# Unlocking private markets

Autumn 2025

BlackRock

## The opportunity in private markets

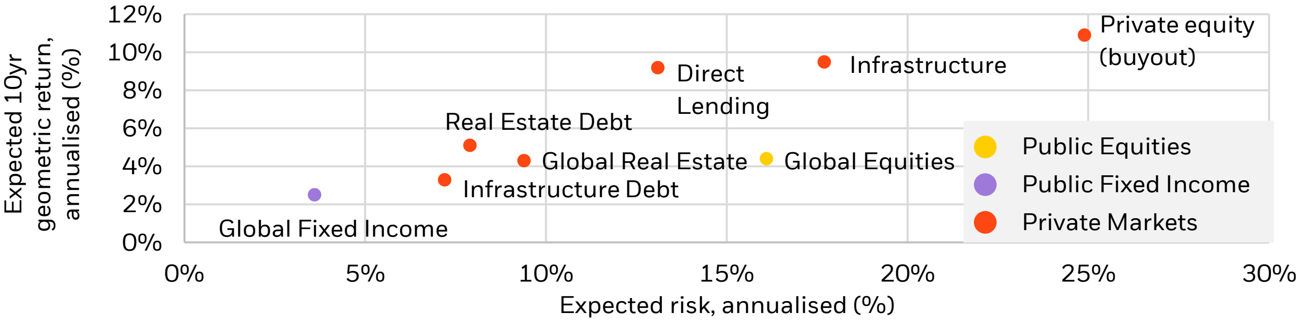
**Private markets are set to become a key growth engine for the EMEA wealth industry**, expanding over 3x faster than public markets and expected to mobilise over $400B in assets.[1] Institutional investors have long allocated to private markets – a Preqin study of 4k+ institutions ($22.4T AUM) found average allocations to alternatives reached 22% in 2024.[2] Wealth managers are now starting to recognise – and act upon – this opportunity.

**Today, over two-thirds of EMEA wealth investors are believed to allocate just 0-5% of their portfolio to private markets. That figure is set to rise by 2030, with over 70% of investors expected to allocate 5-20% to private markets** – and allocations over 20% forecast to double.[3] While ultra-high-net worth individuals are already allocating 15-20% of their portfolios to private markets on average,[4] high-net-worth and affluent individuals will play an increasing role, with their allocations expected to more than double in five years.[5] Regulatory changes are supporting this shift, including the introduction of the European Long-Term Investment Fund (ELTIF) 2.0 and Long-Term Asset Fund (LTAF) – broadening access to private assets via traditional advisory, discretionary portfolio management, unit-linked insurance and digital platforms. Powerful drivers are attracting wealth investors to private markets:

- **A deepening and broadening opportunity set.** 88% of global companies over $100m in revenue are private,[6] rising to 92% in Europe.[7] Companies are also staying private for longer – the average age at IPO has nearly doubled over two decades, from eight years in 2004 to 14 in 2024.[8]
- **Potential for enhanced returns and diversification.** We believe private markets are well-positioned to outperform public markets over the long term, capitalising on unique investment opportunities (see figure 1) and deliver higher alpha vs. public markets. They can also enhance portfolio diversification through idiosyncratic risk and exposure to complementary risk factors distinct from public markets – which may be particularly valuable as stock-bond correlations have increased.
- **Exposure to structural mega forces.** Private markets allow investors to access structural themes before companies go public. Mega forces, such as AI, geopolitical fragmentation, and ageing demographics, can be captured across private market asset classes: for example, AI can be accessed through private equity and debt (e.g. investments in chips, models and applications) and infrastructure and real estate (data centres and the energy infrastructure to power them).

**Key challenges EMEA Wealth clients face when allocating to evergreen funds include illiquidity** (selected by 35% of 430+ clients polled by BlackRock), lack of transparency around track record and performance (29%), and lack of availability (29%).[9] While open-ended evergreen structures help to mitigate private markets' inherent illiquidity, it is important to select managers with a robust liquidity management process. As more ELTIFs come to market, investors will benefit from greater choice and improved transparency on fund track records.

**Figure 1: Private market asset classes could offer higher returns vs. public markets**
BlackRock's Capital Market Assumptions (EUR, 10-year)




**This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Forecasts are not a reliable indicator of future performance.**
Source: BlackRock, as of August 2025, CMA data as of end-June 2025; currency: EUR; time period: 10 years. Return assumptions are total nominal returns. Asset return expectations are net of assumed fees. Fees and alpha are estimates for illustrative purposes only and do not represent any actual fund performance. Indices are unmanaged and one cannot invest directly in an index. These portfolios represent a sample of just four of the various possible solutions on the efficiency frontier. BlackRock has not considered the specific needs of the client and is not making any recommendation of any particular option. You should consider the most appropriate allocation for your needs. Global Equities are proxied by the MSCI All Country World Index, Global Fixed Income by the Bloomberg Barclays Global Aggregate Index.



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**Within growth asset classes, upcoming vintages in private equity (PE) and real estate (RE) may present attractive entry points** following valuation adjustments driven by higher rates, while long-term tailwinds – such as AI growth and the energy transition – support infrastructure equity. **Income private markets generally offer higher yields vs. public markets**, but slower economic growth and higher dispersion highlight the importance of careful credit selection.

## Attractive entry points in private equity

**Among the 430+ EMEA investors surveyed by BlackRock, the majority (56%) pointed to private equity as the top asset class where they're looking to increase allocations**.[10] While elevated financing costs and valuation gaps continue to weigh on deal flow, growing momentum in secondary markets, renewed IPO activity, and robust private credit deployment suggest improving liquidity and capital access. This may support a recovery in deal flow after a 12% QoQ drop in private equity deal count and a 29% QoQ fall in total deal value in Q2 amid macro uncertainty[11] – especially with $1.2T of dry powder on the sidelines.[12]

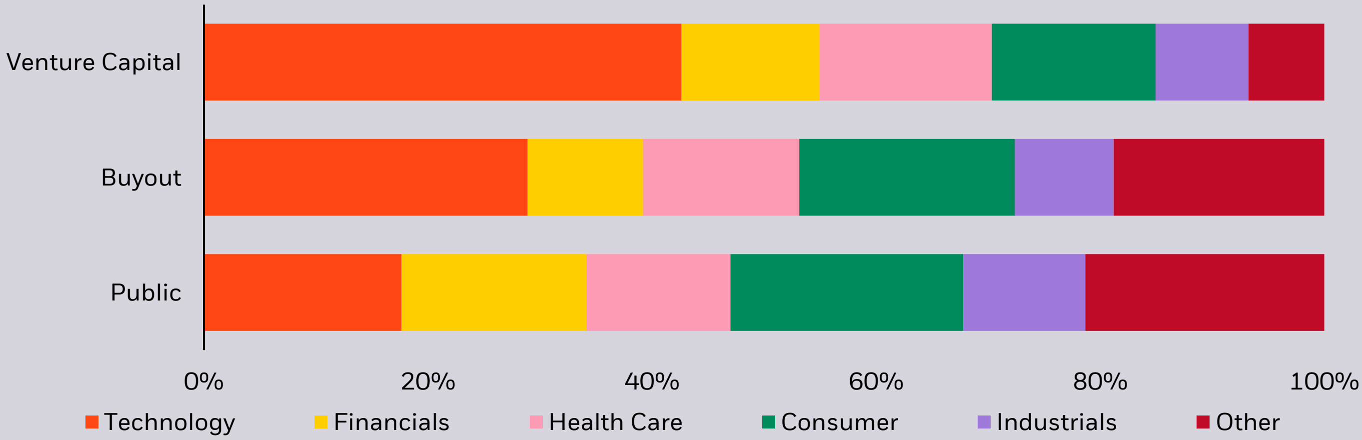
- **Secondaries have maintained momentum, accounting for 14% of global PE fundraising in H1 2025[13]** – above the five-year average. Amid continued soft exits – the number of PE exits in Q2 hit its lowest level since Q4 2022,[14] due to difficulties in valuing businesses amid uncertainty – Preqin reports that 57% of investors believe the secondaries market presents the best private equity opportunities over the next 12 months, nearly matching interest in small- to mid-market buyouts.[15] Transaction volumes across LP and GP-led deals are projected to exceed $200B this year (up 23% from 2024),[16] with GP-led deals now accounting for nearly half of all secondary activity, helping GPs return capital to LPs. Continuation Vehicle transactions are also on the rise: while sometimes used to generate liquidity, these structures are more commonly deployed to retain high-conviction assets and maximise long-term value creation, rather than simply serving as a workaround for slow exit markets. On the demand side, LP-led portfolio pricing initially fell 300–500bps amid post-'Liberation Day' volatility but quickly rebounded. Overall, pricing remained relatively flat across strategies (90% of NAV) from the start of the year. Venture funds saw some pricing increases (appreciating +300bps to 78%), while buyout funds held steady at 94%. Still, with $601B in AUM – less than 5% of global PE assets – secondaries remain comparatively modest relative to the broader PE market.[17]
- **June IPO issuance surged 45% YoY, led by sponsor-backed offerings in healthcare and enterprise software.**[18] While it's premature to call this a full reopening of the IPO window, the trend is encouraging and could signal the re-emergence of a critical exit path for larger PE-backed companies.
- **Private credit is increasingly servicing a wider range of borrowers, including firms which have demonstrated access to public/syndicated debt markets.** In some instances, this has intensified competition for deals, allowing GPs to secure more flexible and cheaper financing – directly boosting private equity returns.

### Accessing private equity: the most compelling opportunities

**We see an attractive entry point to private equity as valuations have adjusted to higher interest rates.** Corporate carveouts are gaining prominence as corporations streamline operations and valuations stabilise. Middle-market buyouts – particularly in the $25m-$1B range – present compelling opportunities, given their lower leverage and focus on operational improvements. BlackRock's Private Equity team sees strong potential in healthcare and technology, which are better-represented in private vs. public equity (see figure 2), with corporate carveouts and AI-driven solutions presenting significant upside.

**The BlackRock Private Equity Fund (BPE)** offers access to a private equity portfolio of direct co-investments and secondaries, with exposure to top global private equity sponsors. It maintains an investment focus on buyout and growth, with broad diversification across sectors and company stages.

**Figure 2: Private equity tilts toward secular industries**
Public vs. private market sector breakdown 2015-2022 with public beta




Source: Preqin. Bars show the average-weighted sector breakdowns for the public markets (based on MSCI All-Country World Index), buyout deals and venture capital (both based on Preqin deal universe) from 2015-2022. Data sourced on 20 June 2022. Beta shown here is Raw Beta as defined by Bloomberg. All sectors indices are compared to the MSCI World Total Return Index since 2015. 'Other' includes energy, materials, utility, real estate and communication services.

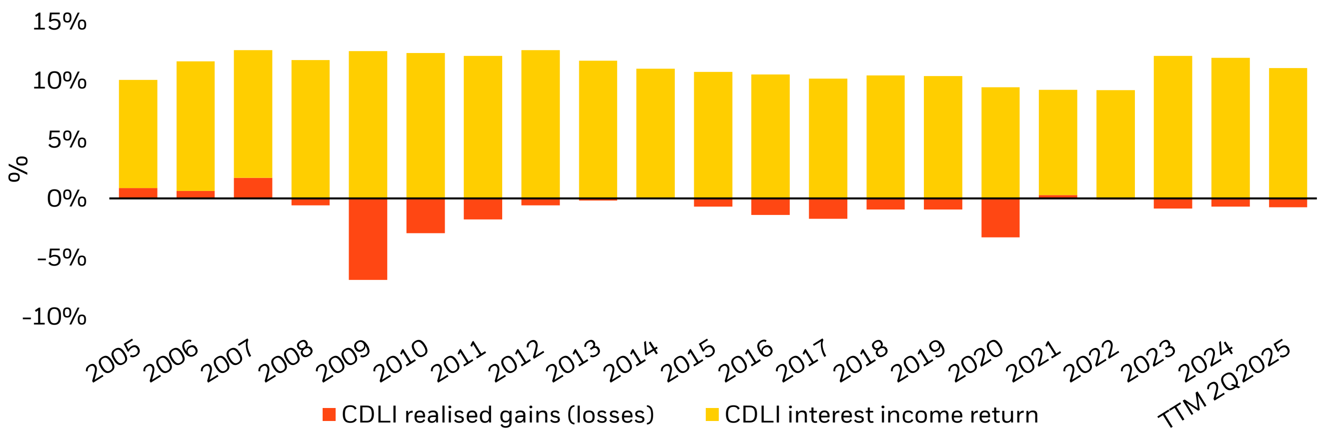
## Select income opportunities in private credit

**Private credit is poised for continued strong growth, having delivered a 12% CAGR over the past five years.** We expect AUM to rise to $4.5T by 2030,[19] driven by bank retrenchment, borrower demand for flexible terms and investor appetite for income and diversification. Its addressable borrower base is expanding as larger fund sizes enable both bigger deals and tailored financing for smaller borrowers.

**Fundraising hit $84.2B in H1 – nearly half the 2024 total**,[20] with demand driven by reliable income and higher yields vs. public credit. Private credit was the second most popular asset class where EMEA investors are looking to increase allocations (selected by 47% of 430+ BlackRock survey respondents).[21]

**Private credit fundamentals remain resilient.** For example, loss rates for US middle market loans look modest – especially compared to their income potential – averaging c.1% losses over 5-10 years (see figure 3).[22] However, weaker economic growth is driving dispersion, fuelling a preference among investors for experienced managers with scale and restructuring expertise.

**Figure 3: Direct lending has consistently delivered higher income and lower losses in recent years**
Trailing 12-month income return and realised gains (losses) for Cliffwater Direct Lending Index (CDLI)




**The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.** Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index. Source: Cliffwater Direct Lending Index. As of March 31, 2025 (most recent available). Realized gains in the CDLI can be driven by equity stubs, warrants, and gains on exited investments. These were more common in 2005-2007, when second lien and mezzanine loans were a greater portion of the CDLI. We exclude unrealized gains and losses in this chart. Long-term unrealised gains (losses) are approximately zero, as they either convert to net realized losses upon a credit default or are reversed when principal is fully repaid.

### Accessing private credit: the most compelling opportunities

- **European mid-market:** as it evolves and becomes more institutionalised, Europe's private credit market is expected to grow faster vs. the US in relative terms. European banks account for c.70% of lending, vs. c.20% in the US,[23] but their retreat is reinforcing the need for private credit. The BlackRock European Core Middle Market team prefers resilient, non-cyclical businesses with strong recurring revenues, pricing power, local supply chains and domestic end markets – valuable traits amid elevated tariff uncertainty, inflation and compressed spreads. Healthcare, information technology, financial services and business services stand out for their resilience throughout credit cycles, with certain sub-sectors particularly attractive due to their growth potential.
- **US mid-market:** the BlackRock US Middle Market Lending team focuses on software, insurance, financial and professional services and construction companies with durable demand profiles, lower cyclicality and strong fundamentals. These companies are seen as positioned to sustained stable earnings growth through asset-light operating models and essential, often subscription-based long-term services to domestic customer bases. These characteristics can help ensure inelasticity of demand and strong retention rates.
- **Venture debt:** most innovation today is staying private, including in the healthcare, tech, AI, climate tech and fintech spaces. Venture debt funds appear poised to benefit from financing these high-growth, innovative companies. The BlackRock Growth Debt team prefers less cyclical growth sectors with strong unit economics, such as B2B enterprise software, cybersecurity, financial services and payments processing. Healthcare remains a strong portfolio diversifier, given the resilient performance of the sector through varying market environments.
- **Opportunistic credit:** opportunities lie in senior distressed debt and secondary market dislocations. Slower growth and sticky US inflation present a challenging environment for sponsors who are under increasing pressure to return capital. Competitive businesses bought before the pandemic during a period of high multiples and low rates are struggling to refinance and earn expected PE returns – they will need creative capital structuring.
- **Infrastructure credit:** private banks and family offices are increasingly allocating to the asset class, drawn by its diversification benefits, resilience through credit cycles, and regular cash interest distributions. The Infrastructure Credit team expects activity to rebound, tempered by uncertainty, particularly in digital and energy-related assets.

## Infrastructure at the intersection of mega forces

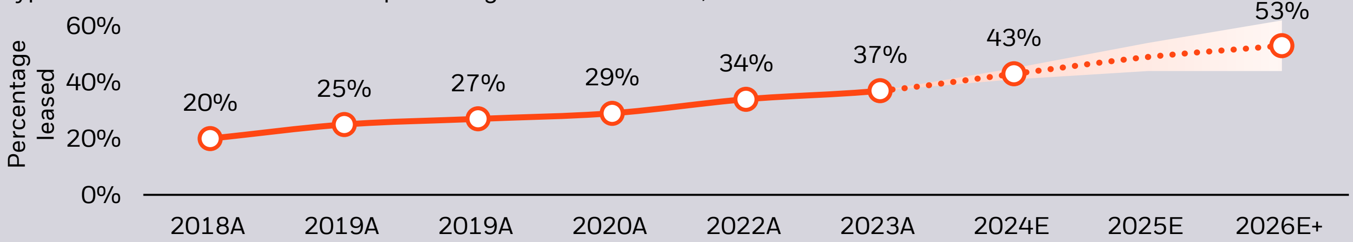
**Assets under management in infrastructure funds now top $1T – and are estimated to exceed $2T by 2028.**[24] H1 2025 saw $116.3B of assets raised in infrastructure funds, surpassing the first half of any year on record and 2024's total, with mega fund closes dominating.[25] Investors have been attracted by three key characteristics:

1. **Resilient returns, backed by stable cash flows.** Roughly $100T of investment will be required by 2040,[26] supported by mega forces such as AI and digital growth, the energy transition and geopolitical fragmentation. Government financing is limited given rising sovereign debt (which has tripled since the mid-1970s).[27]
2. **Diversification benefits from low correlation with other asset classes,** due to infrastructure's idiosyncratic characteristics.
3. **Inflation protection.** Infrastructure assets benefit from contractual mechanisms that mitigate inflation impacts on operating margins, which has historically enabled the asset class to outperform other more inflation-sensitive asset classes during periods of high or rising inflation.

### Accessing infrastructure: the most compelling opportunities

- **Growth in AI and digital:** rapid technological progress – particularly in AI – has supercharged demand for digital infrastructure and the energy required to power it. The continued data centre buildout is expected to require over $1T of investment and 3.5x the current data centre energy consumption through 2030, [28] with hyperscalers increasingly outsourcing development to specialised providers (see figure 4).
- **The energy transition:** this trend is reshaping global power systems, requiring huge investments in energy infrastructure. GIP sees opportunities in electrification (such as grid infrastructure and storage), clean fuels, circular economy and decarbonisation of heavy industries.
- **Mid-market investments**, particularly investments between $500m and $2.5B in enterprise value. This space allows to access emerging sector themes once they become attractive, has strong deal flow, value creation levers, and optionality to sell to a broad universe of financial and strategic buyers, leading to competitive exits.
- **Infrastructure secondaries:** deal volume reached a record $9.1B in H1,[29] driven by maturing infrastructure portfolios and the growing use of secondaries as an active portfolio management tool. Investors are attracted to secondaries' benefits such as shorter duration, faster deployment and vintage diversification.

**Figure 4: Hyperscalers are increasingly outsourcing to data centre developers, benefiting infrastructure funds that can tap into this opportunity**
Hyperscalers' leased vs. self-build percentage of installed base, 2018-2026 (forecast)




Source: EY Parthenon, August 2024. Note: 'A' = actual; 'E' = expected.

## Real estate poised for a turnaround

**Despite softer fundraising and deal value in Q2, we believe real estate appears poised for recovery** after two years of monetary headwinds. Fundraising was significantly stronger in H1 2025 than the prior six months and valuations are recovering across most sectors (ex offices), suggesting a cyclical trough and a potential entry point for new vintages.

### Accessing real estate: the most compelling opportunities

**The BlackRock Real Estate team highlights Europe as an attractive area of opportunity.** Capital raised by Europe-focused funds in Q2 hit the highest quarterly total since 2021.[30] While European real estate isn't immune to a broader economic slowdown, valuations – down 25% in the UK and 20% in the eurozone, from peak to trough[31] – appear to already reflect potential economic weakness, and could benefit from lower rates. The team highlights opportunities in:

- **Logistics**, which continues to benefit from structural drivers such as nearshoring, the expansion of e-commerce, and increased defence spending in Europe.
- **Residential,** underpinned by a severe supply shortage across Europe and the inflation protection offered by more frequent rent repricing.
- **Alternatives (data centres, life sciences, student housing, self-storage and childcare),** benefitting from long-term trends such as digitalisation and shifting demographics.

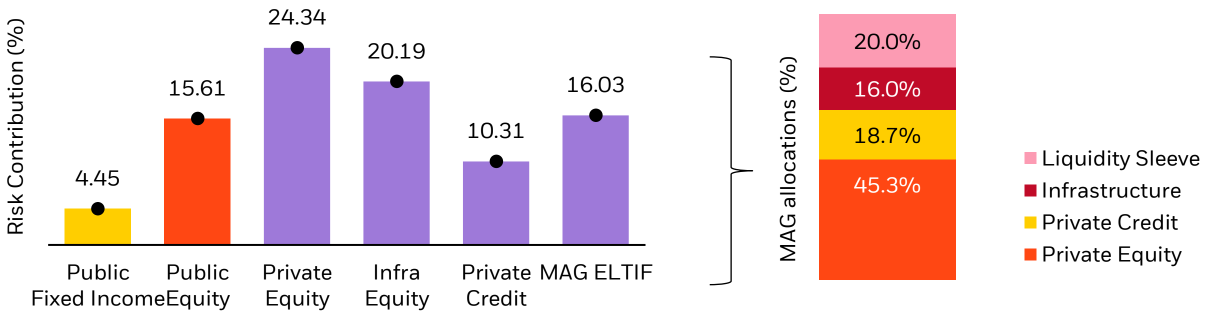
# Case study: enhancing portfolios with multi-alternative strategies

With appetite for private markets building among EMEA wealth investors, focus is shifting to implementation – determining the right type of exposure, funding sources within the public portfolio, and appropriate sizing given liquidity constraints.

**A multi-alternative allocation provides an effective entry point into private markets**. By combining private equity, private credit, infrastructure and opportunistic assets in a single vehicle, investors gain diversification across strategies that behave differently under varying market conditions. This can enhance resilience, reduce reliance on any one asset class, and open the door to attractive risk-adjusted returns. Importantly, multi-alts give managers more levers to work with, from secondaries and co-investments to private equity and opportunistic strategies. Having these additional tools enables faster and more consistent capital deployment, the flexibility to dynamically adjust allocations as market conditions change, and access to harder-to-reach niches such as royalties or media rights. Together, these features help manage the pacing of returns, reduce the impact of the J-curve, and broaden the overall opportunity set. A multi-alternative allocation, in evergreen format, is complimentary to traditional, closed-end, single strategy exposures already held in an investor portfolio.

The **BlackRock Multi-Alternative Growth Fund (MAG)** offers efficient access to institutional-quality deals across the private market spectrum. Its breadth allows investors to tap into structural themes such as AI and digitalisation, the energy transition, demographic change and geopolitical realignment. By linking private market access to long-term mega forces, MAG helps portfolios capture durable growth opportunities while enhancing diversification and resilience. With over half its allocation in equity-like strategies, MAG offers diversified exposure with total ex-ante risk comparable to public equities.

**Figure 5: MAG exhibits a comparable level of ex-ante risk to global public equities**
Illustration comparing the total risk of single assets with the BlackRock Multi-Alternative Growth Fund (MAG)




**The funding source** typically depends on the risk profile of the new private asset: replacing a part of the portfolio with an asset with a similar risk profile can help maintain consistent portfolio risk. For example, sourcing MAG from equity within the average EMEA portfolio keeps portfolio risk broadly consistent, in contrast to funding from fixed income. **Regarding sizing,** we find that portfolios with cash needs below 12% can allocate as much as 20% to a diversified mix of private assets.

However, allocations as small as 5% can still improve portfolio outcomes. Private markets add diversification through idiosyncratic risk and exposure to complementary risk factors distinct from public markets. At the same time, they can boost returns by accessing opportunities unavailable in public markets - particularly those linked to mega forces - with higher alpha potential. Starting with the average EMEA portfolio, allocating between 5% and 20% to MAG funded from equity boosts return outcomes by up to 32%.

**Figure 6: Allocating to MAG from the equity sleeve results in the most consistent portfolio risk profile**
Portfolio risk of different funding sources for MAG allocations

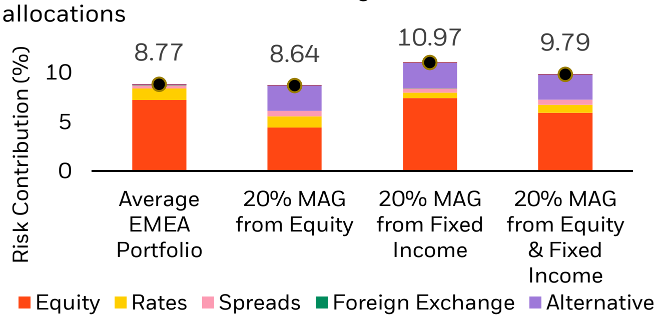
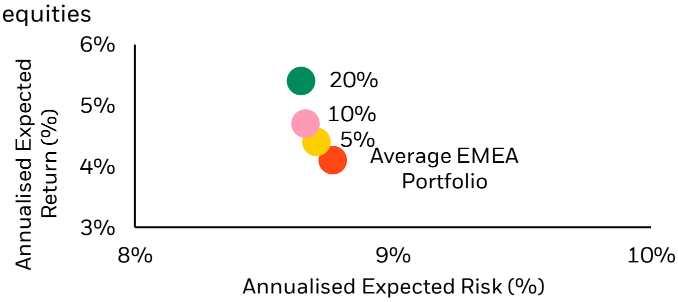



**Figure 7: Return-to-risk ratios improve with increased exposure to MAG, when funded through the equity sleeve**
Expectations for varying MAG allocation sizes funded from equities

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# Appendix

**Figure 8: Allocations within the Average EMEA Portfolio**

| Asset Class | Asset | Average EMEA Portfolio |
|---|---|---|
| Global Equities | Europe Equity | 15.0% |
| Global Equities | India Equity | 0.0% |
| Global Equities | US Equity | 14.4% |
| Global Equities | Japan Equity | 1.4% |
| Global Equities | Pacific ex Japan Equity | 0.6% |
| Global Equities | EM ex China ex India Equity | 2.8% |
| Global Equities | China Equity | 0.2% |
| Global Equities | Global Equity | 14.3% |
| Global Equities | Canada Equity | 0.1% |
| Global Equities | Global Equity | 0.4% |
| Global Gov Bonds | Euro Treasuries | 11.5% |
| Global Inf-Linked Bonds | Euro-Infl Treasuries | 0.3% |
| Global IG Credit | Euro Corporate | 12.0% |
| Global Sub IG | Global High Yield | 2.5% |
| Global Sub IG | EMD Hard Currency | 2.3% |
| Global IG Credit | MBS | 0.0% |
| Other Fixed Income | Global Fixed Income | 17.7% |
| Hedge Funds | Hedge Funds | 1.3% |
| Cash | EUR Liquidity | 2.6% |
| Commodities | Gold | 0.7% |

**Figure 9: BlackRock capital market assumptions, Q2 2025**

| Asset Class | Asset | CMA Benchmark | Expected return |
|---|---|---|---|
| Global Equities | US Equity | MSCI US Index | 3.60% |
| Global Equities | Europe Equity | MSCI Europe Index | 5.40% |
| Global Equities | India Equity | S&P India LargeCap Index | 10.10% |
| Global Equities | Japan Equity | MSCI Japan Index | 8.00% |
| Global Equities | Pacific ex Japan Equity | MSCI Pacific ex Japan Index | 2.90% |
| Global Equities | China Equity | MSCI China Index | 6.90% |
| Global Equities | EM ex China ex India Equity | MSCI EM (Emerging Markets) ex China ex India | 2.60% |
| Global Equities | Canada Equity | MSCI Canada Index | 3.30% |
| Global Equities | Global Equity | MSCI All Country World Index | 4.40% |
| Global Equities | Global ex EM Equity | MSCI World Index | 4.10% |
| Global Gov Bonds | Euro Treasuries | Bloomberg Global Aggregate Euro Treasury Index | 2.20% |
| Global Inf-Linked Bonds | Euro-Infl Treasuries | Bloomberg Euro Gov Infl-Linked Bond Index | 2.40% |
| Global IG Credit | MBS | Bloomberg MBS Index Hedged | 3.00% |
| Global IG Credit | Euro Corporate | Bloomberg Euro Aggregate Corporate Index | 2.50% |
| Global IG Credit | US Corporate | Bloomberg U.S. Credit Index Hedged | 2.60% |
| Global Sub IG | EMD Hard Currency | JP Morgan EMBI Global Diversified Index Hedged | 2.70% |
| Global Sub IG | Global High Yield | CMA – Barclays Global High Yield Index Hedged | 3.80% |
| Hedge Funds | Hedge Funds | BlackRock Proxy – Hedge Funds | 5.00% |
| Private Markets | PE Buyout Global | BlackRock Proxy – PE Buyout Global | 14.00% |
| Private Markets | Direct Lending Global | BlackRock Proxy – Direct lending | 8.00% |
| Private Markets | Infrastructure Equity | BlackRock Proxy – Infra Equity Diversified Global | 11.00% |
| Cash | EUR Liquidity | EUR Cash | 2.10% |
| Other Fixed Income | Global Fixed Income | Bloomberg Global Aggregate Index – Hedged | 2.40% |
| Commodities | Gold | Gold Bullion Price Index | 3.50% |

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# Appendix – Notes

**1** BlackRock analysis, 31st December 2024 based on a Morgan Stanley and Oliver Wyman Study Competing for Growth Study as of 31st December 2021, McKinsey Cube and Broadridge (for UCITS funds data) as of December 2023; Preqin's future of alternatives report, September 2024.

**2** Source: 'Institutional Allocation Study 2025', Preqin.

**3** The survey was conducted at BlackRock's Private Markets Wealth Summit in London on 27 March 2025, with 70 wealth professionals from 17 countries across Europe and the Middle East. There is no guarantee that any forecasts made will come to pass. For illustrative purposes only.

**4** BlackRock analysis, 31st December 2024 based on a Morgan Stanley and Oliver Wyman Study Competing for Growth Study as of 31st December 2021, McKinsey Cube and Broadridge (for UCITS funds data) as of December 2023; Preqin's future of alternatives report, September 2024.

**5** BlackRock analysis, 21st February 2025 based on a Novantigo Study Private Assets in Private Wealth Portfolios as of 31st December 2024.

**6** BlackRock Investment Institute, February 2025. Data as of 31 December 2024. BlackRock analysis, 31st December 2024 based on a Morgan Stanley and Oliver Wyman Study Competing for Growth Study as of 31st December 2021, McKinsey Cube and Broadridge (for UCITS funds data) as of December 2023; Preqin's future of alternatives report, September 2024.

**7** Source: S&P Capital IQ, BlackRock, as of 24 February 2025.

**8** Source: BlackRock Investment Institute, University of Florida, with data from Jay R. Ritter July 2025.

**9, 10, 21** Source: survey results of the BlackRock webinar "Uncovering Private Markets Opportunities with the Evergreen Edge". Results based on 431 EMEA survey submissions (05/09). This question is multi-select, within multi-select, respondents were able to select multiple answers.

**11** Source: Preqin, Private Equity Q2 2025.

**12** Source: 'Leaning Into the Turbulence: Private Equity Midyear Report 2025', Bain & Company, June 2025.

**13, 14, 15** Source: Preqin, Private Equity Q2 2025.

**16** Source: Jefferies H1 2025 Secondary Market Review, July 2025.

**17** Source: Jefferies H1 2025 Secondary Market Review and BlackRock, Private Equity in a Transition Year, July 2025.

**18** Source: Private Equity in a Transition Year: Renaissance Capital IPO-Pro, July 2025.

**19** Source: BlackRock, Global Credit Quarterly: 3Q2025, June 2025.

**20** Source: Preqin, Private Debt Q2 2025.

**22** Source: Cliffwater Direct Lending Index, as of 31 March 2025.

**23** Source: PitchBook, 2024 Annual European PE Breakdown.

**24** Source: '2025 Midyear Global Outlook', BII, July 2025.

**25** Source: Infrastructure Q2 2025: Preqin Quarterly Update.

**26** Source: Global Infrastructure Outlook, 2024.

**27** Source: IMF (2023)

**28** Source: Dell'Oro estimate, as of July 2024 and McKinsey & Company, 2024.

**29** Source: Campbell Lutyens 1H 2025 Secondary Market Overview Report.

**30** Source: Preqin, Real Estate Q2 2025.

**31** Source: MSCI UK Monthly Index and MSCI European Quarterly Index, July 2025.

**BlackRock's Capital Market Assumptions Disclosures:** This information is not intended as a recommendation to invest in any particular asset class or strategy or product or as a promise of future performance. Note that these asset class assumptions are passive, and do not consider the impact of active management. All estimates in this document are in UK pound sterling terms unless noted otherwise. Given the complex risk-reward trade-offs involved, we advise clients to rely on their own judgment as well as quantitative optimisation approaches in setting strategic allocations to all the asset classes and strategies. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. If the reader chooses to rely on the information, it is at its own risk. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal, or tax advice. The outputs of the assumptions are provided for illustration purposes only and are subject to significant limitations. "Expected" return estimates are subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios; in the event a particular scenario comes to pass, actual returns could be significantly higher or lower than forecasted. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. The model cannot account for the impact that economic, market, and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact future returns. Asset allocation/diversification does not guarantee investment returns and does not eliminate the risk of loss.

**Index Disclosures:** Index returns are for illustrative purposes only and do not represent any actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index.

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## CMA Methodology

**Interest Rates:** Our model provides a way to chart the yield curve at multiple time horizons in the future. We base this on our estimates of: (1) the short rate and (2) model implied term premia. We base our estimates of short rates on market data in the near term and on macro-informed data in the long term. We assume investors' views about long run inflation and real growth, coupled with changing preferences as to savings and risk aversion, will ultimately determine their expectations for short rates (the "long run short rate"). We use an affine term structure model -a type of model that assumes bond yields as a linear function of a small set of parameters (Piazzesi, 2010) –to compute model-implied term premia. In our implementation, we represent the yield curve using the first five principal components of yield, as laid out by Adrian et al. (2013). We then blend the model implied term premia from the affine term structure model with market implied term premia, with the relative weights dependent on the relevant time horizon.

**Equities:** Expectations of cash flows and discount rates can help explain the variability in equity returns as shown by Campbell (1990). We have used this insight to develop a discounted cash flow (DCF) model, with a few key innovative features. Most academic research focuses on the question of whether stock returns are predictable at all. We are concerned with making the best estimates that we can. We make two additional contributions. First, the baseline DCF model estimates earnings by leveraging analyst earnings estimates in the near term as discussed by Li et al (2013) to derive the implied cost of capital. The common assumption in implied cost of capital (ICC) studies is that earnings growth implied by analyst earnings estimates in the near term should trend towards GDP growth in the long term. This can introduce an unintended assumption of continued expansion of profit margins. We have introduced a modification to account for late economic cycle dynamics. We allow for corporate profit margins to revert to trend (the median over a rolling 10-year history) as margins typically peak late-cycle. The standard ICC approach typically tests for equity returns using linear regression tests. For our DCF model, we take the desired time horizon as an input (number of years) and we estimate the appropriate discount rate for the specific time horizon using our aggregate implied cost of capital. This way, we account for both key sources of variability in equity returns, namely changes in cash flows and changes in the discount rate.

**Credit:** Our model for credit asset (excess) returns is anchored on two key elements: 1) our estimate of credit spread at a given horizon and 2) our estimated loss due to defaults and downgrades over the horizon. The first component is projected in a consistent manner with our view of real GDP growth and the link between credit spreads and equity volatility. Our approach helps explain the behaviour of credit spreads using a limited number of predictive variables. Yet, as validated by tests against more complex methods, it retains the ability to help explain a high proportion of the variance in credit spreads. The second component is estimated based on our outlook for spreads, the duration of the asset and an assumed transition matrix which captures migrations and defaults across multiple credit cycles. We currently base our transition matrix on Moody's long-run transition data. We aim to further develop our model by directly modelling transitions based on macroeconomic conditions in order to better capture cycle dynamics and the respective variation in losses due to credit events. In addition to making our estimates of credit spreads consistent with our macroeconomic views, our new credit (excess) return model allows greater flexibility of calibrating our expected returns to different credit rating compositions which may prevail over the entire time horizon.

**Uncertainty and optimisation:** Expected returns and asset price volatility are difficult to predict. We believe any technique that builds portfolios should incorporate this inherent uncertainty (Ceria et al. 2006). We consider both long- and short-term drivers of return. In the long run, we expect a relatively small number of macroeconomic drivers — economic growth, rates, inflation, credit and currencies —to determine an asset's returns. In the short-run, other factors can overpower the structural drivers causing wider fluctuations from an asset's fair value. Valuations can be helpful in estimating short-term returns. We combine contributions from the long-and short-term return drivers to produce a final set of return expectations with a range of uncertainty around each.

The next step is to use this set of return expectations in an optimisation engine that seeks out the best return without breaching an investors' risk limit. Mean variance optimisation would produce a portfolio that maximises expected return under one base scenario with a given level of risk. In contrast, we look to build a "least-worst" portfolio –one that maximises returns for an investors' target risk levels across the worst outcomes, say for the bottom 50% of the distribution, from a set of stochastically generated scenarios (cf. Tütüncü et al. 2004 and Garlappi et al. 2006). This helps ensure the portfolio is not overly reliant on just the median return. This process seeks to produce a portfolio that is robust to small changes in the central return estimates (Scherer, 2006).

**Stochastic engine**: We use Monte Carlo simulation to create random distributions informed by historical return distributions and centred on our expected returns. The engine simulates thousands of return pathways for each asset, representing the range of possible outcomes over a five-to 20-year time horizon. We leverage BlackRock's risk models to help ensure that assets generate similar returns, to the extent that they have common drivers . The range of scenarios incorporate our work on incorporating uncertainty in return expectations. We use an extension of the Black-Litterman model (1990) –a well-known model for portfolio allocation that combines equilibrium returns and medium-term views in a single-period setting. Our model uses a Kalman filter (1960) –an algorithm that extracts insights about return paths by bringing together a number of uncertain inputs -to extend Black-Litterman into a multi-period setting. This allows us to capture the variation of expected returns over time under various scenarios —from economy-related to market sentiment driven. A large part of these variations is not predictable. Constructing portfolios that are robust to, or can exploit, these variations is a major challenge for investors. The ability to calibrate the engine with asset class views with uncertainty at arbitrary time horizons, and to evolve this uncertainty stochastically, drives the dispersion of return outcomes. Highlighting the uncertainty that investors face when building portfolios helps ensure ostensibly precise return expectations do not lead investors to concentrated portfolios.

Simulated return paths support a broader range of applications, such as asset-liability modelling. We believe stochastically generated return scenarios enable investors to move with ease beyond mean-variance and optimise portfolios against their individual needs. Investors can place more emphasis on the tails of the distribution or focus on the path of returns rather than just the total return. They can incorporate flows in or out of the portfolio over the course of the investor's time horizon or place more emphasis on scenarios that are challenging for the investor's business beyond their portfolio. Investors with complex asset-liability matching requirements, such as insurers, typically rely on stochastic simulations of returns to assess and construct portfolios.

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## Risk Warnings

**Investors should refer to the prospectus or offering documentation for the funds full list of risks.**

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time and depend on personal individual circumstances.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. The data displayed provides summary information. Investment should be made on the basis of the relevant Prospectus which is available from the manager.

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## Product Risks

**BlackRock Multi-Alternative Growth Fund**
Currency Risk, General Market Risk And Recent Events, Illiquidity, Lack Of Management Rights, Lack Of Operating History, Leverage And Interest Rates, Conflicts Of Interest, Legal, Tax And Regulatory Risks, Availability Of Investments, Risk Associated With The Amending ELTIF Regulation, Sustainability, Liquidity Risk, Private Equity, Infrastructure, Private Credit, Subordinated Claims, Risk Associated In Medium Sized Companies, Real Estate Funds, Risk Associated With Ownership And Operating Of Real Estate Assets, Investments In Securities, Concentration/Lack Of Diversification.

**BlackRock Private Equity Fund**
Currency Risk, General Market Risk And Recent Events, Illiquidity, Reliance Of Key Individuals, Limiting Operating History, Valuation Risk, Leverage And Interest Rates, Conflicts Of Interest, Legal, Tax And Regulatory Risk, Availability Of Investments, Concentration/Lack Of Diversification, Private Equity, Company Risk, Co-Investment, Secondary Investments, Non-Controlling Investments, Sustainability.

## Description of Product Risks

**Availability of investments.** The success of the Fund depends on the ability of the Investment Team to identify Investments that they believe can help the Fund achieve its return objectives, to develop and invest in such Investments. The availability of such investment opportunities will depend in part on general market conditions, competition for investments and the continued availability of opportunities from the lead sponsors. This may result in a drag on performance as there is no assurance that the Fund will be able to fully invest its committed capital in line with the strategy at favourable prices.

**Co-Investment.** The Fund may invest in Co-Investments alongside third-party co-investors. Third party co-investors may at any time take a different view than that of BlackRock as to the appropriate strategy for a Co-Investment, and may be in a position to take action contrary to the Fund's investment objectives or may become bankrupt or otherwise default on their obligations. It is possible that no single o-investor will have a controlling interest in the investment, giving no party the ability to control the transaction and potentially resulting in increased costs, delays or even termination of the proposed investment. There may also be instances where the Fund (alone or together with other investors) may be deemed to have a control position with respect to some Co-investments, which could expose the Fund to liabilities in which the limited liability generally characteristic of business operations may be ignored. In connection with the disposition of an investment in a Direct Co-Investment, the Fund may be required to make representations and warranties about the business and

**Concentration/Lack of Diversification.** Although the Investment Manager will seek to diversify the Fund's portfolio across different investments, the Fund may invest a significant percentage of its capital in one investment or class of investments, or in a relatively small number of investments. One risk of having a limited number of investments is that the overall returns realized by the Investors may be substantially negatively affected by the negative performance of a small number of such investments.

**Conflicts of Interest.** As a global provider of investment management, risk management and advisory services to institutional and retail clients, BlackRock engages in a broad spectrum of activities. Although the relationships and activities of BlackRock should offer attractive opportunities and services to the Fund, such relationships and activities create certain inherent actual and potential conflicts of interest including, without limitation, conflicts between the Fund and other client accounts/funds managed by BlackRock, relationships with BlackRock's shareholders and relationships with service providers. In the ordinary course of business, BlackRock engages in activities where its interests or the interests of its clients may conflict with the interests of the Fund, certain investors or the Fund's investments.

**Currency risk.** Changes in the rates of exchange between currencies may cause the value of investments to fall or rise. Fluctuation may be particularly marked in the case of a highly volatile market environment and the value of an investment may fall suddenly and substantially.

**General Market risk and recent events.** Market risk is the risk that one or more markets/sectors in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. The value of an investment may decline due to changes in general market conditions, economic trends or events that are not specifically related to the company, or factors that affect a particular country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and its investments. For instance, the U.S., the UK, the EU and other develop economies have been experiencing higher-than-normal inflation rates. The inflationary pressures have increased the cost of energy and raw materials and may adversely affect consumer spending, economic growth and operations of portfolio companies. If the portfolio companies are unable to pass any increases in their costs along to their customers, it could adversely affect their results and impact their profitability.

**Infrastructure.** Infrastructure Funds invest exclusively or almost exclusively in equity or debt, or equity or debt related instruments, linked to infrastructure assets. Therefore, in addition to risks associated with investment in such equity or debt instrument, the performance of an Infrastructure Fund may be materially and adversely affected by risks associated with the related infrastructure assets including construction and operator risks, environmental risks, legal and regulatory risks; political or social instability; governmental and regional political risks; sector specific risks; interest rate changes; currency risks; and other risks and factors which may or will impact infrastructure and as a result may substantially affect a fund's aggregate return. Investments in Infrastructure assets are typically illiquid and investors seeking to redeem their holdings in an Infrastructure Fund can experience significant delays and fluctuations in value.

**Illiquidity**. The Fund is intended for long-term investment by Investors who can accept the risks associated with making highly speculative, illiquid investments in privately negotiated transactions. Illiquidity may result from the absence of an established secondary market for investments, as well as from legal or contractual restrictions on the resale of investments. Investment Manager will be responsible for seeking and evaluating investment opportunities, structuring Investments, and making all investment and management decisions on behalf of the Fund, whereas Shareholders will not be able to make such decisions or to evaluate any of the information that will be used by the Investment Manager to make investment decisions. Shareholders must rely entirely on the Investment Manager and its Affiliates to conduct and manage the affairs of the Fund. Lack of management rights. Shareholders will have no opportunity to control the day-to-day operations, including investment and disposal decisions, of the Fund. This offering is a non-specified asset offering which means that Shareholders will not have an opportunity to evaluate specific assets prior to investing.

**Investments in securities:** The Fund can consider interests in investments that may invest in debt or equity securities of companies undergoing restructuring or require additional capital and active management.

These securities are subject to various inherent risks, including that (i) equity and debt securities fluctuate in value, often based on factors unrelated to the issuer of the securities, and such fluctuations can be pronounced, (ii) such investments generally may be subject to risks with respect to the issuer, (iii) the market for these securities may be less liquid than that for other higher rated or more widely followed securities, (iv) securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers, and (v) securities markets in some countries are fragmented, small, and less liquid than the securities markets of the U.S. and certain other developed countries.

**Lack of management rights.** Shareholders will have no opportunity to control the day-to-day operations, including investment and disposal decisions, of the Fund. This offering is a non-specified asset offering which means that Shareholders will not have an opportunity to evaluate specific assets prior to investing.

**Lack of operating history**. As of November 2024, the Fund is a newly-organized entity that has no prior operating history or track record. Performance will depend upon the availability of suitable investment opportunities. There is no guarantee that a positive performance outcome will be achieved.

**Legal, Tax and Regulatory Risks**. The legal, tax and regulatory environment for funds, investment managers and the investments they hold is continuously evolving. Over recent years global financial markets have undergone pervasive and fundamental disruption and regulators in many jurisdictions have implemented or proposed a number of regulatory measures and may continue to do so. The regulatory framework of the ELTIF is relatively new. Legal, tax and regulatory changes could occur during the term of the Fund.

Additionally, legal or regulatory requirements (or changes to existing requirements) may adversely affect the ability of the Fund to pursue its investment strategy, for example, by imposing material costs on the Fund, reducing profit margins, reducing investment opportunities, or requiring the restructuring of the Fund and/or the key fund entities.

**Leverage and interest rates**. The Investment Manager is permitted to cause the Fund to borrow funds as described in the Memorandum and in accordance with the ELTIF regulation. The use of leverage (i.e. the use of debt financing) presents additional risks to the Fund's Investments, including increasing the volatility of the Fund's Investments.

**Limited Operating History**. As of December 2024, the Fund is a newly-organized entity that has no prior operating history or track record. Performance will depend upon the availability of suitable investment opportunities. Historical and / or hypothetical performance figures may not be achievable in practice and investors should treat these with caution. There is no guarantee that a positive performance outcome will be achieved.

**Liquidity Risk:** The vast majority of the securities or instruments invested in by a Fund will not be listed on an exchange consequently liquidity will be low or non-existent. Low liquidity often causes the value of these investments to be less predictable. In extreme cases, the Fund may not be able to realize the investment at the latest market price or at a price considered fair.

**Market risk and recent events.** The Fund directly and indirectly, through its investments, subject to a wide range of market risks related to the instruments it will invest in. This includes (but is not limited to) equity market risk, interest rate risk and credit risk. The value of investments may decline due to changes in general market conditions, economic trends or events that are not specifically related to the company, or factors that affect a particular country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and its investments. Other influential factors include political, economic news, company earnings and significant corporate events. For investments in collective investment schemes, the price of underlying funds changes regularly depending on the performance of the assets held by the underlying funds which in turn may affect the value of your investment.

**Non-controlling Investments.** The Fund will generally not be the lead sponsor for Investments and will take non-controlling positions in Investments. It will primarily be the responsibility of the lead sponsor and/or a portfolio company's management to operate the Fund's Investments on a day-to-day basis. The success of the Fund's Investments will depend in substantial part on the skill and expertise of the lead sponsor and/or the portfolio companies' management.

**Private Credit**: Two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds/debt. Credit risk refers to the possibility that the issuer of the bond/debt will not be able to repay the principal and make interest payments. Changes in interest rates may also adversely affect the value or profitability of the assets of the Fund. Changes in the general level of interest rates may impact the Fund's profitability by affecting the spread between, amongst other things, the income on its assets and the expense of any interest bearing liabilities.

**Private Equity**: Private Equity Funds invest exclusively or almost entirely in financial instruments issued by companies that are not listed (or that take-over publicly listed companies with a view to delisting them). Investment in private equity funds is typically by way of commitment (i.e. whereby an investor agrees to commit to invest a certain amount in the fund and this amount is drawn down by the fund as and when it is needed to make private equity investments). Interest in an underling private equity fund will consist primarily of capital commitments to, and investments in private equity strategies and activities which involve a high level of risk and uncertainty. Except for certain secondary funds, private equity funds will have no operating history upon which to evaluate their likely performance. Historical performance of private equity funds is not a guarantee or prediction of their future performance. Investments in Private Equity are often illiquid and investors seeking to redeem their holdings can experience significant delays and fluctuations in value.

**Real Estate Funds:** Real Estate Funds invest exclusively or almost exclusively in equity or debt, or equity or debt related instruments. Therefore, in addition to risks associated with investment in such equity or debt instrument, the performance of real estate funds may be material and adversely affected by risks associated with the related real estate assets. Past performance of funds investing in real estate are not indicative of the performance of the real estate market as a whole and the value of real property will generally be a matter of a Valuer's opinion rather than fact. The value of any real estate investment may be significantly diminished in the event of a downturn in the real estate market. Real estate investments are subject to many factors including adverse changes in economic conditions, adverse local market conditions and risks associated with the acquisition, financing, ownership, operation and disposal of real estate.

**Risks Associated with the Amending ELTIF Regulation.** There is a risk that regulatory technical standards under the ELTIF Regulation issued by the European Securities and Markets Authority (i.e., the ESMA RTS) and the ELTIF Regulation will be amended in the future. Therefore, the features of certain Sub-Funds which are subject to the ELTIF Regulation may need to be amended in order to comply with such future amendments to the ESMA RTS and to the ELTIF Regulation. For the avoidance of doubt, the amendments made to the Schedules relating to such Sub-Funds in order to comply with the amended ESMA RTS and/or the amended ELTIF Regulation will not constitute material changes to those Sub-Funds.

**Risks Associated with Investments in Medium Sized Companies:** The Fund will, in accordance with the investment strategy of the Fund, invest in privatelyoriginated loans and invest in privately and publicly held North American issuers with enterprise value between USD100m and USD1.5bn, some of which may be categorized as medium sized entities. Investments in such medium-sized enterprises involve a number of risks generally associated with other types of loans described in the product prospectus.

**Risks associated with ownership and operation of real estate assets:** The real estate funds may be exposed to risk of loss arising from, or relating, to the ownership, operation or management of any real estate in which it has an interest. Although the Fund seeks to mitigate these risks through the diligence process and otherwise, there can be no assurance that it will be able to avoid or effectively mitigate any such risks, which could have a material adverse effect on the Fund's returns.

**Reliance on Key Individuals:** The success of the Fund depends in substantial part on the skill and expertise of key individuals . Should one or more of these individuals become incapacitated or in some other way cease to participate in the activity of the Fund, its performance could be adversely affected, including in respect of the continuing availability of third-party financing . There can be no assurance that such key individuals will remain involved with the Fund or its investments or otherwise continue to be able to carry on their historical or expected roles throughout the term of such investments.

**Subordinated Claims**: Although it is intended that the investments will generally be secured, the claims of the Fund against a borrower in respect of an Investment may in some instances be subordinated to those of other secured creditors. The assets of the portfolio may include first lien senior secured debt, and may also include subordinated instruments (including second lien, and unitranche debt) which involves a higher degree of risk of a loss of capital..

**Sustainability**. The Fund is 'Article 8' for the purposes of the Sustainable Finance Disclosure Regulation. Please refer to the Prospectus for details on BlackRock's approach to sustainable investing with respect to the Fund. Sustainability risk is an inclusive term to designate investment risk (probability or uncertainty of occurrence of material losses relative to the expected return of an investment) that relates to environmental, social and governance (ESG) issues. Sustainability risk around environmental issues may include (but are not limited to), climate risk both physical and transition risk. Physical risk may arise from the physical effects of climate change. For example, frequent and severe climate-related events can impact products and services and supply chains. Transition risk (whether policy, technology, market or reputation risk) may arise from the adjustment to a low-carbon economy in order to mitigate climate change. Risks related to social issues can include but are not limited to labour rights and community relations. Governance related risks can include but are not limited to risks around board independence, ownership and control, or audit & tax management.

These risks can impact an issuer's operational effectiveness and resilience as well as its reputation which may affect its profitability and in turn, its capital growth, ultimately impacting the value of holdings in the Fund. Sustainability risk can also manifest itself through different existing risk types (including, but not limited to, market, liquidity, concentration, credit, etc.). Sustainability risk factors may have a material impact on an investment and may also increase the volatility, affect liquidity and may result in a loss to the value of shares or other interests in the investment. All or a combination of these factors may have an unpredictable impact on the Fund's investments. Under normal market conditions such events could have a material impact on the value of an investor's shares or other interests in the Fund.

**Valuation risk.** The Fund will be exposed to securities and other assets that will not have readily assessable market values. The valuation of such securities and other assets is inherently subjective and subject to increased risk that the information utilised to value such assets or to create the price models may be inaccurate or subject to other error. Due to a wide variety of market factors and the nature of the securities and assets to which the Fund will be exposed, there is no guarantee that any value determined will represent the value that will be realised on the eventual disposition of the Fund's investments or that would, in fact, be realised upon an immediate disposition of such investment.

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