Private Equity Market Update

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Senior VP, Research & Data Operations
4/15/21
About Preqin

Data, solutions, and insights for alternative assets professionals.

Multi-award-winning service.

Founded in 2003.
Today’s Agenda

Private Equity in 2020
How did the industry fair in 2020?

Opportunities & Investor Appetite in 2021
Where are Investors planning to allocate capital in H1 2021 & beyond?

The Future of Alternatives
2025 Outlook and Projections
Private Equity Overview

AUM, Dry Powder, Fundraising & Deal Volume
Private Capital AUM Continues to Climb

Private Capital Assets under Management by Asset Class, 2000 - Q3 2020

Assets under Management ($bn)

- Private Equity
- Real Estate
- Private Debt
- Infrastructure
- Natural Resources

8.1tn
+93%
Private Equity AUM Doubling Since 2015

Private Equity Assets under Management, 2000 - Q3 2020

- Assets under Management ($bn)
- Dry Powder ($bn) and Unrealized Value ($bn)

Dec-00 to Sep-20: Assets under Management and their composition over time.
AUM Increase Driven by North America & Asia-Focused Vehicles

Private Equity Assets under Management by Primary Geographic Focus, 2000 - Q3 2020

Assets under Management ($bn)

North America  Europe  Asia  Rest of World
Asia-Focused AUM Experiences Exponential Growth Since 2015

Asia-Focused Private Equity Assets Under Management, 2000 – Q3 2020
Driven by Investor & Fund Manager Demand & Opportunities

Emerging Markets that Will Present the Best Opportunities in 2021: Investors vs. Fund Managers

- **South America**
  - Investors: 10%
  - Fund Managers: 24%
- **Central America**
  - Investors: 7%
  - Fund Managers: 7%
- **Central & Eastern Europe**
  - Investors: 23%
  - Fund Managers: 23%
- **Africa**
  - Investors: 4%
  - Fund Managers: 17%
- **Middle East**
  - Investors: 8%
  - Fund Managers: 11%
- **China**
  - Investors: 55%
  - Fund Managers: 38%
- **India**
  - Investors: 25%
  - Fund Managers: 35%
- **Southeast Asia**
  - Investors: 37%
  - Fund Managers: 50%
- **Other Emerging Markets**
  - Investors: 8%
  - Fund Managers: 6%

Source: Preqin Investor and Fund Manager Surveys, November 2020
Buyout & Venture Vehicles Account for +76% Market Share

Private Equity Assets under Management by Strategy, 2000 - Q3 2020

Assets under Management ($bn)

- Buyout
- Venture Capital
- Growth
- PE Other
Decrease in Funds Closed by ~20% Compared to 2019
North America & Asia-Focused Funds Saw the Largest Decreases

Private Equity Funds Closed by Primary Geographic Focus, 2001 - 2021 YTD

North America | Europe | Asia | Rest of World

Year of Final Close

0 500 1,000 1,500 2,000 2,500 3,000 3,500

Capital Continues to Flow to Top Tier Managers & Funds

Percentage of Aggregate Capital Raised by Fund Size, 2011 – 2021 YTD

Source: Preqin Pro
Highest Average Proportion of Target Size Achieved at 105%

Private Equity Funds Closed by Proportion of Target Size Achieved, 2011 - 2020

Private Equity Fundraising Success, 2011 - 2020

Average Time Spent in Market (Months)
Average Proportion of Target Size Achieved
Private Equity-Backed Deals

Global Private Equity-Backed Deals, 2011 - 2021 YTD

Source: Preqin Pro
Opportunities & Investor Appetite
Record Number of Funds in Market

Private Equity Funds in Market, 2012 - 2021

[Chart showing the number of private equity funds raising and aggregate capital targeted ($bn) from Jan-12 to 2021 YTD.]

Source: Preqin Pro
North America + Asia Account for ~74% by Aggregate Target Size

**Private Equity Funds in Market by Primary Strategy, Q1 2021**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>No. of Funds</th>
<th>Aggregate Target Size ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyout</td>
<td>500</td>
<td>2000</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>2500</td>
<td>0</td>
</tr>
<tr>
<td>Growth</td>
<td>1000</td>
<td>150</td>
</tr>
<tr>
<td>PE Fund of Funds</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>PE Secondaries</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>Turnaround</td>
<td>50</td>
<td>500</td>
</tr>
<tr>
<td>PE Other</td>
<td>300</td>
<td>3000</td>
</tr>
</tbody>
</table>

**Private Equity Funds in Market by Primary Geographic Focus, Q1 2021**

<table>
<thead>
<tr>
<th>Geographic Focus</th>
<th>No. of Funds</th>
<th>Aggregate Target Size ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>2000</td>
<td>0</td>
</tr>
<tr>
<td>Europe</td>
<td>500</td>
<td>1000</td>
</tr>
<tr>
<td>Asia</td>
<td>150</td>
<td>1500</td>
</tr>
<tr>
<td>Rest of World</td>
<td>50</td>
<td>2000</td>
</tr>
</tbody>
</table>
Secondaries Fundraising Skyrocketed in 2020

Global Private Equity Secondaries Fundraising, 2000 - 2020

Source: Preqin Pro
Secondaries Net IRRs vs. Standard Private Equity Strategies

Median Net IRRs by Vintage Year: Private Equity Secondaries vs. All Private Equity

Vintage Year

Median Net IRR since Inception

Private Equity Secondaries

All Private Equity
Investors Seek Exposure to Private Equity for Diversification & High Absolute Returns

Private Capital: Risk/Return by Asset Class (Vintages 2008-2017)*

- **Private Equity**
- **Private Debt**
- **Hedge Funds**
- **Real Estate**
- **Infrastructure**
- **Natural Resources**
Median Net IRRs by Fund Type

Private Equity: Median Net IRRs by Fund Type and Vintage Year

Source: Preqin Pro. Most Up-to-Date Data
Investors Remain Confident & Optimistic

**Investor Expectation for Alternative Assets Performance in the Next 12 Months Compared to the Previous 12 Months**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Will Perform About the Same</th>
<th>Will Perform Better</th>
<th>Will Perform Worse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity</td>
<td>37%</td>
<td>51%</td>
<td>12%</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>34%</td>
<td>53%</td>
<td>13%</td>
</tr>
<tr>
<td>Private Debt</td>
<td>48%</td>
<td>42%</td>
<td>7%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>51%</td>
<td>34%</td>
<td>5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>46%</td>
<td>34%</td>
<td>20%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>52%</td>
<td>39%</td>
<td>9%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>48%</td>
<td>35%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Preqin Investor Survey, November 2020
Planning to Commit More Capital to Private Equity

Investors' Expected Capital Commitments to Alternative Assets in the Next 12 Months Compared to the Previous 12 Months

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>More Capital</th>
<th>Same Amount of Capital</th>
<th>Less Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity</td>
<td>44%</td>
<td>50%</td>
<td>46%</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>36%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Private Debt</td>
<td>47%</td>
<td>40%</td>
<td>43%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>26%</td>
<td>47%</td>
<td>45%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>36%</td>
<td>40%</td>
<td>44%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>54%</td>
<td>38%</td>
<td>45%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>31%</td>
<td>45%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Source: Preqin Investor Survey, November 2020
More Investors are Targeting Direct Investments & Co-investment Opportunities

Private Equity Fund Structures Targeted by Investors in the Next 12 Months, 2018 - 2020

Source: Preqin Investor Surveys, November 2018 - 2020
Buyout, Growth & Secondaries Seen as Opportunities

Investor Views on the Fund Types Presenting the Best Opportunities in Private Equity, 2018 - 2020

Source: Preqin Investor Surveys, November 2018 - 2020
The Future of Alternatives
Projecting AUM of $17tn as of 2025

Alternative Assets under Management and Forecast, 2010 - 2025*
Private Equity AUM to Reach $9bn

Private Equity Assets under Management and Forecast, 2010 - 2025*

Assets under Management ($bn)

- 2010: 2000
- 2011: 2000
- 2012: 2500
- 2013: 3000
- 2014: 3500
- 2015: 4000
- 2016: 4500
- 2017: 5000
- 2018: 5500
- 2019: 6000
- 2020: 6500
- 2021: 5,107
- 2022: 5,902
- 2023: 6,822
- 2024: 7,885
- 2025: 9,114
Overwhelming Majority of Investors Plan to Increase Exposure to Alternatives

Investors' Plans for Their Allocation to Alternatives by 2025 by Asset Class

- **Private Equity**: 17% Will Increase Significantly, 56% Will Increase, 23% Will Stay the Same
- **Private Debt**: 25% Will Increase Significantly, 51% Will Increase, 16% Will Stay the Same
- **Hedge Funds**: 8% Will Increase Significantly, 34% Will Increase, 6% Will Stay the Same
- **Real Estate**: 33% Will Increase Significantly, 41% Will Increase, 10% Will Stay the Same
- **Infrastructure**: 24% Will Increase Significantly, 51% Will Increase, 15% Will Stay the Same
- **Natural Resources**: 38% Will Increase Significantly, 29% Will Increase, 6% Will Stay the Same

Source: Preqin Investor Survey, August 2020
Private Equity Outperforms Over the Longer Term

PrEQIn Quarterly Index vs. Public Markets
The Continued Rise of ESG

Investor Views on the Importance of ESG in Investment Decisions
- Extremely Important: 33%
- Considerably Important: 29%
- Moderately Important: 28%
- Average Importance: 13%
- Low Importance: 8%
- No Importance: 3%

Investor Views on the Change in Interest in/Demand for Their Organizations’ ESG Capabilities or Strategies over the Past 12 Months
- Significant Increase: 43%
- Modest Increase: 36%
- No Change: 20%
- Modest Decrease: 1%
- Significant Decrease: 1%
Investor Demand and Industry Standards Driving ESG Demands

Investor Views on Why Fund Managers Establish an ESG Policy

- Investor Demand: 78%
- Industry Standards/Best Practices: 67%
- Investment Risk: 36%
- Fiduciary Responsibility: 31%
- Moral Imperative: 27%
- Regulatory Demands: 26%
- Outperformance: 14%
- Competition with Fund Managers: 25%
- Political Pressure: 26%

Fund Manager Views on What Is Driving the Adoption of ESG Monitoring and Reporting, 2020 vs. 2025

- Enhanced Risk Management: 30% (2020), 31% (2025)
- Demand from LPs: 42% (2020), 40% (2025)
- Potential for Value Creation: 32% (2020), 37% (2025)
- Ethical Considerations: 45% (2020), 38% (2025)
- Regulation: 17% (2020), 34% (2025)
- Best Practice/Competitive Advantage: 40% (2020), 42% (2025)
Average Size of ESG-Focused Funds Increasing

Average Size of Private Capital Funds with an ESG Policy in Place by Vintage Year

<table>
<thead>
<tr>
<th>Vintage Year</th>
<th>No. of Funds</th>
<th>Average Fund Size ($mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>99</td>
<td>83</td>
</tr>
<tr>
<td>2016</td>
<td>104</td>
<td>1,000</td>
</tr>
<tr>
<td>2017</td>
<td>101</td>
<td>1,200</td>
</tr>
<tr>
<td>2018</td>
<td>97</td>
<td>1,400</td>
</tr>
<tr>
<td>2019</td>
<td>83</td>
<td>800</td>
</tr>
<tr>
<td>2020</td>
<td>82</td>
<td>400</td>
</tr>
</tbody>
</table>
Summary

• AUM has continued to increase despite the turmoil and uncertainty that we experienced in 2020
  • Private Capital AUM stands at $8tn+ as of September 2020

• Future AUM growth is to be driven by Private Equity and Private Debt
  • Projecting upwards of $17tn in 2025

• Investors remain confident and committed to Alternatives over the longer term

• Asia growing in terms of opportunities and AUM market share

• ESG continues to be an important factor in capital allocation – investor demand and need for a competitive advantage
Further Information….

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