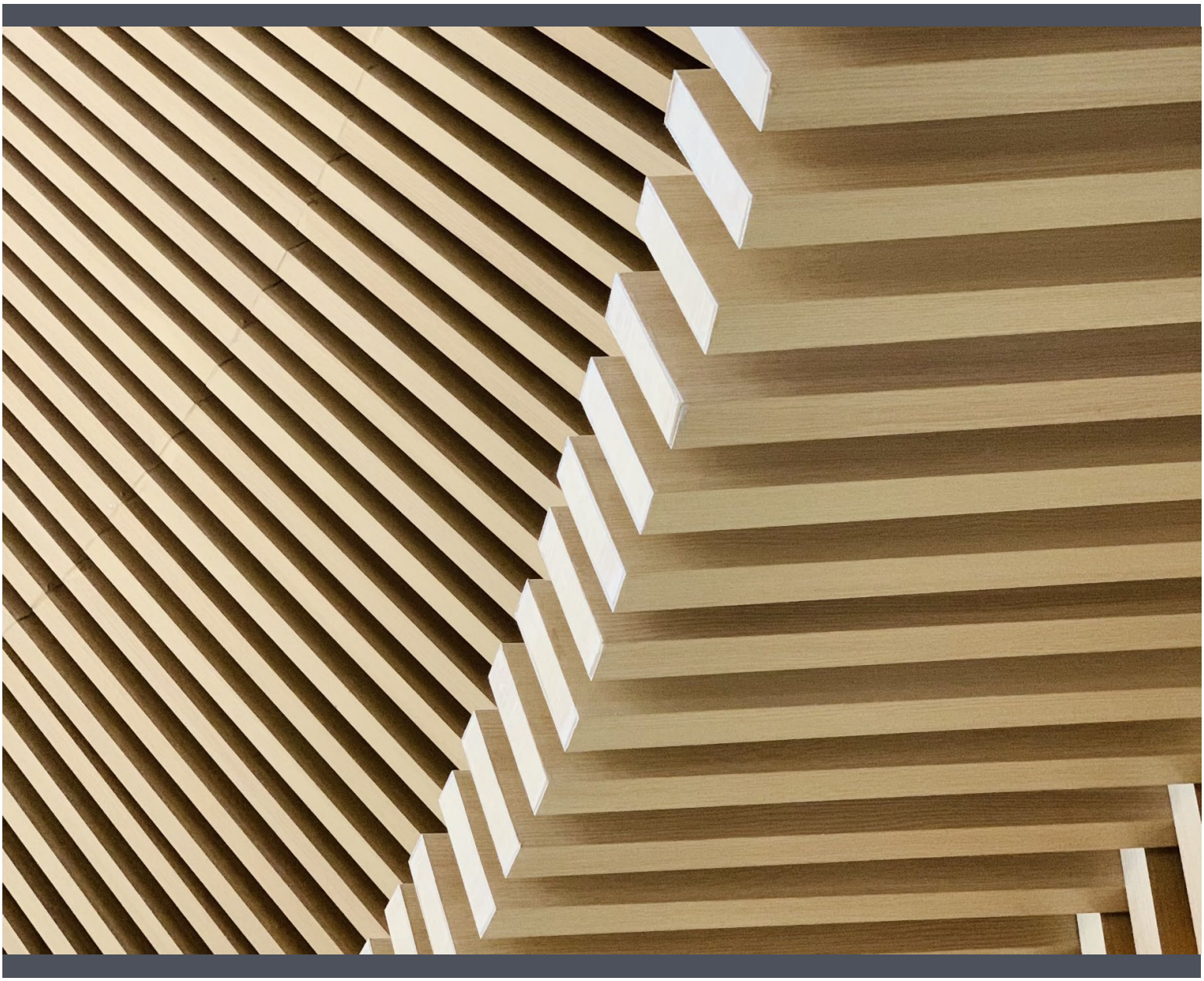
ABBOTT CAPITAL



Q1 2025

PRIVATE EQUITY MARKET OVERVIEW

Venture Capital

U.S. Private Equity

European Private Equity

Secondaries

Abbott Capital Management, LLC

Overview

The U.S. financial markets were largely stable during the first half of Q1 2025, but sentiment turned in mid-February. The major U.S. indices retreated for the quarter, bookended by the S&P 500's 4.4% decline and the NASDAQ's fall of 10.4%. Strong performance in defensive sectors such as Energy (9.3%), Healthcare (6.1%) and Consumer Staples (4.6%) were not enough to offset the punishing performance of IT (-12.8%) and Consumer Discretionary (-14.0%) since these two sectors comprise nearly 40% of the S&P500 when weighted by market capitalization. On April 30th, the Bureau of Economic Analysis released its advance estimate for U.S. GDP growth in the first quarter, and reported a decline of 0.3%, versus Q4 2024 growth of 2.4%. Economists attributed much of this contraction to an increase in imports, likely in advance of (at the time) to-be-announced U.S. tariffs. Meanwhile, the U.S. Federal Reserve's preferred inflation indicator, the Core Personal Consumption Index (excluding food and energy prices), ended the quarter at 2.6%, the lowest reading since Q2 2024, and well below a February spike of 3%.

The European markets fared better, with the FTSE 100 and the Euro STOXX 600, ending the quarter 5% and 5.2% higher than the prior quarter, respectively. Euro Area GDP advanced 0.40% quarter over quarter for Q1 2025, slightly besting the 30-year average of 0.37%. UK GDP expanded slightly, by 0.1%.

As noted below, the quarter brought a surge in venture capital new deal and exit value, both of which were mirrored by North American and European private equity. Secondary dealmaking enjoyed another strong quarter.

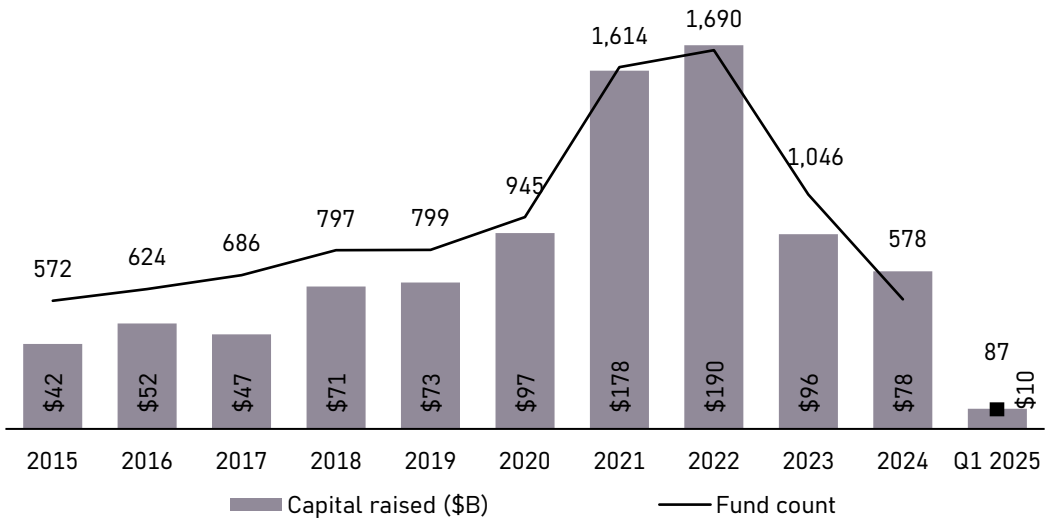
That rearview summary, however, seems naïve in mid-May. The on-again, off-again U.S. tariffs have roiled global markets and the uncertainty surrounding tariffs and their eventual impact on the economy hinders business leaders' ability to make strategic decisions about their business.

While private equity portfolios may be insulated from the daily volatility of the public markets, they are not immune to the challenges that uncertainty, supply chain disruptions and economic slowdowns bring.

Venture Capital

- U.S. venture capital fundraising continued to be muted. Reported fundraising for the first quarter totaled only $10 billion, or 13% of the full-year 2024 figure, up slightly from the Q1 2024 figure of $9 billion.
  - In contrast to a year ago, fundraising dollars appear to be less concentrated into large scale funds ($1 billion or larger in fund size) with 78% of the capital deployed across 27 funds between $100 million and $1 billion.
- Muted fundraising volume since 2023 and generally stable investment activity have combined to help reduce the overhang of dry powder by approximately 11%. Unsurprisingly, funds in excess of $1 billion continue to hold the most unfunded.
- Venture capital deal activity by value in Q1 2025 was up 116% relative to Q1 2024 and reached a record high since Q4 2021. However, future exit activity may be impacted by market volatility.
  - Early-stage activity experienced a 16% decline in deal value in Q1 2025 relative to Q1 2024, while late-stage activity was roughly in line with Q1 2024.
  - Megadeals ($100 million or larger round size) accounted for a record 75% of the total deal value despite only 3% by count (including an estimated deal count of 987 in Q1 2025).
- Median pre-money valuations in Q1 2025 increased across all stages. Series D+ rounds experienced the largest rebound with median valuations now above $1 billion, up 54% from 2024.
- U.S. venture capital exit value in Q1 2025 hit a three-year quarterly high of $56 billion, up 36% from Q4 2024. This was driven by public listings which accounted for $26 billion of the quarterly exit value. Of the $23 billion exits by acquisition, 76% by count occurred prior to Series B.

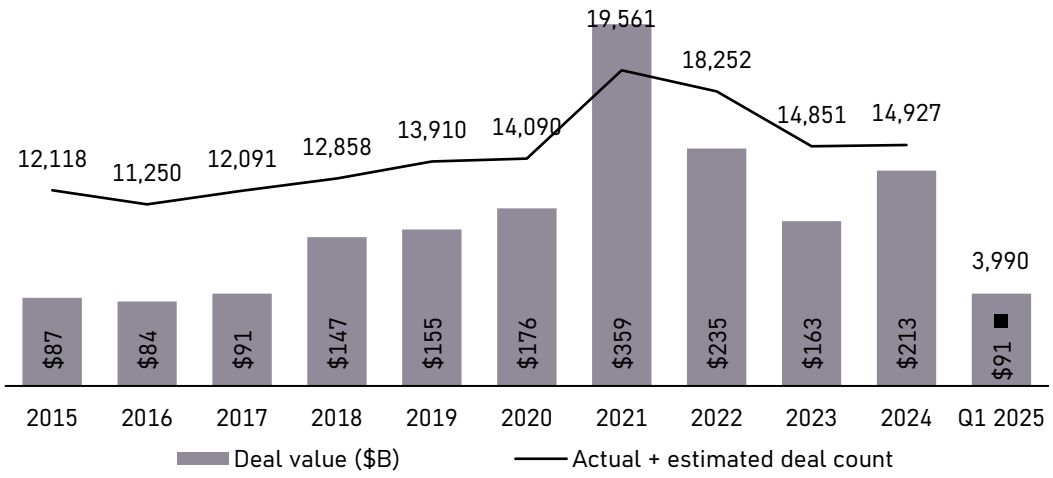
FUNDRAISING ACTIVITY
U.S. Venture Capital



Data Source: PitchBook Q1 2025 NVCA Venture Monitor.

DEAL ACTIVITY

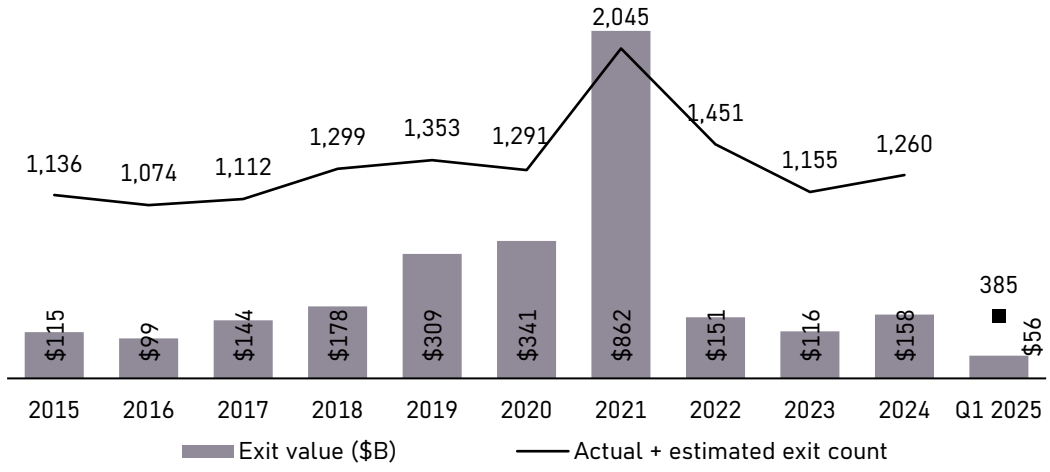
U.S. Venture Capital



Data Source: PitchBook Q1 2025 NVCA Venture Monitor.
2024 includes estimated deal count of 315 while 2025 includes estimated deal count of 987.

EXIT ACTIVITY

U.S. Venture Capital



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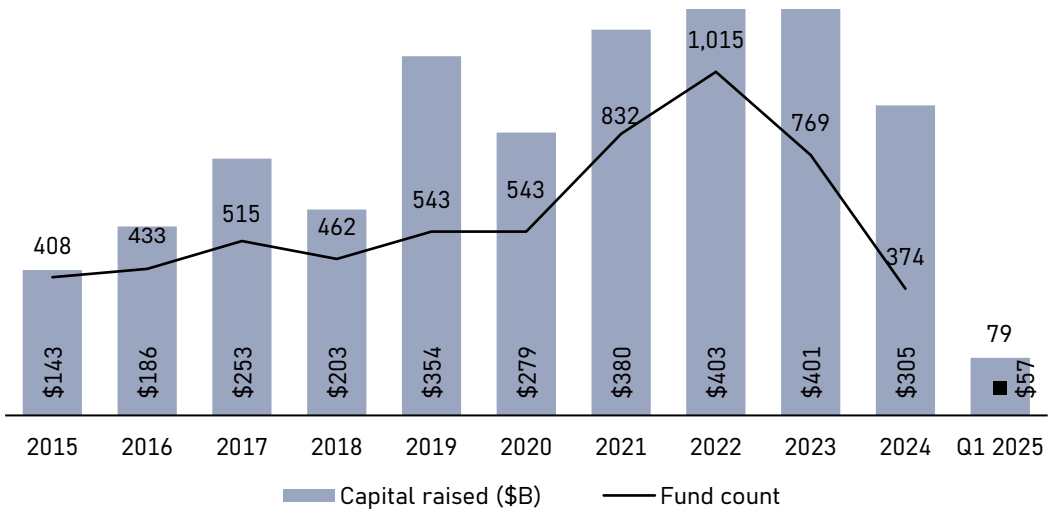
Data Source: PitchBook Q1 2025 NVCA Venture Monitor.
2024 includes estimated exit count of 74 while 2025 includes estimated exit count of 99.

U.S. Private Equity

- U.S. private equity fundraising continued to face headwinds in Q1 2025, with just $57 billion raised year to date or $20 billion less than the amount raised over the same period last year.
  - While overall fundraising levels remained challenged, an improved exit environment and increased distribution activity appeared to help shorten fundraising timelines. The median time to close a new fund fell to 11.7 months, the lowest level since 2022.
- Dealmaking accelerated during the quarter, with $260 billion in deal value recorded across 2,263 transactions (includes estimated deal value of $42 billion and deal count of 673 in Q1 2025).
  - This represents a 36% increase in value and a 12% increase in volume compared to Q1 2024, extending the positive momentum seen since the second half of last year.
- Median EV/EBITDA multiples trended moderately lower at 12.2x in Q1 2025 over the TTM compared to 13.1x in 2024.
  - However, valuations remained elevated compared to Q4 2023's muted 10.9x level.
- Exit activity continues its strong recovery, with $187 billion in exit value recorded across 402 transactions (includes estimated exit value of $19 billion and deal count of 165 in Q1 2025).
  - This marks a 112% increase from Q1 2024 and places Q1 2025's exit value 17% ahead of H1 2024's pace.
  - While it remains too early to annualize the year's trajectory, the rebound in exit activity points to a more favorable liquidity environment compared to last year.

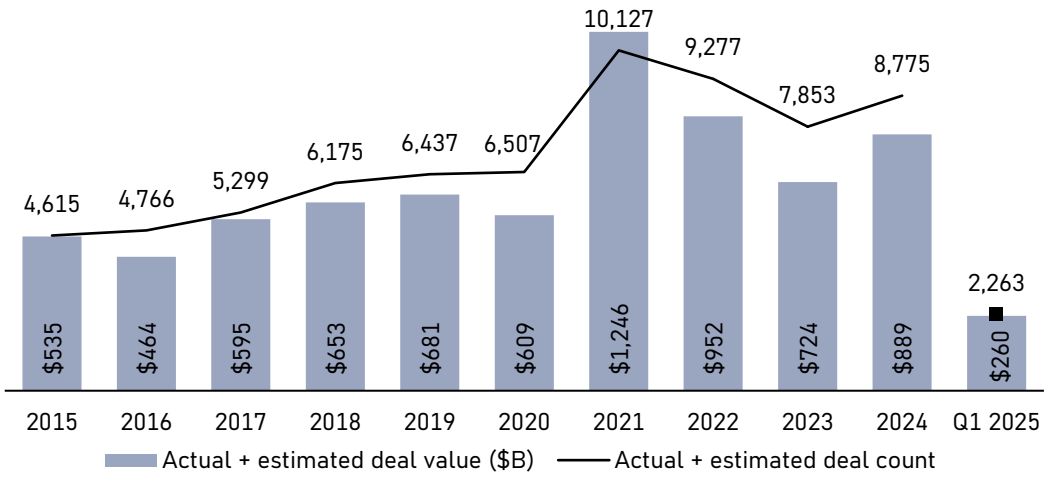
FUNDRAISING ACTIVITY
U.S. Private Equity



Data Source: PitchBook Q1 2025 Annual US PE Breakdown.

DEAL ACTIVITY

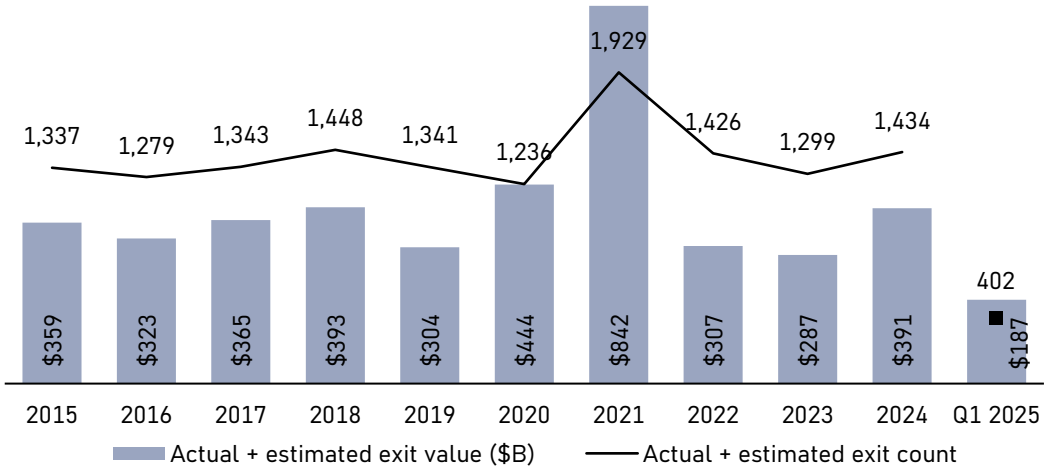
U.S. Private Equity



Data Source: PitchBook Q1 2025 Annual US PE Breakdown.
2024 includes estimated deal count of 672 and estimated deal value of $40B.
2025 includes estimated deal count of 673 and estimated deal value of $42B.

EXIT ACTIVITY

U.S. Private Equity

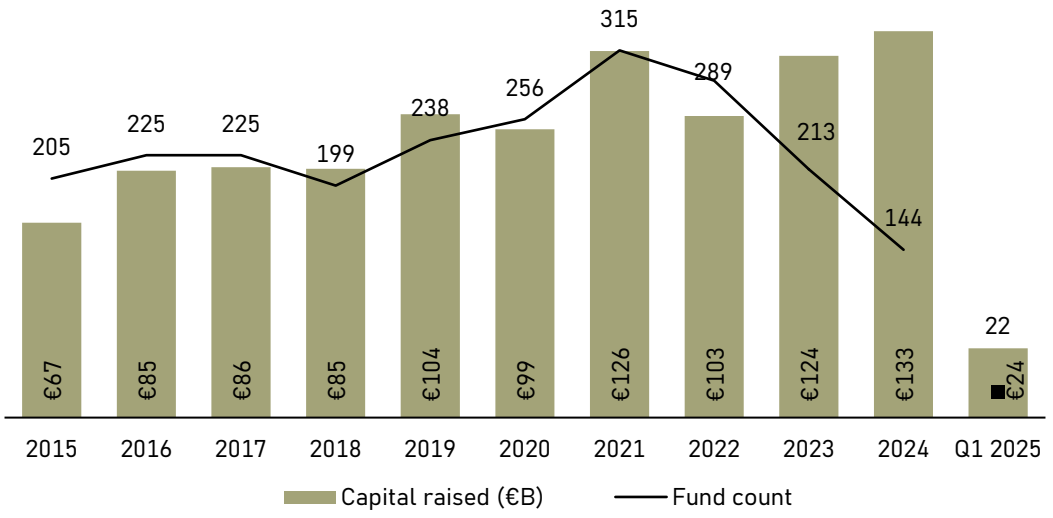


Data Source: PitchBook Q1 2025 Annual US PE Breakdown.
2024 includes estimated exit count of 226 and estimated exit value of $24B.
2025 includes estimated exit count of 165 and estimated exit value of $19B.

European Private Equity

- European private equity fundraising reached €24 billion in commitments in Q1 2025 across 22 funds, a significant drop from the Q1 2024 figure of €62 billion across 29 funds.
- The drop, particularly in volume, is partially the result of no funds greater than €5 billion closing in Q1 2025.
- European dealmaking in Q1 2025 was up compared to Q1 2024 with 2,012 investments totaling €129 billion of value closing, representing year-over-year increases of 11% and 22%, respectively (includes estimated deal count of 604 of and deal value of €31 billion in Q1 2025). However, deal count dropped by 18% with deal volume down 25% quarter-over-quarter (includes estimated deal count of 425 and deal value of €19 billion in Q4 2024), likely the result of geopolitical uncertainty around German elections as well as trade tariffs imposed by U.S. President Trump causing uncertainty for dealmakers.
- Similar to new deals, Q1 2025 European private equity exit activity was up year-over-year 18% in terms of deal numbers and 22% in terms of deal value (includes an estimated exit count of 144 and exit value of €14 billion in Q1 2025), but down quarter-over-quarter by 25% and 18% (includes an estimated exit count of 171 in Q4 2024 and 144 in Q1 2025 and estimated exit value of €15 billion in Q4 2024 and €14 billion in Q1 2025).
- European median buyout multiples remained relatively stable at 12.7x EV/EBITDA in Q1 2025 over the TTM compared to 12.8x in 2024.

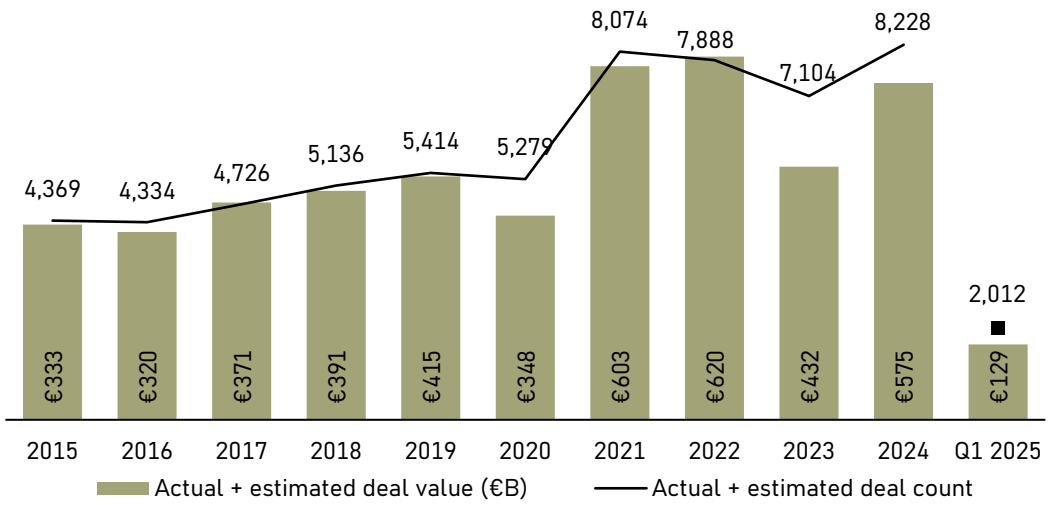
FUNDRAISING ACTIVITY
European Private Equity



Data Source: PitchBook Q1 2025 Annual European PE Breakdown.

DEAL ACTIVITY

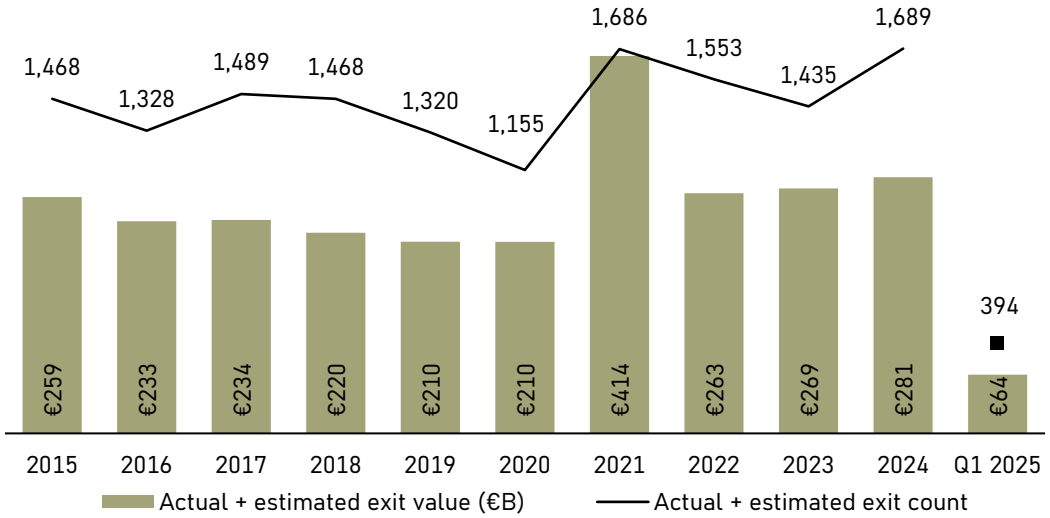
European Private Equity



Data Source: PitchBook Q1 2025 Annual European PE Breakdown.
2024 includes estimated deal count of 739 and estimated deal value of €33B.
2025 includes estimated deal count of 604 and estimated deal value of €31B.

EXIT ACTIVITY

European Private Equity

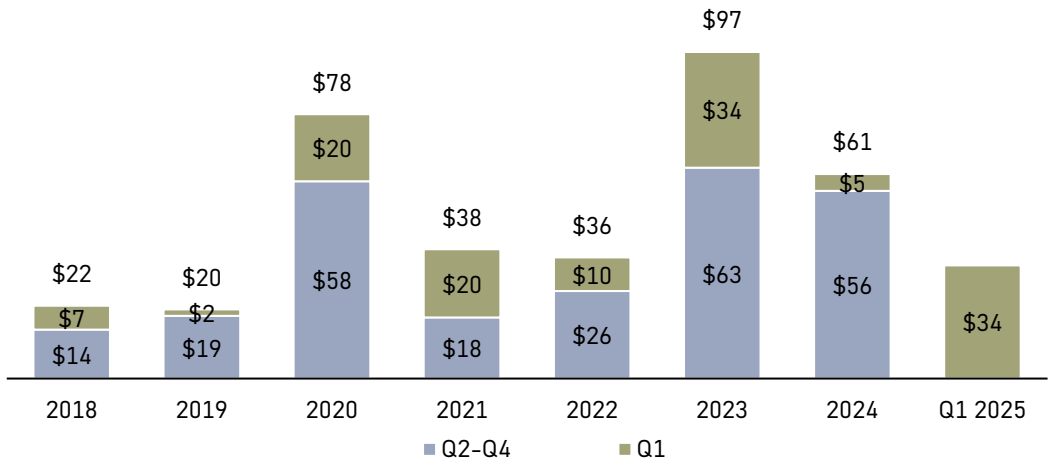


Data Source: PitchBook Q1 2025 Annual European PE Breakdown.
2024 includes estimated exit count of 278 and estimated exit value €24B.
2025 includes estimated exit count of 144 and estimated exit value €14B.

Secondaries

- Secondary fundraising was up substantially in Q1 2025 with $34 billion in aggregate capital raised globally versus only $5 billion raised in Q1 2024.
  - According to Preqin, the $34 billion of capital raised in just the first quarter of the year was already more than half of all the capital raised in 2024.
  - However, the number of funds closed in the first quarter was relatively muted at just five, an increase over Q1 2024 but still the second slowest quarter in the last five years.
- Similar to fundraising activity, deal volume for the quarter also increased significantly when compared to the prior year, with PJT Partners estimating $45 billion of transaction volume compared to $27–$32 billion in Q1 2024).

FUNDRAISING ACTIVITY($B)
Secondaries



Data Source: Preqin, 4/17/2025.
Historical fundraising data for secondaries and direct secondaries funds based on total fund size at final close.

ABOUT ABBOTT

Abbott Capital Management, LLC was founded in 1986 with the objective of providing long-term continuity and accountability in private equity portfolio management. As an independent investment adviser specializing in the creation and management of private equity investment programs, Abbott manages assets for a global investor base comprised of public, corporate, and multi-employer pension funds, foundations, endowments, family offices, and high net worth individuals.

SOURCES

Unless otherwise noted, with respect to private equity information, data sourced through: Q1 2024 PitchBook Annual US PE Breakdown, Q1 2025 PitchBook Annual US PE Breakdown, Q1 2024 PitchBook Annual European PE Breakdown, and Q1 2025 PitchBook Annual European PE Breakdown.

Unless otherwise noted, with respect to venture capital information, data sourced through: Q1 2024 PitchBook-NVCA Venture Monitor and Q1 2025 PitchBook-NVCA Venture Monitor.

Unless otherwise noted, with respect to secondaries information, data sourced through: Preqin historical fundraising data for secondaries and direct secondaries funds as of 4/17/2025, PJT Partners Q1 2024 Secondary Market Insight, April 2024, and PJT Partners Q1 2025 Secondary Market Insight, April 2025.

IMPORTANT INFORMATION

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

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