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CAPITAL MANAGEMENT

Pathway Research

Private Market Environment

4TH QUARTER 2024

CONTENTS

2024 Market Review

Key Highlights

- Buyout activity in the U.S. increased nearly 60% in 2024, supported by accommodative credit market conditions.
- Improving M&A exit market conditions led to an estimated increase of greater than 30% in LP distributions during 2024.
- Direct lending activity rebounded 50% in 2024, driven by increased buyout activity, add-ons, and dividend recapitalizations.
- The rapid adoption of AI technologies has driven opportunities in venture capital: AI investments accounted for 46% of deal value in 2024.
- Private equity fundraising fell nearly 30% year over year, reaching its lowest level since 2017.

The private markets experienced an improved showing in 2024, building off a subdued year in 2023 to drive meaningful progress across most segments of the market and provide optimism regarding the outlook for the year ahead. Market sentiment began to gradually improve over the course of the year, benefiting from positive economic growth, a subsiding inflationary threat, and the beginning of interest rate cuts in many developed economies around the globe. In the U.S., the Federal Reserve cut interest rates three times during the year, bringing its benchmark federal funds rate down by a total of 100 basis points. Continuing the trend from 2023, public equity markets rose to record peaks during the year, side-stepping lingering economic concerns to ride a wave of AI-fueled enthusiasm that drove sharp increases in valuations and exceptional gains for many large technology companies. According to data from FactSet, the forward price-to-earnings ratio for the S&P 500 in the fourth quarter surpassed 22x for just the third time since 1985—a meaningful premium to the 10-year average of 18.1x. The year also hosted a closely followed presidential election in the U.S., which prompted bouts of volatility in the fall as investors weighed expectations for the policy changes that a new administration would bring. The incoming Trump administration is expected to adopt an agenda that is largely viewed as pro-business, including expected changes to the tax code, reduced regulation, and a more accommodative stance toward anti-trust enforcement, in addition to a number of other priorities that have the potential to impact the broader economy, such as immigration and trade policy.

M&A activity globally reached $3.6 trillion in 2024, an increase of 13% from the prior year, according to Mergermarket. Deal activity in the private equity market saw an even greater gain, bucking nearly two years of muted investment levels to achieve a healthy overall total. Buyout activity in the U.S. increased by nearly 60% to $276 billion, marking the second-strongest year since the Global Financial Crisis (GFC). In Europe, buyout value rose more than 100% year over year to €139 billion. Although transaction count in both regions remained relatively flat compared with 2023, the year featured a noted increase in the average size of transactions announced, driven in part by the strength of the leveraged credit markets and the promise of lower interest rates ahead. The five largest deals announced during the year accounted for over $70 billion in value, including the $16.2 billion acquisition of Australia-based data center provider AirTrunk by Blackstone, the $15.5 billion carve-out of insurance broker Truist Insurance Holdings by CD&R and Stone Point, and the $14.5 billion acquisition of UK-based school operator Nord Anglia Education by a consortium led by EQT. We have continued to see buyout managers underwrite investments prudently in the current environment, structuring new buyouts with lower debt levels to accommodate for higher borrowing costs and remaining disciplined on pricing. The average EV/EBITDA multiple for U.S. buyouts closed in 2024 was 10.9x EBITDA, according to data from PitchBook LCD, in line with 2023 and down from the peak of 11.9x in 2022.

Exit markets also showed progress during 2024, although the pace of recovery has been slower than most expected, much to the chagrin of many limited partners. Global M&A exit activity reached $552 billion during the year, an increase of 22% from 2023 but still just roughly half of the 2021 total. Recent conversations with private equity firms have noted an improved sentiment and an increased pipeline of potential sales, driven by a narrowing gap between buyer and seller pricing expectations and continued healthy operating performance in most segments of the economy. As a result, distribution activity improved meaningfully in the second half of 2024, based on data compiled by Pathway Research, driving an estimated annual increase in LP distributions of more than 30%. We expect the fourth quarter of 2024 to mark the strongest quarter for LP distributions since 2021, which bodes well for both liquidity and performance in the coming quarters. One beneficiary of the more challenging exit conditions has been the secondaries market, which surged to $162 billion in 2024—an increase of 45% from 2023 and the largest year on record, according to Jefferies. The GP-led market, in particular, has matured into a viable alternative to traditional M&A and IPO exit processes and continues to see strong interest from a wide range of investor types. GP-led transactions accounted for $75 billion of the overall secondaries market during 2024, also a record high.

Fortunes in the fundraising market have largely contrasted the recovery seen in other segments: private equity fundraising reached its lowest point in seven years in 2024, totaling $439 billion—a decline of 29% from 2023. While the number of funds that raised capital remained fairly consistent, the decline was driven by the lack of mega funds raised, which accounted for an outsized portion of the overall market in the prior year. Limited partners have adopted a highly selective approach to new commitments in the current market, concentrating capital in what they deem to be the strongest opportunities, often with managers who have demonstrated a proven history of success in varying market conditions. Although the competitive market has created challenges for many prospective private equity managers, limited partners that are focused on deploying capital into the current market have frequently been the beneficiaries, finding increased access to high-quality managers and extended time horizons upon which to complete diligence. We have also seen private equity firms embrace the importance of providing limited partners direct investment opportunities alongside their fund commitments, which has served as a valuable tool for many firms, providing them access to deep pools of direct investment capital and strengthening their relationships with investors. We believe that the private equity industry stands on solid footing heading into 2025 and expect that experienced and disciplined investors will continue to find attractive opportunities to deploy capital in the prospective market environment.

Table 1. Notable PE-Backed M&A Exits Announced in 2024
At December 31, 2024

Seller	Portfolio Company	Industry	Region	Value (MM)
Leonard Green, Berkshire Partners	SRS Distribution	Materials	U.S.	$18,250
GTCR	AssuredPartners	Financial Services	U.S.	$13,450
Partners Group Holding AG	Techem GmbH	Real Estate	Germany	€6,700
PAG	Yingde Gases	Industrials	China	$6,800
Permira	Alter Domus	Software	Luxembourg	$5,310

Table 2. Notable PE Investments Announced in 2024
At December 31, 2024

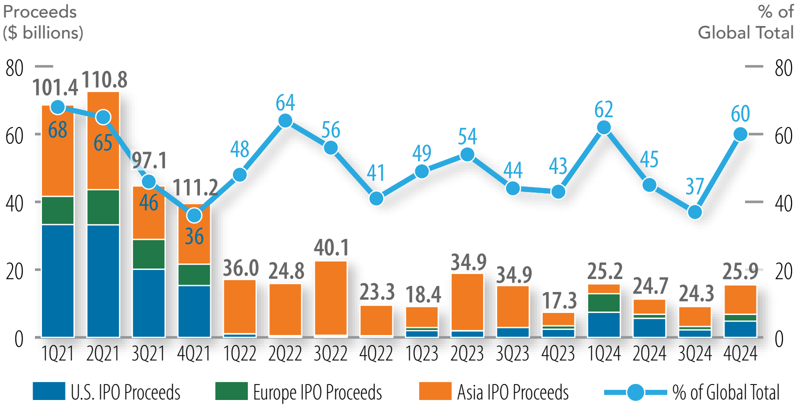
Buyer	Target	Industry	Region	Value (MM)
Blackstone, CPPIB	AirTrunk	Technology	Australia	$16,233
Clayton, Dubilier & Rice; Stone Point	Truist Insurance Holdings	Financial Services	U.S.	$15,500
EQT, Neuberger Berman, CPPIB	Nord Anglia Education	Consumer	UK	$14,500
Blackstone, General Atlantic, Permira, TCV	Adevinta	Technology	Norway	€13,155
Silver Lake	Endeavor	Entertainment	U.S.	$13,000

Global Exit Markets

Global M&A exit markets demonstrated signs of steady improvement during 2024, totaling $552 billion in exit value, according to data from Mergermarket. The total represents a 22% increase from the prior year and finishes broadly in line with pre-2021 annual averages. The increase was driven by an uptick in activity during the second half of the year, headlined by the $13.5 billion sale of GTCR-owned insurance broker Assured Partners to Arthur J. Gallagher & Co. in December. In total, the second half of 2024 finished 28% above the first half in exit value and 14% above in exit count. Although the market outlook today appears much more optimistic, there remains a significant backlog of private equity–owned companies that should seemingly be ready to exit. According to PitchBook Data, Inc., PE-backed company inventory has risen to nearly 12,000 companies, 27% higher than it was in 2019 and more than 50% higher than in 2014. Most segments of the private equity market have also continued to drive strong operating growth. Based on data from MSCI Private Capital Solutions, the median LTM EBITDA growth for buyout-backed companies globally totaled 9% as of the third quarter of 2024. Looking forward to 2025, we believe that the combination of a large inventory of performing companies, significant dry powder in the private equity market, stabilizing economic conditions, and a desire for liquidity from limited partners has the potential to drive an active year for M&A exits.

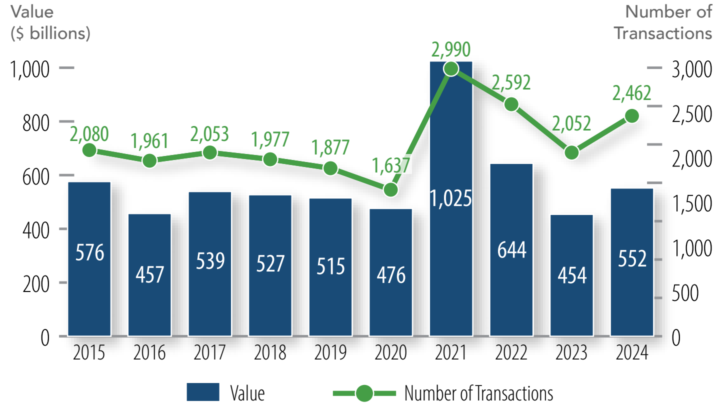
The IPO markets showed some signs of life in 2024 but have largely lagged the overall recovery seen in other segments of the private equity market. In the fourth quarter, 12 PE-backed companies went public in the U.S., generating $4.8 billion in proceeds, which brought the 2024 total to $19.9 billion raised through 48 PE-backed IPOs. This represents an increase of 80% from the combined amount raised in the two prior years but is still nearly 30% below the annual average dating back to 2000. The private equity market was led by buyout-backed listings, which outpaced capital raised by venture-backed companies for the first time since 2017, accounting for 35% of the total IPO market during the year. Notable among these were the IPOs of Carlyle-backed aircraft maintenance service provider StandardAero, which raised $1.7 billion, and of TPG-backed cruise line operator Viking Holdings, which raised $1.8 billion. While performance for new IPOs during the year trailed the overall market, a number of the year's largest IPOs were well-received, including Reddit, Rubrik, ServiceTitan, and Astera Labs—all prominent venture-backed technology companies. Despite the positive signs, the pipeline for new listings in early 2025 remains relatively sparse, which would indicate that we may need additional proof points before seeing a greater recovery in activity.

Figure 1. Quarterly Global PE-Backed IPO Activity
At December 31, 2024



Source: Bloomberg, Renaissance Capital, and Pathway Research.

Figure 2. Global PE-backed M&A Exit Value & Volume
At December 31, 2024



Source: Mergermarket, Dealogic, and Pathway Research.

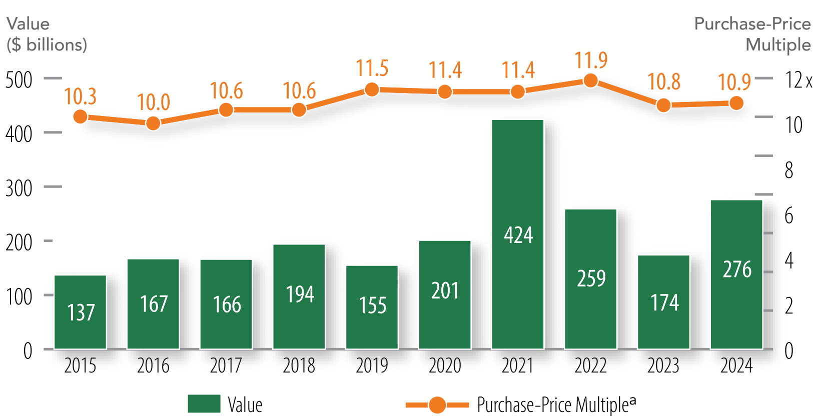
U.S. Buyout Markets

U.S. buyout markets achieved a strong showing in 2024, bouncing back from a slower 2023 in response to growing investor confidence in the economic trajectory and the prospect of continued declines in interest rates in the coming quarters. During the year, buyout activity totaled $276 billion, an increase of 59% from the prior year and the second-largest annual total since the GFC. Buyout managers benefited during the year from a sharp improvement in the leveraged credit markets, which provided an increase in financing options and a lower cost of debt for new buyout transactions. In the middle market, spreads for new buyouts decreased by approximately 50–100 basis points from the end of 2023.

Buyout managers remained focused on a wide range of opportunities stemming from the current environment. The large-market and upper-middle-market segments saw a particularly strong increase in activity. Deals with enterprise values of greater than $1.0 billion accounted for 79% of total deal value, the highest percentage since 2017; these included the $15.5 billion carve-out of Truist Insurance Holdings, the $13.0 billion take-private of Endeavor, and the $11.0 billion recapitalization of Cotiviti. Private equity firms have also used the slower market to remain focused on building existing platforms through add-ons, taking advantage of a small dip in pricing to develop scale, harvest operational synergies, and position their investments to emerge from the current environment as attractive targets for a larger acquirer. Add-ons accounted for 74% of overall deal count in 2024, according to PitchBook Data, Inc., well above the historical average of 63%.

Heading into 2025, many private equity managers we have spoken with noted growing investment pipelines and a narrowing gap between buyer and seller pricing expectations, which have helped to facilitate a wider range of actionable opportunities in the past several months. It remains to be seen if the Trump presidency will have a significant impact on overall private equity market behavior in the near term; however, investors are optimistic that a push for more deregulation and other pro-business policies will have positive effects on dealmaking. We expect the market to continue to present attractive opportunities for new investments and believe that experienced private equity managers with proven and differentiated investment strategies will continue to perform well in the prospective environment.

Figure 3. U.S. Buyout Investment Activity
At December 31, 2024



Source: LSEG Data & Analytics, 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 December 31, 2024

	2022	2023	2024
Purchase Price/EBITDA	11.9x	10.8x	10.9x
Equity Contribution %	45.8%	51.1%	48.2%
Debt/EBITDA	5.9x	4.8x	5.2x
EBITDA/Cash Interest	2.9x	2.4x	2.3x

Source: PitchBook LCD.

European Buyout Markets

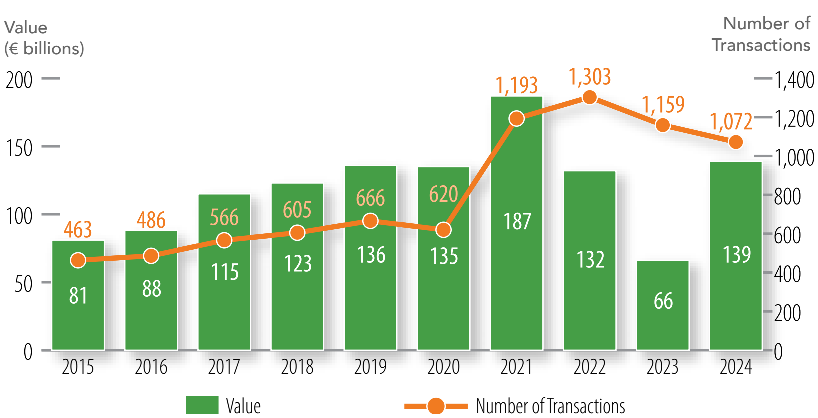
The European buyout market experienced low activity in 2023 and into the first quarter of 2024. Thereafter, however, it rebounded strongly as investor confidence in the macroeconomic outlook rose, valuation gaps narrowed, and credit market conditions improved. During the fourth quarter, the aggregate transaction value of announced European buyouts amounted to €42.8 billion—up 48% from the previous quarter and 81% above the quarterly average for the past two years. The strong quarter helped bring the total transaction value for full-year 2024 to €139 billion, a 112% increase from 2023 and broadly in line with prior years (apart from the peak year 2021).

The increase in activity in the fourth quarter was driven primarily by the large end of the market, with two deals accounting for 47% of the aggregate transaction value. The largest deal of the quarter was the $14.5 billion acquisition of Nord Anglia Education, a UK-based school operator, by a consortium of investors that included EQT, Neuberger Berman, and CPPIB. This was followed by TPG and GIC's €6.7 billion acquisition of Techem, a German provider of digital solutions for the real estate sector. While mega-cap deals have contributed to a revival in buyout activity in 2024, their activity is often inconsistent and thus may not indicate a full market recovery. For instance, transaction value in the middle-market segment (deals between €100 million and €1 billion) in 2024 amounted to €26.4 billion, well below the 5-year average of €48.4 billion, highlighting a continued gap in the overall market recovery.

The buyout fundraising environment has proved challenging in 2024. Total buyout fundraising reached €68 billion, marking a 19% decline from 2023. The difficult market conditions were particularly evident in the reduced number of funds that closed. In 2024, the number of funds raised fell by 22% compared with the 5-year historical average, suggesting a fundraising landscape dominated by well-established large-cap funds. Meanwhile, many funds, particularly in the middle market, have struggled with constrained capital allocations from limited partners, forcing them to extend fundraising periods and/or target more-modest fund sizes.

According to data from UBS, European primary high-yield issuance totaled €100 billion in 2024, up 133% from the previous year, making it the second-highest year on record after 2021. During the fourth quarter, the spread on BB-rated euro-denominated bonds narrowed from 228 basis points to 204 basis points, remaining significantly below the 5-year average of approximately 341 basis points. This narrowing of spreads, coupled with easing monetary policy, has supported the revival of buyout activity in 2024, particularly among large-cap transactions.

Figure 4. European Buyout Investment Activity
At December 31, 2024



Source: LSEG Data & Analytics and Pathway Research.

Table 4. Notable European Buyouts Announced in 4Q24
At December 31, 2024

Buyer	Target	Region	Value (MM)
EQT, Neuberger Berman, CPPIB	Nord Anglia Education	UK	$14,500
TPG, GIC	Techem	Germany	€6,700
CVC	CompuGroup Medical	Germany	€1,910
TA Associates	Nexus	Germany	€1,117
EQT	OEM International	Sweden	SEK 11,686

Source: LSEG Data & Analytics.

Asia Private Equity

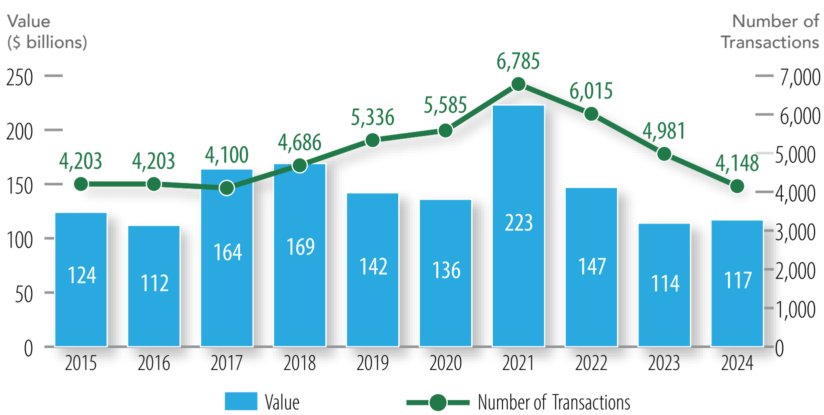
Private equity investment activity in Asia concluded 2024 on a high note: the fourth quarter recorded a 150% increase in transaction value over the previous quarter, bolstered by the A$24 billion ($16.2 billion) acquisition of AirTrunk by Blackstone and CPPIB. Investment activity for the quarter was also slightly higher than the same period last year, contributing to a total annual transaction value of $117 billion for 2024—a 3% increase from the prior year. Despite the annual increase, the number of transactions fell by 17% from the previous year, representing the lowest level in a decade. Large-cap buyout transactions were essential to this year's performance: 46% of the annual total was accounted for by 18 such deals, of which six were in Japan.

It was another difficult year for China: 2024 marked the third-consecutive year of declining investment levels, achieving just 28% of the 2021 total. This decline is largely attributable to a lack of large-cap transactions and a significant downturn in technology deals, which previously dominated the region's investment landscape. Between 2015 and 2021, technology investments represented over half of all capital deployed in China, peaking in 2018 amid a proliferation in consumer internet deals. In 2024, however, technology investments fell to just 20% of total capital deployed. While China continues to lead activity in the region, its position has diminished significantly, accounting for only 24% of Asia's investment total in 2024, slightly ahead of Australia at 23% and Japan at 22%.

Fundraising in Asia's private equity sector recorded its worst year in a decade, excluding for RMB-denominated vehicles. China remains the primary culprit behind this decline: geopolitical tensions with the U.S., soft performance, slow deployment, and exit challenges continue to hurt limited partner confidence. Japan, however, stands out as a notable exception to the region's broader fundraising challenges, with strong investor demand for mid-market opportunities in one of the few Asian markets that have generated consistent returns and distributions. Japanese funds accounted for eight of the top 20 funds raised in 2024, all of which achieved or exceeded their hard caps.

IPO volume on Asia-based exchanges mirrored the challenging environment: 773 companies raised $46.2 billion in 2024, marking a 35% decline year over year. Stricter regulations have resulted in a nearly 80% drop in mainland China IPOs, prompting many companies to withdraw their applications. Notably, India surpassed mainland China in IPO activity for the first time, raising $13.8 billion from a record 301 IPOs in 2024, bolstered by strong economic growth, robust retail investor enthusiasm, and improvements in the regulatory framework.

Figure 5. Asia PE Transaction Value & Volume
At December 31, 2024



Source: Mergermarket.

Table 5. Notable Asia PE Investments in 4Q24
At December 31, 2024

Buyer	Target	Region	Value (MM)
Blackstone, CPPIB	AirTrunk	Australia	$16,233
Apollo Global Management	Panasonic Automotive Systems	Japan	$2,054
IMM Investment Corp., IMM Private Equity, Inc.	Ecorbit	South Korea	$1,440
KKR Japan	FujiSoft	Japan	$1,329
Stonepeak Infrastructure Partners	Arvida Group	New Zealand	$1,250

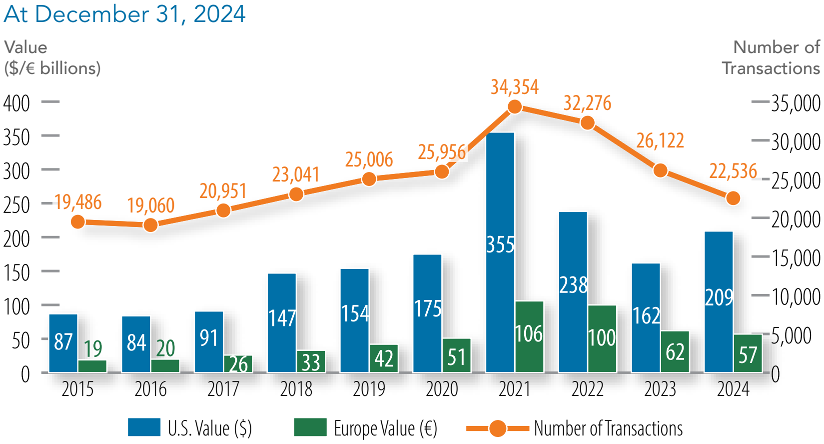
Source: Mergermarket.

Venture Capital Markets

The venture capital industry ended 2024 on a strong note, providing optimism about the potential for a continued recovery in 2025. According to PitchBook Data, Inc., U.S. investment value totaled $74.6 billion in the fourth quarter, the largest quarterly total since the second quarter of 2022. This brought the 2024 annual total to $209 billion, reflecting a 29% increase from the previous year, despite a 6% decline in deal count. In Europe, deal activity and count in 2024 totaled €56.7 billion and 8,760, respectively, representing decreases of 8% and 23%, respectively, from the prior year. The uptick in total deal value across the U.S. and Europe was driven primarily by a handful of outsized U.S. deals in the fourth quarter, including Databricks' Series J financing of $10.0 billion led by Andreessen Horowitz, Insight Partners, and Lightspeed Ventures; xAI's Series B financing of $6.0 billion led by Abstract Ventures, BlackRock and Sequoia Capital; and Anthropic's Series C financing of $4.0 billion led by Amazon and G Squared. We have continued to see venture capitalists maintain a selective approach, leaning in on opportunities to invest in high-quality companies and founders, particularly in sectors standing to benefit from the rapid adoption of artificial intelligence technologies. During 2024, the AI and ML sectors accounted for 46% of deal value, up meaningfully from 36% in 2023 and 24% in 2022.

U.S. venture-backed exit activity saw a moderate improvement in 2024 but remains well below the levels seen from 2019 to 2022. According to PitchBook Data Inc., exit value totaled $169 billion—a 24% increase from the prior year—while deal count totaled 1,259, just 10% above the 2023 total. Exit activity during the year was driven primarily by smaller deals: nearly 90% of exits occurred in companies that have not raised further than a Series B round of financing. Larger companies have been hesitant to pursue IPOs in particular, given the mixed results of several recent listings. While companies like Reddit and ServiceTitan, which both listed in 2024 at multibillion-dollar valuations, have performed well in the public markets, both companies were forced to price their listings at discounts to their latest private rounds. VC-backed companies overall raised $8.5 billion from 31 U.S. IPOs during 2024, both meaningful increases from 2023 but still underwhelming on an absolute basis. Roughly two-thirds of the listings during the year were small biotech IPOs, which generated an average return of –20% from IPO date to year-end, while the seven technology listings fared much better, producing an average return of 97%. The lack of exits across the venture capital industry remains a key sticking point for many investors, and we expect venture capital managers to remain acutely focused on driving distributions back to their limited partners through a number of exit channels during 2025.

Figure 6. Venture Capital Transaction Value & Volume
At December 31, 2024



Source: PitchBook-NVCA Venture Monitor Report.

Table 6. Notable Venture Capital Deals in 4Q24
At December 31, 2024

Company	Select Investors	Region	Value (MM)
Databricks	Andreessen Horowitz, Insight Partners, Lightspeed Venture Partners	U.S.	$10,000
xAI	Abstract Ventures, BlackRock, Sequoia Capital	U.S.	$6,000
Anthropic	Amazon, G Squared	U.S.	$4,000
Epic Games	Bossa Invest, The Walt Disney Co.	U.S.	$1,500
GreenScale	Deutsche Telekom Capital Partners	UK	£1,297

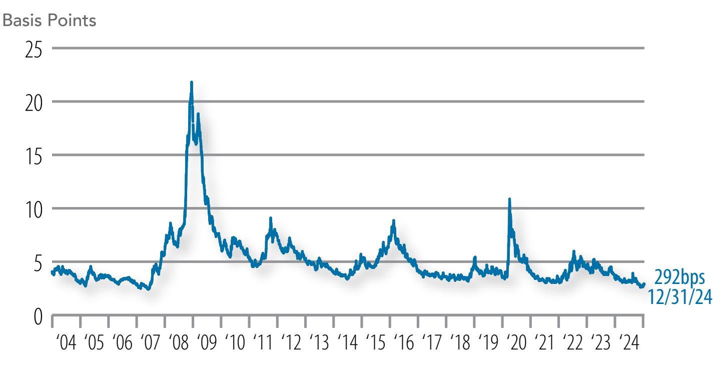
Source: PitchBook Data, Inc.

Private Credit Markets

The private credit asset class enjoyed a productive year in 2024, increasing capital deployment, generating attractive returns, and extending further into other areas of leveraged finance. Corporate direct lending, which comprises the largest component of the asset class, benefited from a rebound in PE-backed M&A activity after a tepid 2023, as well as from an increase in public-to-private refinancings and dividend recapitalization transactions. PE-backed direct lending volume totaled $184.7 billion in 2024, an increase of 47% over the prior year, according to PitchBook LCD. Notwithstanding the increase in overall investment activity, spreads for new debt facilities continued their downward trend, driven by the significant supply of dry powder held by direct lenders, improving market sentiment, and strong competition to agent new debt financings. In the core middle market, most sponsor-backed senior loans were priced at 475–550 basis points over SOFR during the year, a decrease of approximately 50–100 basis points from the end of 2023. The decline in pricing for new facilities spurred a wave of repricing amendment requests for existing loans in both the syndicated debt and private credit markets. Direct lenders were generally amenable to these requests, particularly if the borrower had demonstrated strong operating performance and had deleveraged since its initial financing. Despite the decline in spreads, private credit loans continue to offer an attractive premium over marketable non-investment-grade debt with similar risk profiles: the average all-in yield for a single-B rated syndicated leveraged loan was 8.2% at the end of 2024, down from 10.2% at the end of 2023.

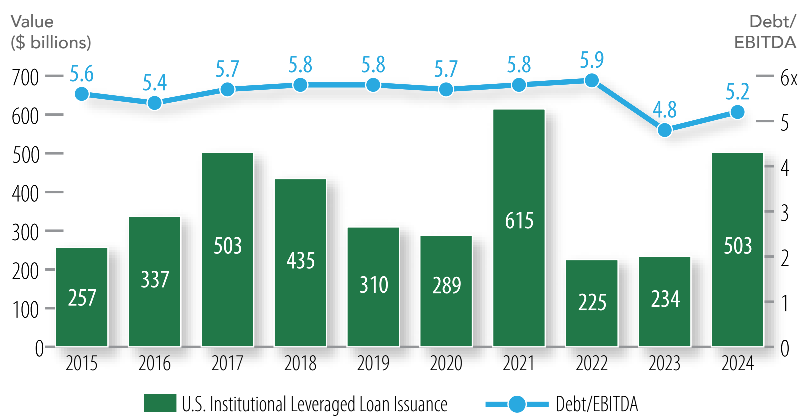
The trend toward consolidation in the private credit asset class continued apace in 2024, with several notable announced acquisitions, including Blue Owl's acquisition of Atalaya, Wendel's acquisition of Monroe Capital, and BlackRock's acquisition of HPS Investment Partners. Industry consolidation is expected to remain robust, driven by the perceived benefits of scale and the asset class's attractive growth prospects. In particular, the ongoing migration of asset-based loans from bank balance sheets to private credit firms—driven by changes in regulatory capital requirements and lower risk appetite from traditional lenders—is expected to be a multitrillion-dollar opportunity for the asset class. Since the regional bank crisis in 2023, private credit firms have acquired more than $100 billion of asset-based loans from banks and specialty finance firms. Despite the challenges posed by the high-interest-rate environment and lingering macroeconomic headwinds, default rates across the private credit market remain moderate overall and below those seen in the public non-investment-grade debt markets. The trailing 12-month (TTM) default rate for the Proskauer Private Credit Default Index at year-end 2024 and the KBRA Direct Lending Deals index at the end of November 2024 were 2.7% and 1.9%, respectively. In comparison, the TTM default rate for the Morningstar U.S. leveraged loan index was 4.7% as of year-end 2024, up from 3.8% at the end of the prior year. While the data is encouraging and debt financing costs are expected to moderate further in 2025, direct lenders remain vigilant to idiosyncratic challenges in their portfolios and focused on underwriting sustainable and resilient debt facilities.

Figure 7. High-Yield Bond Spreads over U.S. Treasuries
At December 31, 2024



Source: BofA Merrill Lynch.

Figure 8. U.S. Institutional Leveraged Loan Issuance
At December 31, 2024



Source: PitchBook LCD.

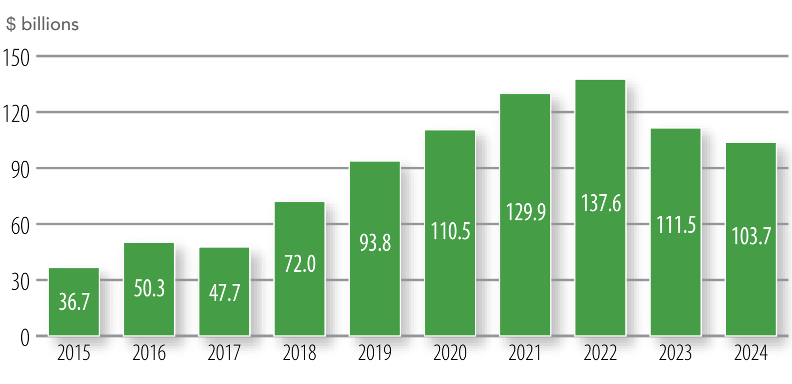
Private Infrastructure Market

Global infrastructure fundraising activity remained robust in the fourth quarter, during which seven funds collectively raised $23.4 billion. The fourth-quarter total represents a 16% increase from the prior quarter, illustrating positive momentum for the asset class heading into 2025. During 2024, global infrastructure activity saw 54 funds raise a combined $103.7 billion—a 7% decrease from the prior year's fundraising total as a result of large infrastructure funds continuing to face fundraising challenges and macroeconomic uncertainty. The primary driver of the fourth-quarter fundraising total was Antin, which held a final close on its fifth flagship infrastructure fund at $10.7 billion and accounted for 46% of the total capital raised. Despite continued headwinds, fundraising activity has the potential to accelerate in 2025. Investor demand for increased infrastructure exposure continues to grow, driven by strong sector performance, favorable market conditions, and an expanding opportunity set.

Global infrastructure investment value rebounded in the fourth quarter, totaling $7.2 billion in deal value. Although this represents a 56% increase from the prior quarter, it remains 21% below the trailing 2-year average. The quarterly total was led by Energy Capital Partners' $2.6 billion take-private of Atlantica Sustainable Infrastructure, an owner and operator of renewable energy and utilities globally, at a 19% premium to the company's pre-announcement share price. Additionally, EQT completed a $1.6 billion take-private of OX2, one of Europe's leading renewable energy developers, at a 43% premium to the company's pre-announcement share price. Global infrastructure investment value totaled $23.8 billion in 2024, a 56% decrease from 2023 and the third-straight annual decrease since deal value peaked in 2021.

Private market infrastructure managers continue to experience extended fundraising cycles. Funds that held final closings in 2024 spent an average of 31 months fundraising—nearly double the 18-month average observed during 2019–2023. This protracted fundraising environment has the potential to strain managers' resources. Further, many infrastructure managers have activated their funds before the final close occurred, creating the potential for portfolio construction concerns if the fund is not able to achieve its size target. Additionally, partially deployed funds can create tensions between early- and late-closing limited partners, who receive the benefit of reviewing initial performance of investments before making an investment, typically at the cost of a rather minor late-closing fee. Given these factors, limited partners and managers alike should carefully consider the expected duration and size of their fundraising before coming to market.

Figure 9. Global Private Infrastructure Capital Raised
At December 31, 2024



Source: PitchBook Data, Inc.

Table 7. Notable Infrastructure Deals in 4Q24
At December 31, 2024

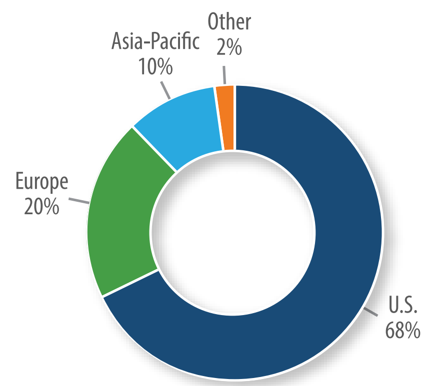
Asset/Company	Acquirer	Industry	Region	Deal Size (MM)
Atlantica Sustainable Infrastructure	Energy Capital Partners	Renewables	Europe	$2,555
OX2	EQT	Renewables	Europe	$1,568
Constellation Cold Logistics	EQT	Logistics	Europe	$840
RP Global	Mirova	Renewables	Europe	$528
Aream Solar Ventures	AREAM, Eiffel Investment Group	Solar	Europe	$444

Source: PitchBook Data, Inc.

Fundraising Market

In the fourth quarter of 2024, global private equity fundraising reached $113 billion, marking the highest quarterly total of the year, according to data from LSEG and Pathway Research. This strong finish provided a positive conclusion to what was otherwise a challenging year in the fundraising market. Private equity funds globally raised just $439 billion during the year, down nearly 30% from the prior year and the lowest annual total since 2017. Managers looking to raise capital have continued to face headwinds due to the subdued dealmaking activity seen in recent years. Slowing distribution rates have forced many limited partners to adopt a highly selective approach to new commitments, channeling much of their available capital toward larger, established managers with proven track records. Based on data from PitchBook Data, Inc., 22% of U.S. private equity funds closed in 2024 had fund sizes exceeding $1.0 billion, the highest percentage ever recorded. Conversely, 49% of funds were below $250 million in size, the lowest percentage on record. As a result, new managers have encountered significant fundraising challenges, frequently leading to extended fundraising timelines and reduced fund sizes.

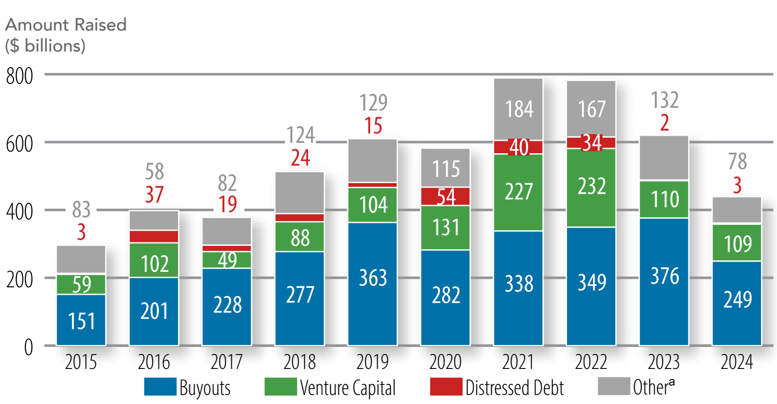
Figure 10. 2024 Fundraising by Region



Source: LSEG Data & Analytics 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 declined by 34% year over year, reflecting the overall muted fundraising environment observed throughout the year. The $249 billion raised by buyout funds accounted for 57% of the total fundraising for 2024. The total was driven by a few large funds, including EQT X (€21.5 billion), the Eighth Cinven Fund ($14.5 billion) and New Mountain Partners VII ($12.4 billion). Venture capital fundraising showed progress in the second half of 2024 after a slow start to the year, although the increase was largely driven by a few large fundraisings. The strong second-half showing brought the 2024 annual total in line with 2023, though still significantly below the peaks of 2021–22. This resurgence was fueled by substantial raises from General Catalyst Group XII ($8.0 billion), ICONIQ Strategic Partners VII ($5.6 billion), and Arch Venture Fund XIII ($3.0 billion). We expect modest improvement during 2025 based on the current pipeline but believe that a broader uptick in the M&A markets will be necessary before we see a more significant change in overall fundraising market dynamics.

Figure 11. Global Fundraising by Strategy
At December 31, 2024



Source: LSEG Data & Analytics 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 4Q24
At December 31, 2024

Fund	Strategy	Region	Amount (MM)
Summit Growth Equity XII	Growth	U.S.	$9,500
General Catalyst XII	VC	U.S.	$8,000
Berkshire XI	Buyouts	U.S.	$7,800
Bain Capital Global Special Situations II	Special Situations	U.S.	$5,700
Nautic XI	Buyouts	U.S.	$4,500

Source: LSEG Data & Analytics 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.

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, Saskatchewan, and New Brunswick, 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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