

NEWS RELEASE



Christian Diller,
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“Private equity is expected to continue outperforming public markets thanks to the significant growth and operational improvements in underlying portfolio companies that GPs can bring.”

Finding outperformance in private equity: Montana Capital Partners presents annual survey results

- **Private equity on the rise: 60% of investors increased allocation**
- **Focus on secondaries as top-three long-term strategic preference**
- **GPs paying too much? Too high EBITDA multiples when buying into companies is the top concern for 3 out of 4 investors**

ZUG, 9 DECEMBER 2021 – Montana Capital Partners (mcp) has published its ninth mcp Annual Investor Survey, titled “Finding outperformance in private equity — how leading investors actively manage their portfolios”. The results show that, for investors, private equity continues to be a highly sought-after asset class, whilst also highlighting some concerns that General Partners (GPs) might be buying into companies at too high EBITDA multiples.

The report captures the views of some of the world’s leading investors in private equity and provides valuable insights into their investment strategy and preferences in the current market environment, characterised by strong deal activity, high valuations and concerns over rising inflation.

In general, the appetite for private equity remains as strong as ever, with 35% of institutional investors and an impressive 88% of family offices and foundations reporting an allocation of more than 10% of their portfolio to the asset class. For both investor types, allocations have been gradually increasing over the past years, arguably as a key measure to increase portfolio returns and as a result of the relative outperformance of the asset class.

Secondaries remain one of the top-three long-term strategic preferences of investors — together with mid-market buyouts and growth capital. Nearly 60% of institutional investors now dedicate more than 5% of their private equity allocation to the strategy. Family offices and foundations have also increased their allocation, with 39% of them now allocating over 15% of their private equity portfolio to secondaries.

Elevated valuation levels, on the other hand, is the dominant theme which keeps investors awake at night. Seventy-two percent of respondents stated that GPs buying into companies at too high EBITDA multiples is their top concern regarding market activity over the next 12

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to 24 months, followed by the fear of a slowdown of economic recovery and political and regulatory uncertainty with 15% and 10%, respectively.

When it comes to managing private equity allocations, investors increasingly take an active role, instead of solely relying on their existing GPs to find the right opportunities for them. The survey found two in every three investors to investigate industries and sectors that are expected to benefit in a post-COVID-19 environment as a way to improve the risk-return profile of their portfolio.

Marco Wulff, managing partner at mcp, commented: “Private equity’s appeal to investors continues to be very high, and secondaries play an important role for many of them. This is due to the benefits that secondaries offer to investors, for instance the attractive risk-return profile, as well as the level of innovation and resilience that the strategy has shown in the current market environment.”

Christian Diller, managing partner at mcp, added: “The governance model of private equity has worked very well during the pandemic with significant distribution and exit activity. Even if high valuation multiples and the current rise in inflation rates are a concern for investors, private equity is expected to continue outperforming public markets thanks to the significant growth and operational improvements in underlying portfolio companies that GPs can bring.”

Eduard Lemle, partner at mcp, concluded that “It is interesting to see that investors appear determined to more actively manage their portfolios, recognising that some sectors have been performing better than others. We would expect this trend to also be reflected in the secondaries market in the future, with increasing demand for more specialised, sector-focused funds.”

- ENDS -

ABOUT THE MCP ANNUAL INVESTOR SURVEY

The 2021 Annual Investor Survey represents the ninth edition of a successful series of yearly comprehensive studies on the global private equity market conducted by Montana Capital Partners. It is based on two parts: an online survey of more than 60 of the industry’s leading family offices and institutional investors worldwide during the months of August and September 2021; furthermore, a subset of these investors were interviewed in depth to provide further insights into the results. Throughout the report, family offices, multifamily offices and foundations/endowments are classified as “family offices and foundations”. In 2021, this investor category represents 51% of the sample. Investors from insurance companies, pension funds, banks, asset managers, and sovereign wealth funds are classified as “institutional investors” and represent 49% of the 2021 sample. The full report can be accessed via the microsite for the [Annual Investor Survey](#).

ABOUT MCP

Montana Capital Partners (“mcp”) is a European-based private equity firm focused on attractive niches of the secondary market, as well as on high-quality asset management solutions. Montana Capital Partners acts as advisor to five secondary funds with total assets

under management of more than €2.7 billion (US\$3.2 billion). All mcp funds were oversubscribed and closed at their hard cap.

The firm focuses on directly sourced transactions to create innovative and customised solutions that mutually benefit investors as well as sellers and GPs. Such solutions include structures like deferred payments, earn-outs, preferred equity and securitisation elements, as well as tailored solutions for GP-led transactions such as tender offers, continuation funds (either entire funds or single/multiple assets), spin-outs, and stapled transactions.

In 2021, mcp joined forces with PGIM to strengthen its market positioning and global footprint. The firm will be able to benefit from PGIM's global network and expertise, while providing access to a new and differentiated investment opportunity to PGIM's clients. For more information visit www.montana-capital-partners.eu.

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