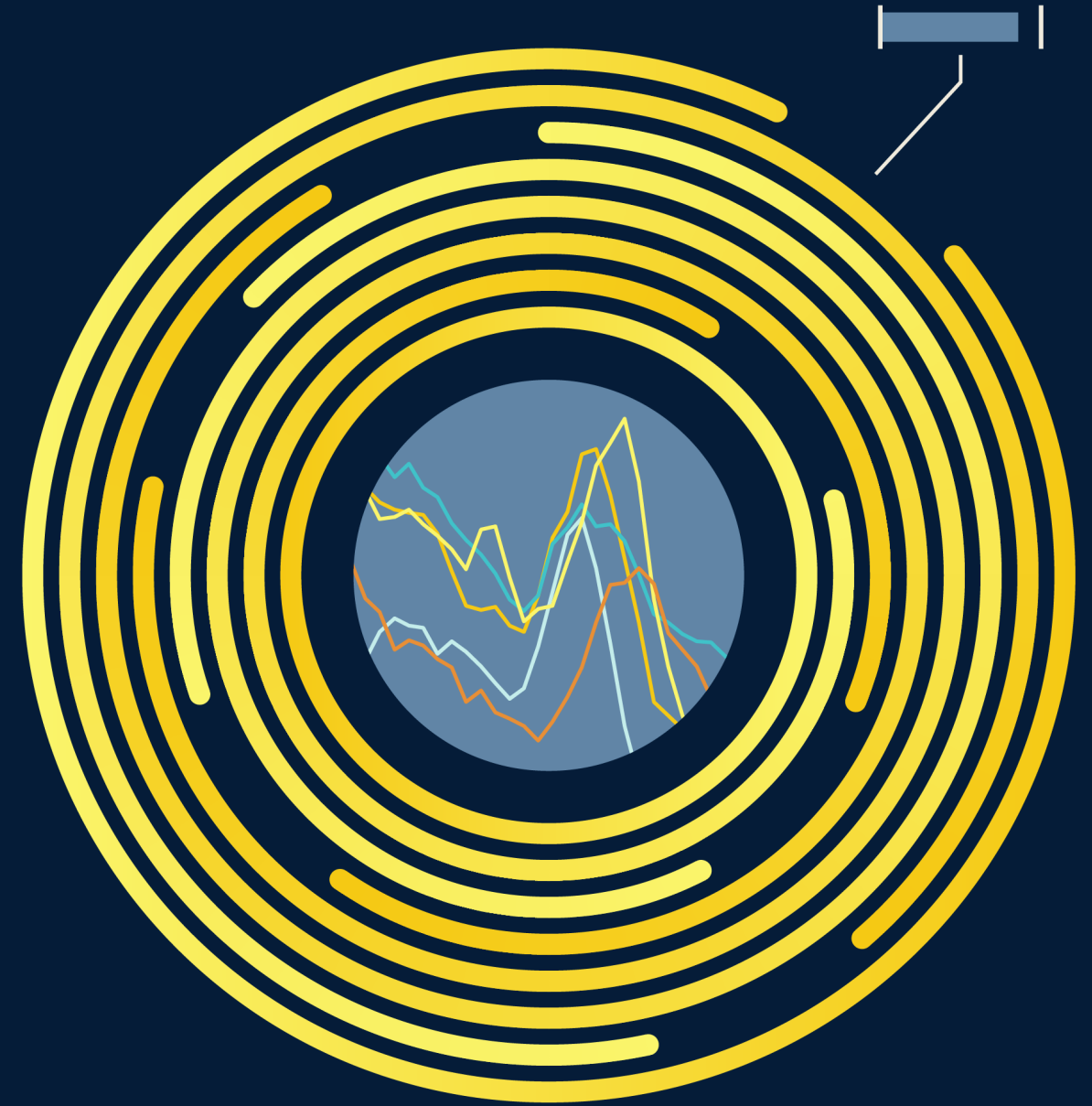


 QUANT RESEARCH
US Market Insights

A QUANTITATIVE PERSPECTIVE ON
US PRIVATE MARKETS

Q1
2026





Introduction

As we reflect on 2025, the year stands out as one defined by uncertainty and contradiction. Optimism opened the year, fueled by expectations that a probusiness administration would usher in a more accommodative regulatory and tax environment. That enthusiasm was quickly tested as tariffs set headlines and moved markets, raising concerns about renewed inflationary pressure, supply-chain distortions, and slower global growth.

Yet, despite those geopolitical shocks, volatility across public markets remained surprisingly constrained for much of the year, credit conditions loosened, and risk assets in public markets carried on with another year of above-average returns. Inflation has remained moderate, even as tariffs kicked in, but remains stubbornly above the Federal Reserve's (the Fed's) 2% target. Fears of a material labor-market deterioration or an AI-driven asset bubble have yet to translate into meaningful economic headwinds, even as signals elsewhere complicate the narrative. Gold and silver surged throughout the year, and the dollar was significantly repriced against major global currencies as investors quietly hedged against longer-term macroeconomic uncertainty.

Encouragingly, PE and VC dealmaking and exit markets improved as 2025 progressed, restoring cautious confidence that 2026 could deliver sustained momentum. That recovery is critically needed, particularly on the exit front. Distributions to LPs remain well below historical norms, fund NAVs continue to age, and the private capital ecosystem is increasingly reliant on a rapidly growing secondaries market to unlock liquidity. Real estate, meanwhile, remains in a sluggish state, and investors are hopeful that further rate cuts will start a new upcycle. In credit markets, borrowing costs have come down as base rates and spreads have each fallen. However, we will be watching for signs that recent bankruptcy headlines translate into more systemic risks.

This edition of US Market Insights offers a comprehensive view of how these macro developments are shaping activity across the private capital spectrum. From asset allocation to deal flow, we break down the forces driving decision-making in an ever-evolving market.

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Key takeaways

- **Macro landscape:** Despite ongoing geopolitical and trade tensions, inflation has remained range-bound above the Fed's 2% target. The labor market is not flashing urgent warning signs, but payrolls are flat and the unemployment rate has been gradually ticking upward. This leaves policymakers in a gray zone and with diverging opinions over the appropriate path for rates. Markets, however, are pricing in two to three cuts through the remainder of the year and into the next ([pages 8, 9, and 10](#)).
- **Macro landscape:** The confluence of rising US debt burdens, concerns around Fed independence, and difficult trade relations have weighed on the US dollar. At the same time, investors have rotated into traditional safe havens, driving asymptotic growth in gold and silver prices ([page 12](#)).
- **Asset allocation:** Evergreen fund structures are driving growth in the private wealth channel with a record number of new fund launches in 2025. As many of these evergreen products are unproven, strategy-aware benchmarks will be essential for performance evaluation, and the Morningstar PitchBook US Evergreen Fund Indexes address this need. ([pages 18 and 21](#)).
- **Asset allocation:** Higher benchmark rates have made it easier for asset allocators to achieve plan targets, but the expected downward path of the federal funds rate may prompt investors to move up the risk spectrum in order to meet return objectives ([pages 27 and 28](#)).
- **Private equity:** Falling borrowing costs have loosened the vise around the PE deal and exit environment, with both deal and exit activity now reaching above trend. The components of interest rates remain a key input in our dealmaking model, which points to a relatively favorable backdrop for continued PE transaction activity ([pages 43 and 44](#)).
- **Private equity:** Even with the increase in exit activity, PE portfolios are aging and struggling to keep pace with expected distribution timelines. This leads sponsors to rely more heavily on dividend recapitalizations to return capital ([pages 46, 47, and 48](#)).
- **Venture capital:** Our early-stage dealmaking indicator points to a more startup-friendly environment for AI companies, while investor leverage remains firmly in place across all other segments ([page 55](#)).
- **Venture capital:** Secondary trading is gaining traction in VC as liquidity pressures persist. A growing share of recently funded companies are trading on the secondary market, often at discounts to peak-era valuations. Concurrently, unicorn valuations grew sharply, adding to a backlog of private company value potentially looking for an exit ([pages 58 and 59](#)).
- **Private debt:** A reduced opportunity set for new LBOs has weighed on leveraged loan and direct lending issuance tied to buyout activity. Direct lending is still the preferred financing avenue for LBOs, and borrowers are willing to pay the premium over BSL. If cost sensitivity grows, borrowers may find their way back to the syndicated market ([pages 67, 68, and 70](#)).
- **Private debt:** With credit spreads near their lowest levels this cycle, loan defaults declining, and distressed exchanges rolling over amid a wave of repricings, the scope for further performance driven by credit improvement appears increasingly limited ([pages 71, 72, and 73](#)).
- **Real estate:** Elevated delinquency and vacancy rates, particularly in office, point to weak real estate fundamentals that have weighed heavily on performance and distributions. Real estate distribution yields are well below historical averages and are comparable to those seen during the GFC ([pages 81, 82, and 83](#)).
- **Infrastructure & natural resources:** Evergreen real asset funds have expanded quickly as investors look toward lower-volatility income supported by the historically reliable return profile of infrastructure. Both the US and Europe have experienced growth in these areas, but the compositions differ. European funds are more concentrated in alternative energy, while US funds have greater exposure to supply chain investments and natural resources ([pages 92 and 93](#)).



Macro landscape



Our “Macro environment dashboard” highlights broad economic and financial market trends. The current landscape features positive GDP growth, a twisting yield curve, and robust public market performance.

Figure 1 ► Macro environment dashboard

		Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Macroeconomics	Real GDP growth (annualized)	5.7%	7.0%	3.3%	7.0%	-1.0%	0.6%	2.9%	2.8%	2.9%	2.5%	4.7%	3.4%	0.8%	3.6%	3.3%	1.9%	-0.6%	3.8%	4.4%	
	CPI (3-month annualized)	4.3%	9.2%	4.9%	10.4%	9.8%	11.0%	1.8%	3.3%	3.8%	3.3%	4.4%	1.8%	4.4%	1.3%	2.2%	3.5%	2.6%	2.4%	3.6%	3.2%
	Core CPI (3-month annualized)	1.7%	9.4%	3.1%	8.1%	5.5%	7.0%	5.9%	4.3%	5.0%	4.2%	3.1%	3.4%	4.6%	2.0%	3.2%	3.1%	3.0%	2.4%	3.6%	2.6%
	Job creation	2.0%	2.6%	2.8%	3.1%	2.0%	1.9%	1.6%	1.5%	1.4%	1.6%	1.1%	1.3%	1.3%	0.9%	0.9%	1.4%	1.5%	0.6%	1.0%	1.3%
	Unemployment rate	6.1%	5.9%	4.7%	3.9%	3.7%	3.6%	3.5%	3.5%	3.5%	3.6%	3.7%	3.8%	3.9%	4.1%	4.1%	4.1%	4.2%	4.1%	4.4%	4.4%
	Consumer sentiment	84.9	85.5	72.8	70.6	59.4	50.0	58.6	59.8	62.0	64.2	67.8	69.7	79.4	68.2	70.1	74.0	57.0	60.7	55.1	53.6
	Business confidence	101.8	101.9	101.6	101.5	101.0	100.4	99.8	99.1	98.7	98.6	98.7	98.7	99.0	99.0	98.7	99.0	99.3	99.0	99.0	99.0
Yields	Federal funds rate	0.07%	0.08%	0.08%	0.08%	0.20%	1.21%	2.56%	4.10%	4.65%	5.08%	5.33%	5.33%	5.33%	5.33%	5.13%	4.48%	4.33%	4.33%	4.22%	3.88%
	US 10-year Treasury	1.74%	1.45%	1.52%	1.52%	2.32%	2.98%	3.83%	3.88%	3.48%	3.81%	4.59%	3.88%	4.20%	4.36%	3.81%	4.58%	4.23%	4.24%	4.16%	4.02%
	US 2-year Treasury	0.16%	0.25%	0.28%	0.73%	2.28%	2.92%	4.22%	4.41%	4.06%	4.87%	5.03%	4.23%	4.59%	4.71%	3.66%	4.25%	3.89%	3.72%	3.60%	3.47%
	High Yield OAS	3.36	3.04	3.15	3.10	3.43	5.87	5.43	4.81	4.58	4.05	4.03	3.39	3.15	3.21	3.03	2.92	3.55	2.96	2.80	2.92
Index returns	S&P 500	6.2%	8.5%	0.6%	11.0%	-4.6%	-16.1%	-4.9%	7.6%	7.5%	8.7%	-3.3%	11.7%	10.6%	4.3%	5.9%	2.4%	-4.3%	10.9%	8.1%	2.7%
	Russell 2000	12.7%	4.3%	-4.4%	2.1%	-7.5%	-17.2%	-2.2%	6.2%	2.7%	5.2%	-5.1%	14.0%	5.2%	-3.3%	9.3%	0.3%	-9.5%	8.5%	12.4%	2.2%
	Nasdaq Composite	3.0%	9.7%	-0.2%	8.4%	-8.9%	-22.3%	-3.9%	-0.8%	17.0%	13.1%	-3.9%	13.8%	9.3%	8.5%	2.8%	6.3%	-10.3%	18.0%	11.4%	2.7%
	Morningstar/LSTA US Leveraged Loans	1.8%	1.5%	1.1%	0.7%	-0.1%	-4.5%	1.3%	2.6%	3.2%	3.1%	3.5%	2.9%	2.5%	1.9%	2.0%	2.3%	0.5%	2.3%	1.8%	1.2%
	Nareit All Equity REITs	8.3%	12.0%	0.2%	16.2%	-5.3%	-14.7%	-10.8%	4.1%	1.7%	1.2%	-8.3%	18.0%	-1.3%	-0.9%	16.8%	-8.2%	2.8%	-0.9%	2.7%	-2.1%
	Morningstar Infrastructure Index	5.2%	5.6%	-2.0%	8.2%	0.9%	-10.0%	-8.4%	10.4%	1.9%	1.9%	-6.9%	10.9%	2.4%	-0.1%	12.4%	-6.5%	5.3%	6.1%	3.4%	2.6%

Trend

Positive

Neutral

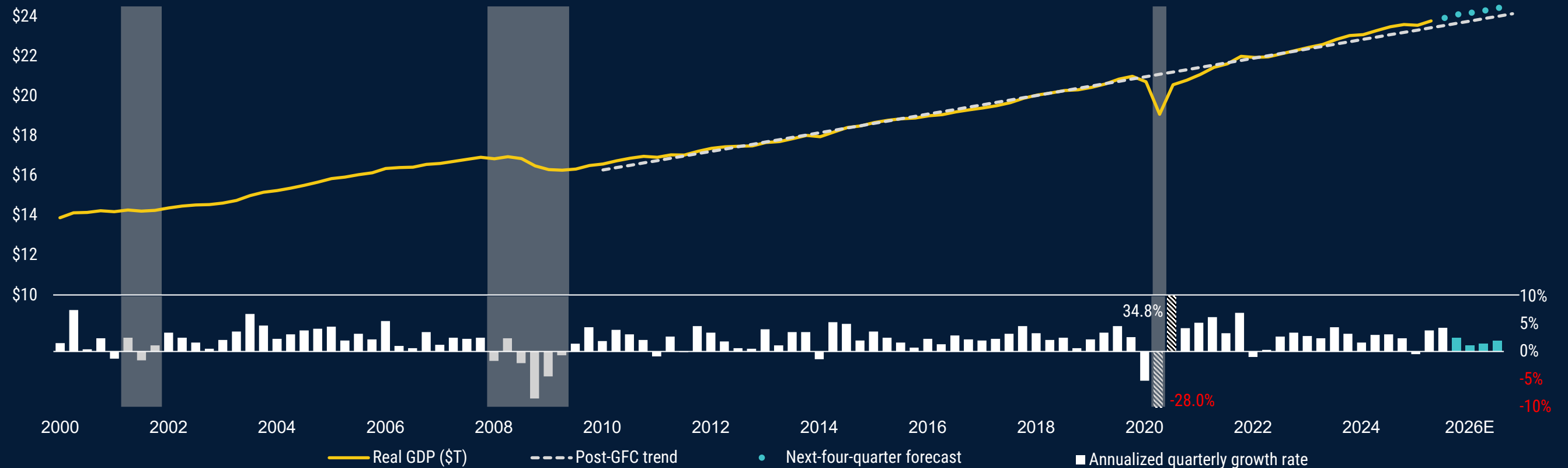
Negative

Sources: [Bureau of Economic Analysis](#), [Bureau of Labor Statistics](#), [Federal Reserve](#), [ICE Data Indexes](#), [OECD](#), [University of Michigan](#), Morningstar, PitchBook | LCD • Geography: US • As of December 31, 2025
Note: Q4 2025 data is not available for real GDP growth. CPI and core CPI data is the three-month annualized CPI metric, with October's missing print straight-line interpolated. Color shading reflects the relative Z-score over the past 10 years.



Real GDP continues to grow above the post-global financial crisis (GFC) trend, driven by stronger consumer spending, with net exports and government outlays adding to the pace. Inventory investment has been a minimal offset, doing little to temper the strong top line.

Figure 2 ► Real GDP growth compared with post-GFC trend

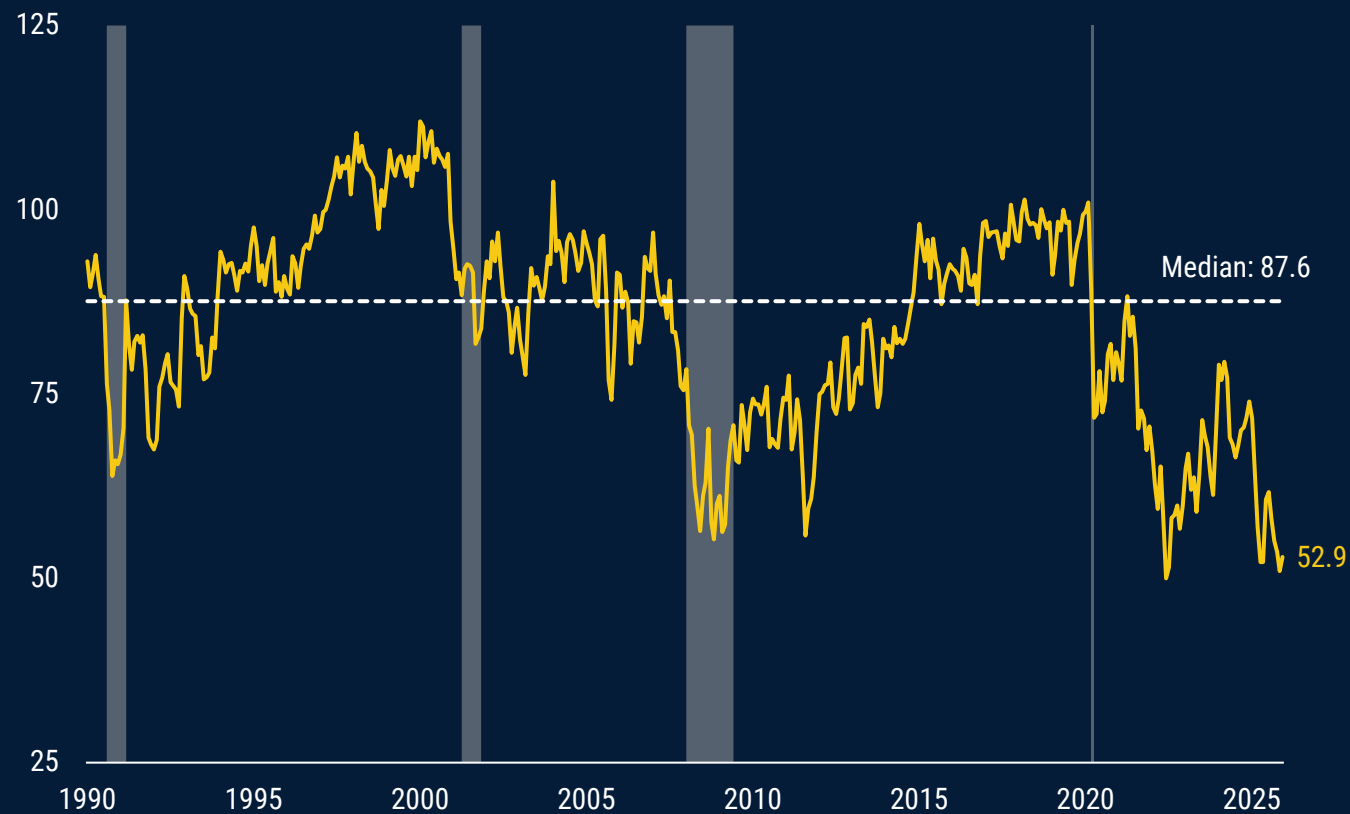


Sources: [Bureau of Economic Analysis](#), [WSJ Economic Forecasting Survey](#) • Geography: US • As of September 30, 2025



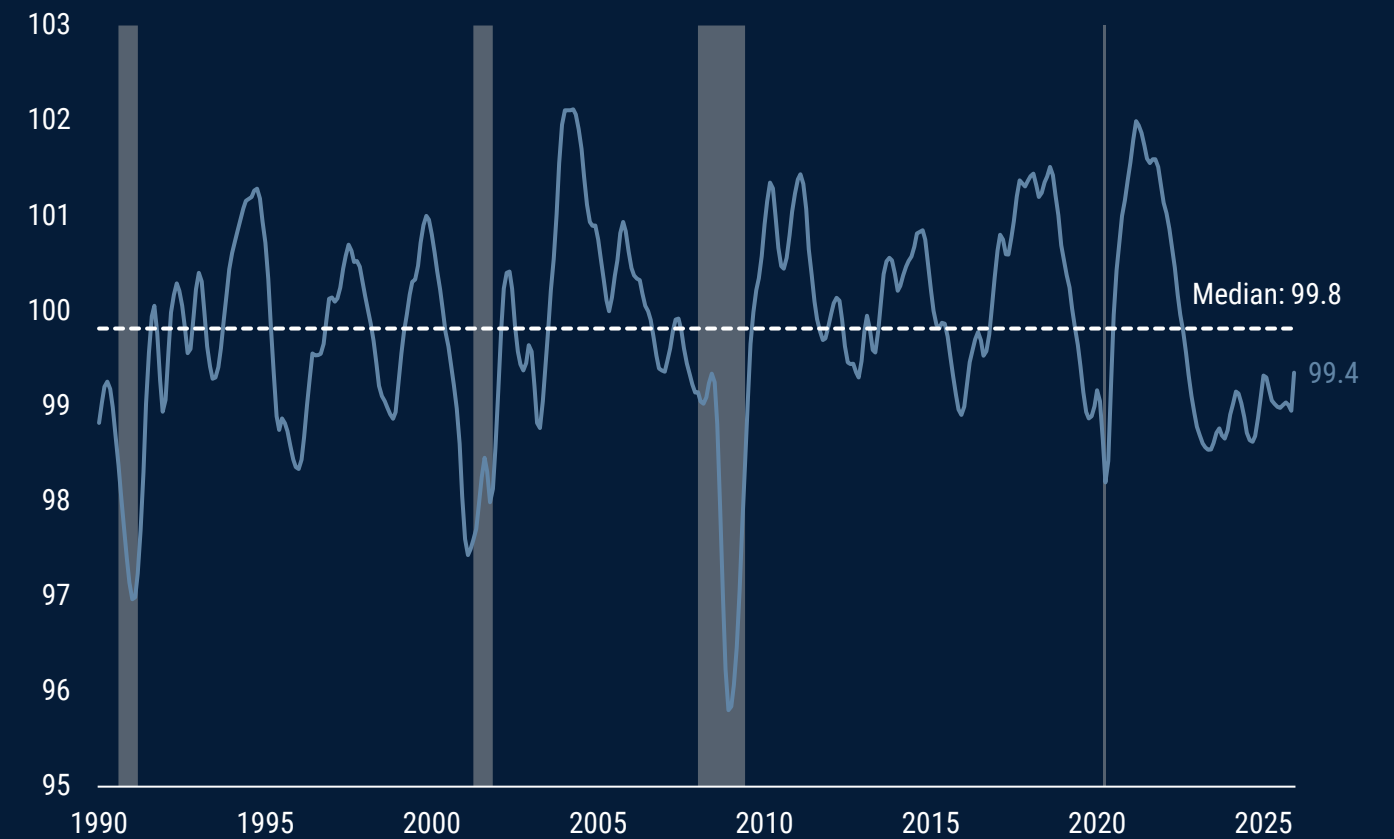
Economic policy uncertainty continues to weigh on both consumer and business sentiment, as shifting trade deals and a foggy tariff outlook complicate planning and purchasing decisions.

Figure 3 ► **University of Michigan Consumer Sentiment Index**



Source: [University of Michigan](#) • Geography: US • As of December 31, 2025

Figure 4 ► **Business Confidence Index**

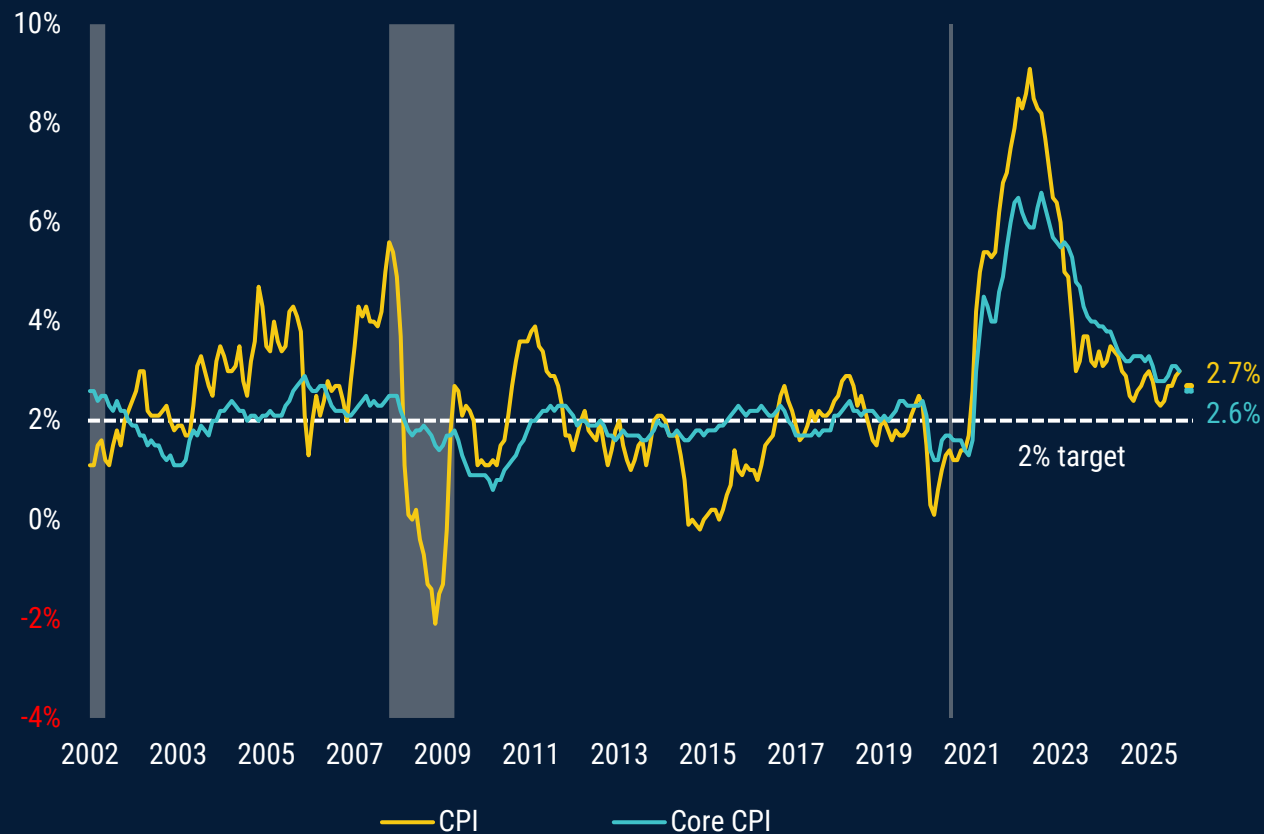


Source: [OECD](#) • Geography: US • As of December 31, 2025



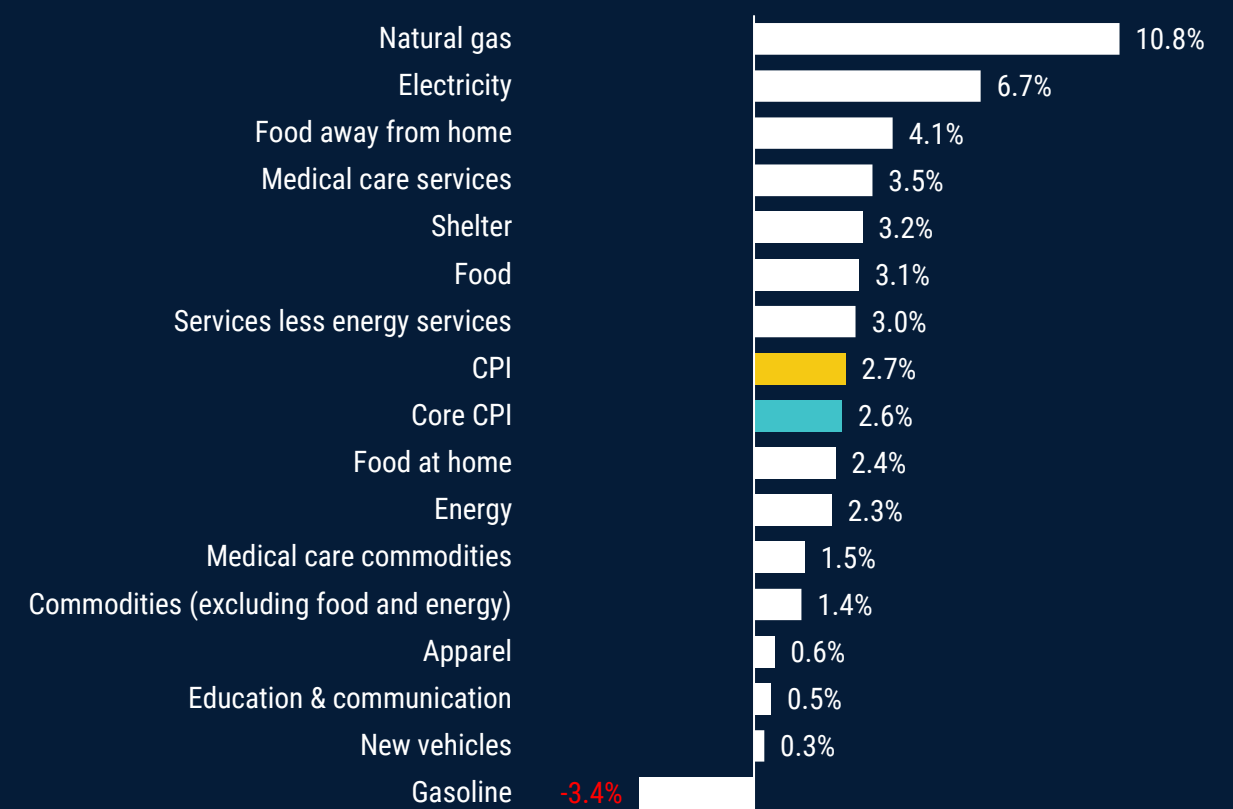
Core CPI dipped below headline CPI as food and energy prices add upward pressure to overall inflation. Simultaneously, goods-related inflation has shown signs of moderation, partially offsetting pressure in shelter and utilities.

Figure 5 ▶ YoY change in CPI



Source: [Bureau of Labor Statistics](#) • Geography: US • As of December 31, 2025

Figure 6 ▶ CPI one-year change by select categories

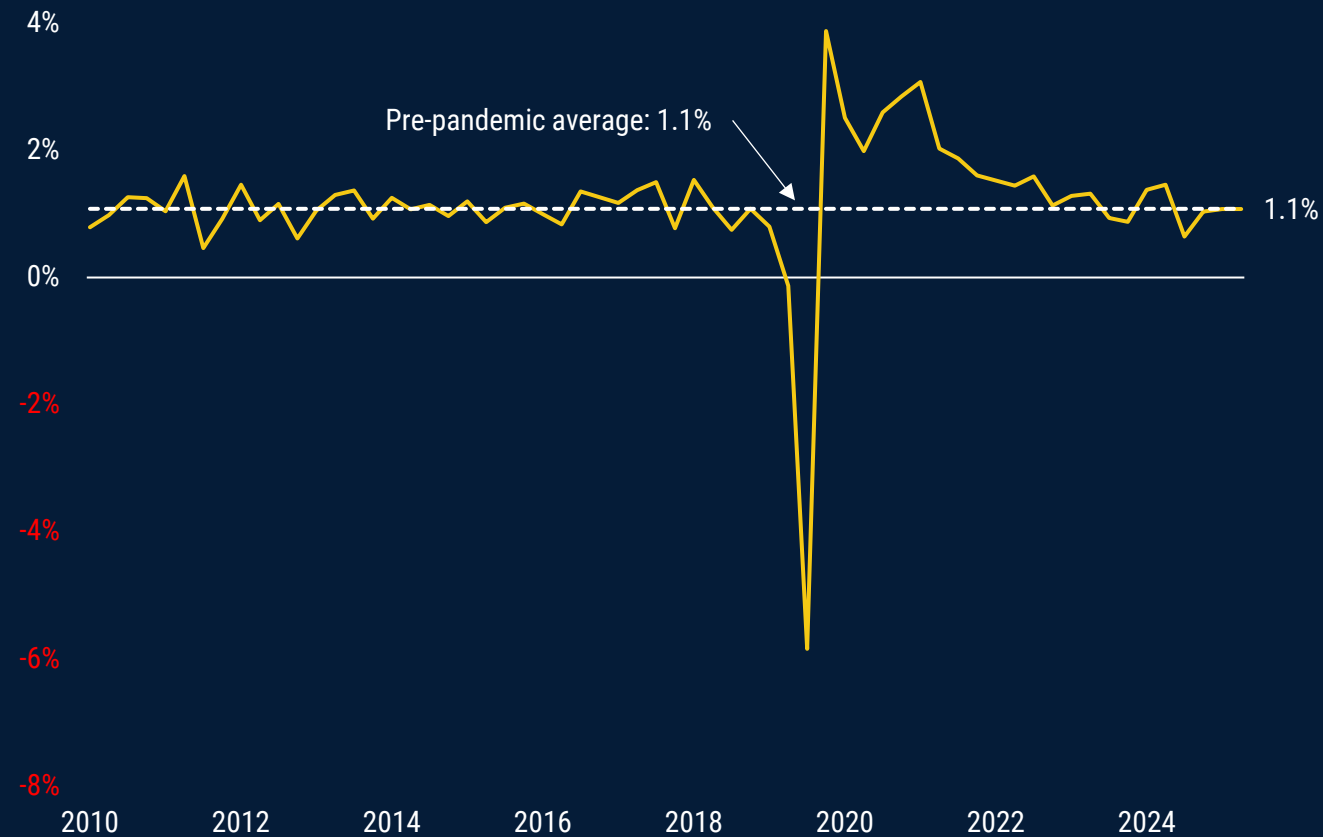


Source: [Bureau of Labor Statistics](#) • Geography: US • As of December 31, 2025



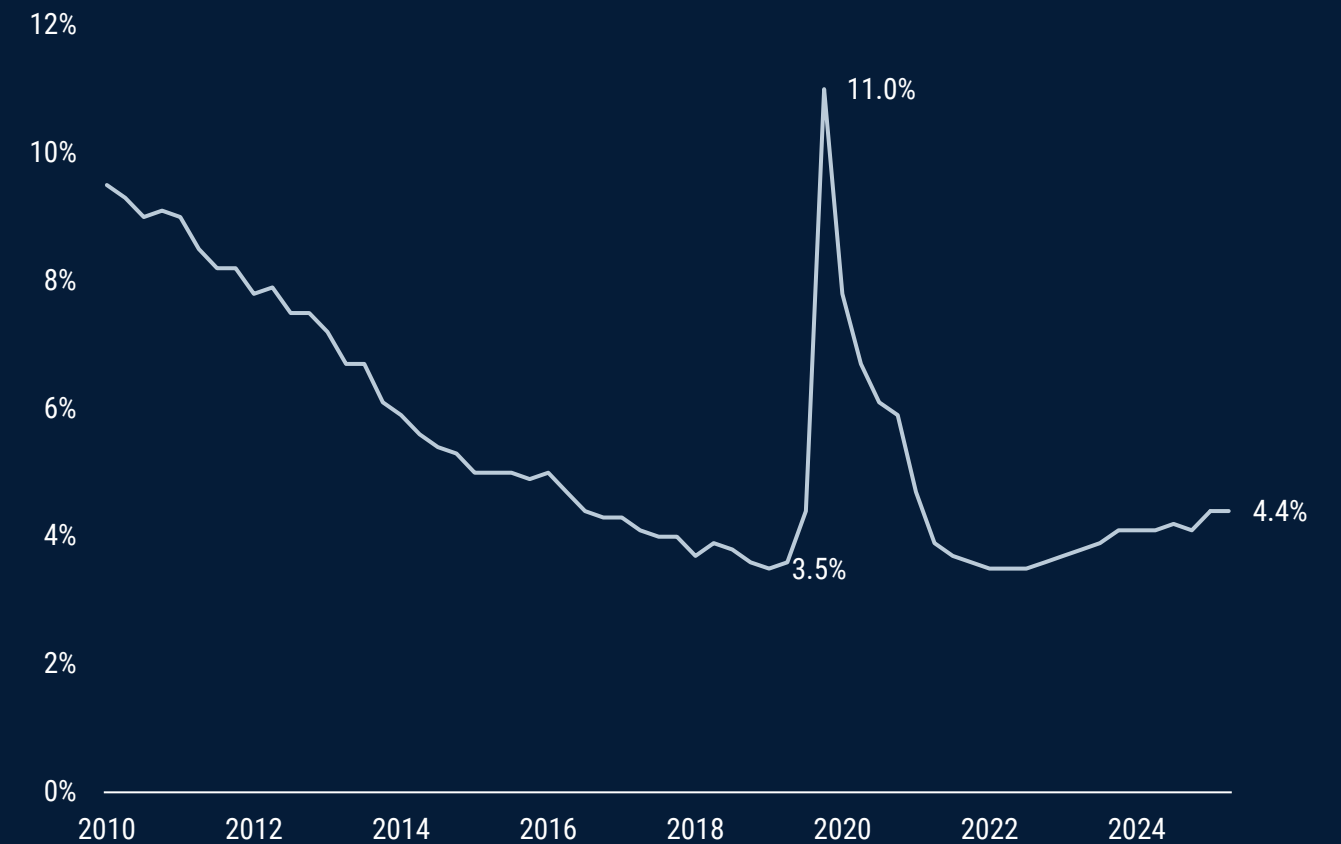
Meanwhile, a modest but persistent rise in unemployment has coincided with payroll growth hovering near the pre-pandemic average, presenting a mixed picture of labor market conditions.

Figure 7 ► QoQ payroll change



Source: [Bureau of Labor Statistics](#) • Geography: US • As of December 31, 2025

Figure 8 ► Unemployment rate

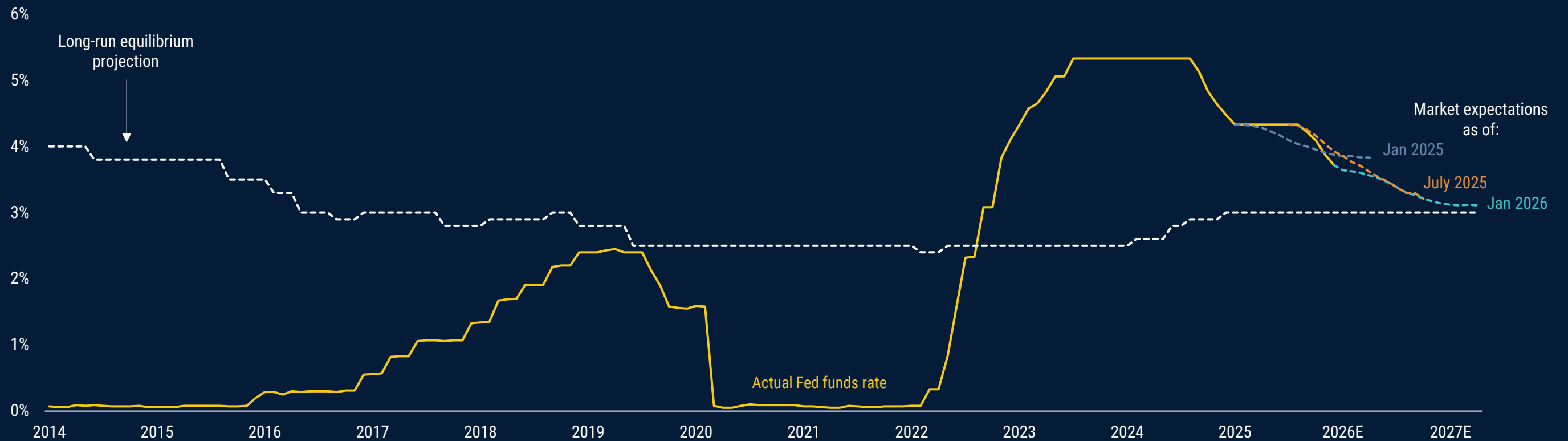


Source: [Bureau of Labor Statistics](#) • Geography: US • As of December 31, 2025



While H2 2025 rate cuts outpaced early-2025 market expectations, the December dot plot highlights a wider dispersion in policymakers' 2026 rate views amid elevated uncertainty, even as market pricing continues to imply further easing of 50 to 75 bps.

Figure 9 ► **Federal funds rate with forward market expectations**

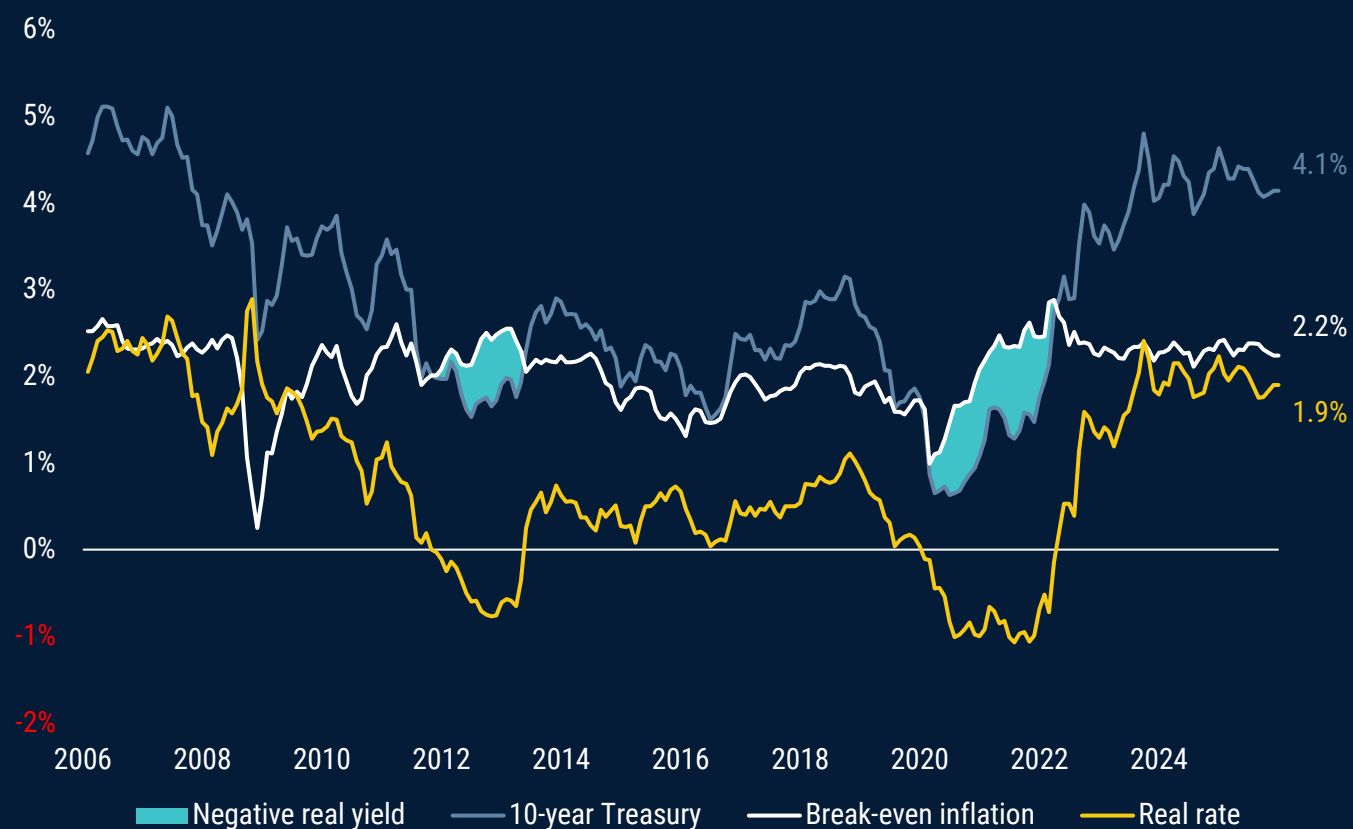


Sources: [Federal Reserve](#), [CME Group](#) • Geography: US • As of Jan 15, 2026



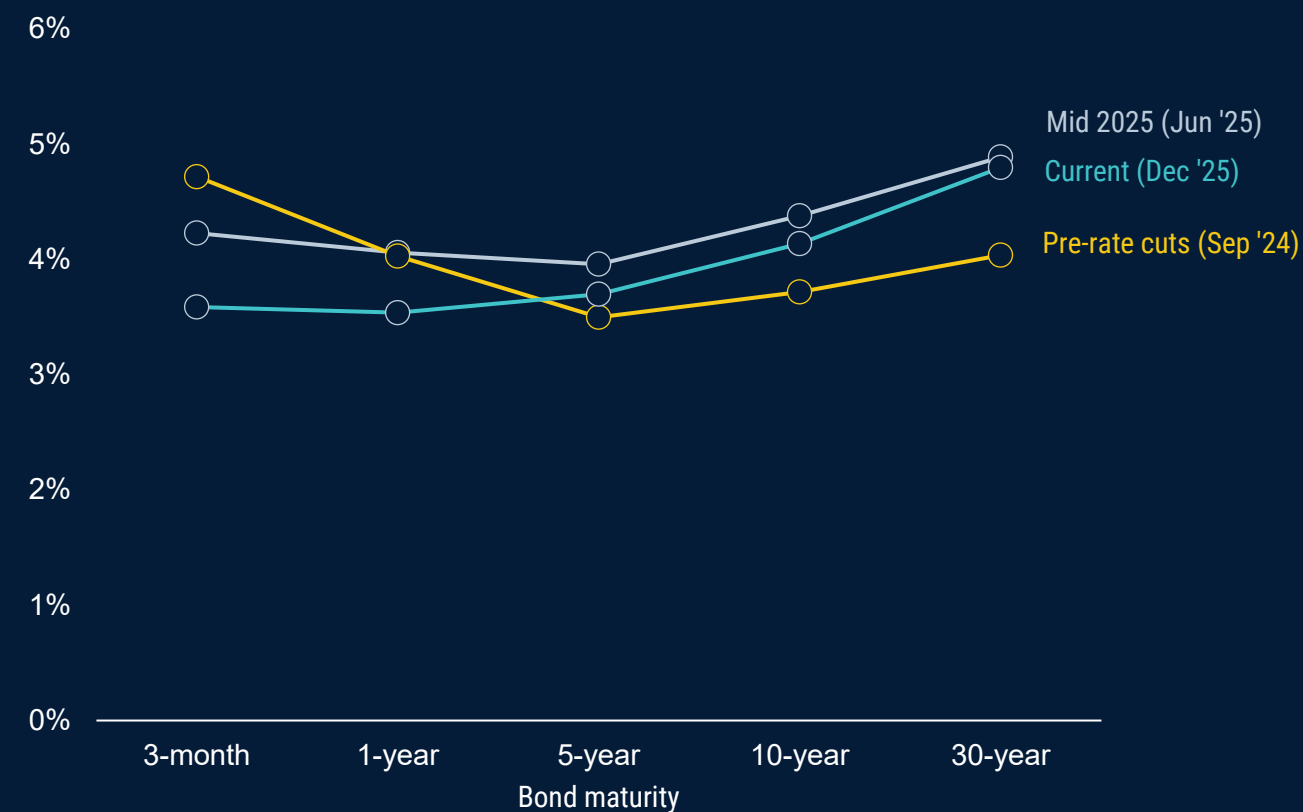
Front-end Treasury yields have declined more sharply than long-end yields, pushing the curve toward a more “normalized” shape. Real yields remain stable, as inflation expectations plateaued and nominal yields further out on the curve are largely range-bound.

Figure 10 ► 10-year Treasury real yields versus nominal yields (monthly series)



Source: [FRED](#) • Geography: US • As of December 31, 2025

Figure 11 ► Treasury market yield curve

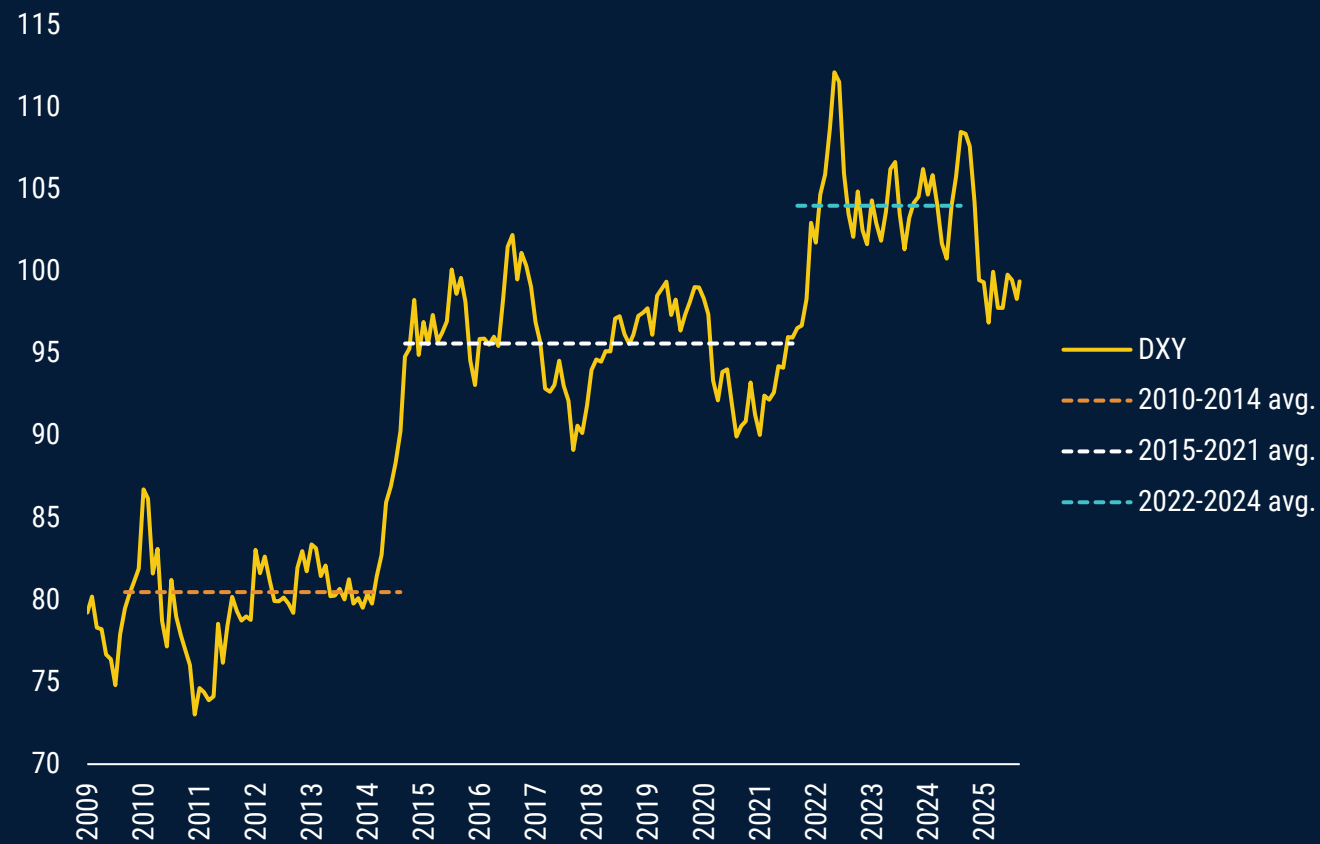


Source: [FRED](#) • Geography: US • As of December 31, 2025
Note: Treasury rates are taken from the FRED monthly data series for each bond maturity.



Rising US debt levels, geopolitical tensions, and questions over Fed independence are all potential headwinds for the US dollar, which has fallen below its 2022-2024 range. At the same time, investors have moved into precious metals as a perceived safe haven.

Figure 12 ► Dollar Index price (DXY)



Source: Morningstar • Geography: US • As of January 15, 2026

Figure 13 ► Gold and silver price change



Source: Morningstar • Geography: Global • As of January 15, 2026



Asset allocation



Dealmaking did not fully take off in 2025 as anticipated, with tariff turmoil leaving the markets with heightened uncertainty. But green shoots are emerging, IPO activity is picking up, and exit conditions are starting to improve.

Figure 14 ► Private markets dashboard

		Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Deal value (\$B)	Buyout	\$75.7	\$192.0	\$150.5	\$149.6	\$105.4	\$74.0	\$106.0	\$150.4	\$61.0	\$66.1	\$79.2	\$81.0	\$60.6	\$56.7	\$82.3	\$97.7	\$92.2	\$82.4	\$142.9	\$139.6
	PE growth	\$23.4	\$13.4	\$20.1	\$28.3	\$25.3	\$12.9	\$14.5	\$10.2	\$14.4	\$10.8	\$17.2	\$11.1	\$15.8	\$23.4	\$30.7	\$20.7	\$39.3	\$12.8	\$11.4	\$17.8
	Leveraged loans	\$228.4	\$196.3	\$203.7	\$172.5	\$167.6	\$130.3	\$78.1	\$67.8	\$71.9	\$79.7	\$103.8	\$73.8	\$172.3	\$192.9	\$166.4	\$128.4	\$196.5	\$160.0	\$215.7	\$145.8
	PE exits via IPOs	\$42.0	\$92.3	\$75.6	\$24.4	\$0.2	\$2.2	\$0.0	\$0.0	\$0.9	\$3.5	\$0.0	\$1.8	\$1.5	\$16.3	\$8.7	\$11.7	\$83.6	\$7.2	\$16.3	\$40.8
	PE exits via M&A	\$62.1	\$31.2	\$77.9	\$67.4	\$31.8	\$29.9	\$33.4	\$23.7	\$26.3	\$18.1	\$24.2	\$28.8	\$20.3	\$37.2	\$39.9	\$28.2	\$69.4	\$34.1	\$78.1	\$66.7
	Early-stage VC	\$17.3	\$21.6	\$21.5	\$28.7	\$23.3	\$20.2	\$14.7	\$11.8	\$11.3	\$11.3	\$9.3	\$8.8	\$12.0	\$18.0	\$12.0	\$13.2	\$12.0	\$14.9	\$14.2	\$26.0
	Late-stage VC	\$34.7	\$39.6	\$41.7	\$43.4	\$34.3	\$29.8	\$17.5	\$14.7	\$24.4	\$16.2	\$16.1	\$18.7	\$15.3	\$16.5	\$21.1	\$30.3	\$23.3	\$22.8	\$26.5	\$26.6
	VC exits via IPOs	\$131.4	\$161.0	\$101.2	\$124.6	\$2.7	\$1.6	\$0.6	\$1.8	\$1.2	\$3.5	\$20.4	\$0.9	\$13.5	\$14.5	\$1.2	\$12.1	\$20.8	\$24.4	\$42.1	\$19.3
	VC exits via M&A	\$14.8	\$23.7	\$34.3	\$34.5	\$12.1	\$12.9	\$11.2	\$5.1	\$8.1	\$2.5	\$8.6	\$12.6	\$9.8	\$12.2	\$9.4	\$14.6	\$19.1	\$16.4	\$11.2	\$45.6
VC Dealmaking Indicator	Early-Stage Index	38.4	32.0	26.0	21.0	18.8	22.0	31.4	45.8	60.6	71.5	81.2	87.8	86.3	82.8	78.1	72.5	66.5	61.0	52.7	45.1
	Late-Stage Index	40.7	35.6	30.0	25.8	24.6	25.9	32.6	42.0	52.5	62.3	69.0	73.6	78.0	80.6	81.1	81.0	78.9	76.8	73.6	70.3
	Venture-Growth Index	31.6	27.0	23.8	20.8	20.7	25.5	35.7	46.5	57.7	69.3	78.2	86.4	90.3	90.4	85.5	80.9	76.1	68.8	62.0	56.7
PitchBook Index returns	Private equity	10.5%	13.3%	7.7%	6.7%	0.7%	-2.3%	-0.2%	1.5%	3.2%	3.0%	0.8%	2.6%	2.0%	2.1%	2.5%	1.6%	2.1%	1.5%	1.9%	
	Venture capital	16.8%	14.9%	8.8%	6.4%	-3.7%	-10.0%	-1.6%	-4.7%	-2.1%	-0.1%	-1.7%	0.0%	1.8%	-0.2%	1.3%	2.7%	1.1%	4.0%	3.3%	
	Private credit	3.2%	7.4%	3.5%	2.6%	2.4%	-0.4%	1.0%	2.1%	3.9%	2.1%	3.5%	2.4%	1.2%	2.0%	3.0%	0.8%	-0.9%	0.9%	2.7%	
	Real estate	5.2%	7.4%	8.8%	7.7%	7.2%	2.7%	-0.2%	-1.1%	-0.9%	-0.9%	-1.3%	-3.0%	-0.1%	-0.3%	0.7%	-1.1%	-0.2%	1.0%	1.9%	
	Real assets	4.7%	7.4%	4.3%	6.1%	8.2%	3.1%	2.9%	2.6%	-0.2%	1.6%	0.8%	-0.9%	4.8%	3.4%	0.4%	0.4%	1.1%	2.6%	0.5%	
	All private capital	9.1%	11.9%	7.2%	6.3%	1.7%	-1.7%	-0.1%	0.7%	1.9%	2.0%	0.7%	1.4%	1.9%	1.7%	2.0%	1.2%	1.2%	1.7%	2.0%	

Trend

Positive

Neutral

Negative

Source: PitchBook | LCD • Geography: US • As of December 31, 2025
 Note: Private Capital Index data has preliminary returns through Q3 2025. Color shading reflects the relative Z-score over the past 10 years.

PE growth and VC set the pace for overall fund performance midway through 2025, while real estate strategies and private debt lagged behind.

Figure 15 ► Pooled annual returns by strategy

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	15-year horizon IRR
Middle-market buyout 28.8%	Natural resources 0.9%	Private debt 22.6%	Secondaries 23.1%	Secondaries 18.1%	Buyout megafunds 17.7%	Buyout megafunds 26.6%	Opportunistic real estate 20.2%	Buyout megafunds 18.1%	Middle-market buyout 19.5%	Buyout megafunds 21.6%	VC 23.1%	VC 20.0%	VC 45.9%	VC 55.4%	Natural resources 25.0%	Private debt 12.4%	Natural resources 13.2%	PE growth 7.8%	Middle-market buyout 16.0%
Secondaries 28.5%	Infrastructure -4.1%	Middle-market buyout 10.1%	Buyout megafunds 22.1%	Natural resources 15.4%	Private debt 13.6%	VC 21.2%	VC 19.0%	Value-add real estate 16.3%	Natural resources 16.8%	Secondaries 18.8%	PE growth 16.7%	Buyout megafunds 19.6%	PE growth 33.8%	FoF 55.1%	Infrastructure 13.8%	Buyout megafunds 12.3%	PE growth 10.1%	VC 5.1%	Buyout megafunds 15.8%
Infrastructure 22.4%	VC -11.6%	Buyout megafunds 8.4%	PE growth 20.1%	Value-add real estate 13.8%	PE growth 12.2%	PE growth 17.6%	Middle-market buyout 16.5%	Middle-market buyout 12.4%	All private capital 10.7%	Middle-market buyout 17.6%	Middle-market buyout 16.1%	Middle-market buyout 18.3%	Middle-market buyout 27.1%	PE growth 54.0%	Opportunistic real estate 10.4%	Middle-market buyout 9.3%	Middle-market buyout 8.7%	Infrastructure 3.7%	PE growth 15.2%
Opportunistic real estate 19.4%	Secondaries -11.9%	PE growth 6.8%	Private debt 19.3%	Opportunistic real estate 12.5%	All private capital 12.1%	All private capital 16.8%	Buyout megafunds 12.2%	Secondaries 12.2%	Opportunistic real estate 10.6%	PE growth 14.8%	FoF 15.9%	PE growth 16.5%	FoF 25.6%	Buyout megafunds 46.0%	Middle-market buyout 8.1%	PE growth 6.8%	Private debt 7.6%	FoF 3.7%	VC 13.3%
All private capital 18.2%	FoF -13.0%	Natural resources 4.1%	Natural resources 19.1%	VC 11.9%	Opportunistic real estate 12.0%	Middle-market buyout 16.7%	PE growth 16.3%	FoF 11.2%	Value-add real estate 10.1%	All private capital 14.3%	Secondaries 14.8%	FoF 13.6%	Buyout megafunds 24.2%	Secondaries 42.0%	Value-add real estate 8.0%	All private capital 6.1%	Infrastructure 7.5%	Natural resources 3.5%	All private capital 12.9%
FoF 17.9%	Middle-market buyout -13.9%	All private capital 3.7%	Opportunistic real estate 16.9%	Middle-market buyout 11.5%	Secondaries 11.6%	Value-add real estate 16.1%	All private capital 15.0%	PE growth 10.4%	Private debt 10.1%	Infrastructure 13.3%	Value-add real estate 12.4%	All private capital 12.3%	All private capital 19.1%	Middle-market buyout 40.5%	Private debt 4.7%	Infrastructure 4.7%	Buyout megafunds 7.0%	Buyout megafunds 3.3%	Secondaries 12.6%
Buyout megafunds 13.7%	PE growth -17.9%	FoF 3.5%	All private capital 16.1%	PE growth 10.7%	Middle-market buyout 11.5%	Opportunistic real estate 15.7%	Infrastructure 15.0%	VC 10.2%	Buyout megafunds 9.0%	Value-add real estate 12.0%	All private capital 11.2%	Opportunistic real estate 11.6%	Secondaries 15.4%	All private capital 39.1%	Secondaries 4.6%	Secondaries 3.1%	All private capital 6.8%	All private capital 2.9%	FoF 12.5%
VC 13.0%	All private capital -19.6%	VC -0.3%	Middle-market buyout 13.1%	FoF 10.0%	Value-add real estate 10.2%	FoF 12.8%	FoF 14.7%	All private capital 9.6%	Infrastructure 8.6%	FoF 11.7%	Private debt 7.3%	Secondaries 10.8%	Private debt 8.0%	Value-add real estate 30.7%	All private capital 0.8%	FoF 1.7%	Secondaries 5.5%	Value-add real estate 1.9%	Opportunistic real estate 10.9%
Private debt 9.8%	Value-add real estate -26.9%	Infrastructure -5.0%	Infrastructure 12.9%	All private capital 9.6%	FoF 9.3%	Private debt 11.6%	Value-add real estate 14.1%	Infrastructure 8.8%	PE growth 8.4%	Private debt 11.2%	Buyout megafunds 5.9%	Private debt 7.4%	Value-add real estate 5.9%	Natural resources 29.6%	PE growth -5.1%	Natural resources -3.2%	VC 4.5%	Middle-market buyout 1.9%	Value-add real estate 10.2%
PE growth 9.6%	Private debt -27.5%	Secondaries -5.9%	FoF 12.1%	Buyout megafunds 8.9%	Infrastructure 7.8%	Secondaries 7.6%	Secondaries 13.3%	Opportunistic real estate 7.8%	FoF 6.5%	Opportunistic real estate 9.7%	Opportunistic real estate 5.8%	Value-add real estate 5.6%	Infrastructure 5.8%	Opportunistic real estate 29.0%	Buyout megafunds -6.2%	VC -4.8%	FoF 3.2%	Secondaries 0.7%	Private debt 9.4%
Natural resources 7.3%	Buyout megafunds -35.6%	Opportunistic real estate -35.6%	VC 11.5%	Private debt 4.2%	VC 7.6%	Natural resources 7.0%	Private debt 12.0%	Private debt 3.6%	Secondaries 3.9%	VC 9.5%	Infrastructure 5.3%	Infrastructure 3.8%	Opportunistic real estate 4.5%	Infrastructure 18.4%	FoF -6.9%	Opportunistic real estate -0.8%	Opportunistic real estate -0.8%	Private debt 0.0%	Infrastructure 8.8%
Value-add real estate -4.4%	Opportunistic real estate -31.5%	Value-add real estate -43.0%	Value-add real estate -4.0%	Infrastructure 3.2%	Natural resources 5.5%	Infrastructure 6.4%	Natural resources 0.0%	Natural resources -17.6%	VC 0.1%	Natural resources 8.3%	Natural resources 4.5%	Natural resources -9.2%	Natural resources -15.3%	Private debt 16.8%	VC -17.4%	Value-add real estate -8.9%	Value-add real estate -3.2%	Opportunistic real estate -0.5%	Natural resources 5.3%

Source: PitchBook • Geography: US • As of June 30, 2025
Note: Middle-market buyout funds are those between \$100 million and \$5 billion. Buyout megafunds are \$5 billion or larger.



Our Private Capital Return Barometers provide a gauge for the relative attractiveness of the macro environment for private fund returns. The environment for private fund returns weakened in the second half of 2025, but all Barometers are providing a neutral signal.

Figure 16 ▶ **PitchBook Private Capital Return Barometers** scores

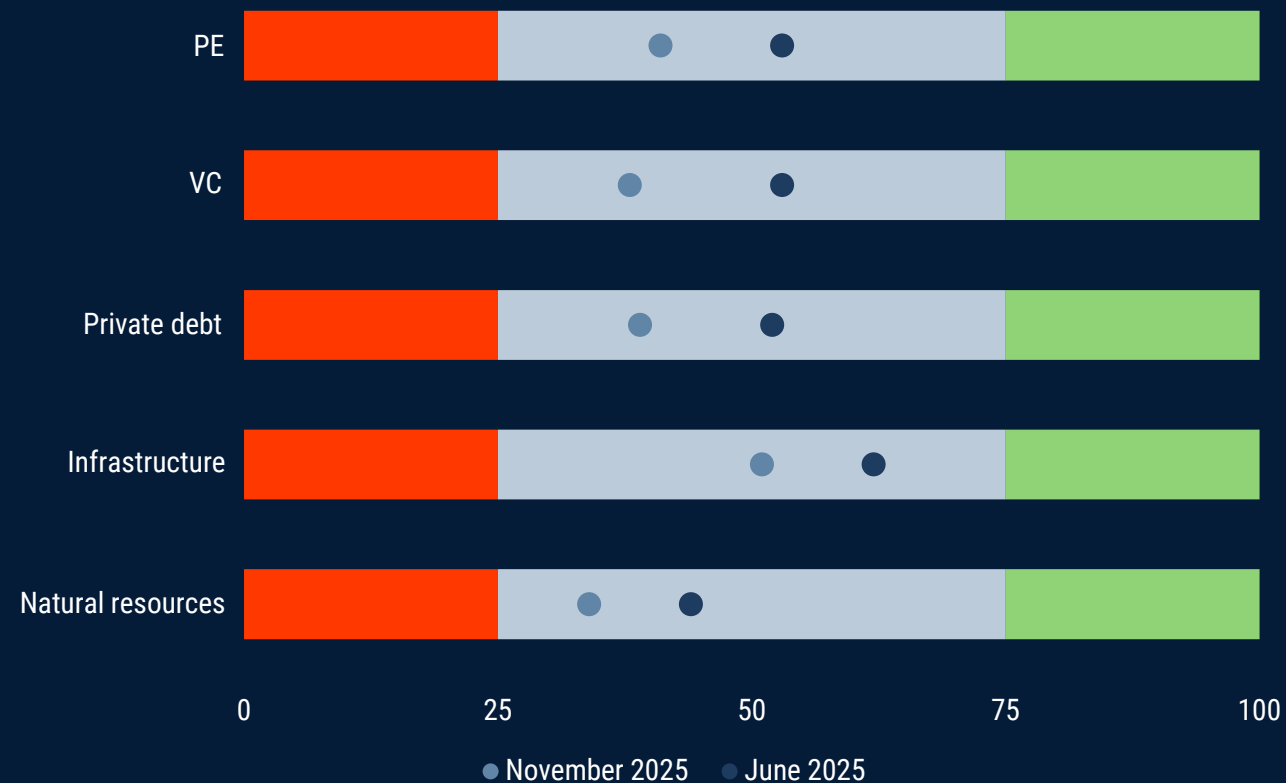
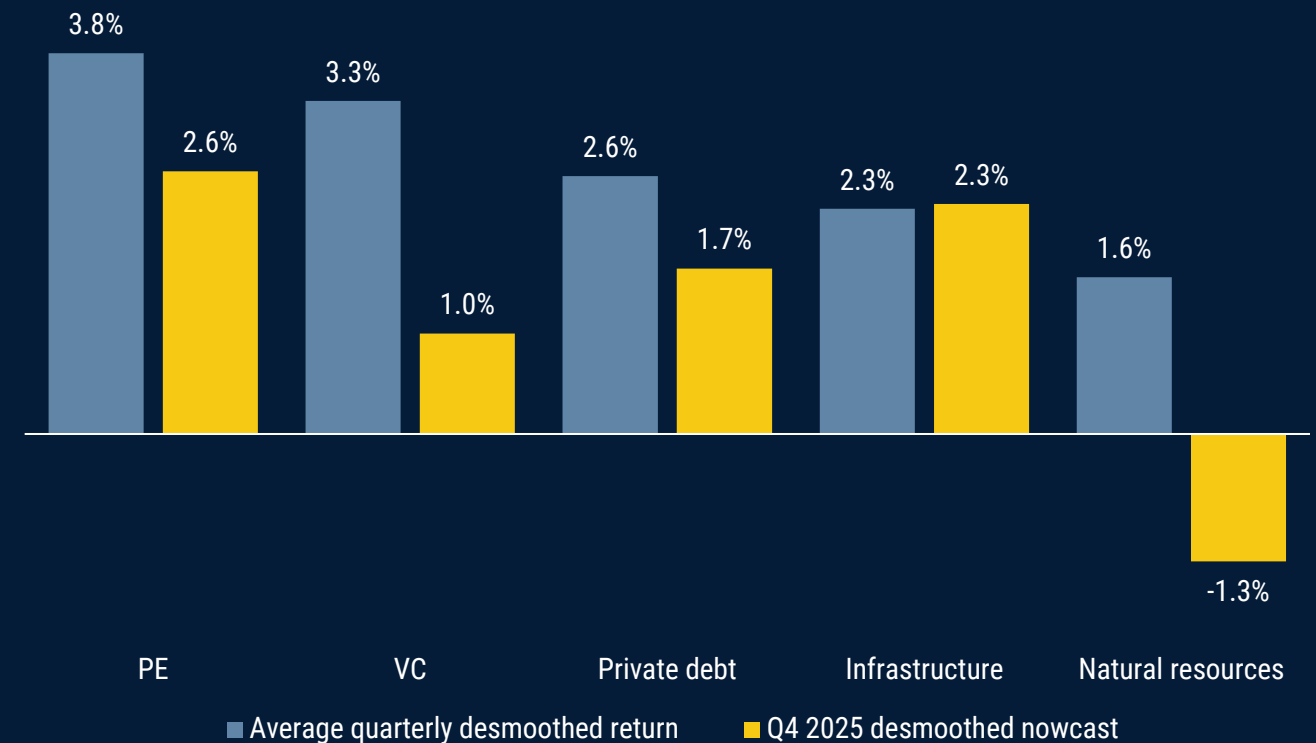


Figure 17 ▶ **PitchBook Private Capital Return Barometers** implied three-month return



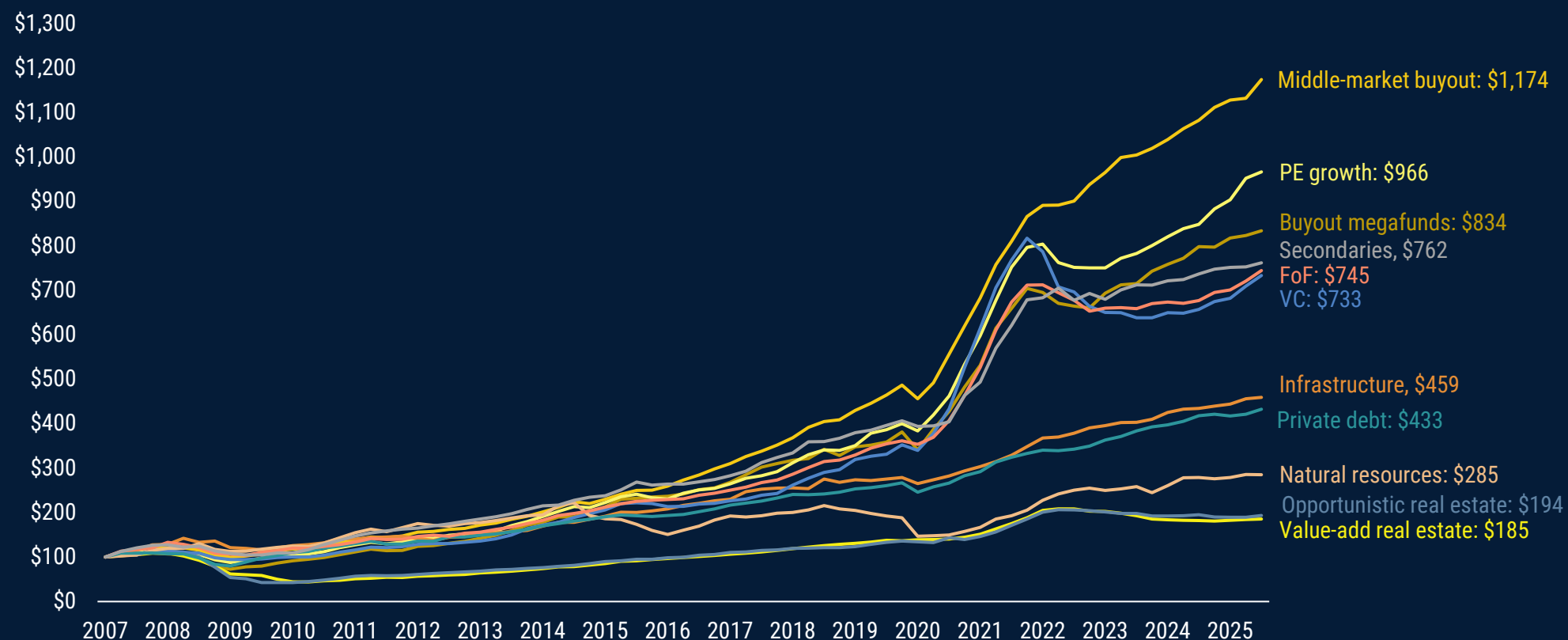
Source: PitchBook • Geography: US • As of November 30, 2025
Note: The color scale represents different return environments: Red indicates a weak environment (below 25), gray represents a neutral environment (between 25 and 75), and green signifies a strong environment (above 75).

Source: PitchBook • Geography: US • As of November 30, 2025
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 strategies have been the leader over the long term. Private debt and infrastructure continue to provide reliable returns from income generation, and VC has been trending upward in recent quarters.

Figure 18 ► Hypothetical growth of \$100 invested in Q1 2007 by PitchBook Private Capital Index



Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



Private Capital Indexes

Our analysis assumes a person could invest quarterly in our universe of funds for which we have cash flows and NAV data available each quarter. It is a hypothetical result if someone were able to invest in a “market” portfolio of funds starting, in this case, at the beginning of 2007. We calculate the change in NAV, plus/minus cash flows that occur during each quarter, aggregated across all available funds. This allows us to build a time-weighted return series, which we have represented here as the growth of \$100 invested.

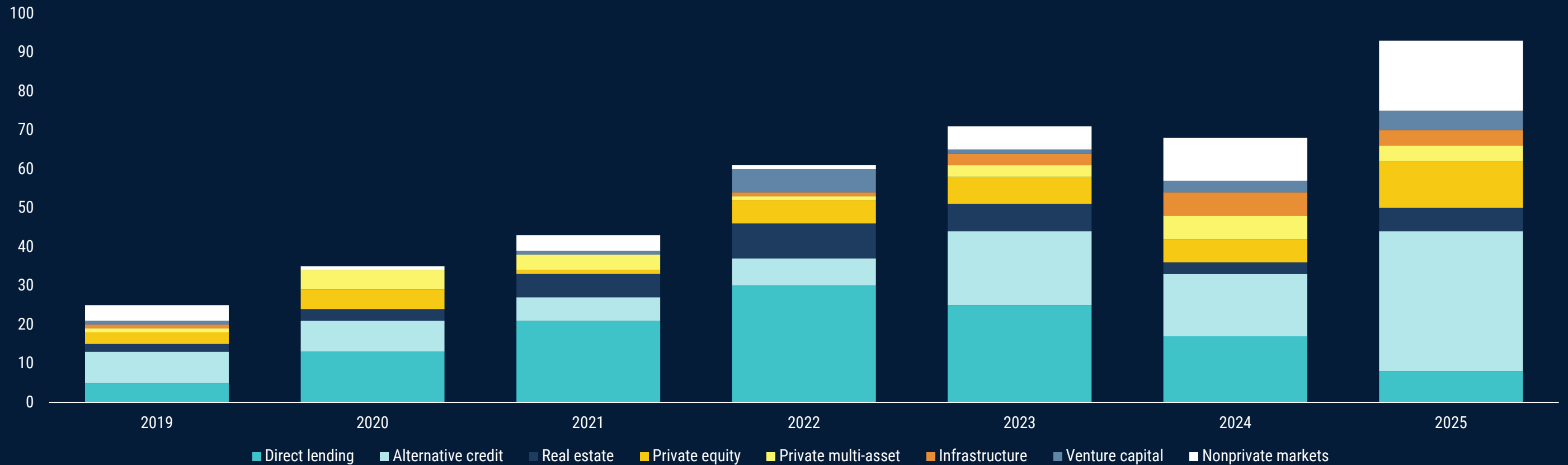
Actual results experienced by investors will vary widely, and the indexes should not be considered investable.

You can get recurring updates on index performance in our quarterly report series: [PitchBook Private Capital Indexes](#).



A key source of the growth in private wealth investment in private markets has been [evergreen fund structures](#). 2025 set a record for new fund launches, with credit-focused funds dominating, although PE, infrastructure, and other private capital strategies are growing in number.

Figure 19 ▶ New evergreen fund launches by strategy focus

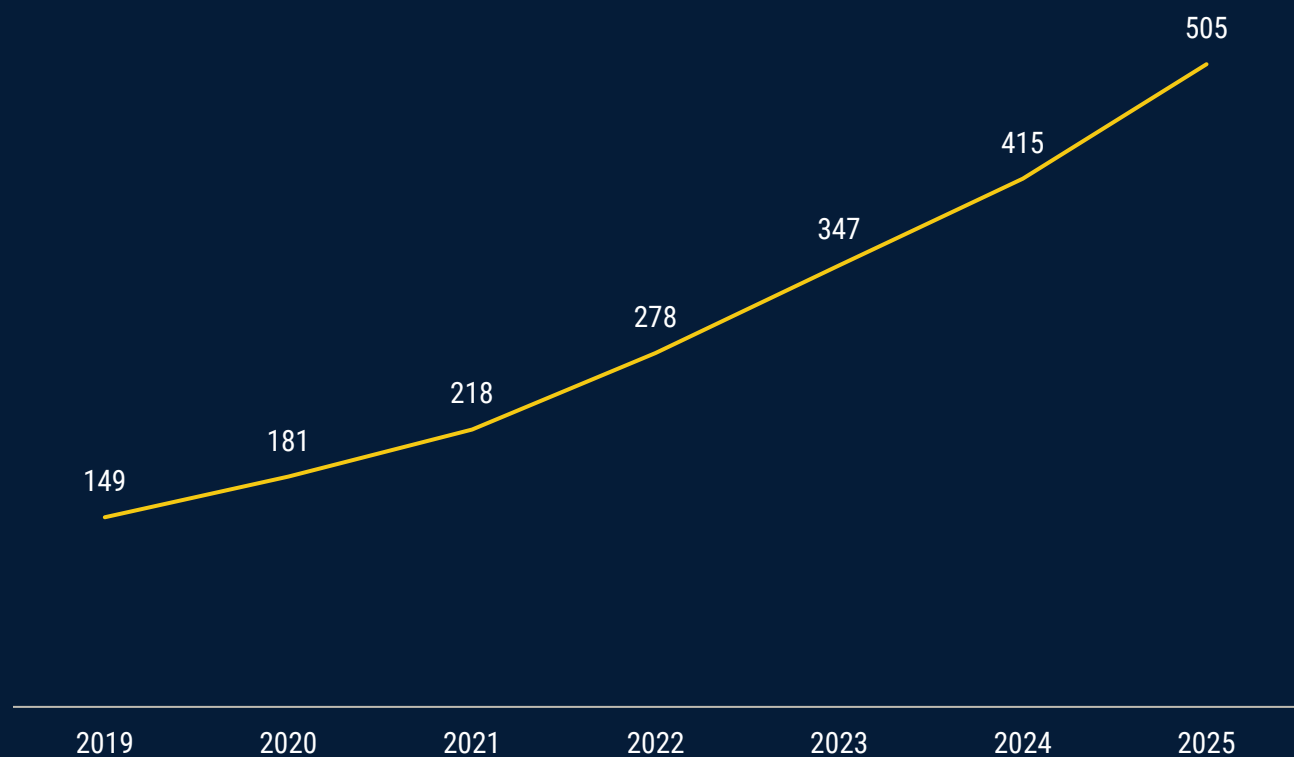


Sources: Morningstar, PitchBook • Geography: US • As of November 30, 2025



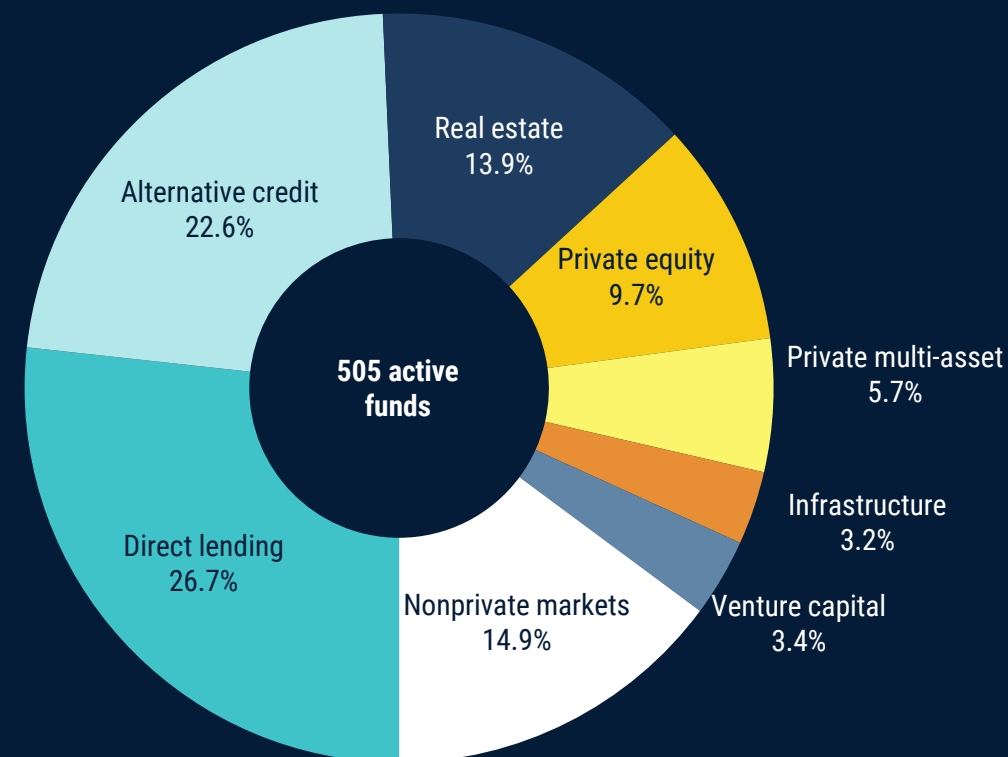
As the market grows, investors are facing more choice than ever in these still largely unproven fund structures. We estimate there to be over 500 evergreen funds in the US...

Figure 20 ▶ Total number of active evergreen funds



Sources: Morningstar, PitchBook • Geography: US • As of November 30, 2025

Figure 21 ▶ Share of active evergreen funds by strategy focus

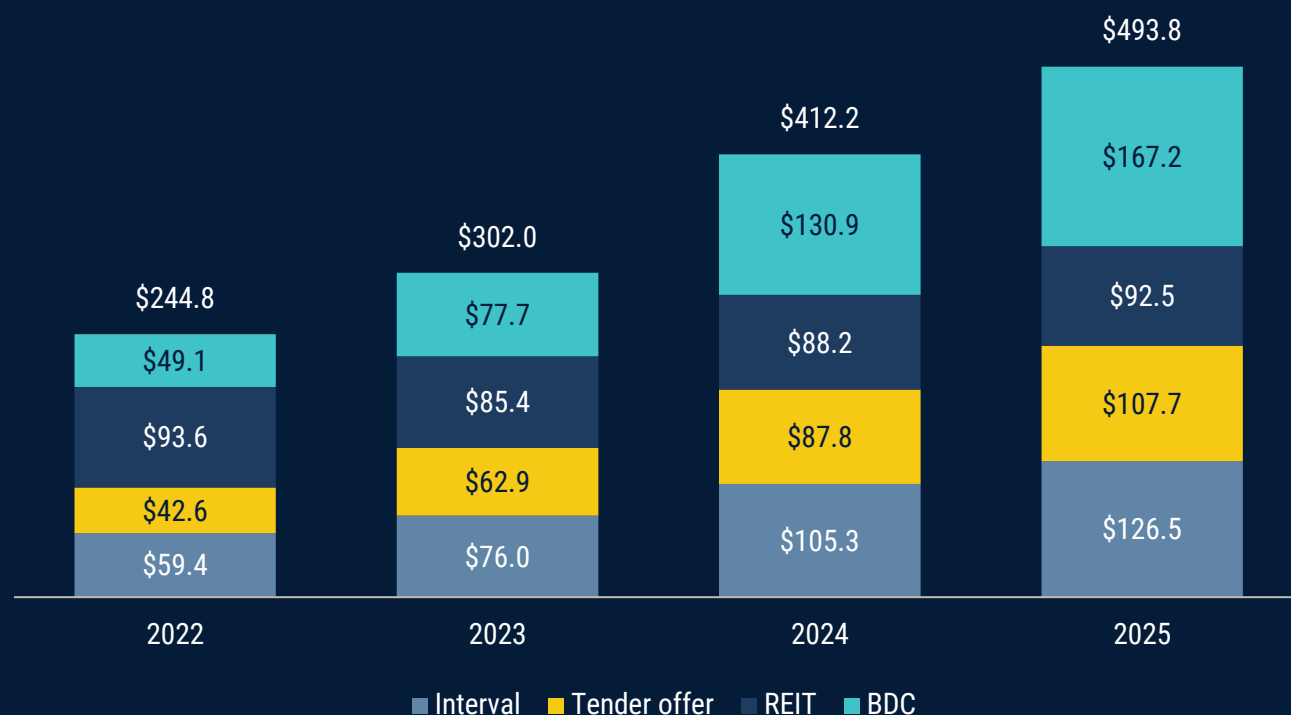


Sources: Morningstar, PitchBook • Geography: US • As of November 30, 2025



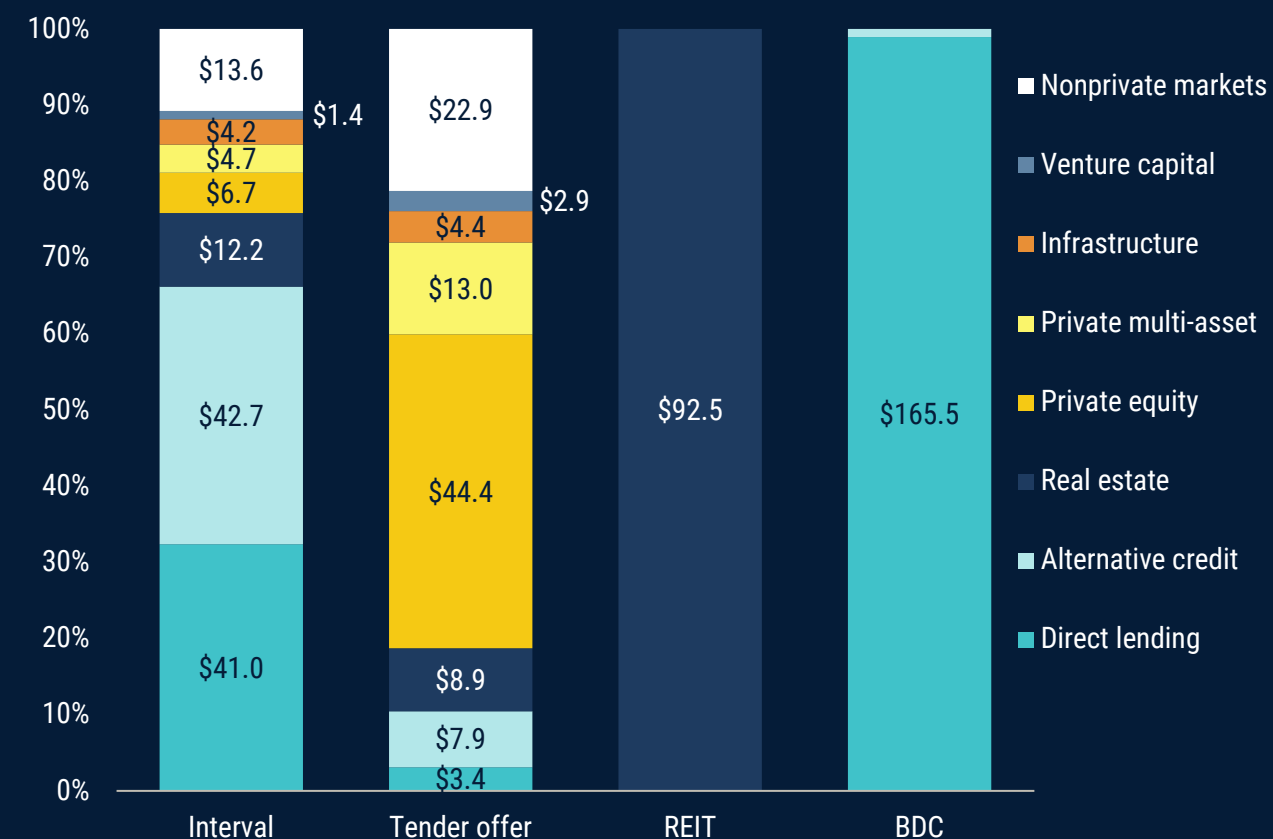
...and we estimate there is now nearly \$500 billion in net assets under management. With tender offer and interval fund structures, investors have a diversified opportunity set of asset classes to access. However, questions remain regarding how these funds will perform over the long run...

Figure 22 ▶ **Unlisted evergreen fund net AUM (\$B) by structure**



Sources: Morningstar, PitchBook • Geography: US • Note: Data was aggregated on December 4, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.

Figure 23 ▶ **Share of 2025 net AUM by structure and strategy**

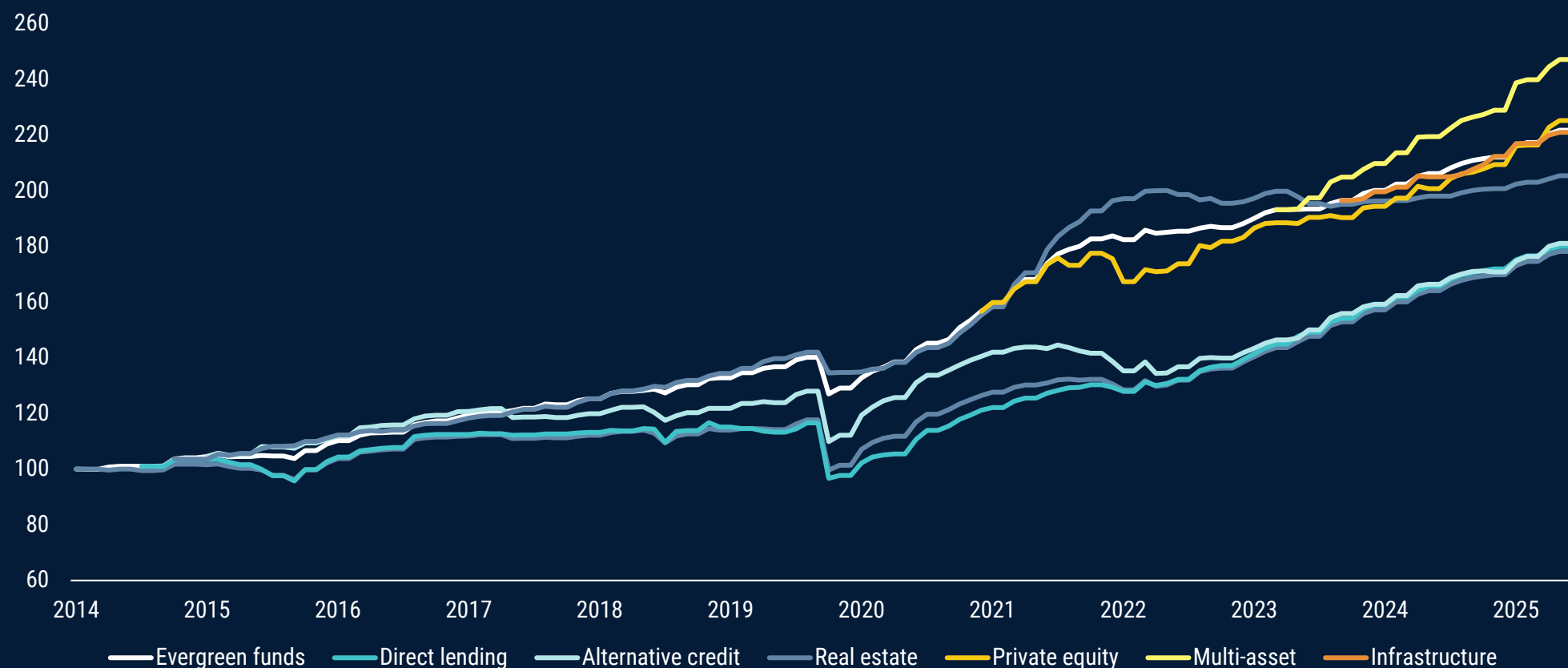


Sources: Morningstar, PitchBook • Geography: US • Note: Data was aggregated on December 4, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.



...so to track returns of the growing evergreen universe, we have launched the Morningstar PitchBook US Evergreen Fund Index suite, providing investors a strategy-aware benchmark to compare returns.

Figure 24 ► **Select Morningstar PitchBook US Evergreen Fund Indexes**



Sources: Morningstar, PitchBook • Geography: US • As of November 30, 2025
Note: Each index is rebased to the level of the Morningstar PitchBook US Evergreen Fund Index at its respective start date.



Constructing an index

To build the suite of indexes, we incorporated a few guidelines to systematically calculate histories:

- Each index cohort includes a minimum of five funds.
- We use Class I shares or whichever share class is available when a fund has only one.
- A minimum of \$25 million in total net assets per fund.
- Quarterly rebalancing.
- To be included, a fund must have a minimum of three months of returns history prior to the rebalance date.

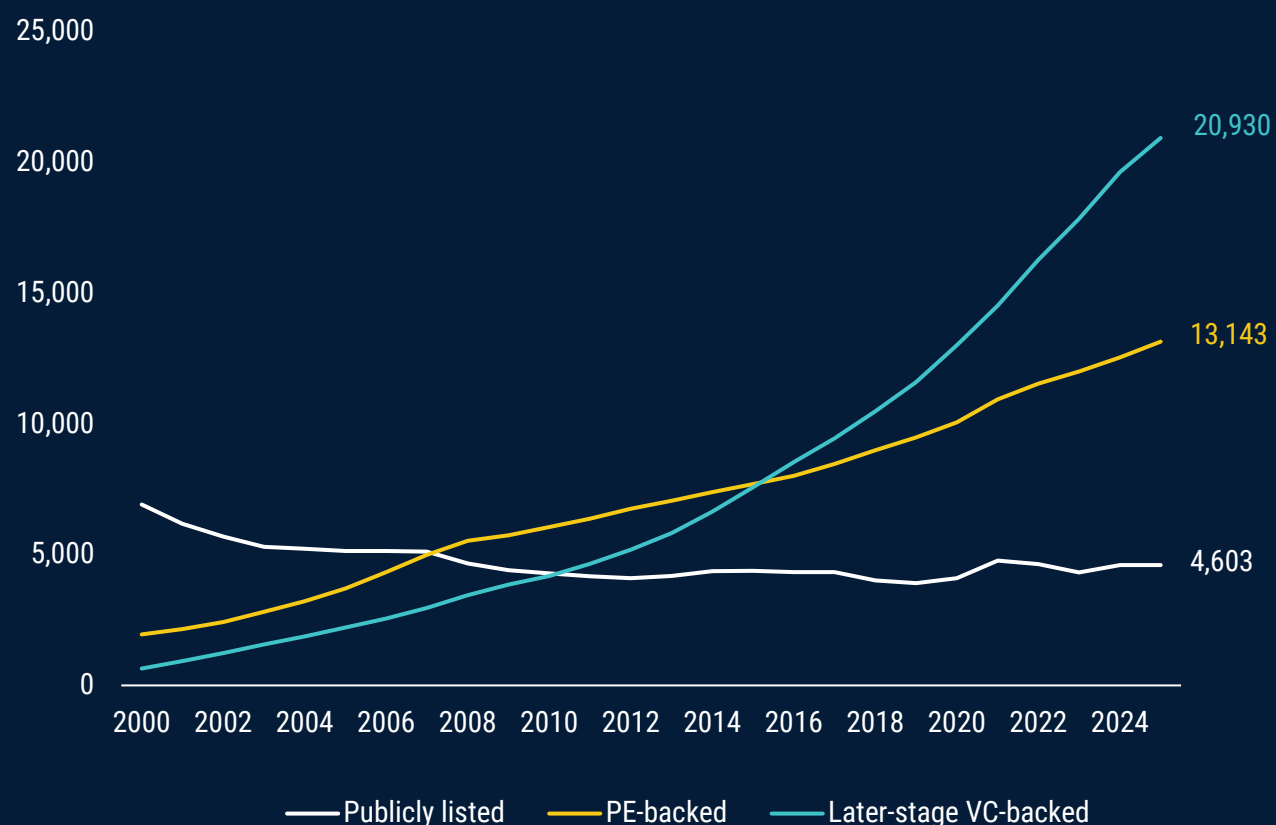
These indexes allow us to assess category-level performance trends and provide a baseline for performance attribution, peer comparison, and risk-adjusted return evaluation. They also allow us to evaluate the aggregate performance of the semi-liquid universe and various underlying strategies for asset class return comparisons.

Read more in our Q4 2025 report: [Benchmarking the Evergreen Evolution.](#)



Part of the democratization push has been the focus on the shrinkage of the public market investment opportunity set. Privately-backed companies now vastly outnumber publicly traded peers, though assets held by private funds in dollar terms are still quite low by comparison.

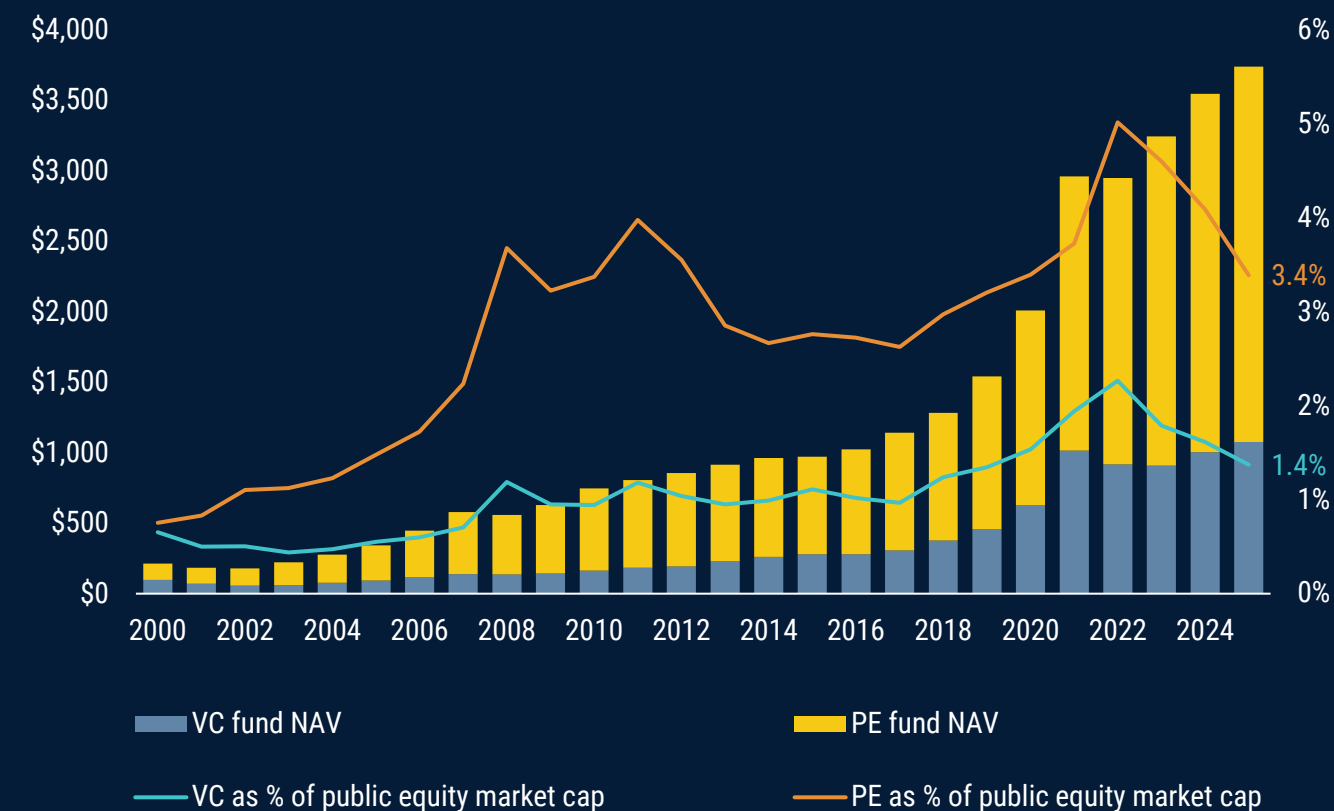
Figure 25 ► Publicly listed versus PE- and later-stage VC-backed company count



Sources: [World Bank](#), [Statista](#), PitchBook, Morningstar • Geography: US • As of December 31, 2025

Note: Publicly listed data reflects domestic firms listed on the NYSE and Nasdaq from before 2024 and is from World Bank and Statista. 2024 data is from Morningstar. Later-stage VC refers to companies that have raised late-stage VC and venture-growth rounds.

Figure 26 ► PE and VC fund NAV (\$B) as a share of public equity market cap



Sources: [Siblis Research](#), PitchBook • Geography: US • As of June 30, 2025



Investors should be wary of volatility smoothing in private markets, which can distort perceived risk. We estimate that private capital funds exhibit significantly higher volatilities than reported.

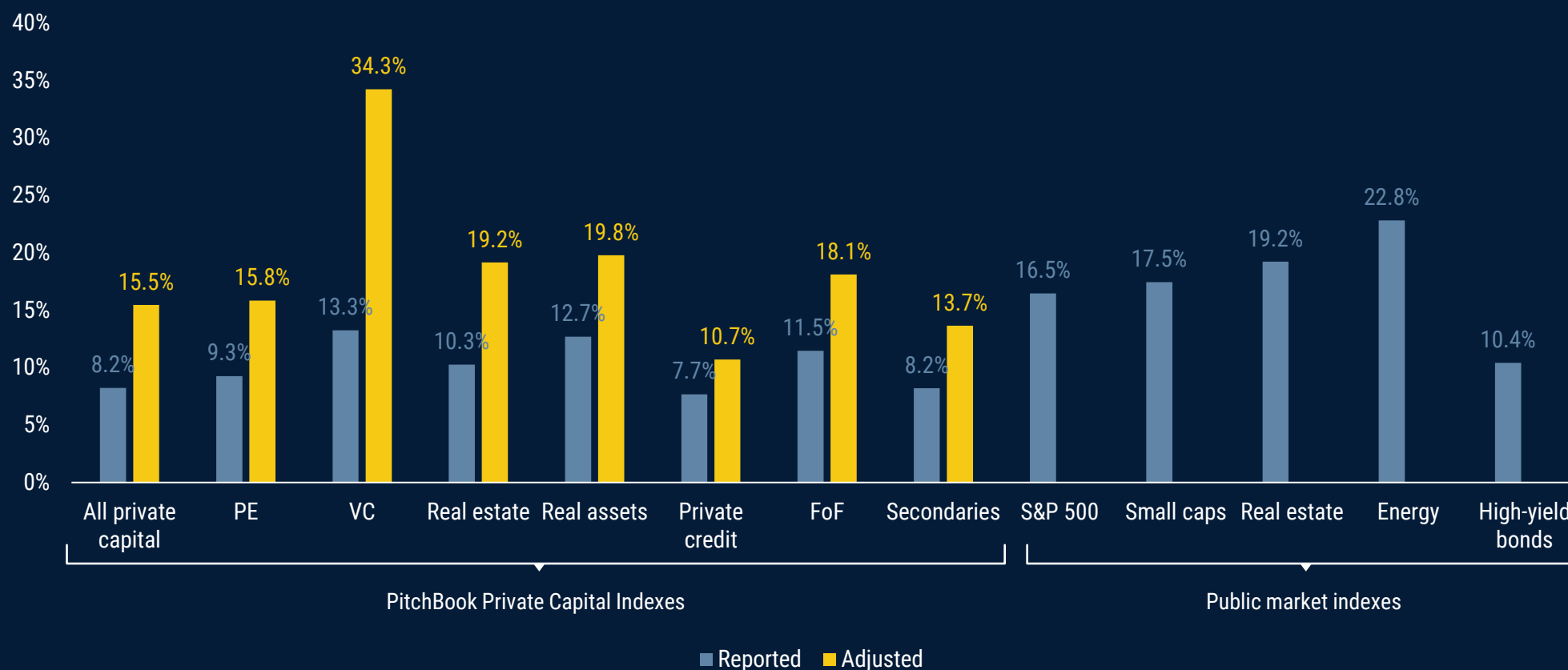


Desmoothing returns

In contrast with public markets, private investments are valued largely according to appraisal-based pricing, which involves infrequent and typically unaudited approximations. Appraisal-based pricing can introduce significant downward bias on private investment volatility and correlation measures, which results in artificially higher allocations using mean-variance portfolio optimization.

To account for these smoothed returns and to provide a more accurate depiction of private market volatility, we implement a Geltner autocorrelation desmoothing method. Read more about our methodology in our [Analyst Note: Return Smoothing in Private Markets](#).

Figure 27 ► **Reported and adjusted private market volatility compared with public indexes**



Sources: Morningstar, PitchBook • Geography: US • As of September 30, 2025
Note: Public indexes are based on quarter-end total returns. Public indexes aside from the S&P 500 are provided by Morningstar Indexes.



The concentration in public equity indexes has left allocators and their advisors seeking diversification benefits, with private markets playing a key role. Using desmoothed returns, though, we find there is not a free lunch...

Figure 28 ► Return correlation matrix using adjusted returns since 2000

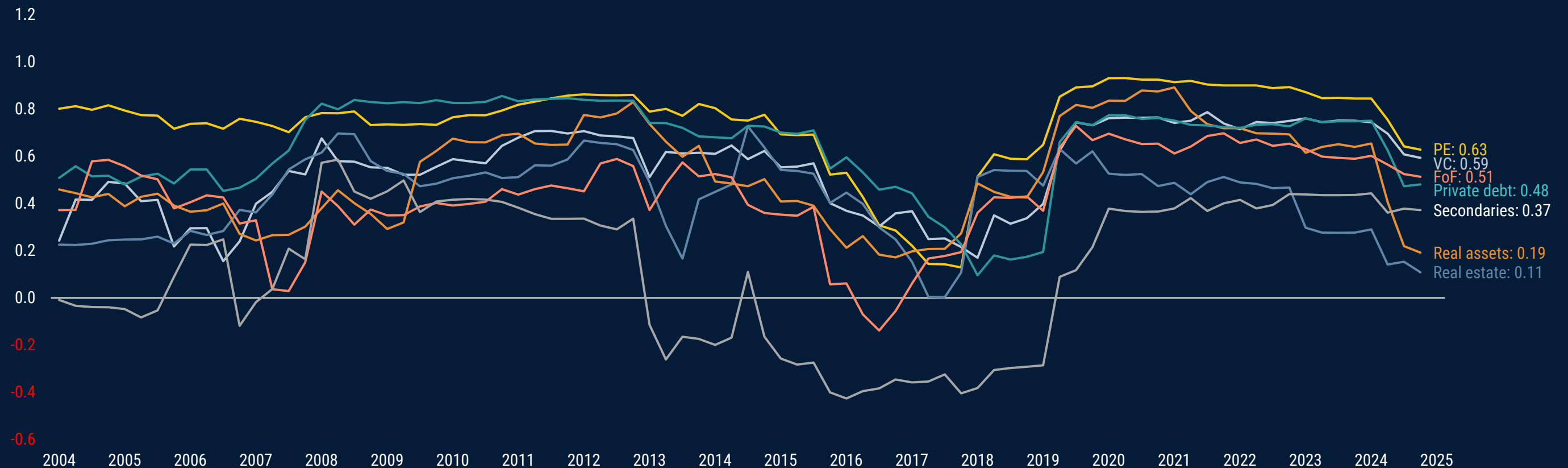
PitchBook Private Capital Indexes								Public market indexes						
All private capital	PE	VC	Real estate	Real assets	Private debt	FoF	Secondaries	S&P 500	Small caps	Real estate	Energy	High-yield bonds	US Treasuries	
1.00	0.98	0.65	0.62	0.53	0.74	0.59	0.23	0.76	0.78	0.63	0.59	0.68	-0.40	All private capital
	1.00	0.55	0.55	0.48	0.66	0.55	0.21	0.77	0.78	0.61	0.57	0.66	-0.37	PE
		1.00	0.21	0.30	0.45	0.43	0.29	0.47	0.46	0.33	0.28	0.42	-0.32	VC
			1.00	0.33	0.46	0.27	0.06	0.35	0.37	0.40	0.29	0.26	-0.17	Real estate
				1.00	0.34	0.37	0.09	0.38	0.39	0.34	0.48	0.35	-0.22	Real assets
					1.00	0.33	0.27	0.62	0.69	0.63	0.62	0.71	-0.41	Private debt
						1.00	0.31	0.43	0.44	0.32	0.27	0.34	-0.15	FoF
							1.00	0.21	0.23	0.25	0.25	0.14	-0.11	Secondaries
								1.00	0.96	0.76	0.65	0.75	-0.40	S&P 500
									1.00	0.84	0.72	0.82	-0.37	Small caps
										1.00	0.58	0.79	-0.14	Real estate
											1.00	0.61	-0.52	Energy
												1.00	-0.25	High-yield bonds
													1.00	US Treasuries

Sources: Morningstar, PitchBook • Geography: US • As of September 30, 2025



...and from a portfolio construction standpoint, while return correlations to public equities are a key input, they are not static. Recently, private market correlations have been declining, offering credence to the diversification narrative.

Figure 29 ► Rolling five-year correlation with S&P 500 quarterly returns using adjusted private capital returns

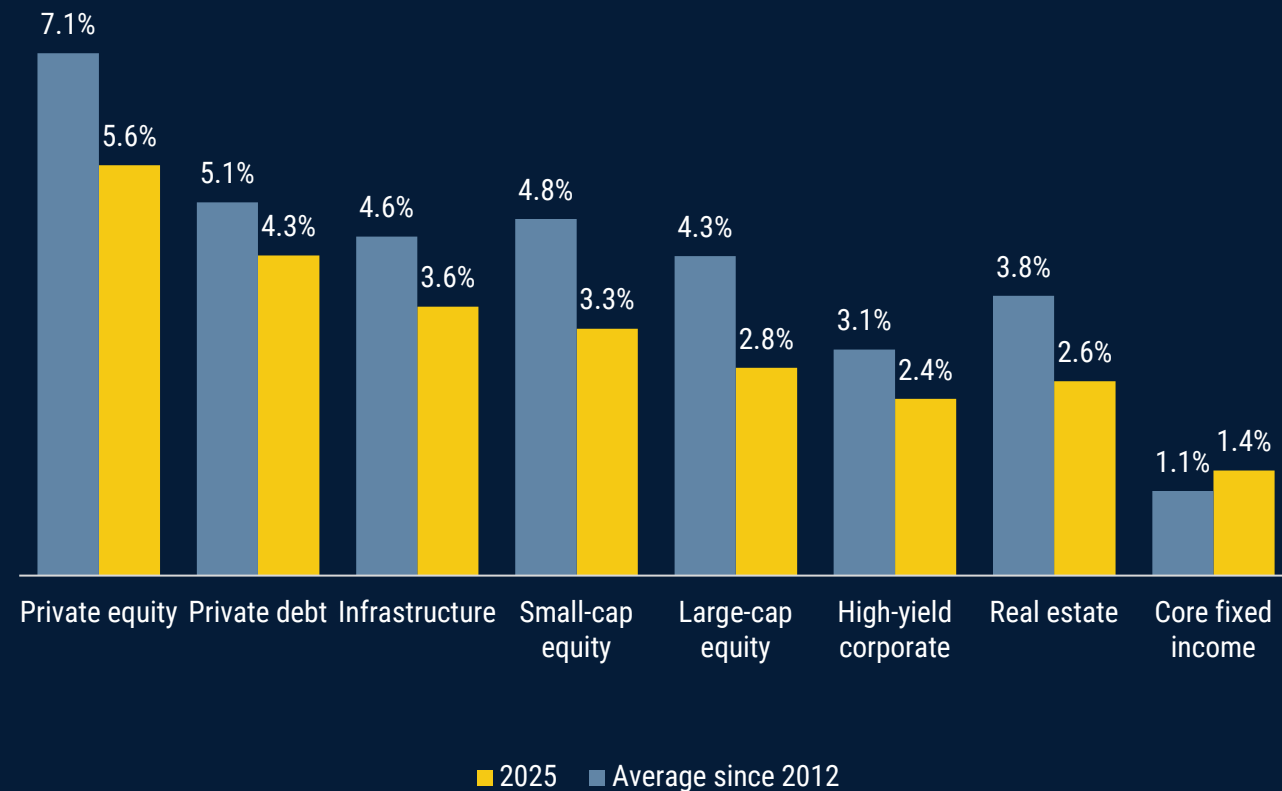


Sources: Morningstar, PitchBook • Geography: US • As of September 30, 2025



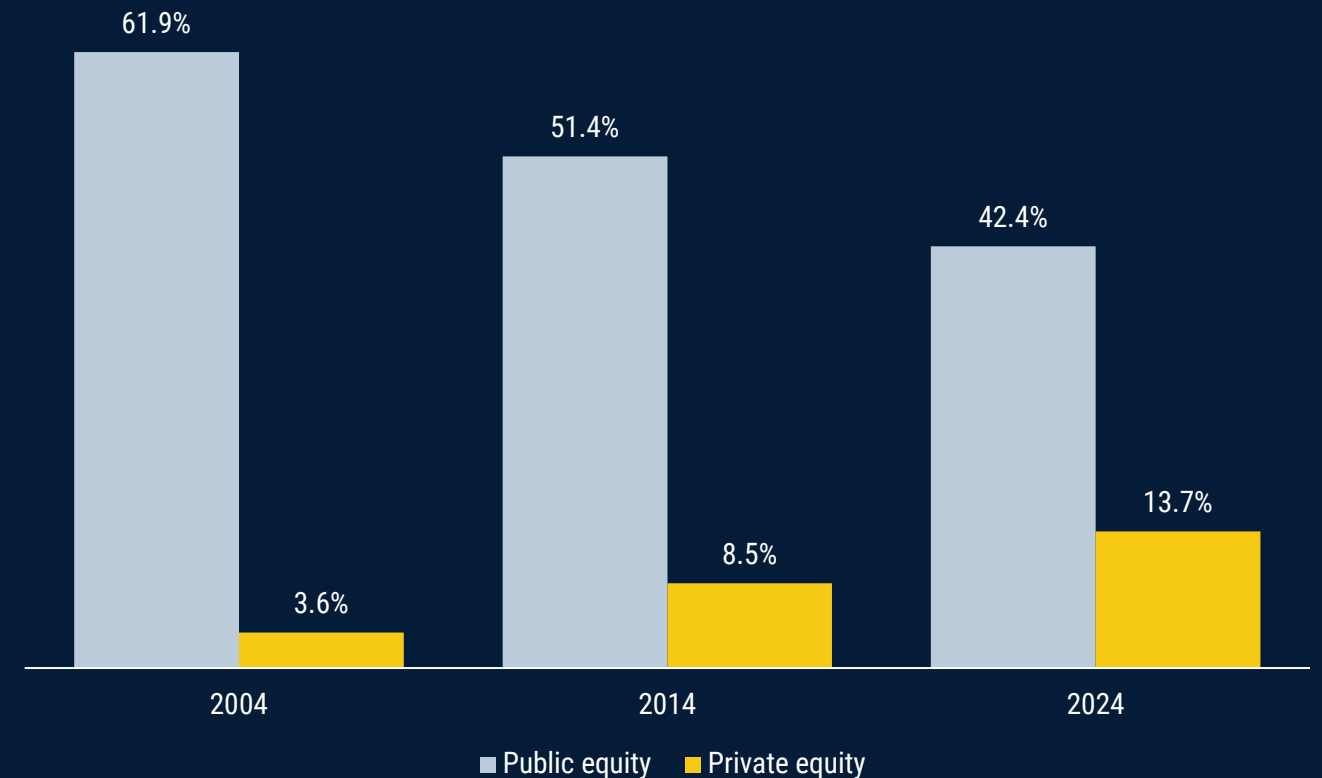
The compression in risk premium corresponded with allocators hunting for yield and diversification. Pension funds have steadily swapped public equity allocations for private ones over the past two decades.

Figure 30 ► 10-year expected risk premiums for select asset classes



Sources: PitchBook, [Horizon Actuarial](#) • Geography: US • As of August 2025
Note: The private debt average is only since 2019 due to data availability.

Figure 31 ► Public pension plan allocation to public and private equity

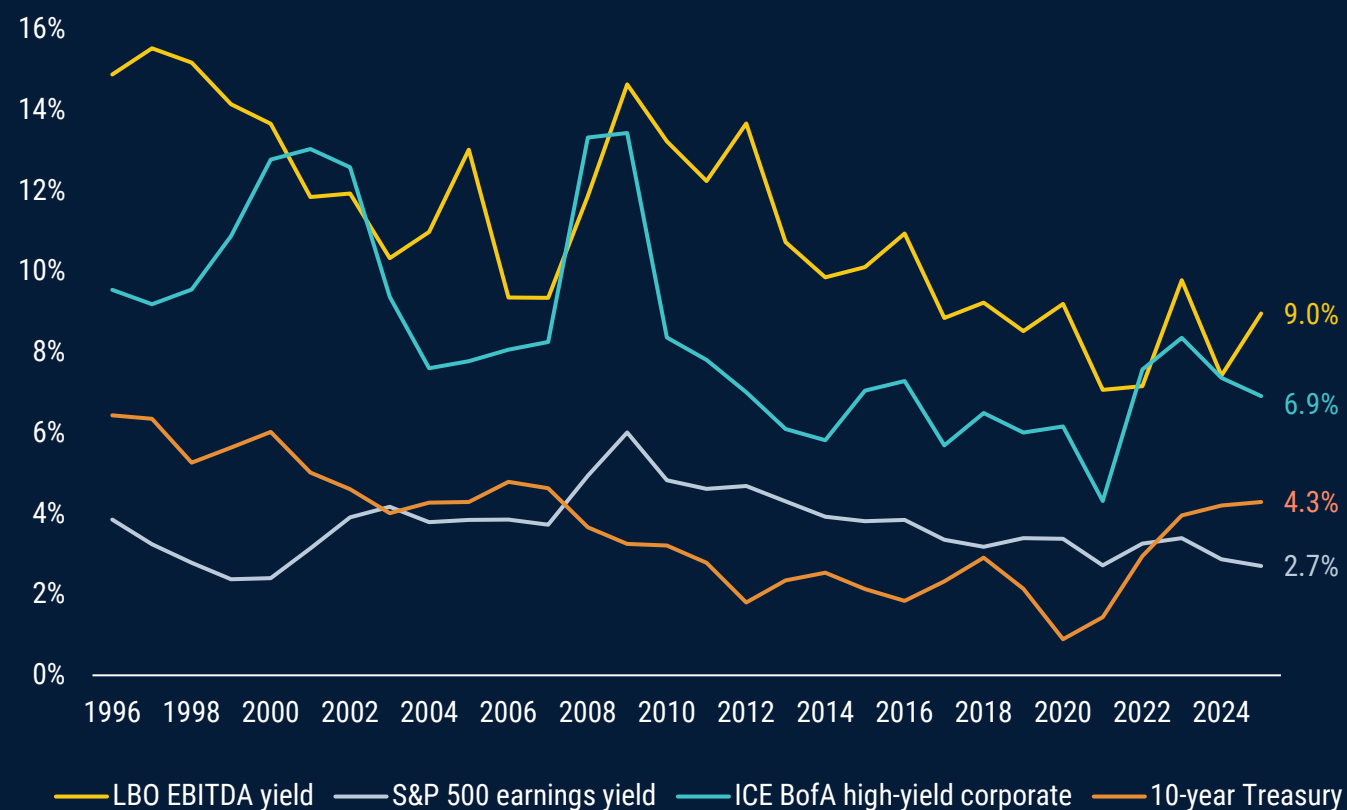


Source: [Public Plans Data](#) • Geography: US • As of December 31, 2024



The current rate environment has changed the calculus for institutional investors. Relative to the past two decades, low-risk assets now bring allocators closer to their plan targets. Although, expectations for lower benchmark rates...

Figure 32 ▶ Average annual yields on select asset classes



Sources: PitchBook, [FRED](#), [Robert Shiller](#) • Geography: US • As of December 31, 2025
Note: LBO EBITDA yield is the inverse of the average buyout enterprise value (EV)/EBITDA multiple.

Figure 33 ▶ Pension plan return assumptions versus 10-year Treasury

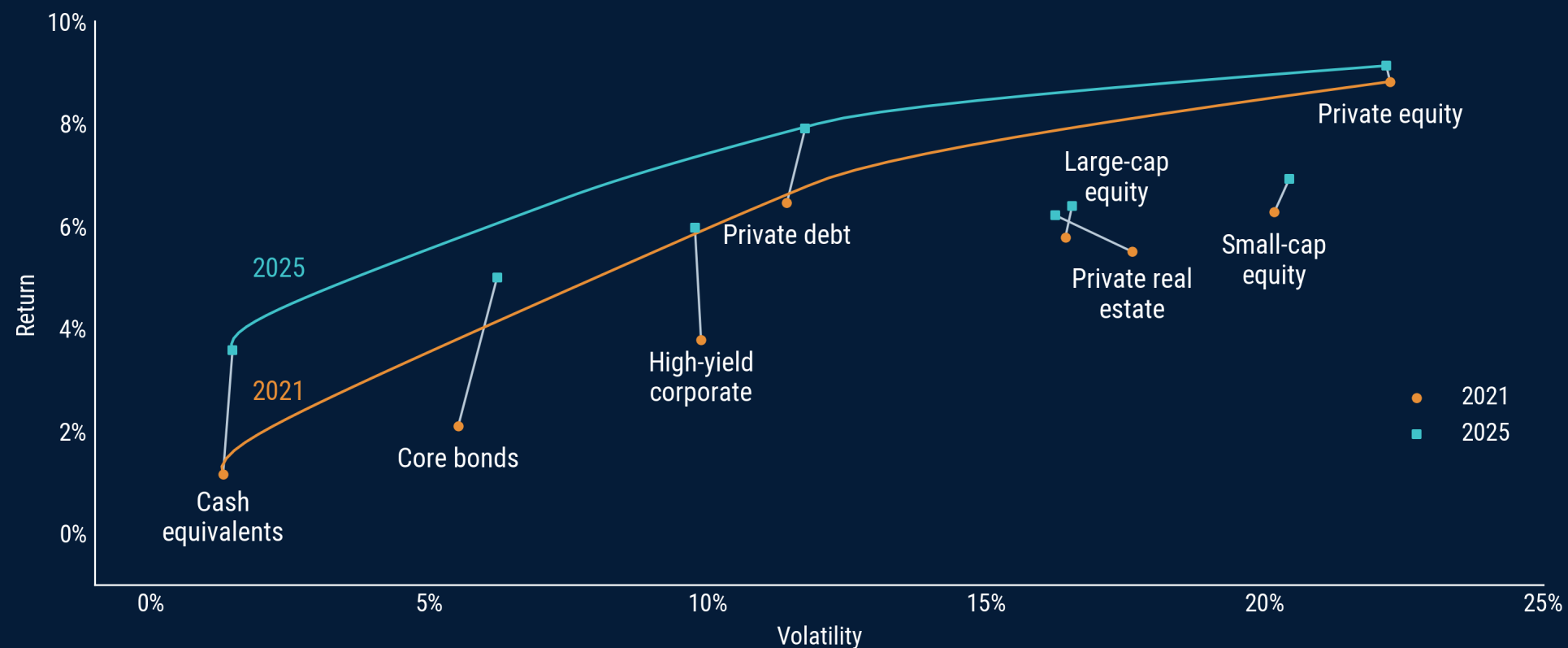


Sources: [FRED](#), [National Association of State Retirement Administrators](#) • Geography: US • As of December 31, 2025



...may erode the returns on the low-variance end of the efficient frontier and force allocators back up the risk spectrum.

Figure 34 ► 10-year expected risk and return for select asset classes with efficient frontiers



Sources: PitchBook, [Horizon Actuarial](#) • Geography: US • As of August 2025



Changing expectations

For asset allocators, most of the 2010s were defined by low expected long-term returns across asset classes due to a decade of loose monetary policy in the wake of the GFC. Facing fixed return targets, many allocators were pushed “out on the risk curve.” This dynamic hit an extreme after another massive episode of monetary stimuli in 2020 and 2021. Private market strategies were key beneficiaries of low expected returns as money flowed into riskier assets.

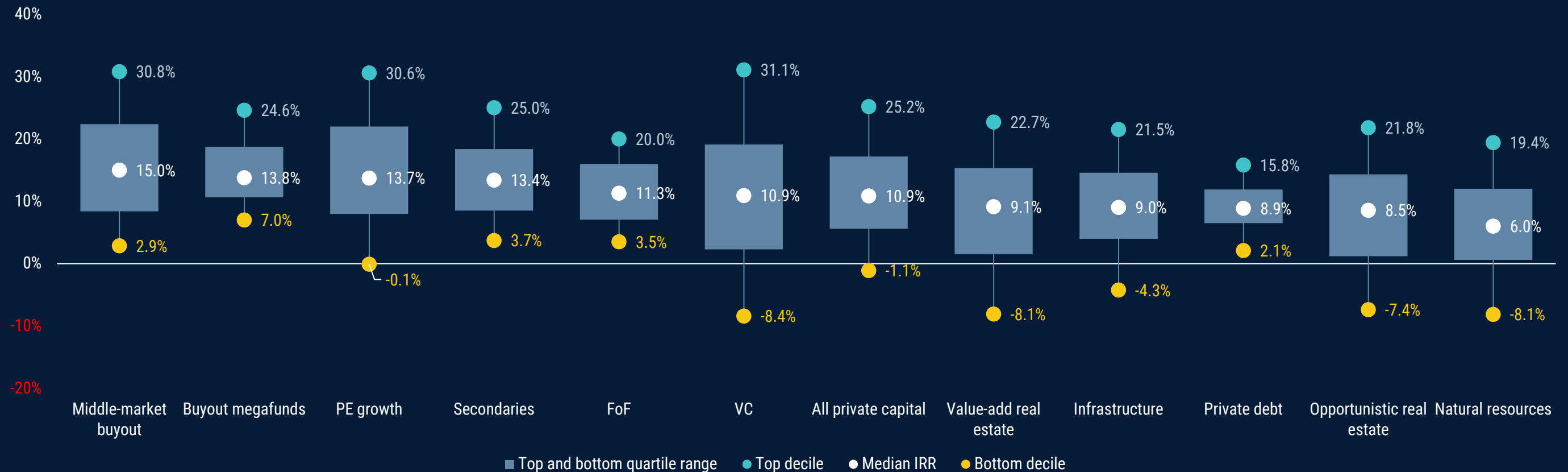
The long-term outlook for returns now looks quite different from that of the past decade, especially since risk premiums bottomed in 2021. The entire efficient frontier has shifted higher, but much more so on the lower end of the risk spectrum. This will allow allocators to take less risk to meet return targets and, in turn, decrease demand for risky assets such as PE and high-yield debt.

Read more in our outlook for investors [2026 Allocator Solutions: Private Market Opportunities](#).



Aggregated asset class returns hide the wide dispersion that exists across fund manager performance. Individual fund returns vary considerably, and VC, for example, can offer substantial upside. However, careful fund selection is crucial.

Figure 35 ▶ Private closed-end fund net IRR dispersion by strategy (2002-2019 vintages)

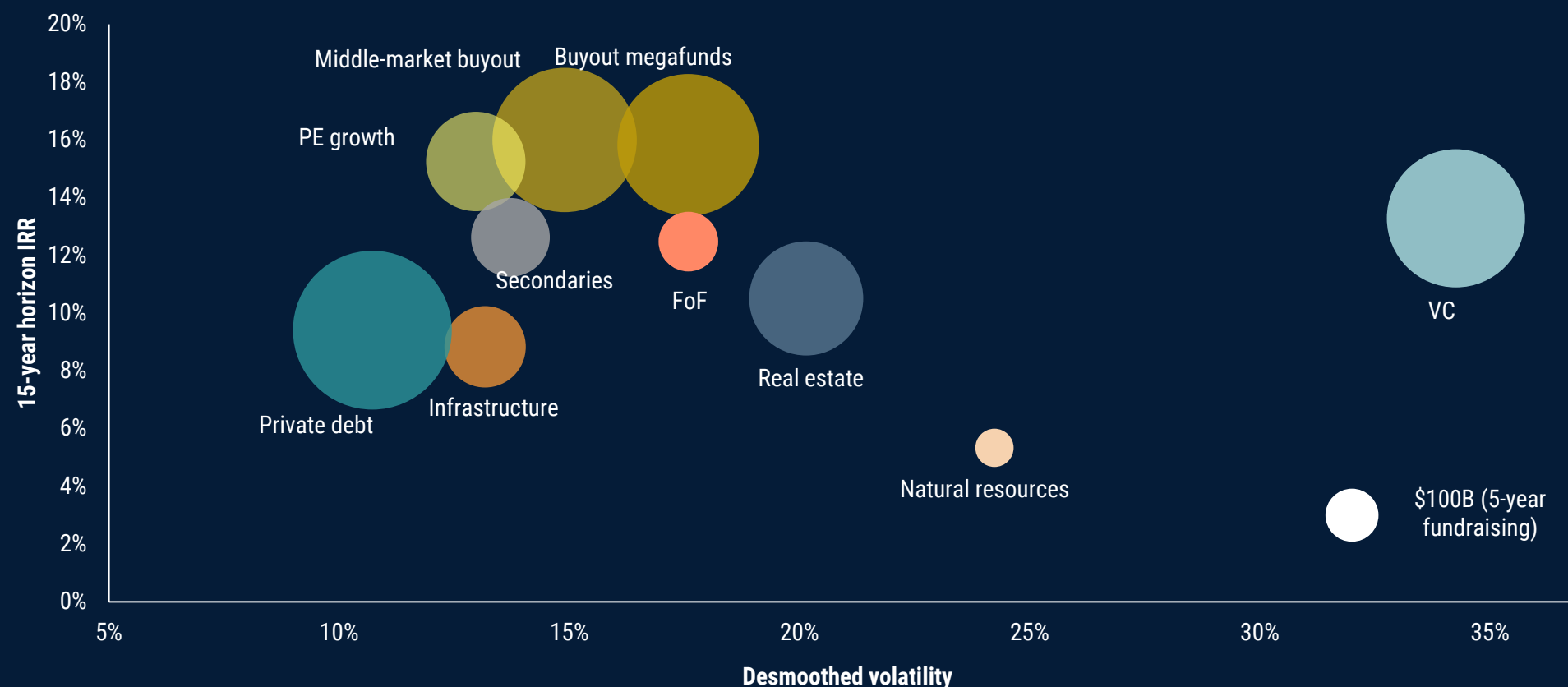


Source: PitchBook • Geography: US • As of June 30, 2025



In addition to IRR dispersion, estimated volatility can proxy risk. VC and natural resources have historically been well outside the efficient frontier in aggregate.

Figure 36 ► 15-year returns by select asset classes versus estimated volatility



Source: PitchBook • Geography: US • As of June 30, 2025

Note: Fundraising data as of December 31, 2025. Bubble size corresponds to capital raised in the past five years.



LPs vote with their feet

We have seen a substantial pullback from traditional natural resources funds and in particular oil & gas, which has coincided with relatively poor performance over the past 15 years given the risk undertaken by the commodity-linked strategy.

Real estate has also seen a slower pace of new fund commitments lately, given the higher-rate environment and question marks surrounding major areas of the commercial real estate sector.

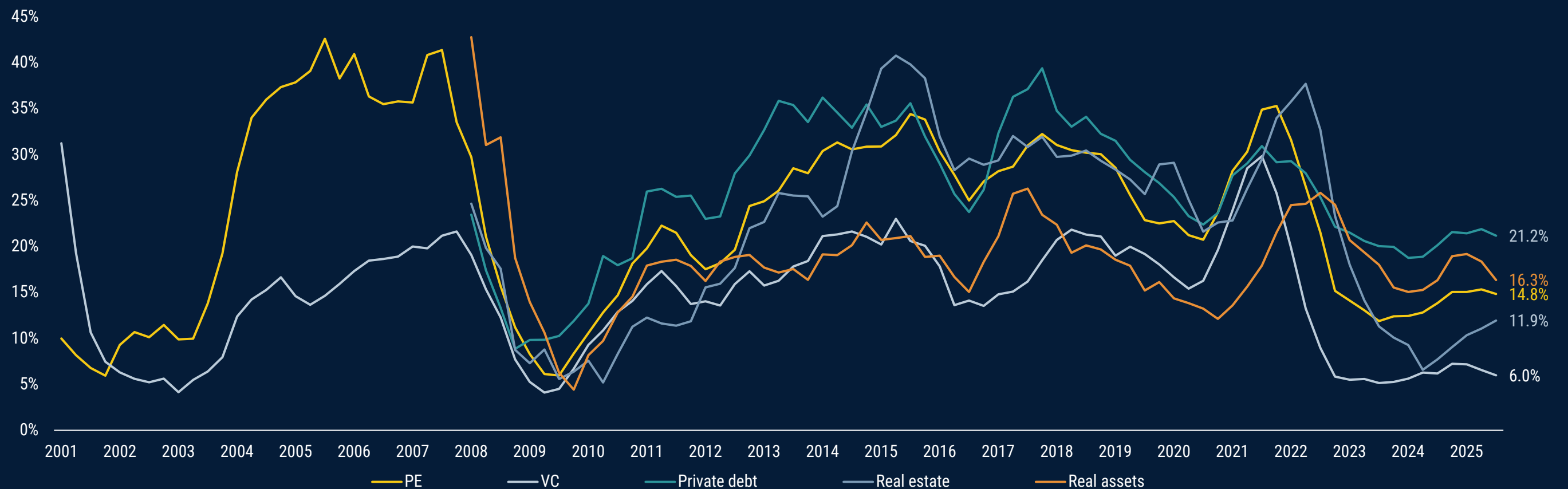
Venture funds raised a considerable amount of capital in 2020 and 2021, early on in our five-year horizon, but poor performance and low distributions as of late have undoubtedly left more VCs challenged to find LPs willing to write checks.

Private debt's relative high returns and lower risk profile compared with other private market strategies have attracted significant AUM. However, as a new strategy that came into its own post-GFC, its estimated volatility may understate potential behavior during periods of market stress.



Distribution yields have stagnated below historical averages. Relative to their own histories, private debt and real assets have fared better than PE, VC, and real estate. Although, aggregate real estate distributions have improved over the past year.

Figure 37 ▶ Rolling 12-month distribution yields as a share of beginning NAV by asset class

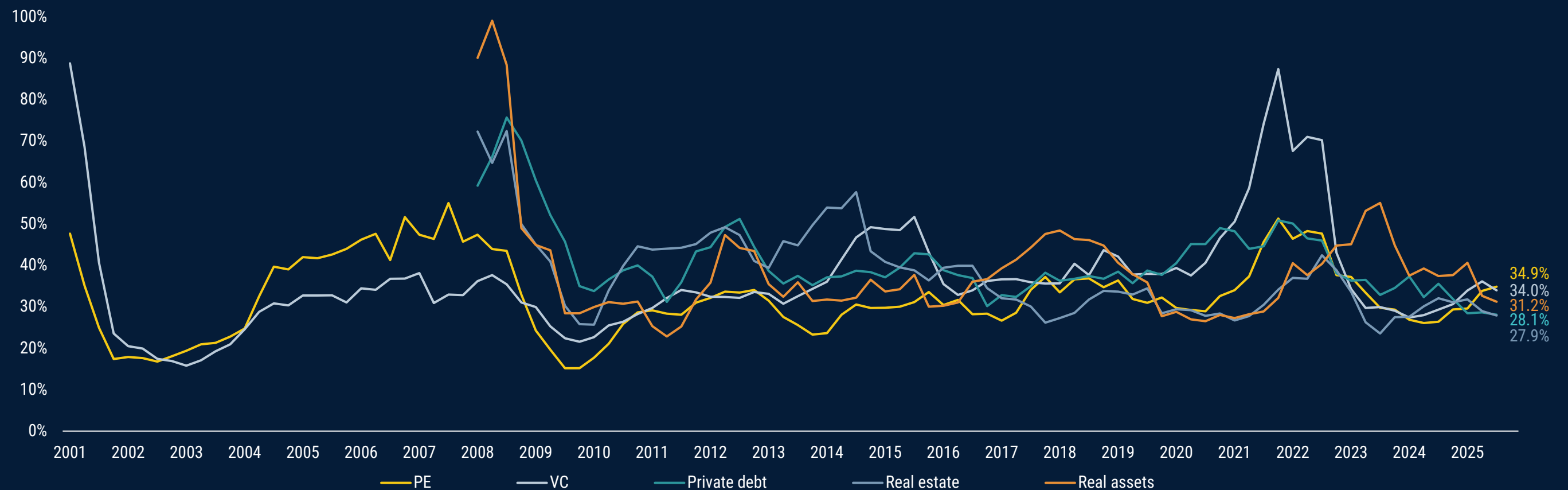


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



Similarly, funds are drawing down capital more slowly, though the pace has stabilized. Managers became more selective in their investment deployment following the pandemic, particularly in VC.

Figure 38 ▶ Rolling 12-month capital call rates as a share of beginning dry powder by asset class

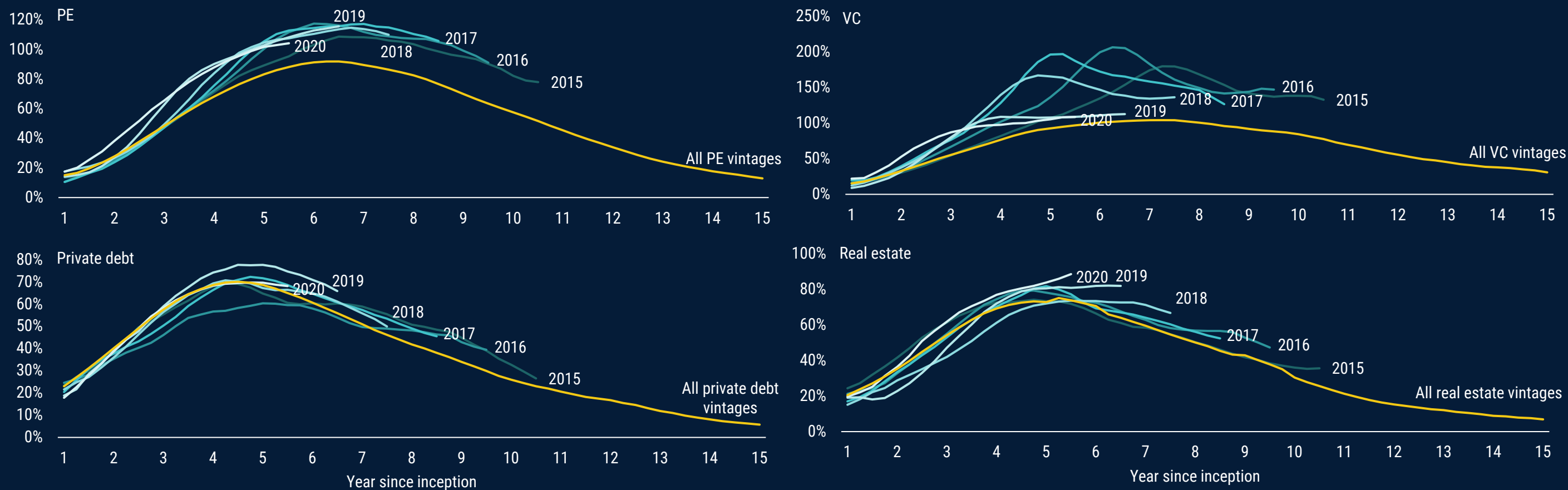


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



PE and VC funds have seen NAVs extend beyond their expected trajectories, with sluggish realizations delaying capital returns. Income-oriented strategies like private debt have proven more reliable in returning capital.

Figure 39 ► Average NAV as a share of fund commitments by select vintages compared with historical averages

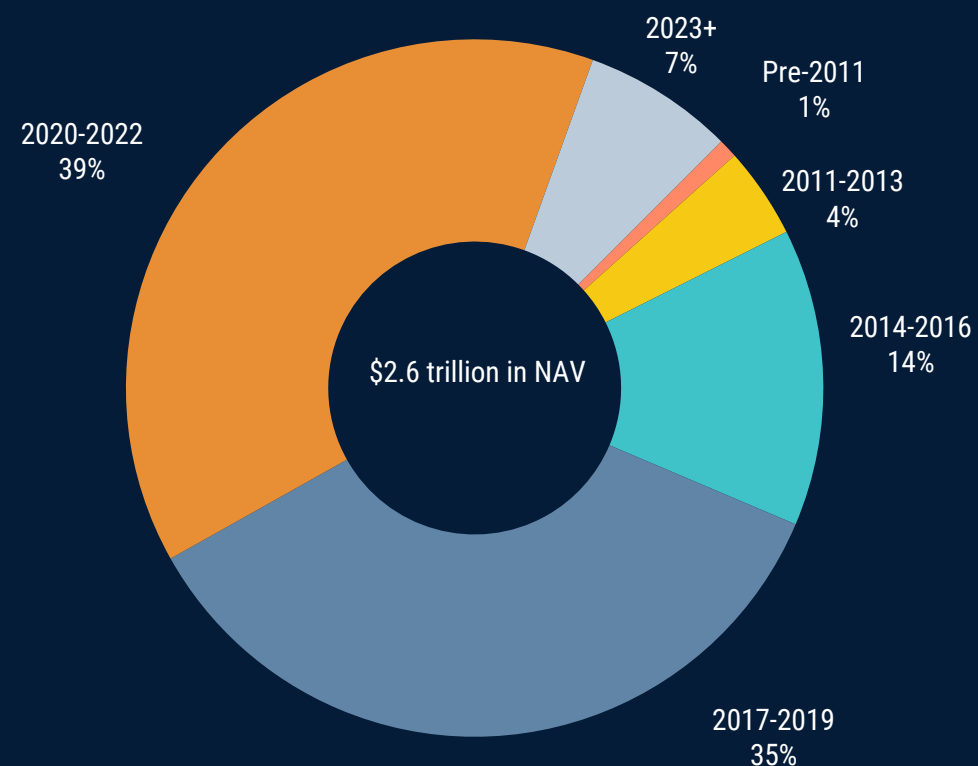


Source: PitchBook • Geography: US • As of June 30, 2025
Note: Average NAV values are smoothed using a four-quarter rolling average. All vintages refers to vintages from 1995 to 2024.



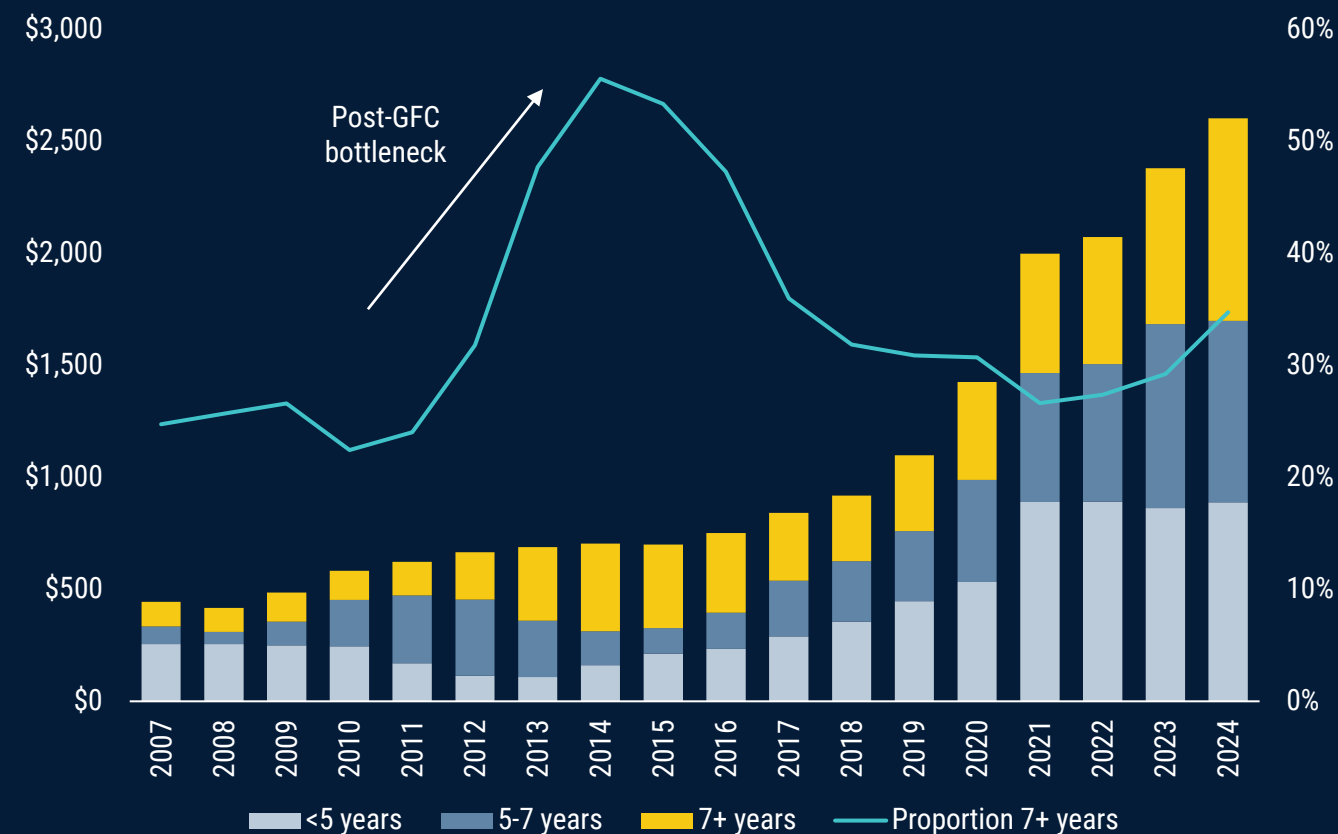
Extended NAV profiles have led to the aging of the buyout fund market, with the proportion of PE funds at least seven years old climbing to 35% during the multiyear exit drought.

Figure 40 ► PE NAV (\$B) by vintage



Source: PitchBook • Geography: US • As of June 30, 2025

Figure 41 ► PE NAV (\$B) by fund age

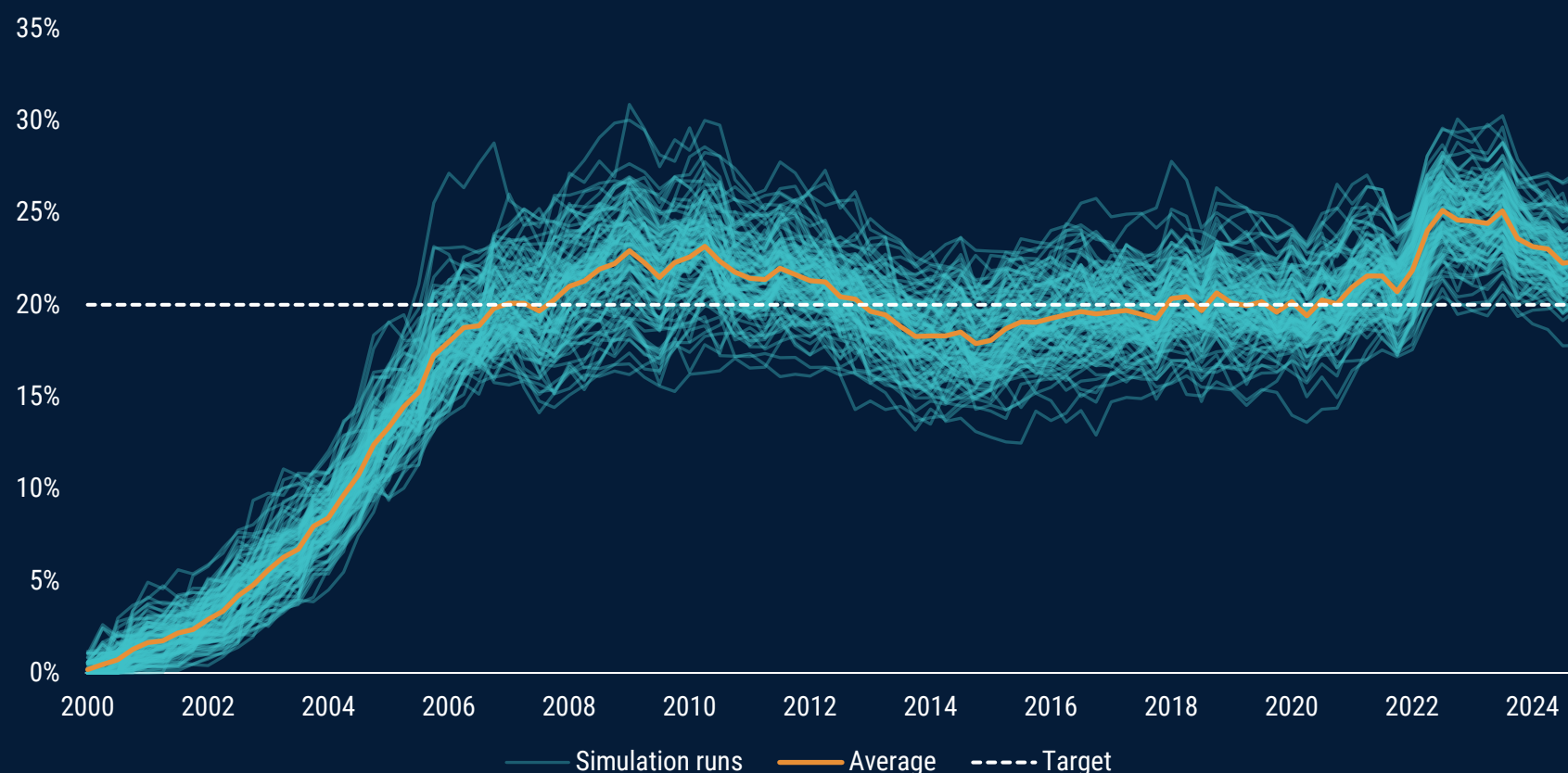


Source: PitchBook • Geography: US • As of December 31, 2024



Post-pandemic buyout outperformance pushed many investors into overallocation, curbing new commitments.

Figure 42 ► **Simulated buyout allocations as share of total portfolio value**



Source: PitchBook • Geography: US • As of December 31, 2024



Simulating the private market experience

Comparing public and private markets is inherently complex. Structural differences in transparency, valuation frequency, liquidity, risk exposures, and performance measurement make direct, side-by-side evaluation of public and private markets far from straightforward.

To give allocators a clearer view of how private market allocations impact total portfolio performance, we developed a methodology that simulates the ramp up and maintenance of private market exposures within a traditional 60/40 portfolio. Leveraging PitchBook's historical fund returns and cash flows, our framework evaluates how a 20% allocation to closed-end, drawdown private market funds, in this case buyout funds, would have influenced an allocator's portfolio relative to remaining fully invested in private markets.

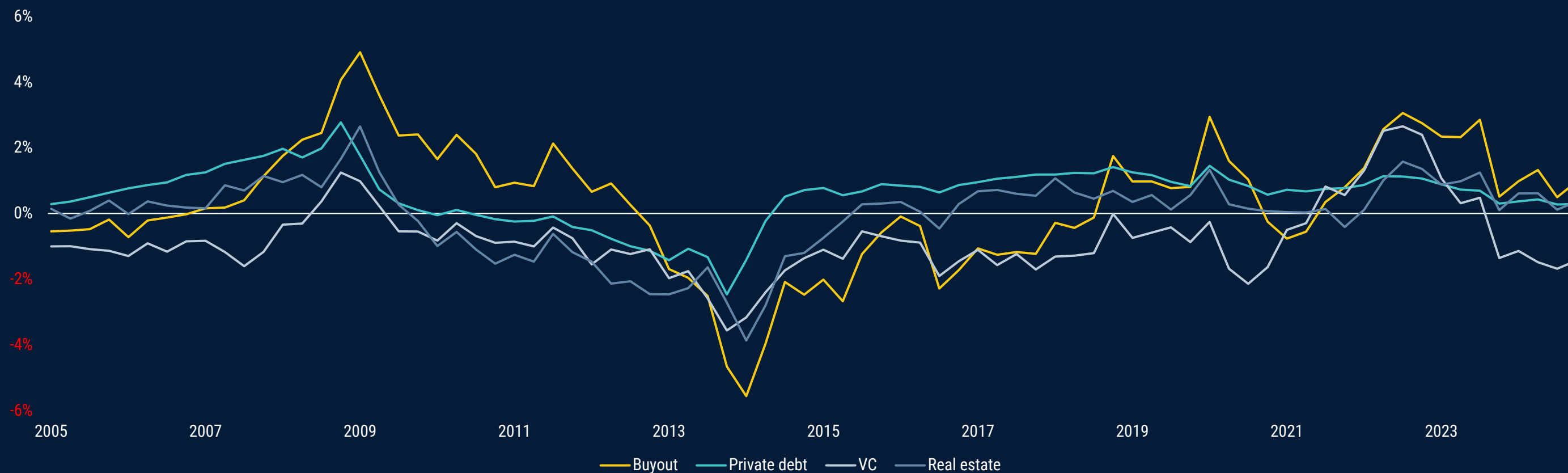
To better capture the real-world experience of allocators, the simulation framework commits capital to randomly selected funds each year of the simulation period. By incorporating capital calls, distributions, optimized commitment pacing, fees, and appropriate benchmarking, it models the practical dynamics of investing in private markets.

This slide and the next two slides present charts and insights derived from this portfolio simulation framework. For more detail on our methodology and its applications, see our Allocator Solutions reports [Are Private Markets Worth It?](#) and [How Much Alpha Is There in Private Markets?](#)



On average, allocations to buyout, private debt, and real estate were additive to excess returns over the past five years. VC struggled during the post-pandemic deal winter and produced negative excess returns. Averages mask the impact of manager selection, which can...

Figure 43 ▶ Average simulation rolling five-year annualized excess return by strategy

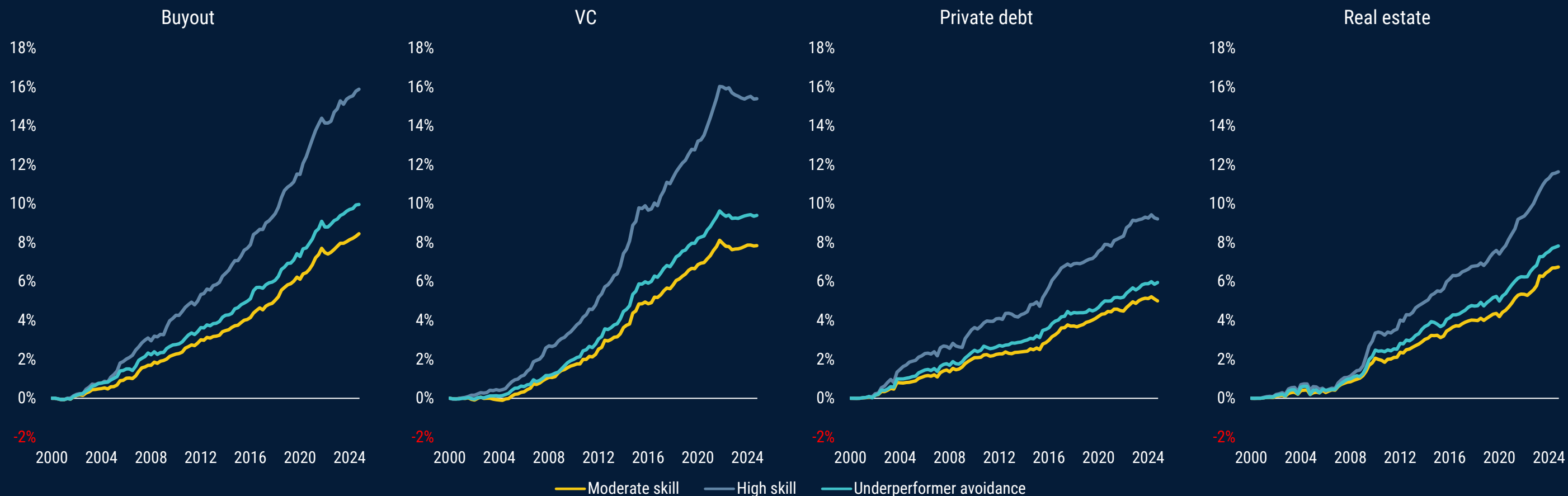


Source: PitchBook • Geography: US • As of December 31, 2024



...have material impact on portfolio excess return. Within our framework, allocators that demonstrate manager selection skill meaningfully enhance excess returns. The effect of manager selection is most pronounced in buyout and VC.

Figure 44 ► Average simulation cumulative total portfolio alpha by strategy

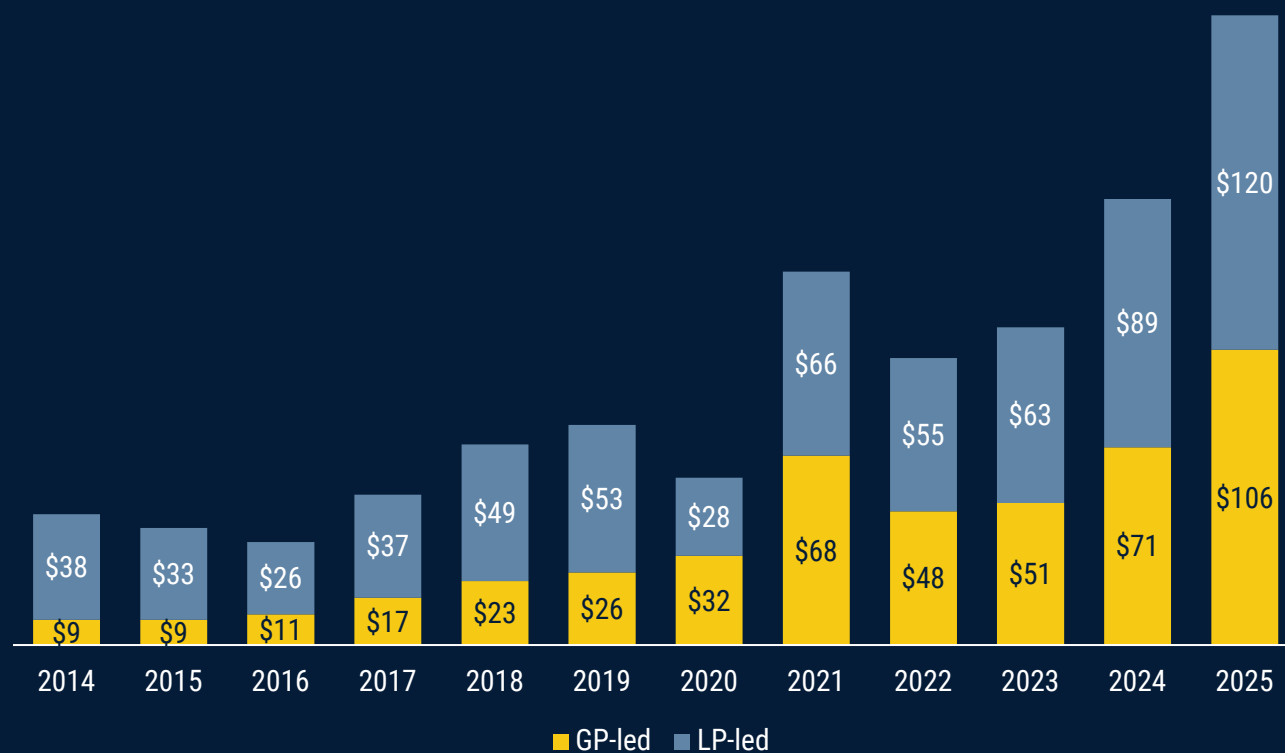


Source: PitchBook • Geography: US • As of December 31, 2024



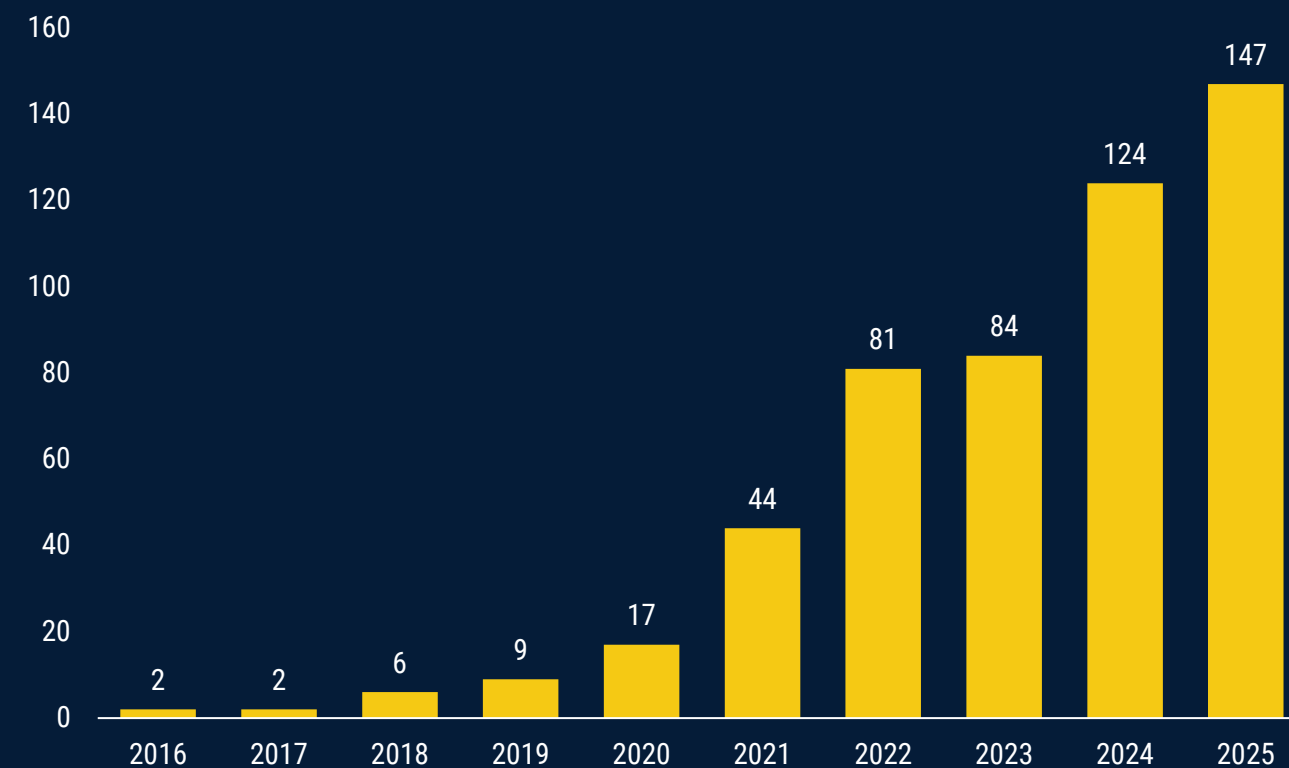
Extended holding times and a deeper pool of market participants have led to record secondaries transaction volumes in 2024 and 2025, with \$226 billion in transaction value setting a new record for activity. LPs and GPs alike are increasingly managing portfolios through secondaries.

Figure 45 ▶ **Secondaries transaction value (\$B) by type**



Source: [Evercore](#) • Geography: Global • As of December 31, 2025

Figure 46 ▶ **Continuation-fund-related exit count**



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

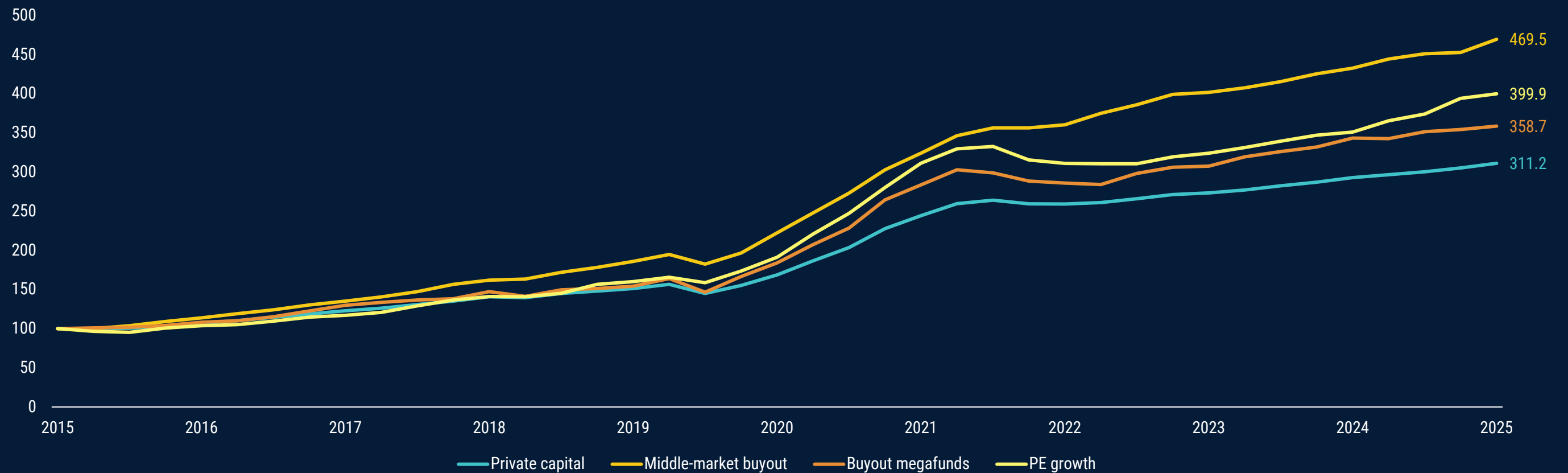


Private equity



Middle-market buyout has been a top-performing private market strategy over the past decade. Megafunds and PE growth have delivered steady performance after a brief setback in 2022.

Figure 47 ▶ 10-year return of PitchBook Private Equity Indexes versus the PitchBook Private Capital Index composite

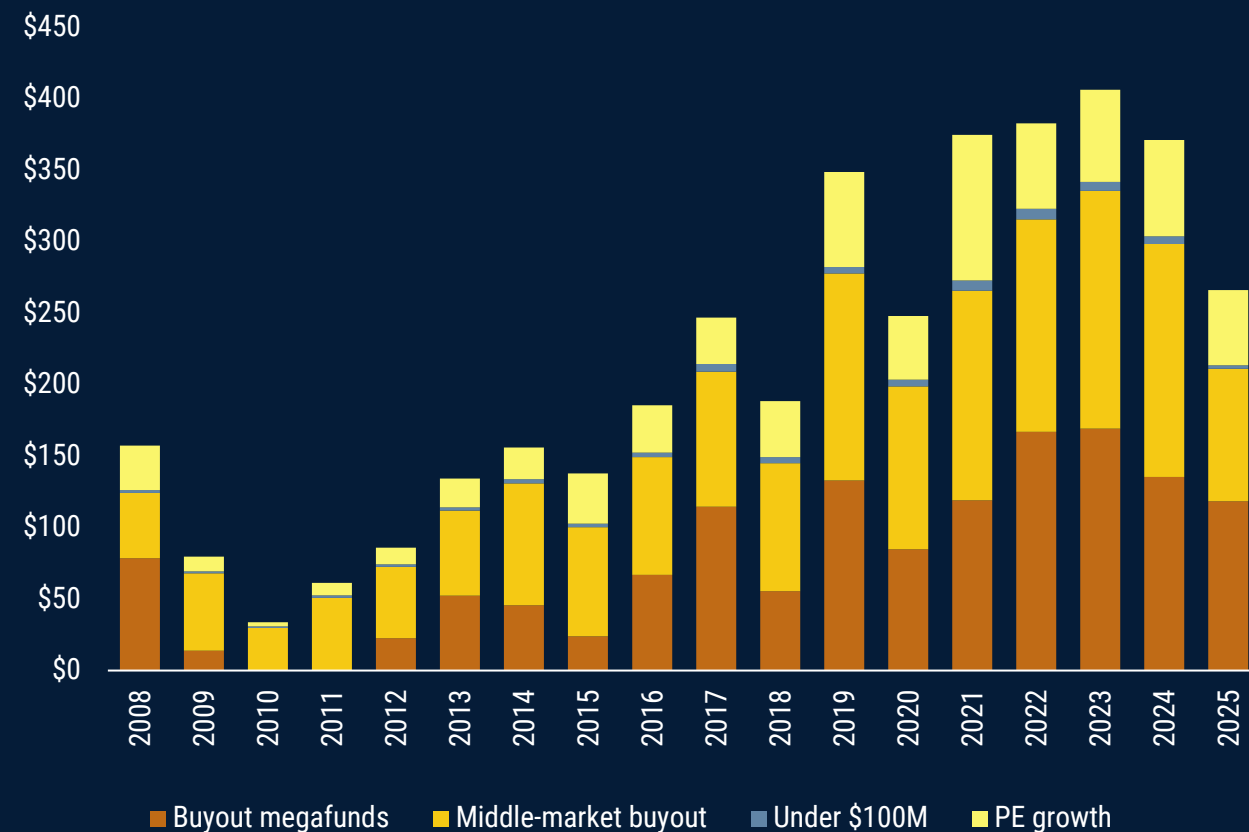


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



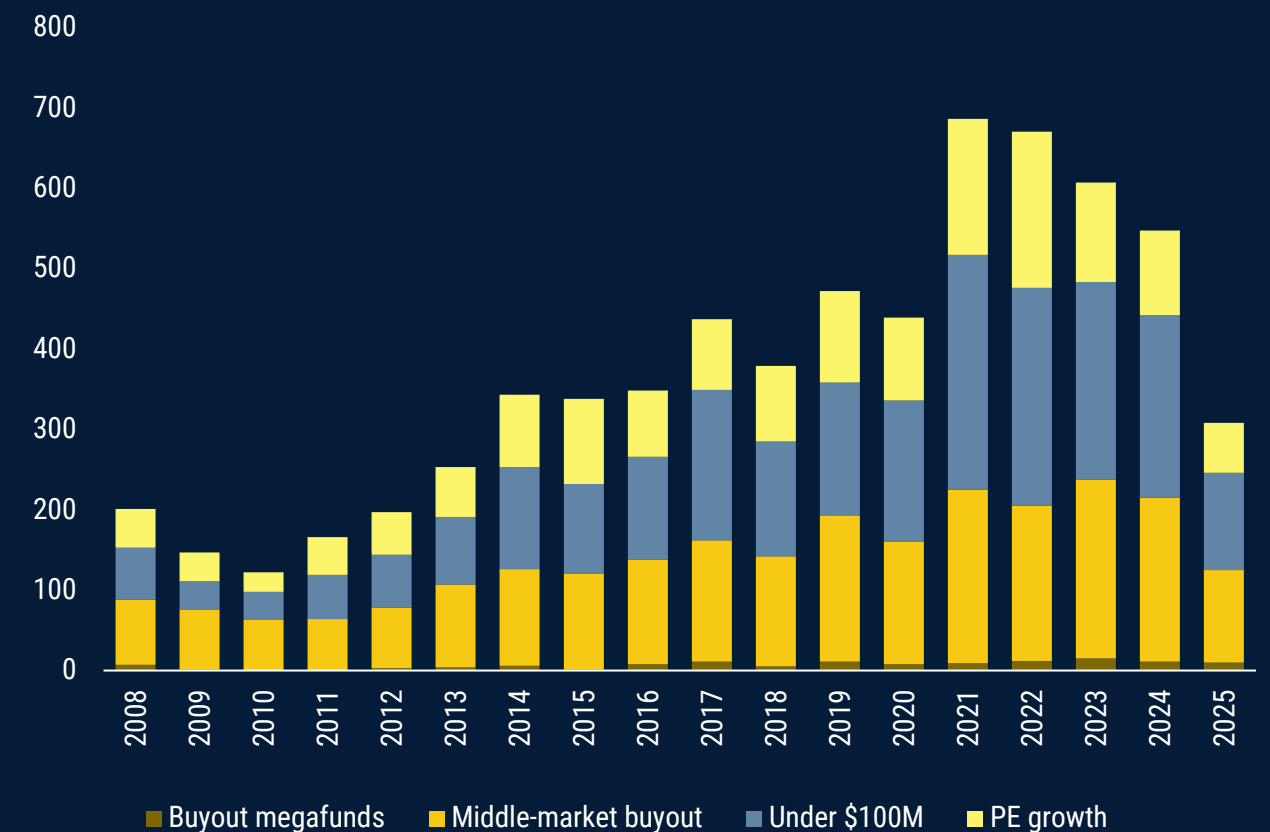
PE capital formation has been resilient, and a pickup in deal activity and exits may reignite the flywheel as distributions drive fundraising momentum. Capital constraints for LPs are pushing allocators toward established relationships and larger, multi-strategy managers.

Figure 48 ▶ PE capital raised (\$B) by select strategies



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

Figure 49 ▶ PE fund count by select strategies

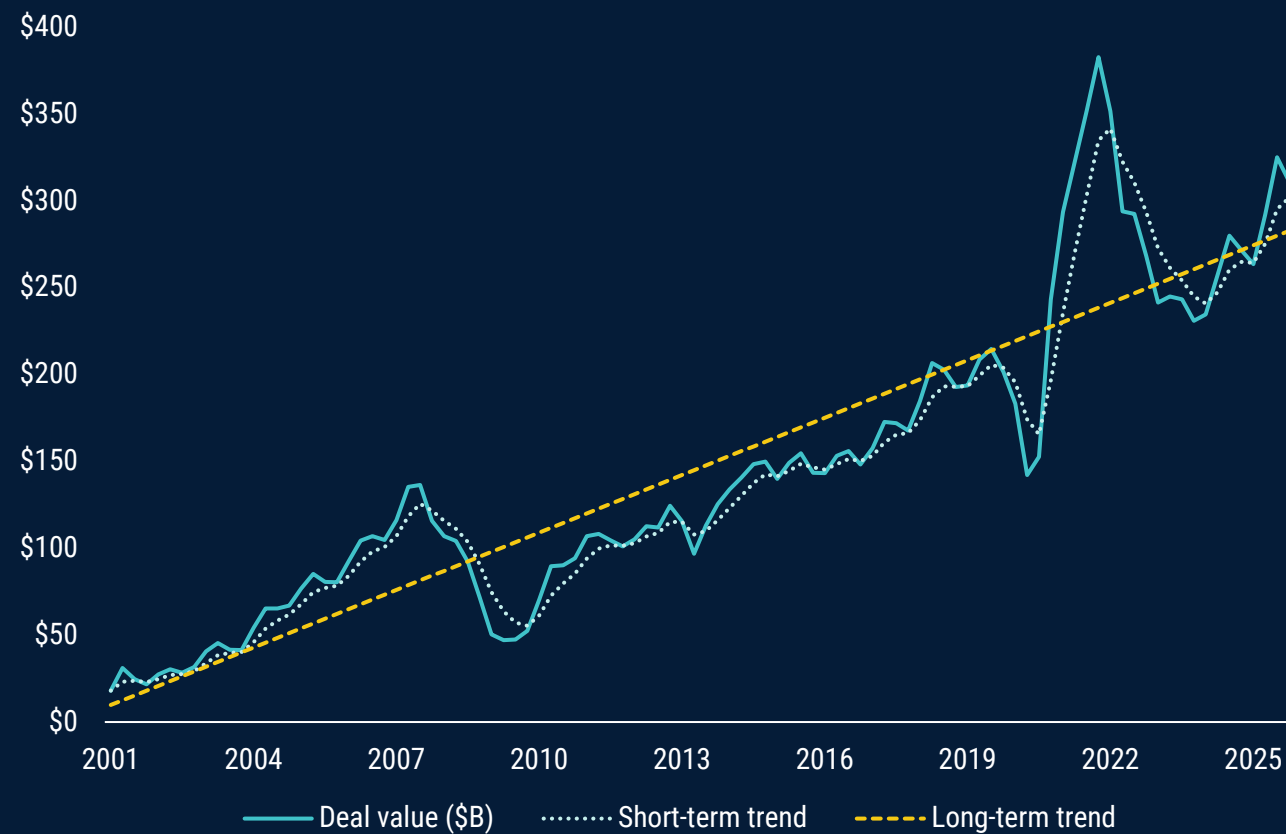


Source: PitchBook • Geography: US • As of December 31, 2025



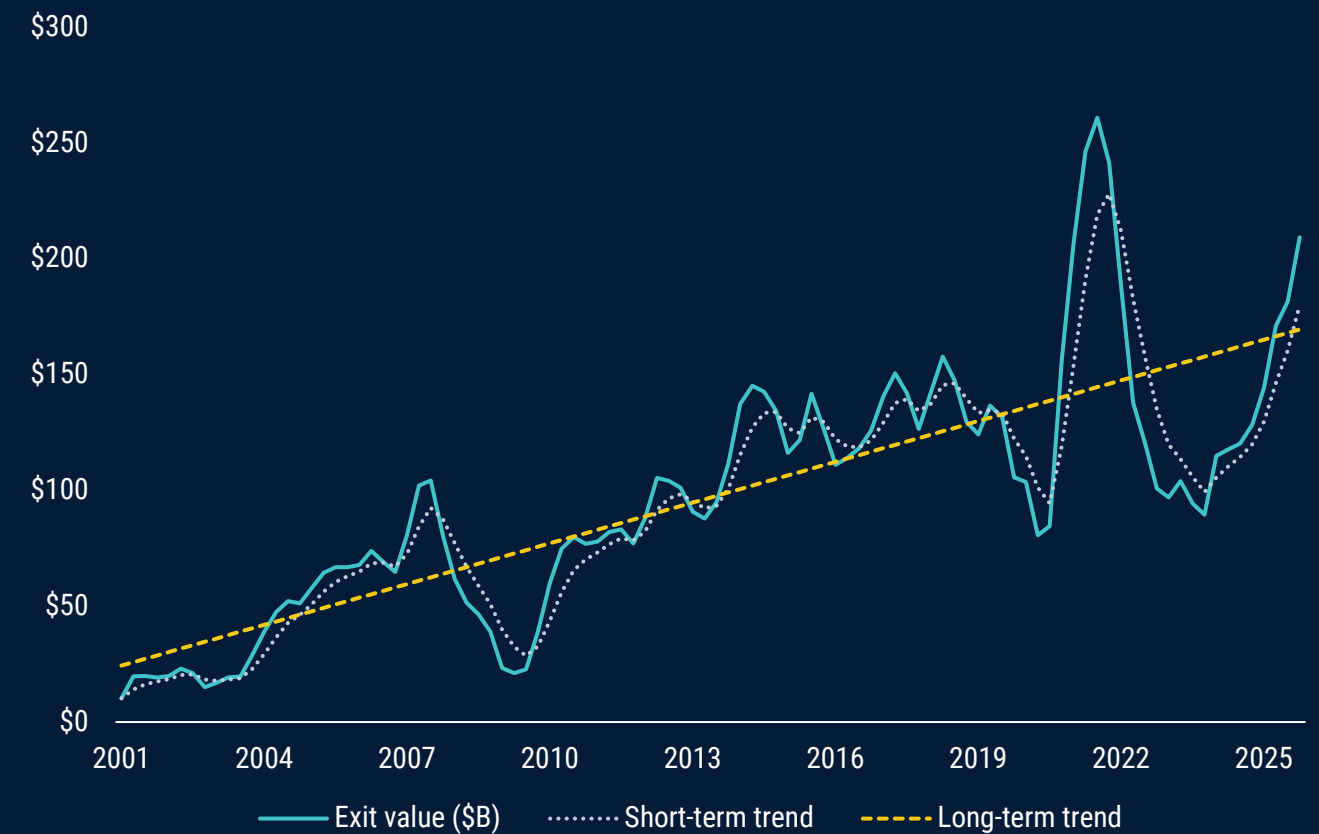
PE deal and exit values have rebounded above long-term trends. Sustained above-trend activity will be required to generate sufficient distributions to lift fundraising and work through the backlog of companies awaiting exit.

Figure 50 ▶ Trailing six-month PE deal value trends



Source: PitchBook • Geography: US • As of December 31, 2025
Note: Data is seasonally adjusted and includes estimates for the four most recent quarters.

Figure 51 ▶ Trailing six-month PE exit value trends

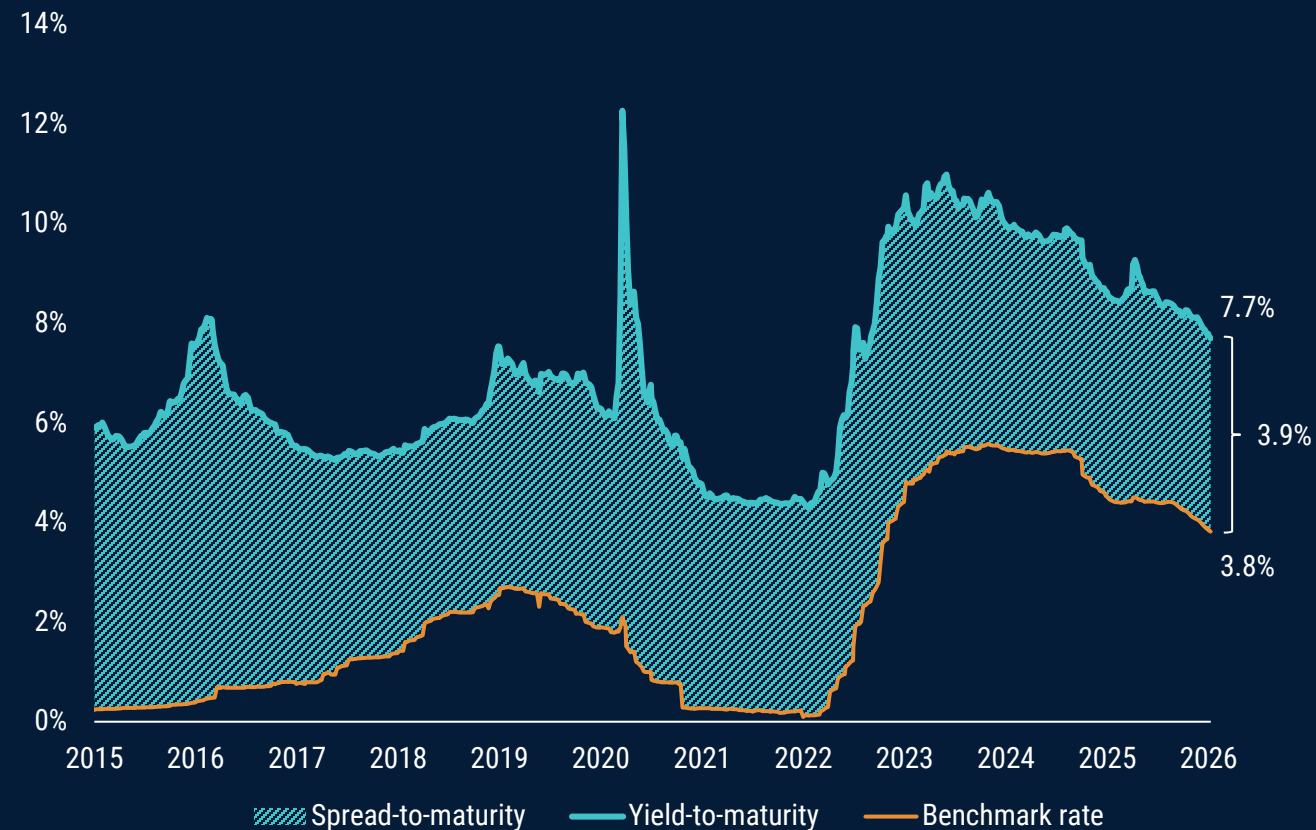


Source: PitchBook • Geography: US • As of December 31, 2025
Note: Data is seasonally adjusted and includes estimates for the four most recent quarters.



Higher all-in yields weighed on PE deal and exit activity, but easing borrowing conditions are beginning to provide a springboard for renewed transactions. Falling benchmark rates and tightening credit spreads have reduced borrowing costs by more than 3% since 2023...

Figure 52 ▶ Yield-to-maturity attribution for B-rated leveraged loans



Source: PitchBook | LCD • Geography: US • As of January 9, 2026

Figure 53 ▶ Spread-to-maturity for B-rated leveraged loans

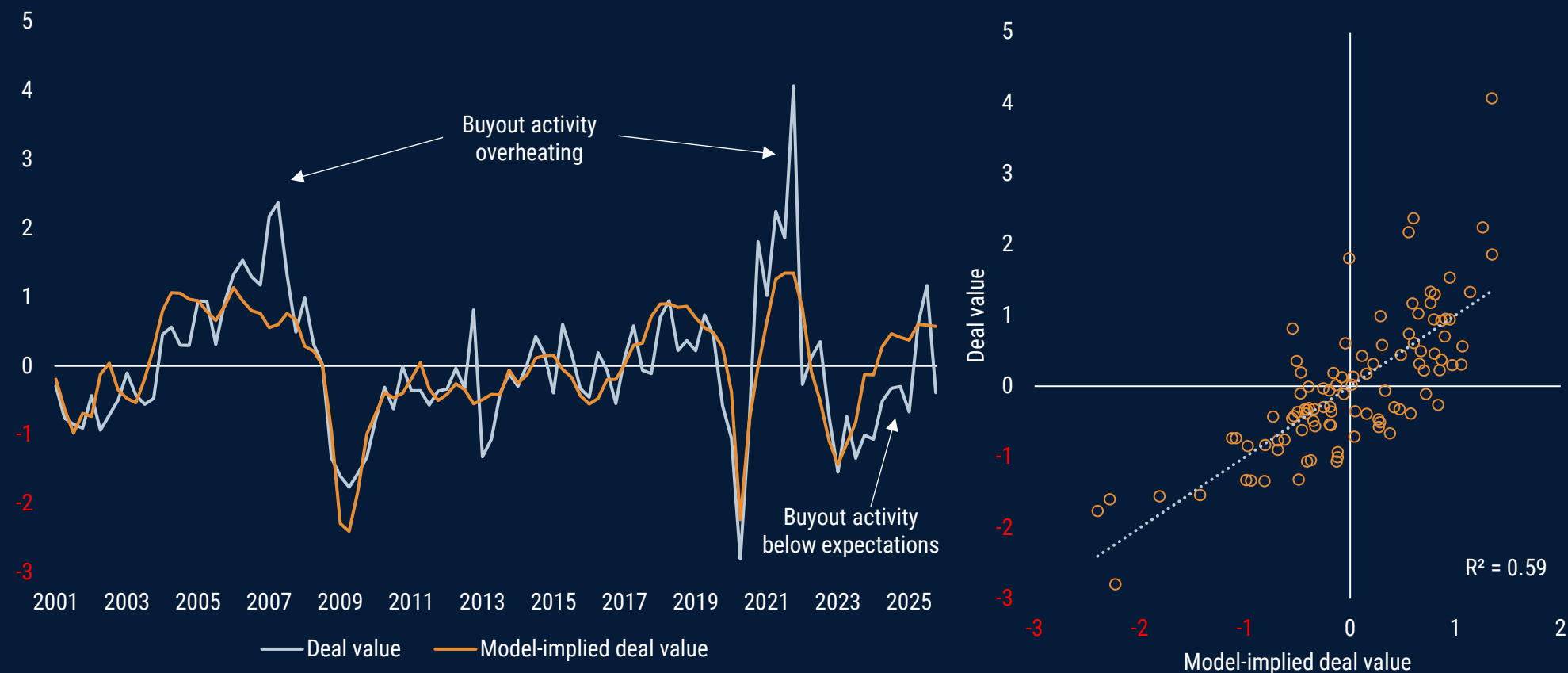


Source: PitchBook | LCD • Geography: US • As of January 9, 2026



...and this is reflected in our dealmaking model, which indicates that macroeconomic conditions have been supportive of buyout activity recently.

Figure 54 ► **Detrended quarterly PE buyout deal value versus macro model-implied deal value (Z-score)**



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



Macro matters for dealmaking

The level of buyout deal activity is heavily influenced by the macro environment. We created a simple linear model to explain the variance in quarterly PE buyout deal value with the four key macro variables: real GDP, inflation (modeled as a second-order polynomial), business confidence, and high-yield spreads. The output from this model provides a high-level contemporaneous indicator of the dealmaking environment. Using data from 2001, the model has explained 60% of the variance in quarterly deal value.

Outside of overheating activity in the pre-GFC and post-pandemic periods, the biggest gap between actual deal value and model-implied deal value occurred in Q4 2024, when deal values fell short of expectations. If macro conditions remain supportive, we expect deal activity to continue to improve over the next few quarters.



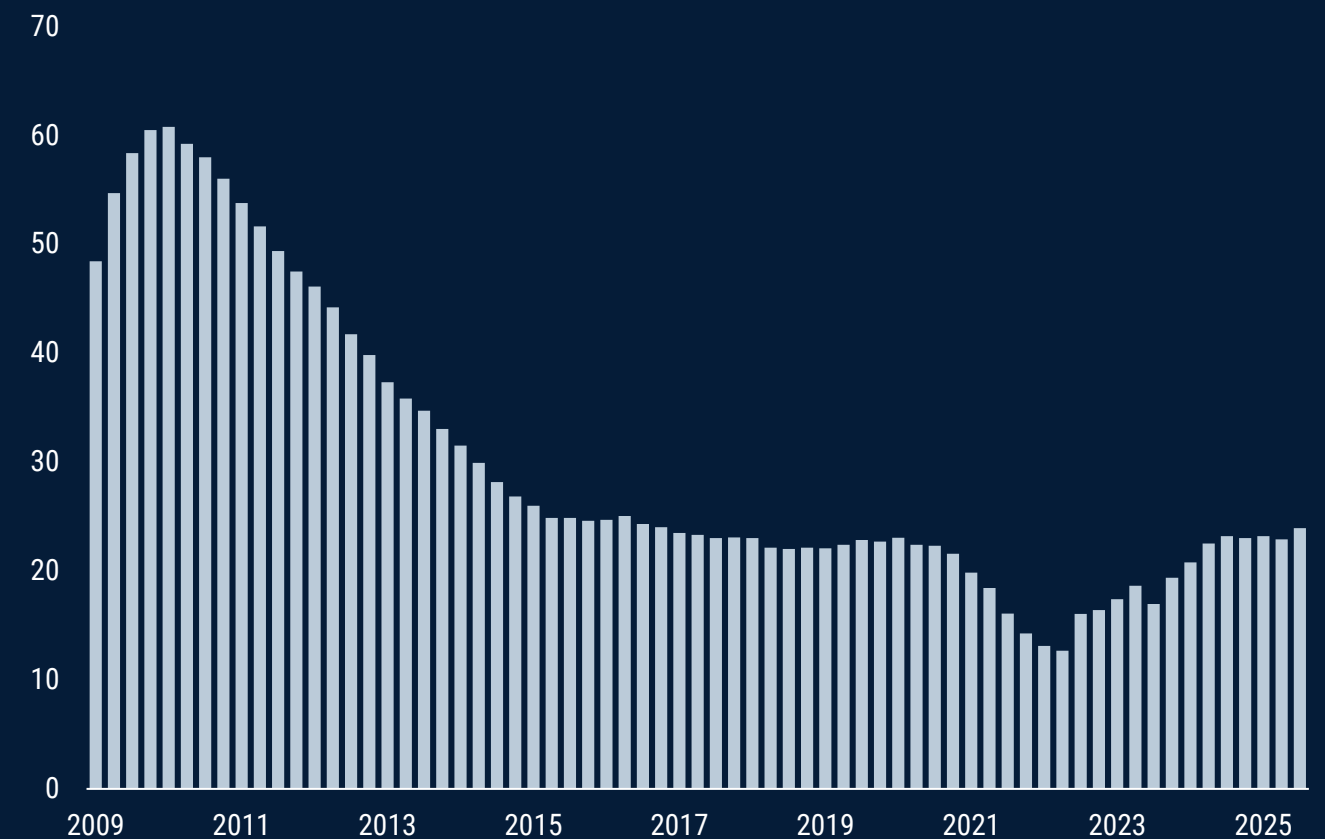
Defaults across the leveraged loan market remain muted, though this hides the extent to which borrowers are avoiding default through lender workouts. At the same time, US bankruptcy filings have been on an upward trajectory since 2022.

Figure 55 ► Morningstar LSTA US Leveraged Loan Index trailing 12-month (TTM) default rates



Sources: PitchBook | LCD, Morningstar • Geography: US • As of December 31, 2025

Figure 56 ► TTM corporate bankruptcy filing count (thousands)

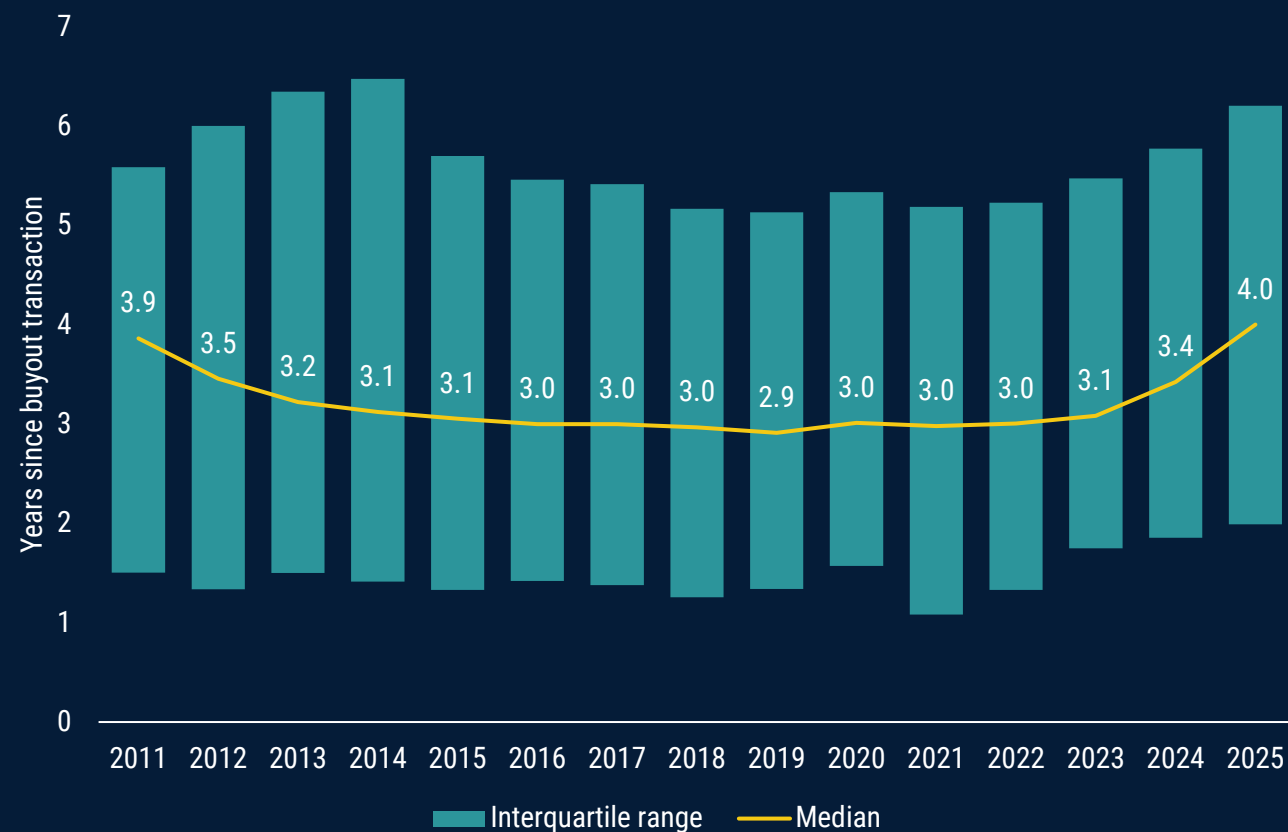


Source: [US Courts](#) • Geography: US • As of September 30, 2025



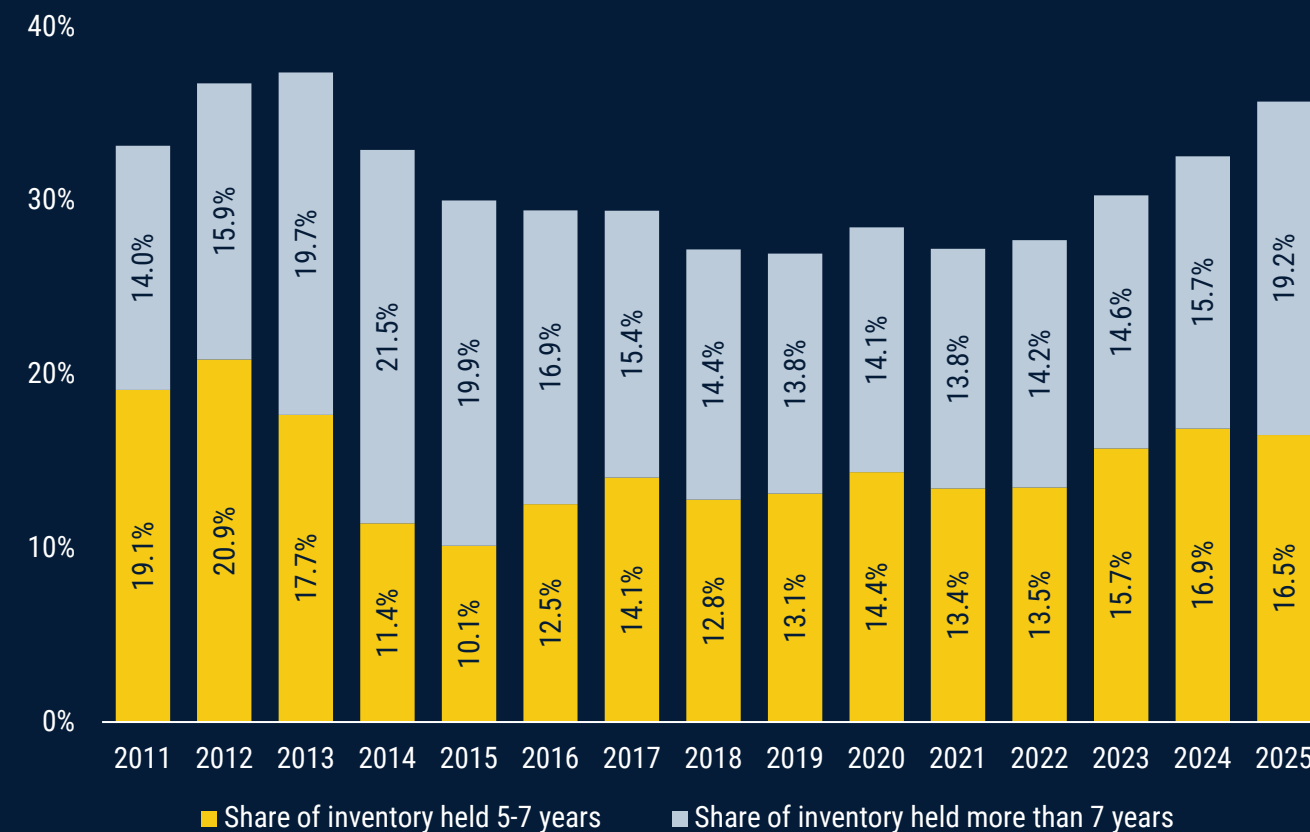
Despite a recent uptick in exit activity and a supportive macro dealmaking environment, buyout portfolios remain as old as ever. The median holding period for actively held buyout-backed companies has reached 4 years. Value locked in portfolios means...

Figure 57 ► Holding period (years) of buyout-backed company inventory



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

Figure 58 ► Share of buyout-backed companies by holding period



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



...recent buyout vintages are struggling to distribute capital on pace with historical averages. Over the trailing 12 months ending in Q3 2025, distributions totaled less than 15% of fund NAV, nearly ten percentage points below the long-run average.

Figure 59 ► Pooled buyout fund DPI by age and vintage year

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
2006-2014	0.04x	0.06x	0.11x	0.19x	0.32x	0.46x	0.67x	0.88x	1.12x
2015	0.03x	0.07x	0.14x	0.26x	0.38x	0.61x	0.90x	0.97x	1.03x
2016	0.01x	0.05x	0.14x	0.14x	0.27x	0.59x	0.84x	1.02x	1.18x
2017	0.08x	0.05x	0.11x	0.17x	0.38x	0.60x	0.73x	0.93x	
2018	0.01x	0.04x	0.06x	0.15x	0.33x	0.37x	0.47x		
2019	0.02x	0.03x	0.13x	0.19x	0.27x	0.38x			
2020	0.02x	0.08x	0.09x	0.12x	0.22x				
2021	0.02x	0.05x	0.08x	0.14x					
2022	0.01x	0.03x	0.06x						

Source: PitchBook • Geography: US • As of June 30, 2025
Note: 2006-2014 values are averaged across each time bucket. Shading represents difference from mean 2006-2014 values.

Figure 60 ► TTM buyout fund distributions as a share of beginning NAV

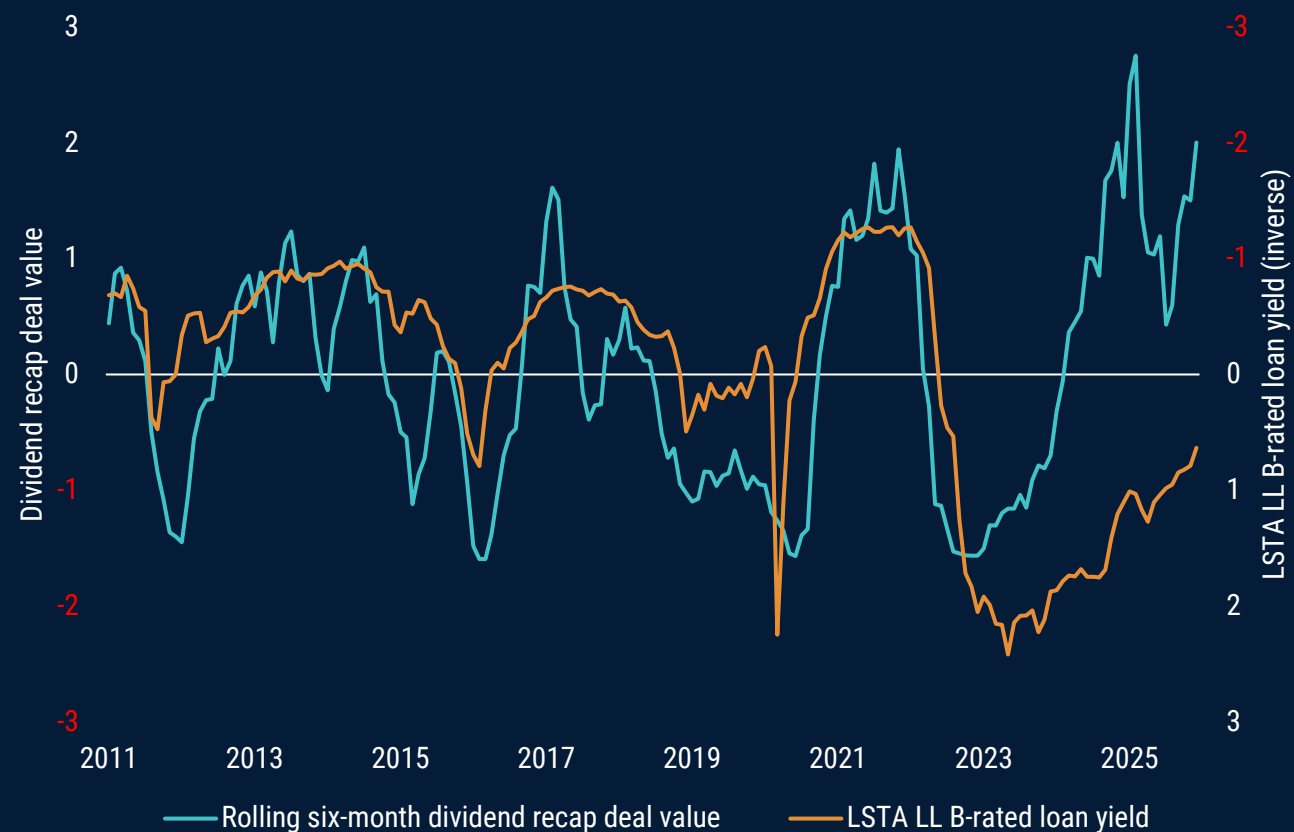


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



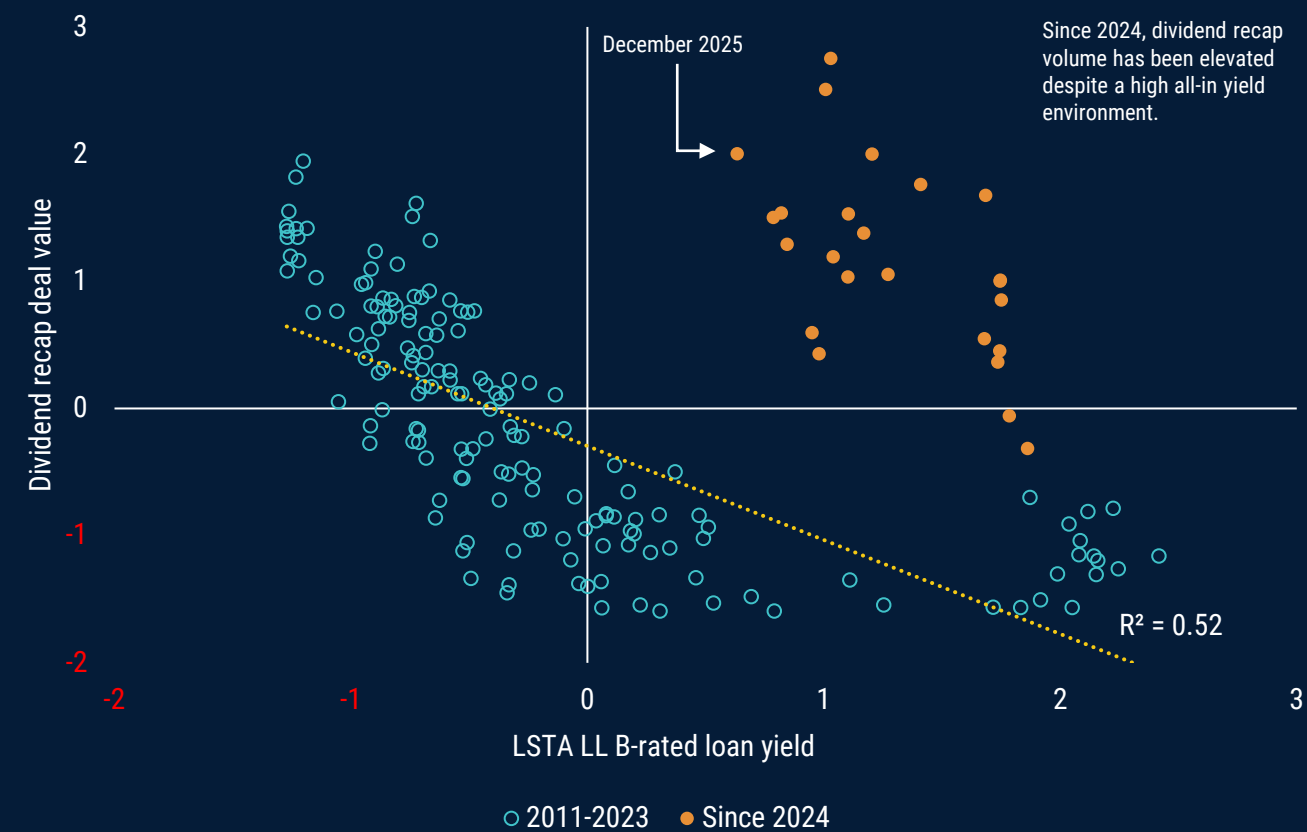
As exit activity has fallen short of generating adequate liquidity, managers have turned to dividend recapitalizations. Over the past two years, recap activity has accelerated despite higher financing costs.

Figure 61 ► Standardized sponsored dividend recap deal value and LSTA LL B-rated loan yield (Z-score)



Source: PitchBook | LCD • Geography: US • As of December 31, 2025

Figure 62 ► Standardized sponsored dividend recap deal value and LSTA LL B-rated loan yield (Z-score)

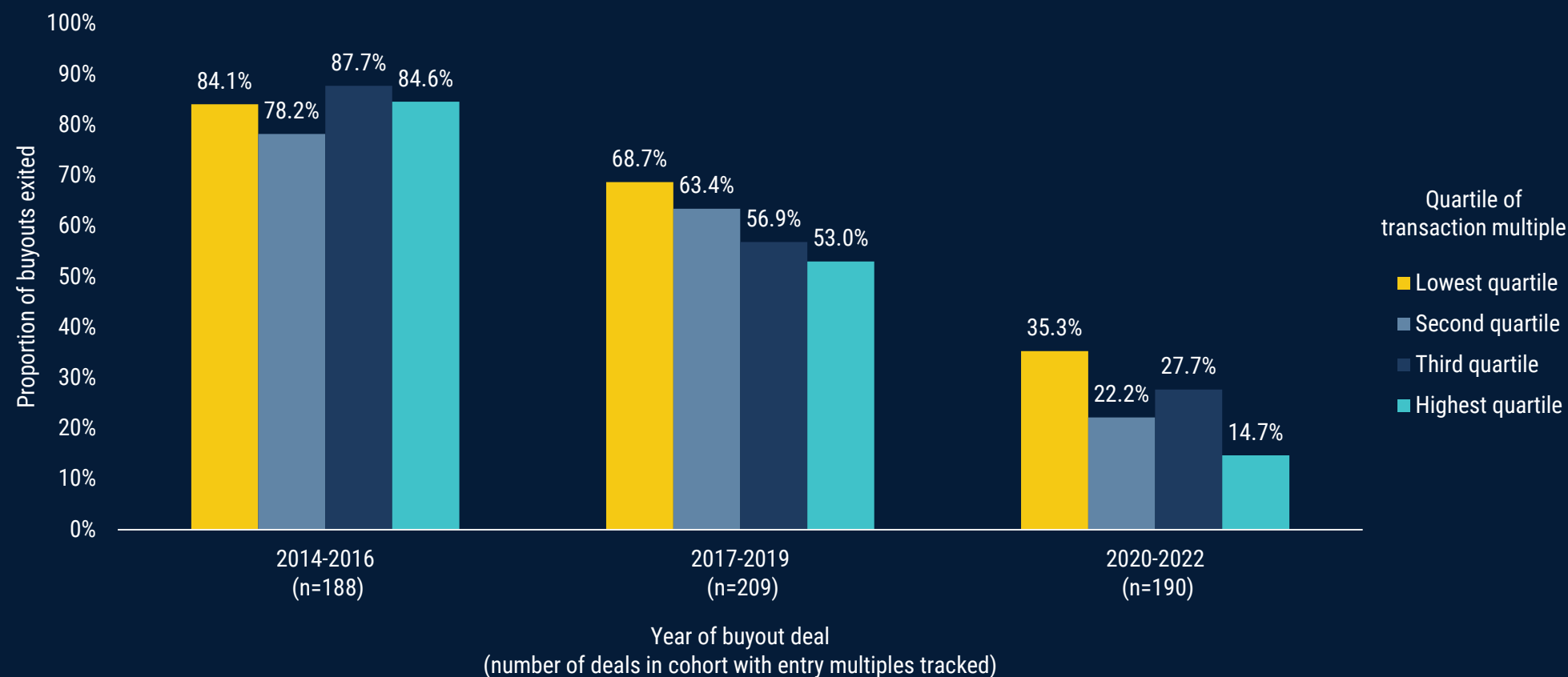


Source: PitchBook | LCD • Geography: US • As of December 31, 2025



Elevated entry multiples have led in part to the slowdown in exit activity and distributions back to LPs. The highest priced buyout deals have proven to be the slowest to exit.

Figure 63 ► Buyout exit rates by EV/EBITDA multiple quartile at entry



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



Pricey deals slow exits

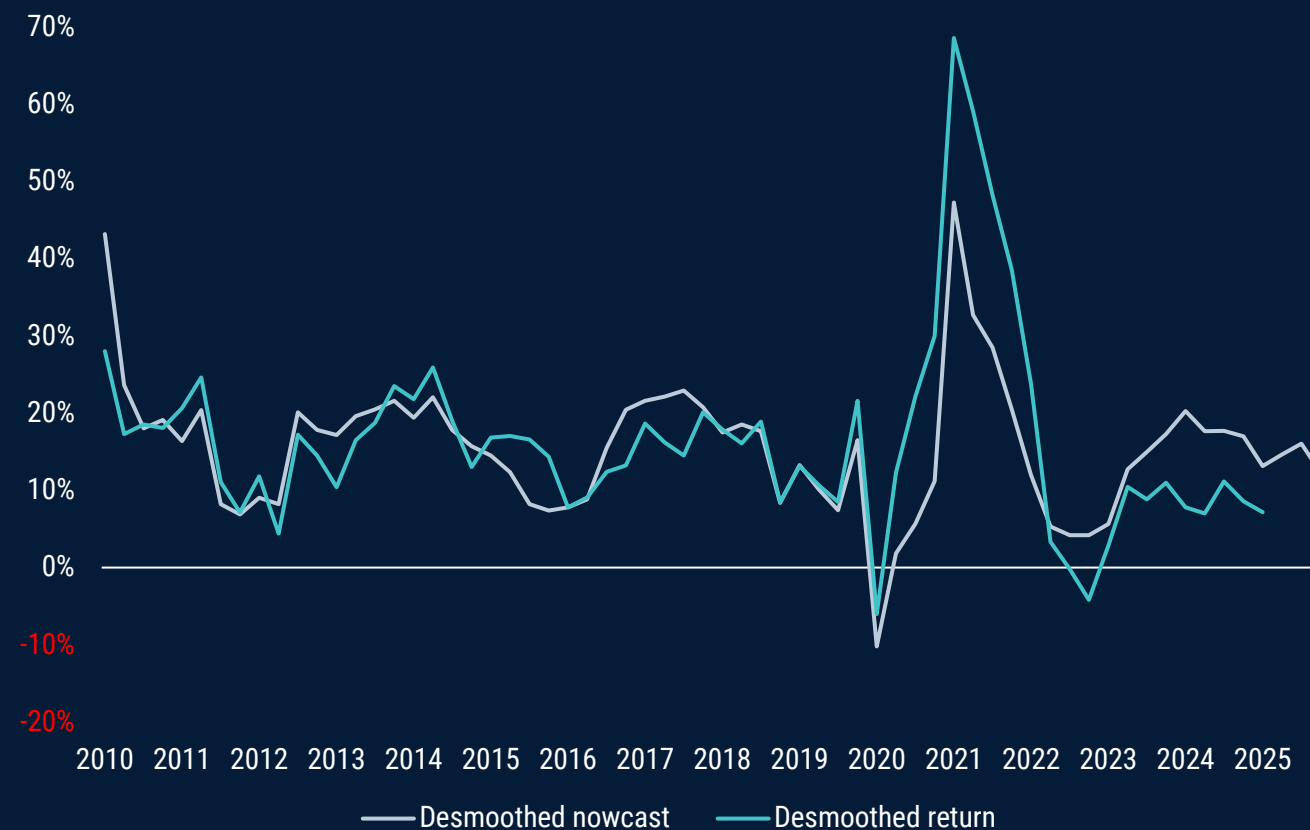
In this analysis we look at the EV/EBITDA multiple at entry across the US buyout market and group deals into quartile within each deal year. We then looked at deals within each quartile, grouped together into three-year cohorts, and tallied the portfolio companies that have since exited.

As average transaction multiples have largely risen the last decade-plus, so has the delta to the highest quartile of deals. In turn, those high-priced portfolio companies have exited at a slower pace relative the rest of the universe. In general, we find a high correlation between more recent transaction multiples and their pace of exit activity.



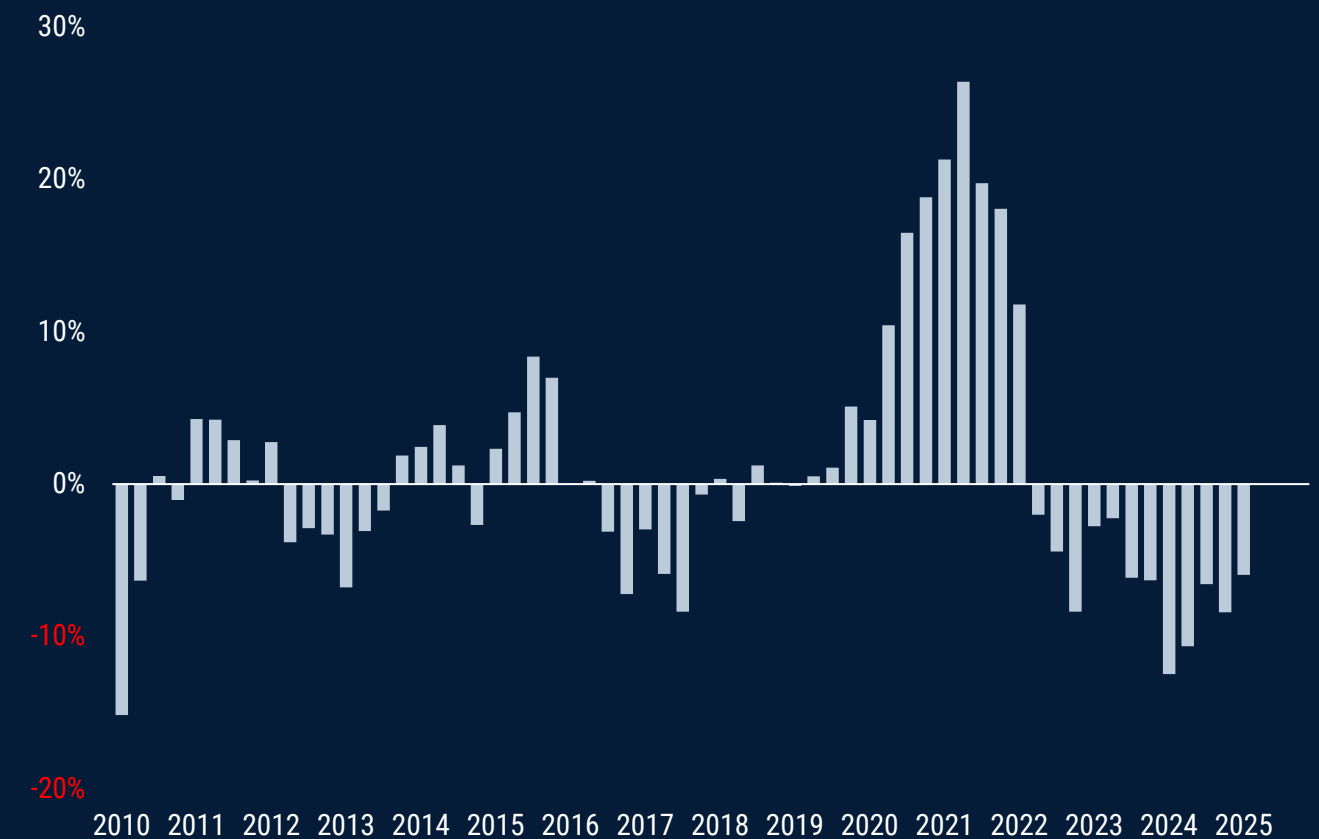
Under current market and macroeconomic conditions, the PE Barometer points to continued strong return potential. Realized PE performance has yet to fully close the gap to the Barometer nowcast, suggesting room for further upside.

Figure 64 ▶ Rolling one-year desmoothed PE fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025

Figure 65 ▶ Difference between one-year desmoothed PE fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025

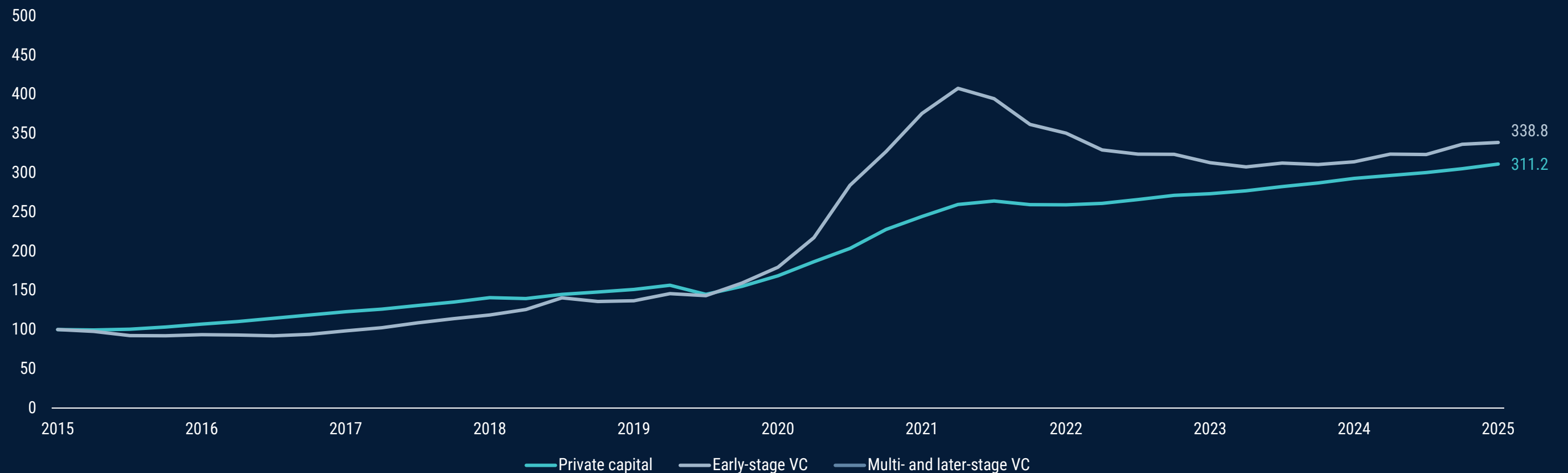


Venture capital



VC fund performance continues its slow recovery amid the ongoing liquidity drought. Despite widespread optimism going into 2025, shifting US trade policy has added yet another obstacle to market recovery and our VC indexes remain below their peaks.

Figure 66 ▶ 10-year return of PitchBook Venture Capital Indexes versus the PitchBook Private Capital Index composite

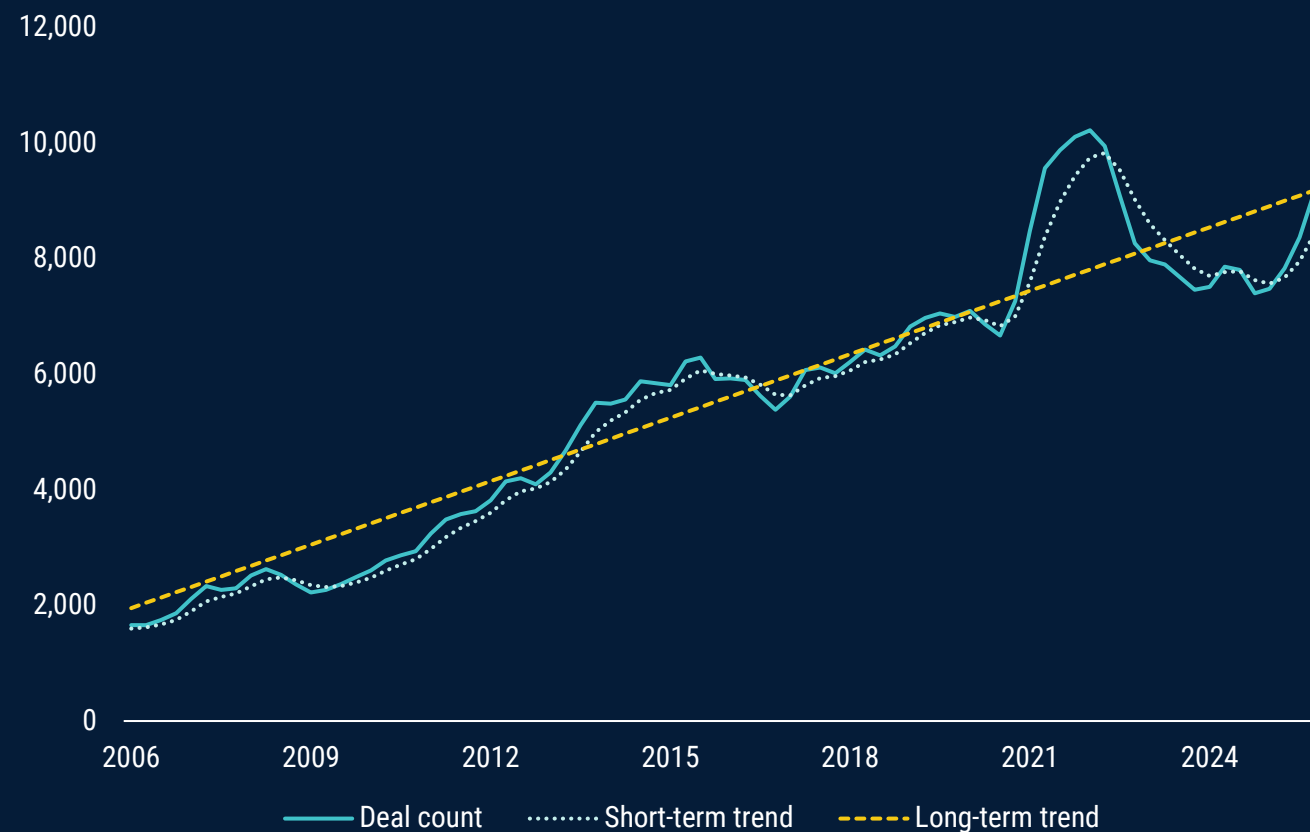


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q1 2025 is preliminary.



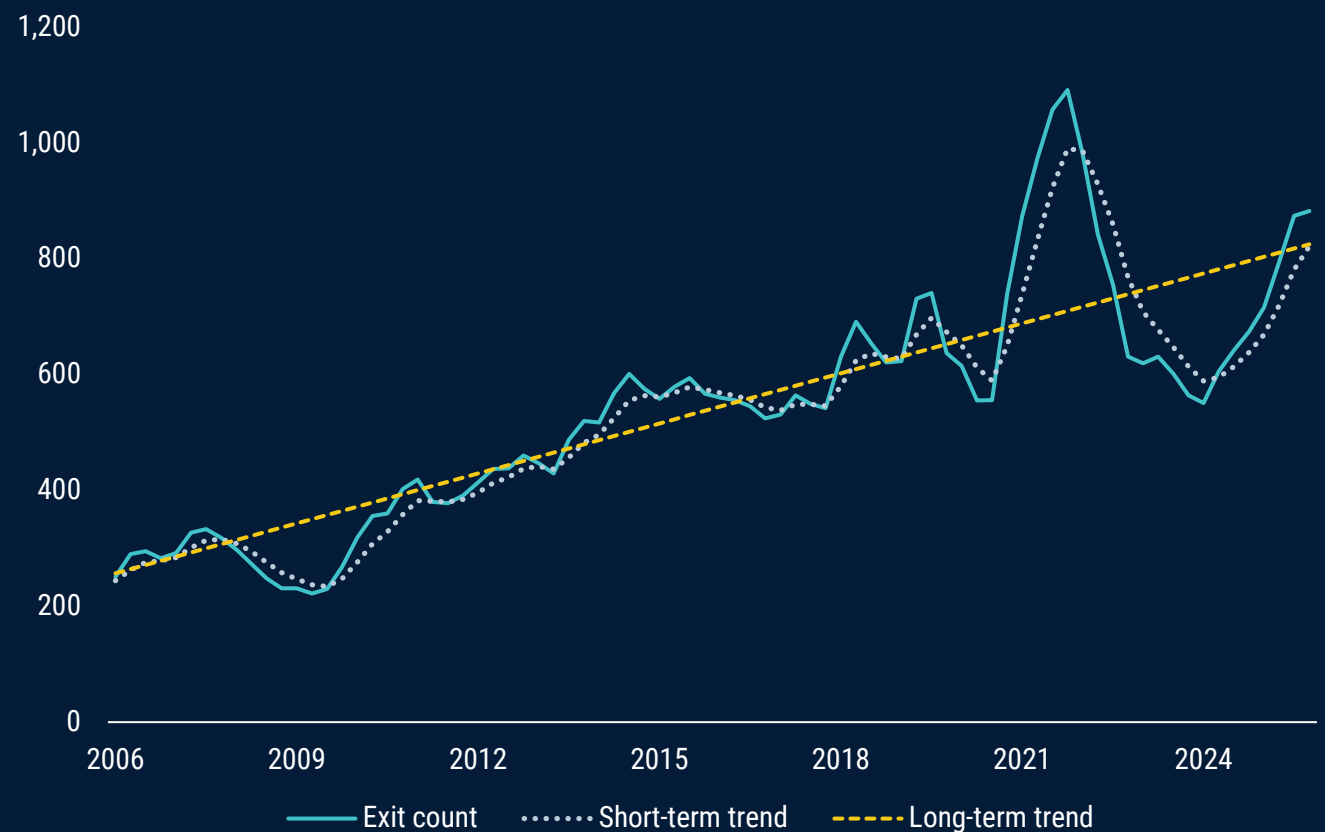
Deal and exit counts have reached the long-term trend, signaling the market may be moving from reset to rebound. The uplift is largely due to AI & ML, which continues...

Figure 67 ▶ Trailing six-month VC deal count trends



Source: PitchBook • Geography: US • As of December 31, 2025
Note: Data is seasonally adjusted and includes estimates for the four most recent quarters.

Figure 68 ▶ Trailing six-month VC exit count trends



Source: PitchBook • Geography: US • As of December 31, 2025
Note: Data is seasonally adjusted and includes estimates for the four most recent quarters.



...to be the vertical with the best long-term trend profile. Still, improving conditions are lifting the whole market. Compared to six months ago, deal momentum has improved across all verticals and stages.

Figure 69 ► **Trailing six-month VC deal trends dashboard**

	Segment	Deal count				Deal value			
		Current	% of total	Long-term score	Short-term score	Current (\$B)	% of total	Long-term score	Short-term score
Vertical	Total	9,165	100.0%	0.0		\$69.96	100.0%	1.0	1.4
	AI & ML	3,676	33.9%	3.1		\$34.13	32.2%	3.7	1.0
	Big Data	677	6.3%	-1.2		\$7.38	7.0%	0.7	0.0
	Fintech	1,005	9.3%	0.0		\$10.62	10.0%	1.5	1.4
	Healthtech	1,129	10.4%	-0.1		\$11.52	10.9%	1.5	0.9
	Life sciences	826	7.6%	-0.1		\$10.99	10.4%	1.1	2.4
	Mobile	763	7.0%	-2.0		\$6.72	6.3%	-0.3	1.5
	SaaS	2,756	25.4%	-0.5		\$24.56	23.2%	0.9	1.0
Stage	Pre-seed/seed	3,068	33.6%	-1.0		\$12.09	16.1%	2.4	0.6
	Early-stage VC	3,181	34.8%	1.1		\$25.49	34.0%	1.7	2.4
	Late-stage VC	2,361	25.8%	0.1		\$28.31	37.8%	0.9	1.1
	Venture growth	530	5.8%	2.3		\$9.05	12.1%	0.9	0.7

-2.0 +2.0



Dashboard methodology

The deal trends dashboard provides a quantitative assessment of overall deal activity in the past six months, as well as within each vertical and stage after adjusting for seasonality and reporting lags. The top seven verticals in this venture dashboard were selected based on their number of venture deals over the past two years.

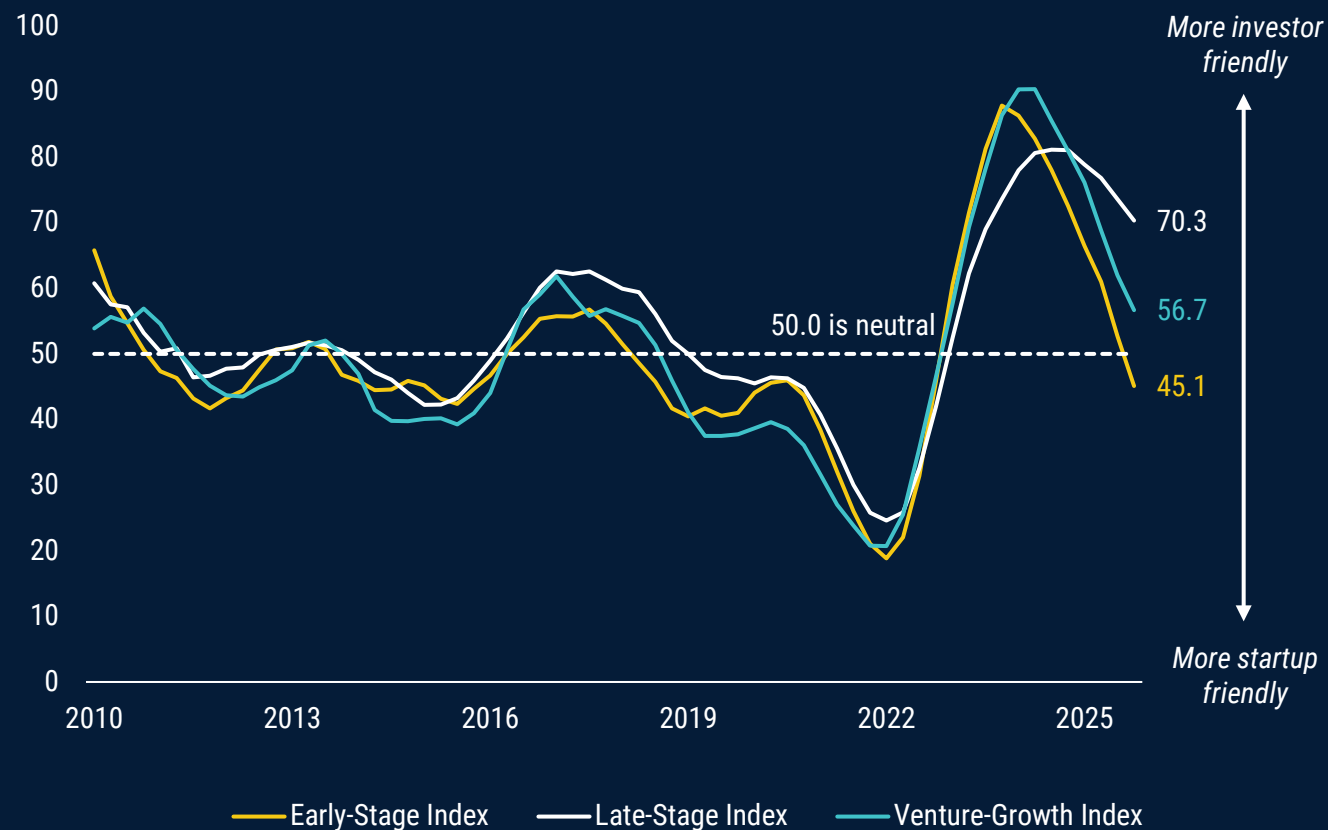
The long- and short-term Z-scores represent a Z-score normalized derivative from a full-period linear trend line and a 12-month exponential moving average, respectively.

Source: PitchBook • Geography: US • As of December 31, 2025
Note: "Current" refers to the seasonally adjusted trailing six-month value.



The tide is changing. What was an investor-friendly market for early-stage VC a couple of years ago has shifted toward being more startup-friendly. For non-AI companies, however, investors still retain the upper hand.

Figure 70 ▶ **PitchBook VC Dealmaking Indicator**



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

Figure 71 ▶ **Early-Stage AI Dealmaking Indicator**

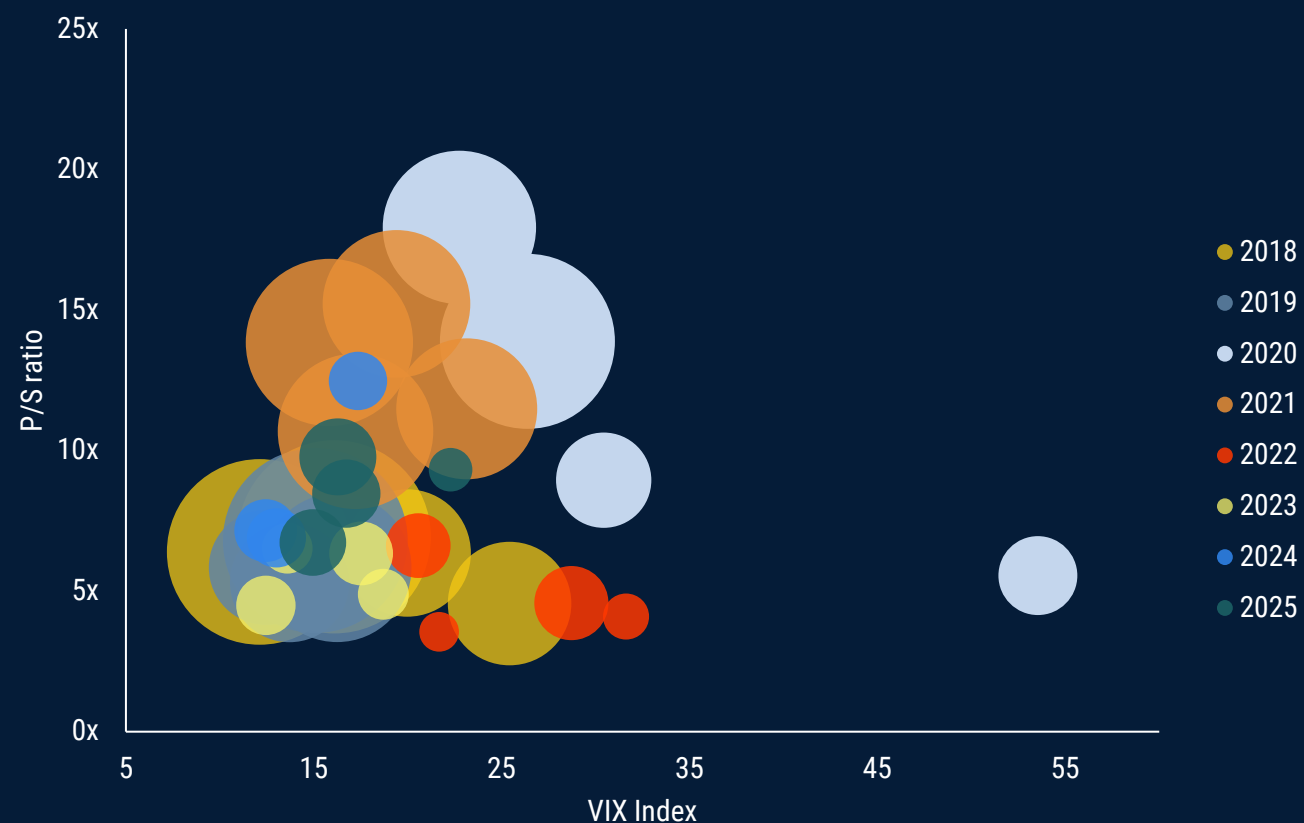


Source: PitchBook • Geography: US • As of December 31, 2025



Strong IPO windows have historically been associated with low volatility and elevated price/sales (P/S) ratios. Despite low volatility, the 2025 VC-backed IPO market has been underwhelming. The next potential IPO candidates, found in the Unicorn 30 Index, have rebounded since 2023.

Figure 72 ▶ Quarterly average VIX level versus P/S ratio of VC-Backed IPO Index constituents and IPO activity relative to size of unicorn population



Source: PitchBook • Geography: US • As of December 31, 2025
Note: Bubble size is determined by the ratio of IPO count to active unicorn population.

Figure 73 ▶ VC-Backed IPO Index, Morningstar PitchBook Unicorn 30 Index, and Morningstar PitchBook US Modern Market 100 (rebased to 100 at the end of 2019)

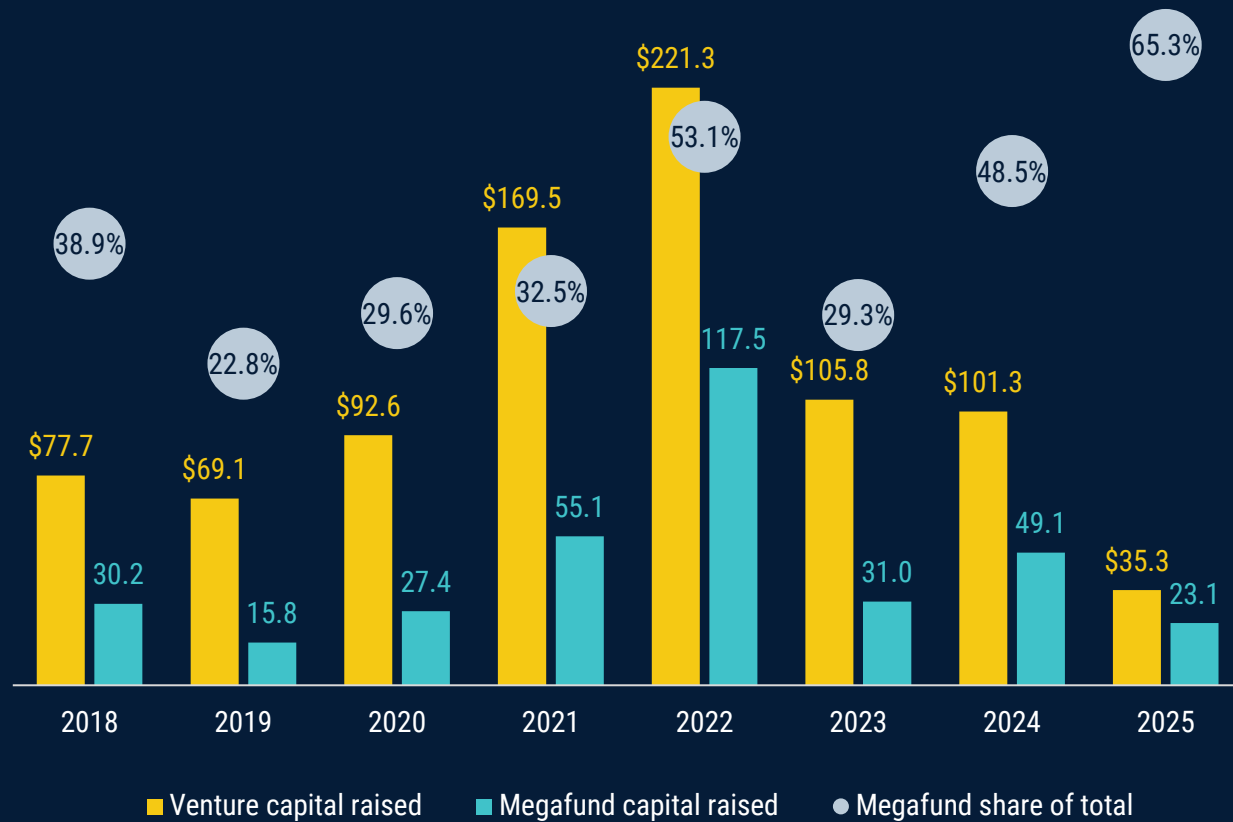


Sources: PitchBook, Morningstar • Geography: US • As of January 20, 2026



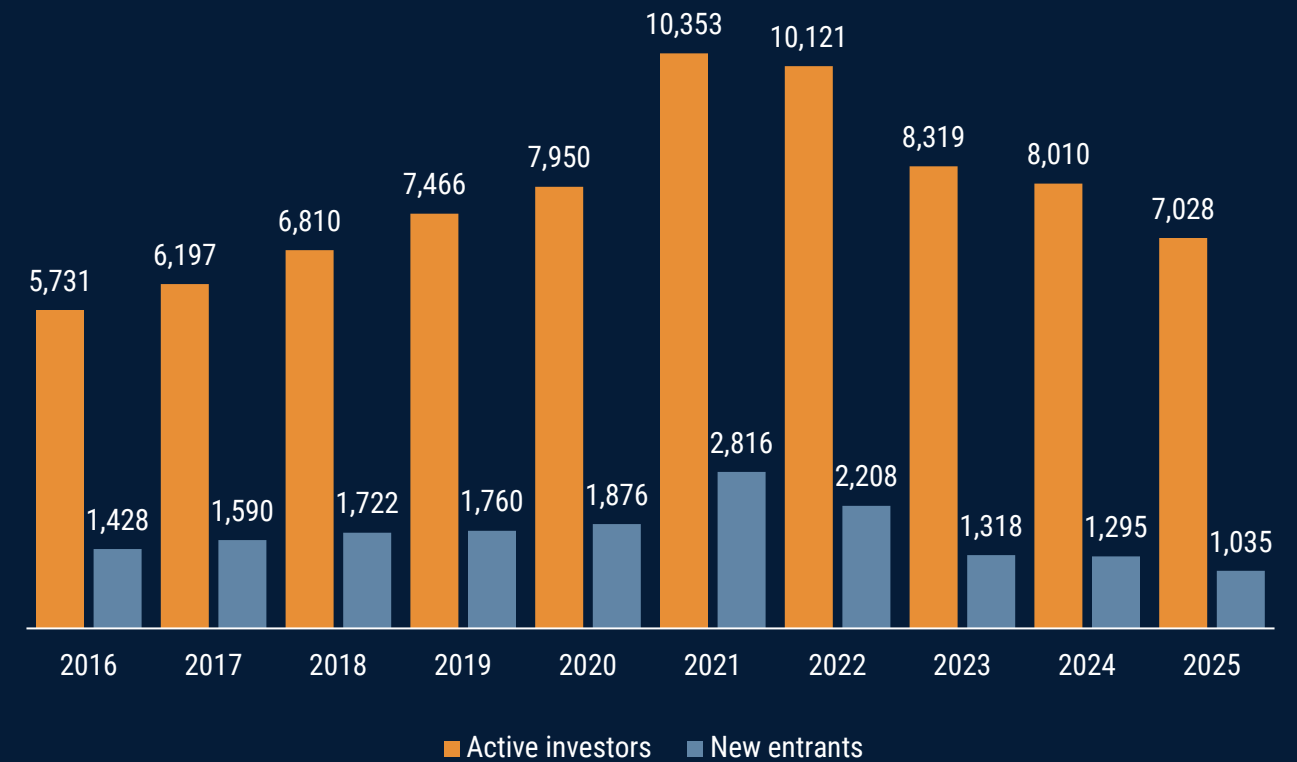
Megafunds have dominated fundraising, capturing nearly two-thirds of capital raised in 2025. As the number of VC firms declines, megafunds are becoming bigger sharks in a smaller pool of potential players.

Figure 74 ▶ **Megafunds (\$1B+) as a share of all venture capital raised (\$B)**



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

Figure 75 ▶ **Number of active VC investors and new entrants**

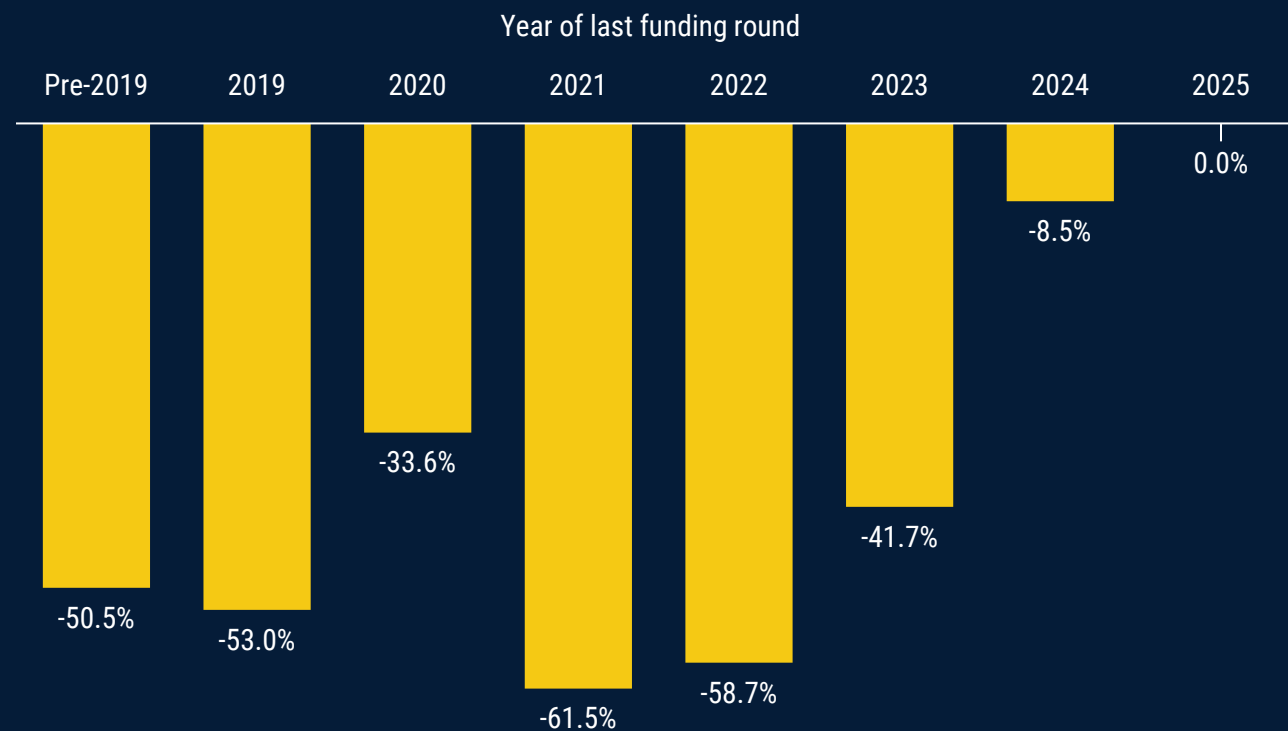


Source: PitchBook • Geography: US • As of December 31, 2025
Note: This chart includes only US investors investing in US VC deals.



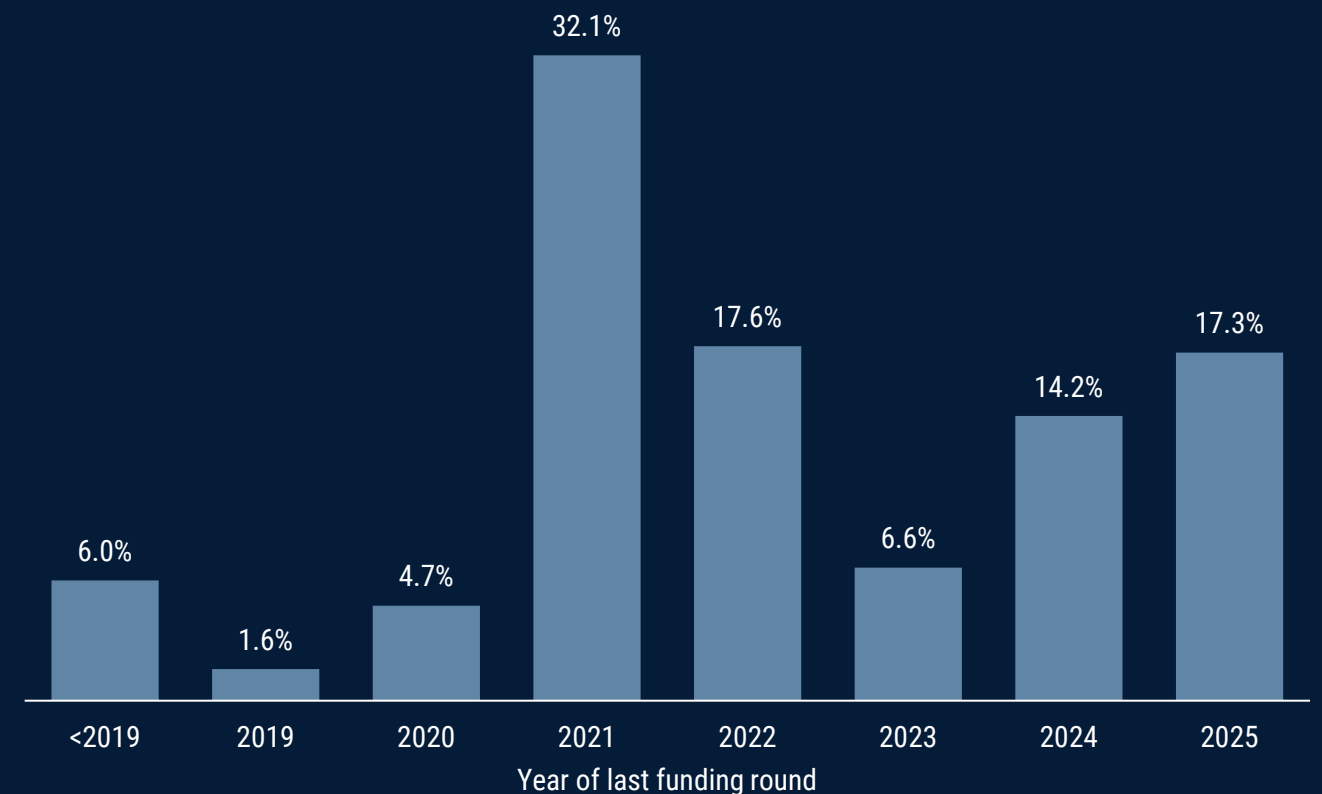
Secondary trading is becoming more commonplace in VC. Nearly 1 in 5 companies that raised capital in 2025 have already traded, while companies that raised at the 2021-2022 peak are trading at steep discounts in secondary markets.

Figure 76 ▶ Median secondaries price performance since year of last funding round



Source: Forge • Geography: US • As of December 31, 2025

Figure 77 ▶ Percent of companies traded by year of last funding round

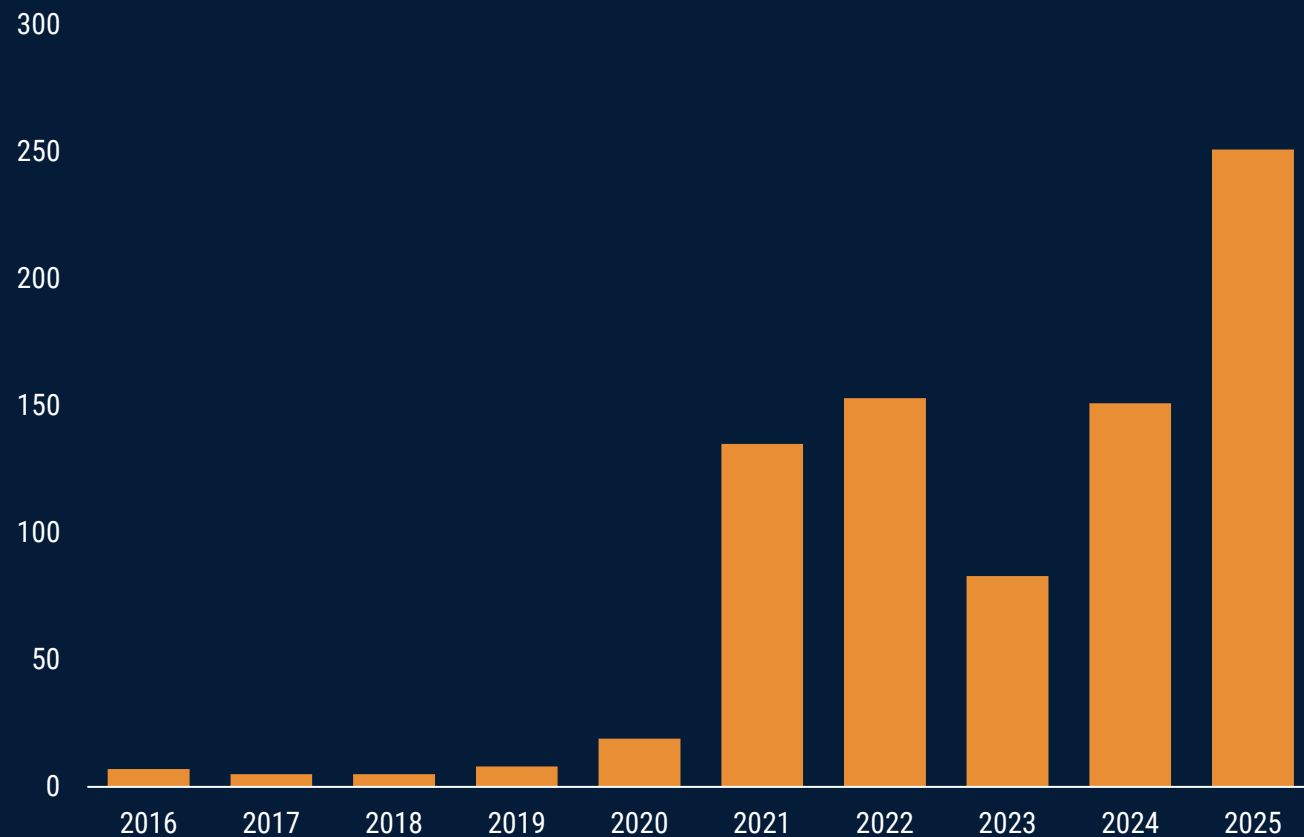


Source: Forge • Geography: US • As of December 31, 2025



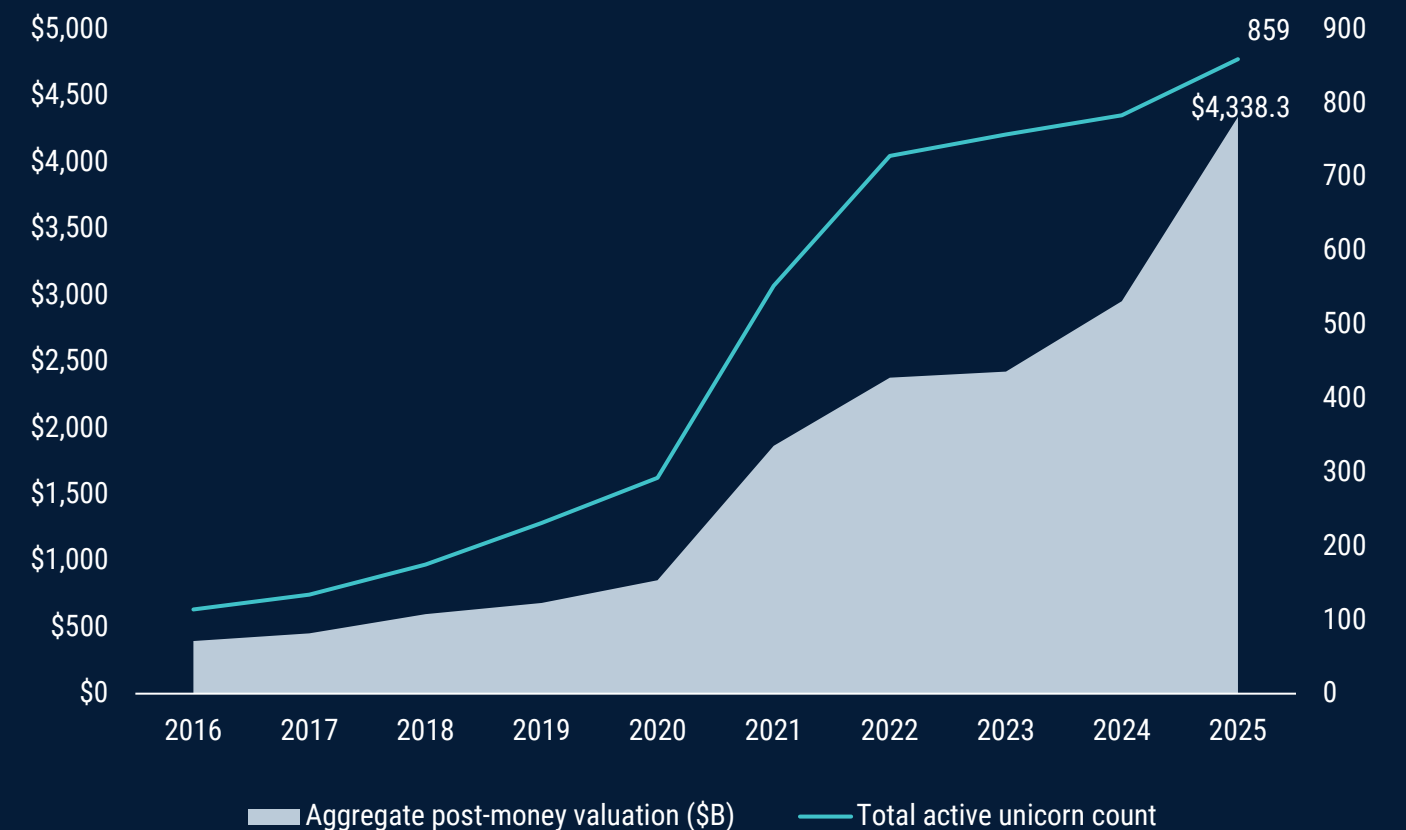
Unicorn valuations surged in 2025, surpassing \$4.3 trillion and adding to the sizeable backlog that IPO and secondary markets have yet to absorb. The year also saw a record number of unicorn deals.

Figure 78 ▶ Unicorn count by most recent year of funding



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

Figure 79 ▶ Aggregate unicorn post-money valuation and active unicorn count



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



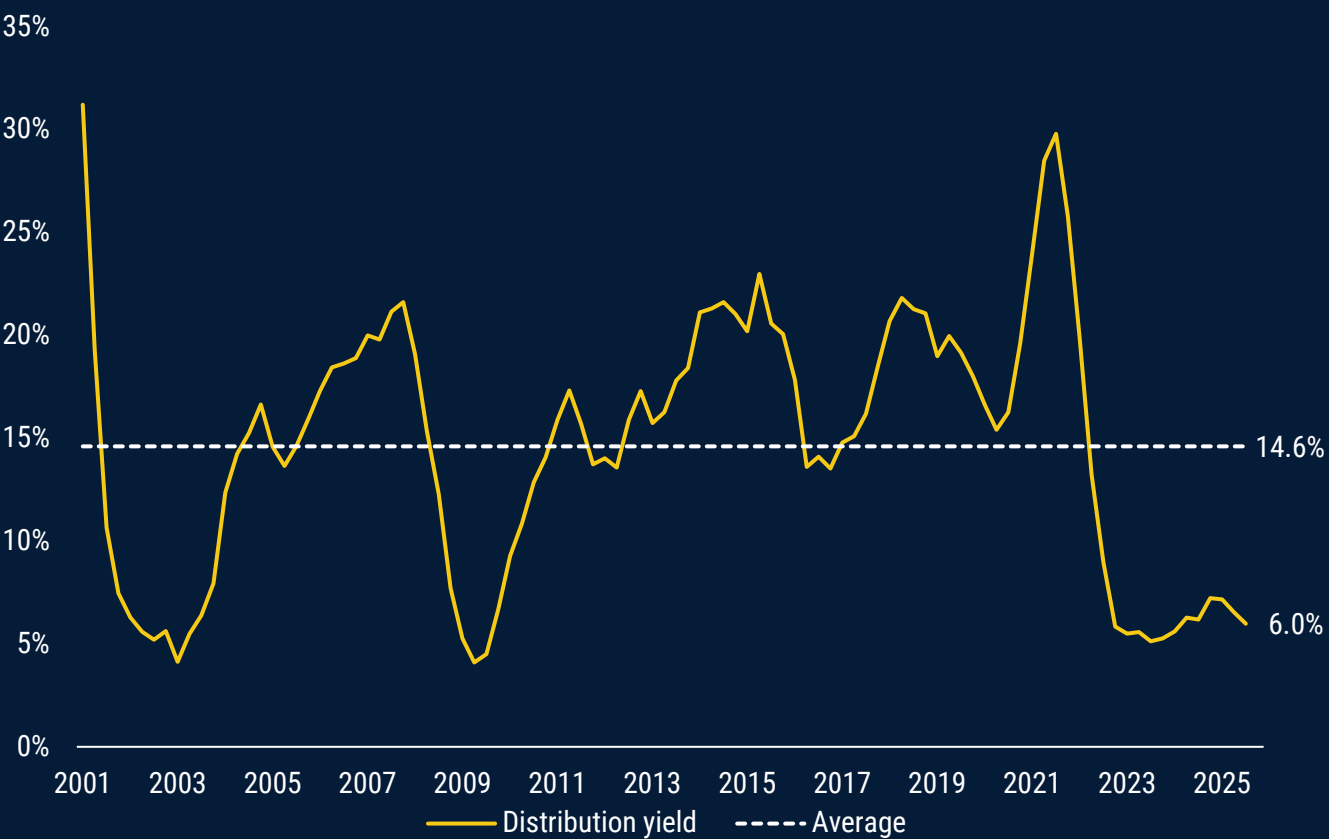
VC distribution yields have been abysmal since 2022 and all vintages since 2016 are behind schedule in returning capital to LPs compared with historical averages. Distributions relative to aggregate NAV across active funds is less than half the long-run average.

Figure 80 ► Pooled VC fund DPI by age and vintage year

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
2006-2014	0.01x	0.03x	0.07x	0.12x	0.24x	0.36x	0.60x	0.85x	1.08x
2015	0.01x	0.05x	0.07x	0.16x	0.20x	0.37x	0.68x	0.94x	1.18x
2016	0.10x	0.06x	0.07x	0.12x	0.26x	0.41x	0.53x	0.69x	0.79x
2017	0.01x	0.00x	0.04x	0.15x	0.40x	0.43x	0.54x	0.71x	
2018	0.00x	0.03x	0.05x	0.12x	0.21x	0.31x	0.40x		
2019	0.00x	0.01x	0.06x	0.07x	0.09x	0.12x			
2020	0.00x	0.04x	0.07x	0.09x	0.11x				
2021	0.01x	0.01x	0.01x	0.03x					
2022	0.00x	0.01x	0.02x						

Source: PitchBook • Geography: US • As of June 30, 2025
Note: 2006-2014 values are averaged across each time bucket. Shading represents difference from mean 2006-2014 values.

Figure 81 ► TTM VC fund distributions as a share of beginning NAV

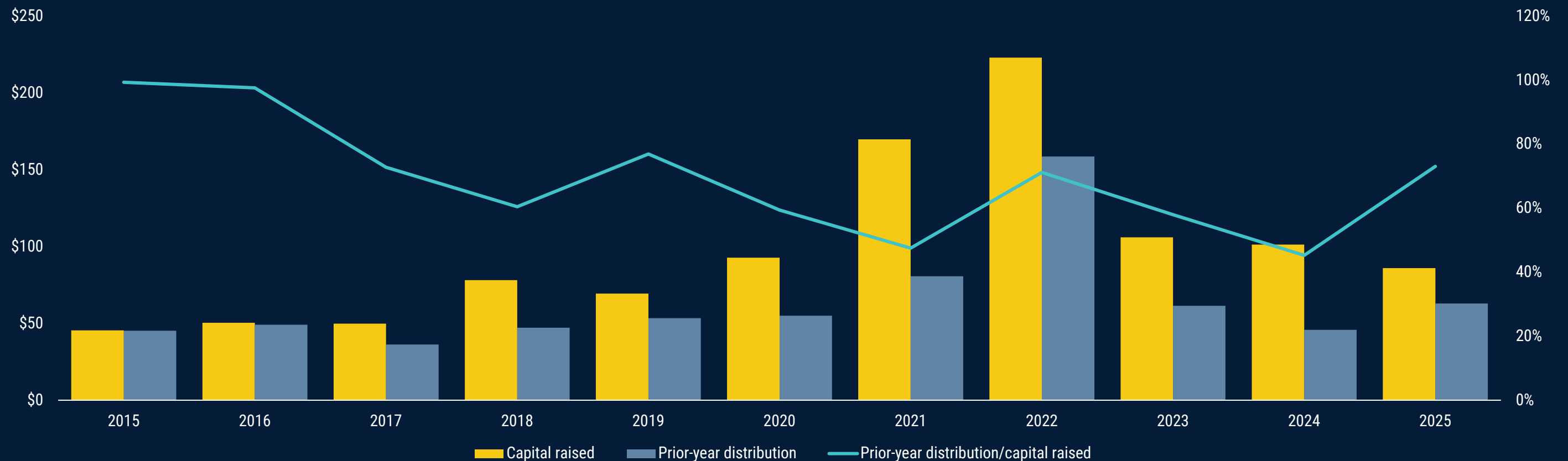


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



The surge in VC valuations in 2021 and 2022 encouraged LPs to commit new capital ahead of distributions. As expectations for future returns reset, fundraising has become driven primarily by recycled capital.

Figure 82 ▶ Prior-year VC distributions (\$B) as a share of fund capital raising

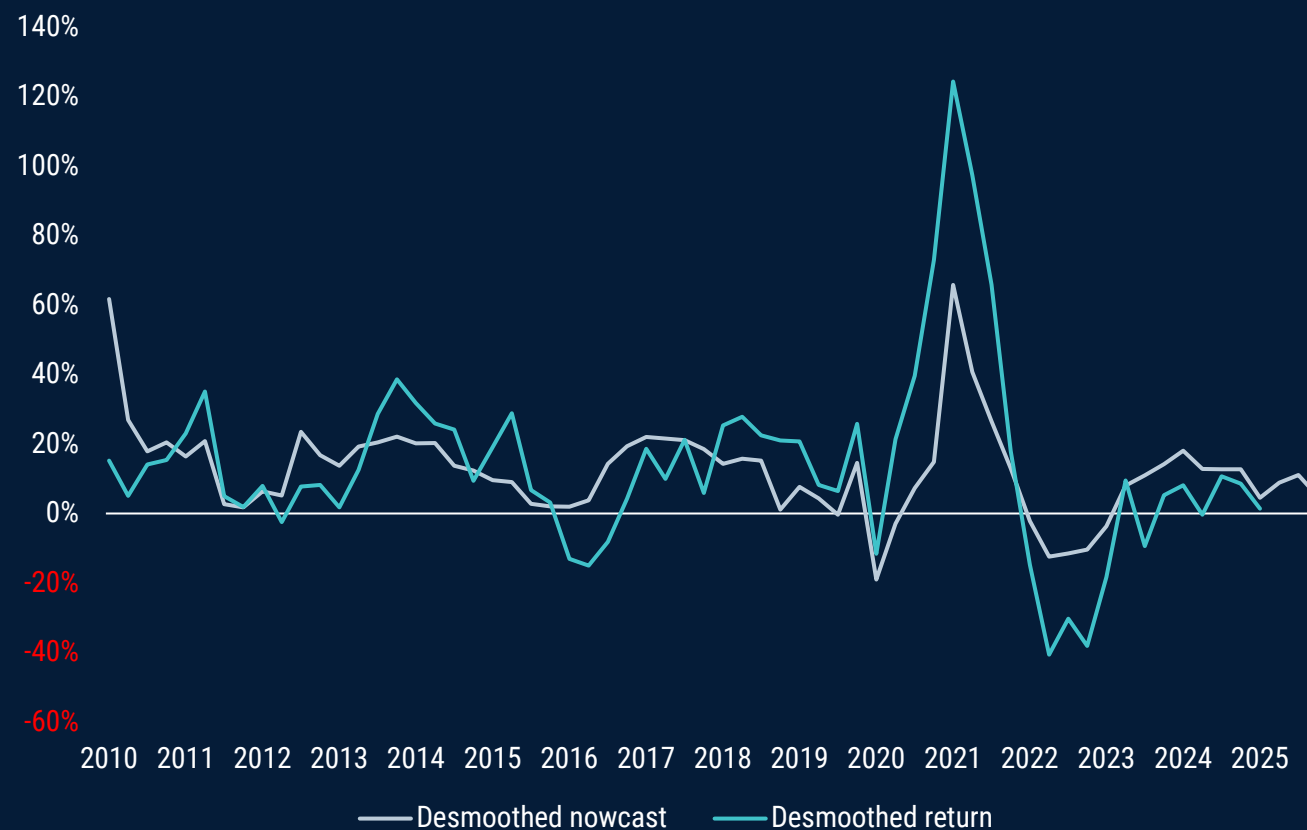


Source: PitchBook • Geography: US • As of December 31, 2025
Note: Distribution data is as of June 30, 2025.



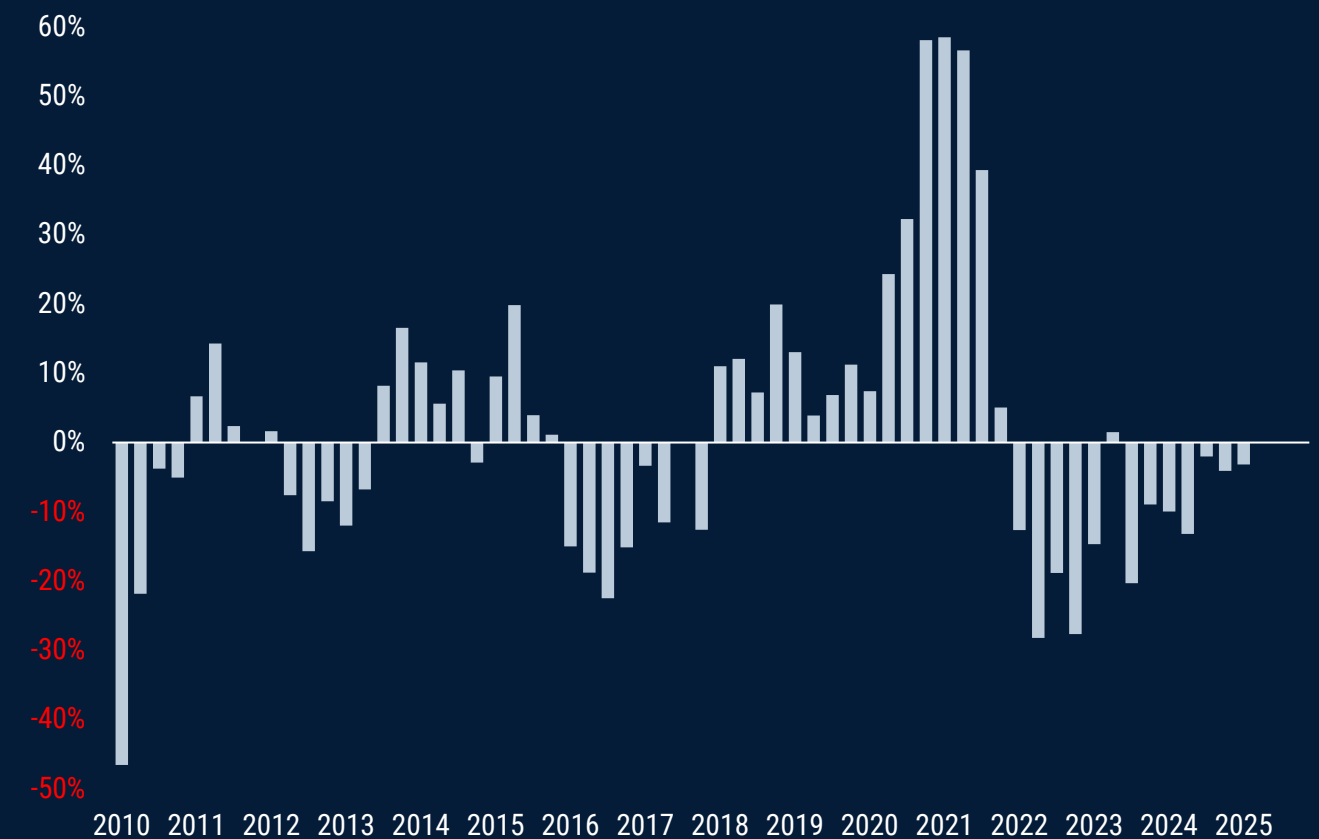
VC desmoothed returns remain broadly aligned with fundamental expectations. Based on macro and market data through H2 2025, we anticipate reported returns will stay relatively flat as performance data is collected for Q3 and Q4.

Figure 83 ▶ Rolling one-year desmoothed VC fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025

Figure 84 ▶ Difference between one-year desmoothed VC fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025

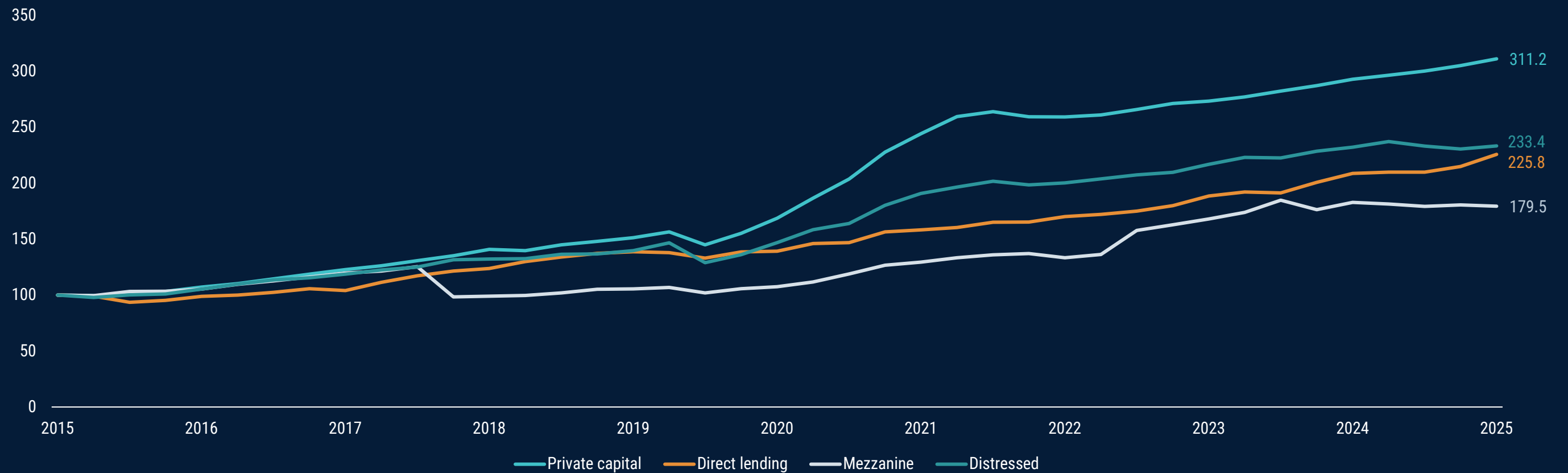


Private debt



Private debt continues to deliver stable yields, yet its position higher in the capital stack has led to underperformance relative to broader private markets looking back over the past ten years.

Figure 85 ▶ 10-year return of PitchBook Private Debt Indexes versus PitchBook Private Capital Index composite

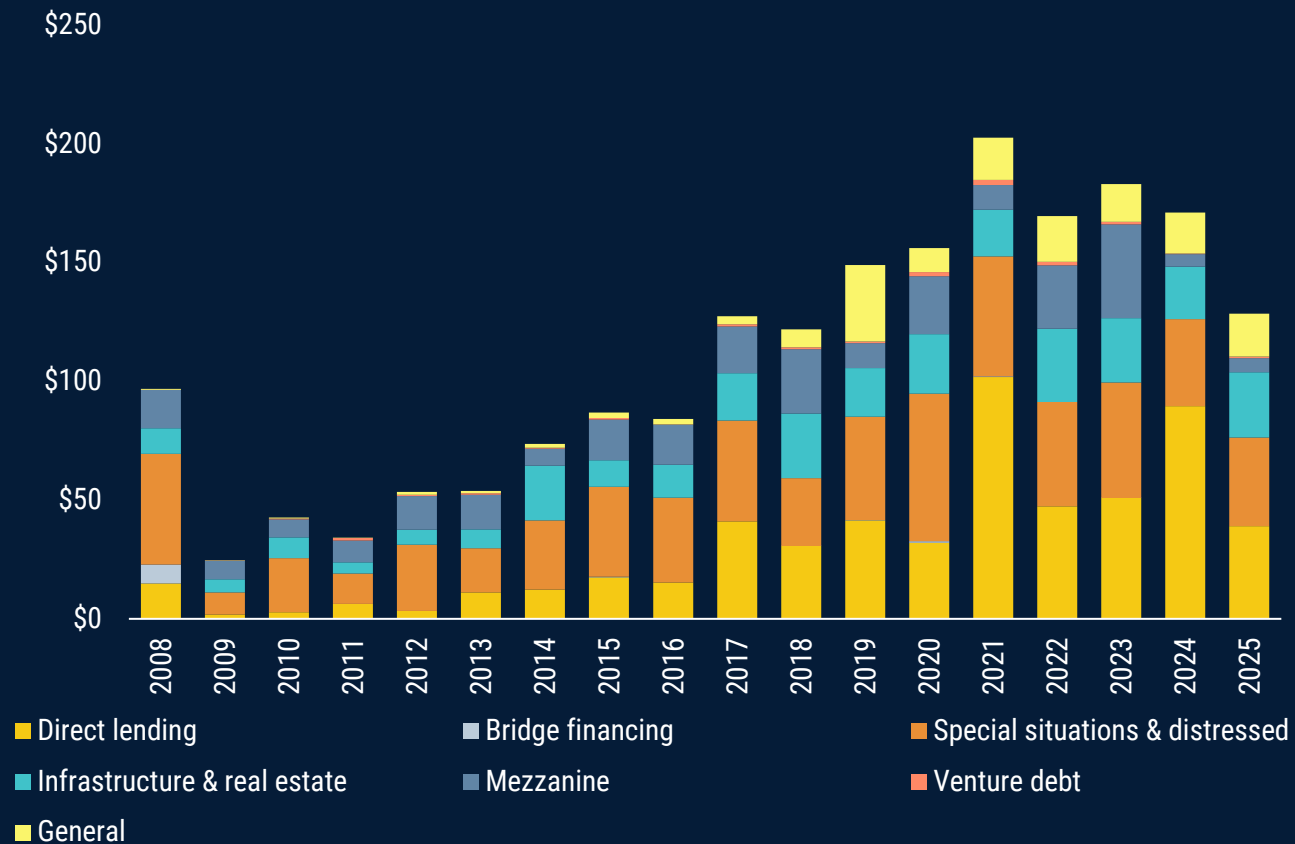


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



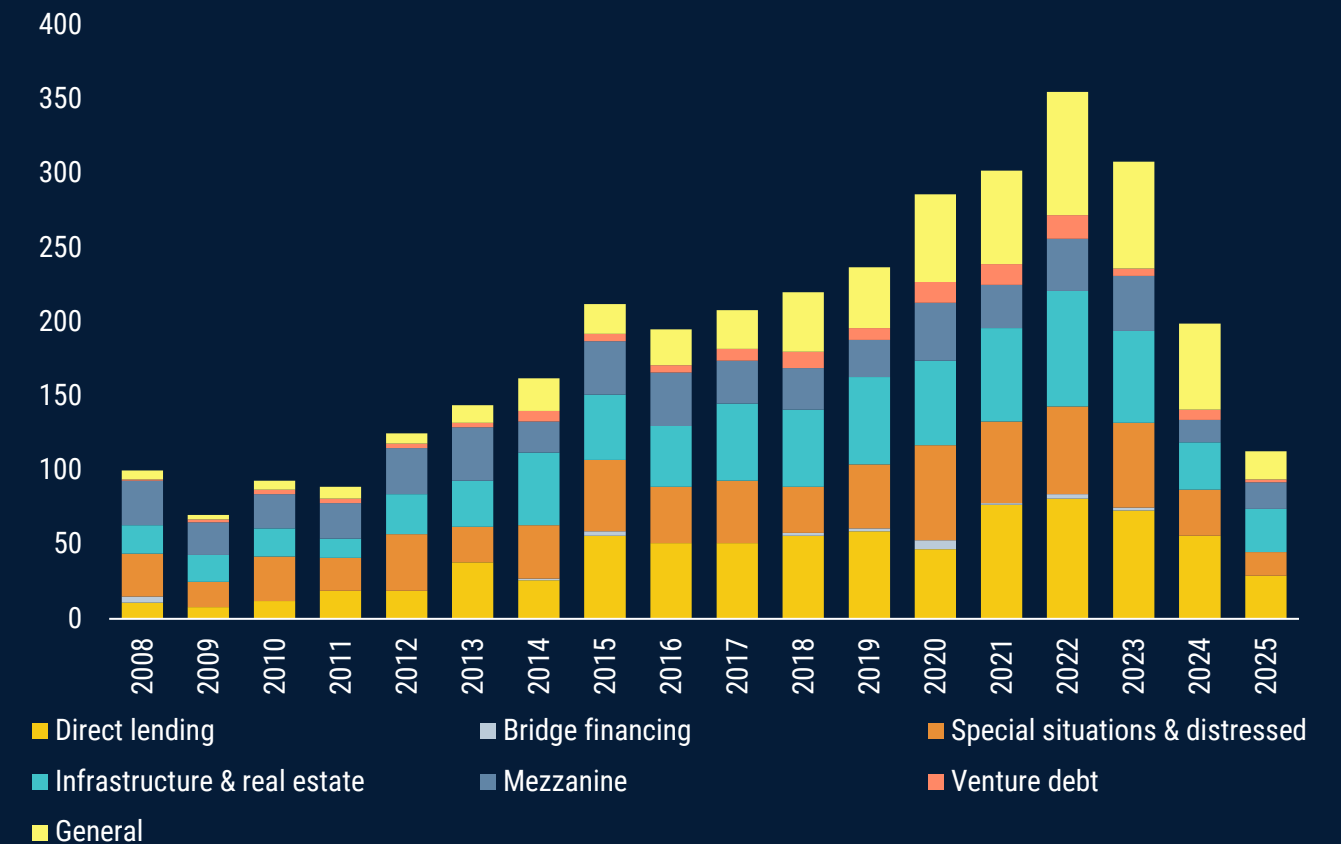
Private debt fundraising activity fell in 2025 as new commitments to direct lending funds fell considerably from 2024 levels. Investors have become a bit more wary of the competition growing in credit markets for deal origination and a possible decline in underwriting standards.

Figure 86 ▶ Private debt capital raised (\$B) by fund type



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

Figure 87 ▶ Private debt fund count by fund type

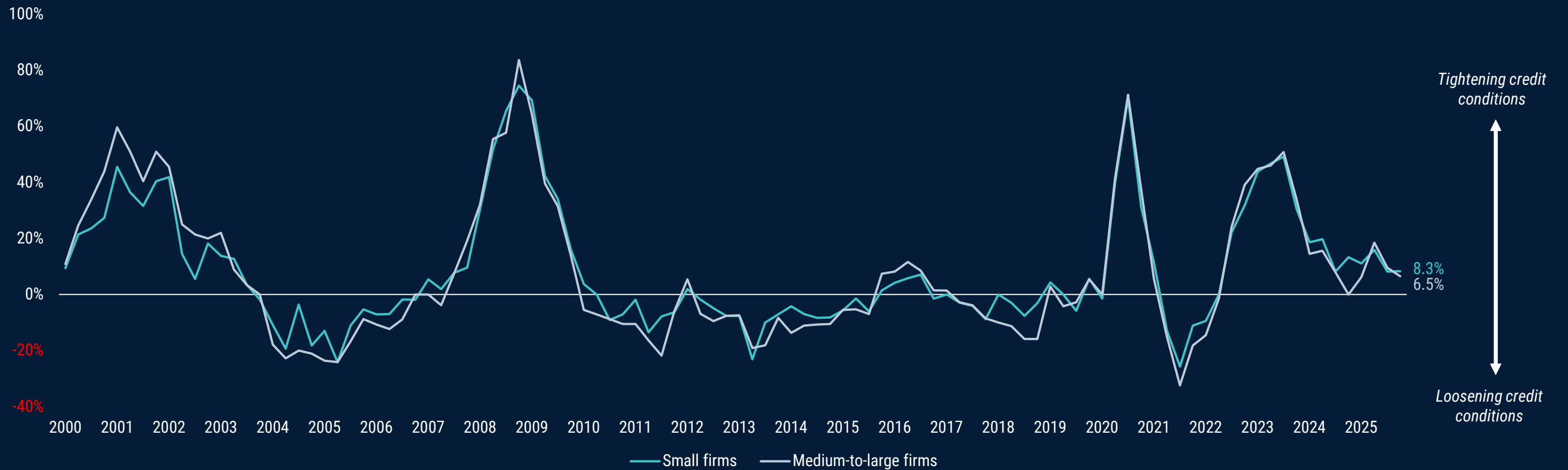


Source: PitchBook • Geography: US • As of December 31, 2025



Bank lending standards are no longer actively tightening, but they remain restrictive relative to periods of normal or easy credit.

Figure 88 ► Net share of banks tightening standards on loans to small and medium-to-large firms



Source: [Senior Loan Officer Opinion Survey](#) • Geography: US • As of November 3, 2025



Despite the ever-changing economic and business environment, collateralized loan obligation (CLO) issuance has been strong. For LBOs, limited deal opportunity has led to leverage loan issuance rolling over, but...

Figure 89 ▶ Trailing six-month leveraged loan issuance for LBOs (\$B)



Source: PitchBook | LCD • Geography: US • As of December 31, 2025

Figure 90 ▶ Trailing six-month CLO issuance (\$B)

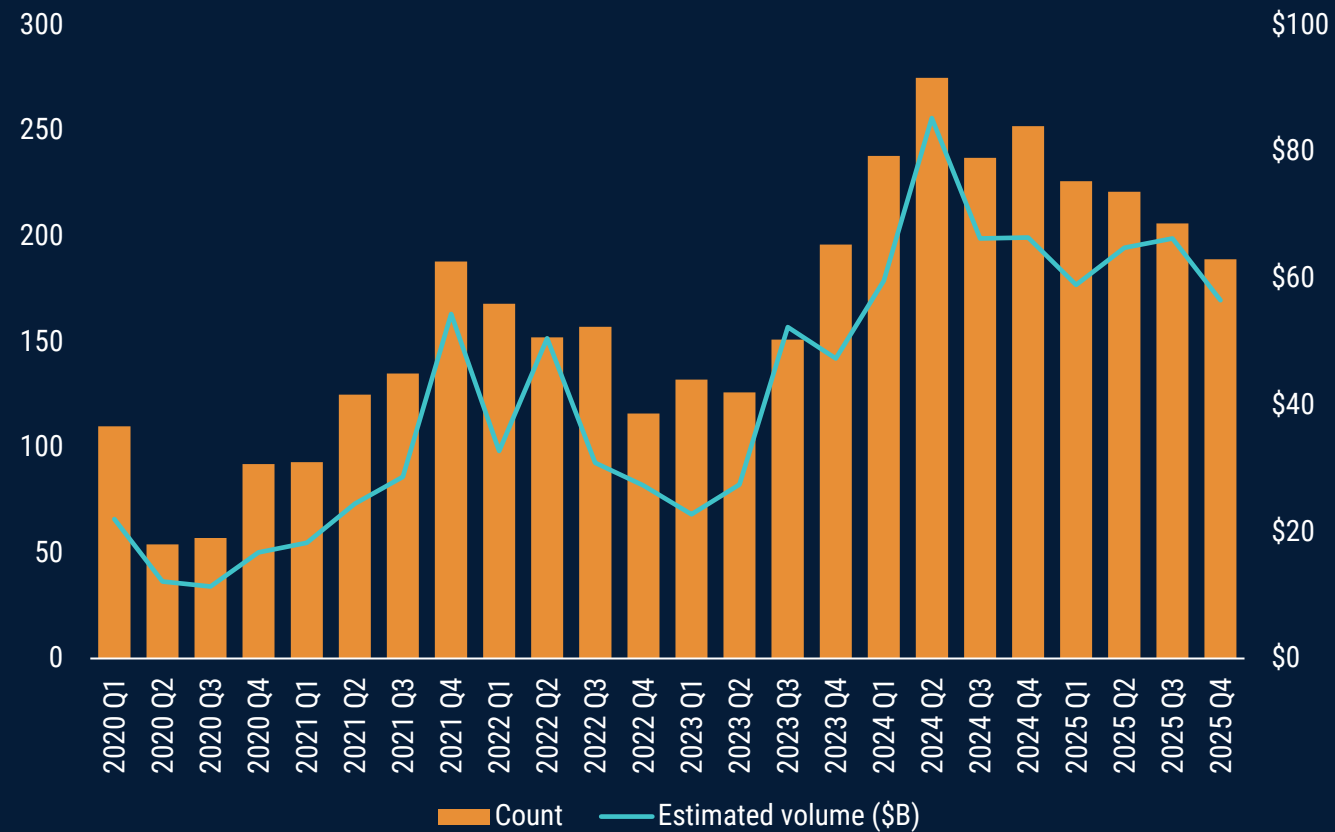


Source: PitchBook | LCD • Geography: US • As of December 31, 2025



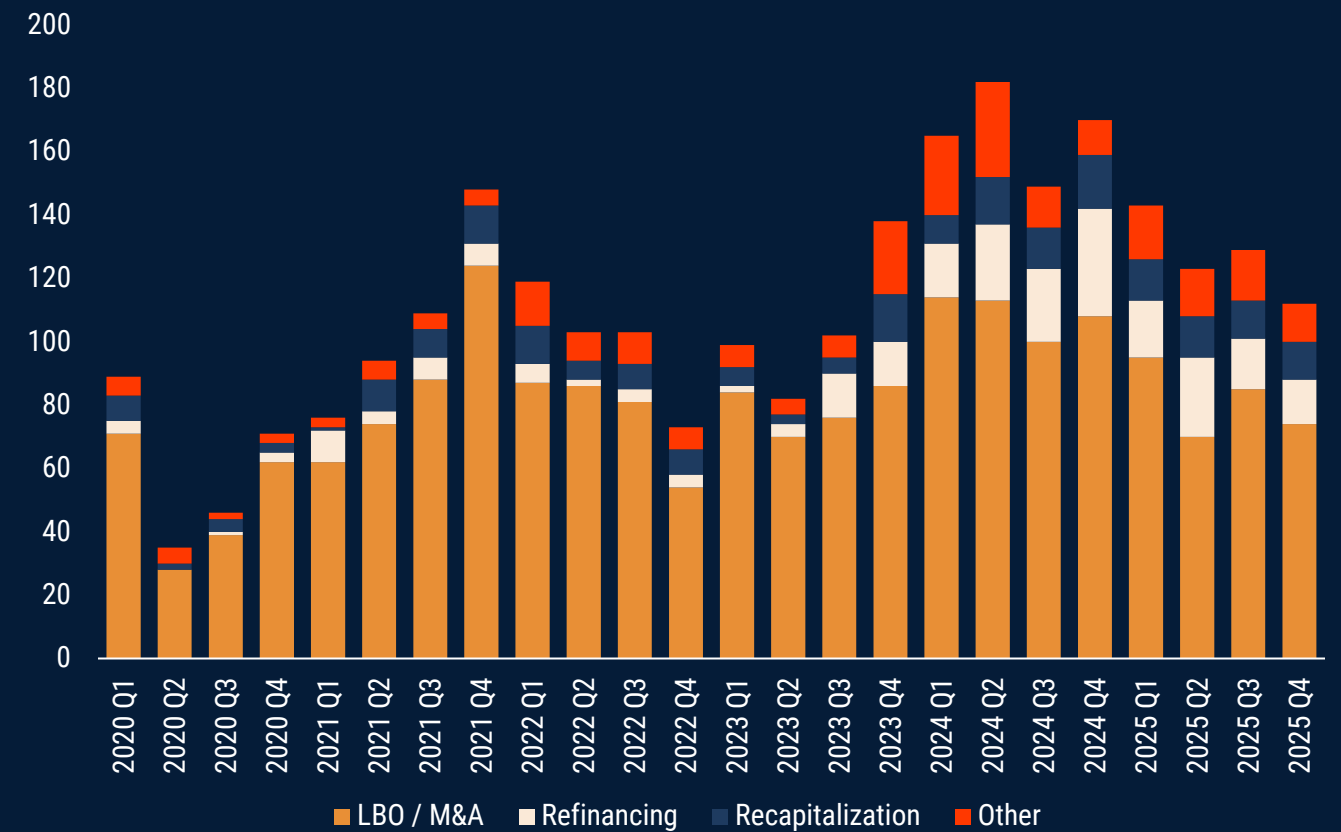
...that same downward trend is present in direct lending. Fewer LBO and M&A opportunities have constrained new issuance, and refinancings and recapitalizations have not grown to fill the gap.

Figure 91 ▶ Direct lending deal count and estimated volume



Source: PitchBook | LCD • Geography: US • As of December 31, 2025

Figure 92 ▶ Count of PE-backed direct lending deals by use of proceeds

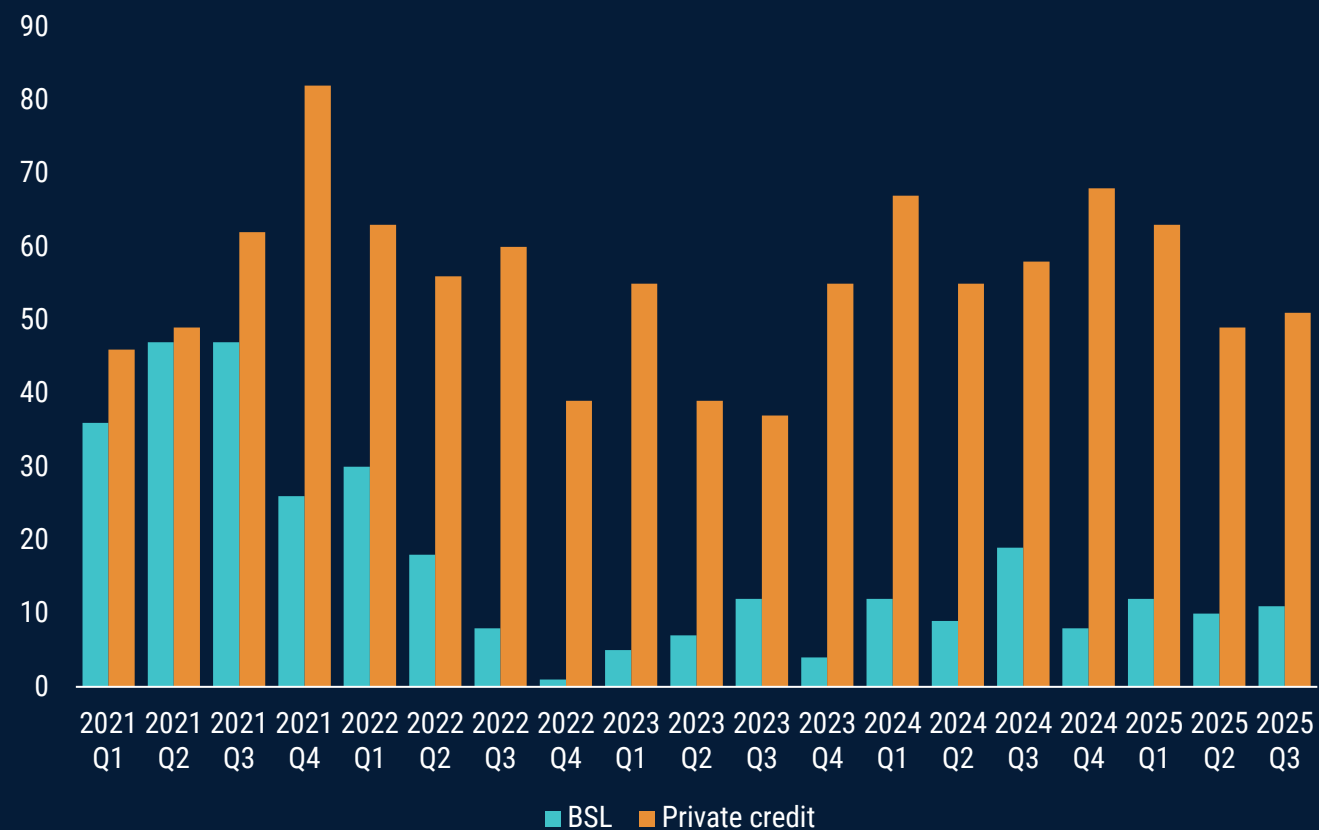


Source: PitchBook | LCD • Geography: US • As of December 31, 2025



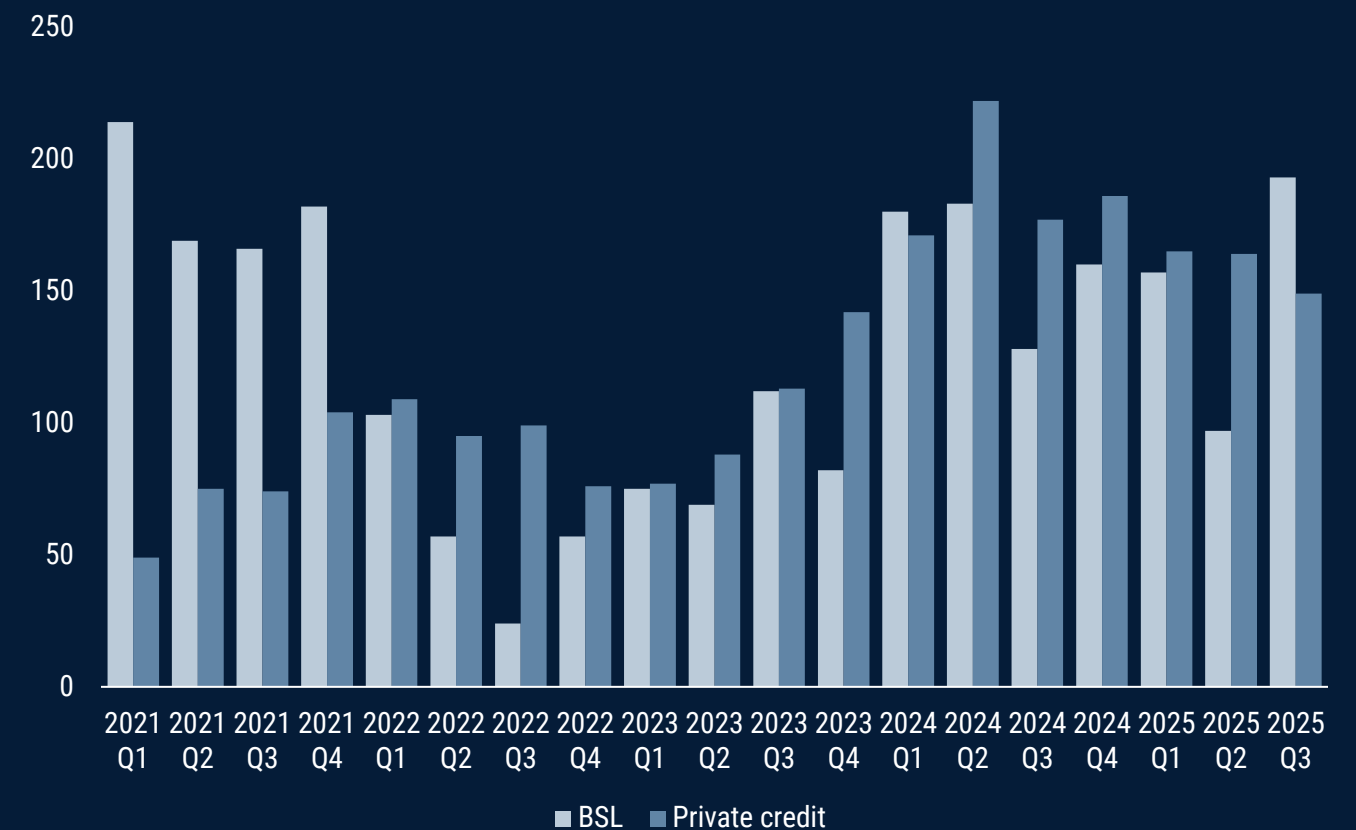
Non-LBO transactions tend to rely on a more balanced mix of funding sources. Direct lending has quickly grown to capture the majority of LBO financings, and borrowers...

Figure 93 ▶ Number of LBOs financed in BSL versus private credit



Source: PitchBook | LCD • Geography: US and Europe • As of September 30, 2025

Figure 94 ▶ Number of non-LBOs financed in BSL versus private credit

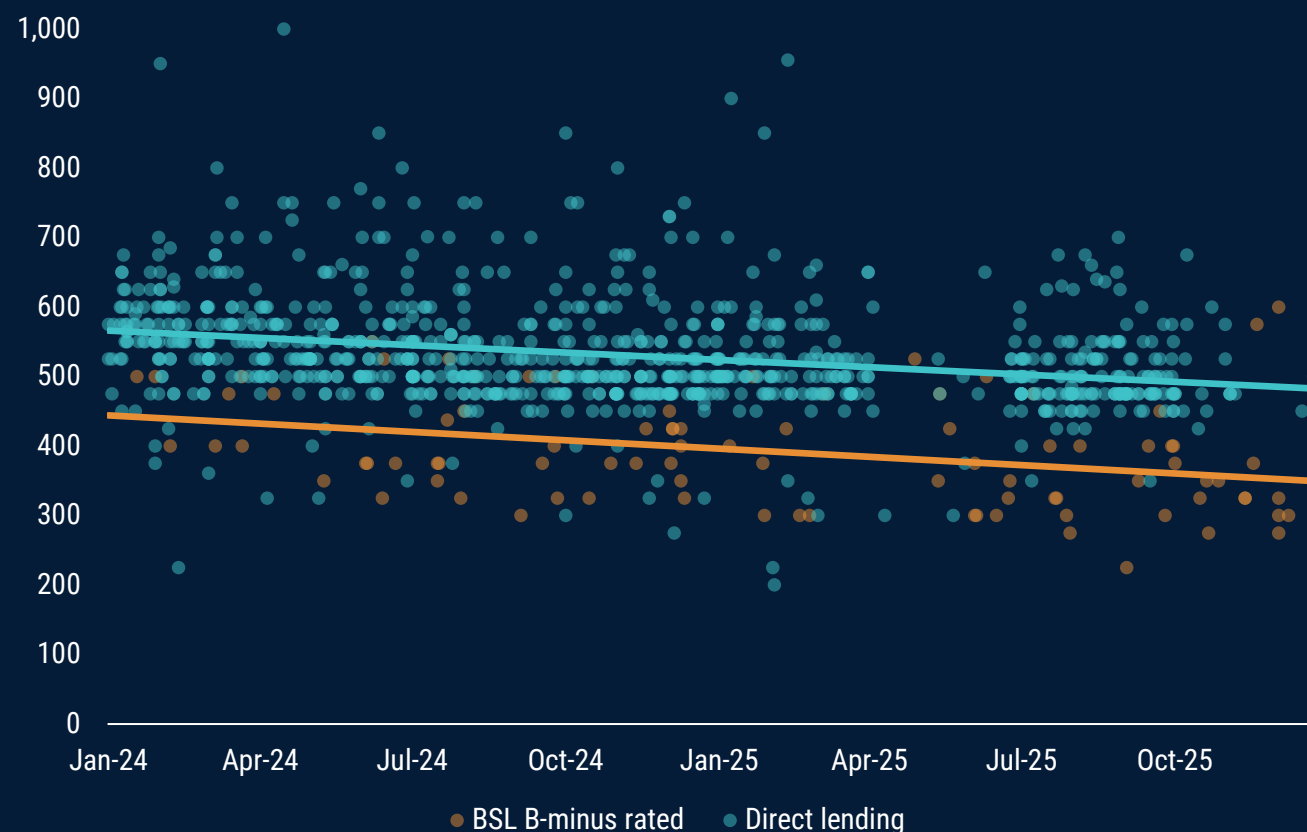


Sources: PitchBook | LCD • Geography: US and Europe • As of September 30, 2025



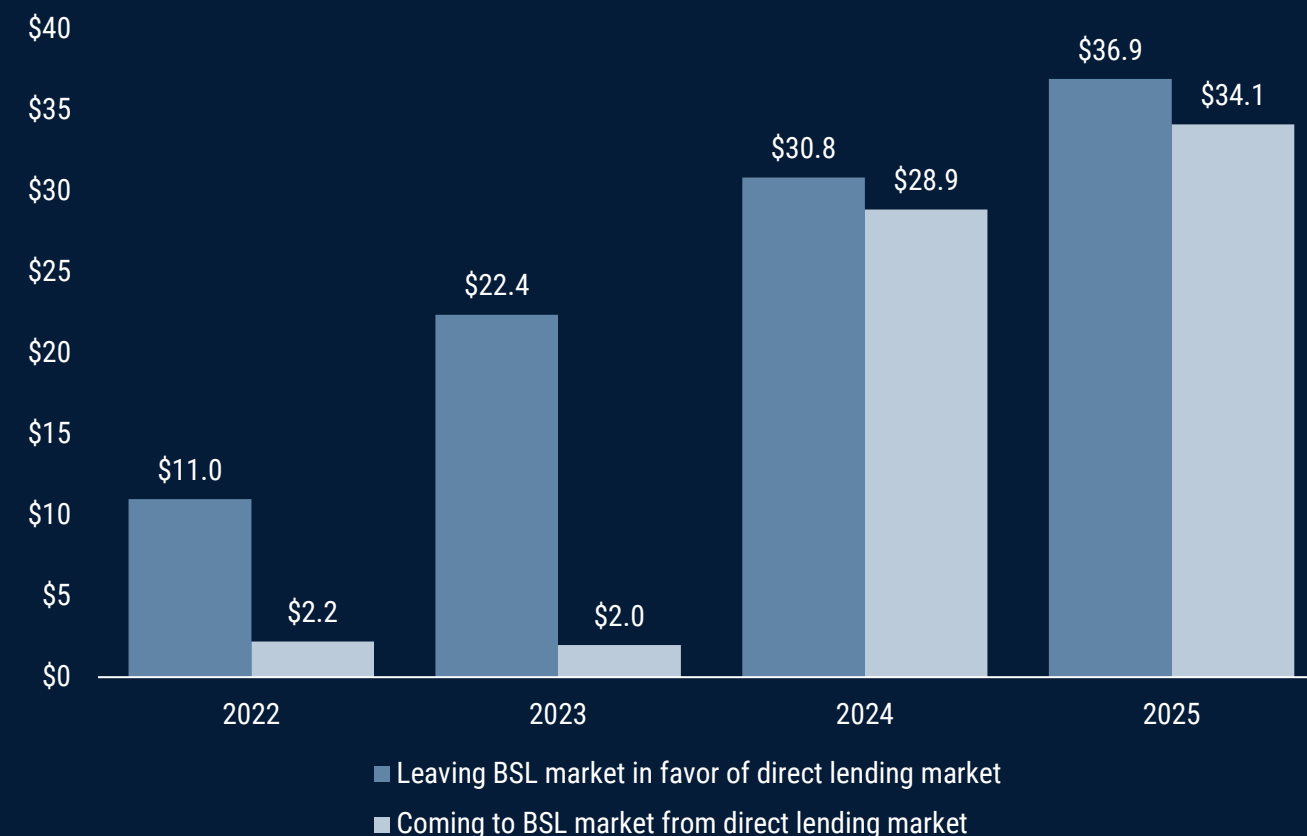
...are willing to pay a premium for direct lending services. Direct lending new-issue spreads maintain about a 200-basis-point premium to that of BSL B-minus rated new-issues. Direct lending continues to attract borrowers away from the BSL market, but takeouts have balanced out.

Figure 95 ▶ **New-issue spread of acquisition-related deals by PE-backed companies (basis points)**



Source: PitchBook | LCD • Geography: US • As of December 31, 2025

Figure 96 ▶ **Syndicated loans and direct lending takeouts (\$B)**

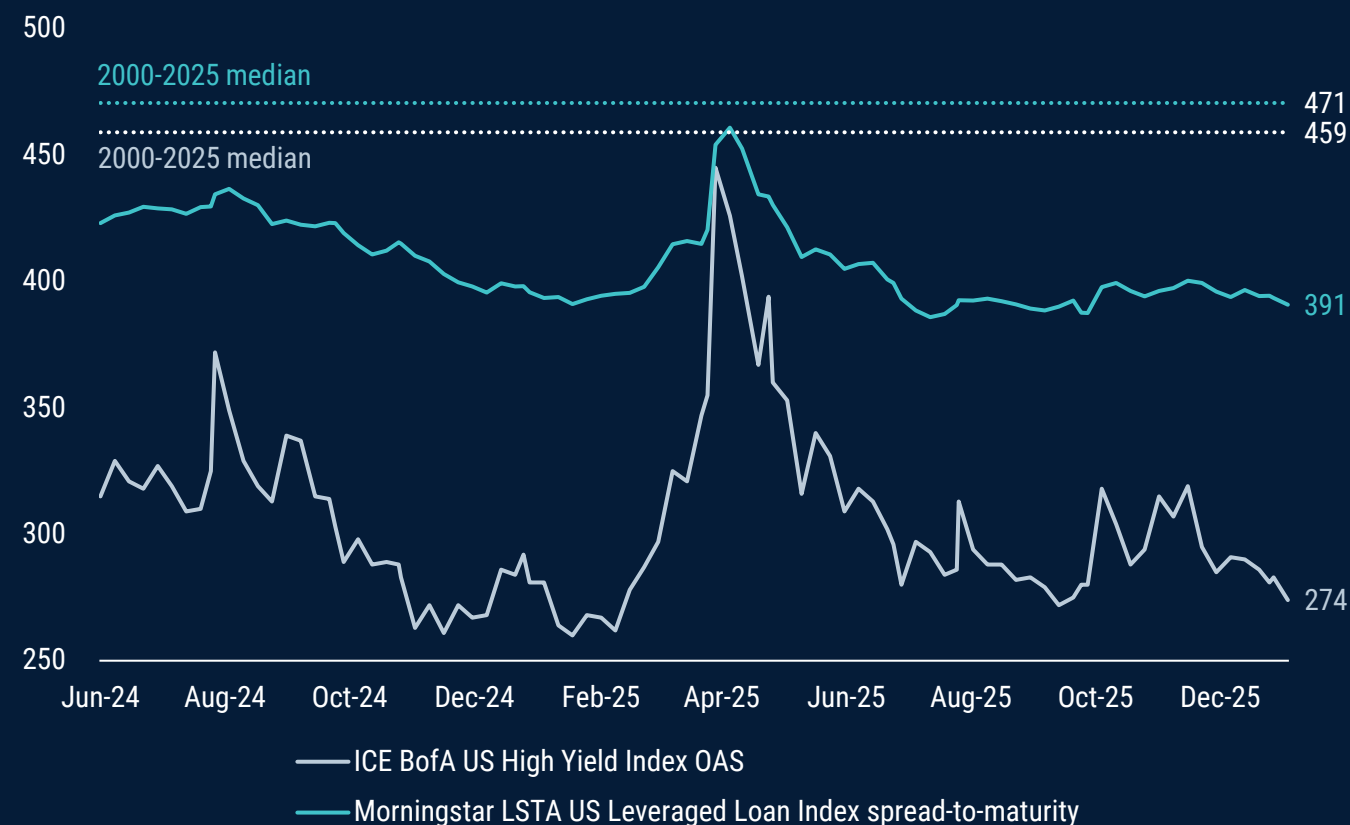


Sources: PitchBook | LCD • Geography: US • As of December 31, 2025



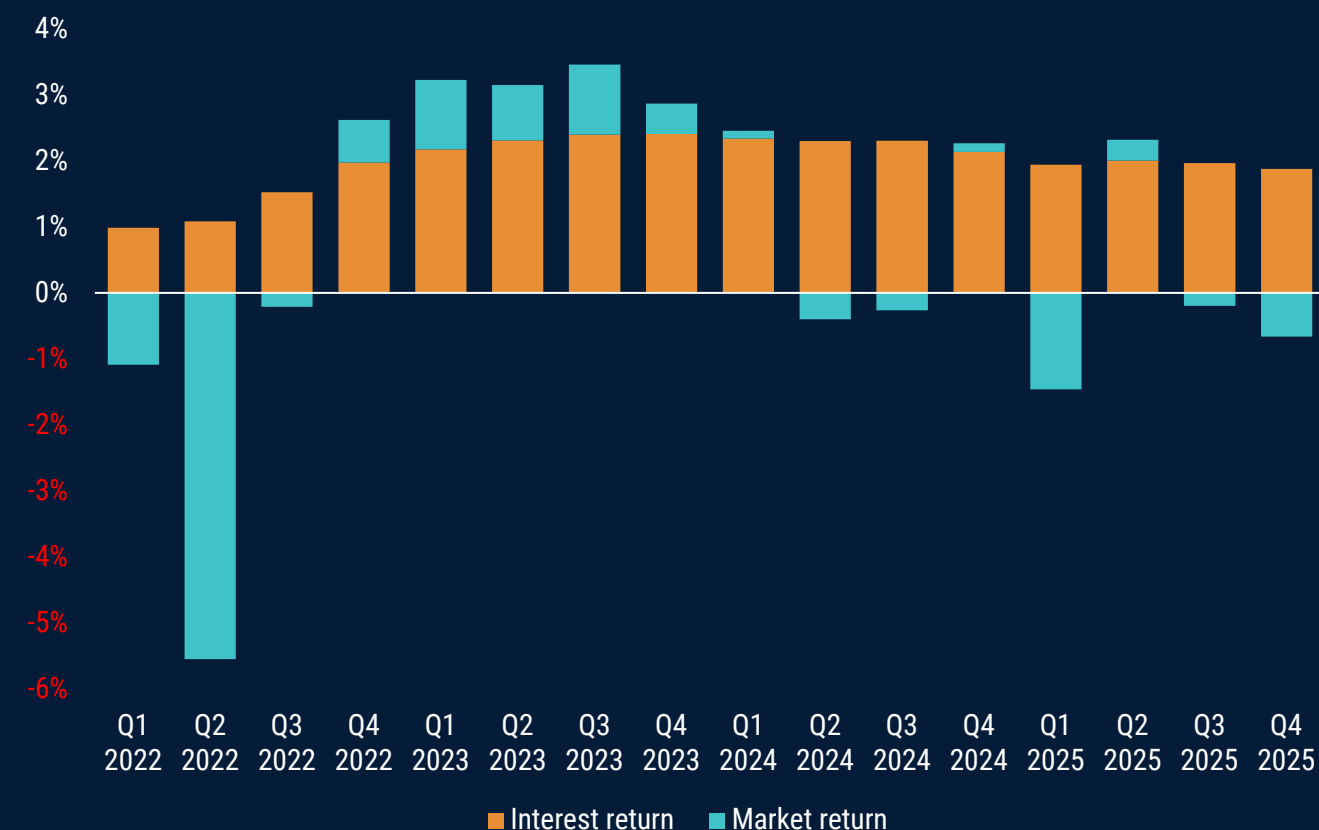
Spreads widened sharply in early 2025 following the new tariff regime but have since tightened toward cycle lows. With spreads largely range-bound over the past few quarters, the floating-rate coupon has been the primary driver of returns in the LSTA US Leveraged Loan Index.

Figure 97 ▶ Leveraged loan and high-yield bond credit spreads (basis points)



Sources: Morningstar, [ICE Indexes](#) • Geography: US • As of January 9, 2026

Figure 98 ▶ Morningstar LSTA US Leveraged Loan Index returns by source

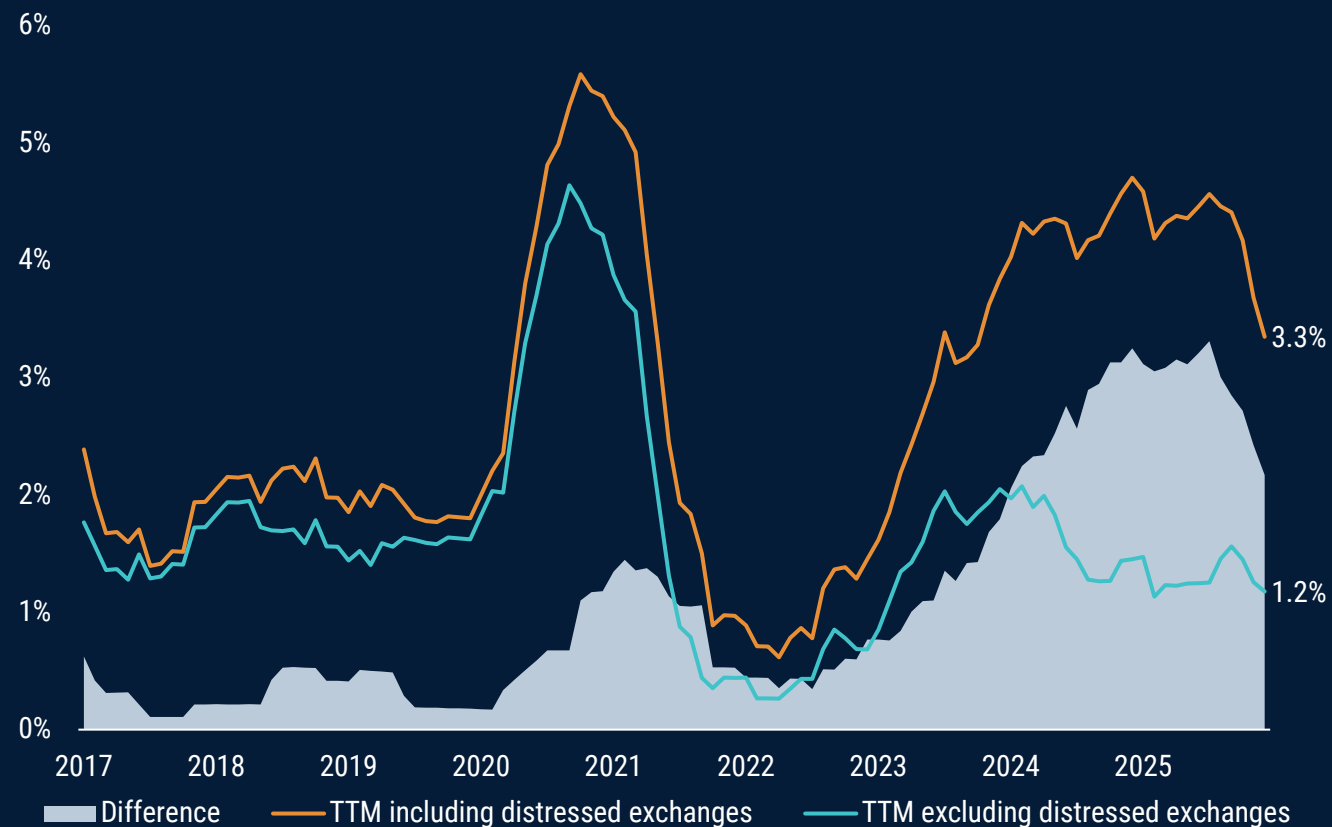


Source: Morningstar • Geography: US • As of December 31, 2025



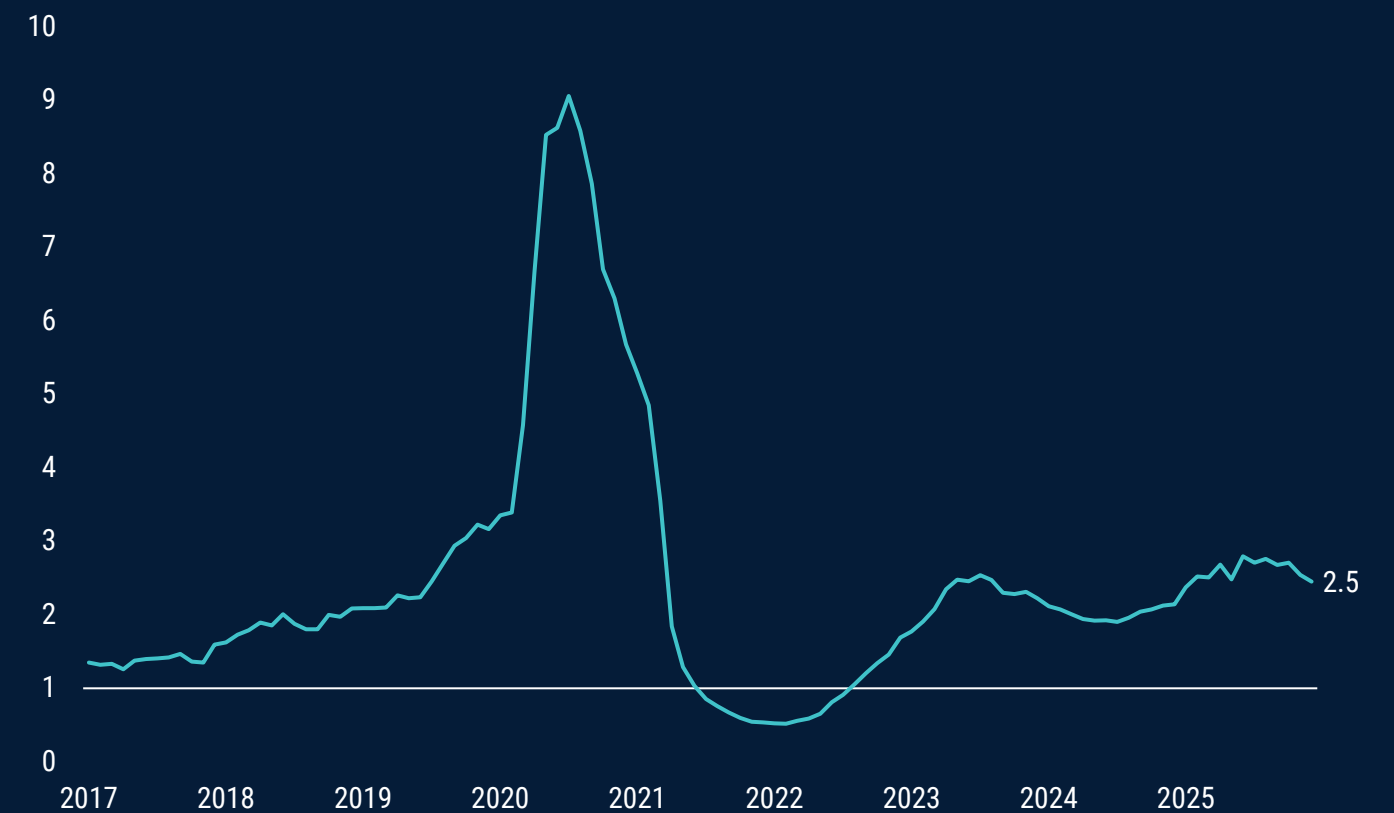
Default rates have been trending lower, and distressed exchanges are beginning to roll over. However, a meaningful gap remains between the two as borrowers and lenders try to avoid traditional defaults.

Figure 99 ▶ Dual-track loan default rate for issuer count



Sources: PitchBook | LCD, Morningstar • Geography: US • As of December 31, 2025

Figure 100 ▶ Rolling 12-month leveraged loans ratio of downgrades to upgrades



Sources: PitchBook | LCD, Morningstar • Geography: US • As of December 31, 2025



The loan market is experiencing another repricing wave as lenders show a willingness to adjust terms and lower coupons to remain invested in the tight spread environment.

Figure 101 ▶ Loans priced at par and above by issuer rating



Source: PitchBook | LCD • Geography: US • As of December 31, 2025



Private debt fund distributions in recent vintages have outpaced historical averages early in their deployment periods. Overall, distributions relative to prevailing NAV have held up for private debt better than they have for other private fund strategies in relation to their long-run averages.

Figure 102 ► Pooled private debt fund DPI by age and vintage year

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
2006-2014	0.03x	0.09x	0.16x	0.32x	0.49x	0.72x	0.89x	1.01x	1.10x
2015	0.10x	0.14x	0.27x	0.32x	0.47x	0.58x	0.69x	0.81x	0.88x
2016	0.06x	0.15x	0.36x	0.44x	0.55x	0.66x	0.77x	0.85x	0.90x
2017	0.08x	0.15x	0.22x	0.29x	0.46x	0.60x	0.70x	0.82x	
2018	0.07x	0.14x	0.24x	0.35x	0.47x	0.57x	0.72x		
2019	0.09x	0.22x	0.28x	0.34x	0.49x	0.58x			
2020	0.09x	0.14x	0.25x	0.31x	0.41x				
2021	0.14x	0.17x	0.23x	0.32x					
2022	0.18x	0.21x	0.26x						

Source: PitchBook • Geography: US • As of June 30, 2025
Note: 2006-2014 values are averaged across each time bucket. Shading represents difference from mean 2006-2014 values.

Figure 103 ► TTM private debt fund distributions as a share of beginning NAV

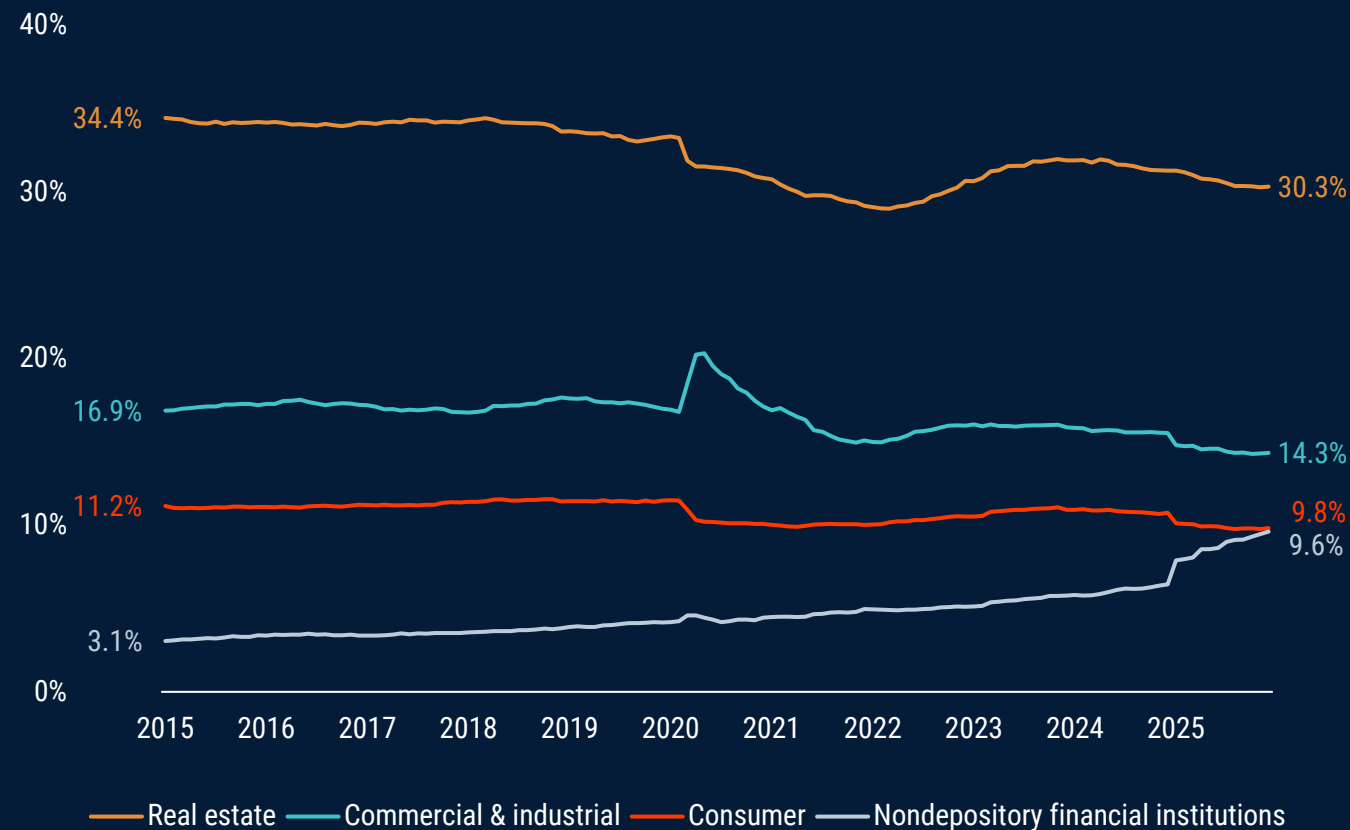


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



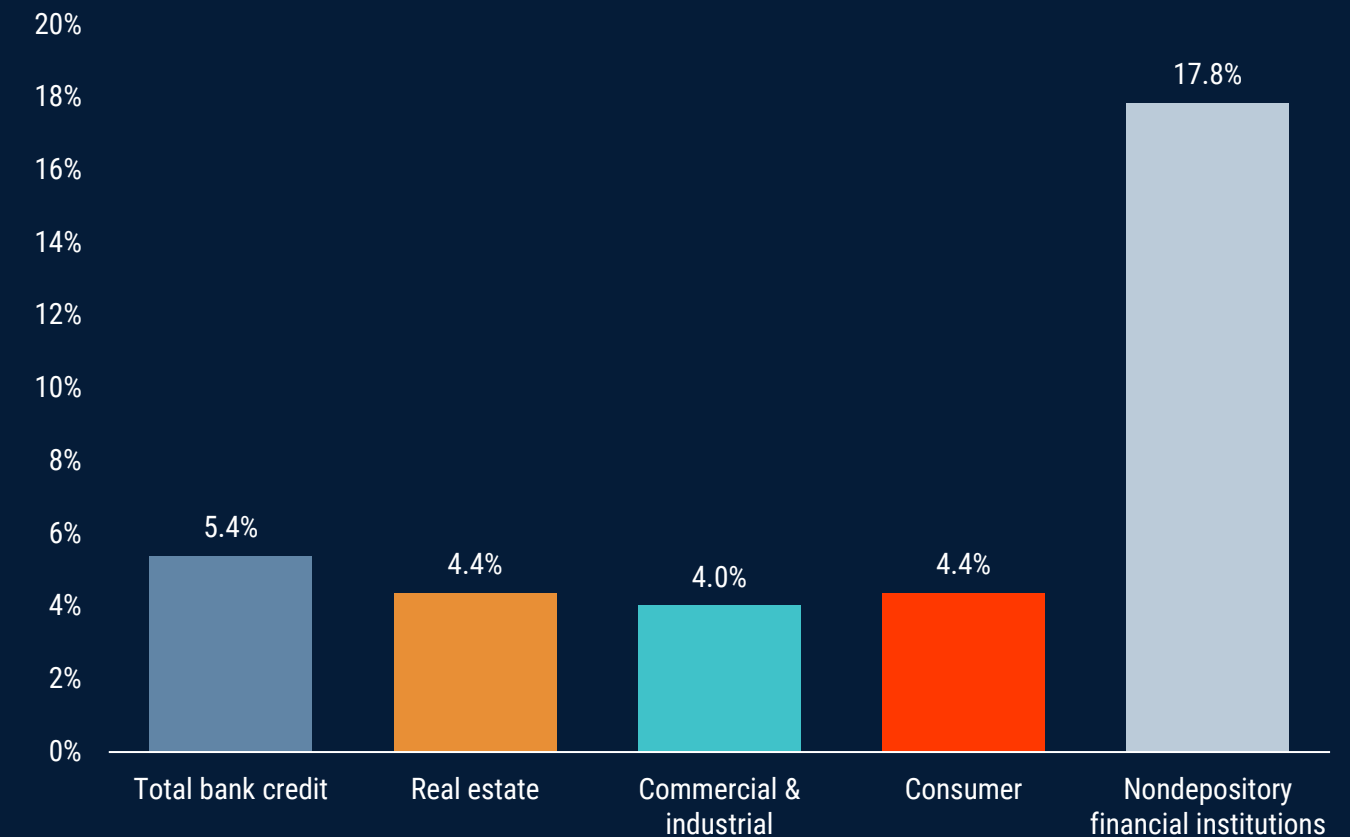
Bankruptcies across a handful of nonbank lenders have brought a renewed spotlight on expanding bank exposure to nondepository financial institutions. Those loans are on pace to surpass commercial banks' consumer lending practice.

Figure 104 ▶ Share of commercial bank assets by loan type



Source: [Federal Reserve](#) • Geography: US • As of December 31, 2025

Figure 105 ▶ Annualized 10-year growth in loan assets at commercial banks

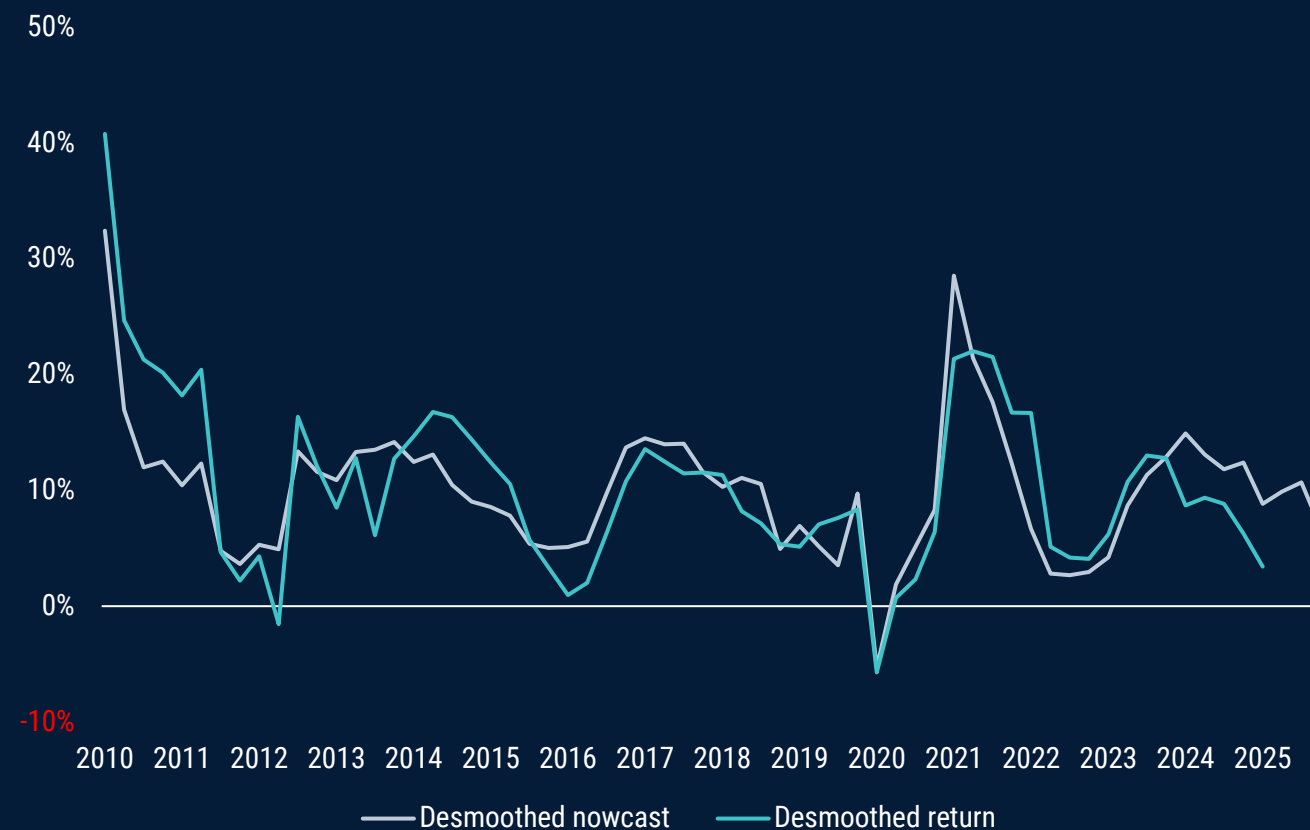


Source: [Federal Reserve](#) • Geography: US • As of December 31, 2025



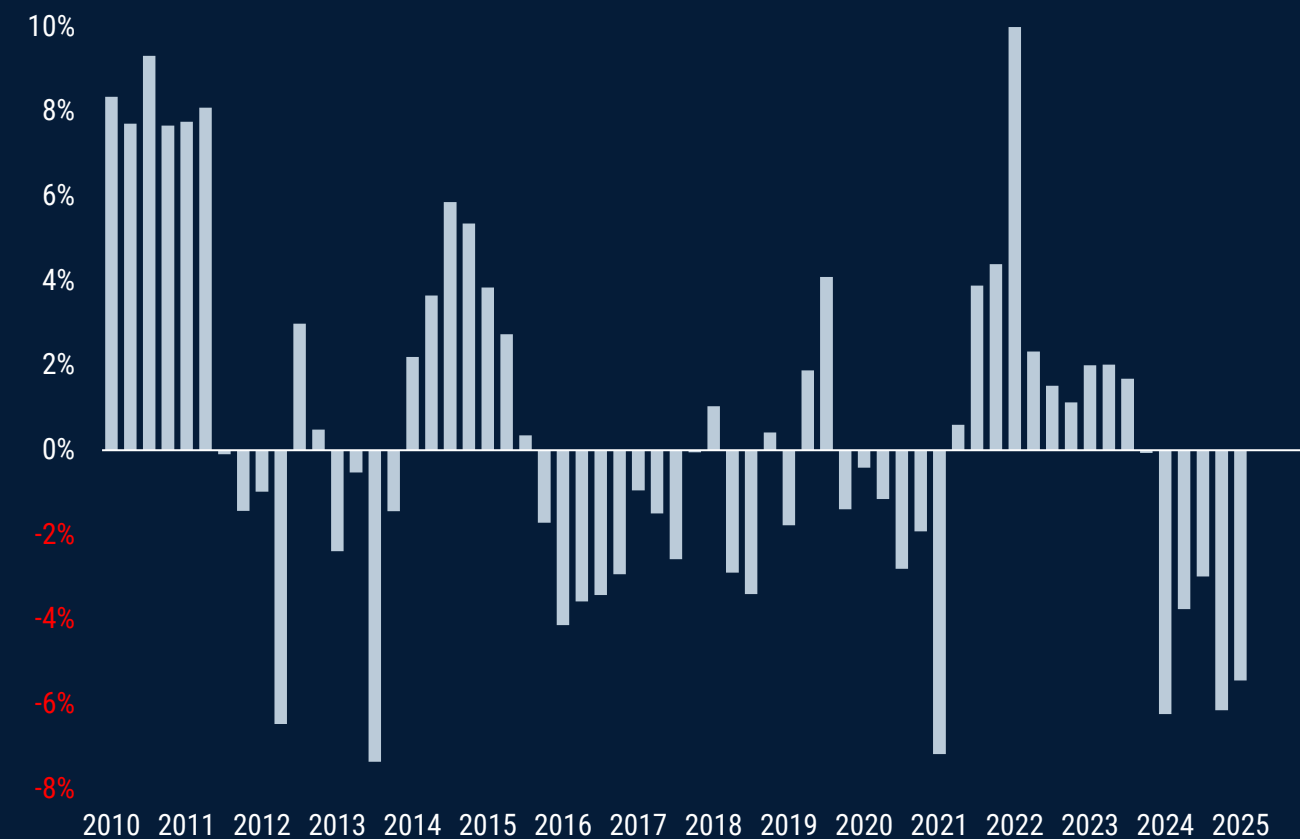
Reported private debt returns are tracking below the Private Debt Barometer. Desmoothed estimates indicate reported returns could strengthen in the second half of 2025.

Figure 106 ▶ Rolling one-year desmoothed private debt fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025

Figure 107 ▶ Difference between one-year desmoothed private debt fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025

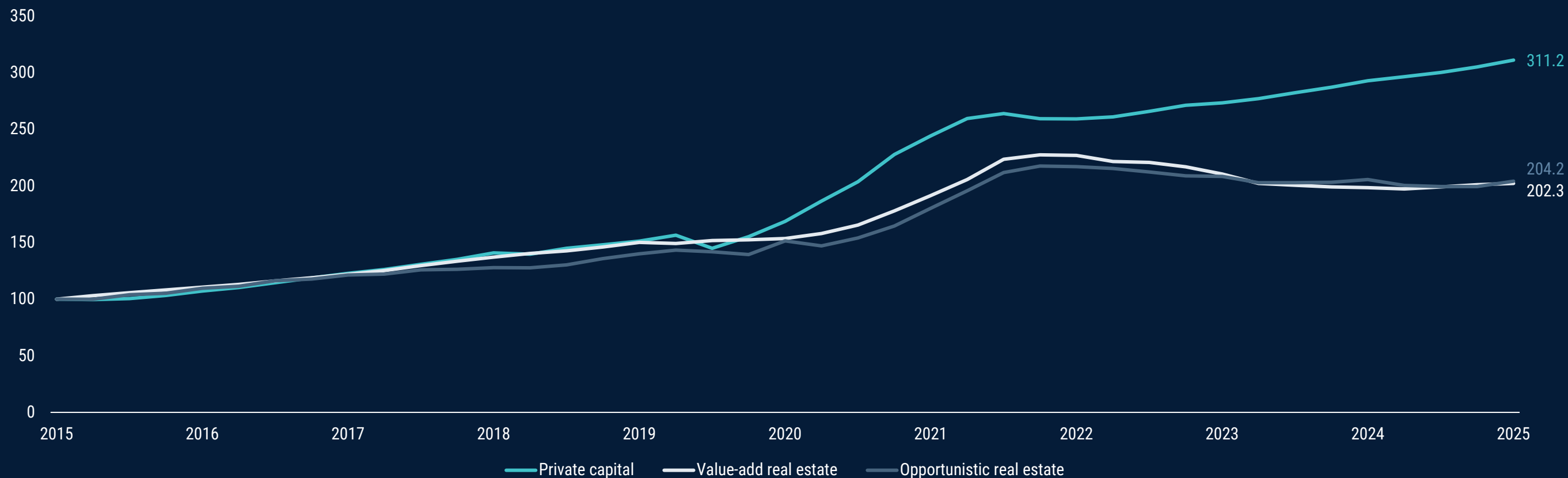


Real estate



The broader real estate market is dealing with depressed valuations, which have weighed on returns. Real estate has underperformed all private capital without much difference in value-add and opportunistic strategies.

Figure 108 ▶ 10-year return of PitchBook Real Estate Indexes versus PitchBook Private Capital Index composite

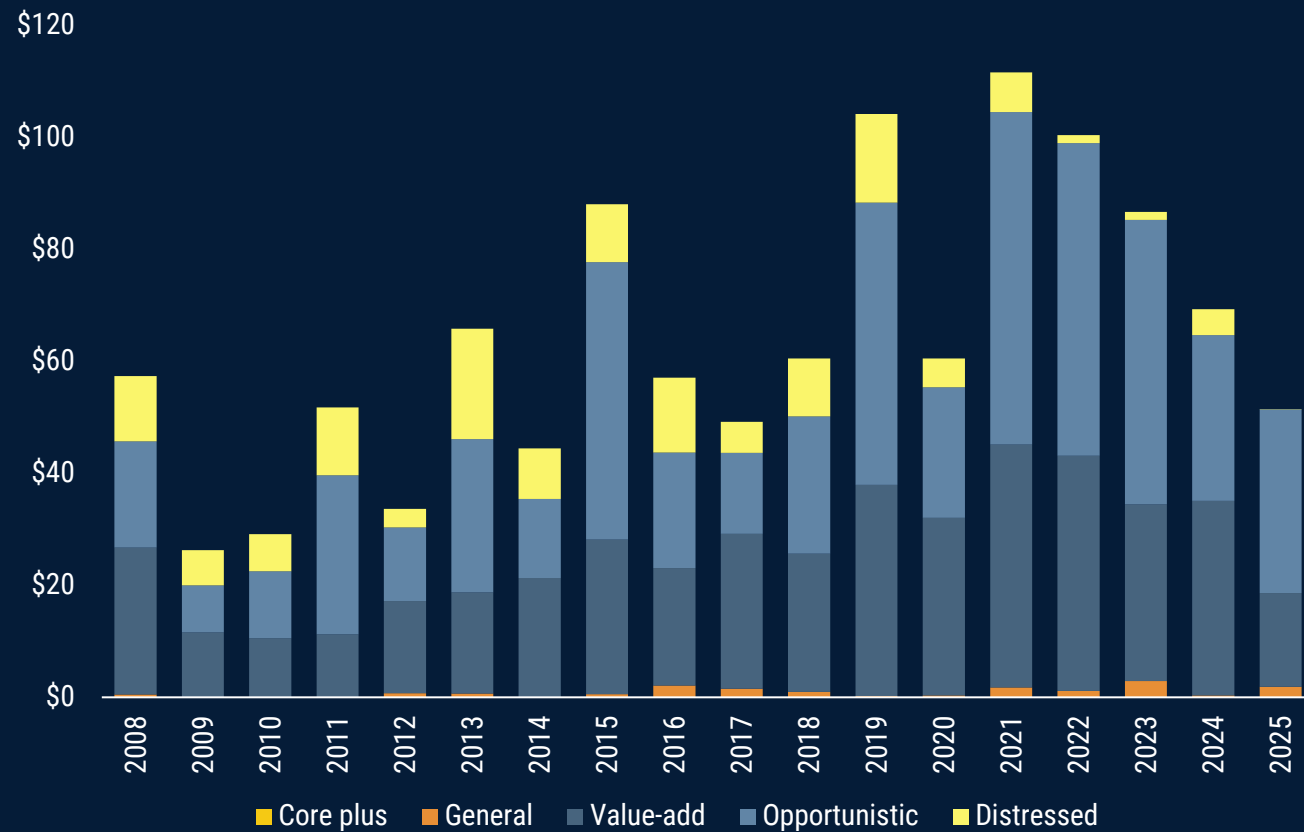


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



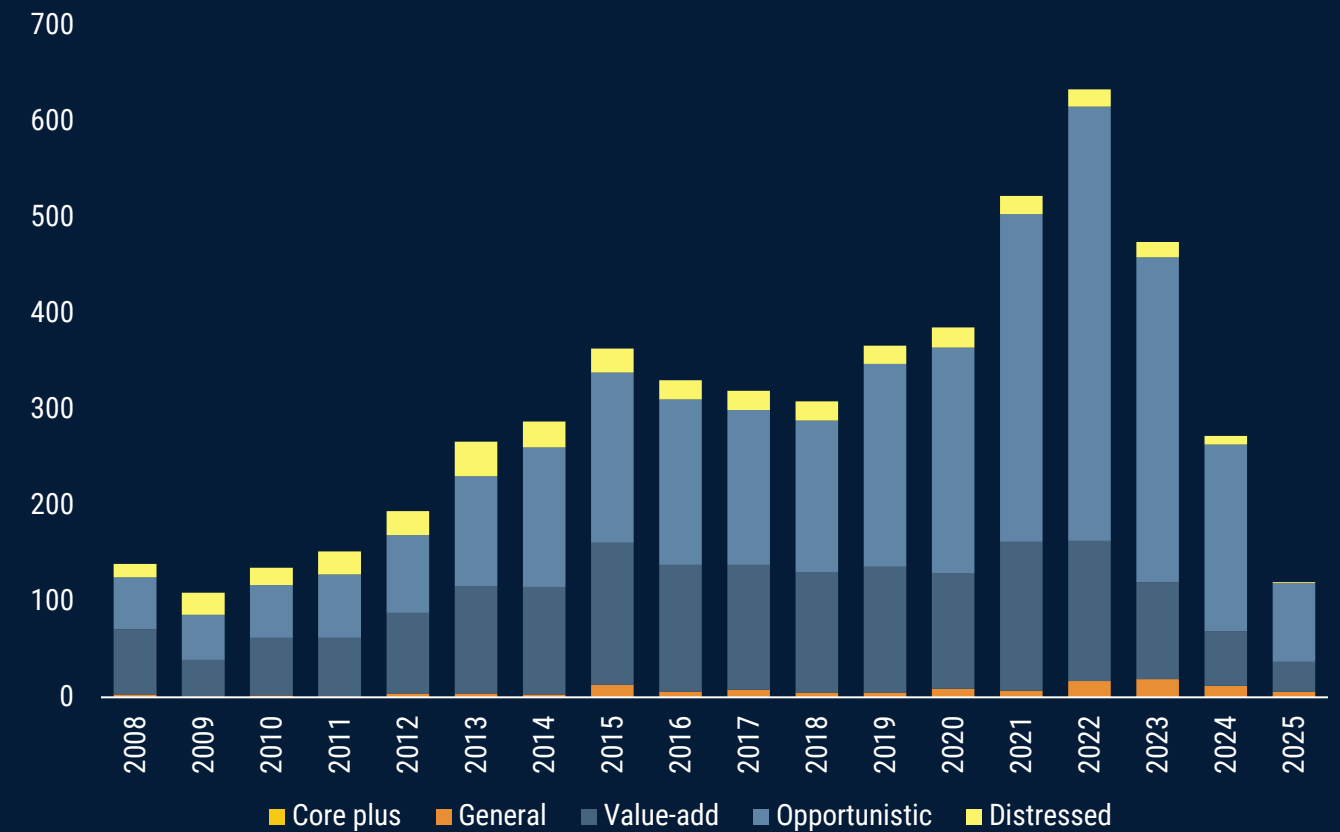
Given performance headwinds across property sectors, fundraising for private real estate landed sub-\$100 billion in for the third straight year, with four years straight of declining fund closings.

Figure 109 ▶ Real estate capital raised (\$B) by select strategies



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

Figure 110 ▶ Closed real estate fund count by select strategies

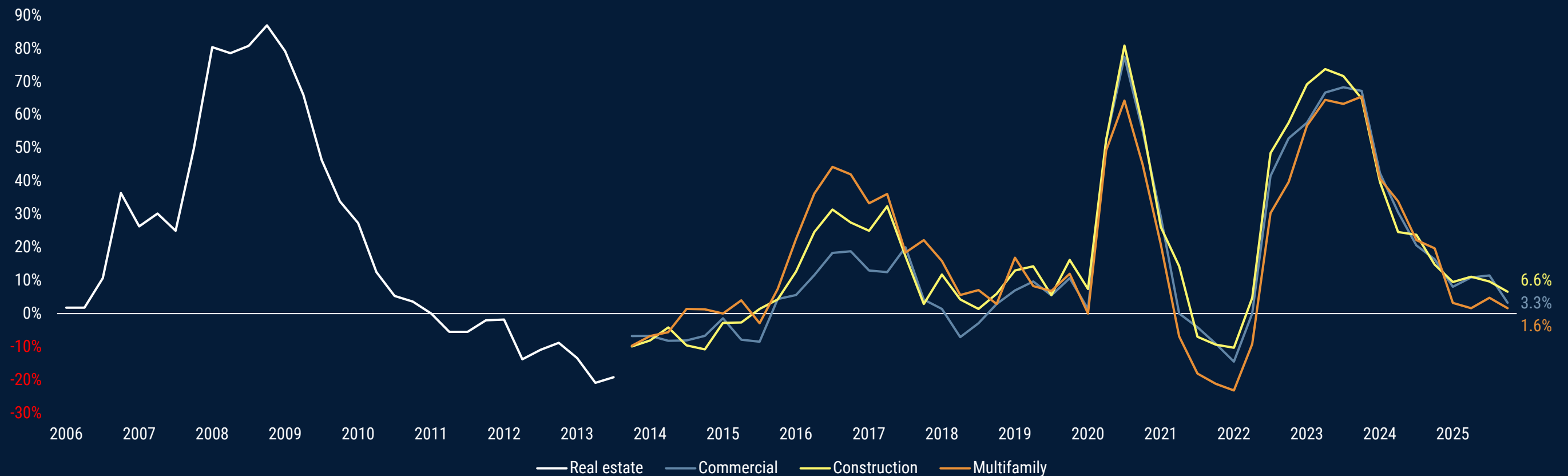


Source: PitchBook • Geography: US • As of December 31, 2025



Real estate lending standards largely stabilized in the second half of 2025, with surveys reporting tighter standards across commercial, construction, and multifamily loans remaining in low-single digits and generally easing from prior peaks.

Figure 111 ▶ Net share of banks tightening standards on real estate loans by category



Source: [Senior Loan Officer Survey](#) • Geography: US • As of December 31, 2025
Note: The survey series was split starting in 2014.



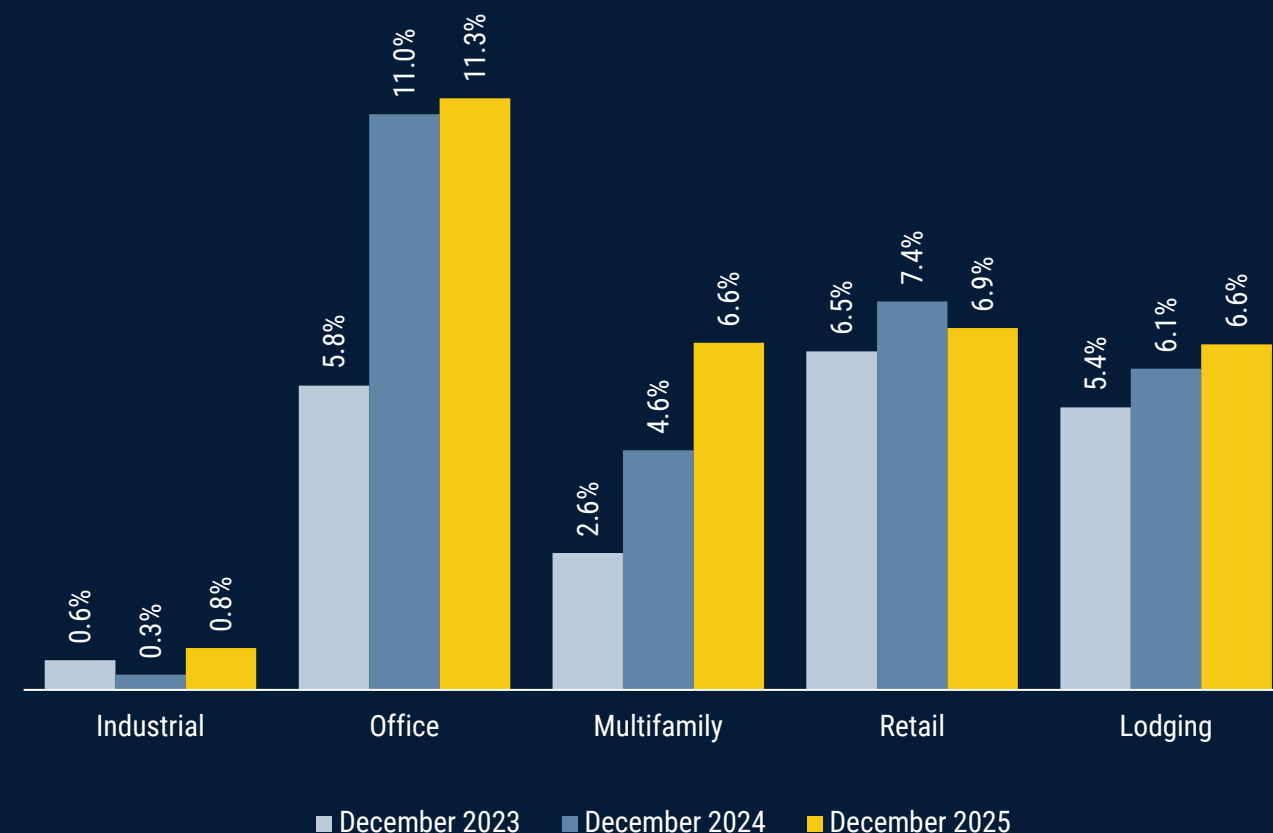
Commercial mortgage-backed securities (CMBS) delinquencies continue to increase modestly, largely fueled by the office sector, which has maintained double-digit rates since 2024. Concerningly, multifamily is also showing a rise.

Figure 112 ▶ CMBS delinquency rates



Source: [Trepp](#) • Geography: US • As of December 31, 2025

Figure 113 ▶ CMBS delinquency rates by property type

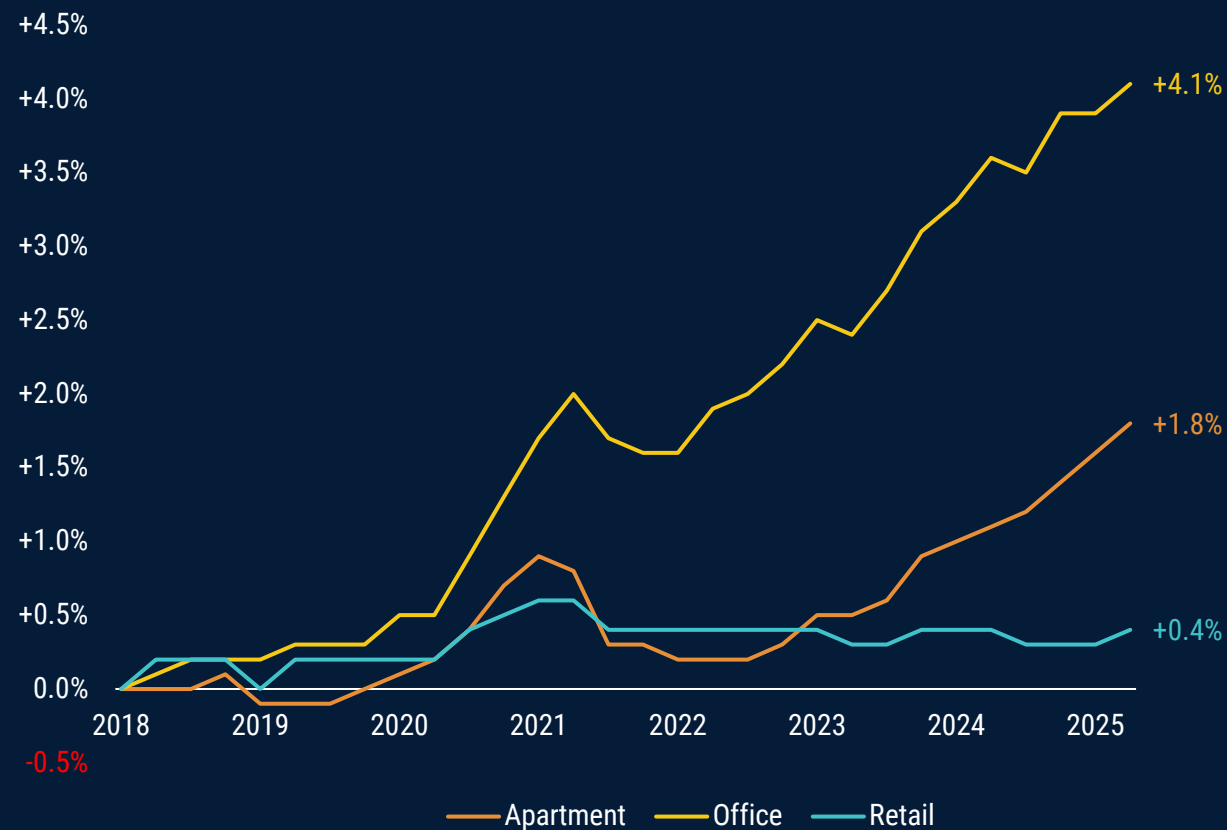


Source: [Trepp](#) • Geography: US • As of December 31, 2025



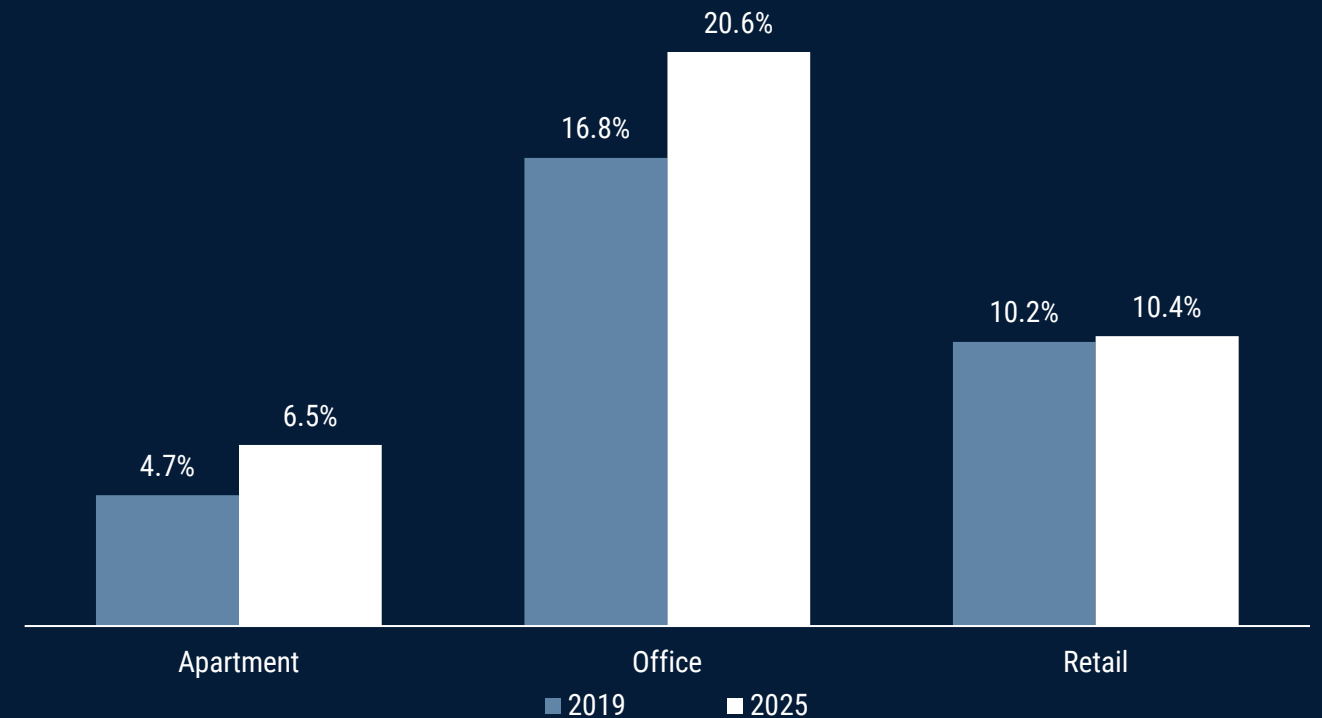
Vacancy rates have ticked up in office and apartments over the past year. The average office vacancy rate has eclipsed 20%, reflecting structural changes that began in 2020. Return-to-office announcements have yet to reverse drops in occupancy.

Figure 114 ▶ Change in average vacancy rate by property sector since 2018



Source: [Moody's](#) • Geography: US • As of June 30, 2025

Figure 115 ▶ Average vacancy rates by property sector



Source: [Moody's](#) • Geography: US • As of June 30, 2025



Real estate headwinds have translated to anemic distributions for closed-end fund LPs. Vintages investing in the low-interest-rate world have fallen significantly behind the historical average pace of DPI. That has translated to a near all-time low in distributions relative to NAV.

Figure 116 ► Pooled real estate fund DPI by age and vintage year

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
2006-2014	0.07x	0.11x	0.20x	0.38x	0.53x	0.71x	0.87x	1.01x	1.12x
2015	0.03x	0.09x	0.25x	0.34x	0.47x	0.57x	0.74x	0.90x	0.99x
2016	0.12x	0.12x	0.16x	0.26x	0.43x	0.67x	0.78x	0.79x	0.82x
2017	0.02x	0.08x	0.13x	0.23x	0.53x	0.75x	0.84x	0.89x	
2018	0.05x	0.10x	0.15x	0.25x	0.36x	0.40x	0.48x		
2019	0.05x	0.16x	0.15x	0.25x	0.35x	0.35x			
2020	0.04x	0.09x	0.14x	0.15x	0.18x				
2021	0.03x	0.07x	0.07x	0.09x					
2022	0.21x	0.14x	0.12x						

Source: PitchBook • Geography: US • As of June 30, 2025
Note: 2006-2014 values are averaged across each time bucket. Shading represents difference from mean 2006-2014 values.

Figure 117 ► TTM real estate fund distributions as a share of beginning NAV



Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



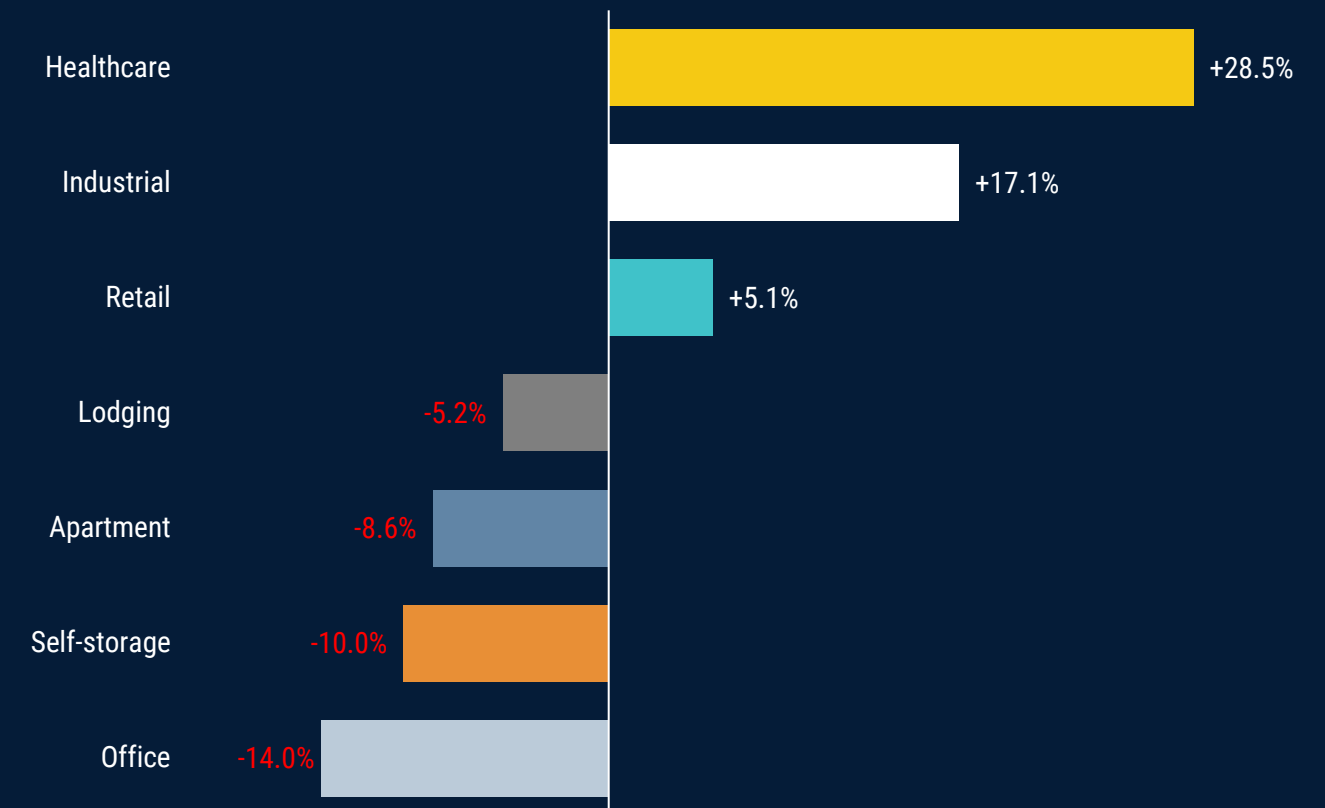
Industrial real estate recovered from early 2025 weakness and delivered a strong trailing one-year return. Over the same period, office real estate posted weak returns, indicating limited improvement in investor sentiment despite return-to-office announcements.

Figure 118 ► REIT Index returns by sector (rebased to 100 at end of 2015)



Source: [Nareit](#) • Geography: US • As of December 31, 2025

Figure 119 ► 2025 REIT Index returns by sector

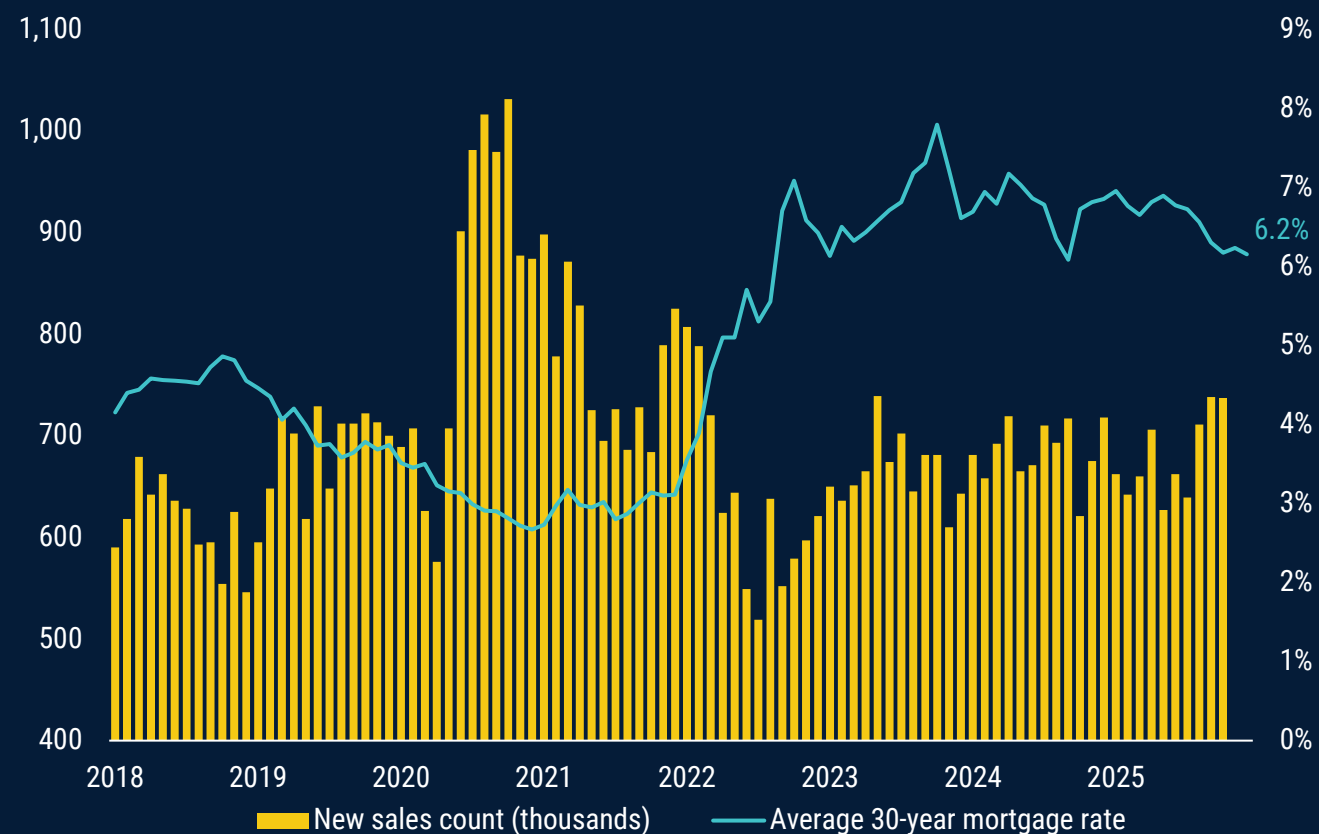


Source: [Nareit](#) • Geography: US • As of December 31, 2025



Mortgage rates have eased from year-ago levels, alongside higher new-home sales compared with a year earlier, while builder sentiment has improved from recent lows but remains below neutral.

Figure 120 ▶ **New single-family home sales and average 30-year fixed mortgage rate**



Source: [FRED](#) • Geography: US • As of December 31, 2025

Figure 121 ▶ **NAHB/Wells Fargo Housing Market Index**

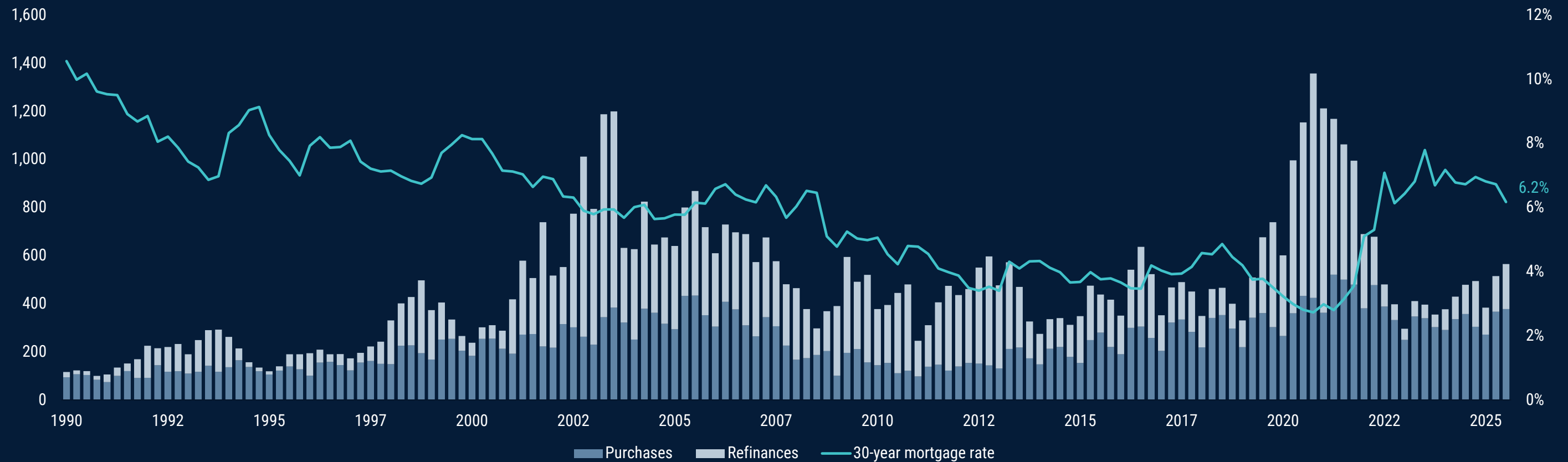


Source: [NAHB/Wells Fargo](#) • Geography: US • As of December 31, 2025



Mortgage refinance activity has seen a slight pickup, while purchases remain flat, in-line with seasonal trends. It will likely take sustained declines in rates to drive substantial growth in mortgage activity.

Figure 122 ▶ Quarterly mortgage origination estimates and average 30-year mortgage rate

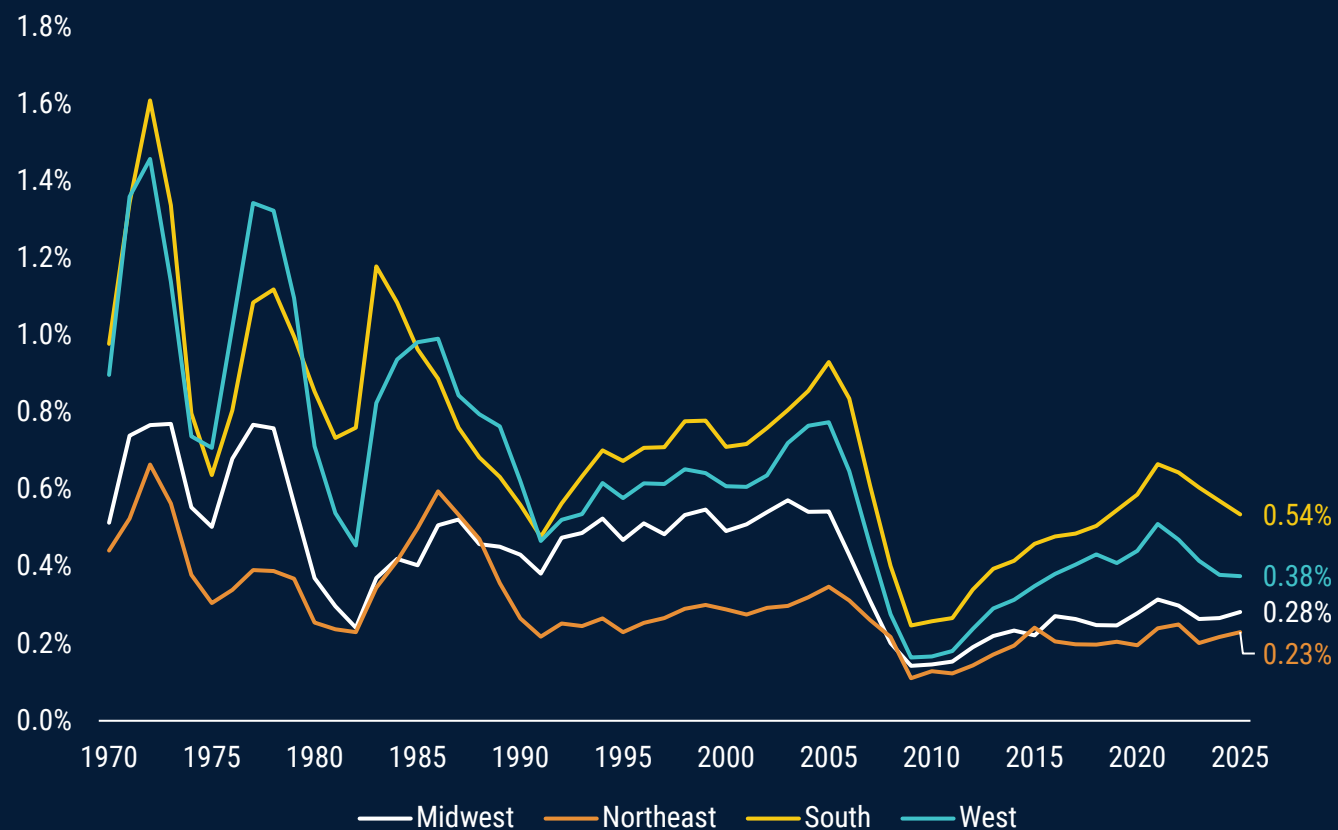


Sources: [Mortgage Bankers Association](#), [FRED](#) • Geography: US • As of September 30, 2025



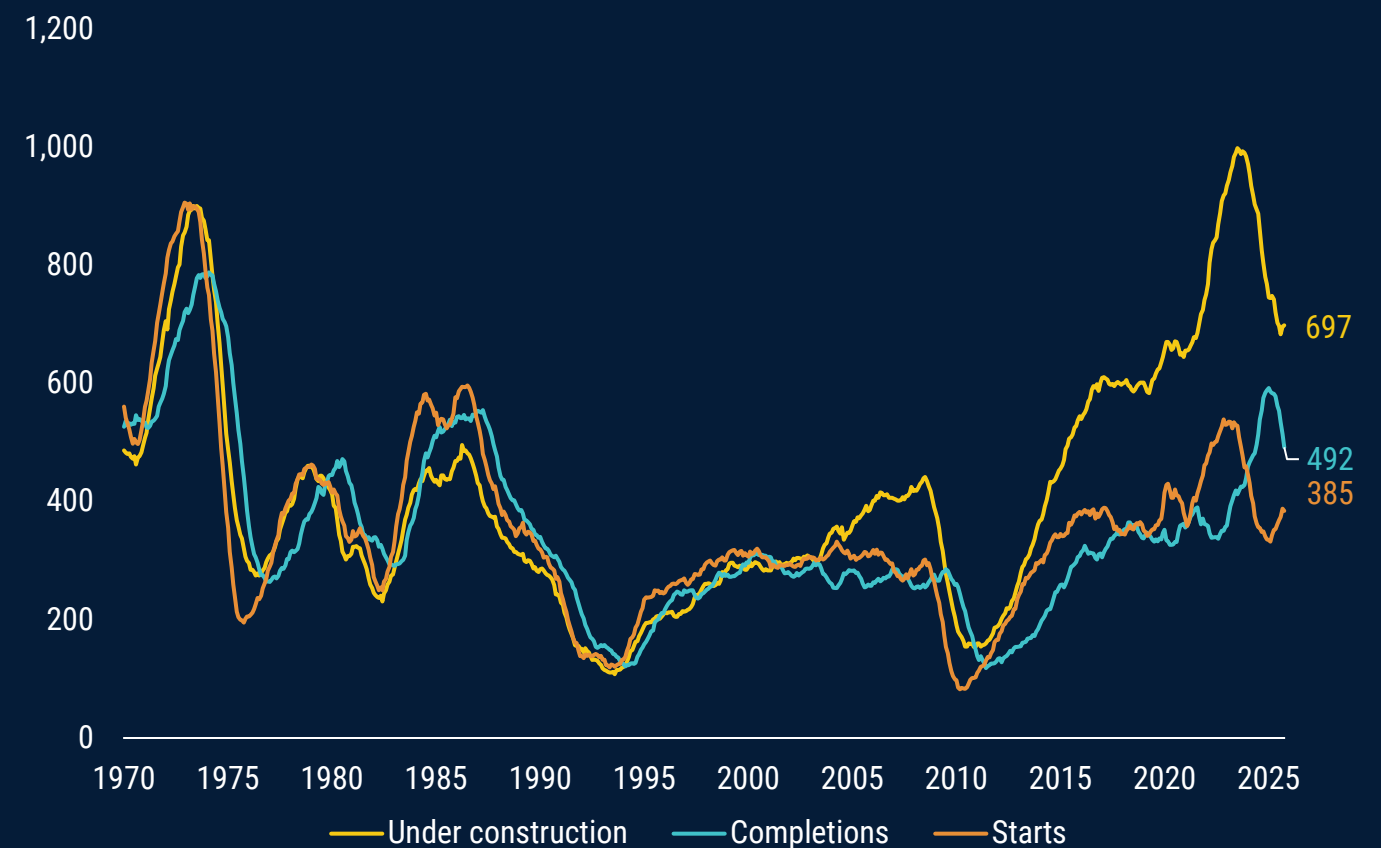
Multifamily housing starts in the South continue to show weakness as other regions stabilize or show modest growth. The overall total of units under construction is continuing its descent as an uptick occurs in starts. Supply growth will likely remain subdued while rates are elevated.

Figure 123 ► Housing starts as a share of population by region



Source: [FRED](#) • Geography: US • As of December 31, 2025

Figure 124 ► Annualized multifamily housing starts and completions (five-plus units, thousands)

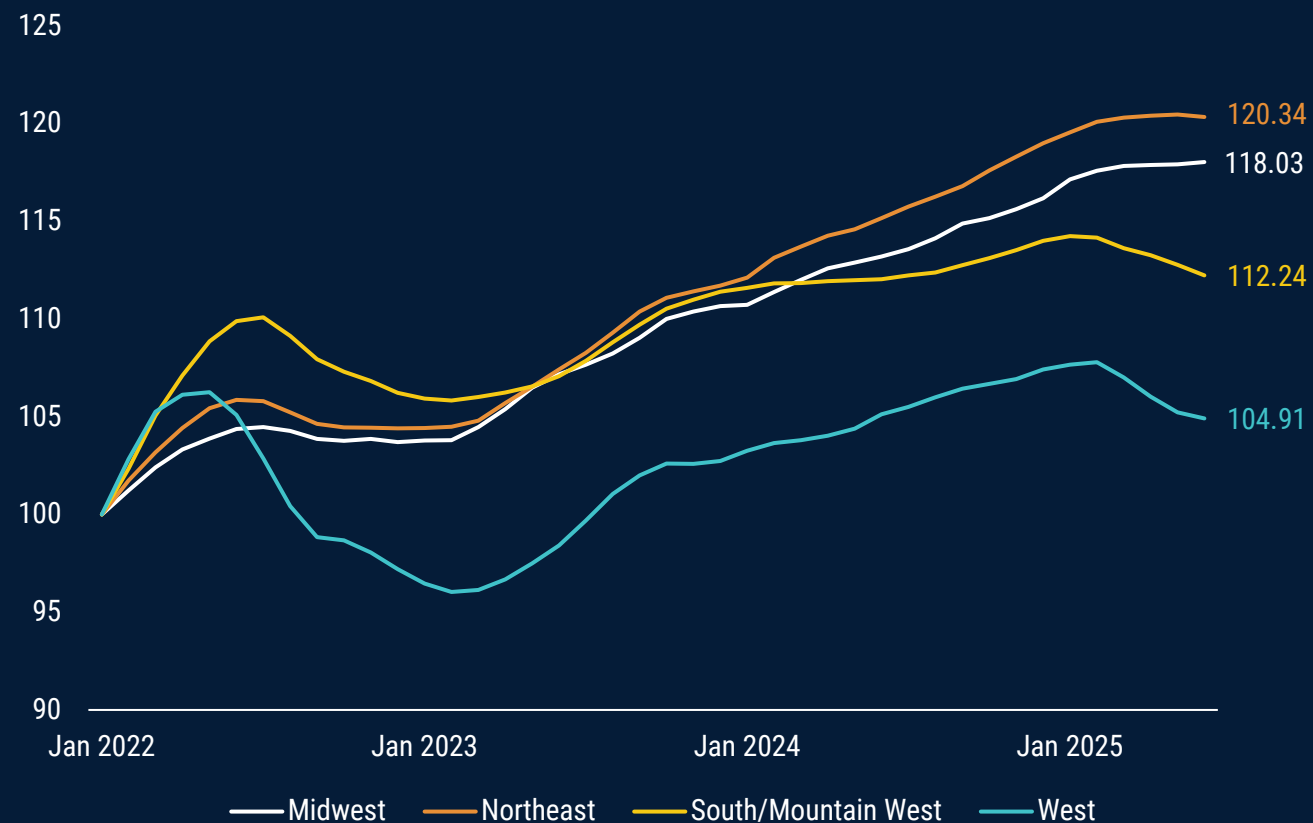


Source: [FRED](#) • Geography: US • As of December 31, 2025



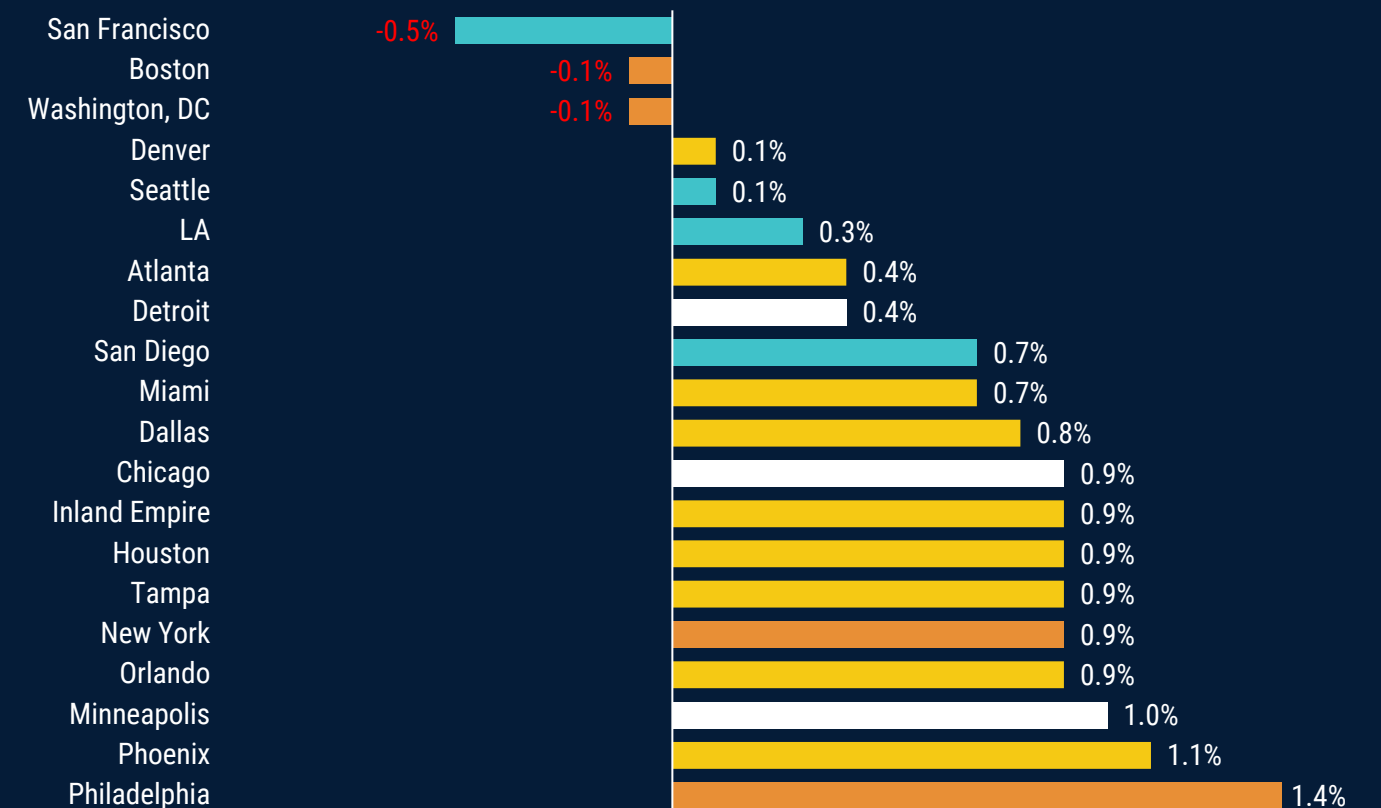
Home price appreciation remains closely matched in the Northeast and Midwest, while the West and the South have moderated relative to prior peaks. Employment growth across metros is generally positive, with San Francisco a notable exception, posting a modest year-over-year decline.

Figure 125 ▶ Average home price appreciation by region (rebased to 100 Jan. 2022)



Source: [FRED](#) • Geography: US • As of October 31, 2025

Figure 126 ▶ One-year change in employment in select cities



Source: [Bureau of Labor Statistics](#) • Geography: US • As of September 30, 2025

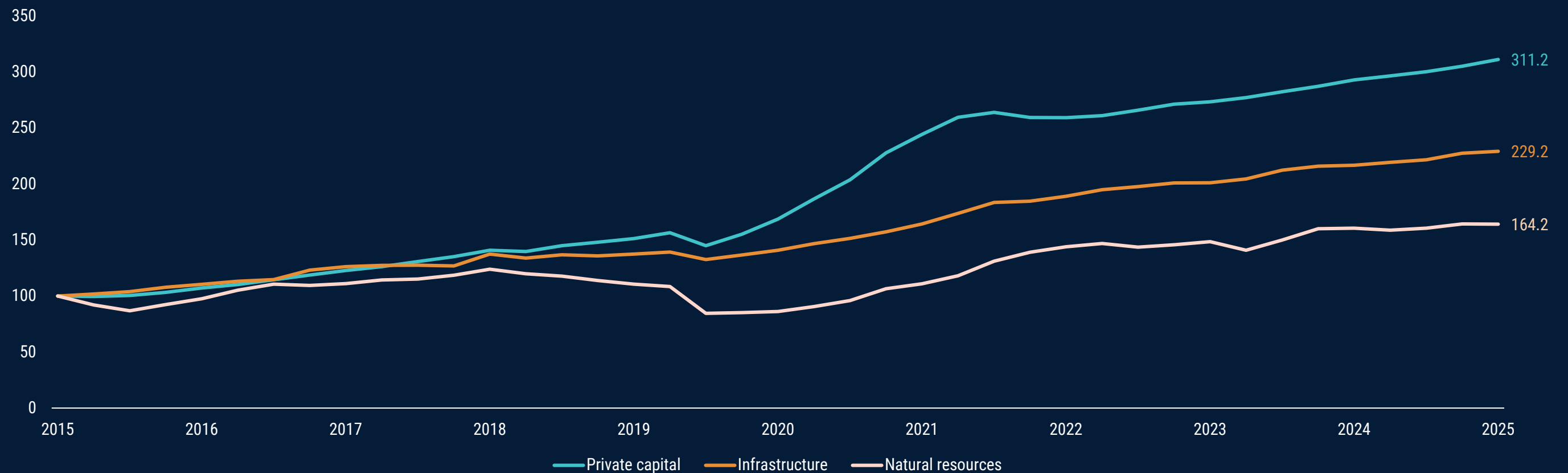


Infrastructure and natural resources



Steady infrastructure returns reflect the sector's resilience, driven by countercyclical demand and inflation-linked cash flows. Significant AI-related investment has the market optimistic about real assets returns going forward.

Figure 127 ▶ 10-year return of PitchBook Real Assets Indexes versus PitchBook Private Capital Composite

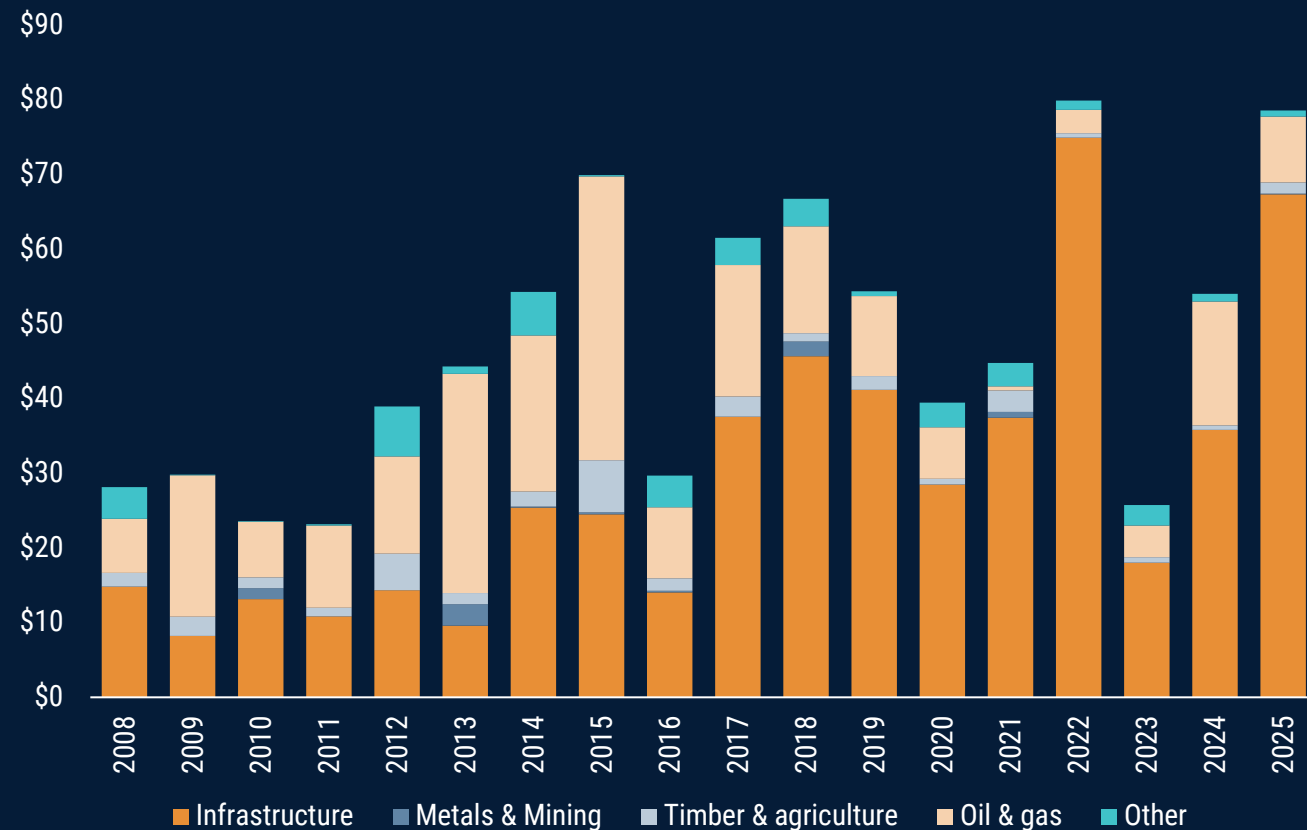


Source: PitchBook • Geography: US • As of September 30, 2025
Note: Data for Q3 2025 is preliminary.



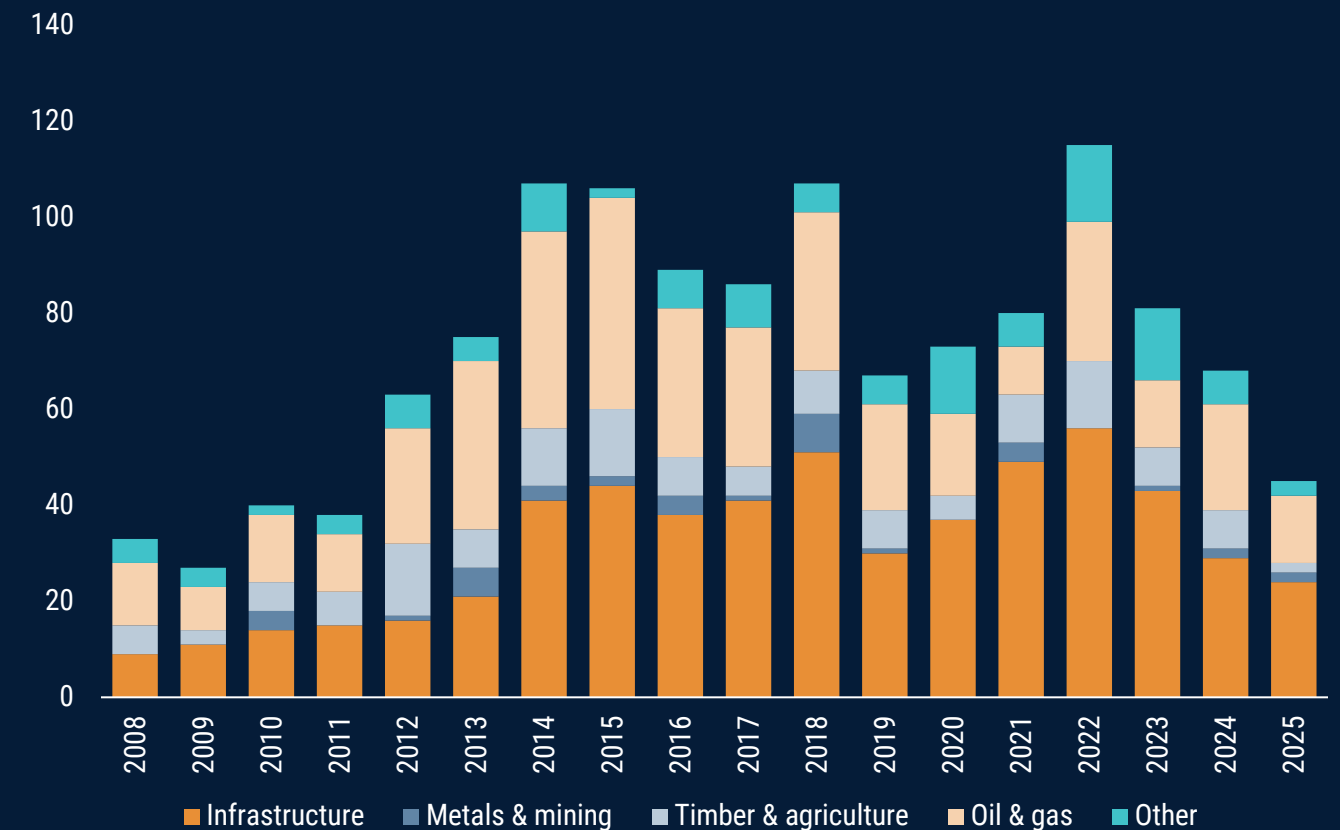
The outperformance of infrastructure relative to natural resources has coincided with infrastructure’s growing domination of LP commitments. Increasingly, the datacenter and energy generation build-out has taken center stage in many infrastructure portfolios.

Figure 128 ► Infrastructure and natural resources capital raised (\$B)



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

Figure 129 ► Closed infrastructure and natural resources fund count

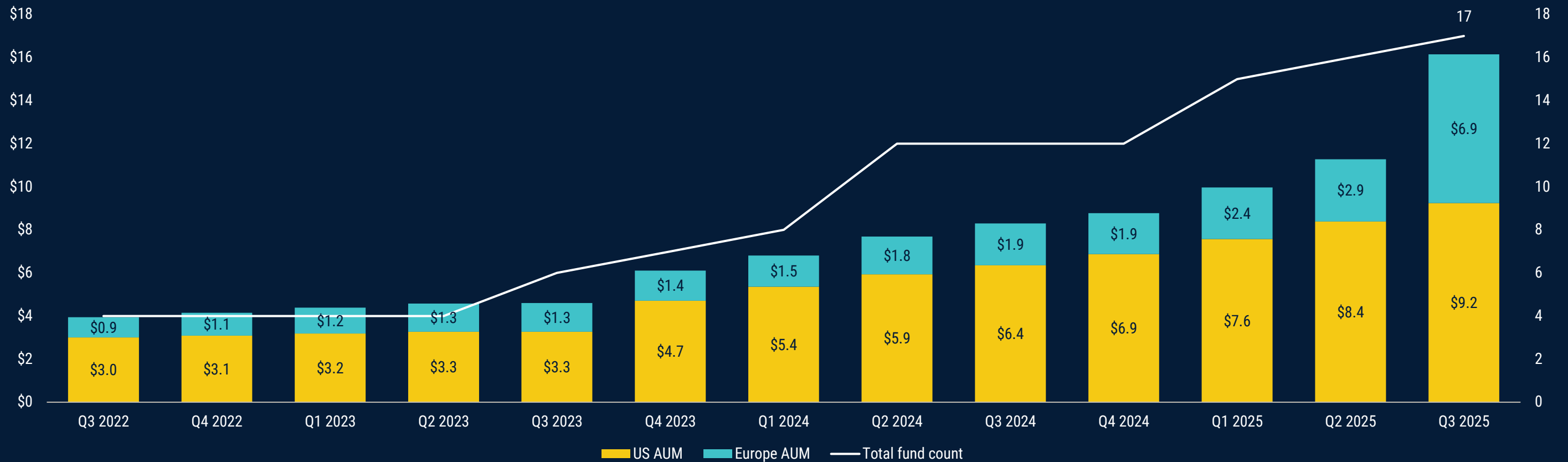


Source: PitchBook • Geography: US • As of December 31, 2025



Across the US and Europe, evergreen real assets funds have expanded quickly. In Q3 2025 alone, net assets under management expanded over 40% to \$16.1 billion, managed across 17 funds. See our [Q4 2025 Analyst Note: Evergreen Real Assets Funds](#) for more.

Figure 130 ► Evergreen real assets funds net assets (\$B) and fund count by domicile



Sources: Morningstar, PitchBook, fund filings • Geography: US and Europe • As of September 30, 2025
Note: Data was aggregated on November 15, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.



The mix investors get of various infrastructure and natural resources sectors can vary fund by fund and across domiciles. Europe-based funds have been more alternative-energy focused, while US funds in aggregate have more exposure to supply chain and natural resources investments.

Figure 131 ► Evergreen real assets AUM (\$B) by sector and domicile

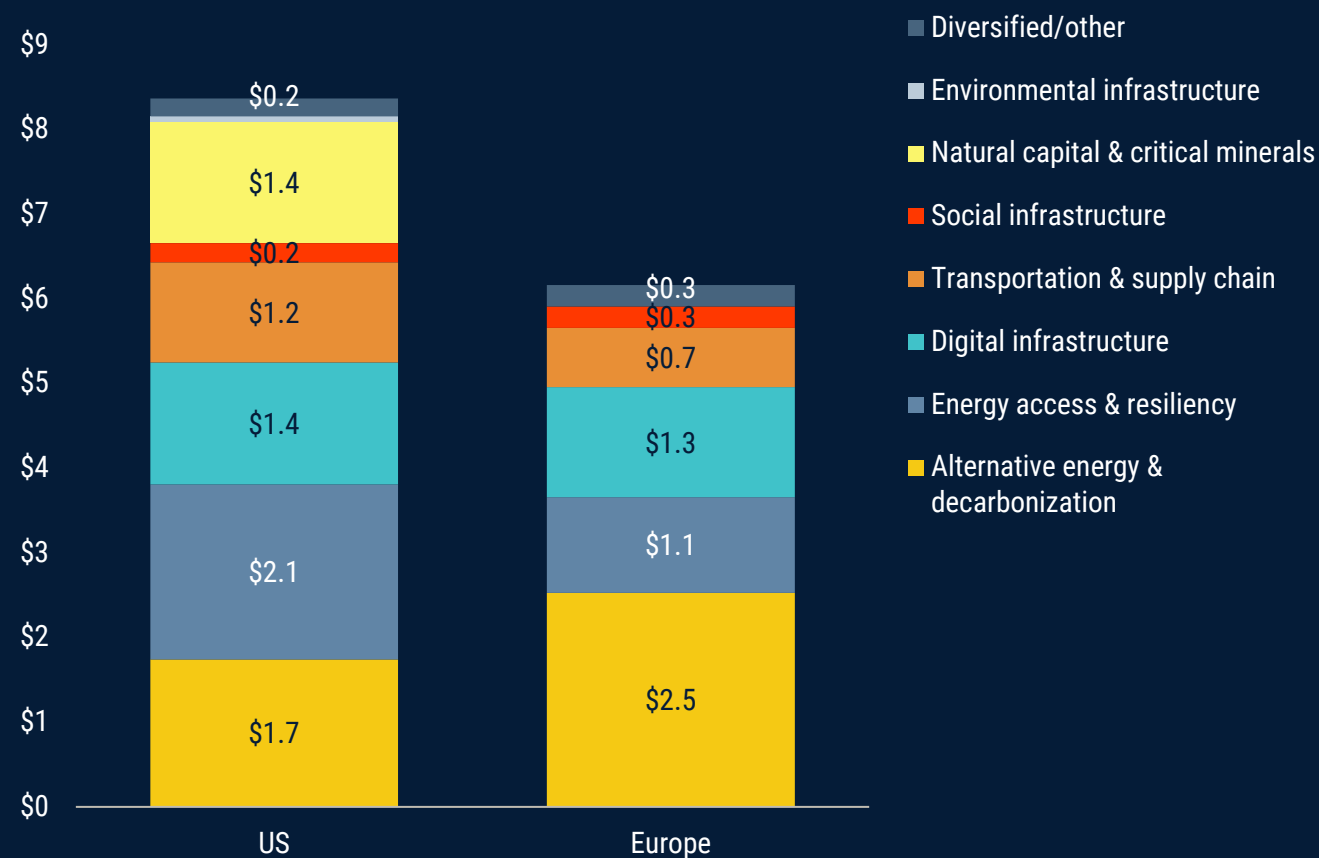
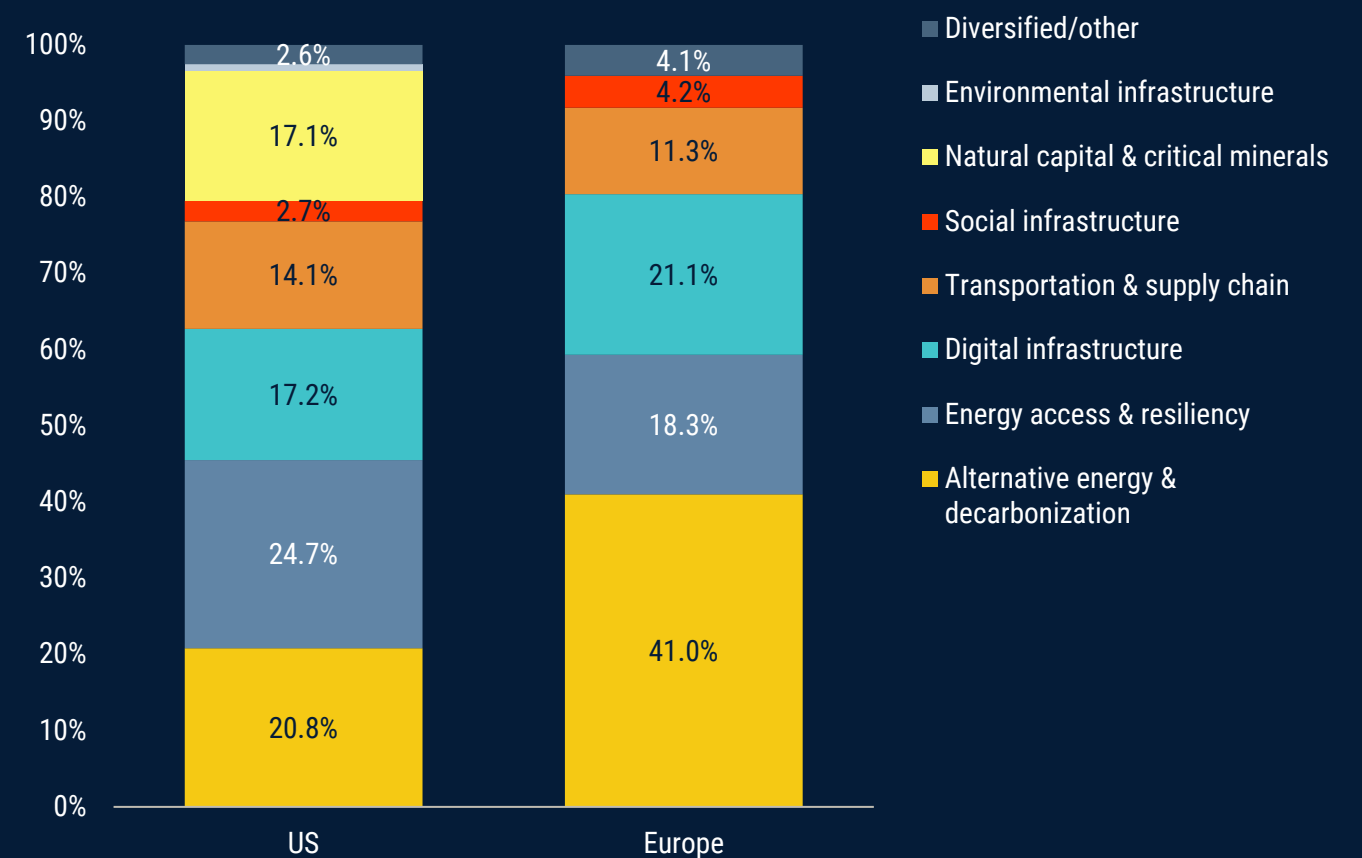


Figure 132 ► Share of evergreen real assets AUM by sector and domicile



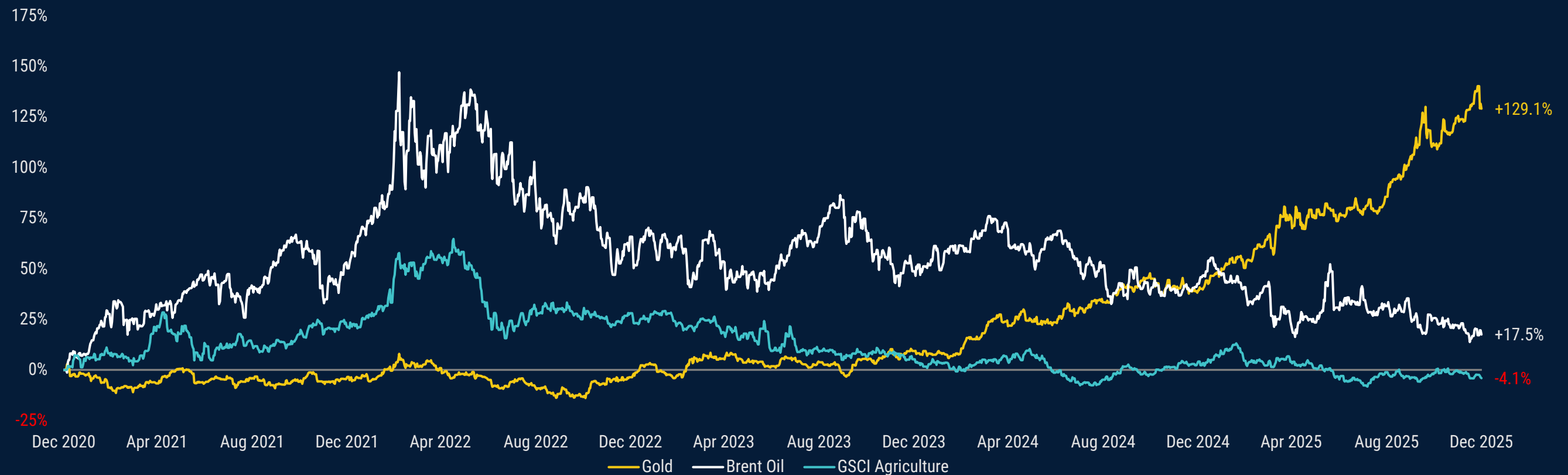
Sources: Morningstar, PitchBook, fund filings • Geography: US and Europe • As of September 30, 2025
Note: Data was aggregated on November 15, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.

Sources: Morningstar, PitchBook, fund filings • Geography: US and Europe • As of September 30, 2025
Note: Data was aggregated on November 15, 2025. The most recent dates of the disclosure documents range from June 30 to September 30, 2025.



Gold extended its rally in late 2025, amid continued central bank buying and reserve diversification trends. In 2025, Brent oil declined, while agricultural commodities were roughly flat to slightly lower.

Figure 133 ▶ Select commodities price performance

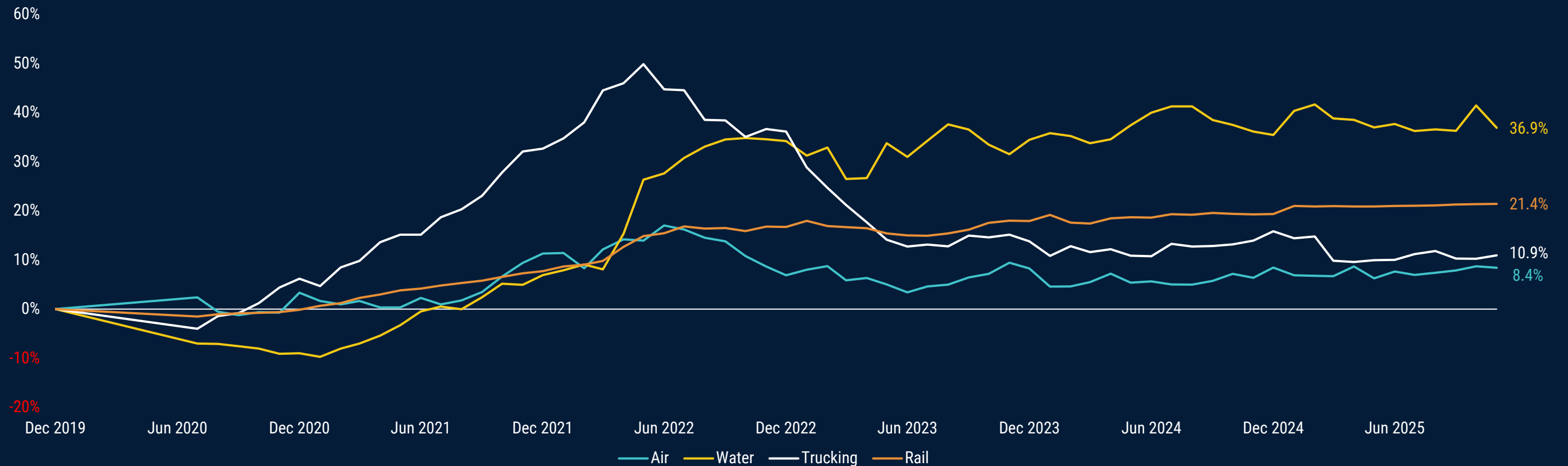


Source: Morningstar • Geography: Global • As of June 30, 2025



Since the pandemic, the cost of shipping goods has largely stabilized as supply chain constraints are firmly in the rearview mirror. Though a slight uptick in sea freight PPI shows the initial impact of tariffs, it dropped in the November reading.

Figure 134 ▶ **Producer Price Index change since 2019 for freight transportation components**



Source: [FRED](#) • Geography: US • As of December 31, 2025



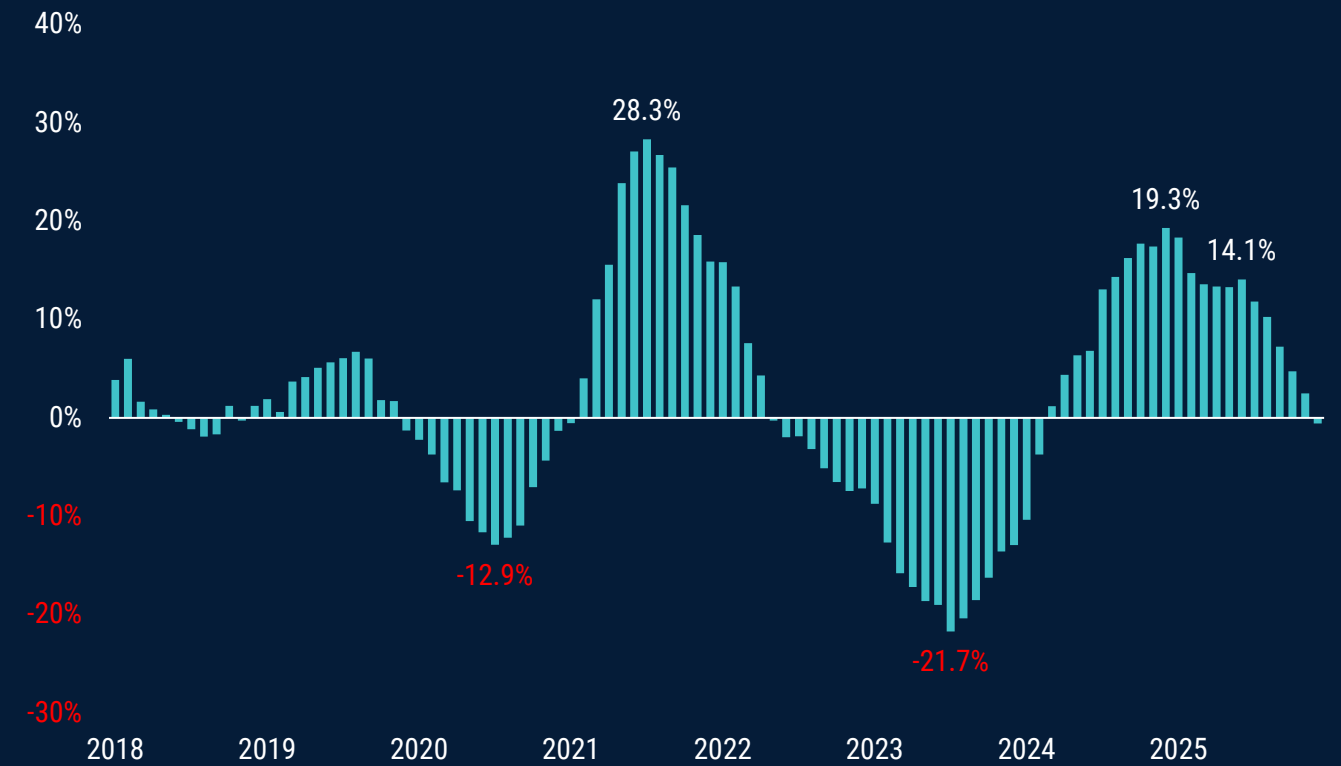
Container volumes through the Port of Los Angeles dipped year over year in December for the first time since early 2024. Overall annual volumes were below 2021 highs.

Figure 135 ▶ Port of Los Angeles 12-month container volume (millions TEUs)



Source: [Port of Los Angeles](#) • Geography: Los Angeles • As of December 31, 2025
Note: TEU stands for 20-foot equivalent unit.

Figure 136 ▶ Port of Los Angeles container volume YoY change

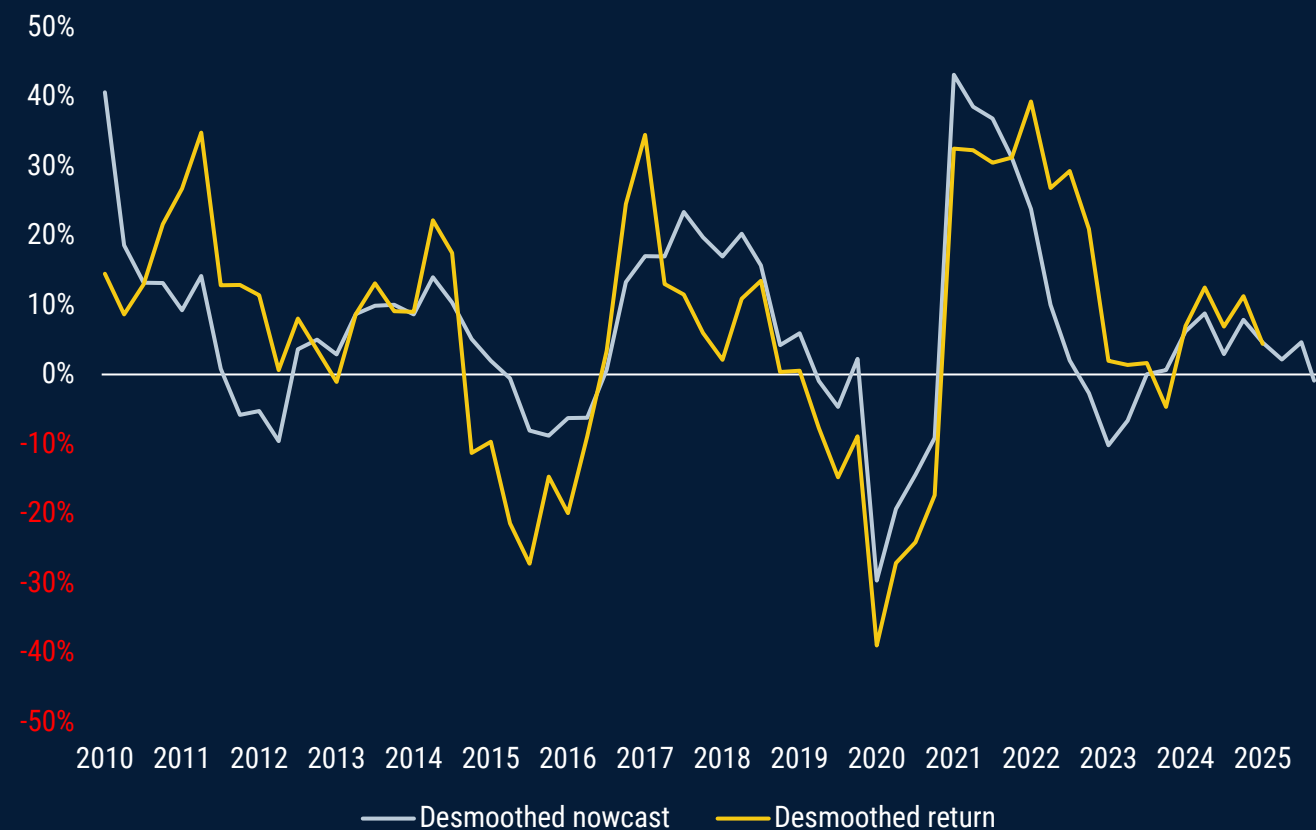


Source: [Port of Los Angeles](#) • Geography: Los Angeles • As of December 31, 2025



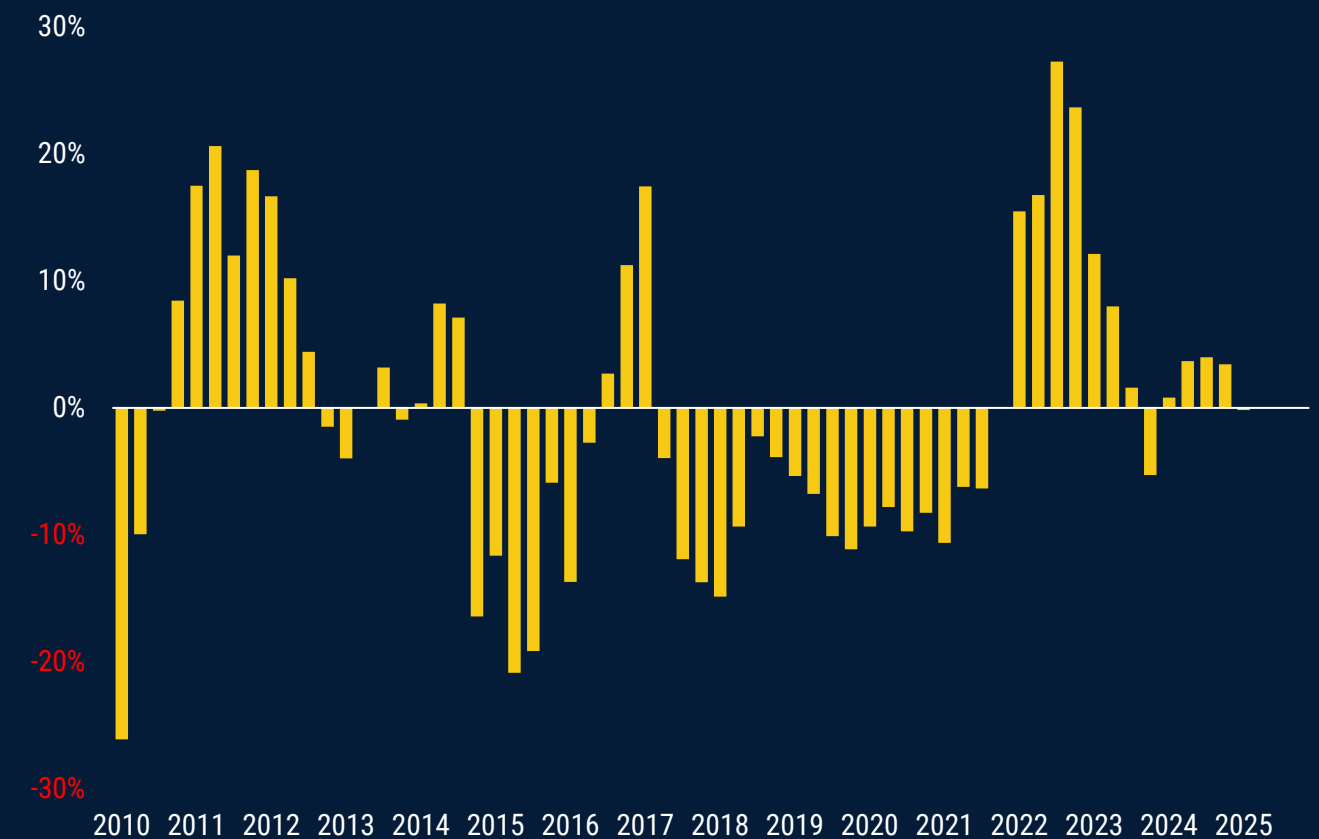
The natural resources barometer has been weighed down by falling commodity prices, which dropped in early April and remain below March highs. Implied returns slipped below neutral, with return nowcasts turning slightly negative for Q4 2025.

Figure 137 ▶ Rolling one-year desmoothed natural resources fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025

Figure 138 ▶ Difference between one-year desmoothed natural resources fund returns and nowcast

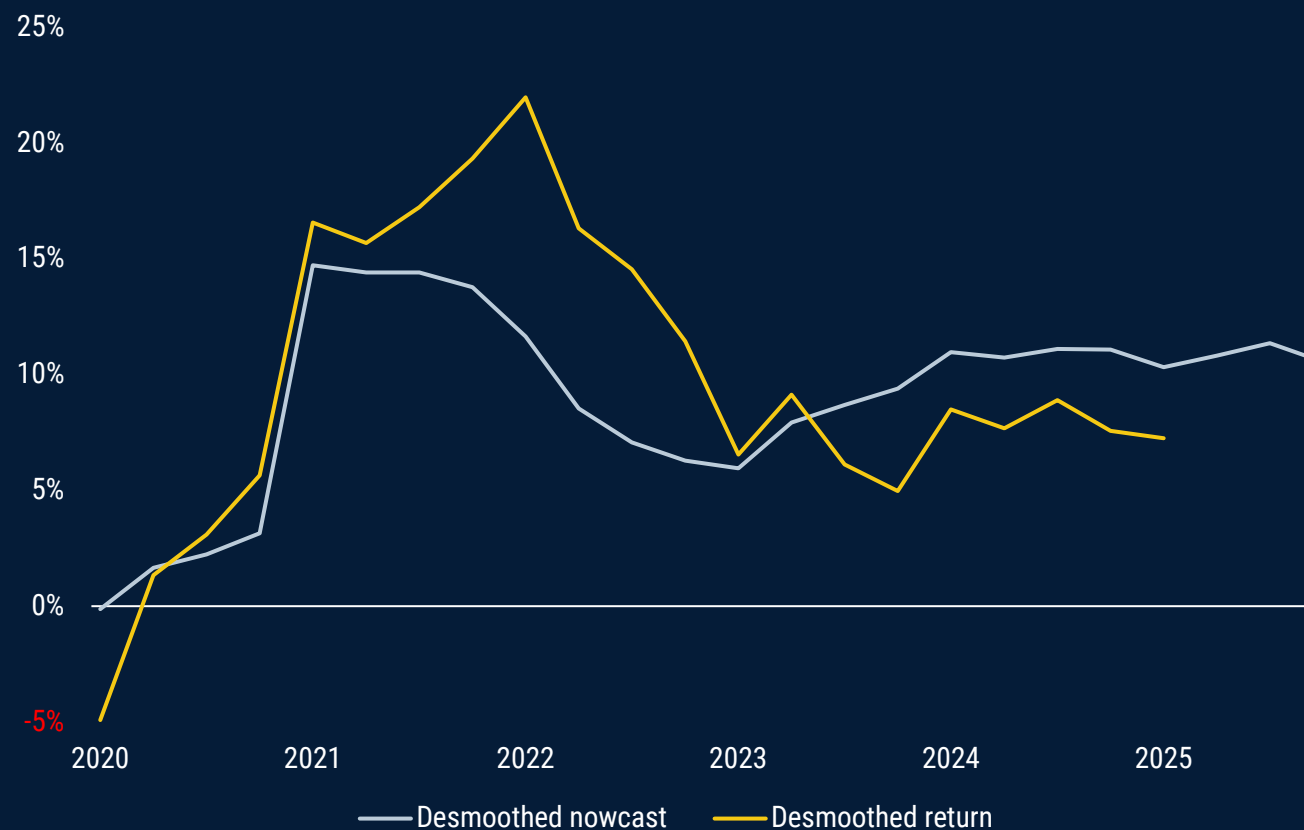


Source: PitchBook • Geography: US • As of November 30, 2025



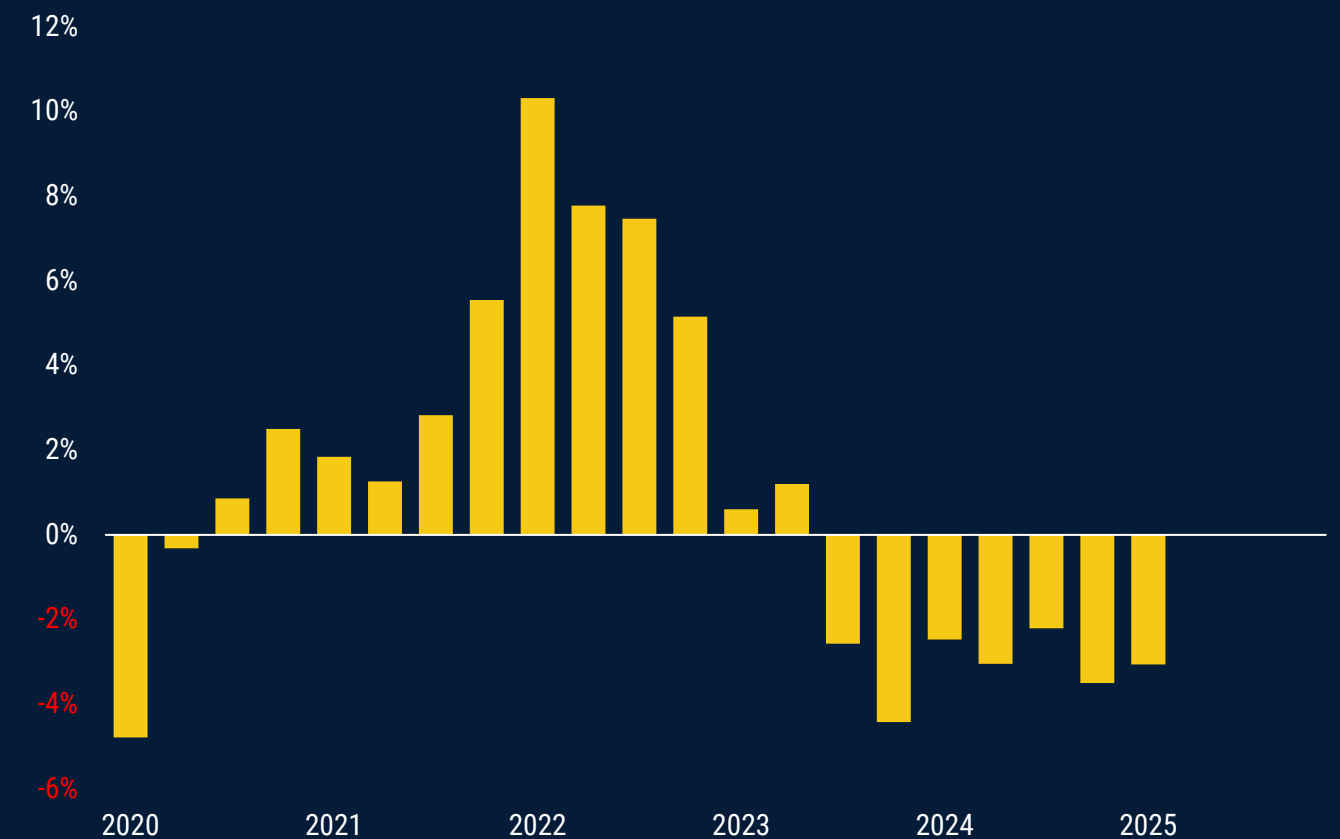
The infrastructure barometer points to above-neutral return expectations for the remainder of 2025 as we wait for new data to trickle in. Our nowcasts have been supported by gains in global public infrastructure indexes and tighter credit spreads.

Figure 139 ▶ Rolling one-year desmoothed infrastructure fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025
Note: Due to data availability, the infrastructure barometer starts in Q1 2019.

Figure 140 ▶ Difference between one-year desmoothed infrastructure fund returns and nowcast



Source: PitchBook • Geography: US • As of November 30, 2025
Note: Due to data availability, the infrastructure barometer starts in Q1 2019.



Additional research

Market updates



Q3 2025 Private Capital Indexes

Download the report [here](#)



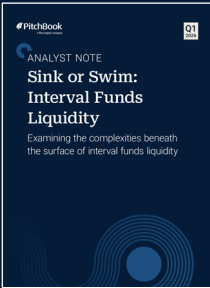
US Evergreen Fund Landscape

Download the report [here](#)



Allocator Solutions: Private Market Opportunities

Download the report [here](#)



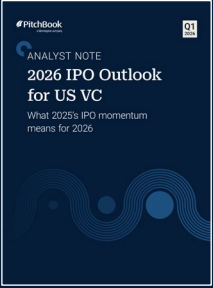
Q1 2026 Analyst Note: Sink or Swim: Interval Funds Liquidity

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