ROPES & GRAY

August 2026

The Principal View:

Trends Shaping Private Markets

The Principal View – August 2026

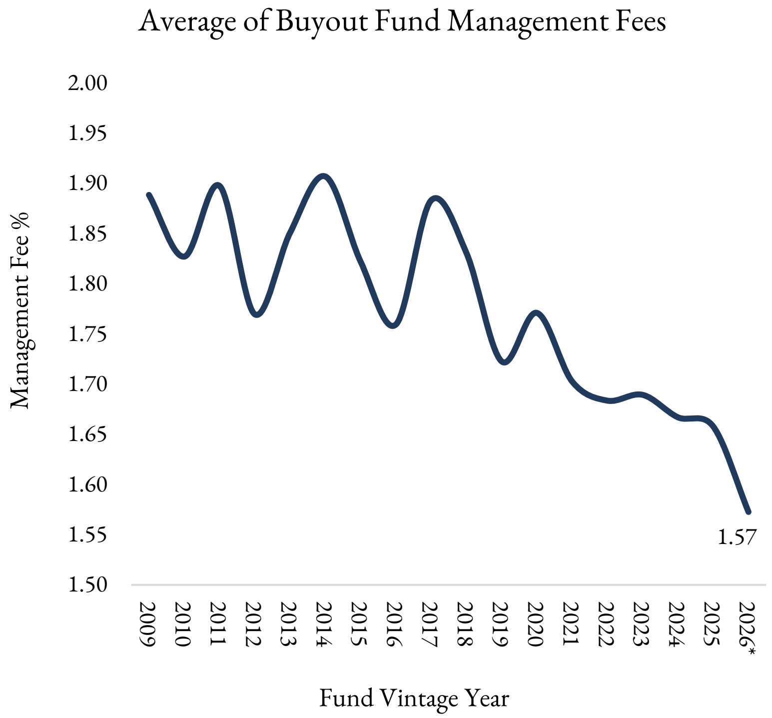
Hot Topics in This Issue

1	**Buyout Management Fees Trends**	• 2026 vintage buyout funds so far reached a new record low of management fees at 1.57%. • Fee compression is most pronounced among megafunds over $10B, where half offer discounts.
2	**Retailization of Private Capital**	• Global evergreen AUM projected to grow from $3.2 trillion in 2025 to $5.2 trillion by 2030 at ~10.2% CAGR. • The surge in private wealth and retail investor participation is reshaping private equity by fueling rapid expansion of evergreen funds.
3	**Asset Management Trends**	• Global manager count is projected to fall roughly 20% by 2029, driven by fee compression, rising technology and regulatory costs, and LP mandate concentration. • Asset management M&A is also accelerating, with deal count +14% and value +116% for full year 2025 vs. 2024.

Appendix

Market Update	• Deal value is rebounding on the back of megadeals and improved financing, but volume continues to contract as sponsors prioritize conviction over deployment pace. • Fundraising headwinds persist as LPs consolidate relationships with fewer, larger managers. • The distribution drought is showing signs of relief, though the broader capital cycle remains constrained by aging dry powder and a large exit backlog.

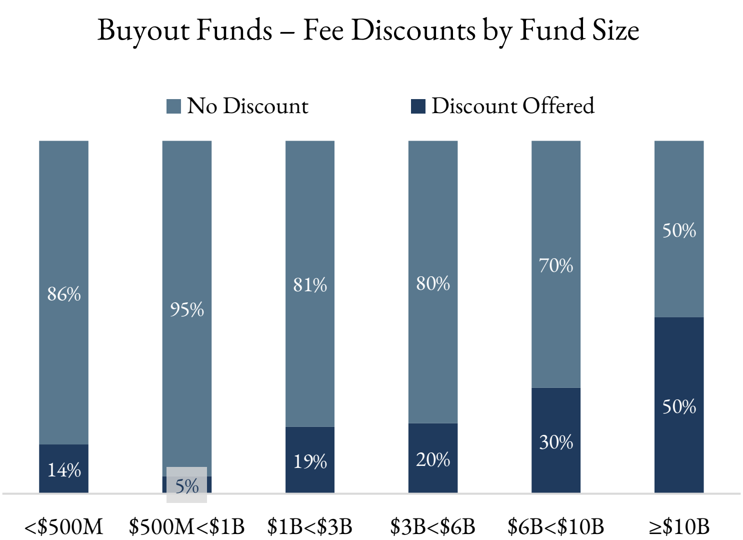
Buyout Management Fees Trends



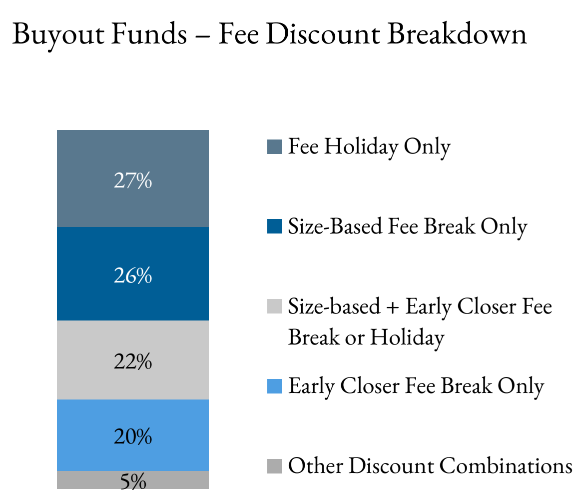
Source: Preqin. Data as of June 2026. Management fee rate is during investment period. Includes funds of all status raising, announced, closed etc.

- Growing fund sizes and fundraising headwinds in the buyout world are driving fee compression. Mean investment period management fee rate for 2026 vintage buyout funds so far reached a new record low of 1.57%. LPs' ongoing appetite for typically fee-less co-investments will place even more downward pressure on GPs.
- The rise in megafunds is skewing the aggregate mean lower. Mid-market funds ($250-999M) charge the highest average fees, closest to the 2% legacy rate.
- Although larger funds are offering more fee discounts, lower fee rates can still produce meaningful fee dollars because they can spread fixed costs like compensation, compliance, and technology over a broader asset base.

The R&G Perspective



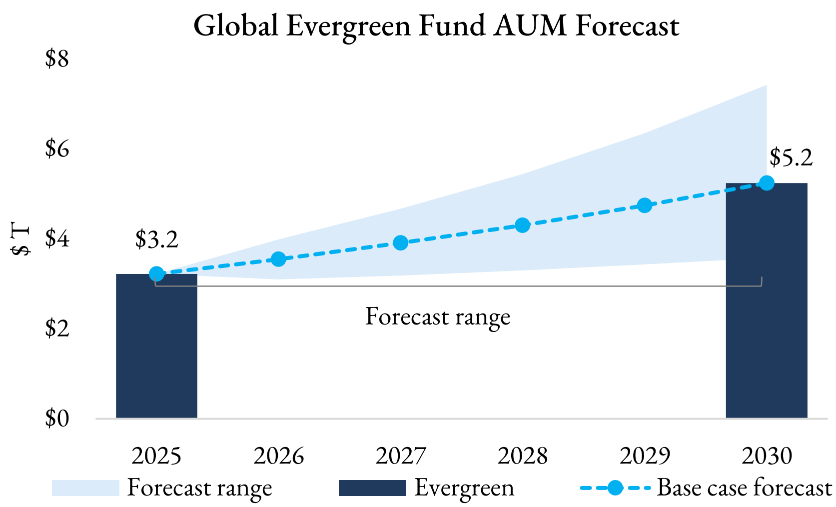
Source: R&G Proprietary Data.

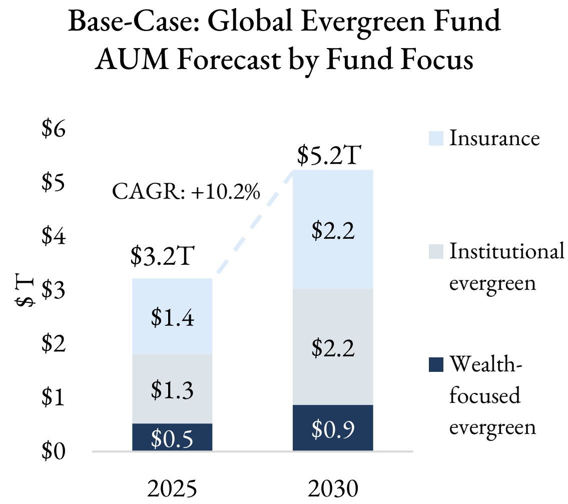


- PE sponsors should be thoughtful about using management fee discounts or holidays as a tool to accelerate LP participation in a first closing. In our experience, these incentives do not always translate into a materially larger first close and later close investors often seek, and obtain, the same economic accommodation once it has been offered to early participants.

Retailization of Private Capital

- The surge in private wealth and retail investor participation is fundamentally reshaping the private equity landscape, acting as the primary catalyst for the rapid expansion of evergreen funds. Evergreen funds have become a core channel for private market capital to grow and compound. Private equity is projected to be the fastest-growing sub-strategy among evergreen funds (~20% annually through 2030), although this growth is off a relatively small base. Private credit remains the largest category in the evergreen landscape.





Source: PitchBook. Data includes insurance AUM from Blackstone, KKR, Blue Owl Capital, The Carlyle Group, Ares Management, Apollo Global, and Brookfield. Forecasts were generated on April 17, 2026.

> *"We're excited to develop and think through potential new wealth solutions together with the Arctos team. This could include things like an evergreen vehicle that would include sports as well as some type of secondary/GP solutions vehicles as well."*
>
> – KKR, Craig Larson, Partner & Head-Investor Relations.

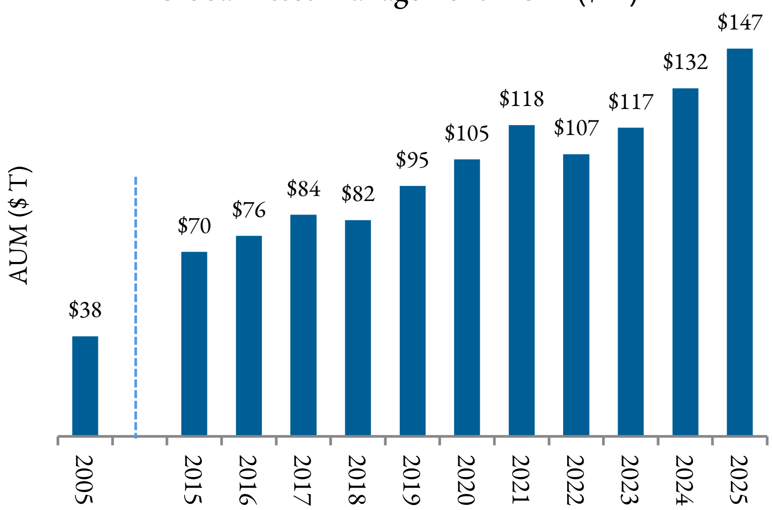
> *"Fee-related performance revenues of $45 Mn in the quarter were 15% higher year-over-year, driven by growth in our evergreen wealth strategies, where AUM now stands at $19 Bn, that's 4 times the level from just three years ago."*
>
> – CARLYLE, Justin V. Plouffe, CFO.

The R&G Perspective

- The projected growth in evergreen AUM reflects what we are seeing across the manager landscape: sustained and increasing demand for evergreen products across all asset classes and from managers of all sizes.
- Collective investment trusts (CITs) are rapidly becoming the preferred path for asset managers seeking to expand into the retirement plan / 401(k) ecosystem. CITs give managers a practical way to access the $10+ trillion defined contribution market through an institutional vehicle rather than a traditional retail wrapper, with sponsors increasingly using CITs to offer private-market strategies through structures that are more familiar to plan fiduciaries, recordkeepers, and retirement platforms.
- For sponsors building out retail and wealth offerings, CITs can complement evergreen private funds and registered products as part of a broader strategy to reach participant-directed retirement capital. Managers are increasingly incorporating CITs into their product and platform strategies as a way to reach the defined contribution / 401(k) market without relying solely on traditional retail wrappers.

Asset Management Trends

Global Asset Management AUM ($ T)



+11%
AUM growth in 2025

$147 T
Global AUM at year-end 2025

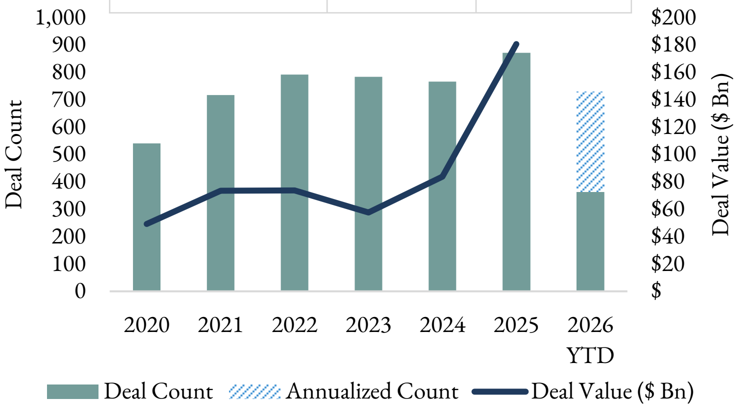
Source: BCG Global Asset Management Report 2026, BCG EXPAND Market Sizing database.

- AUM has nearly doubled over the past decade. Growth in 2025 was the strongest annual point in the BCG dataset since 2021. This data point suggests a more targeted M&A cycle in asset management. Buyers are likely to prioritize firms that bring scarce private-market capabilities because those businesses offer stronger AUM growth and deeper client demand than many traditional public-market strategies.
- As a result, M&A will be less about generic scale consolidation and more about repositioning business mix toward private capital and ETFs.
- Persistent fee compression is the single most cited structural driver pushing traditional active managers toward consolidation.

- PE sponsors are both financing and initiating asset manager consolidation, with several 2026 transactions taking listed managers private to escape quarterly market pressures.
- Rising technology and regulatory costs disproportionately burden subscale managers, creating structural disadvantages for smaller firms and accelerating consolidation.
- Future consolidation is expected to continue through 2027 and beyond, with many sources predicting a sharp concentration of AUM among a few large managers as mega-GPs consolidate retail-capital flows while smaller managers struggle to compete.

Asset Management M&A Deal Activity

	Count	Value
YoY '25 vs '24	+14%	+116%



Source: PitchBook, data as of June 2026.

Largest 2026 YTD Deals

Date	Target	Acquirer	EV ($ Bn)
Mar-26	EQUITABLE	corebridge financial	$22.0
Feb-26	Schroders	nuveen	$13.5
Jan-26	Coller capital	EQT	$3.7
Mar-26	MAI Capital Management	CARLYLE	$2.8
Apr-26	Insignia Financial	CAPITAL OneIM	$2.8

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Five Drivers of Asset Management Consolidation

1	2	3	4	5
Margin pressure & rising cost of competitiveness	**Race for scale & economies of scope**	**Product innovation & new capital**	**Expansion into private markets & alternatives**	**Wealth-channel access to private markets**
Fee compression from passive shift; concurrent investment in AI, data, and digital infrastructure. Challenge for mid-tier firms to absorb both.	LPs concentrating mandates with fewer, larger managers. Average manager AUM doubled 2013–2023.	Bespoke vehicles for insurance and wealth. Private-capital-backed insurers reached ~$1.5T in 2025, growing 20%+ annually.	Demand for one-stop platforms across public/private. Secondaries hit a record $240 Bn in 2025; $400–500 Bn forecast by 2030.	Private allocations in wealth growing 3x faster than institutional; many traditional managers lack distribution to serve it.

Credit stress may slow transaction activity in the near term, while also increasing pressure on managers facing scale constraints to find strategic partners.

*1,500+ asset management M&A deals forecast through 2029 — **global manager count projected to fall ~20%.***

Source: Bain Global PE Report (2025); BCG Global Asset Management M&A Report (2024); Jefferies Global Secondary Market Review (2025); McKinsey Global Private Markets Review (2025); Morgan Stanley & Oliver Wyman (2024).

What Asset Management Trends Mean For Deal Structuring

	MARKET TREND		DEAL-STRUCTURING OVERLAY
1	*Capability acquisition is the dominant deal rationale*	➡	**Capability transactions often depend on more than AUM** Key people, fund consents, distribution relationships, product permissions, and platform infrastructure can be central to value.
2	*Transactions provide growth and succession capital*	➡	**Governance and alignment considerations** Investor protections need to be balanced against control, assignment, consent, and LP-alignment considerations.
3	*Convergence and the wealth channel reshape product mix*	➡	**Wealth and semi-liquid products bring different product and distribution issues** Distribution economics, suitability and disclosure, liquidity terms, valuation, reporting, and intermediary relationships often become more important.
4	*Liquidity-tool deal structures are now mainstream*	➡	**Liquidity tools put more weight on process and conflicts** Continuation vehicles, GP-led secondaries, NAV financings, and preferred equity can raise valuation, LPAC, disclosure, expense allocation, and conflict issues.
5	*Private credit moves further into insurance and bank channels*	➡	**New products and capital channels can add regulatory complexity** Origination, servicing, leverage, valuation, insurance or bank relationships, affiliated-fund conflicts and disclosure may be relevant as managers expand beyond their core strategies.

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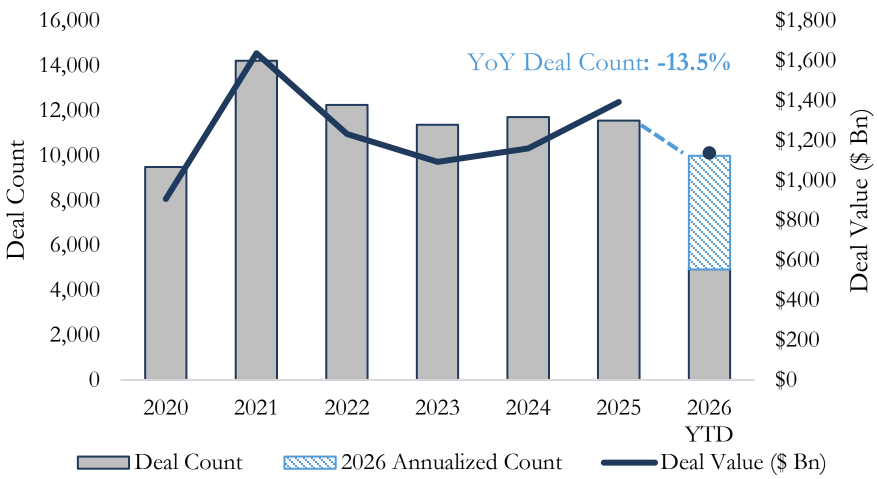
H1 2026 Market Update

Market Update

Global PE Deal Activity



Source: Preqin. Data as June 2026. PE excludes VC.

- The divergence between rising deal value and declining deal count reflects a structural shift toward fewer, larger, high-conviction transactions rather than broad-based deployment.
- Entering mid-2026, sentiment has cooled as an AI-driven software repricing, private credit redemption pressure, and energy-related shocks have re-widened bid-ask spreads, suggesting deal activity might remain choppy through the back half of the year.

Global Asset Management Consolidation Deals (Trailing 12 Months)

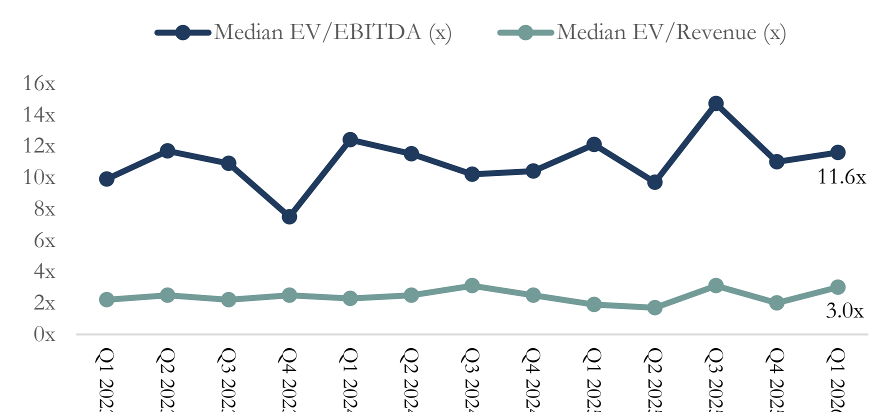
- High profile asset management mergers reflect a structural land-grab for capabilities in credit, secondaries, insurance, and wealth distribution.

Date	Target	Acquirer	EV ($ Mn)
Mar-26	Equitable Holdings	Corebridge Financial	$28,562
Feb-26	Schroders	Nuveen	$13,450
Jul-25	HPS Investment Partners	BlackRock	$12,221
Dec-25	Baloise Holding	Helvetia Holding	$10,332
Dec-25	Janus Henderson Investors	Trian Fund Mgmt, General Catalyst	$8,044

Date	Target	Acquirer	EV ($ Mn)
Jul-25	ESR Group	Starwood Capital Group, Warburg Pincus	$7,100
Nov-25	JTC Group	Permira	$5,042
Oct-25	NFP	Madison Dearborn Partners	$3,985
Jan-26	Coller Capital	EQT	$3,700
Feb-26	Evelyn Partners	Coutts & Co	$3,662

Source: PitchBook. Data as of June 2026.

Global PE Deals Multiple

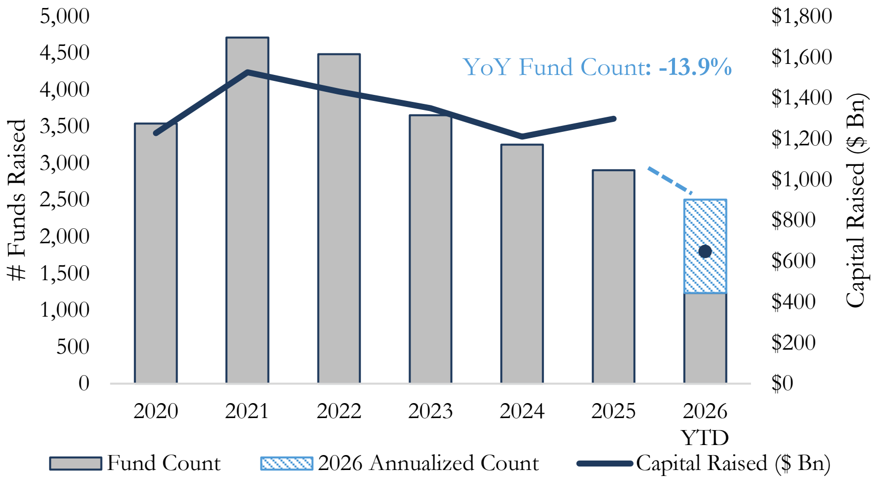


Source: Preqin. Data as of June 2026.

- The Q4 2023 trough was a function of the rate-hiking cycle compressing deal activity to only the most disciplined, lower-multiple transactions as bid-ask spreads remained wide.
- The Q3 2025 spike reflects deal-mix composition: the megadeal wave and a surge in sponsor-to-sponsor exits at premium multiples pulled the median higher.

Market Update

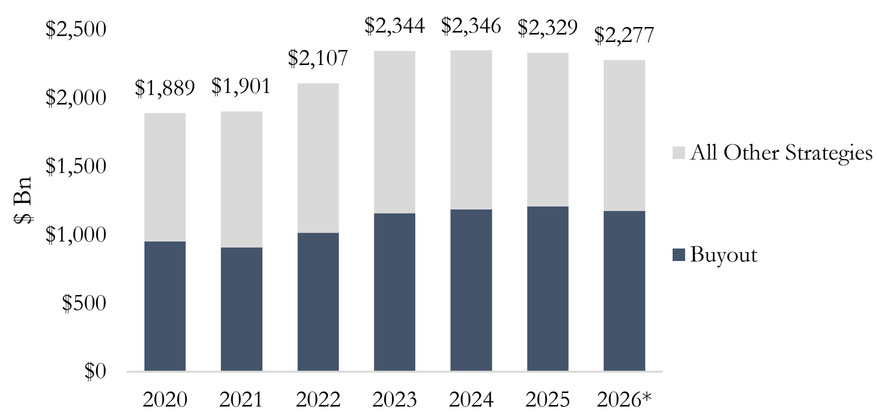
Global PE Fundraising



Source: Preqin. Data as of June 2026. PE excludes VC.

- Dollar volumes have held up better than count suggests because capital is flowing upward into larger, more diversified platforms rather than disappearing from the asset class.
- LP sentiment is constructive heading into 2026, with a clear majority planning to maintain or increase PE allocations.
- The wealth and evergreen channel has emerged as the industry's central growth vector, and Q1 2026 fundraising showed sequential improvement.

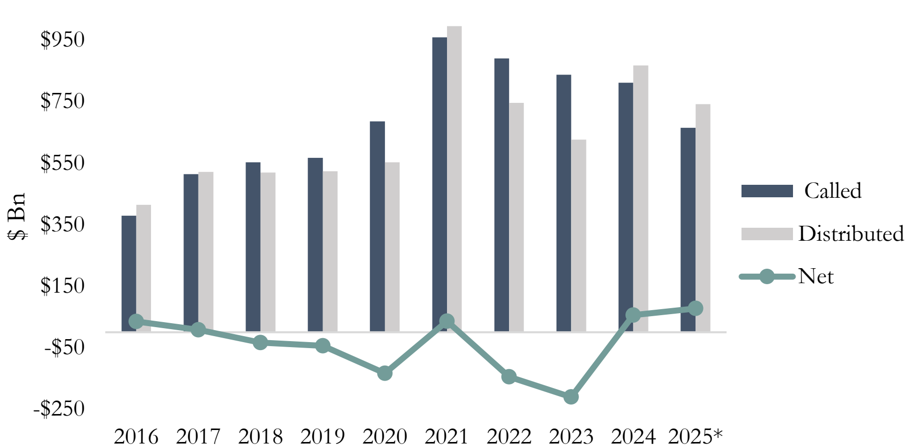
Global PE Dry Powder by Strategy



Source: Preqin. *2026 data as of March. All other strategies include growth, fund of funds, co-investment, secondaries, balanced, direct secondaries, turnaround, co-investment multi-manager, hybrid, pipe, hybrid fund of funds.

- The dry powder stockpile from earlier fundraising booms that largely sat idle amidst difficult market conditions is now declining, albeit gradually.
- GPs face a real tension: contractual investment periods are running out on older commitments, creating pressure to put capital to work, but the macro environment remains uncertain enough that sponsors are staying disciplined on entry pricing.

Global PE Capital Calls and Distribution



Source: Preqin. *2025 data as of September.

- Net cash flow to LPs turned modestly positive in 2025, driven by a reopening of the exit market, particularly through sponsor-to-sponsor megadeals and strategic sales. Continuation vehicles and GP-led secondaries also provided a synthetic distribution channel where traditional exits were still unavailable.
- Distributions remain top heavy: smaller managers with concentrated portfolios and fewer liquidity tools continue to struggle returning capital.

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