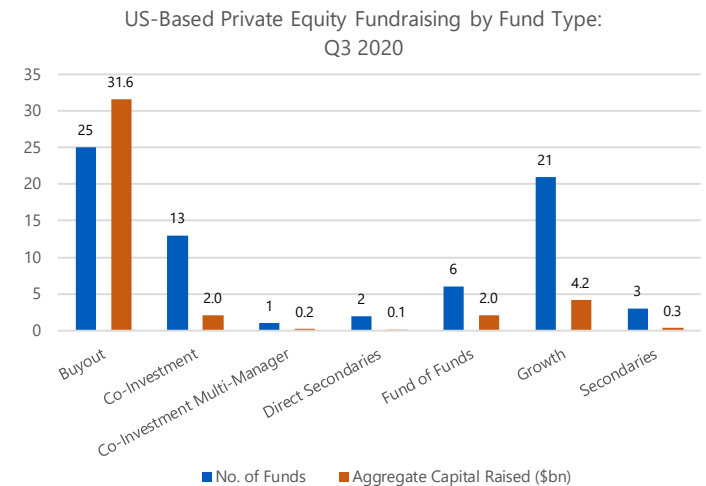
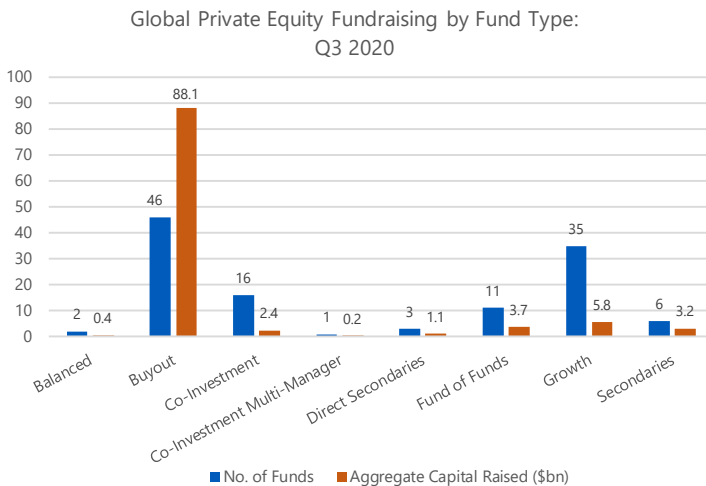
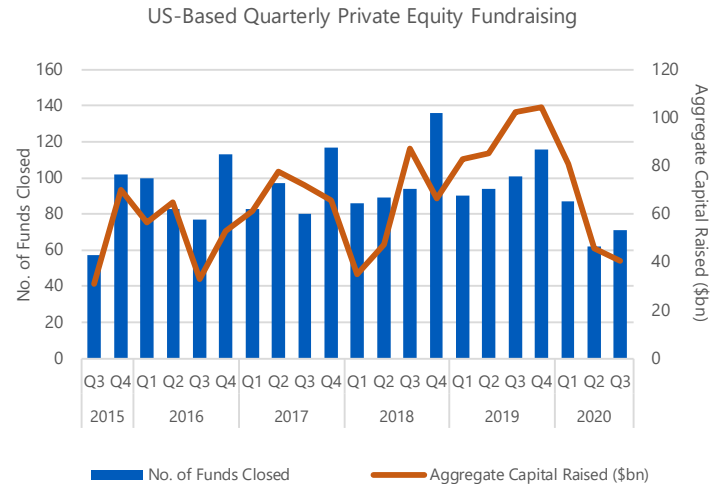
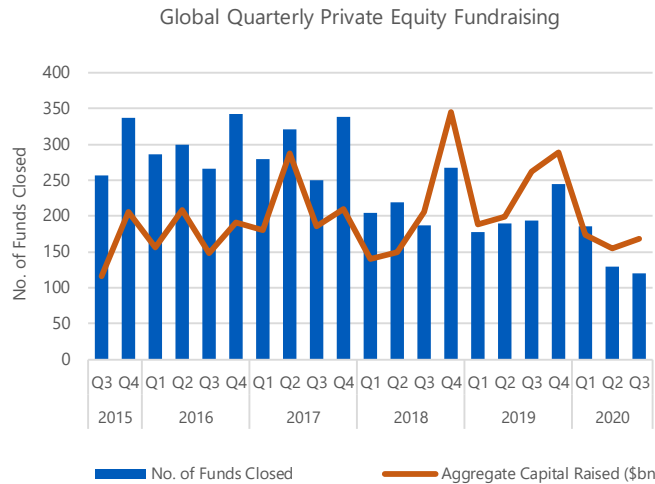


PE FUNDRAISING AT A GLANCE

Q3 Trends

THIRD QUARTER 2020

- ▶ **Fundraising Beginning to Stabilize.** The decline in private equity fundraising in Q2 began to make a comeback in Q3, although the outlook remains uncertain given the continuing COVID-19 pandemic.
 - ▶ \$105bn was raised across 120 funds globally in Q3, up approximately 8% from \$97bn raised across 130 funds in Q2.
 - ▶ Secondaries funds raised a record \$44.1bn globally YTD.
- ▶ **SPACs.** Interest by private equity firms in special purpose acquisition companies (or SPACs) has increased. According to Deal Point Data, 128 SPACs raised approximately \$48bn YTD, representing 49% of the 2020 IPO market. Private equity firms sponsored six SPAC IPOs in Q3, which is more than all of 2019 combined. The maturation of SPAC structures, market conditions and investor familiarity have led to a surge in popularity.
- ▶ **Hybridization.** The COVID-19 pandemic prompted fund managers to diversify and consider new investment strategies, such as distressed credit, syndicated loans and structured credit. Additionally, funds containing a hybrid mixture of private equity, credit and hedge terms and strategies increased.

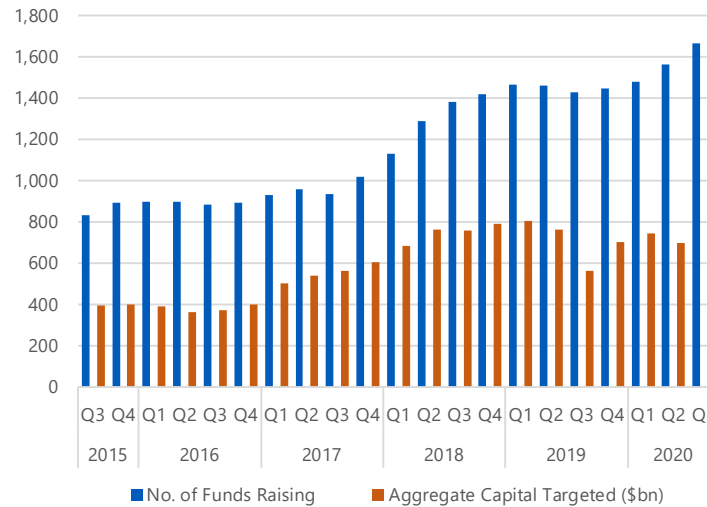


All charts were compiled by Preqin and the data contained therein has not been reviewed for accuracy by Paul, Weiss.

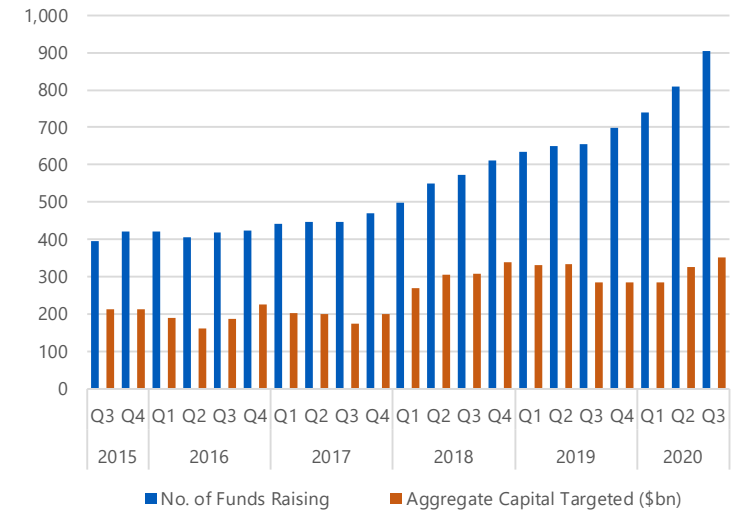
Q3 Trends

- ▶ **Funds in Market.** While 105 private equity funds entered the global market during Q3, aggregate capital targeted fell to \$678bn in Q3 from \$696bn in Q2.
- ▶ **Longer Offerings.** With a record number of private equity funds in the market, the length of time to reach a final closing increased. During the first three quarters of 2020, 39% of funds held a final closing within 12 months, while 45% of funds took more than 18 months to reach a final close.
- ▶ **Dry Powder.** Global dry powder sat at an all-time high of \$1.23tn at the end of Q1. With large amounts of dry powder and the ability to close quickly on deals in a virtual setting, private equity funds seem well-positioned to capitalize during the post-COVID recovery.
- ▶ **Annex Funds.** GPs explored additional sources of capital to enhance or protect their investment portfolios, including annex funds, top-up funds, overage funds and single-investment co-investment funds. These funds may be used where an existing fund's diversification, investment or follow-on limitations have been exceeded and/or an existing fund has little dry powder or recycling available to make an investment.
- ▶ **ILPA Model.** The Institutional Limited Partners Association (or ILPA) published a model deal-by-deal term sheet and LPA for the private equity industry, containing primarily LP-favorable terms. While ILPA's model documents continue to frame discussions with LPs across the marketplace, they have not led to significant changes to key fundraising terms.

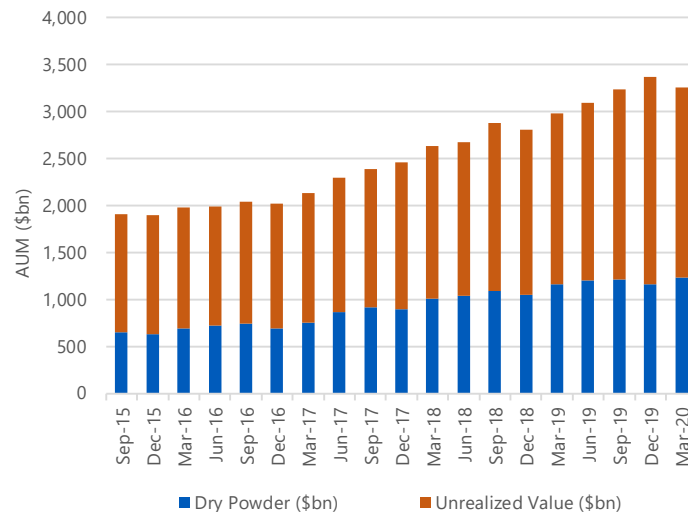
Global Quarterly Private Equity Funds in Market



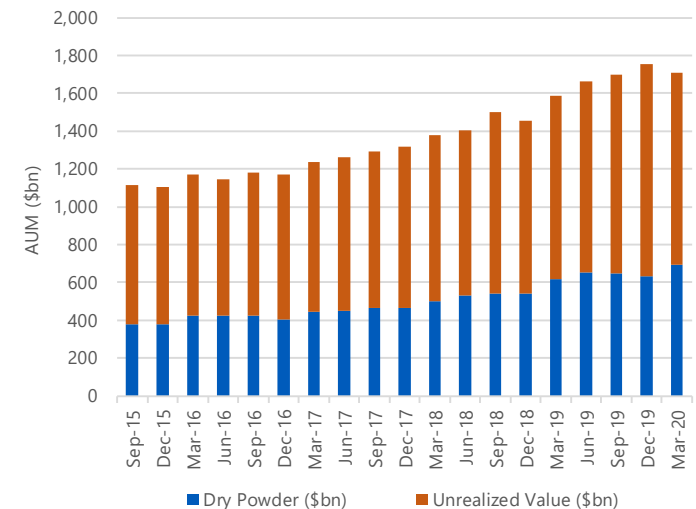
US-Based Quarterly Private Equity Funds in Market



Global Quarterly Private Equity AUM



US-Based Quarterly Private Equity AUM



This publication is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this publication should be directed to:

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Our Private Equity Fundraising Group

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