PitchBook

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Private Fund Strategies Report

Q3 2020

PitchBook

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Contents

Download the accompanying Excel pack for all underlying data, which goes back as far as 2006, and additional charts not included in this report.

As of this quarter, PitchBook will split real estate and real assets into separate categories to apply greater nuance to our research.

YoY fundraising changes by strategy (trailing four-quarter)

Strategy	Capital raised ($B)	YoY change	Fund count	YoY change
Private capital	$950.6	-7.0% ▼	1,753	-26.7% ▼
PE	$420.9	-9.6% ▼	470	-30.5% ▼
VC	$111.5	4.2% ▲	705	-20.7% ▼
Real estate	$106.6	-30.0% ▼	222	-30.8% ▼
Real assets	$96.2	2.6% ▲	65	-46.3% ▼
Debt	$116.3	-23.3% ▼	146	-33.0% ▼
FoF	$34.2	8.5% ▲	99	-23.8% ▼
Secondaries	$64.7	214.4% ▲	46	31.4% ▲

Source: PitchBook | **Geography:** Global
*As of September 30, 2020

Credits & contact

PitchBook Data, Inc.

John Gabbert Founder, CEO
Adley Bowden Vice President, Market Development & Analysis

Research

James Gelfer Senior Strategist and Lead Analyst, VC
Dylan Cox Lead Analyst, PE
Hilary Wiek, CFA, CAIA Senior Analyst, Fund Strategies and Performance
Wylie Fernyhough Senior Analyst, PE
Zane Carmean Quantitative Research Analyst

Data

Zane Carmean Quantitative Research Analyst

Design

Mara Potter
Megan Woodard

Contact PitchBook

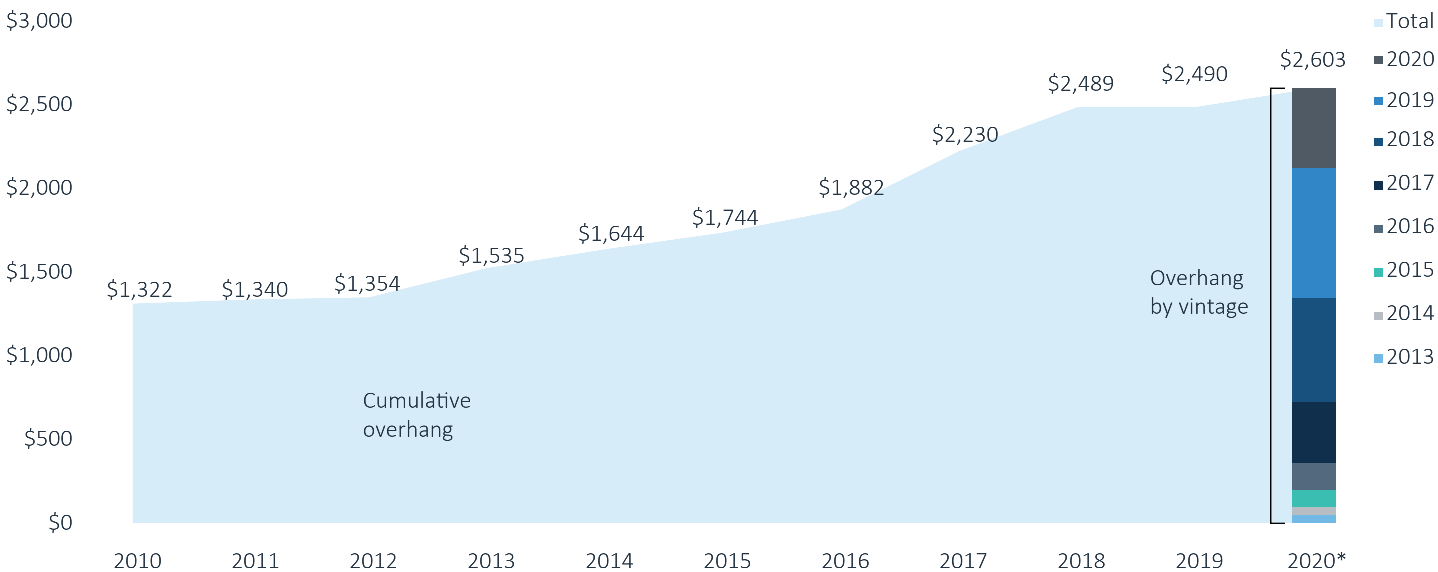
Research
reports@pitchbook.com

Click here for PitchBook's report methodologies.

Click here for PitchBook's private market glossary.

Fund overview and LP perspective

Private capital overhang ($B)



Source: PitchBook | Geography: Global
*As of March 31, 2020

Hilary Wiek, CFA, CAIA Senior Analyst, Fund Strategies and Performance
hilary.wiek@pitchbook.com

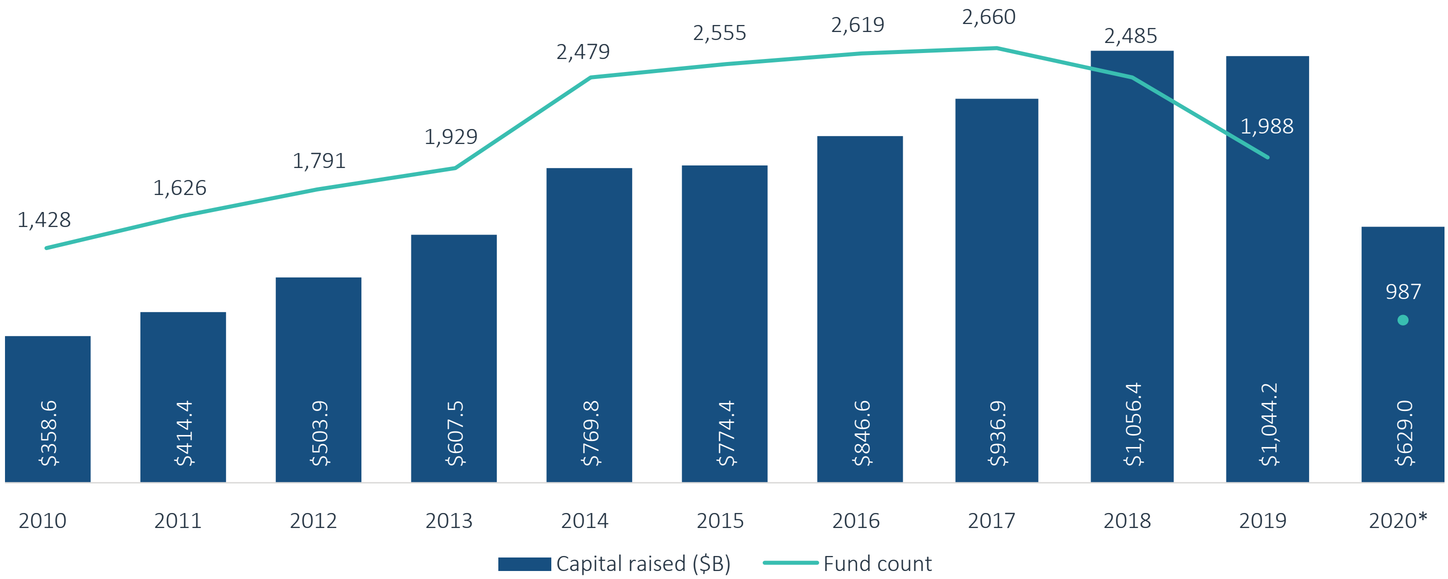
The growth rate of private market dry powder had been flattening from steep gains seen in recent years as we ventured into 2020. Even so, the amount of private capital seeking investment opportunities is still growing as qualified investors continue to allocate to the private markets. If 2020 can be considered a crisis year, it certainly is not one experiencing a liquidity crisis.

Capital raised for private funds in the trailing 12 months (TTM) through September 2020 totaled $950.6 billion, down only 7.0% from the same point in 2019. Some strategies have seen growth in fundraising this year, particularly secondaries, though total commitments to real estate and private debt have declined more than 20%. Total private fund count dropped 26.7% to 1,753 over the same period, yet another indication of commitments flowing to larger funds in this most interesting of years.

Throughout 2020, we have noted a massive shift of allocations to larger, more established firms as remote work and virtual meetings complicated introductions between GPs and LPs. Attempting to turn investor interest into closed commitments is a perennial problem for first-time funds and other less established fund managers, but this year has made it particularly difficult. In 2017, 299 first-time funds succeeded in closing on $36.8 billion in commitments. Capital raised was slightly higher in 2019 but across only 277 funds. In 2020, only 150 first-time funds had closed through September 30 for an annual pace of only 200 funds. Capital raised for these funds is also down significantly, sitting at about half the total recorded in all of 2019 with only one quarter remaining.

Overview

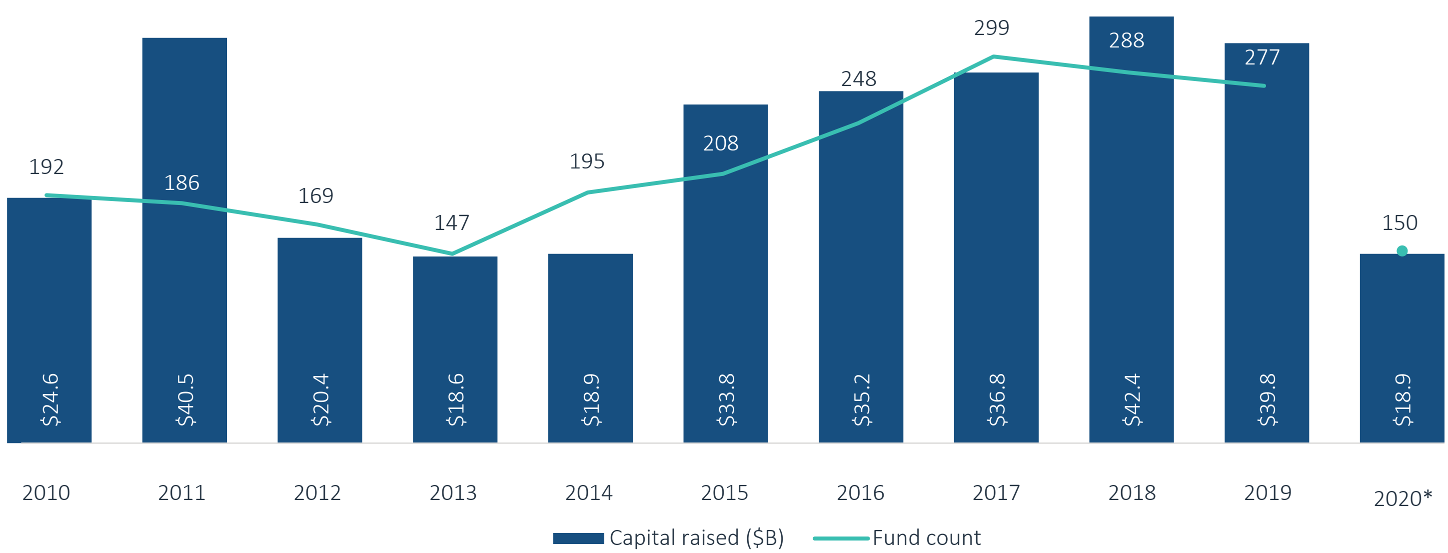
Private capital fundraising activity



Source: PitchBook | **Geography:** Global
*As of September 30, 2020

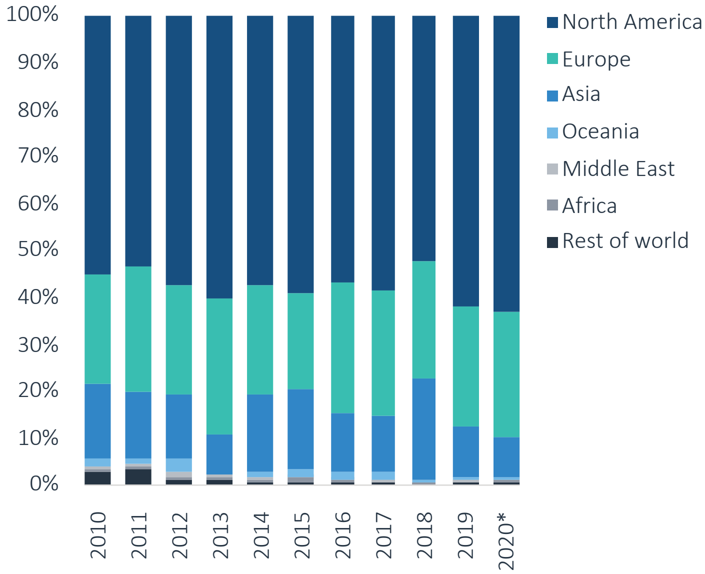
Many have asked what kind of first-time funds have successfully raised capital in 2020. At the strategy level, VC managers have closed on the most funds—90 in the first nine months of the year—though this is well off previous years when 150 was more the norm. VC reigned in total commitments as well, with $7.1 billion raised against PE's $5.4 billion. 14 real estate funds closed on $2.8 billion in the first three quarters. The time to close first-time vehicles varied widely across strategies. PE took 8.4 months to close on average, while real estate took just over 16 months. That said, many funds remain open, adding to their time to close metrics every day, so we expect these figures to climb.

Private capital first-time fundraising activity



Source: PitchBook | **Geography:** Global
*As of September 30, 2020

Private capital funds ($) by region



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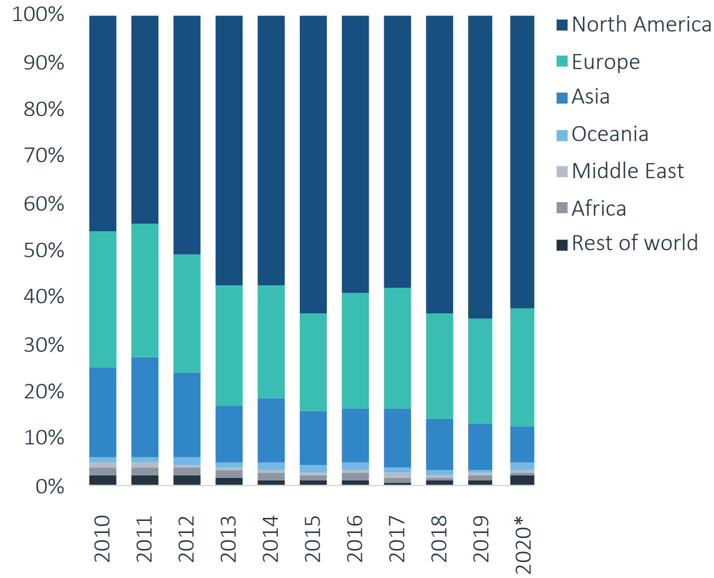
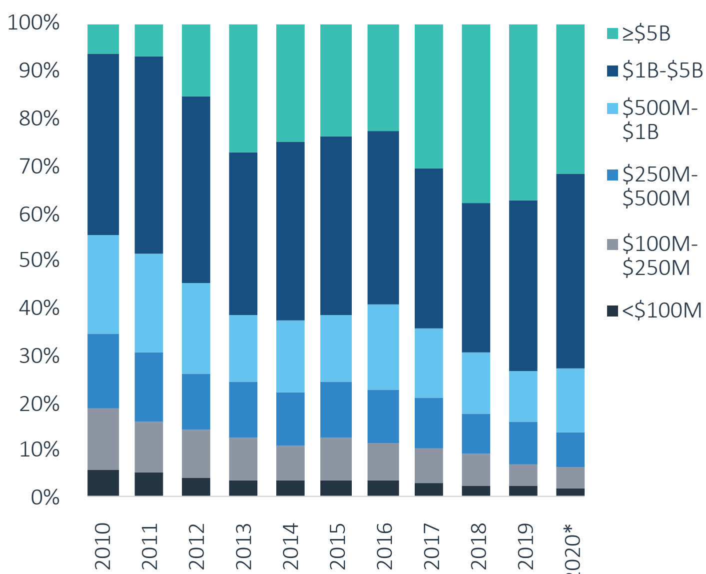


Source: PitchBook | **Geography:** Global
*As of September 30, 2020

While North America has continued to garner the majority of capital raised and close on the most funds in 2020, it is interesting to note that the continent represents about the same share of global capital raised as it does fund count. This indicates that mega-funds are not just a North American phenomenon. Europe represented a lower share of total global fund count than it did total capital raised, indicating that mega-funds are even more dominant in that region. Funds in Oceania and rest of world accounted for less in capital raised than in total fund count, signifying much smaller fund sizes than the global average.

When it came to first-time funds, North America represented 53.2% of capital raised and 50.0% of fund count in the first nine months of 2020. Put another way,

Private capital funds ($) by size



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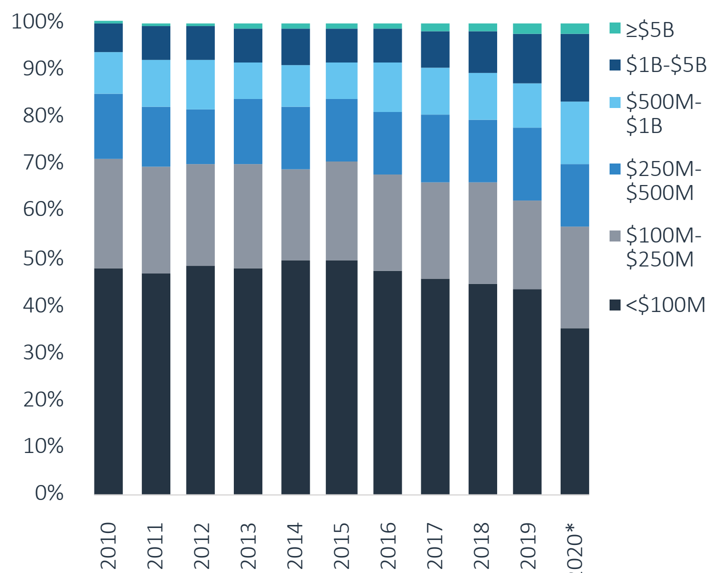
Private capital funds (#) by size



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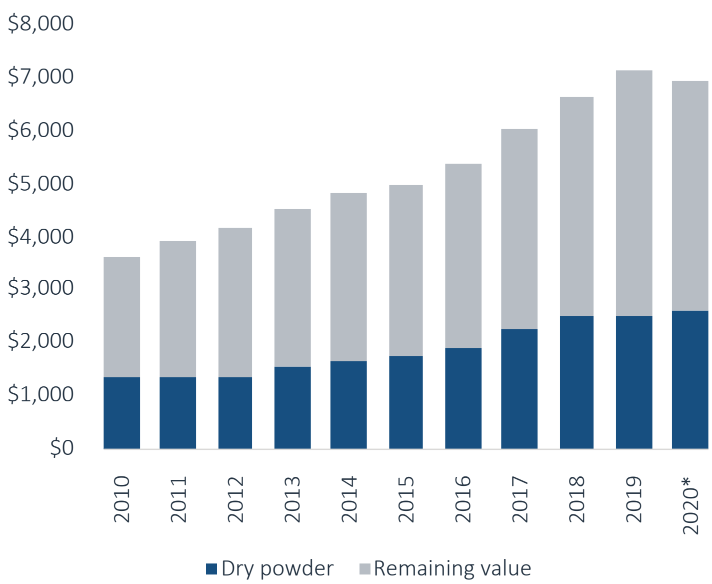
first-time funds based outside the region actually took a greater share of global first-time fund commitments than of global commitments overall. Put yet another way, more established North American fund managers were more successful in fundraising than their first-time fund counterparts when compared on a global basis. While this could indicate that North American LPs were more cautious about first-time funds than other investors around the globe, that conclusion should be made cautiously, as fund managers frequently attract capital from regions outside of their own home territory.

Private capital AUM ($B)



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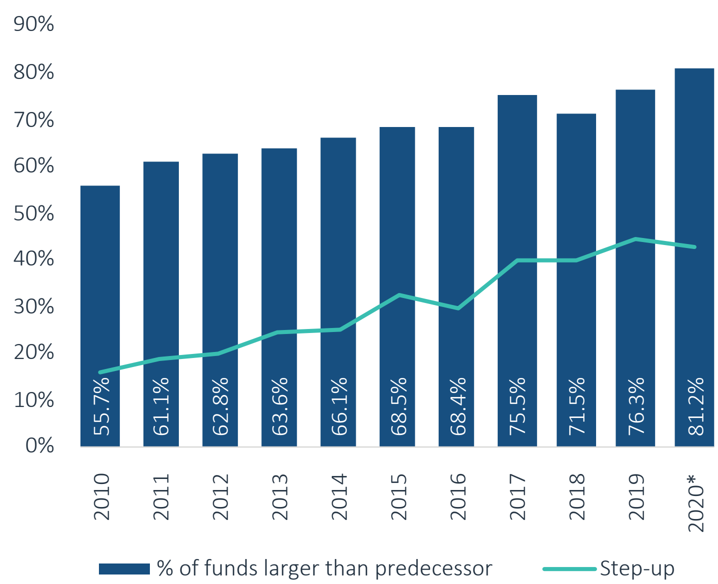
Median step-up from previous private capital fund in fund family



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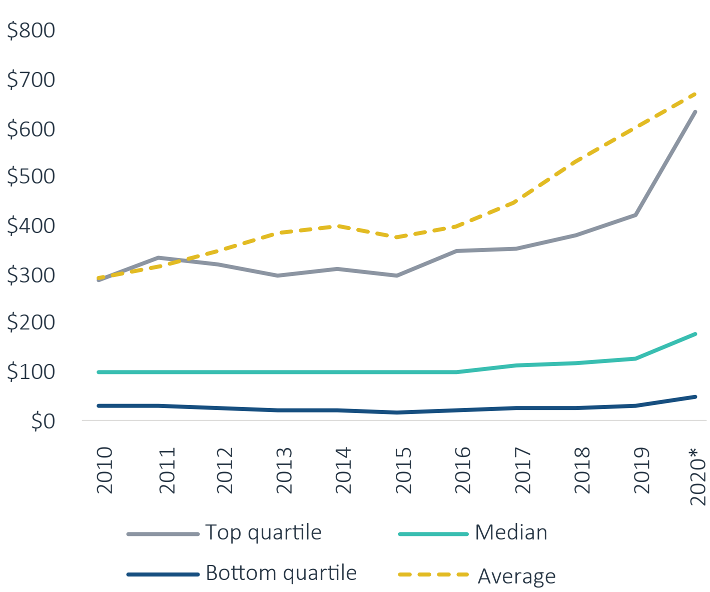
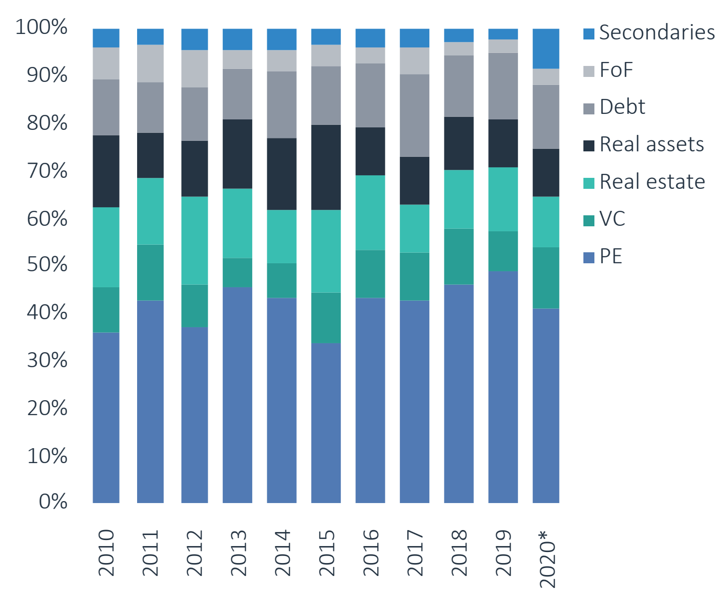
Private capital fund sizes ($M)



Source: PitchBook | **Geography:** Global
*As of September 30, 2020

Private capital funds by type ($B)



Source: PitchBook | **Geography:** Global
*As of September 30, 2020

Q&A: Allvue

Why data has become paramount in private equity and private debt

What has been the impact of COVID-19 on alternative investments?

The COVID-19 crisis is unprecedented and has stressed systems and capacity throughout the financial world. In public markets, there were huge price swings on a daily basis early in the crisis, and a number of markets, including the New York Stock Exchange and NASDAQ, had to suspend trading on multiple occasions when price declines reached trigger levels that threatened to exhaust market liquidity. However, private markets move at a different pace. The crisis has stressed and sometimes overwhelmed private market infrastructure and, in some instances, exposed inefficiencies in existing processes.

What challenges did private market GPs and LPs encounter?

Operationally, private market participants faced the same immediate challenges as everyone else – how to switch to remote working almost overnight while ensuring security and reliability. The market dislocations that accompanied the COVID-19 crisis also prompted a demand for more information. GPs and LPs faced a market shift of almost unprecedented scale and pace, which had significant implications for their investments and potential consequences for their investment model: They needed to understand the impact of changing markets rapidly so they could respond accordingly.

Market disruption also opens up opportunities. GPs and LPs need to be able to take advantage of them. It is very important to get visibility into the risk and reward to ensure you achieve your investment goals.

Why were some GPs unprepared?

GPs have increasingly adopted new technologies. However, over time, GPs have adopted different point solutions or used Excel to manage the different parts of a fund's lifecycle. This has created disparate data throughout the organization without a coherent workflow. As a result, to put information together results in many manual stop gap processes. With the speed and severity of market changes in March and early April, and increased demand of information, the manual stop gap processes could not scale to the demand for information. In some cases, the GPs couldn't serve their investors and internal stakeholders effectively.

Ryan Keough

Chief Revenue Officer

Ryan has over 30 years of experience in running software businesses and leading sales teams. Prior to Allvue, Ryan spent 7.5 years in London at Finastra and Misys, where he served as EVP of International and was responsible for all go-to-market teams and client facing activities for the European, Middle Eastern and Asian Pacific territories. Additionally, Ryan was the Misys Global Head of Sales prior to the merger of Misys and D+H. Ryan also held several leadership roles in Europe and the US for SunGard and GLTrade. He holds a Bachelor of Science degree from Cornell University and served as a Captain in the US Army Reserves for 11 years.

What were the most common problems GPs faced in fast-moving markets?

The core problem for both private equity and private debt is the use of multiple systems—both for single asset classes and across multiple asset classes—and the lack of a holistic data strategy. There's often an absence of common workflows to support gathering, approving, and distributing data and reports, and no single integrated source of data due to the use of multiple point solutions. Ultimately, this can lead to the inability to aggregate and reconcile data to support the visualization and reporting needs of internal deal teams and LPs for better decision making.

How can GPs address these challenges?

GPs require a holistic solution that enables clients to monitor and manage their investments and distribute information to investors and stakeholders. They ideally need a single technology instance across all asset classes, ensuring standardization, easy comparison, and better visibility—also one that scales easily when required. Otherwise, they require multiple solutions that can not only integrate with one another but also provide a holistic data source across the fund's entire lifecycle and multiple asset types.

Such a solution should have a number of key features. The first is a data warehouse that aggregates data from multiple systems and sources, including accounting. Having information in one place gives GPs visibility across their alternative investments at a glance. A workflow engine that captures portfolio company information and manages reporting via a standardized workflow is also valuable. It allows team members in multiple locations to stay connected and prevents duplication of effort or miscommunication. A flexible data presentation layer can let users visualize the data through dashboards and queries with drill-down capabilities, enabling a deeper dive into the data.

What are the benefits of such solutions for LPs?

Other than the efficiency and risk management gains associated with a holistic solution across multiple asset classes, which will ultimately benefit LPs, there are a number of specific benefits.

For instance, the ability to support data distribution through web browsers, mobile devices, tablets, and investor and fundraising portals is important as it gives LPs greater flexibility in how they gain access to information.

GPs that rely on Excel and manual processes are invariably limited in the information they provide to LPs because bespoke reporting is time consuming. Business intelligence tools can automate both standardized and bespoke report scheduling and on-demand creation, effectively giving LPs greater control of the information they receive and its timing. At the same time, the need for report generation can be reduced by integrating dynamic dashboards into investors portals. LPs can simply gain access to information on demand via self-service capabilities. This doesn't have to be costly. By choosing a solution with scalable technology, GPs can offer customized services to LPs without adding bottom-line costs or increasing head count.

Why are improved systems and data key to taking advantage of emerging opportunities?

For many portfolio managers, volatility can provide opportunities to reap outsized returns. Most obviously, significant prospects are emerging due to price dislocation in the debt markets. For GPs and their LPs, there is an opportunity to use their credit expertise to provide liquidity, serving as a bridge to economic recovery. The more prolonged the crisis, the greater the opportunities. For instance, with movie theaters now closed for the rest of the year, companies in the sector are in trouble but could bounce back once COVID-19 has subsided.

Speed, efficiency, and access to information are key in order to get ahead of bad news or to pick up on companies that need support—and differentiate them from those that are in serious trouble or may require other forms of investment, such as a takeover, or need to declare bankruptcy. Data must be drawn from multiple reliable sources, both internal and external, and be as close to real time as possible so managers can make fast, informed decisions and head off competition for attractive opportunities. Data also needs to be automatically aggregated to give investors full visibility and free up teams to focus on analysis and making investment decisions rather than collecting information. It's also important that data flows from trading to settlement to ensure data integrity and efficient processes.

What long-term impact will the COVID-19 crisis have on GPs' and LPs' expectations in terms of solutions?

The experience of the COVID-19 crisis has been a wake-up call for many GPs and made LPs aware of the shortcomings of the information they receive during turbulent times. While both public and private markets have recovered significantly since March, there's considerable uncertainty about the pandemic and the global economy that will weigh on markets. Consequently, it would be naïve to assume a repeat of the market turmoil in March is impossible.

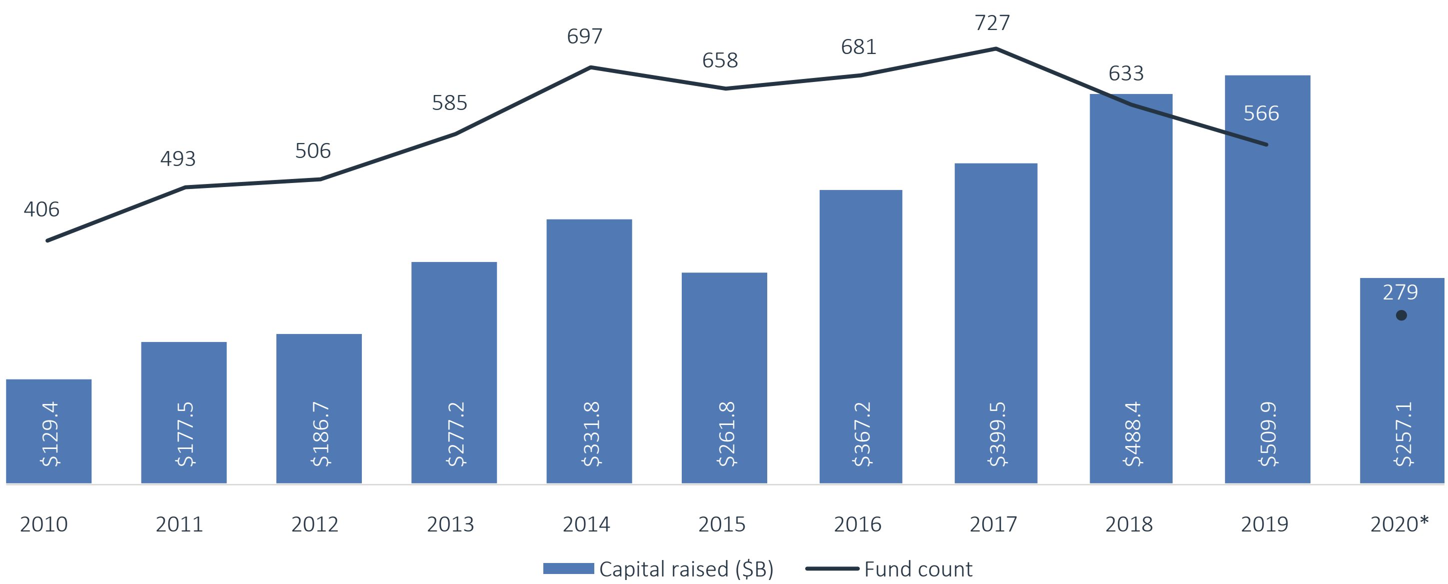
Growth of the industry will continue as the alternative markets provide attractive returns with a good risk profile. This expansion will only continue the need for the best solutions to help firms scale and meet their business goals.

Interest in Allvue's solution, which spans multiple asset classes, and is robust enough to withstand volatile markets, is growing rapidly. But the rationale for our holistic solution extends beyond the current challenges facing private debt and equity markets. The solution provides more timely and reliable data so managers can make better decisions, mitigate risks, exploit opportunities, and improve business performance by increasing capital efficiency. By streamlining the collection, management, and reporting of data—and offering full integration from front to back office—errors, operational risk, and overhead are reduced. Our solution is also scalable, accommodating new business or asset classes.

Our goal has always been to empower both internal and investor stakeholders by eliminating the boundaries between systems, information, and people, so that decision makers receive the information they need when they need it. COVID-19 has only accelerated these needs and made it more mission critical than ever.

Private equity

PE fundraising activity



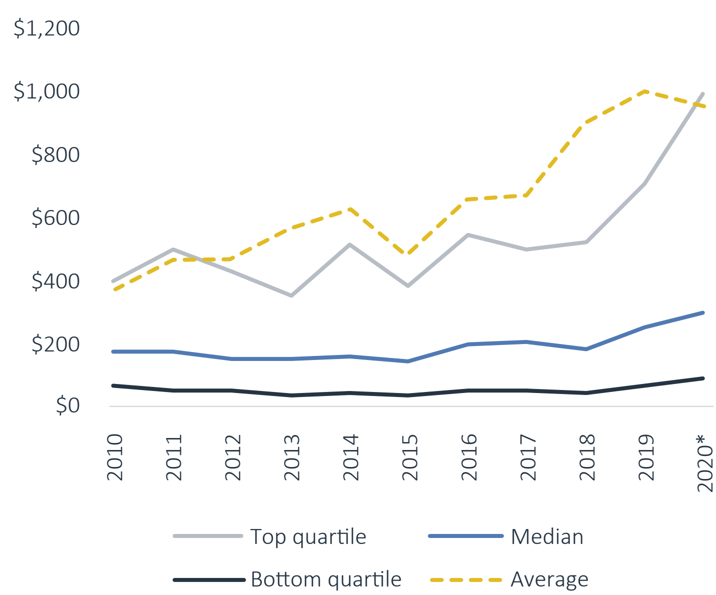
Source: PitchBook | **Geography:** Global
*As of September 30, 2020

Wylie Fernyhough Senior Analyst, PE
wylie.fernyhough@pitchbook.com

Three quarters into 2020, global PE fundraising activity continues to lag the record-setting pace of 2019. PE firms closed on 279 funds YTD, amassing a total of $257.1 billion. When the year began, even prior to the spread of COVID-19, we anticipated a weaker fundraising environment because so few mega-funds ($5 billion-plus) were slated to close, and these funds drive the bulk of capital raised for the strategy. In fact, one reason fundraising has been weaker is that the proportion of capital raised from mega-funds has dipped from previous years. Mega-funds accounted for just under 40% of capital raised through Q3 compared to closer to 50% in full-year 2019.

While the pandemic certainly caused fundraising to crater for several months, activity looks to be bouncing back. In Q3, CVC Capital Partners raised the largest ever European buyout fund, its eighth flagship vehicle, which closed on €21.3 billion ($24.0 billion). We expect this figure to rise in Q4 as several mega-funds are in solid position to close before the year ends. While not reflected in this report's datasets, Thoma Bravo already closed on $22.8 billion across three funds in Q4, including $17.8 billion in the largest tech-focused buyout fund ever. Others, including Silver Lake, EQT, KKR, and CD&R, could each close funds of $10 billion or above in Q4, which would propel final figures even higher.

PE fund sizes ($M)



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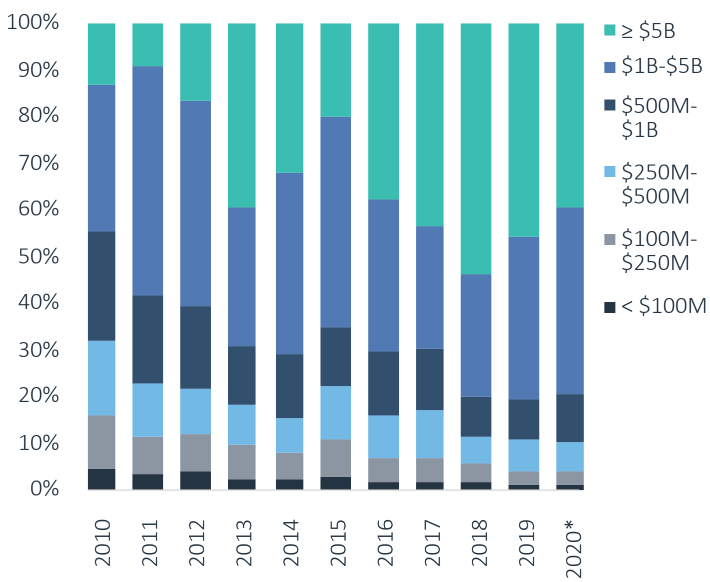
*As of September 30, 2020

While fundraising has moved at a tepid pace, dealmaking has been harder hit. This means capital has continued amassing in PE war chests more quickly than firms are deploying it. Dry powder sits at a record $1.3 trillion and is likely to remain aloft for another quarter or two.

However, PE firms have a healthy pipeline of deals into which they hope to put that capital, which could begin depleting some of the dry powder. On the firm's Q3 2020 earnings call, Blackstone president, Jon Gray, noted that the firm is deploying capital with a renewed momentum.

PE funds ($) by size



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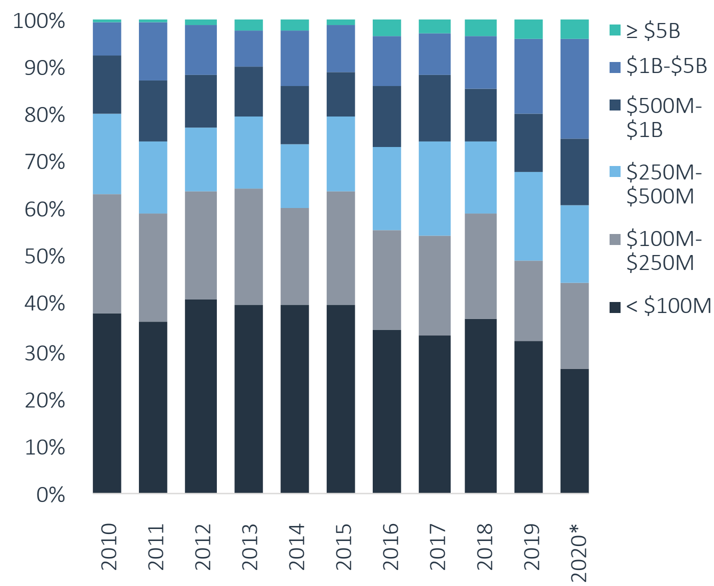
PE funds (#) by size



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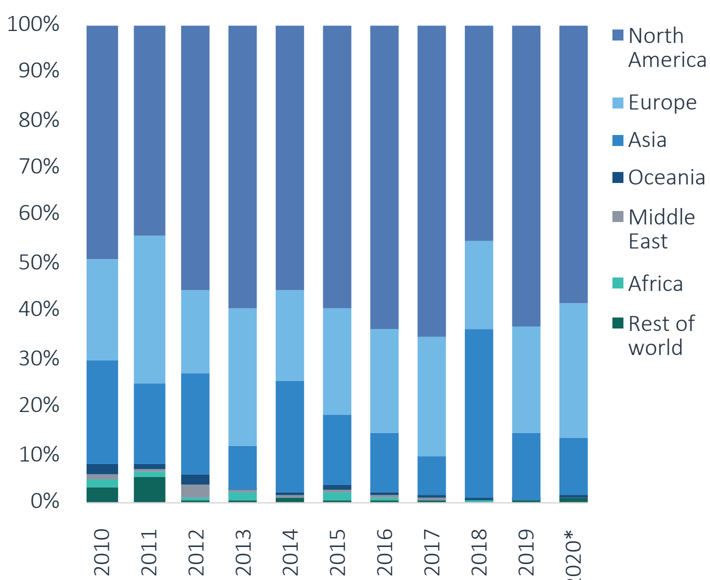
PE funds ($) by region



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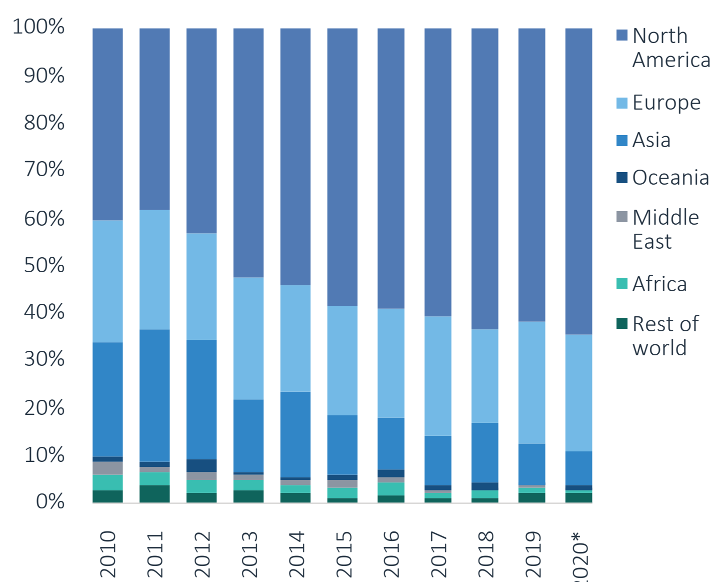
PE funds (#) by region



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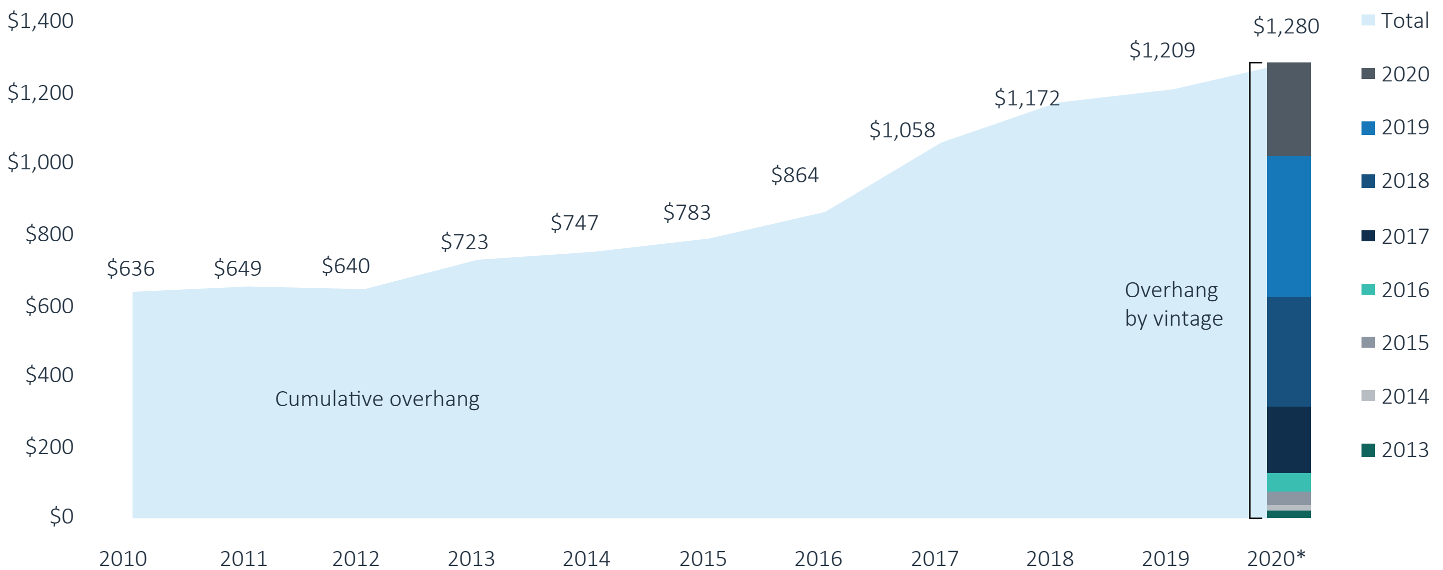
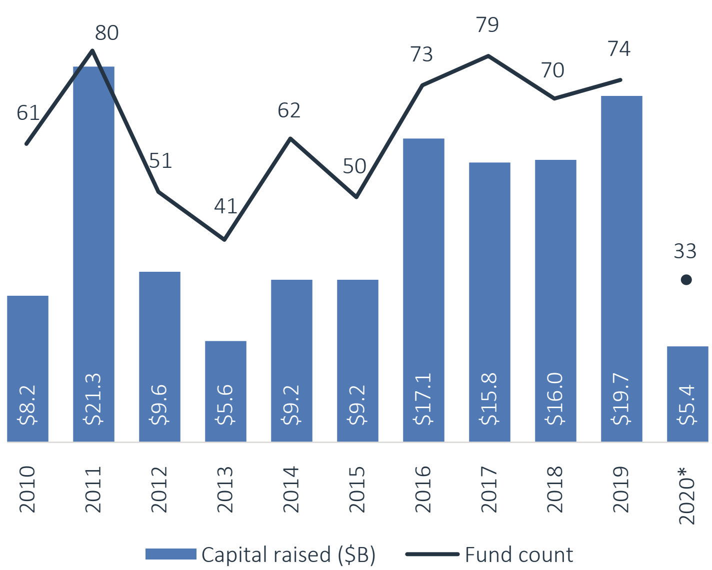
PE overhang ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

PE first-time fundraising activity



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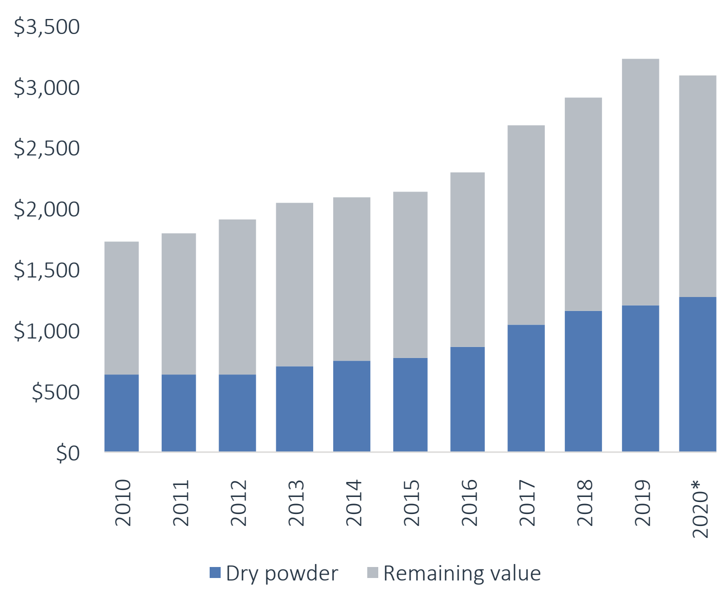
PE AUM ($B)



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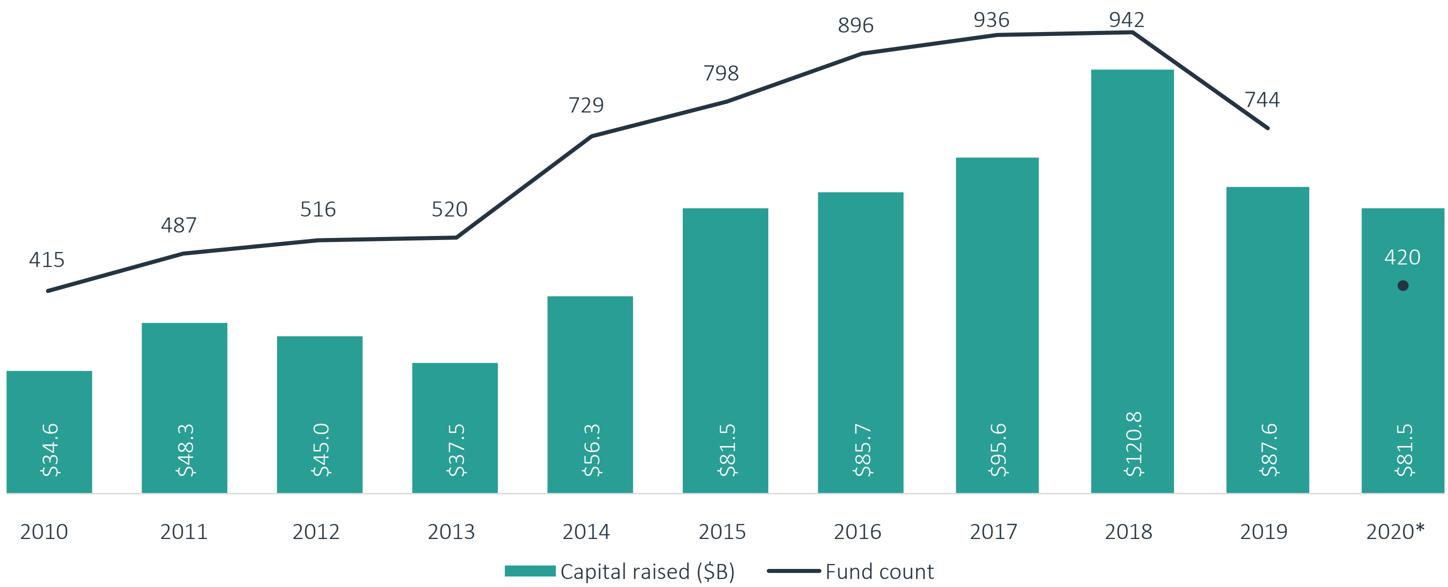
Venture capital

VC fundraising activity



Source: PitchBook | Geography: Global
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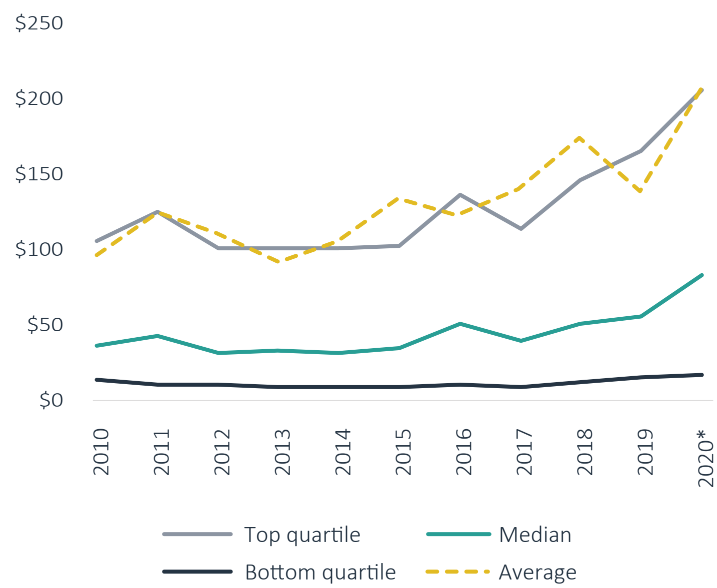
James Gelfer Senior Strategist and Lead Analyst, VC
james.gelfer@pitchbook.com

Global capital raised by VC funds through three quarters of the year has nearly matched the full-year total for 2019, but the number of funds closed is lagging significantly. We anticipated strong fundraising coming into 2020 and have maintained this conviction despite the pandemic due to the caliber of GPs that had open vehicles early in the year. Many of those funds are now closed and, as a result, fundraising momentum waned through the third quarter. We believe this lackluster activity will persist through the end of the year, with relatively few large, name-brand firms currently seeking capital.

To be sure, there is no lack of capital available to VC fund managers. Dry powder was at an all-time high of $256.6 billion as of Q1 2020. On top of that, VC-backed companies also have access to an unprecedented amount capital from nontraditional investors, who have contributed at least two-thirds of total VC investment in four of the last five years.

On a regional basis, North America's share of capital raised by VC funds YTD swelled to more than 70%. Fundraising in Europe has also proven resilient, but activity in Asia has sharply decreased since peaking in 2017. Interestingly, the only three funds of $1 billion or larger to close in Q3 2020 were based outside of Silicon Valley, including Amazon's

VC fund sizes ($M)

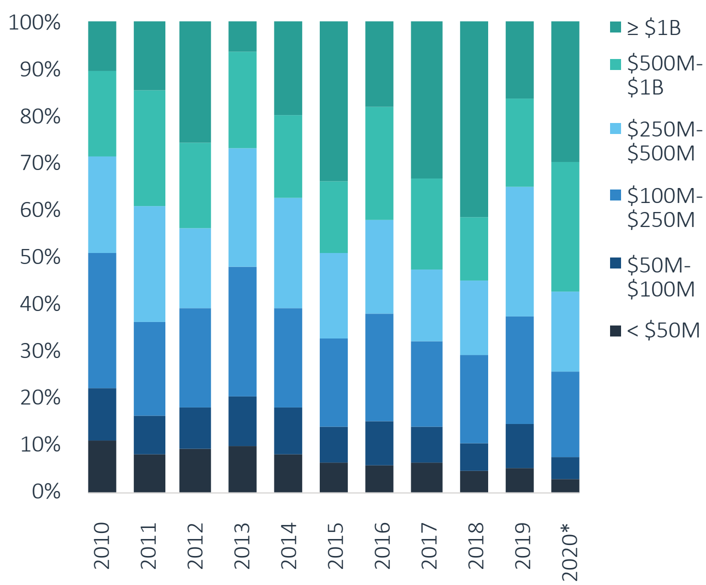


Source: PitchBook | Geography: Global
*As of September 30, 2020

$2 billion Climate Pledge Fund. This fund is indicative of a broader trend we have seen as corporations institutionalize their venture operations and earmark capital specifically for these programs. In addition to Amazon, several notable companies have raised dedicated CVC funds in Q3, including Atlassian, Binance, and the CVC arm of American Family Insurance.

As has been widely discussed, first-time funds in general continue to struggle amid the pandemic, but the average size of first-time funds is up significantly. While not captured in our fundraising data, we are closely watching tangential developments in VC fundraising, including the rise of rolling funds and the recent spate of SPACs raised by VC firms.

VC funds ($) by size



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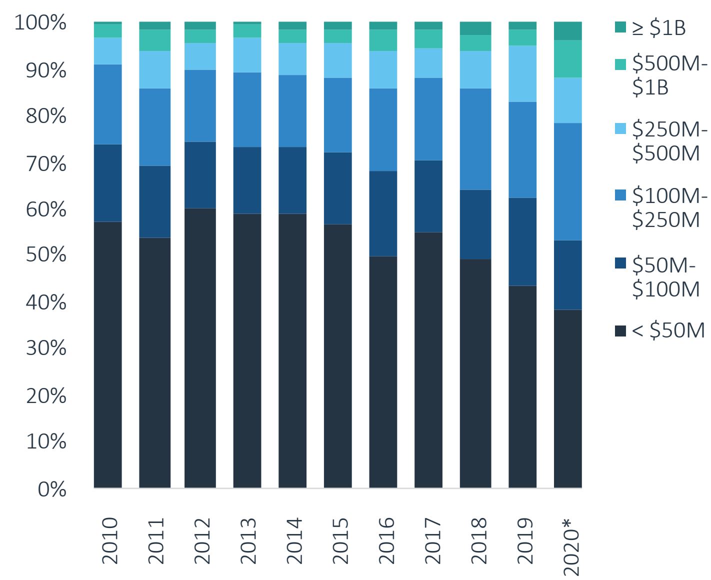

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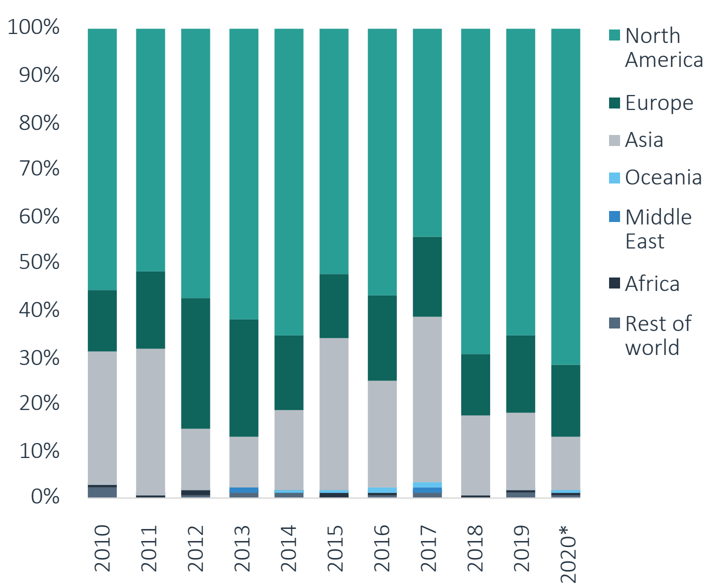
VC funds ($) by region



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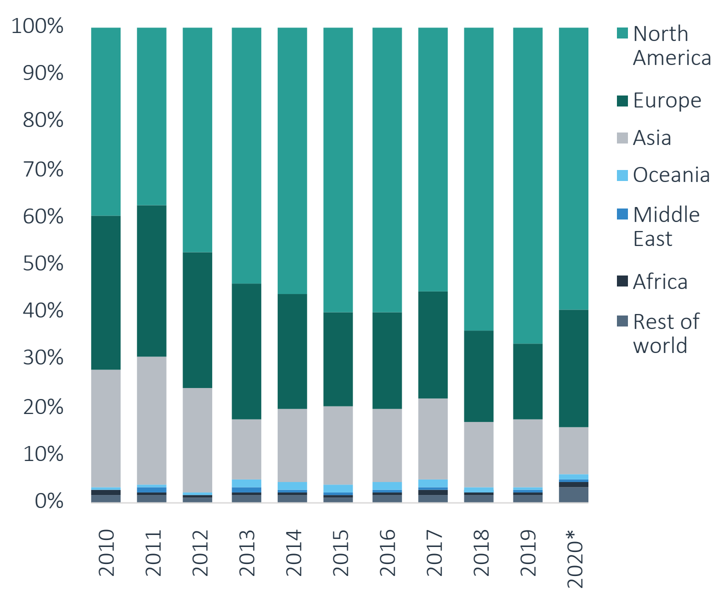

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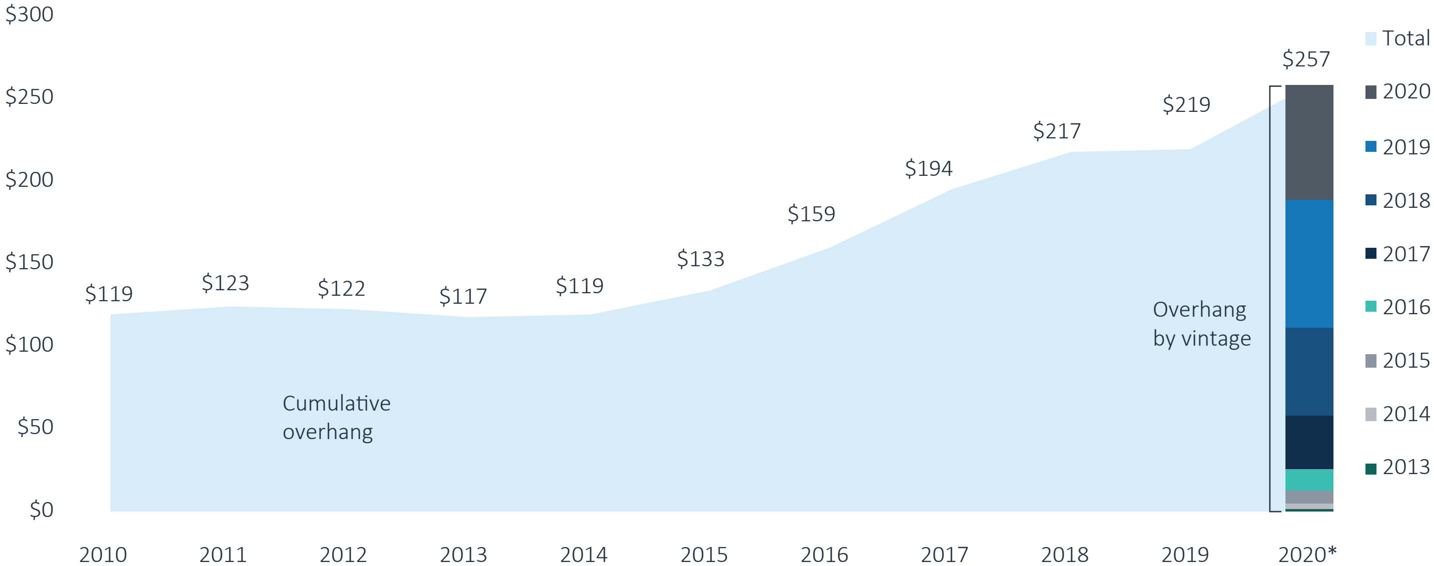
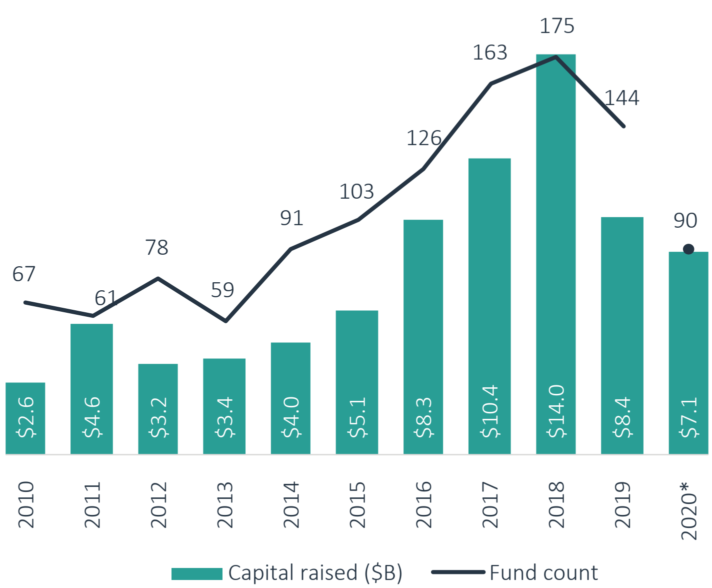
VC overhang ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

VC first-time fundraising activity



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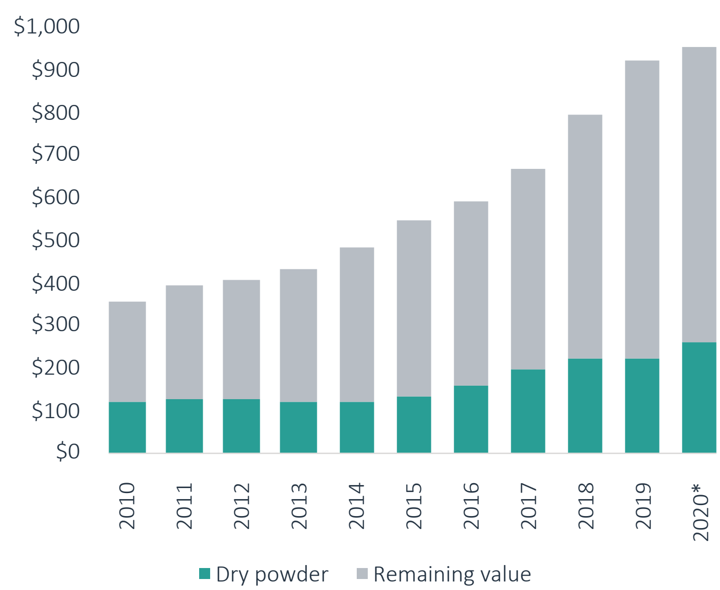
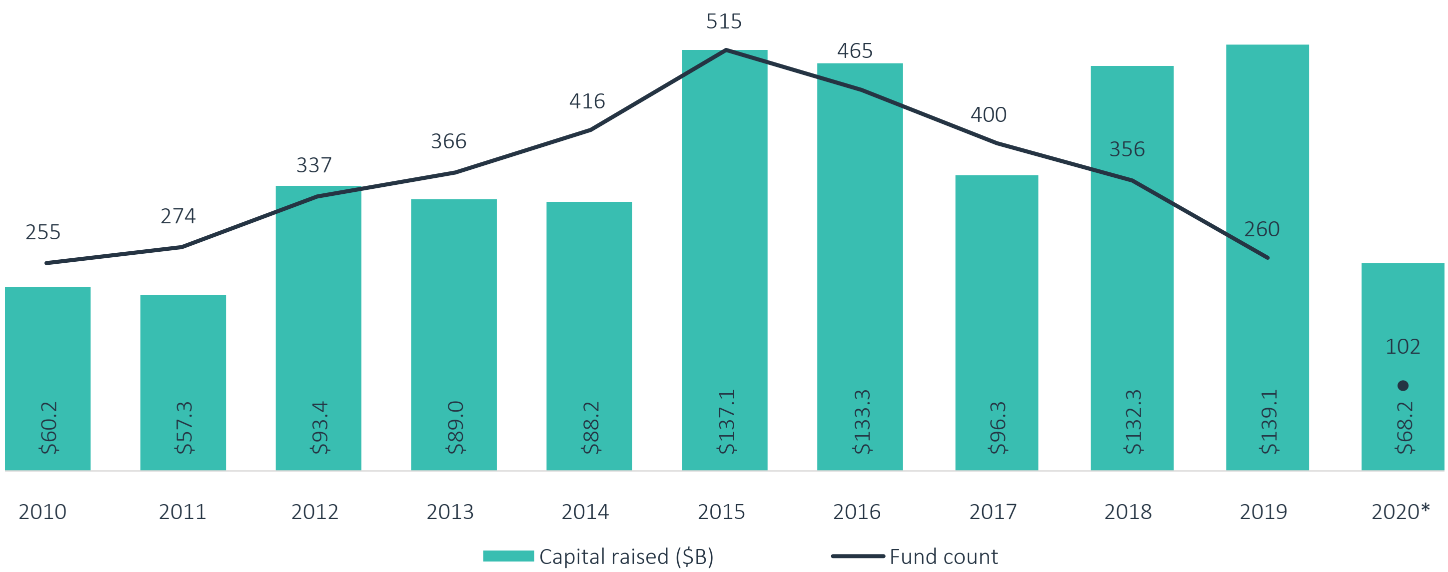
VC AUM ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

Real estate

Real estate fundraising activity



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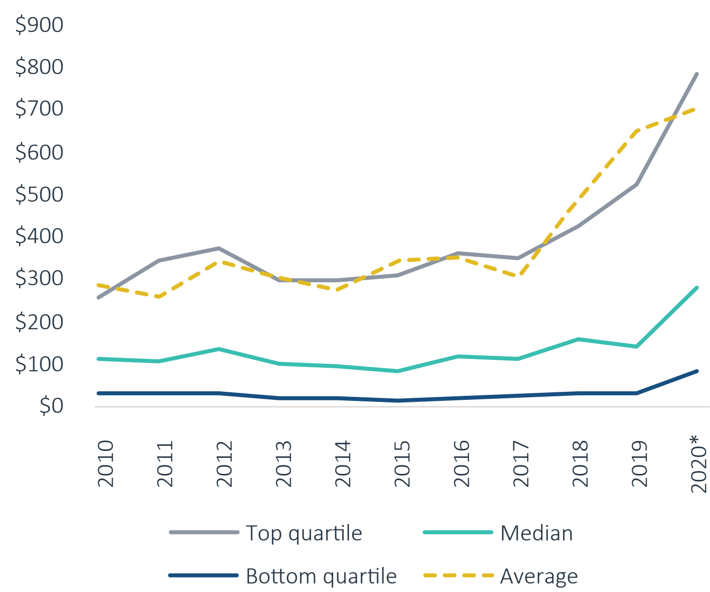
Zane Carmean Quantitative Research Analyst
zane.carmean@pitchbook.com

In this edition and following editions of PitchBook's Fund Strategies Report, we split real estate and real assets to apply greater nuance to our research. So far in 2020, total capital raised for real estate funds is on pace for a six-year low, and the number to close could be the lowest since the global financial crisis (GFC). The pace especially slowed in Q3, as only 19 funds closed on $6.8 billion. Only two funds sized $1 billion or above held final closings during the quarter, the largest of which was Angelo & Gordon's Europe Realty Fund III at $1.5 billion, which aims to invest in the value-add risk spectrum across property types.

The impact of COVID-19 on the commercial real estate landscape has been well-documented thus far. The bifurcation in sector performance has had an impact on the closed-end fundraising landscape as institutional investors narrow focus to more resilient strategies. AIMPERA Capital Partners closed on its first cold-storage fund, no doubt benefiting from the grocery logistics trend that has accelerated during the pandemic. That is in addition to at least two other funds that are specifically targeting the industrial sector. Finally, Gaw Capital Partners closed on a $1.3 billion fund targeting the fast-growing data center sector in China which will seek to benefit from 5G adoption.

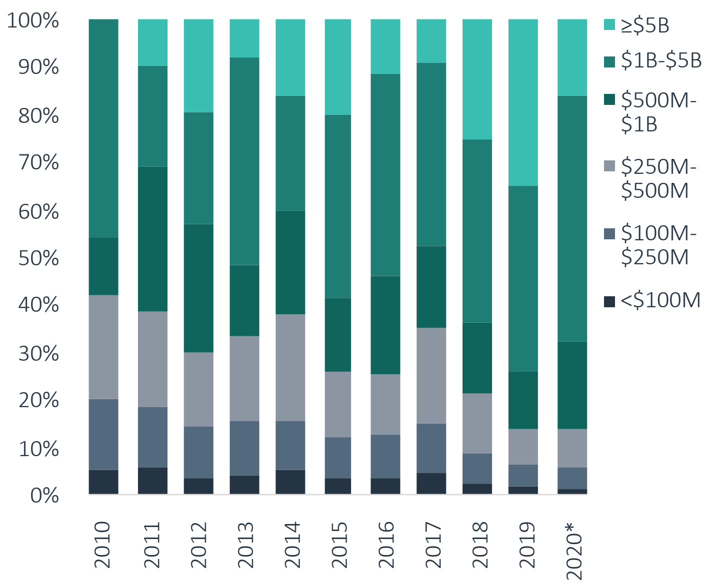
Real estate fund sizes ($M)



Source: PitchBook | **Geography:** Global
*As of September 30, 2020

With over $300 billion in dry powder available for real estate, there is plenty of appetite for dealmaking. Industrial and some niche sectors have fared better. Blackstone brought life sciences into the limelight with its recapitalization of BioMed Realty in October, valuing the company at $14.6 billion. However, the bid-ask spread for most real estate has been historically wide, causing record-breaking drops in deal activity during 2020, most recently -57% in Q3 2020 versus the same period last year for the US property market.[1] Some signs of life are appearing, though, with Real Capital Analytics reporting that Q3 volumes were up 37% over Q2 with only about 1% of total sales resulting from distressed situations.

Real estate funds ($) by size



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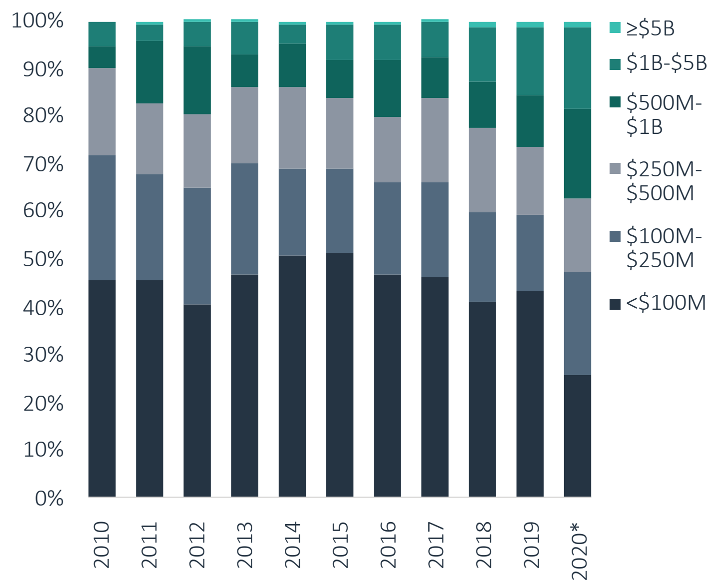
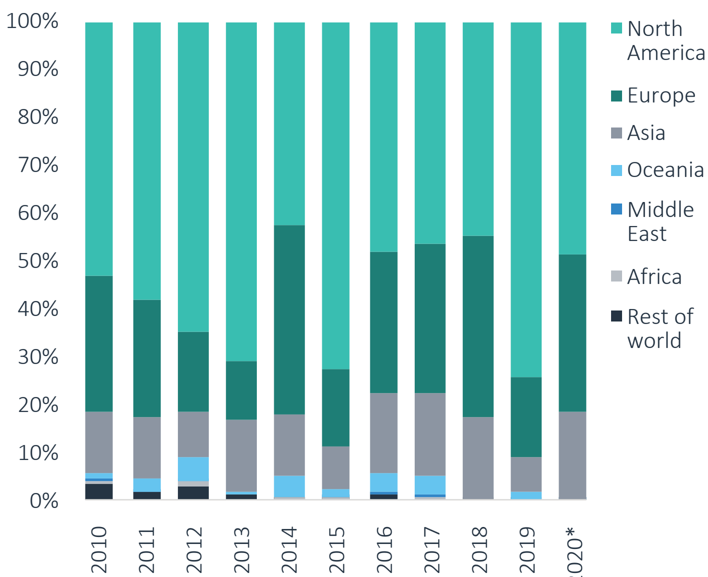
*As of September 30, 2020

Real estate funds (#) by size



Source: PitchBook | **Geography:** Global
*As of September 30, 2020

Real estate funds ($) by region



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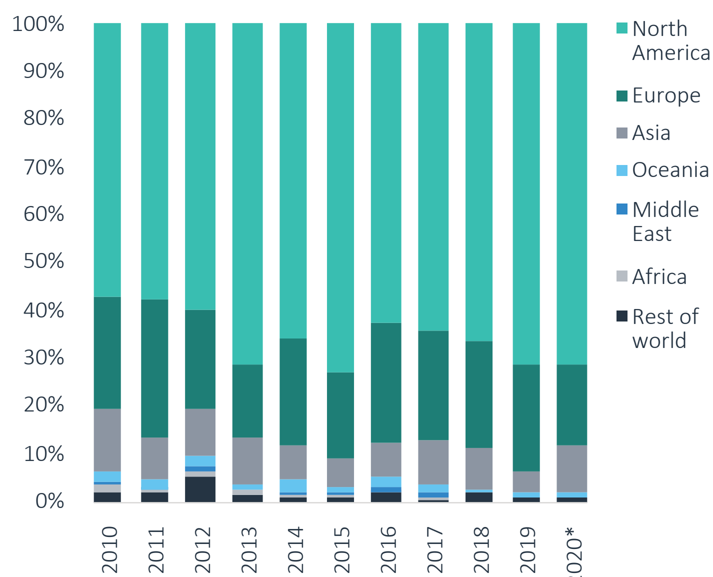
Real estate funds (#) by region



Source: PitchBook | **Geography:** Global
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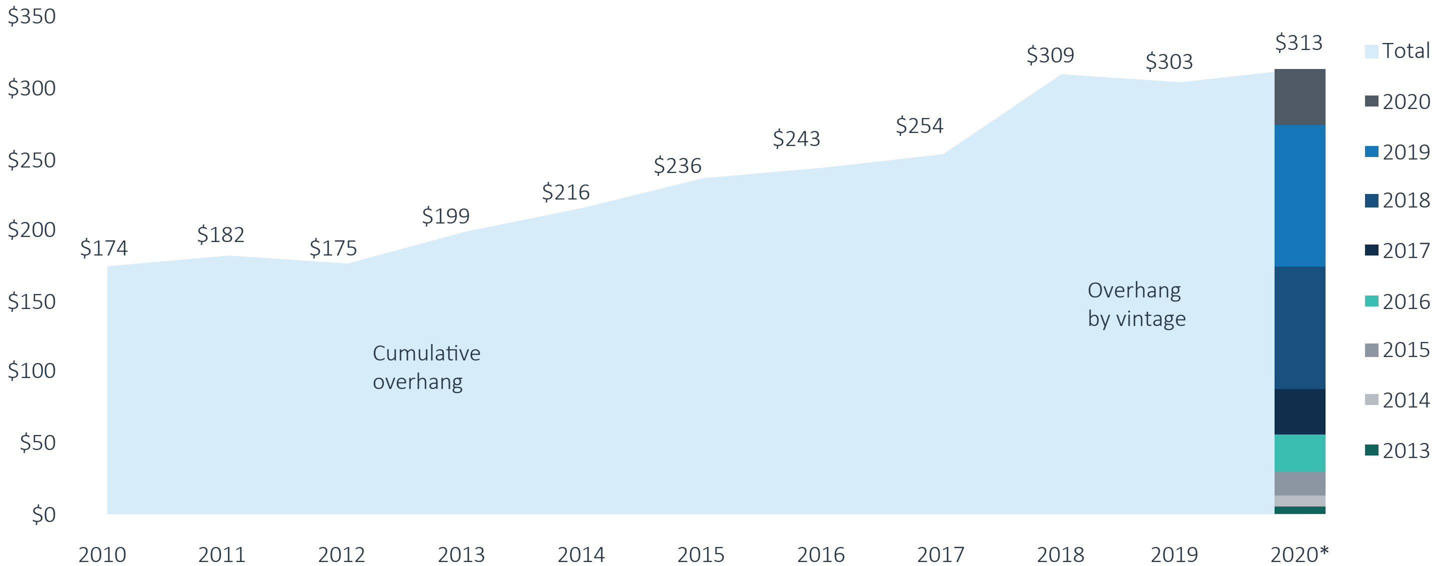
1: "US Commercial Real Estate Sales Tumble Again in Q3", Real Capital Analytics, October 21, 2020.

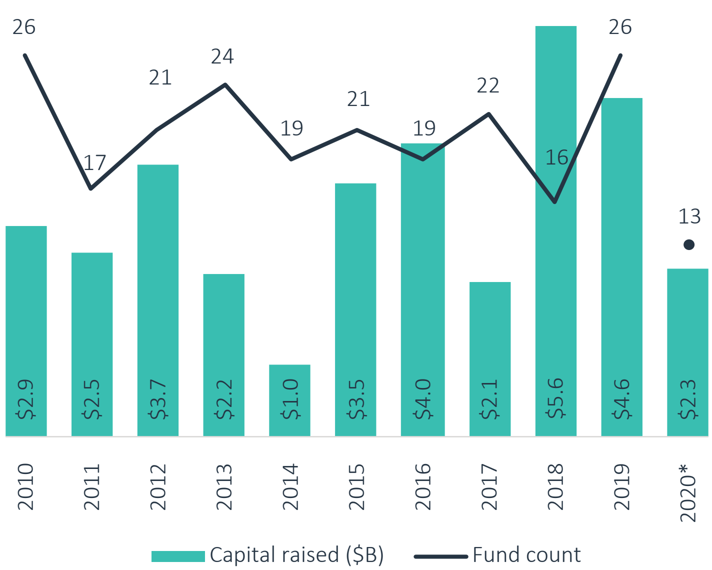
Real estate

Real estate overhang ($B)



Source: PitchBook | Geography: Global
*As of March 31, 2020

Real estate first-time fundraising activity



Source: PitchBook | Geography: Global
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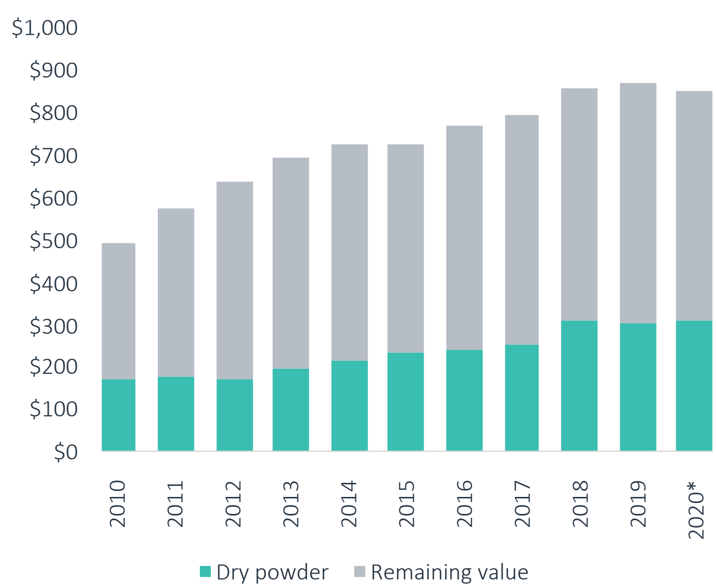
Real estate AUM ($B)



Source: PitchBook | Geography: Global
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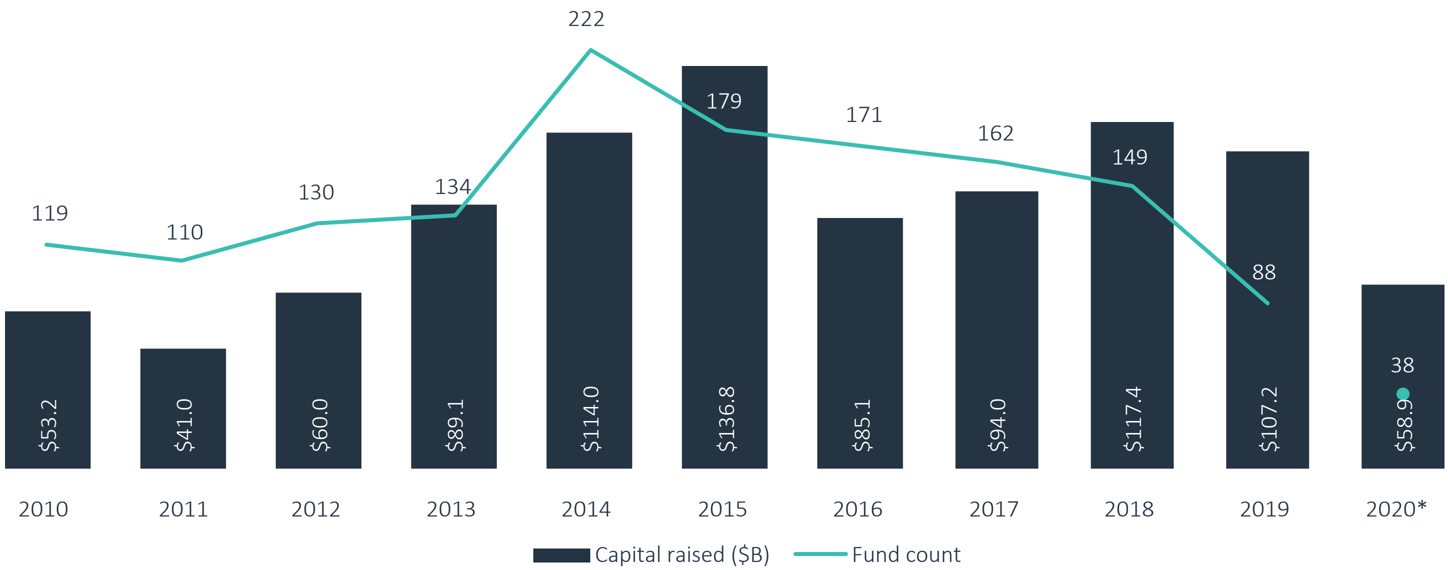
Real assets

Real assets fundraising activity



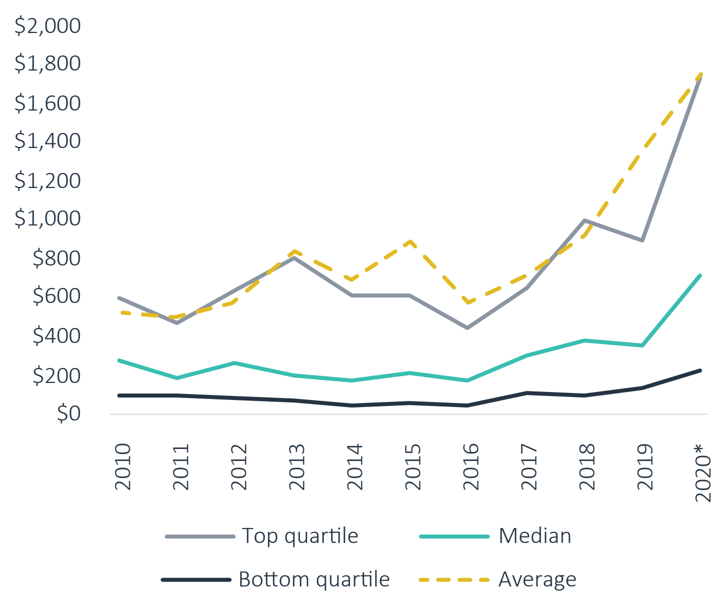
Source: PitchBook | **Geography:** Global
*As of September 30, 2020

James Gelfer Senior Strategist and Lead Analyst, VC
james.gelfer@pitchbook.com

The number of newly closed real assets funds—a newly redefined category at PitchBook that now includes infrastructure (including renewable energy and midstream oil) and natural resources (including upstream oil & gas, timber, agriculture, and water)—has cratered in 2020, with just 38 funds closed through the first three quarters of the year. Infrastructure funds have accounted for an even larger share of real assets capital raised in 2020 than they have historically. The global nature of the infrastructure market was on display in Q3's fundraising data, with the three largest funds each raised on a different continent: Antin Infrastructure IV in Europe, Blackstone Strategic Partners Infrastructure III in North America, and Patria Infrastructure IV in South America.

In contrast to infrastructure, natural resources funds of all types have seen little success, with just 10 funds raised for these strategies YTD. The tempered activity can at least partially be attributed to the downward pressure on broad commodity prices due to the pandemic, hampering oil prices in particular. Oil & gas funds have taken in $6.2 billion YTD, which is roughly half of 2019's total, but few funds are being closed. Only four upstream funds have closed, and while infrastructure has been a relatively popular strategy, midstream oil & gas funds have also gained little traction in 2020 as investors appear averse to any exposure to oil given the various headwinds in the space. Instead, we have seen dollars increasingly flowing into infrastructure funds targeting renewable energy assets.

Real assets fund sizes ($M)



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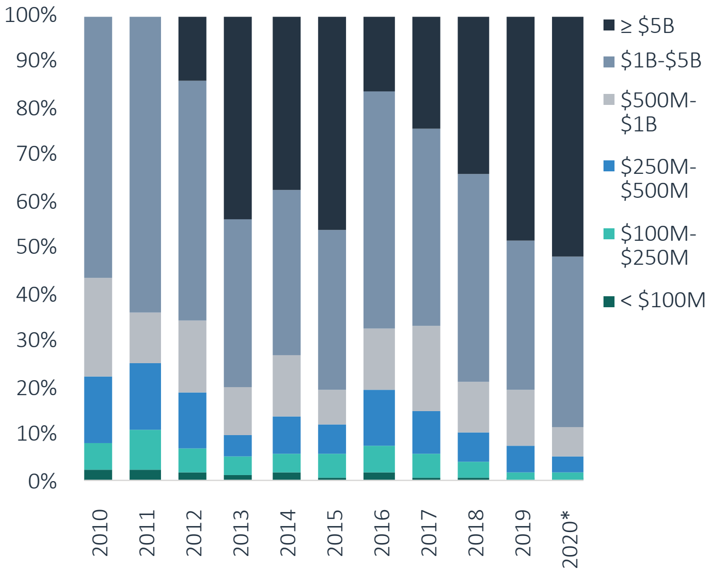
Real assets funds ($) by size



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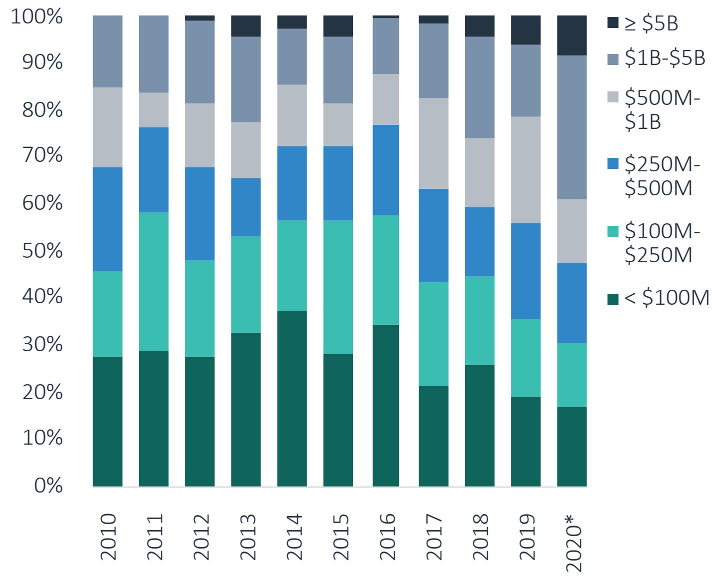

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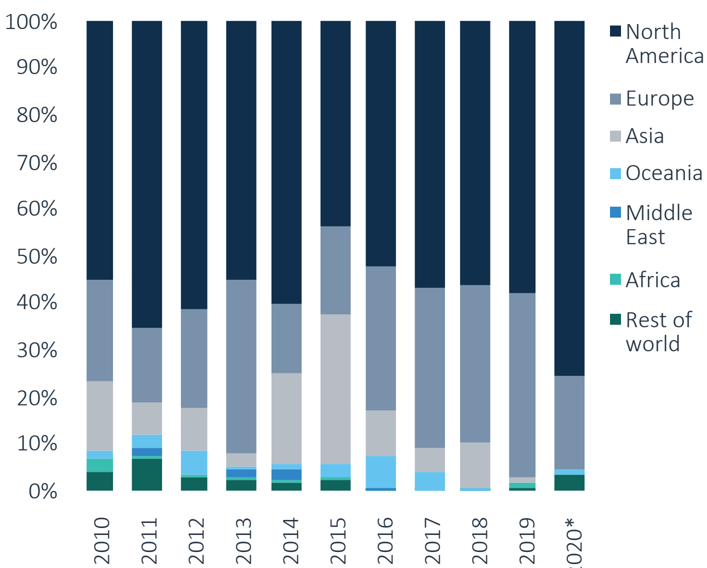
Real assets funds ($) by region



Source: PitchBook | **Geography:** Global
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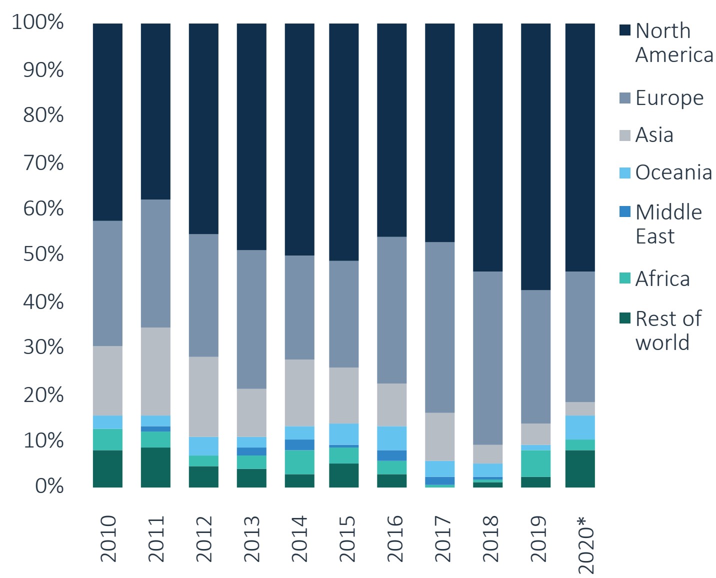
Real assets funds (#) by region



Source: PitchBook | **Geography:** Global
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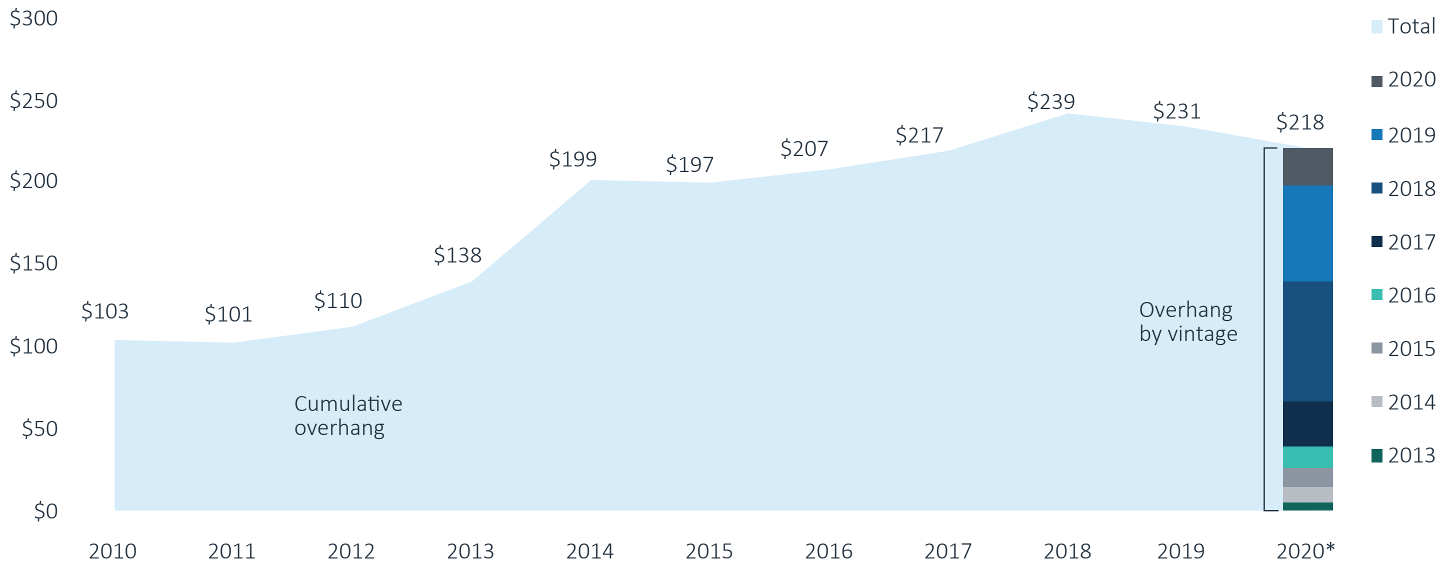
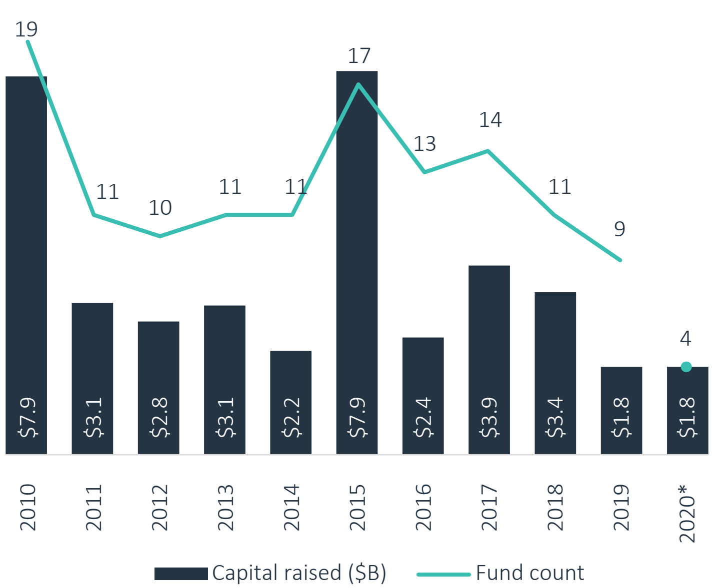
Real assets overhang ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

Real assets first-time fundraising activity



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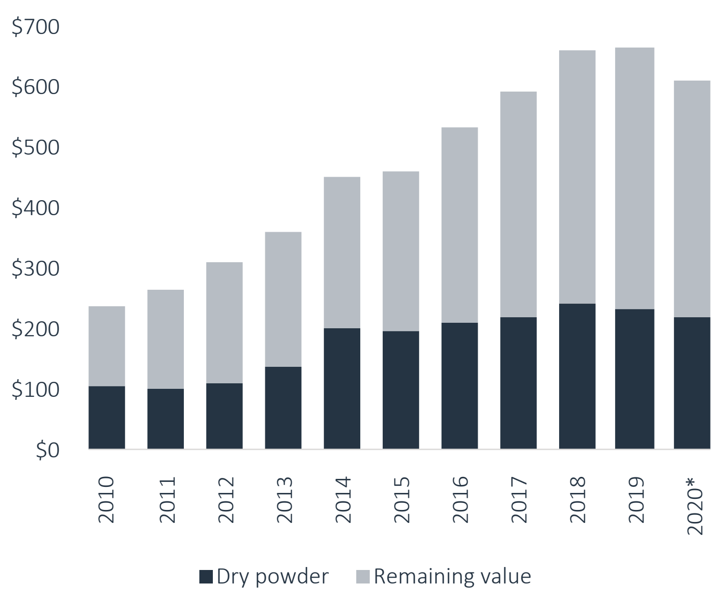
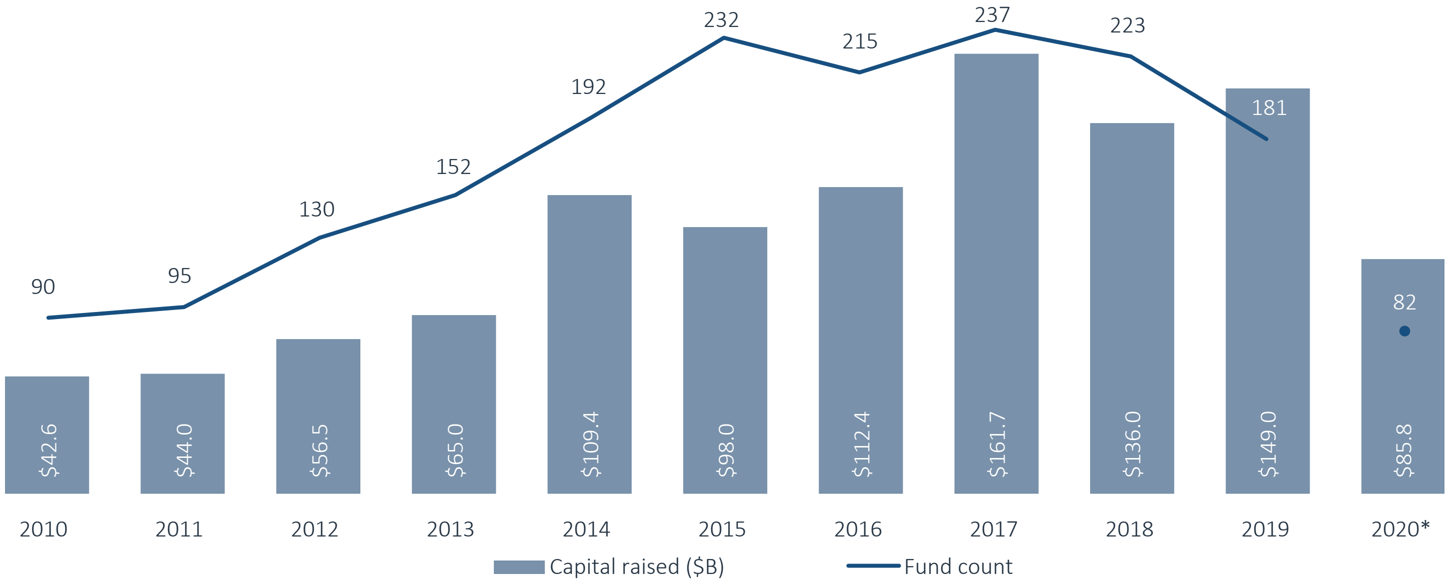
Real assets AUM ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

Private debt

Private debt fundraising activity



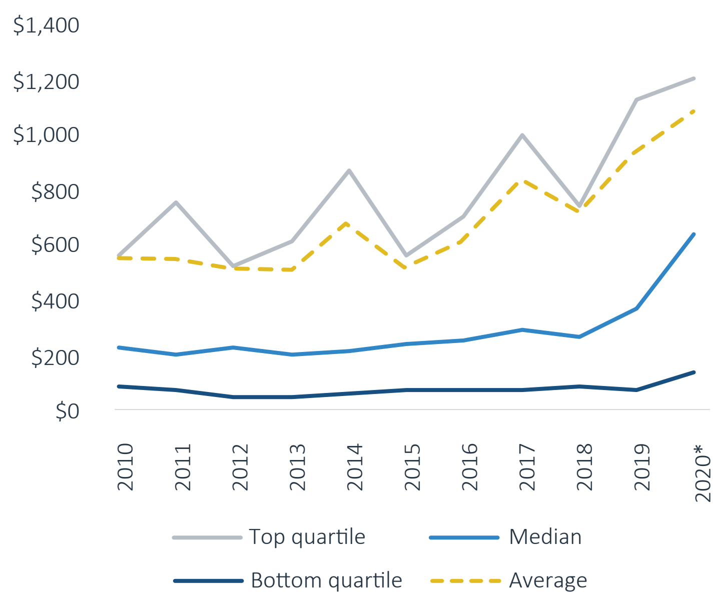
Source: PitchBook | **Geography:** Global
*As of September 30, 2020

Dylan Cox Lead Analyst, PE
dylan.cox@pitchbook.com

Private debt fundraising has slowed considerably in 2020. By year end, we could see the fewest debt funds closed and the least amount of capital raised for the strategy since 2016. While Q2 was marked by a plethora of opportunistic vehicles coming to market, some of the industry's largest players returned to their original fundraising plans in Q3. For example, Apollo and Antares held final closes on direct lending funds in the quarter, while Blackstone closed the largest real estate debt vehicle ever at $8.0 billion. Antares and Blackstone began fundraising in 2019, well before the pandemic came to the forefront of every investors' decision-making process. Apollo's fund, with Mubadala as the primary backer, represents a longer-term strategic bet on the confluence of private debt and broadly syndicated loan markets. While managers may enjoy better terms or pricing in the short term, we view each of these vehicles as a bet on a return to relative normalcy.

Despite the slowdown in fundraising, vehicles holding a final close in 2020 have tended to be much larger, reflecting the recent shift of allocations to more established managers at the expense of emerging ones. During the pandemic, LPs have increasingly relied on long-standing relationships to make commitments, rather than conduct entirely fresh due diligence in a remote environment. Just

Private debt fund sizes ($M)



Source: PitchBook | **Geography:** Global
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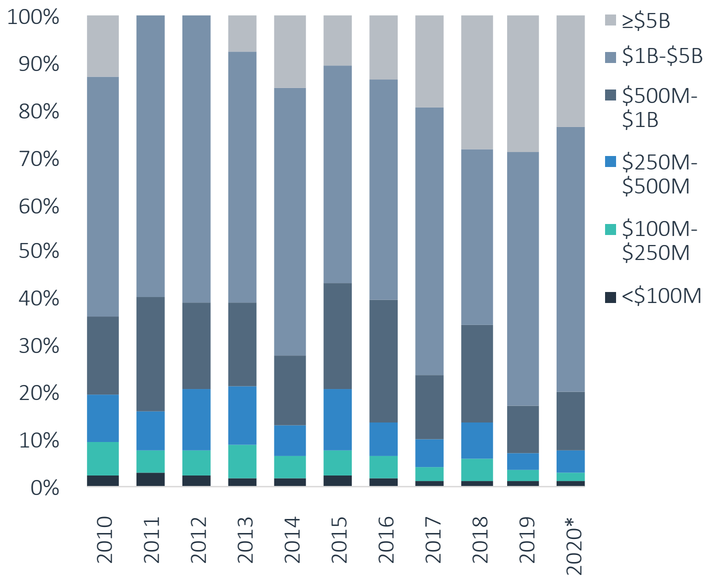
Private debt funds ($) by size



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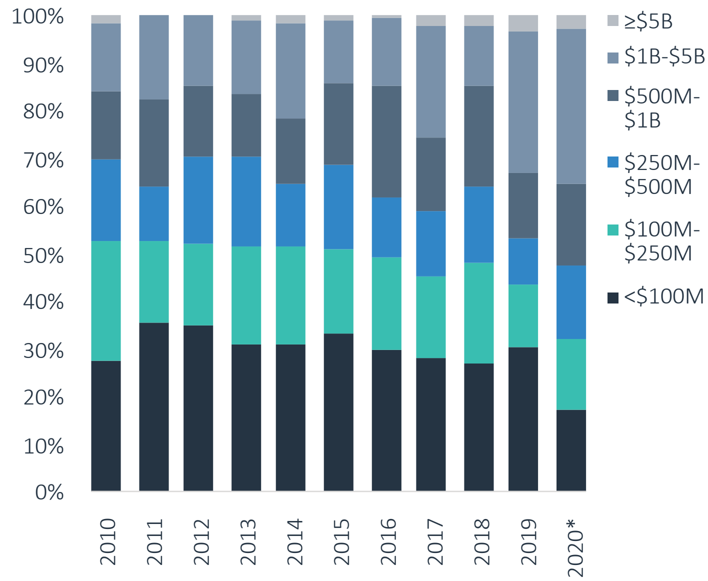
Private debt funds (#) by size



Source: PitchBook | **Geography:** Global
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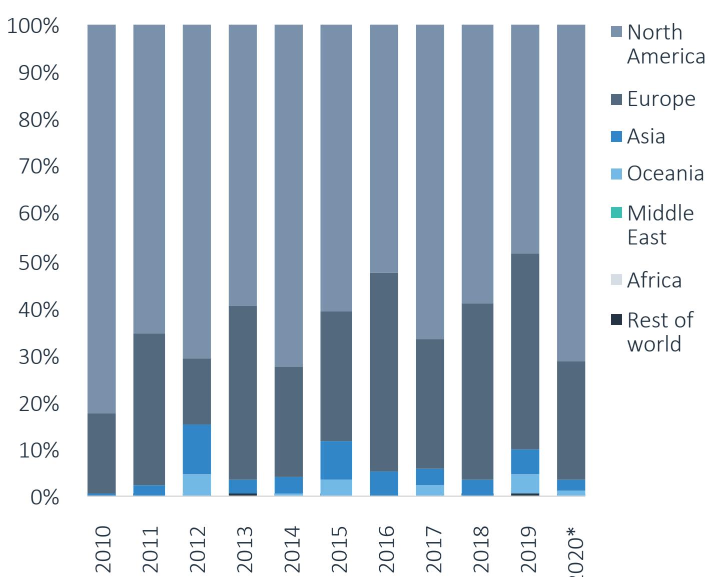
17.5% of funds to close in 2020 have been sized $100 million or less, compared to 30.4% in 2019. In a similar vein, the median private debt fund size has skyrocketed to $630.2 million YTD, a 75.1% increase over the metric in full-year 2019. We expect larger managers to continue enjoying outsized success in the coming quarters, similar to trends witnessed across the private capital ecosystem.

As we discussed in the last edition of this report, COVID-19 induced a wave of opportunistic funds—namely distressed debt and special situations vehicles—to come to market aiming to capitalize on recent duress. But it appears the drawdown in asset prices was so short lived that some managers may have trouble finding enough distressed opportunities. What's more, the level of bankruptcies and defaults has been lower than

Private debt funds ($) by region



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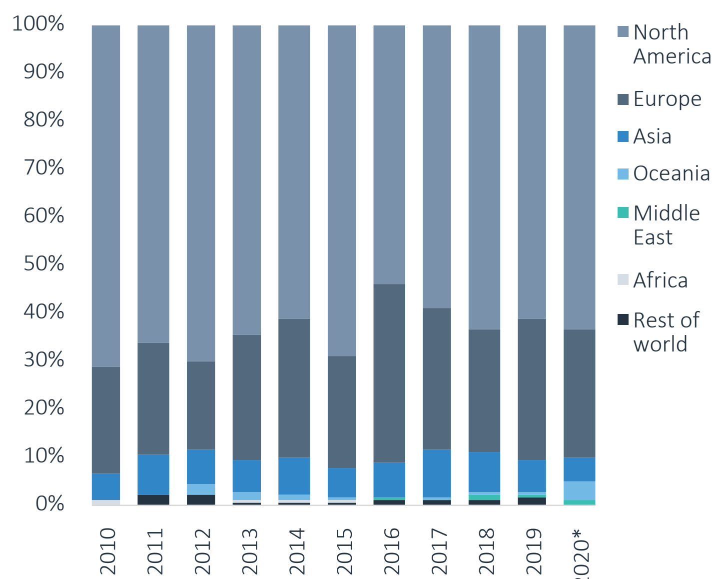
Private debt funds (#) by region



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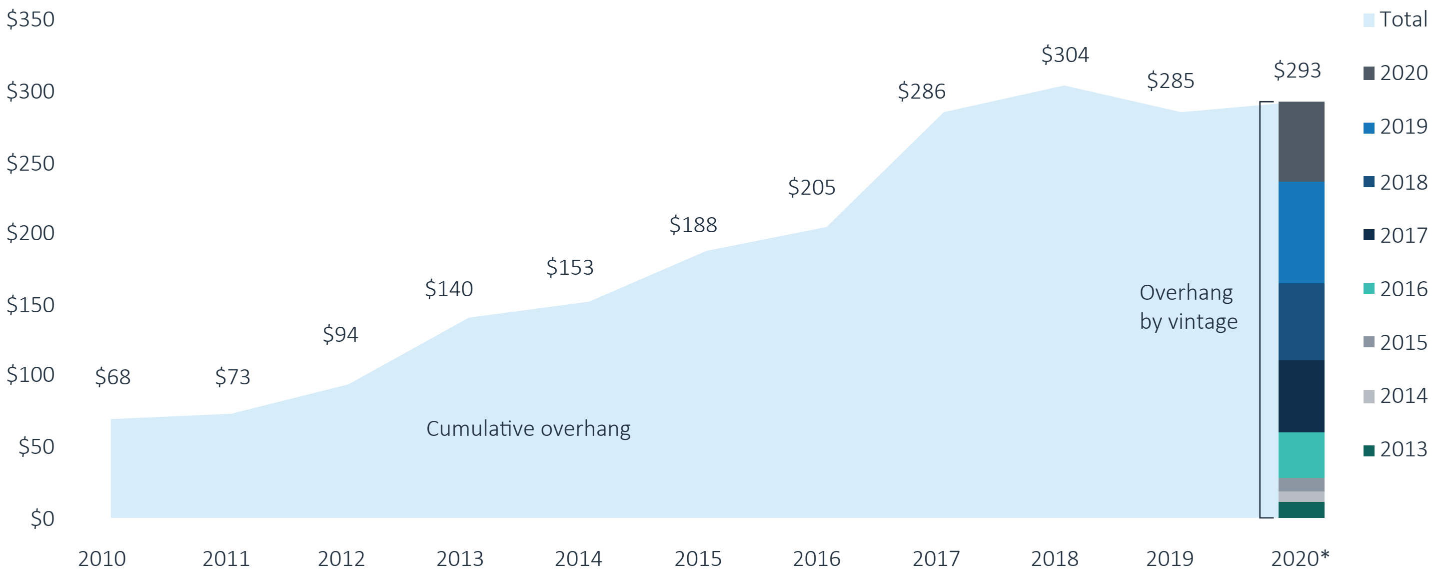
*As of September 30, 2020

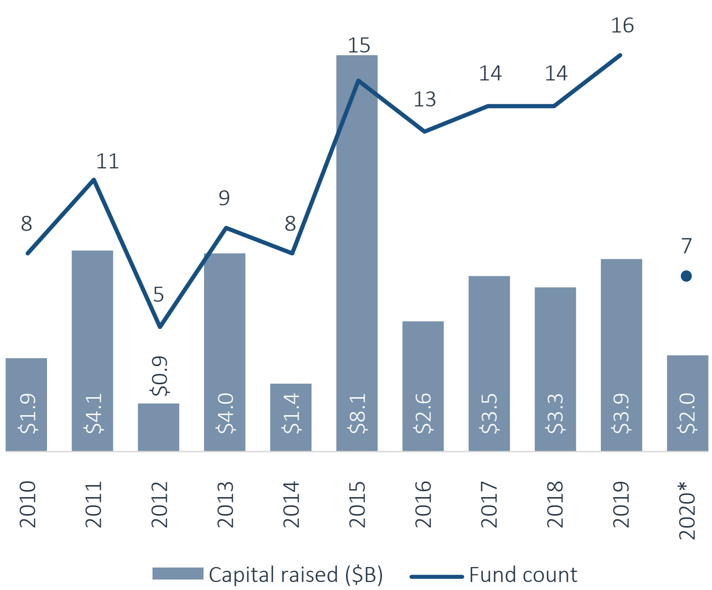
many originally expected, largely due to the flexibility of alternative lenders and the widespread availability of cheap financing within the banking system. Distressed and special situations managers have raised just over $22 billion YTD—about on pace with 2019—but one fund could change the result by year end. Oaktree is still in the market with its $15.0 billion distressed vehicle, which would be the largest distressed debt fund ever closed.

Private debt overhang ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

Private debt first-time fundraising activity



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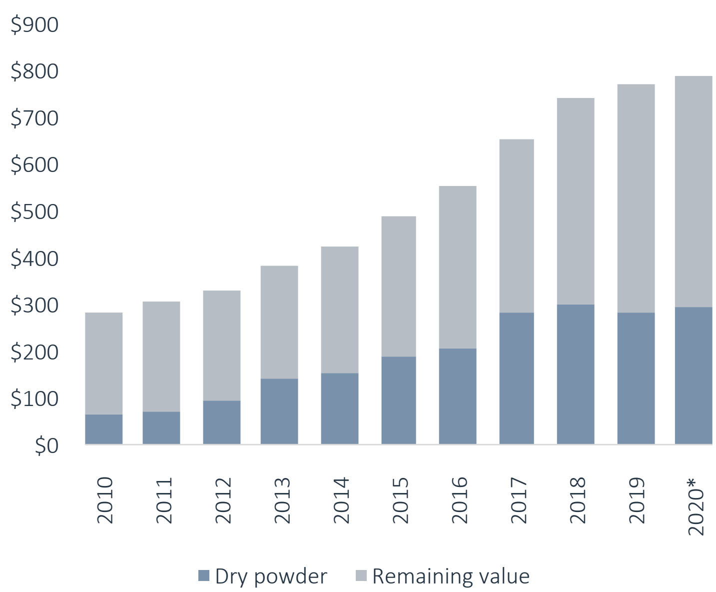
Private debt AUM ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

PitchBook

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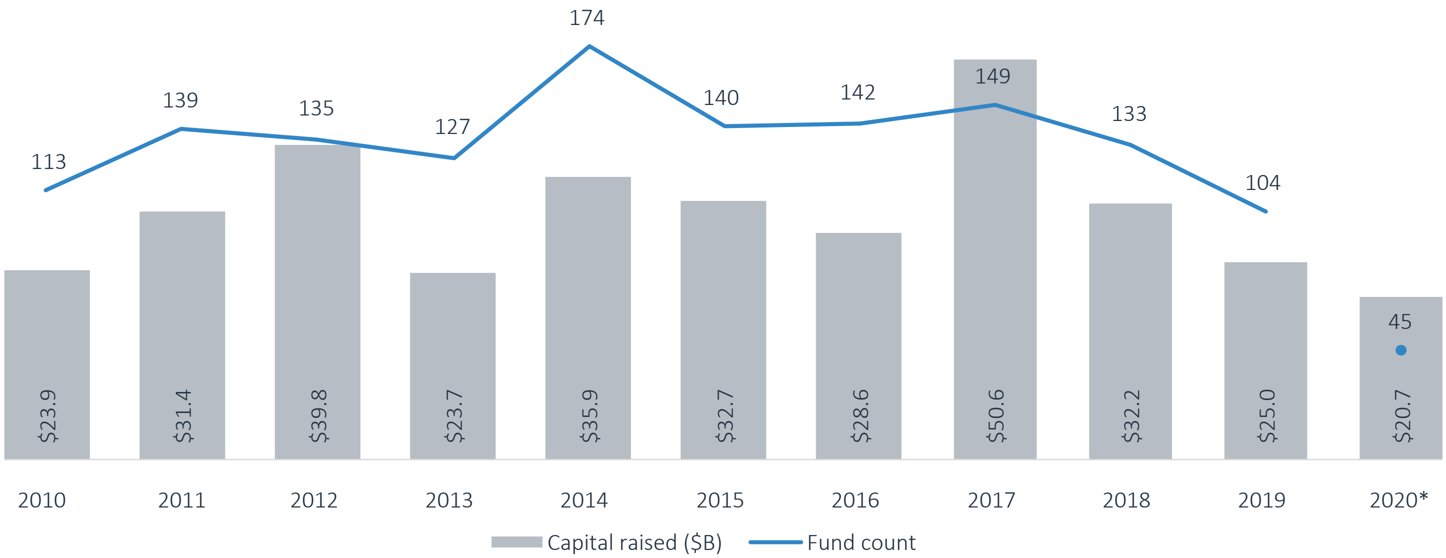
Funds of funds

FoF fundraising activity



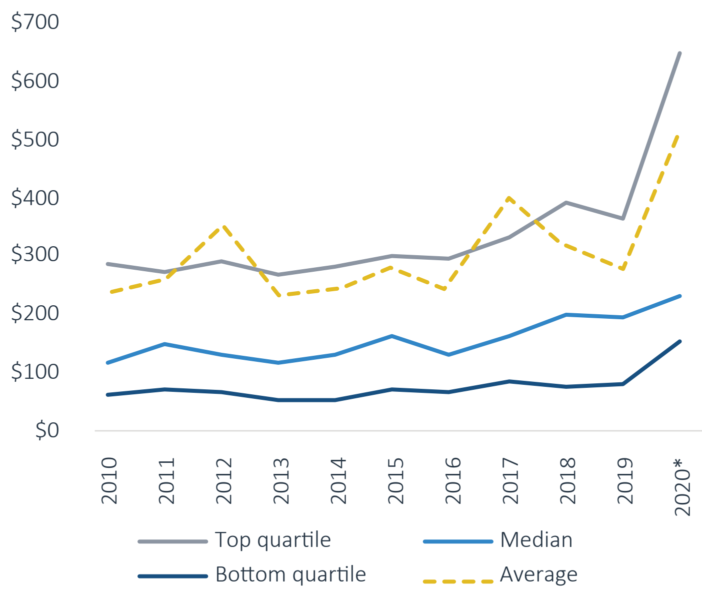
Source: PitchBook | Geography: Global
*As of September 30, 2020

Hilary Wiek, CFA, CAIA Senior Analyst, Fund Strategies and Performance
hilary.wiek@pitchbook.com

Even more so than in the wider private market universe, LPs have committed capital to fewer and fewer FoF in recent years. 99 FoF closed in the TTM through September 2020, less than half the peak of 215 set in the TTM through March 2008. In 2020, however, there has been an upswing in capital raised. In the TTM ending September 30, FoF closed on $34.2 billion, up 8.5% from the year prior. The number of funds declined 23.8%, indicating that the long trend of consolidation into fewer FoF has persisted in 2020. In the third quarter, only eight FoF closed, the largest being from Banque Pictet & Cie in Switzerland for $1.2 billion, which was 1.4x the prior Monte Rosa fund. In fact, four of the eight were from outside of North America, though that region represents the vast majority of FoF closed in 2020 overall.

From 2009 to 2013, the median size of successor FoF from the same fund family declined. Following the GFC, investors turned their backs on this structure in favor of lower fees and possibly shorter duration vehicles. Since 2014, however, step-ups have been growing again as the FoF group has consolidated, with 2020 showing a massive 31.5% jump in the median step-up. In fact, 79% of the 24 successor funds raised in 2020 were larger than their predecessor, a level of broad success for the strategy not seen since before the GFC. It does appear that the big players likely to close in 2020 have already done so, with the current roster of open funds not including many large, established players.

FoF sizes ($M)



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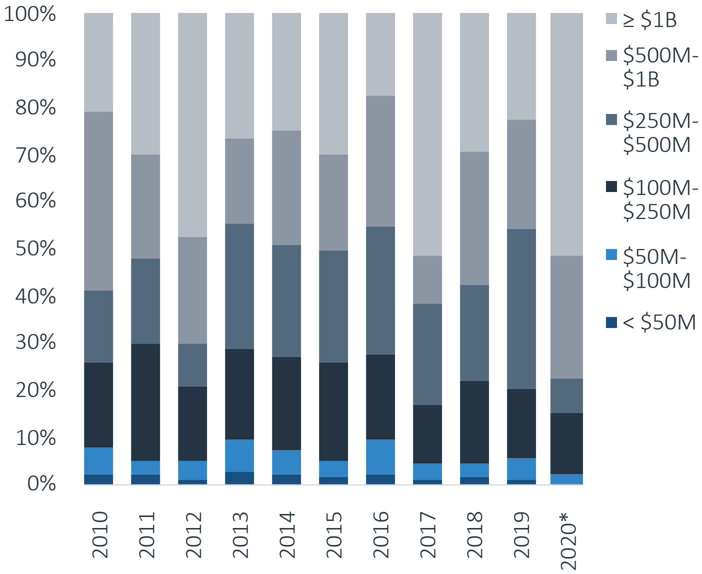
FoF ($) by size



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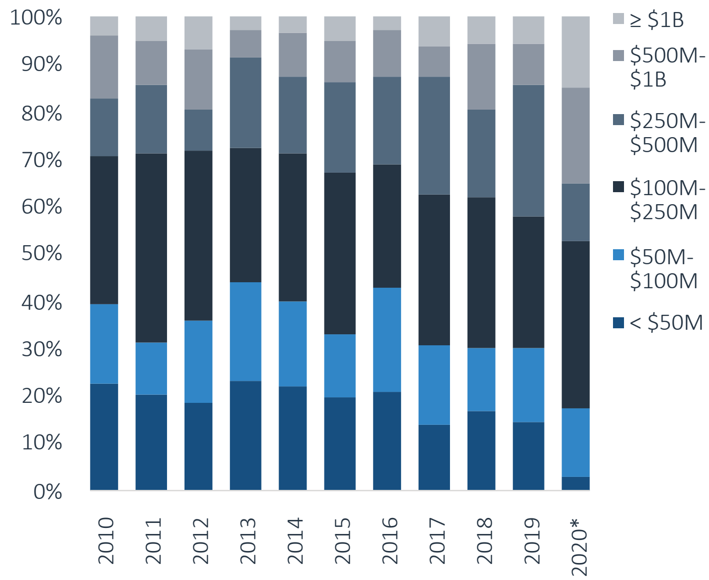
FoF (#) by size



Source: PitchBook | **Geography:** Global
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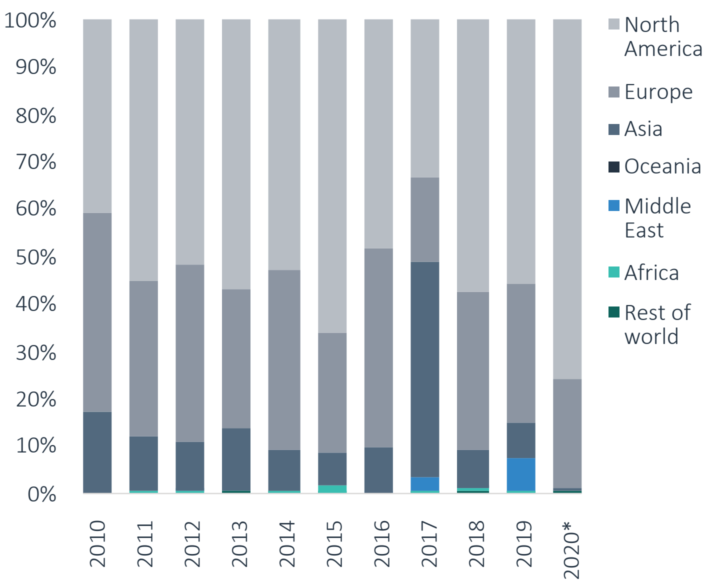
FoF ($) by region



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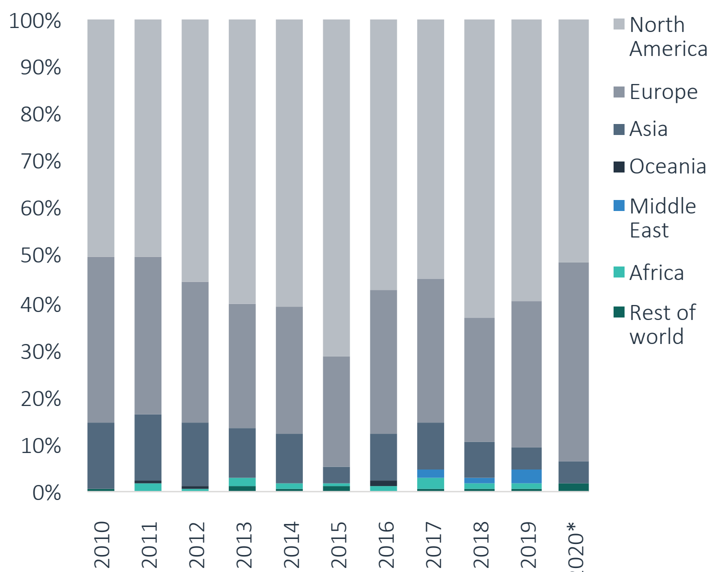
FoF (#) by region



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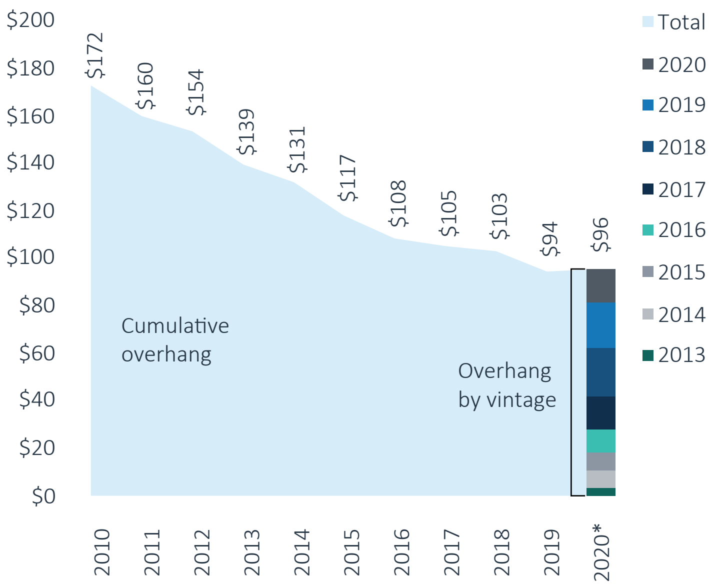
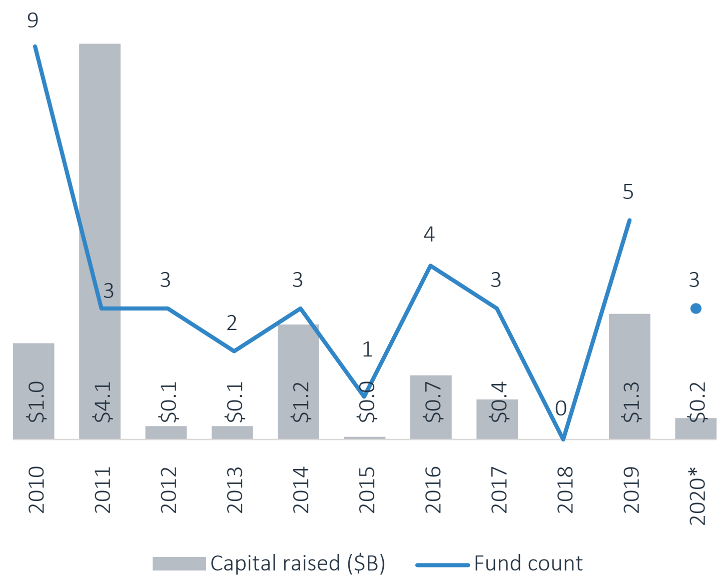
FoF overhang ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

FoF first-time fundraising activity



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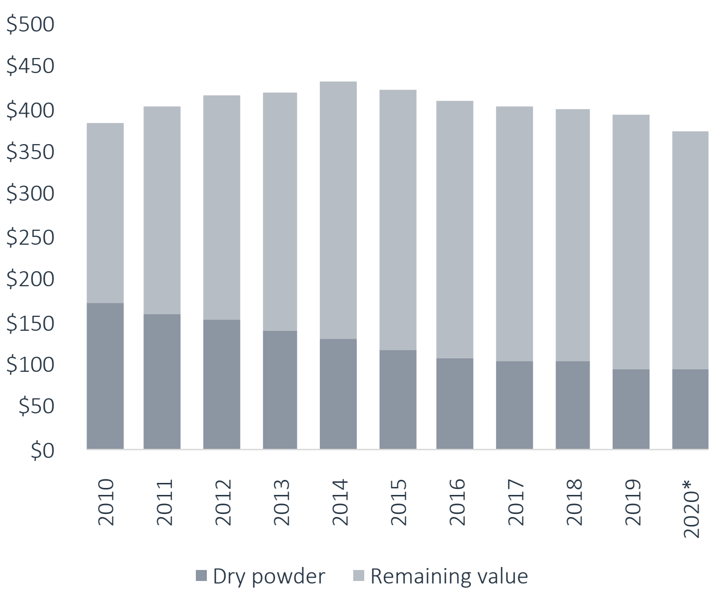
FoF AUM ($B)



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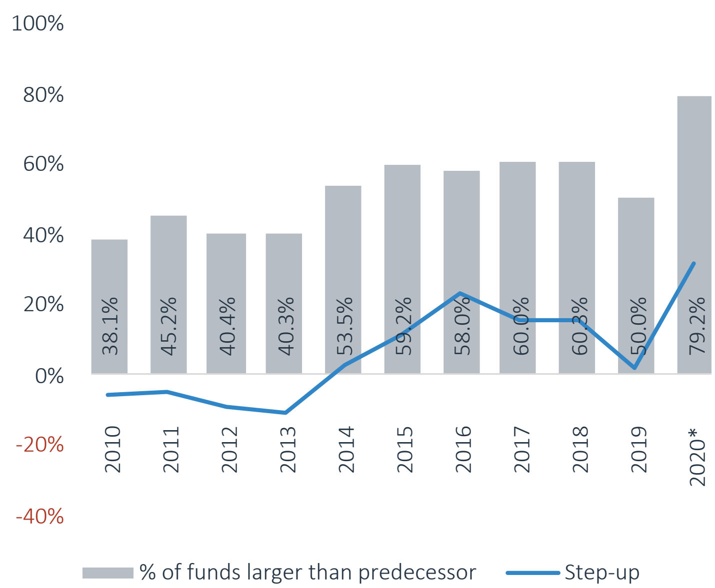
Median step-up from previous FoF in fund family



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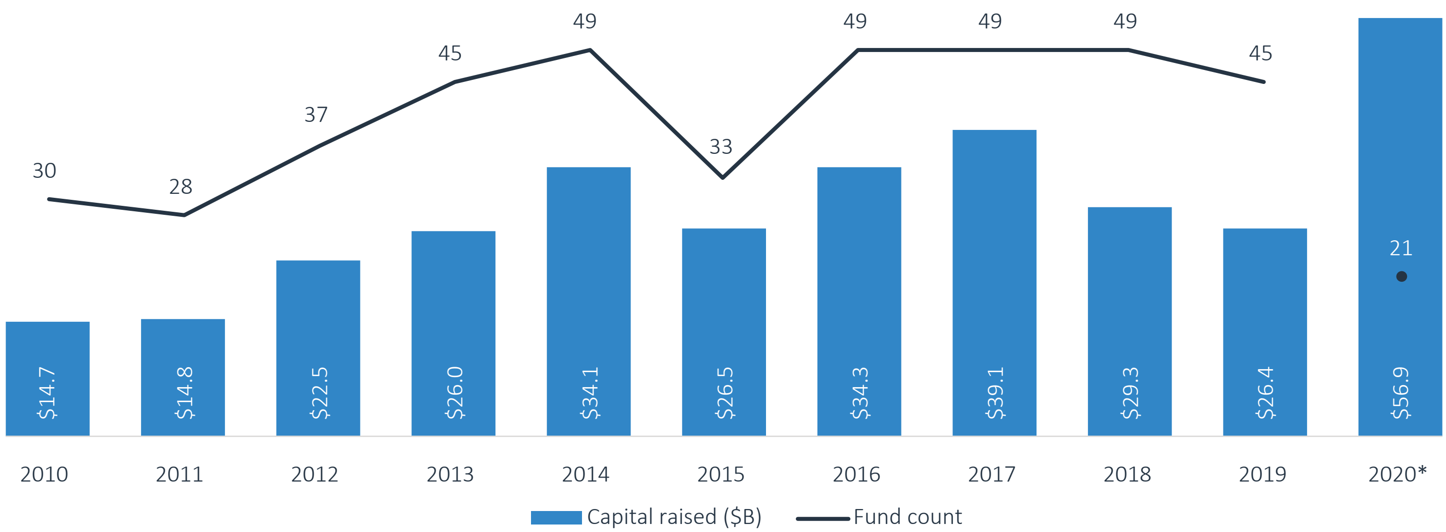
Secondaries

Secondaries fundraising activity



Source: PitchBook | **Geography:** Global
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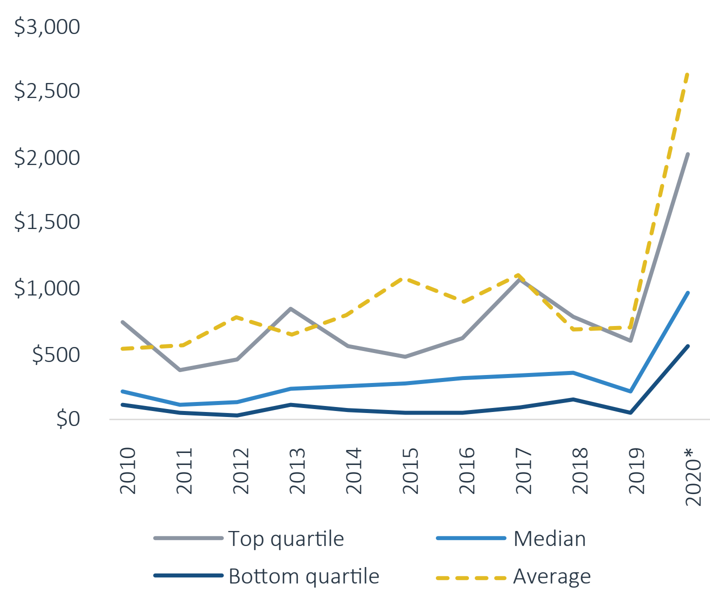
Hilary Wiek, CFA, CAIA Senior Analyst, Fund Strategies and Performance
hilary.wiek@pitchbook.com

Building off a low base of both fund count and capital raised, as measured against other strategies, secondaries have seen a phenomenal percentage growth in fundraising in 2020. Only 21 funds closed on $56.9 billion through September, resulting in an average fund size of $2.7 billion and a median fund size of $1,113.9 million, both well ahead of secondaries fund metrics from years past. As the difference between the average and the median suggest, several enormous funds have closed in the year. In the first half of 2020, Ardian and Lexington Partners closed on fund commitments totaling $19.0 billion and $14.0 billion, respectively. Eight more funds sized larger than $1 billion also closed in the period. Only six secondaries funds closed in the third quarter for a total of $8.1 billion, $3.8 billion of which came from Blackstone's Strategic Partners Infrastructure III.

In the last two years, we have seen a marked cessation to the rapid growth in secondaries dry powder that followed the GFC. Given the phenomenal pace of secondaries fundraising throughout 2020, however, we expect that curve to tip back up again in short order. By all accounts, fundraising has eclipsed secondaries deal flow and slowed capital calls. Of the five funds raised in the third quarter, two were real estate funds based in North America, highlighting that this strategy is made up of more than just PE interests.

Secondaries fund sizes ($M)



Source: PitchBook | **Geography:** Global
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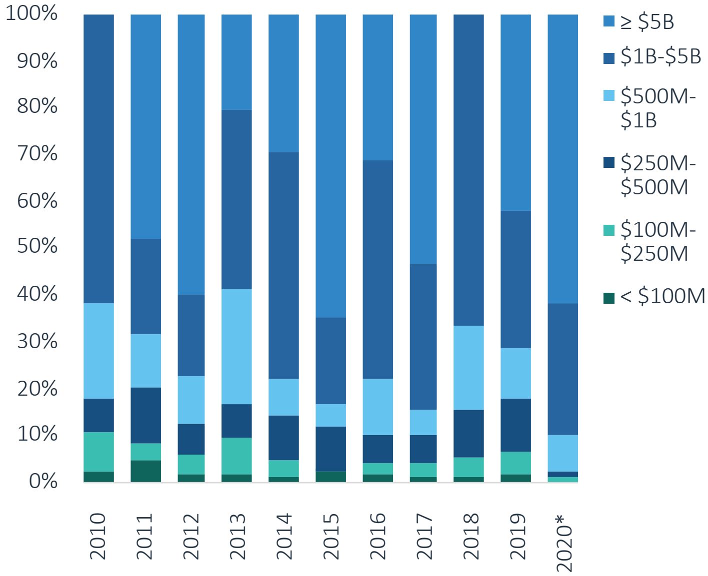
Secondaries funds ($) by size



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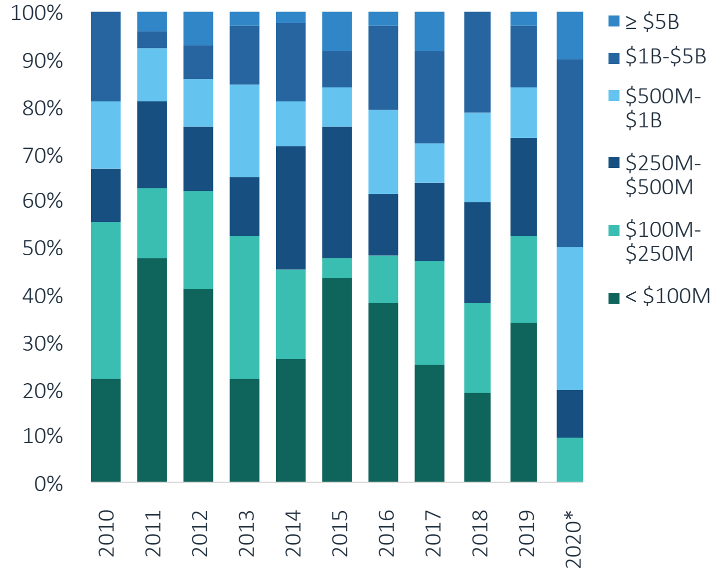

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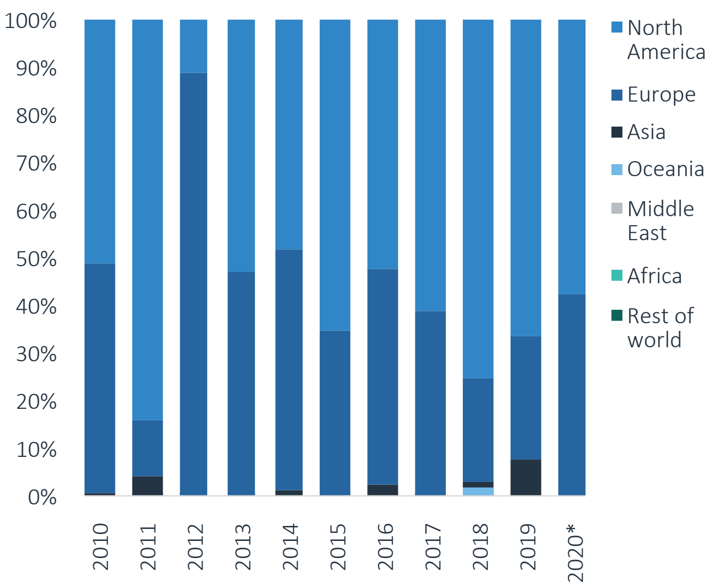
*As of September 30, 2020

Secondaries funds ($) by region



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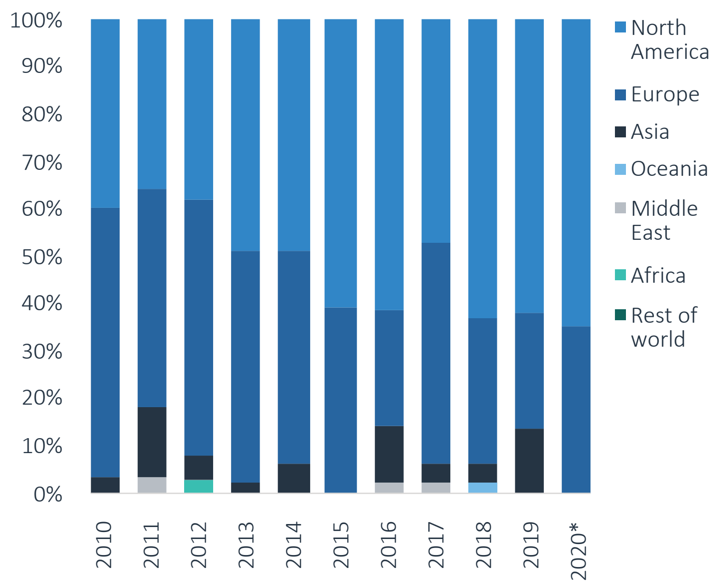
Secondaries funds (#) by region



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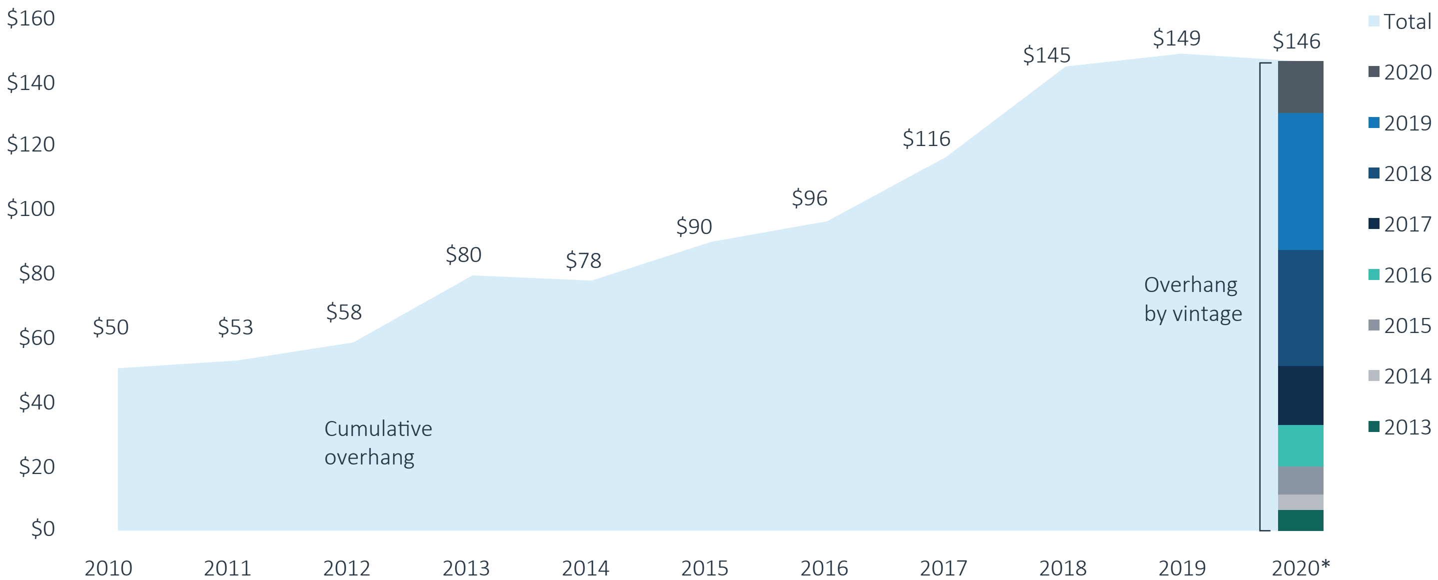
Secondaries overhang ($B)



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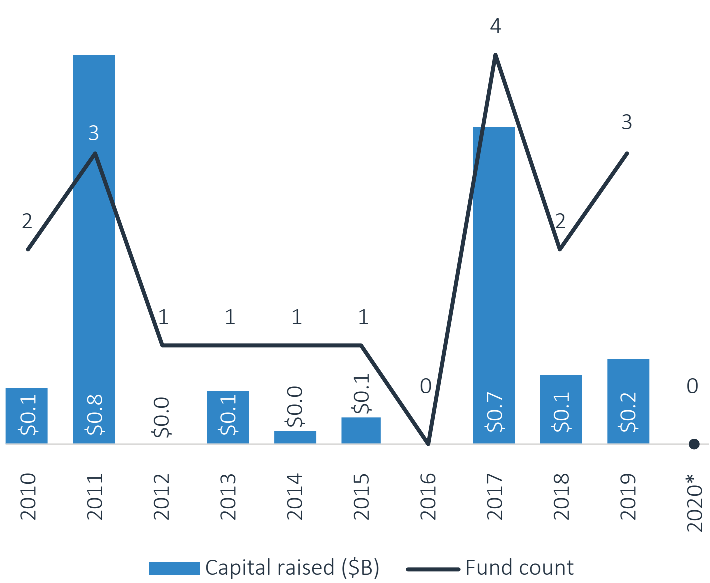
Secondaries first-time fundraising activity



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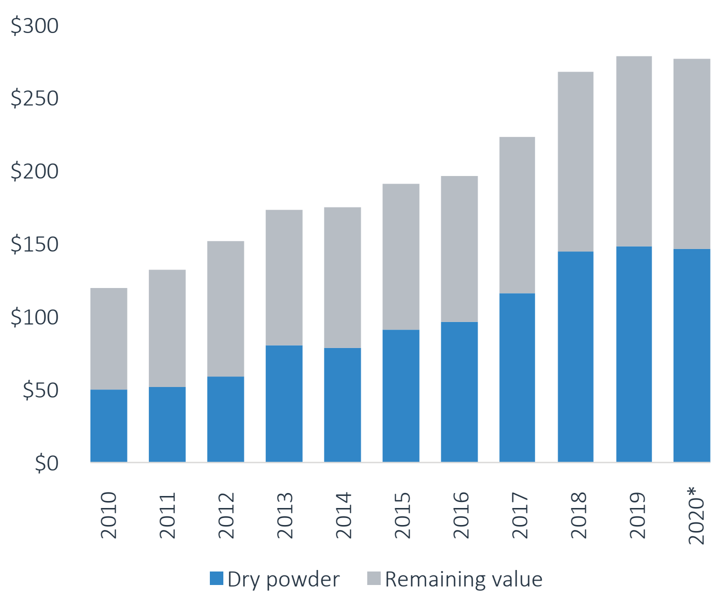
Secondaries AUM ($B)



Source: PitchBook | **Geography:** Global
*As of March 31, 2020

Top funds by size

Top PE funds to close in Q3 2020 by size

Fund name	Fund size ($M)	Close date	Fund step-up	City	Country
CVC Capital Partners Fund VIII	$23,981	July 3, 2020	1.3x	London	UK
Google for India Digitization Fund	$10,000	July 13, 2020	N/A	Mountain View	US
Blackstone Life Sciences V	$4,605	July 9, 2020	5.1x	New York	US
Vitruvian Investment Partnership IV	$4,570	July 30, 2020	1.7x	London	UK
Ardian Expansion Fund V	$2,369	September 16, 2020	2.0x	Paris	France

Source: PitchBook | **Geography:** Global

Top VC funds to close in Q3 2020 by size

Fund name	Fund size ($M)	Close date	Fund step-up	City	Country
The Climate Pledge Fund	$2,000	July 23, 2020	N/A	Seattle	US
Addition One	$1,300	July 1, 2020	N/A	New York	US
Greylock XVI	$1,000	September 15, 2020	0.9x	Burlington	US
Meritech Capital Partners VII	$818	August 14, 2020	1.3x	Palo Alto	US
DCM IX	$780	July 9, 2020	1.6x	Menlo Park	US

Source: PitchBook | **Geography:** Global

Top real estate funds to close in Q3 2020 by size

Fund name	Fund size ($M)	Close date	Fund step-up	City	Country
AG Europe Realty Fund III	$1,500	July 2, 2020	1.8x	London	UK
Gaw Capital Partners IDC Fund	$1,300	September 7, 2020	N/A	Hong Kong	Hong Kong
Rockspring TransEuropean Property VII	$844	July 6, 2020	1.8x	London	UK
Lone Star Value-Add Fund I	$759	August 1, 2020	N/A	Dallas	US
Elion Real Estate Fund V	$500	September 21, 2020	3.4x	Miami	US

Source: PitchBook | **Geography:** Global

Top funds by size

Top real assets funds to close in Q3 2020 by size

Fund name	Fund size ($M)	Close date	Fund step-up	City	Country
Antin Infrastructure Fund IV	$7,404	July 28, 2020	1.8x	London	UK
Patria Infrastructure Fund IV	$2,000	August 31, 2020	1.5x	Sao Paulo	Brazil
GI Data Infrastructure Fund	$1,800	September 8, 2020	N/A	San Francisco	US
Labor Impact Fund	$893	September 7, 2020	N/A	Chicago	US
Morrison & Co Growth Infrastructure Fund	$412	August 11, 2020	N/A	Brisbane	Australia

Source: PitchBook | **Geography:** Global

Top private debt funds to close in Q3 2020 by size

Fund name	Fund size ($M)	Close date	Fund step-up	City	Country
Apollo Strategic Origination Partners	$12,000	July 6, 2020	N/A	New York	US
Blackstone Real Estate Debt Strategies IV	$8,000	September 22, 2020	1.8x	New York	US
Antares Senior Loan Fund	$3,000	September 14, 2020	N/A	Chicago	US
Stellex Capital Partners II	$1,775	September 9, 2020	2.0x	New York	US
AXA IMRA European Infrastructure Senior Fund 2	$1,186	July 21, 2020	1.4x	Paris	France

Source: PitchBook | **Geography:** Global

Top FoF to close in Q3 2020 by size

Fund name	Fund size ($M)	Close date	Fund step-up	City	Country
Monte Rosa V	$1,164	July 9, 2020	1.4x	Geneva	Switzerland
Solutio Premium Private Equity VII	$639	August 6, 2020	1.1x	Grünwald	Germany
TrueBridge Capital Partners Fund VI	$600	July 13, 2020	1.3x	Chapel Hill	US
TMAM/Pathway Global Opportunities USD Fund V	$232	September 1, 2020	2.6x	Irvine	US
Cendana Capital IV	$218	July 8, 2020	2.7x	San Francisco	US

Source: PitchBook | **Geography:** Global

Top secondaries funds to close in Q3 2020 by size

Fund name	Fund size ($M)	Close date	Fund step-up	City	Country
Blackstone Strategic Partners Infrastructure III	$3,750	July 20, 2020	2.1x	New York	US
Strategic Partners Real Estate VII	$1,900	July 16, 2020	1.1x	New York	US
StepStone Real Estate Partners IV	$1,400	September 29, 2020	2.0x	San Francisco	US
Sweetwater Secondaries Fund II	$428	September 29, 2020	N/A	Encinitas	US
ODDO BHF Secondaries Fund	$403	July 8, 2020	N/A	Paris	France

Source: PitchBook | **Geography:** Global