PitchBook

Q1 2022

GLOBAL

Private Fund Strategies Report

Contents

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

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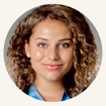

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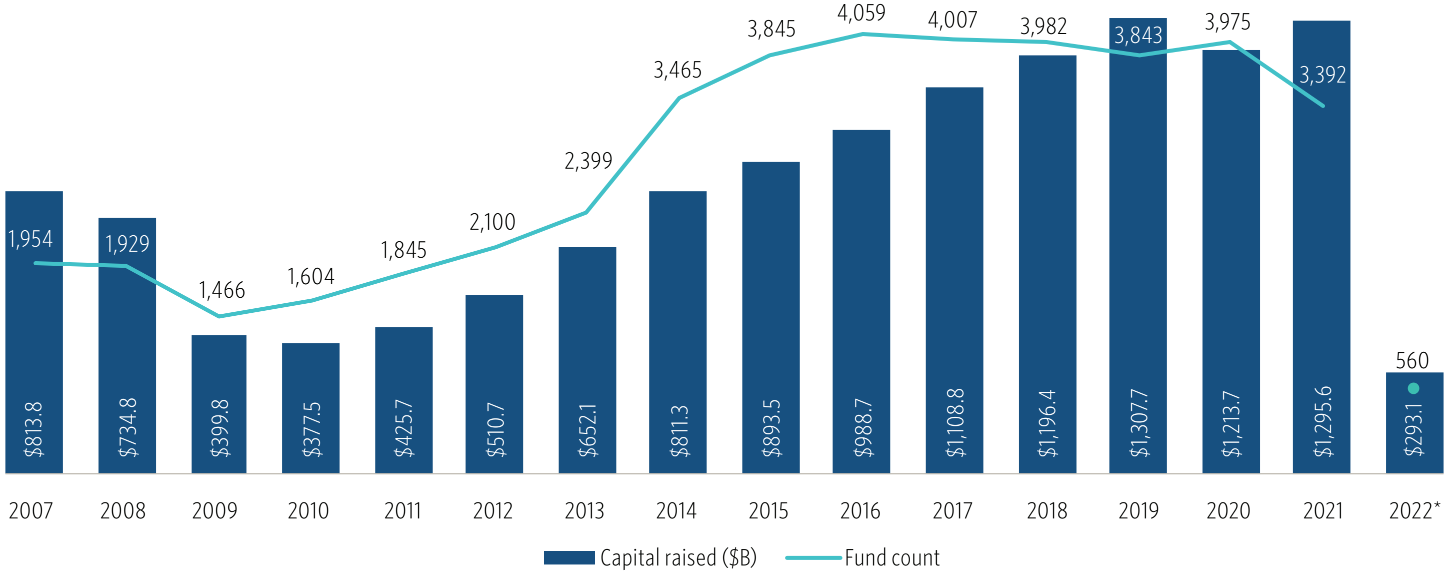
Published on May 26, 2022

Click here for PitchBook's report methodologies.

Click here for PitchBook's private market glossary.

Overview

Private capital fundraising activity



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

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

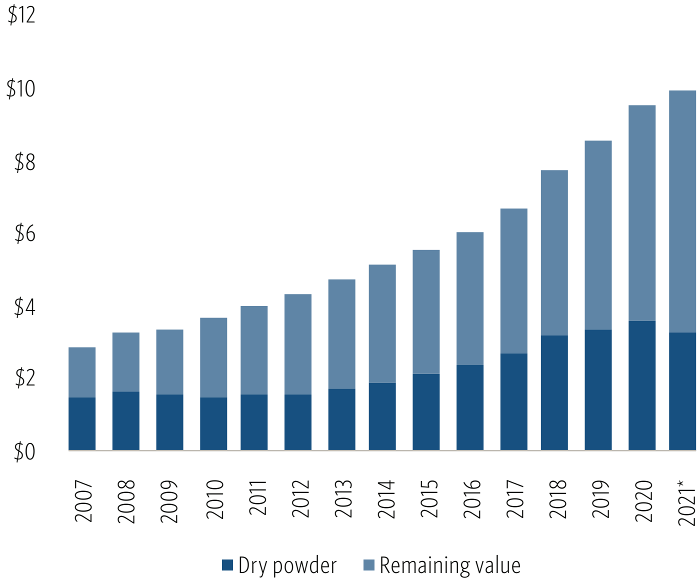
There is evidence that private market fund managers may have finally pushed fundraising too far for the taste of LPs, raising much larger funds more quickly than historical norms. The Q1 fundraising figures in 2022 were a little less than one quarter of total 2021 fundraising, which could indicate a fundraising slowdown. GPs may aspire to raise larger and larger funds, but if LP portfolios are not growing as much overall, their allocations might not keep up. Net cash flows have been negative since 2018, indicating that private capital calls have exceeded the money coming back to LPs for several years now, contributing to LP commitment fatigue.

Funds are definitely getting larger. Those who have had prior funds in a fund family increased the size of their next fund 82.2% of the time in Q1 2022. The median step-up was 60.9%. Each of these figures are at their zeniths dating back to 2007.

In terms of whether funds are coming to market more quickly, we do show that the median years between closings in Q1 2022 was 2.4 years, which is the lowest figure since 2008. The average of the median from 2007 to 2022 was approximately 2.9 years, so the median fund manager has come back to market six months sooner than the norm. That said, the gap has widened between those able to raise a fund quickly and those who struggle. Looking at the gap between the quartile of managers who raise most quickly and the quartile of those who take the longest, the long-term average is a 13.2-month difference. In Q1 2022, the difference was 16.5 months—and these figures only count those who have successfully gotten to a final close. There are fund managers still technically open that may never succeed in launching.

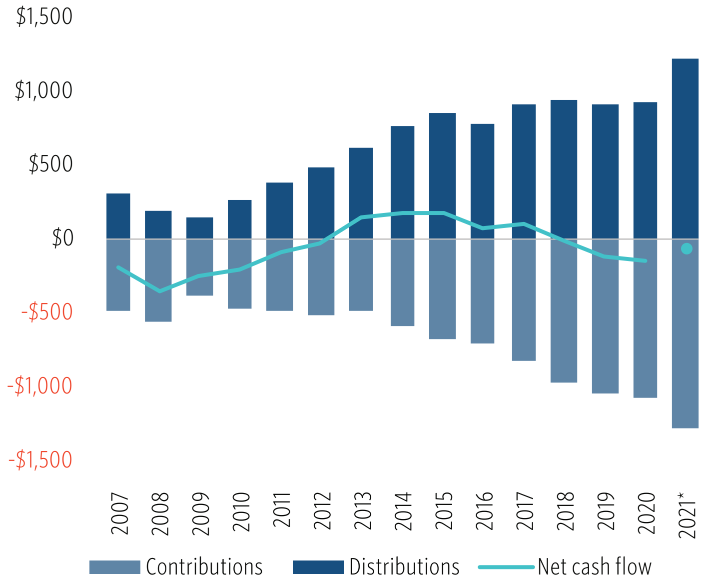
Where has fundraising been ebbing and where has it been flowing? Regionally speaking, North America has been gaining share steadily since 2018, largely at the expense of Asia. The 76.2% North American share is far ahead of last year's 62.3%,

Private capital AUM ($T)



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

Private capital cash flows ($B)



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

which was itself a record. Geopolitical concerns in Europe likely contributed to the drop in European share from 24.7% in 2021 to 15.3% in Q1 2022. The Asian decline has continued into 2022, with Reuters reporting that Chinese regulators and a US pullback has spooked investors in both public and private funds.[1] Our spotlight this quarter is on emerging managers, but for a teaser, experienced managers have continued to take a larger share of total commitments while emerging managers take in less.

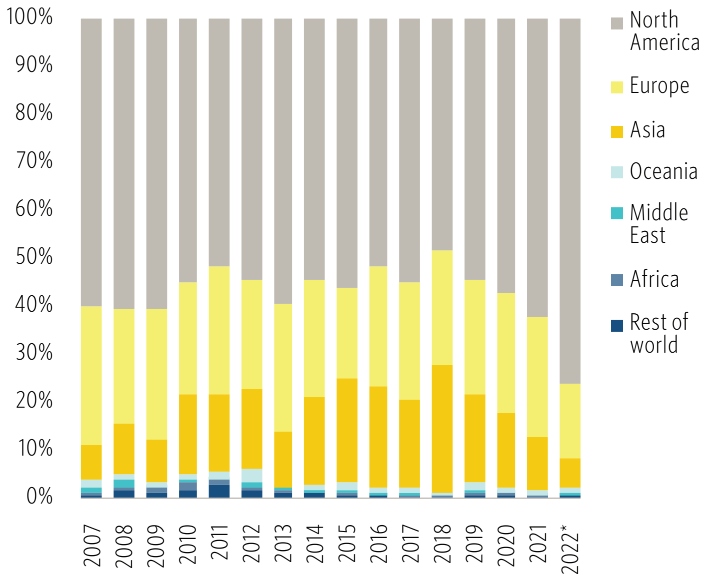
In terms of strategy types, venture capital (VC) was 32.1% of all capital closed in the first quarter, an all-time high, though PitchBook does typically see increases to quarterly fundraising figures as information becomes available over time, which could impact the data. That said, with VC distributions spiking to all-time highs, it is possible that happy LPs have been feeling justified in increasing allocations to the space. Secondaries remain an interesting space to watch, as their all-time high of 7.5% of private capital raised in 2020 has dropped off dramatically since. In 2021, 3.5% of commitments went to secondaries funds, while in Q1 2022 thus far, the number was only 1.5%. However, based on headlines of teams being bought or poached by large multi-strategy asset managers, a lot of new entrants to the secondaries space are likely to come to market this year.

Read on for more insights for each of our covered strategies.

1: "Fundraising by Chinese Private Funds Dives, Slowing Economy Takes Toll," *Reuters*, Samuel Shen and Andrew Galbraith, February 22, 2022.

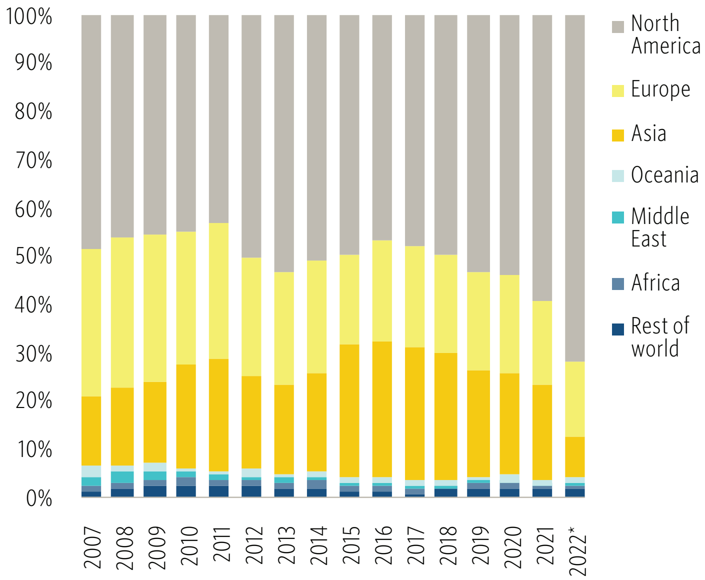
PitchBook

Share of private capital raised by region



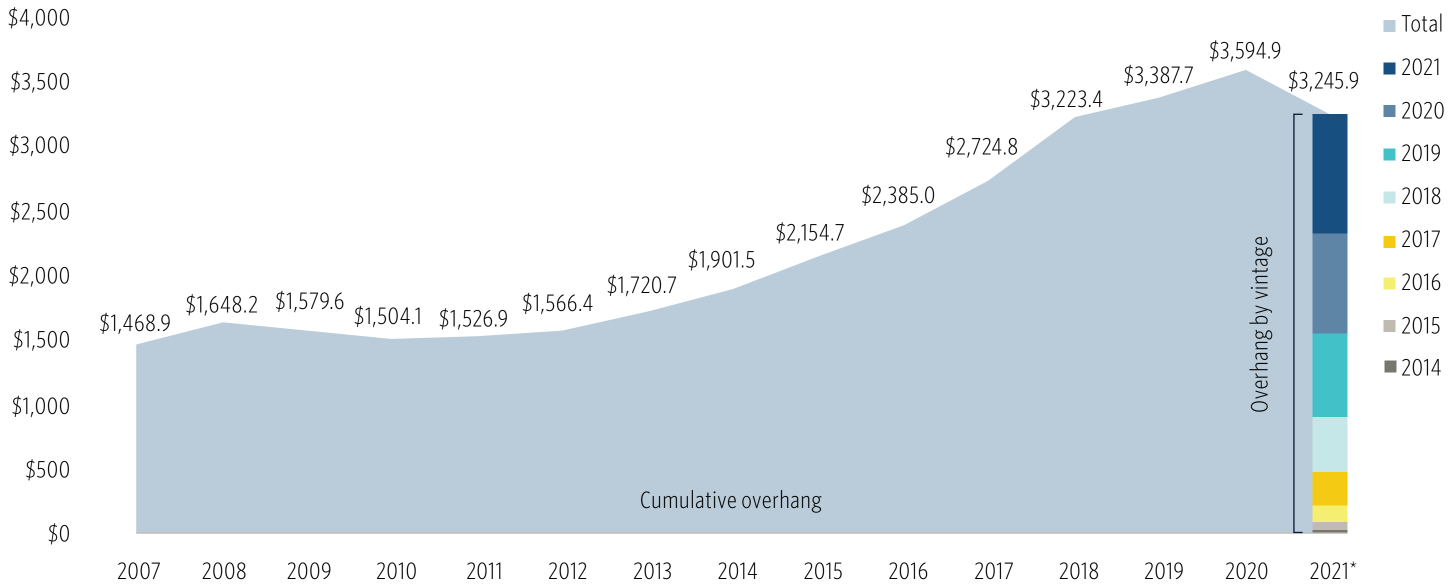
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of private capital fund count by region



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

Private capital dry powder ($B)



Source: PitchBook | **Geography:** Global
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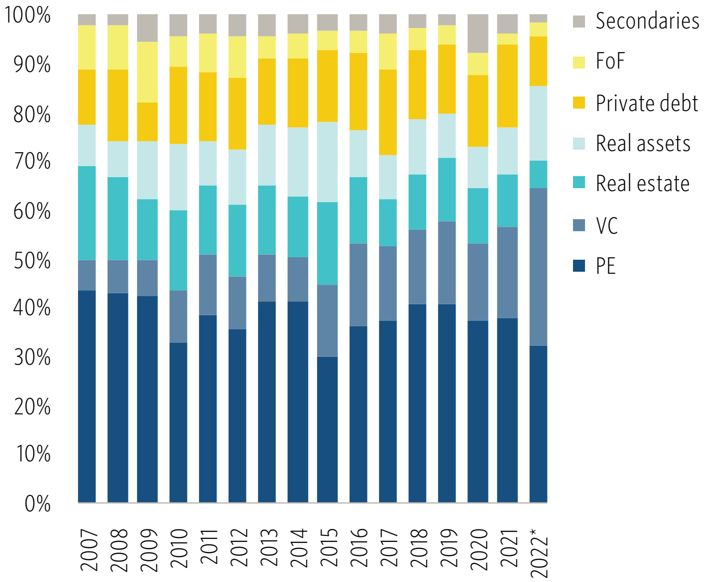
Share of private capital raised by strategy



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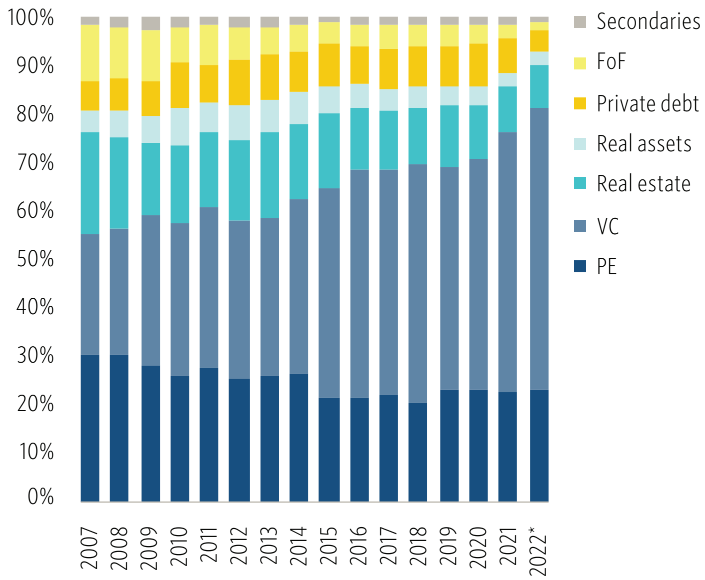
Share of private capital fund count by strategy



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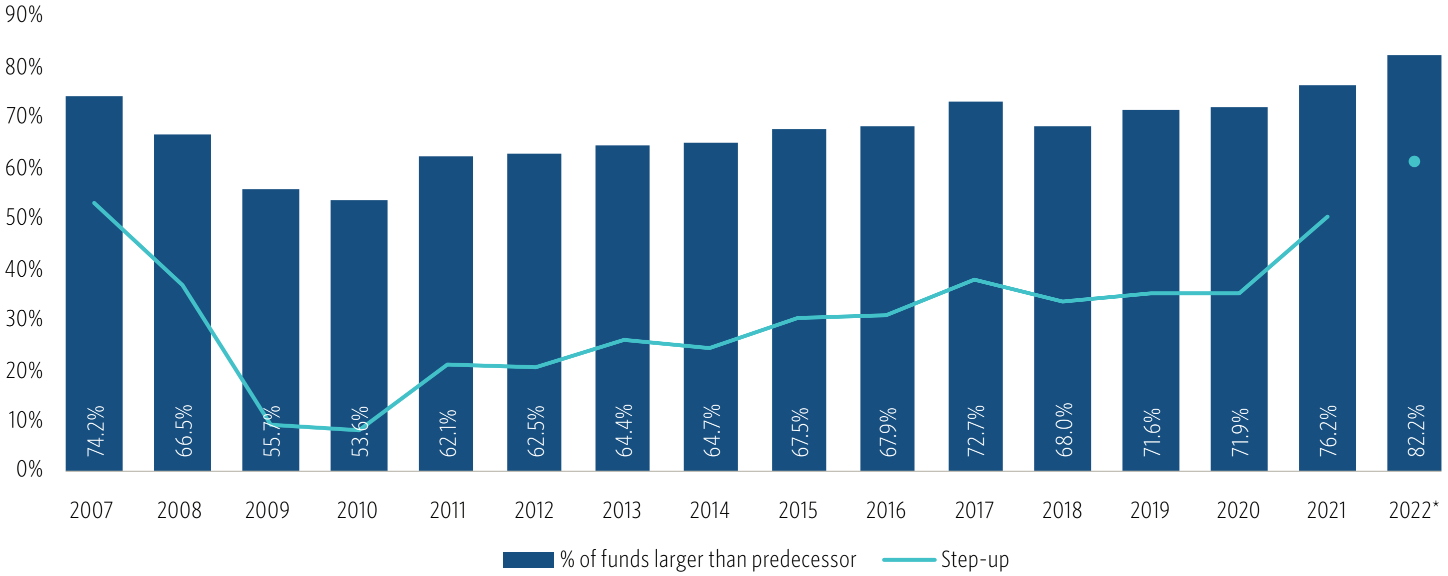
*As of March 31, 2022

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



Source: PitchBook | **Geography:** Global
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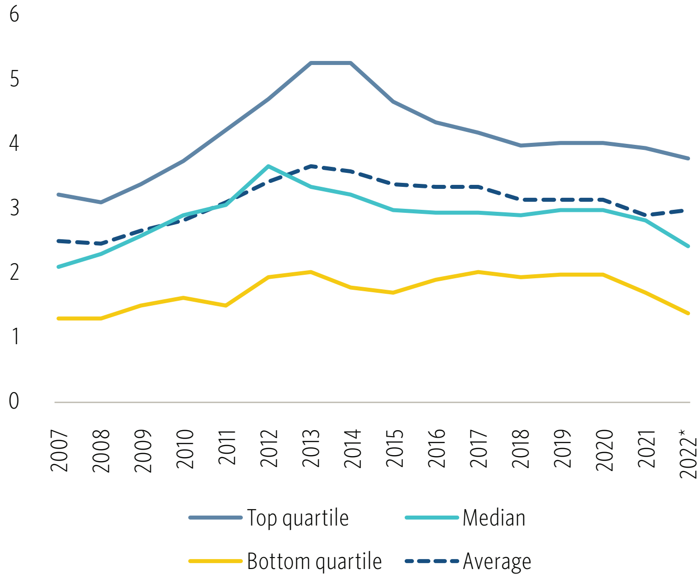
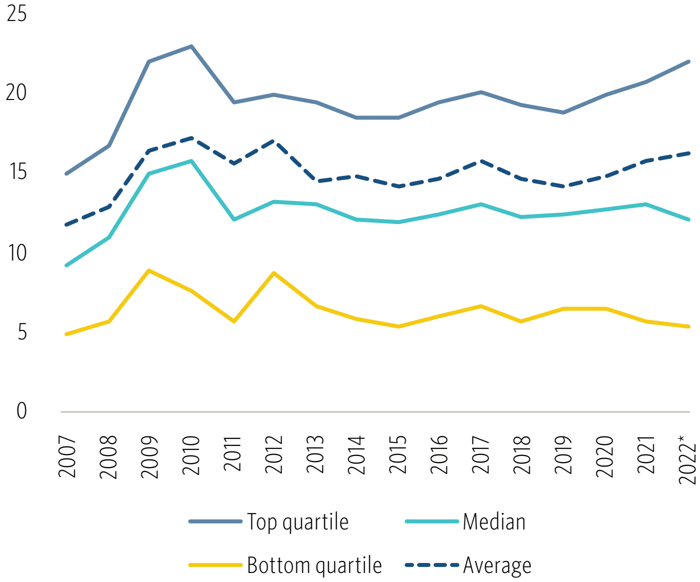
Years between closings for private capital fund families



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

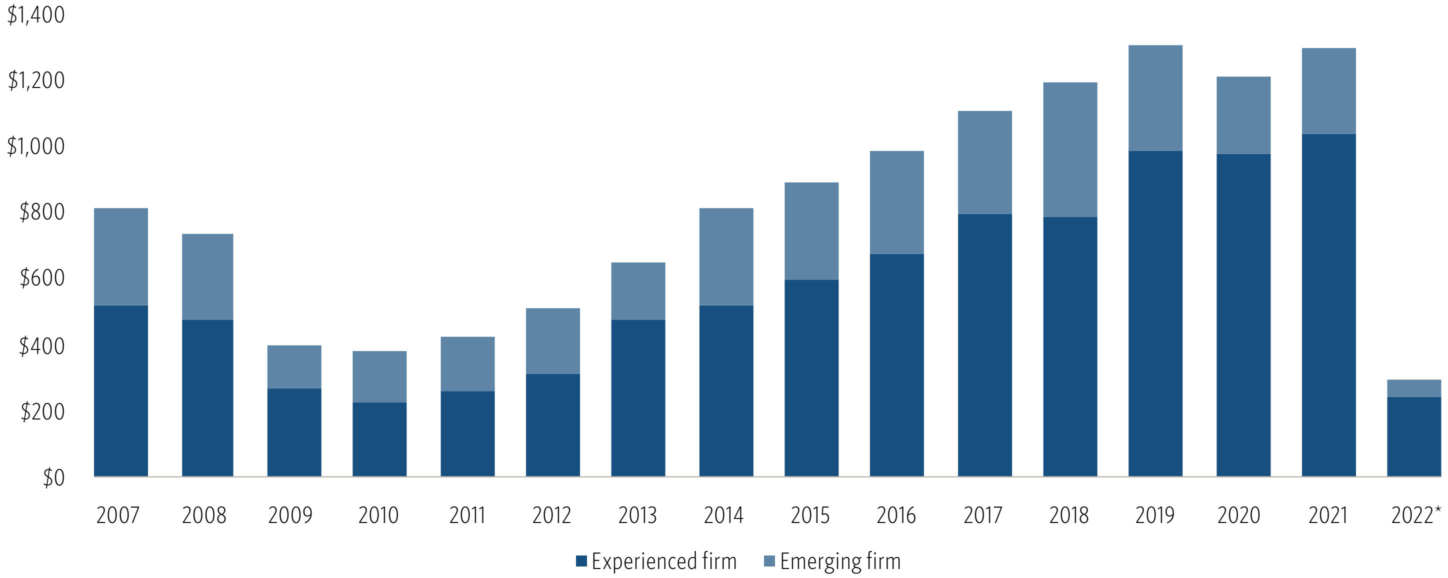
Months to close for private capital funds



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

Spotlight: Emerging managers

Private capital raised ($B) by manager experience



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

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

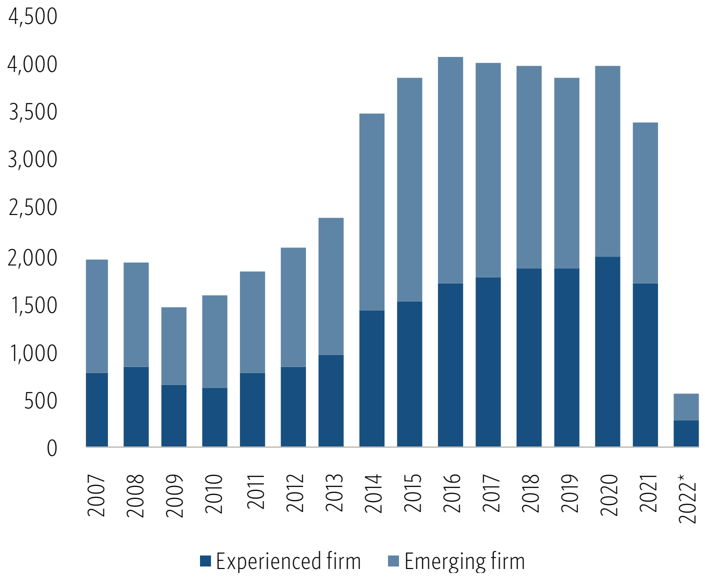
There are some in the private markets who believe that bigger is not necessarily better. That more assets may mean less incentive to maximize returns. That being big and public means the fund manager runs its business more for Wall Street than for its LPs, making the stable revenues of fees more rewarding to them than maximizing their deal-specific incentive compensation. For these reasons, there should always be a place for managers who take the leap and form new fund management companies with an eye to doing things more nimbly, less bureaucratically, and more aligned with LP interests.

Many emerging managers,[2] which we define as managers who have launched three or fewer funds, have expressed frustration with fundraising in recent years. While this is an ever-present problem, it felt worse during the pandemic when face-to-face meetings were on hold and the industry news was rife with headlines about the name brand fund managers garnering the lion's share of commitments. Looking at commitments, recent ratios have favored more experienced managers, with only 19.4% of 2020 commitments and 20.2% in 2021 going to emerging managers. By numbers of funds raised, emerging managers have represented around half of the funds since 2019, though this is down from a longer-term history of 55% to 60% between 2008 and 2017. Looking at absolute numbers, the number of emerging manager funds has been declining for some years. The low since 2007 was 800 funds in 2009, but 2,356 has been the high-water mark since 2016.

Across strategy types, emerging managers have had different levels of success. In private equity (PE), only 16.7% of the assets raised in 2021 went to emerging managers, but the proportion for VC was 36.8%. Given that many would argue that investors going into VC accept a higher level of risk

2: For those emerging managers looking to raise a fund, we encourage you to read PitchBook's Guide to Your Pitch, which can be found here.

Private capital fund count by manager experience



Source: PitchBook | **Geography:** Global
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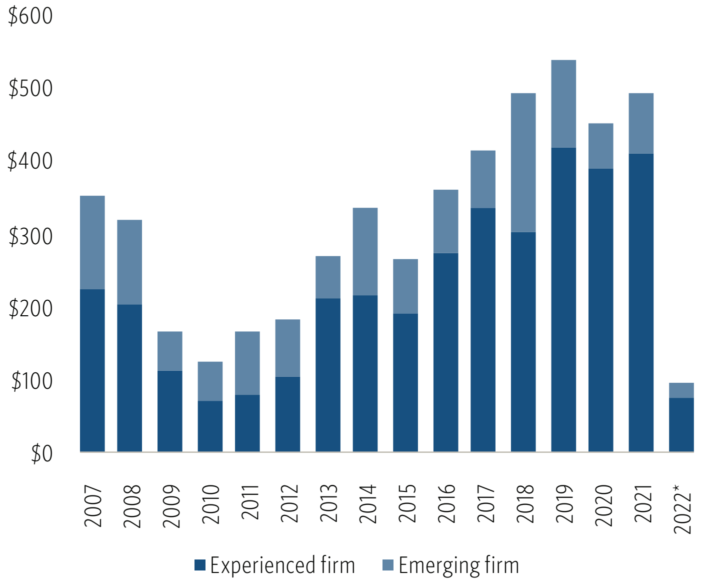
PE capital raised ($B) by manager experience



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

as part of investing in early-stage companies, they may also be more open to the perceived risk of backing newer fund managers.

Real estate has seen a drastic decline in emerging managers over the past decade and a half. In 2009, emerging managers represented 43.6% of the real estate fundraising versus 16.4% in 2021. The decline was not sudden, however, and should not be laid at the feet of the pandemic. Before the global financial crisis (GFC), private real estate was still working its way into a mainstream position in the portfolios of many allocators. When a new asset class is gaining acceptance, there are not as many established managers, so while LPs may have a preference for experience and track records, few managers in the market may possess these characteristics. Real estate is a specialized enough asset class, however, that those with the skill set to launch such a firm have now already done so. That said, given that the space has matured, those with experience at the established real estate fund managers may be feeling prepared to start new funds if they are looking to do something more entrepreneurial.

Of the $3.9 trillion in fund commitments we have tracked to emerging managers since 2007, 36.0% flowed to PE, 22.4% to VC, around 12% each to real estate, real assets, and private debt, and the remainder went to funds of funds (FoF) and secondaries. From 2020, however, the ratios have been a little different. VC garnered 36.5% of emerging manager commitments, PE took in 29.6%, and in third place was private debt at 11.2%. Secondaries, despite record fundraising for those funds overall, took in only 0.6% of emerging manager commitments—those who can do secondaries are either already doing them or are launching from (or being absorbed by) household names such as Apollo (NYS: APO), Franklin Templeton (NYS: BEN), Ares (NYS: ARES), or TPG (NAS: TPG).

By number of funds, the VC share has grown steadily for 15 years, from 26.3% in 2007 to 59.3% since 2020. In that latter time period, 2,337 VC funds launched from emerging managers. On one hand, this is an astonishing figure, but given the returns investors have been seeing from VC, it is not terribly surprising that LPs might be looking for any avenue into this space. As shown by the dispersion charts in our Q3 2021 Global Fund Performance Report, however, investors should be very cautious about their selection of VC fund managers, as the performance of top decile managers with vintage years between 2004 and 2016 has been about 45% higher than those in the bottom decile.

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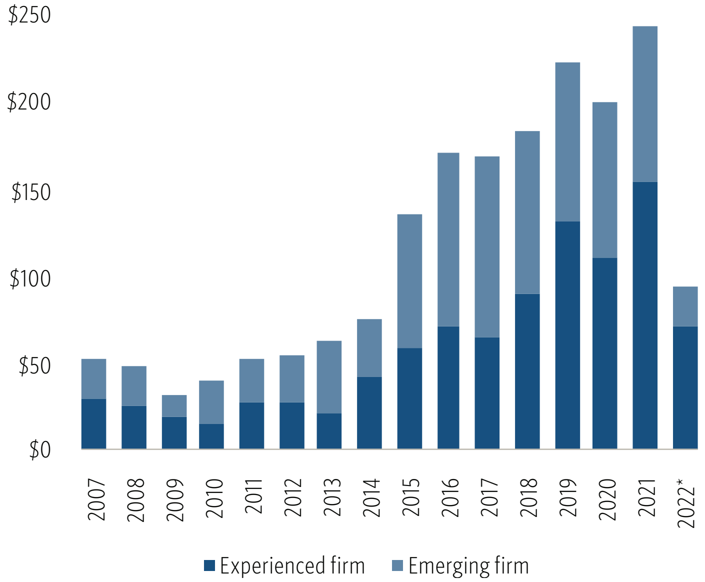
VC capital raised ($B) by manager experience



Source: PitchBook | **Geography:** Global
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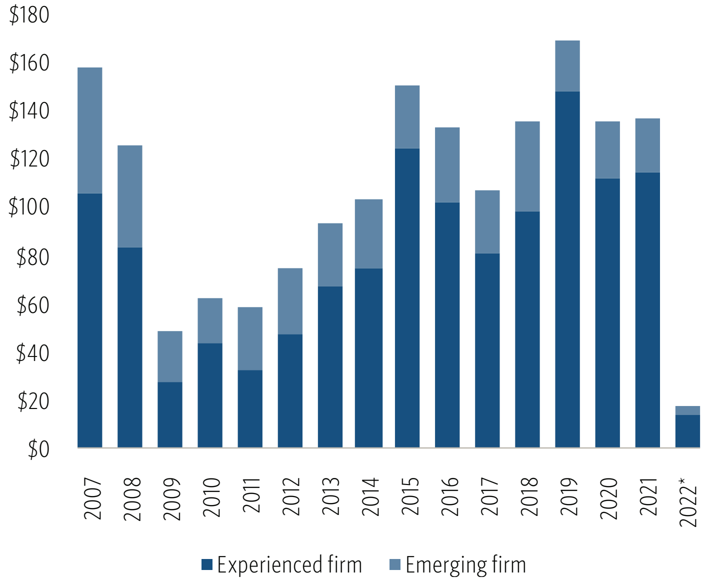
Real estate capital raised ($B) by manager experience



Source: PitchBook | **Geography:** Global
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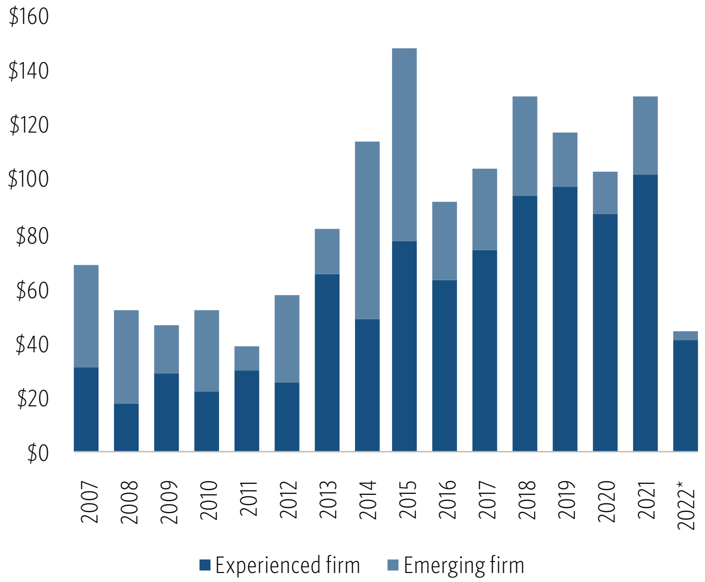
Real assets capital raised ($B) by manager experience



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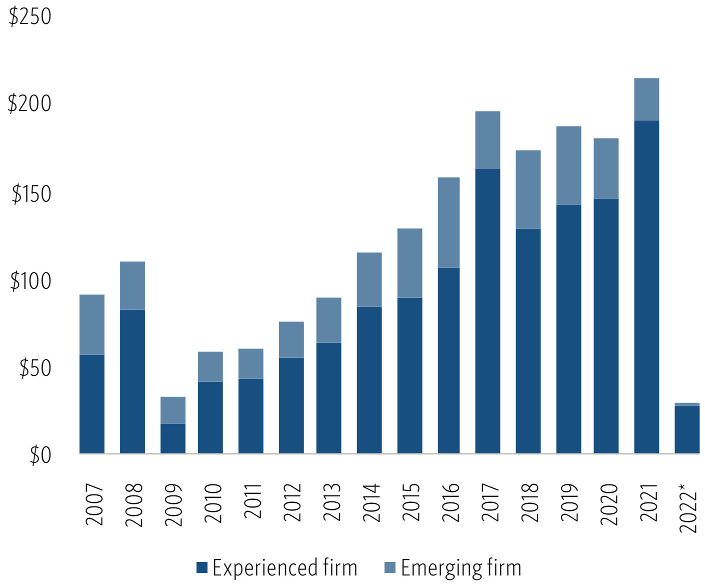
Private debt capital raised ($B) by manager experience



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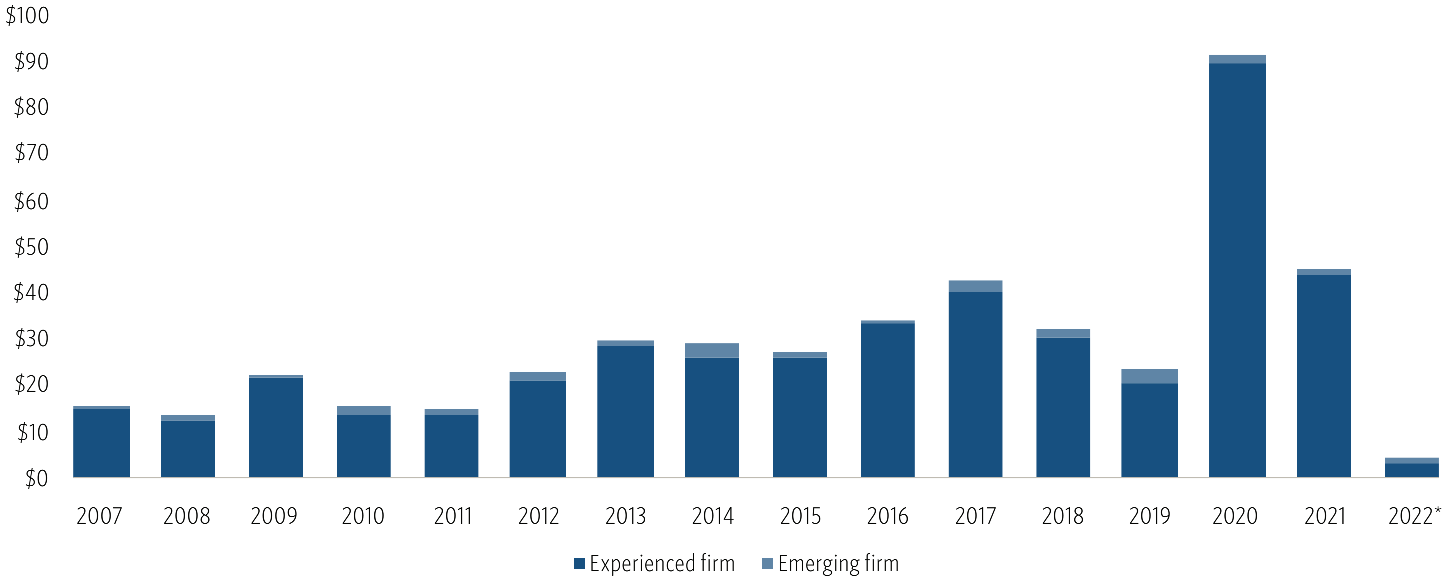
Secondaries capital raised ($B) by manager experience



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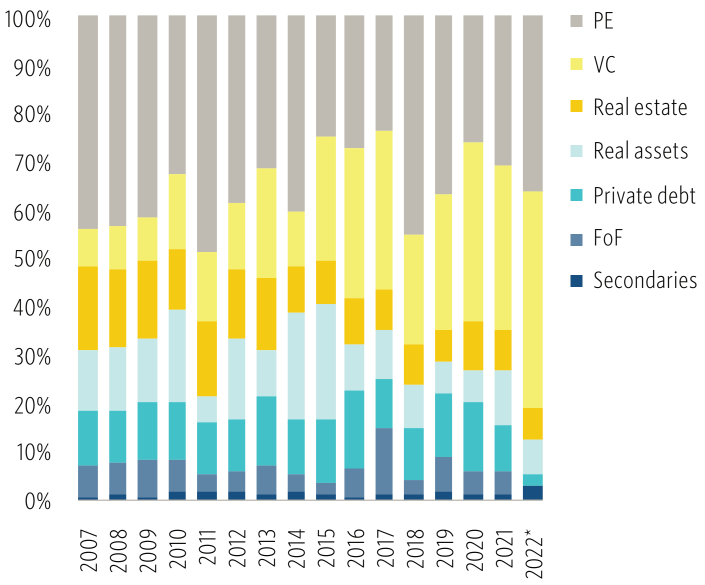
Emerging manager capital raised by strategy



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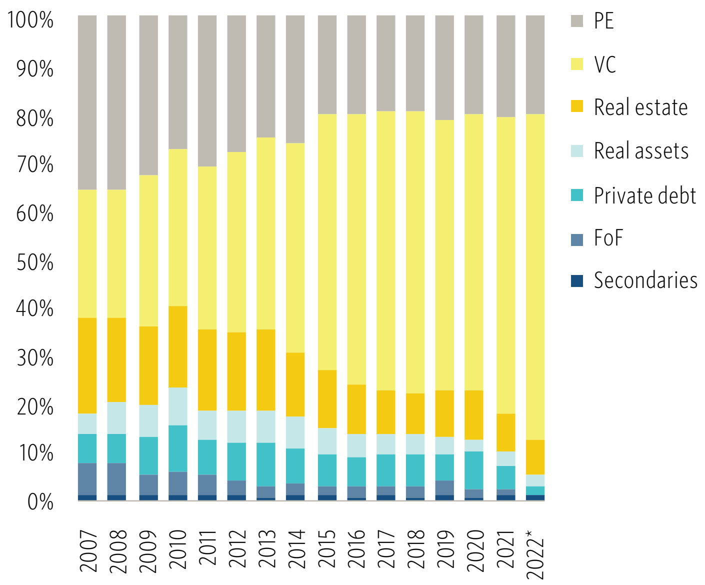
Emerging manager fund count by strategy



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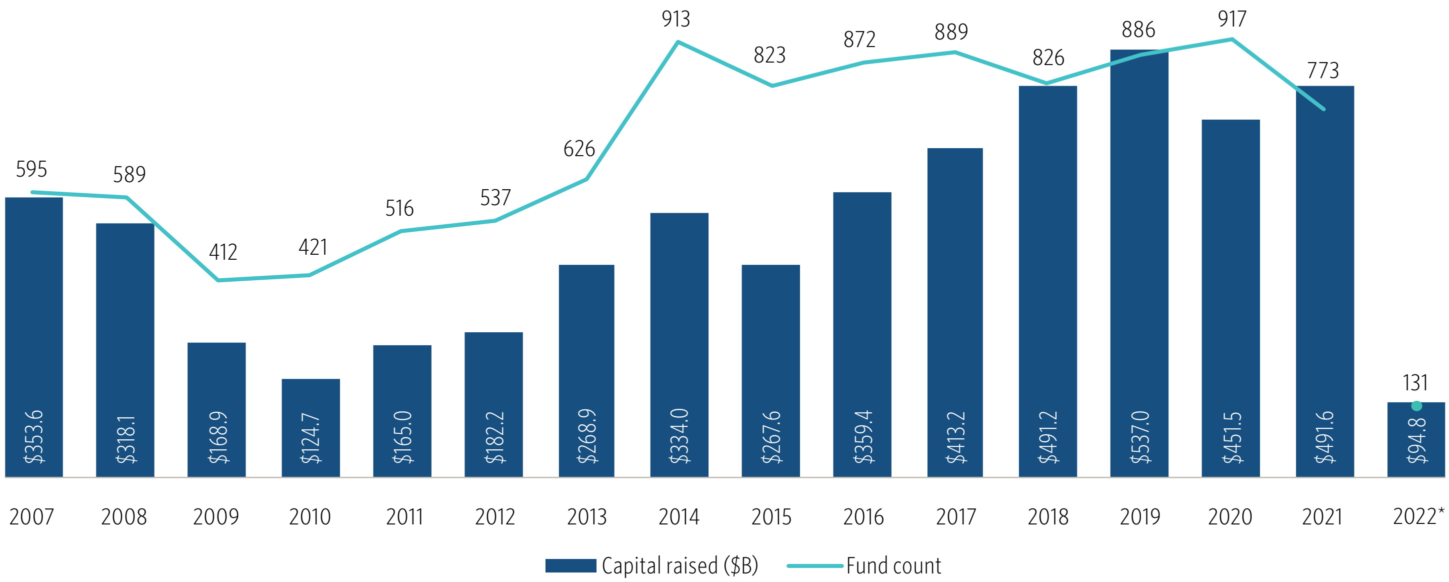
Private equity

PE fundraising activity



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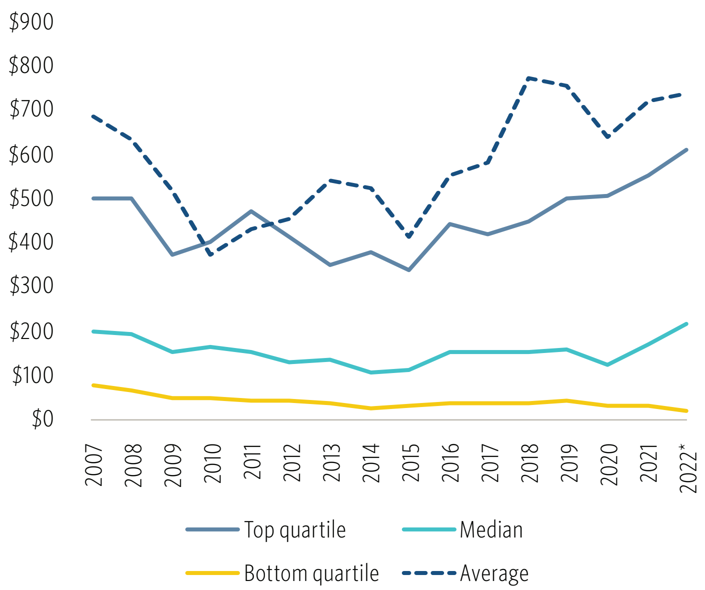
Jinny Choi
Analyst, PE

Global PE fundraising kept a steady pace through Q1 2022, with $94.8 billion committed across 131 vehicles. Fund count continued to dip for a consecutive quarter while both average and median fund sizes ticked upward, demonstrating the continued shift in PE toward larger vehicles. 77.8% of PE funds closed during the quarter were larger than their predecessors, and median step-up increased to 62.4%. The current fundraising environment is crowded with numerous GPs raising capital, often seeking sizable step-ups that may be overwhelming LP funding abilities. For example, Hellman & Friedman is targeting more than $30 billion for its next flagship fund—a step-up from its previous $24.4 billion fund—and has begun pre-marketing to potential investors ahead of its formal launch in the fourth quarter.

With so many gargantuan vehicles in the market, fundraising could be longer than they have become accustomed to as LPs, maxed out on their annual allocations, either turn them down or postpone in order to utilize next year's commitment budget. Average months to close increased to 21.8 months in Q1, suggesting that fundraising pace is already starting to slow as LPs struggle to supply capital as quickly as GPs come back to market.

Range of PE fund sizes ($M)



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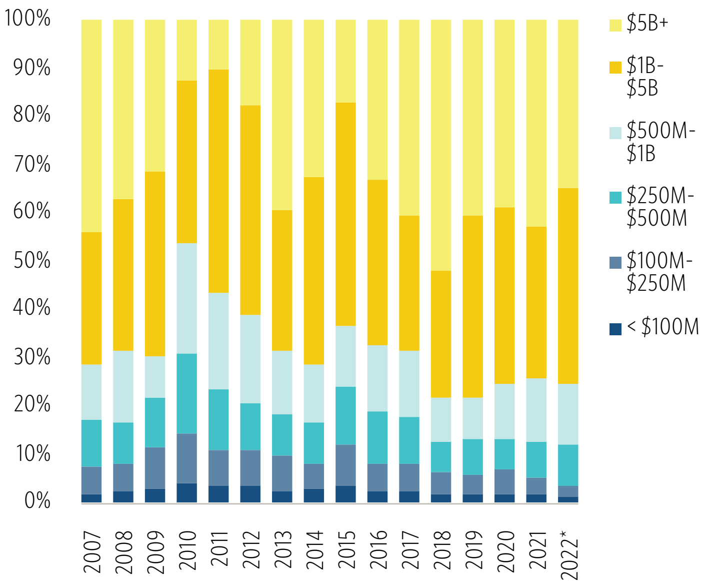
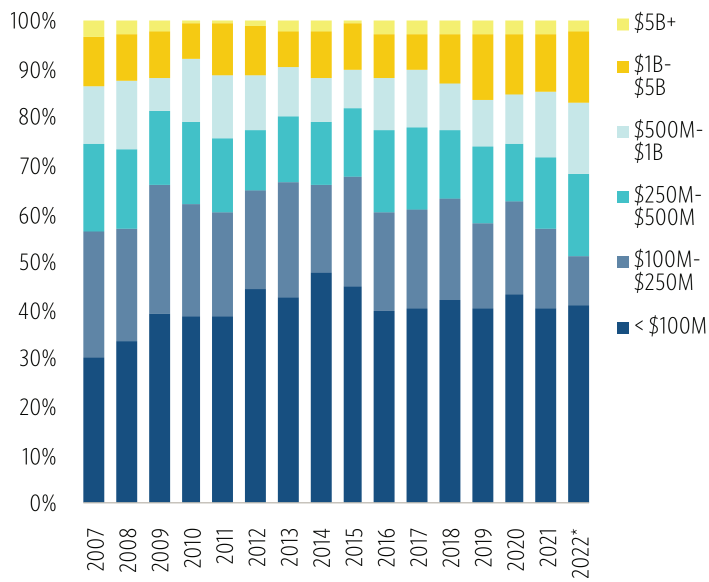
First-time funds raised $6.7 billion this quarter while emerging managers raised $17.8 billion. Emerging managers are likely to face difficulty fundraising this year in the highly competitive market since they lack performance track records and established relationships with LPs. Capital raised by emerging managers represented 18.8% of the total in Q1, so it will be interesting to note how this value changes throughout the year.

Share of PE capital raised by size bucket



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

Share of PE fund count by size bucket



Source: PitchBook | **Geography:** Global
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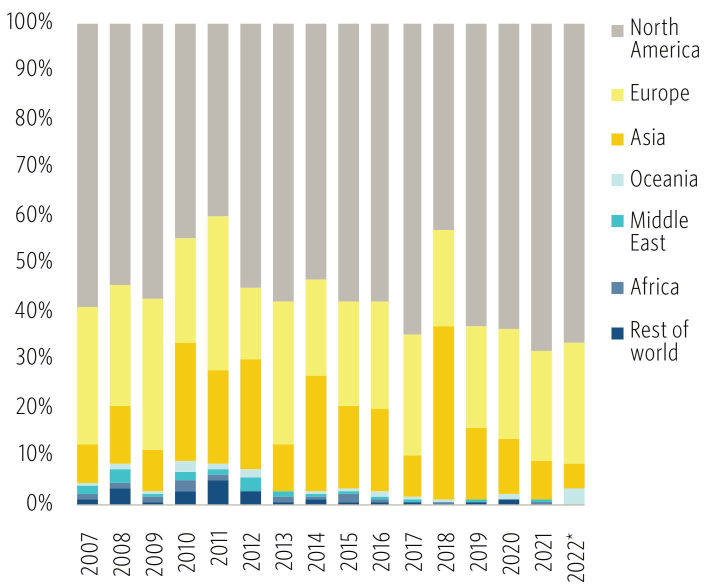
Share of PE capital raised by region



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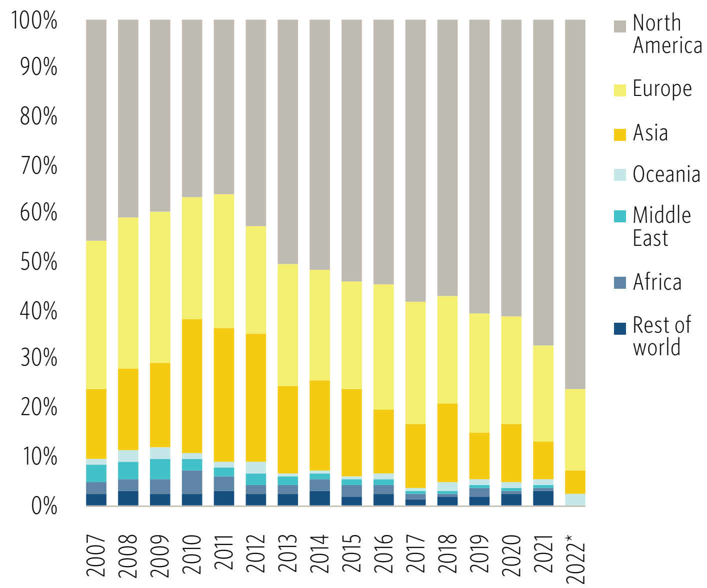
Share of PE fund count by region



Source: PitchBook | **Geography:** Global
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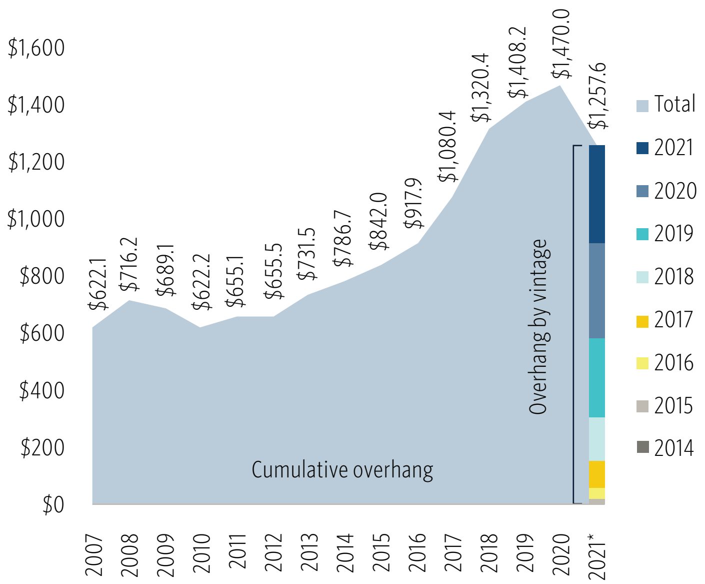
PE dry powder ($B)



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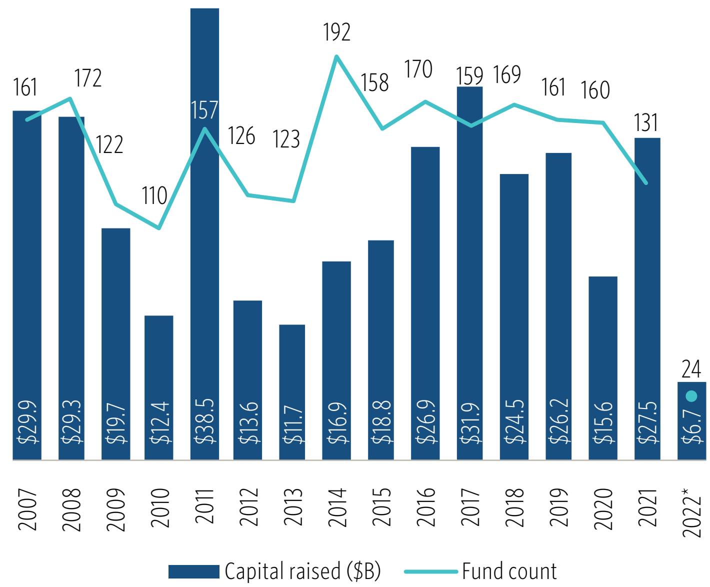
PE first-time fundraising activity



Source: PitchBook | Geography: Global
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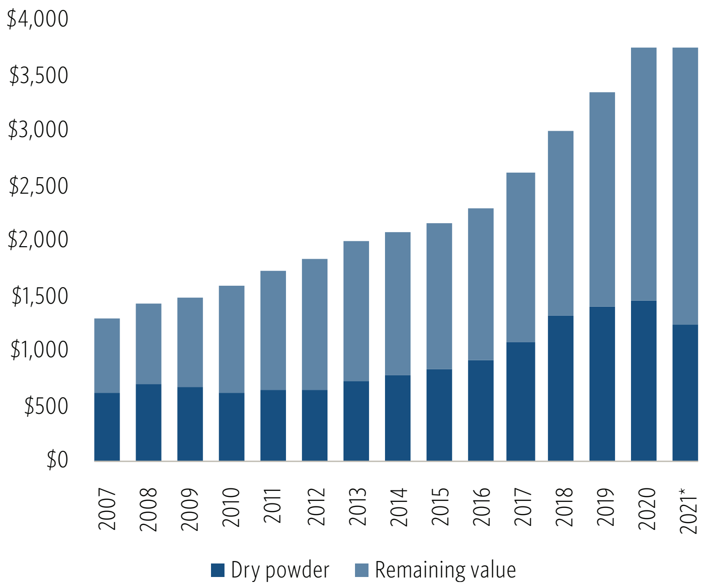
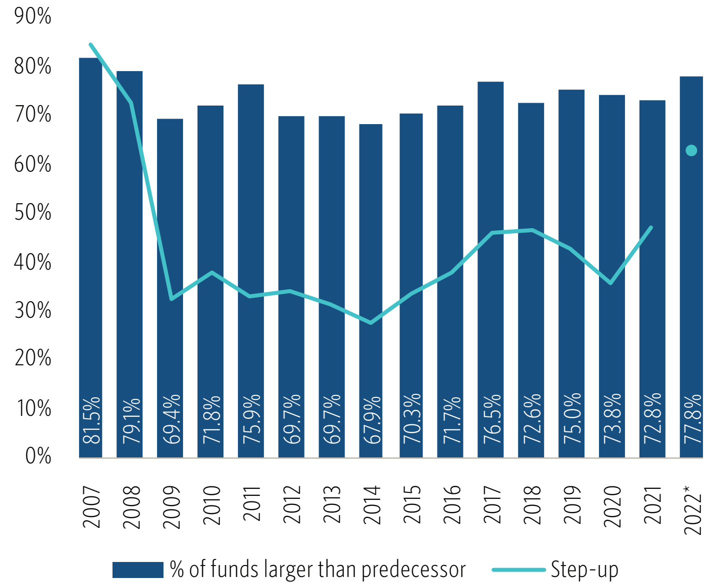
PE AUM ($B)



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

Median step-up from previous PE fund in fund family



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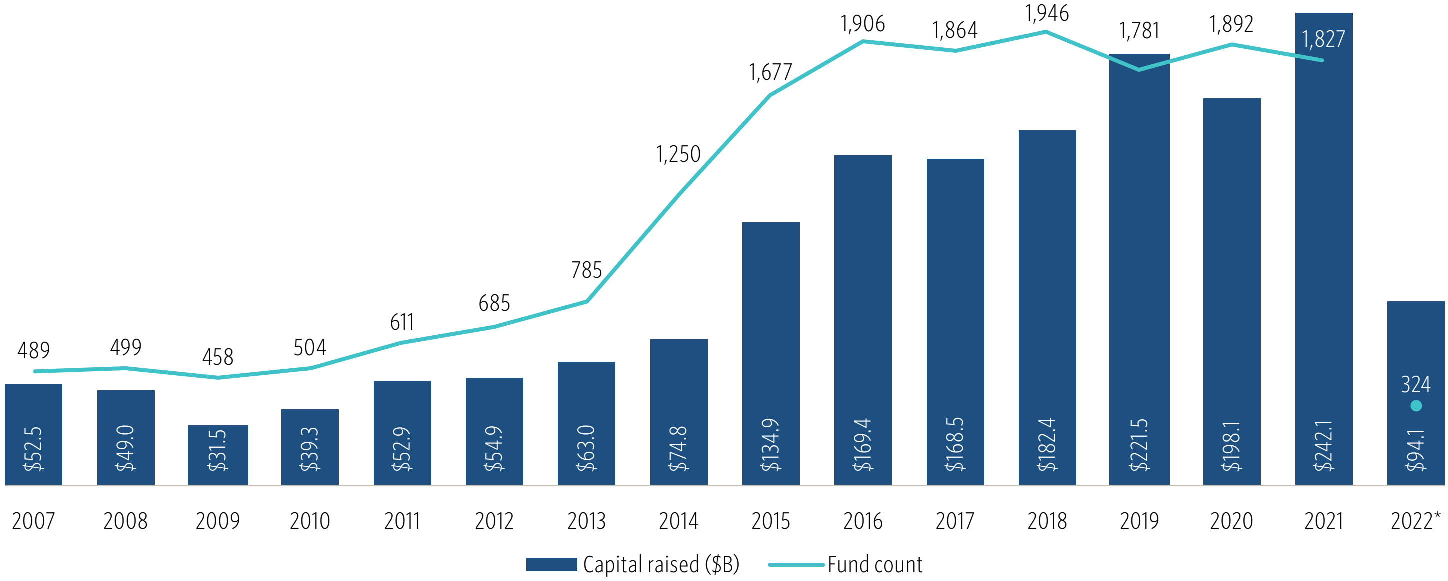
Venture capital

VC fundraising activity



Source: PitchBook | **Geography:** Global
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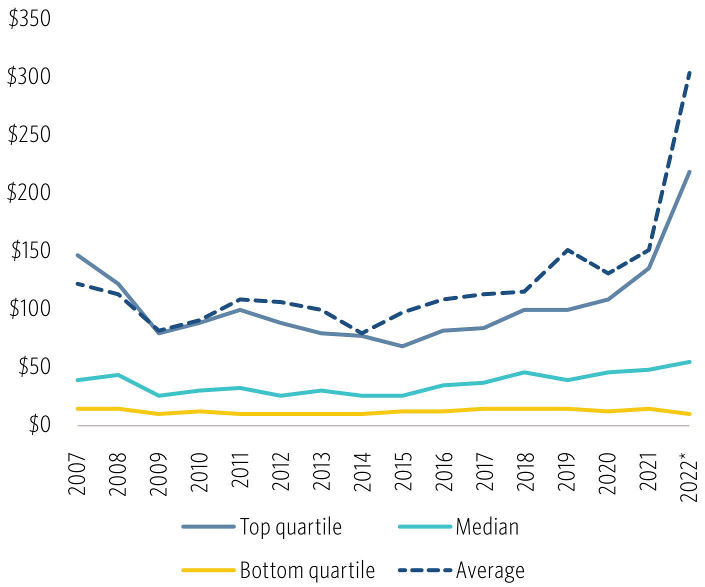
Nalin Patel
Senior Analyst, EMEA Private Capital

Global VC fundraising reached $94.1 billion across 324 funds in Q1 2022. At the current pace, capital raised at the year's conclusion could surpass the record total from 2021. As GPs and LPs combined to fuel robust dealmaking activity globally, 2021 was a record-breaking year. Fundraising did not slow in Q1 2022, with the growth in capital largely underpinned by bigger fund sizes, and with the median VC fund size paced at $55.5 million, 14.1% higher than 2021's figure.

First-time funds raised a solid $6.0 billion and emerging managers raised $22.0 billion in Q1 2022. In contrast, experienced VC firms raised $72.1 billion, representing 76.6% of the total, as significant amounts of capital were committed to funds raised by managers with notable fund families and strong track records.

In Q1 2022, 80% of the global total, equivalent to $75.3 billion, was raised in North America. By comparison, $7.1 billion and $8.3 billion were raised in Asia and Europe, respectively. The largest funds to close in Q1 2022 included Tiger Global Private Investment Partners XV at $12.7 billion and Alpha Wave Ventures II at $10 billion. The closing of these

Range of VC fund sizes ($M)



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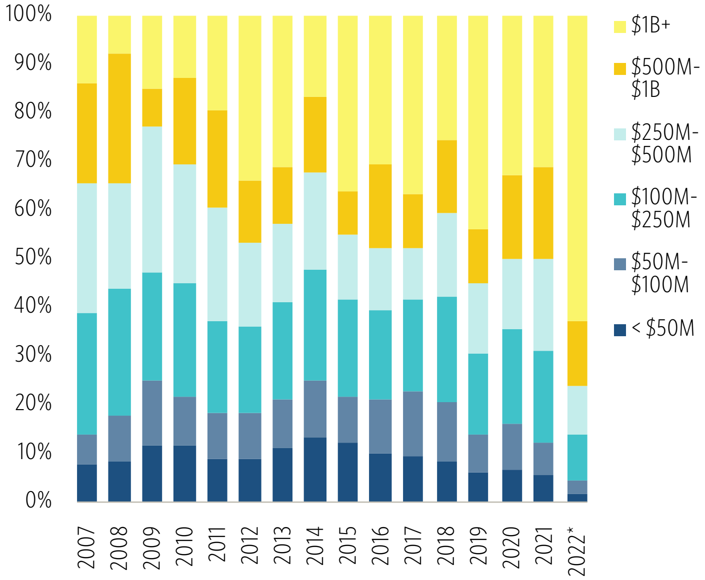
enormous mega-funds helped VC AUM top $1.9 trillion in Q1 2022, as appetite to commit to VC remained strong despite macroeconomic and geopolitical headwinds.

Share of VC capital raised by size bucket



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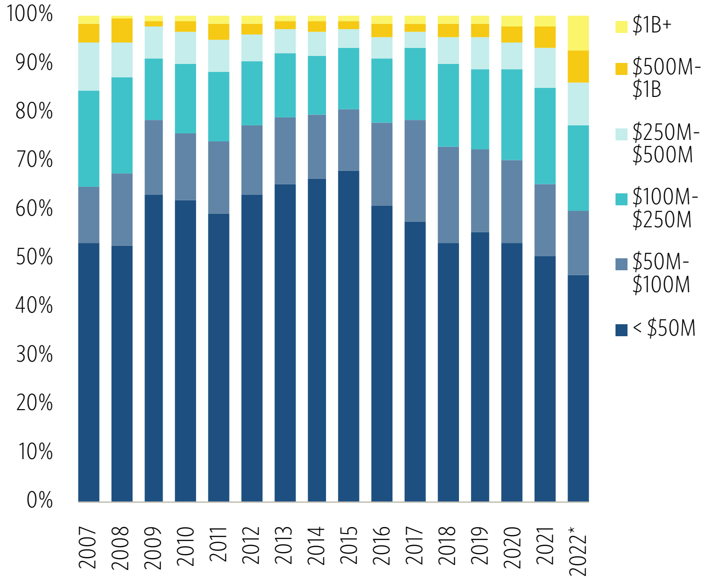
Share of VC fund count by size bucket



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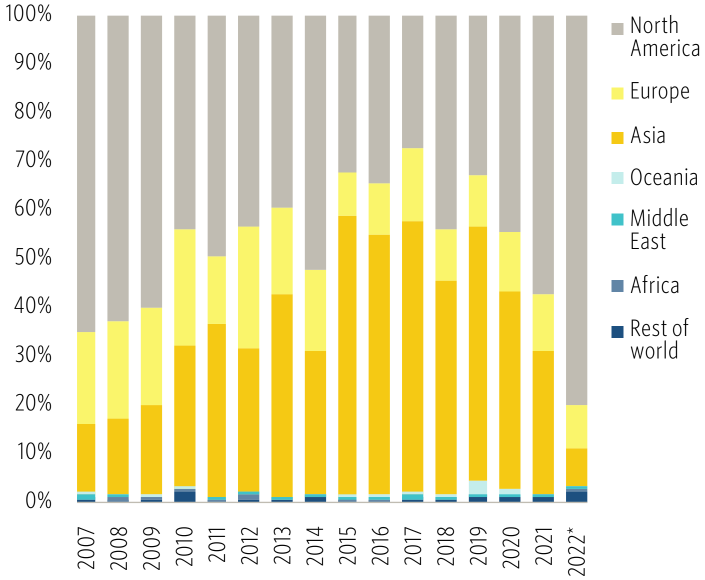
Share of VC capital raised by region



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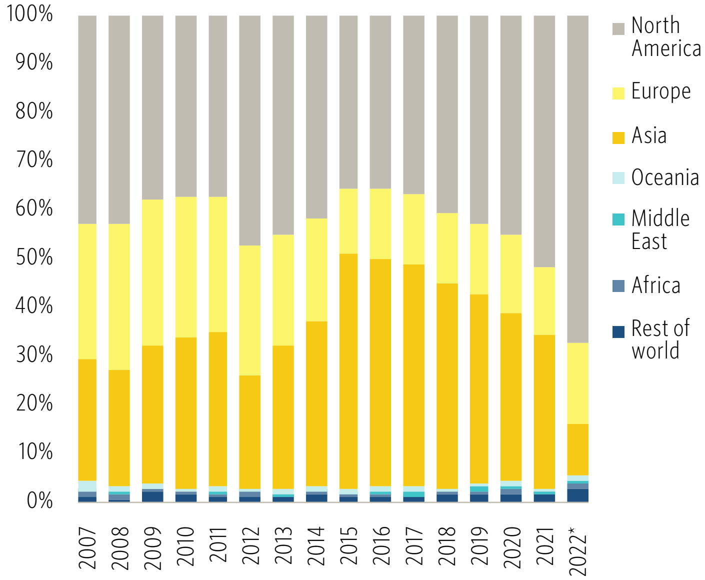
Share of VC fund count by region



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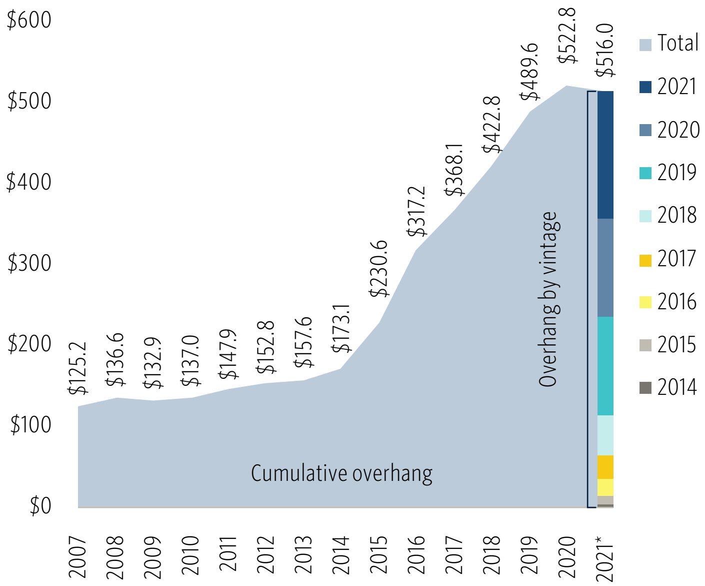
VC dry powder ($B)



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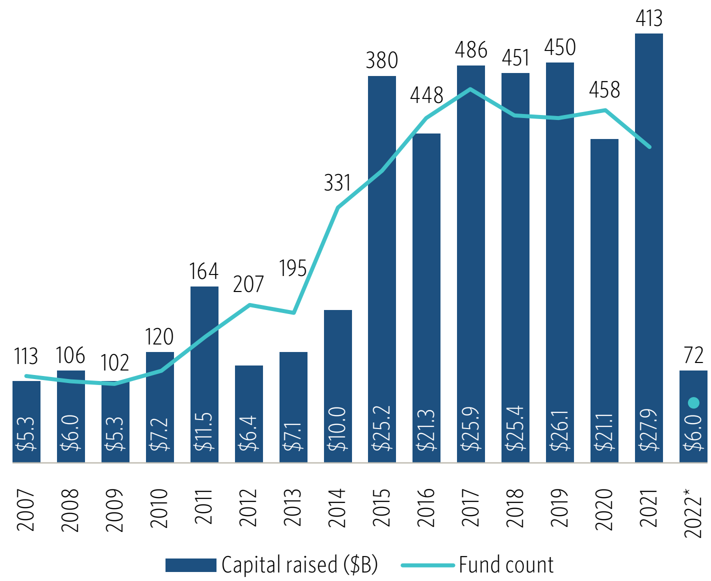
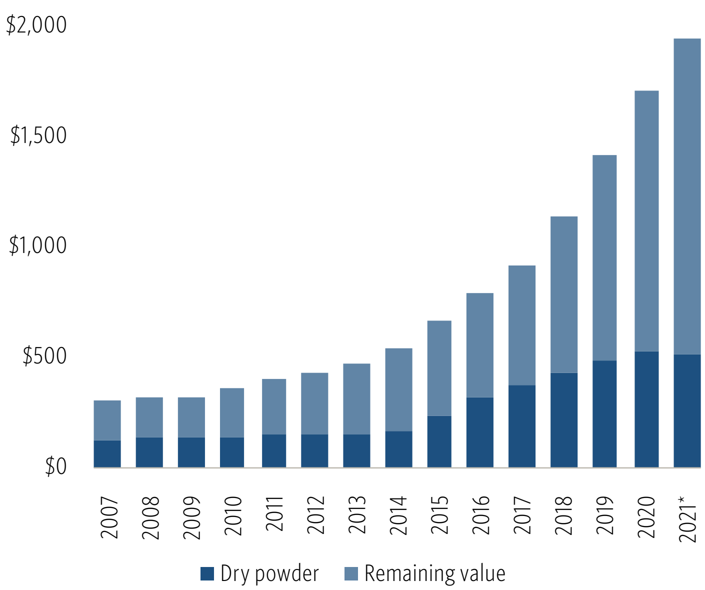
*As of December 31, 2021

VC first-time fundraising activity



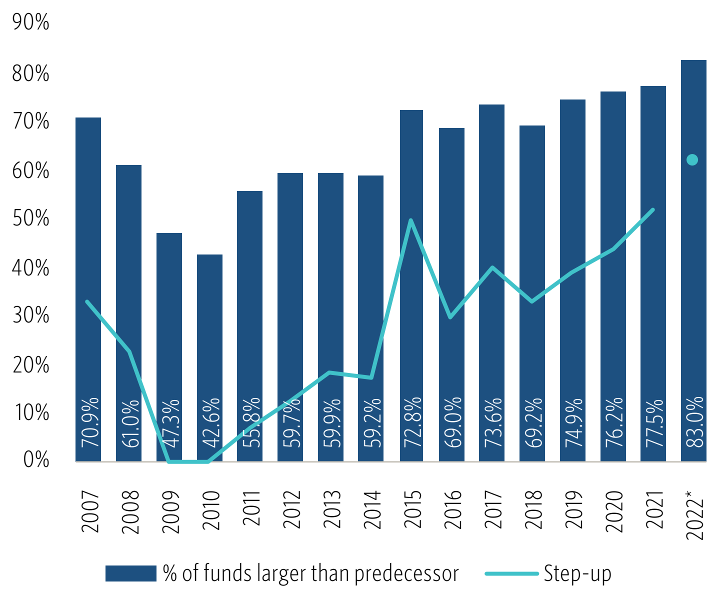
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

VC AUM ($B)



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

Median step-up from previous VC fund in fund family

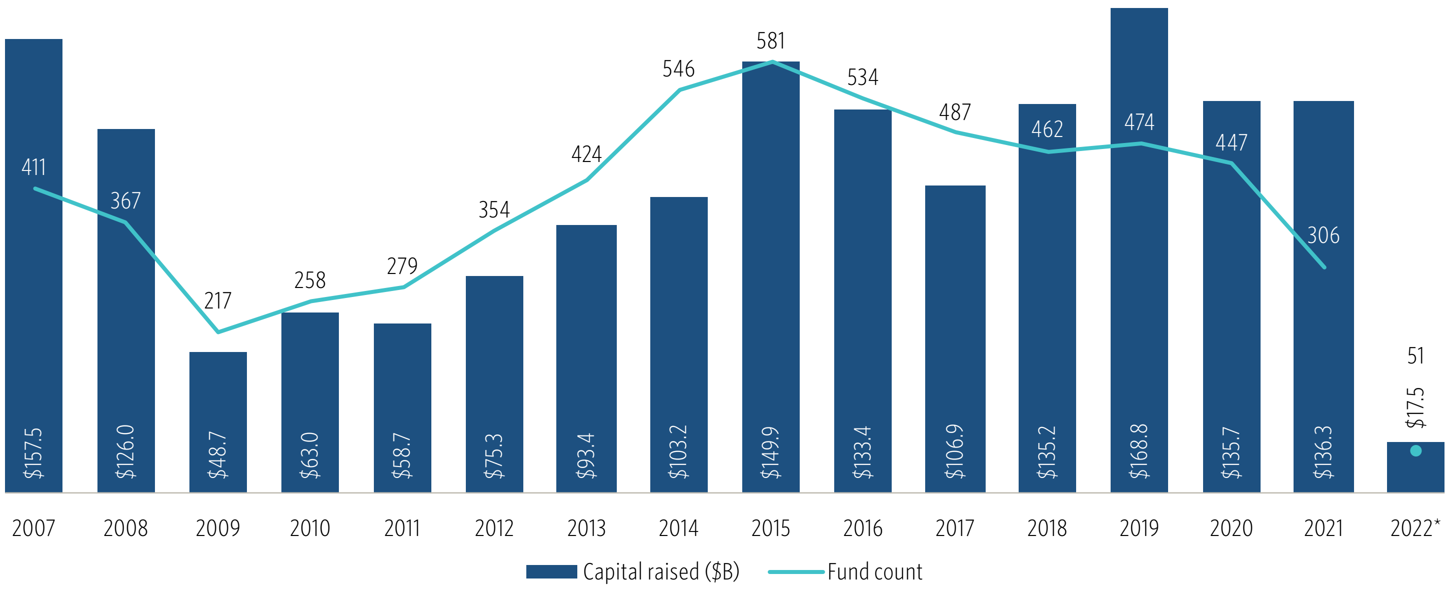


Source: PitchBook | **Geography:** Global
*As of March 31, 2022

PitchBook

Real estate

Real estate fundraising activity



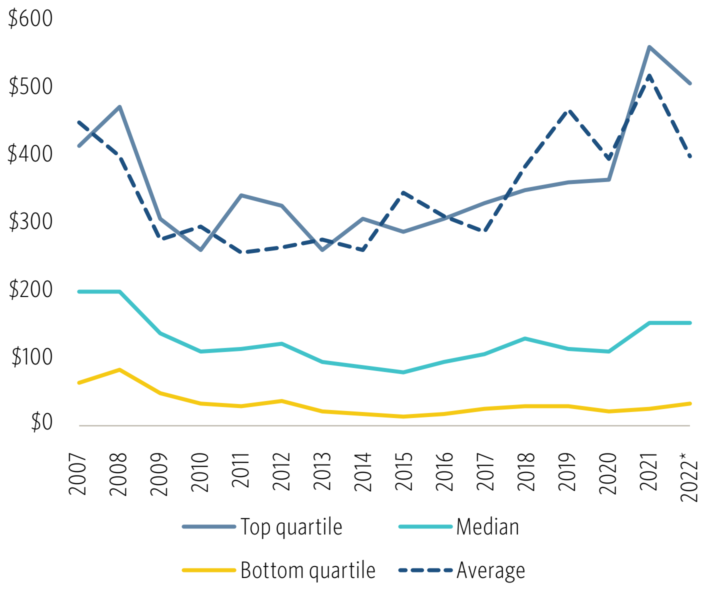
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Anikka Villegas
Analyst, Fund Strategies & Sustainable Investing

Real estate fundraising in Q1 2022 suggested a return to less gargantuan fund sizes after the average for the asset class hit an all-time high in 2021. Funds raised in the $500 million to $1 billion bucket in Q1 2022 garnered a larger proportion of total dollars raised than in any year in the last decade. However, funds in the $1 billion to $5 billion range still received the greatest percentage of capital committed at 44.3%. While no mega-funds were raised in Q1 2022, even one or two could turn the tides of average fund sizes later in the year, given the size of the real estate fund universe. Median step-up remained high at 60.1% after its spike in 2021, with 94.1% of funds larger than their predecessor.

In terms of strategy, 55.9% of capital raised went to opportunistic funds and 41.8% went to value-add funds in Q1 2022. The percentage of capital committed to core and core plus funds remained at and hit all-time lows for each, respectively, though this may in part be due to more core investments being made using evergreen fund structures. As we are late in the economic cycle, it is not unusual to see investors gravitate toward higher-risk strategies in order to make stronger returns when core and core plus property prices have run up.

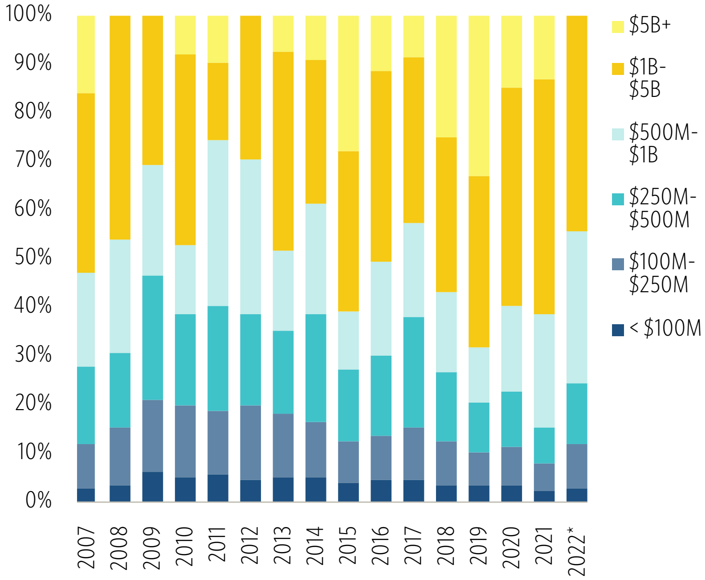
Range of real estate fund sizes ($M)



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

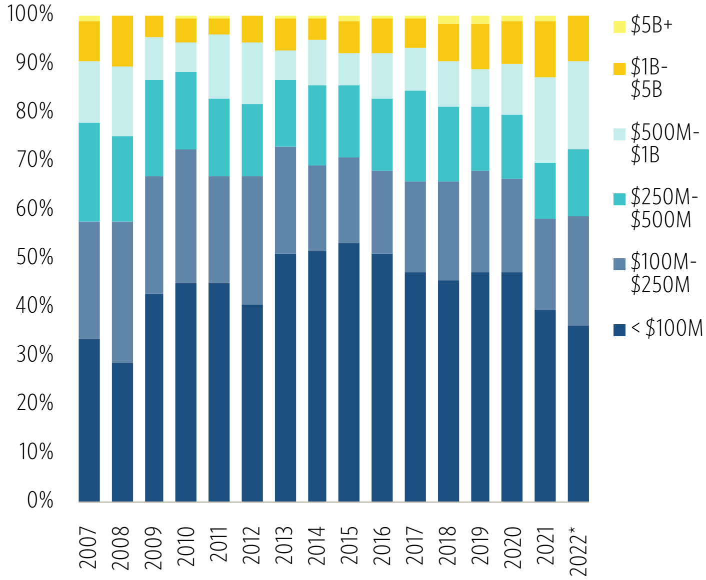
Geographically, fundraising was concentrated in North America and, more surprisingly, in Asia. The $4.8 billion raised by Asian funds, making up 27.7% of capital committed in Q1, can be ascribed almost entirely to two logistics funds, both from GLP. One of them, GLP Japan Development Partners IV, was the largest fund raised in Q1 at $3.7 billion, and the other, GLP Vietnam Development Partners I, was in the top five at $1.1 billion. The rest of the top 10 funds raised in Q1 were US-based, but like the two GLP funds, demonstrated a continuation of recent trends in the space, focusing on life sciences and self-storage.

Share of real estate capital raised by size bucket



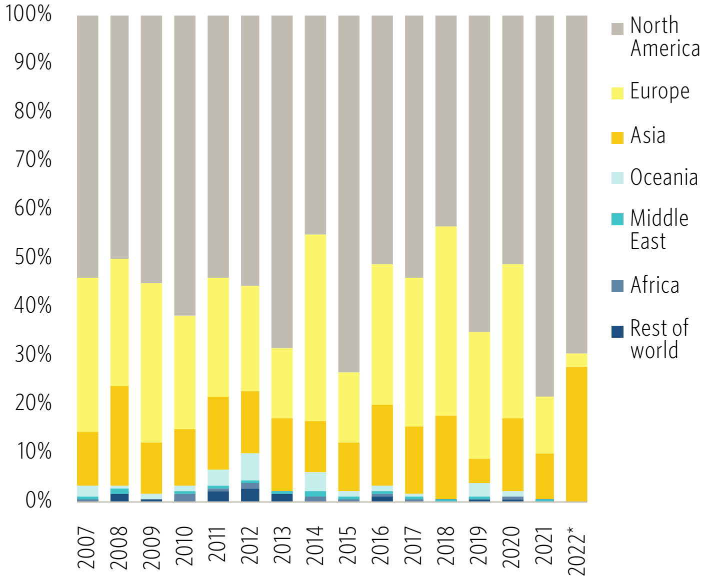
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of real estate fund count by size bucket



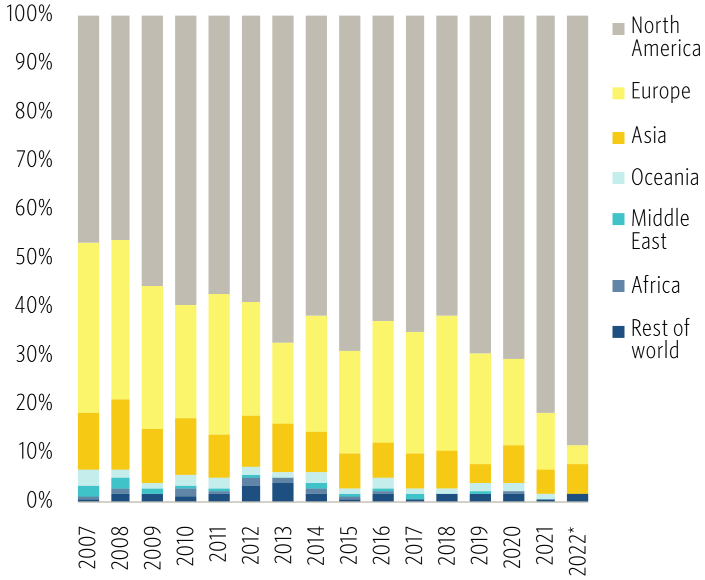
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of real estate capital raised by region



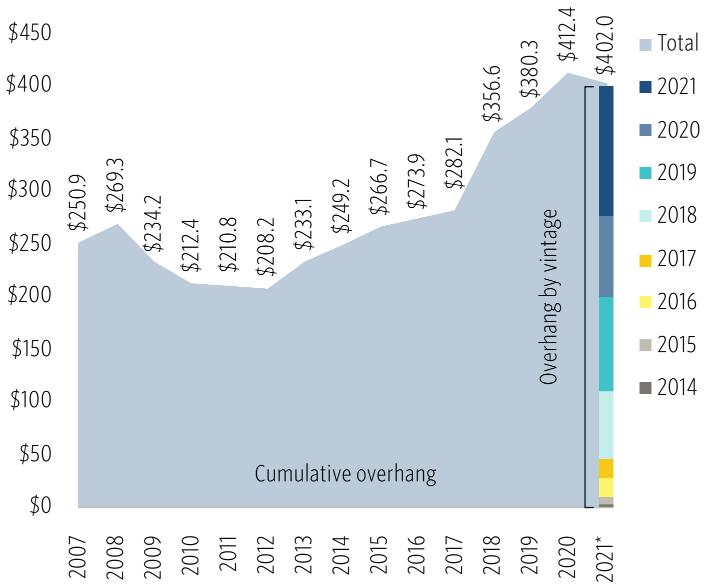
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of real estate fund count by region



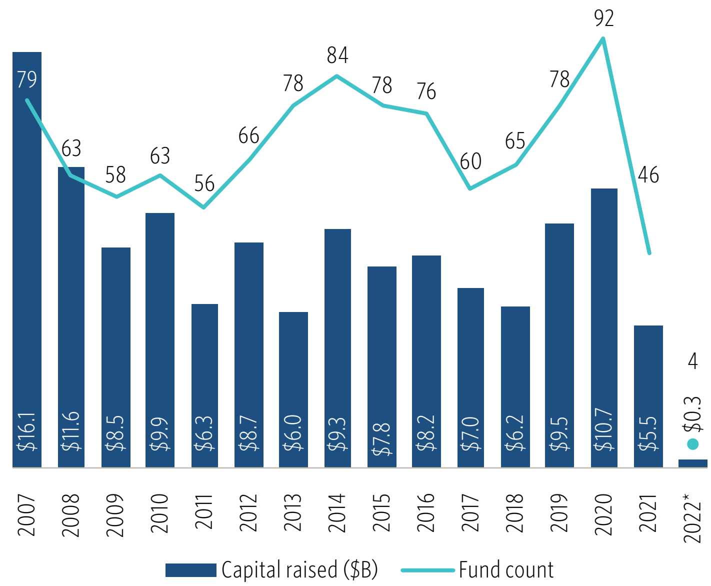
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Real estate dry powder ($B)



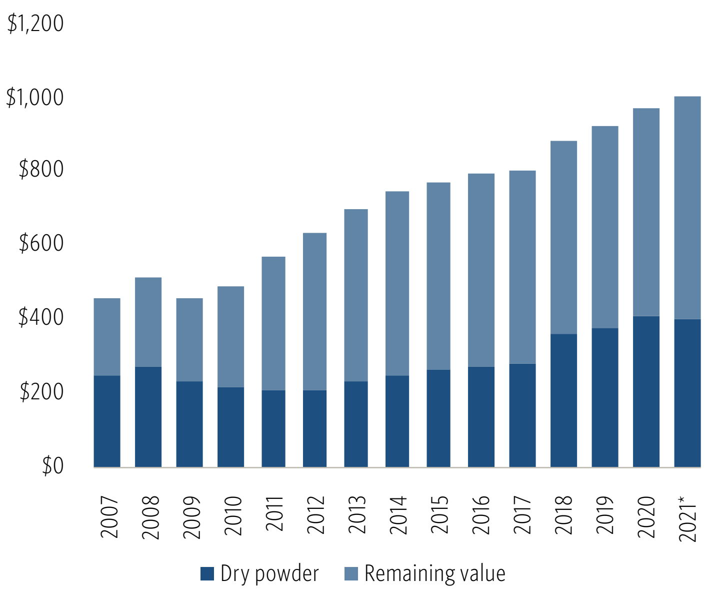
Source: PitchBook | **Geography:** Global
*As of December 31, 2021

Real estate first-time fundraising activity



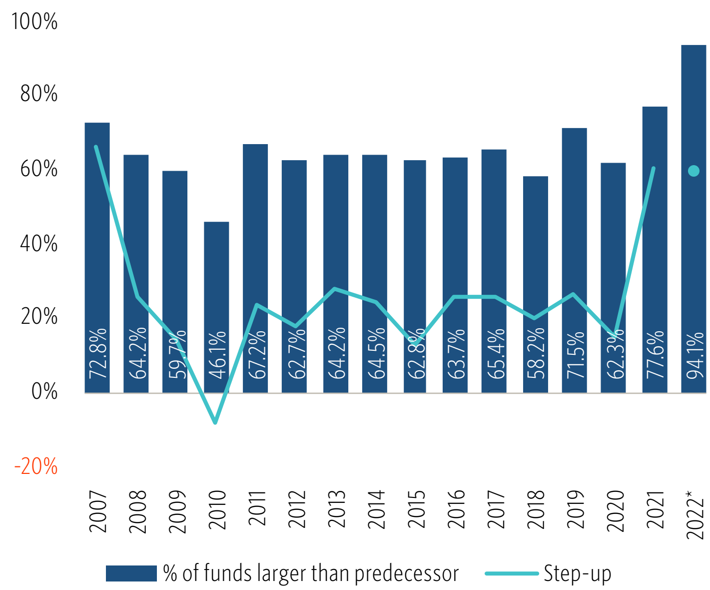
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Real estate AUM ($B)



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

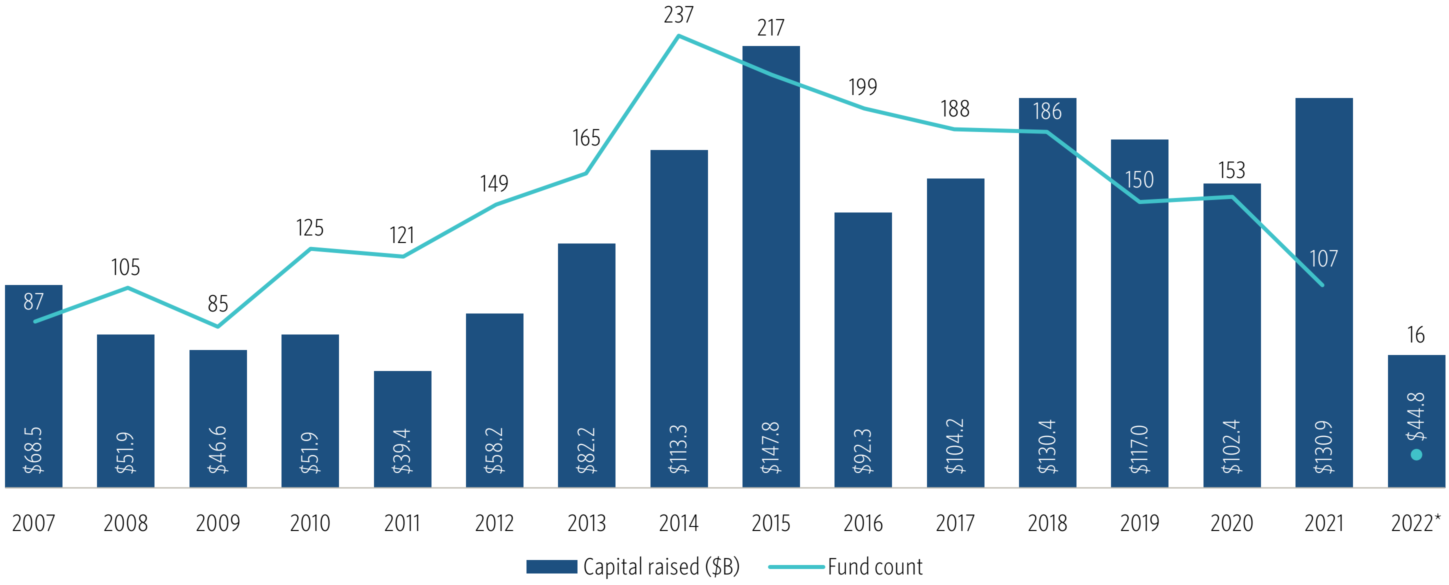
Median step-up from previous real estate fund in fund family



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

Real assets

Real assets fundraising activity



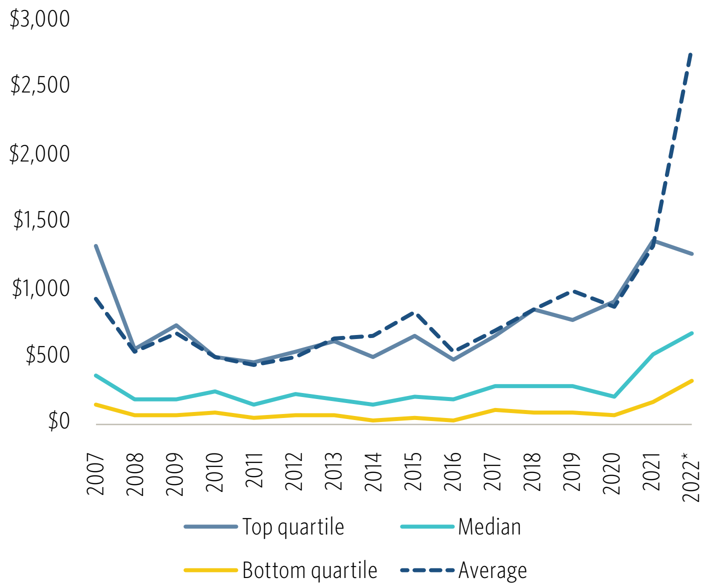
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Anikka Villegas
Analyst, Fund Strategies & Sustainable Investing

Real assets' robust fundraising spell carried through to Q1 2022, driven by large fund sizes, which hit new highs. Funds in the mega-fund category made up 81.7% of capital committed, with the Q1 dollar amount raised by this category comparable to the amount raised in some full years previously. At the time of our data pull, there were no funds below $100 million in size raised in the quarter. If Q1 is any indication, this may be one the best years for real assets fundraising in the past decade and a half, spurred by rising prices from geopolitical tensions and supply chain disruptions.

Infrastructure commanded 95.6% of capital raised in this segment, with core and value-added infrastructure strategies coming in at 40.5% and 34.2% of the asset class's total. The top funds to close in Q1 included a mammoth $17 billion infrastructure core fund from KKR (NYS: KKR) and a $14 billion infrastructure value-added fund from Stonepeak Infrastructure Partners. Due to the tendency of infrastructure projects to be sizeable, the fund sizes tend to eclipse those of the other real assets segments.

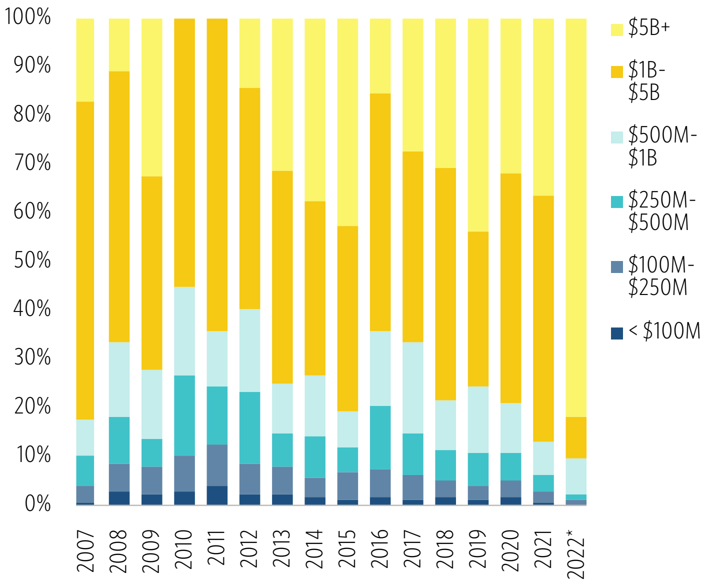
Range of real assets fund sizes ($M)



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

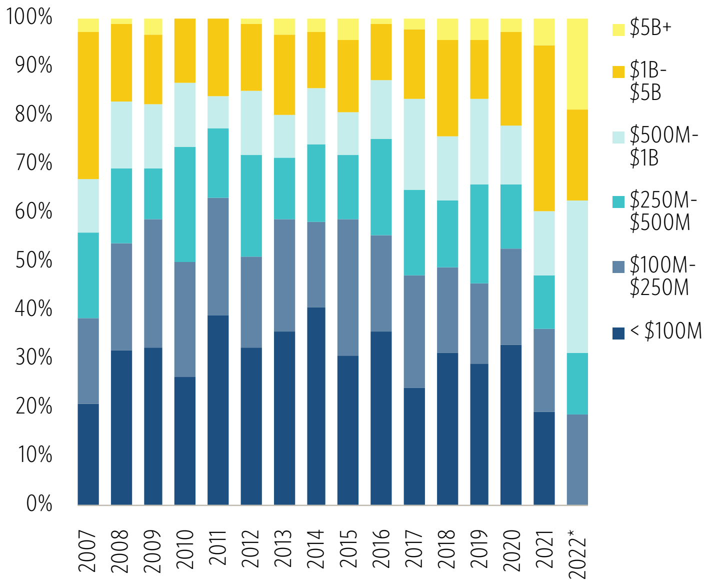
Oil & gas comprised a meager 1.8% of raised capital, influenced in part by the slew of climate commitments from investors in 2020 and 2021 and pleas for fossil fuel divestment from the public. Commitments made in the first quarter would not reflect the effects of the war in Ukraine, but with Russian oil & gas being shunned by European customers, we can expect a resurgence in investment in this sector elsewhere in the world, with oil prices having made drilling highly lucrative again. Another effect of the crisis might be a more committed effort to develop cleantech and sustainable infrastructure. Several of the top 10 real assets funds raised during the quarter are sustainable infrastructure-focused or aim to further the transition to the green economy, including Infravia European Fund V, Hull Street Energy Partners II, EIV Capital Fund IV, and Prime Green Energy Infrastructure Fund.

Share of real assets capital raised by size bucket



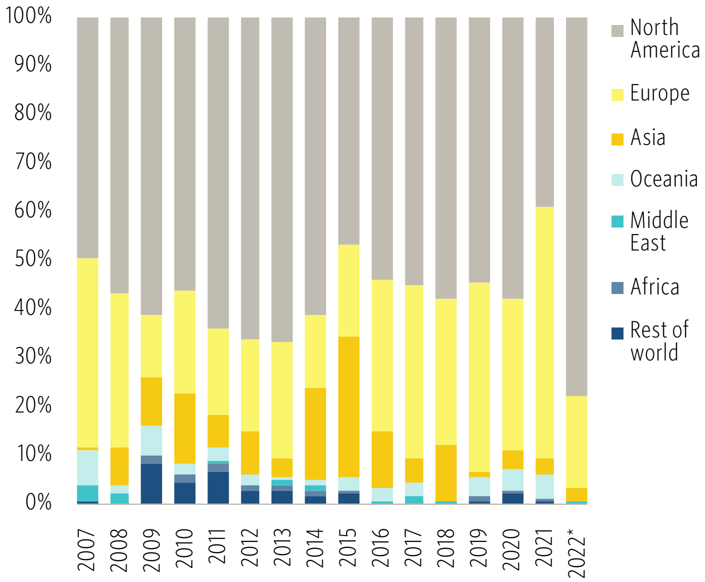
Source: PitchBook | Geography: Global
*As of March 31, 2022

Share of real assets fund count by size bucket



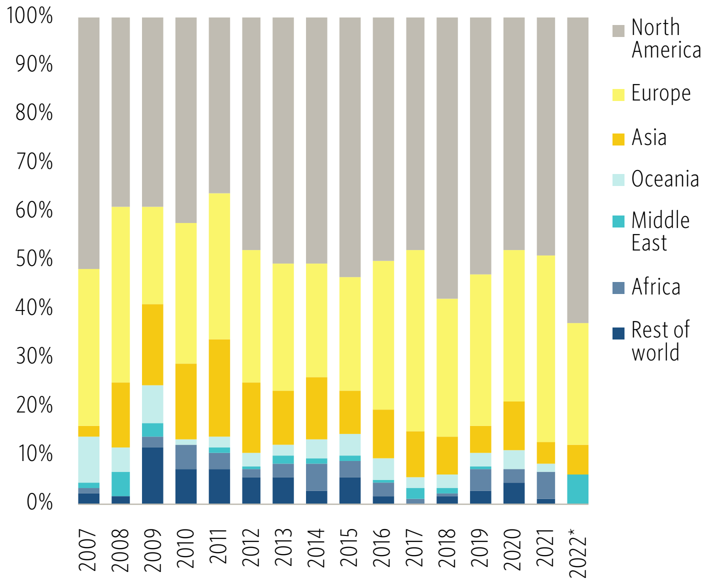
Source: PitchBook | Geography: Global
*As of March 31, 2022

Share of real assets capital raised by region



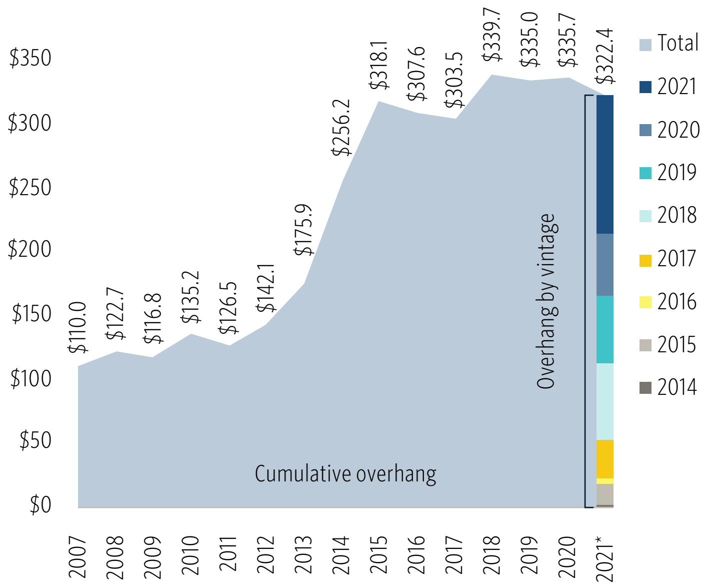
Source: PitchBook | Geography: Global
*As of March 31, 2022

Share of real assets fund count by region



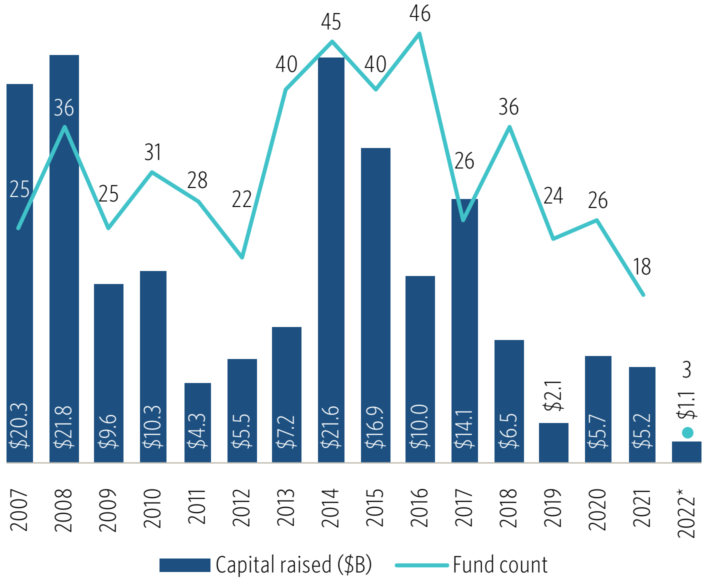
Source: PitchBook | Geography: Global
*As of March 31, 2022

Real assets dry powder ($B)



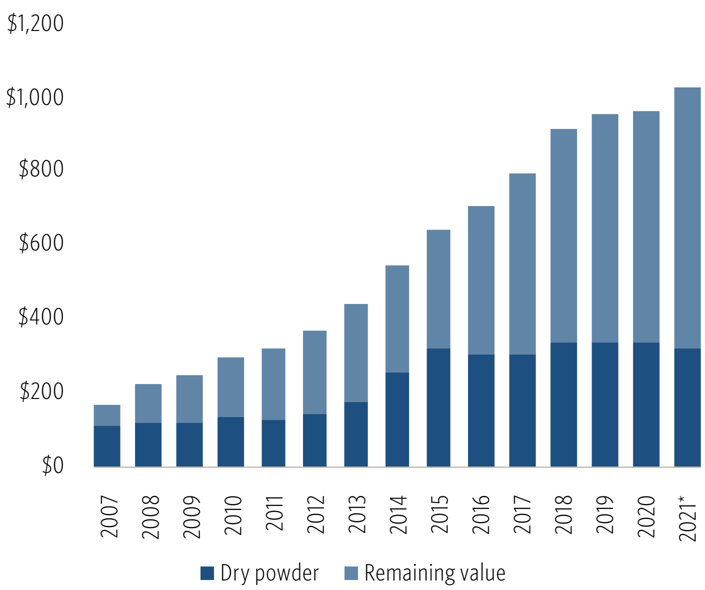
Source: PitchBook | **Geography:** Global
*As of December 31, 2021

Real assets first-time fundraising activity



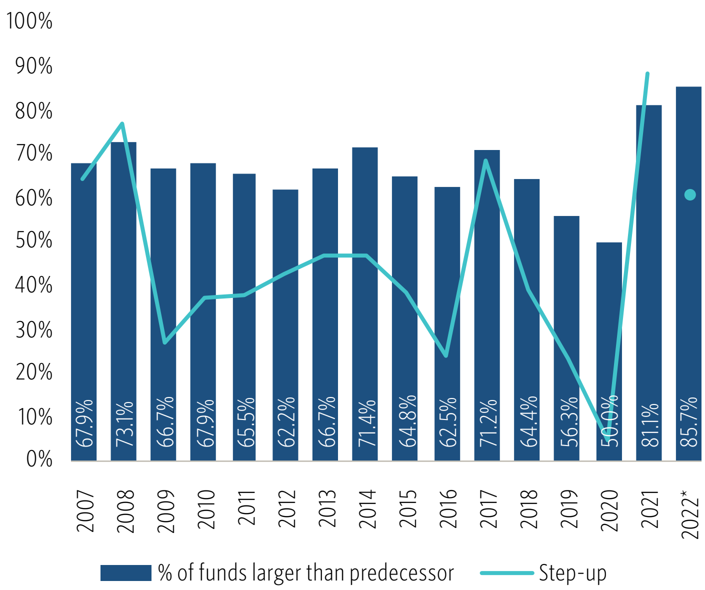
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Real assets AUM ($B)



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

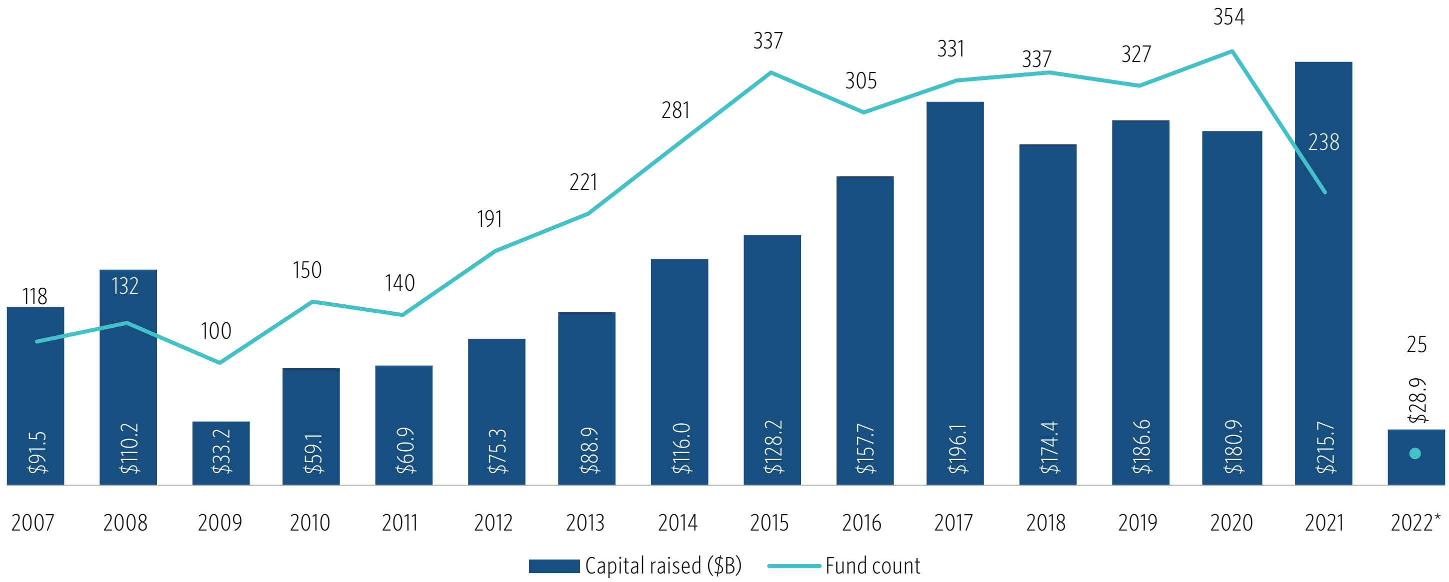
Median step-up from previous real assets fund in fund family



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

Private debt

Private debt fundraising activity



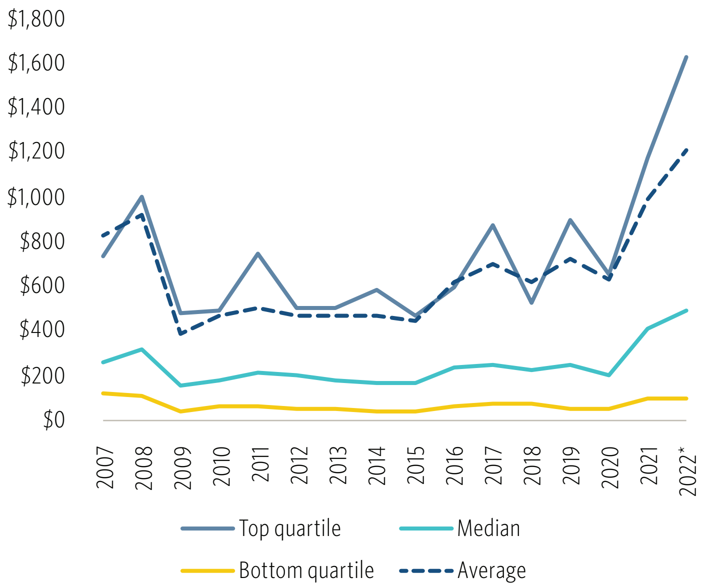
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Kyle Stanford, CAIA
Senior Analyst, Venture Capital

Just $28.9 billion in private debt fundraising has been captured for Q1 2022, which on its face would denote a steep decline in debt fundraising, falling from the record $72.8 billion raised in Q4 2021. However, the significant lag in fundraising data means the drop may be less dramatic than it appears. Over the past year, the debt fundraising figure for Q1 2021 has more than doubled as more data has been collected; Q4 data has even seen a growth of $13 billion over our reporting from last quarter. Such an addition to Q1 data would put its figure squarely in line with the highest quarters of 2021.

A combination of robust PE borrowing for leveraged buyouts (LBOs) and allocators seeking yield where they can find it has led to a multi-year massive expansion of dry powder available to private debt managers. Nearly $200 billion has been raised by private debt funds in the past 12 months. Private debt overhang stood at $446 billion as of December 31, 2021, though this notched its first YoY decline since 2009 due to high deployment throughout the year.

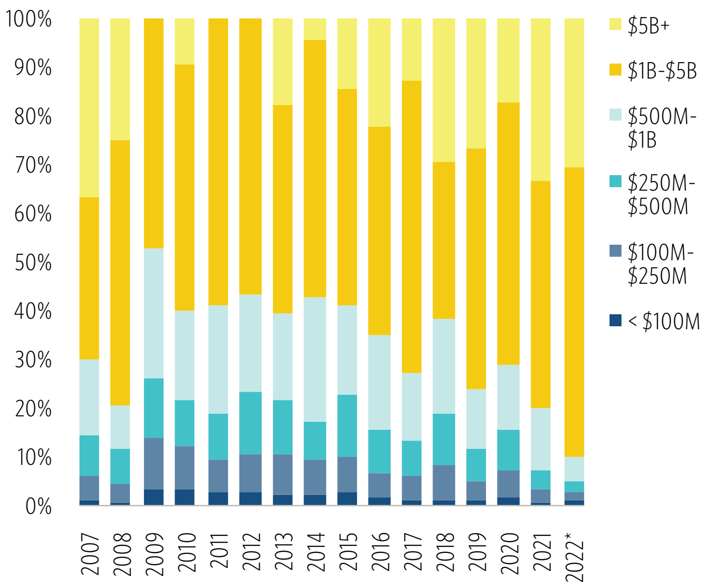
Range of private debt fund sizes ($M)



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

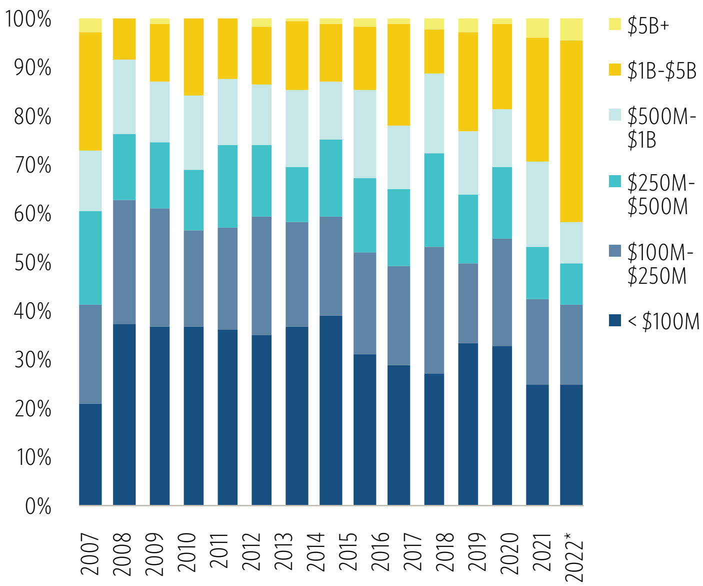
Seeing a shift in fundraising data will take time, as these vehicles are raised over long periods, more than 20 months at the median for debt funds closed in Q1 2021. The past 18 months has been some of the best for private capital fundraising, so it is unsurprising that this has also translated into strong private debt fundraising. Rising interest rates could make the strategy more attractive to allocators, though PE may be rethinking borrowing levels as capital becomes more expensive. That said, PE is operating with record levels of dry powder, so demand for debt to finance these deals should remain high. Risk to the strategy will likely increase, however, as a declining economic climate should lead to an increase in defaults.

Share of private debt capital raised by size bucket



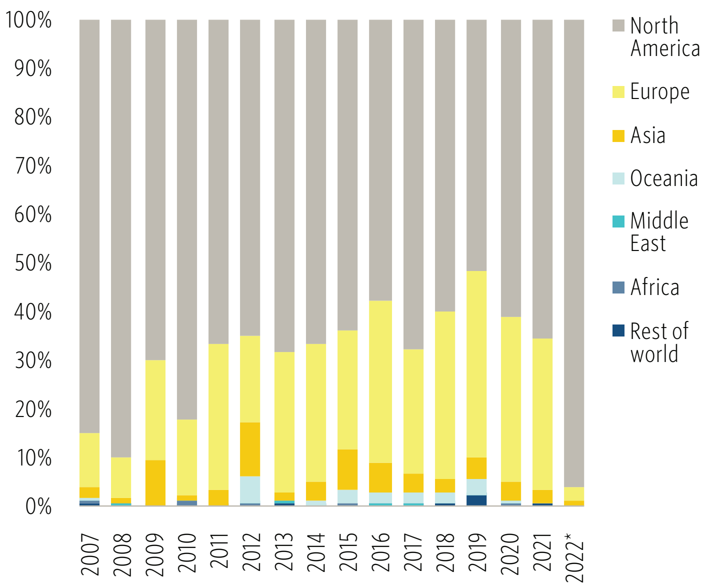
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of private debt fund count by size bucket



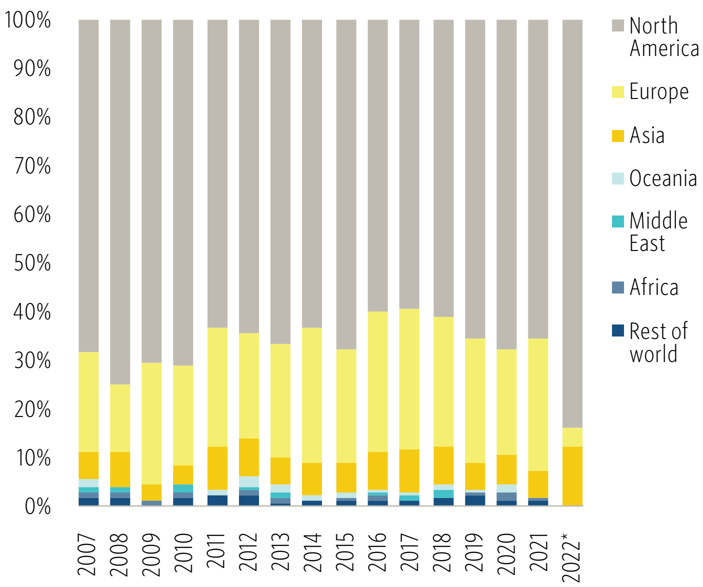
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of private debt capital raised by region



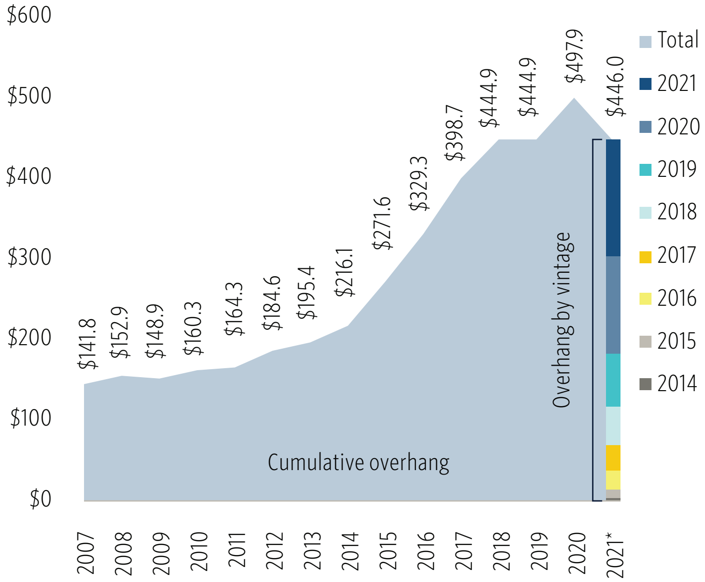
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of private debt fund count by region



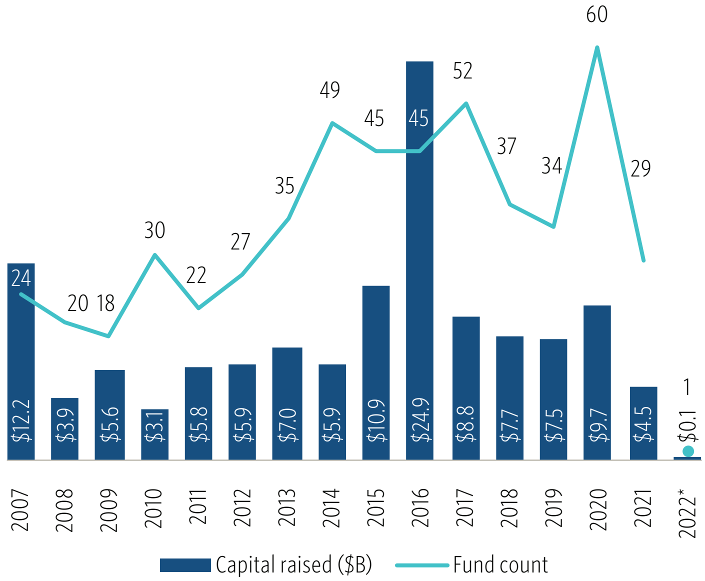
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Private debt dry powder ($B)



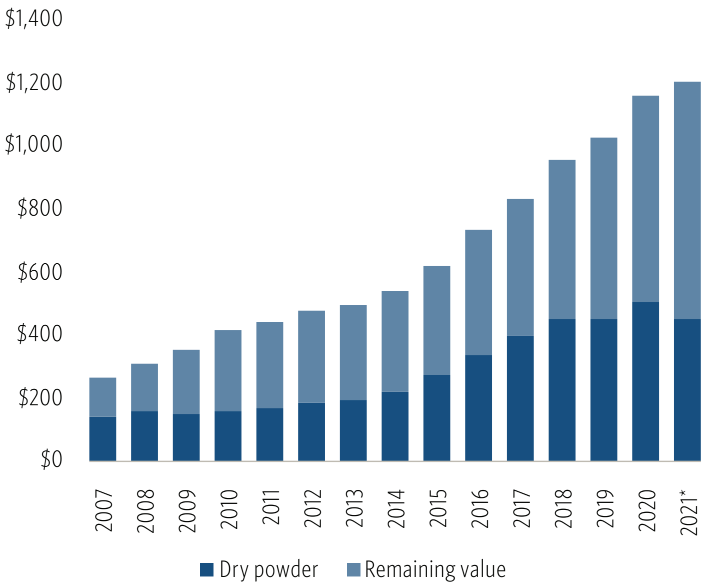
Source: PitchBook | **Geography:** Global
*As of December 31, 2021

Private debt first-time fundraising activity



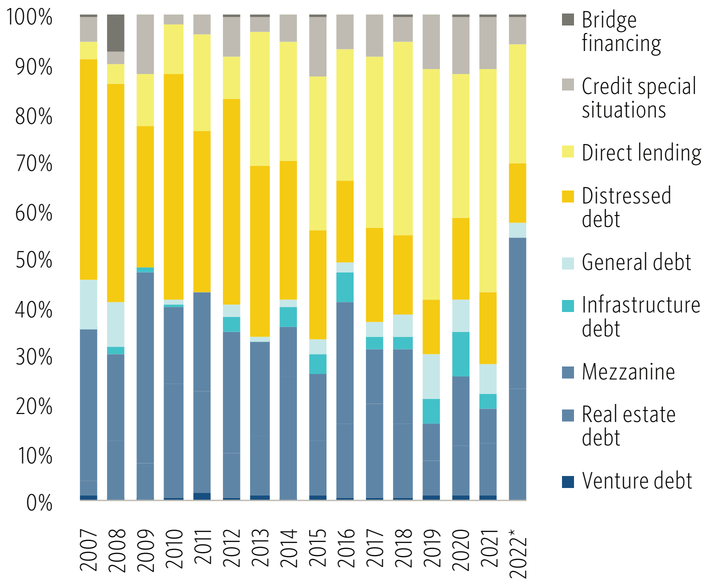
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Private debt AUM ($B)



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

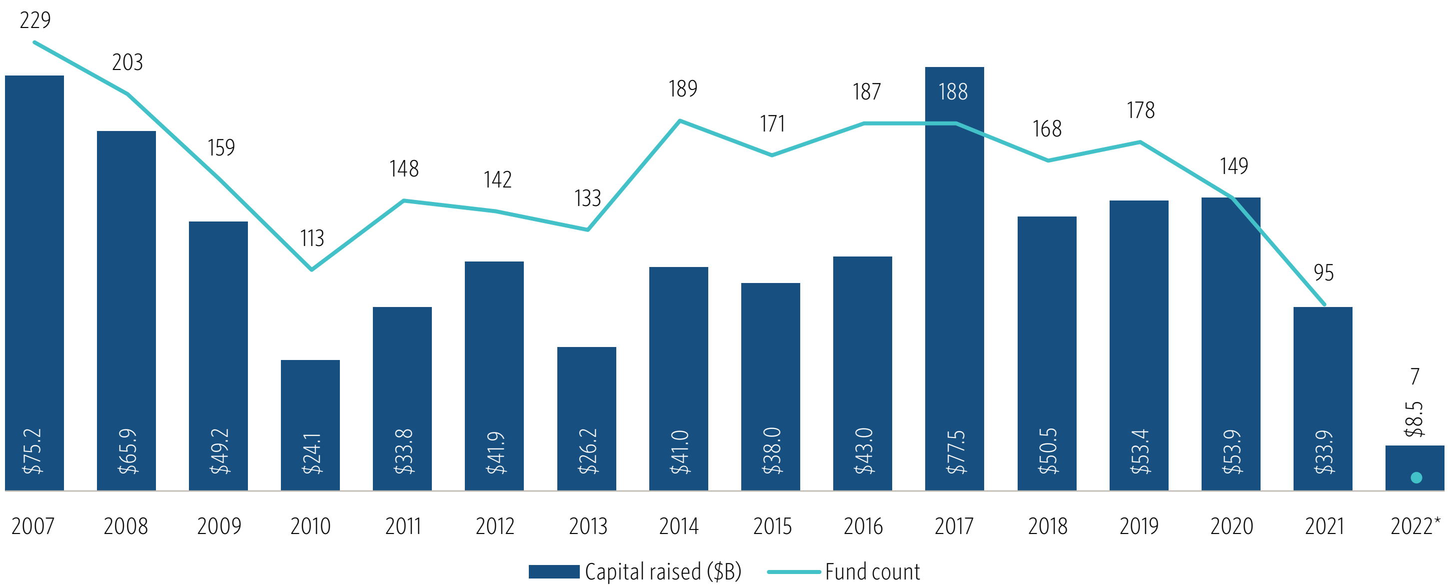
Private debt capital raised by type



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

Funds of funds

FoF fundraising activity



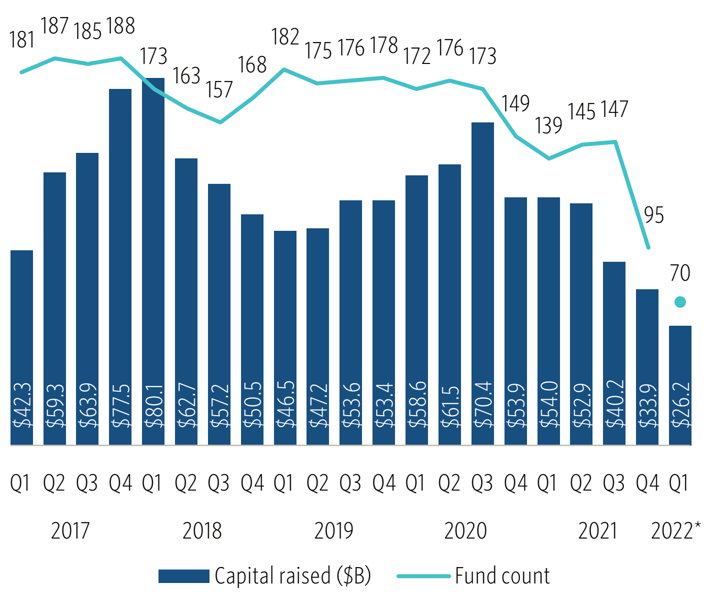
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

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

With only seven FoF having closed in Q1 2022, the charts in this section will look more extreme than will likely be the case when our research process captures further fund closings over time. The rolling 12-month chart provides a better view and does, in fact, show that FoF have been on a declining path since the middle of 2020, both in terms of assets committed and number of funds closed. We are aware of over 300 FoF in the market open to new commitments, representing many geographies, specialties, and sizes, so there is certainly potential for a turnaround. Performance since 2020 has been phenomenal and net cash flows to FoF investors have been positive since 2013, so those who have chosen this access point to the private markets have been well rewarded and may be inclined to increase their allocations.

One of the trends we are tracking is the movement of defined contribution (DC, generally referring to 401(k)s) retirement assets toward alternative investments (e.g., hedge funds, PE, real estate); the argument being that if pensions are disappearing, it is only right for individual investors to be able to access the types of assets they had

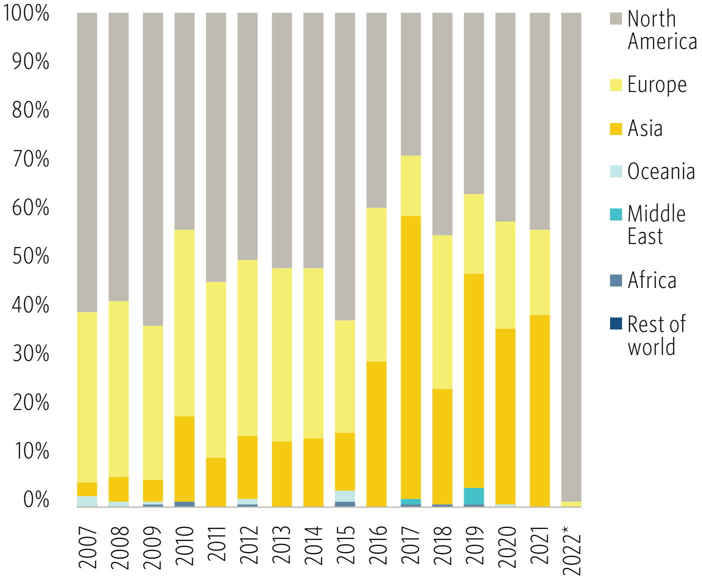
Rolling 12-month FoF fundraising activity



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

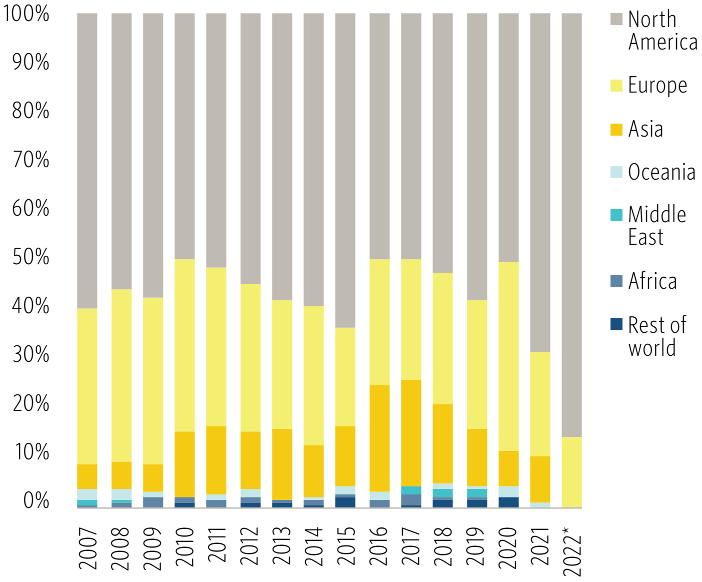
exposure to as pension beneficiaries. Target date funds, commonly found in lists of DC offerings, are contemplating the addition of PE. To start, however, they will probably allocate less than 5% of assets, as it takes time to build a position. For such a small amount, a FoF may be ideal, as it will provide diversified exposure to an asset class many in the DC world may still be tentative in accepting.

Share of FoF capital raised by region



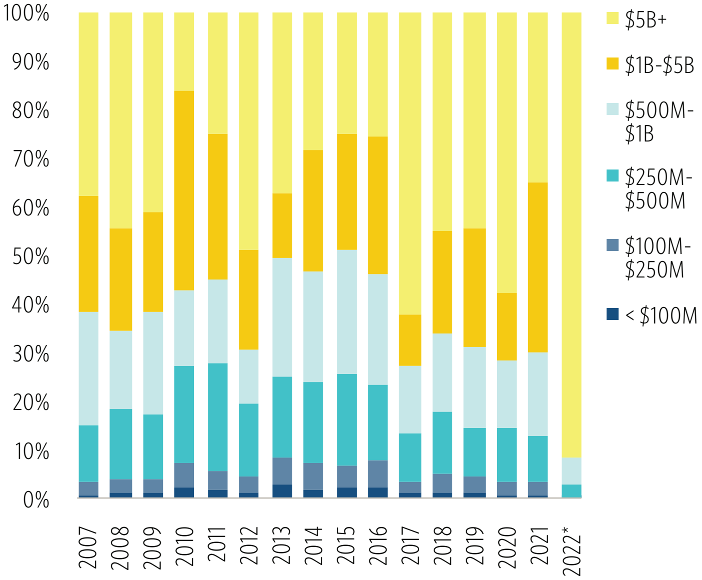
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of FoF count by region



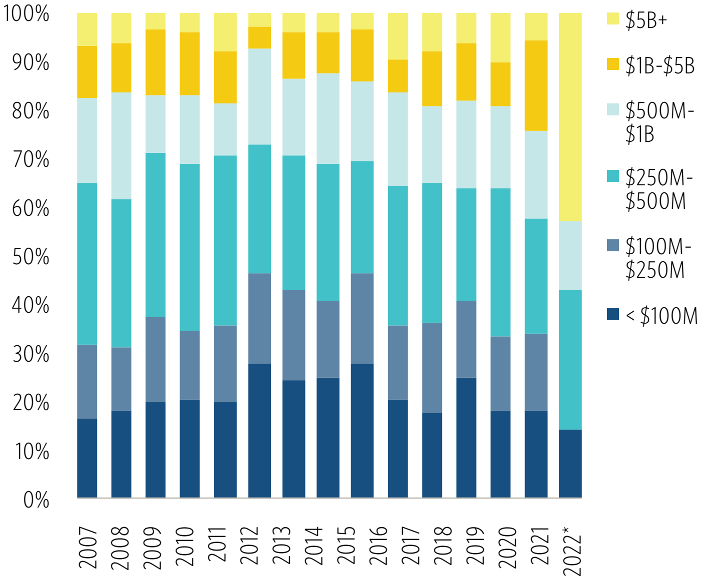
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of FoF capital raised by size bucket



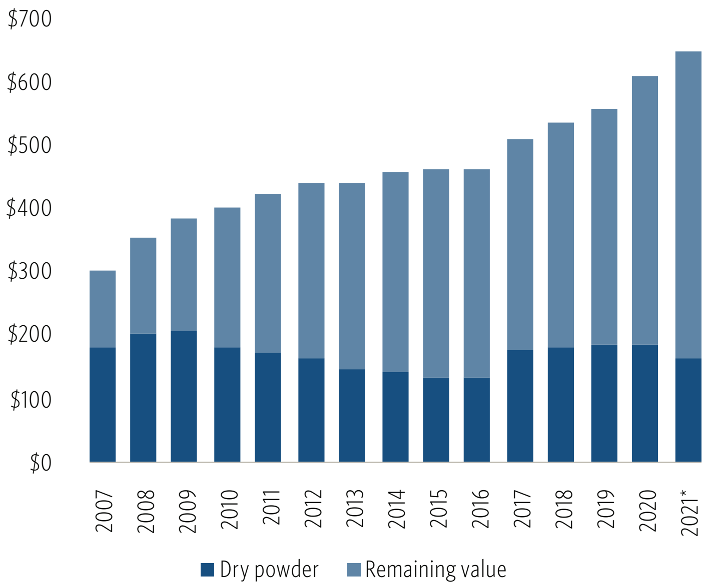
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of FoF count by size bucket



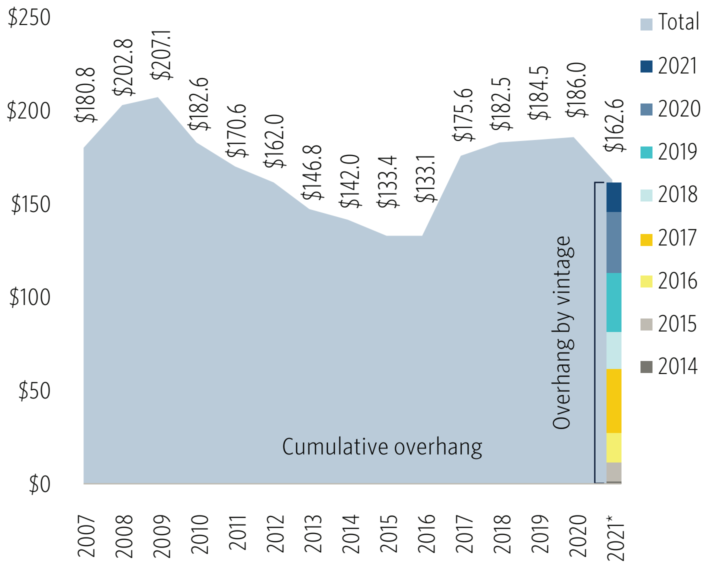
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

FoF AUM ($B)



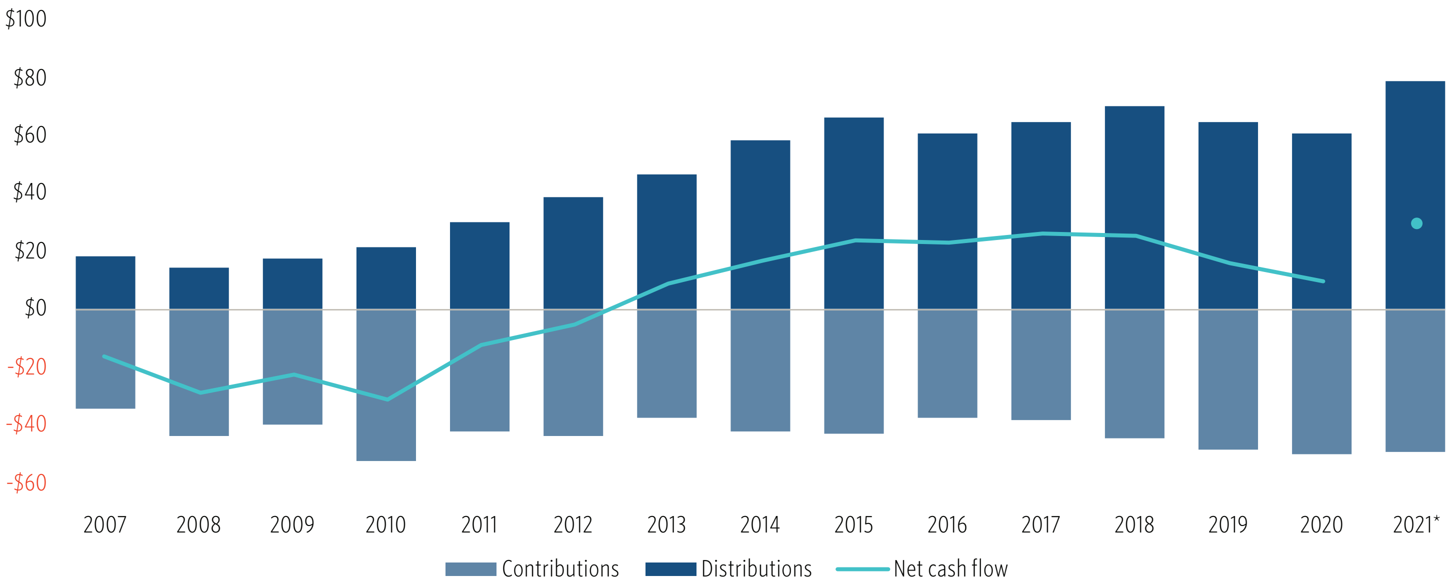
Source: PitchBook | **Geography:** Global
*As of December 31, 2021

FoF dry powder ($B)



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

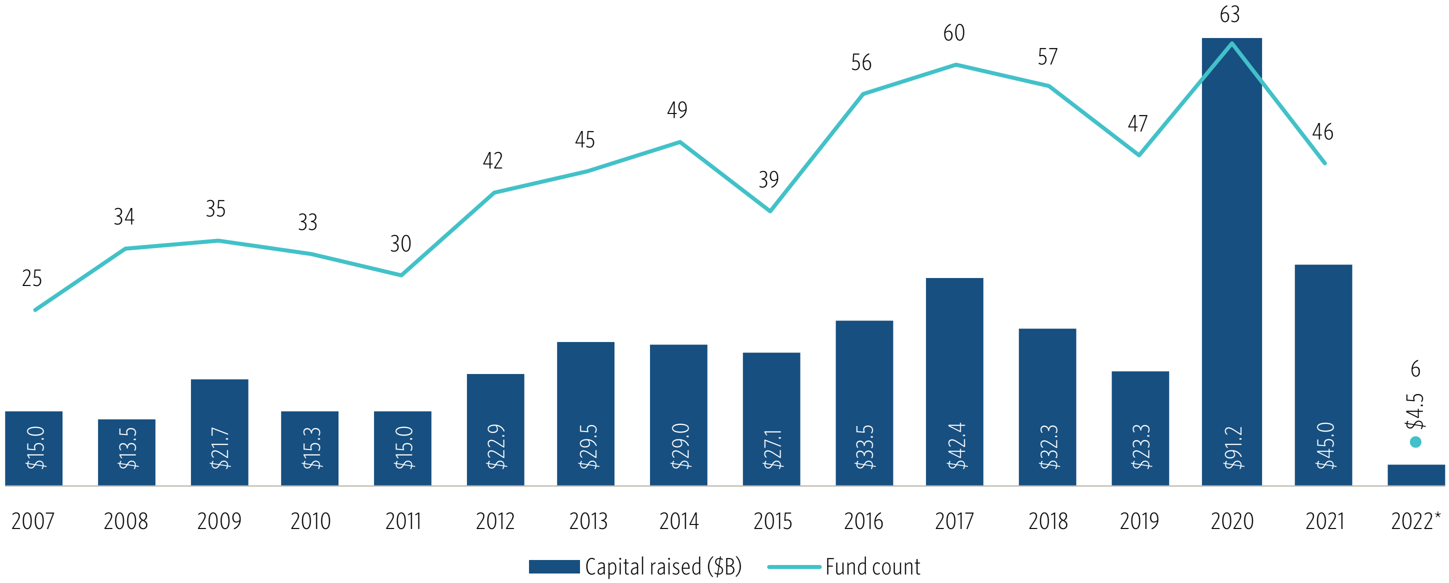
FoF cash flows ($B)



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

Secondaries

Secondaries fundraising activity



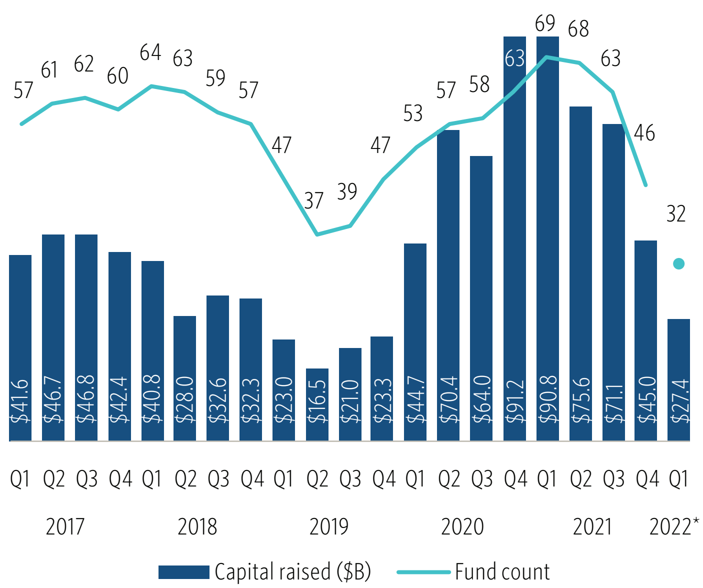
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

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

The rise of GP-led secondaries brought about a massive wave of fundraising for secondaries funds in 2020, well above any other year for the strategy. The numbers have fallen off from that year, but when such a wave happens, those managers will generally come back to market two to three years later with a successor fund. As such, we can expect another wave later in 2022 or 2023, assuming that this new approach ends up being as awash with deal flow as so many fund managers promised. Another potential tailwind for secondaries fundraising has been the swell of announcements that major asset managers are getting into the space, many of whom have not yet come to market with their first offerings.

Of the six secondaries funds we have confirmation of closing in Q1 2022, the size ranged from $70 million to $1.8 billion. On the high end was a fund emblematic of the GP-led secondary trend: the Accel-KKR Capital Partners CV IV fund. In this case, the “CV” stands for continuation vehicle, not the Roman numeral 105. That fund will invest solely in assets that were still active in Accel-KKR’s $875 million 2013 technology buyout fund. In the announcement of the

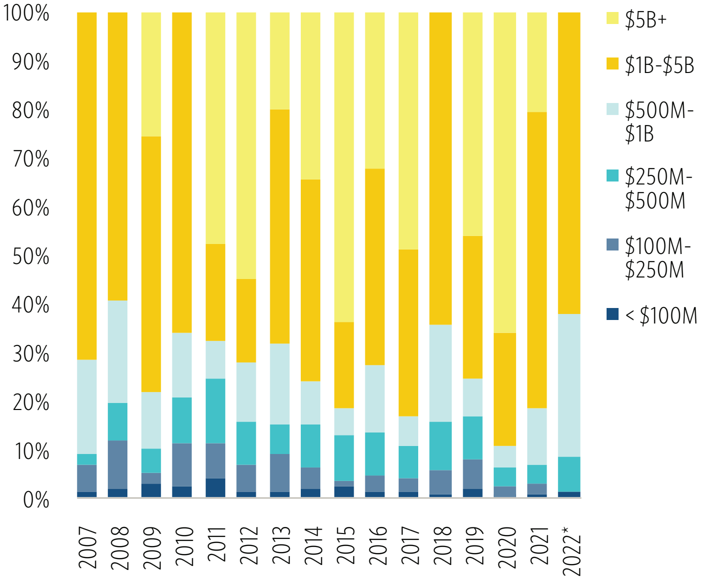
Rolling 12-month secondaries fundraising activity



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

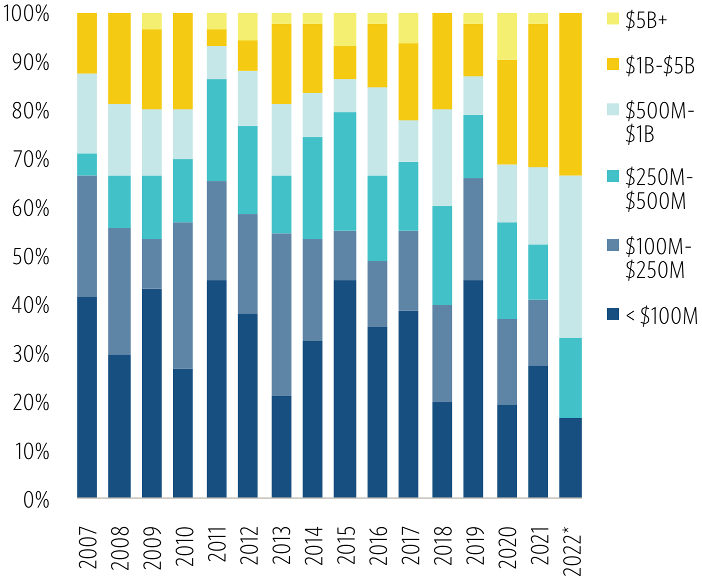
fund's closing,[3] seven investments were highlighted as being the primary recipients of the fund's newly raised capital. The $70 million fund from Q1 2022 was US-based Argosy Strategic Partners, a more traditional secondary vehicle seeking to buy interests in PE, VC, mezzanine, and other private capital funds.

Share of secondaries capital raised by size bucket



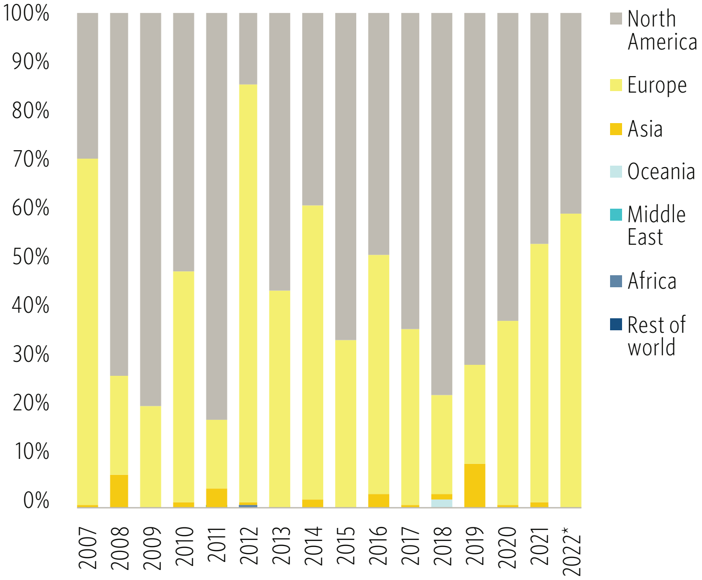
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of secondaries fund count by size bucket



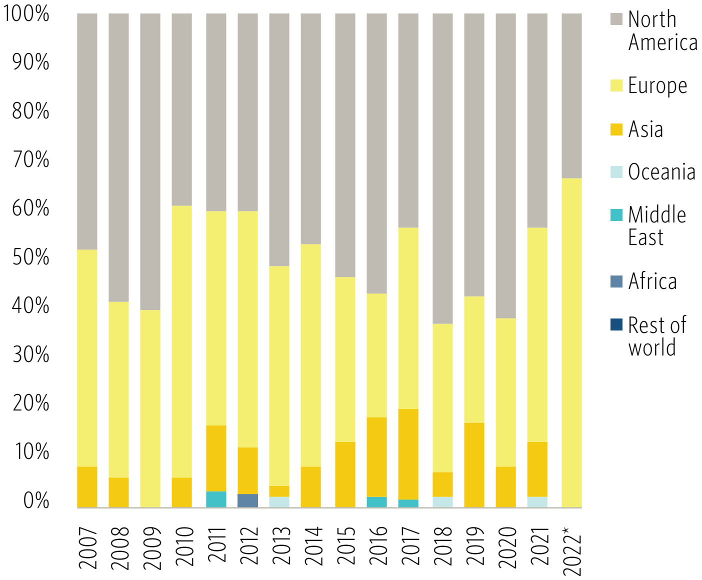
Source: PitchBook | **Geography:** Global
*As of March 31, 2022

Share of secondaries capital raised by region



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

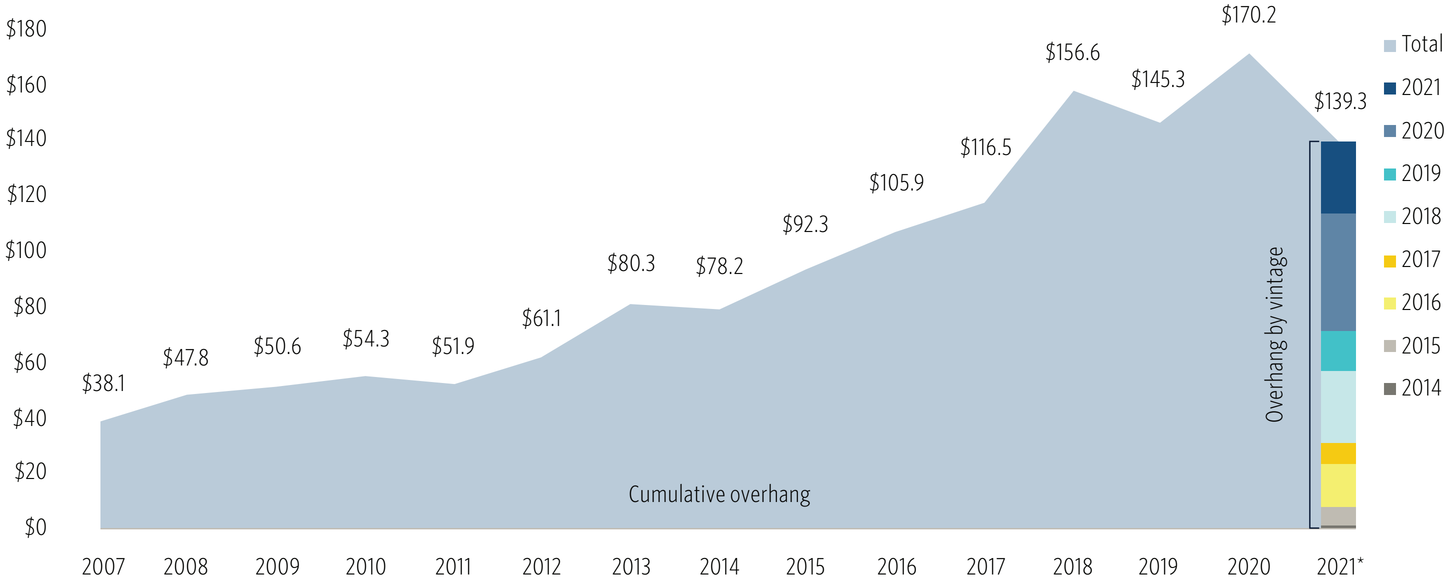
Share of secondaries fund count by region



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

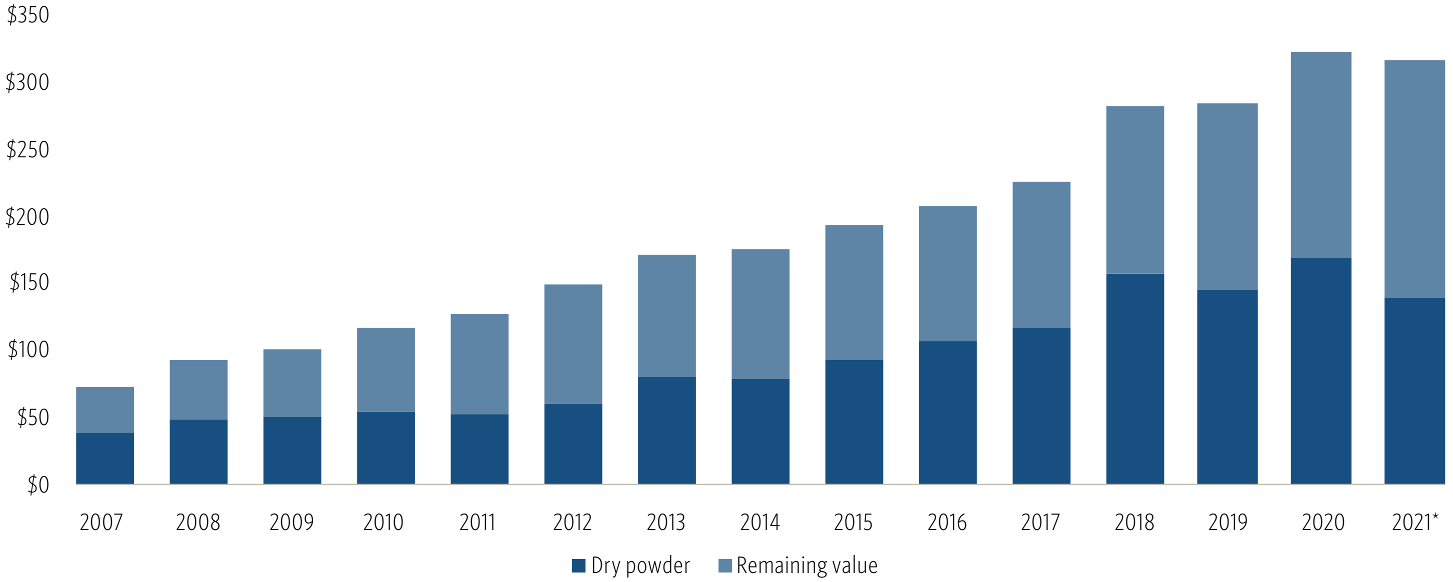
3: "Accel-KKR Announces Closing of $1.765 Billion Accel-KKR Capital Partners CV IV Fund," *Accel-KKR*, March 30, 2022.

Secondaries dry powder ($B)



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

Secondaries AUM ($B)



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

Additional research

Private capital

Global Fund Performance Report as of Q3 2021 with preliminary Q4 2021 data

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2022 PitchBook Benchmarks as of Q3 2021 (with preliminary Q4 2021 data)

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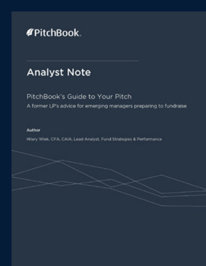

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