Pathway Research

Private Market Environment

1ST QUARTER 2021

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1Q21 Market Review

Global equity markets performed well in the first quarter of 2021, driven by the strengthening economic recovery in the United States, the accelerating albeit uneven rollout of COVID-19 vaccinations around the world, and the ongoing fiscal and monetary stimulus programs to counter the impact of the pandemic. The MSCI All Country World Index generated a 4.7% return during the quarter, bringing the index's trailing 12-month return to 55.4%. Value stocks handily outperformed growth stocks during the quarter—continuing a reversal that began late last year—as a result of investors rotating into more-cyclical stocks on signs of a broadening economic recovery. The MSCI World Value Index generated a return of 9.8% in the first quarter compared with 0.3% for the MSCI World Growth Index. The rally in equity markets during the quarter was tempered by bouts of volatility sparked by fears of rising inflationary pressures. In the U.S., a raft of positive economic reports, a faster-than-expected nationwide rollout of vaccinations, and a fresh stimulus package raised expectations for the country's growth outlook and led to a marked increase in government bond yields. The 10-year U.S. Treasury yield ended the quarter at 1.74%, up from 0.93% at the end of 2020. The rise in interest rates led to mixed performance for fixed-income assets: the Barclays U.S. Aggregate index generated a –3.4% return in the first quarter, its first negative quarterly return since the second quarter of 2018.

M&A activity logged its third-consecutive trillion-dollar quarter in the first three months of the year, buoyed by the strengthening economic outlook, robust debt financing markets, and record-setting special purpose acquisition company (SPAC) merger activity. Global M&A transaction value totaled $1.3 trillion in the first quarter, the second-highest quarterly total on record and 94% higher than the amount in the year-ago period, according to data from Refinitiv. Private equity firms played a key role in the quarter's M&A activity: in the U.S. alone, buyout investment activity totaled $125 billion in the first quarter—more than three times greater than the pandemic-impacted year-ago period and the highest quarterly total since the second quarter of 2007. Notable buyout-backed investments during the quarter include the $6.0 billion take-private buyout of real estate data provider CoreLogic, the $4.3 billion carveout of Nestle's North American bottled water business, and the $4.0 billion carveout of McAfee's enterprise security business. The SPAC sector, flush with cash from the surge in SPAC IPO issuance in the past year, also made its mark in the M&A markets. In the first quarter, there were 88 announced SPAC mergers or initial business combinations totaling $254 billion in transaction value, according to Pathway Research. SPACs accounted for several of the quarter's largest transactions, including Churchill Capital IV's $16.3 billion merger with electric vehicle manufacturer Lucid Motors and BowX Acquisition Corp.'s $9.0 billion merger with office-sharing company WeWork.

Table 1. Largest PE Investments Announced in 1Q21

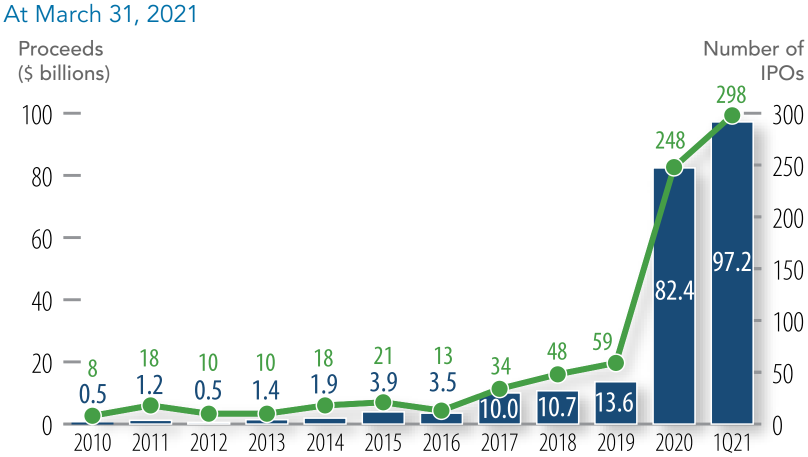
At March 31, 2021

Buyer	Target	Industry	Region	Value (MM)
TPG Capital	DirecTV	Telecommunications	U.S.	$7,800
Veritas Capital	Perspecta	Technology	U.S.	$7,100
Apollo Global Management	Las Vegas Sands	Real Estate	U.S.	$6,250
Stone Point Capital, Insight Partners	CoreLogic	Technology	U.S.	$6,000
BayPine, TSG Consumer Partners	Mavis Tire Express	Industrials	U.S.	$6,000

Private equity firms took full advantage of heady conditions in both the M&A and IPO markets to sell or take public their portfolio companies, resulting in the most active quarter for PE-backed (buyout and venture capital) exit activity on record. Global PE-backed M&A exit activity totaled $203 billion in the first quarter, more than double the amount in the first quarter of 2020 and the highest quarterly total on record. Current market dynamics are favorable for sellers, and many general partners are reporting highly competitive sales processes involving both strategic and financial buyers and, more recently, SPACs. In the IPO markets, public investors were highly receptive to new offerings during the quarter, driving record IPO issuance in all major exchanges. Rich valuations in the public markets encouraged many private equity firms to publicly list their portfolio companies: the forward P/E ratio for the S&P 500 reached 22.5 at the end of the first quarter, the highest in more than 20 years, according to Factset. In the U.S., 52 PE-backed companies raised a record $33.3 billion in their IPOs during the quarter, headlined by the $4.6 billion IPO of venture capital–backed e-commerce company Coupang and the $2.5 billion IPO of buyout-backed online dating company Bumble. Additionally, SPAC mergers provided an alternative path to the public markets for many PE-backed companies during the quarter: 69 of the 88 announced SPAC mergers in the first quarter involved a buyout- or venture capital–backed company.

SPAC IPO issuance continued its breakneck pace in the first quarter, although there are signs that momentum in the sector is slowing. There were 298 SPAC IPOs that raised an aggregate $97.2 billion in the first quarter, surpassing the total number of SPAC IPOs and proceeds raised in all of 2020. The large influx of capital and new SPACs searching for a merger or initial business combination has saturated the market and weighed on post-IPO performance. Unlike last year when the vast majority of pre-merger SPACs traded at least at the value of their per-share cash amount held in trust (typically equivalent to the initial offering price), nearly two-thirds of the newly minted SPACs ended the quarter trading below their initial offering price. At the same time, the SEC has increased its focus on the SPAC sector, recently issuing a series of public statements and guidance related to disclosures, reporting requirements, and the accounting treatment of SPAC warrants, further dampening investor sentiment in the sector. SPAC IPO activity has fallen sharply since the end of the quarter: through the first three weeks of April, there have been just 10 new SPACs, which raised an aggregate $2.4 billion. Notwithstanding the increased scrutiny and slowdown in new issuance, the significant amount of capital in the hands of already-raised SPACs indicates that the sector will likely continue to impact the private equity asset class and broader M&A markets going forward. At the end of the first quarter, there were 421 SPACs totaling $137 billion in capital raised that were actively seeking a merger partner.

Figure 1. SPAC IPO Issuance
At March 31, 2021



Source: Bloomberg, Renaissance Capital, and Pathway Research.

Table 2. Largest SPAC Mergers Announced in 1Q21
At March 31, 2021

Company	Acquirer	Value (MM)
Lucid Motors	Churchill Capital Corp. IV	$16,320
IronSource	Thoma Bravo Advantage	$11,100
eToro Group	FinTech Acquisition Corp. V	$10,400
WeWork	BowX Acquisition Corp.	$9,000
Social Finance	Social Capital Hedosophia Corp. V	$8,650

Source: Pathway Research.

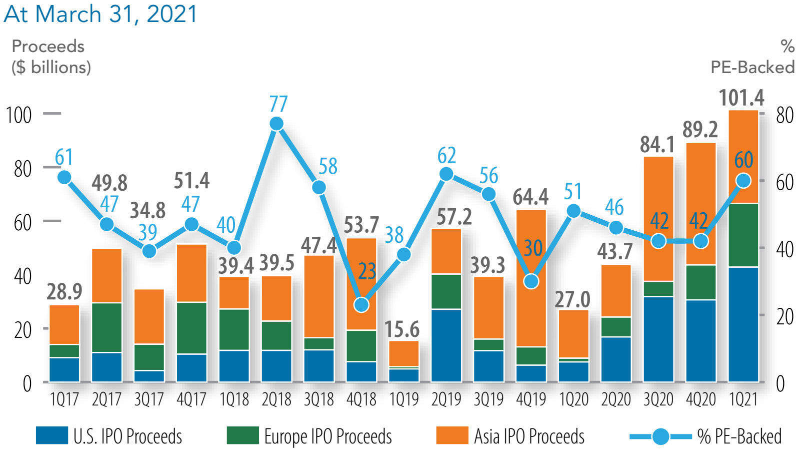
Global Exit Markets

Global exit market conditions remained accommodative for private equity managers during the first quarter, allowing general partners to realize record-setting proceeds for their investors through a variety of exit paths. Worldwide M&A exit activity for PE-backed companies totaled $203 billion during the quarter, an increase of 9% from the prior quarter and the largest quarterly total on record, according to data from Mergermarket and Pathway Research. Deal volume remained similarly strong: the 711 exits during the quarter marked a 7% decline from the prior quarter but still ranked as the second-largest quarterly total of all time. Activity was driven by several large acquisitions of U.S.-based technology companies, including the $9.6 billion sale of buyout-backed GlobalLogic to Hitachi and the $6.5 billion sale of venture-backed Auth0 to Okta.

Traditional IPO market activity reached a recent peak during the first quarter, despite the competition faced from SPACs as an alternative avenue for accessing the public markets. In the U.S., 52 PE-backed companies raised $33.3 billion in proceeds during the quarter, the largest amount on record. New PE-backed IPOs were well-received overall by the market, producing an average increase in share price from IPO date to quarter-end of 21%, relative to just 4% for non-PE-backed listings. In Europe, the IPO markets experienced a revival following a sluggish 2020: PE-backed IPO proceeds rose to €7.1 billion during the quarter, just shy of the €7.9 billion in proceeds raised during all of 2020. The quarter included three listings of greater than €1.0 billion in size, most notably the €3.2 billion IPO of Advent-backed Polish e-commerce delivery company InPost. In Asia, IPO markets continued to build on the strong momentum generated in the second half of 2020, raising $23.5 billion through 79 PE-backed listings. Asia-based IPO activity was highlighted by the $5.4 billion offering of Kuaishou in Hong Kong—the largest IPO worldwide during the quarter.

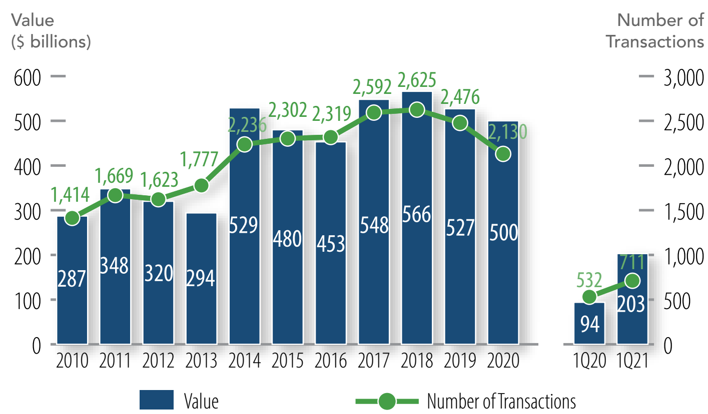
SPACs also played an active role as an exit option for PE-backed companies during the first quarter, buoyed by the torrential pace of SPAC issuance during the prior year. During the quarter, 69 buyout- or venture capital–backed companies announced mergers with SPACs at a combined value of $195 billion, surpassing the 2020 full-year total by late February. PE-backed companies have continued to remain at the forefront of the current SPAC market, accounting for 78% of total announced SPAC mergers during the quarter. Despite the record pace for both issuance and mergers, SPAC activity cooled abruptly in late March, hampered by declining performance from both pre- and post-merger SPACs and capital market constraints for PIPE financings—an integral piece of the de-SPAC process. However, as of the end of the first quarter, over 400 SPACs remained in market searching for acquisition targets, leading to expectations that deal volume will remain high in coming quarters.

Figure 2. Quarterly Global IPO Activity
At March 31, 2021



Source: Bloomberg, Renaissance Capital, and Pathway Research.

Figure 3. Global PE-Backed M&A Exit Value & Volume
At March 31, 2021



Source: Mergermarket and Pathway Research.

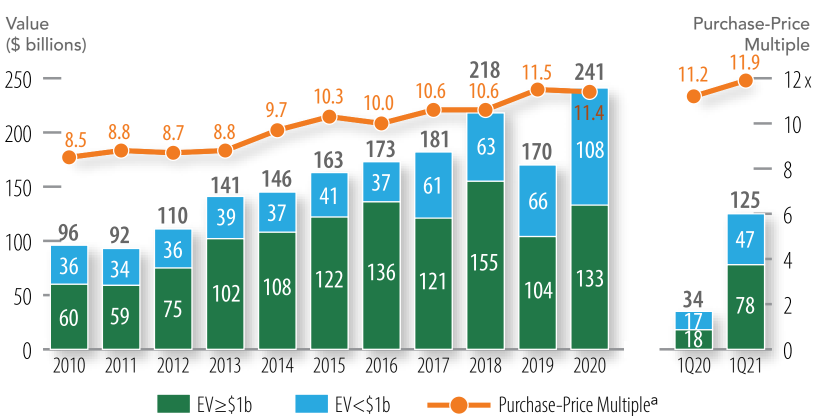
U.S. Buyout Markets

Buyout market activity in the U.S. continued to accelerate during the first quarter, building upon the sharp recovery mounted during the second half of 2020. During the first quarter, U.S. buyout investment activity totaled $125 billion, according to Refinitiv and Pathway Research, an increase of 10% from the prior quarter. The first-quarter figure is the second-largest quarterly total on record—trailing only the $225 billion invested during the second quarter of 2007—and already accounts for over 50% of total buyout activity during full-year 2020. The quarterly increase in activity was driven largely by the volume of deal flow in the small- and middle-market segments (i.e., transactions with enterprise values of less than $1.0 billion). In aggregate, 571 small- and middle-market investments were announced during the first quarter—the largest amount on record and an increase of 36% from the fourth quarter of 2020. Large-market activity remained flat relative to the prior quarter but still finished as one of the most active quarters on record: 27 transactions were announced, representing $77.9 billion in value.

The software industry continued to play a key role in the active first quarter, accounting for 30% of total deal value, up from an annual average of 19% over the past five years. The sector included four of the 10 largest investments announced during the quarter, the largest being Stone Point Capital and Insight Venture Partners' $6.0 billion take-private buyout of CoreLogic. The software industry as a whole has benefitted from many of the unique challenges faced by both businesses and consumers during the COVID-19 pandemic, which have served to accelerate investment theses related to digital adoption and have driven strong performance sector-wide.

Buyout managers have also recently faced growing competition for target companies from a number of different transaction structures utilized by general partners, most notably SPACs and GP-led secondaries. Private equity managers have sought to take advantage of the positive momentum in the SPAC markets by raising SPACs themselves as an alternative source of capital for their private funds. The largest investment announced by a PE-backed SPAC during the first quarter was the $11.0 billion merger of IronSource with Thoma Bravo Advantage, a SPAC sponsored by Thoma Bravo. Buyout managers have also been increasingly active in pursuing GP-led secondaries. These transactions have been used as a method of extending a firm's investment in a strong-performing company beyond the lifespan of its initial fund, thus removing potentially attractive companies as acquisition targets for other managers. Although neither PE-backed SPACs nor GP-led secondaries are included in the buyout data figures listed above, the increasing prevalence of these transactions has created both challenges and opportunities for general partners in navigating the current competitive landscape.

Figure 4. U.S. Buyout Investment Activity
At March 31, 2021



Source: Refinitiv, S&P LCD, and Pathway Research.
Notes: Amounts may not foot due to rounding. • EV=Enterprise value.
[a]Average PPM (as a multiple of trailing EBITDA) of all LBOs.

Table 3. U.S. Buyout Investment Statistics
At March 31, 2021

Buyer	2007	2020	1Q21
Purchase Price/EBITDA	9.7x	11.4x	11.9x
Equity Contribution %	30.9%	43.0%	43.4%
Debt/EBITDA	6.0x	5.7x	6.4x
EBITDA/Cash Interest	2.1x	3.4x	3.0x

Source: S&P LCD.

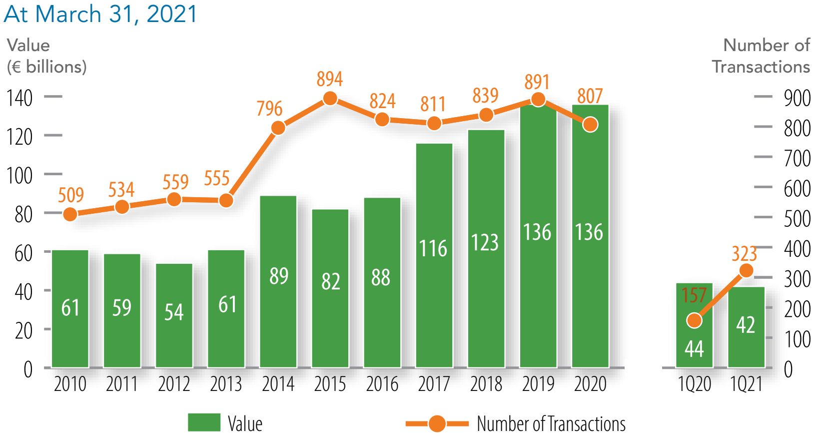
European Buyout Activity

This year has been off to a strong start as a result of European buyout activity maintaining some of the momentum from late 2020. The aggregate transaction value of European buyouts announced in the first quarter was €41.8 billion, according to data provided by Refinitiv. Although this represents a decrease of 24% from the recent high in the fourth quarter of 2020, it is 39% above the quarterly average for the past five years. The first-quarter activity was broadly based: 323 deals were announced during the period. This exceeds the 264 transactions announced during the prior quarter by a substantial margin and represents the highest quarterly number since the GFC. This was driven by a significant increase in activity in the small-cap and lower-mid-cap market (i.e., transactions with enterprise values of less than €500 million). These deals contributed €18.5 billion to the total transaction value in the first quarter, up 43% from the prior quarter. As a result, large-cap buyouts (i.e., transactions with enterprise values in excess of €1.0 billion) represented only 49% of the aggregate transaction value in the first quarter, down significantly from 67% in the prior quarter. Despite this decrease, with 10 large-cap transactions completed in the first quarter, activity in the upper end of the market was 67% higher than the quarterly average over the past five years.

The largest deal of the quarter was the spin-out of Lonza's specialty ingredients business completed by Bain Capital and Cinven at an enterprise value of €3.9 billion. This was followed closely by the buyouts of Philips Domestic Appliances and IVC Evidensia. Hillhouse Capital agreed to the carve-out of the home care appliances business from Philips at an enterprise value of €3.7 billion, and Silver Lake and Nestle agreed to invest €3.5 billion for a minority stake in IVC Evidensia, a veterinary care business owned by EQT, valuing the business at an estimated €12.3 billion.

European credit markets have experienced a surge in activity in the year to date. According to data from UBS, European primary high-yield issuance totaled €31.7 billion in the first quarter. This represents the highest quarterly total since the GFC, exceeding the previous record by more than 20%. Issuance in the first three months of 2021 already exceeds several prior full-year totals, most recently 2012. Pricing of debt has remained relatively stable: spreads on BB-rated euro-denominated bonds traded closely around 245 basis points throughout the first quarter. Institutional leveraged loan issuance totaled €36.1 billion in the first quarter, the highest quarterly total since the second quarter of 2007, according to S&P LCD. The average leverage multiple for sponsored buyouts was 5.7x EBITDA in the first quarter, down from 5.9x in 2020.

Figure 5. European Buyout Transaction Value & Volume
At March 31, 2021



Source: Refinitiv and Pathway Research.

Table 4. Largest European Buyouts Announced in 1Q21
At March 31, 2021

Buyer	Target	Country	Value (MM)
Bain Capital, Cinven	Lonza Specialty Ingredients	Switzerland	€3,881
Hillhouse Capital	Philips Domestic Appliances	Netherlands	€3,700
Silver Lake	Independent Vetcare (IVC Evidensia)	UK	€3,500
TDR Capital, I Squared Capital	Aggreko	UK	€2,576
CVC Capital, Avista Capital	Cooper Consumer Health	France	€2,200

Source: Refinitiv.

Asia Private Equity

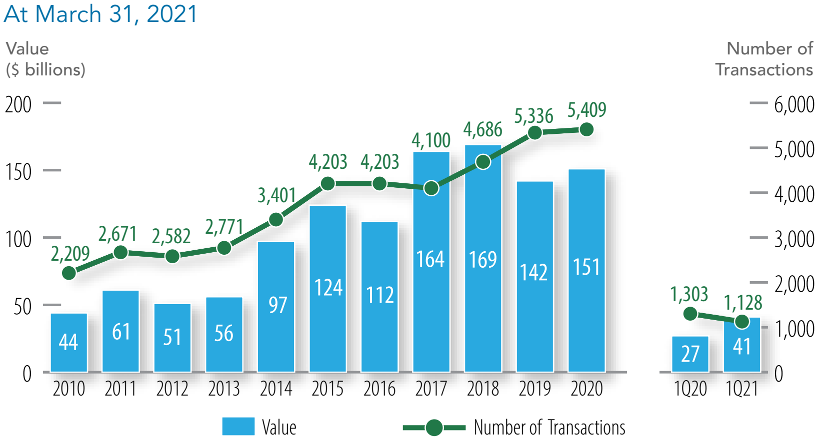
During the first quarter, there was considerable optimism across the Asia-Pacific region that vaccination rollouts would lead to a return to normality and drive economic recovery. However, many Asian countries that were relatively successful in containing COVID-19 have fallen behind the West in vaccinating their populations as a result of supply issues, safety concerns, and skepticism. China started its vaccination campaign in earnest in January and reported 83 million doses administered toward the end of March, well short of its mid-year goal of vaccinating 560 million people. Despite the slower-than-planned progress, China posted 18.3% year-on-year GDP growth in the first quarter—the strongest performance on record. As a result of the strong recovery, the Chinese government and central bank initiated steps for policy normalization and the removal of COVID-19-related fiscal stimulus measures in March. In the rest of Asia, most major public indices generated positive returns during the quarter, led by Japan's Nikkei 225 (+6.9%), which benefited from a strong recovery in corporate profits and continued weakness of the yen against the U.S. dollar.

IPO momentum remained strong in the first quarter: 239 companies raised $34.9 billion on Asia-based exchanges. Kuaishou, a leading content community and video-sharing platform in China, raised $5.4 billion in its debut on the Hong Kong Stock Exchange and was the first quarter's largest Asian and PE-backed IPO. IPO activity during the quarter was also bolstered by the secondary listings of Baidu and Bilibili in Hong Kong, which raised $3.1 billion and $2.6 billion, respectively, from the public markets.

During the first quarter, Asian private equity investment activity amounted to $41.4 billion from 1,128 transactions—a decrease in value of 13% from the prior quarter but an increase in value of 53% relative to the first quarter of 2020, according to data provided by *Asia Venture Capital Journal* (*AVCJ*). China was responsible for the lion's share of investment activity at 61% of total investment value, followed by Japan (11%), South Korea (11%), and India (8%). The largest PE-backed investment in Asia during the quarter was the $3.0 billion venture round led by Sequoia Capital China in Xingsheng Selected, an online grocery platform.

Fundraising activity was muted during the first quarter, primarily due to a decline in the average size of funds closed. During the quarter, Asia-Pacific-focused funds raised $12.7 billion, a decline of 40% from the prior quarter and of 27% from the quarterly average over the prior three years. In contrast, the 58 funds that held closes during the quarter nearly matched the prior-quarter total and marked an increase of 13% relative to the quarterly average over the same period. Activity was driven by the $3.6 billion raised by Boyu Capital Fund V, which accounted for 28% of the region's total fundraising value.

Figure 6. Asian PE Transaction Value & Volume
At March 31, 2021



Source: *AVCJ*.

Table 5. Largest Asian PE Investments in 1Q21
At March 31, 2021

Investors	Target	Country	Value (MM)
Sequoia Capital China, Tencent Holdings, KKR, Primavera, FountainVest Partners	Xingsheng Selected	China	$3,000
CPE Funds Management, IDG Capital, Temasek Holdings	Beijing Kuaijuanyun Technology (Didi Huoyun)	China	$1,500
Hillhouse Capital Management, Sequoia Capital China	Lalamove	Hong Kong	$1,500
KKR Japan, Rakuten Inc.	Seiyu	Japan	$1,401
Wise Road Capital	MagnaChip Semiconductor	South Korea	$1,400

Source: *AVCJ*.

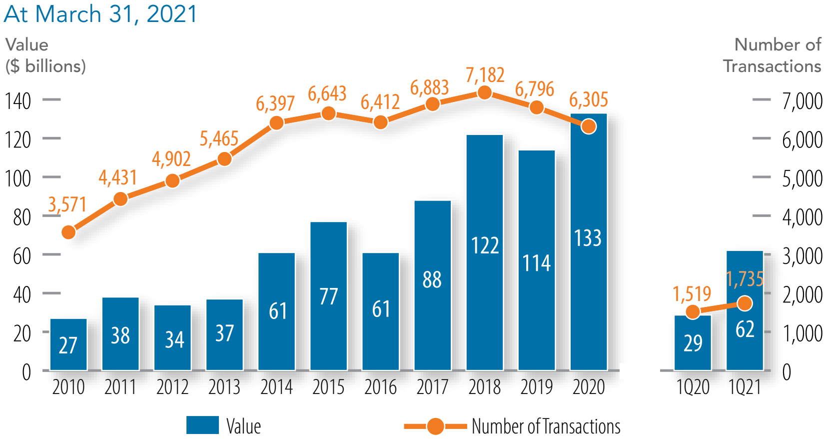
U.S. Venture Capital

Following a strong second half of 2020, U.S. venture capital investment activity sky-rocketed to a record-breaking $62.1 billion via 1,735 transactions during the first quarter, according to the PwC/CB Insights MoneyTree™ Report. Investment activity in the first quarter accounted for 47% of the annual total for 2020 and represented a 52% increase from the previous quarterly investment record set during the fourth quarter of 2018. Mirroring 2020, late-stage investment activity was significant, representing 42% of the first quarter's investment total, and the proliferation of mega-round financings buoyed overall investment activity. During the first quarter, a record 184 mega rounds generated $39.8 billion of investment value. The most notable financing in the first quarter was the $3.4 billion of emergency funding raised by Robinhood via cash injection and convertible note. Due to financial strain caused by the elevated trading levels of AMC, GameStop, and Blackberry stock, to name a few, Robinhood faced a cash crunch and turned to existing investors for aid. In March, the company confidentially filed to go public at an undisclosed valuation; however, recent secondary sales indicate that the valuation could reach upward of $40 billion—a significant premium to its valuation in its latest private financing round.

Amid strong public market performance, venture capital–backed IPO activity reached a quarterly high during the first quarter: 29 IPOs raised $16.0 billion, which represents more than half of all venture-backed IPO proceeds in 2020 and marks the third-consecutive quarter in which more than $10.0 billion was raised. Sequoia Capital– and SoftBank Group–backed Coupang, a Korea-based e-commerce company, was the largest offering of the quarter, raising $4.6 billion in its IPO. Coupang's IPO valued the company at approximately $60 billion and is the largest venture capital–backed listing since Uber's IPO in the second quarter of 2019. Overall, the 29 venture-backed IPOs during the quarter traded up an average of 24% from their IPO price at quarter-end, outpacing the 9% average return for non-venture-backed IPOs.

M&A exit markets returned to more-normal levels during the first quarter, following Salesforce's monumental $27.7 billion acquisition of Slack during the fourth quarter. Excluding SPAC mergers, M&A exit activity for venture-backed companies totaled $11.7 billion—a mere 9% decrease from the year-ago period. In addition, several notable transactions were announced during the quarter that are expected to close later in the year, headlined by Okta's $6.5 billion stock acquisition of Bessemer- and Meritech-backed Auth0. The merger's enterprise value comes at a considerable premium to Auth0's $1.9 billion valuation set in its Series F financing round in July 2020. Venture capital firms have also benefitted from the influx of new SPACs. Notable SPAC mergers with venture-backed companies in the first quarter include the $10.4 billion merger of trading platform eToro with FinTech Acquisition Corp. V and the $9.0 billion merger of office-sharing company WeWork with BowX Acquisition Corp.

Figure 7. U.S. Venture Capital Transaction Value & Volume
At March 31, 2021



Source: PwC & CB Insights MoneyTree™ Report.

Table 6. Largest U.S. Venture Capital Deals in 1Q21
At March 31, 2021

Company	Select Investors	Value (MM)
Robinhood	New Enterprise Associates, Sequoia Capital, Index Ventures, ICONIQ Capital & Ribbit Capital	$3,400
goPuff	Fidelity Investments, SoftBank Group & D1 Capital Partners	$1,150
Databricks	New Enterprise Associates, Battery Ventures, Tiger Global Management & Andreessen Horowitz	$1,000
SpaceX	Sequoia Capital, Valor Equity Partners & D1 Capital Partners	$850
UiPath	Sequoia Capital, Institutional Venture Partners & Dragoneer Investment Group	$750

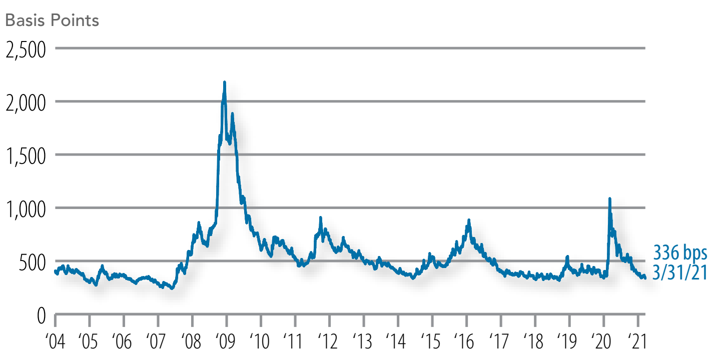
Source: PwC & CB Insights MoneyTree™ Report.

Private Credit Markets

Indicators of distress in the leveraged credit markets fell in the first quarter, continuing the trend of steady improvement since the pandemic-driven market selloff in March 2020. The trailing 12-month U.S. high-yield default rate fell to 4.9% at the end of the first quarter and to 3.6% in April, down from 5.2% at the end of 2020, according to Fitch Ratings. Market conditions have improved considerably for many at-risk non-investment-grade companies over the past year, driven by the reopening of the economy, the unprecedented scale of fiscal and monetary policy support to counter the impact of the pandemic, and the accommodative credit markets that have allowed many companies to access liquidity and extend maturities. The high-yield distress ratio—the percentage of high-yield bonds trading at spreads greater than 1,000 basis points over U.S. Treasuries—fell to 2.8% at the end of March, the lowest level since the second quarter of 2007. During the quarter, five issuers defaulted on debt totaling $5.9 billion, compared with 38 issuers that defaulted on debt totaling $49.7 billion in the second quarter of 2020 (the peak of the pandemic). Given the relatively quick recovery of financial markets and the improving economic outlook, the distressed debt opportunity set has been fairly limited thus far. Nevertheless, many distressed debt managers believe that there are many companies and sectors that remain vulnerable in the current environment and continue to anticipate an increase in distressed debt investment activity.

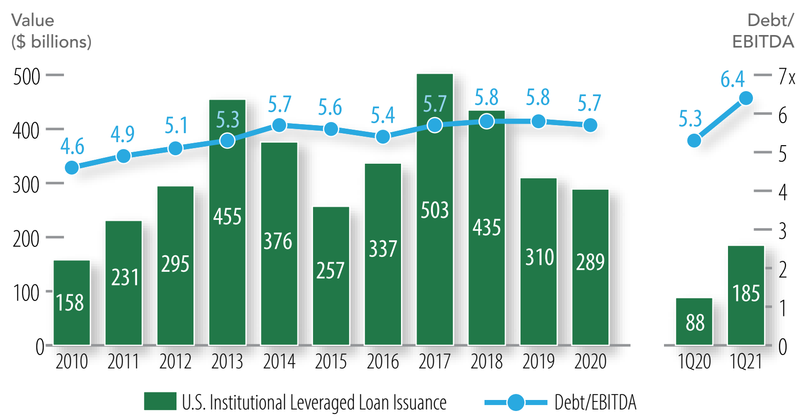
The non-investment-grade credit markets remained firmly accommodative in the first quarter, helping fuel the strong pace of M&A and refinancing activity. U.S. leveraged loan issuance totaled $185 billion in the first quarter, more than double the issuance in the fourth quarter of 2020 and the highest quarterly total on record, according to S&P LCD. The leveraged loan markets were boosted by strong demand-side factors, including robust CLO issuance and high inflows into bank loan funds and ETFs during the quarter. Investors have been drawn to the asset class for its relatively high yields and also to position their portfolios for a potential increase in interest rates as a result of strengthening economic conditions. Borrowers took advantage of favorable conditions to refinance existing debt, extend maturities, and lower their overall interest costs. Private equity firms also took advantage of the receptive loan markets to execute $18.8 billion of dividend recaps during the quarter. The average yield for a new single-B-rated leveraged loan was 4.7% at the end of the first quarter, down from 5.2% at the end of 2020. The direct lending markets generally followed the lead of the syndicated debt markets during the quarter, with robust new financing activity and borrower-friendly pricing and terms. The lender-friendly environment that prevailed immediately following the start of the pandemic was short-lived, and spreads and leverage levels for new middle-market financings are now largely in line with pre-COVID levels.

Figure 8. High-Yield Bond Spreads over U.S. Treasuries
At March 31, 2021



Source: BofA Merrill Lynch.

Figure 9. U.S. Institutional Leveraged Loan Issuance
At March 31, 2021



Source: S&P LCD.

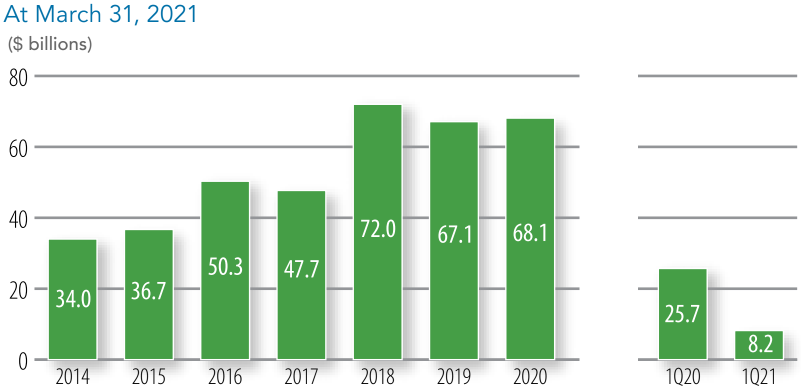
Infrastructure

Global infrastructure fundraising activity experienced what is expected to be a temporary decline in the first quarter, following another strong year of fundraising in 2020. Seven private infrastructure funds raised just $8.2 billion during the quarter, marking a decline of 49% from the prior quarter and of 68% from the same period one year ago. First-quarter activity was driven primarily by KKR Asia Pacific Infrastructure Investors Fund, which held a final close on $3.9 billion, and Macquarie Green Investment Group Global Renewables Fund II, which closed on $1.9 billion. Together, these two funds accounted for more than 70% of the quarterly total. Although fundraising activity was modest in the first quarter, several large- and mid-sized infrastructure funds are actively fundraising and have closes planned for 2021.

Infrastructure investment activity totaled $17.5 billion across 38 announced deals in the first quarter, a decline of 51% from the heightened activity in the fourth quarter of 2020 and a 3% decline from the year-ago period. Five deals in excess of $1.0 billion were announced during the quarter, which accounted for 62% of total quarterly activity. Leading activity was the $3.8 billion acquisition of Signature Aviation, an aviation support and services provider, by The Blackstone Group and Global Infrastructure Partners, which accounted for 22% of the quarterly total.

On March 31, 2021, the Biden Administration unveiled the $2.3 trillion American Jobs Plan, which seeks to overhaul and upgrade America's infrastructure. Included in the plan is $650 billion earmarked for home infrastructure (e.g., housing, clean water, schools, and broadband), $621 billion allocated to transportation infrastructure, and $400 billion dedicated to social infrastructure projects. Given the magnitude and breadth of the plan, there is potential for private capital to play a meaningful role in financing these projects. Private infrastructure investment has developed a successful track record in several of the industries the plan focuses on, including transportation, telecommunications, power, and social infrastructure. The plan includes numerous proposals, including a program aimed at facilitating and incentivizing investment in renewable and clean energy infrastructure, which could encourage strong participation from private infrastructure capital. The plan also introduces the potential for increased private infrastructure investment through public-private partnerships (P3), which have often been utilized to fund transportation and social infrastructure projects. Although P3 structures have been less prevalent in the U.S. compared with Europe, the success of recent projects may help serve to increase their role in the proposed plan. Although political uncertainty regarding the American Jobs Plan remains, the plan is expected to generate significant private infrastructure investment opportunities across the infrastructure spectrum.

Figure 10. Global Private Infrastructure Capital Raised
At March 31, 2021



Source: PitchBook Data, Inc.

Table 7. Notable Infrastructure Deals in 1Q21
At March 31, 2021

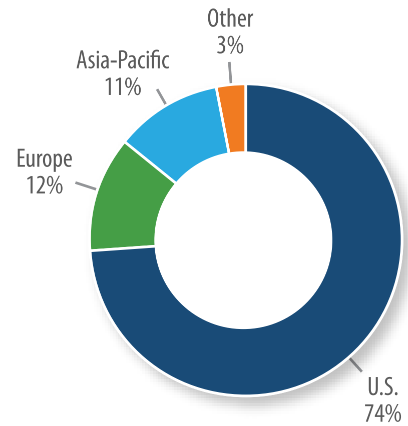
Asset/Company	Acquirer	Industry	Region	Deal Size (MM)
Signature Aviation	Blackstone, Global Infrastructure Partners	Transportation	UK	$3,829
Enwave Energy	IFM Investors	Utilities	Canada	$2,196
ASTM	Ardian	Transportation	Italy	$2,073
ExxonMobil (Oil & Gas Fields in the British North Sea)	HitecVision	Oil & Gas	UK	$1,381
Colbún Transmisión	APG Group	Utilities	Chile	$1,295

Source: PitchBook Data, Inc.

Fundraising Market

Following a near-record-breaking 2020, worldwide private equity fundraising activity continued at a healthy pace during the first quarter, albeit slightly below the levels seen in recent quarters. Worldwide fundraising reached $116 billion during the quarter, according to data from Refinitiv and Pathway Research, a decline of 11% compared with the same period in 2020 and of 15% relative to the quarterly average over the past three years. The decline in fundraising value was contrasted by an increase in the number of funds raised: the 510 funds that held closes during the quarter marked the highest quarterly fund count on record. Despite a 17% quarter-over-quarter decline in fundraising value, the U.S. continued to lead global activity. U.S.-focused funds represented 74% of the global total and accounted for 22 of the 25 funds that held closes on $1.0 billion or more during the quarter, including the two largest funds: Thomas H. Lee Equity Fund IX ($4.9 billion) and Blackstone Growth ($4.5 billion).

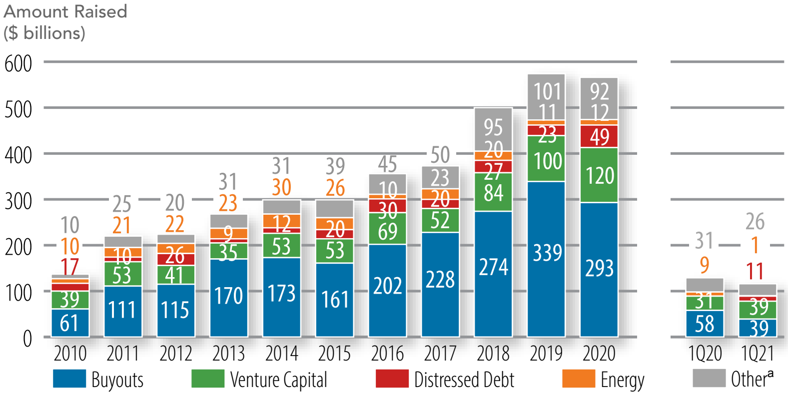
Figure 12. 1Q21 Fundraising by Region
At March 31, 2021



SOURCE: Refinitiv and Pathway Research.
NOTES: Percentages are based on net amounts raised, which are adjusted for fund-size reductions.
Data is continuously updated and is therefore subject to change.

The quarterly decline in activity was driven primarily by the lack of a true mega-buyout fund raised during the quarter, which resulted in just $39.1 billion being raised by the buyouts strategy worldwide. The quarterly total represents a decline of 45% from the prior quarter and the lowest quarterly amount in more than five years. Despite the sharp decline, this activity is not expected to persist: several prominent buyout funds, including Hellman & Friedman X ($22.0 billion target) and Genstar X ($11.7 billion), have closed or are expected to hold closes during the second quarter. Venture capital funds experienced a robust quarter: the strategy raised $39.0 billion globally, the second-highest quarterly amount on record and trailing only the $39.5 billion raised during the prior quarter. As a result, venture capital funds accounted for 34% of global activity—their highest proportion since the first quarter of 2004. Activity was underpinned by eight venture funds that raised more than $1.0 billion, led by Bessemer Venture Partners XI ($2.5 billion) and Bond Capital Fund II ($1.9 billion). Distressed debt fundraising, which has experienced a sharp uptick in activity since the onset of the pandemic, also continued at an active pace. Distressed debt funds raised $10.8 billion during the quarter, led by Apollo Accord Fund IV ($2.3 billion).

Figure 11. Global Private Equity Fundraising by Strategy
At March 31, 2021



SOURCE: Refinitiv and Pathway Research.
NOTES: Fundraising amounts are based on net amounts raised, which are adjusted for fund-size reductions. • Data is continuously updated and is therefore subject to change.
• Amounts may not foot due to rounding. • [a]Comprises special situations and other fund strategies not classified as buyout-, venture capital–, credit-, or energy-focused.

Table 8. Notable Funds Raised in 1Q21
At March 31, 2021

Fund	Strategy	Region	Amount (MM)
Thomas H. Lee Equity Fund IX	Buyouts	U.S.	$4,900
Blackstone Growth	Special Situations	U.S.	$4,500
New Mountain Partners VI	Buyouts	U.S.	$3,553
Atlas Capital Resources IV	Buyout	U.S.	$3,100
Arcline Capital Partners II	Buyouts	U.S.	$2,750

SOURCE: Refinitiv and Pathway Research.

About Pathway Capital Management, LP

Founded in 1991, Pathway provides private market fund solutions for institutional investors worldwide. Pathway manages capital on behalf of some of the largest corporate and public pension plans, government entities, and financial institutions around the globe. Since its formation, the firm has committed more than $85 billion to more than 700 private market investments.

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