Private Equity Insights

THIRTY-FOURTH EDITION | Q2 2024

CURRENT QUARTER PERFORMANCE SUMMARY

The State Street® Private Equity Index (SSPEI) recorded an overall gain of 1.26% in Q2 2024, slightly lower than the 1.46% return in Q1. Buyout and Private Debt funds maintained their performance in Q2 with gains of 1.47% and 2.18% respectively. Venture Capital funds, however, dipped down again after two quarters of recovery, posting a return of -0.07% in Q2 2024 (see Exhibit 1). Notably, Private Debt has outperformed Buyout in seven out of ten quarters since Q1 2022 when the Fed rate hikes began.

Exhibit 1. Private Equity Performance by Strategy

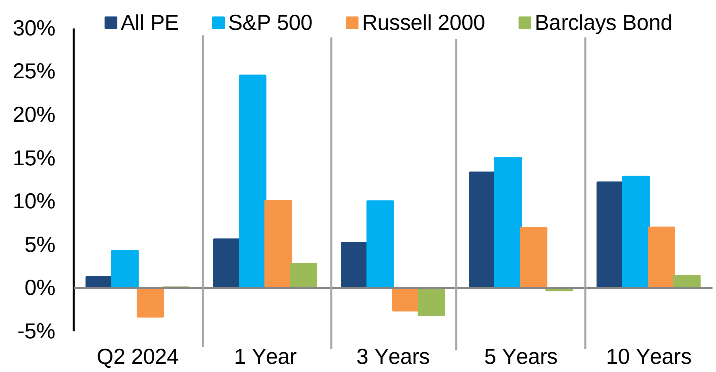
	All PE	Buyout	VC	Private Debt
2024 Q2	1.26%	1.47%	-0.07%	2.18%
2024 Q1	1.46%	1.20%	2.07%	2.17%
YTD	2.77%	2.72%	1.92%	4.61%

Source: State Street Global Markets, as of Q2 2024.

In Q2 2024, private equity performance lagged behind large-cap public equities across all horizons, with SSPEI underperforming the S&P 500, which posted a quarterly return of 4.3% and an impressive one-year return of 24.6% as of Q2 2024. Conversely, SSPEI outperformed the small-cap stocks, proxied by Russell 2000, which experienced a quarterly decline of -3.3%. SSPEI surpassed the performance of the Russell 2000 across all horizons from quarterly to ten years, except for the recent one-year horizon. The US bond market (proxied by Bloomberg Barclays US Aggregated Bond Index) posted a modest quarterly return of 0.07%, yet the SSPEI exceed over all horizons (see Exhibit 2).

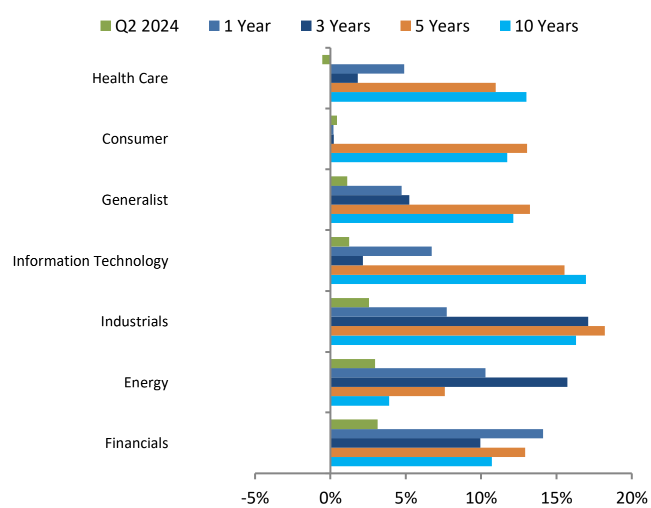
Across sectors, funds focusing on Financial and Energy sectors were the top performers, delivering robust quarterly returns of 3.13% and 2.97%, respectively. Information Technology focused funds recorded a mediocre quarterly return of 1.25% in Q2 2024, but it still boasts the strongest (10-year) return of 16.95% among all sectors. On the other end, Health Care focused funds faced challenges, resulting in a decline of 0.53%—making it the only sector to experience a negative return in Q2 2024 (see Exhibit 3).

Exhibit 2. Investment Horizon Returns



Source: State Street Global Markets, DataStream, Bloomberg Barclays US Aggregate Bond Index (total returns as of Q2 2024).

Exhibit 3. Performance of Sector Focused Funds



Source: State Street Global Markets, as of Q2 2024.

Continued on page 5.

DONKEYS VS. ELEPHANTS: THE PRIVATE CAPITAL EDITION, PART 2

Insights from Harvard University and the Private Capital Research Institute

By Sam Holt, Leslie Jeng, and Josh Lerner

Introduction

In 2016, we explored what private market participants might expect, once the boisterous campaign wound up and the election was decided. We looked for differences in how private investors fared when transitioning from one administration to the next.

Since then, myriad factors—ranging from domestic policy to macroeconomic concerns—have reshaped the U.S. political landscape, culminating in a second term for President Trump in 2024. Given the change in administrations, it seems the time is right for revisiting this question in this new era. Once again, using data from State Street,[1] we examine historical private capital performance under both Democratic and Republican administrations and the factors that may impact returns through 2025 and beyond. We supplement these quantitative analyses with insights gleaned from a recent Private Capital Research Institute (PCRI) roundtable discussion on the election and private equity.

Donkeys vs. elephants, or bull vs. bear?

The answer to how private markets fare under Democratic administrations relative to Republican administrations seems obvious at first glance. Many might expect a more favorable private market environment under a Republican administration for several reasons: less antitrust scrutiny of mergers and acquisitions may lead to more opportunities to make and exit deals; more favorable tax environments may attract more talent and capital into the industry; and a generally more pro-business approach may boost investor and consumer confidence. The results of the 2016 analysis, however, indicated private markets during a Democratic administration tend to outperform Republican ones, but only slightly.

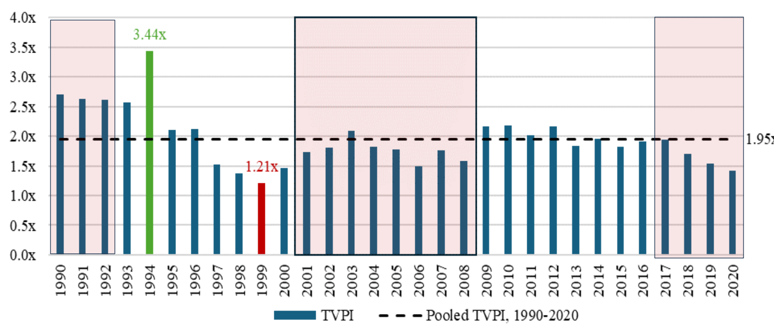
Given that eight years have passed since we last explored the topic, we decided it would be worthwhile to return to the question at hand, exploring it from two perspectives:

1. How private capital funds perform generally, using TVPIs[2]

2. How private capital funds perform relative to public markets, using PMEs[3]

To start, we looked at TVPIs for funds formed between 1990 to 2020 (displayed in Figure 1).[4] The shaded areas represent Republican vintage years. Overall, the pooled TVPI across the whole period (that is, including both Democratic and Republican administrations) was 1.95x. The highest reported TVPI (3.44x) occurred in the 1994 vintage, and the lowest reported TVPI (1.21x) occurred in the vintage leading into the Dotcom Bubble, 1999.

Figure 1: TVPI by vintage, 1990-2020

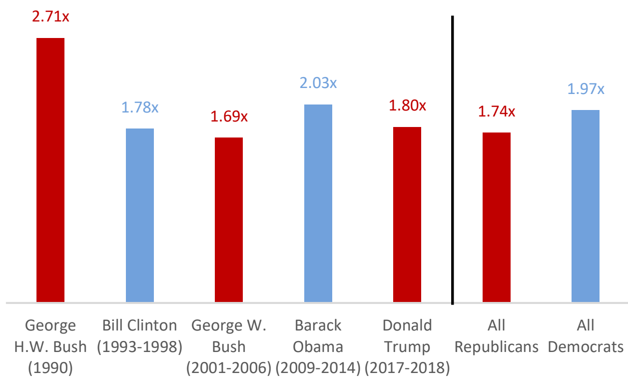


While informative, Figure 1 does not quite tell the whole story. To build on this, we examined pooled TVPIs under each administration for a more granular understanding of how private markets behave under different administrations.[5] Figure 2 displays the pooled TVPIs for each administration from George H. W. Bush to Donald Trump's first term; and interestingly, there is no clear trend in performance from one administration type to the other. The highest pooled TVPI is

[1] State Street data used in the analysis combines both buyout and venture capital funds reporting data as of Q2 2024.
[2] Total value to paid-in capital (TVPI) is private market return multiple, calculated as a fund's total realized + unrealized value divided by invested capital.
[3] A private market equivalent (PME) is a popular metric used to compare private fund performance to public markets. We use the Kaplan-Schoar PME, where a PME greater than 1.0 indicates private fund outperformance while a PME of less than 1.0 indicates underperformance. We calculate the PMEs relative to the Russell 3000, a broad U.S. market index.
[4] We do not include funds formed in vintages after 2020 as the State Street performance data are reported as of Q2 2024, and these funds have likely not had sufficient time to invest all capital, create value, and exit companies to report meaningful performance data.
[5] A quick note on the methodology. Following our approach taken in the 2016 analysis, we excluded the funds raised in the last two years of an administration before a change in political control of the presidency (e.g., funds raised in 1991, 1992, 1999, 2000, 2007, 2008, 2015, 2016, 2019, and 2020). By excluding these vintages, we addressed a subtle issue inherent in this type of analysis: does one give credit for the performance of a fund formed in 1999, for instance, to Bill Clinton (who was president at the time) or to George W. Bush (during whose term the bulk of the investments were likely made and harvested)?

associated with George H. W. Bush (2.71x), and then the descending cascade of TVPIs oscillates between parties: Barack Obama had the next highest (2.03x), followed by Donald Trump (1.80x), Bill Clinton (1.78x), and George W. Bush (1.69x). When pooling all Republicans and all Democrats, we find that pooled TVPI was higher for the Democrats (1.97x) compared to Republicans (1.74x).

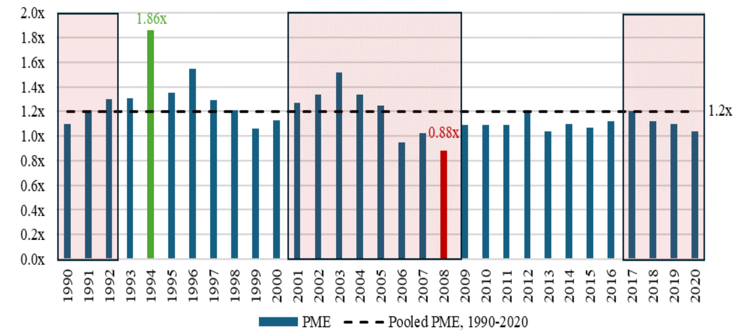
Figure 2: Pooled TVPI by administration



Vintages corresponsing with the final 2 years of an administration were excluded, see footnote 5 for more details.

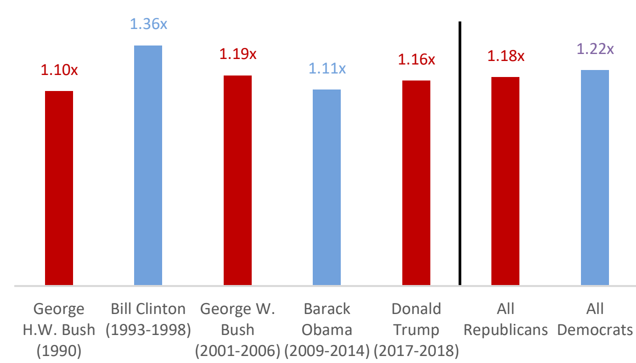
Simply exploring private fund return metrics like TVPI, however, does not tell the whole story either. It could be the case that markets in general (both private and public) were particularly bullish (or bearish) during one administration or another. As such, we calculated PMEs relative to the Russell 3000 by vintage to better understand how private funds performed relative to public markets from one administration to the next. As displayed in Figure 3, the pooled PME for all funds formed between 1990 to 2020 was 1.20x, indicating private funds experienced significant outperformance relative to public markets across all administrations. The highest PME recorded (1.86x) was for the 1994 vintage, and the lowest (0.88x) occurred in 2008 – not surprising, given this was around the nadir of the Global Financial Crisis.

Figure 3: PME by vintage, 1990-2020



Following the same methodology used for the results presented in Figure 2, we calculated the pooled PME for each administration and both parties. The results tell a slightly different story than those presented for TVPI by administration. The highest reported PME was for Bill Clinton (1.36x), while the Republican administrations of George W. Bush (1.19x) and Donald Trump (1.16x) reported the next highest PMEs, followed by Barrack Obama (1.11x) and George H. W. Bush (1.10x). The gap between Republican and Democrat administrations narrowed significantly, with Republicans reporting a 1.18x PME and Democrats reporting a 1.22x PME.

Figure 4: Pooled PME by administration



Vintages corresponsing with the final 2 years of an administration were excluded, see footnote 5 for more details.

As with the 2016 analysis, the 2024 update does not result in a clear conclusion on whether one party is better for private markets compared to the other. The likely truth is there are myriad factors idiosyncratic to each individual administration that have significant impacts on private fund performance. Additionally, we know that private market investing is a long-term game, and the performance of funds are undoubtedly driven by decisions made in one administration type to the next, which raises the question – what might we expect under Trump 2.0?

The factors that impact private market performance under Trump 2.0[6]

Before diving into the factors that may impact private market performance in 2025 and beyond, it is crucial to point out an essential aspect of analyzing elections and their potential effects: if history has taught us one thing, campaign rhetoric does not always translate into actual policy once the president-elect takes office. This point was a central takeaway from a recent PCRI roundtable centered on private capital through political cycles. The participants, John Coates[7] and Jonathan Levine,[8] discussed several factors that could impact private markets once the dust settles following the election. The panelists cautioned that any exercise in predicting the future is fraught with confounding factors such as congressional makeup, midterm election changes, and the actions of the court system, to name a few. Thus, preparing for a range of political and economic outcomes is the best approach for any market participant.

With that said, the panelists did discuss several factors that will likely impact the performance of private markets over the coming years. The key highlights from the roundtable were bucketed into three broad categories: tax implications, regulatory changes, and the continued independence of the Federal Reserve.

As it pertains to the resulting tax implications of the Trump reelection, the panelists felt that taxes, in longer term, will ultimately increase due to anticipated higher deficits. The specifics will likely depend on how fiscal policies evolve. Tariffs are also likely to increase, particularly on goods from China, but this revenue is unlikely to be sufficient to close the budgetary gaps.

The panelists expressed a preference for broad tax reform over the targeting of specific sectors or activities like carried interest. They also emphasized the need for tax reforms to prioritize deficit management and the establishment of clear guidelines for what should be taxed. They cautioned that public relations-driven policy decisions targeting specific behaviors or sectors could lead to unnecessary complexity and market distortions.

The impact of regulatory changes under the Trump administration could be beneficial for some aspects of the private markets and less beneficial for others. For example, given that a rollback of the Biden environmental policy appears to be a particular focus for the incoming administration, sectors like clean tech may suffer a retrenchment in deal and exit activity. On the other hand, a loosening of curbs on acquisitions could lead to a rebound in M&A activity, one of the main avenues used by private market investors to exit investments.

The final key highlight from the roundtable centered on the Federal Reserve's independence. The tools available to the Fed are imprecise, as shown in the recent battle with inflation, and compromising its independence could worsen its ability to guide the economy. As both a major producer and consumer of debt, the private capital industry has a strong interest in maintaining the Fed's largely apolitical role in managing inflation and setting interest rates.

Conclusion

Ultimately, prognosticating where private markets may go from one administration to the next is already a difficult exercise (as demonstrated by the performance analysis above). Forecasting the next four years is especially arduous. As such, the best path forward for market participants may not be to focus on exactly what will happen. Rather, it is likely most prudent to take a long-term perspective and prepare oneself for a wide variety of potential outcomes.

[6] The discussion in this section is based on the September 2024 Private Capital Research Institute and Harvard Business School roundtable, "Private Capital through Political Cycles," found here.

[7] John Coates is the John F. Cogan, Jr. Professor of Law and Economics at Harvard Law School.

[8] Jonathan Lavine is the Chair of Bain Capital.

Sam Holt is a principal at Bella Private Markets.

Leslie Jeng is Director of Research of the Private Capital Research Institute

Josh Lerner is Director of the Private Capital Research Institute and Jacob H. Schiff Professor of Investment Banking and Head of the Entrepreneurial Management Unit at Harvard Business School.

The Private Capital Research Institute is a not-for-profit 501(c)(3) corporation formed to further the understanding of private capital and its global economic impact through a commitment to the ongoing development of a comprehensive database of private capital fund and transaction-level activity supplied by industry participants. The PCRI, which grew out of a multi-year research initiative with the World Economic Forum, also sponsors policy forums.

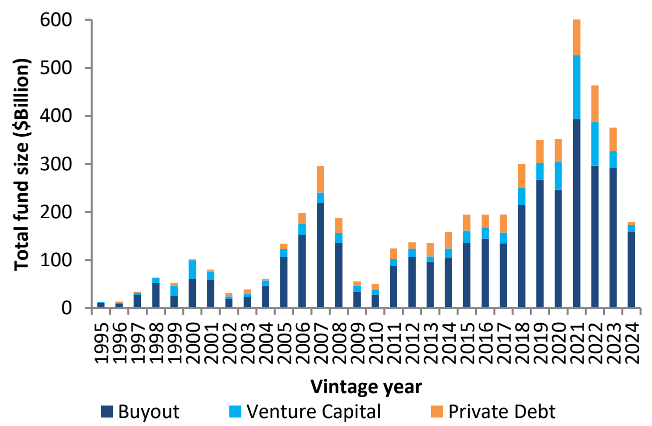
CONTINUED FROM PAGE 1

Fundraising

Fundraising activities decelerated in the second quarter, with the total capital raised in the first half of 2024 reaching $179 billion—just under half of the total raised in 2023. Based on this trend, a linear projection estimates that total fundraising for 2024 will amount to $360 billion, slightly below the $376 billion recorded in 2023. This makes a continuation of the downward trend since the record high in the vintage year of 2021. Buyout funds have demonstrated resilience, raising over 50% of the previous year's capital at $158 billion. However, both Venture Capital and Private Debt funds have experienced a slowdown in 2024. Venture Capital funds raised $15 billion and Private Debt fund gathered $6.28 billion, corresponding to just 42% and 12.8% of their capital raised in 2023, respectively (see Exhibit 4A). Regionally, Rest of World funds have outperformed, raising $27 billion in the first half of 2024, which represents 75% of its total raised in 2023. In contrast, US and Europe focused funds have seen a decrease in their fundraising activities, securing $124 billion and $27.9 billion, respectively—amounting to just 48% and 35% of the previous year's total (see Exhibit 4B).

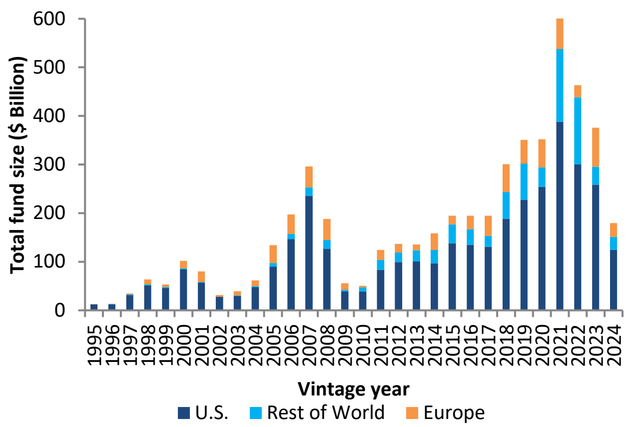
Exhibit 4. Total Fund Size (USD Billion)

A. By Strategy



Source: State Street Global Markets, as of Q2 2024.

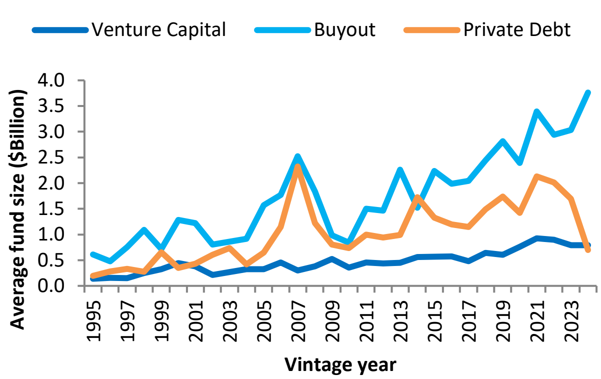
B. By Region



Source: State Street Global Markets, as of Q2 2024.

Despite the overall slowdown in fundraising activity, the average fund size in 2024 increased to $2.6 billion, up from $2.2 billion in 2023. This increase is primarily driven by Buyout funds, where the average fund size grew to $3.76 billion from $3 billion the previous year. Meanwhile, the average fund size for Venture Capital funds remained stable at $0.79 billion. However, Private Debt funds experienced a reduction in average fund size, decreasing from $1.69 billion in 2023 to $0.7 billion in 2024 (see Exhibit 5). With half the year still remaining, there is potential for average fund size in Private Debt to rebound as market conditions evolve.

Exhibit 5. Average Fund Size (USD Billion)



Source: State Street Global Markets, as of Q2 2024.

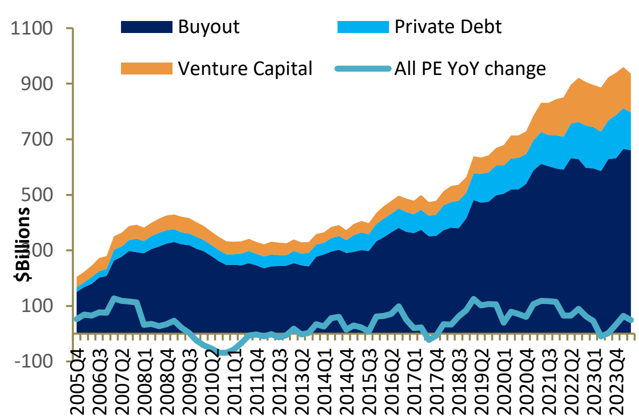
Dry Powder

Dry powder, or unfunded commitment, represents the amount of capital that has not been called, thus remaining available for future investment opportunities. As of Q2 2024, the total dry powder of SSPEI constituent funds reached $936 billion, a slight decrease from the all-time high of $960 billion recorded in Q1 2024. The dry powder levels for all three strategies saw a modest reduction in the second quarter. Specifically, Buyout funds reported $661 billion, Venture Capital funds held $139 billion, and Private Debt funds recorded $136 billion (see Exhibit 6A).

The quarterly dry powder normalized by the monthly average contribution of the past 12 months measures how long the current dry powder inventory can last at the recent average capital call rate without new fundraising activities. In Q2 2024, the dry powder inventory for all PE decreased by 1.5 months to 28 months. Buyout funds remained stable at around 27 months. However, due to the slowdown in fundraising activities during Q2, Private Debt and Venture Capital funds saw reductions in their dry powder inventory, decreasing by 5 months and 7 months, respectively (see Exhibit 6B).

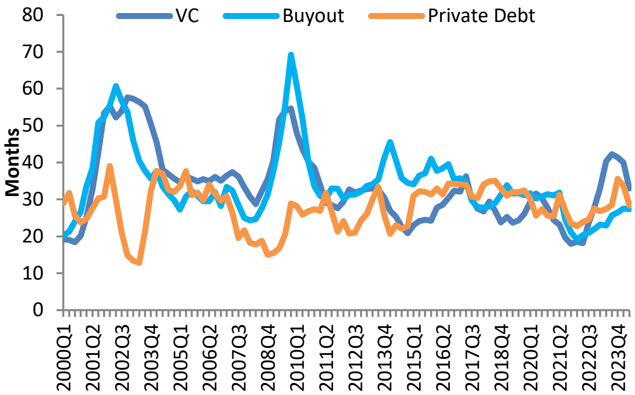
Exhibit 6. Dry Powder

A. Monthly Dry Powder



Source: State Street Global Markets, as of Q2 2024.

B. Quarterly Dry Powder Normalized by Average Contribution



Source: State Street Global Markets, as of Q2 2024.

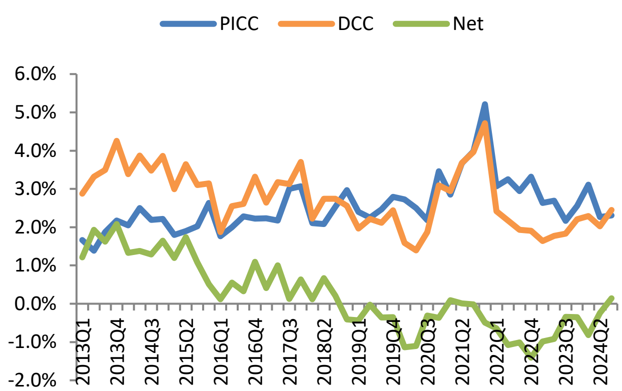
Cash Flow Activity

In Q3 2024, the quarterly distribution to committed capital (DCC) ratio increased to 2.45%, while the quarterly paid-in over committed capital (PICC) ratio remained steady at 2.3%. This contributed to an improvement in net cash flow, which shifted from negative to a positive 0.14% (see Exhibit 7A).

Exhibit 7B provides a detailed examination of the net cash flow across different PE strategies. Buyout and Private Debt funds reported positive net cash flows of 0.12% and 0.41%, respectively. Although the net cash flow for Venture Capital funds improved, it remained marginally negative.

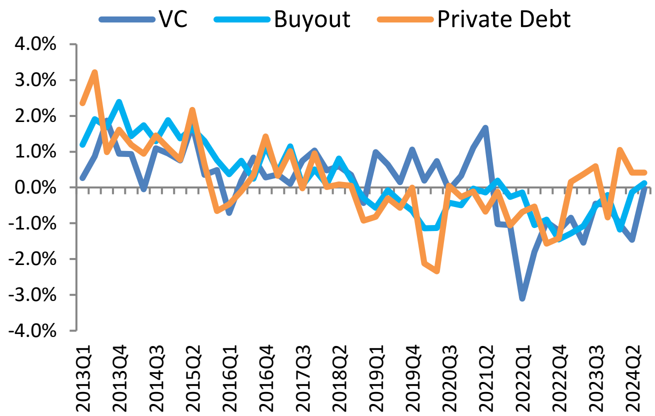
Exhibit 7. Quarterly Cash Flow Ratios Normalized by Commitment

A. Contribution and Distribution for All PE



Source: State Street Global Markets, as of Q3 2024.

B. Net Cash Flow to Committed Capital By Strategy



Source: State Street Global Markets, as of Q3 2024.

Valuations

The Dollar Value Added (DVA) is the sum of NAV changes and net cash flows. It measures the realized and unrealized gains and losses in dollar amounts.

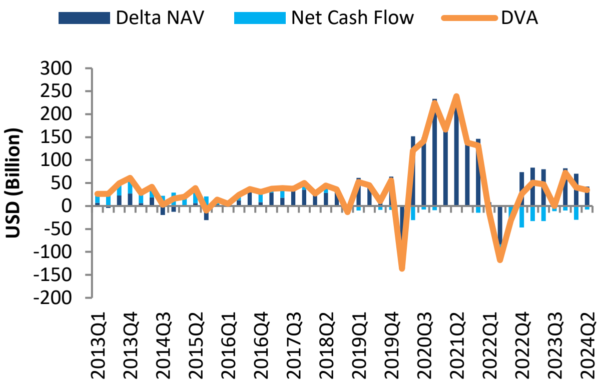
$$DVA = EndingNAV - BeginningNAV + Distribution - Contribution$$

The quarterly DVA as of Q2 2024 for all PE decreased slightly, moving from $40 billion in Q1 to $34.7 billion. This decline was primarily due to a slowdown in the quarterly increase of NAV and a persistently negative net cash flow (see Exhibit 8A). While the NAV for all three strategies continued to rise during the quarter, the growth rate flattened for Buyout and VC funds (see Exhibit 8E).

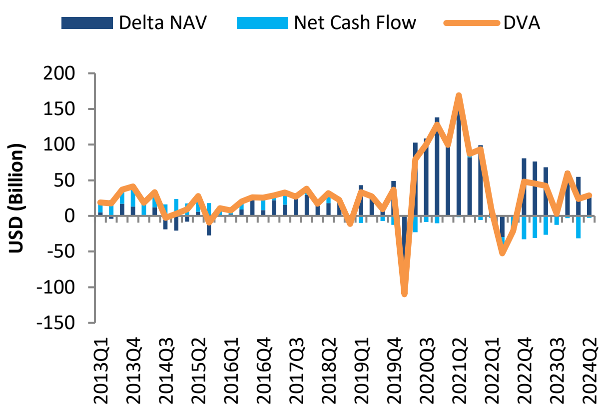
Private Debt funds recorded a positive DVA, driven by an increase of NAV and a positive net cash flow. Similarly, Buyout funds also reported a positive DVA, attributed to an increase of NAV, despite a slightly negative net cash flow. Venture Capital, however, was the only strategy that recorded a negative DVA, impacted by a deceleration in NAV growth and an increased negative net cash flow (see Exhibit 8A, 8B and 8C).

Exhibit 8. Dollar Value Added

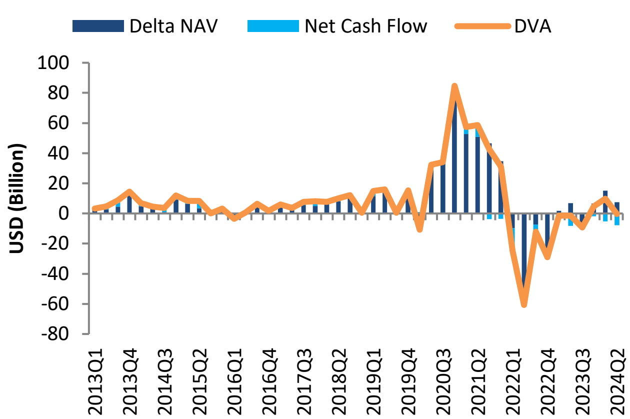
A. All PE



B. Buyout

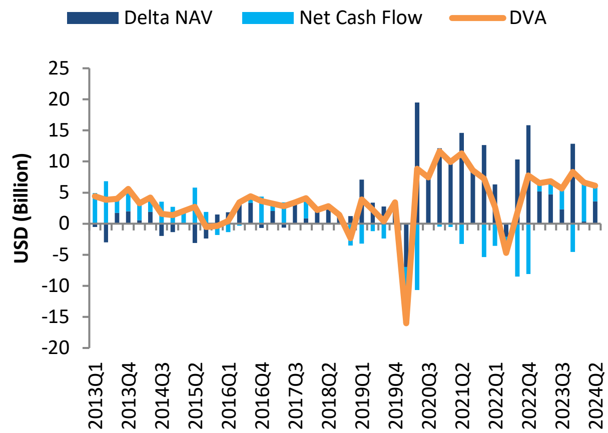


C. Venture Capital

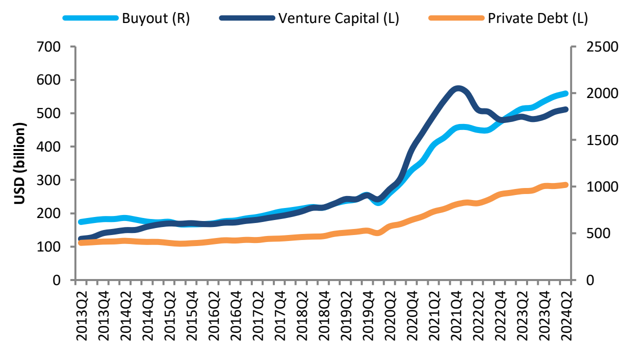


Source: State Street Global Markets, as of Q2 2024.

D. Private Debt



E. NAV by VC, Buyout and Private Debt



Source: State Street Global Markets, as of Q2 2024.

Holdings Exposure

In SSPEI, sector focus is categorized at the fund level. While this classification offers insights into the overall fund strategy, classifications at the holding company level would provide finer granularity, allowing us to identify the exposures more precisely.

Holdings composition did not change much in Q2 2024. Exhibit 9A displays the NAV weights of GICS sector classifications of the portfolio companies in SSPEI constituent funds, based on State Street proprietary private holdings data, across strategies as of Q2 2024[9]. For Buyout funds, overall there is 29% NAV in Information Technology sector, followed by Industrials, Health Care and Consumer Discretionary with

[9] As of Nov 2024, the coverage of Q2 holdings data was 69% of the overall NAV in SSPEI.

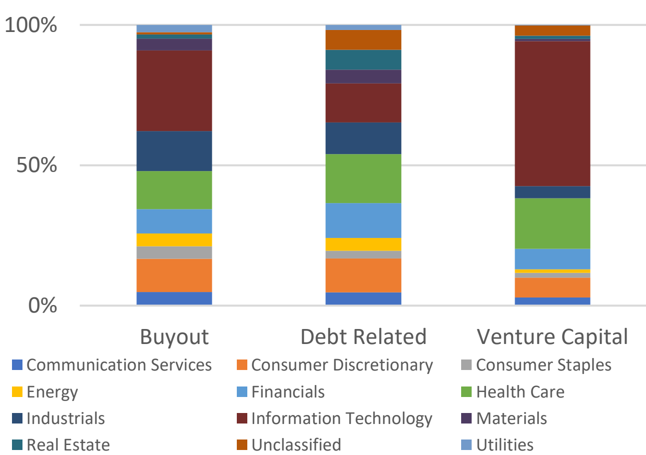
similar NAV weights around 14%. The NAV of Venture Capital is highly concentrated, with 52% in Information Technology, followed by 18% of Health Care and around 7% of Financials and Consumer Discretionary sectors. Private Debt still stayed as the most diversified among strategies, with Health Care, Information Technology and remained as the top two sectors having largest NAV weights of 17% and 14% respectively, followed by Financials sector of 13% weight.

For funds classified as Generalist in SSPEI, their top sector exposure in holdings data showed a similar pattern to Buyout funds. Information Technology consists of 21% of the NAV, followed by Health Care, Industrials and Consumer Discretionary, accounting for 17%, 16% and 13% respectively. These four sectors collectively represented 68% of the NAV within generalist funds (see Exhibit 9B).

Exhibit 9C shows the percentage of holding companies' ratio of remaining NAV to the remaining cost, detailing whether the ratios increased, decreased, or remained stable from Q1 2024 to Q2 2024 across various sectors, excluding fully exited deals. This ratio captures valuation changes by isolating the effects of adjustment in investment cost. In Materials, Energy, Utilities, and Industrials sectors, over 50% of active deals reported an increase in the NAV. In contrast, sectors such as Consumer Discretionary, Health Care and Real Estate not only showed the lowest percentage of deals with an increased NAV but also a relative high percentage of deals with a decrease in NAV.

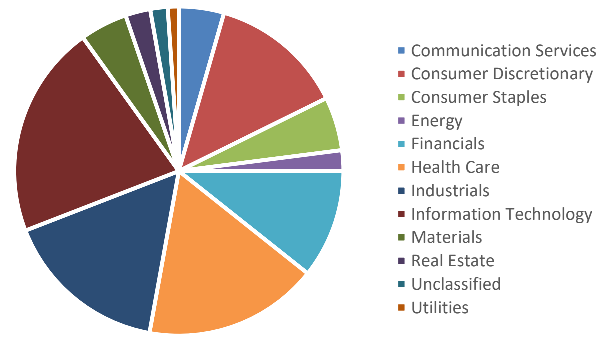
Exhibit 9. Holdings Sector Exposure Measured by NAV

A. Sector Exposure by Strategies

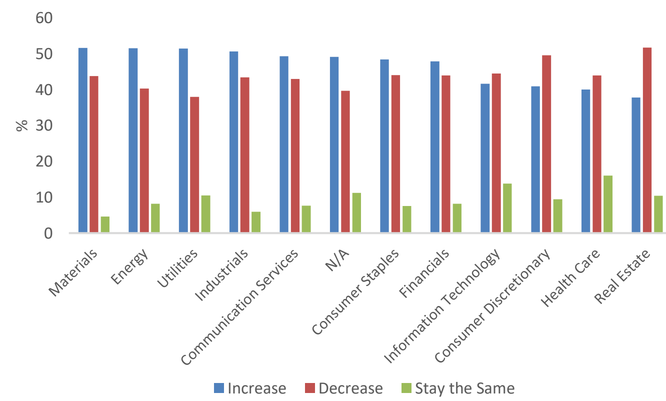


Source: State Street Global Markets, as of Q2 2024.

B. Sector NAV weights for Generalist PE Funds



C. NAV/Remaining Cost Ratio from Q1 to Q2 2024



Source: State Street Global Markets, as of Q2 2024.

Nowcasting

Inspired by the concept of nowcasting, SSPEI research team developed a model, aspiring to estimate the concurrent performance of private equity market, of which the reporting is otherwise delayed at least by one quarter. We hereby only share the model predictions for Q3 2024 without going into theoretical background. For model details, please refer to State Street Private Equity Insights Q3 2021 publication.[10] Nowcasting results are out-of-sample predictions based on the regression coefficients from the past 5 year rolling window and the observed public market returns and private market cash flows.

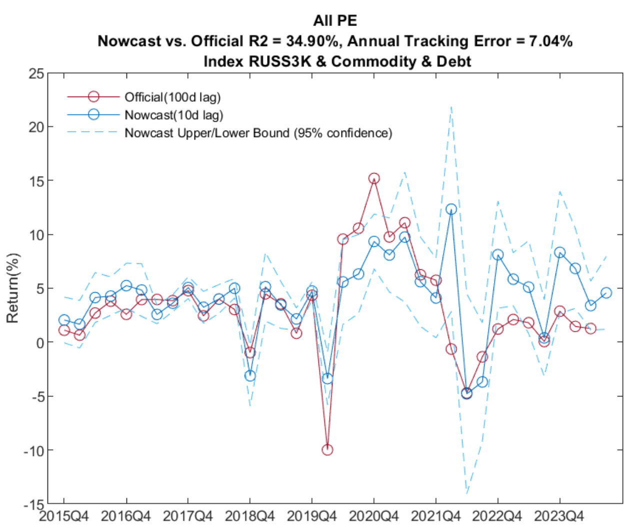
Reflecting on Q2 2024, the actual returns for All PE, Buyout, Venture Capital, and Private Debt were 1.26%, 1.47%, -0.07% and 2.18% respectively. These figures compare to the

[10] State Street Private Equity Insights Q3 2021
https://globalmarkets.statestreet.com/portal/peindex/ publications

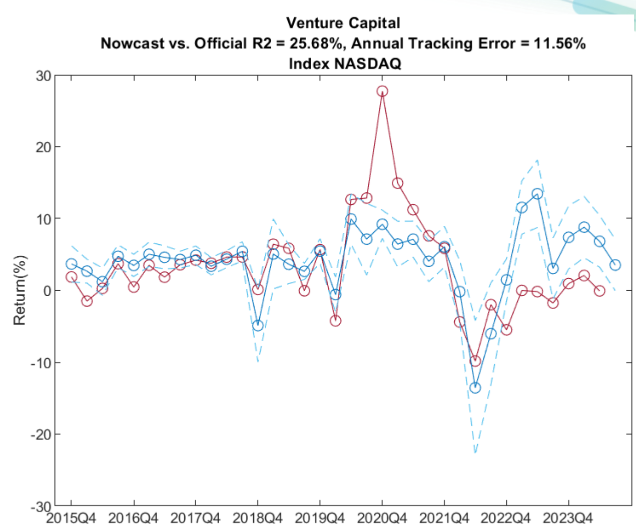
nowcasting model's predictions of 3.39%, 3.54%, 6.83% and 2.27%. Exhibit 10 indicates that the nowcasting model's predictions for All PE and Private Debt were within their 95% confidence intervals. However, the actual returns for Buyout and Venture Capital fell slightly below their predicted confidence bands. The model accurately projected the downward trend in quarterly performance for All PE and VC, and a marginal increase for Private Debt, but it failed to capture the upward trend in Buyout funds.

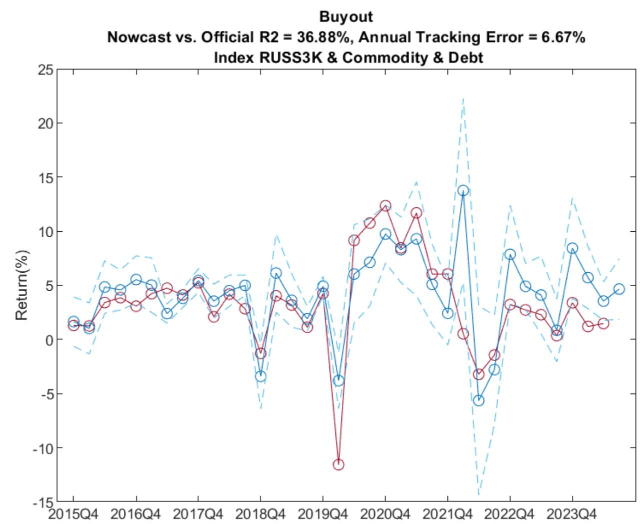
Looking ahead to Q3 2024, the nowcasting model anticipates an increase in returns for All PE, Buyout and Private Debt, predicting quarterly returns of 4.57%, 4.65% and 3.49% respectively. In contrast, it expects a continued decline in Venture Capital return to 3.53%. This forecast correlates with a slowdown in the technology-heavy NASDAQ Composite Index, which recorded a slowdown in quarterly return from 8.35% in Q2 to 1.92% in Q3. The model's optimistic outlook for All PE, Buyout, and Private Debt is linked to growth in the debt market and an improvement in the overall public equity market, with the Bloomberg US Aggregated Index returning 3.1%, Bloomberg US Corporate High Yield Index rising by 5.65%, and the Russell 3000 Index showed a robust increase to 6% in Q3 2024.

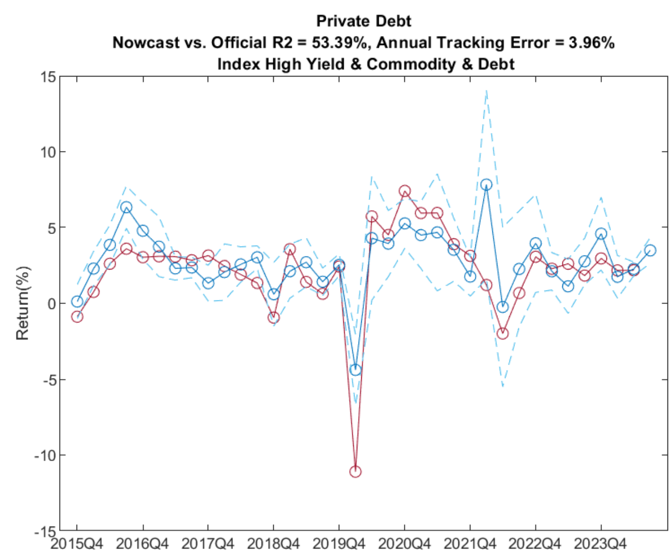
Exhibit 10. Actual vs. Out-of-sample Nowcast IRRs



Source: State Street Global Markets, as of Q2 2024.







Source: State Street Global Markets, as of Q2 2024.

DISCUSSION – Private Debt Outperformance

As mentioned in the performance summary, Private Debt has outperformed Buyouts in seven of the ten quarters since Q1 2022, when the Federal Reserve began raising interest rates to curb inflation. How often has such outperformance occurred historically, and what lessons can we draw from history?

First, let's examine the historical performance data of the two strategies. Between 1996 and Q2 2024, the average quarterly returns for Buyout and Private Debt were 3.16% and 2.67%, respectively, without significant statistical differences overall (p-value = 0.23). However, the differences become more pronounced in subperiods. From 2010 to 2021, Buyouts outperformed Private Debt by an average of 1.22% per quarter (p-value < 0.001). In contrast, since 2022, that trend has reversed, with Buyouts underperforming Private Debt by an average of 0.65% per quarter (p-value = 0.038) (see Exhibit 11A).

Exhibit 11B illustrates the number of quarters in a rolling 10-quarter window where Private Debt outperformed Buyouts.

Here are some notable observations:

1. Pre-2020 Periods and Boom-Bust Cycles

Before 2020, when inflation was not consistently above target, periods of Buyout outperformance closely aligned with boom-and-bust cycles. For example, while Buyout funds systematically outperformed Private Debt funds leading up to the Dot-Com bubble in 2001, the momentum shifted to Private Debt approximately a year before the crisis. A similar pattern emerged before the Great Financial Crisis in 2008, with Private Debt returns beginning to surpass Buyout returns ahead of the downturn.

During boom periods, Buyout funds gained momentum over Private Debt, benefiting from easier access to credit. For instance, from 2003 until the onset of the Great Recession in 2008, Buyout funds consistently outperformed Private Debt. Similarly, after the Great Recession, Buyouts maintained their outperformance during two zero lower bound periods, supported by steady economic growth and accommodative monetary policies.

2. Covid Recession and Recovery

The Covid-induced recession, unlike previous downturns, was not triggered by structural issues in the financial system. It was followed by aggressive monetary and fiscal stimulus. As a result, Buyout returns were consistently higher than Private Debt returns during this period.

3. Post-2022: Inflation and Fed Policy

Since 2022, the extended period of Buyout dominance appears to have ended, coinciding with the emergence of inflation and the Federal Reserve's policy response. Measures such as rapid interest rate hikes and the tapering of asset purchases have led to tighter credit conditions and higher fixed-income returns, favoring Private Debt over Buyouts.

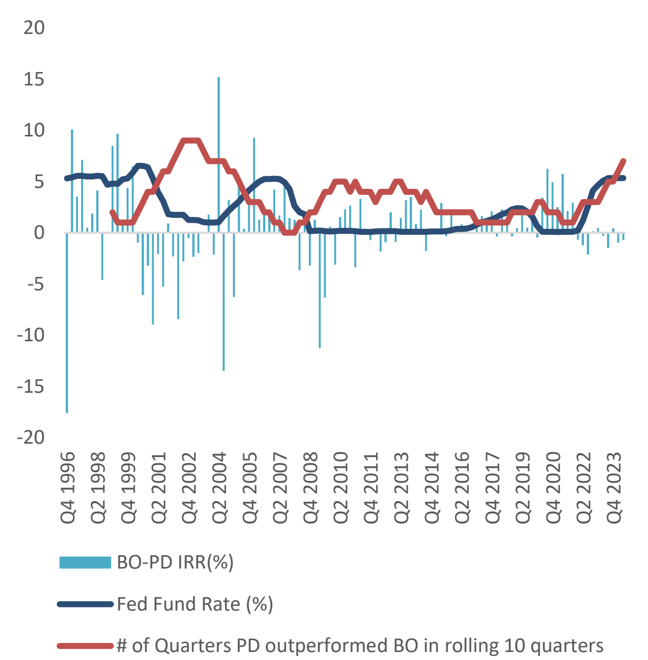
Looking ahead, as this hiking cycle has recently concluded, we anticipate a potential reversal of the current Private Debt outperformance, with Buyouts likely to regain momentum. However, persistent inflationary pressures could delay this shift.

Exhibit 11. Buyout and Private Debt Relative Performance

A. Statistics of Quarterly IRR

	Average			Std Dev			
	BO	PD	BO-PD	BO	PD	P(H0)	Corr
1996-2009	3.18	3.12	0.06	6.36	6.08	0.944	0.54
2010-2021	3.59	2.37	**1.22**	4.13	3.24	**0.000**	0.88
2022-2024	1.05	1.70	**-0.65**	2.11	1.49	**0.038**	0.95
All	3.16	2.67	0.50	5.22	4.73	0.230	0.62

B. Historical pattern of Buyout and Private Debt relative performance



Source: State Street Global Markets, as of Q2 2024.

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Participants in private capital markets need a reliable source of information for performance and analytics. Given the non-public nature of the private equity industry, collecting comprehensive and unbiased data for investment analysis can be difficult. The State Street Private Equity Index ("SSPEI") helps address the critical need for accurate and representative insight into private equity performance.

Derived from actual cash flow data of our Limited Partner clients who make commitments to private equity funds, SSPEI is based on one of the most detailed and accurate private equity data sets in the industry today. These cash flows received as part of our custodial and administrative service offerings are aggregated to produce quarterly Index results. Because the SSPEI does not depend on voluntary reporting of information, it is less exposed to biases common among other industry indexes. The result is an index that reflects reliable and consistent client data, and a product that provides analytical insight into an otherwise opaque asset class.

- Currently comprises more than 4,000 funds representing more than $5.2 trillion in capital commitments as of Q2 2024
- Global daily cash-flow data back to 1980.
- The Index has generated quarterly results since Q3 2004.
- Published approximately 100 days after quarter-end.

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