

PRIVATE EQUITY/VENTURE CAPITAL



US Private Equity

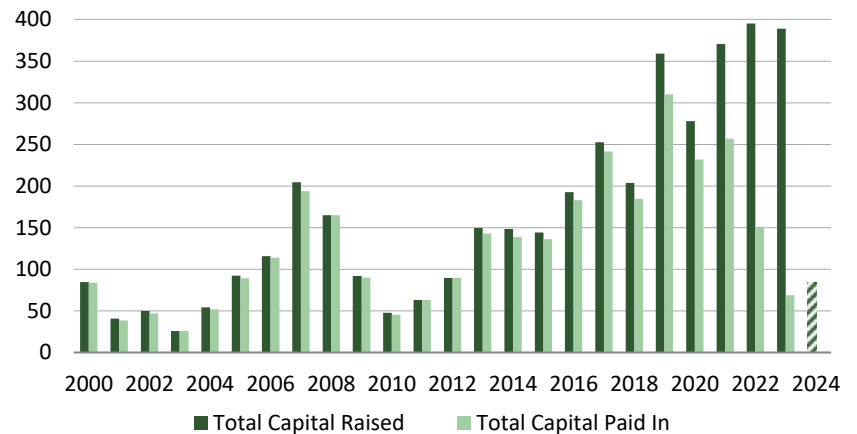
Facts & Figures First Quarter 2024

US PE returned 6.2% YTD through 3Q 2023, remaining resilient despite ongoing macro headwinds. While performance has trailed broader public markets recently, the US PE index still outperformed by at least 200 bps in every trailing period longer than three years. While the fundraising pace has held up, investment and exit activity slowed considerably in 2023, and these trends persisted in early 2024.

- US PE funds raised a near-record \$389B in 2023, following the high of \$395B set in 2022. Cumulatively, more than \$1.1T was raised over the past three years. Average fund sizes increased to a record \$1.22B in 2023, as fundraising has been concentrated in fewer, larger funds. Indeed, 17 funds of \$5B or more accounted for roughly half the 2023 fundraising total. This trend is set to continue, as 11 funds of \$5B or more already closed or remain open as of 1Q 2024. US PE funds secured almost 70% of capital raised globally over the past two years, which is higher than recent averages (54% in decade ended 2021).
- Capital invested in US buyout and growth equity deals totaled \$377B in 2023, compared to \$552B and \$627B in 2022 and 2021, respectively. While activity in 2023 was in-line with pre-COVID averages, the pace has slowed further in early 2024. Amid tighter credit conditions, add-on and growth equity deals—which are smaller than buyouts—accounted for a greater share of deal activity, and carveouts have also rebounded. IT companies attracted 25% of investment in 2023, and 44% so far in 2024, compared to 42% in 2022. The trailing five-year average share was 26%. Healthcare accounted for just 9% in 2023 and 10% in 2022.
- According to PichBook LCD data, purchase price multiples for large buyout transactions climbed from 2009 to 2022, but fell in 2023. Looking at EV/Revenue multiples, valuations were down 20% in 2023 versus the 2021 peak (2.1x vs 2.6x). Leverage fell back to 5.0x EBITDA in 2023 as equity contributions hit the highest level on record at 50%.
- Total US PE-backed exit value turned lower in 2023 at \$268B, marking the weakest year since 2012 (\$247B). Exit activity YTD in 2024 is on pace to match 2023. M&A exits to corporates accounted for 56% of all exit value in 2023, with IPO exit value coming in at just \$8B; these trends continued in early 2024. The ratio of exits-to-entry deals was historically low in 2023 at 0.34x, versus ~0.55x roughly ten years ago.

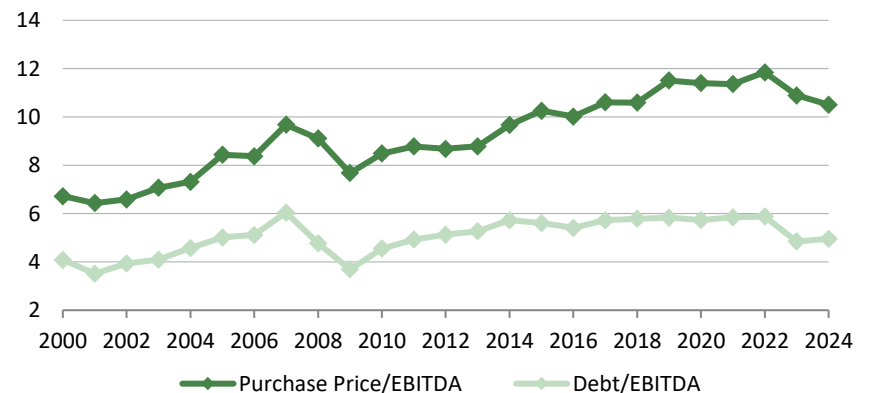
FUNDRAISING AND PAID-IN CAPITAL: US PE

Vintage Years 2000–24 (Mar 31) • US\$B



AVERAGE PURCHASE PRICE AND DEBT MULTIPLES: US PE

2000–24 (Mar 31)



Sources: Cambridge Associates LLC, Morningstar, Inc. LCD and PitchBook.

Note: Historical fundraising and paid-in capital data revise.

US Venture Capital

Facts & Figures First Quarter 2024

US VC returns remained weak YTD through 3Q 2023 (-3.9%), extending on negative performance in 2022 (-20.9%). While this result underperformed public markets, the US VC index has generally outperformed over longer time horizons. Pre-money valuations plummeted in 2023, as fundraising and deal activity normalized. Exits were limited as the IPO market remained mostly closed. These trends showed nascent signs of stabilization in early 2024.

- US VC funds raised \$80B in 2023, according to PitchBook, which marked a four-year low. This followed the exceptional prior two years, when more than \$360B was raised. Fundraising in 1Q 2024 was soft at just \$9B, on pace for the weakest haul since 2013. PitchBook noted that established managers secured 75% of capital raised in 2023, with capital raised by first-time funds falling to a seven-year low. Indeed, the average fund size in 2023 of \$151M remained elevated, while the median fund size increased 35% to around \$34M. US funds attracted 42% of global VC capital raised in 2023. For the decade ended in 2022, US VC accounted for 36% of global fundraising flows.
- US VC deal activity slowed to \$166B in 2023, following the records of \$350B and \$242B reached in 2021 and 2022, respectively. While investment activity in 2023 tracked well-ahead of the pre-COVID pace, deals slowed further in 1Q 2024 (\$37B). Two-thirds of deal activity was concentrated in the IT and healthcare sectors in 2023, roughly in-line with their trailing five-year average share. Late-stage VC deals made up two-thirds of activity, one of their largest shares on record.
- US VC valuations dropped almost across the board in 2023, and most acutely for later funding rounds. Median valuations for series C and D+ deals declined 31% and 48% in 2023, respectively. Valuations have stabilized in early 2024, due in part to only higher-quality venture companies securing financing amid a still-challenging environment.
- Exit activity in 2023 (\$66B) was the slowest since 2016 and the second straight year of exit value below \$100B. Exits in 1Q 2024 (\$18B) were bolstered by the successful IPOs of Astera Labs and Reddit. Recent slowing followed extraordinary exit activity in 2021 (\$79.8B), when the value of IPOs surged to \$67.6B. The number of IPOs and the public market's appetite for tech helped drive exit values in 2021. While IPO activity was just \$29B in 2023, it already hit \$13B in 1Q 2024.

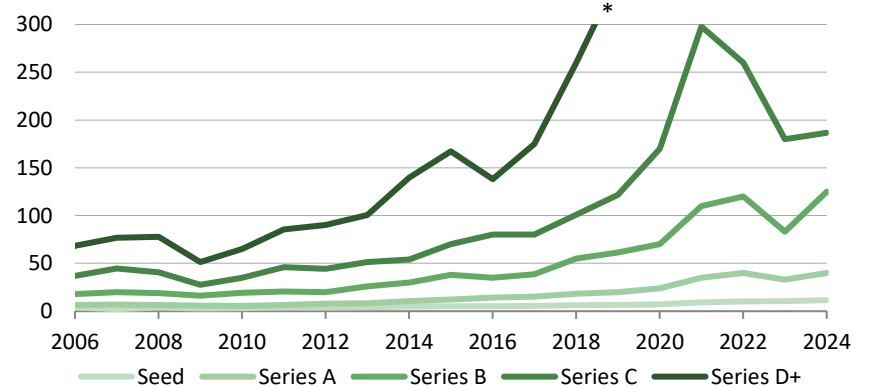
FUNDRAISING AND PAID-IN CAPITAL: US VC

Vintage Years 2000–24 (Mar 31) • U\$B



MEDIAN PRE-MONEY VALUATIONS BY SERIES: US VC

2006–24 (Mar 31) • U\$M



* Y-axis capped for scale purposes. Latest value for Series D+ is 575.

Sources: Cambridge Associates LLC and PitchBook.

Note: Historical data revise.

European Private Equity

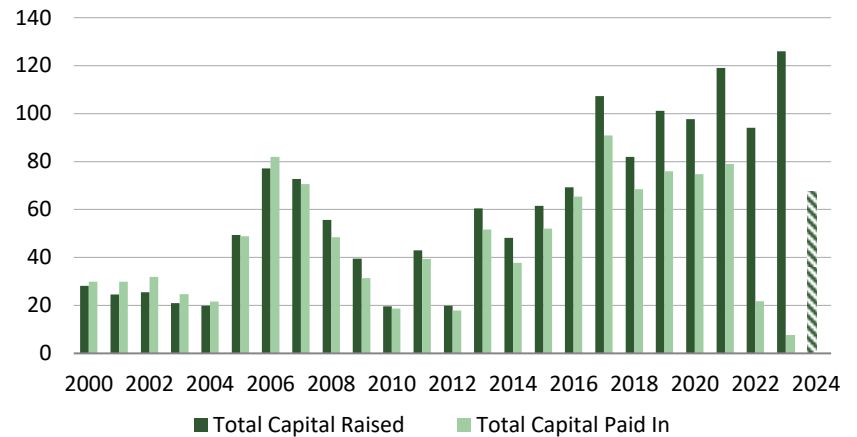
Facts & Figures First Quarter 2024

European PE posted a solid return YTD through 3Q 2023 (4.2% in USD, 5.0% in EUR), remaining resilient despite ongoing macro headwinds. While this result underperformed public markets, European PE has outperformed over longer time periods historically. Fundraising activity hit a fresh record in 2023 and saw a strong start in 1Q 2024, while deal and exit activity has normalized to around pre-COVID averages.

- European PE fundraising hit a record at €126B in 2023, exceeding the prior high of €119B set in 2021. European PE funds have already raised €68B YTD in 2024. Recent fundraising has been concentrated in fewer funds, with median and average fund size both increasing to a record of €255M and €992M in 2023, respectively. This trend has continued, with just three funds accounting for nearly 80% of total fundraising in 1Q 2024. European funds attracted 23% of global PE capital raised in 2023, tracking in-line with their share in the decade ended 2022.
- Investment activity directed at European-based companies reached a total deal value of €438B in 2023. This slowed from deal values of just under €600B in both 2021 and 2022, but was still well-ahead of pre-COVID averages. Deal activity normalized further in 1Q 2024 at €70B. According to PitchBook data, average deal sizes fell in 2023 as add-ons have gained favor at the expense of megadeals (>€1B). Among sectors, IT comprised more than 20% of deal value in 2022–23, with investment in IT growing steadily over the past decade.
- According to PitchBook LCD, purchase price multiples (PPMs) declined for a third straight year in 2023 to 10.1x EBITDA. PPMs are now below their trailing ten-year average and back to 2014–15 levels. Leverage multiples have held steady at 5.8x in 2023. Equity contributions to LBOs turned higher in 2023 to 50%, back to levels last reached in 2020 (52%) and 2009–10 (53%).
- Total exit value held steady at €256B in 2023 (compared to €401B and €255B in 2021 and 2022, respectively), and was broadly in line with pre-COVID averages. However, exit value totaled just €36B in 1Q 2024. The value generated by IPO exits rebounded in 2023, although this was largely driven by the Arm public listing at just under €45B. Still, corporate acquisitions and secondary buyouts continue to account for the majority of exit value, which is the usual exit route for European PE.

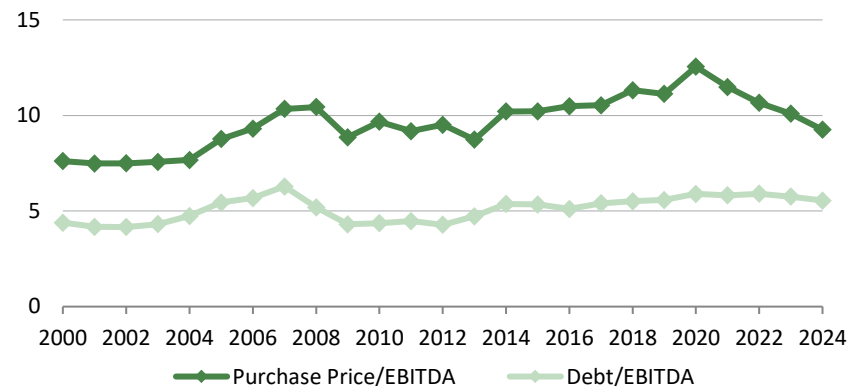
FUNDRAISING AND PAID-IN CAPITAL: EUROPEAN PE

Vintage Years 2000–24 (Mar 31) • Euro (Billions)



AVERAGE PURCHASE PRICE AND DEBT MULTIPLES: EUROPEAN PE

2000–24 (Mar 31)



Sources: Cambridge Associates LLC, Morningstar, Inc. LCD and PitchBook.

Note: Historical fundraising and paid-in capital data revise.

European Venture Capital

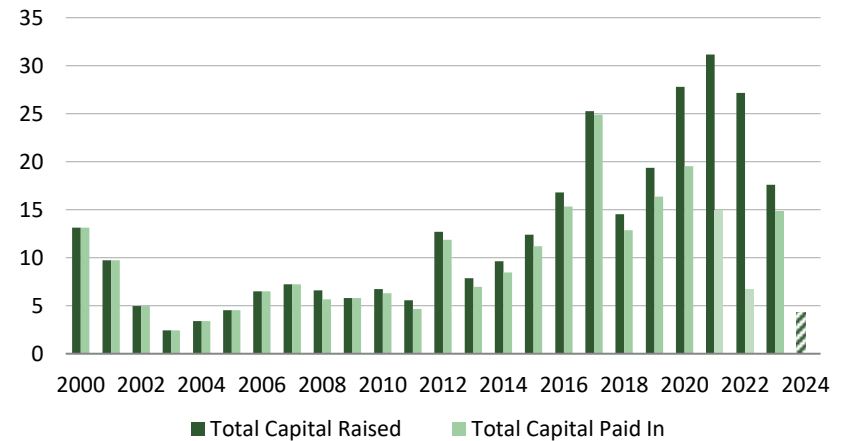
Facts & Figures First Quarter 2024

European VC returns remained weak YTD through 3Q 2023 (-3.9% in USD, -3.2% in EUR), extending on negative performance in 2022. While this result lagged public markets, European VC has generally outperformed over longer time periods historically. Activity slowed across the board in recent quarters—particularly for exits—although pre-money valuations have held up better than their US counterparts.

- According to PitchBook data, European VC funds raised €18B of fresh capital in 2023, the lowest amount since 2018. In 2020–22, VC funds in Europe raised on average €29B per year. Capital raised in 1Q 2024 (€4B) was on pace with 2023. Larger fund sizes have bolstered activity in recent years—with the average fund size of \$143M in 2023, its second highest level on record, trailing only 2017. Among all VC funds globally, European managers secured 10% of capital raised in 2023, which is in-line with recent averages.
- Deal activity slowed in 2023, with €61B of capital invested in Europe-based businesses. This follows an average of more than €100B in the prior two years but was well ahead of the pre-COVID pace. In 1Q 2024, €16B was invested in European targets. According to PitchBook, late-stage venture saw the largest slowdown in 2023, whereas early-stage deals have been more resilient. IT accounted for roughly one-third of deal flow in 2023, which slowed from more than 40% in 2022 but remained the top sector for VC deal activity.
- Valuations rolled over somewhat in 2023, although not as severely as in the US. While they have rebounded at the seed and early-stage phases, later-stages have held steady just under €13B. The drivers of the longer-term uptrend in later-stage valuations were some very large financing rounds (evidenced by average valuations coming in at almost 14x the median valuation in 2021).
- Exit activity slowed to €14B in 2023 after surging to a record in 2021 (€156B). Exit values are now tracking below their pre-2021 five-year average of €24B. Exit activity has slowed considerably in recent quarters, with just €2B of exit value generated in 1Q 2024. IPO activity was exceptional in 2021, hitting €125B in value, an eleven-fold increase over 2020. While IPO activity was still solid in 2022 at €14B, it was just €1B in 2023. Value generated by M&A transactions was halved in 2023 (€27B in 2022 vs €13B in 2023).

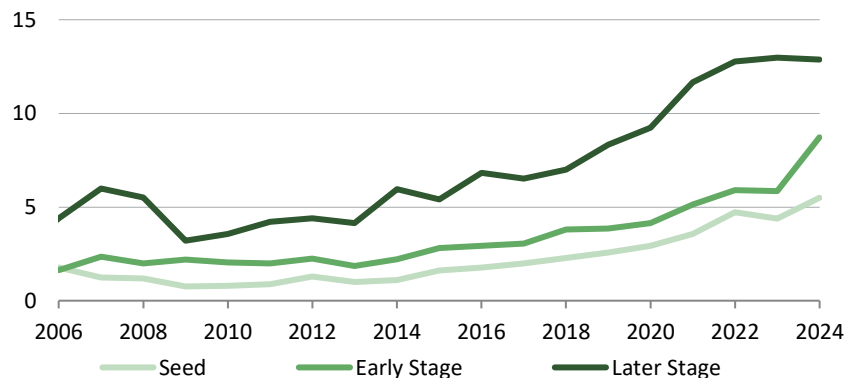
FUNDRAISING AND PAID-IN CAPITAL: EUROPEAN VC

Vintage Years 2000–24 (Mar 31) • Euro (Billions)



MEDIAN PRE-MONEY VALUATIONS BY STAGE: EUROPEAN VC

2006–24 (Mar 31) • Euro (Millions)



Sources: Cambridge Associates LLC and PitchBook.

Notes: Valuations are shown by stage (as defined by PitchBook) rather than by series due to small sample sizes. Historical fundraising and paid-in capital data revise.

Asian Private Equity

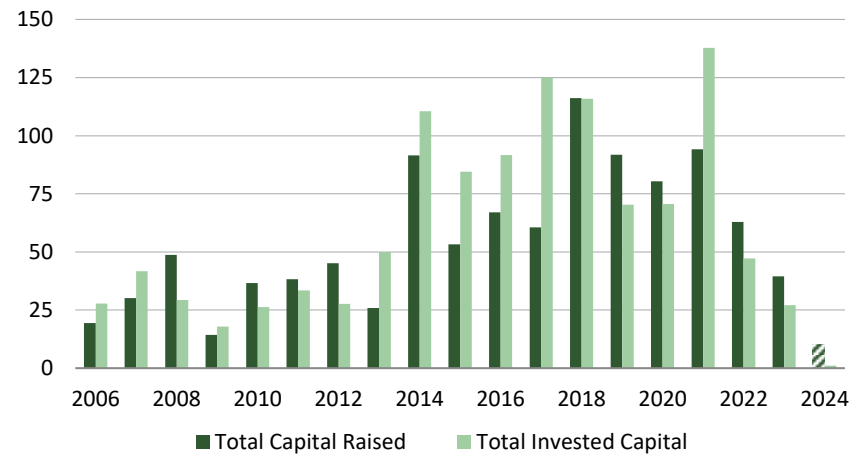
Facts & Figures First Quarter 2024

Asian PE returned 2.2% in USD terms YTD through 3Q 2023, remaining resilient despite ongoing macro headwinds. Despite underperforming public markets in 2023, Asian PE has outperformed by a wide margin over longer time periods historically. In 2023, activity across fundraising, entry investment, and exits showed signs of a continued slowdown from 2022. Fundraising fell to the lowest level in a decade.

- Asian PE funds raised just \$40B of new capital in 2023, the lowest since 2013. Fundraising of \$10B in 1Q 2024 was on pace with the 2023 total. In the five years prior to 2023, annual fundraising by Asian PE funds averaged nearly \$90B per year. Recent fundraising has been driven by fewer, larger funds, with the median fund size in 2023 climbing to a record high of \$206M. Asian PE funds secured just 6% of global capital raised in 2023, which was less than half the region's take during the decade ending in 2022 (18%).
- Asia-based businesses attracted \$118B of capital in 2023, following the flurry of activity in the prior two years when deal activity averaged around \$150B per year. Despite the recent slowing, deals in 2023 were more in-line with their pre-COVID averages. However, the pace slowed further in early 2024, with \$10B invested in 1Q. According to PitchBook, Australia-based companies received 24% of deal flow in 2023, followed by Japan (23%), India (22%), and China (12%). China's share of investment has declined in recent years, while the portion of regional capital deployed into Japan and India has increased.
- Buyout strategies were more prevalent than growth in Australia, Korea, and Japan, while the reverse has been true in China. Regardless of strategy, leverage has historically been modest or low, while valuations, especially in growth sectors, have been as high as those in other regions.
- Exit activity faltered in 2023. After averaging \$130B of exit value per year in 2021–22, this value fell to \$36B in 2023 (the lowest since 2013), according to Dealogic. M&A activity (the typical exit path in Asia) continued to account for the majority of exit activity (85%), which was squarely in-line with historical averages.

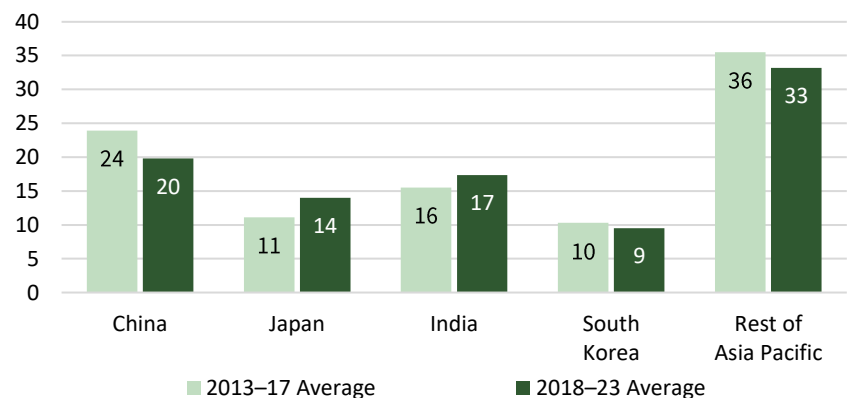
FUNDRAISING AND INVESTED CAPITAL: ASIA-PACIFIC PE

2006–24 (Mar 31) • US\$B



PERCENT (%) OF INVESTED CAPITAL BY COUNTRY OF TARGET COMPANY

As of Mar 31, 2024



Source: PitchBook.

Notes: Total Capital Raised does not include Softbank Vision funds. For the top chart, invested capital includes deals where the investor is an Asia-based PE fund. For the bottom chart, invested capital includes PE deals where the target company is headquartered in Asia; data may not sum to 100 due to rounding. Historical data revises.

Asian Venture Capital

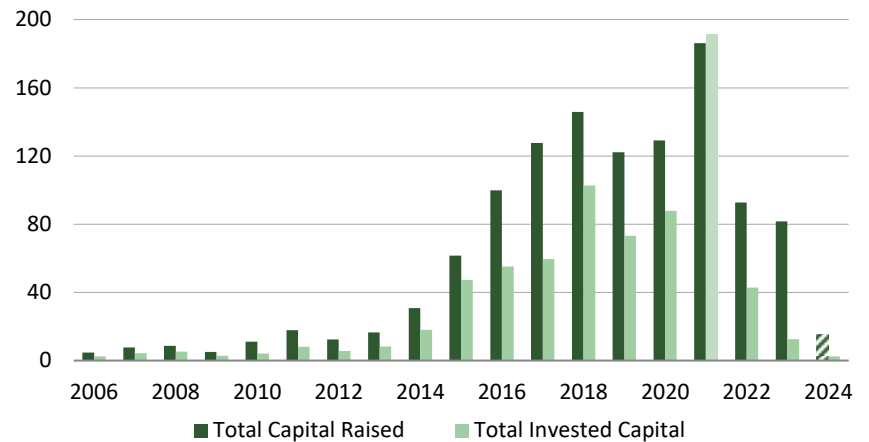
Facts & Figures First Quarter 2024

Asian VC returns remained weak YTD through 3Q 2023 (-3.7% in USD), extending negative performance that started in 2H 2021. While VC in Asia has lagged public indexes in recent quarters, it has outperformed by a wide margin over longer periods historically. Although activity has shown signs of slowing and later-stage valuations have come down, exits remained more available than in the US and Europe.

- Asian VC funds raised \$82B in 2023, following the prior five-year average of more than \$130B per year. Indeed, fundraising was the weakest since 2015, and on pace to slow again with just \$15B raised in 1Q 2024. However, average fund sizes have steadily pushed higher over this time period, hitting a record at just under \$100M in 2023. Despite the slowdown, Asia's share of global VC fundraising increased in 2023 to 44%. This was up from 30% in 2022, and broadly in-line with more recent averages.
- Global investors allocated \$100B to Asia-based venture companies in 2023, the slowest pace since 2017. In the prior five years, deal activity averaged more than \$160B per year. Asian VC managers invested just \$13B in 2023, the lowest since 2013 and nearly \$90B lower than the annual average of the previous five years. Chinese companies received 59% of invested capital in 2023, followed by India, Singapore, and Korea. IT accounted for more one-third of deal activity.
- Median pre-money valuations have fallen since 2021 across later-stage VC deals but continued climbing at earlier rounds. Later-stage valuations, which are most impacted by public markets, contracted \$22M from their 2021 peak to year-end 2023, but rebounded in 1Q 2024. Consumer and IT valuations increased in 2022 and 2023, whereas health care valuations continued falling from their recent peak in 2021. These three sectors have historically dominated the Asia VC landscape.
- Exit activity slowed to around \$145B in 2023, which was the slowest pace in four years. Although this exit value was down from the prior three-year average of around \$285B, the exit environment looks healthy relative to pre-COVID levels. Additionally, VC-backed IPOs in Asia have held up better than their US and European counterparts, where public listings were mostly frozen over the past couple years. In fact, IPOs accounted for more than 90% of exit value in 2023.

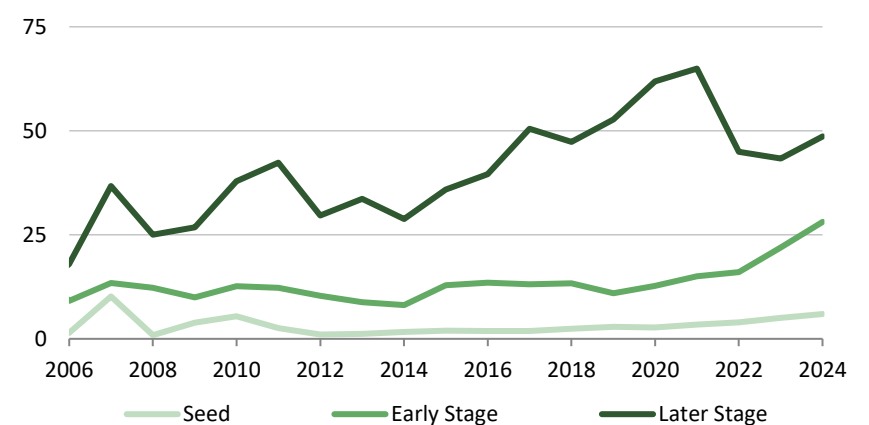
FUNDRAISING AND INVESTED CAPITAL: ASIA-PACIFIC VC

2006–24 (Mar 31) • U\$B



MEDIAN PRE-MONEY VALUATIONS BY STAGE: ASIA-PACIFIC VC

2006–24 (Mar 31) • U\$M



Source: PitchBook.

Notes: Total Capital Raised does not include Softbank Vision funds. Invested capital includes deals where the investor is an APAC-based VC fund. Valuations are shown by stage (as defined by PitchBook) rather than by series, due to small sample sizes. Historical data revises.