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Rolling one-year PE fund returns

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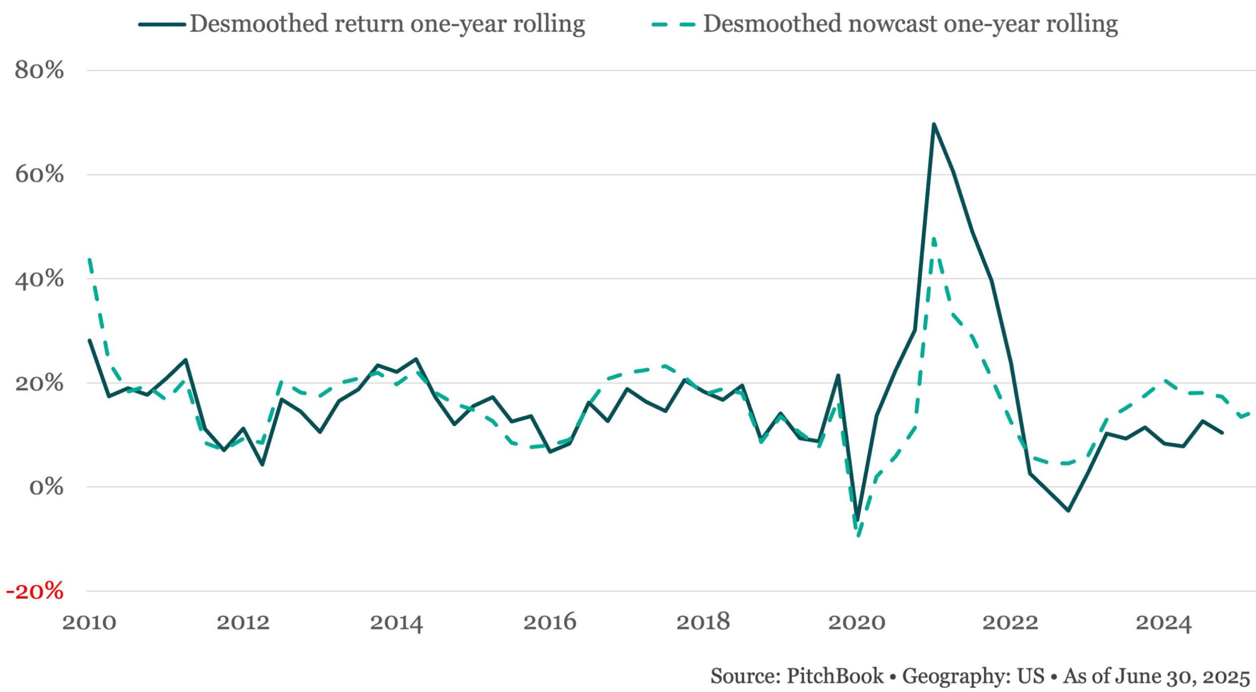

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A review of desmoothed returns and the desmoothed nowcast over a rolling one-year horizon shows that PE fund returns significantly exceeded fundamental expectations implied by macroeconomic conditions throughout 2021 and 2022. Since 2022, however, the pendulum has swung in the opposite direction, with returns underperforming these fundamentals. A noticeable gap remains between modeled expectations and realized returns—a discrepancy likely driven by slower realizations, fewer distributions, and muted valuation growth.

Looking ahead, persistent macroeconomic uncertainty, coupled with tighter financing conditions, may keep returns in this muted range. However, a rebound is possible if public equity markets maintain their upward trajectory and exit activity improves.

(Past performance is no guarantee of future results.)