Private Equity/Venture Capital

US Private Equity

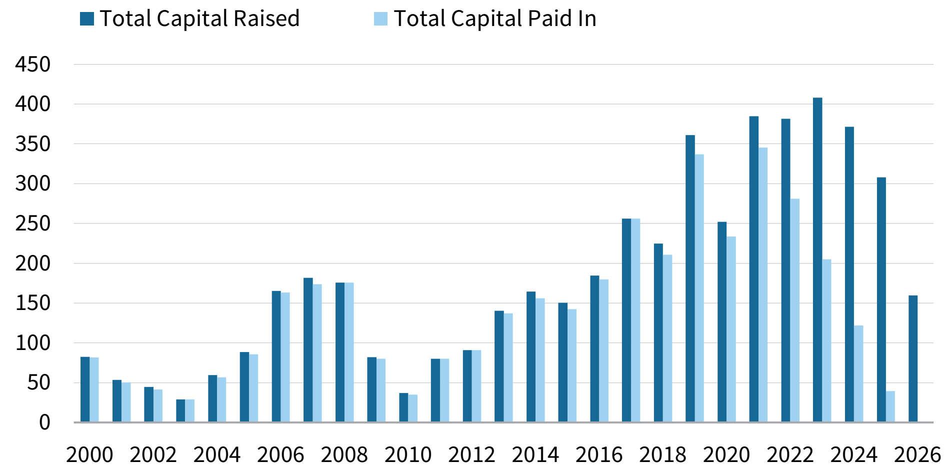
Facts & Figures Second Quarter 2026

US PE funds have returned 8.7% and 11.7% over the past three- and five-year periods, respectively, trailing public equity market returns. Over long time periods, the US PE index has outperformed. Distributions have recovered slowly but are still below long-term averages, which in turn has weighed on fundraising. Meanwhile, after picking up last year, exit activity cooled in 1Q but continued to be driven by a small number of large transactions.

- Fundraising activity has slowed dramatically for US PE funds in recent years as investors waiting for greater distributions slowed commitments. LPs allocated $336B to new funds in 2025, well off the pace seen between 2019–24. Fundraising last year was highly concentrated, though funds of $5B or more have accounted for a smaller share of 2026's volume.
- Deal activity slowed in 1Q as geopolitics, inflationary concerns, and AI uncertainty weighed on sentiment. After $1.1T of US buyout and growth equity deals in 2025, activity slowed almost 20% QOQ in 1Q. Activity, like fundraising was concentrated, with deals greater than $1B representing nearly 50% of the total.
- According to PitchBook LCD data, EBITDA purchase price multiples for large US buyout transactions decreased again in 2Q to 9.6x, below the five-year average of 10.9x. This reflects a significant decline in IT sector deals, which fell 60% QOQ in 1Q.
- Weaker exit activity reflects similar dynamics. Exits by US PE firms totaled around $144B in 1Q, down 35% YOY. Activity continues to be driven by a handful of large transactions, with around 75% of 1Q activity accounted for by $1B+ deals.
- Reduced activity means PE inventories remain bloated. As of 1Q 2026, PitchBook reports PE firms are sitting on a record 13,300 unsold companies.

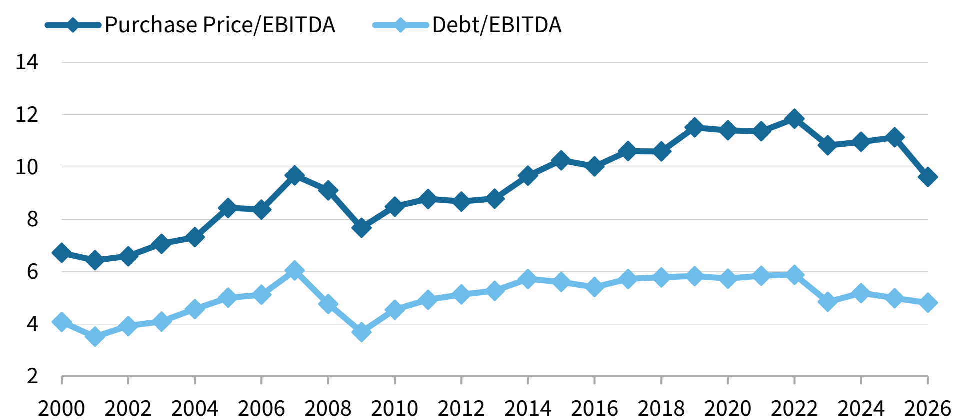
Fundraising and paid-in capital: US PE

Vintage Years 2000–26 (Jun 30) • US$B



Average purchase price and debt multiples: US PE

2000–26 (Jun 30)



Sources: Cambridge Associates LLC and PitchBook Data Inc.

Note: Historical fundraising and paid-in capital data revise. 2025 Paid-in capital data are through December 31.

US Venture Capital

Facts & Figures Second Quarter 2026

US venture capital (VC) generated a pooled net internal rate of return of 21.1% in 2025 and 14.9% over the prior ten-year period, according to our index as of 4Q. Strong recent performance follows a period when a significant spike in fundraising and valuations weighed on returns. The recent gains reflect the prominence of AI, which has accounted for a large portion of incremental exposures.

— Fundraising activity has picked up after slowing in 2025 despite reduced capital distributions from existing commitments. US VC funds have raised $72B YTD, almost matching the full-year 2025 figure but below the pace set during the peak years of 2021 and 2022. The difficult fundraising environment has disproportionately benefited established managers rather than new managers.

— Deal activity is picking up. North American volumes hit $269B in 1Q, well above the pace set in 2025, which itself was the highest annual total since 2021. AI and machine learning dominate the landscape, accounting for almost 90% 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.

— Median pre-money valuations are rising across all stages, but the increases have been most pronounced for late-stage deals. The median pre-money valuation for series D+ deals reached $1.9B in 1H 2026, roughly 2x the level seen in 2025. Valuations for AI-related deals have generally exceeded those of non-AI deals.

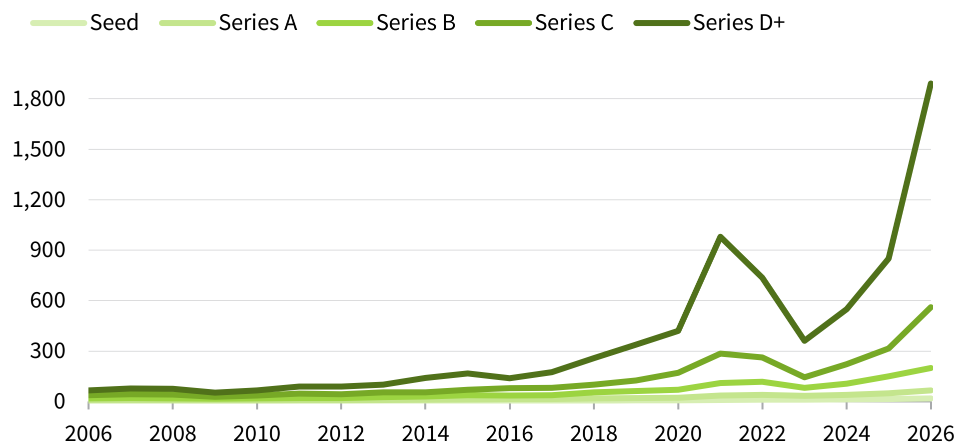
— Exit activity is improving across all regions, bolstered by better IPO activity. In total, North American VC-backed exit value reached $351B in 1Q, surpassing the full-year 2025. The 2026 total will soar further when 2Q figures are included given the record-breaking SpaceX IPO. The flipside is that 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 2000–26 (Jun 30) • US$B

Median pre-money valuations by series: US VC

2006–26 (Jun 30) • US$M



Sources: Cambridge Associates LLC and PitchBook Data Inc.

Note: Historical data revise. Paid-in capital data are through December 31, 2025.

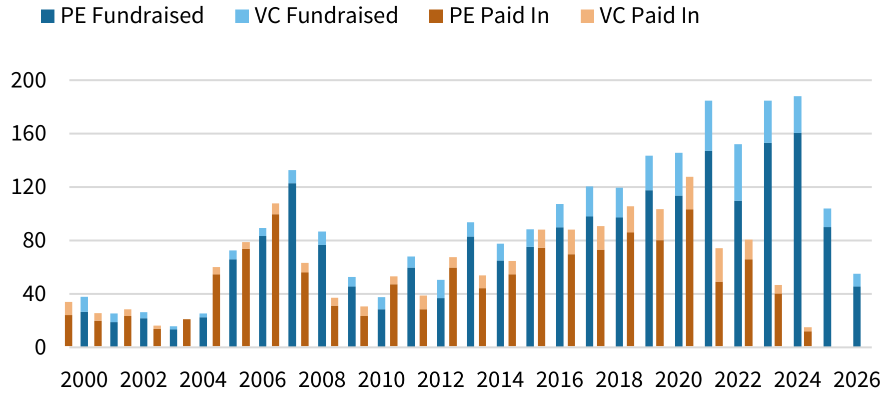
European Private Equity and Venture Capital
Facts & Figures Second Quarter 2026

European PE and VC returned 10.7% and 17.2%, respectively, in USD terms over the trailing four quarters. However, the dollar was a major driver of this performance, with much more meager returns in euros (3.6% and 9.7%). Performance of both asset classes have trailed public markets in recent years; however, private investments have outperformed over longer horizons. While fundraising has slowed, deal activity and exits have increased, with purchase multiples ticking higher.

- Fundraising activity has slowed, due in part to muted LP distributions from existing commitments. In 2026 so far, Europe-based PE funds have raised €39B, on track to be similarly weak to 2025, itself one of the weakest years in the last decade. VC fundraising has been slightly firmer, raising €8.2B in 1H 2026, on course for some acceleration from 2025's weak outturn. Europe-based fundraising accounted for 17.4% and 9.7% of global PE and VC fundraising, respectively, in 1H 2026.
- After bottoming in 2023, PE deal activity trended up during 2024 and 2025, aided by lower rates and reduced policy uncertainty. A record high number of deals occurred in 2025, while deal value was just shy of 2022's record of €654B. First half 2026 has seen this trend continue. VC deal value is also showing a higher run-rate so far this year.
- According to PitchBook LCD stats, purchase price multiples for transactions larger than €500M increased marginally to 10.1x EBITDA early in 2026, after 2025 saw the first increase since 2020. Leverage multiples held steady at 5.2x. VC valuations have also risen, particularly within later-stage.
- Exit activity slowed in terms of the number of exits in 1H 2026 from its 2H 2025 high, though total exit value in both periods was very similar, indicating activity has been concentrated amongst large caps. Exits of greater than €2.5B size grew to account for more than half total exit value in 1H 2026. Second quarter saw a reversal of the trend of secondary buyouts dominating exits, as corporate acquisitions predominated.

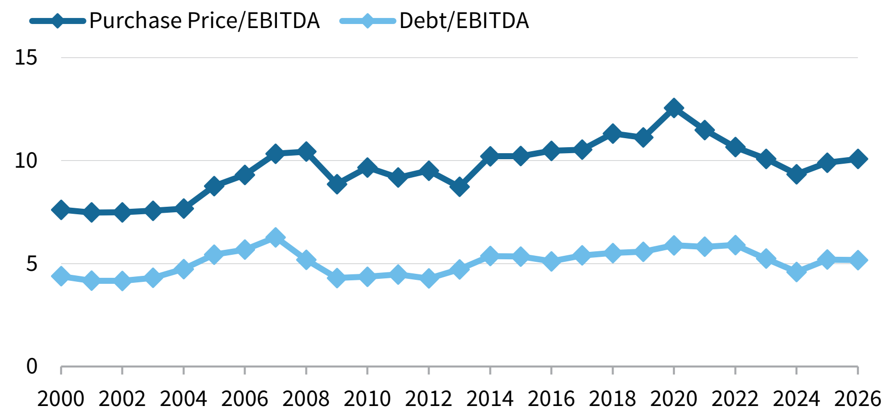
Fundraising and paid-in capital: European PE and VC

Vintage Years 2000–26 (Jun 30) • US$ (Billions)



Average purchase price and debt multiples: European PE

2000–26 (Jun 30)



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 December 31.

Asia Private Equity and Venture Capital

Facts & Figures Second Quarter 2026

Asian PE/VC returns have improved but continue to trail public markets. Exits picked up in 2025 and remain robust in 2026, which should help returns and distributions. Fundraising remains depressed relative to the past. 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 4Q 2025 remain lower than the preceding ten years (2005–15). This is particularly the case for China PE and VC, 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, while India PE has also performed better of late.

— 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. Japan and India have gained in terms of share of overall investment over the past five years.

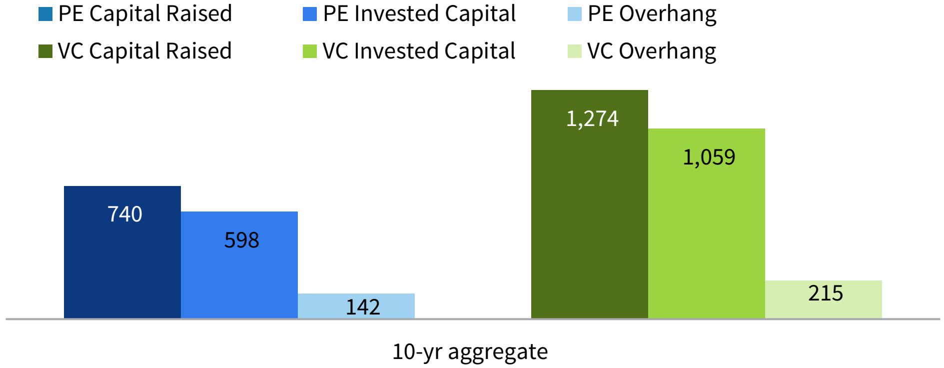
— Asia PE deal activity slowed in 2Q amid uncertainty due to the Iran War, but trailing four-quarter deal activity is a robust $196B, up slightly from the same time last year. Similarly, fundraising has jumped in 2026, reaching $47B as of 2Q, exceeding the $35B raised in 2025.

— Asia VC deal activity has also picked up, reaching $50B in 2Q, and $132B over the past four quarters, the highest level since 2023. However, fundraising remains muted at only $15B so far in 2026, compared to $50B for 2025, which itself was the lowest level in the past ten years, given the geopolitical headwinds facing investing in China.

— Exit activity continues to improve. While exits have slowed a bit so far in 2026, trailing four-quarter exits for both PE ($213B) and VC ($227B) continue to rise and are at levels not seen since 2022, but still below 2021 peak levels. With that said, robust IPO activity in Hong Kong and India should support exits and hopefully distributions for Asia PE/VC funds.

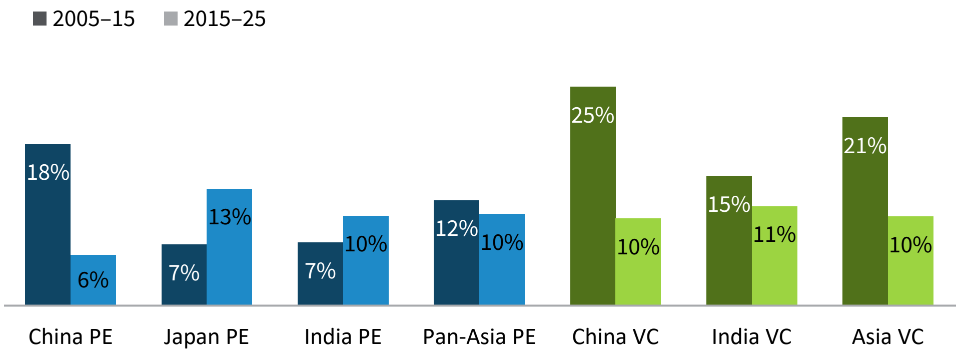
Fundraising, invested capital, and overhang: Asia-Pacific PE and VC

2016–25 (Dec 31) • US$B



Asia PE & VC performance by region

1Q06–4Q15 & 1Q16–4Q25 • Trailing 10-yr net pooled IRR to LP (%) • 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.

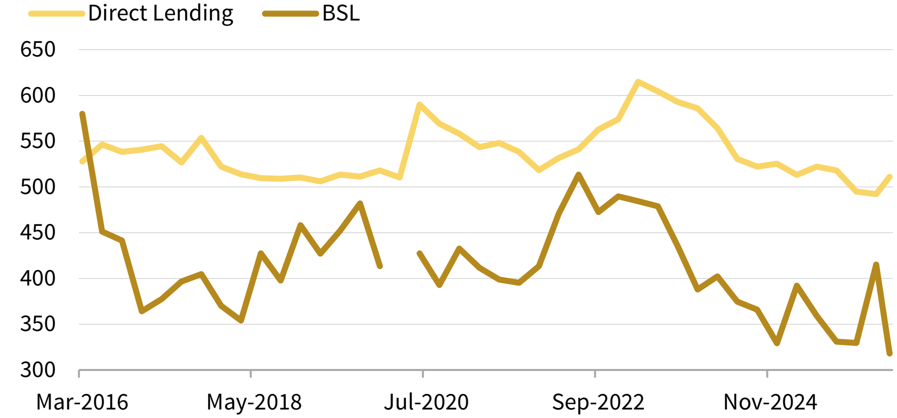
Private Credit
Facts & Figures Second Quarter 2026

Private credit strategies have generated a healthy premium over public market equivalents in recent years, a trend we expect to continue. However, certain categories have attracted 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 1Q 2026, the Cambridge Associates Private Credit Index had generated an 8.8% annualized IRR over the past five years, roughly 400 bps above the mPME.
- There is considerable dispersion across manager returns in private credit, making careful manager selection essential. The top quartile of managers in the Cambridge Associates Credit Opportunities Index posted a 15.0% pooled five-year return, roughly 600 bps above the overall pooled return.
- Private credit investors can increase their odds of success by allocating to strategies where less capital has been raised, documentation and terms remain attractive, and there are higher barriers to entry. Selecting managers with both skilled underwriting teams but also strong origination capabilities is important. Recent deal flow in direct lending has declined significantly (e.g., -40% in 1Q 2026 QOQ) as questions persist around how AI will impact software companies.
- Most companies show healthy operating fundamentals and defaults have been limited. This said, higher expected default rates for private loans in 2026 (KBRA expects 2.5%) underscore the importance of choosing both skilled managers and those with resources to handle troubled loans.
- The current fundraising environment and uncertain macro backdrop suggests strategies like asset-based lending, insurance-linked securities, and royalties may generate attractive returns while insulating investors against some of the weakening protections in other categories.

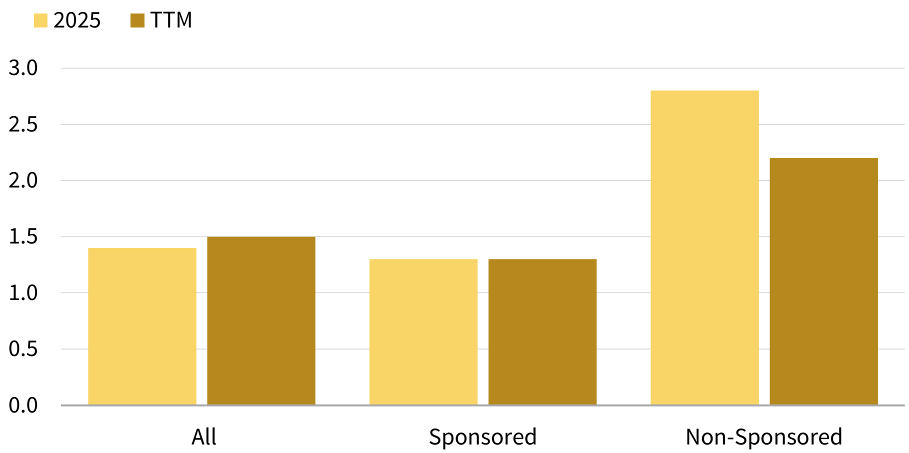
US direct lending and leveraged loan spreads

March 31, 2016 – May 31, 2026 • Basis points



Private credit default rates

As of May 31, 2026 • Percent (%)



Sources: ICE BofA Merill 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.