PitchBook

2022

As of Q1 2022 with preliminary Q2 2022 data

GLOBAL Fund Performance Report

Contents

Horizon IRRs by strategy*

	Q2 2022**	1-year	3-year	5-year	10-year
Private equity	-3.2%	29.9%	26.1%	21.8%	17.1%
Venture capital	-2.3%	24.3%	30.6%	24.3%	17.1%
Real estate	3.6%	27.8%	14.4%	12.4%	12.7%
Real assets	2.2%	22.5%	8.1%	8.0%	7.1%
Private debt	-1.8%	12.9%	9.3%	8.6%	9.1%
Funds of funds	4.8%	30.5%	24.9%	19.9%	14.7%
Secondaries	4.7%	42.1%	21.2%	18.6%	14.5%
Private capital	**-1.1%**	**27.0%**	**20.7%**	**17.5%**	**14.5%**

Source: PitchBook | **Geography:** Global
*Yearly horizons are as of March 31, 2022
**Preliminary quarterly return

An accompanying Excel file contains additional charts and all underlying data for this report.

***PitchBook Benchmarks** (as of Q1 2022 with preliminary Q2 2022 data) may be found here. The quarterly report provides greater detail than the Fund Performance Report, with granular IRR, multiple, and PME breakouts for Global, North America, Europe, Private Equity, Venture Capital, Real Estate, Real Assets, Private Debt, Funds of Funds, and Secondaries. Both Excel and PDF versions are available.*

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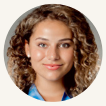

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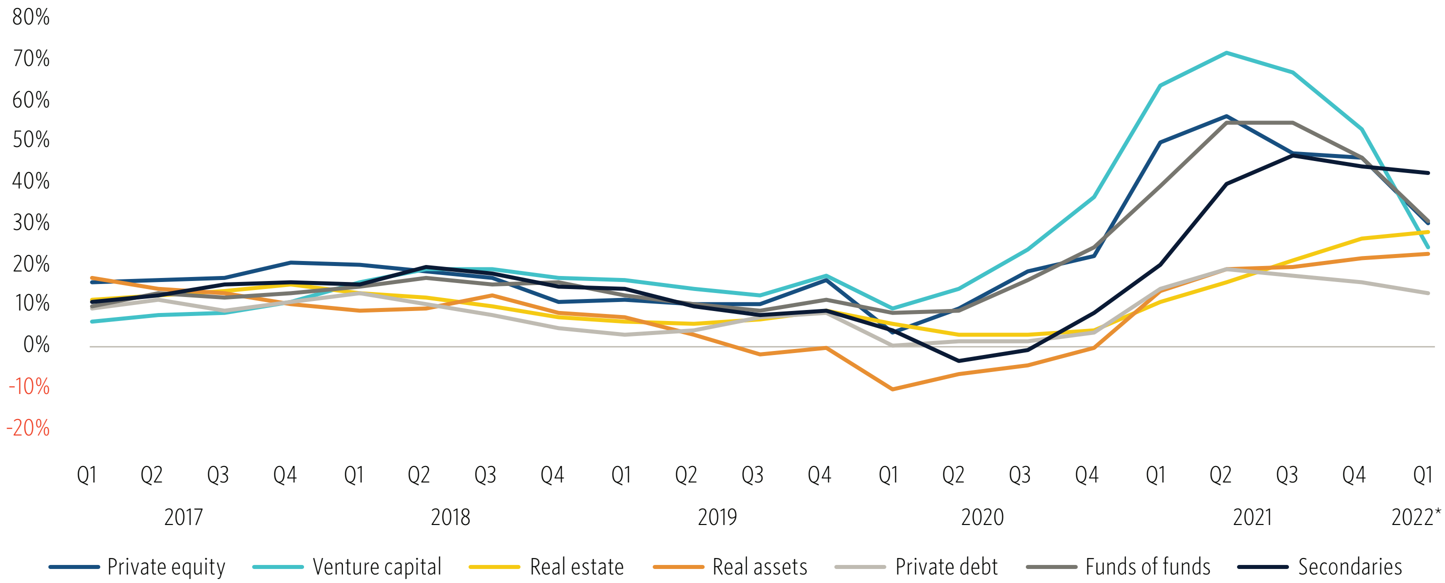
Click here for PitchBook's report methodologies.
Click here for PitchBook's private market glossary.

Overview

Rolling one-year horizon IRRs by strategy



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

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

Through the first quarter of 2022, one-year private fund performance was still at historically high levels, as more muted performance in Q1 2022 was still overcome by three quarters of phenomenal 2021 performance. While well off from the 42.8% one-year figure seen just three quarters earlier, the 27.0% overall private capital return was still well ahead of the 10-year average of 14.5%. Preliminary figures for Q2 2022 do show a recognition that the macro environment has shifted, as private capital is indicating a -1.1% return. In the preliminary figures, PE and VC trailed the other private fund strategies in Q2 2022, with the highest fliers of 2021 having further to fall back to recognize the new normal.

As often happens when the public markets fall dramatically, private markets tread a less volatile path. While arguments can and will be made that the muted volatility in private funds versus public markets may not fully reflect reality, private funds valuations are not indicating much concern about the macro environment in comparison to the S&P 500. Inclusive of the preliminary results of Q2 2022, several strategies continued to increase in value in the first half of the year, although VC, PE, and private debt have all come off their peaks. Compared to the 20.0% drop in the S&P, however, the -6.7% VC return for the first six months through June was much milder than one might have expected given the headlines around the war in Ukraine, inflation, and the possibility of entering a recession.

While private funds have not shown extreme volatility overall, within strategies the median returns mask a fairly high amount of dispersion, meaning that any one investor's experience of individual funds may vary widely from the headline median numbers. As an example, while we report that VC funds that launched between 2004 and 2017 had a median IRR of 15.5%, top decile funds provided a 39.9% return or better and bottom decile funds have returned -6.7% or worse. Private debt continues to have the narrowest band of top-to-bottom returns, with the median IRR of 8.5% flanked by a top decile return of 15.7% and a bottom decile of 1.5%. Funds of funds (FoF) and secondaries have seen a nice positive skew to their return dispersion—top decile FoF performed 15.2% better than the 12.5% median, while bottom decile FoF only did 8.2% worse. Secondaries fund outcomes ranged from 14.9% above to 8.8% below the 13.6% median.

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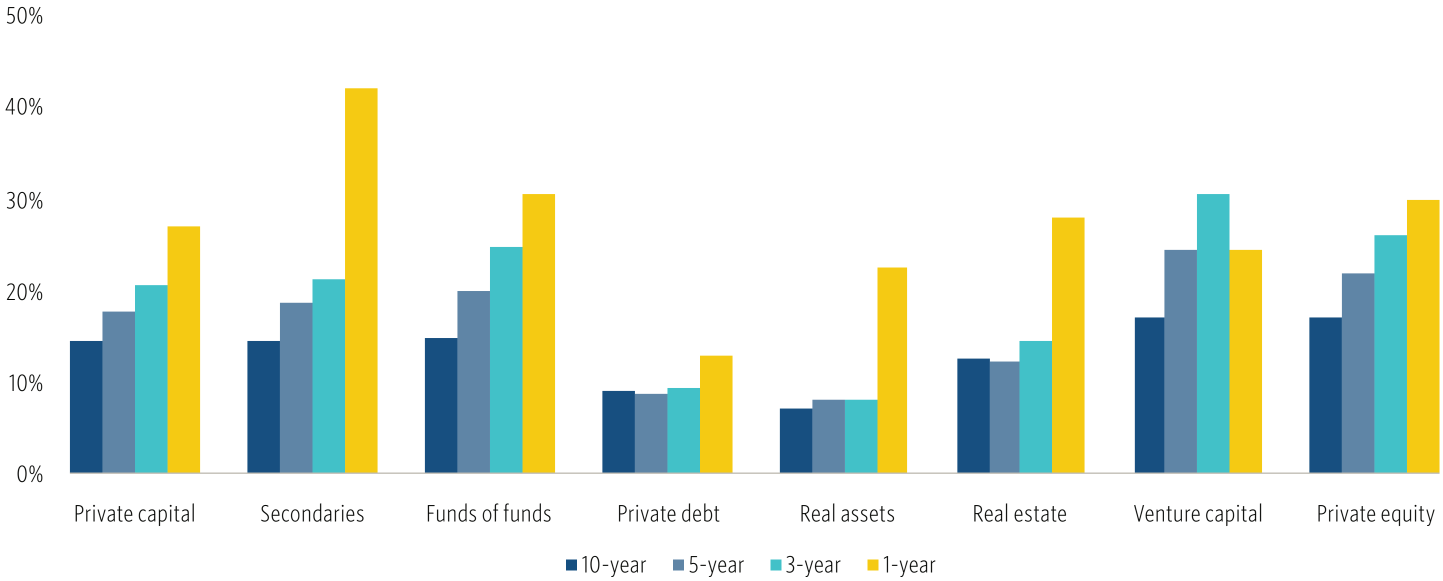
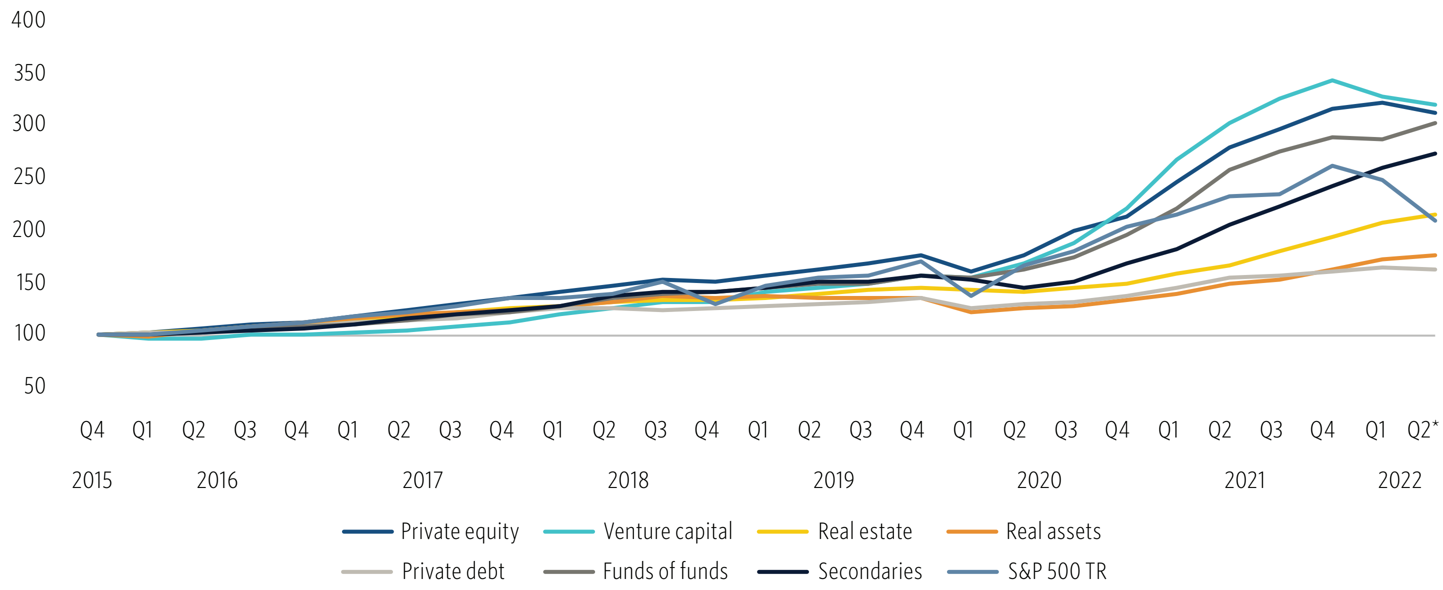
Horizon IRRs by strategy*



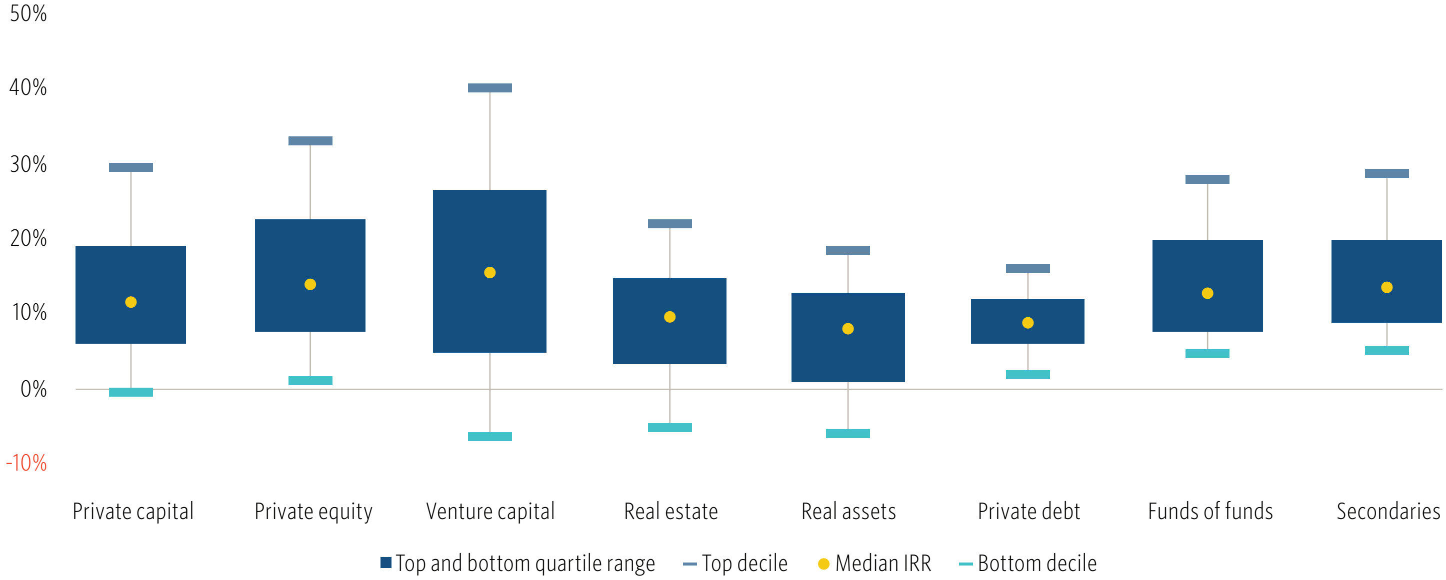
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

NAV growth rebased to 100 at end of Q4 2015*



Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Fund performance dispersion by strategy (vintage years 2004-2017)



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

Pooled IRRs by vintage year*

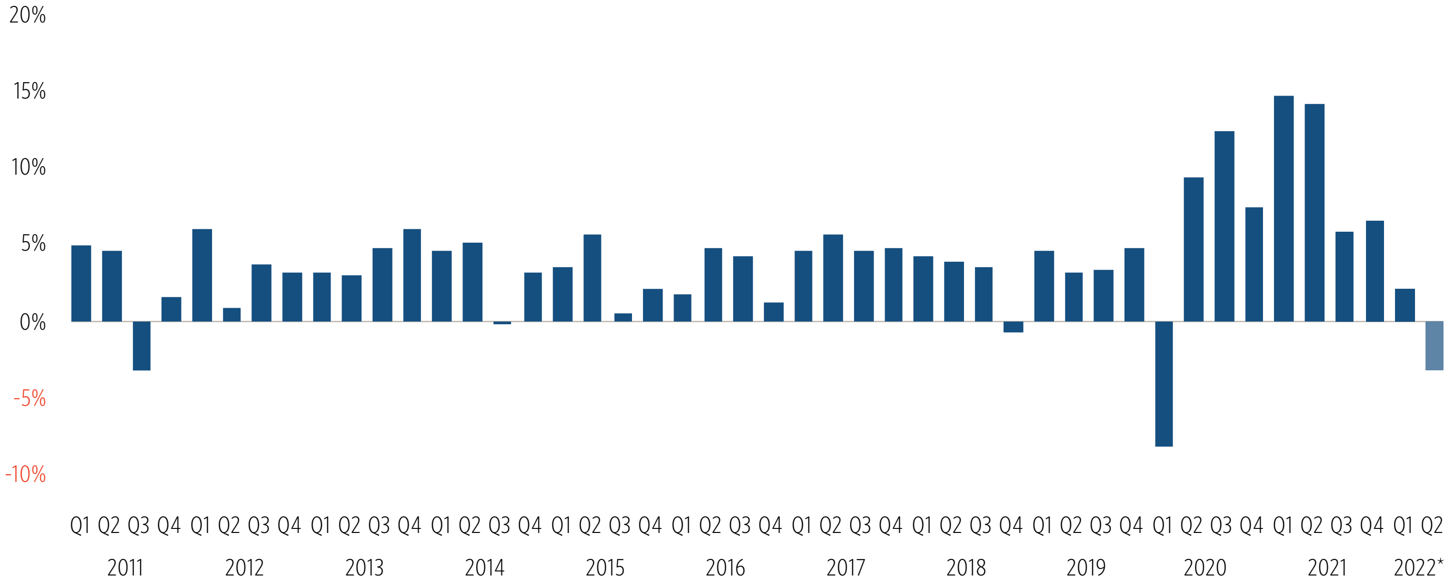
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10-year horizon IRR*
11.3%	13.6%	18.9%	19.8%	22.1%	20.3%	21.7%	25.3%	25.2%	34.1%	40.5%	43.1%	50.9%	50.1%	19.7%
10.6%	13.4%	14.5%	16.8%	16.9%	17.6%	17.7%	24.6%	23.9%	28.2%	34.7%	33.0%	48.2%	47.0%	17.1%
10.0%	13.1%	12.8%	14.0%	16.6%	16.2%	17.3%	20.9%	21.9%	24.2%	34.1%	30.3%	47.8%	42.1%	16.8%
9.5%	11.5%	12.6%	13.6%	16.4%	16.1%	16.2%	20.0%	19.4%	23.6%	30.5%	29.9%	37.4%	40.8%	14.7%
6.5%	11.0%	11.5%	13.6%	15.1%	14.1%	12.0%	17.0%	18.3%	23.1%	21.2%	29.5%	35.8%	38.7%	14.5%
6.2%	7.9%	11.5%	12.7%	14.2%	14.0%	12.0%	13.1%	14.9%	15.7%	19.1%	18.1%	35.2%	37.5%	12.8%
5.8%	7.8%	11.2%	10.8%	13.3%	13.4%	11.5%	12.2%	11.7%	13.8%	16.4%	17.4%	29.9%	35.2%	12.7%
5.0%	5.9%	8.7%	9.0%	9.0%	12.0%	10.7%	10.8%	11.3%	11.8%	16.2%	16.9%	18.2%	32.5%	10.4%
3.7%	5.1%	6.8%	8.0%	6.0%	7.1%	6.8%	10.2%	9.2%	10.2%	12.0%	12.0%	15.5%	14.5%	9.1%
2.4%	-4.2%	1.4%	-5.7%	1.9%	0.1%	6.5%	6.4%	7.8%	8.8%	8.7%	9.5%	12.8%	13.1%	3.3%

Buyout | Funds of funds | Growth-expansion | Infrastructure | Oil & gas | Private debt | Value-add real estate | Opportunistic real estate | Secondaries | Venture capital

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

Private equity

PE funds quarterly return



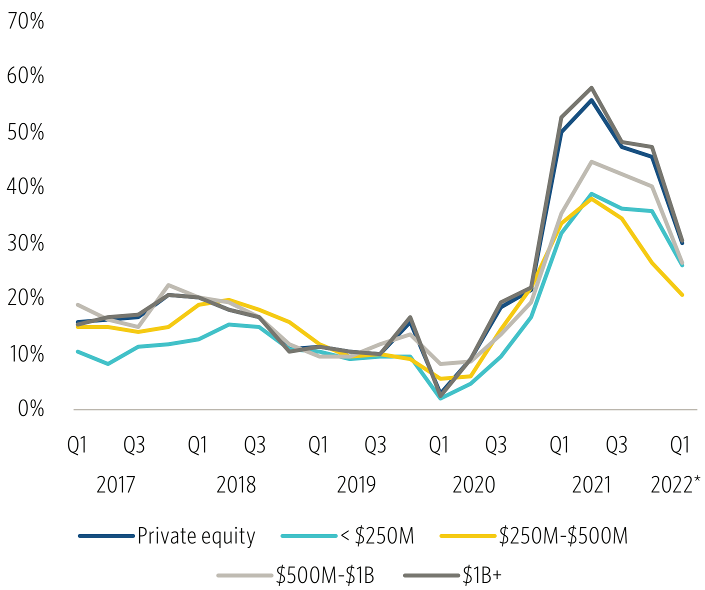
Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Tim Clarke
Senior Analyst, Private Equity

A year ago, PE was celebrating its highest ever one-year return of 55.9% for the period ending in Q2 2021. Today, PE continues its inevitable slide toward a drawdown. Our tally for PE returns in Q1 2022 is 2.1% and our preliminary estimate for Q2 2022 is -3.2%. While not as severe as Q1 2020's 8.2% decline stemming from the global COVID-19 pandemic lockdown, we are unlikely to see a "one-and-done" episode as that one turned out to be. Recent results from public PE firms like EQT and Blackstone provide a glimpse of what may come in Q3 and beyond.

While not providing a single point estimate, EQT guided to a flat PE value in Q3, as it believes its portfolio companies' operational growth has fully offset shrinking deal and trading multiples where they apply. As EQT is based in Sweden, a favorable currency translation from a predominantly dollar denominated portfolio also helped shore up returns in Q3. EQT estimates that its PE-owned companies were still growing

PE funds rolling one-year horizon IRR by size bucket

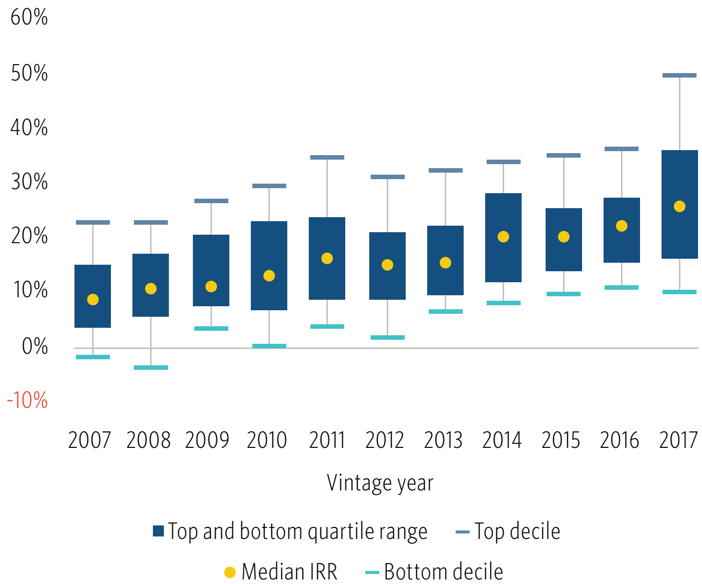


Source: PitchBook | **Geography:** Global
*As of March 31, 2022

revenue by 20% with EBITDA growth in "the mid-teens" as of August, defying predictions of a slowdown or inflation-induced profit squeeze.[1]

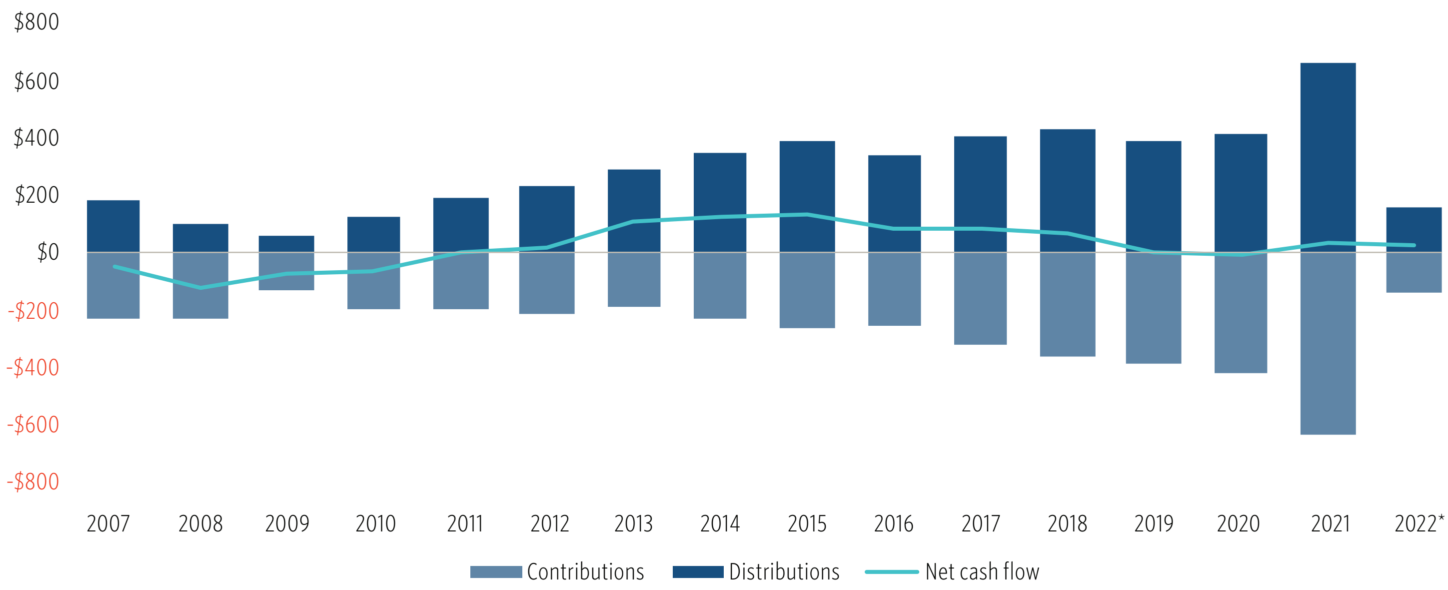
Blackstone's Q3 results told a similar story. Like EQT, it is seeing 17% revenue growth for its portfolio companies, though it fully expects that growth to slow, especially at the EBITDA line.[2] Due to currency being more of a headwind than tailwind, Blackstone reported a slight decline of 0.3% in PE portfolio value in Q3. This follows a 6.7% decline in Q2, or a total decline of 7.0% for the two quarters. To put this in perspective, the global financial crisis (GFC) produced five consecutive quarters of industry-wide write-downs to the tune of 29.3%. While no one is projecting a repeat of those dark days, it's reasonable to expect another quarter or two of flat to negative returns after such a historic run-up.

PE fund performance dispersion by vintage year*



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

PE cash flows ($B)



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

1: "Q3 Announcement 2022: Future-Proofing our Global Platform," EQT, October 18, 2022.
2: "Blackstone Reports Third Quarter 2022 Results," Blackstone, October 20, 2022.

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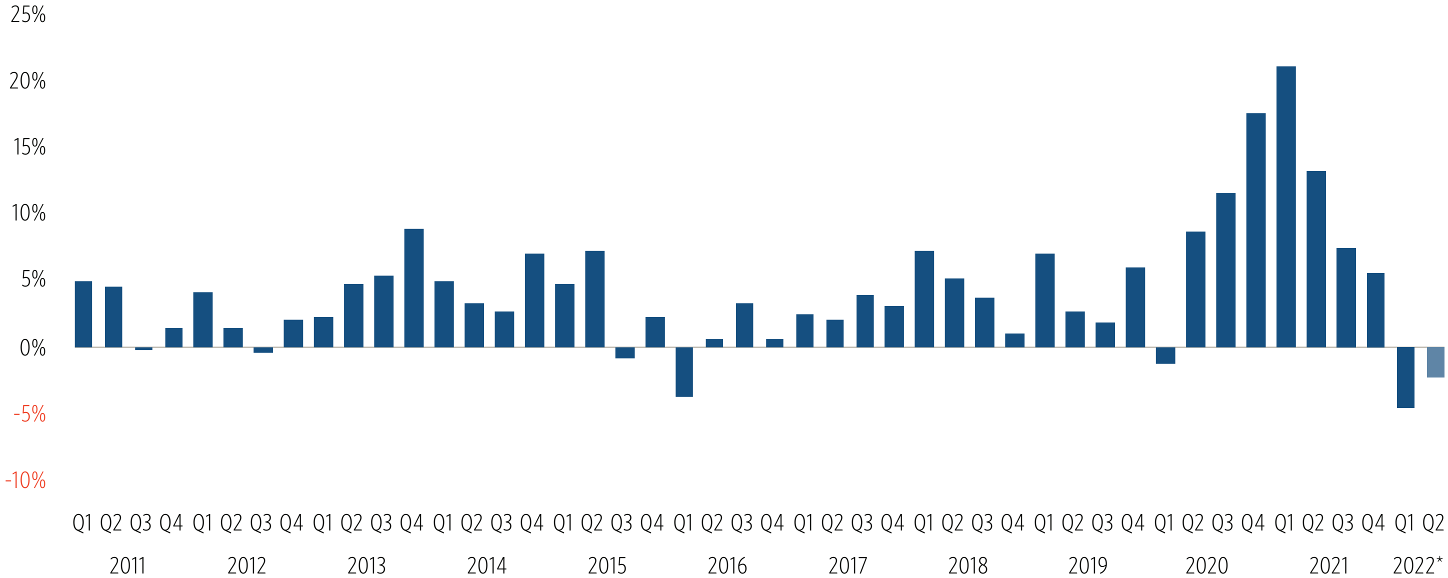
Venture capital

VC funds quarterly return



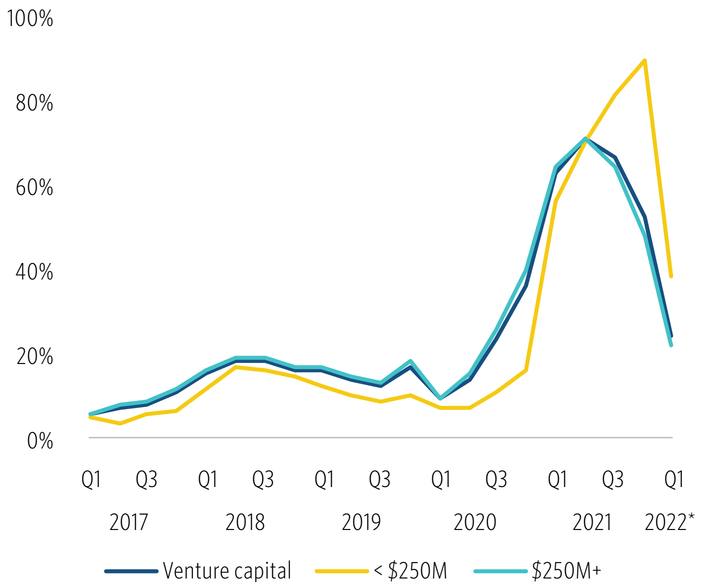
Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Kyle Stanford, CAIA
Senior Analyst, US Venture Lead

Global VC fund performance statistics have quickly fallen back to earth, marking a one-year rolling IRR of 24.3% through Q1, a datapoint much more in line with historical trends than with the sky-high performance of 2021. Ongoing turmoil in the public markets will continue to add drag to near-term performance of the strategy. The relative inability to exit in the current market and the decline in capital availability are circumstances that will lengthen hold times at best or lead to portfolio markdowns and possible down rounds—all of which will negatively impact VC performance.

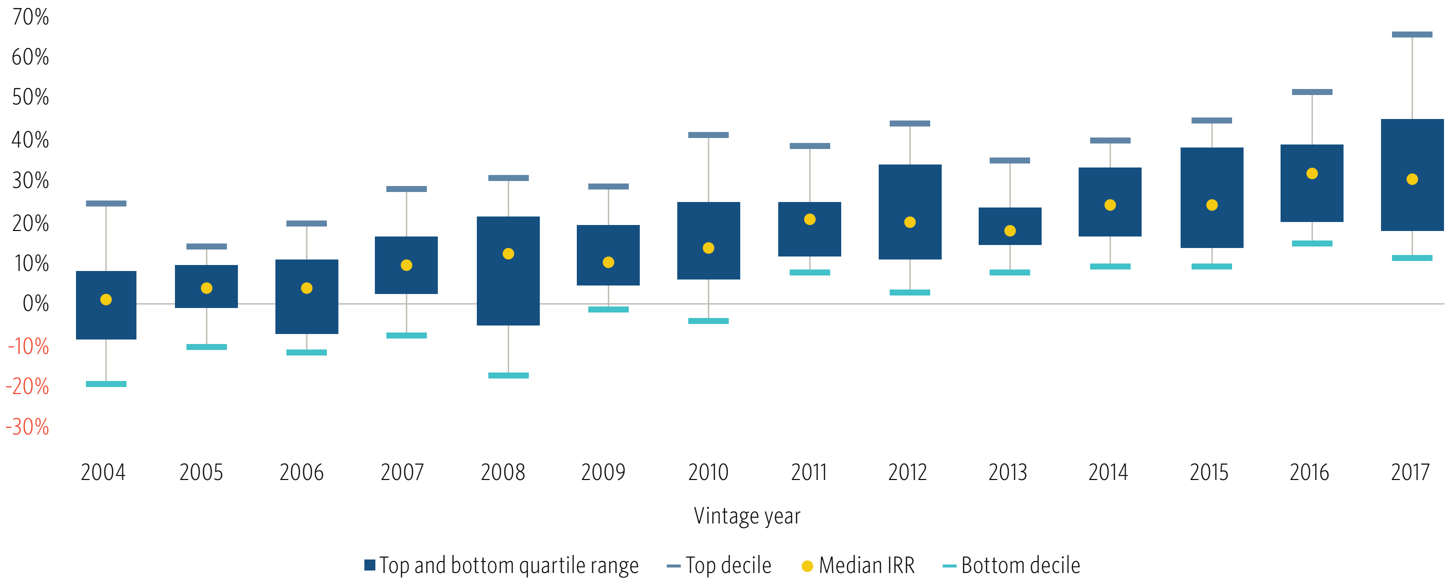
The calculated quarterly return for VC funds turned negative in Q1 2022, becoming the first quarter that datapoint came in below even 5% since the onset of the COVID-19 pandemic in Q1 2020. Preliminary data for Q2 shows a second consecutive quarter of negative return, again due to the lack of IPOs globally. Public listings generated roughly 86% of the record $771 billion in US VC exit value from 2021—as discussed in our Q3 2022 PitchBook-NVCA Venture Monitor—highlighting their influence on performance for the VC market.

VC funds rolling one-year horizon IRR by fund size



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

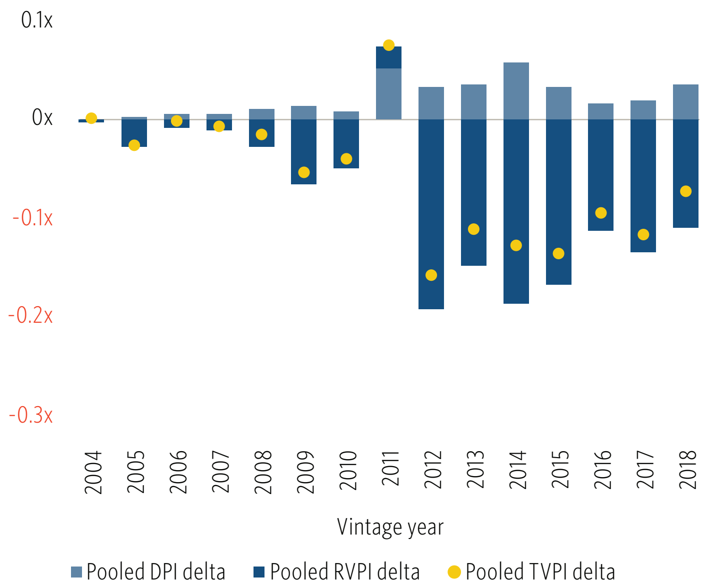
VC fund performance dispersion by vintage year (vintage years 2004-2017)*



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

Without a fruitful IPO market, the growing group of unicorns adds pressure to the venture market and the returns that the industry has generated in recent years. With part of VC fund performance being attributed to the growth of private, not-yet-realized valuations, we expect venture performance in the near term to hinge on the fortunes of this group. The top of the late-stage valuation market has more quickly corrected than other areas of VC, leaving these company valuations exposed with revenue multiples from 2021 and no clear path to realize those values for investors.

VC funds QoQ change in pooled cash multiples by vintage*



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

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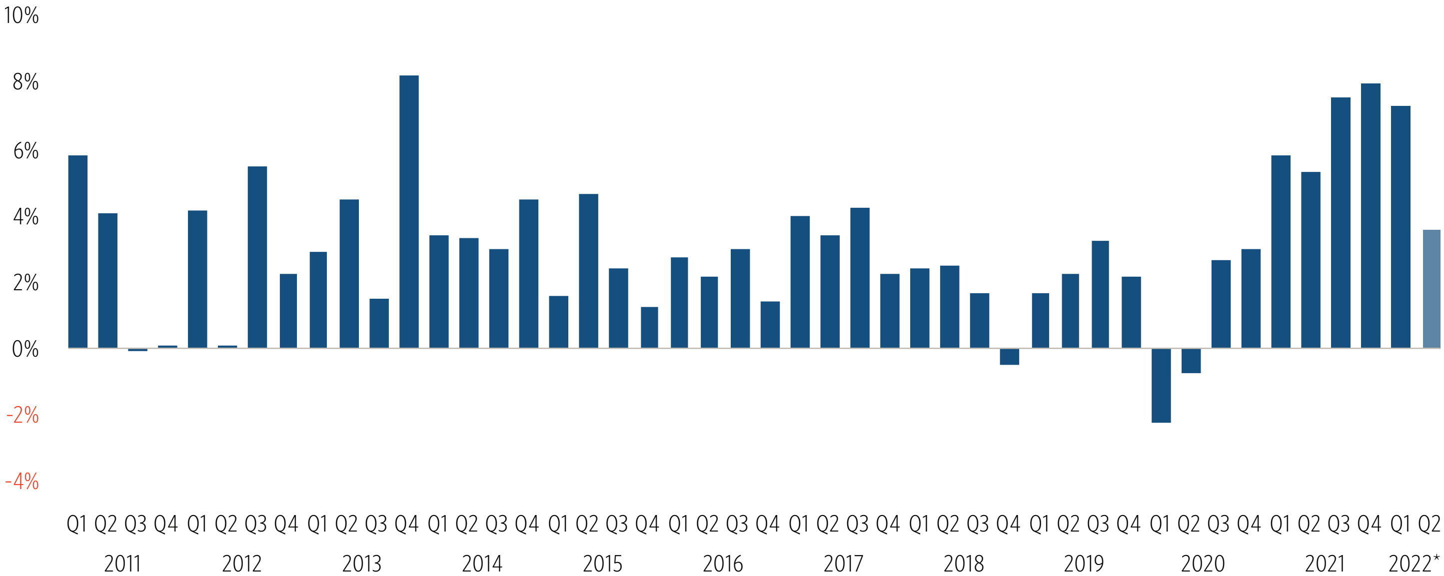
Real estate

Real estate funds quarterly return

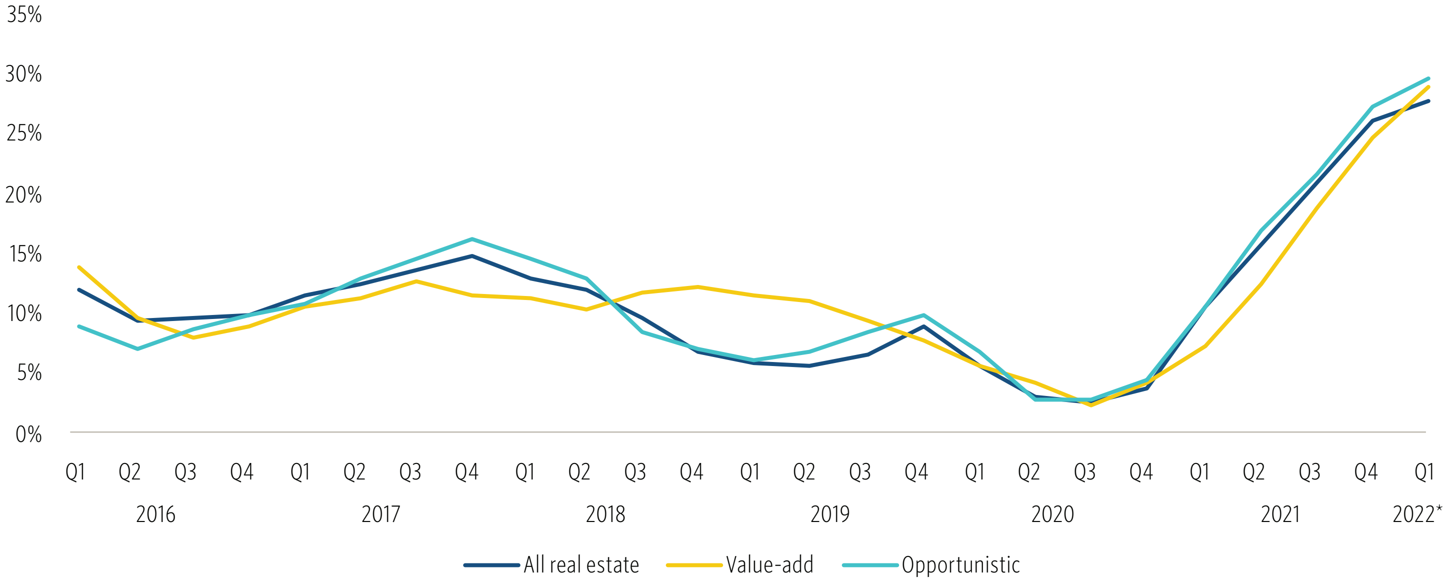


Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Anikka Villegas
Analyst, Fund Strategies & Sustainable Investing

Q1 2022 marked the second consecutive quarter in which real estate achieved a post-GFC high with respect to rolling one-year horizon IRR, which hit 26.2% in Q4 2021, followed by 27.8% the next quarter. This record-breaking performance—as referenced in our Real Estate PitchBook Benchmarks (as of Q1 2022)—is driven by North American returns, which struck a 30.7% one-year IRR, while European and rest-of-world numbers came in at 21.2% and 14.7%, respectively. Strategy-wise, robust one-year returns are coming largely from value-add and opportunistic funds, which had IRRs of 29.0% and 29.7% through Q1 2022. The first quarter of 2022 may have been a sweet spot for real estate funds when inflation allowed for an increase in rental income and for properties to fetch higher prices, but before interest rates dramatically affected the cost of capital. Preliminary quarterly returns for Q2 2022 are significantly lower at 3.6% after Q1's 7.3%, which was also down from the previous quarter.

Real estate funds rolling one-year horizon IRR by type



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

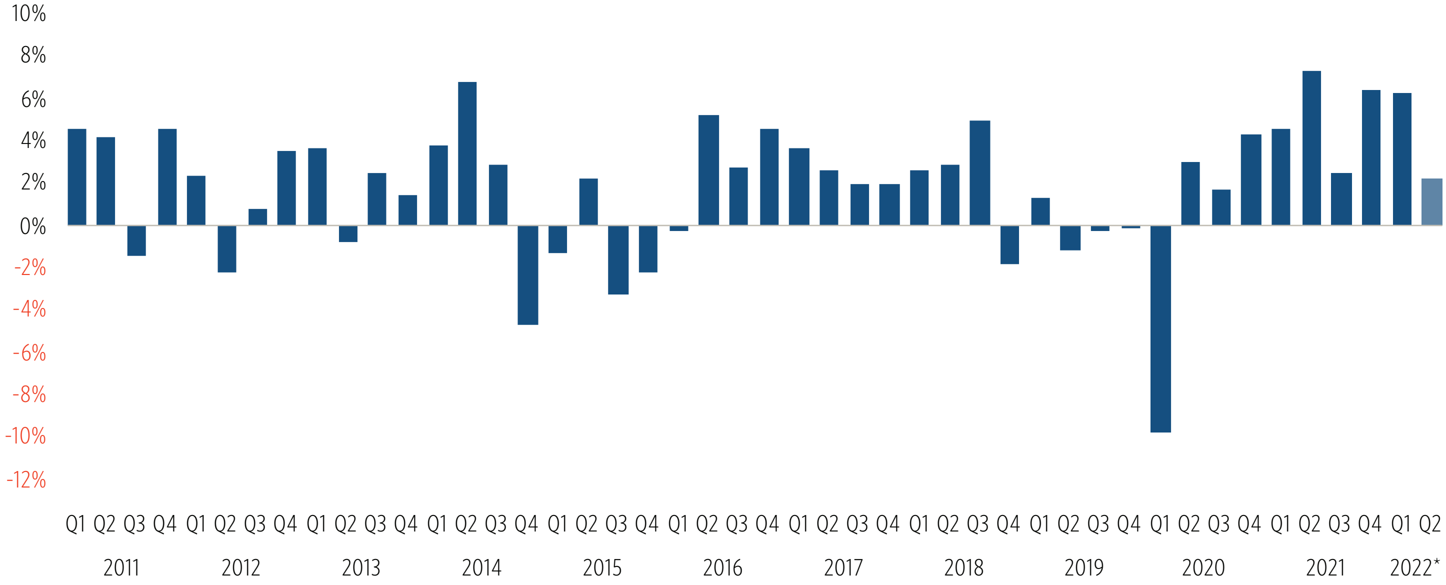
It is likely that the effects of the inflationary environment and counter-inflationary policies will weigh more heavily on returns in upcoming quarters. As shelter comprises almost a third of the Consumer Price Index, it is interesting to see that Redfin's new median US asking rent price index showed a quarter-over-quarter decline in September for the first time since 2020—a desired outcome for renters and inflation watchers like the Federal Reserve (the Fed), but also a potential harbinger of turning tides for the sector's returns.[3] While GPs are keeping a watchful eye on the space, this doesn't necessarily mean an exodus from residential is on the horizon. Multifamily may benefit from the still-considerable gap between workforce housing demand and supply, despite markdowns occurring on single-family homes.[4] Additionally, while accompanied by substantial obstacles, the strategy of repositioning vacant office buildings to residential housing in the wake of the pandemic has proven fruitful for some industry participants.[5, 6]

3: "Rental Market Tracker: Rents are Growing Half as Fast as They Were Six Months Ago," *Redfin*, Lily Katz, October 13, 2022.
4: *Note: Workforce housing, as defined by the Urban Land Institute, refers to housing that is affordable to households earning between 60 and 120 percent of an area's median income. It aims to provide housing for middle-income workers in professions such as law enforcement, education, retail, or healthcare.*
5: "2021 Analysis and Case Studies on Office-to-Housing Conversions," National Association of Realtors Research Group, Lawrence Yun, et al., November 2021.
6: "Why Empty Offices aren't Being Turned into Housing, Despite Lengthy Vacancies," *NBC News*, Cyrus Farivar, July 25, 2021.

PitchBook

Real assets

Real assets funds quarterly return



Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Anikka Villegas
Analyst, Fund Strategies & Sustainable Investing

The recent trend of small but steady increases in the real assets rolling one-year IRRs persisted through the end of Q1 2022, culminating in a post-GFC zenith of 22.5% for the asset class. Infrastructure fund returns moved very similarly to the overall real assets numbers, also notching a post-GFC high of 17.3% in the first quarter of the year. This is due in part to infrastructure's inflation hedging characteristics, as well as the positive impact following the passage of the US Bipartisan Infrastructure Law in late 2021. While these factors—in addition to the opportunity for discounted take-privates and even more infrastructure-related government spending in the US and EU later in the year—will continue to support returns in coming quarters, there will also be downward pressure due to climbing interest rates and soaring materials and labor costs.

In oil & gas, the one-year horizon IRR remained aloft at an impressive 42.2% in Q1 2022, although a touch lower than the previous quarter's 45.9%. Looking back, we know that

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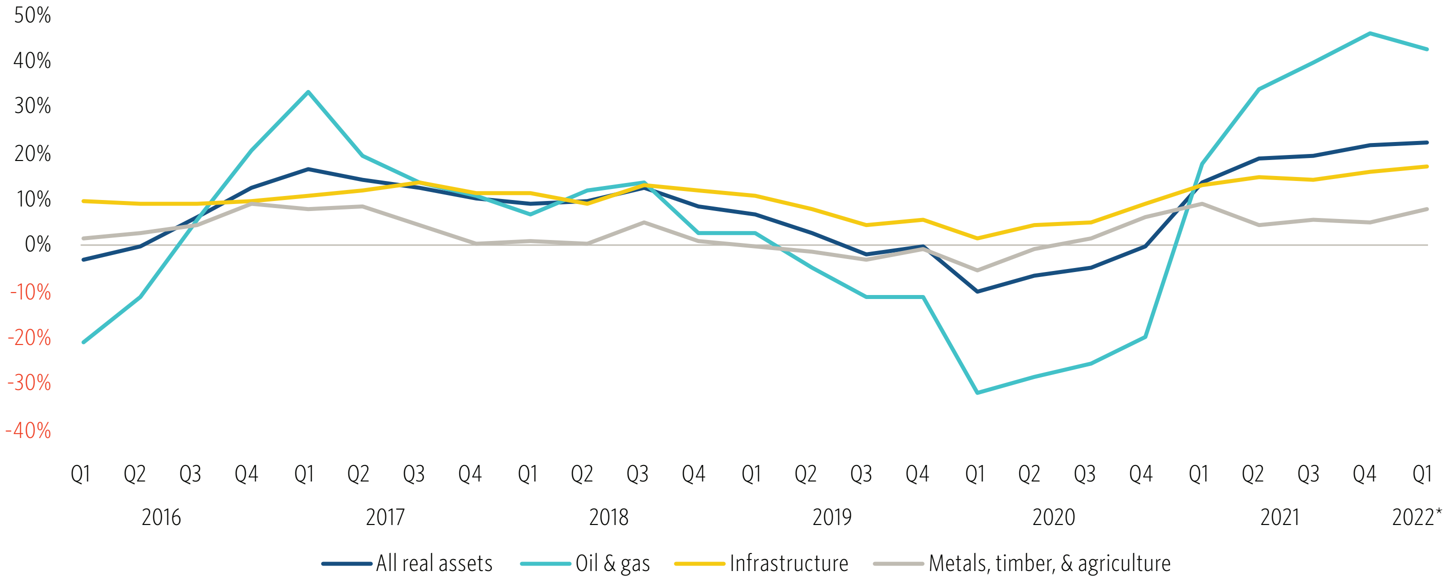
Real assets funds rolling one-year horizon by type

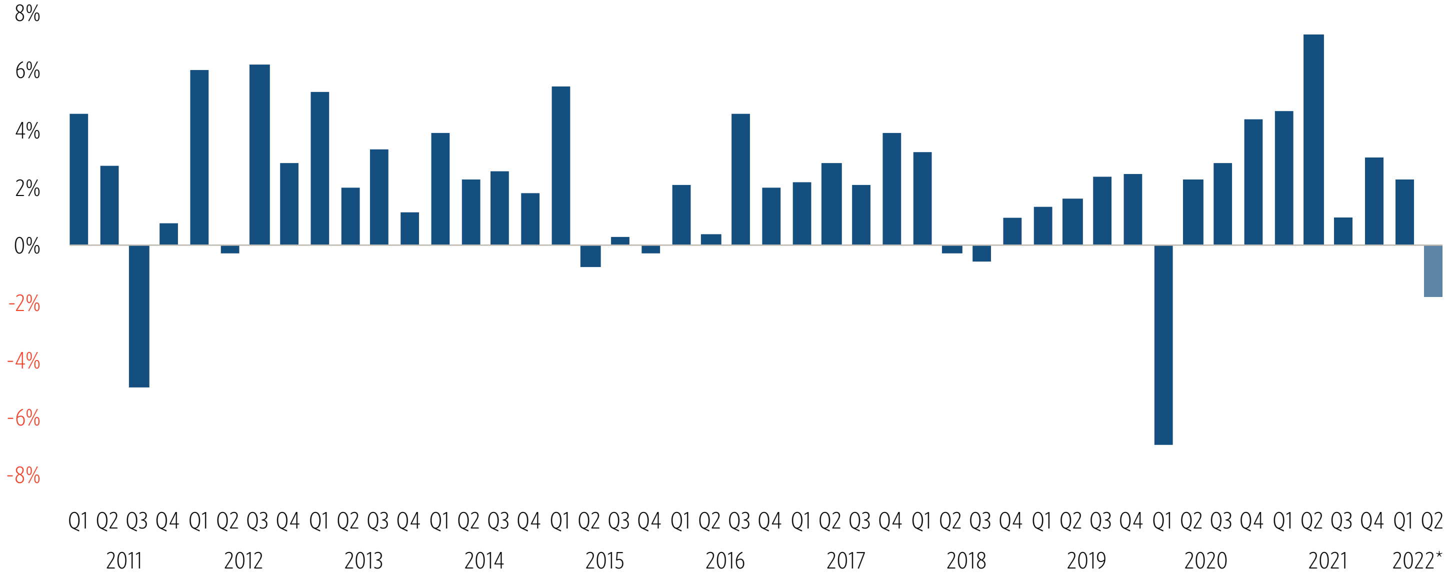


Source: PitchBook | **Geography:** Global
*As of March 31, 2022

the war in Ukraine and resulting energy crisis have played a large role in bolstering oil & gas performance in 2022 so far. However, the industry has also been grappling with the idea of investing in increased production capacity, given the historical cyclicality of oil prices and a clear push from US and EU regulators to shift toward clean energy. Metals, timber, and agriculture funds saw an increase in one-year performance, from 4.8% in Q4 2021 to 7.6% in Q1 2022, although these numbers are dominated by the returns of other real assets fund types. Preliminary quarterly returns for Q2 show a drop-off for real assets as a whole at 2.2% compared to the 6.2% and 6.4% of the previous two quarters. Still, quarterly performance data tends to vary considerably for all private fund strategies, especially for real assets, so one should be cautious extrapolating trends from only a couple of data points.

Private debt

Private debt funds quarterly return

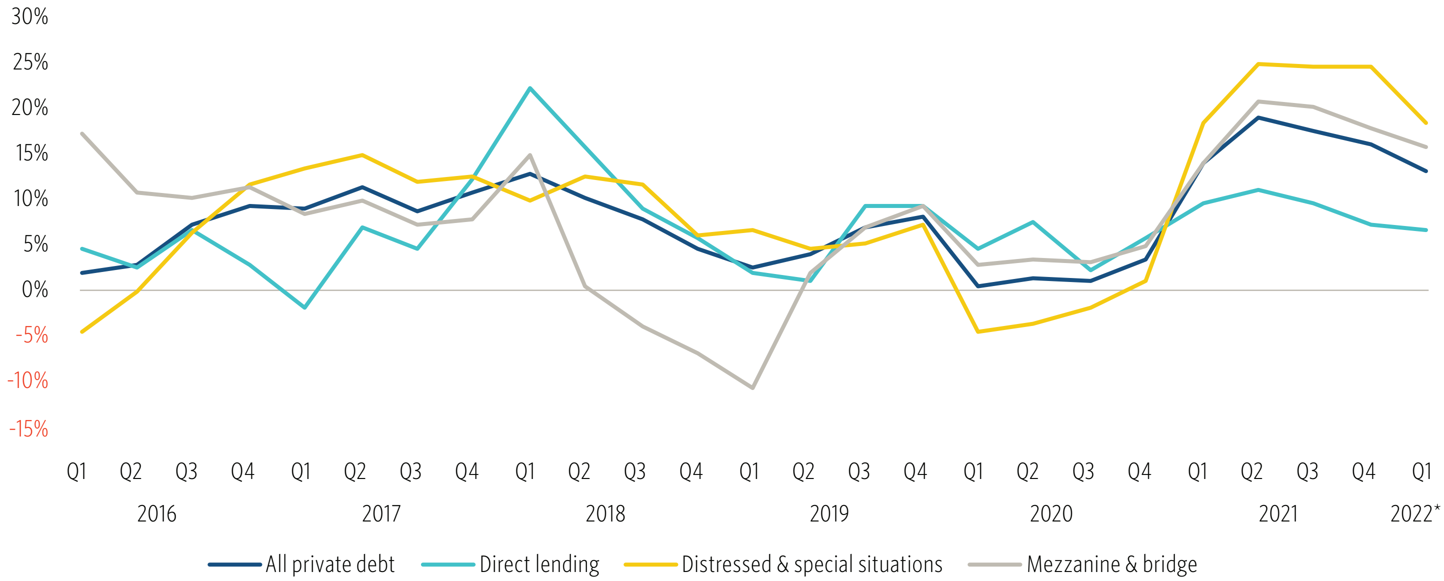


Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Kyle Walters
Associate Analyst, Private Equity

Q1 2022 private debt performance came in at 2.3%, slightly down from the 3.0% seen in Q4 2021. Our preliminary data for Q2 2022 shows returns of -1.8%, coinciding with the Fed shifting into high gear with rate hikes and its pivot to a very hawkish tone. This would be the first quarter of negative returns since Q1 2020, which was impacted by the COVID-19 outbreak. In 2022's first quarter, distressed and special situations led the way, posting an 18.2% one-year horizon IRR. Mezzanine and bridge funds closed out Q1 with a 15.7% one-year IRR, while direct lending vehicles—the largest private debt category—only returned 6.7%. In Q1, all private debt strategies saw lower rolling one-year returns compared to Q4 2021 as private markets began to recognize that they faced headwinds. The 12.9% one-year IRR for private debt falls well behind the 27.0% posted for all private capital funds, however, private debt tends to be one of the least volatile private market strategies.

Private debt rolling one-year horizon IRR by type



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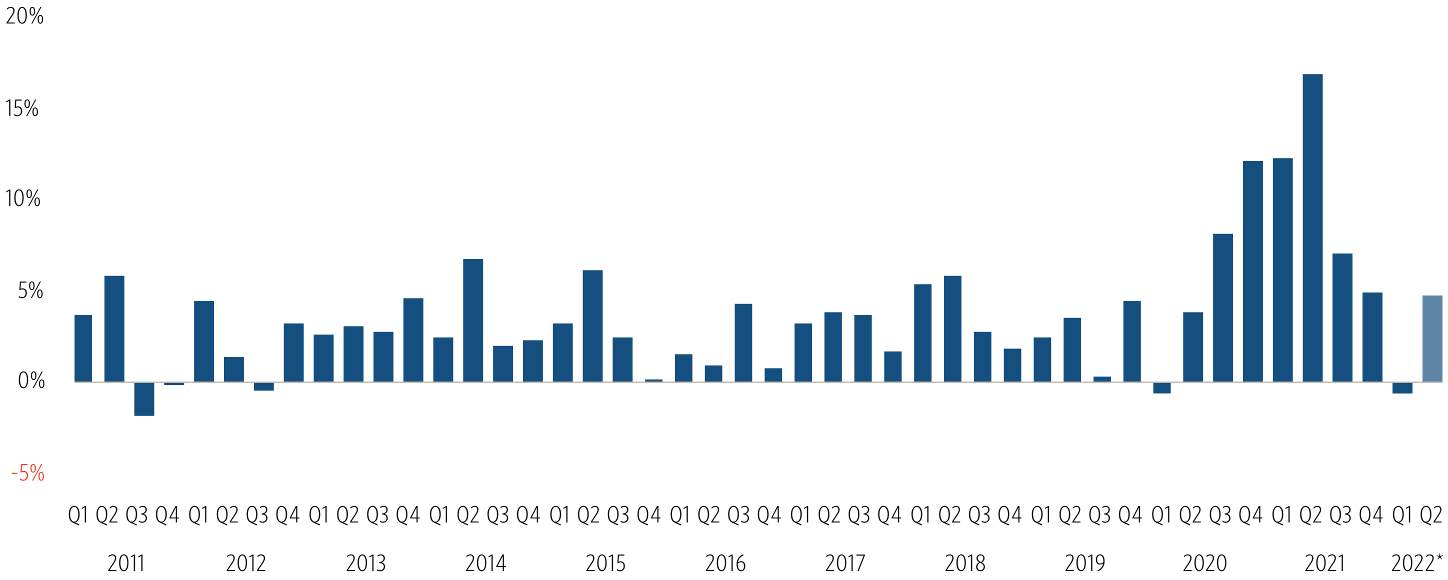
2022 has already seen multiple rate hikes globally, with more expected in the remainder of the year. The cost of debt continues to rise; due to increased volatility and the risk of being on the hook for millions of dollars, the banks, who are primarily responsible for the syndicated loan market, are taking a step back,[7] and allowing for direct lending funds to step in and take market share. The number and size of deals will slow, but debt funds will be able to collect higher rates of interest on what they do lend. Direct lending tends to benefit from a rising rate environment, as they often use floating rate instruments. This, combined with increased spreads occurring since the Fed began raising rates and negligible credit defaults six months into the tightening cycle, bodes well for future returns in the direct lending sector.

7: "Buyout Giants Face Deal Squeeze as Private Lenders Turn Cautious," *Bloomberg*, Lisa Lee and Silas Brown, September 15, 2022.

Funds of funds

FoF quarterly return



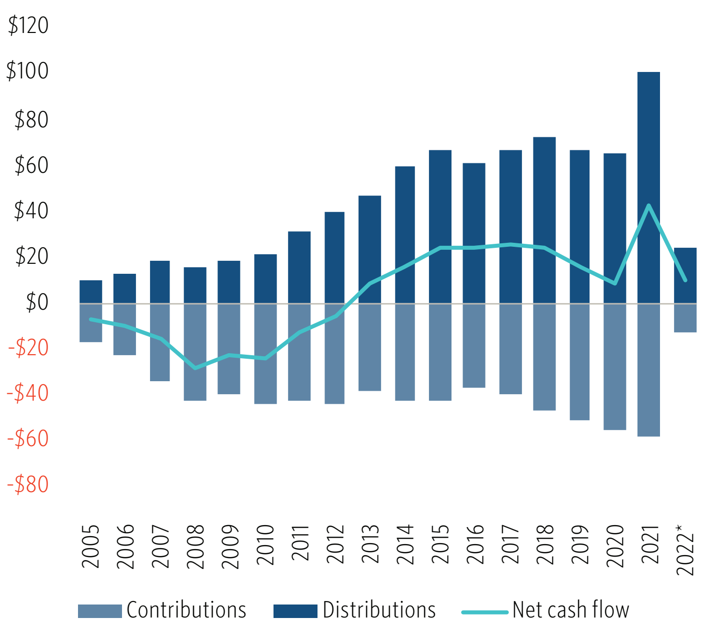
Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Juliet Clemens
Analyst, Fund Strategies

Against the backdrop of the Russia-Ukraine war starting, FoF rolling one-year returns dipped from their all-time peak of 54.5% in Q2 2021 to 30.5% just under a year later in Q1 2022. Despite this drop, FoF still outperformed the private capital funds universe, which generated 27.0% in comparison.

However, FoF only outperformed overall private capital by a 3.5% margin; as recently as Q3 2021, the gap between FoF returns and private capital funds returns was 15.0%. Given that we have assumed FoF outperformance has been driven by an overweight to venture, the relative decline in venture versus other private capital strategies likely explains the decline in outperformance. While Q1 2022 rolling one-year returns are lower than the rolling one-year IRRs of each of the past four quarters, FoF were the second-best performing strategy in the fund universe, trailing only secondaries.

FoF cash flows ($B)



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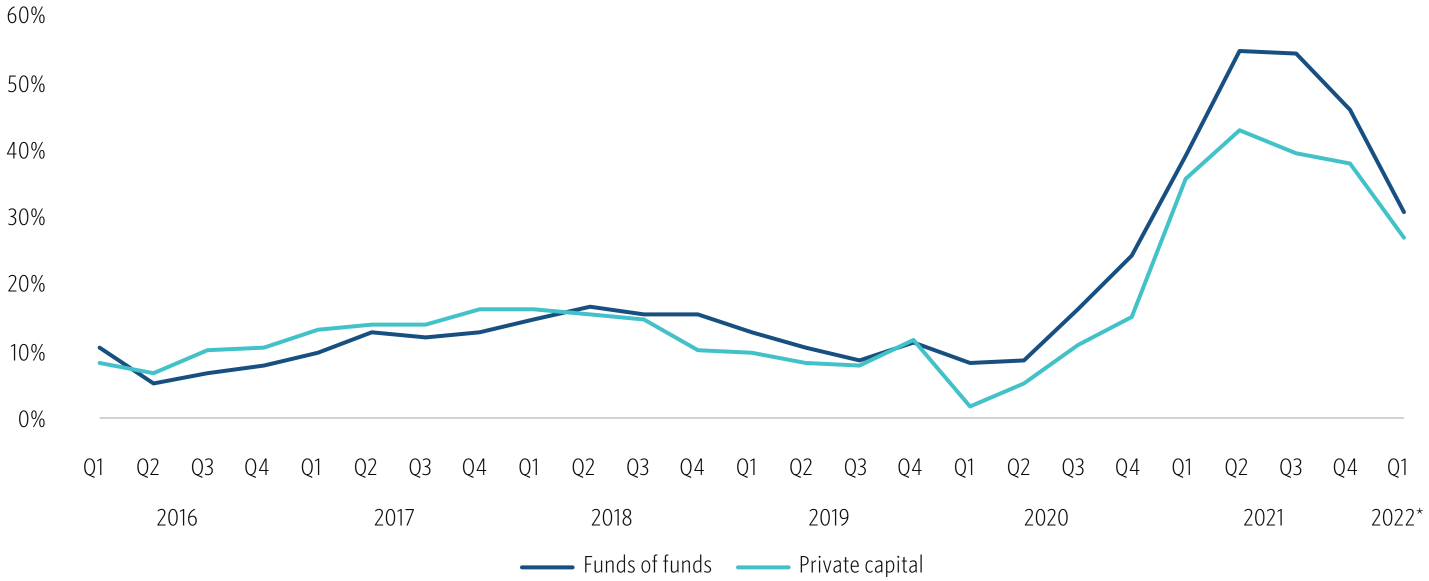
*As of March 31, 2022

FoF rolling one-year horizon IRR

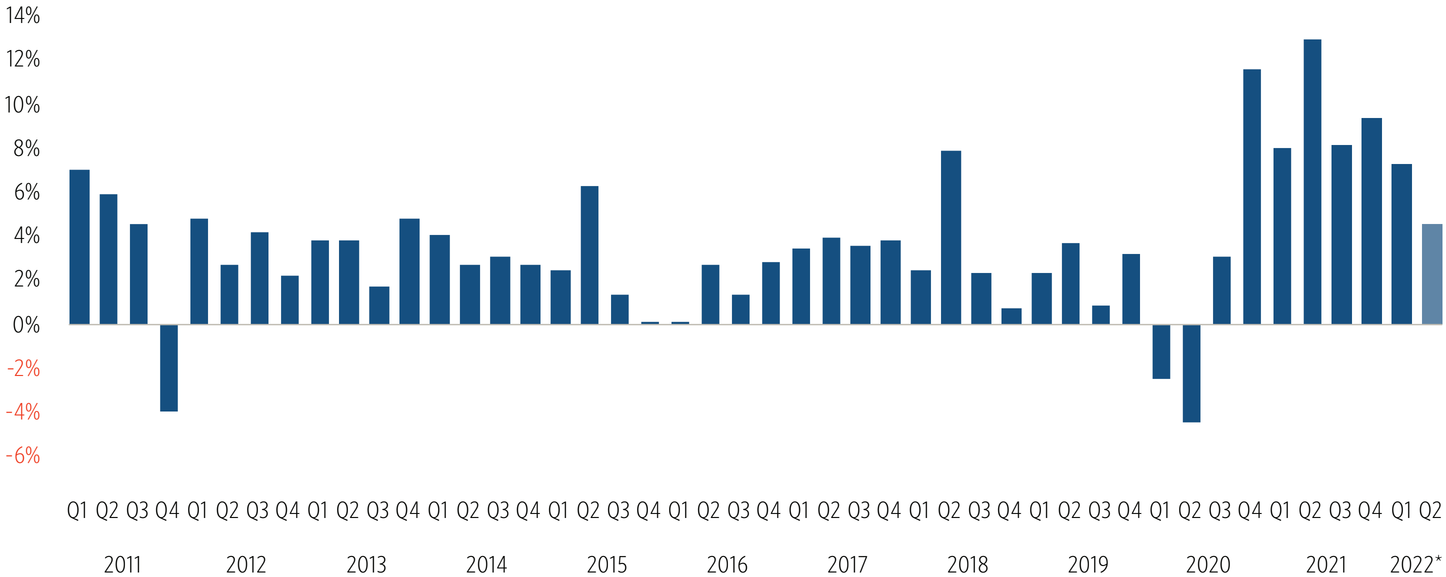


Source: PitchBook | **Geography:** Global
*As of March 31, 2022

FoF quarterly returns sank into negative territory in Q1 2022 at -0.7%, indicating that returns were nearly flat for the quarter. FoF returns had not reached negative levels since the start of the pandemic in Q1 2020. The quarterly return figure for Q2 2022 indicates that this declining trend may have reversed back into positive territory, with the preliminary figure pointing toward 4.8%. As mentioned in our Funds of funds PitchBook Benchmarks (as of Q1 2022), PE FoF performed the worst out of all FoF strategies in Q1 2022—generating -2.1% returns—but still managed to outperform both the S&P 500 and NASDAQ. VC FoF strategies generated a 0.4% return, performing better than expected considering the corrections and write-downs in the general VC space; but with the volatility of the public markets persisting into the second half of the year, we expect further write-downs in coming quarters.

Secondaries

Secondaries funds quarterly return

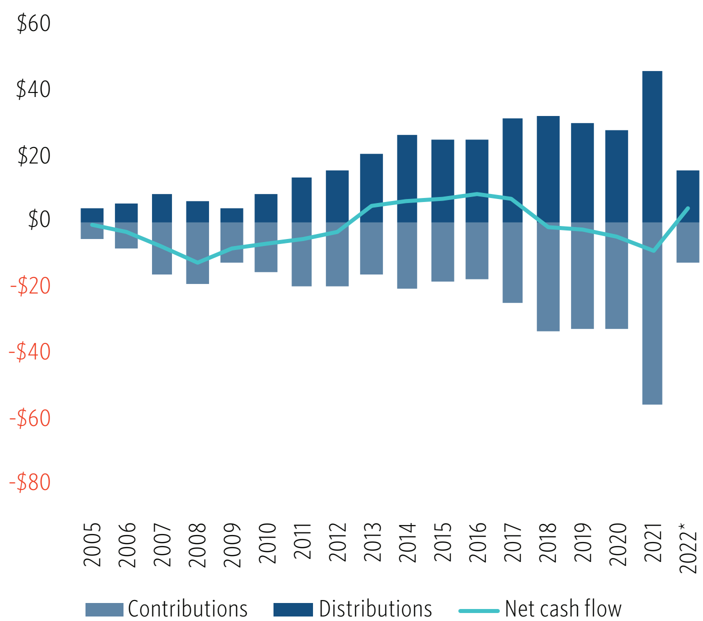


Source: PitchBook | **Geography:** Global
*As of June 30, 2022
Note: Q2 2022 data is preliminary

Juliet Clemens
Analyst, Fund Strategies

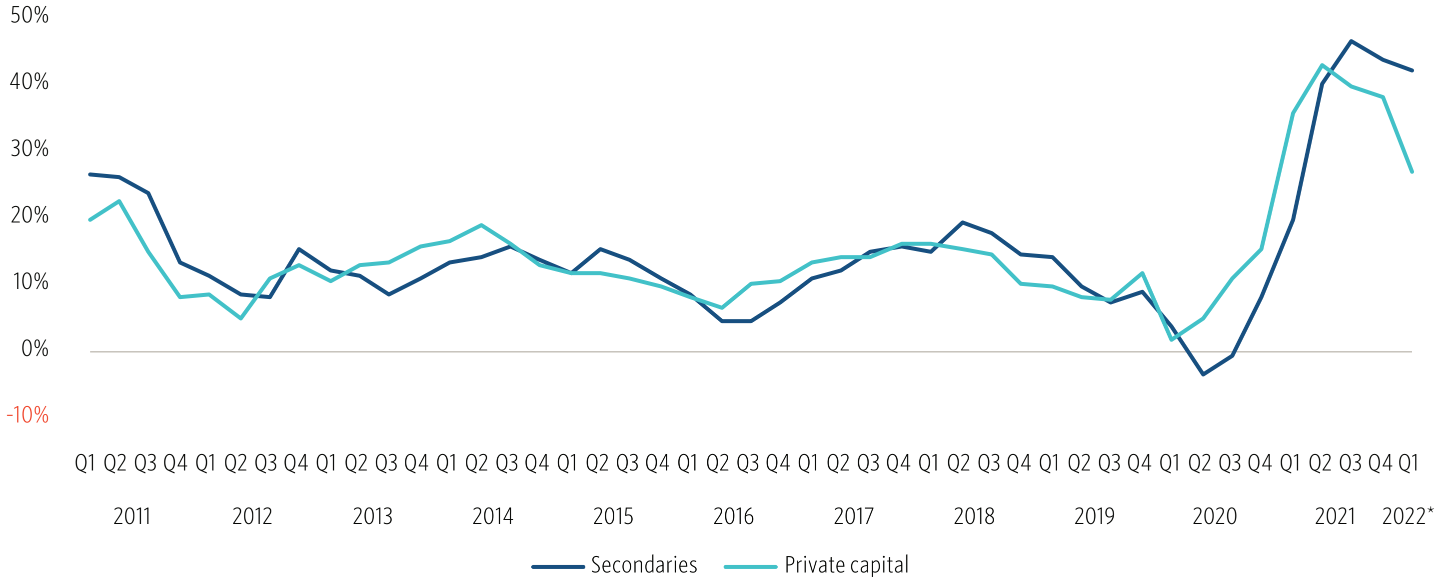
In terms of rolling one-year IRR figures, secondaries were the best performing strategy in the private capital funds universe through Q1 2022. While 42.1% is a slight decrease from both the previous quarter's 43.6% and the 46.4% peak in Q3 2021, secondaries outperformed the overall private capital fund universe by a remarkable 15.1%. Between Q1 2010 and Q4 2020, the average rolling one-year secondaries IRR hovered around 11.8%. However, beginning in Q2 2021, the return figures skyrocketed to 39.9% and have since remained elevated. Preliminary quarterly IRR figures for Q2 2022 show secondaries generating a return of 4.7%—still historically high, but well below quarterly returns seen since early 2020. The resilience of secondaries thus far appears to come down to one important factor: Current macroeconomic conditions have led some LPs to seek liquidity despite depressed pricing, allowing secondaries fund managers to buy stakes at low prices and immediately mark them up when GPs continue to value their portfolios at levels seemingly disconnected from what the public markets might suggest.

Secondaries cash flows ($B)



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

Secondaries funds rolling one-year horizon IRR

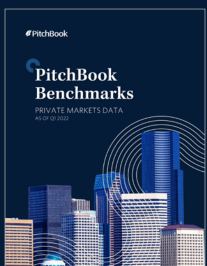


Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Secondaries net cash flows tipped into positive territory through March 31, 2022, reversing a negative trend that began in 2018. This may seem counterintuitive with the exit environment seizing up, but the 2022 figures are still only a partial view of the year. A massive amount of capital was raised in 2020, much of which was earmarked for GP-led secondaries. Given the disruption in the markets this year, fund lives may be extending again, leaving more LPs likely to receive offers of liquidity from their GPs on their longer-lived fund investments. It will be interesting to see if the capital—$55.2 billion in 2021—that has been called by secondaries strategies will be returned as distributions in a timely enough manner to provide the time horizon advantage that secondaries enjoy over other strategies when it comes to IRR calculations.

Additional research

Private fundraising



Global PitchBook Benchmarks (as of Q1 2022)

Download the report here

H1 2022 Global Private Debt Report

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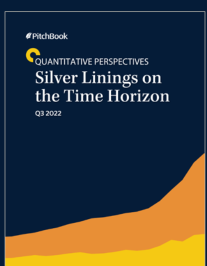

Q3 2022 Quantitative Perspectives: Silver Linings on the Time Horizon

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Q2 2022 Global Private Markets Fundraising Report

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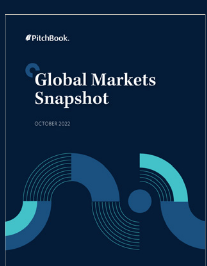

Global Markets Snapshot October 2022

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Q3 2022 European Venture Report

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