



With ample dry powder and lower sensitivity to market volatility, CIO continues to recommend private credit and anticipate outperformance versus its public counterpart. (UBS)

How private assets can play a key role in long-term investment plans

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Private assets can play a key role in long-term investment plans, with potential benefits both in terms of better risk-adjusted performance over traditional asset classes and enhanced diversification.

- Over the long run, we expect portfolios that include private assets to outperform those that do not, as less efficient markets and active ownership should offer greater opportunities to capture a premium.
- In private equity (PE), we currently seek exposure to value-oriented buyouts and continue to recommend allocations to secondaries. We anticipate exit options for portfolio companies to improve in 2025 with secondary exit solutions becoming a more favored liquidity option. We expect more Limited Partners (LPs) and General Partners (GPs) to continue to use the secondaries market for liquidity solutions across both PE and venture capital (VC).
- We continue to recommend private credit; however, manager selection is key. Manager dispersion is far greater in private credit than public credit, and manager performance tends to persist across top and bottom private-fund managers. With yields near 10%, low defaults, declining leverage, and ample covenants, alongside CIO's outlook for lower growth combined with two Fed cuts in 2H25, we remain constructive on the sector. With ample dry powder and lower sensitivity to market volatility, we continue to recommend private credit and anticipate outperformance versus its public counterpart.

- In real estate assets, the case for private real estate as a diversifier remains intact. A bottoming trend in a majority of CRE values began occurring in late 2024, and the results through January 2025 are encouraging. We believe 2025-30 will be rewarding to those investors who do detailed market, submarket, and asset-specific research to identify those markets that are benefitting from strong demographics, migratory patterns, and job creation.

Original report: [Private markets: Quarterly private markets update, 21 March 2025.](#)

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