



1Q25 GLOBAL PRIVATE MARKETS

Fundraising Shifts Toward Debts, Secondaries, and Proven Managers

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AXIA

PRIVATE EQUITY NEWSLETTER

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GLOBAL PRIVATE MARKET FUNDRAISING IN 1Q25

CAUTION, CONSOLIDATION, AND CONTRASTS

Private market fundraising in 2025 is becoming increasingly discerning, as GPs are expected to offer clear strategies and distribution visibility. Meanwhile, LPs are concentrating capital with proven outperformers as they navigate liquidity pressures and geopolitical uncertainty.

Fundraising in private markets has become more selective in 2025, favoring strategies that offer liquidity, stability, and alignment. As capital concentrates in proven hands, private equity (PE) and venture capital (VC) face headwinds, while private debt and secondaries emerge as the new pillars of allocation.

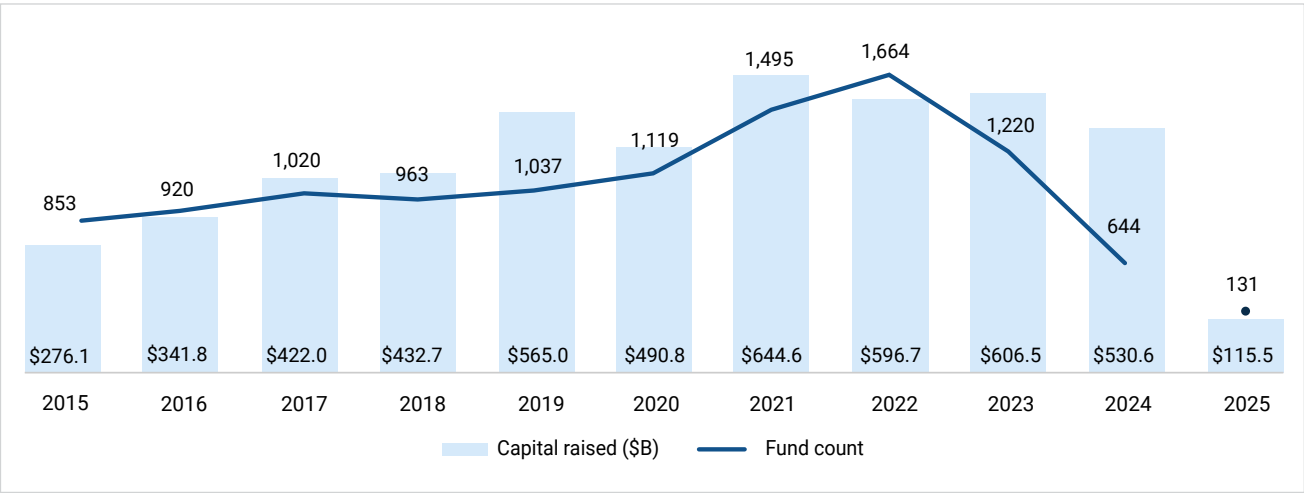
According to PitchBook, total capital raised in 1Q stood at \$1.26 trillion, a 17% YoY decline that reflects growing allocator caution. PE and VC continue to lose momentum, while private debt and secondaries gain favor for their yield, liquidity, and downside protection. Institutional capital is consolidating around proven managers. This is not just a cyclical downturn but a structural shift in capital formation. GPs must now offer clear strategy and distribution visibility, while limited partners (LPs) navigate tight liquidity, geopolitical risks, and a narrower set of outperformers.

Private Equity: Consolidation at the Top

PE fundraising totaled \$115.5 billion across 131 funds in 1Q25, down from \$178.8 billion in 1Q24, as per PitchBook. This decline marks the fourth consecutive quarter of deterioration on a rolling basis. Megafunds carried the quarter, with five raising \$48.2 billion, or nearly 42% of the total, led by Blackstone's \$21 billion

flagship fund. However, this concentration at the top highlights underlying challenges, as mid-sized general partners (GPs) struggle to close funds, and North America alone accounted for 67.2% of all PE fundraising.

Figure 1: Global PE Fundraising Activity



Source: PitchBook, data as of March 31, 2025

Interestingly, the median time to close dropped to 13 months, compared to 17 in 2024, likely due to improved distributions to LPs last year. That said, this trend will likely reverse quickly if macro instability escalates. Despite short-term headwinds, PitchBook forecasts PE assets under management (AUM) will grow from \$6 trillion in 2024 to \$7.7 trillion by 2029. Still, allocators remain highly selective. Unless managers demonstrate liquidity potential and performance consistency, they are unlikely to win fresh commitments in today's market.

Venture Capital: Locked Capital, Lingering Freeze

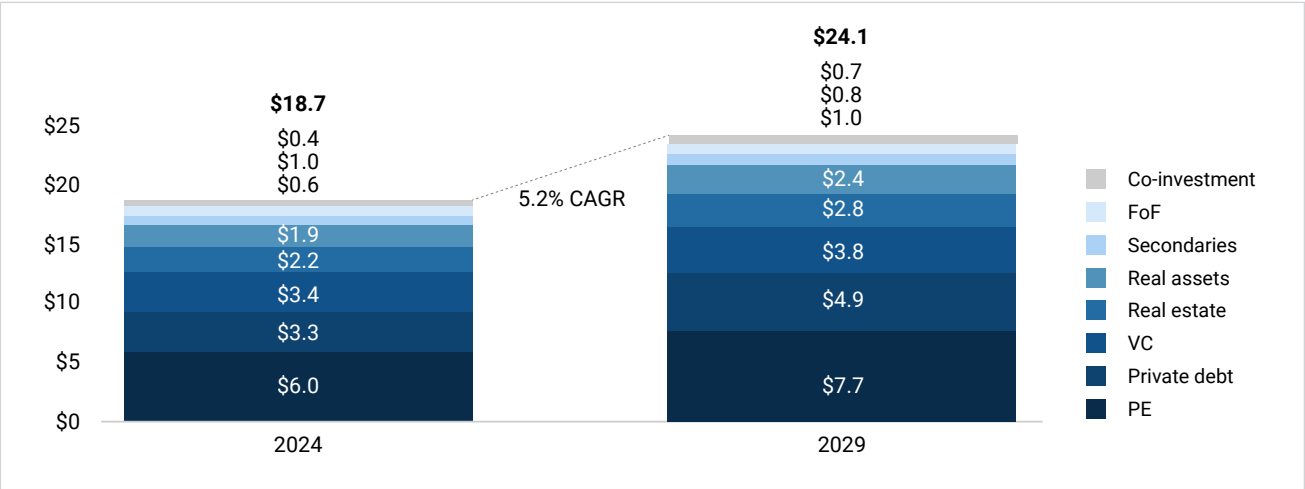
VC fundraising remains under considerable pressure. VC funds secured just \$18.7 billion across 231 vehicles in 1Q25, the lowest quarterly total in over a decade, per PitchBook. With limited exits since 2021, LP capital remains locked up, and the pace of recommitments has slowed noticeably. Megafunds have disappeared, with just seven VC funds globally raising more than \$500 million this quarter, compared to 160 in 2021.

Amid this environment, LPs are increasingly favoring established names. PitchBook reports that 49% of funds closed in Q1 came from experienced managers, signaling conservative capital allocation. While long-term forecasts suggest VC AUM will likely inch upward, from \$3.4 trillion in 2024 to \$3.8 trillion by 2029, near-term momentum remains weak. With IPO markets stalled and private valuations under pressure, LPs are delaying recommitments until they see meaningful distributions return to the pipeline.

Private Debt: Defensive Capital's Safe Harbor

In sharp contrast to other strategies, private debt stood out as the strongest performer in 1Q25. The asset class raised \$68.7 billion across 42 funds, an 18.2% increase over the prior year, as per PitchBook. Direct lending led the way, with Ares closing a record-setting \$17.7 billion fund, while Oaktree drew \$16 billion for its distressed debt strategy. The combination of floating-rate exposure, contractual cash flows, and consistent performance has turned private debt into a preferred allocation for defensive capital.

Figure 2: Global Base-case Private Capital AUM Forecast (in Trillions)



Source: PitchBook, data as of April 14, 2025

Once considered a niche play, private debt is now becoming a core building block in institutional portfolios. PitchBook projects that AUM will rise from \$3.3 trillion in 2024 to \$4.9 trillion by 2029. The consolidation trend is unmistakable. 97.5% of Q1 fundraising went to experienced managers, and the 10 largest funds captured 86.3% of all commitments. In a market where yield is scarce and volatility is high, private debt is now recognized for offering stable income and effective downside mitigation.

Secondaries: From Niche to Necessity

Secondaries fundraising reached \$52.1 billion in 1Q25, nearly half of last year’s total, as per PitchBook. With exit markets still constrained, LPs are increasingly turning to secondaries for liquidity and portfolio rebalancing. Nearly half of the funds raised exceeded \$1 billion, highlighting the strategy’s growing institutional scale. GP-led deals and continuation vehicles are driving activity, marking secondaries’ shift

from a tactical tool to a core component of capital planning. Institutions such as Yale are reportedly exploring multi-billion-dollar sales, signaling broader LP participation. As distributions remain muted and fund lives extend, secondaries are becoming central to private market portfolio management.

Beyond the Core: Real Assets, Real Estate, and Co-investments

Real assets fundraising reached \$52.4 billion in 1Q25, with infrastructure making up nearly 95%, as per PitchBook. Moreover, real estate remained subdued at \$19 billion, reflecting allocator caution around valuations, rate volatility, and rising costs. Co-investment vehicles were reported as a distinct category for the first time, signaling their growing relevance. Though still a small share of capital at 2.4%, they are gaining traction with LPs seeking greater control and lower fees. As alignment with GPs becomes more important, co-investments are expected to play a larger role in fundraising strategies.

Conclusion

Private market fundraising in 1Q25 reflects a fundamental shift in capital deployment. Investors are prioritizing strategies that demonstrate resilience, consistent performance, and effective risk management. As PE and VC continue to contend with constrained distributions and valuation uncertainty, private debt and secondaries are gaining prominence for their adaptability and income stability. In this market, commitments are reserved for managers with a clear operational edge and a track record of disciplined execution.

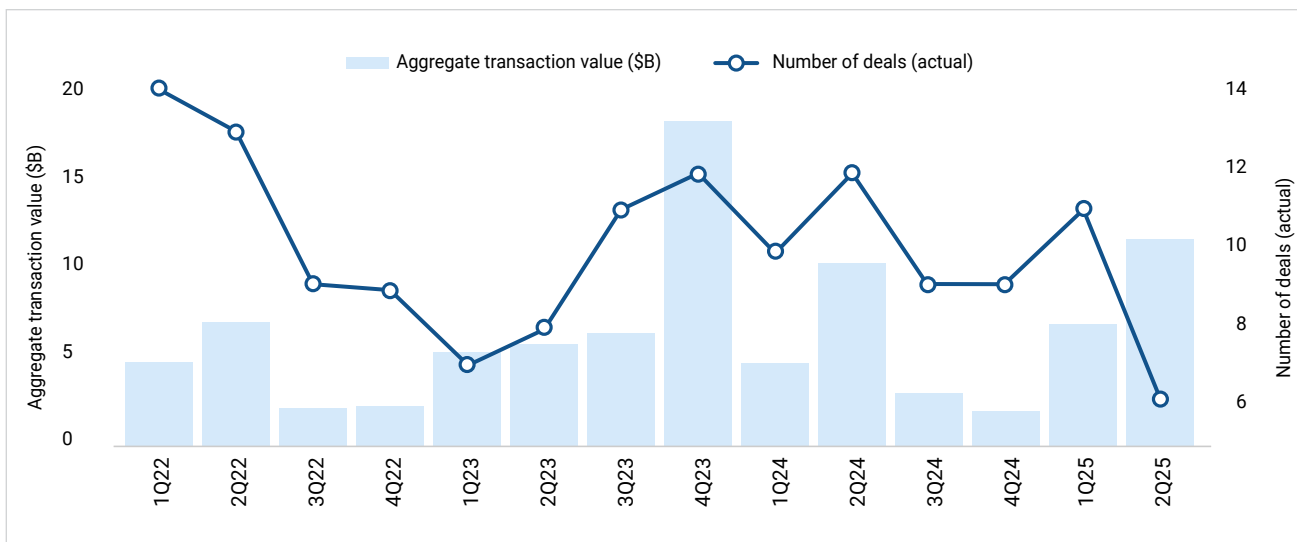
Monthly News and Analysis



PE Ramps Up Fossil Fuel Exits, Set to Outpace 2024 Levels

PE exits in fossil fuels have surged in early 2025, reaching \$18.54 billion across 17 deals as of May 21, as per S&P Global. This brings the total close to the \$19.41 billion recorded for the entire year of 2024, signaling renewed momentum in energy divestments.

Figure 3: Quarterly Breakdown of Global PE-/VC-backed Exits in Oil and Gas



Source: S&P Global, data as of May 21, 2025

This sharp uptick in fossil fuel exits is a notable outlier in a year marked by broader PE retreat. According to S&P Global, overall exit volumes dropped to a two-year low in the first quarter, yet oil and gas deals have gained momentum, signaling a shift toward sectors offering steady cash flows and liquidity opportunities. This surge in exit activity coincides with the US administration's January 2025 executive order prioritizing the development of domestic oil and gas resources. That policy backdrop has contributed to a more favorable environment for divesting conventional energy assets, even as long-term decarbonization pressures remain. Trade sales remained the most commonly used exit route, driven by strong interest from strategic buyers targeting midstream and infrastructure-heavy portfolios. IPOs were the second

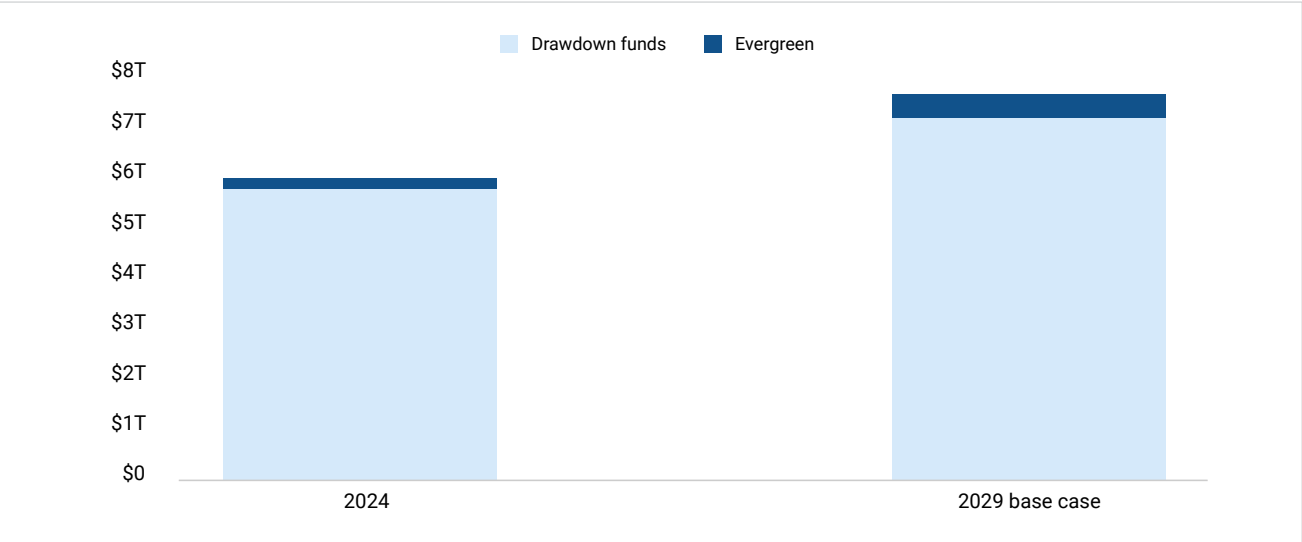
most frequent method, showing a modest window of public market receptivity. Nearly all activity was concentrated in North America and Europe, with the US and Canada accounting for 13 exits totaling \$15.93 billion, and Europe, including the UK, contributing three exits worth \$2.61 billion. Asia-Pacific saw just one deal, as per S&P Global. Notable deals include KKR and CDPQ's \$9 billion divestment of Colonial Enterprises, Blackstone's \$1.8 billion sale of its Targa Badlands stake, and its pending \$1.74 billion transaction with EQT Corp. Collectively, these transactions reflect a strategic monetization of de-risked assets amid favorable policy signals, rather than renewed long-term conviction in fossil fuels.



Retail-focused Evergreen Funds Set to Reach \$220 Billion by 2029

Retail-focused evergreen fund structures are emerging as the next frontier in PE, gaining traction among wealth advisors and asset managers. PitchBook projects retail-focused evergreen funds will grow from \$70 billion to \$220 billion in AUM by 2029.

Figure 4: Carveouts as Share of PE Buyouts in the US



Source: PitchBook, data as of April 14, 2025

The rapid rise of retail-focused evergreen funds reflects a broader reconfiguration of PE capital flows and fund structures. As many institutional investors approach their allocation limits to drawdown-based PE vehicles and exit activity remains muted, GPs are shifting fundraising strategies to capture longer-duration, more flexible capital from the private wealth channel. According to PitchBook, institutional evergreen funds are projected to account for 3.6% of total PE AUM by 2029, while retail-focused evergreen structures will reach 2.8%. Firms such as Blackstone are already offering single-vehicle access to multi-strategy PE platforms tailored for private wealth clients. This momentum is also driven by a shrinking public market universe. PitchBook data shows US stock exchanges now list just over 4,500 public companies, compared

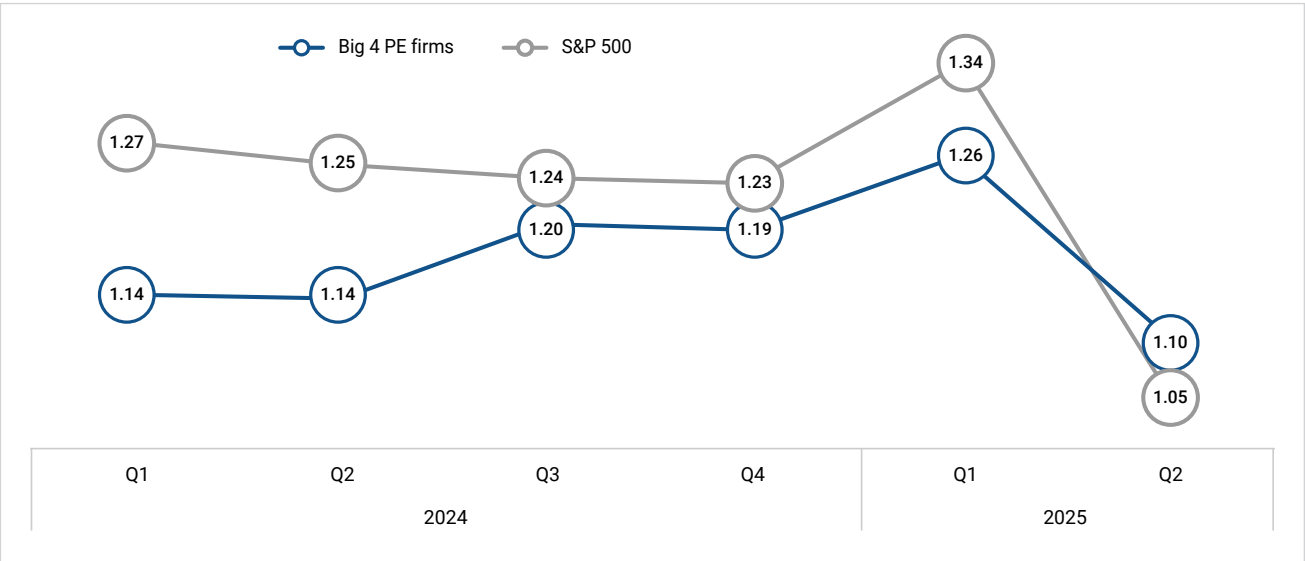
to more than 11,800 private ones, prompting advisors to seek new investment channels. To support this shift, asset managers are innovating with wrappers such as interval funds and collective investment trusts that combine PE with traditional assets. These formats appeal to advisors and clients accustomed to greater liquidity, transparency, and simplicity. Still, distribution remains complex. Registered investment advisors (RIAs) demand personalized engagement and simplified onboarding, and investors often misjudge evergreen liquidity. GPs targeting the private wealth segment must re-engineer not only fund structures but also internal operations to align with retail expectations. As competition intensifies, firms that invest in technology, talent, and investor experience will be best positioned to lead this retail-focused evolution in PE.



Tariffs and Exit Pressure Weigh on Big Four PE Firms' 1Q Outlook

A cautious tone dominated 1Q earnings calls of the Big Four PE firms as tariff-related risks, weak exits, and negative returns unsettled investor sentiment. All four firms posted negative total returns between January and mid-May 2025, underperforming the S&P 500, as per S&P Global.

Figure 5: Average Net Positivity Trends of Big Four PE Firms and S&P 500



Source: S&P Global, data as of May 13, 2025

The 1Q earnings calls of Apollo, Blackstone, Carlyle, and KKR reflected the growing impact of macroeconomic uncertainty on PE performance. According to S&P Global, the average sentiment score for the Big Four fell to its lowest level in over a year. Among the firms, KKR saw the sharpest decline, though CFO Robert Lewin emphasized that most of its portfolio was insulated from direct tariff exposure. Still, management flagged broader risks around global growth, inflation, and delayed rate cuts. These concerns are already playing out in the form of weaker exit activity. Blackstone CEO Stephen Schwarzman acknowledged that market volatility reduced the likelihood of near-term exits, with global PE exit volume falling to a two-year low in 1Q. Additionally, lower distributions continue to constrain

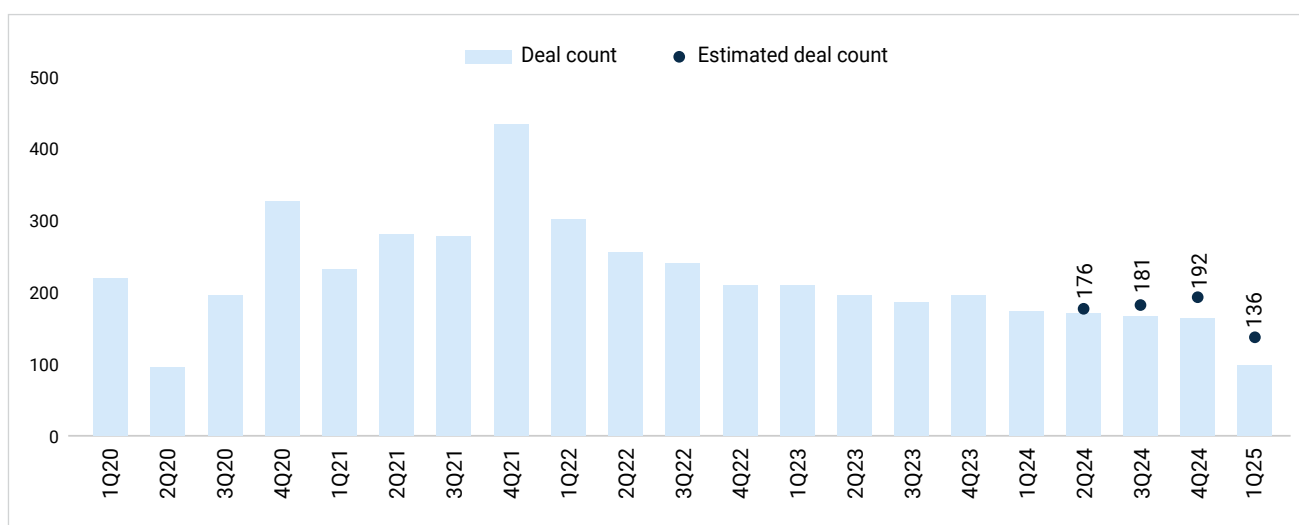
LP liquidity and fund commitment capacity, further contributing to the ongoing fundraising slowdown. These dynamics are reinforcing a more cautious stance across the industry. Despite the headwinds, firms expanded their AUM. Blackstone posted \$61.6 billion in quarterly inflows, bringing AUM to \$1.17 trillion. KKR led in annual growth, while Apollo is projected to accelerate through 2026. Carlyle, by contrast, is expected to trail peers, as per Visible Alpha. Share prices across all four firms declined during 1Q, with noticeable market reactions following President Trump's April 2 tariff announcement. As policy uncertainty persists, investors will remain focused on liquidity conditions and capital deployment pacing in the quarters ahead.



Healthcare PE Activity Slides to COVID-era Lows Amid Market Uncertainty

Healthcare PE deal activity has slowed sharply in early 2025, with volumes falling to levels not seen since the peak of the COVID-19 disruption. According to PitchBook, only 94 healthcare services deals closed in 1Q, down from 162 in 4Q24, as market uncertainty weighed heavily on sentiment.

Figure 6: US and Canada Healthcare Services PE Deal Count



Source: PitchBook, data as of March 31, 2025

The healthcare PE landscape in early 2025 reflects a significant cooling of momentum, underscoring how sensitive the sector remains to macroeconomic volatility. Deal volumes have reverted to pandemic-era lows, highlighting the depth of this slowdown. Several factors – such as policy uncertainty linked to tariffs, ambiguity around interest rates, and a persistent backlog of aging portfolio companies – have collectively weighed on deal sentiment. According to PitchBook, nearly 4,000 companies have been held between five and twelve years, with healthcare accounting for around 12.5%. This holding pattern is restricting capital recycling by clogging the exit pipeline. At the same time, valuation pressure is building.

PitchBook data shows that average EV/EBITDA multiples across healthcare services have compressed into a range of 8 to 12 times, while EV/sales multiples now sit between 0.5 and 1.2 times. Smaller companies with EBITDA under \$5 million are finding it more difficult to command double-digit multiples, according to Walter Olshanski of KPMG. Despite these headwinds, activity continues in defensible subsectors such as dental, orthopedics, home-based care, behavioral health, and cardiology, supported by structural drivers such as provider shortages and an aging population. As the market resets, buyers are becoming more selective, and sellers are adjusting to new valuation expectations.



The rise of NAV loans underscores the growing pressure on GPs to create liquidity amid sluggish mergers and acquisitions (M&A) activity and limited exit opportunities. Unlike subscription lines, which are typically issued during fundraising, NAV loans are backed by portfolio assets and offer a means to support follow-on investments or return capital to LPs. Shana Ramirez, head of fund finance at Katten Muchin Rosenman, noted that even previously hesitant investors are becoming more receptive, with some LP agreements being revised to permit NAV borrowing. Large LPs, including pension funds and sovereign wealth funds, are also beginning to tap NAV facilities to generate cash without selling assets at distressed prices. This growing acceptance has invited both banks and private credit lenders into the

NAV Loans Gain Traction as Liquidity Crunch Reshapes Fund Finance

PE GPs and LPs are increasingly embracing net asset value (NAV) loans to meet liquidity demands amid frozen exit markets. As of May 2025, fund finance experts observed that NAV loan issuances were beginning to surpass traditional subscription lines, signaling a shift in how private markets approach fund-level liquidity.

NAV market, intensifying competition and improving borrower terms. Managers such as Partners Group and Pemberton have launched NAV-dedicated vehicles in response. Borrowers are securing lower rates, looser covenants, and more flexible collateral structures. Still, caution persists. A 4Q24 Institutional Limited Partners Association (ILPA) survey showed 65% of LPs viewed NAV loans negatively, though that figure was down from 85% in 2023. Critics warn of cross-collateralization risks and potential return dilution. In light of these concerns, Brian Hoehn of ILPA emphasized the need for transparency between GPs and LPs regarding the use of leverage in PE. While NAV loans provide tactical liquidity, most investors still prefer traditional exits over debt-backed distributions, reinforcing the need for clear communication as fund finance tools evolve.



DEALS FLASH

Swander Pace Acquires Maple Donuts



Swander Pace Capital, a San Francisco-based PE firm, has acquired Maple Donuts, a Pennsylvania-based manufacturer of high-quality frozen bakery products. Partners Capital and Constitution Capital Partners acted as the lead co-investors in this transaction. Founded in 1946, Maple Donuts offers a diverse range of private-label

donuts and baked goods to retail and foodservice customers nationwide. This deal will allow Maple Donuts to expand its product offerings, enhance production capabilities, and enter new markets. It also enables Swander Pace to strengthen its presence in the bakery sector and support Maple Donuts' continued growth.

Roark Takes Majority Stake in Dave's Hot Chicken



Roark Capital, an Atlanta-based PE firm, has acquired a majority stake in Dave's Hot Chicken, a Pasadena-based operator of a fast-growing restaurant chain. Founded in 2017, Dave's offers fresh food for dine-in and home delivery and has expanded to over 300

locations through its franchise model. The deal will allow Dave's to accelerate global expansion and strengthen its brand while maintaining quality and founder-led leadership. In addition, it will enable Roark to leverage its international supply chain and franchise expertise to drive rapid growth and operational efficiencies for the brand.

Haveli Acquires Accommodations Plus International



Haveli Investments, an Austin-based PE firm, has acquired Accommodations Plus International (API), a New York-based provider of crew accommodations and travel technology solutions. Founded in 1984, API delivers essential travel logistics services to airlines, cruise lines, and transportation companies globally. This deal will allow API to

accelerate innovation, expand its global network, enter new markets, and enhance its technology platform significantly. Further, it will enable Haveli to leverage its deep expertise in scaling technology businesses and strategically expand its diverse portfolio in crew travel solutions.

Court Square Exits RailPros to Littlejohn



Court Square Capital Partners, a New York-based PE firm, has sold its stake in RailPros, a Texas-based provider of engineering and field services, to Littlejohn & Co., a Connecticut-based PE firm. Founded in 2000, RailPros provides outsourced safety

management, design, inspection, training, and other services to the railroad industry. The deal will allow RailPros to accelerate its growth through expanded service offerings and geographic reach. Moreover, it will enable Court Square to further strengthen its portfolio by supporting RailPros' continued success and strategic expansion across North America.

ATL Partners Exits Geost to Rocket Lab



ATL Partners, a New York-based sector-focused PE firm, has announced the exit of Geost, a subsidiary of portfolio company LightRidge Solutions, a Virginia-based space systems technologies provider, to Rocket Lab USA, a California-based space systems and launch services provider.

Alongside the sale, ATL also launched its new defense electronics platform, Trident Solutions. Founded in 2004, GOEST provides affordable, high-performance optical systems designed for vital national security space missions. This deal will allow GEOST to scale its operations, accelerate innovation, and broaden its impact in defense and intelligence space missions.

GTCR Exits Antylia Scientific



GTCR, an Illinois-based PE firm, has sold Antylia Scientific, an Illinois-based operator of a diversified life science tools business, to the PE business of Brookfield Asset Management, a Canada-based global alternative asset manager, and CDPQ, a Canada-based public pension fund, for approximately \$1.34

billion. Founded in 1955, Antylia offers mission-critical products serving the pharma, biopharma, healthcare, and environmental markets. This deal will allow Antylia Scientific to accelerate its next phase of growth and innovation with new partners, expand its geographic reach, and strengthen its position in the life sciences industry.

Fusion Acquires Relevant Industrial from LKCM Headwater



Fusion Capital Partners, a Los Angeles-based PE firm, has acquired Relevant Industrial, a Texas-based provider of industrial equipment and engineered solutions, from LKCM Headwater Investments, a Texas-based PE firm. Fusion acquired a majority

stake in the business from LKCM, which will retain a minority stake. Founded in 2010, Relevant delivers engineered products and services for essential industrial applications across the US. This deal will allow Relevant Industrial to accelerate its growth trajectory, capitalize on new opportunities with Fusion's strategic support, and further enhance value for all stakeholders.

Bernhard Acquires TechServ



Bernhard Capital Partners, a Louisiana-based PE firm, has acquired TechServ, a Texas-based provider of engineering and consulting services for critical utilities. Founded in 1992, TechServ offers construction oversight, engineering, design, damage assessment, and joint-use coordination for utilities and telecom asset

owners. This deal will allow TechServ to accelerate growth, expand its capabilities, and better serve utility and telecom clients nationwide. Furthermore, it enables Bernhard to strengthen its newly launched utility engineering platform, supporting grid modernization and infrastructure expansion across the electric power and telecom sectors.

TSG Consumer to Acquire EōS Fitness



TSG Consumer Partners, a California-based PE firm, announced an agreement to acquire EōS Fitness, a Texas-based operator of a chain of fitness clubs. Founded in 1985, EōS operates more than 175 High Value, Low Price (HVL) gyms in the US. This deal will allow EōS to expand its footprint, enhance its offerings, and deliver greater

value and community experiences to its members. Further, it will enable TSG Consumer to support EōS' growth and innovation, leveraging its expertise to build a leading fitness brand.

Caymus Equity Acquires Valley Lighting



Caymus Equity Partners, an Atlanta-based PE firm, has acquired Valley Lighting, a Maryland-based commercial lighting and shading solutions provider. Founded in 1965, Valley offers services for complex commercial construction and renovation projects across

the Mid-Atlantic. This deal will allow Valley to accelerate its growth, expand its geographic reach, and build on its reputation as a premier partner for complex commercial projects. Furthermore, it will enable Caymus Equity to support Valley's next phase of development and strengthen its portfolio of founder-led businesses.



TRENDS AND STATS

May Middle Market Deal Summary

46.5%

of the deals were made in the Business Products and Services (B2B) sector

70.0%

of B2B deals were in Commercial Services

18.1%

of the deals were in Information Technology (IT)

69.2%

of IT deals were in Software

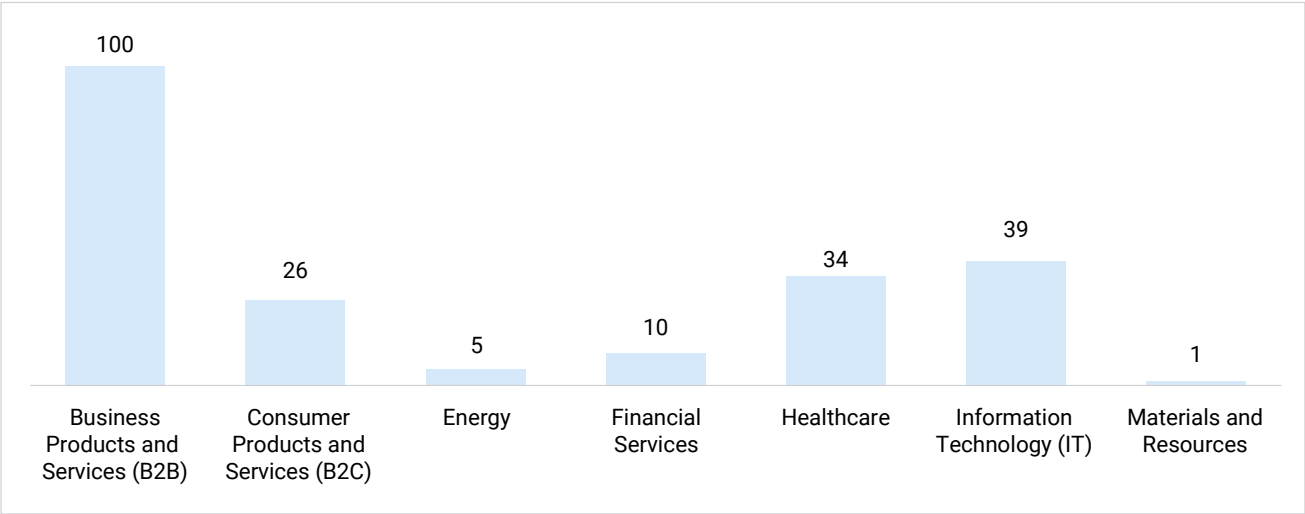
California

recorded the highest dealmaking activity, followed by Florida

69.6%

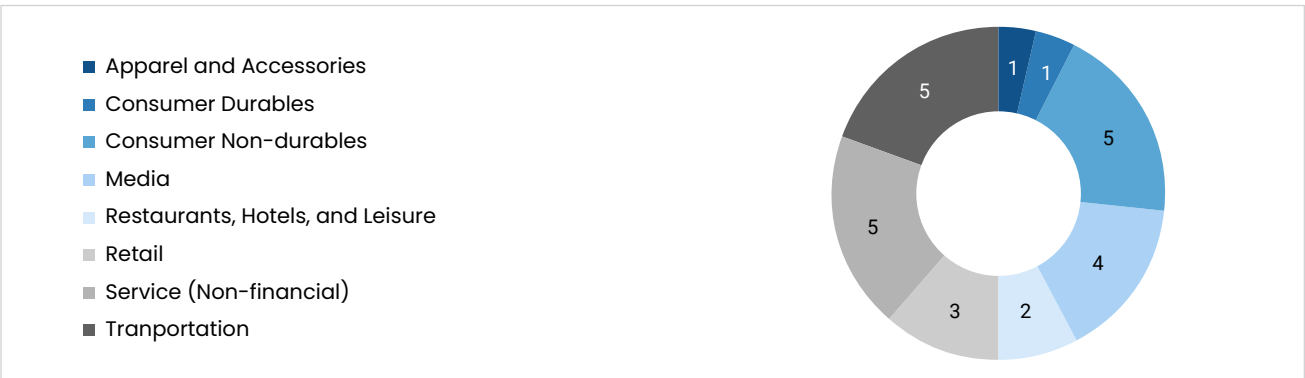
of the deals were buyout deals

Figure 7: May Middle Market Deal Summary



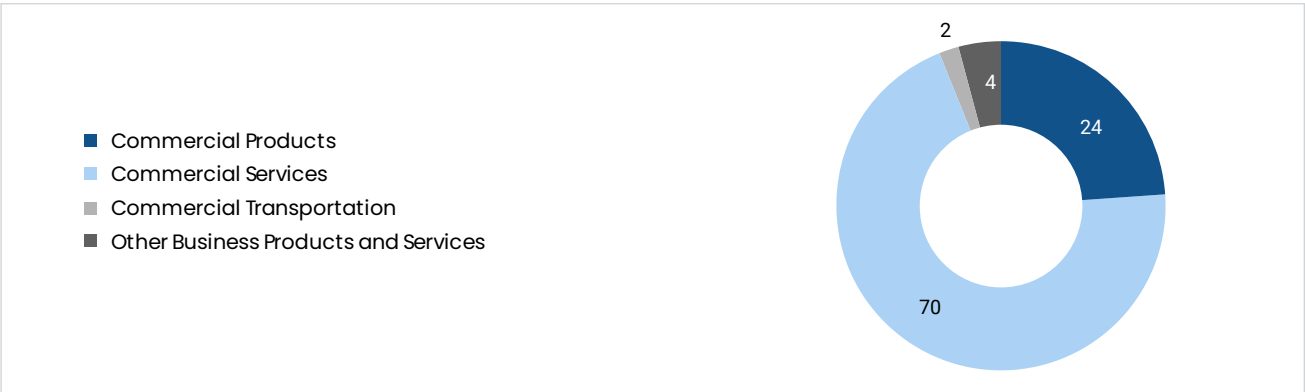
Source: SG Analytics Research

Figure 8: Consumer Products and Services



Source: SG Analytics Research

Figure 9: Business Products and Services

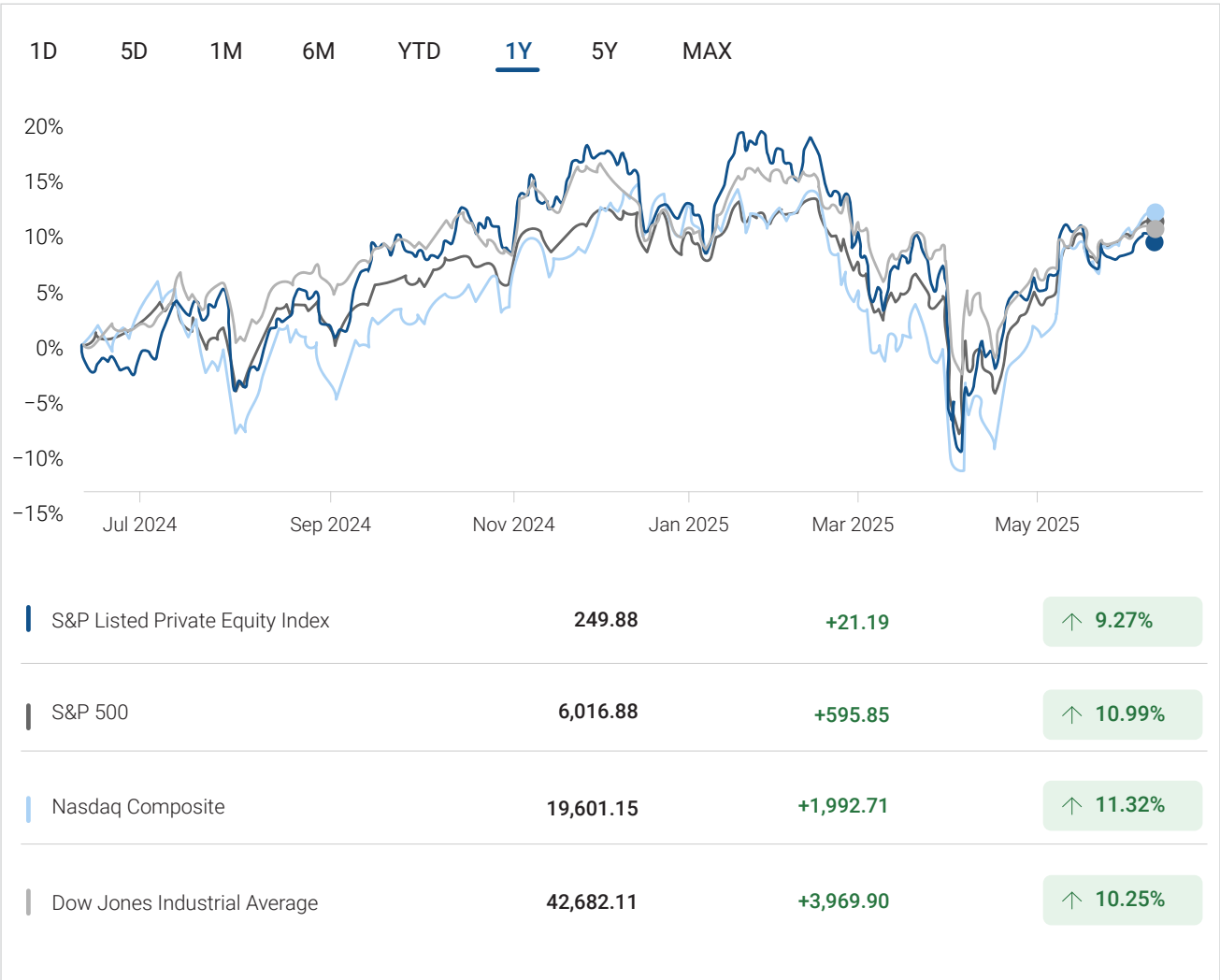


Source: SG Analytics Research

Note: This dataset specifically targets investor fund preferences within the \$2–8 million EBITDA range. It is important to note that the summary focuses solely on these investor preferences and does not include details related to deal sizes.

S&P Listed Private Equity Index

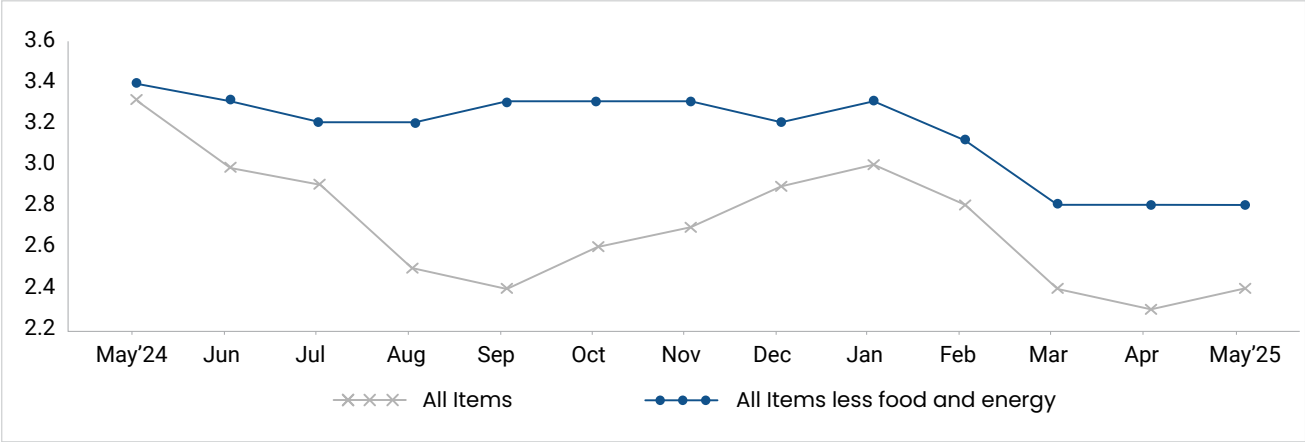
Figure 10: S&P Listed Private Equity Index



Data as of June 12, 2025

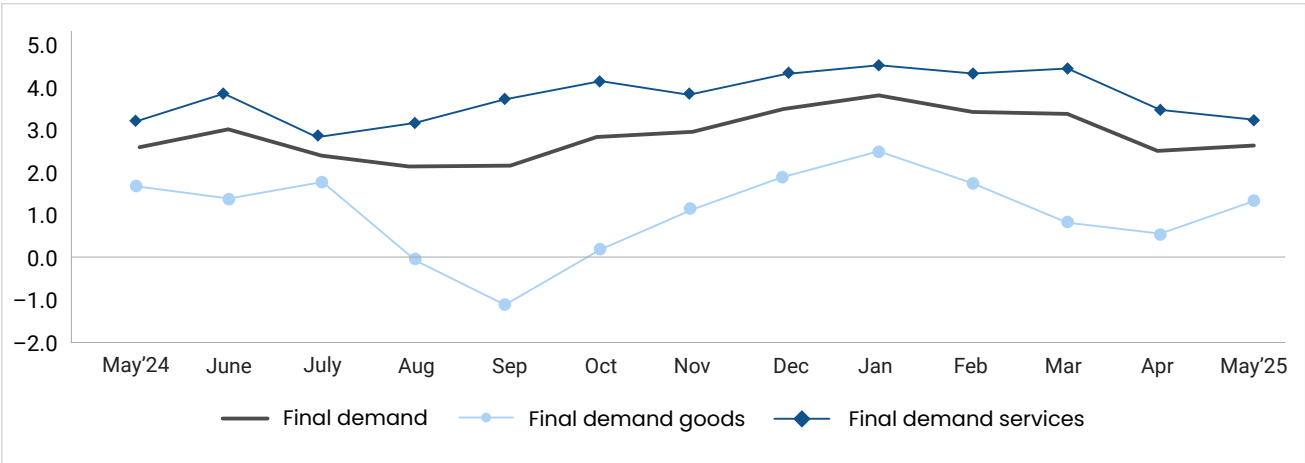
Index	Month-over-Month	YTD
Consumer Price Index	0.1%	2.4%
Producer Price Index	0.1%	2.6%

Figure 11: 12-month Percent Change in CPI for All Urban Consumers, Not Seasonally Adjusted






Source: US Bureau of Labor Statistics

Figure 12: 12-month Percent Change in Selected PPI Final Demand Price Indexes, Not Seasonally Adjusted



Source: US Bureau of Labor Statistics

Upcoming Events

		
ALTSCHI	July 14–15, 2025	221 North Columbus Drive Chicago, IL
Pension Bridge Private Equity Exclusive 2025	July 15–17, 2025	160 East Pearson Street, Chicago, IL
Private Markets Secondaries Meeting East	July 16, 2025	Metropolitan Club, 1 E 60th St, New York



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Kunal Doctor



Sandeep Jindal



Anwar Jakhal



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Isha



Shrutika Jadhav



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