UNLOCKING VALUE IN PRIVATE MARKETS: 6 INSIGHTS FROM THE NEPC INVESTMENT CONFERENCE

August 2026

INSIGHTS FROM THE NEPC INVESTMENT CONFERENCE

TOP TRENDS IN PRIVATE MARKETS: WHAT INVESTORS NEED TO KNOW

The past decade has seen a dramatic rise in popularity for the private markets. Advancing technology and changing regulations have generated new private market investment vehicles to choose from, and a significantly wider range of investors – individual and institutional – are trying their hand at private market investing.

Private markets are complex, and that's especially true now, with interest rates higher and economic trends veering into uncertainty. For that reason, the 2026 NEPC Investment Conference put extensive focus on the challenges and opportunities to be found in the private sphere. Below are just a few of the takeaways from two days of private market conversation.

Insight 1: An Era of Convergence Is Changing Expectations

The boundary between public and private markets is blurring as private markets experience explosive growth and adopt public-like structures.

- Private market assets under management roughly tripled between 2013 and 2023, according to a report from Sage Road Research, and we agree with observers who believe that growth will continue.[1]
- Meanwhile, the Sage Road study notes that the number of publicly listed U.S. companies has fallen roughly by half since the mid-1990s through 2024.
- We see this shift driving the creation of exchange platforms for private market interests and the application of public market practices, like Morningstar style boxes, to private funds.

> *"The number of publicly held companies has declined by 50% over the last 30 years, while the number of privately held companies has increased sixfold. That's convergence."*
> *– Sarah Samuels, NEPC Partner and Chief Investment Officer*

Insight 2: Median Returns May Decline, Elevating the Need for Top Tier Managers

A rising tide will no longer lift all boats; the gap between top-performing and bottom-performing funds is widening.

- The rush of capital into private markets may put downward pressure on returns in the future. However, the wide spread of returns, sometimes reaching a 40% difference between the best and worst managers according to 2025 NEPC data, is a trend that is likely to continue and grow.
- Large, vanilla strategies may find it harder to create value. Instead, we believe investors can benefit by targeting specialist managers in the lower middle market, private debt, and real assets who rely on operational improvements rather than financial engineering.

[1] *Sage Road Research. "The Retailization of Private Markets". October 2025. https:/sageroadresearch.com/products/the-retailization-of-private-markets*

"We talked about median returns likely being lower going forward, but with the important asterisk that the spread will widen. The implication is, we need to be with the best managers." *– Sarah Samuels, NEPC Partner and Chief Investment Officer*

Insight 3: Liquidity Pressures Demand Proactive Portfolio Management

A slower exit environment has fundamentally changed how investors must approach cash flow and portfolio pacing.

- According to NEPC data through March 31, 2026, buyouts and IPO windows have been sluggish, meaning distributions are harder to generate and less reliable for the investors who need them.
- Timing, rather than pricing, has become the main variable in portfolio discussions.
- We believe investors must model realistic liquidity scenarios to understand where pressure points might emerge in their pacing plans.

"Distributions are less predictable, and that's making pacing plans tighter than expected. We're hearing from clients that decision making feels heavier right now because the costs of being wrong are weighing on decision makers." *– Krissy Pelletier, NEPC Partner and Endowment and Foundation Team Leader*

Insight 4: Secondaries and Continuation Vehicles are Now Strategic Tools

The stigma around secondary markets has dissipated, and as the secondary market has grown, there is a greater recognition of its utility in active portfolio management.

- The secondary market and continuation vehicles have evolved into proactive portfolio management tools that are likely here to stay.
- According to Jefferies Global Secondary Market Review data through 12/31/2025, annual transaction volume in the secondary market has reached record volume, driven in part by LPs and GPs looking to manage risk and liquidity.
- We believe secondaries and continuation vehicles can allow investors to hold onto high-performing assets longer or rebalance portfolios based on client needs.

"It's a great time to be providers of capital, to provide liquidity where others lack it. There are a few different ways to play that, but in particular, we really like secondaries and secondary venture managers." *– Sarah Samuels, NEPC Partner and Chief Investment Officer, and Josh Beers, NEPC Partner and Head of Private Equity Investments*

Insight 5: AI and Technological Shifts are Redefining Value

Artificial intelligence is creating a stark divide between companies that adapt and those that face obsolescence.

- NEPC believes that the rapid adoption of AI is forcing companies across all sectors, particularly software and software-as-a-service (SaaS), to reinvent themselves or risk losing their market stronghold.
- Investors must scrutinize the valuation integrity of software assets in particular. Companies lacking strong moats or relying on concentrated revenue streams are highly vulnerable to AI-driven disruption.
- AI services and enhancements are common in the technology sector, but we also see them showing up in traditional sectors, impacting value in many kinds of both private and public market portfolios.

> *"[In the SaaS market, AI is creating] dinosaurs, phoenixes, and cheetahs. When we think about dinosaurs, these are SaaS companies that don't have moats. They probably have very concentrated revenue streams. They're unlikely to survive this AI wave." – Josh Beers, NEPC Partner and Head of Private Equity Investments*

Insight 6: Private Credit Requires a Nuanced, Lower-Middle Market Approach

Not all private credit is created equal, and current market dynamics favor smaller, less crowded pools of capital.

- While we see higher-quality companies securing financing with pre-pandemic leverage levels, in our view the broader private credit market is experiencing significant dispersion.
- We believe investors can find better opportunities in the lower middle market compared to "vanilla" upper-market lending, which relies heavily on momentum. Lower middle market loans often feature better protections and less leverage.
- There are many interesting opportunities in the market, but we believe manager selection remains paramount.

> *"You've seen five to six [credit secondary] megafunds that have been raised [recently]… We've favored a little more on the smaller end – smaller pools of capital with less pressure to deploy. They can buy things at more attractive discounts." – Oliver Fadly, NEPC Partner and Head of Private Debt Investments*

CONCLUSION

We maintain that investing in private markets today requires a shift from passive allocation to active, intentional stewardship. LPs are deal people now. Given the incredibly wide range of private market vehicles and structures, and the performance dispersion that is expected in coming years, NEPC believes strongly in the importance of research and manager analysis. Monitoring and sharing insights within our client and partner network, through events like the annual Investment Conference, will continue to be essential to the NEPC approach.

To learn more about how NEPC supports institutions with insights, best practices, and proprietary data analytics, reach out to your NEPC consultant today.

IMPORTANT DISCLOSURES

617.374.1300 | www.NEPC.com | @NEPC_LLC