Pathway Research

Private Market Environment

3RD QUARTER 2024

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3Q24 Market Review

The steady upward climb of interest rates that has been a hallmark of the pandemic-era effort to curb inflation reversed course during the third quarter, ending months of speculation regarding when, and at what magnitude, the U.S. Federal Reserve would begin its monetary easing cycle. In September, the Fed announced a 50-basis-point reduction in its benchmark federal funds rate—the first cut since it embarked on a record series of rate increases in March 2022. The reduction, larger than the quarter-point decline many had expected, signaled confidence in the trajectory of inflation and a renewed focus on stabilizing the labor market and stimulating growth. The move follows similar actions already taken by many central banks globally, including in Canada, the UK, Brazil, and much of Europe. Notably, the European Central Bank has already implemented three rate cuts in 2024, lowering its benchmark interest rate to 3.25% in October amid slowing growth and declining inflation, which has already fallen below its target rate. The positive economic progress has continued to push global equity markets higher, despite ongoing bouts of volatility. The MSCI All Country World Index generated a total return of 6.7% during the third quarter, bringing its year-to-date return to 19.1%—the strongest such period since 2009. Interestingly, the third quarter featured a decided shift in the sectors responsible for driving performance. Quarterly gains were driven by more-value-oriented, defensive sectors, including utilities, industrials, and financials, which each generated returns in excess of 10%. In contrast, the technology sector, which has fueled much of the market's recent performance, gained just 1.2% during the quarter, reflecting concerns about elevated valuations and whether the significant investments in artificial intelligence by many large technology companies will result in future earnings.

Declining interest rates are also expected to provide a boost to private equity deal activity, which has shown steady improvement over the course of 2024. In the U.S., buyout activity increased to $84.3 billion in the third quarter—the highest quarterly total since 2021. Through the first three quarters of the year, buyout activity outpaced the same period in 2023 by 60%, positioning 2024 to finish as the second-strongest year since the Global Financial Crisis. Private equity managers have remained particularly active targeting complex corporate carve-outs and take-privates in the large-cap and upper-middle-market segments. Notable investments

Table 1. Notable PE-Backed M&A Exits Announced in 3Q24
At September 30, 2024

Seller	Portfolio Company	Industry	Region	Value (MM)
EnCap	Grayson Mill Energy	Energy	U.S.	$5,000
Thoma Bravo	Instructure	Software	U.S.	$4,800
Bain Capital	Varsity Brands	Consumer	U.S.	$4,750
Cinven	Idealista	Real Estate	Spain	$3,100
Carlyle	Cogentrix	Energy	U.S.	$3,000

Table 2. Notable PE Investments Announced in 3Q24
At September 30, 2024

Buyer	Target	Industry	Region	Value (MM)
TowerBrook Capital, Clayton, Dubilier & Rice	R1 RCM	Healthcare	U.S.	$8,900
Blackstone, Vista Equity	Smartsheet	Software	U.S.	$8,400
TPG	DirecTV	Entertainment	U.S.	$7,600
Apollo Global Management	IGT, Everi	Consumer	Multiregion	$6,300
Sixth Street	Enstar Group	Insurance	Bermuda	$5,100

in the third quarter include the $8.9 billion take-private of revenue cycle management company R1 RCM by Towerbrook and CD&R and the $7.6 billion carve-out of satellite TV provider DirecTV from AT&T by TPG. This trend has been supported by the significant improvement seen in the leveraged credit markets over the course of the year. U.S. institutional leveraged loan issuance totaled $402 billion in the first three quarters of 2024, on track to achieve its second-highest annual figure on record. Additionally, declines in both spreads and base rates have begun to reduce financing costs, providing some degree of respite for private equity firms underwriting new transactions. Although the increase in M&A activity has not yet fully materialized in the form of exits for many private equity firms, we have seen a steady increase in the number of exits completed in each quarter of 2024 and expect the stabilizing market to provide sellers more confidence that they will be able to achieve appropriate value for their investments through a sale.

The secondaries market has served as another bright spot in 2024 and is forecast to hit an all-time high amid growing interest from a multitude of investors. According to Jefferies, secondaries transaction value hit a record $68 billion during the first half of 2024 and is projected to reach nearly $150 billion for the full year. One key factor driving this increase has been the lack of distributions to limited partners from traditional exit channels, which has led many investors to search for liquidity in both the LP- and GP-led secondaries markets. Continuation vehicles have become widely adopted, accounting for 14% of total sponsor-backed exit value during the first half of the year. The market has also benefited from an expanding universe of investors with dedicated secondaries capital. In particular, 40 Act funds have become increasingly common in the secondaries market as a method for retail investors to access the private equity market, a result of both the shorter duration and greater liquidity these structures can provide. Pricing for LP-led secondaries has also improved over the course of 2024, driven by strong underlying portfolio performance, the expectation of additional interest rate cuts, and the increasing quality of the portfolios being sold. The aggregate price of portfolios sold during the first half of 2024 was 88% of net asset value—the highest since 2021—and forecasts show further increases through the remainder of the year.

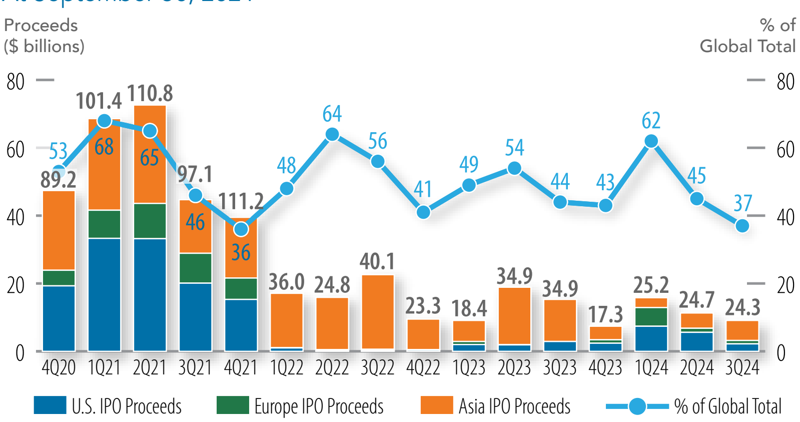
Despite the increasing activity in other segments of the private equity market, the fundraising market has continued to pose a challenge for many prospective private equity managers and is on pace for its slowest year since 2017. Lower levels of distributions over the past two years have limited the capital available to re-invest in the asset class and have forced many limited partners to be highly selective in choosing which opportunities to pursue. The competitive market has continued to accentuate many of the trends we have witnessed in recent years; namely, fund size increases declining and fundraising periods extending. According to PitchBook Data, Inc., the median fundraising period reached 16.8 months in the first three quarters of 2024, up from 14.0 months in 2023 and 11.2 months in 2022. In some cases, we have seen private equity managers choose to push targeted fundraisings to a later date in hope of more-favorable conditions ahead. Although challenges raising capital remain, we believe that new funds raised in current vintages will have an attractive opportunity to invest in an evolving and dynamic market environment. We expect the industry to remain disciplined overall in the coming quarters and believe that experienced managers with a proven approach to creating value will continue to perform well in the prospective market.

Global Exit Markets

Global exit markets continued to show gradual improvement during the third quarter, experiencing moderate growth in both deal value and count relative to the prior quarter. In total, private equity–backed M&A exit activity globally reached $150 billion during the quarter, a 6% increase from the second quarter. Perhaps more importantly, the number of exits completed has continued to climb. The 621 exits completed during the third quarter marked the largest such figure in two years and an increase of 24% relative to the quarterly average during 2023. Third-quarter activity was headlined by the sale of the Williston Basin assets of Encap-backed Grayson Mill Energy, which were acquired by Devon Energy in a deal valued at $5.0 billion. The quarter also featured an uptick in sponsor-to-sponsor sales, including the take-private of Thoma Bravo–backed educational technology company Instructure (NYSE:INST) by KKR for $4.8 billion, the $3.1 billion sale of Oakley Capital–backed online real estate platform Idealista to Cinven, and the $4.0 billion sale of CD&R-backed Epicor Software to CVC. The third-quarter total brought year-to-date M&A exit activity to $385 billion, a 20% increase from the same period in 2023 and broadly on pace to finish the year in line with pre-pandemic norms.

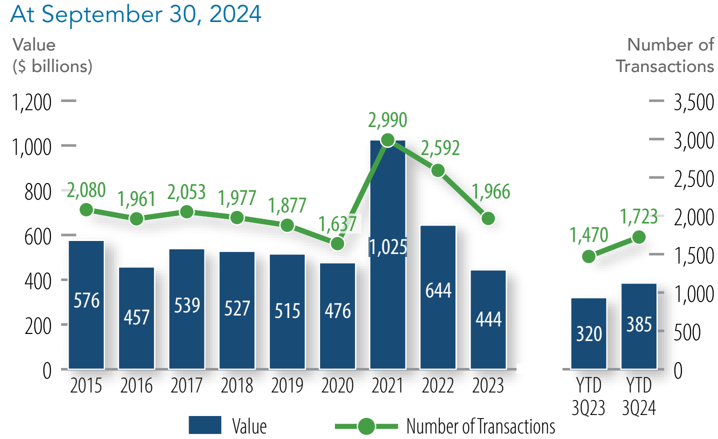
IPO markets remained quiet during the quarter as investors navigated ongoing volatility and waited to evaluate the impact that a contentious U.S. presidential election may have on equity market performance. In the U.S., 12 PE-backed offerings raised just $2.2 billion during the third quarter, bringing the year-to-date total to $15.1 billion raised through 36 IPOs. Although still slow relative to historical periods, 2024 has marked a notable improvement from the past two years, during which a total of just $11.0 billion was raised. The largest PE-backed listing in the U.S during the quarter was KKR-backed enterprise finance management platform Onestream, which raised $563 million in late September. Activity globally remained similarly slow: PE-backed IPOs raised just $1.0 billion in Europe and $5.9 billion in Asia, both well below pre-2022 averages. Although a handful of prominent companies remain on schedule for 2024 listings, with the upcoming election in the U.S. and the end of the year quickly approaching, it is likely that most companies have shifted their attention to 2025 with the hope that continued positive economic progress and stabilizing markets will provide more-accommodating conditions to access the public markets.

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



Source: Bloomberg, Renaissance Capital, and Pathway Research.

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



Source: Mergermarket, Dealogic, and Pathway Research.

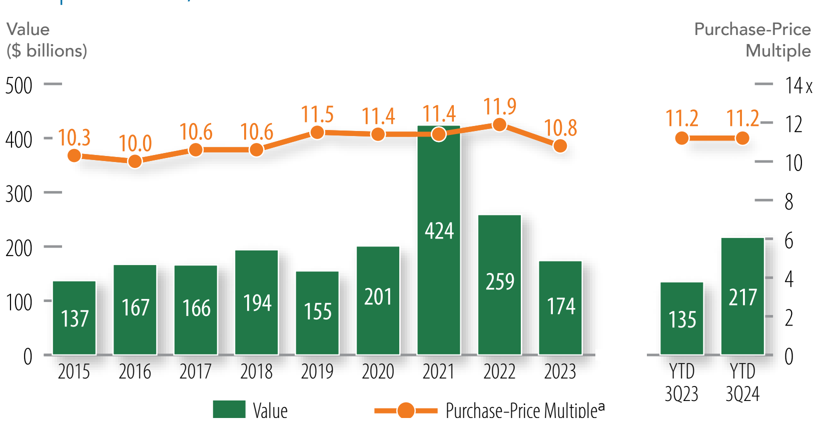
U.S. Buyout Markets

During the third quarter, U.S. buyout activity continued to build on an improved first-half showing, boosted by positive economic progress and the expectation of additional interest rate cuts in the near future. Buyout activity totaled $84.3 billion in the quarter, according to data from Refinitiv and Pathway Research, the largest total in two years and an 18% increase from the previous quarter. The strong third-quarter total brought year-to-date activity to $217 billion, an increase of 60% from the same period in 2023. Private equity managers have benefited from improving credit market conditions, where heightened competition has driven a decline of 100 to 150 basis points for senior direct lending loans over the past year. This improvement has helped to drive an increase in deal volume across nearly all segments of the private equity market, but it has been particularly impactful for large-cap transactions. During the first three quarters of 2024, 48 buyouts were announced with enterprise values of $1.0 billion or greater, nearly 40% higher than the full-year 2023 total.

The increase in large-cap deals has been led by another active year for take-private buyouts, which have continued to present attractive pockets of opportunity despite the overall rise in public equity valuations. During the third quarter, take-privates accounted for the two largest deals announced: the $8.9 billion acquisition of revenue cycle management technology provider R1 RCM by TowerBrook and CD&R and the $8.4 billion acquisition of enterprise software provider Smartsheet by Blackstone and Vista Equity Partners. Notably, both transactions were completed at significant discounts to the companies' prior share-price peaks. Buyout managers have also been increasingly focused on corporate carve-outs, taking advantage of many large companies' efforts to increase operational efficiency and reduce overhead costs. Five carve-outs of greater than $1.0 billion were announced during the third quarter, the largest being TPG's acquisition of DirecTV from AT&T for $7.6 billion. In total, carve-outs accounted for more than 20% of the quarterly deal value.

Despite the rise in interest rates over the past two years, average purchase-price multiples have not fallen to the extent we might have expected, although they have moderated. The average purchase-price multiple for buyouts completed during the first three quarters of 2024 was 11.2x EBITDA, down slightly from the peak of 11.9x EBITDA in 2022. A core reason for the lack of volatility of purchase-price multiples has been the discipline that most private equity managers have shown through this period, focusing on investments in high-quality, resilient businesses, often in higher-growth sectors. The technology and healthcare industries, for example, which tend to trade at elevated multiples relative to the broader market, have accounted for 54% of U.S. buyout value during 2024.

Figure 3. U.S. Buyout Investment Activity
At September 30, 2024



Source: Refinitiv, PitchBook LCD, and Pathway Research.
Notes: Amounts may not foot due to rounding.
[a]Average PPM (as a multiple of trailing EBITDA) of all LBOs.

Table 3. U.S. Buyout Investment Statistics
At September 30, 2024

	2022	2023	YTD 3Q24
Purchase Price/EBITDA	11.9x	10.8x	11.2x
Equity Contribution %	45.8%	51.1%	49.2%
Debt/EBITDA	5.9x	4.8x	5.1x
EBITDA/Cash Interest	2.9x	2.4x	2.3x

Source: PitchBook LCD.

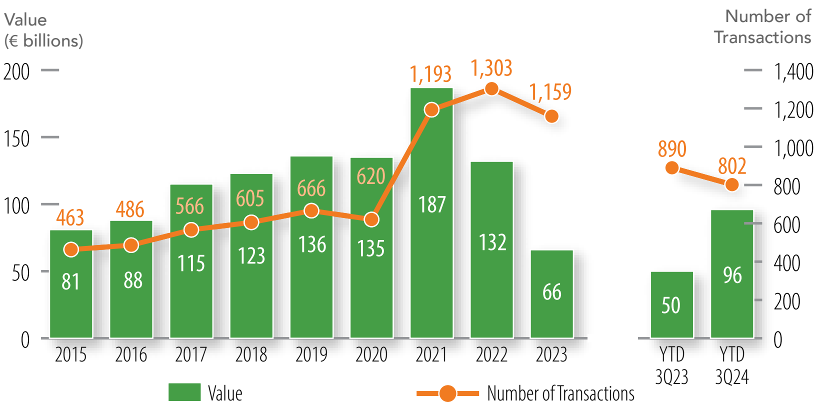
European Buyout Markets

European buyout activity is recovering from record lows in 2023, driven by cooling inflation, narrowing valuation gaps, and stabilized credit market conditions. According to data provided by Refinitiv, the aggregate transaction value of European buyouts announced in the third quarter was €28.9 billion, a 46% decrease from the prior quarter's total of €53.4 billion (which was the third-highest since 2008) but a 66% increase from the same quarter last year. Cumulatively, European buyout activity for the first three quarters amounted to €96.4 billion, a 95% increase from the same period last year.

During the quarter, five large-cap deals were announced, totaling €16.7 billion in transaction value. Although this was lower than in the previous quarter, the combined transaction value of large-cap deals in the third quarter surpassed their aggregate value from the first three quarters of 2023. The largest deal of the quarter was the £5.3 billion take-private of Hargreaves Lansdown, a UK wealth management platform, by a consortium led by CVC and Nordic Capital. This was followed by two Apollo transactions: the £3.2 billion carve-out of IGT's gaming and digital business and the £2.7 billion acquisition of Evri, a UK parcel delivery company, from Advent International. These large deals drove the UK's share of the aggregate European transaction value to 50% for the quarter, well above its long-term average of around 30%. Take-private and carve-out transactions have played a significant role in the European buyout market in 2024: three of the five largest deals of the year fell into these categories. This trend has trickled down to smaller transactions: three of the quarter's four upper-mid-market deals fit this profile, including Summa Equity's €800 million acquisition of the recycling and waste business of Fortnum, a Finnish electric power distributor.

European credit markets saw robust high-yield issuance. According to data from UBS, European primary high-yield issuance totaled €27.7 billion in the third quarter, down 9% from the previous quarter but 135% above the average for the past 10 quarters. Cumulative issuance for the first three quarters reached €80.1 billion, the second-highest volume in the first nine months of any year on record, surpassed only by 2021. During the third quarter, the spread on BB-rated euro-denominated bonds widened slightly from 212 to 228 basis points but remained well below the 300- to 340-basis-point range seen a year earlier. This lower cost of capital and the more stable credit market have supported the recovery in buyout activity, particularly in large-cap transactions.

Figure 4. European Buyout Investment Activity
At September 30, 2024



Source: Refinitiv and Pathway Research.

Table 4. Notable European Buyouts Announced in 3Q24
At September 30, 2024

Buyer	Target	Region	Value (MM)
CVC, Nordic Capital	Hargreaves Lansdown	UK	£5,265
Apollo	IGT	UK	£3,152
Apollo	Evri	UK	£2,700
Clayton Dubilier & Rice, Permira	Exclusive Networks	France	€2,191
CVC	Viatris	Italy	€1,950

Source: Refinitiv.

Asia Private Equity

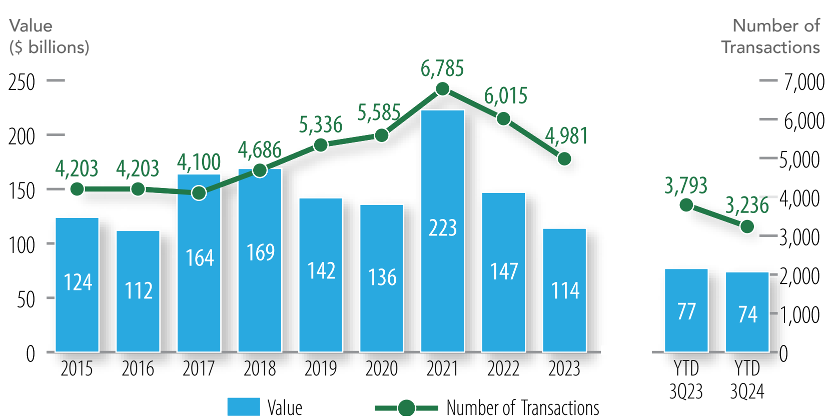
The third quarter marked the lowest dealmaking level in over a decade: total deal value reached $15.6 billion, representing declines of 52% from the prior quarter and 40% year over year, according to data from Mergermarket. Early-stage venture transaction value was down by 56% compared with the 5-year average, and growth capital reached its lowest level since 2014. The small- and mid-market buyout segments also remained subdued, but it was the absence of large-cap transactions that sunk third-quarter deal activity to a historical low. Notably, several large-cap deals were announced during the quarter, the most significant being the acquisition of Airtrunk by Blackstone and the Canada Pension Plan Investment Board at an implied enterprise value of over A$24 billion (~$16 billion). If completed, this would mark Asia's largest buyout transaction on record. Regardless, Asia private equity is on a full-year run rate that is on pace to represent the lowest total since 2014.

Investment activity in China continued to be impacted by lingering economic uncertainty and weakening domestic consumer confidence, despite a rally in the public market toward the end of September that was driven by Beijing's latest round of stimulus measures. China's CSI 300 blue-chip index surged more than 25% during a 9-day winning streak following the stimulus announcement, with A-shares registering their highest-ever turnover. The A-share market has since returned some of these gains because more-concrete details on the stimulus measures and policy support have yet to materialize. Nonetheless, the rebound has provided an opportunity for venture and growth-stage investors to divest long-undervalued public positions.

In Japan, private equity dealmakers are preparing for a potential game changer following Bain Capital's binding offer for Fuji Soft at a 7% premium to KKR's planned ¥600 billion (~$4 billion) bid to privatize the company. The country has recently witnessed several unsolicited takeover bids, spurred by the government's August 2023 Corporate Takeover Guidelines, which encourage boards to give "sincere consideration" to bona fide offers. As attitudes toward unsolicited bids evolve, signs point to an increase in such offers, which could drive greater deal activity.

Asia IPO activity improved in the third quarter after a sluggish first half of the year. A total of 191 companies raised $13.9 billion through public offerings on Asia-based exchanges, headlined by the $4.6 billion listing of Chinese home appliances maker Midea Group in Hong Kong. India led the table in terms of the number of IPOs, positioning 2024 to be the most active year on record for the country. The improving IPO market is also gearing up for larger debuts: several significant listings are anticipated in late 2024 and in 2025, including Hyundai and LG's Indian units and Swiggy, which are each expected to raise more than $1.0 billion.

Figure 5. Asia PE Transaction Value & Volume
At September 30, 2024



Source: Mergermarket.

Table 5. Notable Asia PE Investments in 3Q24
At September 30, 2024

Buyer	Target	Region	Value (MM)
Ascendent Capital Partners	HollySys Group	China (PRC)	$1,660
MBK Partners	Geo Young	South Korea	$1,418
CVC Asia	PT Siloam International Hospitals	Indonesia	$1,029
Blackstone Group Japan	Infocom Corporation	Japan	$898
CICC Capital	Baichuan AI	China (PRC)	$688

Source: Mergermarket.

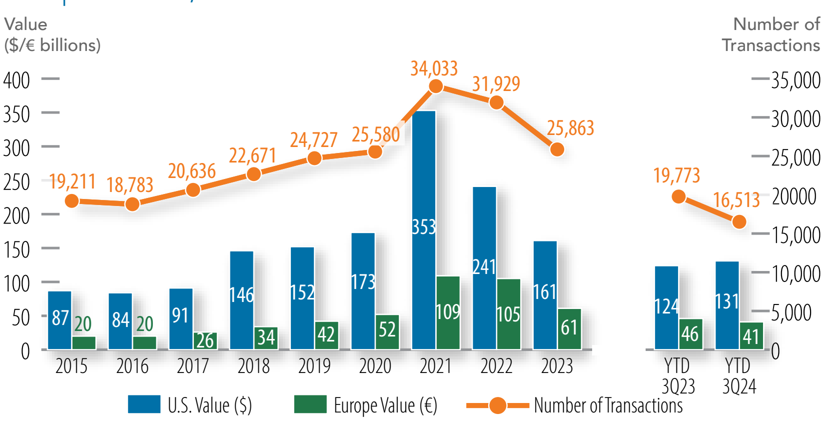
Venture Capital Markets

Following a strong second quarter, hopes of continued momentum in the venture capital industry faltered in the third quarter, with deal activity receding back to the levels seen for much of the past two years. According to PitchBook Data, Inc., U.S. investment value fell to $37.5 billion, a decrease of 32% from the prior quarter, and deal count fell to 2,794, a 24% decrease from the prior quarter. The decline was most pronounced in the early-stage segment, where deal value fell 42% quarter over quarter. Quarterly activity was driven by Open AI's Series F financing of $6.6 billion led by Thrive Capital, Microsoft, and Nvidia and by Alphabet's $5.6 billion investment in Waymo. The third-quarter total brought venture capital investment activity during the first three quarters of 2024 to $131 billion, just 6% above the same period in 2023. Activity in Europe has also slowed, totaling €11.3 billion during the third quarter, down 31% from the prior quarter and on pace to finish the year 10% below the same period in 2023.

Venture capitalists have continued being selective with new investments, prioritizing top-tier companies and founders and maintaining a high degree of discipline on valuations. Valuations have remained relatively stable in the seed- and early-stage segments but have declined significantly in the late-stage and growth equity markets. Average late-stage and growth equity pre-money valuations during 2024 represent declines of 28% and 44%, respectively, from those achieved during 2021. As a result, we have seen an increase in down-round financings: according to PitchBook Data, Inc., flat or down rounds accounted for 28% of deal volume during the first half of the year, the highest percentage in a decade.

The lack of exits in the venture capital ecosystem, and thus distributions, has continued throughout 2024, much to the chagrin of many limited partners. According to data from MSCI Private Capital Solutions, distributions from venture capital funds globally totaled just $25.0 billion during the first half of 2024, an increase of 19% from the same period in 2023 but still 43% below the same period in 2022. Exit activity fell further in the third quarter, totaling just $10.4 billion in the U.S.—a 5-quarter low. Only two exits, both acquisitions, surpassed the billion-dollar mark, and only 14 companies went public, primarily smaller biotech listings. Despite the challenging environment, we believe that the backlog of companies waiting for the right time to access the public markets has continued to grow and anticipate that there will be an increase in activity in 2025.

Figure 6. Venture Capital Transaction Value & Volume
At September 30, 2024



Source: PitchBook-NVCA Venture Monitor Report.

Table 6. Notable Venture Capital Deals in 3Q24
At September 30, 2024

Company	Select Investors	Region	Value (MM)
OpenAI	Thrive Capital, Microsoft, Nvidia	U.S.	$6,600
Waymo	Alphabet	U.S.	$5,600
Anduril Industries	Altimeter Capital Management, Brave Capital, Fidelity Management & Research	U.S.	$1,500
Safe Superintelligence	Andreessen Horowitz, DST Global, Nvidia, Sequoia Capital	U.S.	$1,000
Lambda	Bossa Invest	U.S.	$800

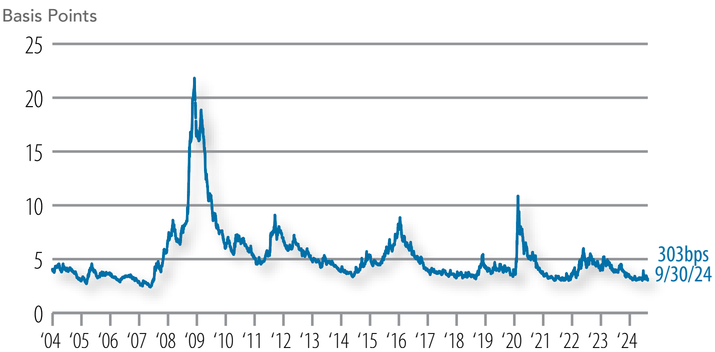
Source: PitchBook Data, Inc.

Private Credit Markets

Leveraged credit markets remained accommodative in the third quarter, bolstered by the long-awaited start of the Federal Reserve's monetary easing cycle. In the leveraged loan market, institutional loan issuance totaled $113 billion in the third quarter, bringing the year-to-date total to $402 billion, a 72% increase over full-year 2023, according to PitchBook LCD. Private equity firms helped drive the increase in issuance: leveraged buyout financing and sponsor-backed dividend recapitalizations accounted for $112 billion of the year-to-date total, nearly three times the amount for all of 2023. All-in yields for newly issued leveraged loans continued their downward trend, although this was driven by a decrease in base rates rather than by spread compression in the third quarter. The average all-in yield for a single-B-rated loan was 9.0% at the end of the third quarter, down from 9.4% in the second quarter. The more-favorable conditions in the syndicated debt markets since the start of the year has heighted competition for direct lenders focused on larger-sized borrowers. During the quarter, $5.6 billion in broadly syndicated leveraged loans was issued to refinance private credit loans, including a $750 million term loan for Madison Dearborn–backed Air Control Concepts and an $825 million term loan for Centerbridge Partners–backed Help at Home. Still, private credit firms continued to have success in securing large-scale debt financing mandates. In September, a large group of direct lenders, which included Blue Owl, HPS, Carlyle, Golub, and Monroe, led a $3.2 billion annual recurring revenue (ARR) loan supporting the take-private acquisition of Smartsheet by Vista Equity Partners and Blackstone for $8.4 billion. Notably, these are several of the same lenders that recently took control of Vista Equity–backed Pluralsight following its debt restructuring in August.

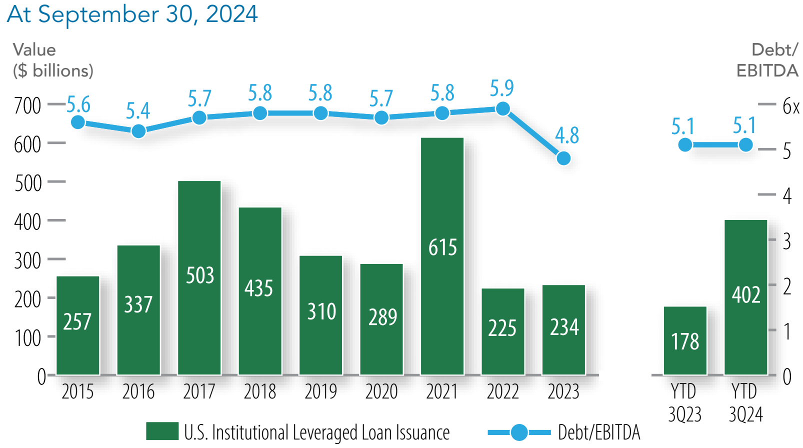
Default rates across the non-investment-grade debt markets declined in the third quarter, although it is too early to tell if a post-COVID cycle peak has been reached. The trailing 12-month (TTM) U.S. high-yield default rate was 2.3% at the end of the third quarter, down from 2.7% in the prior quarter, according to Fitch Ratings. Approximately 51% of the high-yield default volume over the past year was accounted for by distressed debt exchanges (DDE), 29% by bankruptcy filings, and 20% by missed payments. Similarly, the TTM U.S. leveraged loan default rate was 4.2% at the end of the third quarter, down slightly from 4.3% in the prior quarter, according to PitchBook LCD. In the direct lending market, the TTM default rate declined from 2.7% to 2.0% in the third quarter, according to the Proskauer Private Credit Default Index. Notwithstanding the decline in defaults, many direct lenders are reporting increases in the number of amendment, consent, cash-to-PIK, and covenant waiver requests from borrowers seeking flexibility and time to manage through the high interest rate environment and through idiosyncratic operational changes. Notably, the percentage of interest and dividend income represented by PIK interest among business development companies, which invest primarily in private credit loans, steadily increased from 4.1% at the end of 2019 to 9.0% at the end of the second quarter, according to Fitch Ratings.

Figure 7. High-Yield Bond Spreads over U.S. Treasuries
At September 30, 2024



Source: BofA Merrill Lynch.

Figure 8. U.S. Institutional Leveraged Loan Issuance
At September 30, 2024



Source: PitchBook LCD.

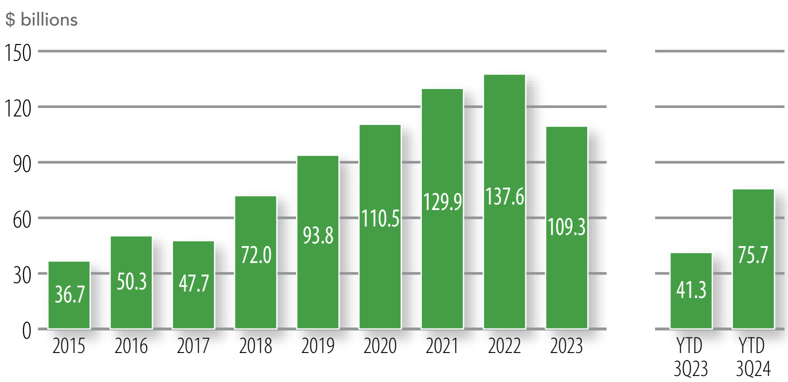
Private Infrastructure Market

Global infrastructure fundraising activity remained steady in the third quarter: 13 funds raised a combined $20.5 billion. Private market infrastructure funds have now raised at least $20 billion in each quarter of 2024, after just two of the prior six quarters had reached that total. The third-quarter fundraising total was driven primarily by EQT and Stonepeak, which each raised $3.2 billion. Additionally, Quinbrook raised $3.0 billion for its third Net Zero Power Fund. Although the fundraising market remains challenging and many managers have seen extended fundraising periods, there remains a strong backlog of high-quality managers raising capital or anticipating launching fundraisings imminently. Investor demand for increased infrastructure exposure continues to grow due to the strong recent sector performance, market tailwinds, and an expanding opportunity set, which support long-term growth in fundraising activity.

After an active second quarter, global infrastructure investment value moderated during the third quarter, totaling $4.6 billion in deal value, which represented about half of the trailing 2-year average. Headlining the quarter was Brookfield's $1.1 billion growth investment in Infinium, a manufacturer of synthetic, ultra-low carbon electrofuels, to accelerate the development of its production plant in Corpus Christi, Texas. Additionally, Vauban Infrastructure Partners, EDF Invest, and MEAG completed a $874 million buyout of Spanish tower operator Cellnex's Austrian business unit, which comprises 4,600 macro tower sites.

As November approaches, global infrastructure investors continue to closely monitor the upcoming U.S. presidential election. The Biden administration's passing of the Inflation Reduction Act ("IRA") and the Infrastructure Investment and Jobs Act ("IIJA") has provided meaningful support to several underlying infrastructure subsectors, most prominently digital infrastructure and energy transition investments. Although there is some concern that a Republican presidency may lead to an unwinding of these favorable regulations, historical precedent and ongoing support from a minority of Republicans in the U.S. Congress for the IRA means an outright repeal of the regulations remains unlikely. While pieces of the bill may face opposition if there were to be a Republican-controlled Congress and White House, such as the 45X tax credit, the IRA has provided over $190 billion of capital that has been announced for projects in Republican states. The IIJA, which seeks to provide federal funding to rebuild significant portions of U.S. infrastructure, is viewed less controversially across the aisle. Fortunately for infrastructure investors, the bipartisan benefits of both bills have created inertia for continued federal support of infrastructure investment, regardless of which party wins the presidency.

Figure 9. Global Private Infrastructure Capital Raised
At September 30, 2024



Source: PitchBook Data, Inc.

Table 7. Notable Infrastructure Deals in 3Q24
At September 30, 2024

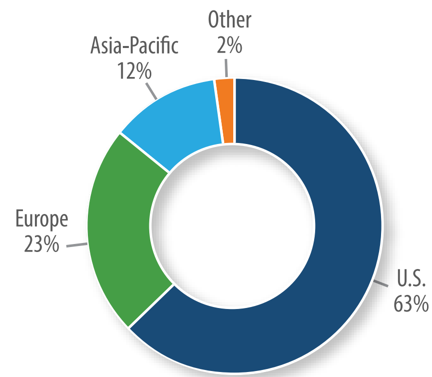
Asset/Company	Acquirer	Industry	Region	Deal Size (MM)
Infinium	Brookfield	Alternative Fuels	North America	$1,100
Cellnex Austria	Vauban Infrastructure Partners, EDF Invest, MEAG	Telecom	Europe	$874
MMA Offshore	Alberta Investment Management, Cyan Renewables, Seraya Partners	Transportation	Australia	$737
KJ Environment	EQT	Waste Management	Asia	$726
Tellurian (Upstream Assets)	Aethon Energy	Oil & Gas	North America	$260

Source: PitchBook Data, Inc.

Fundraising Market

Worldwide private equity fundraising totaled $96.7 billion in the third quarter, according to data from Refinitiv and Pathway Research. The total represents a decline of 12% from the prior quarter and the lowest amount since the third quarter of 2018. The decline in fundraising activity has perpetuated trends observed throughout the first half of the year. The constrained exit environment and limited distributions have continued to impact the ability of limited partners to re-invest capital into the private markets. The decline in fundraising activity has resulted in longer fundraising timelines for many managers. In the U.S., the median time to close in the first three quarters of 2024 was 16.8 months, up from 14.0 months in 2023 and 11.2 months in 2022. Limited partners remain selective, directing their commitments toward experienced, proven managers. In both the U.S. and Europe, funds raising more than $1.0 billion and €1.0 billion, respectively, have accounted for a record percentage of the market during 2024. Another factor in the decline has simply been the slower investment pace for most private equity strategies over the past two years, which has pushed out fundraising timelines for many managers until they are able to more fully deploy their current funds.

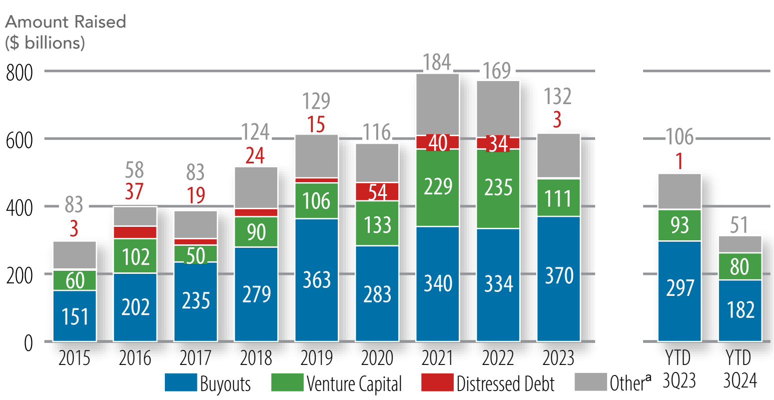
Figure 10. YTD 3Q24 Fundraising by Region



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.

In the third quarter, buyout funds remained the primary driver of fundraising activity, accumulating $46.9 billion, or 49% of the total capital raised. This figure was largely attributable to Vitruvian Partners (€7.3 billion) and Kohlberg Investors X ($3.8 billion). Despite still maintaining a reasonable share of the quarterly total, the amount raised by buyout funds in the third quarter marked the lowest such figure in five years and finished approximately 50% below the quarterly average in 2023. Venture capital fundraising, contrarily, exhibited an improved quarter, reaching $36.2 billion—a 42% increase compared with the previous quarter. This uptick was driven by ICONIQ Strategic Partners VII ($5.8 billion), ARCH Venture Fund XIII ($3.0 billion), and Flagship Pioneering VIII ($2.6 billion). At 37% of the quarterly total, venture capital funds accounted for their largest percentage of private equity fundraising since the first quarter of 2022.

Figure 11. Global Fundraising by Strategy
At September 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 3Q24
At September 30, 2024

Fund	Strategy	Region	Amount (MM)
Vitruvian Investment Partnership V	Buyouts	Europe	€7,300
ICONIQ Strategic Partners VII	VC	U.S.	$5,750
Warburg Pincus Capital Solutions Founders Fund	Special Situations	U.S.	$4,000
Kohlberg Investors X	Buyouts	U.S.	$3,780
ARCH Venture Fund XIII	VC	U.S.	$3,000

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 $125 billion to more than 1,475 private market investments.

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