

Private Markets Q&A:

Navigating the Investment Landscape

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Q: What macro factors are currently shaping private markets?

A: Higher interest rates and inflation are reshaping private market dynamics, which is impacting deal structures, valuations, and exit activity. Elevated borrowing costs and high entry multiples are prompting general partners (GPs) to intensify their operational value creation and explore alternative financing solutions. Meanwhile, liquidity remains tight, with IPO windows recovering slowly and M&A hindered by valuation mismatches, contributing to a backlog of exits. These conditions are driving increased demand for alternative liquidity solutions, including continuation vehicles, NAV-based credit, and secondary transactions.

Q: What areas of growth in private markets fundraising are you most excited about right now?

A: First, we're energized by the growing momentum behind sector-focused firms. Limited partners (LPs) are increasingly rewarding managers with deep domain expertise. This specialization often leads to advantaged sourcing capabilities, more informed underwriting, and increased channels for value creation.

Second, first-time funds and independent sponsors are gaining meaningful traction. A record number of new entrants are coming to market, and LPs are recognizing the value of the GP's alignment, agility, and differentiated deal flow. Eaton has a long history of supporting these managers by guiding them through the complexities of raising independent sponsor capital, launching first-time funds, and building enduring LP relationships.

Finally, private capital advisory and secondaries are experiencing significant growth. Liquidity constraints and delayed exits have driven secondary transaction volumes to record levels. Our integrated approach, which combines proven private capital advisory execution, sector-specific investment banking insights, and primary fundraising expertise, has been instrumental in helping clients unlock tailored solutions.

Q: Which sectors are seeing the most interest in private markets right now, and why?

A: Technology and AI will continue to be transformational forces, driving innovation and efficiency across traditionally fragmented sectors of the economy. Real assets, power, and infrastructure are benefiting from surging demand for data centers, energy solutions, power infrastructure, and the critical services needed to support and sustain this rapidly evolving digital ecosystem.

Opportunistic and niche assets are gaining momentum as well, including music royalties, sports/media rights, asset-backed finance, and other uncorrelated income streams. As investors seek diversification and compelling risk-adjusted returns, these strategies are increasingly viewed as attractive complements to traditional portfolios.

Q: Why should a GP use a fundraising advisory firm in today's market?

A: Fundraising advisory has evolved. Historically, advisors were valued for their investor rolodex. But in today's market, access alone is commoditized. The true differentiators are market insight, pattern recognition, and disciplined execution.

At Eaton, we focus on three core pillars:

- **Access** – Deep investor relationships, backed by over 20 years of proprietary data, LP intelligence, and pattern recognition
- **Positioning** – Crafting a concise narrative that stands out in a crowded fundraising landscape
- **Efficiency** – Designing a data-driven go-to-market strategy and executing a disciplined process that allows GPs to stay focused on investing

While other fundraising advisors chase volume, we prioritize quality. We concentrate on the most compelling opportunities across private equity, real assets, private credit, and private capital solutions. That focus delivers results: in the last year, Eaton has converted 1 out of every 6 first LP meetings into a committed investor.

We're not striving to be the most active advisor – we aim to be the most effective. Our commitment to excellence is reflected in our long-term client relationships. More than 20 clients have returned to work with us in the past three years.

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