance potential and portfolio diversification (**left chart**). Historical supply-demand imbalances have resulted in attractive entry valuations in the lower middle market (**middle chart**), while returns have tended to outperform those of large and mega funds (**right chart**).

## Potential benefits of the lower middle market in portfolio construction

### Lower correlation to public markets

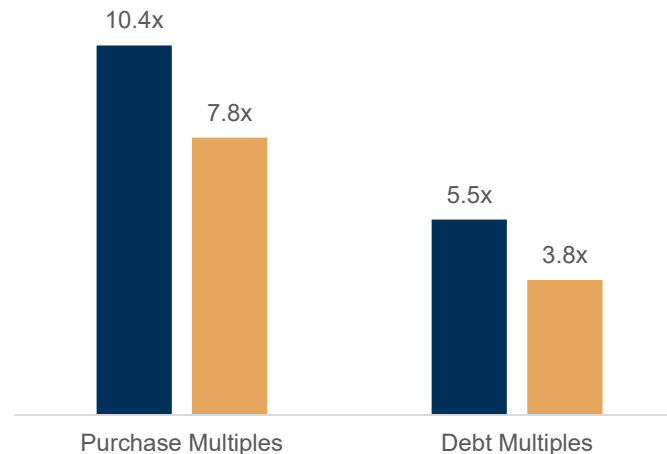
Correlation to S&P 500 by size <sup>1,2</sup>



### Below-market entry points

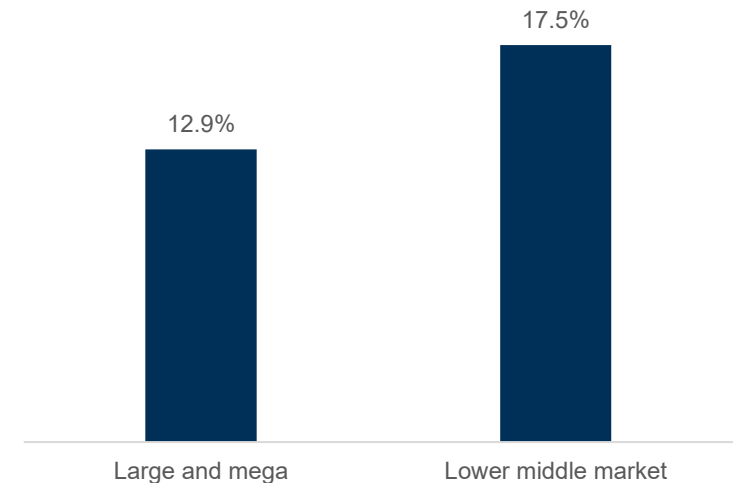
Entry multiples by size <sup>3</sup>

■ Large and mega ■ Lower middle market



### Significant historical outperformance

Returns by fund size <sup>2,4</sup>



Sources: Apogem, as of February 2026. 1. As of March 31, 2025. Source: Cambridge Associates. Refers to US buyout funds in vintage years 1997 to 2025. Correlation is calculated using quarterly returns for public indexes and quarterly IRRs provided by Cambridge Associates. 2. "Large and mega" defined as funds > \$1B. "Lower middle market" defined as funds < \$1B." 3. Includes transactions from January 2011 to September 30, 2025. Source for Large Market LBO Purchase Multiples: LCD US LBO Debt Report - 4Q'25, PitchBook. "Large LBOs" defined as transactions > \$500M. Source for LMM Purchase Multiples: GF Data's "GF Data M&A Report Q3 2025." Source for LMM Debt Multiples: GF Data's "GF Data Leverage Report Q3 2025." Includes deals between \$50M and \$100M. 4. Source: Cambridge Associates pooled average returns since 1986 for North America based buyout and growth funds as of March 31, 2025.

# ... which has tended to outperform the market amid risk

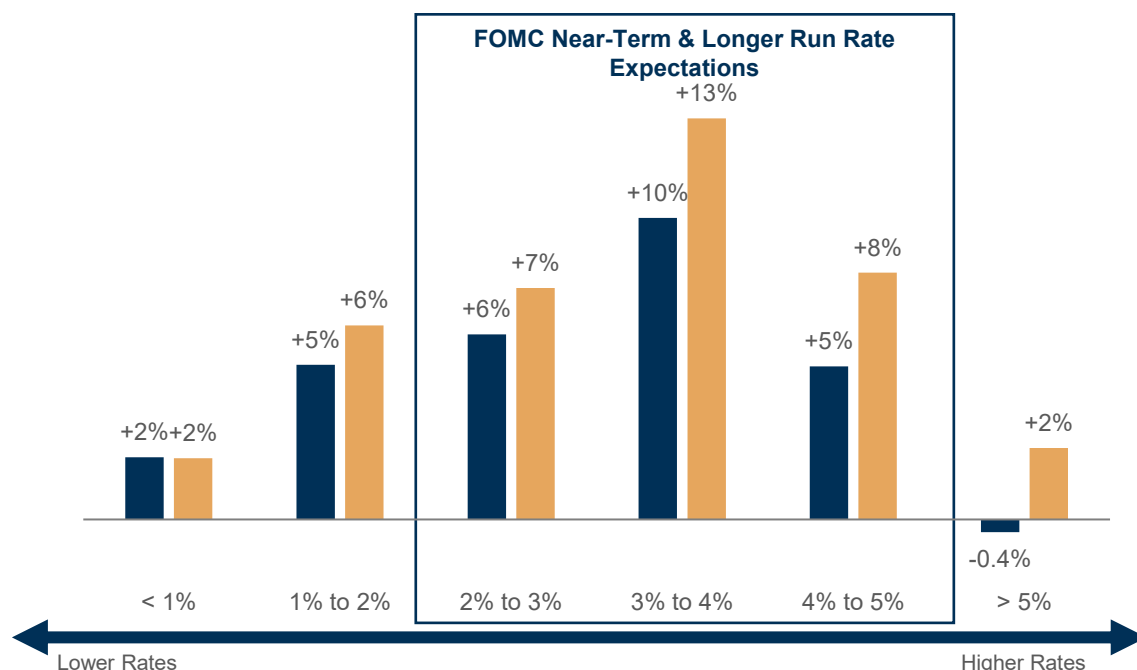
In both higher interest rate and lower public equity return environments, the middle market has historically outperformed.

## Outperformance potential in elevated rate environments

Buyout and growth strategies historical outperformance vs. S&P 500

Average 5-year excess return by interest rate environment

■ All buyout & growth strategies ■ Middle market (funds < \$3B)



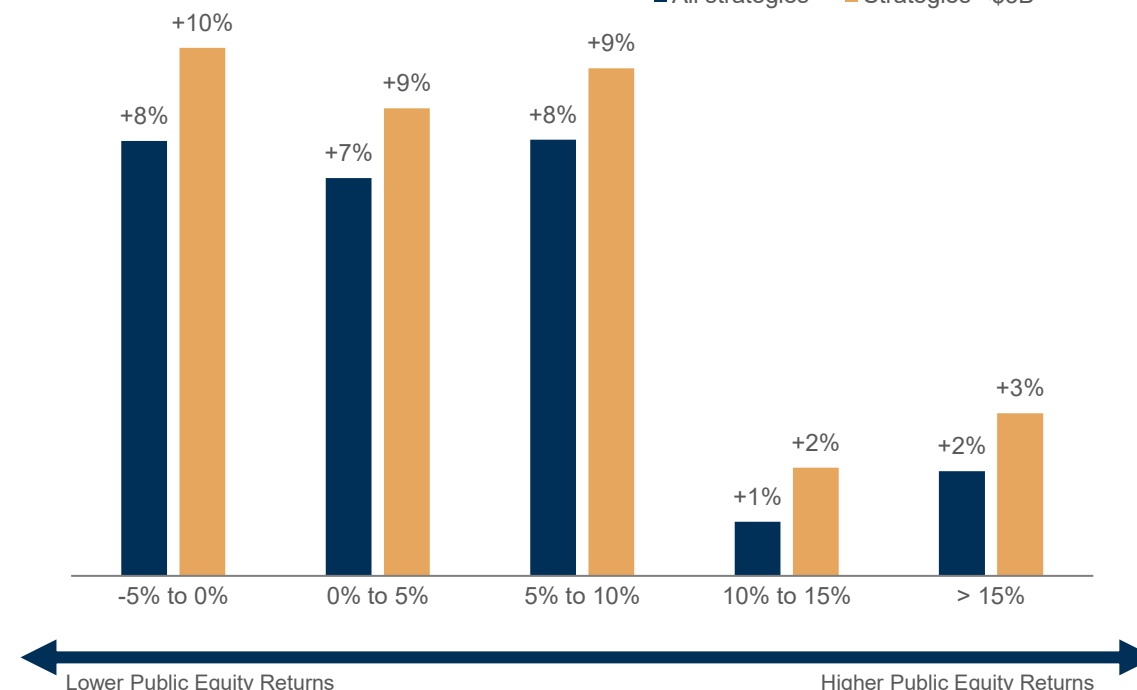
Sources: Apogem, Cambridge Associates, February 2026, with data available through March 31, 2025. Includes North America Buyout and Growth funds.

## Outperformance potential in periods of low general market return

Buyout and growth strategies outperformance vs. S&P 500

Average 5-year excess return by S&P500 return environment

■ All strategies ■ Strategies < \$3B



Sources: Apogem, Cambridge Associates, February 2026, with data available through March 31, 2025. Includes North America Buyout and Growth funds.

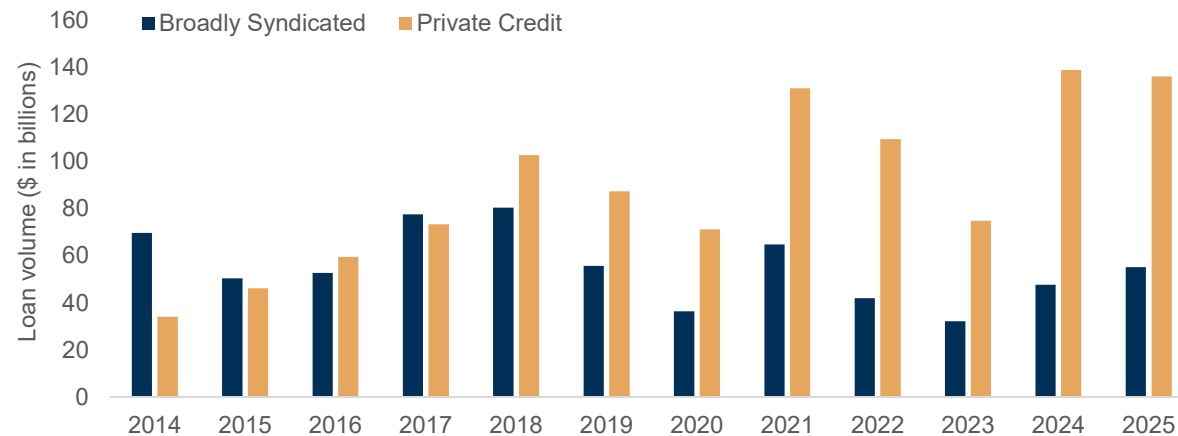
# Private credit: Growth continues and has room to run

Structural tailwinds, attractive yields, and resilience continues to support private credit adoption.

- Over the past 15+ years, private credit has expanded steadily as bank regulation constrained traditional lending and investors sought alternative sources of income and diversification. As a result, private credit has gained a meaningful share of middle-market lending, surpassing the broadly syndicated loan market in 2018 and accelerating further during recent periods of market volatility (**left chart**).
- Investor allocations to private credit continue to rise, led by large institutional investors. Surveys indicate many allocators remain below target weights, suggesting scope for incremental capital deployment as portfolios rebalance toward private markets.
- While interest rates have moved lower and spreads in some places have compressed, *lower* interest rates are not *low* by historical standards, preserving yield generation potential for investors (**right chart**) and supporting capital inflows.
- In our view, private credit's contractual cash flow, underwriting discipline, and borrower-lender relationships continue to appeal to investors. We continue to advocate for selectivity, strong underwriting, and disciplined exposure – not because we expect stress, but because resilience is best built before it is tested.

Private credit has consistently expanded its market share over the past decade

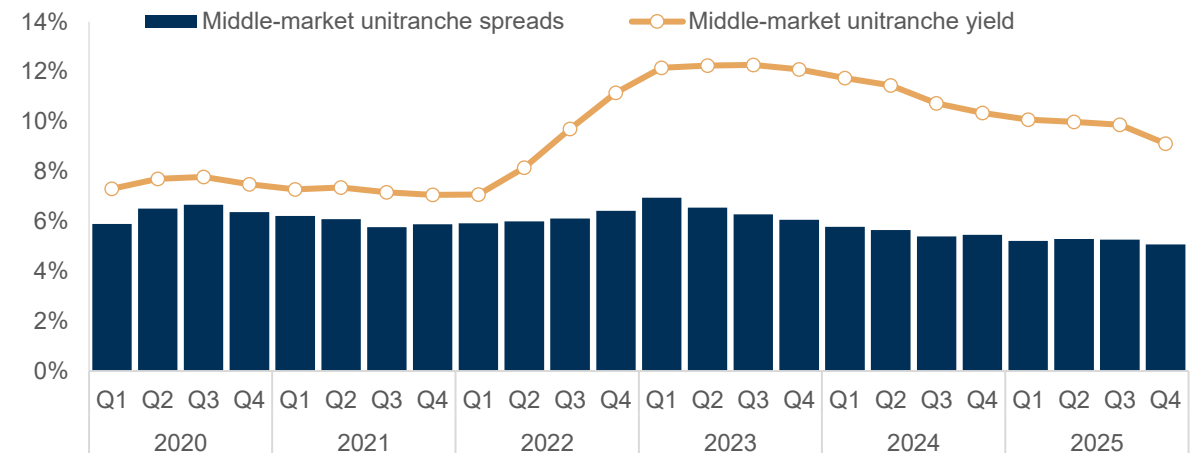
Annual middle market sponsored lending loan volumes



Sources: Apogem, New York Life Investments Global Market Strategy, LSEG LPC, February 2026 with data available through December 31, 2025. Compares middle market sponsored broadly syndicated loans to middle market sponsored broadly direct lending.

Direct lending yields remain attractive, compensating investors well for any risk taken, in our view

Direct lending yields and spreads



Sources: Apogem, LSEG LPC, February 2026 with data available through December 31, 2025.

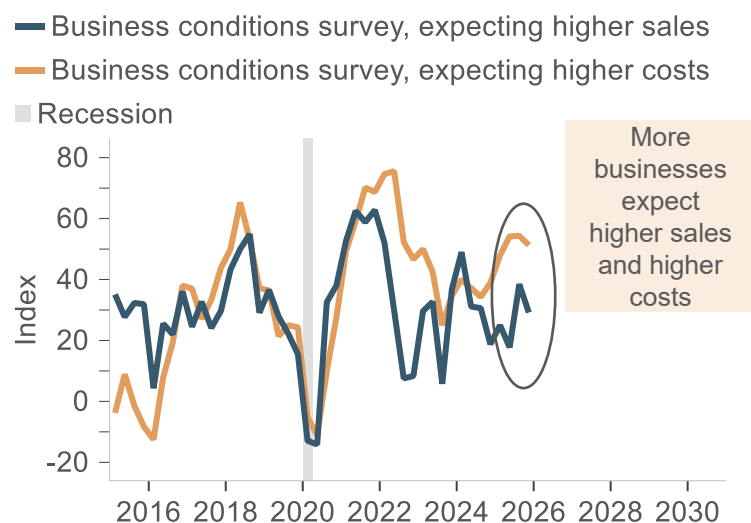
Historical relationships and performance patterns may not persist and can vary significantly across market cycles, strategies, and managers. This is especially important for jurisdictions like the UK, Singapore, Hong Kong, and Australia.

# United States: Selectivity matters as the credit cycle matures

Sticky U.S. rates and evolving competition reinforce the case for a middle and lower-middle market focus.

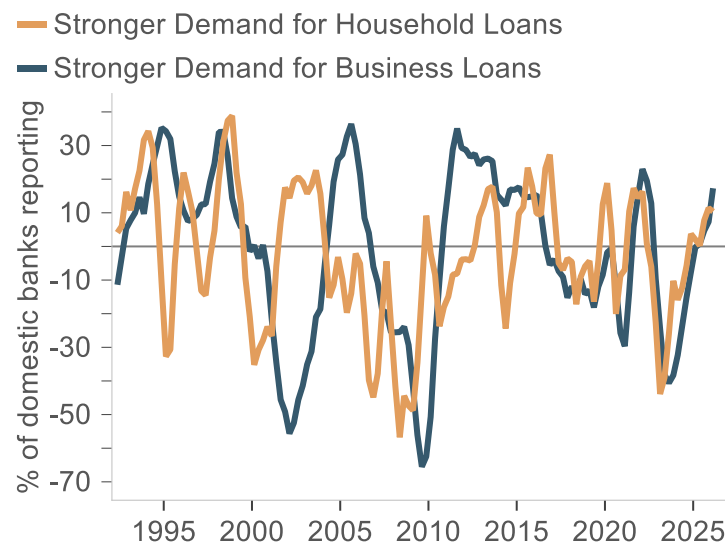
- Despite uncertainty in the first half of 2025, U.S. economic growth and business conditions remains resilient, as more businesses expect higher sales (**left chart**) and credit demand improves (**middle chart**).
- While we remain constructive on credit quality overall, as the credit cycle matures, dispersion across borrowers will likely increase. This trend reinforces the importance of focusing on strong credit quality and proven manager track records.
- Investors should mind competitive dynamics: banks began re-engaging with the broadly syndicated loan (BSL) market in 2024, with loan volumes rebounding meaningfully in 2024 and 2025 (**right chart**). While this represents an increase in competition for deals in the private credit space, BSL activity is concentrated in deals for larger private equity funds. In our view, this indicates that competition in the middle and lower-middle market is likely to be less robust, while simultaneously supporting the exit market for these companies exiting to larger private equity firms.

## Business conditions are improving...



Sources: New York Life Investments Global Market Strategy, National Association for Business Economics, NBER (National Bureau of Economic Research), Macrobond, February 2026.

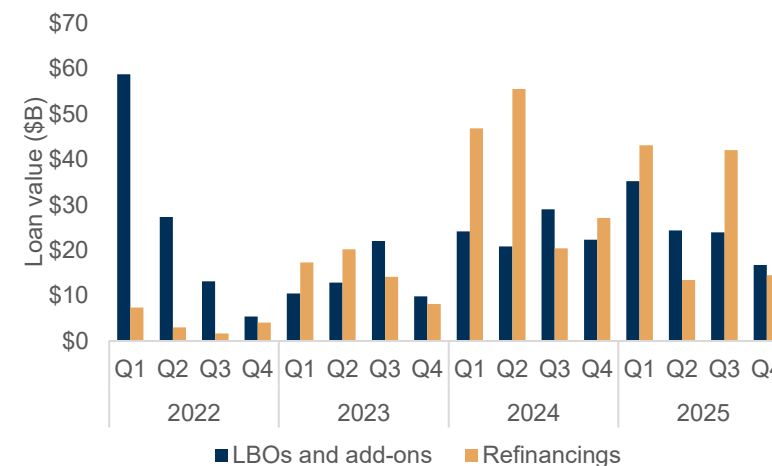
## ...Supporting a rebound in loan demand



Sources: New York Life Investments Global Market Strategy, Federal Reserve, Macrobond, February 2026.

## Banks are re-engaging in the BSL market

Quarterly BSL-funded loan value to private equity borrowers by type



Source: New York Life Investments Global Market Strategy, PitchBook, February 2025, with data available through December 31, 2025.

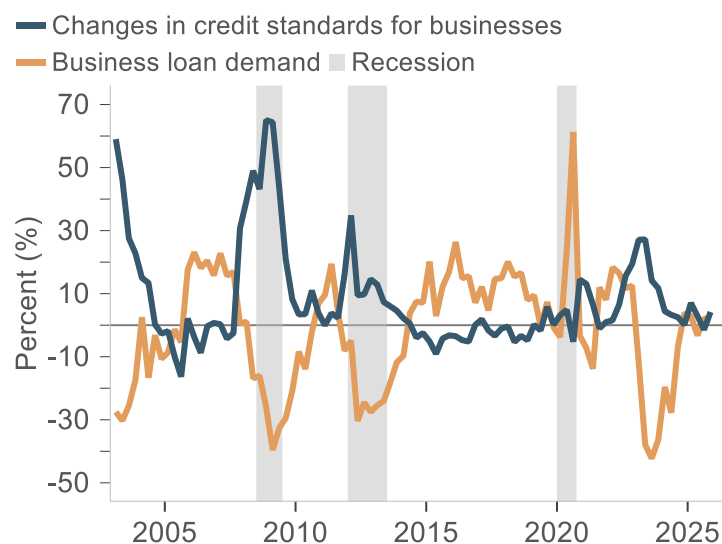


# Europe: Focused on competitive opportunity

Europe's relatively benign economic backdrop supports credit demand, while increasing our focus on competitive dynamics.

- Easing inflation and lower interest rates have supported credit conditions in Europe, driving a recovery in business loan demand and a constructive backdrop for private lending (**left chart**). While the period of sharp bank retrenchment has largely stabilized, banks remain selective by borrower type and region – leaving a persistent funding gap that private credit continues to fill.
- Structural factors, including regulatory constraints and Europe's fragmented banking and capital markets, continue to expand the opportunity set for private lenders. This dynamic is reflected in the continued growth of private debt and its rising share of direct lending to small and medium enterprises (SMEs), where banks have only partially regained ground since 2020 (**middle chart**).
- Within this context, sponsor-less deals represent a particularly compelling area of focus. These transactions account for nearly 90% of the lending universe in Europe, according to estimates from Kartesia, meaning investors who engage in this segment effectively expand their investment universe by a factor of nine. Contrary to the perception that sponsor-less deals imply lower quality, we believe this market offers access to strong management teams, robust underwriting standards, and attractive collateral – without the constraints of sponsor-led deal terms (**right table**).

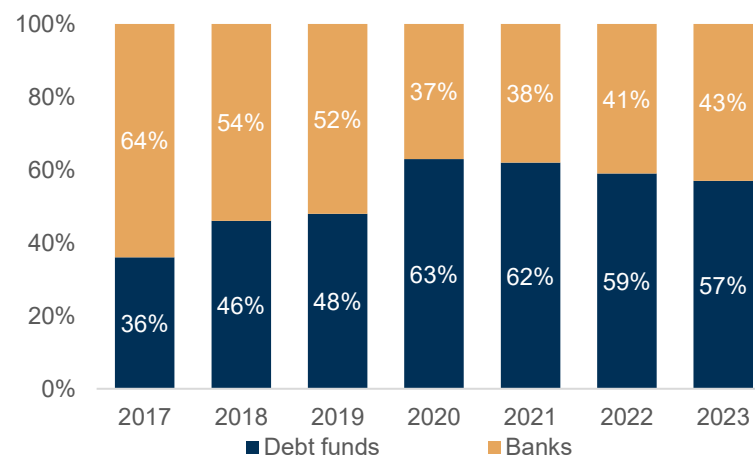
Europe: credit demand has fully recovered



Sources: New York Life Investments Global Market Strategy, ECB (European Central Bank), Macrobond Financial AB, Macrobond, February 2026.

Declining bank lending has led smaller European corporates to seek financing from other sources

Bank lending vs. private debt to SMEs



Sources: Kartesia, Houlihan Lokey MidCap Monitor, Scope calculations. February 2026. Based on number of deals for pan-European PE-sponsored debt financing in major markets: DACH, France, Nordics, UK, Benelux.

Sponsor-less deals broaden investor opportunity, offering key benefits

Factor	Benefits of sponsor-less deals
Discipline	Often heavier covenants and more attention to collateral than sponsor-driven deals.
Risk management	Leverage levels are often lower than sponsor-driven deals.
Recovery	Sponsor-less deals often have extra layers of interest alignment, as companies take further steps to preserve credibility or family history.
Transparency	Negotiating with sponsor-less companies often provides a structural advantage, allowing for better terms or bespoke opportunities.

Sources: Opinions of Kartesia, 2026.

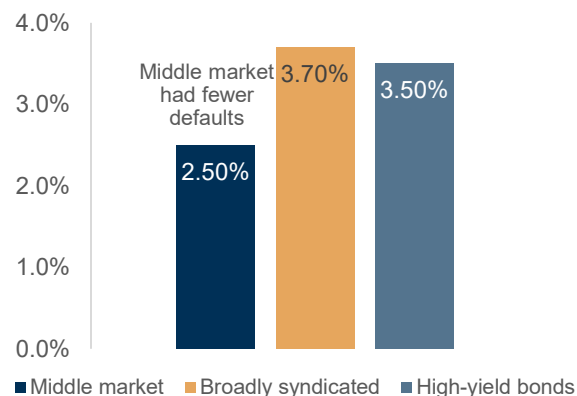
# Overall, we believe private credit is well-positioned...

Even in a supportive economic environment, we believe resilience is best built before it is tested.

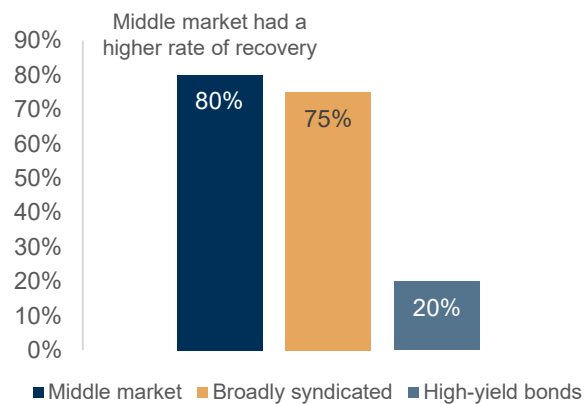
- Direct lending is a long-term investment, with funds often targeting 5, 7, or even 12 years of invested capital. While the economic outlook is positive, macro conditions and idiosyncratic risks can evolve over these horizons. As a result, underwriters work to understand a borrower's demand drivers, cost structure, and sensitivity to those drivers. This deep understanding of a borrower's creditworthiness helps not only in making the proper security selection and investment structure, but also in the ability to take a proactive stance in supporting borrowers. The capital structure, collateral, and covenants that investors require create room for the risks that may arise (**right chart**).
- As we head later into the credit cycle, private credit's structural features remain differentiators. Private credit may be able to navigate challenges more fluidly because the direct relationship between borrowers and lenders can provide greater flexibility. This appears to be even more the case for the middle market (**left chart**). Historically speaking, default rates for middle-market private companies have been lower, and recovery rates have been higher when compared to similar asset classes.

Historically, middle market default rates have been lower and recovery rates have been higher when compared to similar asset classes

Default rate percent, 1995-2019



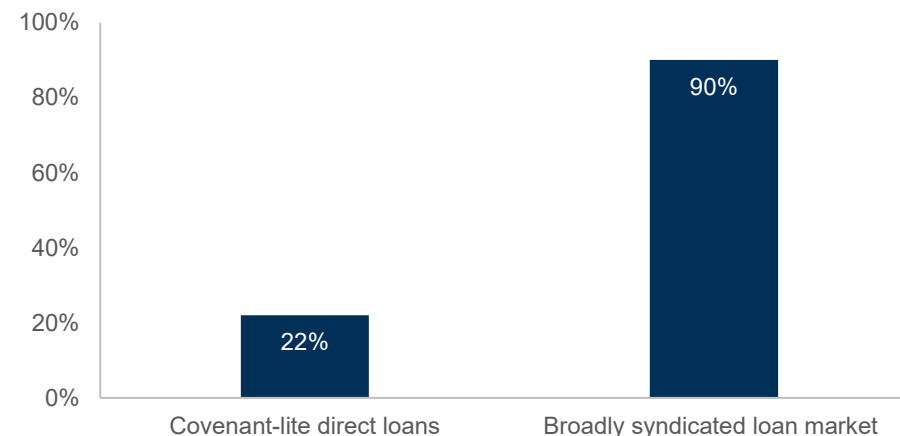
Recovery rates percent, 1995-2019



Sources: Mercer S&P Credit Pro, 2021. The "middle market" and "broadly syndicated" market default and recovery rates are calculated by S&P Global Market Intelligence research. High yield bonds are defined by the S&P U.S. High Yield Corporate bond index, which is designed to track the performance of U.S. high yield corporate bonds. Past performance is not indicative of future results. An investment cannot be made in an index.

In addition, covenant-lite loans are not prevalent in direct lending deals

Percent of new deals issued over the last 12 months



Sources: J.P. Morgan Investment Bank, data as of February 28, 2024, accessed December 2025. Covenant-lite or "cov-lite" loans refer to loan agreements that do not contain the usual protective covenants for the benefit of the lending party.

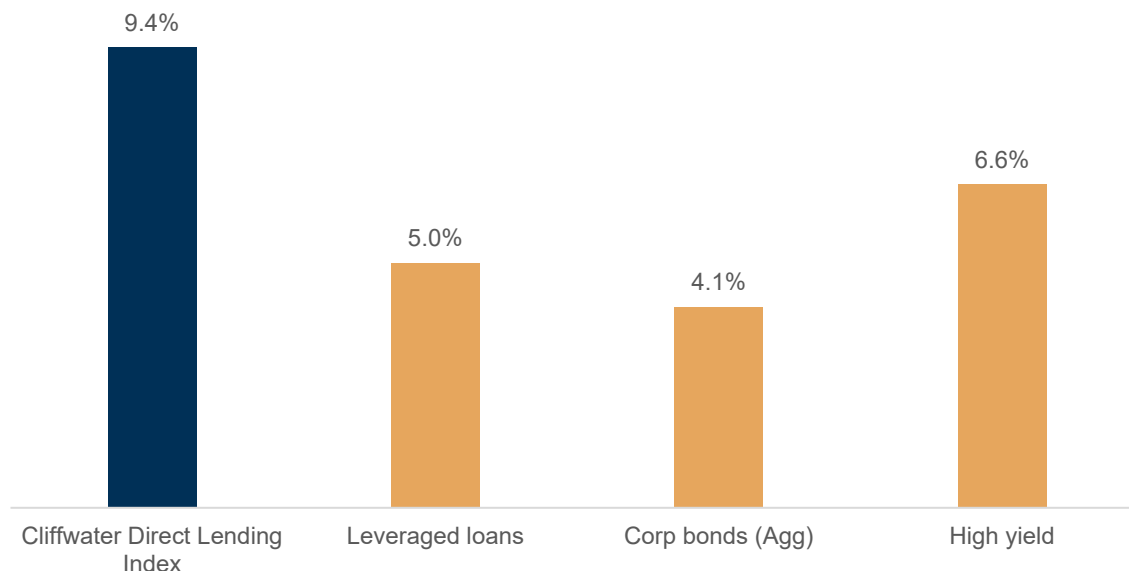
## ... particularly in the historically resilient lower middle market

Over the last 20 years, direct lending has delivered higher returns with lower volatility than public market credit.

- Against a constructive economic backdrop, direct lending continues to benefit from stable borrower fundamentals and attractive structural features. We have historically seen direct lending deliver higher return (**left chart**) with lower volatility (**right chart**) than the public credit market.
- We focus on sectors, market segments, and managers that have historically delivered strong risk-adjusted returns – particularly the middle and lower middle market.

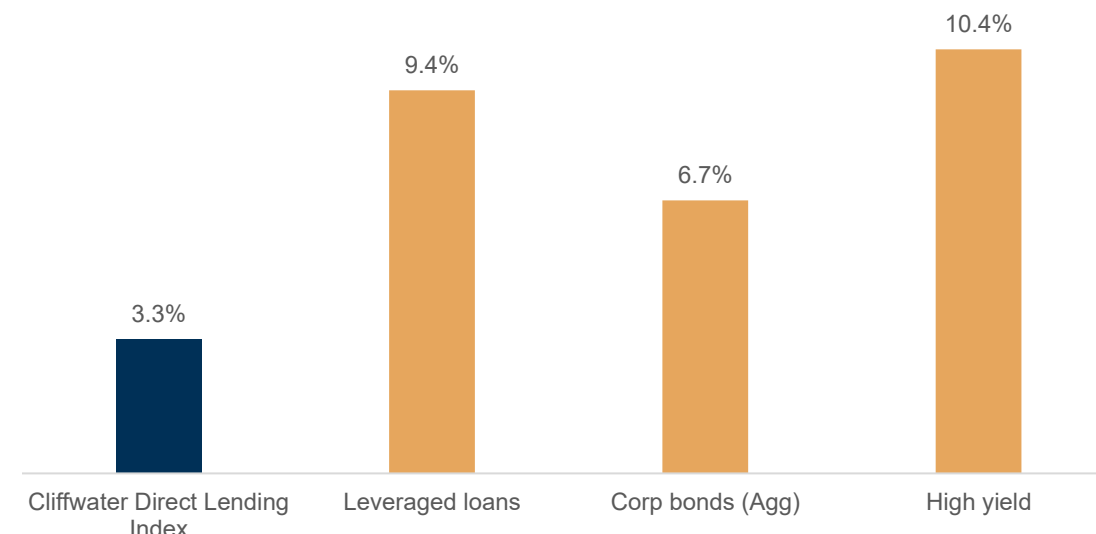
The lower middle market has historically provided attractive return potential...

Annualized return by asset class, Q1 2004 – Q2 2025



... at historically lower volatility levels

Annualized volatility by asset class, Q1 2004 – Q2 2025



Sources for both charts: Apogem analysis, as of February 2026 with data available through September 30, 2025. Direct lending returns are sourced from Cliffwater Direct Lending Index. Source for public credit returns (leveraged loan, corporate bonds, and high yield bonds) is Bloomberg. Past performance is not a guarantee of future results.

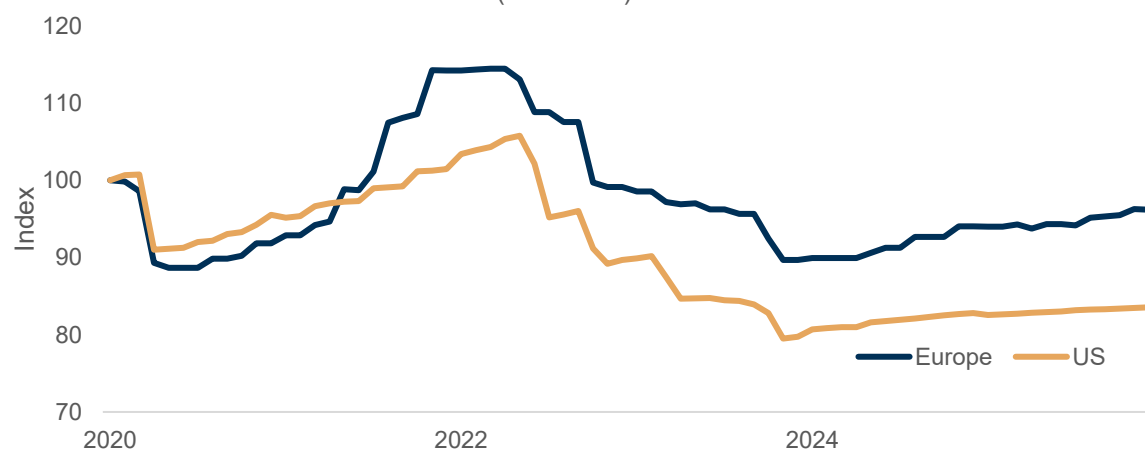
# Real estate: Cost of capital leads activity, but structural factors create opportunity

Rate and fiscal divergence is shaping U.S. and European real estate, with opportunity shifting towards fundamentals.

- Cost of capital has been the primary driver of commercial real estate (CRE) pricing globally. Differences in the pace and persistence of rate normalization across regions are now creating meaningful dispersion in valuations and opportunity.
- In Europe, earlier and more consistent rate normalization is allowing price discovery to advance and supporting a transition toward a cash flow-led recovery.
- In the United States, persistent inflation concerns, elevated fiscal deficits, and policy uncertainty have kept long-term rates higher for longer. This has slowed valuation adjustment, constrained leverage, and prolonged the price discovery process.
- As monetary policy becomes less influential, structural factors – including demographics, regulation, supply constraints, sector-specific demand, and operating cost dynamics – are increasingly determining relative performance across real estate markets.

## Price discovery is progressing across geographies

*U.S. and Europe commercial property values*  
Green Street Commercial Price Indices (2020=100)



Source for left chart: Tristan Capital Partners, Green Street, February 2026. Source for right table: Opinions of NYL Real Estate Investors, 2026. Capitalization or “cap” rates are calculated by dividing a property’s net operating income by its current market value. 1. Green Street CPPI: Green Street’s Commercial Property Price Index is a time series of unleveraged U.S. commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Features that differentiate this index are its timeliness, its emphasis on high-quality properties, and its ability to capture changes in the aggregate value of the commercial property sector. It is not possible to invest in an index. Data available through December 31, 2025.

## CRE opportunities are increasingly driven by structural and policy factors

Factor	Description
Cost of capital	Higher interest rates directly influence capitalization rates (cap rates) both by reducing a property’s current market value and by increasing its operating cost through higher commercial mortgage rates.
Credit quality	Decelerating economic activity tends to reduce investor optimism for real estate. Longer-term economic trends related to deglobalization, energy independence, and digitization can create counter-cyclical demand.
Regulation	Real estate asset performance can be directly driven by national and localized factors such as rent control, environmental mandates, zoning, and transfer tax policies.
Rising costs	Tariffs are directly impacting the cost of materials (including the cost of steel, aluminum, and lumber), while reduced immigration is impacting labor supply, which may increase the cost of labor as well. The rising cost of materials, labor, and capital increases real estate operator’s total costs, reducing net operating income.
Sector-specific	Property values may be impacted by other trends such as lease timelines, supply and demand factors, remote work, and e-commerce.

Historical relationships and performance patterns may not persist and can vary significantly across market cycles, strategies, and managers. This is especially important for jurisdictions like the UK, Singapore, Hong Kong, and Australia.

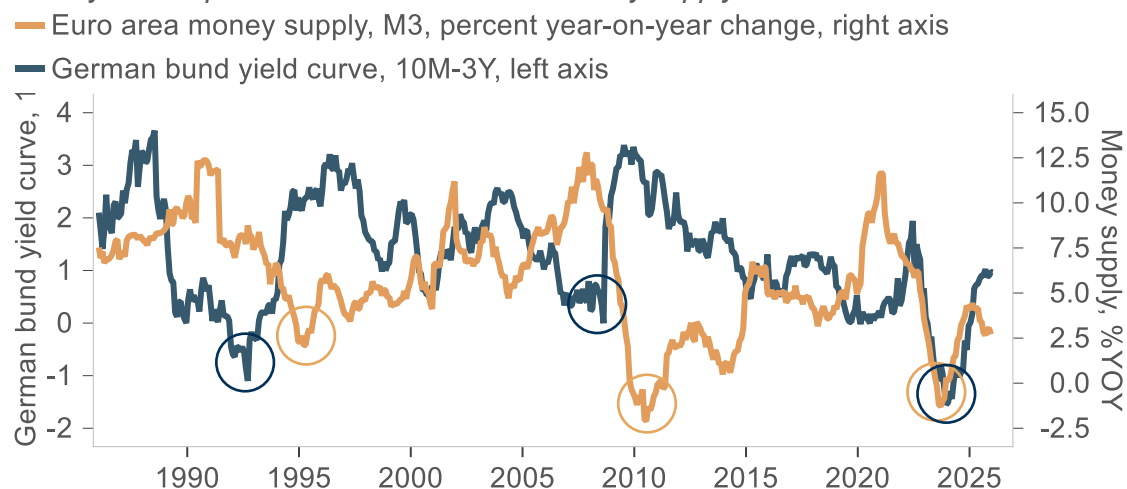
# Europe: Rates normalization has laid the foundation for recovery

Normalized rates and resilient fundamentals suggest the cycle has bottomed and recovery is beginning.

- Rate cuts have historically contributed to a normalization of the yield curve and improvement in private-led credit supply; this trend is so far holding in this economic cycle (**left chart**).
- Real estate valuations have adjusted meaningfully in response to higher rates and now appear to have bottomed. Early signs of recovery are consistent with prior European cycles, though the path forward is expected to be more gradual and cash flow-led (**right chart**).
- With rates likely to remain higher for longer, the recovery in European real estate is expected to be driven primarily by improving operating fundamentals rather than multiple expansion.

## Yield curve normalization has coincided with improvements in credit creation

### History of European curve inversions and money supply

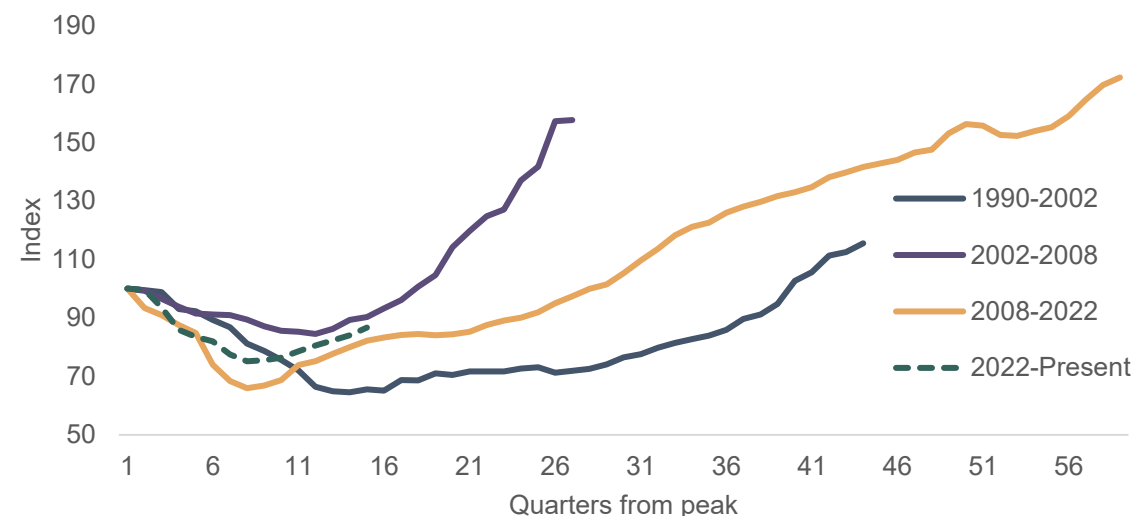


Sources: Tristan Capital Partners, Macrobond Financial AB, Central Bank of Germany (Deutsche Bundesbank), ECB (European Central Bank), Macrobond, February 2026. M3 is a broad measure of money supply that estimates all of the cash that everyone has in hand, in short-term bank deposits and cash-like securities, in institutional money market funds, in short-term repurchase agreements, and in larger liquid assets.

## Valuations have bottomed and the recovery is now beginning

### History of European recovery cycles

Capital values; indexed to beginning of cycle



Sources: Tristan calculations; data based on CBRE European prime indices of capital values, data available through September 30, 2025.

# Europe: Key themes for investing

Our investors are focusing on opportunities where disruption creates space for value-add.

## Macroeconomic and market themes

- **Long term rates have normalized** as the ECB eased. Financial conditions have improved though rates remain structurally higher than the post-Global Financial Crisis period
- Lower-but-not-low rates, especially without a recession, presents opportunities for **both cyclical and secular opportunities to outperform**
- Capital formation in European real estate has declined, **reducing competition and increasing the opportunity set** for investors with available capital and risk appetite

## Cyclical and secular opportunities

- Focus on **growth-oriented equity and credit opportunities**, where demand is structurally strong and supply remains constrained, supporting excess return potential
- Position portfolios to benefit from a **recovery driven by operating cash flow growth** rather than falling discount rates
- Lean into opportunities where **capital scarcity is most acute** – such as middle-market equity and credit – where the imbalance between capital need and capital availability is most pronounced and the opportunity set is deep

## High conviction themes

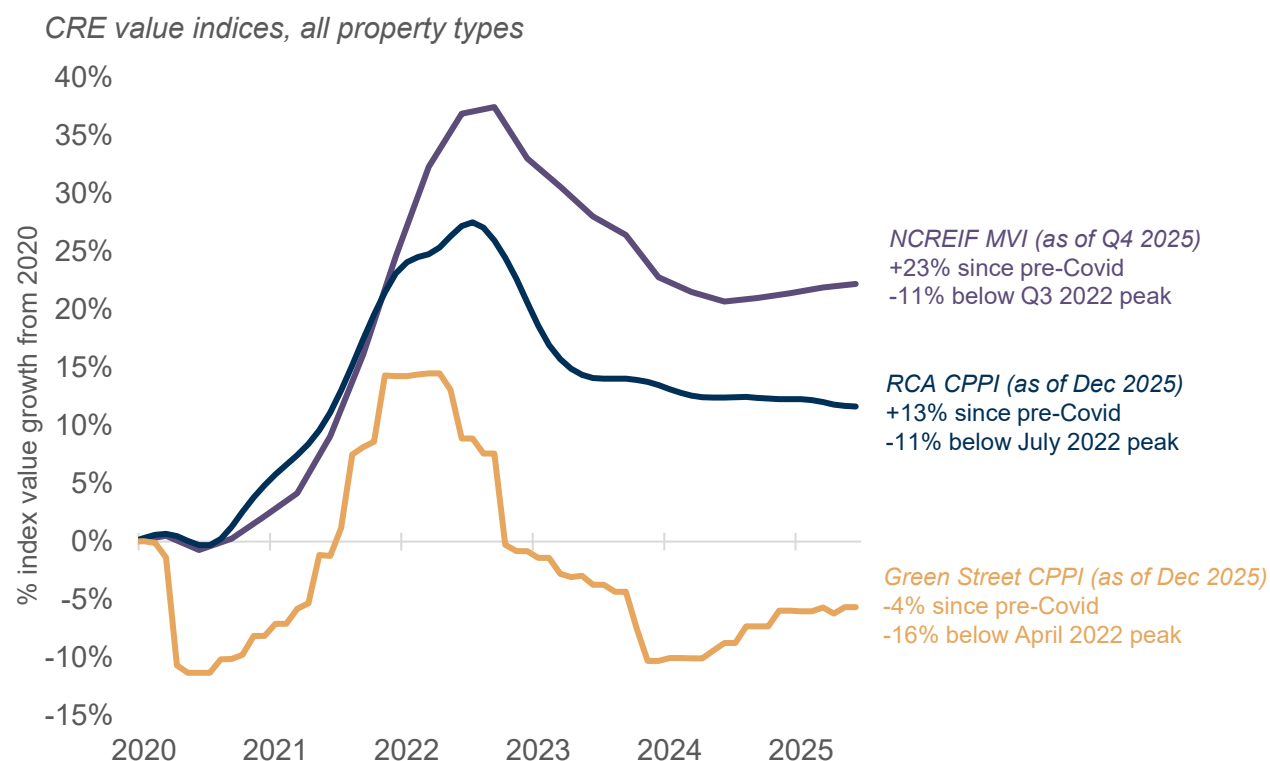
- **Re-globalization, digital sovereignty, increased defense spending** will support investments by governments to secure supply chains for strategically important industries
- **Digital infrastructure and AI**, as well as data centers and the supporting ecosystem, is underpinned by rising cloud penetration and localization of data, rather than near-term AI hype
- **Demographic and lifestyle shifts** continue to reshape demand, including in hospitality and alternative living
- **Innovation** is “coming home” to the EU – driving demand for data, life science, tech manufacturing and research and development (R&D) assets that meets new needs for power and/or security

Source: Opinions of Tristan Capital Partners, 2026.

# United States: Price discovery is advancing but remains uneven

A gradual rise in deal activity is contributing to greater price clarity and suggests price discovery is moving forward.

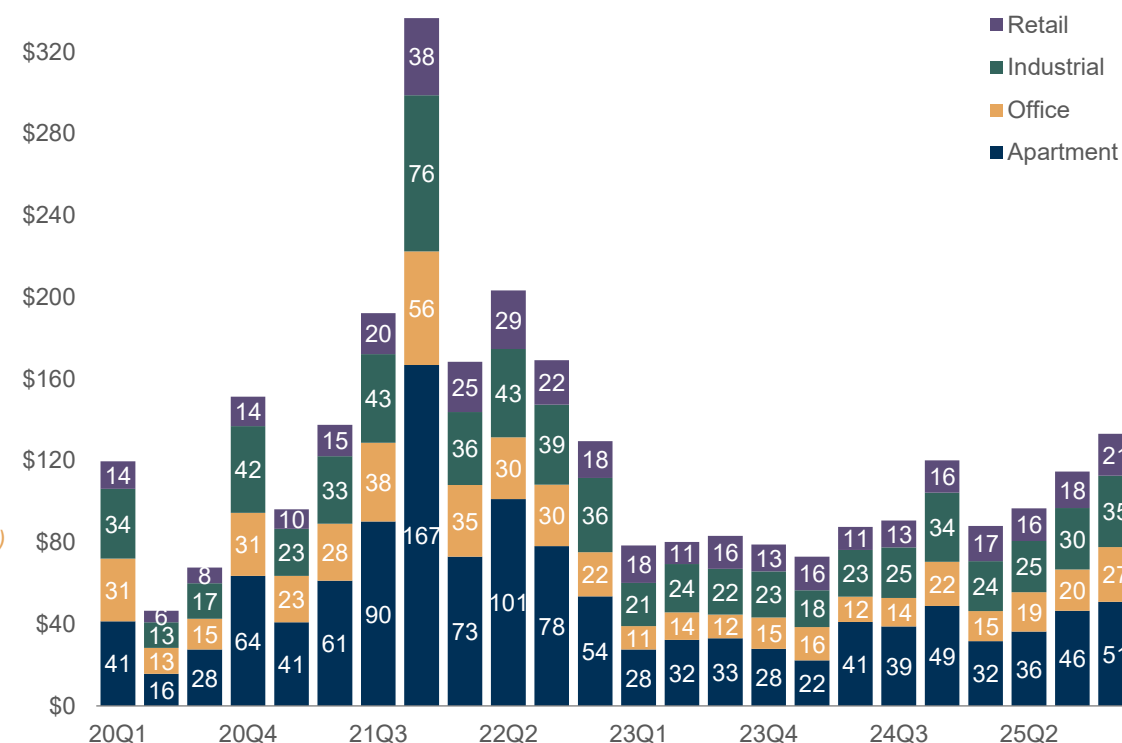
Though valuations vary by index methodology, a bottom is becoming more visible



Source: Strategy and Research Group of NYL Real Estate Investors, February 2026. NCREIF Market Value Indices (MVI) quarterly data available through Q4 2025; MSCI Real Capital Analytics Commercial Property Price Index (CPPI) monthly data available through December 31, 2025. Green Street Commercial Property Price Index (CPPI) monthly data available through December 31, 2025.

Transaction levels are below pandemic-era highs, but continue to grow

*Quarterly transaction volume by property type*



Source: Strategy and Research Group of NYL Real Estate Investors, MSCI Real Assets, February 2026, with data available through December 31, 2025.



# United States: Key themes for investing

Demographic trends, elevated long-term rates, and fiscal and policy shifts are driving a more selective U.S. CRE opportunity set.

## Macroeconomic and market themes

- As **investors continue to adjust to higher long-term rates**, we expect transaction activity to continue to rise in 2026, supported by improving liquidity and growing refinancing pressure
- While CRE fundamentals softened in 2024 and early 2025, the **outlook for 2026 is more constructive** as construction pipelines contract, absorption improves in select sectors, and valuations recalibrate
- In several sectors and markets, **values may be approaching cyclical lows**, increasing investor confidence to shift from defensive credit positioning toward selective equity and hybrid capital solutions

## Cyclical and secular opportunities

- As price discovery progresses, investors who can **play across the risk spectrum and up and down the capital stack may see opportunities** across real estate asset classes
- In equity, opportunities are emerging where high-quality sponsors and assets face **refinancing gaps or elevated capital costs**, creating entry points at materially lower bases
- In credit, banks remain cautious, creating space for more **creative lenders to provide transitional and rescue capital** at attractive spreads, supported by lower short-term rates but constrained leverage
- Look **for managers with strong relationships** who may be able to source deals off-market where they are not competitively bid, improving return potential

## High conviction themes

- Discerning investors should focus on major trends impacting the supply and demand dynamics in the economy and CRE. These include:
- **Demographic trends** including a stagnant-to-declining working age population, slowing immigration, and the aging population
- **Internal migration patterns** including domestic migration to the Sunbelt and the Intermountain West, and suburban and exurban shifts
- **Innovation and work trends**, including AI adoption, automation, and evolving workplace utilization, are creating both risks and opportunities, particularly across office, industrial, and digital infrastructure assets

Source: Opinions of NYL Real Estate Investors, 2026.

# Real assets: Global megatrends drive higher demand for natural resources

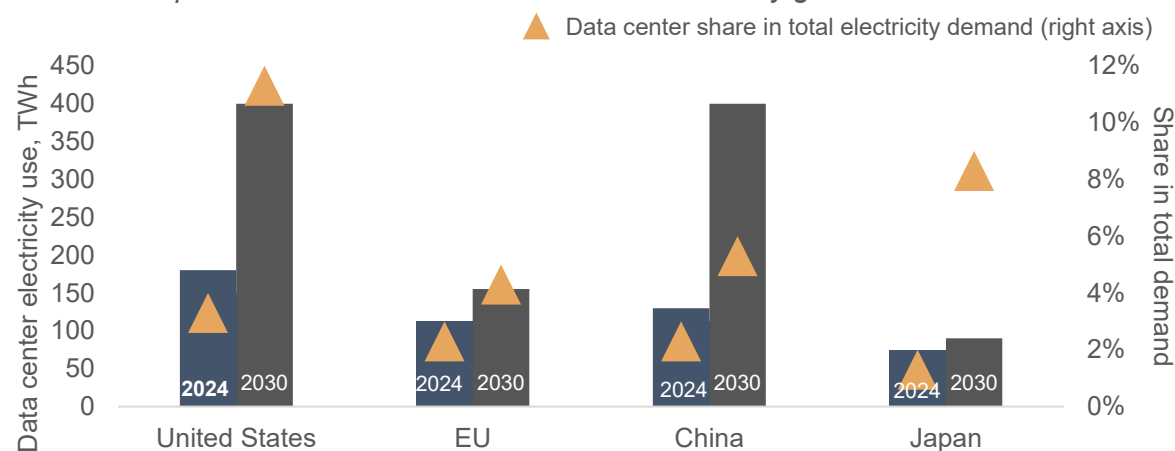
Global transitions towards digitization, electrification, and supply chain re-globalization are capital and resource intensive.

- The ongoing economic and political transitions toward electrification, digitization, and supply chain re-globalization are not new, but they are increasingly central to investment opportunity.
- We believe that the combination of national interest (public funding), corporate leadership (capital expenditure), and universal application (household interest) in these trends will result in durable investment. These transitions are likely to be highly capital intensive and more materials will be required, promoting potentially higher prices for those materials. This combination of factors is likely to drive sustained public and private demand for real assets.
- Already, these trends have driven higher utilization rates and capacity expansion for many businesses, increasing the scarcity value of those assets and mitigating potential cyclicalities.

## Digitization will require extensive new power supply

The International Energy Agency (IEA) estimates global electricity consumption of data centers could double to 1000TWh by end 2026, roughly equal to adding the electricity consumption of Germany in just a few years. Half of this expansion could take place in the U.S. and China.

### Data center power use and share in total national electricity grid

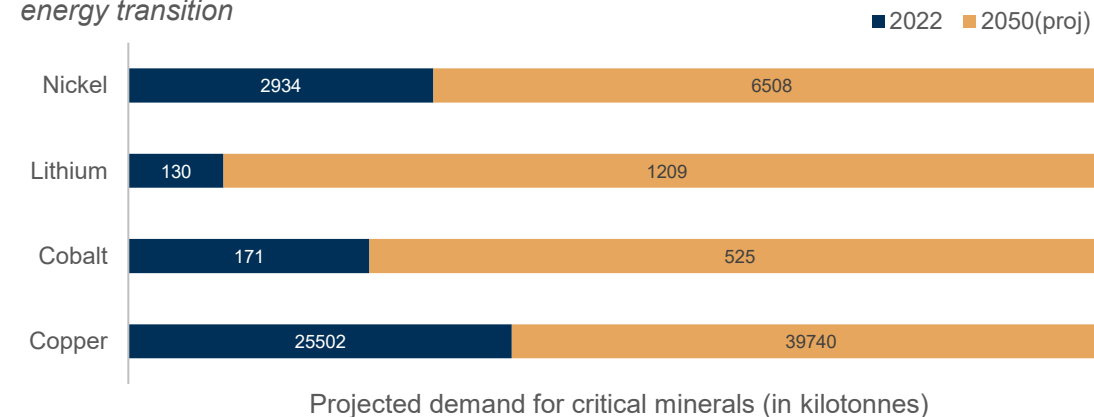


Sources: New York Life Investments Global Market Strategy, International Energy Agency, CBRE Investment Management, European Commission, China's State Council, Japan Science and Technology Agency, S&P Global, U.S. Energy Information Administration, February 2026, with data available through May 2025. TWh = terawatt hours of electricity.

## Energy transition will require extensive materials

Raw materials production may not be sufficient to achieve an energy transition with current technology. Innovations in processing and recycling will be essential to meet global needs in the coming decades. In the meantime, materials demand appears poised only to increase.

### A sharp increase in demand is projected for metals required to fuel the energy transition



Sources: Apogem, International Energy Agency, Critical Minerals Market Review, 2023. February 2026. 2050 projections represent "Announced Pledges Scenario," which assumes all national energy and climate targets made by governments are met in full and on time.

# Natural resources valuations may not yet reflect global demand

Global megatrends are taking off, but the real assets required to support them are still attractively valued in our view.

- In the post-pandemic period, investors have become more attuned to the megatrends described on the previous page. Accordingly, public and private markets began to reflect the early stages of capital investment in those areas of the market.
- To give a concrete example: as ChatGPT brought more attention to the use cases of generative AI, public equity valuations began to reflect enthusiasm for the foundational layer of that technology – the data structures, algorithms, and chipmakers necessary to propagate demand. As those foundational companies developed their capabilities, it became clear that more digital and energy infrastructure – including raw materials and servicers of those capabilities – would be required to fuel growing AI demand.
- AI is merely one example of an investment megatrend that is broadening as investors realize its potential. Supply chain re-globalization and electrification are experiencing similar developments.
- Our research suggests that this broadening of investment capabilities is still in its early stages. The application layer has been explored (e.g., by corporations experimenting with AI use cases), but has not yet truly broadened. And though some aspects of infrastructure development have expanded thanks to these megatrends, their energy and materials inputs have not yet seen valuation expansion.

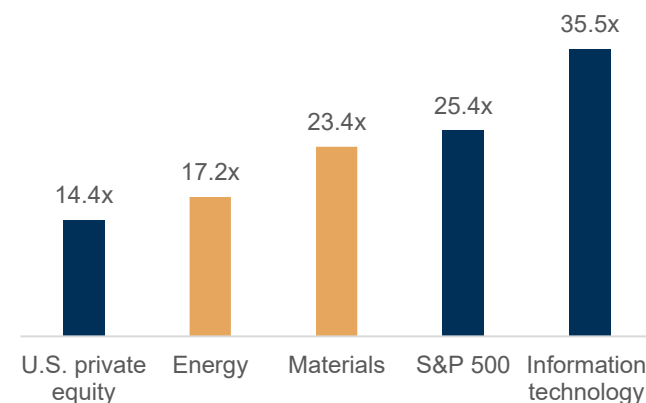
Sector and value chain diversification offers the potential to mitigate unforeseen short-term volatility and longer-term cyclical

Sector	Energy	Metals & Mining	Services
Focus	<ul style="list-style-type: none"> <li>Oil</li> <li>Natural gas</li> <li>Liquids</li> <li>Minerals</li> </ul>	<ul style="list-style-type: none"> <li>Base</li> <li>Industrial</li> <li>Precious</li> <li>Rare / specialty</li> </ul>	<ul style="list-style-type: none"> <li>Data &amp; technology</li> <li>Cost reduction</li> <li>Operational enhancement</li> <li>Patented products</li> </ul>
Sector	Agriculture	Energy transition	Infrastructure
Focus	<ul style="list-style-type: none"> <li>Agtech</li> <li>Crops</li> <li>Protein / Nutrition</li> <li>Efficiency / optimization</li> </ul>	<ul style="list-style-type: none"> <li>Electrification</li> <li>Carbon</li> <li>Storage</li> <li>Wind / solar</li> </ul>	<ul style="list-style-type: none"> <li>Power generation</li> <li>Midstream / transmission</li> <li>Terminal connectivity</li> <li>Water-related assets</li> </ul>

Source: Apogem, 2026.

Energy and materials companies are trading at attractive valuations

P/E ratio by sector for listed companies



**Our investors' convictions:**

- Meeting future demand for energy will require all available energy sources, traditional and alternative
- Future power demand is driven by a broad mix of sectors, far beyond just data centers
- The industry is starved for capital
- The energy transition will take time and will create investment opportunity

Source: New York Life Investments Global Market Strategy, Bloomberg, February 2026. Data through December 31, 2025. The price-to-earnings (P/E) ratio measures a company's current share price relative to its per-share earnings. Each sector valuation is calculated using the associated Bloomberg S&P 500 sector index; further definitions are at the back of this document.

# Important information & disclosures

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Experience across multiple cycles  
Deep institutional knowledge  
Market expertise



## Strategic Platform

Built with purpose  
Consistency of capital through its investment business arm  
Proven and repeatable process



## Market Access

Superior access  
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Opportunistic  
Robust industry network



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Thoughtful diversification  
Long-term focus  
Co-investment with clients

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1, 2 disclosure on slide 47 (Important information)

# Additional definitions

**Most definitions are provided on the relevant page. For those pages where space does not allow, as marked on those pages, additional definitions are provided here.**

The **Broadly syndicated loan market (BSL)** is a segment of the loan market where large loans, typically for leveraged buyouts or corporate financing, are syndicated among a wide group of institutional investors, such as banks, mutual funds, and CLOs (Collateralized Loan Obligations).

**Business development companies (BDCs)** are U.S.-regulated investment vehicles that provide debt or equity financing to small and mid-sized private companies, often in the lower middle market

The **Cambridge Associates Buyout & Growth Benchmark** represents a collection of institutional quality private fund performance and are based on data compiled from institutional-quality global buyout and growth equity funds formed since 1986. The benchmark aggregates portfolio-level performance information. Fund and investment-level performance information is drawn from the quarterly and audited annual financial statements of the fund managers and each manager's reported performance numbers are independently recreated from the financial statements and verified by Cambridge Associates.

**Continuation vehicles (CVs)** are investment structures that allow general partners (GPs) to transfer assets from an existing fund into a new fund, allowing GPs to retain exposure and provide limited partners (LPs) with liquidity.

**Dry powder** refers to the amount of cash reserves that private equity firms or investment funds have available to deploy for new investments. It's essentially uninvested capital waiting to be allocated.

**Developed market equity** year-to-date performance is based on the **MSCI EAFE** Index, an equity index covering developed market countries.

**Emerging market core bonds** year-to-date performance is based on **Bloomberg Emerging Markets Aggregate Index**, a flagship hard currency emerging markets debt benchmark that includes USD-denominated debt.

**Emerging market equities** year-to-date performance is measured using **MSCI EM Index**, a free-float weighted equity index that captures large and mid cap representation across Emerging Markets (EM) countries

**Euro core bonds** year-to-date performance is based on the **Bloomberg Euro Aggregate Index**, a benchmark that measures the investment grade, euro-denominated, fixed-rate bond market, including treasuries, government-related, corporate and securitized issues.

**Euro high yield** year-to-date performance is based on the **Bloomberg Pan-European High Yield Index**, measures the market of non-investment grade, fixed-rate corporate bonds across Europe.

**General partners (GPs)** are fund managers who make investment decisions, manage portfolios, and are responsible for the fund's performance and operations. Unlike LPs, GPs assume unlimited personal liability.

**Global core bonds** year-to-date performance is based on the **Bloomberg Aggregate Index**, a flagship measure of global investment grade debt from a multitude local currency markets.

**Global high yield** year-to-date performance is based on the **Bloomberg Global High Yield Index**, a multi-currency flagship measure of the global high yield debt market.

**Green Street CPPI** tracks changes in the pricing of U.S. commercial property markets, based on unlevered (debt-free) asset values and transactions.

**Limited partners (LPs)** are investors in a private market fund who provide capital but do not manage the investments or day-to-day operations and are generally liable only up to the amount of their investment in the partnership.

# Additional definitions (continued)

Most definitions are provided on the relevant page. For those pages where space does not allow, as marked on those pages, additional definitions are provided here.

**MSCI broad market indexes** refers to a set of equity indexes designed to track the performance of a wide range of stocks across various sectors, regions, or styles. Examples include the MSCI World and MSCI ACWI indexes.

**NCREIF MVI (Market Value Index)** tracks the changes in market valuations of U.S. commercial real estate, based on appraisals and transactions of institutional-quality properties.

**Preqin Benchmarks:** Represent the Preqin Private Capital Quarterly Index, which captures in an index the return earned by investors on average in their private capital portfolios, based on the actual amount of money invested in private capital partnerships. Data sourced from variety of sources, including data from institutional investors obtained through Freedom of Information Act (FOIA) requests and submissions of data by managers.

**RCA CPPI (Real Capital Analytics Commercial Property Price Index)** measures price movements in U.S. commercial real estate using repeat sales methodology based on actual property transactions.

**The Russell 2000** is a stock market index that tracks the performance of approximately 2,000 small-cap U.S. companies, representing a segment of the broader equity market.

**The S&P 500 Index** is a stock market index that measures the performance of a select group of large-cap companies listed on U.S. stock exchanges.

The **term premium** is the additional yield that investors require to hold a long-term bond instead of a series of short-term bonds over the same period. It reflects compensation for risks such as interest rate fluctuations and inflation over time.

**U.S. core bonds** year-to-date performance is based on **Bloomberg U.S. Aggregate Index** is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The Index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and non-agency).

**U.S. dollar** year-to-date performance is based on the **U.S. Dollar Index**, the general international value of the USD.

**U.S. equities** year to date performance is based on the **S&P 500 Index**, a stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States.

**U.S. Investment Grade** refers to investment-grade bonds issued by companies in the United States with strong credit ratings, indicating lower risk of default.

**U.S. High Yield** refers to high-yield bonds denominated in U.S. dollars, typically issued by companies with lower credit ratings, offering higher yields to compensate for higher risk. Year-to-date performance is based on the Bloomberg US Corporate High Yield Bond Index, measures the USD-denominated, high yield, fixed-rate corporate bond market.



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