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CAPITAL MANAGEMENT

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Private Market Environment

1ST QUARTER 2022

CONTENTS

1Q22 Market Review

Global equity markets faltered in the first quarter of 2022, giving way to concerns over rising inflation, continued supply chain constraints, Russia's invasion of Ukraine, and the beginning of interest rate hikes in the United States. The MSCI All Country World Index entered correction territory in early March after falling more than 12.0% from its January peak before rebounding to finish the quarter down 5.3%. The technology-heavy Nasdaq index experienced an even sharper decline, generating a first-quarter return of –8.9%—its worst quarter since the pandemic-impacted first quarter of 2020. The start of 2022 was marked by fears of the rapidly spreading Omicron variant of COVID-19, which slowed growth early in the quarter amid a sharp spike in new cases. Inflation was also top of mind for both consumers and investors alike. In March, inflation rose to 8.5% in the U.S. and to 7.0% in the UK—the highest figures for the two countries since 1981 and 1992, respectively. The impact of rising consumer prices has been further amplified by Russia's invasion of Ukraine, which drove energy prices to their highest levels in more than a decade. The West Texas Intermediate spot price rose to $123.64 per barrel in early March, its highest price since August 2008. The uncertain length, outlook, and geopolitical implications of the Russia–Ukraine conflict have presented a challenge to world leaders in managing the scale of the response to combat inflation while supporting unprecedented sanctions on Russia. The U.S. Federal Reserve raised its benchmark interest rate by 0.25% in March—its first interest rate increase since 2018—and has signaled the likelihood of additional, larger rate increases throughout the remainder of the year.

Deal-making activity globally remained resilient during the quarter, bolstered by the ongoing economic recovery from the pandemic and high levels of dry powder from both strategic and financial buyers. Worldwide M&A activity totaled $1.0 trillion during the quarter, which marked the seventh-consecutive quarter in which activity exceeded $1.0 trillion but also a decline of 21% from the first quarter of 2021, according to Refinitiv. Private equity firms played a large role in driving this activity, accounting for a record 29% of global M&A value. In the U.S., private equity–backed buyout activity totaled $103 billion during the quarter, down 12% from the prior quarter but still 36% higher than the quarterly average of the past three years. The record pace of investment activity for most investment strategies since the start of 2021 has been supported by an active fundraising landscape that has seen prominent firms successfully return

Table 1. Largest PE-Backed M&A Exits Announced in 1Q22
At March 31, 2022

Seller	Portfolio Company	Industry	Region	Value (MM)
Bridgepoint Group	Element Materials Technology	Business Services	UK	$7,000
TDR Capital	LeasePlan Corporation	Business Services	Netherlands	$5,500
TPG Capital	Wind River Systems	Technology	U.S.	$4,300
New Mountain Capital	Cloudmed	Healthcare	U.S.	$4,100
Berkshire Partners, Permira	Teraco	Telecommunications	South Africa	$3,500

Table 2. Largest PE Investments Announced in 1Q22
At March 31, 2022

Buyer	Target	Industry	Region	Value (MM)
Vista Equity Partners	Citrix Systems	Technology	U.S.	$16,500
Thoma Bravo	Anaplan	Technology	U.S.	$10,700
KKR	Refresco Group	Business Services	Netherlands	$7,900
Apollo	Tenneco	Industrials	U.S.	$7,100
Clayton, Dubilier & Rice	Cornerstone Building Products	Industrials	U.S.	$5,800

to market on accelerated timelines and with increasingly larger fund sizes. In 2022 alone, we expect at least eight large-cap buyout managers to hold fundraisings with targets of $20.0 billion or higher. The volume of funds in market or planning to return to market during 2022 has forced many limited partners to adopt an added degree of selectivity in their investment process to navigate allocation constraints throughout the remainder of the year and potentially beyond.

Exit market activity slowed at a sharper pace during the first quarter as general partners sought to monitor ongoing volatility and the impact of broad declines in the public markets on portfolio company valuations and exit processes. Global M&A exit activity for private equity–backed companies totaled $110 billion, a decline of more than 50% from the quarterly average during 2021 but still generally in line with pre-pandemic norms. Following a record pace of IPOs during 2021, the continued poor performance of many recent listings, particularly in high-growth sectors, drove IPO markets to a near halt during the first quarter. In the U.S., just 18 companies raised $2.2 billion through new IPOs during the quarter—the lowest total in six years. The IPO of private equity firm TPG, which raised $1.1 billion in early January, accounted for 48% of the quarterly total and was the only IPO to raise greater than $300 million during the quarter. Looking forward, the abundance of prospective buyers in the market and the continued strong financial performance of many private equity–backed companies will likely keep exit activity and distributions to limited partners at a healthy level in the near term; however, public market activity is expected to remain moderate until market volatility and the aftermarket performance of many recent listings show signs of stability.

During the first quarter, the private markets industry came under the microscope of the U.S. Securities and Exchange Commission (SEC), which issued a sweeping set of proposals aimed at enhancing disclosures, reporting, and best practices for investment advisers to private funds. The first proposal, issued in January, proposed new amendments to Form PF, the confidential reporting form used by certain advisers to private funds to report information to the SEC and the Financial Stability Oversight Council (FSOC). In early February, the SEC voted in favor of an additional proposal that, among other directives, would require SEC-registered advisers to deliver to its private fund investors quarterly financials disclosing all fees, expenses, and other compensation; obtain annual audited financial statements for each of its funds; provide independent fairness opinion letters for all GP-led secondary transactions; and disclose any preferential rights granted to any of the fund's investors. The proposal would also prohibit a number of actions, including providing investors preferential liquidity or information rights; paying clawbacks of carried interest net of taxes; and benefitting from exculpation or indemnity provisions in cases of a breach of fiduciary duty or negligence. If adopted in its current form, the February proposal would apply to both active and prospective governing documents and limited partnership agreements, beginning one year from the date of the announcement of the final terms.

The proposals signal an enhanced level of scrutiny and a new regulatory approach by current SEC leadership toward overseeing the private markets industry. Although some of the requirements listed in the proposals are already standard practice for many large institutional firms, the impact and costs associated with adhering to the new requirements will vary widely among private equity firms depending on their size and resources. The response from investors has largely been supportive of the SEC's directional focus on increasing transparency and alignment in the private markets; however, industry groups are still assessing whether any facets of the proposals could have adverse, unintended consequences for limited partners. The final terms of the proposals are still subject to change and may not yet be announced for several months, following the SEC's review of public comments.

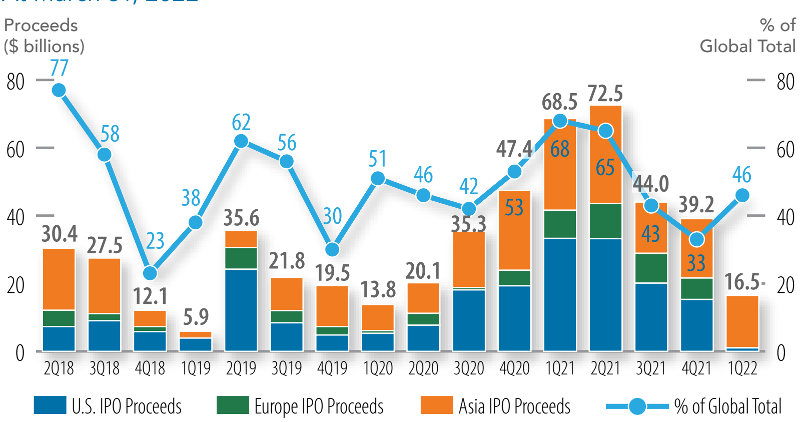
Global Exit Markets

Exit market activity worldwide cooled during the first quarter relative to the pace of 2021, which set annual records for both M&A and public market exits by a wide margin. During the quarter, global M&A exit value totaled $110 billion, a decline of approximately 50% from both the prior quarter and the first quarter of 2021. The number of deals announced fell to 512, the lowest quarterly figure since the second quarter of 2020. The decline was not unexpected, given the number of mounting macroeconomic and geopolitical headwinds, and is in many ways a reversion to a more sustainable level of activity following the sharp spike in deal volume during the prior year. Activity in the large-cap market was muted overall during the quarter; however, appetite for large, high-quality assets still did exist. In January, Bridgepoint-backed Element Materials announced a $7.0 billion sale to Temasek, and TDR-backed Leaseplan announced a $5.5 billion cash-and-share sale to ALD, the car-leasing division of Société Générale.

The decline in activity was more pronounced for public market exits, which came to a stand-still amid a broader sell-off in most major indices globally. Global private equity–backed IPO proceeds dropped 58% quarter over quarter, although the decrease would have been much more severe with the exclusion of the Asia-Pacific region. Sixty-nine private equity–backed IPOs raised $15.4 billion in Asia during the first quarter, accounting for 93% of total private equity–backed IPO value globally. Activity in the region was driven by two IPOs of greater than $1.0 billion in size: the $1.6 billion listing of solar panel manufacturer Jinko Solar and the $1.1 billion listing of microchip manufacturer ASR Microelectronics, which both listed in Shanghai. In the U.S., just eight private equity–backed companies raised $1.0 billion through IPOs during the quarter—the lowest quarterly value and volume since the first quarter of 2016. A rebound in IPO activity is likely dependent on improved performance from recent listings: the Renaissance IPO Index, which measures the performance of newly listed U.S. IPOs, generated a return of –23.9% during the first quarter, its worst quarter since 2011.

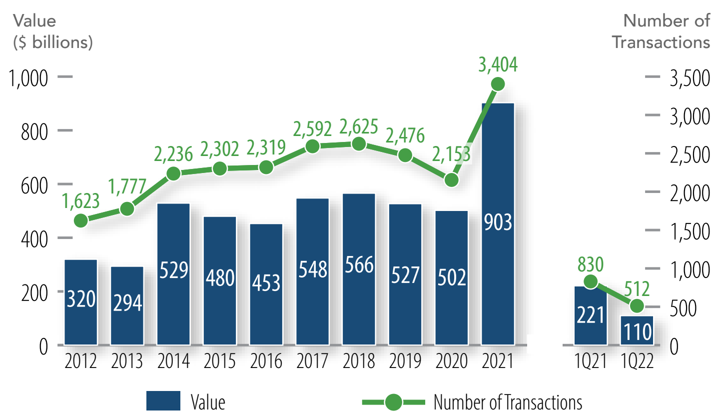
The SPAC frenzy that was the focus of the industry this time last year appears to have faltered. During the quarter, just 55 SPACs raised $9.0 billion in proceeds, according to Renaissance Capital, a decline of 90% from the first quarter of 2021. Poor performance from many SPAC mergers and an increased regulatory focus from the SEC on the SPAC structure has slowed activity overall, leading to a rise in IPO withdrawals, redemption rates, and merger terminations. In March, the SEC proposed a new set of requirements for SPACs that, if adopted, would increase disclosure requirements for SPAC ownership and performance and limit liability protections for SPAC sponsors related to forward-looking projections. The proposal is intended to provide investors with disclosures and protections similar to those they would receive with a traditional IPO and could further dampen market enthusiasm for the structure moving forward.

Figure 1. Quarterly Global PE-Backed IPO Activity
At March 31, 2022



Source: Bloomberg, Renaissance Capital, and Pathway Research.

Figure 2. Global PE-backed M&A Exit Value & Volume
At March 31, 2022



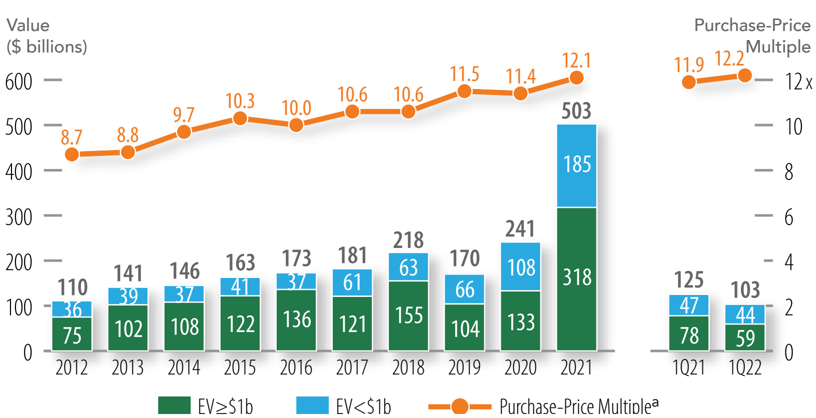
Source: Mergermarket.

U.S. Buyout Markets

U.S. buyout investment activity maintained its momentum in the first quarter, belying concerns that the specter of rising interest rates and prolonged inflation would put a halt to activity. According to Refinitiv and Pathway Research, U.S. buyout market activity totaled $103 billion, a decline of 12% from the prior quarter but still well above the quarterly average over the past three years. U.S. buyout investment activity has surpassed $100 billion in value during each quarter since the fourth quarter of 2020—a mark not previously reached since the second quarter of 2007. Activity continues to be supported by ample dry powder from both strategic investors and financial sponsors alike: U.S. buyout managers raised $52.0 billion in commitments in the first quarter, and fundraising activity is expected to remain elevated throughout the remainder of the year. Buyout activity was relatively balanced between large-cap buyouts (i.e., transactions with enterprise values of $1.0 billion or greater), which accounted for 58% of deal value, and small- and middle-market buyouts, which collectively accounted for 42% of deal value. Driven by the decline in public market valuations, public-to-private transactions were a key feature in the large end of the market, accounting for two-thirds of large-market deal value during the quarter. The most notable of these transactions were the $16.5 billion acquisition of Citrix by Vista Equity Partners and the $10.7 billion acquisition of Anaplan by Thoma Bravo. Both companies provide enterprise software solutions for their customers and are examples of the types of services that have become increasingly valuable to businesses in the pandemic era.

The average purchase-price multiple for buyouts completed in the first quarter remained elevated, at 12.2x EBITDA, according to S&P LCD, driven in part by the prevalence of software buyouts. The software industry accounted for 45% of aggregate transaction value during the quarter, up from 26% in 2021. Although fears of rising interest rates have largely driven down multiples for high-growth businesses in the public markets, many general partners continue to believe that the software sector is well-positioned to be successful in the current environment. Many software companies feature attractive growth profiles, highly recurring revenue streams, and pricing power, making them well-suited to withstand an inflationary environment. General partners continue to be mindful of the number of mounting macroeconomic and geopolitical headwinds but have found creative ways to address deal-specific concerns. In February, Reuters reported that Apollo had negotiated a carve-out in its agreement to take private Tenneco that included provisions allowing it to circumvent approval from regulatory authorities in Russia and Ukraine. The U.S.-based auto parts maker has manufacturing facilities in Russia and is one of the private equity industry's first reported examples of a specific connection to the ongoing Russia–Ukraine war.

Figure 3. U.S. Buyout Investment Activity
At March 31, 2022



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, 2022

	2007	2021	1Q22
Purchase Price/EBITDA	9.7x	12.1x	12.2x
Equity Contribution %	30.9%	47.0%	39.8%
Debt/EBITDA	6.0x	5.9x	6.0x
EBITDA/Cash Interest	2.1x	3.5x	3.7x

Source: S&P LCD.

European Buyout Markets

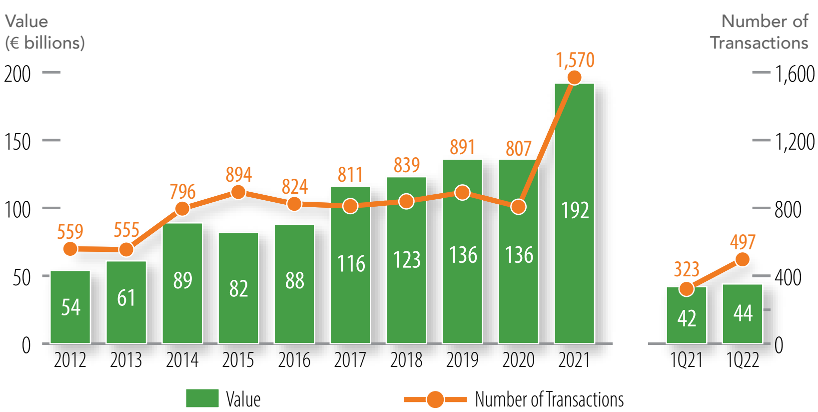
Although 2021 represented the most active year on record, European buyout activity has been off to a slower start in 2022: the aggregate transaction value of European buyouts announced in the first quarter was €43.5 billion, according to data provided by Refinitiv. This represents a 31% decrease from the record-breaking fourth quarter but is still 24% above the quarterly average for the past five years.

The slowdown in the first quarter was most pronounced in the upper end of the market: the aggregate transaction value of upper-mid-market and large-cap deals (with enterprise values in excess of €500 million) was down by 50%. Lower-mid-market deals (with enterprise values between €100 million and €500 million) were also down, albeit by only 15%. Notably, however, the aggregate value of small-cap deals (with enterprise values below €100 million) was up 40%. As a result, upper-mid-market and large-cap deals represented only 45% of the aggregate transaction value for the first quarter, well below their average of 65% over the prior five years. The largest deal of the first quarter was KKR's €7.0 billion acquisition of Dutch beverage solutions provider Refresco, which was followed by Cinven's €2.3 billion carve-out of Bayer's environmental services business.

The quarterly decline in activity was broadly spread across Europe; only France bucked the downward trend. The aggregate transaction value of French buyouts was €7.6 billion—a 77% increase from the prior quarter and the second-highest quarterly total since the Global Financial Crisis (GFC) (exceeded only by €10.1 billion in the second quarter of 2018). Despite this significant increase, France was only the third most-active region in Europe, trailing the UK (€10.3 billion) and the Netherlands (€9.9 billion) in aggregate transaction value during the quarter.

European credit markets have experienced a significant drop in activity. According to data from UBS, European primary high-yield issuance totaled €10.8 billion in the first quarter—down 61% from the prior quarter and 51% from the quarterly average over the past five years. The quarter was off to a good start: €9.3 billion was issued in the first five weeks of the year. However, activity dropped off during the subsequent week, and virtually no new issuance was completed in the second half of the quarter. Meanwhile, spreads on BB-rated euro-denominated bonds started the year around 250 basis points, spiked in early March, and have since been on a downward trajectory, ending the quarter at around 340 basis points. General partners have reported limited access to financing for larger deals in particular. It remains to be seen when European credit markets will reopen and give rise to buyout activity in this part of the market.

Figure 4. European Buyout Investment Activity
At March 31, 2022



Source: Refinitiv and Pathway Research.

Table 4. Largest European Buyouts Announced in 1Q22
At March 31, 2022

Buyer	Target	Country	Value (MM)
KKR	Refresco	Netherlands	€7,000
Cinven	Bayer Environmental Science	Germany	€2,348
Bain Capital, Neuberger Berman	Inetum	France	€2,000
KKR, Teslin	Accell Group	Netherlands	€1,587
Motive Partners, CPPIB	FNZ Group	UK	€1,225

Source: Refinitiv.

Asia Private Equity

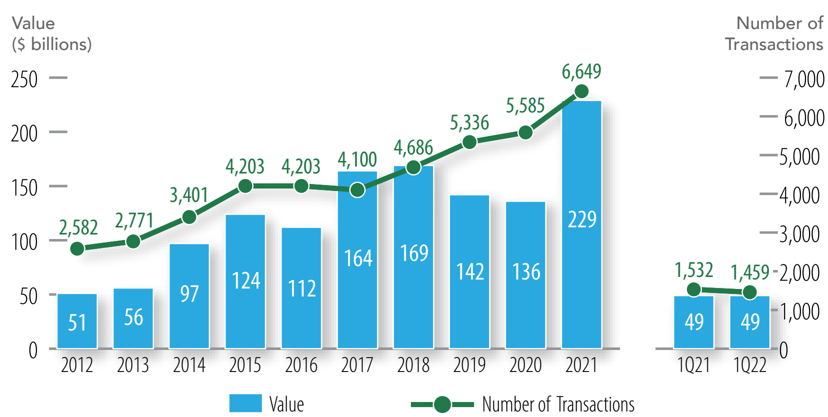
During the first quarter, Asia private equity investment activity fell for the second-consecutive quarter to $49.1 billion, according to data provided by *Asia Venture Capital Journal* (*AVCJ*), a 19% decrease from the prior quarter. China had an outsized contribution to this decrease: tepid U.S.–Sino relations and ongoing Chinese regulatory action drove a 34% quarter-on-quarter reduction in investment value in China. This was compounded by China's largest COVID-19 outbreak in two years, with lockdowns in Shanghai and Shenzhen contributing to further spill-over effects into the global supply chain and economic activity.

As investors drew a more cautious tone toward China, first-quarter investment activity in India grew 40% year over year, according to *AVCJ*. The growth was driven by early- and growth-stage information technology investments, which banked on the country's widespread digital adoption and large addressable market. Led by the $800 million financing of Think & Learn, information technology investments accounted for 74% of total deal volume—a significant increase from the 40% share recorded in the first quarter of 2021. Similarly, private equity investments in Southeast Asia surged 147% year over year on the back of increasing information technology investments.

IPO activity in Asia eased in the first quarter amid the sell-off in public markets: 182 companies raised $30.9 billion from IPOs—a 47% decrease in value from the prior quarter and the lowest level in the past six quarters. Despite the sharp decrease in total IPOs, the value and volume of private equity–backed IPOs remained relatively unchanged from the prior quarter, still accounting for a meaningful share of new listings. The slowdown in listings was most apparent in Hong Kong and China, where total IPO value decreased by 66% and by 54%, respectively. Chinese companies have continued to struggle to list on U.S. exchanges because dual-listed Chinese stocks were once again in the spotlight after the U.S. SEC announced five Chinese companies that are at risk of delisting for failing to comply with U.S. securities law.

As Asian private markets continue to develop, global investment firms have increasingly set their sights on the region and have sought to expand their footprint via acquisitions of local Asian general partners. During the first quarter, Blue Owl Capital acquired a 13% stake in MBK Partners, a North Asia–focused buyout firm, for KRW 1.19 trillion (~$1.0 billion), and EQT agreed to acquire 100% of Hong Kong–based Baring Private Equity Asia for €6.8 billion (~$7.5 billion).

Figure 5. Asia PE Transaction Value & Volume
At March 31, 2022



Source: *AVCJ*.

Table 5. Largest Asia PE Investments in 1Q22
At March 31, 2022

Buyer	Target	Country	Value (MM)
Alibaba, CCBT Private Equity, PICC Capital, YF Capital	Innotron Memory	China	$4,721
KKR Japan	Yayoi	Japan	$2,117
The Blackstone Group Asia	Interplex	Singapore	$1,600
Brookfield Asset Management	La Trobe Financial Services	Australia	$1,100
Blue Owl Capital	MBK Partners	South Korea	$1,000

Source: *AVCJ*.

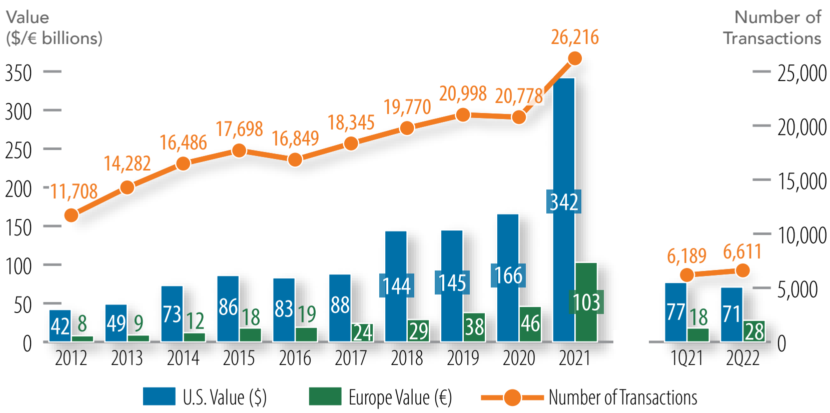
Venture Capital Markets

Following an unprecedented year of activity in the venture capital markets in 2021 that set numerous records for both deal and exit activity, investment activity tapered moderately during the first quarter of 2022. According to the PitchBook-NVCA Venture Monitor, $70.7 billion was invested via 3,723 transactions in the U.S.—down 26% from the record-setting fourth quarter of 2021. Despite falling short of the 2021 quarterly average of $85.6 billion, first-quarter investment activity remained strong compared with pre-pandemic averages. The first-quarter total represented an increase of 125% relative to the quarterly average in the three years leading up to 2020. The venture capital industry has been fueled by the acceleration of technological adoption across the global economy since the start of the pandemic, and early indications in 2022 appear to show that investor interest in those themes has not waned. The most-prolific investors during 2021 continued to execute deals at an expeditious pace: Tiger Global and the SoftBank Vision Fund led/co-led 87 and 36 deals during the first quarter, respectively, which collectively accounted for approximately $13 billion of investment activity, according to Crunchbase. Venture capital investment activity in Europe maintained its strong momentum from 2021: €27.5 billion was invested via 2,888 transactions during the first quarter. Activity in the region was driven by the $1.0 billion Series D financing round of UK-based Checkout.com, which became the second most valuable European venture-backed company at a post-money valuation of $40.0 billion.

The U.S. IPO market was largely shut to new listings during the first quarter amid continued poor public market performance, particularly in the high-growth sectors that the venture capital industry frequents. Eight venture capital–backed offerings raised $1.0 billion of proceeds during the first quarter, the lowest quarterly value since the second quarter of 2016. Contrasting the large IPOs in the prior year, the first quarter lacked an outsized offering: the largest venture-backed listing was the $230 million IPO raised by Credo Technology, a provider of high-speed connectivity solutions backed by Celesta Capital. Looking ahead to the second quarter, the IPO window still appears to be closed, and, through late April, no new venture capital–backed companies had debuted on U.S. exchanges.

M&A exit activity in the U.S. for venture capital–backed companies totaled just $9.8 billion during the first quarter, a decline of 61% from the prior quarter. The largest deal announced of the quarter was UBS's acquisition of Spark Capital– and Index Ventures–backed Wealthfront for $1.4 billion. SPAC merger activity remained similarly slow, although the quarter did host one meaningful transaction: in February, cryptocurrency company Circle announced the termination of its existing merger agreement with Concord Acquisition Corp., which was announced in July 2021, and the formation of a new deal with the same SPAC at a valuation of $9.0 billion, double the value under the previous agreement.

Figure 6. Venture Capital Transaction Value & Volume
At March 31, 2022



Source: PitchBook-NVCA Venture Monitor Report.

Table 6. Notable Venture Capital Deals in 1Q22
At March 31, 2022

Company	Select Investors	Value (MM)
Altos Labs	Foresite Capital Management	$3,000
SandboxAQ	First Light Capital, Breyer Capital, Parkway Venture Capital	$1,500
Checkout.com	Coatue Management, Dragoneer Investment Group, Insight Partners, Tiger Global	$1,000
Flexport	Andreessen Horowitz, SoftBank Group, Founders Fund	$935
Bolt	Fidelity Management & Research, Sequoia Capital, G Squared	$710

Source: PitchBook Data, Inc.

Private Credit Markets

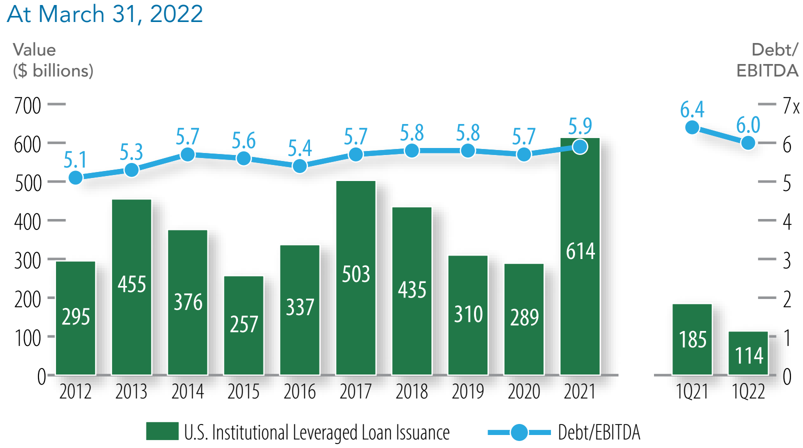
Leveraged credit markets were impacted by the increase in market volatility and uncertainty during the first quarter of 2022. U.S. institutional leveraged loan issuance totaled $113.9 billion during the first quarter, a 9% decline from the prior quarter and 38% lower than the first quarter of 2021, according to S&P LCD. Early in the quarter, it appeared that the accommodative conditions that drove record non-investment-grade issuance in 2021 would continue to prevail in the new year. However, Russia's invasion of Ukraine in February, a spike in energy commodity prices, multidecade high inflation readings in the U.S., and an increase in bond yields quickly soured market sentiment. The marked increase in uncertainty threatened to derail existing loan syndications and forced many issuers to upwardly flex, or increase pricing, for their deals. The average yield for a new issue B-rated loan was 5.79%, up from 4.67% at the end of 2021. As expected, direct lenders helped fill the void left by the constrained leveraged loan and high-yield bond markets. During the quarter, direct lenders announced several billion dollar–plus unitranche financings, including a $2.5 billion facility to support the take-private buyout of software company Anaplan by Thoma Bravo. The ability for direct lenders to structure bespoke financing solutions and underwrite loans more efficiently and reliably than the syndicated debt markets is expected to continue to drive more borrowers to the private credit markets for their financing needs.

Despite the increase in volatility during the first quarter, indicators of distress in the non-investment-grade markets remain at historically low levels, due in large part to strong operating earnings and healthy balance sheets for most companies and industry sectors. Additionally, many non-investment-grade companies took advantage of robust conditions in 2021 to refinance debt and push out maturities. The trailing 12-month U.S. high-yield default rate was 0.5% at the end of March, unchanged from the end of 2021 and close to its lowest level ever, according to Fitch Ratings. There were three defaults during the quarter, all in March, totaling $4.6 billion in default value. Similarly, the leveraged loan default rate ended the quarter at 0.27%, close to the historical low of 0.26% set in December 2007, according to S&P LCD. The leveraged loan distress ratio, which is a more forward-looking indicator that measures the percentage of performing loans trading below 80% of par, ended the quarter at 1.9%, up modestly from the end of 2021 and well below the 31.1% ratio in March 2020. Notwithstanding the currently muted levels of distress in the credit markets, many distressed debt investors believe that high inflation, heightened geopolitical risks, ongoing supply chain bottlenecks, and an increasingly hawkish Federal Reserve will have an adverse impact on economic growth and that there are many companies that are vulnerable to an economic downturn.

Figure 7. High-Yield Bond Spreads over U.S. Treasuries
At March 31, 2022

Source: BofA Merrill Lynch.

Figure 8. U.S. Institutional Leveraged Loan Issuance
At March 31, 2022



Source: S&P LCD.

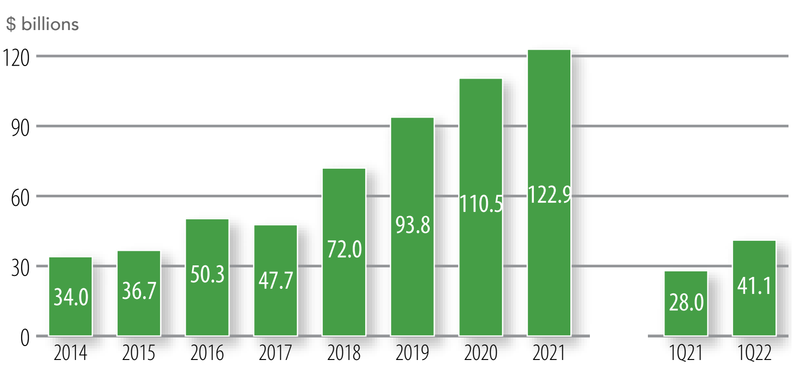
Infrastructure

Following a strong 2021 fundraising environment, infrastructure fundraising continued at a brisk pace to kick off 2022: during the first quarter, global infrastructure funds raised $41.1 billion. Not only does this represent the third-largest quarterly amount on record, but it is also nearly double the quarterly average over the past five years. Activity was driven primarily by KKR Global Infrastructure IV ($17.0 billion) and Stonepeak Infrastructure IV ($14.0 billion), which cumulatively accounted for 75% of total quarterly activity. As a result of continued secular tailwinds, favorable market dynamics, and a number of large managers expected to be fundraising in 2022, infrastructure fundraising is anticipated to remain robust throughout the year.

Global infrastructure investment activity reached $44.0 billion during the first quarter—the third-largest quarterly total of the past three years. Eight deals in excess of $1.0 billion were announced during the quarter, which accounted for 85% of total quarterly activity. The $14.6 billion acquisition of Suez Environment—an operator of water distribution and treatment systems—by a consortium of investors that included Meridiam Infrastructure and Global Infrastructure Partners was the primary driver of deal activity during the quarter. Notably, six of the nine largest deals in the first quarter were renewable energy assets.

Global energy volatility increased as a result of the Russia–Ukraine conflict, which has led to a degree of uncertainty for infrastructure managers and investors. The conflict has spurred high energy costs and has led to renewed concerns over the energy supply chain, particularly in Europe, where Russia supplies roughly 40% of the natural gas used to heat European homes and generate electricity. However, infrastructure stands to serve as a mitigating opportunity to achieve diversified and reliable energy production, particularly as it relates to renewables. Europe's reliance on exported Russian LNG and energy resources has led many countries to expedite their renewable build-out and reevaluate energy transition initiatives—a move that is likely to spur further investment opportunities for infrastructure managers. The push for greater energy independence and renewable energy will likely lead to an expanded opportunity set not only for renewable energy generation assets, but also for related assets, such as energy storage and transmission. As such, energy transition and diversified infrastructure managers, which continue to account for a large proportion of global infrastructure fundraising and deal activity, are in a unique position to not only provide energy supply stability and reliability, but also to further aid in the continued global transition to cleaner renewable resources.

Figure 9. Global Private Infrastructure Capital Raised
At March 31, 2022



Source: PitchBook Data, Inc.

Table 7. Notable Infrastructure Deals in 1Q22
At March 31, 2022

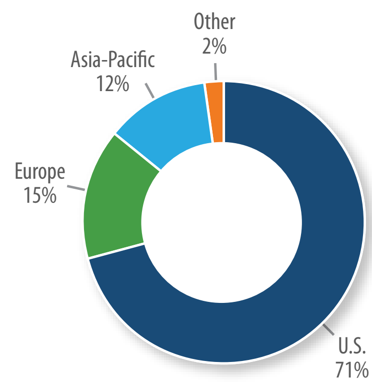
Asset/Company	Acquirer	Industry	Region	Deal Size (MM)
Suez Environment	Caisse des Dépôts Group, Global Infrastructure Partners, Meridiam Infrastructure	Utilities & Related	France	$14,606
South Jersey (NYS: SJI)	JP Morgan Asset Management	Utilities & Related	U.S.	$8,100
Falck Renewables (MIL: FKR)	JP Morgan Asset Management	Renewables	Italy	$3,900
Reden Solar	British Columbia Investment Management, Macquarie Asset Management, Munich Ergo Asset Management	Renewables	France	$3,101
Invenergy	Blackstone	Renewables	U.S.	$3,000

Source: PitchBook Data, Inc.

Fundraising Market

Global private equity fundraising totaled $202 billion during the first quarter—the fourth-highest total on record and the third time in the past four quarters that fundraising exceeded the $200 billion threshold. The strength of the fundraising landscape has been driven by the industry's strong overall performance, a high level of distributions to limited partners, and the continued growth of the asset class within many institutional investors' portfolios. The record pace of investment across most private equity strategies in 2021 has resulted in managers returning to market sooner than previously expected and has created a competitive fundraising environment. A staggering 670 private equity funds held closes during the first quarter—in line with the prior quarter but up 64% relative to the prior market peak in the fourth quarter of 2007. The volume of opportunities has stretched the capacity of many limited partners and may extend fundraising periods relative to the average of the past several years. 2022 also appears set to be a hallmark year for large-cap buyout managers. According to PitchBook Data, Inc., at least eight funds have or are expected to hold fundraisings targeting $20 billion or greater during the year—an aggregate target of more than $200 billion in commitments.

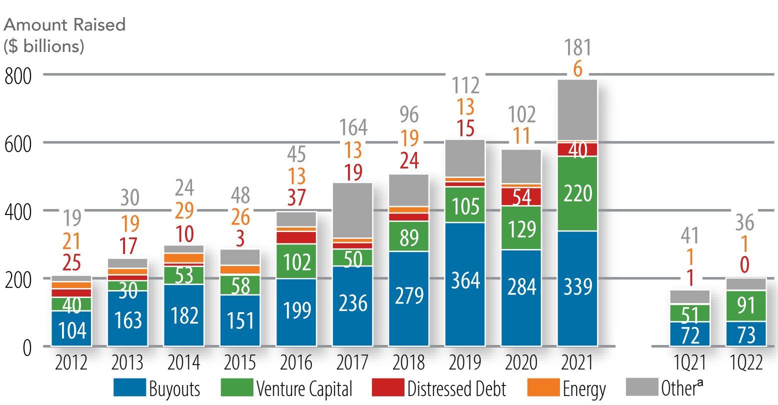
Figure 11. 1Q22 Fundraising by Region



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 venture capital industry has continued to play a meaningful role in global fundraising activity. During the first quarter, venture capital fundraising reached $91.3 billion—a more than 30% increase from the previous record set during the prior quarter. The strategy accounted for 45% of total quarterly activity, its largest proportion of the global total on record. Notable venture funds raised during the first quarter include Alpha Wave Ventures II ($10.0 billion), Andreessen Horowitz LSV III ($5.0 billion), and General Catalyst XI ($4.6 billion). Buyout funds raised $73.4 billion during the quarter—in line with the quarterly average over the past three years. The strategy was led by HgCapital's latest large-cap fund, Hg Saturn 3, which raised $8.5 billion. Fundraising for energy-focused funds has remained limited in recent quarters. Market volatility and poor performance across much of the upstream oil and gas sector has forced many general partners to evaluate a shifting focus toward alternative energy sources. The recent rise in energy prices is expected to improve near-term performance in the industry; however, limited partner demand for the sector over a longer period remains unclear.

Figure 10. Global Fundraising by Strategy
At March 31, 2022



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 1Q22
At March 31, 2022

Fund	Strategy	Region	Amount (MM)
Alpha Wave Ventures II	Venture Capital	U.S.	$10,000
Hg Saturn 3	Buyouts	UK	$8,500
BDT Capital Partners Fund 4	Buyouts	U.S.	$6,500
Petershill IV	Special Situations	U.S.	$5,000
Andreessen Horowitz LSV Fund III	Venture Capital	U.S.	$5,000

Source: Refinitiv and Pathway Research.

About Pathway Capital Management, LP

Founded in 1991, Pathway provides private market portfolio 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 $100 billion to more than 1,000 private market investments.

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