Cash flows were positive last year

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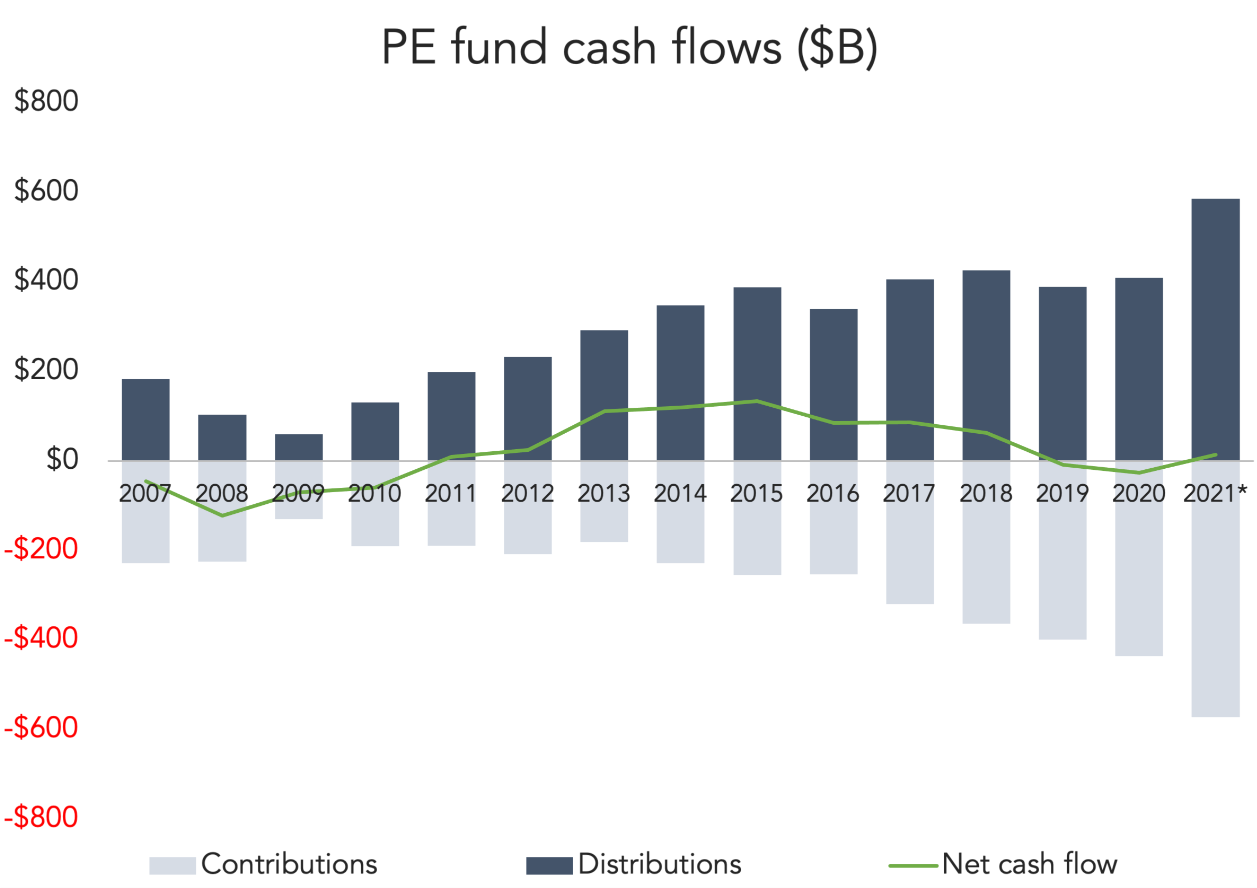

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PE distributions outpaced capital calls in 2021, according to PitchBook's 2022 Global Fund Performance Report. Not by much: LPs collected $13.5 billion in net cash flow last year, reflecting $572.4 billion in outbound contributions and $585.9 billion transferred back to fund investors. Both datapoints are substantially bigger than any prior year.

We're also calculating preliminary PE returns data, which, so far, points to normalizing performance. By quarterly IRR, Q3 2021 fell to about 6.8%, down from 14.5% in the second quarter and 14.9% in the first quarter of 2021. The downswing appears to have impacted Q4 2021, which clocked a preliminary 3.4%. Persistently high inflation, interest rate hikes and shifting monetary policies are having an impact on the PE market. Due to the bulk of sponsor returns stemming from multiple expansion, an environment with rising interest rates is likely causing multiples to flatten and returns to shrink as a result. Future, near-term returns will depend on exit ramps remaining open.

(Past performance is no guarantee of future results.)