CARNEGIE FONDER

Q&A WITH LARA BANKS, MANAGING DIRECTOR, MAKENA CAPITAL & JULIAN RAMPELMANN, MANAGING DIRECTOR, SECONDARIES, ALPINVEST & SERGE TOPPJIAN, VICE PRESIDENT AT BROOKFIELD PRIVATE EQUITY GROUP

NAVIGATING THE FUTURE OF VENTURE CAPITAL, BUYOUT & SECONDARIES

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FOREWORD

The private assets industry is evolving at an unprecedented pace, driven by shifting market dynamics, emerging investment opportunities, and increasing complexity across the private asset class. As investors navigate this rapidly changing landscape, understanding the key forces at play has never been more critical. To gain deeper insights into these developments, I had the privilege of sitting down in Stockholm with three seasoned industry practitioners from some of the world's leading private asset managers.

In this exclusive interview, Lara Bank of Makena Capital shares her perspective on the venture capital landscape, highlighting the latest trends, challenges, and opportunities. Julian Rampelmann of AlpInvest provides his expert insights into the evolving secondaries market. Meanwhile, Serge Toppjian from the Brookfield Private Equity Group discusses the latest state of the buyout market.

With their extensive hands-on experience and strategic outlook, these industry leaders provide a compelling view of where private markets are headed and how investors can position themselves for success. Their insights shed light on both the risks and opportunities that lie ahead, equipping investors with the knowledge needed to make informed decisions in an increasingly complex environment.

We hope you will find this interview valuable and thought-provoking as we continue to explore the future of private assets.

Filip Stenberg is an Institutional Sales professional at Alternative Solutions at Carnegie Fonder AB. Before joining Carnegie Fonder AB, he worked in institutional sales at Carneo Alternative Solutions, a boutique in Carneo specializing in alternative investment. Prior to that, he has held senior positions on both the buy-side and sell-side within alternative investments in London, Vienna and Oslo. Filip holds a master's degree in Econometrics & Quantitative Methods from Stockholm University.

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CONTENT

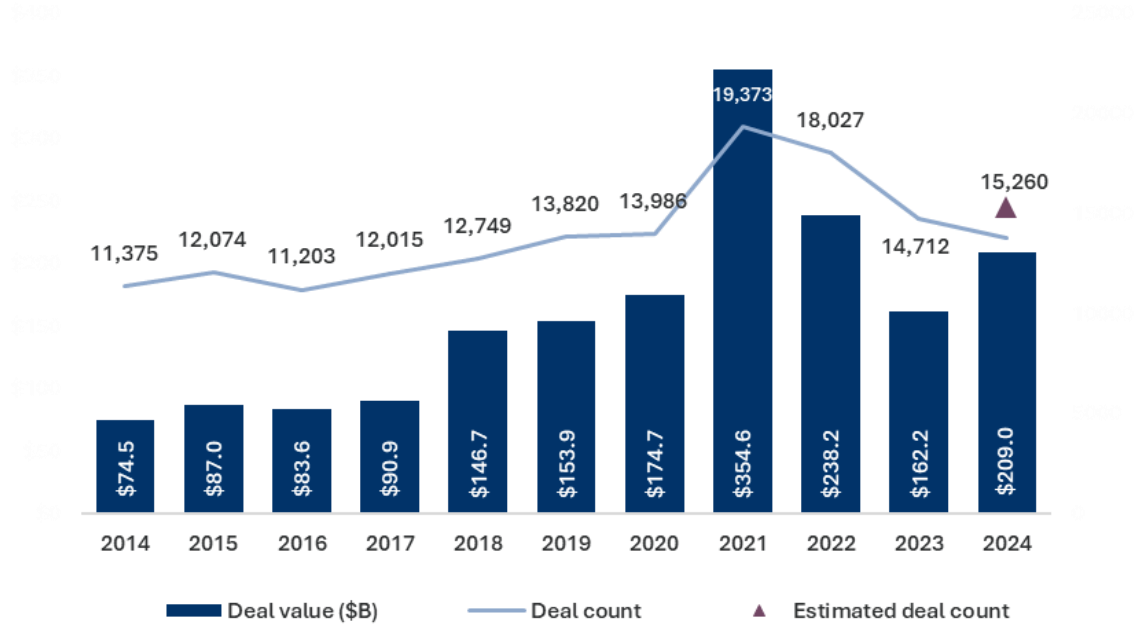
MAKENA - VENTURE CAPITAL

Lara Banks, a Managing Director, Head of Makena's Private Equity team, responsible for day-to-day portfolio management and manager selection across private equity investments. Prior to joining Makena in 2012, Lara was an associate at GE Energy Financial Services, a financial division investing across the capital structure of energy assets. Before working at GE, Lara was a power markets analyst at DC Energy, a proprietary energy trading firm. Lara earned an M.B.A. from Harvard Business School and a B.A. in Economics and Government, magna cum laude, from Cornell University.

How do you expect venture capital investment in the US to evolve between 2025 and 2026, particularly in terms of deal volume, valuations, and sector focus?

After a few years of economic ups and downs, declining valuations, and a tough dealmaking environment, the 2025 and 2026 venture markets are shaping up to be more favorable than the past three years. In 2024, we observed a modest recovery in deal count and deal value, ending the year on an upward trend after a prolonged slowdown. While it is impossible to predict when exits will occur in earnest, there is a robust population of mature U.S. unicorns (venture-backed companies with a valuation >$1B) representing a substantial portion of venture capital value, who are well positioned to capitalize on exit opportunities when they arise. That said, we expect a gradual and steady recovery in deal activity as investors remain highly selective, focusing on quality over volume.

Dealmaking remains slow but shows promising signs for 2025
VC deal activity



Source: PitchBook • As of December 31, 2024

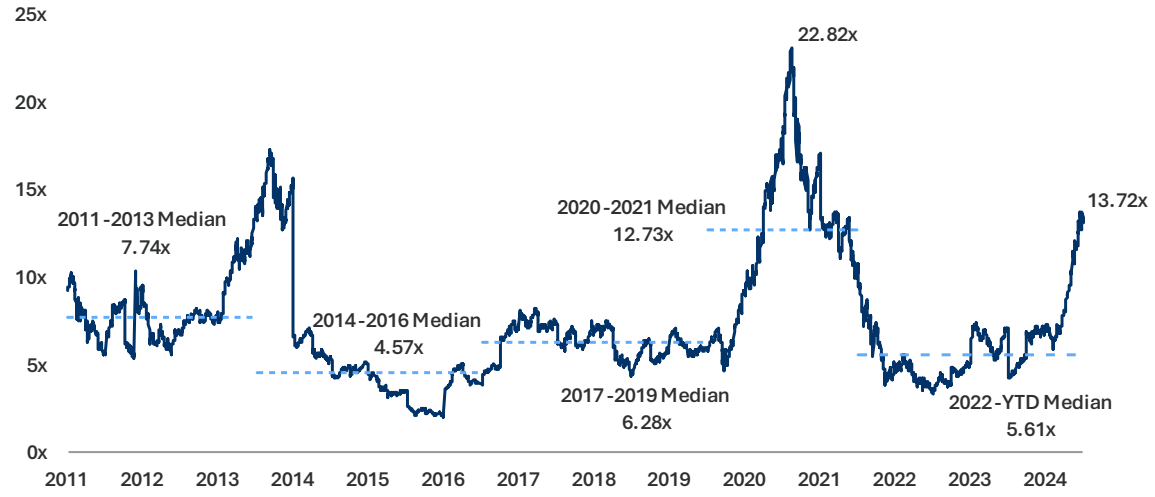
Valuations also appear to have recovered after a material decline from the 2021 peak. Right now, we're seeing the majority of deals pricing at historical averages (with AI as a noticeable exception) around 5x, which is near a decade low. AI-focused companies are anticipated to achieve higher valuations due to higher growth and expected larger total addressable market. Notably, over the past couple of years, we have started to see a divergence in valuations as generational companies who are growing and demonstrating a strong potential economic model have been raising capital at higher valuations, whereas companies who have not been able to demonstrate those qualities are unable to command higher valuations. In our view, this is indicative of a healthier environment where superior execution garners higher valuations and attracts deeper pools of capital. In the broader market context, valuations of many venture-backed companies are trailing those of publicly

comparable companies, which implies that private companies have the potential to command higher valuations from here. The relative valuations of these companies also have the potential to entice public-private cross-over investors back into the private markets.

It is our expectation that some of the prevailing trends in venture funding will continue in 2025 and 2026. AI has commanded the lions' share of venture capital funding over the past couple of years, and we don't foresee a material shift in that trend. This has also contributed and will likely continue to contribute to an increase in related infrastructure funding (e.g. large language models). Later-stage investors seem likely to remain conservative and selective for the time being, with a focus on companies with established business models and clear paths to profitability. This may result in a continued trend towards mega-rounds for companies that meet these expectations.

Normalized Historical Venture Valuations

VC-Backed IPO Index price/sales multiple



Source: PitchBook • As of December 31, 2024

What impact do you foresee from potential regulatory changes, such as antitrust scrutiny or tech regulations, on venture capital investments in the US during 2025 and 2026?

The current expectation is that the new administration will usher a period of reduced regulation and oversight, particularly in antitrust enforcement. A more business-friendly regulatory environment will likely encourage greater M&A activities and faster M&A approvals, which could unlock additional exit opportunities for venture-backed companies. If this shift materializes, late-stage venture capital could see renewed momentum as investors gain confidence that strategic acquirers will re-enter the market.

While a more efficient regulatory process may benefit overall M&A activity, Big Tech companies may still face significant scrutiny when acquiring smaller startups. Regulators have signaled continued concerns about market concentration, which means venture-backed companies that previously relied on acquisitions by major incumbents (e.g., Google, Meta, Amazon) may need to explore alternative exit strategies. This could push more startups toward IPOs, secondary sales, or acquisitions by mid-sized companies. Policies that promote market competition could incentivize capital flow into emerging players as regulators look to diversify innovation beyond Big Tech.

Beyond antitrust, regulatory uncertainty remains a factor, particularly in AI governance, data privacy, and financial compliance. Stricter oversight around AI models, particularly around bias, security, and intellectual property ownership, could create new compliance hurdles for startups, increasing operational costs and slowing adoption in certain industries. However, a more hands-off stance on AI regulation under the incoming administration could accelerate capital deployment in AI-driven startups.

With sustainability and climate technologies becoming more central, how will these trends influence venture capital strategies and investment opportunities in 2025-2026?

Sustainability and climate tech remain key areas of interest for venture capital investors, but investment strategies are shifting in response to changing dynamics. While the past few years saw significant government incentives driving funding into climate-focused startups, the landscape is evolving, with investors becoming more selective. Instead of backing early-stage companies purely on innovation, capital is increasingly flowing into startups with proven commercial viability and scalable business models. Areas like energy storage, carbon reduction, and industrial decarbonization continue to attract interest, but startups will need to demonstrate clear cost advantages and strong private-sector demand to secure funding.

At the same time, a shift in government policy could create headwinds for companies that previously relied on federal incentives and subsidies. If policy support for climate initiatives weakens, venture capital firms may focus on market-driven opportunities rather than those dependent on regulatory backing. However, corporate demand for sustainability solutions remains strong, providing an alternative pathway for climate tech startups to scale. While the sector may face short-term uncertainty, long-term trends favor investment in companies that can deliver efficient, cost-competitive solutions in a world increasingly focused on sustainability.

Given the anticipated economic conditions in 2025-2026, how do you see Limited Partners (LPs) adjusting their expectations and strategies for venture capital investments?

Venture capital remains a long-term game, requiring a steadfast approach to value creation rather than reactionary shifts based on short-term macroeconomic trends. Some of the highest-returning companies take years, if not decades, to fully mature, reinforcing the need for patient capital. Cycle-tested LPs, who have experienced this type of environment in the past and have the benefit of a long-term horizon, are likely to see the current venture market as an attractive one. Capital is relatively scarce for companies and venture managers, which means that LPs with capital to deploy can do so from a position of strength and be highly selective with their capital. On the contrary, LPs who need liquidity from private investments are eager to achieve that and GPs and LPs are pursuing alternative exit options (secondaries, etc.) to facilitate less traditional avenues to liquidity.

As other investors retreat from the market or seek liquidity solutions, it creates an opportunity for others to step in, in often cases at relatively attractive valuations. We've experienced this specifically in early-stage venture, one of core focus areas, as other investors have pulled back and early-stage valuations have been on a downtrend and are creating more attractive entry points, allowing investors to secure larger stakes in promising startups at more reasonable prices. This shift provides LPs with the opportunity to capture more upside in companies as they mature while mitigating some of the risks associated with inflated valuations seen in prior years. As a result, many investors are diversifying their venture allocations, increasing exposure to smaller, high-conviction funds while maintaining commitments to established managers with proven track records.

That said, the current environment presents a compelling opportunity for LPs to lean into smaller, more specialized venture funds. Boutique funds, particularly those focused on early-stage investments, are gaining traction as they offer greater agility in adapting to emerging opportunities. Their ability to move quickly in changing markets and provide hands-on support to portfolio companies makes them an attractive option for LPs looking to balance risk and reward.

How do you anticipate advancements in AI, quantum computing, and biotechnology will shape the types of startups that attract venture capital funding in 2025 and 2026?

AI continues to be the leading force in venture capital, attracting substantial investments and achieving higher valuations than other sectors. While most startup valuations have stabilized, AI stands out as an exception. Investors increasingly recognize its transformative potential. The rapid adoption of AI-powered diagnostic tools in healthcare, automation in legal and financial services, and enterprise AI applications is driving demand for startups that can deliver significant efficiency gains and cost reductions. As AI becomes more integrated into corporate workflows, investors are increasingly focused on startups that specialize in AI infrastructure, semiconductor advancements, and scalable AI-native applications. The growing need for specialized computing power and energy-efficient AI models has positioned AI chip development and cloud-based AI services among the early, attractive investment areas. However, despite the rapid growth of AI, not all early winners will sustain their dominance; long-term success will depend on companies that possess genuine scalable competitive advantages, making selective investment strategies crucial.

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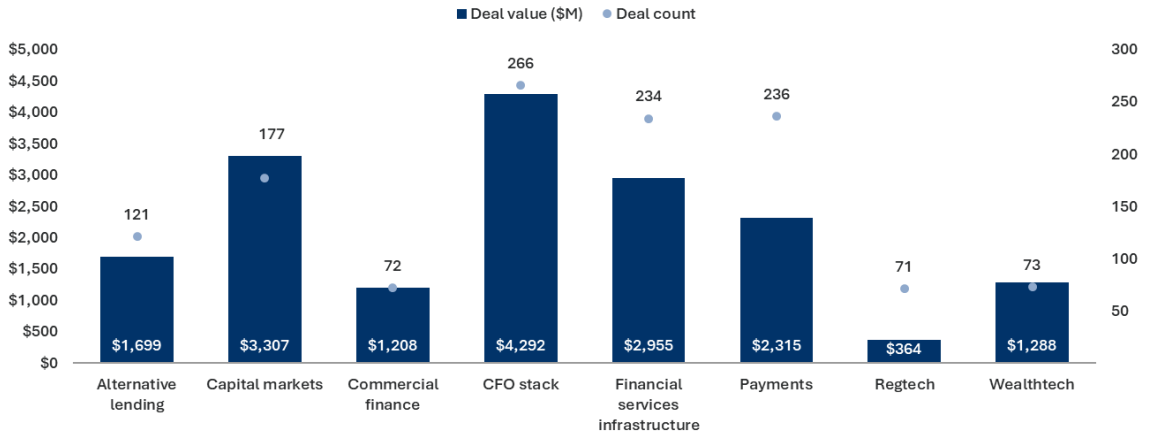
Quantum computing and biotech are also attracting investor interest, although they are at earlier stages of development. Startups in quantum computing are focusing on areas such as cryptography, advanced simulations, and quantum machine learning, gaining attention as technical breakthroughs bring the field closer to commercial applications. Although quantum computing remains highly experimental, increased funding from institutional investors indicates growing confidence in its long-term potential. Meanwhile, biotech is experiencing a surge in AI-driven innovation, particularly in drug discovery, genetic sequencing, and personalized medicine. Startups concentrating on lab automation, synthetic biology, and AI-enhanced research tools are securing capital as investors seek opportunities at the intersection of AI and biotech.

How is the ongoing development of decentralized finance and blockchain technologies influencing venture capital investment strategies, particularly within the fintech sector, over the next few years?

The ongoing development of decentralized finance and blockchain technologies is driving significant changes in venture capital investment strategies within the fintech sector. As blockchain-based financial infrastructure matures, institutional adoption is increasing, with companies like Visa and PayPal investing in blockchain-powered payment solutions. Decentralized finance is evolving beyond its initial use cases, with stablecoins facilitating faster and cheaper cross-border transactions and smart contracts automating lending, asset management, and financial operations. Venture capital firms are prioritizing fintech startups that leverage decentralized finance and blockchain to enhance security, transparency, and efficiency, particularly in alternative lending, digital payments, and embedded finance. Additionally, AI integration with decentralized finance is enabling automated financial decision-making, fraud detection, and personalized banking, making these startups more attractive to investors.

Looking ahead, regulatory clarity will be a key factor shaping venture capital interest in blockchain-based fintech. As governments refine crypto and decentralized finance regulations, institutional capital is expected to flow more confidently into compliant, scalable blockchain solutions. Venture investors are also considering exit opportunities, with the IPO market showing signs of recovery, positioning fintech firms with strong fundamentals for successful public listings. Alternative lending platforms are integrating AI and blockchain to assess creditworthiness in real time, expanding financial inclusion. Similarly, blockchain-powered payment networks are streamlining international transactions, improving liquidity for businesses. Venture capital firms will focus on fintech companies that can navigate regulatory complexities while driving innovation, ensuring long-term value creation in financial services.

Enterprise fintech VC deal activity by segment
Trailing 12-month (TTM)



Source: PitchBook • As of December 31, 2024

In response to current market conditions and increasing investor demand for liquidity, how are venture capital funds adjusting their exit strategies to ensure successful outcomes for LPs and GPs?

Since the IPO market has slowed down, many funds are turning to secondary markets, where they can sell stakes in late-stage companies to other investors. Some funds are also using continuation funds, which allow them to hold onto promising companies for longer while giving existing investors the option to cash out. M&A

has become a more common exit strategy as startups look for buyers rather than going public. At the same time, venture firms are reassessing their portfolios, focusing on the strongest companies while selling or writing down investments with less potential.

Secondary transactions are also becoming an important tool for both investors and fund managers. For existing investors, secondaries offer a way to buy into high-quality companies at potentially attractive valuations. This can help to diversify risk and improve returns. For venture firms, secondaries provide a way to offer liquidity to investors while still keeping ownership of their best companies.

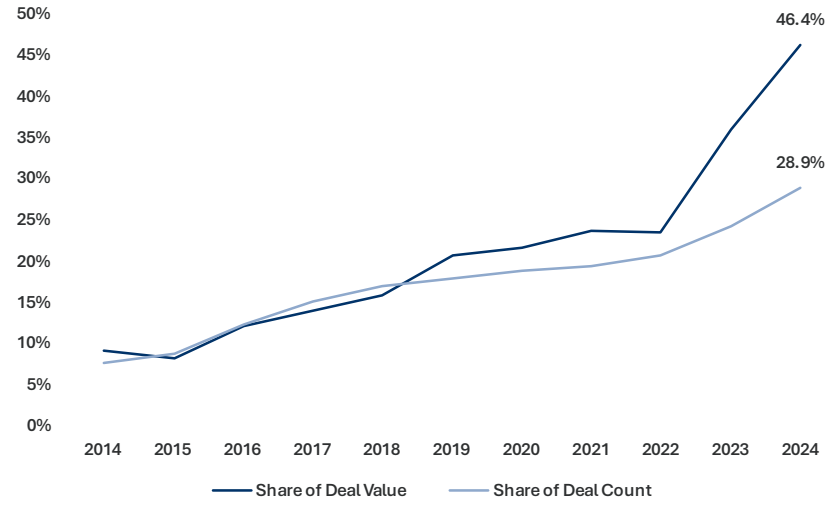
Do you expect a greater focus on specialized or sector-specific funds, such as those targeting AI, biotech, or climate tech, in venture capital fundraising efforts in 2025 and 2026?

The increasing dominance of AI in venture dealmaking, as seen in 2024, indicates that investors will continue prioritizing deep-tech and high-growth sectors that promise significant long-term returns. AI investments, in particular, have captured a disproportionate share of venture funding, with late-stage and venture-growth capital flowing into high-profile deals such as those involving OpenAI, Anthropic, and others. Biotech and healthcare have similarly seen sustained interest, driven by advancements in precision medicine, AI-driven drug discovery, and a wave of expected IPOs. Meanwhile, climate tech, despite a somewhat slower year, remains a priority as regulatory and sustainability trends continue pushing capital into clean energy, carbon reduction, and green infrastructure investments. However, under the new administration, climate tech could face headwinds if government incentives and policy support shift away from renewable energy and sustainability initiatives, potentially impacting investor confidence in the short term.

The shift toward specialized funds is also driven by LPs seeking targeted exposure to emerging technologies with strong long-term potential. Rather than broad-based venture funds, many institutional investors, particularly pension funds and endowments, prefer managers with deep expertise in specific sectors, as this specialization can lead to better sourcing, due diligence, and value creation. Additionally, the competitive venture landscape and higher interest rates have made generalist funds more cautious, reinforcing the appeal of sector-specific strategies where investors can capitalize on well-defined market trends and proprietary deal flow. We are likely to see an increasing number of dedicated funds focusing on AI, biotech, and climate tech, particularly from both established venture firms and new managers looking to differentiate themselves.

AI dominated the narrative for 2024 dealmaking

AI & ML VC deal activity as a share of all deal activity



Source: PitchBook • As of December 31, 2024

How do you see venture capital funds adjusting their fundraising strategies to appeal to Limited Partners (LPs) in the face of ongoing uncertainty in the public markets during 2025-2026?

Given the slow deployment of capital from 2022-2023 vintages and the limited exit opportunities in recent years, LPs have been cautious about reinvesting in venture capital. This has led to a shift where large, well-established firms are capturing the majority of new fundraising, with significant capital in 2024 going to these firms. To appeal to LPs, venture funds are expected to emphasize liquidity solutions such as secondaries, co-investment opportunities, and structured exits to provide earlier return of capital. Additionally, funds may adopt a more disciplined capital pacing strategy, ensuring they can return capital to investors in a reasonable timeframe.

Competition for capital will remain intense, with LPs prioritizing managers who demonstrate strong capital efficiency and the ability to generate returns even in a lower-growth environment. The rise of mega-funds, such as General Catlyst' $8 billion fund, highlights the trend of concentrating LPs dollars in fewer, larger funds. To differentiate themselves, mid-sized and emerging funds may focus on niche strategies, such as climate tech or deep tech, and offer more favorable innovative LP engagement models to secure commitments.

How do you see institutional investors adjusting their allocations between seed, early-stage, late-stage, and growth venture capital funds in 2025 and 2026, especially in relation to risk management and maximizing returns?

Institutional investors are expected to rebalance their allocations across venture stages, with a focus on risk-adjusted returns and liquidity management. Given the challenges in late-stage and growth investing over the past few years, primarily due to the frozen IPO market and extended exit timelines, many LPs have already shifted capital toward early-stage funds, where valuations are lower, and the entry points offer higher potential upside. As exit conditions improve, some institutions may cautiously re-enter late-stage and growth investments, particularly targeting funds that can demonstrate clear paths to liquidity through IPOs or M&A. The demand-supply imbalance in late-stage and growth ventures suggests opportunities exist, but investors will likely remain selective, favoring established managers with strong track records of navigating uncertain markets.

At the same time, institutional investors are expected to diversify their venture capital portfolios by increasing exposure to specialized funds in sectors with high conviction, such as AI. These funds, often structured with longer investment horizons, align well with institutional capital that can afford to wait for outsized returns. To mitigate risk, LPs are also exploring hybrid strategies, such as committing to funds that blend venture secondaries, allowing them to capture the upside while maintaining some liquidity. Additionally, co-investment opportunities and direct secondary purchases are gaining traction as a way to gain exposure to high-growth companies without locking up capital for a full fund lifecycle.

As an investor, how do you assess the long-term growth potential of startups in emerging technologies and new sectors in the context of the venture capital landscape in 2025 and beyond?

Venture capital investors will focus on startups with sustainable competitive advantages, capital efficiency, and clear commercialization pathways. While AI continues to attract outsized investment, other areas, such as defense tech, biotech, and climate tech, are expected to gain traction as technological breakthroughs and government incentives drive adoption. Investors will favor companies that can demonstrate strong intellectual property, scalable business models, and regulatory alignment, ensuring that capital flows into ventures with both technological and financial viability.

Given the lessons from past investment cycles, venture capital firms will prioritize startups with clear market differentiation and disciplined capital deployment. Investors are looking for businesses with strong unit economics and realistic exit strategies. While the venture market is set for a rebound, disciplined investing will be key to capturing the long-term growth potential of emerging technologies. Those who can successfully navigate funding constraints and market shifts will be well-positioned for sustained success in the evolving venture capital landscape.

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CARLYLE & ALPINVEST – SECONDARIES

Julian Rampelmann a Managing Director, Partner in the Secondary Investment team, focusing on U.S. transactions. He joined AlpInvest Partners in 2011 from Warburg Pincus in London, where he focused on mid-market consumer and services growth investments. Prior to completing his MBA, Julian worked in the AlpInvest Secondary Investment Team in Amsterdam.Julian received an MBA with honors from The Wharton School of the University of Pennsylvania and an MSc in econometrics from Free University of Amsterdam.

What are the key secular and cyclical trends driving growth in the secondary market, and how does AlpInvest aim to capitalize on them?

Secondary market volume can be easily distilled into two factors: i) total outstanding PE exposure (NAV + unfunded commitments) in the world times (ii) the turnover rate of that exposure. If you take them separately, it is fairly straightforward to distill the secular and cyclical trends in the market today.

The biggest secular driver underlying the growth of the secondary market is the increased amount of outstanding PE exposure on LPs' balance sheets. This trend has been driven by record fundraising volumes 3 – 6 years ago. Those vintages have now matured into the sweet spot for secondary buyers, essentially creating a very large pond in which to fish. We estimate that there is over $7 trillion of PE exposure out there today.

A second secular driver has been the adoption of the secondary market as a liquidity and portfolio management tool by both LPs and GPs. On the LP-interest front, PE allocators are increasingly accessing the secondary market for active portfolio management, and they do so on a regular basis. The fastest adoption curve, however, has occurred in GP-centered transaction, as GPs have adopted the win-win solution of continuation funds to hold their winning assets for longer while providing LPs a liquidity option. Both elements have significantly increased the turnover rate of PE assets.

Private equity funds have been facing a lack of exit activity over the past years driven by increased rates and decreasing valuation levels. This has resulted in a significant shortage of liquidity for the LPs who have now turned to the secondary market to generate liquidity for their programs. This cyclical rise of deal flow has significantly outstripped capital formation in the secondary funds creating what we believe to be an attractive buyers' market.

Due to current buyers' market dynamic, AlpInvest has been able to deploy significant capital into what we believe are transactions attractively priced with significant embedded value. We have proactive conversations with GPs around continuation funds, as well as ongoing dialogues with allocators around ongoing liquidity planning.

To what extent does macroeconomic uncertainty, such as reduced M&A activity and IPO markets, create opportunities or risks in the secondary market?

The constrained exit environment has resulted in a sharp rise in secondary supply over the past 2 years as LPs are looking for alternative sources of liquidity. This is true in both increased LP-interest sale volume by allocators directly, as well as increased adoption of GP-centered transactions as managers seek new tools to generate liquidity for their LPs. This increased transaction volume has outstripped new fundraising in secondaries, creating a supply-demand imbalance and therefore a buyers' market. We have seen secondary pricing and average offered fund vintage come down and quality of the underlying assets increase. In terms of risks, secondary buyers have a cautious approach to large buyout portfolios with sizeable assets that may need to wait for the IPO market to reopen to exit, and we have accordingly observed preferential pricing for middle market portfolios. IPO volume began to recover in 2024 with a ~60% uptick against 2023, but M&A and IPO activity remain subdued relative to recent years, with total 2024 activity across IPOs, secondary buyouts, and trade sales at less than half the levels seen in 2021.

How does AlpInvest ensure diversification across sectors, geographies, and investment types within its secondary portfolio?

With a broad and cohesive team based in the U.S., Europe, and Asia, AlpInvest is well-positioned to invest in high quality deals across the globe. Through both proprietary sourcing and intermediated transactions, AlpInvest maintains a robust deal flow pipeline involving deal opportunities within the GP-centered, LP interests, and portfolio finance segments. We routinely perform comprehensive portfolio construction evaluations throughout the life of our funds. LP interest transactions, given the diversified nature of these deals, help to promote ample diversification across industry and geography. In a typical fund we expect a balanced approach between GP-centered and LP-Interest transactions, diversification across geograpies, and end markets.

How have the 15+ consecutive quarters of negative LP cash flow influenced the secondary market's supply and pricing?

To date, private market investors have experienced 15 consecutive quarters of negative cash flows – that is, capital calls exceeding distributions - a streak not seen since the great financial crisis. Diving deeper, the most troubled asset class has been large buyout ($5b+ fund size) which is also the largest pocket of capital. Even though we have seen an uptick in distributions from the middle market buyout (<$5b fund size) segment in the last two quarters, private investors continue to face a significant liquidity backlog. Similarly, LBO and VC / Growth segments have the highest exposure to IPO exits, and any public markets recovery will still require 2-3 years to fully sell down positions post-IPO.

To generate meaningful liquidity at attractive pricing, sellers have increasingly brought younger, higher quality portfolios to market and 2024 saw the average age of LP-interest portfolios in the secondary market decline to historical lows. While optical pricing has risen in 2024 relative to prior years, we believe that after normalizing for younger average portfolio age like-for-like pricing is actually at a high single digit discount to average levels in the preceding decade.

How has the dry powder overhang influenced buyer activity and competition for deals in the secondary market?

We would argue that there is no dry powder overhang, but rather a dry powder shortage in the secondary market. Record volumes in 2024 have largely depeleted dry powder from recent fundraises. Currently, we estimate dry powder levels of just 1-year's worth of secondary volumes, a ratio that has been stable over the past 24 months and indicates attractive buyside dynamics for well-capitalized players such as AlpInvest.

What strategies within private equity are most effective in capitalizing on the growth of secondary market volumes driven by liquidity-constrained LPs

AlpInvest believes our focus on acquiring quality portfolios in alignment with high-performing GPs has supported our strong and consistent track record. We believe that relative to strategies that rely on transaction-level leverage or deep discounts on lower quality portfolios, our strategy offers the best risk-return potential across market cycles.

How does AlpInvest balance investments between GP-centered and LP-interest transactions to manage risk across market cycles?

Depending on macro-cycle dynamics, AlpInvest has identified that certain market segments can be increasingly attractive in periods of dislocation. In times of economic recovery / lower valuations / market volatility, the LP Interest market can present increasingly attractive opportunities as sellers tend to sell higher quality / younger funds to achieve price targets. In times of low volatility and mid-to-late economic cycle characteristics, GP-Centered investments can present increasingly attractive opportunities as GPs tend to be more open to creative solutions around their high-quality assets.

What are the risks associated with GPs retaining strong-performing assets through continuation funds, and how are buyers mitigating these risks?

When selling GPs pursue a continuation fund for one or for a select number of concentrated assets, the firm is electing to utilize a historically non-traditional exit route (e.g., straight sale or IPO); thus, as a secondary buyer, the primary underlying risk is that the GP is attempting to use a CV to exit assets that they are not able to / could not sell elsewhere.

We believe continuation funds benefit both LPs (who have the opportunity to take liquidity at a successful outcome or roll into the continuation fund) and GPs (who can continue to compound returns for all-star assets in place of a forced sale as they reach the end of the selling fund's life). Continuation funds typically reset fee and carry terms, usually providing LPs the option to either maintain "status quo" terms in-line with those they had in the selling fund or to sell their interests. Similarly, buyers have more flexibility around creating greater alignment by incorporating tiered incentive structures or other mechanics to ensure alignment across the investor base.

What role do continuation funds and full fund recapitalizations play in the current market environment for GP-centered transactions?

Continuation funds and fund recapitalizations play a critical role in today's market. These solutions provide GPs with additional capital, time and runway to allow their assets to grow while also providing cash-constrained LPs a liquidity option.

How does the younger average age of funds sold in recent years influence pricing dynamics in the secondary market?

While LP buyout fund pricing has remained range bound in the low 90s relative to 10-year averages, the average fund age in 2024 was 6.6 years old which is over 2 years younger than historical 10-year averages, implying higher quality funds are trading at similar discounts. We believe this reflects attractive "age-adjusted" pricing dynamics as older funds tend to price at lower levels.

What is driving the shift from older, seasoned funds to younger, higher-quality funds in secondary transactions, and how does this impact buyers' strategies?

As noted in Question 2, the constrained exit environment has resulted in a sharp rise in secondary supply over the past two years as LPs are looking for alternative sources of liquidity. This increased transaction volume has outstripped new fundraising in secondaries, creating a supply-demand imbalance and therefore a buyers' market. Buyers prefer younger funds to older vintages (as the embedded value potential from investments still in early stages and FMV is not tail-end or low performing investments, etc.), and we have seen cash-constrained LPs offering younger, high-quality funds in recent quarters in an effort to drive liquidity and support historical pricing levels which have come down. While it may be difficult for certain buyers who focus on tail-end transactions at deep discounts to drive returns, it benefits buyers such as AlpInvest who focus on quality.

What are the implications of the elevated secondary market intermediation (±90% overall market intermediation) for transaction dynamics?

As the secondary market continues to mature and more participants enter the market, we believe intermediaries help to play a positive role in educating potential sellers about transaction dynamics and the unique capabilities of secondary transactions. Nearly 75% of surveyed GPs (per PJT) have signalled an intent to utilize the secondary market over the next 12-24 months, and intermediaries can benefit the broader market by smoothly integrating an increasing number of sellers into the market. Simultaneously, AlpInvest generates attractive proprietary deal flow with 35% of our investments having been completed without an advisor (88% including limited auctions).

What are the potential long-term consequences of dry powder depletion on secondary market pricing and buyer competition?

Going forward, we believe any continued fundraising will likely support the ongoing need for investor liquidity driving secondary volumes and keeping dry powder ratio levels relatively banded. This condition is likely to benefit well-capitalized buyers with the capacity to competitively pursue high quality transactions.

BROOKFIELD - BUYOUT

Serge Toppjian is a Senior Vice President in Brookfield's Private Equity group, responsible for heading up coverage in Industrials across EMEA. Serge joined the firm in 2013, having worked on multiple private equity investments across the Americas and Europe and served on the Board of Directors of several portfolio companies. Serge is a Supervisory Board member of Schoeller Allibert, the leading European manufacturer of plastic returnable transit packaging solutions. Previously, Serge worked as an investment professional at I Squared Capital, a global infrastructure-focused private equity firm. Serge is a CFA Charterholder and holds a Bachelor of Commerce degree from the University of Toronto, where he graduated magna cum laude.

How does Brookfield identify high-growth sectors across different geographies?

While our private equity assets are spread out across the globe, our investment approach remains consistent regardless of geography: 1) identify market-leading businesses with durable cash flows, 2) acquire them for value and 3) enhance that value through operational improvements.

Opportunities exist in nearly every sector, but we see three that offer the most value today and in the years ahead: industrials, business services and financial infrastructure. Many companies in these sectors offer essential products, generate stable cash flows and hold leading market positions. However, many are also overlooking opportunities to cut costs and improve efficiency. In financial infrastructure, for example, most of the world's assets are held by traditional financial companies that lack the expertise to transform them from old-world analog systems into new-age digital operations. In all three sectors, private equity managers with exceptional operational strength and strategies to increase growth and efficiency will likely find these sellers receptive to investment offers.

We are also highly attuned to burgeoning regions that are offering attractive growth opportunities. The Middle East, for example, is now the world's 10th-largest economy with significant infrastructure needs, expanding trade relationships and a growing population that is boosting demand for education, health care and consumer products.

What macroeconomic trends are currently driving Brookfield's investment focus?

The predominant trend in the global economy today is solid but slowing growth, with the U.S. demonstrating far greater strength than its developed-market peers. Inflation has been tempered, though not tamed, from its highest level in four decades. While central banks have lowered interest rates, the pace of easing has slowed on concerns that protectionist trade policies could reignite inflation.

Over the longer term, we expect three converging megatrends—digitalization, decarbonization and deglobalization—to continue generating investment opportunities with attractive risk-adjusted returns. We expect these "Three Ds" to shape the backbone of the global economy for decades to come.

On almost all fronts, the private equity market is positioned for robust deal activity and strong performance in 2025 and beyond. Along with lower interest rates, valuations have stabilized and asset owners are more willing to sell than several years ago. As a result, we are seeing increasing opportunities to acquire high-quality essential businesses and services for value.

How does Brookfield assess risks and opportunities in volatile markets?

Public equity market valuations hover near all-time highs, particularly among technology companies. While interest rates have fallen, lingering inflationary pressure means additional central bank easing will likely be slow, shallow and inconsistent across economies. Elevated government debt burdens that continue to rise, along with interest payments on that debt, are another key trend that may hinder growth.

While these risks are real and should be taken seriously, we note that private market valuations have remained flat or fallen in recent years. We also highlight the importance of investing with private equity managers with substantial resources and access to capital that have a long-term track record of improving operations and conducting rigorous due diligence on every investment to evaluate potential performance over changing market conditions.

Rates will rise and fall, markets will fluctuate and government policies will change from year to year. Private equity managers that look beyond the short-term noise and emphasize operational expertise across their portfolio holdings offer investors the best opportunity for strong long-term returns.

What is Brookfield's approach to capitalizing on dislocations in capital markets?

Volatile or declining markets often present opportunities to acquire businesses for value. During these periods, widespread uncertainty can create a dislocation between the perceived value and the inherent value of a company or business sector. This has played out many times, from the Global Financial Crisis to the collapse of energy markets to the global pandemic fallout. As value investors, we view these events as opportunities and adopt a contrarian mindset to the prevailing sentiment.

Distress in capital markets, be it debt or equity, can lead to attractive buy-in multiples because asset prices typically decline irrationally. Because these opportunities can come and go quickly, investment execution requires preparation and speed. Value investors need to identify potential opportunities, perform due diligence in advance and be prepared to move swiftly.

Public markets today are contending with lingering inflationary concerns, geopolitical tension and protectionist trade policies. Value investors should be closely monitoring their investment targets for recapitalization privatization opportunities. In certain scenarios, the entry price may be significantly discounted relative to the company's future cash flow potential.

How does Brookfield balance control buyouts with non-control structured investments in its portfolio?

Brookfield's private equity strategies span both opportunity sets. One example is our flexible capital solutions strategy, or Brookfield Special Investments. Flexible capital solutions have emerged as a strong alternative to traditional forms of financing for companies with specific needs.

Flexible capital is a global, all-weather solution that sits between private credit and private equity. The key is customization: A company teams up with a strategic partner who provides alternative sources of capital, such as preferred stock plus warrants, to help execute its vision. For investors, it combines the essential elements of both debt and equity in a hybrid, tailored investment structure with a focus on strong downside protection, along with upside potential tied to equity performance.

Many companies looking for capital, however, are reluctant to relinquish control. Businesses are increasingly seeking capital by pursuing partnerships with sophisticated investors through non-control equity and equity-linked solutions. This form of funding requires no change of ownership, allowing companies to retain control of their businesses while avoiding additional strains on their balance sheets.

What criteria are used to identify businesses with durable cash flows and defensible market positions?

The ability to generate stable, unlevered cash flows across market conditions is critical, and it's the biggest factor contributing to business quality. When evaluating cash flows, we look at pricing and volume, demand drivers and growth, operating costs, capital expenditures required to maintain the business, operating leverage, contractual commitments and cyclicality. These factors ultimately determine a company's cash generation

potential. Businesses with durable cash flows are easier to finance and sell in most market conditions, making investment returns less dependent on correctly timing an economic cycle.

Companies with high market share tend to enjoy key advantages that make them attractive to us, including a substantial edge in cost and service that translate into pricing power and margin realization. Examples include large, efficient manufacturing operations or far-reaching distribution and service networks. When evaluating defensible market positions, we analyze market share on both an absolute and relative basis, cost position, service and quality, economies of scale, and the magnitude and sustainability of competitive advantages.

How does Brookfield's "operations-first" mentality translate into tangible value creation post-acquisition?

Let's explore this mentality through a case study. In 2019, Brookfield acquired automotive battery maker Clarios for $13.2 billion via a carveout from Johnson Controls, a publicly traded conglomerate that was focusing on its core heating, ventilation and air conditioning businesses. Over the next six years, Brookfield's operational expertise unlocked enormous value within Clarios. We invested in new products, improved customer service, optimized production and expanded manufacturing capabilities. We also installed a new executive team and strengthened the company's organizational structure.

Today, Clarios is the global leader in advanced low-voltage battery solutions, powering one in three cars on the road.Through our value creation initiatives, $2 billion in debt reduction and an auto industry shift toward advanced batteries, Clarios's earnings before interest, taxes, depreciation and amortization increased from $1.5 billion at the time of our acquisition to $2.1 billion today. We also revalued the business to support a $4.5 billion special distribution to shareholders in January.

What role does the Brookfield Ecosystem play in deal sourcing and due diligence?

One of the keys to our success is the Brookfield Ecosystem. Our network of more than 1,300 investment professionals and 240,000 operating employees working in more than 30 countries around the world provide us with valuable information and insights into where the world is going and how it's changing. This helps inform our investment decisions and add value to the 300+ businesses we own in our portfolios. Specifically, this ecosystem helps us:

• Gather operational intelligence: Our global operations in strategic locations provide us with data and insights into trends and changes in local markets.

• Turn insights into action: We leverage this intelligence to source, execute, manage and realize investments to benefit our clients and partners.

• Connect with confidence: The ecosystem drives competitive advantages in sourcing, executing, managing and realizing investments.

In what ways does the one-team approach between investment and operating professionals drive performance?

After identifying high-quality businesses and acquiring them for value, improving their operations is critical to enhancing cash flows. At Brookfield, operational improvements drive 50% of value creation at the companies we own.

In our experience, the private equity manager's operations team should be involved from the first meeting with an acquisition target until the day the business is sold, and it should have equal footing with the manager's investment team throughout the process and participate in the same compensation structure. Brookfield followed this playbook in the Clarios carveout described above.

Because interest rates likely will remain elevated, private equity managers won't be able to rely as heavily on cheap debt to finance their deals and stretch the value of an asset's equity as they did several years ago. Instead, we see operational enhancement as the key strategy private equity managers will need to employ to drive excess returns going forward. To add value, managers will need to roll up their sleeves and make substantial operational improvements to the products, staffing and manufacturing operations of their portfolio holdings.

What specific advantages does Brookfield offer to co-investors compared to other private equity managers?

With our experience and global reach across alternative asset classes, we believe we are a partner of choice that can surface value where others may not. We invest on behalf of institutions and individuals around the world with the goal of helping them create long-term, sustainable wealth. Our origin as an owner/operator of high-quality businesses allows us to leverage our unique operational expertise to grow the businesses we own on behalf of our clients. We put our own capital to work alongside our partners' capital in nearly every transaction, ensuring strong alignment of interests.

How does Brookfield's local presence in key regions contribute to sourcing proprietary deals?

Well-established operations in more than 30 countries on five continents enable us to readily invest where and when attractive opportunities emerge. This widespread global network allows us to deliver:

• Local insights: Our on-the-ground presence in key locations around the world gives us knowledge of local market conditions and trends, as well as access to proprietary deal flow.

• Strategic flexibility: Quickly scaling up to put our ideas into action allows us to allocate capital where it is otherwise scarce, acquire assets for value and leverage our operating expertise, enhancing the return profile of our investments.

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CARNEGIE ALTERNATIVE SOLUTIONS

Carnegie Alternative Solutions offers tailored investment solutions within alternative asset classes. The current product portfolio includes investments in top-tier fund managers through two "evergreen" fund portfolios: buyout and venture.

Carnegie Alternative Solutions invests through Makena Capital, a Palo Alto-based investment organization that emerged from Stanford Endowment. The team at Makena has an 18-year track record of investing in alternative asset classes, with additional decades when considering their previous employment at Stanford and Harvard. The long-term commitment and relationships established over time have proven crucial in achieving meaningful access to many leading alternative asset managers.

FUND STRUCTURE

- **Evergreen**, meaning an eternal investment horizon, where investors, through a fund-of-funds, buy into a mature portfolio linked to a commitment for future investments.
- The funds are **well diversified** across vintages, geographies, and sectors. Investments are exclusively directed towards recognized and top-tier managers with low access.
- **No J-curve**, and the opportunity for distributions from day one. Distributions are either paid as tax-free dividends under the Swedish exception "business-related shares," (näringsbetingade andelar) or reinvested to facilitate further capitalization within the funds.

CONTACT

Please contact our Investor Relations team for more information on how to invest with Carnegie Alternative Solutions. Our products are available to professional investors residing in Sweden, Norway, Denmark, Finland, and Iceland.

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APPENDICE 1

RISK FACTORS CARLYLE

Prospective investors in AlpInvest Secondaries Fund VIII ("ASF VIII" or the "Fund") should be aware that an investment in the Fund involves a high degree of risk, and it is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Fund and for which the Fund does not represent a complete investment program. An investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Prospective investors are urged to consult with their own financial, tax, and legal advisors about the implications of investing in ASF VIII. The following is a summary of only certain considerations and is qualified in its entirety by the Fund's confidential private placement memorandum, which contains additional information about associated risks pertaining to an investment in ASF VIII. Investors should read these risk factors carefully before making an investment in the Fund.

Speculative Investment. AlpInvest cannot provide any assurance that it will be able to choose, make or realize any particular investment, asset, or portfolio on behalf of the Fund. There can be no assurance that investments made by ASF VIII will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of transactions described herein. The activity of identifying, completing and realizing upon attractive investments is highly competitive and involves a high degree of uncertainty. ASF VIII must compete for investments with other private equity investors having similar investment objectives. The portfolio companies in which the Fund may invest (directly or indirectly) are speculative investments and will be subject to significant business and financial risks.

Highly Illiquid and Difficult to Value. ASF VIII is intended for long-term investment by investors that can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. There is no organized secondary market for investors' interests in the Fund nor is there an organized market for which to sell the Fund's underlying investments, and none is expected to develop. Withdrawal and transfer of interests in the Fund are subject to various restrictions, and similar restrictions will apply in respect of the Fund's underlying investments. Further, the valuation of the Fund's investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed on such investments by other investors and from prices at which such investments may ultimately be sold.

Borrowed Money and Other Leverage. To the extent ASF VIII borrows money or otherwise leverages its investments, the favorable and unfavorable effects of price movements in the Fund's investments will be magnified. An investment with substantial leverage may be at risk of increases in interest rates and therefore increases in interest expenses. In the event an investment cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the Fund investment. The use of leverage will also magnify the volatility of changes in the value of the Fund's investments. While the use of leverage may increase a borrower's returns, it will also increase its exposure to risk. If ASF VIII uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but ASF VIII will bear the interest expense on such borrowed funds. Borrowing by the Fund will generally be secured by capital commitments made by the Fund's investors and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing.

Investors in ASF VIII will Bear Multiple Layers of Expenses. In general, the Fund's investors will bear the fees, expenses and carried interest of the Fund and will indirectly bear any expenses of the Fund's investments (including underlying special purpose vehicle costs and expenses). Such amounts are expected to be material. This will result in greater expense to the Fund's investors than if such fees, expenses and carried interest (as the case may be) were not charged by both ASF VIII and its underlying investments.

Investors in ASF VIII Must Fulfill Capital Drawdown Obligations. Capital calls will be issued by ASF VIII from time to time. To satisfy such capital calls, investors may need to maintain a substantial portion of their capital commitment to the Fund in assets that can be readily converted to cash. An investor's obligation to satisfy capital calls will be unconditional and at its sole expense. Failure to satisfy a capital call to the Fund can result in adverse consequences in the discretion of the Fund's general partner, including complete forfeiture of the investor's interest in ASF VIII. If a limited partner of the Fund defaults on or is excused from its obligation to contribute capital to the Fund, other limited partners thereof may be required to make additional contributions to the Fund to replace such shortfall.

No Operating or Investment History. In general, the Fund will be a newly formed investment vehicle that has no operating history upon which investors can evaluate its likely performance.

No Registration. ASF VIII is not expected to be registered with the SEC as an investment company pursuant to the Investment Company Act of 1940 (the “1940 Act”), in reliance upon an exemption available to privately offered investment companies. Accordingly, the provisions of the 1940 Act will not be applicable to the Fund. In addition, the Fund has not registered with any regulatory or governmental authority as a regulated or registered fund in a jurisdiction other than the Cayman Islands, including the United States and any EEA member states.

Complex Tax and Regulatory Risks. ASF VIII and its investments may involve a complicated tax structures and there may be delays in distributing important tax information to investors. In addition, legal, tax and regulatory changes (including changing enforcement priorities, changing interpretations of legal and regulatory precedents or varying applications of laws and regulations to particular facts and circumstances) could occur during the term of the Fund that may adversely affect any of the Fund or its investors.

Currency Risks. The Fund’s base currency may be one that is different from an investor’s home currency. For example, an investor based in the European Economic Area or the United Kingdom that commits to a limited partnership with a US Dollar base currency. Contributions to, and distributions from, the Fund will generally be required to be made in the base currency of the particular limited partnership comprising the Fund. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations can adversely affect an investor’s investment in the Fund, including the investor’s cost of investing in the Fund.

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APPENDICE 2

RISK FACTORS BROOKFIELD

General Risks Associated with Private Equity Investments. The investments made by a Brookfield-sponsored fund (a "Fund") will be subject to risks associated with the general economic climate, geographic or market concentration, the ability of Brookfield and the Fund to manage investments, government regulations and fluctuations in interest rates. Specific market conditions may result in reductions in the value of the Fund's portfolio companies. The industries targeted for investment by the Fund may be highly regulated by governmental agencies. Such regulations may impact the Fund's ability to acquire, dispose of and/or manage investments.

Illiquid and Long-Term Investments. Although the Fund's investments may generate current income, such investments will be held for an indefinite period of time, and the return of capital and realization of gains, if any, from an investment generally will most likely occur only upon partial or complete disposition of such investment. While a Fund investment may be sold at any time, the sale of a substantial portion of the investments will not occur for a number of years after such investments are made. There will not be a public market for certain of the securities or debt instruments held by the Fund and such securities or debt instruments may require a substantial length of time to liquidate.

General Economic Conditions. Changes in general global, regional and/or U.S. economic and geopolitical conditions, including interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the market in which the Fund invests or the value and number of investments made or considered for investment by the Fund. Any economic downturn and/or market volatility could adversely affect the financial resources of the Fund's portfolio companies. The Fund's investments can be expected to be sensitive to performance of the overall economy. Moreover, a serious pandemic, public health crisis, natural disaster, armed conflict, threats of terrorism, terrorist attacks and the impact of military or other action could severely disrupt global, national and/or regional economies, which could have an adverse effect on the performance of investments, as well as the Fund's returns and ability to make and/or dispose of investments.

Cybersecurity Risk. Brookfield and its service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business, including to provide investors all reports and other communications in electronic form. These systems are subject to threats or risks that could adversely affect the Fund and its investors, including by causing Brookfield, the Fund, the Fund's investments or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, liability, regulatory intervention or financial loss. Brookfield makes no assurances, representations or warranties in relation to these matters. In addition, Brookfield, the Fund's subsidiaries and their respective affiliates reserve the right to intercept, monitor and retain e-mail messages to and from its systems as permitted by applicable law.

Portfolio Company Management Risks. Many portfolio companies rely on a limited number of key individuals, the loss of whom could significantly adversely affect their performance. Although Brookfield expects to monitor portfolio company management, portfolio company management will have day-to-day responsibility with respect such portfolio company.

Reliance on Management. The Fund's success depends on certain Brookfield investment professionals. There can be no assurance that these investment professionals will continue to be associated with Brookfield. While certain investment professionals will devote such time as they believe is reasonably required to the Fund, the composition of the team dedicated to the Fund will change from time to time without notice to investors. The loss of key personnel could have a material adverse effect on the Fund, including its ability to realize its investment objectives.

Portfolio Concentration. While diversification is an objective of the Fund and the Fund agreement will contain certain diversification limitations, there is no assurance as to the degree of diversification that will actually be achieved in the Fund's investments and it is likely that the asset mix of the Fund will differ from that which would result if diversification was the Fund's primary investment focus. The Fund may make only a limited number of investments and since the Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the Partners. In the event an investment fails to meet projections, the Fund may suffer a partial or total loss of capital invested in such investment.

Control Position. The Fund will generally seek investment opportunities that allow the Fund to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may generally be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Fund to claims by such portfolio company, its security holders and its creditors. While the General Partner intends to manage the Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

An offering of interests in a Fund may be made only by means of the Fund's confidential private placement memorandum (as amended or supplemented, the "PPM") and only in those jurisdictions where permitted by law. Any decision to invest in the Fund must be based solely upon the information in the PPM. This document is qualified in its entirety by the PPM, which should be read in its entirety before a prospective investor considers making an investment in the Fund. Prospective investors should read the PPM and pay particular attention to the risk factors and conflicts contained therein.

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