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Midyear Global Investor Survey Report

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Where Capital Connects —Year Round

Empowering fund managers and allocators to build high-quality relationships, drive discovery, and accelerate fundraising.

Executive Summary

In the midst of a wild and volatile year across global markets and for geopolitical events, the recent iConnections Midyear Global Investor Survey confirmed allocators remain strongly dedicated to alternative investments.

iConnections conducted a targeted investor sentiment survey of nearly 100 global allocators at Global Alts New York to assess shifts in outlook since our broader benchmark survey of 700 investors at Global Alts Miami in January. This follow-up comes at a time of heightened economic uncertainty, persistent geopolitical tensions, and mixed signals from global central banks—prompting us to examine how investor perspectives have evolved in the face of ongoing volatility.

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Key Themes & Observations

Continued Commitment to Alternatives

Despite market uncertainty, investors remain firmly committed to alternative investments as core components of their portfolios. Private markets, hedge funds, and differentiated strategies continue to play a vital role in long-term return generation, diversification, and downside protection.

Sentiment Moderation

Compared to January, investor optimism had somewhat tempered, but long-term outlooks remain cautiously constructive. Near-term expectations are marked by elevated risk awareness and a stronger tilt toward defensive positioning. Concerns about inflation resilience, central bank policy lags, and election-driven volatility featured prominently.

Asset Allocation Shifts

Allocators reported a shift in preference toward private market funds which some allocators see as more insulated from equity volatility and global macro events.

Liquidity and Duration

Liquidity management emerged as a similarly pressing consideration. Redemption trends in certain long-lock vehicles may increase if macro conditions deteriorate further and investors need additional capital to put to work in agile strategies.

Geopolitical Risk Premiums

Investor commentary reflected growing awareness of geopolitical risk premiums, particularly around China, the Middle East, and U.S. policy uncertainty. Global allocators are recalibrating regional exposures and are reconsidering long held exposures across markets.

Manager Expectations

Allocators increasingly value transparency, scenario planning, and real-time communication. There's a clear preference for managers demonstrating adaptability, portfolio resilience, and capital discipline over headline-generating returns.

> The Global Alts New York survey highlights a subtle but important recalibration in investor sentiment. While allocators remain engaged and opportunistic, they are preparing for a more turbulent landscape, marked by macro crosscurrents and fast-moving geopolitical shifts. This underscores a rising premium on flexibility, discipline, and strategic risk management – which global investors seek from alternative investments - as they navigate an increasingly complex alternatives ecosystem.

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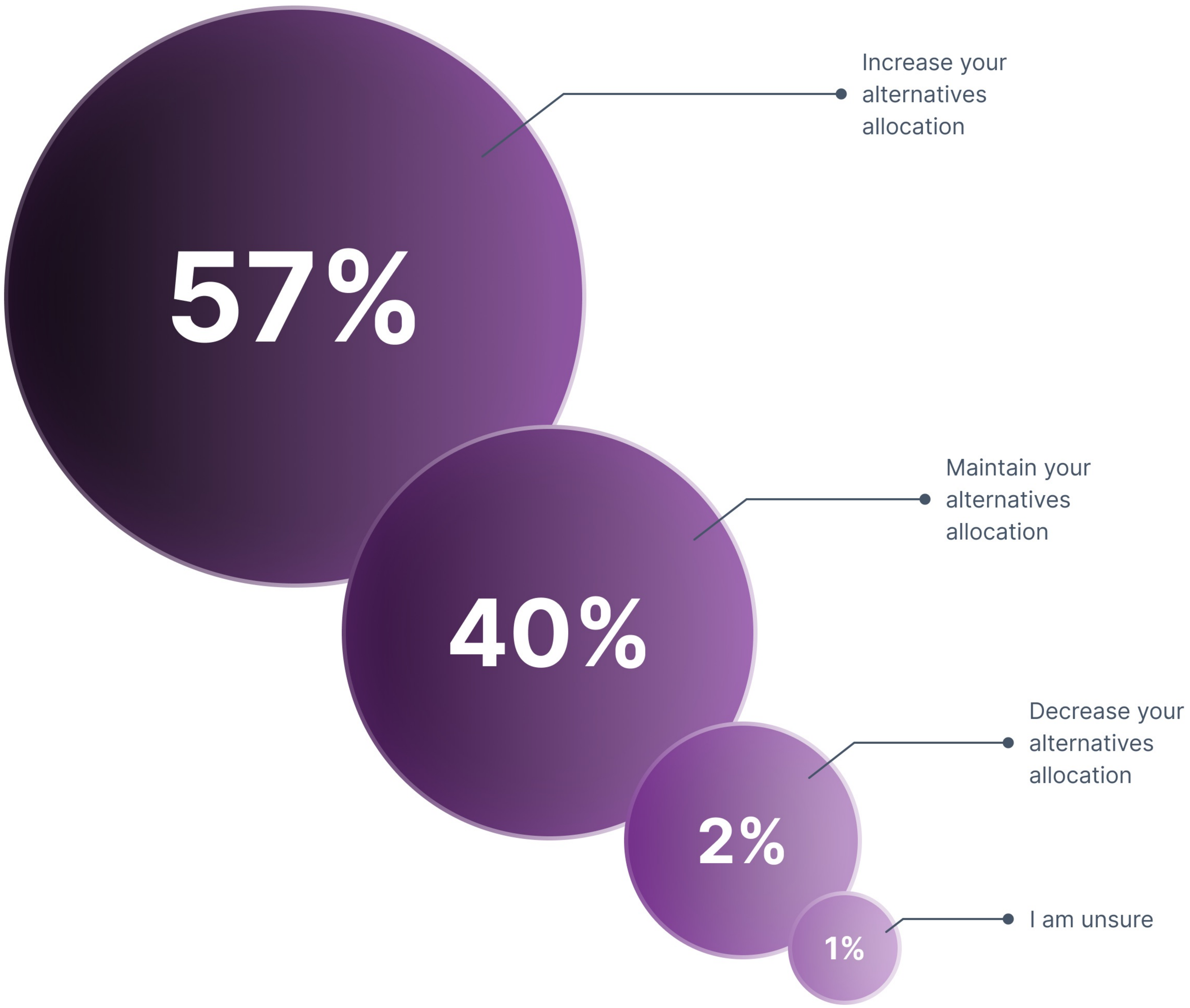
In an Uncertain Environment, Investors Remain Committed to Alternatives

In the iConnections Midyear Global Investor Survey, allocators overwhelmingly reaffirmed their commitment to alternative investments. Nearly 60% of respondents indicated plans to increase their alternatives allocation, while about 40% said they would maintain current levels. Fewer than 5% of allocators expected to reduce exposure or expressed uncertainty—suggesting continued institutional conviction in alternatives as a core portfolio pillar.

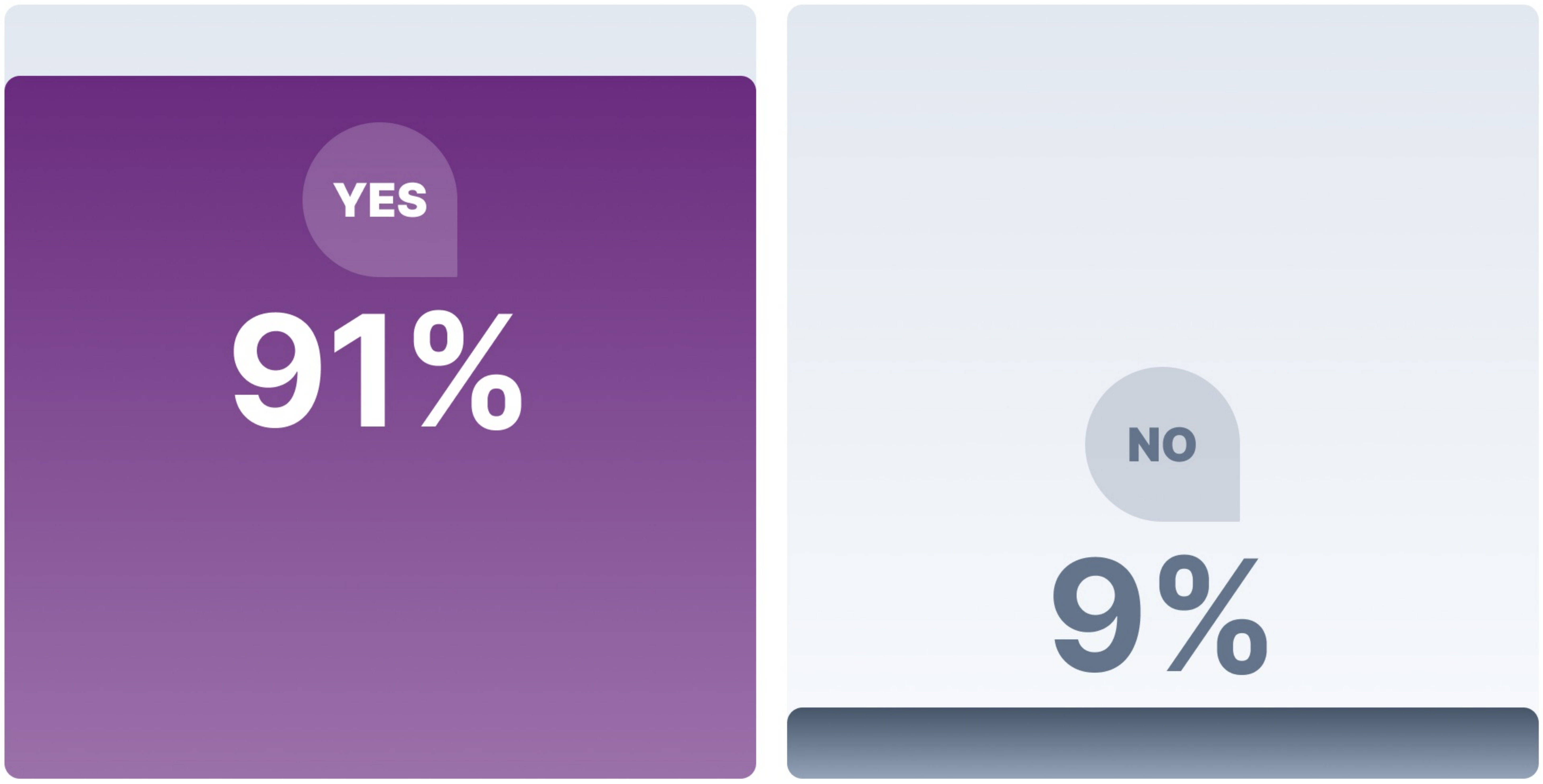


This strong allocator commitment to alternatives comes against the backdrop of an increasingly uncertain and uneven global market landscape. Public equities are facing valuation headwinds and geopolitical overhangs, while fixed income continues to grapple with rate volatility and shifting central bank signals. As a result, investors are leaning into alternatives not just for diversification, but as a more adaptive engine of return in a regime where traditional 60/40 models appear structurally challenged.

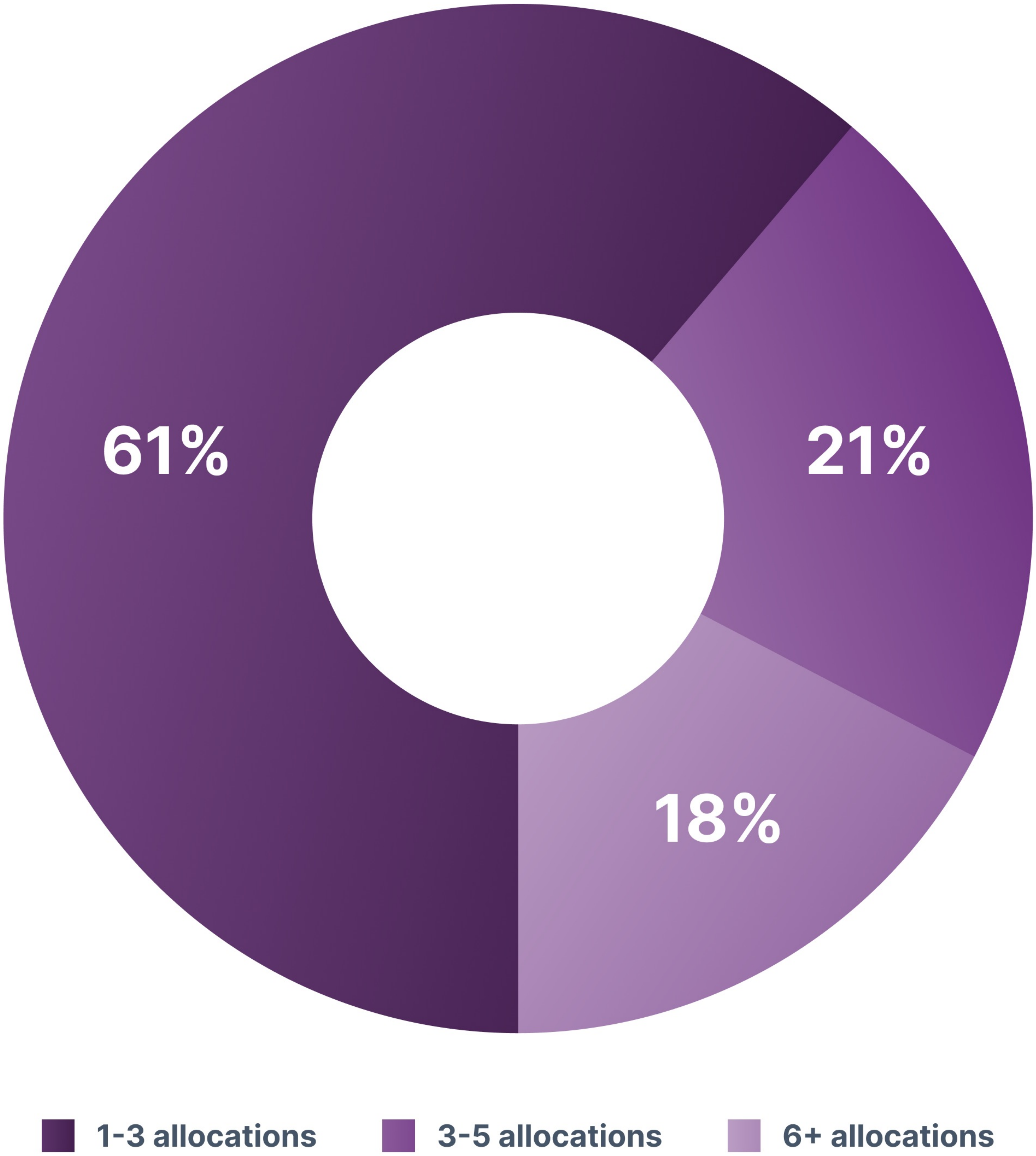
Allocators are recalibrating their portfolios with intent—seeking downside protection, liquidity-adjusted yield, and access to thematic growth in areas like private credit, infrastructure, and AI-linked strategies, all of which sit squarely within the alternatives universe.

These allocators have been remarkably active in the first half of the year, despite ongoing volatility across asset classes and regions. Notably, nearly 90% of surveyed investors had already made allocations in 2025, with around 60% making between one and three commitments so far this year, and almost 20% writing six or more tickets.

Have you made allocations yet this year?



How many allocations have you made year to date?



Private markets remained a strong destination for capital, as nearly 40% of allocators allocated just to private market funds, while another third of investors reported allocating across both public and private strategies. Only a quarter of allocators directed capital solely to public markets.

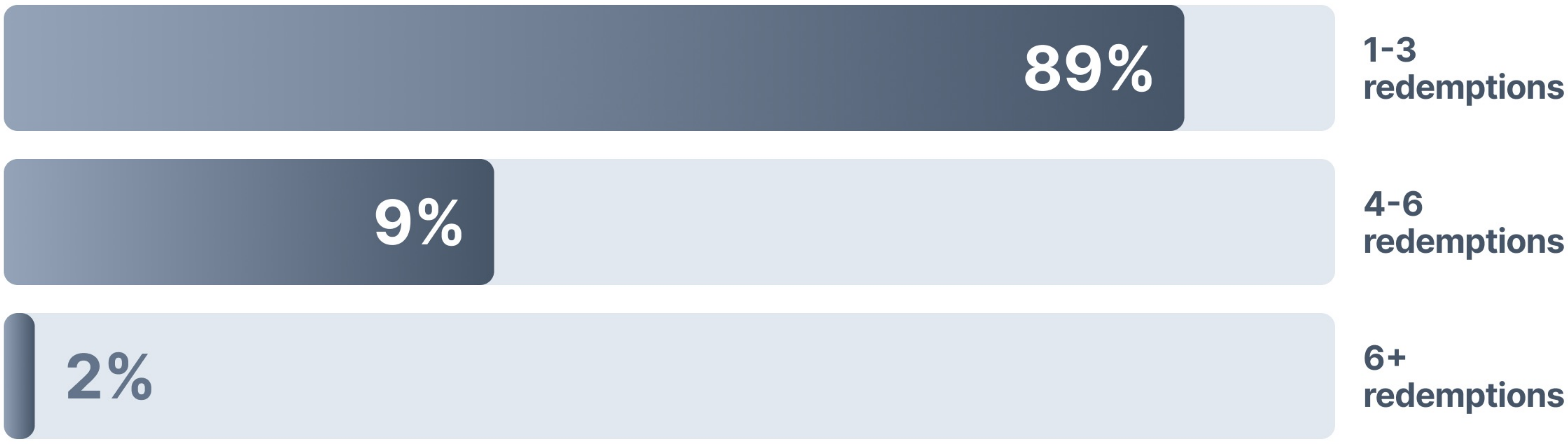
Were those allocations to?

Redemption activity in the first half of 2025 was notably more measured than allocation behavior. While nearly 90% of investors reported making new allocations this year, only about half indicated they had redeemed from any fund. Among those who did, the majority kept their redemption activity limited—most executing three or fewer transactions.

This restrained approach suggests that redemptions are being used as a tactical portfolio management tool rather than signaling broader risk-off sentiment. Allocators appear focused on rebalancing exposures and preserving optionality, rather than exiting positions en masse. The data reflect a pragmatic mindset—investors are preserving liquidity where needed, but doing so selectively, in ways that support longer-term capital deployment.

Have you redeemed from funds this year?

How many redemptions have you made year to date?



The majority of redemption activity was concentrated in public market funds, which accounted for approximately two-thirds of all reported redemptions. In contrast, redemptions from private market strategies were comparatively limited, reflecting the structural illiquidity of those vehicles as well as continued allocator conviction in their long-term value.

This pattern reinforces the view that investors are not exiting risk broadly, but are instead rebalancing with precision—adjusting exposures in more liquid segments of the portfolio while preserving allocations to longer-duration assets. The data point to a disciplined approach in which liquidity is being managed tactically, allowing investors to remain nimble without undermining their core strategic positions. In an environment of heightened uncertainty, this kind of measured portfolio management signals an intent to stay engaged, while keeping dry powder available for redeployment.

Were those redemptions from?

66% Private Market Funds

11% Public Market Funds

23% Both

Volatility Has Had *Some Impact*, But Not Yet Overwhelming

Market volatility has prompted changes for many, though not a wholesale overhaul. While nearly half of respondents reported no change to their portfolios, more than one-third said they were revisiting their asset allocations. Close to 20% of investors are holding more cash than usual, and a smaller group indicated they are redeeming from more funds than in previous years.

Liquidity emerged as the single most pressing challenge, cited by approximately one-third of participants, followed by global macroeconomic risk and challenged performance. Other concerns such as tail risks, fees, and interest rates were noted but ranked lower in priority.

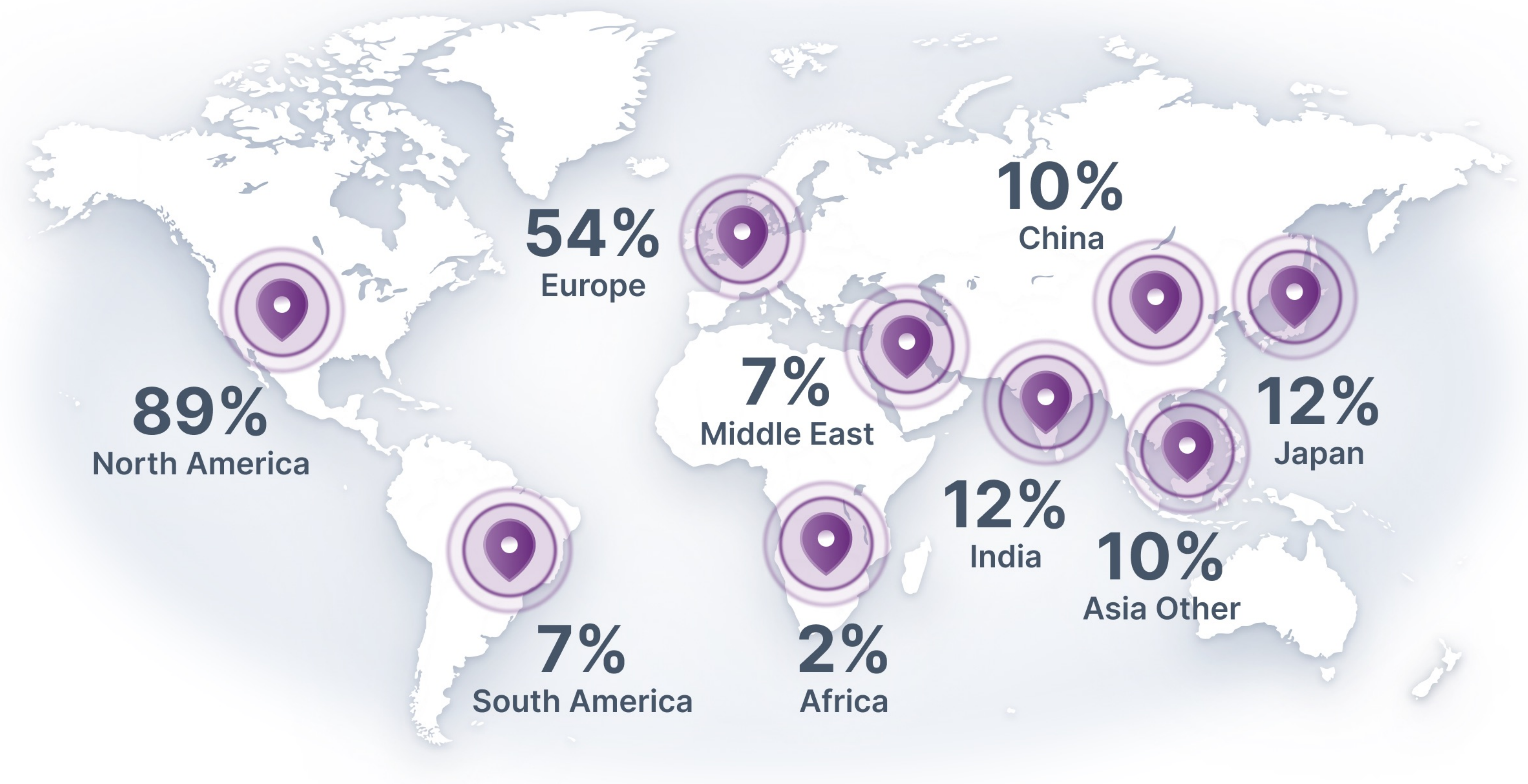
Recent market volatility has meant

Regional Concerns Increasingly Top of Mind

Regionally, allocator focus remains overwhelmingly anchored in North America, with nearly 90% of respondents indicating plans to deploy capital in the region over the next 12 to 18 months. Europe also commands significant interest, with more than half of investors expecting to allocate there. This concentration reflects a preference for markets perceived as more stable, liquid, and policy-transparent in the face of global uncertainty.

At the same time, redemptions from North American funds were relatively common, with just under half of respondents signaling an intention to reduce exposure. However, this appears to be part of a broader rebalancing effort rather than a shift in conviction —suggesting that investors are rotating capital within geographies rather than exiting them entirely. Interest in emerging markets remains subdued by comparison: fewer than 15% of allocators plan to allocate to regions such as Southeast Asia, India, or China. This restrained outlook may reflect persistent concerns around regulatory opacity, geopolitical risk, and currency volatility in these markets.

Where do you expect to allocate in the next 12-18 months?



Where do you expect to redeem from in the next 12-18 months?

45%
North America

15%
Europe

6%
Asia Other

4%
China

2%
South America

2%
India

2%
Africa

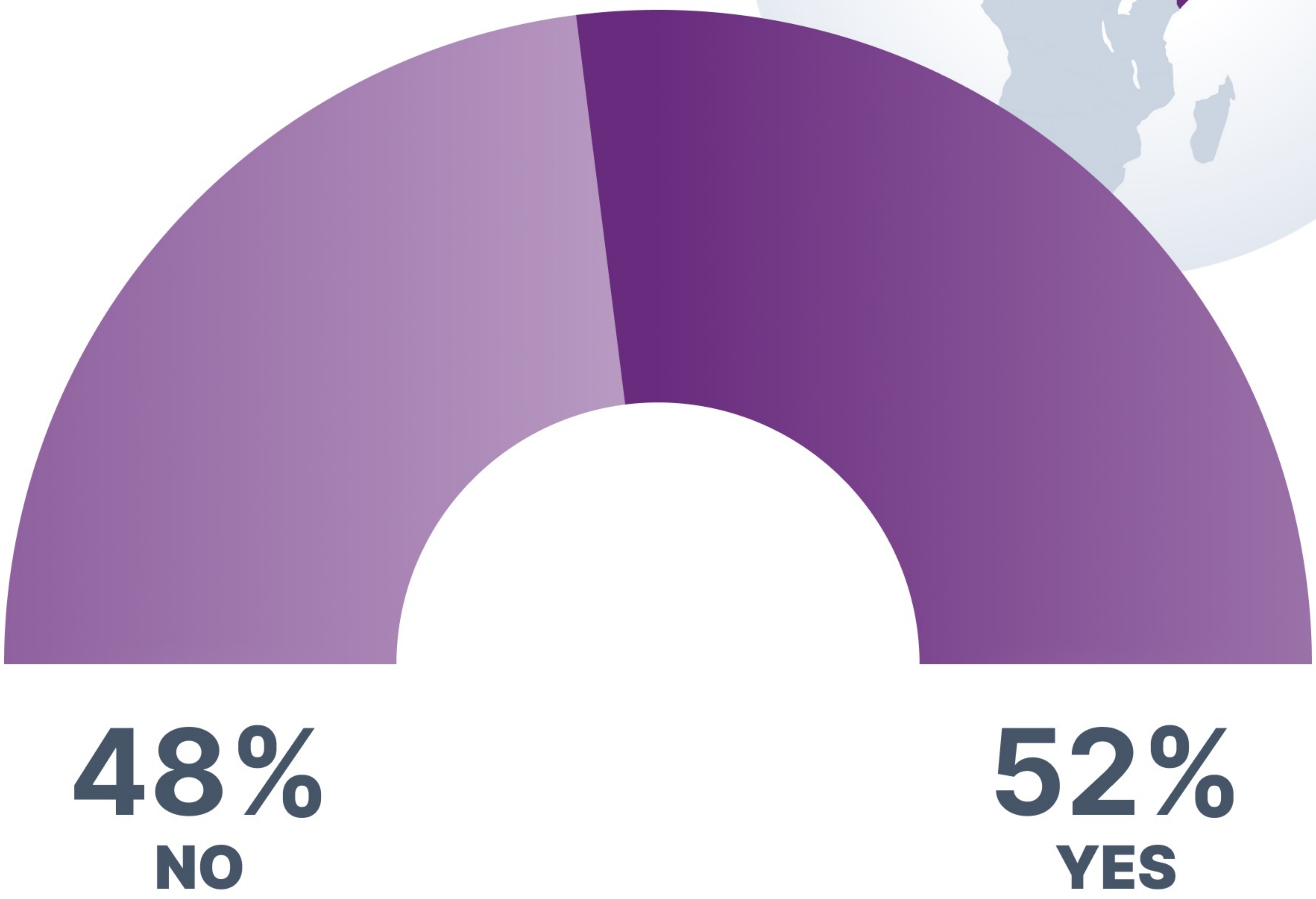
1%
Middle East

Spotlight on the Middle East

Investor sentiment toward the Middle East remains mixed, marked by a divide between investors who are optimistic, and may already be invested in the region or are seeking opportunities, with those who look at recent geopolitical challenges more cautiously. According to the Global Alts New York Allocator Survey, about one in five allocators are already invested in the region.

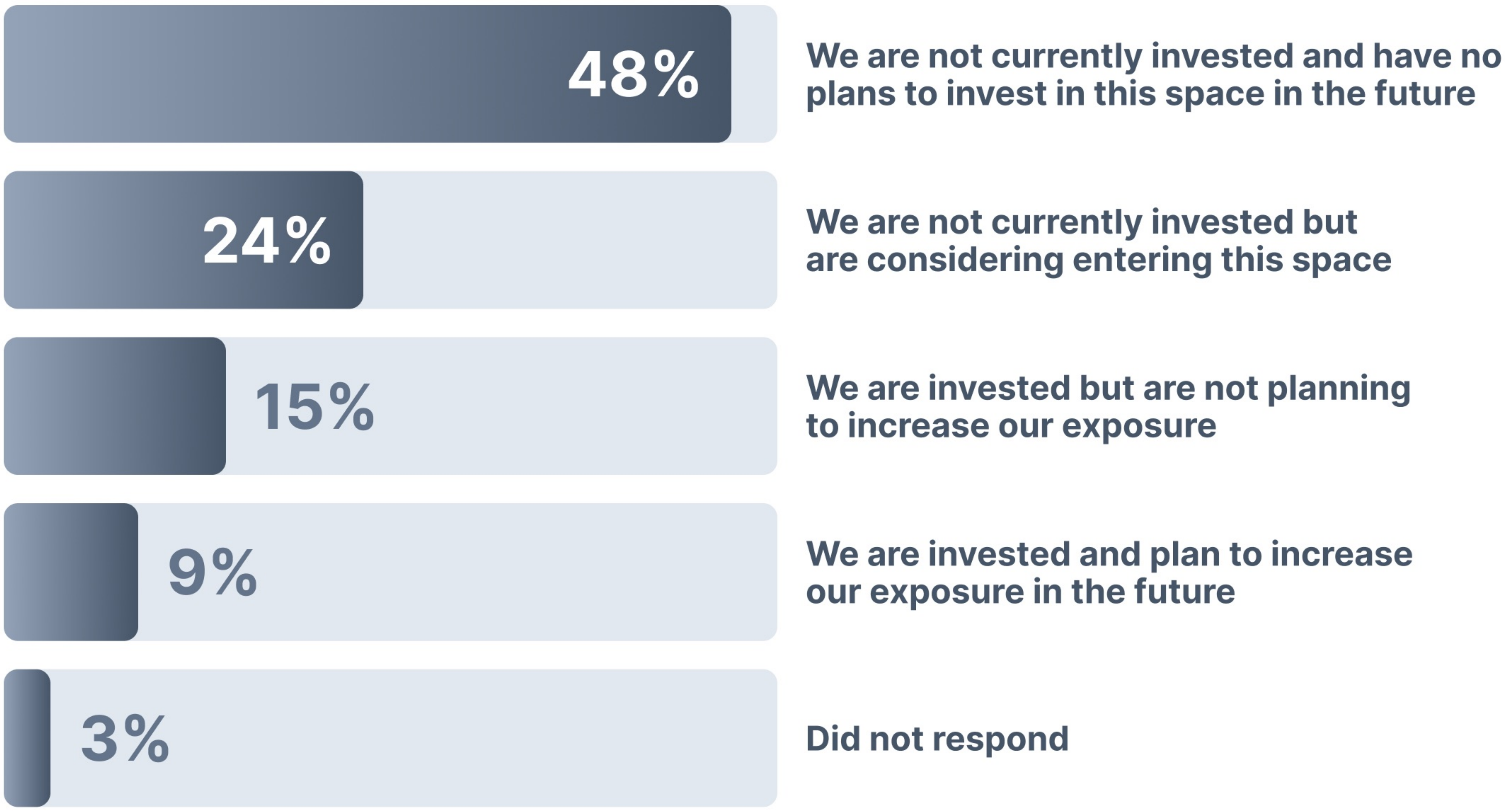
Less than half—around 45%—indicated they are not yet invested in the Middle East and have no current plans to enter, potentially reflecting a lingering hesitancy or lack of alignment between regional opportunities and institutional mandates.

Do you currently have exposure to MENA or intend to invest in the region?



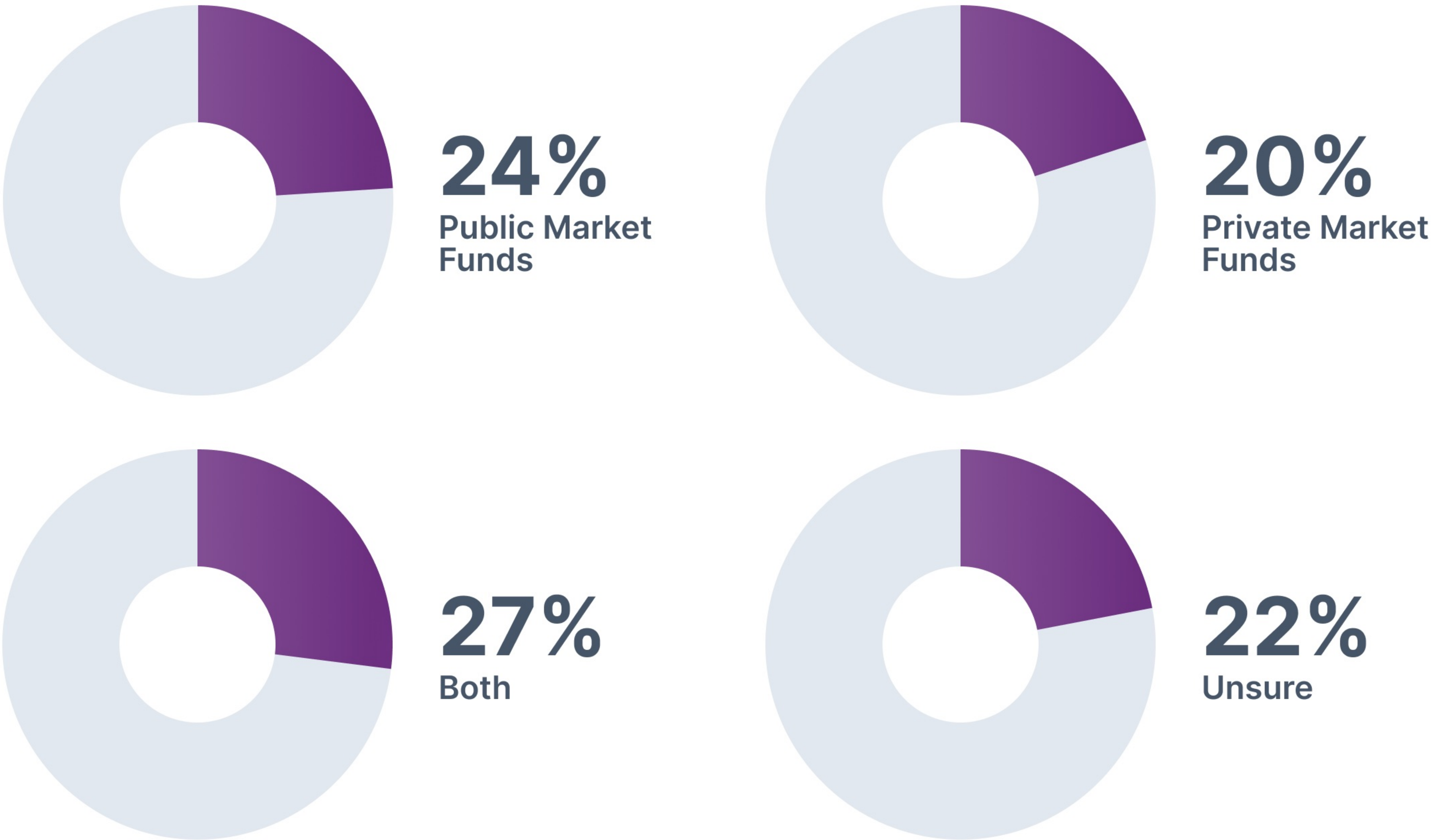
Another one-third of respondents are evaluating the region, with no current exposure but an openness to allocating capital in the future. This signals growing curiosity, particularly as Gulf economies continue to push diversification, capital markets reform, and sovereign-backed fund activity. Roughly 5% of allocators indicated they intend to increase exposure, and a comparable share is maintaining their existing investments.

What is your exposure to MENA currently?



Among those active or interested in MENA, exposure preferences are relatively evenly distributed across private, public, and hybrid strategies. Private market strategies attract the largest single share, with just over one-third of engaged investors favoring this route—likely reflecting confidence in real asset growth, infrastructure development, and sovereign wealth co-investment models. Public markets and hybrid approaches each captured just under one-third of responses, showing no clear consensus around vehicle preference.

Where is your current or expected exposure in MENA?



Recent geopolitical developments have renewed focus on the region's risk profile, as institutional investors are carefully monitoring the evolving situation and its potential ripple effects on capital flows, security, and energy markets. While such events inevitably add a layer of complexity to investment decisions, most allocators appear to be adopting a measured, long-term view—assessing regional dynamics without making abrupt allocation shifts.

Overall, while the Middle East is not yet a mainstream destination for most global allocators, it is increasingly emerging as a region of interest for the world's leading investor. Its future role in institutional portfolios will depend on continued transparency, geopolitical stability, and the maturation of local capital ecosystems.

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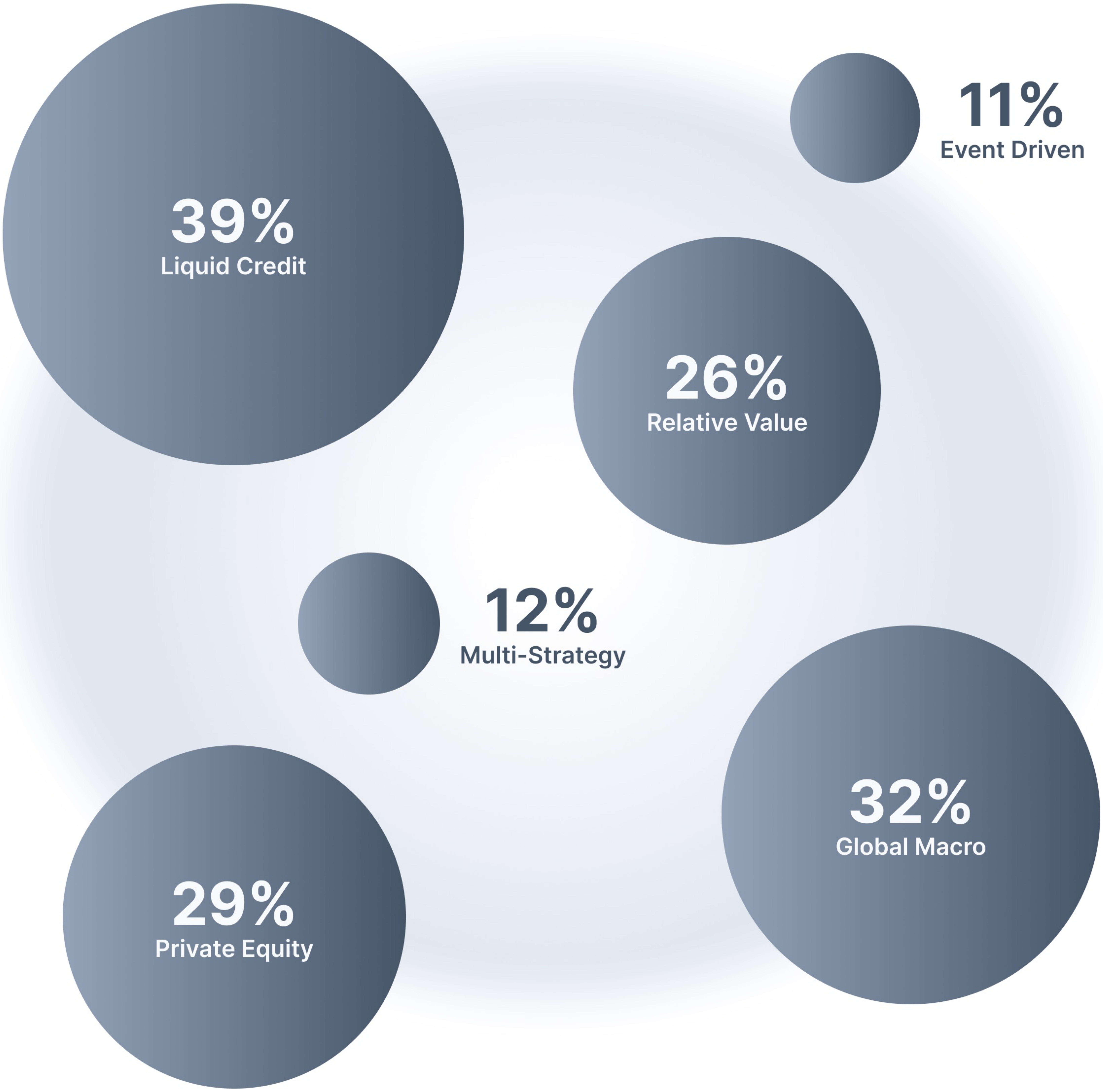
Top Strategies in View: Global Alts New York

Global Alts New York 2025 Punching Score



iConnections uses a “punching score” metric to assess which strategies are attracting disproportionate allocator attention relative to their representation. A strategy is considered to be punching above its weight if it accounts for a larger share of meetings than it does of total fund presence at an event—indicating heightened demand. Conversely, if a strategy’s share of meetings falls short of its fund representation, it is viewed as punching below its weight. This framework helps understand which strategies are generating outsized engagement beyond simple supply metrics.

Networking at Global Alts New York 2025.

In this cycle, Liquid Credit stands out as a leader, punching significantly above its weight. This result reinforces its strong positioning in the current environment, where allocators continue to prioritize liquidity, yield, and protection against rate volatility. Global Macro also punched above its weight, benefiting from allocator interest in dynamic strategies that can tactically respond to shifting geopolitical and monetary regimes.

Private Equity, Relative Value, Multi-Strategy and Event Driven funds also saw heightened meeting demand, as investors work to navigate challenging market environments and seek agile strategies.

2H2025 Market Outlook

The market outlook for the remainder of 2025 appears cautious but not bearish. One-third of respondents expect the S&P 500 to close the year up between 5% and 10%. About one-quarter anticipate flat performance, and just over 20% predict smaller single-digit gains. Fewer than 20% expect the index to decline, and only a small minority project a gain exceeding 10%. Taken together, the results show a consensus around muted returns and a wide dispersion of views—underscoring the complexity of the current investment environment.

What is your anticipation for S&P 500 performance this year?

While much of the focus remains on the trajectory of the U.S. market, allocators are also paying increased attention to opportunities outside the U.S.—particularly in Europe. With valuations in European equities remaining relatively attractive and monetary policy divergence emerging between the European Central Bank and the Federal Reserve, some investors see potential for differentiated return profiles and idiosyncratic alpha. Additionally, sectoral exposures in Europe—such as industrials, energy transition, and financials—offer contrast to U.S.-dominated tech leadership.

That said, enthusiasm is measured: lingering growth concerns, political fragmentation, and currency risk continue to temper conviction. Broader interest in other developed and emerging markets remains constrained by a combination of macro uncertainty, regulatory friction, and liquidity considerations. Overall, investors appear open to select non-U.S. equity opportunities, but are approaching them through a lens of relative value and tactical diversification, rather than as a wholesale shift in regional preference.

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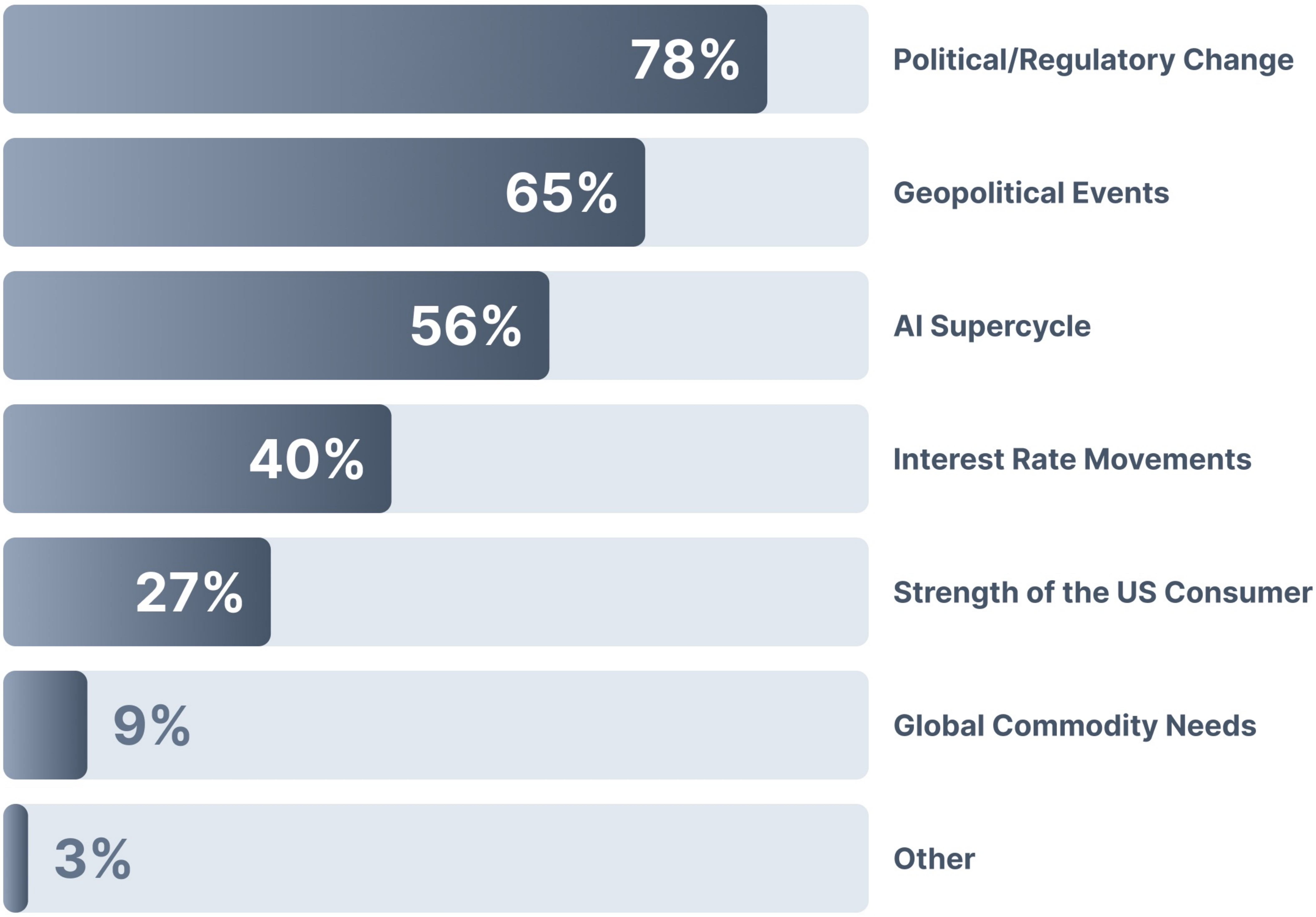
Looking Ahead: Market Sentiment

When asked what themes are driving investor sentiment in 2025, political and regulatory shifts topped the list, with nearly 80% of investors citing them as a key driver. Geopolitical events were named by roughly two-thirds, while the emergence of the AI supercycle was selected by over half. Interest rate movements and U.S. consumer strength were also mentioned, though less frequently. These results point to a macro- and policy-driven investing landscape, where structural forces—rather than short-term data—are shaping allocator strategy.

What do you think are the top three themes driving investor sentiment in 2025?



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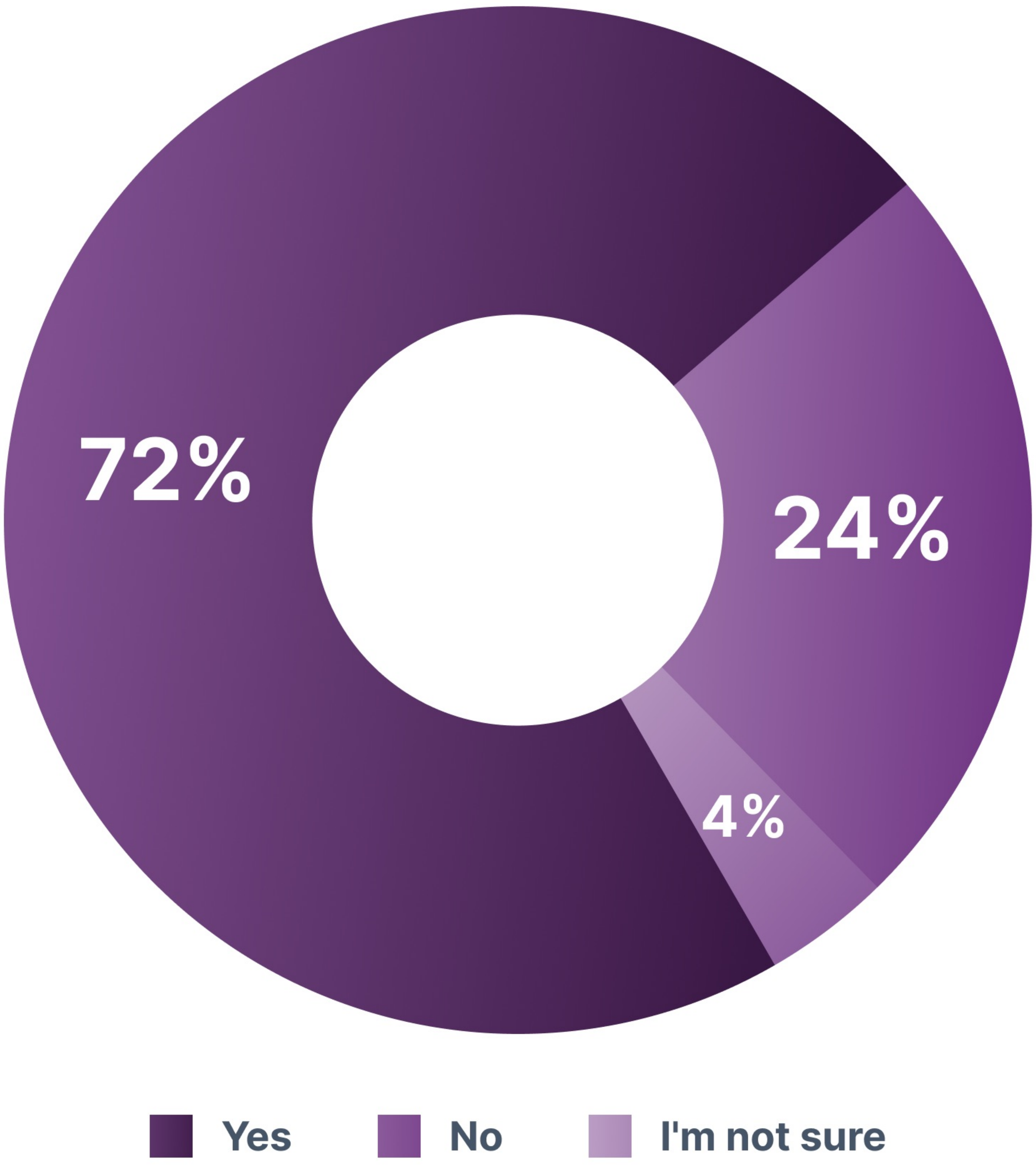
AI is Embedded

AI itself has become a functional reality for most institutions. More than 70% of respondents reported using AI in either their investment or operational workflows. This represents a major leap in institutional adoption, transitioning AI from a speculative buzzword to a tangible, embedded capability across the industry.

Do you use artificial intelligence in either your investment or operational side of your business?



Looking Ahead

The results of the Global Alts New York investor survey underscore a pivotal moment for institutional allocators. While 2025 has already proven to be a year of considerable complexity—defined by shifting interest rate expectations, geopolitical shocks, and the continued integration of transformative technologies—investors remain firmly anchored to their long-term convictions. Alternatives continue to serve as the cornerstone of institutional portfolios, offering resilience, return potential, and diversification benefits that traditional markets are struggling to match in the current environment.

Yet this commitment is now paired with sharpened selectivity and a clear preference for flexibility. Allocators are not simply staying the course—they are actively repositioning. Public equity enthusiasm has faded in favor of private market strategies better suited to withstand macro crosswinds. Liquidity has re-emerged as a top concern, prompting investors to rethink duration exposure, redemption terms, and the balance between agility and illiquidity. Meanwhile, allocators are watching geopolitical developments with heightened sensitivity, particularly in regions like the Middle East, and making tactical decisions about regional diversification.

Looking to the second half of 2025, investor positioning will continue to be shaped by a handful of dominant themes. Political and regulatory uncertainty—especially in the context of the U.S. election cycle—is creating meaningful hesitation in some quarters, while driving others to solidify defensive allocations. The growing influence of AI is now widely felt, not just in sector allocations but in operational design and manager evaluation. And across the board, allocators are demanding more from managers: greater transparency, sharper scenario planning, and stronger proof of capital discipline.

The environment ahead is unlikely to offer greater clarity. If anything, allocators are preparing for a broader set of possible outcomes—fiscal divergence, uneven growth, localized instability, and compressed return expectations. In that context, the data suggest a community of investors that is not pulling back but adjusting with intent. They are navigating with conviction, but with eyes wide open.

For managers and platforms alike, the message is clear: flexibility, transparency, and thematic clarity will be the defining currencies of allocator engagement in the months ahead.

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