

Private Equity Recovers After Turbulent Year

Global private equity assets under management climb to record high and fundraising activity back on track as markets continue to recover

The private equity industry is recovering strongly in Q1 2021 after making it through a challenging year. Assets under management (AUM) surpassed a record \$5tn as of September 2020, bolstered by rising valuations in both private and public markets. Looking forward, fresh capital continues to flow quickly into the asset class in the first quarter with fundraising activity returning to pre-pandemic levels. Private equity funds raised \$188bn across 452 funds in Q1 2021, this is up from \$163bn and 431 funds in Q1 2020. On the back of this, fund managers are sitting on a record \$1.6tn in dry powder putting increasing pressure on deal makers to identify investment opportunities quickly as the recovery picks up. Indeed, the first quarter of this year saw more buyout and venture capital deals than before the lockdowns in Q1 2020. Current trends for deals show no signs of slowing. Adding fuel to the fire is the boom seen in fundraising for special purpose acquisition companies (SPACs) that could catalyse activity in the exit and acquisition environment. In short, the outlook for the asset class looks bright, but valuation and inflationary risks will need to be closely monitored.

For more information and analysis, see the [Q1 2021 Private Equity Quarterly Update Tearsheet](https://www.preqin.com/insights/research/quarterly-tearsheets/preqin-quarterly-update-private-equity-&-venture-capital-q1-2021-tearsheet) here:
<https://www.preqin.com/insights/research/quarterly-tearsheets/preqin-quarterly-update-private-equity-&-venture-capital-q1-2021-tearsheet>

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Cameron Joyce, Private Equity Spokesperson:

“Financial markets began to show signs of normality in the first quarter of 2021 after a turbulent 2020. The pandemic caused a sharp correction in asset prices across the globe, with an equally steep recovery aided by unprecedented levels of government support. As the recovery has continued, we can see a clear distinction between the winners and losers. Adoption of existing technological trends has been accelerated by the pandemic and investors are willing to bid up valuations of companies on the right side of this change – many of which are still in receipt of venture capital financing. Venture capital deal value is soaring as a result reaching \$126bn in Q1 2021, up 114% over the same period last year.”

Key Q1 2021 Private Equity Facts:

- **Private equity AUM stands at more than \$5tn as of September 2020.** More impressive is that dry powder reached a record \$1.6tn – approximately double the combined value of all buyout and venture capital deals over the past 12 months.
- Fundraising activity is back on track in Q1 2021. **A total of \$188bn was raised across 452 funds marking a 16% and 5% increase respectively compared to Q1 2020.**
- Despite a solid fundraising result a record number of funds remain in the market. **As of April 2021, a record 4,597 funds are seeking to raise a combined \$914bn from investors.**
- First quarter buyout deal activity slowed slightly coming off a robust Q4 2020. That said, **in Q1 2021, 1526 transactions were completed with an aggregate value of \$133bn** – both notably higher than Q1 2020.
- Venture capital deal values are also soaring. **Aggregate venture capital deal value reached \$126bn in Q1 2021, registering an increase of 114% compared to Q1 2020** and the highest level over the last five years.

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