AMERICAN INVESTMENT COUNCIL

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naic National Association of Investment Companies

America at 250: How Private Capital Fuels American Dynamism

JULY 2026

A message from AIC and NAIC

As the US celebrates its 250th anniversary in 2026, it is worth reflecting on the economic infrastructure that has sustained the nation's exceptional dynamism. From its founding, America has grown at an average annual rate of 3% to 4%, weathering wars, financial crises, and technological upheavals while remaining the world's largest economy—now measured in the multiple tens of trillions. Central to this trajectory has been the deployment of private capital: risk-bearing investment that finances new ventures, scales emerging technologies, and revitalizes mature businesses across every sector.

Private capital is not a recent invention. Early American merchants financed high-risk whaling voyages through profit-sharing contracts—an equity-like structure that prefigured modern venture funds—while private lenders formed banks to help small businesses with credit for expansion. These proto-venture and private-lending mechanisms were foundational to commerce in a bank-scarce, agrarian economy transitioning toward industrialization.

The modern venture capital and private equity industries emerged in the mid-20th century. The 1946 founding of American Research and Development Corporation—backed by investment trusts, insurers, and universities—demonstrated that institutional capital could generate extraordinary returns from early-stage technology companies.

By the 1980s, leveraged buyouts had entered the mainstream, revitalizing stagnant businesses and beginning a track record of value creation. Private equity fundraising surpassed $20 billion by 1990 and exceeded $300 billion by 2000. Today US private equity and venture capital assets under management exceeds $5 trillion according to most recent data. Through the 1990s and 2000s, VC-backed companies drove outsized job creation: Employment at VC-backed firms grew 960% between 1990 and 2020, roughly eight times the rate of overall private-sector growth.[1]

Today, private capital is a pillar of the US economy. As of 2024, the PE sector directly employs approximately 13.3 million workers and supports an additional 20 million jobs indirectly, paying $1 trillion in wages and benefits annually; PE-backed businesses contribute roughly $2 trillion to US GDP—approximately 7% of the total.[2] From 2015 onward, PE funds of most vintage years have outpaced the Russell 2000, delivering double-digit internal rates of return with consistency. Venture capital AUM has surged to nearly $1.4 trillion, driven by a proliferation of high-growth companies that have become public-market cornerstones.

Private capital does not replace public markets or traditional bank lending; it complements them by financing projects and businesses that require patient capital, longer time horizons, and active operational partnership. The firms and platforms profiled in this report—from 19th-century industrial suppliers to modern grid developers and internet infrastructure—illustrate how private investment has continuously adapted to support American competitiveness, innovation, and job creation.

As we mark the nation's 250th year, the evidence is clear: Private capital has been integral to American economic dynamism from the Republic's earliest days through the digital age. This report documents that history and its ongoing contribution to ensuring America's future growth, employment, and prosperity.

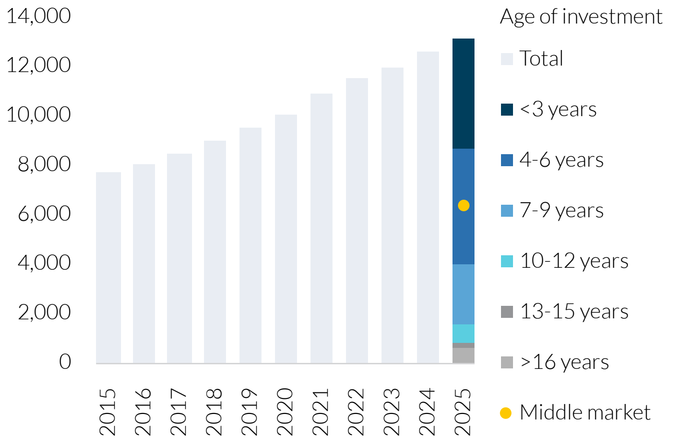
Will Dunham
President & CEO, American Investment Council

Robert L. Greene
CEO, National Association of Investment Companies

1: "Employment at U.S. VC-backed Companies Grew 960% From 1990 to 2020," The National Venture Capital Association, February 15, 2022.
2: "Economic Contribution of the US Private Equity Sector in 2024," EY, American Investment Council, March 2025.

Key trends defining private capital markets

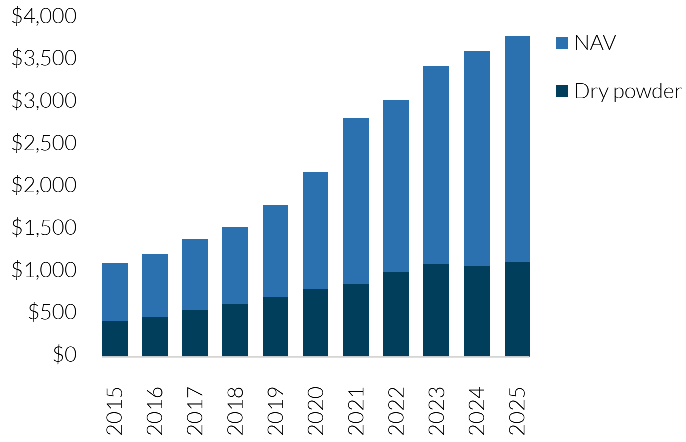
PE company inventory by deal year



Source: PitchBook • Geography: US
As of December 31, 2025

At over 13,000 businesses, US PE firms are critical backers of small, midsized, and large domestic companies, spanning every sector.

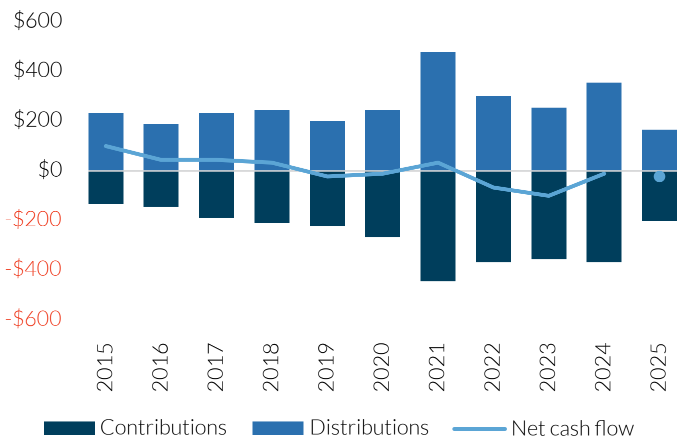
PE AUM ($B)



Source: PitchBook • Geography: US
As of June 30, 2025

Total AUM for US PE is now closing in on $3.8 trillion, a staggering tally that shows the asset class's systemic importance as a pillar of modern financial markets.

PE cash flows ($B)



Source: PitchBook • Geography: US
As of June 30, 2025

Since 2020 began, PE firms have returned over $1.8 trillion to their investors in distributions.

PE PMEs by vintage

		S&P 500	
Vintage year	Pooled IRR	Direct alpha	KS-PME
2015	17.69%	3.18%	1.12
2016	18.26%	3.50%	1.15
2017	19.26%	4.50%	1.18
2018	15.72%	2.11%	1.07
2019	17.10%	3.95%	1.13
2020	13.43%	0.92%	1.02
2021	11.37%	-0.94%	0.98
2022	13.67%	-1.14%	0.98
2023	18.80%	4.72%	1.05

Source: PitchBook • Geography: US
As of June 30, 2025

From 2015 onward, PE funds of most vintage years have outpaced the S&P 500, notching double-digit rates of return with.[3, 4]

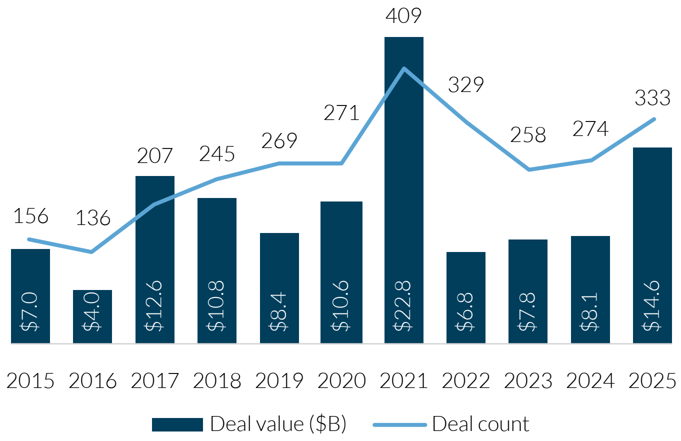
3: Direct Alpha measures the excess return of a private fund over a public market benchmark on a risk-adjusted, time-weighted basis. A positive Direct Alpha indicates outperformance relative to the benchmark index. See Methodology section for additional detail.
4: Over the last 3 years the of performance for the S&P 500 was in the 99th percentile of historical performance. If AI companies are removed from the index private equity outperforms.

Daily market capitalization ($M) of PE IPO index

Source: PitchBook • Geography: US
As of December 31, 2025

The daily total market capitalization of PE-backed companies has once again eclipsed $50 billion as of late, rallying after significant volatility.

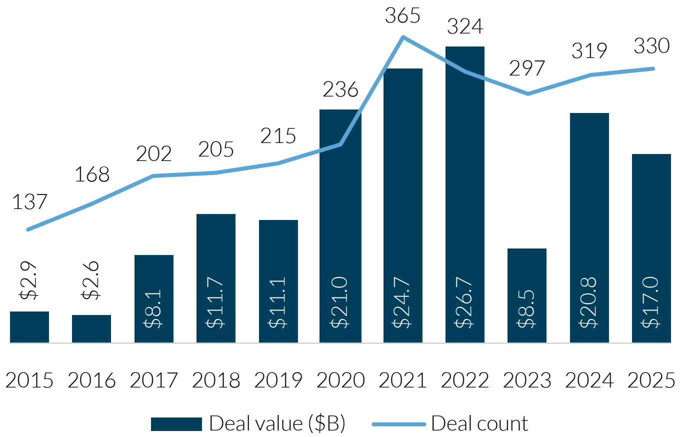
VC exit activity to PE firms



Source: PitchBook • Geography: US
As of December 31, 2025

The convergence between later-stage VC-backed companies and PE backing continues, with a near-record 333 exits of VC-backed businesses to PE firms as said companies mature and look to expand further and pursue new value creation opportunities.

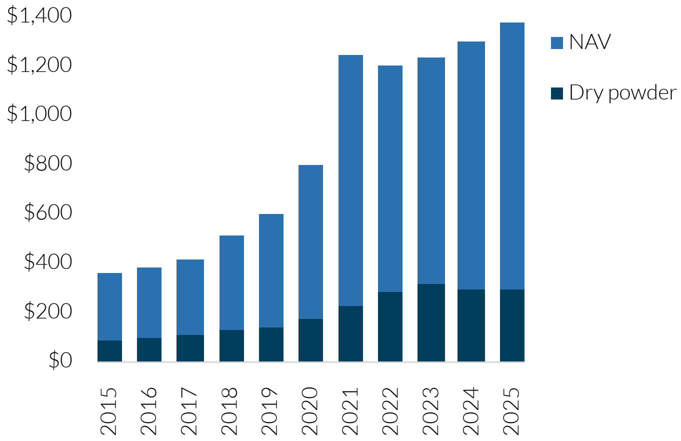
Growth equity PE deal activity with VC-backed companies



Source: PitchBook • Geography: US
As of December 31, 2025

In another example of VC-PE convergence, PE firms are joining in the backing of venture-backed enterprises, plying them with additional capital to the tune of over $17 billion in 2025.

VC AUM ($B)



Source: PitchBook • Geography: US
As of June 30, 2025

US venture AUM has surged in the 2020s, thanks to the proliferation of the unicorn population, hitting close to $1.4 trillion in total value.

The confluence of private capital and the American economy

The US economy has long been the most dynamic in the world. From its inception, the nation has sustained an average of 3% to 4% annual growth, despite severe disruptions. With GDP now measuring in the multiple tens of trillions of dollars,[5] the US remains an economic colossus unmatched in human history. Private capital has been an essential driver of this rapid, persistent growth rate. From financing nascent startups to reinvigorating moribund enterprises, private capital has served as the engine powering America's businesses, projects, and job creation. Venture-backed companies have grown early-stage workforces eight times faster than typical private businesses since 1990,[6] while EY and AIC estimate that the broader PE ecosystem has reached approximately 16% of total US GDP.[7]

Pre-20th century

While the US evolves from a rich agricultural base to an industrialized nation, early American investors finance high-risk ventures, like whaling voyages via profit-sharing contracts. Institutions such as Boston's Pawner's Bank (1806) offer collateralized loans that give merchants and households an alternative to loan sharks. This "risk capital for specific voyages" logic prefigures modern limited life funds backing high-risk, high-return projects.

1946

American Research and Development Corporation is formed to raise capital from investment trusts, mutual funds, insurance companies, and universities to back technology emerging from wartime research & development (R&D) and universities. Its investment in Digital Equipment Corporation—roughly $70,000 for a stake later worth hundreds of millions—demonstrates that injecting equity-style capital into early-stage tech can generate extraordinary returns and attract institutional LPs.[8, 9]

1955

Malcolm McLean borrows capital and raises some via preferred stock to acquire the Pan-Atlantic Steamship Company and Waterman Steamship Corporation. As the deal employs company assets as collateral, it is thus noted as the first widely known technical buyout.[10] The subsequent success of containerization reshapes global trade and logistics productivity.

1964 to 1965

Leveraged buyouts began to emerge in the U.S. The 1964 acquisition of Orkin Exterminating by Lewis Cullman and associates is widely regarded as one of the first major LBOs. Around the same time, KKR's future founders Jerome Kohlberg, Henry Kravis and George Roberts were pioneering the "bootstrap" investment approach at Bear Stearns. KKR was later founded in 1976.[11]

1969

Legendary VC firm Venrock Associates is founded, kicking off the formation of multiple other notable VC firms, like Sequoia Capital, in the 1970s.

1976

Apple is founded, then backed by Venrock, Sequoia Capital, Brentwood, and other VCs en route to its IPO. In subsequent decades, a majority of the largest publicly traded companies in the world, which go on to generate millions of dollars in gains for investors and which include Google and Meta, are funded by VCs.

1979

Investment restrictions that were part of the original Employee Retirement Income Security Act legislation—based on the "prudent man rule"—are relaxed, enabling corporate pension funds to invest in VC and PE.

1982

Wesray Capital Corporation backs Gibson Greetings from the RCA conglomerate, structuring it with institutional high-rated debt to maximize eventual returns. Cash flows improve substantially over the next 16 months, and Wesray takes Gibson public at a valuation of $290 million, reaping a staggering return for investors.[12] This deal then becomes famous and popularizes the modern LBO.

The Small Business Administration (SBA) started allowing Specialized Small Business Investment Companies (SSBICs) to buy back preferred stock. The SSBICs served as a key vehicle for SBA-backed minority venture capital throughout the 1980s.

1983

In a landmark moment for minority-led private equity, Reginald Lewis completed the buyout of McCall Pattern Company for $22.5 million. Four years later, Lewis sold the company for $65 million, generating a nearly 3x return—and establishing himself as a force in the buyout business. Lewis went on to acquire Beatrice International Foods in 1987 for $985 million, creating the first African American-owned company to surpass $1 billion in annual sales, a milestone that helped define the possibilities of minority entrepreneurship in private equity.

5: "Gross Domestic Product," Federal Reserve Bank of St. Louis, February 20, 2026.
6: "Strengthening Private Markets: Fueling America's Economic Growth and Global Competitiveness," Milken Institute, May 4, 2025.
7: "Economic Contribution of the US Private Equity Sector in 2024," EY, American Investment Council, March 2025.
8: "How Venture Capital Became a Component of the US National System of Innovation," Oxford University Press, Industrial and Corporate Change, Martin Kenney, December 2011.
9: "A Brief History of Venture Capital," OpenVC, Shaun Gold, September 26, 2022.
10: "Sink or Swim," Federal Reserve Bank of Richmond, Econ Focus, Charles Gerena, Winter 2005.
11: "The First Leveraged Buyout," PrivCo, n.d., accessed March 4, 2026.
12: "200x Return on Greeting Card Company," A Simple Model, David Carey and John E. Morris, February 7, 2012.

1990
PE-backed firms account for a growing share of corporate employment—about 2.3 million workers in buyout targets between 1980 and 2000, according to one study.[13]

1990s
Over 20 million net-new US jobs are created over the course of the decade, driven in part by PE and VC, with annual job growth at VC-backed firms averaging 8.2%.[14]

1994
Netscape is founded and releases Netscape Navigator, one of the first major commercial web browsers, in December. The company was funded by legendary venture firms, including Kleiner Perkins Caufield & Byers, which was key in helping it develop the first popular internet browser.

2000
PE firms hit $157 billion in dry powder to invest,[15] while corporate venture capitalists pile into the tech frenzy to join in $17 billion worth of deals.[16] The tech bubble then begins to burst. At the same time, PE firms engage in a publicized and lucrative backing and turnaround of Petco, doubling its market value by the end of 2004. Private credit hits $46 billion in size.

2002 to 2005
Employment at PE-backed companies continues to grow, often outpacing job creation at non-PE-backed companies. The worldwide workforce of PE-backed companies grows by 8.4%. Among a subset of 26 companies examined, US employment grew by 13.3%, compared to 5.5% for all US businesses.[17]

2007
Blackstone's Hilton buyout demonstrates how private equity can step in to help iconic American brands navigate a financial crisis and achieve record value creation. It delivered a $14 billion gain to investors and was the most profitable private equity investment in history.

2009
Research has shown that private equity played a positive role in stabilizing the US financial system in the wake of the Great Financial Crisis through its participation in failed bank resolution. PE firms provided critical capital and operational support to distressed financial institutions, helping to restore stability to the banking system.[18]

2012
Facebook's $104 billion IPO marks the largest venture-backed listing in history, highlighting how US venture capital can turn a dorm-room startup into critical global infrastructure.

2014 to 2015
VC funding of the on-demand economy—led by Uber's multibillion-dollar rounds—shows private capital underwriting a new wave of technology

2015
US PE-backed company inventory closes in on 8,000 companies, accounting for a substantial portion of US private enterprise.

2020
Research has found that PE-backed firms were more resilient compared to their non-PE-backed peers during the economic disruption caused by the COVID-19 pandemic. The active ownership model, operational expertise, and access to capital that PE sponsors provide helped portfolio companies navigate the uncertainty and emerge with greater stability.[19]

2022 to 2024
EY and AIC analysis shows that the US PE sector employs 12 million to 13.3 million workers and supports roughly 20 million more in indirect/supplier jobs.

2024
Private-credit-backed portfolio companies employ more than 800,000 people, with the median funded business employing 182 people.[20]

13: "Private Equity, Jobs, and Productivity," American Economic Review, Steven J. Davis, et al., April 24, 2014.
14: "Employment at U.S. VC-backed companies Grew 960% From 1990 to 2020," National Venture Capital Association, February 15, 2022.
15: "Private Equity's Dry-Powder Mountain Reaches Record Height," Institutional Investor, Michael Thrasher, July 17, 2024.
16: "A Brief History of Venture Capital," OpenVC, Shaun Gold, September 26, 2022.
17: "Large Private Equity Acquisitons Grew U.S. Jobs Significantly in Recent Years, New Study Finds," American Investment Council, January 17, 2008.
18: "Private Equity and Financial Stability: Evidence from Failed Bank Resolution in the Crisis," Federal Deposit Insurance Corporation, Center for Financial Research, Emily Johnston-Ross, et al., April 2021.
19: "The performance of private equity portfolio companies during the Covid-19 pandemic," Journal of Corporate Finance, Volume 89, 2024, Paul Lavery and Nick Wilson.
20: "New Report: Private Credit Strengthens U.S. Economy With More Jobs and Higher Pay for American Workers," American Investment Council, June 4, 2025.

CASE STUDIES

Driving American dynamism

Prosperity

Empowering workers through employee ownership: KKR's 2018 investment in Geostabilization International, a Colorado-based provider of geotechnical engineering and emergency slope-stabilization services, shows how modern PE can pair strong returns with broad-based employee ownership. In October 2024, KKR announced the sale of GSI to Leonard Green & Partners, generating a roughly 5x return on its original equity investment. Because GSI had adopted KKR's employee-ownership model, more than 900 employees—including about 550 field service workers—received cash payouts as a result of the sale. The payouts ranged from roughly three months to more than three years of pay, with the longest-tenured hourly employees earning at least $325,000. GSI is just one example of how broad-based equity in PE-backed companies can be a repeatable playbook, not a one-off experiment.[21]

Breaking new ground in private-public partnerships: The New Terminal One project at JFK International Airport is a current, high-profile example of how public and private partners can work together to deliver transformational infrastructure. Led initially by a Carlyle-sponsored consortium and now by Ferrovial alongside JLC Infrastructure, Ullico, and other partners, the New Terminal One is a $9.5 billion redevelopment that will replace the existing Terminals 1 and 2 and the former Terminal 3 with a 2.4-million-square-foot, state-of-the-art international terminal. Its entire cost is privately financed under a long-term lease with the Port Authority of New York and New Jersey, which is investing roughly $2.9 billion in supporting roads, utilities, and airfield infrastructure as part of a broader JFK redevelopment program.

Construction is expected to create about 10,000 jobs in total—including 6,000 union construction jobs—and the consortium has committed to local hiring and participation by minority-, women-, and service-disabled-veteran-owned businesses. When fully complete, the New Terminal One will feature 23 gates, large light-filled check-in and arrivals halls, modern security and customs facilities, and world-class retail and dining. It is designed to meet leading sustainability standards through on-site renewable energy, electrified ground equipment, and energy-efficient building systems. Port Authority leadership has described it as the "biggest and boldest public-private partnership" in the agency's airport history and the largest privately financed airport-terminal project ever undertaken in the US, with more than five dollars of private capital leveraged for every dollar of Port Authority spending across the JFK program.[22, 23]

Security

Advancing innovation to strengthen America's national security: Excelitas Technologies illustrates how PE advances innovation that underpins both economic competitiveness and national security. When AEA Investors acquired Excelitas Technologies in 2017, it backed a global leader in photonics and sensing technologies whose products are embedded in life sciences instruments, semiconductor equipment, industrial systems, consumer devices, and defense platforms. Under AEA's ownership, Excelitas completed six strategic acquisitions, expanded its manufacturing footprint, and increased R&D spending by around 60%. That drove a new-product-vitality index of approximately 30%—meaning nearly one-third of revenue came from recently introduced products. These investments helped the company deliver more advanced sensors, detectors, and imaging components to customers across medical, industrial, and defense markets, reinforcing US leadership in high-value manufacturing while generating attractive outcomes for investors.[24]

21: "Employees at Geostabilization International Celebrate a New Ownership Milestone," KKR, November 2024.
22: "The New Terminal One at JFK Continues Progress With Approval of Proposed Lease by The Port Authority of New York and New Jersey's Board," Carlyle, November 21, 2019.
23: "Governor Hochul Announces Groundbreaking of $9.5 Billion New Terminal One in a Major Step Forward for Port Authority's JFK Transformation," New York State, September 8, 2022.
24: "Excelitas Technologies," AEA Investors, n.d., accessed March 24, 2026.

Opportunity

Turning an overlooked sector into a major opportunity: Calpine offers a powerful recent example of PE turning an overlooked sector into a major opportunity. In 2017, a consortium led by Energy Capital Partners, alongside Access Industries and CPP Investments, took Calpine private in a roughly $5.6 billion transaction at a substantial premium to its public market value. At the time, merchant gas-fired generation was widely out of favor; but under private ownership, Calpine invested in battery storage, expanded its geothermal operations at The Geysers, and sharpened its commercial and balance-sheet strategy. As demand for reliable, flexible power surged—driven by reshoring, datacenters, electric vehicles, and AI—Calpine's earnings grew significantly, enabling large distributions to its investors. In 2026, the company was sold to Constellation in a transaction that created the largest US power producer and is expected to rank among the most profitable PE deals on record for investors and LPs.

Innovation

Advancing cutting-edge manufacturing in America's heartland: TPG Growth's investment in Big River Steel highlights PE's role in advancing cutting-edge, sustainable manufacturing in the American heartland. In 2014, TPG Growth joined other investors in committing about $1.6 billion to build Big River Steel's "Flex Mill" in Mississippi County, Arkansas—the largest private investment in the state's history at the time. The facility uses advanced automation and continuous casting technology to convert scrap metal into high-quality steel for automotive, agricultural, construction, and energy customers. It does so while achieving LEED certification and significantly higher energy efficiency than traditional mills. Big River Steel has created hundreds of well-paid industrial jobs and is widely recognized as one of the most technologically advanced and environmentally friendly steel mills in the world, demonstrating how private capital can underwrite innovation in heavy industry, not just in software.[25]

25: "Private Equity Partnership Revolutionizes the Steel Industry," American Investment Council, December 5, 2017.

CASE STUDIES

The unexpected American businesses fueled by both PE and VC

Everyone knows Google and Hilton. The former's name has become a verb synonymous with looking up information online, and the company has also generated a massive investment multiple for backing VC investors; the latter is a ubiquitous hotel brand frequently cited as one of the most successful PE deals of all time. But there are many other examples of businesses that PE and/or venture firms back that are integral to the functioning of everyday lives but may not be household names. Here are three important areas where dominant enterprises may fly under the public radar but are critical for advancements in the economy's infrastructure:

Energy grid & power system

As the US economy and daily life have grown ever more electrified, the underlying infrastructure of the grid has become increasingly important. AI-driven demand for power dominates headlines, but even beyond AI, the delivery of power across the US has intensified significantly in the past couple of decades. PE capital in dedicated infrastructure funds aligns well with the significant upfront and long-term costs of origination, development, and operation of electric transmission across the US. Highlighted below are a couple of companies quietly enabling the delivery of the electricity used across every facet of daily life:

Longview Infrastructure (St. Louis, Missouri): A power transmission developer, Longview is backed by infrastructure- and real assets-focused giant Stonepeak, with approximately $76 billion in AUM. Although a newer platform, Longview has secured an open-ended equity commitment from Stonepeak, due in part to the strength of its founding team, which previously led the construction of over 1,000 miles of extra-high-voltage transmission lines and grid projects worth billions of dollars.

PPL Corporation-Blackstone Infrastructure joint venture (northeastern and central Pennsylvania): Private capital providers are advancing digital infrastructure in critical ways—by filling current energy gaps with abundant low cost energy sources and therefore lessening the burden on utilities. Blackstone formed a joint venture with utility company PPL Corporation, brokering agreements of power supply covering up to 10 gigawatts in the near term, partnering with state and community stakeholders and creating and supporting over 6,000 jobs annually over an estimated 10-year construction timeline.[26] These projects are meant to complement the broader power grid across that section of the state, serving datacenter loads that would otherwise tax existing systems.

Internet backbone

Atop that critical energy grid, the online flow of information and commerce has only accelerated in the 2020s. The internet pervades all now—culture, entertainment, shopping, job creation, and more. But the internet does not exist as some magical layer of connectivity, though the degree of sophistication in its current form may feel as such at times. Especially in the cloud-based iteration of its delivery, the internet is based on multiple types of infrastructure, especially datacenters. One example worth noting is highlighted below:

STACK Infrastructure (Denver, Colorado): STACK is a venture between ICONIQ Capital and Iron Point, backed by IPI Partners. It is a build-to-suit and wholesale datacenter developer serving hyperscalers (AWS, Google, Microsoft, and Meta) and large enterprises in Ashburn, Portland, Silicon Valley, Atlanta, Chicago, and Dallas. It preleases capacity to cloud customers, constructs campuses, then refinances or sells—essentially acting as the landlord and power/cooling infrastructure provider for the platforms that everyone uses but few have heard of. Operating entirely behind the scenes, this "lesser-known Google" houses the servers that run Google, the household name.

Payments plumbing

Financial infrastructure underpins all our financial interactions, from paying for morning coffee to water bills or banking. Multiple companies operate different segments of financial infrastructure chains, including user interfaces, security, analytics, and network integration. Moreover, breaking out the different types of features and services required by segments, ranging from transportation to freight, health care, or utilities, presents a staggering array of complex logistics, technological innovation, and operational maintenance. PE firms invest in and operate many of these undersung companies, and they all help support life's daily functions. One such company is highlighted below:

Paymentus (Charlotte, North Carolina): Paymentus offers billing, payments, developer integration channels, accounts receivable, and more. The platform serves thousands of customers spanning consumers and businesses, and it processed more than 700 million payments in 2025. In a prime example of the private capital spectrum, the company first garnered early-stage venture funding in 2007, before being backed by Accel-KKR and then taken public in 2021.

26: "Blackstone to Invest More Than $25 Billion in Pennsylvania's Digital and Energy Infrastructure, Plus Catalyze an Additional $60 Billion Investment", July 15, 2025

Retrospectives

Blackstone

Jon Gray, President and Chief Operating Officer

The dynamism of the American experiment has driven nearly 250 years of unprecedented growth and innovation. As the country approaches this milestone anniversary, new opportunities are emerging where U.S. leadership will be critical. Private capital has been, and will remain, a vital engine for investment, growth, and long-term economic security.

Grain Management

David J. Grain, Founder and Chief Executive Officer

I've always believed that investing is ultimately about building — building companies, building infrastructure, and building opportunities for people and communities. Long-term private capital plays an important role in helping businesses grow, innovate, and compete. This report is a timely reminder that patient investment has been part of America's economic success for generations and will remain essential to its future.

New Mountain Capital

Steven Klinsky, Founder and Chief Executive Officer

Over the past decades, private equity has evolved from a form of finance into a form of business. The best PE firms are teams of professional business builders, who work together to build and improve company after company. Private equity offers diversification to the public markets, and a chance to invest in the many thousands of Main Street companies that are not on the public exchanges.

Methodology

Reports are prepared in accordance with PitchBook's methodology, which is described in detail on the PitchBook report methodologies page. For easier consultation, excerpts for this report are below:

Vintage year: Vintage year is the year in which a fund makes its first investment by delivering capital to a project or company. When we cannot confirm the year of first investment, the year of the fund's final close is used as the vintage year.

IRR: IRR represents the rate at which a historical series of cash flows are discounted so that the net present value of the cash flows equals zero. For pooled calculations, any remaining unrealized value in the fund is treated as a distribution in the most recent reporting period. This explains why some vintages show high IRRs but low DPI values.

Horizon IRR: Horizon IRR is a capital-weighted pooled calculation that shows the IRR for a certain range in time. For example, the one-year horizon IRR figures in the report may show the IRR performance for the one-year period beginning in Q2 20x0 through the end of Q1 20x1, while the three-year horizon IRR is for the period beginning in Q2 20x0 through the end of Q1 20x3.

DPI multiple: A measurement of the capital that has been distributed back to LPs as a proportion of the total paid-in, or contributed, capital. DPI is also known as the cash-on-cash multiple or the realization multiple.

RVPI multiple: A measurement of the unrealized return of a fund as a proportion of the total paid-in, or contributed, capital.

TVPI multiple: A measurement of both the realized and unrealized value of a fund as a proportion of the total paid-in, or contributed, capital. Also known as the investment multiple, TVPI can be found by adding together the DPI and RVPI of a fund.

Pooled calculations: Pooled calculations combine cash flow data from a group of funds to create a capital-weighted IRR value. All cash flows and NAVs for each fund in the sample group (such as all private capital funds or all 2004 vintage VC funds) are aggregated in the calculation. For vintage-specific calculations, we begin the calculation in Q1 of the vintage year, regardless of which quarter a fund first called capital. In cases where the sample has unrealized value, the ending NAV is treated as a cash outflow in the last reporting period.

Equal-weighted pooled calculations: Using the same methodology as the pooled calculations, the equal-weighted version expresses each fund's cash flows and ending NAV as a ratio of fund size. The result is that each fund in these calculations has an equal impact on the output, regardless of the fund size.

PME calculations: PME metrics benchmark the performance of a fund (or group of funds) against an index. A white paper detailing the calculations and methodology behind the PME benchmarks can be found at pitchbook.com. PitchBook Market Insights also contains several articles with PME benchmarks and analysis. All PME figures are calculated using the KS-PME method: When using a KS-PME, a value greater than 1.0 implies outperformance of the fund over the public index (net of all fees).

Direct Alpha: PitchBook language to be inserted here. Direct Alpha is a PME-based measure of excess return that quantifies the annualized outperformance of a private fund relative to a public market benchmark. Unlike KS-PME, which expresses outperformance as a ratio, Direct Alpha expresses it as a percentage return. A positive Direct Alpha indicates that the fund outperformed the public index on a risk-adjusted basis.

About AIC

The American Investment Council (AIC) is the leading advocacy and resource organization established to develop and provide information about the private investment industry and its contributions to the long-term growth of the US economy and the retirement security of American workers. Member firms of the AIC consist of the country's leading private equity, private credit, and growth capital firms united by their successful partnerships with limited partners and American businesses. More information about the AIC can be found at www.investmentcouncil.org.

About NAIC

Founded in 1971, the National Association of Investment Companies (NAIC) is the trade association and largest network of diverse- and women-owned alternative investment firms. NAIC's current membership comprises more than 175 diverse-owned alternative investment firms that collectively manage over $500 billion in assets under management and consistently generate superior returns that help fuel the growth of the retirement and asset management industries. More information about NAIC can be found at www.naicpe.com