

# Private Equity/Venture Capital

# US Private Equity

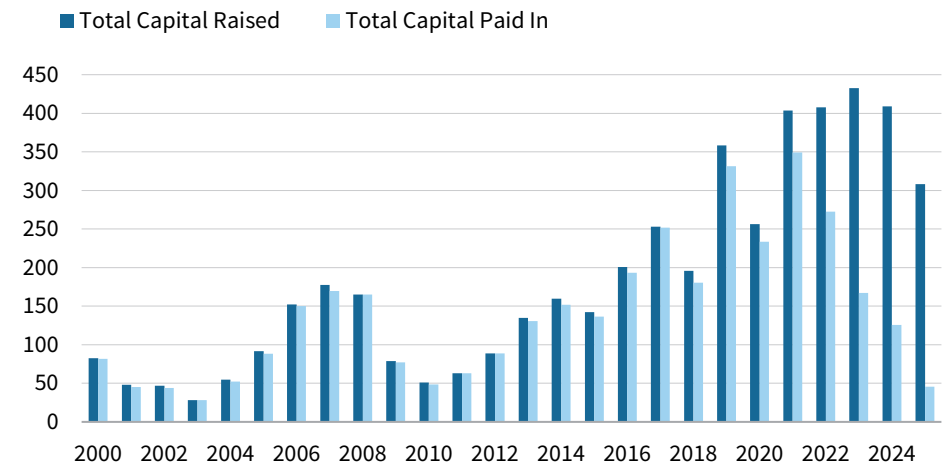
## Facts & Figures Fourth Quarter 2025

**US PE funds returned 2.1% in 3Q and 8.3% over the past year. Returns trailed public markets in recent years, but the US PE index has outperformed public markets over longer time periods. Distributions have recovered slowly but are still below long-term averages, which in turn has weighed on fundraising. Exit activity also picked up slightly in 2025, but the recovery has been narrowly driven by a small number of large transactions.**

- Fundraising activity has picked up for US PE funds in recent months as economic and policy uncertainty subsides. Still, with many LPs waiting for greater distributions, the \$308B raised was the least since 2020 and well below recent averages. Fundraising continues to be highly concentrated, with “mega funds” of \$5B or more accounting for almost half of capital raised.
- Deal activity has increased, coinciding with expectations for lower interest rates and more clarity on tariff impacts. The \$1.1 trillion invested in US buyout and growth equity deals represented a 28% increase over the prior year. Deal activity like fundraising was concentrated, with deals greater than \$1B represented over 50% of the total.
- According to PitchBook LCD data, EBITDA purchase price multiples for large US buyout transactions continued to level off at around 11.0x in 2025. Revenue multiples ticked back up to around 2.6x though this remains below their 2022 peak (3.0x).
- Exit activity improved significantly as 2025 came to a close. US PE firms sold \$682B of investments in 2025, a 78% increase from the prior year. Activity was driven by a handful of large transactions. The largest deals (\$1B+) accounted for 73% of total value, suggesting a narrow recovery. Indeed, as of 3Q-end, PitchBook noted that US PE inventory has grown to a new high of nearly 13,000 companies.

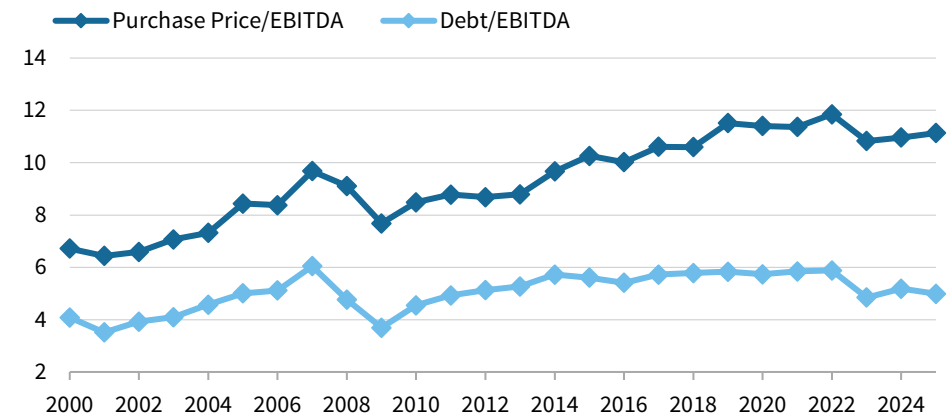
### Fundraising and paid-in capital: US PE

Vintage Years 2000–25 (Dec 31) • US\$B



### Average purchase price and debt multiples: US PE

2000–25 (Dec 31)



Sources: Cambridge Associates LLC and PitchBook Data Inc.

Note: Historical fundraising and paid-in capital data revise. 2025 Paid-in capital data are through June 30.

# US Venture Capital

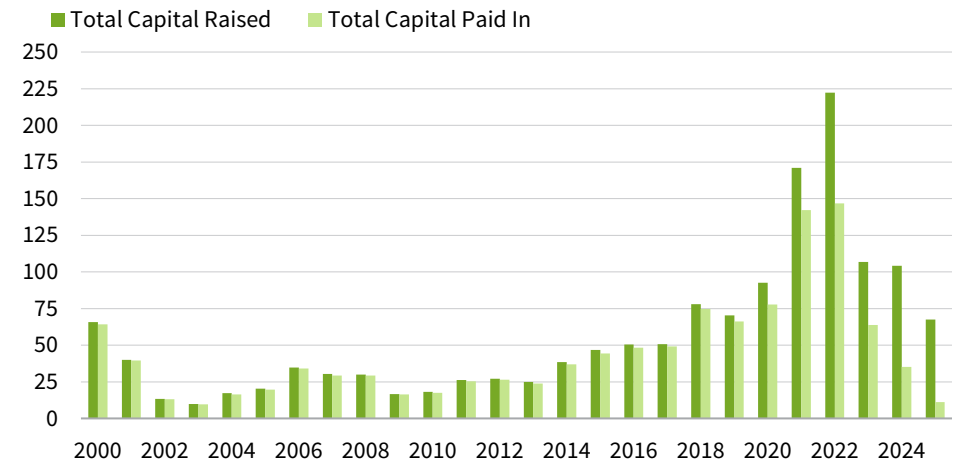
## Facts & Figures Fourth Quarter 2025

**US venture capital generated a pooled net internal rate of return of 16.2% over the past year and 13.7% over the prior ten-year period, according to our index as of 3Q. The index has benefited from its strongest performance in the past couple of quarters since 2021, following a period when a significant spike in fundraising and valuations weighed on returns. The recent gains also reflect the prominence of AI, which has accounted for a large portion of incremental exposures.**

- Fundraising activity moderated in 2025, due in part to slow capital distributions from existing commitments. US VC funds raised \$68B in 2025, which is the lowest annual total since 2017. This compares to an average of nearly \$200B raised during the peak years of 2021 and 2022. The difficult fundraising environment has disproportionately benefited established managers rather than new managers.
- Deal activity rose to just under \$340B in 2025, marking the highest annual total since 2021. Artificial intelligence (AI) and machine learning continued to dominate the landscape, accounting for over half of all deal value. Nearly 70% of total deal value came from corporate VC firms, representing their highest share in a decade, and much of this was allocated to later-stage AI companies.
- The median pre-money valuation rose sharply in 2025, with increases observed across all stages from seed rounds to series D+ compared to 2024. This surge pushed valuations for all but series D+ deals to new annual highs. Notably, valuations for AI-related deals have generally exceeded those of non-AI deals.
- Exit activity improved in 2025, bolstered by better IPO activity. In total, US VC-backed exit value reached \$298B in 2025, eclipsing the value generated in the years 2022–24. Still, IPO exits have been concentrated, with average IPO exit value increasing to one of the highest levels in the past decade.

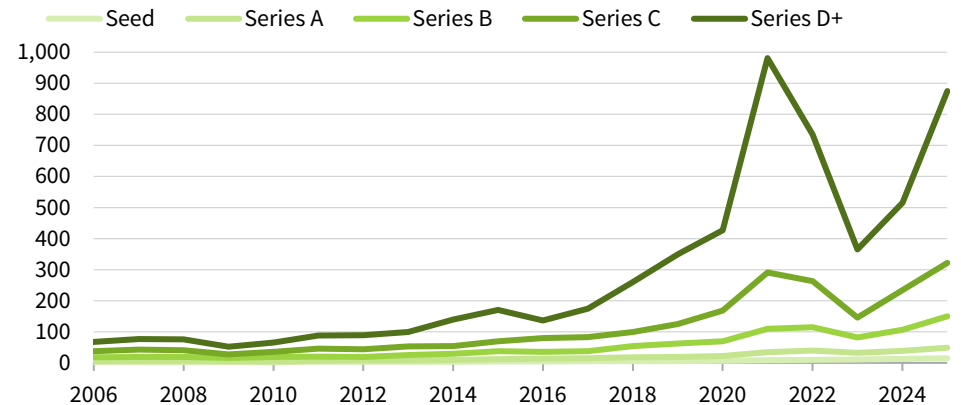
### Fundraising and paid-in capital: US VC

Vintage Years 2000–25 (Dec 31) • US\$B



### Median pre-money valuations by series: US VC

2006–25 (Dec 31) • US\$M



Sources: Cambridge Associates LLC and PitchBook Data Inc.

Note: Historical data revise. 2025 Paid-in capital data are through June 30.

# European Private Equity and Venture Capital

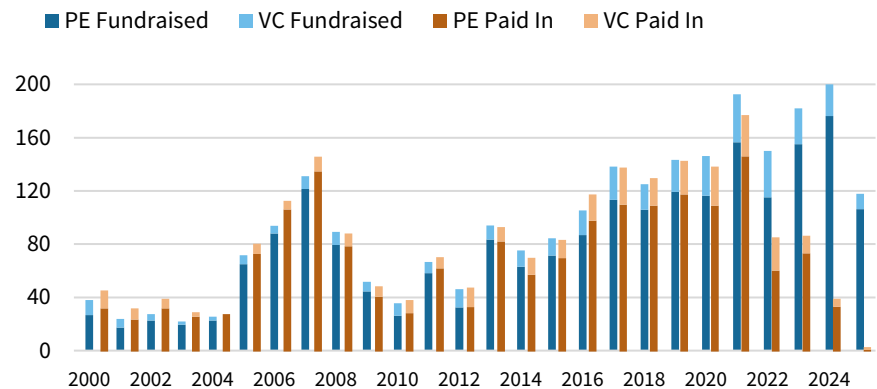
## Facts & Figures Fourth Quarter 2025

European PE and VC returned a respectable 16.0% and 16.8%, respectively in USD terms through the first three quarters of 2025. However, the dollar was the overwhelming driver of this performance, with much more meager returns in euros (2.2% and 2.9%). Performance of both sectors have trailed public markets in recent years; however, they have outperformed over longer horizons. While fundraising has slowed, deal activity and exits have increased, with purchase multiples ticking higher.

- Fundraising activity has moderated, due in part to muted LP distributions from existing commitments. Europe-based PE funds raised €106B in 2025, while VC raised €12B, on pace for one of the weakest years in the last decade. These figures compare to averages of €150B and €30B in the prior 4 years. Fundraising remains more concentrated in PE than in recent years, with 155 funds raising an average of €0.69B. European PE funds secured just over one-fifth (22%) of global PE capital raised in 2025, while for VC the figure was 11%, both in line with the averages over the five years prior.
- After bottoming in 2023, deal activity continued to increase, aided by lower interest rates and reduced policy uncertainty. Deal value reached €650B in 2025 for PE, a new record, and €66B for VC. Financial services and healthcare have seen PE flows increase in 2025, while the same is true of AI and crypto/blockchain for VC.
- According to PitchBook LCD stats, purchase price multiples for transactions larger than €500M increased to 9.9x EBITDA in 2025, the first increase since 2020. Leverage multiples also ticked up to 5.2x. VC valuations also showed strong gains, particularly within later-stage.
- Exit activity continued to increase gradually, though IPO activity remained limited. European PE-backed exit value was €300B in 2025, while VC was €68B, the strongest year for each, excluding 2021. Secondary buyouts accounted for most of the PE exit value (54%), which, along with corporate acquisitions, is the usual exit route for European PE.

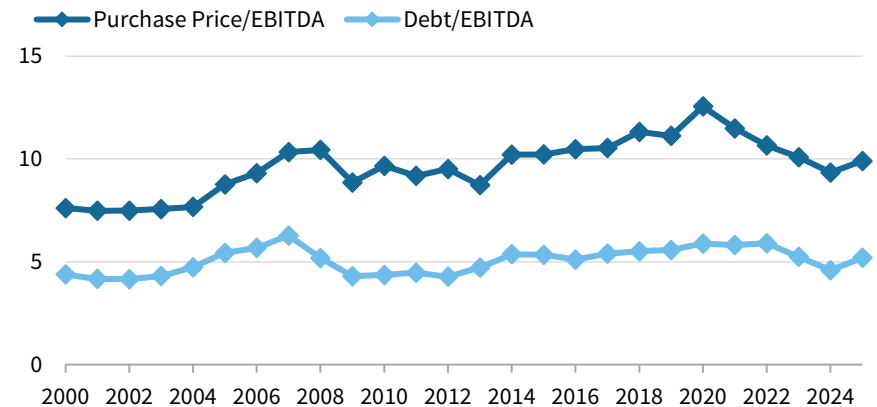
### Fundraising and paid-in capital: European PE and VC

Vintage Years 2000–25 (Dec 31) • Euro (Billions)



### Average purchase price and debt multiples: European PE

2000–25 (Dec 31)



Sources: Cambridge Associates LLC and PitchBook Data Inc.

Note: Historical fundraising and paid-in capital data revise. Paid-in capital data for 2025 are through June 30.

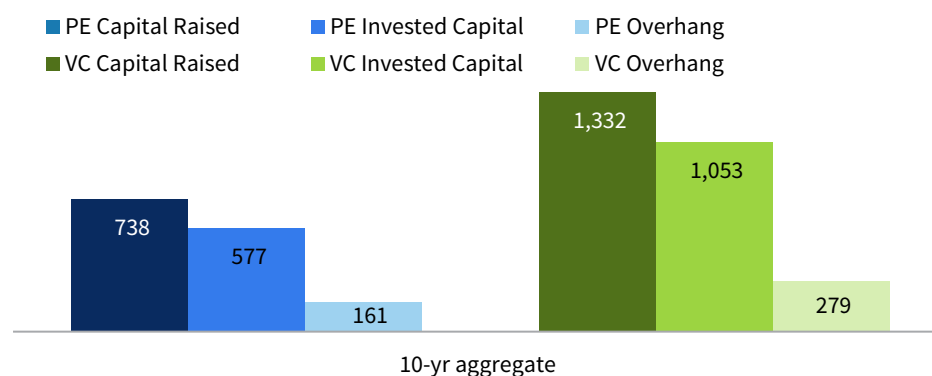
# Asian Private Equity and Venture Capital

## Facts & Figures Fourth Quarter 2025

**Asian PE and VC returns improved in 2025 but continue to trail public markets. Fundraising and deal activity for Asia PEVC cooled in 2025, while exits held steady. Managers see increased opportunity in Japan and India, while appetite for investments in China and Southeast Asia remain tepid.**

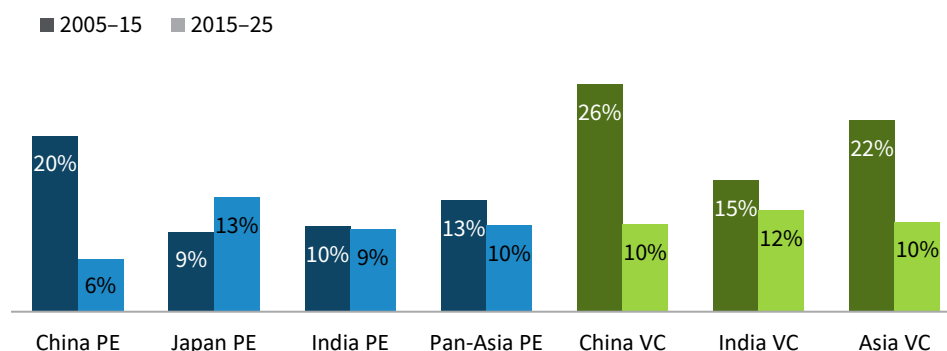
- Returns have begun to recover in Asia, albeit ten-year IRRs ending in 2Q 2025 remain lower than the preceding ten years (2005–15). This is particularly the case for China PEVC, which have faced headwinds from a slowing economy and geopolitical tensions. In contrast, Japan PE has fared better over the past decade, aided by the corporate governance theme and increased M&A.
- Within PE, buyout strategies have historically been more prevalent in Australia, Korea, and Japan, while growth equity has been dominant in China, India, and Southeast Asia.
- Asia PE deal activity has cooled to \$128B YTD, the lowest year since 2020. Japan and India have gained in terms of share of overall investment over the past five years. Similarly, fundraising activity has slowed to \$34B, on pace for the slowest year since 2013. This compares to an average of more than \$80B raised between 2021–24.
- Asia VC activity remain concentrated in China and India, and to a much lesser extent Southeast Asia. Global investors closed deals valued at nearly \$84B in Asia-based venture companies in 2025, the lowest deal value in the past decade. Similarly, fundraising activity has slowed sharply to only \$39B in 2025, compared to an average of \$122B over the previous three years, and the lowest level of fundraising since 2014 given the geopolitical headwinds facing investing in China.
- Exit activity has largely held steady. Asia PE-backed exit value reached \$137B YTD as of October 31, while Asia VC exits reached \$96B. While both are like last year, VC exits remain much lower than the 2020–23 period. With that said, robust IPO activity in Hong Kong and India should support exits and hopefully distributions for Asia PEVC funds.

**Fundraising, invested capital, and overhang: Asia-Pacific PE and VC**  
2016–25 (June 30) • US\$B



**Asia PE & VC performance by region**

Trailing 10-yr net pooled IRR to LP (%) • 3Q05–2Q15 & 3Q15–2Q25 • US\$



Sources: PitchBook Data Inc. and Cambridge Associates LLC.

Notes: Data reflect cumulative overhang. PE includes buyout and growth equity funds. Estimate based on the percent paid into funds tracked by Cambridge Associates LLC by vintage year. Vintage year is defined based on first cash flow, rather than legal inception date. Cumulative overhang value includes the past six vintages. Assumes a 10-yr life span with a 1.5% fee decreasing linearly over the life of a fund, and no re-investment of capital. Vintage year 2025 paid-in capital is a trailing 5-yr average of the most recent vintage's paid-in capital. Capital raised does not include Softbank Vision funds. Invested capital includes deals where the investor is an Asia-based PE fund. "Asia VC" includes China, India, Southeast Asia, and Pan-Asia funds.

# Private Credit

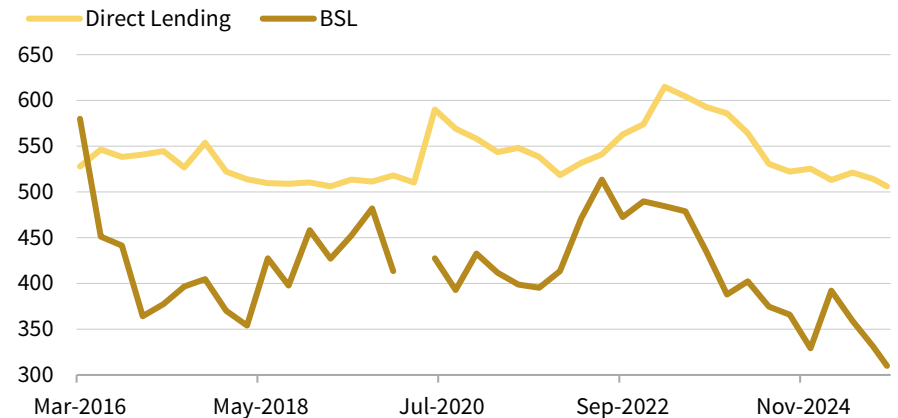
## Facts & Figures Fourth Quarter 2025

**Private credit strategies have generated a healthy premium over public market equivalents in recent years, a trend we expect to continue. However, certain categories are attracting significant capital inflows, which may compress excess returns, dilute investor protections, and increase downside risk.**

- Private credit strategies have outperformed public market equivalents over most timeframes. Through the end of 3Q, the Cambridge Associates Private Credit Index had generated a 7.7% IRR over the prior year and 10.3% annualized IRR over the past five years.
- Major private credit categories include senior (or direct) lending, asset-based lending, and credit opportunities. Lending to troubled credits or investing in subordinated debt has the potential to earn higher returns but there is considerable dispersion across manager returns, making careful manager selection essential. Trailing three-year pooled returns for the Cambridge Associates Credit Opportunities Index are below those of the Senior Debt Index, though five-year returns are higher.
- Private credit investors can increase their odds of success by allocating to strategies where less capital has been raised and where there are higher barriers to entry. While managers have thus far successfully limited portfolio defaults, significant inflows of capital into US direct lending has compressed the spread premium over syndicated loans and resulted in weaker loan documentation.
- Timing private credit allocations is challenging as many drawdown funds have up to seven- to ten-year legal maturities. However, the current fundraising environment and uncertain macro backdrop suggests strategies like asset-based lending, insurance-linked securities, and royalties may generate relatively attractive returns while insulating investors against some of the weakening protections in other categories.

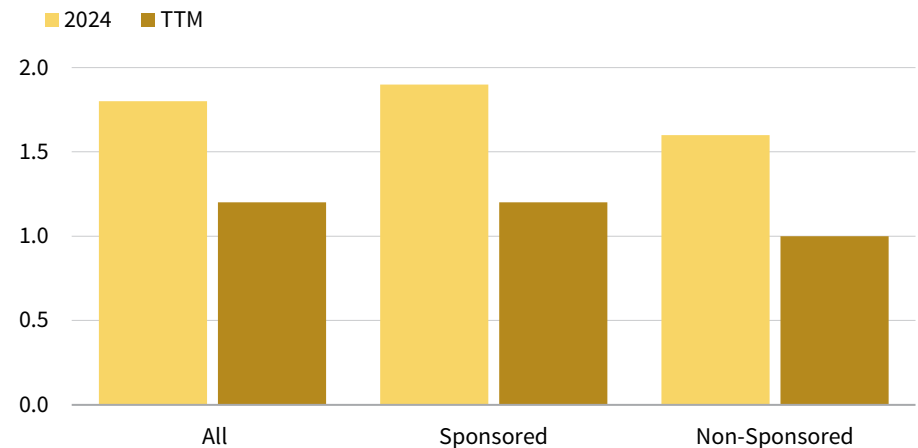
### US direct lending and leveraged loan spreads

March 31, 2016 – November 30, 2025 • Basis points



### Private credit default rates

As of November 30, 2025 • Percent (%)



Sources: ICE BofA Merrill Lynch and KBRA Analytics.

Notes: Leveraged Loan (BSL) and DL spreads are discount margins. March 2020 data are not available for BSL spreads. Direct lending and BSL spreads data come from ICE BofA prior to March 31, 2025, afterwards, data is sourced from KBRA.