New York Life Investment Management
Global Market Strategy team
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Macro Pulse for July 26

- Last week, uneven Q2 earnings results from tech companies coincided with a surge in oil prices, resulting in both equity market volatility and a Treasury selloff across the curve. Key AI hyperscalers have yet to report this week, but thus far, strong chip producer earnings and mixed hyperscaler profitability have reawakened the narrative that the AI boom is a zero-sum game. In rates: while we have remained cautious on duration this year, we see attractive entry points as the 10-year Treasury yield moves above 4.6%-4.7% threshold.
- The Trump Administration announced a new round of tariff measures, including targeted tariffs replacing the expiring 10% Section 122 tariffs. We do not expect these tariffs to drive a meaningful inflation impulse, as the average effective tariff rate remains well below the levels proposed last year. The near-term economic impact will be offset by approximately $166 billion in tariff refunds expected this year.
- On Wednesday, the Federal Reserve is widely expected to leave policy rates unchanged. The focus will be on Chair Warsh's press conference for any guidance on how the Fed views elevated oil prices, as well as further details on his proposed task forces reviewing the Fed's policies and operations. While markets are pricing in two rate hikes over the next year, we continue to expect the Fed to remain on hold, reflecting a steady labor market and mixed risks to the macroeconomic outlook.

Understanding the growth and democratization of private equity

As private equity continues to grow, investors are balancing a broader opportunity set against important questions around access and portfolio fit. This week, we're back with part two of our recap from New York Life Investment Management's June 22nd webinar, Private Markets in Motion: Navigating the Next Phase of Growth. GMS' Sarah Hirsch was joined by Jeremy Held, CFA, Managing Director and Head of Evergreen Private Equity at Bow River Capital, to examine a key question for investors: how should private equity be evaluated as access expands?

If you missed the live webinar, click here to register for the on-demand replay.

The conversation highlighted three themes:

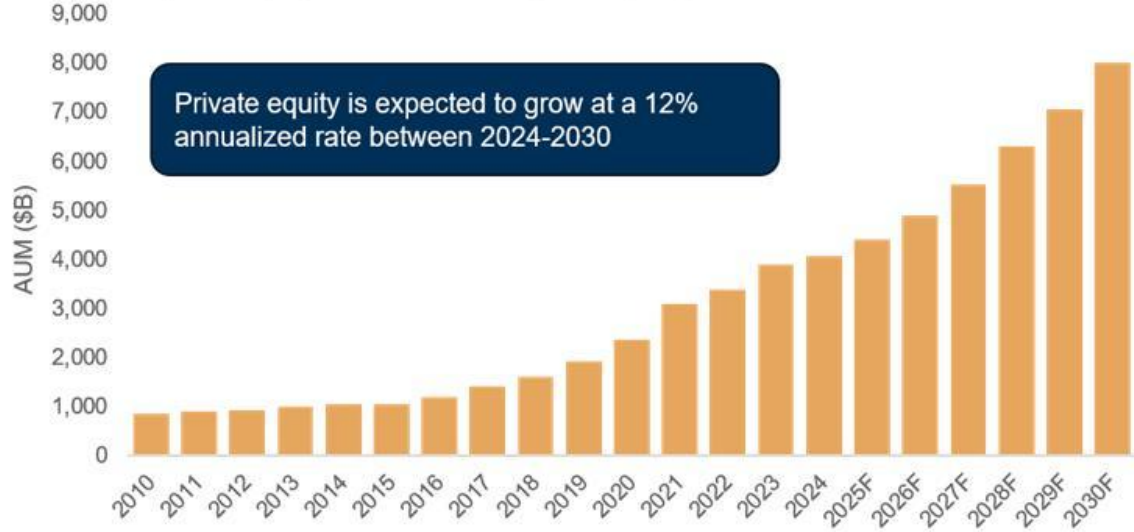
1. Private equity's growth is supported by a broadening opportunity set

Private equity has grown substantially over the past two decades as companies remain private for longer. The median company now goes public at around 12 years old, compared with six years in 2000. **That means a larger share of corporate growth and value creation may be happening before companies reach public markets.**

For investors, private equity can play an important diversification role by providing access to companies and stages of growth that may not be fully represented in traditional public equity portfolios. This helps explain why the asset class continues to attract attention as part of a broader investment strategy.

Private equity growth has been substantial and is expected to continue

North America private equity assets under management (AUM)



Sources: New York Life Investment Management Global Market Strategy, Preqin, July 2026. Data from 2025 to 2030 are forecasts.

Evergreen fund structures support this growth by making private equity more accessible to a broader range of investors. Unlike traditional drawdown funds, which can take years to reach target allocations, evergreen funds allow capital to be invested more quickly, while offering diversified private equity exposure, typically, at lower investment minimums. Although they generally provide redemption opportunities, evergreen funds are designed to be long-term investments. As such, liquidity should be viewed as a portfolio management feature, rather than a primary reason to invest.

2. Private equity navigates a more uneven recovery

Following a sharp slowdown in 2022 and 2023, private equity dealmaking and exits improved through 2025 and into the first quarter of 2026. However, activity slowed in the second quarter, as geopolitical uncertainty and higher interest rate expectations weighed on markets, underscoring that recoveries are rarely linear. With financial conditions remaining supportive and economic growth proving resilient, we expect dealmaking and exits to regain momentum in the second half of 2026.

As sponsors hold portfolio companies for longer, the private equity ecosystem continues to evolve. A growing secondary market and the expansion of evergreen fund structures are providing investors with more flexible ways to access, manage, and maintain private equity exposure.

3. As access expands, selection matters more

Private equity is not a single, uniform allocation. Large-cap buyout, middle market, lower middle market, venture, secondaries, and evergreen funds each offer different return drivers, risk profiles, and liquidity characteristics. As private equity becomes more accessible, strategy selection becomes just as important as the decision to allocate to the asset class.

The lower middle market is one area that may present attractive opportunities. This segment often includes founder-owned businesses, first institutional capital raises, fewer financing alternatives, and more room for operational value creation. At the same time, manager selection remains a critical driver of outcomes across private equity. Performance dispersion between managers can be significant, making due diligence and manager quality just as important as choosing the right market segment or investment structure.

Bottom line

Private equity remains an important part of the private markets opportunity set, particularly as more companies stay private for longer and more value creation occurs outside of public markets. Improving deal activity suggests the private equity flywheel is gaining traction, while evergreen structures are expanding access for a broader range of investors.

Looking ahead, we believe success will depend less on broad exposure and more on how investors access the asset class. Structure, liquidity management, manager selection, and historically resilient segments of the market, such as the lower middle market, are likely to become increasingly important differentiators.

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