

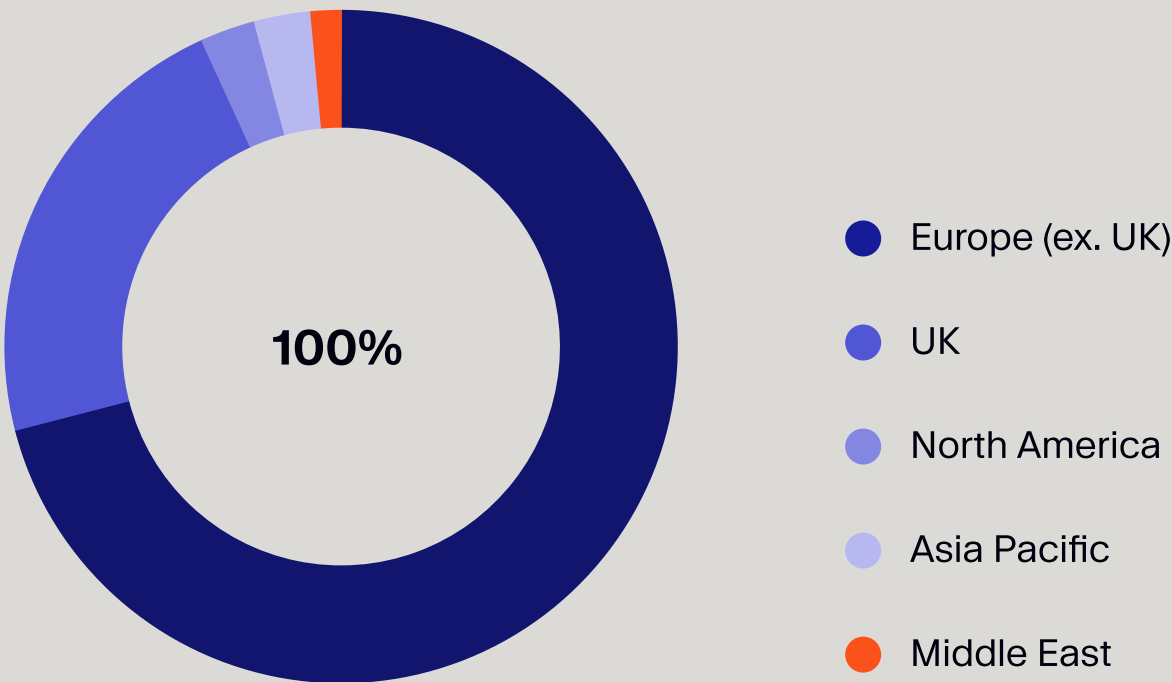
Watching the winds

Investors on the Moonfare platform are leaning into private assets while paying close attention to where the markets are headed.

In March and April 2025, we surveyed Moonfare's community of individual, eligible investors in order to gauge their views on private markets. All responses (n=175) were anonymous and the data aggregated. Percentages may not always total 100% due to rounding.

We would like to thank our investors from Europe, the US, Asia and the Middle East for sharing their perspectives.

Location of survey participants





Taking the long view

The results of the Moonfare survey are revealing for what they tell us about how investors with experience in allocating to private assets view the sector. While they share the same fears that public market investors have regarding tariffs, the policy agenda of the Trump administration and broader geopolitical risks, they continue to favour investments in private assets (notably so in PE buyouts). The primary motivation in doing so may be due to the long-run return profile of asset classes like private equity.

More specifically, a couple of new trends are worth flagging, notably the rise of defence as a focus for investors (after technology), and in addition the fact that Europe is now an investment destination of choice for many private investors. In that respect we feel that the trend towards 'strategic autonomy' across the EU will gain more attention.

Liquidity and the relative lack of distributions remain specific concerns for investors and point to the need for the capital market cycle to 'restart' as an increasingly necessary part of the private investment cycle. Though a number of central banks have cut rates, and the parameters of the tariff 'war' are clearer, it may be that investors need to wait till later in 2025 for this to happen.

55.3%

of investors are planning new PE investments in the next 12 months

Private markets continue to anchor portfolios. Most Moonfare investors are already well positioned in PE — and many plan to commit fresh capital in 2025.

51%

see mid-market buyouts as top performing strategy in the near term

Mid-market buyouts and secondaries are widely seen as offering the most attractive return potential in today's economic climate. Sector-wise, defense has clearly moved into investors' focus.

65.1%

have a negative economic outlook

Moonfare investors echo broader concerns about the current economic trajectory. Most view tariffs and geopolitical uncertainty as key risks — and few believe Trump's policies are benefiting private markets.

56.6%

would invest more if liquidity options improve

The current liquidity crunch also presents an opportunity: survey respondents would consider investing more if liquidity in private markets improved — but not at the expense of potentially lower returns.

Appetite for private equity remains robust

Private wealth is committed to investing in private assets. Our annual survey finds robust demand from individual investors, with 79.4% of respondents saying they've made at least one allocation into private markets over the past 12 months (figure 1).

The appetite for private equity among these allocators is still going strong (figure 2), even as 30.6% of respondents take a more cautious, wait-and-see stance. That said, there's clear long-term confidence — almost one-third of investors ultimately plan to invest between 21 and 50% of their portfolios to private markets, suggesting current under-allocation (figure 3).

When asked about the anticipated performance of their PE portfolio in the mid-term, the majority (53.8%) expect private assets to continue generating higher returns than public equities. Most of the remaining respondents see these assets producing similar results, while only a small minority holds a more bearish view (figure 4).

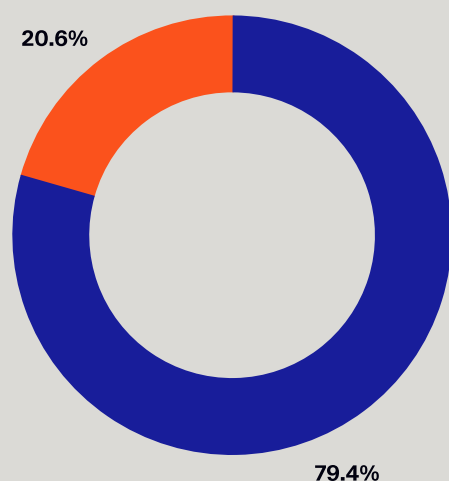
Zooming in on near-term expectations for private equity activity, the survey points to a measured outlook. Investors anticipate dealmaking and exit levels to remain broadly in line with last year, with sentiment evenly split between those expecting a modest uptick and those forecasting a slight decline (figures 5 and 6).

These mixed views capture the underlying nervousness across the markets — even as private equity delivered strong growth in early 2025. In fact, global investment activity in Q1 surpassed the quarterly average of last year, with the US entering the year on a particularly strong note, according to PitchBook's report. The momentum extended to exits as well — global exit value jumped 82% year-on-year, delivering the best quarter for PE exits since 2021.¹

While market volatility and trade tensions have tempered sentiment since, we believe underlying deal appetite remains strong — and expect activity to rebound once market conditions stabilise.

Figure 1: Investors have remained committed to private markets

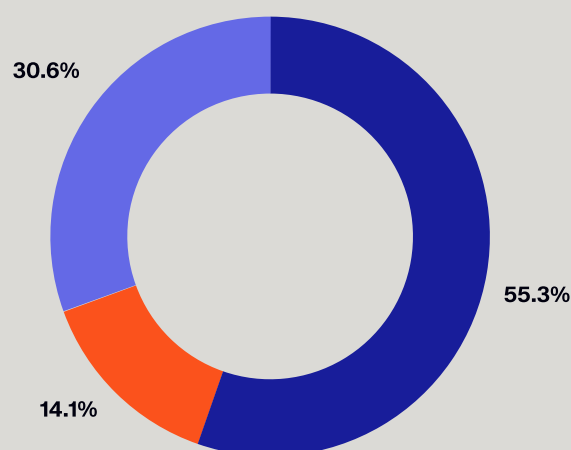
Q: Have you made new private market investments over the past 12 months?



● Yes ● No

Figure 2: Appetite for PE is strong yet uncertainty has clouded the outlook

Q: Are you planning new private market investments in the next 12 months?



● Yes ● No ● I don't know

Figure 3: While already well exposed, investors have more room for private assets

Q: What percentage of your current portfolio is invested in private markets / what is your target allocation?

● 50%+ ● 21-50% ● 16-20% ● 11-15% ● 6-10% ● 1-5%

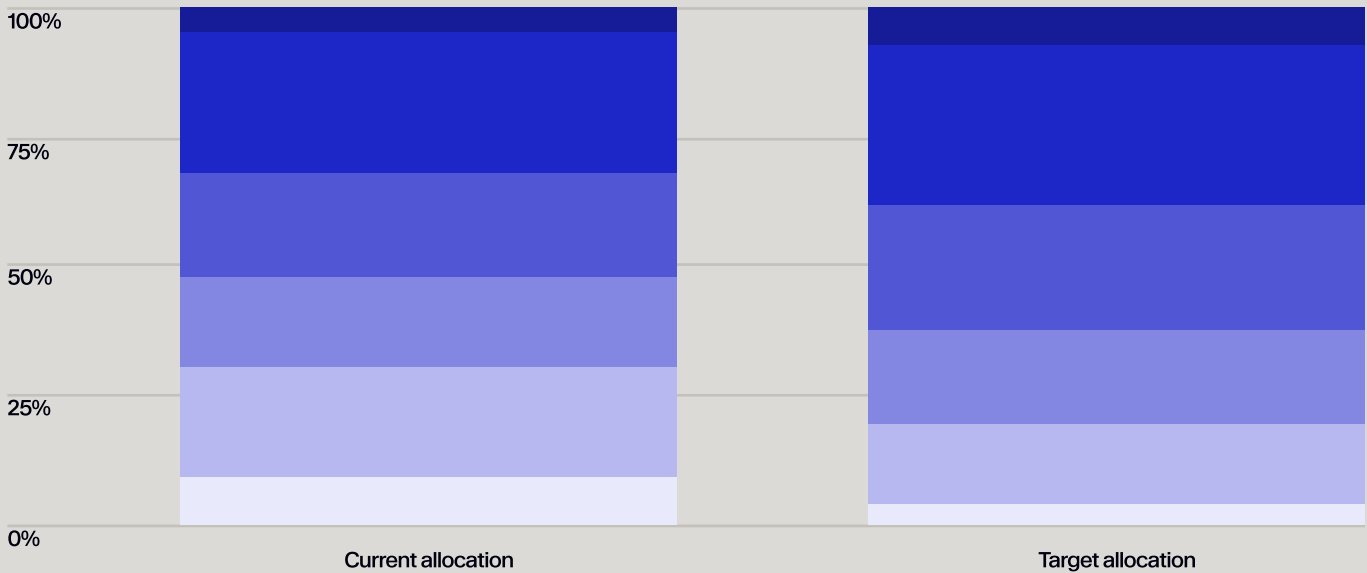


Figure 4: Investors are bullish on the PE performance

Q: How do you expect private markets to perform relative to public markets over the next 1–3 years?

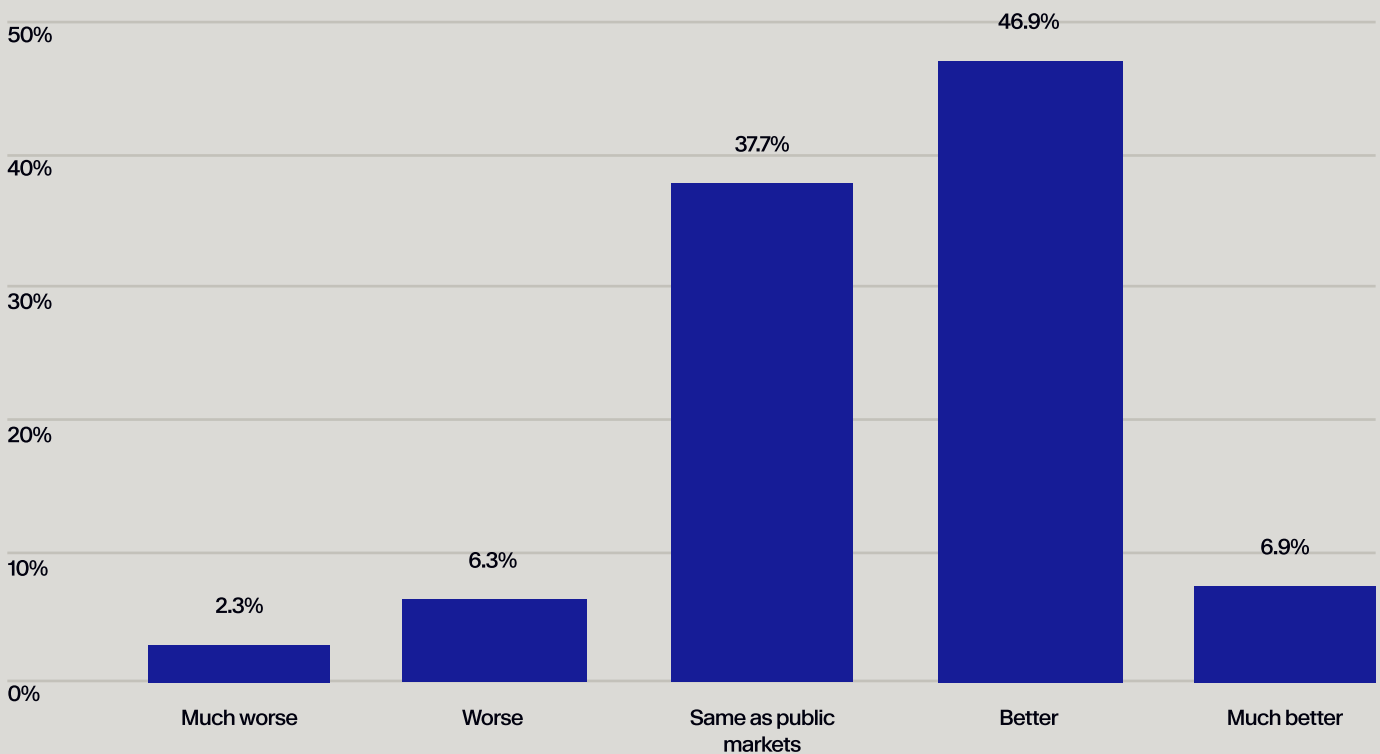


Figure 5: Dealmaking expected to stay more or less on course

Q: What are your expectations for dealmaking activity in 2025?

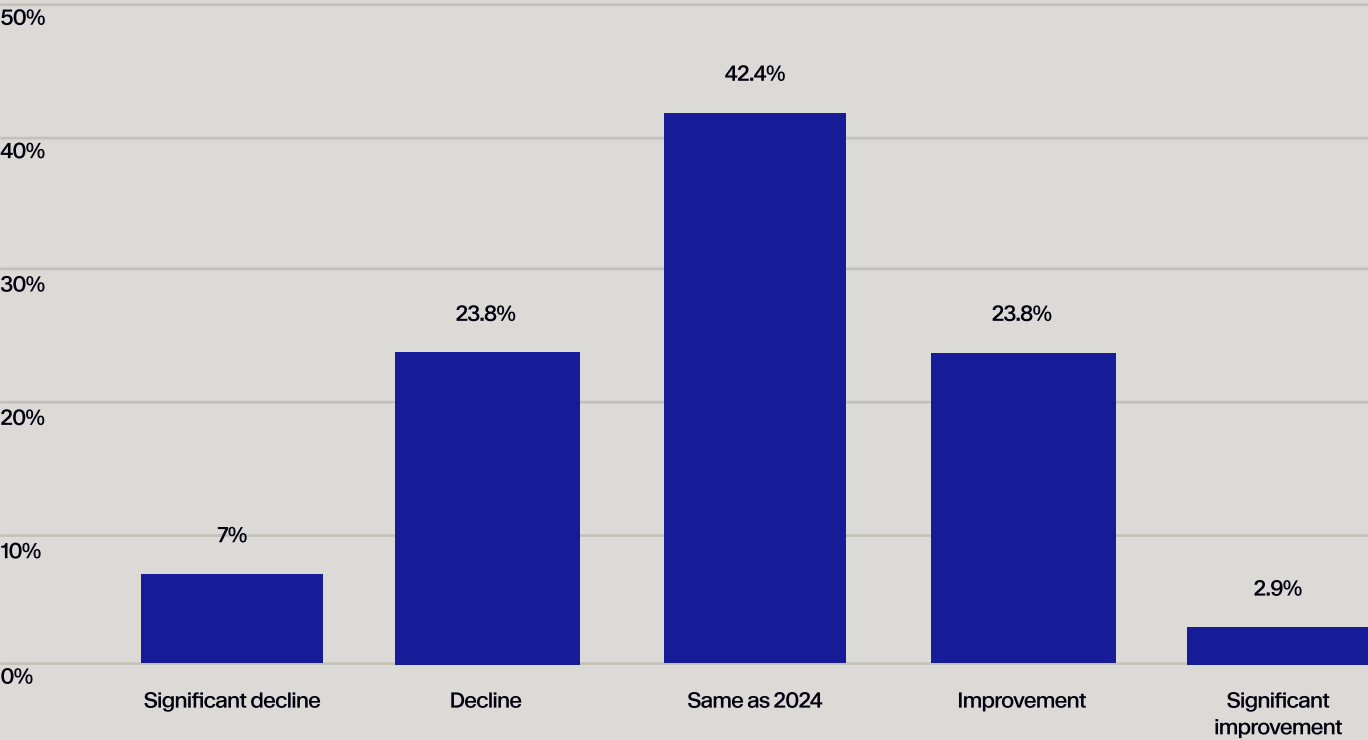
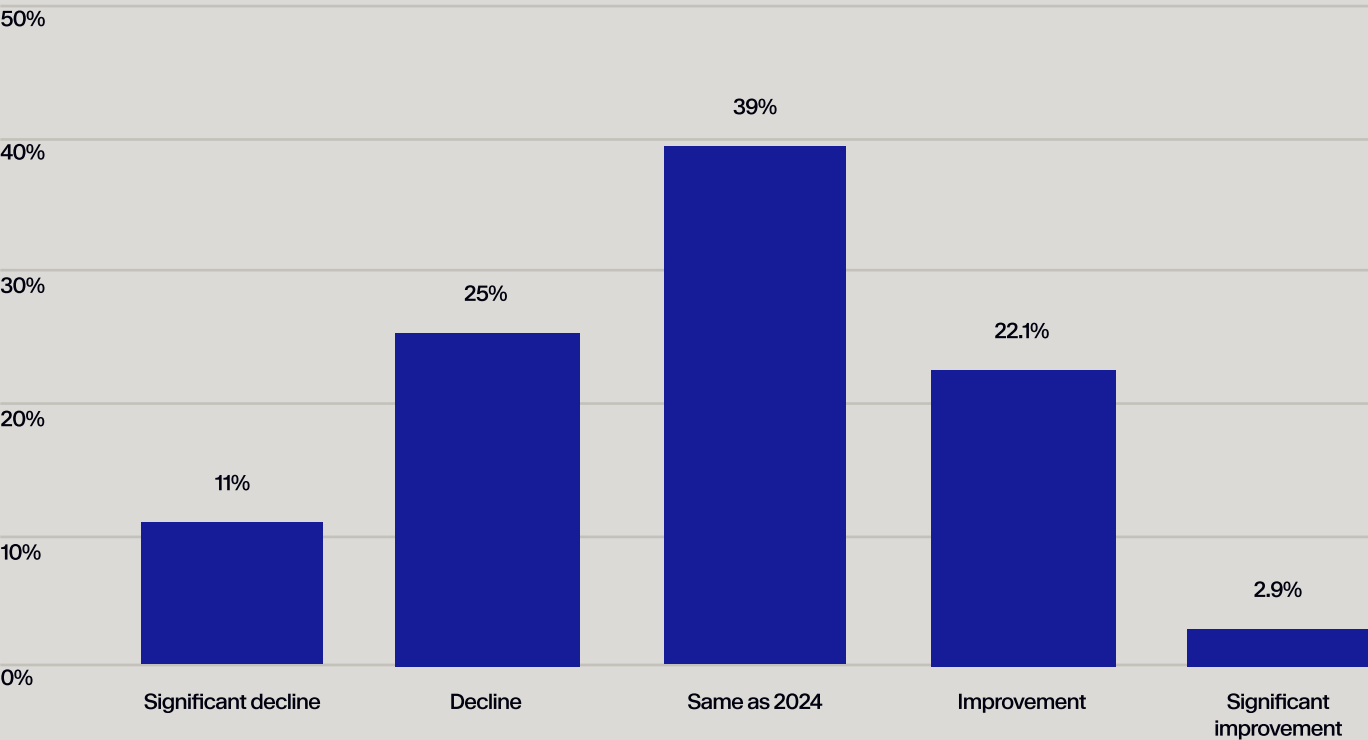


Figure 6: No exit rebound anticipated just yet

Q: What are your expectations for exit activity in 2025?



Caution dominates economic view

The survey was launched at what was arguably the peak of trade tensions — just weeks before and after the so-called Liberation Day. This timing is reflected in the predominantly negative economic outlook captured in the results. More than half of Moonfare investors hold (very) pessimistic expectations for the global economy (figure 7), citing tariffs, geopolitical uncertainty and recession fears as the primary threats to growth (figure 8).

Expectations for Trump's impact on private markets have turned sharply pessimistic as well. While many initially believed his pro-business stance on taxation and regulation would sustain momentum in private equity — and such reforms may still happen — the administration's trade-related decisions had the opposite effect and have dampened sentiment. Nearly 80% of survey respondents now believe Trump's actions will negatively affect private markets (figure 9).

Figure 7: The global economy is expected to worsen before it improves

What is your outlook for global economic growth in the next 12 months?

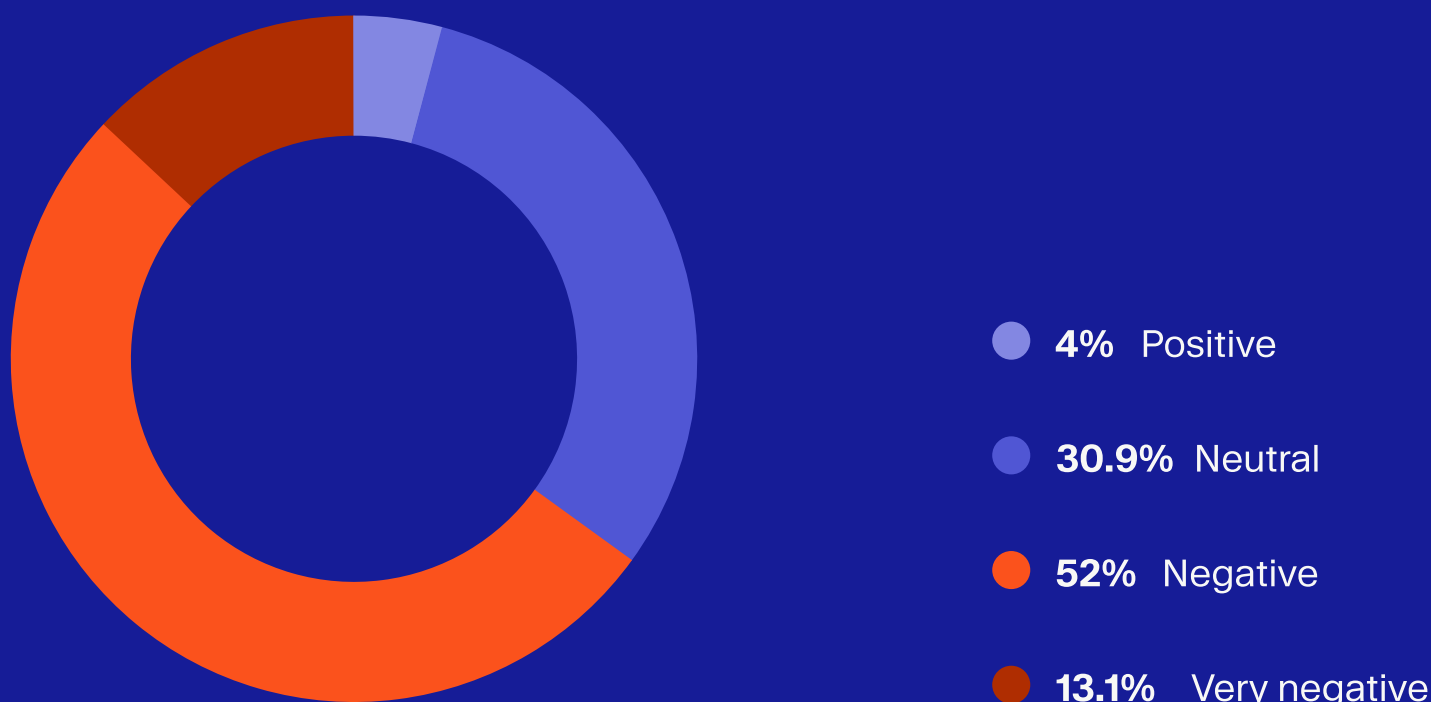


Figure 8: Tariffs and geopolitics are considered top risks

Q: What are the macro risks you're most concerned about as an investor? (multiple options)

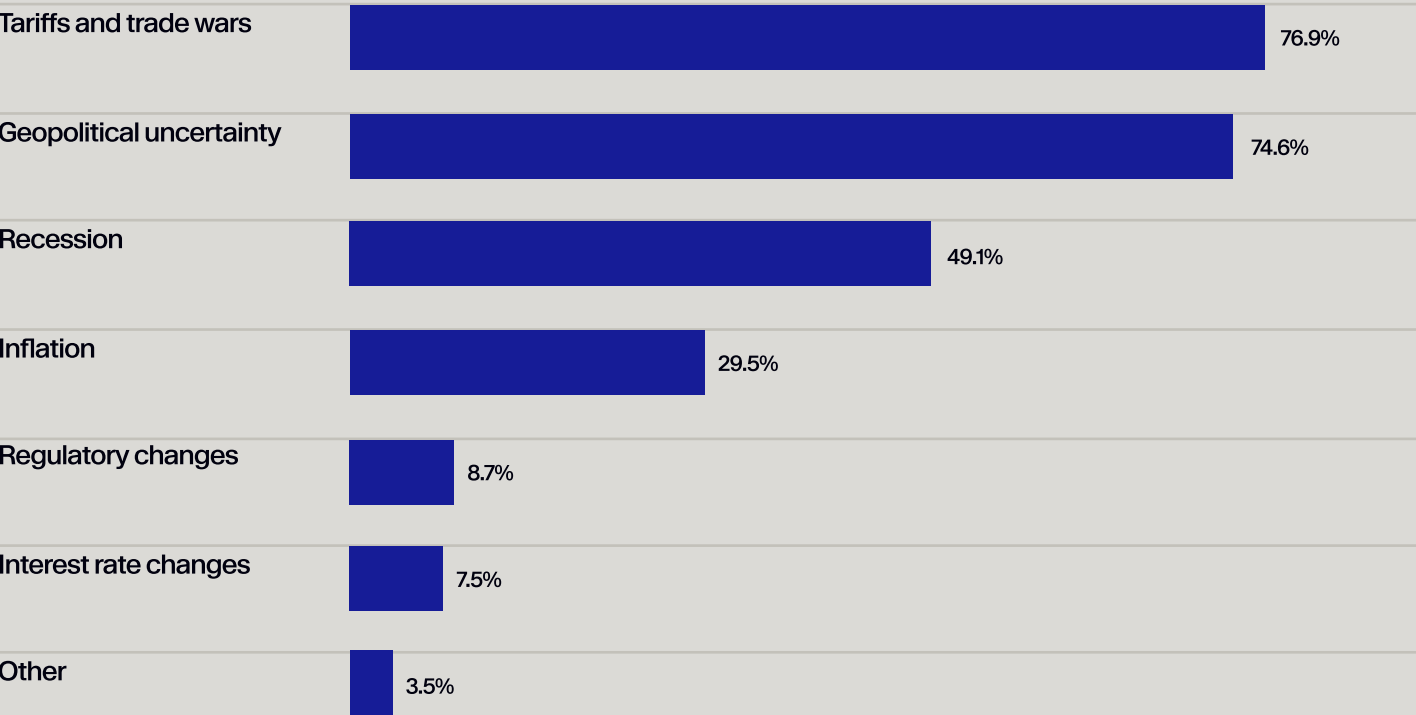
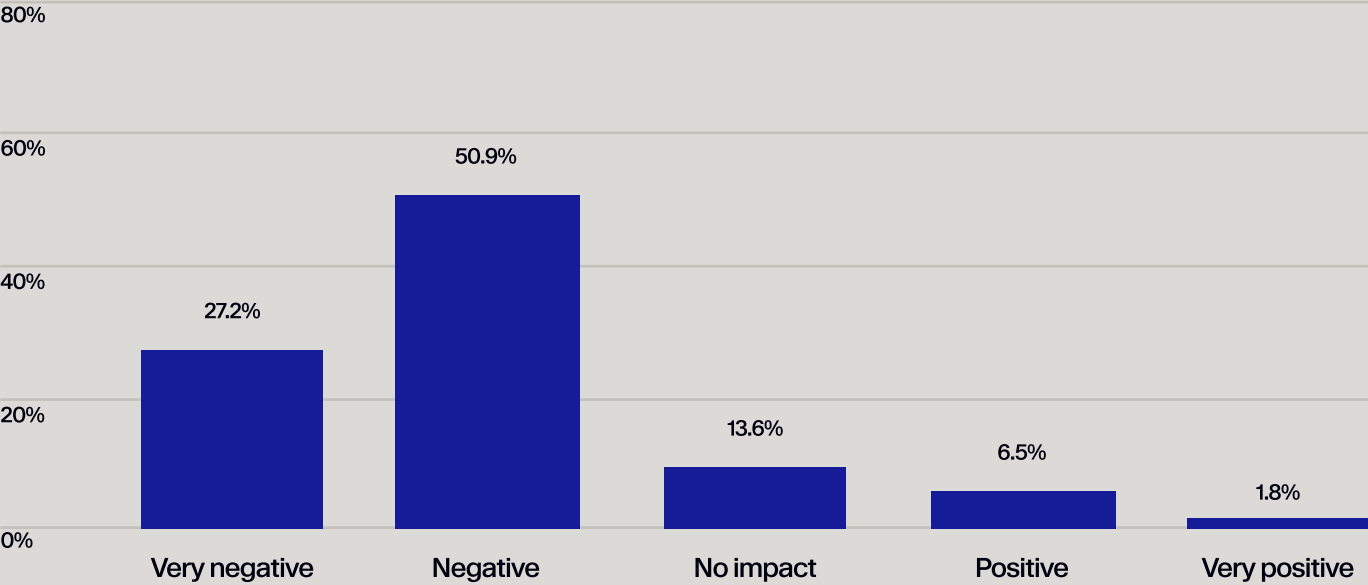


Figure 9: President Trump’s policies are seen as largely negative

Q: What impact will the Trump administration’s policies have on private markets?



A photograph of a red tennis court with a black net. A white line runs vertically through the center. A dark shadow of a person is cast on the court floor, reaching towards the net. The text 'Finding opportunity in uncertain times' is overlaid in white.

Finding opportunity in uncertain times

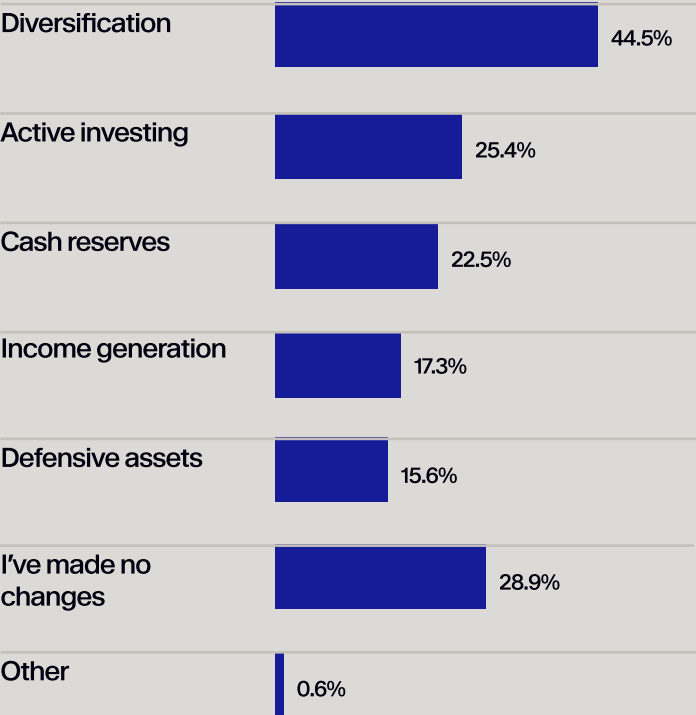
Faced with market gyrations, investors appear to be leaning on a time-tested strategy: diversification. About 45% of respondents said they are prioritising portfolio diversification, followed by a more hands-on investment approach and a renewed focus on cash reserves (figure 10).

When asked which assets they see as especially promising for return potential, two standout answers emerged. Mid-market buyouts received 51.2% of votes, followed by secondaries with 45.8% (figure 11).

The mid-market segment offers several characteristics that may prove advantageous in a more challenging economic environment. Smaller companies, which often hold greater potential for outperforming the market (alpha generation),² are typically easier to finance given their lower debt requirements and present a broader range of exit options.³

Figure 10: In times of distress, investors are doubling down on diversification

Q: In the past 12 months, I've prioritised (multiple options)

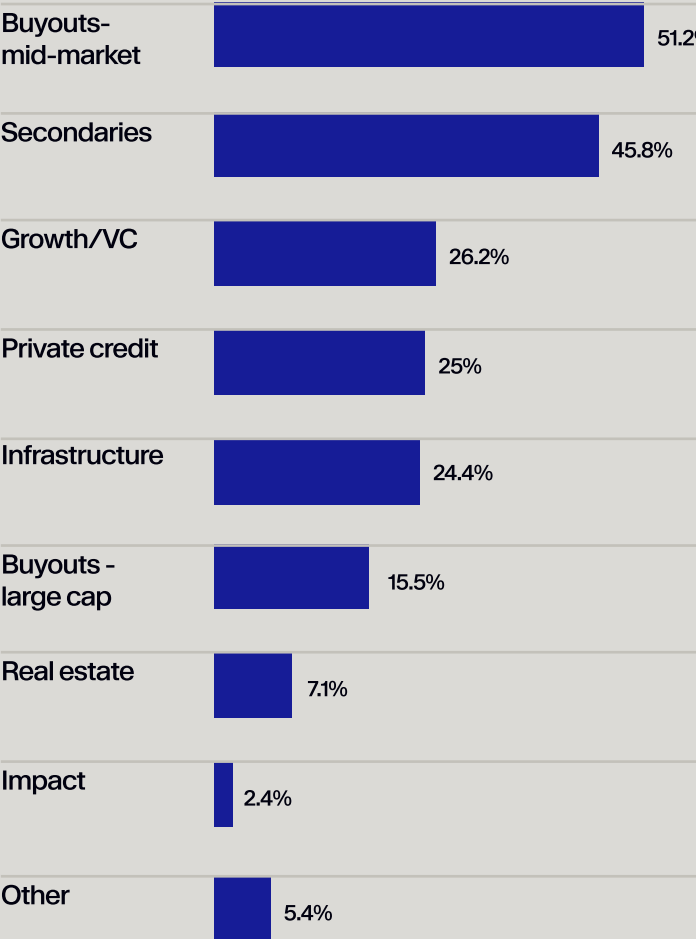


Mid-market businesses also tend to be domestically focused, with localised customer and supply chains — a growing strength in an era marked by heightened trade restrictions.

Secondaries are another investment strategy that survey respondents widely expect to benefit from market dislocation. Motivated, or even distressed, PE sellers could further fuel transaction volumes in an already buoyant market. In 2024, between \$152 billion⁴ and \$162 billion⁵ changed hands across both LP-led and GP-led deals, an all time high. And appetite continues to grow: in Q1 2025 alone, secondaries funds raised a record-breaking \$50.7 billion.⁶

Figure 11: Mid-market buyouts and secondaries are believed to emerge as winners

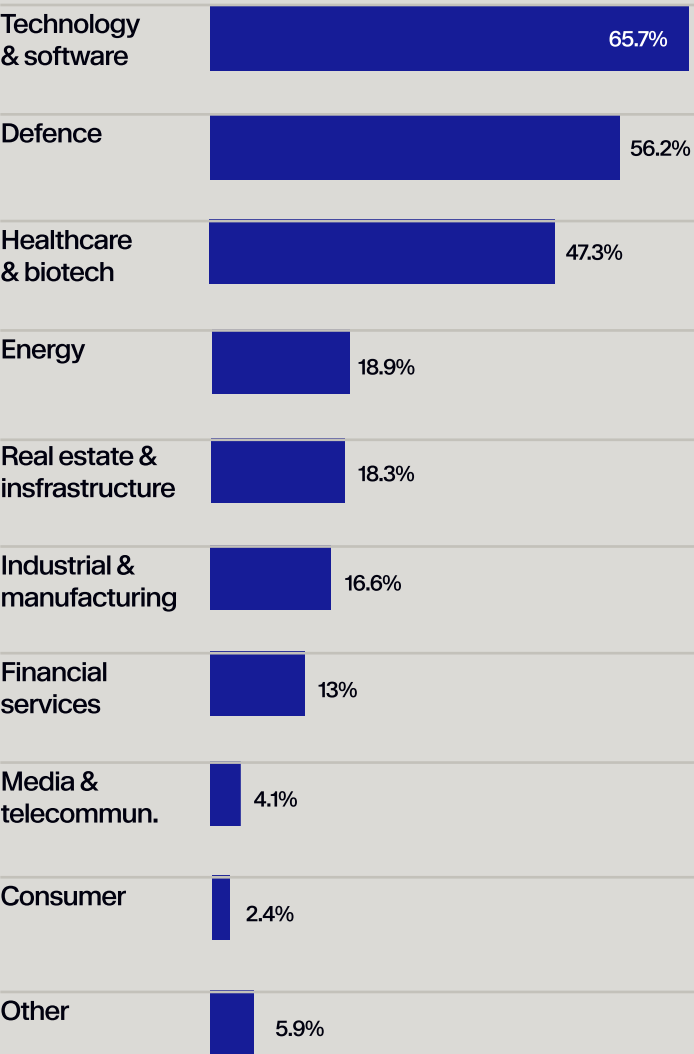
Q: Which strategies do you expect to perform best in the next 1-3 years? (multiple options)



Sector-wise, the defence industry has jumped into second place as an area of perceived opportunity, receiving 56.2% of investor votes — trailing only technology and ranking ahead of healthcare and biotech (figure 12). Demand for investment in defence and security has risen sharply in recent years, with PE and VC firms becoming increasingly active in the space. Between January and mid-March 2025, firms invested \$4.3 billion globally — nearly matching the total for all of 2024, according to S&P Global Market Intelligence.⁷

Figure 12: Technology remains most attractive, followed by defence assets

Q: In your view, which sectors have the most promising investment potential? (multiple options)

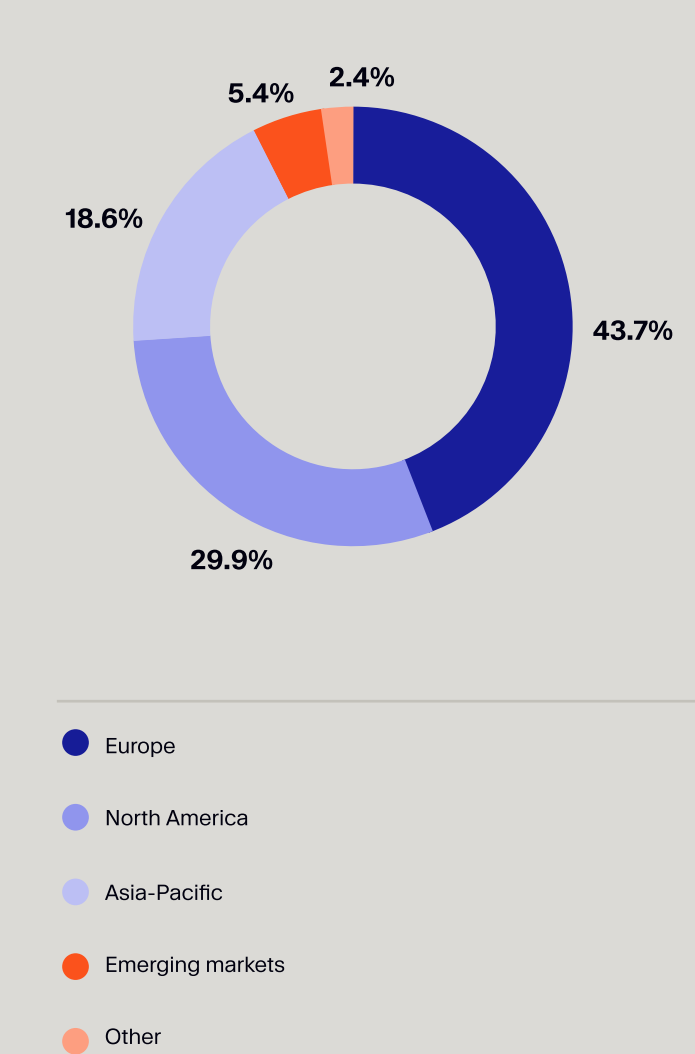


Finally, the survey also revealed a shifting regional focus away from the US and toward Europe. Most respondents (43.7%) believe Europe currently offers more favourable conditions for private equity than the US or Asia Pacific (figure 13).

This sentiment likely stems from comparatively more attractive valuations among Europe-based companies, an arguably more stable political and economic climate and a greater willingness among European central banks to cut interest rates.

Figure 13: Europe overtakes US as the more attractive investment region

Q: Which region offers the best macroeconomic environment for private market investing in 2025?



CHAPTER 3



**Feeling the liquidity
squeeze**

Liquidity considerations have moved higher on the agenda for some investors, driven by a slowdown in distributions in recent years.

Nearly half of respondents expressed concern about declining proceeds from PE funds (figure 14) with 42% citing this as their main reason for holding back on further allocations to private markets — ahead of uncertainty around future returns and broader macroeconomic risks (figure 15).

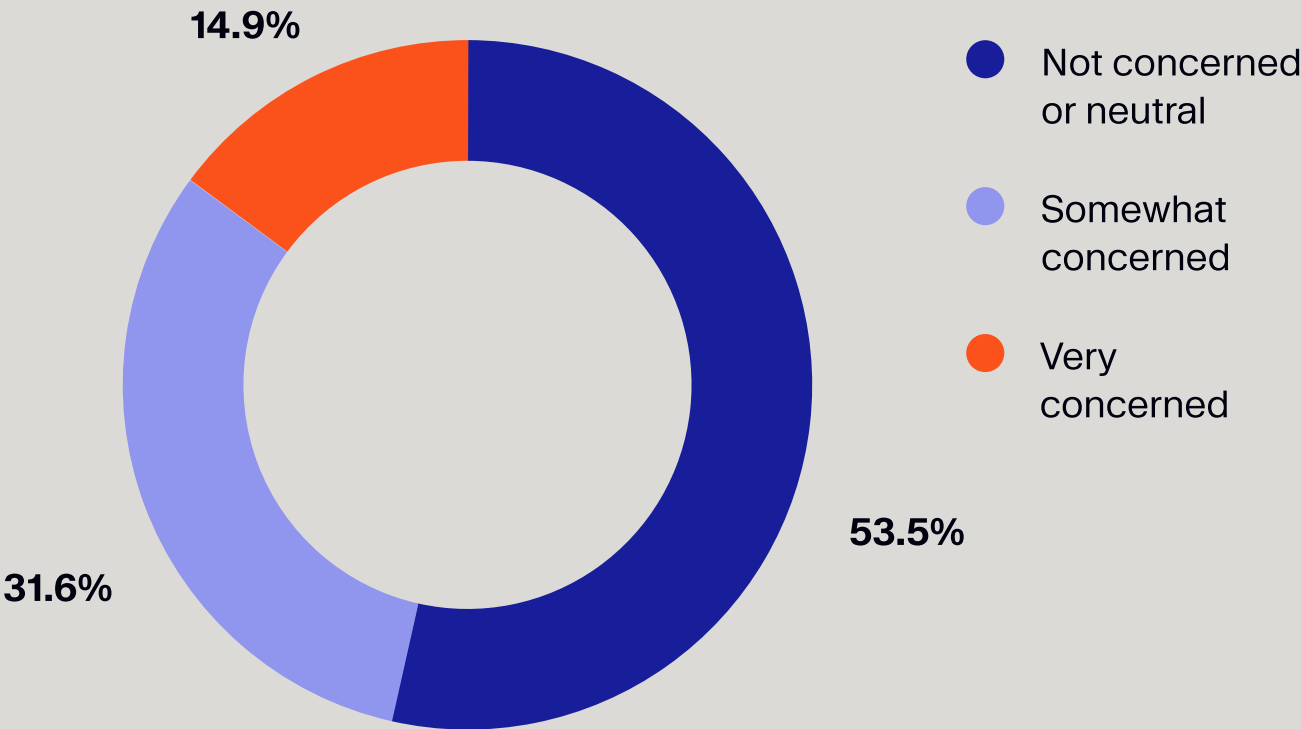
A majority of respondents (57%) indicated they would consider increasing their allocations if liquidity options improved (figure 16). However, views diverge on what the ideal solution might look like: secondaries, shorter lock-up periods and semi-liquid structures each received between 20% and 25% of votes (figure 17).

Crucially, all of these alternatives would also need to generate satisfactory returns, as only a small proportion (15%) of investors say they’re willing to accept lower returns in exchange for more liquidity (figure 18).

Finally, investors were asked to identify their key metric for gauging success in private markets. Multiple on Invested Capital (MOIC) or overall return remains the preferred indicator, followed by Internal Rate of Return (IRR), which calculates the annualized return on investment, including unrealised profits. Interestingly, more than a quarter of respondents say the Distributed to Paid-In Capital (DPI) metric is what they currently prioritise in PE investments (figure 19).

Figure 14: Almost half of respondents say liquidity is a concern

Q: How concerned are you about liquidity when investing in private markets?



This emphasis on tangible outcomes reinforces the notion that some investors are reluctant to make new commitments without clearer visibility on distributions. This also raises a critical question: what are private equity managers doing to solve the liquidity puzzle? We believe the following innovations could help ease the pressure:

- GP-led transactions:** continuation fund volume has increased over the past years, allowing GPs to distribute capital to LPs willing to cash out, while maintaining ongoing exposure to high quality assets that can generate additional value. Continuation vehicles have proven one of the most effective ways to generate liquidity in a challenged exit environment.⁸
- Structured liquidity solutions:** GPs are also using structured products like tender offers and NAV-based lending to provide liquidity. NAV lending, for example, involves borrowing against the underlying assets in a portfolio, based on their net asset value. The market for these loans is still relatively small but it's expected to expand quickly.⁹
- Rise of secondaries managers:** as mentioned, there has been a rise in secondaries players that can take advantage of LP's need for liquidity to source and execute high-quality transactions at potentially more attractive terms.

Figure 15: The distribution pinch is slowing down fundraising

Q: What's preventing you from investing more in private markets in 2025? (multiple options)

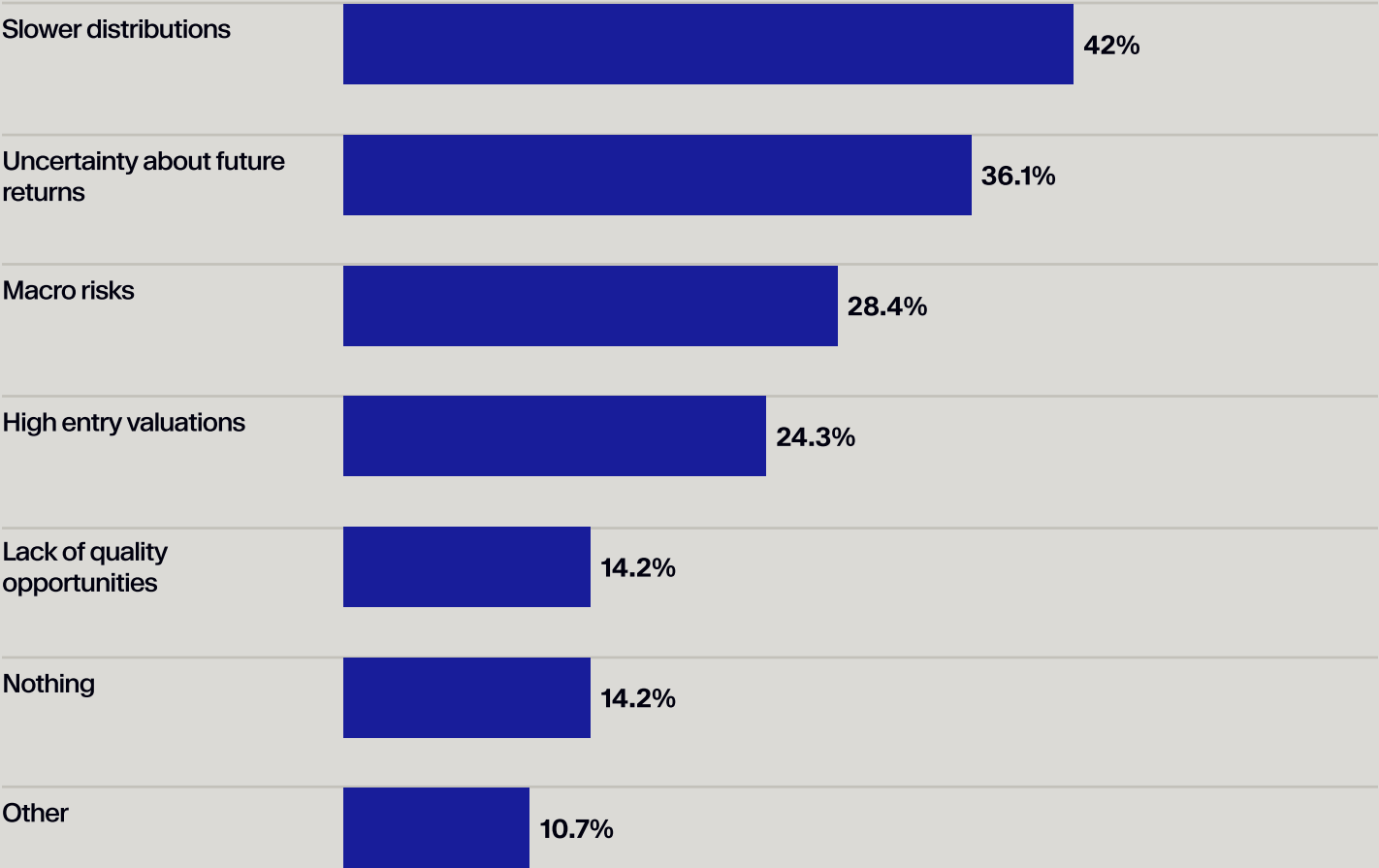


Figure 16: With more liquidity, investors would ramp up their activity

Q: Would you invest more in private markets if liquidity options improve?

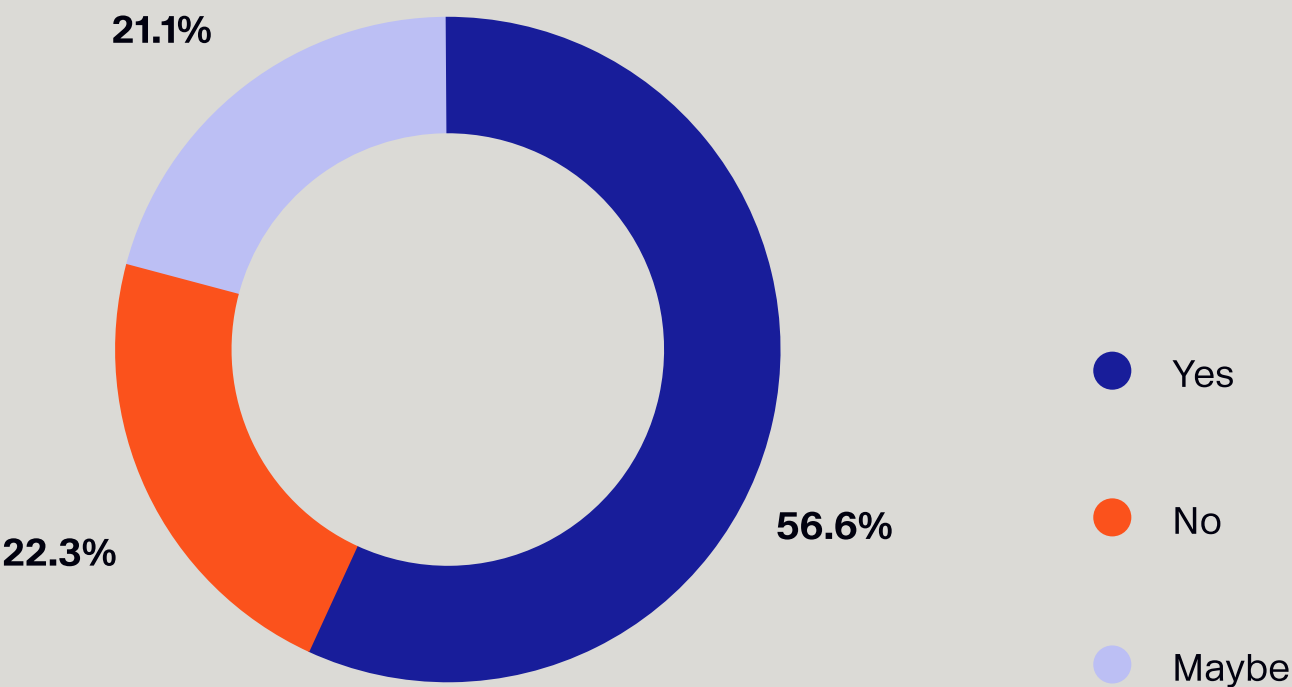


Figure 17: No liquidity solution is seen as a magic bullet

Q: What liquidity solution would make private market investing more attractive to you?

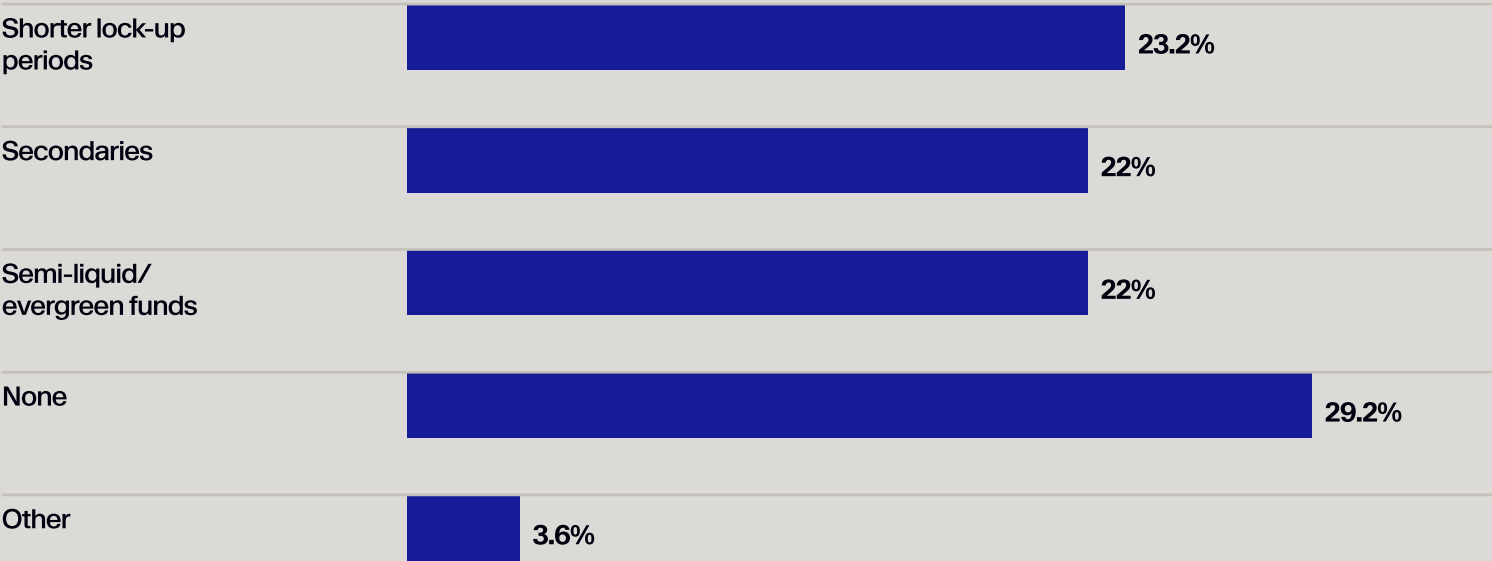


Figure 18: More liquidity for lower returns? Most investors aren't willing to trade off

18

Q: Would you be willing to accept lower returns in exchange for more liquidity in private market investments?

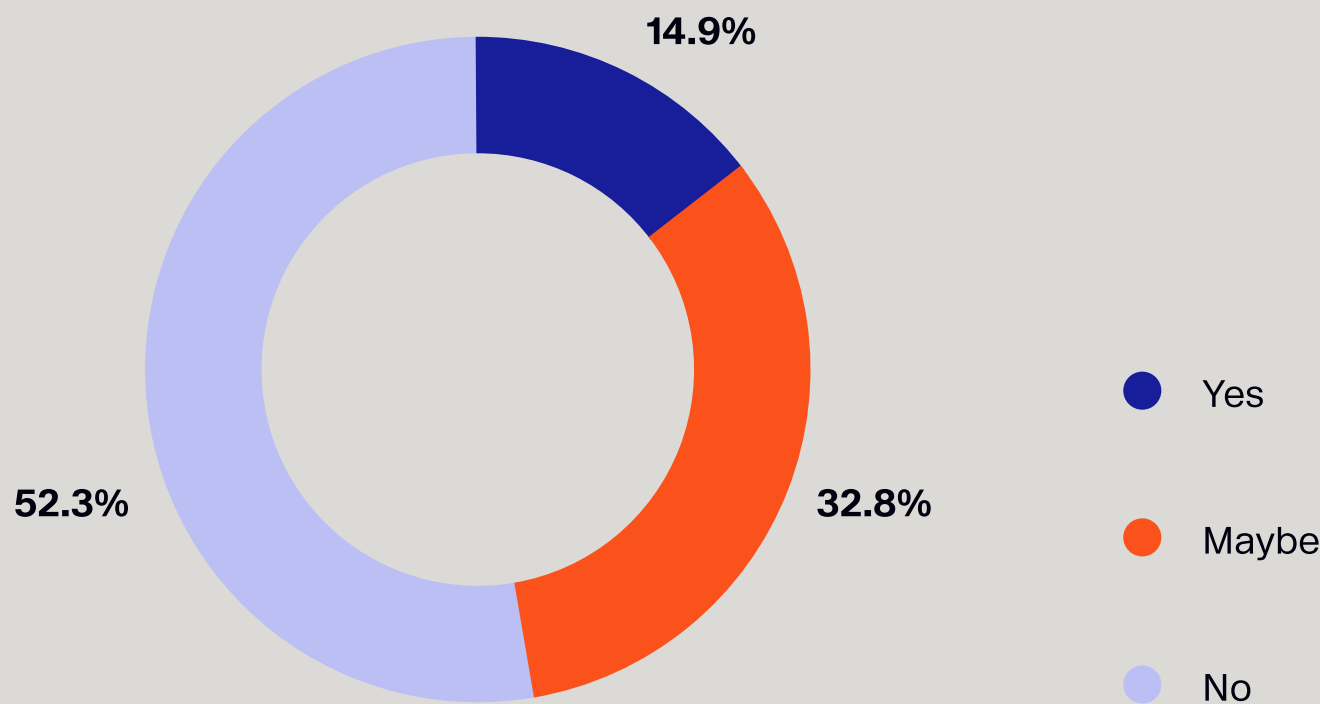
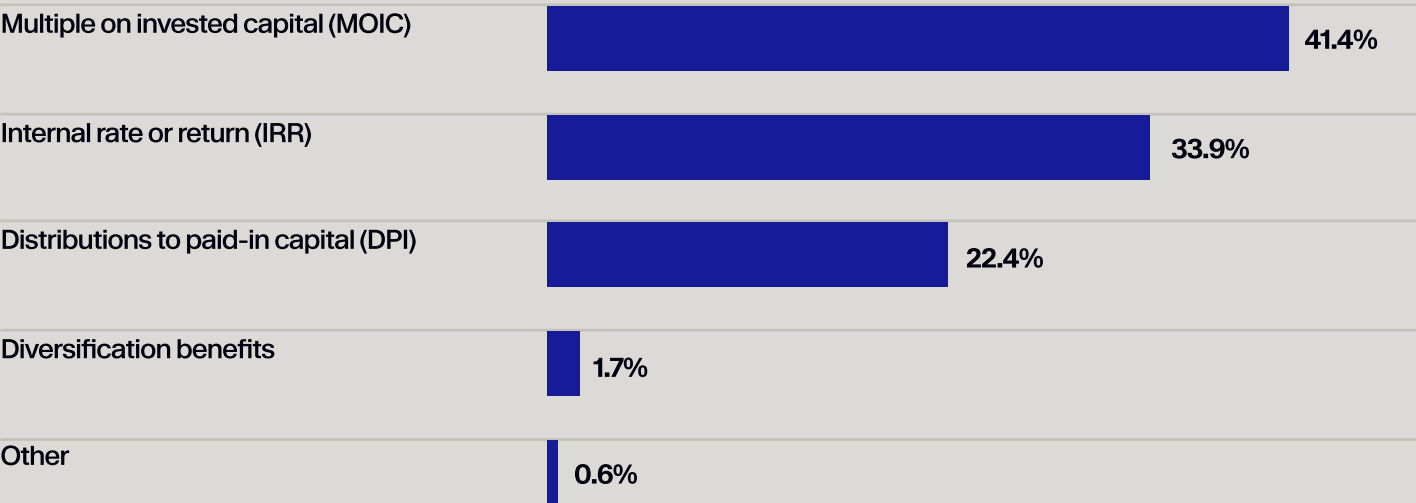


Figure 19: Investment multiple remains a favoured success metric

What's your key metric for evaluating the success of private market investments?



Taking a pragmatic approach

Moonfare's survey reveals that while investors face economic worries and geopolitical tensions, their confidence in private markets holds steady. Interest in mid-market buyouts and secondaries remains high, with Europe emerging as a preferred region. Liquidity concerns are real, yet respondents see these challenges as manageable with the right solutions. Ultimately, we believe the survey also highlights a pragmatic approach: investors are balancing current economic uncertainties with a robust belief in private equity's potential to generate superior returns.

ENDNOTES

1. Pitchbook 2025
2. Morgan Stanley 2024
3. Advisor Perspectives 2025
4. Lazard 2025
5. Jefferies 2025
6. Secondaries Investor 2025
7. S&P Global 2025
8. Jefferies 2025
9. PE International 2024

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Moonfare GmbH,
Köpenicker Straße 40c,
Berlin, Germany
team@moonfare.com
www.moonfare.com

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