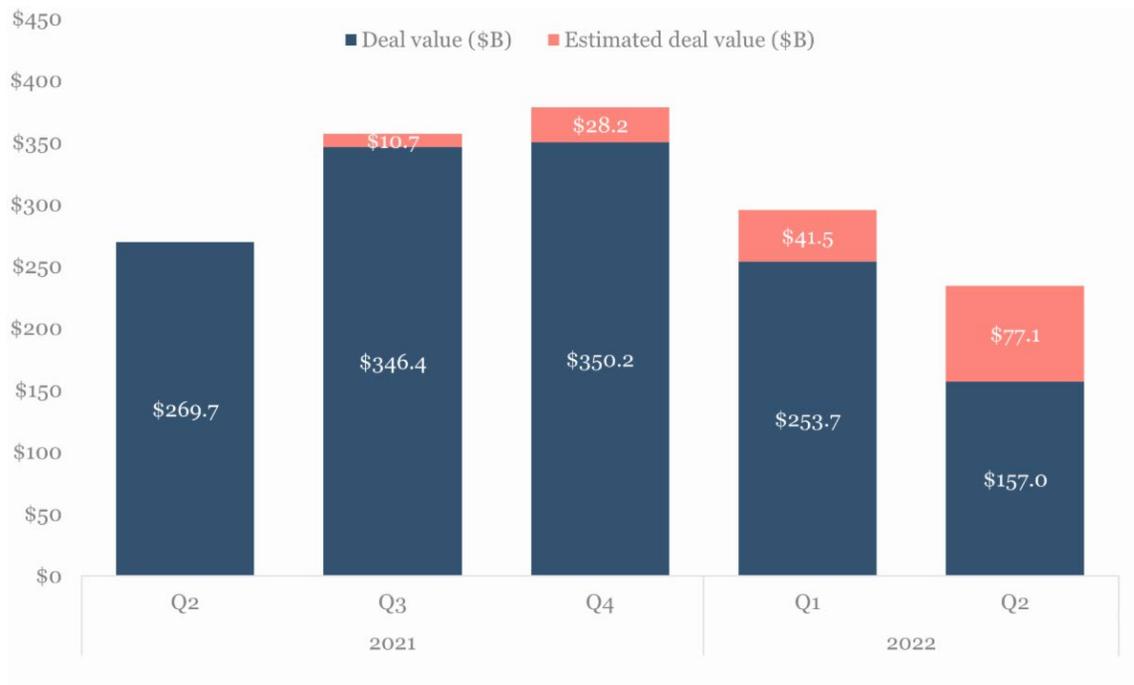


MARKET COMMENTARY

Fig. 1: Q/Q Private Equity Deal Volume



Source: Pitchbook, Q2 US PE Breakdown. The estimated deal value includes transactions that are still being verified.

In June, we discussed some of our concerns about [how the severe declines in public equity would impact private equity portfolios](#). While the jury is still out, diversified portfolios will need to adjust to a new valuation environment. Adams Street Partners, a leading private equity manager, estimates that a 20% decline in public markets would equate to a 13-14% decline in a diversified private equity portfolio.¹ One thing we are sure of is that the pace of deal flow has cooled down during 2Q 2022, a trend we expect may continue through 2H 2022.

Many valuations maintained in the venture capital sector are still anchored based on rounds completed last year making investors question their relevance altogether. With stocks such as META down ~50% YTD (as of 8/15/22), we would err on the side of caution concerning how much values may decline. The harder question facing investors surrounds the larger macroeconomic conditions that may support either a recovery in value or a prolonged period of pain that may extend several years.

¹Source: Adams Street Partners, 5/25/22

QUICK LINKS

- [Earnings Rise Albeit at a Slower Pace Than Prior Quarters](#)
- [August Update: Recession?](#)
- [What an Inverted Yield Curve Could Mean for US Economic Conditions?](#)
- [Updating Our Capital Markets Assumptions](#)

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