

# Private Fund Strategies Report

Q2 2021



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## YoY fundraising changes by strategy (trailing 4-quarters)\*

	Capital raised (\$B)	YoY change	Fund count	YoY change
Private capital	\$986.7	-24.3% ▼	2,103	-30.9% ▼
Private equity	\$479.6	-17.9% ▼	598	-27.4% ▼
Venture capital	\$146.4	6.3% ▲	948	-21.7% ▼
Real estate	\$78.7	-60.9% ▼	206	-50.4% ▼
Real assets	\$71.7	-33.8% ▼	85	-33.1% ▼
Private debt	\$124.1	-21.1% ▼	162	-41.3% ▼
Funds of funds	\$17.0	-63.0% ▼	63	-55.6% ▼
Secondaries	\$69.2	-0.7% ▼	41	-18.0% ▼

Source: PitchBook | Geography: Global  
\*As of June 30, 2021

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[Click here](#) for PitchBook's report methodologies.

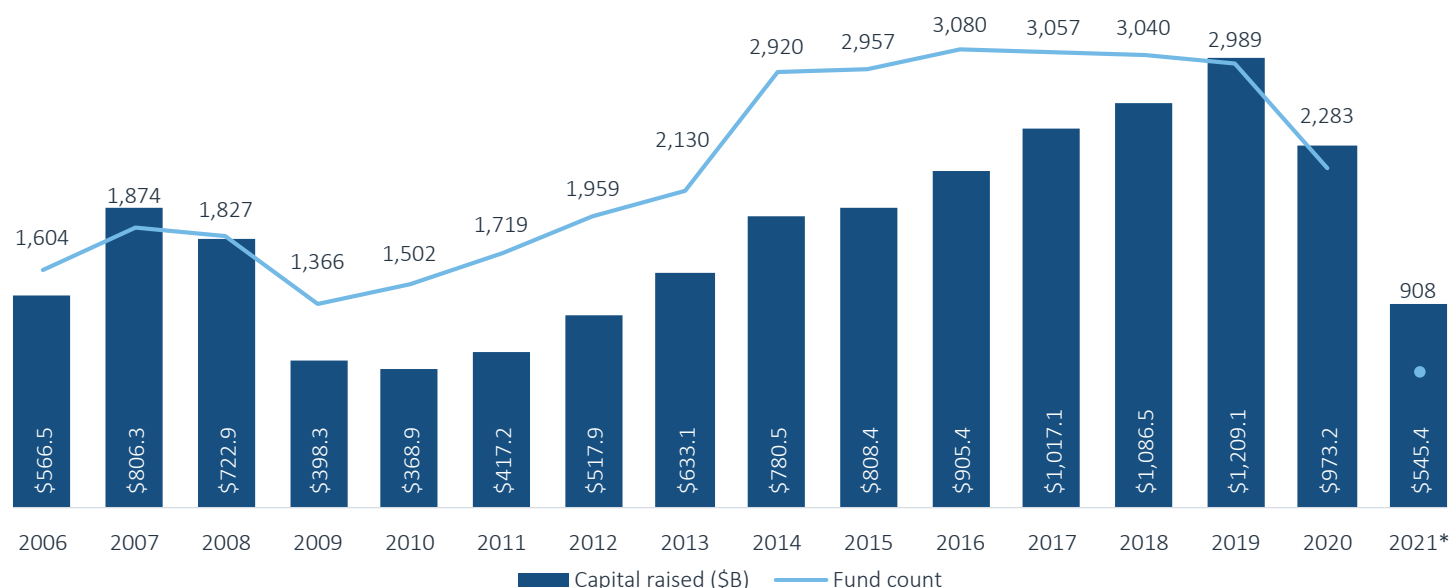
[Click here](#) for PitchBook's private market glossary.

The accompanying Excel  
file contains additional  
charts and all underlying  
data for this report.  
**Download the XLS  
summary here.**



# Fund overview and LP perspective

## Private capital fundraising activity



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

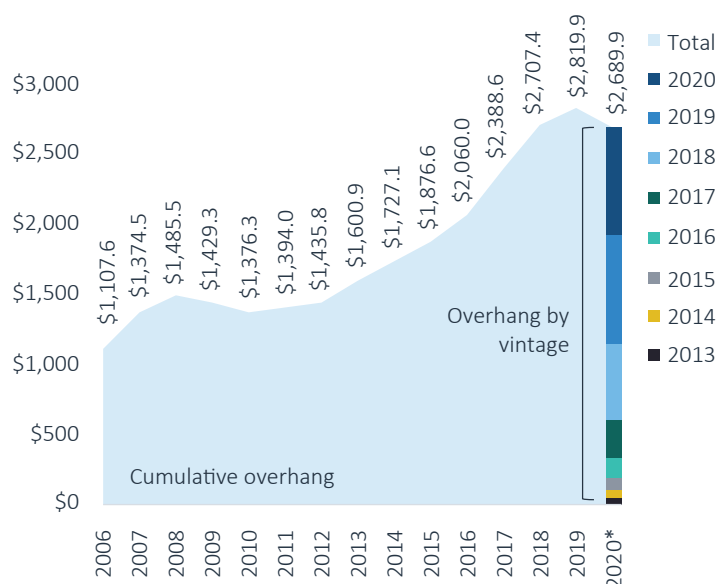
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Looking at the first six months of each of the last few years, fundraising in H1 2021 was ahead of H1 2020, with \$545.4 billion versus \$531.9 billion, and even further ahead of H1 2019, which raised \$436.8 billion. This is despite fewer funds raised in H1 2021 than in either of the prior periods, continuing the trend of more money going to fewer but larger funds. This is also evident in the private capital funds by size charts when you contrast the number of funds raised with the dollars raised by size bucket. Funds smaller than \$100 million, which accounted for over half of the funds raised between 2013 and 2015, made up only 38.7% thus far in 2021. In terms of capital raised, these funds represented over 5% of fund commitments between 2009 and 2011 but only 2.0% in H1 2021. Funds over \$1 billion in size made up 7% of capital raised in 2010 and 2011 but 32.9% of H1 2021 assets committed.

## Private capital overhang (\$B)



Source: PitchBook | Geography: Global  
\*As of December 31, 2020

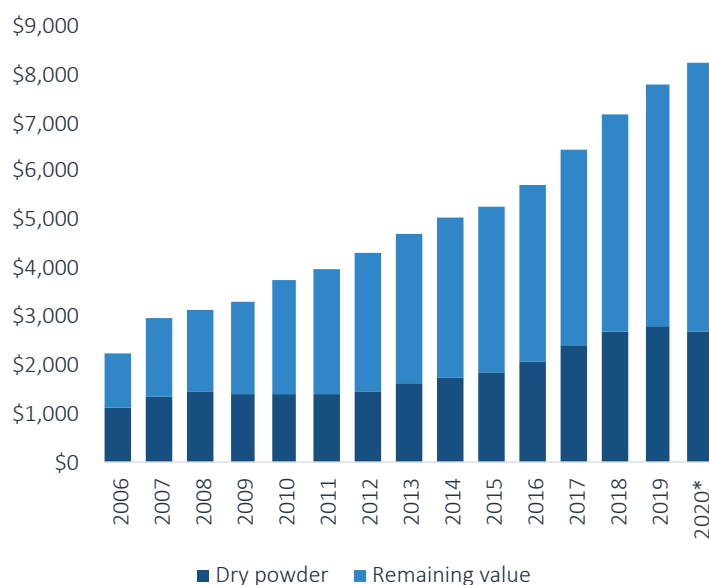
Focusing on figures from July 2020 to June 2021, as highlighted in the table on the previous page, fundraising was down 24.3% YoY. The number of funds dropped even

## Overview

more, from 3,044 to 2,103, a decline of 30.9%. The largest declines in capital raised came from funds of funds (FoF) at -63.0% and real estate at -60.9%, while VC eked out an increase of 6.3% and secondaries only dropped 0.7%. Secondaries had a massive year of fundraising in 2020, so it would not be surprising if the industry paused to absorb that capital before a plethora of large offerings came back to market.

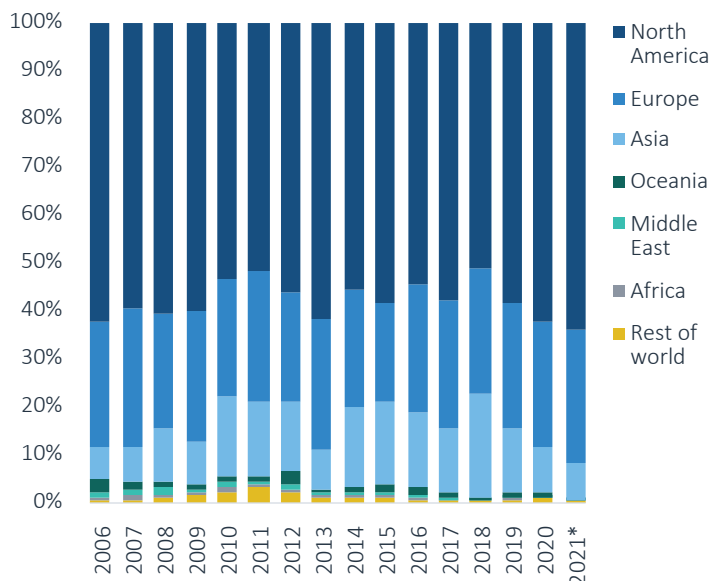
Asia has not managed to grow share, despite private capital being a maturing model in the region. 2020 fundraising only totaled \$93.1 billion, a lower figure than any of the prior six years'. Asia's 2021 fundraising through June totaled \$42.9 billion, a little behind the pace to match 2020. The number of funds has been dropping as well, as 402 funds were raised in 2016, but only 248 came out of Asia in 2020. The figure of 79 funds raised through June 2021 does not bode well for any 2021 records.

## Private capital AUM (\$B)



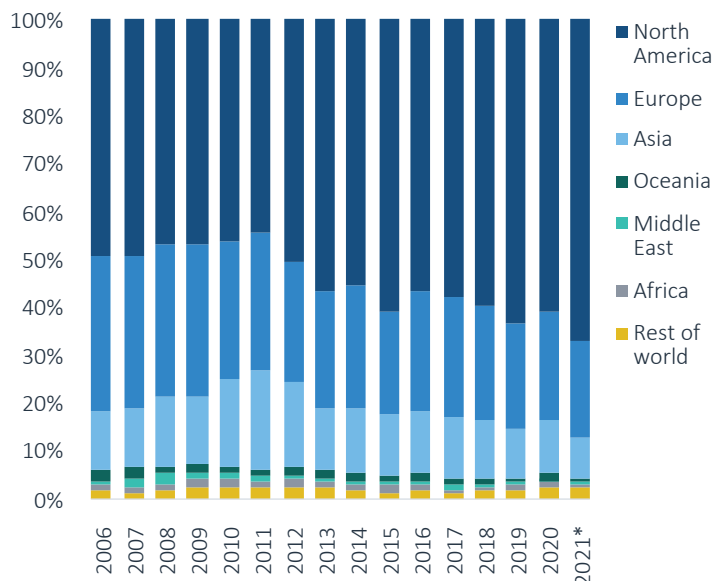
Source: PitchBook | Geography: Global  
\*As of December 31, 2020

## Private capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Private capital fund count by region

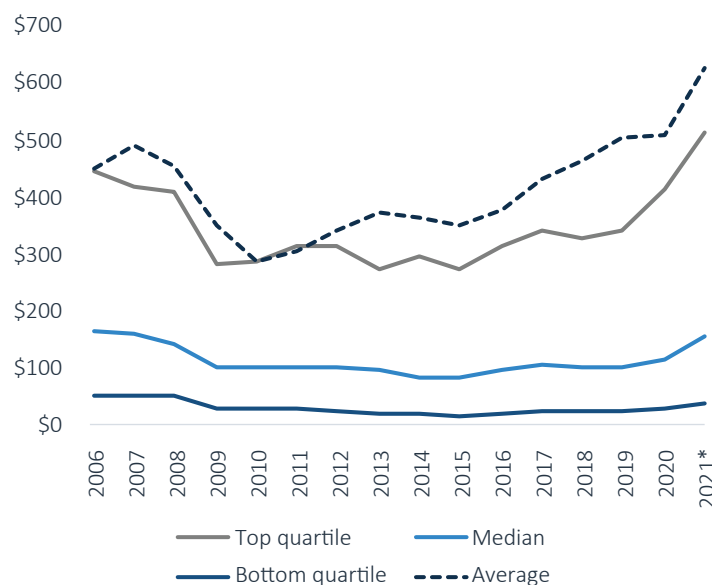


Source: PitchBook | Geography: Global  
\*As of June 30, 2021

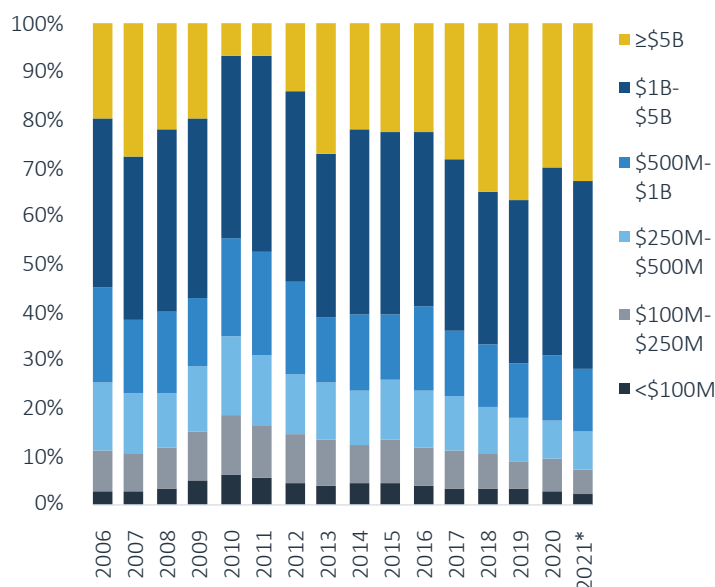
## Overview

VC has been rapidly growing its share of private capital fundraising over the past decade. From 6.5% of capital raised in 2013, VC has grown to 16.2% in 2021. By number of funds, the percentage change has been even starker: VC represented 28.1% of funds in 2013 but 46.6% thus far in 2021. That massive increase in share was at the expense of real estate, which plummeted from an 18.8% share of funds raised to 9.2%, and FoF, which dropped from 5.8% to 2.1%. Whereas many were shying away from VC after 10 years of subpar returns following the dot-com bust, the past 10 years have been a different story.<sup>1</sup>

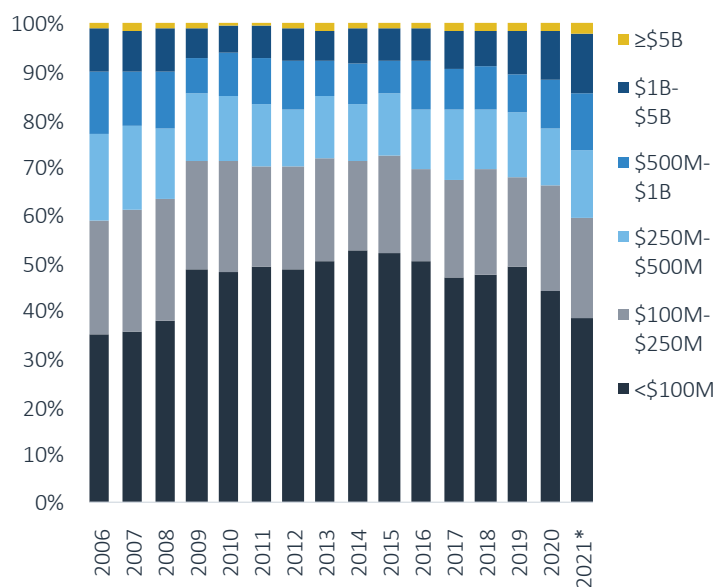
## Private capital fund sizes (\$M)



## Private capital raised by size



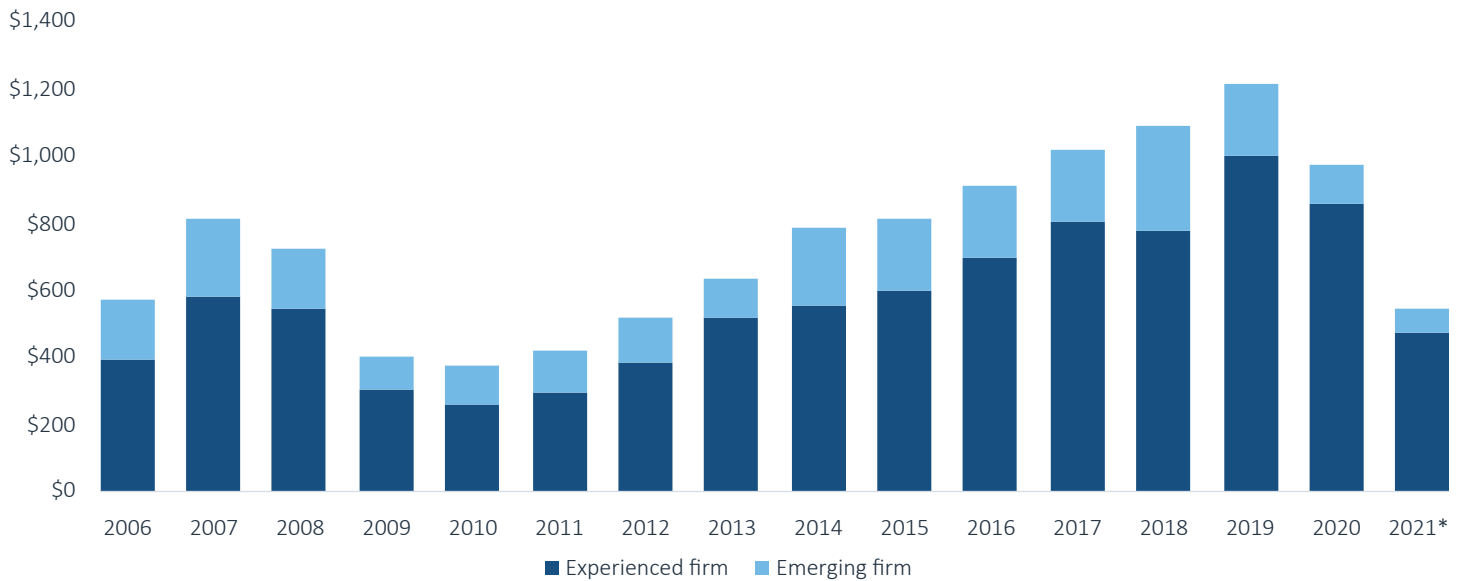
## Private capital fund count by size



1: For private market performance, we recommend readers reference the latest [PitchBook Benchmarks](#) report.

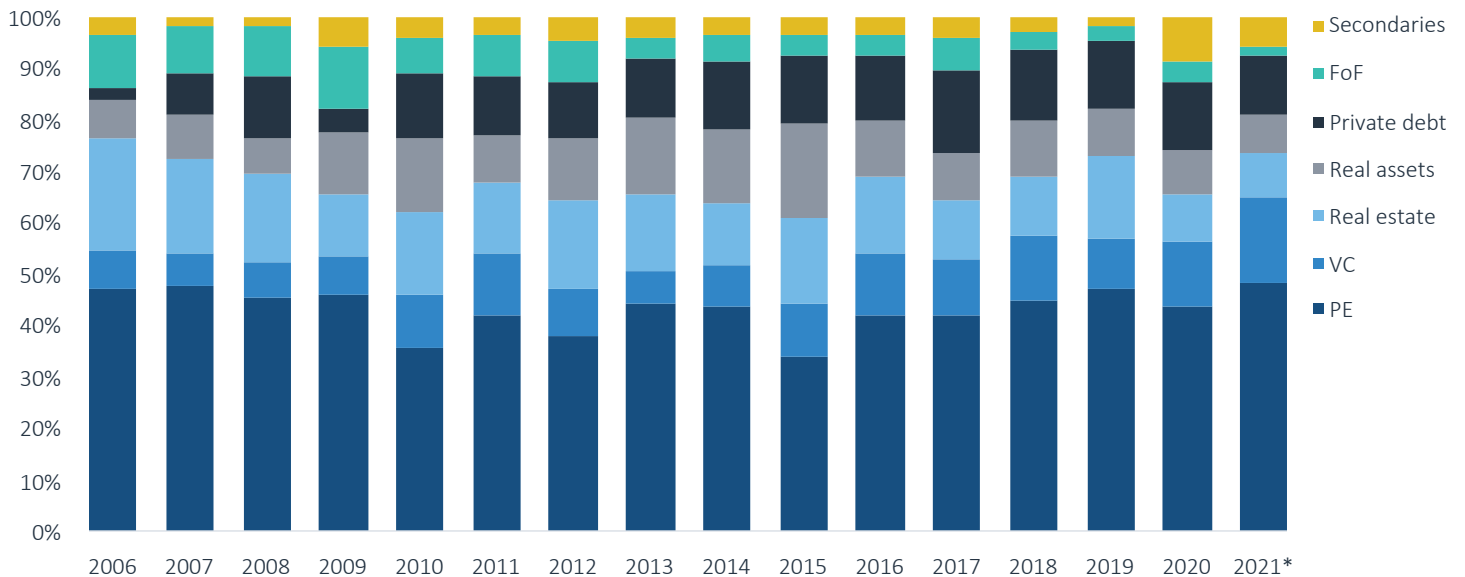
Overview

## Private capital raised (\$B) by manager experience



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

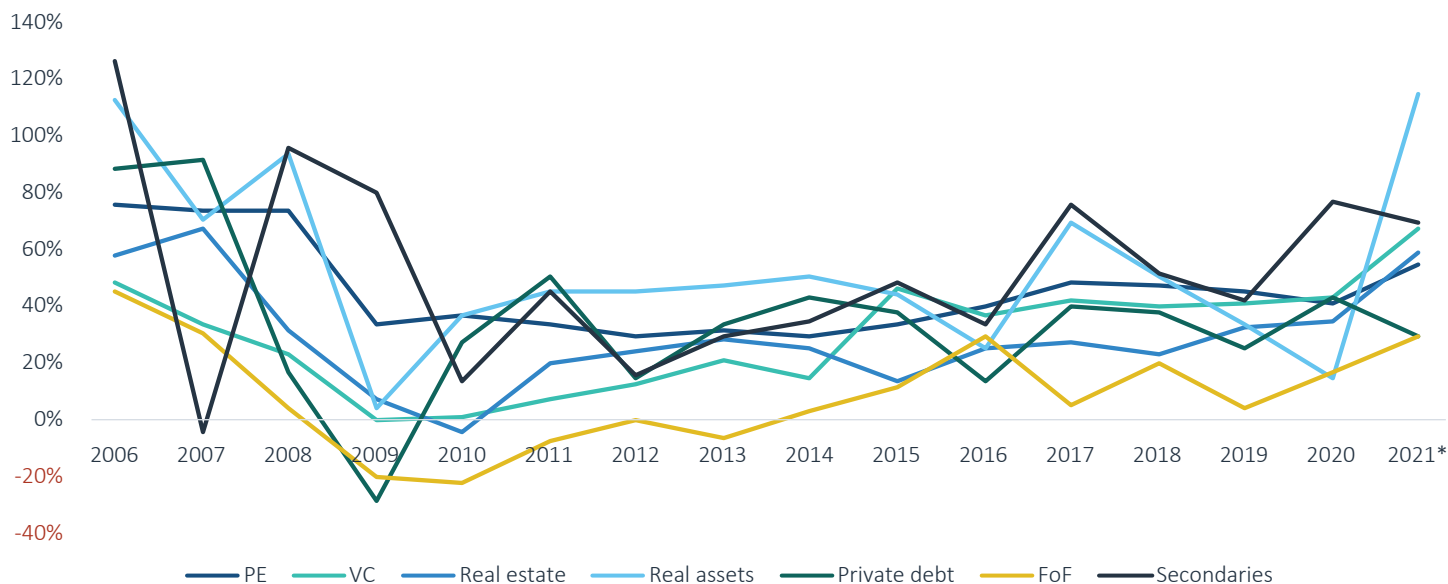
## Private capital raised by type



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

# Spotlight: Step-ups

## Median step-ups from previous private capital fund in fund family by strategy



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

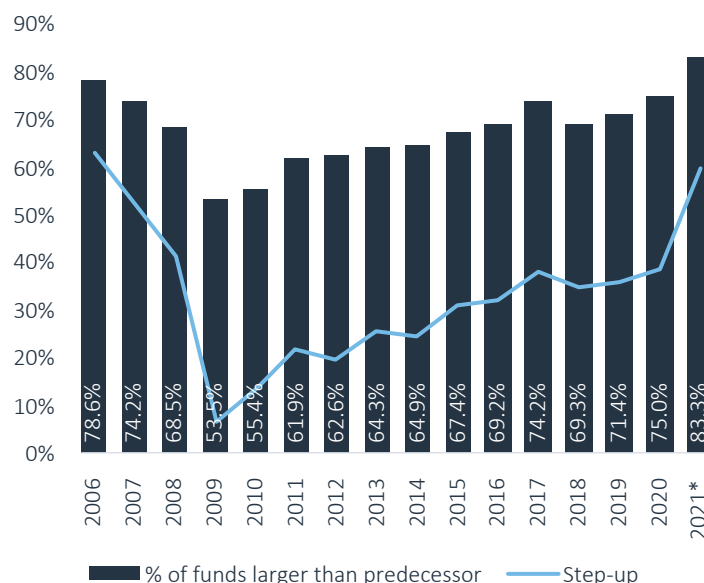
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When a fund manager raises a follow-on fund—also known as a successor fund—it often believes that a target larger than the previous fund is merited due to increasing deal values, a shift upmarket in strategy, or even just the feeling that bigger is always better and a downsized fund would be a poor signal to send the marketplace. Allocators may also hold the cynical perspective that it grows the basis on which management fees are charged.

The difference in fund size between a fund and its successor is the step-up. There are, of course, times when a manager feels the prior fund was too large, when a manager's LPs are less enthusiastic about making commitments than they were for the prior fund, or when market conditions do not justify an increase, and the follow-on fund is actually a step-down in size.

With 2020 figures in, we decided to examine the trends in successor fund sizes over time, including the COVID-19 pandemic year that many thought would be a bust but was surprisingly robust.

## Median step-up from previous private capital fund in fund family



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Spotlight: Step-ups

Looking at all private market funds, the last time yearly median step-ups were substantially low was during the global financial crisis (GFC). Note that the step-up charts show growth rates, so the 2008/2009 deep tumble in the step-up line means that the median funds raised in 2009 only stepped up 6.5% but did still rise. Intuitively, it would seem that uncertain times may lead to an overall drop in fund sizes, but it is important to note that the data is reflecting only those funds that managed to close in the given year. Thus, the funds that were unable to raise a successor fund in more restrictive times would not be reflected in this data, so the median skews to funds that have a good enough story to interest LPs even in bad times—or especially in bad times. This idea is key to understanding the 2020 figures. In other analyses we have shown that experienced managers were more successful in closing funds during the pandemic, as LPs sought the perceived safety of big-name managers. And the big-name brands only got bigger. Overall, the 2020 median fund size step-up was 38.9%.

Even during the GFC, more than half of the funds that closed had larger funds than their predecessors. As we have shown in our Private Fund Strategies Reports over the past year or so, fundraising did drop off in 2020, but of the ones that did manage to close, 75.0% of them were larger than their predecessors. So far in 2021, the median fund has been 60.0% larger than its predecessor, and 83.3% of funds raised were at least somewhat larger.

The median step-up for VC funds has been rising at a significant pace since the GFC. For many years, VC firms spoke of their discipline in limiting capacity so as not to swamp the market with cash and maintain focus on only the investment ideas they believe to be most profitable. With companies staying private longer, however, VCs either have to grow their funds larger or miss out on late funding rounds, and the result has been ever-increasing VC fund sizes.

Real assets median step-ups spiked in 2021 as 94.1% of these natural resources and infrastructure investors raised funds larger than their predecessors. Of the top

10 funds raised in this space, seven were successor funds, and six of these were at least 2x their previous fund size. One example is Infranode II, a Swedish infrastructure fund that was 2.7x larger than its 2017 first fund.

FoF have walked an interesting path; for many years coming out of the financial crisis, they actually saw median step-downs as the model fell out of favor and successive fundraises closed on fewer capital commitments. As these managers struggled to justify their reason for being in the face of an extra layer of fees and mediocre performance, the industry consolidated and the managers expanded their mandates into more palatable offerings, eventually leading to a resurgence in step-ups.

Last year was a banner year for secondaries fundraising, some of that coming from step-ups from successor funds. In fact, 90% of follow-on funds raised larger funds than they had previously, and the median step-up was 68.3%.

Overall, step-ups are an interesting data point because they show that managers who can successfully raise a follow-on fund will typically close on more commitments than they have before. Some LPs would argue that this need not be the natural state of things, as managers should be disciplined about how much capital they raise and tie the fund target to the current market environment and the intended implementation of the fund. The temptation to equate more with better can lead to strategy creep into either larger deals, which may not be a manager's area of expertise, or into more deals in a fund, which may overburden the investment team and allow less-selective deals to find their way into the fund. Therefore, potential investors must ask why a GP feels its next fund should be larger, as the decision could negatively affect future returns.



# Q&A: Altvia

**Based on your clients' recent activities across your tools, what is your take on the current fundraising market for private fund managers? Does their usage signify any evolution in utilization or approach that indicates the emergence of any broader trends?**

There's no question that the market is hot, and—let's be honest—it's exciting to watch. Some interesting themes can also be inferred from the utilization of technology. I'll characterize them as implicit or explicit trends or themes. In many cases, our platform's users—GPs, LPs, and intermediaries—ask for features and/or advice without explicitly mentioning what they're struggling with or providing much context. I enjoy these instances because I'm curious about which problem, or series of problems, the proposed solution attempts to solve. The reality is that these implicit requests don't yield dramatically new insights that are worth readers' attention. For example, three things are clear from these types of requests: Managers are attempting to raise as much capital as they possibly can as often as they can, the traditional fundraising cycles are becoming all but extinct, and managers are diversifying—much in the style of assets managers—to co-raise funds at the same time and with a related story. This is not breaking news, but I can confirm these trends are some of the more implicit requests from the market.

From more explicit conversations, we can deduce something I find far more interesting. The overwhelming majority of these come back to three key trends: Managers have a heightened awareness of their story's strengths and potential weaknesses, there's a new breed of manager that isn't paying much attention to the status quo and is using data and technology in incredibly differentiated ways, and all managers—including established ones looking to hone their stories—are looking toward technology as a solution to these challenges more than ever before.

Interesting technological advances are happening everywhere you look these days. Having the perspective we do is exciting, especially because we're now starting to see the future we expected and are well positioned to take advantage of.



**Jeff Williams**

*SVP of Industry Solutions & Strategy  
Altvia*

*Jeff Williams started with Altvia in 2011, bringing with him deep technical understanding and industry experience gained as an Associate at a leading fund of funds, Greenspring Associates. During his tenure at Altvia, he has led various internal departments in product, development, and marketing, and worked extensively with external clients to help bring the vision of Altvia to life through the development and launch of products that solve many issues facing GPs and LPs.*

**How has the shift to remote work over the past 18 months, and the subsequent gradual return to hybrid and in-person work, affected your customer base and prompted changes to your strategy?**

Our initial reaction to the COVID-19 pandemic was no different from other businesses' reactions. It was a scary, unprecedented time, and executives had no choice but to assume the worst. In hindsight, it's much easier to see that we were sitting on a huge opportunity. For example, instead of scaling back technology purchases to cut costs, initially many of our customers dramatically increased spending to help new users benefit from collaboration features and the sharing of workflow and data that our technology provides within firms themselves.

Not long after that, it became clear that this wasn't just an internal systems problem; the way GPs sought out investment targets or provided customer service to LPs also had to change. The sudden inability to host annual meetings or sit down with target company management teams, combined with the increased anxiety felt by both parties, required new ways to engage with other crucial parts of the ecosystem.

While we hadn't imagined the catalyst being a pandemic, we were fortunate to have been positioned to take advantage of a future where our technology played an

## Q&A: Altvia

increased role in the market's value chain. It was another case of our initial fears being based upon unknowns that would ultimately lead to huge opportunities.

The reality is that as cliché as it sounds, the world has changed, and some things will simply never be the same. For me, that's the spirit that is accelerating the broader trends observed in an earlier question: The market is no longer reacting. Now, managers are proactively and aggressively taking advantage of additional technologies to differentiate themselves.

To me, the most obvious of these trends is establishing balance among the new world's noise level. Remote or distributed work generates a lot of noise in the form of meetings, check-ins, etc. Technology both helps with collaboration and generates some noise that it can also solve.

Although information is available when working remotely, there's increased noise in what are effectively two opposites of the same spectrum: having to find something you don't know you're looking for, or drinking from a noisy firehose. We're working to create user experiences that make clients aware of the information they most likely need and provide it when it's likely relevant. We think the application of this at a basic level will contribute to another evolution of competitive dynamics, such as speed, in the market.

### **How have trends evolved across the different facets of fundraising, from marketing to administration?**

I mentioned it earlier, but it simply can't be overemphasized. Fundraising and marketing are functions that were historically cyclical but are now always "on." This is a simple evolution to acknowledge, but to keep up with the market, managers are now looking to technology that can help with this transition. As it turns out, administration can effectively frame this shift. Historically, firms saw fundraising, marketing, and administration as mostly siloed activities with some limited degree of overlap. I'd argue that the shift we're seeing allows us to view these activities as concentric circles. If fundraising and marketing are always on, the process of interacting with LPs in an administration capacity is a key customer service function that supports marketing and fundraising.

Relationship managers need to be able to react quickly to the informational needs of customers from the key

part of the prospect base they're currently marketing to—and vice versa. The increased level of technology present in the market today creates situations where, for relationship managers, not being able to quickly understand the health of the customer and/or prospect and acting as a result of that misunderstanding is simply not good enough.

The result of this trend, from our perspective, is that firms are moving to break down silos between fundraising/marketing and administration activities. The activities are coordinated with elegant precision, and typically—because of the historical silos—that means bringing technology systems that served different functions together into a single, coordinated view. In most cases, these systems and activities are turned into tools built for relationship managers and marketers.

Administration remains important, but it's less strategic than the hub for marketing and fundraising and usually ends up supplying relationship management systems with the information they need to compete in today's market.

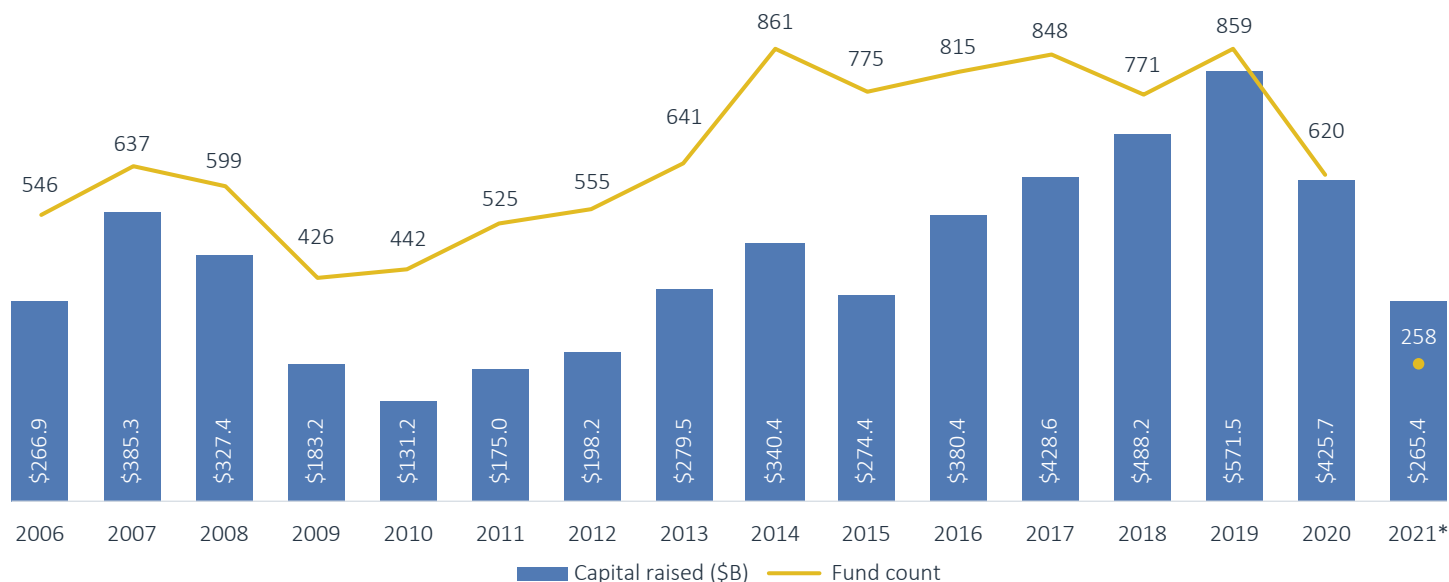
### **What are the key technical hurdles your clients struggle with the most that you target?**

Technology is constantly changing, and it's happening today at a pace we probably can't appreciate. One of the broader technology trends we observe, no matter the market served or organizations that make up that market, is the movement away from all-in-one technology solutions. Not long ago, the convenience of a single system offered compelling advantages over the difficulties of integrating key systems yourself. Those days are long gone. Many modern technology solutions come ready to interact with other systems, and in return offer better experiences for users in different functional areas. The all-in-one system often solved a key technical challenge but created the different problem of marginalizing users in at least one functional area.

The most common technical hurdles we encounter are typically associated with this dynamic. In some cases, it's the complications and paralysis that stem from the belief that all-in-one systems are still the only way to approach solving technology problems; in other cases, it's challenges associated with unwinding and cleaning up technical messes created by this approach.

# Private equity

## PE fundraising activity

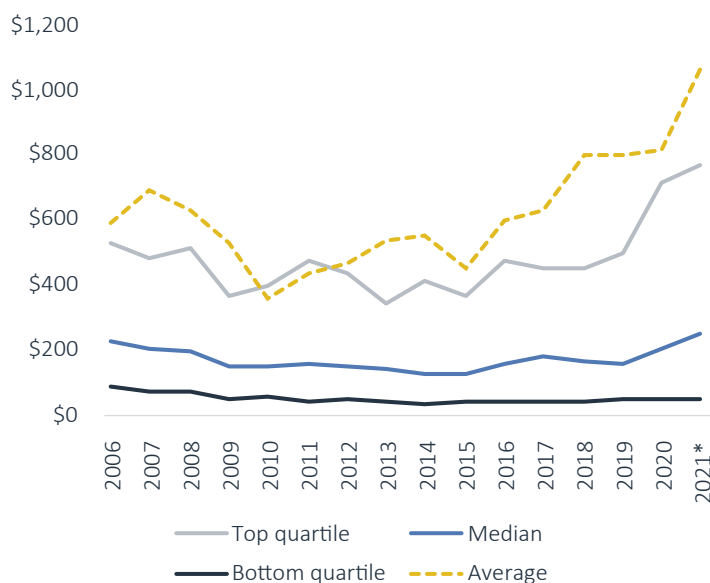


Source: PitchBook | Geography: Global  
\*As of June 30, 2021

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PE fundraising continued to accelerate in Q2 2021, setting the stage for what will likely be a record year. By contrast, the count of PE funds raised is lagging historical trends. The industry has been drifting toward concentrating LP allocations in the hands of a smaller pool of large managers since the mid-2010s. The COVID-19 pandemic accelerated this trend, and the first half of 2021 has not seen the bounce back of fundraising by smaller and emerging managers that we predicted. The trend toward larger managers is likely due to a combination of continued conservatism in manager selection among institutional investors and ballooning PE allocations paired with understaffed LPs—it is easier to make one big commitment than five small ones. Note the variation by geography: First-time fundraising in the US has fared better than in Europe in the first half of 2021. Q2's figures do not include Hellman & Friedman's \$24.4 billion haul, which closed in July to become the fourth largest buyout fund in history. Looking ahead, we expect additional massive fundraising closes in H2 2021 and 2022, including flagships from KKR, Carlyle, and Thoma Bravo.

## PE fund sizes (\$M)



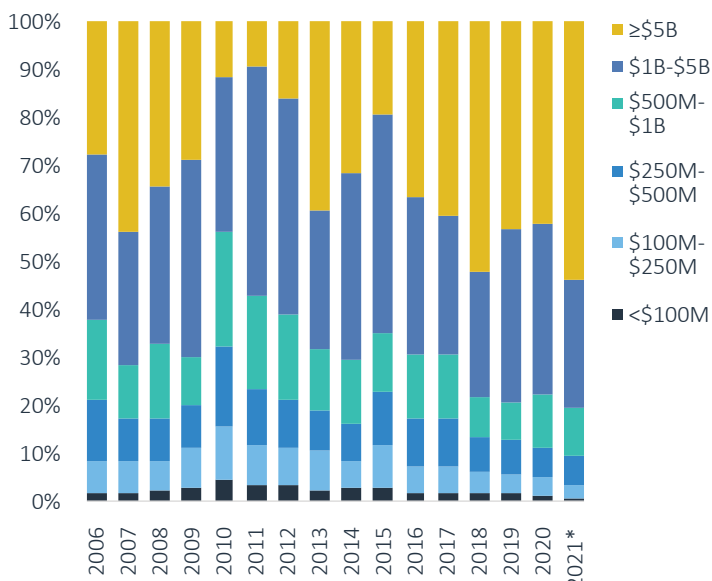
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Private equity

We are also seeing both fundraising and capital deployment timelines accelerate, resulting in firms returning to market more quickly with successor funds. Although the H1 2021 data for fundraising time to close still shows an uptick because of the pandemic, we expect a return to the trend of more rapid fundraises in 2022, if not H2 2021. Moreover, the unprecedented dealmaking pace of the last three quarters has allowed

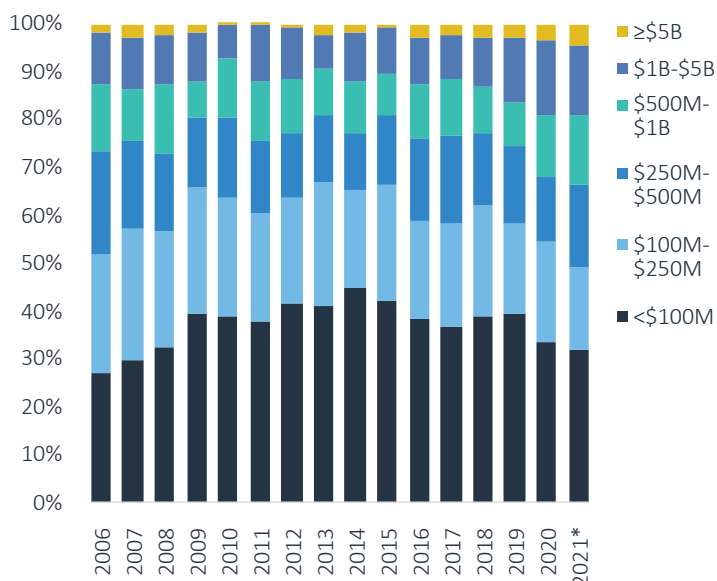
firms to meet their capital deployment thresholds and return to market quickly. Runaway performance figures posted by the largest funds since Q4 2020 will no doubt aid in fundraising as well. As LPs receive and recommit distributions from the current flurry of PE-backed IPOs over the coming months, these tailwinds for large managers are likely to continue.

### PE capital raised by size



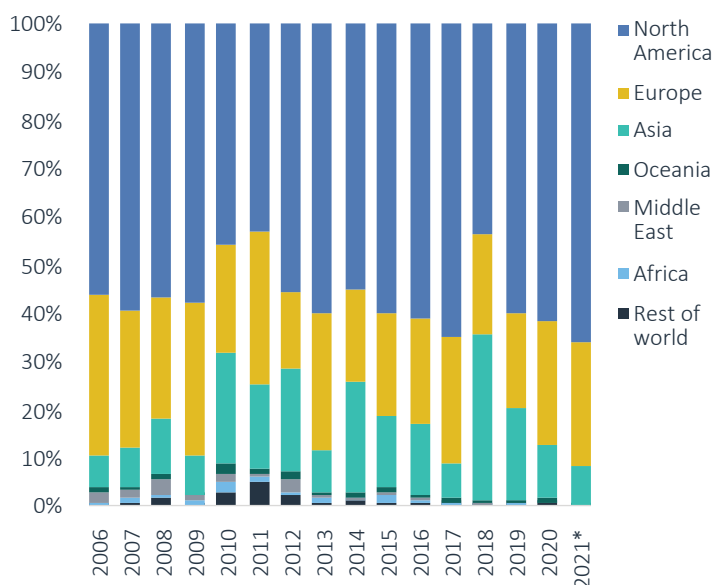
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### PE fund count by size



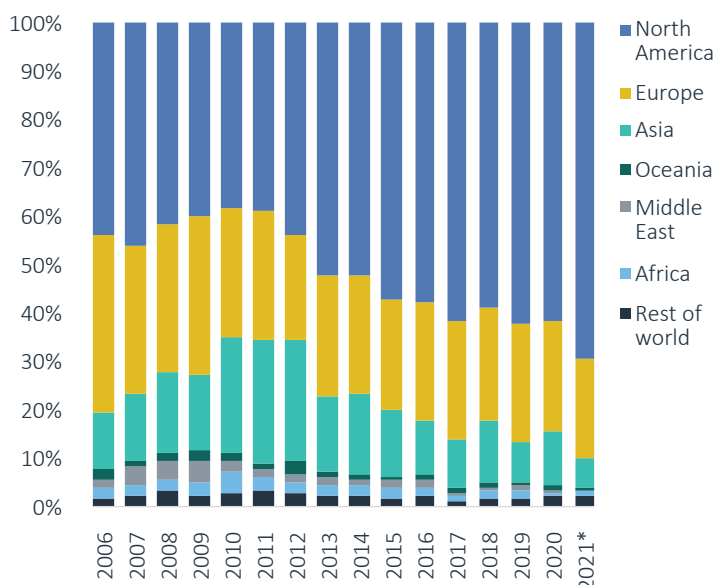
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### PE capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### PE fund count by region

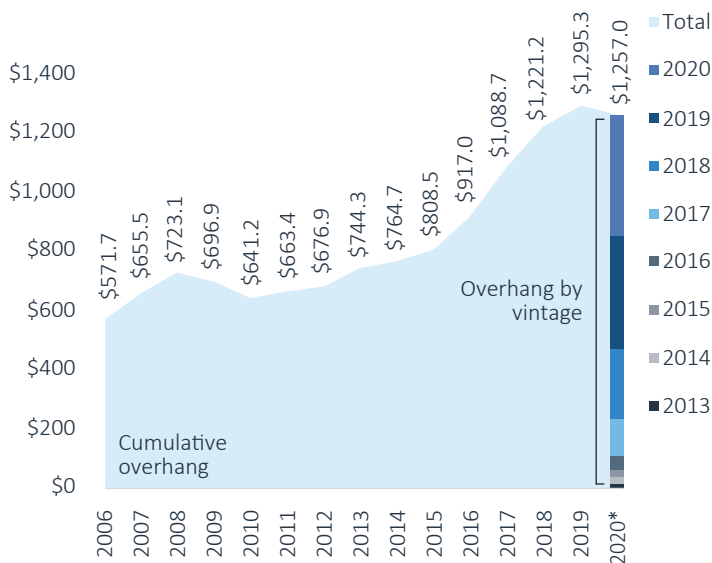


Source: PitchBook | Geography: Global  
\*As of June 30, 2021



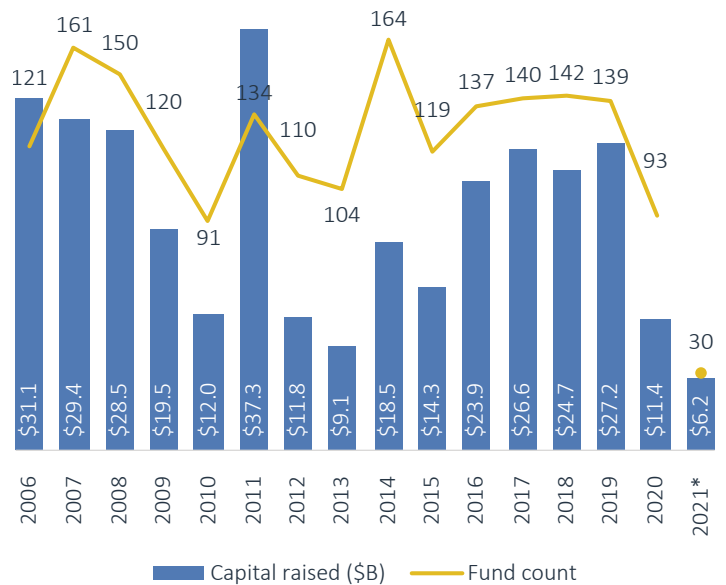
Private equity

## PE overhang (\$B)



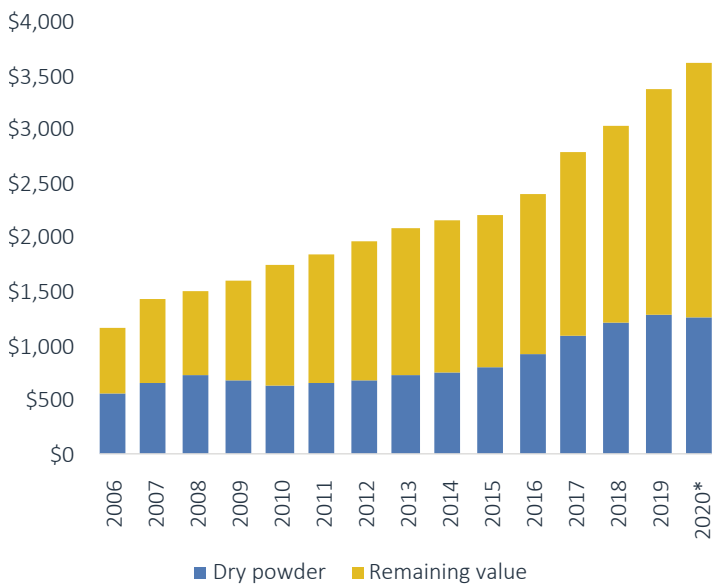
Source: PitchBook | Geography: Global  
\*As of December 31, 2020

## PE first-time fundraising activity



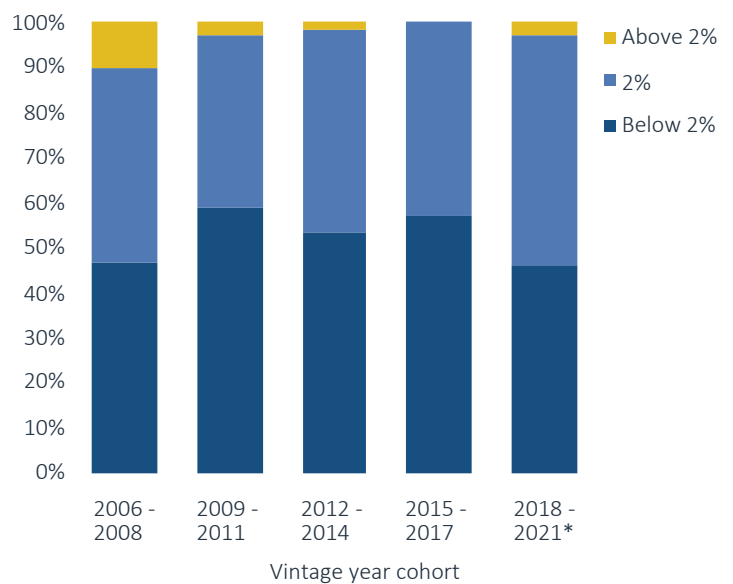
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## PE AUM (\$B)



Source: PitchBook | Geography: Global  
\*As of December 31, 2020

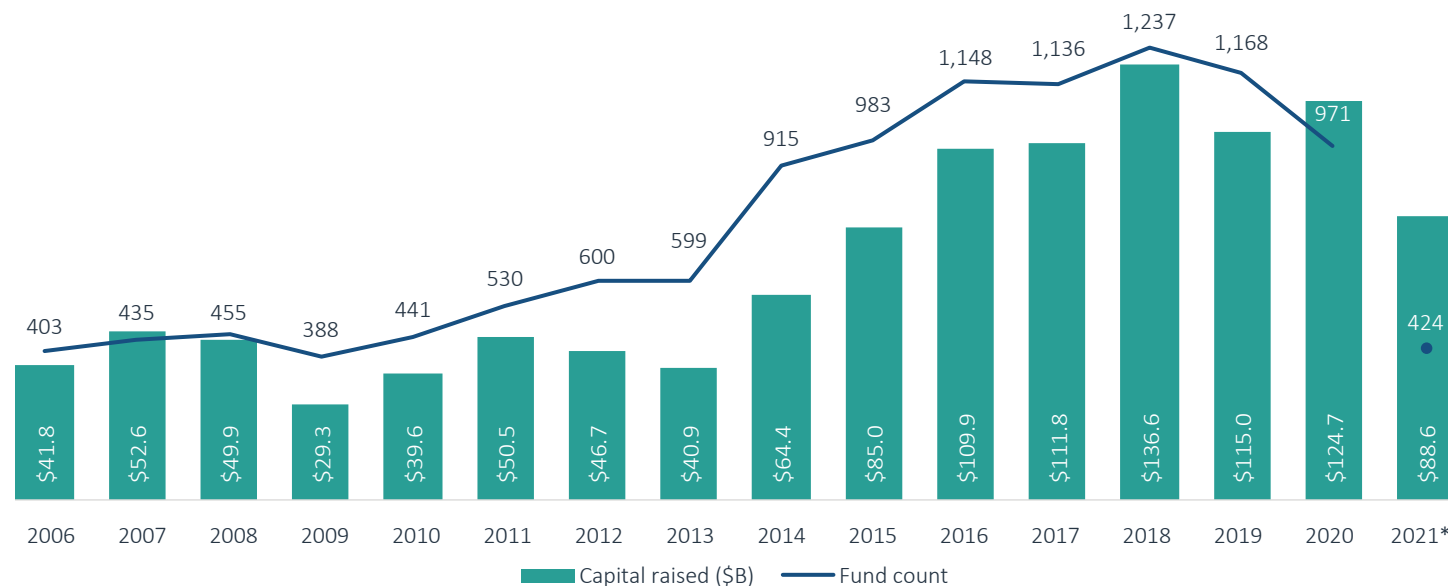
## Management fee percentage for PE funds



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

# Venture capital

## VC fundraising activity



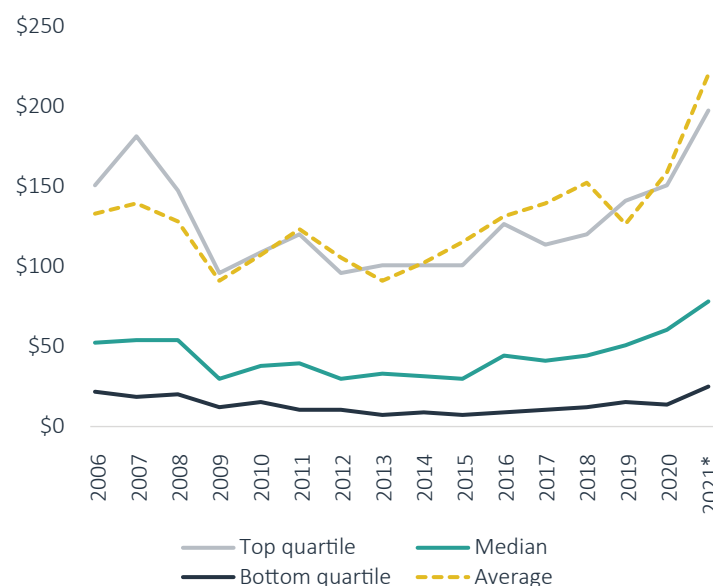
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

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Globally, venture funds raised a staggering \$88.6 billion through H1 2021, bringing the 12-month rolling average to an all-time high. At its current pace, we anticipate 2021 global VC fundraising to eclipse the record \$136.6 billion set in 2018. As the fund count of 424 remains modest, this strikingly high capital raise was caused by an expansion in fund sizes. Indeed, the median fund size in H1 ticked up to \$77.1 million, a 28.6% jump from 2020's median; meanwhile, the average fund size in H1 has skyrocketed to \$219.8 million, which represents a 38.9% YoY jump over 2020's average.

H1 has been characterized by many VC investors as one of the busiest periods of their investing careers. Dealmaking, exit activity, and fundraising cadence has already exceeded pre-pandemic levels. Yet, this macro-level fervor has not treated all investors equally. First-time VC fundraising has continued to falter through Q2, bringing 2021's total to just \$5.7 billion across 84 first-time funds. This is tracking to bring 2021's annual total to the lowest amount of first-time capital raised since 2014, likely due to the challenges encountered when building a reputation and relationship with LPs during a travel-restricted pandemic.

## VC fund sizes (\$M)



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

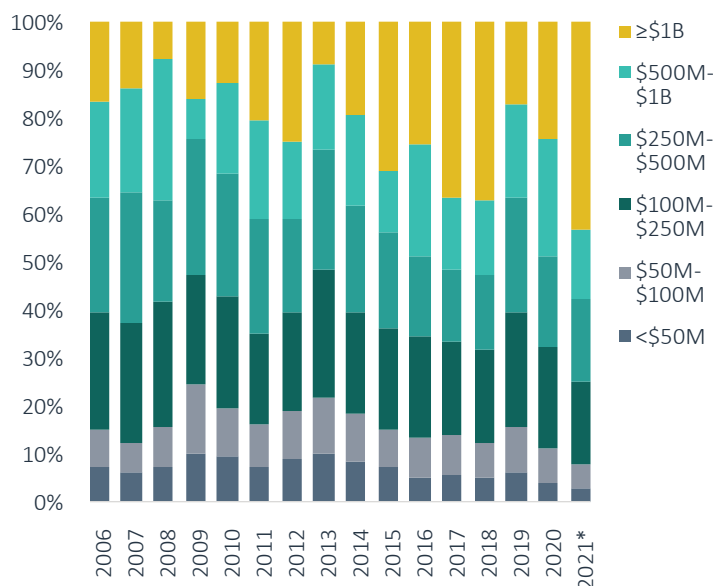
Conversely, established firms—those that have raised four or more funds—continued to dominate the lion's share of VC fundraising in H1 2021, bringing in 73.6% of total new capital, which is the largest proportion we

## Venture capital

have seen to date. Notable VC funds that closed in Q2 include Flagship Pioneering's Fund VII of \$3.4 billion—the largest biotechnology venture fund raised to date—and Andreessen Horowitz's third crypto fund of \$2.2 billion—the largest dedicated cryptocurrency fund of its kind. Consequently, dry powder continues to sit at an all-time high of \$278.3 billion. Furthermore, the robust

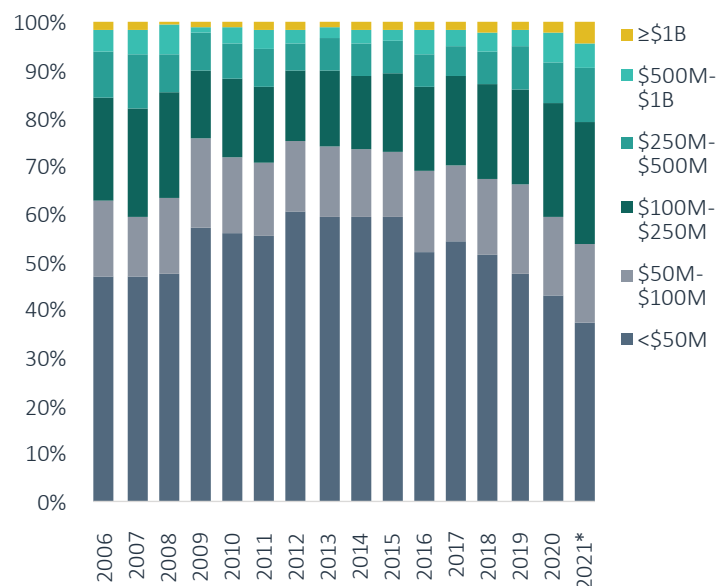
exit market of the last 24 months supported a record level of distributions totaling \$133.2 billion in 2020, which continued the trend of positive cash flow back to LPs. Given the performance of VC-backed exits and the fervent fundraising numbers seen so far in H1 2021, it appears that many GPs are capitalizing on ecstatic LPs by raising subsequently larger funds.

### VC capital raised by size



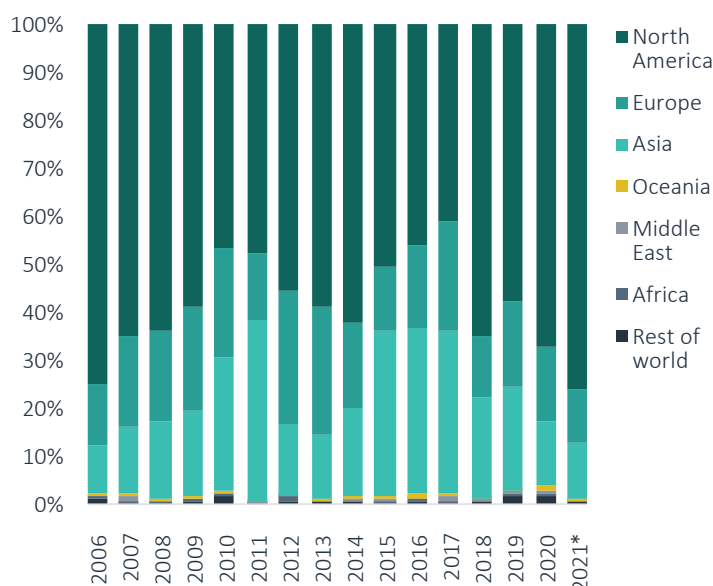
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### VC fund count by size



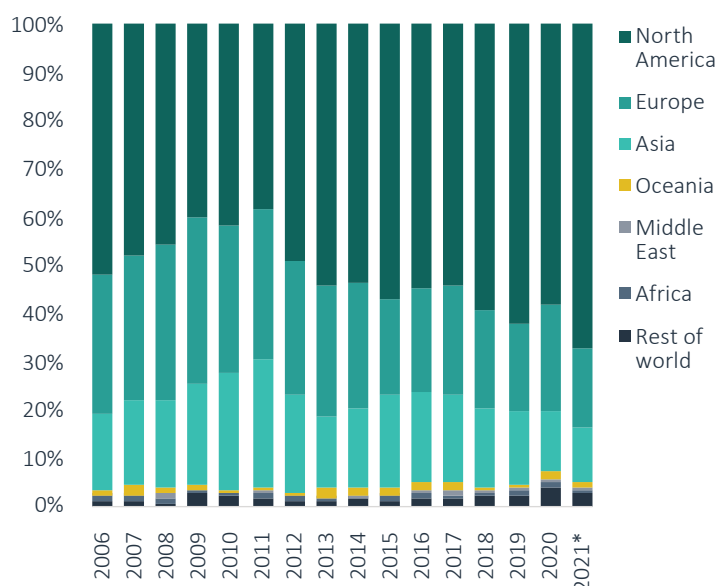
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### VC capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

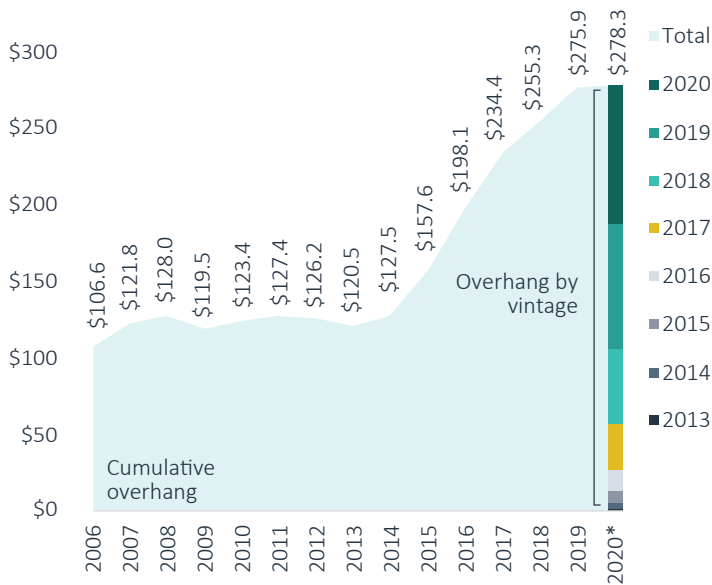
### VC fund count by region



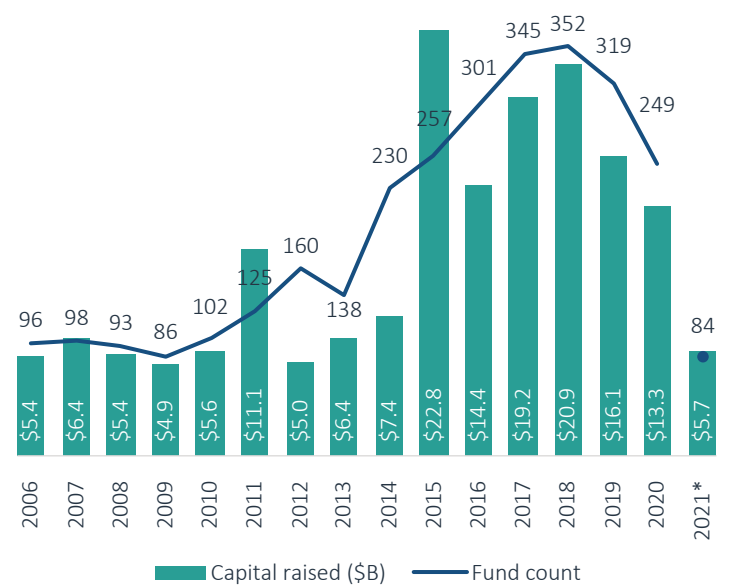
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

Venture capital

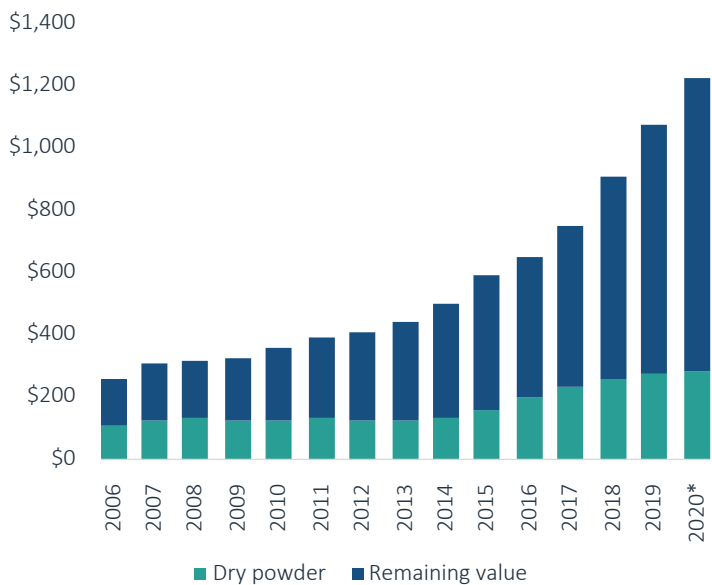
## VC overhang (\$B)



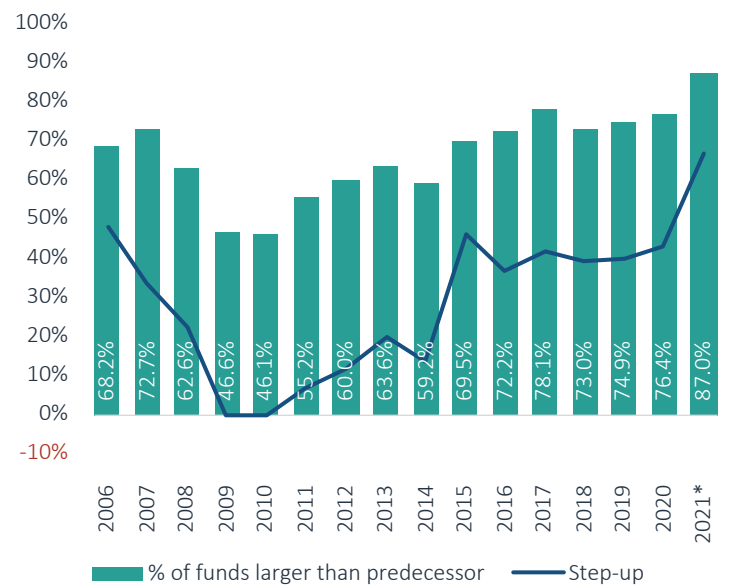
## VC first-time fundraising activity



## VC AUM (\$B)



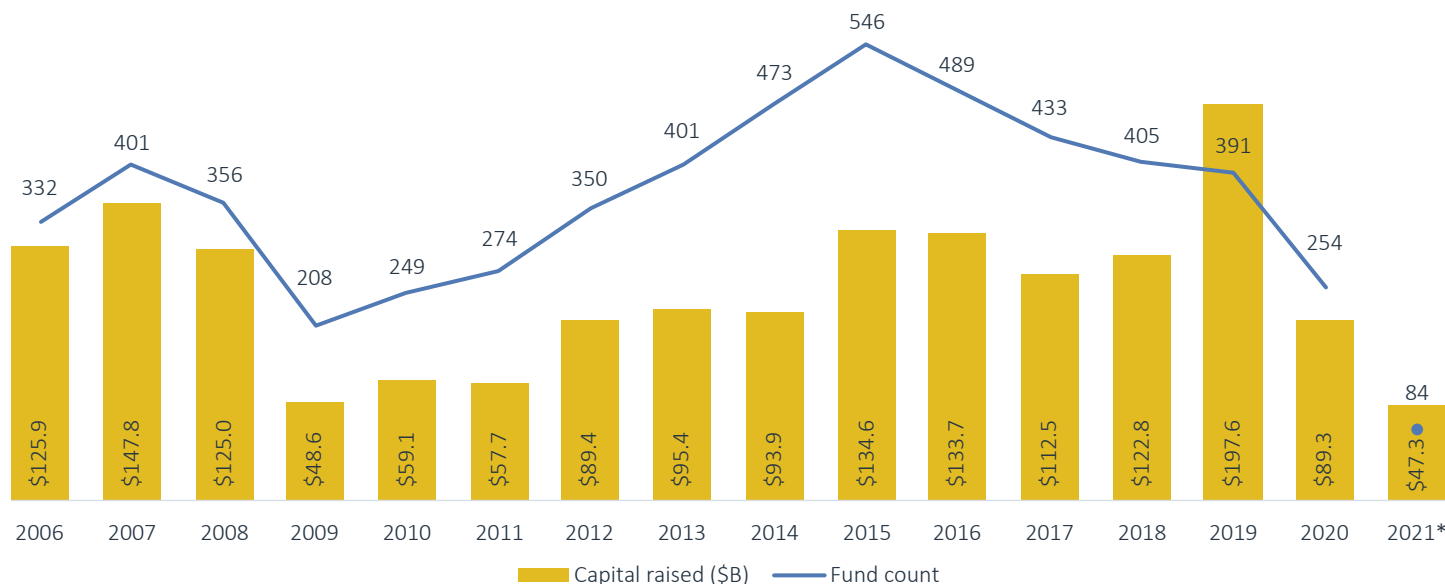
## Median step-up from previous VC fund in fund family





# Real estate

## Real estate fundraising activity



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

Hilary Wiek, CFA, CAIA

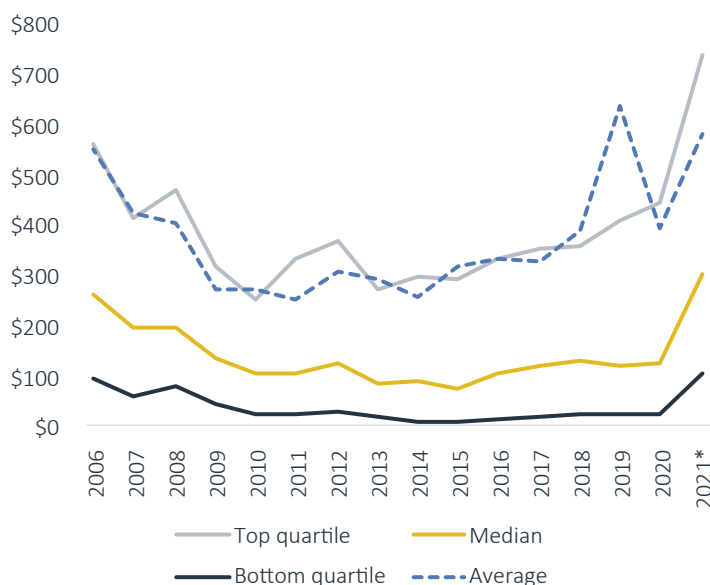
Lead Analyst, Fund Strategies and Performance

[hilary.wiek@pitchbook.com](mailto:hilary.wiek@pitchbook.com)

Perhaps it is the pandemic, but real estate appears to be in a funk lately, at least as it pertains to fundraising. 2020 saw the least amount of capital raised since 2011, though the record 2019 haul may mean that timing pushed many large funds into one year, leaving fewer funds to close in 2020. H1 2021 has seen \$47.3 billion raised, which is a little more than half of 2020's full-year total of \$89.3 billion. Real estate has been difficult to navigate, given the impact the pandemic has had on work and home space requirements and the shift in shopping habits that is benefiting warehousing and industrial but hurting retail. These shifting sands appear to have influenced the ability to close funds, as the time it took to close funds as well as the time between funds and their successor funds increased in 2021. The sharp increase in these statistics supports the idea that some fund closings were moved out to capture 2021 allocations from cautious LPs.

Value-add funds represented 47.2% of capital raised for 2021 real estate funds and 35.7% of the funds raised, indicating that value-add funds tend to be larger than the real estate space as a whole. Opportunistic funds made up 48.0% of the capital raised and 53.5% of the funds raised, a sign that these tend to be smaller but more common. Core funds tend to be much smaller than

## Real estate fund sizes (\$M)



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

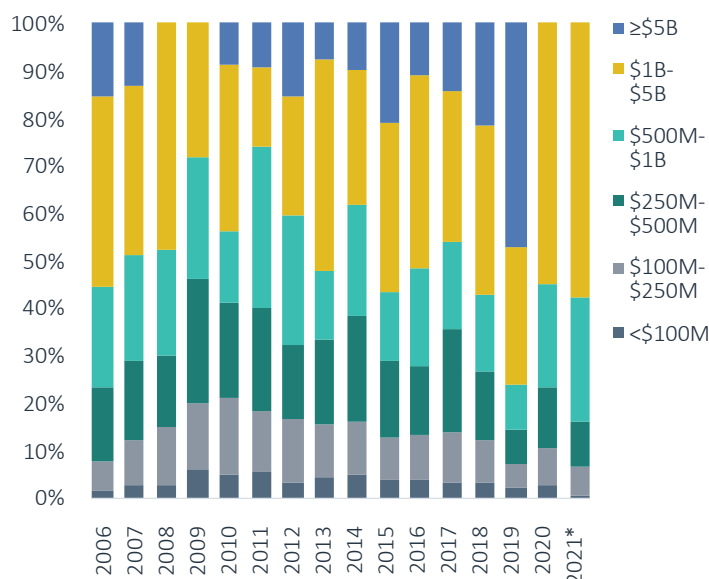
the other strategies, on average, given that they were 6.0% of the funds raised but only 2.0% of the capital raised. The largest real estate fund raised in 2021 through June was IPI Data Center Partners Fund II, a \$3.8 billion beneficiary of the need for more distributed computing power, given remote work, school, and shopping.

## Real estate

Despite real estate, by definition, being found around the world, approximately three fourths of real estate funds and capital raised for them are located in North America. While some of these may be investing globally, it is still an astonishing concentration. Europe closed on 13.8% of real estate fund commitments in 2021, while Asia attracted just 9.8%. When it comes to the size of real estate funds, there seems to be less concentration than

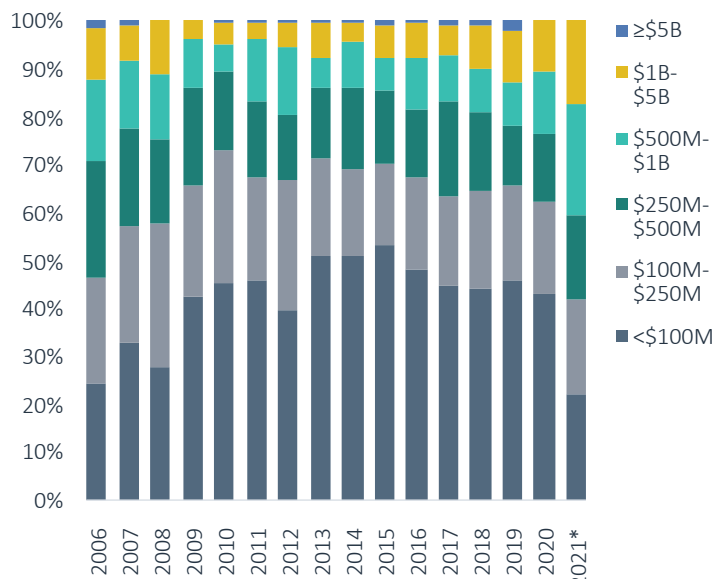
in other areas of the private markets. In 2021, each size bucket represented somewhere between 17.3% and 23.5% of the funds raised. While \$1 billion to \$5 billion funds did take in 57.6% of the capital raised, this was a much less extreme ratio than the general fund universe, where the largest funds made up only 1.7% of all funds, but 32.8% of the capital raised.

### Real estate capital raised by size



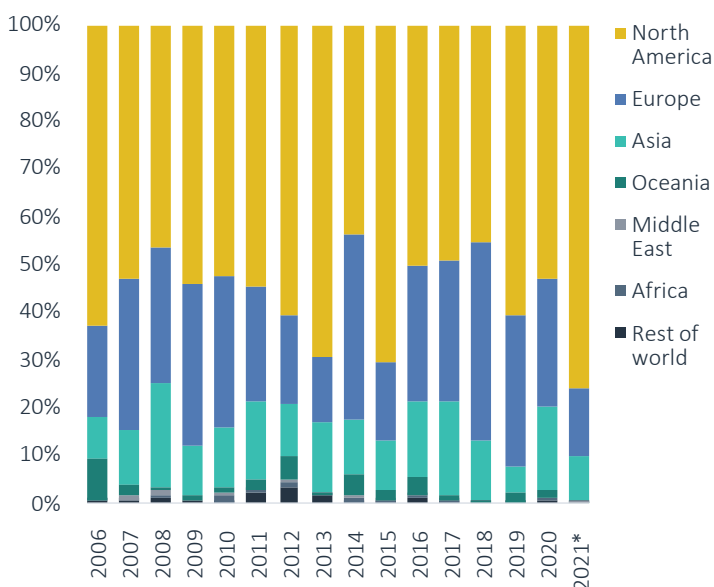
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Real estate fund count by size



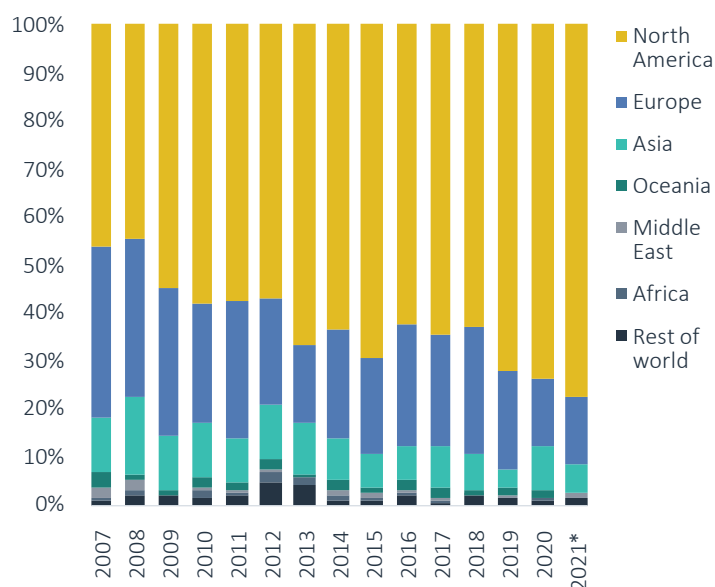
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Real estate capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

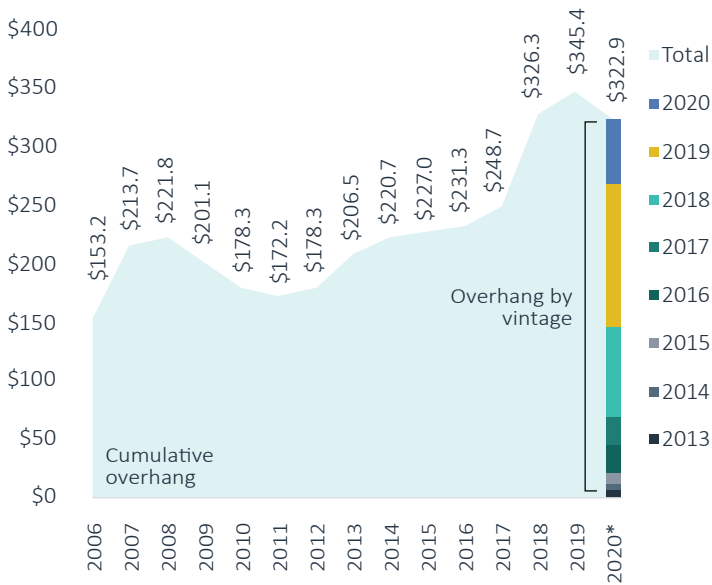
### Real estate fund count by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

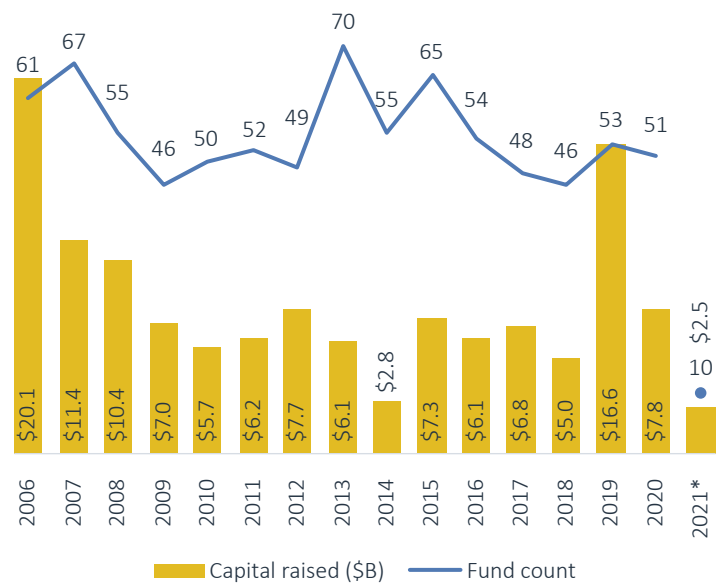
Real estate

## Real estate overhang (\$B)



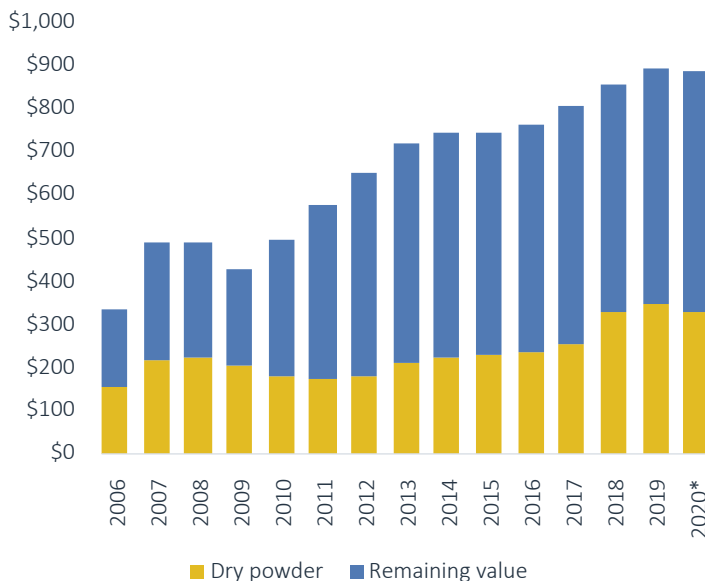
Source: PitchBook | Geography: Global  
\*As of December 31, 2020

## Real estate first-time fundraising activity



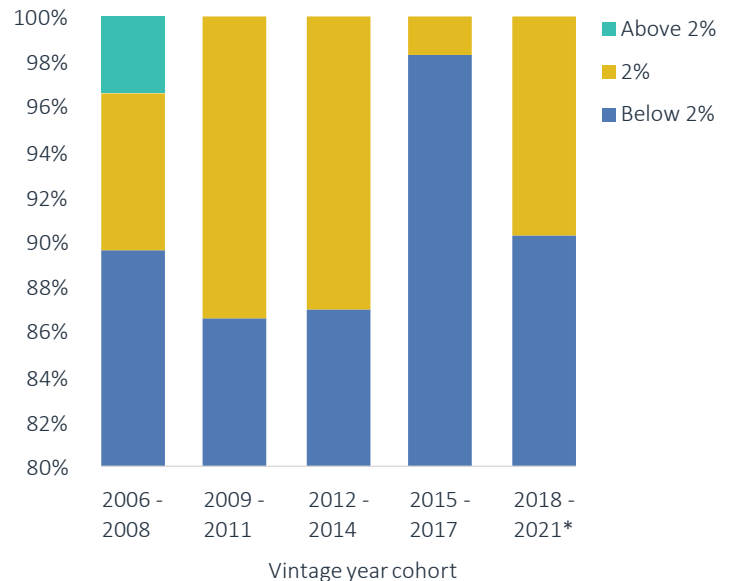
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Real estate AUM (\$B)



Source: PitchBook | Geography: Global  
\*As of December 31, 2020

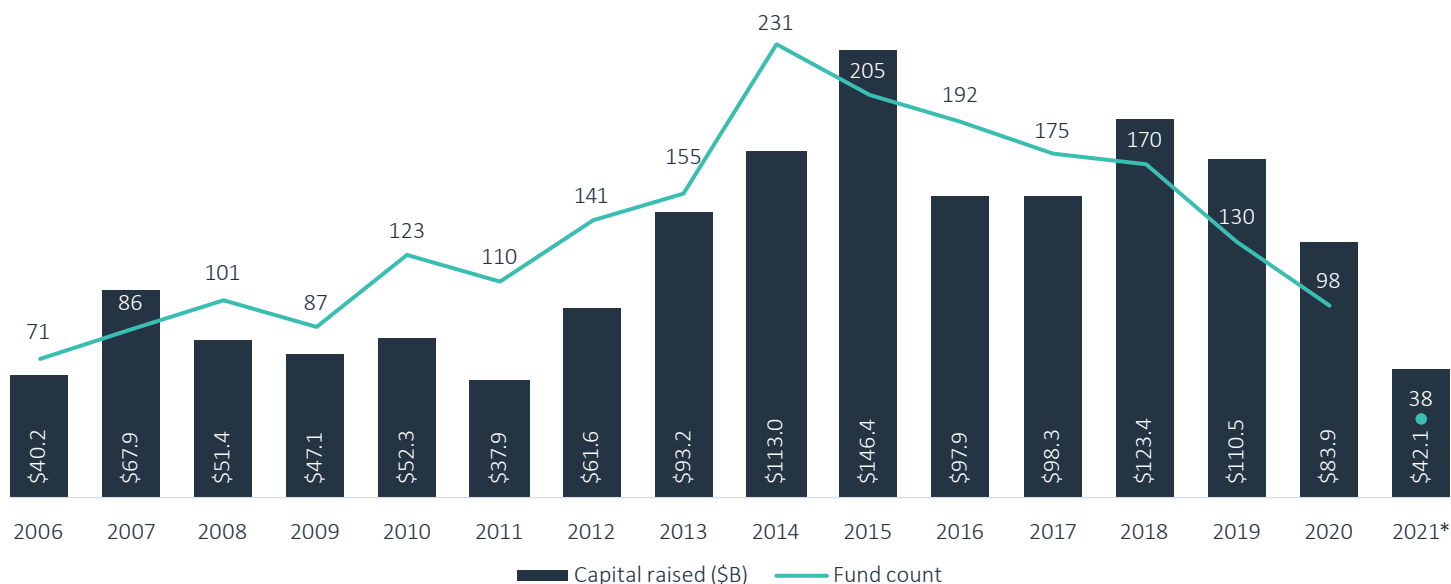
## Management fee percentage for real estate funds



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

# Real assets

## Real assets fundraising activity



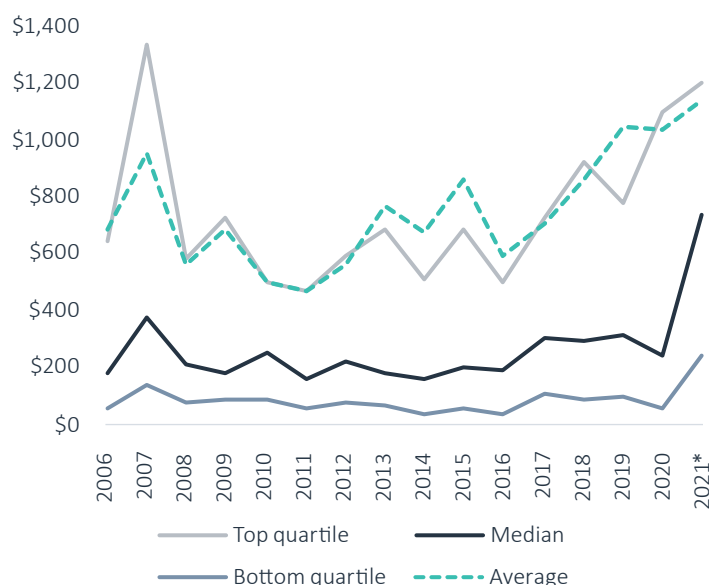
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

Wylie Fernyhough Senior Analyst, PE Lead  
[wylie.fernfhough@pitchbook.com](mailto:wylie.fernfhough@pitchbook.com)

Real assets fundraising continues its multiyear no-growth trajectory. Through the first half of 2021, 38 funds closed on \$42.1 billion, approximating both the annual pace seen in 2020 and several years prior. However, under the surface, a longer-term change continues to unfold. Oil & gas fundraising has diminished to almost nothing—less than a billion dollars raised to date compared to \$13.6 billion in 2020—while money continues to pour into infrastructure funds. Political pressures on both sides of the Atlantic likely mean the slow demise of oil & gas investment, and we are seeing this firsthand in the fundraising data. Although 2021 may represent a near-term nadir in fundraising, oil & gas fundraising will continue to account for a smaller proportion of real assets capital raised over time. Meanwhile, Copenhagen Infrastructure Partners raised just over \$8 billion for its fourth flagship fund and Paris-based Antin Infrastructure Partners amassed \$7.4 billion for its fourth offering—though the close date was in Q3 and does not show up in this data.

Inflationary pressures, combined with global infrastructure needs, may present long-term tailwinds for infrastructure fundraising. Coming out of the worst of the pandemic, recent US numbers peg the Consumer Price

## Real assets fund sizes (\$M)



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

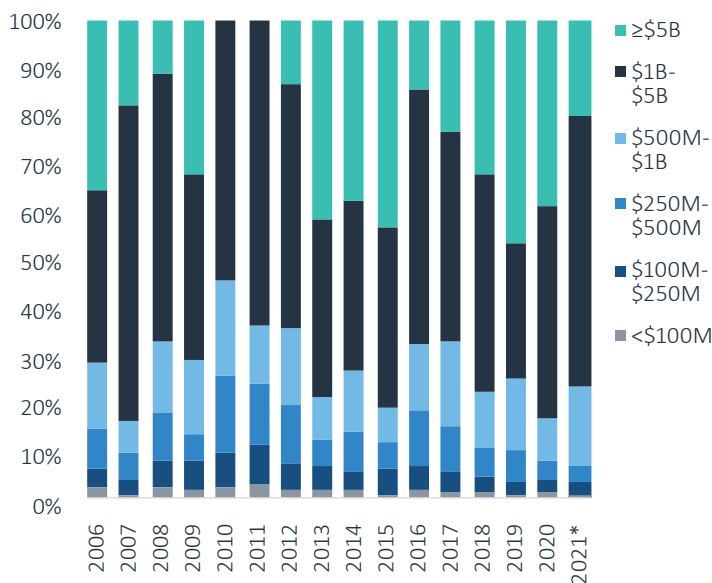


## Real assets

Index at its highest level in 13 years. Wage pressures and demand for goods amid shortages for items requiring microchips have pushed the inflation measure past 5%. Although members of the Federal Reserve have sought to reassure the public that these pressures are

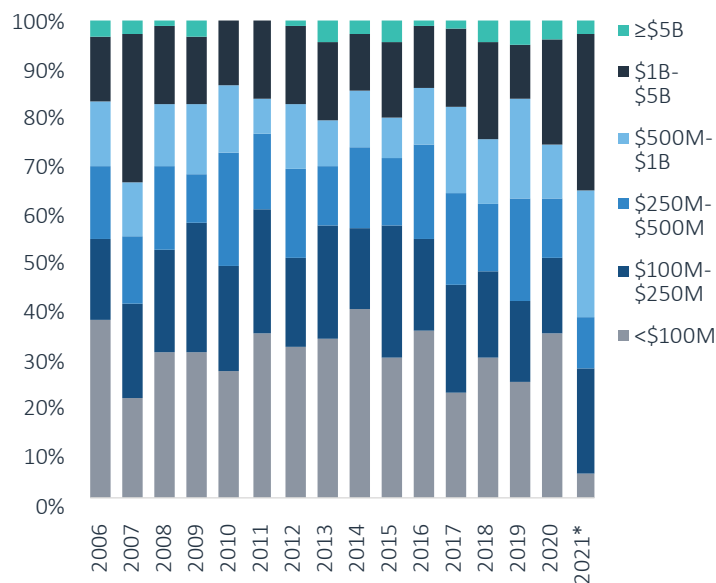
transitory, several public company CEOs have indicated that the pressures may be longer lasting. As institutional allocators determine how to best invest their portfolio for the next decade or so, they may be more willing to deploy into real assets as an inflation hedge.

### Real assets capital raised by size



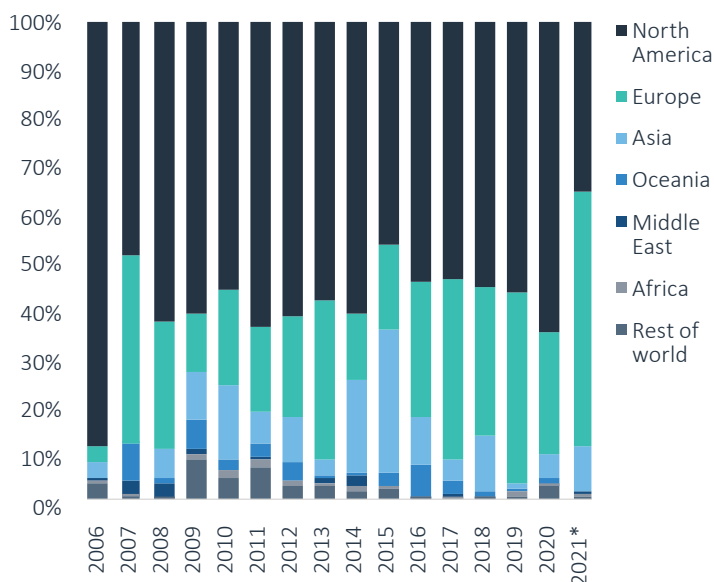
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Real assets fund count by size



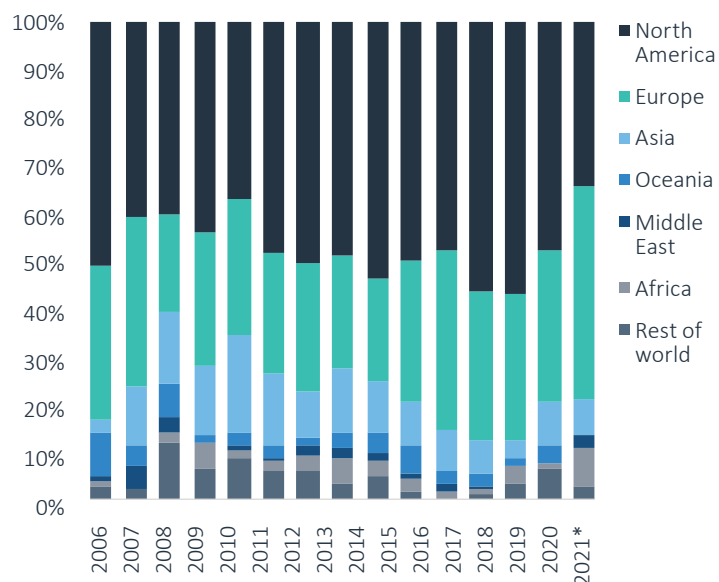
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Real assets capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

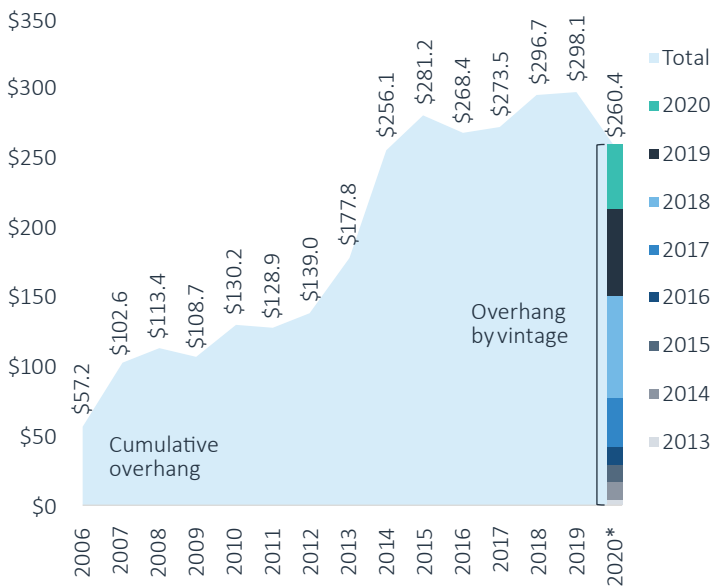
### Real assets fund count by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

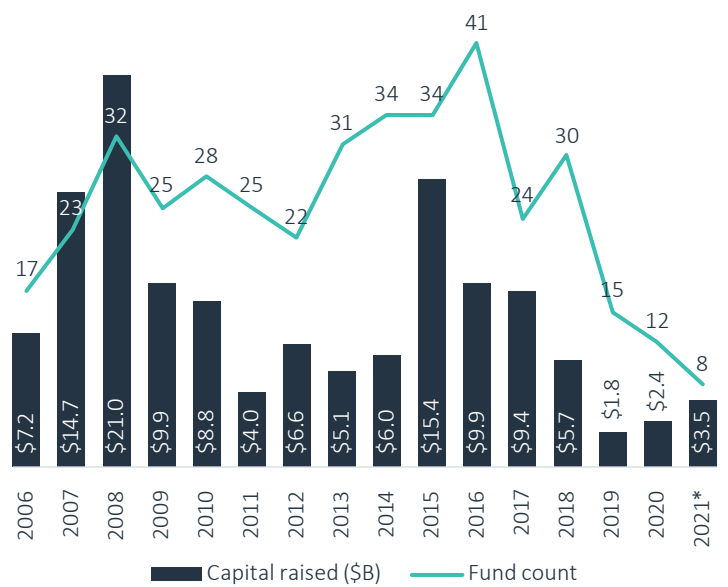
## Real assets

### Real assets overhang (\$B)



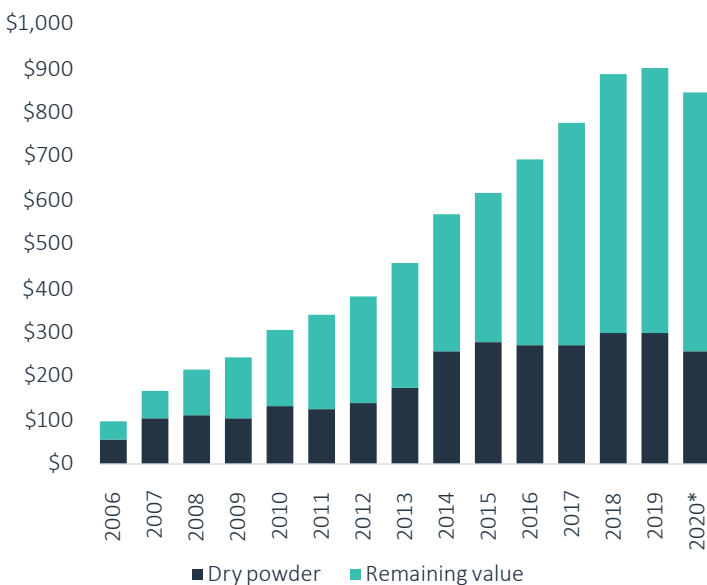
Source: PitchBook | Geography: Global  
\*As of December 31, 2020

### Real assets first-time fundraising activity



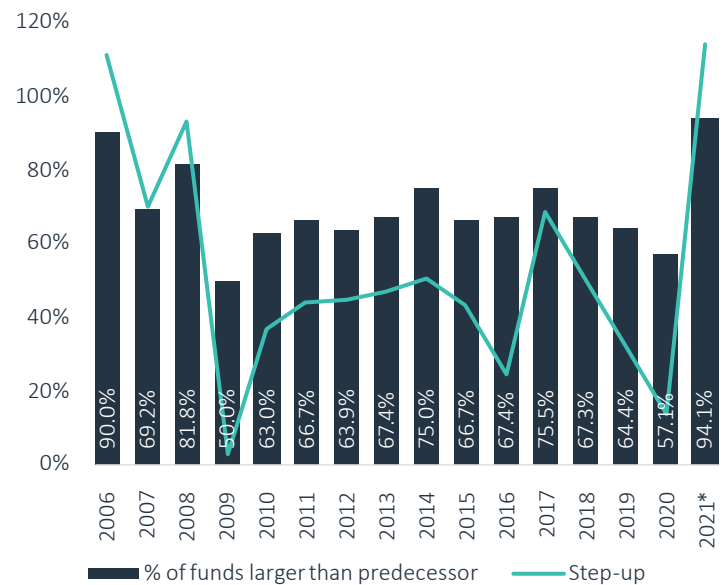
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Real assets AUM (\$B)



Source: PitchBook | Geography: Global  
\*As of December 31, 2020

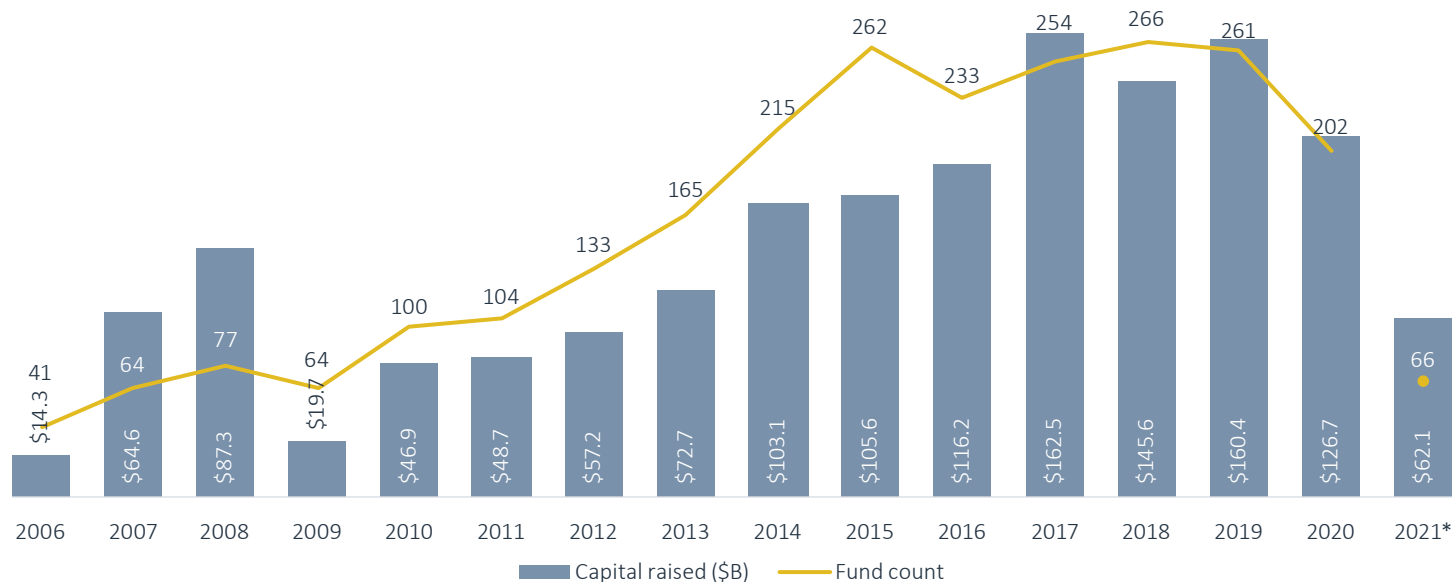
### Median step-up from previous real assets fund in fund family



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

# Private debt

## Private debt fundraising activity



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

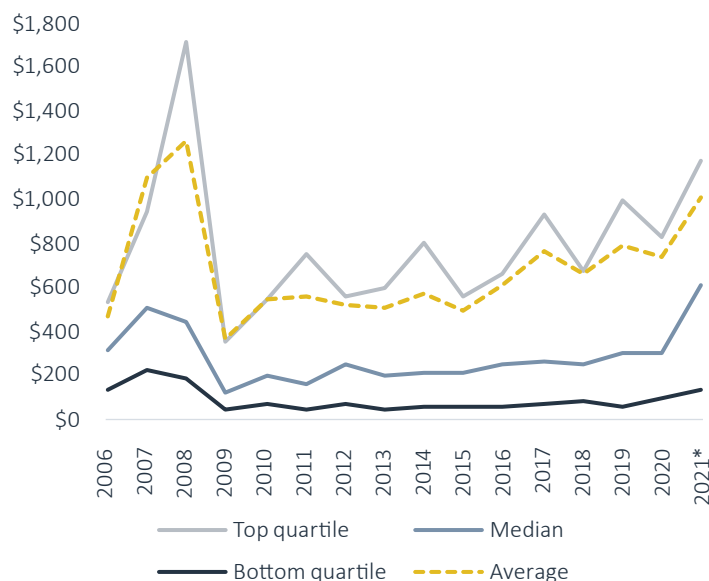
Dylan Cox Head of Private Markets Research  
[dylan.cox@pitchbook.com](mailto:dylan.cox@pitchbook.com)

Private debt fundraising kept a steady course in the first half of 2021. Low interest rates, subdued default rates, and the longer-term pivot toward alternative strategies aided allocators in committing \$62.1 billion across 66 vehicles.

Direct lending continues to stand out, accounting for about half of all capital raised. After a middling 2020 in terms of fundraising, direct lenders picked up the pace in the first half of 2021. Managers raised \$33.0 billion across 26 vehicles, which is already more than three quarters of the amount they raised in the entirety of 2020. Ares Capital Europe raised its fifth fund, totaling €11.0 billion (about \$13.1 billion), the largest private debt fund to close so far this year. The fund also exemplifies the growth of private debt within Europe, which has seen other parts of its private capital ecosystem, such as PE and VC, mature rapidly.

Fundraising for distressed debt and special situations funds is about on track with 2020, but opportunities for deploying capital may be few and far between due to the lack of distress in the market. Despite the lingering effects of the pandemic, especially outside the US, a

## Private debt fund sizes (\$M)

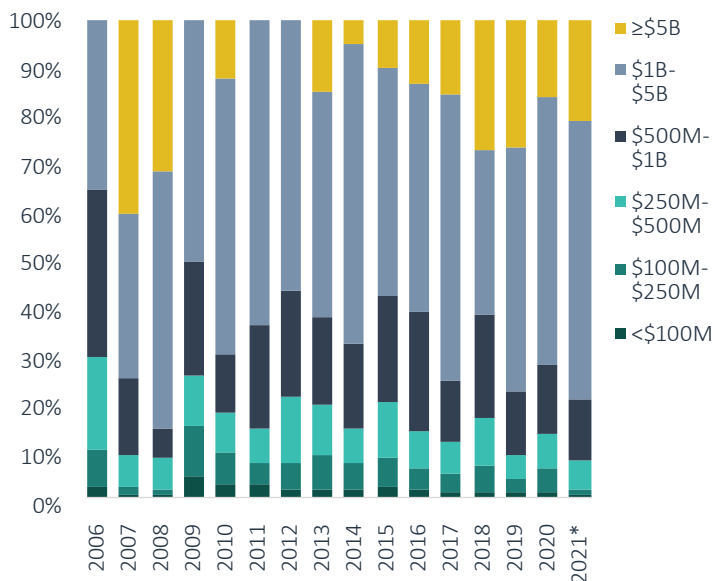


Source: PitchBook | Geography: Global  
\*As of June 30, 2021

combination of central bank easing—in the form of lower rates and bond buying programs—strong fiscal spending, and animal spirits has kept many would-be-bankrupt companies afloat.

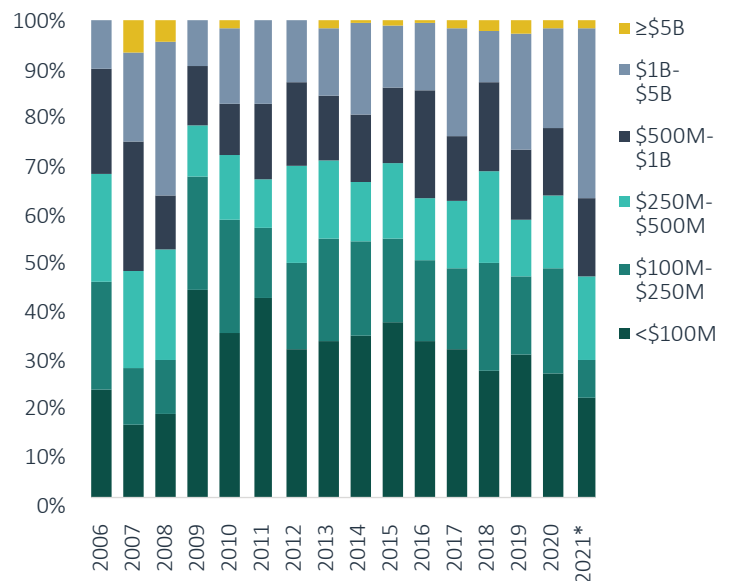
Private debt

## Private debt capital raised by size



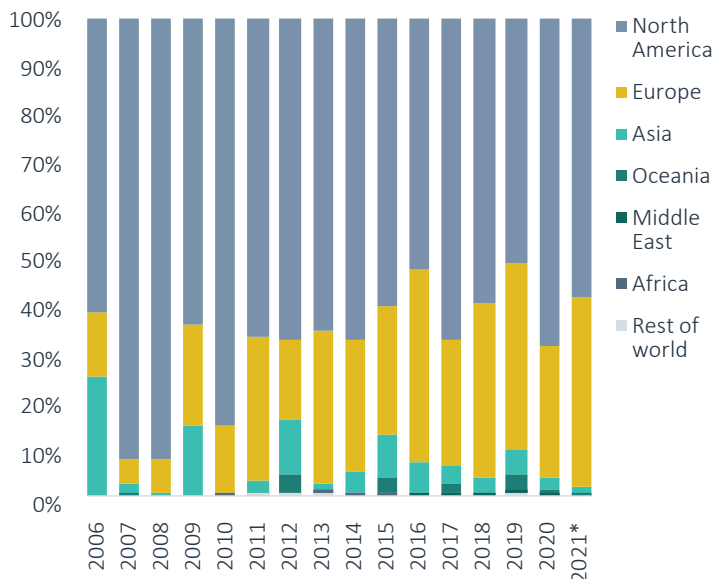
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Private debt fund count by size



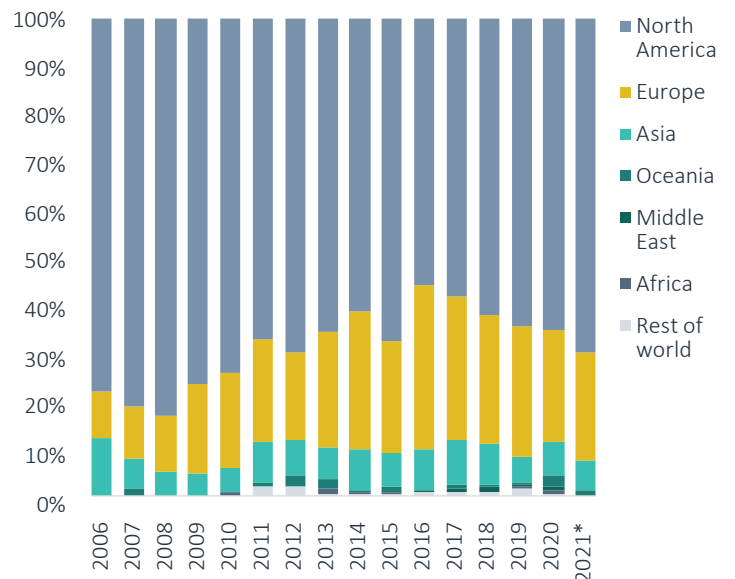
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Private debt capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Private debt fund count by region

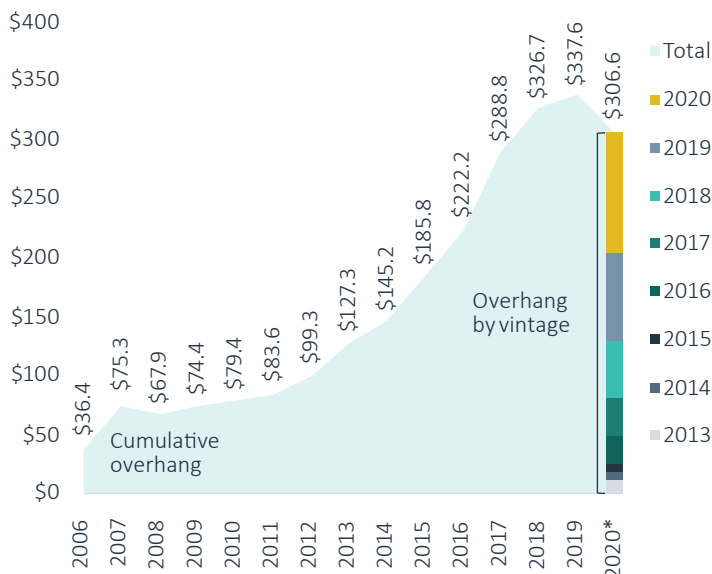


Source: PitchBook | Geography: Global  
\*As of June 30, 2021

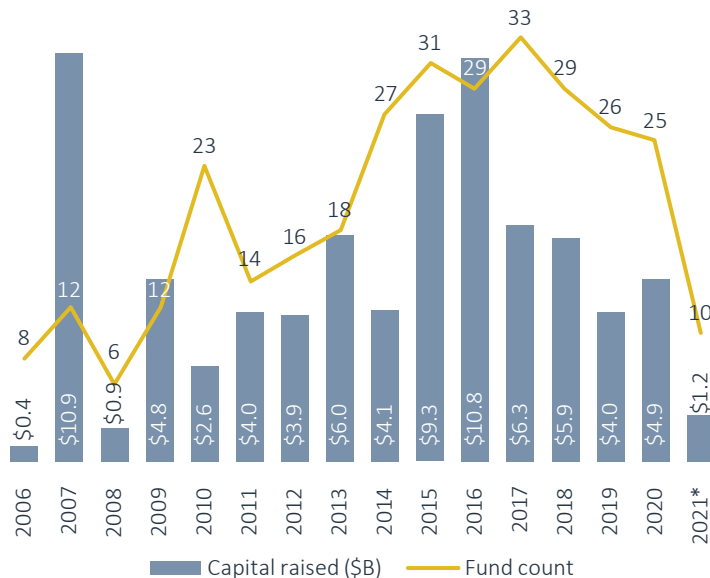


Private debt

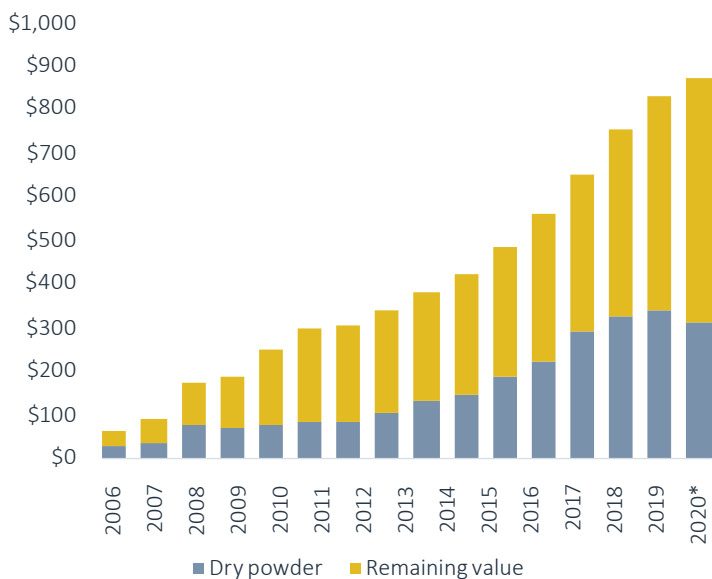
## Private debt overhang (\$B)



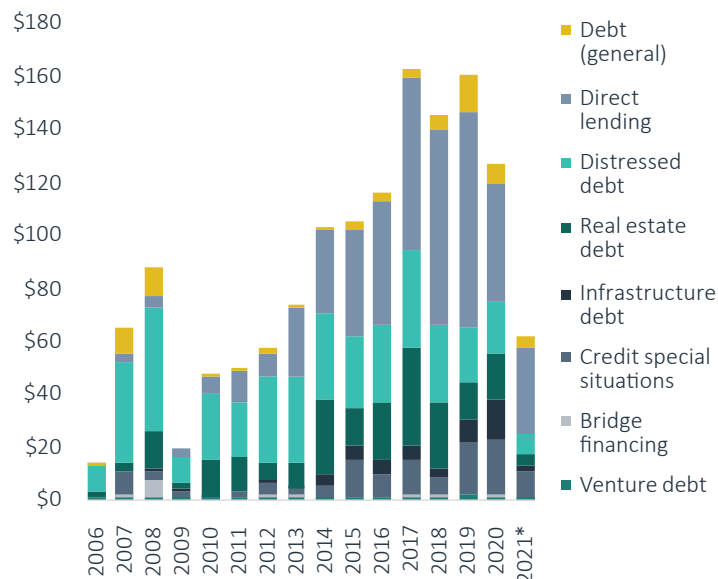
## Private debt first-time fundraising activity



## Private debt AUM (\$B)

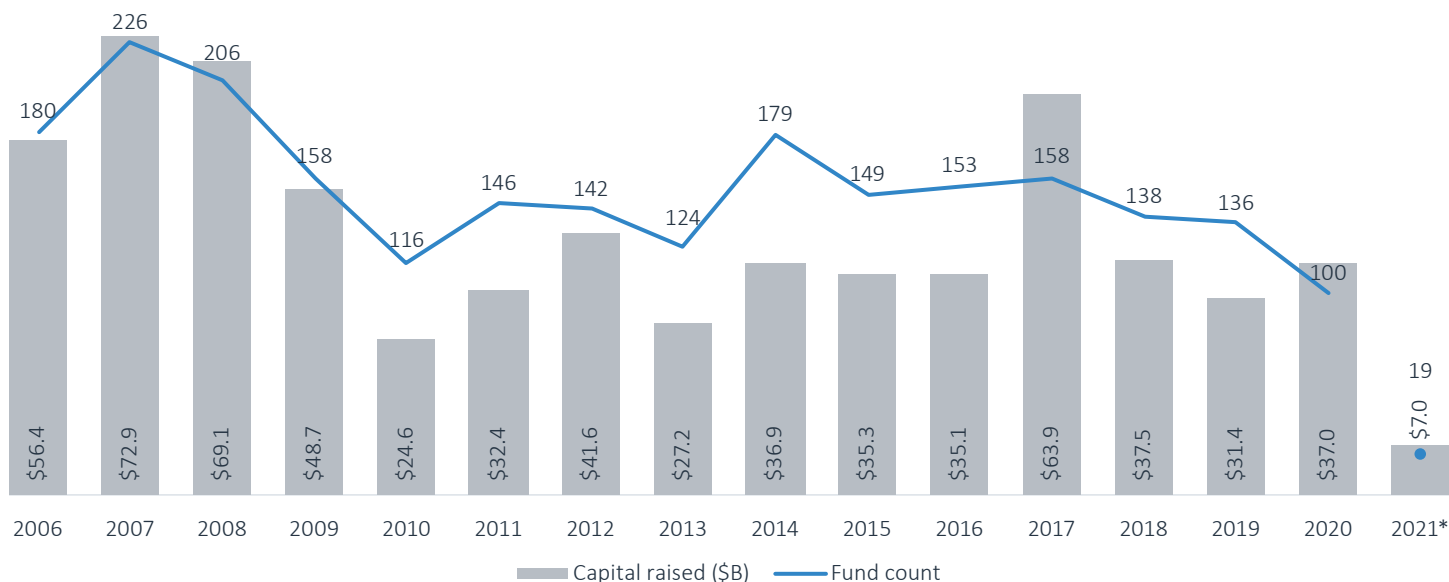


## Private debt capital raised (\$B) by type



# Funds of funds

## FoF fundraising activity



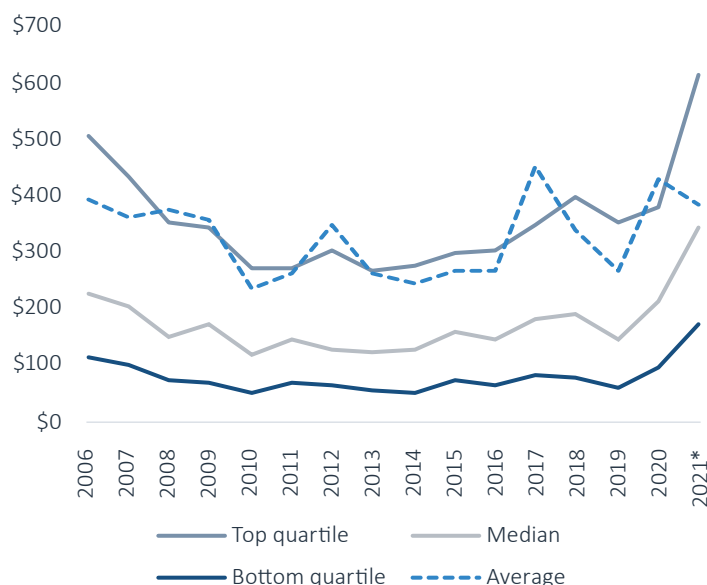
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

Hilary Wiek, CFA, CAIA  
Lead Analyst, Fund Strategies and Performance  
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The first half of 2021 was something of a nonevent for FoF, with only 19 funds raising a total of \$7.0 billion in capital. This means that the average FoF size was only \$368.0 million. This has been a remarkably steady statistic since 2006, when the figure was \$313.53. In the years between, the low was \$206.0 million in 2014 and the high was only \$404.5 million in 2017. By contrast, PE's average annual fund size has grown most years and varied between \$296.9 million in 2010 and \$686.55 in 2020.

This quarter, we are unveiling our breakdown of FoF by type, showing where capital is flowing in terms of PE, VC, real estate, real assets, and private debt FoF, in addition to general go-anywhere FoF. It is interesting to see that while PE-specific FoF have diminished in their ability to garner commitments, specialized VC FoF have grown. This is likely because PE funds tend to be larger and less capacity constrained, so it is easier for LPs to access them without an additional layer of fees. It is more difficult to access quality VCs, so LPs will often utilize FoF with a proven ability to access top funds as their method of accessing the VC sphere. The

## FoF sizes (\$M)



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

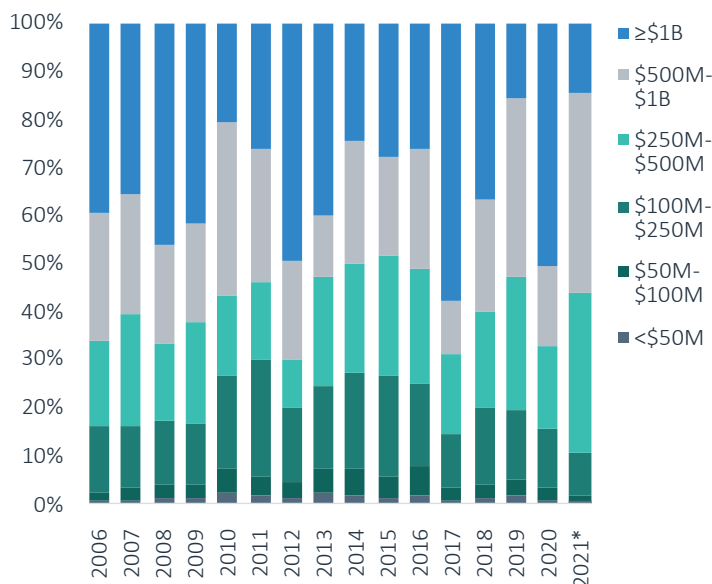
decline of PE FoF is mirrored by the growth in general FoF—products that often offer access to PE, VC, co-investments, secondaries, and more. These one-stop-shop investment vehicles can be very attractive to LPs for a couple of reasons. If the investment staff is small,

## Funds of funds

making one general FoF commitment a year can save on legal fees and free up time for other parts of the investment portfolio. In addition, the co-investments and secondaries can offer some fee savings and j-curve mitigation.

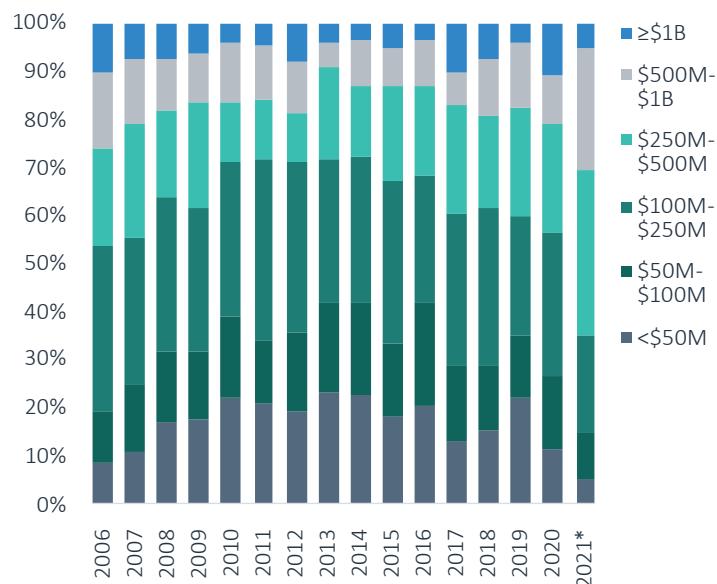
In Q2 2021, only five FoF closed globally—two from the US and three from Europe. Several large FoF are currently in the market, however, which should boost the year's FoF totals. One example is the Washington, DC-based Tachyon Fund, which is seeking \$5 billion to invest in a wide array of private market funds.

### FoF capital raised by size



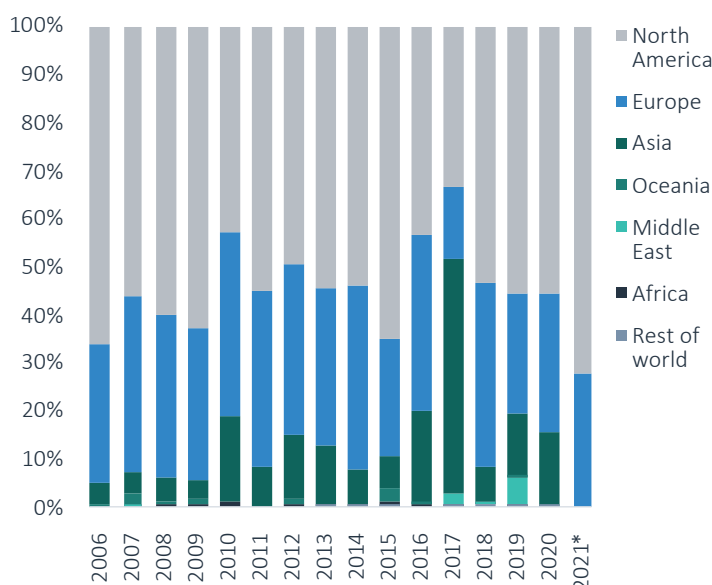
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### FoF count by size



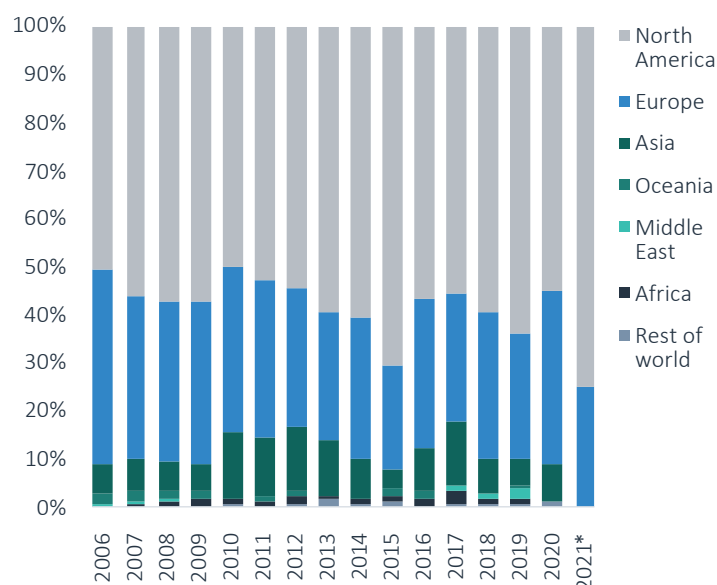
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### FoF capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

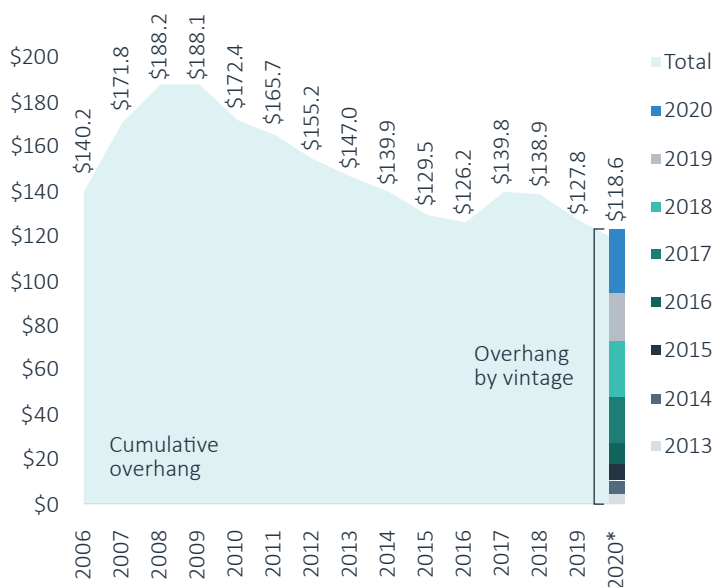
### FoF count by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

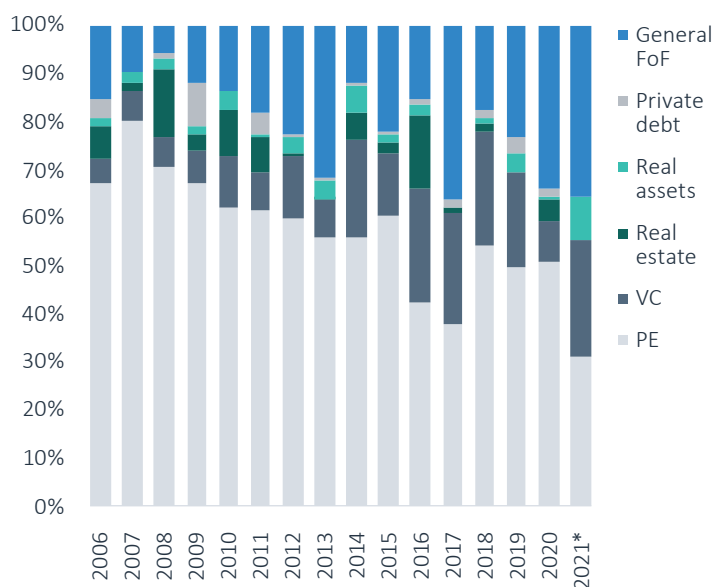
Funds of funds

## FoF overhang (\$B)



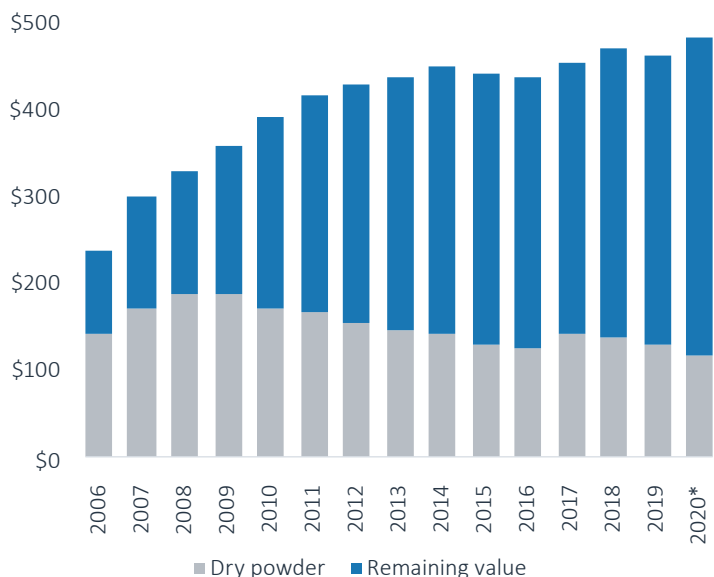
Source: PitchBook | Geography: Global  
\*As of December 31, 2020

## FoF capital raised by type



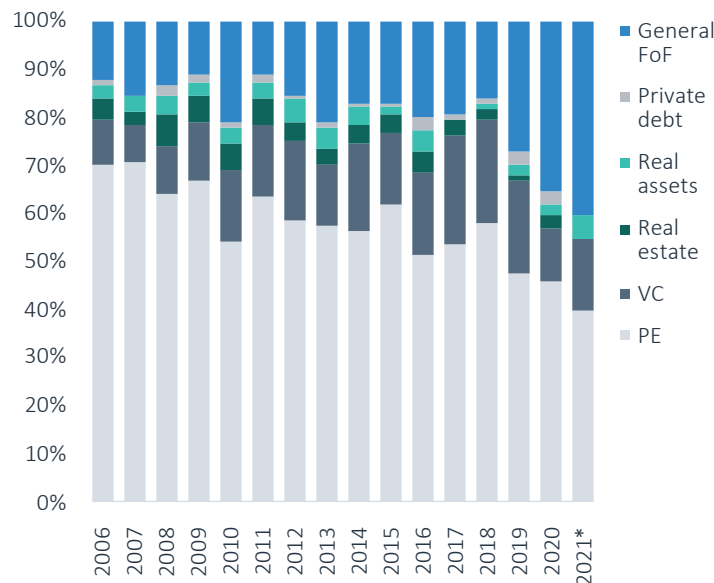
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## FoF AUM (\$B)



Source: PitchBook | Geography: Global  
\*As of December 31, 2020

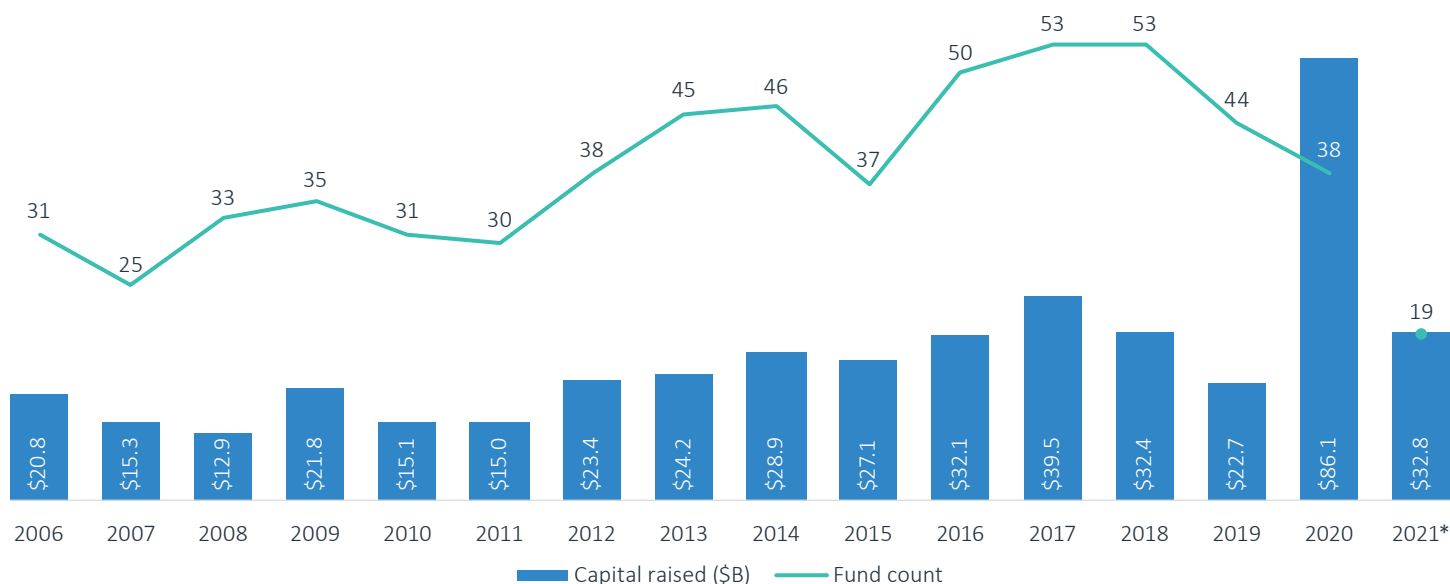
## FoF count by fund type



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

# Secondaries

## Secondaries fundraising activity



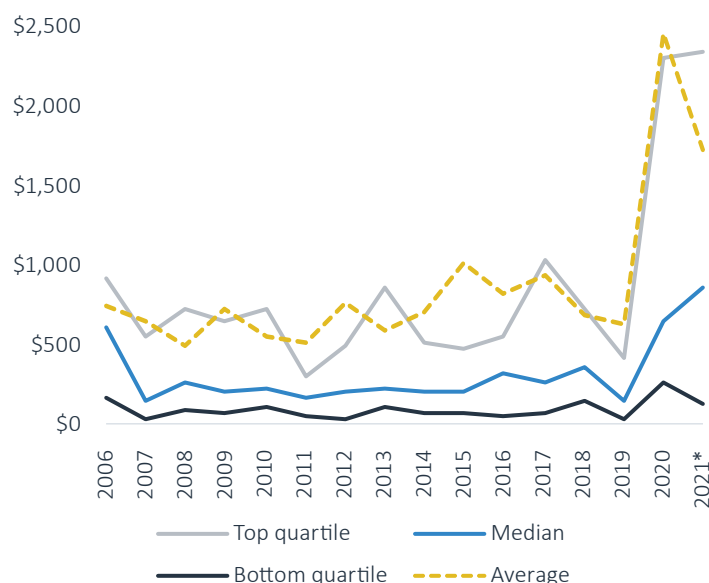
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

Hilary Wiek, CFA, CAIA  
Lead Analyst, Fund Strategies and Performance  
[hilary.wiek@pitchbook.com](mailto:hilary.wiek@pitchbook.com)

H1 2021 is off 2020's record-setting pace for secondaries, but the \$32.8 billion closed through June is still more than any prior calendar year, aside from 2020 and 2017. Only 19 funds make up that half-year figure, but a rapid increase in secondary fund sizes means that few players represent large sums. Given that 2020 did not lead to as much distress as many expected early in the year, it will be interesting to see how well the market absorbs this massive influx of capital. It could be a sellers' market, which does not bode well for buyers of LP fund commitments. Five more secondary funds are still open and targeting over \$1 billion in fund commitments. Based on the targets, they probably will not be enough to reach 2020's record haul, but 2021 should still easily be the second-best fundraising year for secondaries.

European secondaries have been growing in share in recent years, with PE firms such as Ardian and Alpinvest raising massive funds in 2020. This year has seen 55.0% of commitments go to European funds, with Ireland's Crown Global closing on two offerings totaling \$6.1

## Secondaries fund sizes (\$M)



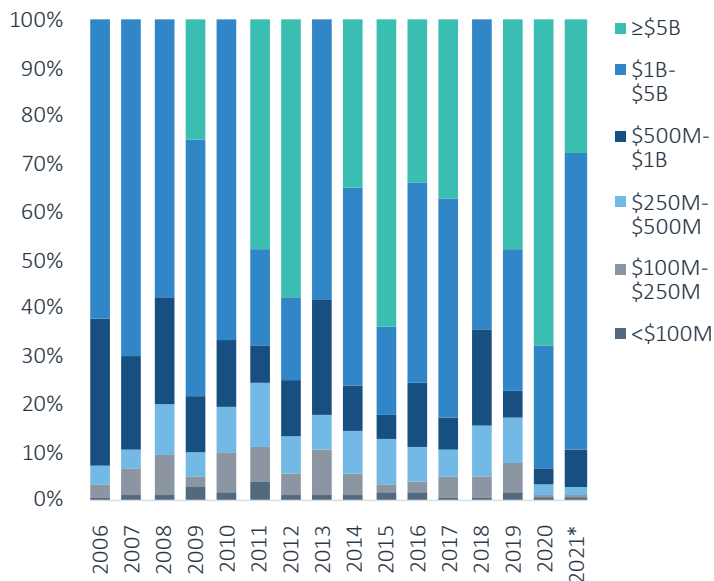
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Secondaries

billion. Only 10.9% of secondary funds raised in H1 2021 were smaller than \$1 billion. The market seems to have concluded that larger pools of capital will have an advantage in securing secondary stakes in private market funds, which runs contrary to the idea that smaller funds can tap into smaller LP stakes that are less likely

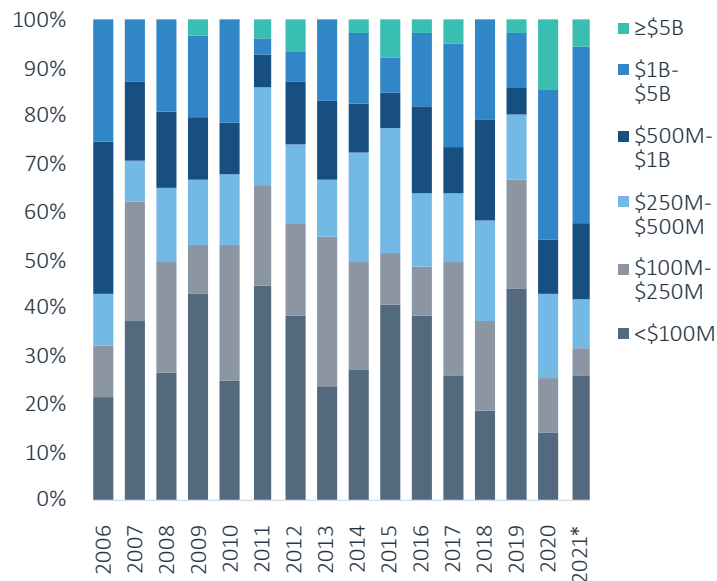
to go to auction and accept steep discounts to avoid a complicated process. The funds that have raised smaller amounts will be able to shop a part of the market well under the radar of the behemoths at the high end and potentially gain outsized returns for being differentiated.

### Secondaries capital raised by size



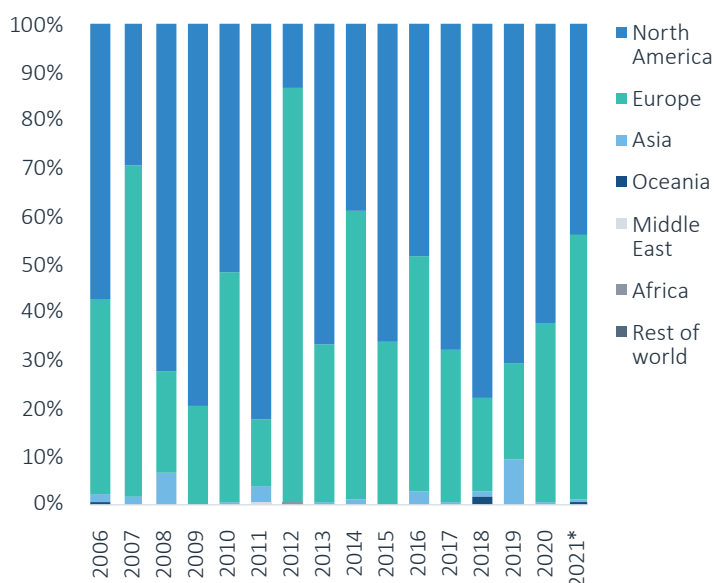
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Secondaries fund count by size



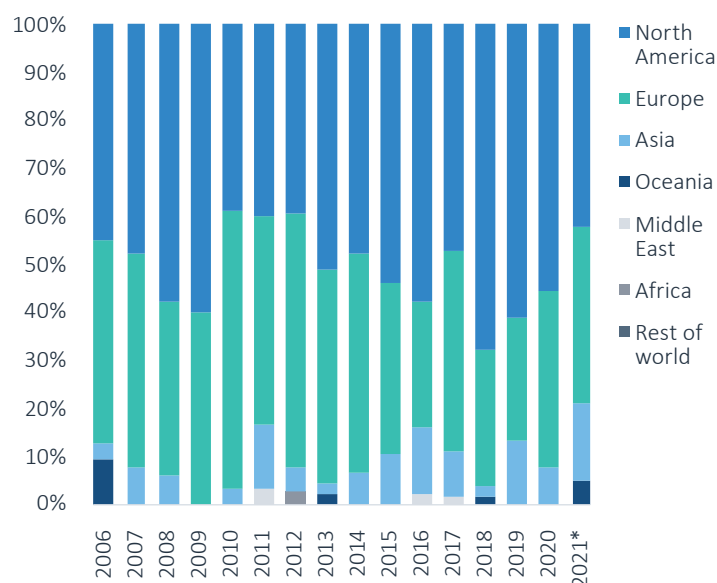
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Secondaries capital raised by region



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

### Secondaries fund count by region

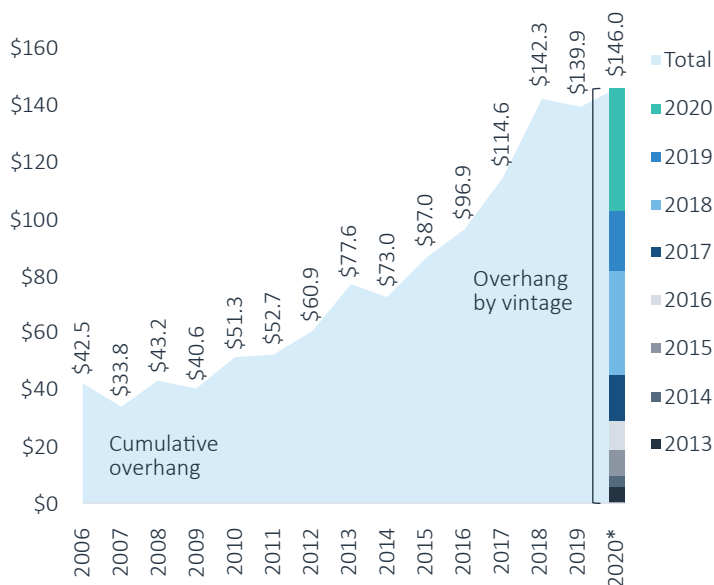


Source: PitchBook | Geography: Global  
\*As of June 30, 2021



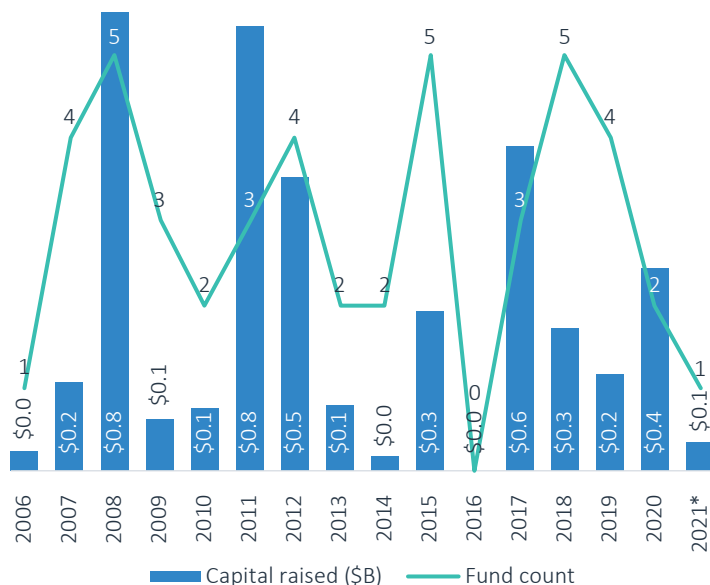
Secondaries

## Secondaries overhang (\$B)



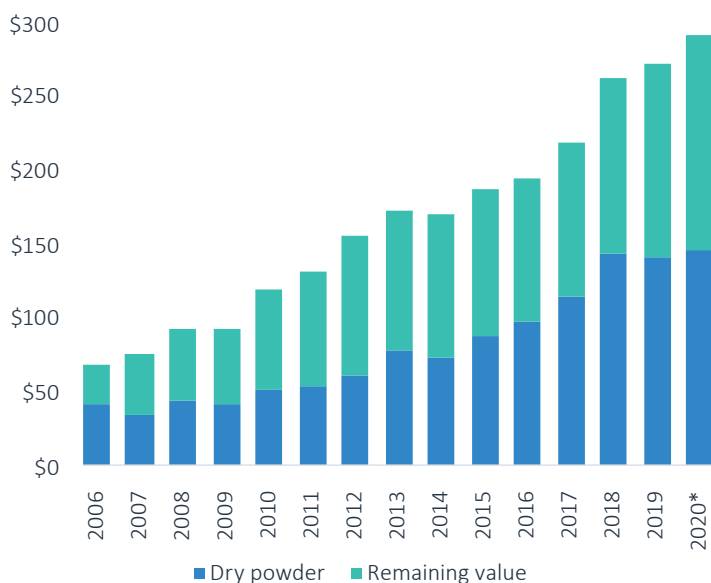
Source: PitchBook | Geography: Global  
\*As of December 31, 2020

## Secondaries first-time fundraising activity



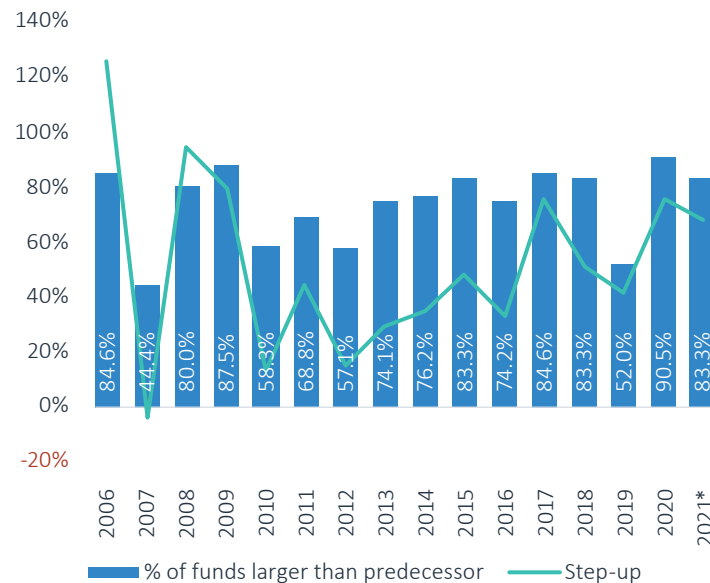
Source: PitchBook | Geography: Global  
\*As of June 30, 2021

## Secondaries AUM (\$B)



Source: PitchBook | Geography: Global  
\*As of December 31, 2020

## Median step-up from previous secondaries fund in fund family



Source: PitchBook | Geography: Global  
\*As of June 30, 2021

# Top funds by size

## Top PE funds to close in Q2 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
EQT IX	\$18,519.9	April 22, 2021	1.4x	Stockholm, Sweden
KKR Asian Fund IV	\$14,734.7	April 5, 2021	1.6x	Hong Kong, Hong Kong
TA XIV	\$12,500.0	June 2, 2021	1.5x	Boston, Massachusetts, US
Bain Capital Fund XIII	\$11,800.0	April 30, 2021	1.3x	Boston, Massachusetts, US
Genstar Capital Partners X	\$11,700.0	April 5, 2021	1.7x	San Francisco, California, US

Source: PitchBook | Geography: Global

## Top VC funds to close in Q2 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Flagship Pioneering Fund VII	\$3,400.0	June 14, 2021	5.5x	Cambridge, Massachusetts, US
Accel Leaders III	\$2,350.1	April 8, 2021	4.7x	Palo Alto, California, US
a16z crypto III	\$2,200.0	June 24, 2021	4.3x	Menlo Park, California, US
The Rise Fund II	\$2,170.1	May 10, 2021	1.0x	Washington, DC, US
Oak HC/FT Partners IV	\$1,400.0	May 13, 2021	1.8x	Greenwich, Connecticut, US

Source: PitchBook | Geography: Global

## Top real estate funds to close in Q2 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
IPI Data Center Partners Fund II	\$3,800.0	April 14, 2021	2.5x	Chicago, Illinois, US
Kayne Anderson Real Estate Partners VI	\$2,500.0	June 1, 2021	1.4x	Boca Raton, Florida, US
GreenOak Europe III	\$1,741.6	April 20, 2021	2.2x	London, UK
Ares US Real Estate Opportunity Fund III	\$1,697.0	April 7, 2021	1.7x	Los Angeles, California, US
Dermody Properties Industrial Fund III	\$1,100.0	June 2, 2021	1.8x	Reno, Nevada, US

Source: PitchBook | Geography: Global

Top funds by size

### Top real assets funds to close in Q2 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Copenhagen Infrastructure IV	\$8,302.3	April 19, 2021	2.0x	Copenhagen, Denmark
BlackRock Global Renewable Power Fund III	\$4,800.0	April 8, 2021	2.9x	New York, New York, US
Argo Infrastructure Partners Fund III	\$2,000.0	April 26, 2021	4.0x	New York, New York, US
Infranode II	\$1,453.1	June 23, 2021	2.7x	Stockholm, Sweden
Sustainable Asset Fund III	\$1,250.0	April 1, 2021	1.6x	Boulder, Colorado, US

Source: PitchBook | Geography: Global

### Top private debt funds to close in Q2 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Ares Capital Europe V	\$13,130.7	April 29, 2021	1.4x	London, UK
CVI Credit Value Fund V	\$3,600.0	June 17, 2021	1.2x	Minneapolis, Minnesota, US
CAPZA V	\$1,909.9	April 29, 2021	4.6x	Paris, France
Kartesia Credit Opportunities V	\$1,800.0	May 21, 2021	1.7x	Luxembourg, Luxembourg
Blue Torch Credit Opportunities Fund II	\$1,700.0	June 1, 2021	2.3x	New York, New York, US

Source: PitchBook | Geography: Global

Top funds by size

## Top FoF to close in Q2 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Partners Capital Condor Fund XIII	\$615.5	April 6, 2021	8.9x	London, UK
YIELCO Special Situations II	\$455.0	May 7, 2021	0.9x	Munich, Germany
Accolade Empowerment Fund	\$200.0	May 26, 2021	N/A	Washington, DC, US
Franklin Park Corporate Finance Access Fund	\$146.4	April 1, 2021	N/A	Bala Cynwyd, Pennsylvania, US
Astorius Capital Fund V	\$70.0	April 12, 2021	0.8x	Hamburg, Germany

Source: PitchBook | Geography: Global

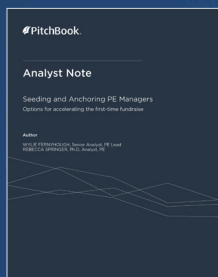
## Top secondaries funds to close in Q2 2021 by size

Fund	Size (\$M)	Close date	Step-up	HQ location
Crown Global Secondaries V	\$4,500.0	June 15, 2021	1.7x	Dublin, Ireland
Whitehorse Liquidity Partners IV	\$4,000.0	April 19, 2021	2.0x	Toronto, Canada
Crown Secondaries Special Opportunities II	\$1,570.0	June 22, 2021	N/A	Dublin, Ireland
Landmark Infrastructure Partners II	\$915.0	May 7, 2021	2.0x	Simsbury, Connecticut, US
LC Healthcare Continued Fund I	\$270.0	May 18, 2021	N/A	Beijing, China

Source: PitchBook | Geography: Global

# Additional research

## Benchmarks & Fund Performance



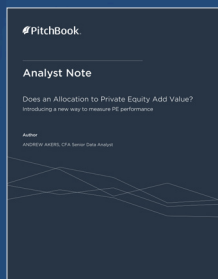
### Analyst Note: Seeding and Anchoring PE Managers

*Download the report [here](#)*



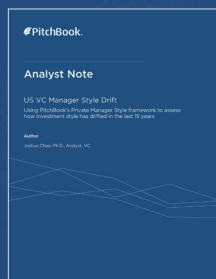
### Analyst Note: Impact Funds by Reason and Region

*Download the report [here](#)*



### Analyst Note: Does an Allocation to Private Equity Add Value?

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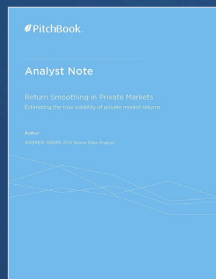
### Analyst Note: US VC Manager Style Drift

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### PitchBook Benchmarks

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### Analyst Note: Return Smoothing in Private Markets

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