

Private Fund Strategies Report

2021 Annual



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YoY fundraising changes by strategy (trailing 4-quarters)*

	Capital raised (\$B)	YoY change	Fund count	YoY change
Private capital	\$1,179.4	-0.1% ▼	2,759	-24.8% ▼
Private equity	\$455.7	-0.1% ▼	632	-26.2% ▼
Venture capital	\$213.3	14.1% ▲	1,512	-12.9% ▼
Real estate	\$126.6	1.3% ▲	230	-44.0% ▼
Real assets	\$116.5	17.8% ▲	88	-38.9% ▼
Private debt	\$191.2	12.1% ▲	185	-44.9% ▼
Funds of funds	\$29.6	-44.7% ▼	74	-43.9% ▼
Secondaries	\$46.5	-48.0% ▼	38	-33.3% ▼

Source: PitchBook | Geography: Global
*As of December 31, 2021

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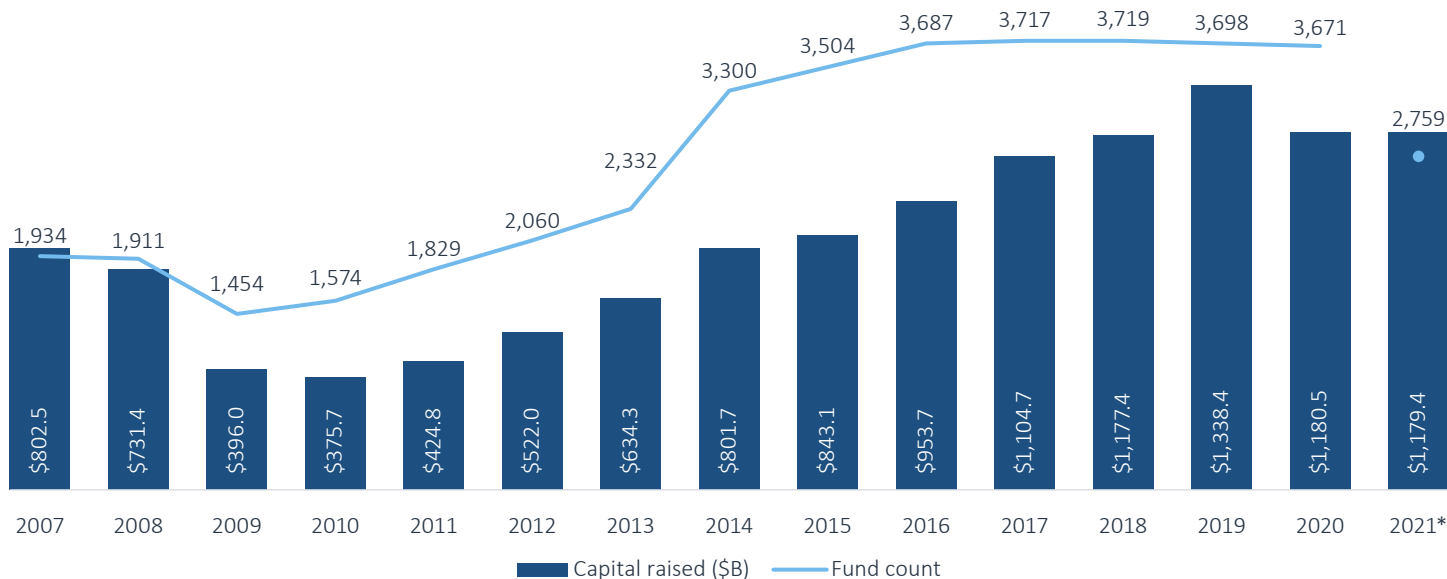
[Click here](#) for PitchBook's private market glossary.

The accompanying Excel file contains additional charts and all underlying data for this report. [Download the XLS summary here.](#)



Overview

Private capital fundraising activity



Source: PitchBook | Geography: Global
*As of December 31, 2021

Hilary Wiek, CFA, CAIA Lead Analyst, Fund Strategies and Performance
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After the 2020 decline in fundraising from the record-setting 2019, figures so far for 2021 fundraising were basically flat year over year. However, the \$1.2 trillion raised across all private market strategies was still 11.9% down from the 2019 record. The average size of a private markets fund raised in 2021 was \$461.4 million, though the more telling figure was the median, at \$100.0 million. Half of the funds raised in 2021 were larger than \$100 million, but half were below that figure, thus indicating a huge population of funds out of the spotlight, as record fund sizes get more attention than the vast majority of funds that are much smaller. Adding to this imbalanced treatment, our spotlight this quarter is on mega-funds.

Managers raising their first fund closed on a collective \$60.7 billion, up slightly from 2020's \$59.7 billion. However, the number of first-time funds contributing to the 2021 figure dropped substantially. Understanding that emerging managers, particularly, have difficulty fundraising, we published a [research piece](#) in Q4 that provides advice to GPs preparing for the due diligence questions they will face. LPs are barraged with

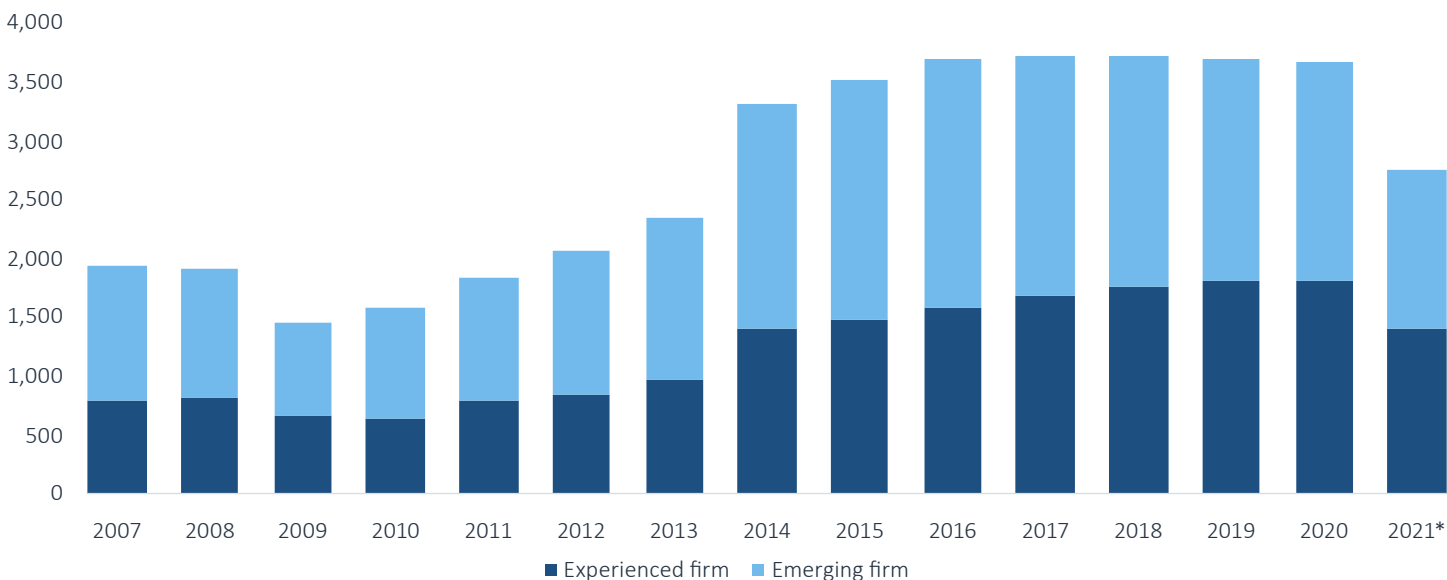
investment opportunities and saying “no” is a skill they must hone to allow them time to focus on their chosen priorities. If a GP can better prepare and provide fewer reasons for a quick no, they may find their prospecting for investors to be more fruitful. Given that almost half of the funds raised in 2021 came from emerging managers,¹ many are finding success—albeit fewer than in prior years.

From a regional perspective, North America has been growing its share again, largely at the expense of Asia. In the past 15 years, North America captured its lowest share of private capital fundraising in 2018, at 49.0%. In 2021, that share spiked to a record 62.9%. On the flip side, Asia peaked in 2018, at 25.4%, but took in only 10.2% in 2021. Europe has been garnering around 25% of annual commitments since 2007, though it has gone as high as 28.7% and as low as 20.0%. In 2021, Europe was at its norm with 25.3% of capital raised. North America has been a formidable powerhouse in raising capital for private funds, though some of the LPs for those funds might not be from North America, and the mandates

1: PitchBook defines emerging managers as ones who have raised three or fewer funds.

Overview

Private capital fund count by manager experience



Source: PitchBook | Geography: Global
*As of December 31, 2021

may not be investing solely in North America. Especially at the larger end of the fund universe, private markets are very much a global affair.

Traditionally, private equity (PE) has led fundraising in terms of capital raised at the strategy level, which was again the case in 2021, as PE took in 38.6% of commitments. The number two strategy, venture capital (VC), raised only 18.1% of the year’s total. By number of funds, however, VC has led since 2009. In 2021, VC grew to 54.8% of the funds raised, the first time any strategy has outnumbered all other strategies combined. The share has been taken from two main sources: Real estate has fallen from 21.0% of funds raised in 2007 to only 8.3% in 2021, and FoFs have become a footnote, from 10.9% in 2009 down to 2.7% in 2021.

2021 saw some massive fund closings, largely from buyout funds—though not exclusively. Hellman & Friedman led the way, with \$24.4 billion committed to its 10th flagship buyout fund, and it expects to be back in the market in 2022.² Silver Lake, two EQT funds, and Clayton, Dubilier & Rice rounded out the top five, each of which closed on more than \$15 billion. Beyond buyouts,

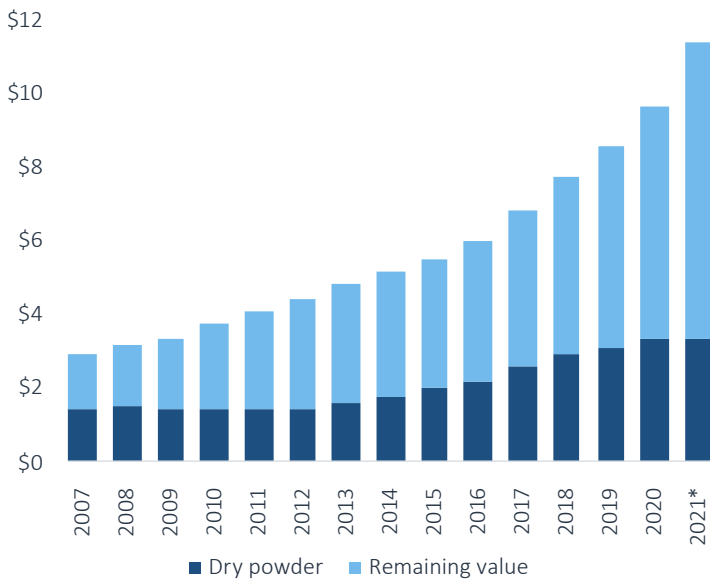
private debt was ably represented by Ares and Oaktree, and EQT’s infrastructure fund brought a different type of strategy to the top ten. Considering the current open funds from KKR (NYSE: KKR), BlackRock (NYSE: BLK), Dyal, and Apollo (NYSE: APO), 2022 will certainly see more mega-fund closings. In addition, at least two mega-funds are coming out of China run by Shanghai International Group and Ping An Insurance Company.

A note about our fundraising data: Private market data is not immediately available like public company data is—a fact that is the foundation of the PitchBook business model. When we publish a report such as this one, we balance the demand for timely reporting with the availability of the information. After a report is written, we continue to collect data. This report thus can show dramatically different figures for prior periods than previously reported. While this is a 2021 report, we urge caution in making certain assertions about how the year actually concluded. Readers may be assured that we are providing our most complete data at the moment we are writing the report, but our clients can log into our platform to discover up-to-the-minute data that reaches beyond each report’s parameters.

2: “Hellman & Friedman Signals Potential Launch of Next Flagship Later This Year,” Buyouts, Chris Witkowski, February 3, 2022.

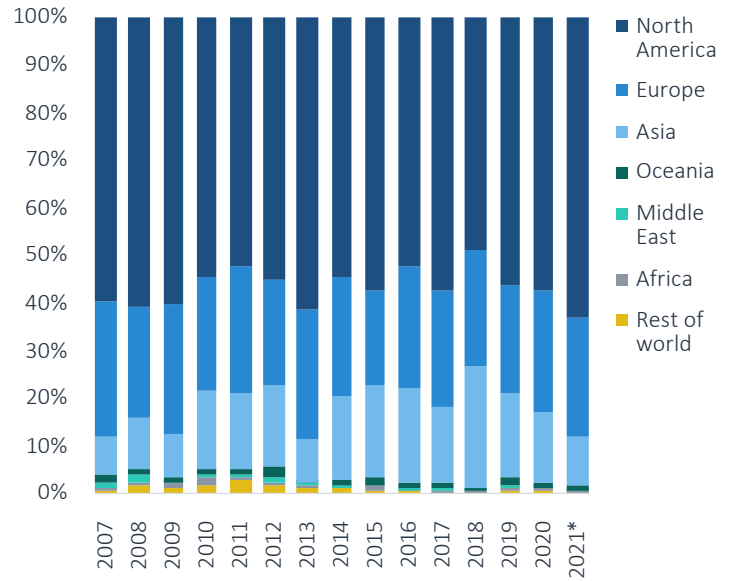
Overview

Private capital AUM (\$T)



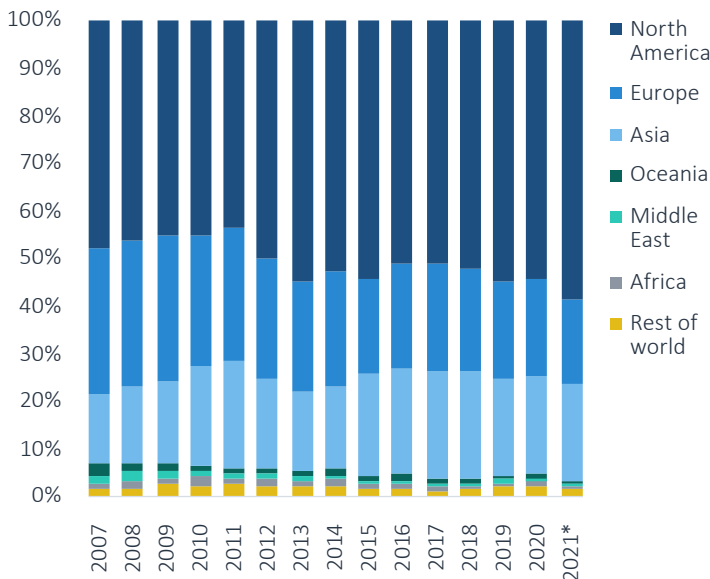
Source: PitchBook | Geography: Global
*As of June 30, 2021

Share of private capital raised by region



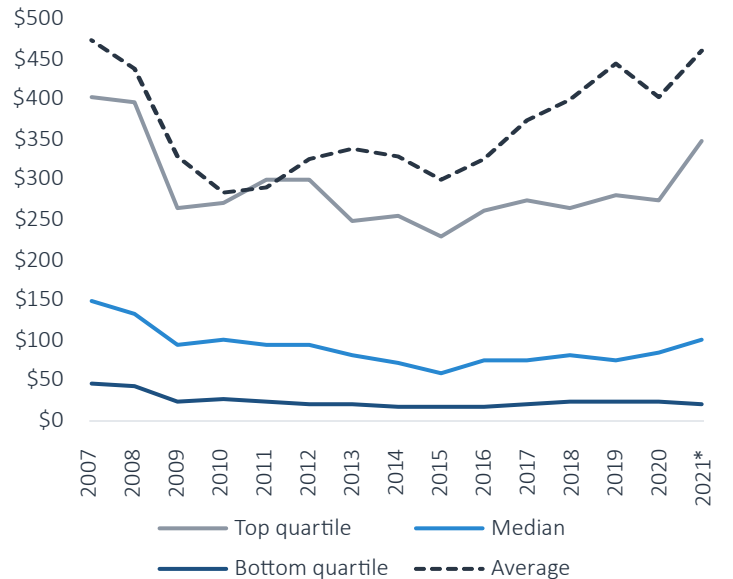
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of private capital fund count by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

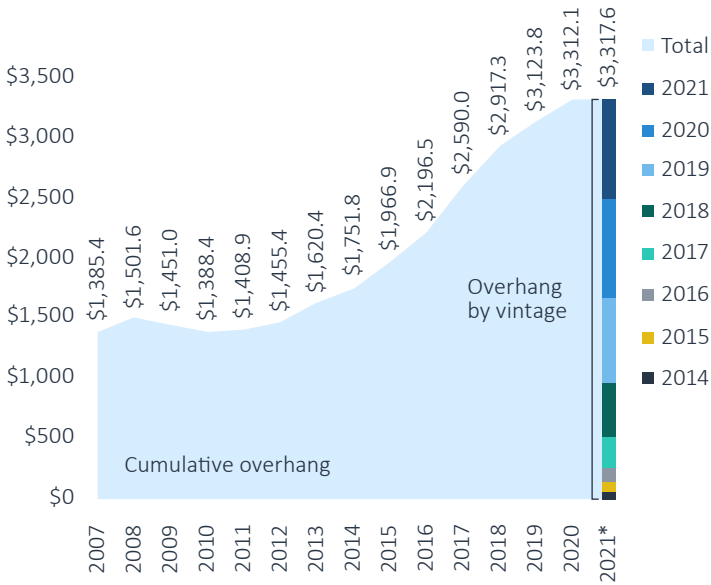
Range of private capital fund sizes (\$M)



Source: PitchBook | Geography: Global
*As of December 31, 2021

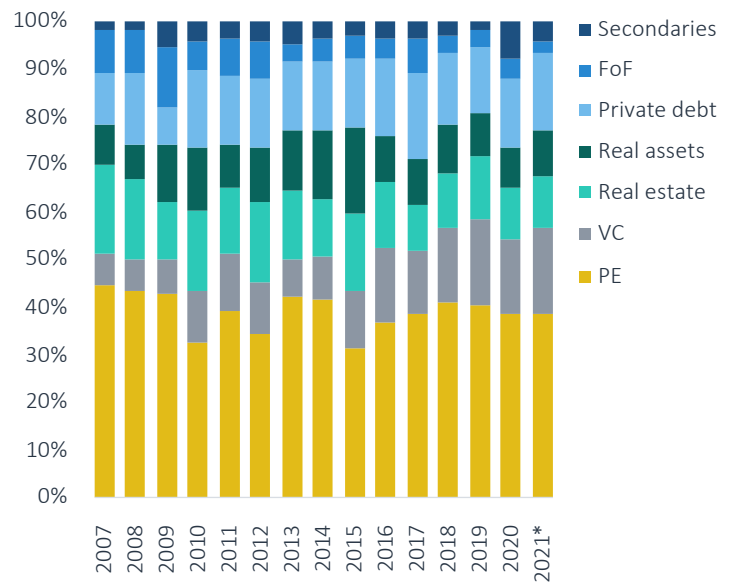
Overview

Private capital dry powder (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

Share of private capital raised by strategy



Source: PitchBook | Geography: Global
*As of December 31, 2021

Fundraising best practices and LP tendencies in 2022

How are fundraising strategies adapting in the current competitive climate given the number of firms trying to raise?

In the wake of an “all-record-breaking year,” it’s challenging for LPs to determine good from great fund managers. In terms of returns, the outliers are obvious, but the middle of the pack is larger than ever.

The institutional LPs and funds of funds we talk to are fixating on the repeatability of an investment thesis and how this approach performs during different economic cycles. As such, GPs are using data to objectively prove the effectiveness of their strategy and differentiation, while proactively providing sensitivity analysis on historical investments to preempt LP questions and concerns.

As you might expect, GPs that struggle to consolidate data across their operations have a hard time bringing the storytelling to life in an unbiased manner. On the other side of the coin, we’re seeing GPs use a lot more data to understand an LP’s preferences, historical commitments, and exposure, so they can be specific when positioning the fund as complementary to existing allocations. Amidst generally good returns across the board, portfolio construction must achieve another level of detail to provide the diversification LPs require, and GPs need to communicate the puzzle piece they represent.

Have there been any marked shifts in LP interest in emerging managers?

Absolutely. Emerging managers are almost seen as a unique asset class, which represents a magnified risk/reward profile beyond the traditional dimensions of geography, sector, and so on. For many LPs, this is a good way to avoid allocating more capital to the middle of the pack and gain access to big upside potential.

We’ve also never seen this volume of spin-off fund managers who leave very established funds to execute on a niche thesis because they think they can do it better. As we’ve all witnessed, DeFi, blockchain, and crypto



Kjael Skaalerud

Chief Revenue Officer

Altvia

Kjael is a PE-sponsored Chief Revenue Officer at Altvia, where he leads go-to-market activities and is responsible for sustainable growth in revenue and market share. Prior to Altvia, Kjael was the VP of Sales & Brand at Harri, where he led customer acquisition efforts and guided the brand strategy. Leading up to Harri, Kjael founded Skaling Ventures, a GTM consultancy that helped venture-backed Series A firms build a repeatable sales motion, while earning his MBA at NYU-Stern.

are leading the way here. We’re also seeing a breadth of new managers coming from hedge funds or former executive roles at recently exited tech firms with a far more progressive and data-driven approach to investing, which is considered novel by the majority of LPs and has become a new driver of allocation decisions.

What are the key underrated best practices for fundraising in the current environment? How does that vary between the LP and GP perspectives?

Investor demographics and preferences are changing, especially with the \$30 trillion in inheritance moving to millennials by 2030.³ If the everyday investor wants to know how their portfolio is performing, they open an app on their phone while walking to lunch and have real-time visibility. We have to assume the GPs that can close the gap between that experience and private capital markets (static, opaque, quarterly, and so on) will do a much better job courting LPs.

We work with firms to bring an analytics-driven, consumer-grade experience to the forefront of the fundraising process—think visualized cap account statements and fund and portfolio performance dashboards the user can slice and dice. As a result, most of these GPs overdelivered on both fund targets and timelines, despite peak pandemic conditions.

³: “\$30T in Inheritance Moving to Millennials: How to Prepare Your Business for This Great Wealth Transfer,” OpenInvest, June 3, 2021.

Fundraising best practices and LP tendencies in 2022

Another key factor relates to the concept of “feedback loops,” in which a firm can establish digital surface area they can measure, such as an LP portal or virtual data room (VDR) that tracks user activities and behaviors. Which LPs are engaging the most with what we’ve provided? Are there patterns in general LP engagement we can use to make our communication more relevant? Feedback loops are common marketing and advertising principles, and GPs are now finding a lot of leverage here.

What are the top technical challenges in fundraising software tools—for example, around security—in this environment as opposed to in the past?

A tool for every team (IR, investing, accounting) is very common in the industry today. If an LP has a question on their commitments, a specific portfolio company or general fund performance, it’s challenging for the IR team to provide a timely response, as they scramble to check three or more sources and synthesize the information

This friction permeates into the fundraising motion. The simple act of sending a fund announcement email blast to a select audience typically requires hours, not minutes, and entails a range of sensitive data and the risk of high-stakes errors.

At the risk of getting too technical, a simple best practice is connecting your customer relationship management tool with a mass emailing tool to accelerate basic communication at scale, while keeping data housed in secure environments.

Which trends have surprised you the most among your clients’ usage or concerns in 2022 thus far?

There is a classic tension between the old and new guard in PE and VC; where the old guard is content with the status quo, and the new guard is frustrated with antiquated approaches, as measured against other aspects of life.

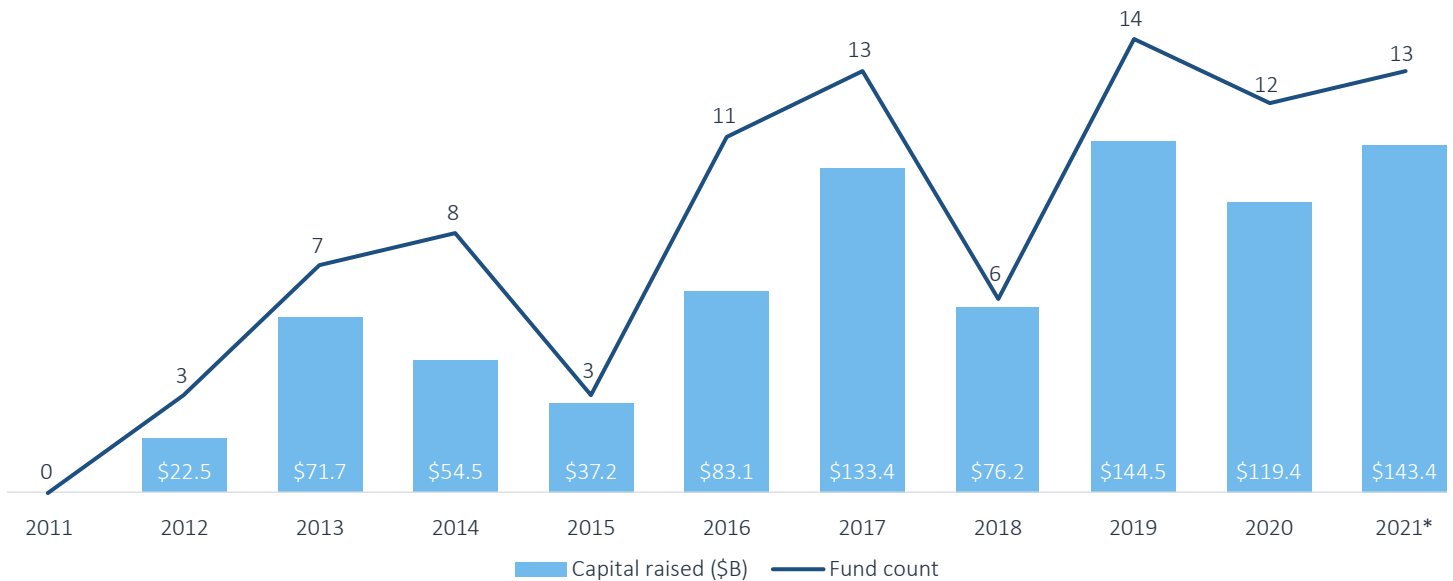
Those that are familiar with concepts such as early adopters, early majority, late majority, and laggards know the main challenge is predicting where society, or an industry at large, is on this curve.

When the pandemic started, it accelerated a wide range of digital transformation trends. Many thought this velocity of change would normalize a bit, but we’ve been sincerely shocked at the volume of firms that are rethinking how they do things and the pace with which they are executing sweeping modernization efforts.

We believe the private capital markets industry is “crossing the chasm” as it relates to technology and digital transformation, and the landscape will change more in the next few years than it has in the last 20.

Spotlight: Mega-funds in US PE: Fundraising and performance

PE mega-fund fundraising activity



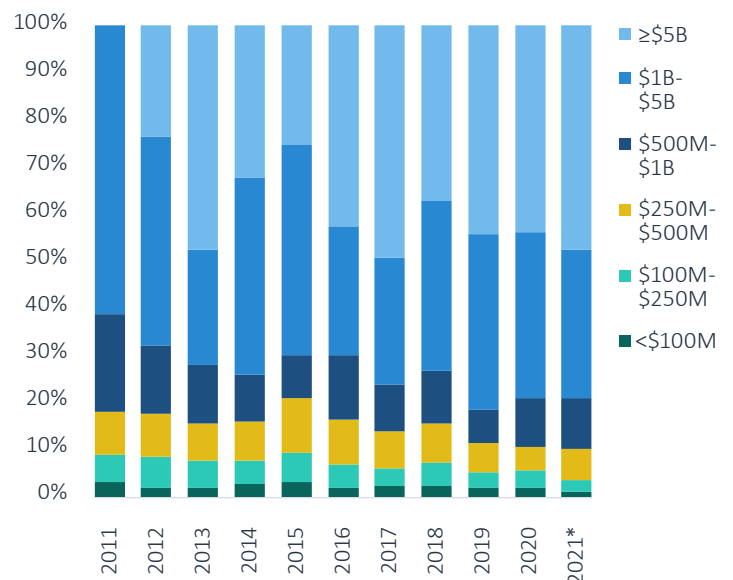
Source: PitchBook | Geography: Global
*As of December 31, 2021

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Note: This spotlight is excerpted from our Analyst Note: Mega-Funds in US PE: Fundraising and Performance. Please see the full note for additional analysis detailing the growth in vehicles sized \$5 billion or more in the private equity space.

In the past few years, PE has been noticeably shifting to the larger end of the spectrum, with both fund and deal sizes continually rising. The average PE fund size in the US approached \$1 billion through 2021, and a major contributor to this increase has been the uptick in PE mega-funds themselves—defined as vehicles worth \$5 billion or more. Mega-funds accounted for nearly half of all capital raised in US PE in the past couple years—raising \$143.4 billion in 2021—and are poised for a substantial lift in the years ahead.

Share of PE capital raised by fund size bucket



Source: PitchBook | Geography: Global
*As of September 30, 2021

Mega-funds currently open or expecting Q1 2022 launch*

Fund	Expected target (\$B)	Fund status
Blackstone Capital Partners IX	\$30.0	Upcoming
Carlyle Partners VIII	\$27.0	Open
Apollo Investment X	\$25.0	Upcoming
Advent International Buyout I	\$25.0	Upcoming
Vista Equity Partners VIII	\$24.0	Open
Thoma Bravo XV	\$22.0	Open
Silver Lake Partners VII	\$20.0	Upcoming
Warburg Pincus XIV	\$16.0	Open
KKR North America XIII	\$15.0	Open
Platinum Equity Capital Partners VI	\$15.0	Open
Brookfield Asset Impact	\$15.0	Open
Green Equity Investors IX	\$13.5	Open
KKR Core Private Equity II	\$12.0	Open
Veritas Capital VIII	\$10.0	Open
BX Growth II	\$10.0	Upcoming
Clearlake Capital Partners VII	\$10.0	Open
Francisco Partners VII	\$10.0	Upcoming
HPS Strategic Investment Partners V	\$9.5	Open
Dyal Capital Partners V	\$9.0	Open
West Street Capital Partners VIII	\$8.0	Open
Berkshire X	\$6.5	Open
L Catterton X	\$6.5	Upcoming
Centerbridge Capital Partners IV	\$6.0	Open
Providence Equity Partners IX	\$6.0	Open
TSG9	\$5.0	Upcoming
Roark Capital Partners VI	\$5.0	Open
Harvest Partners IX	\$5.0	Open
TPG Rise Climate	\$5.0	Open
General Atlantic Investment Partners 2021	\$5.0	Open

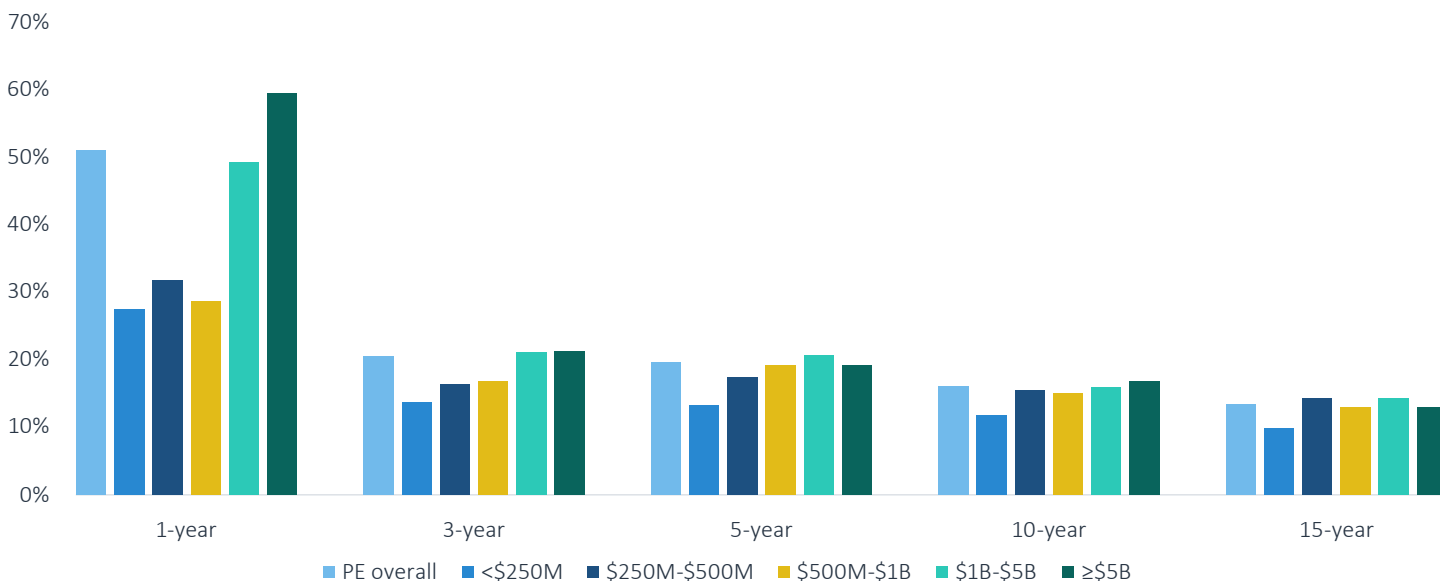
Source: PitchBook | Geography: Global
*As of December 31, 2021

We are seeing a flurry of fundraising activity as record-setting deal activity leads to capital getting called down rapidly and allows firms to return to market sooner and at sizeable step-ups. For large PE firms, fundraising cycles have run more smoothly and quickly this year thanks to the fast distributions that have been recycled into new fundraises. With robust performance and more capital than they anticipated, many LPs are boosting allocations to those same large PE firms, thereby reinforcing the growth of mega-funds.

Large, diversified managers that have established their core strategies far above the \$5 billion mark have also been able to easily cross the mega-fund threshold when expanding into new strategies, thus further increasing the mega-fund count. As fundraising for each new strategy becomes easier with a similar group of LPs, managers continue to launch new products at large sizes to deepen LP relationships and broaden cross-selling opportunities. For example, Brookfield Asset Management (NYSE: BAM) is targeting \$5.0 billion for

Spotlight: Mega-funds in US PE: Fundraising and performance

PE horizon IRRs by fund size bucket*



Source: PitchBook | Geography: Global
*As of March 31, 2021

its first Special Investments Fund, which will invest in opportunities that fall outside the flagship’s mandate. It is also pursuing \$7.5 billion for a new climate-focused fund. The biggest PE players are optimistic about their continued success in fundraising as they develop more strategies and larger successor funds in their platform.

Changes in LP sentiments also drive the proliferation of PE mega-funds. During the pandemic-induced period of volatility and uncertainty, many LPs focused on portfolio triage and re-upped with existing relationships rather than diligence new ones. Mature firms continued to fundraise without much issue. Additionally, many LPs are increasingly looking to consolidate and deepen relationships with investment managers to ease portfolio management and gain co-investment opportunities. This bodes well for big shops that can both take in additional capital with ease and house multiple fund strategies that LPs desire under one roof.

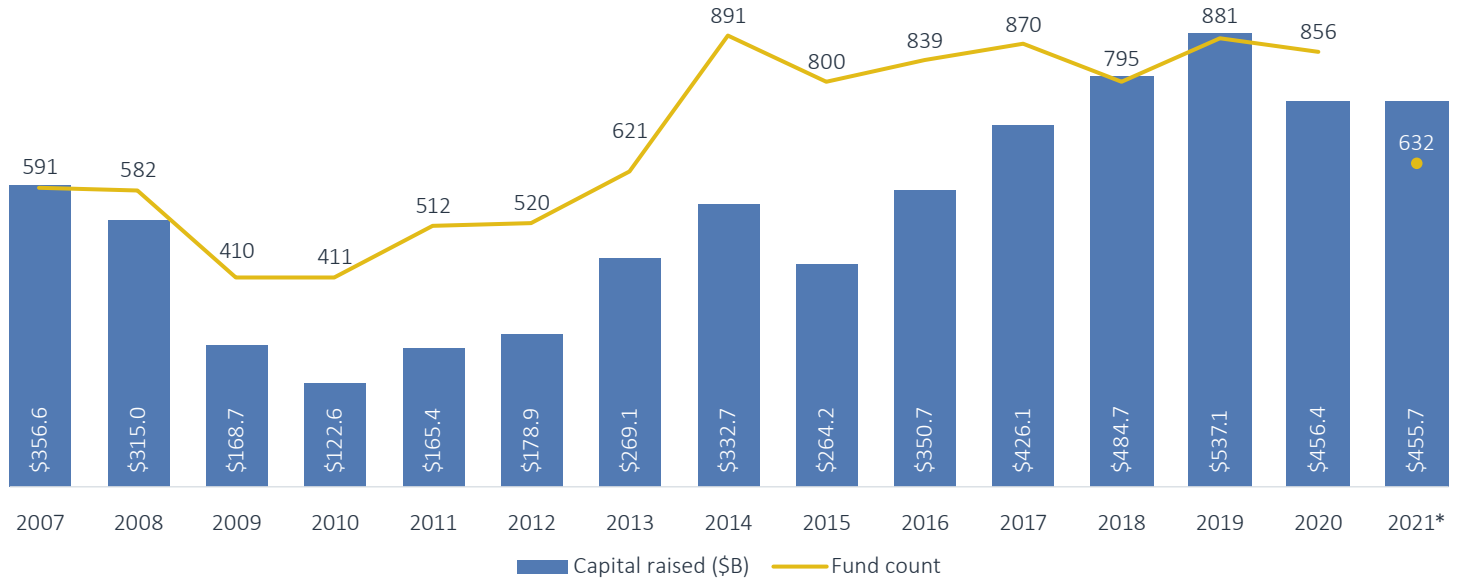
Turning to performance, the strong economic recovery since the pandemic trough, coupled with ample capital availability and elevated investor confidence, lifted

valuation multiples. This led to quick realizations and markups to net asset value, thus producing stellar performance. Mega-funds punched strong returns thanks to their larger and more resilient portfolio assets, resulting in a 59.3% rolling one-year IRR in Q1 2021.⁴ However, big funds do not always result in the biggest returns. Mega-funds do not significantly outperform smaller funds on a longer timeline, and the gap between mega-funds and sub-\$1 billion funds’ performance narrows with time. The reasons are straightforward. Bigger funds usually must find bigger deals in which to invest, and it becomes more difficult to create meaningful upside from larger investments. However, impressive mega-fund performance will likely persist in the shorter term. Large PE exits through IPOs are benefiting from the jump in public market valuations and are expected to keep up for the time being. Many mega-fund managers have mentioned high expectations of realizations through the end of 2022 and beyond. Given the rapid pace of realizations and a still-healthy market backdrop, a positive outlook exists for mega-fund performance—and therefore fundraising—going forward.

4: Our performance data lags by a few quarters due to reporting mechanisms.

Private equity

PE fundraising activity



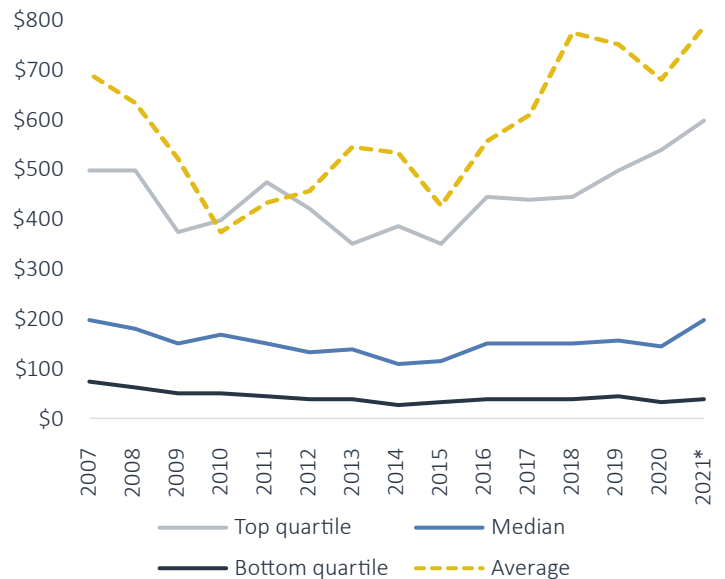
Source: PitchBook | Geography: Global
*As of December 31, 2021

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In 2021, aggregate global PE fundraising came in strongly by historical standards and surpassed its five-year average, while fund counts dipped to an eight-year low. In total, \$455.7 billion was raised across 632 vehicles, marking YoY drops of 0.1% and 26.2%, respectively. Larger funds, as opposed to more funds, characterized the fundraising environment, with particular strength seen in North America. For example, mega-funds were the main driver of capital raised in 2021, accounting for 44.4% of fundraising totals and helping propel dry power to record levels. LPs continue to prioritize re-ups with their most experienced, largest, and established GPs that have replicable equity stories and proven track records through all economic cycles. For instance, Clayton, Dubilier & Rice, founded in 1978, amassed \$16.0 billion for its XI buyout vehicle, which was 60.0% larger than its predecessor and had a re-up rate of around 80%.⁵ This dynamic also boosted the median and average PE fund sizes to their highest figures in over a decade and saw over 50.0% of commitments to the seventh or later fund in a fund family.

Many of the key fundraising components remained intact in 2021, which helped keep capital raised numbers aloft.

Range of PE fund sizes (\$M)



Source: PitchBook | Geography: Global
*As of December 31, 2021

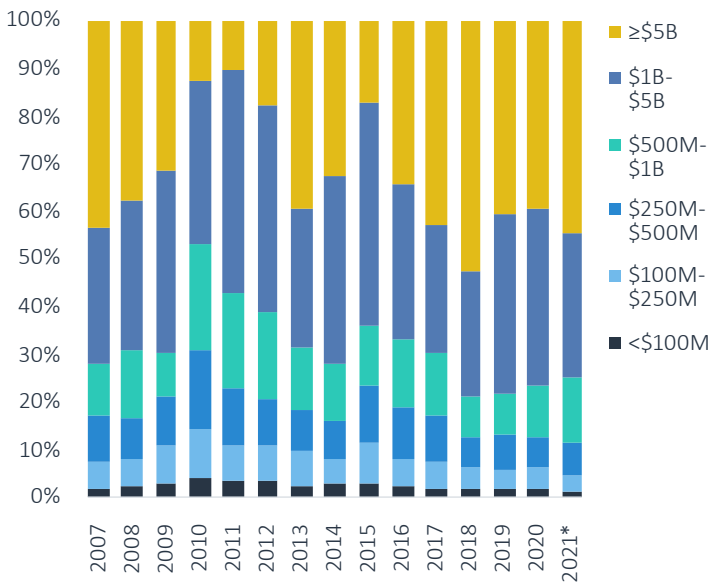
⁵: "CD&R Hauls in \$16 Billion for Latest Flagship Following Most Active Investment Year," Private Equity Insider, Carmela Mendonza, February 18, 2021.

Private equity

The protracted low interest rate environment continues to hamper the ability of LPs to reach their expected returns, causing more allocators to rotate portions of their fixed income allocations to alternatives, especially PE, reacting to years of strong returns. For example, Nest, one of the largest UK-based defined contribution (DC) pension schemes, will allocate 5.0% (£1.5 billion) of its

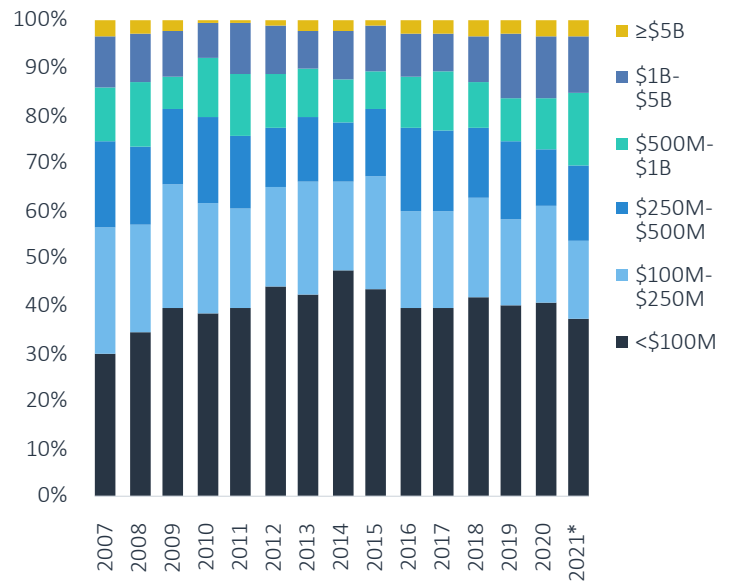
AUM to PE by 2024, while CalPERS's board approved raising its US private market allocation target from 8.0% to 13.0%. Moreover, high public market volatility and record valuations encouraged more PE commitments to avoid the daily volatility of liquid markets and the decline of expected returns from the public markets.

Share of PE capital raised by size bucket



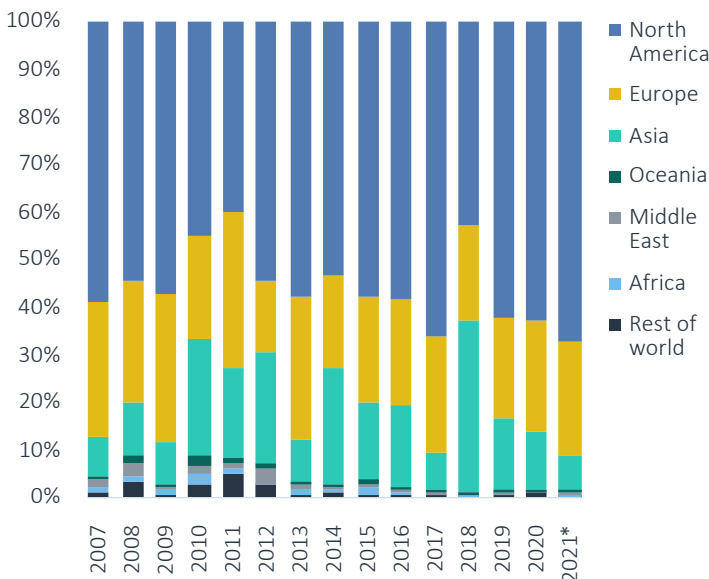
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of PE fund count by size bucket



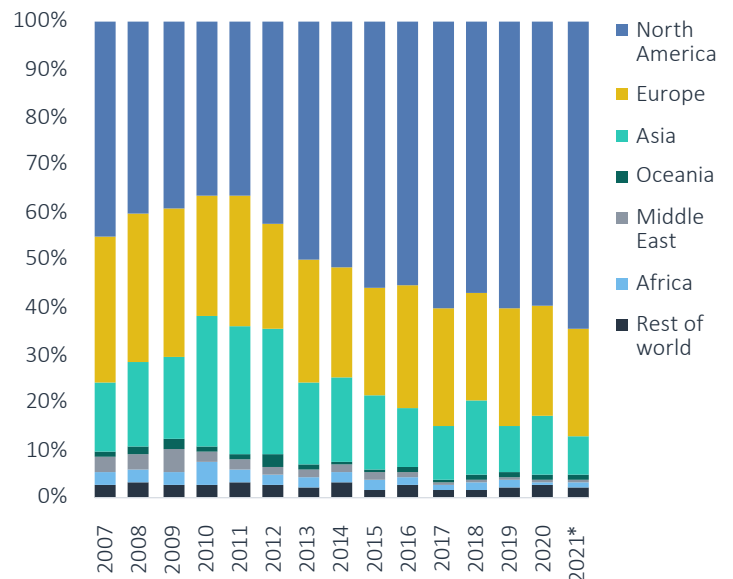
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of PE capital raised by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of PE fund count by region



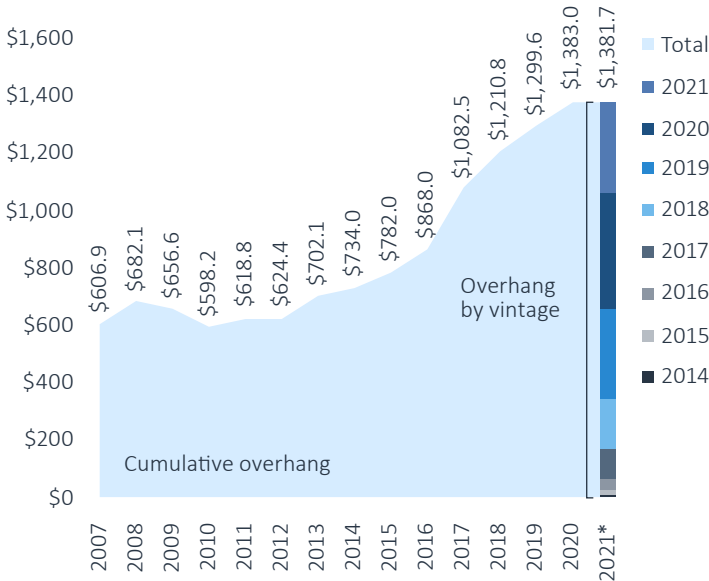
Source: PitchBook | Geography: Global
*As of December 31, 2021

Private equity

In 2022, we expect more of the same. Appetite for PE, especially brand-name managers, is insatiable, as allocators seek out higher risk-adjusted returns in a more hawkish policy and inflationary environment. Strong PE regions, including the UK, have dropped plans to increase carried interest taxes and have also loosened the 0.75% annual

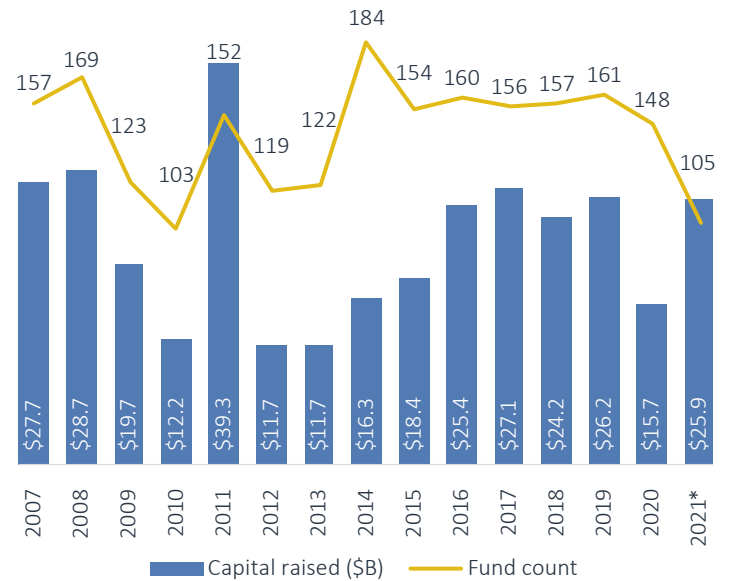
charge cap for pension funds. This means they now can invest in alternatives, which should boost fundraising numbers. Furthermore, some noteworthy mega-funds are expected to close in 2022, such as Carlyle's largest-ever European buyout fund, Partners Group PE IV, and KKR North America XIII.

PE dry powder (\$B)



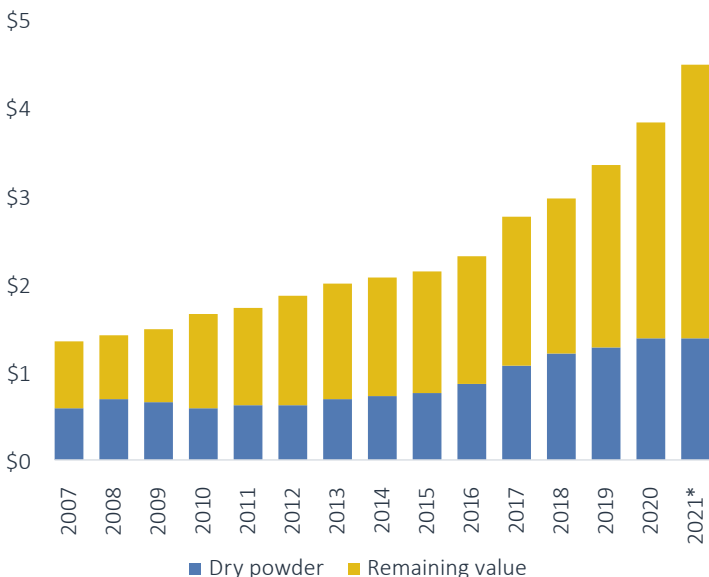
Source: PitchBook | Geography: Global
*As of June 30, 2021

PE first-time fundraising activity



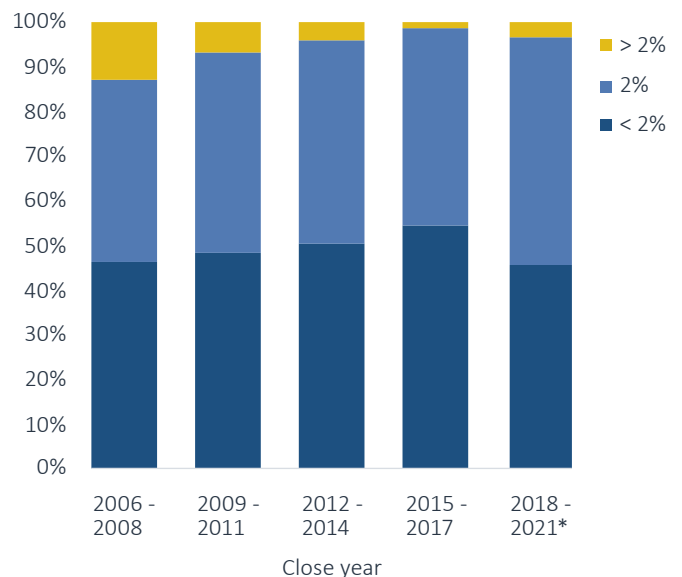
Source: PitchBook | Geography: Global
*As of December 31, 2021

PE AUM (\$T)



Source: PitchBook | Geography: Global
*As of June 30, 2021

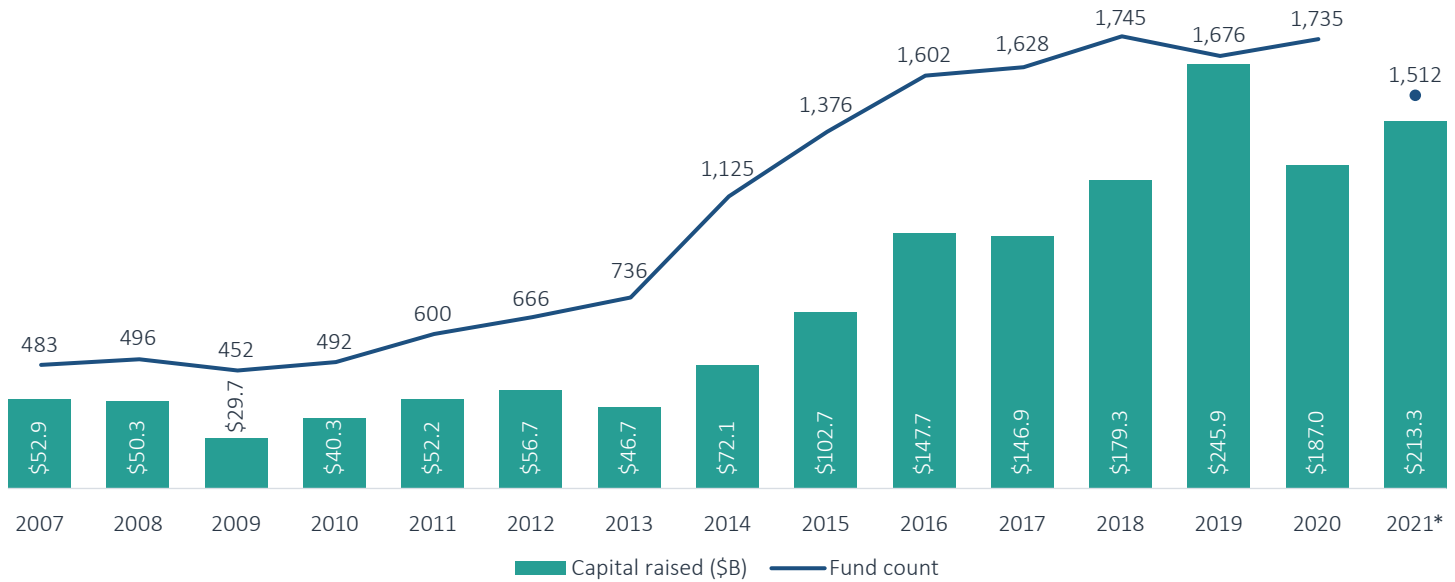
Share of PE fund count by management fee range and close year



Source: PitchBook | Geography: Global
*As of December 31, 2021

Venture capital

VC fundraising activity



Source: PitchBook | Geography: Global
*As of December 31, 2021

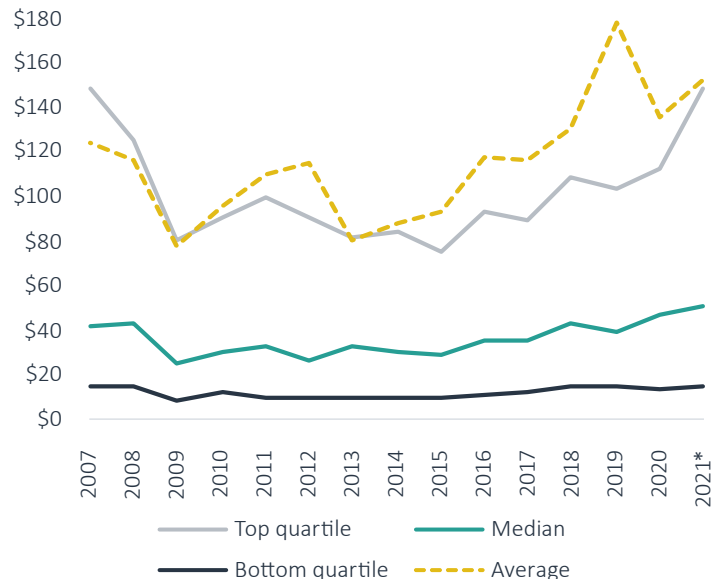
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Global VC fundraising reached \$213.3 billion across 1,512 venture funds in 2021. This was a 14.1% YoY increase in capital raised but a 12.9% fall in fund count. Looking further back, 2021 saw the second-largest amount of capital raised in a calendar year, while fund count was at its lowest level since 2015. The growth in capital raised was driven primarily by larger funds closing. In 2021, the median VC fund size reached a new peak of \$50.0 million, representing an 8.0% YoY uptick from the previous record set in 2020.

During 2021, first-time VC funds raised \$18.8 billion, slightly larger than the \$18.0 billion logged in 2020. First-time fund count dropped 27.2% YoY as a modest 311 funds closed in 2021. Further, a record proportion of capital was placed in the hands of experienced fund managers. In 2021, experienced VC firms raised 62.4% of all capital, which represents the largest figure on record. Evidently, GPs with strong track records and a loyal LP base had few challenges raising follow-on VC vehicles during the year.

Regionally, North America dominated fundraising figures with \$133.3 billion, which is equivalent to 62.5% of the global total. The next-largest regions were Asia, with

Range of VC fund sizes (\$M)



Source: PitchBook | Geography: Global
*As of December 31, 2021

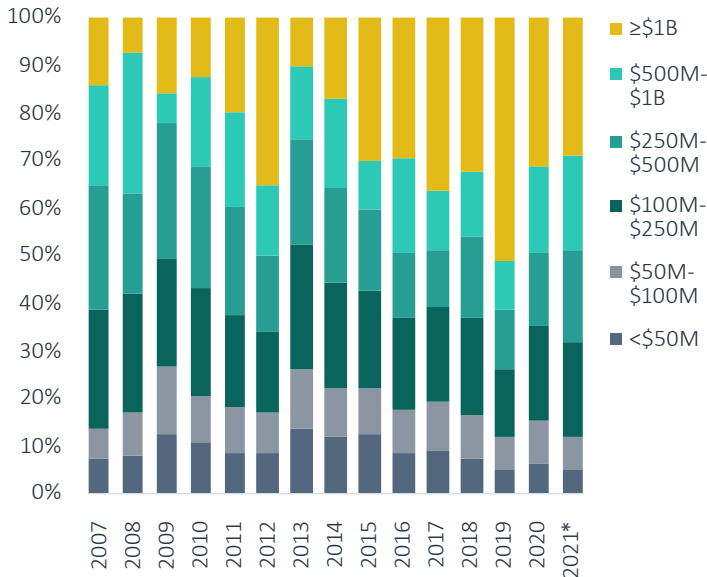
\$51.0 billion, and Europe, with \$25.6 billion, accounting for 23.9% and 12.0% of the global figure, respectively. In 2021, the gap between North America's fundraising figures and the rest of the world's widened, as the region posted a 51.9% YoY increase.

Venture capital

Notable funds to close in Q4 2021 included US-based trio Norwest Venture Partner XVI, at \$3.0 billion, Paradigm One Fund, at \$2.5 billion, and Additional Three, at \$1.5 billion. Global VC dry powder reached \$429.1 billion, as these and other mega-funds pushed up the aggregate

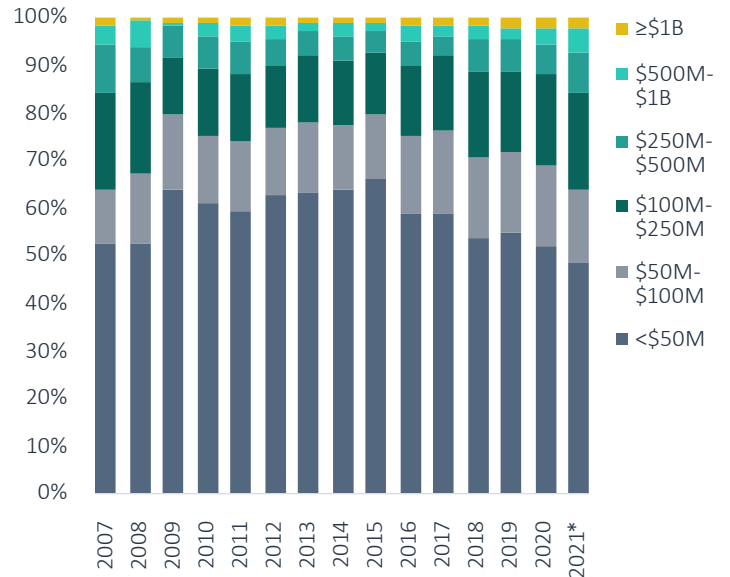
figure. Further, VC AUM topped \$2.3 trillion as appetite to commit to VC funds remained strong in 2021. We expect fundraising will remain robust in 2022 as LPs seek out favorable returns from the strategy.

Share of VC raised by size bucket



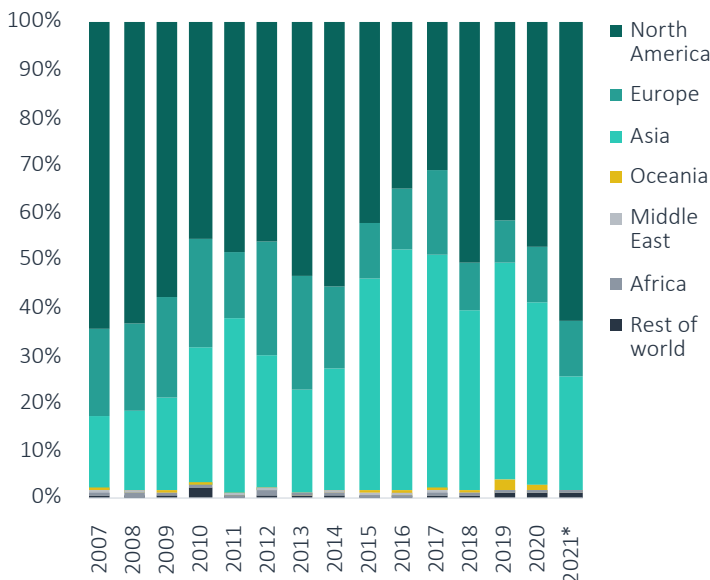
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of VC fund count by size bucket



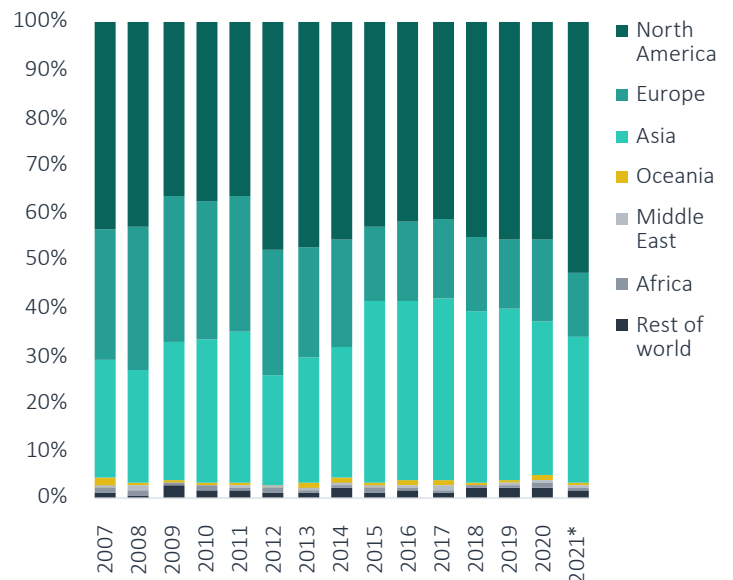
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of VC raised by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

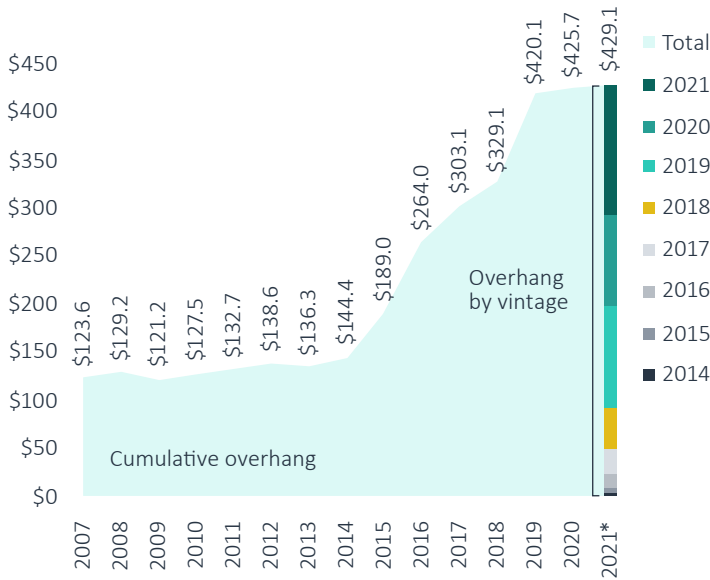
Share of VC fund count by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

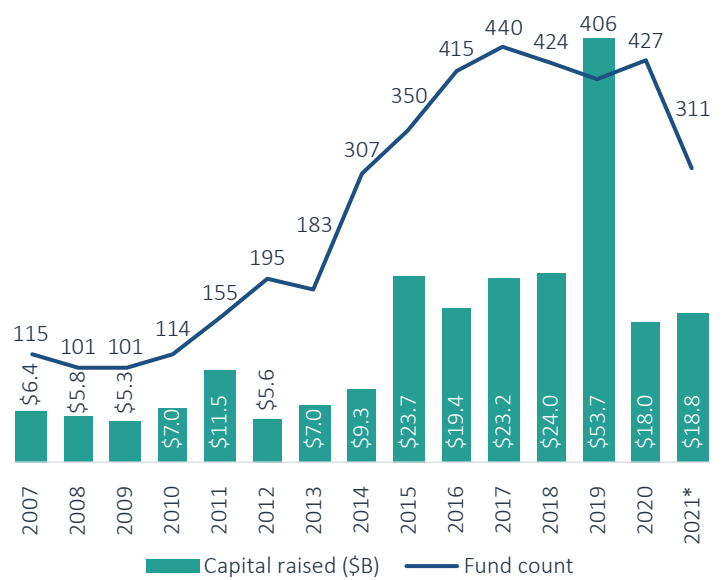
Venture capital

VC dry powder (\$B)



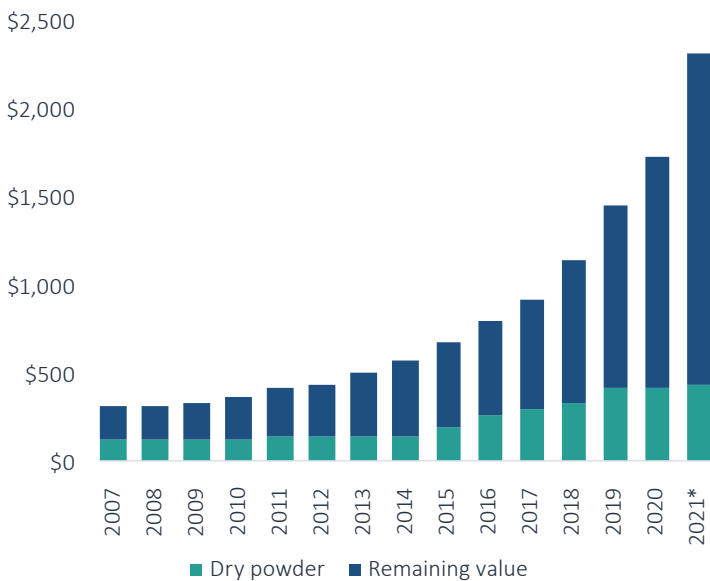
Source: PitchBook | Geography: Global
*As of June 30, 2021

VC first-time fundraising activity



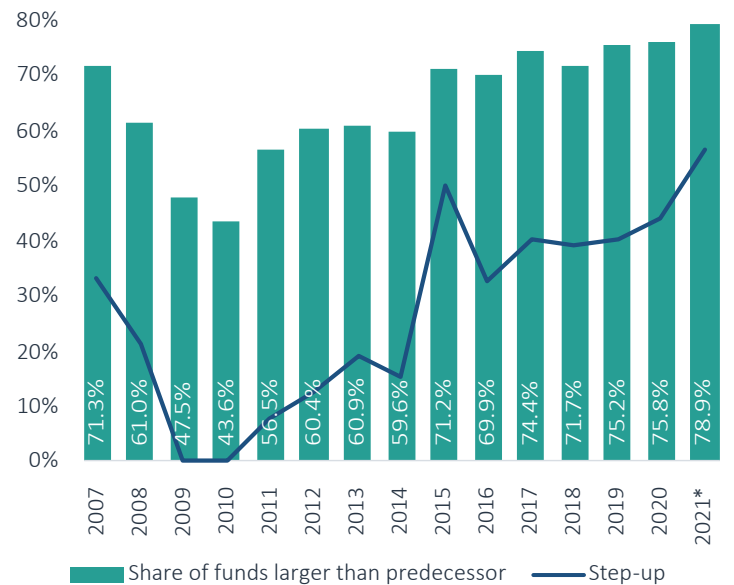
Source: PitchBook | Geography: Global
*As of December 31, 2021

VC AUM (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

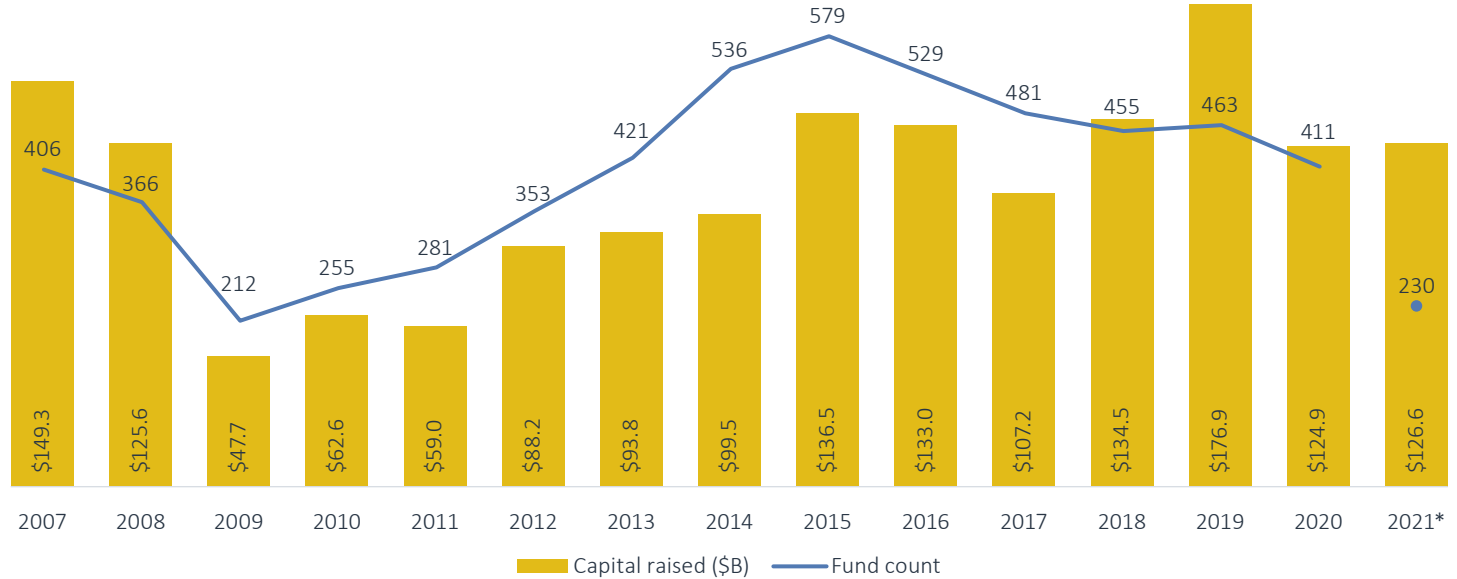
Median step-up from previous VC fund in fund family



Source: PitchBook | Geography: Global
*As of December 31, 2021

Real estate

Real estate fundraising activity



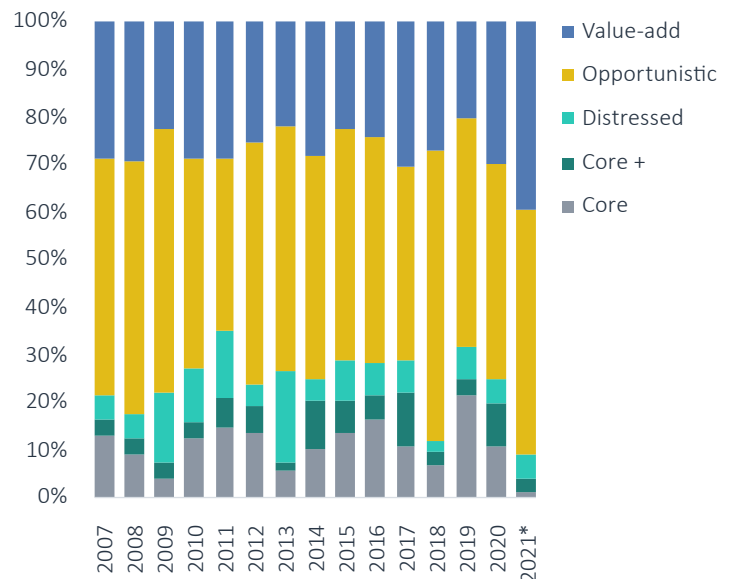
Source: PitchBook | Geography: Global
*As of December 31, 2021

Anikka Villegas Analyst, Fund Strategies and Performance
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While capital raised in 2021 experienced a marginal increase from 2020, at \$126.6 billion compared with \$124.9 billion, the number of funds we've recorded thus far notably decreased. Likely due to another wave of COVID-19-related uncertainty during H2 with the rise of the delta variant, investors gravitated toward experienced firms with large fund sizes. Emerging managers saw fewer funds raised and lower committed capital than during any of the past 15 years, while funds eighth and higher in their fund families comprised a greater proportion of dollars raised than during any other year in the same period. Both median and average fund sizes hit all-time highs for the past decade, with average fund size exceeding even pre-global financial crisis (GFC) numbers. Step-ups remained mountainous in Q4, setting the 2021 median at 62.4%, with 81.8% of managers able to raise a fund larger than its predecessor.

Real estate raised two funds above the \$5 billion mark, with the top five funds comprising one fourth of committed capital and the top ten funds making up 37.0%—both on the slightly higher end of the spectrum compared with previous years. The two mega-funds closed in 2021 were the Starwood Global Opportunities XII and Carlyle Realty Partners IX, closing at \$10.0 billion

Share of real estate capital raised by fund type

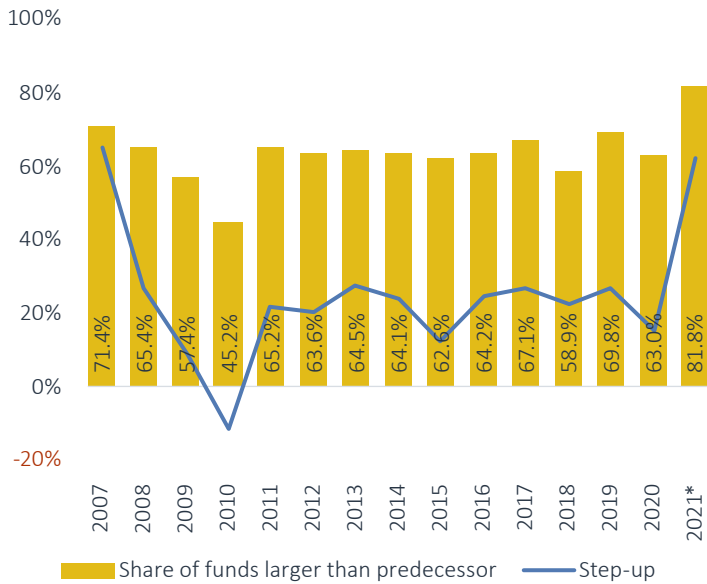


Source: PitchBook | Geography: Global
*As of December 31, 2021

and \$8.0 billion, respectively, during Q4. Both funds will employ opportunistic strategies, and while Starwood plans to make global investments in various property types, Carlyle will focus on US residential properties and life sciences office and logistics warehouses. Of the

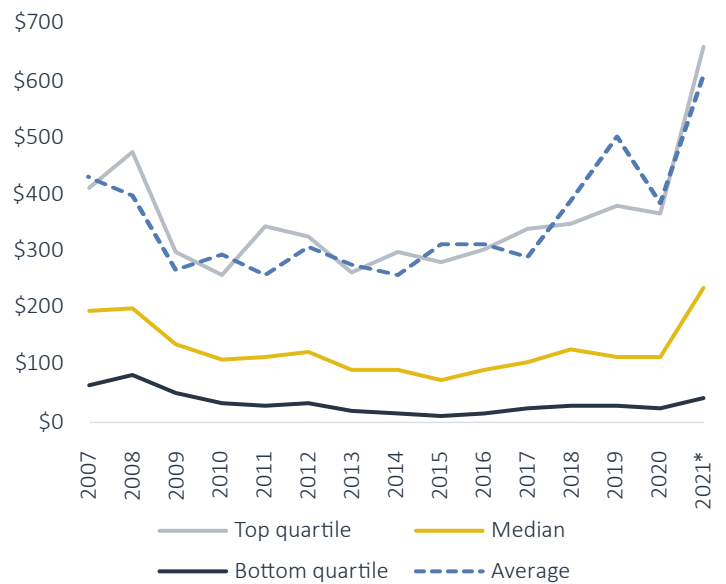
Real estate

Median step-up from previous real estate fund in fund family



Source: PitchBook | Geography: Global
*As of December 31, 2021

Range of real estate fund sizes (\$M)



Source: PitchBook | Geography: Global
*As of December 31, 2021

top real estate funds launched in 2021, none appears to be targeting a size above \$5 billion, with the three largest—Blackstone Property Partners Asia, Oak Street Real Estate Capital Fund, and Cortland Partners Growth and Income Fund—coming in between \$2 billion and \$3 billion.

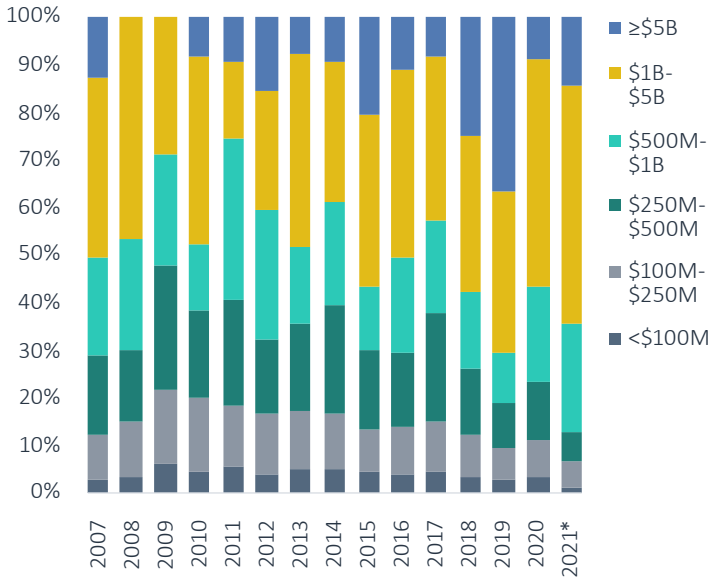
growing and confidence in the resurgence of in-person shopping has decreased,⁸ asset managers anticipate continued demand increases for warehousing and industrial space.

Despite LPs targeting familiarity and predictability in their fund managers, core and core plus strategies saw some of the lowest percentages of capital committed in the past 15 years, at 1.1% and 2.6%, respectively, as investors sought funds with a chance at higher returns than their fixed income portfolios have been able to provide. Opportunistic and distressed strategies held strong, with slight increases in share of capital allocated. Value-add had its highest percentage of capital committed in the past 15 years, at 39.6%. Record global demand for manufactured goods and associated supply chain disruptions, exacerbated by insufficient warehousing space, may have influenced value-add’s committed capital.⁶ With limited supply and a surfeit of demand, real estate investors seized the opportunity in the industrial sector by building manufacturing and warehousing facilities and converting old ones.⁷ As world merchandise trade volume is expected to continue

6: “Global Trade in Goods Hits All-Time Quarterly High of \$5.6 Trillion,” UNCTAD, November 30, 2021.
7: “Warehouse Space Is the Latest Thing Being Hoarded,” *The New York Times*, Miranda S. Spivack, February 1, 2022.
8: “Global Trade Rebound Beats Expectations but Marked by Regional Divergences,” World Trade Organization, October 4, 2021.

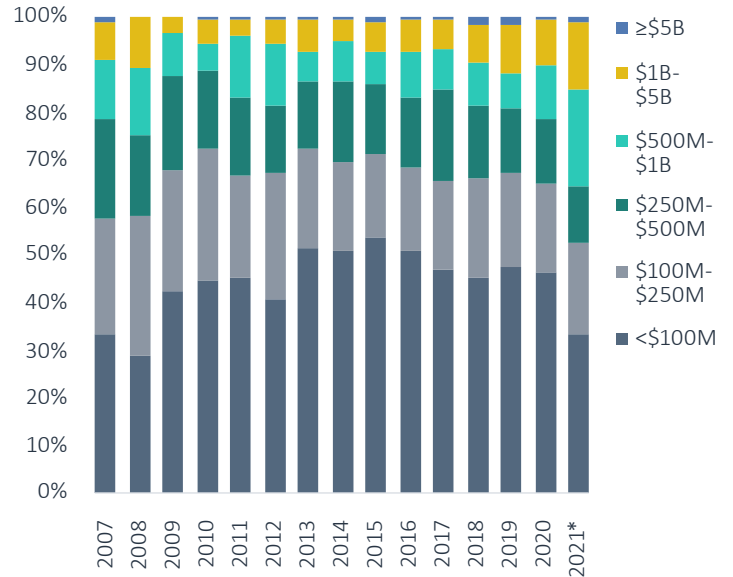
Real estate

Share of real estate capital raised by size bucket



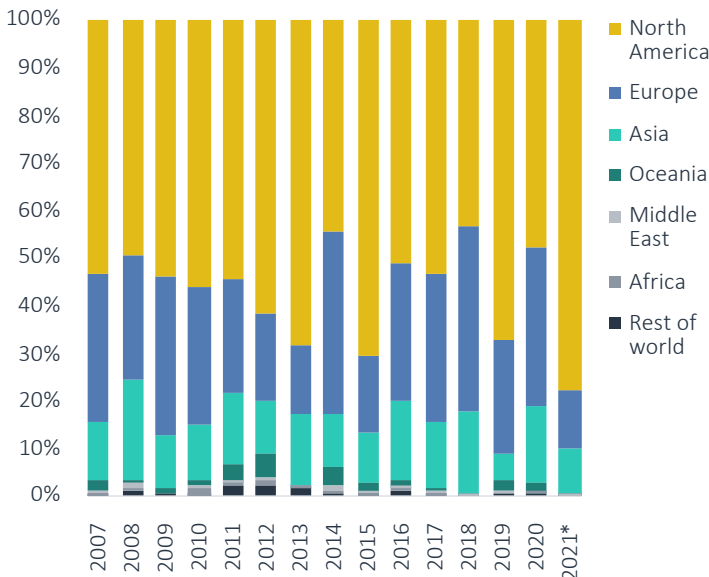
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of real estate fund count by size bucket



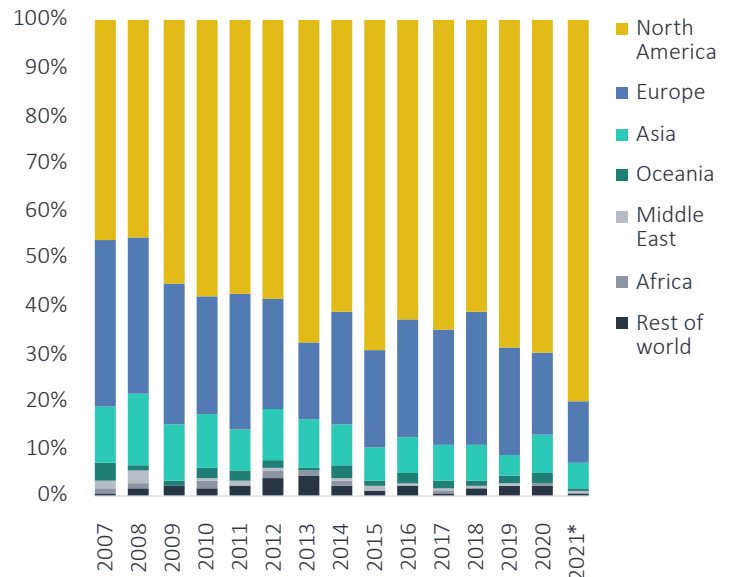
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of real estate capital raised by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

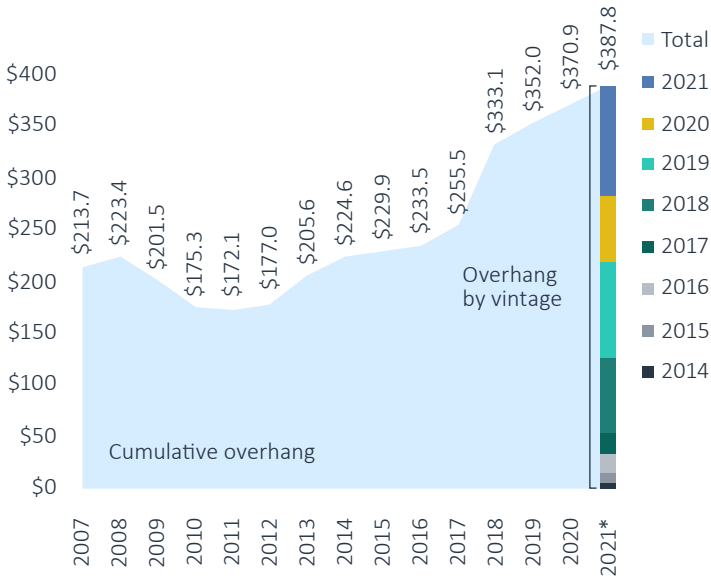
Share of real estate fund count by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

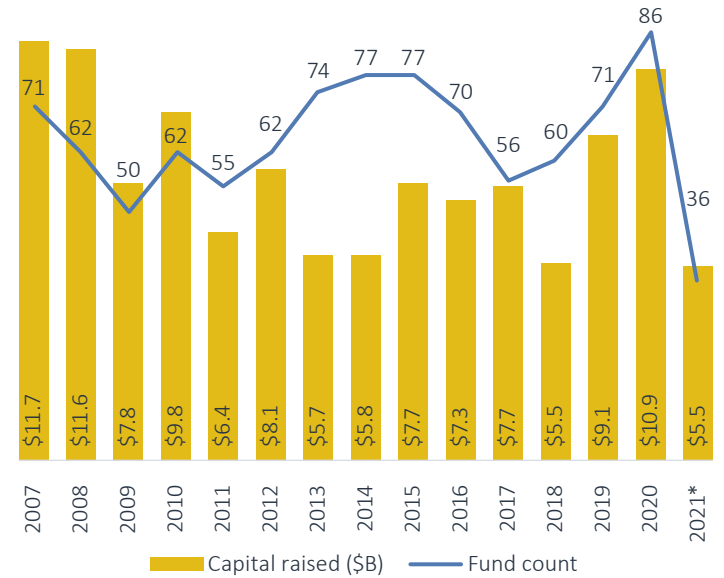
Real estate

Real estate dry powder (\$B)



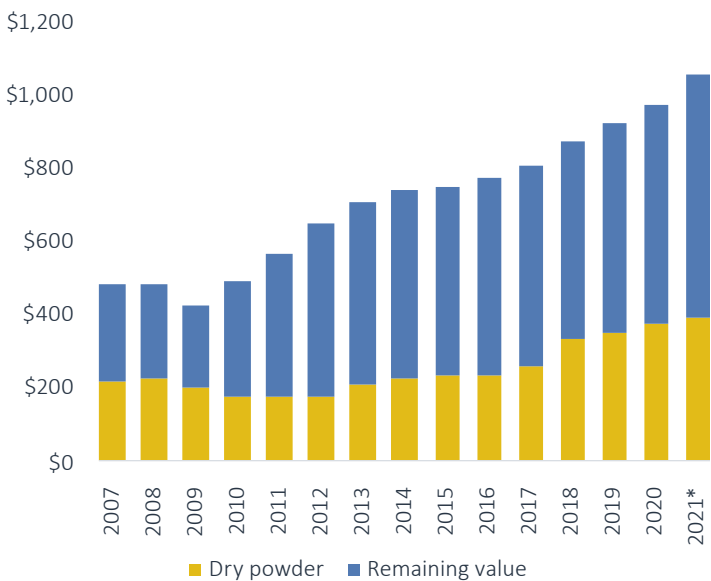
Source: PitchBook | Geography: Global
*As of June 30, 2021

Real estate first-time fundraising activity



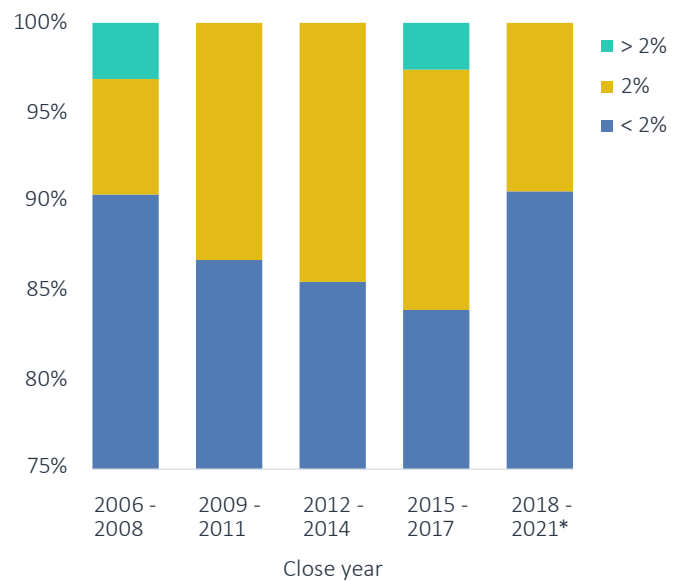
Source: PitchBook | Geography: Global
*As of December 31, 2021

Real estate AUM (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

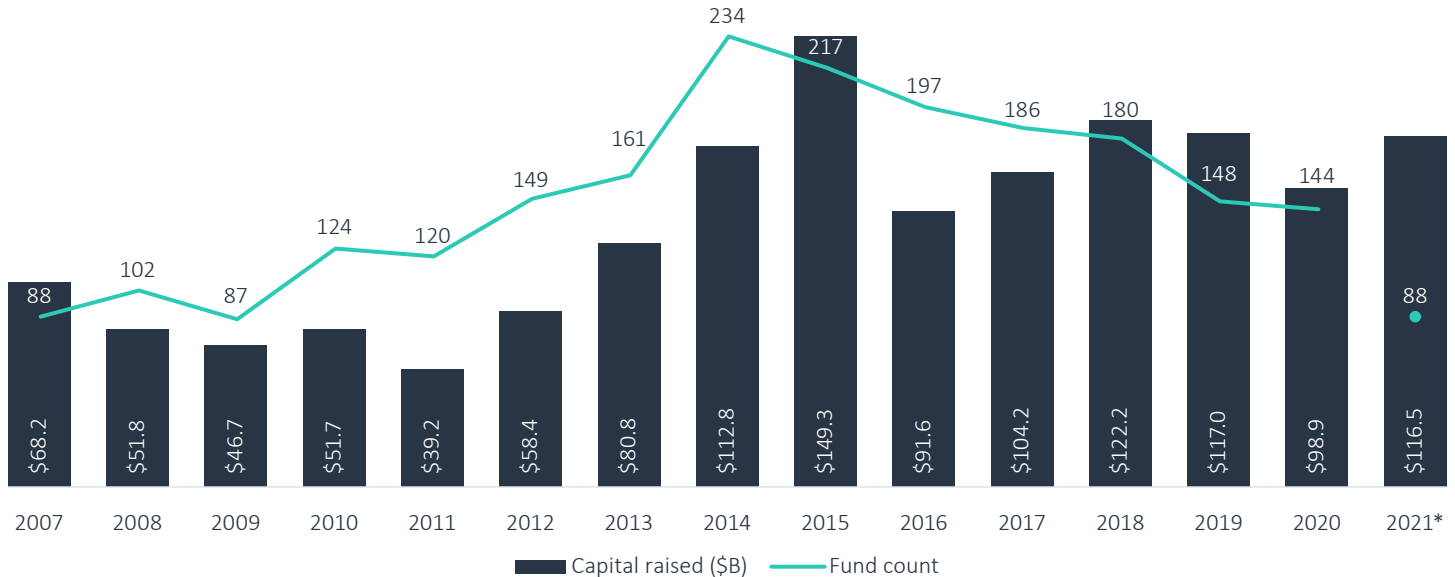
Share of real estate fund count by management fee range and close year



Source: PitchBook | Geography: Global
*As of December 31, 2021

Real assets

Real assets fundraising activity



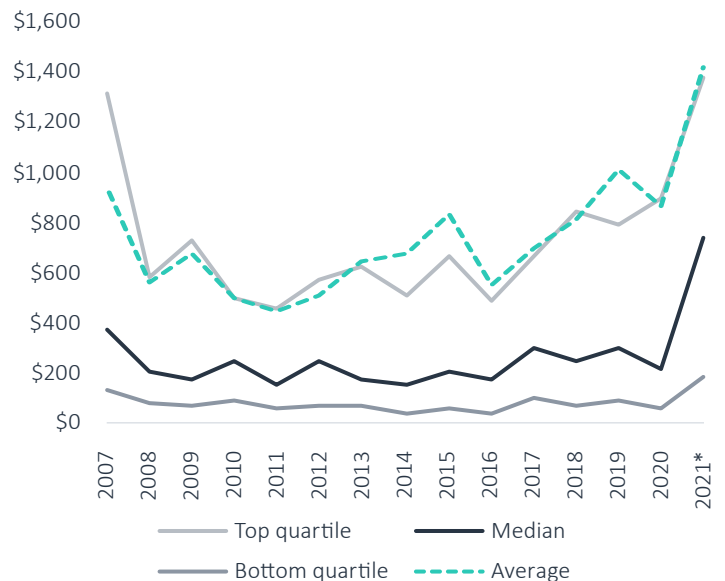
Source: PitchBook | Geography: Global
*As of December 31, 2021

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Real assets funds had a solid 2021, with firms closing on \$116.5 billion across 88 funds. This represents an uptick over the total capital raised in 2020 and is in line with the five-year average. The relatively flat fundraising sum obfuscates the underlying trend toward infrastructure funds. Just under 90% of the total capital raised was in infrastructure funds, a substantial rise from the approximately 55% of one decade prior.

Infrastructure funds dominated the fundraising picture. Due to the sizable nature of many infrastructure investments, funds in the space tend to be massive – the average fund size in 2021 was \$1.4 billion while the median was \$740.1 million. This space is also relatively concentrated among a few of the biggest household names. EQT’s fifth fund was the largest to close on the year, totaling \$18.1 billion (€15.7 billion) in commitments. The firm has quickly scaled its infrastructure platform, nearly quadrupling the fund size over its 2016 vintage Infrastructure III. Additionally, Blackstone’s infrastructure offering reopened to investors in Q4 and brought in nearly \$7 billion in additional capital. Digital Colony’s second fund hit \$8.3 billion in closed capital and illustrates the ways digital assets are becoming a more significant investment thesis within infrastructure. KKR

Range of real assets fund sizes (\$M)



Source: PitchBook | Geography: Global
*As of December 31, 2021

and Global Infrastructure Partners’ proposed \$15 billion acquisition of data center developer CyrusOne also points to traditional infrastructure funds hunting big game in the digital space.

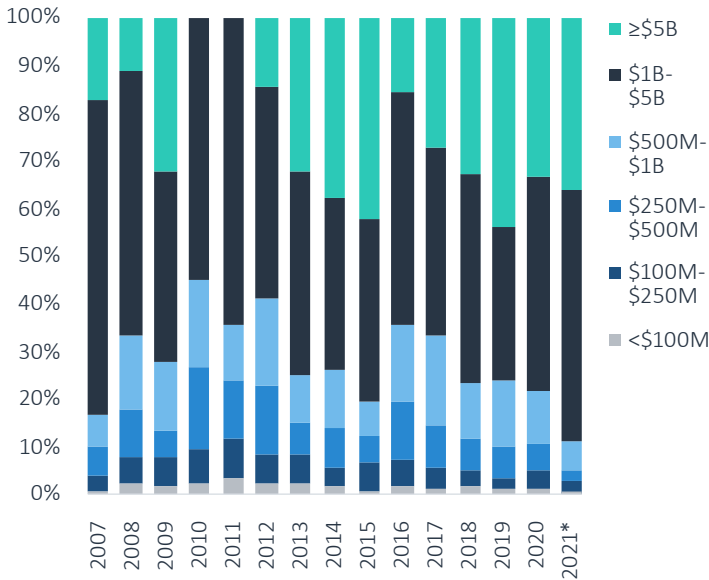
As we head into 2022, the fundraising picture is already off to a bright start. In early February 2022, Stonepeak

Real assets

Infrastructure Partners announced it had closed on \$14 billion for its fourth fund, nearly doubling the size of its predecessor. Additionally, well-known names including Global Infrastructure Partners and Brookfield may be returning to market soon. Each firm typically closes a fund every three to four years, and it has been three

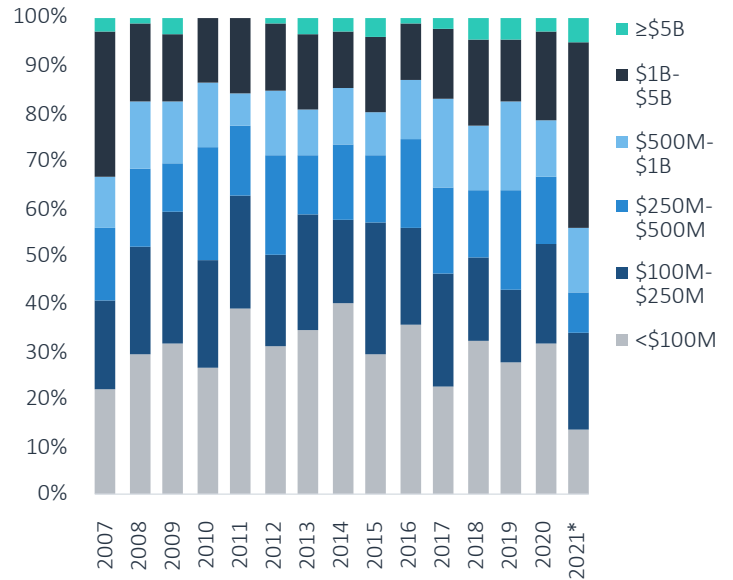
years since either has closed on a flagship infrastructure offering. Additionally, KKR infrastructure IV has already collected north of \$14 billion and will likely close in 2022. Despite rates looking likely to rise around the world, investors continue to pour capital into infrastructure funds as they demand higher-yielding assets.

Share of real assets capital raised by size bucket



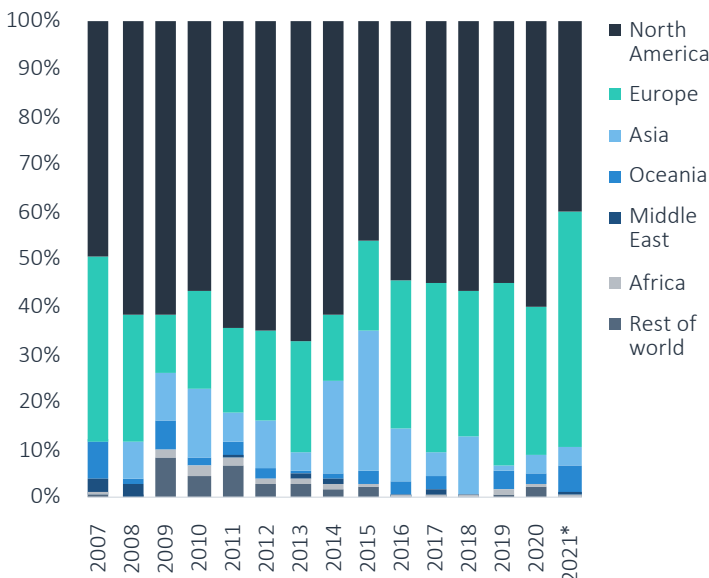
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of real assets fund count by size bucket



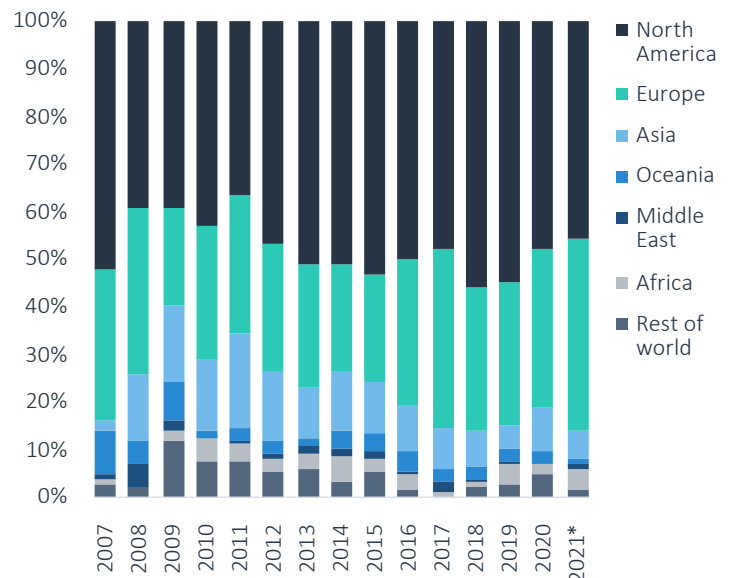
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of real assets capital raised by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

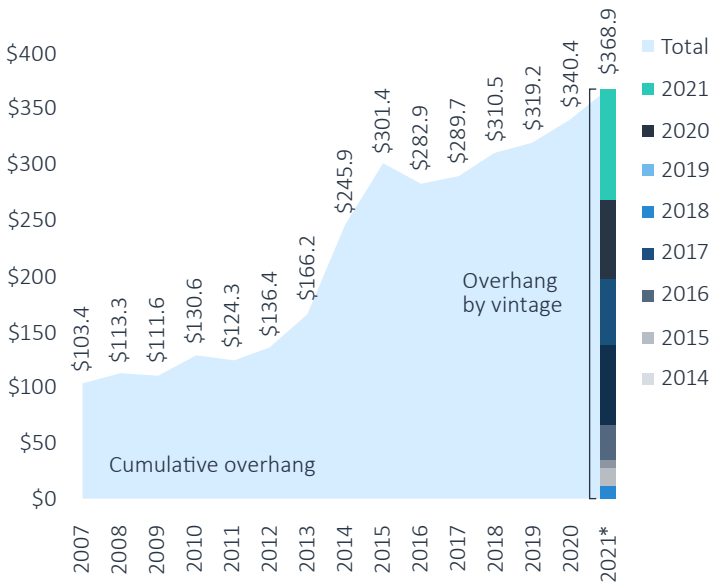
Share of real assets fund count by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

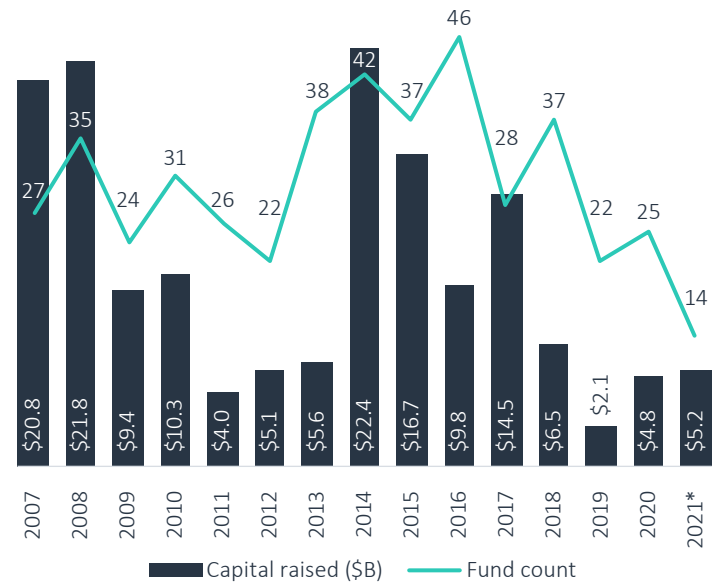
Real assets

Real assets dry powder (\$B)



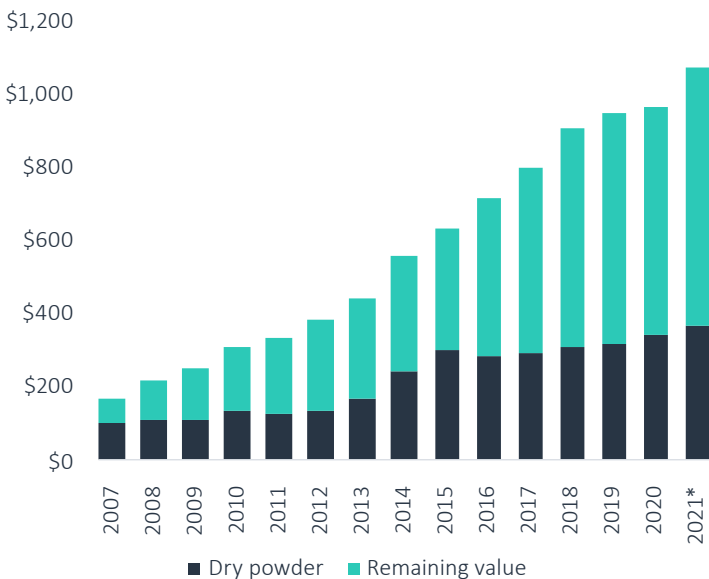
Source: PitchBook | Geography: Global
*As of June 30, 2021

Real assets first-time fundraising activity



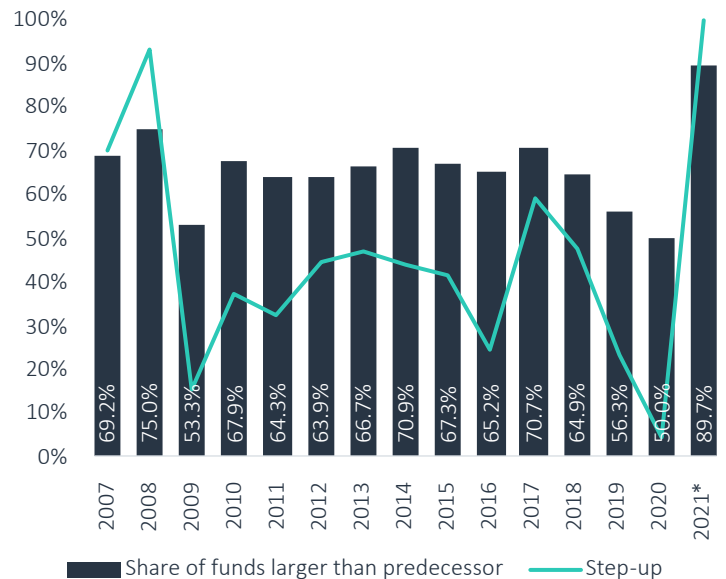
Source: PitchBook | Geography: Global
*As of December 31, 2021

Real assets AUM (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

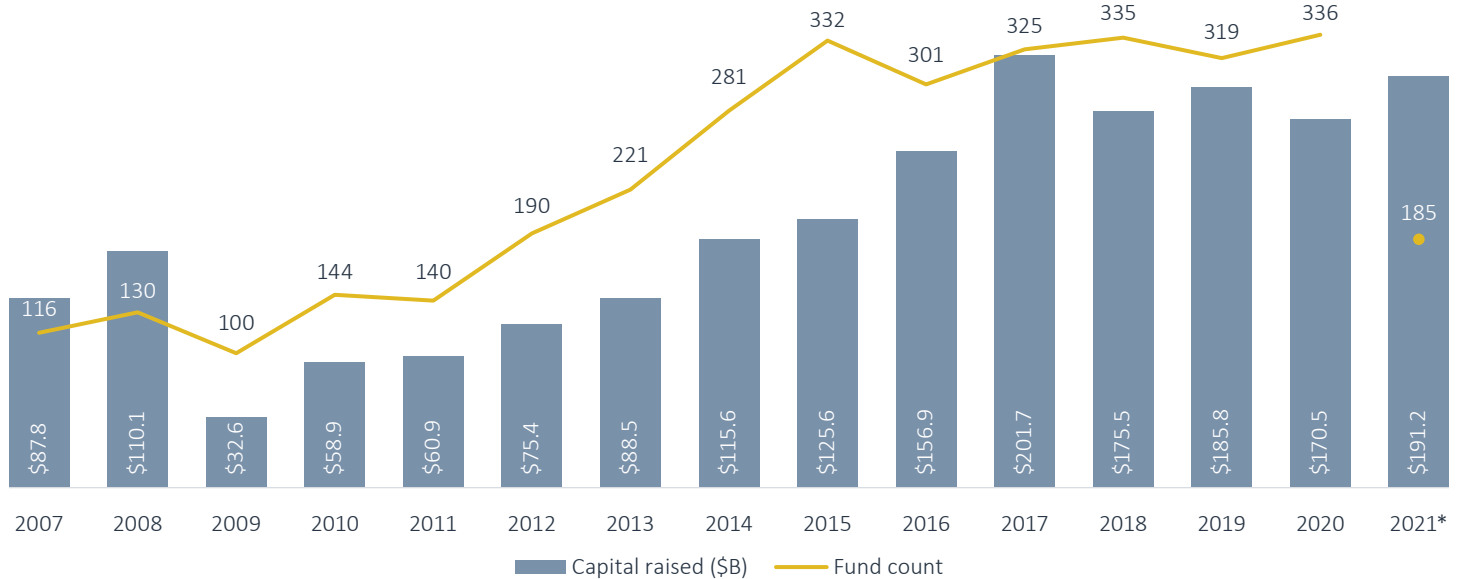
Median step-up from previous real assets fund in fund family



Source: PitchBook | Geography: Global
*As of December 31, 2021

Private debt

Private debt fundraising activity



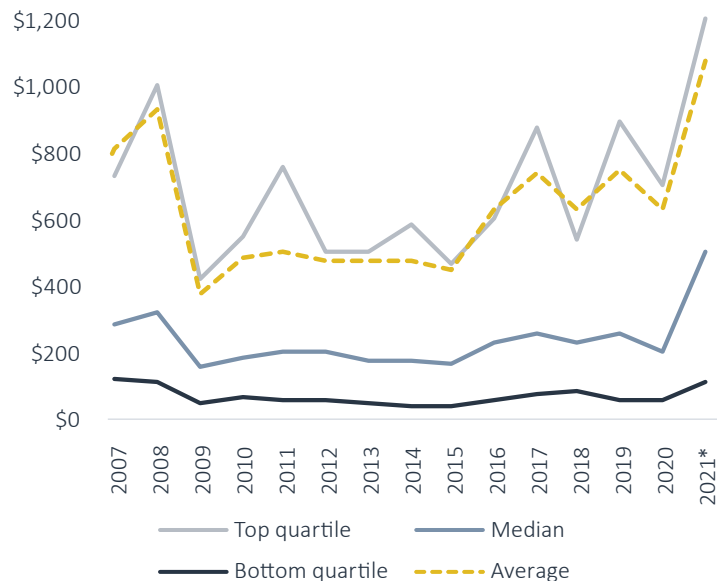
Source: PitchBook | Geography: Global
*As of December 31, 2021

Dylan Cox, CFA Head of Private Markets Research
dylan.cox@pitchbook.com

Private debt managers raised \$191.2 billion in 2021, a 12.1% YoY gain and the second-highest annual tally on record. Investors continued piling into these funds, despite the puzzling macroeconomic environment, due to a confluence of factors including negative real yields on government bonds, lower-than-expected default rates, accommodative monetary and fiscal policy, and positive recent performance by private debt as an asset class.

In terms of AUM, private debt is now the third-largest private market strategy, trailing only private equity and venture capital. The growth relative to other private market strategies reflects the expanding opportunity set for managers, primarily opportunities created by the growth in private equity. Leveraged buyouts—particularly in the middle market—increasingly rely upon privately arranged financing rather than the traditional high-yield bonds or bank-syndicated loans. This trend has been underway since the GFC but has accelerated recently. Fund sizes have grown to meet this need, and debt funds are able to write much larger checks. The median direct lending fund size reached \$900 billion globally in 2021, and there have been multiple \$1 billion+ unitranche financings provided by these funds—sums

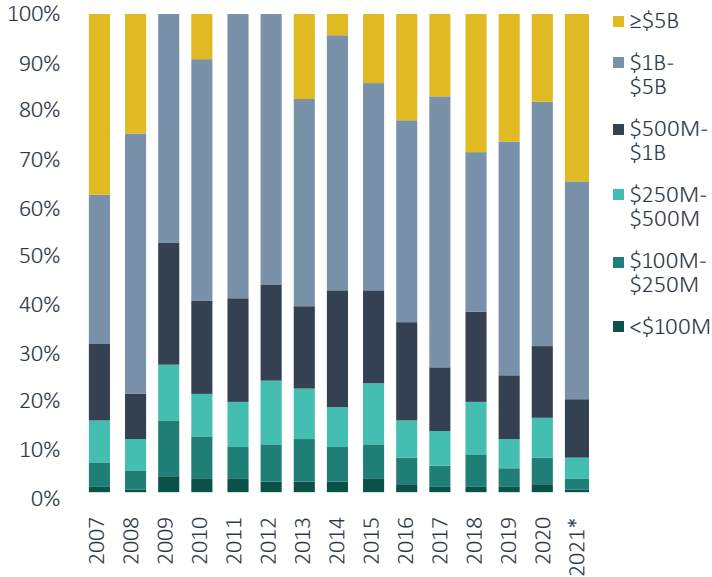
Range of private debt fund sizes (\$M)



Source: PitchBook | Geography: Global
*As of December 31, 2021

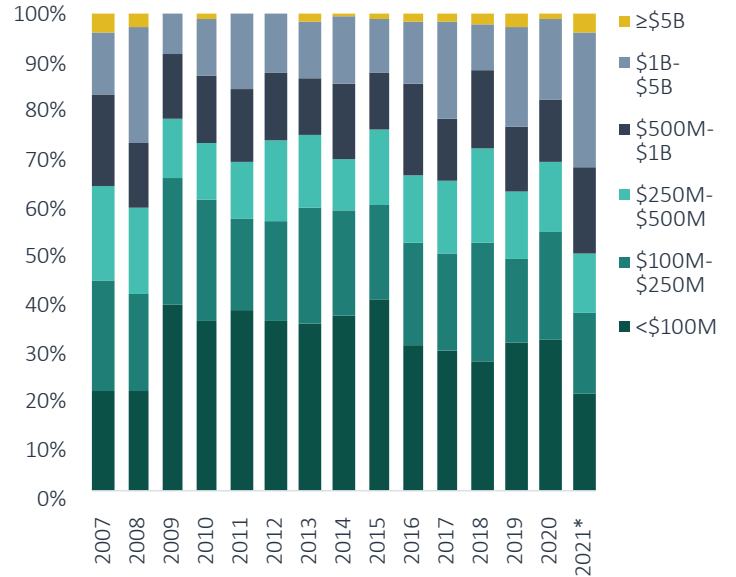
that would have been unfathomable just a few years ago. Nonsponsored M&A is also a growing opportunity for credit managers; global M&A reached a record of nearly \$5 trillion in 2021.

Share of private debt capital raised by size bucket



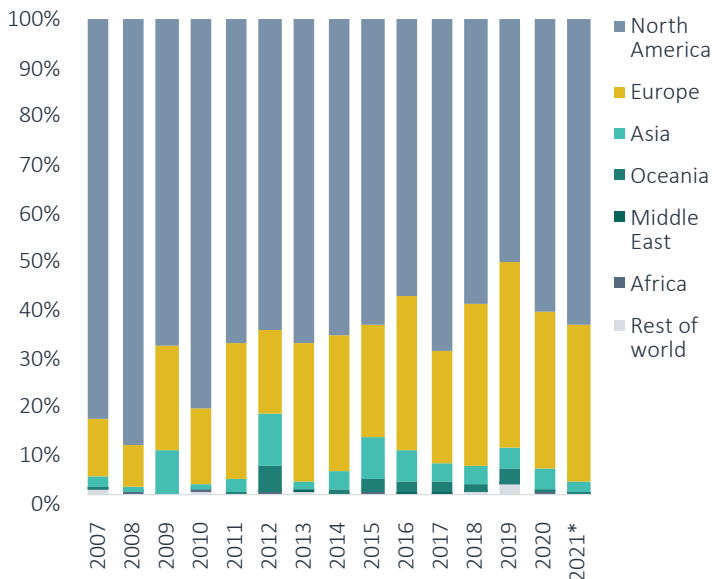
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of private debt fund count by size bucket



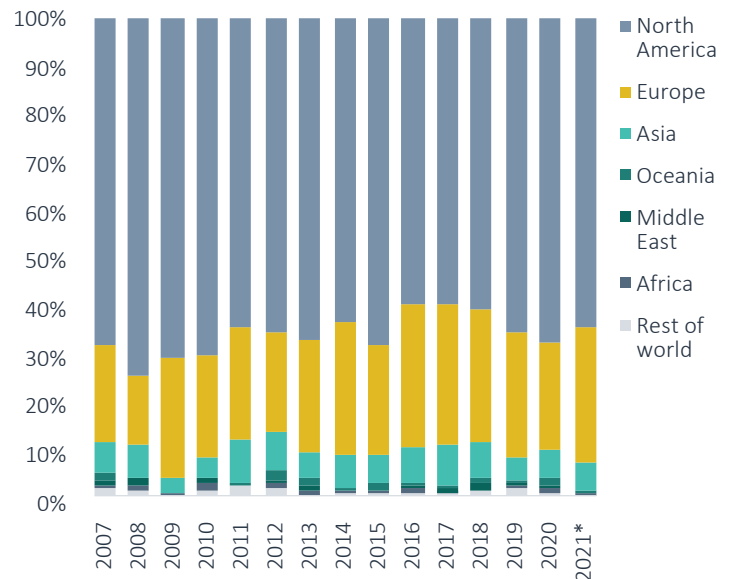
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of private debt capital raised by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

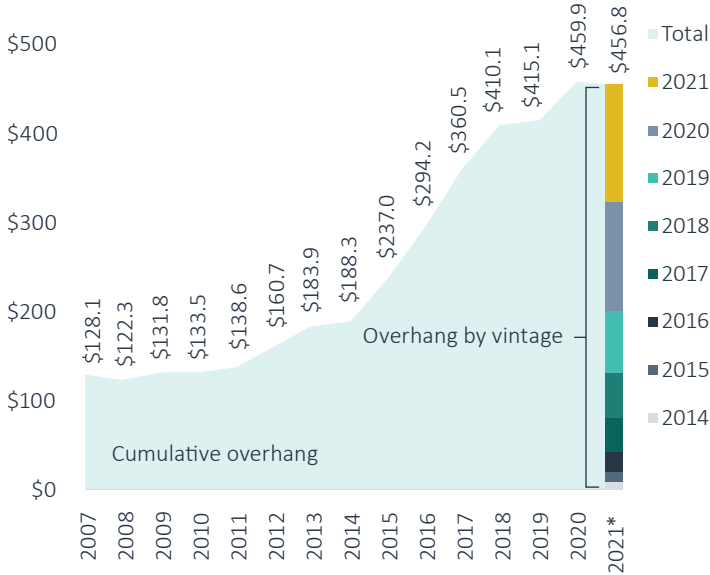
Share of private debt fund count by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

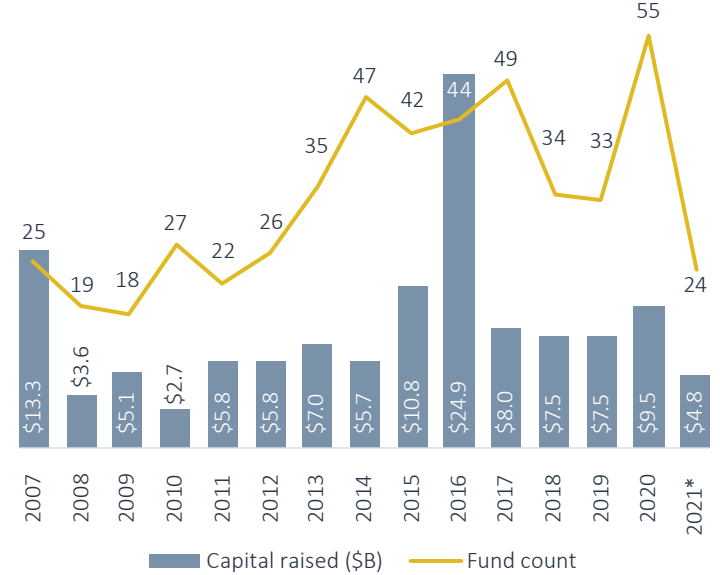
Private debt

Private debt dry powder (\$B)



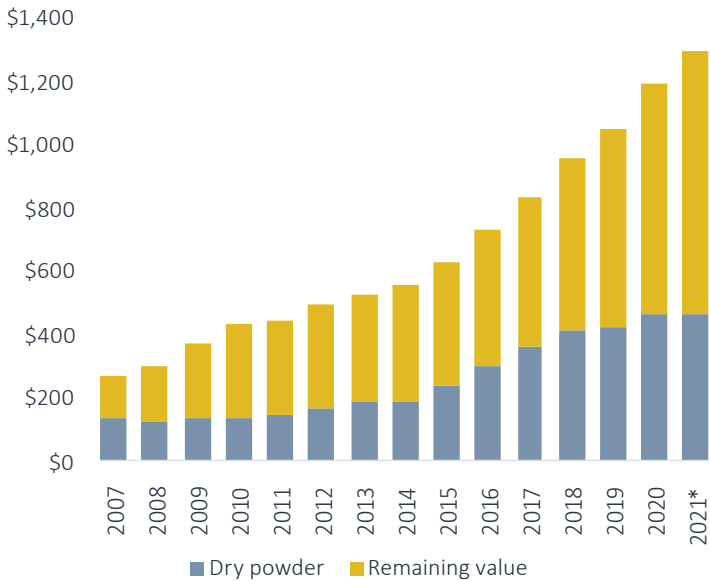
Source: PitchBook | Geography: Global
*As of June 30, 2021

Private debt first-time fundraising activity



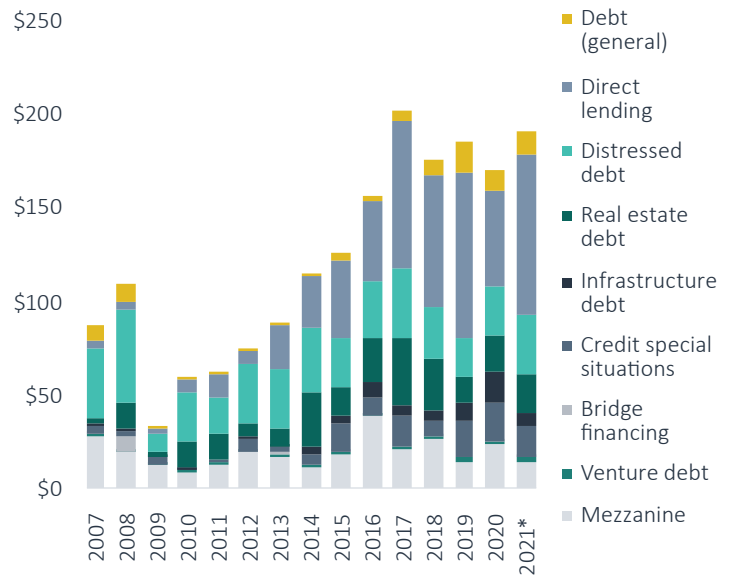
Source: PitchBook | Geography: Global
*As of December 31, 2021

Private debt AUM (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

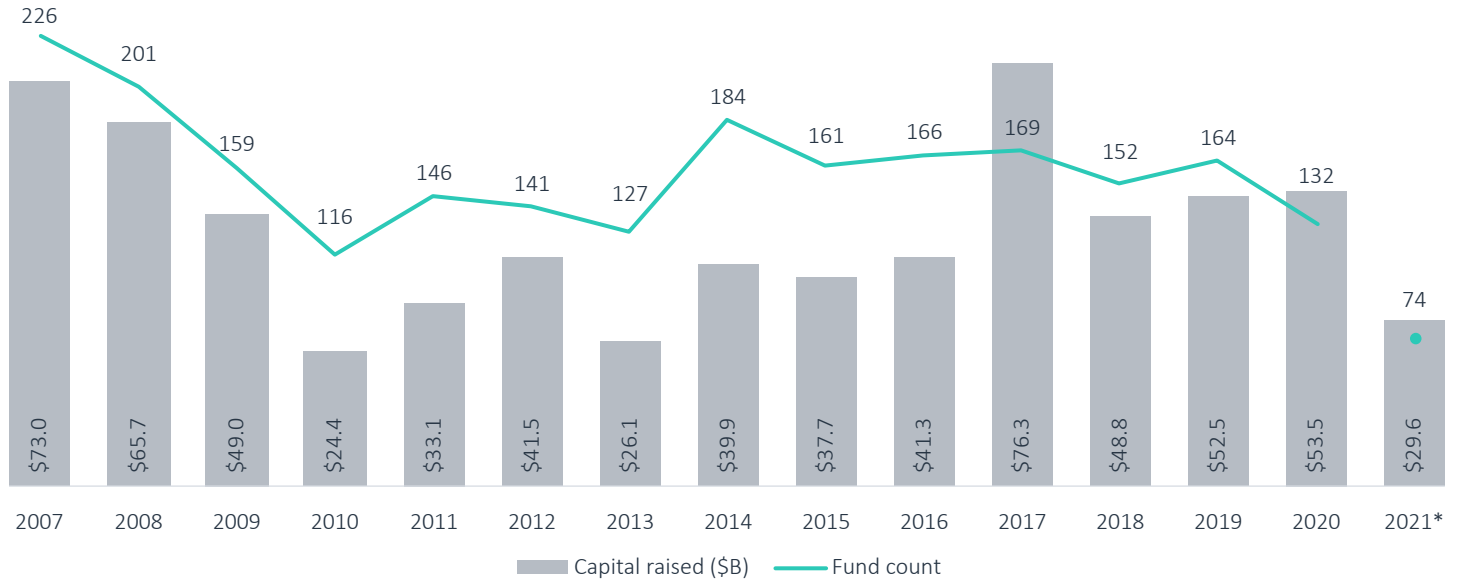
Private debt capital raised (\$B) by type



Source: PitchBook | Geography: Global
*As of December 31, 2021

Funds of funds

FoF fundraising activity

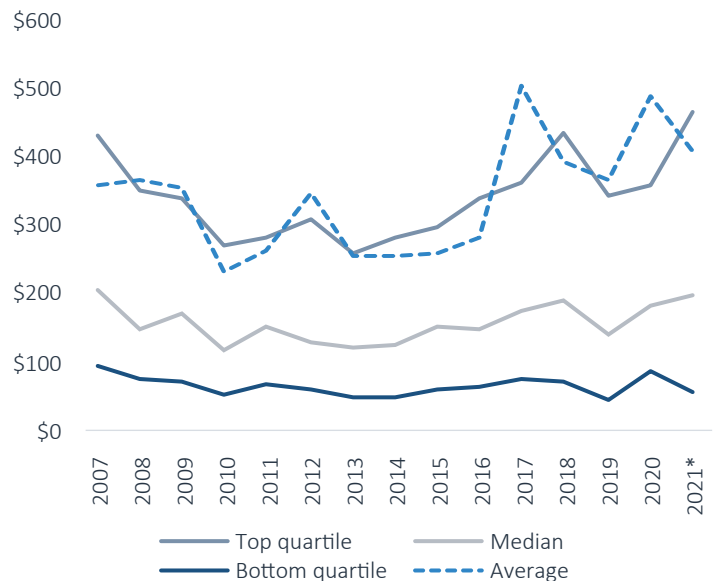


Source: PitchBook | Geography: Global
*As of December 31, 2021

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While the fundraising data for 2021 may not be completely accounted for yet, 2021 does not seem to have contributed to the recent growth trend for FoF. Despite a long-term drop in FoF, the industry appears to have found some purpose coming off the lows of 2010 and 2013. Many had called FoF largely unnecessary as more avenues became available for LPs to invest without the added layer of fees, but some interesting shifts have occurred as this access point has found areas where they can still be relevant. FoF invested mainly in PE that were common 15 years ago have vastly declined in popularity—dropping from two thirds of the FoF capital raised in 2006 to only 18% in 2021. On the other hand, VC has spiked from 5.6% of FoF capital raised to 57.9%. LPs want venture, which is on a performance hot streak not seen for over 20 years. Some LPs struggle to gain access to top managers or prefer to gain diversified exposure to VCs with one larger commitment, thus making FoF an attractive vehicle.

Range of FoF sizes (\$M)



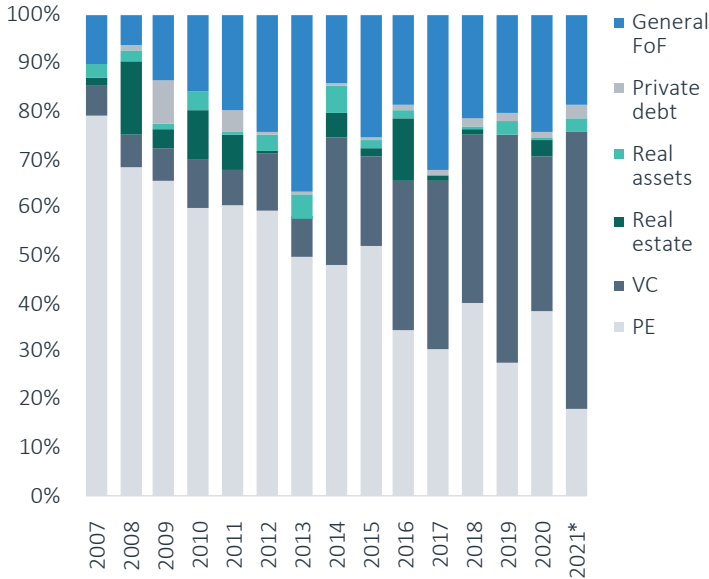
Source: PitchBook | Geography: Global
*As of December 31, 2021

Funds of funds

Looking at the FoFs closed in 2021, we see a more granular perspective of specialization in FoF. Not only were six of the top 10 FoFs focused on VC, five of these were being invested out of China. Beyond the reasons stated above, LPs wanting exposure to China-based VC may be unfamiliar with that region's private market landscape, so it makes

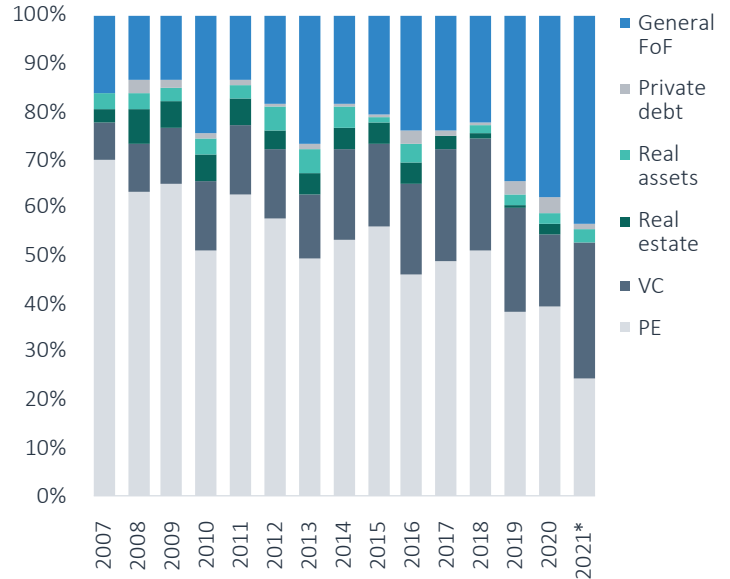
sense that they would be willing to hire expertise via a FoF access point. That said, the likes of HarbourVest, Adams Street, and Mesirow continue to launch diversified funds on a regular basis for those that want a largely outsourced solution to their overall private market needs.

Share of FoF capital raised by strategy



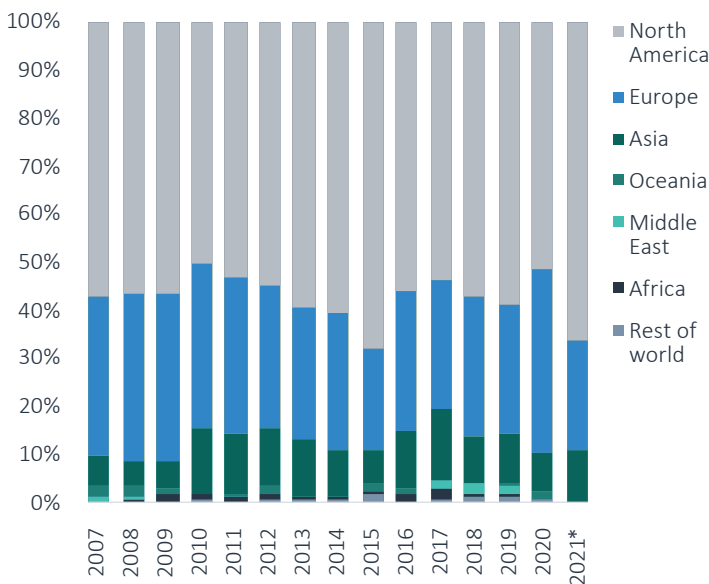
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of FoF count by strategy



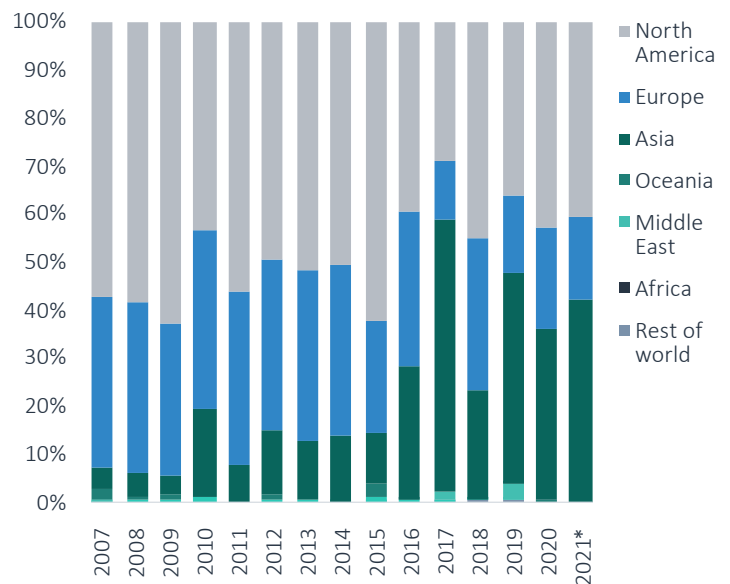
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of FoF count by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

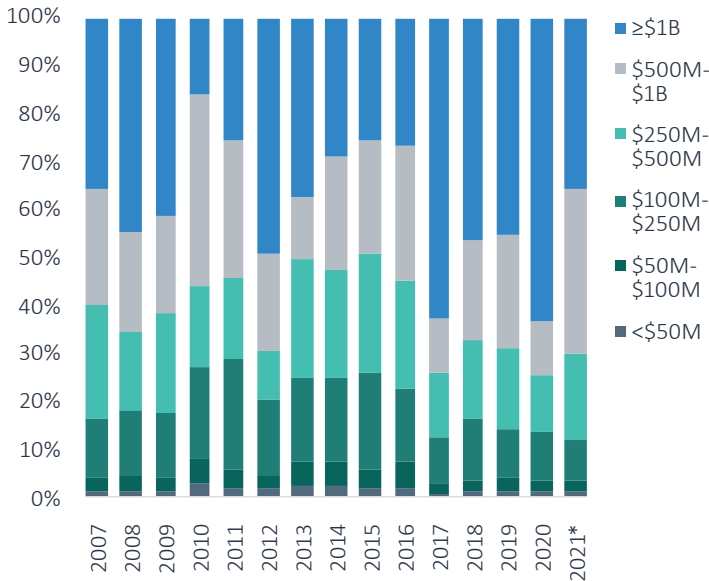
Share of FoF capital raised by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

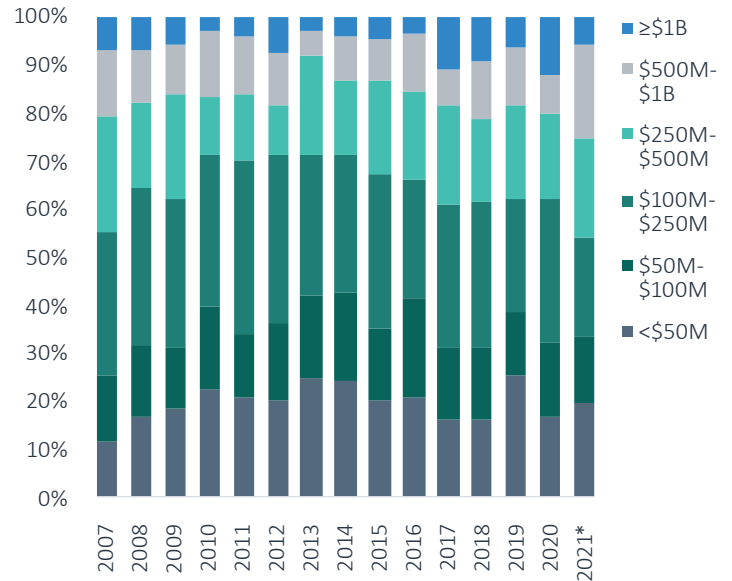
Funds of funds

Share of FoF capital raised by size bucket



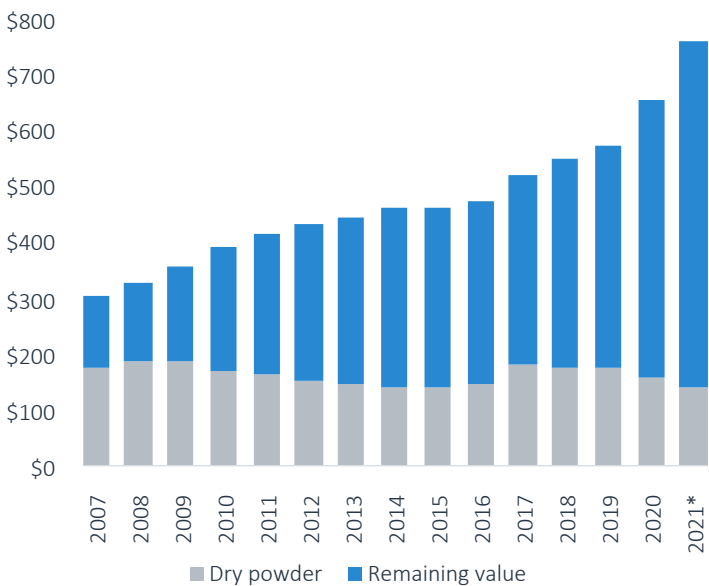
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of FoF count by size bucket



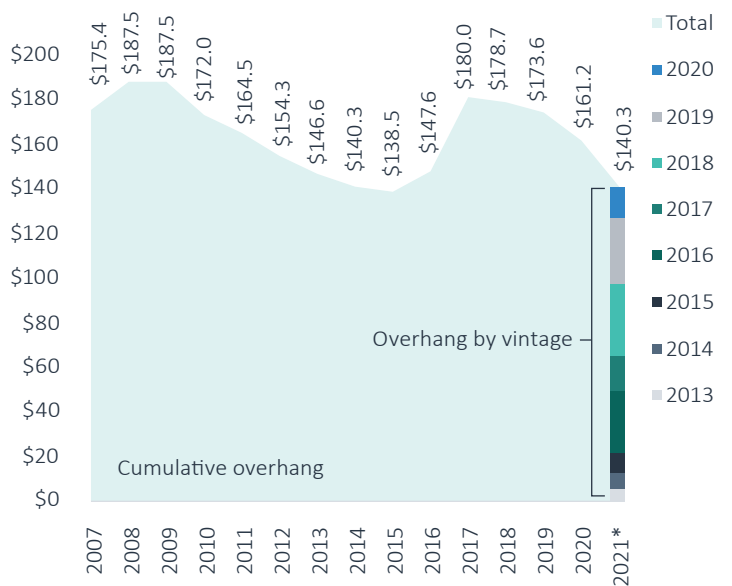
Source: PitchBook | Geography: Global
*As of December 31, 2021

FoF AUM (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

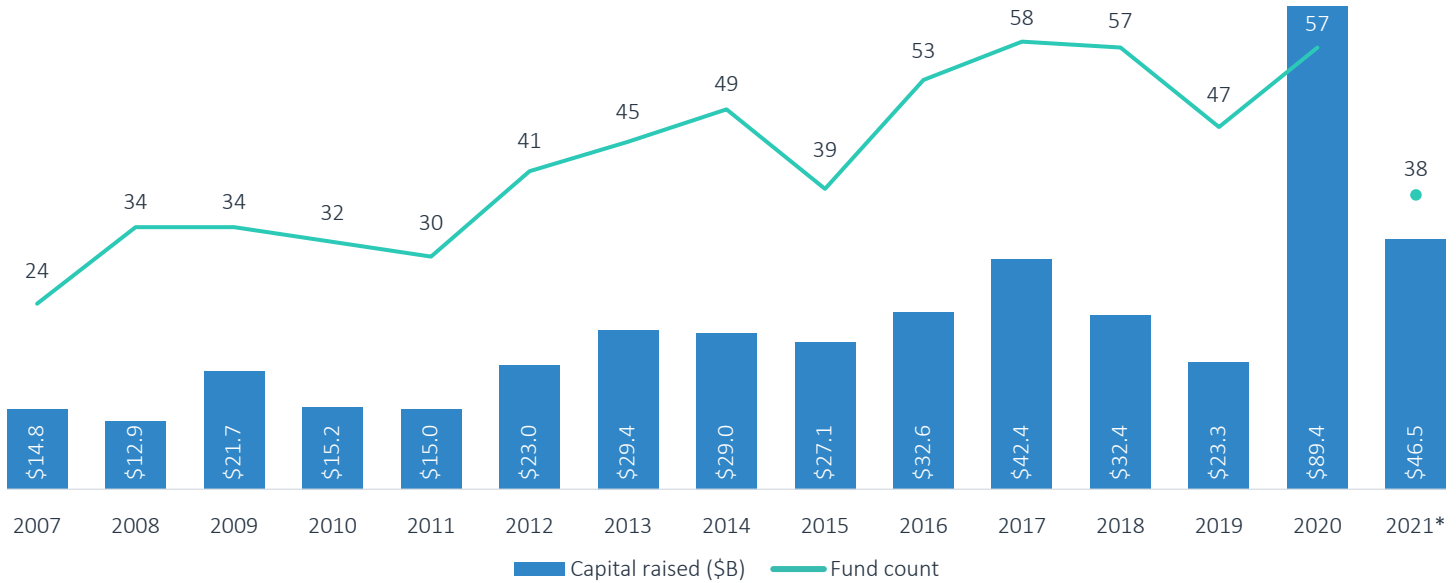
FoF dry powder (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

Secondaries

Secondaries fundraising activity



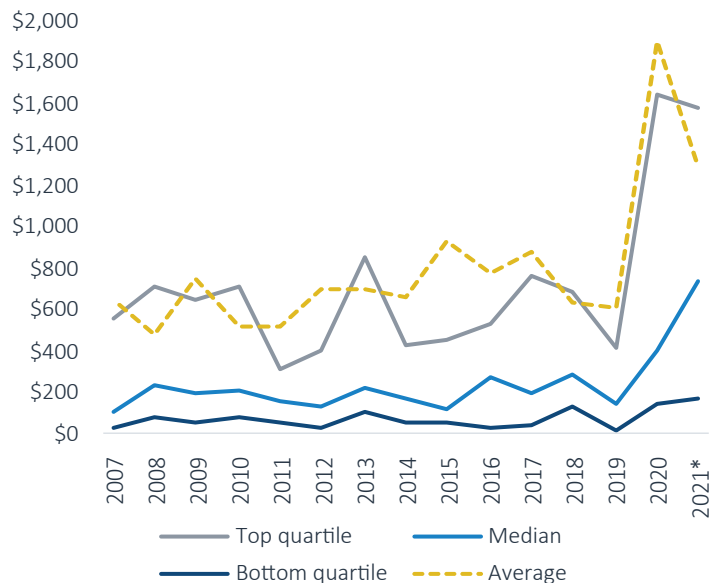
Source: PitchBook | Geography: Global
*As of December 31, 2021

Hilary Wiek, CFA, CAIA Lead Analyst, Fund Strategies and Performance
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Despite low fund counts compared with other private market strategies, secondaries have been an exciting area of the private markets the past couple of years. The capital raised in 2020 shot 110.8% above 2017, the prior record year. Given how few secondaries fund managers exist, it would have been surprising if 2021 broke another record, as so many secondaries managers are still absorbing the capital raised in 2020. That said, the figures currently available for 2021 show that it, too, beat the old 2017 record.

While the growth in capital being committed to private markets has historically been the measure for likely growth in secondaries, the advent of GP-led secondaries has driven the massive increase in capital flow. By providing a solution for GPs that do not want to give away the value potential of aged portfolio companies and for LPs that signed up for 10 to 12 years and are ready to move on, these fund managers have created a new business line that has massively expanded their addressable market. Very few entrants come to the secondaries market as a new entity, just two in 2021, but several of the multi-strategy asset managers, including Apollo, Franklin Templeton, and Carlyle, have entered

Range of secondaries fund sizes (\$M)

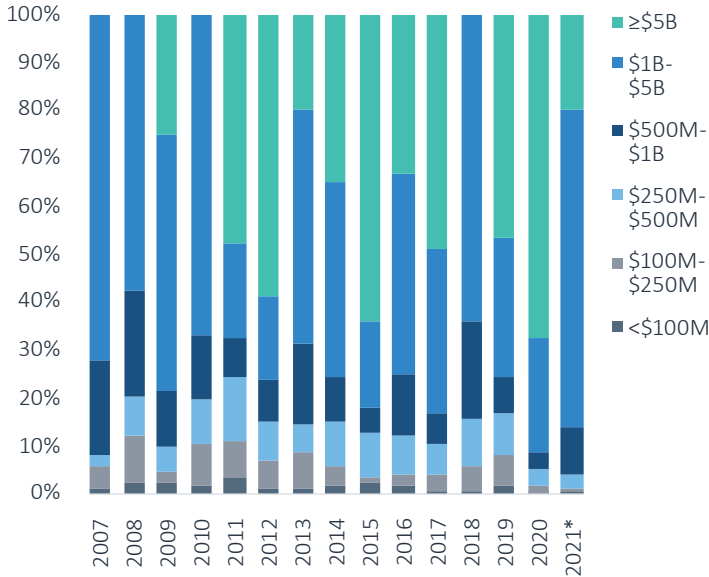


Source: PitchBook | Geography: Global
*As of December 31, 2021

the market by either buying established secondaries players or poaching their staff to set up new practices. Exemplifying the inroads these entrants are making, the fifth-largest secondaries fund raised in 2021 was the inaugural Secondaries & Liquidity Solutions fund from BlackRock at \$3 billion.

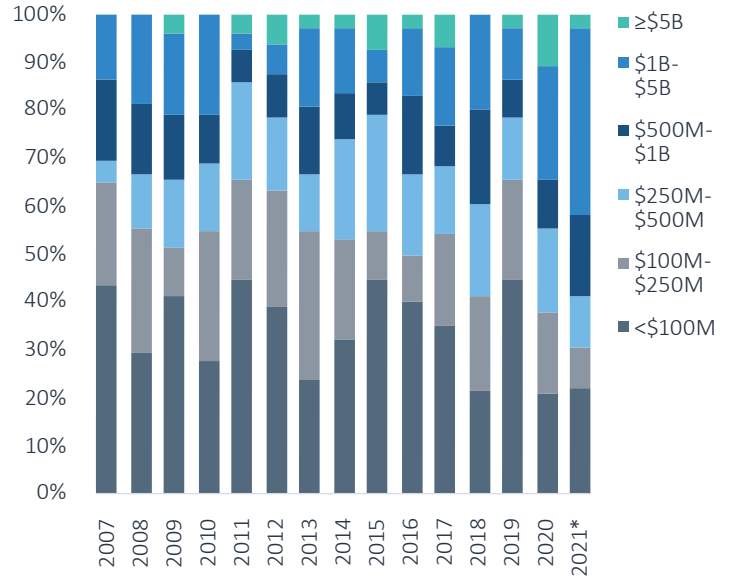
Secondaries

Share of secondaries capital raised by size bucket



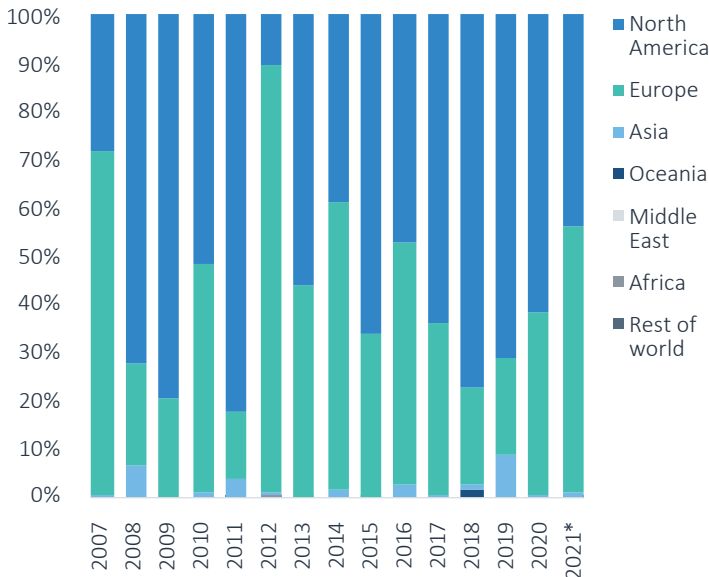
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of secondaries fund count by size bucket



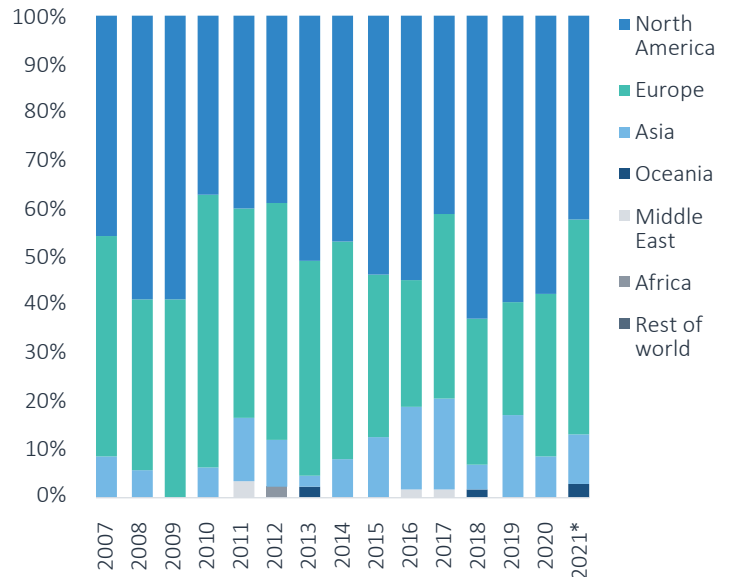
Source: PitchBook | Geography: Global
*As of December 31, 2021

Share of secondaries capital raised by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

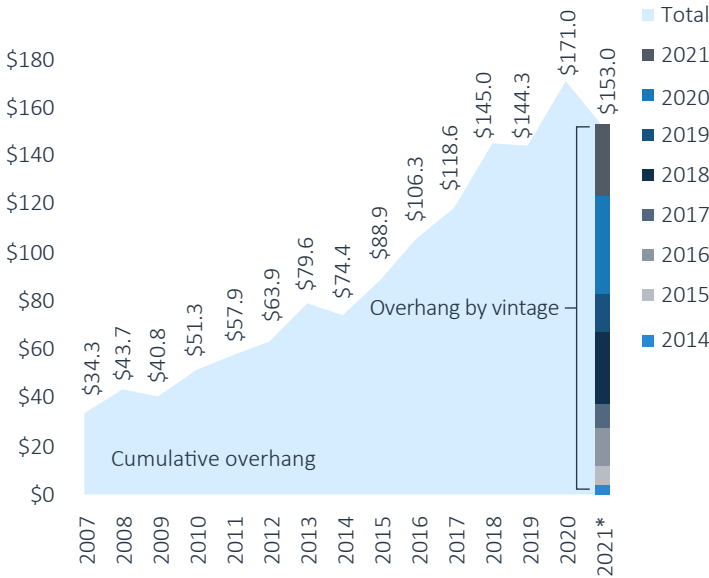
Share of secondaries fund count by region



Source: PitchBook | Geography: Global
*As of December 31, 2021

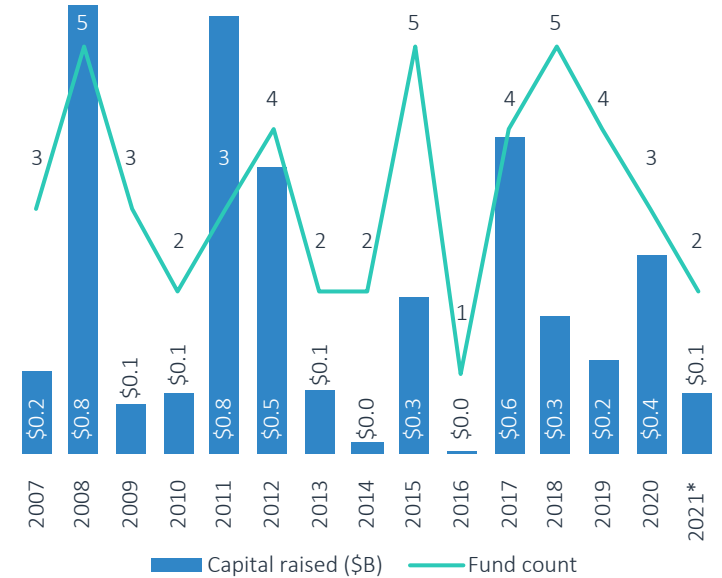
Secondaries

Secondaries dry powder (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

Secondaries first-time fundraising activity



Source: PitchBook | Geography: Global
*As of December 31, 2021

Secondaries AUM (\$B)



Source: PitchBook | Geography: Global
*As of June 30, 2021

Median step-up from previous secondaries fund in fund family



Source: PitchBook | Geography: Global
*As of December 31, 2021

Top funds by size

Top PE funds to close in 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Hellman & Friedman Capital Partners X	\$24,400	July 15, 2021	1.5x	California, US
Silver Lake Partners VI	\$20,000	January 13, 2021	1.3x	California, US
EQT IX	\$18,520	April 22, 2021	1.4x	Stockholm, Sweden
Clayton, Dubilier & Rice XI	\$16,000	February 12, 2021	1.6x	New York, US
KKR Asian IV	\$14,735	April 5, 2021	1.6x	Hong Kong, Greater China

Source: PitchBook | Geography: Global

Top VC funds to close in 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Tiger Global Private Investment Partners XIV	\$6,655	March 31, 2021	1.8x	New York, US
TCV XI	\$4,000	January 27, 2021	1.3x	California, US
Flagship Pioneering VII	\$3,400	June 14, 2021	5.5x	Massachusetts, US
Norwest Venture Partners XVI	\$3,000	December 14, 2021	1.5x	California, US
SoftBank Latin America II	\$3,000	September 14, 2021	0.6x	Tokyo, Japan

Source: PitchBook | Geography: Global

Top real estate funds to close in 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Starwood Global Opportunities XII	\$10,000	October 15, 2021	1.3x	Connecticut, US
Carlyle Realty Partners IX	\$8,000	December 14, 2021	1.5x	Washington, US
Oaktree Real Estate Opportunities VIII	\$4,700	March 23, 2021	1.6x	California, US
GLP Capital Partners IV	\$4,620	July 28, 2021	N/A	California, US
KKR Real Estate Partners Americas III	\$4,339	October 4, 2021	2.3x	New York, US

Source: PitchBook | Geography: Global

Top funds by size

Top real assets funds to close in 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
EQT Infrastructure V	\$18,114	November 19, 2021	N/A	Stockholm, Sweden
Copenhagen Infrastructure IV	\$8,302	April 19, 2021	2.0x	Copenhagen, Denmark
Digital Colony Partners II	\$8,300	December 31, 2021	2.0x	Florida, US
Macquarie Infrastructure Partners V	\$6,900	July 28, 2021	1.4x	Sydney, Australia
BlackRock Global Renewable Power III	\$4,800	April 8, 2021	2.9x	New York, US

Source: PitchBook | Geography: Global

Top private debt funds to close in 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Ares Capital Europe V	\$15,998	April 29, 2021	N/A	London, UK
Oaktree Opportunities XI	\$15,900	November 16, 2021	1.8x	California, US
HPS Specialty Loan V	\$11,700	September 15, 2021	2.6x	New York, US
Ares Senior Direct Lending II	\$8,000	December 13, 2021	2.7x	California, US
Broad Street Loan Partners IV	\$7,100	March 10, 2021	0.7x	New York, US

Source: PitchBook | Geography: Global

Top funds by size

Top FoF to close in 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Huading New Power RMB	\$6,268	January 5, 2021	N/A	China
SHIVC Technology Industry RMB	\$1,815	June 23, 2021	N/A	Shanghai, China
SVB Strategic Investors X	\$1,250	July 1, 2021	1.8x	California, US
Hengqin New District Industrial Investment	\$1,171	June 21, 2021	N/A	Zhuhai, China
Access Capital VIII Growth Buyout Europe	\$976	July 5, 2021	1.1x	Paris, France

Source: PitchBook | Geography: Global

Top secondaries funds to close in 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Coller International Partners VIII	\$9,000	January 18, 2021	1.3x	London, UK
Crown Global Secondaries V	\$4,500	June 15, 2021	1.7x	Dublin, Ireland
Whitehorse Liquidity Partners IV	\$4,000	April 19, 2021	2.0x	Toronto, Canada
Hamilton Lane Secondary V	\$3,900	February 16, 2021	2.1x	Pennsylvania, US
17Capital V	\$3,456	July 12, 2021	2.4x	London, UK

Source: PitchBook | Geography: Global

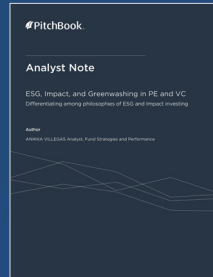
Additional research

Fund performance



Global Fund Performance Report

[Download the report here](#)



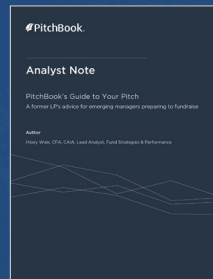
ESG, Impact, and Greenwashing in PE and VC

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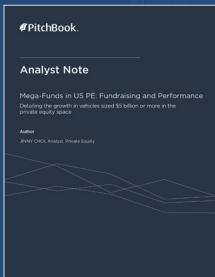
PitchBook Benchmarks

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