PitchBook
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GLOBAL

Fund Performance Report

Q4
2025
with preliminary
Q1 2026 data

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Key takeaways

State of private markets performance:

- The trend of recent returns for the private capital aggregate lagging long-term figures remains in place. A period of muted exits has followed the exuberance seen around 2021.
- VC performance was among the hardest-hit strategies after the high-flying years of pandemic stimulus. But the strategy is staging an AI-led rebound, delivering strong one-year returns. Real assets are an adjacent play to AI and a direct beneficiary of energy security concerns that have emerged over the past few years. As a result, the strategy has posted strong five-year numbers.
- The reading from the PitchBook Private Capital Return Barometers indicates higher implied returns for Q2 2026 compared with the long-term average quarterly return across all tracked strategies. Barometer scores are neutral but leaning toward a positive environment.
- The Morningstar-PitchBook US Evergreen Fund Indexes are valuable, more current indicators of private markets returns, given the lag in drawdown fund performance. Private debt indexes have delivered solid three-year results but have moderated recently as markets digest the outflow environment. Real estate ranks last on the three-year horizon, consistent with struggles in the drawdown fund universe.

Cash flows and multiples:

- LPs have paid much closer attention to net cash flows since distributions began to contract in 2022. PE has recovered to roughly break-even, while venture remains deeply negative, as VC funds continue to draw capital faster than they return it, signaling a return to a robust dealmaking environment. With distribution yields diverging sharply by strategy—private debt strongest and venture weakest—individual LP experiences have varied widely.
- DPIs broken out by vintage year show how much the starting market environment shapes a fund's results. Private debt has delivered a remarkably consistent experience regardless of vintage, albeit with more limited upside, while secondaries have been the least predictable, swinging with exit conditions. Real assets sit in between, with DPI ranges varying cyclically alongside capex and commodity cycles.

Performance spotlight: Private equity:

- As private capital AUM and overall fund sizes have grown, questions about performance by size bucket are worth exploring.
- In private equity, the size cohort for funds over $1 billion has lagged one or more of the smaller fund groups across every horizon except 15 years. The slower exit environment is affecting all fund sizes, but five-year performance is particularly bleak for the largest size cohort.
- PitchBook's recent deal-level analysis found that larger funds executing larger deals generally enter at higher multiples and take on more debt than smaller funds executing smaller deals. This suggests a greater margin of safety for smaller funds that may help explain recent performance differences in a challenging realizations environment.

The long view:

- Ultimately, long-term returns are what matter. 10-year returns may seem to be experiencing some mean reversion in performance, but not a structural downshift. Bringing in a risk dimension to long-term results, private debt looks attractive, but infrastructure's profile looks even better, nearing the top-left quadrant of volatility and returns. Meanwhile, secondaries, funds of funds, and real assets appear to be adequate historical diversifiers for public markets.

Note: Performance data in this report is presented net of fees. For more information, please read our report and benchmark methodologies.

State of private markets performance

Performance commentary

Global capital markets faced several bouts of volatility in 2025 but closed the year higher. Trade tensions earlier in the year dissipated, but in Q4, concerns about a bubble in AI investments were brewing. Two Federal Reserve rate cuts in Q4 were well received by investors, who were also anticipating the leadership transition at the central bank.

In private markets, the persistent trend is that near-term returns lag long-term results, as allocators await an inflection following years of subdued exits. Except for VC, every other strategy's one-year return is lagging the 10-year figure. After years of weak performance, VC bottomed in 2022 and retook the lead in late 2025, as enthusiasm for AI investments drove valuations and exits. This rebound has accrued mainly to larger VC funds, which have easily outpaced their smaller peers in the last year. Fears of an AI bubble gave way to optimism entering 2026, particularly as rumors began in earnest that SpaceX and the largest AI platforms were finally going to IPO, but concentration in a few names and funds means the recovery might not be broad-based. The debate over whether AI will lead to the next bubble bursting is a market theme that will ebb and flow in the quarters ahead. Case in point: the meteoric rally in semiconductor and memory stocks over the last year, with a sharp reversal at the time of writing (July 2026).

PE growth funds have posted consistent rolling one-year returns ahead of buyout peers since Q2 2024, partly explained by their greater exposure to technology. However, AI disruption of certain software business models led to a significant sell-off in early 2026 that will likely impact future returns of software-exposed funds.

Cumulative performance since 2007 from the PitchBook Private Capital Indexes highlights the effect of the pandemic-era stimulus, which boosted risk assets with equity characteristics. PE, VC, and secondaries take the top spots over this long-term return series. Meanwhile, income-oriented strategies diverged post-pandemic, as private debt and real assets struggled to keep pace with the risk rally that began in 2020. If we look at shorter time periods, real assets led all strategies over a five-year horizon, while secondaries led on a three-year horizon, with the caveat that secondaries are subject to gains from the reversal of discount markups. Real estate ranks last across all time periods mentioned, as rate sensitivity has not been kind to the asset class, compounded by construction-cost inflation and a hard-hit office sector.

The gradual recovery that real estate industry observers have been calling for after the 2022 rate hikes may have to wait, as rate easing appears unlikely amid an inflation push driven by the war in Iran.

Real assets fund performance has been remarkably consistent compared with the private capital aggregate. Historically, stable cash flows from long-term contracts on physical assets have supported the strategy. Today, the strategy has several strong structural tailwinds. The AI datacenter build-out relies on the convergence of IT and energy infrastructure, placing real assets funds at the center of this "picks and shovels" solution. However, given the large amounts of capital expenditure (capex) deployed, it is likely that not every project will live up to expectations. Beyond AI, geopolitical turmoil in 2026 has brought energy security back to the forefront, though it was never far from the surface since Russia's invasion of Ukraine in 2022. The narrative has shifted from markets and policymakers talking about the energy transition to a more pragmatic script focused on securing a steady supply of power amid AI demand and global conflicts. Importantly, the story of energy security can benefit investments in both traditional and renewable energy sources, and sponsors are playing in both worlds, ranging from well-trodden fossil fuel infrastructure to renewables and critical minerals for the electrification push. In this setting, natural resources funds had their strongest post-pandemic year on record in 2025.

The Morningstar-PitchBook US Evergreen Fund Indexes provide a more current view into private markets performance. Through May 2026, one-year returns show PE and multi-asset funds at the top of the ranking, advancing by double digits. Direct lending ranks last but still posted positive returns of around 6%. These funds represent 47% of the evergreen index's total assets as of Q1 2026 and have been a focus of investor concern due to worries about private credit fundamentals and outflow pressures. As a result, private debt evergreen fund performance is a key indicator to watch.

Looking ahead to Q2 2026, our model-based PitchBook Private Capital Return Barometers indicate that returns could rise across all tracked strategies. VC and PE implied Q2 returns are nearly double their long-term average quarterly return. Natural resources are expected to continue to move higher as a result of the Iran war's disruption of commodity markets. Barometer scores remain neutral across all strategies, but movement since December has been toward a more positive environment. This is notable in private debt, where a deluge of negative headlines runs counter to our macro model readings.

Broadly, recent private capital performance has remained below long-term norms, with PE's near-term returns far off the double-digit performance achieved on a 10-year horizon…

Figure 1 ▸ **Horizon IRRs by strategy**

Source: PitchBook • Geography: Global • As of December 31, 2025

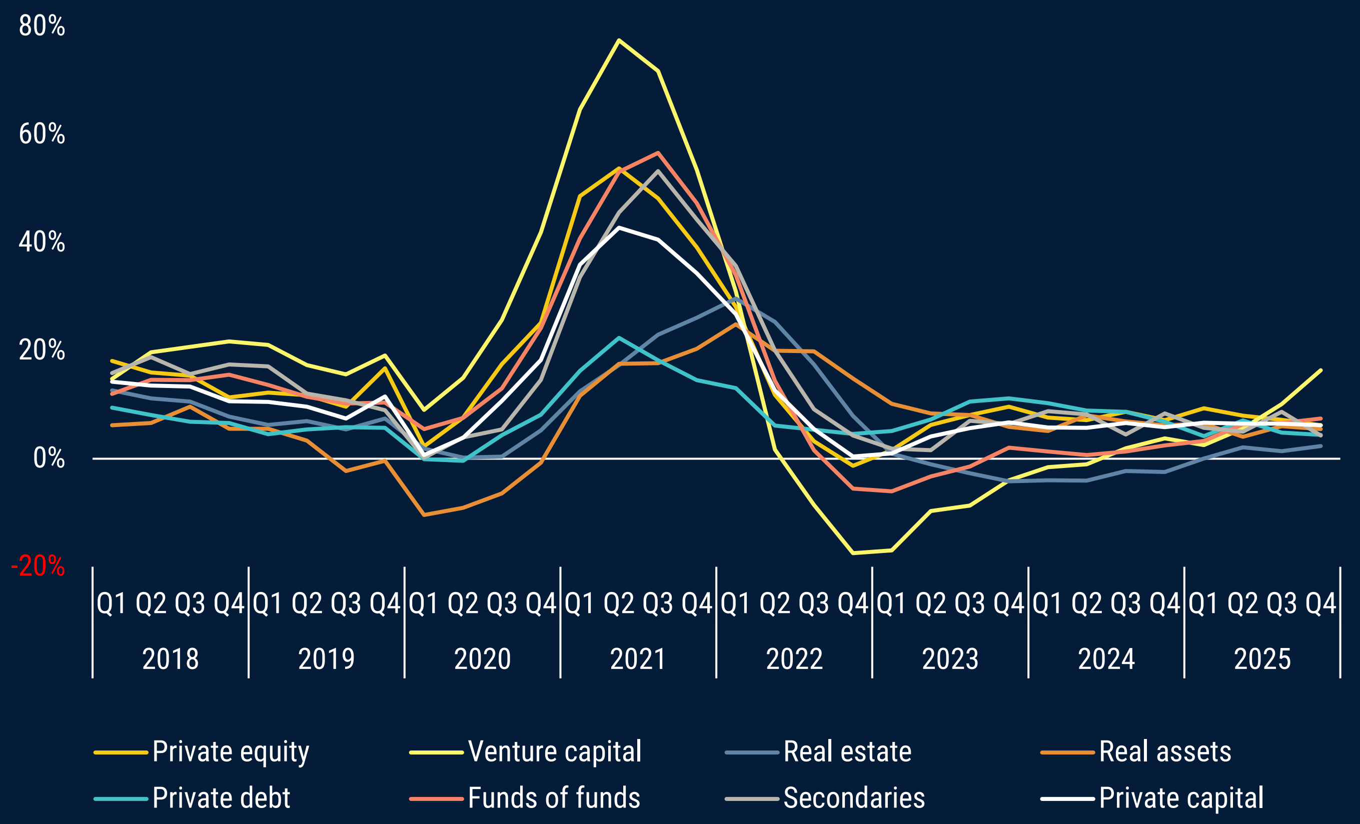
…while VC represents the only strategy above its 10-year figure, due to a rebound in exit activity combined with AI-driven markups to late-stage portfolio valuations.

Figure 2 ▸ **Horizon IRRs by strategy**

	Q1 2026	1-year	3-year	5-year	10-year	15-year	20-year
Private capital	-0.2%	6.2%	6.2%	9.8%	11.4%	11.6%	10.5%
Private equity	-0.6%	6.2%	7.6%	11.2%	14.0%	13.7%	12.5%
Venture capital	2.1%	16.4%	5.3%	7.6%	12.1%	12.7%	10.6%
Real estate	-1.1%	2.3%	-1.3%	4.9%	6.7%	8.7%	5.9%
Real assets	0.2%	5.5%	5.9%	10.0%	7.6%	6.9%	6.9%
Private debt	-0.6%	4.4%	7.4%	8.1%	8.0%	8.1%	8.2%
Funds of funds	1.9%	7.4%	3.9%	10.3%	12.1%	11.7%	10.6%
Secondaries	2.1%	4.3%	6.3%	11.4%	11.8%	12.0%	11.4%

Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 figures are preliminary. Shading represents the highest- to lowest-performing asset classes relative to private capital within the horizon period column.

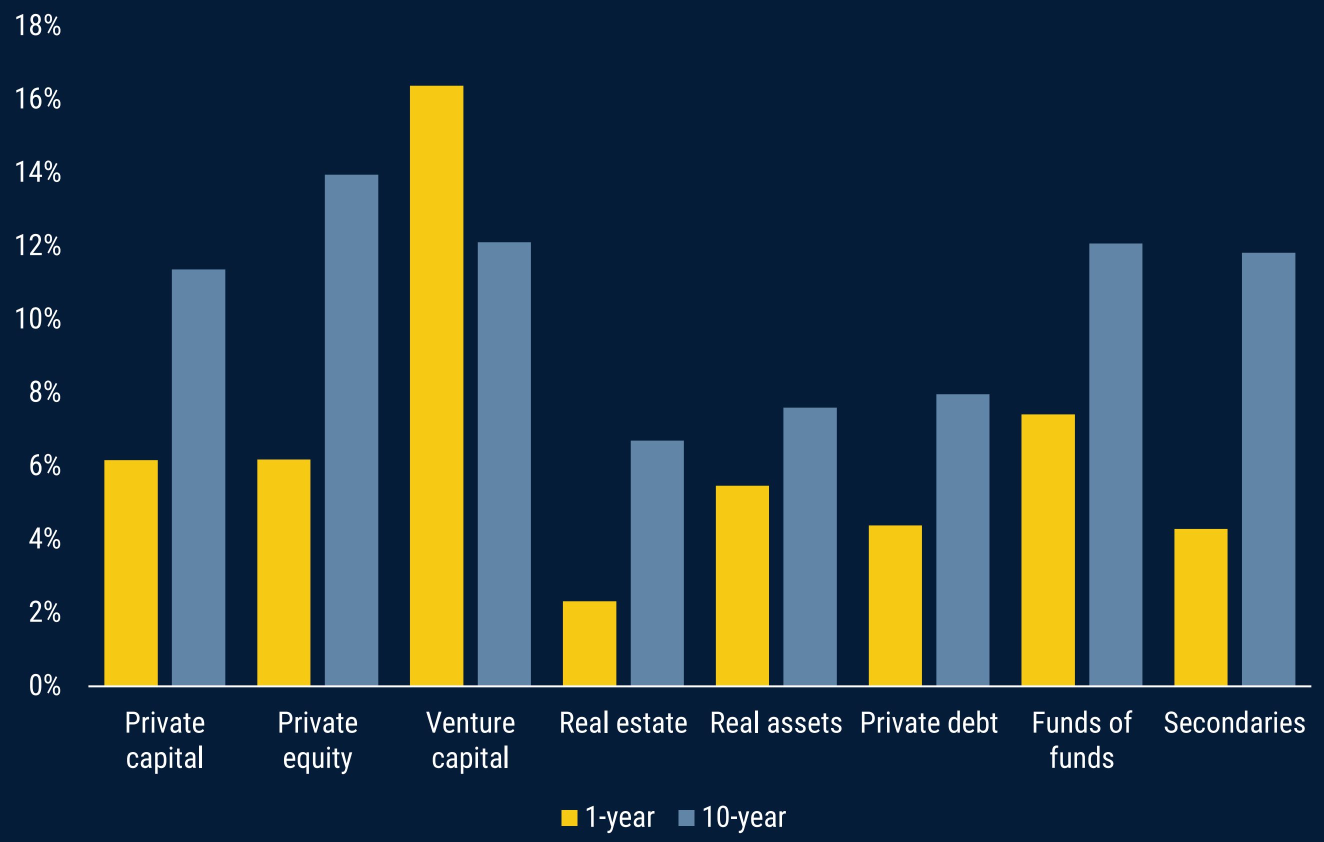
Figure 3 ▸ **Rolling one-year horizon IRRs by strategy**



Source: PitchBook • Geography: Global • As of December 31, 2025

Excluding VC, the real assets one-year returns were closest to their 10-year figures, with support from thematic tailwinds. Private debt's one-year returns were the next-closest to its 10-year results, as performance may now be normalizing after the so-called "golden age of private credit."

Figure 4 ▶ **One-year versus 10-year horizon IRRs by strategy**



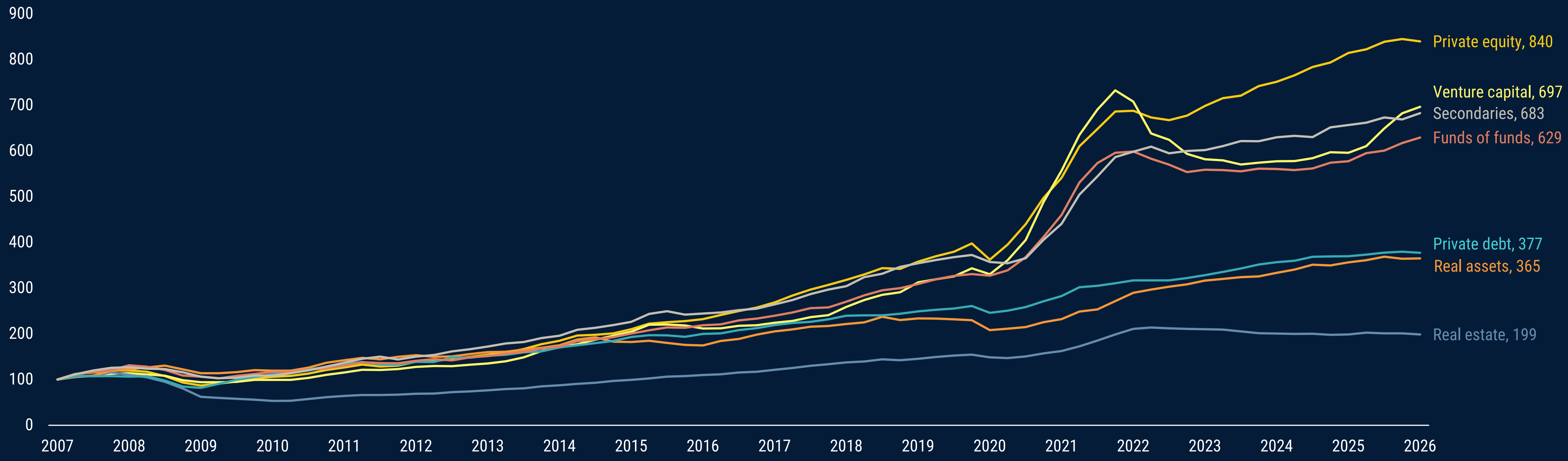
Source: PitchBook • Geography: Global • As of December 31, 2025

Figure 5 ▶ **One-year minus 10-year horizon IRRs by strategy**

Source: PitchBook • Geography: Global • As of December 31, 2025

With a 2007 start date, PE has come out on top, benefiting substantially from the pandemic-era stimulus but with fewer excesses than venture. Real estate has been hit with the global financial crisis, the pandemic, and post-pandemic uncertainties, leaving returns firmly at the bottom.

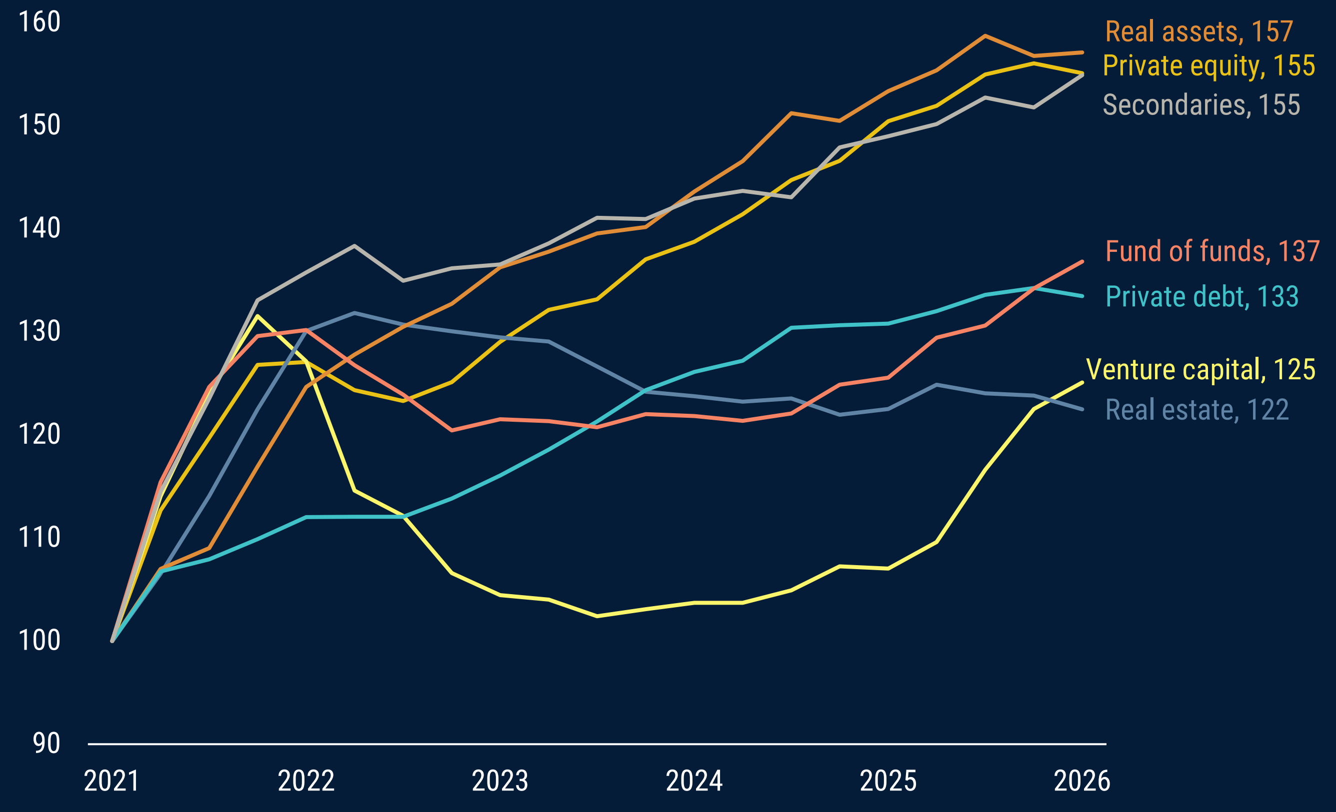
Figure 6 ▸ **PitchBook Private Capital Indexes returns since March 2007**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

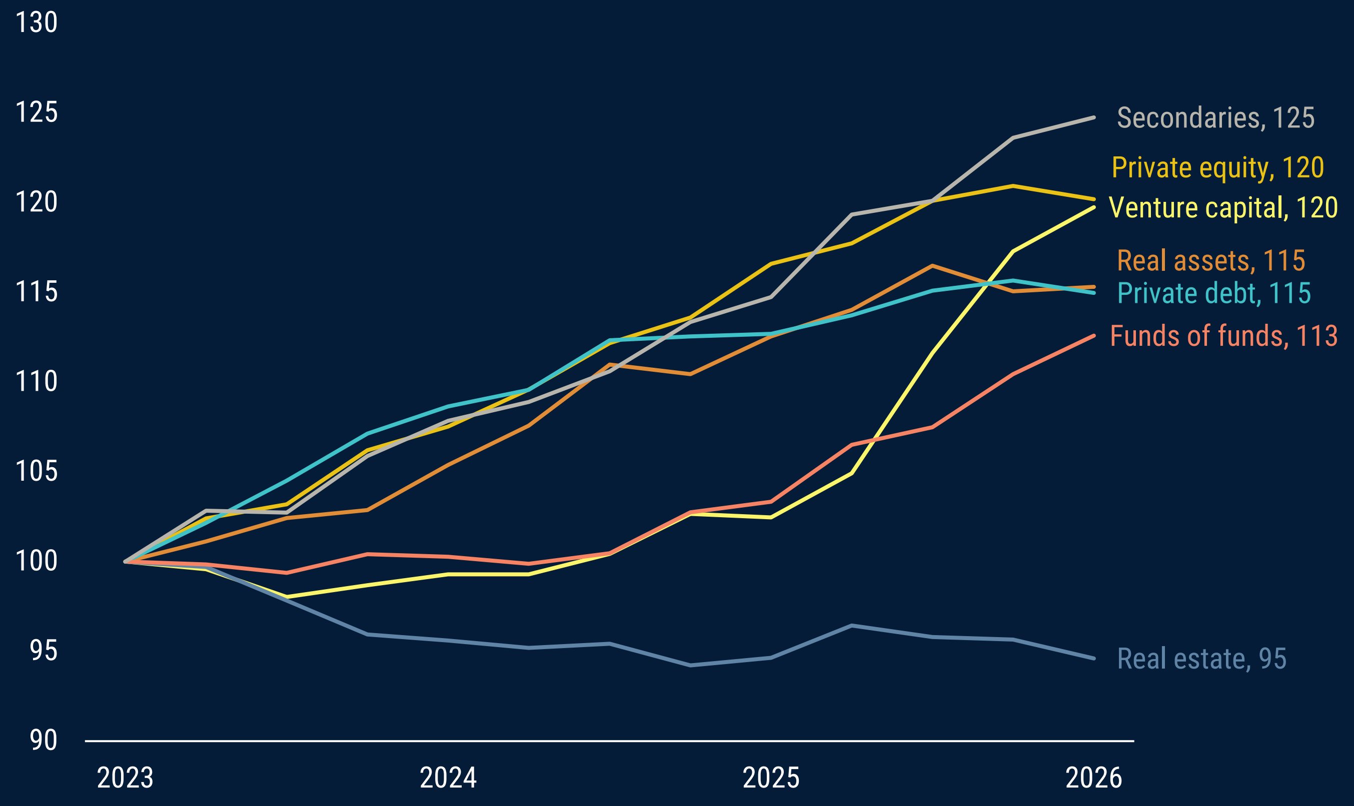
The starting point changes the story of these charts dramatically. Secondaries rank near the top on both five- and three-year horizons. Aging assets across private markets have benefited secondaries managers able to provide liquidity to LPs tired of waiting for the exit.

Figure 7 ▸ **PitchBook Private Capital Indexes returns since March 2021**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

Figure 8 ▸ **PitchBook Private Capital Indexes returns since March 2023**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

From 2015 to 2021, low interest rates and pandemic-era stimulus boosted returns of equity-related strategies, with buyout and VC topping individual calendar years. Infrastructure led in 2022, a challenging year for risk assets, while real estate has struggled in the last three years.

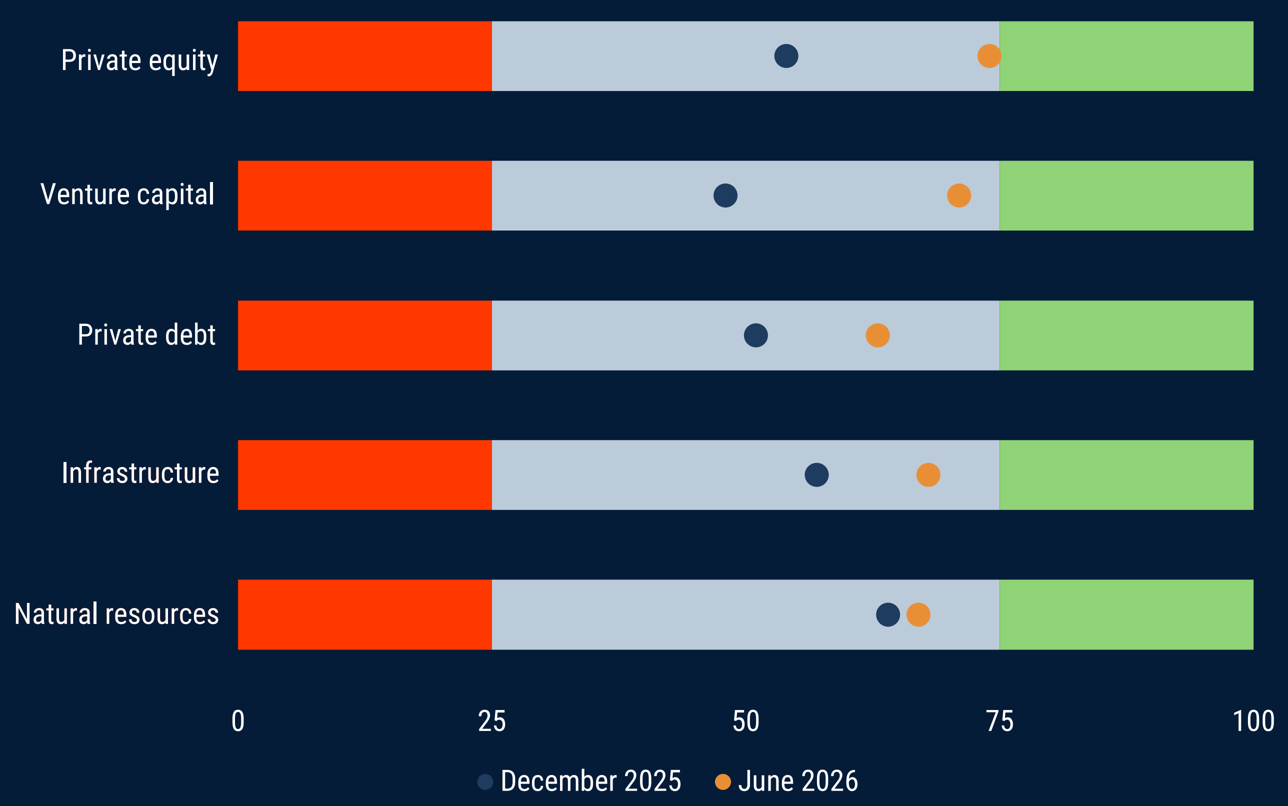
Figure 9 ▸ **Annual IRRs for select global strategies**

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	15-year horizon IRR
Secondaries 12.2%	Direct lending 18.5%	Venture capital 20.7%	Mezzanine 28.7%	Buyout 14.5%	Buyout 13.1%	Buyout 19.0%	Venture capital 21.7%	Venture capital 19.1%	Venture capital 41.9%	Venture capital 53.4%	Infrastructure 10.9%	Mezzanine 34.2%	PE growth 10.1%	Venture capital 16.4%	Buyout 13.8%
Venture capital 11.5%	Secondaries 16.2%	Buyout 18.4%	Venture capital 19.1%	PE growth 11.6%	Private capital 10.5%	Secondaries 17.5%	Secondaries 17.4%	Buyout 17.3%	PE growth 34.8%	Funds of funds 47.3%	Direct lending 9.5%	Buyout 10.4%	Direct lending 8.5%	PE growth 10.3%	PE growth 13.7%
Direct lending 10.5%	Buyout 14.4%	Real estate 16.3%	Real estate 15.5%	Secondaries 11.1%	Mezzanine 10.1%	PE growth 16.1%	Funds of funds 15.6%	PE growth 16.1%	Buyout 24.2%	PE growth 46.4%	Real estate 7.9%	Infrastructure 9.7%	Secondaries 8.4%	Funds of funds 7.4%	Venture capital 12.7%
Funds of funds 9.9%	Mezzanine 12.6%	PE growth 16.2%	Direct lending 15.1%	Funds of funds 10.4%	PE growth 9.6%	Private capital 14.7%	PE growth 15.1%	Private capital 11.5%	Funds of funds 24.2%	Secondaries 44.3%	Secondaries 4.3%	Direct lending 6.9%	Buyout 6.7%	Private capital 6.2%	Secondaries 12.0%
PE growth 9.3%	Private capital 12.2%	Private capital 15.4%	Funds of funds 14.4%	Venture capital 10.3%	Funds of funds 9.3%	Real estate 13.6%	Direct lending 11.5%	Funds of funds 10.4%	Private capital 18.3%	Buyout 38.2%	Private capital 0.4%	Private capital 6.7%	Private capital 5.8%	Direct lending 5.7%	Funds of funds 11.7%
Real estate 9.0%	PE growth 10.6%	Funds of funds 12.4%	Secondaries 14.3%	Private capital 9.9%	Infrastructure 9.1%	Mezzanine 11.6%	Buyout 10.8%	Mezzanine 10.2%	Secondaries 14.6%	Private capital 34.3%	Buyout -0.8%	Secondaries 6.4%	Infrastructure 5.0%	Buyout 5.5%	Private capital 11.6%
Private capital 8.1%	Real estate 9.5%	Mezzanine 9.2%	Buyout 14.0%	Real estate 9.1%	Real estate 8.7%	Infrastructure 10.4%	Private capital 10.6%	Secondaries 9.0%	Mezzanine 10.2%	Real estate 26.1%	Mezzanine -4.9%	PE growth 5.5%	Mezzanine 4.2%	Infrastructure 4.9%	Mezzanine 9.8%
Buyout 7.9%	Infrastructure 9.1%	Secondaries 8.4%	PE growth 13.7%	Infrastructure 8.6%	Secondaries 4.6%	Funds of funds 9.8%	Real estate 7.8%	Real estate 7.5%	Infrastructure 6.8%	Mezzanine 18.9%	Funds of funds -5.5%	Funds of funds 2.0%	Venture capital 3.8%	Secondaries 4.3%	Real estate 8.7%
Mezzanine 6.0%	Funds of funds 8.8%	Infrastructure 5.8%	Private capital 13.6%	Mezzanine 8.1%	Direct lending 4.5%	Venture capital 9.3%	Infrastructure 7.5%	Infrastructure 6.5%	Direct lending 6.6%	Infrastructure 16.1%	PE growth -6.3%	Venture capital -4.0%	Funds of funds 2.5%	Mezzanine 3.8%	Infrastructure 8.3%
Infrastructure 2.8%	Venture capital 7.6%	Direct lending -6.3%	Infrastructure 13.0%	Direct lending -2.4%	Venture capital 0.2%	Direct lending 9.3%	Mezzanine -10.2%	Direct lending 6.4%	Real estate 5.3%	Direct lending 7.4%	Venture capital -17.5%	Real estate -4.2%	Real estate -2.4%	Real estate 2.3%	Direct lending 7.4%

Source: PitchBook • Geography: Global • As of December 31, 2025

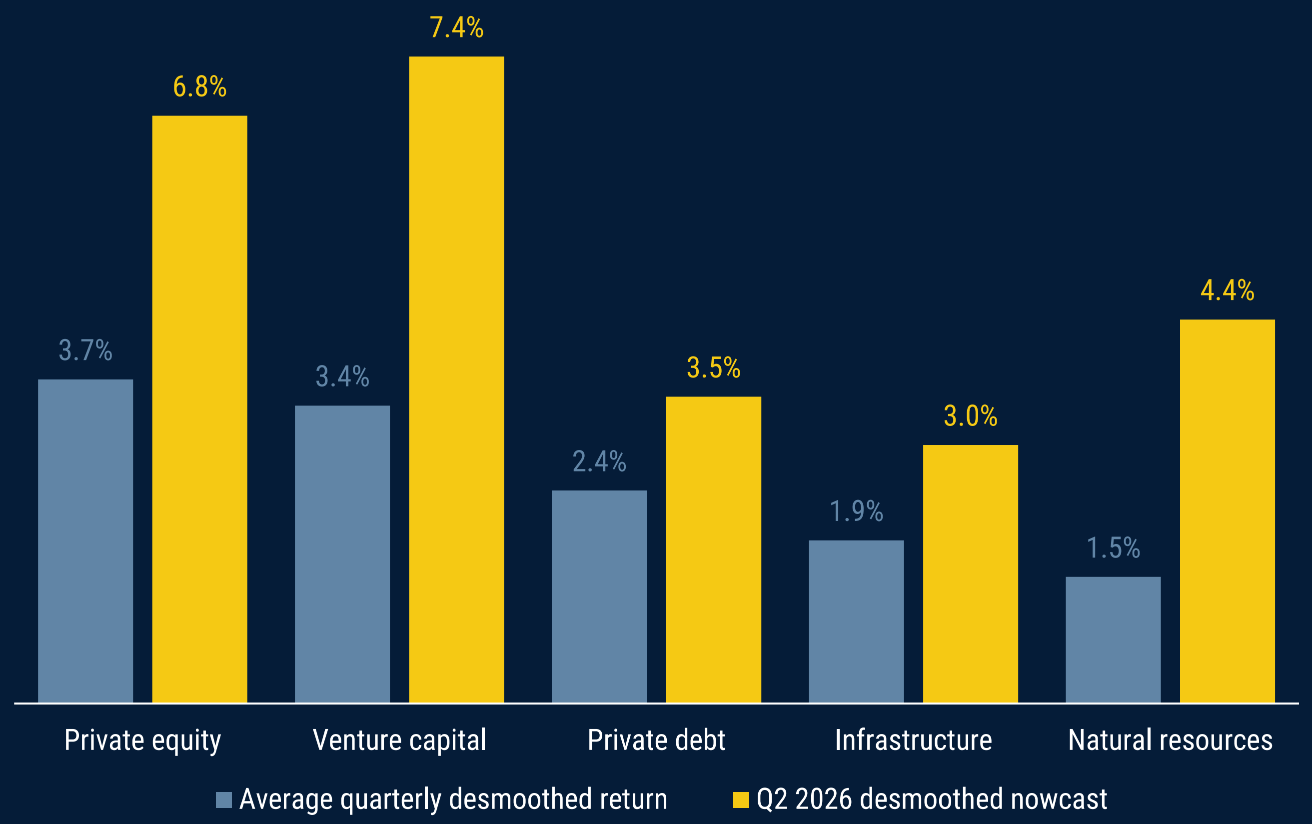
Our Private Capital Return Barometers provide a gauge for the relative attractiveness of the US macroeconomic environment for private fund returns. The Barometer scores remain neutral. However, the scores are shifting toward positive territory, with nowcast returns above average.

Figure 10 ▸ **PitchBook Private Capital Return Barometers scores**



Source: PitchBook • Geography: US • As of June 30, 2026
Note: The color scale represents different return environments. Red indicates a weak environment (below 25), gray represents a neutral environment (between 25 and 75), and green signifies a strong environment (above 75).

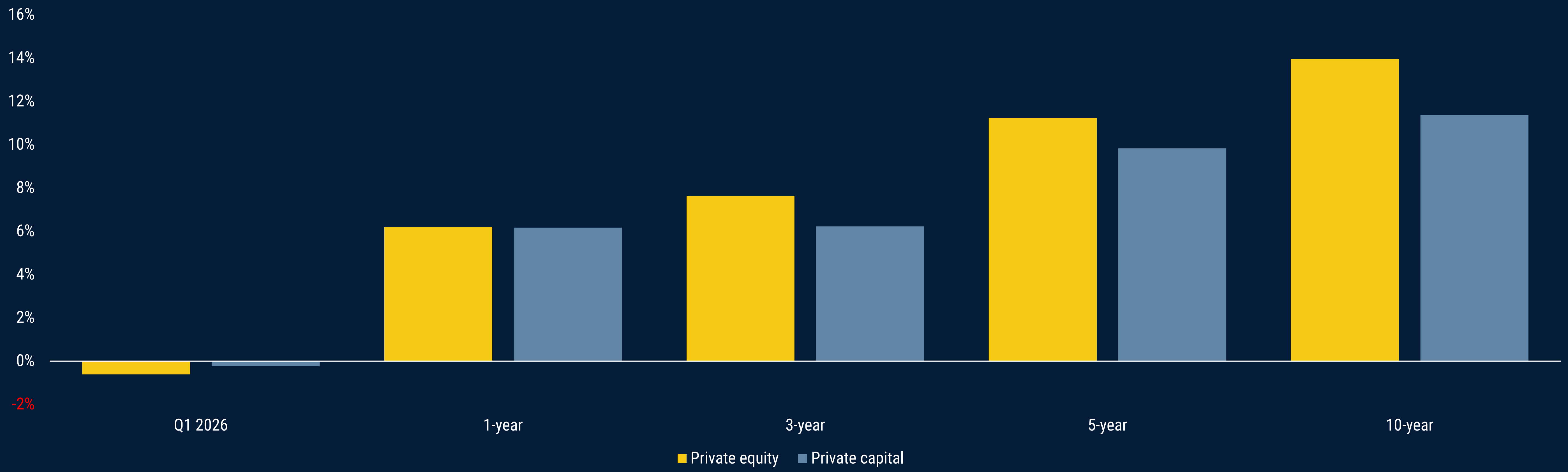
Figure 11 ▸ **PitchBook Private Capital Return Barometers implied three-month return**



Source: PitchBook • Geography: US • As of June 30, 2026
Note: Average quarterly returns were calculated starting in Q1 2009. The infrastructure average quarterly return was calculated starting in Q1 2019 due to data availability.

PE finished 2025 at par with private capital, though its longer-horizon edge remains intact. Notably, the preliminary quarter turned negative to open 2026, an early sign that the software valuation reset is weighing on the strategy.

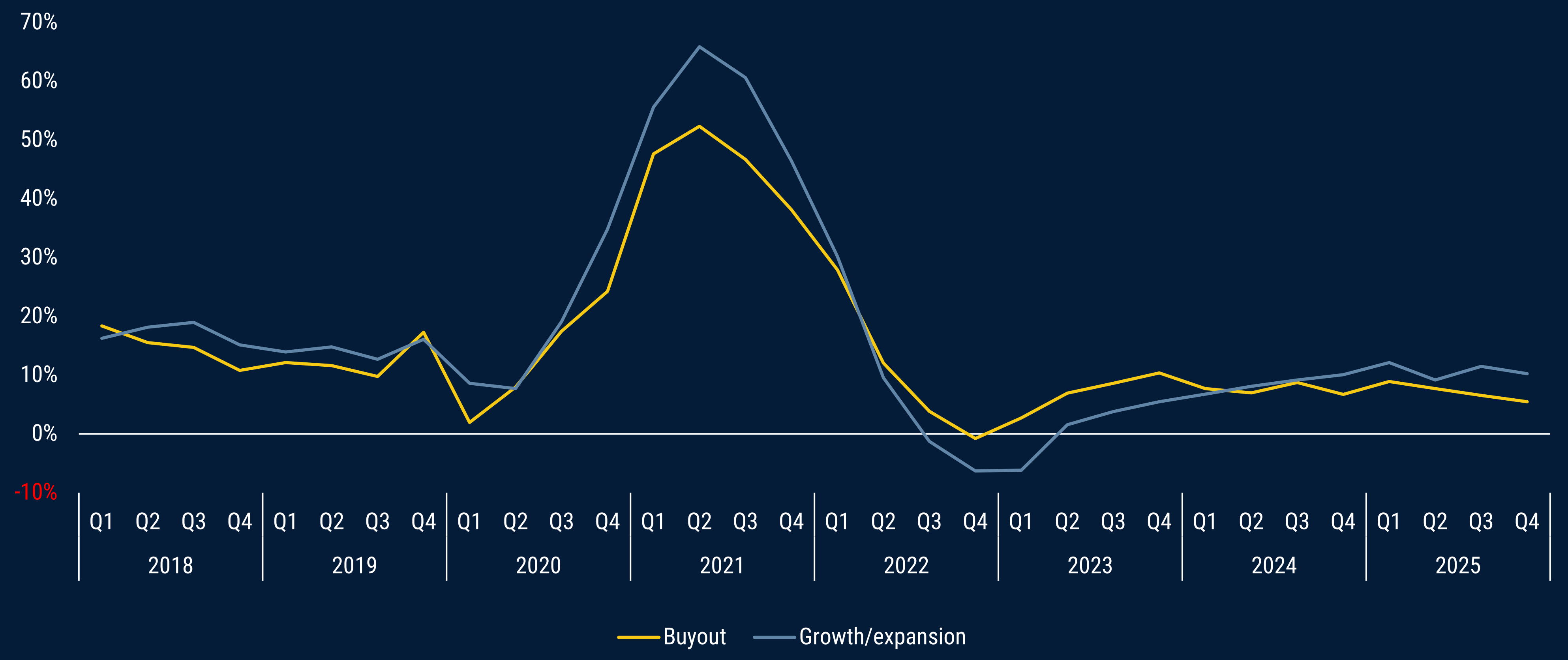
Figure 12 ▸ **PE funds horizon IRRs and preliminary quarterly return**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 data is preliminary.

PE growth funds held their lead over buyout funds through 2025 as buyout returns steadily faded during the year, finishing 2025 at 10.3% versus 5.5%.

Figure 13 **PE funds rolling one-year horizon IRRs by strategy**



Source: PitchBook • Geography: Global • As of December 31, 2025

Why the reversal of fortunes?

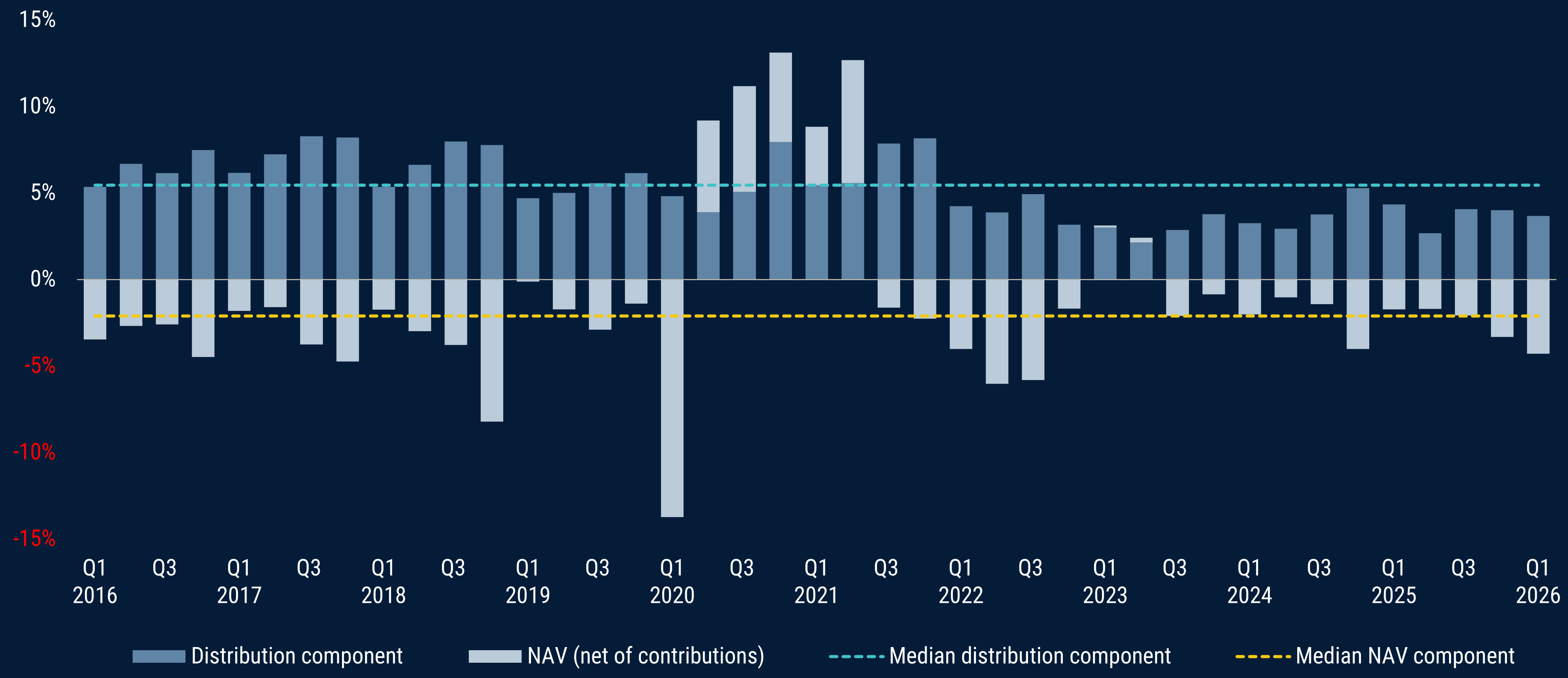
A major factor in the divergence between growth and buyout is tech exposure. Growth equity concentrates in technology, software, and tech-enabled services, while buyout spreads across more cyclical sectors such as industrials, energy, and healthcare services.

Because of this, we see higher highs in 2021 and lower lows in 2022 and 2023 for growth strategies, as well as a subsequent rally beginning in 2023 that eventually brings growth back into the lead. Rolling returns are inherently delayed indicators of market sentiment, given that they include several preceding quarters' data where the environment may have been very different.

The growth lead may be over for the time being, however. The valuation reset from early 2026's AI-driven disruption of the software business model falls most directly on growth's tech-heavy exposure, and dealmaking is already feeling that strain. In the US, PE software deal value fell to $10.7 billion in Q2 2026, down 65.7% YoY, as the sector slid from PE's anchor allocation to one of its least wanted.

Distributions remained below their long-run median through 2025, with no reversal in the trend in Q1 2026. Portfolio valuations appear to be declining, as a lack of exits may be weighing on asset values.

Figure 14 ▸ **PitchBook Private Equity Index quarterly return by source**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

Liquidity clears only at the top

The distribution component of returns improved modestly through late 2025 as exit activity picked up, helped by the Fed's rate cuts. Preliminary 2026 data suggest little further progress. Fresh headwinds absent from the H2 2025 pipeline—higher oil prices from the Iran war and the SaaS valuation reset—further squeezed an already-constrained exit landscape, with effects varying by region.

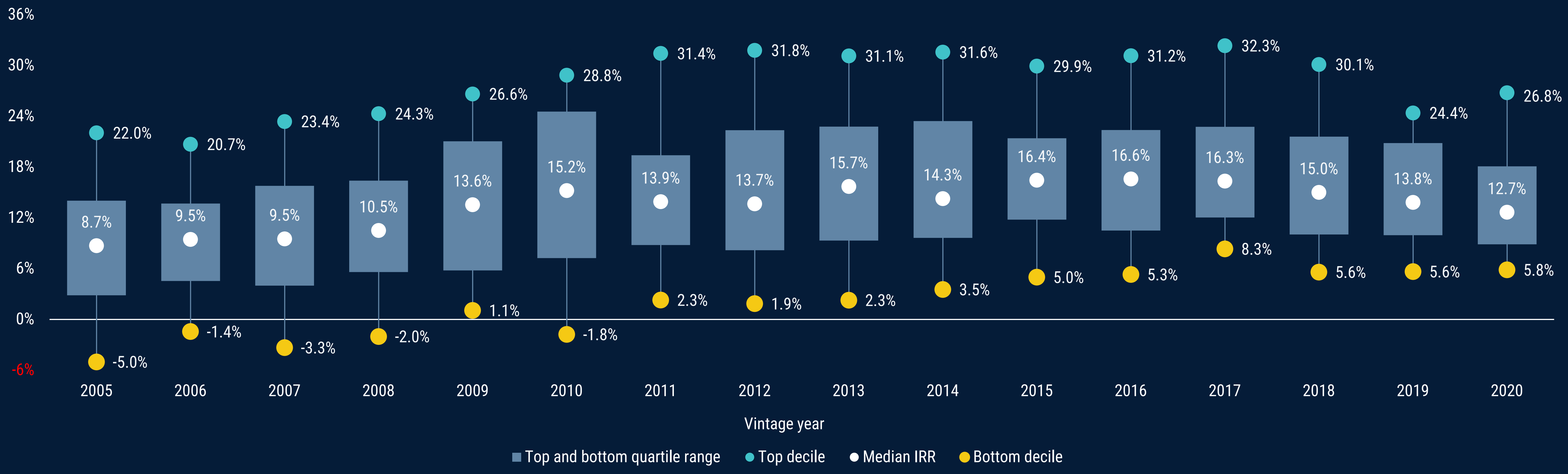
In Q2 2026, US PE exit value fell 46.3% QoQ, while European exit value rose 29.7% to its best quarter in three years. The divergence in direction masks a shared reality.

In both markets, the realizations that cleared were extraordinarily top-heavy. Mega-exits of $1 billion or more accounted for roughly 61% of US Q2 exit value across just 23 transactions, and a sharper 65.8% in Europe, above Europe's decade average of 43.6%.

Some premium assets are still exiting at scale, but little of the wider backlog is reaching liquidity, so distributions are not flowing evenly to LPs.

Despite wide top-to-bottom dispersion that should not be ignored, median PE IRRs have stayed in a narrow double-digit band (12.7%-16.6%) since 2009. Within a given vintage, manager selection, not vintage timing, has generally been the larger driver of where returns land.

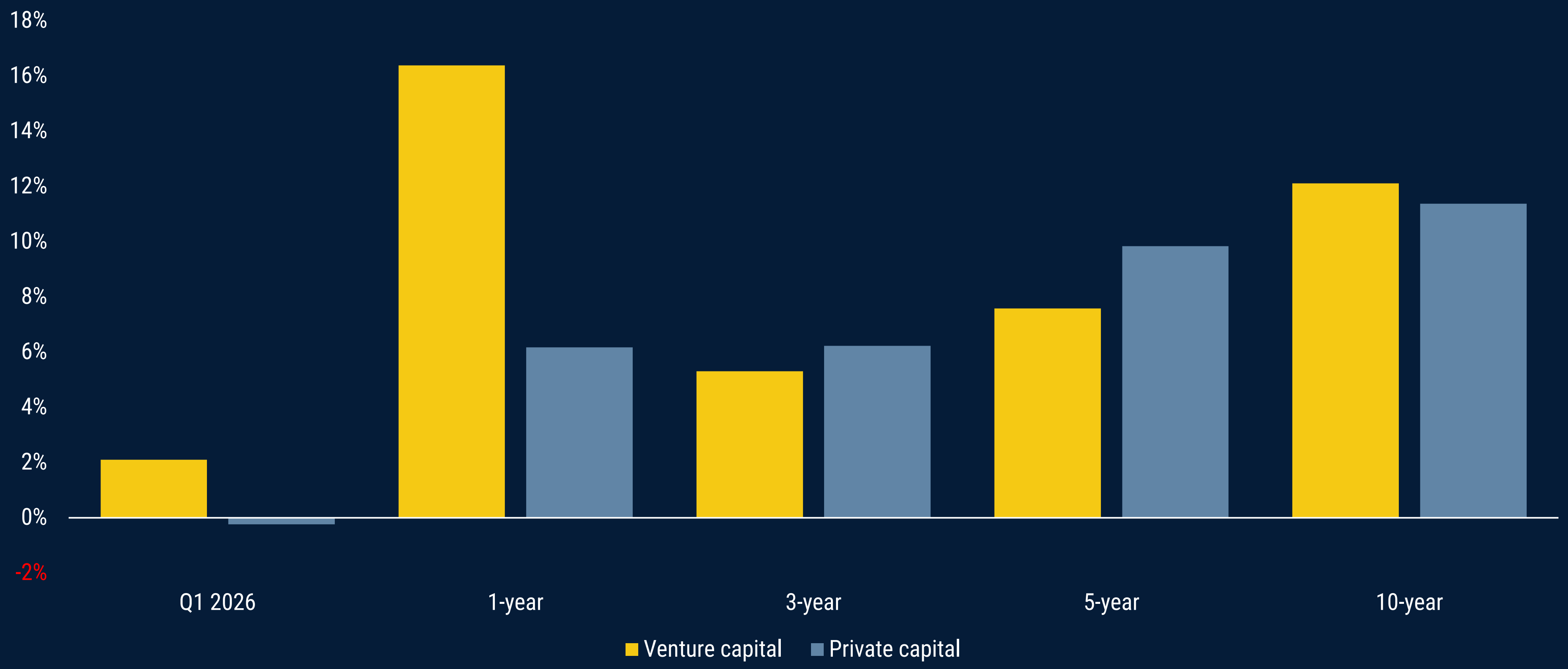
Figure 15 ▸ **PE funds IRR dispersion by vintage year**



Source: PitchBook • Geography: Global • As of December 31, 2025

Venture closed 2025 with the strongest one-year IRR of any strategy, driven by the AI-led rebound in exits and markups, though its longer-horizon record remains more mixed.

Figure 16 ▸ **VC funds horizon IRRs and preliminary quarterly return**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 data is preliminary.

A standout year for venture

After several soft years, venture's one-year performance turned decisively in 2025, closing the year as the only private capital strategy with double-digit performance. The turn was powered by the force now reshaping the asset class, AI, whose share of venture deal value jumped from 65.5% in 2025 to 86% in the first half of 2026 in the US, and from 37.8% to 60.2% in Europe.

H1 2026 finally delivered the record exit activity that VC investors have been waiting for, but that was at the aggregate level and was concentrated in very few deals. SpaceX's $1.7 trillion Q2 IPO drove H1 2026 exit value to over $2.1 trillion, while the broader market stayed closer to the constrained pace of recent years.

Underpinning the turn, the Fed cut rates three times in 2025, 25 basis points each in September, October, and December. With other central banks easing globally, the lower-rate environment encouraged a more risk-on posture, supporting valuations, deal activity, and IPO appetite.

Looking ahead, optimism remains high for 2026. AI demand shows no signs of easing, SpaceX's historic IPO delivered a landmark liquidity event, and anticipated listings from the biggest frontier labs, Anthropic and OpenAI, could extend the windfall.

Larger VC funds pulled decisively ahead in 2025, ending the year up 18%, as small funds stalled near 3%, a divergence driven by their access to the AI megadeals fueling markups.

Figure 17 ▸ **VC funds rolling one-year horizon IRRs by size**

Source: PitchBook • Geography: Global • As of December 31, 2025

The rebound favored scale

Venture's rebound accrued disproportionately to the larger funds. Those larger than $250 million surged ahead over the back half of 2025, jumping from a 5.9% midyear mark, while smaller funds stayed flat throughout the year.

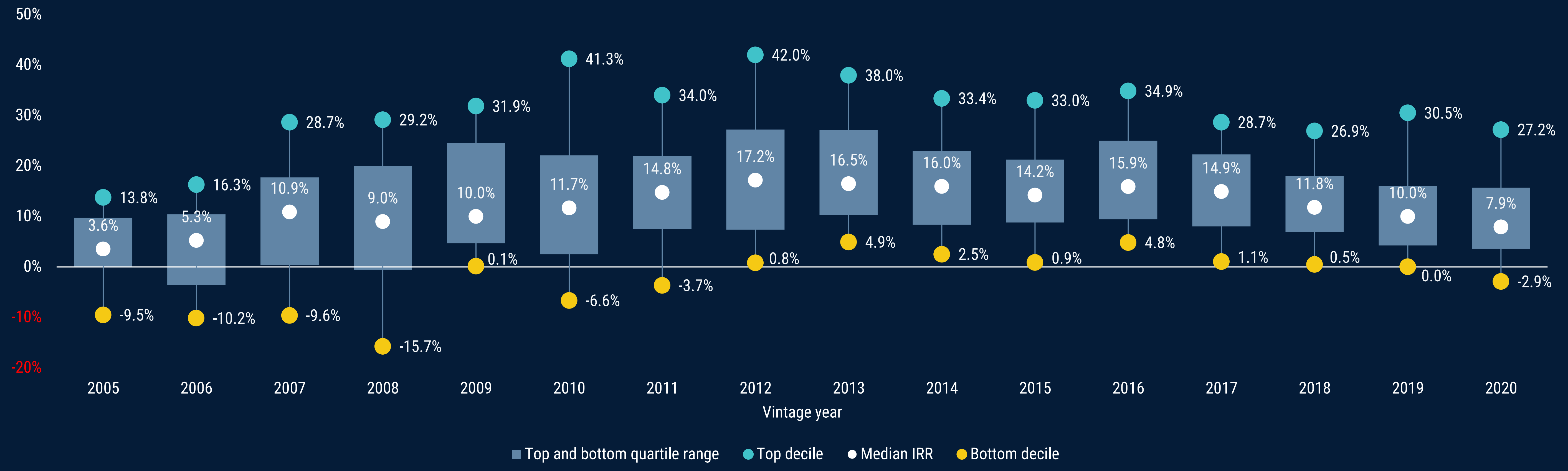
The gap reflects where capital and access have concentrated. Larger funds have captured a growing share of fundraising, giving them the scale to anchor the megadeals now defining venture deployment. In the US, rounds of $100 million or more made up 87.5% of the $412.7 billion deployed in the first half of 2026.

That advantage has only compounded as funds of $1 billion or more raised $49.5 billion across 16 vehicles in H1 2026, already above the $27.5 billion those funds raised across 13 vehicles in all of 2025.

Larger funds have the capital to fund the check sizes required to back the major AI companies drawing the market's largest rounds, positioning them to be beneficiaries of future concentrated liquidity when those names exit. That concentration will continue to keep the field narrow regarding who benefits from this exit environment.

VC's wide return dispersion makes manager selection the dominant driver of LP outcomes. The 2020 vintage stands out as the only post-2009 cohort with a single-digit median (7.9%), though the ultimate result will require some maturing as the funds complete their lifecycle.

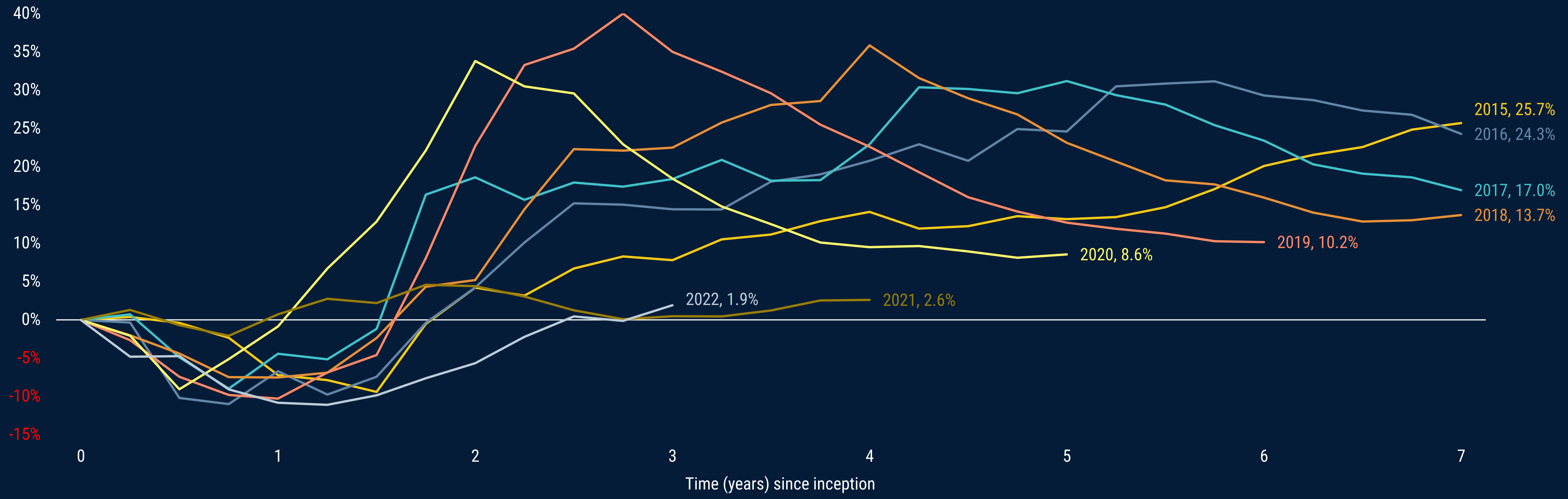
Figure 18 **VC funds IRR dispersion by vintage year**



Source: PitchBook • Geography: Global • As of December 31, 2025

The unprecedented markups in 2021 may make it hard for some vintages to recover. The 2015 and 2016 vintages would have been largely invested prior to the 2021 highs, so their returns at the seven-year mark have held up, but newer vintages are tracking well behind.

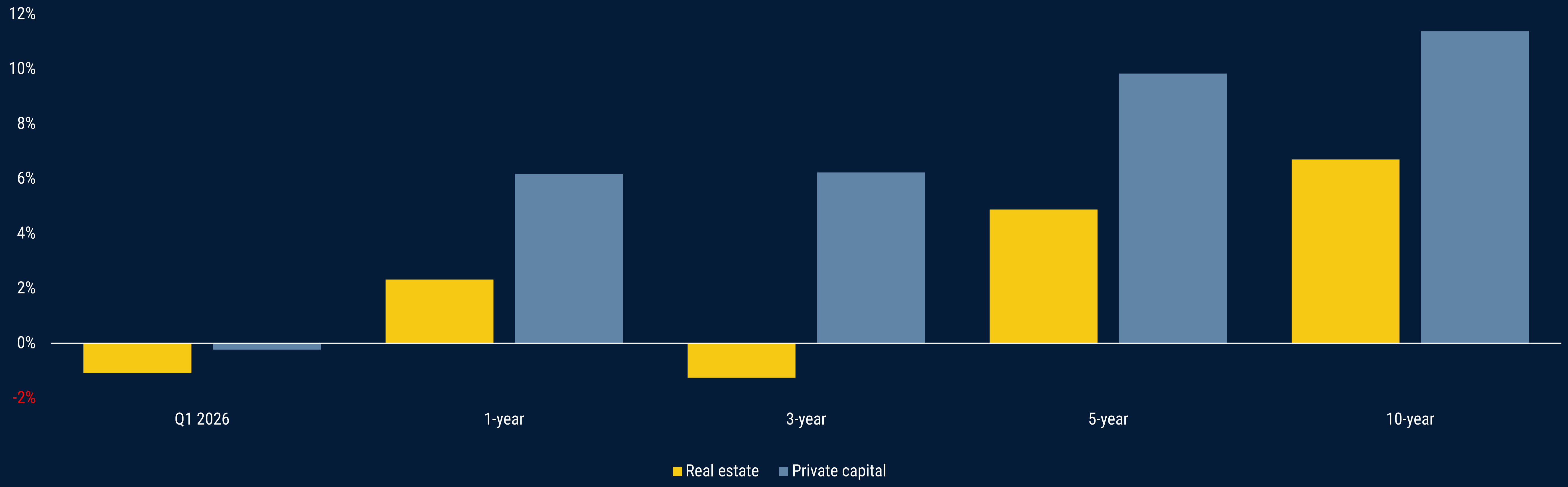
Figure 19 ▸ **Median VC fund IRRs by vintage and time since inception**



Source: PitchBook • Geography: Global • As of December 31, 2025

Real estate's underperformance relative to all other private capital strategies persisted through the 12 months through Q4 2025 and in preliminary Q1 2026 figures. While its one-year return shows another incremental improvement over the previous quarter, it remains far off historical norms.

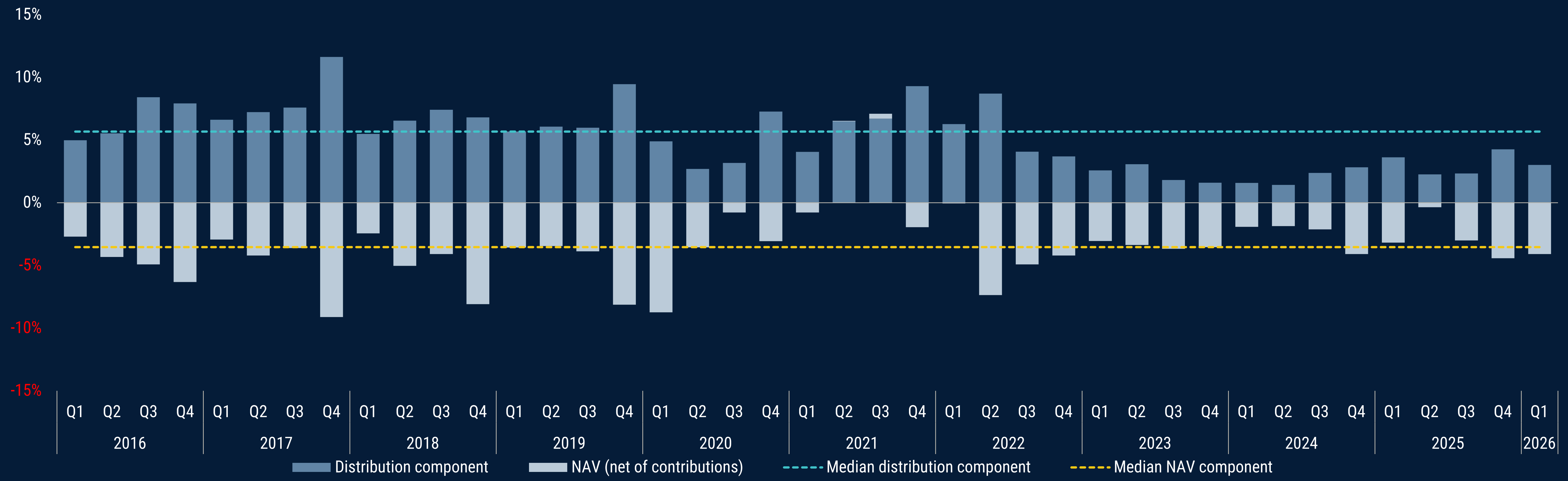
Figure 20 ▸ **Real estate funds horizon IRRs and preliminary quarterly return**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 data is preliminary.

Distributions softened again in Q1 2026 preliminary figures, as geopolitical conflicts spiked energy prices, reigniting inflationary fears and leading most major central banks to halt rate cuts. For a portion of those already hesitant to transact, this tipped the scales in favor of holding off.

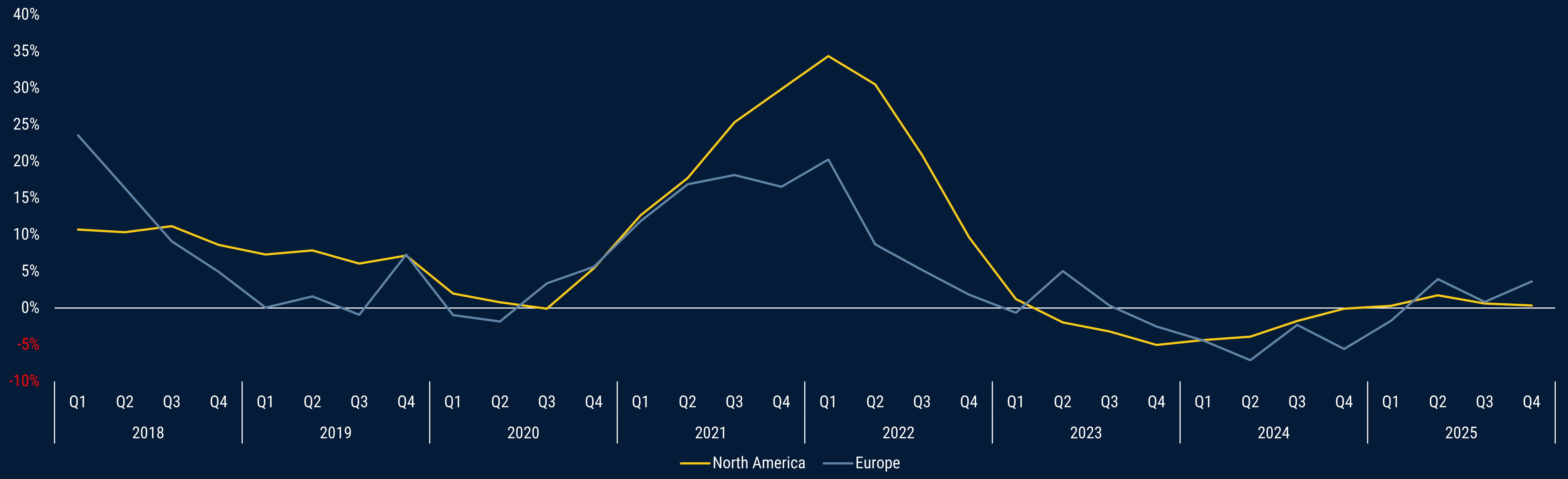
Figure 21 ▸ **PitchBook Real Estate Index quarterly return by source**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

North American and European real estate fund returns often follow similar paths, in part because many of the largest vehicles located in each region invest globally. However, over longer time horizons, North American vehicles generally outperform European ones.

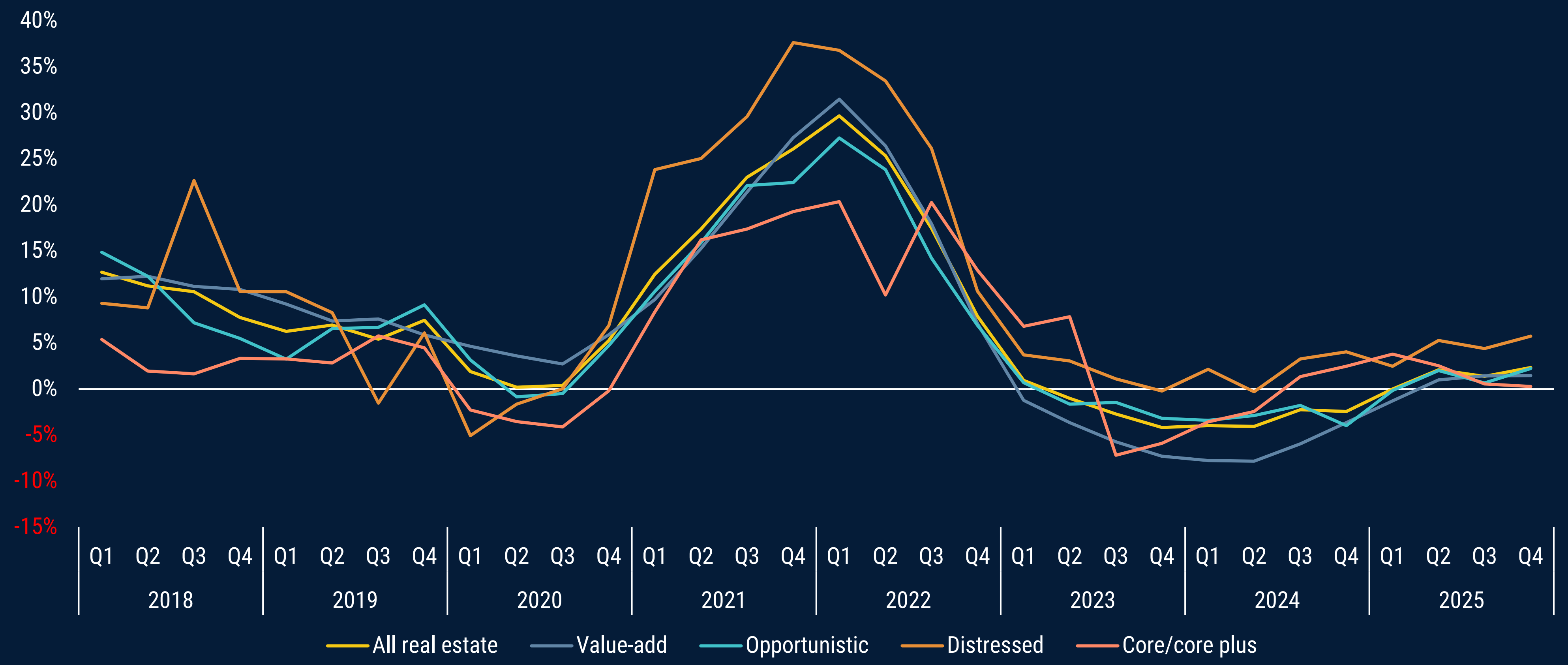
Figure 22 ▸ **Real estate funds rolling one-year horizon IRRs by region**



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Most real estate strategies saw their strongest one-year return since 2022 in Q4 2025, suggesting a continuation of their recent upward trajectory. Core and core plus funds were the exception.

Figure 23 ▸ **Real estate funds rolling one-year horizon IRRs by type**



Source: PitchBook • Geography: Global • As of December 31, 2025

Why are core/core plus funds lagging?

Core and core plus funds delivered a 0.3% return in 2025. While this figure is only 2.2 percentage points below their 2024 return, the decrease is notable given the improvements seen by other strategies and historical figures.

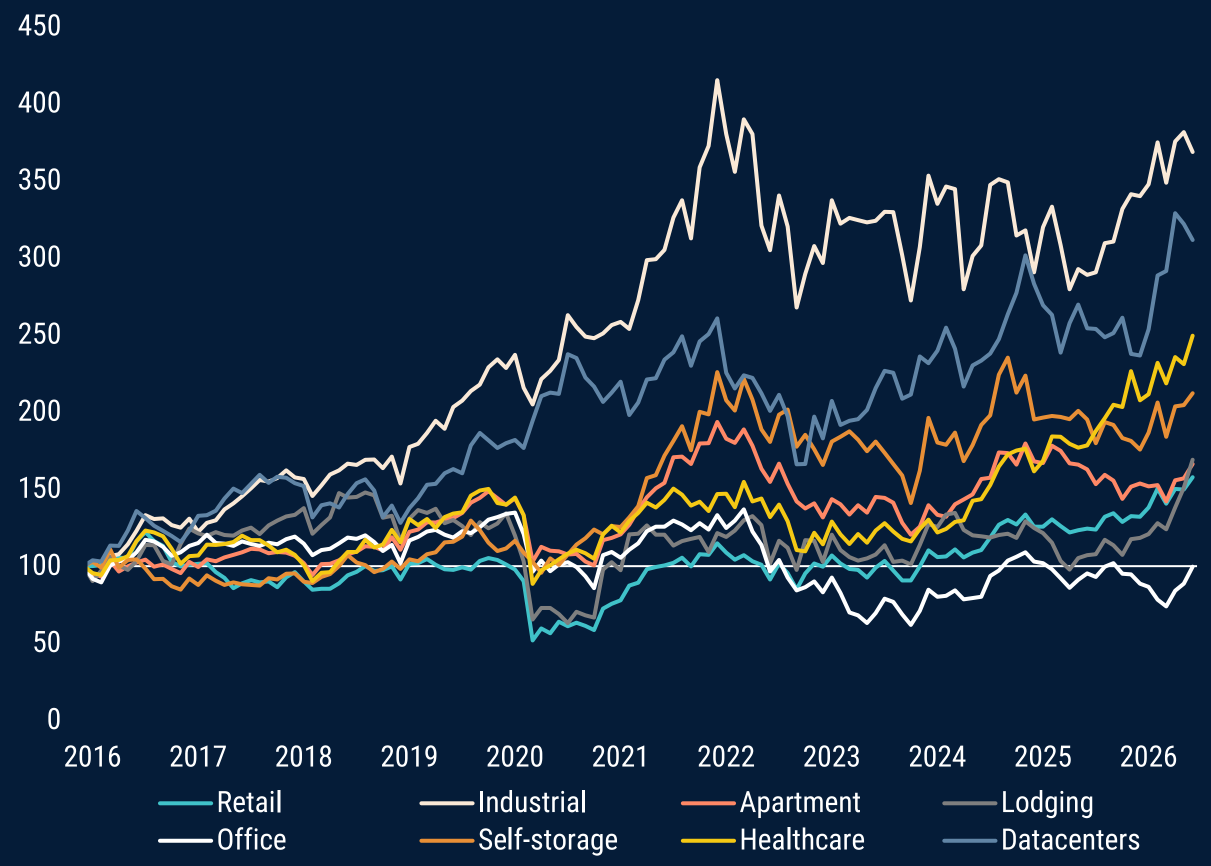
Part of the explanation for this underperformance lies in exposures. Core funds have historically been more heavily invested in sectors such as office and multifamily that were particularly challenged during the pandemic and in the years since. The core and core plus funds now exiting their investments may be doing so in a less favorable market for sellers than the one in which they were acquired, resulting in weaker returns.

There are also some data nuances that provide additional context. One important consideration is that this dataset includes only private, closed-end funds, thereby excluding a considerable universe of evergreen real estate vehicles, a structure in which core and core plus strategies are more common.

Due in part to this exclusion, the sample of funds in this dataset is smaller than that of other strategies, which further explains some of the substantial QoQ return shifts observed in the data.

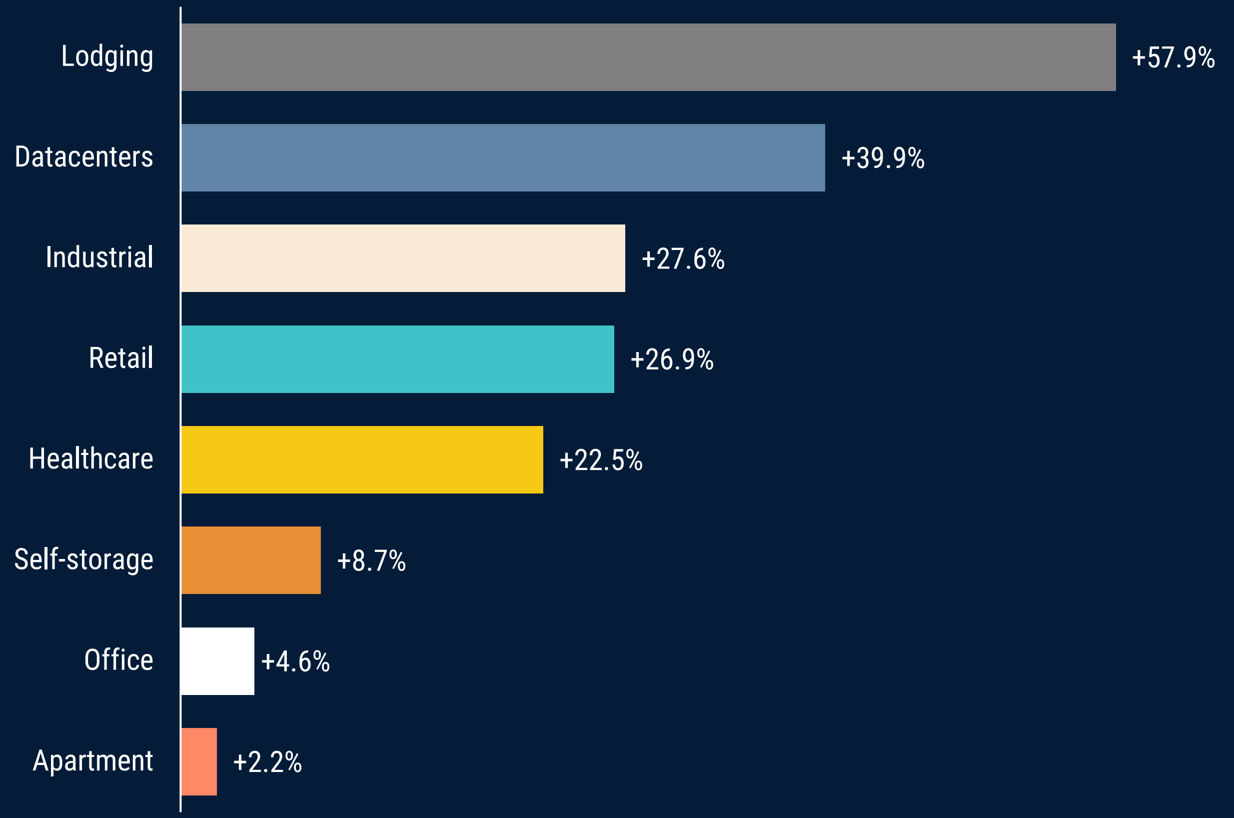
The vast differences in US REIT index performance by sector highlight the extent to which property type mix dictates fund outcomes. Lodging and datacenter REITs were the standout performers in the 12 months ended June 2026, but every sector notched positive returns, signaling recovery.

Figure 24 ▸ **REIT indexes returns by sector since December 2015**



Source: Nareit • Geography: US • As of June 30, 2026

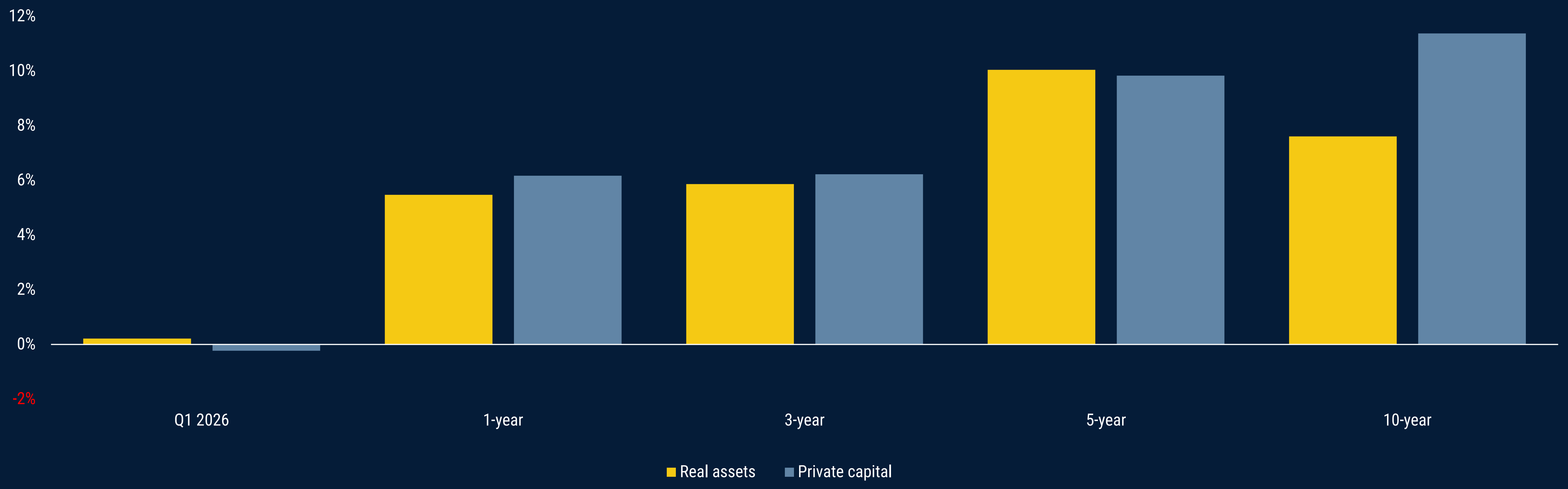
Figure 25 ▸ **One-year REIT indexes returns by sector**



Source: Nareit • Geography: US • As of June 30, 2026

Real assets performance continues to hold steadily below long-term norms, with the asset class returning 5.5% in 2025. This puts real assets in the middle of the pack when compared with other private capital strategies but behind the composite private capital return figure.

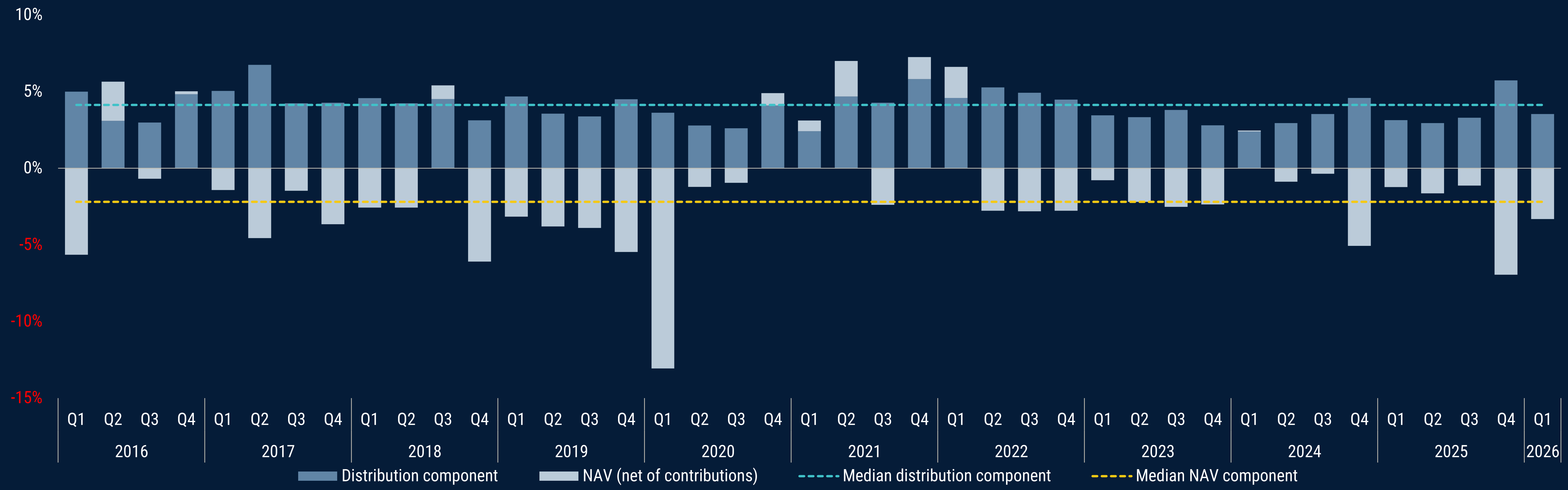
Figure 26 ▸ **Real assets funds horizon IRRs and preliminary quarterly return**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 data is preliminary.

While Q4 2025's distributions were above the long-run median for real assets funds, this was more than offset in quarterly return figures by net asset value (NAV) markdowns, resulting in a -1.2% return. Distributions slowed in Q1 2026 as markets were once again beset by uncertainty.

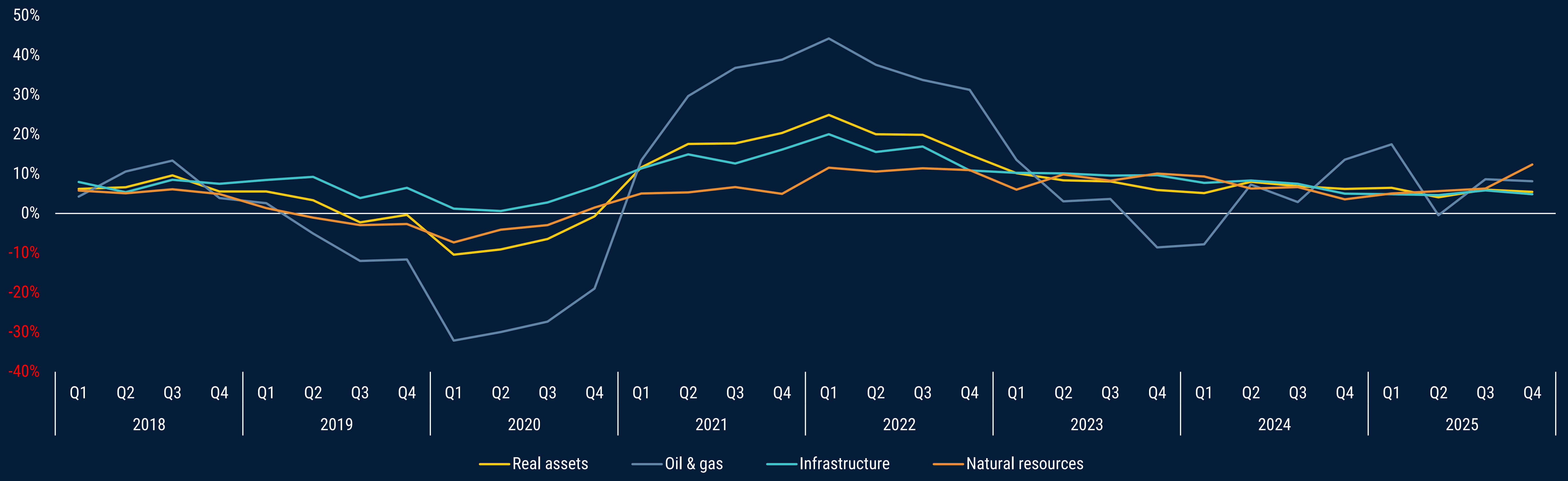
Figure 27 **PitchBook Real Assets Index quarterly returns by source**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

Natural resources funds had their strongest post-pandemic year in 2025, notching a 12.4% return and outperforming all other real assets strategies during that period. Oil & gas funds returned 8.1%, and infrastructure performance was largely static compared with 2024, at 4.9%

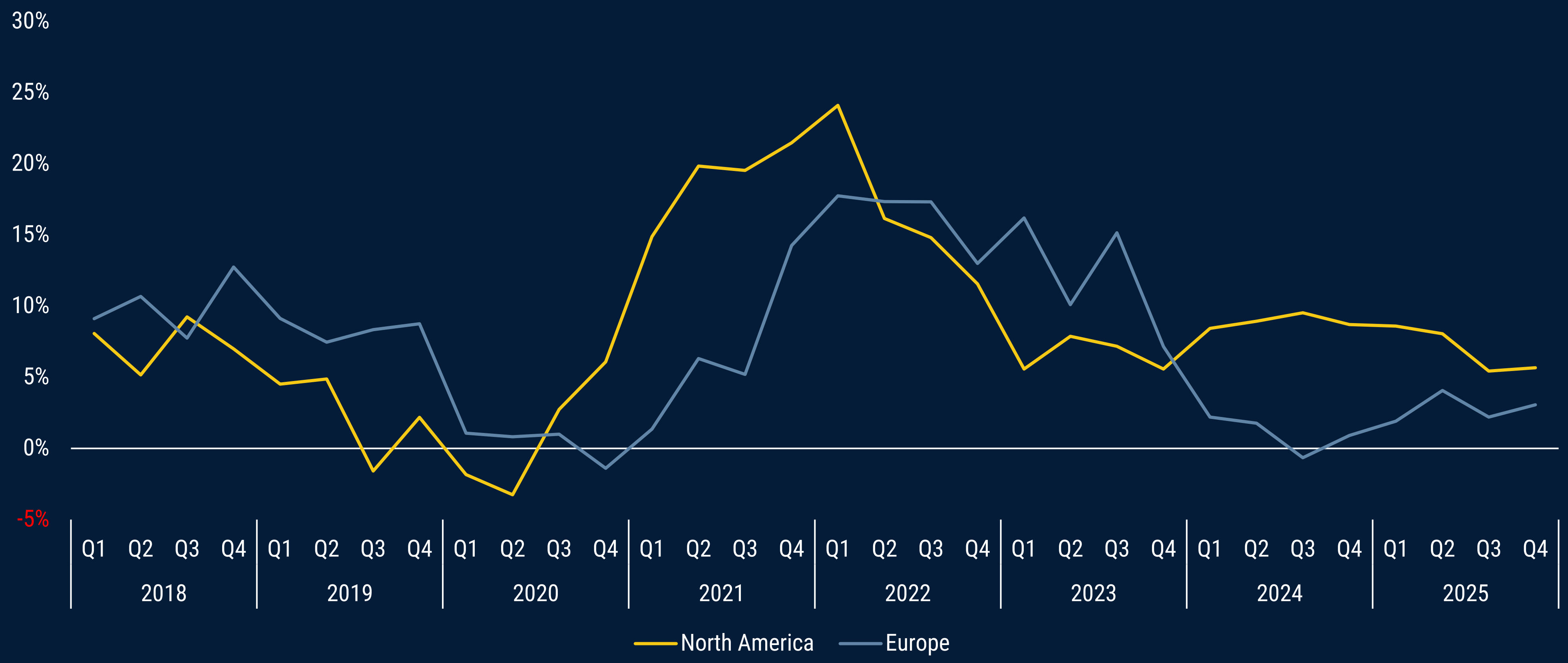
Figure 28 **Real assets funds rolling one-year horizon IRRs by strategy**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Natural resources in this chart excludes the oil & gas category, which is distinct from our standard configuration.

North American infrastructure funds have been outperforming their European counterparts since 2023, due in part to more concentrated investment in digital and conventional energy infrastructure.

Figure 29 **Infrastructure funds rolling one-year horizon IRRs by region**



Source: PitchBook • Geography: Global • As of December 31, 2025

Dissecting the regional differences

While the AI boom and its effects on the infrastructure investment landscape have had a global reach, the opportunities arising from them and the resulting returns have been unevenly distributed.

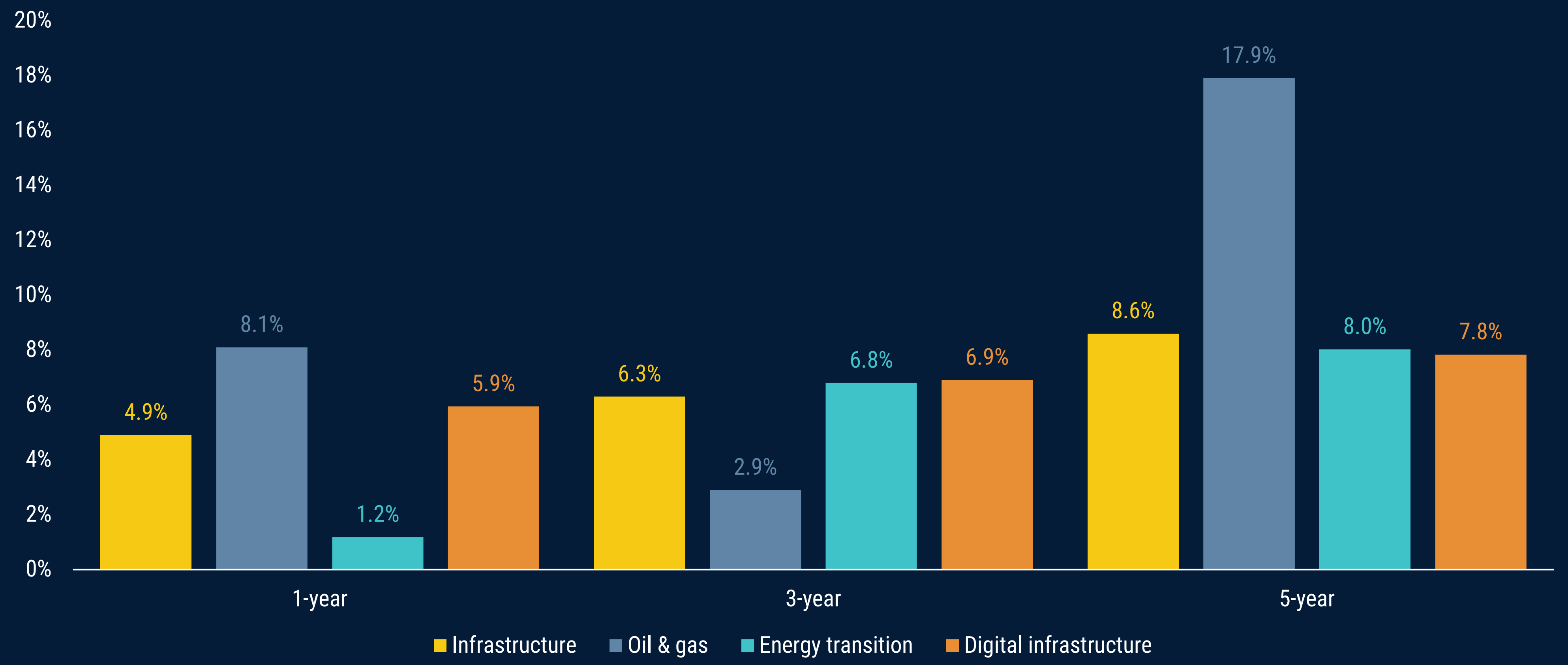
The vast majority of capital raised by digital infrastructure specialist funds over the past decade has gone to vehicles located in North America, so the recent strong performance of this segment has not had the same buoying effect on European funds that it has on North American ones.

North American infrastructure funds also tend to have more concentrated investment in conventional energy infrastructure than in renewable energy infrastructure compared with European vehicles, so North American funds are likely disproportionately reaping the rewards of the datacenter-driven growth in energy demand.

This is not to say that other energy sources do not benefit from digitization-driven needs. Some forms of renewable energy, such as nuclear, can be used to meet datacenter demand, and others can help supplement the grid—but it is natural gas that is most often used to directly meet that need.

Oil & gas funds outperformed both the overall infrastructure universe and select key segments, such as digital and energy transition infrastructure specialist funds, in 2025.

Figure 30 **Real assets funds horizon IRRs by strategy**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Data for digital infrastructure and energy transition funds is preliminary and subject to revision.

Will this drive more capital to oil & gas?

Oil & gas funds make up a tiny share of the overall real assets universe, garnering just 6.9% of all real assets capital raised over the past decade, while other segments, such as digital and energy transition infrastructure, have drawn significantly more capital in recent years.

In large part, this has been due to expectations around each of their risk-adjusted returns, although the proliferation of sustainable investment strategies has also contributed.

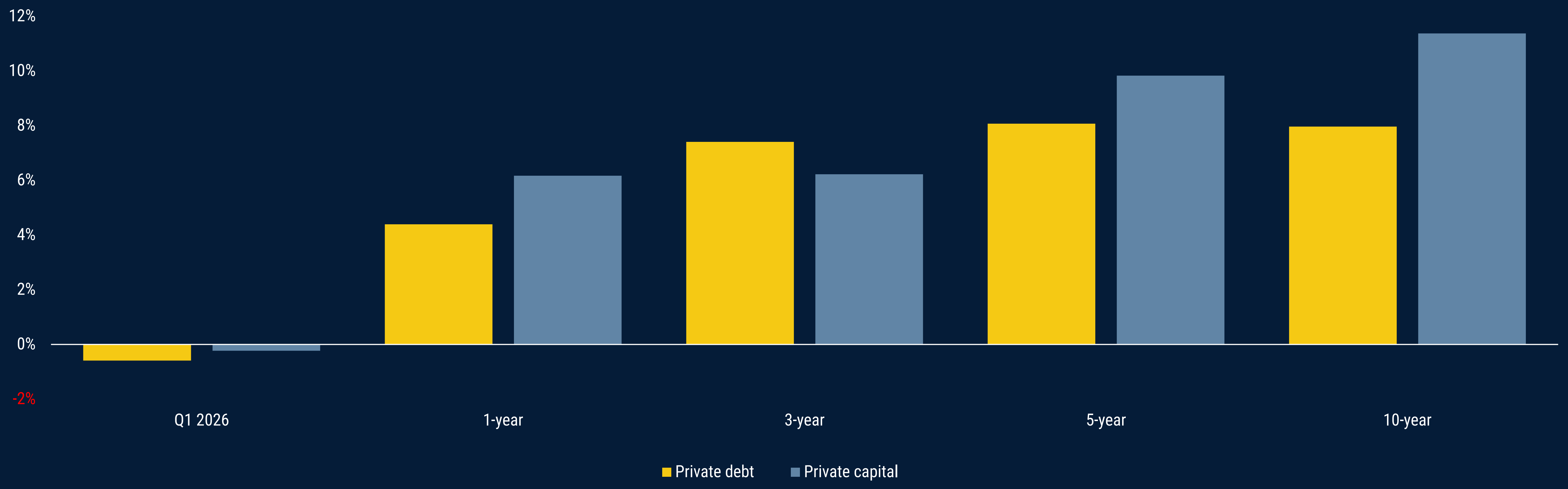
As oil & gas fund returns have picked up and energy security has arguably supplanted decarbonization as the top energy priority globally, questions have arisen around whether oil & gas vehicles will again make up a much larger share of the private real assets fund universe.

The short answer is that it is unlikely. While returns in other infrastructure segments and in the overall infrastructure universe have been lower at times, these strategies play a stabilizing, diversifying, long-duration role in allocator portfolios.

In contrast, oil & gas funds function more as a satellite allocation rather than a core one. Their direct link to the price of a globally traded commodity makes them inherently volatile, requiring patient investors to avoid exiting assets at an unfavorable point in the cycle.

Private debt funds returned 4.4% in 2025, putting the strategy's performance below its long-term norms and that of most other private capital strategies, supporting the claims that the end of the "golden age of private credit" is near.

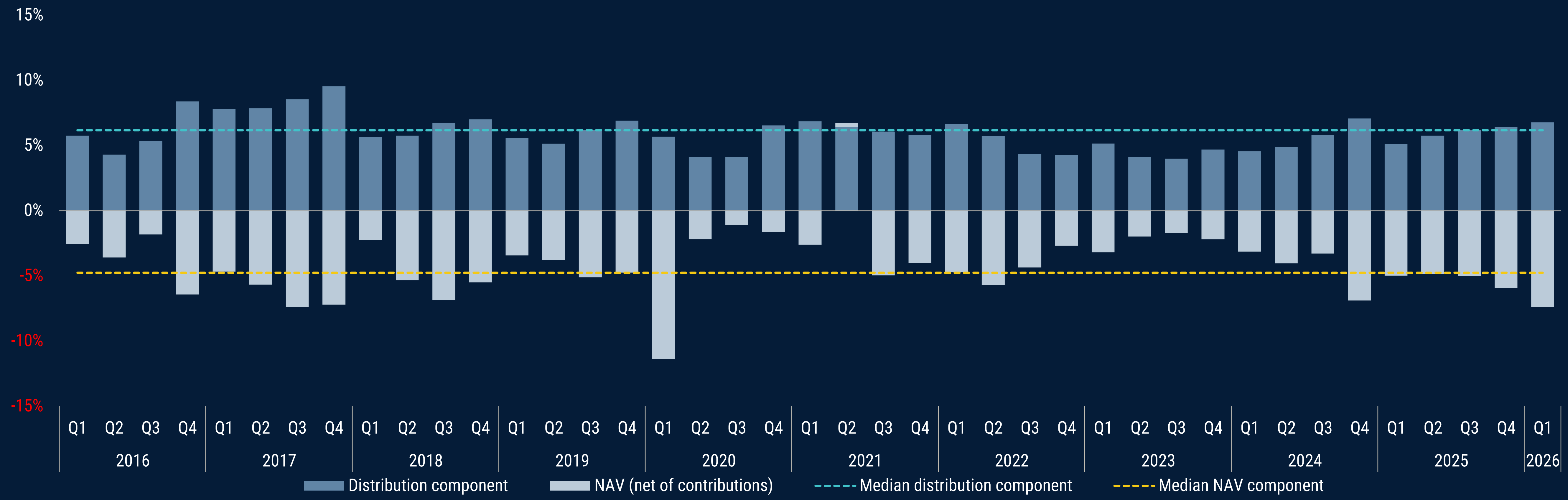
Figure 31 **Private debt horizon IRRs and preliminary quarterly return**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 data is preliminary.

Distributions edged above their long-run median in Q4 2025 and preliminary Q1 2026 numbers, a welcome development for liquidity-tight allocators, but NAV markdowns have largely counterbalanced them, suggesting credit fundamentals deterioration that should be closely watched.

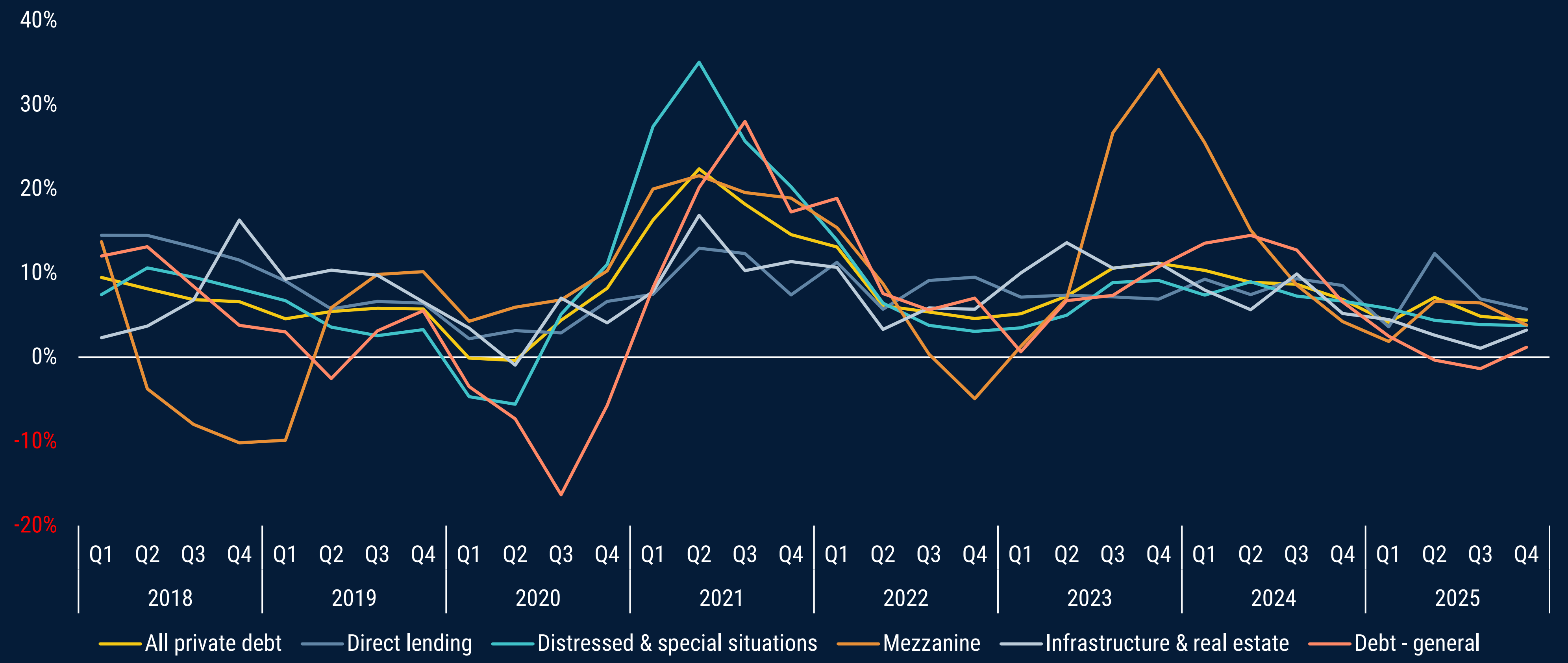
Figure 32 ▸ **PitchBook Private Debt Index quarterly return by source**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

The convergence of debt substrategy returns in the 1% to 6% range in Q4 2025 is likely to be short-lived given the massive fluctuations typical of the mezzanine and general debt strategies.

Figure 33 **Private debt funds rolling one-year horizon IRRs by type**



Source: PitchBook • Geography: Global • As of December 31, 2025

A closer look at returns by substrategy

In Q4 2025, every private debt substrategy saw returns in the low to mid-single-digits. Direct lending funds posted the strongest performance at 5.7%, though this remains within their more typical range. Direct lending funds consistently exhibit stability. As these funds make up the majority of the private debt universe, private credit as a whole is generally seen as consistent as well, though there are substrategies with much different experiences.

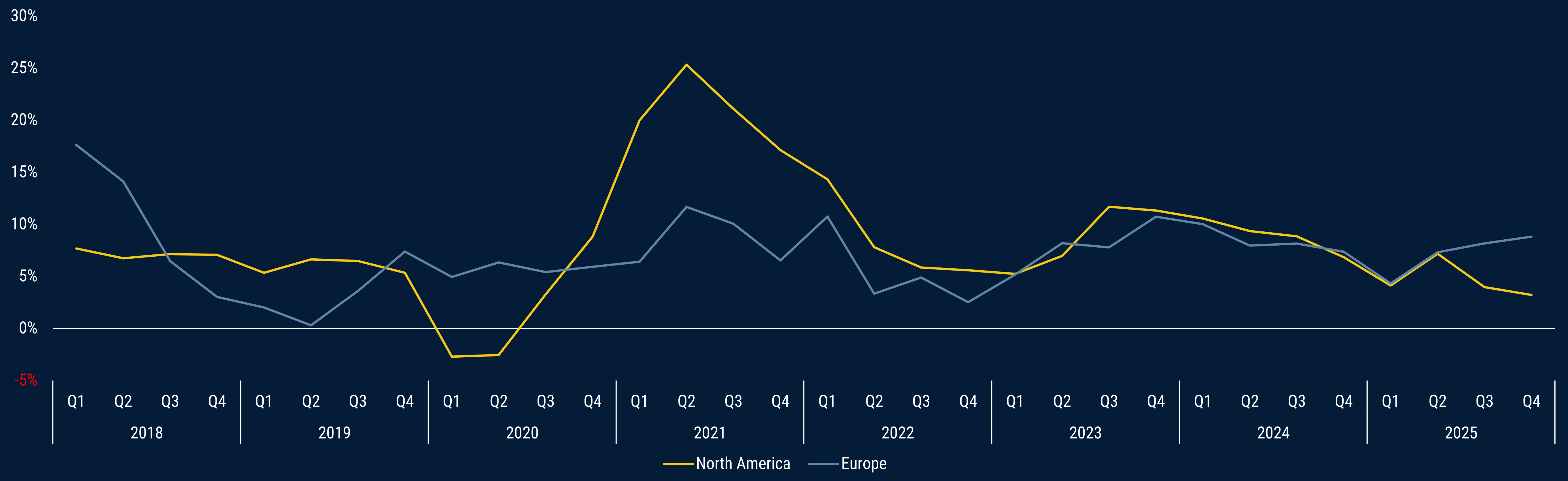
Mezzanine funds have come nearly all the way off their 2023 high of 34.2% and returned 3.8% in 2025 as bank lending conditions eased. Distressed & special situations vehicles also returned 3.8%, continuing their slow but steady decline.

Infrastructure and real estate debt funds saw a lower-than-typical return of 3.2% in 2025. This is due to softness in select sectors and geographies rather than widespread deterioration, leading to elevated refinancing risk and more conservative valuations on affected loan collateral.

Funds in the general debt category were the worst performers, with a 1.2% return, but showed an improvement over the previous two quarters' trailing 12-month (TTM) figures, both of which were negative. Further fluctuations are to be expected given the historical volatility of this bucket.

The returns of North American and European private debt funds diverged in 2025, as the former have absorbed more of the fallout from souring sentiment and a crowded middle market, while a less saturated landscape in Europe has allowed for consistently wider spreads.

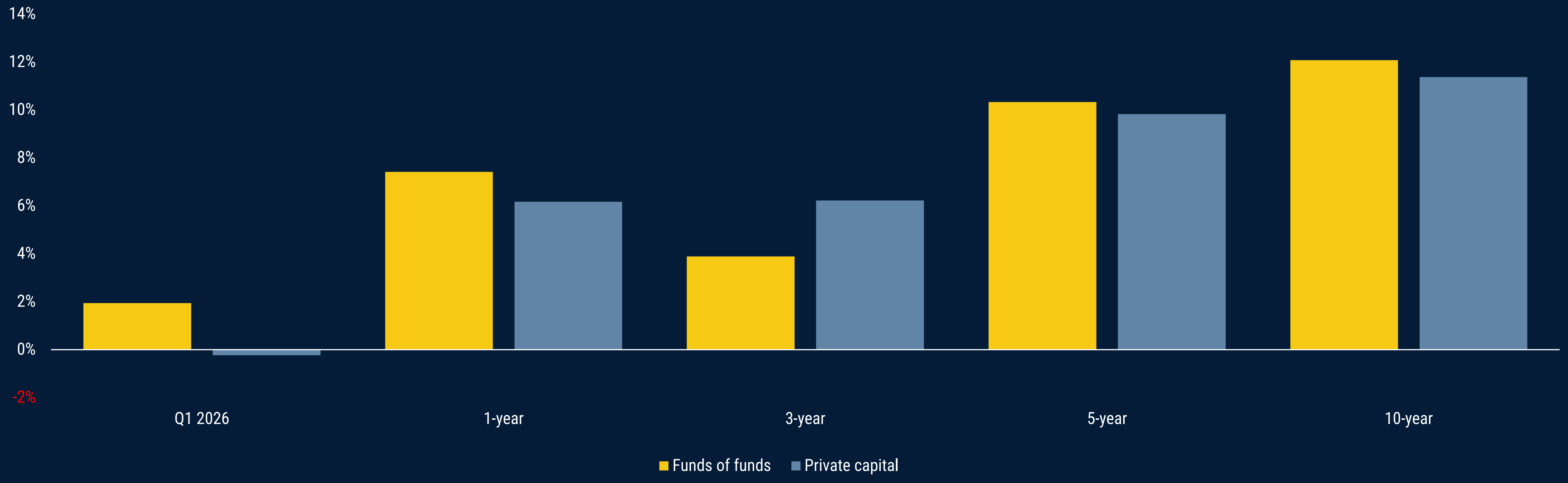
Figure 34 **Private debt funds rolling one-year horizon IRRs by region**



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Funds of funds performance has not been as disappointing as weak recent fundraising would suggest. Aside from a soft three-year figure, the long-term performance track record has rewarded patient capital.

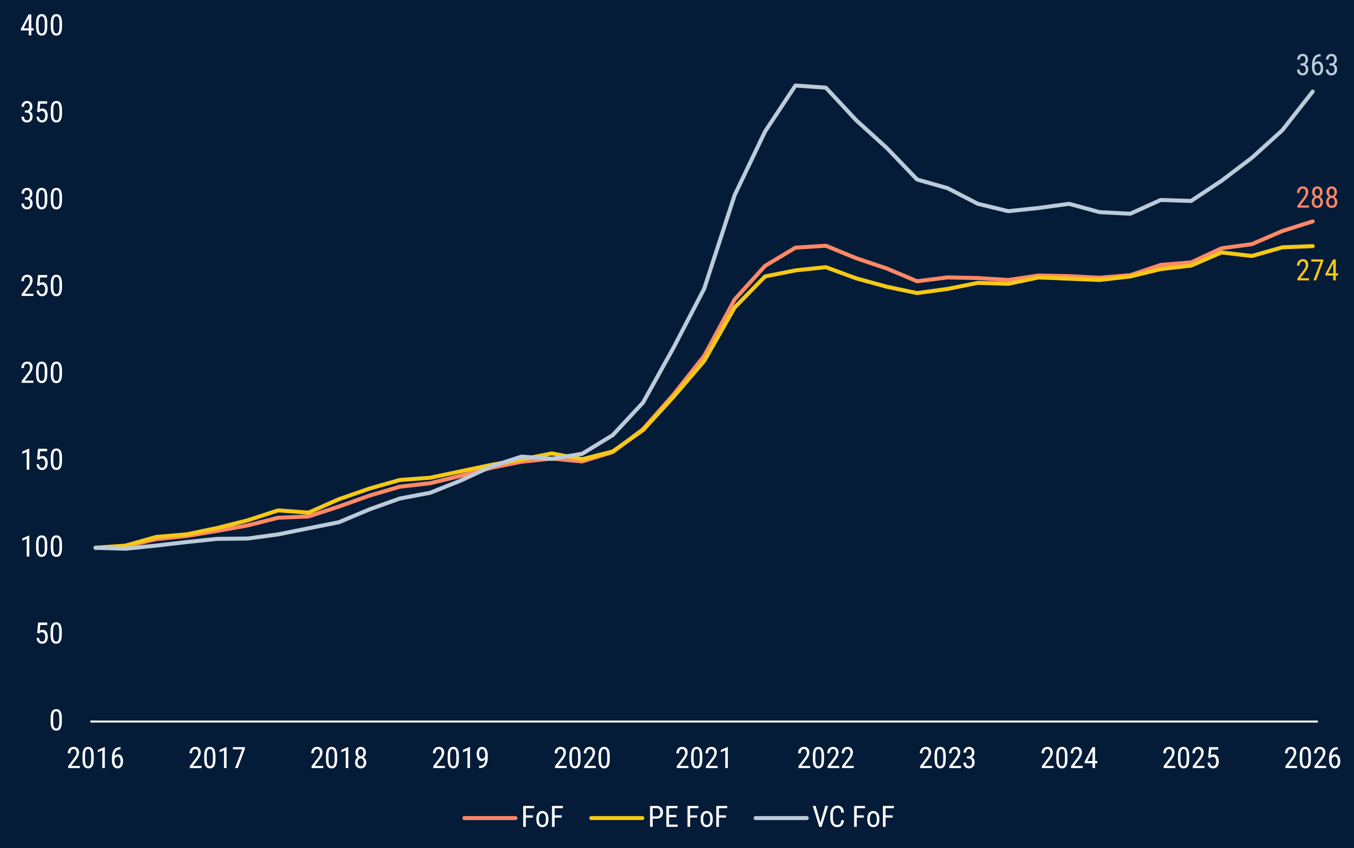
Figure 35 ▸ **Funds of funds horizon IRRs and preliminary quarterly return**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 data is preliminary.

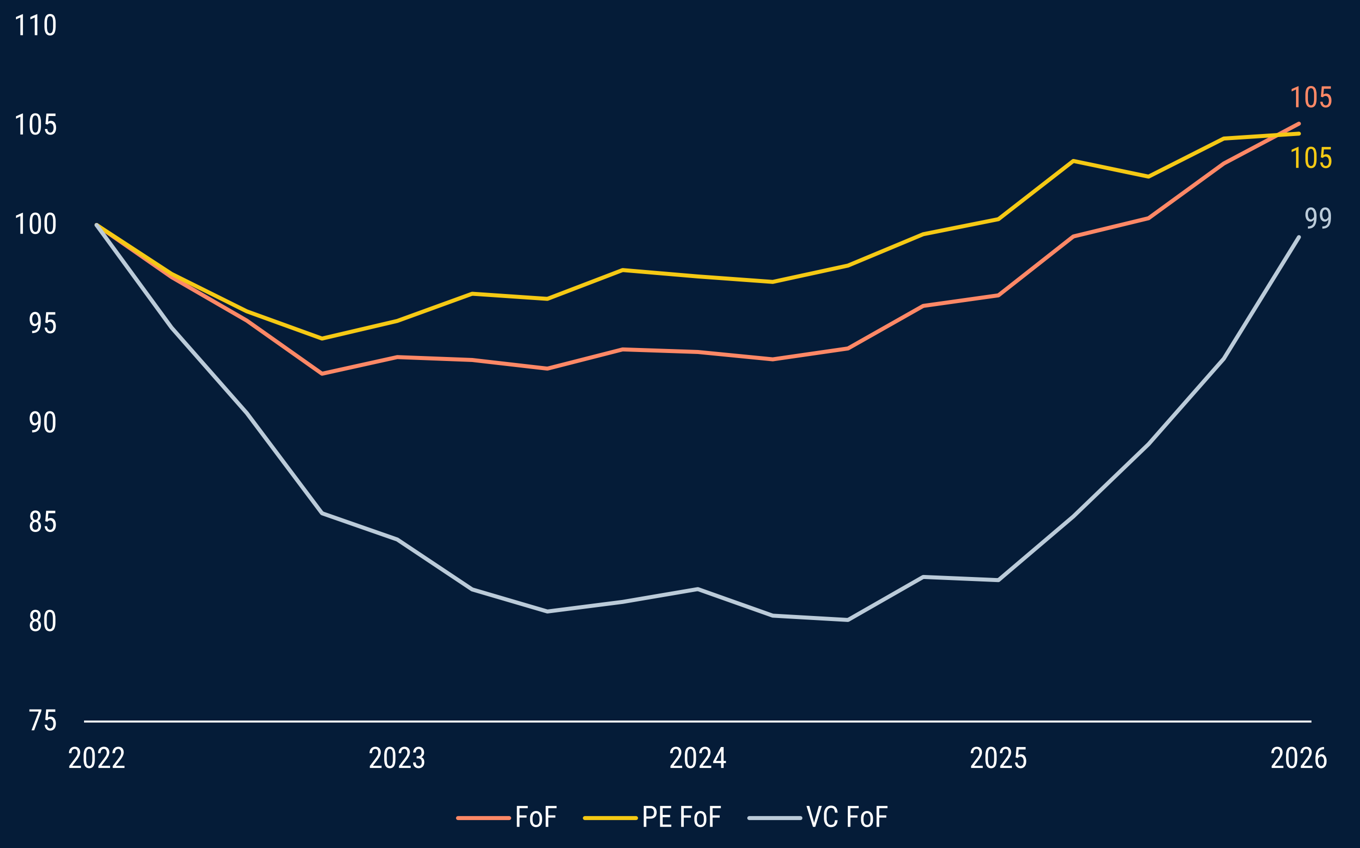
VC FoFs have been a popular way for institutional investors to access VC, offering diversification and access in one commitment. The strategy has led the FoF universe over the past decade, though returns have only begun to break even in the past four years, following the plunge in early 2022.

Figure 36 ▸ **PitchBook Funds of Funds Indexes returns since March 2016**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

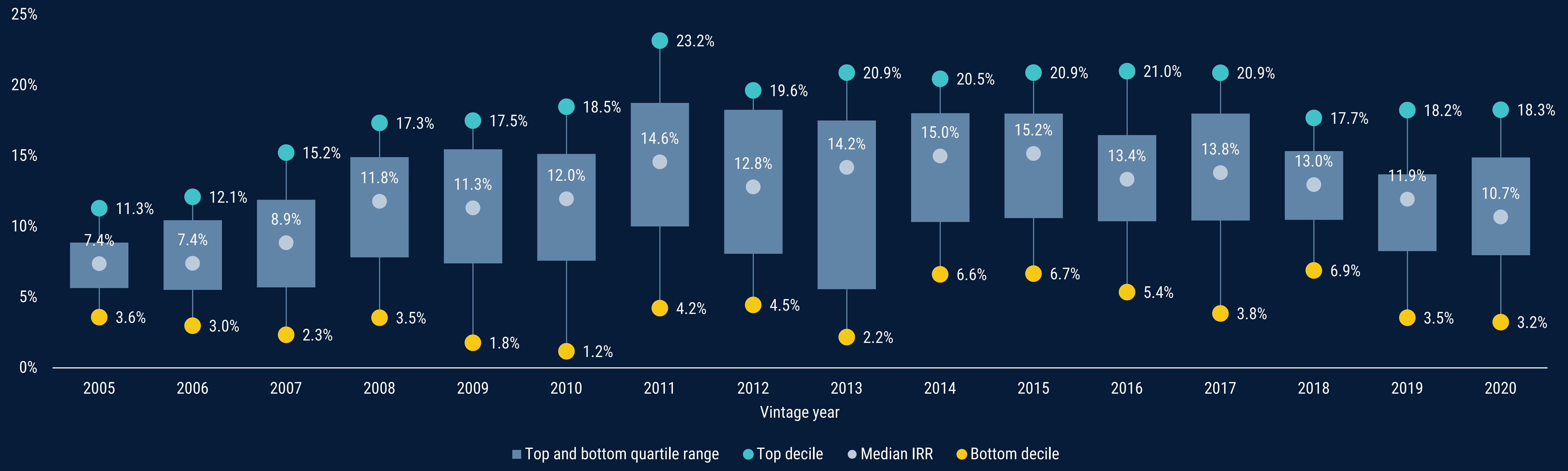
Figure 37 ▸ **PitchBook Funds of Funds Indexes returns since March 2022**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

Diversification is a defining feature of the FoF strategy, and it has driven relatively strong, consistent performance, with double-digit medians in every vintage since 2008 and a bottom decile that has stayed positive in every vintage shown, an attractive downside picture.

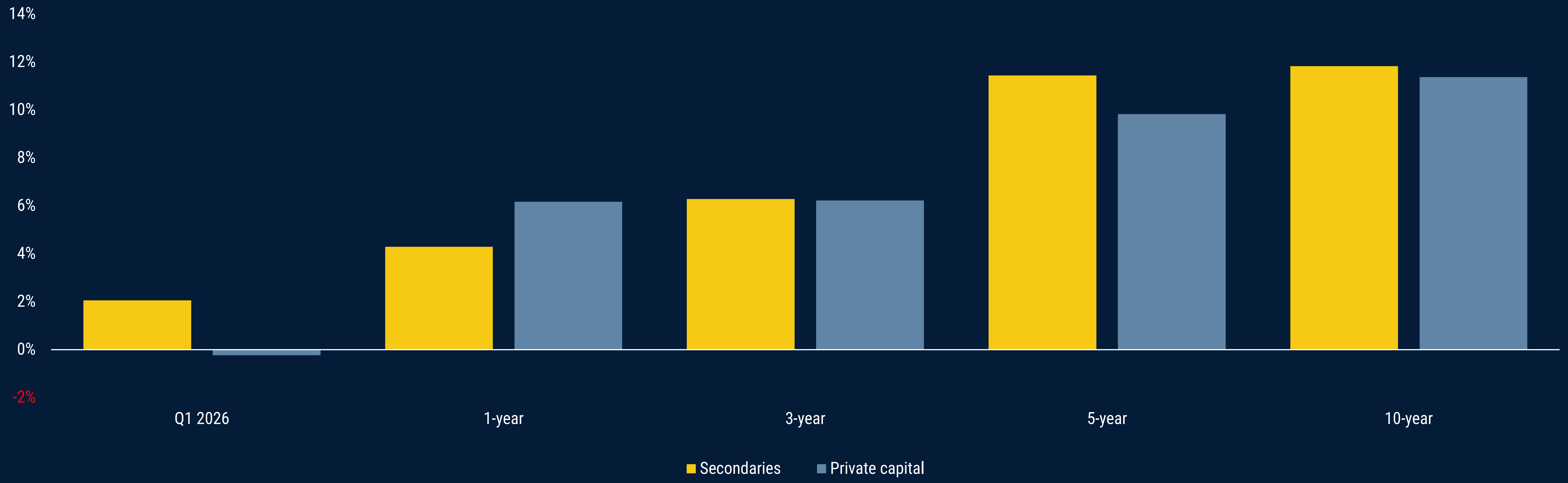
Figure 38 ▸ **Fund of Funds IRR dispersion by vintage year**



Source: PitchBook • Geography: Global • As of December 31, 2025

2025 was a record-breaking year for secondaries fundraising as LPs and GPs turned to the strategy for liquidity, aging portfolios, and muted exits. Secondaries still lead over five- and 10-year horizons, though private capital now leads at one year.

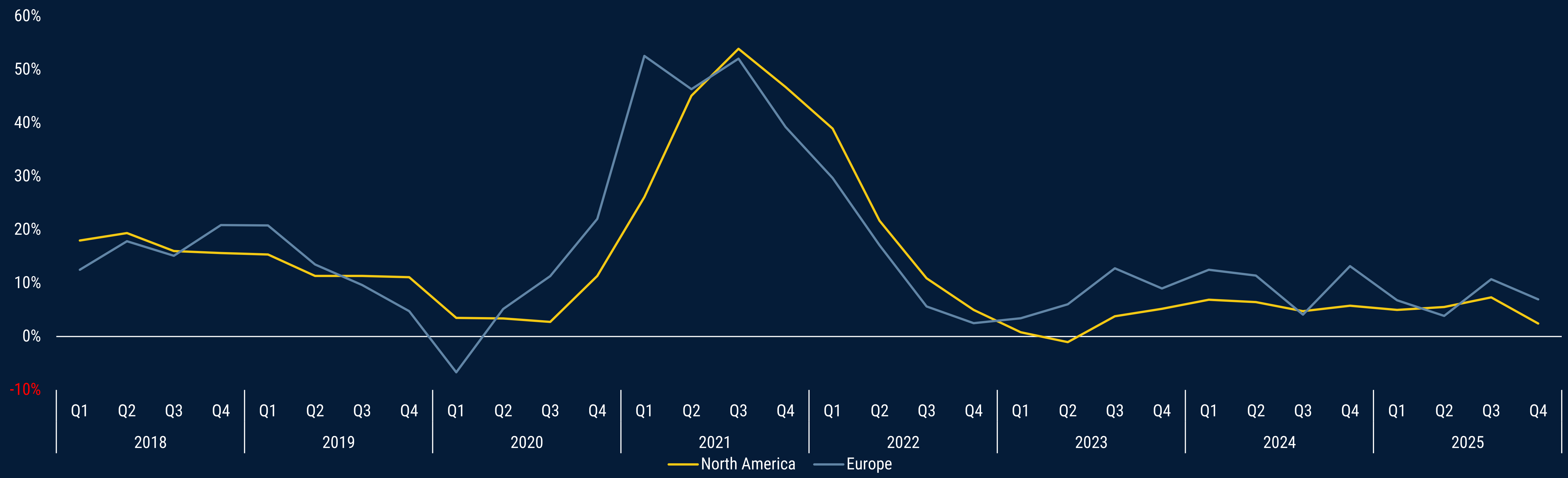
Figure 39 **Secondaries horizon IRRs and preliminary quarterly return**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Q1 2026 data is preliminary.

European secondaries funds have led their North American peers for most quarters since 2023 and closed 2025 well ahead, at 7% versus 2.4% over the year through Q4. A few large European funds have driven this trend.

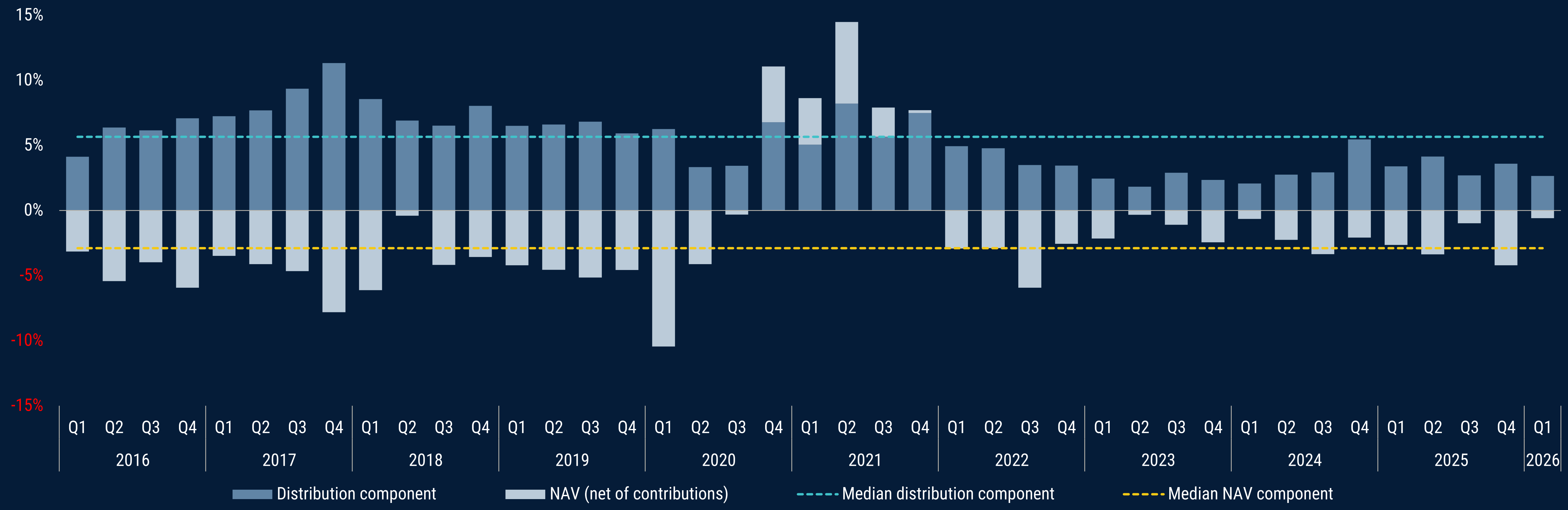
Figure 40 ▸ **Secondaries funds rolling one-year horizon IRRs by region**



Source: PitchBook • Geography: Global • As of December 31, 2025

Secondaries quarterly distributions have largely remained well under their long-term median since 2022. These funds depend on the underlying funds they have purchased, so secondaries managers are still waiting alongside LPs for exits to pick up.

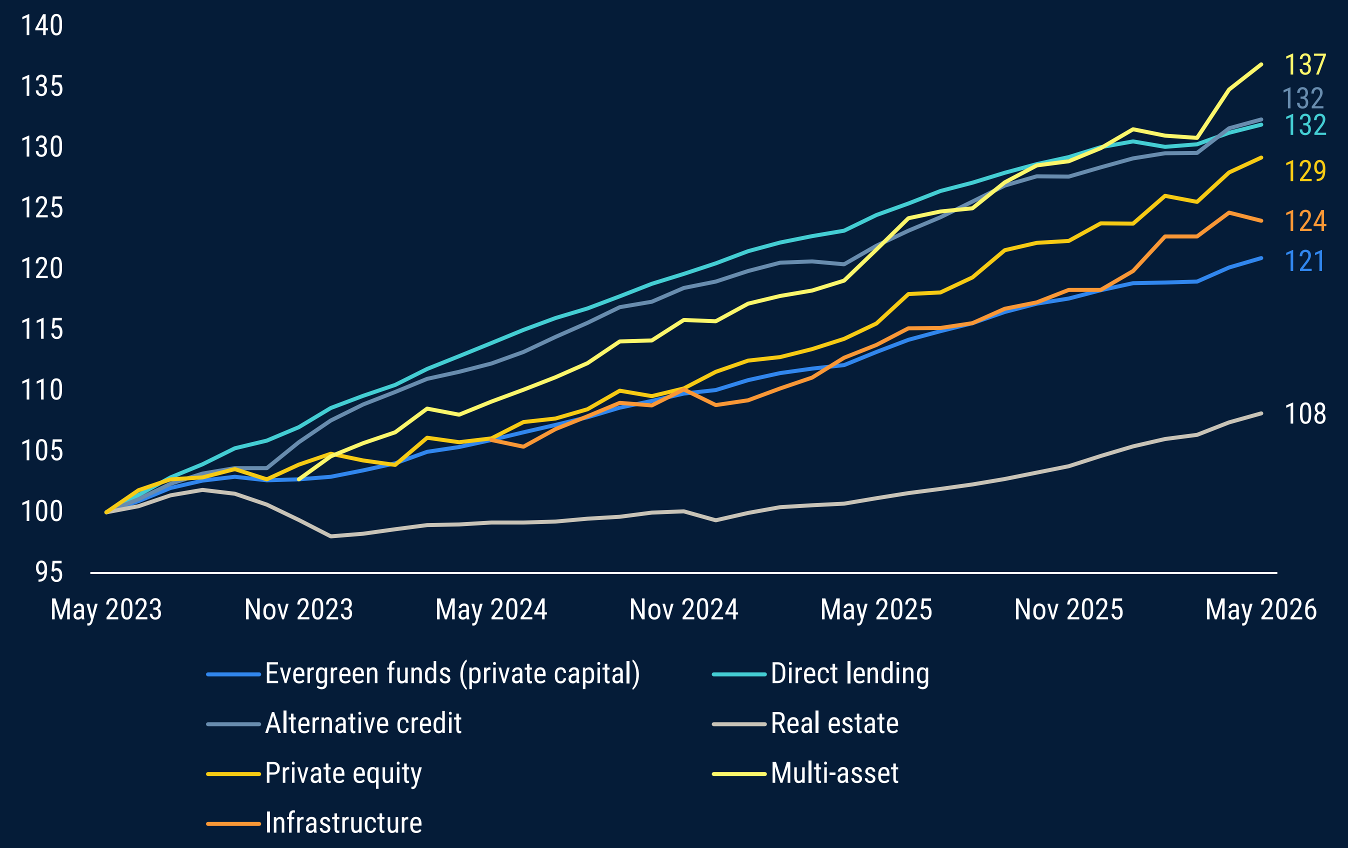
Figure 41 **PitchBook Secondaries Index quarterly return by source**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

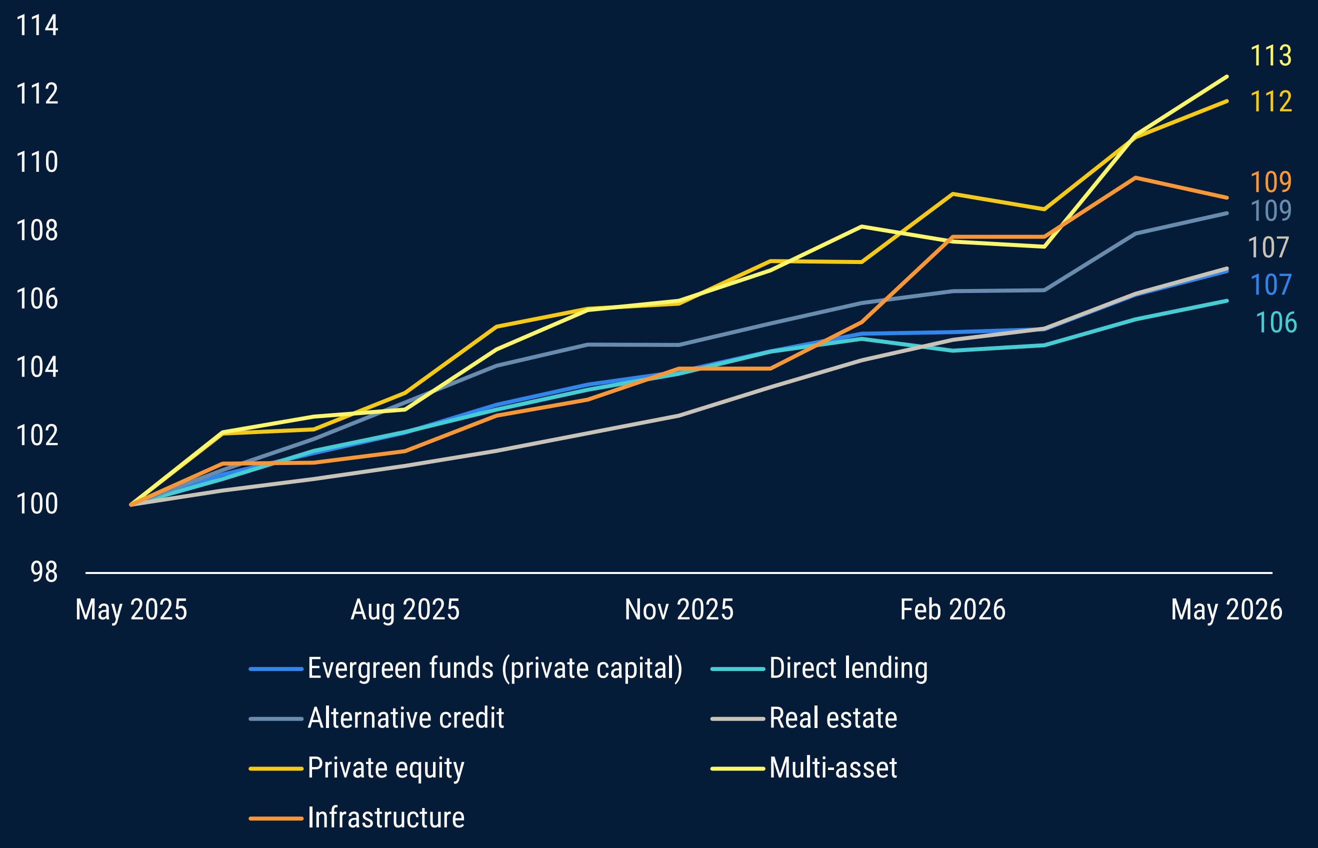
Both private debt indexes moderated heading into 2026 but remain near the top in three-year returns. The PE and multi-asset indexes have surged in the past year—the contribution from unrealized gains should be watched. Real estate ranks last on a three-year horizon, awaiting a recovery.

Figure 42 ▸ **Morningstar PitchBook US Evergreen Fund Indexes returns since May 2023**



Source: PitchBook • Geography: US • As of May 31, 2026
Note: Evergreen index data for months within their respective restatement periods is preliminary and subject to revision. Indexes with shorter histories are rebased to the evergreen funds (private capital) index on their start date.

Figure 43 ▸ **Morningstar PitchBook US Evergreen Fund Indexes returns since May 2025**



Source: PitchBook • Geography: US • As of May 31, 2026
Note: Evergreen index data for months within their respective restatement periods is preliminary and subject to revision.

Cash flows and multiples

Following the cash

For all the attention IRR receives, it is cash flow data that tells LPs whether a strategy is actually making good on its promises. This section examines both the distribution trends and the multiples they yield across private capital.

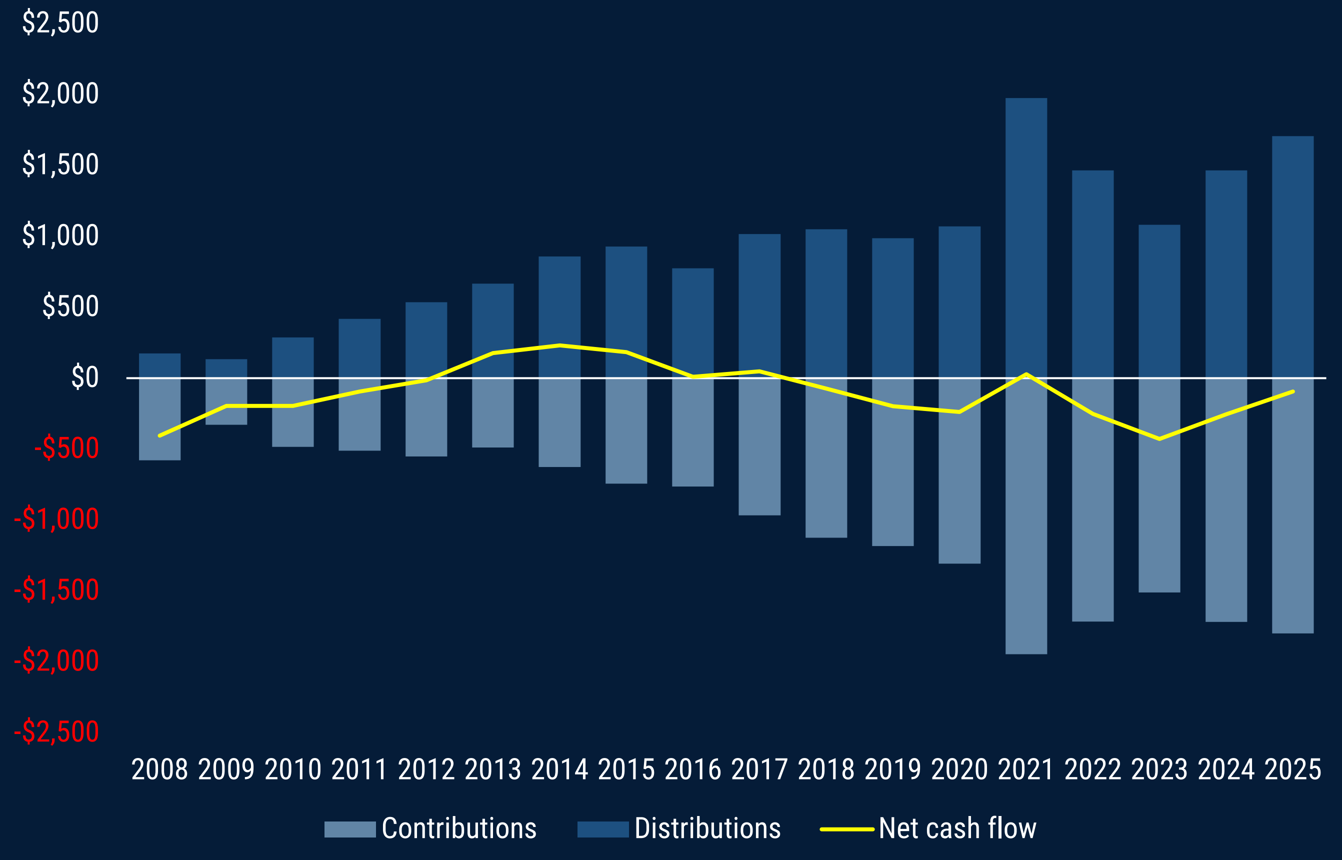
Since distributions began contracting in 2022, LPs have grown far more focused on the net cash flow picture. The strategy-level gap has remained wide, with private debt's rolling 12-month distribution yield standing at 20.8% of beginning NAV, comfortably the strongest of any strategy we track, while VC's has fallen again to 5.0%. Unsurprisingly, LPs with venture- and real estate-heavy books have felt the pullback in distributions most acutely, given how much their distribution yields have plummeted from post-pandemic highs.

Capital call behavior has shown some interesting changes. Renewed deal activity in venture catalyzed a reacceleration in deployment in 2024 before yet another slowdown in 2025, while real estate's capital call rates have reached their lowest point on record, as have those of private debt.

Underlying all of this is a persistent aging-asset problem. Private equity funds have accumulated close to $2 trillion in aging NAV—capital sitting in vehicles beyond their seventh year—and the pickup in dealmaking this year has barely chipped away at that amount. Venture shows a comparable strain on a relative basis: More than 42% of its NAV now belongs to funds beyond the seven-year threshold, a concentration not seen since the 2008 downturn. For LPs, this means a growing portion of reported value remains tied up in an exit environment that has yet to fully cooperate, regardless of how healthy the marks may look on paper.

This quarter, we are supplementing the cash flow view with new DPI dispersion charts by vintage year, giving LPs a clearer sense of the range of outcomes behind each strategy's median. Additional slices of the data in this section are available to PitchBook clients in the Excel data pack via the Research Center on the PitchBook Platform.

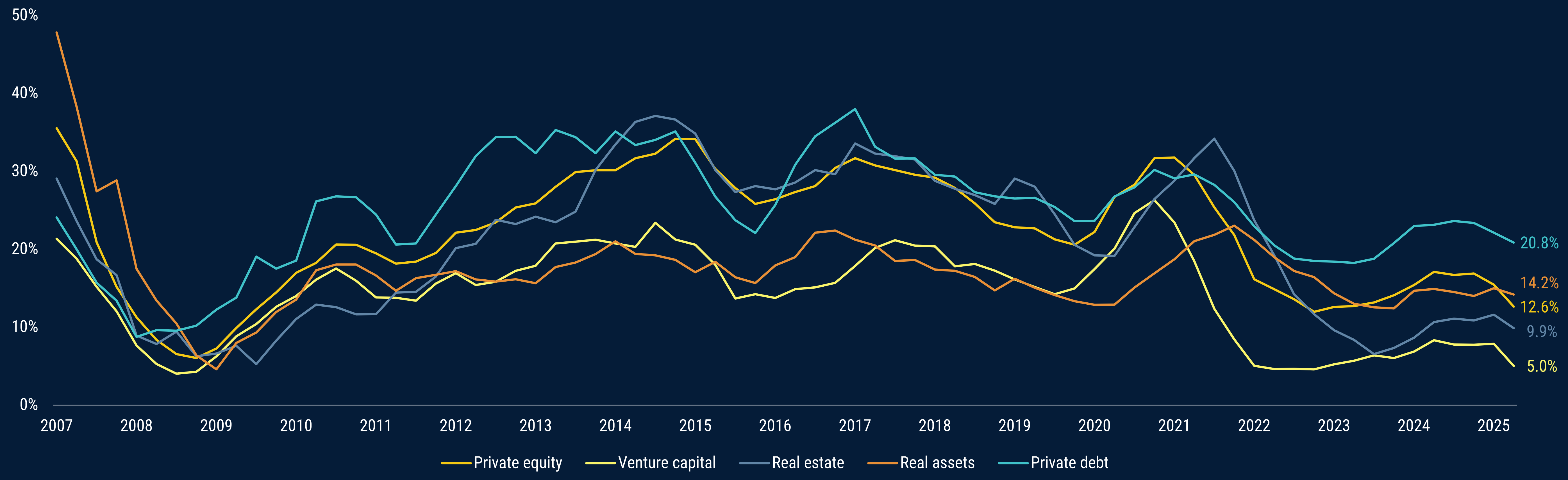
Figure 44 **Private capital cash flows ($B)**



Source: PitchBook • Geography: Global • As of December 31, 2025

Distributions have been below norms for several years across strategies, and improved dealmaking has still not translated to improved cash returns. Venture has shown the most weakness, while cash returned from private debt has justified commitments to that space.

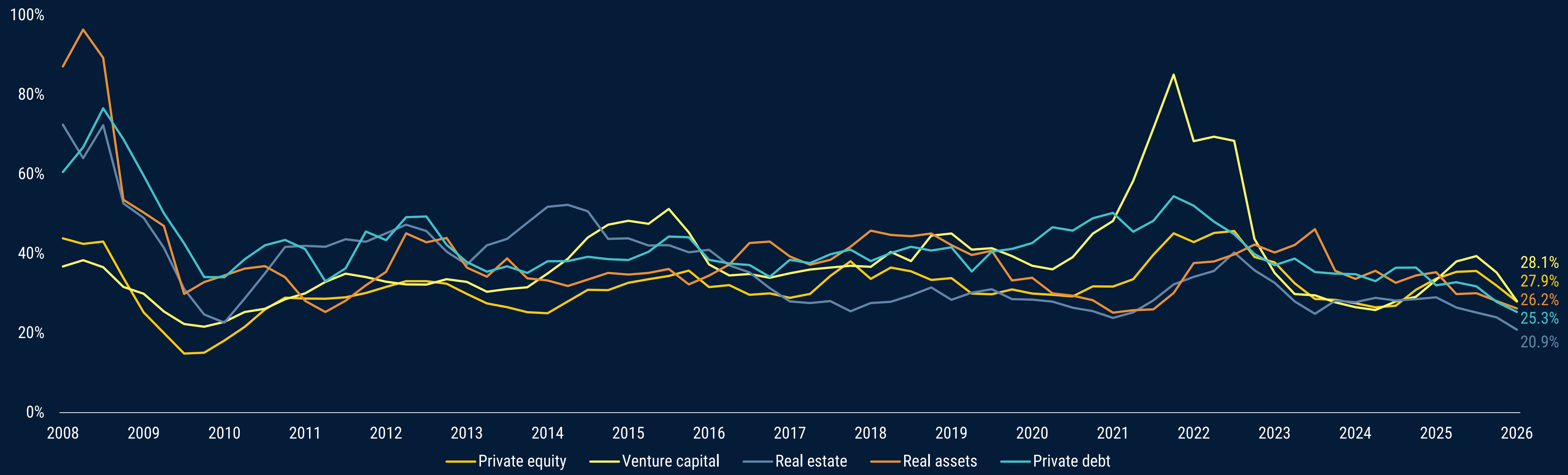
Figure 45 **Rolling 12-month distribution yields as a share of beginning NAV by fund class**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

Capital called from LPs stayed compressed at the low end of their historical range, with venture rotating to the top of the pack as deployment picked up. Real estate and private debt slipped to series lows, with real estate out of favor and private credit deployment cooling as caution builds.

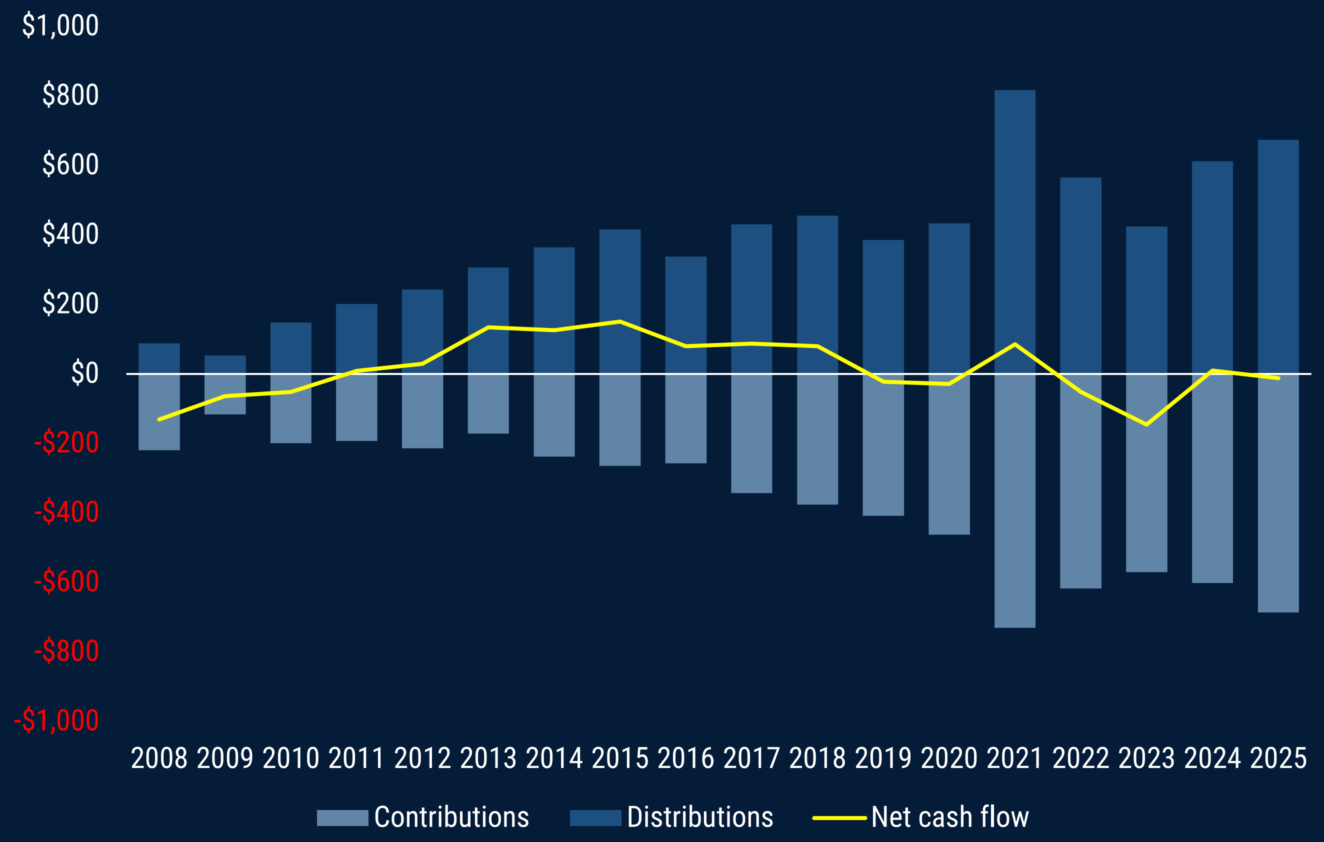
Figure 46 **Rolling 12-month capital call rates as a share of beginning dry powder by fund class**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 data is preliminary.

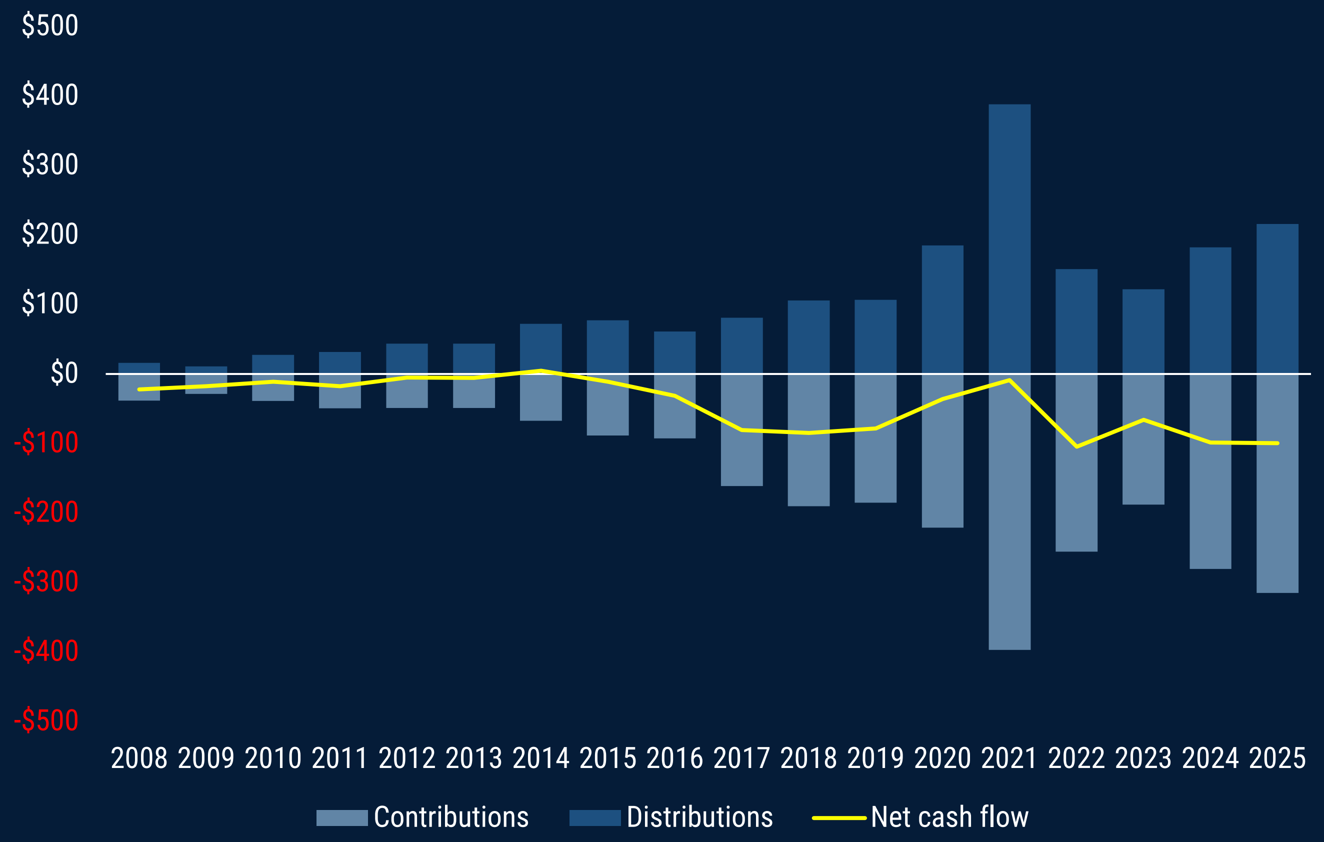
PE net cash flow looks balanced after a recovery from the 2023 trough. Meanwhile, VC cash flow is stuck in negative territory as reaccelerating contributions outpace a recovery in distributions following the lofty post-pandemic 2021 experience.

Figure 47 **PE cash flows ($B)**



Source: PitchBook • Geography: Global • As of December 31, 2025

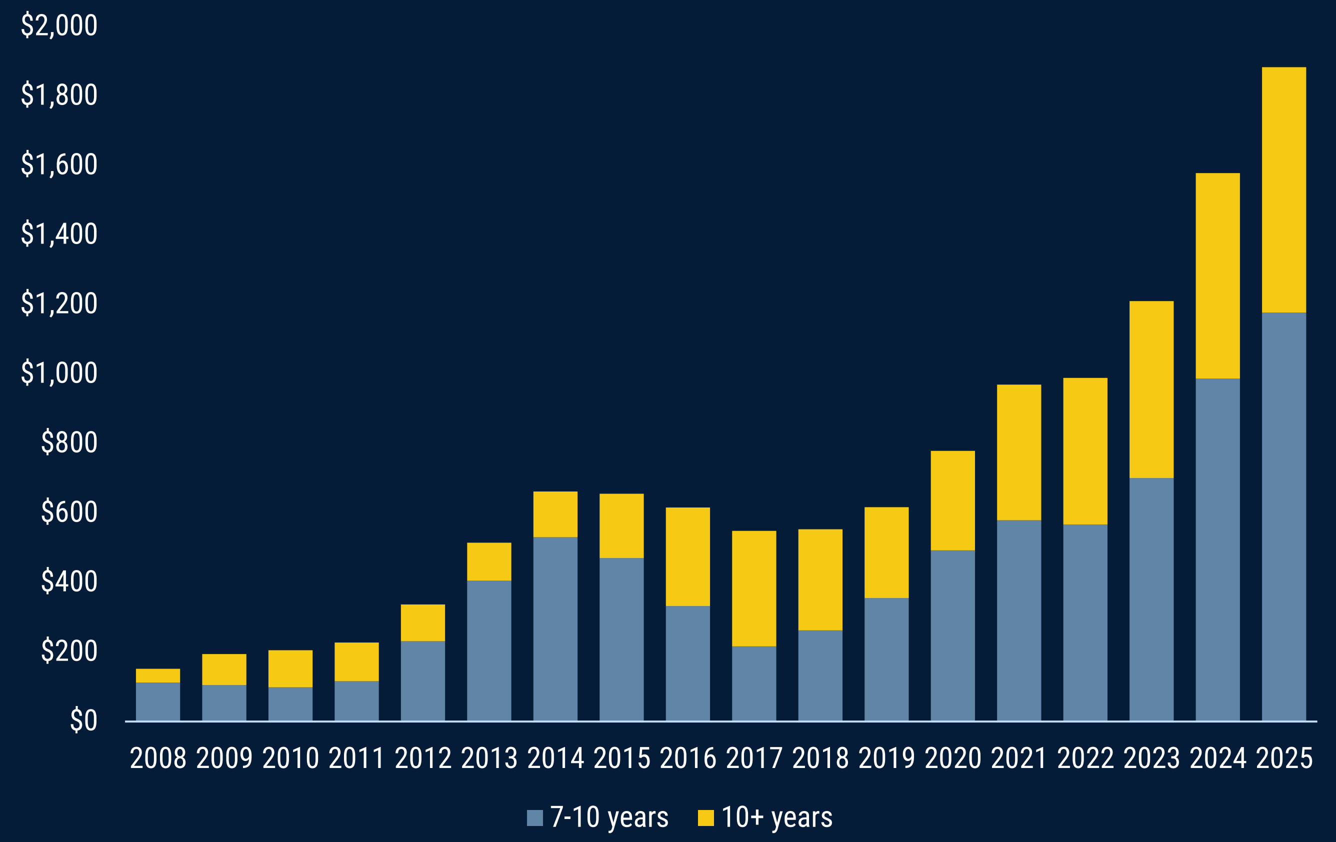
Figure 48 **VC cash flows ($B)**



Source: PitchBook • Geography: Global • As of December 31, 2025

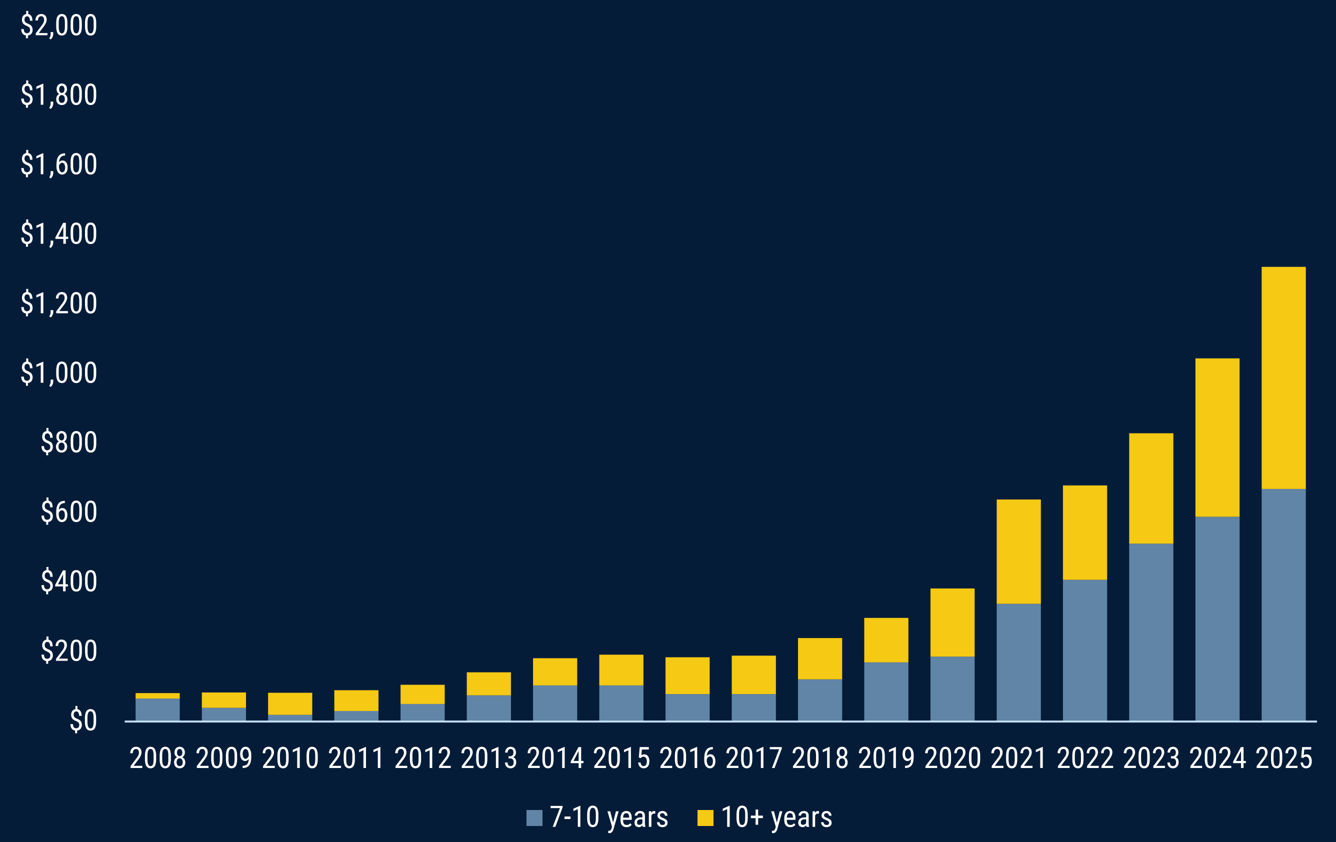
PE managers are holding nearly $2 trillion in NAV across funds over 7 years old; the resurgence in deal activity in 2025 has not yet dented the backlog of aging sponsor-held assets. 42.7% of VC NAV is in funds older than 7 years, which is near the level seen during the GFC years.

Figure 49 ▸ **PE NAV ($B) by age bucket**



Source: PitchBook • Geography: Global • As of December 31, 2025

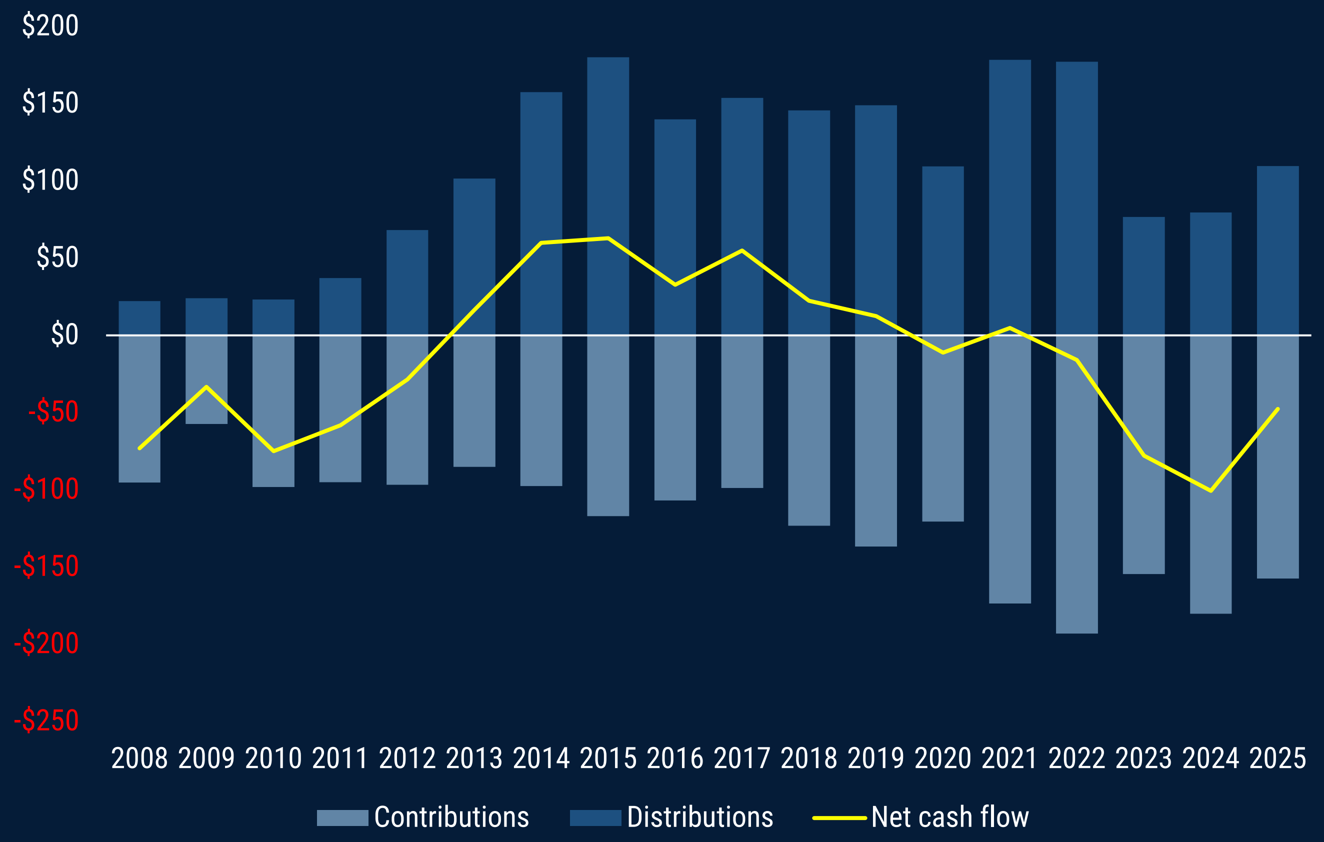
Figure 50 ▸ **VC NAV ($B) by age bucket**



Source: PitchBook • Geography: Global • As of December 31, 2025

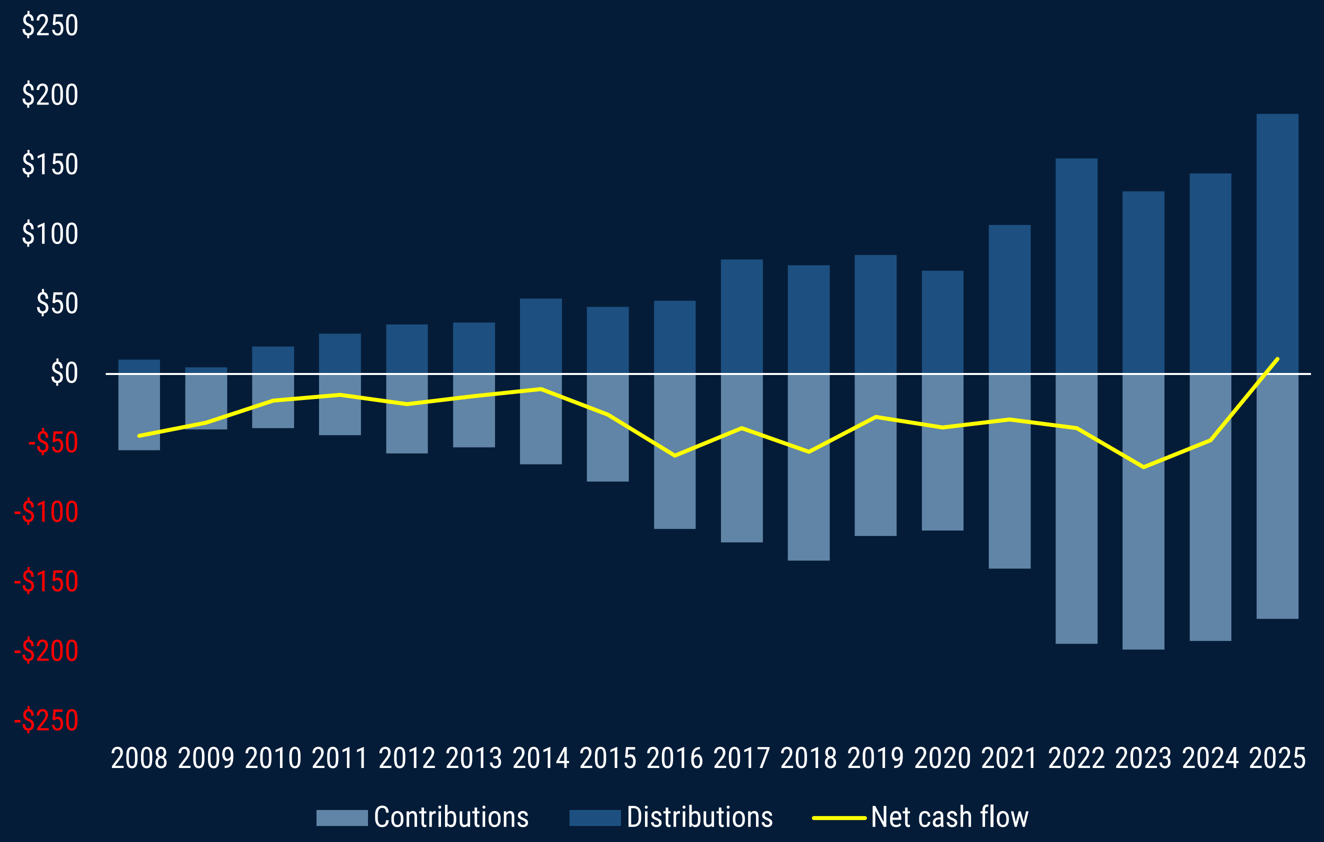
Real estate distributions declined sharply in 2023 amid interest-rate-led repricing, though net cash flow is recovering from its 2024 low. Real assets funds have deployed significant capital over the past five years, while distributions have trended up, driven largely by infrastructure.

Figure 51 **Real estate cash flows ($B)**



Source: PitchBook • Geography: Global • As of December 31, 2025

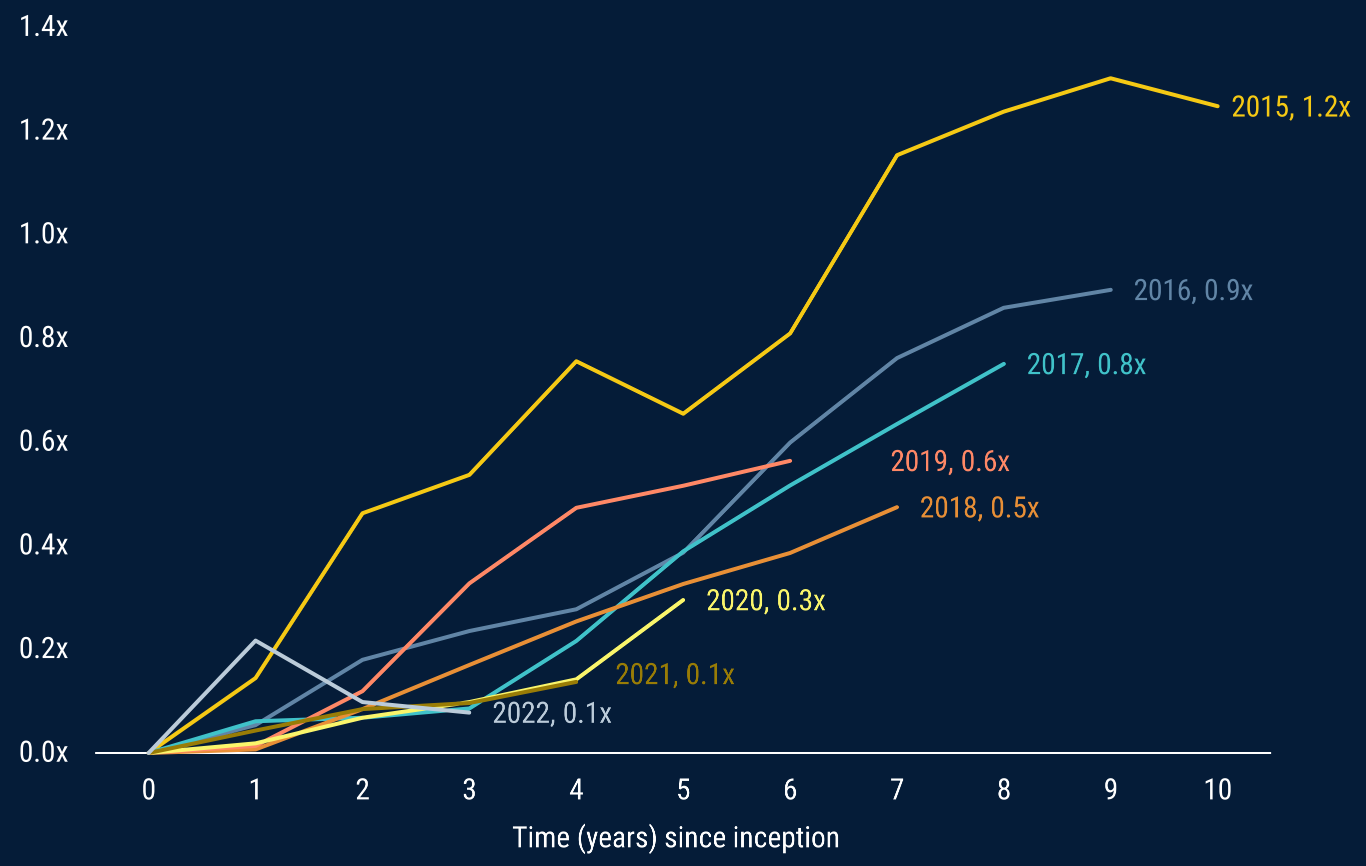
Figure 52 **Real assets cash flows ($B)**



Source: PitchBook • Geography: Global • As of December 31, 2025

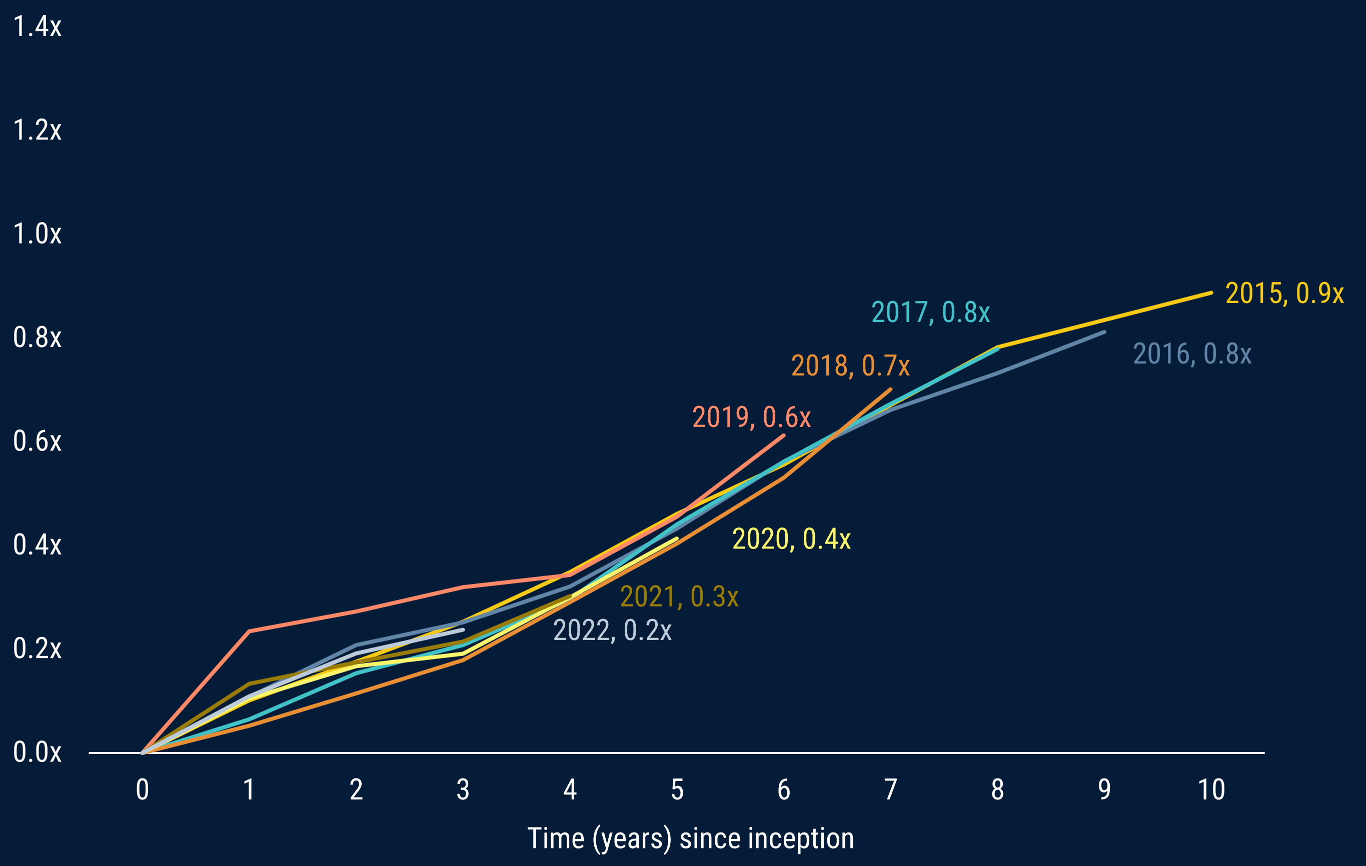
Secondaries DPI dispersion has been the least predictable year to year. Vintage 2022 saw quick wins, but as more capital was called, the distributions did not keep up. Private debt funds have had a remarkably consistent experience, though with more limited upside.

Figure 53 **Secondaries DPI by vintage year and time since inception**



Source: PitchBook • Geography: Global • As of December 31, 2025

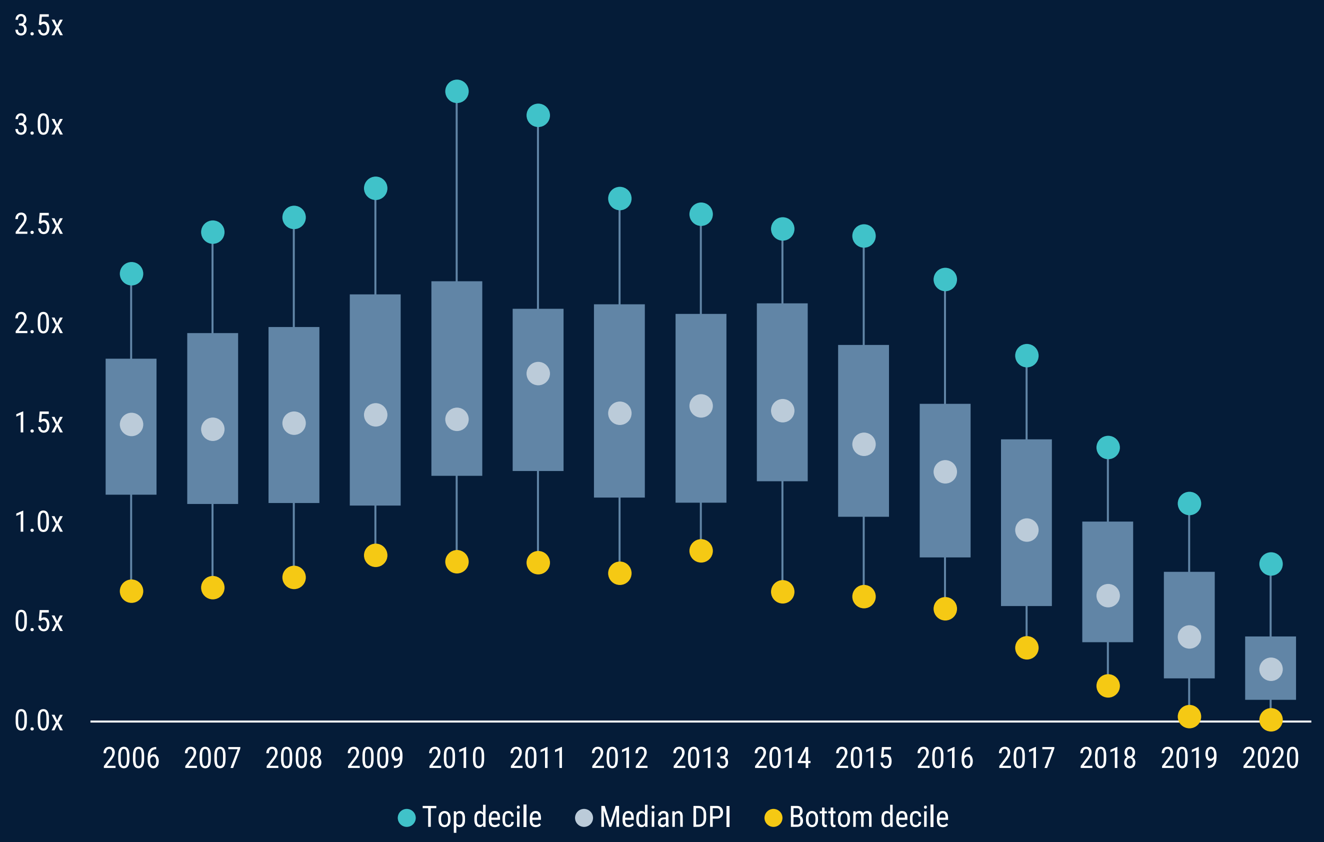
Figure 54 **Private debt DPI by vintage year and time since inception**



Source: PitchBook • Geography: Global • As of December 31, 2025

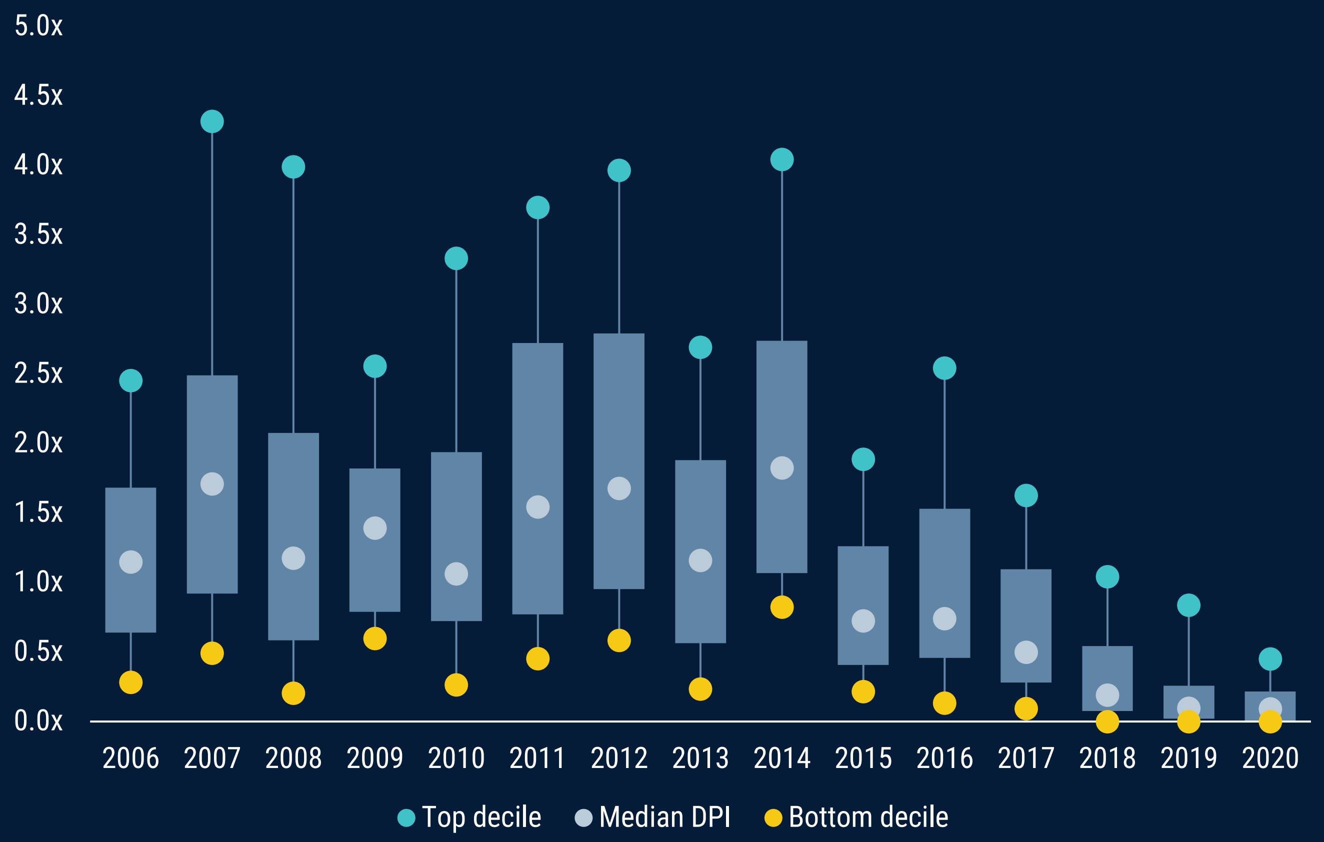
VC funds demonstrate the widest DPI dispersion among mature vintages of any strategy, emphasizing the outsized importance of manager selection in the asset class. PE's DPI dispersion has visibly compressed since 2010 to 2011 vintage highs for 2013 to 2016 vintages.

Figure 55 **PE DPI dispersion by vintage year**



Source: PitchBook • Geography: Global • As of December 31, 2025

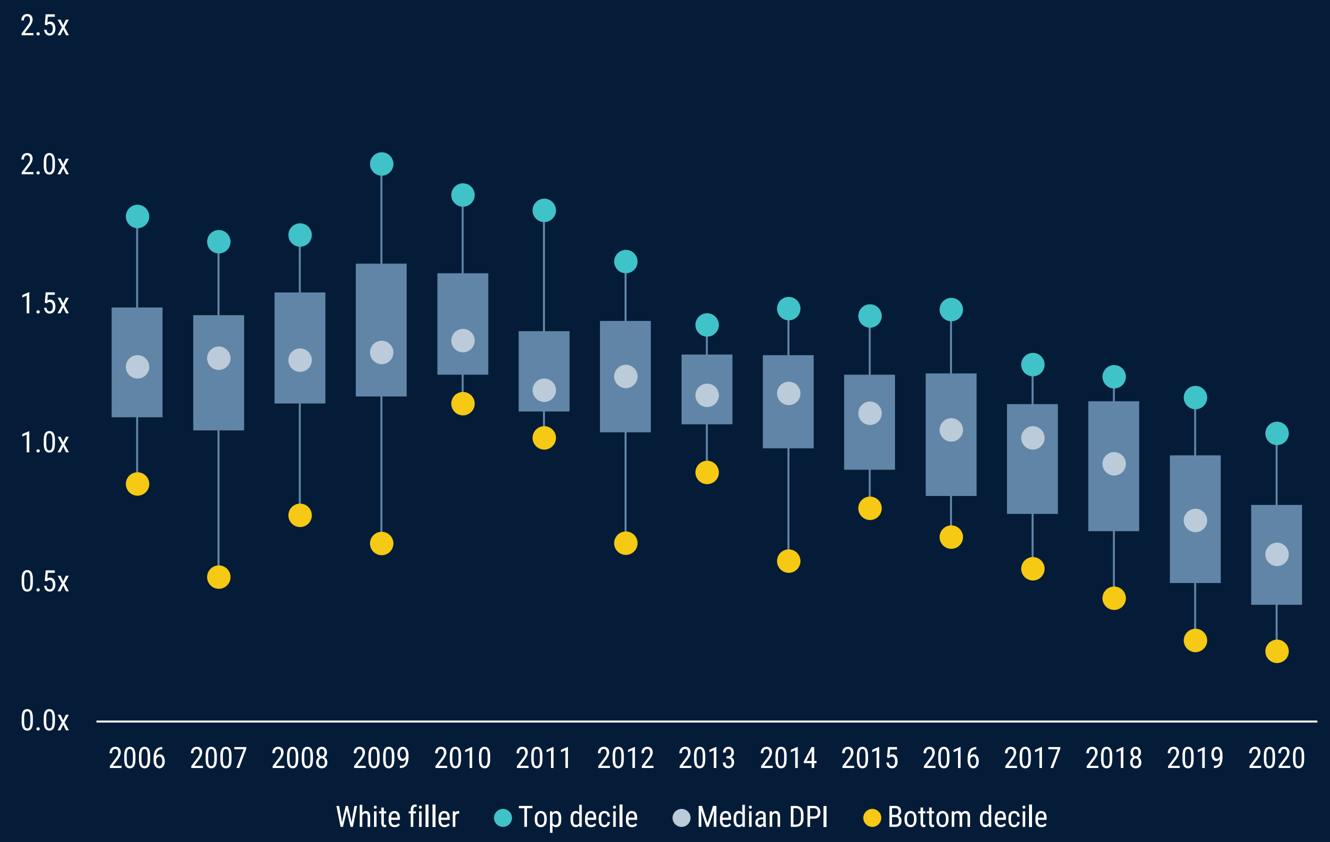
Figure 56 **VC DPI dispersion by vintage year**



Source: PitchBook • Geography: Global • As of December 31, 2025

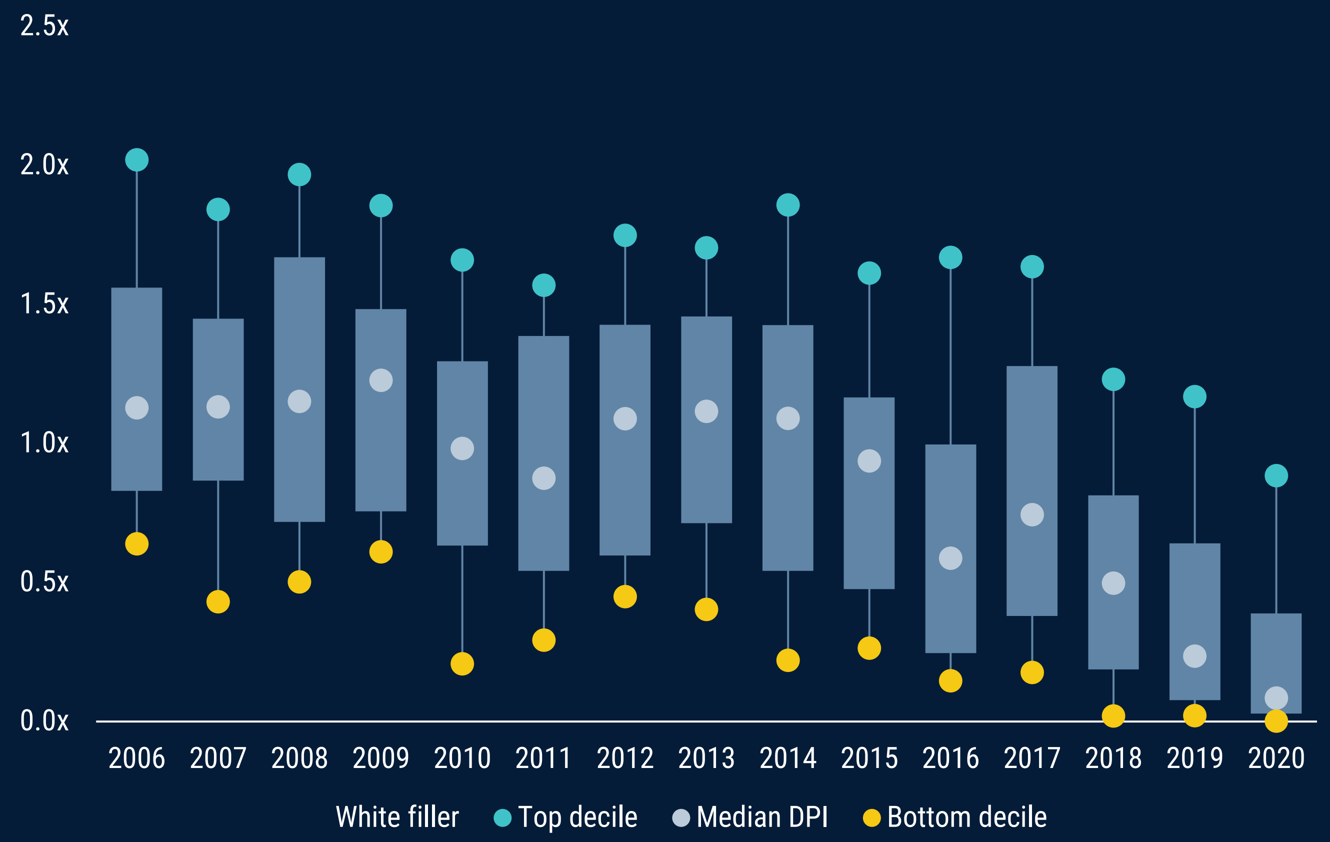
Private debt's DPI dispersion has remained relatively narrow and predictable across vintages, even newer ones, offering evidence of its income-driven consistency. Real assets funds show a quasi-cyclical variation in DPI range by vintage, with capex and commodity cycles likely at play.

Figure 57 ▸ **Private debt DPI dispersion by vintage year**



Source: PitchBook • Geography: Global • As of December 31, 2025

Figure 58 ▸ **Real assets DPI dispersion by vintage year**



Source: PitchBook • Geography: Global • As of December 31, 2025

Performance spotlight: Private equity

Small funds pull ahead

The ability to achieve alpha is finite. One practical limitation is investment strategy capacity. As a fund grows, investment teams can begin to bump up against practical limitations. Even in liquid, daily-traded public markets, funds encounter limits to extracting outperformance. As position sizes grow or the investable universe gets exhausted, a portfolio may be unable to fully execute investment ideas. However, this does not mean that the largest funds in a peer group are automatically bad, but it is a question worth exploring.

Private capital markets have grown AUM significantly in the last decade, reaching $16.7 trillion, with private equity alone amassing $6.2 trillion as of Q4 2025. Meanwhile, fund sizes have grown as well, with the average PE fund size rising to $716 million in Q1 2026 from $480 million in 2016. Some, however, have begun to ask whether the increase in fund sizes has delivered results. For PE funds, the results have been mixed, but they have generally favored smaller-sized cohorts. Funds larger than $1 billion have outperformed other size cohorts over the 15-year period ended December 2025. However, this size bucket lagged behind one or more of the smaller groups across every other horizon we looked at (one, three, five, 10, and 20 years). In particular, the five-year horizon was especially bleak for PE funds over $1 billion. The slower-exit environment of recent years appears to be harming all funds, but larger funds to a greater degree. Comparing fund vintages from 2015 to 2020, we find that the median IRR for funds larger than $1 billion is generally lower than for smaller funds in the same vintage.

In PE, the investable universe is broader in terms of the number of companies than that of publicly listed equities. However, even if the opportunity set is large, the effort required to uncover a buyout opportunity, directly improve operations, and exit profitably is substantial. On the surface, large funds have more resources and staff, which would suggest economies of scale. However, recent PitchBook research, Diminishing Returns to Scale, explains that middle-market managers, which buy smaller companies than mega-managers, have more opportunities to create value through business transformation, and their deals may have more exit channels. There may only be one exit route for SpaceX, but companies of the size found in middle-market portfolios may have multiple strategic buyers that can merge with or acquire them.

Studying US-based deal multiples, this research finds that, in general, larger deals acquired by larger funds enter at a richer enterprise value (EV)/EBITDA multiple and take on more debt. For example, small funds entering into deals with valuations below $25 million have paid an average of 7 times EV/EBITDA, while large funds entering deals valued at $500 million to $1 billion have paid double that (14 times). Smaller funds/deals are not only entering at a lower multiple but also undertaking lower leverage. This suggests a greater margin of safety for value creation as well as lower risk due to more manageable leverage. Taken together, these fundamentals could explain some of the performance differences between large and small funds.

Putting together quarterly returns for a global performance time series reveals some key observations. First, the pandemic-era stimulus in 2020 considerably boosted risk assets such as PE irrespective of size, at least on paper. Second, tracking returns since December 2021 in the post-pandemic period when stimulus faded, rates rose, and the slowdown in exits took center stage, we see a clear divergence in performance by size. The two smaller cohorts in this sample (funds below $250 million and funds from $250 million to $500 million) easily outpaced the two larger buckets ($500 million to $1 billion and $1 billion-plus). This is consistent with the idea that smaller funds have navigated the recent experience more favorably.

Performance relative to global public equity markets, based on the PME methodology, has been declining for recent vintages, regardless of size. However, the volatility of this relative performance indicator is considerably lower across vintages for larger funds, suggesting the vintage year matters less for them.

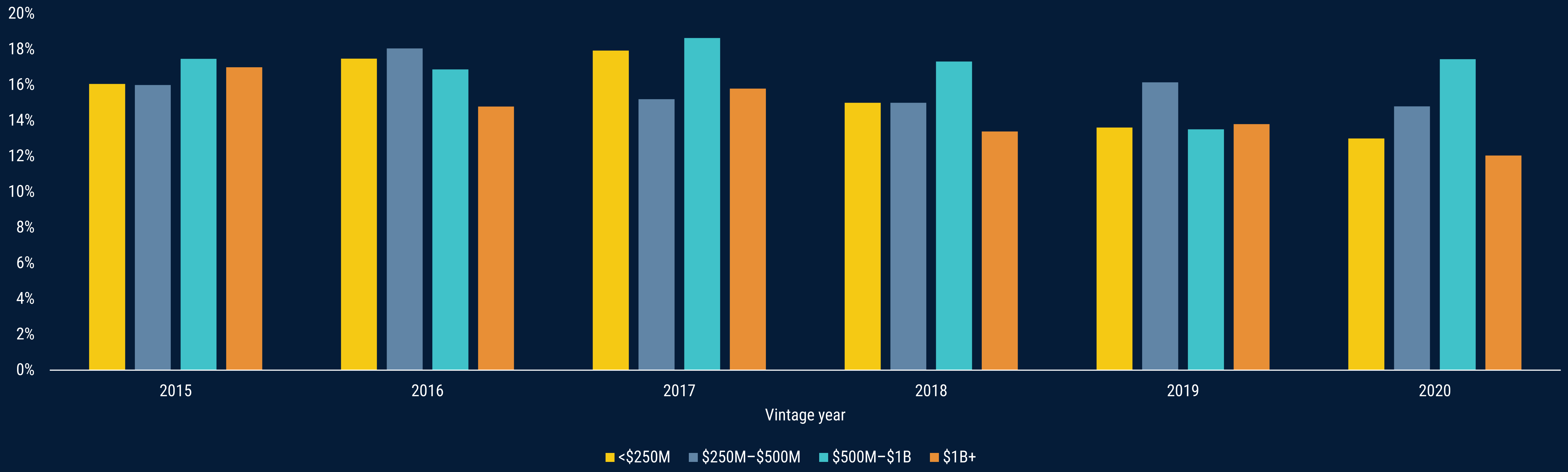
PE funds larger than $1 billion have lagged substantially on a five-year horizon. Although recent exit activity has picked up selectively in large transactions, the extended years of slow exits appear to be impacting larger funds to a greater degree.

Figure 59 **Private equity horizon IRRs by fund size bucket**

Source: PitchBook • Geography: Global • As of December 31, 2025

The median IRR for vintages 2015-2020 for funds over $1 billion has not been the highest across size cohorts, and the gap is noticeable in the most recent vintage.

Figure 60 **Median private equity IRRs by vintage year and fund size bucket**



Source: PitchBook • Geography: Global • As of December 31, 2025

Deal-level data helps explain why smaller funds may have a wider margin of safety. Smaller funds and deal sizes are generally entered at more attractive valuations. Similarly, larger deals and funds tend to saddle companies with much higher leverage.

Figure 61 ▸ **Average entry EV/EBITDA multiple by manager size and deal value (2015-2020 vintages)**

Fund size	$0–$25M	$25M–$100M	$100M–$500M	$500M–$1B	$1B–$2.5B
Small	7.0x	9.1x	9.9x		
Middle	8.8x	10.1x	11.5x	*11.1x*	
Large	*8.7x*	11.6x	12.3x	*14.2x*	
Mega		*10.5x*	12.5x	13.9x	*14.6x*

Deal value

Sources: PitchBook, StepStone • Geography: US • As of June 8, 2026
Note: Italic underlined values denote a cohort size smaller than 50 deals. Fund size buckets: small <$1B; middle $1B-$3B; large $3B-$6B; mega $6B+.

Figure 62 ▸ **Average entry net debt/EBITDA multiple by manager size and deal value (2015-2020 vintages)**

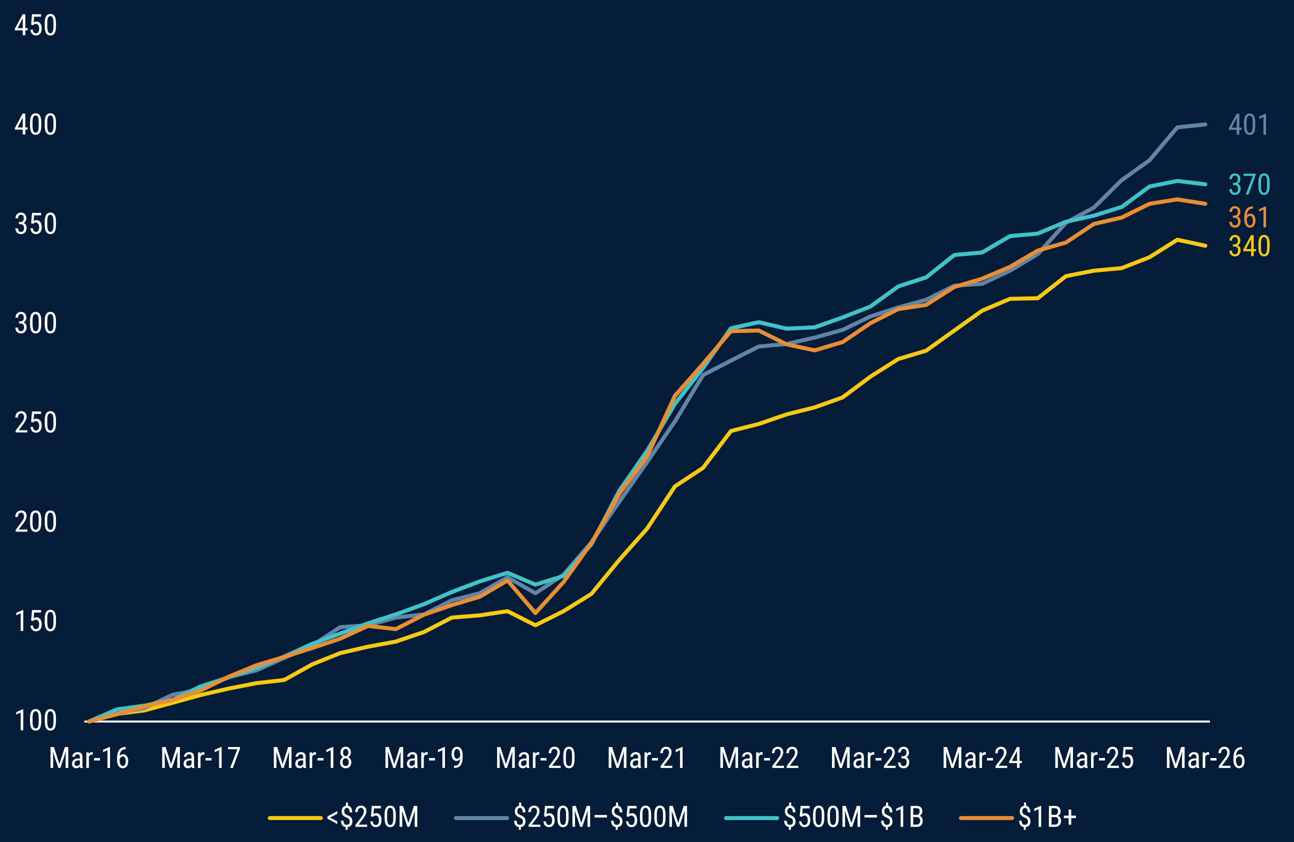
Fund size	$0–$25M	$25M–$100M	$100M–$500M	$500M–$1B	$1B–$2.5B
Small	3.1x	4.0x	4.9x		
Middle	4.3x	4.8x	5.7x	*5.1x*	
Large	*5.4x*	5.0x	5.7x	*7.7x*	
Mega		*4.2x*	5.5x	6.3x	*7.0x*

Deal value

Sources: PitchBook, StepStone • Geography: US • As of June 8, 2026
Note: Italic underlined values denote a cohort size smaller than 50 deals. Fund size buckets: small <$1B; middle $1B-$3B; large $3B-$6B; mega $6B+.

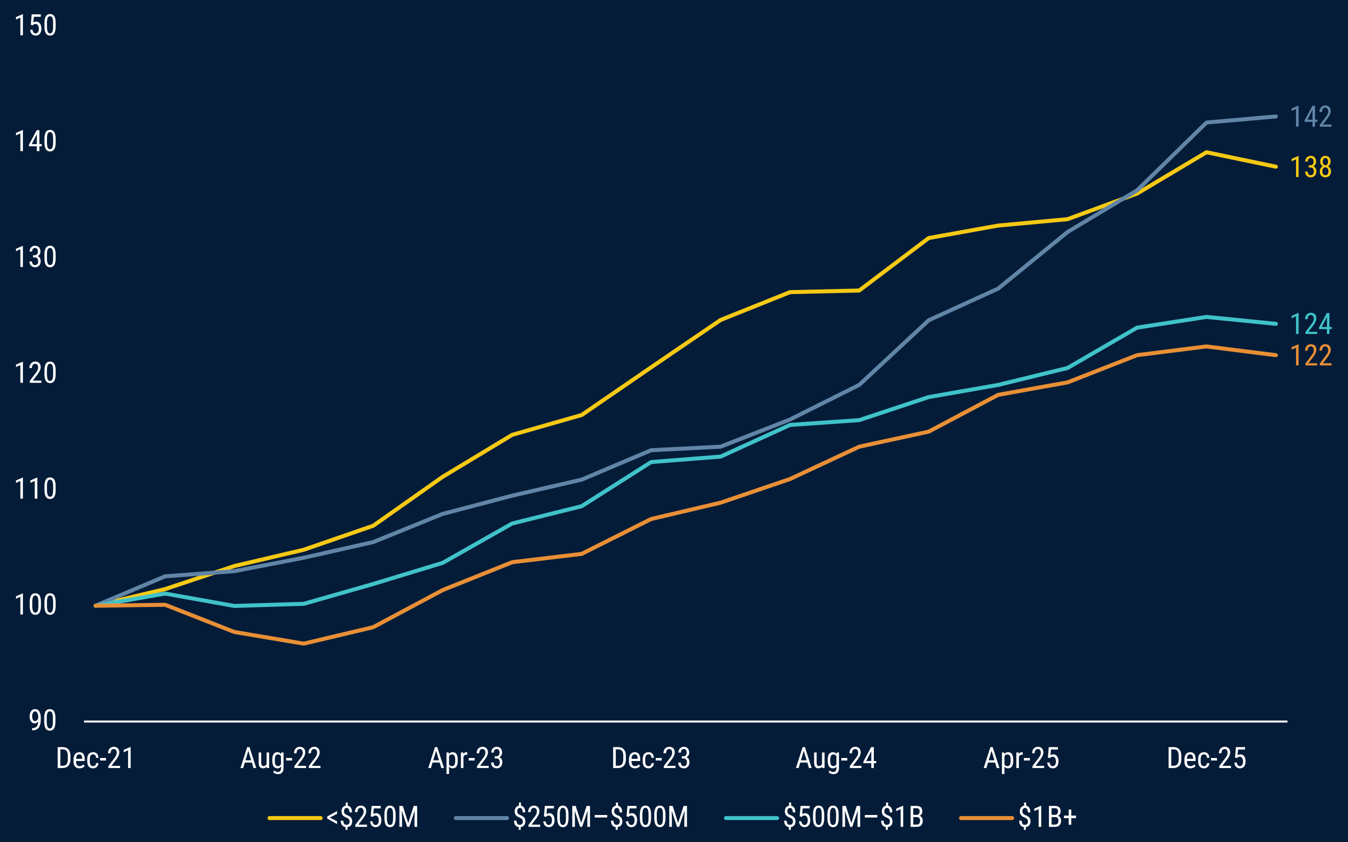
The sub-$250 million funds lag over a 10-year horizon, with a weaker boost from the pandemic-era stimulus. However, since 2021, there has been a clear divergence in performance by size, with the two smallest fund cohorts comfortably outperforming, possibly due to the exit logjam.

Figure 63 **Private equity returns by fund size bucket since March 2016**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 return is preliminary.

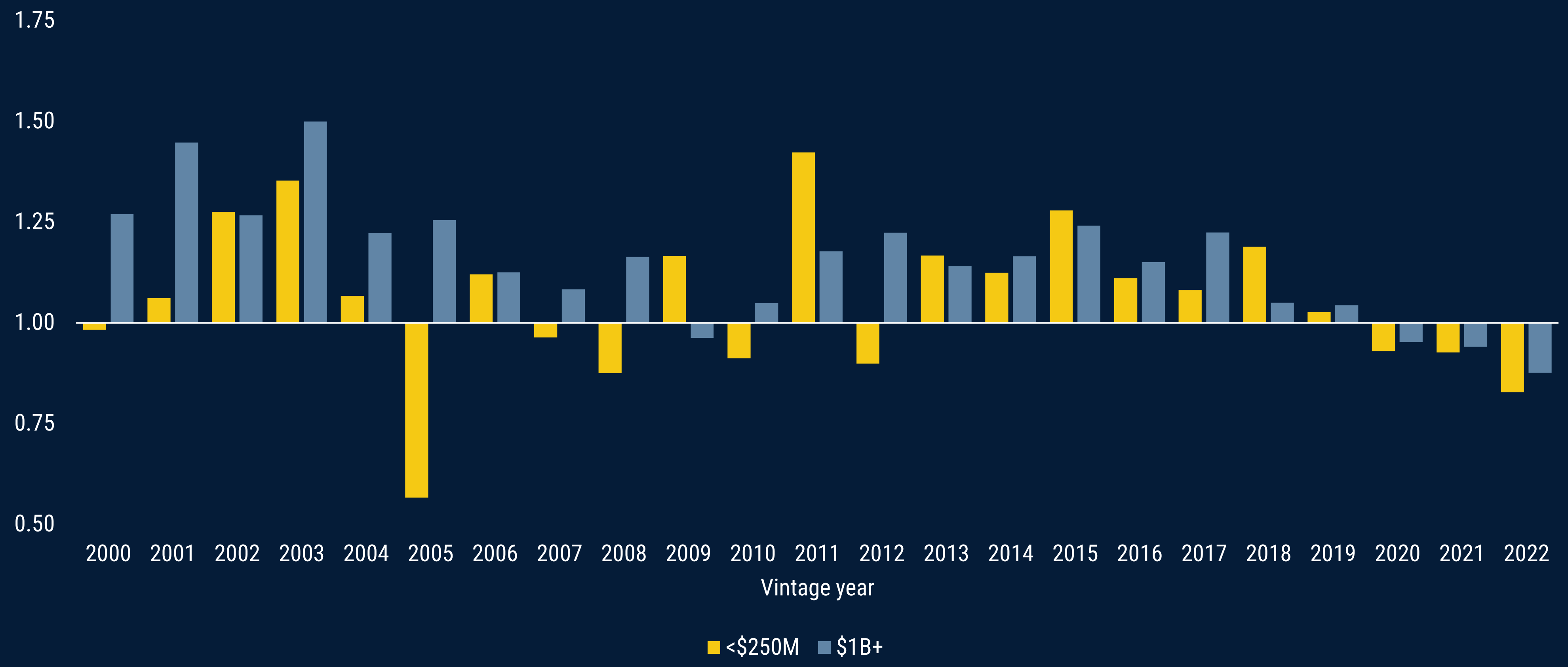
Figure 64 **Private equity returns by fund size bucket since December 2021**



Source: PitchBook • Geography: Global • As of March 31, 2026
Note: Q1 2026 return is preliminary.

Performance relative to public markets has been weak for recent vintages, irrespective of fund size. However, relative performance for vintages in funds larger than $1 billion sees much lower volatility.

Figure 65 **Private equity PMEs by vintage year for select fund size buckets**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: PMEs are calculated relative to the Morningstar Global Markets Index.

Performance relative to public markets

The Kaplan-Schoar public market equivalent (KS-PME) recasts a fund's cash flows as a hypothetical public market investment. Each capital call becomes a purchase of an index such as the S&P 500, each distribution becomes a sale of that index, and for a still-active fund, the ending NAV is treated as the value still held in the index. This gives a like-for-like comparison that respects the timing and size of the actual cash flows.

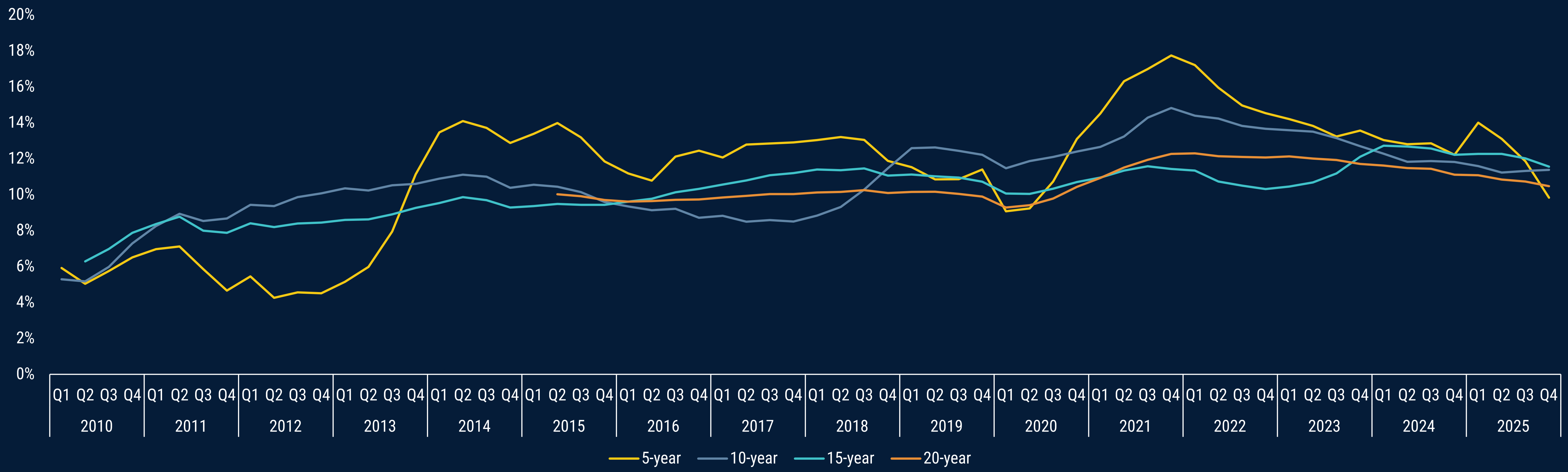
How to read it: KS-PME is a multiple relative to the index. Exactly 1.0x means the fund matched the index; above 1.0x means it outperformed; below 1.0x means it underperformed. In Figure 65, we plotted a line at 1 to aid interpretation.

For more details, please refer to PitchBook’s Benchmark Methodology document here.

The long view

Setting long-term capital market assumptions is an art. Exits and distribution headwinds have lowered expectations for private capital returns and are visible in the five-year rolling returns series. However, 20-year returns are remarkably stable and today are close to what they delivered in 2015.

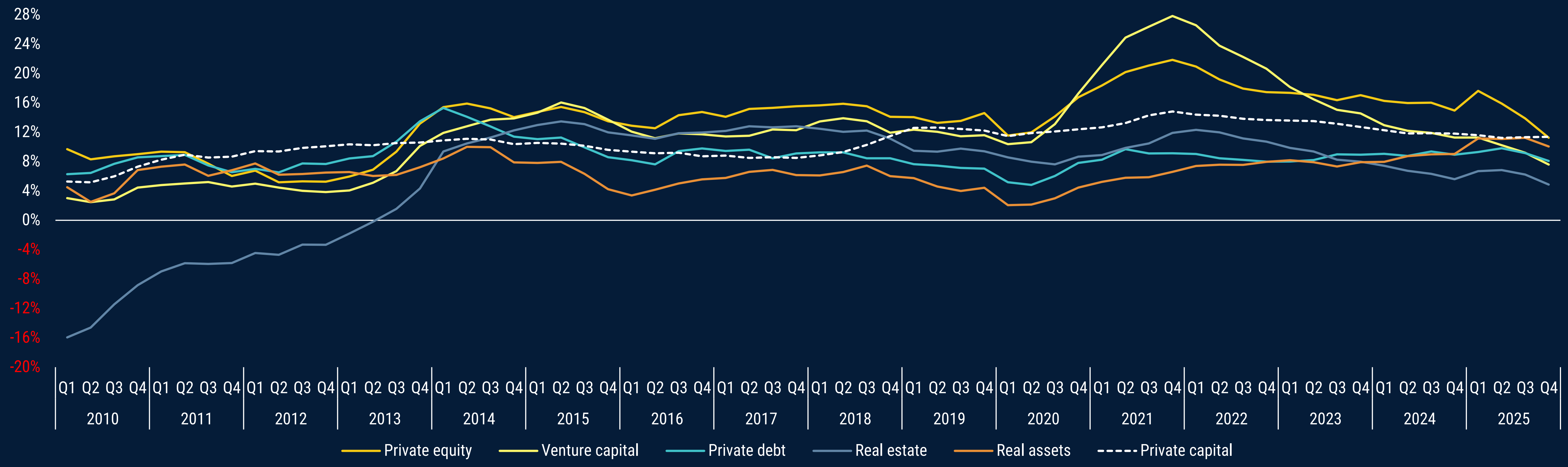
Figure 66 **Private capital rolling IRRs at multiple horizons**



Source: PitchBook • Geography: Global • As of December 31, 2025

Are private capital long-term returns trending structurally lower or normalizing? While 10-year IRRs have been on a downtrend in recent years, it may be mean reversion rather than a structural shift.

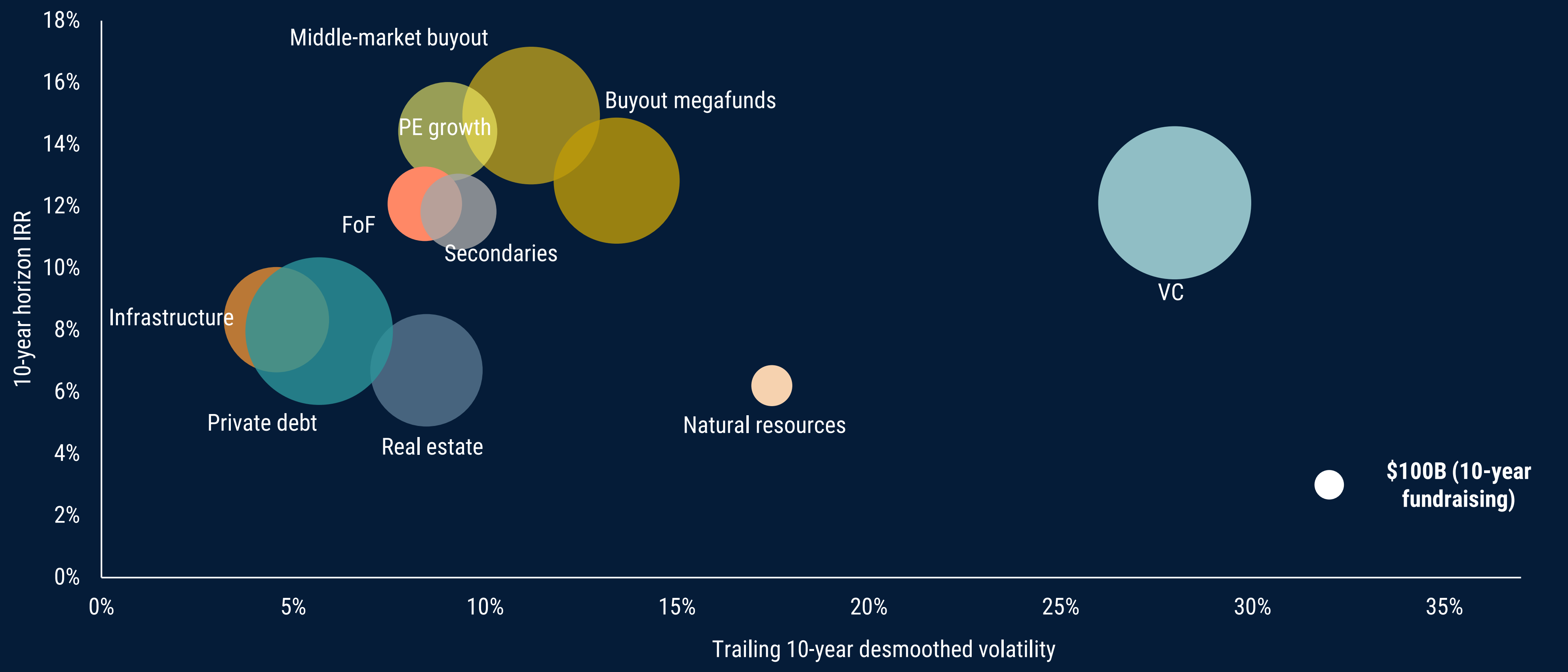
Figure 67 **Rolling 10-year horizon IRRs by select strategies**



Source: PitchBook • Geography: Global • As of December 31, 2025

Desmoothing private market returns provides a more accurate portrayal of risk. PE and related substrategies look attractive. Meanwhile, the risk of VC is correctly depicted with higher volatility.

Figure 68 **10-year horizon IRRs versus trailing 10-year desmoothed volatility and 10-year fundraising by select strategies**



Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Fundraising data is as of June 30, 2026. The bubble size corresponds to the capital raised in the past 10 years.

A 10-year view of risk-return

Private debt's appeal is visible in this long-term view of risk and return. With volatility hovering around 6% and returns at 8% for the annualized 10-year period through Q4, the asset class has attracted significant capital. However, forward-looking allocation decisions should consider that most purveyors of the strategy have yet to withstand a full credit cycle.

Infrastructure's performance pattern seems to be approaching the mythical "top left" corner of the scatter chart, with the lowest risk and appealing returns. Thematic tailwinds and return stability have supported the asset class in recent years. The strategy has earned its place as a key component of strategic asset allocation, uniquely positioned to provide exposure to physical assets. Investors should be aware, however, that the infrastructure of 10 years ago—bridges, airports, and toll roads—had a different risk profile than today's funds that are building new assets, such as datacenters and energy infrastructure.

Unsurprisingly, VC returns have the highest risk. At an annualized volatility of approximately 30%, this risk number is higher than many public strategies. VC's "power law"-like payoffs can lead to lumpy performance periods, with surging highs and deep lows. However, the prospect of outsized payoffs continues to attract capital.

Private markets’ correlations to public markets round out the risk-return framework for allocators. Secondaries, funds of funds, and real assets appear to be attractive diversifiers relative to the standard “60/40” allocation.

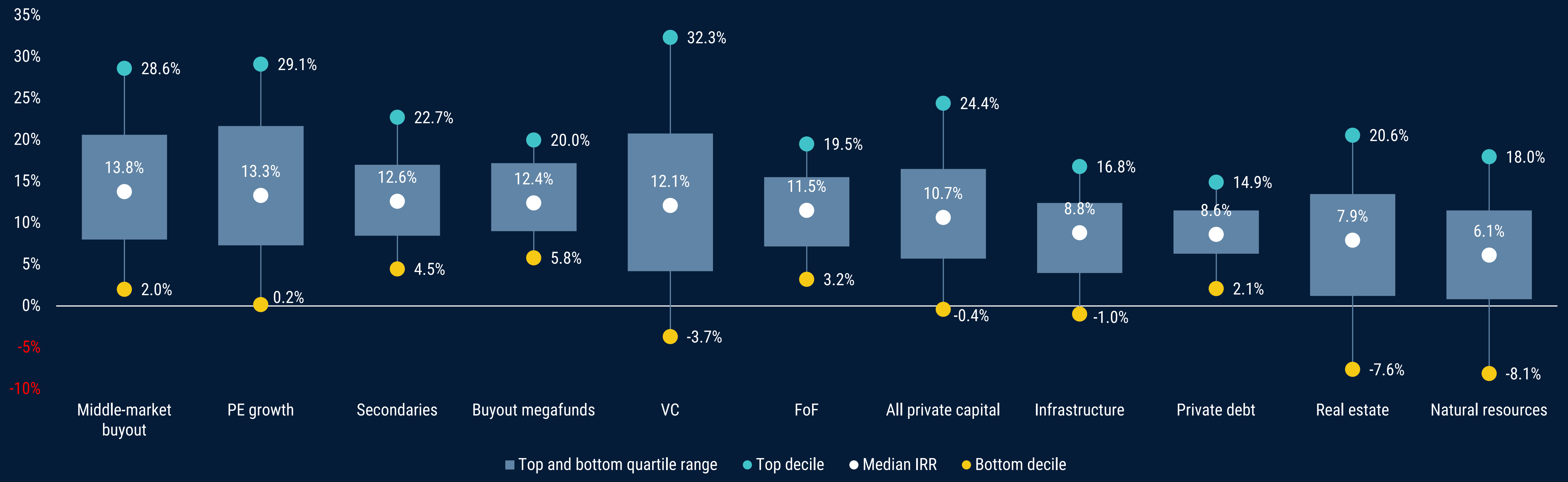
Figure 69 ▸ PitchBook Private Capital Indexes 10-year correlation to select public market indexes

PitchBook Private Capital Indexes								Public market indexes							
Private capital	Private equity	Venture capital	Real estate	Real assets	Private debt	Funds of funds	Secondaries	S&P 500	Global Markets	Global Real Estate	Global Energy	Global High Yield	Global 60-40	US Treasuries	
1.00	0.99	0.79	0.67	0.75	0.79	0.65	0.57	0.79	0.81	0.74	0.53	0.79	0.77	-0.13	Private capital
	1.00	0.77	0.62	0.71	0.75	0.62	0.54	0.78	0.80	0.73	0.50	0.79	0.76	-0.11	Private equity
		1.00	0.36	0.44	0.54	0.55	0.36	0.67	0.69	0.54	0.26	0.68	0.66	-0.03	Venture capital
			1.00	0.60	0.57	0.65	0.50	0.57	0.58	0.58	0.40	0.53	0.55	-0.12	Real estate
				1.00	0.53	0.31	0.34	0.61	0.58	0.56	0.66	0.54	0.50	-0.30	Real assets
					1.00	0.54	0.55	0.59	0.65	0.68	0.45	0.65	0.63	-0.19	Private debt
						1.00	0.74	0.42	0.43	0.41	0.23	0.38	0.41	-0.02	Funds of funds
							1.00	0.32	0.34	0.38	0.37	0.25	0.30	-0.16	Secondaries
								1.00	0.97	0.80	0.46	0.87	0.93	-0.01	S&P 500
									1.00	0.85	0.51	0.92	0.97	0.02	Global Markets
										1.00	0.48	0.86	0.89	0.23	Global Real Estate
											1.00	0.46	0.41	-0.47	Global Energy
												1.00	0.95	0.14	Global High Yield
													1.00	0.22	Global 60-40
														1.00	US Treasuries

Source: PitchBook • Geography: Global • As of December 31, 2025

Across 15 vintages, PE growth and buyout substrategies have posted the top median IRRs. Manager selection is key to results: VC has particularly wide dispersion, but other strategies like real estate and natural resources also have vastly different experiences at the top versus bottom deciles.

Figure 70 **IRR dispersion by strategy (2005-2020 vintages)**



Source: PitchBook • Geography: Global • As of December 31, 2025

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