Q3
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GAIM

GLOBAL ALTERNATIVE
INVESTMENT MANAGEMENT

Quarterly Private Market Perspectives

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GAIM's Private Market Perspectives – Q3 Update

Dear Investor,

Welcome to the latest edition of **GAIM's Private Market Perspectives**, featuring selected developments across private markets, alternative investments, and the broader capital markets.

In this edition:

- Private-market liquidity evolves as secondary transaction activity reaches record levels
- Traditional exit markets improve, but remain selective
- AI infrastructure demand shifts toward inference as adoption broadens

Market Overview

The U.S. economy continued to expand during the third quarter with consumer spending remaining resilient. September 30 data showed that real GDP increased at a 2.2% annualized rate in the second quarter, while August PCE inflation was 3.4% year over year and core PCE inflation was 3.0%. In September, the Federal Reserve raised its target interest-rate range by 0.25 percentage points to 3.75%–4.00%, as policymakers continued to balance solid economic activity against persistent inflation pressures.

Private-market activity has continued to improve, but generating cash for investors remains a challenge. Traditional exits, primarily sales of portfolio companies and initial public offerings, remain available for stronger businesses, although exit conditions remain challenging for many portfolio companies. U.S. private equity recorded 167 exits totaling $66.7 billion during the second quarter, although both the number and value of exits declined from the first quarter. As a result, private-market managers and investors continue to use alternative sources of liquidity, including secondary transactions and continuation funds.

Overall, private-market conditions continue to improve, although liquidity remains an important consideration. Traditional exit markets are becoming more active, while secondary markets continue to provide investors and managers with additional options for managing liquidity and portfolio exposures.

Private Markets Update

Private-market activity continued to evolve during the quarter, with notable developments across exit markets, secondary transactions and AI infrastructure.

Key developments:

- **Traditional exits are becoming more active:** M&A activity has improved and IPO issuance has rebounded, although exit conditions remain uneven.
- **Secondary activity reached record levels:** Both LP-led and GP-led transactions reached new first-half highs as investors and fund managers increasingly use the secondary market to manage liquidity and portfolio exposures.
- **AI infrastructure demand is shifting toward inference:** As artificial intelligence moves from model development toward broader deployment, data-center demand is expected to shift increasingly toward inference workloads, the computing required to run trained AI models in real-world applications.

Traditional Exit Markets Remain Selective

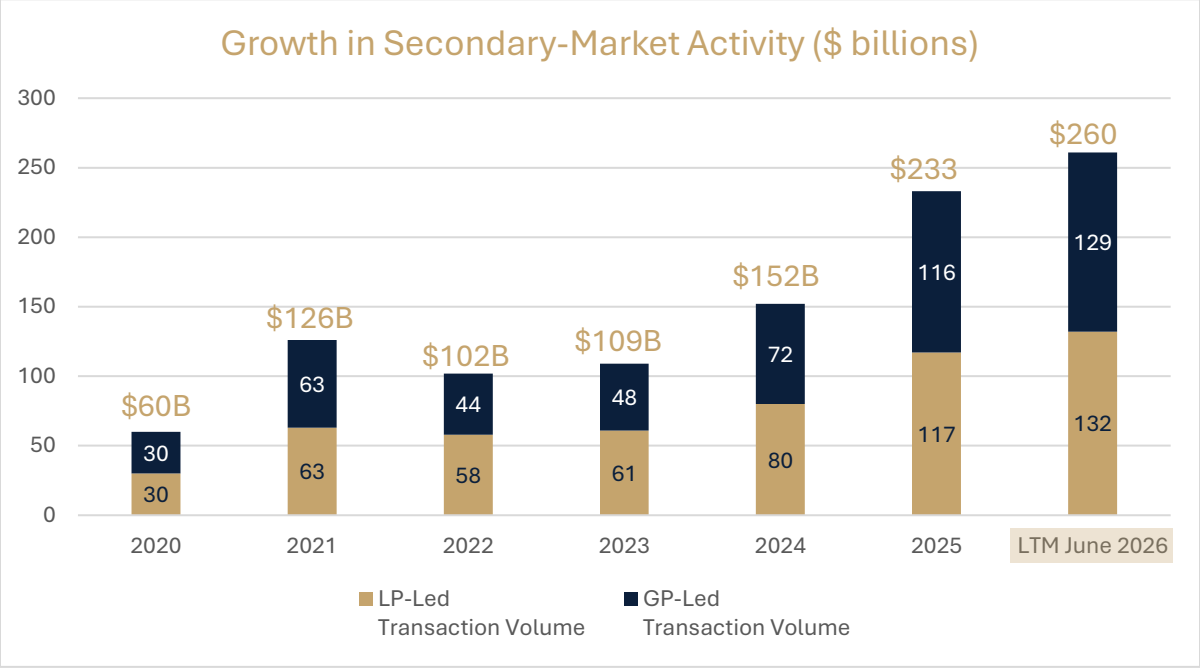
Traditional exit markets are showing signs of improvement, but the recovery remains uneven. M&A activity has improved from recent lows and IPO activity increased during the second quarter, providing additional avenues for private-market managers to realize investments. However, U.S. private-equity exit value declined approximately 40% and exit volume approximately 19% from the first quarter, demonstrating that the recovery in exit activity remains uneven.

The pace of exits matters because distributions provide liquidity that investors can use to fund new commitments or other portfolio needs. With a growing share of private-equity assets being held for extended periods, managers and investors continue to consider a range of liquidity options while traditional activity remains constrained.

The Expanding Private-Market Secondary Ecosystem

Secondary markets provide investors and fund managers with alternatives to waiting for a traditional portfolio-company exit. Transactions can include LP-led sales of fund interests, GP-led continuation vehicles and direct secondary transactions involving interests in individual private companies.

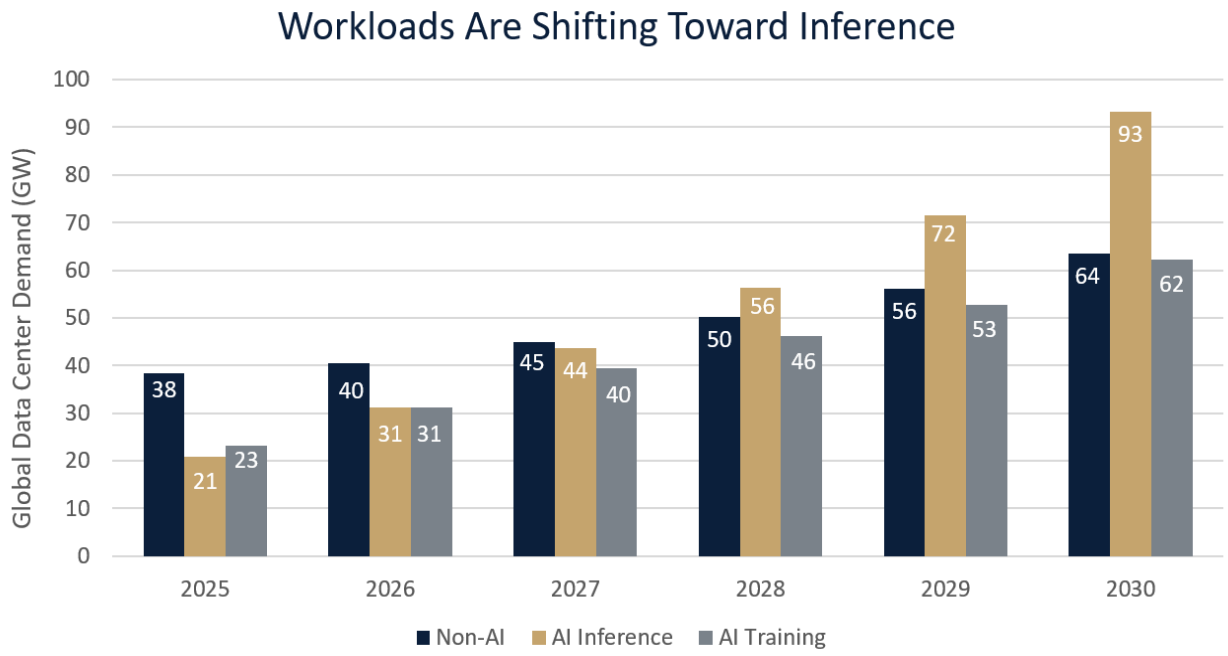
As the secondary market has grown, its use has broadened. LPs can use secondary sales to manage portfolio exposures and liquidity needs, while GPs can use continuation vehicles to offer existing investors liquidity while retaining selected portfolio companies. As shown below, this broader use has coincided with significant growth in both LP-led and GP-led transaction activity, with total secondary-market volume reaching approximately $260 billion for the twelve months ended June 2026.



Source: *Lazard, Interim Secondary Market Report 2026, August 2026.* Lazard Estimates. Figures may not add due to rounding.

AI Infrastructure: Demand Shifts Toward Inference

As artificial intelligence moves from development toward broader adoption, the composition of data-center demand is expected to change. McKinsey projects AI inference, the computing required to run trained AI models and deliver outputs to users, to become the largest data-center workload category by 2030.



Source: McKinsey & Company, The Future of AI Workloads, February 24, 2026.

The shift is significant for private markets because inference demand extends beyond the training of large AI models. As AI applications are deployed more broadly, computing requirements are expected to expand across cloud campuses, metro and near-metro data centers, and edge environments. This broadening of AI workloads could increase infrastructure requirements across power, computing, networking, cooling and related technologies.

What We Are Watching

Over the coming quarter, we will be monitoring:

- **Traditional exit activity:** Whether the recovery in M&A and IPO markets broadens and creates additional distribution opportunities for private-market investors.
- **AI infrastructure deployment:** How growing inference workloads affect data-center capacity requirements and investment across computing, power, networking and cooling infrastructure.
- **Interest rates and financing conditions:** How inflation, monetary policy and financing costs affect private-market valuations, transaction activity and capital formation.

We appreciate your continued interest in GAIM and our private market perspectives. We look forward to sharing our next Market Perspectives update following Q4 of 2026.

Please contact Prateek Mehrotra at Prateek@GlobalAlts.com or Robert C. Riedl at Robert.C.Riedl@GlobalAlts.com with any questions regarding this update.

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Sources:

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