GOLDING

CIO View

# Start of the Year Private Markets

Context and Outlook

Daniel Boege

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# Dear investors and partners,

Ever since I started working in the investment world, I have been an avid reader of annual market outlooks – always hoping to find the answer to the question of how and where to invest. More often than not, however, I have closed these reports with a vague sense of disappointment, having learned little beyond the comforting reassurance that “risks and opportunities are balanced,” “diversification remains key,” and market participants are – almost without exception – “cautiously optimistic.”

Now that writing such an outlook has become part of my own professional responsibility, the challenge is obvious: to be insightful without being reckless, relevant without being vague and, ideally, a little bit entertaining as well.

Against this backdrop, the macroeconomic environment provides a natural starting point for our view on private markets.

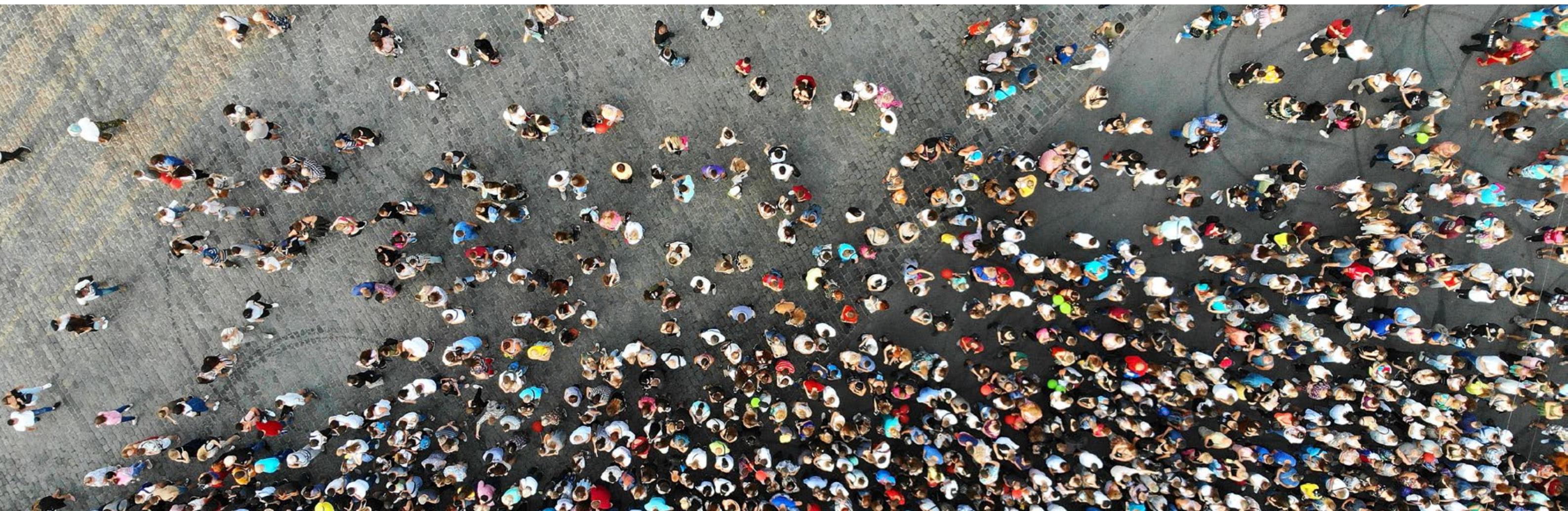
## The macro backdrop: supportive, not spectacular

As we look ahead to 2026, the macro environment for private markets appears broadly supportive, though far from frictionless. Buyout, infrastructure and private debt portfolios enter the year in relatively strong operational shape, benefiting from cost discipline, pricing adjustments implemented during the inflationary period, and generally resilient end-market demand. This performance, however, reflects the continued benefit of continued operational actions and broader exposure to less cyclical industry sectors, not as evidence of a uniformly strong or improving macro environment.

The policy backdrop across major regions is, on balance, more accommodative than restrictive, albeit with important caveats. In the U.S., fiscal measures under the “OBBBA”, the political dynamics of the upcoming mid-term elections, and gradually easing monetary conditions are combining with moderating inflation. While this supports financial conditions and private borrowing costs, the durability of fiscal support remains subject to political and budgetary constraints.

In Europe, monetary easing is being complemented by renewed fiscal impulses, including deficit-financed spending in countries such as Germany. While structural challenges in key export-oriented industries persist, these measures are expected to provide a stabilizing rather than strongly expansionary effect on growth.

China continues to pursue domestic initiatives aimed at underpinning economic activity and market sentiment. However, the effectiveness of these measures is likely to be incremental, reflecting high leverage levels and ongoing structural adjustments, which helps explain the continued selectivity of global investors. Commodity and energy prices are expected to remain relatively contained, reflecting improved supply conditions and a moderation in global demand growth. This should ease cost pressures for many businesses, though it also signals a less dynamic global growth environment.



## Risks worth taking seriously

This is not a risk-free environment – far from it. Geopolitical tensions remain a persistent source of uncertainty, with the potential to disrupt trade flows, supply chains, and capital allocation decisions at short notice. In parallel, the lagged effects of past and potential new trade measures, together with episodic flare-ups in protectionism, continue to pose downside risks that may not yet be fully reflected in corporate planning assumptions.

More broadly, the uneven nature of the global recovery increases the likelihood of discontinuities. K-shaped outcomes – across regions, sectors, and income groups – raise the risk that localized slowdowns, supply bottlenecks, or demand shocks propagate more abruptly than in more synchronized cycles. Against this backdrop, the rapid acceleration of investment into artificial intelligence warrants both attention and discipline. While AI holds clear potential to enhance productivity and profitability over time, the scale and speed of current capital deployment raise questions about near-term returns. High capex intensity, growing energy requirements, and uncertainty around the pace of incremental technological gains suggest that the economic benefits of AI adoption may materialize more gradually, and less evenly, than implied by current market expectations.

This matters not only at the company level but also at the macro-financial level. In public markets, where AI-related firms account for a substantial share of overall market capitalization and are valued on the assumption of sustained, high-growth outcomes, a disappointment in earnings delivery or monetization timelines could trigger a sharp repricing. Such an adjustment would likely extend beyond the technology sector, affecting broader risk appetite, capital allocation, and household wealth.

The resulting spillovers – via weaker equity markets, tighter financial conditions, and negative wealth effects – could, in turn, weigh on capital flows and personal consumption, particularly in economies where equity ownership and confidence effects play a meaningful role in domestic demand.

In short: optimism is warranted, complacency is not.

# Opportunities are created through selection and access

Private markets in 2026 are best characterized by greater dispersion and selectivity rather than broad-based momentum. While private equity activity is recovering from the subdued levels of recent years, transaction volumes remain uneven and highly asset-dependent. Pricing has moderated meaningfully from the peaks of 2020 and 2021, but attractive entry points are primarily found where complexity, operational inflection, or liquidity constraints limit competition, rather than across the market as a whole.

## Buyout | value creation over market size

In buyout, we see the most compelling opportunities in the small and lower mid-market in Europe and the U.S., where both primary transactions and select secondary opportunities benefit from more rational pricing and greater scope for active value creation. Our sector focus remains on technology, business services, healthcare, and advanced industries – areas where demand is less cyclical, pricing power is more defensible, and operational levers can materially influence outcomes. By contrast, we remain cautious on consumer-facing investments, where margin volatility, demand uncertainty, and limited pricing power continue to challenge underwriting assumptions.

## Secondaries | inflection points create opportunity

Within secondaries, we favour inflection-point portfolios over mature assets, particularly where portfolio construction or GP liquidity needs create entry opportunities at attractive risk-adjusted pricing. Continuation vehicles remain an important part of this strategy, offering differentiated access to high-conviction assets with extended value-creation runways.

## Private Credit | returns are driven by structure

In private debt, headline returns are moderating as base rates decline, but private credit continues to offer an attractive premium over liquid alternatives through a combination of spreads, fees, and structural protections. Competition for high-quality borrowers has increased, reinforcing the importance of disciplined underwriting and downside protection. Europe continues to offer relative value, and middle-market lending remains our preferred segment, where complexity and relationship-driven origination support pricing and structure.

## Infrastructure | focus on core-plus and value-add

Infrastructure remains a core component of our portfolios, supported by its inflation resilience and long-term secular tailwinds. We see particularly attractive opportunities across the electrification of transportation, data-centre-adjacent infrastructure, energy system transformation, asset leasing businesses – particularly in the transportation sector – and environmental services. The opportunity set is increasingly shifting toward core-plus and value-add strategies, where operational improvement, capital expenditure programs, and active asset management are essential to achieving target returns.

# Themes to watch in 2026

## Liquidity returning – selectively

Private equity firms are beginning to deliver distributions again, supported by a gradual reopening of exit markets and continued activity in secondaries and GP-led transactions. While this marks an important step toward restoring confidence, liquidity remains uneven and highly asset-dependent. A sustained recovery in fundraising will ultimately require not just short-term distributions from top assets, but credible pathways to realizations at attractive multiples for the broader, unrealized private markets portfolio.

## Secondaries as a permanent feature, not a cyclical solution

Secondaries continue to grow in scale and sophistication, reinforcing their role as a structural component of the private markets ecosystem. They provide valuable flexibility for both GPs and LPs, providing attractive investments for investors with high underwriting discipline and access to differentiated opportunities.

## AI as an operational lever – and an investment theme

Artificial intelligence is increasingly influencing value creation within private equity portfolios, particularly through productivity gains, process automation, and risk management. At the same time, AI-native businesses across software, fintech, and healthcare are attracting growing investor interest. In both cases, outcomes are likely to be uneven, favouring investors with the capability to translate technological adoption into measurable economic impact.

## Broadening the investor base, tightening the return constraint

As private markets become accessible to a wider range of investors, the central challenge will be deploying larger pools of capital without eroding return potential. This environment is likely to reward managers who prioritize discipline, specialization, and alignment over scale, and to penalize those who conflate asset gathering with value creation.

## Our core investment beliefs for 2026

Against this backdrop, our investment philosophy remains consistent, but not static. It continues to be shaped by experience across cycles and refined by the lessons of recent years.

We invest with conviction in long-term, fundamentals-driven opportunities, where deep sector knowledge and underwriting discipline allow us to take concentrated views at the asset level. High selectivity is central to our approach – not in the sense of doing fewer deals for its own sake, but in committing capital only where we see clear downside protection, multiple avenues for value creation, and alignment with active owners capable of influencing outcomes rather than relying on market momentum. We are prepared to pay for quality where it is supported by durable cash flows, defensible competitive positions, and credible operational improvement plans. At the same time, we remain cautious of investments that appear attractively priced but lack the resilience or levers required to deliver returns through less favorable environments.

The established principles of private market investments remain highly relevant.

Ultimately, our approach is guided by a simple belief: disciplined decision-making and the consistent avoidance of unforced errors tend to matter more over the long term than attempts to outsmart the market.

→ **Incentives matter hence alignment of interests must be assessed across the full decision chain.**

→ **Private markets portfolios are built over time rather than in response to market cycles.**

→ **Diversification is essential to managing inevitable uncertainty.**

# A closing thought

I remain convinced of the strong long-term growth prospects across private equity, private debt, and infrastructure. Even in periods of heightened uncertainty, these asset classes continue to function as engines of opportunity for patient capital.

Sound investing rests on a delicate balance: scepticism toward risk must be matched by confidence in progress. Either impulse, taken in isolation, is incomplete. Realism without hope leads to paralysis; hope without realism invites error. For long-duration private capital, navigating uncertainty therefore requires both a clear-eyed assessment of risk and the discipline to act selectively where underlying fundamentals warrant conviction. Wisdom lies not in the rejection of uncertainty, but in learning to operate within it – avoiding both naïveté and cynicism.

It is in this spirit that I conclude, perhaps inevitably, that I am **cautiously optimistic** about the year ahead – optimistic enough to act, cautious enough to remain selective.

I wish you wise investment decisions and every success in 2026.

Daniel Boege
Partner & Chief Investment Officer

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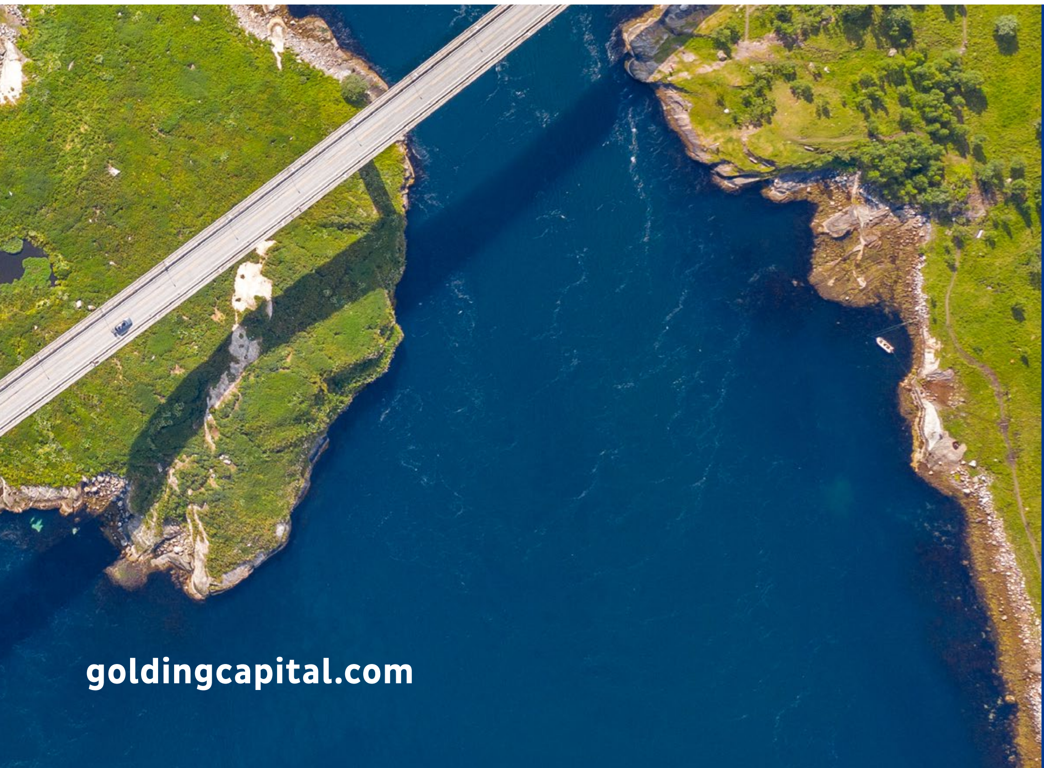
## Daniel Boege

**Partner & Chief Investment Officer**

Daniel Boege has been with Golding Capital Partners since 2011 and, as of August 2025, serves as Chief Investment Officer (CIO) and member of the Executive Committee, responsible for the strategic direction and management of the firm's entire investment division. Previously, he headed the firm's various buyout programmes as Head of Buyout.

He has over 25 years of experience in the private equity industry and, prior to joining Golding, worked at Permira in Frankfurt and Vestar Capital Partners in Munich, where he was involved in a wide range of national and international transactions.

Daniel Boege studied Management at the London School of Economics (Bachelor's and Master's with distinction) and holds an MBA from INSEAD in Fontainebleau.




**Golding Capital Partners GmbH**
Einsteinstraße 172
81677 Munich
Germany

Phone +49 89 419 997-0
goldingcapital.com

Munich commercial court HRB 138 005
Managing Director: Jeremy Golding,
Hubertus Theile-Ochel,
Dr. Michael Braun

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