Macroeconomic Commentary

After a strong first half of the year, U.S. economic growth slowed in the third quarter, demonstrating annualized growth of 2% due mostly to the spread of the COVID-19 Delta variant and its related negative effects, most notably supply chain issues and labor shortages. These concerns contributed to a spike in inflation globally. The prevailing view appears to have shifted to inflation being a more persistent issue that will linger through at least the middle of 2022, thus concerns regarding future economic growth and the speed of potential changes to global monetary policies have surfaced. Moreover, COVID-19 itself also remains a risk. As of this writing, infection levels have receded yet seemingly plateaued in the U.S., while daily case counts are rising across Europe.

The private equity and venture capital investment environment remained favorable through the third quarter. Fundraising, new investment, and divestment activity continued apace through September across both the U.S. and Europe, as valuations almost uniformly continued to increase quarter-over-quarter given strong operating performance and/or increasing market multiples. Further, **2021 is shaping up to be a blockbuster year for the venture capital industry. Deal value though Q3 has already surpassed full-year 2020 levels, while exit activity, and IPOs in particular, exhibited record levels**. Large private financings rounds have also led to significant unrealized gains within many venture capital funds.

U.S. Private Equity

- U.S. private equity fundraising activity remained relatively consistent through Q3 2021, bringing total capital raised to $237.7 billion across 295 funds.
    - **The average time between private equity fundraises through Q3 2021 further reduced to 2.8 years, compared with 3.5 years in full-year 2020.**
- Private equity investment activity already surpassed full-year 2020 levels by the end of Q3 2021: 6,004 transactions closed totaling $787.6 billion, compared with 5,688 deals totaling $698.4 billion for full-year 2020.
    - YTD Median EV/EBITDA remained at 12.8x, matching the 2020 EV/EBITDA median.
- YTD through Q3, mega deals (transaction values of $1 billion or greater) already surpassed those of full-year 2020 in terms of both size and number.
- By value, healthcare and IT comprised approximately 10% and 23% of quarterly deal flow, respectively. **YTD private equity-backed exit activity reached a new yearly record. As of Q3 2021, U.S. private equity exits totaled $638.3 billion, dwarfing the previous record set in 2018 at $412.6 billion**.
    - PE-backed IPOs surged through the third quarter; YTD there were 104 IPOs totaling $238.6 billion in value, shattering the previous record set in 2020 when 56 IPOs totaled $121.7 billion in value.

Figure 1: U.S. PE Exit Value ($B) by Type

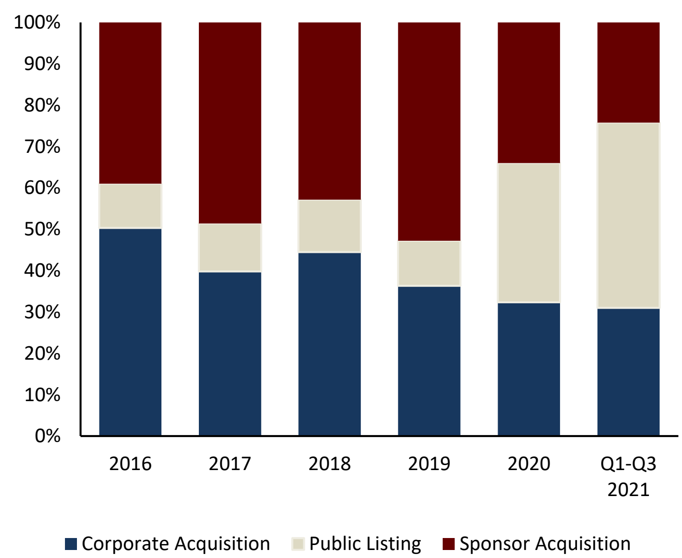

Figure 1 Data Source: PitchBook's 2021 Q3 US PE Breakdown

Venture Capital

- U.S. venture capital fundraising was robust through Q3 2021, as managers raised $96.0 billion across 526 funds, already surpassing the $85.8 billion raised by 665 funds the previous year.

- LPs continue to gravitate toward larger venture capital funds, a trend observed in 2020. Approximately 9% of funds rased were over $500 million, a slight uptick from full year 2020 levels, and double that of 2019's.
- Venture capitalists invested a record-breaking $238.7 billion YTD, shattering the previous full-year record of $166.4 billion in 2020, with $82.8 billion invested in Q3 alone.
    - **Mega rounds, which are largely later stage rounds where $100 million or more is raised, comprised 57.2% of investment activity, totaling $136.5 billion in value**.
- U.S. venture capital exit activity continued its meteoric rise with a staggering $582.5 billion in exit value YTD.
    - **IPOs accounted for more than 88% of all exit activity, with 93 public offerings in Q3 alone**.

Figure 2: U.S. VC Exit Activity

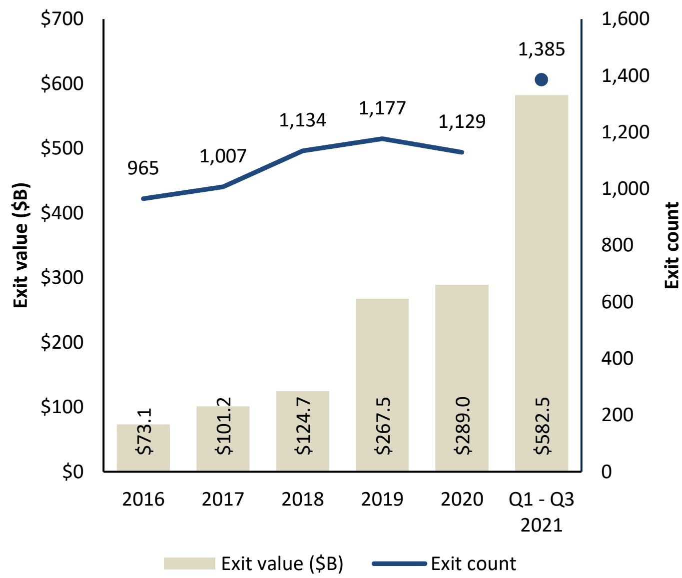

Figure 2 Data Source: Q3 2021 PitchBook-NVCA Venture Monitor

European Private Equity

- European fundraising slowed slightly in the third quarter after a blockbuster first half. Through Q3 2021, 104 funds raised €88.2 billion. Mega funds were a major driver as investors committed to larger, more established names.
- **European dealmaking reached new highs in 2021, as more than 5,492 deals closed on €548.7 billion through Q3.**
    - This surge can be partially attributed to the glut of dry powder and a slower 2020, combined with a sense of relative stability given the vaccine rollouts across the continent and various government aid policies.
- PE exit activity continued its upward trajectory surpassing the region's previous full-year record set in 2018. YTD, European exits totaled an estimated €361.6 billion in value, compared with €303.0 billion in 2018.
    - Excluding announced, pending exits, IPOs comprised 36% of exits by value through Q3 2021.

Figure 3: Europe PE Fundraising Activity

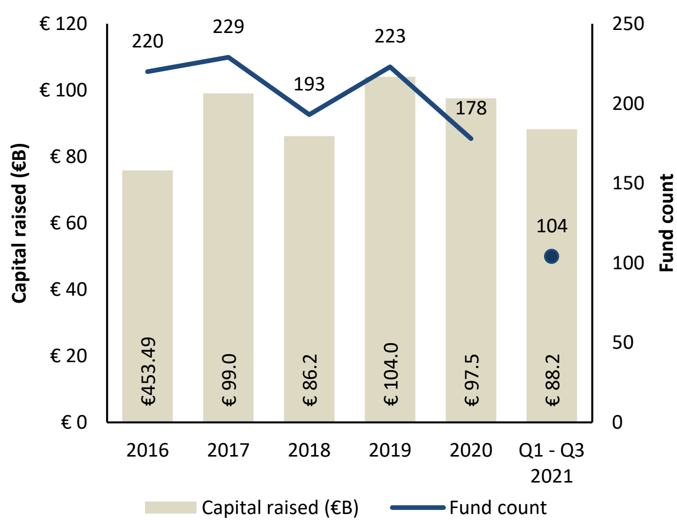

Figure 3 Data Source: PitchBook's Q3 2021 European PE Breakdown

Secondaries

- Secondary fundraising eased after a strong first half of 2021. According to Preqin, only five secondaries-focused funds closed in the third quarter, a drop from 11 that closed in Q2 alone.

- 2021 saw an uptick in manager consolidation, as independent secondaries managers partnered with large-scale asset managers.
    - Ares purchased Landmark Partners in June and CVC Capital Partners has publicly agreed to purchase London-based Glendower Capital; early in Q4 Franklin Templeton announced the purchase of Lexington Partners.
- Although dry powder levels remain high, capital overhang, according to Jefferies, is below 2020 levels due to heightened deal activity since H2 2020.

Figure 4: Secondaries Fundraising through 9/30/2021

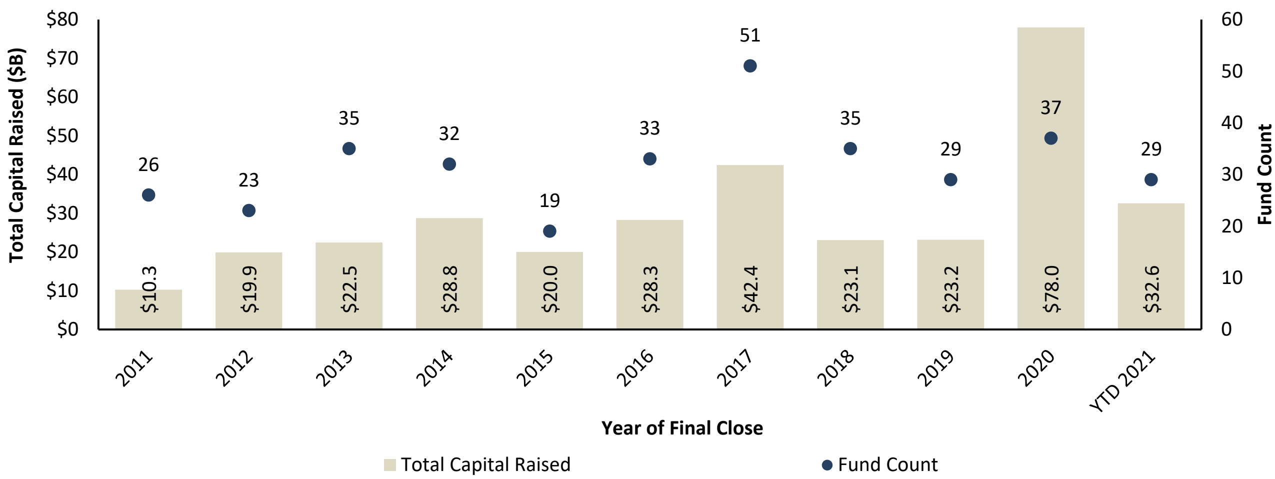

Figure 4 Data Source: Preqin – run 9/30/2021

SOURCES CONSULTED

With respect to macroeconomic commentary, material sourced through: https://www.bea.gov/
With respect to private equity information, material sourced through: PitchBook's Q3 2021 US PE Breakdown, PitchBook's Q3 2021 European PE Breakdown.
With respect to venture capital information, material sourced through: Q3 2021 PitchBook-NVCA Venture Monitor.
With respect to secondary investment information, material sourced through: Preqin, Jefferies – Global Secondary Market Review – July 2021, PitchBook's Q3 2021 US PE Breakdown.

IMPORTANT INFORMATION

Past performance is not a guide to future results and is not indicative of expected realized returns.

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Coronavirus Outbreak Risks. The recent global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economies. In particular, the COVID-19 outbreak has already, and will continue to, adversely affect many private equity investments and many of the industries in which private equity managers operate. The ability to operate effectively, including the ability of personnel or service providers and other contractors to function, communicate and travel to the extent necessary to carry out investment strategies and objectives and business, has been, and will continue to be, impaired. Markets are experiencing very high levels of volatility and generally stressed conditions. Businesses across the United States and the world, and across most sectors, are experiencing significant challenges to their revenues and business, which could make it difficult for businesses to continue as a going concern. Unemployment is likely to rise significantly and reduced revenues may reduce profits or lead to losses. Many governments--federal, state, local, and non-United States--have imposed limitations on businesses and intervened in markets in an effort to ensure they continue to function. It is unclear how long these conditions will continue and, the longer these conditions continue, the risk of a long term adverse effect increases. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to "re-open", it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro-and micro- economic developments, the health of certain industries and businesses, and commercial and consumer behavior.