

CVC

PRIVATE WEALTH

Building A Core Allocation To Private Markets



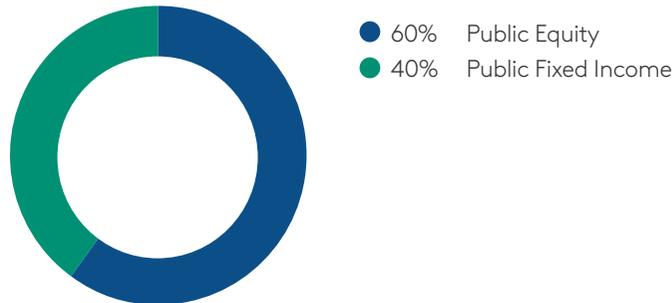
Building a Core Allocation to Private Markets

- For decades, portfolio construction rested on a simple foundation. Public equities delivered growth, while bonds provided income and stability. The 60/40 portfolio became the default framework for long-term wealth.
 - That world has changed. A growing share of economic activity now sits outside public markets.
 - Companies are staying private for longer, banks are providing less balance sheet lending, and investment in infrastructure and essential services increasingly occurs away from listed markets.¹
 - At the same time, public markets have become more concentrated, and the diversification between equities and bonds has proven less reliable.
- Traditional portfolios no longer capture the full opportunity set available across the broader global economy.
 - **For investors seeking growth, income and resilience, the question is not whether to allocate to private markets, but how to do so in a disciplined and enduring way.**
 - This can be understood through four complementary private market engines.

Enhancing Overall Portfolio Outcomes Through Private Markets

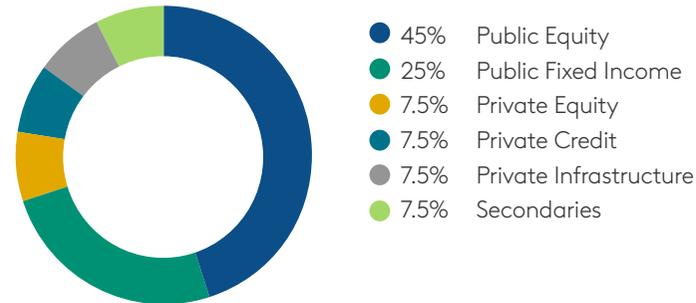
Traditional 60/40 Portfolio

Annualised Returns: **6.0%**
Annualised Volatility: **11.3%**



Enhanced with Private Markets

Annualised Returns: **7.7%**
Annualised Volatility: **10.0%**



Source: MSCI/Burgiss, Bloomberg, CVC. Data from June 2005 to March 2025. Global Public Equities derived from MSCI ACWI US, Public Fixed Income derived from Bloomberg Global Aggregate Total Return Unhedged US. Private Equity, Private Credit, Private Infrastructure and Secondaries all derived from MSCI Burgiss. Public portfolios rebalanced on a quarterly basis. For illustrative purposes. Past performance is no guide to future performance.

Four Complementary Private Market Engines

- Private markets are not a single exposure, but a set of complementary return engines that operate across a global opportunity set and work together within a total portfolio.
- Together, these strategies provide exposure to different components of the real economy: ownership, financing, essential assets and portfolio optimisation.

Private Equity

drives long-term capital growth through active ownership and operational improvement.

Private Credit

provides contractual income through senior secured lending and junior capital solutions, with disciplined underwriting.

Infrastructure

offers exposure to essential assets with durable, often inflation-linked cash flows.

Secondaries

provide access to more mature portfolios, offering greater visibility on underlying performance and reduced blind pool risk.

- Individually, each strategy has merit. Allocating to one alone may emphasise a single objective, but it leaves the portfolio exposed to a single return driver.
- Combined, they create a **diversified allocation aligned to growth, income and resilience.**

Allocating across these strategies within a coordinated, multi-engine framework offers a more integrated and adaptable approach to long-term wealth creation.

Europe: A Standout Opportunity Within a Global Market

- These complementary engines can be especially powerful in more fragmented markets such as Europe.
- Europe sits at the centre of several long-term structural shifts. Reindustrialisation, energy transition and strategic autonomy are reshaping the region's economic landscape.
- These transitions are capital intensive, requiring patient ownership, flexible financing and operational expertise. These characteristics are more naturally aligned with private capital than public markets.
- At the same time, Europe remains highly fragmented. This creates a local, relationship-driven investment landscape where access is uneven, and where fragmentation itself becomes a source of edge, helping managers with deep local networks and experience to source more proprietary opportunities.
- **In this environment, coordinated access across private equity, credit, infrastructure and secondaries is not simply a convenience, but a structural advantage.**

Europe's Fragmentation as a Source of Opportunity



Countries:

40+²



Political Parties:

1,000+³



Languages:

60+⁴



Currencies:

20+⁵



Cultural Groups:

150+⁶



Legislation:

100,000+⁷

² The World Countries. <https://theworldcountries.com/geo/continent/Europe>

³ Parties and Elections in Europe. <http://www.parties-and-elections.eu/>

⁴ Languages in Europe - Globe Language. <https://www.globelanguage.org/world-language-distribution/languages-in-europe/>

⁵ List of Europe Currencies By Countries. <https://exchangerates.org/currency-use-in-europe?> Find legislation | European Union. https://european-union.europa.eu/institutions-law-budget/law/find-legislation_en

⁶ Europe - Trade, Manufacturing, Services | Britannica. <https://www.britannica.com/place/Europe/Economy>

⁷ Find legislation | European Union. https://european-union.europa.eu/institutions-law-budget/law/find-legislation_en

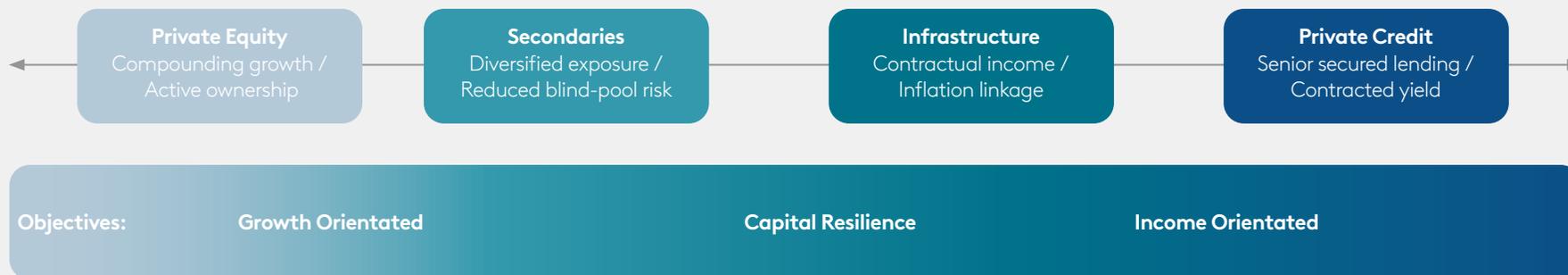
A Structural Allocation in a Total Portfolio

- For illustrative purposes, consider a portfolio with a persistent 30% allocation to private markets, alongside public equities and fixed income.
- Within that allocation, investors can calibrate exposures to reflect their objectives.
- Greater weight to private equity may support growth through capital appreciation and operational value creation.
- Increased allocation to private credit and infrastructure may enhance income and resilience through contractual cash flows and senior positioning.
- Secondaries can further support resilience and growth by providing exposure to more mature assets, offering greater visibility on underlying performance and contributing to a smoother return profile.
- Bringing these strategies together creates a diversified set of return drivers and allows capital to be deployed dynamically across market conditions.

- **To implement this effectively, an integrated investment platform is not just helpful, it can be a structural advantage, particularly in accessing and executing on opportunities in more fragmented markets such as Europe.**
- When relationships, deal dynamics and insights are shared across private equity, credit, infrastructure and secondaries teams, sourcing deepens, underwriting strengthens, and opportunity sets expand. This enables more informed and consistent investment decisions.
- This level of coordination can be difficult to replicate through separate managers, where fragmented approaches may lead to less consistent outcomes.
- Crucially, it enables more deliberate and effective portfolio construction, combining growth, income and resilience in a single framework.

The 30% Private Markets Sleeve Can Be Structured Around Objectives

By adjusting the percentage mix across private equity, credit, secondaries and infrastructure, investors can tilt the portfolio toward seeking growth, income or capital resilience.



Source: CVC 2026

Portfolio Implications

- The traditional portfolio framework is evolving. A changing economic landscape and expanding opportunity set are making private markets an increasingly core part of long-term portfolios.
- Within private markets, outcomes are driven by sourcing capability, underwriting discipline and operational expertise, particularly in fragmented markets such as Europe. Manager selection is therefore a key determinant of long-term results.
- A consistent allocation to private equity, private credit, infrastructure and secondaries within a total portfolio provides a foundation to:



**Enhance
long-term growth**



**Generate
diversified income**



**Strengthen resilience
across economic cycles**

- This foundation enables investors to calibrate exposure to growth, income and resilience with greater precision, aligning portfolios more closely with investment objectives.
- **Rather than building exposure strategy by strategy, allocating across these capabilities within a coordinated, multi-engine framework offers a more integrated and adaptable approach to long-term wealth creation.**

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