PATHWAY®
CAPITAL MANAGEMENT

Pathway Research

Private Market Environment

2ND QUARTER 2024

CONTENTS

2Q24 Market Review

Equity markets globally experienced a strong first half of 2024, although performance during the second quarter varied widely across both regions and sectors. The S&P 500 generated a second-quarter return of 4.3%, which brought its first-half return to 15.3%. Performance in other regional markets was mixed: the MSCI EAFE generated a return of –0.2% during the second quarter, impacted by declines in performance in France, China, Japan, and Latin America. The AI-fueled market optimism that has bolstered the public market recovery has increasingly widened the gap between the large technology companies that have been the primary beneficiaries of this frenzy and the broader market. During the first half of the year, the 10 largest companies in the S&P 500 generated an average return of 36.8%. In contrast, the remaining companies in the index posted an average return of just 5.4%, of which nearly 40% produced losses. This disparity has driven increased concentration in the index: as of June 30, 2024, the 10 largest holdings accounted for over 35% of the total market cap, according to data from Bloomberg, the highest concentration on record. Chipmaker Nvidia alone accounted for 30% of the index's total return during the period, according to S&P Dow Jones Indices. Investors were provided good news in June with reports of cooling inflation. U.S. CPI in June declined 0.1% from May, the first monthly decline in more than four years, which brought the annual rate to 3.0%. The positive momentum boosted market expectations for an interest rate cut by September and pushed Treasury yields downward. The yield on the 10-year U.S. Treasury note fell to 4.16% in mid-July, down from a recent high of 4.70% in late April.

The private equity market continued to reflect much of the lingering economic uncertainty during the first half of 2024, showing an incremental increase in deal activity but remaining far from the rebound many investors had hoped to see heading into the second half of the year. Buyout deal value in the U.S. and Europe during the first six months of 2024 increased by 71% and 110%, respectively, relative to the first half of 2023 as a result of several outsized transactions in both regions. The largest among these during the second quarter were the take-privates of Norway-based Adevinta (€13.2 billion) by a consortium led by Permira and Blackstone and of Endeavor ($13.0 billion) by Silver Lake Partners. One factor supporting the increase in deal activity has been the recovery seen in the leveraged credit markets. During the first half of 2024, U.S. institutional leveraged loan volume for new LBO transactions totaled $31.4 billion, an increase of 136% from the same period last year and the largest 6-month total since the first half of 2022.

Table 1. Notable PE-Backed M&A Exits Announced in 2Q24
At June 30, 2024

Seller	Portfolio Company	Industry	Region	Value (MM)
Bridgepoint Advisers, CPPIB	Dorna Sports	Entertainment	Spain	$4,500
Advent International	Aareon	Software	Germany	$4,200
KPS Capital Partners	Eviosys	Manufacturing	Switzerland	$3,900
Battery Ventures	AuditBoard	Software	U.S.	$3,000
Welsh, Carson, Anderson & Stowe	Avetta	Software	U.S.	$3,000

Table 2. Notable PE Investments Announced in 2Q24
At June 30, 2024

Buyer	Target	Industry	Region	Value (MM)
Blackstone, General Atlantic, Permira, TCV	Adevinta	Technology	Norway	€13,155
Silver Lake	Endeavor	Entertainment	U.S.	$13,000
Apollo Global Management	Grange	Manufacturing	Ireland	€10,300
PAG, Ares, ADIA, Mubadala, CITIC	Newland Commercial Management	Consumer	China	$8,300
Permira	Squarespace	Software	U.S.	$6,600

The rebound in activity in the leveraged credit markets has provided increased financing optionality and has driven spread compression for new buyout transactions—both positive developments for deal activity during the second half of the year. Looking forward, recent conversations with private equity firms have indicated strengthening deal pipelines but also continued challenges, including still-wide bid-ask spreads, elevated interest rates, and variable deal quality. We expect private equity firms to have attractive opportunities to deploy capital in the coming months but believe that general partners overall will continue to maintain a cautious stance in the face of continued uncertainty.

Exit market activity for private equity–backed companies showed moderate improvement in the second quarter but was still well below the levels seen during the recent market peak. Global M&A exit value during the quarter totaled $120 billion, an increase of 44% from the prior quarter and of 14% from the 2023 quarterly average, according to data from Mergermarket. The number of M&A exits also reached a 6-quarter high of 514, although M&A volume remained below the long-term quarterly average. In the IPO markets, the second quarter featured a handful of prominent listings, but hopes for a stronger recovery in activity largely failed to materialize. In the U.S., 11 PE–backed IPOs raised $5.6 billion during the quarter, down 25% from the prior quarter. Despite the quarterly decline, the first-half total of $12.9 billion raised from 24 IPOs still exceeds the aggregate proceeds raised during the two prior years combined. In line with the broader market, aftermarket performance for many recent listings slumped toward the end of the quarter, casting further doubt on the go-forward outlook. The Renaissance IPO Index, which measures the performance of U.S. IPOs completed in the past three years, posted a quarterly return of –2.5%, and several of the year's more notable technology listings ended the quarter trading below their IPO prices. While the IPO markets today are a viable exit option for performing companies, recent performance has indicated that further valuation haircuts may be necessary for future IPOs, which is likely to delay a broader uptick in activity.

Following a 2-year period in which fundraising activity remained surprisingly resilient, private equity fundraising fell at a sharper pace during the first half of 2024, reflecting both a cautious approach from limited partners and a decreasing number of funds coming to market. Private equity fundraising globally reached $205 billion during the first half of the year, down 43% from the same period in 2023 and the lowest half-year total since 2017. The decline was driven by a slowing pace of mega fundraisings, which propelled fundraising value in 2023, and a lower volume of funds successfully holding closes. According to data from Refinitiv, just 329 funds held closes globally during the second quarter, the lowest number since the fourth quarter of 2017. The slowing pace of fundraising is not altogether bad for the industry, providing a healthy degree of respite for many limited partners following a torrid pace of activity for much of the past decade. Fund size increases, due diligence timing, and investment periods have returned to a more normal historical cadence. Importantly, interest in the asset class continues to remain elevated: while a handful of notable institutional investors have either increased or decreased their target pacing, most have stayed the course, valuing the long-term outperformance the industry has provided for their portfolios. According to a recent American Investment Council study, which evaluated the performance of 200 U.S. public pension plans through the second quarter of 2023, private equity generated a median 10-year return of 15.2%, outperforming the next highest asset class by nearly 500 basis points. We expect that disciplined and experienced private equity firms will continue to perform well in the prospective market environment.

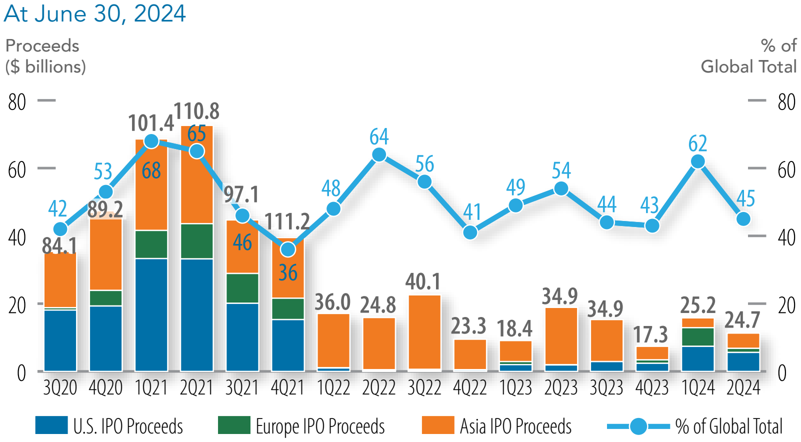
Global Exit Markets

Global exit activity showed signs of improvement through the first half of 2024 but has still struggled to gain real traction following the post-COVID boom and resulting collapse in M&A activity. Second-quarter global M&A exit activity totaled $120 billion, according to data from Mergermarket—an increase of 44% from the prior quarter—which brought the first-half total to $204 billion, just 5% above the first-half 2023 total. Bucking last quarter's trend, non-U.S. M&A exit activity drove much of the second-quarter increase, totaling $80.1 billion—an increase of more than 200% from the prior quarter. U.S. M&A exit activity slumped 30% from the first quarter to $40.0 billion. Second-quarter exit activity was headlined by the Bridgepoint- and CPPIB-backed sale of sports management, media, and entertainment company Dorna Sports to Liberty Media for $4.5 billion and the $4.2 billion sale of Advent International–backed German software provider Aareon to TPG. In the U.S., two $3.0 billion exits led second-quarter activity: Battery Ventures announced the sale of AuditBoard, a developer of cloud-based audit automation software, to Hg Capital, and EQT announced the acquisition of risk management software provider Avetta from Welsh, Carson, Anderson & Stowe.

IPO markets, although still muted compared with historical standards, continued to show progress during the second quarter on the heels of the worst 2-year stretch for U.S. IPOs since the GFC. Eleven PE-backed IPOs raised $5.6 billion in proceeds in the U.S. during the quarter, which brought total proceeds raised during the first half of the year to $12.9 billion. The figure represents a far cry from the $66.4 billion raised in the first half of 2021 but still outpaces the aggregate amount raised in the prior two years combined. Half of the quarter's U.S. proceeds came from just two buyout-backed IPOs: the TPG-backed IPO of cruise operator Viking Holdings, which raised nearly $1.8 billion, and the EQT-backed IPO of healthcare software firm Waystar, which raised $968 million. The venture capital markets were headlined by the IPO of data management software provider Rubrik, which raised $863 million in April at a valuation of $5.6 billion.

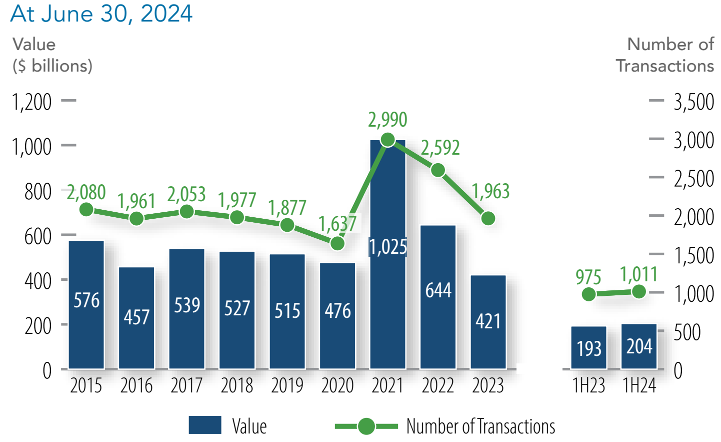
The lack of liquidity from traditional exit channels has continued to be a driver of activity in the secondary market. According to Jefferies, secondary transaction value in the first half of 2024 reached a record $68 billion, outpacing the prior record of $57 billion in the first half of 2022. GP-led transaction value accounted for 41% of the total, reaching $28 billion—an increase of 56% from the first half of 2023. The growing capital base targeting the secondary market, along with pressure from limited partners seeking liquidity, are expected to keep activity high during the second half of the year.

Figure 1. Quarterly Global PE-Backed IPO Activity
At June 30, 2024



Source: Bloomberg, Renaissance Capital, and Pathway Research.

Figure 2. Global PE-backed M&A Exit Value & Volume
At June 30, 2024

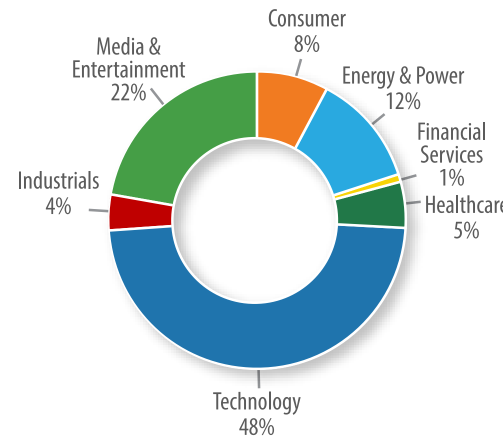


Source: Mergermarket, Dealogic, and Pathway Research.

U.S. Buyout Markets

Second-quarter U.S. buyout activity continued its positive momentum from the start of the year, totaling $71.6 billion, according to data from Refinitiv and Pathway. This brought the first-half 2024 total to $133 billion, a 71% increase from the first-half 2023 total. Although activity remained depressed relative to the post-COVID boom, the year is still on pace to exceed every year from 2008 to 2020. The increase in activity has been driven by both an increase in deal volume and a number of outsized transactions in the large-cap market. During the second quarter, 16 large-cap transactions were announced, accounting for 82% of deal value. Activity was headlined by two take-privates: Silver Lake's $13.0 billion acquisition of global media and sports entertainment company Endeavor Holdings and Permira's $6.6 billion buyout of software provider Squarespace.

Figure 3. 2Q24 U.S. Buyout Transaction Value By Sector

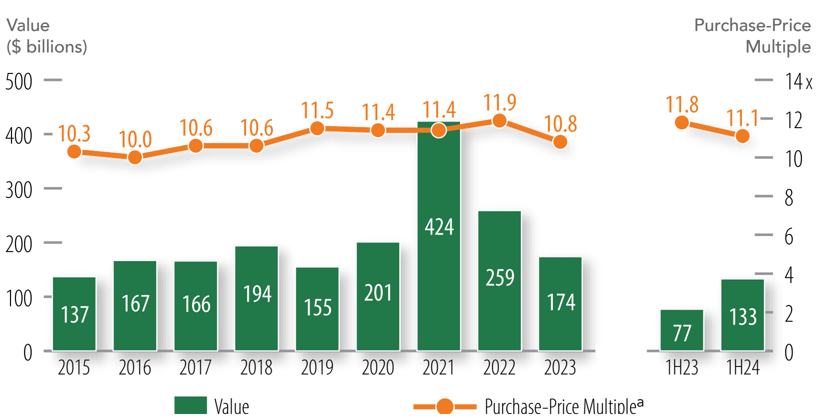


Source: Refinitiv and Pathway Research.

Although a number of large take-privates and corporate carve-outs drove overall transaction value during the first half of the year, smaller add-on acquisitions have become one of the most notable areas of focus for private equity managers to develop their existing platform investments. Buy-and-build strategies have been common in private equity for decades; however, the quantum of add-ons completed across the industry has grown significantly over the past 10 years, outpacing the growth of platform investments by approximately twofold. During the first half of 2024, private equity managers completed 2,445 add-ons in the U.S., which accounted for 75% of total deal volume, according to PitchBook Data, Inc.

Average purchase-price multiples increased moderately during the second quarter, which brought the year-to-date average to 11.1x EBITDA—a contrast to the steady declines seen in recent quarters. The increase is attributable primarily to greater activity in the technology sector, which accounted for 48% of deal value during the quarter, well above the 33% total in 2023. Technology investments accounted for seven of the 10 largest buyouts, including the take-private of Squarespace, the acquisition of Powerschool by Bain Capital for $5.8 billion, and the take-private of Perficient by EQT for $3.0 billion. Despite the rise in prices, elevated interest rates have continued to lead private equity managers to remain prudent in their use of leverage. The average leverage multiple for completed buyouts during the quarter totaled 5.1x EBITDA, down from an average of 5.6x EBITDA over the past five years.

Figure 4. U.S. Buyout Investment Activity
At June 30, 2024



Source: Refinitiv, PitchBook 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 June 30, 2024

	2022	2023	1H24
Purchase Price/EBITDA	11.9x	10.8x	11.1x
Equity Contribution %	45.8%	51.1%	46.8%
Debt/EBITDA	5.9x	4.8x	5.1x
EBITDA/Cash Interest	2.9x	2.4x	2.4x

Source: PitchBook LCD.

European Buyout Markets

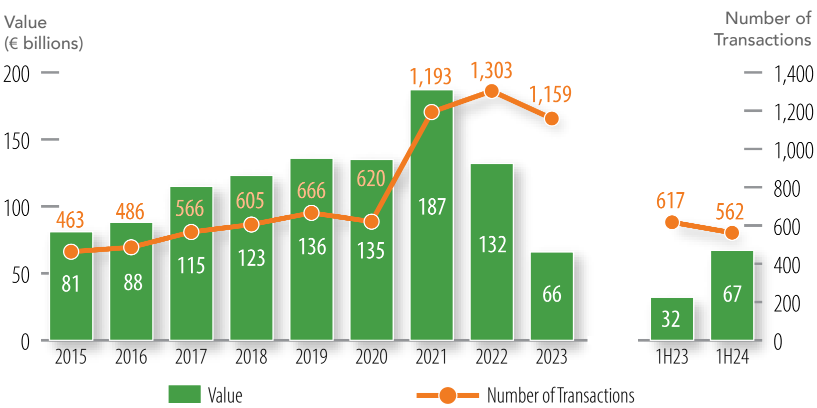
European buyouts experienced record-low activity levels for almost two years; however, against the backdrop of cooling inflation, moderating valuation multiples, and improving credit market conditions, European buyout activity rebounded strongly during the second quarter. According to data provided by Refinitiv, the aggregate transaction value of European buyouts announced in the second quarter amounted to €53.4 billion—a 279% increase from the previous quarter. This brought European buyout activity in the first half of the year to €67.5 billion, up 110% from the same period last year but still 12% below the average for the same periods from 2018 to 2022. This jump in activity was driven primarily by the mega- and large-cap segments: eight deals exceeded €1.0 billion in enterprise value—the highest number since the second quarter of 2022. These deals accounted for an aggregate transaction value of €40.7 billion, or 76% of the quarterly total, which represents the second-highest share in more than 15 years.

Two mega-cap deals accounted for 44% of the second quarter's aggregate transaction value. The largest deal was the take-private of Adevinta, a Norway-based online classifieds company, by a consortium led by Permira and Blackstone at an enterprise value of €13.2 billion. This was followed by Apollo's €10.3 billion investment in Grange Holdings, a joint venture associated with Intel's chip manufacturing plant in Ireland. While the strong numbers from the mega-cap segment are encouraging, such activity is typically inconsistent and doesn't necessarily signal a full market recovery. Notably, the small- and middle-market segments have remained subdued compared with historical averages.

Driven by the two mega-cap deals, the Nordics and Ireland were the most active markets during the quarter. They were followed by the UK and the DACH region, with posted total transaction values of €9.8 billion and €9.4 billion, respectively. Notably, this was the most active quarter for the DACH region since the first quarter of 2020 due to two significant transactions: the €3.9 billion acquisition of Aareon by TPG from Aareal Bank and Advent and the €3.5 billion acquisition of Innomotics by KPS from Siemens.

European credit markets continued their recovery in the second quarter. UBS data shows high-yield issuance totaled €30.3 billion, a 37% increase from the previous quarter. With a total issuance of €52.4 billion, the first-half 2024 total marked the second-highest amount issued in the first six months of any year since 2012. In the second quarter, the spread on BB-rated euro-denominated bonds started at 227 basis points, tightened during the quarter, and then reverted to 224 basis points by quarter-end. The improving credit market conditions may continue to provide confidence to investors and may be a critical factor in a broader recovery of buyout activity.

Figure 5. European Buyout Investment Activity
At June 30, 2024



Source: Refinitiv and Pathway Research.

Table 4. Notable European Buyouts Announced in 2Q24
At June 30, 2024

Buyer	Target	Region	Value (MM)
Blackstone, General Atlantic, Permira, TCV	Adevinta	Norway	€13,155
Apollo	Grange	Ireland	€10,300
Thoma Bravo	Darktrace	UK	€4,358
TPG, CDPQ	Aareon	Germany	€3,900
KPS	Innomotics	Germany	€3,500

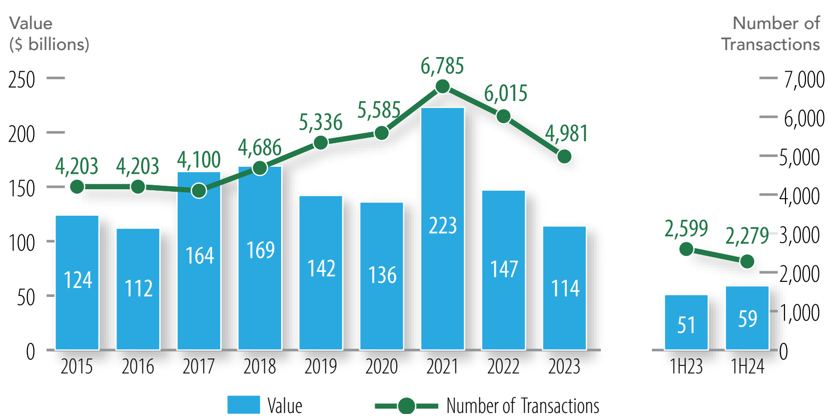
Source: Refinitiv.

Asia Private Equity

Following a slow start to the year, Asia private equity investment activity picked up during the second quarter, recording $32.8 billion in transaction value, according to data from Mergermarket—a 26% increase from the prior quarter and a 25% increase from the same period in 2023. The uptick was driven by two large-cap transactions: the PAG-led consortium's carve-out of shopping mall operator Newland Commercial Management for $8.3 billion and JIC's take-private of semiconductor material maker JSR for $5.8 billion. These two transactions accounted for more than 40% of second-quarter transaction value, underscoring the dominant role that China and Japan have continued to hold in the Asian private equity market. The PAG and JIC transactions also highlight the impact of current market pressure on large corporations, particularly on publicly listed ones, to explore strategic options to enhance corporate value. This has, in turn, accelerated what has been a long-term trend toward control transactions in the region. The share of buyout deals rose from a 5-year average of 21% to 39% in 2023 and grew further to 55% in the first half of 2024, a 10-year high.

IPO activity in Asia continued its downward slide during the second quarter: proceeds declined 30% from the prior quarter and 74% year over year to $6.2 billion. Chinese mainland exchanges saw the most-significant decline: only 11 companies went public, nearly all of which were smaller hard-tech listings averaging around $100 million in proceeds. Although China's A-share markets resumed accepting IPO applications after a half-year pause, the dampening effects of tighter vetting measures are expected to persist in the near term. In contrast, Hong Kong's IPO market has recently shown some signs of recovery, with the stock market rebounding and other market indicators improving. The HKSE also witnessed the debut of venture-backed AI drug discovery firm QuantumPharm during the quarter, the first listing under the new Chapter 18C rules that aim to facilitate fundraising for specialist tech companies that are at pre-commercial or early stages. South Korea was one of the few other bright spots in the capital markets as a result of the IPO of KKR-backed ship repair company Hyundai Marine Solutions, which nearly doubled its share price on its first day of trading after raising more than $540 million in the country's biggest IPO in more than two years.

Figure 6. Asia PE Transaction Value & Volume
At June 30, 2024



Source: Mergermarket.

Table 5. Notable Asia PE Investments in 2Q24
At June 30, 2024

Buyer	Target	Region	Value (MM)
PAG, Ares, ADIA, Mubadala, CITIC	Newland Commercial Management	China	$8,300
JIC Capital	JSR Corp	Japan	$5,849
Blackstone, Vista Equity Partners	Energy Exemplar	Australia	$995
Minsheng Equity Investment	Neta Auto	China	$691
DST Global, Lightspeed Venture Partners	Zepto	India	$665

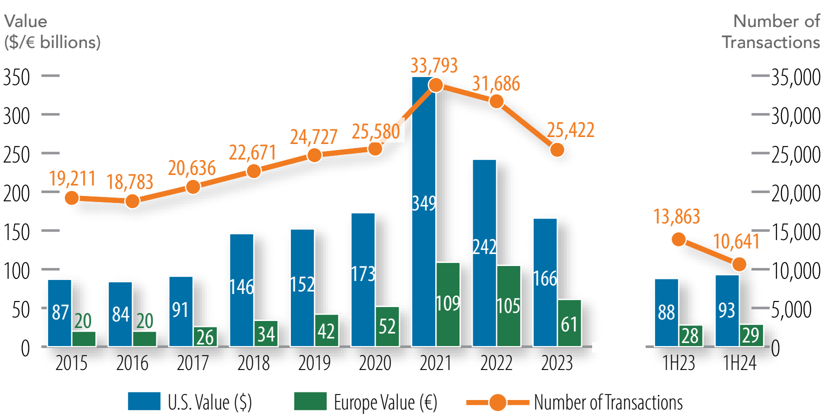
Source: Mergermarket.

Venture Capital Markets

In the second quarter, the venture capital market exhibited signs of a potential recovery. U.S. investment activity rose to $55.6 billion, an increase of 47% from the prior quarter and the highest quarterly figure since the second quarter of 2022. CoreWeave's Series C funding of $8.6 billion and xAI's Series B funding of $6.0 billion significantly contributed to deal activity in the U.S., accounting for 26% of the total deal value during the quarter. Europe experienced a smaller rebound, with investments totaling €15.8 billion, up 24% from the prior quarter. Venture capitalists have maintained a selective approach to new investments in the current environment, focusing on the highest-quality companies and founders and on opportunities to invest in performing companies at potentially discounted valuations. After nearly two years of reduced activity, during which founders streamlined budgets to achieve greater capital efficiency, the increase in deal activity may be an indication that cash reserves are diminishing and more companies will be forced to evaluate their strategic options. Technological innovation remains at the forefront of the venture capital opportunity set, and advancements in AI technologies continue to be top of mind for nearly all investors in the industry. During the first half of 2024, AI-related investments in the U.S. totaled $38.6 billion, or 41% of total investment value. The surge in AI interest is expected to continue to drive opportunities for venture capital managers during the second half of the year, both in new AI-related companies and in surrounding areas, such as data storage, security, and privacy.

Limited exit options, and thus distributions to limited partners, remain a core challenge for the venture capital industry. The first half of 2024 saw moderate improvement in this area but failed to provide a clear signal that better times are ahead. U.S. venture-backed exit activity totaled $23.6 billion in value in the second quarter, which brought the total for the first half of 2024 to $49.0 billion—the highest half-year total since the first half of 2022. The majority of this is attributable to an increase in venture-backed IPOs, which made up 59% of exit activity. Despite this positive trend, the public markets remain a difficult exit option for venture-backed companies: only six companies went public during the quarter, primarily from the healthcare sector. The quarter did host two high-profile tech IPOs in April: a $577 million IPO for digital marketing platform Ibotta and a $752 million IPO for cloud data and security provider Rubrik—the largest software IPO since 2021. Despite positive initial reception, both companies ended the quarter trading below their IPO prices, which is likely to give pause to other venture-backed technology companies considering a near-term listing.

Figure 7. Venture Capital Transaction Value & Volume
At June 30, 2024



Source: PitchBook-NVCA Venture Monitor Report.

Table 6. Notable Venture Capital Deals in 2Q24
At June 30, 2024

Company	Select Investors	Region	Value (MM)
CoreWeave	Fidelity Investments, Magnetar Capital	U.S.	$8,600
xAI	Lightspeed Venture Partners, SquareOne Capital	U.S.	$6,000
Wayve	Microsoft, Nvidia	Europe	$1,050
Scale AI	Amazon, Spark Capital	U.S.	$1,000
Wiz	Index Ventures, Sequoia Capital	U.S.	$1,000

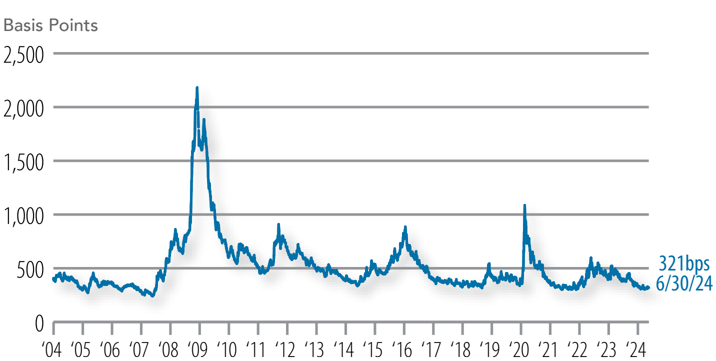
Source: PitchBook Data, Inc.

Private Credit Markets

Leveraged credit markets posted another strong showing in the second quarter of 2024, driven by a record wave of repricing activity and robust demand for new issuances from leveraged loan and high yield bond buyers. U.S. institutional leveraged loan issuance totaled $145.4 billion in the second quarter, nearly three times the amount raised in the second quarter of 2023 and the highest quarterly total since the third quarter of 2021, according to data from PitchBook LCD. New issuance volumes would likely have been even higher if not for still-constrained M&A activity, which limited the supply of acquisition financing opportunities. Two-thirds of the quarter's leveraged loan issuance represented refinancing transactions, while only one-third represented new-money opportunities for lenders. This supply–demand imbalance led to spread compression for newly minted loans: the average spread for new-issue single-B-rated loans in the May was 338 basis points, down 60 basis points since the end of last year and the lowest average spread since January 2020. The reopening of the syndicated debt markets since the end of 2023 has had a notable impact on the private credit markets, increasing competition for direct lenders focused on larger-sized borrowers and spurring a wave of private-to-public refinancings. Direct lenders have responded in part by selectively agreeing to reprice existing loans to bring spreads more in line with those available in the syndicated debt markets, allowing them to hold on to the facilities in their portfolios at the expense of reduced interest income. Even direct lenders focused on middle-market companies, which are generally too small to access the syndicated markets, have been willing to selectively reprice existing loans to ward off the threat of refinancing from other direct lenders. Not surprisingly, given these market dynamics, spreads for new direct lending facilities have compressed since the end of last year: senior middle-market loans are currently priced from 475 basis points to 550 basis points over SOFR.

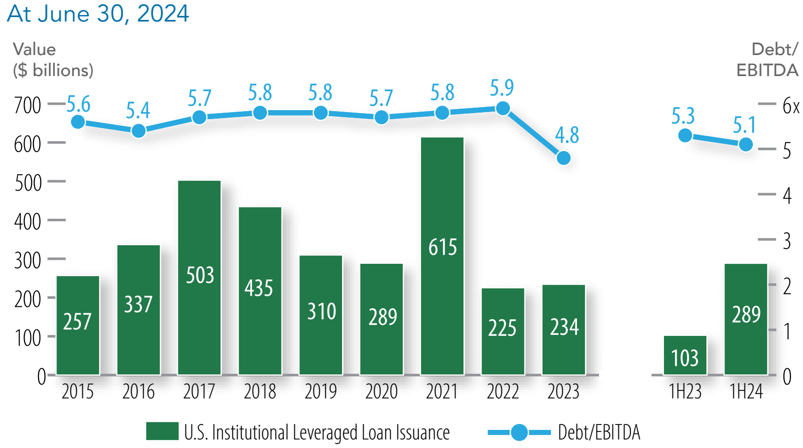
High-yield bond and leveraged loan default rates held steady at well below prior-cycle peak highs in the second quarter. The trailing 12-month (TTM) U.S. high-yield default rate was 2.3%, down from the 3.0% logged in the prior quarter, according to Fitch Ratings. Approximately 61% of the high-yield default volume over the past year was accounted for by distressed debt exchanges (DDE), 21% by bankruptcy filings, and 18% by missed payments. The TTM U.S. leveraged loan default rate was 4.3% at the end of the second quarter, little changed from the 4.2% rate in the prior quarter, according to PitchBook LCD. Similar to high-yield defaults, over half of leveraged loan defaults represented DDEs. In the direct lending market, default and non-accrual rates also remained steady at relatively low levels, although direct lenders are reporting increases in the number of amendment, consent, cash-to-PIK, and covenant waiver requests from borrowers. For example, the percentage of interest and dividend income represented by PIK interest among BDCs has steadily increased from 3.6% at the end of 2019 to 9.0% at the end of the first quarter of 2024.

Figure 8. High-Yield Bond Spreads over U.S. Treasuries
At June 30, 2024



SOURCE: BofA Merrill Lynch.

Figure 9. U.S. Institutional Leveraged Loan Issuance
At June 30, 2024



SOURCE: PitchBook LCD.

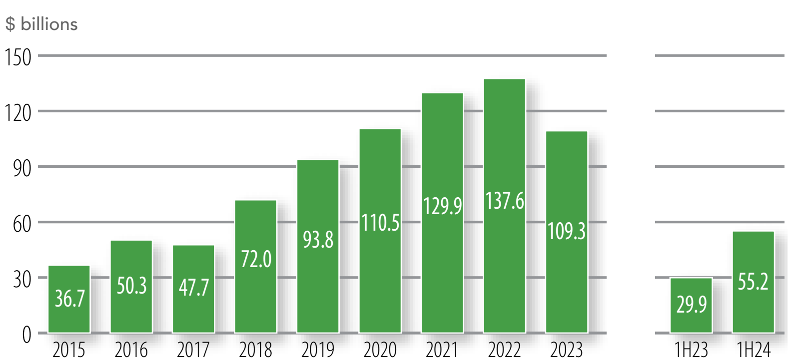
Private Infrastructure Market

Global infrastructure fundraising activity remained steady in the second quarter, with 13 funds raising a combined $27.0 billion—a 24% increase year over year but in line with the trailing 2-year average. Fundraising activity was supported by the continued rebound in public markets, as well as by confidence in future rate reductions, which bolstered investor sentiment for the infrastructure asset class. The second-quarter fundraising total was driven primarily by KKR, which raised $11.0 billion for the first close of its fifth global infrastructure fund, as well as by Energy Capital Partners, which raised $6.7 billion for its fifth flagship fund. Collectively, these two funds represented 66% of the capital raised during the second quarter. Fundraising activity is expected to continue to increase in the second half of 2024 because the backlog of fundraising activity from the first half of the year is expected to lead to further closings. This trend is also expected to be supported by growing investor demand for long-term sustainable infrastructure.

Global infrastructure investment value totaled $10.2 billion during the second quarter. Despite representing a 215% increase from the prior quarter, the quarterly total remained in line with the trailing 2-year average. Notable first-quarter deals include EQT's $2.4 billion buyout of Universidad Europea, a Madrid-based private higher education platform in Spain and Portugal, and $1.5 billion take-private of OX2, a Swedish developer of wind and solar farms across Europe.

As the infrastructure asset class has continued to mature, global investors have experienced an uptick in spin-out activity from established infrastructure investment firms. As the managers of such firms (e.g., ISQ, Stonepeak) have continued to shift their focus upmarket, a new generation of managers have assumed their vacant position in the middle market (e.g., Tallvine, Asterion, Snowhawk, Northampton). Although these spin-outs may have been overshadowed by the recent string of high-profile consolidation events, the recent emergence of several new infrastructure managers reflects a natural evolution of the asset class. These developments are healthy and are broadening the available opportunity set for private investors while also increasing the challenge for infrastructure investors to canvass the broadening market opportunity. Going forward, investors in the asset class will require a more active approach to manager selection while relying on proven systems and processes to continue to generate top-quartile returns.

Figure 10. Global Private Infrastructure Capital Raised
At June 30, 2024



Source: PitchBook Data, Inc.

Table 7. Notable Infrastructure Deals in 2Q24
At June 30, 2024

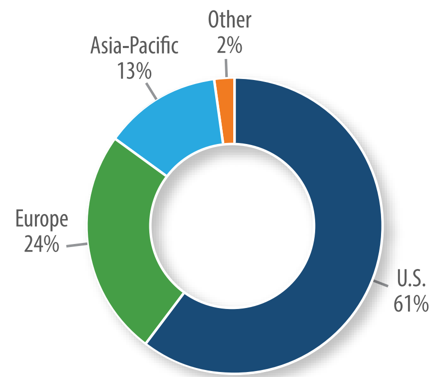
Asset/Company	Acquirer	Industry	Region	Deal Size (MM)
Universidad Europea	EQT	Social	Europe	$2,389
OX2	EQT	Renewables	Europe	$1,501
eStruxture Data Centers	Fengate	Digital	North America	$1,314
ST Telemedia Global Data Centres	KKR, Singtel	Digital	Asia	$1,294
Opdenergy	Antin	Renewables	Europe	$931

Source: PitchBook Data, Inc.

Fundraising Market

During the second quarter, worldwide private equity fundraising remained steady, totaling $101.3 billion—a marginal decrease of 2.0% from the prior quarter—according to data from Refinitiv and Pathway Research. The first-half 2024 fundraising value of $204.7 billion represents the lowest half-year figure since the second half of 2017. This trend echoes what we've seen over the past year. The stagnation in activity reflects broader macroeconomic uncertainty and a deceleration in transaction velocity across private markets. The challenging exit environment has resulted in slower distributions to limited partners, impacting their ability to re-invest capital into the private markets. In response, limited partners have become more selective, directing commitments toward experienced managers with proven track records. Consequently, many top-performing managers have been well-received in the market and have raised substantial capital quickly, while new managers have faced challenges in achieving similar fundraising success. In the U.S., 25% of private equity funds that closed in the first half of 2024 had fund sizes above $1.0 billion—the highest percentage ever recorded. Conversely, 45% of funds were below $250 million in size—the lowest percentage on record. Europe mirrors this pattern, achieving the same record-high percentage of funds over €1 billion and a record-low percentage of funds below €250 million during the same period.

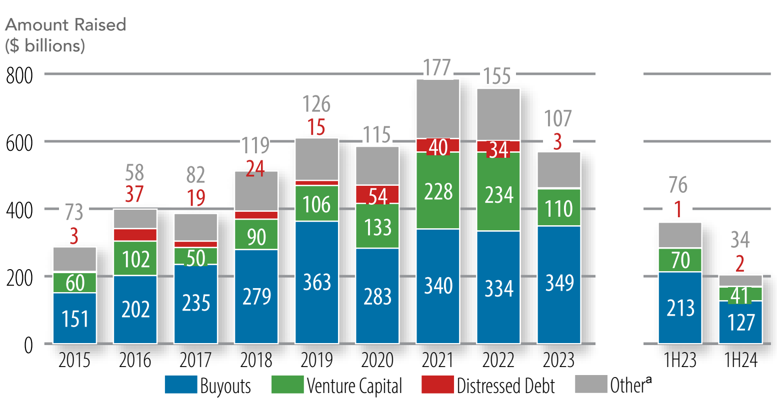
Figure 11. 1H24 Fundraising by Region



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.

Buyout fundraising continued to drive activity in the second quarter, totaling $56.4 billion, or 56% of total capital raised. This total was driven by a handful of large funds, including New Mountain Partners VII ($12.4 billion), Sterling Group Partners VI ($3.5 billion), and Bregal Unternehmerkapital IV ($2.9 billion). Venture capital fundraising saw a slight rebound in the second quarter: the $22.6 billion raised represented an increase of 24% from the prior quarter. The increase was buoyed by Norwest Venture Partners XVII, which closed on $3.0 billion in April. The slowing market has led to a number of changes in fundraising dynamics, including extended due diligence periods, normalized investment periods, and reduced growth in the size of funds raised. During the first half of 2024, the median growth in fund size relative to a general partner's predecessor fund was just 39.1%, the lowest figure since 2015.

Figure 12. Global Fundraising by Strategy
At June 30, 2024



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–, or credit-focused.

Table 8. Notable Funds Raised in 2Q24
At June 30, 2024

Fund	Strategy	Region	Amount (MM)
New Mountain Partners VII	Buyouts	U.S.	$12,372
Sterling Group Partners VI	Buyouts	U.S.	$3,500
Norwest Venture Partners XVII	Venture Capital	U.S.	$3,000
Bregal Unternehmerkapital IV	Buyouts	Europe	$2,877
Centerbridge CP V	Buyouts	U.S.	$2,752

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 $120 billion to more than 1,400 private market investments.

Pathway is registered as an investment adviser with the SEC in the United States and as a portfolio manager and exempt market dealer in Ontario, Quebec, and Saskatchewan, Canada. Pathway's wholly owned UK subsidiary is regulated in the UK by the Financial Conduct Authority. Pathway's wholly owned Hong Kong subsidiary is regulated in Hong Kong by the Securities and Futures Commission.

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