Private Markets Study 2026

Every angle. Every insight. Revealed.

Private Markets. In every dimension.

Contents

Foreword
by Daniel McHugh

If 2024 hinted at normalisation, 2025 reminded investors markets rarely behave to script. A new US administration, tariff hikes and policy divergence between the US and Europe reshaped the investment backdrop. Investors expecting synchronisation instead encountered fragmentation, and private markets found themselves at the heart of the story.

Private credit, in particular, came into focus. A niche only a decade ago, the asset class has become both a growth engine and an area of debate, attracting capital and scrutiny in equal measure. Investors continue to increase exposure, attracted by yield, diversification and structural protection. Yet the pace and scale of its expansion have invited questions on underwriting discipline, transparency and the durability of returns. Simultaneously, the rise of asset-based lending underlines how the market continues to evolve towards new collateral, structures and more diversified risk allocation.

Private equity, meanwhile, had another challenging year. Exits remained sluggish and M&A subdued, leaving many investors waiting for the catalyst that will unlock distributions. But necessity breeds adaptation. Last year saw further momentum behind evergreen structures, as the industry responds to rising demand from wealth and defined contribution channels seeking private markets exposure but also liquidity.

Investors continue to increase exposure, attracted by yield, diversification and structural protection.

It was against this backdrop that we engaged with 500 institutional investors across North America, Europe and Asia representing $6.5 trillion in assets.

Their responses reveal that private markets remain central to investment portfolios. Allocations continue to rise, and almost half expect to increase exposure over the next two years. More than three-quarters anticipate private markets will outperform public assets over five years, despite less confidence in the near term.

The findings point to resilience, evolution and selectivity. Investors are becoming more discerning about governance, liquidity and transparency, yet remain attracted to the diversification, income and inflation protection that can be found across the private market universe.

We hope this study sparks useful dialogue around these trends and provides a timely lens on where private markets might go next.

Daniel McHugh
Chief Investment Officer,
Aviva Investors

Investors are becoming more discerning about governance, liquidity and transparency.

1.

Executive summary

Section

Private markets continue to attract capital from institutional investors, but the nature of that growth is changing. While momentum remains strong – nearly half of investors plan to increase allocations – the industry appears to be moving beyond a phase of rapid expansion into one of considered optimisation. Rather than simply building exposure, investors are increasingly focused on how private markets fit within portfolios, how returns are generated and access routes.

Our study of 500 institutional investors, collectively representing $6.5 trillion in assets, points to a market that is more mature, selective and differentiated than in previous years. Conviction remains high. However, this is being expressed through evolving implementation choices, greater emphasis on return quality and clearer regional and investor-type divergence.

From expansion to optimisation

After years of sustained allocation growth, private markets are entering a more measured phase. The proportion of investors planning to increase allocations edged down slightly in 2025, while those intending to maintain current exposure held steady. This should not be mistaken for waning confidence. More likely, it reflects the reality that many mature institutions have reached, or are close to, their long-term target allocations.

Key takeaways

01 **Private markets are entering a more mature, optimisation-focused phase:** Allocation growth remains strong but is slowing as institutions near targets, shifting attention to portfolio fit, return quality and differentiated implementation

02 **Illiquidity, access and control now drive investor behaviour:** The illiquidity premium has become a central investment rationale, while co-investments, evergreen funds and bespoke mandates reflect a growing demand for flexibility, control and long-term compounding, despite rising management challenges

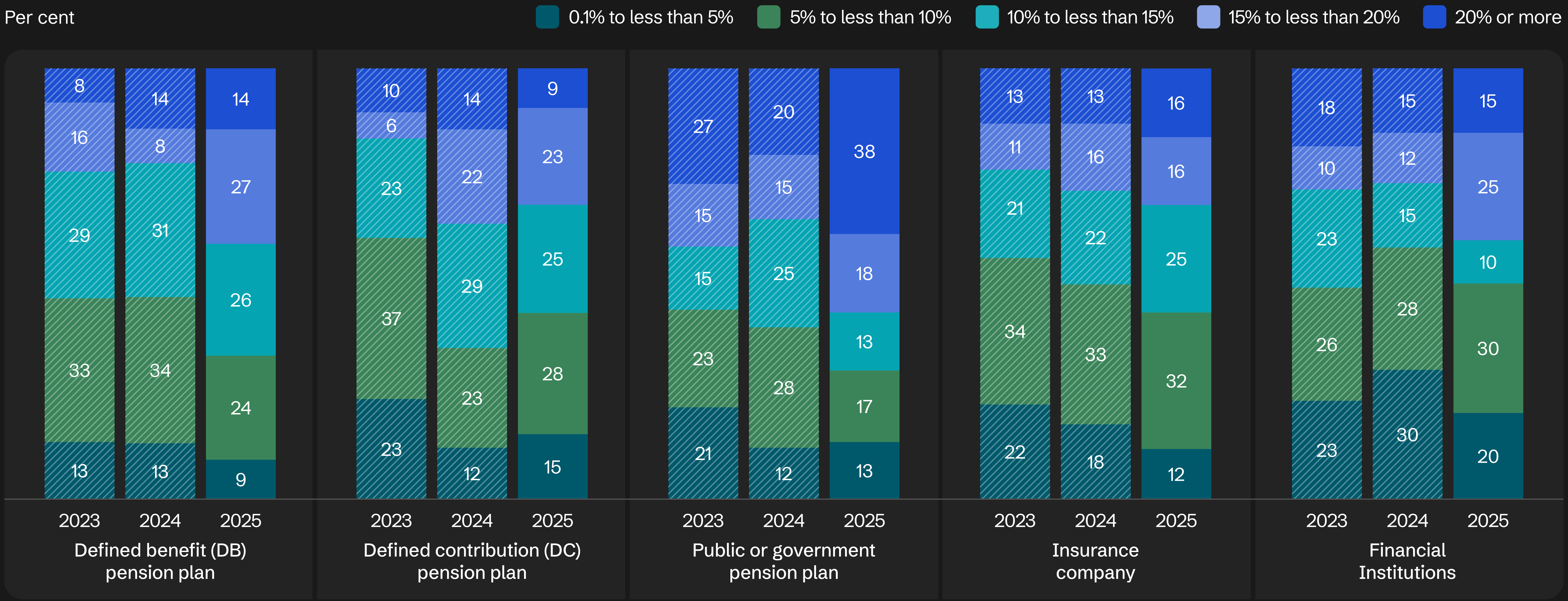
03 **Portfolio adjustments are pragmatic and structurally driven:** Investors continue to favour infrastructure, real estate and private equity, sustainability is increasingly embedded rather than explicit, and defined contribution schemes are emerging as a growth engine despite liquidity and cost constraints

Average global allocations to private markets have reached a new high of 12.5%, underscoring how firmly embedded the asset class has become. The marginal slowdown in growth therefore signals comfort rather than caution. Investors are no longer racing to establish positions; they are refining them.

The picture is uneven across markets. Insurers and defined contribution schemes continue to build exposure, while European institutions show signs of maturity, with a high proportion already at target allocations.

Asia-Pacific investors demonstrate conviction, with few planning to reduce exposure, but also report rising concerns around volatility. North American investors combine aggressive growth intentions with heightened sensitivity to liquidity and performance risks.

Figure 1. Proportion of private markets in current portfolios by investor type



Note: Data may not sum to 100 per cent due to rounding.

The illiquidity premium moves centre stage

One of the most striking developments in this year's study is the growing prominence of the illiquidity premium as a driver of allocation decisions. Over a relatively short period, the proportion of investors citing this as a key motivation has risen sharply, from 25% in 2023 to 55% in 2025, elevating it from a secondary consideration to a central pillar of the private market investment case.

This shift reflects a change in confidence rather than conditions. Investors have long believed that locking up capital should be rewarded. What has changed is the ability to observe, quantify and justify that reward. Improved data availability, longer track records and the experience of navigating a full interest-rate cycle have strengthened investor conviction that illiquidity can be systematically monetised rather than merely assumed.

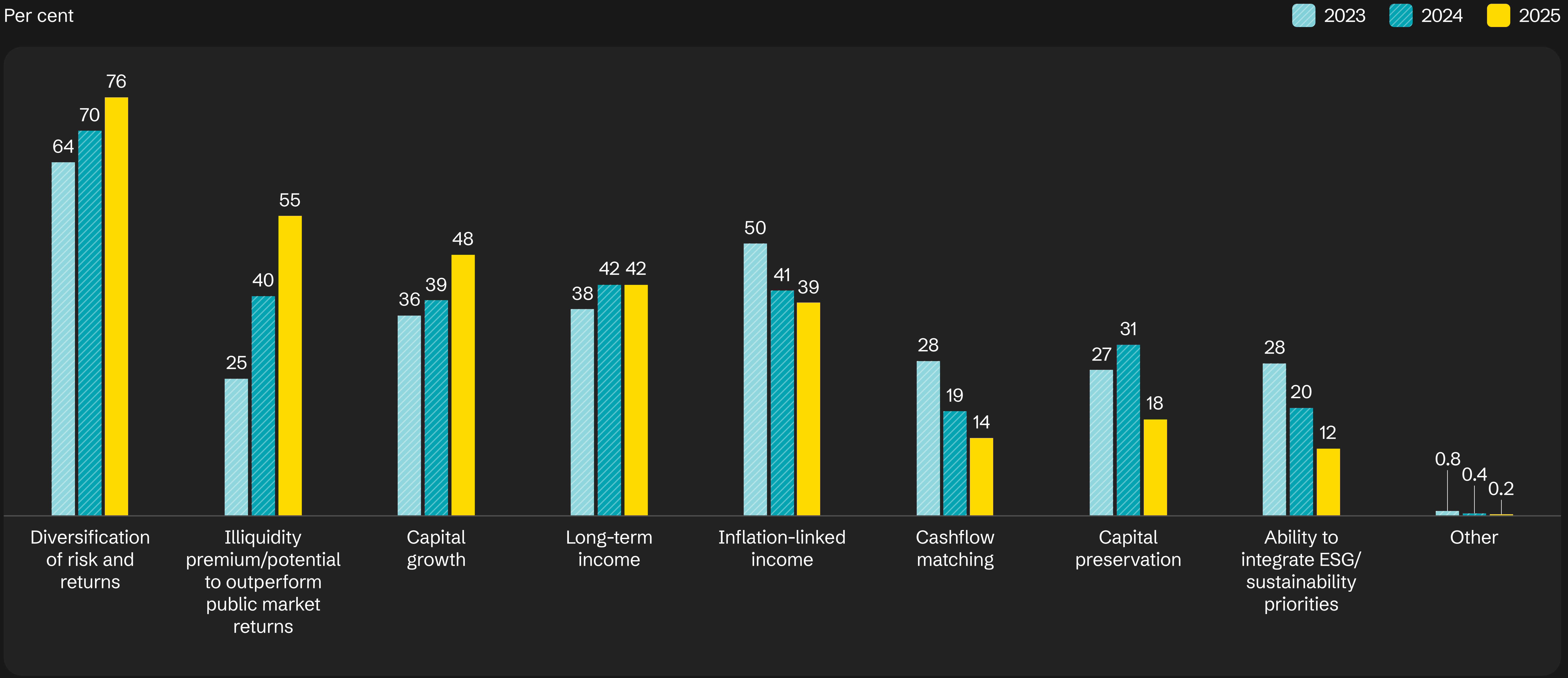
Importantly, confidence is closely linked to time horizons. While short-term expectations for private markets outperformance have softened, long-term conviction remains strong. Investors increasingly see private markets as a source of compounding returns over multi-year periods, rather than a tactical response to short-term market dislocations.

> Improved data availability, longer track records and the experience of navigating a full interest-rate cycle have strengthened investor conviction that illiquidity can be systematically monetised.

Yet this focus on illiquidity also exposes a fundamental tension. Liquidity management has emerged as one of the most significant operational challenges facing investors, particularly among larger institutions. The same investors who value the illiquidity premium most acutely are often those grappling with its practical implications at a portfolio level.

Figure 2. Key drivers of private market allocations over time

Per cent



INSIGHT 1 The illiquidity premium: a mystery no longer

David Hedalen
Head of Private Markets Research,
Aviva Investors

Investors have long believed they should be compensated for locking up capital in private markets. What has changed is their confidence that the illiquidity premium is real, measurable and worth pursuing.

For years, the illiquidity premium sat in an awkward place in private markets discourse. It was widely assumed to exist, frequently referenced in marketing literature, yet rarely pinned down with any conviction. Investors believed they were being compensated for giving up liquidity – but struggled to assess by how much, where it came from or how reliably it could be captured.

This is changing. The latest study shows the illiquidity premium rising sharply as a primary motivation for allocating to private markets, moving from a peripheral consideration to one of the dominant drivers of investment. This is not down to changes in market conditions but a growing confidence.

The reason is straightforward. Private markets now have something they lacked for much of their history: data. Longer track records, more consistent reporting and the experience of navigating a full rate-hiking cycle have given investors the evidence base they were missing. The premium for illiquidity is no longer inferred from anecdotes or relative comparisons; it can be observed, analysed and increasingly isolated.

Crucially, the illiquidity premium is no longer viewed as a blunt reward for patience. Investors are becoming more selective about how it is earned. Not all illiquid assets command the same premium and not all managers are equally capable of harvesting it. Structure, asset selection and active management matter. In private credit, that may mean moving beyond commoditised corporate lending into more complex, asset-backed opportunities. In infrastructure, it may mean targeting assets where duration, contractual cashflows and scarcity justify long-term holdings.

This growing conviction around illiquidity also helps explain a broader shift in investor priorities. As confidence in structural protection has increased, explicit concern with capital preservation has faded, while emphasis on capital growth has risen. Preservation is no longer the headline benefit; it is assumed. The premium investors are now focused on is incremental returns that cannot be accessed in liquid markets.

The implication is clear. If investors are allocating explicitly to harvest illiquidity premia, expectations will rise accordingly. The bar for managers is no longer simply to provide access to private assets, but to demonstrate – consistently and transparently – that illiquidity is being rewarded. In other words, belief is no longer enough. Proof is required.

The premium investors are now focused on is incremental returns that cannot be accessed in liquid markets.

Access, control and implementation gain prominence

As private markets mature, attention is shifting decisively from what investors allocate towards how they access and implement those allocations. Implementation choices are no longer secondary considerations but becoming a source of differentiation in their own right.

Co-investment has moved firmly into the mainstream. Once the preserve of a limited subset of large institutions, it is now widely practiced by all investor types. The appeal is multi-faceted: improved access to larger or more targeted opportunities, greater control over portfolio construction and, in some cases, reduced costs. At the same time, interest in evergreen fund structures continues to build. While closed-ended vehicles remain dominant, a growing proportion expect evergreen funds to rival or even surpass them by the end of the decade. Demand is being driven by the need for flexibility over contributions and withdrawals and the ability to remain continuously invested; such attributes resonate particularly with defined contribution schemes and corporate defined benefit plans running off over finite horizons.

Direct investment and bespoke mandates sit alongside these trends. Larger allocators, insurers and public pension schemes increasingly seek tailored solutions that align precisely with their risk budgets, return objectives and liability profiles. These approaches come with higher governance demands, yet for many investors the trade-off is justified.

The unifying theme is control. Investors want more than one-size-fits-all structures. They are actively reshaping how they access private markets to better align capital deployment with their changing and complex needs.

Asset class preferences reflect pragmatism, not rotation

Despite shifts in sentiment, the study suggests that investor behaviour across private market asset classes is more pragmatic than headline narratives might imply. Infrastructure equity stands out as the asset class with the strongest net increase to allocation intentions, supported by expectations of resilient long-term returns. This reflects confidence in its cashflow characteristics, inflation linkage and exposure to structural themes such as energy transition and large-scale fiscal intervention.

At the same time, real estate equity remains the dominant private markets allocation globally. While enthusiasm has moderated, this likely reflects rebalancing at the margins rather than a wholesale reassessment. Familiarity, scale and depth continue to underpin its role in institutional portfolios.

Private equity, despite recent challenges, also retains long-term support. Around half of investors expect the asset class to deliver the strongest returns over a five-year horizon, suggesting faith in its cyclical resilience.

> Strategies such as asset-based lending and infrastructure debt continue to gain traction, while more niche areas, including nature-based solutions, are expected to see increased allocations.

Section

Elsewhere, strategies such as asset-based lending and infrastructure debt continue to gain traction, while more niche areas, including nature-based solutions, are expected to see increased allocations from a small base.

Overall, investors appear to be adjusting portfolios in a considered way, responding to relative value and structural considerations.

Figure 3. Average private market allocations by asset class

Per cent

Note: Data may not sum to 100 per cent due to rounding.

Sustainability fragments and embeds

One of the more striking findings in this year's study is the apparent decline in the importance of sustainability in investment decision-making. This shift is most pronounced in North America, where political discourse has weighed on ESG considerations. Europe continues to lead in this area, although even in that region its perceived importance has fallen.

Yet the data suggests a more complex reality. An overwhelming majority of investors still consider sustainability at some level, indicating that it has not been discarded but absorbed. ESG factors are increasingly embedded within underwriting, asset management and risk frameworks rather than treated as standalone drivers.

This integration is reflected in the growing focus on practical outcomes, from social housing to energy systems that enable, rather than symbolise, transition. Sustainability may feature less prominently in survey responses, but it remains woven into how many investors assess long-term value and risk.

> Investors still consider sustainability at some level, indicating that it has not been discarded but absorbed.

DC pensions emerge as a growth engine, albeit with caveats

Defined contribution schemes stand out as one of the most important growth opportunities for private markets. Over half plan to increase allocations, driven by a strong emphasis on capital growth and longer time horizons than are assumed. This validates the view that DC could become a major source of demand over the coming decade.

However, barriers remain. Liquidity constraints, valuation concerns and cost considerations are cited frequently, underscoring the need for continued innovation in fund structures and governance models. The opportunity is substantial yet realising it will require adaptation from both investors and managers.

2.

Regional and investor type highlights

Section

How structure, scale and location shape investor behaviour

Private markets investing is shaped by context. Relative stages of maturity, regulatory frameworks and organisational structure all play a significant role in determining how investors allocate, seek to manage risk and implement strategies. Rather than converging toward a single global model, behaviours are diverging due to differing constraints, capabilities and objectives.

This section explores these differences across regions and investor types, highlighting how private markets strategies evolve once scale, governance and regulation come into play.

Regional divergence: Three distinct investment cultures

Despite operating within the same global market environment, North America, Europe and Asia-Pacific are developing increasingly distinct approaches to private markets. These differences are structural rather than cyclical, shaped by varying levels of market maturity, institutional sophistication and local context.

	North America	Europe	Asia-Pacific
Sample size	n=90 (18%)	n=270 (54%)	n=140 (28%)
Plan to increase	53%	48%	49%
Stay the same	31%	40%	41%
Plan to decrease	16%	12%	9%
Top investment driver	Diversification (81%)	Diversification (74%)	Diversification (78%)
Illiquidity premium as a driver	56%	53%	58%
Top barrier	Liquidity (64%)	Liquidity (50%)	Liquidity (59%)
Direct investment	38%	51%	49%
Co-investment	58%	54%	51%
Sustainability important	30%	52%	47%
Top risk in the next 12 months	Liquidity (54%)	Liquidity (53%)	Liquidity (51%)

North America: Growth with friction

North American investors show the strongest appetite for continued growth in private markets allocations, with 53% planning to increase exposure. This underscores confidence in the long-term role of private assets within portfolios. That growth orientation, however, sits alongside pronounced scepticism. North America leads all regions in liquidity concerns (64%), performance doubts (38%) and cost sensitivity (51%), highlighting the challenges that accompany scale.

The tension is particularly evident in attitudes toward illiquidity. Well over half of North American respondents cite the illiquidity premium as a key investment driver, even as liquidity management is identified as the single greatest barrier. High co-investment adoption (58%) suggests investors are responding by seeking greater control over deployment and deal selection rather than stepping back.

Sustainability has retreated sharply as an explicit investment consideration. Only 30% now view it as important, while 19% do not consider it at all, reflecting the politicisation of ESG in the US. Canadian investors exhibit a more balanced stance, however, reinforcing that this shift is acute in the US rather than a global trend.

Europe: Maturity, capability and pragmatism

After several years of building exposure, many European investors are now consolidating, with 40% planning to maintain current allocations.

Europe leads globally in direct investment adoption, reflecting strong in-house capabilities. This operational maturity supports greater selectivity as return expectations normalise. Liquidity remains a concern (cited by half of our European cohort) but appears manageable within established governance frameworks.

Sustainability remains more prominent in Europe than elsewhere, with just over half viewing it as an important factor, albeit down from previous years. At the same time, European investors report elevated concern around recession risk, shaped by economic uncertainty and proximity to geopolitical conflicts.

Asia-Pacific: Conviction despite volatility fears

Asia-Pacific investors exhibit the strongest conviction in private markets. Only 9% plan to reduce allocations, the lowest globally, while enthusiasm for the illiquidity premium is highest of any region (58%). This likely reflects both the relative youth of private markets portfolios and confidence in long-term fundamentals.

That conviction is tempered by rising volatility concerns, which increased sharply year-on-year from 25% to 45%. Valuations and sourcing opportunities are also cited as key challenges, reflecting competitive markets amidst strong inflows.

Sustainability considerations are pragmatic rather than ideological. Almost half of Asia-Pacific investors factor sustainability into their investment decisions, while just 6% do not consider it at all – the lowest proportion globally.

The region's profile is one of momentum: strong intent, growing sophistication and heightened risk awareness.

Investor snapshot: Five philosophies

If regional context shapes the environment in which investors operate, organisational structure determines how they respond. Liability profiles, governance capacity and regulatory constraints fundamentally influence private markets strategy, resulting in distinct investment philosophies across investor types.

Metric	Defined benefit (DB)	Defined contribution (DC)	Public or government	Insurance company	Financial Institutions
Sample	n=120	n=120	n=120	n=120	n=20
Increase holdings	40%	55%	47%	57%	40%
Stay the same	48%	37%	39%	30%	55%
Decrease holdings	13%	8%	14%	13%	5%
Capital growth driver	43%	59%	53%	33%	60%
Long-term income	35%	38%	43%	50%	50%
Inflation-linked income	53%	40%	28%	35%	30%
Co-investment	47%	44%	64%	62%	45%
Direct investment	46%	40%	53%	56%	30%
Multi-asset funds	52%	61%	42%	46%	55%
Top barrier	Costs (56%)	Liquidity (58%)	Liquidity (57%)	Liquidity (53%)	Costs (55%)
Sustainability important	35%	36%	49%	68%	45%

Corporate DB pensions: Income, inflation-linkage and control

Corporate defined benefit schemes display the most mature allocation profiles among pension investors. Almost half plan to maintain current exposure, reflecting finite time horizons and de-risking objectives, yet 40% still plan to increase allocations, underlining the continued role of private markets for income generation and diversification.

DB schemes prioritise inflation-linked income and long-term cashflows over capital growth. Cost sensitivity is acute, with over half citing fees as a key barrier, reflecting sponsor scrutiny and fiduciary pressure.

Evergreen structures are gaining traction, with 88% citing flexibility over contributions and withdrawals as their key benefit.

Corporate DC pensions: Growth and constraints

Defined contribution schemes represent one of the most significant growth opportunities for private markets. Well over half plan to increase allocations, while just 8% plan to reduce, the lowest among pension types. Capital growth is the dominant driver (59%, highest globally), reflecting accumulation needs and long-term investment horizons.

However, constraints remain material. Almost 60% cite liquidity as a concern, and 29% lack in-house expertise. As a result, most prefer multi-asset pooled funds, signalling appetite for simplicity and diversification. While product innovation is addressing these challenges, execution remains critical.

Public and government pensions: Scale-driven sophistication

Public pension funds exhibit the highest levels of sophistication across investor types. In terms of access routes, 64% use co-investment, the highest globally, alongside strong direct investment adoption (53%). Diversification is a core driver (81%), reflecting a portfolio-construction mindset enabled by scale.

Sustainability remains relatively prominent, with around half viewing it as important, reflecting political and stakeholder accountability alongside financial objectives.

Insurance companies: Regulated optimisation

Insurance companies operate under the tightest regulatory constraints, which strongly influence their approaches to private markets. Income generation and capital preservation take precedence ahead of capital growth (33%, the lowest of any investor type).

Despite this, insurers show strong engagement with private markets, with almost six in ten planning to increase allocations (the highest level among all investor types).

Direct investment adoption stands at 56%, reflecting scale and regulatory capital considerations. Governance constraints and sourcing challenges remain elevated, underscoring the tension between regulatory requirements and need for flexibility.

Sustainability integration is strongest among insurers, with 68% viewing it as important, driven by regulation and climate-risk considerations.

Financial institutions: Outsourced precision

Financial institutions display the most stable allocation profiles, with 55% planning to maintain their current exposure and just 5% planning to reduce. This group places relatively high emphasis on both capital growth (60%) and long-term income (50%).

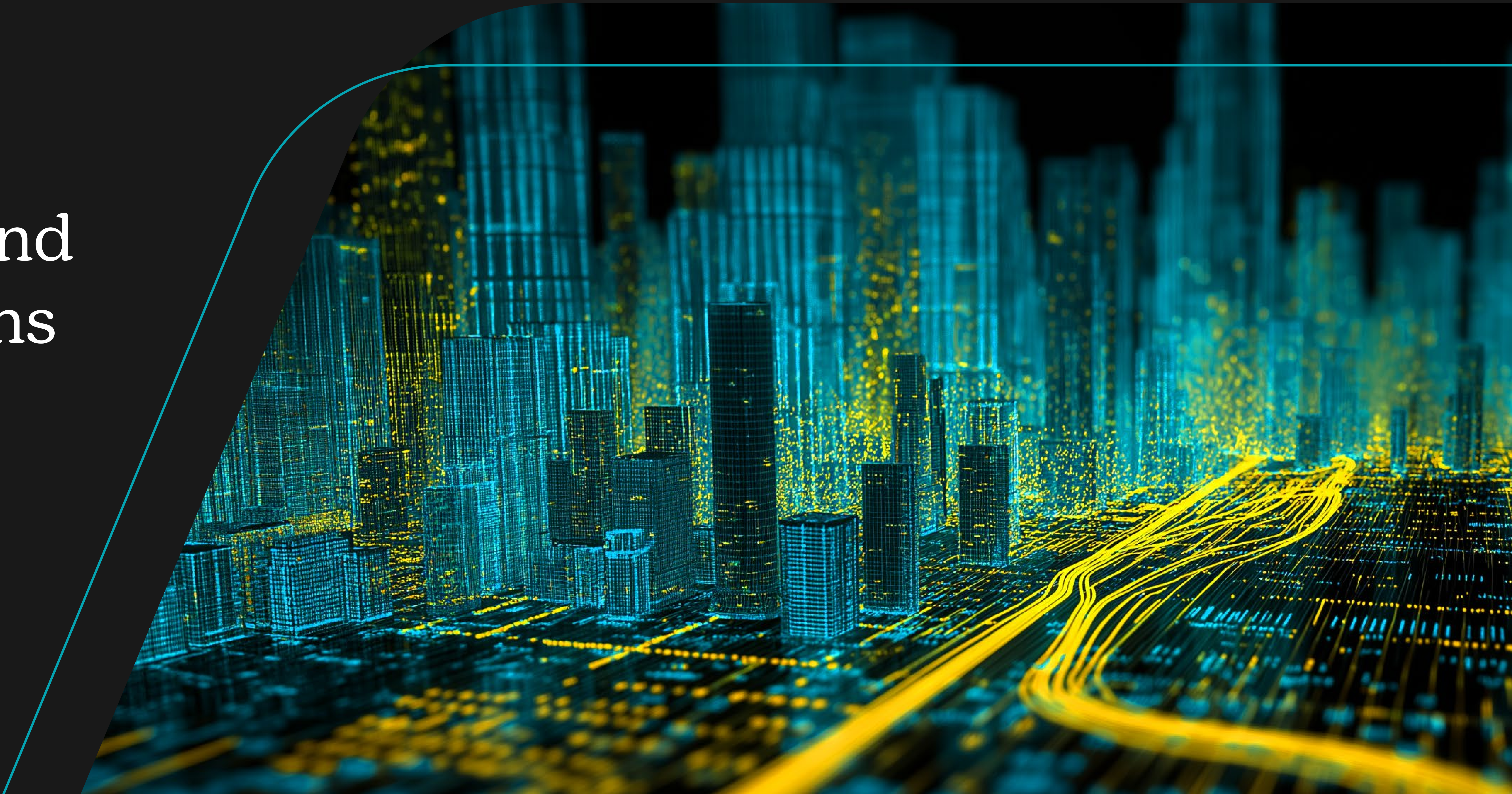
Reliance on external managers is pronounced: only 30% invest directly, well below the global average. Within this outsourced framework, infrastructure is attracting particular interest, aligned with demand for durable returns and long-term themes.

In summary: One size no longer fits all

Across regions and investor types, private markets strategies are becoming more differentiated by design. Objectives, constraints and capabilities vary too widely for standardised solutions to suffice. As private markets continue to mature, success will increasingly depend on aligning asset selection, access routes and structures with the realities of each investor group, a theme that carries through the remainder of this report.

3.

Asset allocation and return expectations



From optimism to pragmatism

Private markets allocation strategies are entering a more mature phase.

After a decade of rapid expansion, investors are consolidating exposures, recalibrating expectations and becoming more selective in how incremental capital is deployed. Growth has not disappeared, but it has become more measured, shaped by portfolio maturity and liquidity constraints.

Return expectations tell a similar story. Near-term caution has increased, reflecting macroeconomic uncertainty and valuation adjustments. Over longer horizons, however, conviction in private markets remains firmly intact. Investors are not stepping away; they are becoming more discriminating.

Overall allocation growth expected to moderate but conviction holds

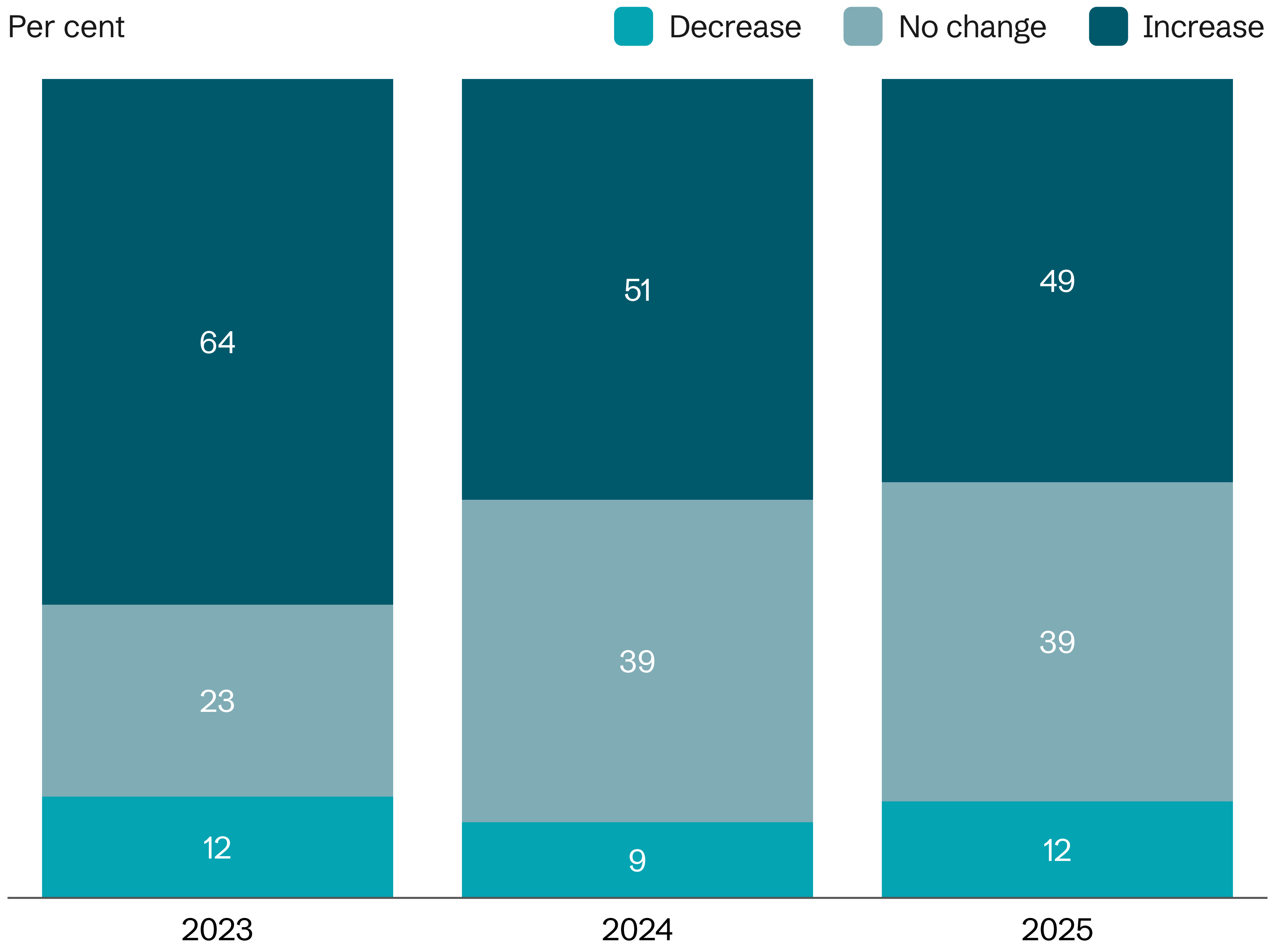
Overall, private markets allocations continue to grow, albeit at a slower pace than in previous years. Just under half of investors expect to increase overall private markets exposure, while a growing proportion plan to maintain current allocations. Only a small minority expect to reduce exposure.

The key shift over the past three years has been the sharp rise in investors holding allocations steady, increasing from 23% in 2023 to 39% in 2025. After a period of rapidly building out exposures, many institutions appear to have reached, or are close to, long-term target weights. The modest increase in those planning to reduce exposure is consistent with routine rebalancing rather than a loss of confidence.

Several factors help explain this transition from acceleration to consolidation:

- **Portfolio maturity:** Private markets are now a core allocation for many institutions, limiting the scope for continued expansion.
- **Liquidity management:** Liquidity is cited by a majority of investors (55%) as the single most significant constraint on further growth.
- **Greater scrutiny of returns:** Investors are increasingly focused on where and how private markets deliver incremental value.
- **Operational complexity:** As allocations rise, governance and resourcing demands increase.

Figure 4. Overall private markets allocation intentions, 2023–2025



Allocation intentions diverge by region and investor type

Headline figures mask meaningful divergence beneath the surface, both regionally and by investor type.

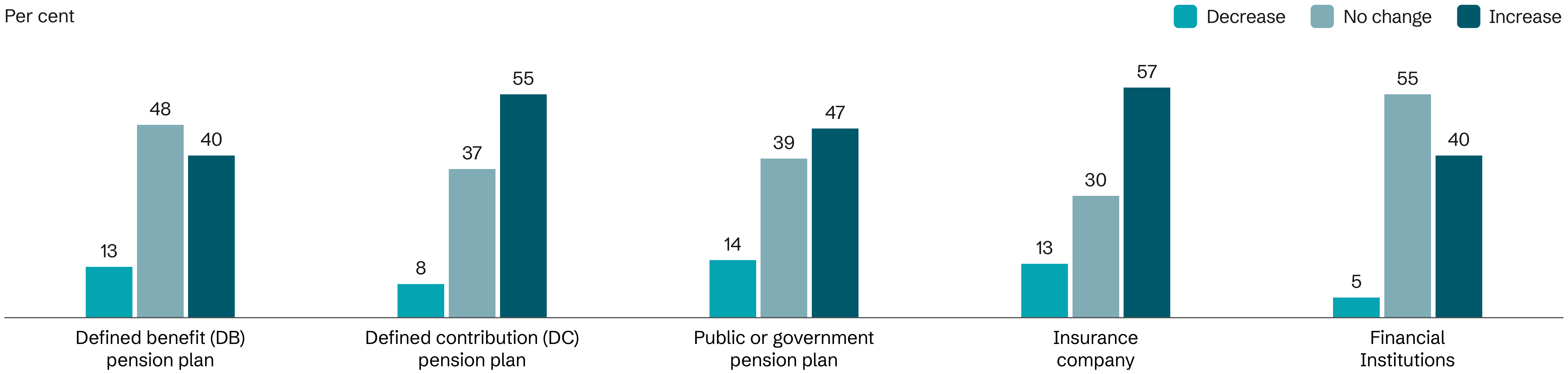
Regional patterns

- **North America:** The region has the highest proportion of investors expecting to increase allocations (53%). At the same time, North America also reports the greatest concerns around liquidity and performance, highlighting the tension between ambition and execution.
- **Asia-Pacific:** Growth intentions remain strong, with only 9% of investors planning to reduce exposure. Conviction is high, even though volatility concerns have risen.
- **Europe:** A relatively high proportion of investors plan to maintain current allocations, reflecting greater portfolio maturity and a shift toward optimisation.

Investor-type patterns

- **Corporate DC schemes:** This segment has the second highest growth intentions (55%), reflecting long time horizons and efforts to increase access to private markets for members.
- **Insurance companies:** Almost six in ten insurers plan to increase allocations, despite operating under the tightest regulatory constraints.
- **Public pensions:** Public and government pension schemes have a relatively balanced profile, with many increasing allocations while a sizeable cohort maintains exposure.
- **Corporate DB schemes:** Similar to public schemes, corporate DB schemes have a stable profile, consistent with closed-scheme dynamics and de-risking priorities. At the same time, the emergence of evergreen structures is allowing DB schemes to continue allocating to private markets.
- **Financial institutions:** These investors have the highest tendency to maintain allocations, with growth focused selectively rather than broadly distributed.

Figure 5. Overall private markets allocation intentions, by investor type



Note: Data may not sum to 100% due to rounding.

Return expectations: short-term realism, long-term conviction

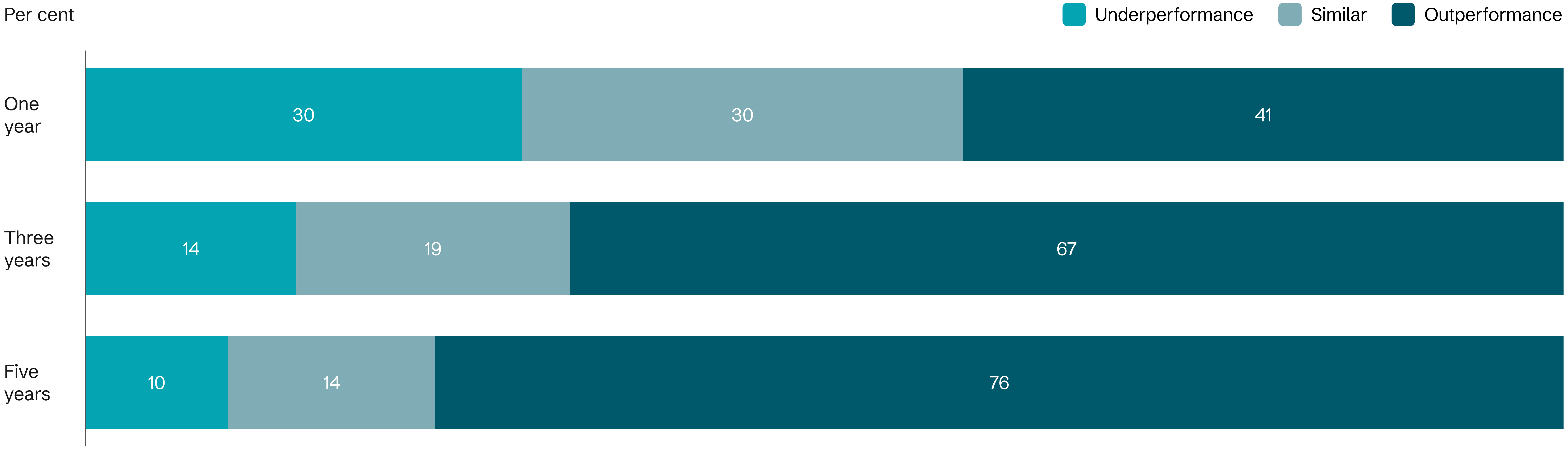
Investor expectations for private markets performance vary sharply by time horizon, revealing a growing gap between near-term pragmatism and long-term conviction. Over the next 12 months, around 40% expect private markets to outperform public markets, reflecting sensitivity to macroeconomic uncertainty, valuation adjustments and the lagged impact of higher interest rates. Concerns around exit conditions, fundraising pressures and the visibility of near-term returns have also weighed on short-term confidence.

Over longer time horizons, however, confidence in the ability of private markets to outperform public markets improves materially. Just over three-quarters of our cohort expect private market outperformance over the next five years, highlighting that investors view private markets as long-term strategies designed to compound value over time.

Several structural factors underpin this conviction. Investors continue to expect private markets to benefit from an illiquidity premium, particularly where capital is committed through market cycles. Active ownership, operational improvements and enhanced downside protection are also seen as advantages that assert themselves over time, even if obscured in the short term by valuation lags or muted transaction activity.

Importantly, this shift does not suggest waning belief in private markets' return potential, but rather a more disciplined assessment of timing and dispersion. As well as broader market beta, investors are becoming increasingly focused on strategy selection, manager skill and entry points. In this context, patience becomes a competitive advantage.

Figure 6. Overall private markets return expectations vs public markets by time horizon



Note: Data may not sum to 100% due to rounding.

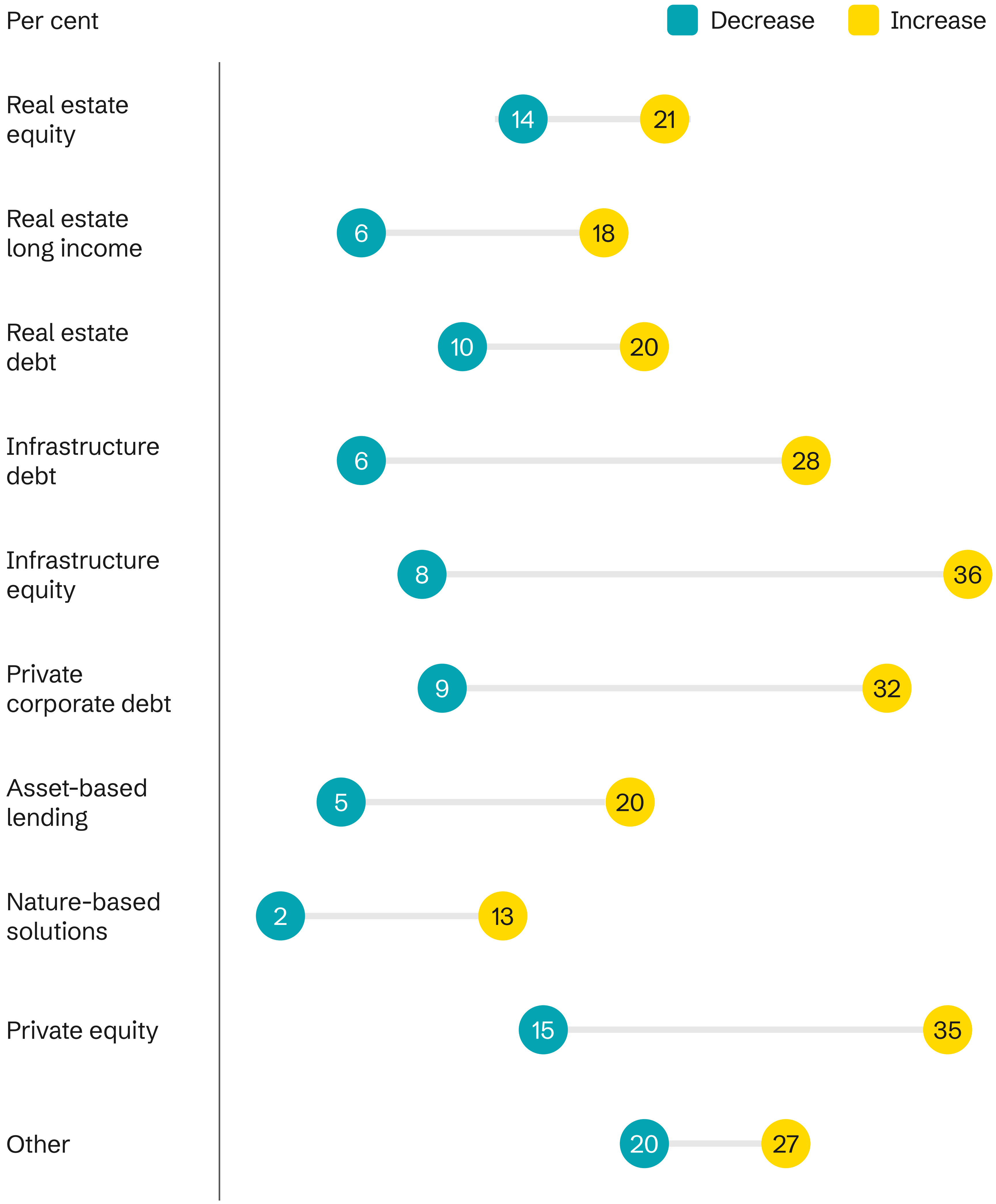
Where investors are allocating incremental capital

While overall allocation growth is moderating slightly, investors are making increasingly differentiated decisions about where incremental capital is deployed.

Infrastructure equity and private credit stand out as the asset classes with the strongest net increase intentions. The former benefits from attributes that resonate in the current environment: contractual cashflows, inflation linkage and thematic megatrends and, in the case of private credit, attractive relative yield and downside protection. Private equity continues to attract incremental capital, although intentions are more balanced than in previous years. Investors appear increasingly selective, reflecting greater dispersion between strategies, vintages and managers.

Real estate equity shows the weakest allocation momentum. The gap between those investors planning to increase exposure versus those intending to reduce is small, reflecting the impact of higher interest rates, valuation resets and structural challenges in certain sectors. However, real estate remains the largest private markets allocation globally, and current intentions are better understood as rebalancing at the margin rather than wholesale retreat.

Figure 7. Net allocation intentions by asset class



Section

Asset class return expectations: Divergence widens

Return expectations reinforce these allocation signals and highlight widening divergence within private markets.

Real estate equity has undergone the most pronounced reassessment. A growing proportion of investors now expect returns to track public markets rather than outperform, reflecting higher financing costs, weaker demand in certain segments and liquidity constraints.

Private equity expectations remain comparatively resilient. While short-term optimism has softened, longer-term confidence persists, underpinned by belief in operational value creation and the ability to exploit dislocations.

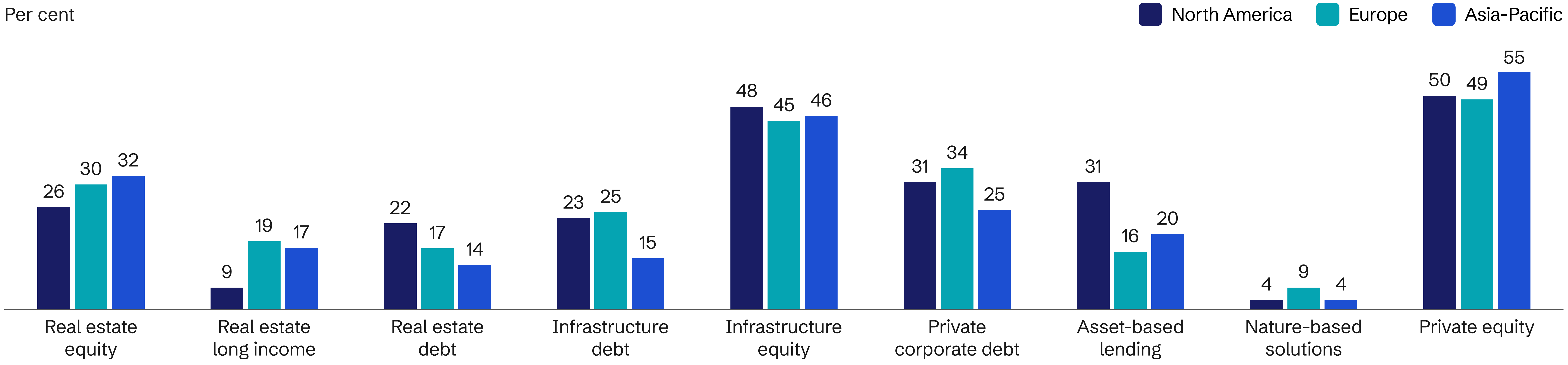
Private credit attracts the strongest conviction, supported by higher risk-free rates and achievable illiquidity premia, as well as the continued retreat of banks from non-investment-grade lending. Infrastructure and natural resources retain durable long-term appeal, supported by energy transition investment, supply constraints and essential-service characteristics.

Strategic implications: From growth to optimisation

The combination of moderating allocation growth and more differentiated return expectations has clear implications for investors:

- **Selectivity matters more:** Broad beta is no longer sufficient; strategy and manager choice are increasingly critical.
- **Rebalancing replaces rotation:** Weakness in real estate reflects adjustment, not abandonment.
- **Time horizons are vital:** The contrast between near-term caution and long-term conviction reinforces the value of patient capital.
- **Assumptions are more grounded:** Return expectations are increasingly realistic, with fewer investors extrapolating past cycles to predict future returns.

Figure 8. Asset classes expected to deliver strongest risk-adjusted returns over five years



Note: Respondents could pick up to three asset classes

INSIGHT 2

The continued evolution of private credit

Melissa Bockelmann
Head of Private Debt Investment Specialists,
Aviva Investors

Private credit is no longer just filling a gap left by banks. It is becoming a more selective, structurally differentiated asset class in its own right.

For much of the past decade, the case for private debt was straightforward: regulation constrained bank balance sheets, non-bank lenders stepped in, and investors were rewarded for providing capital to underserved segments of the market. While that theme is still prevalent, private debt is evolving into an increasingly specialised and differentiated universe of strategies and lending exposures.

A clear expression of this is the growth of sectors outside traditional corporate lending. Investors are increasingly seeking differentiated return drivers, enhanced downside protection and portfolio diversification. Asset-based finance is a prime example, encompassing lending against tangible assets and contractual cashflows, where underwriting is anchored in collateral quality, cashflow resilience and control mechanisms rather than corporate leverage alone.

Borrowing demand is rising in asset-heavy and specialist sectors that are no longer efficient for bank balance sheets. Institutional capital is therefore stepping in with purpose-built, collateral-led funding—senior secured loans, warehouse lines and securitised structures—tailored to specific risk, duration and cash-flow targets. This opens access to exposures that resist commoditisation while financing the real economy at scale.

This shift reflects a broader search for what many investors describe as a ‘complexity premium’. In an environment where headline yields in traditional private corporate debt have compressed, value is increasingly created through collateral-led underwriting, bespoke structuring and intelligent risk segmentation. Tools such as tranching, robust covenant packages and tailored cashflow waterfalls allow investors to target specific outcomes without simply extending duration or moving down the credit spectrum.

At the same time, allocations are being shaped by a nuanced assessment of returns. The spike in interest rates during 2022–2023 had an immediate benefit on floating-rate private credit. As rates stabilise, performance dispersion and relative value matter more. Rather than retrench, investors are refining exposures, favouring strategies with the flexibility to look across corporate, asset-backed and structured credit.

Competition for capital is also influencing this trajectory. Real estate equity, long a core private markets allocation, faced headwinds through the rate-hiking cycle and now competes more directly with credit for incremental commitments.

The result is a private debt market that is more specialised and dynamic. No longer a single, homogeneous allocation, the asset class is defined less by scale and more by structure, selectivity and the disciplined pricing of complexity.

> Investors are increasingly seeking differentiated return drivers, enhanced downside protection and portfolio diversification.

INSIGHT 3

Infrastructure and real estate: rebalancing and shifting boundaries

Callum Fraser
Head of Private Markets Equity Investment Specialists,
Aviva Investors

Infrastructure is in the spotlight. Its rise says as much about rebalancing and reclassification as it does about changing conviction.

At first glance, investor intentions appear clear: infrastructure equity is in favour, while enthusiasm for real estate equity has cooled. Look more closely, however, and the picture may be less about rotation and more about portfolio arithmetic.

Real estate has long been the dominant private markets asset class and remains so today. When an allocation has grown that large, marginal rebalancing away from it merely highlights growing opportunities elsewhere in private markets, as well as investor discipline. After a hiking cycle that weighed heavily on relative property valuations, investors are understandably reassessing where incremental capital is best deployed.

Infrastructure, by contrast, has emerged from that same period with its credentials reinforced. Contractual cashflows, inflation linkage and relative resilience to higher discount rates have all been tested in real time. Add a renewed fiscal push across Europe and the UK, in areas like energy systems and social infrastructure, and the rationale for higher allocations is easy to understand.

Yet the divergence between infrastructure and real estate sometimes overstates the distinction. In recent years, the boundary between the two asset classes has become increasingly blurred. Assets such as social housing, logistics facilities and data centres were all firmly classified as real estate historically. Today, they are routinely included in infrastructure mandates. The bricks and mortar may not have changed, but the way investors think about duration, cashflows and societal relevance has.

Seen in that light, the shift towards infrastructure looks less like a vote against real estate and more like an evolution in classification. Investors are becoming more agnostic about labels and more focused on outcomes: resilience, inflation protection and long-term income.

The real story is not infrastructure versus real estate, but how the two increasingly overlap. Both continue to play distinct and complementary roles in private markets portfolios, often offering exposure to the same underlying assets through different analytical lenses.

The real story is not infrastructure versus real estate, but how the two increasingly overlap.

4.

How investors access private markets

A shift in mindset

As private markets have moved from the periphery to the core of institutional portfolios, access has become a strategic decision in its own right.

A decade ago, the principal challenge for many investors was whether they could gain exposure at all. Today, the more pressing question is how to access private markets in a way that aligns with their governance capacity, liquidity tolerance, cost sensitivity and long-term portfolio objectives.

The evidence from this year's study points to a shift in mindset. Rather than converging on a single access route, investors increasingly seem to be adopting hybrid frameworks, blending traditional closed-end funds with co-investments, multi-asset vehicles, evergreen structures and, in the case of defined contribution schemes, default-fund solutions.

Shifting preferences in access routes

Single asset-class pooled funds remain the most widely used route into private markets. Around six in ten investors rank them among their top three preferred approaches, reflecting appetite for specialism when targeting certain strategies or sectors. Their continued popularity underlines the enduring appeal of simplicity in an asset class that is, by nature, complex.

That said, preferences are broadening. More than half of investors now rank co-investment opportunities among their preferred access routes, a sharp rise compared with previous years and a clear signal that co-investment has moved from the margins to the mainstream. Multi-asset pooled private markets funds also feature prominently, selected by around half of respondents, as investors seek diversification and convenience within a single vehicle.

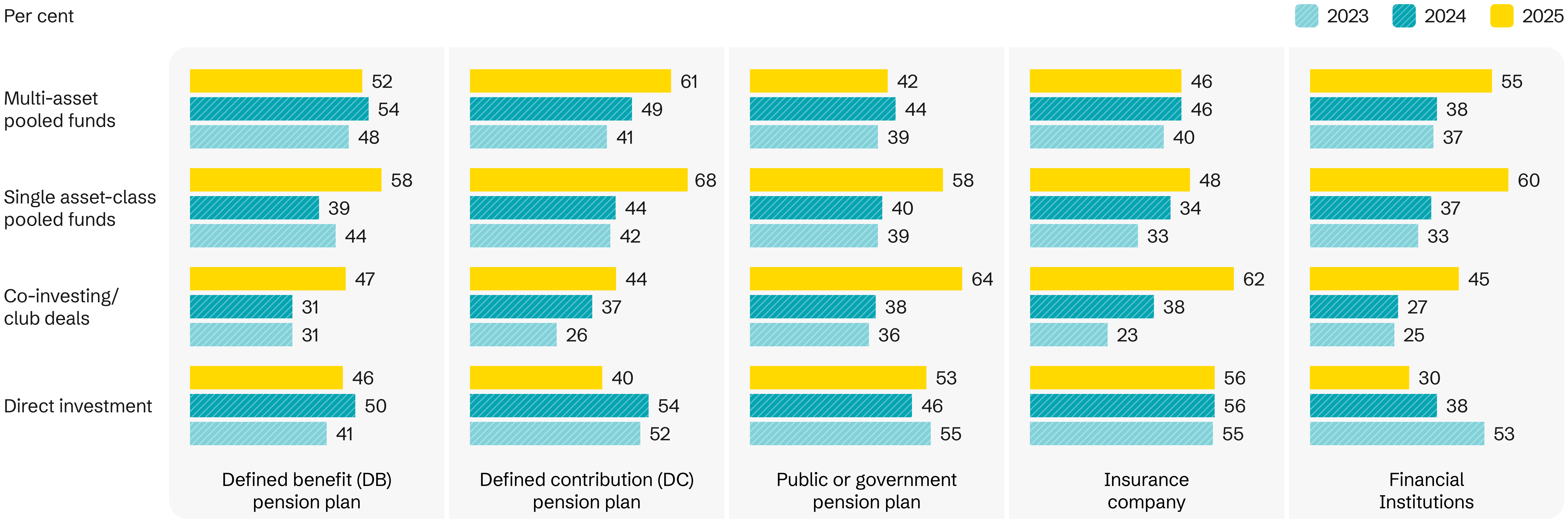
Direct investment through in-house teams appeals to a sizeable minority, with just under half of investors expressing interest in this route. However, appetite is heavily concentrated among organisations with the scale and internal resources to source, execute and manage deals independently, such as public plans and insurers. Segregated mandates attract more selective demand, while ESG-focused pooled funds remain a niche choice, reflecting the additional complexity involved in combining sustainability and financial objectives.

Preferences vary meaningfully by organisation type. Public pension plans show the strongest affinity for co-investment, with around two-thirds ranking it among their top approaches, significantly higher than corporate DB and DC schemes. Insurance companies also exhibit strong interest in co-investment, alongside a comparatively high preference for segregated mandates, which offer the opportunity for tailored solutions that align with regulatory capital considerations.

DC schemes display a more pragmatic pattern shaped by member-focused mandates and operational constraints. Around two-thirds of DC schemes favour single asset-class pooled funds, while over six in ten also value multi-asset pooled funds, reflecting the appeal of packaged approaches that can be easily integrated into default solutions.

Section

Figure 9. Preferred approaches to accessing private markets, by organisation type



The expanding appeal of co-investment

Co-investment stands out as the access route undergoing the most pronounced shift in perception. What was once viewed largely as an opportunistic add-on is now increasingly treated as a pillar of private market approaches.

The attractions of co-investment are multifaceted. Just over half of investors cite access to larger deals among the most compelling benefits, reflecting co-investment's ability to absorb significant capital in an environment where high-quality large assets can be scarce. This motivation is particularly strong among public pension plans and insurance companies, where scale and deployment efficiency are central concerns.

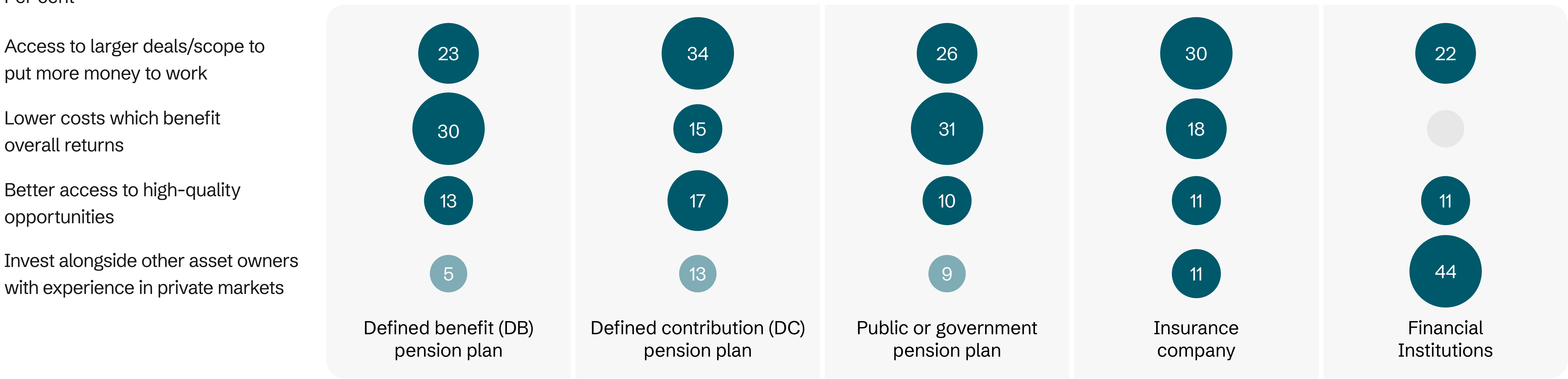
Cost considerations remain important. Around half of investors rank lower fees and reduced carried interest among the key benefits of co-investment. This emphasis is especially pronounced among corporate DB schemes, where cost sensitivity is acute.

Access to high-quality opportunities also features prominently, cited by around four in ten investors, alongside the ability to invest alongside experienced asset owners. The latter is particularly valued by financial institutions, for whom co-investment can provide exposure to deals that would be difficult to access independently.

These differing priorities highlight a crucial point: the same access route can serve very different strategic purposes. For some investors, co-investment is primarily about scale and control; for others, it is a tool for cost management or capability building.

Figure 10. Benefits of co-investment and club deals, by organisation type

Per cent



Scale, governance and minimum fund sizes

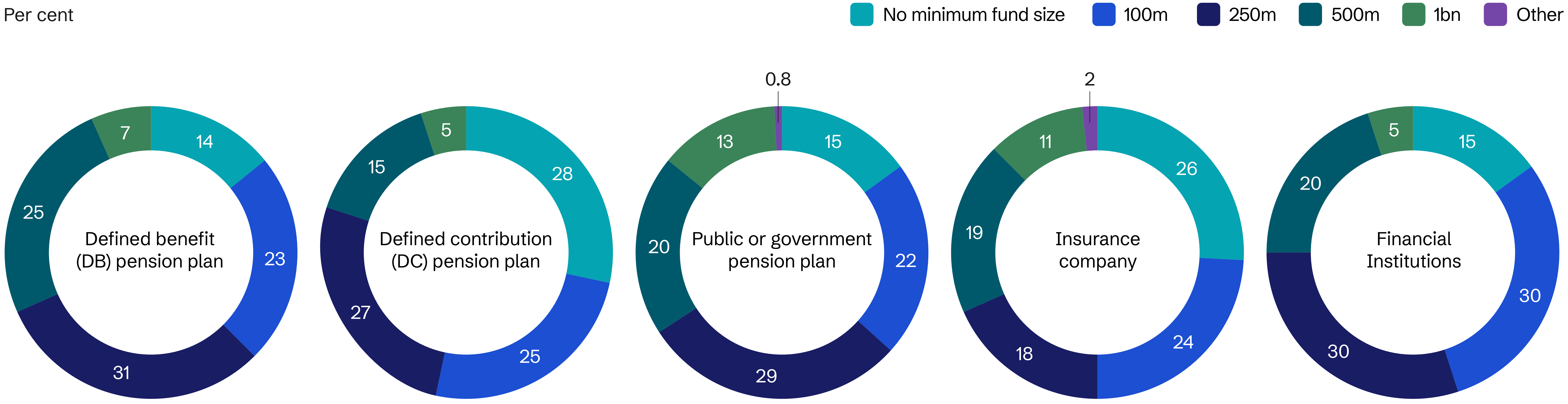
Governance capacity places clear boundaries around how investors access private markets. When evaluating pooled fund opportunities, most institutions maintain explicit expectations regarding minimum viable fund size.

Just over a quarter of investors identify $250 million as their minimum threshold for committing to a private markets fund, while a further quarter set the bar at $100 million. At the upper end, around one in five institutions in this year's study require funds to reach at least $500 million before investing. These thresholds reflect a shared view that scale is necessary to support diversification, operational resilience and sustainable manager economics.

Minimum size requirements vary by organisation type. Corporate DB schemes and public pension plans tend to set the highest thresholds, with close to three in ten citing $250 million as their floor and a meaningful minority requiring $500 million or more. Insurance companies show a similar bias toward larger vehicles. DC schemes, by contrast, display greater flexibility: close to three in ten report no minimum fund size requirement, well above the overall average, reflecting both smaller typical commitment sizes and a willingness to back emerging managers where structures are appropriate.

Figure 11. Minimum acceptable fund size for pooled private markets funds, by organisation type

Per cent



Note: Data may not sum to 100% due to rounding.

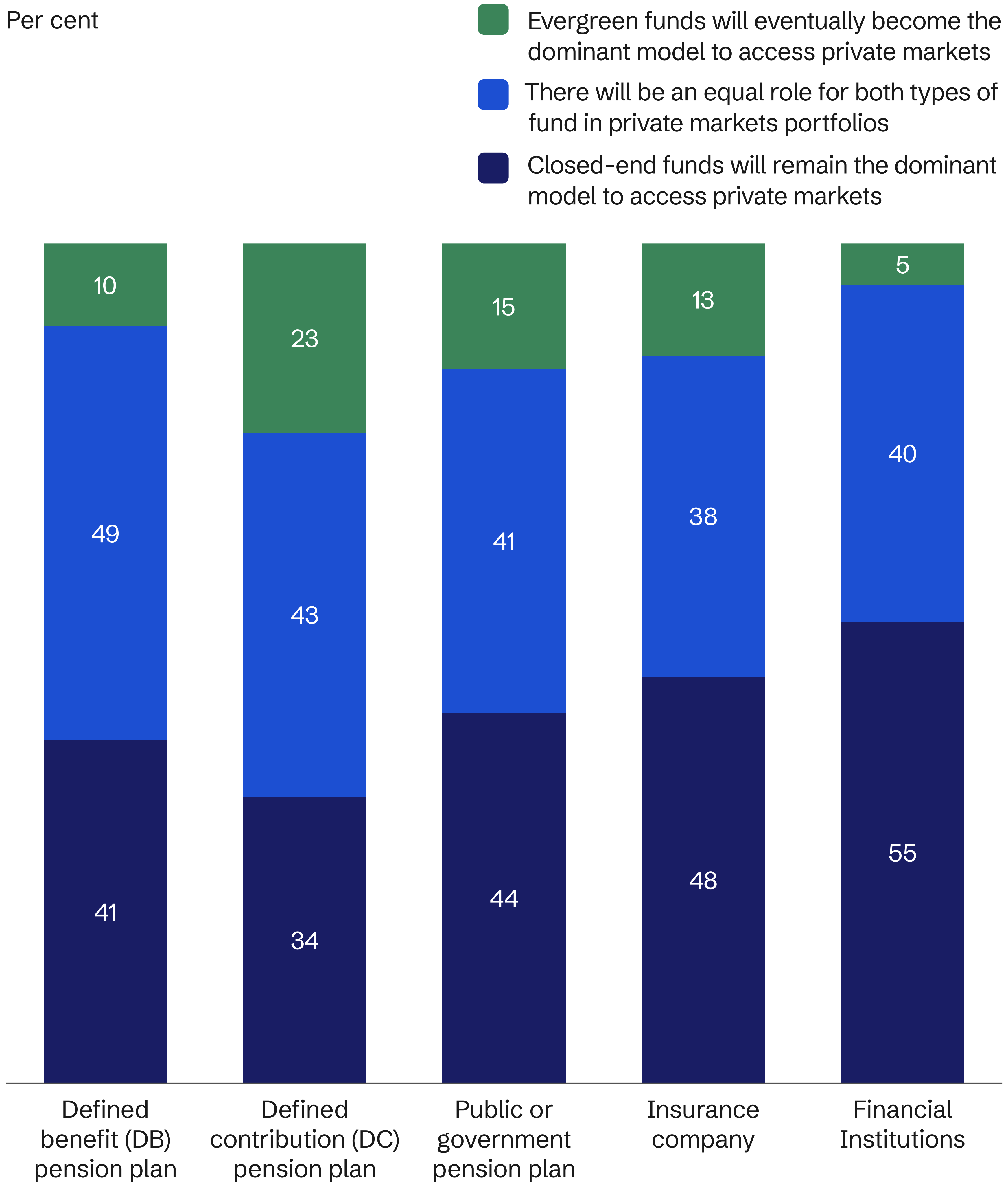
Evergreen funds: From niche to core

Evergreen fund structures remain at an early stage of institutional adoption, but the data suggest they are increasingly considered. Current usage levels vary between 15% and 25% across asset classes, with infrastructure at the forefront.

What is more telling than current usage is the level of interest. Across asset classes, roughly one-third of investors say they are actively considering evergreen structures. This consistency points to a broad reassessment of fund design rather than enthusiasm confined to a single segment of the market.

Adoption and interest vary by organisation type. Corporate DB schemes show relatively high current usage across several asset classes, while DC plans demonstrate notable uptake in private debt and infrastructure. Insurance companies, by contrast, display lower current adoption combined with significant levels of consideration, suggesting a cautious but open stance as regulatory and liquidity implications are evaluated.

Figure 12. Expected evolution of closed-end versus evergreen fund structures over the next decade, by organisation type



Note: Data may not sum to 100% due to rounding.

Looking ahead, expectations for structural change are mixed but directional. Just over four in ten investors believe closed-end funds will retain their dominance over the next decade. However, a clear majority expect either an equal role for closed-end and evergreen structures, or the latter becoming more prominent.

For those investors already using, or actively considering, evergreen funds, flexibility is the main attraction. Nearly eight in ten investors cite flexibility over contributions and withdrawals among the most important benefits, highlighting some frustration with the rigid capital call and distribution profiles of traditional closed-end vehicles.

The ability of evergreen funds to invest continuously across market cycles resonates with around seven in ten investors, reflecting a desire to smooth deployment and reduce vintage-year risk. Mitigation of the J-curve effect is also valued, cited by around half of respondents, particularly public pension plans.

By contrast, more frequent valuations rank lower on the list of priorities, cited by around three in ten investors. This suggests evergreen structures are not viewed primarily as a way of replicating public-market liquidity or pricing, but rather as an operational solution that improves implementation and flexibility while preserving the illiquidity premium that underpins private market returns.

Low minimum investment thresholds appeal to around four in ten investors, with DC schemes showing particularly strong interest, consistent with their need for accessible entry points as private markets allocations are built.

Section

Access routes through a DC lens

Defined contribution schemes occupy a distinctive position in private markets, balancing growing interest with heightened sensitivity to liquidity, cost and member communication.

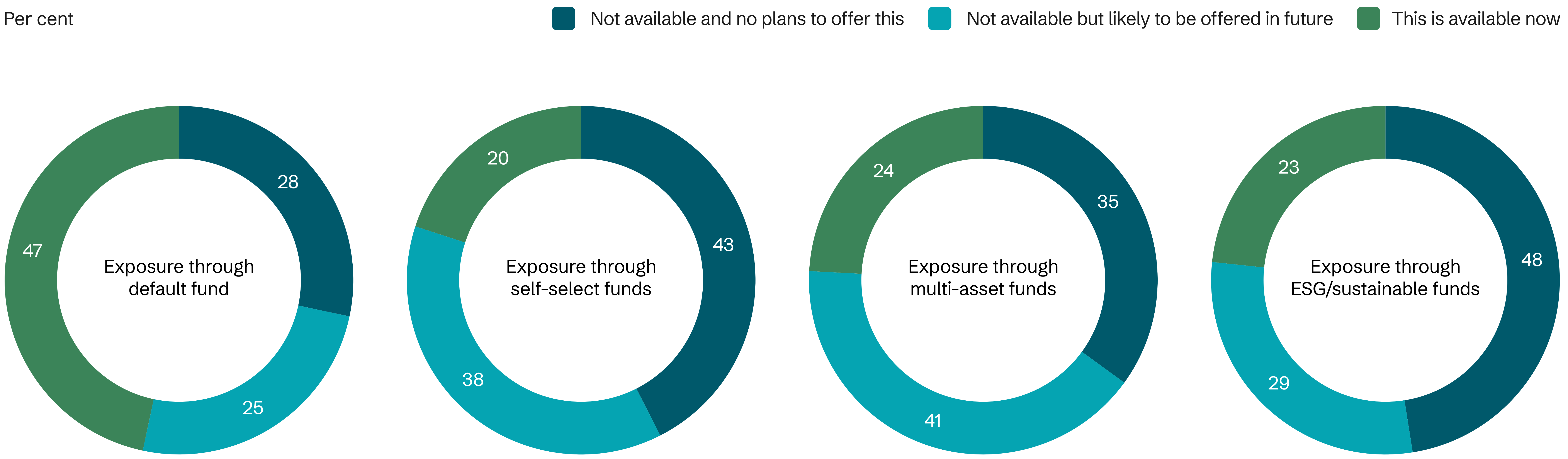
Currently, just under half of DC schemes provide private markets exposure through default funds, with a further quarter planning to do so. These are by far the dominant access route, reflecting their central role in shaping member outcomes.

Real estate and private debt are the most common private market asset classes within DC default funds today, with private equity and infrastructure not far behind.

Other routes remain less established. One fifth of DC schemes currently offer private markets exposure through self-select funds, although 38% are likely to include this option in future. Incorporation within multi-asset funds is more common, with around one quarter already offering this approach and a further four in ten exploring it. ESG-focused private markets options attract more limited uptake, perhaps reflecting the additional complexity involved.

Despite these challenges, conviction in the long-term role of private markets within DC portfolios is strong. A clear majority of DC respondents agree that the potential for improved retirement outcomes can justify higher complexity and cost, provided access is carefully designed.

Figure 13. How DC schemes provide access to private markets exposure



Note: Data may not sum to 100% due to rounding.

From access choice to portfolio architecture

Taken together, the findings point to a shift in mindset. Investors are increasingly focused on how to access private markets in a way that aligns with their operating model and long-term objectives.

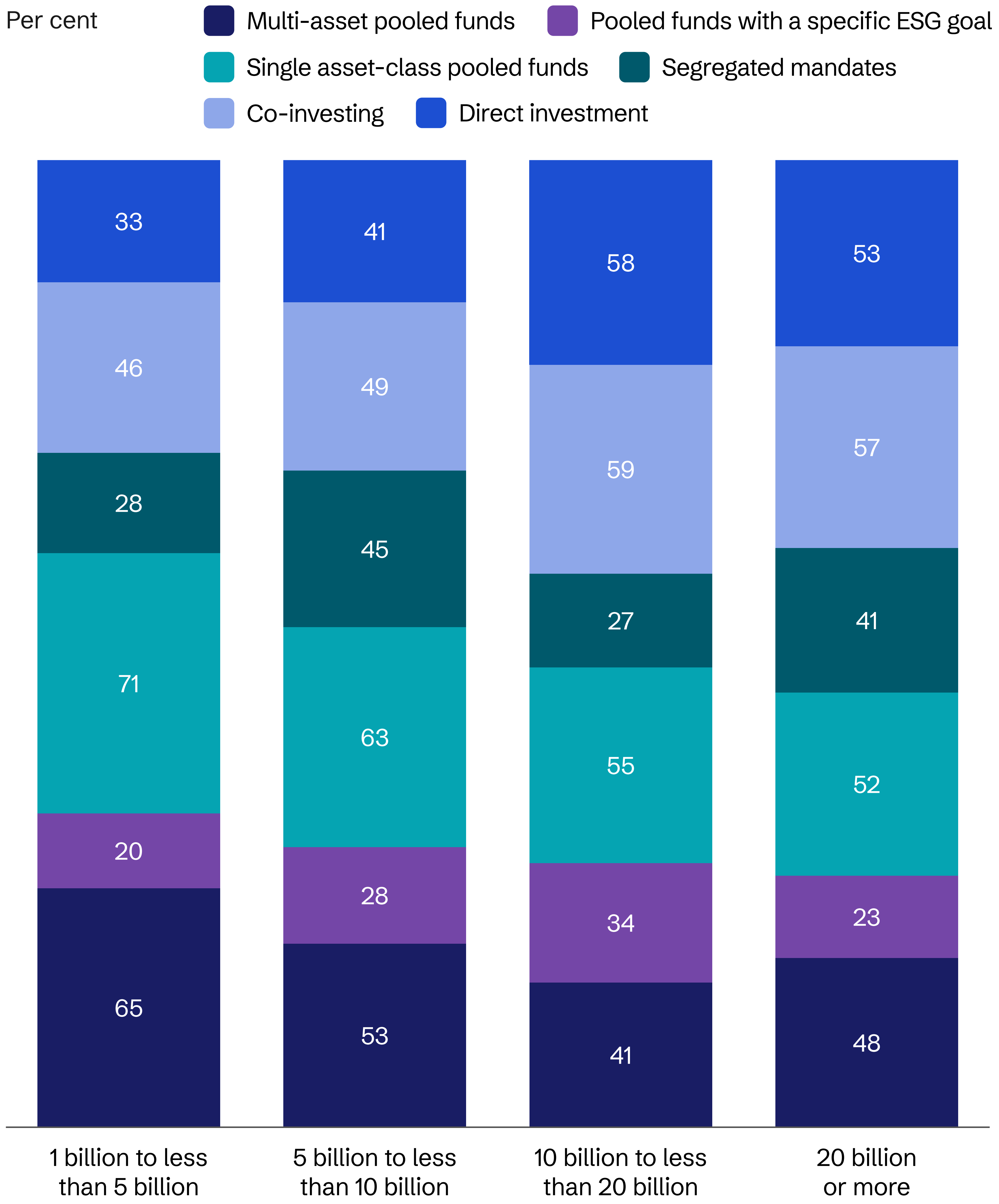
Access routes have become building blocks in portfolio design rather than constraints. The ability to combine closed-end funds, co-investments, evergreen vehicles and DC-specific solutions is increasingly sought after.

How size shapes access

Assets under management influence access preferences at the margin. Larger investors show a stronger appetite for co-investment, with around six in ten ranking it among their preferred routes, compared to less than half of smaller organisations. They are also more likely to pursue direct investment and to prioritise access to larger deals over fee savings.

Smaller investors, by contrast, display a stronger preference for single asset-class pooled funds and multi-asset vehicles, valuing simplicity and built-in diversification. Interestingly, minimum fund size requirements vary less by investor size than might be expected, suggesting that scale thresholds reflect market-wide views on viable fund economics rather than individual capacity.

Figure 14. Access route preferences, by organisation size



INSIGHT 4 Investor access driving private market evolution

Steven Gardner
Head of Institutional (EMEA),
Aviva Investors

As private markets mature, investors are no longer just choosing assets. They are choosing how much flexibility, access and control they want along the way.

Private markets have traditionally been dominated by closed-ended structures with capital being locked up for long periods. That model remains in play, but it is no longer sufficient on its own. As the investor base has expanded, attention has shifted to how exposure is accessed, governed and tailored.

While much of the industry narrative of evergreen structures has focused on defined contribution pension schemes gaining access to private markets, interest has been growing from a far broader range of investors. The appeal is not just enhanced liquidity, but flexibility – the ability to deploy and redeem capital over time without abandoning exposure to illiquid assets. To corporate DB schemes with finite maturities, for example, evergreen structures offer a practical alternative to ten-year-plus lockups that no longer align with scheme dynamics.

This is not about diluting the economics of private markets. It is about right-sizing liquidity to match real-world needs. Well-designed evergreen funds, with predictable deployment, occupy a middle ground many investors find appealing.

At the other end of the spectrum lies appetite for even more control. Direct investments and co-investments are no longer niche routes to market but core components of many institutional programmes. Investors in this year's study cite multiple motivations: improved access to specific opportunities, the ability to shape portfolio exposures more precisely and, in some cases, reduced fee drag. The common thread is intentionality. Larger allocators, in particular, are seeking to move beyond pooled exposure toward portfolios that better reflect their risk appetite and return objectives.

Segregated mandates sit at the intersection of these trends, combining portfolio control with the operational efficiency of managed solutions. For insurers managing defined liability profiles or pension schemes with particular constraints, these tailored approaches offer a viable solution. Alongside all of this, secondary and portfolio-level transactions are adding another layer of flexibility. Assets are moving out of existing funds, balance sheets and segregated accounts, supported by better data and deeper insight.

Taken together, these developments point to a private markets universe that is becoming more adaptable and investor led. One-size-fits-all structures are giving way to a spectrum of options.

In today's private markets, access routes are becoming almost as important as the opportunities themselves.

5.

Risks and barriers:
Managing complexity as private markets mature

Managing complexity as private markets mature

As private markets allocations continue to grow, the nature of investor concern is evolving. The dominant barriers facing investors today are no longer those associated with novelty or unfamiliarity. Instead, they reflect the challenges that arise when an allocation becomes large, embedded and strategically important.

The latest findings point to a nuanced picture. Investors remain broadly confident in the structural role of private markets within long-term portfolios. However, they are increasingly alert to the frictions that accompany scale: liquidity management, cost discipline, valuation uncertainty, governance capacity and the sustainability of returns in a crowded marketplace.

These concerns are not evenly distributed. Perceptions of risk and barriers to investment vary meaningfully by region and investor type. Public pension plans, corporate DB schemes, insurers and DC schemes face different constraints and liabilities, and interpret the same risks through different lenses. Understanding these distinctions may offer vital clues to how private markets portfolios will evolve from here.

Liquidity: The key constraint

Liquidity is considered the single most important challenge facing private markets investors today. Just over half of investors globally identify liquidity management as a key barrier to investing in or increasing allocations to private markets, making it the most frequently cited constraint across the study.

This concern is evident across all regions, but is most acute in North America, where close to two-thirds of investors cite liquidity as a barrier. Asia-Pacific follows closely, with around six in ten investors expressing concern, while Europe sits slightly lower but still sees around half of respondents flag liquidity as an issue.

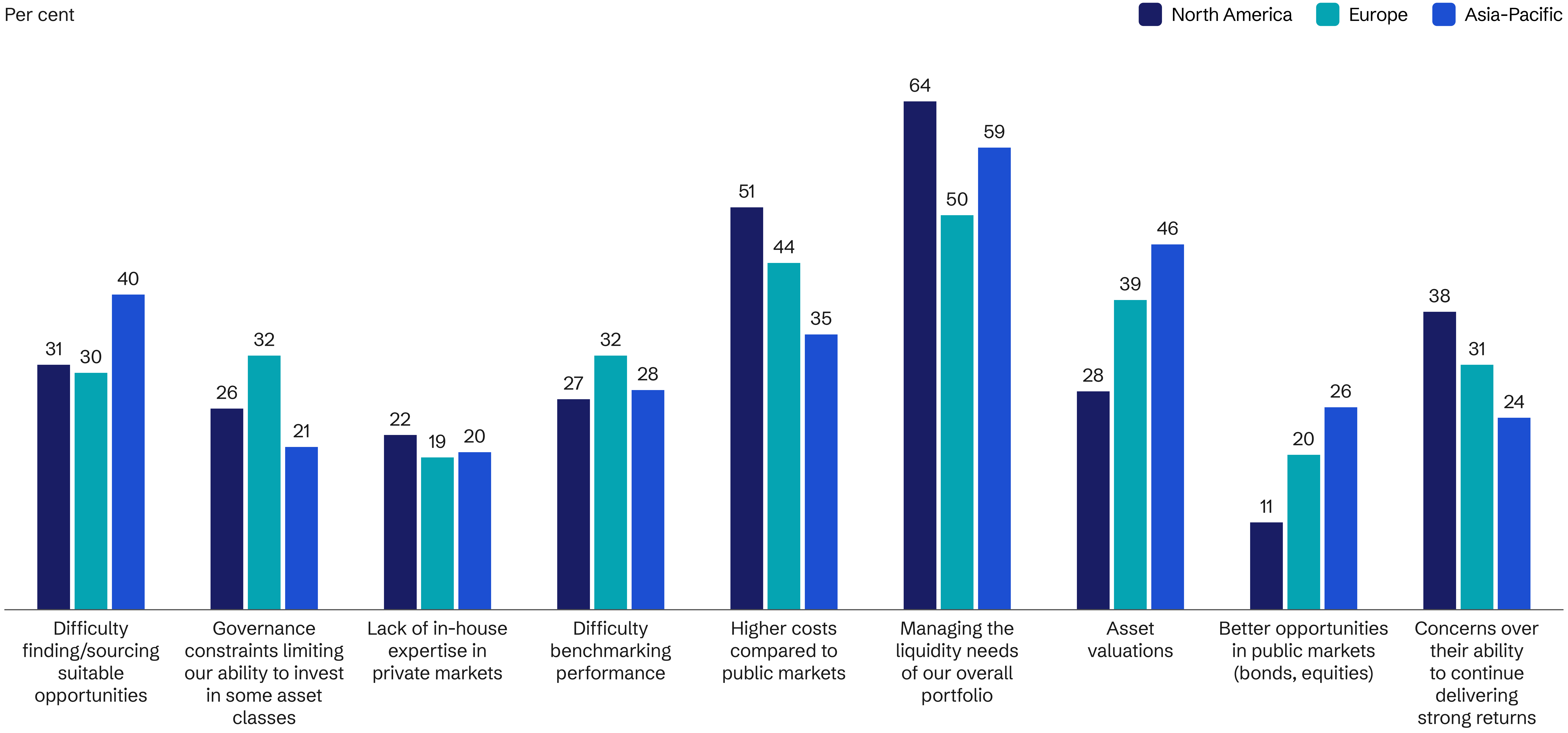
By investor type, liquidity pressures are widespread but not uniform. Public pension plans and corporate DB schemes tend to frame liquidity risk as a portfolio construction challenge. For these investors, the issue is not daily liquidity, but the ability to manage deployment pacing, rebalancing and cashflows within large, diversified portfolios – particularly following periods of public market volatility that mechanically inflate private markets weightings.

Insurance companies share these concerns, but with an added regulatory dimension. For insurers, liquidity risk is closely intertwined with capital treatment, stress testing and balance-sheet resilience. Illiquidity itself is not inherently problematic; indeed, it is widely cited as attractive from a return and duration-matching perspective. The greater concern lies in uncertainty around exit timing, valuations and capital charges rather than illiquidity per se.

Defined contribution schemes sit at the opposite end of the spectrum. For DC investors, liquidity risk is more structural and immediate. Daily pricing, member switching and the growing focus on decumulation all heighten sensitivity to illiquid assets. As a result, DC schemes are far more likely to rank liquidity as their single most pressing challenge, even as they recognise the long-term return benefits of private markets exposure.

This duality sits at the heart of the private markets debate. In other sections of this year's study, investors consistently highlight the illiquidity premium as one of the most compelling reasons to allocate to private markets. Yet that same feature also represents the most significant operational constraint. Managing this tension is one of the defining challenges of investing in private markets.

Figure 15. Biggest barriers to private markets investment, by region



Cost and the evolving value equation

Cost has reasserted itself as a central concern as private markets have grown in scale and prominence. Over four in ten investors globally cite costs as a barrier to higher allocations, making it the second most significant constraint after liquidity.

Regional differences are pronounced. In North America, just over half of investors identify costs as a barrier, reflecting heightened scrutiny of value for money and governance. Europe sits close to the global average, while Asia-Pacific investors appear less fee-sensitive, with around one third highlighting cost as a concern.

Differences by investor type are even more revealing. Corporate DB schemes are the most fee-conscious group, with 56% citing fees as a barrier. This reflects ongoing funding pressures and the need to demonstrate clear value for every component of their portfolio. Financial institutions and public pension plans follow closely, with the latter's concerns driven by public accountability and political oversight. Insurance companies are less likely to single out fees as a primary risk. For insurers, the focus is less on headline cost and more on net-of-capital returns and balance-sheet efficiency. DC schemes, meanwhile, tend to view fees through a different lens again. Cost matters, but primarily in how it interacts with complexity, transparency and member outcomes, rather than as a standalone metric.

Cost sensitivity is already shaping behaviour. The growing appeal of co-investment and club deals is closely linked to cost considerations, as investors seek to reduce fee drag and improve net returns. Negotiation of management fees, carry structures and fund terms has become more routine, particularly for larger investors with scale and established GP relationships.

Importantly, this should not be seen as a race to the bottom. Investors are becoming more explicit about what they expect in return for paying fees. As competition for capital intensifies, managers are under increasing pressure to articulate and demonstrate their value proposition beyond access alone.

Can private markets keep delivering?

Alongside liquidity and cost, concern about the ability of private markets to continue delivering strong returns has risen meaningfully. Around three in ten investors now cite return sustainability as a barrier to increasing allocations.

This scepticism is most evident in North America, where close to four in ten investors question whether private markets can maintain historical performance. Europe sits slightly below the global average, while Asia-Pacific investors remain the most optimistic, with around one quarter expressing concern.

Experience appears to matter. Public pension plans, insurers and corporate DB schemes, many of which have invested in private markets for decades, are less likely to question return potential. Where scepticism exists, it tends to focus on where returns will come from rather than whether they will materialise.

DC schemes and financial institutions are more likely to express concern about return durability. For these investors, private markets are often newer allocations, and the reputational risk of underperformance looms larger. The combination of higher fees, illiquidity and opaque valuations makes sustained underperformance harder to justify to stakeholders.

Several structural factors underpin this reassessment. Competition for assets has intensified as capital has flooded into private markets, putting pressure on entry valuations. Higher interest rates have raised absolute return hurdles, even if relative expectations remain intact.

Against this backdrop, investors are becoming more realistic, placing greater emphasis on operational value creation, income generation and diversification rather than multiple expansion.

Structural frictions: Valuations, access and governance

Beyond the headline concerns, a second tier of structural challenges continues to shape investor behaviour.

Asset valuation uncertainty is cited by around four in ten investors globally as a barrier to higher private markets allocations. Concerns are particularly acute in Asia-Pacific, where pricing transparency and market depth vary widely across jurisdictions. Lagged valuations and the difficulty of explaining performance to stakeholders accustomed to daily pricing in public markets remain persistent concerns.

Difficulty sourcing suitable opportunities is highlighted by around one third of investors, again most prominently in Asia-Pacific and among financial institutions (cited by 50% of this cohort). Here, risk is less about macro conditions and more about access asymmetry – the perception that the most attractive opportunities are increasingly concentrated among larger, more established allocators.

Governance constraints also loom larger as private markets programmes scale. Just under three in ten investors cite governance as a barrier, with insurers more likely than other investor groups to highlight this challenge. Regulatory complexity, approval processes and internal resourcing all play a role, particularly as portfolios become more diversified and sophisticated.

The growing use of co-investments, evergreen structures and multi-asset solutions can be seen, in part, as responses to these structural constraints.

How perceptions differ by investor type

While many risks are shared, the way they are prioritised and interpreted differs sharply across investor groups.

Liquidity risk is universally cited, but its implications diverge. For public pension plans and DB schemes, it is a question of portfolio balance and pacing. For insurers, it is bound up with capital efficiency and regulatory treatment. And for DC schemes, it is a binding operational constraint that shapes every aspect of implementation.

Fee risk follows a similar pattern. DB schemes and public pensions are the most sensitive, insurers more nuanced, and DC schemes focused on cost in the context of complexity and member outcomes.

Return sustainability concerns also diverge. Long-standing allocators are more sanguine, while newer entrants remain cautious. These differences help explain why some investors are leaning into more selective strategies and tighter manager scrutiny, while others continue to expand allocations with confidence.

Volatility rises among short-term risks

While implementation barriers shape how investors access private markets, near-term risk perceptions influence how confidently capital is deployed over the next 12 months. These perceptions are not uniform. The data highlight a clear dual dynamic: geography shapes which risks are most prominent, while investor type shapes how those risks are interpreted and managed.

Across all regions, liquidity risk emerges as the most consistently cited near-term concern. However, its prominence varies. Investors in North America are the most likely to identify liquidity as a key risk, reflecting the higher penetration of private markets within portfolios and the challenges associated with managing exposure through periods of market stress. In Europe and Asia-Pacific, liquidity risk remains significant, but it sits alongside a broader set of macroeconomic and market-related concerns.

Investor type also plays an important role in how liquidity risk is understood. Public pension plans and corporate DB schemes tend to frame liquidity risk as a portfolio management issue, particularly in stressed market conditions where rebalancing flexibility may be constrained. For these investors, the risk is less about the existence of illiquid assets and more about the timing and sequencing of cashflows during periods of volatility.

Insurance companies and financial institutions approach liquidity risk through a different lens. For these investors, concerns are closely linked to balance-sheet resilience and the behaviour of assets under adverse market scenarios. Financial institutions, in particular, are more likely to view liquidity risk in conjunction with broader market functioning and funding conditions, reflecting their sensitivity to systemic stress and capital-market dynamics.

Defined contribution schemes are similarly sensitive to liquidity risk. Daily pricing requirements, member switching and the growing focus on decumulation heighten exposure to short-term market disruption.

Beyond liquidity, regional differences become more pronounced. In Europe, recession risk is among the most prominent near-term concerns. This reflects ongoing uncertainty around economic growth, fiscal conditions and geopolitical developments. Within Europe, corporate DB schemes and insurers tend to be more attuned to recession risk, given exposure to sponsor covenant strength, employment trends and balance-sheet pressures. Public pension plans, while not immune, are generally less sensitive, reflecting longer investment horizons and broader fiscal backing.

In North America, near-term risk perceptions are more evenly distributed across liquidity, recession and market volatility. Rather than a single dominant concern, investors point to a combination of macro uncertainty and potential market dislocation. Corporate DB schemes, DC investors and financial institutions are more likely to emphasise volatility as a near-term risk, reflecting sensitivity to asset pricing, funding conditions and confidence effects during periods of stress.

Asia-Pacific exhibits a distinct risk profile. Here, market volatility features more prominently than in other regions, reflecting heightened sensitivity to macroeconomic uncertainty, policy shifts, currency movements and geopolitical tensions. Financial institutions and insurers in the region are particularly attuned to volatility risk, given its potential impact on capital ratios and balance-sheet stability. Public pension plans are more likely to frame volatility as a tactical challenge that can be managed through diversification and pacing, while smaller institutions and DC schemes tend to be more cautious.

Section

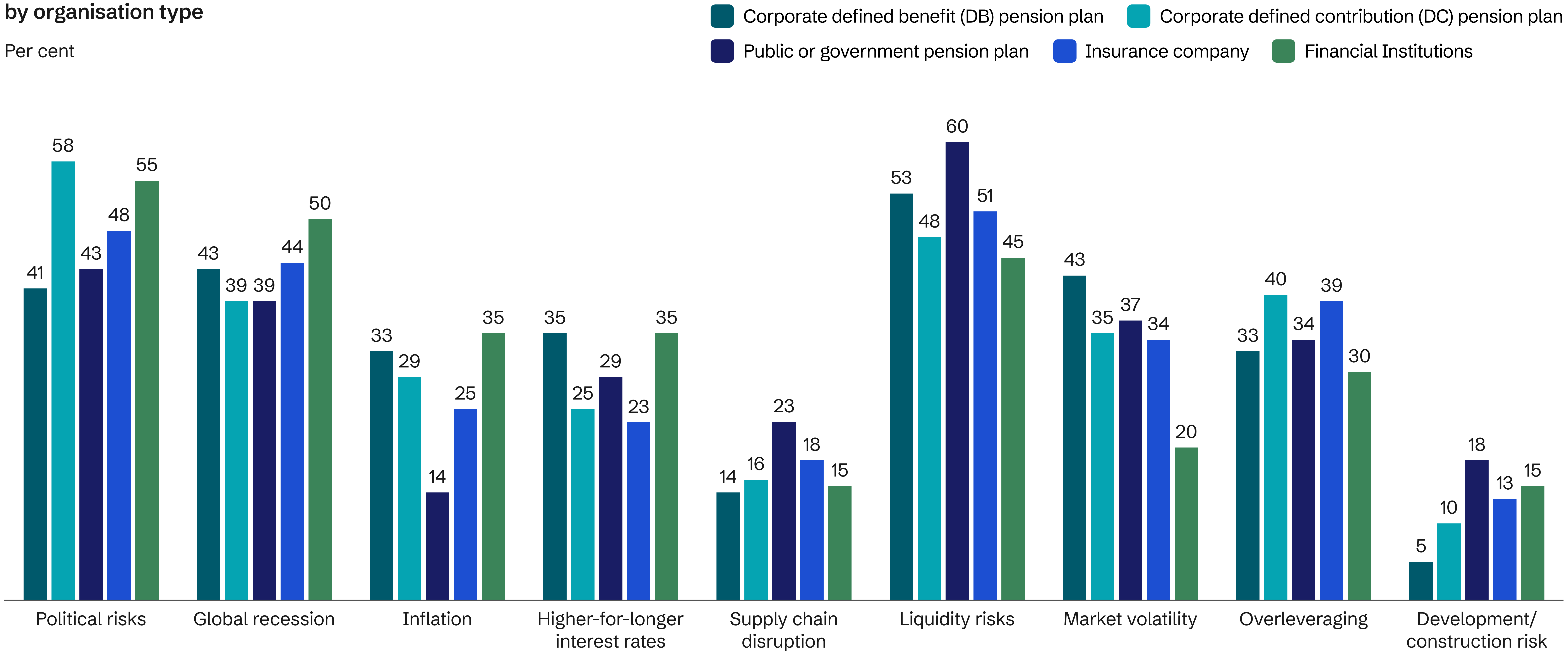
Political and geopolitical risk remains elevated across all regions and investor types. However, interpretation varies. European investors are more likely to associate political risk with geographic proximity and energy security, while Asia-Pacific investors emphasise policy uncertainty and regulatory change. Financial institutions tend to view political risk through a systemic lens, focusing on its implications for market stability, while public pension plans and insurers are more likely to assess its impact on asset classes such as infrastructure.

Taken together, the data suggest that near-term risk perceptions in private markets are diverse rather than uniformly elevated. Liquidity, recession, volatility and political uncertainty appear consistently across the data, but they carry different implications depending on balance-sheet structure, governance model and liability profile.

Understanding this distinction helps explain why investors can share similar near-term concerns yet respond in different ways.

Figure 16. Biggest private market risks over the next 12 months, by organisation type

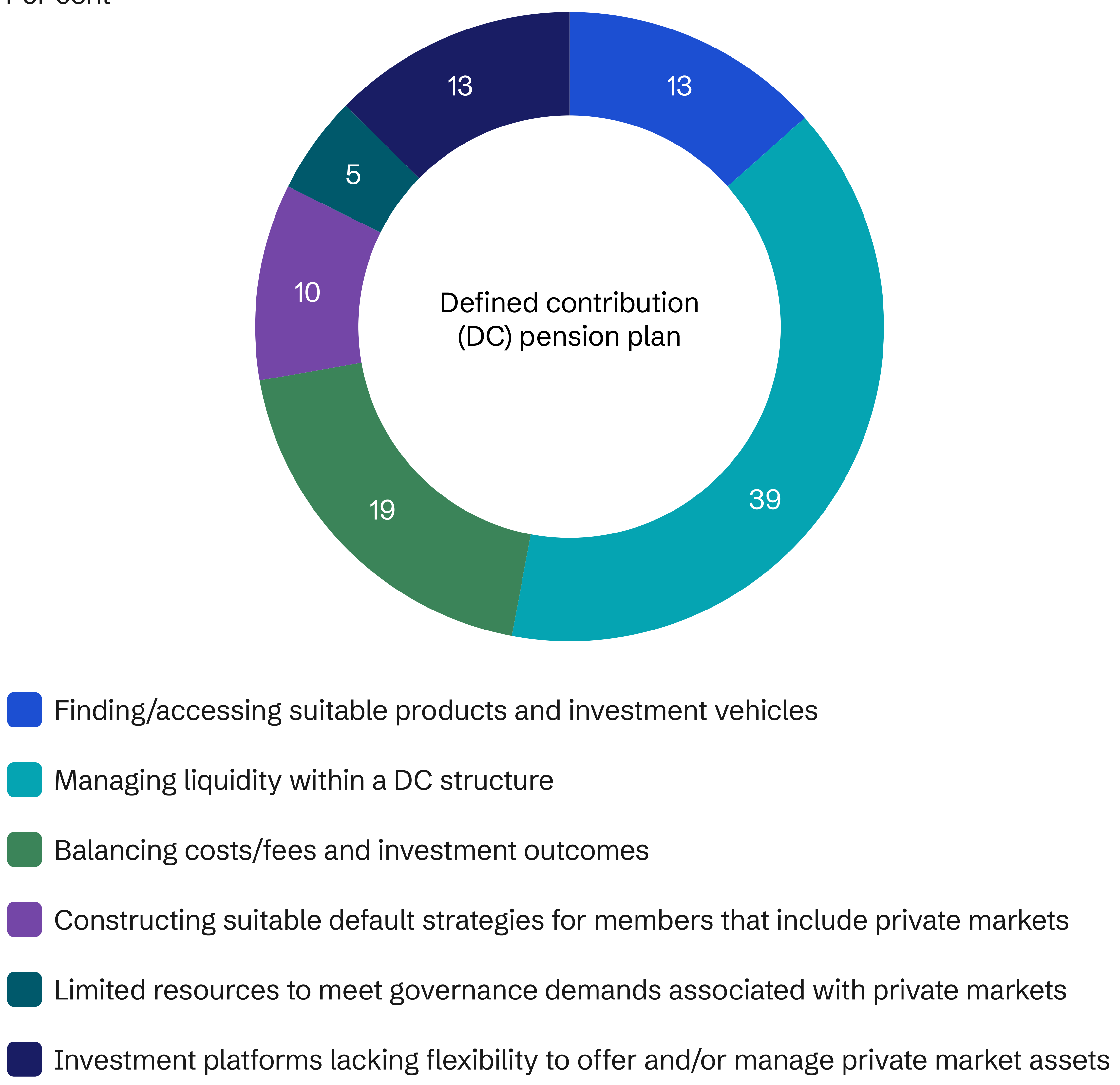
Per cent



Section

Figure 17. Biggest challenges for DC schemes investing in private markets

Per cent



The DC challenge: Balancing access, liquidity and outcomes

For defined contribution schemes, perceptions of barriers and risk are particularly acute. Managing liquidity is the most frequently cited challenge, reflecting daily-dealingrequirements and a growing focus on decumulation. Costs are a close second, as DC schemes balance the long-term benefits of private markets against regulatory scrutiny and member expectations.

Encouragingly, fewer DC investors cite difficulty finding suitable products than in previous years, suggesting that innovation in fund structures is beginning to ease access constraints. Nevertheless, the tension between illiquidity and member flexibility remains.

Despite these challenges, conviction remains strong. A majority of DC investors believe private markets can enhance long-term retirement outcomes, even if implementation remains complex.

6.

Sustainability:
From differentiator to embedded discipline

From differentiator to embedded discipline

Sustainability remains an important feature of private markets investing, but its role is changing. Where ESG considerations were once treated as a distinct overlay or specialist allocation, the latest findings suggest they are increasingly embedded within investment processes.

This shift has important implications for how investors evaluate sustainability today, as well as how they expect it to shape private markets allocations in the years ahead.

At a headline level, the study reveals a nuanced picture. On the one hand, investors continue to view sustainability as an important consideration when allocating to private markets. On the other, fewer now describe it as a primary driver of decision-making. This suggests a market in which sustainability has become more institutionalised and viewed less as a standalone theme.

Crucially, attitudes toward sustainability vary meaningfully by region and investor type. Public pension plans, insurers, financial institutions, corporate DB schemes and DC investors approach sustainability through different lenses, shaped by regulatory regimes, fiduciary frameworks and stakeholder expectations.

The role of sustainability in private markets allocations

Across our global investor cohort, a clear majority state sustainability considerations play at least some role in their investment decisions. However, the proportion describing sustainability as a leading driver has declined relative to earlier studies.

This shift is evident across regions, though with different emphases. European investors continue to place the strongest weight on sustainability, reflecting a well-established regulatory and policy framework. In Europe, sustainability is most likely to be described as either a primary or significant factor in private markets allocations.

In North America, sustainability remains important but is more frequently framed as one consideration among many. The data suggest a greater tendency to integrate ESG within broader risk and return assessments rather than treating it as a distinct objective. Asia-Pacific investors sit between these two poles: sustainability is widely acknowledged as relevant, but approaches are more heterogeneous, reflecting diverse regulatory environments and stages of market development.

Section

Investor type adds further nuance. Public pension plans are the most likely to view sustainability as a core component of their private markets approach, reflecting long-term horizons and explicit stakeholder demands. Insurance companies also report high levels of integration, often linking sustainability to risk management, asset resilience and regulatory expectations.

Financial institutions, while a smaller cohort, show a distinctive pattern. They are less likely to describe sustainability as a primary allocation driver, but more likely to emphasise its role in credit risk assessment, counterparty evaluation and downside protection. Corporate DB schemes tend to take a pragmatic approach, balancing sustainability objectives against funding considerations, while DC schemes focus on alignment with member expectations and regulatory guidance.

Sustainability by asset class: Private markets are not uniform

The role of sustainability varies significantly across private market asset classes. Infrastructure stands out as the area where sustainability is most deeply embedded. Investors consistently highlight the alignment between infrastructure investment and long-term environmental and social objectives, particularly in areas such as energy transition, transport, digital connectivity and social infrastructure.

Private debt also scores relatively highly, especially among insurers and financial institutions. Here, sustainability is often linked to downside risk mitigation, covenant design and borrower resilience. ESG considerations are increasingly used to inform credit selection and pricing rather than to drive thematic exposure alone.

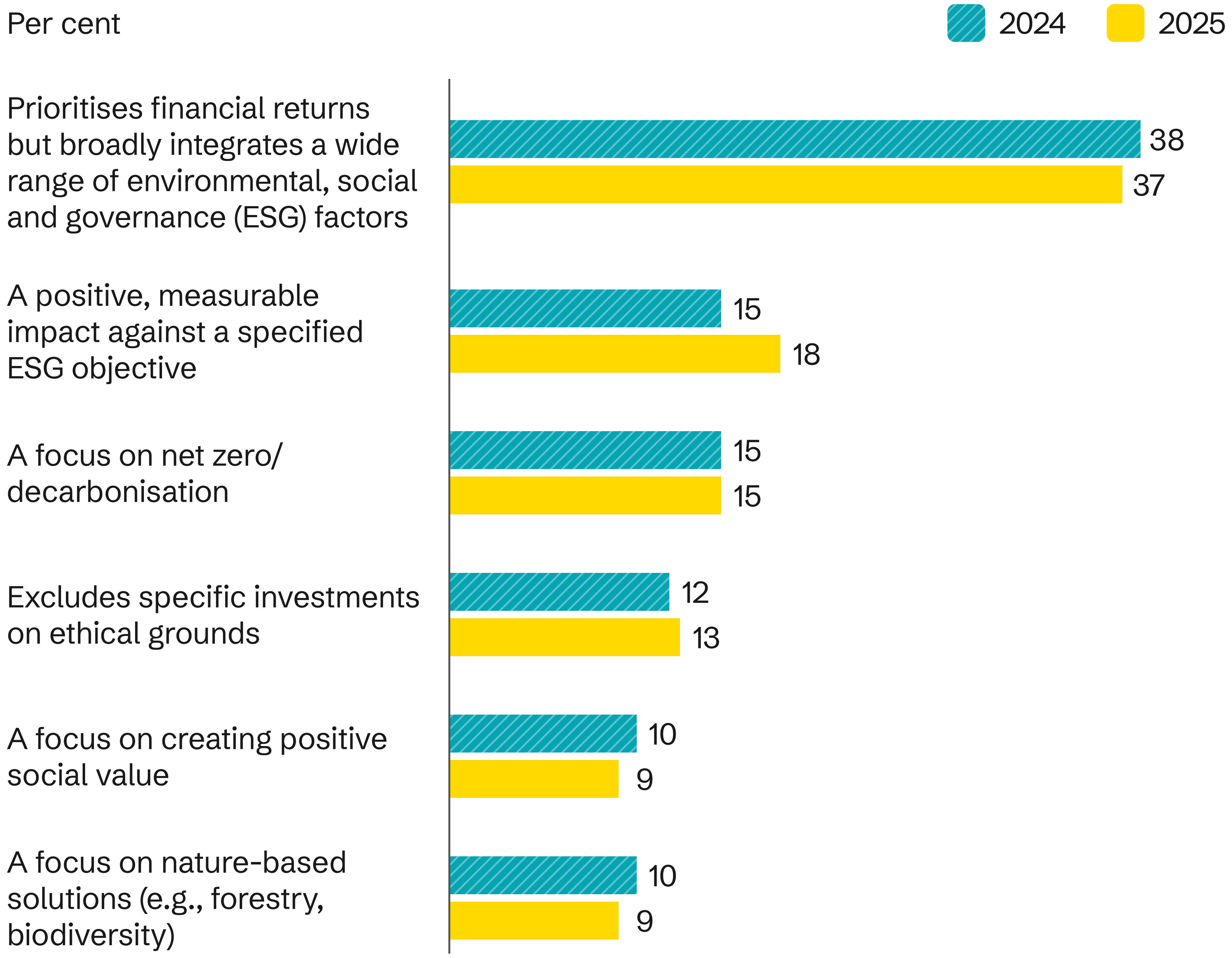
Figure 18. Importance of sustainability in private markets investment decisions, by region

Note: Data may not sum to 100% due to rounding.

Private equity presents a more mixed picture. While sustainability is widely recognised as important, investors are more divided on how directly it influences investment decisions. Public pension plans and European investors report higher levels of integration, while North American and Asia-Pacific respondents place greater emphasis on financial performance, with sustainability acting as a secondary filter.

Real estate occupies a middle ground. Sustainability considerations in areas like energy efficiency and regulatory compliance are widely acknowledged, but investors differ on how proactively these factors drive capital allocation.

Figure 19. Most appealing sustainability characteristics when investing in private markets



How investors implement sustainability in private markets

Implementation remains one of the most important areas of differentiation among investors.

Across the global sample, the most common approach is integration within the investment process, rather than reliance on exclusions or standalone ESG products. Investors report using sustainability metrics during due diligence, incorporating ESG considerations into investment committee discussions and monitoring performance over the life of an investment.

Regional differences are again evident. European investors are more likely to employ formal frameworks and reporting standards, North American investors show greater reliance on internal judgement and manager engagement, while Asia-Pacific investors report a broad mix of approaches.

By investor type, public pension plans and insurers are the most systematic in their implementation, often combining internal frameworks with external reporting. Financial institutions tend to emphasise ESG integration within credit assessment and risk management, aligning sustainability closely with financial discipline. DC schemes are more reliant on third-party managers and pooled vehicles, reflecting governance and resource constraints.

Where investors see sustainability-driven opportunities

While sustainability may be less frequently cited as a headline allocation driver, the data show clear consensus on specific areas of opportunity. These preferences provide a useful counterpoint to broader debates about ESG's prominence, revealing where sustainability is translating most directly into capital deployment.

Across the global sample, energy transition-related investments emerge as the most widely cited area of opportunity. Investors consistently highlight renewable energy, energy storage and supporting infrastructure as areas where sustainability objectives and long-term return potential are closely aligned. This theme resonates most strongly in Europe, where regulatory frameworks and policy incentives continue to support decarbonisation, but it is also prominent in North America and Asia-Pacific.

Infrastructure investors are particularly active in this space, reflecting the natural alignment between long-duration assets and long-term environmental outcomes. Public pension plans and insurers show strong interest, consistent with their ability to commit patient capital. Financial institutions also rank energy transition opportunities highly, often framing them through the lens of asset resilience and long-term cashflow stability.

Beyond energy, resource efficiency and climate adaptation feature prominently. Investments linked to water infrastructure, waste management and energy efficiency are widely viewed as offering both defensive characteristics and structural growth potential. Interest in these areas is especially pronounced among European investors and public pension plans, although insurers and financial institutions also highlight their relevance as climate risks become more financially material.

Social themes also attract meaningful attention, albeit with greater regional variation.

Affordable housing, healthcare and education-related assets are more frequently cited by European and Asia-Pacific investors than their North American peers. Among investor types, public pension plans and DC schemes show a stronger inclination toward social infrastructure, likely reflecting stakeholder expectations and long-term societal objectives. Financial institutions tend to approach social themes more selectively, focusing on areas where revenue models and governance structures are clearly defined.

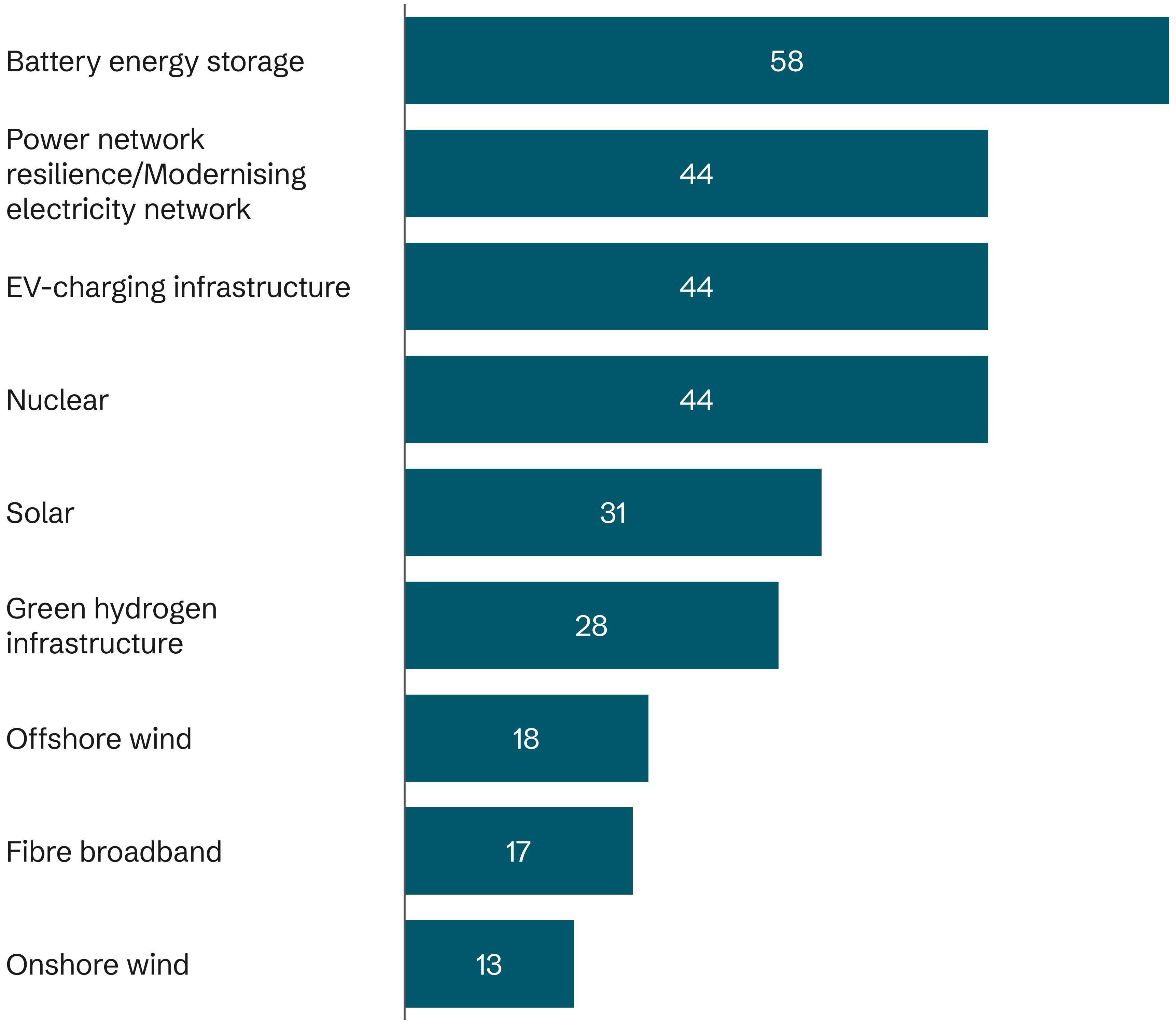
Governance-led opportunities, including investments that improve transparency, operational standards and corporate oversight, are less often described as standalone themes but remain important, particularly for financial institutions and insurers. For these investors, governance is less an opportunity set in its own right and more a prerequisite for sustainable value creation across asset classes, particularly in private equity and private credit.

Importantly, these opportunity areas are not viewed in isolation. Many investors emphasise the intersection between sustainability and downside protection, particularly in private debt and infrastructure. Sustainability-linked assets are often seen as better positioned to withstand regulatory change, technological disruption and shifting consumer preferences. This perspective resonates particularly strongly with insurers and financial institutions.

Regional differences persist. European investors exhibit the broadest opportunity set, spanning environmental and social themes. North American investors tend to concentrate on commercially scalable areas such as renewable energy and efficiency, while Asia-Pacific investors place relatively greater emphasis on infrastructure and governance improvements aligned with regional development priorities.

Figure 20. Sustainability-driven opportunity areas attracting the most investor interest

Per cent



Measurement, data and the limits of comparability

Despite progress on implementation, challenges around measurement and data quality persist. A significant proportion of investors cite difficulty accessing consistent, comparable ESG data across private markets investments.

This challenge is most acute in private equity and private debt, where disclosure standards vary widely. Infrastructure investors report fewer difficulties, reflecting longer operating histories and more established reporting practices.

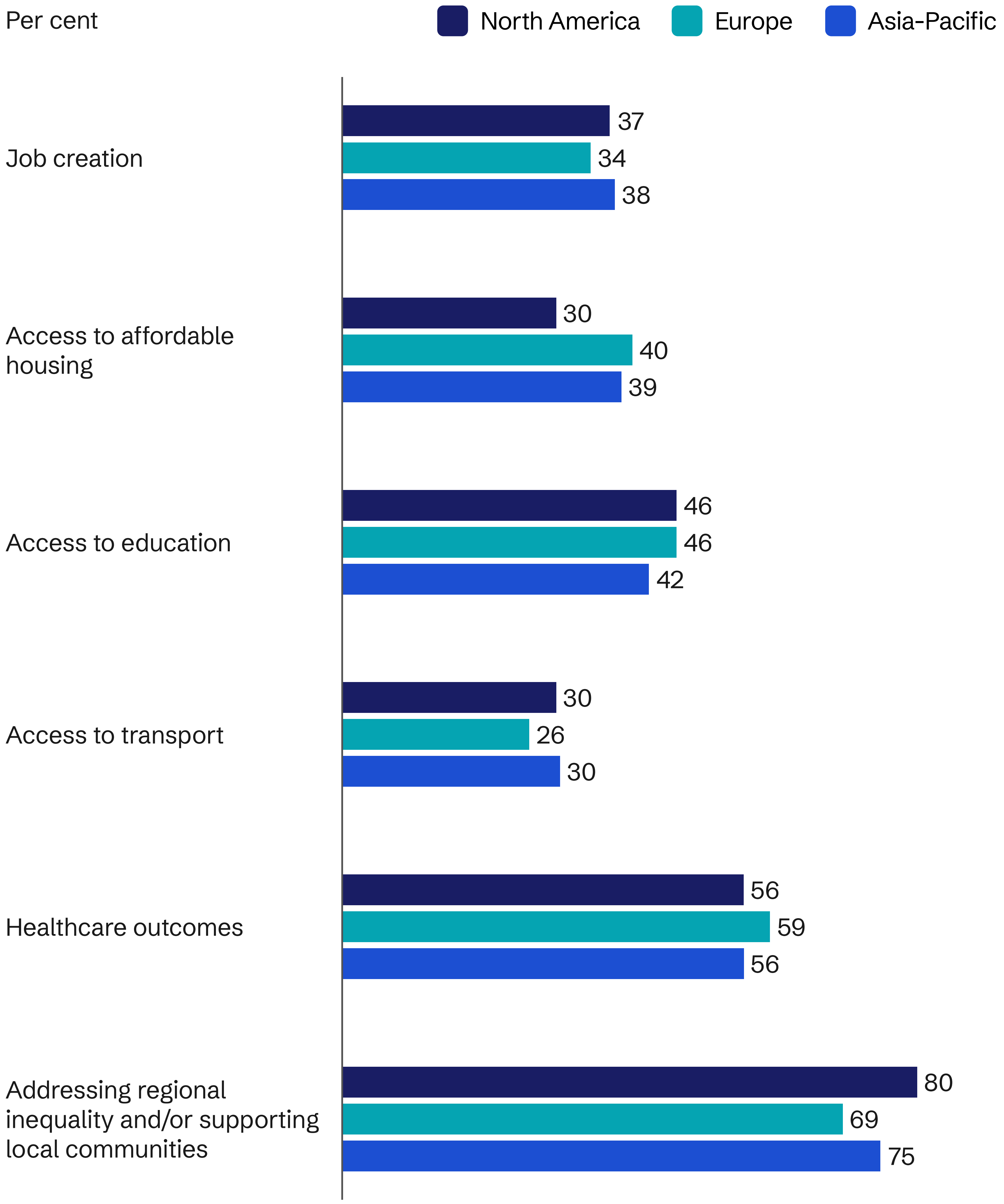
Financial institutions and insurers are particularly sensitive to data limitations, given regulatory reporting requirements and internal risk frameworks.

The persistence of data challenges helps explain why some investors are cautious about elevating sustainability as a primary allocation driver.

Without robust measurement, ESG risks being perceived as subjective or difficult to evidence, reinforcing the shift toward integration rather than explicit prioritisation.

Section

Figure 21. Key challenges in measuring social outcomes in private markets



Regional divergence in sustainability priorities

While sustainability is widely acknowledged, priorities differ markedly by region. European investors place greater emphasis on environmental outcomes, particularly climate transition and regulatory alignment. Social considerations, including labour practices and community impact, also feature prominently.

North American investors show a more balanced distribution across ESG factors, with governance often cited as the most immediately actionable. Asia-Pacific investors, meanwhile, place relatively greater weight on governance and social stability.

Financial institutions are distinctive in placing stronger emphasis on governance across all regions, consistent with their focus on counterparty risk and systemic stability.

Looking ahead: Sustainability as an embedded norm

Most investors expect sustainability to remain a core feature of private markets investing, even if its profile continues to evolve.

Rather than a return to ESG as a headline theme, the results of this year's study point toward deeper integration. Investors expect sustainability considerations to be increasingly reflected in asset pricing, structuring and long-term value creation, particularly in infrastructure and private debt.

This expectation is strongest among public pension plans and insurers, but is also evident among financial institutions, which increasingly view sustainability as inseparable from prudent risk management.

INSIGHT 5 Sustainability after the spotlight

Mikhaila Booth
Sustainability Director, Private Debt,
Aviva Investors

Sustainability has slipped down investor priority lists in this year's study, but that may say more about its integration than its importance.

On the surface, sustainability's declining prominence as an explicit allocation driver in this year's Private Markets Study appears striking. In reality, it reflects a shift in framing rather than a loss of conviction. In the US, the politicisation of environmental, social and governance investing has clearly played a role. Globally, however, a simpler explanation may apply: sustainability is now firmly embedded in investment processes.

What was once treated as a discrete consideration is now woven into underwriting, portfolio construction and asset management. Energy efficiency in real estate is pursued not for ethical reasons but because it reduces costs and supports valuations. Community engagement is embedded because it protects cashflows and mitigates risk. The sustainability case, therefore, is intertwined with the investment case.

This integration is evident in how investor preferences are evolving. In infrastructure, for example, interest has shifted from generation assets to transmission and distribution. This is not because climate ambitions have softened, but because investors are focusing on where capital is most needed and delivers more predictable outcomes.

Social projects show a similar trend. Broad commitments to "positive impact" are giving way to more tangible frameworks: housing partnerships, local infrastructure and measurable community benefits. Investors increasingly accept that social value will look different across assets and geographies and that precision matters more than uniformity.

Even carbon removal, one of the most nascent areas of private markets, reflects this pragmatism. Allocations remain small, yet interest is genuine and growing, from nature-based solutions to scalable, engineered technologies. The conversation has moved from aspiration to execution.

The paradox is that sustainability's quieter presence in surveys may actually be a sign of success. When ESG considerations are fully integrated into investment decisions, they no longer need to be called out. They simply become part of good investing.

> Sustainability's quieter presence in surveys may actually be a sign of success. When ESG considerations are fully integrated into investment decisions—they no longer need to be called out.

7.

Survey methodology

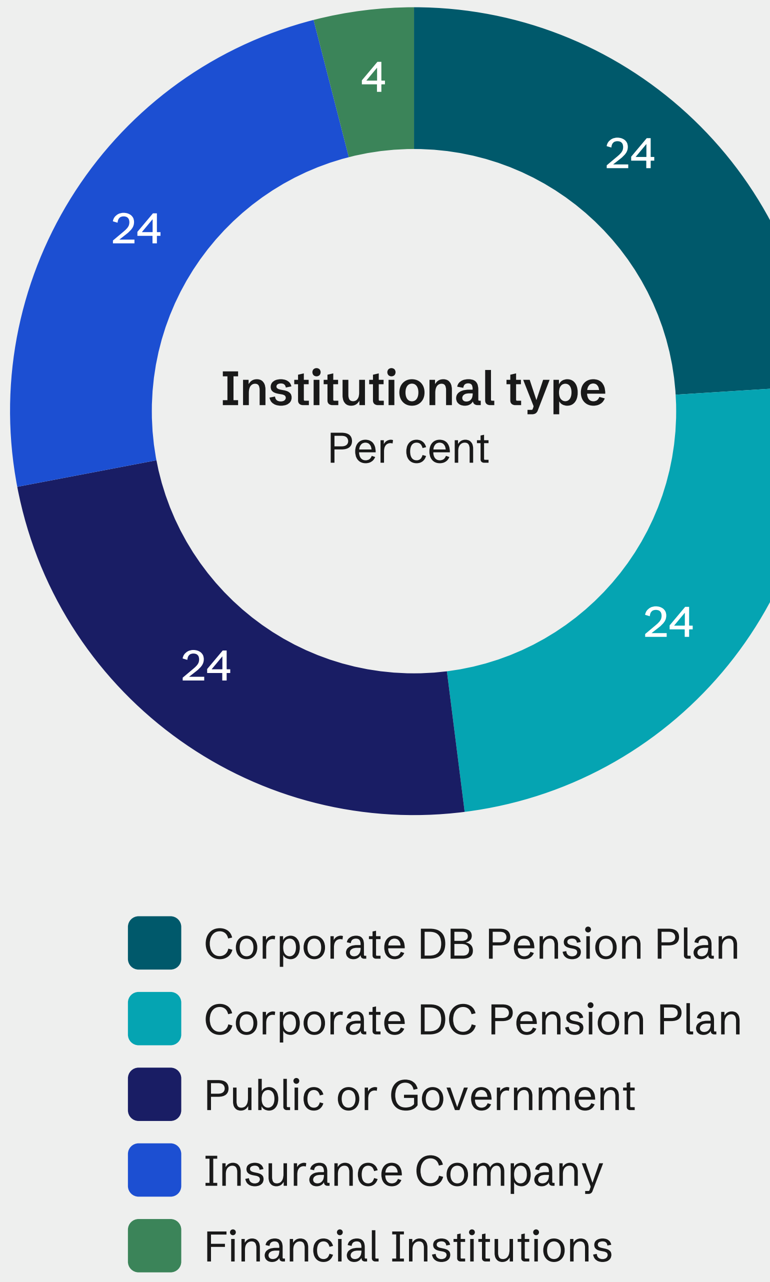
Section

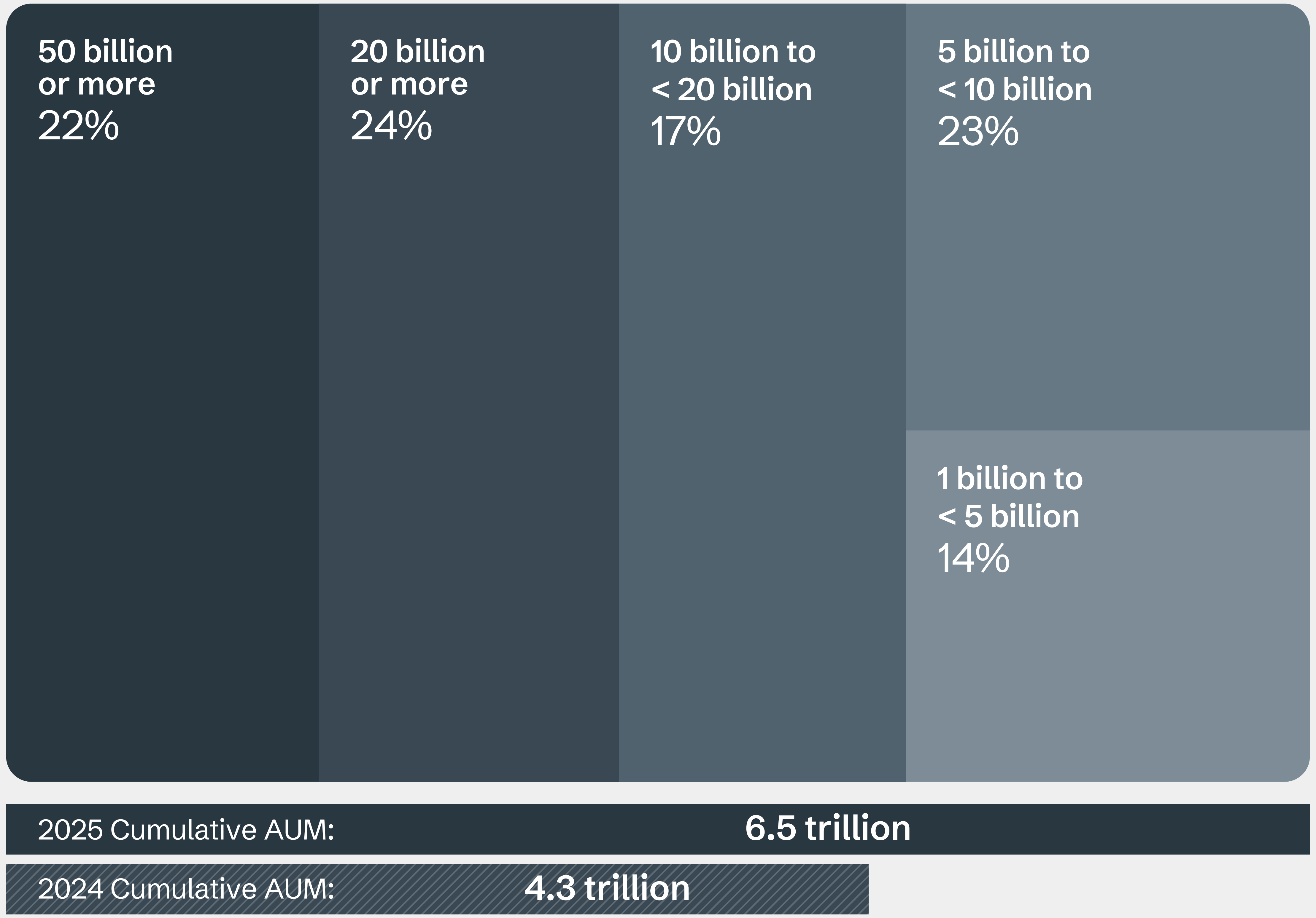
Study conducted by CoreData Research in September and October 2025, questioning senior decision makers across:

500
Institutional investors

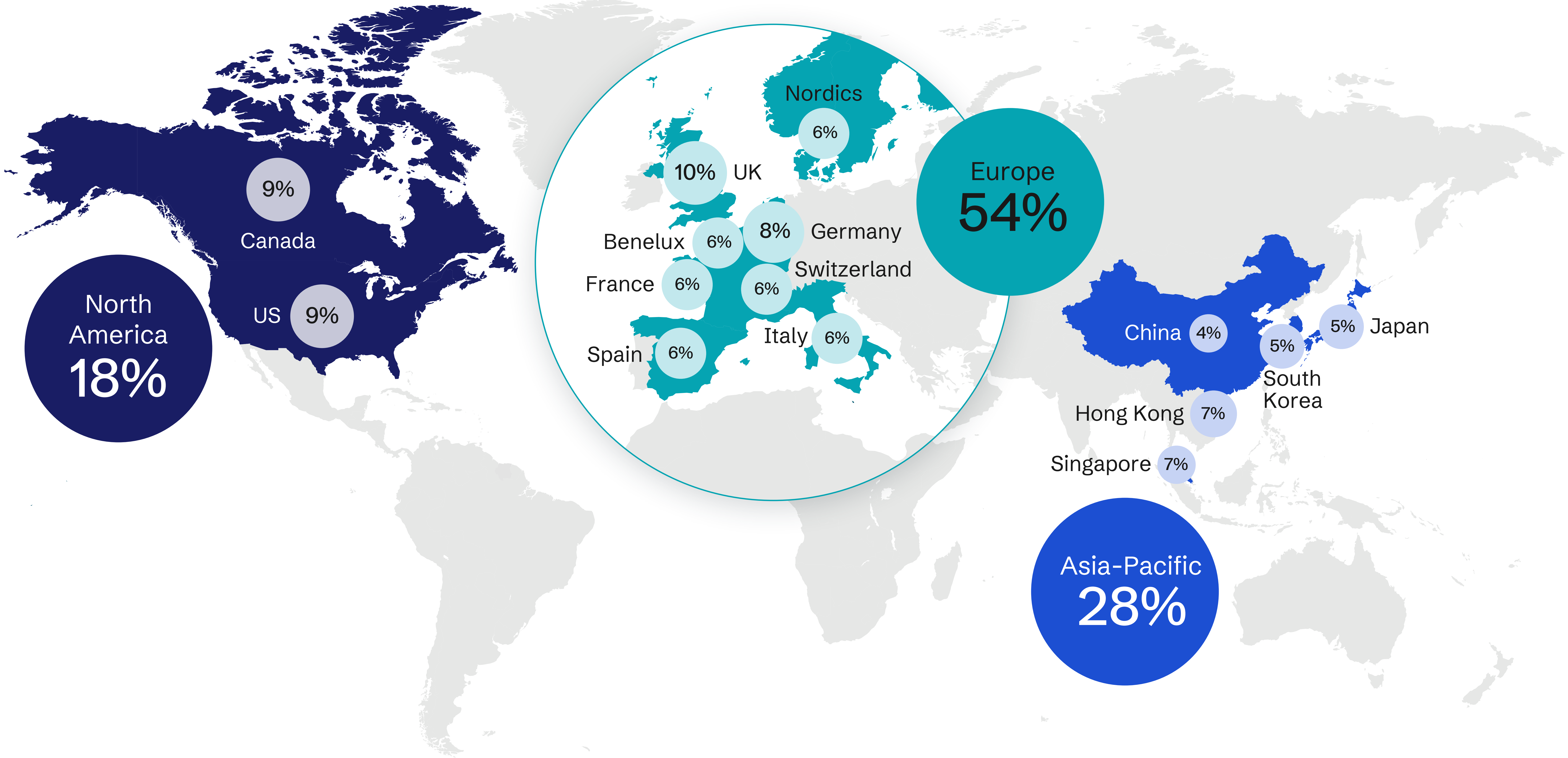
16
Countries

$6.5tn
Combined assets





Study questioned senior decision makers at 500 institutional investors, with split across Europe (270), North America (90) and Asia-Pacific (140):



8.

Our private markets capabilities

A broad spectrum of Private Markets capabilities to help you reach your investment goals

With over three centuries of risk-management insurance heritage and over fifty years* of private markets experience, we have navigated multiple market cycles and built deep expertise across the asset class. Our capabilities span active equity, private debt, multi-asset strategies and venture and natural capital, delivered through pooled and customised solutions.

The scale and insight to access opportunities

In a world shaped by geopolitical and economic uncertainty, investor demand for private markets continues to grow.

With a team of more than 100 investment professionals across Europe managing over $61 billion in private market assets*, we offer the scale and insight to access opportunities across real estate, infrastructure, private debt, multi-asset solutions, natural capital and venture capital.

If you have any questions on this report or would like further information on our capabilities, please contact our Relationship Management Team:

avivainvestors.com/contact

*Source: Aviva Investors, 30 September 2025

Section

Aviva Investors Private Markets Study

Webcast

Every angle. Every insight. Revealed.

Thursday 26 February | 15:00 (GMT)

To mark the eighth edition of our Private Markets Study, please join David Hedalen, Melissa Bockelmann, Callum Fraser and Steven Gardner as they delve into the key themes behind the data.

The webcast will also be available on demand after this date.

Scan code or click here to register

Important Information

THIS IS A MARKETING COMMUNICATION

Except where stated as otherwise, the source of all information is Aviva Investors Global Services Limited (AIGSL). Unless stated otherwise any views and opinions are those of Aviva Investors. They should not be viewed as indicating any guarantee of return from an investment managed by Aviva Investors nor as advice of any nature. Information contained herein has been obtained from sources believed to be reliable but, has not been independently verified by Aviva Investors and is not guaranteed to be accurate. Past performance is not a guide to the future. The value of an investment and any income from it may go down as well as up and the investor may not get back the original amount invested. Nothing in this material, including any references to specific securities, assets classes and financial markets is intended to or should be construed as advice or recommendations of any nature. Some data shown are hypothetical or projected and may not come to pass as stated due to changes in market conditions and are not guarantees of future outcomes. This material is not a recommendation to sell or purchase any investment.

The information contained herein is for general guidance only. It is the responsibility of any person or persons in possession of this information to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. The information contained herein does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

In Europe this document is issued by Aviva Investors Luxembourg S.A. Registered Office: 2 rue du Fort Bourbon, 1st Floor, 1249 Luxembourg. Supervised by Commission de Surveillance du Secteur Financier. An Aviva company. In the UK Issued by Aviva Investors Global Services Limited. Registered in England and Wales No. 1151805. Registered Office: 80 Fenchurch Street, London EC3M 4AE. Authorised and regulated by the Financial Conduct Authority. Firm Reference No. 119178. In Switzerland, this document is issued by Aviva Investors Schweiz GmbH.

In Singapore, this material is being circulated by way of an arrangement with Aviva Investors Asia Pte. Limited (AIAPL) for distribution to institutional investors only. Please note that AIAPL does not provide any independent research or analysis in the substance or preparation of this material. Recipients of this material are to contact AIAPL in respect of any matters arising from, or in connection with, this material. AIAPL, a company incorporated under the laws of Singapore with registration number 200813519W, holds a valid Capital Markets Services Licence to carry out fund management activities issued under the Securities and Futures Act 2001 and is an Exempt Financial Adviser for the purposes of the Financial Advisers Act 2001. Registered Office: 138 Market Street, #05-01 CapitaGreen, Singapore 048946. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In Canada and the United States, this material is issued by Aviva Investors Canada Inc. (“AIC”). AIC is registered with the Ontario Securities Commission as a commodity trading manager, exempt market dealer, portfolio manager and investment fund manager. AIC is also registered as an exempt market dealer and portfolio manager in each province and territory of Canada and may also be registered as an investment fund manager in certain other applicable provinces. In the United States, AIC is registered as investment adviser with the U.S. Securities and Exchange Commission, and as commodity trading adviser with the National Futures Association.

The name “Aviva Investors” as used in this material refers to the global organisation of affiliated asset management businesses operating under the Aviva Investors name. Each Aviva investors’ affiliate is a subsidiary of Aviva plc, a publicly- traded multi-national financial services company headquartered in the United Kingdom.

854801 - 31/01/2027

Contact us

80 Fenchurch Street,
London EC3M 4AE
+44 (0)20 7809 6000

avivainvestors.com