

# Alternative thinking: How high net worth investors are approaching private markets

Insights from Connection Capital's  
annual client survey





# Introduction

In 2025, private markets are once again proving their value.

With economic growth subdued, political uncertainty lingering, and interest rate expectations diverging, investors are operating in a more complex environment. Public markets continue to play an important role in diversified portfolios, but many investors are finding them less compelling than they once were – with performance often concentrated in a narrow band of large-cap stocks and sentiment still heavily shaped by macro headlines.

Private markets offer something different. They provide diversification and the potential for uncorrelated returns, helping to build more resilient portfolios. Just as importantly, they give investors access to opportunities not available on public exchanges: high-quality businesses backed by patient capital and supported by active managers focused on long-term value creation.

This is where private markets stand apart. In contrast to public markets – increasingly driven by short-term sentiment and passive flows – private investments allow for targeted exposure to underlying business fundamentals, guided by experienced, engaged managers with deep sector expertise.

It's no surprise that private markets continue to attract growing interest from well-informed investors who understand the value of access, alignment, and a long-term approach. It's a view we've shared – and built our business around – for over 15 years. Our clients recognise it too, and the findings of our latest investor survey reflect that confidence.

This year's whitepaper explores how investor sentiment is evolving, where capital is being deployed, and why private markets remain a vital component of modern portfolio construction.

We hope you find it a useful and thought-provoking read.



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**Claire Madden**  
Founder and Managing Partner

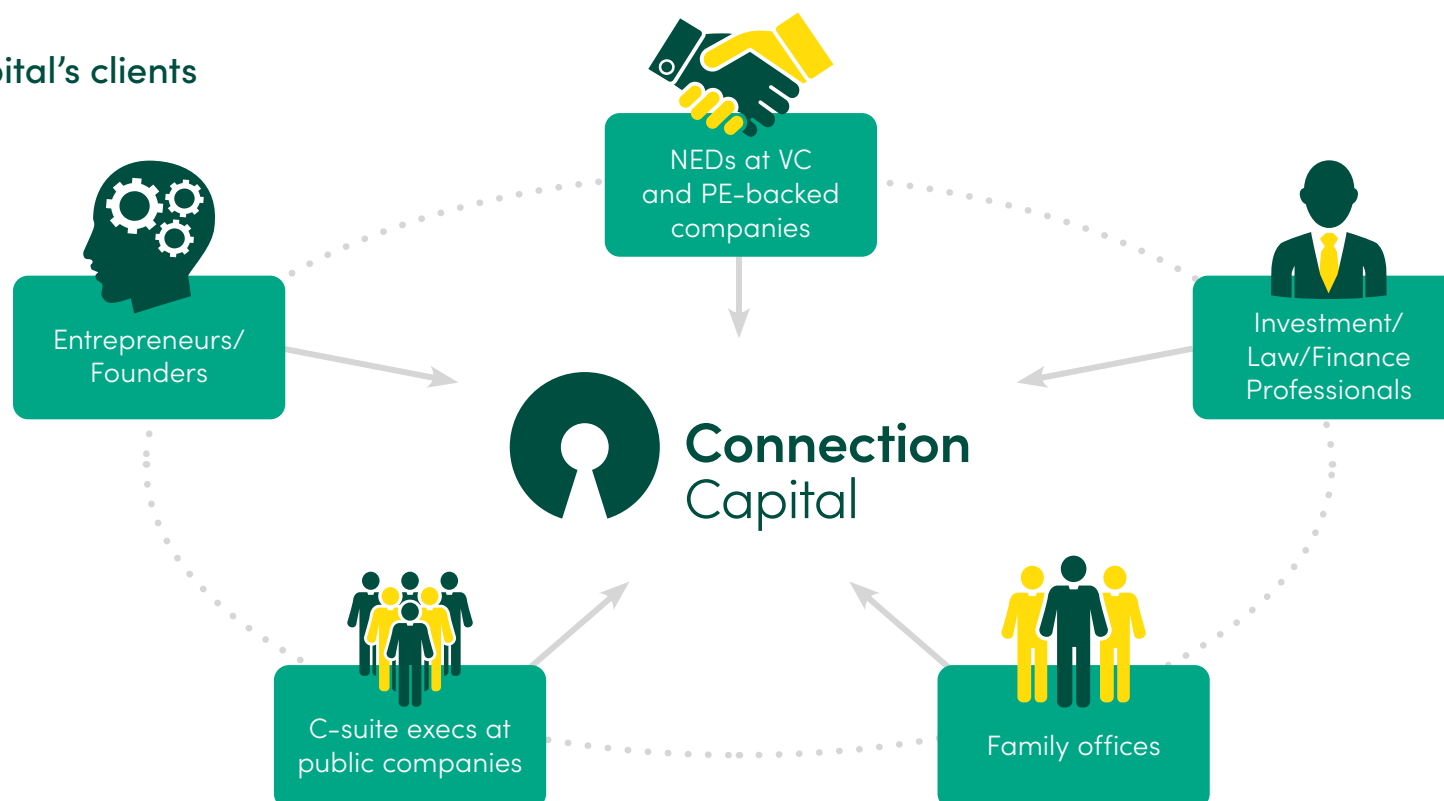


# About the survey respondents

Connection Capital has nearly 2,000 HNW/UHNW private individual and family office clients who come from a diverse range of backgrounds and experiences. These include successful entrepreneurs and company founders, C-suite personnel at listed companies, NEDs/Non-Execs at private equity and venture capital-backed businesses, as well as professionals in the legal, finance and investment communities. 148 of these clients responded to the survey (between 9 June and 4 July 2025).

The data provides a barometer of sentiment and strategy among experienced investors at a time of evolving macroeconomic and political conditions. The responses reflect a client base that is active, experienced, and strategically focused on outperformance through selective deployment into private equity and other alternative assets.

## Connection Capital's clients



# Key findings

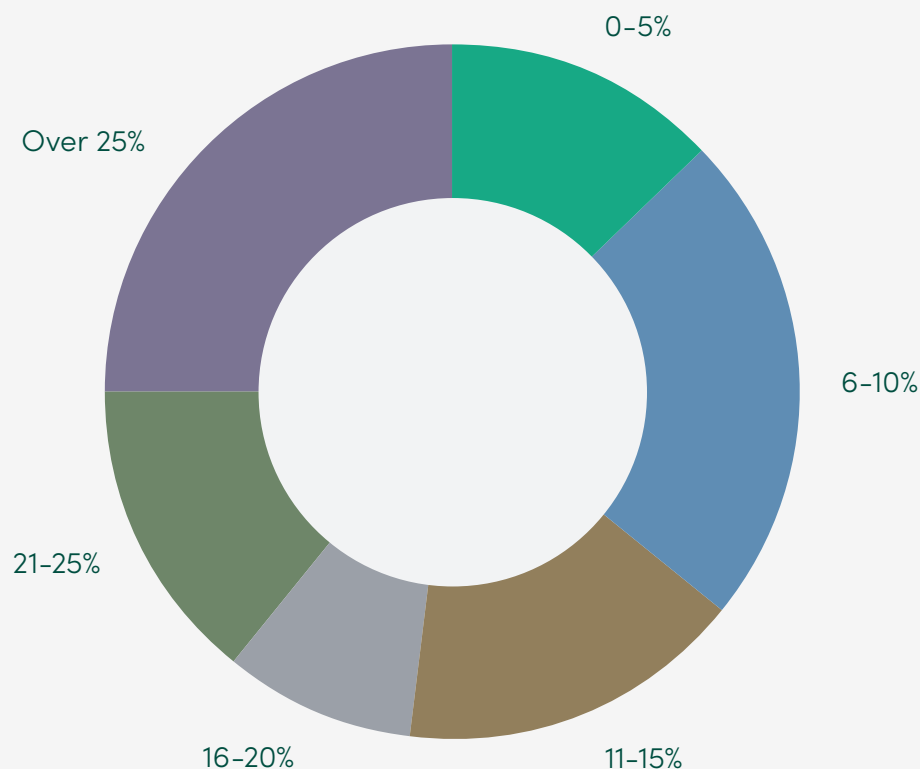
- Investors remain committed to private markets – not just in principle, but in practice. Two-thirds allocate more than 10% of their portfolios to alternatives, and one in four commits over 25%. These investments are no longer seen as peripheral or opportunistic. For many, they're a core, structurally embedded part of portfolio construction.
- Return potential is the primary driver. Nearly 80% of respondents say they turn to private markets in pursuit of returns beyond those typically available in public markets.
- Public market equities continue to feature prominently in investors' plans but many see greater differentiation and dynamism in private strategies. Appetite is particularly strong for primary private equity strategies, co-investments and secondaries, where investors perceive greater scope for manager skill, tailored exposure and long-term value creation.
- We're also seeing a shift in regional sentiment. Confidence in the UK and European markets is strengthening, while uncertainty around US politics and the economic outlook is prompting more caution.
- Tax remains a potential swing factor. If capital gains tax were to be aligned with income tax, 43% of respondents say they would reduce equity exposure – though the majority expect to hold steady.



**“Private markets are no longer viewed as ‘alternative’ they have become a structurally embedded part of a diversified portfolio.”**

# Current and target allocations

What is your target allocation to alternative investments/private markets as a percentage of your overall investment portfolio?



Client allocations to private markets are intentional and strategic. 66% of respondents currently allocate more than 10% of their portfolio to alternatives, such as private equity. Notably, 25% allocate more than a quarter of their portfolio, a level typically reserved for core exposure.

These figures are consistent with eight years of our annual survey data, highlighting a clear and sustained pattern: private markets are no longer peripheral, but a core part of long-term wealth strategies for HNW and UHNW investors.

**“66% of respondents currently allocate more than 10% of their portfolio to alternatives.”**



# Motivation for investing in private markets

When asked why they invest in private markets, respondents were emphatic: it's about returns. 78% of clients are seeking higher returns than those available in public markets.

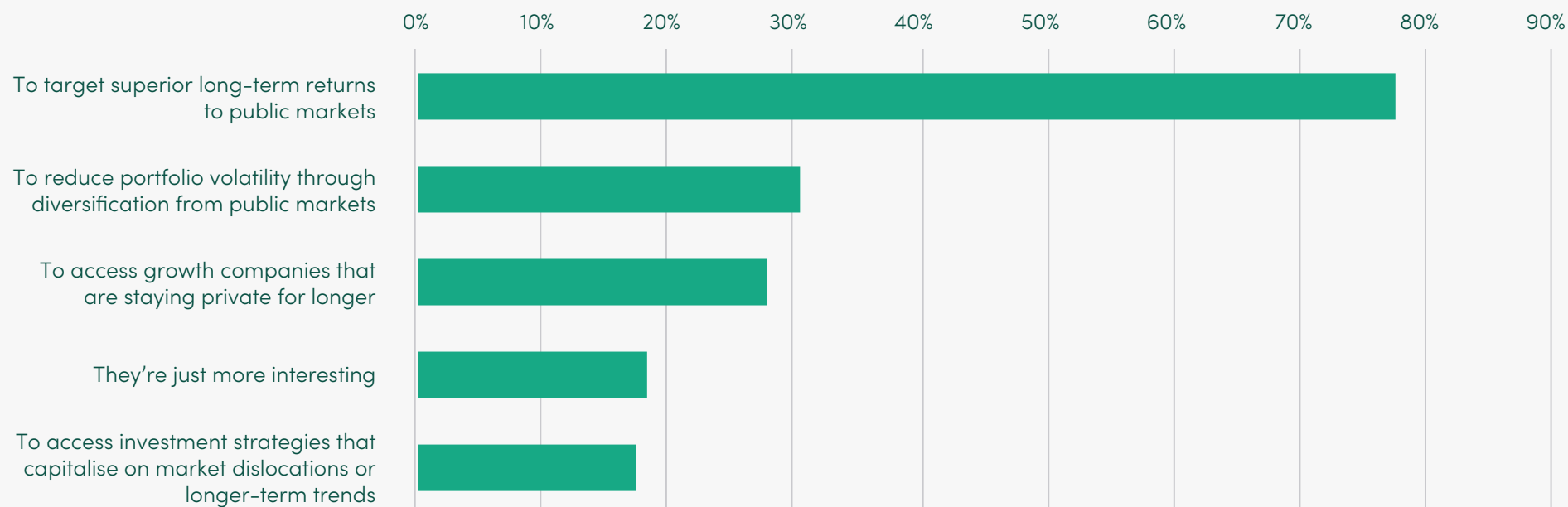
Liquidity is not a deterrent. 85% of respondents accept capital lockups in pursuit

of superior outcomes, with only 15% stating they would trade off returns for more liquidity. The willingness to embrace illiquidity underscores confidence in private markets' long-term performance potential.

85%

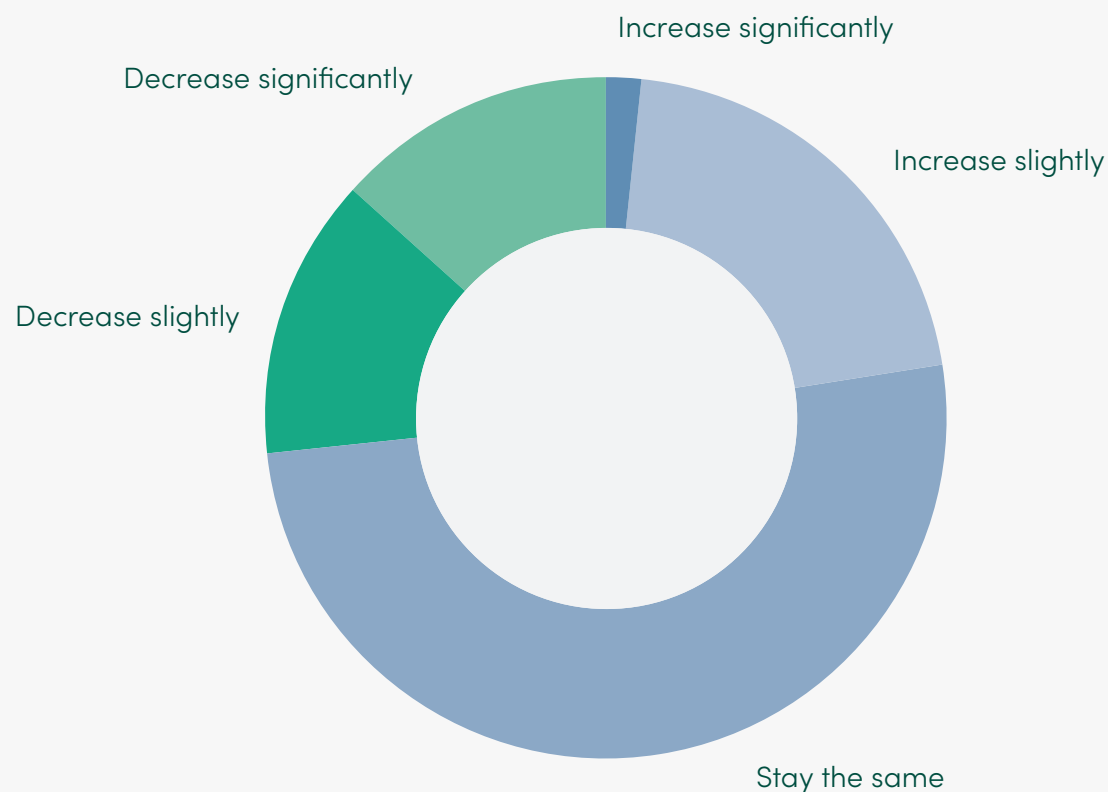
15%

## What are the two main reasons you invest in private markets?



# Allocation plans for private equity

How do you expect your allocation to private equity investments to change over the next 12 months (versus last 12 months)?



Despite the more challenging deal and exit environment in 2025, 54% of investors intend to maintain their current allocation level to private equity, while nearly 25% expect to increase exposure over the next year.

This suggests a forward-looking approach. Investors are prepared to capitalise on dislocation and are positioning themselves ahead of anticipated market recovery.

**“Over 75% of respondents plan to maintain or increase their allocation to private equity over the next 12 months.”**



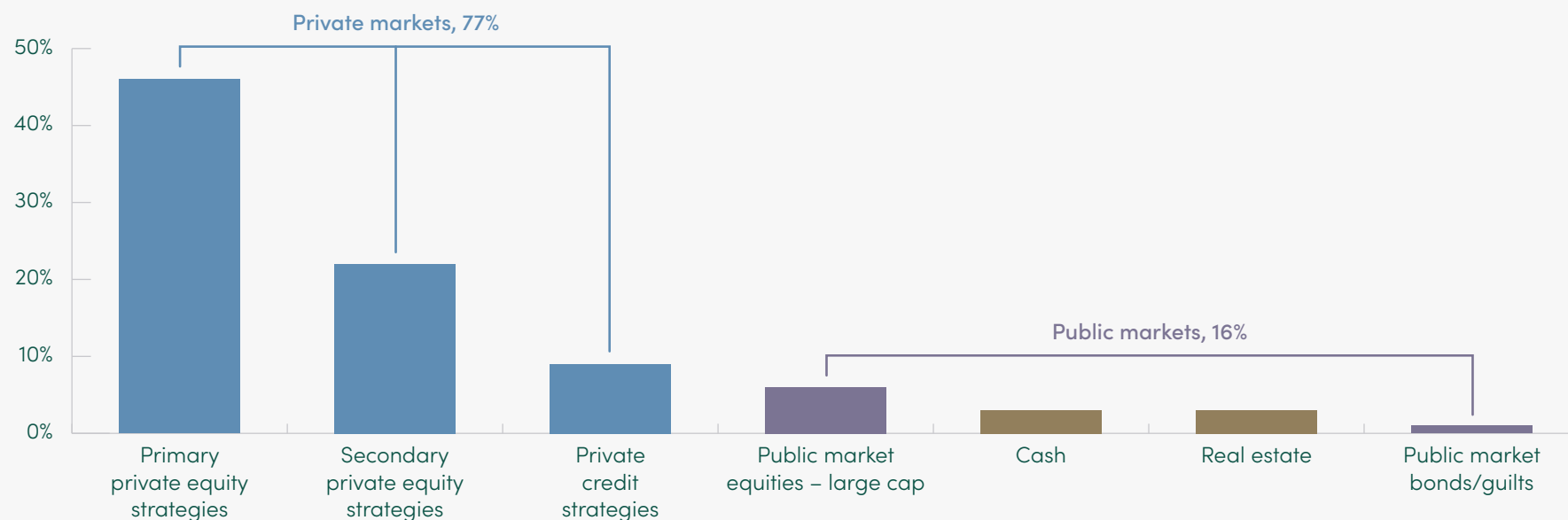
# Where do investors see the most compelling opportunities?

When asked where they expect the most compelling investment opportunities over the next 12 months, more than three-quarters of respondents (77%) pointed to private markets – compared to just 16% for public markets.

Primary private equity strategies (46%) lead the pack, followed by secondaries (22%) and private credit (9%).

Public markets – including large caps, small caps and bonds – remain a core part of many portfolios. However, they drew less enthusiasm from respondents when asked where they see the most compelling opportunities today. That's not a rejection, but a reflection of current macro sentiment. With concerns around valuations, volatility and limited near-term upside, many investors are placing greater emphasis on private markets to access more differentiated and less correlated sources of return.

## Where do you think the most compelling investment opportunities will come from in the next 12 months?



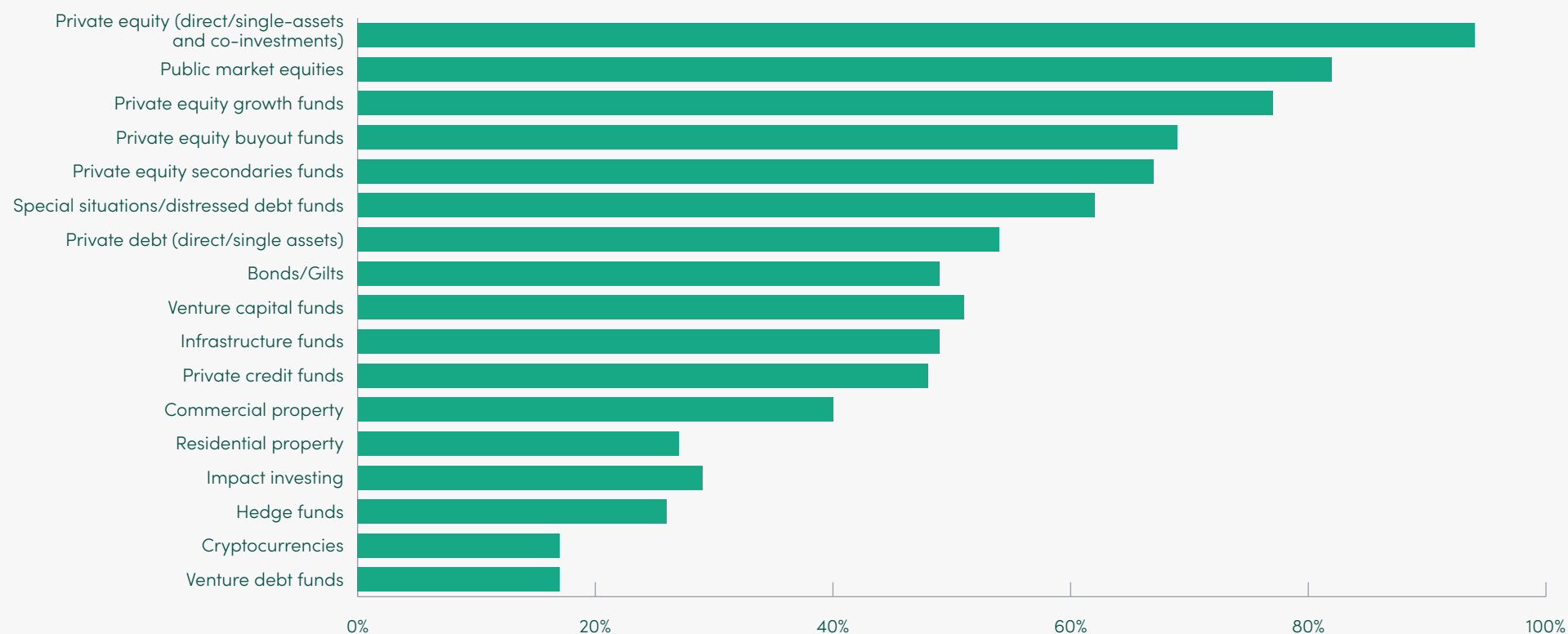


# Strategies of interest

Single-asset private equity deals and co-investments are in high demand: 94% of respondents said they are likely to consider these options. Growth strategies were cited by 82%, buyouts by 77%, and secondaries attracted 66%.

Secondaries, in particular, are gaining favour as investors look for ways to access quality assets with improved liquidity dynamics and potentially at attractive prices.

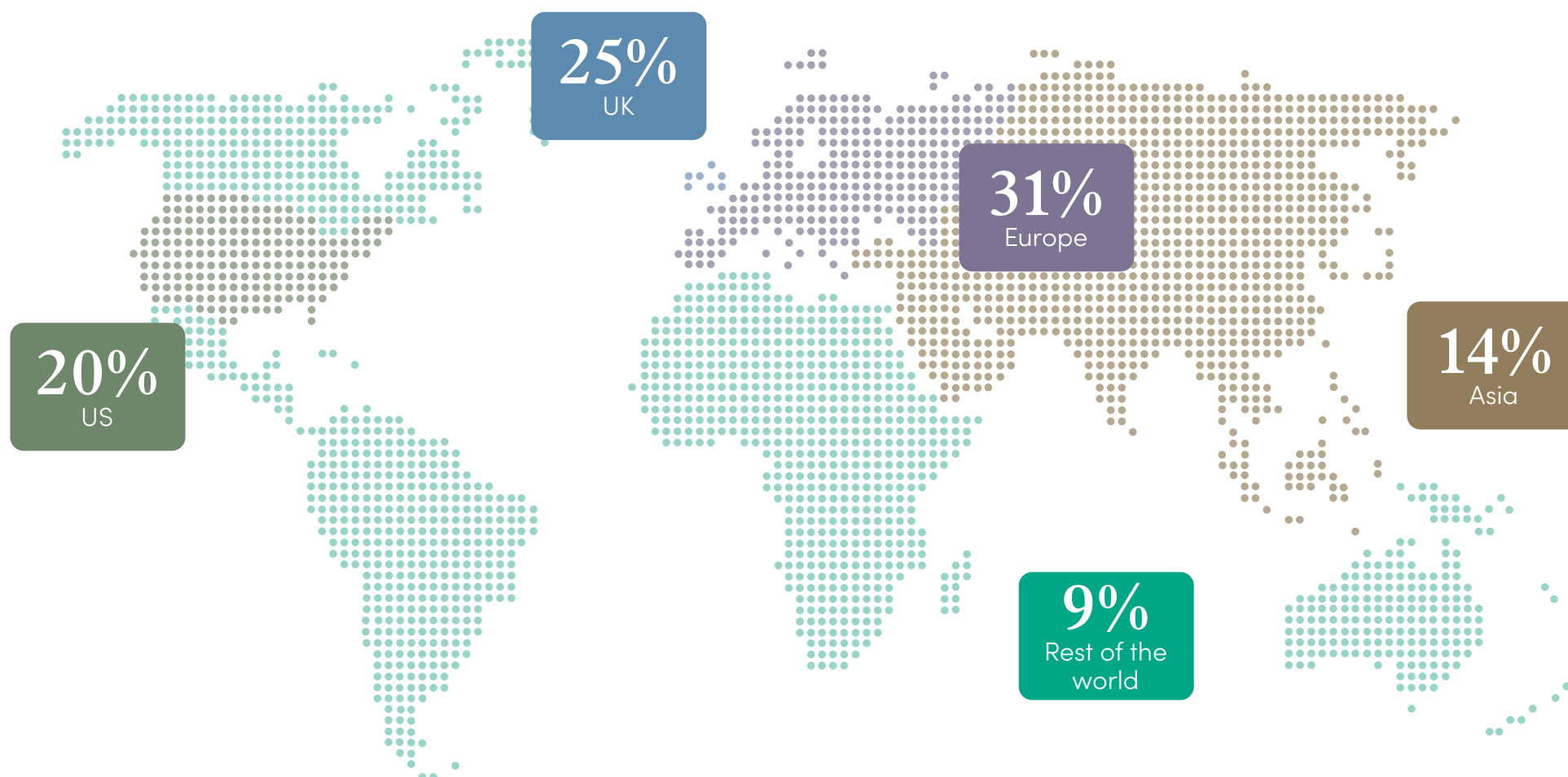
## Which asset class are you likely to consider investment in over the next 12 months?



# Regional preferences

The UK and Europe are now the most compelling regions for private market investors. 31% of respondents selected Europe as their top target, 25% chose the UK. By comparison, only 20% prioritised the US.

Concerns around the US include policy uncertainty and a perceived lack of stability. Europe, meanwhile, benefits from lower entry valuations and central bank support.



# Potential impact of capital gains tax changes

If the UK government decides to equalise capital gains tax rates with those of income tax, 43% of investors say they would consider reducing exposure to equities – public and private. While 57% would not change their approach, the potential for disincentivising capital deployment is clear.

This is a vital insight for policymakers. Stability and predictability matter when private investors are supporting long-term business growth.

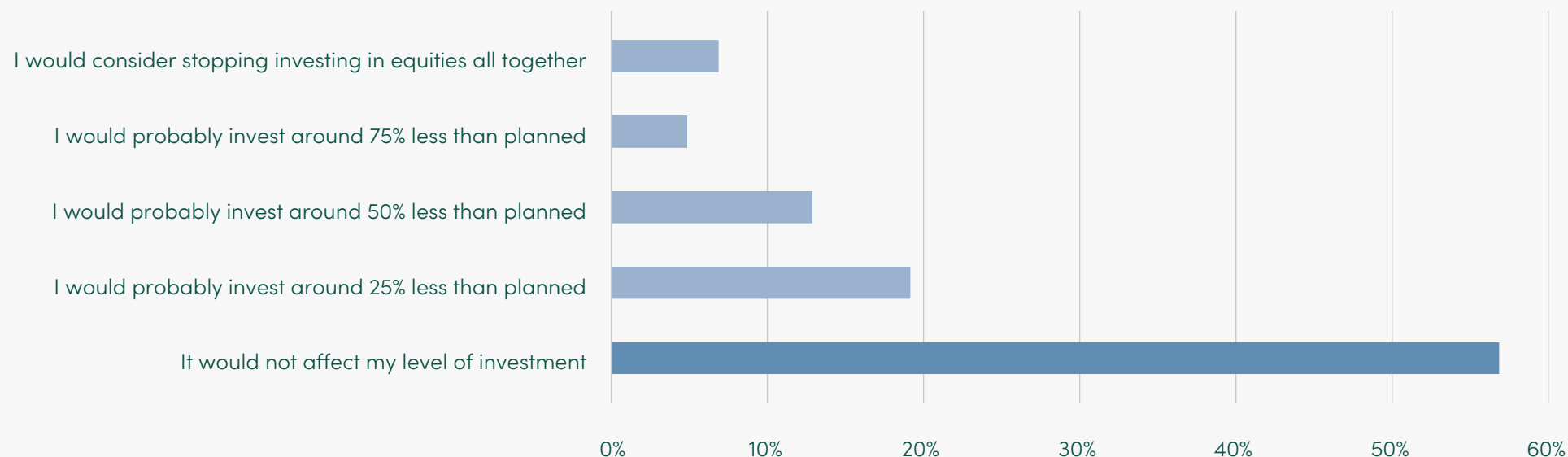
**43%**

Would consider reducing  
exposure to equities

**57%**

Would not change  
their approach

**If the rate of capital gains tax is increased to the same rate as income tax, how might this affect your investment in equities (both public and private)?**





# The Connection Capital platform: access to a diverse range of private market investments

At Connection Capital, we specialise in sourcing, structuring and managing high-quality private market opportunities tailored to the needs of high-net-worth and ultra-high-net-worth professional clients.

Our platform spans:

- **Direct private equity and debt investments** in UK SMEs
- **Co-investments in larger transactions**, led by third party deal sponsors
- **Institutional-grade fund strategies**, including buyout, growth, secondaries and venture, operated by top-tier private equity managers

All opportunities are curated by our investment team and made available exclusively to our client base via our online portal. Our clients choose which investments to back, when, and at what level – giving them flexibility and control, alongside rigorous due diligence and expert oversight.

Our network and reputation in the private markets industry, which has been built over many years, enables access to high-quality investment opportunities that is difficult to replicate.

## Direct and co-investments



## Funds



# Ready to get started?

Registering with Connection Capital gives you access to our carefully curated private market investment opportunities.

There's never been a better time to diversify your portfolio.

Scan the QR code or visit [connectioncapital.co.uk/registration](https://connectioncapital.co.uk/registration) below to start your journey.





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