



**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

OCTOBER 2021
Private Equity Outlook

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Executive summary

Observations driving Verus outlook

Executive summary

Private equity market sees resilience and opportunity in face of COVID-19. Over the past year, the private equity industry has responded to the disturbances of the COVID-19 pandemic with resiliency and innovation. Private equity sponsors have acquired new long-term sources of capital through insurance investments, accessed the IPO market through SPACs and protected exit strategies from volatility in the debt financing market. While these strategies were already part of the private equity playbook, the pandemic has intensified their use.

ESG investing is establishing itself as a topic of far-reaching importance. Industry trends demonstrate institutional investors are increasingly interested in adopting ESG considerations in their portfolios. Managers are motivated to expand their integration of ESG strategies within their investment processes, or risk missing out on the increasing number of new business opportunities. ESG integration comes with one significant and evolving challenge: ESG data. Proper implementation of ESG strategies requires reliable and accurate data to both construct ESG portfolios and confirm that managers have succeeded in meeting an investor's ESG objectives.

SPAC IPOs are getting attention from investors, startups, and regulators. Though SPACs have been around for decades they have gained traction over the last year as more private companies eye exit opportunities and COVID-19 continues to inject uncertainty in the IPO market. SPACs have emerged as a more streamlined path to the public markets; however, they aren't without risks and downsides regarding their structure.

The US PE middle-market saw robust dealmaking activity in 2021. The sustained strength is being driven by increased vaccination rates in the US, the Federal Reserve's continued accommodating monetary policies, and an ample supply of cheap debt. However, there are some headwinds, including increased inflationary

pressures, a rising number of cyber-attacks on both corporations and government agencies, and recent disruption in SPAC formation activity.

Private credit markets continue to gain investor interest. Historically low interest rates and improving credit default rates have combined to continue to drive institutional investors into the credit markets. Investments in US CLOs are up by nearly 150 percent compared to 2020, helping to push high-yield bond and loan margins lower. Investor appetite and competition for allocations of levered loans has also contributed to the rise in issuer-friendly covenant packages.

Secondary market continues to grow. Unusually high GP-led activity continues to drive the overall secondaries market, led by a surge in single asset transactions. A decrease in availability of traditional LP portfolio transactions has created intense jockeying among buyers for allocations in GP-led transactions, particularly in processes run by top-quartile managers. The combination of these developments has led to an erosion of buyer leverage in many transactions.

Early-stage and late-stage venture valuations saw a sharp expansion across in Q2 2021. Increased economic confidence and a positive outlook for the second half of 2021, coupled with a surplus of capital from record levels of dry powder and an influx of nontraditional and crossover investors working their way up the venture lifecycle to early stage, have drastically buoyed VC valuations to new heights.

Summary of findings

				Outlook		
				Unattractive	Neutral	Attractive
						
Strategy	Geography		Commentary			
Buyout	U.S.	Small Mkt		While the biggest buyout deals tend to grab the headlines, we see the most attractive opportunities among the firms with revenues of \$5 million to \$100 million that can generally be purchased at lower valuation multiples with transaction structures less reliant on leverage.		
		Mid Mkt		US middle-market PE remains strong, driven by continued economic recovery and significant capital availability, despite several macroeconomic headwinds. Attractive valuations and confidence across sponsors, strategics and public markets continue to lead to healthy exit activity.		
		Large		Consolidation within private equity has led to large asset managers with multiple platforms that can capitalize on a range of opportunities in a variety of economic environments. However, for \$500 million+ assets, PE firms are competing with both highly acquisitive strategics and hundreds of uncommitted SPACs.		
	Europe	Small/ Mid Mkt		Tailwinds including favorable leveraged lending markets, accommodative fiscal-monetary policy, ample dry powder reserves, willing sellers taking advantage of heightened valuations, and pent-up demand from sponsors will continue to power investment activity. However further COVID-19 delta variant could induce more lockdowns and accelerating inflation may create higher financing costs.		
		Large		Take-private activity is likely to increase as GP are sitting on large amounts of dry powder looking to high-quality assets. Contributing factors include fundamentally strong but undervalued European public equities and European entities struggling under heavy debt burdens.		
Private Credit	Senior Debt			The direct lending market faced its first major macro-economic test during 2020. While stress is still lurking beneath the surface and track records are beginning to diverge, on the whole, the asset class has performed well and proven to be resilient. Now is a time to stick with best-in-class managers without stretching for yield or low-quality credits.		
	Subordinated Capital			Traditional mezzanine lenders focused on LBO financings continue to experience deployment headwinds from the increasing prevalence of unitranche structures. Upper middle market appears to offer the most fertile ground for opportunistic junior debt providers, especially as the leveraged finance capital markets ebb and flow and borrower performance remains unsteady.		
	Credit Opportunities			Credit Opportunities has attracted increased attention from LPs in the latter half of 2020 as the recovery in the broader credit markets has renewed interest in less correlated and “off-the-run” investments. Pricing and target returns have remained fairly attractive relative to the broader market, especially within market niches that exhibit less correlated return drivers.		
	Control Oriented Distressed			Unattractive now, situational catalysts will likely translate this potential opportunity set into an actionable one; where we see there being a meaningful potential opportunity set for distressed investors later in 2022 and 2023 across the North American and European markets.		

Summary of findings (con't)

Outlook		
Unattractive	Neutral	Attractive

Strategy	Stage		Commentary
Secondaries	Secondaries		Record volume driven by robust supply of both high-quality GP-led and LP portfolios, combined with a well-capitalized buy-side aggressively deploying capital. With the right dynamics, GP-led secondary transactions are a compelling buy-side opportunity as LPs can invest in a strongly performing asset and support its next phase of growth with a GP that has already worked extensively with the company. Pent-up demand for LP portfolios, continuing strong public market performance, and high levels of dry powder are creating a highly favorable environment for LPs seeking to take advantage of strong secondary pricing to rebalance their portfolios.
Venture Capital	Early Stage		Valuations and pricing will see downward pressure as investors focus on stronger fundamentals; companies may turn to debt financing as an alternative to traditional equity rounds, as they attempt to avoid down rounds, dilution, and unfavorable terms.
	Growth Equity		Growth equity investments provide a similar return profile to buyouts and VC, though with inherently less leverage than PE buyouts and a lower risk of loss than VC. However, with the attractiveness of growth equity's distinct risk-reward profile, VCs have continued to move up market to complete transactions for companies with similar profiles to the late-stage VC firms. We anticipate continued elevated multiples for growth equity deals as these GPs continue to enter the space, which could dampen returns going forward.
	Late Stage		The number of companies valued at over \$1 billion remains high —as does their age— driving a need for liquidity. Later stage venture capital IPOs will make up a smaller percentage of 2021 exits given the COVID impacts.

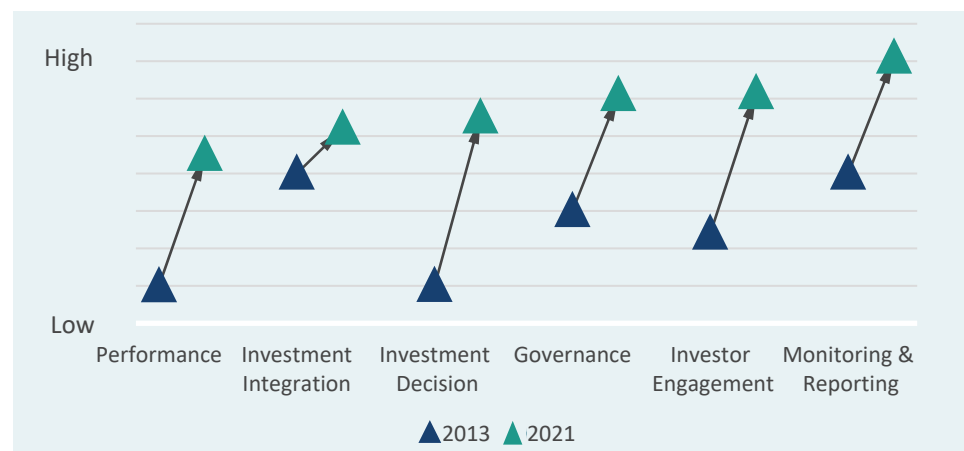
Topical focus

ESG gains private equity attention

Investor appetite brings ESG to mainstream private equity

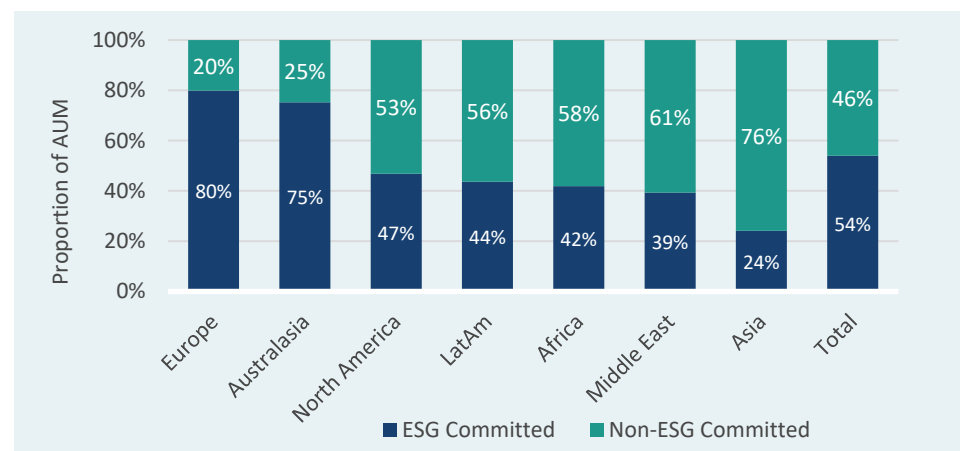
- Private equity firms have continued to make inroads incorporating environmental, social and governance (“ESG”) factors into their investment programs through the formation of dedicated “impact” funds, participation in global responsible investing standards, and use of new metrics and methods in managing portfolio companies.
- Private equity, always focused on governance risk, is increasingly growing aware environmental, social and governance issues are highly interrelated and that the biggest benefits over time accrue to companies that balance efforts between all three.
- Initiatives like the UN Paris Agreement and the European Commission Action Plan have pushed Europe into the epicenter of ESG-commitment (80%); whereas in North America less than half of institutional capital is managed under ESG considerations with Asia even lower at 24%.

PE FIRMS ARE PLACING GREATER EMPHASIS ON ALL AREAS ESG



Source: PWC Private Equity Responsible Investment Survey 2021 & 2013

REGIONAL PRIVATE CAPITAL MANAGED UNDER ESG COMMITMENT



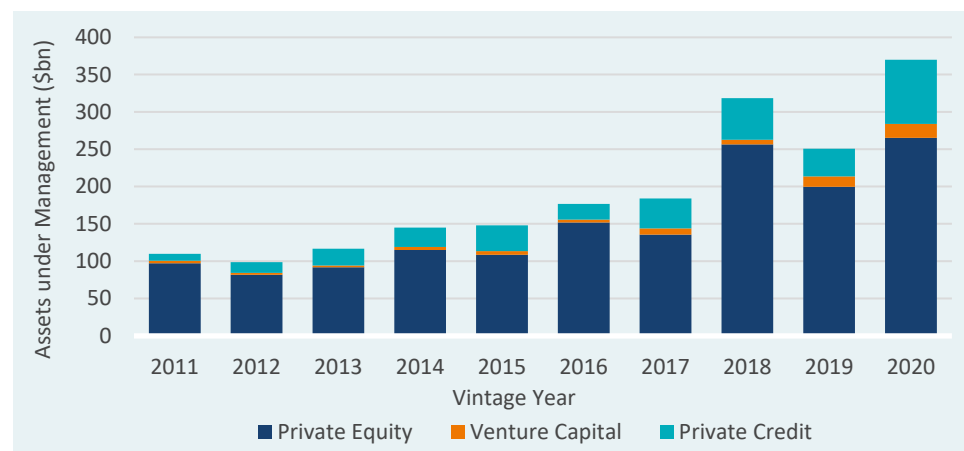
Source: Preqin

Capital is flowing to ESG strategies

A new commitment to ESG

- Capital flowing into ESG-related investment strategies saw unprecedented growth in 2020: nearly \$400 billion in cumulative ESG-focused private capital was raised from 2015 to 2020, with over a quarter being raised in 2020 alone¹.
- Despite the challenges of 2020, ESG-committed fundraising remains strong, led by private credit and buyout strategies. A key driver in this trend has been firmwide ESG commitments by the largest alternatives managers.
- The average size of ESG-committed funds far outpaces that of non-ESG funds; while these vehicles are not solely focused on environmental, social, and governance issues, they are pledging that they will, at the very least, not have a negative impact through their portfolios.

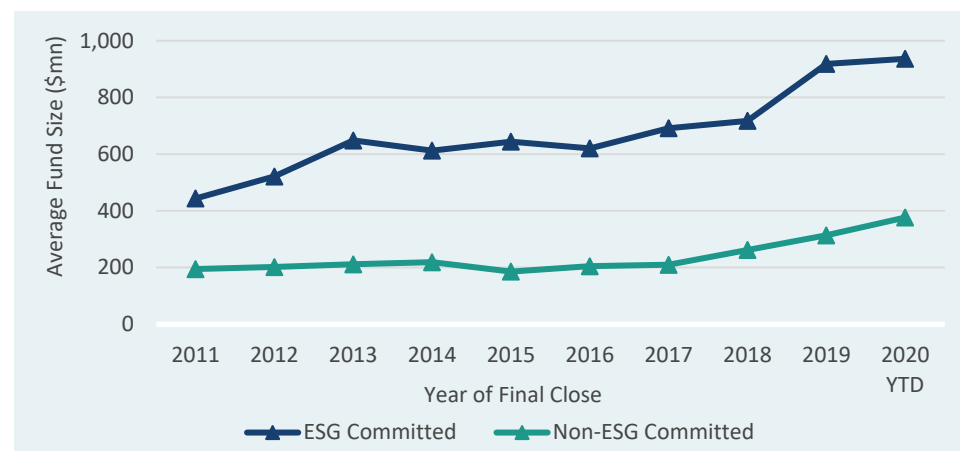
ESG-COMMITTED PRIVATE CAPITAL AUM BY ASSET CLASS



Source: Preqin as of September 2020

¹ McKinsey Global Private Markets Review 2021

AVG FUND SIZE CLOSED ESG-COMMITTED VS. NON- ESG-COMMITTED



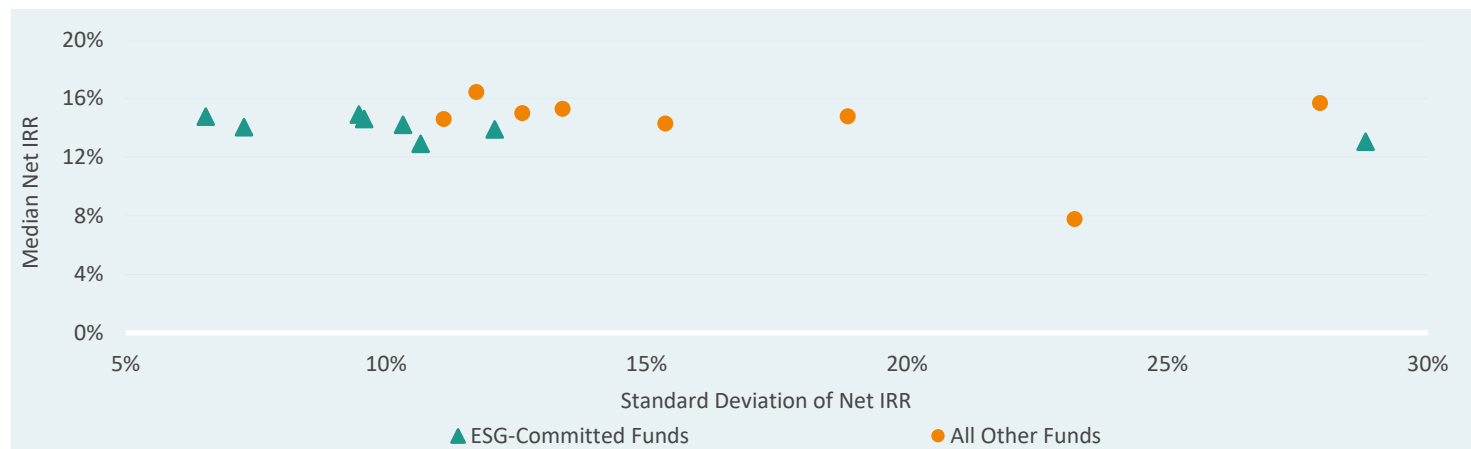
Source: Preqin as of September 2020

ESG-committed fund performance

The relationship between ESG factors and company financial performance remains unclear

- A major roadblock to ESG investing is the concern about its impact on returns. Managers and investors worry that by limiting their opportunity set to transactions that meet ESG requirements, they will be losing out.
- According to Preqin, analysis shows that ESG investments perform on par with their non-ESG counterparts and with less dispersion; however, the data is skewed under a relatively small sample set which include the largest private capital managers who broadly commit to ESG.
- Investor demand for ESG is strong, but the lack of high quality, consistent ESG data is the top challenge for fund managers who are also balancing the additional burden on portfolio company management and internal resources.
- Sponsors face the same challenges as public companies emanating from the lack of standardization and clearly adopted definitions of the goals of, and appropriate metrics to measure, ESG or “sustainable investment,” as well as pressure from investors to prioritize ESG. As the broader market becomes more sophisticated in operationalizing ESG, so too will the private equity industry.

RISK/RETURN OF ESG-COMMITTED FUNDS (VINTAGE 2010-2017)*



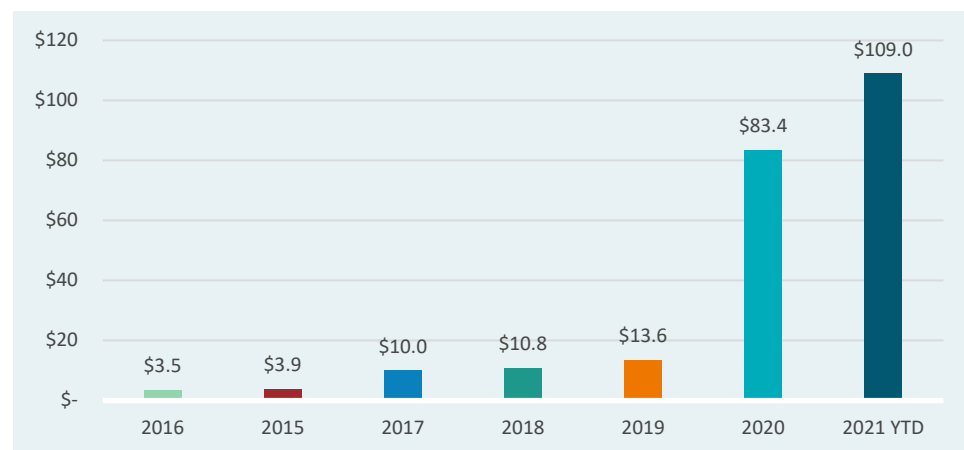
*Net IRRs are since inception. Source: Preqin

Special topic: SPAC

SPACs at a glance

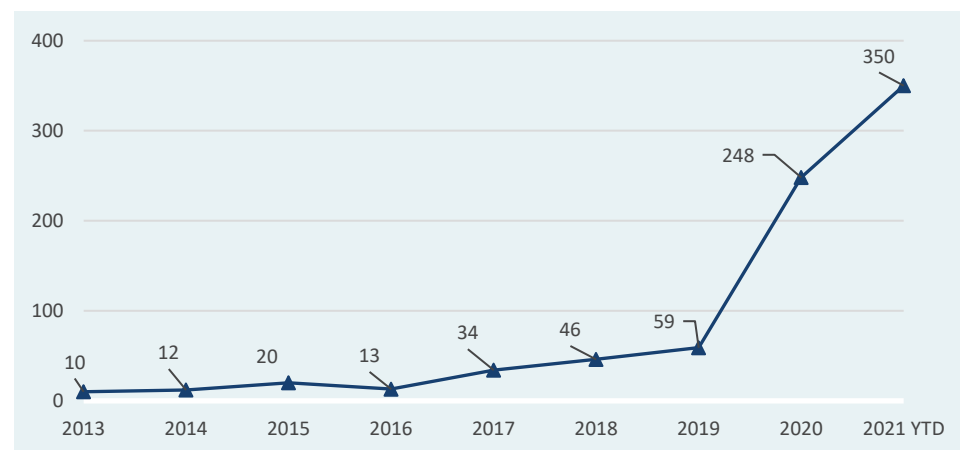
- **Special Purpose Acquisition Company**, commonly abbreviated as **SPAC**, is a “blank check” shell company formed specifically to acquire a late-stage private company target.
 - From the SPAC sponsor’s point of view, it is analogous to creating a Private Equity fund that renders only one investment, which becomes publicly traded upon the merger process known as “**de-SPAC**”.
 - SPACs allow private companies to undergo public listing quicker, bypassing a traditional IPO process.
- While SPACs have existed since the 1990s, historically it has been a “back-door” way for companies to go public, resulting in a tepid reputation.
 - However, with the record market volatility from COVID-19, increasing IPO risks and inefficiencies, coupled with record retail investor trading volume, SPACs have proliferated substantially in 2020.
 - The reputation of SPACs is changing as notable investors and operators continue to enter the space.

U.S. SPAC AMOUNT RAISED (BILLIONS)



Source: SPAC Research, as of July 2021

NUMBER OF SPAC IPOs



Source: SPAC Research, as of July 2021

Key players in SPACs

Entity	Role in SPACs	Economics (bespoke by deal)
SPAC Sponsors	<ul style="list-style-type: none"> — Form SPAC vehicles that go public via IPO, with cash held in escrow through a trust — Search, identify, and diligence target private companies (typically within 2 years) — Executes merger with target company (at least 80% of the original SPAC value) — Concurrently, raise PIPE capital from asset managers as part of the de-SPACing process — Take Board seat(s) in the target company 	<ul style="list-style-type: none"> — Generally receive 20% of equities/warrants in the de-SPACed entity — Approximately 2% of the SPAC value as underwriting fees — If SPAC stock price rises, investors can purchase additional shares at a discount, subject to terms on warrants
PIPE Investors / Asset Managers	<ul style="list-style-type: none"> — Provide capital in the ratios typically between 2:1 and 3:1 of the original SPAC size during the de-SPACing process — Consent to the merger of company target via a SPAC shareholder vote 	<ul style="list-style-type: none"> — Become key drivers of the initial public valuation (due to high supply of capital) — Typically receive higher allocation of equities in the SPAC than a traditional IPO
Target Company	<ul style="list-style-type: none"> — Disclose financial and company data, subject to SEC regulations — Merges with the original SPAC blank check company during the de-SPACing process — Able to go public faster (usually 4-6 months) than a traditional IPO process 	<ul style="list-style-type: none"> — Deal is structured as a merger with price negotiated and fixed — Less risky, greater economic certainty than an IPO — Lower cost of capital through typically lower share dilution

Economics are currently skewed towards SPAC sponsors, though this is floating as the industry expands.

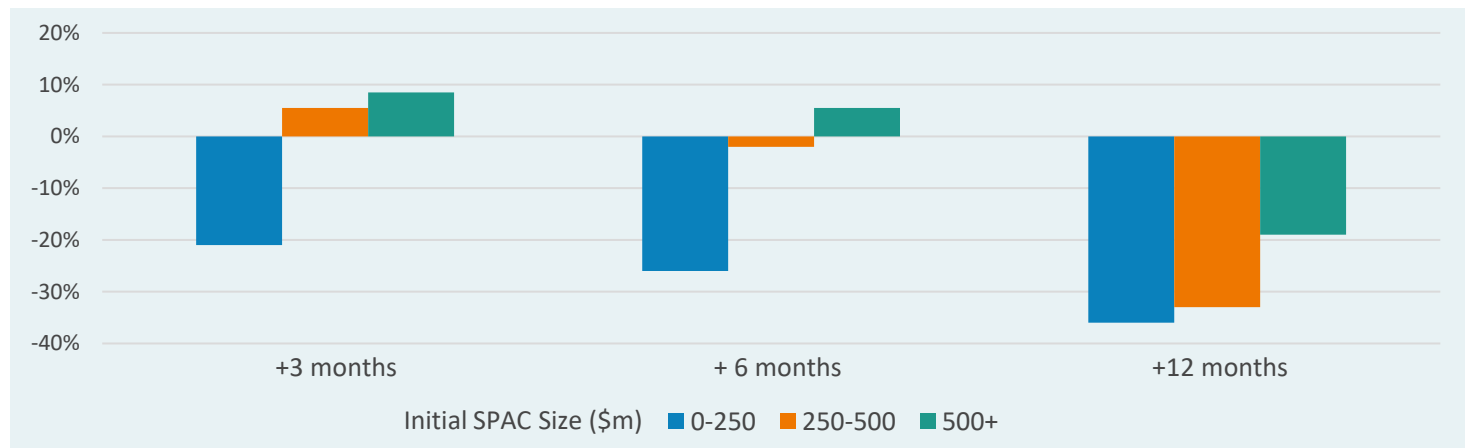
Lock-up period is generally approximately 6 months after merger for all key players.

Source: SPAC Research, Goldman Sachs Venture Coverage, TechCrunch

Implications for institutional investors

- SPACs have experienced significant volatility around a historic negative return level.
- The rise of SPACs will continue to disrupt different asset classes in various manners.
 - In Venture Capital and Leveraged Buyouts, SPAC serves as a new potential **exit channel** for companies that pre-empt a traditional IPO, generating earlier liquidity for GPs and LPs.
 - SPACs have become a **deal source** for Private Markets and Hedge Fund managers to invest via a PIPE.
 - In SPACs, milestone-based compensation for the management team are more acceptable and normalized as compared to a traditional IPO. This could potentially lead to better alignment of company and GP incentives and interests.

SPAC RETURNS % POST-MERGER COMPLETION



Sample of SPAC transactions completed since January 2018. Source: Goldman Sachs Global Investment Research, Dealogic, UBS, as of 30 July 2020.

Buyouts

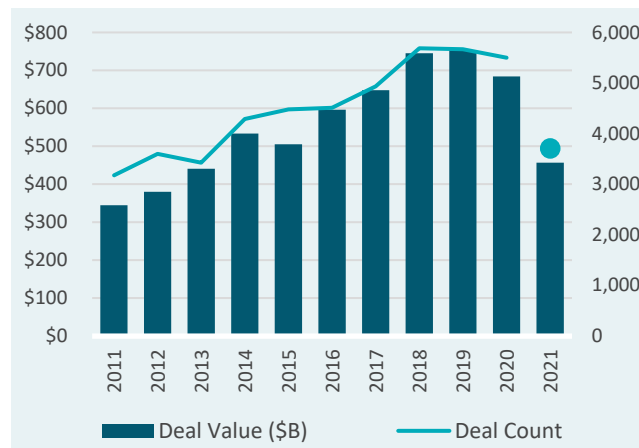
U.S. buyout

Buyout activity has rebounded significantly from 2020

Trends

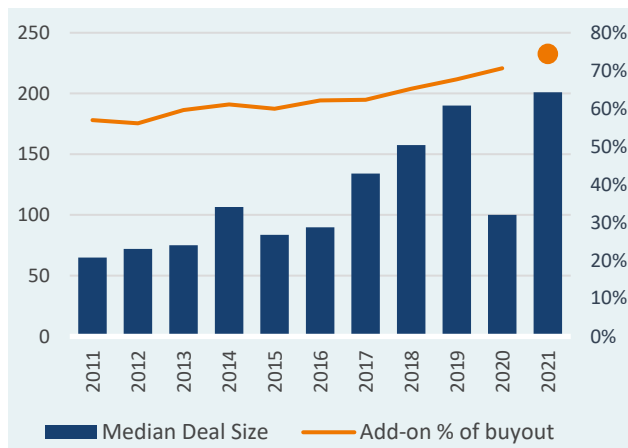
- Deal activity for the first half of 2021, 3,708 deals worth a combined \$457B, has already eclipsed two thirds of 2020's activity and is on pace to set an annual watermark. In fact, Q2 21 was the 2nd highest active quarter of the decade.
- Middle market deals have accounted for 64.8% of overall PE deal count in 1H 2021, marking the highest annual proportion on record. The potential changes to investment taxes and the possibility of long-term capital gains tax rates doubling to 40% have motivated founder-led businesses to exit early. In addition, bid-asks spreads have contracted with increased visibility on a company's market outlook and balance sheet health.
- The proportion of add-ons of deal activity hit an all-time high at 75%. Add-ons and inorganic growth have been increasingly more critical in GP's approach to the competitive pricing environment as they seek to drive down purchase price multiples. Median PE deal size had reached an all-time high at \$201M.

DEAL VALUE AND VOLUME



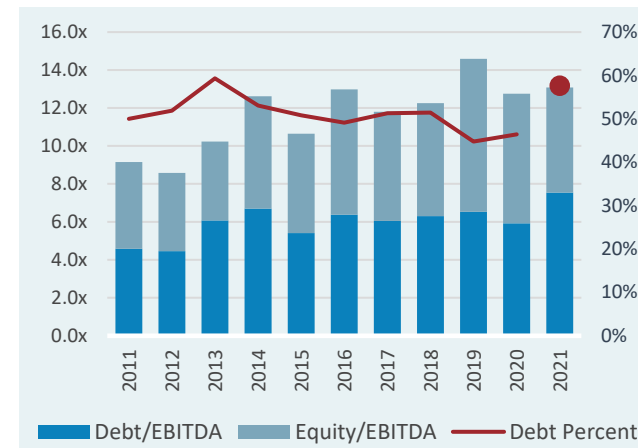
Source: PitchBook as of 6/30/2021

MEDIAN PE DEAL SIZE VS. % OF ADD-ONS



Source: PitchBook as of 6/30/2021

MEDIAN U.S. PE BUYOUT MULTIPLES



Source: PitchBook as of 6/30/2021

U.S. buyout (con't)

Rise of public market exits has meaningfully impacted the PE landscape

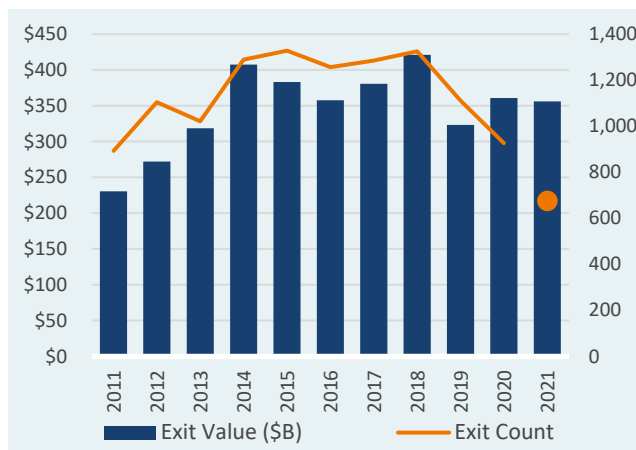
Trends

- PE exit activity in H1 2021 is on track for a record-breaking year, already exceeding 2019's total at \$356B over 676 exits. Exit activity value has been primarily attributable to public market exits (Primarily IPOs and several SPACs). With the rebound of the public markets and expansion of public market valuations, GPs have been more aggressive in public listings of portfolio companies.
- H1 2021 has continued the decades-long trend of increasing allocations to alternatives, as 207 funds raised \$180B of commitments, with the bulk attributed to mega-funds. Over 70% of vehicles raised in 2021 achieved a step-up in size, further indicating the increase activity in the space.

Outlook

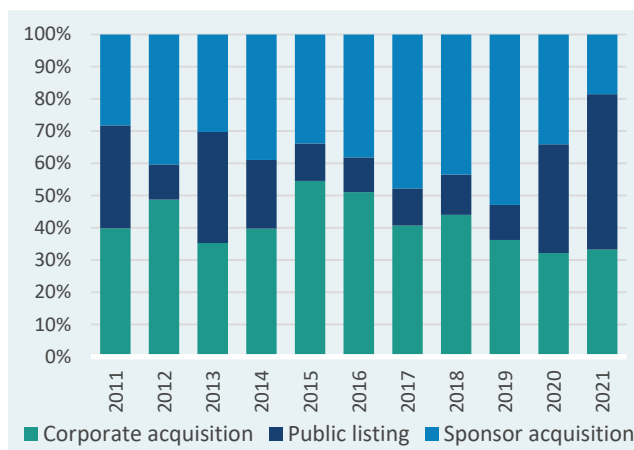
- Due to the expansion of public market valuations, pent-up GP demand from 2020, and upward pricing pressure from the increased participation of uncommitted SPACs and strategic buyers, purchase price multiples will continue to climb. As pricing becomes more competitive, GPs may shift their focus down-market to the lower middle market.
- The increase in dry powder coupled with the anticipated fund raises of large funds in H2 21 could cause fundraising to surpass the previous watermark.
- Growth-stage companies, especially in Healthcare and IT, will experience increased valuations and realizations as they benefit from the increase in SPAC activity.

U.S. PE EXIT ACTIVITY



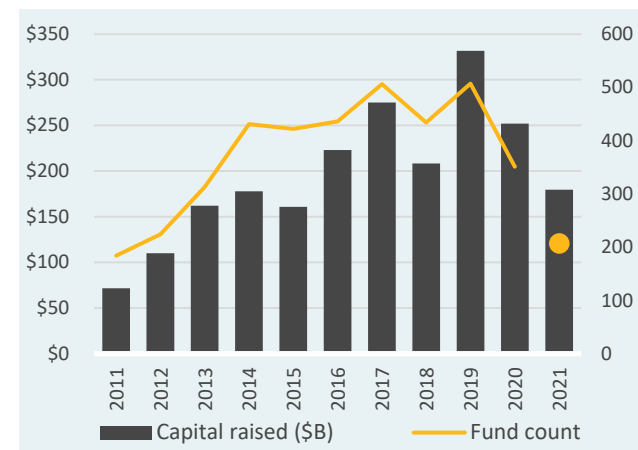
Source: PitchBook as of 6/30/2021

U.S. PE EXIT TYPES



Source: PitchBook as of 6/30/2021

U.S. PE FUNDRAISING



Source: PitchBook as of 6/30/2021

European buyout

2021 on pace to set records

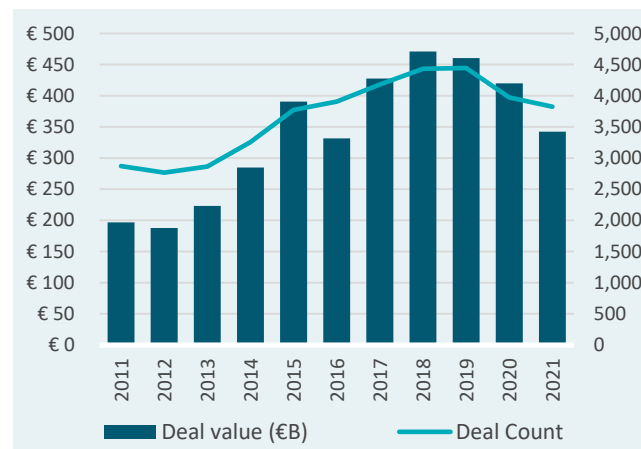
Trends

- Deal activity on pace to be a record year at €342B over 3,824 deals. The creation of the Next Generation EU pandemic recovery fund (€ 750B) will likely boost the liquidity profiles of PE-backed targets, further encouraging dealmaking.
- Exit activity on pace for a record year at 369 exits worth approximately €126B, already surpassing 2020's annual figure. The main driver was a large uptick in liquidity events greater than €2.5B from 5 exits. Strength in public markets meaningfully contributed to spikes in exit value and volume. In Q1 2021, 29 public listings worth €34.8B closed, marking YoY increases of 314% and 148%, respectively.
- Fundraising on track to have an annual year with 64 funds closing at €59.6B. Upper-middle market funds have seen 12 funds close, amounting to €8.2B, which is a smidge below 2020's activity.

Outlook

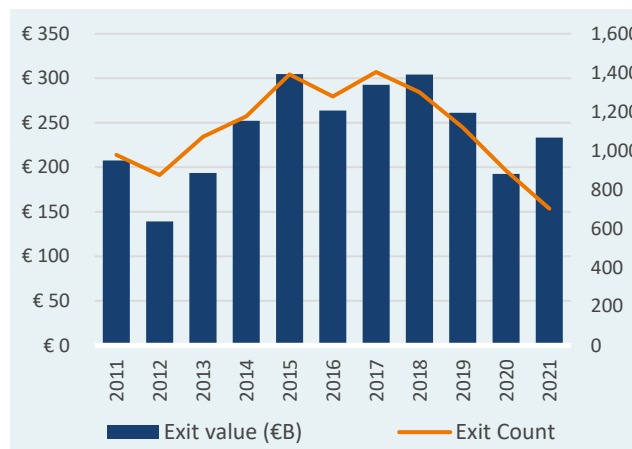
- Deal selection pool has gotten ever more competitive and pricier which leads to potential for GPs to invest outside of core competencies. Prudent due diligence is imperative for European manager selection.

DEAL VALUE AND VOLUME



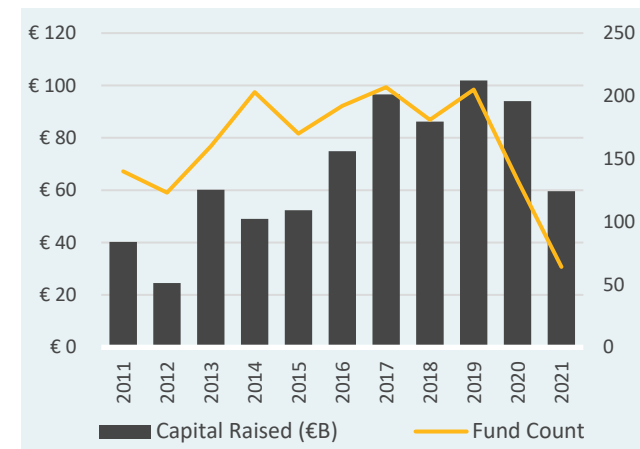
Source: PitchBook as of 6/30/2021

EXIT ACTIVITY



Source: PitchBook as of 6/30/2021

FUNDRAISING



Source: PitchBook as of 6/30/2021

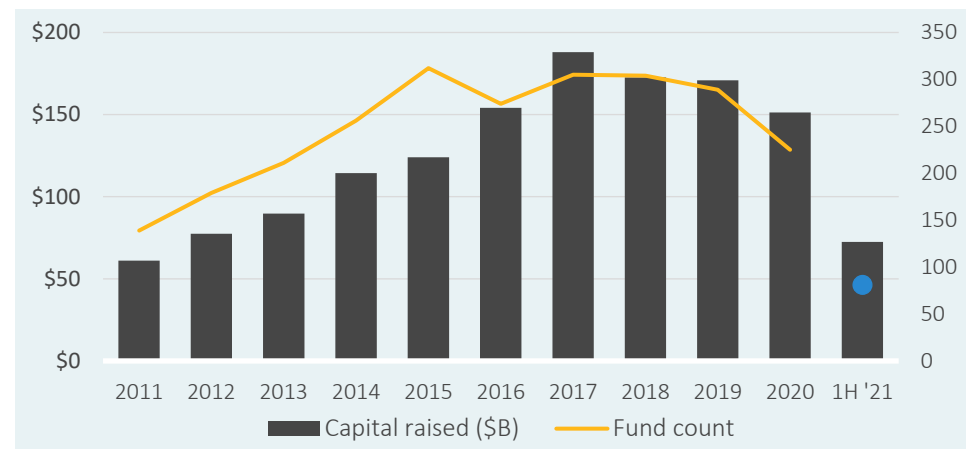
Private credit

U.S. private credit

Fundraising

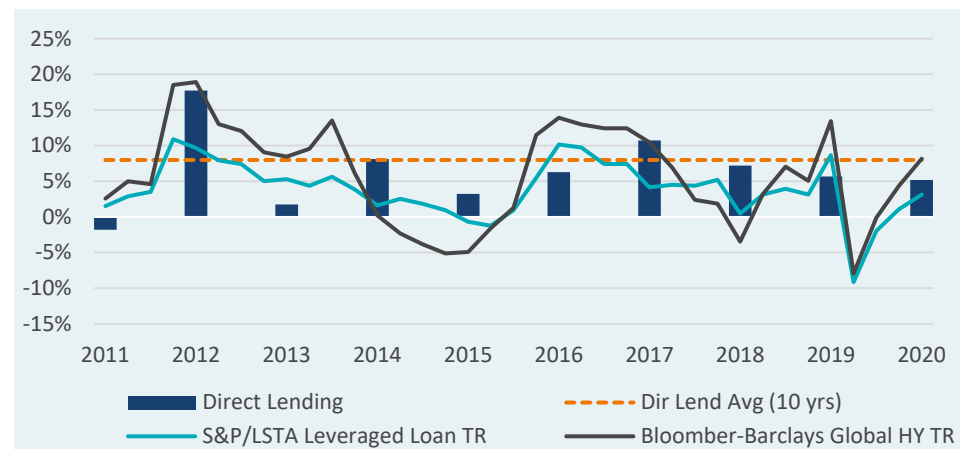
- Continual low interest rates, subdued default rates and a broader pivot toward alternatives continue driving investors into private credit strategies, where direct lending continues to draw the most capital accounting for \$33.5B across 28 vehicles in 1H'21.
- The largest managers are gaining a disproportionate share of new allocations to the asset class as LPs see no benefit in manager diversification in direct lending where differentiation is marginal.
- Fundraising for distressed debt and credit special situation funds is on track to equal last year, but opportunities for deploying capital may be few and far between due to the lack of distress in the market.
- Despite the lingering effects of the pandemic a combination of central bank easing, and strong fiscal spending has kept many would-be-bankrupt companies afloat. Combining high-yield bond indices and leveraged loans trading above pre-pandemic levels suggest a difficult deal making environment for distressed debt managers.

PRIVATE CREDIT FUNDRAISING



Source: Pitchbook

ROLLING 1-YEAR RETURNS - DIRECT LENDING VS. LOANS & HIGH YIELD



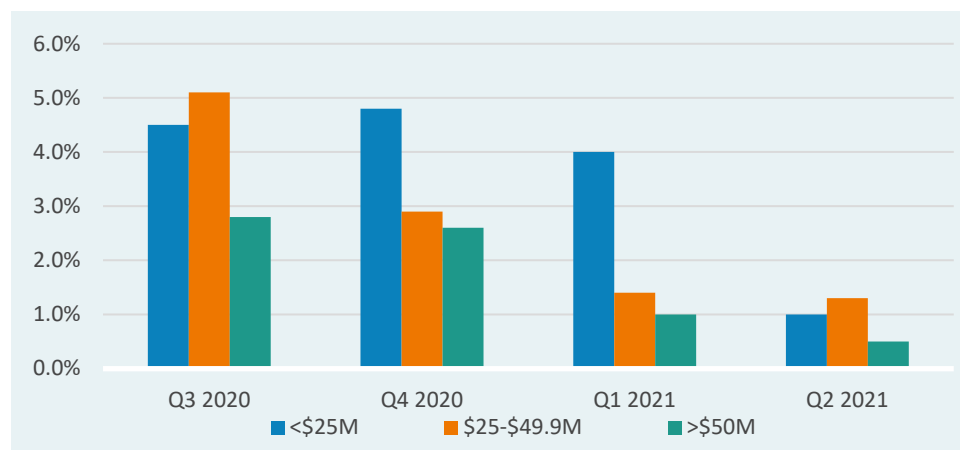
Source: Pitchbook

U.S. private credit (con't)

Trends

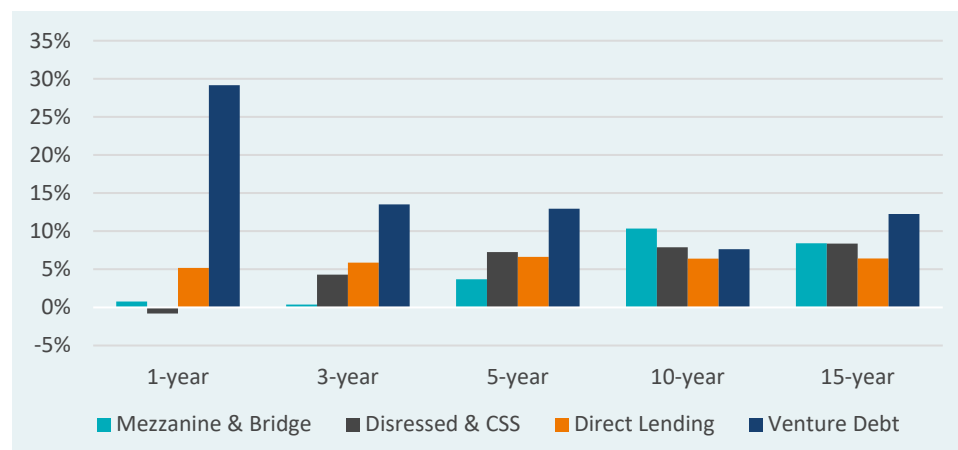
- Default rates for middle-market loans continue to fall, indicating strength, especially in direct lending portfolios. According to the Proskauer Private Credit Default Index default rates for companies with at least \$50 million in EBITDA fell to just 0.5% in Q2 2021, compared to a high of 5.3% in Q2 2020; whereas companies less than \$50 million in EBITDA, defaults have fallen to 1.3%, compared to a peak of 6.7%.
- Performance of most sub strategies within private credit track with each other over the longer run, but meaningful differences sometimes emerge. Venture Debt funds have seen the most pronounced recovery since the pandemic began, posting 29.2% in Q4 2020.
- On the other hand, sub strategies that tend to invest lower in the capital structure, including mezzanine, distressed debt, and special situations funds, have lagged for the last year. Performance will continue to fluctuate with the broader economy as the pandemic causes real disruption for some portfolio companies (and their associated credits) but opportunities for others.

DEFAULT RATE BY EBITDA



Source: Proskauer Private Credit Default Index

POOLED HORIZON RETURNS (AS OF 12/31/20)



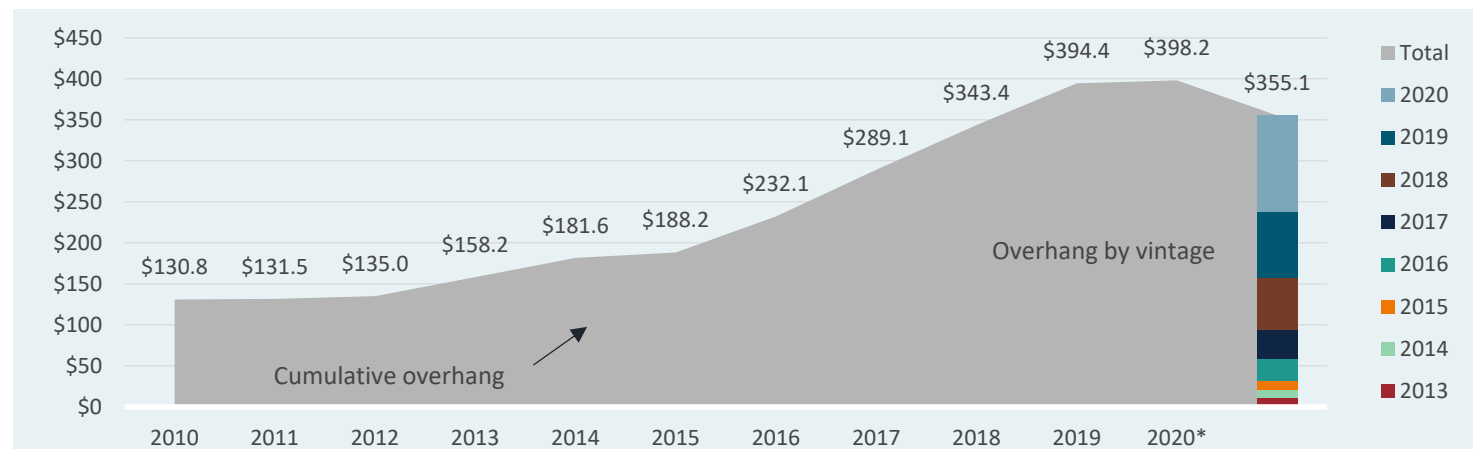
Source: Pitchbook

U.S. private credit (con't)

Outlook

- Allocations will continue to increase into the asset class and, when it comes to strategy, the larger managers will look to continue to build new offerings.
- We see a growing trend towards specialization amplified by COVID, with more focus on healthcare and technology and the big investors seeking more specific exposure.
- Unitranche loans, a hybrid loan structure that combines senior debt and subordinated debt into one loan, will continue to grow. Once financed by broadly syndicated loans and the high yield bond market, middle market private equity firm are turning to unitranche loans enticed by speed, certainty and privacy in closing.
- Deal activity is expected to increase over the next 12 months driven by an improved economic outlook, levels of dry powder and the continued recovery from COVID.
- Though there is much debate about whether current inflation is transitory, there are some signs that we will see a rate hike before the end of 2022. Any change in interest rates presents a double-edged sword for private debt managers; current low rates have meant lower debt service for portfolio companies, keeping defaults relatively low; whereas with the floating rate nature of these loans rising rates would also signal an improving economy, thereby benefiting the underlying credits in most portfolios.

PRIVATE CREDIT CAPITAL OVERHANG



Source: Pitchbook

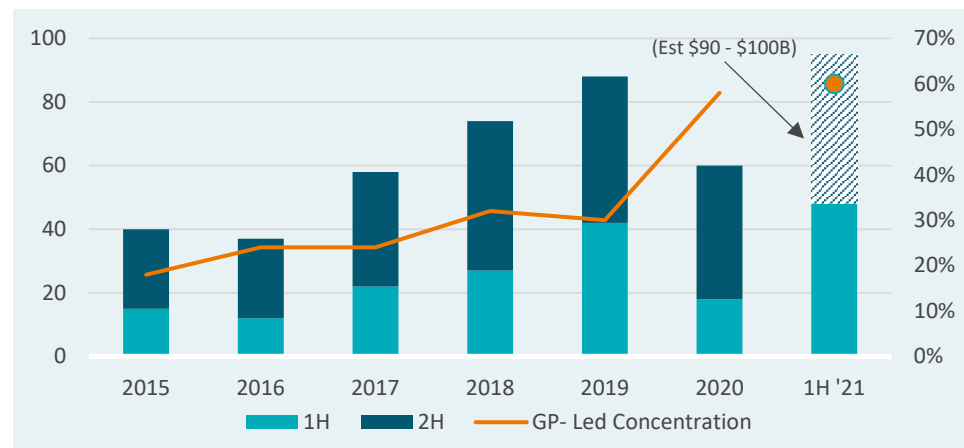
Secondaries

Global secondaries

Secondary volume

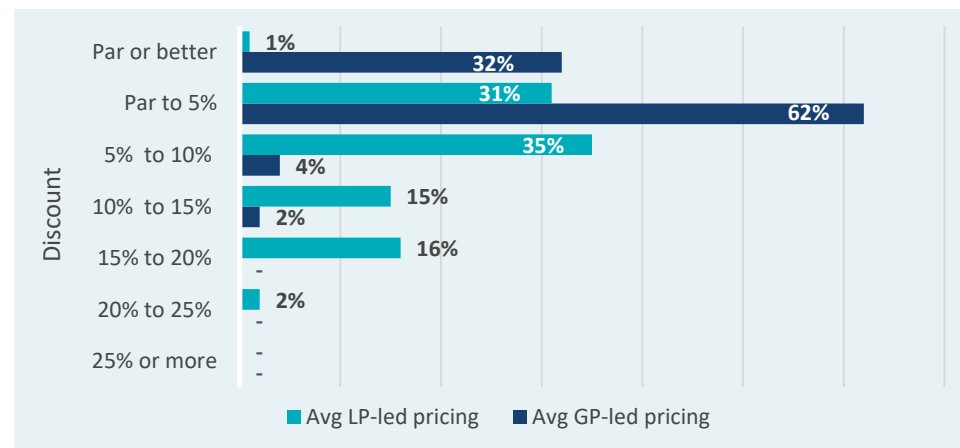
- Pent-up buyer demand for high quality assets and portfolios, continued supply of GP-led deals and traditional LP sellers returning to the market saw 1H21 volume reach \$48 billion, eclipsing the previous first half record of \$42 billion set in 2019. GP led volume accounted for 60% of this total, representing a new “normal” of relative balance between GP and LP deals.
- GP-led transaction volume for H1 2021 totaled approximately \$28 billion with single-asset continuation funds increasing to 40%. Despite the popularity of single-asset transactions most secondary buyers have a preference for GP-led deals with some level of diversification and therefore held steady at 52%.
- Although GP-led transactions have proved accretive to buyer returns the need for diversification paved the way for a favorable LP selling environment as pricing rebounded.
- The need for diversification created robust demand for LP-led transactions from secondary buyers as strong competition has created a more attractive opportunity for sellers to actively manage portfolio interests. Two-thirds of the LP interests sold in H1 2021 were priced at a 10% discount or better compared to one-third that priced at that level in 2020.

GLOBAL SECONDARIES FUNDRAISING (\$BN)



Source: Preqin as of 6/30/2021

TRANSACTION PRICING ANALYSIS



Source: Campbell Lutyens H1 2021 Secondary Market Overview

Global secondaries (con't)

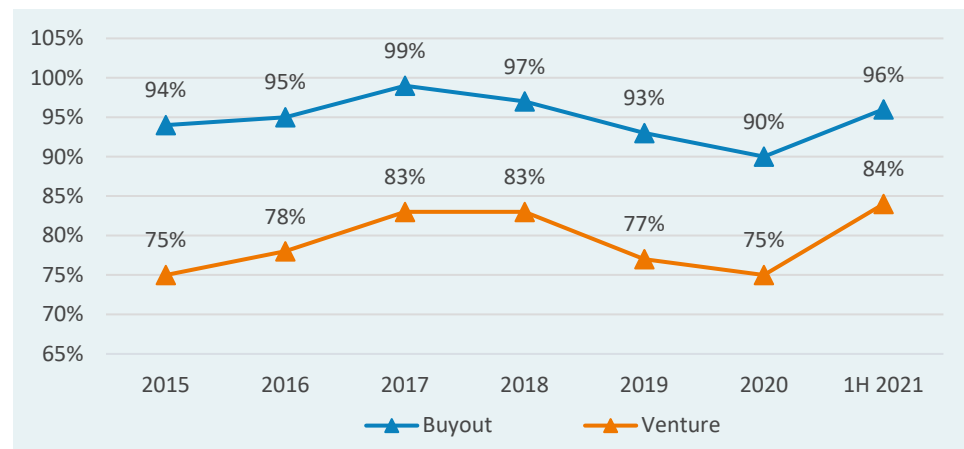
Secondary Pricing

- According to Greenhill Cogent the average high bid across all strategies in 1H2021 was 90% of net asset value (NAV) in LP secondary transactions. With most transactions in 1H pricing off September 30, 2020, or December 31, 2020, the public markets continued to rally from those record dates and aggressive pricing was necessary to cover the bid-ask spread.
- Buyout pricing increased 600 basis points, on average from 2020 as buyers bid aggressively for high-quality, buyout-centric portfolios to account for the lack of supply
- Venture pricing increased 900 basis points; pricing primarily driven by demand for late-stage technology exposure. Strong pricing further benefited from an active IPO market, as many underlying portfolio companies went public, along with robust valuations from pre-IPO financing rounds.

Activity

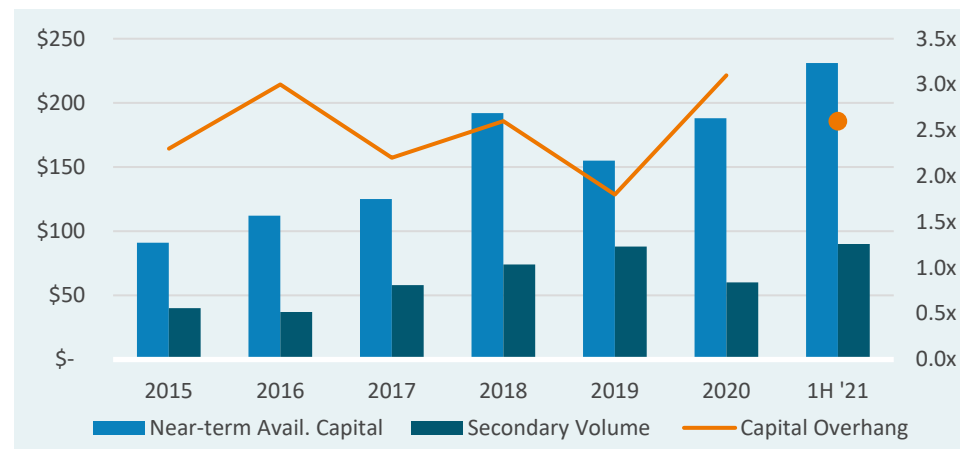
- Capital overhang multiples have decreased to 2.6X from a record 3.1x in 2020 primarily due to aggressive capital deployment.
- Despite record-level deployment equity dry powder increased 10% in 1H as fundraising continued at record pace. In addition to global secondary buyers raising capital some private equity sponsors are raising dedicated GP-led secondary capital, as sponsor-to-sponsor M&A continues to decline.

HISTORICAL SECONDARY PRICING (% OF NAV)



Source: Greenhill Cogent

SECONDARY CAPITAL & ACTIVITY



Source: Greenhill Cogent

Venture capital

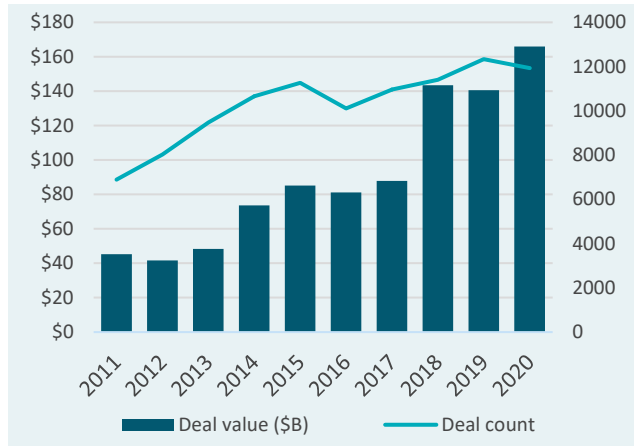
Venture capital

U.S. VC investments in 2020 surged to all-time highs

Trends

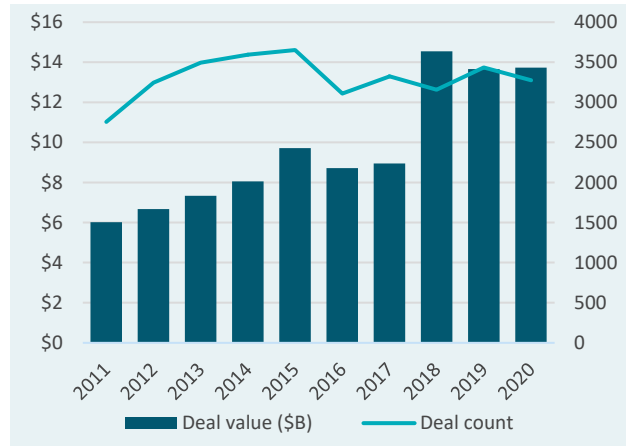
- U.S. VC total deal value reached \$166 billion in 2020 despite the COVID-19 pandemic, marking a 18% uplift from 2019 levels.
- While total investments have increased in 2020, the deal count declined; on average the 11,930 VC deals in 2020 were valued at \$13.9 million while the 12,336 deals in 2019 were valued at \$11.4m, suggesting a potential reallocation of capital to marginally higher conviction investments.
- The trend is further exhibited in U.S. VC first financings as deal value remained at \$13.7 billion in 2020 vs 2019, while deal count decreased from 3,434 in 2019 to 3,276 in 2020.
- Growth equity, or expansion capital, continues to develop as a fledgling sub-asset class, with steady rise in deal flow in the last decade.

VENTURE CAPITAL DEAL VALUATION & COUNT



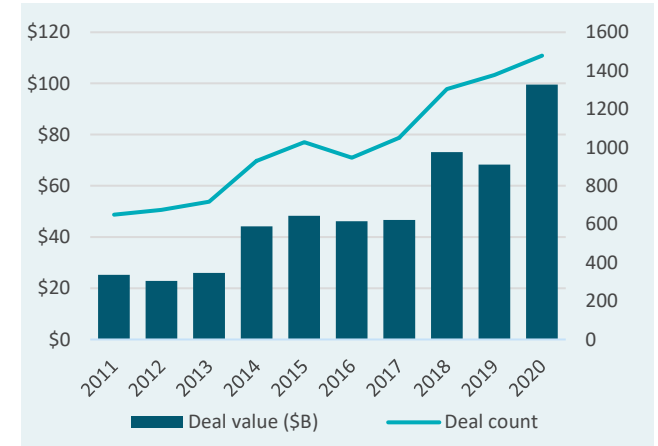
Source: PitchBook

U.S. VC FIRST FINANCINGS



Source: PitchBook

GROWTH EQUITY DEAL VALUATION & COUNT



Source: PitchBook

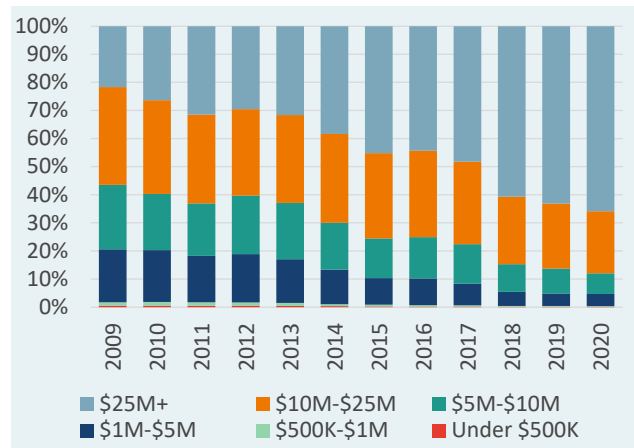
Venture capital (con't)

Valuation escalates; mega-deals remain lion's share of the pie

Trends

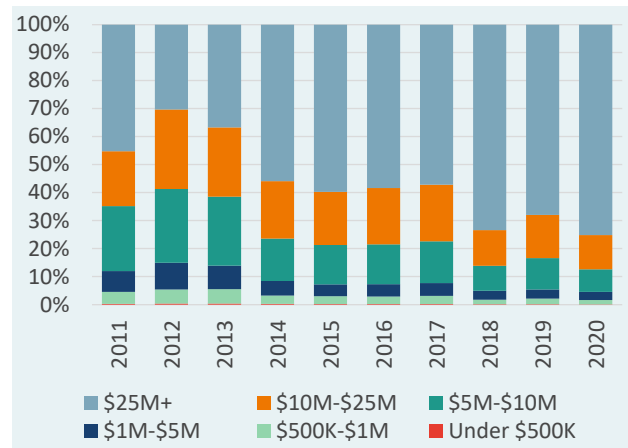
- Across all stages, large deals continue to make up the greatest share of respective deal value.
- Early stage: Deals greater than \$25 million represent 66% of deal value in 2020 compared to 60% in 2019; a trend that has continued to increase from 22% in 2009 and 39% in 2014.
- Late stage: Deals greater than \$25 million represent 75% of deal in value in 2020, rising from 69% in 2018, part of a long-term upwards trend of 29% in 2009 and 57% in 2014
- 2020 unicorn deal activity reached a record high, with an uptake the number of deals closed and total investments, now constituting 2.0% of all Venture Capital in 2020, up from 1.3% a year ago. Today, there are a total of 750+ privately held unicorns, exceeding \$2.3 trillion in valuations.

U.S. EARLY STAGE VC BY DEAL SIZE



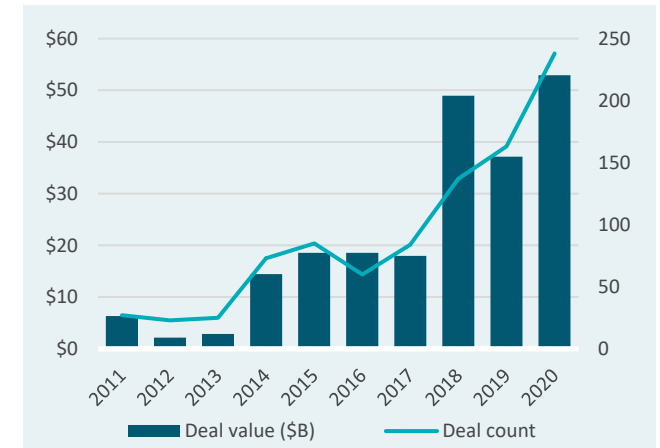
Source: PitchBook

U.S. LATE STAGE VC BY DEAL SIZE



Source: PitchBook

UNICORN DEAL ACTIVITY



Source: PitchBook

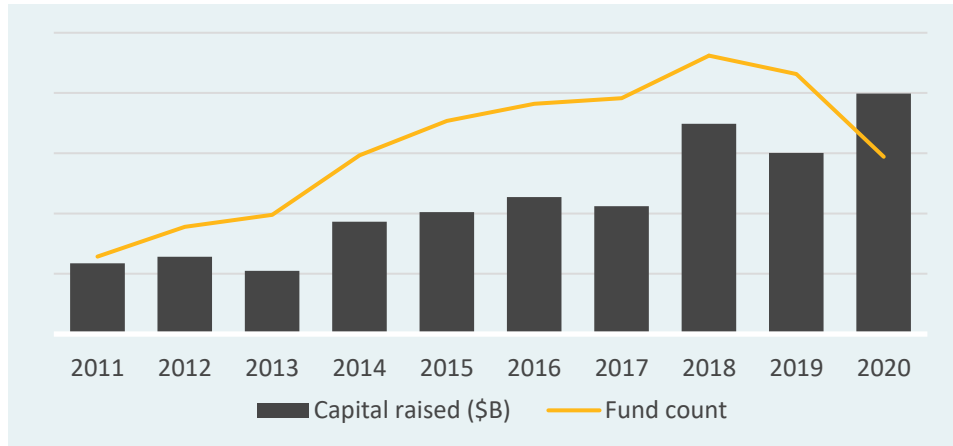
Venture capital (con't)

COVID-19 presents new challenges and opportunities to the VC ecosystem

Outlook

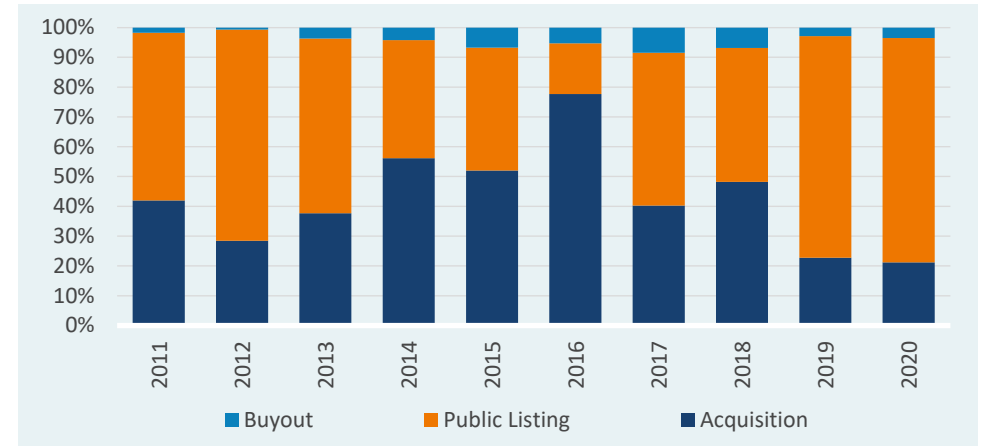
- With increasingly large fund sizes and capital exposure, LPs become increasingly reliant on managers with discipline and experience to navigate the COVID-era cycle, requiring focus on portfolio company burn rates and runways to weather the storm.
- The number of companies valued at over \$1 billion remains high —as does their age— driving a need for liquidity. IPOs constituted larger portion of 2020 exits due to the surge of SPACs (Special Purpose Acquisition Company)
- Investments related to blockchain technology have garnered interest from some VCs. However, there continues to be impactful and uncertain regulatory development that could present significant headwinds to the relatively nascent technology.

U.S. VC FUNDRAISING



Source: PitchBook

EXIT CHANNEL



Source: PitchBook

Appendix

Verus private equity philosophy

- Private equity is a long-term asset class:
 - Funds deploy capital into new investments over a three- to five-year period
 - After investment, portfolio companies are held for a period of four to seven years on average prior to exit
 - This typical investment course drives discrete fund lives to often last beyond 10 years, during which significant changes can occur
- To address this phenomenon, investors generally “average in” to the market by building portfolios of discrete private equity funds over multiple vintage years
- For these reasons, significant tactical shifts are not easily implemented in private markets portfolios
- Our top-down review of the asset class incorporates current trends, which if sustained, can potentially impact returns over the long term

We believe that careful manager selection is the primary driver of returns

That said, macro and top-down conditions have the potential to impact portfolio returns over the long term

Detailed returns by geography

Pooled Returns (IRR) by Geography	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
U.S. All Private Equity *	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5
Europe All Private Equity *	28.2	17.5	18.9	12.8	14.1	761	769.7
Asia All Private Equity *	27.0	14.3	13.7	12.5	12.5	670	357.0
LatAM All Private Equity *	(2.6)	0.9	4.3	0.7	2.8	70	29.6
Africa All Private Equity *	0.3	3.3	4.6	3.3	6.3	47	12.9
Middle East All Private Equity *	31.6	18.4	13.6	12.8	5.7	62	10.6
Public Index							
Russell 3000	20.9	14.5	15.4	13.8	7.8		
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI EM Latin America	(13.8)	(1.8)	8.9	(3.4)	8.2		
MSCI FM Africa	1.2	(0.8)	2.8	3.1	--		
70% MSCI Arabian/ 30% MSCI Israel	4.3	7.7	5.0	3.4	--		
Outperformance vs. Public Index							
U.S. All Private Equity *	9.2	5.2	1.5	1.6	2.7		
Europe All Private Equity *	22.8	13.9	12.1	7.5	9.8		
Asia All Private Equity *	7.3	7.0	2.4	6.1	6.2		
LatAM All Private Equity *	11.2	2.7	(4.6)	4.1	(5.4)		
Africa All Private Equity *	(0.9)	4.1	1.8	0.2	-		
Middle East All Private Equity *	27.3	10.7	8.6	9.4	-		

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

Source: Thomson Reuters C/A as of December 31, 2020

Pooled returns by implementation approach

Pooled Returns (IRR) by Implementation Approach	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
U.S. Pooled Returns							
U.S. All Private Equity Direct*	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5
U.S. Fund of Funds	37.7	20.1	14.2	13.1	8.6	466	151.7
U.S. Secondary Funds	16.5	12.8	12.1	11.7	11.6	211	209.3
Europe Pooled Returns							
Europe All Private Equity Direct*	28.2	17.5	18.9	12.8	14.1	761	769.7
Europe Fund of Funds	20.5	10.9	11.7	8.5	8.7	67	28.7
Europe Secondary Funds	1.6	6.4	8.7	11.6	12.5	33	17.9
Asia Pooled Returns							
Asia All Private Equity	27.0	14.3	13.7	12.5	12.5	670	357.0
Asia Fund of Funds	27.5	14.6	12.4	11.8	10.7	59	20.2
Global Pooled Returns							
Global All Private Equity Direct**	26.9	13.4	13.7	10.6	10.7	207	259.6
Global Fund of Funds **	28.9	16.5	14.3	11.2	9.9	79	30.4
Global Secondary Funds **	5.8	10.0	13.2	13.2	-	17	34.3
All Region Pooled Returns							
All Regions Private Equity Direct*	28.8	18.0	16.4	14.0	11.1	5,585	3,991.2
All Regions Fund of Funds	33.7	18.2	13.8	12.2	8.9	680	232.4
All Regions Secondary Funds	14.1	12.0	12.0	11.9	11.9	271	263.5
Public Index							
Russell 3000	20.9	14.5	15.4	13.8	7.8		
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI ACWI	16.3	10.1	12.3	9.1	6.1		

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

** Global Funds invest across the globe, without any targeted regions for investment.

Source: Thomson Reuters C/A as of December 31, 2020

Pooled returns (IRR) outperformance

Outperformance vs. Public Index	1 Year	3 Year	5 Year	10 Year	20 Year
U.S. Outperformance					
U.S. All Private Equity Direct*	9.2	5.2	1.5	1.6	2.7
U.S. Fund of Funds	16.8	5.6	(1.2)	(0.7)	0.8
U.S. Secondary Funds	(4.4)	(1.7)	(3.3)	(2.1)	3.8
Europe Outperformance					
Europe All Private Equity Direct*	22.8	13.9	12.1	7.5	9.8
Europe Fund of Funds	15.1	7.3	4.9	3.2	4.4
Europe Secondary Funds	(3.8)	2.8	1.9	6.3	8.2
Asia Outperformance					
Asia All Private Equity *	7.3	7.0	2.4	6.1	6.2
Asia Fund of Funds	7.8	7.3	1.1	5.4	4.4
All Region Outperformance					
All Regions Private Equity Direct*	12.5	7.9	4.1	4.9	5.0
All Regions Fund of Funds	17.4	8.1	1.5	3.1	2.8
All Regions Secondary Funds	(2.2)	1.9	(0.3)	2.8	5.8

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

** Global Funds invest across the globe, without any targeted regions for investment.

Source: Thomson Reuters C/A as of December 31, 2020

U.S. returns

U.S. Pooled Returns (IRR)	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns							
U.S. Venture Capital	50.1	28.2	18.3	17.2	7.2	2,006	457.8
U.S. Growth Equity	43.3	27.8	22.5	18.0	12.6	308	301.2
U.S. Buyouts	23.2	16.7	16.4	15.2	12.2	936	1,339.7
U.S. Debt-Related	9.7	8.3	10.0	10.2	10.1	474	443.8
U.S. All Private Equity *	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5
Public Index							
S&P 500	18.4	14.2	15.2	13.9	7.5		
Russell 3000	20.9	14.5	15.4	13.8	7.8		
Barclay's Aggregate	7.5	5.3	4.4	3.8	4.8		
Outperformance							
All PE Outperformance*	9.2	5.2	1.5	1.6	2.7		
Debt-Related Outperformance	2.2	3.0	5.6	6.4	5.3		

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

Source: Thomson Reuters C/A as of December 31, 2020

Europe returns

Europe Pooled Returns (IRR)	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns							
Europe Venture	59.2	35.5	24.9	18.5	9.5	173	34.6
Europe Growth Equity	29.6	18.2	20.2	13.6	12.7	48	15.2
Europe Buyouts	27.9	17.5	19.6	12.8	14.9	466	635.2
Europe Debt-Related	12.0	7.6	11.1	8.8	9.1	74	84.7
Europe All Private Equity *	28.2	17.5	18.9	12.8	14.1	761	769.7
Public Index							
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
Barclays Pan European Aggregate	15.9	7.6	4.9	5.5	5.0		
Outperformance							
All PE Outperformance*	22.8	13.9	12.1	7.5	9.8		
Debt-Related Outperformance	(3.9)	(0.0)	6.2	3.3	4.1		

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

Source: Thomson Reuters C/A as of December 31, 2020

Asia, Latin America, Africa, Middle East returns

Asia, Latin America, Africa, Middle East (IRR)	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns							
Asia All Private Equity *	27.0	14.3	13.7	12.5	12.5	670	357.0
LatAM All Private Equity *	(2.6)	0.9	4.3	0.7	2.8	70	29.6
Africa All Private Equity *	0.3	3.3	4.6	3.3	6.3	47	12.9
Middle East All Private Equity *	31.6	18.4	13.6	12.8	5.7	62	10.6
Public Index							
MSCI Emerging Markets	18.3	6.2	12.8	3.6	9.6		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI EM Latin America	(13.8)	(1.8)	8.9	(3.4)	8.2		
MSCI FM Africa	1.2	(0.8)	2.8	3.1	--		
70% MSCI Arabian/ 30% MSCI Israel	4.3	7.7	5.0	3.4	--		
Outperformance							
Asia All Private Equity *	7.3	7.0	2.4	6.1	6.2		
LatAM All Private Equity *	11.2	2.7	(4.6)	4.1	(5.4)		
Africa All Private Equity *	(0.9)	4.1	1.8	0.2	-		
Middle East All Private Equity *	27.3	10.7	8.6	9.4	-		

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

Source: Thomson Reuters C/A as of December 31, 2020

Sub-asset class returns

	1	3	5	10	20	Fund	Total
U.S. Pooled Returns (IRR)	Year	Year	Year	Year	Year	Count	Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
U.S. Venture Capital	50.1	28.2	18.3	17.2	7.2	2,006	457.8
U.S. Growth Equity	43.3	27.8	22.5	18.0	12.6	308	301.2
U.S. Buyouts	23.2	16.7	16.4	15.2	12.2	936	1,339.7
U.S. Debt-Related	9.7	8.3	10.0	10.2	10.1	474	443.8
U.S. All Private Equity *	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5

	1	3	5	10	20	Fund	Total
Asia, Latin America, Africa, Middle East (IRR)	Year	Year	Year	Year	Year	Count	Capitalization (\$B)
Private Equity Pooled Returns							
Asia All Private Equity *	27.0	14.3	13.7	12.5	12.5	670	357.0
LatAM All Private Equity *	(2.6)	0.9	4.3	0.7	2.8	70	29.6
Africa All Private Equity *	0.3	3.3	4.6	3.3	6.3	47	12.9
Middle East All Private Equity *	31.6	18.4	13.6	12.8	5.7	62	10.6

	1	3	5	10	20	Fund	Total
Europe Pooled Returns (IRR)	Year	Year	Year	Year	Year	Count	Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
Europe Venture	59.2	35.5	24.9	18.5	9.5	173	34.6
Europe Growth Equity	29.6	18.2	20.2	13.6	12.7	48	15.2
Europe Buyouts	27.9	17.5	19.6	12.8	14.9	466	635.2
Europe Debt-Related	12.0	7.6	11.1	8.8	9.1	74	84.7
Europe All Private Equity *	28.2	17.5	18.9	12.8	14.1	761	769.7

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

Source: Thomson Reuters CJA as of December 31, 2020

Sub-asset class returns – Fund of Funds

Fund of Funds by Geography	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
U.S. Fund of Funds	37.7	20.1	14.2	13.1	8.6	466	151.7
Europe Fund of Funds	20.5	10.9	11.7	8.5	8.7	67	28.7
Asia Fund of Funds	27.5	14.6	12.4	11.8	10.7	59	20.2
Global Fund of Funds **	28.9	16.5	14.3	11.2	9.9	79	30.4
All Fund of Funds	33.7	18.2	13.8	12.2	8.9	680	232.4
Public Index							
Russell 3000	20.9	14.5	15.4	13.8	7.8		
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI ACWI	16.3	10.1	12.3	9.1	6.1		
Outperformance							
U.S. Fund of Funds	16.8	5.6	(1.2)	(0.7)	0.8		
Europe Fund of Funds	0.8	3.6	0.4	2.1	2.4		
Asia Fund of Funds	11.2	4.5	0.1	2.7	4.6		
Global Fund of Funds **	28.9	16.5	14.3	11.2	9.9		

** Global Funds invest across the globe, without any targeted regions for investment.

Source: Thomson Reuters C/A as of December 31, 2020

Sub-asset class returns – Fund of Funds (con't)

Fund of Funds by Sub Asset Class ⁽¹⁾	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
U.S. Buyout Fund of Funds	15.5	11.0	11.0	11.4	9.9	177	59.6
U.S. Venture Capital Fund of Funds	48.3	25.4	16.1	15.2	8.2	177	53.4
U.S. Venture Capital & Buyout Fund of Funds	40.0	20.4	14.8	12.2	7.4	112	38.8
U.S. Fund of Funds	37.7	20.1	14.2	13.1	8.6	466	151.7
Europe Buyout Fund of Funds	16.0	8.7	11.0	8.2	8.7	56	25.6
Europe VC & Buyout Fund of Funds	36.1	19.8	15.3	11.1	9.0	9	2.9
Europe Fund of Funds	20.5	10.9	11.7	8.5	8.7	67	28.7
Asia Buyout Fund of Funds	26.8	13.3	11.5	12.0	11.6	39	12.8
Asia VC & Buyout Fund of Funds	29.3	18.5	15.9	11.1	-	19	7.4
Asia Fund of Funds	27.5	14.6	12.4	11.8	10.7	59	20.2
Global Buyout Fund of Funds **	10.5	5.7	9.3	8.7	8.9	49	20.0
Global Venture Capital Fund of Funds **	48.8	32.0	24.2	21.7	19.1	14	6.0
Global VC & Buyout Fund of Funds **	26.8	16.6	13.0	10.8	9.9	16	4.4
Global Fund of Funds **	28.9	16.5	14.3	11.2	9.9	79	30.4

Fund of Funds by Sub Asset Class ⁽¹⁾	1 Year	3 Year	5 Year	10 Year	20 Year
Public Index					
Russell 3000	20.9	14.5	15.4	13.8	7.8
MSCI Europe	5.4	3.6	6.8	5.3	4.3
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3
MSCI ACWI	16.3	10.1	12.3	9.1	6.1
Outperformance vs. Public Index					
U.S. Buyout Fund of Funds	(5.4)	(3.5)	(4.4)	(2.4)	2.1
U.S. Venture Capital Fund of Funds	27.4	10.9	0.7	1.4	0.4
U.S. Venture Capital & Buyout Fund of Funds	19.1	5.9	(0.6)	(1.6)	(0.4)
U.S. Fund of Funds	16.8	5.6	(1.2)	(0.7)	0.8
Europe Buyout Fund of Funds	10.6	5.1	4.2	2.9	4.4
Europe VC & Buyout Fund of Funds	30.7	16.2	8.5	5.8	4.7
Europe Fund of Funds	15.1	7.3	4.9	3.2	4.4
Asia Buyout Fund of Funds	7.1	6.0	0.2	5.6	5.3
Asia VC & Buyout Fund of Funds	9.6	11.2	4.6	4.7	-
Asia Fund of Funds	7.8	7.3	1.1	5.4	4.4
Global Buyout Fund of Funds **	(5.8)	(4.4)	(3.0)	(0.4)	2.8
Global Venture Capital Fund of Funds **	32.5	21.9	11.9	12.6	-
Global VC & Buyout Fund of Funds **	10.5	6.5	0.7	1.7	-
Global Fund of Funds **	12.6	6.4	2.0	2.1	3.8

** Global Funds invest across the globe, without any targeted regions for investment.

(1) All Fund of Funds may occasionally co-invest in private companies and/ or invest in secondary transactions.

Europe and Asia Venture Capital Fund of Funds have less than 3 funds and therefore included in the All Europe and Asia FoF pooled returns.

Source: Thomson Reuters C/A as of December 31, 2020

Sub-asset class returns - Secondaries

Secondary Funds	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
U.S. Secondary Funds	16.5	12.8	12.1	11.7	11.6	211	209.3
Europe Secondary Funds	1.6	6.4	8.7	11.6	12.5	33	17.9
Global Secondary Funds **	5.8	10.0	13.2	13.2	-	17	34.3
All Secondary Funds ⁽¹⁾	14.1	12.0	12.0	11.9	11.9	271	263.5
Public Index							
Russell 3000	20.9	14.5	15.4	13.8	7.8		
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
MSCI ACWI	16.3	10.1	12.3	9.1	6.1		
Outperformance							
U.S. Secondary Funds	(4.4)	(1.7)	(3.3)	(2.1)	3.8		
Europe Secondary Funds	(3.8)	2.8	1.9	6.3	8.2		
Global Secondary Funds **	(10.5)	(0.1)	0.9	4.1	-		

** Global Funds invest across the globe, without any targeted regions for investment.

(2) Regions that have less than 3 funds are only included in the All Secondary Funds pooled returns.

Source: Thomson Reuters C/A as of December 31, 2020

Geography and approach

Pooled Returns (IRR) by Geography	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
U.S. All Private Equity *	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5
Europe All Private Equity *	28.2	17.5	18.9	12.8	14.1	761	769.7
Asia All Private Equity *	27.0	14.3	13.7	12.5	12.5	670	357.0
LatAM All Private Equity *	(2.6)	0.9	4.3	0.7	2.8	70	29.6
Africa All Private Equity *	0.3	3.3	4.6	3.3	6.3	47	12.9
Middle East All Private Equity *	31.6	18.4	13.6	12.8	5.7	62	10.6
Public Index							
Russell 3000	20.9	14.5	15.4	13.8	7.8		
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI EM Latin America	(13.8)	(1.8)	8.9	(3.4)	8.2		
MSCI FM Africa	1.2	(0.8)	2.8	3.1	--		
70% MSCI Arabian/ 30% MSCI Israel	4.3	7.7	5.0	3.4	--		
Outperformance vs. Public Index							
U.S. All Private Equity *	9.2	5.2	1.5	1.6	2.7		
Europe All Private Equity *	22.8	13.9	12.1	7.5	9.8		
Asia All Private Equity *	7.3	7.0	2.4	6.1	6.2		
LatAM All Private Equity *	11.2	2.7	(4.6)	4.1	(5.4)		
Africa All Private Equity *	(0.9)	4.1	1.8	0.2	-		
Middle East All Private Equity *	27.3	10.7	8.6	9.4	-		

Pooled Returns (IRR) by Implementation Approach	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
U.S. Pooled Returns							
U.S. All Private Equity Direct*	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5
U.S. Fund of Funds	37.7	20.1	14.2	13.1	8.6	466	151.7
U.S. Secondary Funds	16.5	12.8	12.1	11.7	11.6	211	209.3
Europe Pooled Returns							
Europe All Private Equity Direct*	28.2	17.5	18.9	12.8	14.1	761	769.7
Europe Fund of Funds	20.5	10.9	11.7	8.5	8.7	67	28.7
Europe Secondary Funds	1.6	6.4	8.7	11.6	12.5	33	17.9
Asia Pooled Returns							
Asia All Private Equity	27.0	14.3	13.7	12.5	12.5	670	357.0
Asia Fund of Funds	27.5	14.6	12.4	11.8	10.7	59	20.2
Global Pooled Returns							
Global All Private Equity Direct**	26.9	13.4	13.7	10.6	10.7	207	259.6
Global Fund of Funds **	28.9	16.5	14.3	11.2	9.9	79	30.4
Global Secondary Funds **	5.8	10.0	13.2	13.2	-	17	34.3
All Region Pooled Returns							
All Regions Private Equity Direct*	28.8	18.0	16.4	14.0	11.1	5,585	3,991.2
All Regions Fund of Funds	33.7	18.2	13.8	12.2	8.9	680	232.4
All Regions Secondary Funds	14.1	12.0	12.0	11.9	11.9	271	263.5
Public Index							
Russell 3000	20.9	14.5	15.4	13.8	7.8		
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI ACWI	16.3	10.1	12.3	9.1	6.1		

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.
Source: Thomson Reuters C/A as of December 31, 2020

Geography and approach (con't)

Pooled Returns (IRR) by Implementation Approach	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Global Pooled Returns							
Global All Private Equity Direct**	26.9	13.4	13.7	10.6	10.7	207	259.6
Global Fund of Funds **	28.9	16.5	14.3	11.2	9.9	79	30.4
Global Secondary Funds **	5.8	10.0	13.2	13.2	-	17	34.3
All Region Pooled Returns							
All Regions Private Equity Direct*	28.8	18.0	16.4	14.0	11.1	5,585	3,991.2
All Regions Fund of Funds	33.7	18.2	13.8	12.2	8.9	680	232.4
All Regions Secondary Funds	14.1	12.0	12.0	11.9	11.9	271	263.5
Public Index							
Russell 3000	20.9	14.5	15.4	13.8	7.8		
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI ACWI	16.3	10.1	12.3	9.1	6.1		

Outperformance vs. Public Index	1 Year	3 Year	5 Year	10 Year	20 Year
U.S. Outperformance					
U.S. All Private Equity Direct*	9.2	5.2	1.5	1.6	2.7
U.S. Fund of Funds	16.8	5.6	(1.2)	(0.7)	0.8
U.S. Secondary Funds	(4.4)	(1.7)	(3.3)	(2.1)	3.8
Europe Outperformance					
Europe All Private Equity Direct*	22.8	13.9	12.1	7.5	9.8
Europe Fund of Funds	15.1	7.3	4.9	3.2	4.4
Europe Secondary Funds	(3.8)	2.8	1.9	6.3	8.2
Asia Outperformance					
Asia All Private Equity *	7.3	7.0	2.4	6.1	6.2
Asia Fund of Funds	7.8	7.3	1.1	5.4	4.4
Global Outperformance					
Global All Private Equity Direct**	10.6	3.3	1.4	1.5	4.6
Global Fund of Funds **	12.6	6.4	2.0	2.1	3.8
Global Secondary Funds **	(10.5)	(0.1)	0.9	4.1	-
All Region Outperformance					
All Regions Private Equity Direct*	12.5	7.9	4.1	4.9	5.0
All Regions Fund of Funds	17.4	8.1	1.5	3.1	2.8
All Regions Secondary Funds	(2.2)	1.9	(0.3)	2.8	5.8

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

** Global Funds invest across the globe, without any targeted regions for investment.

Source: Thomson Reuters C/A as of December 31, 2020

Geographies with outperformance

	1	3	5	10	20	Fund	Total
U.S. Pooled Returns	Year	Year	Year	Year	Year	Count	Capitalization (\$B)
Private Equity Pooled Returns							
U.S. Venture Capital	50.1	28.2	18.3	17.2	7.2	2,006	457.8
U.S. Growth Equity	43.3	27.8	22.5	18.0	12.6	308	301.2
U.S. Buyouts	23.2	16.7	16.4	15.2	12.2	936	1,339.7
U.S. Debt-Related	9.7	8.3	10.0	10.2	10.1	474	443.8
U.S. All Private Equity *	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5
Public Index							
S&P 500	18.4	14.2	15.2	13.9	7.5		
Russell 3000	20.9	14.5	15.4	13.8	7.8		
Barclay's Aggregate	7.5	5.3	4.4	3.8	4.8		
Outperformance							
All PE Outperformance*	9.2	5.2	1.5	1.6	2.7		
Debt-Related Outperformance	2.2	3.0	5.6	6.4	5.3		

	1	3	5	10	20	Fund	Total
Europe Pooled Returns	Year	Year	Year	Year	Year	Count	Capitalization (\$B)
Private Equity Pooled Returns							
Europe Venture	59.2	35.5	24.9	18.5	9.5	173	34.6
Europe Growth Equity	29.6	18.2	20.2	13.6	12.7	48	15.2
Europe Buyouts	27.9	17.5	19.6	12.8	14.9	466	635.2
Europe Debt-Related	12.0	7.6	11.1	8.8	9.1	74	84.7
Europe All Private Equity *	28.2	17.5	18.9	12.8	14.1	761	769.7
Public Index							
MSCI Europe	5.4	3.6	6.8	5.3	4.3		
Barclays Pan European Aggregate	15.9	7.6	4.9	5.5	5.0		
Outperformance							
All PE Outperformance*	22.8	13.9	12.1	7.5	9.8		
Debt-Related Outperformance	(3.9)	(0.0)	6.2	3.3	4.1		

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.

Source: Thomson Reuters C/A as of December 31, 2020

	1	3	5	10	20	Fund	Total
Asia, Latin America, Africa, Middle East	Year	Year	Year	Year	Year	Count	Capitalization (\$B)
Private Equity Pooled Returns							
Asia All Private Equity *	27.0	14.3	13.7	12.5	12.5	670	357.0
LatAM All Private Equity *	(2.6)	0.9	4.3	0.7	2.8	70	29.6
Africa All Private Equity *	0.3	3.3	4.6	3.3	6.3	47	12.9
Middle East All Private Equity *	31.6	18.4	13.6	12.8	5.7	62	10.6
Public Index							
MSCI Emerging Markets	18.3	6.2	12.8	3.6	9.6		
MSCI AC Asia Pacific	19.7	7.3	11.3	6.4	6.3		
MSCI EM Latin America	(13.8)	(1.8)	8.9	(3.4)	8.2		
MSCI FM Africa	1.2	(0.8)	2.8	3.1	--		
70% MSCI Arabian/ 30% MSCI Israel	4.3	7.7	5.0	3.4	--		
Outperformance							
Asia All Private Equity *	7.3	7.0	2.4	6.1	6.2		
LatAM All Private Equity *	11.2	2.7	(4.6)	4.1	(5.4)		
Africa All Private Equity *	(0.9)	4.1	1.8	0.2	-		
Middle East All Private Equity *	27.3	10.7	8.6	9.4	-		

Geographies with sub-asset classes excluding outperformance

Pooled Returns (IRR) by Geography	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
U.S. All Private Equity *	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5
Europe All Private Equity *	28.2	17.5	18.9	12.8	14.1	761	769.7
Asia All Private Equity *	27.0	14.3	13.7	12.5	12.5	670	357.0
LatAM All Private Equity *	(2.6)	0.9	4.3	0.7	2.8	70	29.6
Africa All Private Equity *	0.3	3.3	4.6	3.3	6.3	47	12.9
Middle East All Private Equity *	31.6	18.4	13.6	12.8	5.7	62	10.6

U.S. Pooled Returns (IRR)	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
U.S. Venture Capital	50.1	28.2	18.3	17.2	7.2	2,006	457.8
U.S. Growth Equity	43.3	27.8	22.5	18.0	12.6	308	301.2
U.S. Buyouts	23.2	16.7	16.4	15.2	12.2	936	1,339.7
U.S. Debt-Related	9.7	8.3	10.0	10.2	10.1	474	443.8
U.S. All Private Equity *	30.1	19.7	16.9	15.4	10.5	3,724	2,542.5

Europe Pooled Returns (IRR)	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
Europe Venture	59.2	35.5	24.9	18.5	9.5	173	34.6
Europe Growth Equity	29.6	18.2	20.2	13.6	12.7	48	15.2
Europe Buyouts	27.9	17.5	19.6	12.8	14.9	466	635.2
Europe Debt-Related	12.0	7.6	11.1	8.8	9.1	74	84.7
Europe All Private Equity *	28.2	17.5	18.9	12.8	14.1	761	769.7

Asia, Latin America, Africa, Middle East (IRR)	1 Year	3 Year	5 Year	10 Year	20 Year	Fund Count	Total Capitalization (\$B)
Private Equity Pooled Returns (IRR)							
Asia All Private Equity *	27.0	14.3	13.7	12.5	12.5	670	357.0
LatAM All Private Equity *	(2.6)	0.9	4.3	0.7	2.8	70	29.6
Africa All Private Equity *	0.3	3.3	4.6	3.3	6.3	47	12.9
Middle East All Private Equity *	31.6	18.4	13.6	12.8	5.7	62	10.6

* All Private Equity excludes Natural Resource, Infrastructure, Real Estate, Fund of Funds and Secondary Funds.
Source: Thomson Reuters C/A as of December 31, 2020

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