PitchBook

Private Fund Strategies Report

Q3 2021

PitchBook

Contents

A note on methodology: Prior to this edition, the Global Fund Performance Report included mezzanine under private equity. Going forward, mezzanine will be included under private debt.

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

	Capital raised ($B)	YoY change	Fund count	YoY change
Private capital	$1,257.7	-1.0%	3,284	-3.0%
Private equity	$509.2	3.2%	838	-0.2%
Venture capital	$230.5	12.1%	1,510	6.3%
Real estate	$126.4	-23.6%	365	-20.1%
Real assets	$101.9	-11.7%	129	-7.2%
Private debt	$195.1	24.6%	292	-8.8%
Funds of funds	$27.4	-61.6%	100	-37.1%
Secondaries	$67.3	6.7%	50	-2.0%

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

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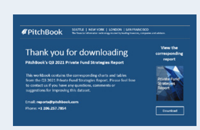
Click here for PitchBook's report methodologies.

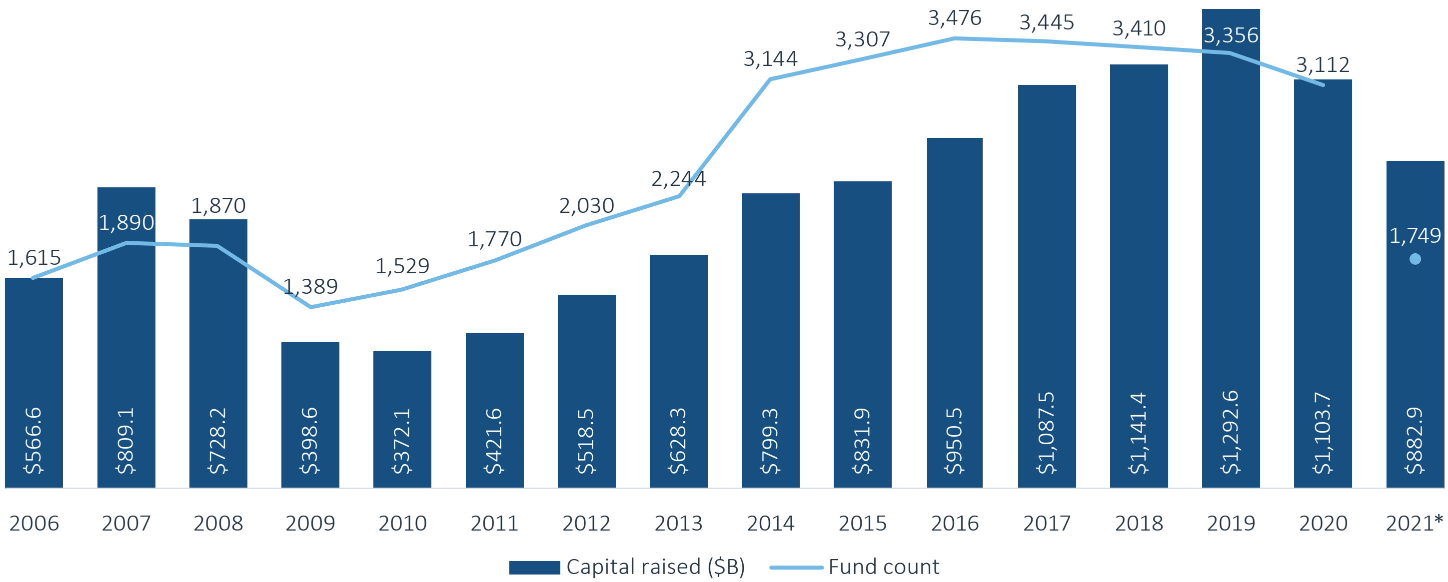
Click here for PitchBook's private market glossary.

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



Fund overview

Private capital fundraising activity



Source: PitchBook | **Geography:** Global
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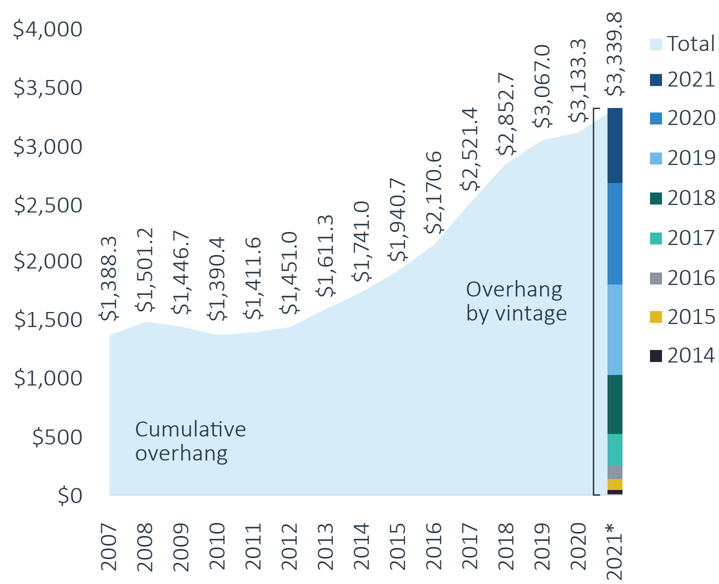
The fundraising declines are declining. Looking at the year through Q3 2021 versus the year through Q2 2021, private capital fundraising was only down 1.0% versus the 24.3% we reported last quarter, when only venture capital (VC) was up on this metric. Now VC, private equity (PE), private debt, and secondaries have shown improvement. The $882.9 billion raised in the first three quarters of 2021 was 80.0% of the full-year 2020 total, so it is possible that 2021 will exceed the 2020 total, if not the 2019 record. The number of successful fund closings continues to decline dramatically, however, as the 2021 pace is well behind that of 2020.

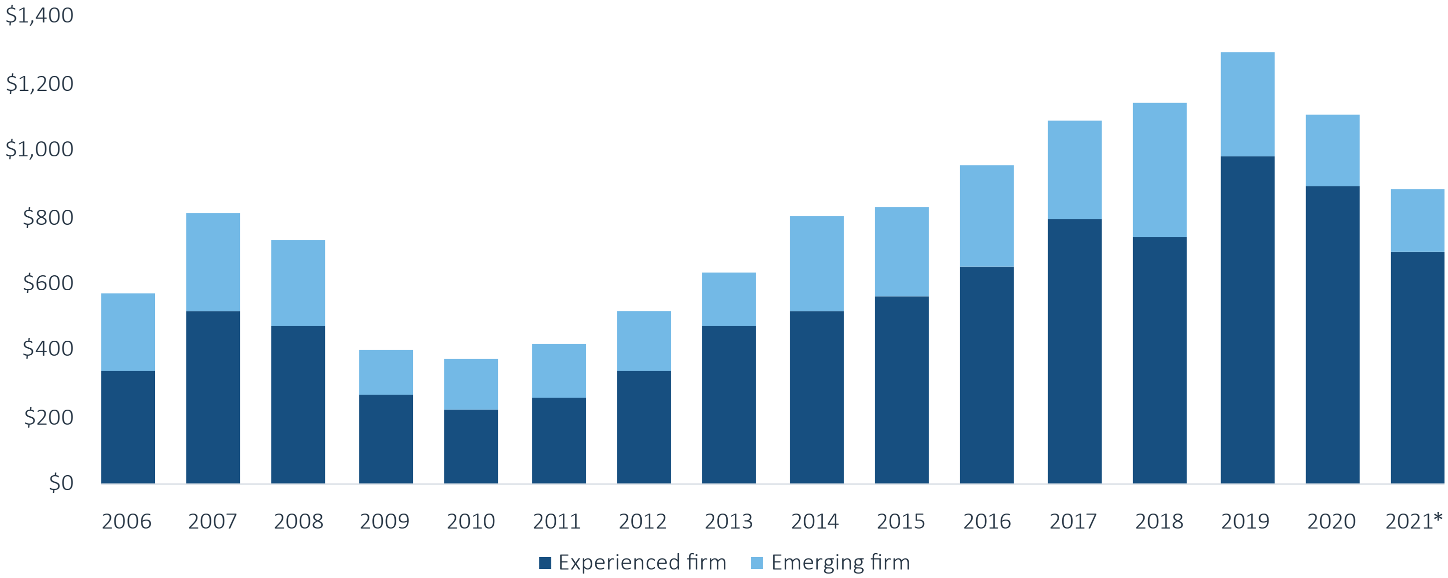
Since the start of the pandemic, more established managers have found considerably more success than smaller funds. This seems at least partially driven by the idea that LPs have been less able or willing to complete on-site due diligence in far-flung places; they were more likely to re-up with existing managers or select ones with more established reputations and thus less perceived business risk. Emerging managers, ones that have raised three or fewer funds, accounted for 21.0% of the capital

Private capital overhang ($B)



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

Private capital raised ($B) by manager experience



Source: PitchBook | Geography: Global
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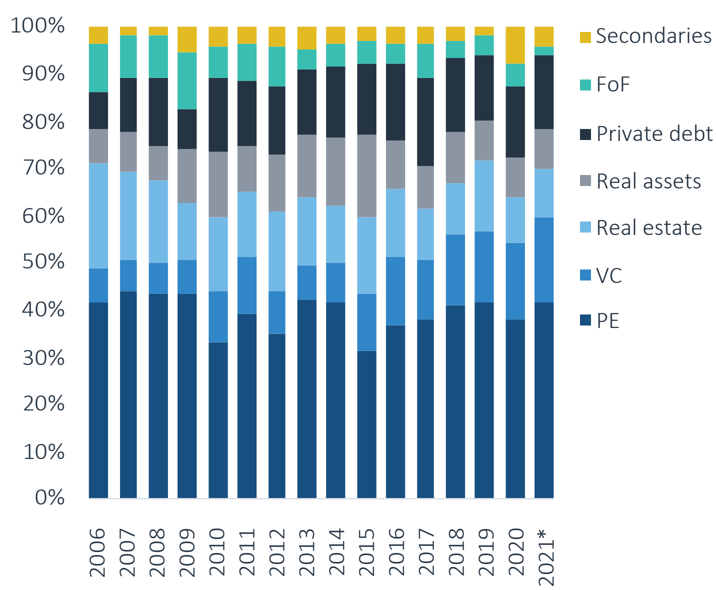
raised in 2021 thus far, well below the 30.7% average from the prior 10 years. On an absolute basis, emerging firms are raising less capital, as well—in 2018, they peaked at $401.7 billion but dropped down to $214.1 billion in 2020. This year is on pace to exceed 2020 but will be well shy of the record. Emerging managers of nearly every strategy have been off the pace of the past 10 years, with one major exception. This year's $60.6 billion raised from emerging VCs is on pace to be 1.1 times the 10-year average. LPs seem more willing to take a shot on a less established VC than any other strategy.

As we will discuss in further detail in the Spotlight section, North America appeared to benefit from a pandemic-inspired flight to safety, hitting a share of global commitments in 2021 not seen since 2013. This has come at the expense of Asia, particularly, as 2021 fundraising saw the region capture only 10.1% of global commitments, down from an average of 16.6% in the prior 10 years.

At 18.0% of funds raised thus far in 2021, VC is on pace to garner a record share of all capital committed for the year. Secondaries have fallen off some in 2021 fundraising, hardly a surprise after the strategy took in so much capital in 2020. Fewer than 50 secondaries funds are raised each year, so the fundraising there can be lumpy from one year to the next. That said, the $36.0 billion raised for secondaries funds is well ahead of most complete years in recent memory, though off the pace that led to the record $87.9 billion raised last

Private capital raised by type



Source: PitchBook | Geography: Global
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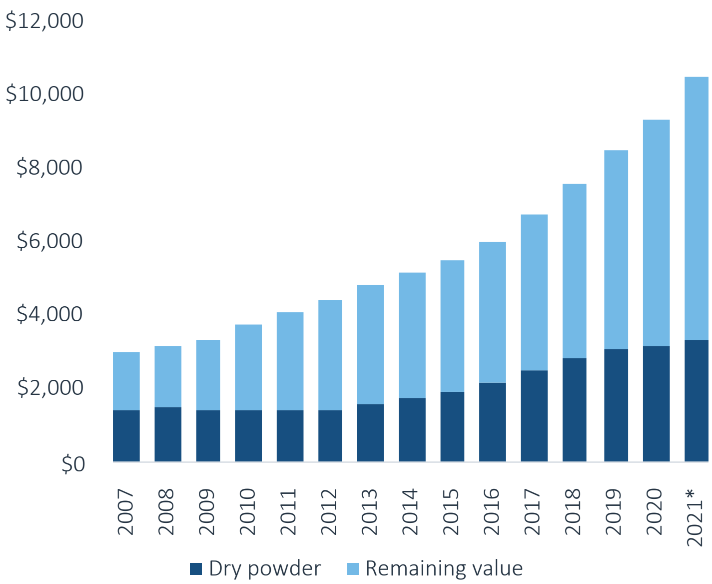
year. The only other strategy unlikely to exceed last year's fundraising totals is funds of funds (FoF), although many of the larger FoF managers have annual programs and thus could stack closings in the last quarter of the year.

Despite the drops in fundraising, dry powder available for investment by private capital funds has continued to grow. As of March 31, 2021, $3.3 trillion in capital had been committed to private market funds but not yet called down. While capital calls did increase from 2019 to 2020, it was not by enough to counter new capital commitments. While dry powder is just one factor in the supply-demand equation for private company transactions, it does appear that the supply of capital seeking deals has been growing steadily for 10 years, which could cause an increase in competition for assets and an increase in prices paid for deals. Good news for sellers, but potentially problematic for the future returns of buyers.

Private capital AUM ($B)



Source: PitchBook | **Geography:** Global
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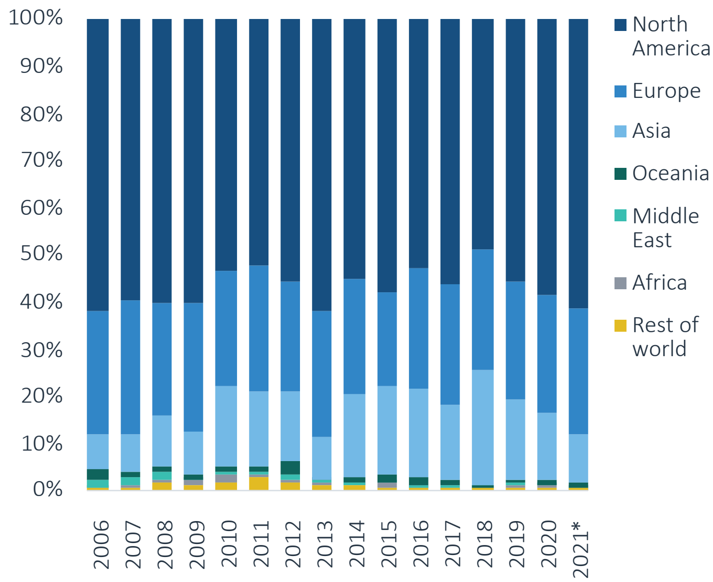
Private capital raised by region



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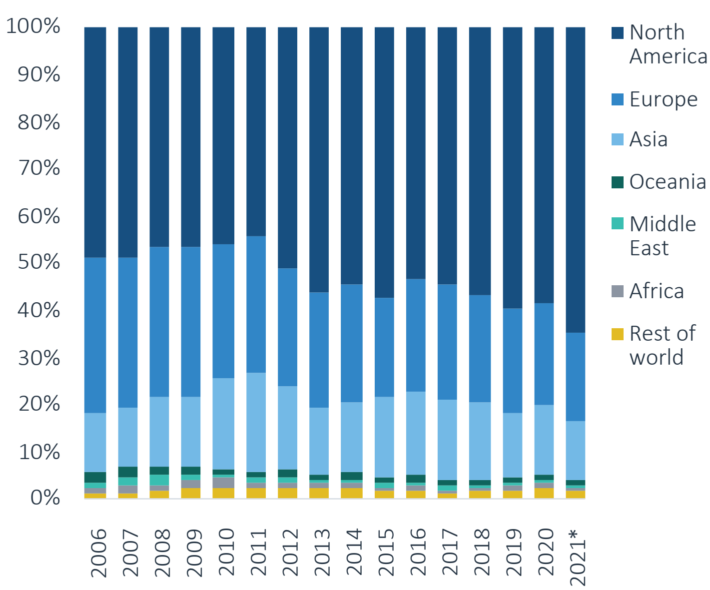
Private capital fund count by region



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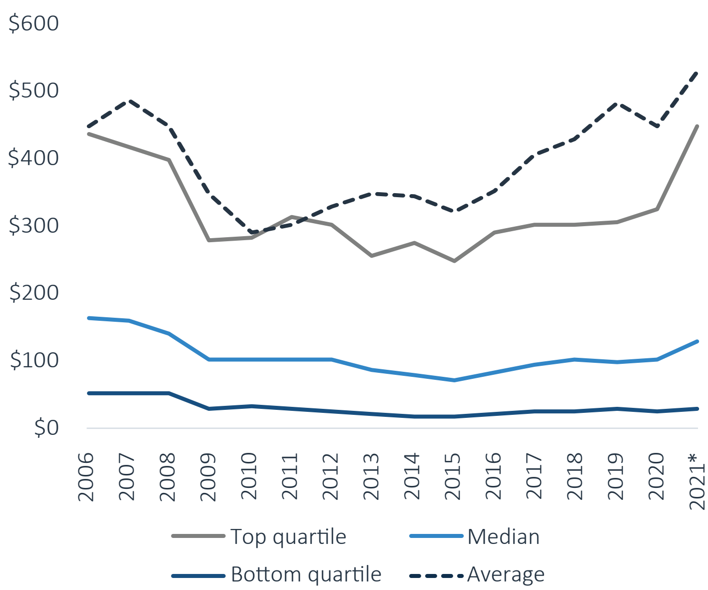
Private capital fund sizes ($M)



Source: PitchBook | **Geography:** Global
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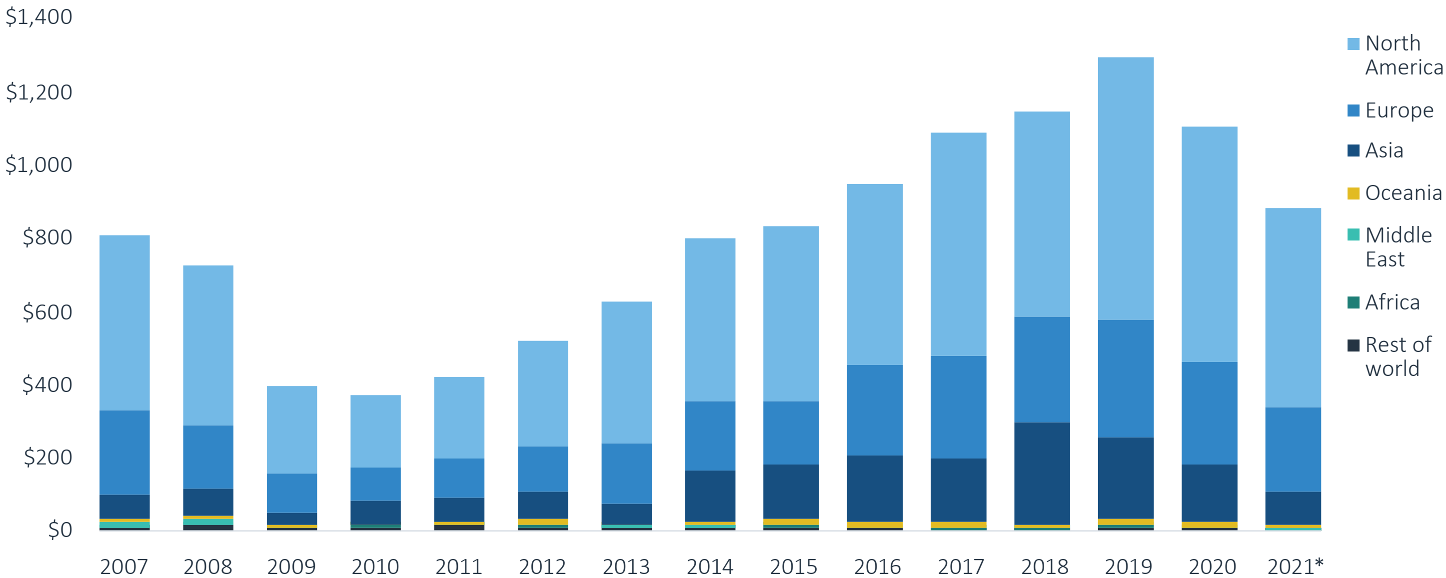
Spotlight: Fundraising by region

Private capital raised ($B) by region



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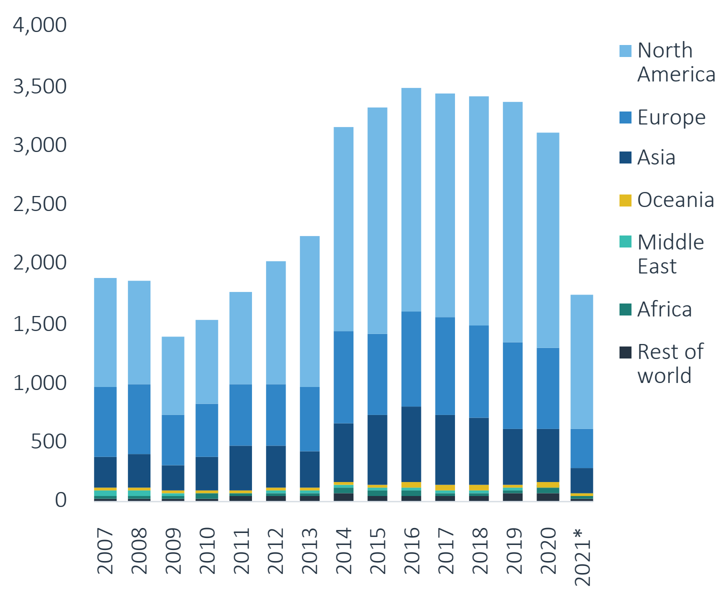
It is surprising how long North America has maintained a roughly 60% share of the funds raised for private capital strategies. In 2007, it represented 59.6% of fundraising, with $481.9 billion raised, but in 2020, North America attracted 58.5% of commitments, with $645.8 billion. The surprise comes in that other markets, particularly Asia, were still finding their way in the early years of the period and the expectation was that they would mature and gain share over time. At its nadir in 2018, North America only represented 49.1% of commitments, but the perceived safety and stability of its asset managers during the pandemic reversed the trend. In 2021 thus far, 61.6% of commitments, $543.5 billion, have gone to North American fund managers.

European managers have attracted a growing amount of capital over time, but their share of overall fundraising has been fairly steady—between 20% and 30%—since before the global financial crisis (GFC). Asia, which was only 7.7% in 2007, reached 24.4% of all commitments in 2018 as private market participants became more

Private capital fund count by region



Source: PitchBook | **Geography:** Global
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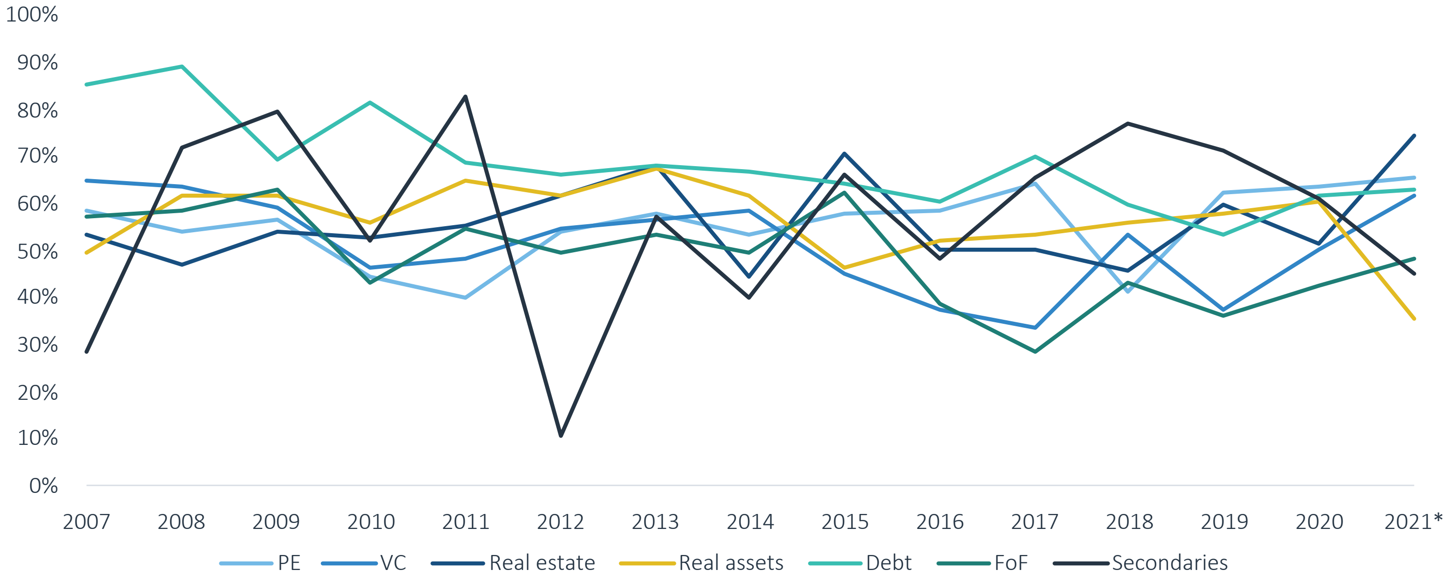
North America—percent of global fundraising by strategy



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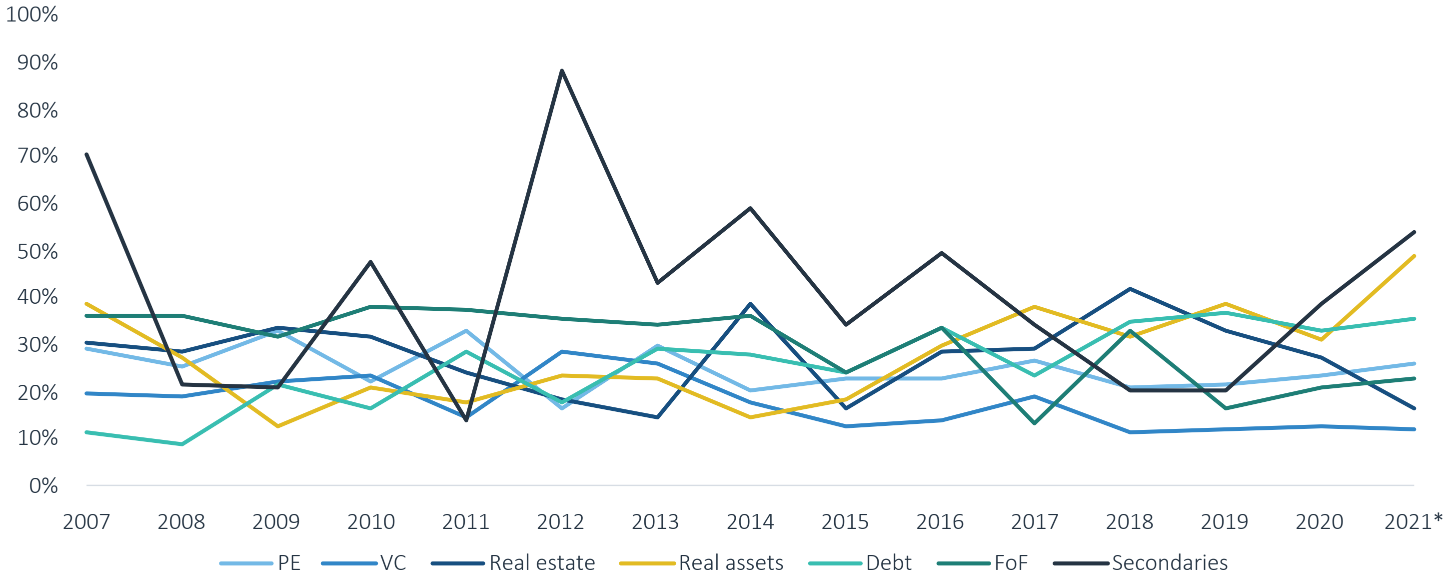
comfortable with the landscapes found there (India, Japan, and China are very different markets, for example). Come the pandemic, however, Asia's share plummeted as questions around the global supply chain brought commitments back to more developed markets.

At the strategy level, we can see trends where different regions have garnered more or less of the totals. While North America has taken in roughly 60% of commitments, North American debt has attracted a much larger proportion of global debt commitments over time. As we went into the GFC, greater than 85% of debt funds raised were housed in North America. As that strategy has taken a greater share of investor portfolios, however, North America has begun to track more closely to private capital figures overall. In 2020 and 2021, however, the numbers tilted up again—in 2021 thus far, 62.8% of debt commitments have gone to North American funds.

The most surprising line in the North American chart would be that of VC. We hear so much about the dominance of Silicon Valley and other venture hubs in the US, but the North American share of VC fundraising peaked at just 65.0% in 2007, not hugely above the North American private capital share. In 2016, 2017, and 2019, North America's share of VC fundraising actually dropped below 40%. The pandemic caused 2020 and 2021 commitments to accrue to large name-brand firms with significant experience; because the most experienced VC firms tend to reside in North America, that ecosystem's share of VC has rebounded to 61.8% in 2021. Europe started to gain share in the early 2010s, peaking at 28.5% in 2012, but has since dropped below 15% in five of the last six calendar years. So far in 2021, only 11.3% of VC fundraising has gone to Europe. The largest gains in funds targeting VC have been in Asia, which took 49.5% of VC commitments in 2019—up from 13.9% in 2007. The pandemic reduced Asia's share to 34.3% in 2020 and 25.3% in 2021, but it is holding its own against European VC fund managers.

Secondaries fundraising has gyrated quite a lot over time. Given that there are few such funds each year and big players in both Europe and North America, in some years more European managers have fundraised while in others, North American managers have come back to market. Secondaries have yet to make a major push into Asia, which is not surprising, given that so many Asian funds were still within their normal fund lifespans until recently, meaning few LP shares would have been available for sale. FoF, however, have been growing share in Asia, as investors have had a hard time picking from among the multitudes of emerging fund managers there and have chosen to spread their bets across multiple managers for the time being.

Europe—percent of global fundraising by strategy



Source: PitchBook | **Geography:** Global
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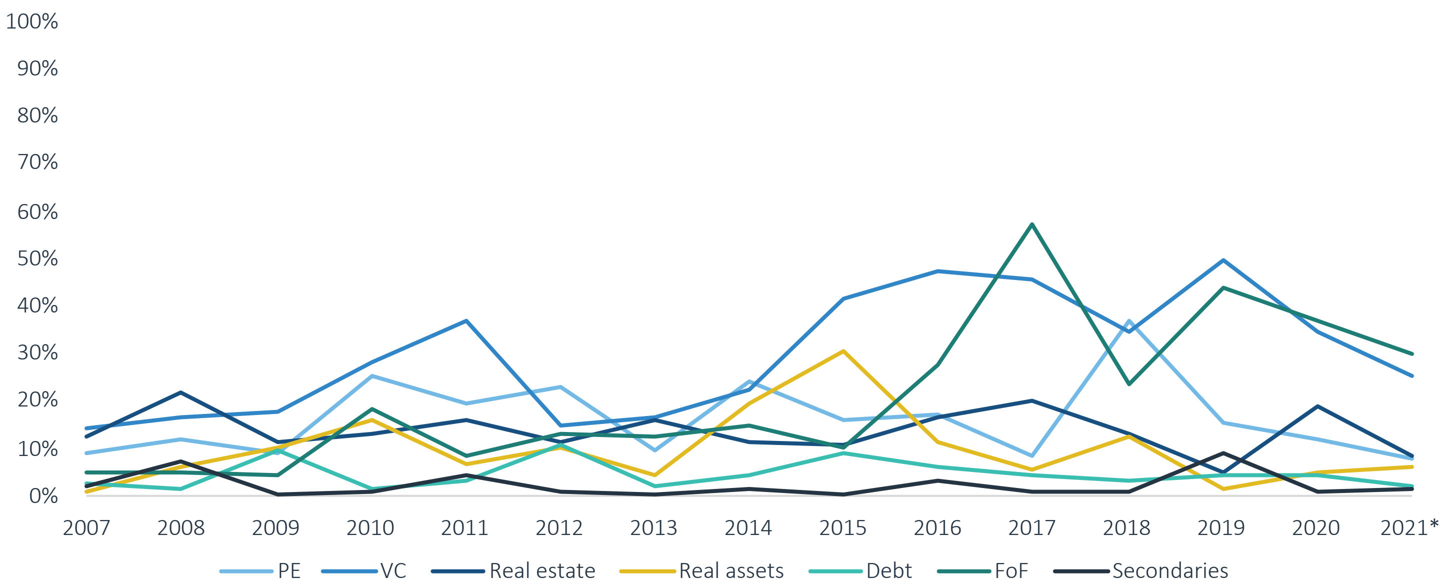
Asia—percent of global fundraising by strategy



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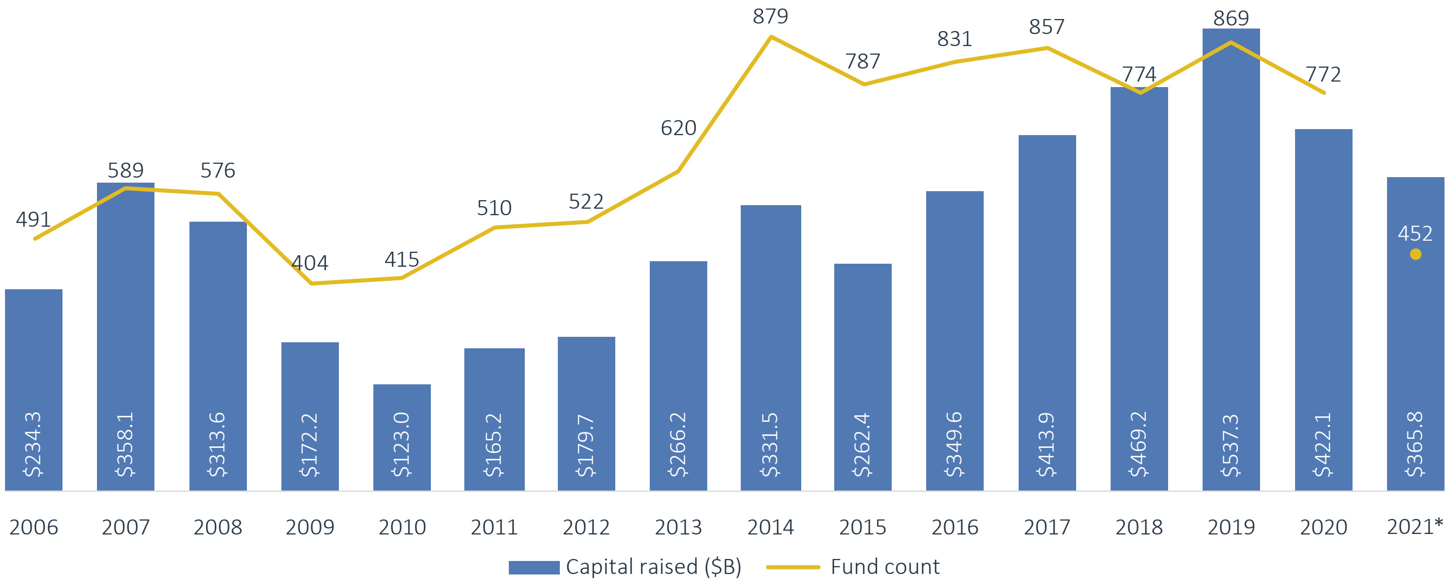
Private equity

PE fundraising activity



Source: PitchBook | **Geography:** Global
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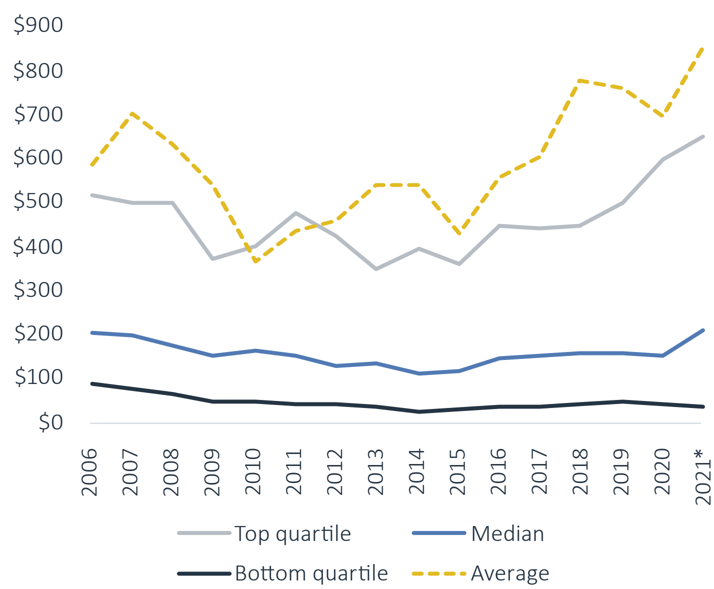
PE continued to see LPs commit capital at a rapid pace in Q3 2021, and 2021 may see global totals near or above 2019's annual record by year-end. As of Q1, PE dry powder stockpiles hit record levels. Many LPs are increasing their PE allocations, drawn by stunning performance figures in a low-rate environment. Record distributions in 2020—a result not only of portfolio realizations but of dividend recapitalizations—have allowed LPs to redeploy capital into new funds. The fundraising cycle is also accelerating, with the median time between fund closes continuing to drop, falling to 3.3 years in Q3.

This is resulting in larger funds rather than more funds being raised, as LPs look to streamline their portfolios by allocating to fewer managers and established firms pursue aggressive fund size targets. Ballooning valuations, especially in the tech sector, are also driving LPs to raise larger funds. Anecdotally, many managers have also been offering sizeable coinvestments, which generally are not captured in our fundraising data, to attract LPs and increase their buying power in hot markets. The asset class' median fund size and median step-up figures hit their highest marks in a decade. Around half of the fundraising dollars YTD have been committed to mega-funds, and two thirds were committed to the fifth or later fund in a fund family. Established managers are also building on their existing brands and client relationships to launch and grow new strategies, including sector-focused funds, growth equity funds, tactical opportunities funds, and credit funds.

PE fund sizes ($M)

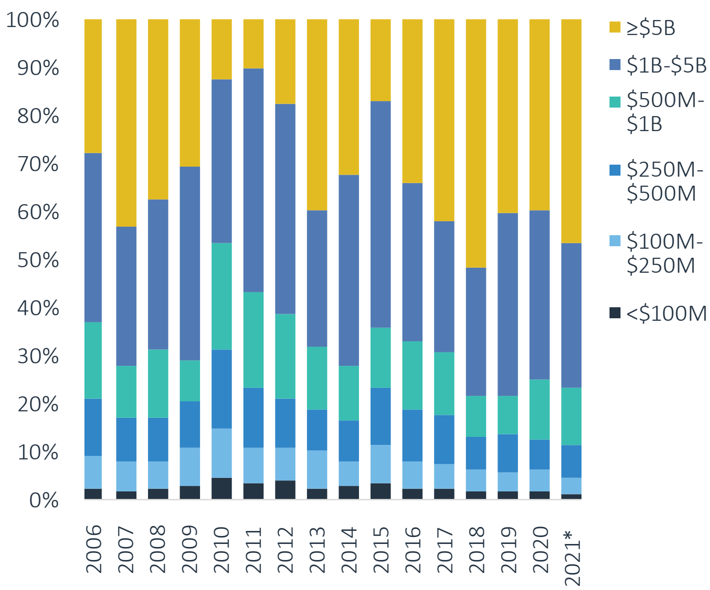


Source: PitchBook | **Geography:** Global
*As of September 30, 2021

By contrast, emerging managers are benefiting only modestly from the asset class' overall growth.

Looking ahead, 2022 is already shaping up to be an extraordinary fundraising year for the asset class. Announced mega-funds likely to close in 2022 include flagship offerings from The Carlyle Group (NASDAQ: CG), Thoma Bravo, Silver Lake, Vista Equity Partners, Advent International, and Platinum Equity. And skyrocketing exit values through Q3 2021 mean that LPs may have ample capital to recycle into new funds—as long as strong performance figures hold.

PE capital raised by size



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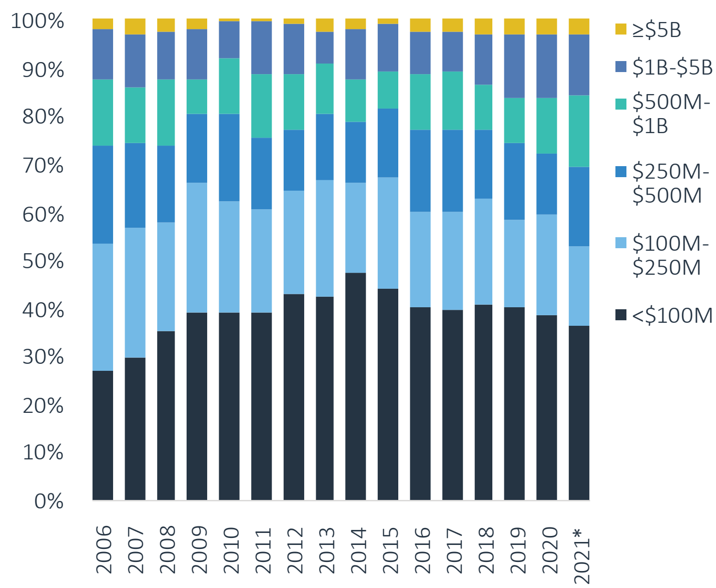
PE fund count by size



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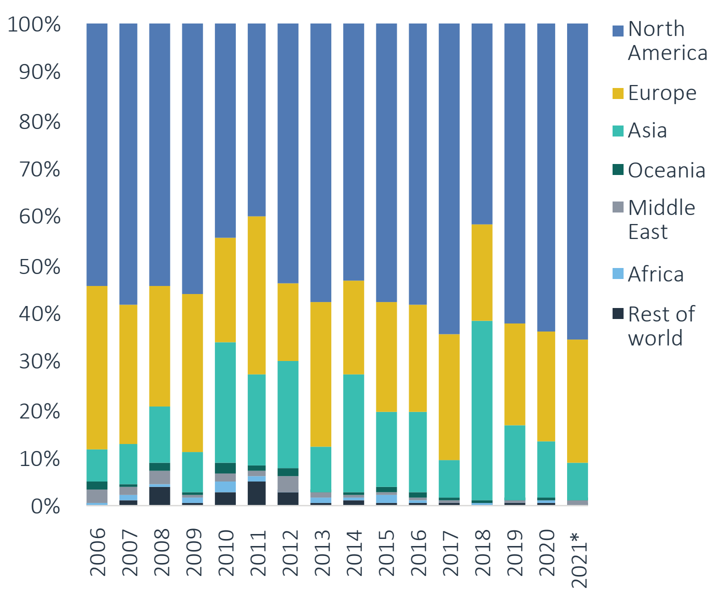
PE capital raised by region



Source: PitchBook | **Geography:** Global
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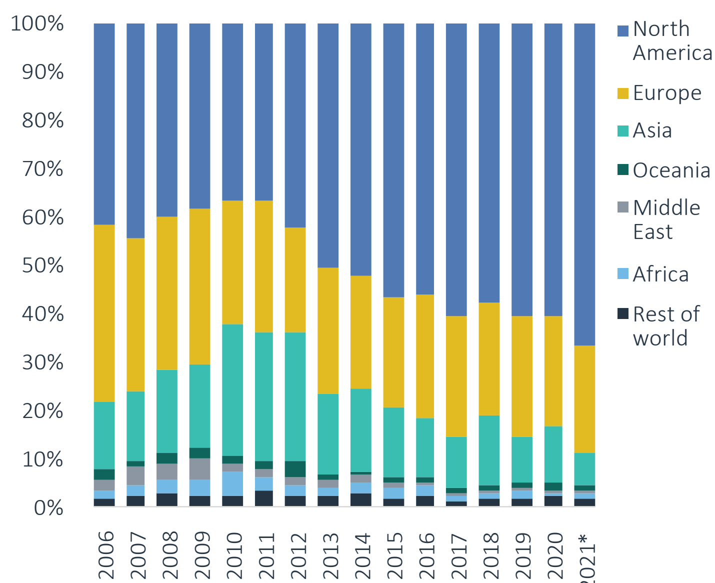
PE fund count by region



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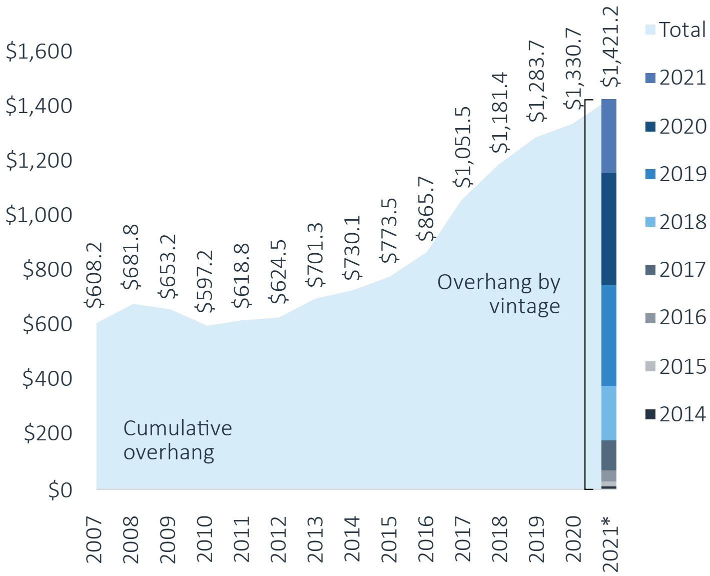
Private equity

PE overhang ($B)



Source: PitchBook | **Geography:** Global
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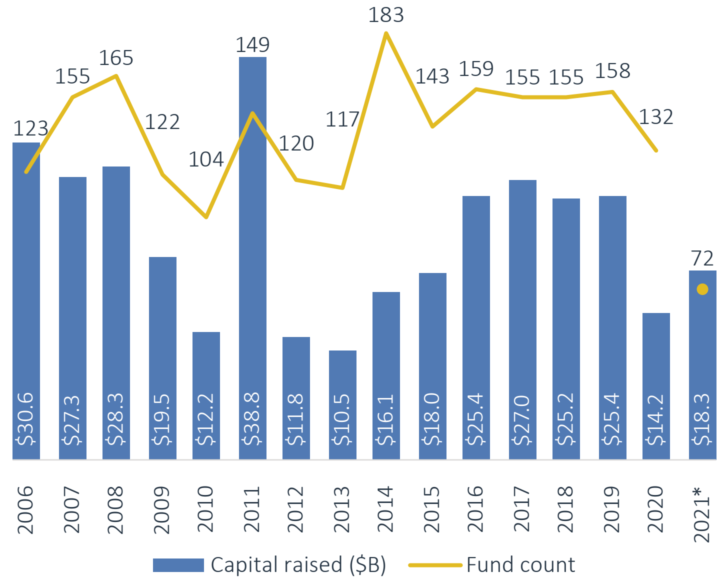
PE first-time fundraising activity



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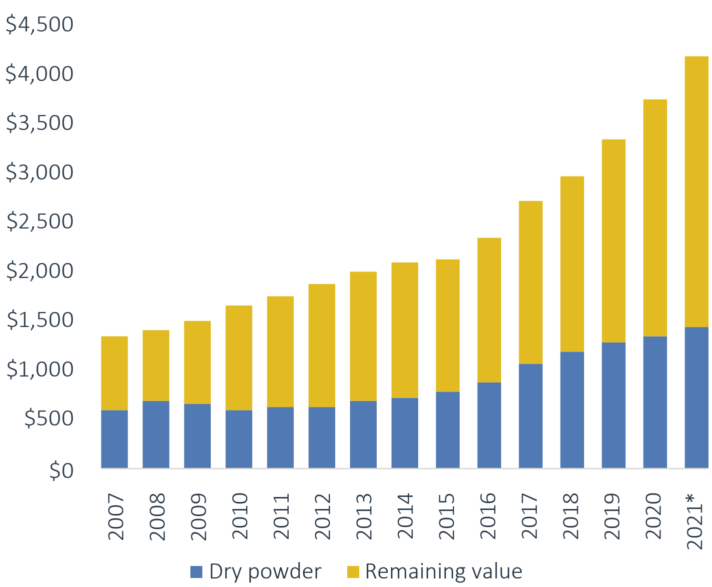
PE AUM ($B)



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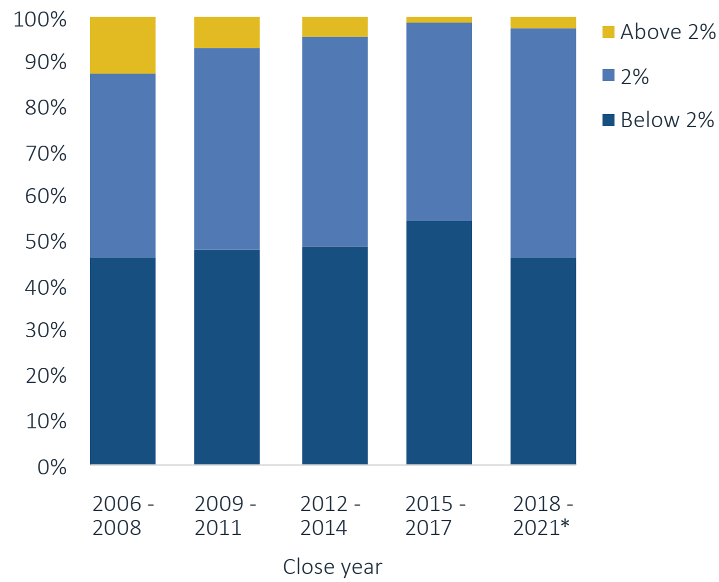
Management fee percentage for PE funds



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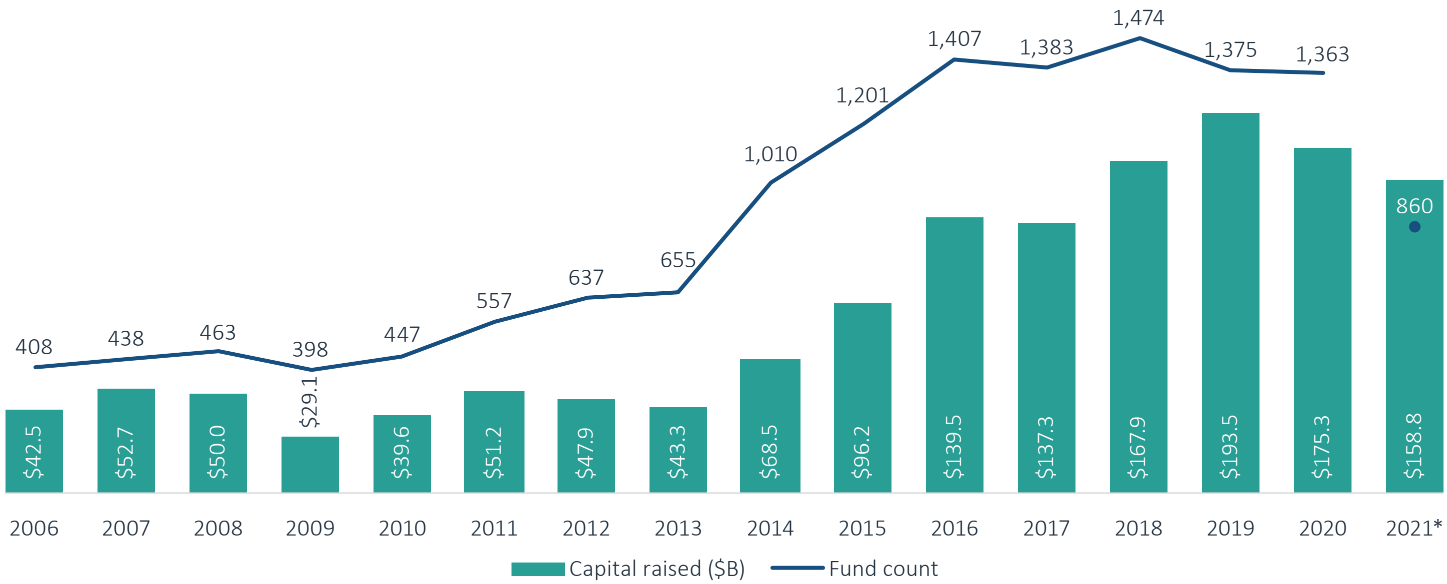
Venture capital

VC fundraising activity



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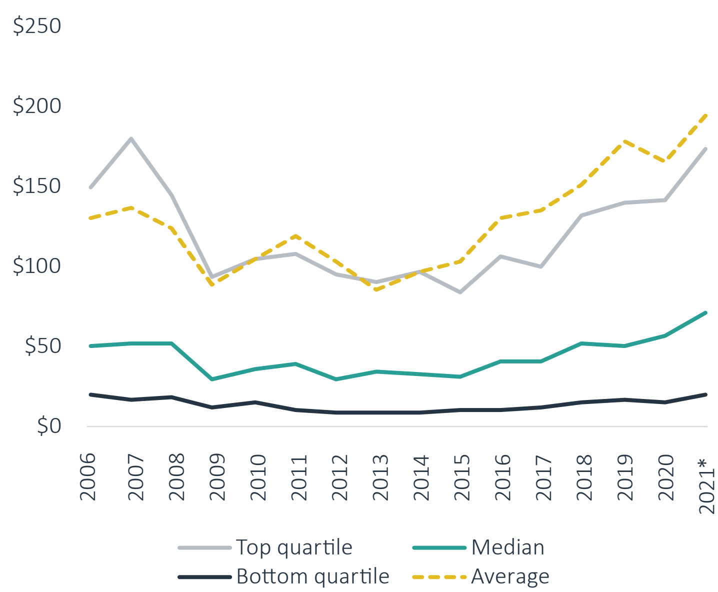
Global VC fundraising reached a remarkable $158.8 billion across 860 venture funds through Q3 2021 as capital flooded into the strategy. Consequently, the 12-month figure is at a new high given the strong fundraising levels witnessed in Q4 2020. At the current pace, 2021 capital raised within VC funds is on course to surpass the record set in 2018. The growth in capital raised was mainly driven by larger fund sizes. Through Q3 2021, the median VC fund size set a new high of $71.6 million, 25.0% larger than 2020's record.

After a sluggish H1, first-time VC fundraising recovered in Q3 and now stands at a respectable $13.1 billion. At the current pace, first-time funds should eclipse capital raised in 2020. However, beating the $23.4 billion 2019 record may be out of reach unless a flurry of first-time funds closes in Q4. Multiple VC records, including dealmaking and exit value, have been broken with aplomb in 2021 YTD. However, first-time fundraising is one area that could prove more challenging in the current climate. Strong reputations, vast networks, and extensive track records have helped attract capital to larger VC funds of established players when travel has been uncertain. Although VC appears to be flush with capital from LPs, if inflows do taper off, first-time funds could be the first to show signs of declines in commitments.

VC fund sizes ($M)



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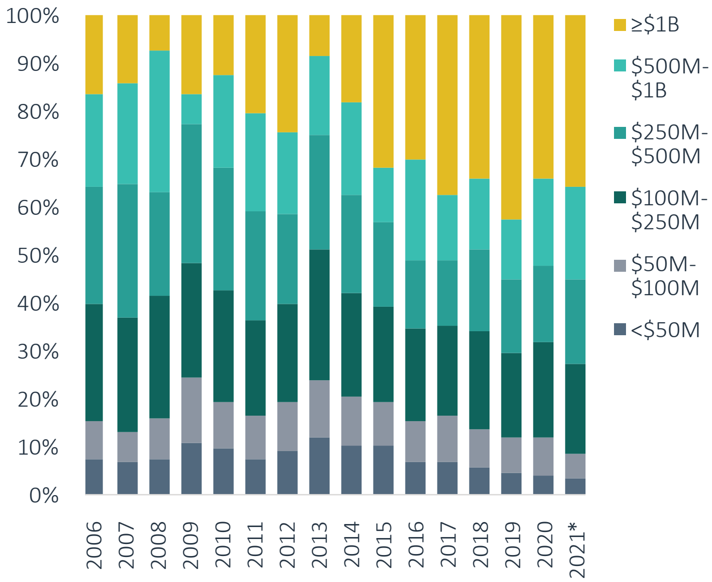
Softbank Latin America Fund II at $3.0 billion, Index Ventures Growth VI at $2.0 billion, and Institutional Wealth Partners XVII at $1.8 billion were among the largest funds to close in Q3. Enormous funds have led dry powder's climb to a record $443.8 billion. Moreover, venture capital AUM reached $2.1 billion in Q3 2021, exceeding the $2.0 billion mark for the first time. Appetite to commit to VC funds appears insatiable, and we expect GP fundraising efforts to continue strongly, as LPs seek out outlier returns from the strategy.

VC capital raised by size



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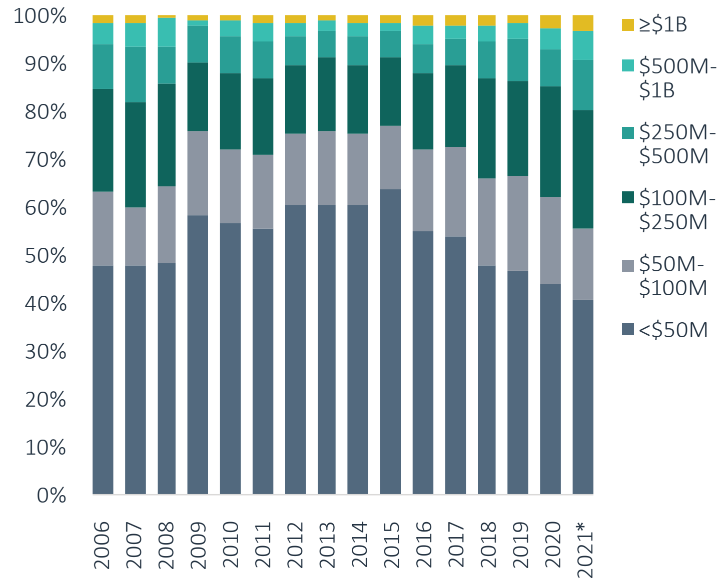
VC fund count by size



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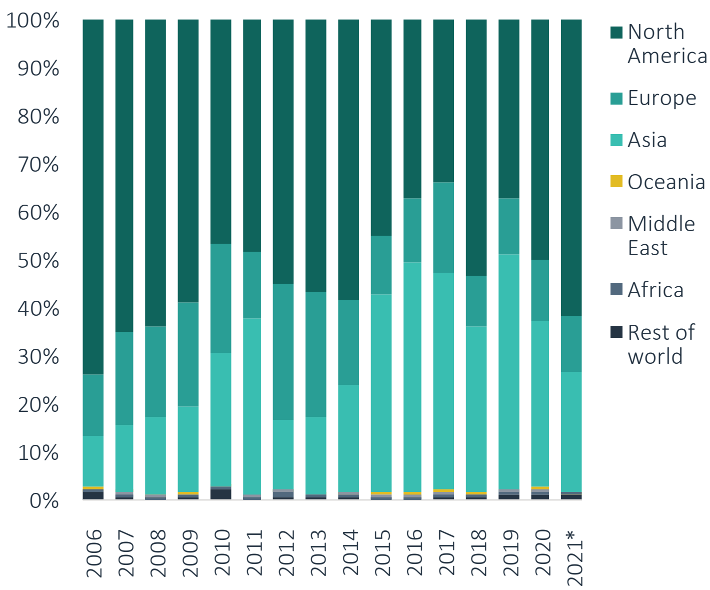
VC capital raised by region



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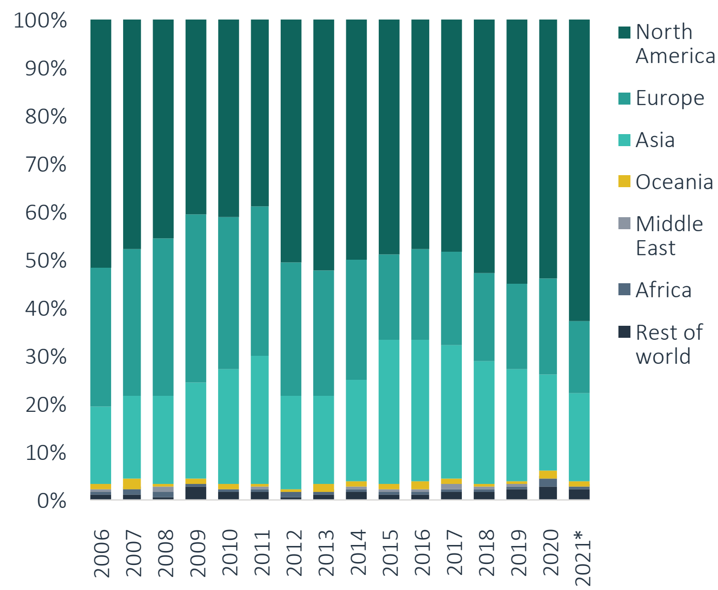
VC fund count by region



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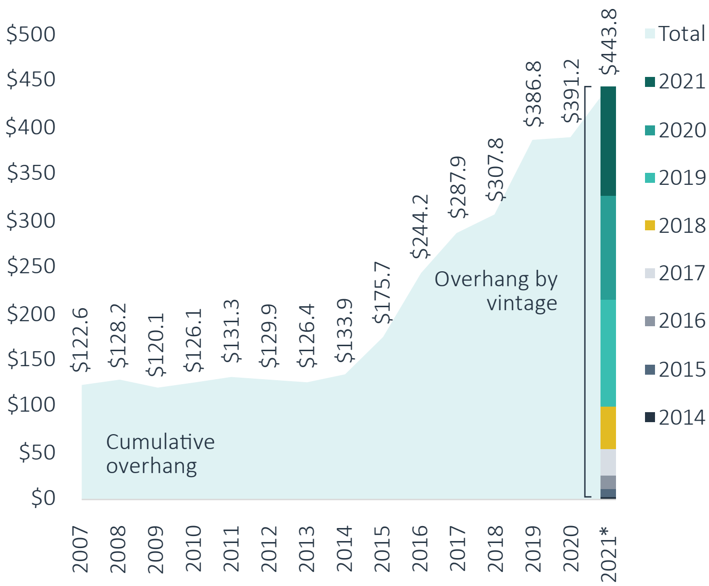
Venture capital

VC overhang ($B)



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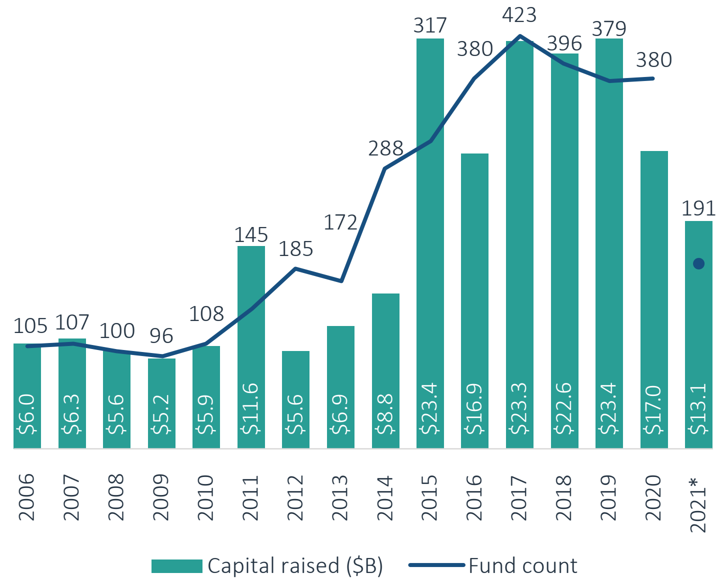
VC first-time fundraising activity



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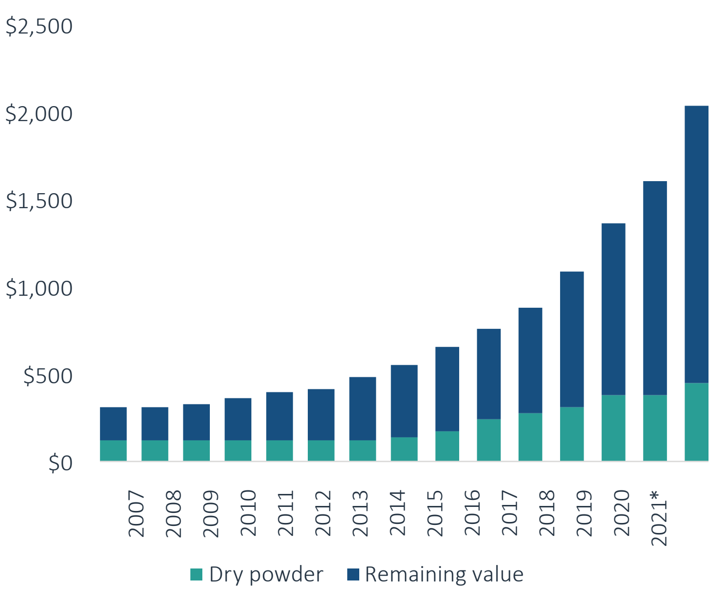
VC AUM ($B)



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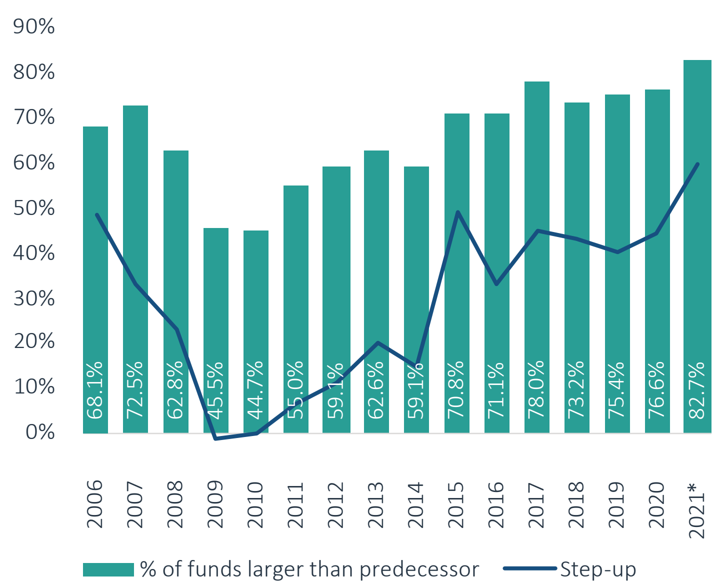
Median step-up from previous VC fund in fund family



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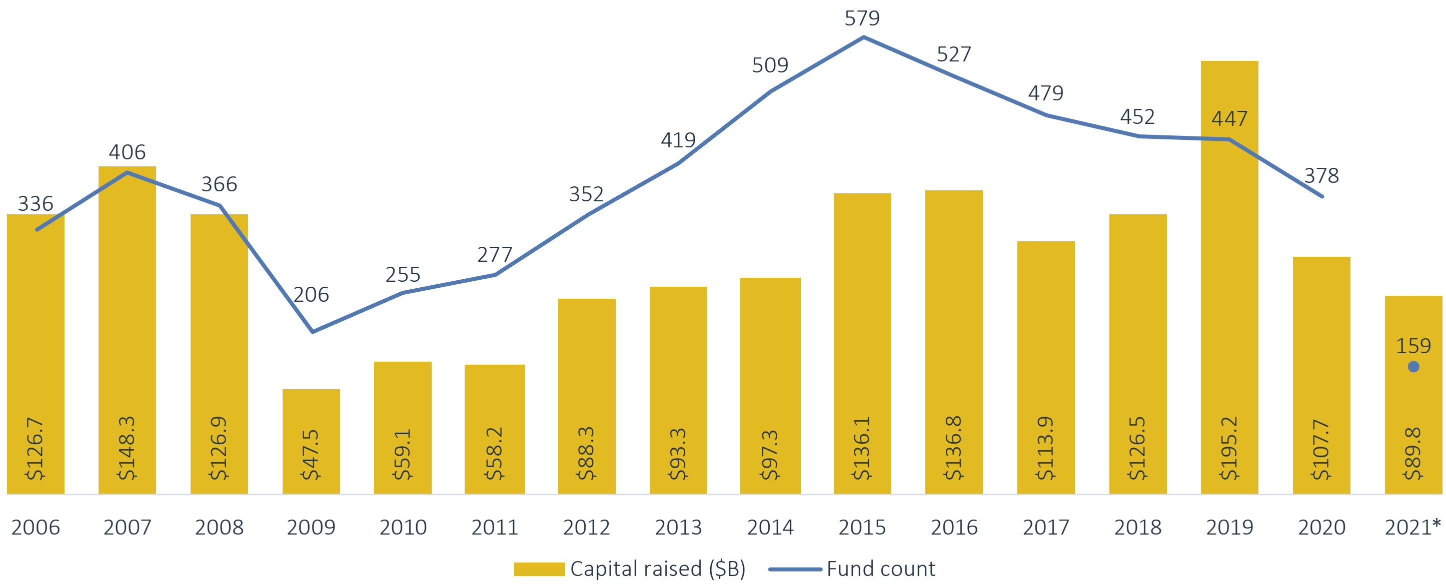
Real estate

Real estate fundraising activity



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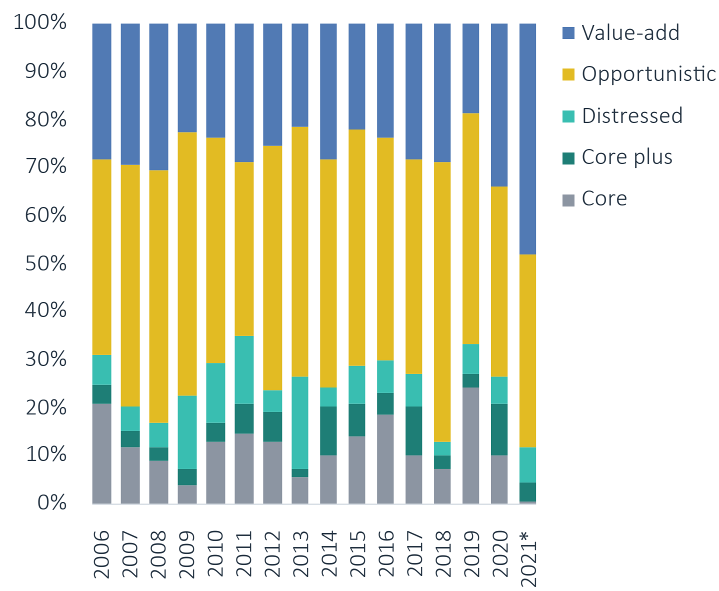
After taking a wait-and-see approach to real estate commitments in 2020, investors have stepped back in 2021, nearly matching 2020 figures in the first nine months of the year. While the emergence of the COVID-19 Delta variant in the back half of the year slowed some plans for a return to normality, the longer-term effects of the pandemic on real estate no longer seem so mysterious, allowing investors to be more confident in placing their bets in the space. In fact, core real estate has only garnered 0.6% of commitments in 2021 thus far, down from 9.9% in 2020 and 24.0% in 2019. Seeing a boost was value-add, which grew from 18.5% in 2019 to 33.8% in 2020 to 47.9% in 2021, as investors saw a need to repurpose real estate assets to accommodate new realities. Those that can make an investment to improve existing inventory and make it more palatable to a hybrid working structure, a return to the suburbs, or increased home delivery will be able to capitalize on changes that appear to be at least semipermanent.

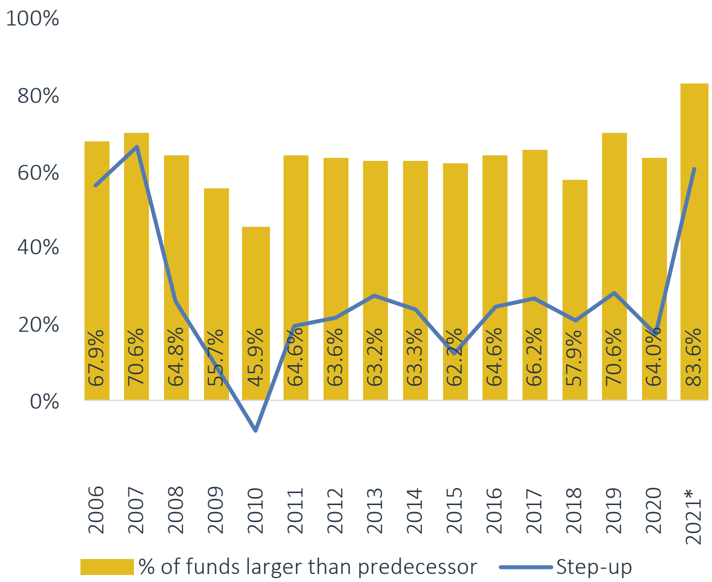
Real estate capital raised by type



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

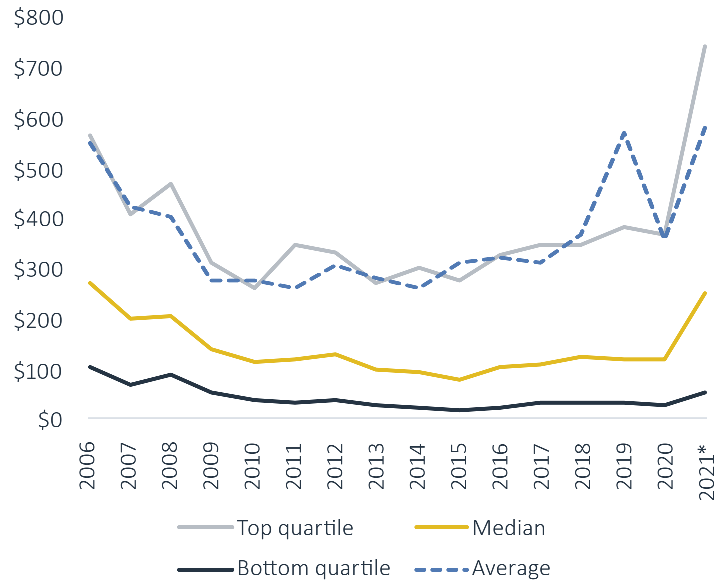
Real estate

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



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

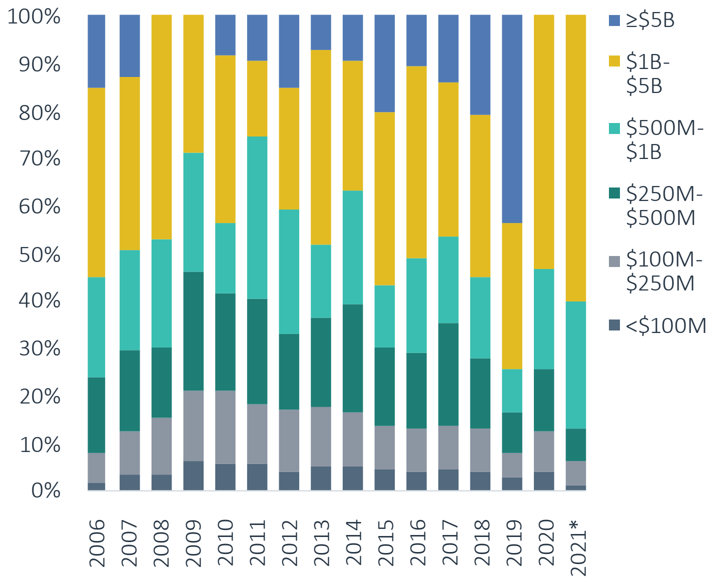
Real estate fund sizes ($M)



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

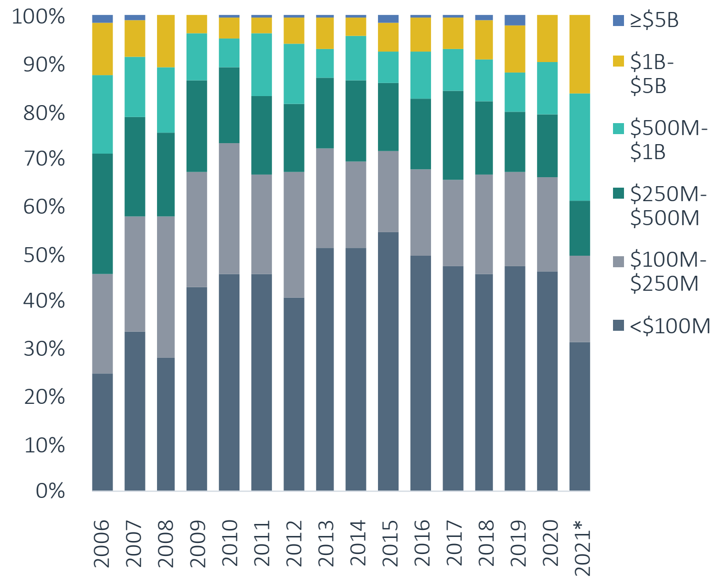
Of those that managed to raise a fund thus far in 2021, 83.6% were able to raise a larger fund than their predecessor fund. The median step-up of all real estate funds closed was 60.9%. To show how extraordinary these figures are, the average median step-up from 2011 to 2020 was 22.5%, and the average percent of funds that exceeded their predecessors was 64.0%. Real estate has somewhat bucked the trend of commitments concentrating into larger funds. Neither 2020 nor 2021 so far have seen any funds close that were larger than $5 billion, whereas in 2019, six closed, and there was at least one in every year going back to 2010. The largest fund to close in the third quarter, at $4.6 billion, was GLP Capital Partners IV, a fund focused on logistics. Despite the Roman numeral, this was a first-time offering for GCP (which stands for GLP Capital Partners), a North American fund manager founded in 2019 as a spinout from Singapore's GLP.

Real estate capital raised by size



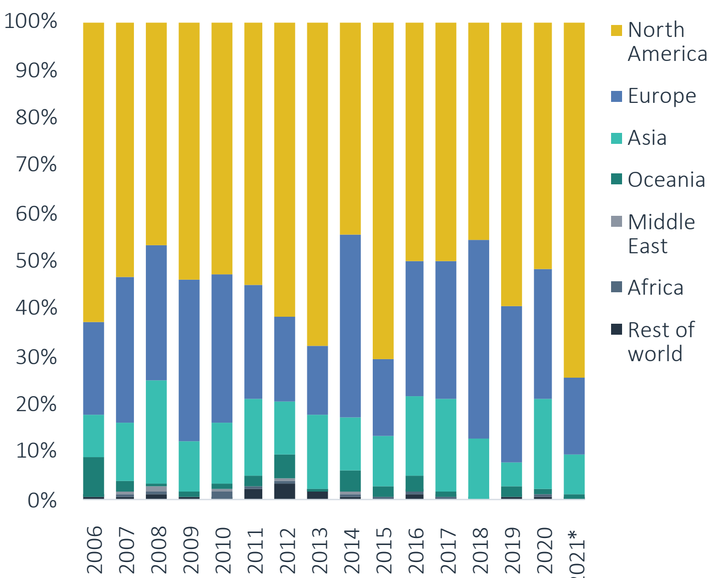
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real estate fund count by size



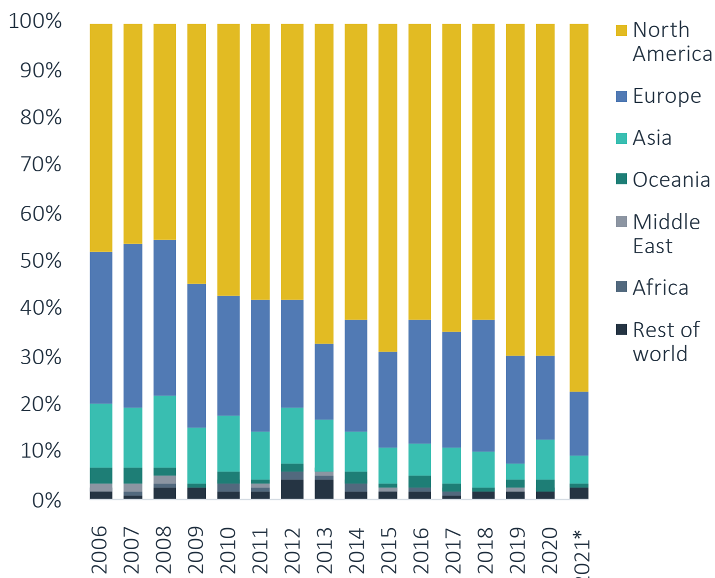
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real estate capital raised by region



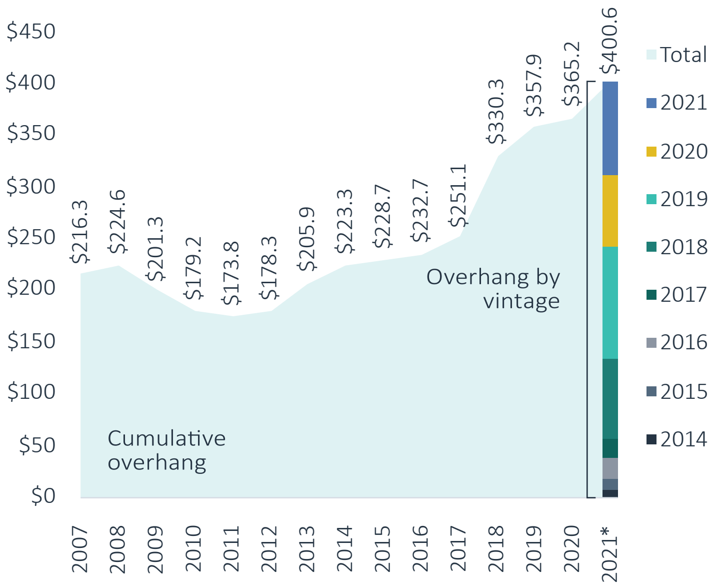
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real estate fund count by region



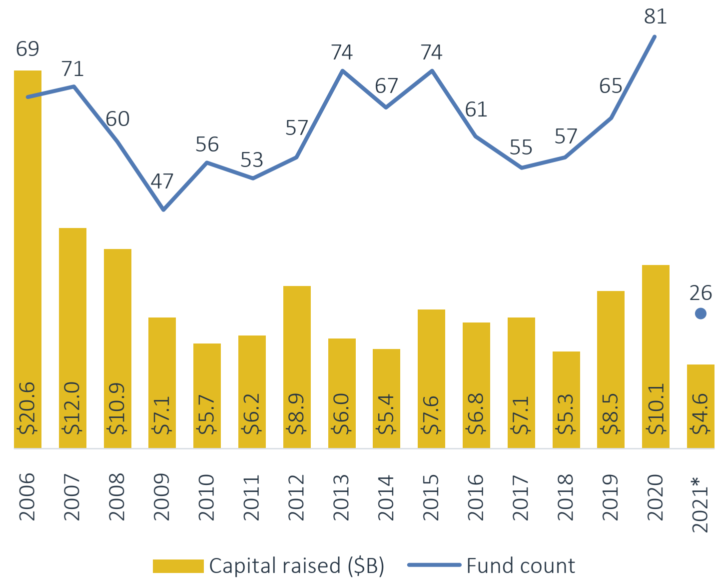
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real estate overhang ($B)



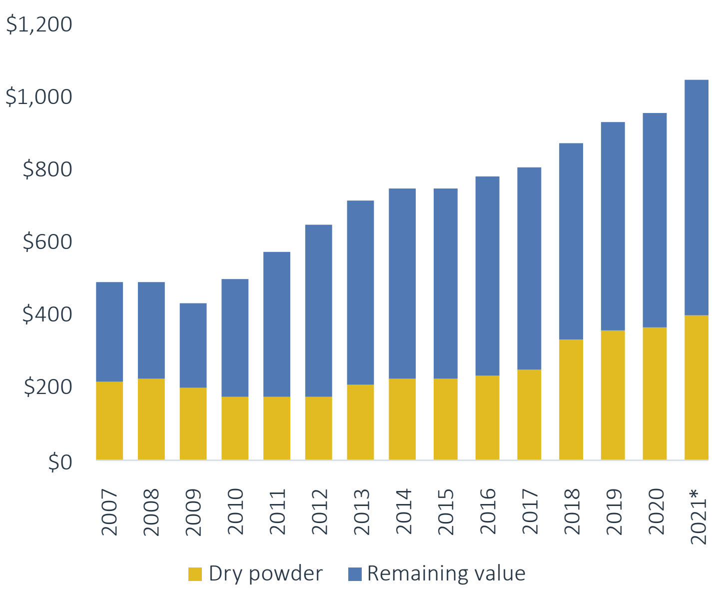
Source: PitchBook | **Geography:** Global
*As of March 31, 2021

Real estate first-time fundraising activity



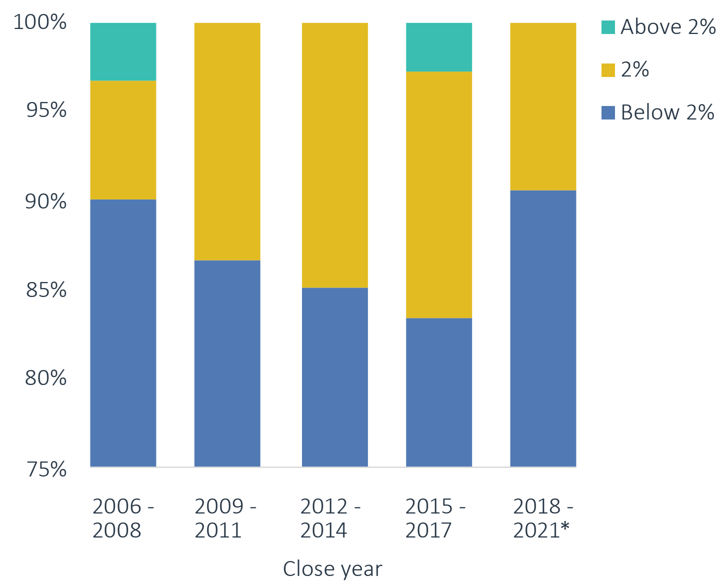
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real estate AUM ($B)



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

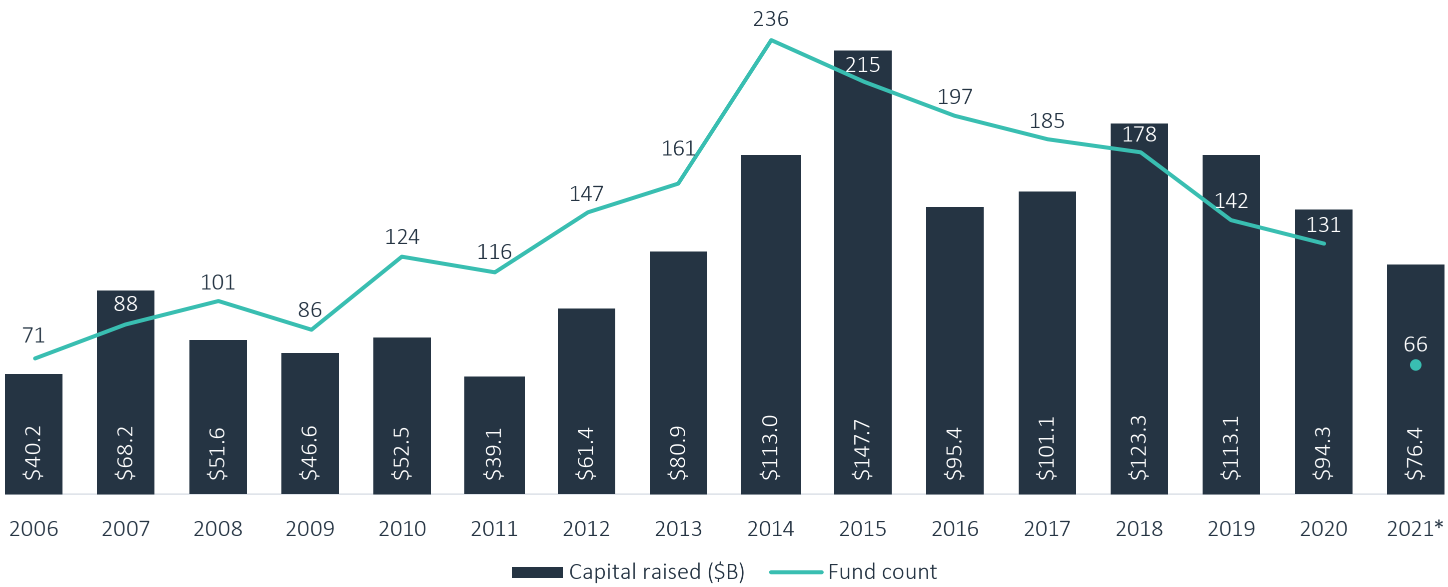
Management fee percentage for real estate funds



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

Real assets

Real assets fundraising activity



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

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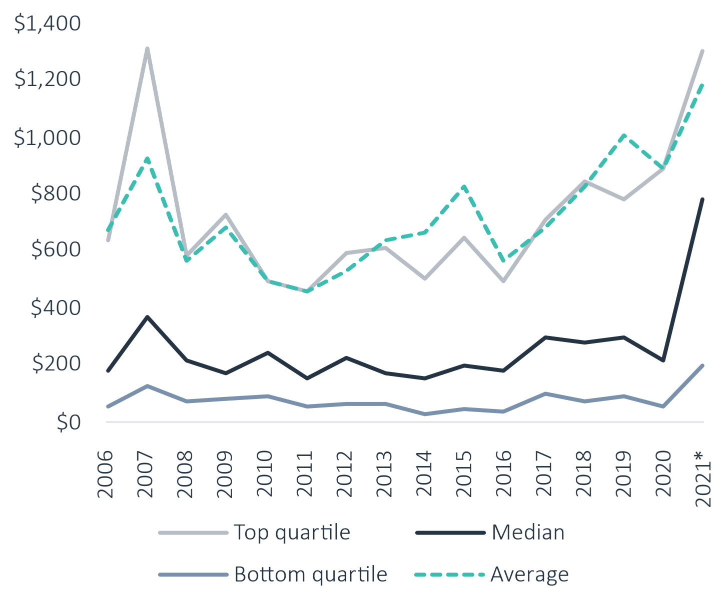
Real assets fundraising continued to climb back to pre-pandemic levels in Q3 2021, driven largely by the resilience of infrastructure. Despite a noteworthy recovery in the performance of oil & gas and natural resources funds—driven by sky-high commodity prices—these strategies have yet to see fundraising pick up from a multiyear lull. Instead, as more LPs adopt environmental, social, and governance (ESG)-related allocation targets and access to credit for carbon-intensive projects constricts, capital is pouring into infrastructure funds that focus on renewables. Of the 10 largest real assets funds to close this quarter, five focus on renewable energy infrastructure.

The investment world's burgeoning interest in the global energy transition has had several other effects on real assets fund strategies. In an asset class where fundraising is dominated by a few large players, many established firms are expanding their product offerings by offering sustainability-focused products. However, several newer infrastructure firms that focus exclusively on ESG-related investing have also found fundraising success.

Real assets fundraising may accelerate in the coming years. Several funds targeting $10 billion or more,

Real assets fund sizes ($M)



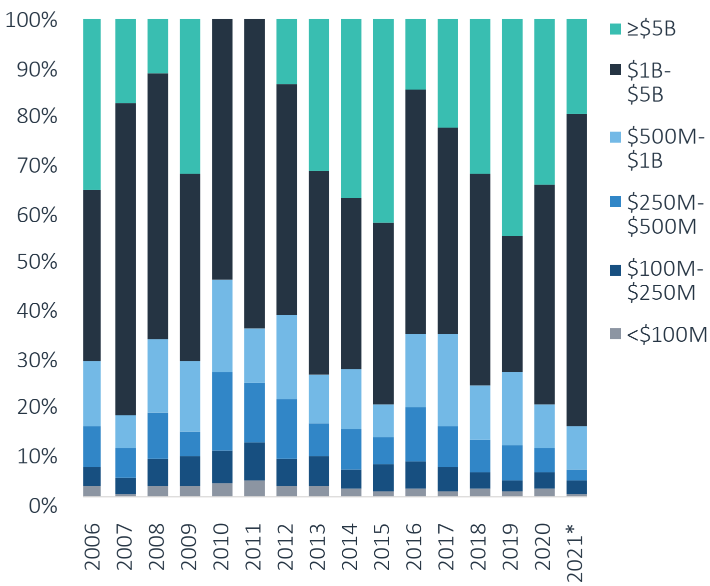
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

including offerings from EQT, KKR, and Stonepeak Infrastructure Partners, are currently in the market. More importantly, the asset class is experiencing several significant tailwinds. For one, elevated inflation persists: The US Consumer Price Index (CPI) rose 6.2% YoY in October, with the core CPI up 4.6%. This could prompt investors to turn to real assets funds as an inflationary

Real assets

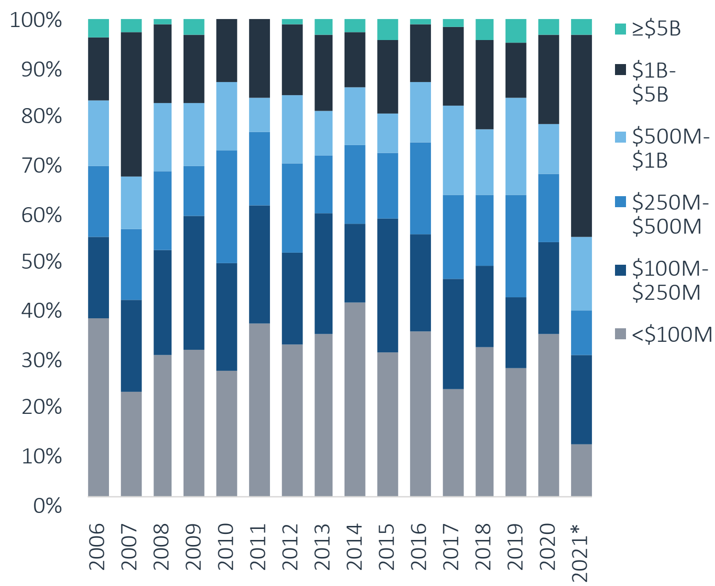
hedge. In addition to the flood of capital pouring into renewable energy production, digital infrastructure will also see sustained interest as the global economy becomes increasingly reliant on data centers and internet connectivity. Finally, despite the attention being given to sustainability, the demand for fossil fuels is not likely to level off any time soon. Elevated oil & gas prices—with no significant production increases imminent—may present attractive opportunities for investors as the oil majors pursue net-zero goals in part by shedding carbon-intensive upstream assets.

Real assets capital raised by size



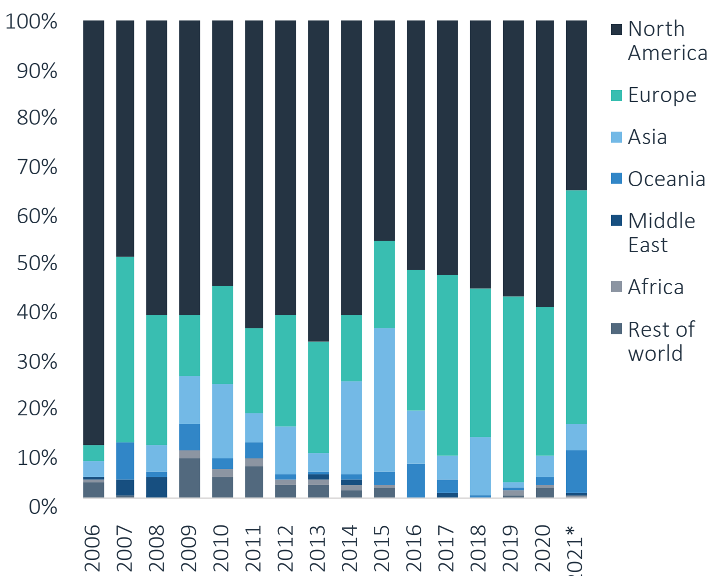
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real assets fund count by size



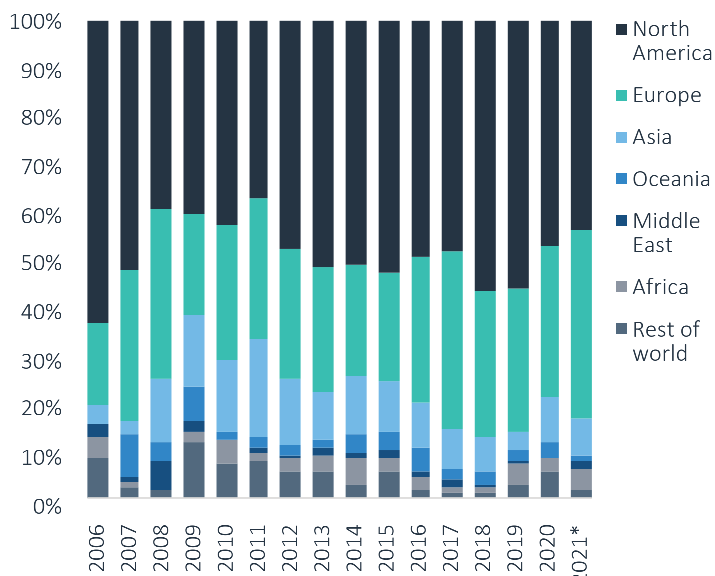
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real assets capital raised by region



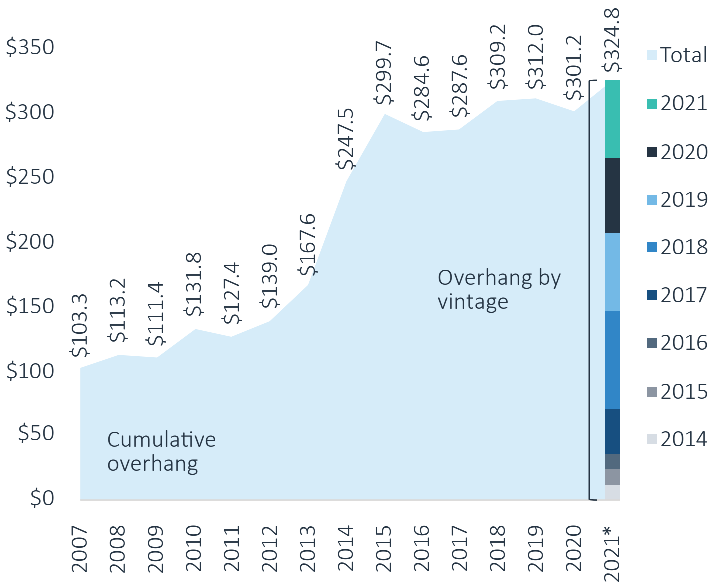
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real assets fund count by region



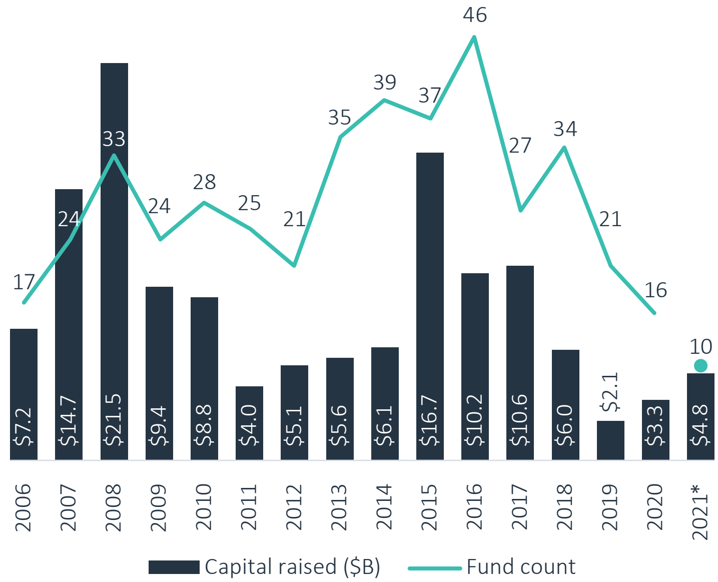
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Real assets overhang ($B)



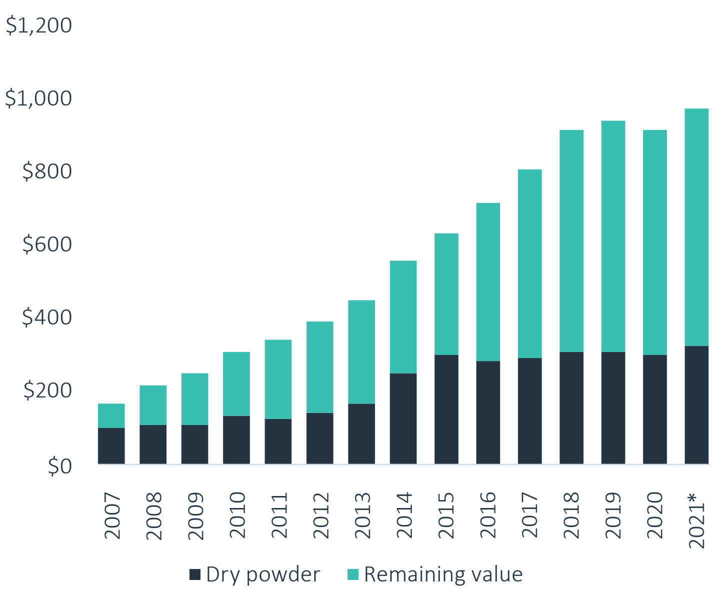
Source: PitchBook | Geography: Global
*As of March 31, 2021

Real assets first-time fundraising activity



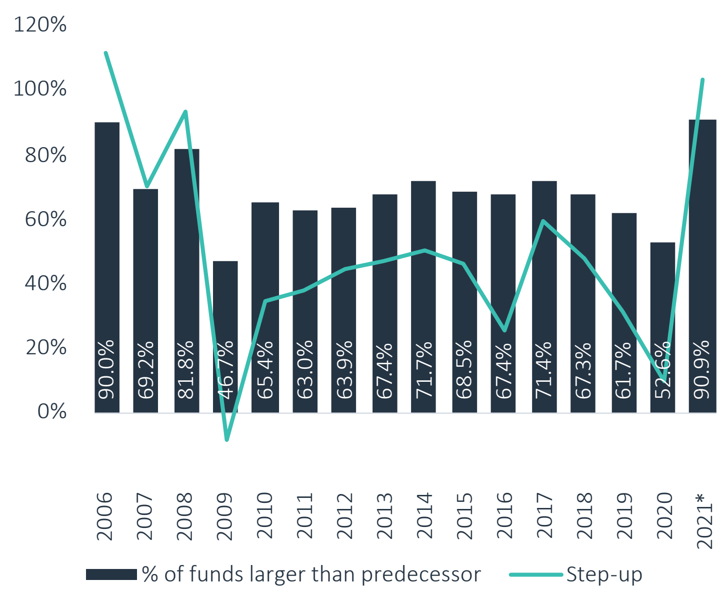
Source: PitchBook | Geography: Global
*As of September 30, 2021

Real assets AUM ($B)



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

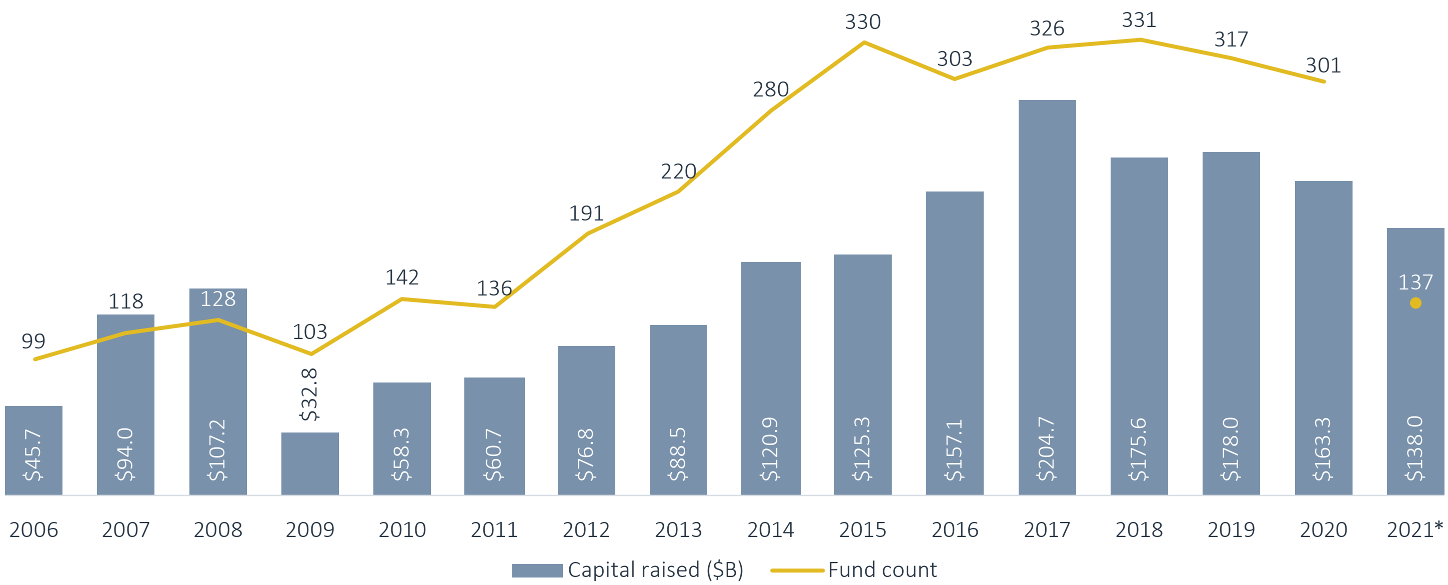
Median step-up from previous real assets fund in fund family



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

Private debt

Private debt fundraising activity



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

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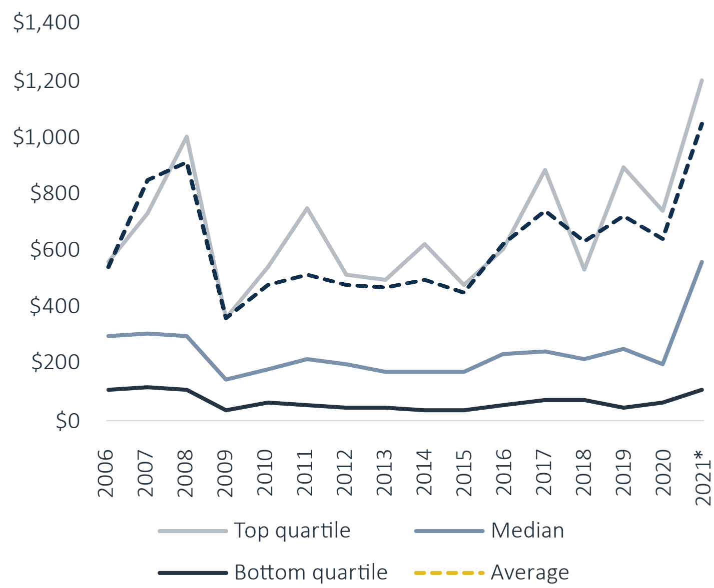
Private debt[1] fundraising has seen steady growth as each quarter has advanced in 2021. With $138.0 billion committed across 137 vehicles, the strategy is on pace to exceed fundraising figures from each of the three prior years, albeit with significantly fewer funds. The continued low-yield public credit environment has caused many to pivot toward alternative strategies, particularly private debt opportunities.

A greater portion of funds raised this year fell between $500 million and $5 billion, and a whopping 82.8% of funds were bigger than their predecessors at a 48.0% median step-up. Direct lending accounted for 49.5% of private debt capital so far this year, as the growth in private debt has been driven partly by the search for higher returns and partly by constraints on traditional bank financing.

Direct lending remained the only area garnering any significant growth in interest from investors, as fundraising activity in other areas of private debt, such as mezzanine, remained weak compared with previous years. Distressed debt and special situations continued to struggle in Q3, with only seven distressed debt funds raised YTD compared with 32 in 2020 and 14 credit special situations funds compared with last year's 44.

Private debt fund sizes ($M)

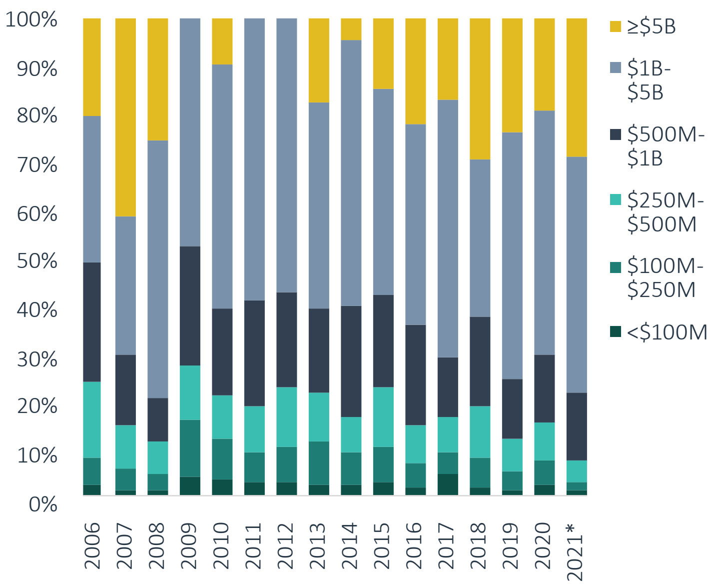


Source: PitchBook | **Geography:** Global
*As of September 30, 2021

1: For private market performance, we recommend readers reference the latest PitchBook Benchmarks report.

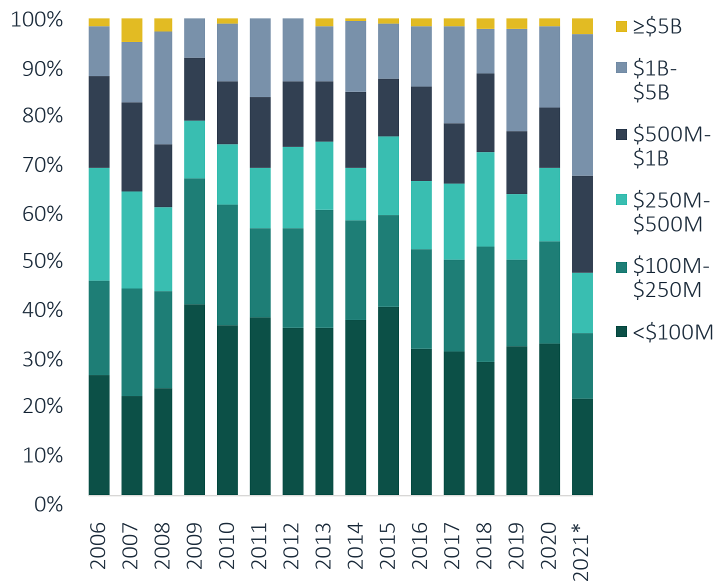
Various policy stimulus actions and an unexpectedly robust economic recovery lifted a lot of assets and companies back to normal, making opportunities harder to come by in these spaces. Many specialists remain confident, however, that they will be able to wait to pick off companies whose long-term declines have been accelerated by new trends and changes coming out of the pandemic.

Private debt capital raised by size



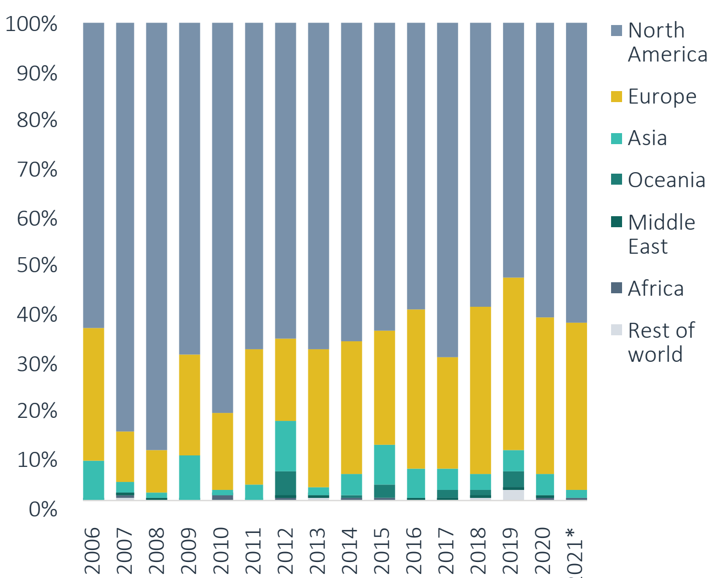
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Private debt fund count by size



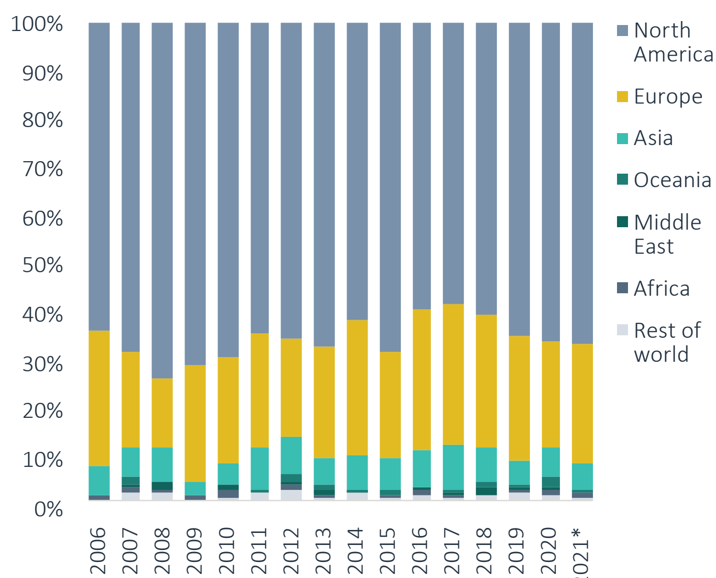
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Private debt capital raised by region



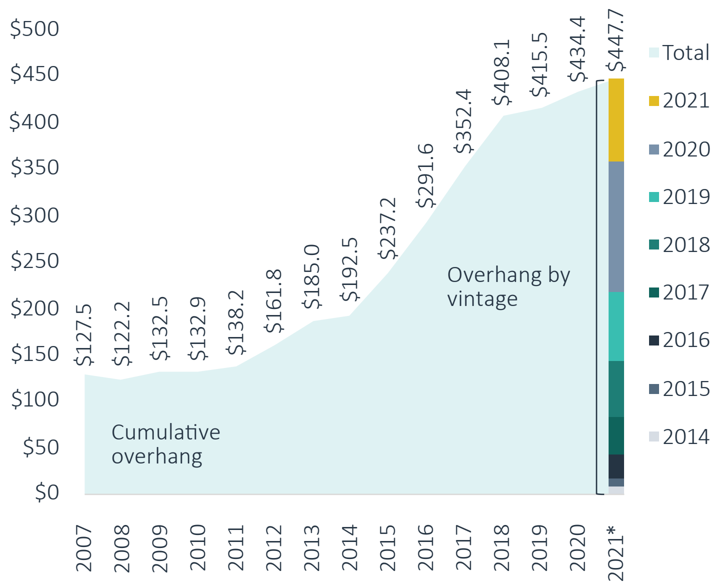
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Private debt fund count by region



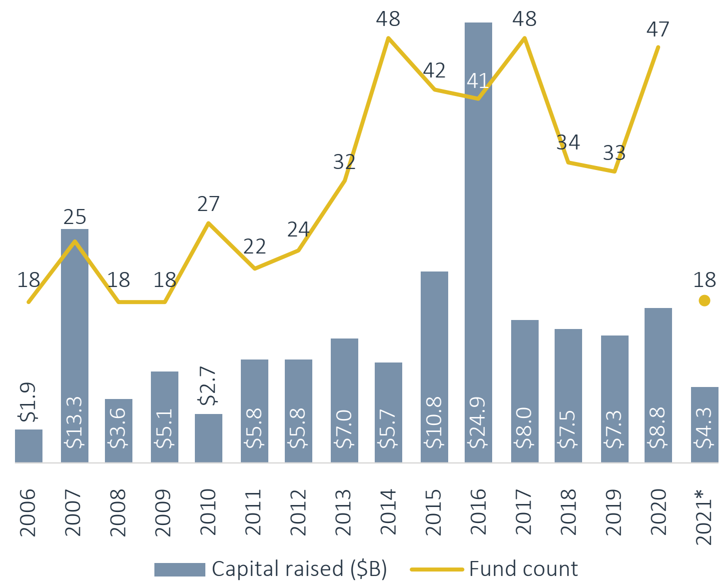
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Private debt overhang ($B)



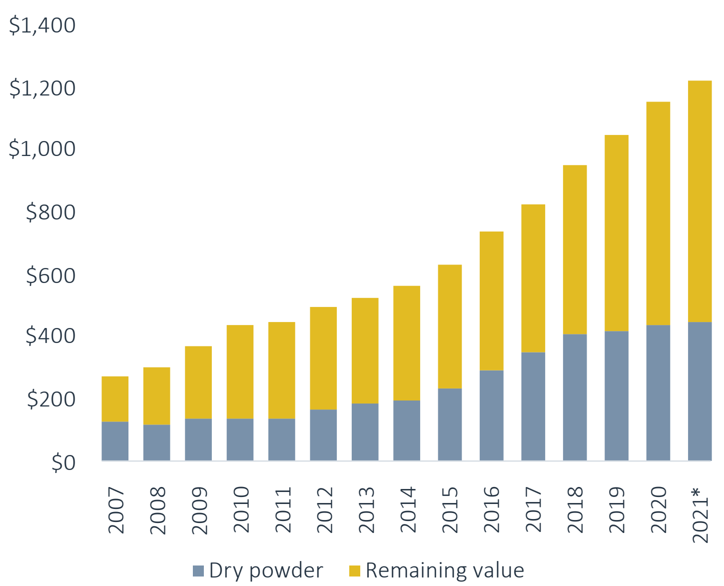
Source: PitchBook | Geography: Global
*As of March 31, 2021

Private debt first-time fundraising activity



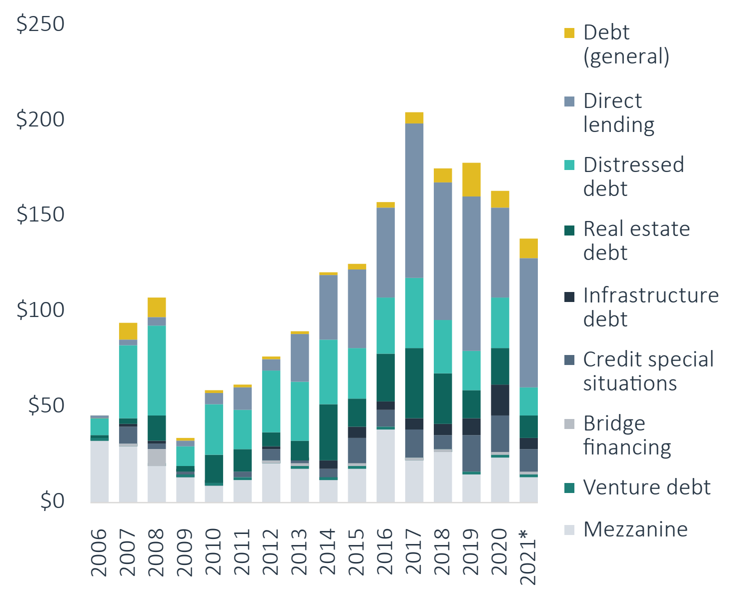
Source: PitchBook | Geography: Global
*As of September 30, 2021

Private debt AUM ($B)



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

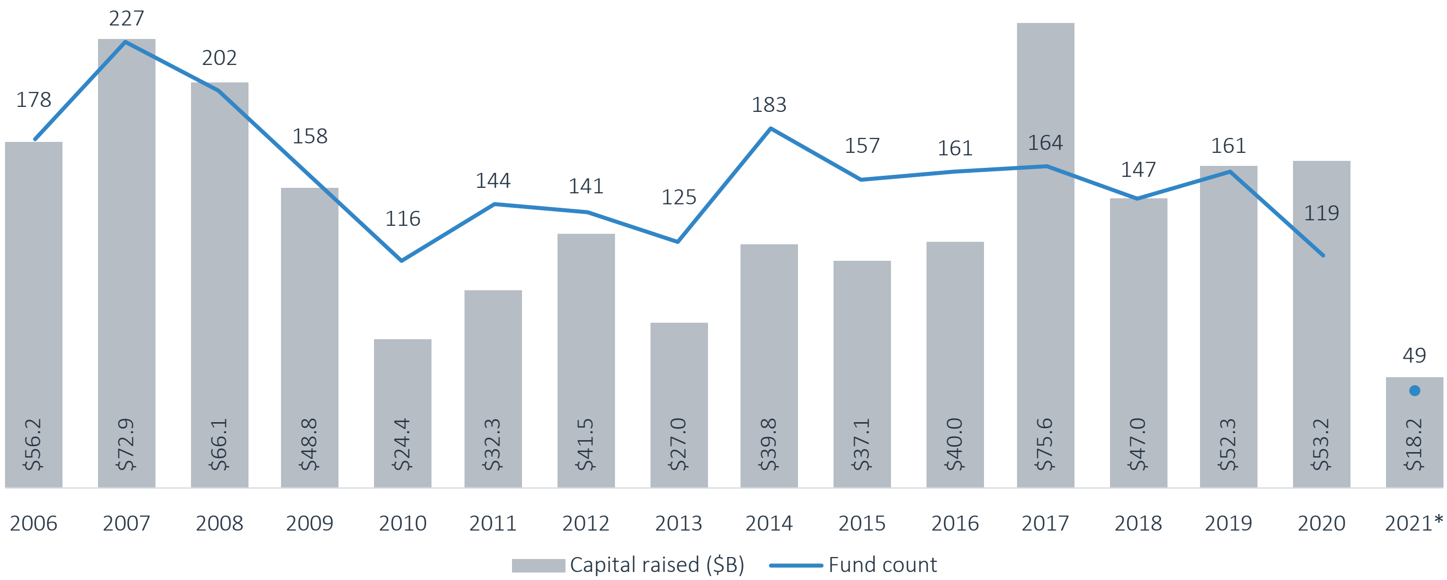
Private debt capital raised ($B) by type



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

Funds of funds

FoF fundraising activity



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

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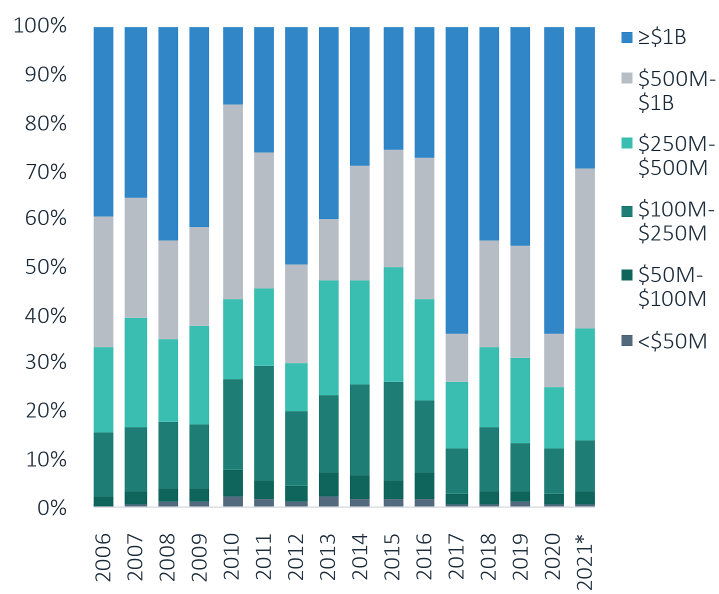
FoF saw two years of fundraising growth in 2019 and 2020, but they seem unlikely to repeat the feat in 2021 given that the $18.2 billion raised in the first nine months is only 34.2% of last year's total. That said, several of the large FoF managers do have annual fundraising programs that could boost the year's figures in the fourth quarter. In addition, we are aware of a handful of FoF targeting at least $1 billion in commitments, some of which may close before the year is done. HarbourVest International Private Equity Partners IX, for example, is targeting $1.25 billion and is expected to close in December.

While 2020 fundraising was dominated by larger funds—the $1 billion-and-larger vehicles taking in 63.4% of capital committed to FoF—the next couple of tiers have been more successful in 2021. Funds sized between $500 million and $1 billion were 33.1% of FoF capital raised in 2021 through September, up from 11.5% last year. The $250 million to $500 million FoF closed on 23.5% of all 2021 FoF assets raised, nearly double the 12.7% in 2020.

While Asia funds only made up 10.1% of all private capital fund commitments in 2021, 22.4% of FoF commitments went to strategies targeting Asia. Many LPs have been slow to invest directly in Asia, feeling that identifying and diligencing top-tier fund managers in that region is difficult, given language barriers, the vast physical ground to cover between the various financial hubs, and the perception that an insufficient pool of experienced

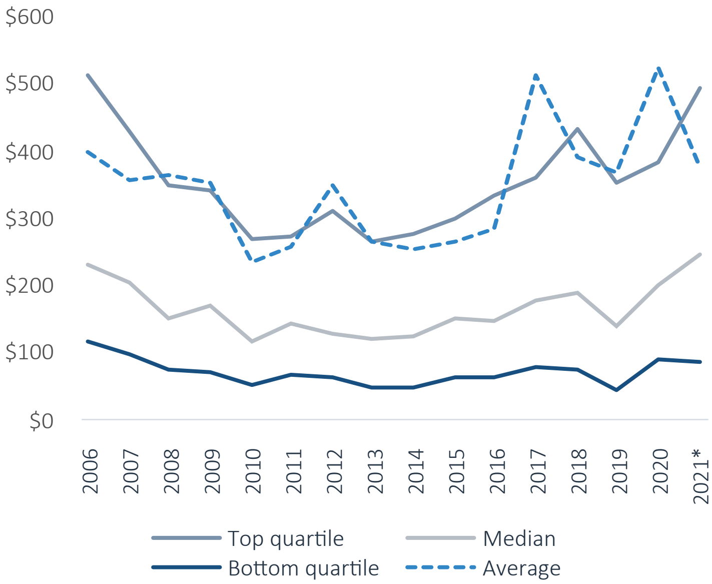
FoF capital raised ($B) by size



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

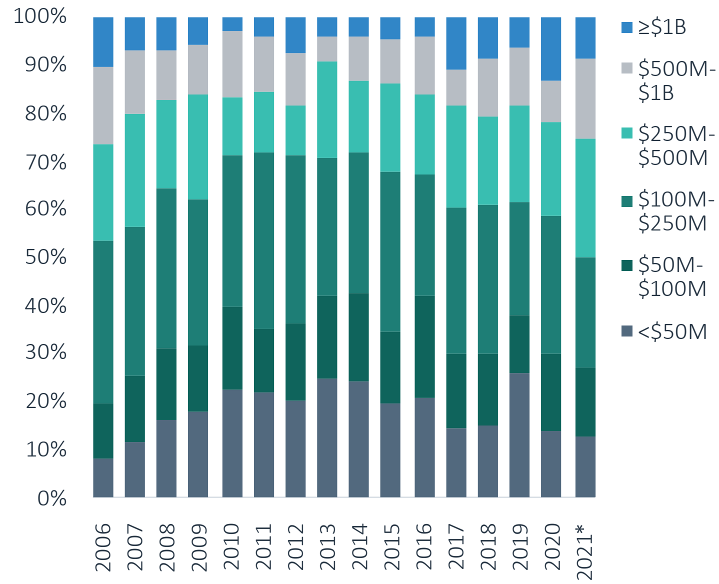
talent is leading to high employee turnover due to rampant poaching. For those that still want exposure to this large and growing market, however, FoF mitigate these concerns, offering lower-risk access to the region and removing the need for expensive travel that some investment committees are wary of approving.

FoF sizes ($M)



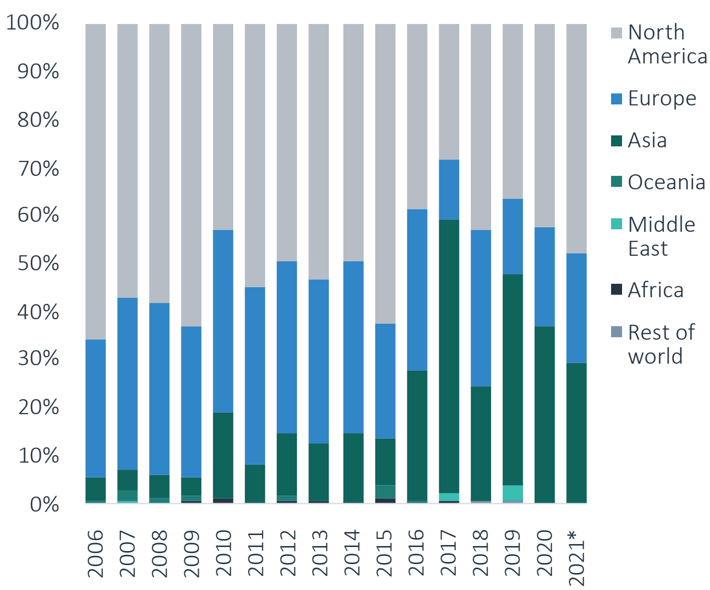
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

FoF count by size



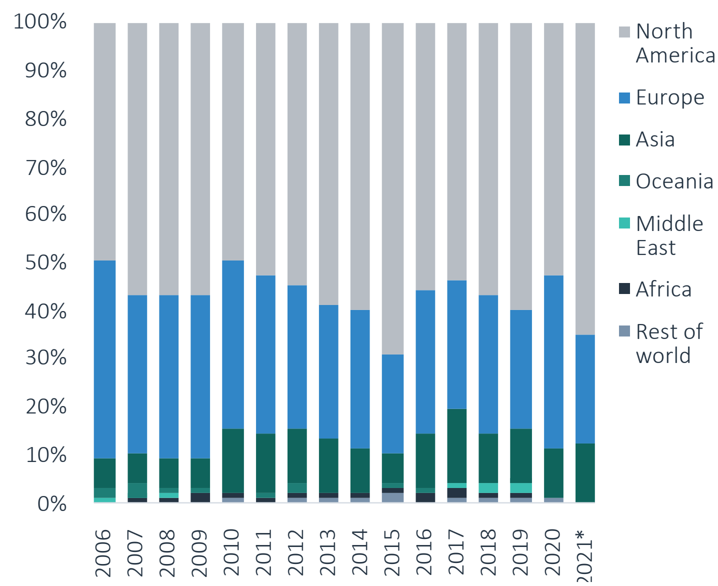
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

FoF capital raised by region



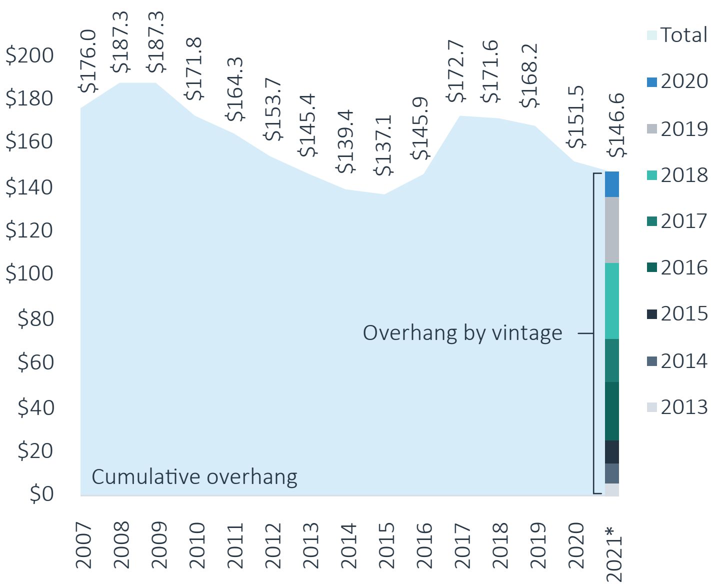
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

FoF count by region



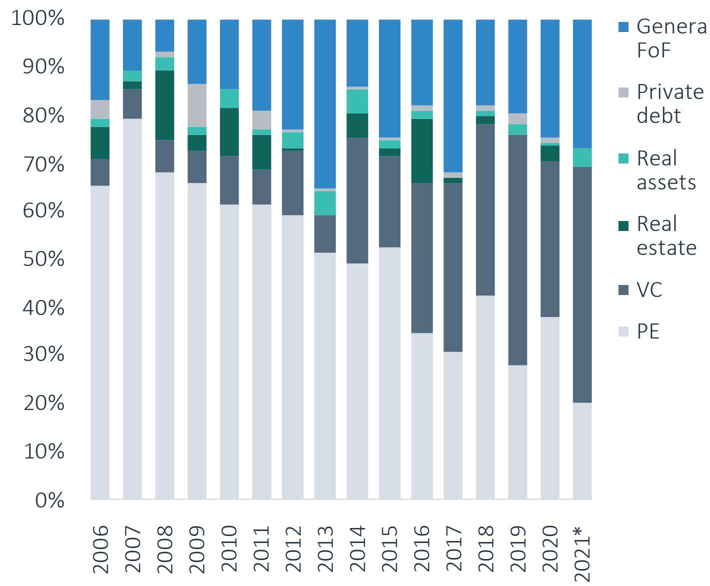
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

FoF overhang ($B)



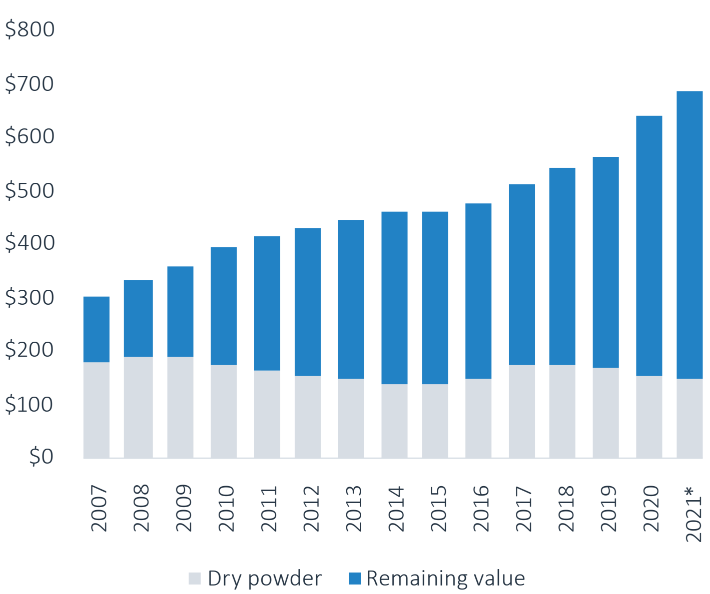
Source: PitchBook | **Geography:** Global
*As of March 31, 2021

FoF capital raised by type



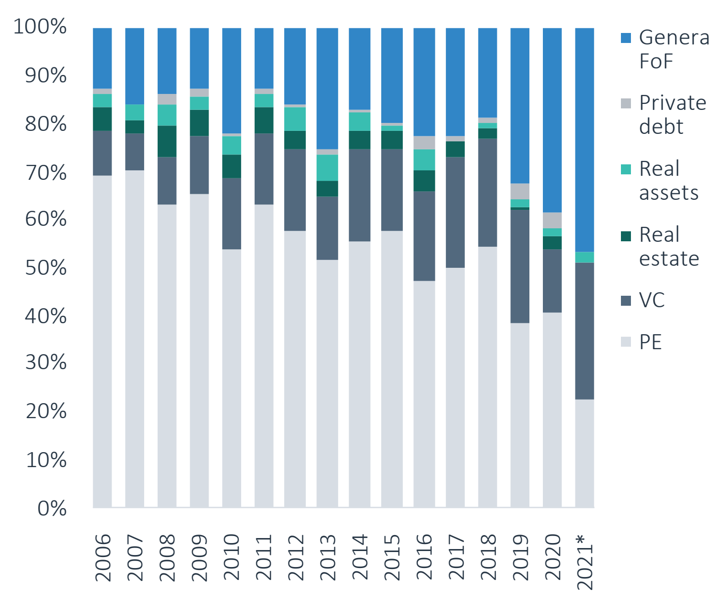
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

FoF AUM ($B)



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

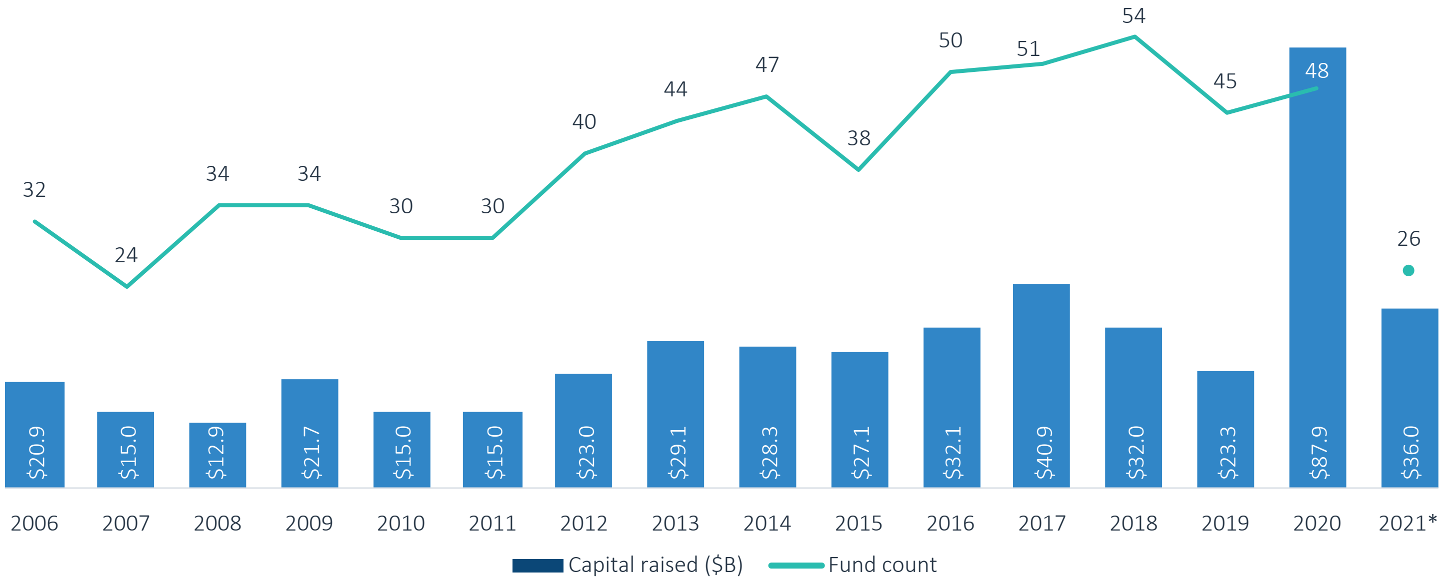
FoF count by fund type



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

Secondaries

Secondaries fundraising activity



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

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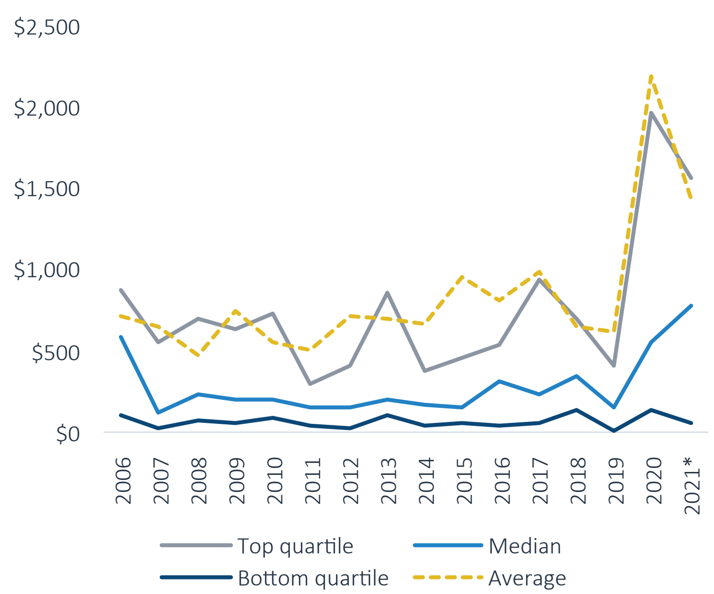
Secondaries fundraising continues to lag 2020's record-setting pace. Through the first three quarters of 2021, 26 secondaries funds closed on a combined $36.0 billion. Coller Capital's eighth flagship fund, which amassed $9.0 billion, is the largest fund to have closed so far this year. LGT Capital, Hamilton Lane, and BlackRock have also held notable closes in 2021.

The secondaries landscape may be changing more quickly than any other private capital strategy—and the space is booming. The first three quarters have seen a record amount of deal activity, and most industry observers believe we will see the first ever $100 billion year in 2021, spending down much of the record amount raised in 2020. Moreover, the transition to GP-led deals continues unabated. The highest-quality firms continue to offer LPs liquidity on their top performing portfolio companies by rolling them into single or multi-asset continuation vehicles. Not only is this pulling the industry away from traditional LP-led dealmaking, but it dramatically expands the total addressable market for secondaries. Yet the LP-led market may be in for some healthy activity as well. After a tremendous run by PE and venture funds, some LPs now find themselves overallocated to private market funds and may decide to turn to secondaries to rebalance their portfolios. This bodes well for secondaries funds sitting on dry powder.

Secondaries fund sizes ($M)

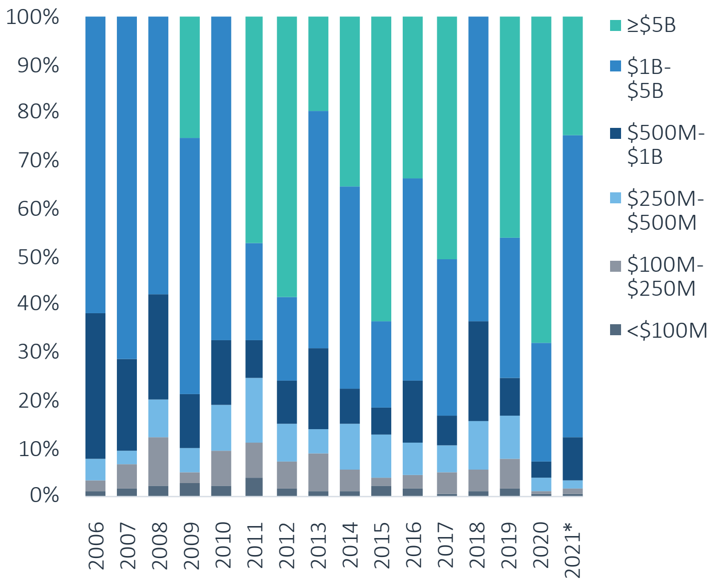


Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Another sweeping change to the landscape is the wave of M&A, consolidating most secondaries players into larger asset managers. Just this year, Ares bought

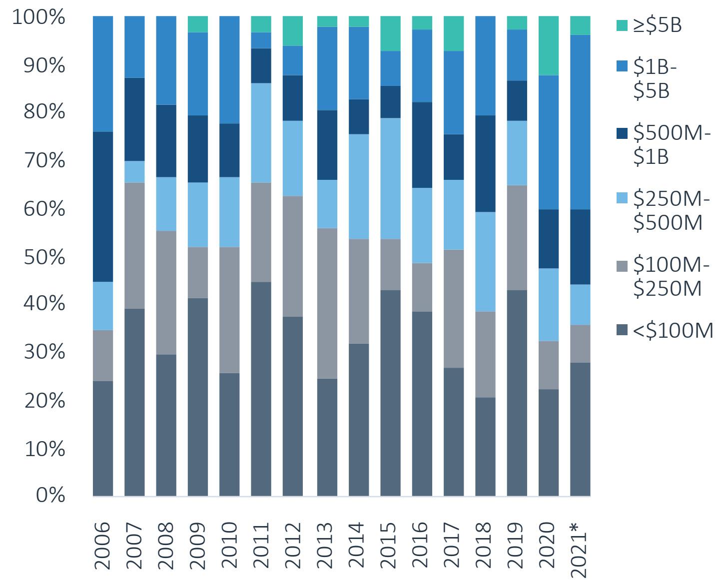
Landmark, CVC Capital purchased Glendower, and Franklin Templeton agreed to acquire Lexington as the industry moves toward a few mega-managers offering every major strategy. Coller Capital is the last major independent name, but it has approached buyers over a potential sale, according to Secondaries Investor.[2] And those big names are the ones that will drive fundraising figures going forward. On its most recent earnings call, Blackstone announced that it held an initial close on $8 billion for its latest secondaries fund and expects to amass $20 billion by final close, which would be the largest secondaries fund of all time. Lexington, seeking $15 billion, and Landmark, striving for $10 billion, are also poised to lift 2022's fundraising figures.

Secondaries capital raised by size



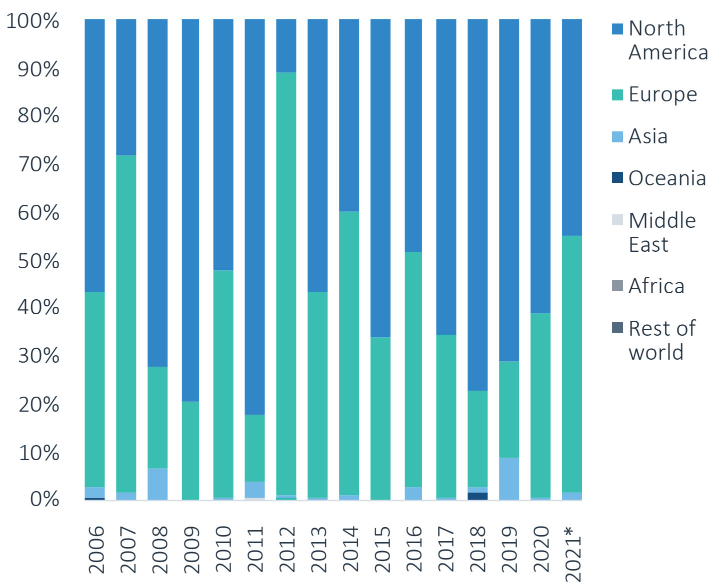
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Secondaries fund count by size



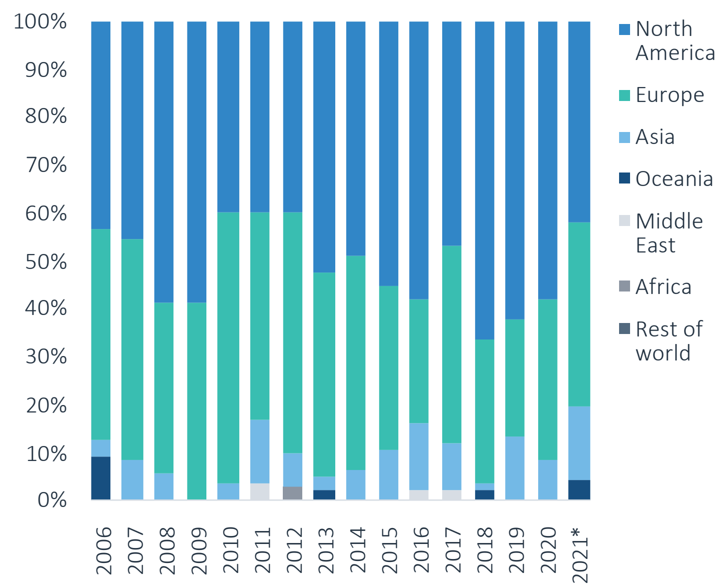
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Secondaries capital raised by region



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

Secondaries fund count by region

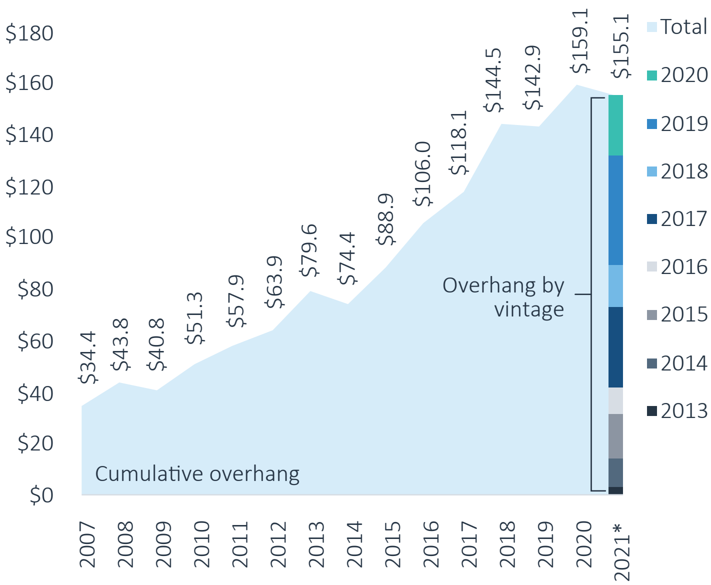


Source: PitchBook | **Geography:** Global
*As of September 30, 2021

2: "Coller Capital Approaches Buyers for Prospective Sale," Secondaries Investor, Rod James and Adam Le, September 17, 2021.

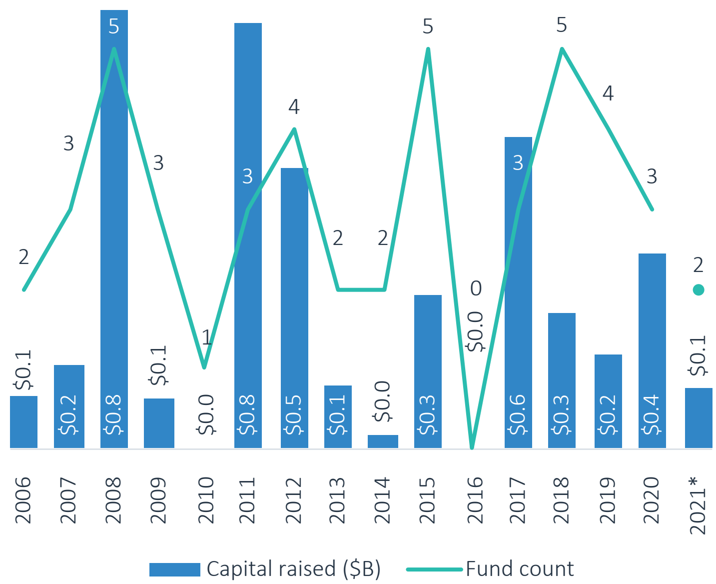
Secondaries

Secondaries overhang ($B)



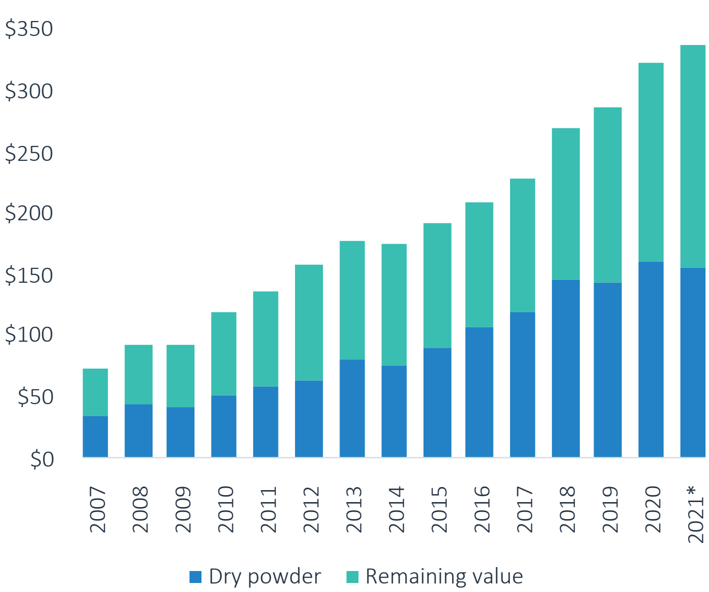
Source: PitchBook | **Geography:** Global
*As of March 31, 2021

Secondaries first-time fundraising activity



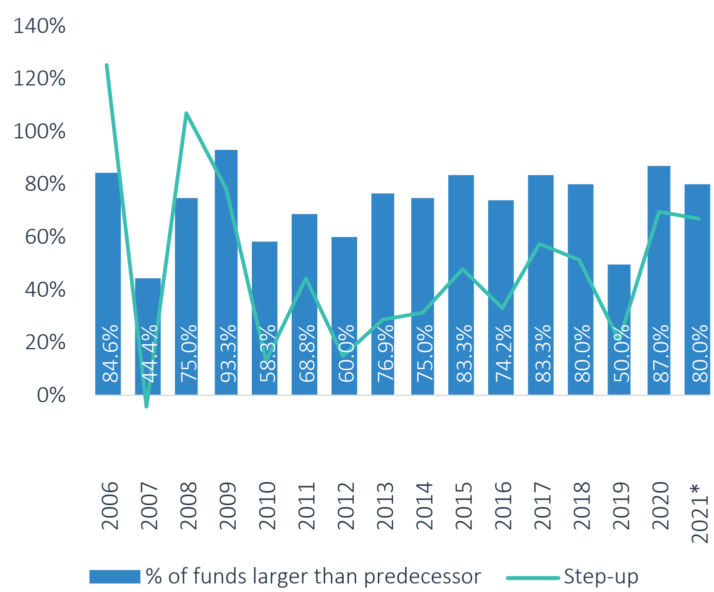
Source: PitchBook | **Geography:** Global
*As of September 30, 2021

Secondaries AUM ($B)



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

Median step-up from previous secondaries fund in fund family



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

PitchBook

Top funds by size

Top PE funds to close in Q3 2021 by size

Fund	Size ($M)	Close date	Step-up	HQ location
Hellman & Friedman Capital Partners X	$24,400	July 15, 2021	1.5x	San Francisco, US
Partners Group Direct Equity 2019	$6,000	September 20, 2021	0.9x	Zug, Switzerland
Providence Strategic Growth V	$4,500	September 28, 2021	2.3x	Providence, Rhode Island, US
TPG Growth Fund V	$3,558	August 16, 2021	1.0x	Fort Worth, US
Nautic Partners X	$2,811	September 9, 2021	1.8x	Providence, Rhode Island, US

Source: PitchBook | **Geography:** Global

Top VC funds to close in Q3 2021 by size

Fund	Size ($M)	Close date	Step-up	HQ location
SoftBank Latin America Fund II	$3,000	September 14, 2021	0.6x	Tokyo, Japan
Index Ventures Growth VI	$2,000	July 22, 2021	1.7x	Geneva, Switzerland
Institutional Venture Partners XVII	$1,838	August 30, 2021	1.2x	Menlo Park, US
Guangdong Daoheng RMB Fund	$926	September 5, 2021	N/A	Beijing, China
Felicis Ventures VIII	$900	August 20, 2021	1.8x	Menlo Park, US

Source: PitchBook | **Geography:** Global

Top real estate funds to close in Q3 2021 by size

Fund	Size ($M)	Close date	Step-up	HQ location
GLP Capital Partners IV	$4,620	July 28, 2021	N/A	Santa Monica, US
Rialto Real Estate Fund IV	$2,662	September 17, 2021	1.4x	Miami, US
Crow Holdings Realty Partners IX	$2,600	September 22, 2021	1.9x	Dallas, US
CBRE Strategic Partners U.S. Value 9	$2,300	August 10, 2021	1.7x	Los Angeles, US
KKR Real Estate Partners Europe II	$2,139	July 6, 2021	3.0x	New York, US

Source: PitchBook | **Geography:** Global

Top real assets funds to close in Q3 2021 by size

Fund	Size ($M)	Close date	Step-up	HQ location
Macquarie Infrastructure Partners V	$6,900	July 28, 2021	1.4x	Sydney, Australia
Pan European Infrastructure Fund III	$3,548	July 28, 2021	N/A	Frankfurt, Germany
Core Infrastructure Fund III	$3,005	July 2, 2021	1.4x	Paris, France
Stonepeak Global Renewables Fund	$2,750	July 14, 2021	N/A	New York, US
Generate Capital Sustainable Infrastructure Fund	$2,000	July 19, 2021	N/A	San Francisco, US

Source: PitchBook | **Geography:** Global

Top private debt funds to close in Q3 2021 by size

Fund	Size ($M)	Close date	Step-up	HQ location
HPS Specialty Loan Fund V	$11,700	September 15, 2021	1.7x	New York, US
Strategic Value Special Situations Fund V	$5,000	August 3, 2021	1.8x	Greenwich, Connecticut, US
17Capital Fund V	$3,456	July 12, 2021	2.4x	London, UK
Owl Rock Opportunistic Fund	$2,000	July 28, 2021	N/A	New York, US
Berkshire Multifamily Debt Fund III	$1,850	August 13, 2021	1.5x	Boston, US

Source: PitchBook | **Geography:** Global

Top FoF to close in Q3 2021 by size

Fund	Size ($M)	Close date	Step-up	HQ location
SVB Strategic Investors Fund X	$1,250	July 1, 2021	1.8x	Menlo Park, US
Access Capital Fund VIII Growth Buyout Europe	$976	July 5, 2021	1.1x	Paris, France
Stafford International Timberland Fund IX	$695	August 10, 2021	1.1x	Austin, US
Commonfund Capital Global Private Equity Partners III	$237	September 15, 2021	1.0x	Wilton, Connecticut, US
Franklin Park Venture Capital Fund XIII	$162	September 1, 2021	2.0x	Bala Cynwyd, Pennsylvania, US

Source: PitchBook | **Geography:** Global

Top secondaries funds to close in Q3 2021 by size

Fund	Size ($M)	Close date	Step-up	HQ location
Crown Secondaries Special Opportunities II	$1,197	July 7, 2021	2.3x	Paris, France
Whitehorse Liquidity Partners IV	$1,100	July 20, 2021	2.0x	Mount Kisco, New York, US
Crown Secondaries Special Opportunities II	$675	September 21, 2021	1.5x	Wilton, Connecticut, US

Source: PitchBook | **Geography:** Global

Additional research

Fund Strategies

Q3 2021 European PE Breakdown

Download the report here

PitchBook Benchmarks (as of Q1 2021)

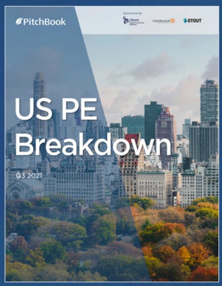
Download the report here

Q3 2021 PitchBook-NVCA Venture Monitor

Download the report here

Global Fund Performance Report (as of Q1 2021 with preliminary Q2 2021 data)

Download the report here



Q3 2021 US PE Breakdown

Download the report here

H1 2021 Greater China Venture Report

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