

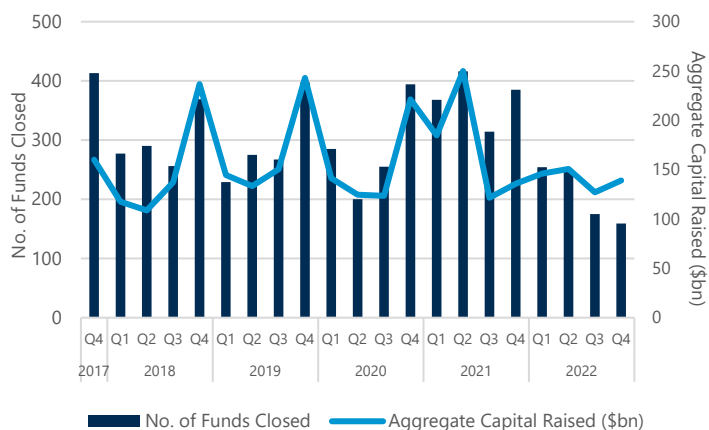
PE FUNDRAISING AT A GLANCE

Q4 Trends

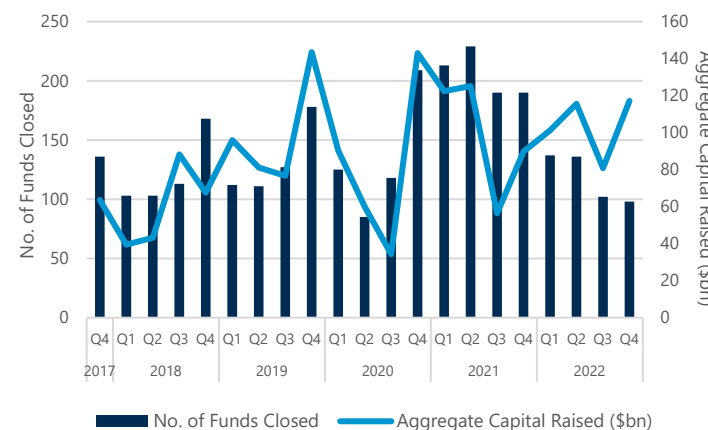
- ▶ **Fundraising Stabilizing.** Private equity fundraising was down globally in 2022. While fundraising is expected to remain weak through late-2023, Q4 showed signs of the market beginning to stabilize.
 - ▶ \$139bn was raised globally in Q4, up approximately 9% from \$127bn raised in Q3.
 - ▶ Although more funds typically close in the fourth quarter, only 159 funds reached a final close globally in Q4, marking the lowest number of final closings in any quarter over the last five years.
 - ▶ Buyout funds and growth strategy funds represented 64% and 23%, respectively, of aggregate capital raised globally in Q4.
- ▶ **Mega-Funds.** Not only was there a consolidation of capital with a smaller number of funds raising a larger portion of total capital in 2022 (the 13 largest private equity funds raised \$178.5bn), but investors strongly favored familiar firms.¹
- ▶ **Congested Fundraising.** With a record number of private equity funds fundraising and the average time between fundraisings declining (3 years in 2022, down from 3.2 years in 2021),¹ many funds pushed their final closings into 2023. Relatedly, the average fundraising period increased to 15.4 months in 2022, up from 13.8 months in 2021.¹

Fourth Quarter 2022

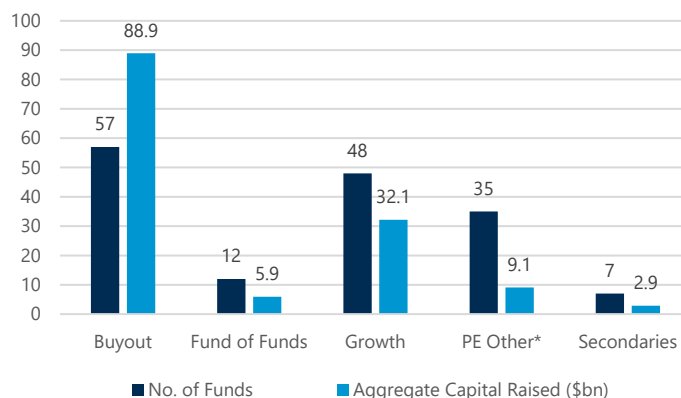
Global Quarterly Private Equity Fundraising



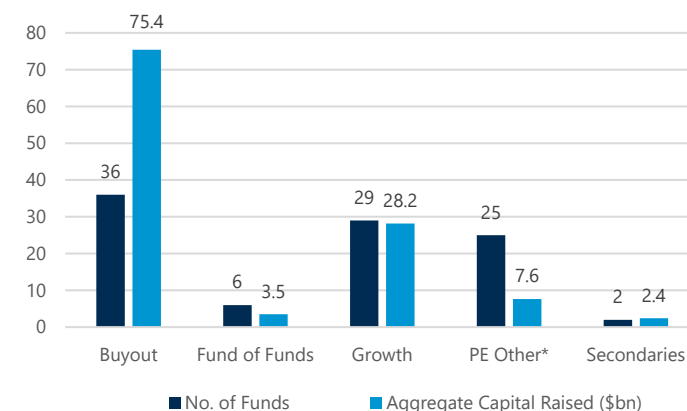
US-Based Quarterly Private Equity Fundraising



Global Private Equity Fundraising by Fund Type: Q4 2022



US-Based Private Equity Fundraising by Fund Type: Q4 2022



*PE Other includes balanced, co-investment, co-investment multi-manager, direct secondaries, hybrid, hybrid fund of funds, PIPE and turnaround funds.

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

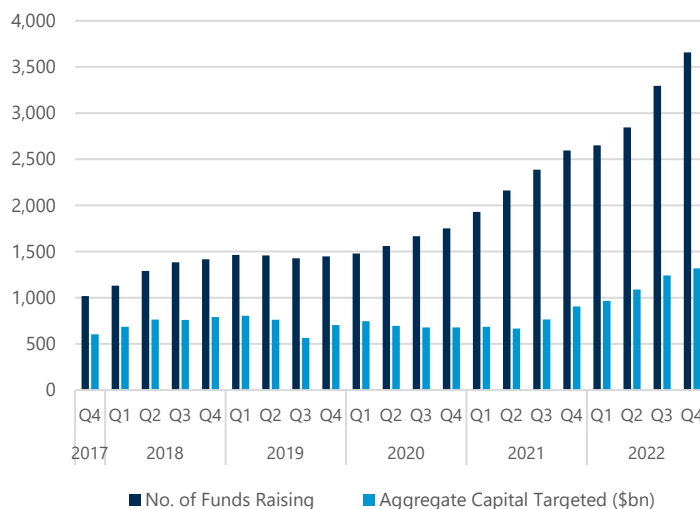
Q4 Trends

Fourth Quarter 2022

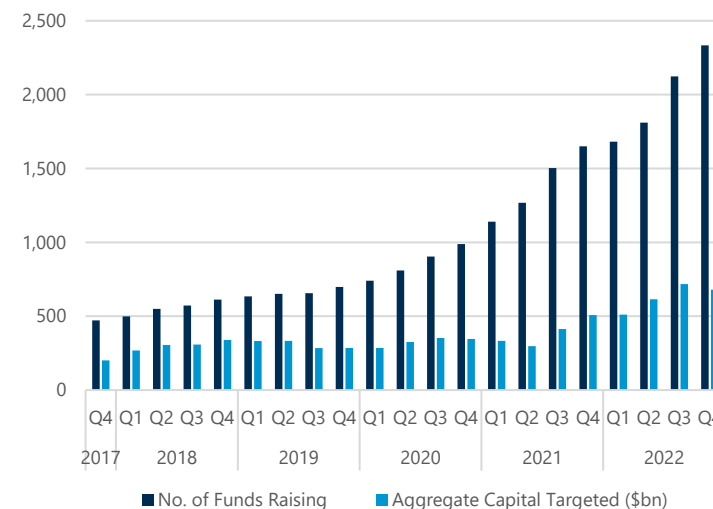
- ▶ **Funds in Market.** At present, there are a record number of private equity funds (3,657) in the global market, a 10% increase from Q3, resulting in the most funds in the market at any time over the last five years. Aggregate capital targeted globally in Q4 was also at a record high of \$1.31tn, up 6% from Q3.
- ▶ **AUM; Dry Powder.** Global private equity AUM reached an all-time high of \$5.04tn in Q2 2022, while dry powder increased 12% to \$1.44tn from the prior quarter end.
- ▶ **SEC Rulemaking.** The SEC is focused on increased regulation of private equity funds.
- ▶ **Marketing Rule.** The SEC issued guidance relating to the new Marketing Rule (Advisers Act Rule 206(4)-1) indicating that when an investment adviser displays the gross performance of one investment (e.g., in a case study) or a group of investments from a private fund, the adviser must show the net performance of the single investment or group.
- ▶ **Private Funds.** There remains uncertainty as to whether the SEC will make modifications to its proposed rules regulating private fund advisers in response to comments received from the industry. If adopted as proposed, the rules would prohibit, among other things, certain allocations of fees and expenses, certain exculpation and indemnification protections and the “preferential” treatment of LPs often provided in side letters.

¹ PitchBook: US PE Breakdown 2022 Annual.

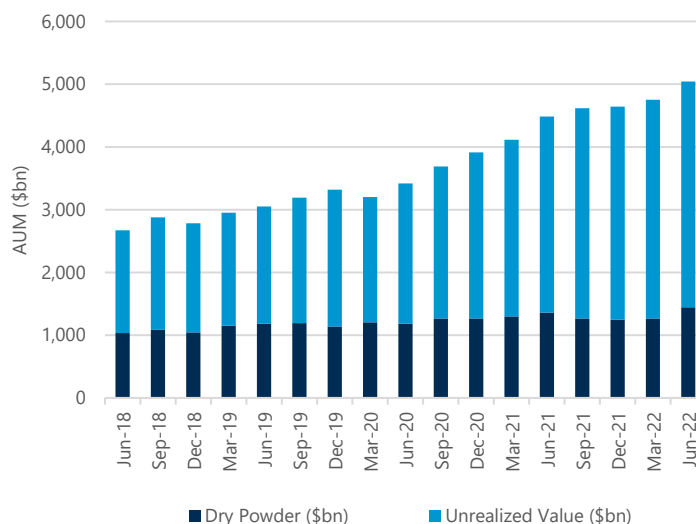
Global Quarterly Private Equity Funds in Market



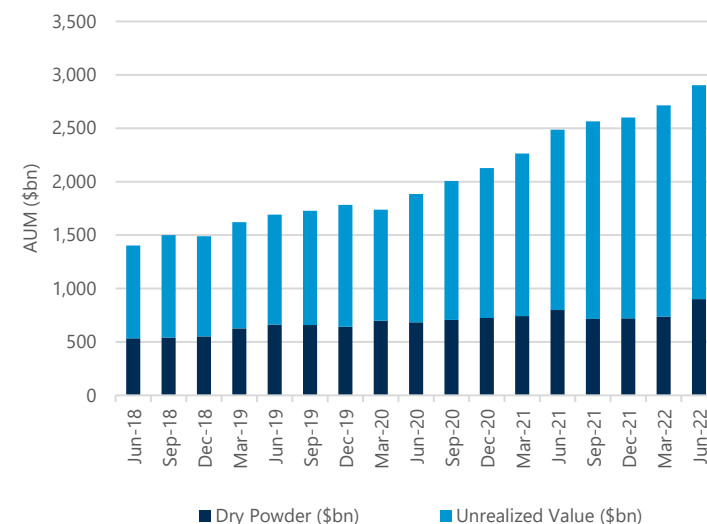
US-Based Quarterly Private Equity Funds in Market



Global Quarterly Private Equity AUM



US-Based Quarterly Private Equity AUM



Our Private Equity Fundraising Group

Recognized as one of the premier private equity funds practices in the marketplace, the Paul, Weiss Private Equity Fundraising Group serves as industry-leading advisors to a diverse group of private equity firms, ranging from up-and-coming middle market firms to large alternative asset managers. Our deep and sophisticated team of private funds lawyers has experience in all aspects of the organization and operation of alternative asset management products across the spectrum. Our extensive market knowledge is built on decades of experience working hand in hand with private equity managers, investors and other key market participants, equipping us with unrivaled data about evolving trends and market dynamics and making us uniquely positioned to offer cutting-edge yet practical advice. We provide advice on both day-to-day questions and firm-defining decisions with respect to the full range of asset management services, including fund and management company formation, seed capital and strategic arrangements, partner arrangements and employee compensation, regulatory and compliance considerations and investment management M&A. The full suite of the firm's resources are at our clients' fingertips, and we work closely across practice areas to provide seamless advice to private equity funds throughout their lifecycles.

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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