Verus

# PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS

OCTOBER 2024

## Private Equity Outlook

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# Observations driving Verus outlook

## Executive summary

**Valuations have rebounded broadly.**
As public market valuations have expanded, private markets—having recently bottomed—are following suit. General Partners (GPs), particularly those in the midst of fundraising, are motivated to generate realizations and are bringing their top-performing portfolio assets to market, commanding higher purchase prices. In Venture Capital, AI and AI-adjacent companies have seen significant value expansion.

**Deal activity shows early signs of recovery.**
Deal activity remains subdued compared to recent years, though it is on track to match or exceed pre-COVID levels. Bid-ask spreads have narrowed as seller expectations normalize from the inflated peaks of 2021, and valuations recover from recent lows. GPs are motivated to deploy capital, seeking to prevent fund return cannibalization due to management fees. On the buy side, value opportunities may increase, providing a counterbalance to higher debt costs in a rebounding valuation environment. In Venture, GPs are positioning themselves to capitalize on the next wave of technological innovation, driving deal flow.

**Exit activity remains weak.**
Aversion to higher-risk assets has constrained exit activity as public market investors haven't reliably rewarded freshly minted IPOs. Sellers who delayed exits in anticipation of more favorable exit conditions may reconsider should pressure to realize gains grow and their valuation expectations normalize. Exit prospects for larger deals will continue to face headwind should Merger and Acquisition (M&A) remain scrutinized by governing bodies.

**Untraditional methods of generating capital are proliferating.**
To address the lack of exits and extended hold periods, managers are increasing their usage of untraditional mechanisms that enable liquidity (e.g., Continuation Vehicles, deferral of purchase and debt payments, and NAV loans). These solutions have the potential to be executed in a manner unfavorable to LPs, necessitating critical LP judgement and diplomacy.

**Fundraising remains depressed broadly.**
Aside from Europe, fundraising remains depressed due to record amounts of dry powder and the inability to free up existing LP capital via distributions. A difficult fundraising environment may inhibit AUM growth, core competency shifts, blind pool risk, and access constraints. To the benefit of existing GP-LP relationships and portfolio incumbents, some LPs have preferred to allocate to established managers rather than emerging ones.

**Rising cost of debt may reduce return on equity.**
GPs are shifting towards a higher proportion of equity to debt when executing leveraged buyouts, resulting in diminished upside from leverage. Somewhat caused by elevated interest rates, the observed extension of J-curves, diminishing of exit options, decline in earnings growth, and decreased interest coverage may reduce investment return prospects across Private Markets.

# Summary of findings

# Summary of findings

| Outlook | | |
|---|---|---|
| Unattractive | Neutral | Attractive |
| ○ | ◐ | ● |

| Strategy | | Stage | '23 | '24 | Commentary |
|---|---|---|---|---|---|
| Buyout | U.S. | *Small Mkt* | ● | ◐ | Small market buyouts often present easy-to-grasp revenue growth opportunities. Purchasing is also relatively cheaper and less leverage dependent. Smaller companies offer investors the potential to mitigate headwinds resultant from higher interest rates, though at higher risk as companies at this size are more subject to idiosyncratic and cyclical risks. The potential for prolonged macro-related headwinds prompted our shift from last year. |
| Buyout | U.S. | *Mid Mkt* | ● | ● | The middle market offers potential value on the buy, being at a size where take-privates, bankruptcies, carve-outs, and macro-driven motivating selling are prominent. Often, companies at this scale are not operating at their full potential, allowing for margin expansion opportunities. They also benefit from large and mega caps opting to grow their companies through acquisitions as they bide time for more rewarding exit markets.<br><br>Growth equity offers a reprieve from headwinds pervading private markets. Growth equity investments typically require little to no debt to finance and allow asset owners to maintain control. |
| Buyout | U.S. | *Large Cap* | ◐ | ◐ | Operating improvement opportunities are relatively limited in large cap companies. Companies at this scale typically possess strong market positions and were owned by multiple sponsors, who presumably professionalized and optimized their investments. Large cap buyout returns are typically driven by leverage and multiple expansion, both of which are hindered in an elevated rate environment. |
| Buyout | *Europe* | | ◐ | ◐ | Despite geopolitical conflict and fragmented capital markets, the region demonstrated resilience in investment activity. We remain positive on opportunistically partnering with pan-European and region-specific managers who have proven track records that are likely to persist. |
| Venture Capital | *Early-Stage* | | ◐ | ◐ | Strong early-stage managers may provide for an outsized value-appreciating component within a private markets portfolio. The expansion of purchase prices are offset by the opportunity to invest early in a start-up with the potential to gain significant market leadership in frontier markets. Early-stage investments are relatively insulated from macro environments as valuation step-ups are tied to the perception of operating milestones. |
| Venture Capital | *Late-Stage* | | ○ | ○ | Entry valuations rebounded to a level above historical normal. Value step-ups upon exit are limited. Until IPO markets provide meaningful upside to later stage funding rounds and M&A becomes less contentious with regulatory bodies, we find the later stage to be limited in its risk-return prospects. |

# Summary of findings (cont.)

| Outlook | | |
|---|---|---|
| Unattractive | Neutral | Attractive |
| ○ | ◑ | ● |

| Strategy | Stage | '23 | '24 | Commentary |
|---|---|---|---|---|
| Private Credit | *Senior Debt* | ● | ◑ | The revitalization of the Broadly Syndicated Loan ("BSL") market and increase in private lender competition has led to meaningful spread compression and looser documentation. Despite overcrowding, Direct Lending still offers decent current income to private portfolios, a merit that can be further appreciated in a realization-constraint private equities environment. Though spreads are compressed, base rates remain elevated. Managers who focus on market segments with lower levels of traffic may not have to make excessive sacrifices on pricing and documentation |
| | *Subordinated Capital* | ◑ | ◑ | Subordinated Capital's increasing equity participation and higher spreads offer higher returns to senior secured structures, though with higher risk. Borrowers have increased their interest in financing acquisitions and growth capital solutions using subordinated debt where unitranche financings have been commonplace. Pricing for this investment type has improved and structures often included cash pay interest versus paid in kind interest (which some sponsors are taking advantage of to defer debt burdens). Related to the deferral or avoidance of higher interest payments, "Structured Equity" / "Capital Solutions" type of financings have increased in popularity for borrowers who'd prefer not to take equity dilution. |
| | *Credit Opportunities* | ● | ● | The enactment of Basel III Endgame, a US Federal Reserve FDIC rule forcing banks to increase capital requirements / reduce risk, may catalyze an already widening funding gap and decrease competition within Credit Opportunities. Some may find these strategies and loan types appealing as they offer higher returns and lower correlation relative to larger sized corporate cash flow lending funds. Asset-based lending may offer additional downside protection in less benign environments and diversification in a collateral base. |
| | *Control Oriented Distressed* | ◑ | ◑ | Though distressed marks remain slightly above levels observed in 2022, they are trending downwards from 2023. Although meaningful distressed opportunities are not yet present, we remain positive on managers who can execute on distressed during dislocation and provide flexible capital solutions during more benign environments. Liquid strategies, such as buying discounted bonds, may appeal to investors looking for shorter durations and faster returns on their investments. |
| Secondaries | | ◑ | ◑ | Secondaries remain a solution for budding private equity portfolios optimizing for J-curve mitigation and ramping of private equity exposure. Increased use of continuation vehicles may bring more upside to portfolios targeting secondaries. Discounts have come down, shifting our sentiment to one of opportunistic inclusion upon portfolio need. |

# Spotlight

# Spotlight – Higher rates for longer, pt.2

## Diminishing investment returns

— Higher interest rates complicate decision-making for buyers who rely on leverage to complete transactions. Rising debt costs increase the burden of interest payments and require a higher equity contribution in deal-making, reducing the return advantages typically derived from financial leverage.

— Purchase prices should inversely correlate with interest rates, but despite rising rates, they've rebounded year over year. With purchase prices remaining elevated, some GPs are accepting a longer J-curve for more favorable purchase prices. Those who've deployed are either accepting the potential for lower returns, finding value during the acquisition process, or are refining their investment approach.

— Investment approach refinements may involve a shift in how managers typically generate value (e.g., pursuing higher revenue growth companies, commanding a premium on exit, or incorporating add-on acquisitions) and / or more aggressive underwriting projections. LPs must carefully assess any changes to GPs' core competencies.

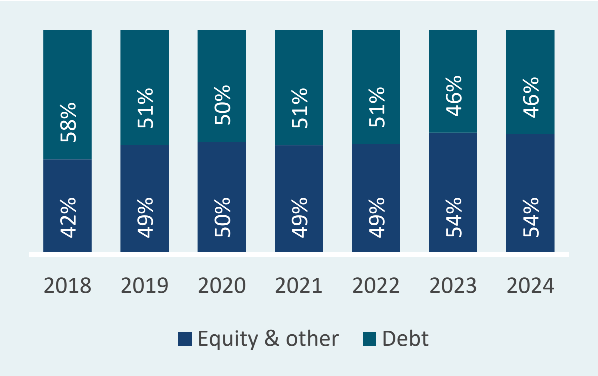
— Widened bid-ask spreads and broad rebalancing from riskier assets to assets that benefit from rising interest rates have delayed exits. Consequently, asset classes reliant on IPOs for returns, such as large-cap/mega buyouts and late-stage venture, are significantly affected.

— Interest rate coverage and earnings growth have declined, leading to reduced free cash flow available for debt repayment and the widening of expected holding periods. Managers using debt to expand a company's footprint (e.g., opening new locations or pursuing M&A) will face additional hurdles.

— To mitigate these headwinds, GPs have turned to activities potentially less favorable to LPs, such as increasing the use of continuation vehicles, deferring purchase and debt repayments, and utilizing NAV loans.

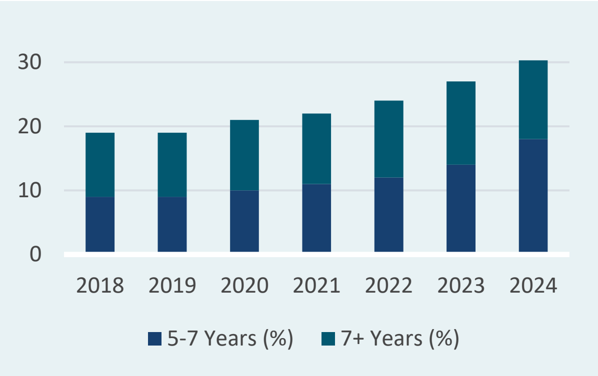
— A shift in return expectations and more involved due diligence may be warranted for LPs as money managers attempt to sustain historical investment returns amidst an elevated rate environment.

**SOURCE OF DEAL FINANCING**



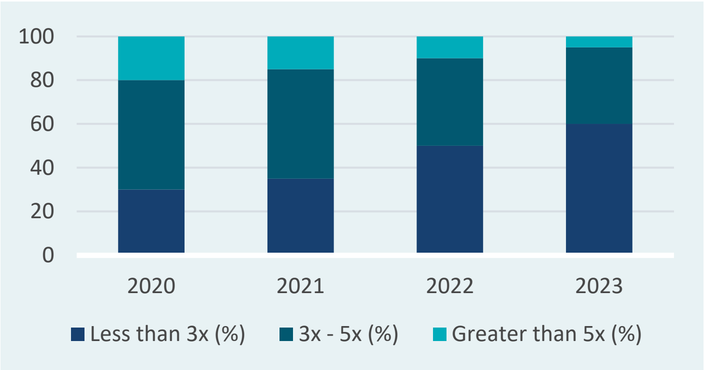

*Source: Pitchbook Q2 2024*

**SHARE OF BUYOUTS BY HOLDING PERIOD**




*Source: Pitchbook Q2 2024*

**LBO INTEREST COVERAGE**




*Source: Bain & Company, 2024*

# Spotlight – Artificial Intelligence

## Artificial Intelligence: Venture Activity

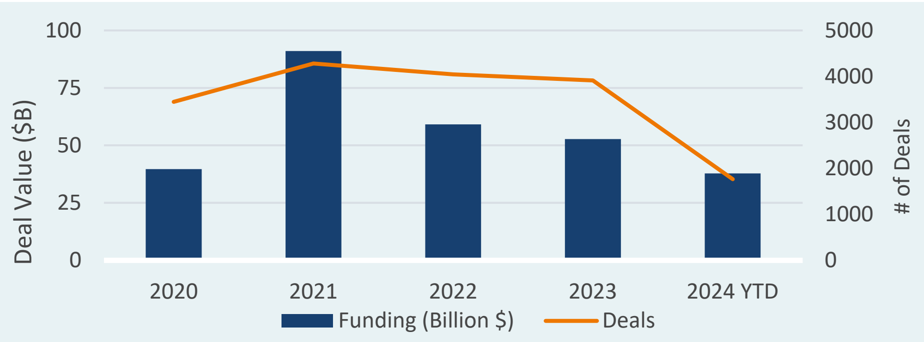
— Artificial Intelligence has garnered significant investor interest. Quarterly AI funding reached a record high of $23 billion in Q2 2024, up from $15 billion in Q1 2024. 1H 2024 activity is on pace to exceed 2023's $53 billion. Ass of Q3 2024, 1 out of every 3 VC dollars are allocated towards AI-related deals.

— Recent deal activity has been scrutinized as investors are paying premiums for leading market prospects, resulting in valuations well above historical norms (e.g., EvolutionaryScale's $102M Seed, Xaira Therapeutic's $500M Series A, and xAI's $6.0B Series B). The 28% surge in AI mega-rounds ($100M+) bolstered venture valuations.

— M&A activity hit an all-time high of 119 transactions in Q2, up from 71 in Q1. However, exit values remained modest, with the 10th largest exit recorded at $10M. The pace of M&A highlights strong interest from strategic buyers looking to expand market share and strengthen defensibility, particularly as new use cases, products, and talent emerge. Corporations are among the top acquirers of startups.

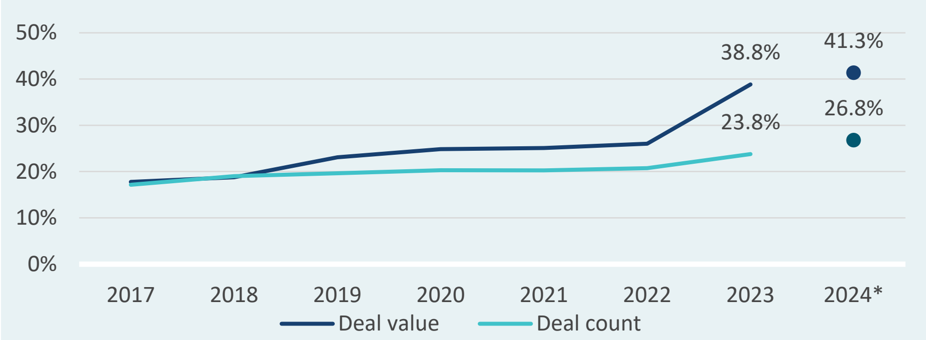
— AI startups are exiting faster than all non-AI related companies, according to CrunchBase. The median AI company takes 7 years to exit from founding, compared to 13 years for non-AI related companies.

**VENTURE YEARLY FUNDING: AI**




*Source: Crunchbase Q2 2024*

**US AI & ML VC DEAL ACTIVITY AS A SHARE OF ALL US VC DEAL ACTIVITY**




*Source: Pitchbook / NVCA Q2 2024*

# Spotlight – Artificial Intelligence cont.

## Artificial Intelligence: Early innings

— The inevitability of disruption by AI across industries seems to be widely agreed upon amongst technologists and capital allocators within growth markets. But the time horizon and the investment approach that is likely to ensure a considerable return on investment remains an uncertainty.

— Though there is significant uptick in AI usage within edge cases (e.g., self-driving cars or biotech discovery), broad societal and enterprise gains from the AI-related buildout have yet to materialize, raising concerns about their return prospects amidst an increasingly competitive landscape. Moreover, the rapid evolution of AI technology casts doubt on whether first-generation AI-related companies can maintain defensibility against future advancements.

— Large language model (“LLM”) usage has grown rapidly, especially among consumers (e.g., OpenAI’s revenues surged from $200M in June 2023 to $3.4B in June 2024, although not all associated with ChatGPT subscriptions). While OpenAI maintains market leadership, they are subject to an ever-increasing competitive landscape as other comparable LLMs (e.g., Claude and Llama)and application layer services emerge.

— Interest is high within the business enterprise, as evidenced by multiple surveys of C-suite executives reporting increased budget allocations for AI. However, enterprise-wide applications remain largely in the experimental stage, with many products not yet ready for turnkey deployment (as of Q1 24).

— Concerns remain about the lack of infrastructure needed to meet anticipated AI demand. As a result, areas critical to AI growth, such as semiconductors and data centers, experienced increased funding and valuations. This notion has only widened as the identification of use case emerges (e.g., Agentic AI), necessitating additional compute and energy supply to meet the increasing demand for training and inference.

— A contrarian view has emerged, questioning the justification for current CAPEX spending (e.g., $220B in 2024E from GOOGL, META, AMZN, and MSFT, as of Q1 24) given the tepid pace of meaningful earnings-generating adoption.

# Buyouts

# U.S. buyout – Small/middle market

## Rebound in activity from recent lulls

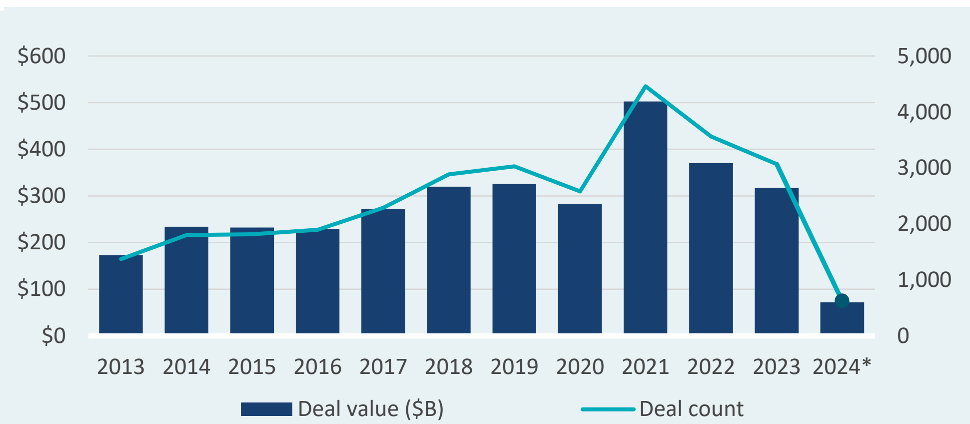
— Although deal activity has declined compared to recent years, especially from the highs of 2021, it is on track to return to pre-COVID levels, with $72 million in aggregate deal value across 622 companies for the quarter.

— U.S. middle market buyout multiples have rebounded from their gradual decline between 2021 and 2023 (from 14.6x to 11.0x, now at 12.7x), likely driven by a combination of public market expansion and pressures to deploy capital and generate liquidity. Anecdotally, some sponsors have brought top-performing portfolio assets to market, contributing to increased aggregate valuations and a narrowing of bid-ask spreads.

— Despite rising debt costs, purchase price multiples have not adjusted accordingly, increasing the need to find value during acquisitions. The middle market may present more opportunities where complexity risks lead to perceived discounts, such as in carve-outs, take-private transactions, bankruptcies, and founder-led or fundless-sponsor-owned companies facing financial distress.

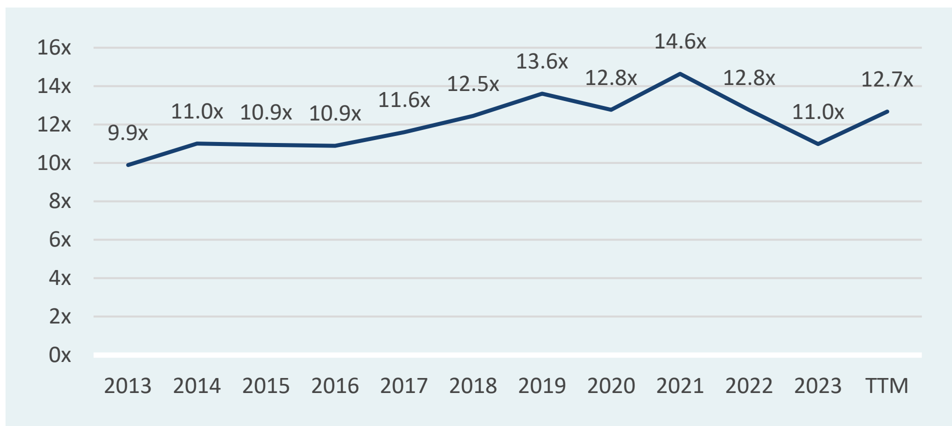
— The current environment may inhibit value creation through valuation expansion and leverage, prompting GPs to focus more on improving operating metrics to generate returns. Opportunities to drive revenue growth or optimize costs are more prevalent in small-cap and middle-market companies, which tend to be less professionalized compared to their larger-cap counterparts.

**DEAL ACTIVITY BY COUNT AND VALUE**




*Source: Pitchbook Q1 2024*

**MEDIAN EV/EBITDA MULTIPLES**




*Source: Pitchbook Q1 2024*

# U.S. buyout – Small/middle market (cont.)

## Increased activity relative to other Buyout segments

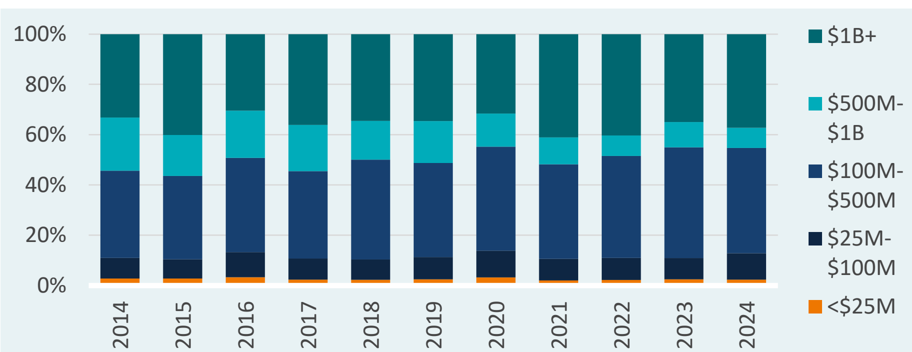
— Fundraising in the middle market increased as a portion of all Buyout dollars fundraised (10-year record of 55%), somewhat substantiating the relative attractiveness of the market segment. As a share of all PE Buyouts, middle market deal value has reached a record high of 74%, inferring the capital deployment headwinds of larger cap managers and the perceived risks of small cap.

— With exits being constrained for large caps, which typically rely on IPOs, and expensive debt impeding new investments, GPs are shifting their focus to growing existing portfolio companies while waiting for more favorable exit conditions. As a result, large cap firms may target their smaller counterparts for acquisitions.

— Less resilience couples the perceived higher return potential of these sub-asset classes, highlighting the importance of experienced management teams and company board members, particularly folks who've managed through recessionary environments.

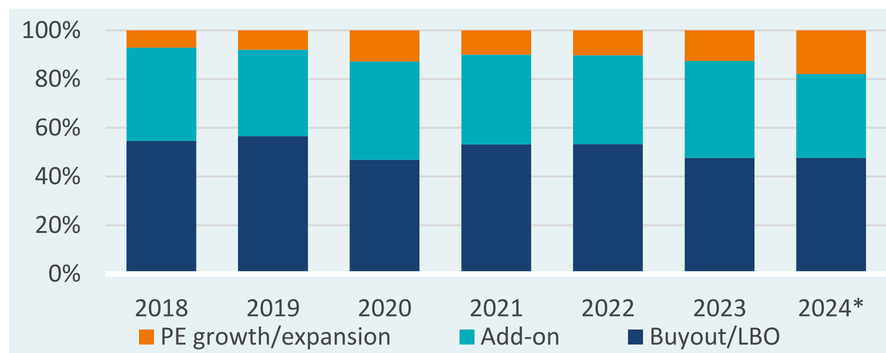
— Growth Equity deals continue to see increased deal activity as they are primarily financed via equity. Owners who desire to maintain control will prefer a minority sale, especially to a counterparty who is able and willing to provide operational value-add. Growth deals by deal value increased to 23%, up from the 5-year average of 18.5%. By count, Growth Equity increased to 18.0% from the 5-year average of 10.7%.

**BUYOUT DEAL FLOW BY SIZE**




*Source: Pitchbook Q2 2024*

**DEAL VALUE BY INVESTMENT TYPE**




*Source: Pitchbook Q2 2024*

# U.S. buyout – Large market

## Curiosity around value accretion

— The large segment of the buyout market may face near-term return degradation due to rising debt costs and unfavorable exit conditions.

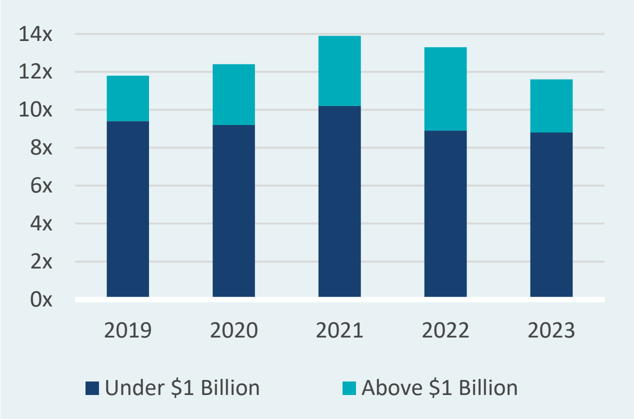
— Upside in this sub-asset class is closely tied to interest rates, as multiple expansion and leverage are typically the key drivers of value accretion.

— J-curves and holding periods are likely to extend as capital deployment and exits slow.

— Exit activity is likely to remain subdued if interest rates stay elevated and the Federal Trade Commission and Department of Justice continue their focus on challenging large mergers and acquisitions.

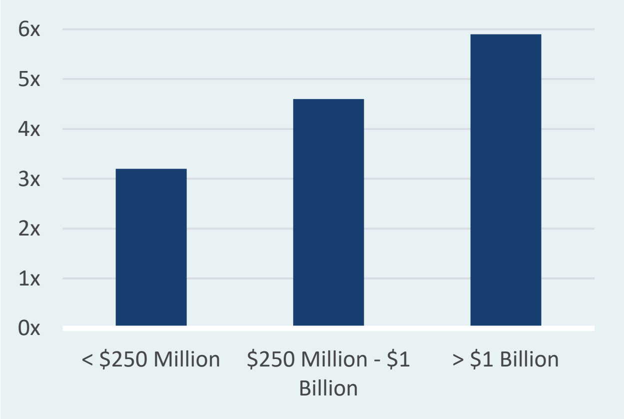
— Although deal activity and funds raised declined from the highs of 2021 and 2022, they remained steady at 37% and 4% of all U.S. Buyouts, respectively. This stability lends credence to the perception that larger companies may offer resilience due to their scale and strong fundamentals (e.g., customer diversification).

EBITDA PURCHASE PRICE BY SIZE (EV)



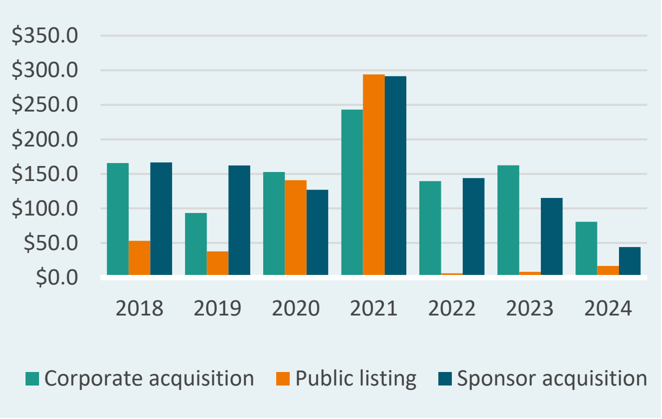

*Source: FactSet Q4 23*

LEVERAGE MULTIPLES BY SIZE (EV)




*Source: FactSet Q4 23*

EXIT VALUE BY TYPE




*Source: Pitchbook Q2 24*

# European buyout

## Resilience across the board; flight away from taxes?

— Although the region's proximity to geopolitical conflict and fragmented capital markets remain potential impediments to investment return, the continent rebounded in investment activity. Investment activity may continue to rise should the European Central Bank continue cutting rates.

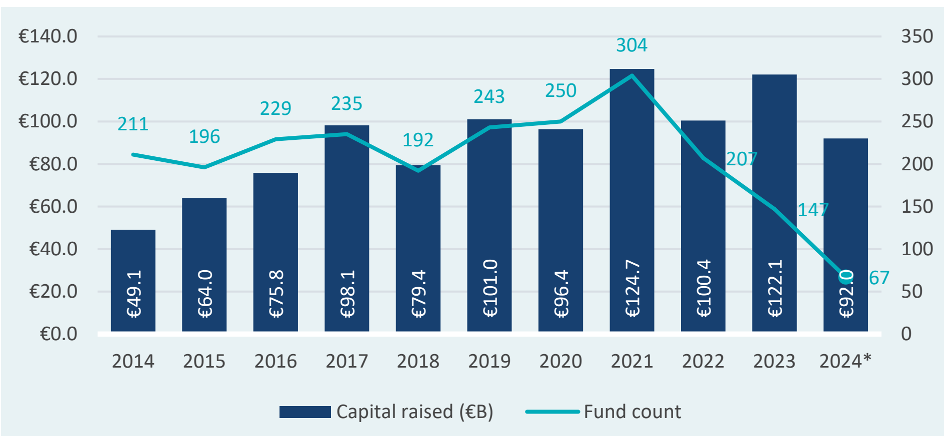
— Fundraising is on track to exceed previous highs (€92 billion in 2024 compared to €122 billion in 2023), with activity concentrated in mega funds (€5 billion+), indicating a preference for "safer" or more established managers.

— Purchase price multiples have recovered from their 2023 lows and are now comparable to 2022 levels (12.9x in 2024, 10.2x in 2023, and 12.1x in 2022).

— Exits are projected to match the levels seen in 2022 and 2023, with €111 billion across 480 exits in 2024.

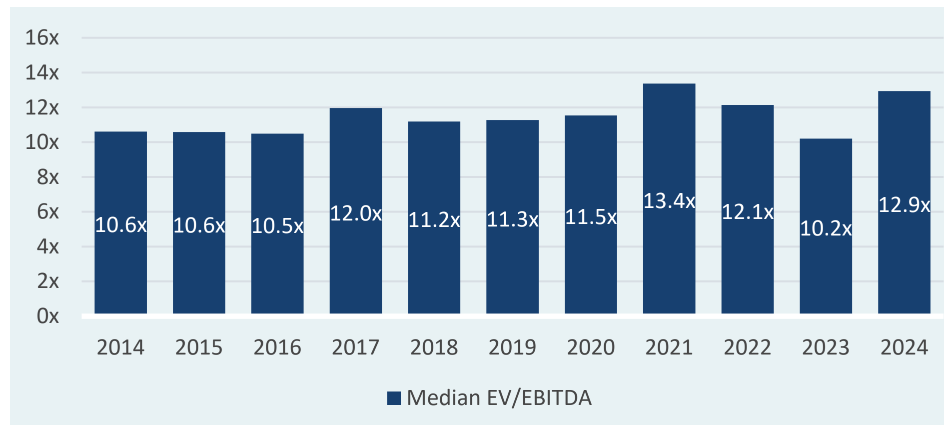
— The Labour Party's proposal to taxing carried interest as income could significantly increase the tax rate, potentially causing a flight of top-tier dealmakers from the United Kingdom.

EUROPEAN BUYOUT FUNDRAISING




*Source: Pitchbook Q2 24*

VALUATIONS: EBITDA MULTIPLES




*Source: Pitchbook Q2 24*

# Venture capital

# Venture capital – Early stage

## Limited exits and rising valuations

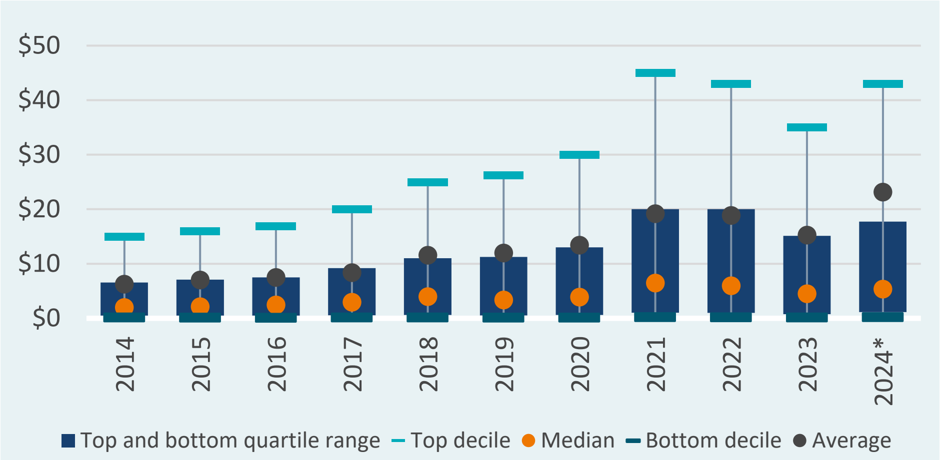
— Valuations rebounded, mitigating the downward pressures from elevated interest rates. Average deal sizes reached record highs, surpassing even those of 2021 ($23M compared to $19M). The 10-year average stands at $13M.

— While the year over year increase in valuations is most significant in AI, other sectors also saw substantial gains. For example, AI valuations rose from $48M to $65M, Fintech from $45M to $53M, and SaaS from $35M to $53M.

— Early-stage investors poured in $28B, aiming not to miss out on the next wave of technological innovation. This pace exceeds the $41B invested in 2023 and the 7-year pre-2021 average of $34B. Notably, Q2 2024 marked the highest early-stage deal count since Q1 2022.

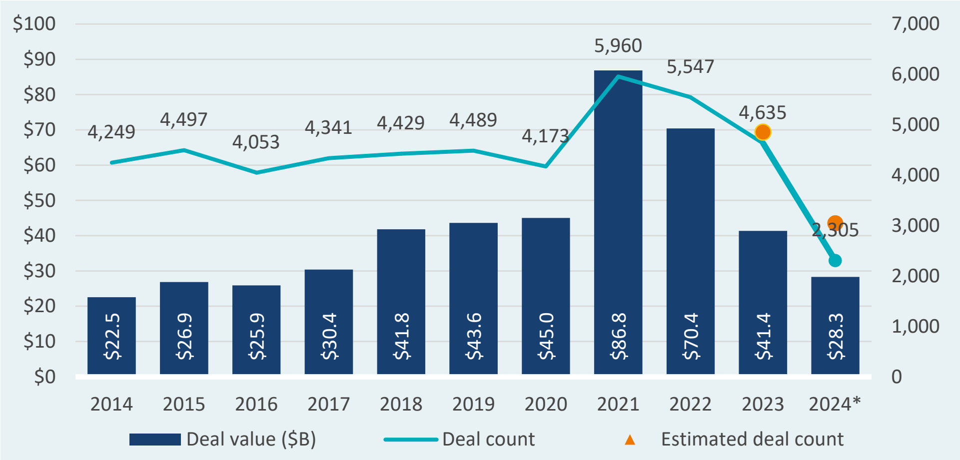
— Despite broad valuation increases, early-stage investors may benefit from the reduced frothiness of purchase prices seen in previous years. The step-up from Seed to Series A decreased to 1.6x, representing a 31% drop compared to 2022.

### U.S. EARLY-STAGE VC DEAL VALUE DISPERSION




*Source: Pitchbook Q2 2024 U.S. VC Valuations Report*

### EARLY-STAGE VC DEAL VALUE DISPERSION




*Source: Pitchbook Q2 2024 U.S. VC Valuations Report*

# Venture capital – Late stage

## Limited exits and rising valuations

— Valuations increased in 2024, with median values surpassing those of 2021 ($68.6M vs $67.0M). The rise in valuations raises curiosity around the significance of future step-ups upon subsequent funding and exits.

— Late-stage returns are closely tied to exits. While exits remain limited, they are on pace to exceed 2022-2023 levels as companies adjust to new valuation expectations in exchange for growth financing opportunities.

— Post-IPO market capitalization trends were mixed. Reddit and ARM saw gains following their debuts, while other newly minted public companies saw contractions.

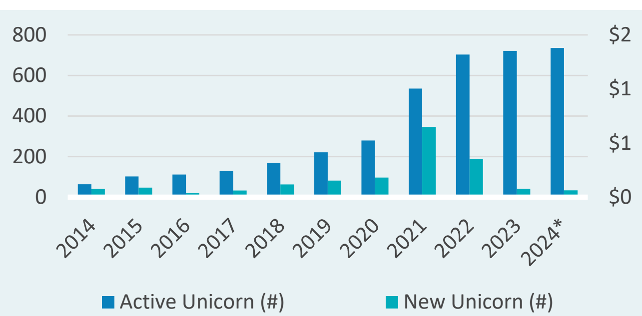
- Instacart's public market performance, in particular, has been challenging for later-stage investors. Having raised $265M on a $39B valuation in a late-stage round in 2021, the company's market capitalization dropped to $8.4B as of August 16, 2024.

— Merger and acquisition (M&A) activity has been hindered by anti-trust scrutiny, with challenges from regulators peaking in recent years. Some speculate that the FTC's tough stance may have had some influence on Wiz's decision to decline Google's $20B acquisition offer.

— The number of active unicorns has reached all-time highs in 2024 (735 unicorns valued compared to 535 unicorns). This trend points to a burgeoning IPO pipeline in the near to intermediate term. However, unicorns with weakening demand and shrinking financial runways may face increased flat or down rounds, leading to potential valuation discounts.

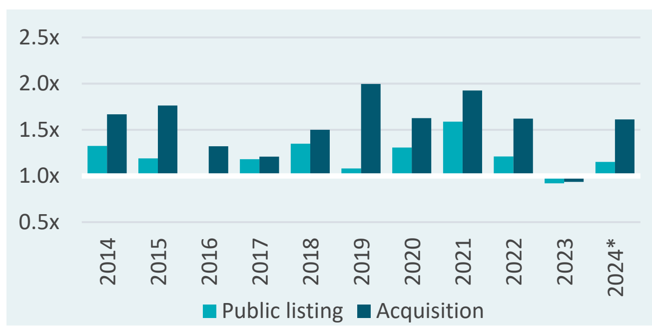
— Amid a backdrop of limited distributions and increasing unrealized values, alternative exit strategies such as direct secondaries, continuation vehicles, and intra-GP fund transactions may gain traction.

**UNICORN COUNT AND VALUE**



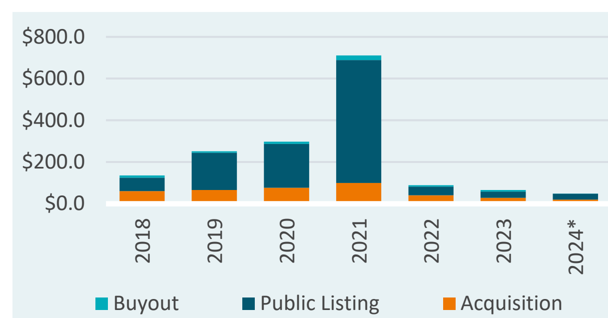

*Source: Pitchbook NVCA Venture Monitor as of June 2024*

**VALUE STEP UP UPON EXIT**




*Source: Pitchbook NVCA Venture Monitor as of June 2024*

**EXITS BY TYPE**




*Source: Pitchbook Q2 2024 U.S. VC Valuations Report*

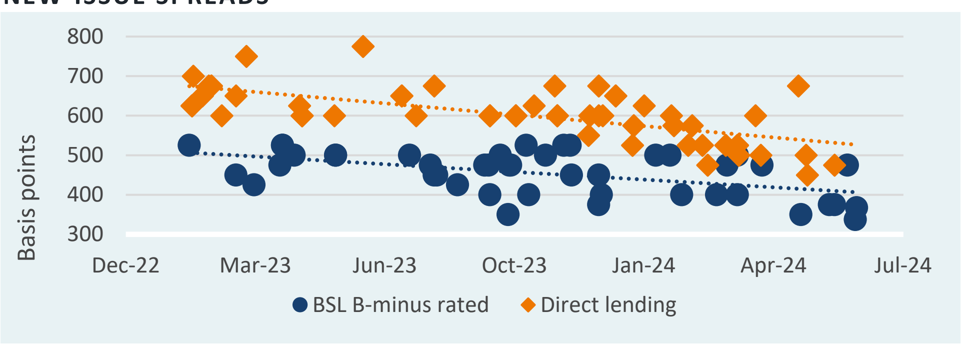
# Private credit

# Private credit

## Spread compression; record repricing

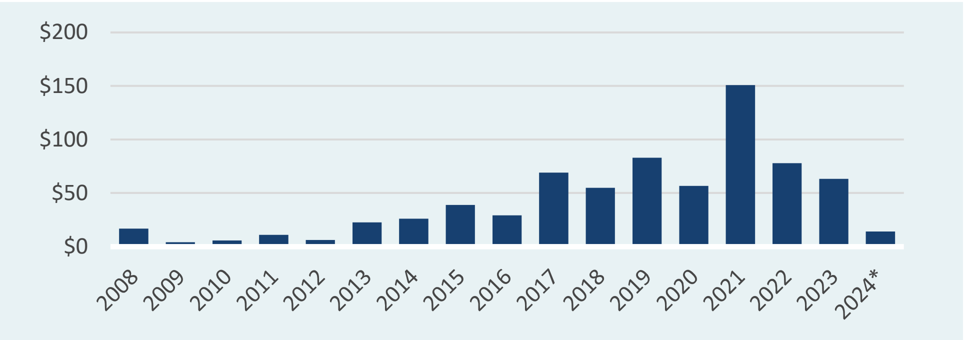
- With the re-emergence of the Broadly Syndicated Loan market, new issue spreads compressed significantly, diminishing the attractiveness of Direct Lending, which had initially benefited when interest rates began to rise.
- Larger lenders are relaxing documentation requirements and pricing standards in a bid to deploy capital, reducing the availability of deal flow for covenant-heavy and alpha-seeking lenders. In Q1 2024, a notable number of private loans were refinanced by BSL's. This trend reversed in Q2 2024, signaling Direct Lending's capitulation on borrower-friendly terms.
- As borrowers seek to reduce debt burdens, repricing and overall U.S. loan activity hit record highs in the first half of 2024. New debt issuance remained muted, constrained by elevated interest rates and wider bid-ask spreads.
- Banking regulations and recent disruptions, such as Basel III Endgame and the collapse of Silicon Valley Bank, may widen funding gaps and create new credit opportunities. Lenders targeting less competitive segments are likely to outperform traditional corporate lending strategies due to wider spreads and equity-like components.
- While distress indicators remain slightly elevated compared to 2022, they have shown improvement since 2023 (default rates dropped from 1.75% in July 2023 to 0.92% in July 2024, and distressed ratios based on outstanding amounts fell from 5.47% to 4.42%). Although a significant distressed investing environment remains to be seen, we maintain confidence in managers adept at navigating dislocation and offering flexible capital solutions during more stable market conditions.

**NEW-ISSUE SPREADS**




*Source: Pitchbook / LCD Q2 24*

**DIRECT LENDING CAPITAL RAISED**




*Source: Pitchbook / LCD Q1 24*

# Secondaries

# Global secondaries

## Deal activity increasing; discounts broadly decreasing

— H1 2024 is on track for a record-breaking year in transaction volume, with LP-led transactions constituting just over half of the total deal flow. Among LP-led secondaries, a significant portion of deals involved relatively recent vintages (29% from 2019-2021 and 45% from 2016-2018), where upside potential led to lower discounts.

— Amid a challenging exit environment, GP-led transaction volume is set to exceed 2022 and 2023 levels, with the majority (55%) focused on Single Asset Continuation Vehicles (CVs).

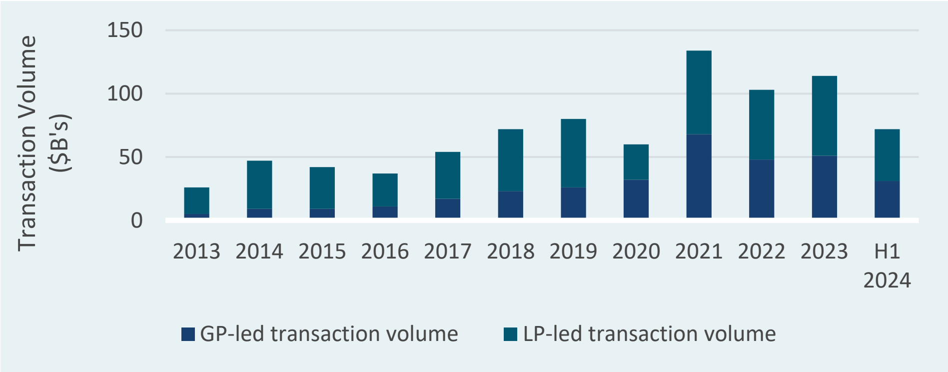
— Despite the strong pace of investment, dry powder remains elevated as numerous secondary funds have successfully closed.

— Approximately 65% of single-asset transactions were priced at or above par, while 78% of multi-asset vehicles were priced at or below par. This disparity raises questions regarding the quality of multi-asset vehicle holdings and the continuance of management fees for long-dated assets.

— The share of public pension in total transaction volume increased from 13% in H1 2023 to 25% in H1 2024, possibly indicating overexposure to private markets or a preference for liquidity among the investor type.

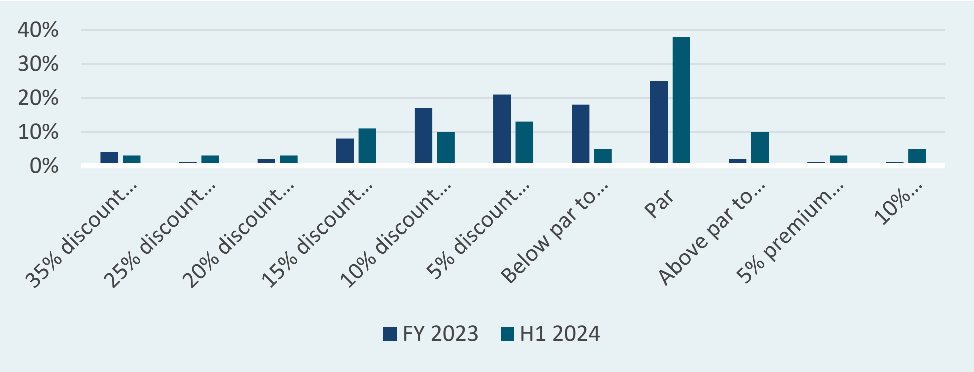
— Continuation vehicle ("CV's) realizations are becoming more common, with alignment improving overall. Over 72% of CV's reported GP commitments exceeding 5% of the deal size, up from 53% in 2021, alongside an increase in tiered carried interest structures.

SECONDARIES TRANSACTION VOLUME




*Source: Evercore, Secondary Market Review H1 2024*

GP-LED SECONDARIES PRICING




*Source: Campbell Lutyens Q2 24*

# ESG / DEI

# Environmental, social, governance

## Growing representation on both sides of the aisle

— ESG related funds raised $55B through the first four months of 2024. The U.S. lags Europe in ESG fundraising and AUM. Europe has increased its share of aggregate capital raised from 67% ($15B) in 2023 to 79% ($5.2B). North America took the majority in climate funds' aggregate capital raised, raising $15B (82%) of the total globally.

— According to BCG Consulting's inaugural ESG report, Private Equity ownership was observed to increase usage of renewable energies. Out of a sample size of a few hundred companies, companies with more than two years of ownership tripled their renewable energy usage as a % of total energy use from 6% prior to two years ownership to 18% post.

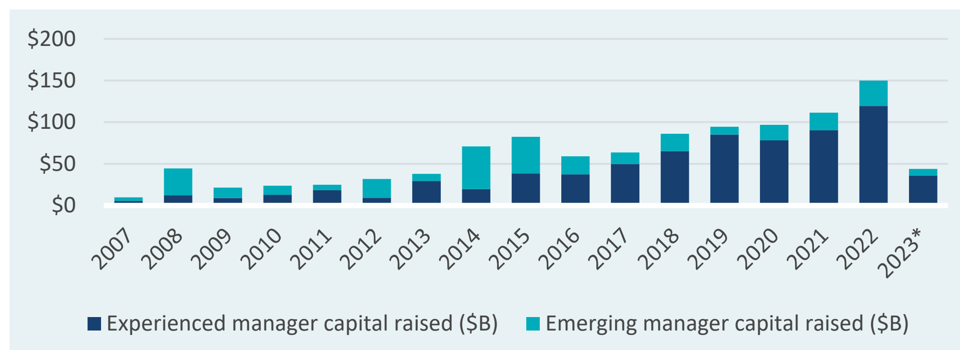
— 100% of respondents in a PWC survey of Private Equity constituents say they have a responsible investment policy and the tools to implement it (up from 77% in 2021). In addition, 64% of firms say they have regularly monitored ESG-specific KPIs for all their portfolio companies, up from 17% of respondents in 2021.

— Although not at the pace of prior years, new PRI (Principle for Responsible Investing) signatory growth remains positive. The decline in signatory growth could be driven by the growing voice of Anti-ESG proponents or by increasing UNPRI penetration into the LP / GP community. As of Pitchbook's Q1 2024 ESG report (March 21, 2024), there were 60 state-level anti-ESG bills pending.

**UNPRI SIGNATORIES**


*Source: Pitchbook Q2 2024*

**PRIVATE CAPITAL RAISED**



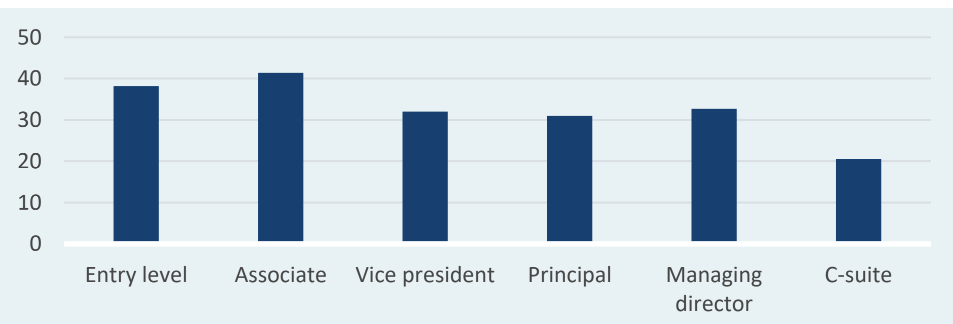

*Source: Pitchbook Q2 2024*

# Diversity, equity, and inclusion

## DEI efforts continue

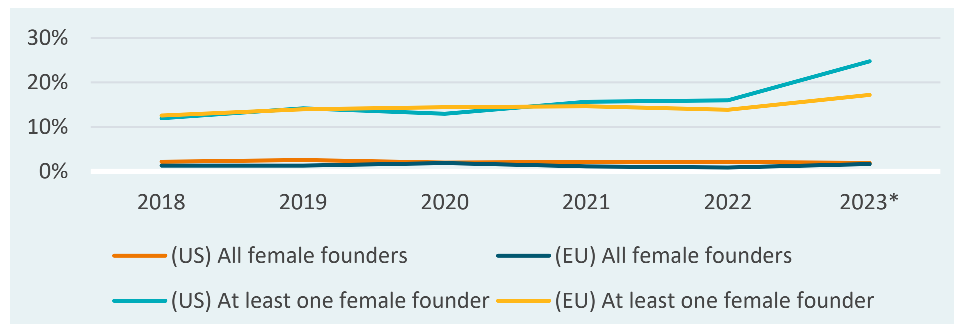
- ILPA Diversity in Action initiative ("DIA") continues to grow, having grown from 46 founding signatories in December 2020 to 316 signatories at the end of 2023. Signatories commit to specific actions that advance DEI.
- DEI data collection efforts have increased materially as more industry constituents advocate for DEI. ILPA endeavors to standardize data collection and reporting in hopes of expediting the rate of adoption and acceptance amongst GPs, having recently released templates for industry consumption.
- Despite the growing representation of the anti-DEI  and events that may provide headwinds to DEI representation (e.g., Supreme Court ruling on Affirmative action), we've anecdotally found a substantial increase in DEI recruiting and retention efforts with the hundreds of GPs we connect with. They are increasing their engagement with DEI focused groups in their attempt to bolster team openings with talent of diverse backgrounds. To this end, PE firms are using external hires to increase their ethnic and racial diversity, especially amongst the junior and mid-levels.
- Within VC, women representation amongst founder teams continues to grow with share of US VC deal value with one female founder increasing from 16% in 2022 to 25% in 2023.

SHARE OF NON-WHITE EMPLOYEES




*Source: McKinsey 20323*

WOMEN REPRESENTATION AMONGST VC FOUNDER TEAMS




*Source: Pitchbook Q2 2024*

# Appendix

# Verus private equity philosophy

— Private equity is a long-term asset class:

- Funds deploy capital into new investments over a three- to five-year period
- After investment, portfolio companies are held for a period of four to seven years on average prior to exit
- This typical investment course drives discrete fund lives to often last beyond 10 years, during which significant changes can occur

— To address this phenomenon, investors generally "average in" to the market by building portfolios of discrete private equity funds over multiple vintage years

— For these reasons, significant tactical shifts are not easily implemented in private markets portfolios

— Our top-down review of the asset class incorporates current trends, which if sustained, can potentially impact returns over the long term

We believe that careful manager selection is the primary driver of returns

That said, macro and top-down conditions have the potential to impact portfolio returns over the long term

# Detailed returns by geography

| Pooled Returns by Geography | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| U.S. All Private Equity * | 6.3 | 12.5 | 17.1 | 14.8 | 13.7 | 4,639 | 3,632.6 |
| Europe All Private Equity * | 8.5 | 9.2 | 14.2 | 12.2 | 13.9 | 916 | 1,026.2 |
| **Public Index** | | | | | | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| **Outperformance vs. Public Index** | | | | | | | |
| U.S. All Private Equity * | (19.6) | 4.0 | 2.0 | 3.3 | 4.0 | | |
| Europe All Private Equity * | (11.4) | 6.4 | 5.1 | 8.0 | 8.2 | | |

** All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*

*Source: Refinitiv as of December 31, 2023*

# Pooled returns by implementation approach

| Pooled Returns by Implementation Approach | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **U.S. Pooled Returns** | | | | | | | |
| U.S. All Private Equity Direct* | 6.3 | 12.5 | 17.1 | 14.8 | 13.7 | 4,639 | 3,632.6 |
| U.S. Fund of Funds | 2.1 | 12.3 | 18.7 | 13.8 | 11.4 | 542 | 179.9 |
| U.S. Secondary Funds | 4.9 | 13.2 | 14.9 | 12.3 | 12.8 | 266 | 278.4 |
| **Europe Pooled Returns** | | | | | | | |
| Europe All Private Equity Direct* | 8.5 | 9.2 | 14.2 | 12.2 | 13.9 | 916 | 1,026.2 |
| Europe Fund of Funds | 5.3 | 6.6 | 11.5 | 8.8 | 9.3 | 67 | 31.4 |
| Europe Secondary Funds | 3.4 | 5.1 | 9.4 | 10.6 | 12.3 | 42 | 21.5 |
| **Global Pooled Returns** | | | | | | | |
| Global All Private Equity Direct** | 4.5 | 5.3 | 12.6 | 9.9 | 10.3 | 225 | 283.5 |
| Global Fund of Funds ** | (2.8) | 5.6 | 13.4 | 11.8 | 11.3 | 82 | 34.8 |
| Global Secondary Funds ** | (2.3) | 10.5 | 12.7 | 13.8 | 12.2 | 23 | 34.9 |
| **All Region Pooled Returns** | | | | | | | |
| All Regions Private Equity Direct* | 6.0 | 10.5 | 15.4 | 13.5 | 13.2 | 6,818 | 5,477.8 |
| All Regions Fund of Funds | 1.3 | 9.4 | 16.1 | 12.7 | 11.0 | 766 | 272.9 |
| All Regions Secondary Funds | 6.1 | 10.2 | 19.1 | 16.4 | 15.1 | 434 | 497.8 |
| **Public Index** | | | | | | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| MSCI ACWI | 22.2 | 5.8 | 11.7 | 7.9 | 7.5 | | |

** All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
*** Global Funds invest across the globe, without any targeted regions for investment.*
*Source: Refinitiv as of December 31, 2023*

# Pooled returns outperformance

| Outperformance vs. Public Index | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year |
|---|---|---|---|---|---|
| **U.S. Outperformance** | | | | | |
| U.S. All Private Equity Direct* | (19.6) | 4.0 | 2.0 | 3.3 | 4.0 |
| U.S. Fund of Funds | (23.8) | 3.8 | 3.5 | 2.3 | 1.7 |
| U.S. Secondary Funds | (21.1) | 4.7 | (0.2) | 0.8 | 3.1 |
| **Europe Outperformance** | | | | | |
| Europe All Private Equity Direct* | (11.4) | 6.4 | 5.1 | 8.0 | 8.2 |
| Europe Fund of Funds | (14.6) | 3.8 | 2.4 | 4.7 | 3.6 |
| Europe Secondary Funds | (16.5) | 2.3 | 0.3 | 6.5 | 6.6 |
| **Global Outperformance** | | | | | |
| Global All Private Equity Direct** | (17.7) | (0.5) | 0.9 | 2.0 | 2.8 |
| Global Fund of Funds ** | (25.0) | (0.1) | 1.7 | 3.8 | 3.8 |
| Global Secondary Funds ** | (24.5) | 4.8 | 0.9 | 5.9 | - |
| **All Region Outperformance** | | | | | |
| All Regions Private Equity Direct* | (16.2) | 4.7 | 3.7 | 5.6 | 5.7 |
| All Regions Fund of Funds | (20.9) | 3.6 | 4.4 | 4.8 | 3.5 |
| All Regions Secondary Funds | (16.1) | 4.4 | 7.4 | 8.4 | 7.6 |

* *All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
** *Global Funds invest across the globe, without any targeted regions for investment.*
*Source: Refinitiv as of December 31, 2023*

# U.S. returns

| U.S. Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| U.S. Venture Capital | (3.4) | 6.7 | 18.1 | 15.3 | 12.3 | 2,483 | 640.3 |
| U.S. Growth Equity | 6.1 | 10.2 | 19.1 | 16.4 | 15.1 | 434 | 497.8 |
| U.S. Buyouts | 10.4 | 15.5 | 17.6 | 15.4 | 14.5 | 1,138 | 1,856.9 |
| U.S. Debt-Related | 7.7 | 14.0 | 12.5 | 10.5 | 11.2 | 584 | 637.6 |
| **U.S. All Private Equity *** | **6.3** | **12.5** | **17.1** | **14.8** | **13.7** | **4,639** | **3,632.6** |
| **Public Index** | | | | | | | |
| S&P 500 | 26.3 | 10.0 | 15.7 | 12.0 | 9.7 | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| Bloomberg Aggregate | 5.5 | (3.3) | 1.1 | 1.8 | 3.2 | | |
| **Outperformance** | | | | | | | |
| All PE Outperformance* | (19.6) | 4.0 | 2.0 | 3.3 | 4.0 | | |
| Debt-Related Outperformance | 2.2 | 17.4 | 11.4 | 8.7 | 8.0 | | |

** All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*

*Source: Refinitiv as of December 31, 2023*

# Europe returns

| Europe Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| Europe Venture | (2.6) | 10.7 | 22.8 | 18.0 | 12.1 | 223 | 48.7 |
| Europe Growth Equity | 9.6 | 12.1 | 15.7 | 14.4 | 14.6 | 69 | 29.0 |
| Europe Buyouts | 9.5 | 9.6 | 14.8 | 12.4 | 14.6 | 520 | 816.1 |
| Europe Debt-Related | 9.8 | 5.4 | 7.2 | 7.4 | 7.8 | 104 | 132.3 |
| **Europe All Private Equity *** | **8.5** | **9.2** | **14.2** | **12.2** | **13.9** | **916** | **1,026.2** |
| **Public Index** | | | | | | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| Bloomberg Pan-Europe TR | 11.3 | (8.3) | (1.8) | (1.1) | 2.0 | | |
| **Outperformance** | | | | | | | |
| All PE Outperformance* | (11.4) | 6.4 | 5.1 | 8.0 | 8.2 | | |
| Debt-Related Outperformance | (1.5) | 13.7 | 9.0 | 8.5 | 5.8 | | |

** All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
*Source: Refinitiv as of December 31, 2023*

# Sub-asset class returns

| U.S. Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| U.S. Venture Capital | (3.4) | 6.7 | 18.1 | 15.3 | 12.3 | 2,483 | 640.3 |
| U.S. Growth Equity | 6.1 | 10.2 | 19.1 | 16.4 | 15.1 | 434 | 497.8 |
| U.S. Buyouts | 10.4 | 15.5 | 17.6 | 15.4 | 14.5 | 1,138 | 1,856.9 |
| U.S. Debt-Related | 7.7 | 14.0 | 12.5 | 10.5 | 11.2 | 584 | 637.6 |
| **U.S. All Private Equity *** | **6.3** | **12.5** | **17.1** | **14.8** | **13.7** | **4,639** | **3,632.6** |

| Europe Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| Europe Venture | (2.6) | 10.7 | 22.8 | 18.0 | 12.1 | 223 | 48.7 |
| Europe Growth Equity | 9.6 | 12.1 | 15.7 | 14.4 | 14.6 | 69 | 29.0 |
| Europe Buyouts | 9.5 | 9.6 | 14.8 | 12.4 | 14.6 | 520 | 816.1 |
| Europe Debt-Related | 9.8 | 5.4 | 7.2 | 7.4 | 7.8 | 104 | 132.3 |
| **Europe All Private Equity *** | **8.5** | **9.2** | **14.2** | **12.2** | **13.9** | **916** | **1,026.2** |

** All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
*Source: Refinitiv as of December 31, 2023*

# Sub-asset class returns – Fund of Funds

| Fund of Funds by Geography | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| U.S. Fund of Funds | 2.1 | 12.3 | 18.7 | 13.8 | 11.4 | 542 | 179.9 |
| Europe Fund of Funds | 5.3 | 6.6 | 11.5 | 8.8 | 9.3 | 67 | 31.4 |
| Global Fund of Funds ** | (2.8) | 5.6 | 13.4 | 11.8 | 11.3 | 82 | 34.8 |
| **All Fund of Funds** | **1.3** | **9.4** | **16.1** | **12.7** | **11.0** | **766** | **272.9** |
| **Public Index** | | | | | | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| MSCI ACWI | 22.2 | 5.8 | 11.7 | 7.9 | 7.5 | | |
| **Outperformance** | | | | | | | |
| U.S. Fund of Funds (1) | (23.8) | 3.8 | 3.5 | 2.3 | 1.7 | | |
| Europe Fund of Funds (2) | (14.6) | 3.8 | 2.4 | 4.7 | 3.6 | | |
| Global Fund of Funds ** (3) | (25.0) | (0.1) | 1.7 | 3.8 | 3.8 | | |

*** Global Funds invest across the globe, without any targeted regions for investment.*
*Source: Refinitiv as of December 31, 2023*

# Sub-asset class returns – Fund of Funds

| Fund of Funds by Sub Asset Class [1] | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| U.S. Buyout Fund of Funds | 3.9 | 13.3 | 14.2 | 11.6 | 10.9 | 189 | 67.5 |
| U.S. Venture Capital Fund of Funds | (4.0) | 8.3 | 19.3 | 14.6 | 11.2 | 211 | 62.6 |
| U.S. Venture Capital & Buyout Fund of Funds | 10.9 | 18.4 | 21.9 | 15.6 | 12.7 | 142 | 49.8 |
| **U.S. Fund of Funds** | **2.1** | **12.3** | **18.7** | **13.8** | **11.4** | **542** | **179.9** |
| Europe Buyout Fund of Funds | 7.7 | 6.1 | 9.5 | 7.4 | 9.1 | 55 | 25.3 |
| Europe VC & Buyout Fund of Funds | 3.2 | 6.9 | 14.4 | 12.9 | 10.9 | 10 | 5.9 |
| **Europe Fund of Funds** | **5.3** | **6.6** | **11.5** | **8.8** | **9.3** | **67** | **31.4** |
| Global Buyout Fund of Funds ** | (2.4) | 3.2 | 7.0 | 8.2 | 10.3 | 48 | 20.8 |
| Global Venture Capital Fund of Funds ** | (1.5) | 8.1 | 19.5 | 19.1 | 17.0 | 18 | 9.5 |
| Global VC & Buyout Fund of Funds ** | (10.7) | (0.4) | 9.0 | 9.1 | 8.6 | 16 | 4.4 |
| **Global Fund of Funds** ** | **(2.8)** | **5.6** | **13.4** | **11.8** | **11.3** | **82** | **34.8** |

| Fund of Funds by Sub Asset Class [1] | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year |
|---|---|---|---|---|---|
| **Public Index** | | | | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 |
| MSCI ACWI | 22.2 | 5.8 | 11.7 | 7.9 | 7.5 |
| **Outperformance vs. Public Index** | | | | | |
| U.S. Buyout Fund of Funds [2] | (22.1) | 4.8 | (1.0) | 0.2 | 1.2 |
| U.S. Venture Capital Fund of Funds [2] | (30.0) | (0.2) | 4.1 | 3.1 | 1.5 |
| U.S. Venture Capital & Buyout Fund of Funds [2] | (15.0) | 9.9 | 6.7 | 4.1 | 3.0 |
| **U.S. Fund of Funds** [2] | **(23.8)** | **3.8** | **3.5** | **2.3** | **1.7** |
| Europe Buyout Fund of Funds [3] | (12.2) | 3.3 | 0.4 | 3.3 | 3.4 |
| Europe VC & Buyout Fund of Funds [3] | (16.7) | 4.1 | 5.3 | 8.8 | 5.2 |
| **Europe Fund of Funds** [3] | **(14.6)** | **3.8** | **2.4** | **4.7** | **3.6** |
| **Global Fund of Funds** ** [4] | **(25.0)** | **(0.1)** | **1.7** | **3.8** | **3.8** |

*** Global Funds invest across the globe, without any targeted regions for investment.*

*(1) All Fund of Funds may occasionally co-invest in private companies and/ or invest in secondary transactions.*

*Europe and Asia Venture Capital Fund of Funds have less than 3 funds and therefore included in the All Europe and Asia FoF pooled returns.*
*Source: Refinitiv as of December 31, 2023*

# Sub-asset class returns - Secondaries

| Secondary Funds | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| U.S. Secondary Funds | 4.9 | 13.2 | 14.9 | 12.3 | 12.8 | 266 | 278.4 |
| Europe Secondary Funds | 3.4 | 5.1 | 9.4 | 10.6 | 12.3 | 42 | 21.5 |
| Global Secondary Funds ** | (2.3) | 10.5 | 12.7 | 13.8 | 12.2 | 23 | 34.9 |
| **All Secondary Funds [(1)]** | **6.1** | **10.2** | **19.1** | **16.4** | **15.1** | **434** | **497.8** |
| **Public Index** | | | | | | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| MSCI ACWI | 22.2 | 5.8 | 11.7 | 7.9 | 7.5 | | |
| **Outperformance** | | | | | | | |
| U.S. Secondary Funds | (21.1) | 4.7 | (0.2) | 0.8 | 3.1 | | |
| Europe Secondary Funds | (16.5) | 2.3 | 0.3 | 6.5 | 6.6 | | |
| Global Secondary Funds ** | (24.5) | 4.8 | 0.9 | 5.9 | 4.7 | | |

*** Global Funds invest across the globe, without any targeted regions for investment.*

*(2) Regions that have less than 3 funds are only included in the All Secondary Funds pooled returns.*

*Source: Refinitiv as of December 31, 2023*

# Geography and approach

| Pooled Returns by Geography | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| U.S. All Private Equity * | 6.3 | 12.5 | 17.1 | 14.8 | 13.7 | 4,639 | 3,632.6 |
| Europe All Private Equity * | 8.5 | 9.2 | 14.2 | 12.2 | 13.9 | 916 | 1,026.2 |
| **Public Index** | | | | | | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| **Outperformance vs. Public Index** | | | | | | | |
| U.S. All Private Equity * | (19.6) | 4.0 | 2.0 | 3.3 | 4.0 | | |
| Europe All Private Equity * | (11.4) | 6.4 | 5.1 | 8.0 | 8.2 | | |

| Pooled Returns by Implementation Approach | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **U.S. Pooled Returns** | | | | | | | |
| U.S. All Private Equity Direct* | 6.3 | 12.5 | 17.1 | 14.8 | 13.7 | 4,639 | 3,632.6 |
| U.S. Fund of Funds | 2.1 | 12.3 | 18.7 | 13.8 | 11.4 | 542 | 179.9 |
| U.S. Secondary Funds | 4.9 | 13.2 | 14.9 | 12.3 | 12.8 | 266 | 278.4 |
| **Europe Pooled Returns** | | | | | | | |
| Europe All Private Equity Direct* | 8.5 | 9.2 | 14.2 | 12.2 | 13.9 | 916 | 1,026.2 |
| Europe Fund of Funds | 5.3 | 6.6 | 11.5 | 8.8 | 9.3 | 67 | 31.4 |
| Europe Secondary Funds | 3.4 | 5.1 | 9.4 | 10.6 | 12.3 | 42 | 21.5 |
| **Global Pooled Returns** | | | | | | | |
| Global All Private Equity Direct** | 4.5 | 5.3 | 12.6 | 9.9 | 10.3 | 225 | 283.5 |
| Global Fund of Funds ** | (2.8) | 5.6 | 13.4 | 11.8 | 11.3 | 82 | 34.8 |
| Global Secondary Funds ** | (2.3) | 10.5 | 12.7 | 13.8 | 12.2 | 23 | 34.9 |
| **All Region Pooled Returns** | | | | | | | |
| All Regions Private Equity Direct* | 6.0 | 10.5 | 15.4 | 13.5 | 13.2 | 6,818 | 5,477.8 |
| All Regions Fund of Funds | 1.3 | 9.4 | 16.1 | 12.7 | 11.0 | 766 | 272.9 |
| All Regions Secondary Funds | 6.1 | 10.2 | 19.1 | 16.4 | 15.1 | 434 | 497.8 |
| **Public Index** | | | | | | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| MSCI ACWI | 22.2 | 5.8 | 11.7 | 7.9 | 7.5 | | |

** All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
*Source: Refinitiv as of December 31, 2023*

# Geography and approach (continued)

| Outperformance vs. Public Index | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year |
|---|---|---|---|---|---|
| **U.S. Outperformance** | | | | | |
| U.S. All Private Equity Direct* | (19.6) | 4.0 | 2.0 | 3.3 | 4.0 |
| U.S. Fund of Funds | (23.8) | 3.8 | 3.5 | 2.3 | 1.7 |
| U.S. Secondary Funds | (21.1) | 4.7 | (0.2) | 0.8 | 3.1 |
| **Europe Outperformance** | | | | | |
| Europe All Private Equity Direct* | (11.4) | 6.4 | 5.1 | 8.0 | 8.2 |
| Europe Fund of Funds | (14.6) | 3.8 | 2.4 | 4.7 | 3.6 |
| Europe Secondary Funds | (16.5) | 2.3 | 0.3 | 6.5 | 6.6 |
| **Global Outperformance** | | | | | |
| Global All Private Equity Direct** | (17.7) | (0.5) | 0.9 | 2.0 | 2.8 |
| Global Fund of Funds ** | (25.0) | (0.1) | 1.7 | 3.8 | 3.8 |
| Global Secondary Funds ** | (24.5) | 4.8 | 0.9 | 5.9 | - |
| **All Region Outperformance** | | | | | |
| All Regions Private Equity Direct* | (16.2) | 4.7 | 3.7 | 5.6 | 5.7 |
| All Regions Fund of Funds | (20.9) | 3.6 | 4.4 | 4.8 | 3.5 |
| All Regions Secondary Funds | (16.1) | 4.4 | 7.4 | 8.4 | 7.6 |

* *All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
** *Global Funds invest across the globe, without any targeted regions for investment.*
*Source: Refinitiv as of December 31, 2023*

# Geographies with outperformance

| U.S. Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| U.S. Venture Capital | (3.4) | 6.7 | 18.1 | 15.3 | 12.3 | 2,483 | 640.3 |
| U.S. Growth Equity | 6.1 | 10.2 | 19.1 | 16.4 | 15.1 | 434 | 497.8 |
| U.S. Buyouts | 10.4 | 15.5 | 17.6 | 15.4 | 14.5 | 1,138 | 1,856.9 |
| U.S. Debt-Related | 7.7 | 14.0 | 12.5 | 10.5 | 11.2 | 584 | 637.6 |
| **U.S. All Private Equity *** | **6.3** | **12.5** | **17.1** | **14.8** | **13.7** | **4,639** | **3,632.6** |
| **Public Index** | | | | | | | |
| S&P 500 | 26.3 | 10.0 | 15.7 | 12.0 | 9.7 | | |
| FTSE Russell 3000 | 26.0 | 8.5 | 15.2 | 11.5 | 9.7 | | |
| Bloomberg Aggregate | 5.5 | (3.3) | 1.1 | 1.8 | 3.2 | | |
| **Outperformance** | | | | | | | |
| All PE Outperformance* | (19.6) | 4.0 | 2.0 | 3.3 | 4.0 | | |
| Debt-Related Outperformance | 2.2 | 17.4 | 11.4 | 8.7 | 8.0 | | |

| Europe Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| Europe Venture | (2.6) | 10.7 | 22.8 | 18.0 | 12.1 | 223 | 48.7 |
| Europe Growth Equity | 9.6 | 12.1 | 15.7 | 14.4 | 14.6 | 69 | 29.0 |
| Europe Buyouts | 9.5 | 9.6 | 14.8 | 12.4 | 14.6 | 520 | 816.1 |
| Europe Debt-Related | 9.8 | 5.4 | 7.2 | 7.4 | 7.8 | 104 | 132.3 |
| **Europe All Private Equity *** | **8.5** | **9.2** | **14.2** | **12.2** | **13.9** | **916** | **1,026.2** |
| **Public Index** | | | | | | | |
| MSCI Europe | 19.9 | 2.8 | 9.1 | 4.1 | 5.7 | | |
| Bloomberg Pan-Europe TR | 11.3 | (8.3) | (1.8) | (1.1) | 2.0 | | |
| **Outperformance** | | | | | | | |
| All PE Outperformance* | (11.4) | 6.4 | 5.1 | 8.0 | 8.2 | | |
| Debt-Related Outperformance | (1.5) | 13.7 | 9.0 | 8.5 | 5.8 | | |

* *All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
*Source: Refinitiv as of December 31, 2023*

# Geographies with sub-asset classes excluding outperformance

| Pooled Returns by Geography | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| U.S. All Private Equity * | 6.3 | 12.5 | 17.1 | 14.8 | 13.7 | 4,639 | 3,632.6 |
| Europe All Private Equity * | 8.5 | 9.2 | 14.2 | 12.2 | 13.9 | 916 | 1,026.2 |

| U.S. Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| U.S. Venture Capital | (3.4) | 6.7 | 18.1 | 15.3 | 12.3 | 2,483 | 640.3 |
| U.S. Growth Equity | 6.1 | 10.2 | 19.1 | 16.4 | 15.1 | 434 | 497.8 |
| U.S. Buyouts | 10.4 | 15.5 | 17.6 | 15.4 | 14.5 | 1,138 | 1,856.9 |
| U.S. Debt-Related | 7.7 | 14.0 | 12.5 | 10.5 | 11.2 | 584 | 637.6 |
| **U.S. All Private Equity *** | **6.3** | **12.5** | **17.1** | **14.8** | **13.7** | **4,639** | **3,632.6** |

| Europe Pooled Returns | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Fund Count | Total Capitalization ($B) |
|---|---|---|---|---|---|---|---|
| **Private Equity Pooled Returns** | | | | | | | |
| Europe Venture | (2.6) | 10.7 | 22.8 | 18.0 | 12.1 | 223 | 48.7 |
| Europe Growth Equity | 9.6 | 12.1 | 15.7 | 14.4 | 14.6 | 69 | 29.0 |
| Europe Buyouts | 9.5 | 9.6 | 14.8 | 12.4 | 14.6 | 520 | 816.1 |
| Europe Debt-Related | 9.8 | 5.4 | 7.2 | 7.4 | 7.8 | 104 | 132.3 |
| **Europe All Private Equity *** | **8.5** | **9.2** | **14.2** | **12.2** | **13.9** | **916** | **1,026.2** |

* *All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.*
*Source: Refinitiv as of December 31, 2023*