PitchBook

2022
ANNUAL

GLOBAL

Private Market Fundraising Report

PitchBook

Contents

YoY fundraising changes by strategy (trailing four quarters)

Strategy	Capital raised ($B)	YoY change
Private capital	$1,167.1	-21.4%
Private equity	$460.8	-17.2%
Venture capital	$252.6	-11.4%
Real estate	$85.3	-44.7%
Real assets	$108.2	-22.9%
Debt	$200.2	-19.7%
Fund of funds	$23.5	-51.2%
Secondaries	$36.5	-29.0%

Source: PitchBook | **Geography:** Global
*As of December 31, 2022

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

PitchBook Data, Inc.

John Gabbert Founder, CEO

Nizar Tarhuni Vice President, Institutional Research and Editorial

Daniel Cook, CFA Head of Quantitative Research

Institutional Research Group

Analysis

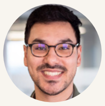
Hilary Wiek, CFA, CAIA
Senior Strategist
hilary.wiek@pitchbook.com

Zane Carmean, CFA, CAIA
Lead Analyst, Quantitative and Funds Research
zane.carmean@pitchbook.com

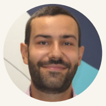
Tim Clarke
Lead Analyst, Private Equity
tim.clarke@pitchbook.com

Anikka Villegas
Analyst, Fund Strategies & Sustainable Investing
anikka.villegas@pitchbook.com

Juliet Clemens
Analyst, Fund Strategies
juliet.clemens@pitchbook.com



Max Navas
Analyst, Venture Capital
max.navas@pitchbook.com



Nicolas Moura, CFA
Analyst, EMEA Private Capital
nicolas.moura@pitchbook.com

Data

TJ Mei
Data Analyst

pbinstitutionalresearch@pitchbook.com

Publishing

Report designed by **Chloe Ladwig** and **Julia Midkiff**

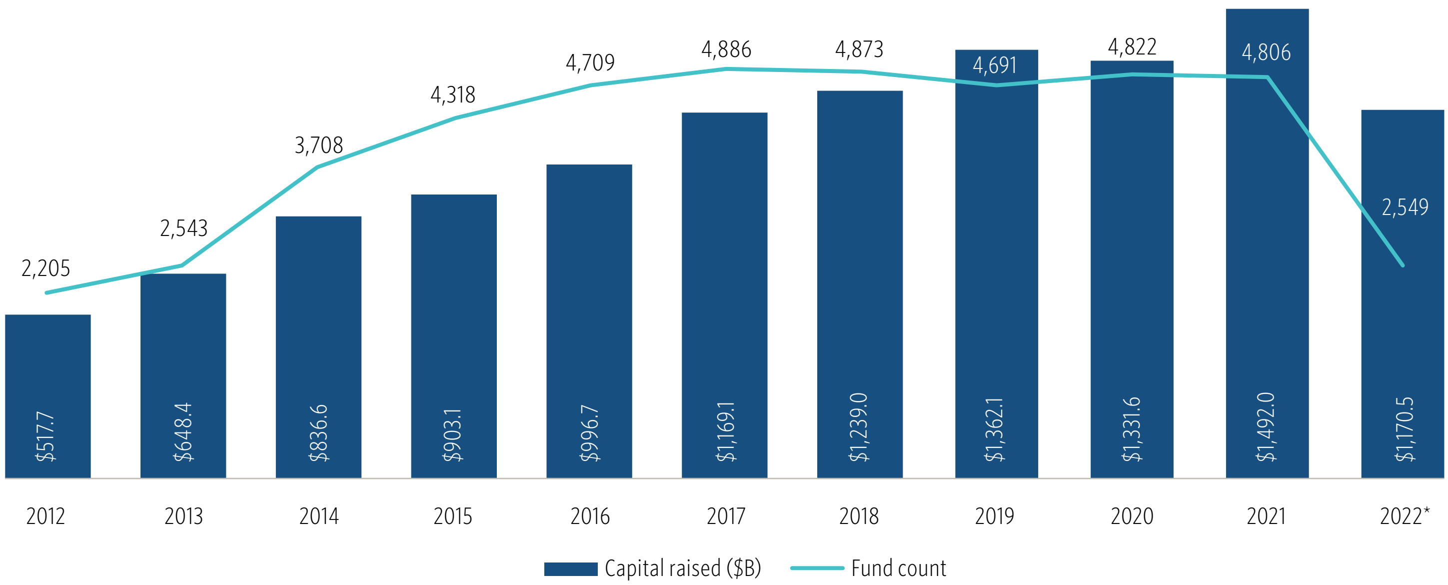
Published on February 22, 2023

Click here for PitchBook's report methodologies.
Click here for PitchBook's private market glossary.

PitchBook

Overview

Private capital fundraising activity



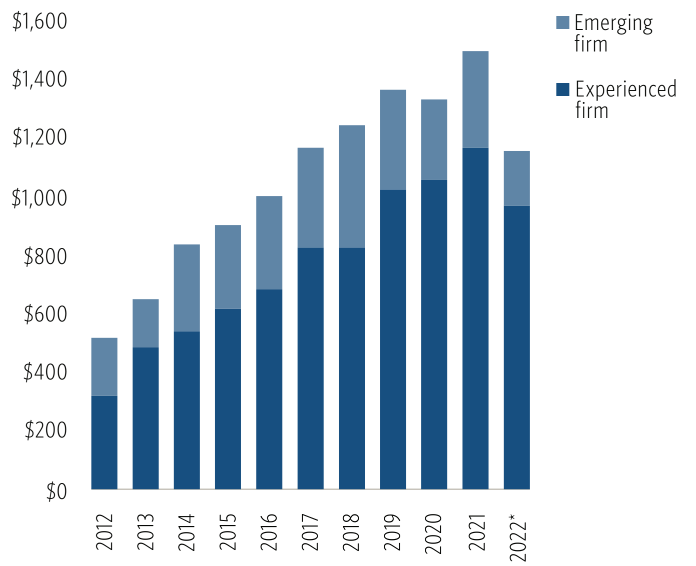
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Hilary Wiek, CFA, CAIA
Lead Analyst, Fund Strategies & Sustainable Investing

Based on conversations with GPs, the fundraising market feels more difficult out there, especially for those not raising mega-funds with a "name brand" on the cover. Our data fully supports these sentiments. Not only did fundraising decline in 2022, but the share going to firms with more than three funds increased. In 2011, emerging managers took in 39.6% of capital, but that number dropped to 22.4% by 2021. Smaller, lesser-known funds tend to arrive in our dataset more slowly, but thus far we show that 83.3% of capital raised in 2022 went to experienced managers.

We've tried to help struggling GPs improve their pitches and better understand how placement agents could help in two previous analyst notes: PitchBook's Guide to Your Pitch and The Role of Placement Agents in GP Fundraising. While the 2022 fundraising figures will rise over the next year, it does appear that it will be a down year overall for private capital fundraising. Yet, as we show in this report, the largest fund managers were able to not only close on big funds, but increase their fund sizes, once again spotlighting the trend of big funds crowding out the thousands of smaller funds marketing at any given moment.

Private capital raised ($B) by manager experience

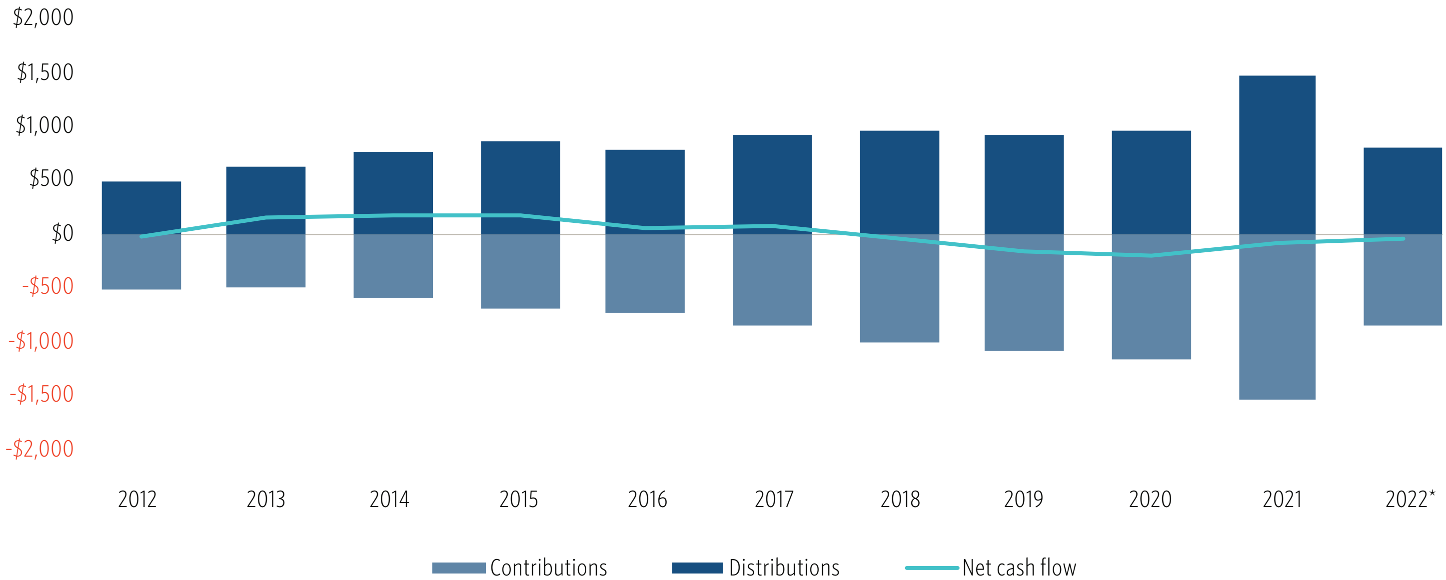


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Another issue we've heard is that LPs are concerned about what a slowdown could mean for net cash flows. The fear seems to be about what to expect—what if distributions drop way off but capital calls continue in support of existing portfolio companies or for bargain shopping while valuations are depressed? The good news is that when exits slow way down, deals requiring capital calls often do too. Our data for 2022 bears this out. While distributions were down dramatically—lower than every year since 2016—capital calls were also depressed. Net cash flows have been negative overall since 2018, but they were almost break-even in 2022. This may be good news for LPs, and potentially for GPs, if LPs were holding off making commitments due to this fear.

This quarter's spotlight comes from our recent analyst note, What the Future Holds for Private Capital, published by our quantitative research team in January. The research drew from our wealth of historical cash flow data to predict what the future may hold for private market AUM. By estimating fundraising, drawdown paths, and net asset value (NAV) growth, we forecast that AUM held in closed-end fund vehicles across PE, VC, private debt, real estate, and real assets will reach $13.0 trillion by 2027. While we show AUM reached a plateau of $12.4 trillion in 2022 after five consecutive years of double-digit growth, this figure is inclusive of funds of funds (FoF) and secondaries, which were excluded from our AUM forecasting study to avoid double-counting the assets seeking to invest in private markets.

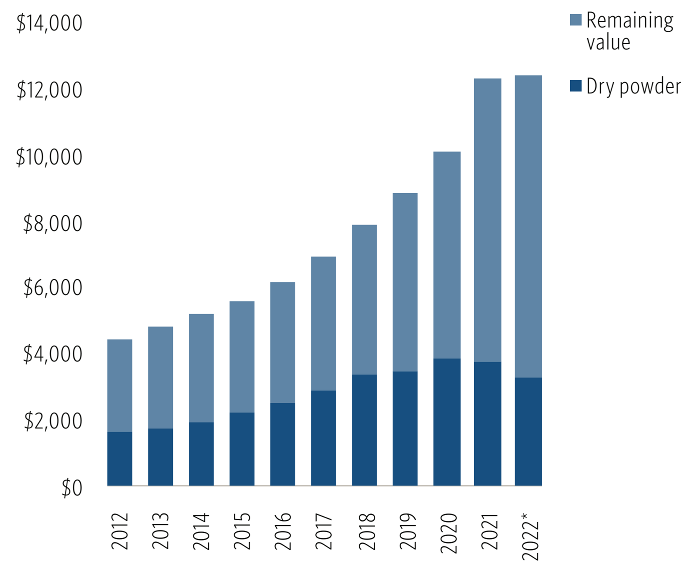
Private capital cash flows ($B)



Source: PitchBook | **Geography:** Global
*As of June 30, 2022

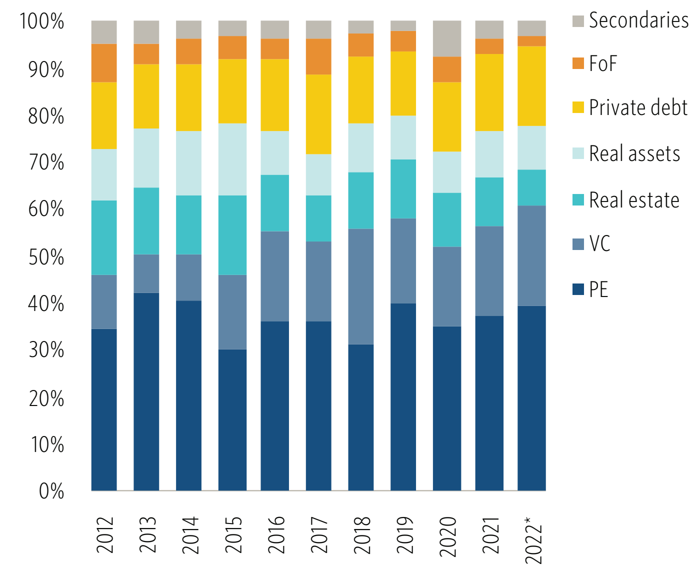
PitchBook

Private capital AUM ($B)



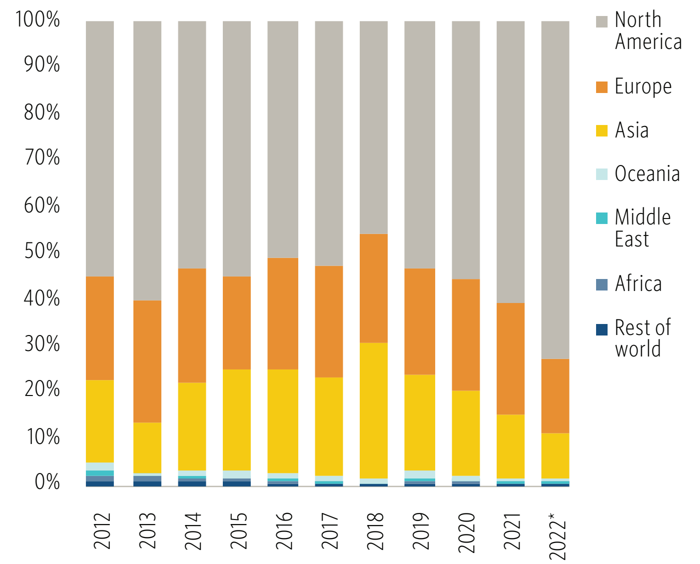
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of private capital raised by strategy



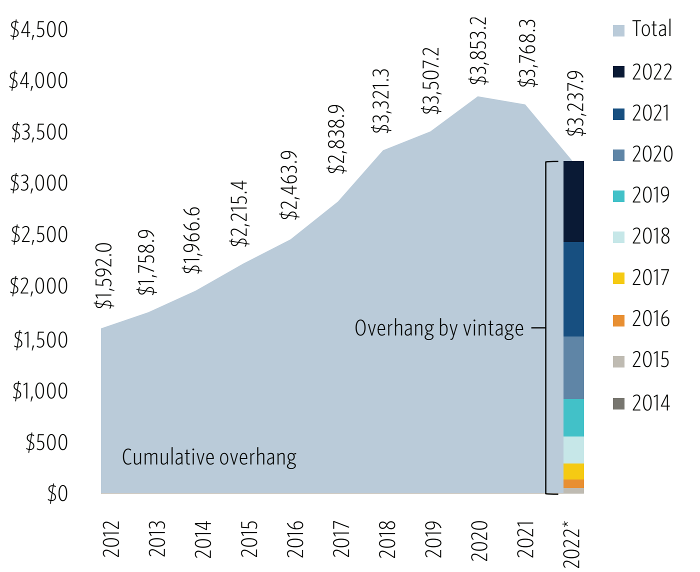
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of private capital raised by region



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

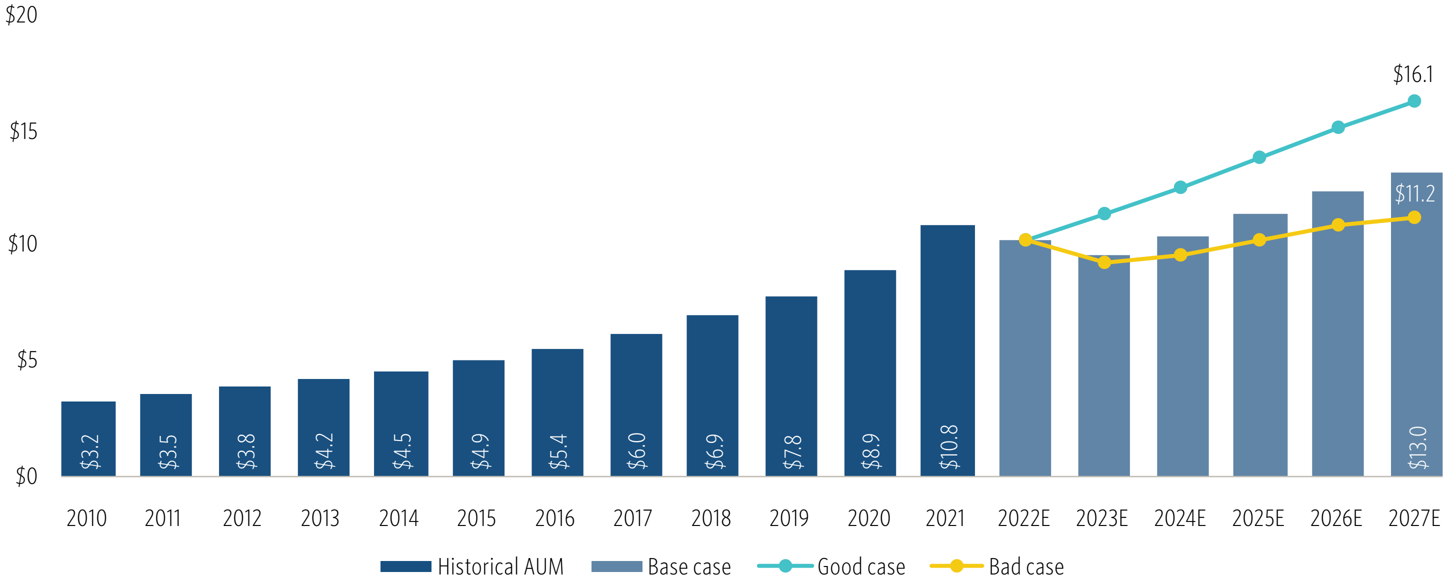
Private capital dry powder ($B) by vintage



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Spotlight: Forecasting private market AUMs

Private capital closed-end funds AUM ($T) forecast*



Source: PitchBook | **Geography:** Global
*Historical AUM and forecasts generated on January 5, 2023

Zane Carmean, CFA, CAIA
Lead Analyst, Quantitative and Funds Research

Globally, institutional investors have put more of their incremental capital to work in private markets over the last decade than any other asset class. Coupled with increasing allocation targets and strong performance, private capital fund managers have accumulated well over $10 trillion in AUM, a growth of more than 200% from 2011 to 2021. However, with macroeconomic headwinds surfacing, the question is: What does the future hold for private capital?

As we turn the page on a tumultuous 2022, the alternatives industry is entering a time of high uncertainty. Arguably, private markets have never been under as much scrutiny as they are now. Between the potential for new regulatory red tape, questionably high valuation marks, the denominator effect, and macroeconomic headwinds, the next chapter for private capital will shape its future. A multitrillion-dollar spotlight is on the private asset management business, and the growth of the industry will depend on continued investor appetite in addition to the performance of funds active today.

Utilizing estimates of historical AUM, future fundraising, cash flows, and NAV growth, we have created a data-driven framework to forecast AUM growth for the industry over the next five years. Our estimate of private capital is the aggregate of projections for PE, VC, private debt, real estate, and real assets closed-end funds.[1] Our model employs various scenarios, allowing us to generate a range of potential outcomes depending on the global macroeconomic environment anticipated. In the base case of our forecasts, we project private capital global AUM to grow sizably but at a more muted pace compared with the prior five years. In aggregate, our models suggest a cumulative growth of 20.7% to $13.0 trillion in total AUM by 2027.

However, the estimate varies widely. The potential for an economic downturn and a new inflationary regime, as outlined in our recent quantitative perspectives report,

1 : We include only primary funds in our analysis, leaving out secondaries and funds-of-funds access points. AUM includes both dry powder and fund NAV estimates.

When the Tide Goes Out, could have long-term implications for private markets. Asset growth from fund performance and future fundraising are the two most important variables in our estimates, and they are also the most sensitive to the macro climate. To capture the uncertainty of future economic conditions, we have created three scenarios: a good case featuring a return to economic expansion, a base case involving a moderate downturn followed by recovery, and a bad case leading to more pronounced NAV markdowns across private fund holdings.

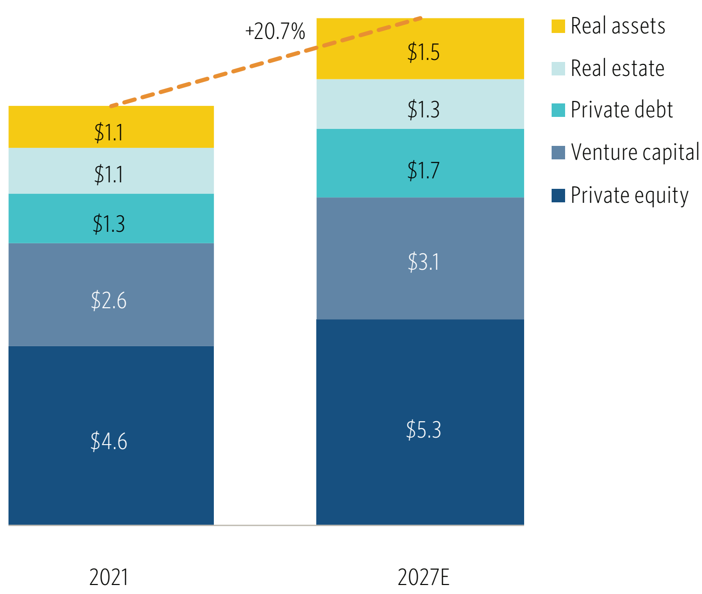
Different asset classes under the private capital umbrella will also be impacted in different ways. For example, portfolio holding values reported by VC and PE fund managers in 2022 have been minimally impacted by the sell-off in global public equity markets, even though LP fund interests are often trading at 70 to 80 cents on the dollar in the secondaries market and skepticism among LPs is high.[2] According to our latest benchmarks report, VC fund NAVs reversed course through Q3 2022, and we expect valuation markdowns to catch up with falling public growth stocks in 2023. Assuming a renewed bull market does not take hold quickly, NAV growth will likely be negative in the near term for VC and PE. We looked at the historical record of annual returns during market downturns, as well as public market comparables, to provide guideposts for our NAV growth estimates across the five asset classes in this analysis. We utilized a variation of the Takahashi-Alexander (TA) cash flow model to create an interplay between existing dry powder available to private fund managers and the NAV path each vintage is expected to follow in the forecast period.[3]

For future fundraising, regulation and the denominator effect will have dampening effects on fund managers' abilities to grow their asset base. LP sentiment on this front is quite mixed. A recent Coller Capital survey reported that investors expect private capital to be a strong source of returns for allocated capital over the next three to five years.[4] Despite this, 42% of LPs expect to reduce their pace of new commitments in the near term due to the denominator effect.[5] Shorter-duration asset classes, such as infrastructure and private credit, are likely to see continued investor interest should the reset in benchmark rates persist through 2023 and beyond, but even these asset classes will not be immune to a recession.

Our estimation methodology fit a flexible linear trend model to historical fundraising. We then adjusted a baseline growth trend a net +/-3% in our good and bad cases, reflecting strong and weak fundraising environments. We also added a distribution yield component to reflect the realized returns to LPs that are redeployed in future fund commitments. Distributions estimated from the TA model feed into the distribution yield estimates, which in turn feed into the fundraising model used to generate the forecasts. This methodology ties the cash flow and NAV models to the fundraising estimates and vice versa.

All in all, our estimates for AUM range from $11.2 trillion to $16.1 trillion over the next five years, although the proliferation of mega-funds and shifting market dynamics within asset classes will likely cause variance in the actual figures realized. In the full version of our report, we detail more specific forecast inputs and macro implications for each asset class.

Base-case AUM ($T) forecast by asset class*



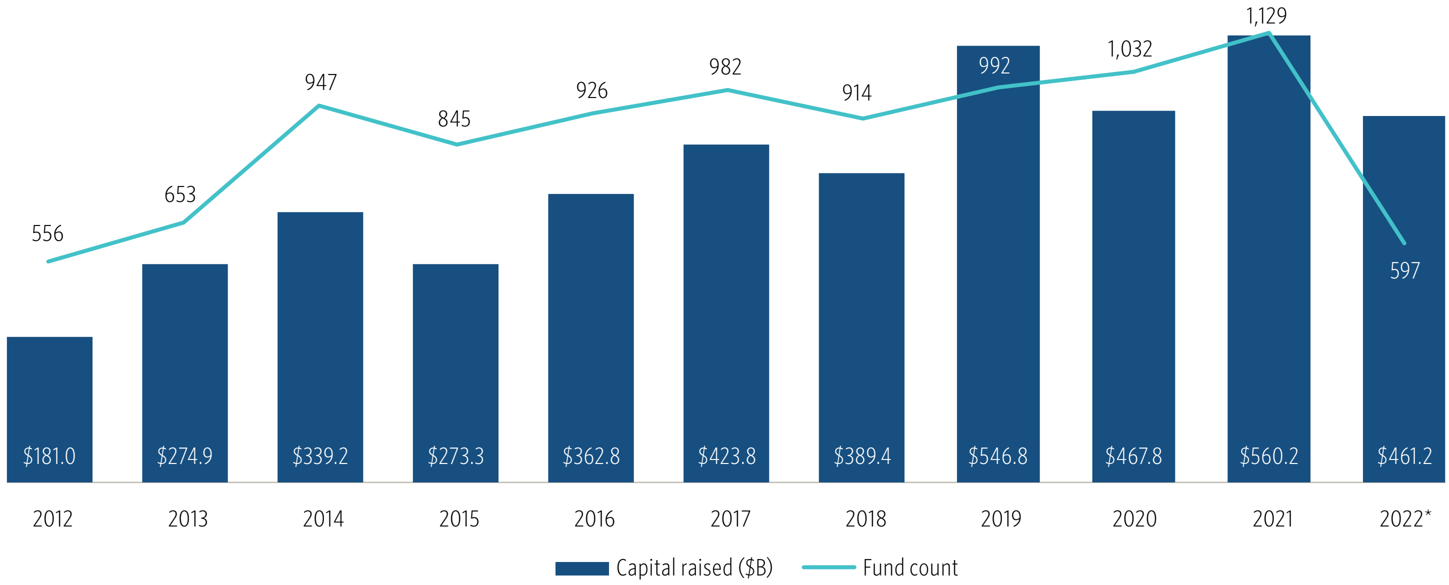
Source: PitchBook | **Geography:** Global
*Historical AUM and forecasts generated on January 5, 2023

2: "1H 2022 Global Secondary Market Review," Jefferies, July 2022.
3: "Illiquid Alternative Asset Fund Modeling," Yale International Center for Finance, Dean Takahashi and Seth Alexander, January 2002.
4: "Global Private Equity Barometer," Coller Capital, Winter 2022-23.
5: Ibid.

PitchBook

Private equity

PE fundraising activity



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

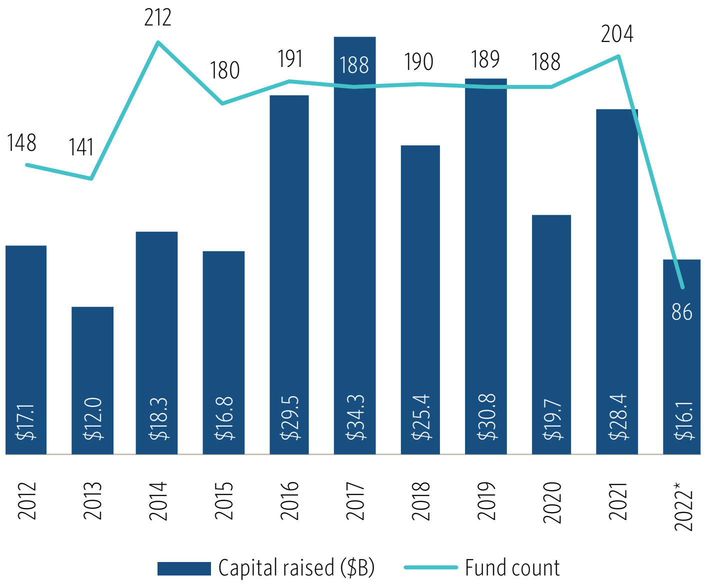
Nicolas Moura, CFA
Analyst, EMEA Private Capital

2022 saw $463.4 billion raised across 599 funds—healthy figures, given the macroeconomic backdrop. Indeed, mega-funds, meaning funds of over $5 billion, had their second-best year in terms of value, raising $219.2 billion and representing 47.3% of the total for PE, truly supporting the year's fundraising. 2022 also saw conditions tighten across the globe as most of the developed economies increased interest rates in response to spiraling inflation. This in turn shifted the dynamics of PE from riding a wave of cheap leverage for the past decade to tougher and costlier borrowing. LPs became more cautious in deploying their capital throughout 2022, in many cases decreasing the size and number of commitments to the benefit of trusted, experienced GPs. In fact, first-time funds had their lowest fundraising in nine years, dropping some 36.7% YoY, while experienced managers had their third-best year and dropped only 13.3% from record 2021 fundraising.

Experienced managers were not only able to attract capital, they raised high amounts of capital. The top 10 closed funds in 2022 represented 35.7% of total funds raised—the highest share since 2014 and the highest ever in terms of absolute value. This was fueled by Thoma Bravo's $24.3 billion raised for its 15th fund, making it the largest fundraise for a tech fund ever, presumably looking to take advantage of a depleted and opportune tech sector.

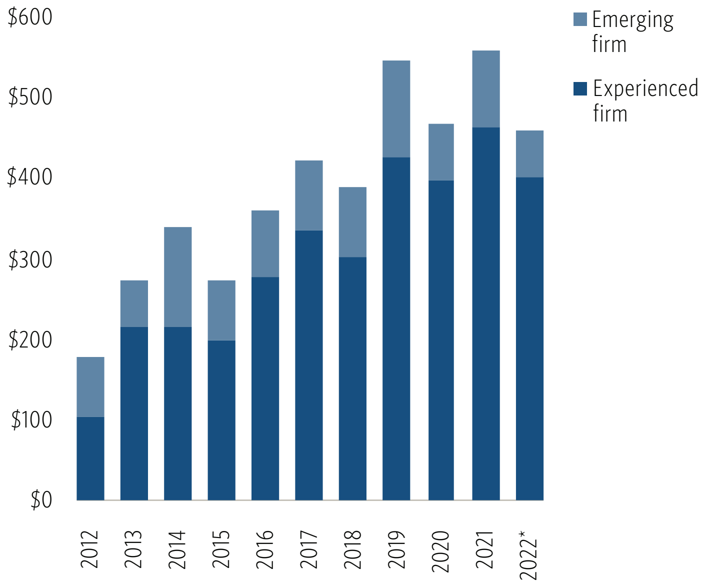
Regionally, North America dominated fundraising, accounting for 78.0% of total fund value, its highest percentage to date. Europe was rocked by the Russia-Ukraine war, resulting in a continent-wide energy crisis and political instability that translated into a 55.6% YoY drop in funds raised in Europe. This compares with a mere 1.5% drop for North American fundraising, which points to the resilience of growth in that market despite the macro headwinds. Out of the top 10 largest fundraises, only one fund is not located in the US: Sweden's Nordic Capital closed $8.8 billion for its 11th fund in Q4 2022, which gives us confidence that fundraising worldwide will continue its long-term upward trajectory.

PE first-time fundraising activity



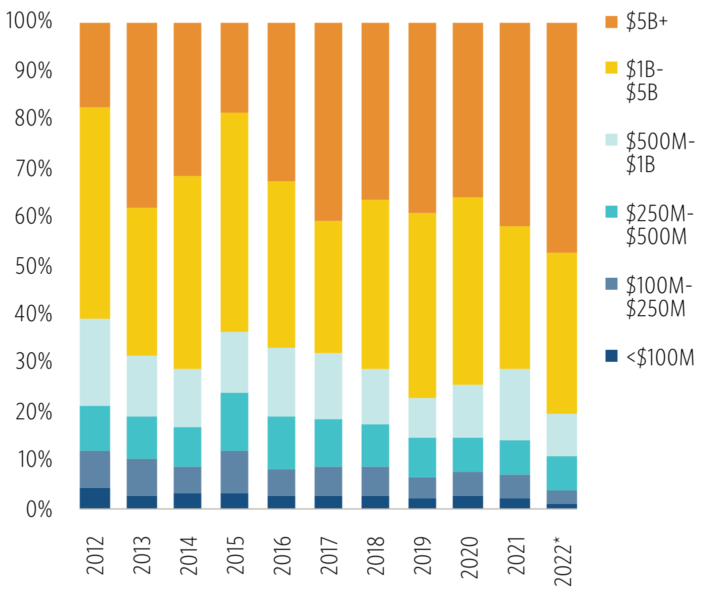
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

PE capital raised ($B) by manager experience



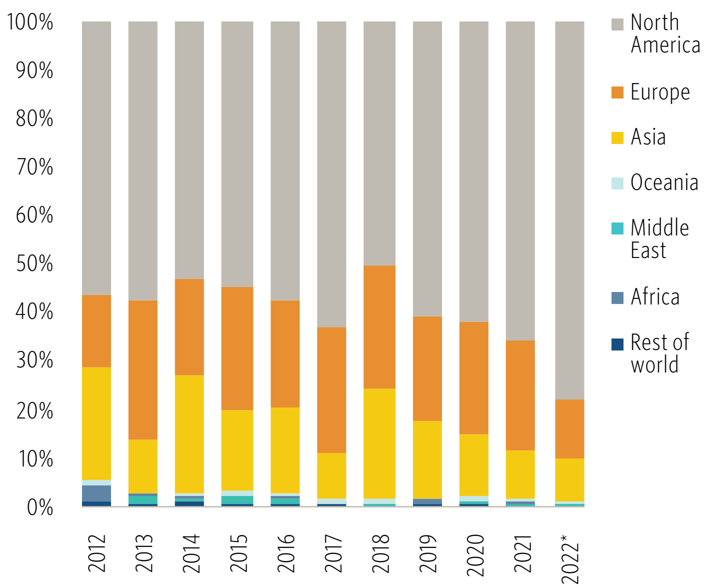
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of PE capital raised by size bucket



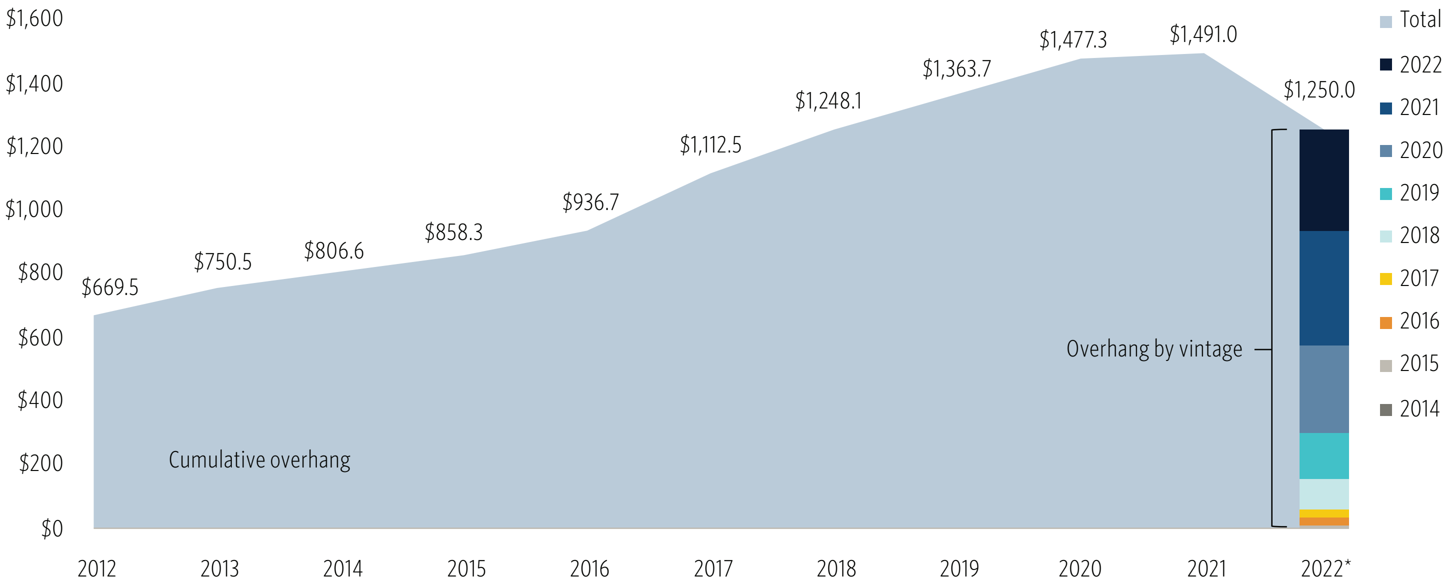
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of PE capital raised by region



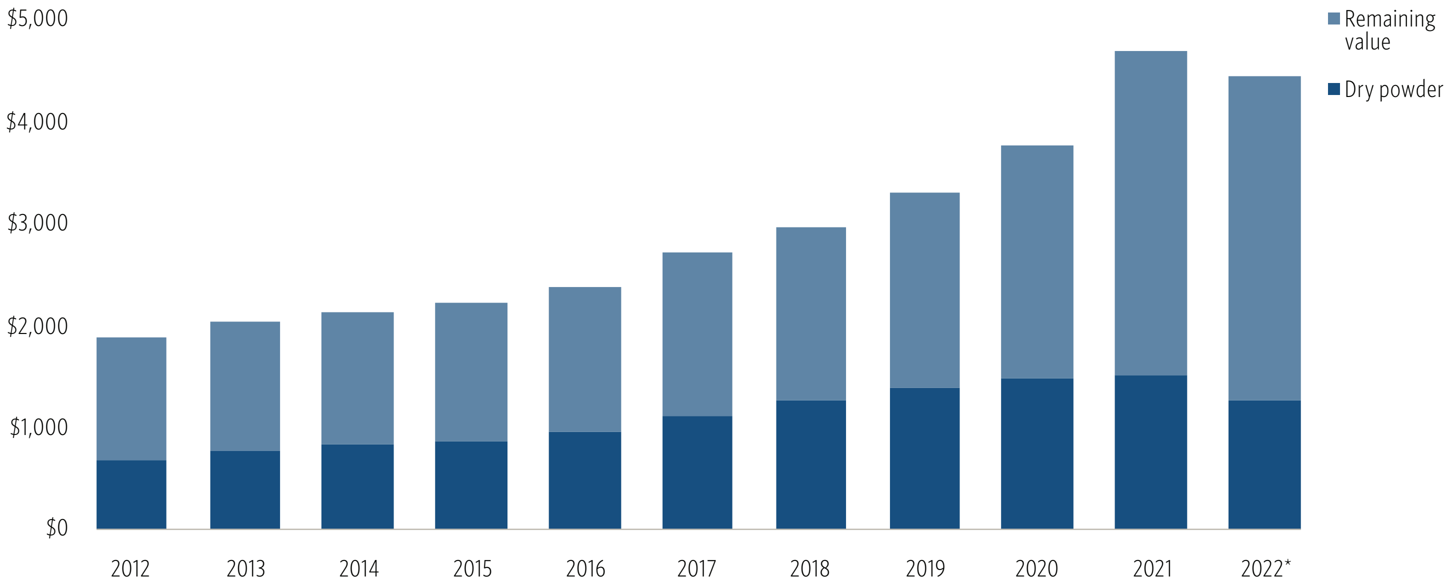
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

PE dry powder ($B) by vintage



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

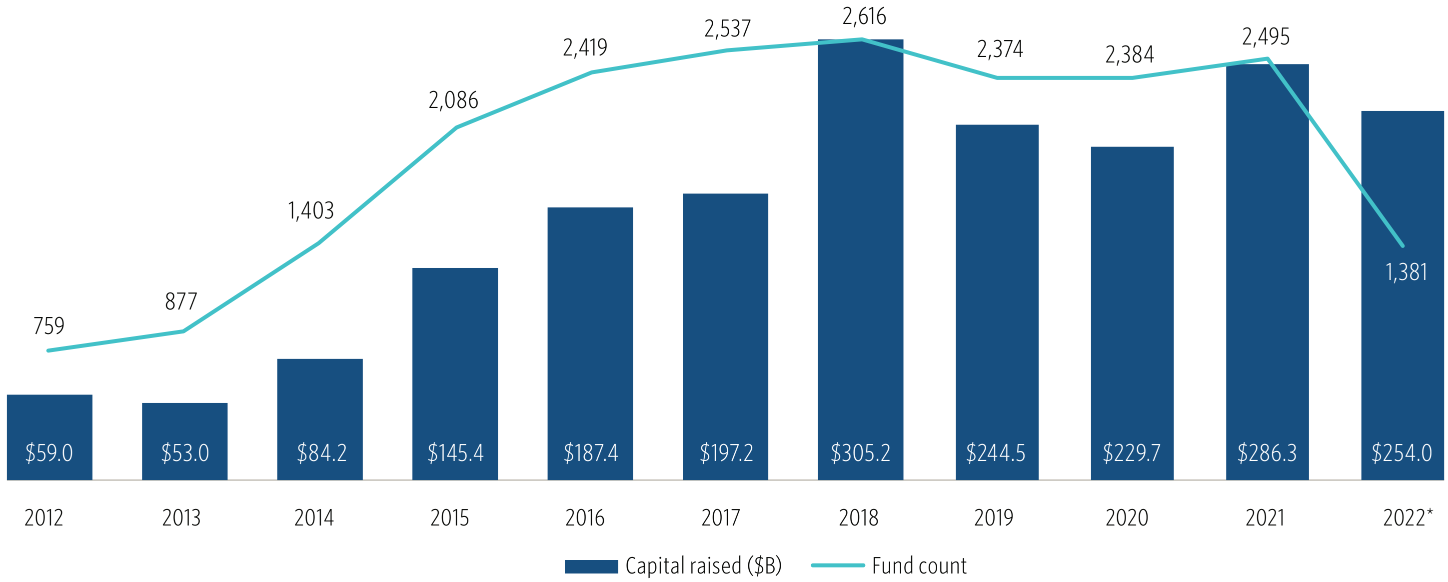
PE AUM ($B)



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Venture capital

VC fundraising activity



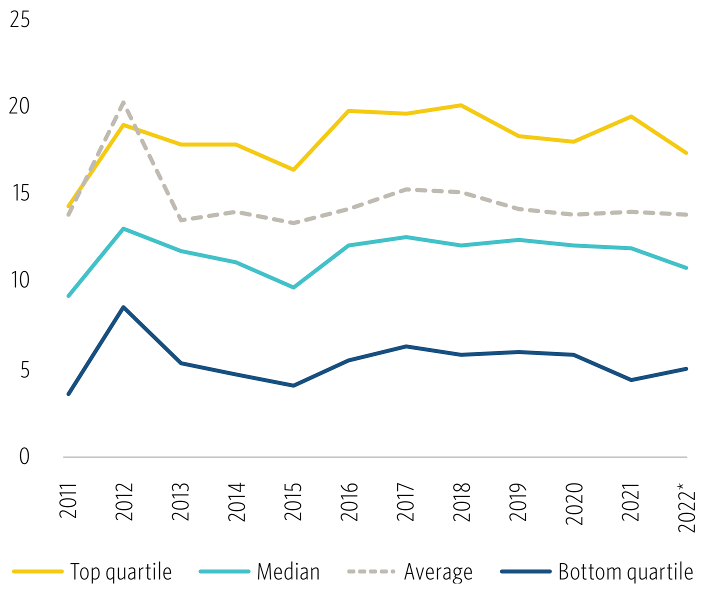
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Max Navas
Analyst, Venture Capital

Global VC fundraising reached $252.6 billion across 1,371 funds in 2022, representing an 11.4% YoY decrease in capital raised, yet cementing the fifth consecutive year fundraising exceeded $200 billion. 2022 fundraising activity was buoyed by the first half of the year, which accounted for 66.1% of total fundraising value. On average, GPs take nearly 14 months to close their funds, suggesting that many of the funds closed in the first half of 2022 locked in LP interest in 2021 when exit activity and LP demand were high. The decline in fundraising toward the end of the year could be attributed to LP overexposure and exhausted annual commitments to this asset class. Entering a new calendar year could alleviate some of the fundraising strain as LPs draw upon new allocation budgets, but we expect the continued lack of distributions due to the cessation of public market exits to dampen fundraising efforts and result in the 2023 annual figure hitting a three-year low.

Capital concentrated among established managers in 2022, setting an annual record of $169.8 billion and capturing 66.8% of the total capital raised. During recessionary periods, LPs are less willing to invest with unproven emerging managers

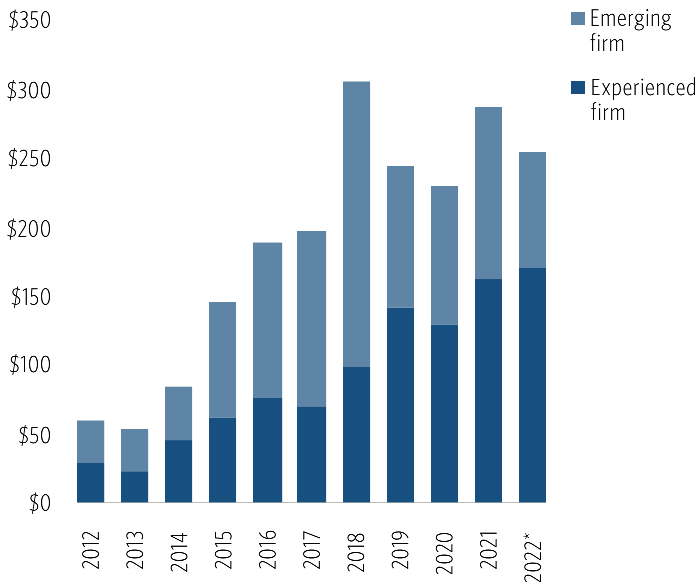
Range of VC fund time (months) to close



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

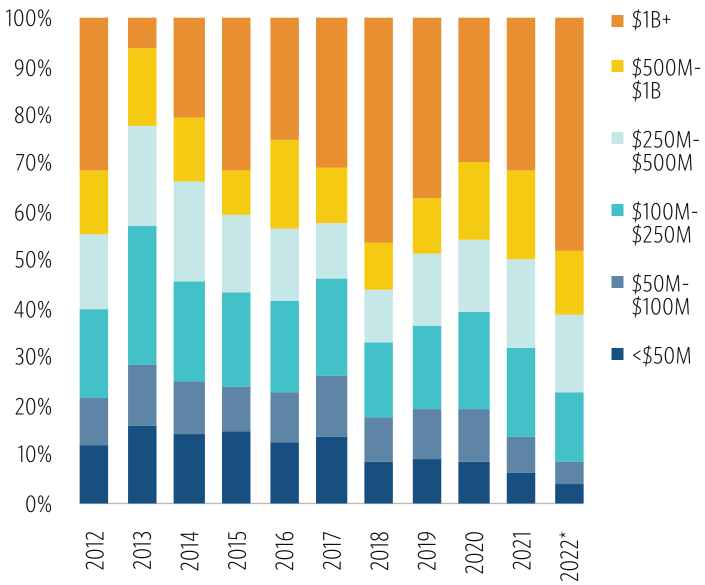
PitchBook

VC capital raised ($B) by manager experience



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of VC capital raised by size bucket

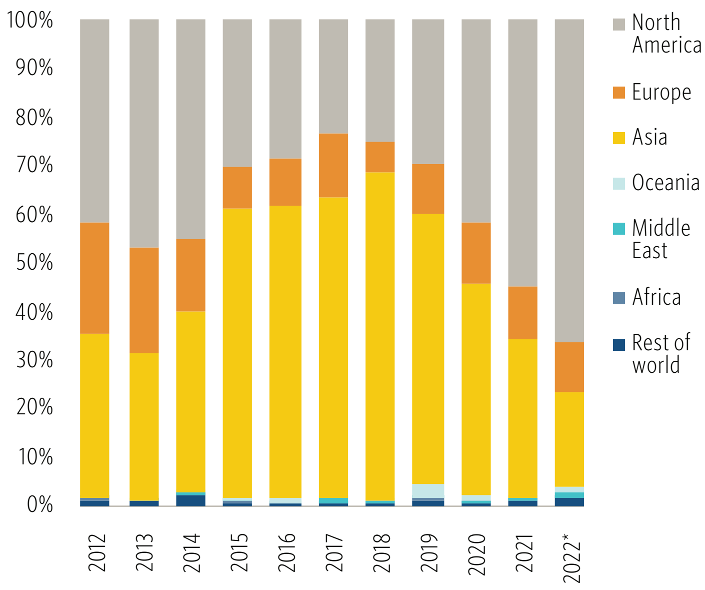


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

who may have higher operational risk and lack robust networks to source quality deals. The perceived lower risk associated with established managers led them to close 36 of the record 47 funds closed with commitments totaling $1 billion or greater.

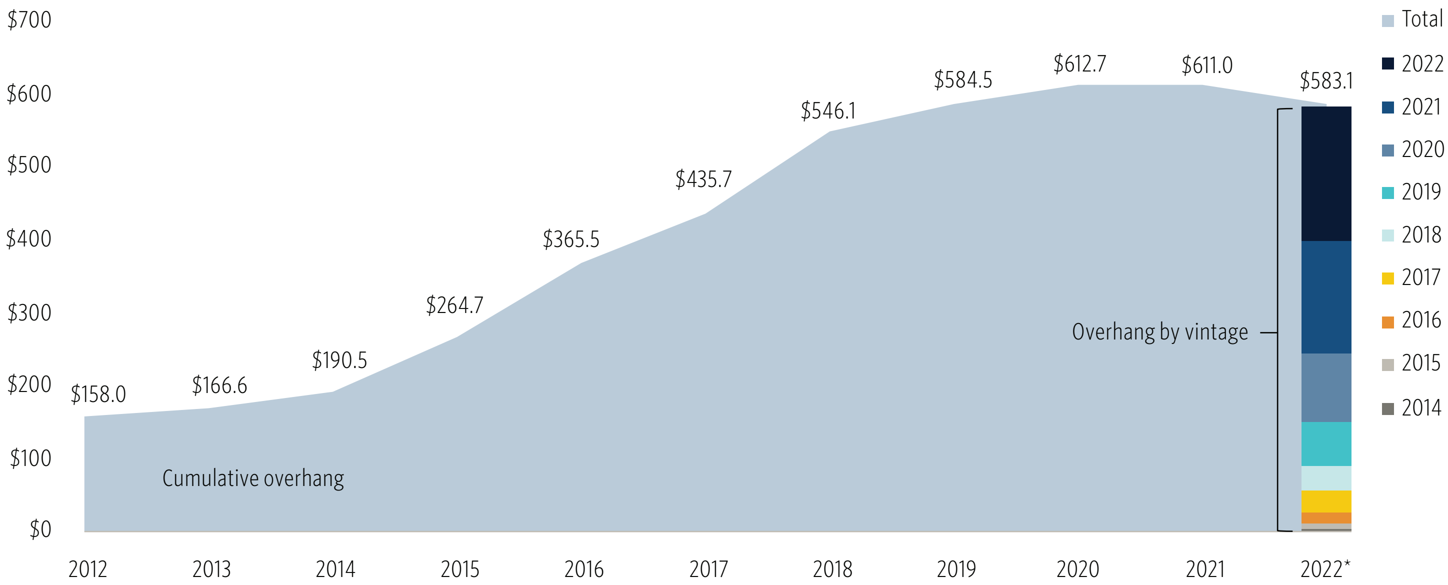
North America set an annual record of $168.7 billion in capital commitments and captured 59.6% of the funds closed in 2022. The region's robust venture capital ecosystem and currency stability amid wider geopolitical uncertainty has attracted commitments from LPs globally. The retreat of LP capital from other global regions could exacerbate difficult dealmaking environments and create an opening for North America-based GPs to potentially acquire equity positions abroad at a discount to domestic investment opportunities. Globally, VC dry powder declined YoY for the second year to $583.1 billion, signaling a tempered fundraising environment going into 2023.

Share of VC capital raised by region



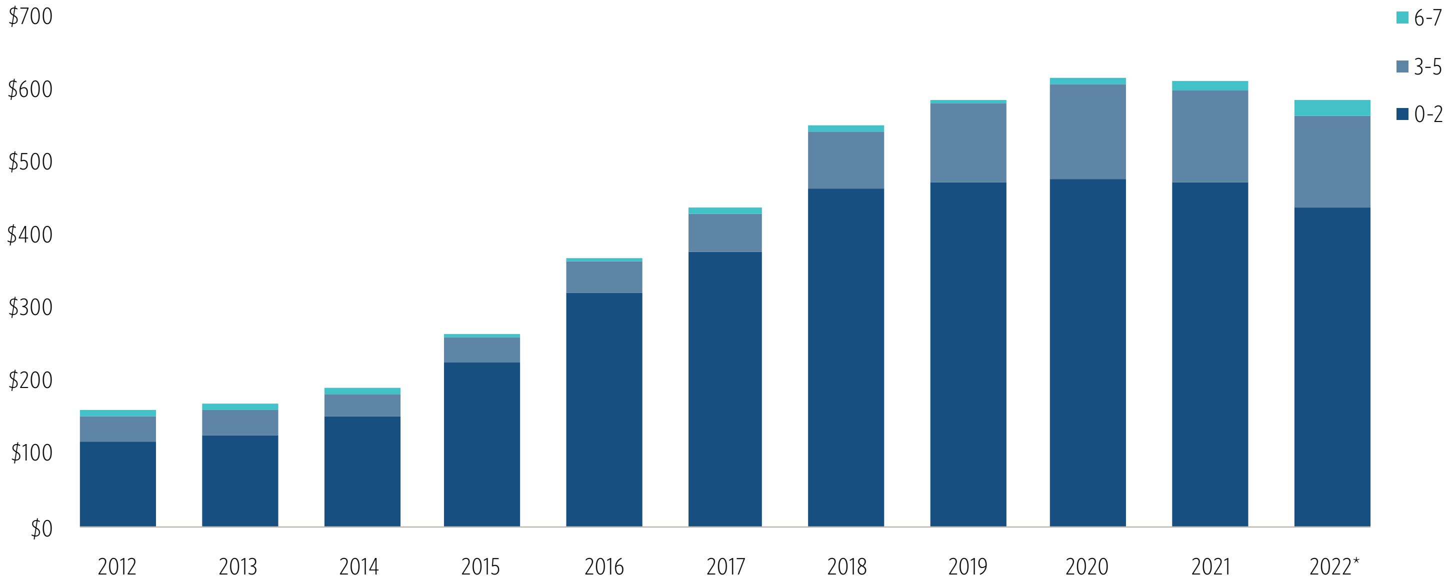
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

VC dry powder ($B) by vintage



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

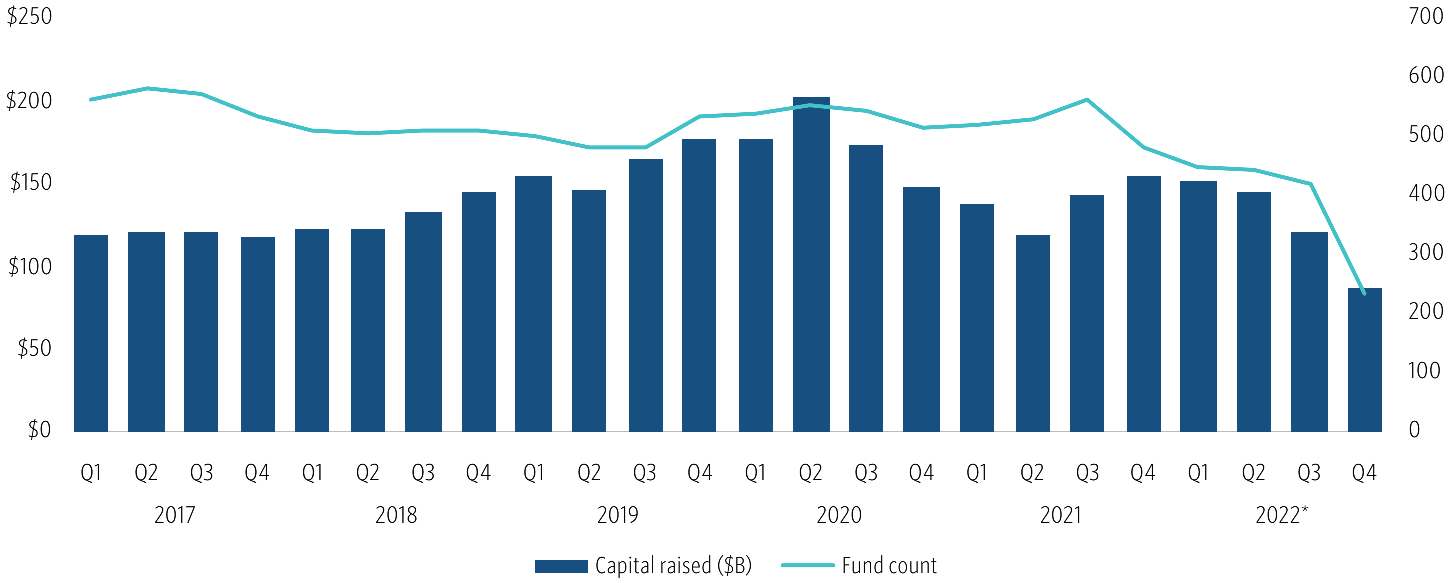
VC AUM ($B) by age cohort



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Real estate

Rolling 12-month real estate fundraising activity by quarter



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

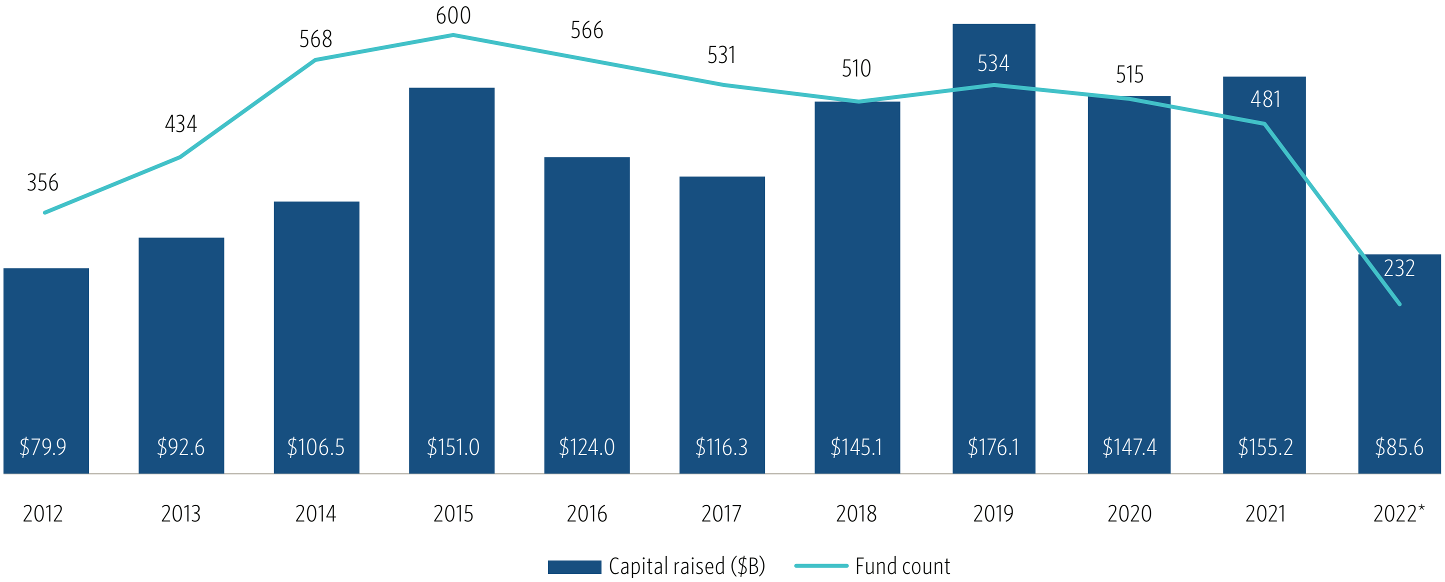
Anikka Villegas
Analyst, Fund Strategies & Sustainable Investing

In 2022, real estate fundraising hit a 10-year low, with just $85.6 billion committed to 232 funds. This drop-off, surprising to some given the asset class' reputation as an inflation hedge, likely occurred for several reasons. In general, a higher cost of capital and projections of a recession dampened fundraising across the private markets. Additionally, concerns about a real estate market correction in the US became increasingly well-founded, reflected by the fact that North American commitments in 2022 were at $64.7 billion, approximately half of what they were in 2021. Further, infrastructure, made more attractive by considerable tailwinds in 2022, appears to have taken some of real estate's share of commitments. Lastly, although LPs do shift allocations at the margins, they generally invest with a long time-horizon in mind, so with inflation anticipated to be coming back down, allocators may not have been as swayed by the short-term benefit of real estate's theoretical hedging characteristics.

Dividing commitments by strategy, opportunistic vehicles received the largest slice by far, at 60.5%. Distressed vehicles received the smallest, at 1.2%, experiencing their least active fundraising year on record, and value-add's share shrank to 26.2%. While core commitments were below-average, core-plus commitments were above-average. It is likely that, in 2022's higher interest rate environment, real estate investors felt the need to accept more risk, even in their lower-risk investments, in order to eke out acceptable returns. This helps explain why more investors opted for core-plus funds over core funds and opportunistic funds over value-add funds.[6] Sector-wise, the top 10 largest funds to close in 2022 indicated a continuation of pandemic-era trends of increased investment focus on life sciences and logistics. Residential, hospitality, and office subsegments also showed up intermittently for funds on that list, as hospitality and office continued their recovery from the height of COVID shutdowns.

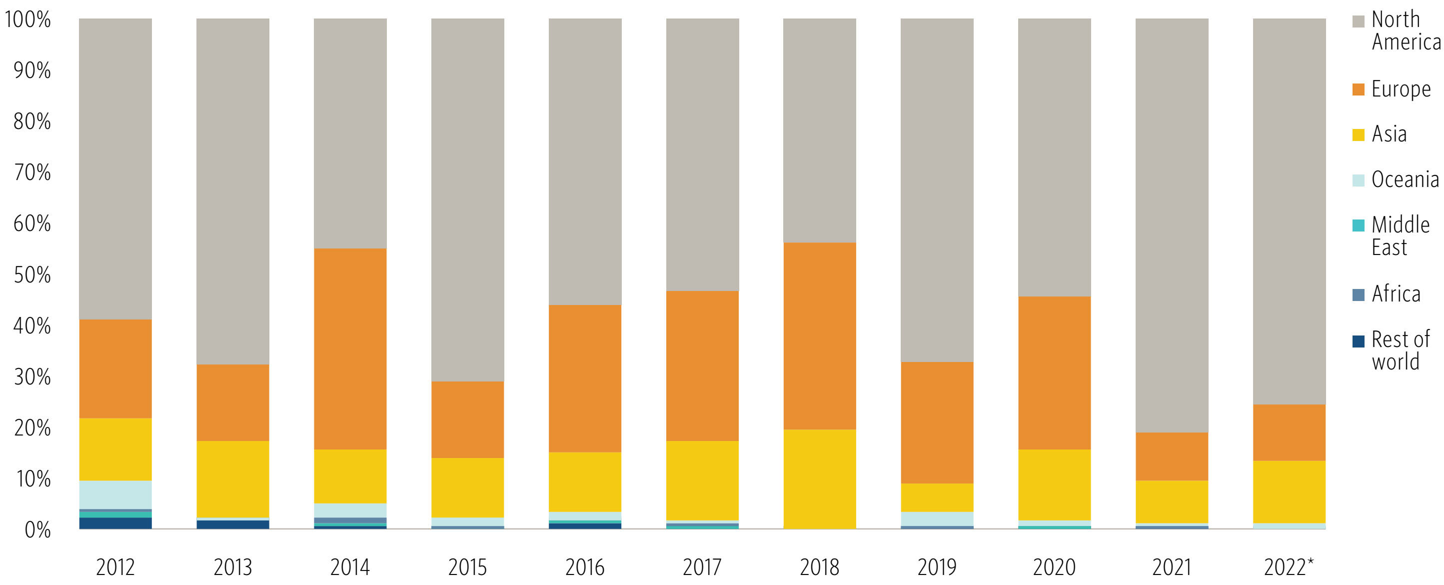
6: A large number of core real estate assets reside in evergreen fund structures, meaning ones that are not call-down vehicles. This fundraising report currently only speaks to the closed-end call-down funds.

Real estate fundraising activity



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

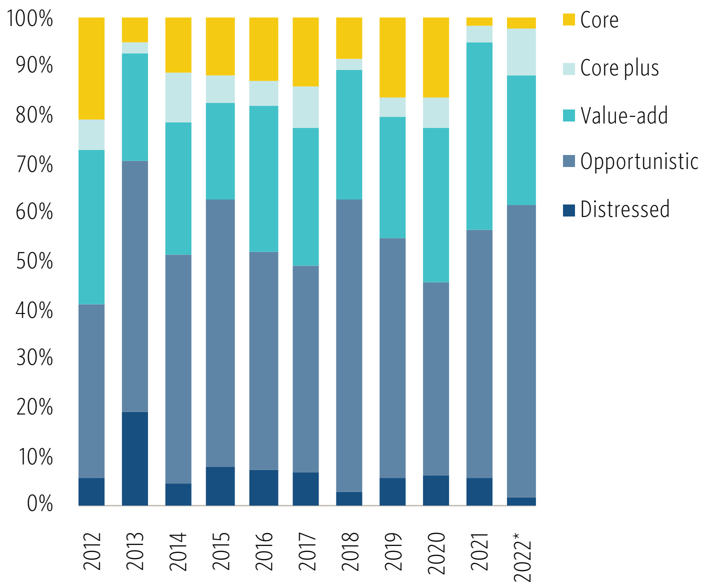
Share of real estate capital raised by region



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

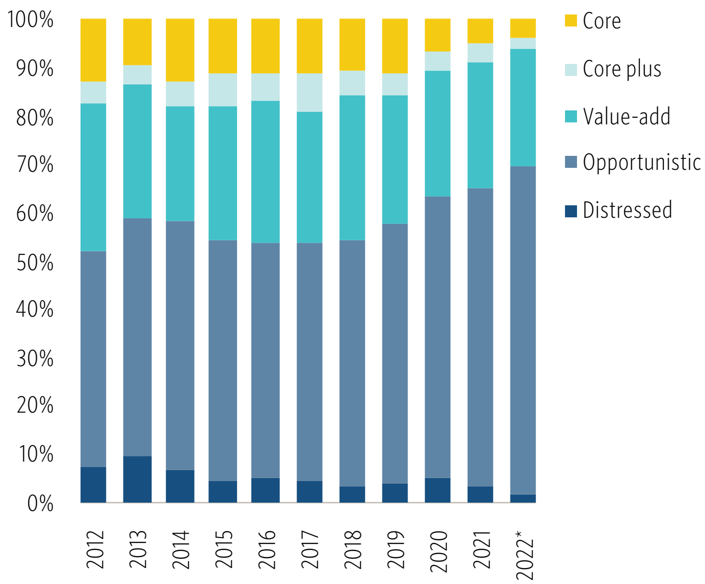
PitchBook

Share of real estate capital raised by type



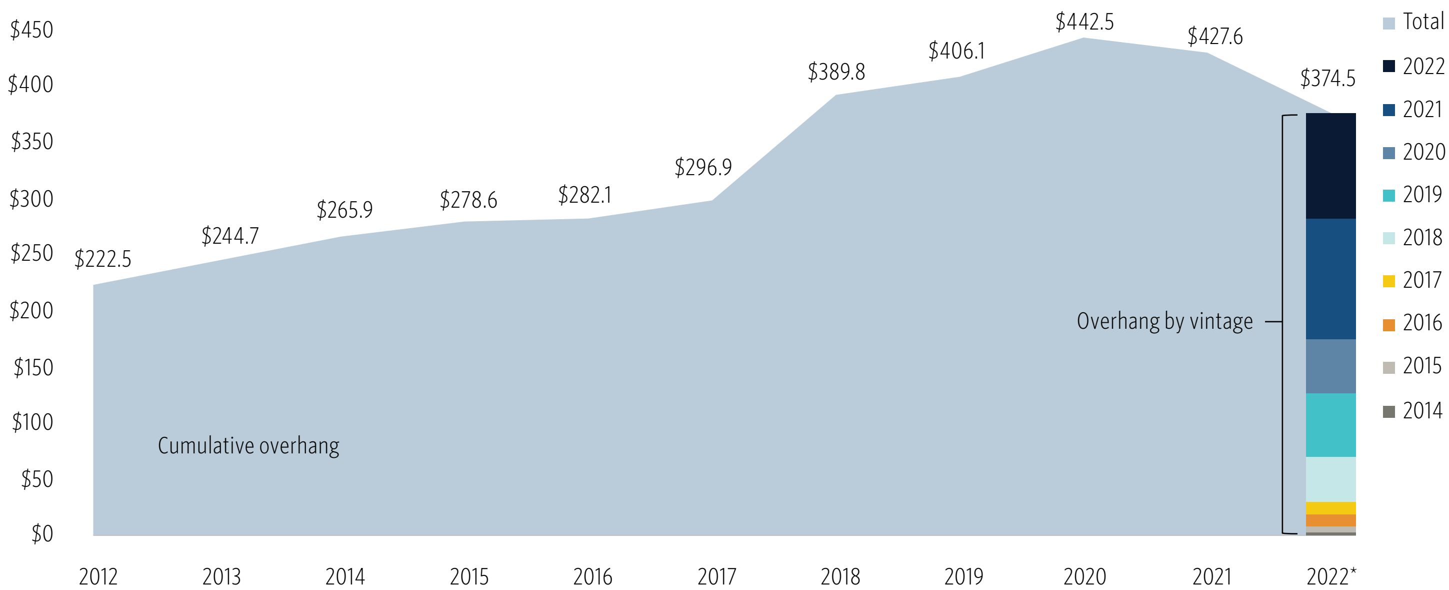
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of real estate fund count by type



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

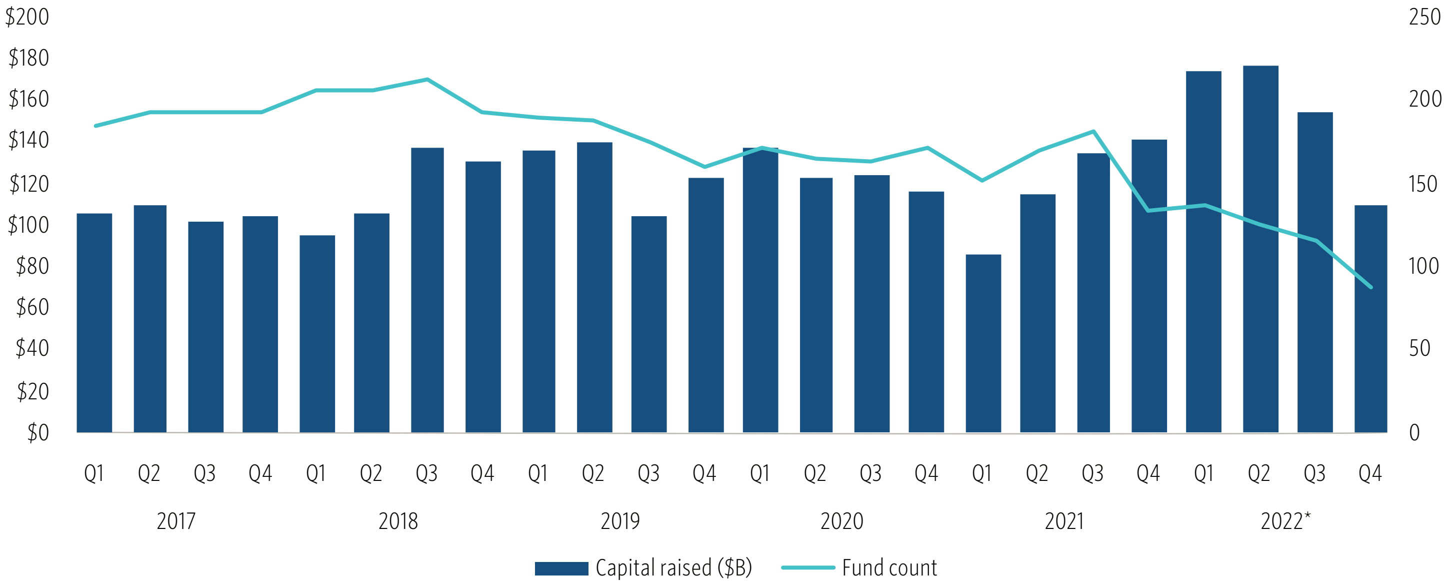
Real estate dry powder ($B) by vintage



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Real assets

Rolling 12-month real assets fundraising activity by quarter

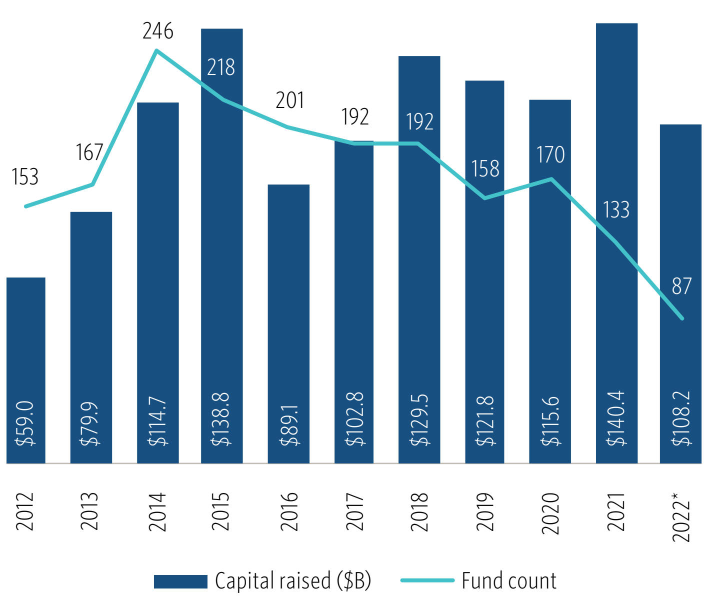


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Anikka Villegas
Analyst, Fund Strategies & Sustainable Investing

Real assets fundraising numbers for 2022 were just below the average of the past decade with $108.2 billion raised by 87 funds, a respectable showing when considering the overall economic conditions. Fundraising was driven almost entirely by infrastructure commitments, which constituted a record-breaking 95.9% of overall raised capital. Oil & gas funds, in contrast, received 2.2% of commitments, their second-lowest share on record, after 2021. Tailwinds supporting investor interest in infrastructure included US legislation, such as the Bipartisan Infrastructure Law and the Inflation Reduction Act, increased renewable and nonrenewable energy demand due to the EU energy crisis, and the perception of infrastructure as a haven in times of volatility and recession. In a reversal from 2021, North American vehicles dominated the fundraising scene, receiving 70.6% of capital, with funds domiciled in the US able to take advantage of the local regulatory environment and energy-related infrastructure opportunities abroad.

Real assets fundraising activity

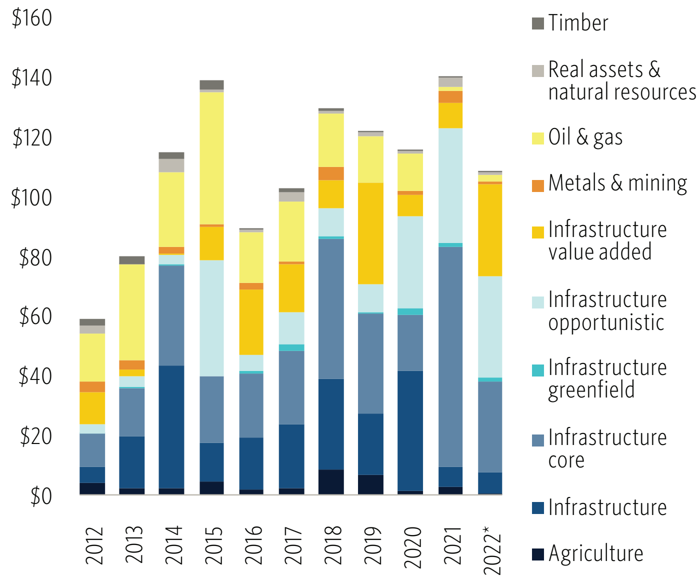


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

PitchBook

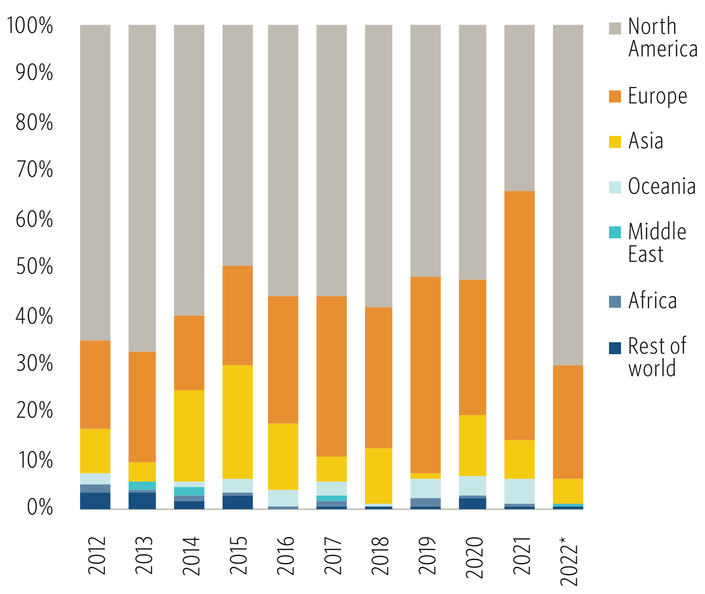
In 2022, allocators to real assets gravitated increasingly toward the mammoth funds of experienced managers, with 61.3% of commitments in mega-funds of $5 billion or more and emerging managers receiving just 12.0% of commitments, down from 25.4% in 2021. This is due in part to experienced managers' ability to raise ever-larger funds, although emerging managers also raised a smaller proportion of the number of funds closed than in recent years. One thing that the top 10 largest funds to close in 2022 have in common is that they all invest in sustainable infrastructure, digital infrastructure, or both, a trend explored in our recent analyst note, Sustainable and Digital Infrastructure in the Private Markets. Other sectors of focus for the top funds to close included transportation and mobility, also benefiting from government spending in the US, as well as heightened demand for electric vehicle charging infrastructure, continued mobility-related technological developments, and the resumption of travel after pandemic-induced lockdowns.

Real assets capital raised ($B) by type



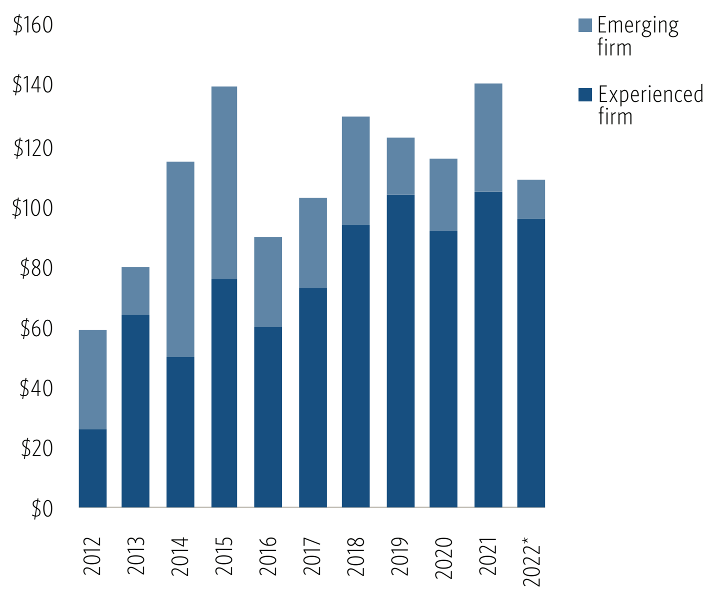
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of real assets capital raised by region



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

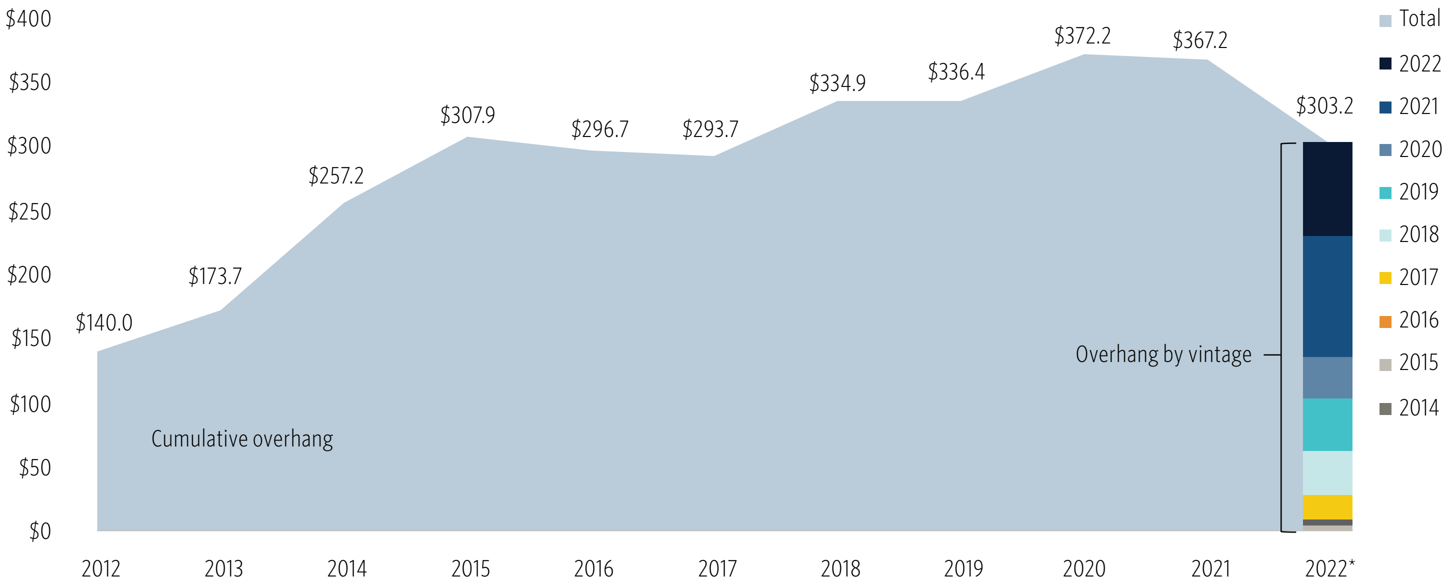
Real assets capital raised ($B) by manager experience



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

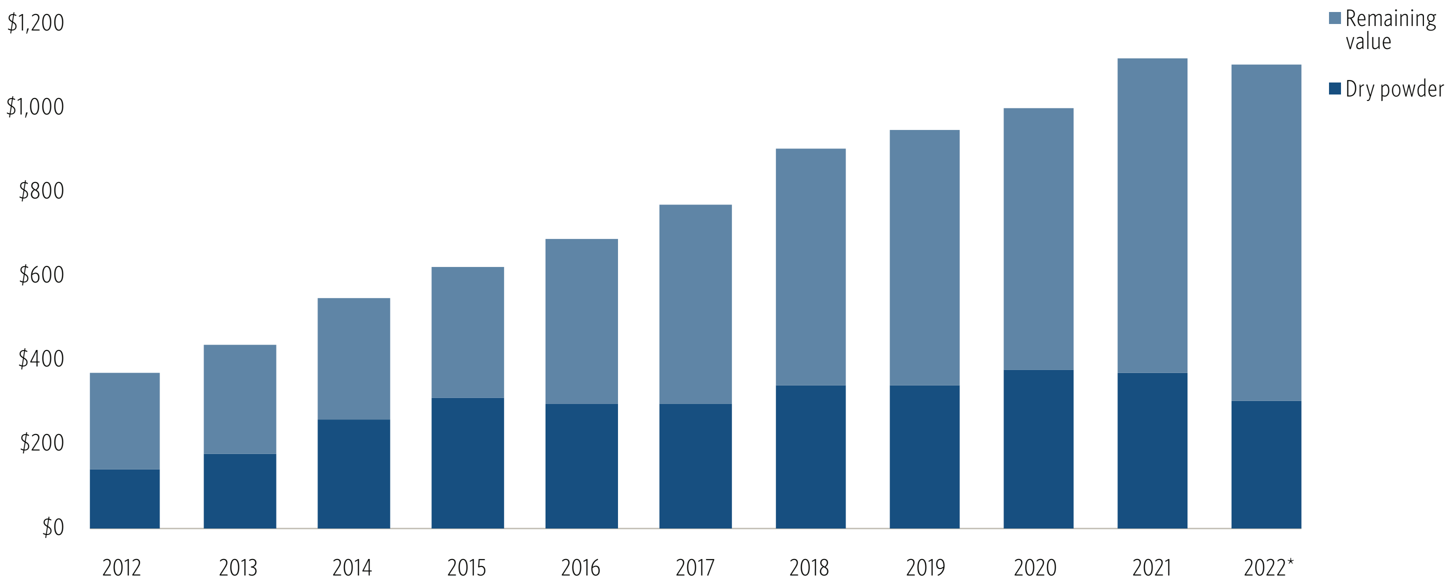
PitchBook

Real assets dry powder ($B) by vintage



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

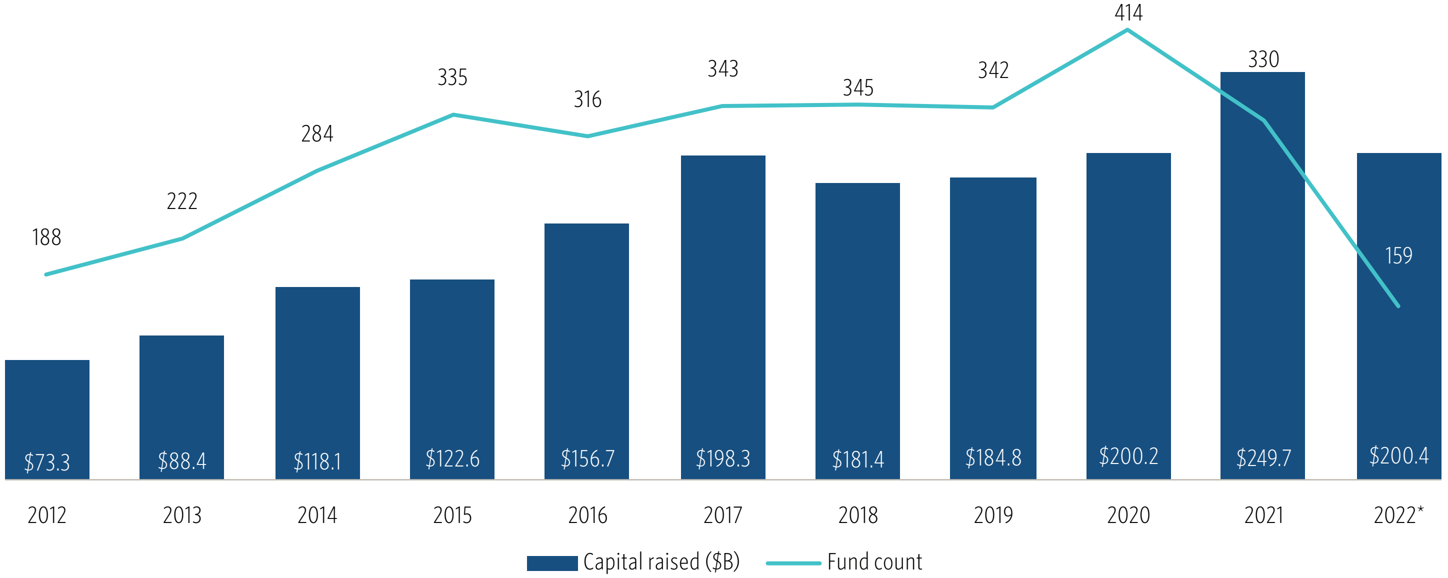
Real assets AUM ($B)



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Private debt

Private debt fundraising activity



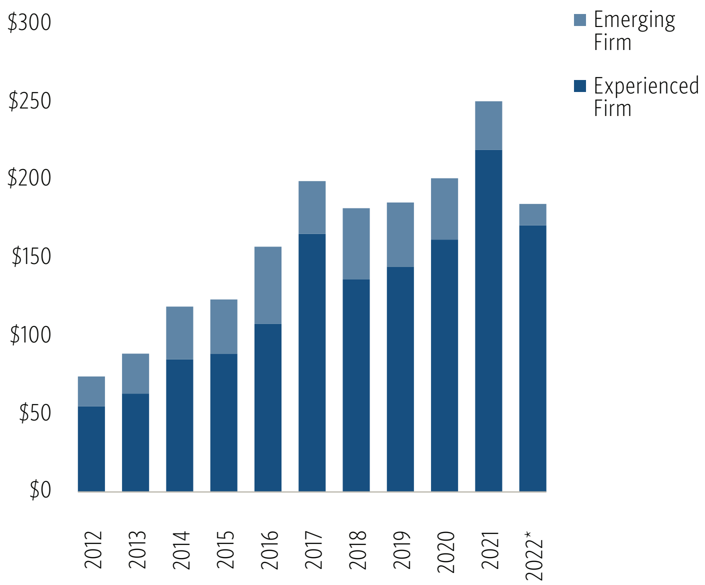
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Tim Clarke
Lead Analyst, Private Equity

Private debt fundraising finished the year on a strong note following a weak start. The asset class saw steady sequential gains throughout the year culminating with $60.7 billion in total fundraising in Q4. Private debt surpassed the $200 billion mark for the third consecutive year but fell short of 2021's record pace by 19.7%. The blow has been softened by the enormous growth in fundraising from nontraded business development companies (BDCs) and credit-oriented interval funds marketed to individual investors, which are not found in the call-down universe we draw upon for this report. Fundraising for these vehicles dedicated to private credit strategies is estimated to have exceeded $40.0 billion in 2022, up 47.2% from 2021.[7] This has not gone unnoticed by other managers looking to break into the retail market with high-yielding private funds. Fidelity, T. Rowe Price, PGIM, Bain, and Angelo Gordon are all either pre-effective with their own private debt funds for the mass market or looking to jump in.

As with other strategies, larger, more experienced managers crowded out smaller managers with the top 10 funds

Private debt capital raised ($B) by manager experience

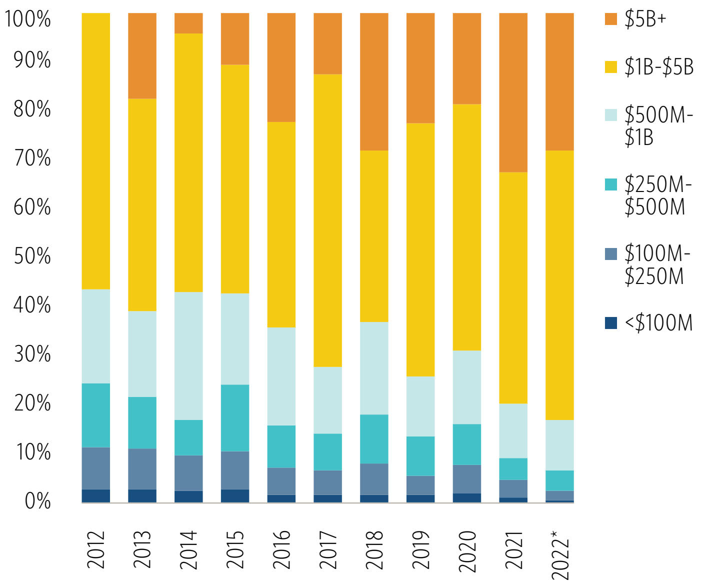


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

7: "Non-Traded Alternative Investments Raised Record $104 Billion in 2022," *The DI Wire*, Kinsley Lively, January 20, 2023.

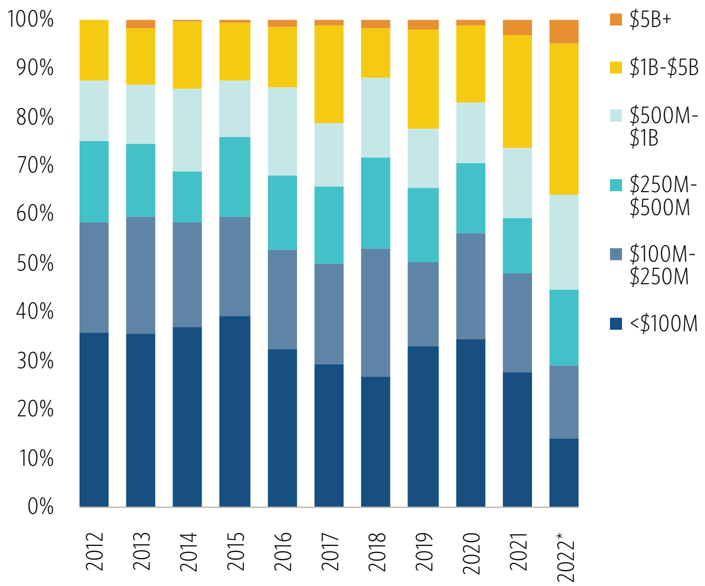
PitchBook

Share of private debt capital raised by size bucket



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

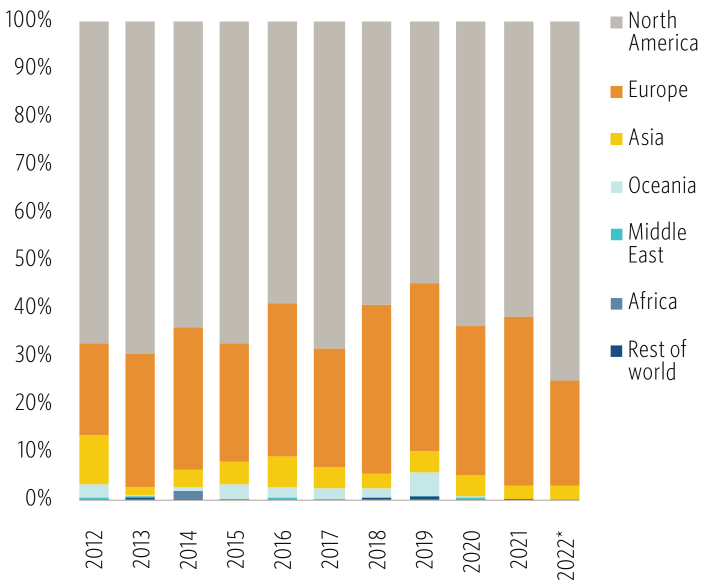
Share of private debt fund count by size bucket



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

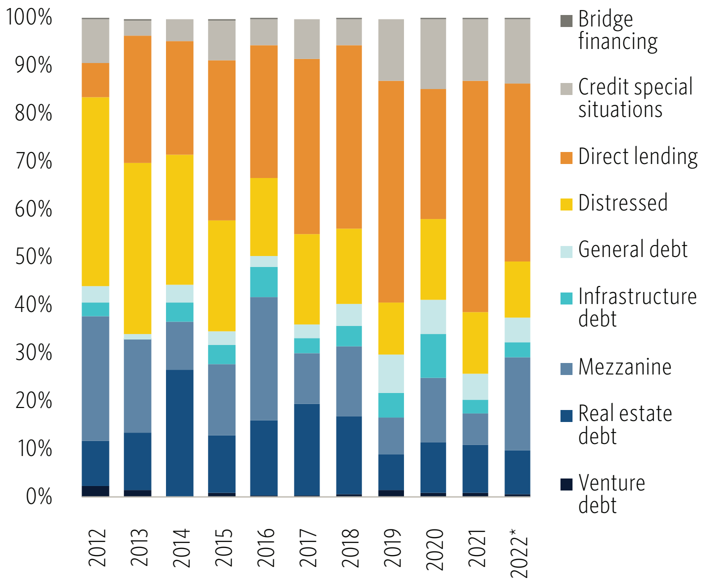
accounting for just over 30% of all fundraising. 2022's crop of mega-debt funds also revealed a shift in substrategy. Whereas 2021 was dominated by direct lending funds, accounting for four of the top five funds, mezzanine funds were the hot ticket in 2022. This reflected strong demand for infrastructure and real assets more broadly, which tend to rely more on mezzanine and subordinated debt structures. Lower institutional flows to direct lending may simply reflect the interest these managers have in targeting retail flows instead, following the example that Blackstone has set with its $28 billion private credit fund. The largest debt fund of the year was the $11.7 billion fund raised by West Street, Goldman Sachs' subsidiary, for its eighth mezzanine flagship fund. Also notable was Arcmont Asset Management's recently announced acquisition by TIAAF-CREF/Nuveen. The UK firm manages $23.0 billion in primarily direct lending funds, which will compliment Churchill Asset Management's $46.0 billion in debt funds, also owned by Nuveen, while expanding its presence in Europe.

Share of private debt capital raised by region



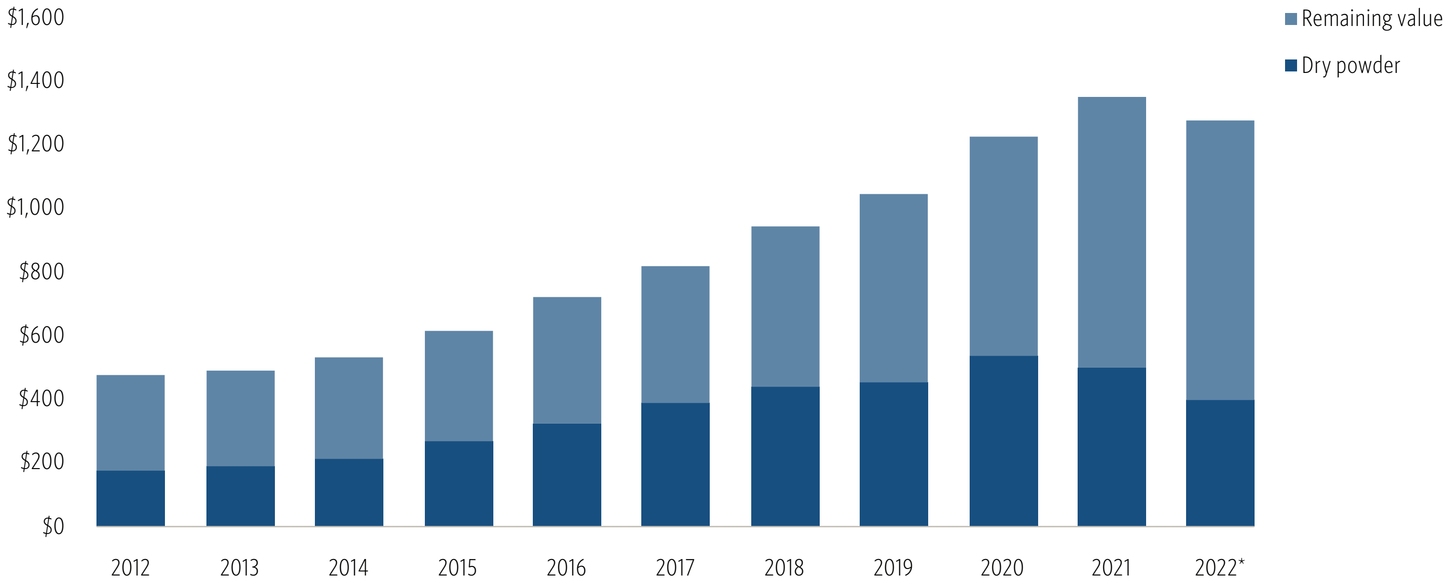
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of private debt capital raised by type



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

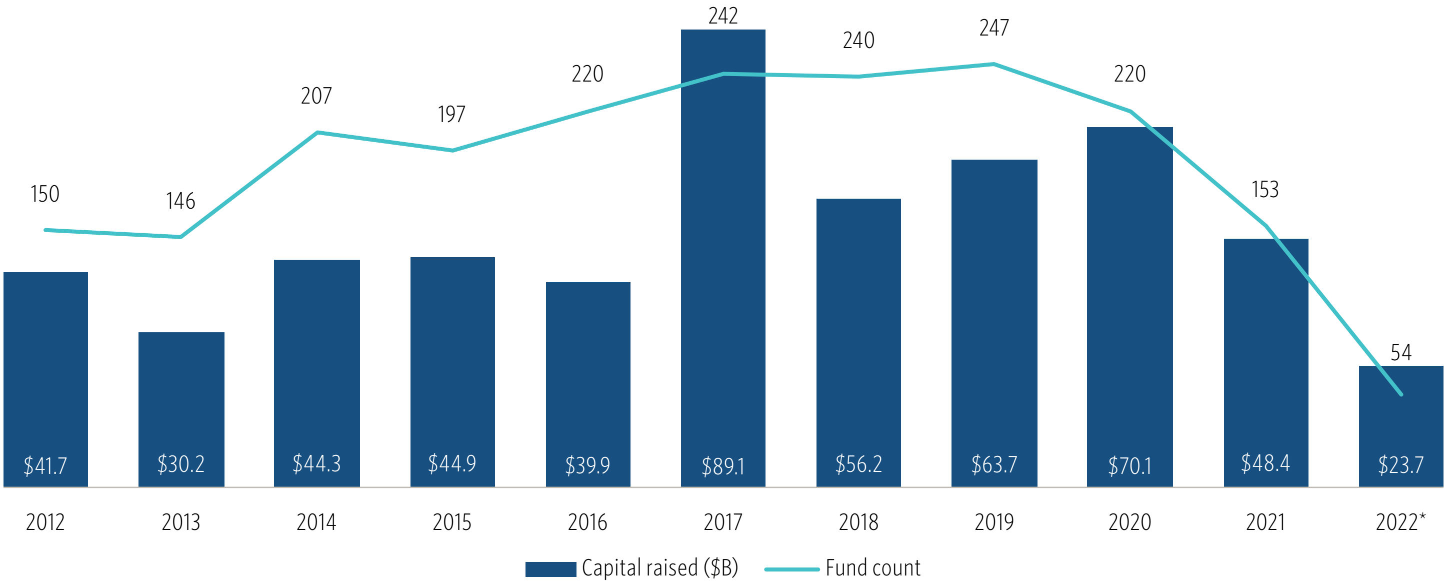
Private debt AUM ($B)



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Funds of funds

FoF fundraising activity

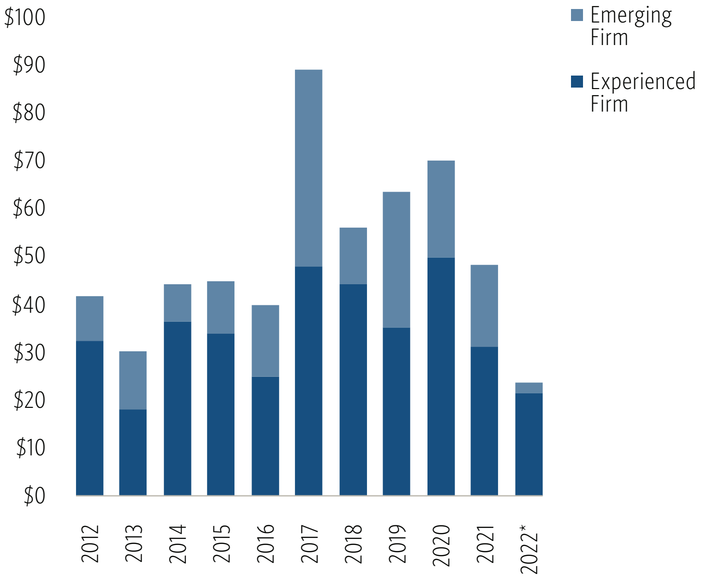


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Juliet Clemens
Analyst, Fund Strategies

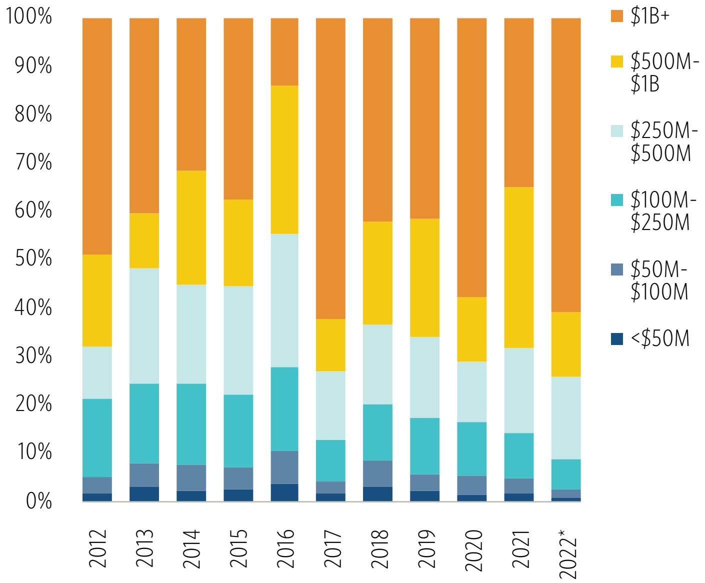
Fundraising totals for FoF in 2022 were the lowest on record, having raised $23.7 billion across 54 vehicles; these figures fall just short of the $23.8 billion raised by 113 funds all the way back in 2010, which had been the lowest fundraising figure on record until 2022. While FoF has been on a declining trajectory since reaching a peak of $89.1 billion in 2017, the YoY decline between 2021 and 2022 was particularly staggering; 2022's fundraising figure is under half of 2021's $48.4 billion total, with approximately one-third of 2021's fund count of 153. Q4 2022 saw 11 funds raise $4.2 billion, a far cry from the $14.5 billion raised by 59 funds just a year prior. The FoF strategy that experienced this declining trend most severely was VC FoFs, which raised $3.5 billion in 2022, down from $21.9 billion in 2021 and $30.5 billion in 2020. Fundraising has been difficult for all strategies throughout 2022 with the rising cost of capital and valuations tumbling, but those likely to be LPs of FoF may have been more prone to be spooked by difficult market conditions.

FoF capital raised ($B) by manager experience



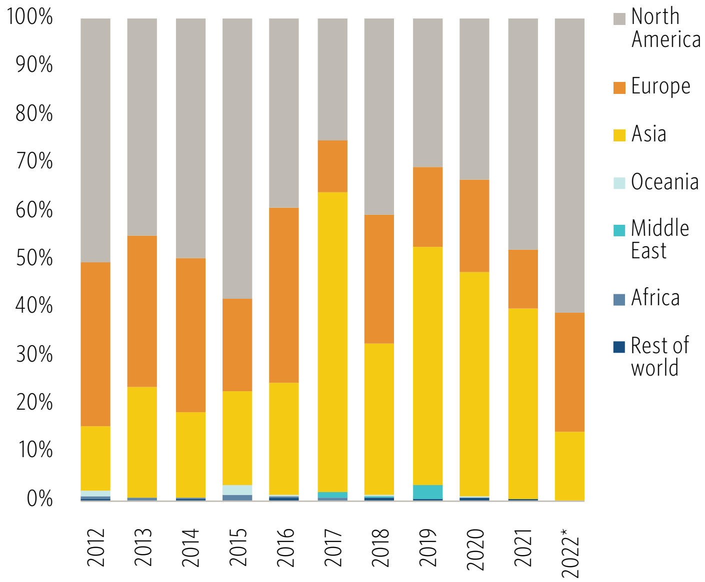
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of FoF capital raised by size bucket



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of FoF capital raised by region

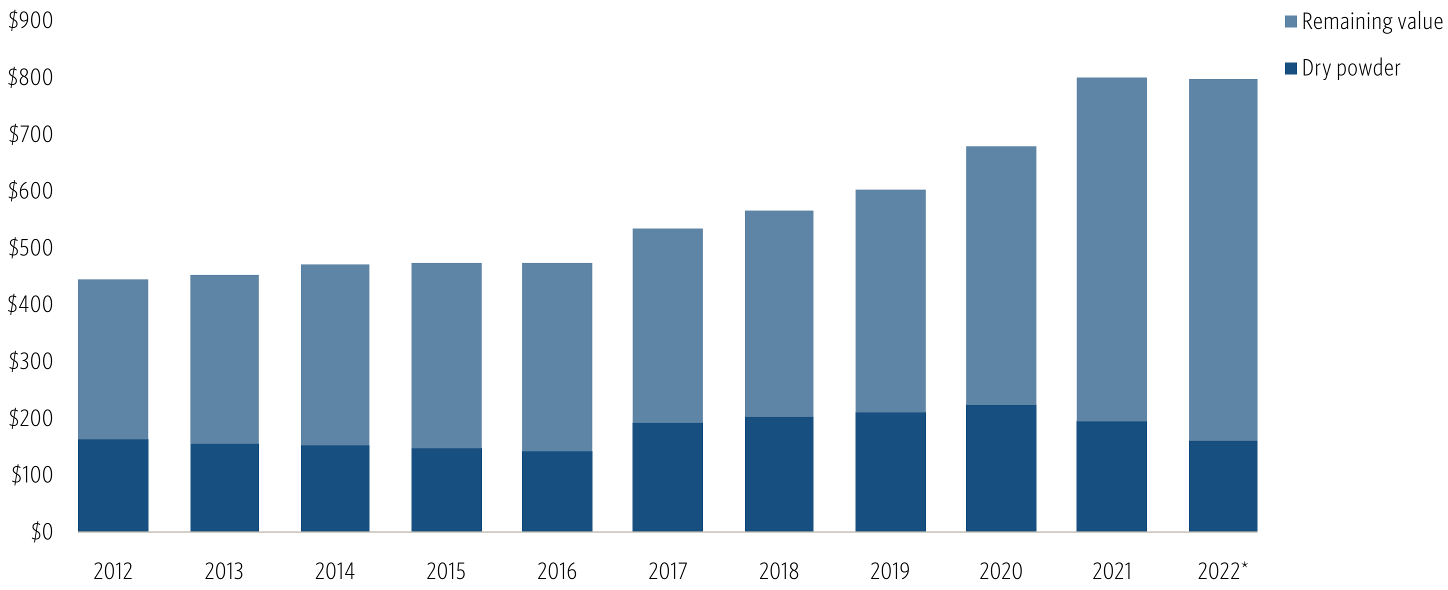


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

In terms of manager experience, 12 emerging firms raised $2.0 billion in 2022, representing only 8.4% of all capital raised, down from 35.5% in 2021 and 28.6% in 2020. This trend is further highlighted in the FoF size data: Though there were only eight firms over $1 billion, these firms generated $14.5 billion of the total $23.7 billion raised—61.0% of capital raised. 61.1% of the 2022 capital raised for FoF strategies was from North America, with 24.7% from Europe, an increase from the 2021 figures of 47.9% and 12.4%, respectively. Asia saw a decline in its share of FoF capital raised, going from 39.5% in 2021 to 14.2% in 2022.

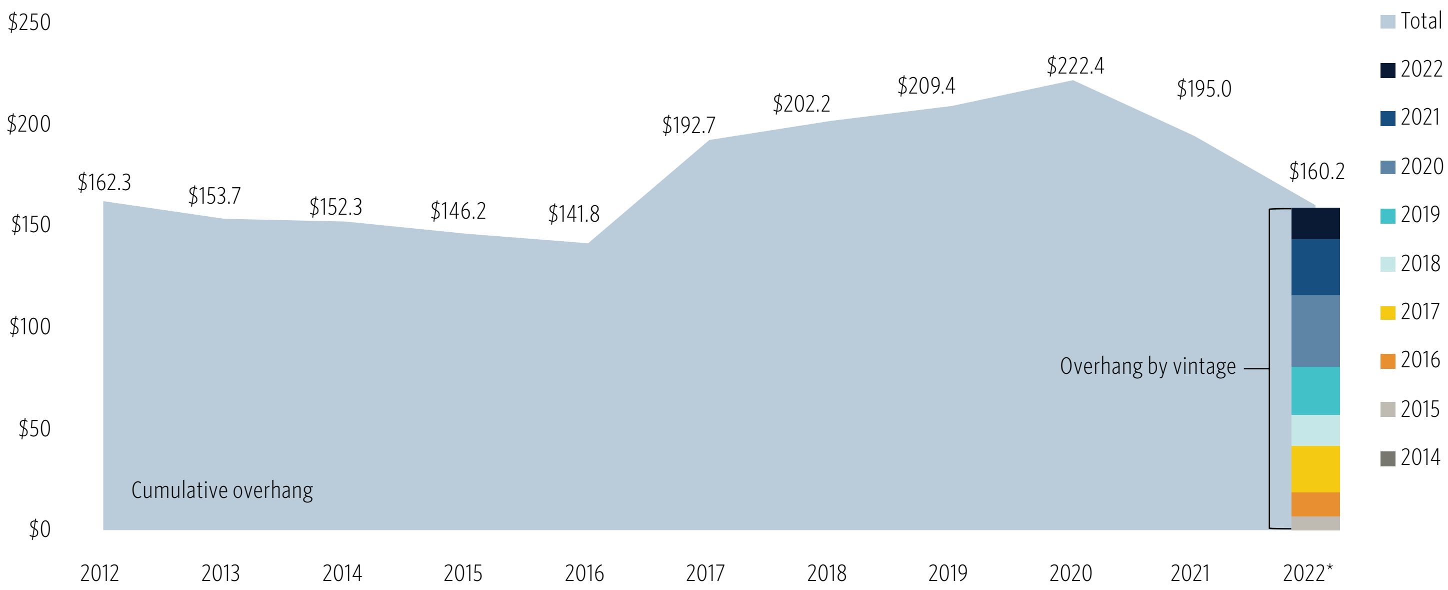
Of the top 10 FoF to close in 2022, the largest was Mercer Private Investment Partners VI, which closed on $4.8 billion, while the smallest was Twin Bridge Capital Partners' Pacific Street Fund V at $881 million. Six of the top 10 funds were located in the US, while Europe and China raised two each. Both of the funds raised out of China—Huizhou Industrial Development FoF and Sequoia Jingchen RMB Fund—are first-time VC FoF that closed on $1.4 billion and $1.1 billion, respectively. BlackRock's Global Infrastructure Solutions 4 underwent the largest step-up between its current and predecessor fund with a 7.0x increase.

FoF AUM ($B)



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

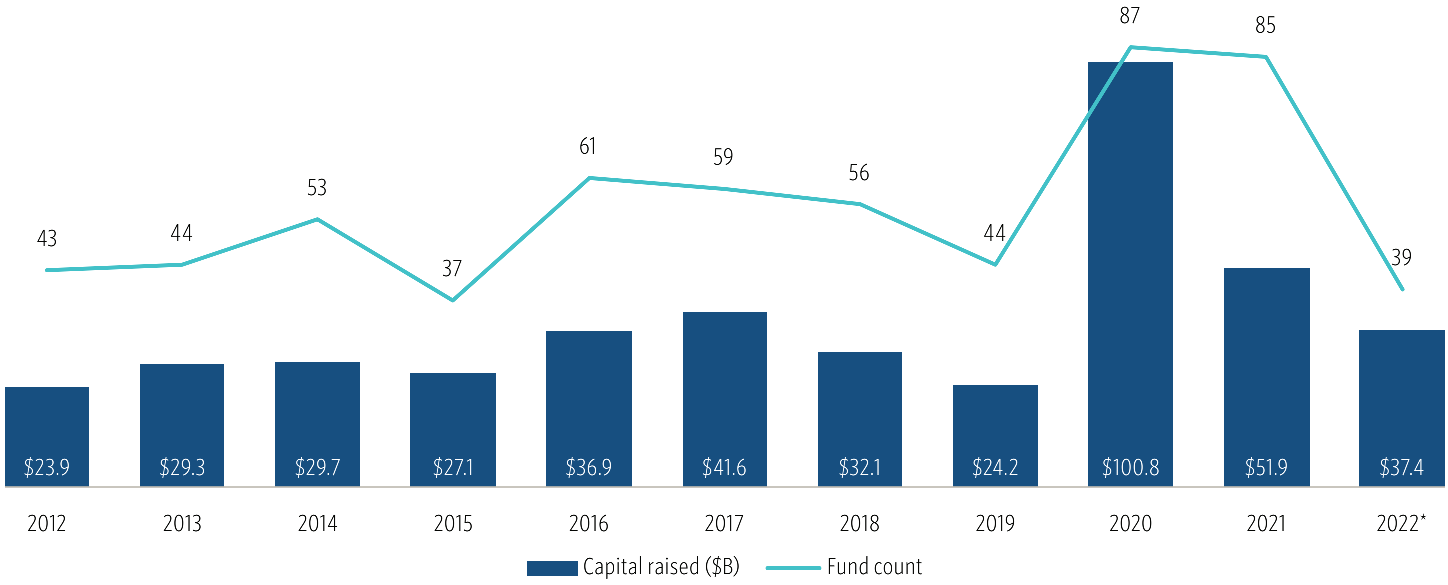
FoF dry powder ($B) by vintage



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Secondaries

Secondaries fundraising activity

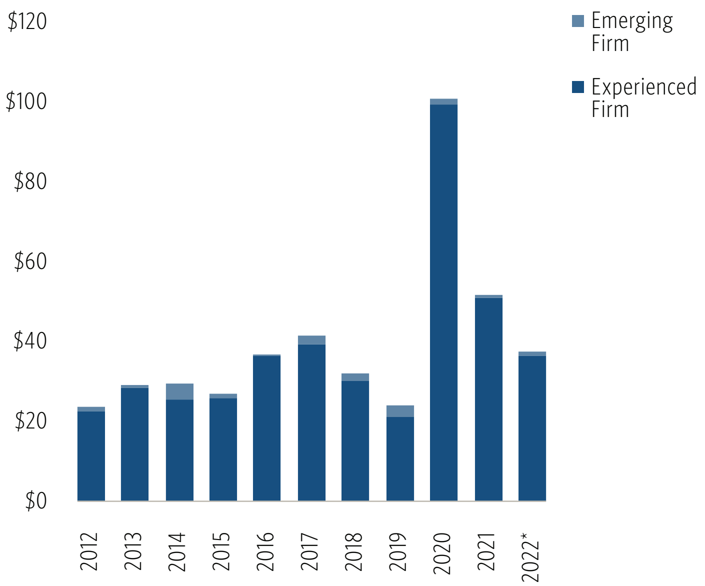


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Juliet Clemens
Analyst, Fund Strategies

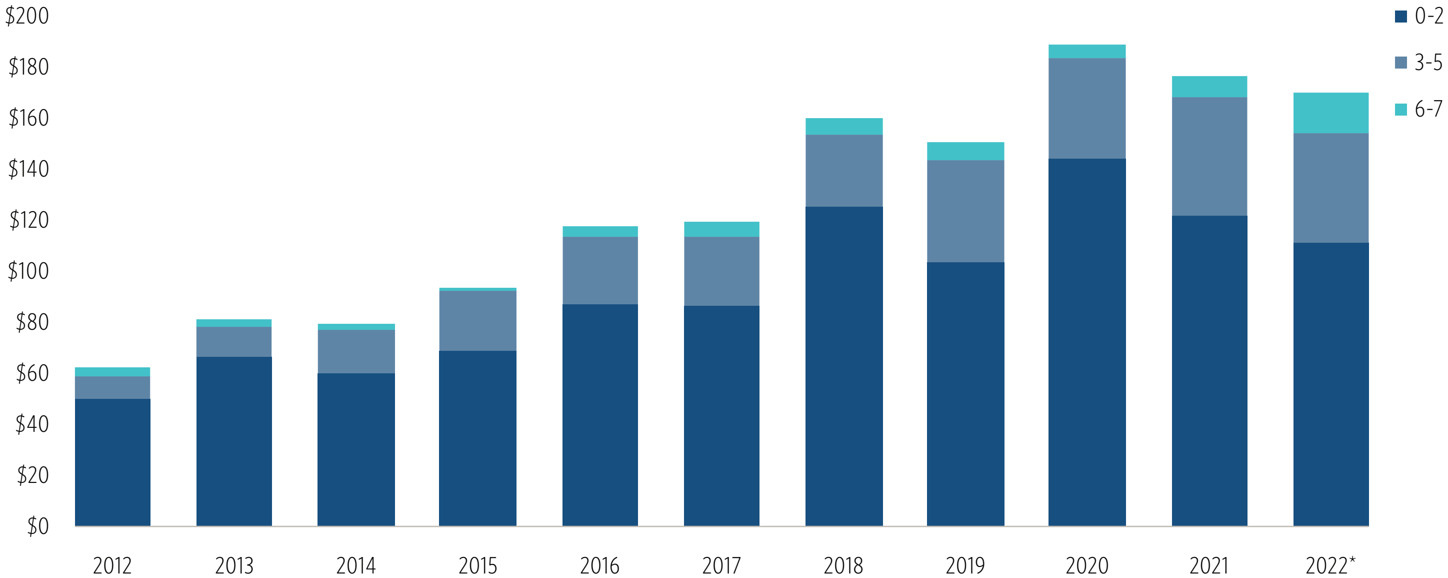
39 secondaries funds closed on a total of $37.4 billion in 2022, a significant decline from the $51.9 raised by 85 firms in 2021 and the record $100.8 billion generated by 87 firms in 2020. However, 2022's fundraising totals are in line with the average fundraising figure of $30.6 billion raised between 2012 and 2019, indicating the extent to which 2020 and 2021 were fundraising anomalies supported by the rapid growth of the market-expanding phenomenon of GP-led secondaries. It is likely that the huge 2020 wave in secondaries fundraising will spawn an echo in 2023 as the 2020 funds come back to market after having three years to invest the capital raised then. We have already seen this with the early 2023 closings of $2.5 billion vehicles from Morgan Stanley and Blackstone's Strategic Partners. Through 2022, dry powder levels have come down to $171.8 billion with $111.4 billion coming from funds raised in the past two years. With so much dry powder at the ready to spend in 2023, this is one explanation as to why secondaries fundraising returned to average levels in 2022.

Secondaries capital raised ($B) by manager experience



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Secondaries AUM ($B) by age cohort

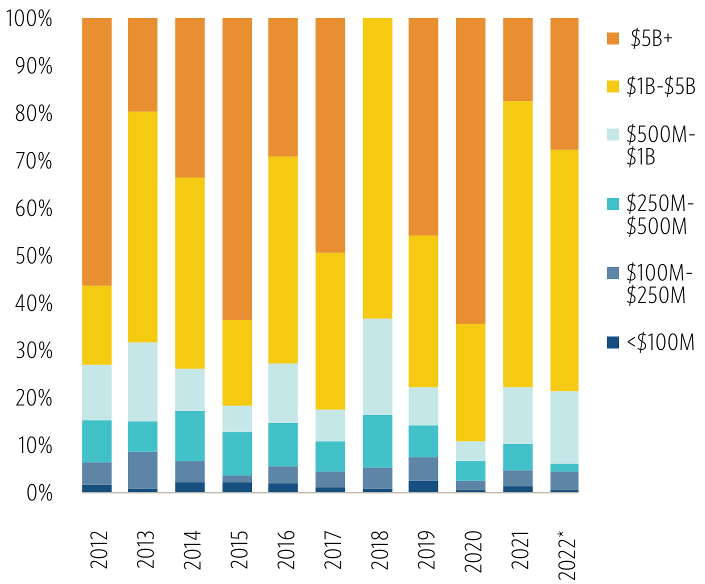


Source: PitchBook | **Geography:** Global
*As of December 31, 2022

With regards to geography, $16.6 billion was raised out of North America by 22 funds, representing 51.6% of total capital raised. Europe trailed North America only slightly, with 14 funds generating $15.5 billion, or 48.2%, a slight increase in share from 2021, when Europe represented 45.0%. Asia saw its percentage drop from 2.2% in 2021 to 0.2% in 2022, which equates to just $0.1 billion of 2022's total raised across two funds.

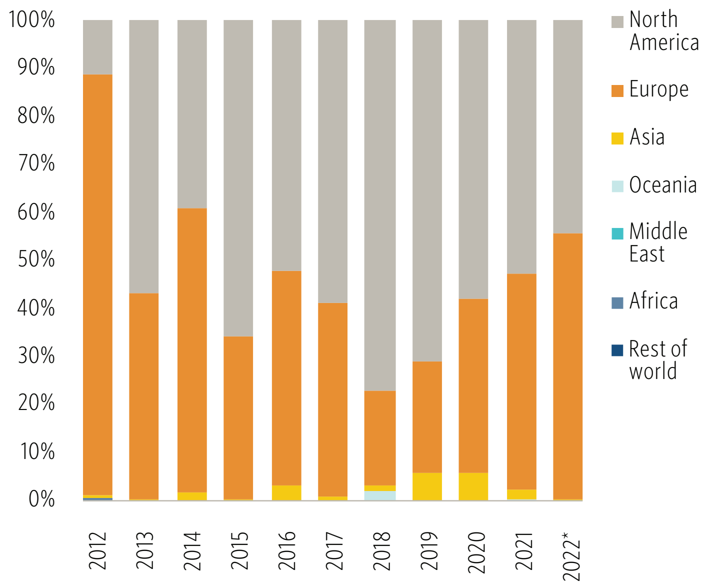
Each of the top 10 largest secondaries funds to close in 2022 raised over $1 billion—in 10th place, Altamar CAM Partners' ACP Secondaries 4 raised $1 billion, while Ardian's ASF VIII Infrastructure fund raised $5.3 billion. In addition to being the largest fund to close in 2022, Ardian's ASF VIII fund also experienced the largest step-up between its funds at 3.1x. Intermediate Capital Group was not far behind Ardian with $5.2 billion raised for its ICG Strategic Equity Fund IV. Six of the top 10 funds were raised out of Europe, while the remaining four were US-based.

Share of secondaries capital raised by size bucket



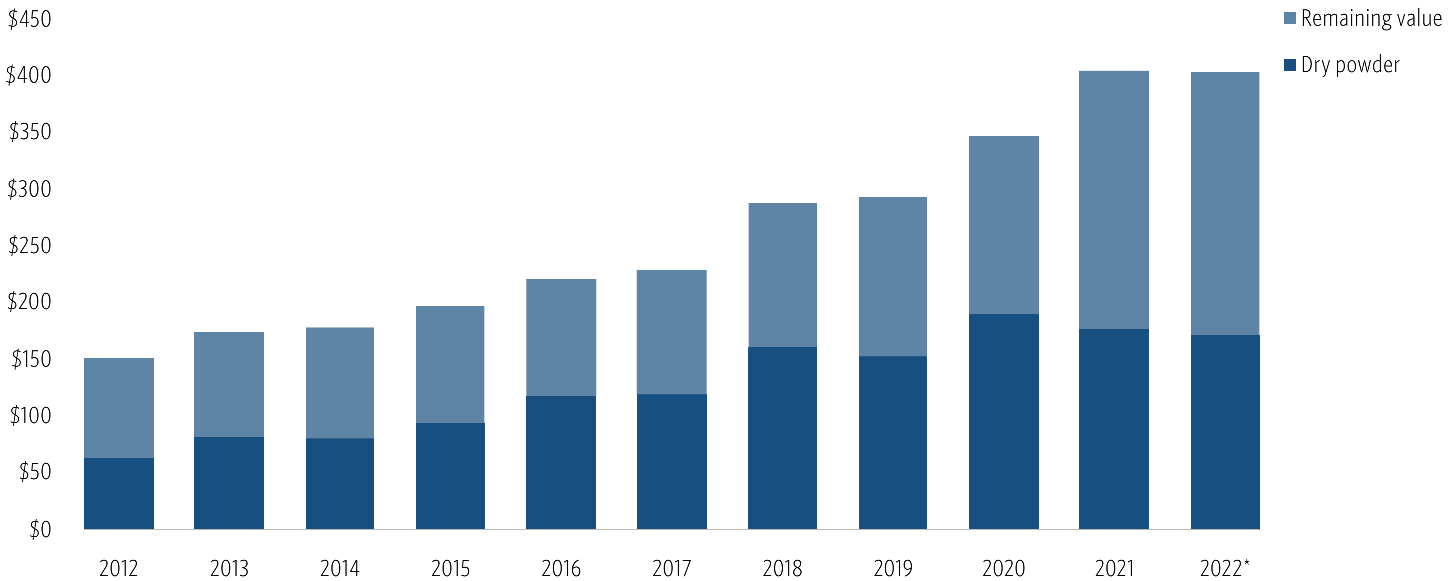
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Share of secondaries capital raised by region



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Secondaries AUM ($B)



Source: PitchBook | **Geography:** Global
*As of December 31, 2022

PitchBook

Top funds by size

Top PE funds to close in 2022 by size*

Fund	Size ($M)	Close date (2022)	Step-up	HQ location
Advent International GPE X	$25,000.0	May 23	1.4x	Boston, US
Thoma Bravo Fund XV	$24,300.0	December 7	1.4x	Chicago, US
Insight Venture Partners XII	$20,000.0	February 24	2.1x	New York, US
KKR North America Fund XIII	$19,000.0	April 25	1.4x	New York, US
Green Equity Investors IX	$14,700.0	April 28	1.2x	Los Angeles, US

Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Top VC funds to close in 2022 by size*

Fund	Size ($M)	Close date (2022)	Step-up	HQ location
Tiger Global Private Investment Partners XV	$12,700.0	March 21	21.9x	New York, US
Shanghai Zhangkeherun Biomedical RMB Fund	$11,828.2	August 11	N/A	Shanghai, China
Alpha Wave Ventures II	$10,000.0	January 25	N/A	New York, US
Andreessen Horowitz LSV Fund III	$5,000.0	January 21	1.5x	Menlo Park, US
General Catalyst Group XI	$4,600.0	March 11	1.6x	Cambridge, US

Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Top real estate funds to close in 2022 by size*

Fund	Size ($M)	Close date (2022)	Step-up	HQ location
TPG Real Estate Partner IV	$6,820.0	October 24	1.8x	Fort Worth, US
Aermont Capital Real Estate Fund V	$3,873.4	July 31	1.9x	London, UK
GLP Japan Development Partners IV	$3,700.0	January 19	1.6x	Singapore
West Street Real Estate Investment Partners	$3,500.0	April 27	N/A	New York, US
Breakthrough Life Science Property Fund	$3,000.0	April 29	N/A	Los Angeles, US

Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Top real assets funds to close in 2022 by size*

Fund	Size ($M)	Close date (2022)	Step-up	HQ location
KKR Global Infrastructure Investors IV	$16,709.0	March 15	2.3x	New York, US
Brookfield Global Transition Fund	$15,000.0	June 22	N/A	Toronto, Canada
ISQ Global Infrastructure Fund III	$15,000.0	April 7	2.1x	Miami, US
Stonepeak Infrastructure Fund IV	$14,000.0	February 2	1.9x	New York, US
Infravia European Fund V	$5,608.0	March 10	2.5x	Paris, France

Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Top private debt funds to close in 2022 by size*

Fund	Size ($M)	Close date (2022)	Step-up	HQ location
Blackstone Capital Opportunities Fund IV	$8,750.0	January 12	1.3x	New York, US
ICG Europe Fund VIII	$8,517.9	August 2	2.0x	London, UK
Barings European Private Loan Fund III	$7,631.0	July 6	0.2x	Charlotte, US
Ares Special Opportunities Fund II	$7,100.0	October 21	2.0x	Los Angeles, US
CVC Credit Partners European Direct Lending Fund III	$6,625.0	December 2	N/A	Saint Helier, UK

Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Top FoF to close in 2022 by size*

Fund	Size ($M)	Close date (2022)	Step-up	HQ location
Mercer Private Investment Partners VI	$4,800.0	January 31	1.8x	New York, US
Crown Asia-Pacific Private Equity V	$1,650.0	June 23	1.7x	Pfäffikon, Switzerland
HarbourVest International Private Equity Partners IX	$1,637.9	March 3	1.0x	Boston, US
Strategic Partners GP Solutions	$1,408.8	August 3	N/A	New York, US
Huizhou Industrial Development FoF	$1,408.0	October 14	N/A	Huizhou, China

Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Top secondaries funds to close in 2022 by size*

Fund	Size ($M)	Close date (2022)	Step-up	HQ location
ASF VIII Infrastructure	$5,250.0	April 22	3.1x	Paris, France
ICG Strategic Equity Fund IV	$5,175.2	June 17	2.1x	London, UK
NB Secondary Opportunities Fund V	$4,900.0	September 19	1.9x	New York, US
Portfolio Advisors Secondary Fund IV	$4,169.3	January 20	2.7x	Darien, US
Hollyport Secondary Opportunities Fund VIII	$2,075.0	December 17	2.1x	London, UK

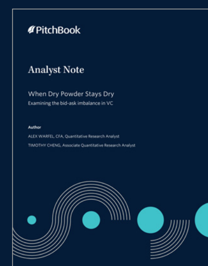
Source: PitchBook | **Geography:** Global
*As of December 31, 2022

Additional research

Private markets

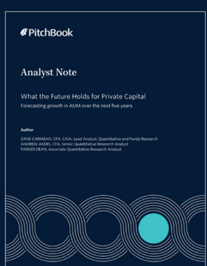
Global Fund Performance Report

Download the report here



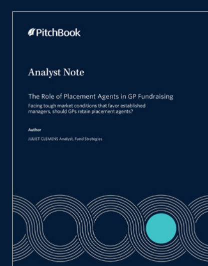
Analyst Note: When Dry Powder Stays Dry

Download the report here



Analyst Note: What the Future Holds for Private Capital

Download the report here



Analyst Note: The Role of Placement Agents in GP Fundraising

Download the report here

Analyst Note: Sustainable and Digital Infrastructure in the Private Markets

Download the report here

Global PitchBook Benchmarks

Download the report here

More research available at pitchbook.com/news/reports