



Private Market Environment

Pathway Research

Fourth Quarter 2025



Confidential and Proprietary/Trade Secret



- 2025 Market Review
- Private Equity Update
- Regional Trends
- Secondaries Update
- Private Credit Update
- Infrastructure Update





2025 Market Review



Macro View

Stability Amid Volatility—A Lesson from 2025

Private market activity proved resilient in 2025, delivering a strong outcome despite elevated uncertainty and macroeconomic volatility throughout the year. Tariffs emerged as a key point of contention in the first half, weighing on sentiment and raising concerns around potential trade disruptions and economic pressure. Although headline risk persisted, most tariff measures were reduced or removed over the following months, which resulted in limited material disruptions for portfolio companies. Broader macroeconomic conditions improved as the year progressed. Following a modest contraction in U.S. GDP in the first quarter, economic growth rebounded meaningfully in subsequent quarters, supported by stabilizing demand and easing financial conditions. While inflation remained above the Federal Reserve's long-term target, its downward trajectory enabled a more accommodative monetary policy stance, including multiple interest rate cuts throughout the year. Within private markets, deal activity faced temporary delays early in the year but rebounded strongly in the second half, allowing most strategies to finish 2025 near record highs.

Increasing Deal Size Drives Recovery in U.S. Buyout Market

U.S. buyout markets delivered a strong year of activity in 2025, staging a pronounced second-half recovery that lifted total deal value to \$444 billion—the second-largest annual total on record. This strength emerged despite a more measured pace of deal volume: the number of announced buyouts declined roughly 6% year over year and remained well below the elevated levels observed during the 2021 peak. Middle-market activity, in particular, remained largely unchanged from the pace of the three prior years, reflecting continued

selectivity from sponsors. Market strength was instead concentrated in the upper end of the market, where private equity firms increasingly targeted durable, high-quality assets as a means of navigating ongoing volatility. Large-cap buyout activity increased 60% year over year, driving the average announced deal size to a record \$362 million. The trend was supported by a number of large take-private and carveout transactions, including the \$55 billion take-private of Electronic Arts, the largest buyout transaction on record.

Liquidity Remains Top Focus for Many LPs

Exit market conditions improved steadily over the course of 2025, though liquidity remained a primary focus for LPs following four consecutive years of below-average distributions. Activity began the year at a slower pace amid tariff-related uncertainty that delayed several planned exit processes before accelerating meaningfully in the second half. Announced PE-backed M&A exits in 2H25 increased 25% relative to 1H25, marking the most active half-year period since 2021. In aggregate, total PE-backed M&A exit value increased by 50% year over year, reaching its second-highest annual total on record. The strong second-half momentum translated into tangible improvements for LPs: aggregate distributions rose nearly 25% year over year, and net cash flow ratios (distributions divided by contributions) for many mature private equity portfolios rose to near-record levels.



Macro View (continued)

Secondaries Market Hits New Peak

The secondaries market sustained its rapid expansion in 2025, reaching an all-time high for both GP- and LP-led transaction activity. GP-led transaction value rose to \$115 billion, a 53% increase year over year, driven by continued growth in average transaction size and an expanding range of strategies utilizing the GP-led market. The continued growth of the GP-led market has provided a material source of liquidity to LPs: GP-led transactions accounted for approximately 15% of global PE-backed M&A exit activity in 2025. LP-led activity showed comparable strength: transaction value rose roughly 44% to \$125 billion as a result of institutional investors increasingly turning to the secondaries market to generate liquidity, rebalance portfolios, and manage overallocation pressures. Looking ahead, the secondaries market appears well-positioned to maintain its strong growth trajectory, supported by increasing sophistication from both buyers and sellers, as well as by a growing pool of dedicated capital and new products designed to broaden participation and attract new entrants to the asset class.

Fundraising Challenges Persist across the PE Market

Fundraising conditions for most private equity managers remained challenging in 2025. Private equity managers globally raised \$458 billion during the year, down 4% from 2024 and the lowest annual total since 2016. While the year-over-year decline was modest, headline figures masked a growing dispersion across the manager universe. Capital continued to concentrate among established, top-performing firms, while many less proven managers faced extended fundraising timelines and difficulty tapping into the institutional market. The

year was particularly slow in the venture capital industry, which raised just \$71.8 billion, down 40% from 2024 and 70% from the 2022 market peak. LPs remained highly selective, constrained by overallocation pressures, slower distributions, and ongoing portfolio management. Based on current indications, we expect the fundraising market to improve during 2026, although the recovery is likely to be more gradual than in other segments of the market.

Private Markets Enter 2026 on Solid Ground

Looking ahead into 2026, we believe that private markets appear well-positioned to extend their recovery, despite an environment likely to feature ongoing volatility and episodic risk. Deal pipelines have continued to build, with a meaningful backlog of companies increasingly prepared to transact. Operating fundamentals across most segments remain healthy, enabling many pandemic-vintage assets to grow into valuations despite longer-than-anticipated hold times. Importantly, private equity firms have acted decisively to position portfolios for a potentially prolonged higher-cost-of-capital environment. Competition for human capital and operating expertise remains high, and we have seen firms build significant in-house capabilities dedicated to driving operational growth. Additionally, investments in technology—particularly in AI—have accelerated, with firms deploying new tools to improve efficiency, both internally and at their portfolio companies. We expect 2026 to provide both opportunities and challenges for private equity managers but believe that experienced and disciplined firms will continue to drive strong performance in the prospective market environment.



Private Equity Update



Private Equity Key Highlights

- Buyout activity rebounded in 2025, led by large-cap transactions, while middle-market deal flow remained modest.
- Stabilizing valuations and more supportive credit markets are driving an increase in deal pipelines heading into 2026.
- Venture capital investment approached 2021 levels, though activity remained highly concentrated in a handful of large AI investments.
- Exit market conditions gained momentum in 2H25, although full-year distributions remained below long-term averages.
- IPO market activity and sentiment continue to improve, prompting optimism for an active year in 2026.
- Fundraising remained competitive, with LPs maintaining elevated selectivity amid slower distributions.
- Secondaries market activity reached record levels, driven by increased investor demand and LP liquidity needs.

Pathway Barometer

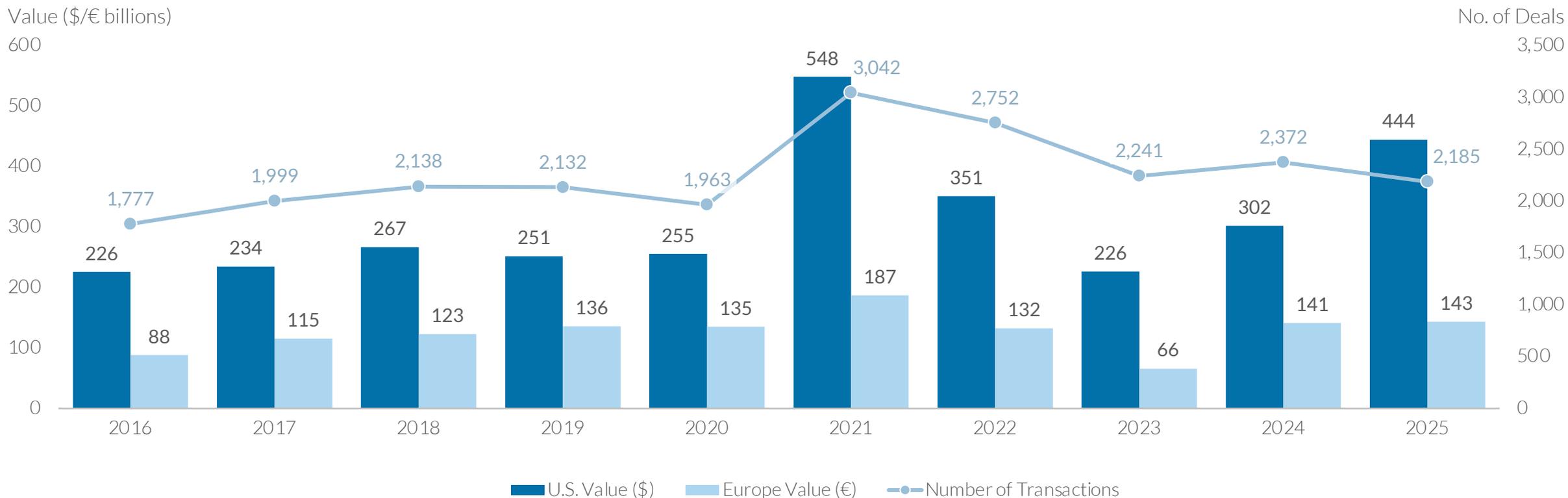
	YoY	5-Yr. Avg	Sentiment
BUYOUTS			
Investment Activity	↑	↑	●
Fundraising	↓	↓	●
VENTURE CAPITAL			
Investment Activity	↑	↑	●
Fundraising	↓	↓	●
EXIT MARKETS			
M&A Exits	↑	↑	●
IPO Exits	↑	↔	●
Distributions	↑	↔	●
SECONDARIES			
Investment Activity	↑	↑	●
Pricing	↔	↔	●



Buyout Activity Rebounded Sharply in the U.S., Reaching the Second-Highest Total on Record

The strong annual total came despite an 8% decline in deal volume, which reached its lowest level since 2020.

Buyout Investment Activity



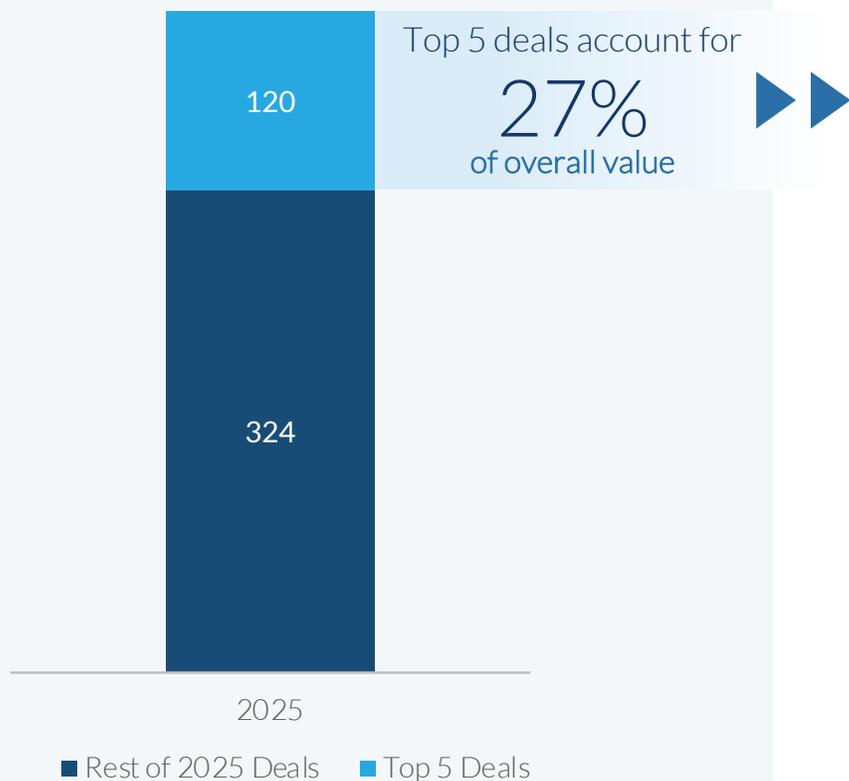
SOURCE: Mergermarket, LSEG Data & Analytics, and Pathway Research. NOTE: As of December 31, 2025.



Concentration in the Large-Cap Segment Has Driven Buyout Market Recovery

2025 U.S. Buyout Activity

Value (\$ billions)



Buyer(s)	Target	Industry	Value (MM)
 	Electronic Arts	Consumer	\$55,000
	Walgreens	Healthcare	\$23,700
 	Hologic	Healthcare	\$18,300
	Dayforce	Software	\$12,300
	Jeppesen	Technology	\$10,550

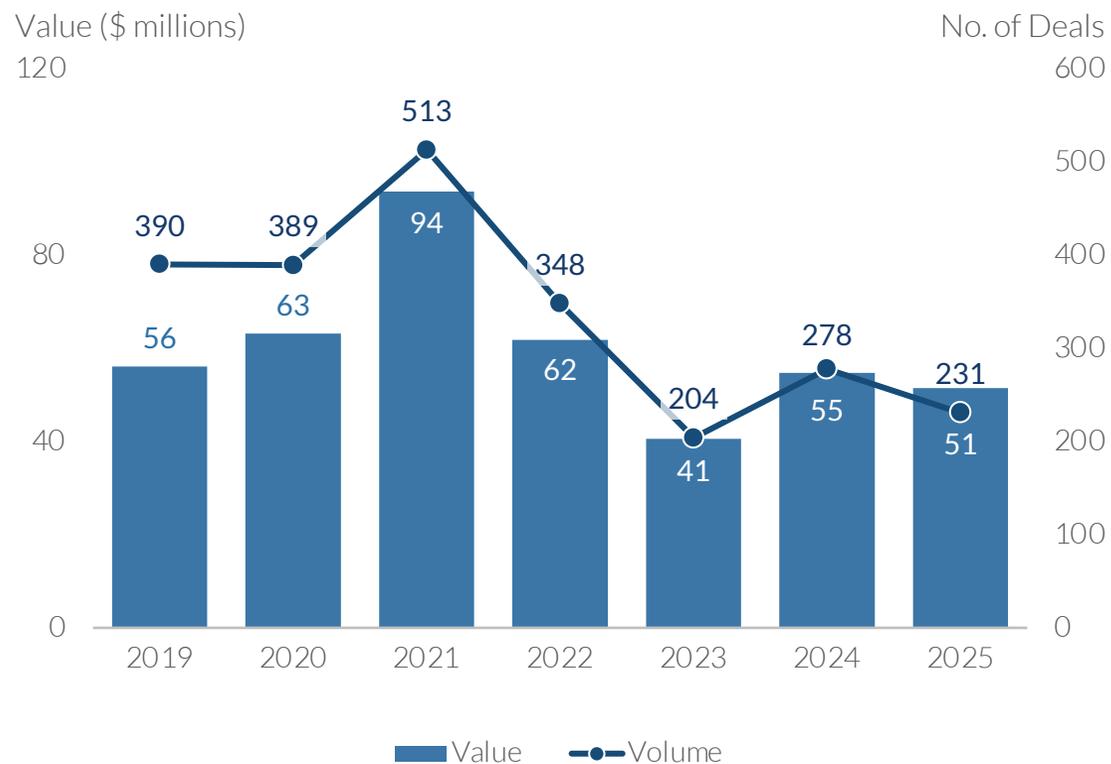
SOURCE: Mergermarket; Pathway Research. NOTE: As of December 31, 2025.



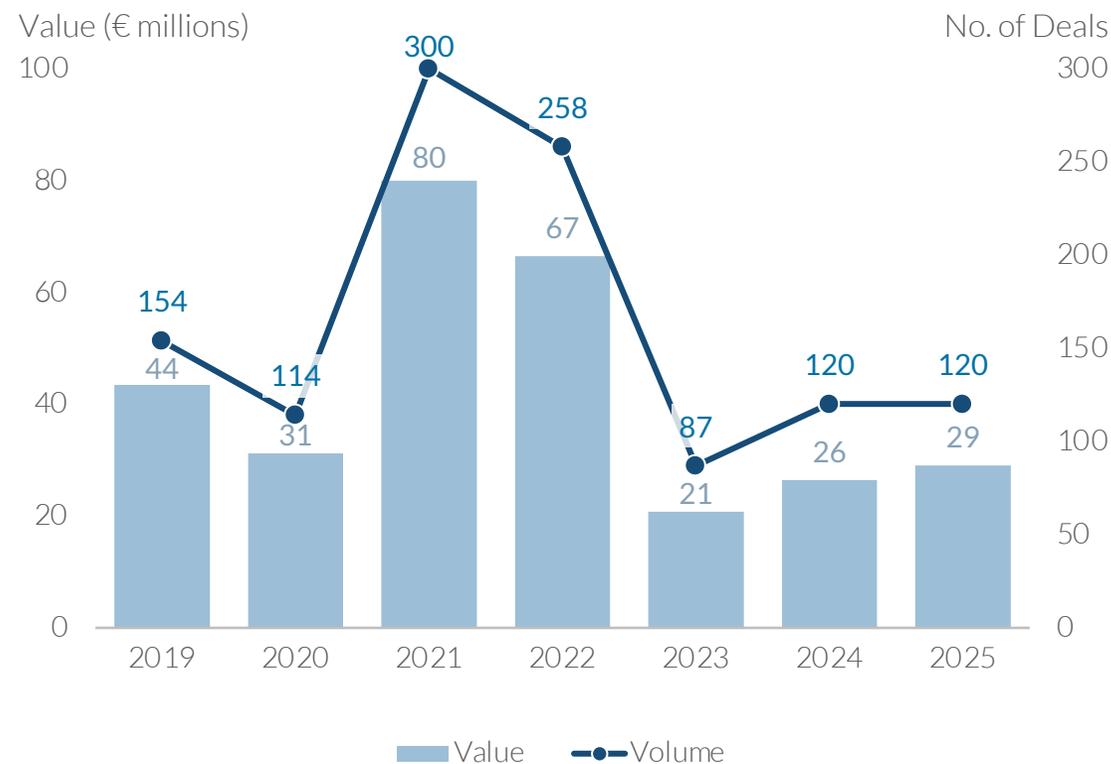
Buyout Activity in the Middle Market Remains Much More Subdued

Aggregate deal volume in the U.S. and Europe declined 12% YoY and remains 57% below the market peak in 2021.

U.S. Middle-Market Buyout Activity



European Middle-Market Buyout Activity

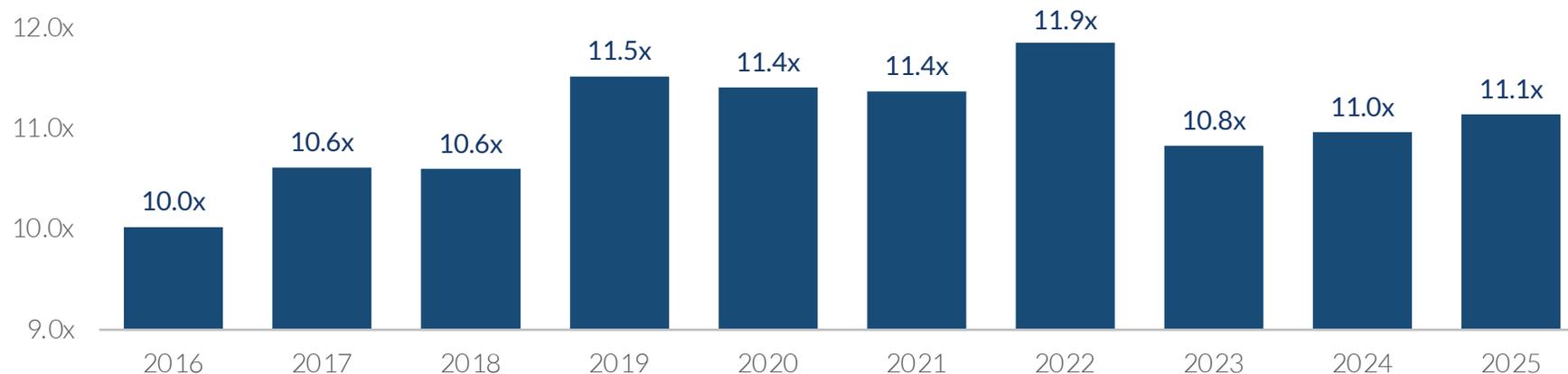


SOURCE: Mergermarket; LSEG Data & Analytics; Pathway Research. NOTES: As of December 31, 2025. Middle market is defined as transactions with enterprise values of \$100 million to \$1.0 billion.

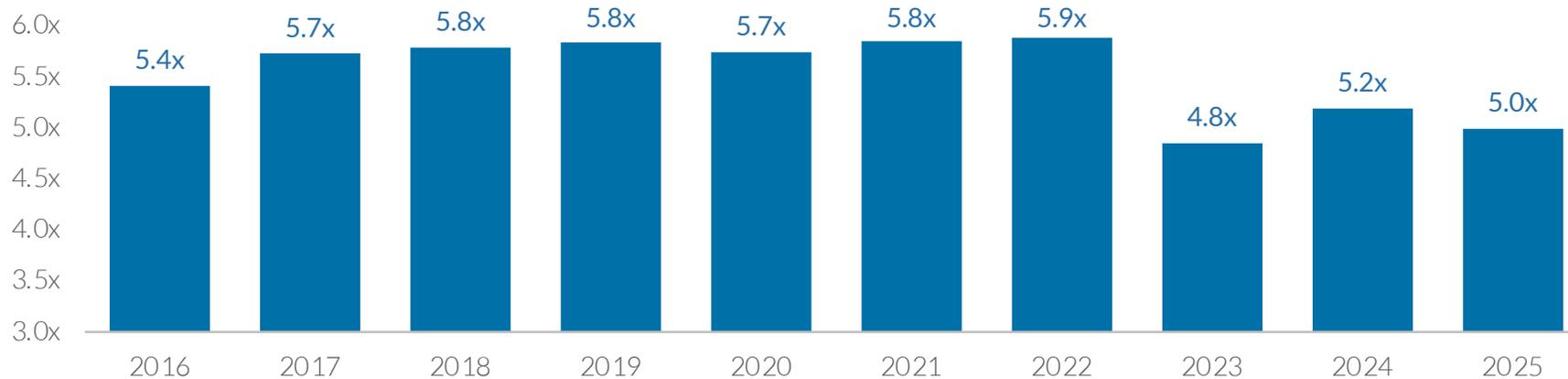


Pricing and Leverage Have Reset from Market Peaks and Appear to Have Stabilized

Average Purchase-Price Multiples (U.S.)



Average Leverage Multiples (U.S.)



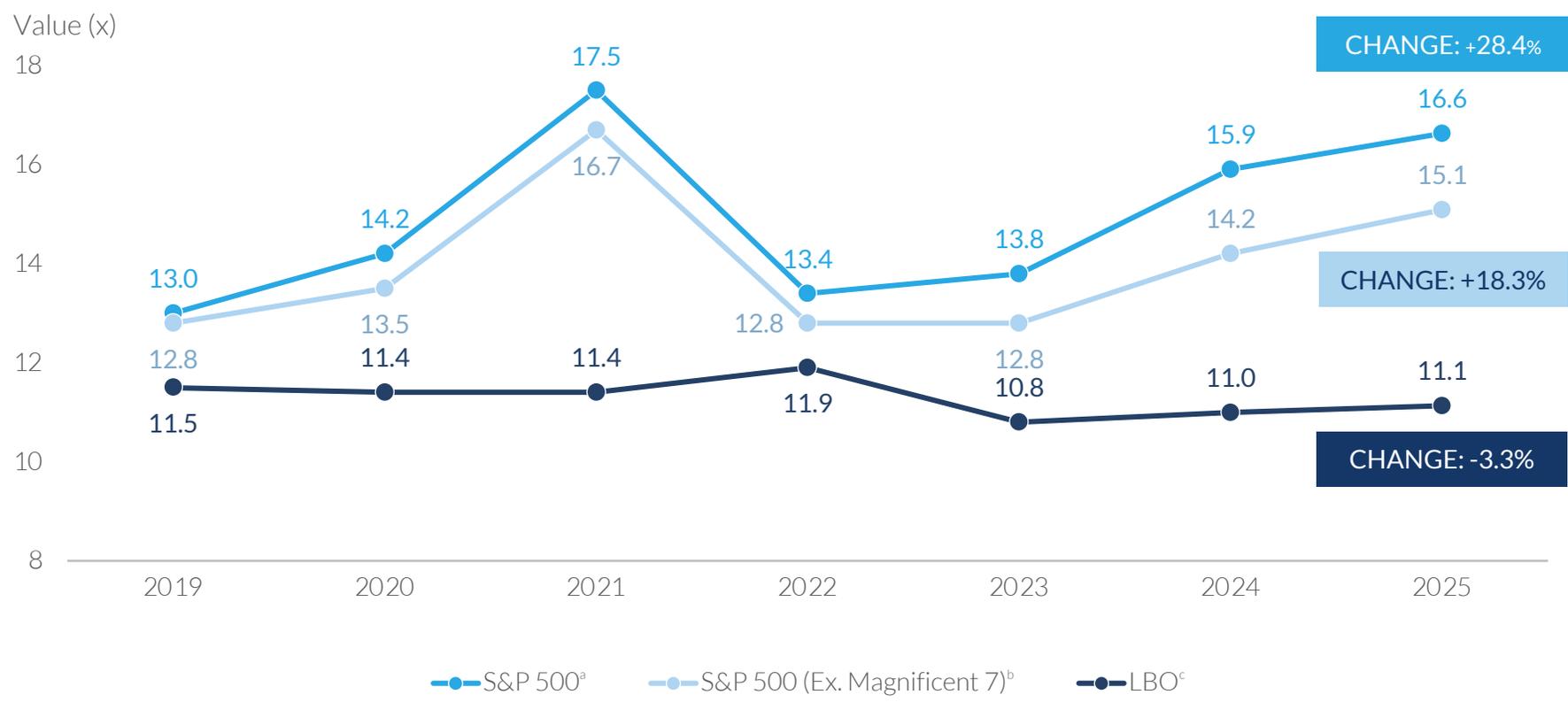
- GP focus remains centered on high-quality assets in growth-oriented sectors.
- Narrowing bid-ask spreads are expected to support deal activity.
- Higher rates are prompting prudent leverage ratios despite healthy overall credit market conditions.

SOURCE: PitchBook LCD.



Valuation Gap Between Private and Public Markets Continues to Widen

Public Market vs. Private Market EV/EBITDA Multiples



- Public valuations have outpaced private valuations since the 2010s.
- Magnificent 7 explain only a limited part of the widening valuation gap.
- The current valuation gap is 49% (vs. 10-year avg. of 25%).

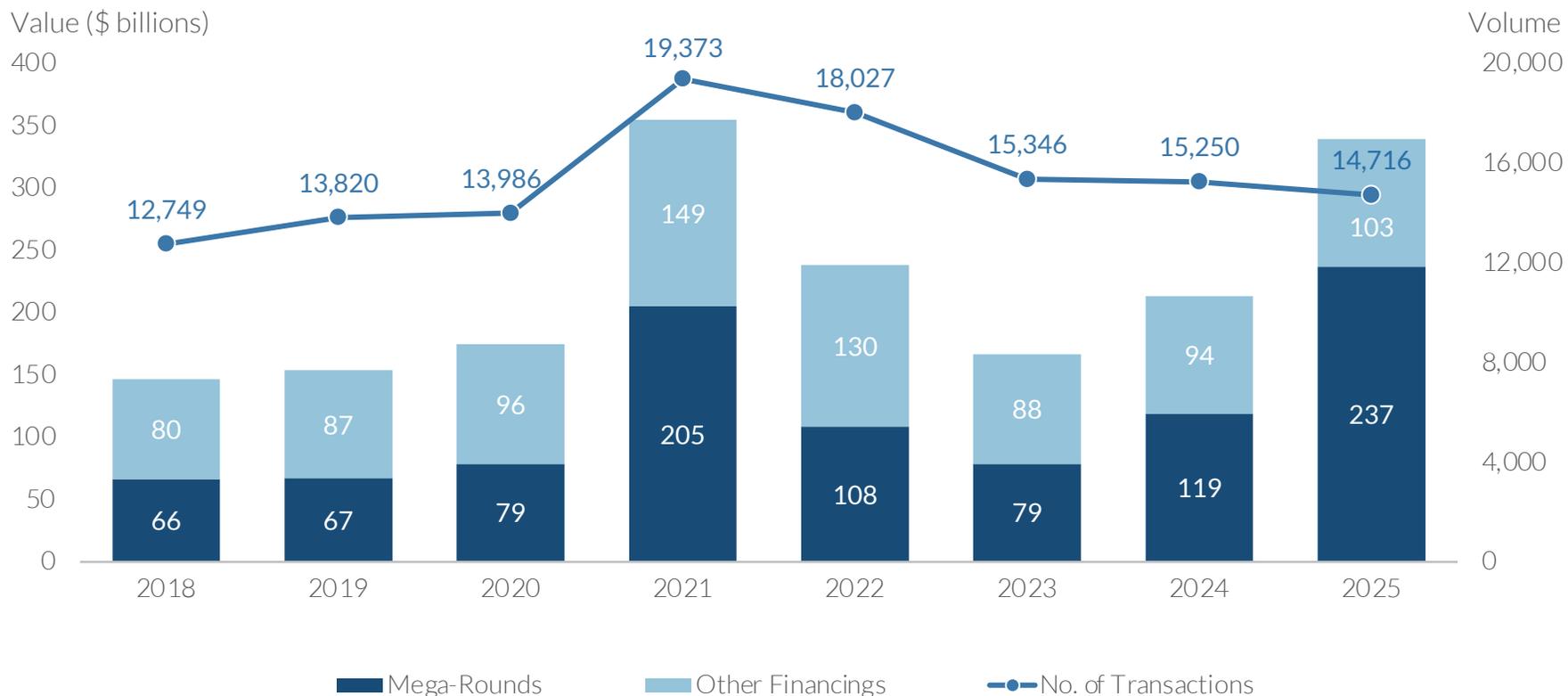
NOTES: As of December 31, 2025. Investors should consider the limitations inherent in comparisons between public and private markets; private market investments may pose additional and/or different risks. ^aSOURCE: Bloomberg. Represents the average EV/TTM EBITDA multiple of all companies included in the S&P 500 index, as of the years listed. ^bSOURCE: Bloomberg. Represents the average EV/TTM EBITDA multiple of all companies included in the S&P 500 (ex. Magnificent 7) index, as of the years listed. ^cSOURCE: PitchBook LCD. Represents the average trailing EV/EBITDA multiple for all transactions included in the PitchBook LCD data set during the years listed.



AI Mega-Rounds Reignite U.S. Venture Capital

Record AI & ML financing rounds drove a sharp rebound in U.S. VC investment, restoring activity to near-2021 levels despite fewer deals.

U.S. VC Investment Activity



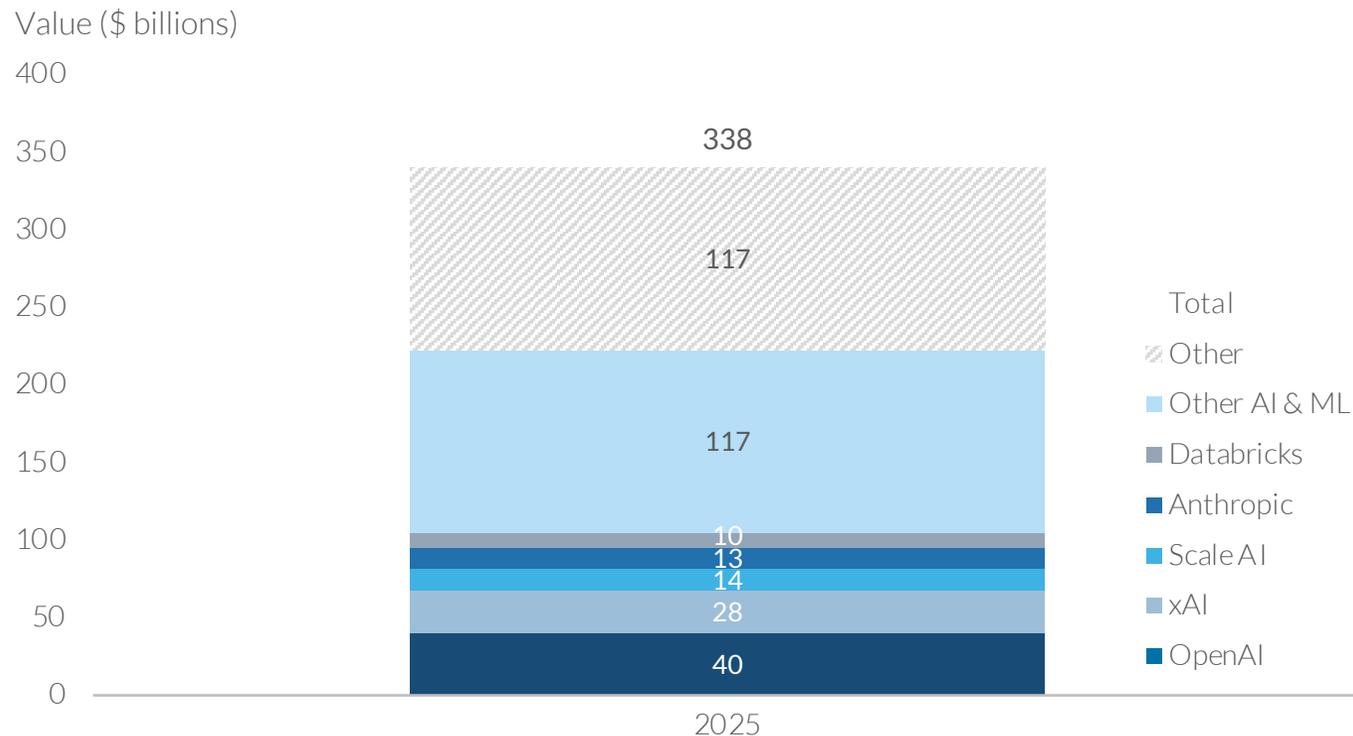
- Investment value nearly returned to 2021 highs, despite a ~24% decline in deal count compared with 2021.
- Mega-round deal value hit an all-time high, surpassing 2021.
- Activity was headlined by the 5 largest VC financings of all time.

SOURCE: PitchBook-NVCA Venture Monitor Report. NOTE: As of December 31, 2025.



AI Concentration Reaches Peak Level

2025 Breakdown: AI & ML Drive Majority of Activity



\$97bn
 Capital deployed across the 5 largest VC rounds ever, all in AI and all in 2025

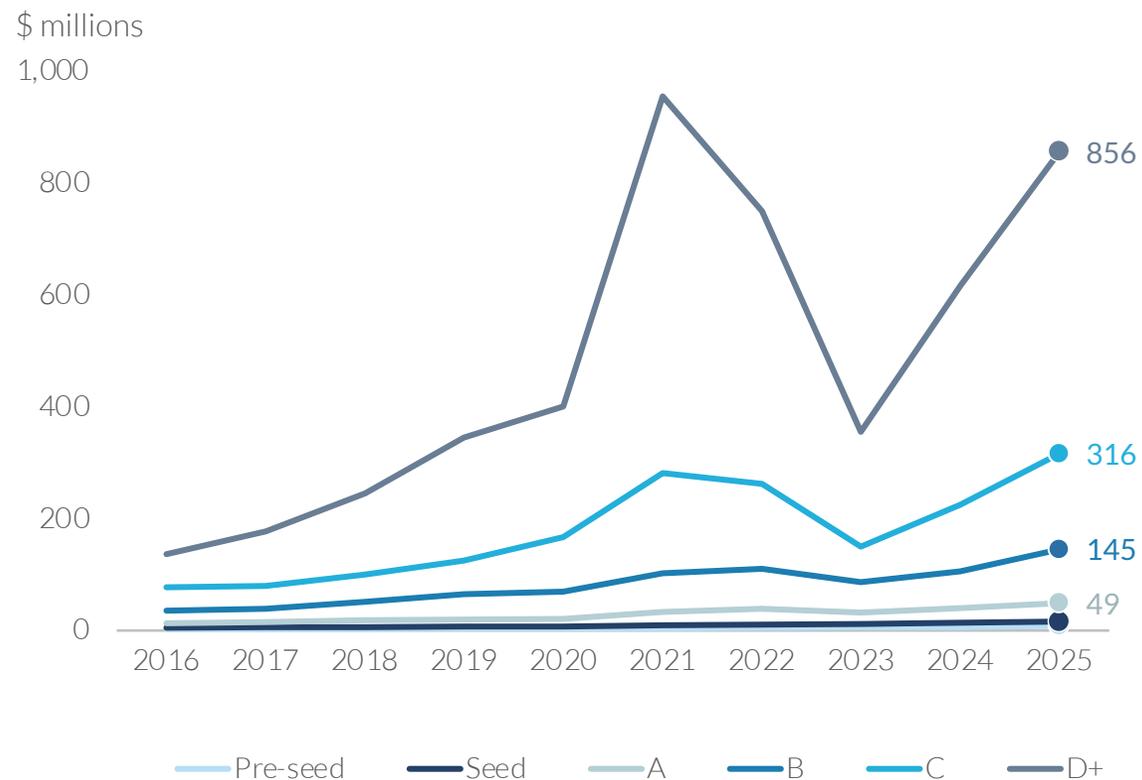
66%
 AI Share of total VC Investment value (vs. 5-year avg. of 36%)

SOURCE: PitchBook Data, Inc.; Pathway Research. NOTE: As of December 31, 2025..

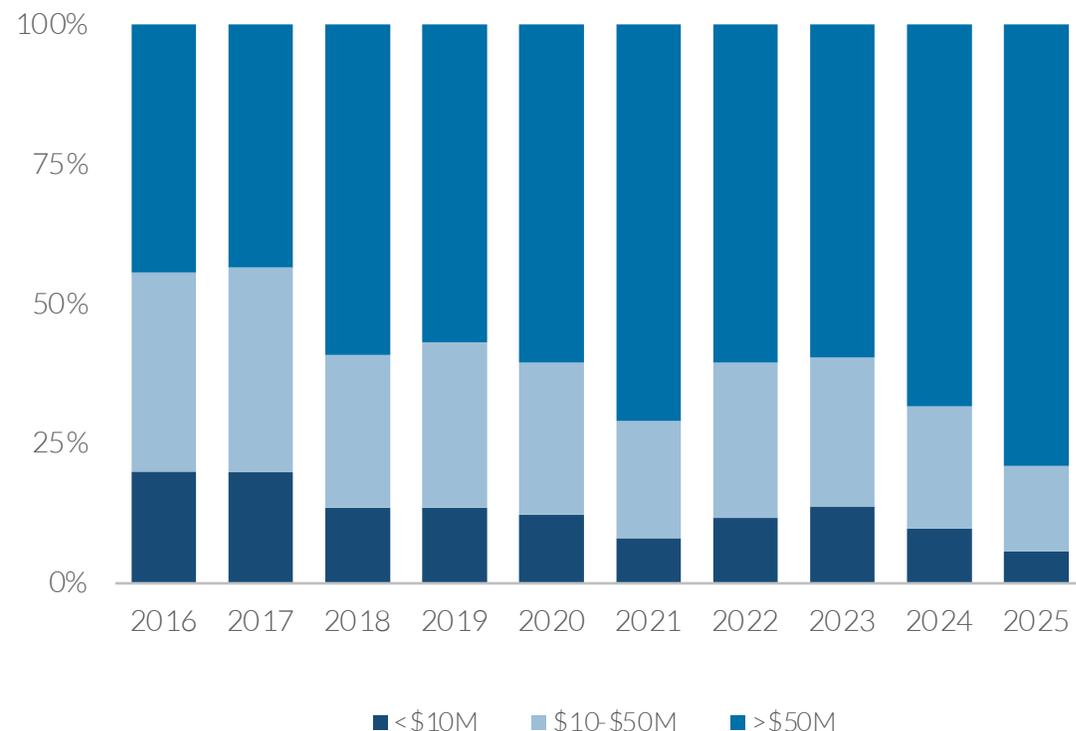


AI-Focused Late-Stage Financing Rebound Boosts Median Valuations

Median U.S. VC Pre-money Valuation



Share of U.S. VC Deal Value by Size

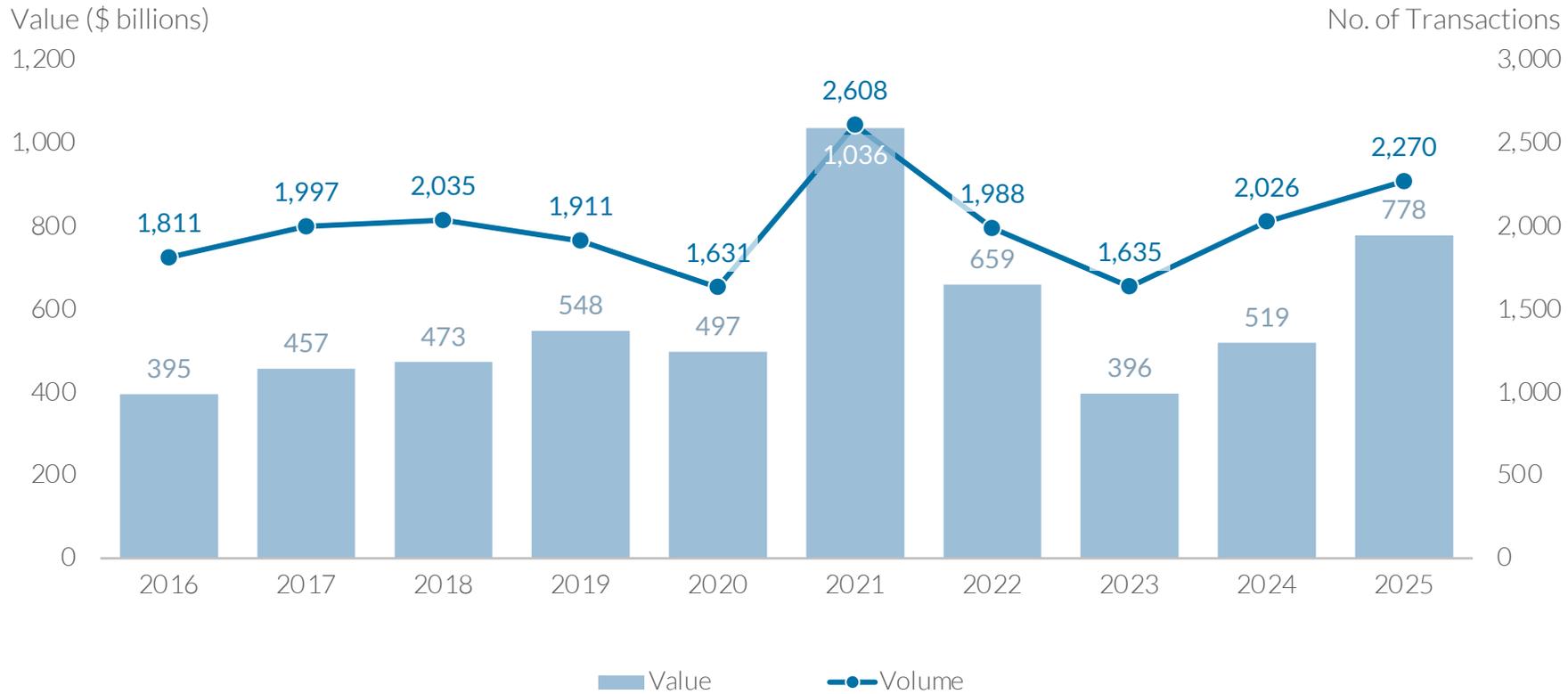


SOURCE: PitchBook-NVCA Venture Monitor Report. NOTE: As of December 31, 2025.



M&A Exit Markets Demonstrate Strong Momentum in 2025

Global PE-Backed M&A Exit Activity



- Average deal size reaches \$343 million in 2025, the highest level since 2021.
- Exit volume shows momentum in 2H25 following a tariff-impacted first half.
- Corporate buyers play an active role in large-cap market.
- All themes prevalent in many of the year’s largest exits.

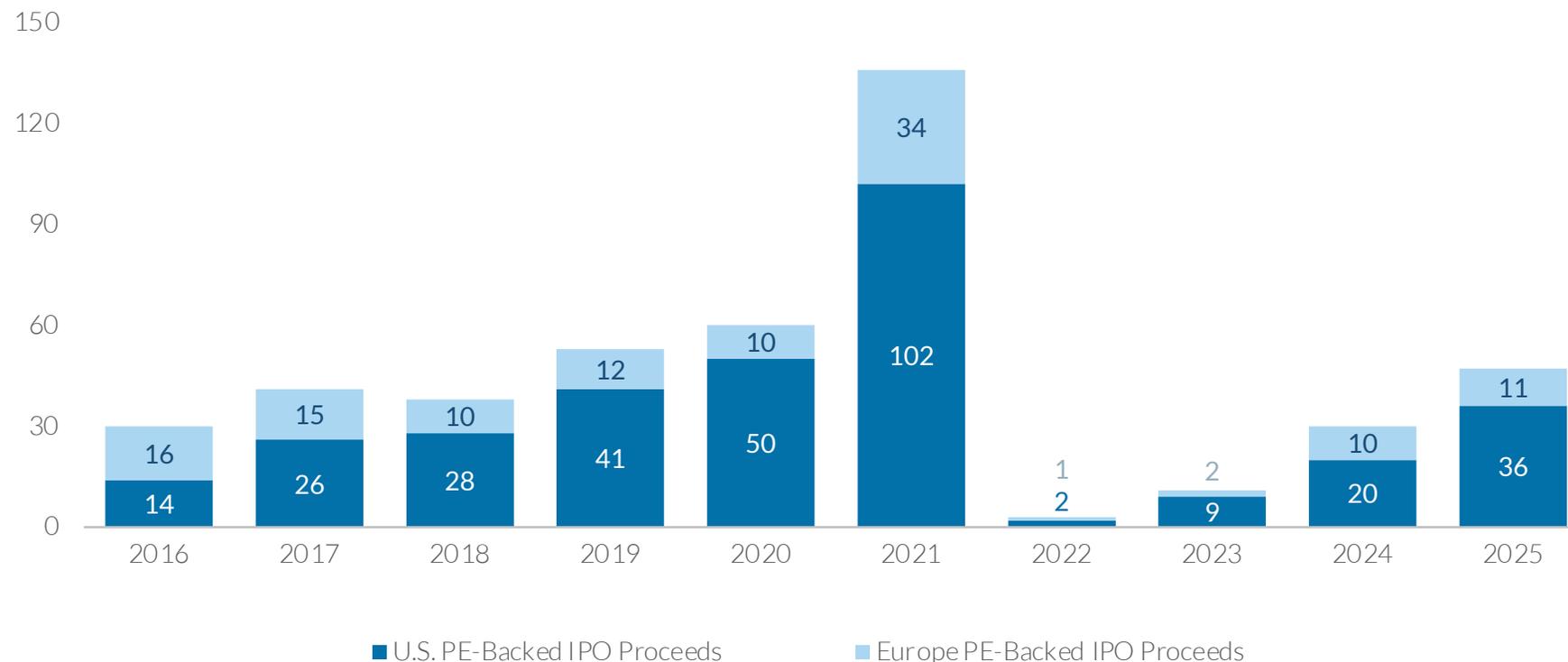
SOURCE: Mergermarket. NOTE: As of December 31, 2025.



IPO Markets Demonstrate Signs of Much-Needed Improvement in 2025

PE-Backed IPO Issuance

Proceeds (\$ billions)



- The 55 U.S. PE-backed IPOs in 2025 marked the highest annual figure since 2021.
- VC-backed IPO value doubled YoY, driven by large technology listings.
- PE-backed Medline Industries marks the largest IPO since 2019 (\$7.2bn).

SOURCE: Bloomberg, Renaissance Capital, and Pathway Research. NOTE: As of December 31, 2025.



IPO Scorecard: Activity Improves but 2025 Tech IPOs Receive Mixed Reception

2025 PE-Backed Technology IPOs

Company	IPO Date	IPO Size (MM)	Initial Filing Range	Offer Price	First Day Return	Return From IPO
SailPoint	Feb-25	\$1,380	\$19-\$21	\$23.00	-4.4%	-36.7%
CoreWeave	Mar-25	\$1,500	\$47-\$55	\$40.00	0.0%	122.5%
eToro	May-25	\$620	\$46-\$50	\$52.00	28.8%	-48.0%
Circle	Jun-25	\$1,054	\$24-\$26	\$31.00	168.5%	76.3%
Chime	Jun-25	\$864	\$24-\$26	\$27.00	37.4%	-15.3%
Accelerant	Jul-25	\$724	\$18-\$20	\$21.00	26.2%	-42.8%
Figma	Jul-25	\$1,219	\$25-\$28	\$33.00	250.0%	-34.2%
Klarna	Sep-25	\$1,373	\$35-\$37	\$40.00	14.6%	-46.6%
Netskope	Sep-25	\$908	\$15-\$17	\$19.00	18.4%	-31.9%
Figure	Sep-25	\$788	\$18-\$20	\$25.00	24.4%	82.6%
StubHub	Sep-25	\$800	\$22-\$25	\$23.50	-6.4%	-51.9%
Navan	Oct-25	\$923	\$24-\$26	\$25.00	-20.0%	-58.5%

Below Range
 Within Range
 Above Range

75%
Priced above initial target range

\$1.0bn
Average IPO size

+45%
Average first-day pop

-7%
Average increase from IPO price^a

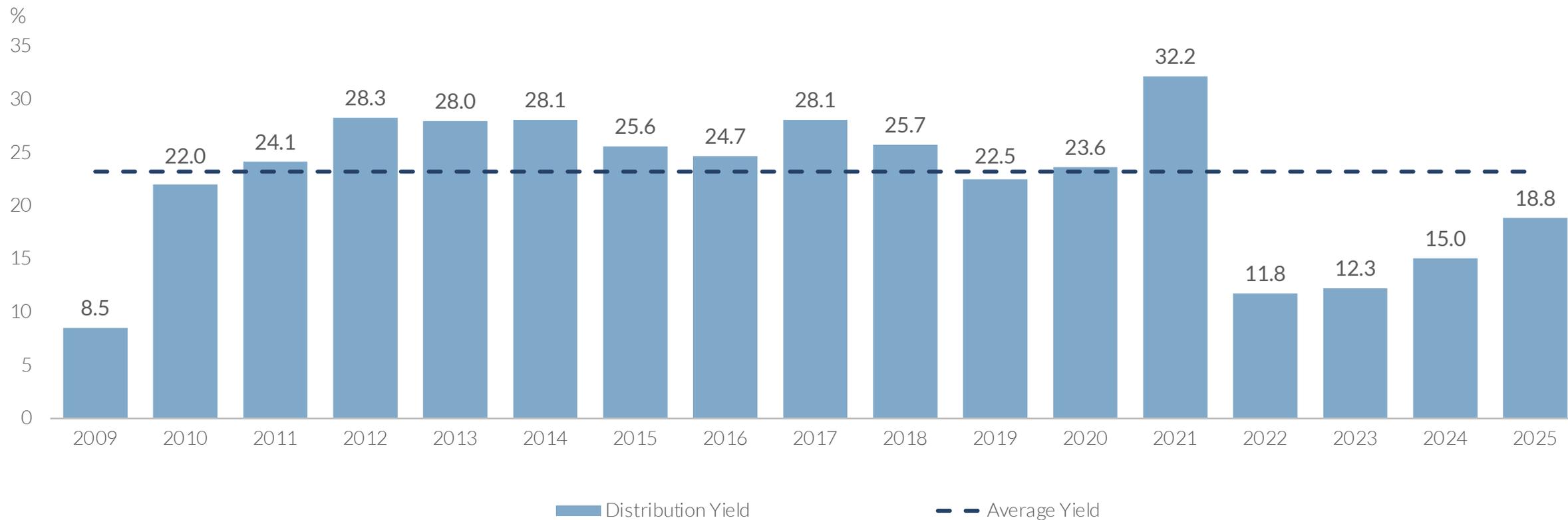
SOURCE: Renaissance Capital. NOTE: Includes only PE-backed technology IPOs that raised greater than \$500 million through an IPO. ^aAs of December 31, 2025.



Distributions Show Improvement in 2025 but Remain Below Long-Term Average

Private Equity Distribution Yield

Assumes Consistent Annual Commitment Pace^a



SOURCE: Pathway Research. NOTES: As of December 31, 2025. Distribution yield is defined as annual distributions divided by the prior period ending market value. Data based on a representative sample of private equity portfolios tracked by Pathway, which comprise over \$70 billion invested from 1993 to 2025. ^aOutput reflects modeled cash-flow trends for a portfolio committing consistent annual amounts per year, indexed for inflation, to primary private equity funds beginning in 1993. Data is representative of a mature private equity portfolio and may differ from overall market statistics.

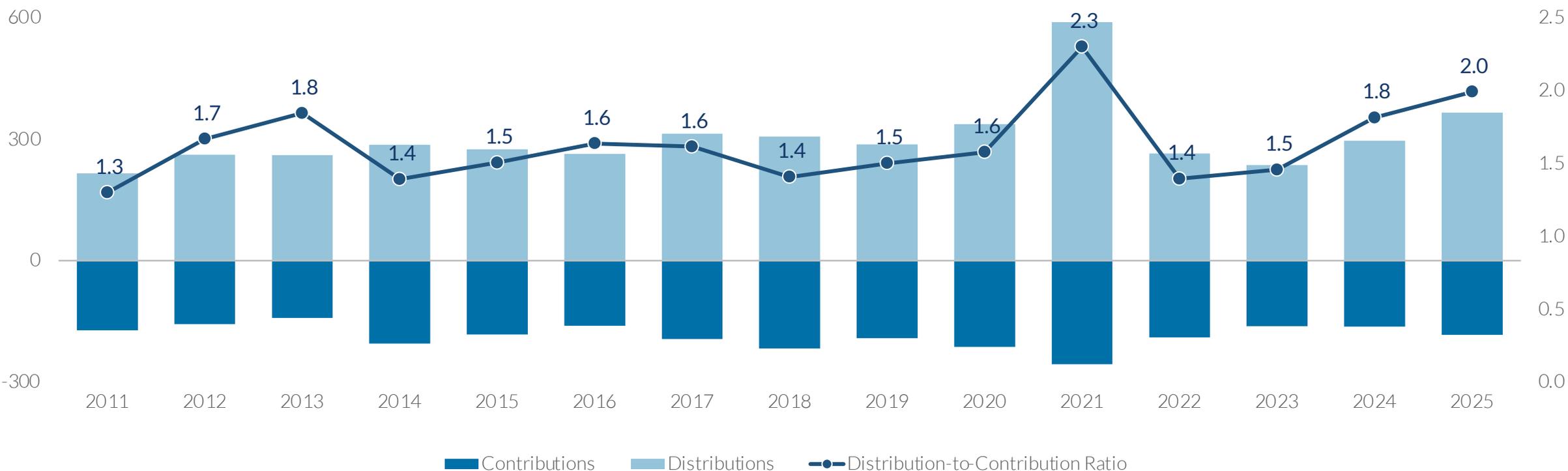


Despite Liquidity Concerns, Mature Portfolios Are Seeing a Healthy Level of Positive Cash Flow

Private Equity Distribution-to-Contribution Ratio

Assumes Consistent Annual Commitment Pace^a

Value (\$ billions)



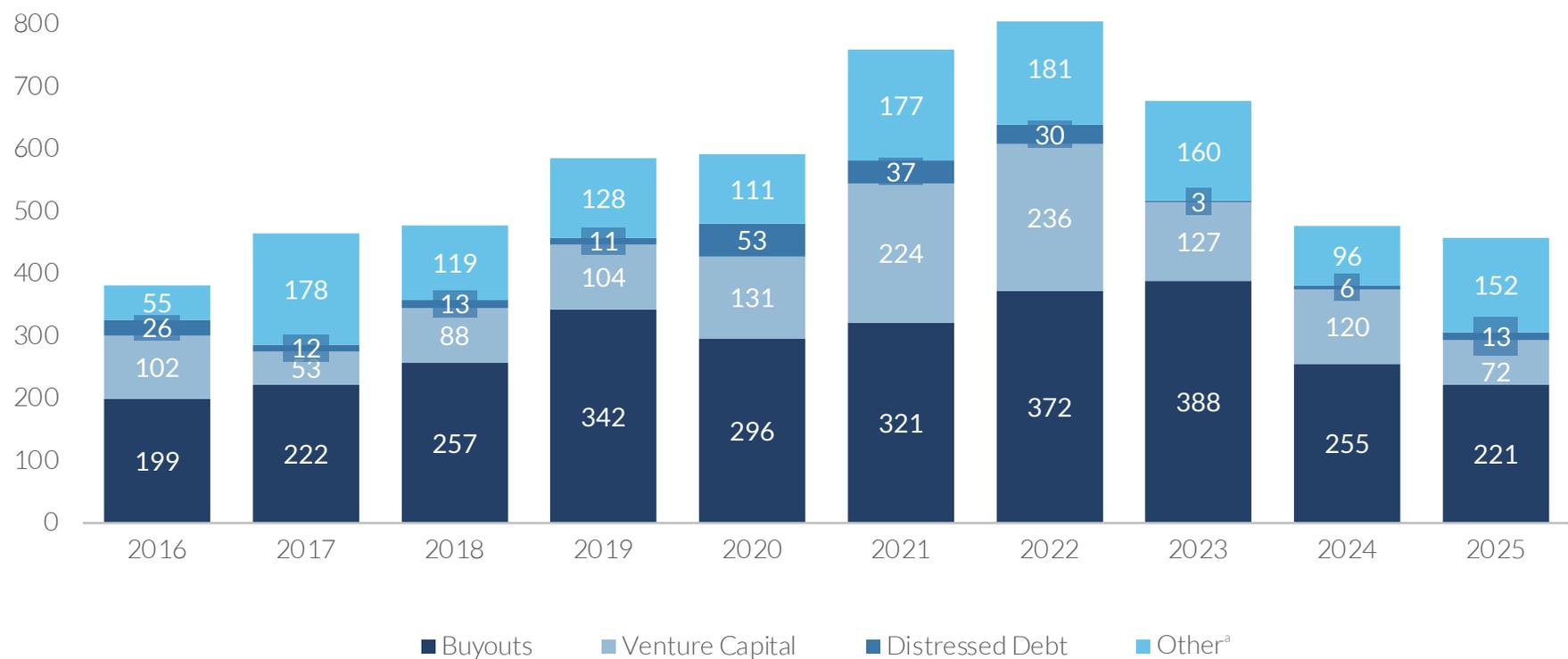
SOURCE: Pathway Research. NOTES: As of December 31, 2025. Distribution yield is defined as annual distributions divided by the prior period ending market value. Data based on a representative sample of private equity portfolios tracked by Pathway, which comprise over \$70 billion invested from 1993 to 2025. ^aOutput reflects modeled cash-flow trends for a portfolio committing consistent annual amounts per year, indexed for inflation, to primary private equity funds beginning in 1993. Data is representative of a mature private equity portfolio and may differ from overall market statistics.



Fundraising Remains Challenging amid Prolonged Liquidity Crunch

Global Fundraising by Strategy

Amount Raised (\$ billions)



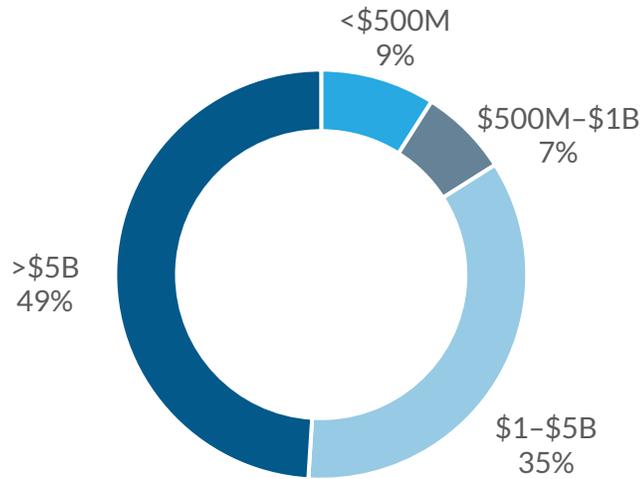
- Muted exits and lower distributions have constrained LP capital and increased manager selectivity.
- Fundraising value reached its lowest level since 2016.
- Venture fundraising down 70% from market peak in 2022.
- Early indicators suggest a healthier 2026 pipeline.

SOURCE: LSEG Data & Analytics; Pathway Research. NOTES: Data is continuously updated and therefore subject to change. Amounts may not foot due to rounding. ^aComprises special situations and other fund strategies not classified as buyout-, venture capital-, or credit-focused. NOTE: As of December 31, 2025.



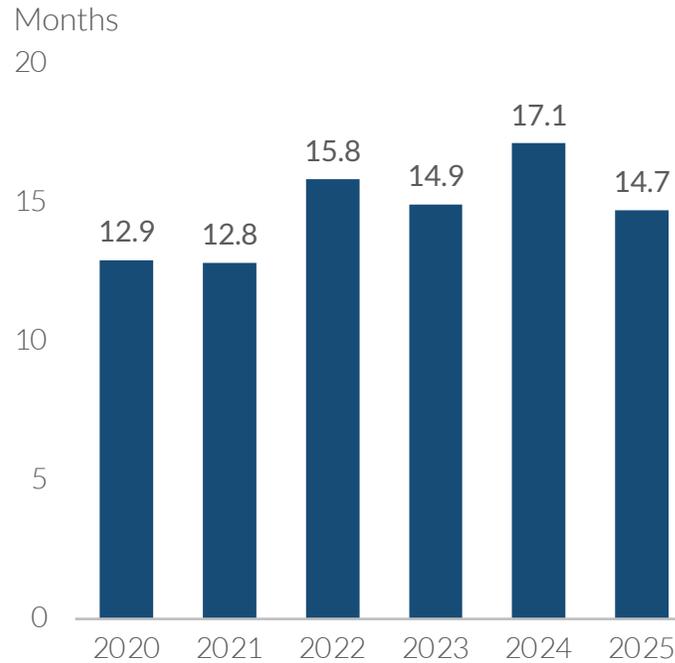
Selective Fundraising Environment Favors Experienced, Proven Managers

% of Capital Raised by Fund Size



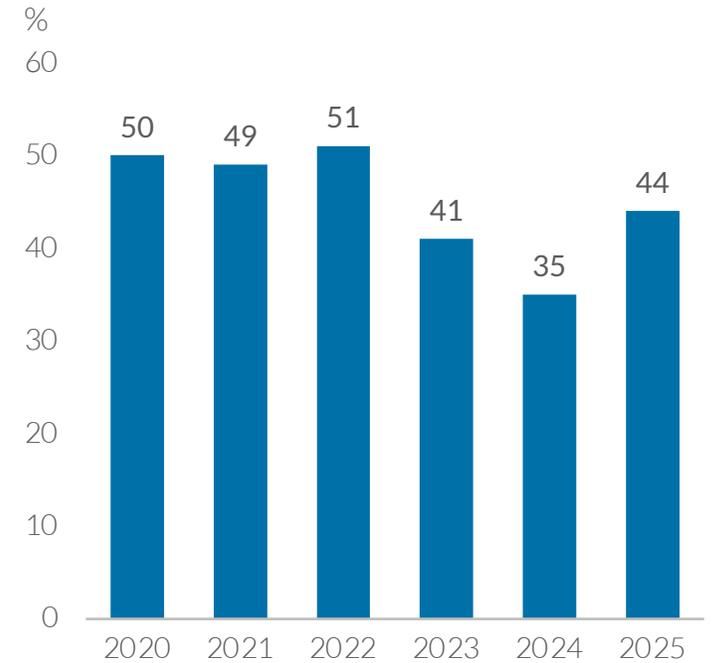
Capital continues to concentrate in large, established funds.

Avg. Fundraising Length



Fundraising timelines remain elevated but show early signs of improvement.

Median Step-up in Fund Size



Fund size growth has moderated from peak levels.

SOURCE: LSEG Data & Analytics; PitchBook Data, Inc.; Pathway Research. NOTE: As of December 31, 2025..



Regional Trends



North America

North American private equity markets showed positive momentum in 2025, although performance has remained moderate in most segments. Market fundamentals remain supportive of continued improvement during 2026.



Investment Activity



- Buyout investment rebounded materially in 2025, during which total deal value reached \$444 billion—the second-highest level on record.
- The recovery was driven by larger transactions: deal volume declined 6% year over year, the lowest level since 2020.
- **Large-cap buyouts dominated activity:** the top 5 transactions accounted for 27% of total value, including the \$55 billion Electronic Arts transaction.
- Middle-market buyout activity remained broadly in line with recent years.
- Similar trends exist in the VC market, where substantial capital has flowed into a small number of large AI platforms.

Exit Markets



- Exit markets in North America improved materially in 2025: M&A value rebounded to its highest level since the peak of 2021.
- **Corporates remained active buyers in the large-cap segment**, accounting for each of the five largest exits during the year.
- IPO markets strengthened, with 55 U.S. PE-backed listings, the most since 2021, including Medline Industries, the largest IPO since 2019.

Fundraising

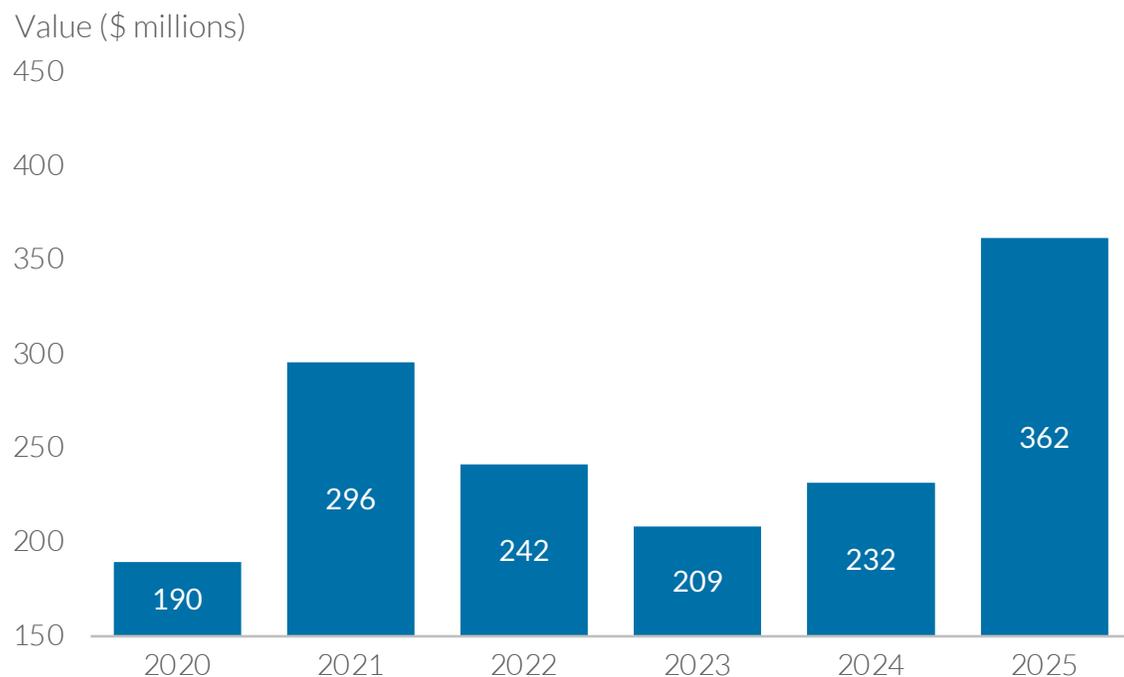


- Muted exits and slower distributions have increased LP selectivity, driving fundraising value to its lowest level since 2016.
- Despite the decline, **a flight-to-quality pushed U.S. funds to their highest share of the fundraising market in nearly three decades.**



Rising Deal Size Drives North American M&A Markets

Average U.S. Buyout Deal Size



SOURCE: Mergermarket.

Notable Corporate Acquisitions of PE-backed Companies in 2025

Buyers(s)	Target	Seller	Value (MM)
Nvidia, Microsoft, Blackrock, xAI	Aligned Data Centers	Macquarie Asset Mgmt.	\$40,000
Alphabet	Wiz	Venture Consortium	\$32,000
Global Payments	WorldPay	GTCR	\$24,000
NRG	Premier Power Portfolio	LS Power	\$12,000
Thermo Fisher Scientific	Clario	Nordic, Cinven, Astorg	\$8,900



Europe

2025 was a solid year for European private equity activity, which experienced strong second-half momentum amid a more constructive macro backdrop and improved investor sentiment.



Investment Activity



- Following a volatile start to the year, **2H25 experienced a 36% increase in deal activity vs. 1H25**; full-year activity reached €143 billion, 26% above the 3-year average.
- Lower borrowing costs were conducive to large-cap transactions. In 2025, large-cap deals represented 65% of total deal value for the year, a significant increase from the average of 47% across the prior 10 years.
- Take-privates remained a mainstay of European buyout activity, partly due to discounted public market valuations relative to the U.S.
- **DACH solidified its position as one of Europe's most active private equity markets in 2025.** Investment activity in the region increased 67% YoY, supported by an increasing number of pan-European sponsors establishing on-the-ground presence.

Exit Markets



- 2025 finished as the strongest year for PE-backed IPOs since the 2021 peak.
- Subdued exit conditions have driven increased use of continuation vehicles as sponsors pursue alternative liquidity pathways.
- In 1H25, **CVs accounted for 19% of sponsor-backed exit volume.** CVs remained a prominent feature in 2H25; landmark transactions included PAI Partners' €3.6 billion CV for Froneri International and Capvest's €3.8 billion CV for Curium.

Fundraising

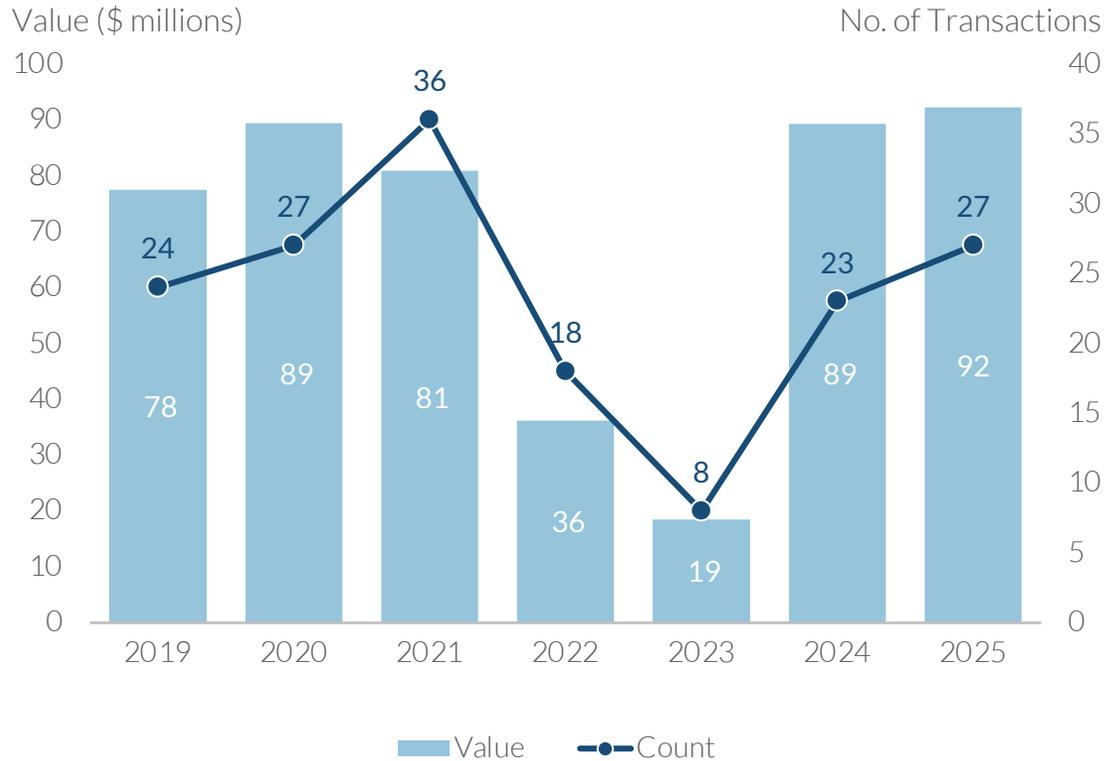


- Private equity fundraising in Europe slowed materially in 2025, declining by over 25%.

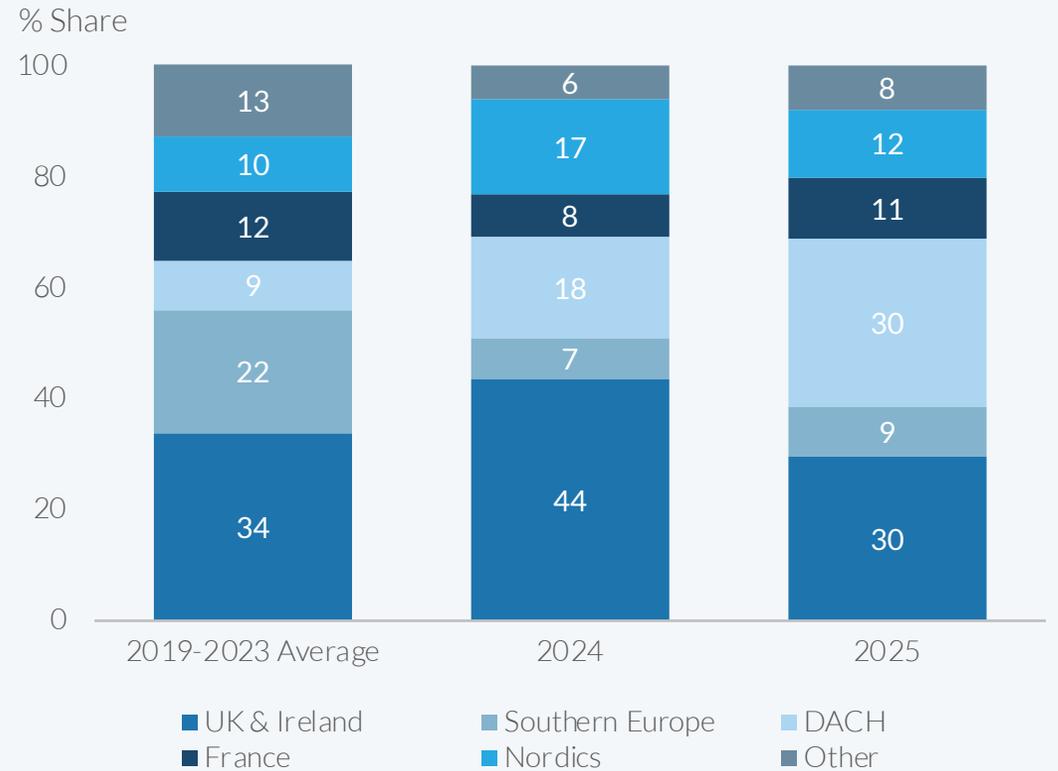


Heightened Activity in the Large-Cap Segment and DACH Region

European Large-Cap Buyout Activity



Share of European Buyout Value by Region



SOURCE: Mergermarket; Pathway Research. NOTE: As of December 31, 2025.



Asia

Private equity markets experienced a slow year in 2025, impacted by tariff, geopolitical, and interest rate uncertainty. Improving growth prospects, active IPO markets, and rapid technological innovation support an improved outlook for the region in 2026.



Investment Activity



- **PE investment value declined 22% in 2025** as a result of a decrease in activity in the upper-mid-market and large-cap segments.
- Buyout activity remains strong (38% of annual deal value), the second-highest year on record after 2024.
- **Japan surpassed China as the most active region for the first time in 2025** and included each of APAC's 5 largest transactions.
- Activity in China fell for the fourth-consecutive year, despite improving market sentiment. Green shoots are emerging in the venture segment, particularly in the AI, deep tech, and healthcare sectors, which have broad policy support.
- India continues to experience steady activity as a result of growth equity investments in the technology sector.

Exit Markets



- 842 companies raised \$84.4 billion via public offerings in 2025, up 85% YoY.
- The HKSE was the top exchange globally for IPOs, more than tripling YoY to \$36 billion, supported by strong aftermarket performance.
- **The pipeline of 250+ IPO candidates on the HKSE points to 2026 being a critical year for private equity performance and liquidity.**
- India also reported a record year for IPO activity: companies were drawn to the public-funding route because of comparatively high valuations and IPO premiums.

Fundraising

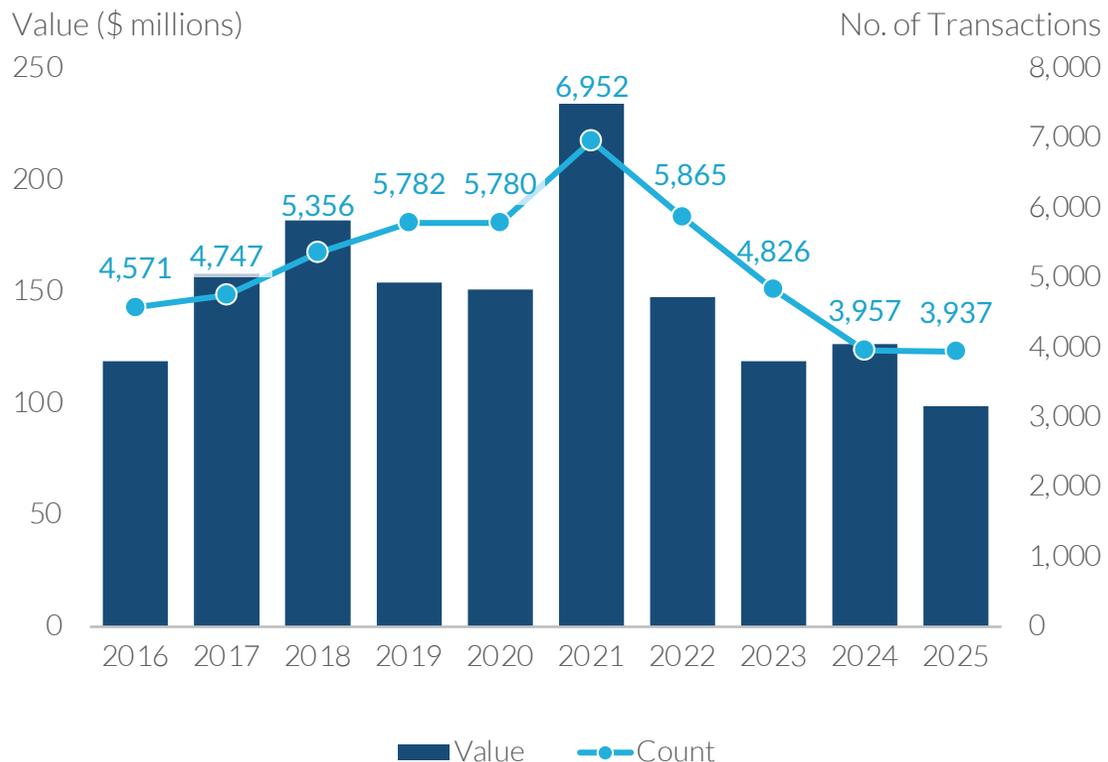


- A lack of distributions and uncertainty, exacerbated by geopolitics, continues to contribute to a weak fundraising environment: 2025 concluded below 2024 levels in both the number of funds and amount of capital raised.
- Private credit and secondaries have shown momentum in Asia, although both markets remain disproportionately small compared with the U.S. and Europe.

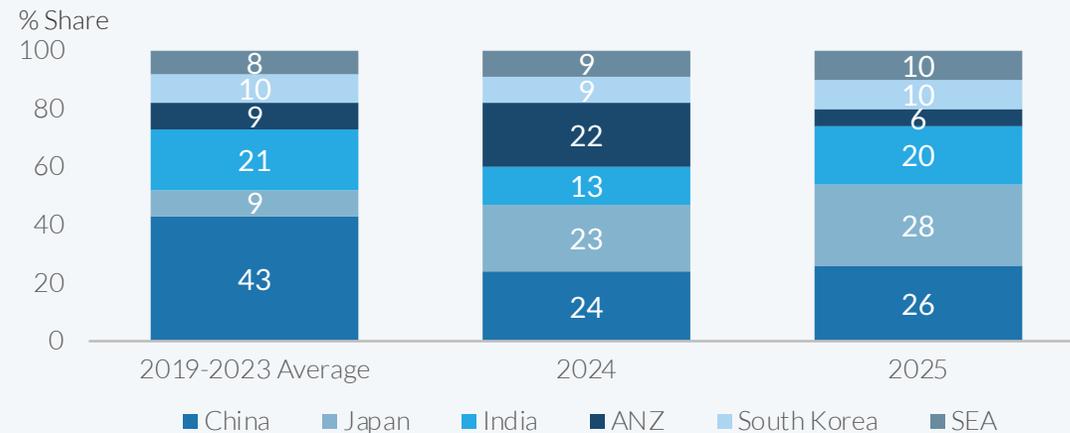


Macro Uncertainty Has Shifted Capital Flows throughout the APAC Region

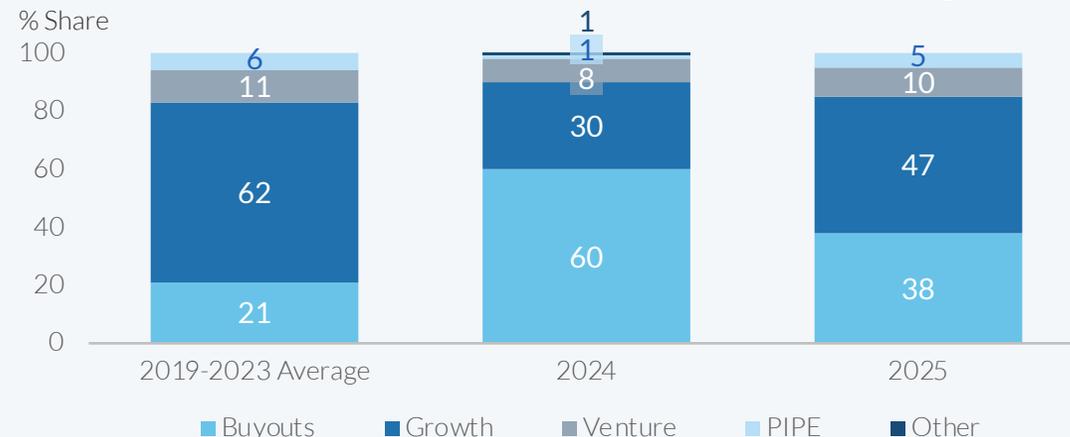
Asia PE Investment Activity



Share of Asia-Pacific PE Investment Value by Region



Share of Asia-Pacific PE Investment Value by Strategy



SOURCE: Mergermarket; Pathway Research. NOTE: As of December 31, 2025.



Secondaries Update



Secondaries Key Highlights

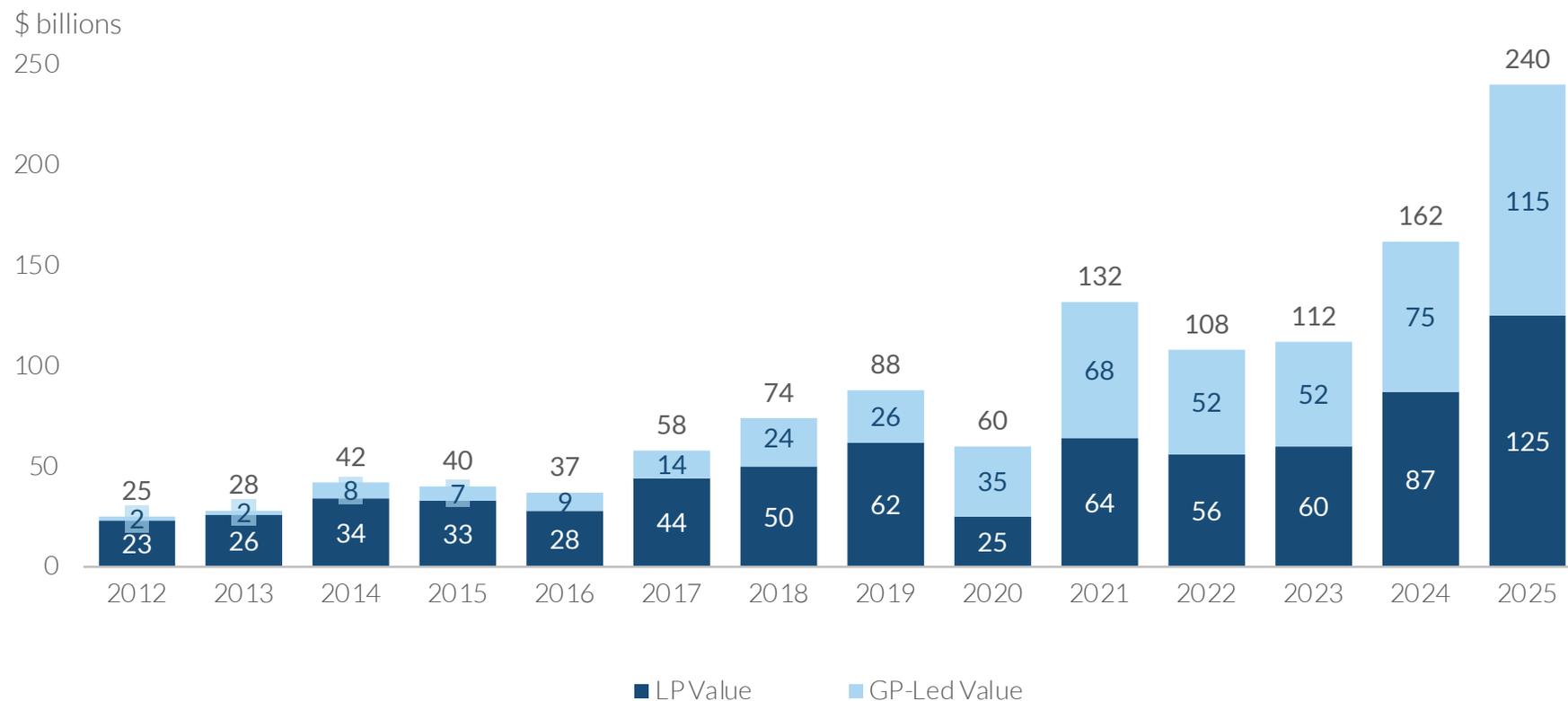
- Transaction activity reached record levels in 2025, totaling \$240 billion during the year.
 - LP transaction value represented a 44% increase from 2024, catalyzed by LPs selling diversified portfolios to accelerate liquidity and manage overallocations to private equity.
 - GP-led value represented a 53% increase from 2024, propelled by continued adoption of the CV structure by sponsors, despite improving traditional exit paths in the second half of 2025.
- GP-led activity has continued to grow as an additional exit path for private market funds, accounting for ~15% of global M&A exit value during 2025.
- Capital overhang multiples declined to 1.4x transaction value in 2025, down from 1.8x in 2024, reflecting tighter capital coverage relative to elevated secondary market activity.
 - When including an estimated \$150 billion of traditional LP capital shifting from primaries and co-investments,¹ the implied capital overhang multiple increases to 2.0x, bringing it back in line with historical averages.
- Secondary pricing remained resilient, though certain strategies experienced modest softening, with average overall pricing declining by 200 basis points to 87% of NAV.
 - Buyout transactions, which represented 70% of 2025 value, saw average pricing fall by 200 basis points to 92% of NAV, driven primarily by a larger share of mature portfolios coming to market.

SOURCE: Jefferies 2025 Global Secondary Market Review. NOTES: The information presented has been developed internally and/or obtained from sources believed to be reliable; however, Pathway does not guarantee the accuracy, adequacy, or completeness of such information. Pathway has not independently verified such information and accepts no responsibility or liability for any error, omission, or inaccuracy of such information. 1. SOURCE: Jefferies Capital Markets Intelligence. Midpoint of estimated \$100-\$200 billion traditional LP capital allocated to secondaries.



Continued Supply of and Robust Demand for LP- and GP-Led Deals Fuel Record Year

Secondaries Transaction Value



9 LP-led transactions in 2025 of \$2bn+

Avg. LP-led deal size increases to \$450 million (+6% YoY)

First-time sellers account for 40% of LP-led market

Avg. CV size increases 18% YoY

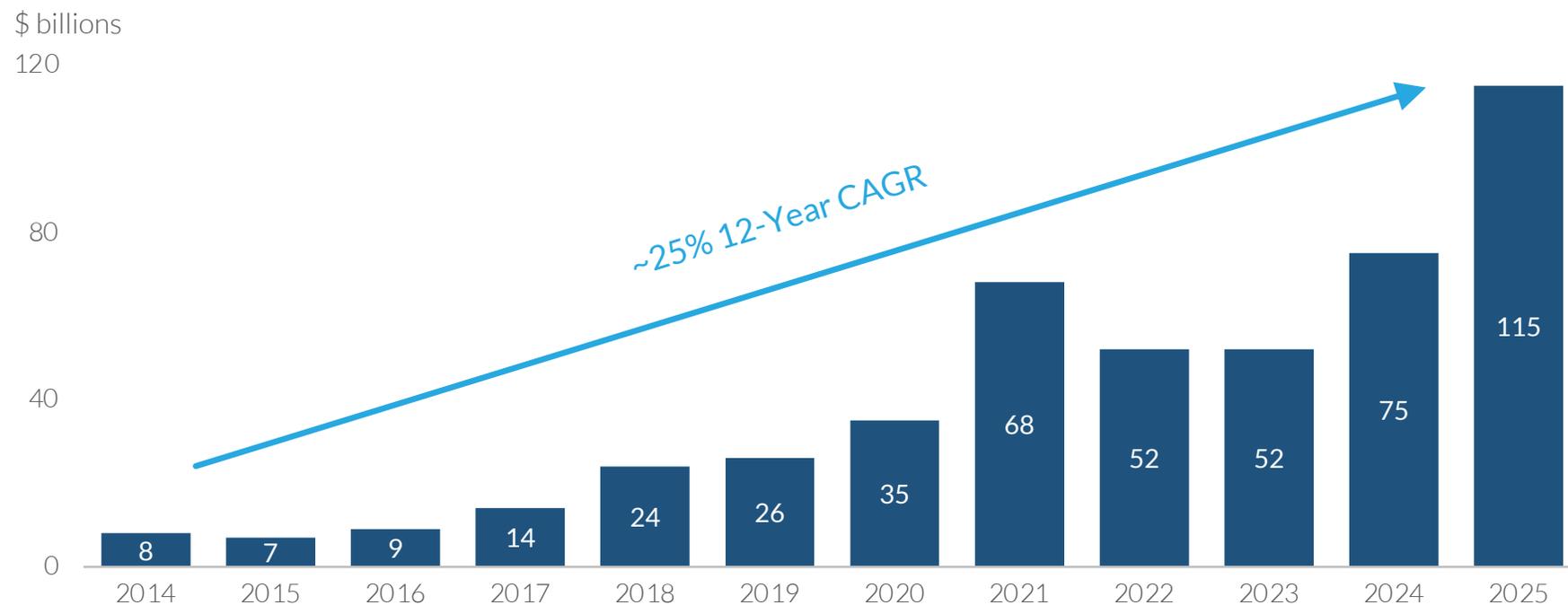
Quantity of \$1.0bn+ CVs grows 57% YoY

SOURCE: Jefferies 2025 Global Secondary Market Review. NOTE: The information presented has been developed internally and/or obtained from sources believed to be reliable; however, Pathway does not guarantee the accuracy, adequacy, or completeness of such information. Pathway has not independently verified such information and accepts no responsibility or liability for any error, omission, or inaccuracy of such information.



GP-Led Market Continues to Grow as a Portfolio Management Tool for High-Conviction Assets

GP-Led Annual Transaction Value



48%
Of Secondaries Value is GP-Led

~15%
GP-Led Value
(% Share of M&A Exit Value)

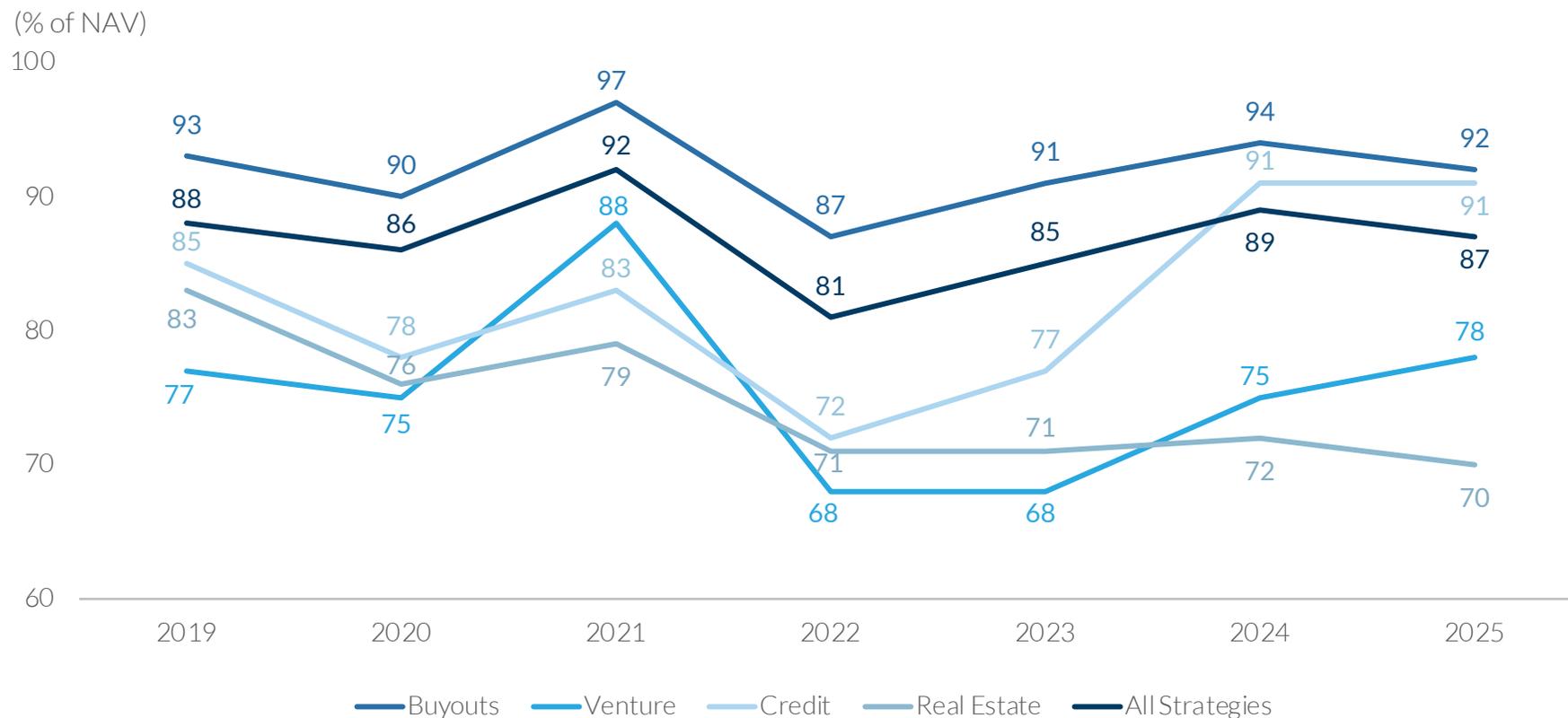
~89%
Continuation Fund Transactions
(% Share of GP-Led Value)

SOURCE: Jefferies 2025 Global Secondary Market Review. NOTES: The information presented has been developed internally and/or obtained from sources believed to be reliable; however, Pathway does not guarantee the accuracy, adequacy, or completeness of such information. Pathway has not independently verified such information and accepts no responsibility or liability for any error, omission, or inaccuracy of such information.



Secondary Market Pricing Remains Healthy Despite Moderate Decline in 2025

LP Portfolio Pricing



2025 Pricing

92%
Buyout

78%
Venture Capital

91%
Credit

87%
All Strategies

SOURCE: Jefferies 2025 Global Secondary Market Review. NOTES: The information presented has been developed internally and/or obtained from sources believed to be reliable; however, Pathway does not guarantee the accuracy, adequacy, or completeness of such information. Pathway has not independently verified such information and accepts no responsibility or liability for any error, omission, or inaccuracy of such information.

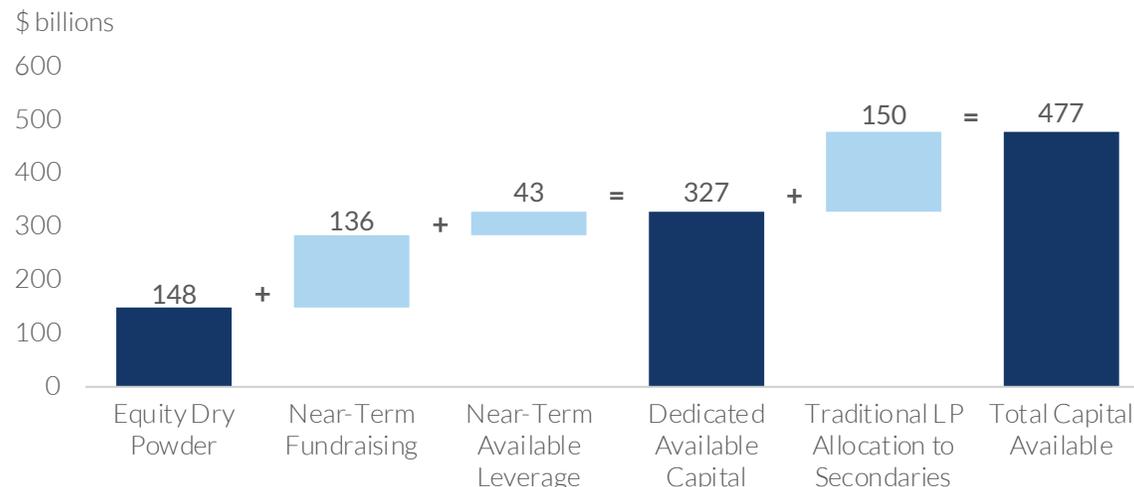


Strong Investor Interest Has Driven Substantial Growth in Secondaries Dry Powder

Capital Overhang Multiple



Dedicated Available Capital



NOTE: Available leverage estimated at 15% of equity dry powder plus current fundraising.

Capital Overhang Key Stats

\$327bn
Dedicated Available Capital

\$240bn
2025 Secondary Volume

1.4x
Secondary Market Capital Overhang

2.0x
Adj. Secondary Market Capital Overhang¹

SOURCE: Jefferies 2025 Global Secondary Market Review. NOTES: The information presented has been developed internally and/or obtained from sources believed to be reliable; however, Pathway does not guarantee the accuracy, adequacy, or completeness of such information. Pathway has not independently verified such information and accepts no responsibility or liability for any error, omission, or inaccuracy of such information. 1. SOURCE: Jefferies Capital Markets Intelligence. Midpoint of estimated \$100-\$200 billion traditional LP capital allocated to secondaries.



Private Credit Update



Private Credit Key Highlights

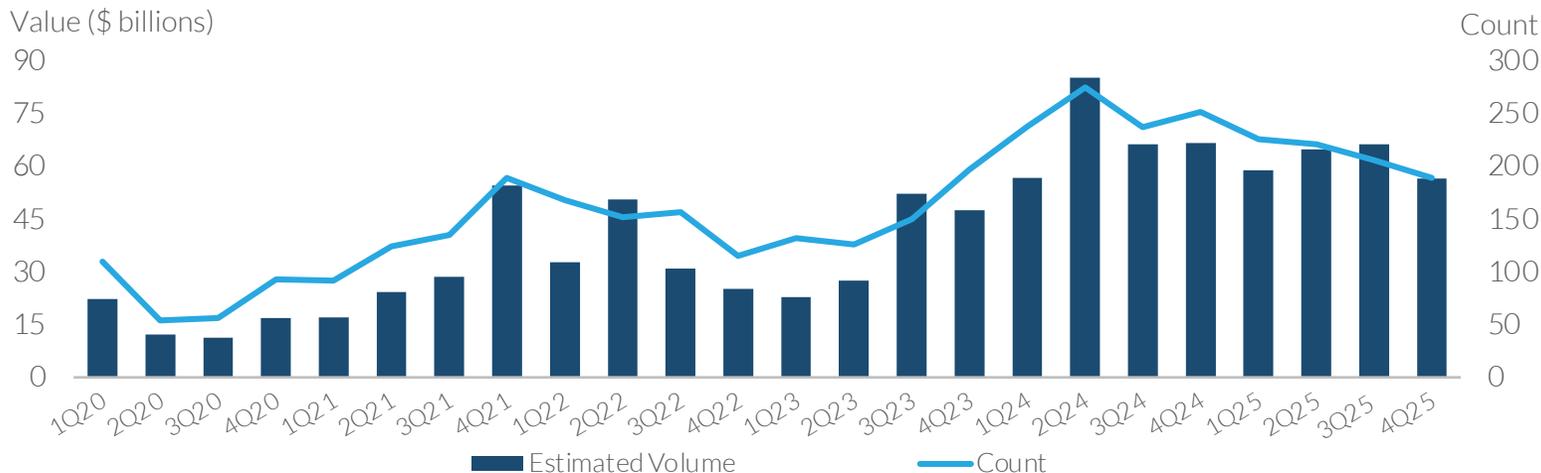
- The private credit asset class performed well in 2025, generating consistent returns, and significant capital deployment and fundraising levels; however, overall sentiment weakened late in the year due to several high-profile non-private-credit-backed bankruptcies and weakness in the public BDC sector.
- Direct lending volume totaled \$247 billion in 2025, down 10% from the prior year but still the second-strongest year on record.
 - Supply/demand imbalance for new financing opportunities has led to spread compression. Over half of all senior private credit loans priced below 500bps during the year, up from 20% in 2024.
- Private credit fundraising across all strategies totaled \$357 billion in 2025, slightly higher than the prior year and the second-largest annual total on record.
 - Non-traditional vehicles like private BDCs and interval funds now account for \$600 billion in private credit AUM.
- Syndicated debt markets were accommodative during the year, enabling record-high dividend recap volume for PE sponsors and increasing competition for direct lenders.
- Corporate distressed debt volumes remain at relatively low levels: the TTM default rate for the LSTA Leveraged Loan Index was 1.2%, as of December 31, 2025. Including distressed debt exchanges and other liability management exercises (LME), the default rate was 3.4%.
- Similarly, private credit defaults and bankruptcies remain low; however, lenders are reporting increases in cash-to-PIK conversions, covenant waiver requests, and idiosyncratic credit issues.
- Private credit secondaries transaction volume doubled in 2025 to \$20 billion, driven by GP-led continuation fund transactions. Most senior lending portfolios were priced at or near par, highlighting the strong demand for secondary credit assets.
- High level of M&A/manager consolidation in the private credit asset class is expected to continue. Most recently, CVC announced an agreement to acquire Marathon for up to \$1.6 billion in January 2026.

SOURCE: PitchBook LCD; Pathway Research. NOTE: As of December 31, 2025.



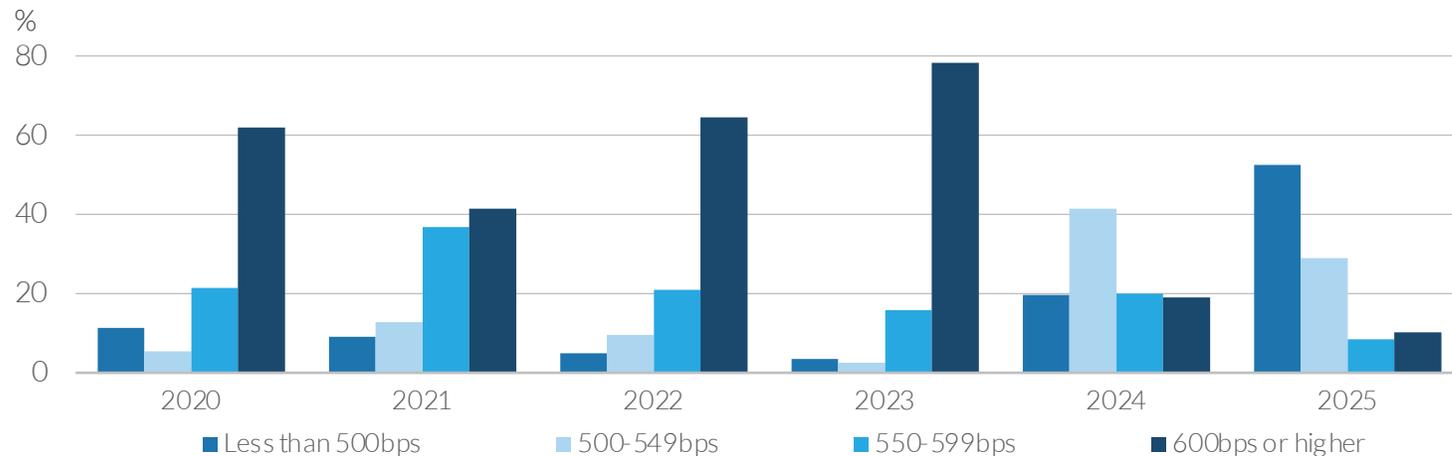
Supply/Demand Imbalance Driving a Highly Competitive Environment and Spread Compression

Direct Lending Deal Count and Estimated Volume



SOURCE: PitchBook LCD. NOTES: Geography: U.S. As of December 31, 2025.

Spread Distribution of PE-Backed Private Credit Loans



SOURCE: PitchBook LCD; Pathway Research. NOTE: As of December 31, 2025.

- PE-backed LBO/M&A activity remains below expectations, driven by still-high bid/ask spreads, market volatility, and an uncertain economic outlook.
- Over half of all loans priced below 500bps during the year, up from 20% in 2024.
- Healthcare, technology, and services remain the top sectors of interest for direct lenders, accounting for over 50% of deal volume in 2025.
- Acquisition financings accounted for two-thirds of direct lending transactions, followed by refinancings (13%) and recapitalizations (11%).
- Middle-market CLOs raised a record \$43.1 billion in 2025; issuance has surged since 2022 and now accounts for over 20% of all CLOs raised.



Direct Lending Market Conditions: Sponsored Middle Market

		2021	1H23	4Q25
Credit Documentation	▶▶▶	Less Restrictive	More Restrictive	Restrictive
Middle-Market Spread	▶▶▶	500–600bps	600–725bps	450–500bps
3-Month SOFR	▶▶▶	~0.0%	~5.0%	~4.3%
OID	▶▶▶	98	97	98/99
Unitranche Leverage Multiples	▶▶▶	Up to 6.5x	Up to 5.5x	Up to 6.0x
Unitranche Loan-to-Value	▶▶▶	Up to 65%	Up to 50%	Up to 60%
Average Equity Contribution %	▶▶▶	35%–50%	50%–60%	40%–55%
Unitranche Yield-to-3-Year Call	▶▶▶	6.5%–8.0%	11.5%–13.0%	9.0%–10.0%

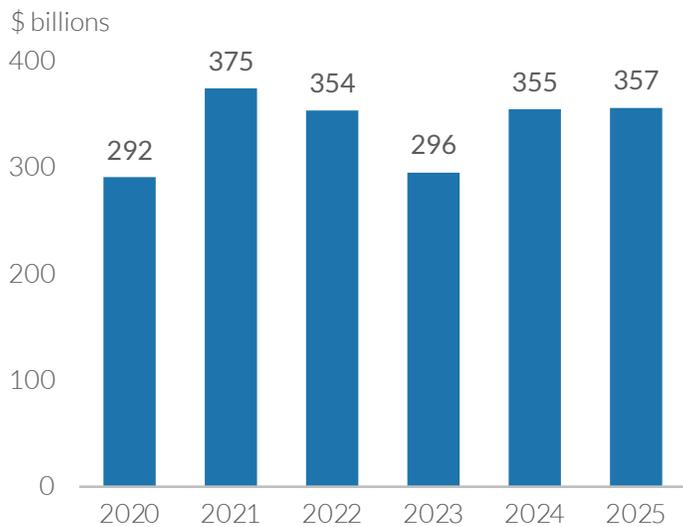
SOURCE: Pathway Capital Management. NOTES: Based on Pathway's general observations of current market data and is subject to change depending on the market environment. Not all deals will have all these characteristics. Past performance does not guarantee future results.



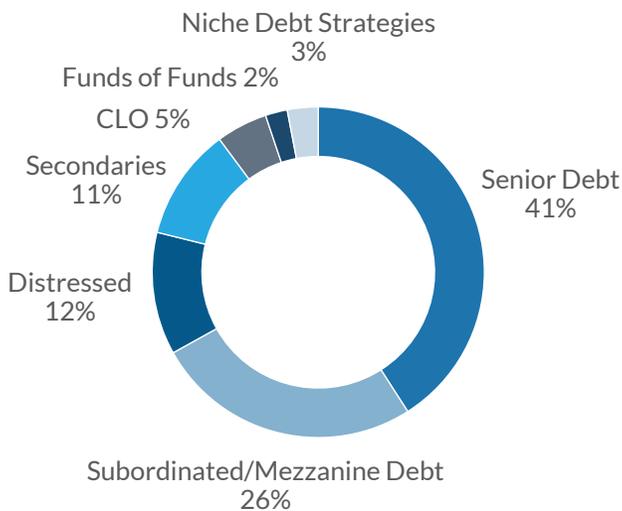
Robust Private Credit Fundraising Market; Increase in Capital Raised by Non-LP Vehicles

- Senior debt strategies accounted for the largest portion of fundraising; secondary fundraising accounted for 11% of the total and was the fastest-growing segment.
- Non-traditional vehicles, including evergreen private BDCs and credit interval funds, have amassed significant inflows and AUM, driven by robust demand from both institutional and retail-/wealth-oriented investors.
- Asset-based lending strategies are expected to garner an increasing share of fundraising due to ongoing bank retrenchment from the sector and investors seeking to diversify from corporate cash-flow lending.

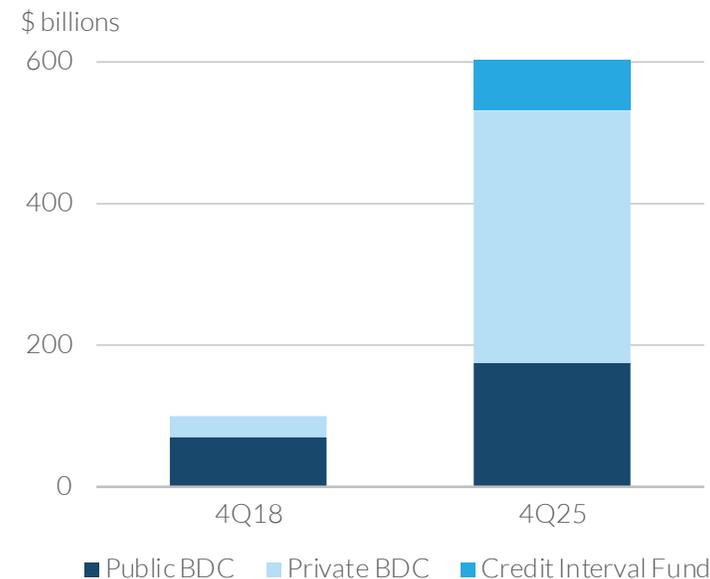
Annual Private Credit Fundraising



Fundraising by Strategy



AUM Growth of BDC and Credit Interval Funds



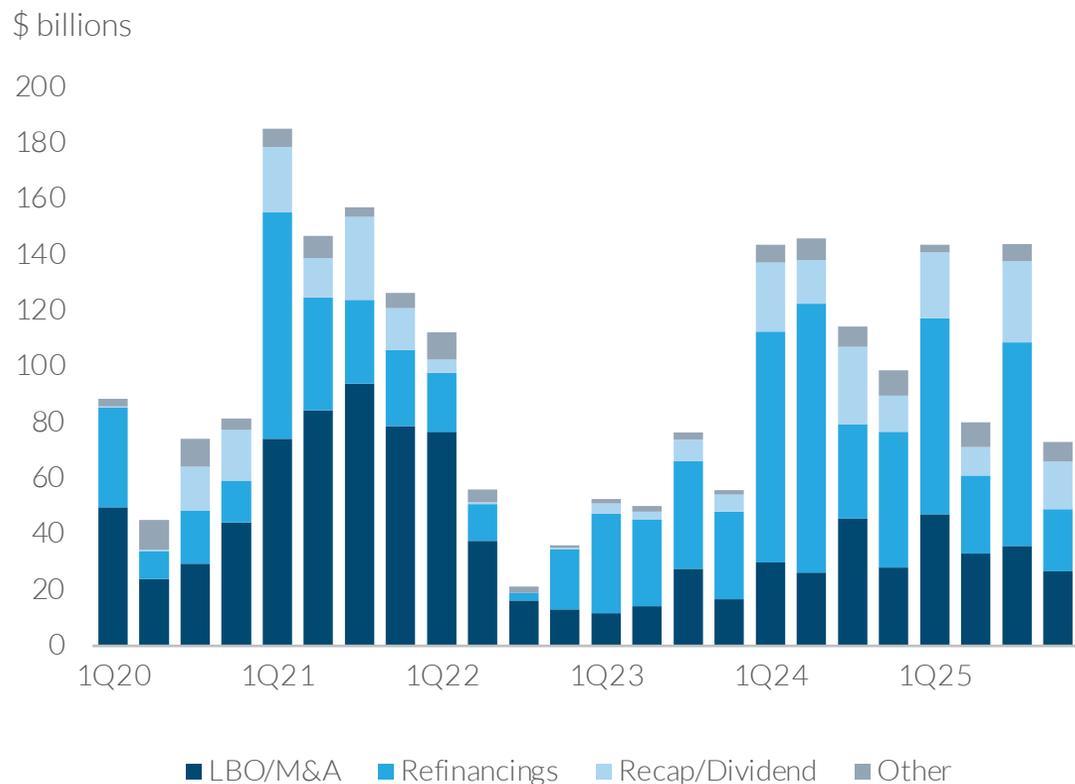
SOURCE: Private Debt Investor (PDI) 2025 Fundraising Report.
NOTE: As of December 31, 2025.

SOURCE: Intervalfundtracker.com; LSEG LPC BDC Report. NOTE: As of December 31, 2025.

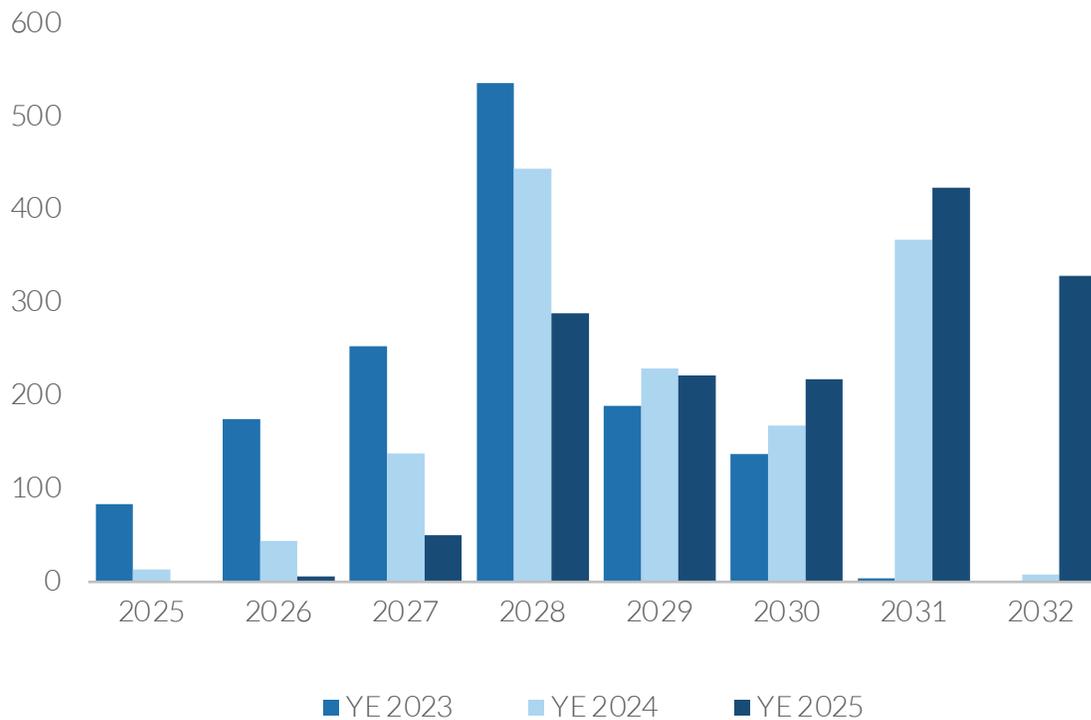


Broadly Syndicated Markets Are Accommodative, Increasing Competition for Direct Lenders

U.S. Institutional New Issue Loan Volume



Maturity Wall—U.S. Leveraged Loan Index



PE-backed dividend recaps reached a record-high of \$46.3 billion in 2025.

\$34.1 billion in private credit loans were refinanced with leveraged loans in 2025.

95% of leveraged loans outstanding mature in 2028 or later, increasing runway for borrowers.

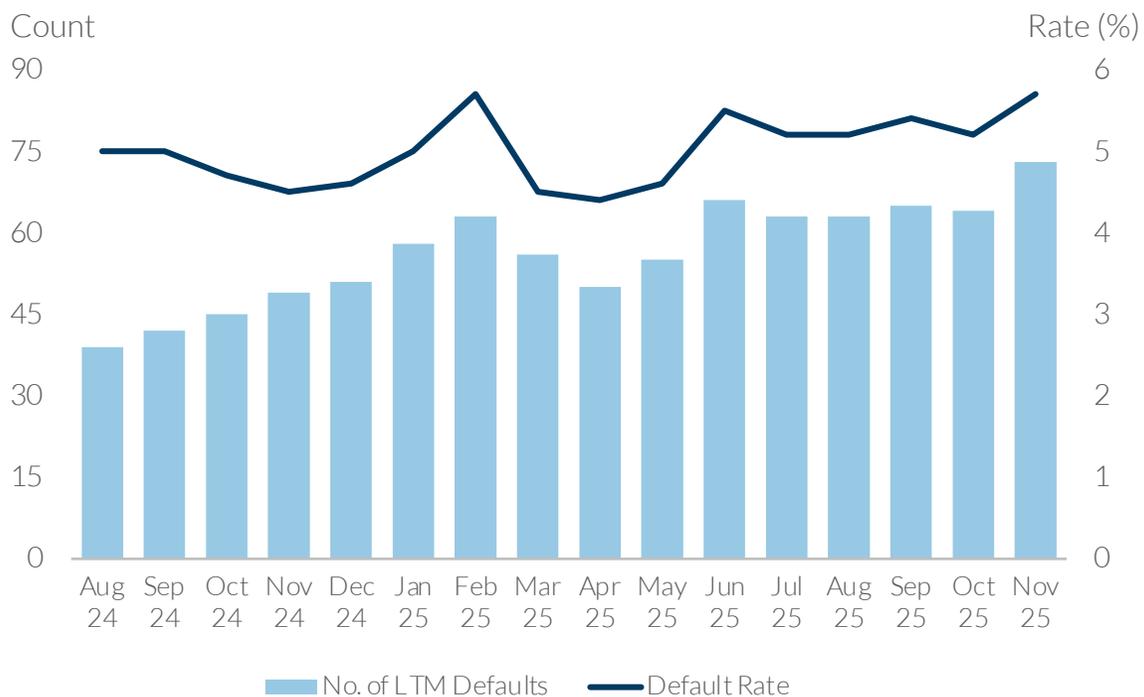
SOURCE: PitchBook LCD. NOTE: Excludes repricings and other amendments. NOTE: As of December 31, 2025.

SOURCE: PitchBook LCD; Morningstar LSTA U.S. Leveraged Loan Index—Maturity Breakdown. NOTE: As of December 31, 2025.



PIK Conversions and DDEs Elevating Default Rates; Bankruptcies and Payment Defaults Remain Low

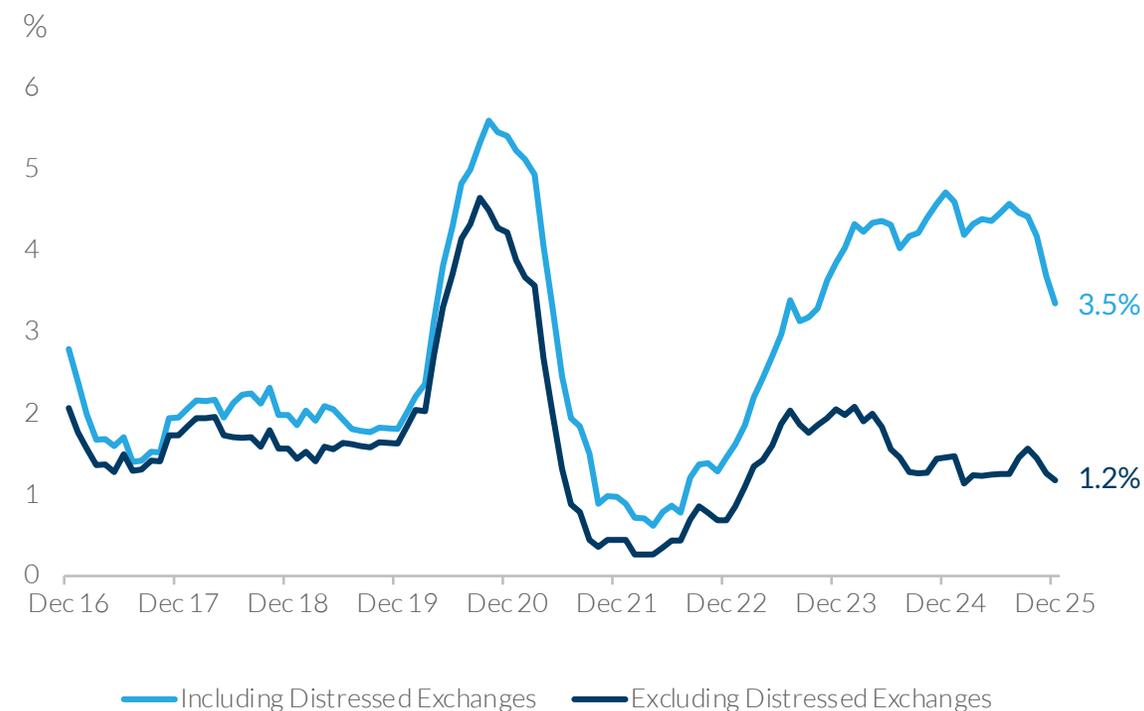
Fitch Private Credit Default Rate



SOURCE: Fitch Ratings PRO U.S. Private Credit Default Rate. NOTE: As of December 31, 2025.

- The Fitch Private Credit Default rate, which includes interest deferrals and PIK conversions, was 5.7% at the end of November. The default rate including only payment defaults and bankruptcies was just 0.9%.

LSTA U.S. Leveraged Loan Default Rate



SOURCE: PitchBook LCD. NOTE: As of December 31, 2025.

- Concerns about the credit quality and valuations of private credit portfolios surfaced in the fourth quarter, leading to an increase in outflows and redemption requests for many BDC and interval funds. Public BDCs generated a total return, including dividends, of -5% in 2025.



Infrastructure Update



Infrastructure Key Highlights

- Deal activity rebounded sharply in 2025, with year-to-date volumes reaching the second-highest level on record, behind only the 2021 peak.
- Surge in 2025 deal value was driven by strong investor demand, record levels of dry powder, and the global acceleration of digital/AI innovation alongside electrification and grid modernization efforts.
- Deglobalization is also acting as a tailwind, driving a structural realignment of global energy, manufacturing, and logistics systems.
- Global demand for infrastructure continues to fuel strong fundraising trends: 2025 reached record levels as a result of a particularly active fourth quarter.
- Several large, globally focused managers captured a significant share of infrastructure fundraising in 2025, reflecting preferences among many institutional investors for established, scaled platforms.
- Private infrastructure has delivered resilient, inflation-protective performance, with the MSCI Global Infrastructure benchmark outperforming CPI by ~594bps over the past 5 years.
- Entering 2026, infrastructure remains a focal point for institutional investors seeking resilient returns, inflation protection, and exposure to the essential assets underpinning global economic growth.

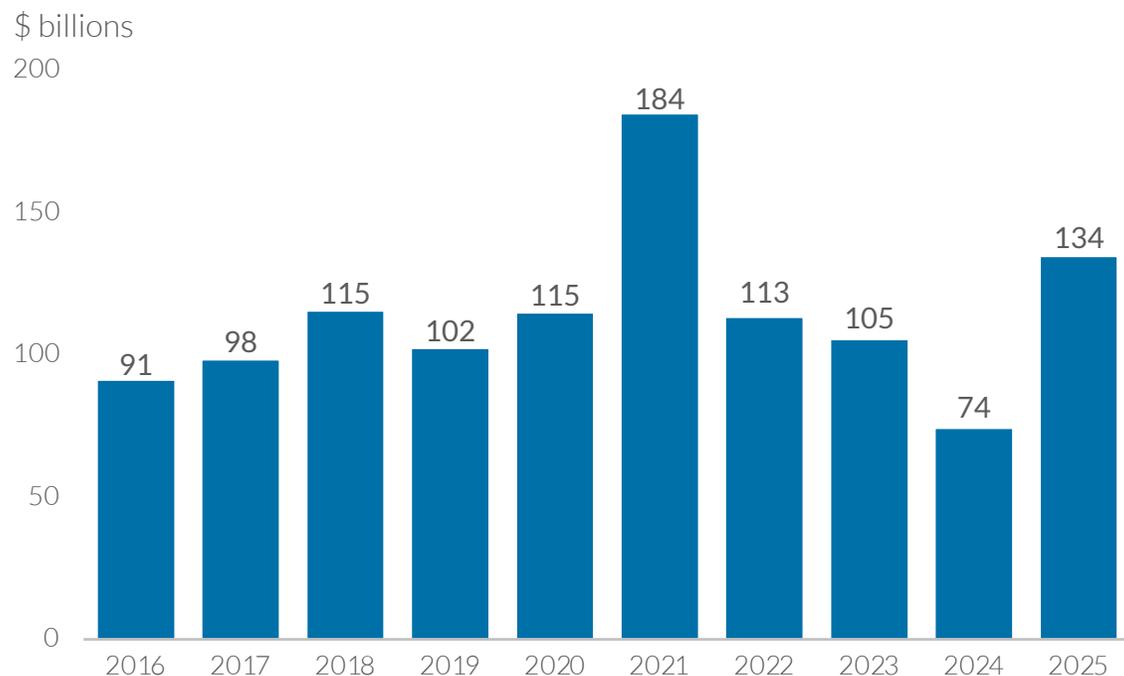
SOURCE: Pathway Research.



Infrastructure Deal Activity Builds Momentum in 2025

Deal value increased over 80% year over year, reaching its second-highest annual total on record.

Infrastructure Deal Value



Notable Infrastructure Deals in 2025

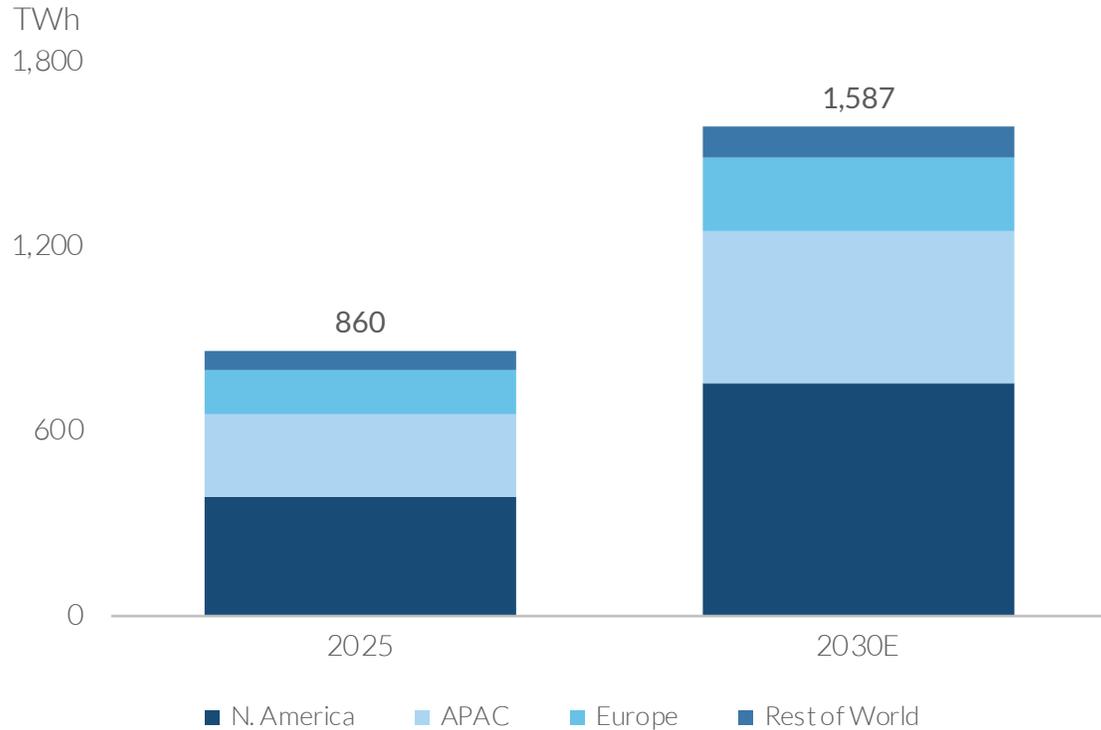
Target	Acquirer	Industry	Region	Deal Size (\$MM)
Colonial Pipeline	Brookfield	Oil & Gas	U.S.	9,000
Crown Castle	EQT / Zayo Group	Telecom	U.S.	8,500
Innergex Renewable Energy	La Caisse	Renewables	U.S., Canada	7,500
Citgo Petroleum	Amber Energy	Oil & Gas	U.S.	7,300
Port Arthur LNG	KKR	Oil & Gas	U.S.	7,000

SOURCE: PitchBook Data, Inc.; Pathway Research. NOTE: As of December 31, 2025.



AI Infrastructure Supercycle Remains in Early Stages

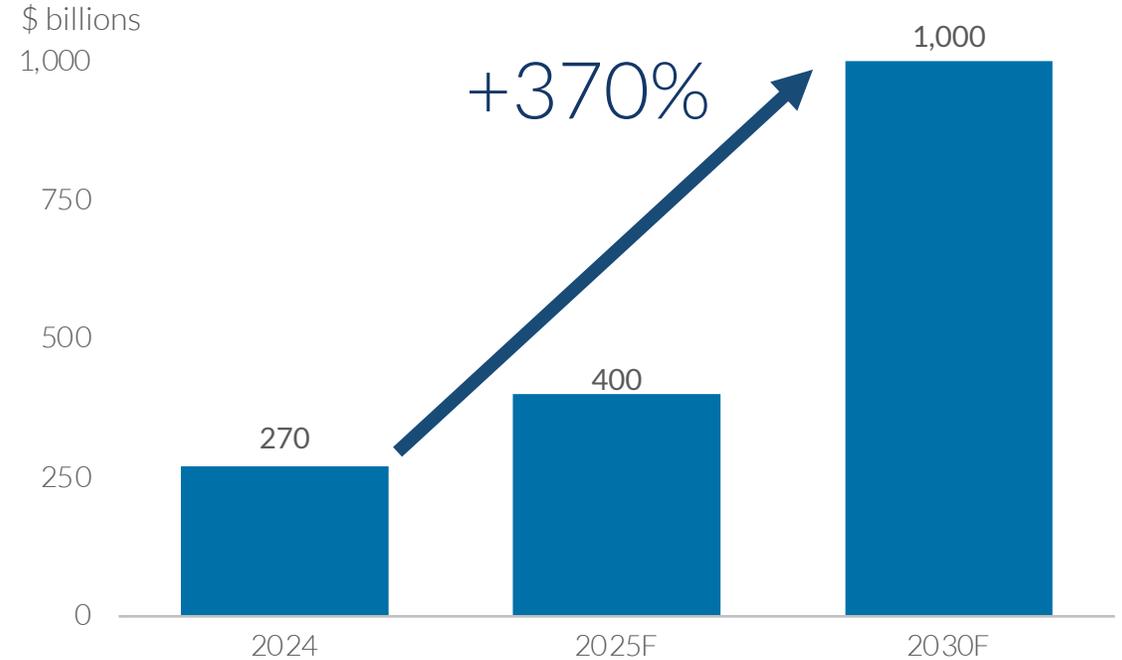
Global Power Demand Expected to Double by 2030



SOURCE: S&P Global Commodity Insights 451 Research. NOTE: Low-end case.

- Projected power demand growth materially exceeds expected supply additions over the coming decade.

Hyperscaler Capex Spend to Meet Demand



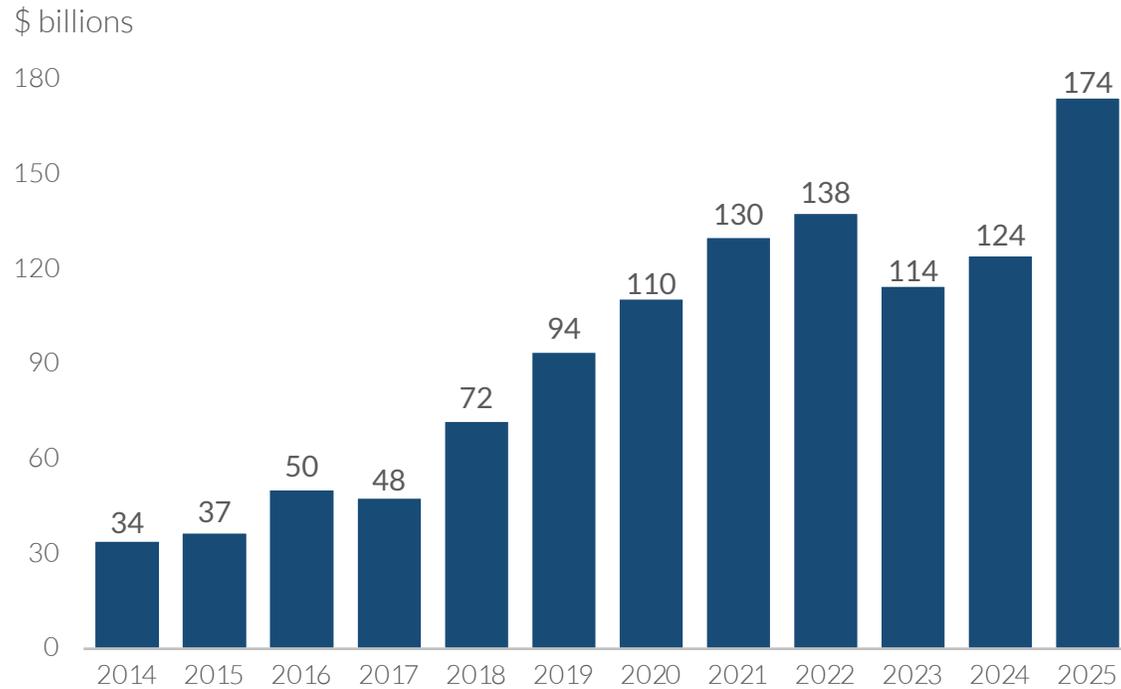
SOURCE: Brookfield 2026 Investment Outlook report. Actual 2024 and forecasted 2025 annual capital expenditures for six hyperscale companies, based on publicly available disclosures; IoT Analytics, November 2025; Nvidia, as of August 2025.

- Hyperscalers are accelerating capex to secure critical AI inputs, reinforcing long-term infrastructure demands.



Infrastructure Fundraising Hits Record High in 2025

Global Private Infrastructure Capital Raised



SOURCE: PitchBook Data, Inc.; Pathway Research. NOTE: As of December 31, 2025.

Notable Funds Raised in 2025

Fund	Regional Focus	Value (\$MM)
Global Infrastructure Partners V	Global	25,000
EQT Infrastructure Fund VI	Europe, U.S.	23,100
Brookfield Global Transition Fund II	Global	20,000
Ardian Infrastructure Fund VI	Europe, U.S./ Canada	13,500
Copenhagen Infrastructure V	Europe, North America, APAC	12,700

