

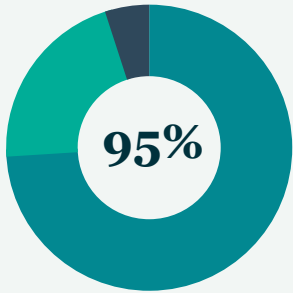
Private equity co-investment demand persists & return expectations remain high, despite challenging macro conditions

H2 2023 Private Equity Survey

In July 2023, Churchill conducted a survey of 95 senior leaders from middle market private equity funds that we are invested in as a Limited Partner through our fund commitment portfolio. The objective was to gain insights into their sentiment amid the current market environment and to understand how these viewpoints are influencing their investment strategies.



GPs turn to equity co-investments as leverage contracts in higher interest rate environment



95% of respondents expect to maintain or increase usage of equity co-investment

- Maintain, 74%
- Increase, 21%
- Decrease, 5%

"We expect to see greater demand for equity co-investment, with LPs who are truly qualified to act quickly and decisively being well-positioned."



- Jason Strife, Head of Junior Capital & Private Equity Solutions, Churchill

LP relationship & speed of execution are the top considerations when choosing a co-investment partner

Q: Rank the below criteria when considering co-investment partners.

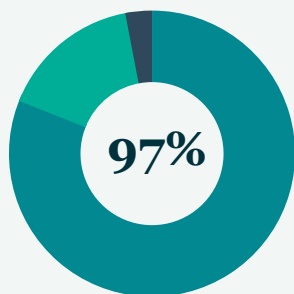


"The prevalent method to access co-investment deal flow is by leveraging existing GP relationships. In our case, being an LP to 270+ private equity funds provides us unique access to a wide range of top opportunities."



- Anne Philpott, Managing Director, Junior Capital & Private Equity Solutions, Churchill

Return expectations remain strong, as funds invested in times of dislocation often outperform

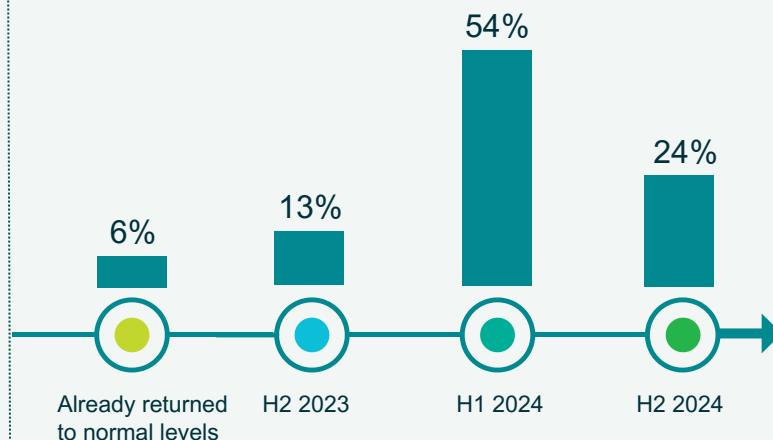


of respondents expect the base case returns of new investments in 2023 to be the same or higher than 2022.

- Underwriting the same returns, 81%
- Expect higher returns, 16%
- Expect lower returns, 3%

M&A deal flow expected to normalize in early 2024

Q: When do you expect M&A deal flow activity to resume to normalized levels?



GPs are increasing allocations to **business services & healthcare**, while decreasing exposure to **consumer goods & services**

Q: How do you expect your 2023 allocation to the following sectors to change versus 2022?

Increase allocation



Business Services

71%



Healthcare

37%



Manufacturing

36%

Decrease allocation



Consumer Goods

31%



Consumer Services

26%



Containers, Packaging & Glass

19%