



Q3 2024

PRIVATE EQUITY MARKET OVERVIEW

Venture Capital
U.S. Private Equity
European Private Equity
Secondaries



OVERVIEW

By the time the U.S. Federal Reserve cut interest rates late in the third quarter, the move was widely anticipated. Inflation had begun to moderate and wage growth was slowing. As previously written, we view this as the final approach to a soft landing. We wrote last quarter about possible turbulence, but so far that has been transitory, and the decisive outcome of the U.S. elections, will, at a minimum, remove the specter of lingering uncertainty from the markets.

As we summarize below, the trends across the private markets that Abbott follows remain stable. U.S. private equity and European private equity have seen strong environments for fundraising and dealmaking, with valuations ticking up in both markets. Exits have been easier to find in North America than in Europe. Secondary fundraising and investment remained robust.

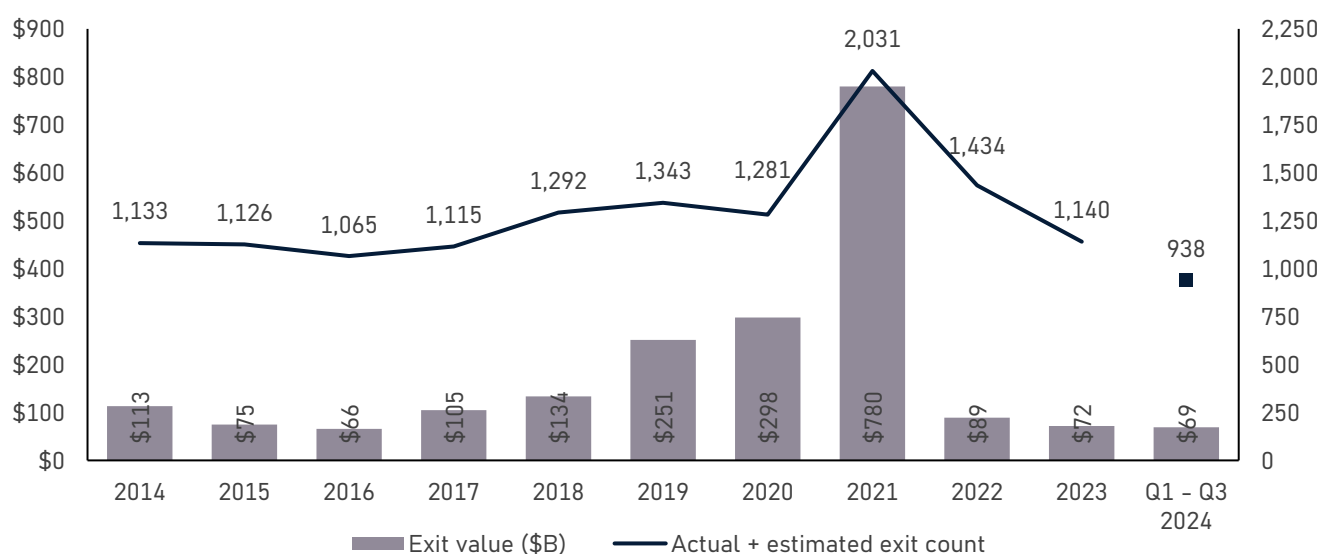
Venture capital in the U.S. remains more challenged. Fundraising appears to be relatively flat from last year, but it is down meaningfully from the prior years. Despite that, deal activity (relative to the capital raised) has been even slower, resulting in a considerable overhang of uninvested capital. But the main challenge for venture capital has been the weak exit environment. Until that changes (and looser monetary policy combined with a strong public equity market may provide a catalyst for that change), venture as an industry will continue to struggle with liquidity, investment activity and therefore fundraising.



VENTURE CAPITAL

- Fundraising for U.S. venture capital continued to be muted in 2024. Reported capital raised through the third quarter appears on pace with 2023, though is only 35% of the full-year 2022 number.
 - Fundraising dollars continued to be directed to large-scale funds (\$1 billion or larger fund size). More \$1 billion+ funds were raised through Q3 2024 than in all of 2023.
- Deal count for the first three quarters of 2024 was essentially flat with the first three quarters of 2023. With more than 11,800 deals (includes estimated count of 1,741), the total is well below the 14,000+ deals in each Q1-Q3 of 2021 and 2022, but above every other year in the past decade.
 - Megadeals (\$100 million or larger round size) were down by 47% in deal value and 14% in deal count for the quarter.
 - Through Q3, the median pre-money valuation for deals at all stages rose compared to full-year 2023, with venture growth valuations doubling from an abnormally low 2023.
- Exit activity continued to be muted and Q3 marked a five-quarter low for exit value. For the quarter, exit value dropped to \$10 billion, a 69% decrease from Q2 2024, and a 74% decrease from Q3 2023.
 - AI chip startup Cerebras filed for an IPO on the last day of the quarter. This would represent the first major IPO in the technology sector since April 2024 (Rubrik).
- The venture capital market continued to suffer from lack of distributions. Although data is only available through Q1 2024, Pitchbook estimates that the 12-month distribution yield for U.S. venture capital is at its lowest level since 2009.

U.S. VENTURE CAPITAL EXIT ACTIVITY



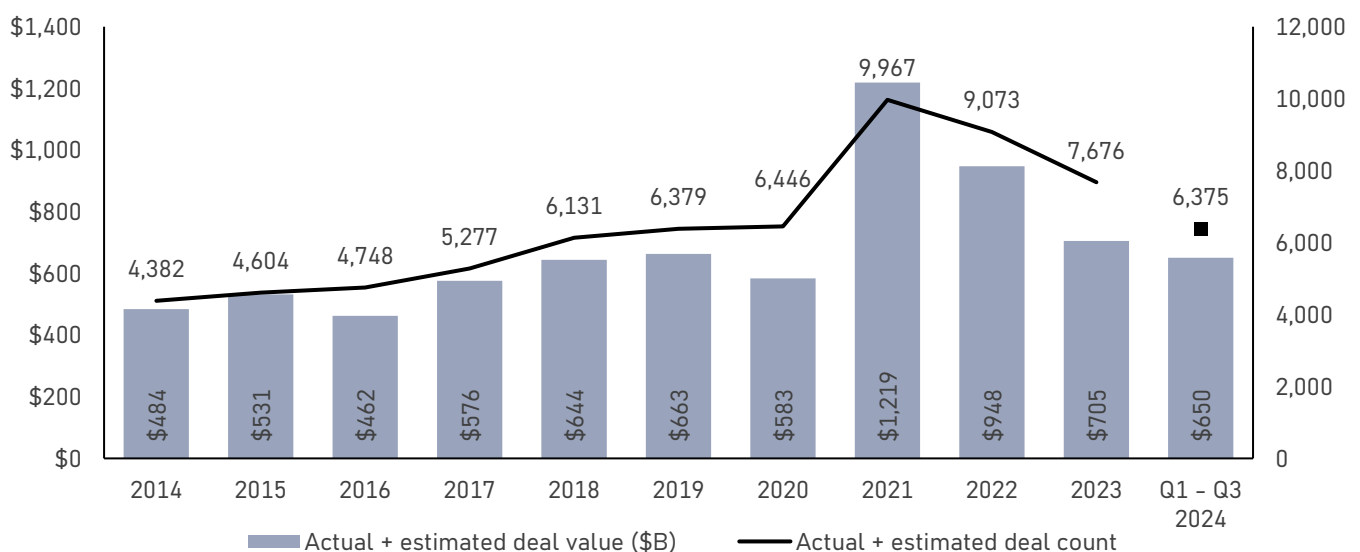
Data Source: Q3 2024 PitchBook-NVCA Venture Monitor
2023 includes estimated count of 15; 2024 includes estimated count of 149



U.S. PRIVATE EQUITY

- U.S. private equity fundraising levels remained strong through Q3 2024, with the \$236 billion raised year to date just \$6 billion below the amount raised through the same period last year.
 - While quarterly activity has slowed and full-year fundraising is unlikely to surpass the record-setting \$394 billion raised in 2022, this nine-month total nearly matched 2020's \$263 billion and has already surpassed the \$209 billion raised in 2018.
 - Fundraising timelines continue to elongate, however, with the median time to close a fund increasing to 16 months through Q3, from 14 months in 2023 and 11 months in 2022.
- U.S. dealmaking accelerated through the quarter, with \$246 billion recorded over 2,198 transactions (includes estimated value of \$39 billion and count of 655).
 - The year-to-date total of \$650 billion (includes estimated value of \$72 billion) translates to an annualized figure of \$864 billion, which would represent the third-highest total ever behind the record-setting \$1.2 billion in 2021 and \$948 million in 2022.
 - While the past year has been marked by an increase in add-on activity, platform LBOs have risen from their 2023 slump with their year-to-date value up 28% year-over-year.
- After the valuation retreat over the past two years, EV / EBITDA multiples for U.S. buyouts appear to be on the rise again, with a 15.6x median for 2024 as of Q3 versus 12.0x for 2023.
- Exit activity, as a result, appears to have picked up significantly, with \$303 billion in exit value recorded through Q3 2024 across 1,034 transactions (includes estimated value of \$32 billion and count of 287).
 - This already surpasses 2022's \$295 billion and 2023's \$281 billion and is on pace to exceed the \$385 billion recorded in 2018.

U.S. PRIVATE EQUITY DEAL ACTIVITY



Data Source: PitchBook Q3 2024 US PE Breakdown

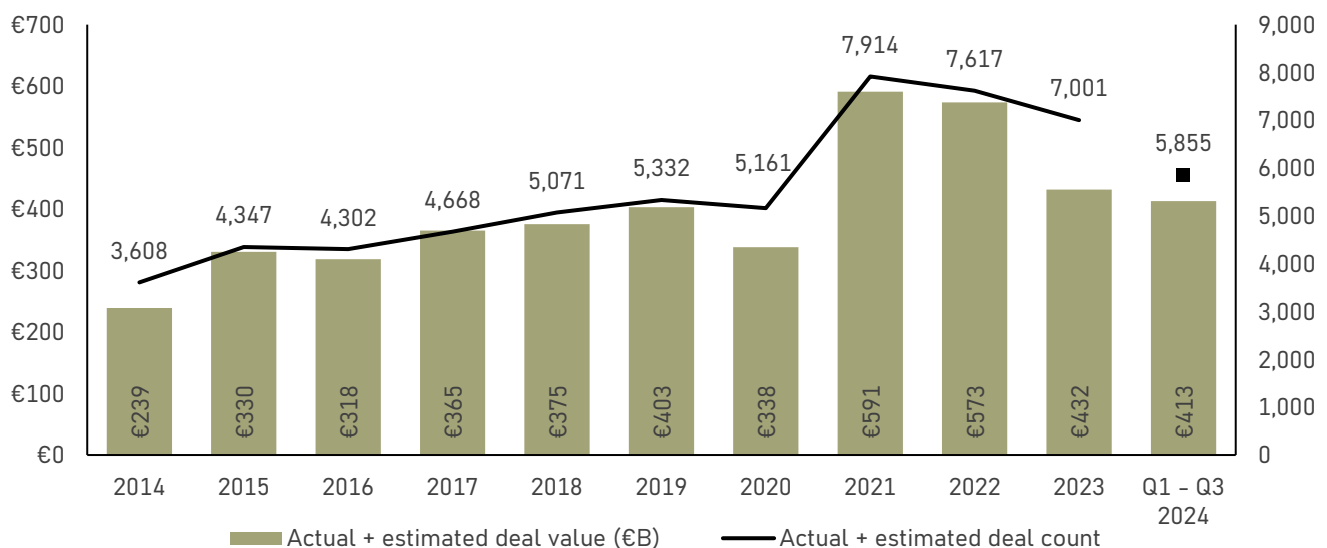
2023 includes estimated value of \$4 billion and count of 79; 2024 includes estimated value of \$72 billion and count of 1,212



EUROPEAN PRIVATE EQUITY

- European private equity fundraising continued its strong momentum, with 2024 on track to surpass 2023 in terms of capital raised, with approximately 90% of the entire 2023 figure (€122 billion) raised year to date.
 - In total, 98 funds closed on €110 billion of commitments as of Q3 2024. At that pace, fund count in 2024 will likely see a significant decline compared to 2023, as fewer, more-established managers have attracted the bulk of the capital.
- Dealmaking through Q3 2024 reached €413 billion from 5,855 deals (includes estimated value of €59 billion and count of 1,235) and is firmly on track to surpass the 2023 figures of €432 billion across 7,001 deals (includes estimated value of €6 billion and count of 143). This recovery has likely been fueled in part by a decrease in interest rates across Europe and an easing of inflationary pressures.
- European median buyout multiples stood at 12.8x EV / EBITDA for 2024 as of Q3. This is a marked increase from 11.0x in 2023, and not far off the peak of 13.3x in 2021, although admittedly on a significantly smaller number of deals, which may suggest a flight to higher-quality deals.
- European private equity exit activity remained subdued and appears on track to come in roughly flat compared to 2023, with 1,277 liquidity events (includes estimated count of 381) and €201 billion of value (includes estimated value of €35 billion) transacting year to date through Q3 2024, compared to 1,443 deals and €273 billion for all of 2023 (includes estimated count of 16 and value of €1 billion).

EUROPEAN PRIVATE EQUITY DEAL ACTIVITY



Data Source: PitchBook Q3 2024 European PE Breakdown

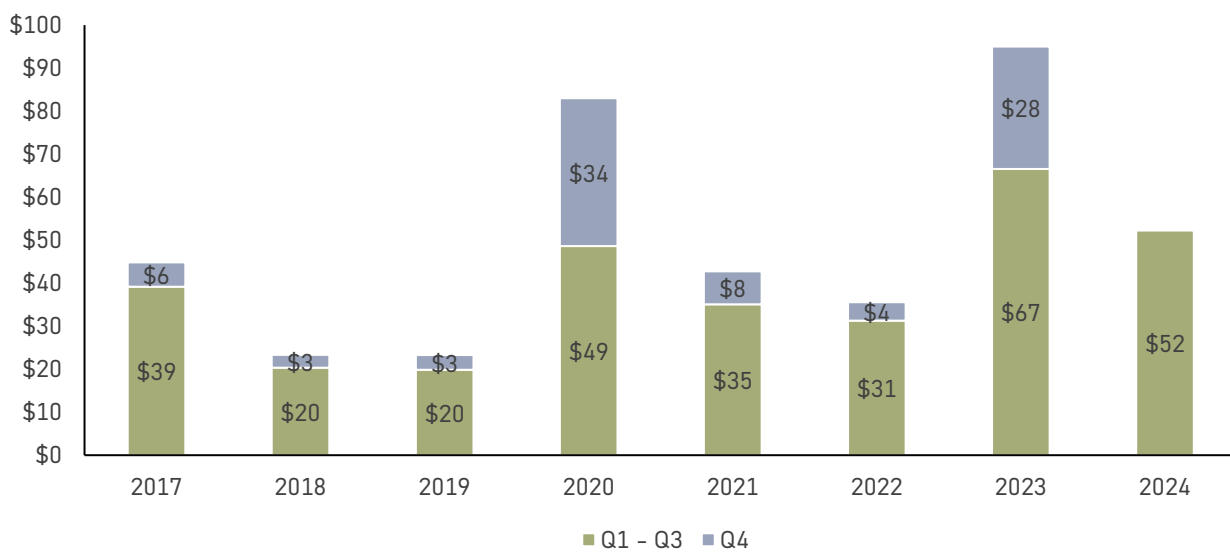
2023 includes estimated value of €6 billion and count of 114; 2024 includes estimated value of €59 billion and count of 1,235



SECONDARIES

- Secondary fundraising was up meaningfully in Q3 2024 with \$30 billion in aggregate capital raised globally versus \$24 billion raised in Q3 2023.
 - According to Preqin, the \$52 billion of capital raised in the first three quarters of the year, while still large on an historical basis, was down 22% year over year from the high-water mark seen in 2023.
 - The number of funds closed in the third quarter was down slightly at 17 (when compared to the 19 closed in Q2 2024), but still above the average of the previous four quarters (15 funds closed).
- Similar to fundraising, deal volume for the third quarter of 2024 increased significantly when compared to the prior year, with PJT Partners estimating between \$40 - \$45 billion of transactions (up approximately 100% versus Q3 2023).

SECONDARY FUNDS CAPITAL RAISED (\$B)



Data Source: Preqin, downloaded 10/18/2024

Preqin historical fundraising data for secondaries and direct secondaries funds. Data based on total fund size at final close.

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SOURCES

Unless otherwise noted, with respect to private equity information, data sourced through: PitchBook Q3 2024 US PE Breakdown and PitchBook Q3 2024 European PE Breakdown.

Unless otherwise noted, with respect to venture capital information, data sourced through: Q3 2024 PitchBook-NVCA Venture Monitor.

Unless otherwise noted, with respect to secondaries information, data sourced through: PJT Partners Secondary Market Insight Q3 2024 and Preqin historical fundraising data for secondaries and direct secondaries funds downloaded on 10/18/2024.

IMPORTANT INFORMATION

Past performance is not a guide to future results and is not indicative of expected realized returns.

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