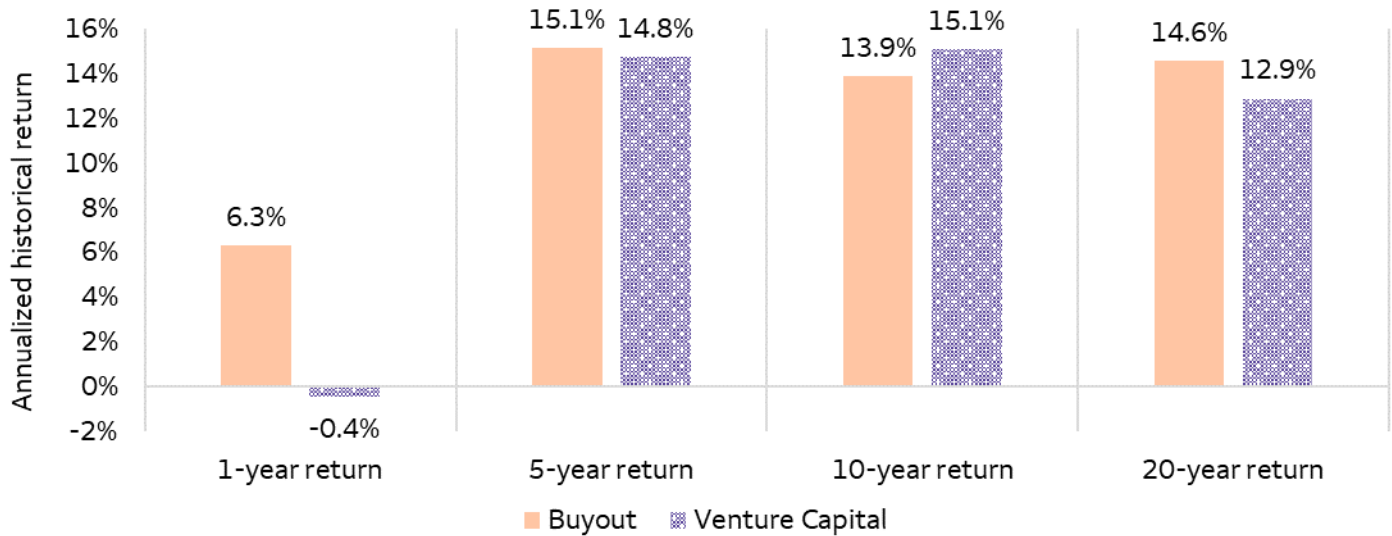


Chart of the Week

Weekly analysis of key themes in markets

October 15, 2024

Navigating Private Equity as backdrop improves



Sources: Wells Fargo Investment Institute and Burgiss. Data as of June 30, 2024. Returns are based on Burgiss Global Buyout Funds Index and Burgiss Global Venture Capital Funds Index. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

Private Equity may not be a standout performer currently, but we see long-term potential

Elevated interest rates, economic weakness, and an uncertain outlook have slowed the Private Equity market since 2022. However, we see signs of recovery and more hope for next year — we think the situation for Private Equity should improve as we expect lower interest rates along with a shift to recovery and growth in the economy and public markets.

As the chart above shows, the challenging backdrop has revealed more resilience in some Private Equity strategies than others, with Buyout faring better than Venture Capital over the past year (through June 30). Bigger picture, while the strategies’ one-year returns were in the flat- to mid-single digits, longer-term periods show a different trend — both Buyout and Venture Capital have consistently recorded double-digit returns over five-, ten-, and twenty-year periods.

What it may mean for investors

Private Equity may not be the standout performer currently, but we believe it has the potential to offer asset appreciation over the long term. We favor secondary strategies along with the Small- and Mid-Cap Buyout and Growth Equity strategies. Thematically, we also see a multiyear trend developing for artificial-intelligence related investing, with the growth in dealmaking and fundraising outstripping many other areas.

Chao Ma, PhD, CFA, FRM; *Global Portfolio and Investment Strategist*

Excerpted from Investment Strategy (October 14)

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Definitions

Burgiss Global Buyout Funds Index includes over 2600 closed-end private buyout funds, totaling close to \$3,700 billion assets.

Burgiss Global Venture Capital Funds Index includes over 3500 closed-end private buyout funds, totaling close to \$1,100 billion assets.

An index is unmanaged and not available for direct investment.

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