

# Preqin's State of the Market: H1 2025

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**PREQIN**



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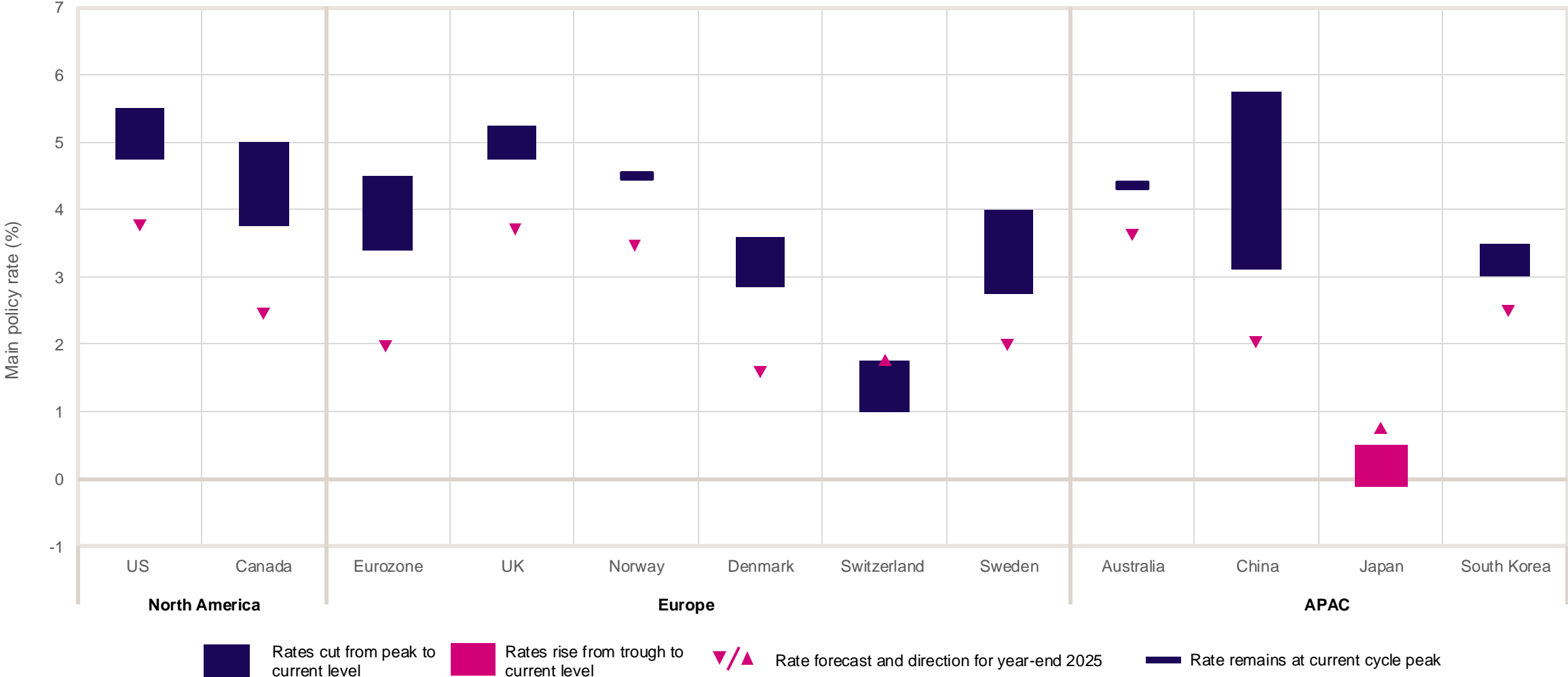
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# 1. Macroeconomic outlook

# Monetary policy in the spotlight globally as further rate cuts loom

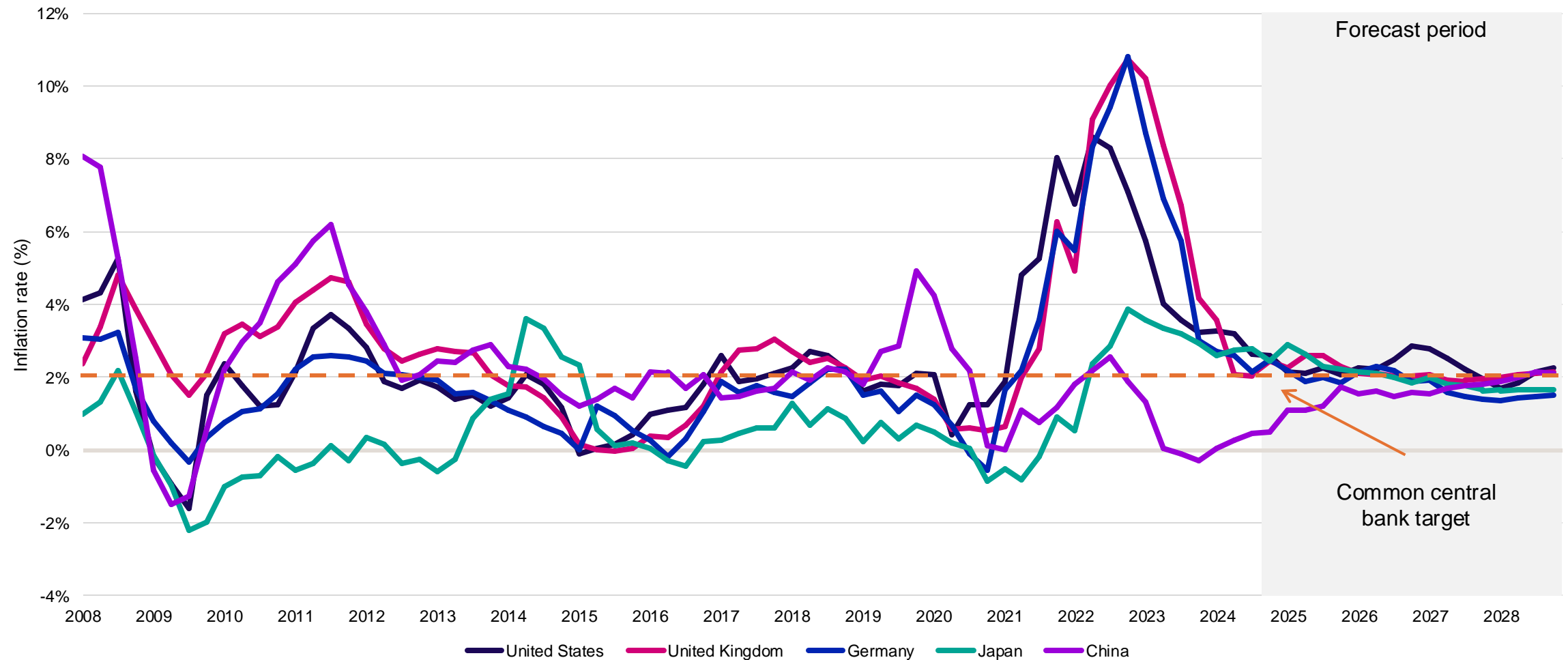
Further cuts expected in 2025, but rates remain far above the near-zero level of the 2010s



Source: Consensus broker forecasts – FactSet. Data as of November 2024

# Inflation broadly hits target, but markets wary of reversal

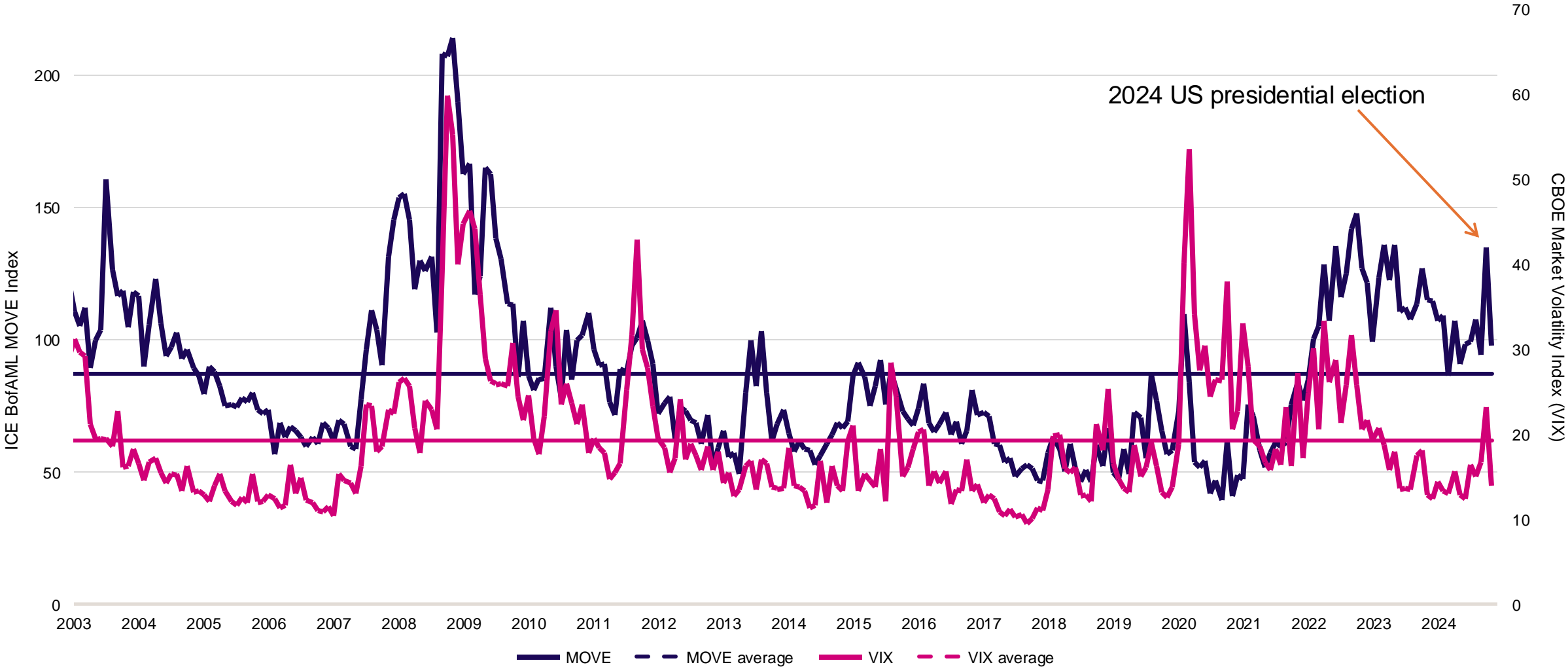
Central banks have mostly met inflation targets with higher interest rates but pace of cuts still uncertain



Source: S&P Cap IQ (Including forecasts). Data as of Nov 22, 2024

# Market jitters spiked prior to US election but normalized after

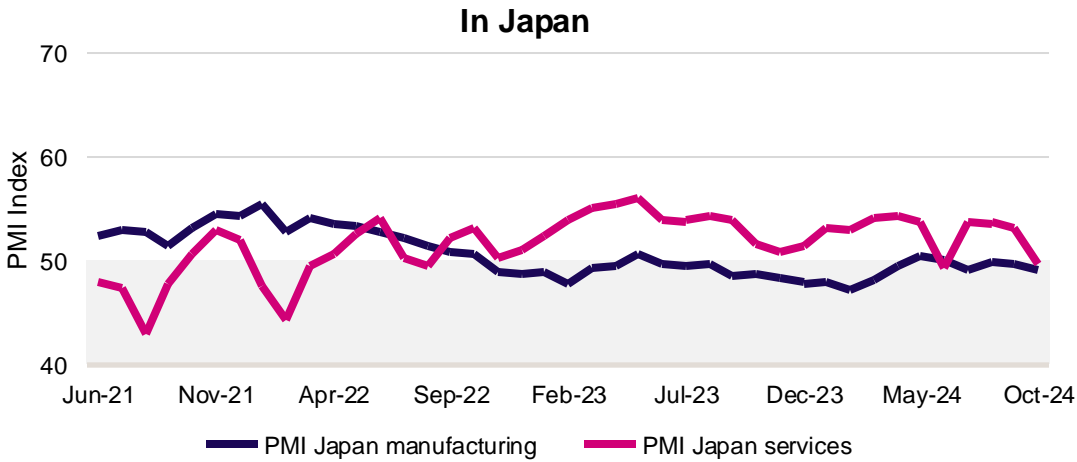
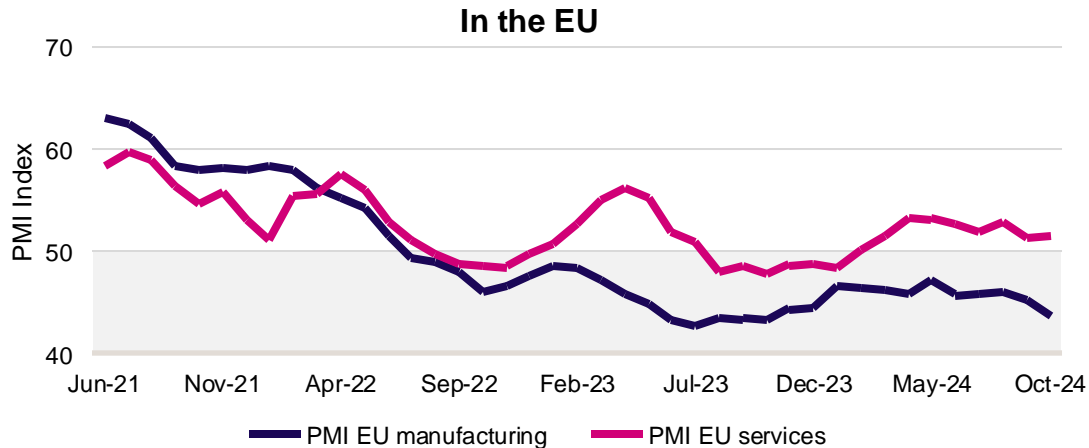
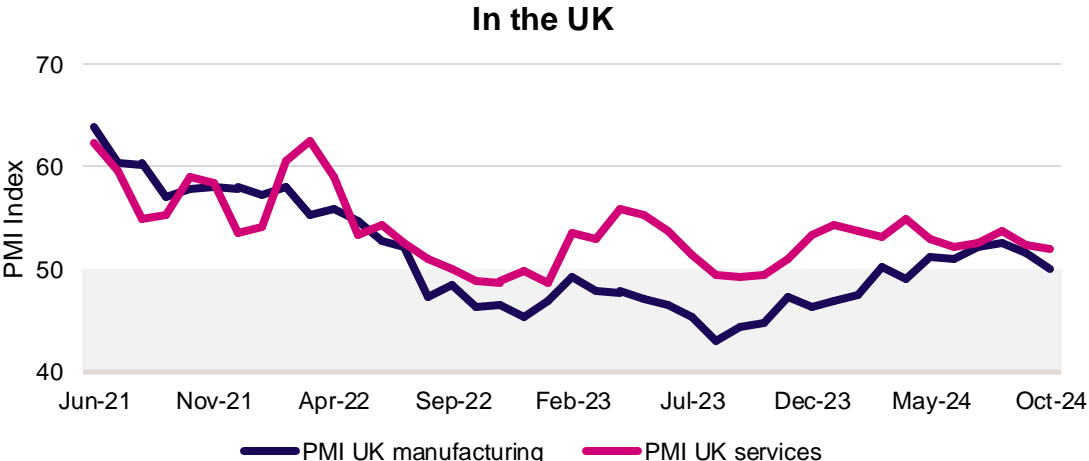
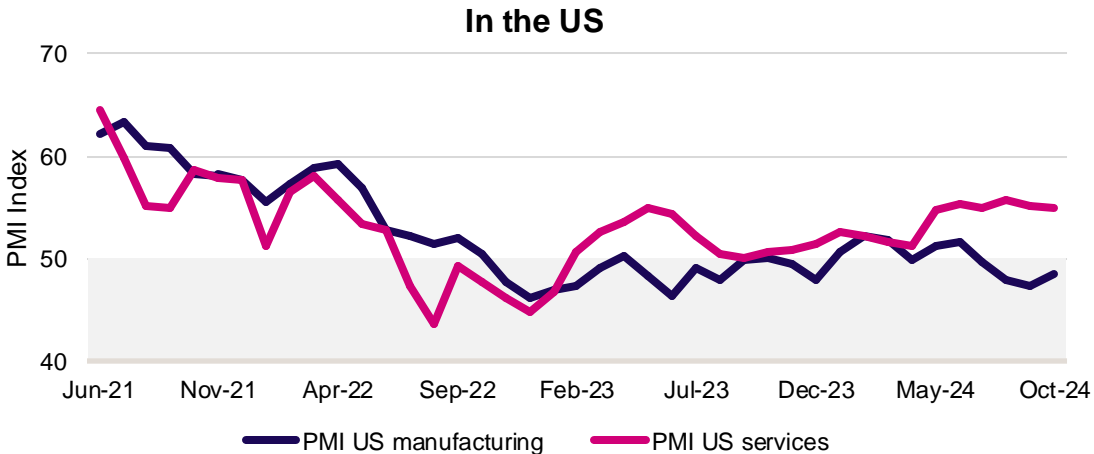
Volatility of the S&P 500 (VIX) back below average but US bond market volatility (MOVE) is just above



Source: FactSet, S&P Cap IQ. Data as of Nov 28, 2024

# Service sector leads economic confidence in four major economies

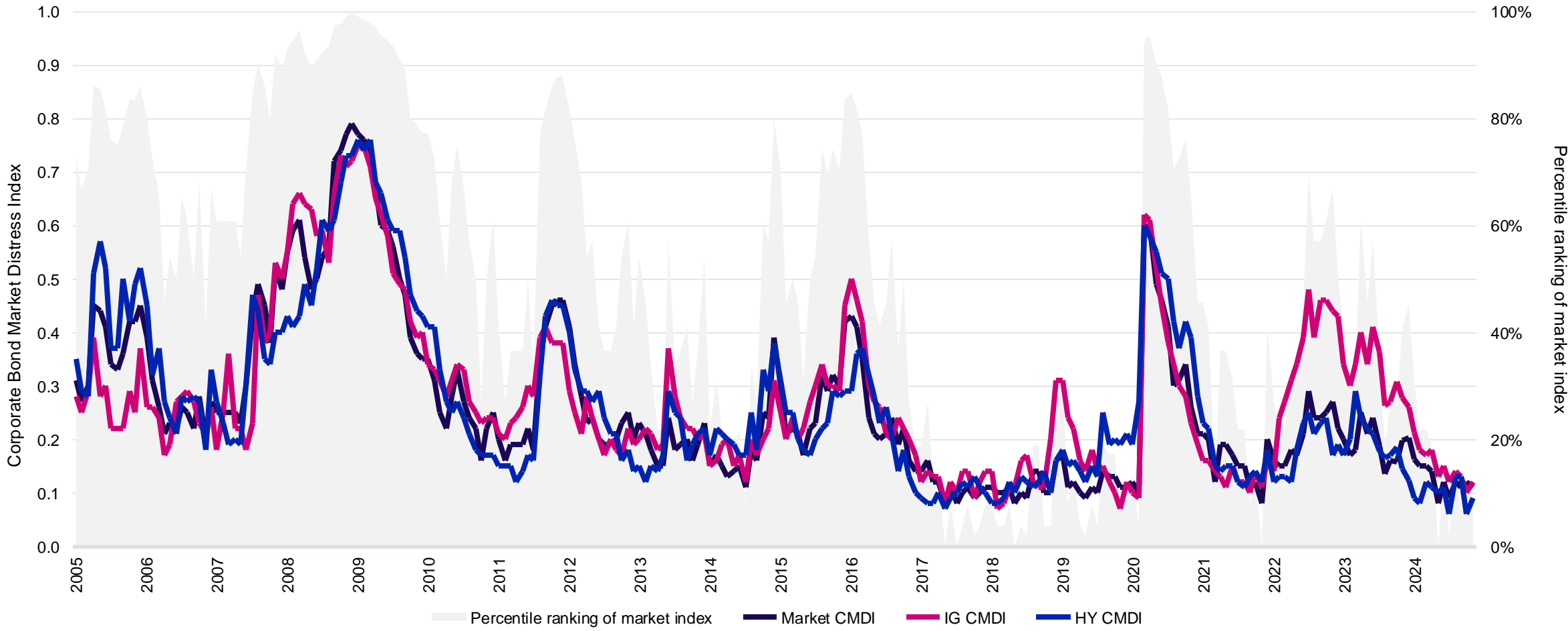
Purchasing Managers' Index (PMI) shows manufacturing sentiment detaching from services in US and EU



Source: FactSet, S&P Cap IQ. Data as of Nov 28, 2024

# Corporate bond distress signals remain at historical lows in 2024

Distress in the US corporate bond market\* trended at near historical lows for higher and lower credit ratings

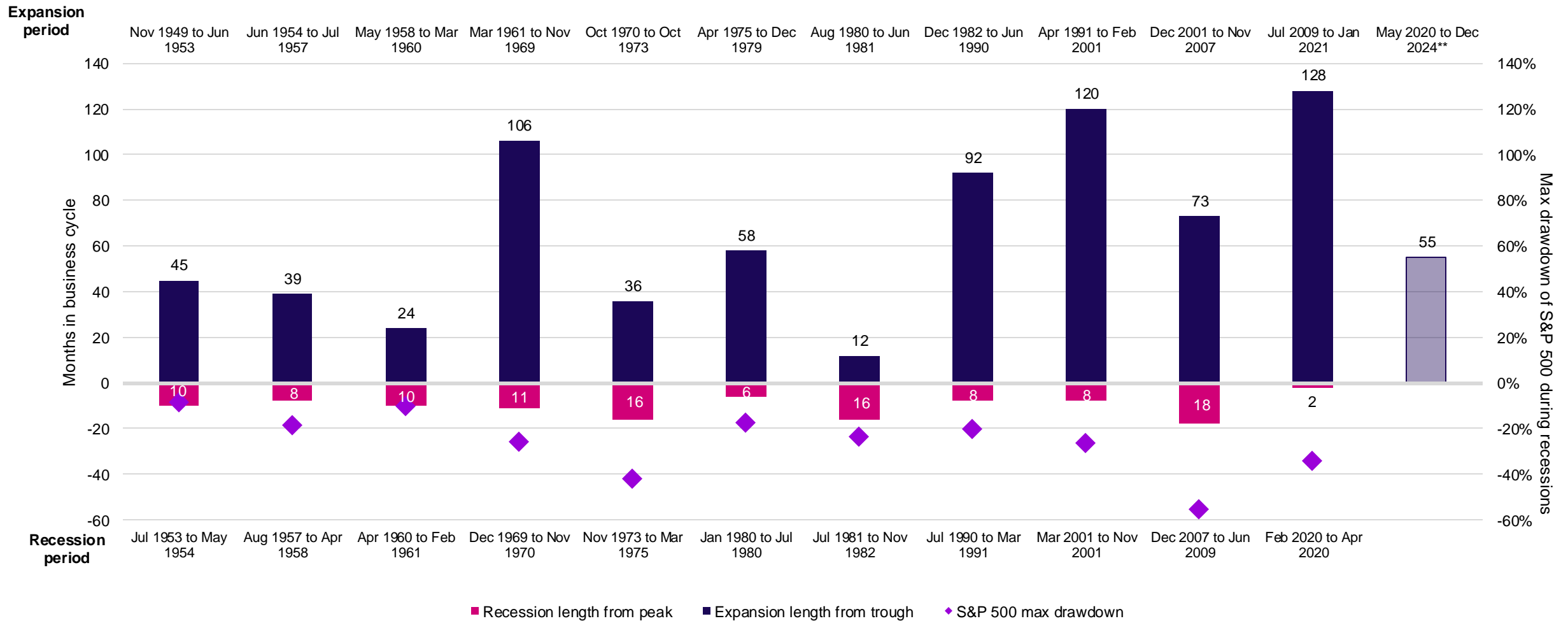


\*Note: The index incorporates a wide range of indicators, including measures of primary market issuance and pricing, secondary market pricing and liquidity conditions, and the relative pricing between traded and non-traded bonds

Source: Federal Reserve Bank of New York. Data as of Nov 22, 2024

# It has been 55 months since the last trough in the business cycle\*

Historical US business cycle lengths and drawdowns post-WWII under the spotlight



\*NBER's Business Cycle Dating Committee maintains a chronology of US business cycles.

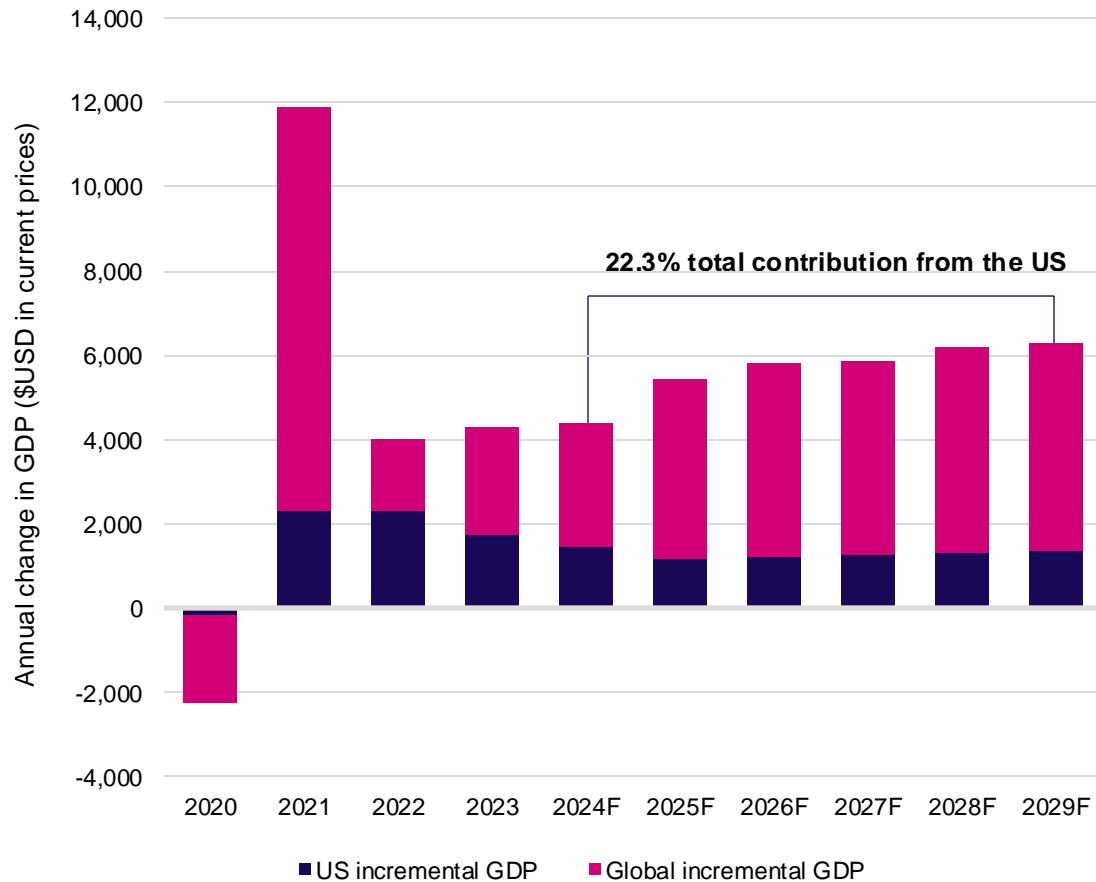
\*\* This is the length of the cycle so far and will extend until a trough is officially recorded by NBER

Source: National Bureau of Economic Research, FactSet

# US exceptionalism and global private market AUM growth

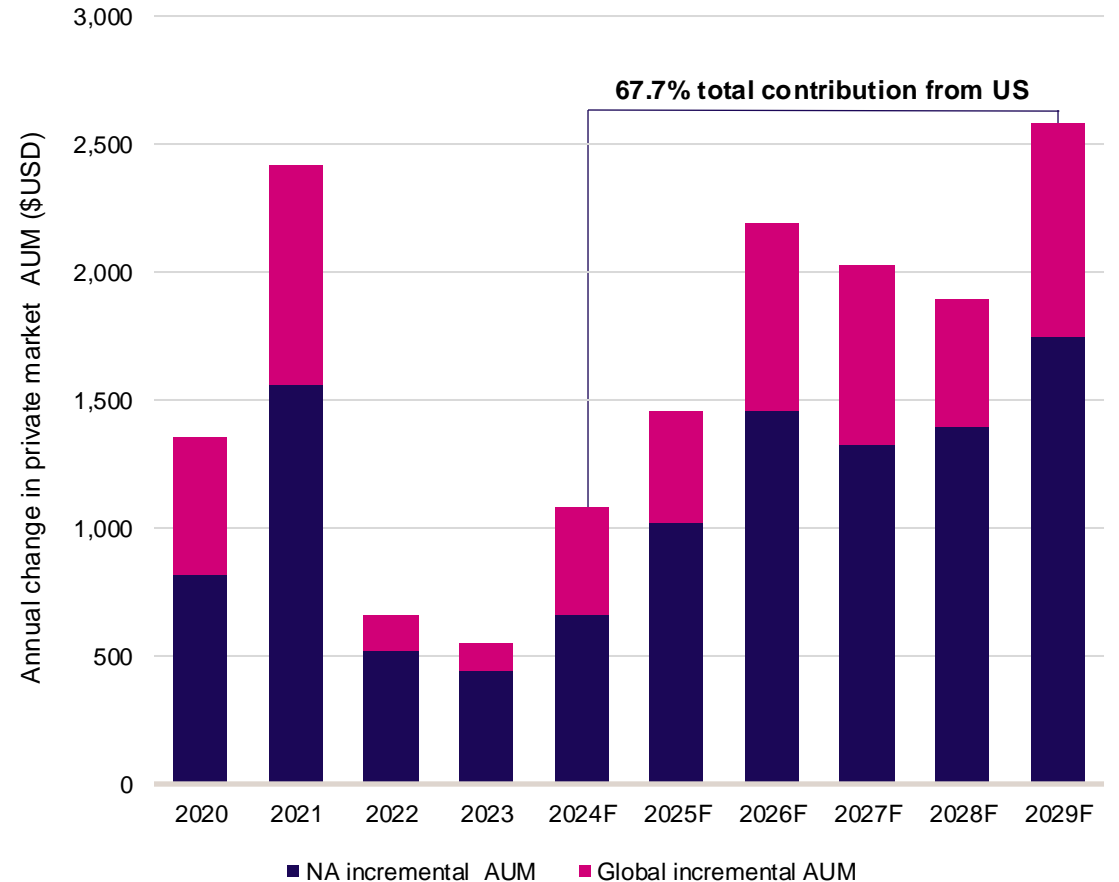
US contribution to GDP growth forecasted to contract while NA contribution to private markets AUM expands

How US will contribute to global GDP growth



Source: IMF World Economic Outlook October 2024

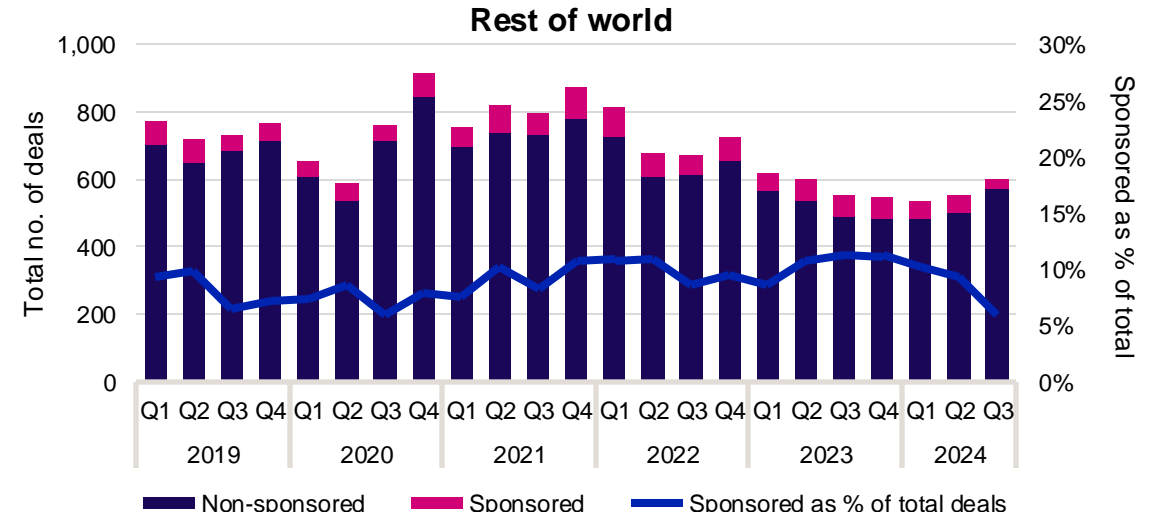
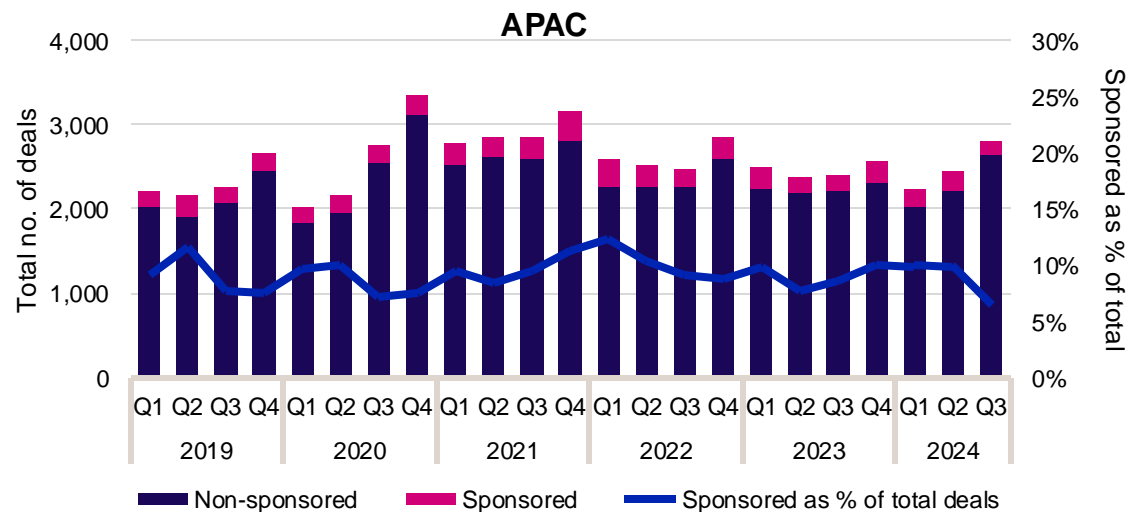
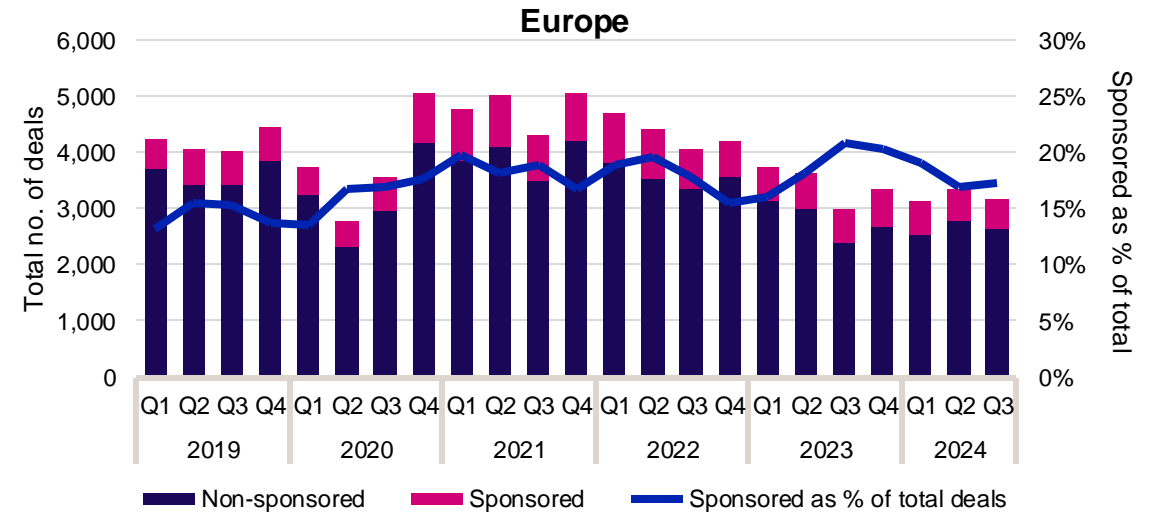
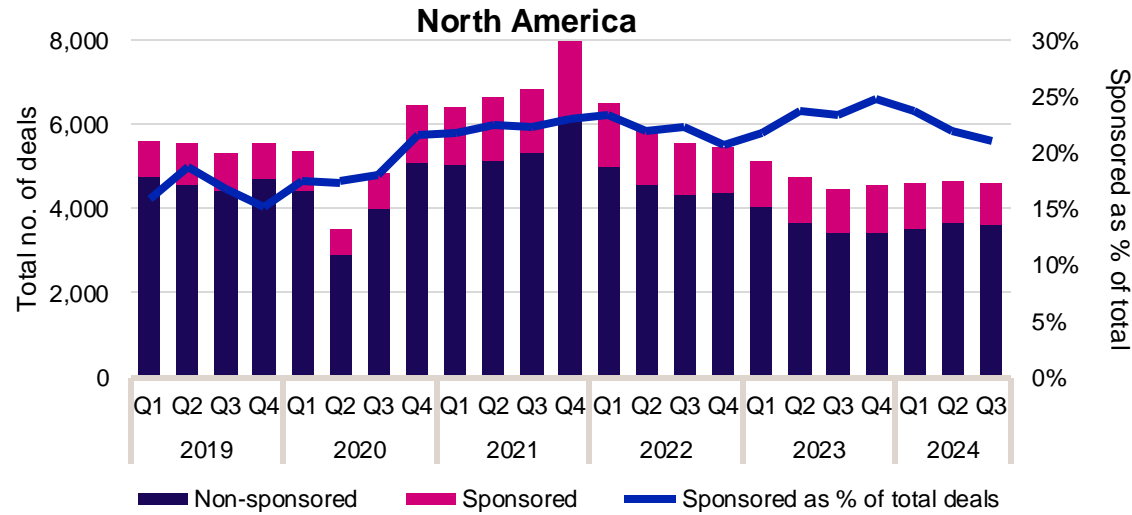
How North America will contribute to private markets AUM



Source: Preqin Future of Alternatives 2029

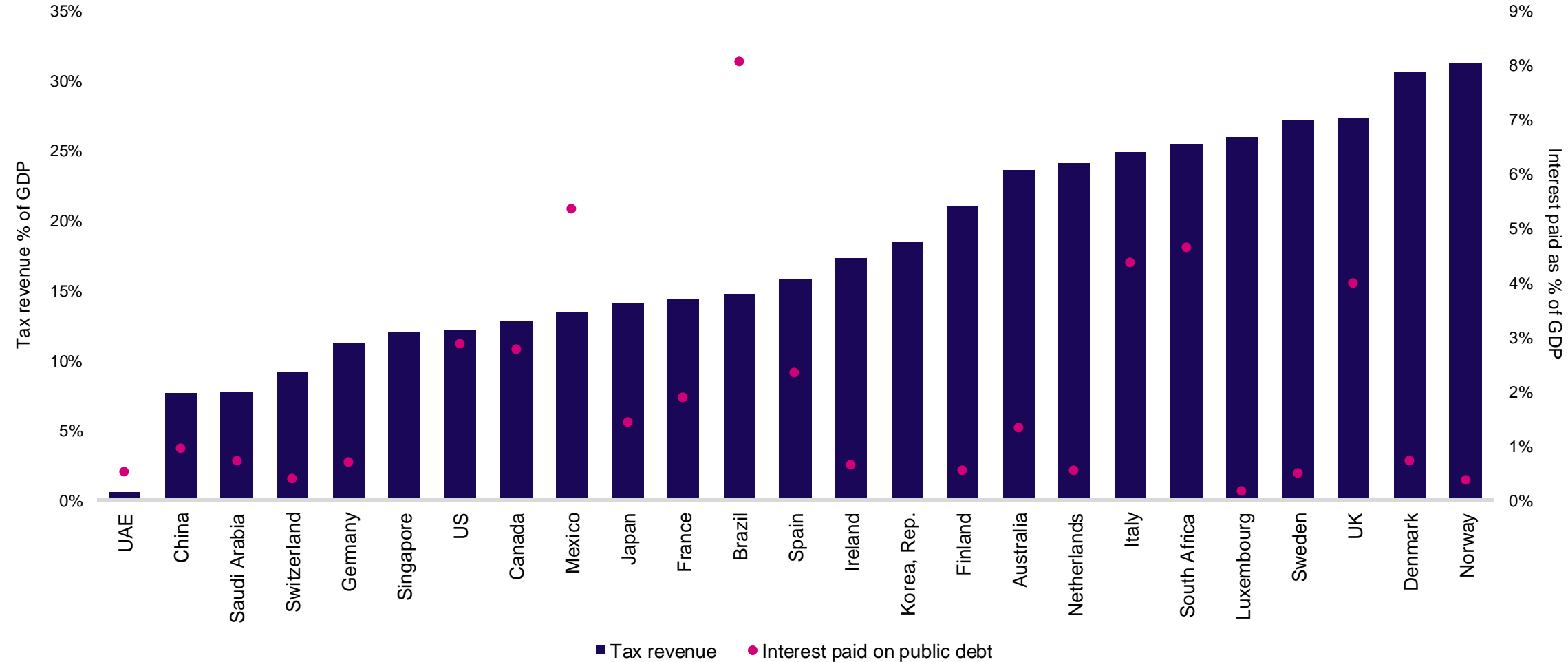
# Dealmaking in North America and Europe relatively flat in 2024

M&A deal volumes increased in other regions during Q3 but sponsor-backed are yet to follow globally



# UK tax revenue among highest but so is interest paid on debt

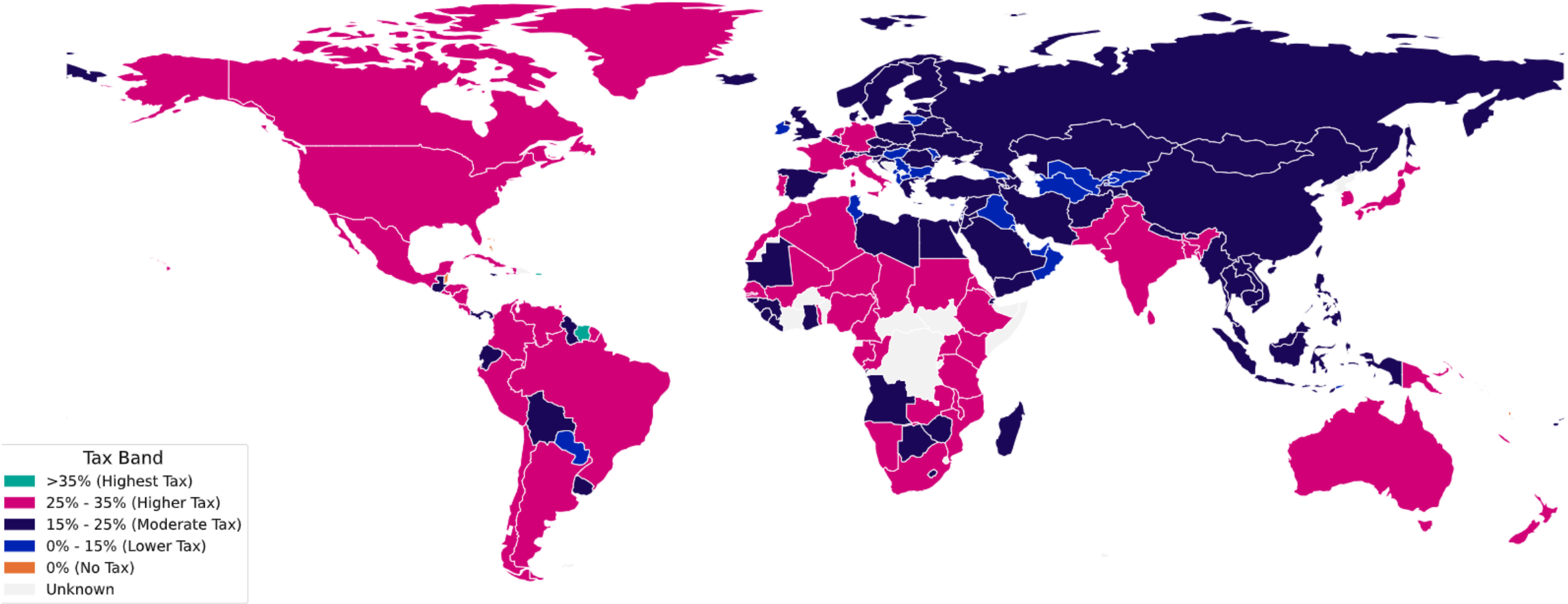
Brazil and Mexico stand out for high debt servicing costs in Latin America but US and UK are not far behind



Source: Worldbank, IMF

# Corporate tax changes are moving into the spotlight globally

The UK raised rates by 6% in early 2024 following an even higher increase in the UAE during 2023



Source: Tax foundation data as of Dec 2024, Preqin Insights+

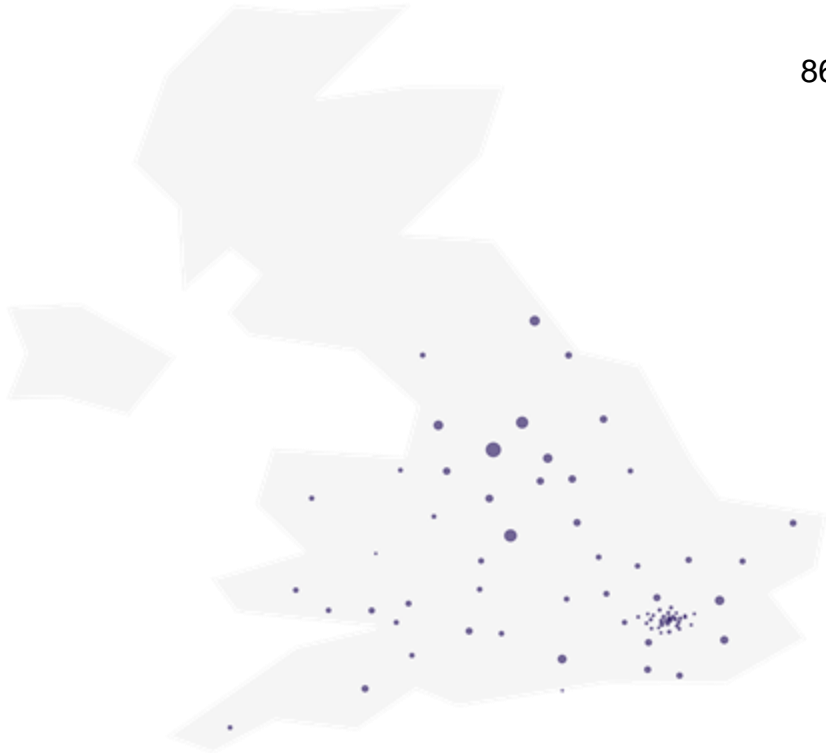
# UK pension reform: slow transformation into eight pension pools

Ongoing reforms to UK pension schemes should see more capital available for private market allocation

Over £370mn in assets will move over from 86 local government pension schemes

By March 2026, eight pension pools should target private market investment

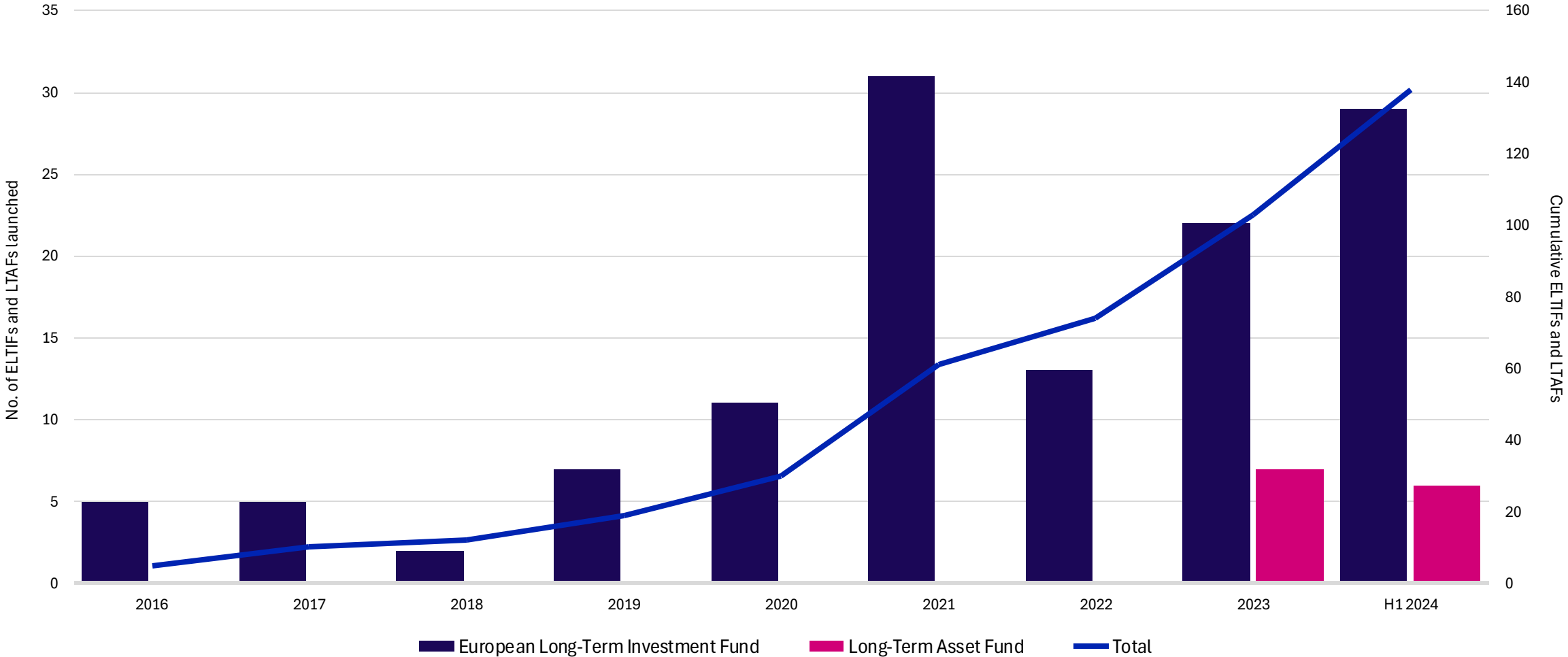
86 local council pension assets pooled into eight pools



Source gov.uk

# Retail fund wrappers spur hope of new private market inflows

EU's ELTIF launches rebound in 2024 under new 2.0 rules, joined by launches of UK LTAF vehicle

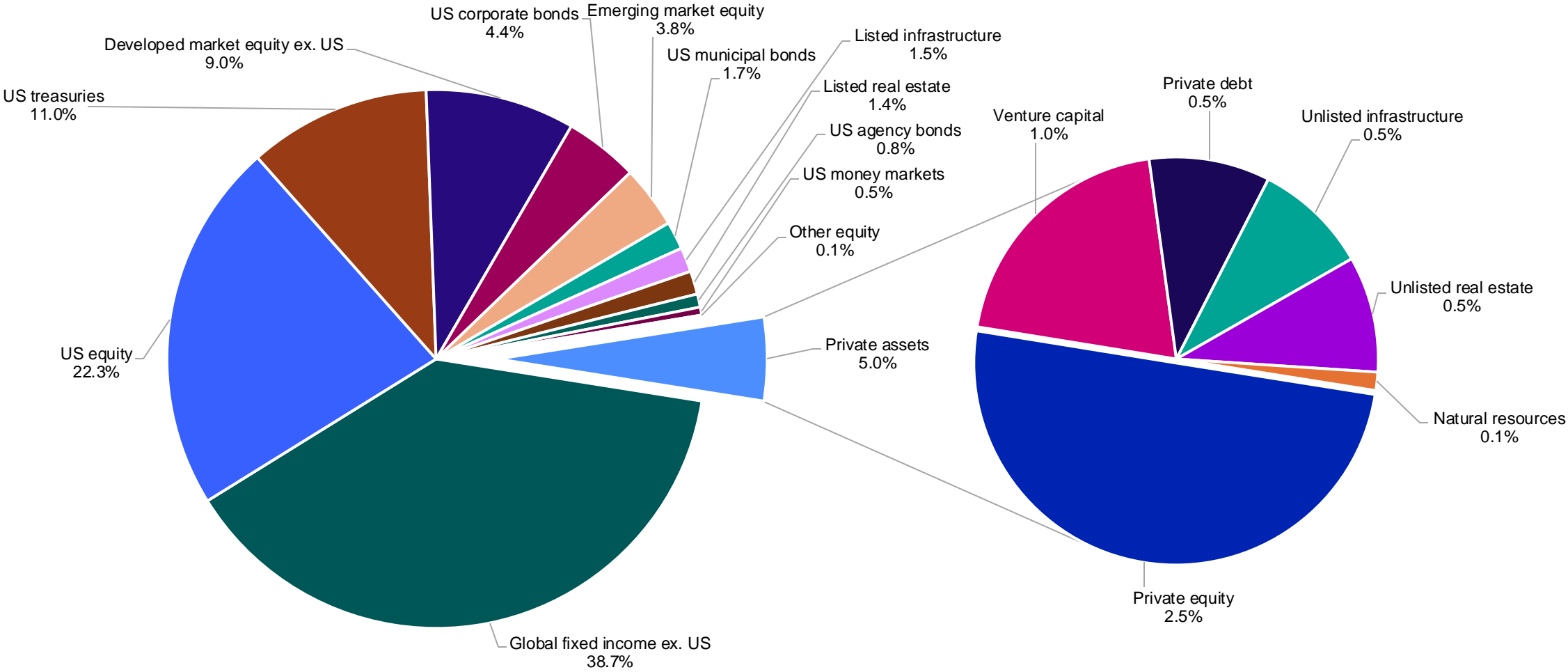


Source: Preqin

## 2. Contrasting public and private sector dynamics

# Private assets increase to 5% of the current investing universe

Share of \$247.5tn total market capitalization was 4.4% six months ago\*



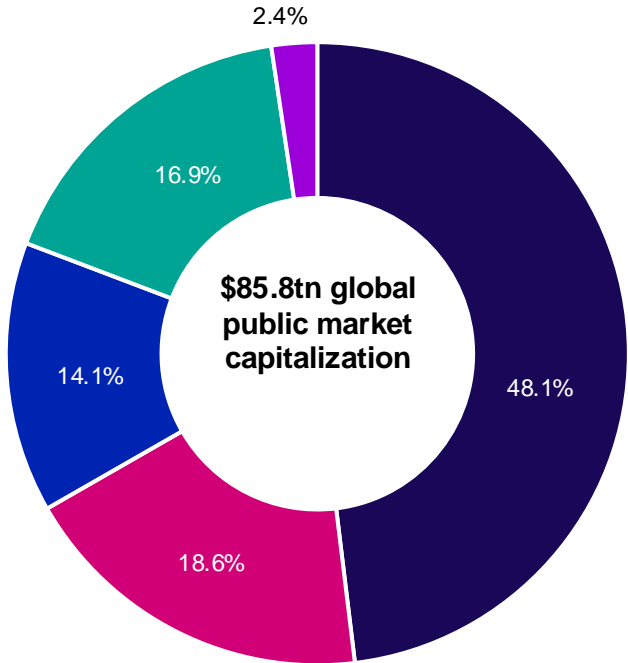
\*Public sector data as of October 31, 2024, and private assets as of March 31, 2024. Private assets account only for unrealized value (excluding dry powder) and exclude values for fund of funds and PIPE to avoid double counting

Source: S&P Cap IQ, Preqin, MSCI, FactSet, SIFMA, BIS

# North America leads listed markets, holds slimmer edge in privates

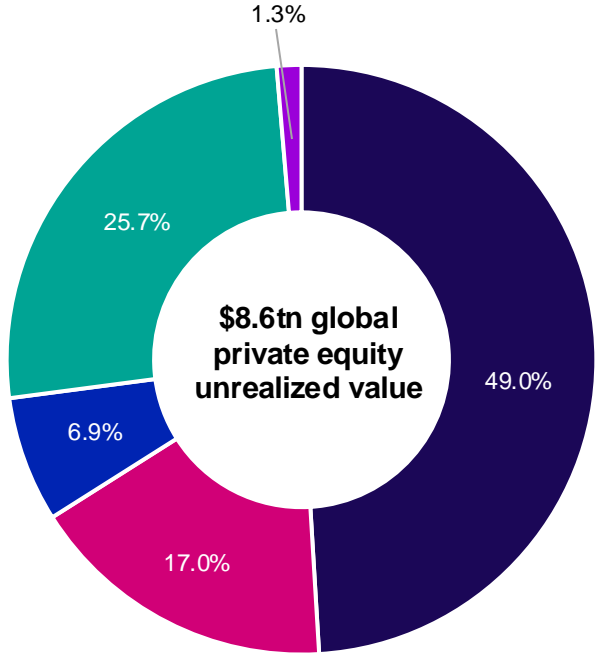
Chinese funds play a major role in increasing APAC weighting in private equity

Regional breakdown of listed market share



- North America listed ex. Mag 7
- Magnificent 7 (US only)
- Europe listed
- APAC listed
- Rest of world listed

Regional breakdown of private equity unrealized value\*



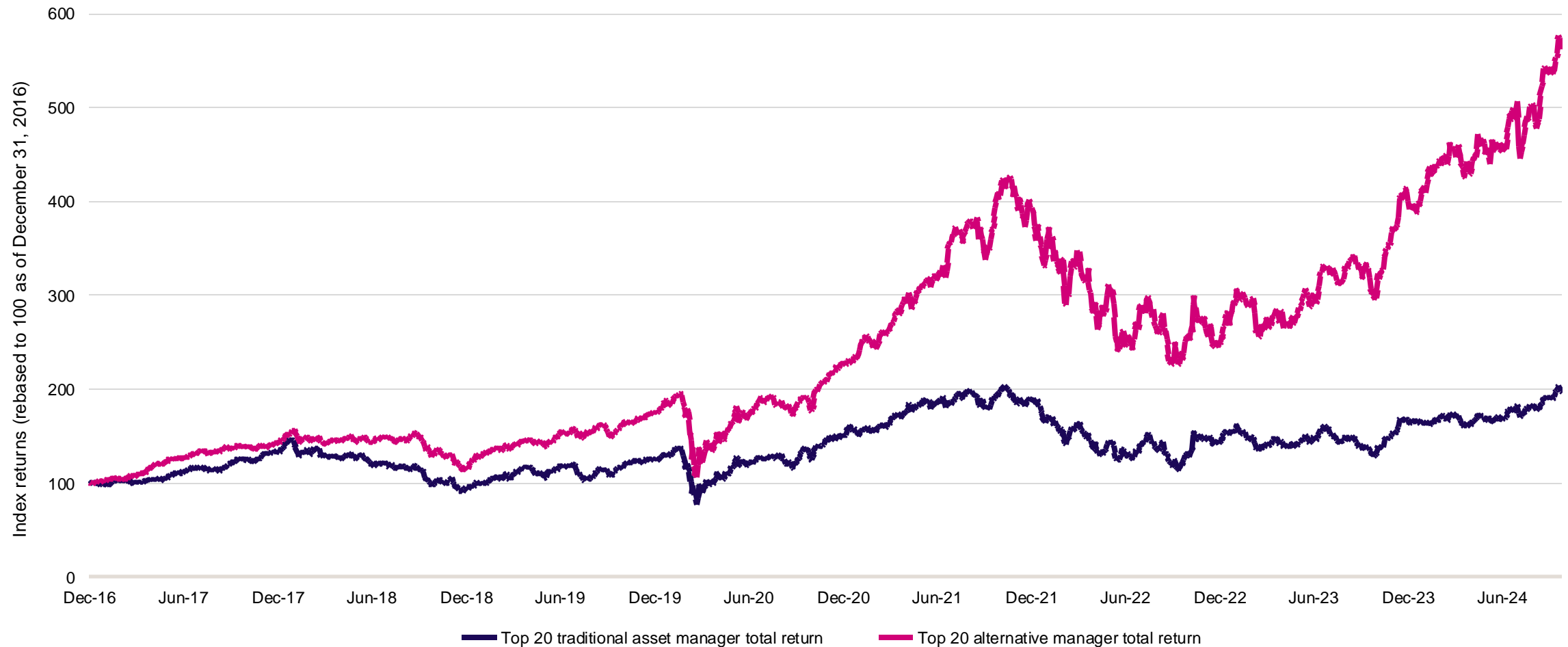
- North America
- Europe
- APAC
- Mainland China
- Rest of world

**Note:** Rest of world includes Africa, Latin America, the Middle East, Israel. Inclusion of Chinese renminbi funds inflates APAC's representation in private markets. Magnificent seven includes Nvidia, Microsoft, Apple, Amazon, Alphabet, Meta and Tesla. \*Private equity includes venture capital.

Source: Preqin, FactSet, MSCI. Data as of Oct 31, 2024 for public markets and March 2024 for private markets

# Alternatives managers outperform traditional asset managers

Share price outperformance is 3x since 2016 based on analysis of largest 20 managers

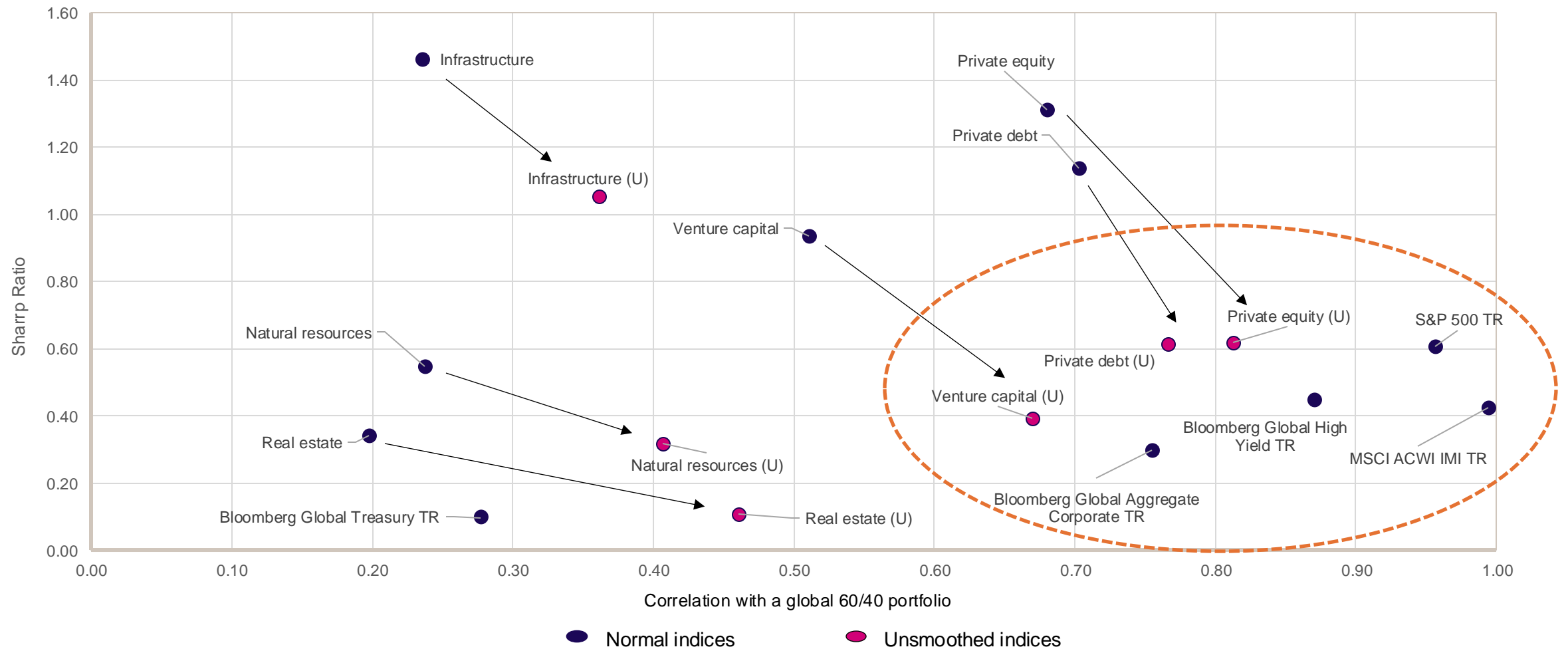


**Note:** The top 20 firms in each category are identified as the largest publicly listed companies, ranked by market capitalization, whose core business is investment management.

Source: S&P Cap IQ

# Private equity achieves highest risk adjusted returns vs. public

Asset class Sharpe ratios and correlation with global 60/40 portfolios, Q1 2007 to Q3 2024

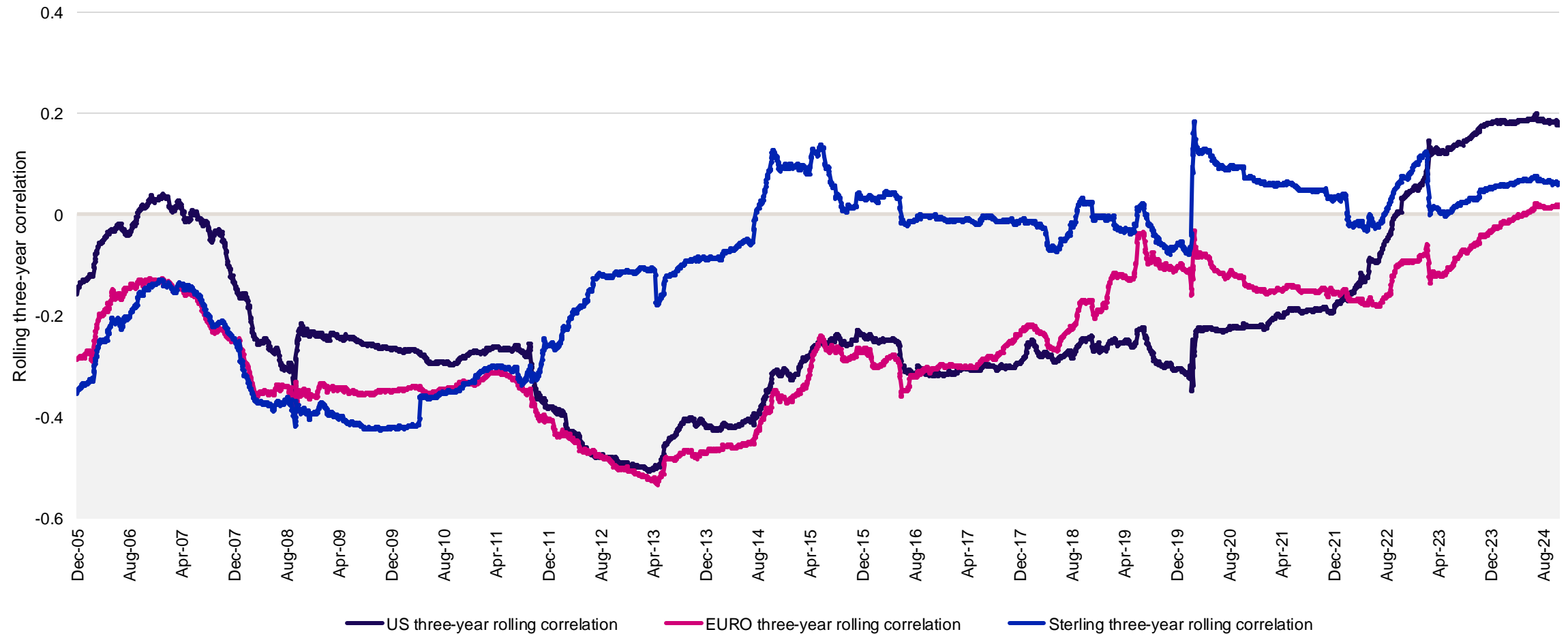


**Note:** Preqin private market indices are net of fees and unsmoothed indices are based on AR (1) filter. Public market indexes are gross of fees and are total returns. MSCI ACWI IMI TR and the Bloomberg Global Aggregate represent the global 60/40 portfolio covering periods between Q1 2007 and Q3 2024.

Source: Preqin

# Increasing correlation of equities and bonds stalls in 2024

US dollar, euro-, or sterling-focused bond/equity portfolios impacted by growing correlation over last two years



**Note:** Daily equity returns represented by S&P 500 TR Index and Bloomberg US Aggregate Index TR, MSCI Euro Index TR and Bloomberg Euro Aggregate Index TR, FTSE All Cap Index TR, and Bloomberg Sterling Index TR. Correlation between daily returns of equities and bonds on a three-year rolling basis. Data as of November 14, 2024.

Source: FactSet, Preqin

# Private capital and public market return correlations

Quarterly returns correlations, Q4 2006 to Q3 2024	S&P 500 TR	MSCI Europe Standard TR	MSCI Emerging Markets TR	S&P Global REIT TR	S&P Infrastructure TR	Bloomberg Global Agg Corporate TR	Bloomberg Global High Yield TR	Bloomberg Global Treasury TR	S&P GSCI	Preqin Private Equity Index	Preqin Venture Capital Index	Preqin Private Debt Index	Preqin Real Estate Index	Preqin Infrastructure Index	Preqin Natural Resources Index	Global 60/40 portfolio
S&P 500 TR	1.00															
MSCI Europe Standard TR	0.89	1.00														
MSCI Emerging Markets TR	0.79	0.89	1.00													
S&P Global REIT TR	0.82	0.80	0.70	1.00												
S&P Infrastructure TR	0.77	0.84	0.77	0.76	1.00											
Bloomberg Global Agg Corporate TR	0.61	0.75	0.73	0.67	0.71	1.00										
Bloomberg Global High Yield TR	0.79	0.86	0.88	0.78	0.69	0.79	1.00									
Bloomberg Global Treasury TR	0.11	0.28	0.28	0.30	0.39	0.75	0.29	1.00								
S&P GSCI	0.51	0.52	0.55	0.40	0.47	0.23	0.51	-0.12	1.00							
Preqin Private Equity Index	0.68	0.67	0.65	0.62	0.57	0.35	0.53	-0.01	0.55	1.00						
Preqin Venture Capital Index	0.55	0.45	0.43	0.44	0.37	0.19	0.33	-0.06	0.40	0.84	1.00					
Preqin Private Debt Index	0.70	0.73	0.71	0.70	0.61	0.40	0.69	-0.07	0.59	0.85	0.57	1.00				
Preqin Real Estate Index	0.28	0.22	0.13	0.26	0.27	-0.09	0.01	-0.16	0.30	0.67	0.55	0.47	1.00			
Preqin Infrastructure Index	0.30	0.26	0.18	0.30	0.37	-0.01	0.06	-0.10	0.28	0.56	0.38	0.45	0.66	1.00		
Preqin Natural Resources Index	0.26	0.27	0.26	0.31	0.28	-0.03	0.22	-0.20	0.57	0.47	0.24	0.52	0.43	0.43	1.00	
Global 60/40 portfolio	0.96	0.96	0.90	0.82	0.84	0.76	0.87	0.28	0.53	0.68	0.52	0.71	0.22	0.25	0.24	1.00

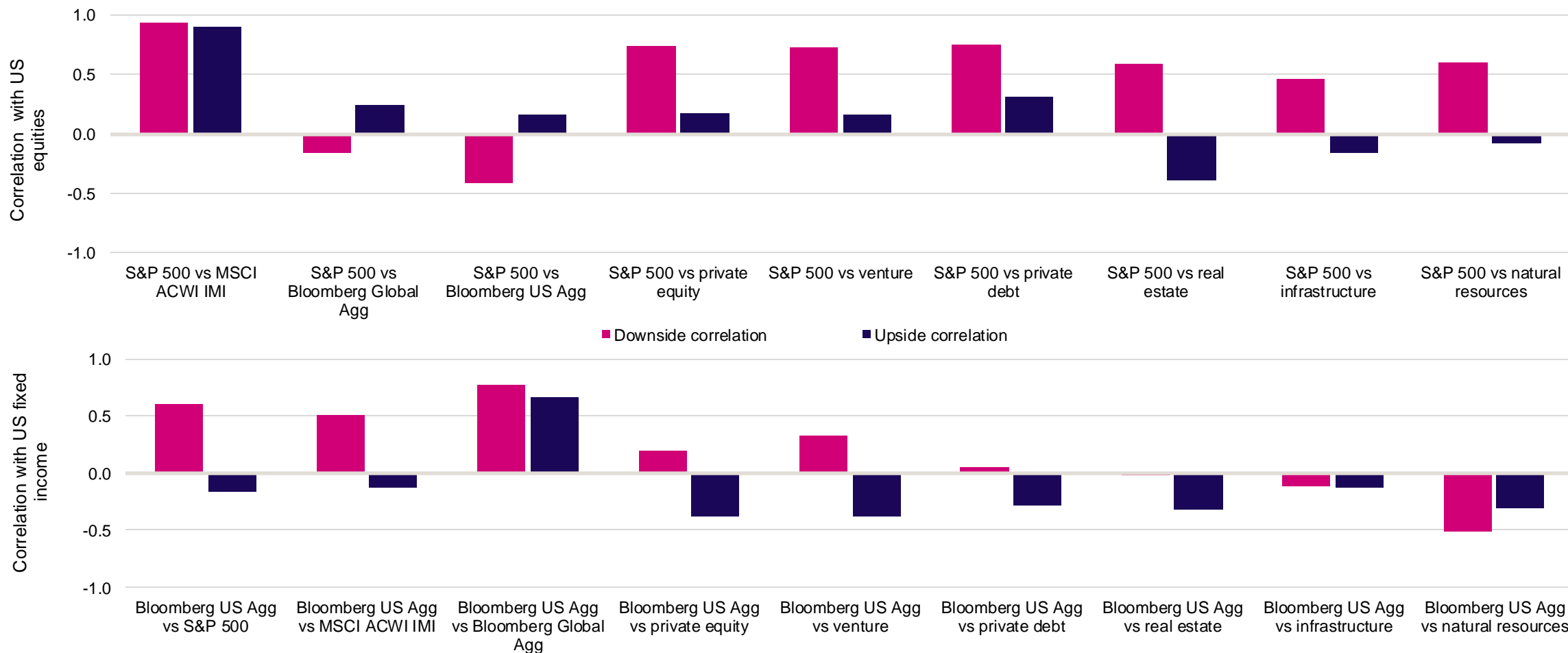
- Equity correlation with fixed income varies – it is **lowest** with treasuries, at a **moderate level** with corporate bonds and **relatively high** with global high yield.
- Private equity has **moderately high correlation** with the S&P 500 but provides **diversification benefits** against global corporate bonds and treasuries.
- Venture capital offers **lower correlations** to wider equity markets **compared with private equity**.
- Private debt has **higher correlation** with equity-type investments and high-yield fixed income.
- Real estate has **low correlation** to global equities and **low correlation** with all fixed-income asset classes.
- Infrastructure offers consistent **low or negative correlation** across asset classes.
- Natural resources returns have low correlation with many asset classes but **high correlation** with commodities.
- Real assets provide greatest diversification with **low correlated** returns compared with global 60/40 portfolios.

Source: Preqin, FactSet, S&P Cap IQ

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# Private assets exhibit greater correlation in market downturns

Downside protection vs. S&P 500 is more limited, with infrastructure least correlated of private assets

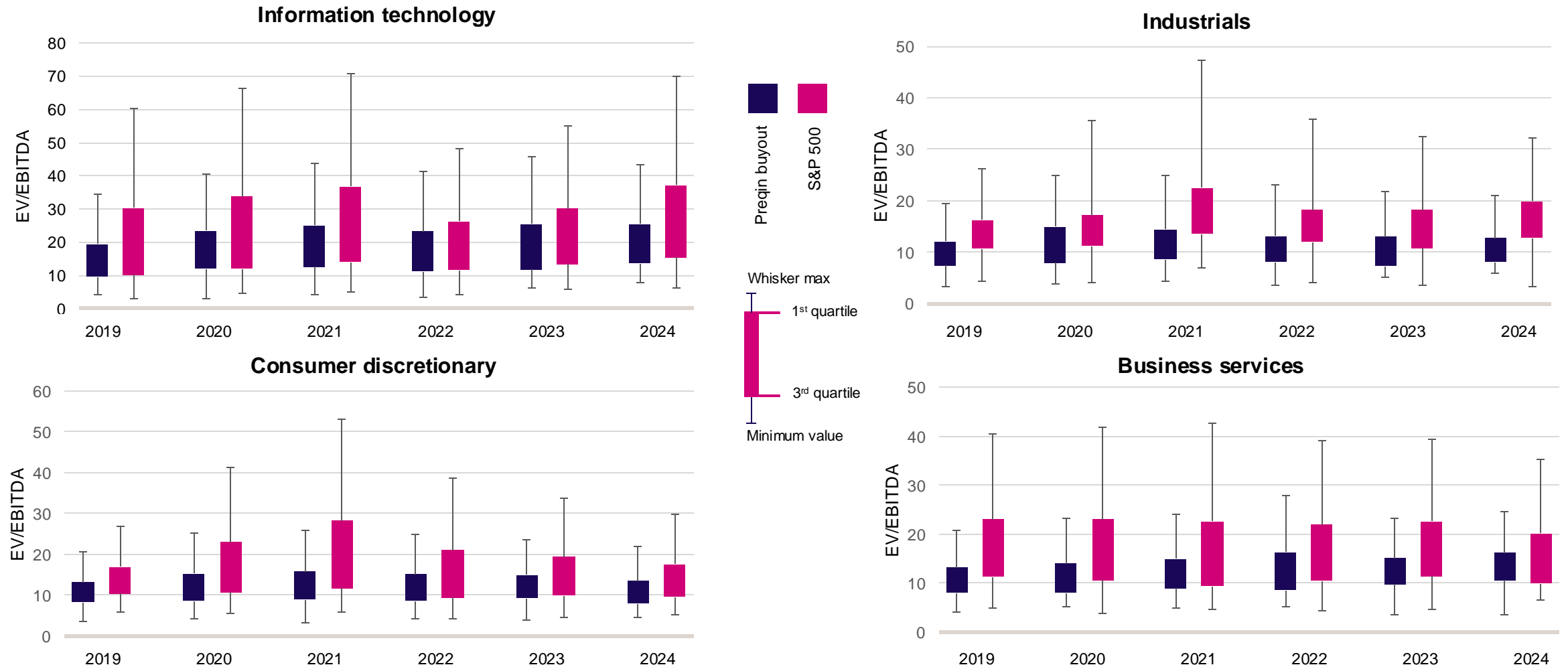


**Note:** Index values are total return, public market indices are gross. US fixed income is the Bloomberg US Aggregate, and global fixed income is the Bloomberg Global Aggregate covering period between Q4 2007 and Q2 2024.

Source: Preqin Pro, Insights+, FactSet

# Buyout entry discounts over public markets grow during 2024

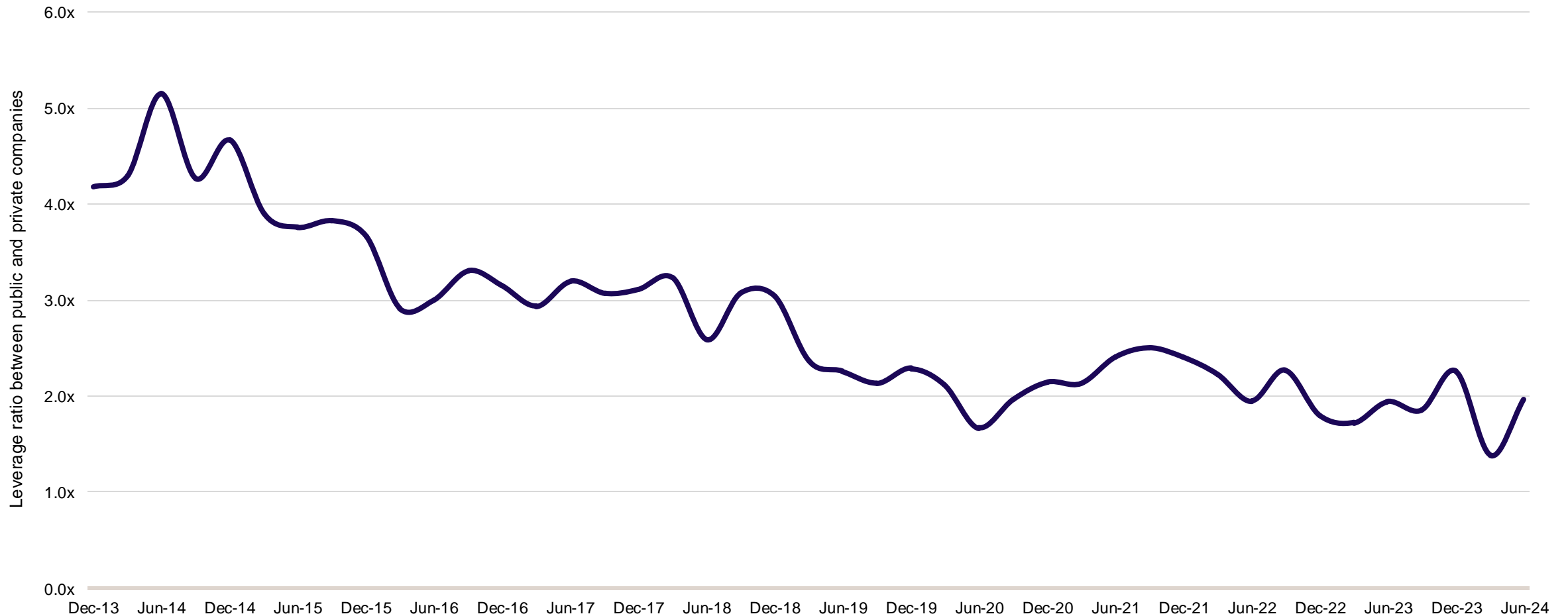
PE buyout entry EV/EBITDA delivers significant discount in 2024, especially in the IT sector



Note: Preqin 2024 data is of October 2024, S&P 500 sector performance

# Appetite for leverage between public and private markets narrows

Portfolio company leverage ratios sit at around twice that of S&P 1000 companies, down from peak of 5x

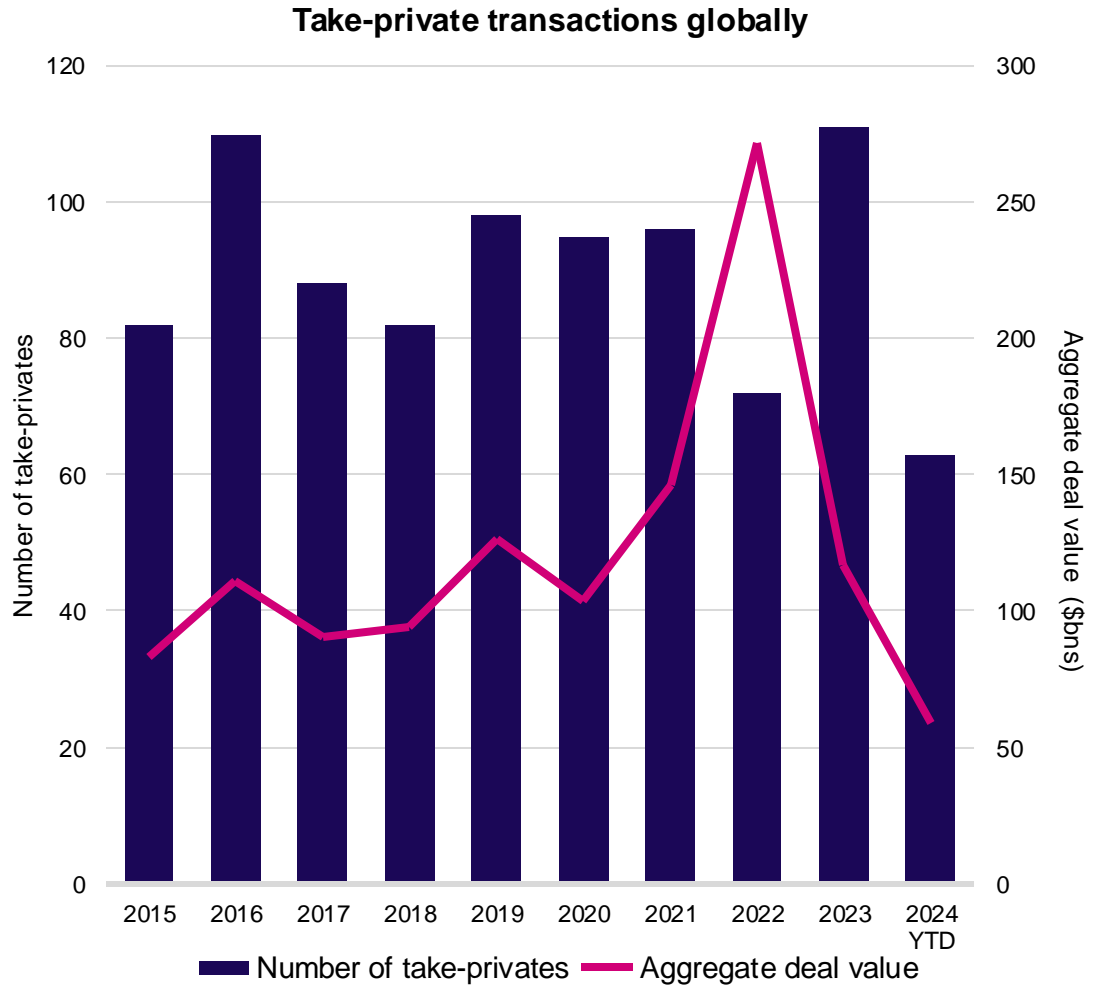
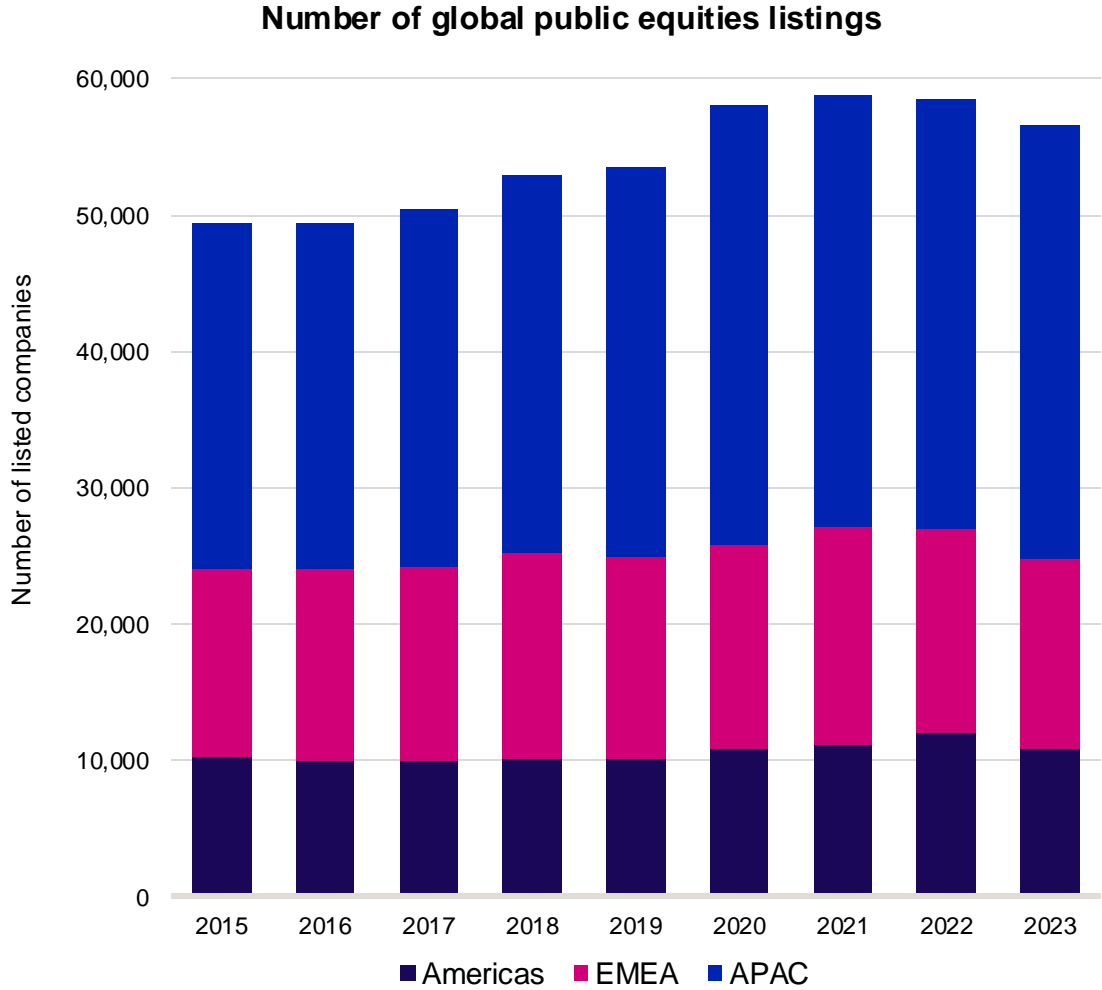


**Note:** Leverage ratio is defined as net debt/enterprise value ratios. Public market enterprise values average throughout the quarter. Buyout values defined by value at entry.

Source: Preqin Pro, S&P Cap IQ

# Take-privates down in number in 2024 as public listings also fall

Deal value for take-privates down 78% on 2022 peak, as of October 2024

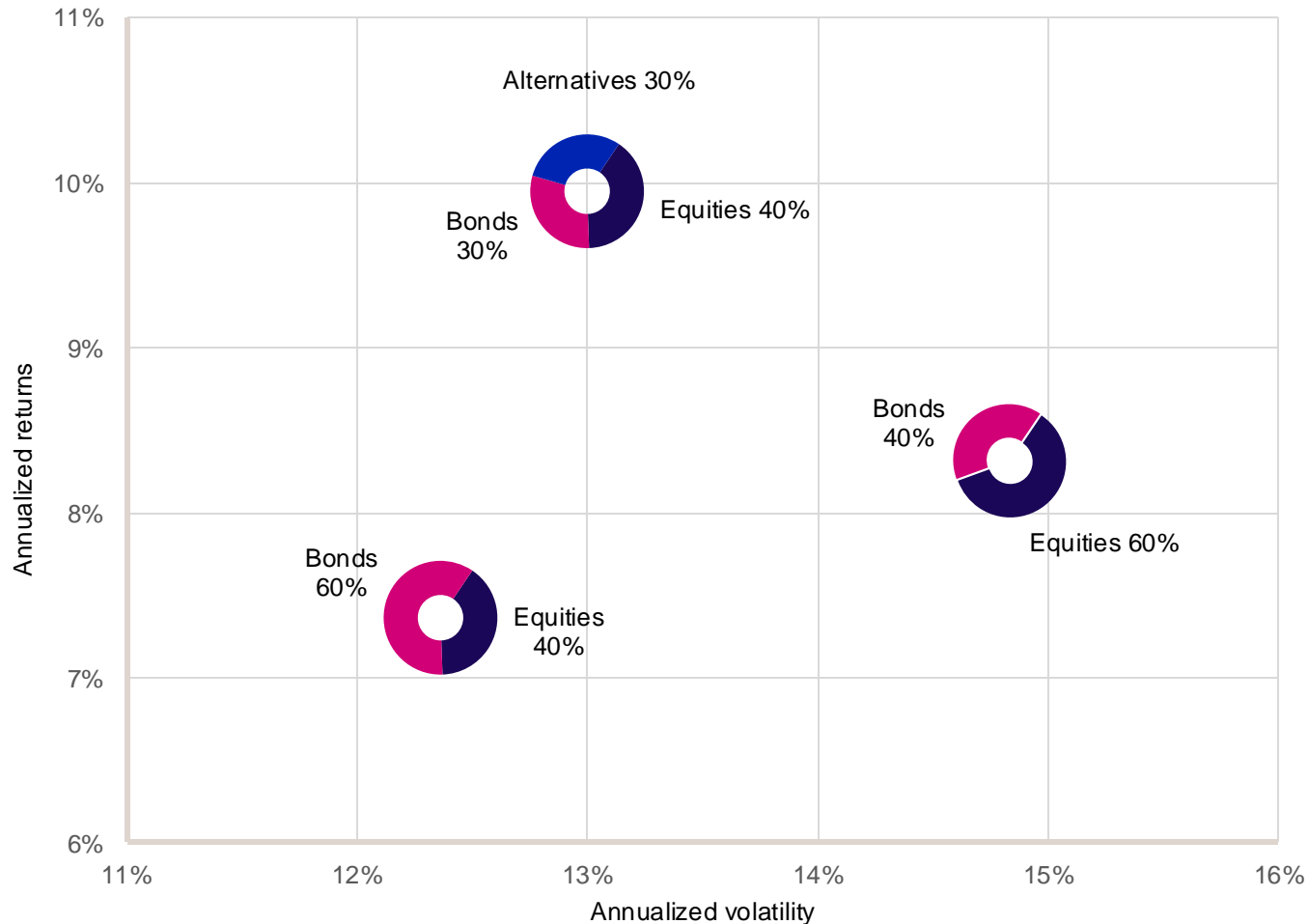


Source: Preqin, World Federation of Exchanges

Source: Preqin, S&P Cap IQ. YTD = Oct 2024

# Risk and return benefits of private assets in a portfolio

Hypothetical multi-asset portfolios, Q1 2000 to Q3 2024



Asset classes	Index
Global equities	MSCI ACWI TR Index
Global bonds	Bloomberg Global Aggregate TR Index
Private equity	Preqin Private Capital Index

Portfolios	Return	Volatility
Portfolio 40/30/30	10.0%	13.0%
Portfolio 60/40	8.3%	14.8%
Portfolio 40/60	7.4%	12.3%

- ❖ The private asset index is unsmoothed via an AR(1) model
- ❖ Assumes no transaction costs for quarterly rebalancing of portfolios
- ❖ Annualized returns are arithmetic returns

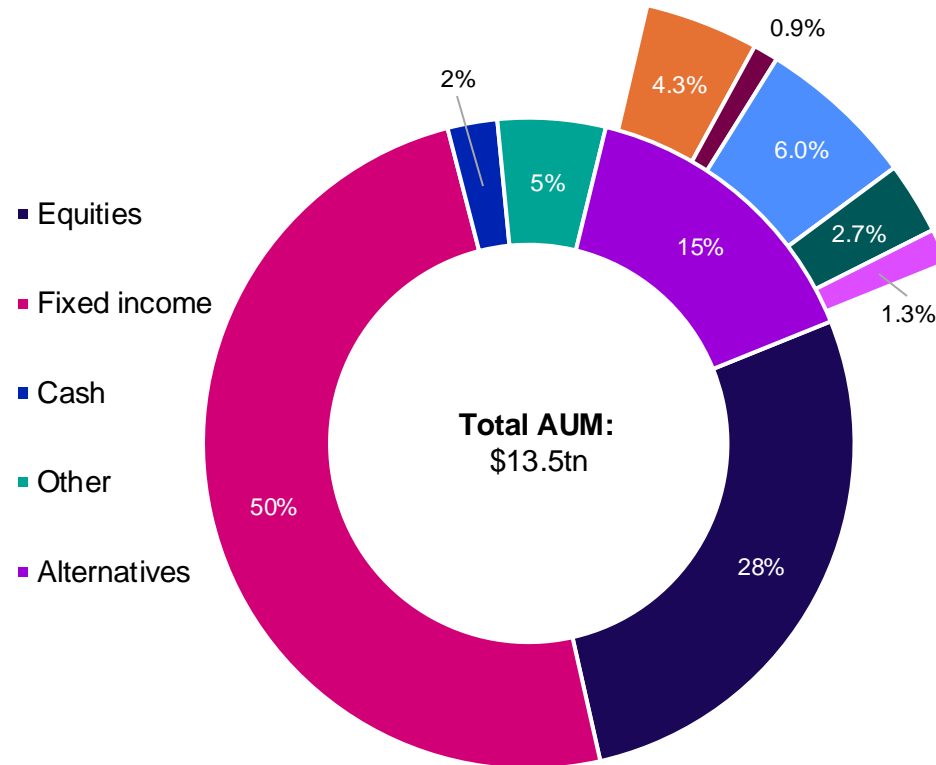
Source: Preqin

### 3. The state of alternative assets

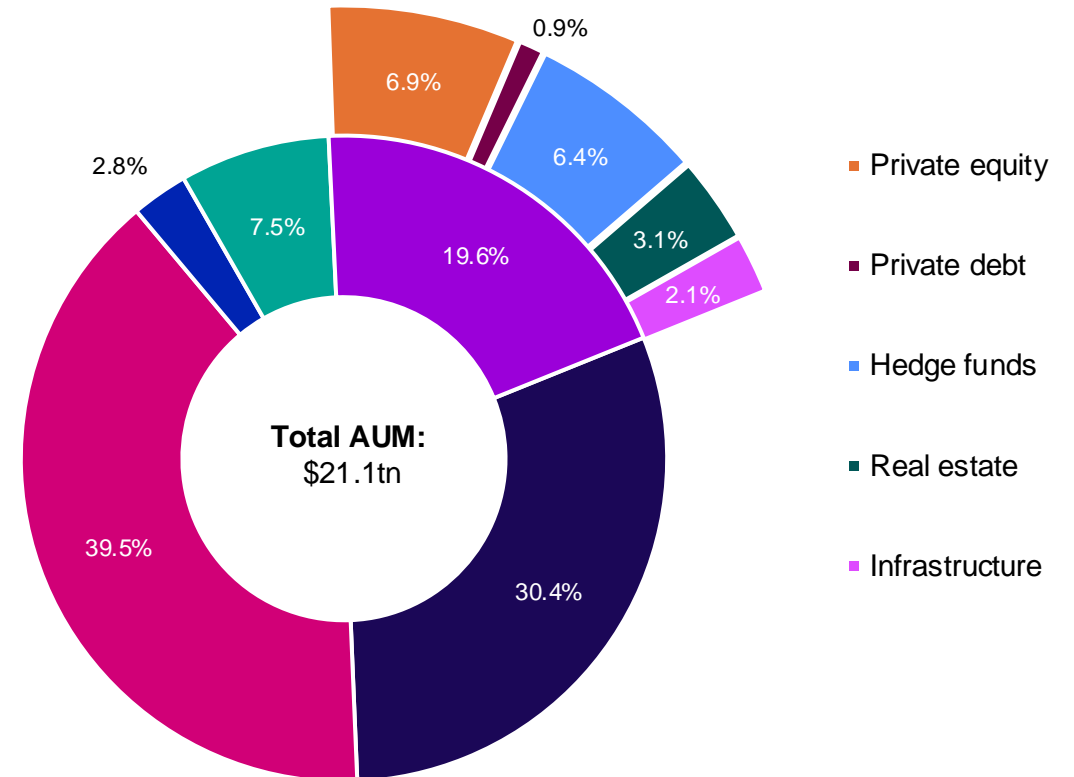
# Institutional investors allocating almost 20% to alts on average

A major change in allocation since 2019 has been the shift to private equity, now at 6.9% on average

2019 Institutional asset allocation



2023 Institutional asset allocation



Total number of investors = 2,147

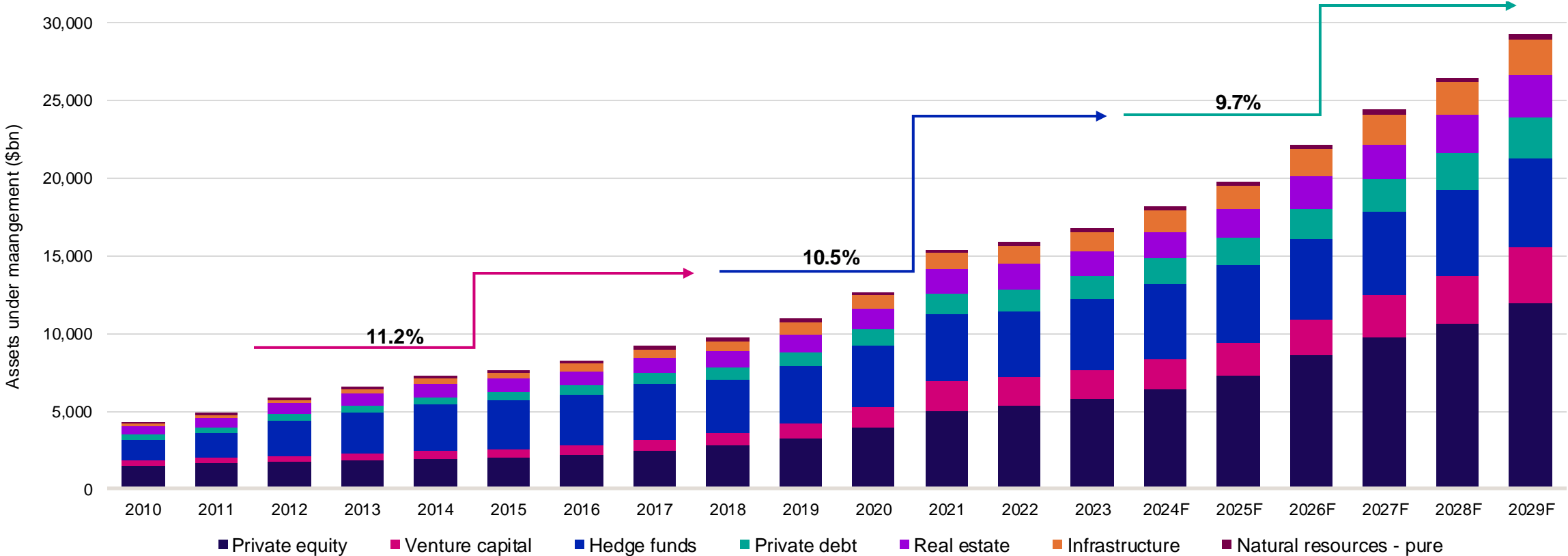
**Note:** Data as of December of each year is the weighted allocation

Total number of investors = 4,255

Source: Preqin Pro, Insights+

# Alternatives AUM will continue to grow, albeit at a slower rate

Private equity AUM growth to outpace all asset classes for the next six years, according to Preqin forecast

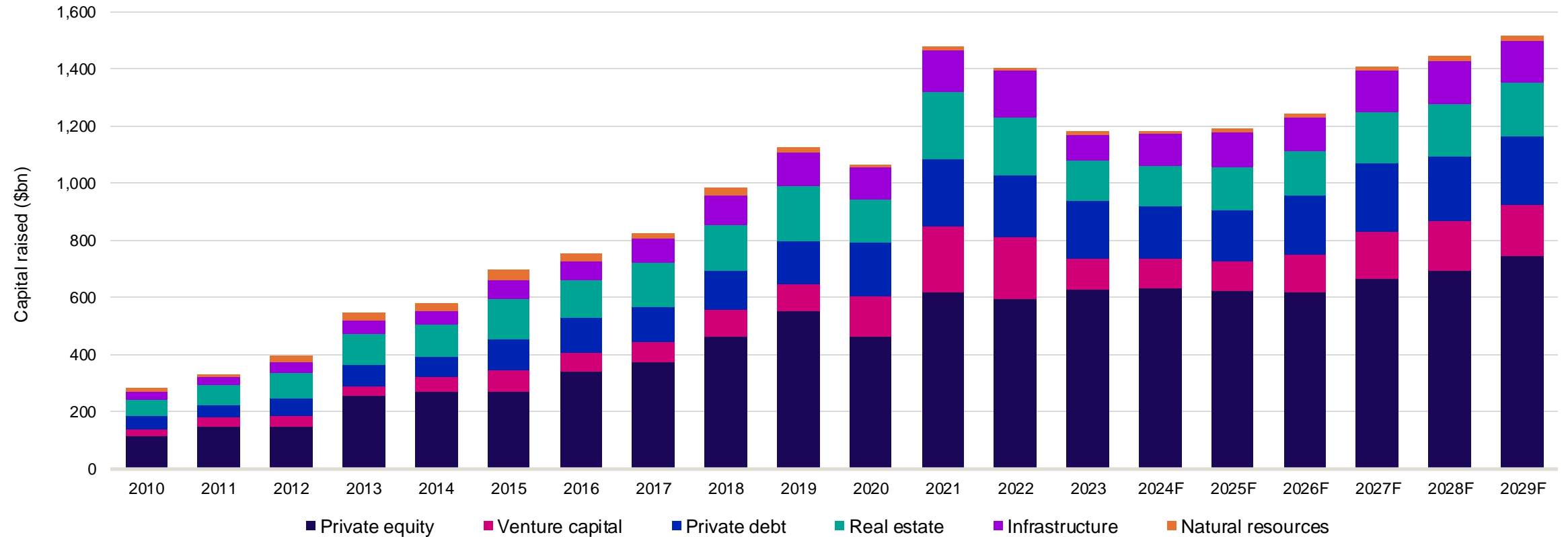


Annualized growth	Private equity	Venture capital	Hedge funds	Private debt	Real estate	Infrastructure	Natural resources	Total
2011-2017	7.4%	10.3%	14.3%	11.2%	8.5%	18.7%	13.6%	11.2%
2017-2023	15.1%	18.2%	4.0%	14.0%	8.3%	14.3%	1.0%	10.5%
2023-2029F	12.8%	11.7%	4.0%	9.9%	8.7%	10.8%	4.4%	9.7%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi  
 to avoid double-counting, Total column excludes secondaries and funds of funds

# Fundraising in private markets forecast to recover from 2027

Over next six years, fundraising to pick up most significantly for venture capital and infrastructure



Annualized growth	Private equity	Venture capital	Private debt	Real estate	Infrastructure	Natural resources	Total
2011-2017	16.7%	13.1%	20.3%	14.3%	17.9%	16.5%	16.5%
2017-2023	9.0%	7.7%	8.4%	-1.7%	1.7%	-10.8%	6.11%
2023-2029F	2.8%	9.4%	2.7%	5.1%	8.4%	7.6%	4.3%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi to avoid double-counting, Total column excludes secondaries and funds of funds  
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# Performance of private capital over intervals

	2020	2021	2022	2023	Q1-Q3 2024	3-year returns	5-year returns	10-year returns	10-year annualized returns	10-year annualized volatility
	35.7% Venture capital	48.1% Venture capital	28.4% Natural resources	26.3% S&P 500 TR	22.1% S&P 500 TR	55.3% Natural resources	109.8% S&P 500 TR	269.9% Private equity	14.0% Private equity	21.7% Russell 2000 TR
	21.9% Private equity	40.2% Private equity	13.7% Infrastructure	20.7% MSCI Europe Standard TR	17.2% MSCI Emerging Markets TR	40.2% S&P 500 TR	96.3% Private equity	251.0% S&P 500 TR	13.4% S&P 500 TR	17.9% MSCI Emerging Markets TR
	20.0% Russell 2000 TR	34.7% Natural resources	6.0% Real estate	18.1% Global 60/40	15.0% US 60/40	37.2% Infrastructure	67.2% Venture capital	178.7% Venture capital	10.8% Venture capital	17.1% MSCI Europe Standard TR
	18.7% MSCI Emerging Markets TR	28.7% S&P 500 TR	4.5% Private debt	18.0% US 60/40	14.7% Global 60/40	25.7% Private debt	66.6% US 60/40	158.6% US 60/40	10.0% US 60/40	15.7% S&P 500 TR
	18.4% S&P 500 TR	24.0% Real estate	-1.0% Private equity	16.9% Russell 2000 TR	13.4% MSCI Europe Standard TR	23.7% MSCI Europe Standard TR	64.3% Global 60/40	152.9% Global 60/40	9.7% Global 60/40	11.5% US 60/40
	14.7% Global 60/40	20.2% Private debt	-13.0% Bloomberg US Agg	10.3% MSCI Emerging Markets TR	11.8% Natural resources	22.5% US 60/40	57.8% MSCI Europe Standard TR	151.1% Infrastructure	9.6% Infrastructure	11.5% Natural resources
	14.0% US 60/40	17.0% MSCI Europe Standard TR	-14.5% MSCI Europe Standard TR	9.4% Private debt	11.2% Russell 2000 TR	20.5% Global 60/40	57.4% Infrastructure	132.1% Russell 2000 TR	8.8% Russell 2000 TR	10.8% Global 60/40
	9.2% Bloomberg Global Aggregate TR	16.6% US 60/40	-15.4% Venture capital	7.3% Infrastructure	6.3% Private debt	17.6% Private equity	56.6% Natural resources	123.1% Private debt	8.4% Private debt	10.3% Venture capital
	7.5% Bloomberg US Agg	16.1% Infrastructure	-16.1% US 60/40	7.1% Private equity	5.7% Infrastructure	9.8% Real estate	56.6% Russell 2000 TR	119.2% Real estate	8.2% Real estate	6.9% Private equity
	5.9% MSCI Europe Standard TR	15.3% Global 60/40	-16.2% Bloomberg Global Aggregate TR	5.7% Bloomberg Global Aggregate TR	4.4% Bloomberg US Agg	5.6% Russell 2000 TR	55.1% Private debt	82.9% MSCI Europe Standard TR	6.2% MSCI Europe Standard TR	5.2% Bloomberg US Agg
	4.2% Private debt	14.8% Russell 2000 TR	-17.4% Global 60/40	5.5% Bloomberg US Agg	3.6% Private equity	2.5% MSCI Emerging Markets TR	34.8% MSCI Emerging Markets TR	54.0% MSCI Emerging Markets TR	4.4% MSCI Emerging Markets TR	4.7% Real estate
	3.9% Infrastructure	-1.5% Bloomberg US Agg	-18.1% S&P 500 TR	0.8% Natural resources	3.6% Bloomberg Global Aggregate TR	-4.1% Bloomberg US Agg	31.8% Real estate	33.2% Natural resources	2.9% Natural resources	3.6% Private debt
	0.6% Real estate	-2.2% MSCI Emerging Markets TR	-19.7% MSCI Emerging Markets TR	-3.6% Real estate	0.1% Venture capital	-8.9% Bloomberg Global Aggregate TR	1.7% Bloomberg US Agg	20.0% Bloomberg US Agg	1.8% Bloomberg US Agg	3.6% Bloomberg Global Aggregate TR
	-17.4% Natural resources	-4.7% Bloomberg Global Aggregate TR	-20.4% Russell 2000 TR	-6.3% Venture capital	-0.1% Real estate	-16.7% Venture capital	-4.1% Bloomberg Global Aggregate TR	5.9% Bloomberg Global Aggregate TR	0.6% Bloomberg Global Aggregate TR	3.2% Infrastructure

Ranked from high to low returns

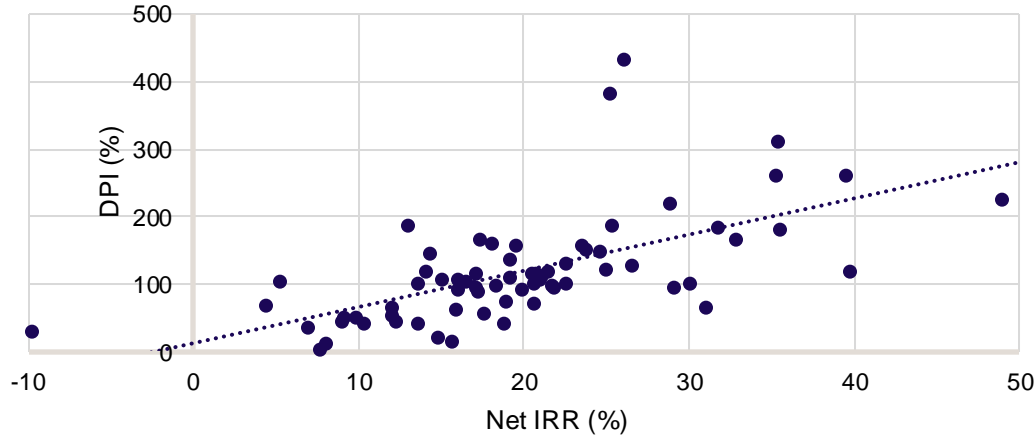
**Note:** Data for 3, 5 and 10 years is based on rolling returns ending Q3 2024 with annualized geometric average. Public indices are total return.

Source: Preqin, FactSet. Data as of Jan 2025

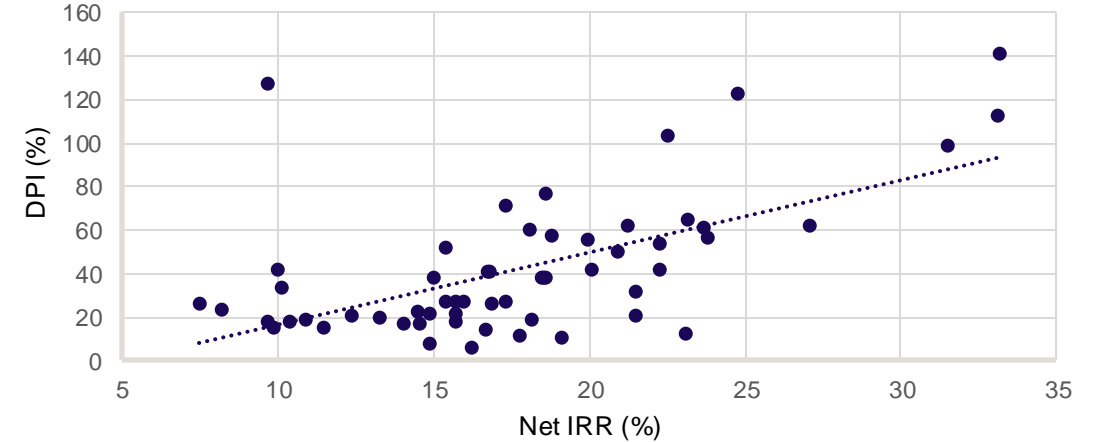
# DPI is becoming the new IRR, as liquidity crunch hits in 2024

Multiple fund strategies and vintages demonstrate that high IRR can also mean low DPI, and vice-versa

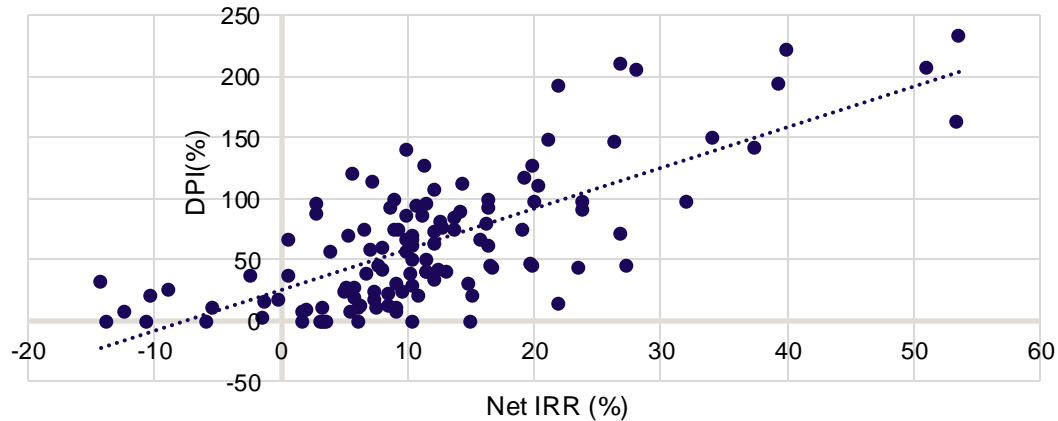
North America buyout: vintage 2016



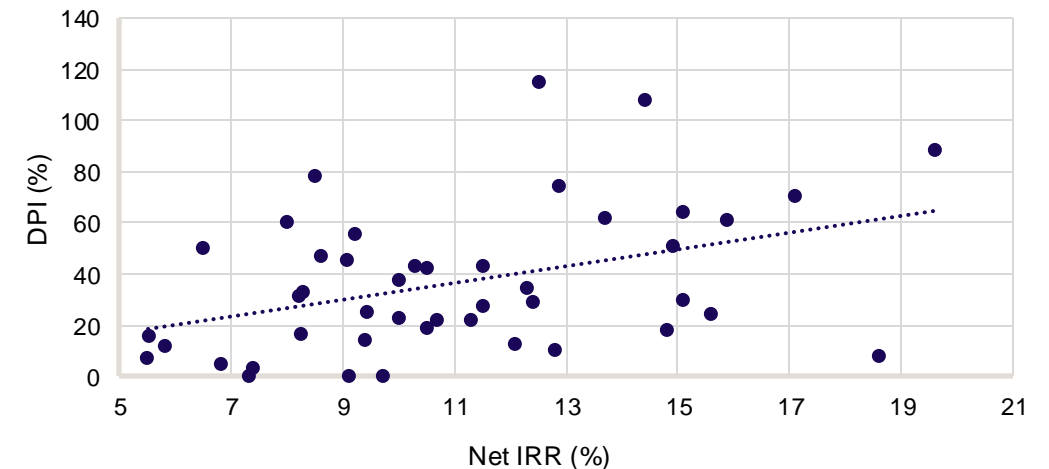
Global fund of funds: vintage 2017



Global real estate: vintage 2018



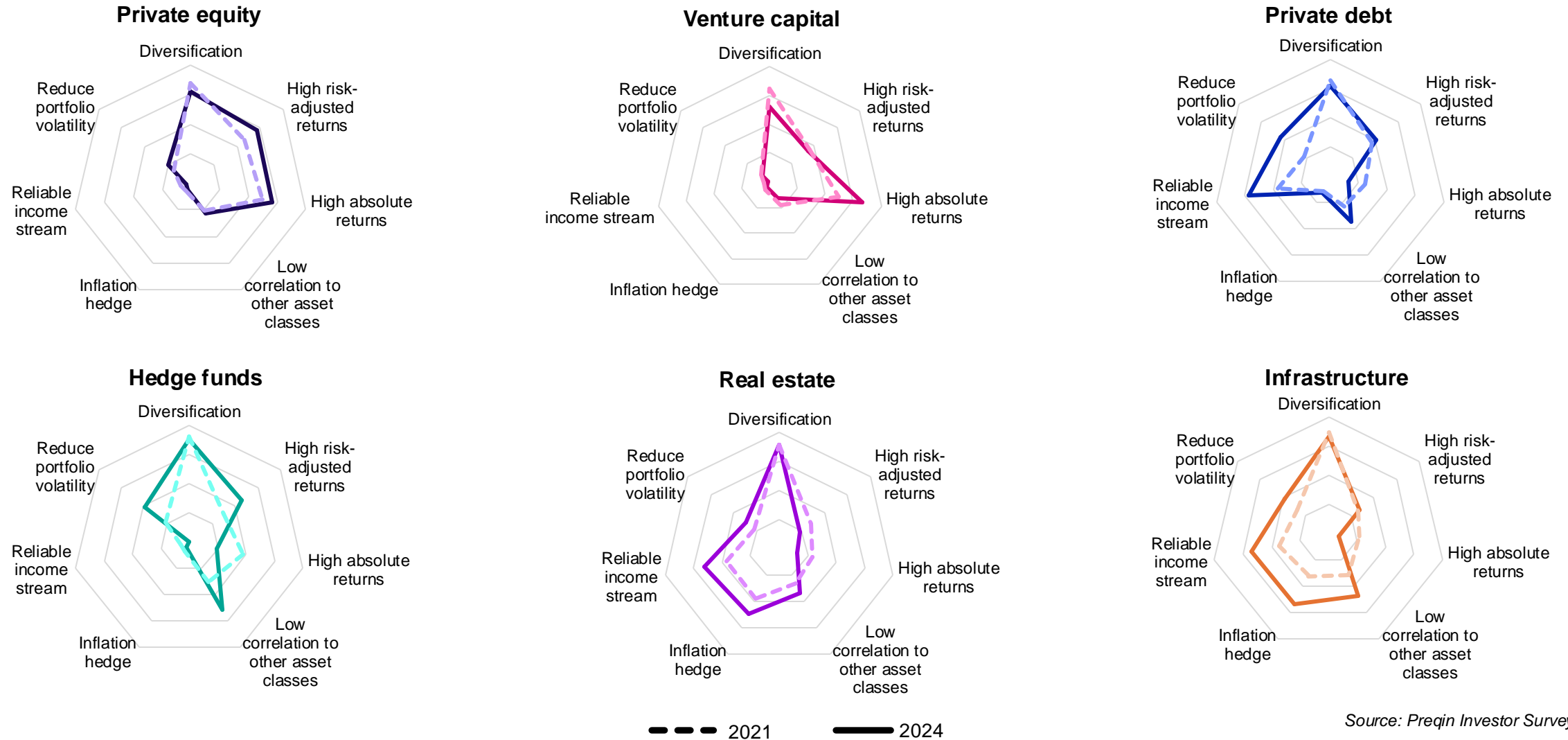
Global direct lending: vintage 2020



**Note:** Individual scatter dots represents individual funds within a strategy vintage matching IRR and DPI.

# Investors have narrowed their focus on benefits of alternatives

Investors' reasons for investing in alternative assets have sharpened since they were surveyed in 2021



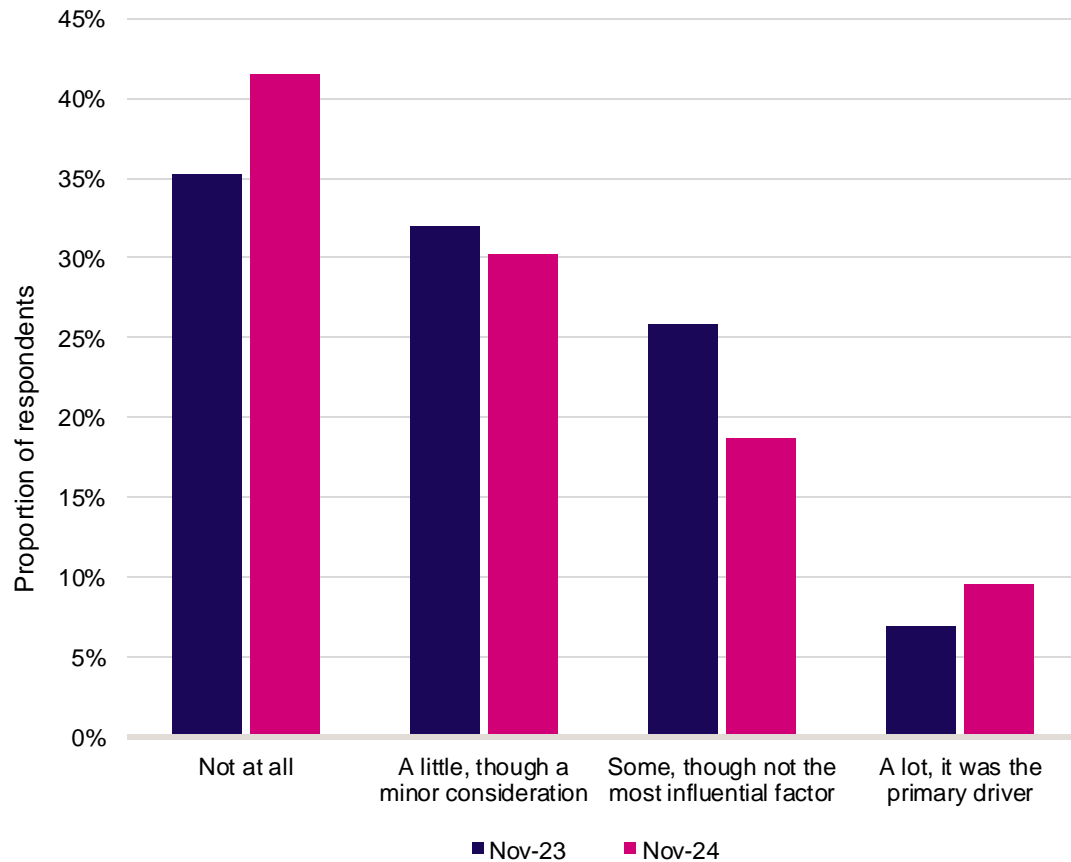
Source: Preqin Investor Surveys

Strictly private and confidential 36

# Denominator effect on capital flow eased during 2024

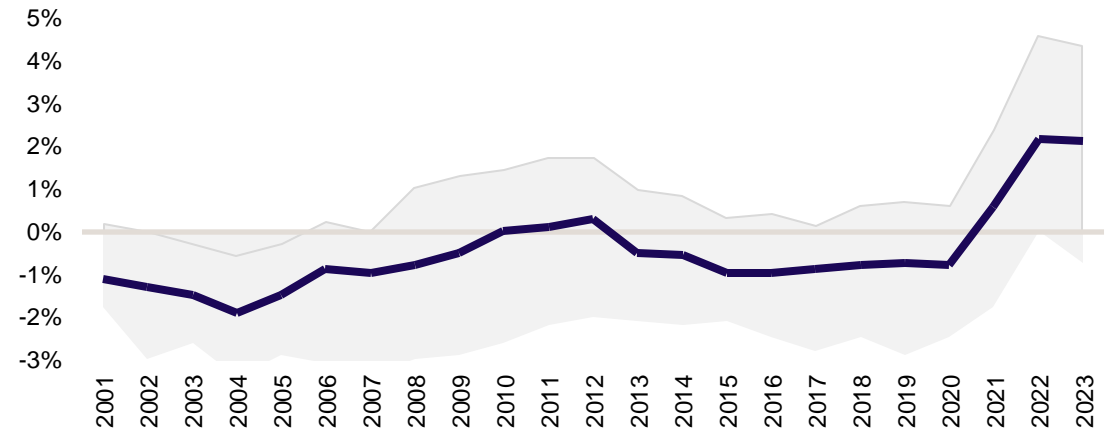
Over 72% of investors mention little to no impact of denominator effect on private capital allocation decisions

Investors were asked: 'How much has the denominator effect influenced your private capital allocation decisions in the last year?'

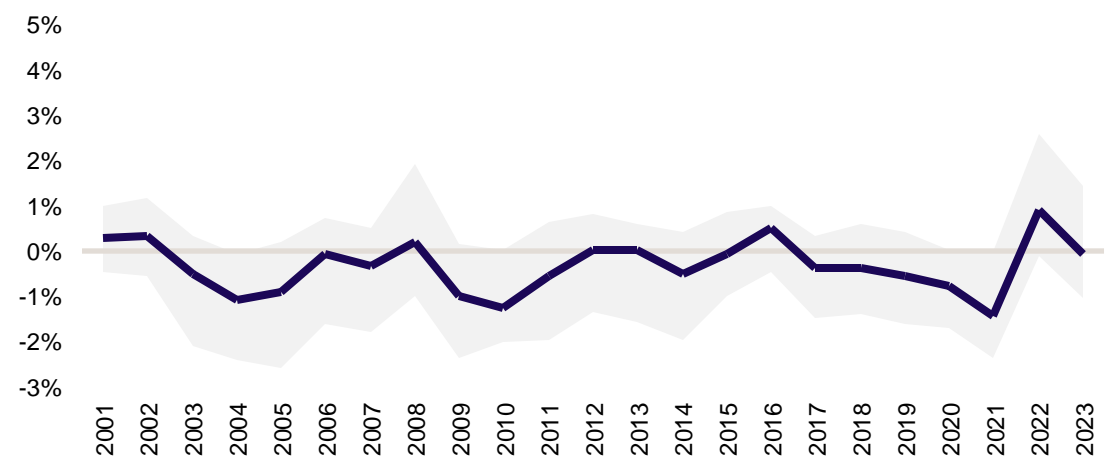


Source: Preqin Investor Survey, Nov 2024

US state/local pension PE overallocation to target allocation



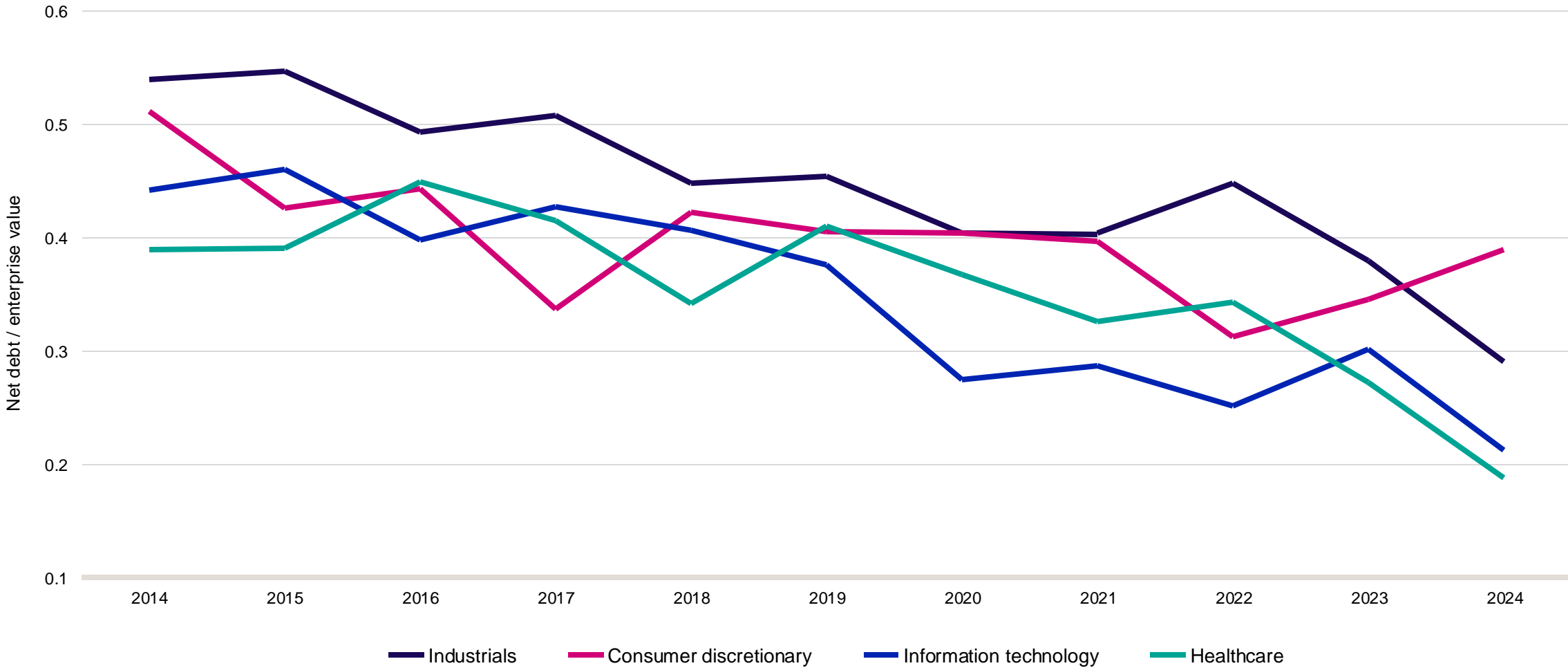
US state/location real estate overallocation to target allocation



Source: Publicplansdata.org

# Buyout leverage falls relative to enterprise value across industries

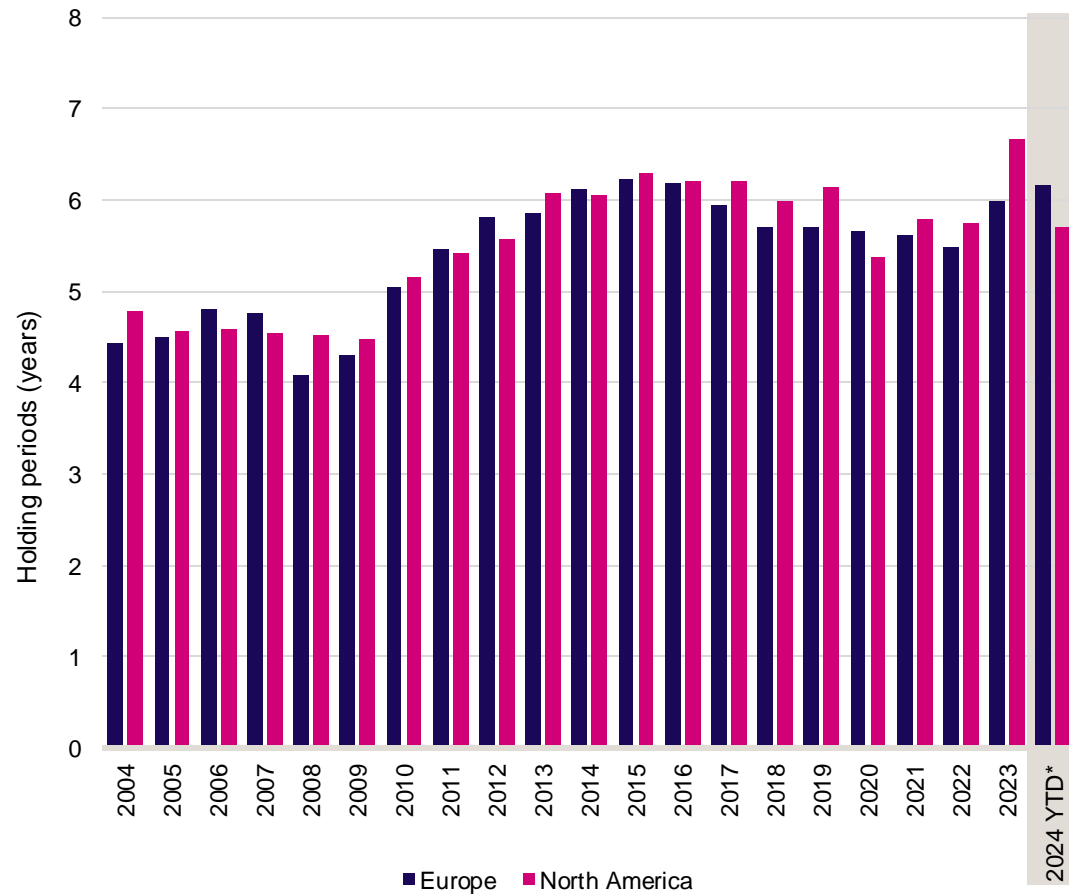
Leverage ratio falls – partly driven by higher valuations and alongside lower use of debt relative to EBITDA



# Buyout holding periods elevated as exit environment muted

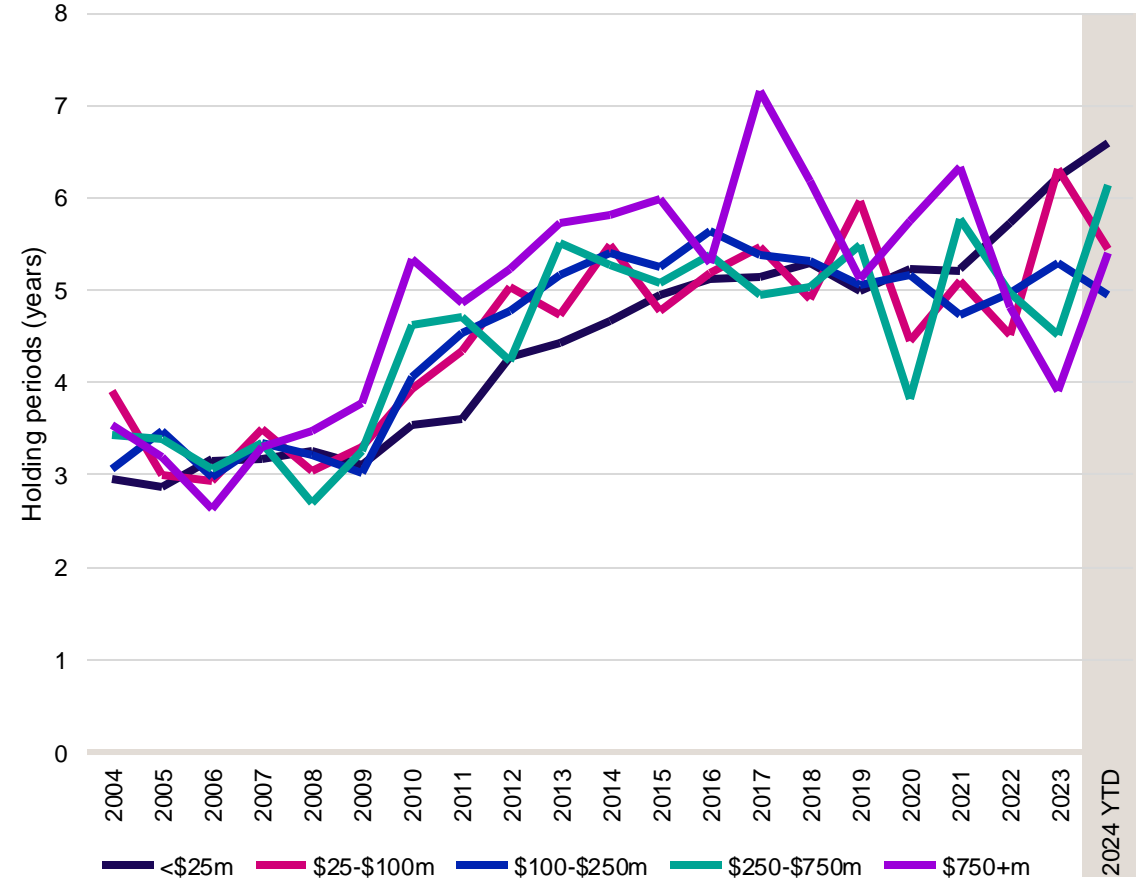
European holding periods grow as the US experiences a reversal due to rise in secondary deals

US reversal due to rise in secondary deal making



Source: Preqin Pro. YTD = Oct 2024

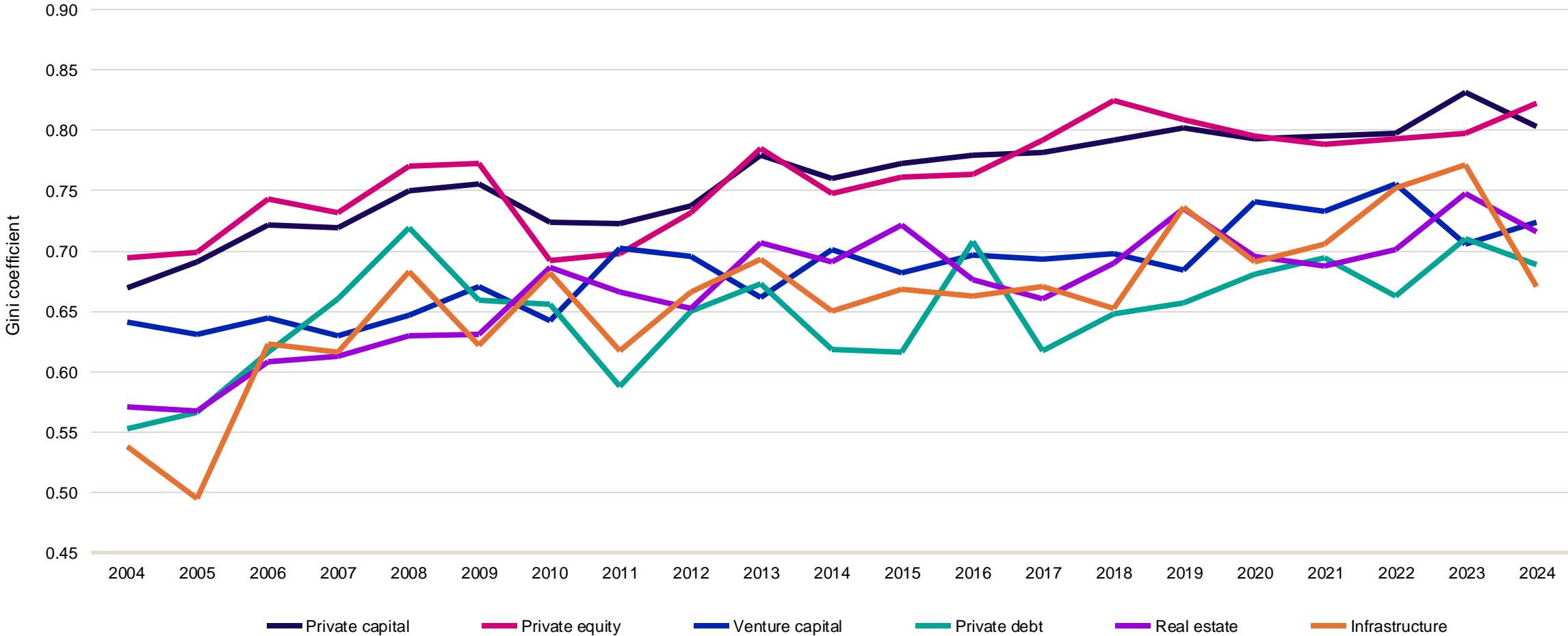
Smallest deals holding period continues to grow into 2024



Source: Preqin Pro. YTD = Oct 2024

# Concentration of capital among managers highest in private equity

The Gini coefficient is a measure of inequality: a higher value indicates more concentrated capital among GPs

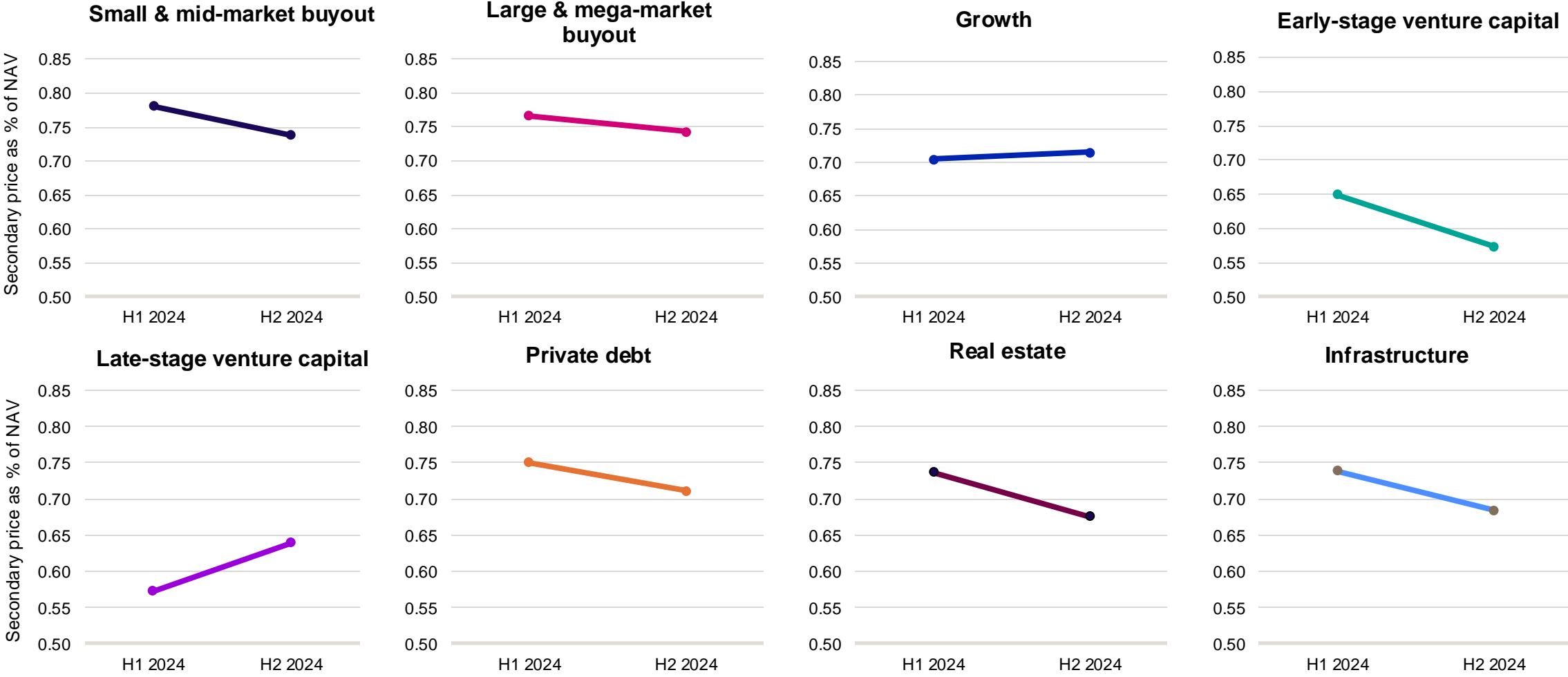


**Note:** Distribution of capital across strategies is measured by the Gini coefficient, where 0 is full equality of capital distribution among managers and 1 is where a single manager would have all the capital. Data as of October 2024

Source: Preqin Pro, Insights+

# Secondaries pricing seen to fall in 2024 for most asset classes

Survey results – discounts to NAV grow across assets except for growth and late-stage venture

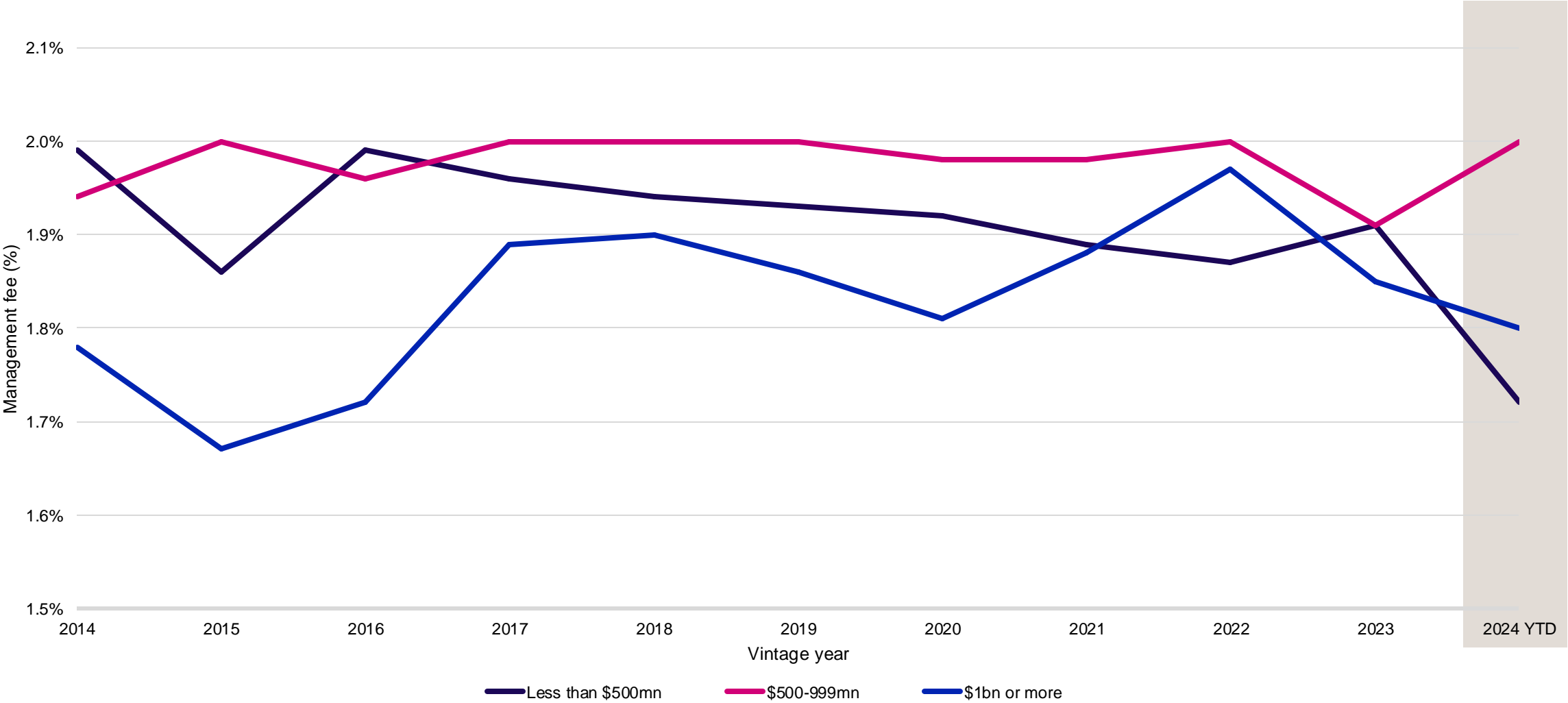


**Note:** Average pricing relative to NAV is estimated from banded survey responses

Source: Preqin Investor Surveys (Preliminary 2024)

# Private equity fees falling among largest and smallest funds

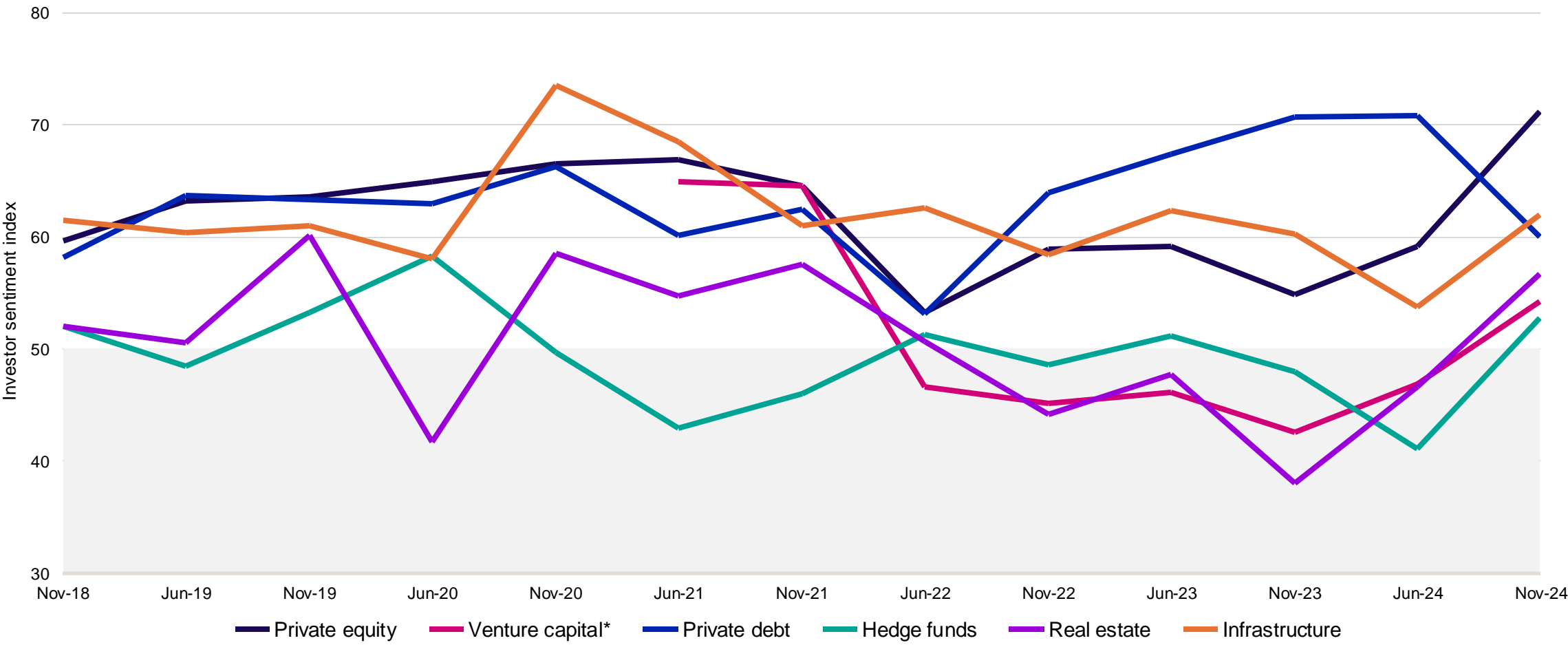
Funds between \$500m and \$1bn are the only category to see higher fees in 2024



Source: Preqin Pro. YTD = June 2024

# Investor allocation intentions for 2025 are largely on upswing

Preqin's Investor Sentiment Index shows LPs intend to allocate more to all asset classes, except private debt

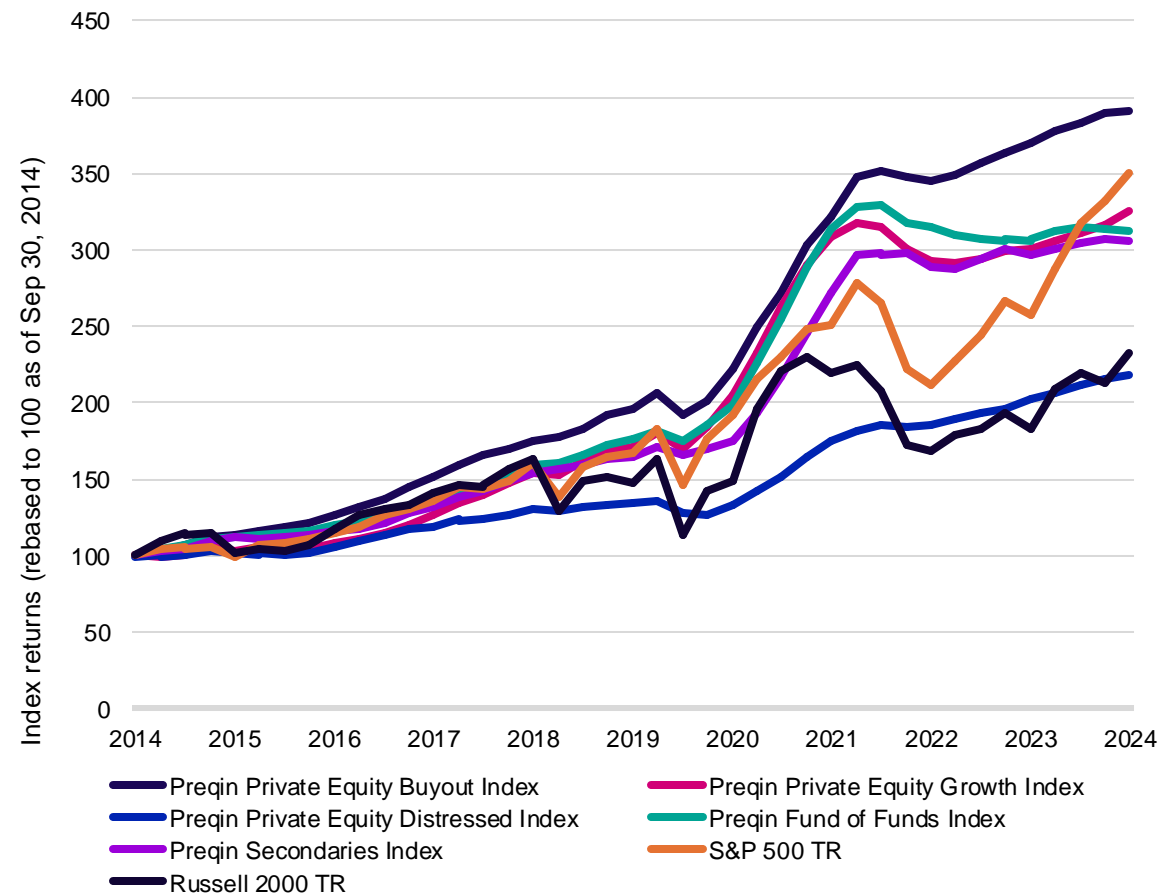


*Below 50 indicates less capital will be committed, above 50 indicates plans to commit more capital. 50 alone suggests no expected change in commitments over the next 12 months.  
 \*Venture capital included in private equity before June 2021  
 Source: Preqin Investor Surveys*

## 3.1 Private equity

# Buyout continues to lead private equity performance

Secondaries, fund of funds and distressed private equity fall further behind the S&P 500



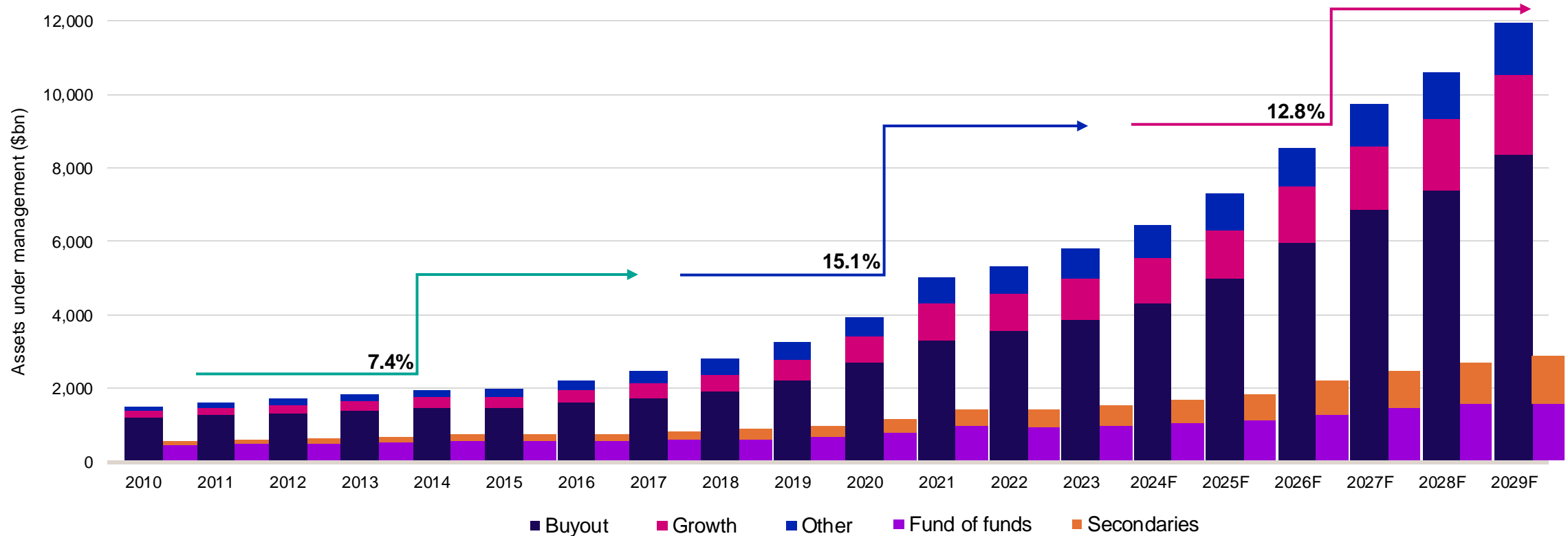
Index	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Preqin Private Equity Buyout	2.1%	1.5%	1.5%	0.5%
Preqin Private Equity Growth	2.0%	1.8%	1.7%	2.8%
Preqin Private Equity Distressed	2.4%	2.4%	1.5%	1.2%
Preqin Fund of Funds	2.0%	0.7%	-0.6%	-0.1%
Preqin Secondaries	1.5%	1.2%	1.1%	-0.6%
S&P 500 TR	11.7%	10.6%	4.3%	5.9%
Russell 2000 TR	14.0%	5.2%	-3.3%	9.3%

**Note:** Period examined is between September 30, 2014, and September 30, 2024

Source: Preqin Pro, Factset

# Private equity AUM forecast to grow to \$12tn

Growth strategies expected to lag buyout and secondaries to 2029

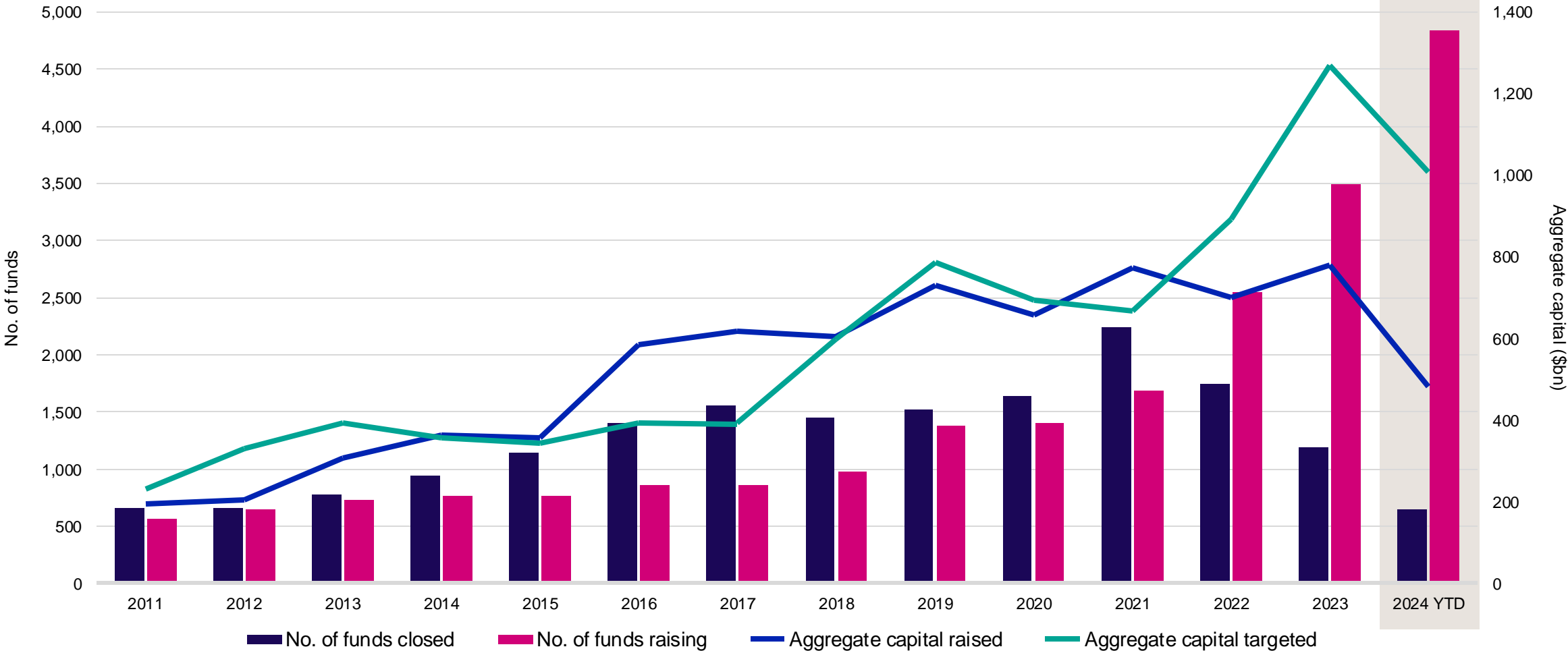


Annualized growth (%)	Buyout	Growth	Other	Fund of funds	Secondaries	Total
2011-2017	5.2%	12.5%	16.2%	3.9%	12.3%	7.4%
2017-2023	14.4%	18.3%	14.7%	9.3%	15.3%	15.1%
2023-2029F	13.6%	12.2%	9.6%	9.6%	13.3%	12.8%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi  
 to avoid double-counting, Total column excludes secondaries and funds of funds

# 20% fewer PE funds closed by Q3 2024 compared with Q3 2023

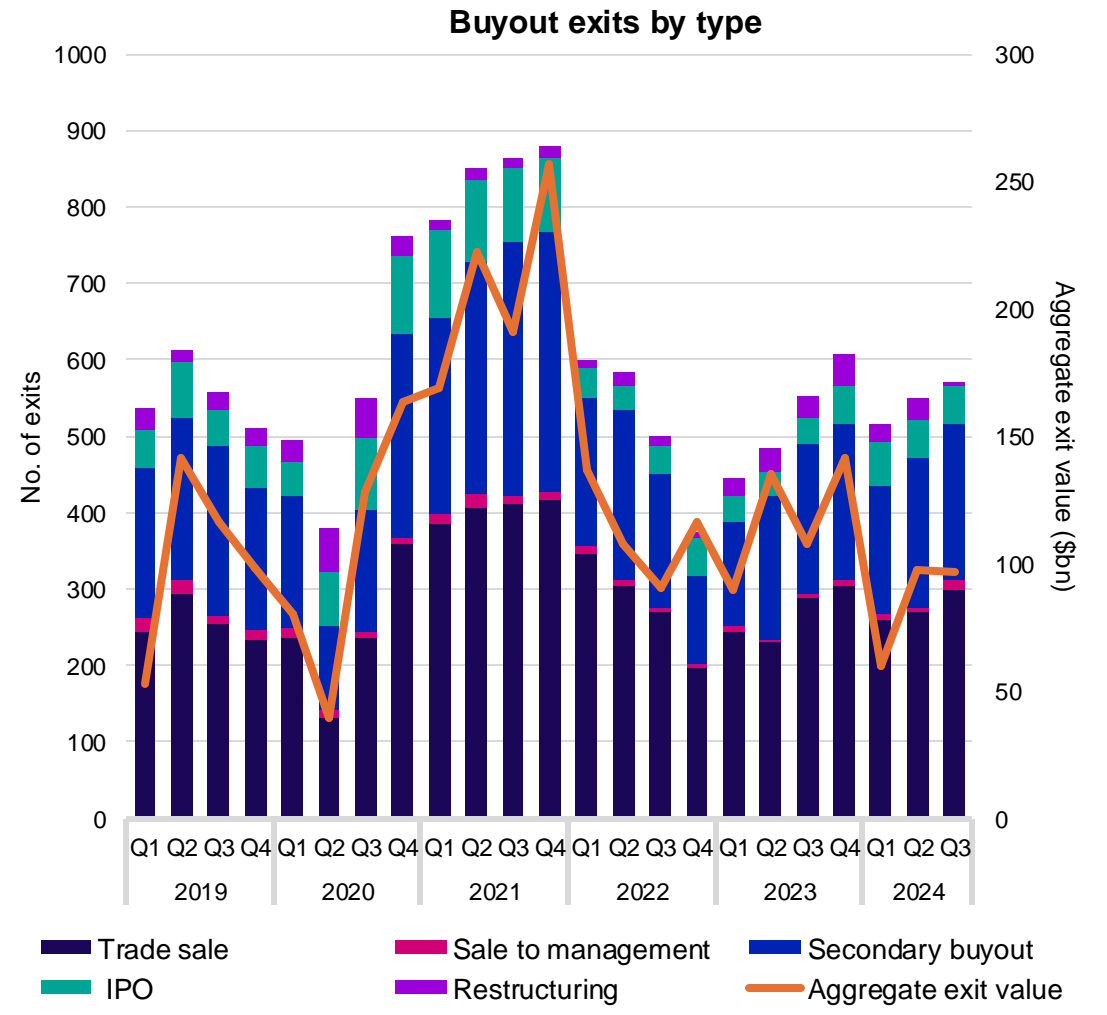
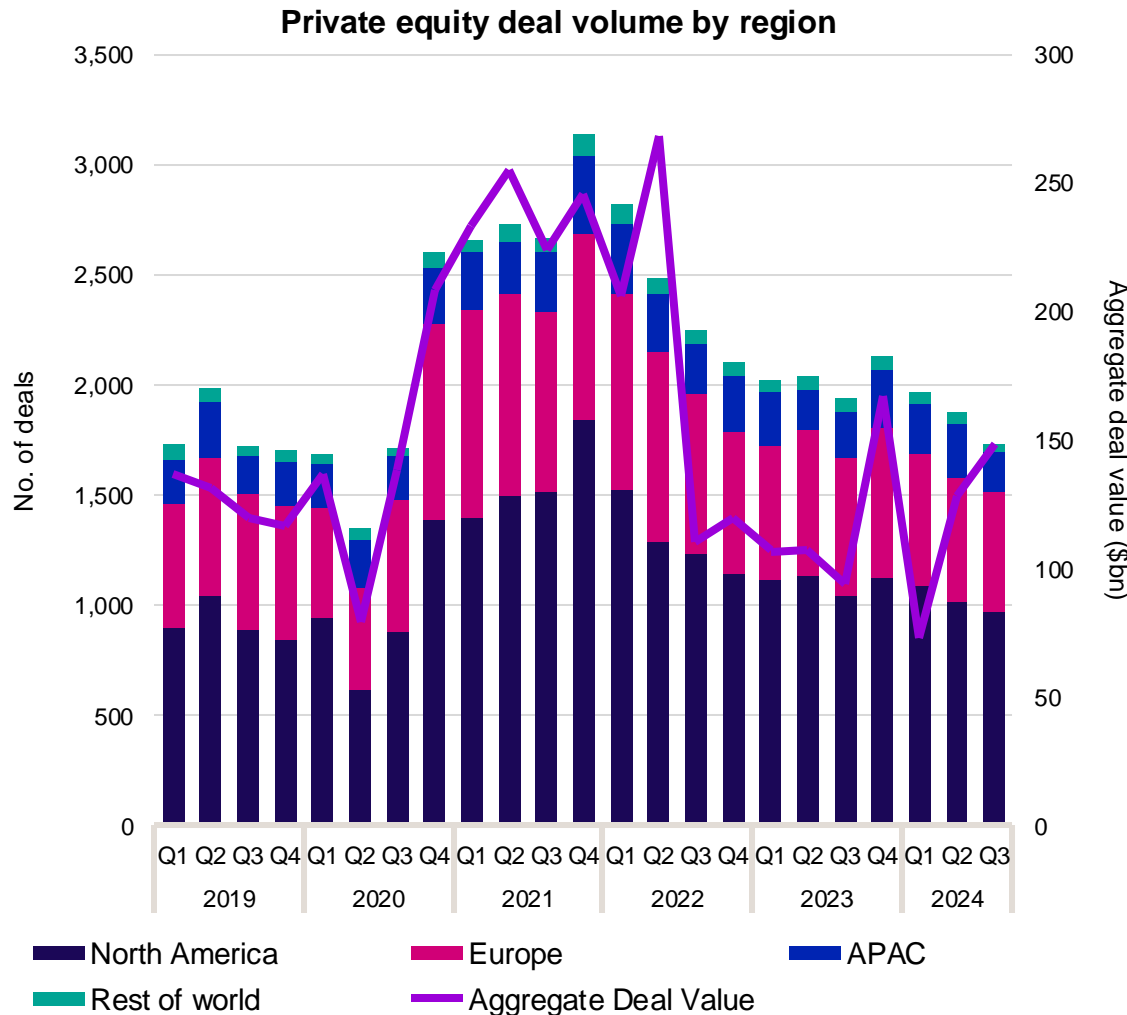
Private equity managers have adjusted targets due to weaker fundraising environment



Source: Preqin Pro  
YTD = to end-Q3 2024

# Private equity dealmaking volumes appear to be normalizing

Deal volume remains below 2021 peak, although value of deals is driving up average

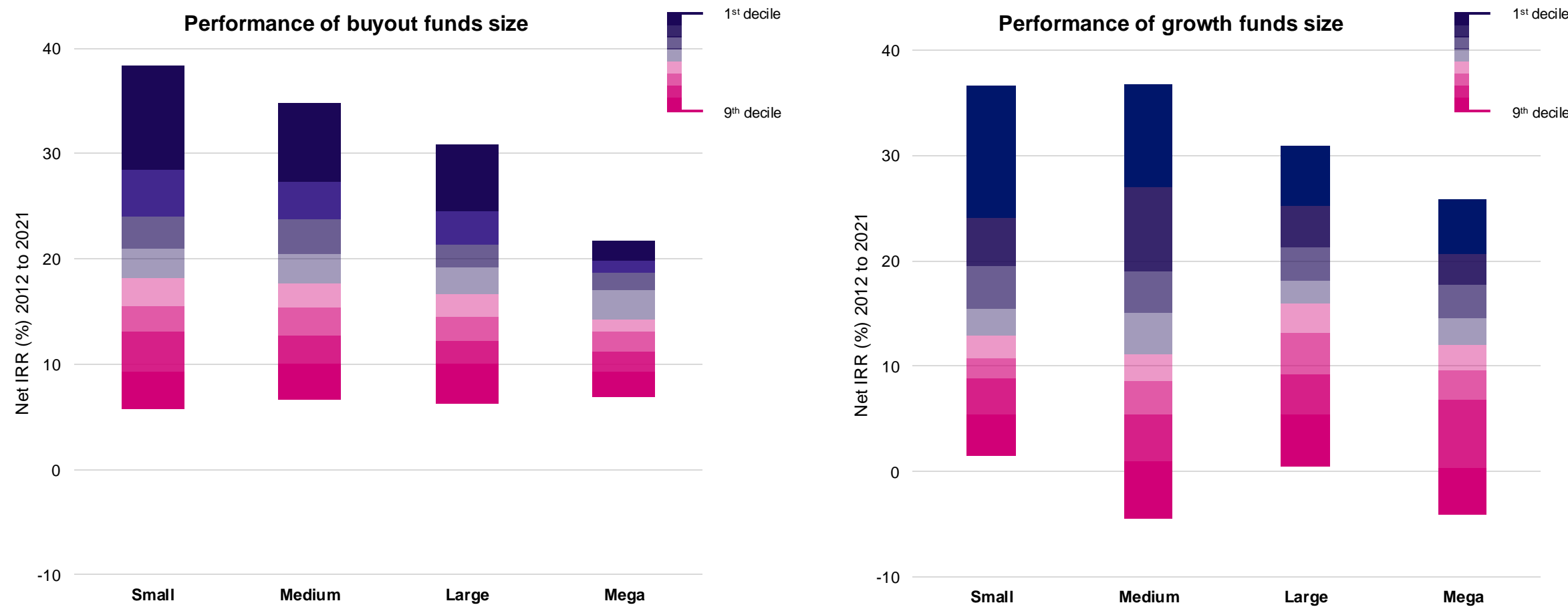


Source: Preqin Pro

Source: Preqin Pro

# Smaller buyout funds outperform but are more dispersed

Trend differs in private equity growth strategies, with sweet spots varying between fund sizes



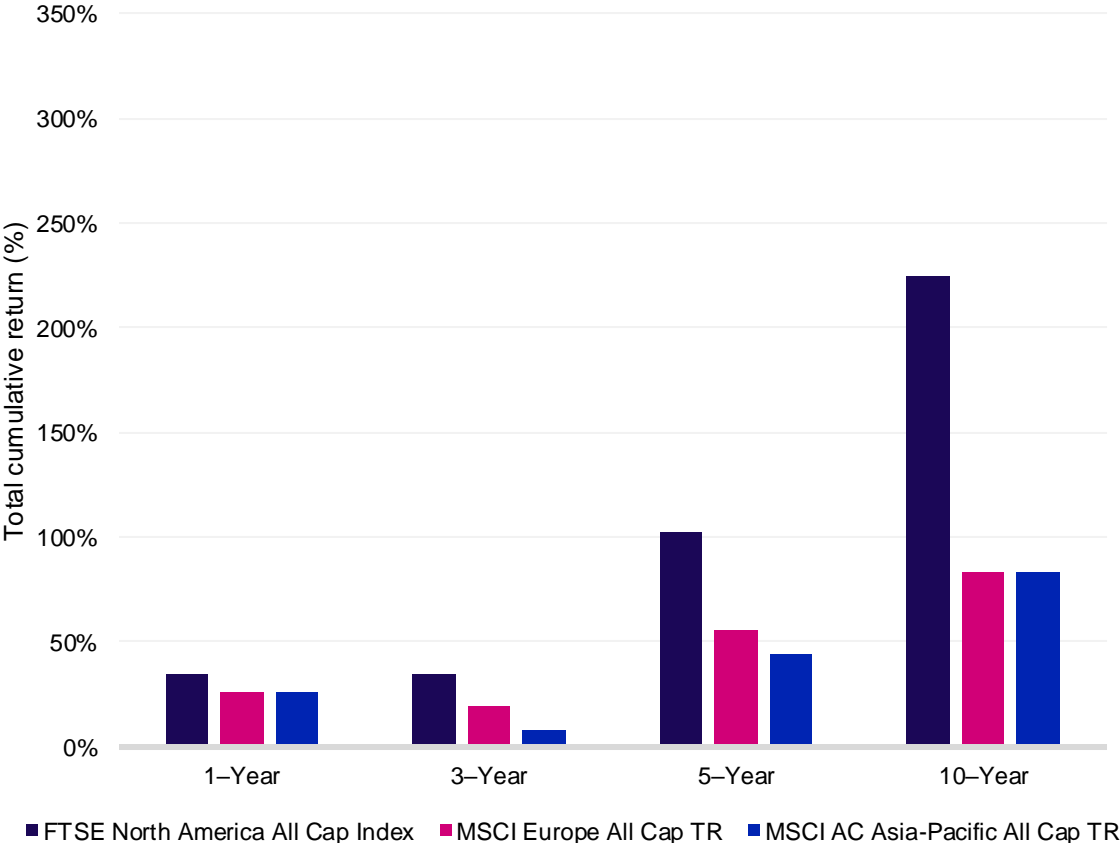
**Note:** For buyout funds, small ≤ \$500mn, medium is between \$501mn and \$1.5bn, large is between \$1.5bn and \$4.5bn, and mega > \$4.5bn. For growth funds, small <\$100mn, medium is between \$101mn and \$250mn, large is between \$500mn and \$750mn, and mega \$750mn.

Source: Preqin Pro

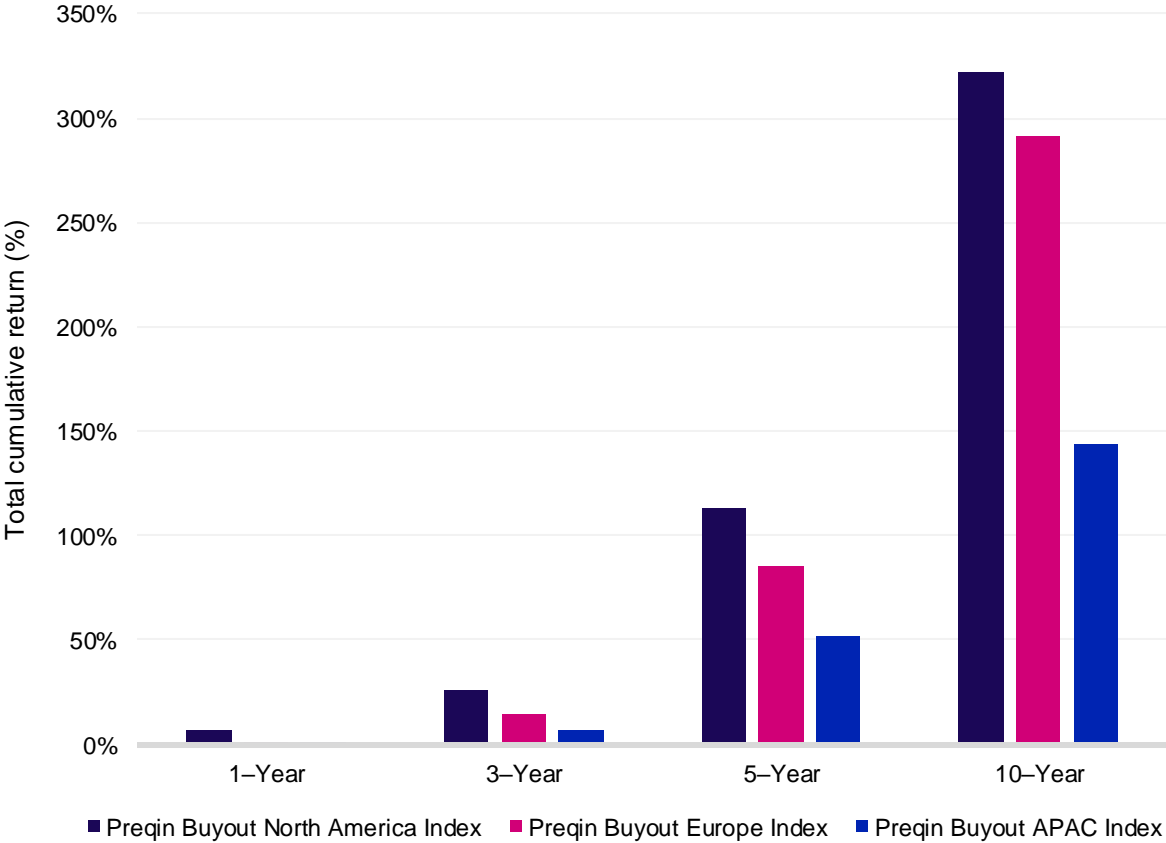
# NA outperforms Europe and APAC in public and private markets

North American outperformance is largest over a 10-year period in listed markets

Performance of listed equities across regions



Performance of buyout funds across regions

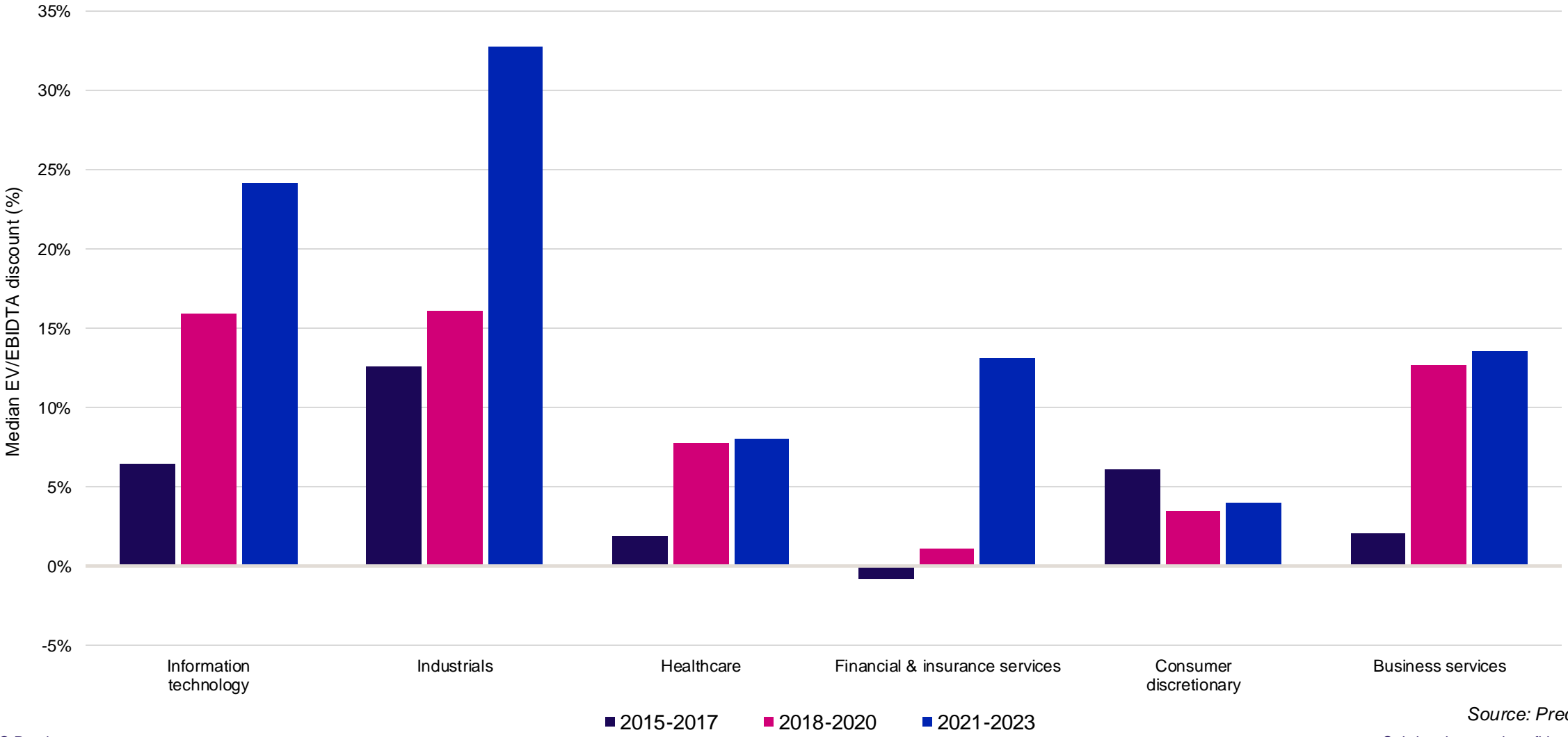


**Note:** Returns are calculated on a rolling basis with an end point of September 2024

Source: Preqin, FactSet. Data as of Jan 2025

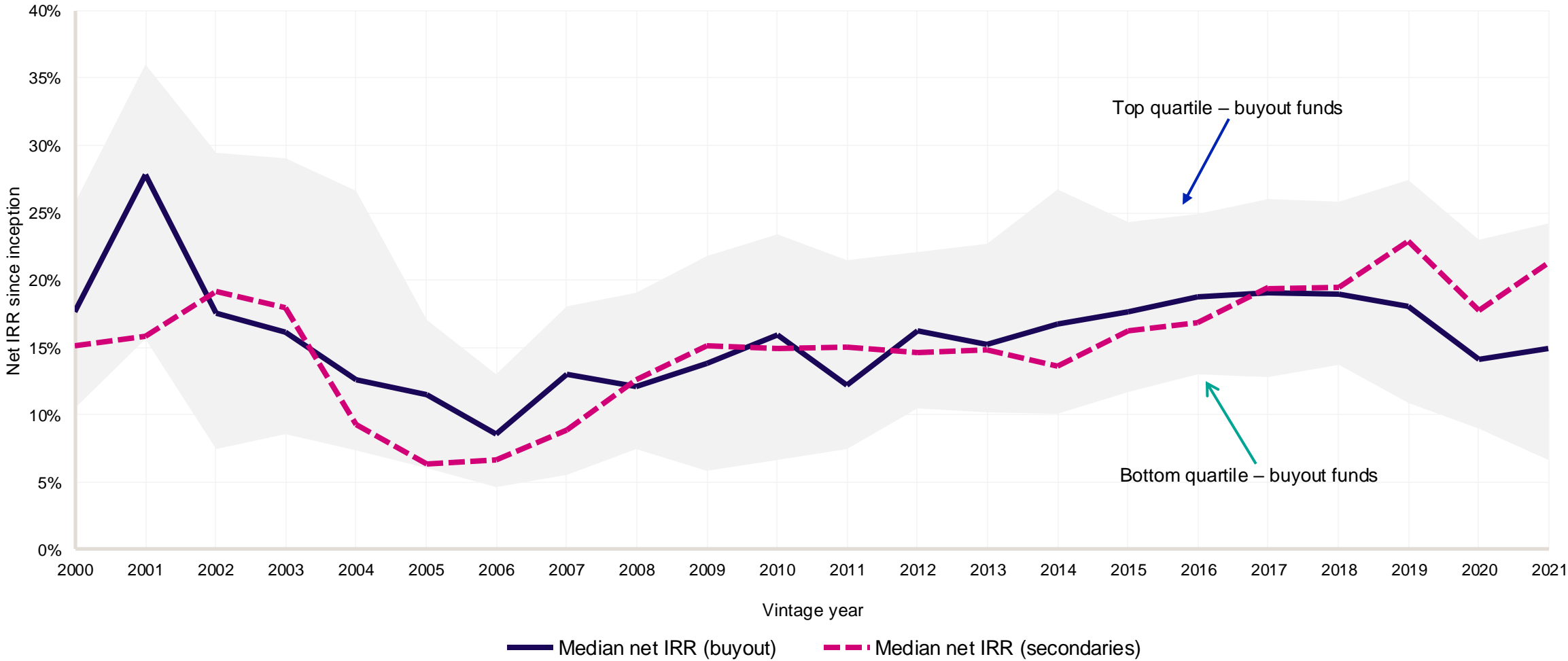
# European discount to US buyout much higher in tech, industrials

European discount grows over two-year intervals from 2015 and is largest in industrials by 2023



# More recent secondaries vintages outperforming buyout

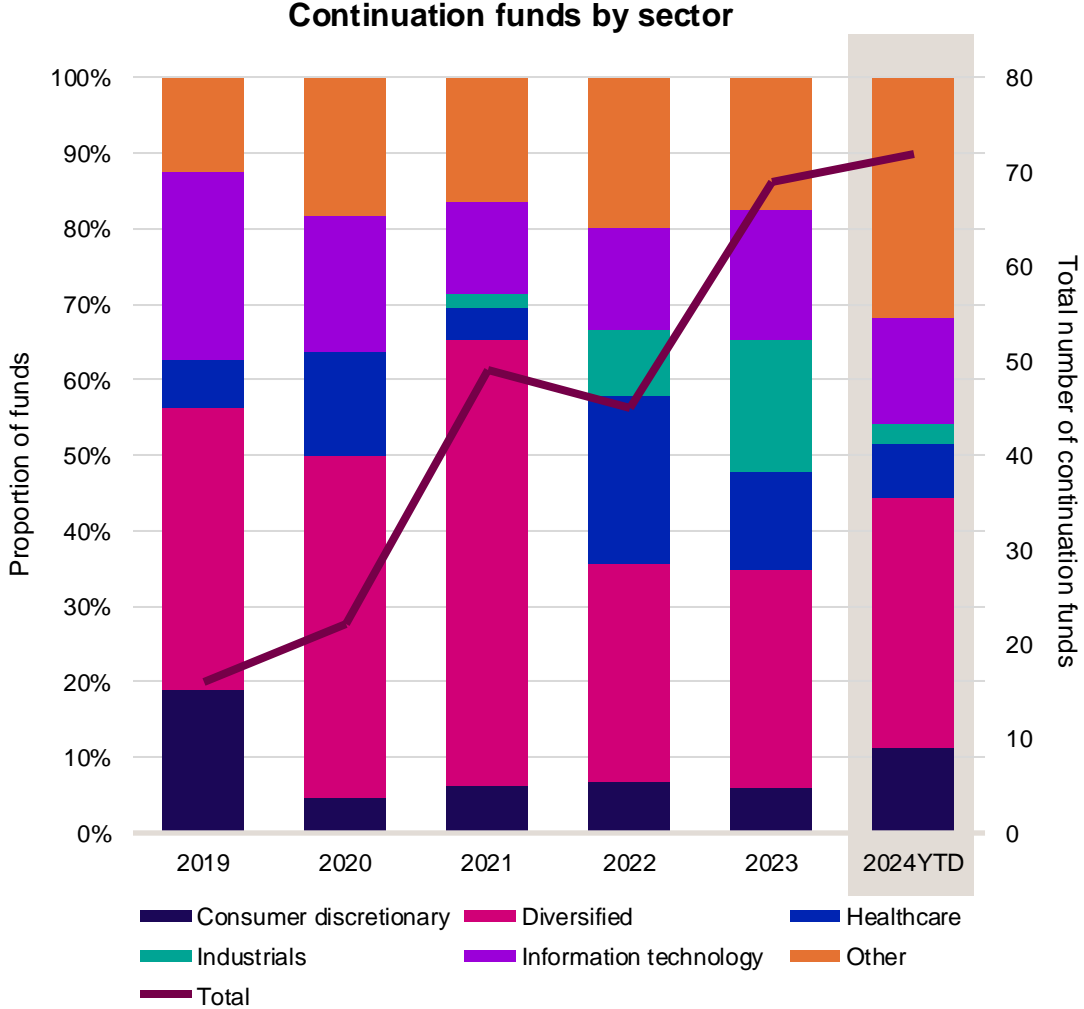
Median IRR for secondaries exceeds buyout funds over last three years



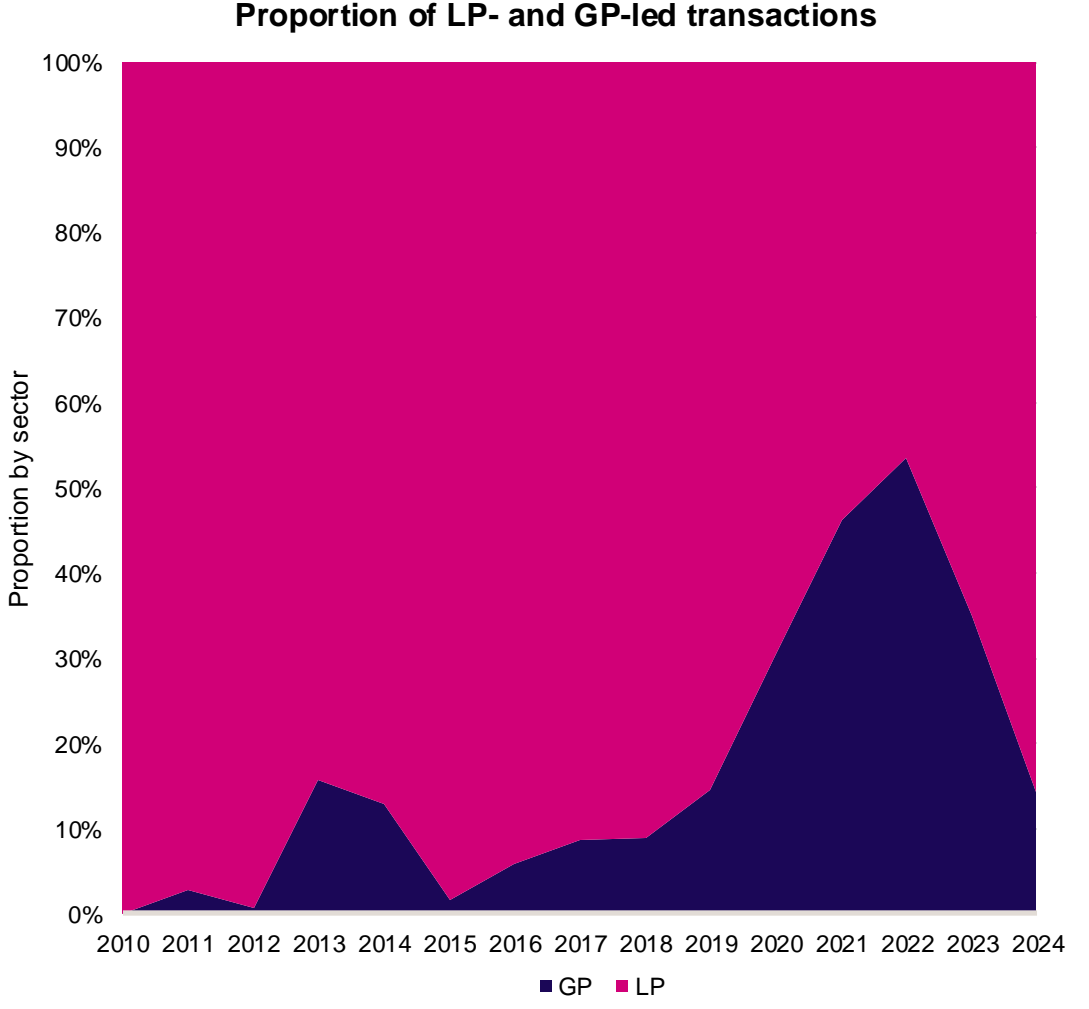
Source: Preqin Pro, Data as of Nov 20, 2024

# Continuation funds rise as LP-led secondaries dominate again

LP-led secondary transactions have become the majority in secondary market again, reversing trend of 2022



Source: Preqin Pro, YTD = Nov 5, 2024

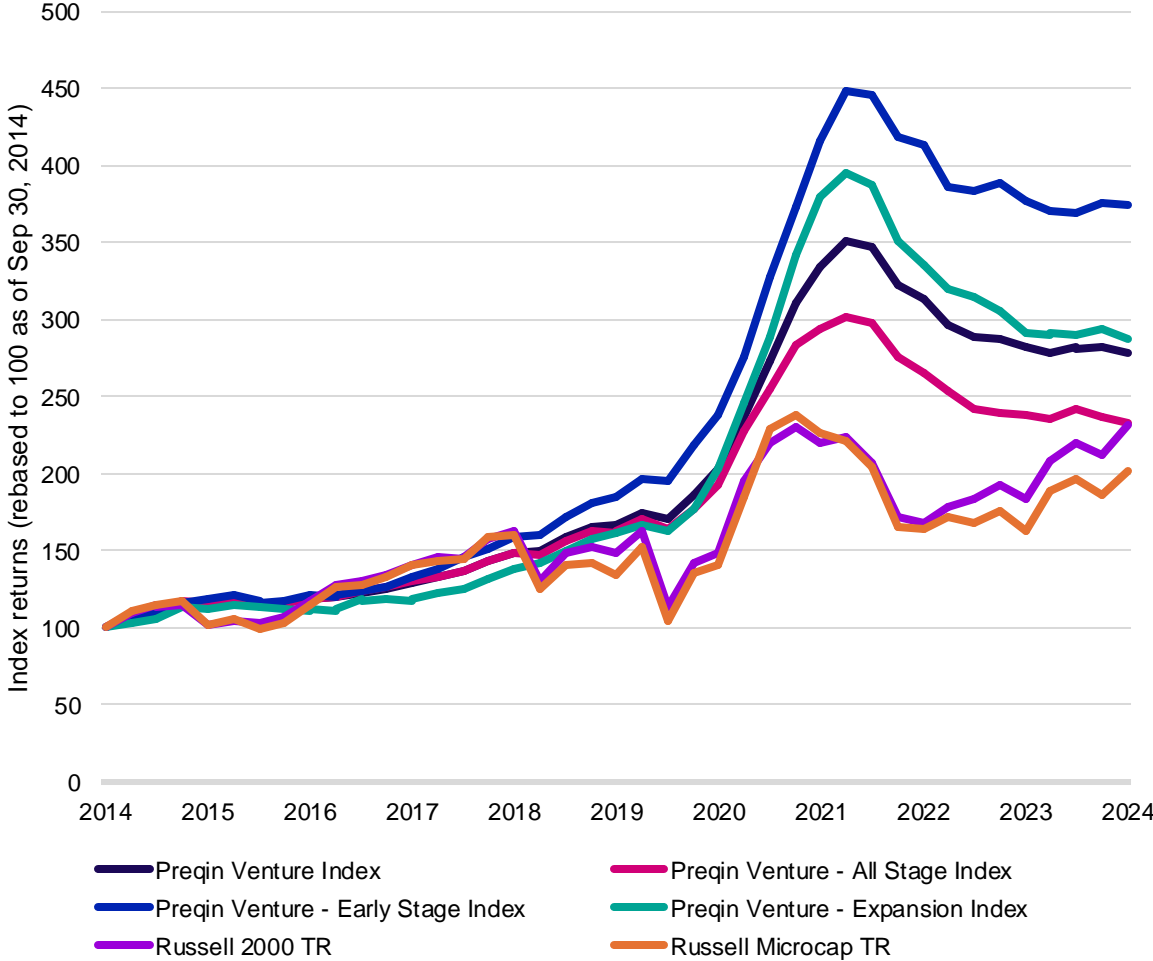


Source: Preqin Pro, Data as of Dec 10, 2024

## 3.2 Venture capital

# Venture capital performance wobbles in Q3

Venture capital's recovery signals in the first half of 2024 halted as indices turned negative



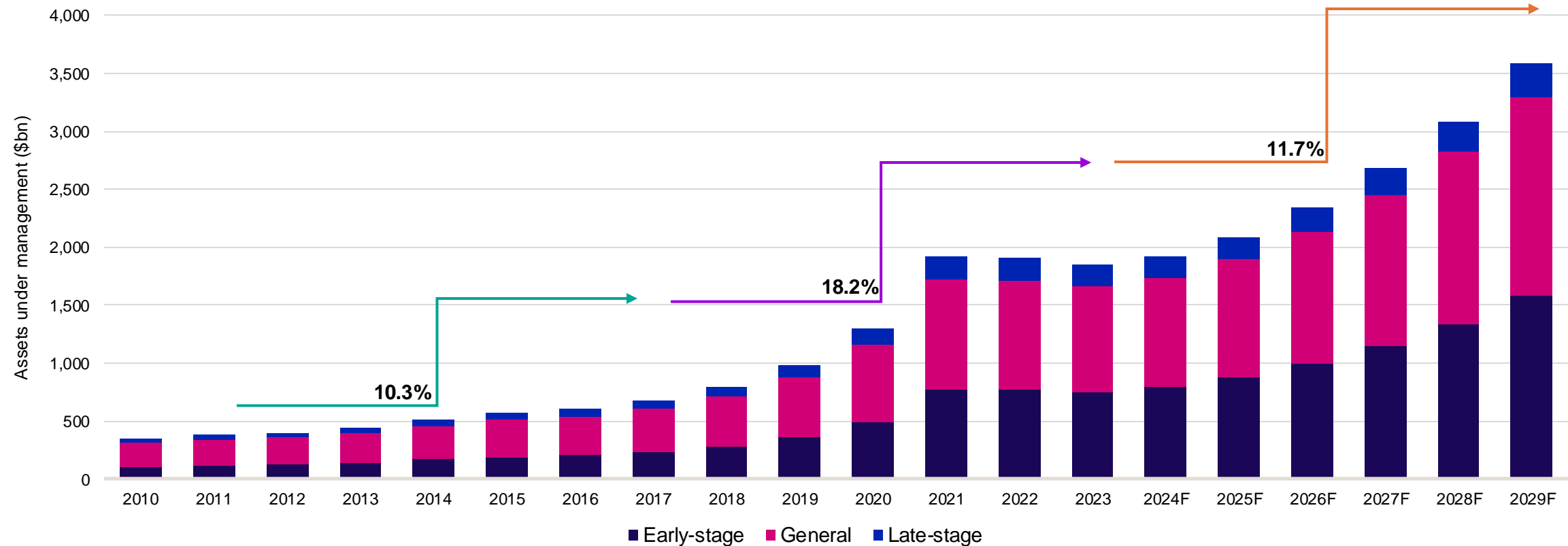
Index	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Preqin Venture	-1.3%	1.2%	0.2%	-1.4%
Preqin Venture – All Stage	-1.2%	2.7%	-1.8%	-1.7%
Preqin Venture – Early Stage	-1.9%	-0.3%	1.9%	-0.6%
Preqin Venture – Expansion	-0.1%	-0.3%	1.2%	-1.8%
Russell 2000 TR	14.0%	5.2%	-3.3%	9.3%
Russell Microcap TR	16.1%	4.7%	-5.3%	8.3%

**Note:** Period examined is between September 30, 2014 and September 30, 2024

Source: Preqin Pro, FactSet

# Venture capital AUM will slowly return to growth in 2025

Late-stage venture capital still weighed down by exit challenges and M&A scrutiny

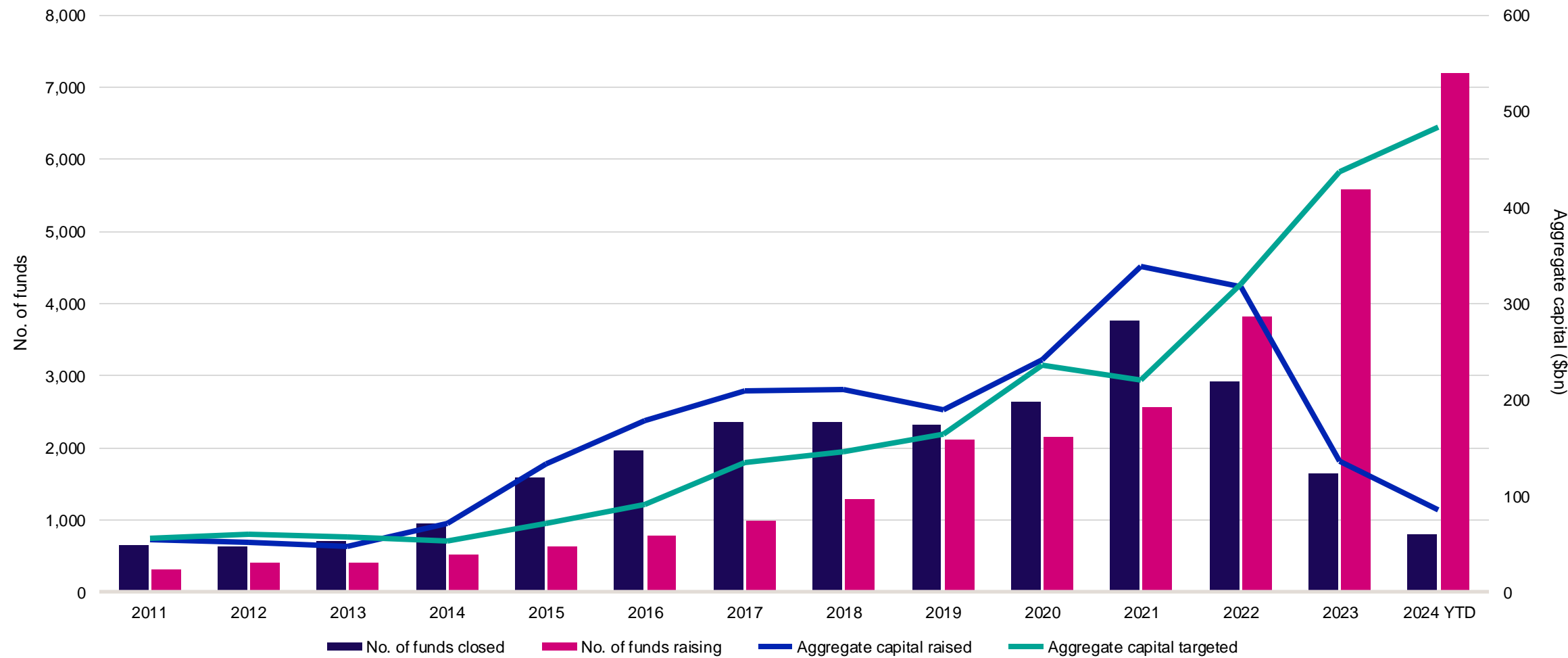


Annualized growth (%)	Early-stage	General	Late-stage	Total
2011–2017	12.3%	9.0%	11.1%	10.3%
2017–2023	21.5%	16.0%	17.2%	18.2%
2023–2029F	13.2%	11.1%	8.1%	11.7%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi  
 to avoid double-counting, Total column excludes secondaries and funds of funds

# VCs have not pulled back on fundraising ambitions in 2024

More funds chasing smaller pool of capital has put venture capital fundraising out of balance

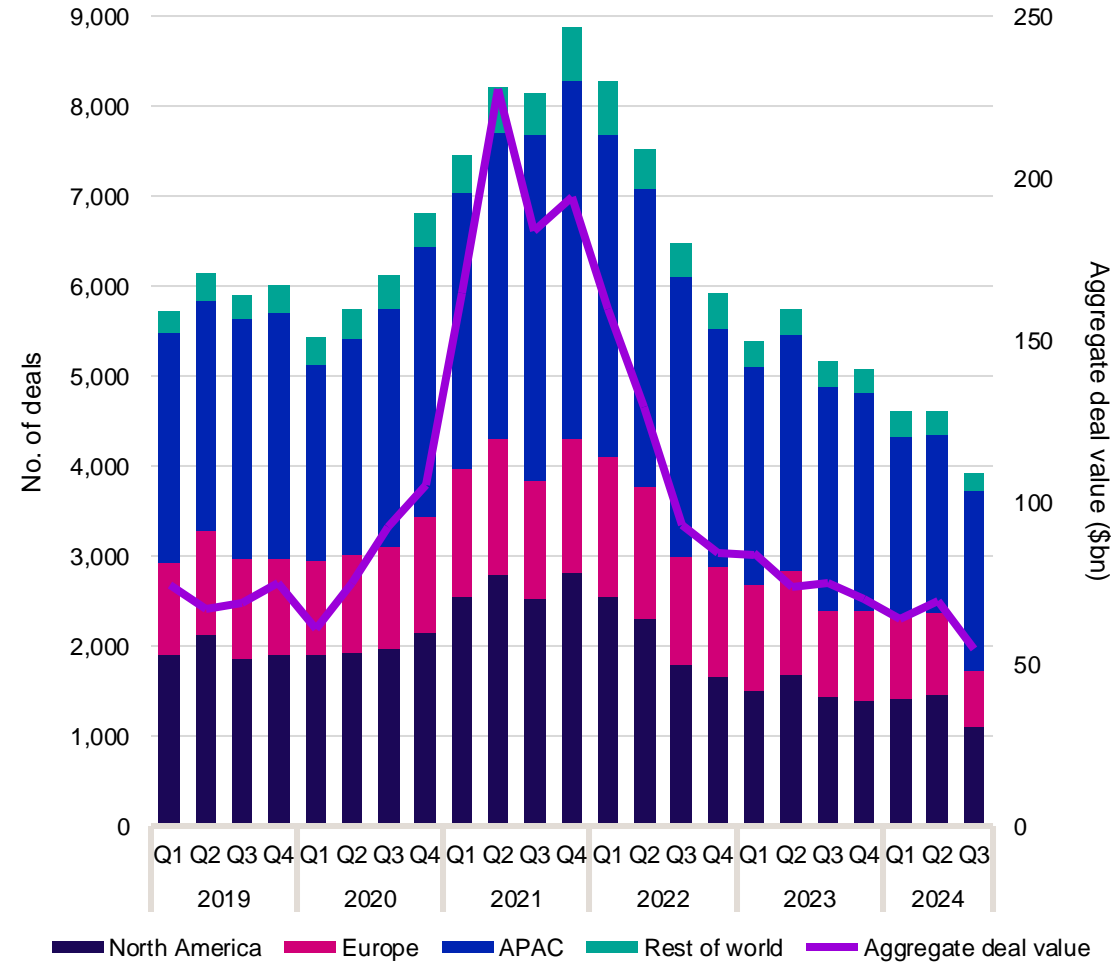


Source: Preqin Pro  
YTD = to end-Q3 2024

# Venture capital exit environment struggling to bounce back

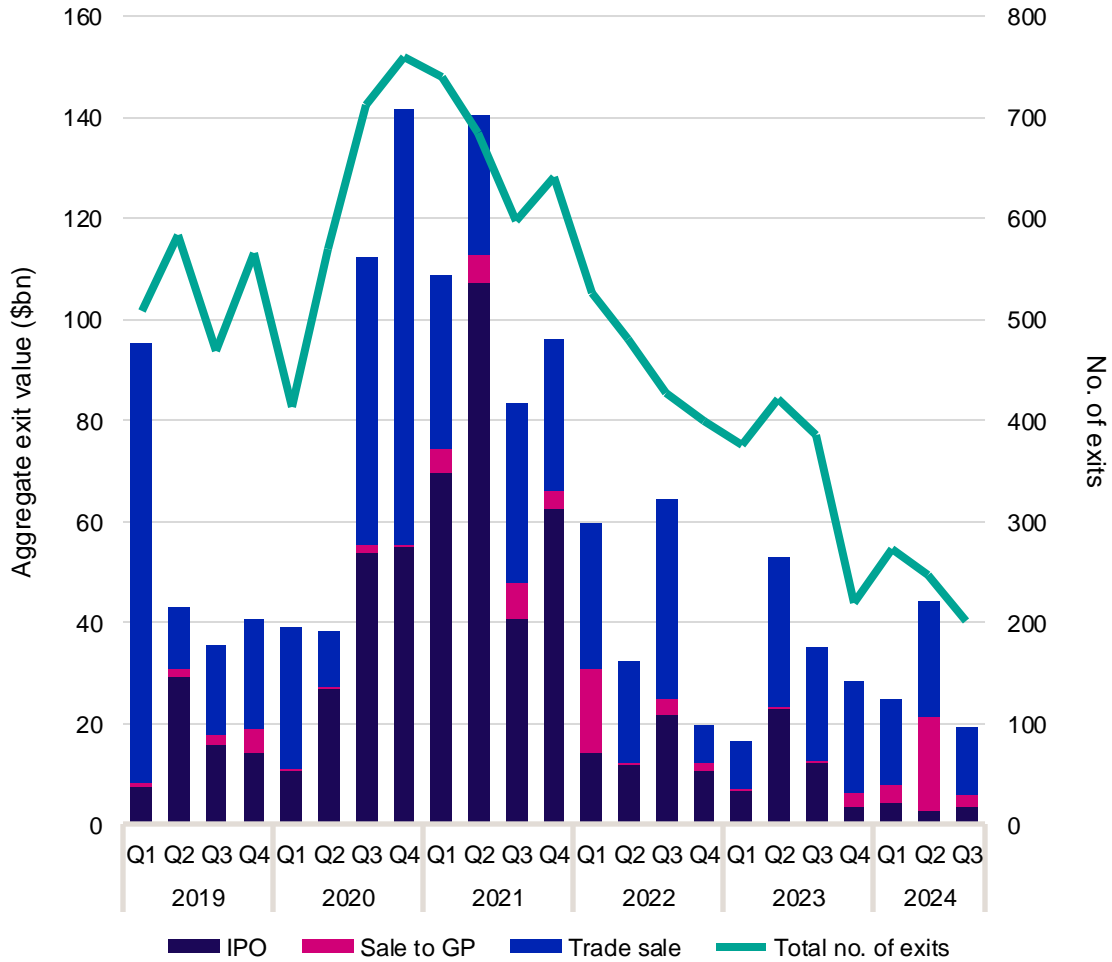
25% reduction in deal activity in Q3 2024 for North America and Europe constrains overall deal value

Venture capital deal volume by region



Source: Preqin Pro

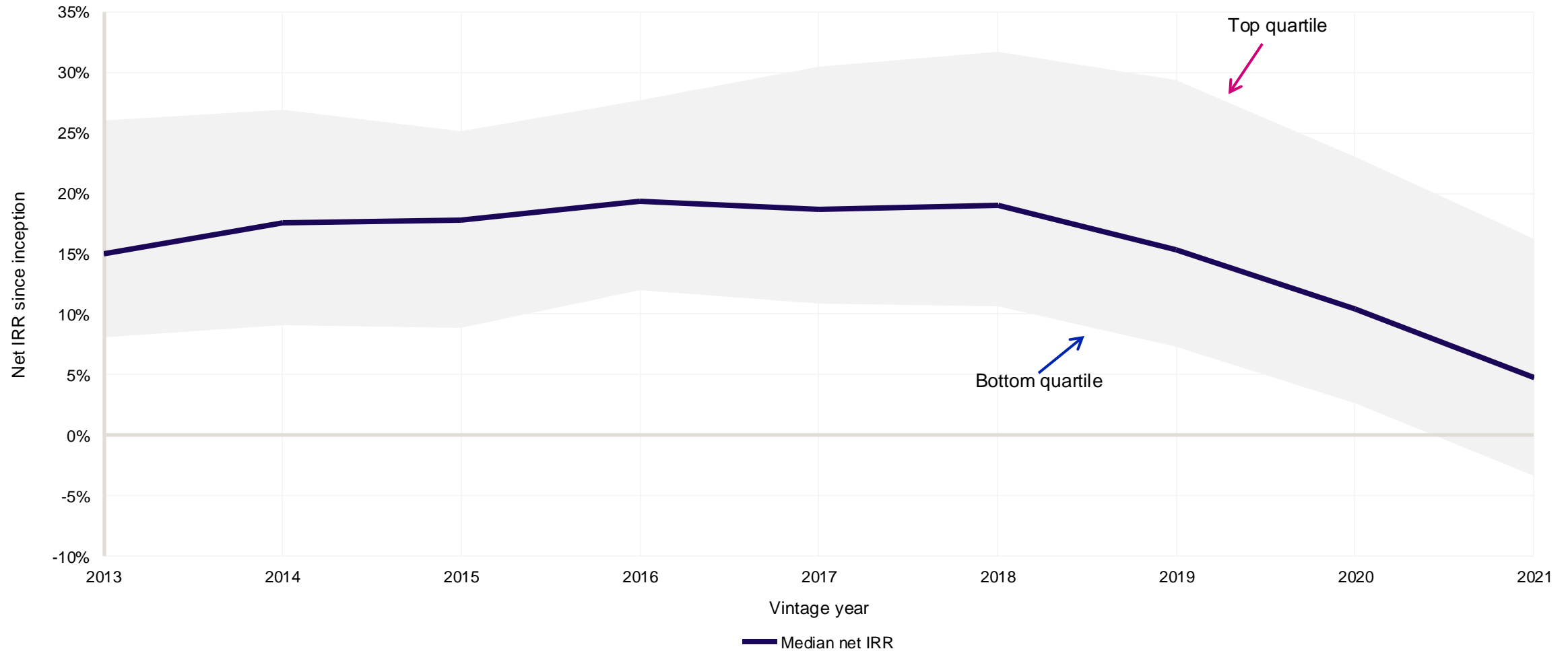
Venture capital exit value by type



Source: Preqin Pro

# Venture capital's newer vintages underperform

Several quarters of contractions since 2021 have driven IRRs downwards as exit activity remains flat

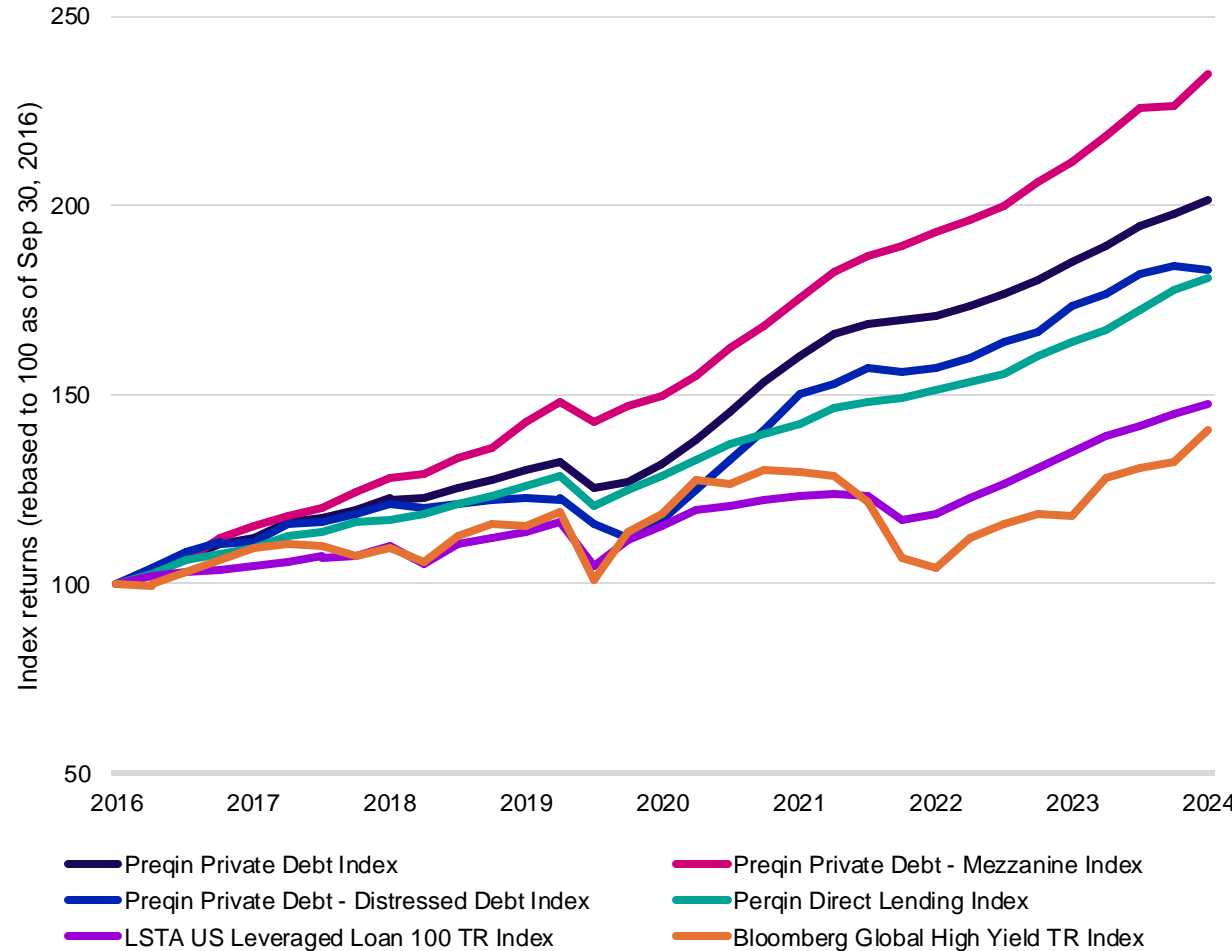


Source: Preqin Pro, Data as of Nov 20, 2024

## 3.3 Private debt

# Mezzanine debt ranks highest for performance in private debt

Distressed debt and direct lending look to be converging in performance measures



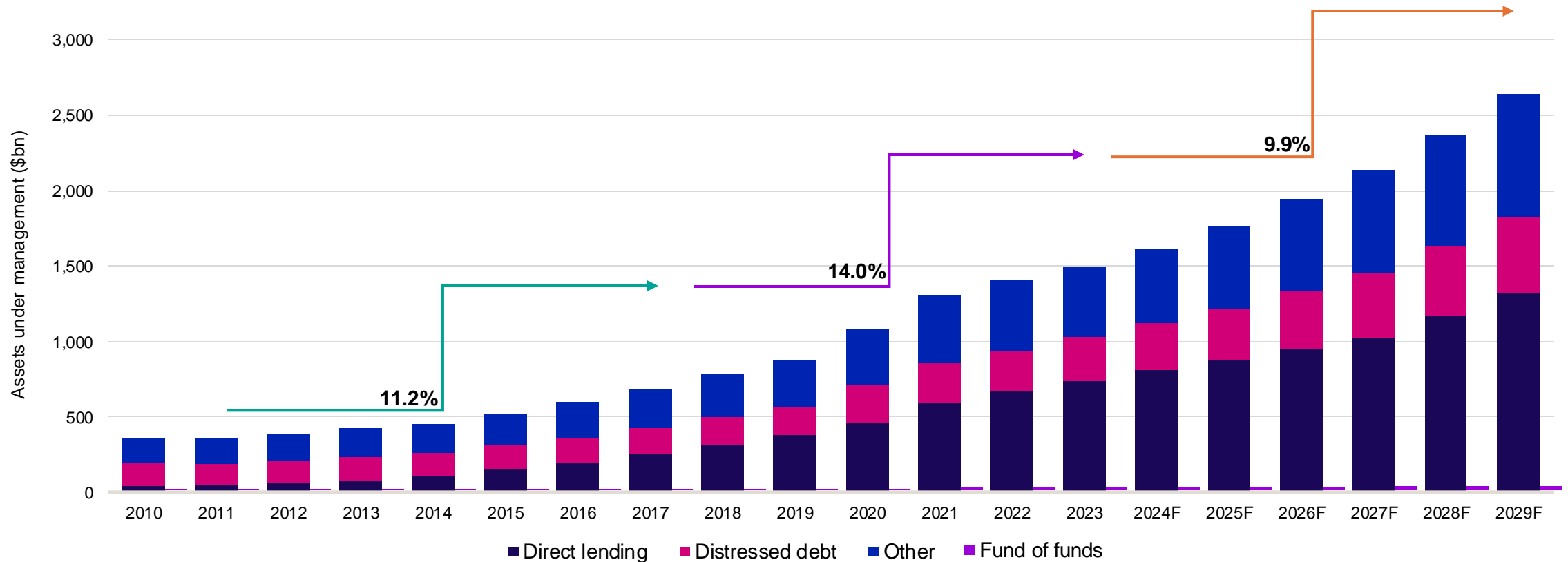
Index	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Preqin Private Debt	2.3%	2.7%	1.8%	1.7%
Preqin Mezzanine	3.4%	3.3%	0.4%	3.7%
Preqin Distressed Debt	1.7%	3.1%	1.0%	-0.5%
Preqin Direct Lending	2.1%	3.0%	3.0%	1.9%
LSTA US Leveraged Loan TR	3.2%	2.0%	2.1%	1.9%
Bloomberg Global High Yield TR	8.6%	2.1%	1.0%	6.2%

**Note:** Period examined is between September 30, 2016 and September 30, 2024.

Source: Preqin Pro, FactSet

# Private debt AUM growth to slow after higher interest rate period

Compounded annual growth rate for direct lending strategies expected to halve over next six years

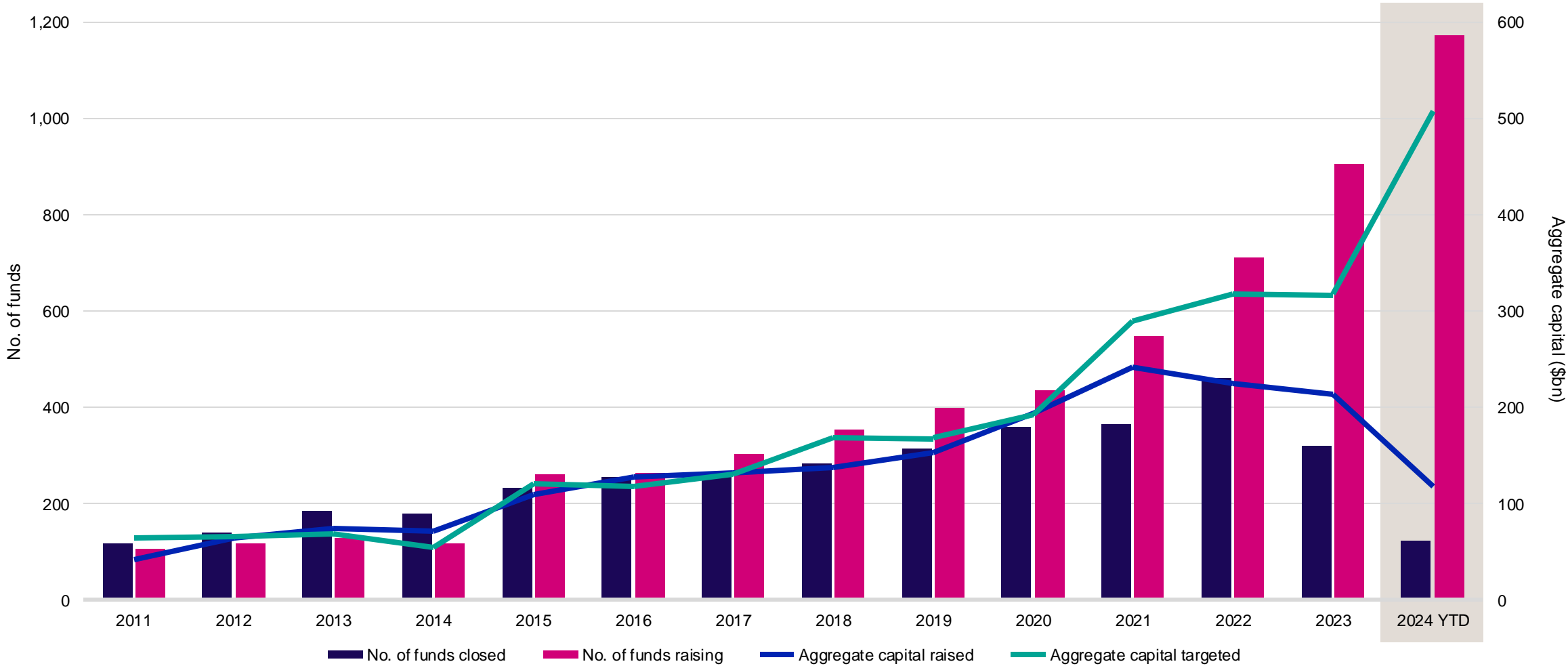


Annualized growth (%)	Direct lending	Distressed debt	Other	Fund of funds	Total
2011-2017	31.8%	3.4%	7.1%	26.1%	11.2%
2017-2023	19.8%	8.6%	10.7%	16.7%	14.0%
2023-2029F	10.2%	9.6%	9.6%	5.4%	9.9%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi  
 to avoid double-counting, Total column excludes secondaries and funds of funds

# Private debt's slower fundraising has not dampened GP ambitions

Renewed targets set by managers after a strong 2023 look more unrealistic in 2024

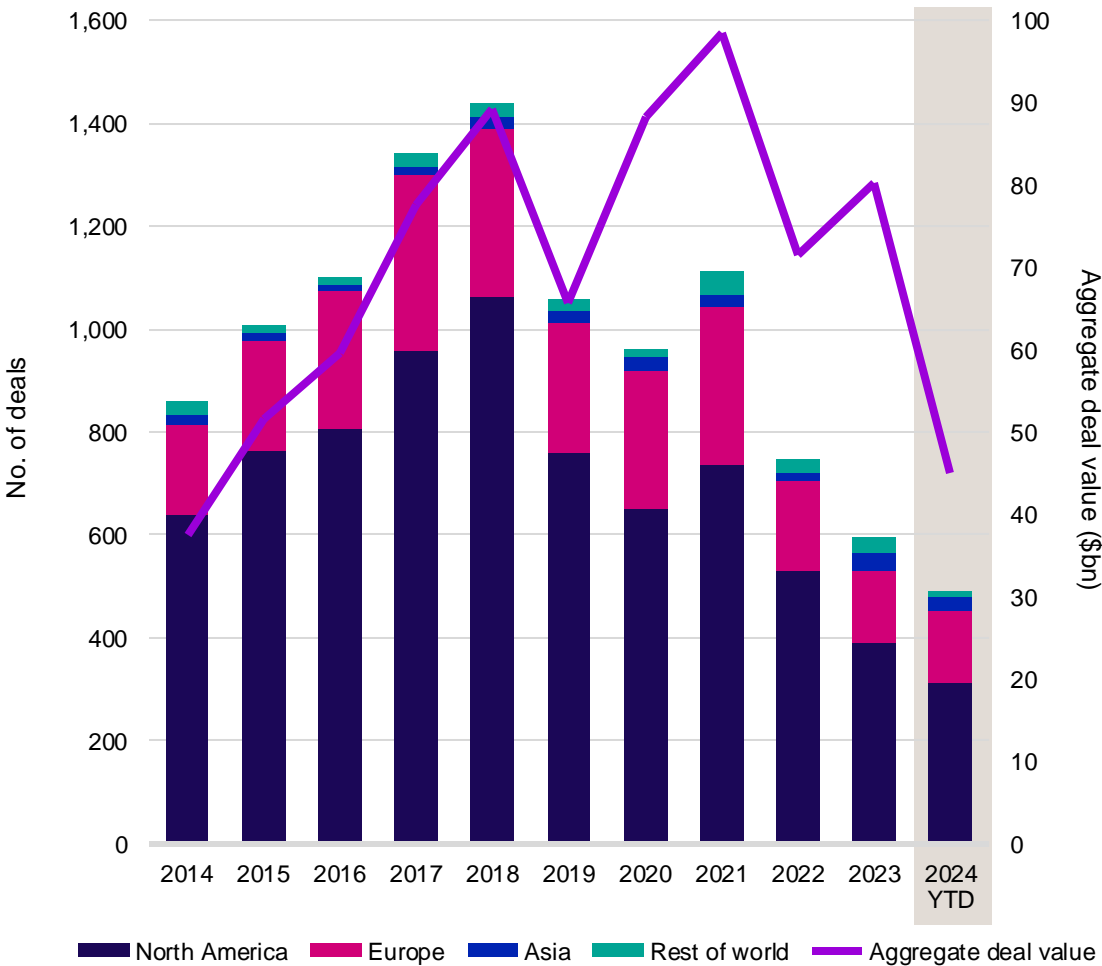


Source: Preqin Pro  
YTD = to end-Q3 2024

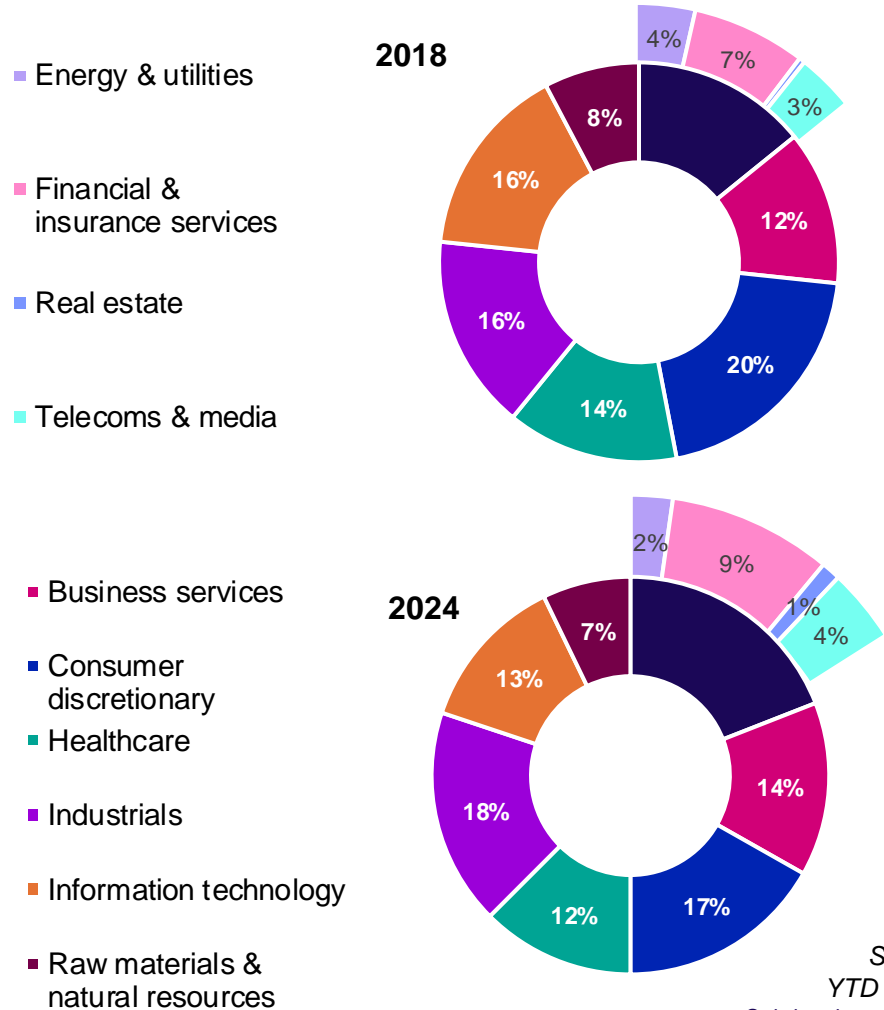
# Private debt deployment has grown more constrained in 2024

Industrials and financial services increase share in overall private debt dealmaking post-pandemic

Private debt deal volume by region

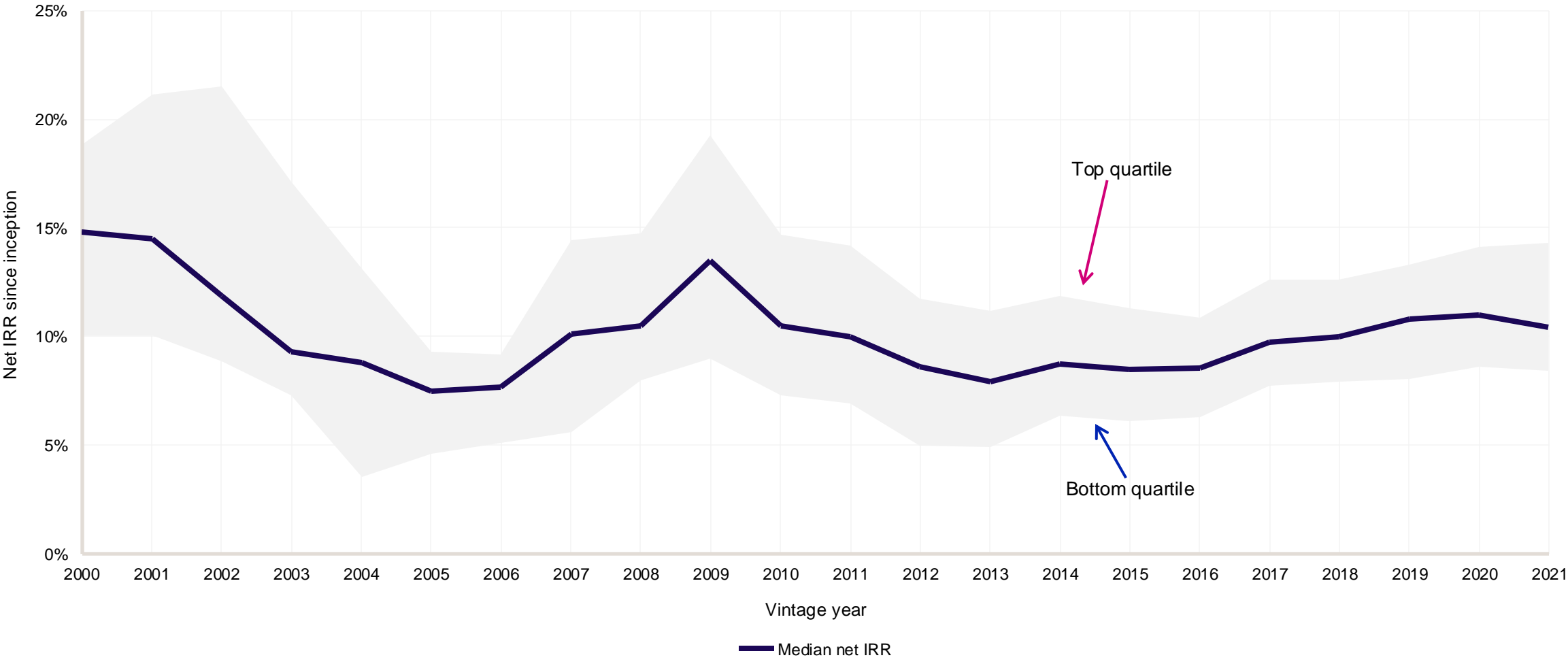


Private debt deals by industry – 2018 & 2024



# IRRs for more recent private debt vintages highest in a decade

Median performance of private debt funds is close to level seen following the GFC



Source: Preqin Pro, Data as of Nov 20, 2024

## 3.4 Hedge funds

# Performance of hedge funds in time intervals

	2020	2021	2022	2023	2024	3 -year returns	5-year returns	10-year returns	10-year annualized returns	10-year annualized volatility
	21.7% Equity hedge funds	28.7% S&P 500 TR	8.8% All CTAs	26.3% S&P 500 TR	22.1% S&P 500 TR	40.2% S&P 500 TR	109.8% S&P 500 TR	251.0% S&P 500 TR	13.4% S&P 500 TR	15.7% S&P 500 TR
	19.5% All hedge funds	17.0% Event-driven hedge funds	5.0% Macro hedge funds	18.0% US 60/40	18.2% Fund of hedge funds	22.5% US 60/40	66.6% US 60/40	158.6% US 60/40	10.0% US 60/40	11.5% US 60/40
	18.4% S&P 500 TR	16.6% US 60/40	2.5% Relative value hedge funds	14.4% Equity hedge funds	15.0% US 60/40	22.4% Macro hedge funds	64.5% All hedge funds	129.6% All hedge funds	8.7% All hedge funds	9.6% Equity hedge funds
	14.4% Event-driven hedge funds	15.5% All hedge funds	-1.9% Multi-strategy hedge funds	14.1% All hedge funds	12.6% All hedge funds	20.6% Relative value hedge funds	58.3% Equity hedge funds	126.9% Equity hedge funds	8.5% Equity hedge funds	7.3% Event-driven hedge funds
	14.0% US 60/40	13.3% Equity hedge funds	-2.6% Credit hedge funds	10.6% Event-driven hedge funds	11.9% Multi-strategy hedge funds	19.9% Multi-strategy hedge funds	54.6% Event-driven hedge funds	102.3% Event-driven hedge funds	7.5% Macro hedge funds	7.2% All hedge funds
	13.4% Macro hedge funds	10.7% Fund of hedge funds	-4.1% Event-driven hedge funds	8.8% Multi-strategy hedge funds	11.3% Equity hedge funds	19.2% Fund of hedge funds	49.7% Fund of hedge funds	72.3% Fund of hedge funds	7.3% Event-driven hedge funds	5.2% Fund of hedge funds
	12.4% Fund of hedge funds	10.6% Multi-strategy hedge funds	-7.3% All hedge funds	8.6% Fund of hedge funds	9.5% Relative value hedge funds	19.1% All hedge funds	48.2% Multi-strategy hedge funds	100.1% Multi-strategy hedge funds	7.2% Multi-strategy hedge funds	4.9% Multi-strategy hedge funds
	11.9% Multi-strategy hedge funds	9.3% All CTAs	-7.5% Fund of hedge funds	8.6% Credit hedge funds	9.2% Event-driven hedge funds	15.7% Event-driven hedge funds	46.3% Macro hedge funds	105.2% Macro hedge funds	6.0% Relative value hedge funds	4.3% All CTAs
	10.5% All CTAs	7.5% Relative value hedge funds	-10.1% Equity hedge funds	7.7% Macro hedge funds	8.2% Macro hedge funds	15.6% All CTAs	42.6% Relative value hedge funds	78.3% Relative value hedge funds	5.6% Fund of hedge funds	4.3% Credit hedge funds
	10.0% Relative value hedge funds	6.6% Credit hedge funds	-16.1% US 60/40	7.6% Relative value hedge funds	7.8% Credit hedge funds	14.5% Equity hedge funds	39.6% All CTAs	61.4% All CTAs	5.3% Credit hedge funds	3.6% Bloomberg Global Aggregate TR
	9.2% Bloomberg Global Aggregate TR	5.4% Macro hedge funds	-16.2% Bloomberg Global Aggregate TR	5.7% Bloomberg Global Aggregate TR	4.4% All CTAs	14.0% Credit hedge funds	28.4% Credit hedge funds	67.8% Credit hedge funds	4.9% All CTAs	3.5% Macro hedge funds
	5.6% Credit hedge funds	-4.7% Bloomberg Global Aggregate TR	-18.1% S&P 500 TR	1.7% All CTAs	3.6% Bloomberg Global Aggregate TR	-8.9% Bloomberg Global Aggregate TR	-4.1% Bloomberg Global Aggregate TR	5.9% Bloomberg Global Aggregate TR	1.8% Bloomberg Global Aggregate TR	2.2% Relative value hedge funds

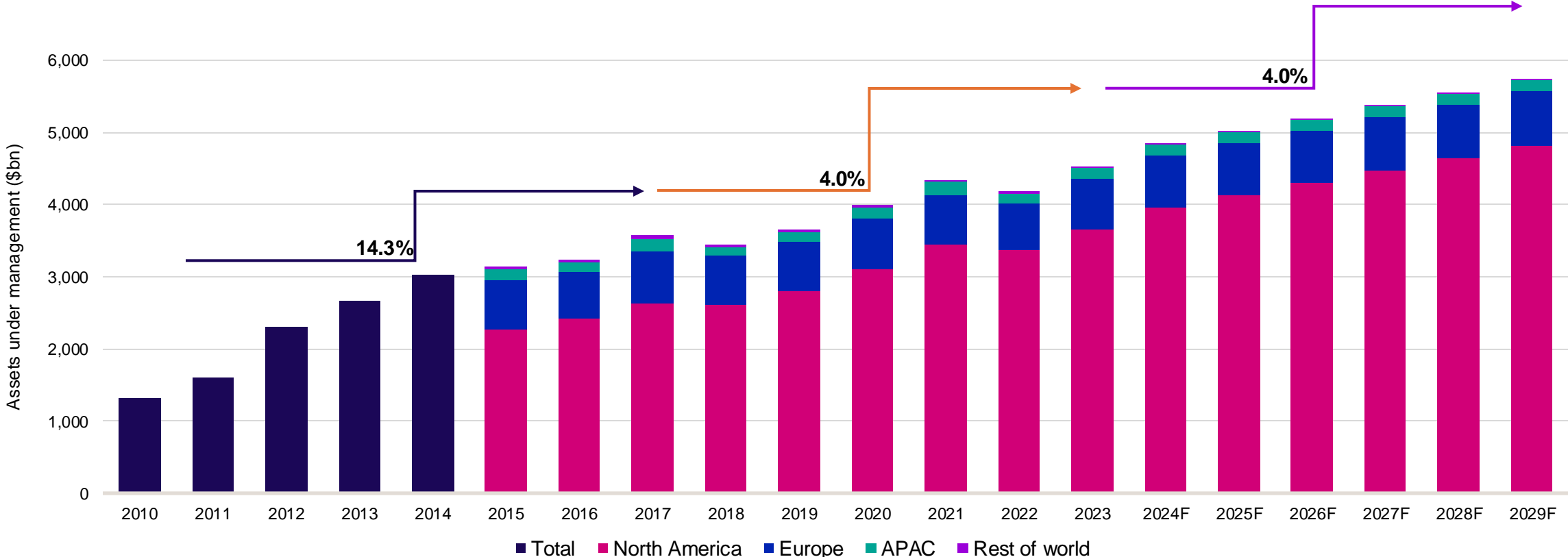
Ranked from high to low returns

**Note:** Data for 3, 5 and 10 years is based on rolling returns ending Q4 2024

*Source: Preqin, FactSet. Data as of Jan 2025*

# Hedge fund AUM growth forecast to flatline up to 2030

AUM in Europe and APAC forecast to grow to 2029, with North America pace slowing

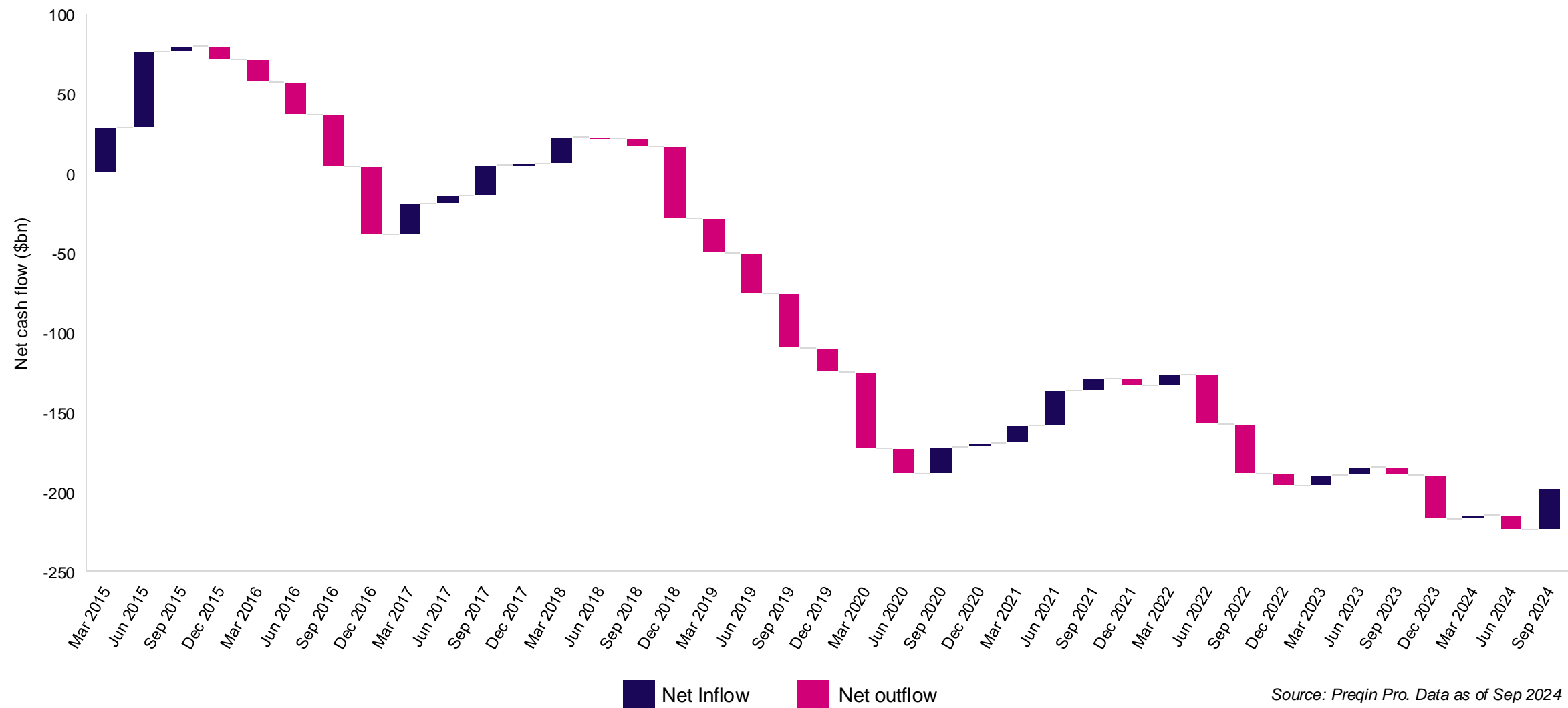


	North America	Europe	APAC	Rest of world	Total
2011-2017	N/A	N/A	N/A	N/A	14.3%
2017-2023	5.7%	-0.7%	-0.7%	-16.8%	4.0%
2023-2029F	4.7%	1.3%	0.3%	-4.8%	4.0%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi to avoid double-counting, Total column excludes secondaries and funds of funds  
 No regional breakdown available before 2015

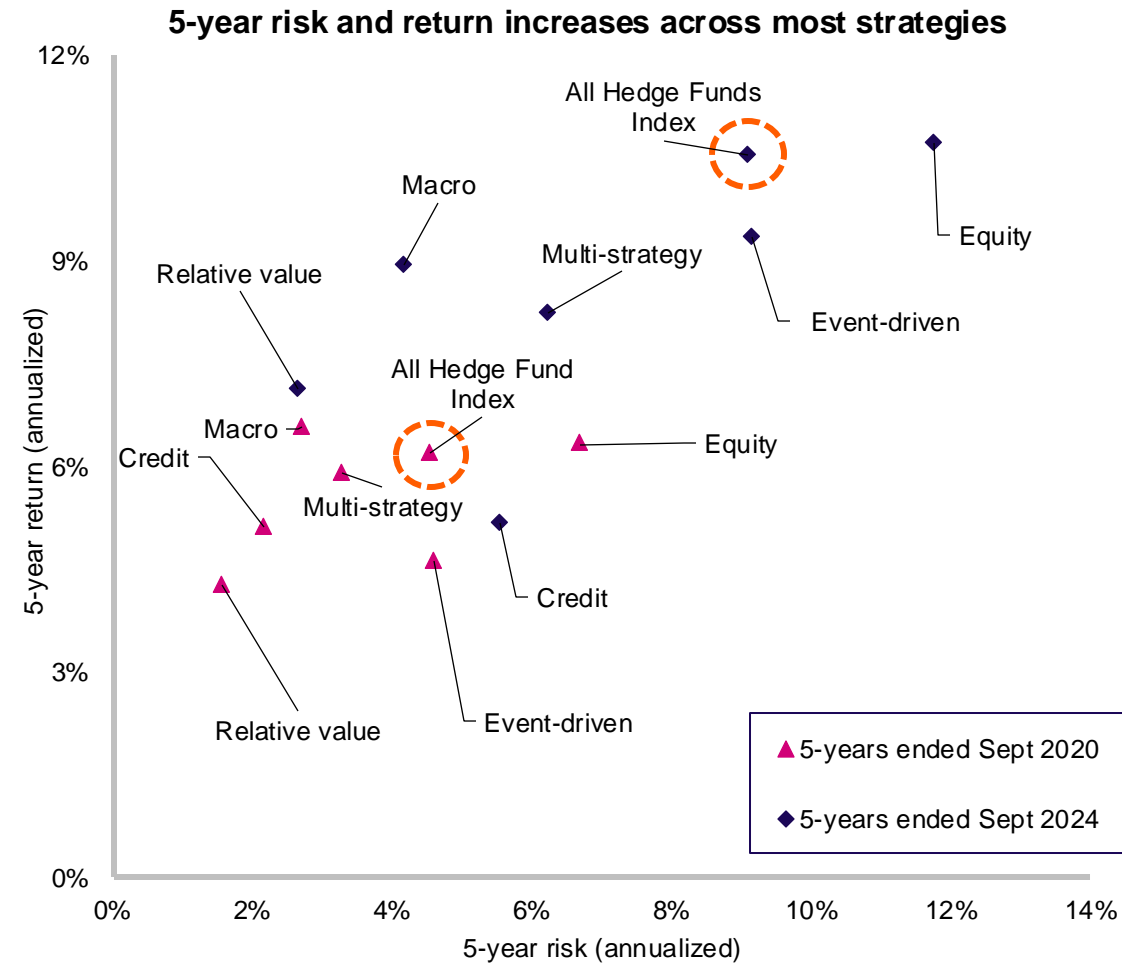
# Hedge funds continue to suffer redemptions

Jump in inflows during Q3 has balanced a trend of outflows visible since mid-2022



# Risk for hedge fund strategies doubles since pandemic

Sharpe ratios fall across all strategies as returns fail to match growing risk



Source: Preqin Pro. Data as of Sep 2024



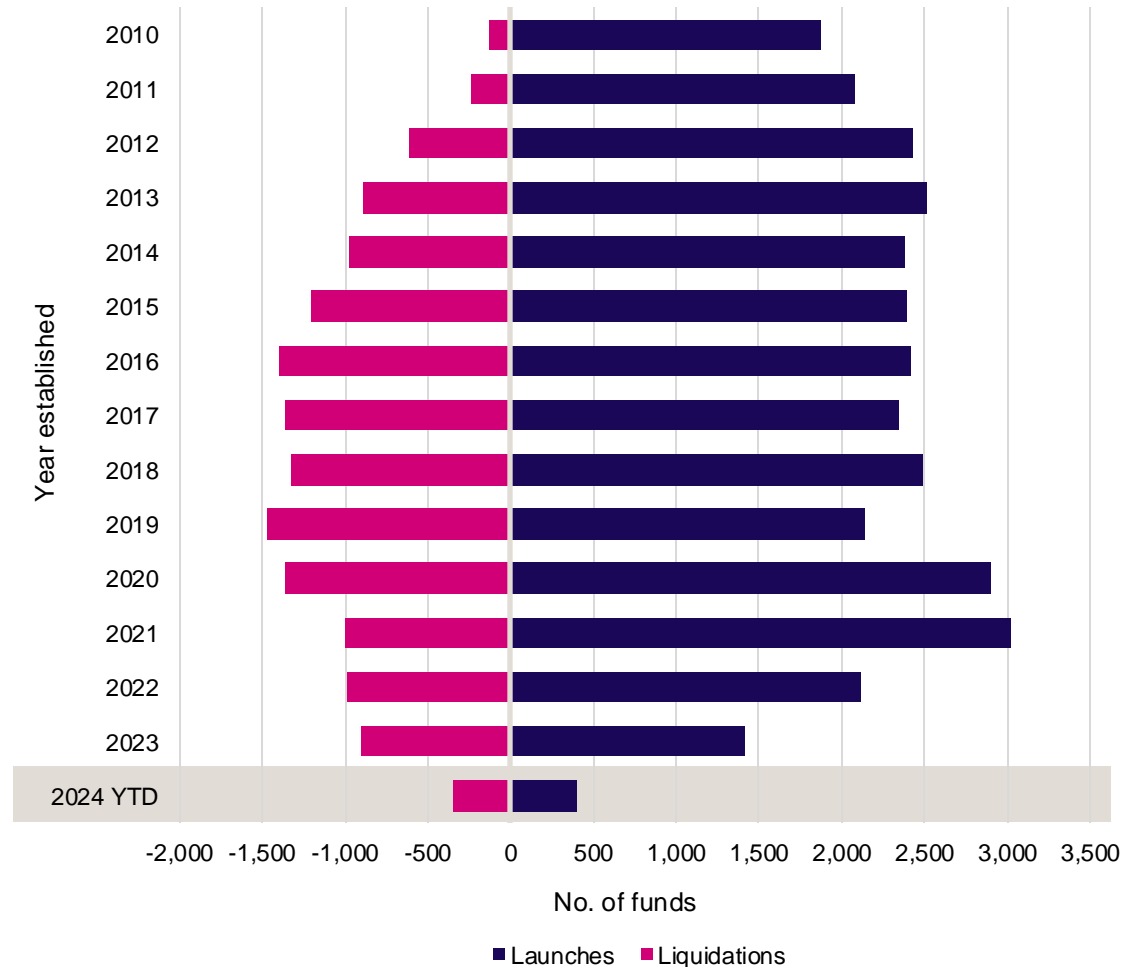
Source: Preqin Pro. Data as of Sep 2024

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# Launches and liquidations have almost levelled during 2024

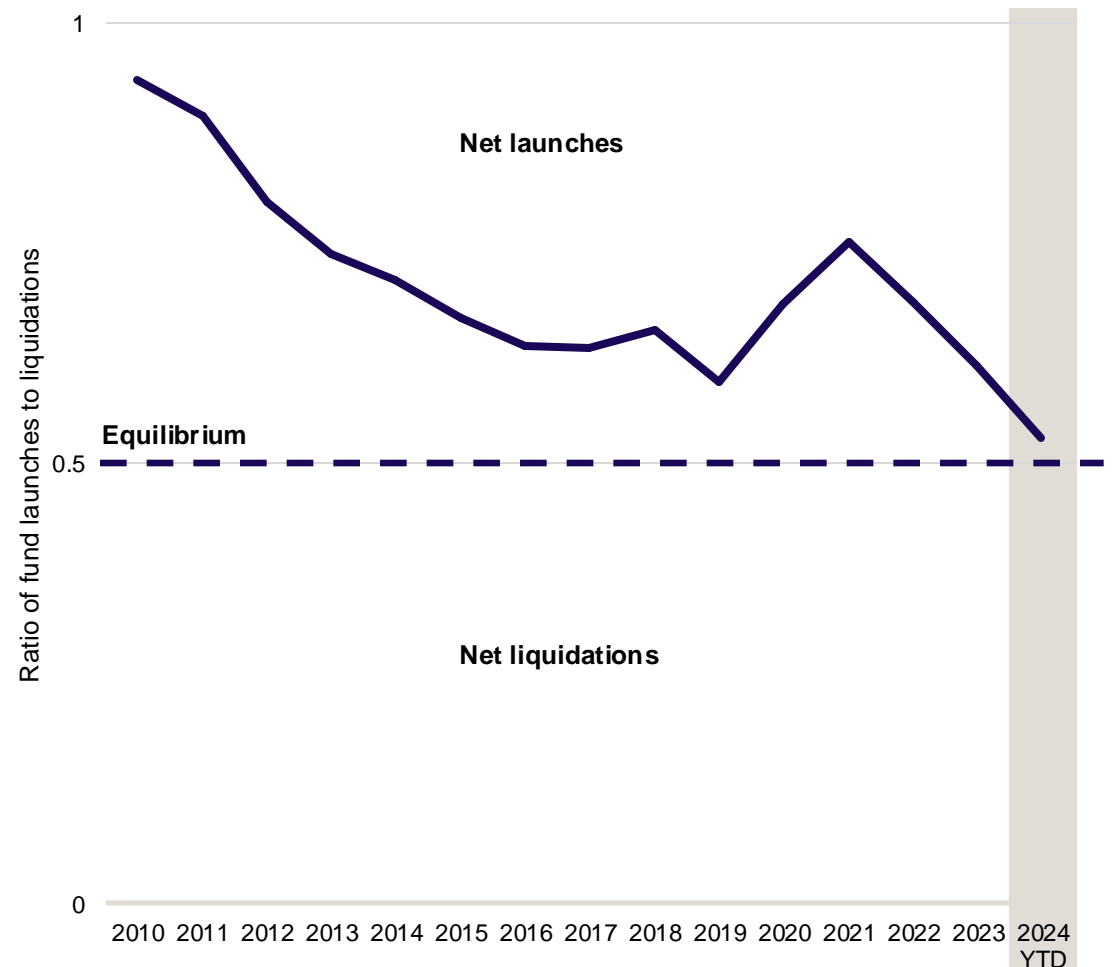
Hedge fund launches and liquidations are coming into balance as both hit decade-low in number

Total hedge fund launches and liquidations



Source: Preqin Pro. Data as of Sep 2024

Hedge fund launches and liquidations are balancing out



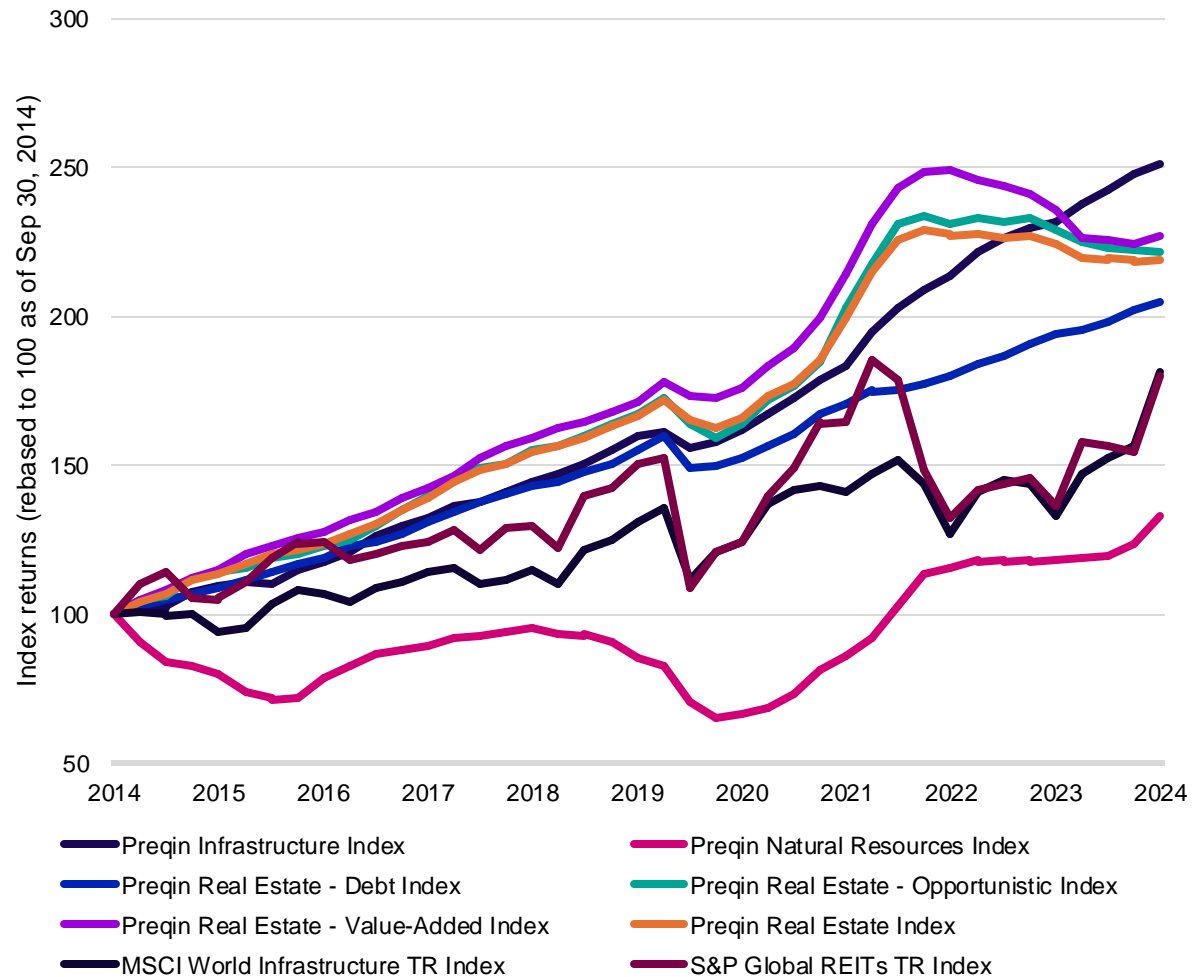
Source: Preqin Pro. Data as of Sep 2024

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## 3.5 Real assets

# Infrastructure leads performance within real assets category

Performance of real estate strategies converges, but with real estate debt lagging



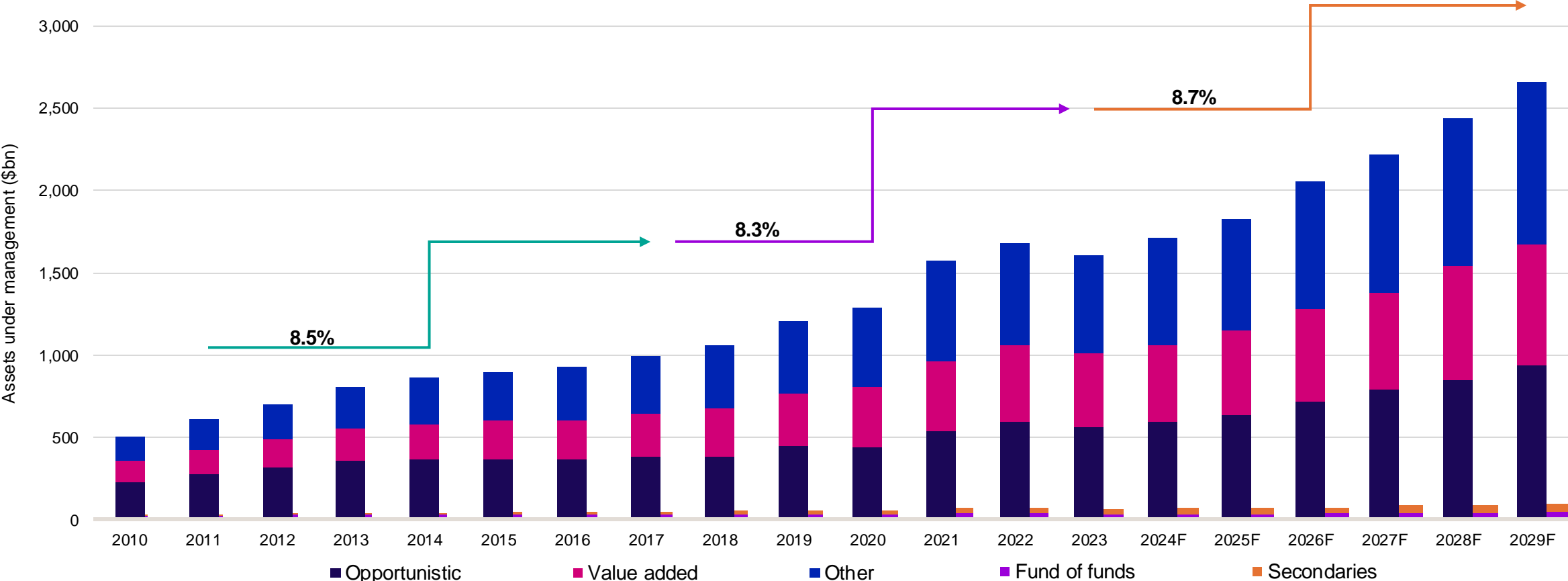
Index	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Preqin Infrastructure	2.4%	2.1%	2.1%	1.4%
Preqin Natural Resources	0.7%	0.2%	3.3%	8.1%
Preqin Real Estate Debt	0.8%	1.4%	2.1%	1.2%
Preqin Real Estate Opportunistic	-1.7%	-0.8%	-0.4%	-0.1%
Preqin Real Estate Value-Added	-4.2%	-0.1%	-0.6%	1.2%
Preqin Real Estate	-2.0%	-0.1%	-0.2%	0.1%
MSCI World Infrastructure TR	10.6%	3.6%	2.7%	15.8%
S&P Global REITs TR	15.8%	-0.9%	-1.2%	16.3%

**Note:** Period examined is between September 30, 2014 and September 30, 2024.

Source: Preqin Pro, FactSet

# Growth of real estate AUM to 2023 will stay close to recent trend

Opportunistic strategies and fund of funds forecast to grow fastest for real estate

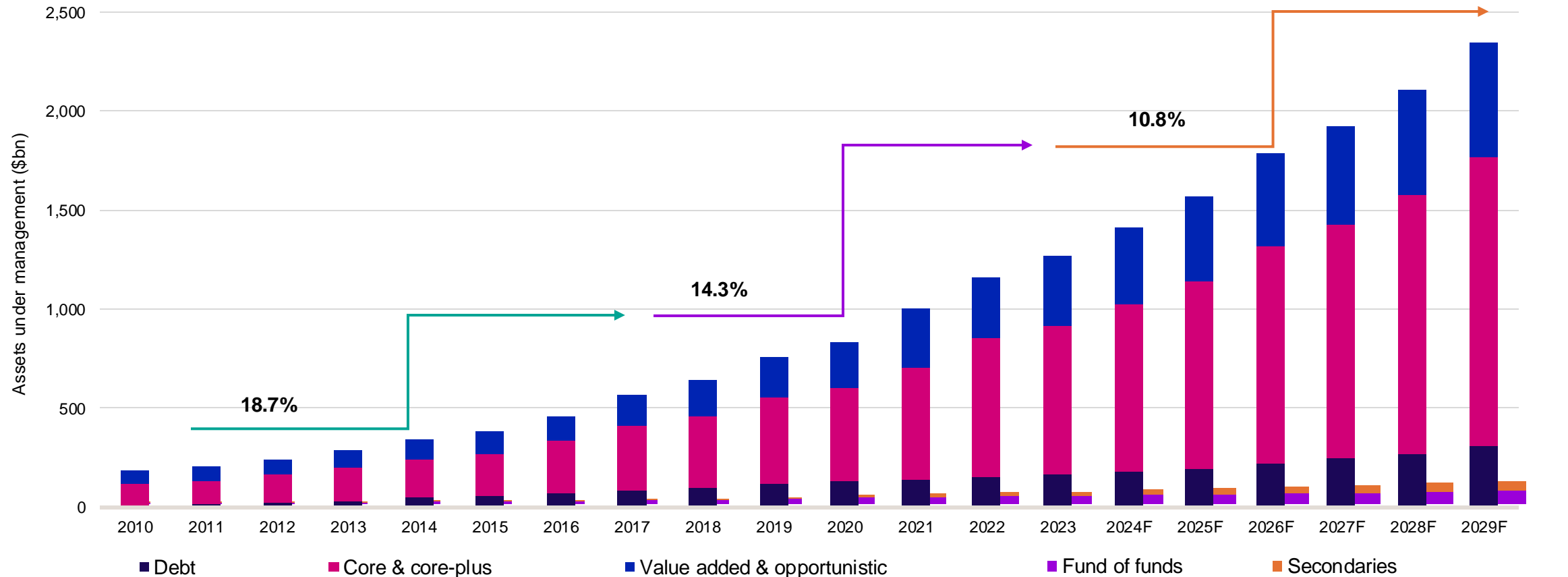


Annualized growth (%)	Opportunistic	Value added	Other	Fund of funds	Secondaries	Total
2011-2017	5.6%	9.6%	11.5%	2.6%	18.7%	8.5%
2017-2023	6.7%	9.6%	9.0%	2.6%	12.6%	8.3%
2023-2029F	9.0%	8.3%	8.7%	6.4%	7.8%	8.7%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi  
 In case of APAC we exclude secondaries in real estate  
 to avoid double-counting, Total column excludes secondaries and funds of funds

# Infrastructure AUM growth to slow as weak fundraising persists

Value added and opportunistic strategies forecast to see 6.5% reduction in growth rate to 2029

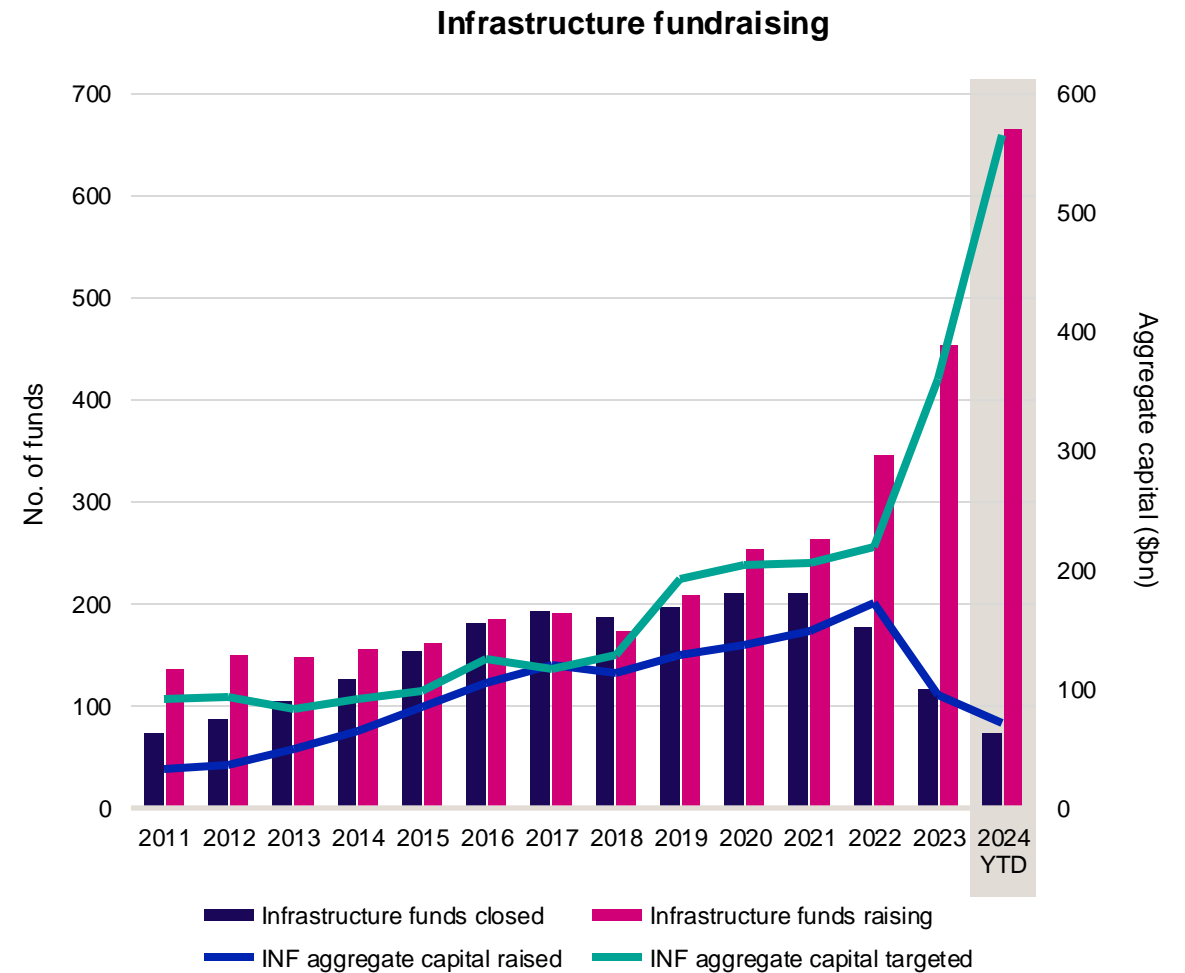
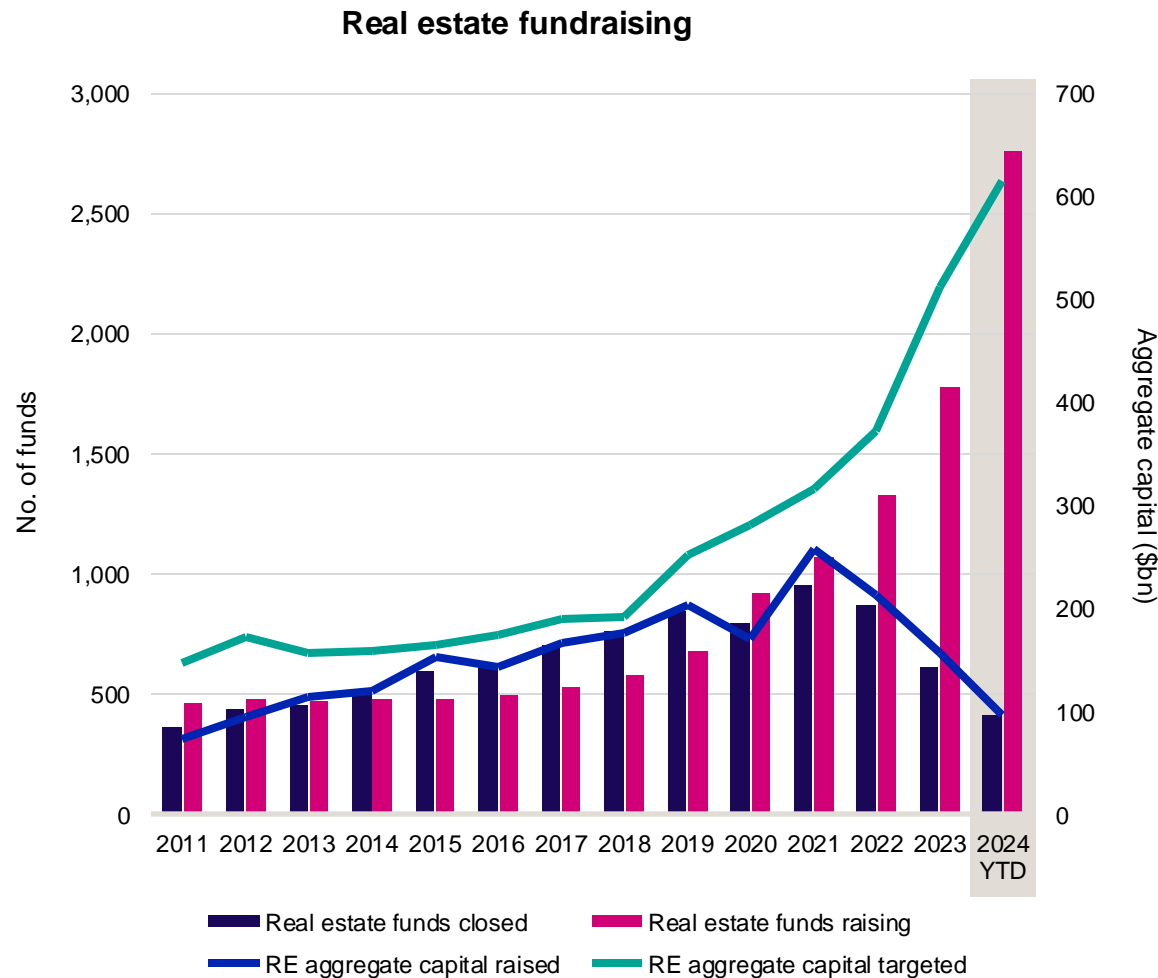


Annualized growth (%)	Debt	Core & core-plus	Value added & opportunistic	Fund of funds	Secondaries	Total
2011-2017	36.3%	18.4%	14.3%	19.0%	42.2%	18.7%
2017-2023	11.9%	14.9%	14.3%	15.5%	30.3%	14.3%
2023-2029F	11.3%	11.6%	8.8%	8.2%	14.5%	10.8%

Source: Preqin. All figures are nominal and end of year  
 \*AUM figures exclude funds denominated in yuan renminbi to avoid double-counting, Total column excludes secondaries and funds of funds  
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# Real asset managers struggle to meet fundraising targets

Time in market for real asset funds increases, with little change in fundraising success

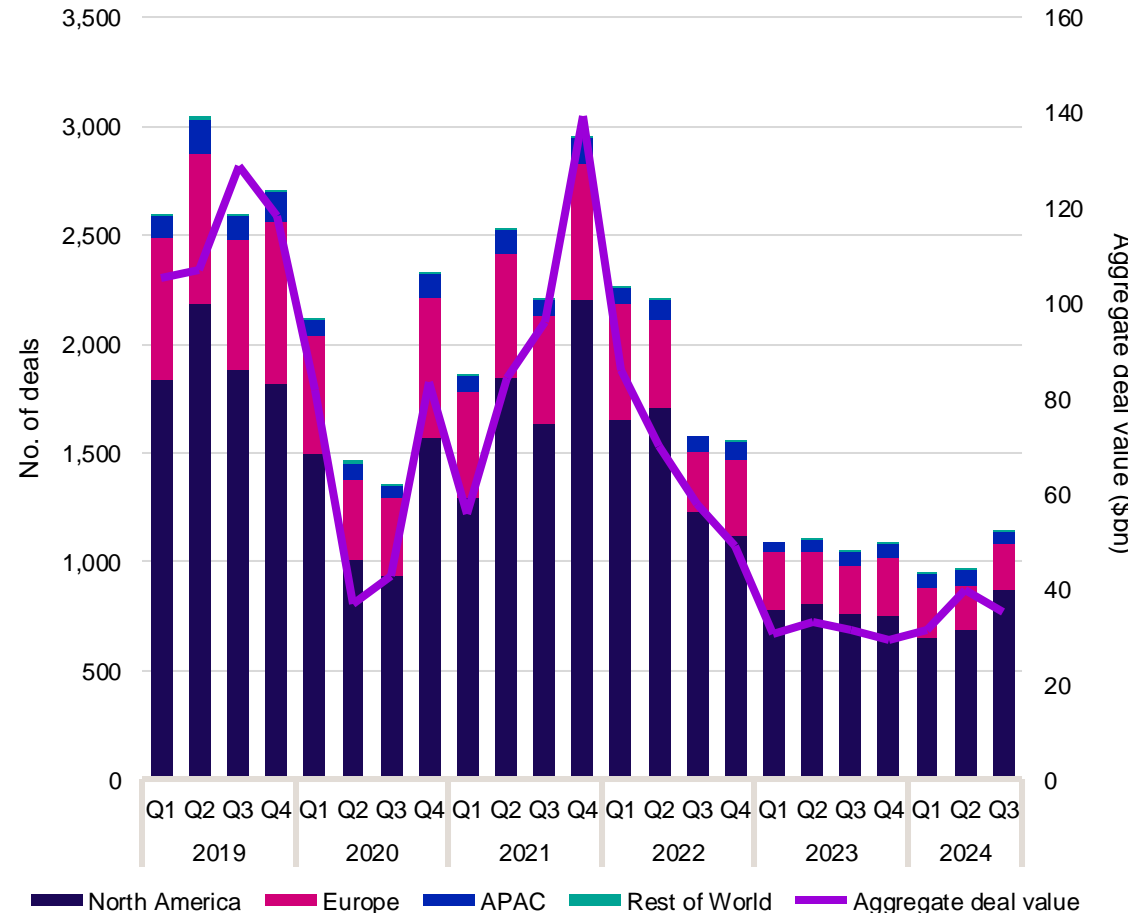


Source: Preqin Pro  
YTD = to end-Q3 2024

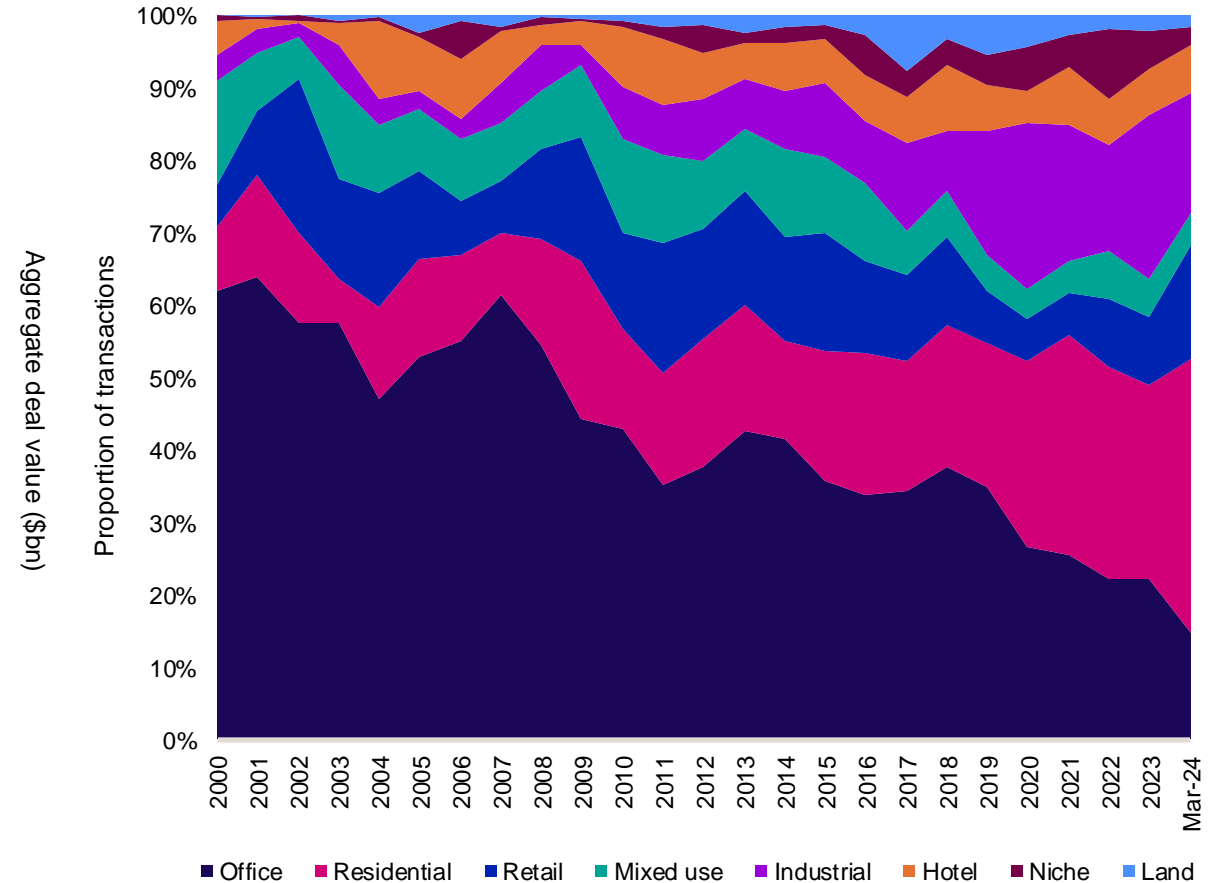
# Real estate deal market opens up, as offices spiral downward

APAC showed greater resilience in 2024 deal-making across sector, compared to North America and Europe

Quarterly private real estate deals by region



Global real estate transaction share by sector



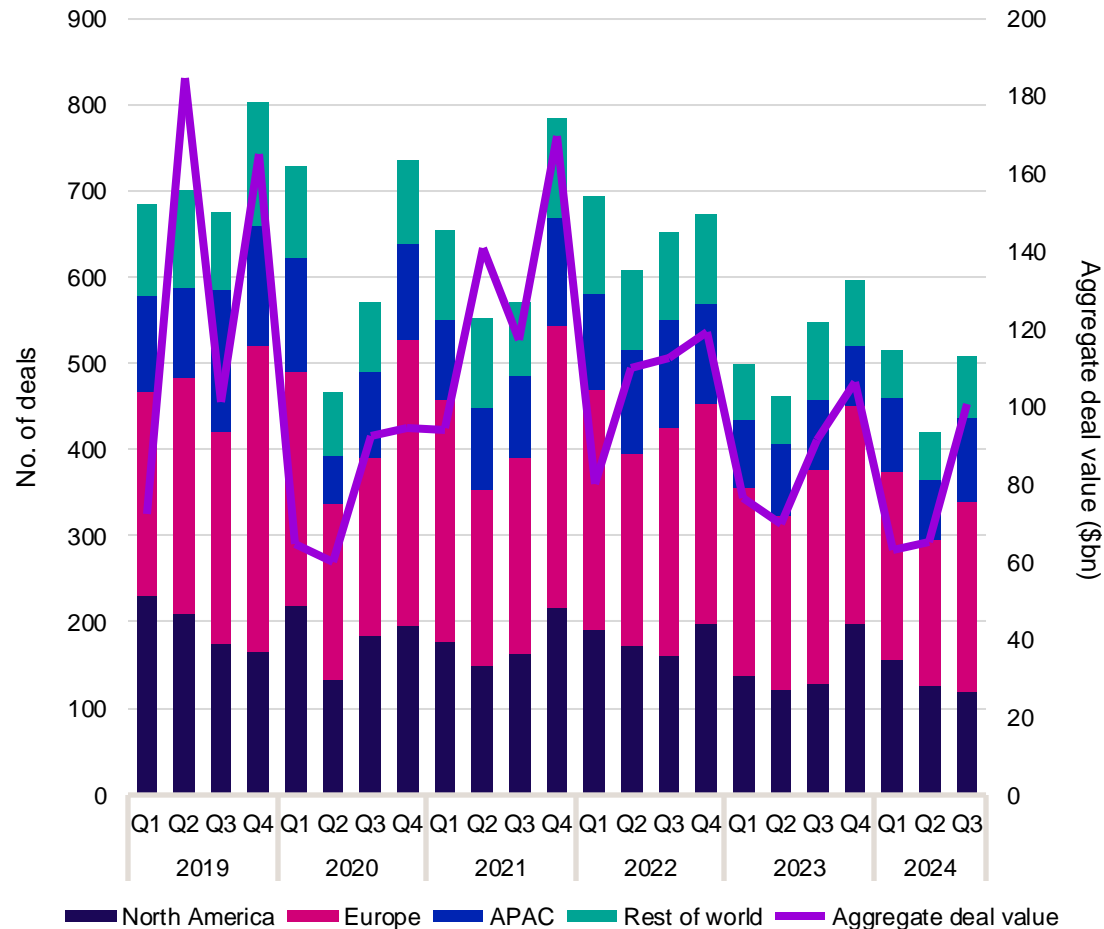
Source: Preqin Pro

Source: Preqin Pro

# Infrastructure deal value recovers, but North America volumes low

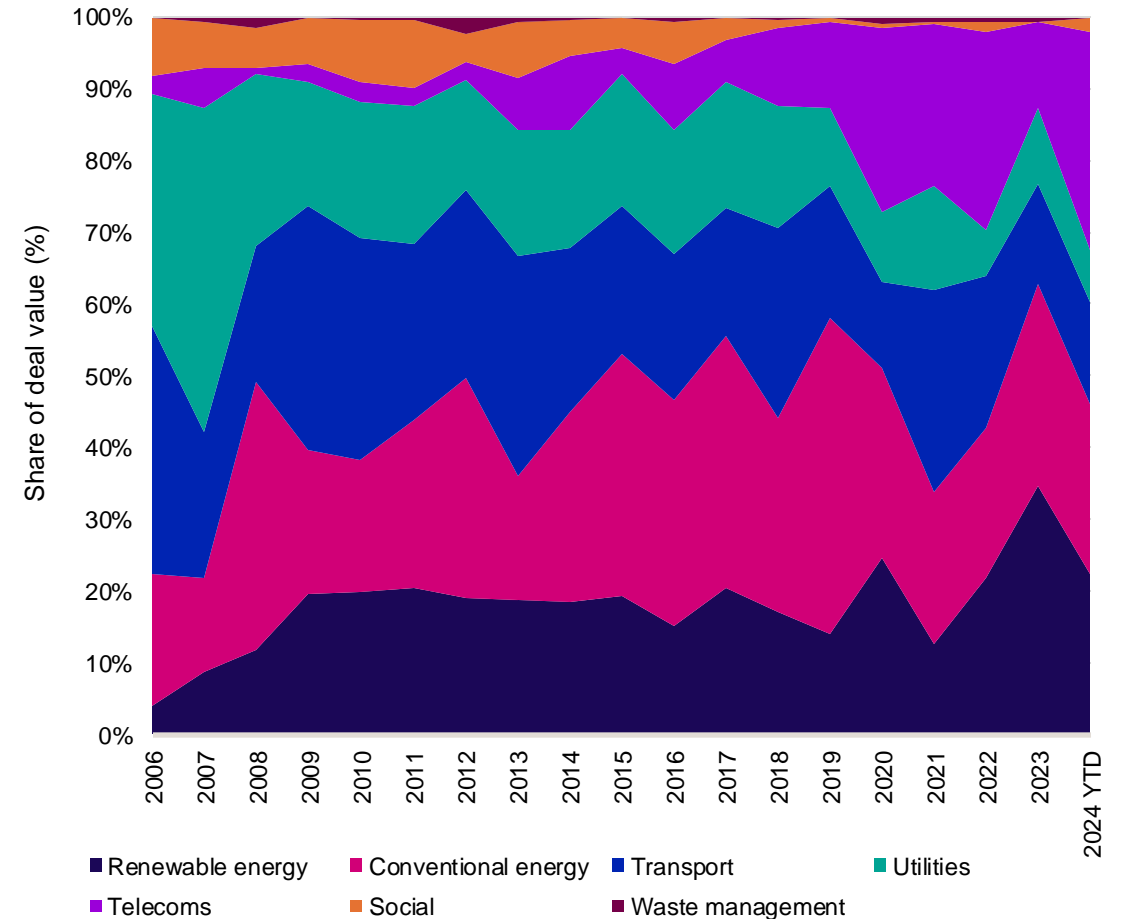
Looking at sectors, energy leads deals by share of value as telecoms increases to 30% of overall share

Infrastructure deal volume by region



Source: Preqin Pro

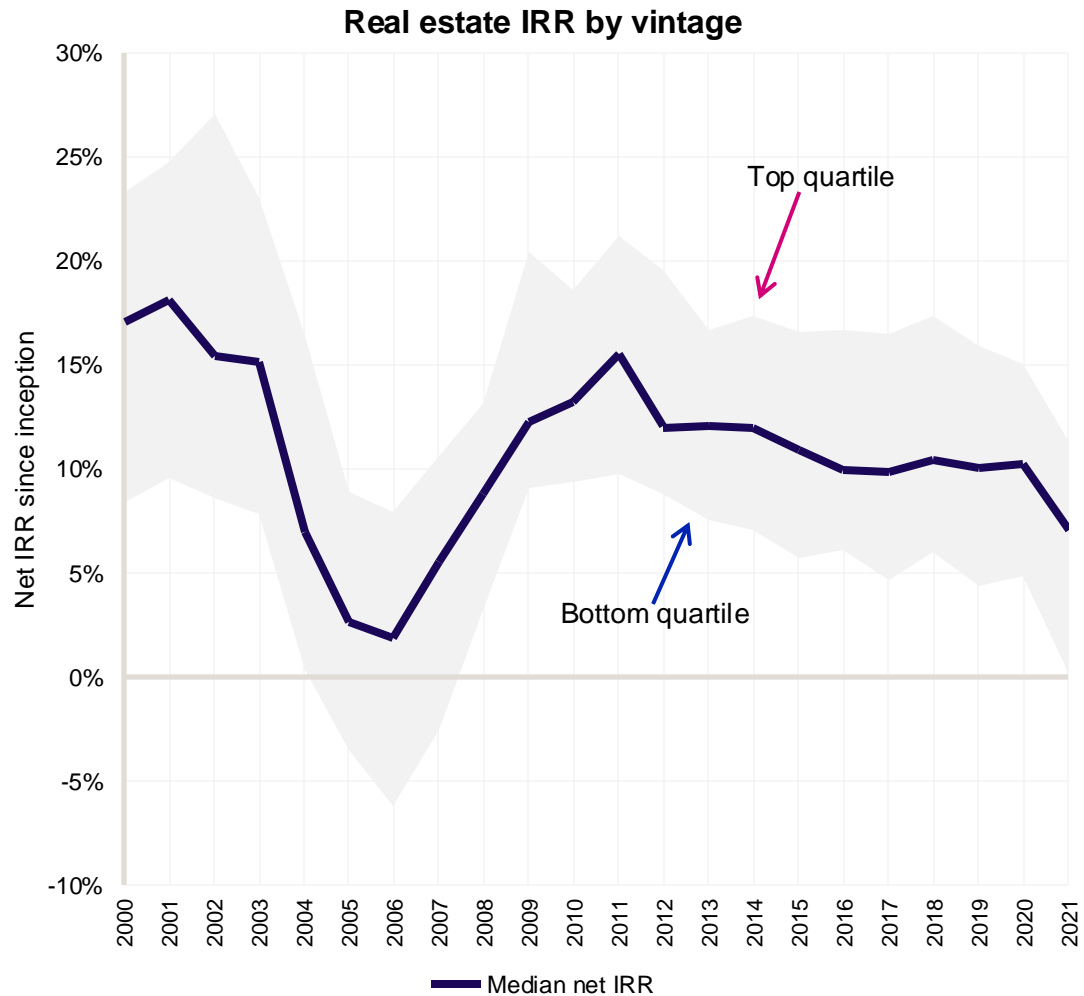
Global infrastructure deal value by sector



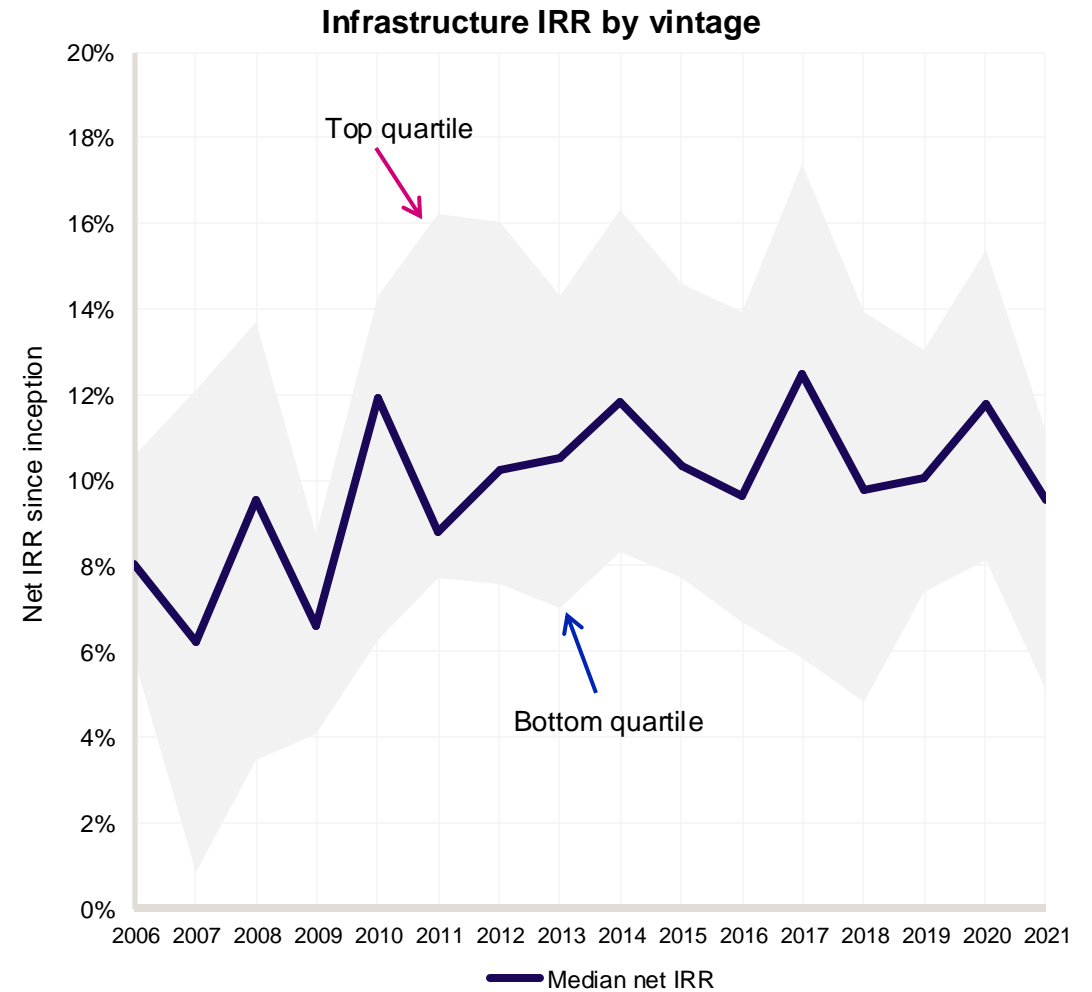
Source: Preqin Pro

# Infrastructure IRRs volatile by vintage, real estate IRR falls

Median IRR for real estate at lowest level since Global Financial Crisis



Source: Preqin Pro, Data as of Nov 20, 2024



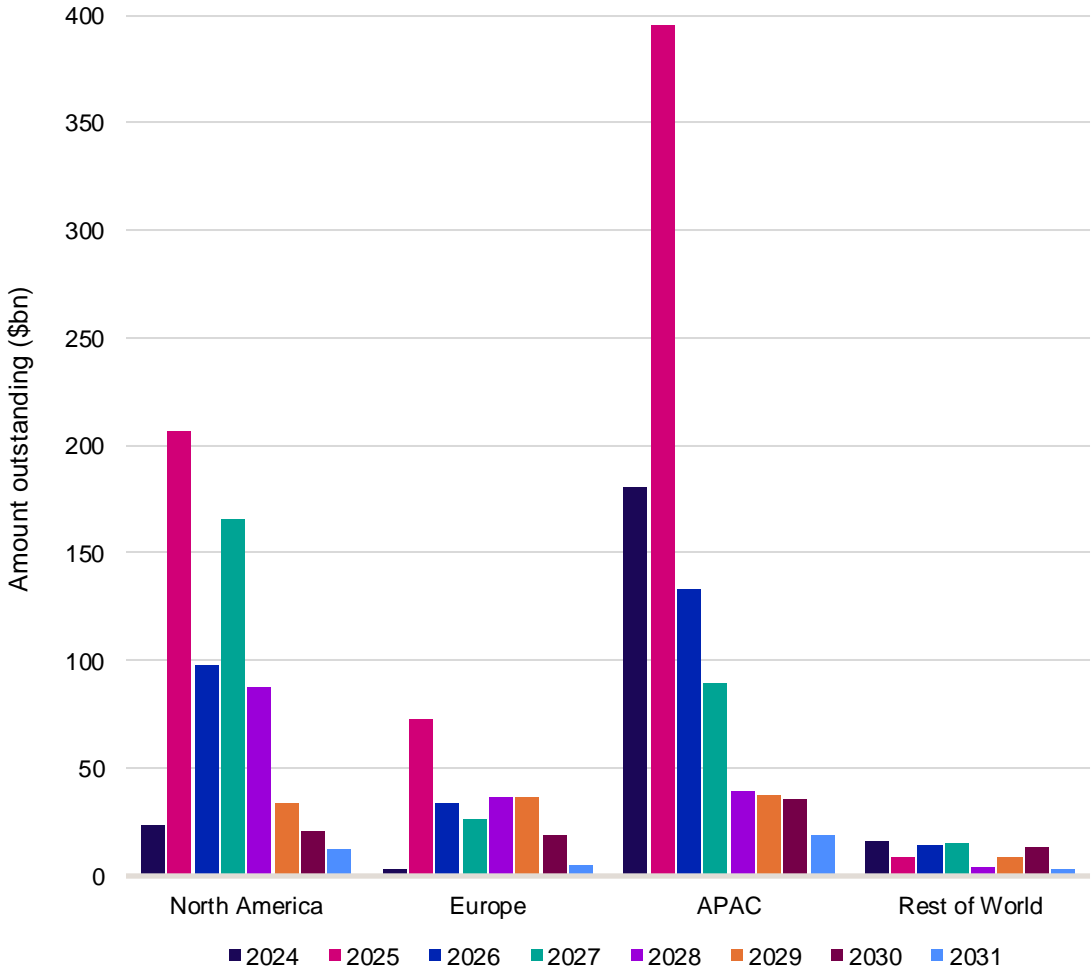
Source: Preqin Pro, Data as of Nov 20, 2024

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# 2025 will be watershed for real estate debt financing globally

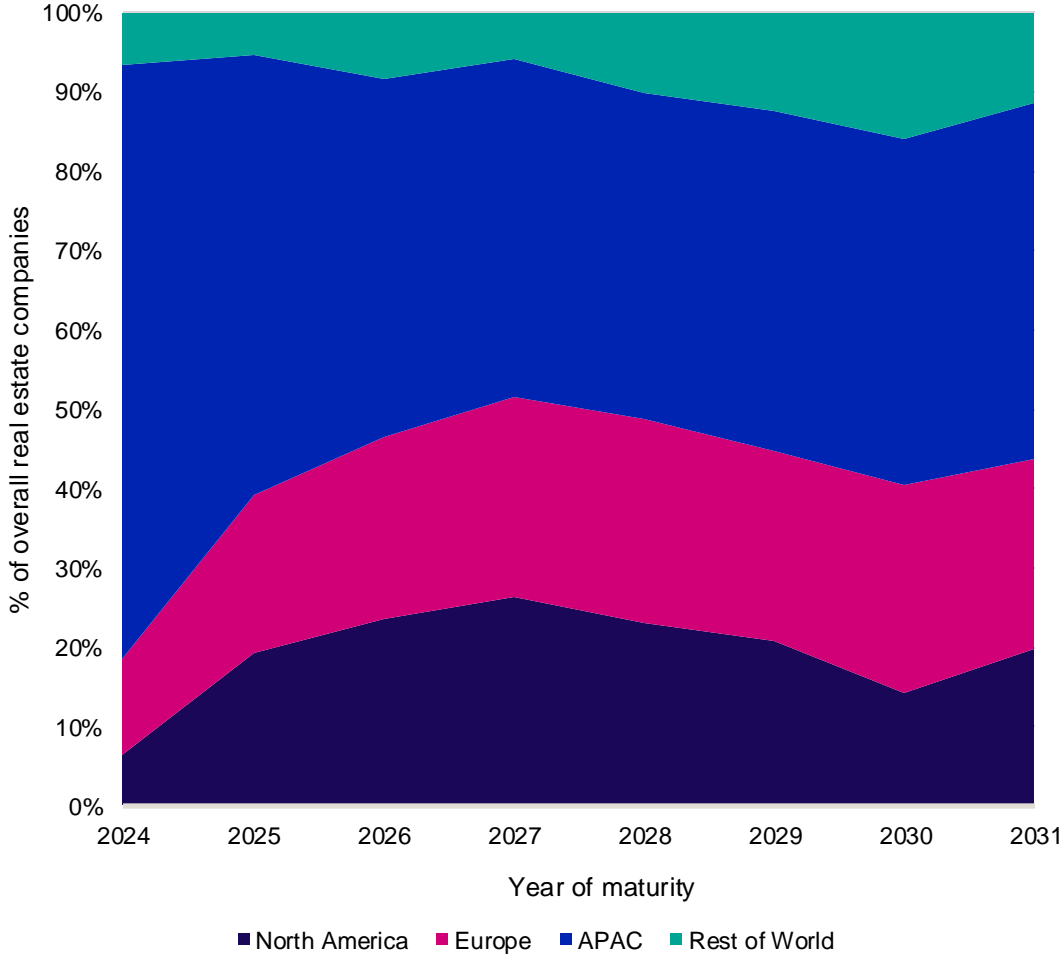
Real estate companies in APAC, driven by China, face huge repayment burden in the short-term

Amount outstanding maturing for real estate companies



Source: S&P Cap IQ

Year of maturity for real estate bonds globally



Source: S&P Cap IQ