

Private Equity Market Overview

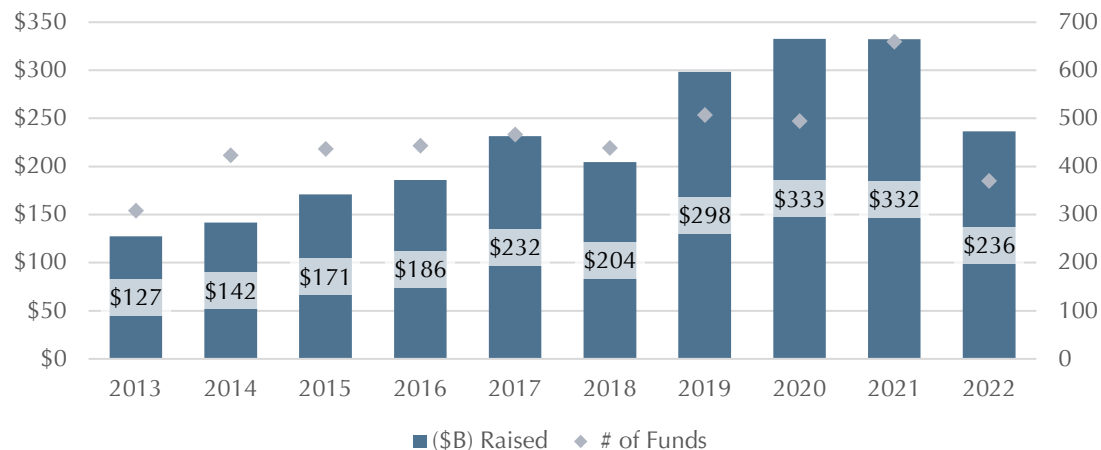
4th Quarter 2022



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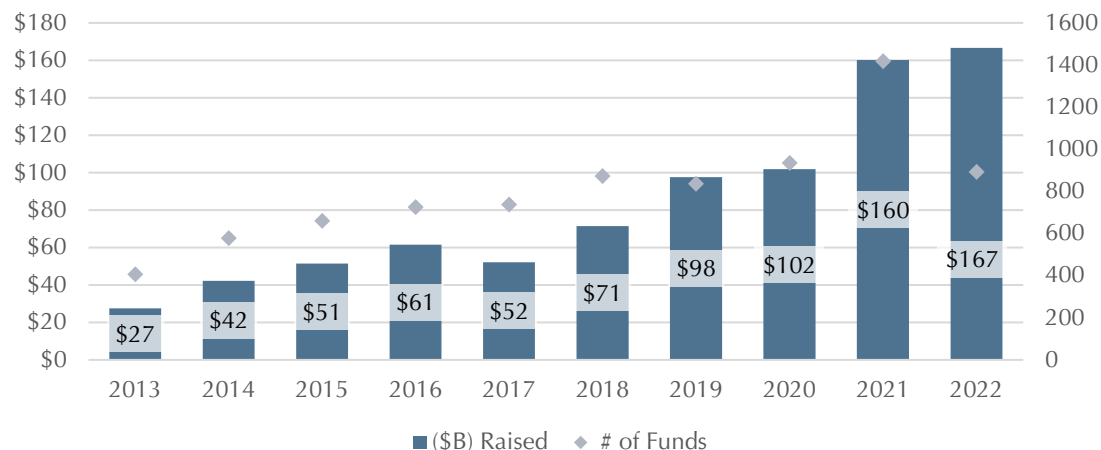
- Global buyout fundraising slowed in 2022 as many LPs faced rising private equity allocations due to the denominator effect.
- A crowded environment has led to fundraises being drawn out and more conservative fund size step ups.

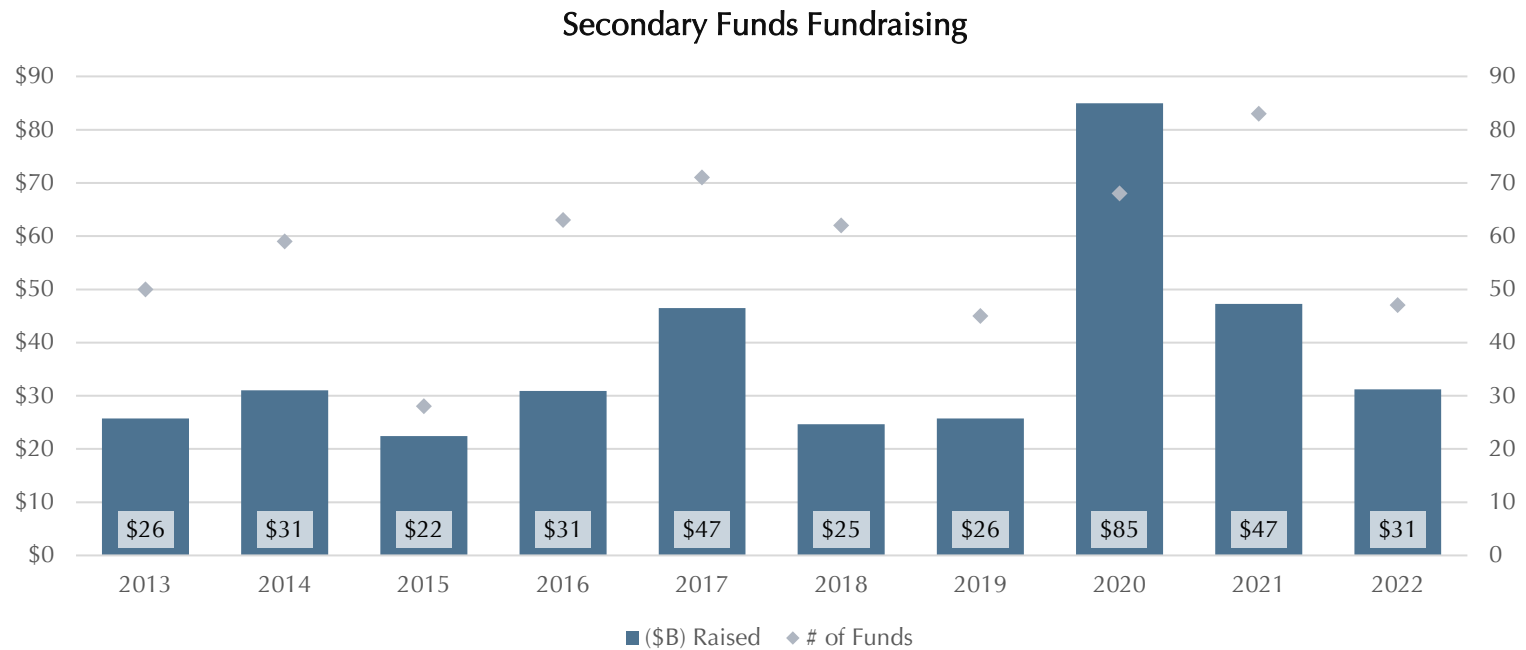
Buyout Fundraising



- While total capital raised for 2022 was slightly higher than 2021, fund count was approximately 37.1% lower. We observed that the concentrated demand into a smaller number of funds benefited primarily more established firms.

Venture Capital Fundraising

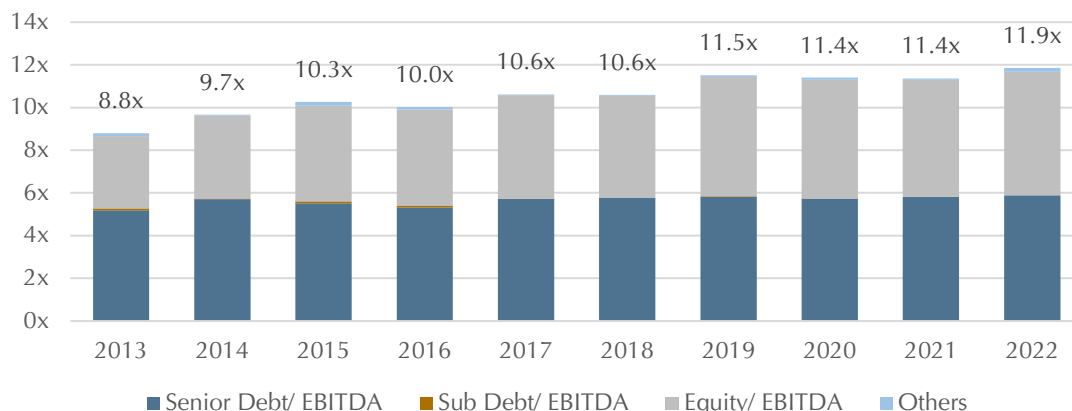




- Capital raised in the secondary market remains concentrated, with the top five largest secondary funds accounting for 56.5% of the capital raised in 2022. We expect secondary fundraising to remain robust as more strategy and asset-specific secondary funds are raised in addition to flagship funds.

- Private market valuation multiples remain elevated despite the volatility in public equity markets and increased cost of financing.
- We are observing that higher quality businesses are more the ones trading today, which could be buoying buyout valuations.

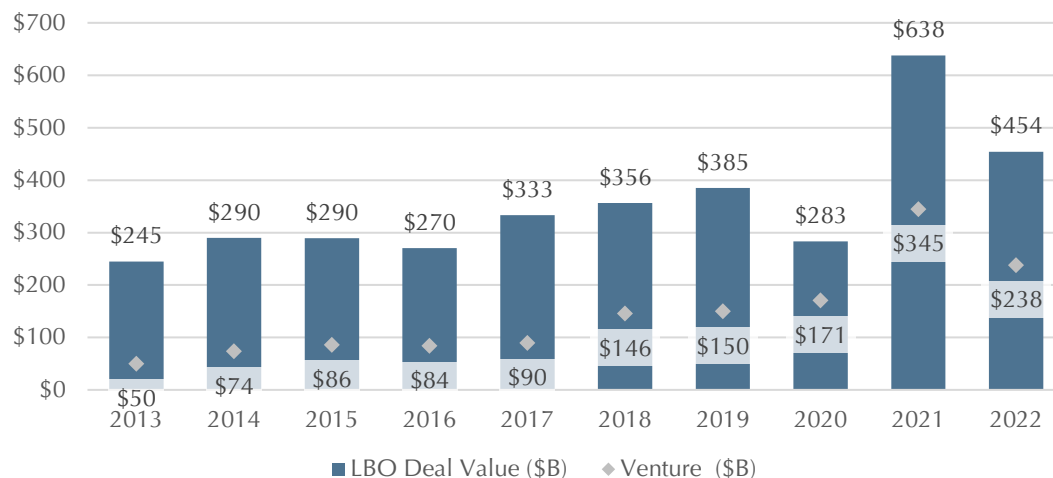
LBO Sources of Proceeds/EBITDA & Equity Contribution: All Loans



Source: Leveraged Commentary & Data (LCD), Pitchbook as of December 31, 2022

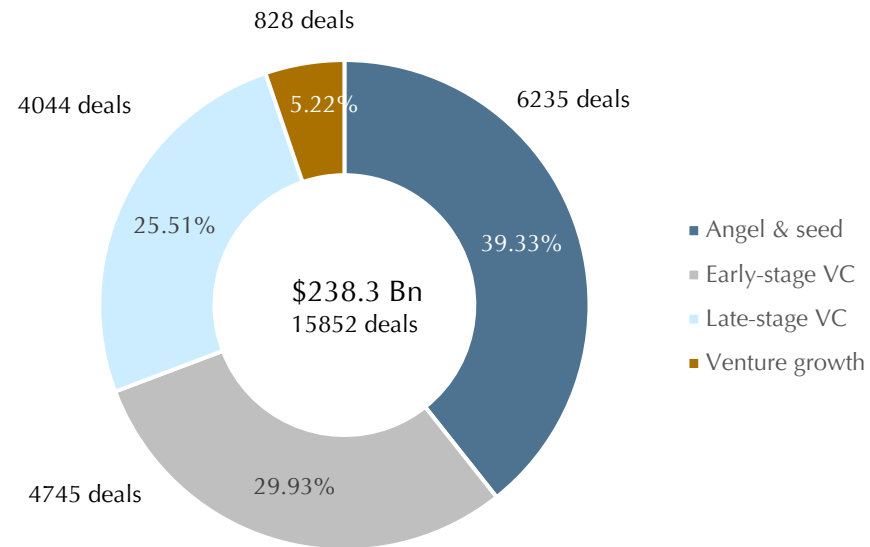
- Deal activity dropped considerably in 2022 following an outlier year in 2021 but remained elevated relative to more normalized years.
- Buyouts are experiencing a more challenging debt financing environment and a valuation gap between some buyers and sellers.
- Within VC, we noticed founders were generally avoiding fundraising at a down round and looking to extend cash runways; however, GPs expect investment pace to pick up the second half of 2023.

U.S. LBO & VC Investment Activity



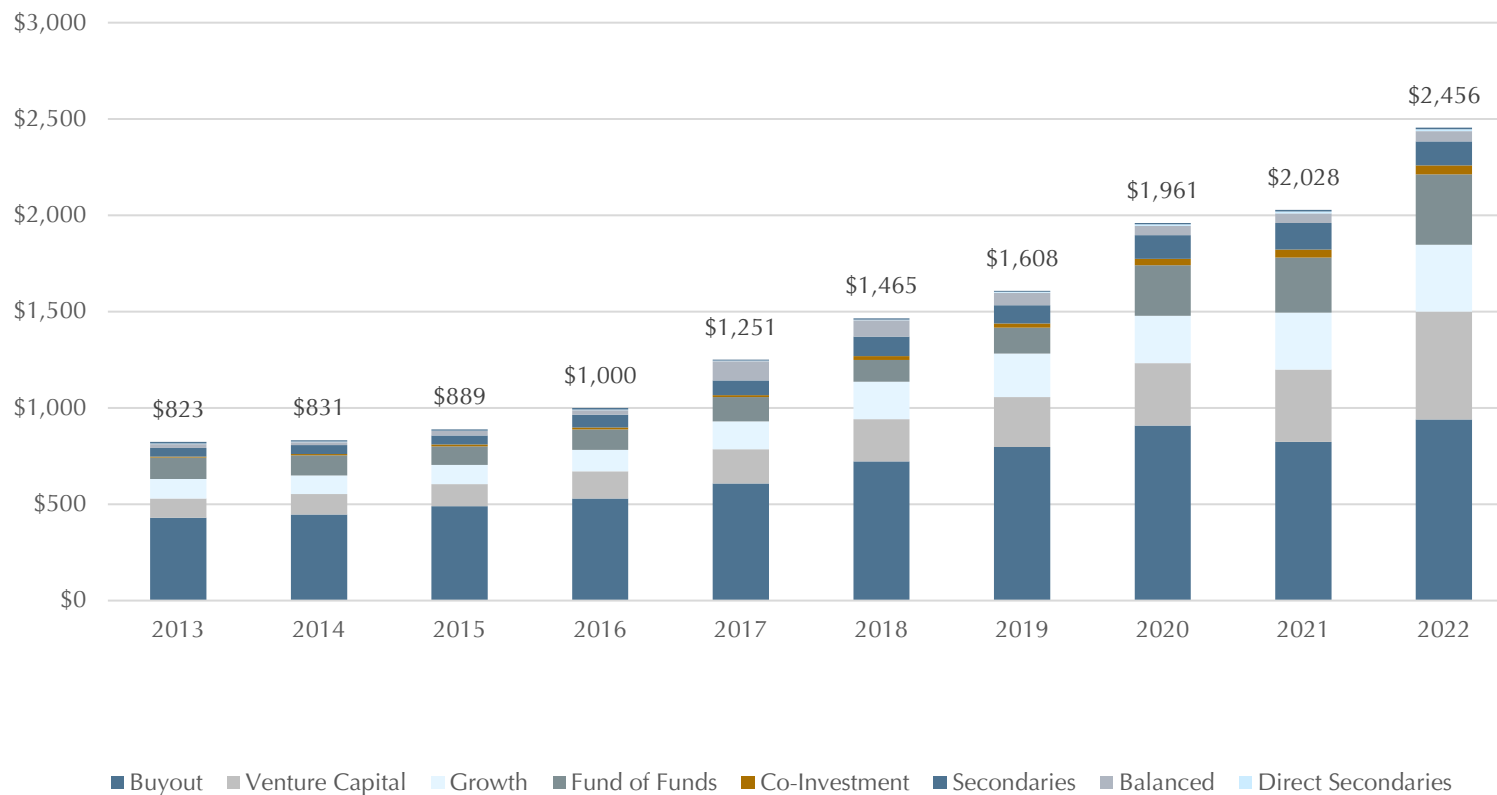
Source: Pitchbook & National Venture Capital Association, as of December 31, 2022

U.S. 2022 Venture Investment by Stage



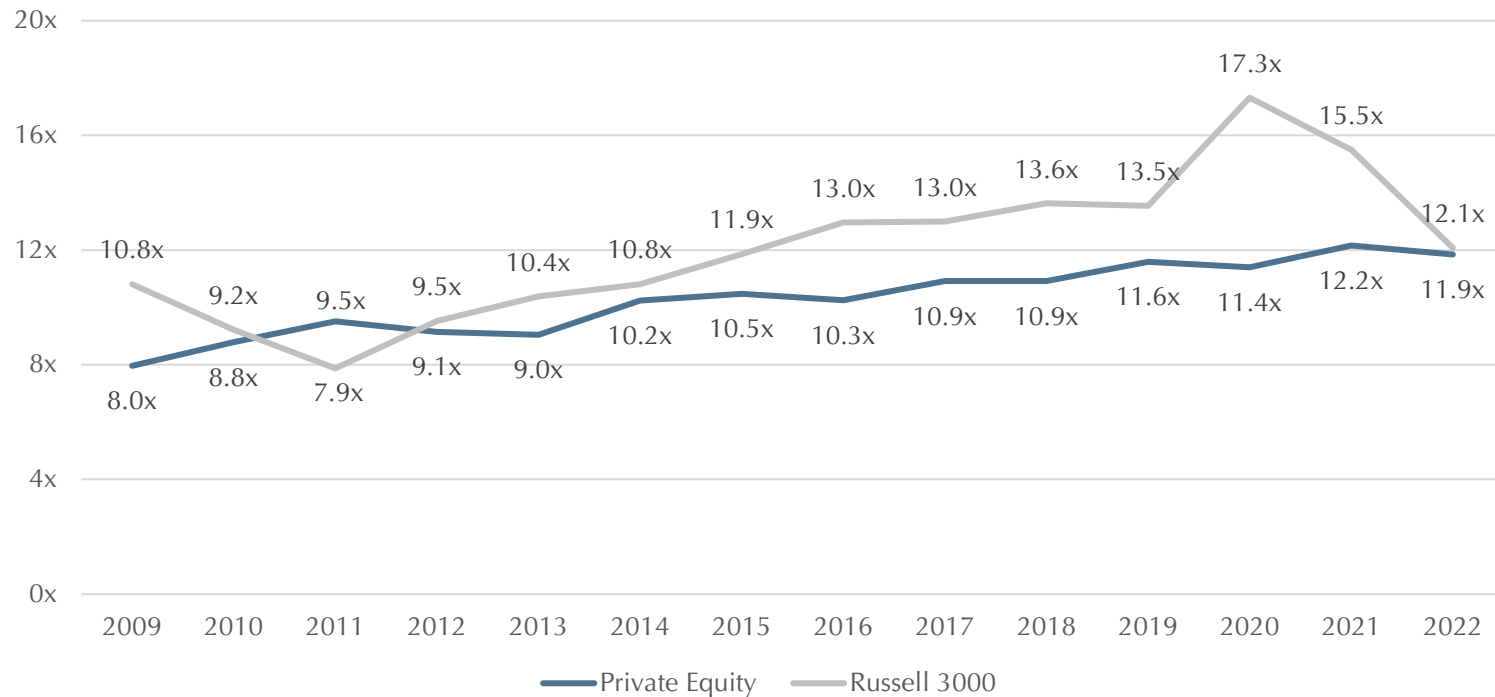
- There has been a slowdown in venture investment activity in 2022; however, investments by VC stage have not changed meaningfully.

Dry Powder by Strategy | \$Billion



- Dry power reached record levels in 2022 driven by robust fundraising in 2021. Moreover, tightening credit markets and macroeconomic uncertainty worked to slow the pace of capital deployment in 2022.

Acquisition Multiples – Private Equity vs Public Markets

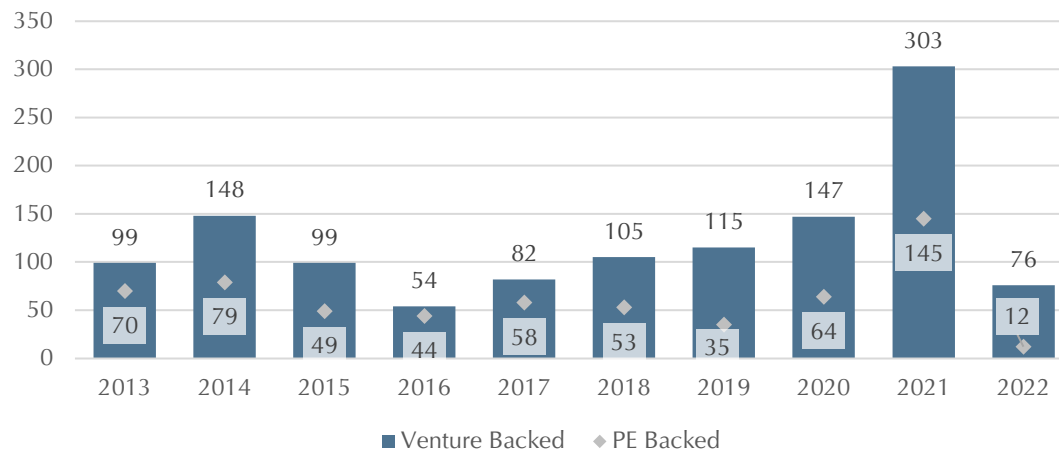


- The pullback in private equity valuations during 2022 were not as dramatic as with public market valuations.
- However, with the recent decline in public markets, the spread in valuations between private equity and public equity markets is at its tightest levels in years.

Source: Bloomberg; Russell Investment Group, as of December 31, 2022. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. December 31 2022 S&P Leveraged Commentary & Data for private equity. Data is for buyouts greater than \$500 million in value. Past performance is not indicative of future results. The above represents Aksia’s market observations. Observations are subject to change.

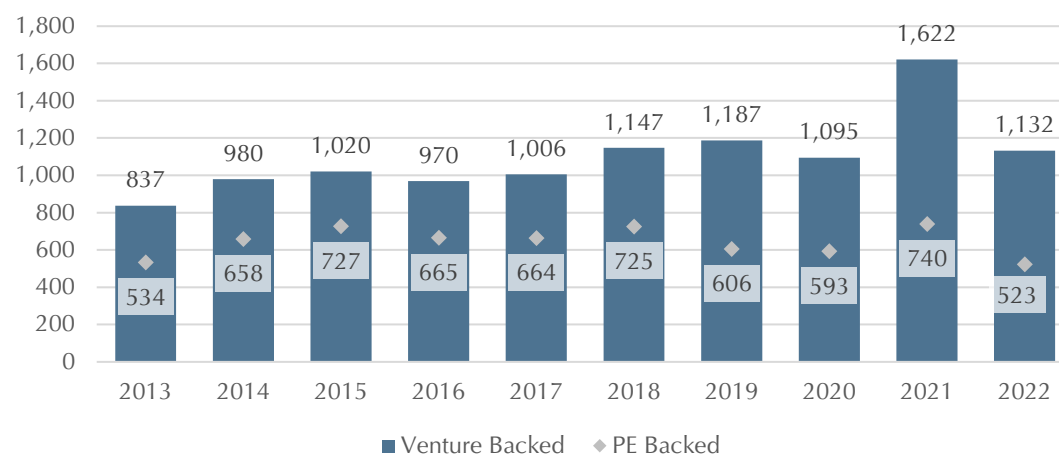
- Public market volatility and macroeconomic uncertainty led to a significant slowdown in IPO issuance in 2022.
- The IPO exit window is expected to largely remain closed over the near term.

Number of U.S. Based IPOs



- Corporate M&A activity in 2022 declined for both PE and VC-backed companies from the prior year.

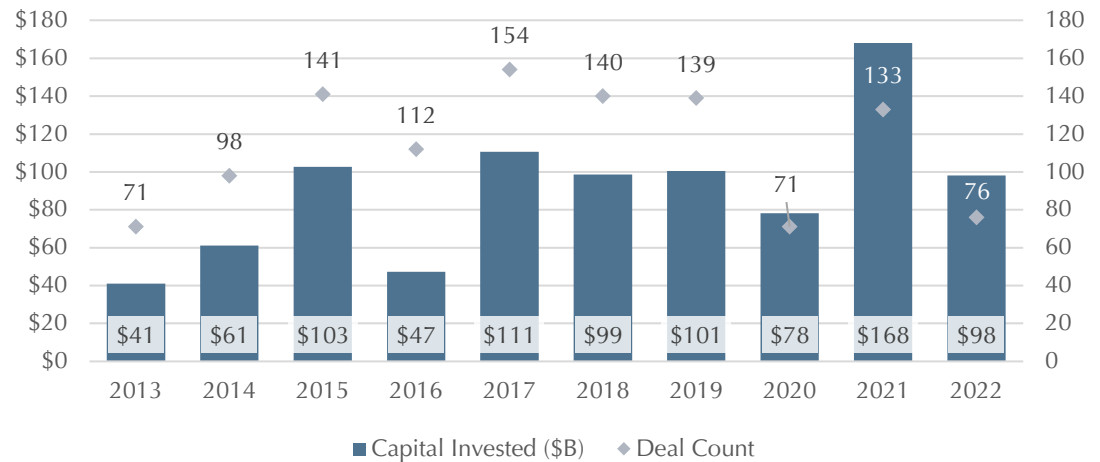
Number of U.S. Based M&A



Source: Pitchbook & National Venture Capital Association, as of December 31, 2022, The above represents Aksia’s market observations. Observations are subject to change.

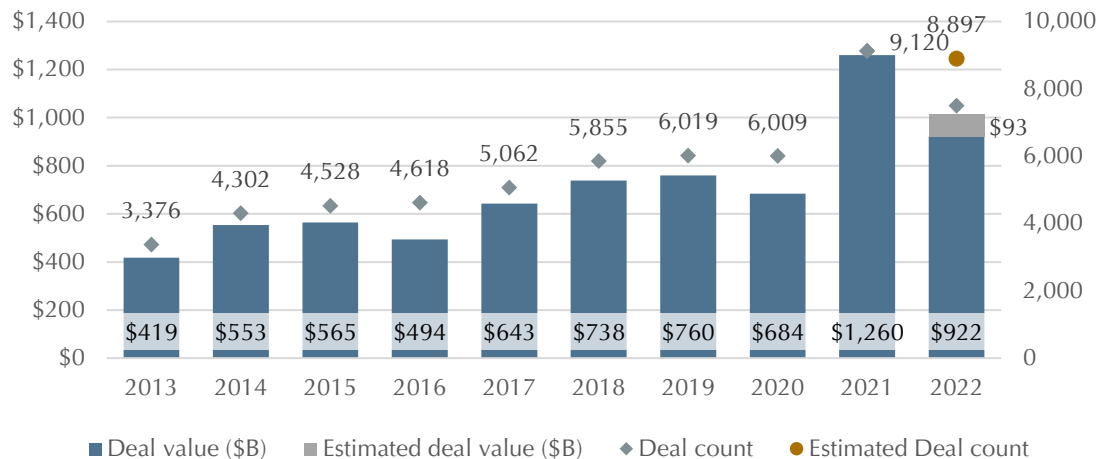
- Wide bid-ask spreads and buyer selectivity resulted in smaller transaction sizes and an increase of mosaic solutions. Throughout 2022 numerous LPs came to market with larger portfolios knowing the entire offering may not be transacted on.

Secondaries - Global



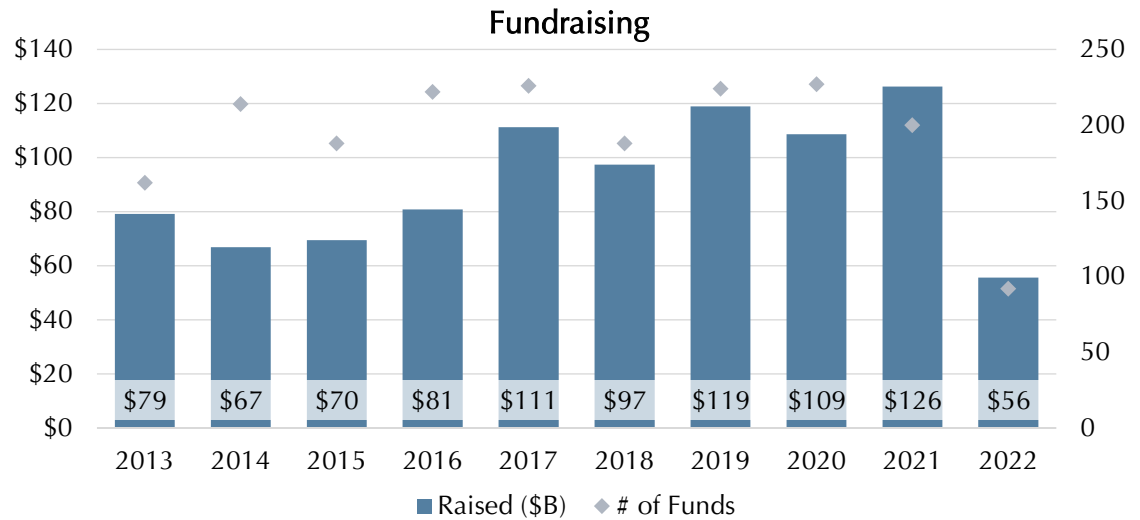
- PE deal activity slowed in 2022 given challenging credit markets, public market volatility, and macroeconomic uncertainty; however, deal activity remains relatively robust compared to years past.
- We believe that there is an increased interest in take-privates and corporate divestitures in the current environment.

PE Deal Activity U.S.

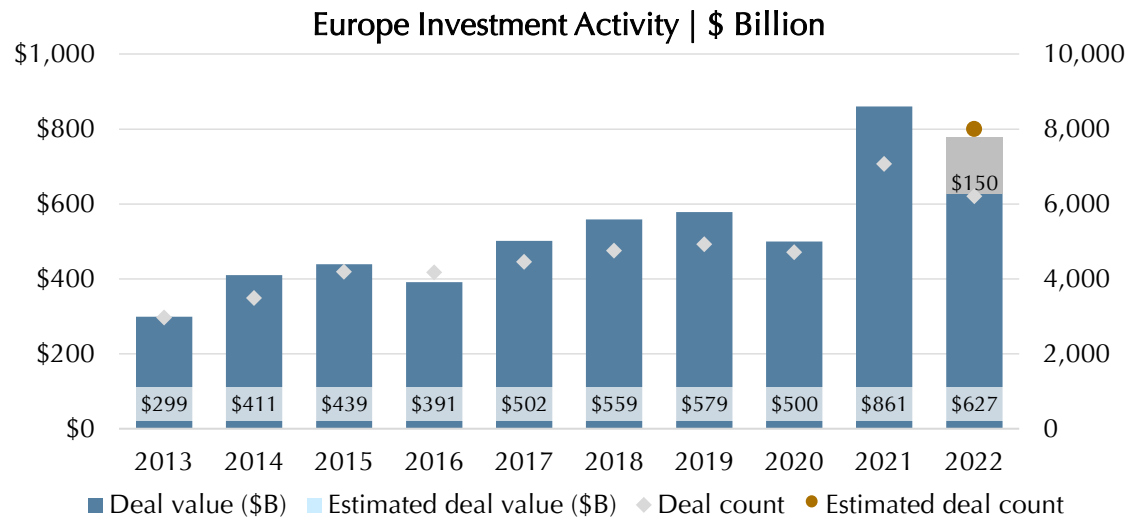


Fundraising Activity & Investment Activity – Europe

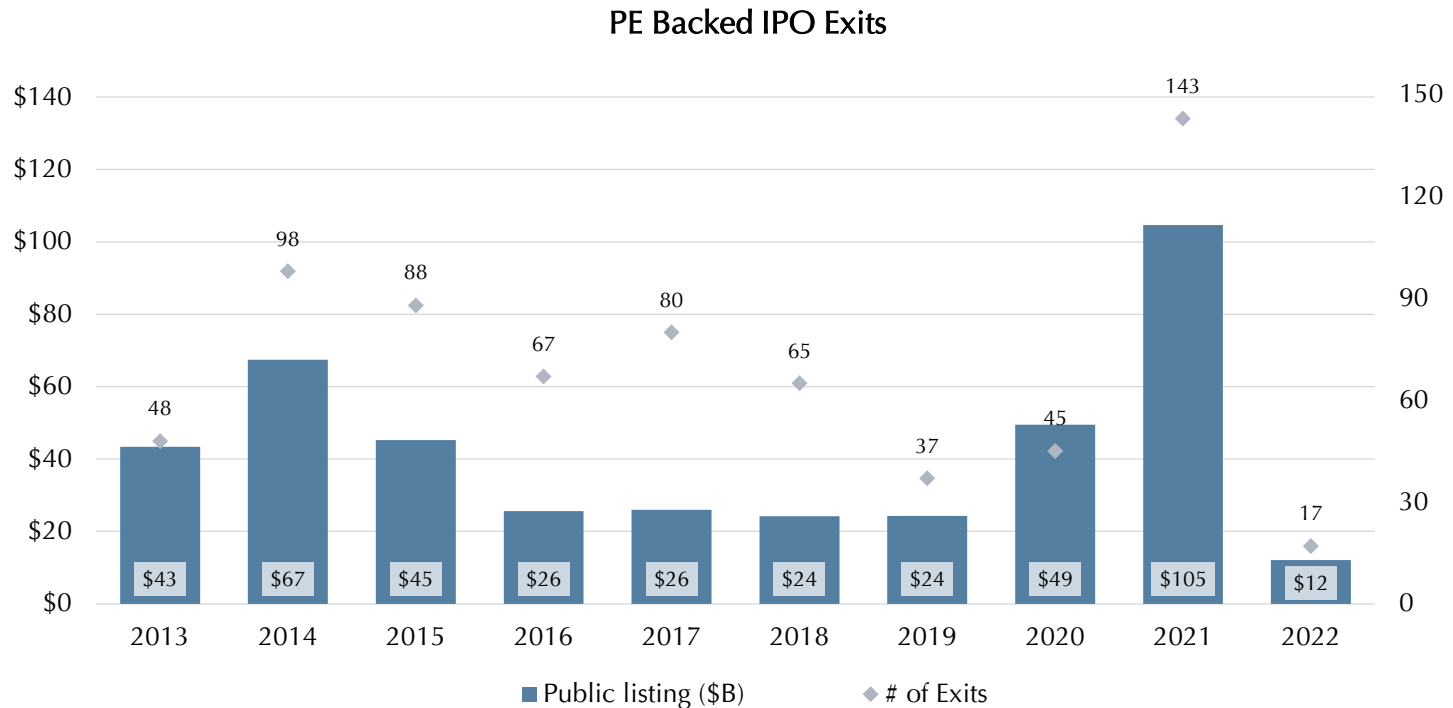
- We continue to expect prolonged fundraising timelines for all but the highest quality managers. First time funds in particular are likely to face a difficult fundraising environment as LPs focus on key existing relationships, noting that some investors have become relatively overexposed to private equity as a result of declines in the public markets.



- Difficult credit markets have weakened buyout activity, particularly for larger deals which are requiring more creative financing structures. Given some valuation readjustments in the public markets, we believe that take privates have become increasingly attractive.



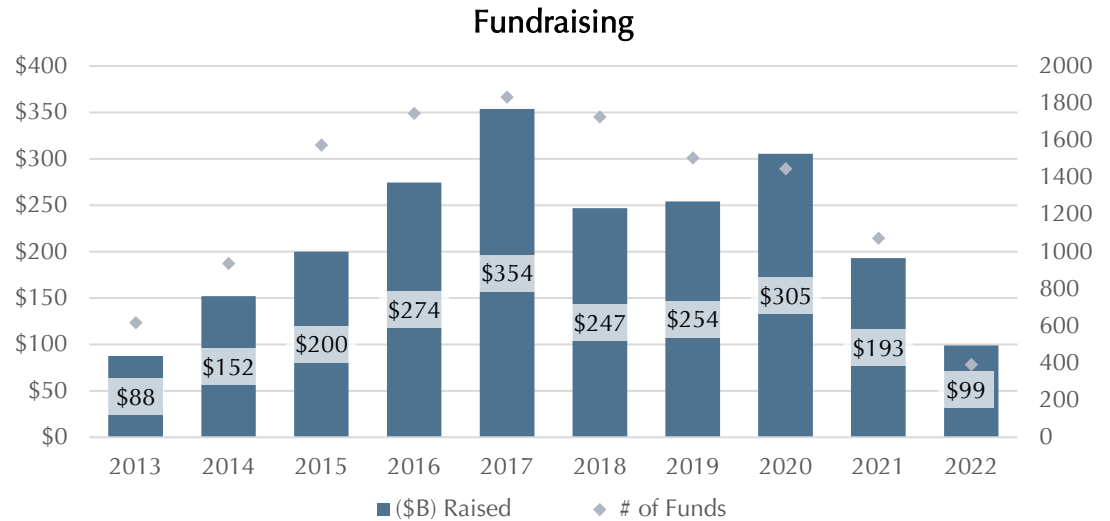
Source: Pitchbook, as of December 31, 2022. Data has not been reviewed by Pitchbook analysts. The above represents Aksia’s market observations. Observations are subject to change.



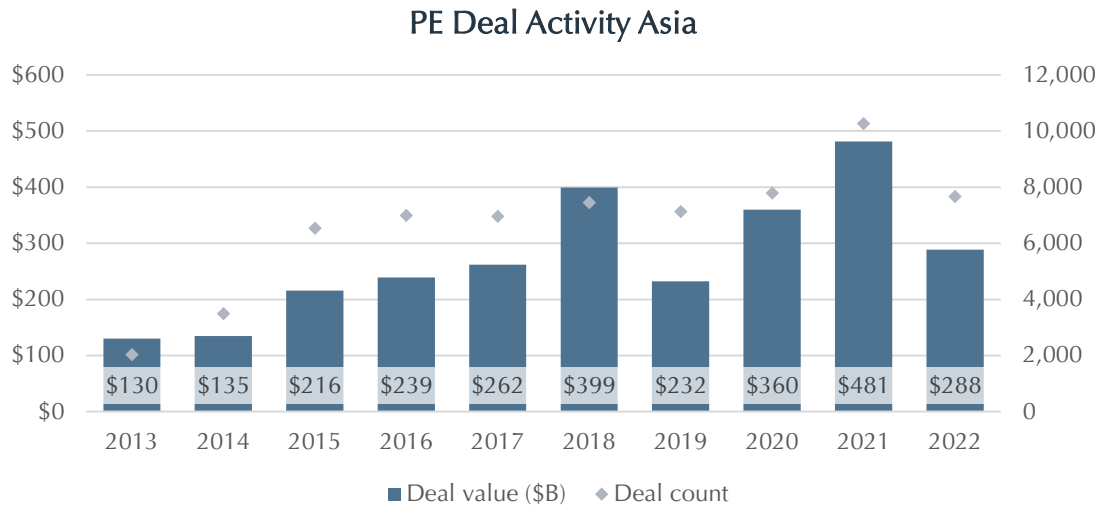
- The window for IPOs was effectively closed in 2022. We believe that the public markets are likely to continue to be a challenging exit route for GPs in 2023 while high inflation and interest rates continue.

Fundraising Activity & Investment Activity – Asia

- PE fundraising in Asia continues to tick lower and is now at its lowest level since 2014 with limited visibility for a turnaround.

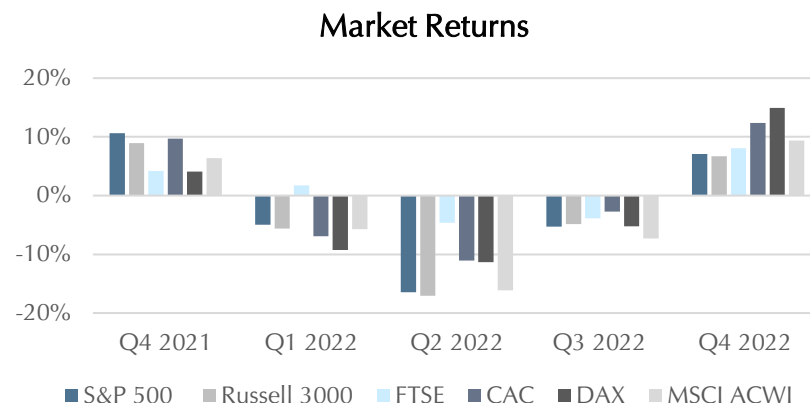


- Asia investment activities slowed in 2022 vs. 2021 not unlike that of North America and Europe, given the macro economic environment.

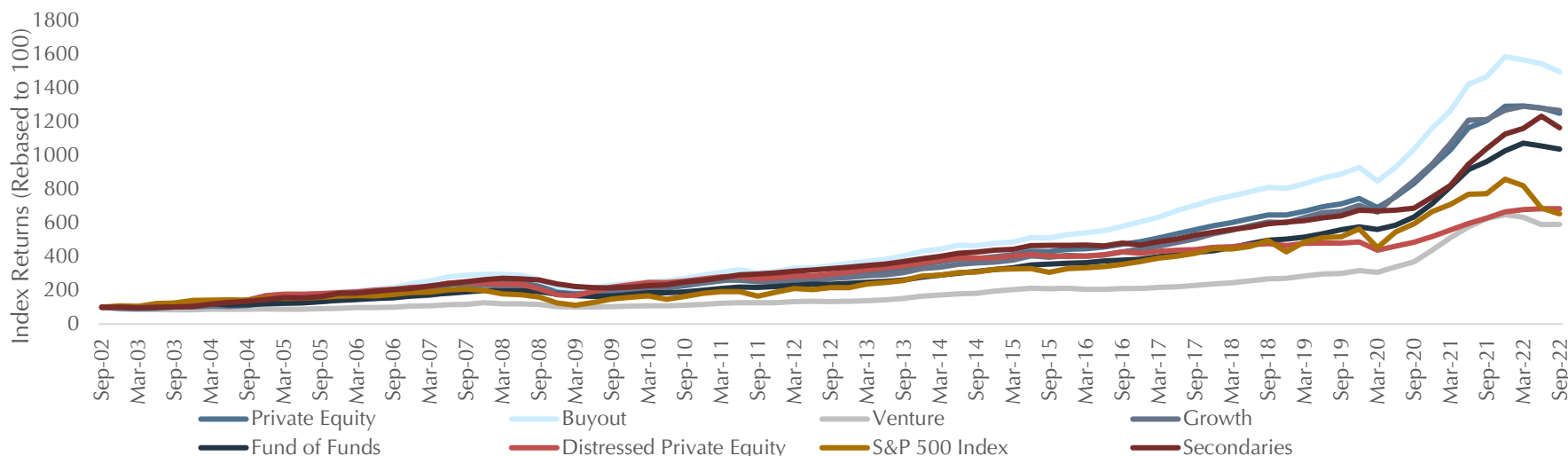


Source: Pitchbook, as of December 31, 2022. Data has not been reviewed by Pitchbook analysts. The above represents Aksia’s market observations. Observations are subject to change.

Index	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
S&P 500	10.6%	-4.9%	-16.4%	-5.3%	7.1%
Russell 3000	8.9%	-5.6%	-17.0%	-4.8%	6.7%
FTSE	4.2%	1.8%	-4.6%	-3.8%	8.1%
CAC	9.7%	-6.9%	-11.1%	-2.7%	12.3%
DAX	4.1%	-9.3%	-11.3%	-5.2%	14.9%
MSCI ACWI	6.4%	-5.7%	-16.1%	-7.3%	9.4%

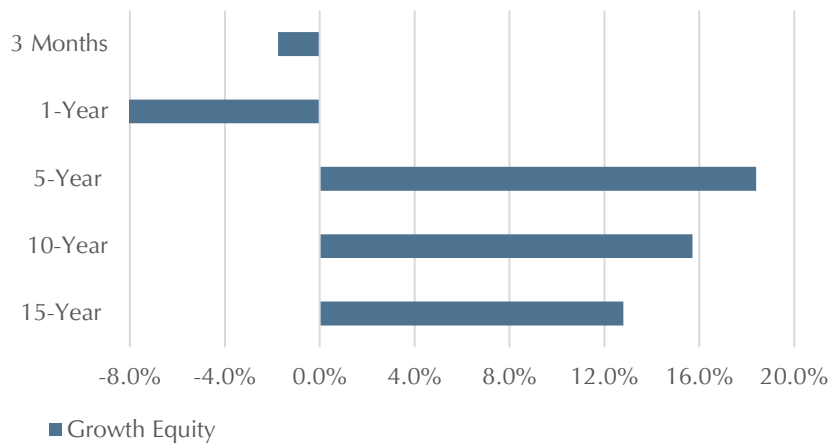


Preqin INDEX vs S&P 500 INDEX



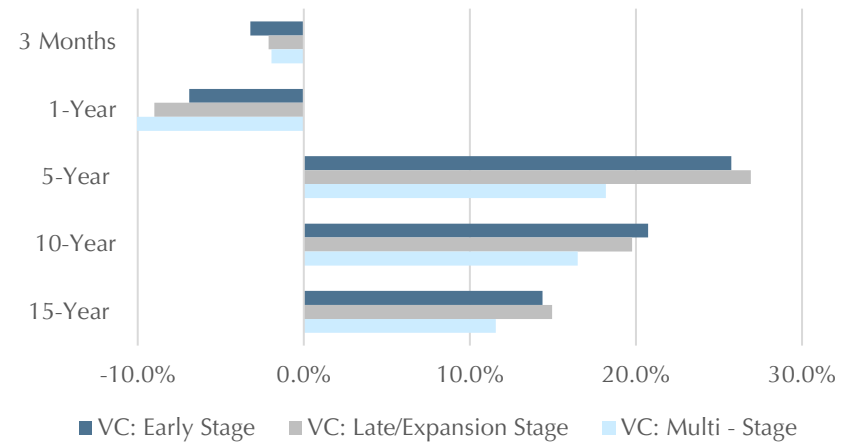
- Private equity returns were flat to slightly down through Q3 2022 despite the negative returns seen in public markets. With positive public market performance in Q4 2022, we wouldn't expect a significant decline in private equity valuations in the final quarter.

Growth Equity Returns



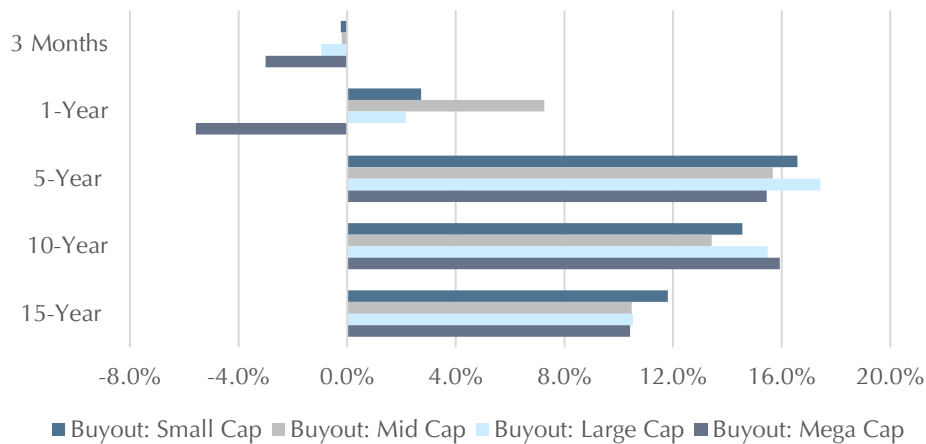
- Growth equity returns remained negative in Q3 2022 but have stabilized relative to the steep declines seen in prior quarters.

Venture Capital Returns



- The decline in public markets has reverberated through VC returns in recent quarters having an acute impact on late-stage funds due to their closer correlation with public equity prices.

Buyout Returns



- Buyout returns across all market segments were down in Q3 2022, with large and mega cap funds experiencing the largest contractions. Small and mid-cap funds were relatively flat to slightly down.

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