

NEWS RELEASE



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Private Equity: Navigating the slowdown – Montana Capital Partners' annual survey

- Distributions for private equity assets have slowed, and need for liquidity becomes key reason for considering sales on the secondary market
- Private equity fundraising environment will remain challenging in 2024
- Secondaries allocations are expected to increase, with robust demand for LP-led and multi-asset GP-led transactions

ZUG, Switzerland, 16 Nov. 2023 – Montana Capital Partners (“mcp”) has published its 11th Annual Investor Survey, “[Private Equity in the Spotlight – How Leading Investors Navigate the Slowdown](#)”. The survey explores current investment strategies and preferences of global private equity investors across family offices, foundations, and institutional investors.

Despite a challenging market environment, the study finds that investors continue to exhibit a growing appetite for private equity. Eighty-four percent of family offices and 41% of institutional investors continue to allocate more than 10% of their portfolio to the asset class, compared to 81% and 39% in 2022, respectively, largely driven by continued outperformance relative to other asset classes.

At the same time, distributions in private equity portfolios have visibly slowed down, with two-thirds of respondents having received lower than expected distributions in 2023, and a third even indicating that the impact was significant. This development is expected to continue in 2024 with 44% of respondents anticipating lower distributions than initially modelled. Not surprisingly, the need for liquidity jumped to the top of the list as among the key reasons to consider secondary sales of private equity commitments.

Private equity performance has remained broadly resilient with 78% of investors having reported positive or flat performance in 2023 to date, underpinning the attractiveness of the asset class. Still, the number of investors expecting a decrease in their overall private equity allocation in the next 12 months has increased, albeit from a low starting point (9% of investors vs. 3% in 2022), indicating the private equity fundraising environment will remain challenging in 2024.

The survey finds that mid-market buyout and secondaries, selected by 75% and 66% of investors, respectively, remain the top two strategies. As a result, secondaries allocations are expected to increase with 85% of respondents planning to maintain, increase, or introduce an

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allocation to secondaries. The most favored transaction types are LP-led transactions in the small and mid-market segment (37%) and multi-asset GP-led transactions (24%).

“Investors continue to prioritise investment strategies that have historically proven to be resilient in times of economic downturns and high interest rates”, **Marco Wulff, managing partner and CEO at mcp**, commented. “The importance of secondaries will only grow as investors seek stability, performance, and early liquidity.”

In terms of sectors, investors continue to favor software and technology, healthcare, and business services with 68%, 64% and 45% of investors assigning it the most attractive risk/reward profiles, compared to 52%, 64% and 44%, respectively, in 2022. This reflects a prudent response to the prevailing macroeconomic landscape and aligns with investors’ concerns regarding a potential economic downturn in the next 12 months.

Eduard Lemle, managing partner and CIO at mcp, added: “Private equity experienced a slowdown in deal and fundraising activity in 2023 but has remained resilient in terms of performance. The slowdown of distributions presents a very attractive opportunity set for secondary buyers, and we are currently seeing a robust flow of both LP-led and GP-led transactions.”

ABOUT THE MCP ANNUAL INVESTOR SURVEY

The 2023 Annual Investor Survey represents the 11th edition of a successful series of yearly studies on the global private equity market conducted by Montana Capital Partners. It is based on two parts: an online survey of more than 90 of the industry’s leading family offices and institutional investors worldwide during the months of August and September 2023; furthermore, a subset of these investors was interviewed in depth to provide further insights into the results. Throughout the report, family offices, foundations, and endowments are classified as “family offices and foundations”. Investors from banks, asset managers, pension funds, and insurance companies are classified as “institutional investors”. The full report can be accessed via the microsite for the [Annual Investor Survey](#).

ABOUT MCP

Montana Capital Partners AG (together with its affiliates “mcp”) is an established global private equity secondaries investment manager with a focus on the mid-market. As an adviser to five funds, all of them raised at their respective hard caps, mcp manages total assets of €3.2 billion (US\$3.5 billion) for its investors as of 30 June 2023.

mcp pursues a differentiated investment approach centered on proactive sourcing, customisation of liquidity solutions for counterparties, mitigation of the risk profile of its transactions, and focus on the secondary mid-market. mcp employs more than 30 professionals and has invested in more than 120 transactions since its inception.¹

In 2021, mcp joined forces with PGIM to strengthen its market positioning and global footprint. The firm benefits 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 mcp.eu.

¹ As of 30 June 2023.

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