



Canterbury Consulting

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Quarterly Asset Class Report Private Capital

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December 31, 2024

Canterbury Consulting recommends a diversified portfolio of private capital strategies. Consistently committing to private capital drives long-term asset growth, net of inflation, by taking advantage of the illiquidity premium derived from inefficient markets and superior manager selection.

- Canterbury blends strategic and opportunistic approaches to construct private capital portfolios diversified by sector, geography, and vintage year.
 - Strategic: Using various market inputs to form a baseline, we create a recommended portfolio allocation.
 - Opportunistic: We combine top-down and bottom-up analysis to target excess risk-adjusted returns through market intelligence and superior manager selection.

Role	Asset Categories	Risks
Growth	Public Equity and Private Capital*	Market Decline
Capital Preservation	Private Credit, Fixed Income, Hedge Funds	Rising Interest Rates, Highly Correlated Markets
Inflation Protection	Real Assets: Real Estate, Commodities	Deflation

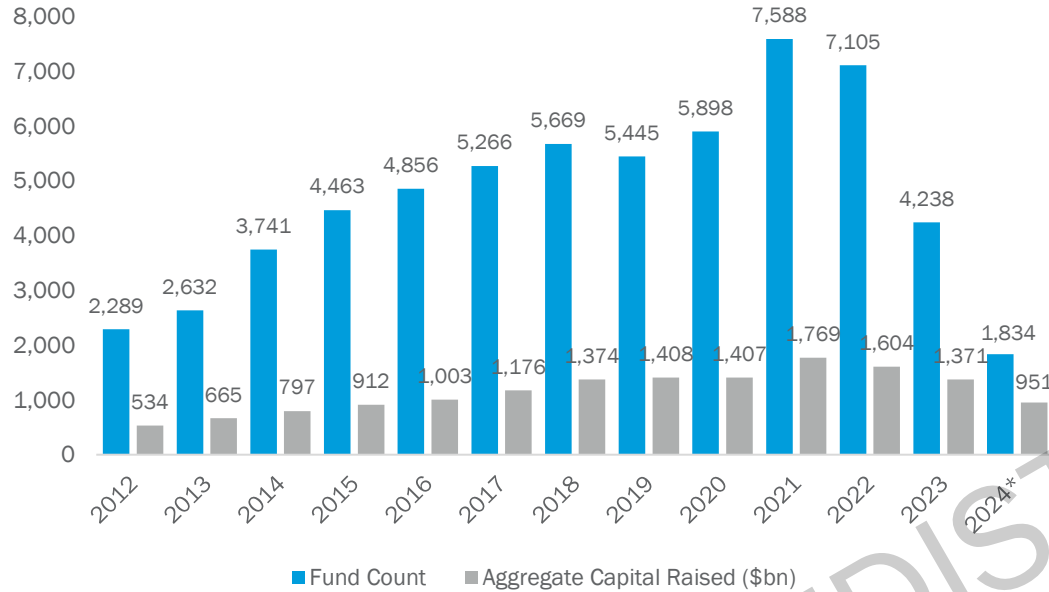
- Over a full market cycle, private capital is designed to generate above-market returns commensurate with risks associated with the asset class (i.e., illiquidity, time horizon, etc.).
- Given the length of the time required to deploy capital and the constant evolution of the opportunity set, investors in private capital can commit consistently across cycles and avoid “market timing” to generate returns.

*We define private capital as all private equity, venture capital, private debt, and private real assets (i.e., real estate, natural resources, and infrastructure) strategies.

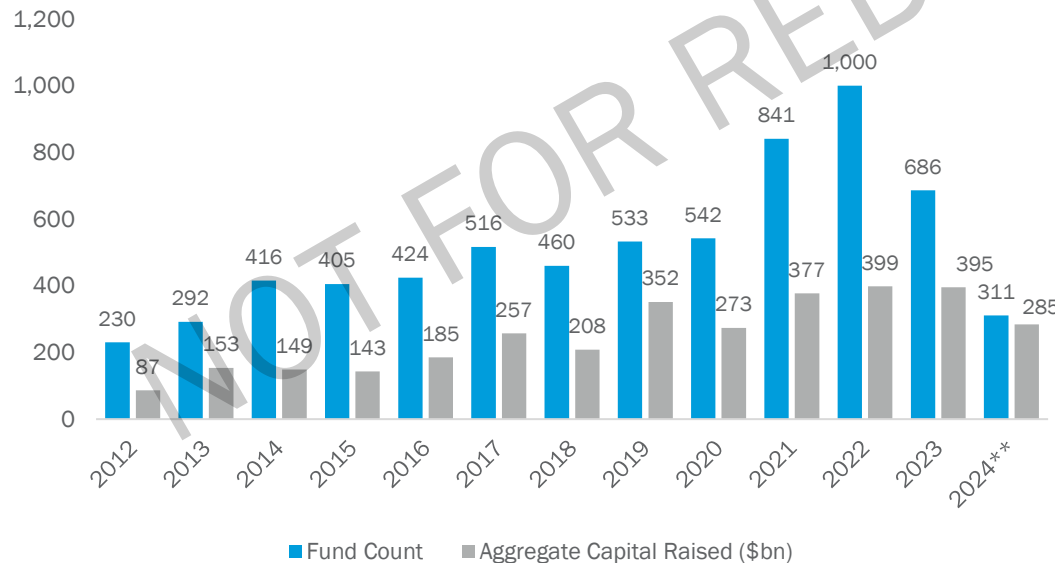
Private Equity Fundraising Activity

Private Capital

Global Private Capital Fundraising



U.S. Private Equity Fundraising



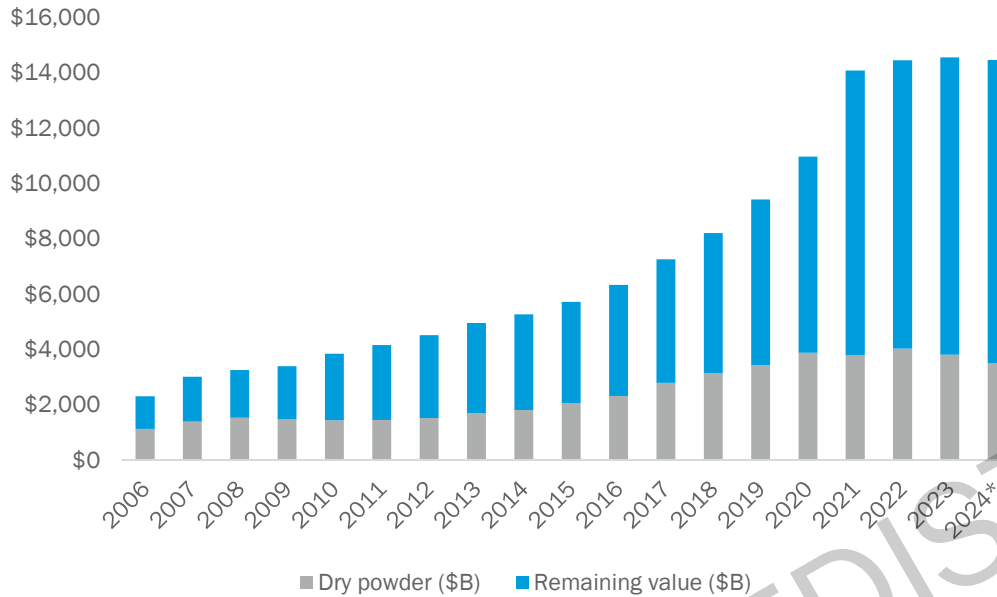
- Through the third quarter of 2024, 1,834 private market funds globally raised over \$950 billion, a 7.2% and 19.9% increase, respectively, from the same period in 2023.
- Real Assets experienced a significant improvement in fundraising, with \$67.7 billion raised through Q3 2024 versus \$15.5 billion raised through the same period a year ago. Infrastructure funds made up over 90% of commitments while natural resources funds make up the remaining 10%.
- Secondaries fund strategies have also experienced strong demand from LPs given the widening opportunity set across both LP and GP-led secondaries. Through the end of Q3 2024, secondaries funds raised \$88 billion, which is a 30% increase from the year prior.
- Through the end of 2024, U.S. private equity fundraising activity fell short of 2023 fundraising activity with 311 funds raising a total of \$285 billion.
- U.S. GPs are taking longer to raise funds with the median time to close increasing to 16.2 months through the end of 2024, up from 13.8 months in 2023 and 11 months in 2022.

Sources: PitchBook Q3 2024 Global Private Markets Fundraising Report; PitchBook 2024 U.S. PE Breakdown.
 Note: Private equity funds comprise buyout, growth/expansion, diversified private equity, mezzanine, secondaries, co-investment, restructuring/turnaround, capital, and private debt.
 *Global private capital fundraising as of September 30, 2024
 **U.S. private equity fundraising as of December 31, 2024

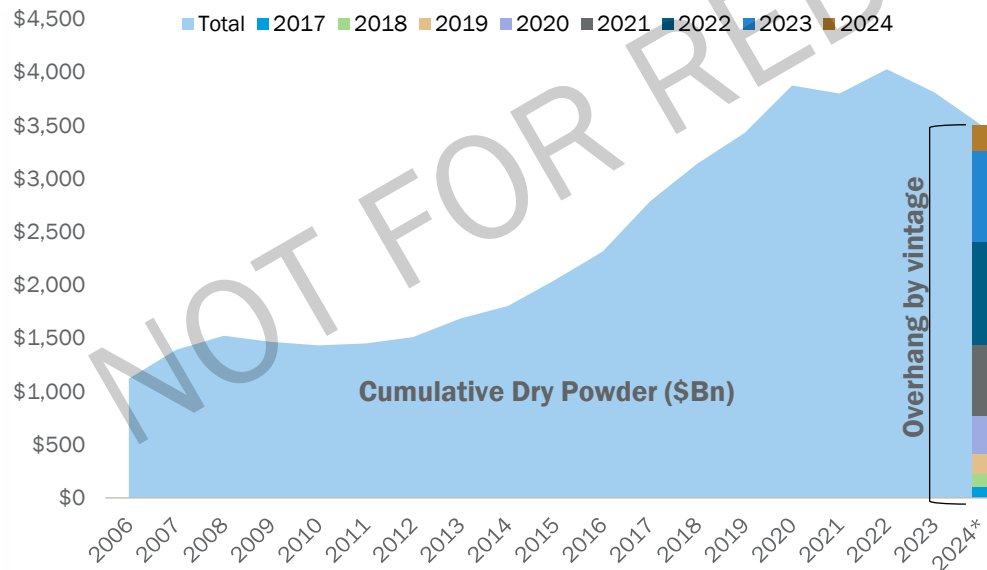
Global Private Capital: Total Assets and Dry Powder

Private Capital

Global Private Capital AUM (2006 to Q1 2024)



Cumulative Global Private Capital Dry Powder (2006 to Q1 2024)



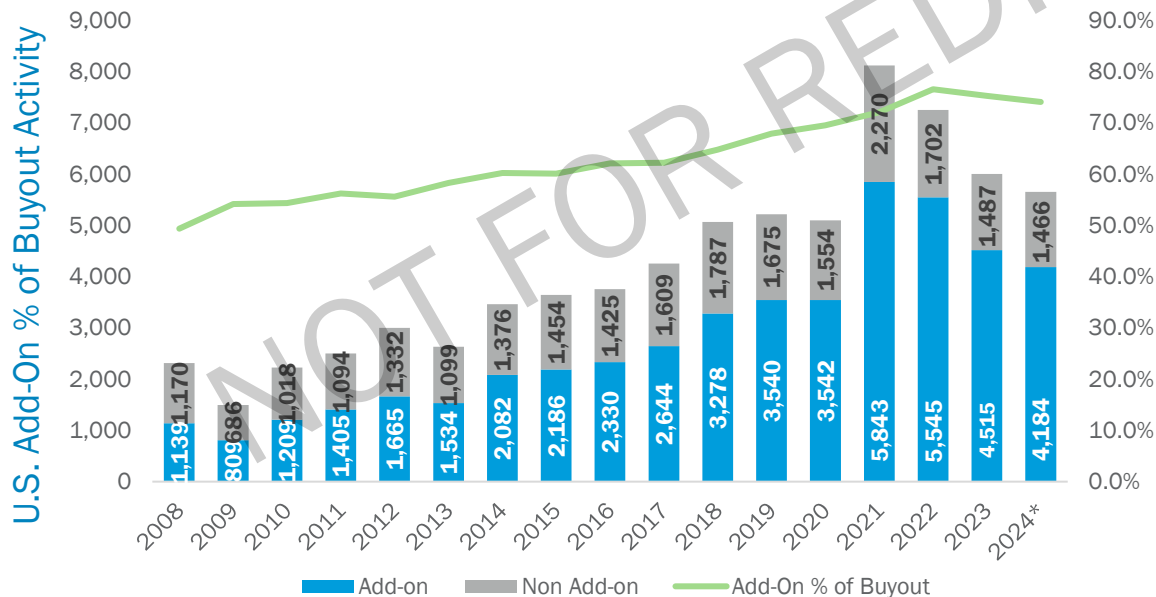
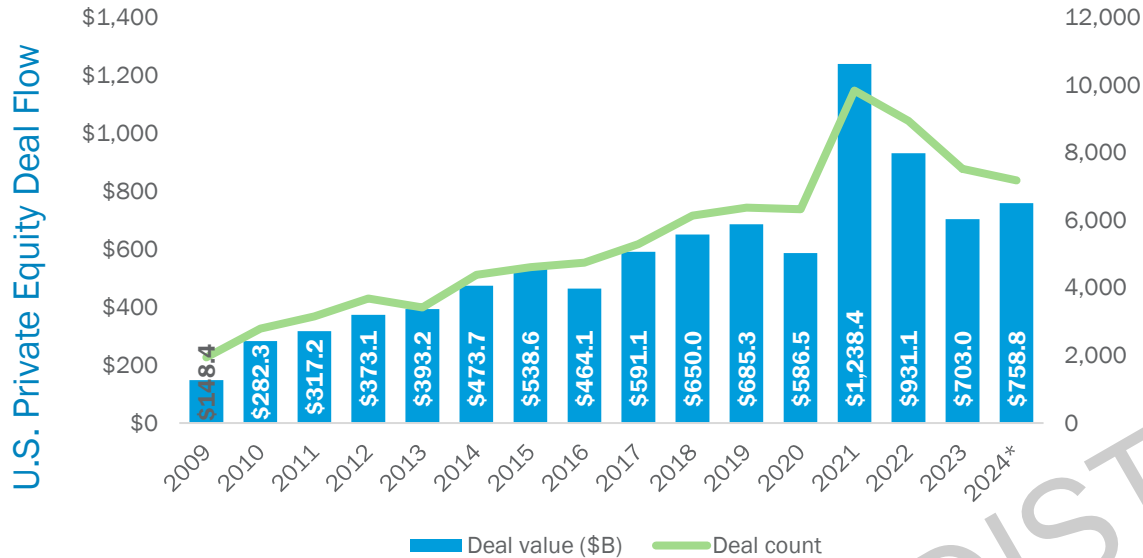
- Through the first quarter of 2024, global private capital AUM stood at approximately \$14.5 trillion. Total AUM has remained steady over the last four calendar years. Since 2021, the share of dry powder relative to global private capital AUM has averaged 26%.
- Global private capital dry powder stood at approximately \$3.5 trillion as of the end of Q1 2024, down from its all-time high of \$4 trillion from 2022.
- 78.6% of global private capital dry powder came from funds that \$500 million in size or higher. 86.7% of global private capital dry powder is from vintage years 2019 to 2023.

Source: PitchBook Q3 2024 Global Private Markets Fundraising Report; Note: Private equity funds comprise buyout, growth/expansion, diversified private equity, mezzanine, secondaries, co-investment, restructuring/turnaround, capital, and private debt.

*Global private capital AUM and global private capital dry powder metrics are as of March 31, 2024

U.S. Private Equity Deal Activity

Private Capital

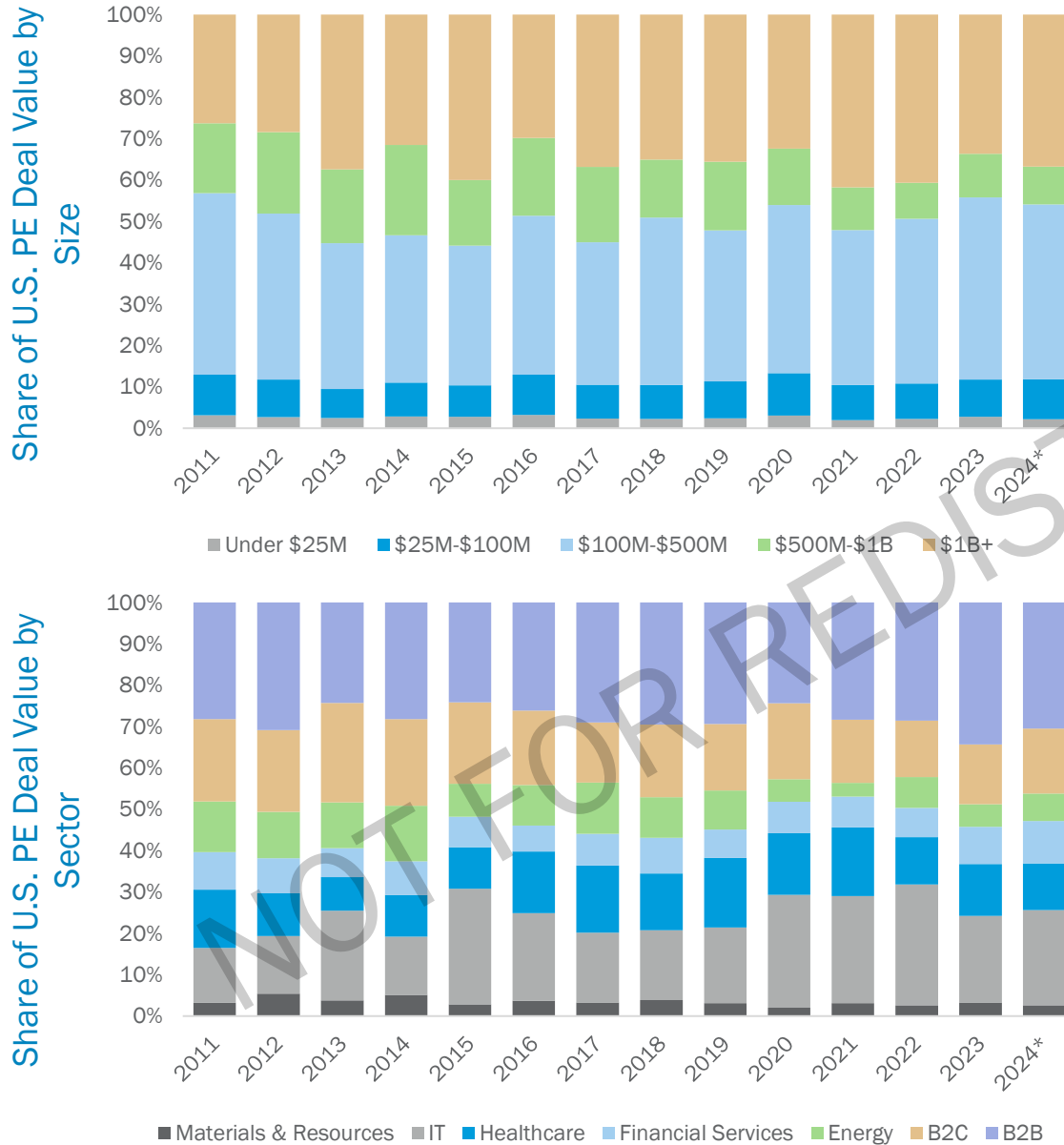


- Through the end of 2024, \$760 billion was transacted on across nearly 7,200 deals. While the number of deals fell short of 2023 volume, deal value increased by 7.9% driven by stabilized market conditions.
- Deals that exceeded \$1 billion in value served as a key driver of deal value in 2024. These deals accounted for 36.8% of all PE-backed transactions, up from 33.6% in the prior year. Software deal value surged 32.4% year-over-year, with volume increasing 27.5%.
- LBO financing activity gradually normalized as banks re-entered the lending market. By the end of 2024, syndicated LBO loan volumes doubled to \$60.3 billion versus \$30.7 billion in all of 2023.
- Add-on acquisitions, which have played a crucial role in accelerating value creation and bringing down the overall purchase price multiple, continued to exhibit a strong share of overall buyout activity. As of the end of 2024, U.S. add-on transactions constituted three-fourths of all buyout activity.

Source: PitchBook 2024 U.S. PE Breakdown
*As of December 31, 2024

U.S. Private Equity Deal Activity

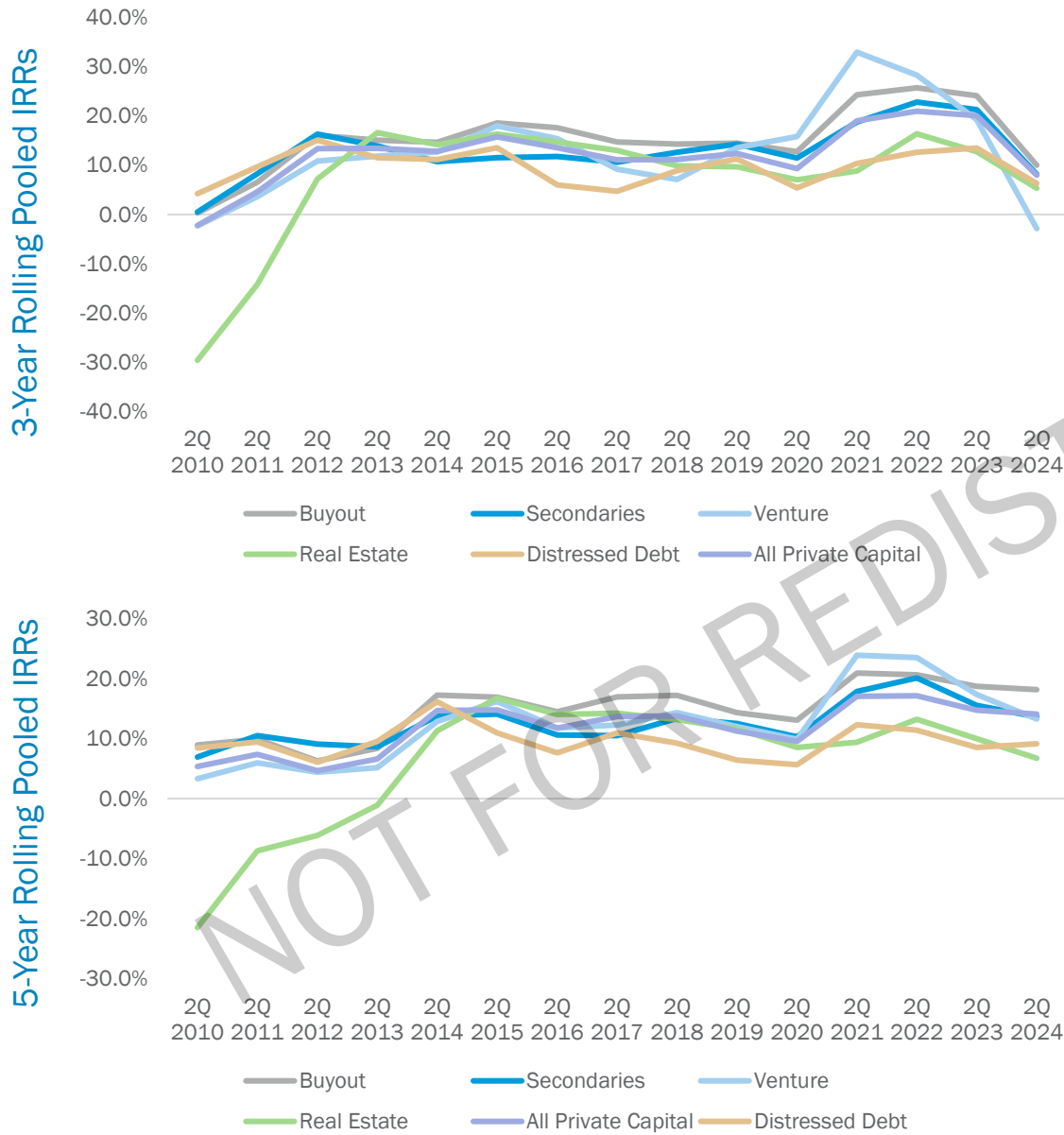
Private Capital



- The share of deals valued at \$1 billion+ stood at 37% at the end of 2024. Deals valued at \$100 million to \$500 million comprised the second largest share of private equity deal value at 42%.
 - Through the end of the year, 46.2% of private equity deal value in the U.S. has been within the business services sector. This has remained consistent over the last decade.
 - The share of deal value originating from the financial services sector currently comprises 10.2% of U.S. PE deal value, versus a 10-year historical average share of 7.8%.
 - Technology deal activity rebounded strongly in 2024, with deal value increasing by 20.7% over the last 12 months and deal count higher by 1.8%.
 - Healthcare PE activity in the fourth quarter declined sharply from the previous quarter with total deal value at \$22 billion, down from \$30.2 billion in Q3. However, total 2024 deal value reached \$103.5 billion, compared to \$87.9 billion in 2023.
- Source: PitchBook 2024 U.S. PE Breakdown
*As of December 31, 2024

Horizon Performance

Private Capital



- From Q2 2023 to Q2 2024, all private capital strategies experienced a decline in performance on a three-year rolling return basis. Venture capital has experienced a noticeable drop in performance from Q2 2021 to Q2 2024 as venture firms are struggling to create exit opportunities and are making material write downs to their existing portfolio holdings. Venture capital is the only private markets sector that is experiencing negative performance on a three-year rolling basis.
- On a five-year rolling basis, returns for all private capital strategies are either down or flat over the last 12-month period. Real estate, which exhibited a positive return profile from Q2 2021 to Q2 2022, exhibited a negative return profile as increased interest rates and asset owners struggling to recapitalize their existing properties have adversely impacted real estate valuations and returns.

Source: PitchBook, as of June 30, 2024
 Note: Real estate consists of value-add and opportunistic funds only.