AMERICAN INVESTMENT COUNCIL

Data provided by PitchBook

The Persistence of PE Performance

DECEMBER 2025







A message from Will Dunham

For decades, private equity has powered the financial security of millions of Americans, delivering strong long-term returns, helping public pension funds diversify, and fueling businesses that drive innovative economic growth. At the same time, market volatility and fewer public investment opportunities have made long-term portfolio construction more difficult. As policymakers consider how to expand access to private investments for millions of savers with a 401(k), the American Investment Council is proud to share this report showing why PE has become one of the most reliable tools for investors seeking consistent performance and diversification.

Institutional investors continue to recognize the value of PE as a long-term asset class. In 2024, PE investments delivered a median annualized return of 13.5% over a 10-year period net of fees.[1] More than 89% of public pension funds invest a portion of their portfolios in PE, and these returns have benefited more than 34 million public servants. The strength of PE lies in its ability to deliver consistent returns across cycles. The head of CalPERS, the nation's largest public pension fund, recently said PE is "an asset class we have conviction in, and we think it will outperform the public markets over the long term, and why shouldn't our members have access to those outsized returns?"[2]

Adding PE to a retirement portfolio helps diversify investments by giving investors exposure to companies and industries that are not available in public markets. The number of publicly traded US companies fell from 8,800 in 1997 to 3,952 in 2024.[3] The "Magnificent 7" stocks alone accounted for over half of the S&P 500's gains in 2024, underscoring the increasing concentration in public markets. Private firms now make up 87% of all US companies, up from 62% in 2002, which means most growth is happening outside public markets.[4]

Of course, performance varies by fund, strategy, and market conditions, and there are periods where other asset classes may overperform over the short term. However, history shows that PE has consistently weathered downturns, helping savers protect their capital and recover more quickly when public markets falter. This resilience is why PE remains a vital tool for long-term investors.

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Will Dunham
President & CEO, American Investment Council



This report provides a data-driven assessment of PE's role in diversified portfolios. We highlight the differences between PE and public markets; examine fundraising and exit trends; and analyze how both institutional investors and individual savers, particularly through expanded access to 401(k) plans, could benefit by incorporating PE into their investment strategies.[5]

On behalf of the American Investment Council and our members, I am proud to share this report. It demonstrates not only the strong performance of PE as an asset class but also its profound impact on retirement security, job creation, and long-term economic growth.

1: "2025 Retirement Security Report," AIC, July 2025.
2: "Calpers Pushes Further Into Private Equity After Best Results in 4 Years," Financial Times, Mary McDougall, July 14, 2025.
3: "The Decline in US Stocks to Choose From: What It Means for Investors," Forbes, Wes Moss, February 3, 2025.
4: "Retail Access to Alternative Investments via Defined Contribution Plans," The White House, August 12, 2025.
5: "Democratizing Access to Alternative Assets for 401(k) Investors," The White House, August 7, 2025.

Trend analysis

- An internal rate of return (IRR) is a metric that shows how a fund has performed from its vintage year (defined herein as the year in which the fund made its first investment) and the latest time frame shown/cited. For example, a fund from the 2012 vintage with data through the end of 2024 may have an IRR of X%, which would rely on its performance over that entire time frame. Although the metrics are not calculated the same, a useful benchmark for an IRR is the 12% average of the US stock market per annum from 1927 to 2023.[6]

- A Kaplan-Schoar (KS) public-market equivalent (PME) measures how well a fund from a vintage year did against a given index, such as the S&P 500. In this report, we compare performance using two indexes. Direct alpha can be thought of as an annualized PME that considers both the opportunity cost of investing in a private market fund and the impact of investment period length. An example for both would be that a PME of 1 indicates that the fund matched the comparative index exactly, while a PME of 1.09 means it overperformed the index by 9%.

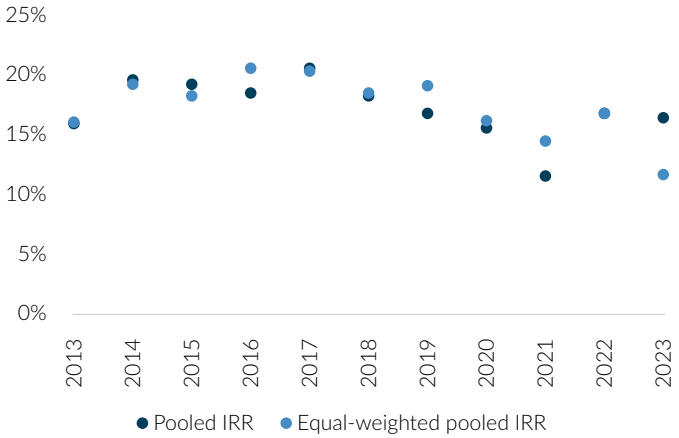
- A distributions-to-paid-in (DPI) multiple is the ratio of cash back to the investors in a fund.

- A residual-value-to-paid-in (RVPI) multiple is the ratio of the remaining valuation that is unrealized in a fund to what has been paid in.

- A total-value-to-paid-in (TVPI) multiple is the combination of DPI and RVPI multiples.

- PitchBook has a nuanced methodology for defining specialist versus generalist funds, but it can be understood as having a predominant focus on a single industry/sector or not.

PE IRRs by vintage



Source: PitchBook • Geography: US
As of December 31, 2024

Stand-alone PE IRRs broken out by vintage year above show how over time, PE firms routinely push into the 15%-plus figure for returns, which is a markedly healthy tally. At the five-year horizon mark, US PE's aggregate IRR outpaces all other asset classes, at 17.25% compared with 14.5% for the S&P 500. Moreover, over longer horizons, the IRR tallies for overall PE remain robust, dropping only to 14.3% at the 20-year mark, which is understandable given the impact of market events during that time frame. Recent vintages are lower only because many funds in those vintage years are still active and have not yet begun to produce significant exit value. It is important to note that all PitchBook fund performance data is net of fees, meaning it shows returns after fees have been calculated and included.

Sector-focused PE funds, especially those in technology, achieved the highest returns, nearing 20% over a 10-year horizon.

It is instructive to also assess how different vintage years have performed, given the market shocks of events such as the COVID-19 pandemic or interest rate hikes. PE funds' timelines are long enough that a 2018 vintage fund could still be investing in 2025, seven years after its inception, though it has likely done most of its dealmaking by this point. For

6: "The Tyranny of IRR: A Reality Check on Private Market Returns," CFA Institute, Ludovic Phalippou, Ph.D., November 8, 2024.

Horizon IRRs by investment strategy

Strategy	1-year	3-year	5-year	10-year	15-year	20-year
US Private Capital	7.62%	4.46%	14.08%	13.42%	14.02%	12.06%
US PE	9.66%	6.26%	17.25%	16.15%	16.02%	14.28%
US Venture Capital	4.60%	-6.30%	12.68%	11.85%	12.94%	10.49%
US Real Estate	-0.46%	0.36%	6.29%	8.37%	10.51%	6.91%
US Private Debt	7.79%	7.76%	9.14%	8.54%	10.03%	9.05%
US Secondaries	3.35%	3.28%	12.36%	12.47%	13.03%	12.18%
Specialist PE	11.17%	7.21%	16.71%	19.76%	19.39%	15.73%
Generalist PE	9.12%	6.16%	17.13%	15.61%	15.74%	14.12%
S&P 500	25.02%	8.94%	14.53%	13.10%	13.88%	10.35%
Morningstar US	24.09%	8.13%	13.96%	12.66%	13.66%	10.38%
Morningstar US Small Cap Growth	12.89%	-1.57%	6.26%	8.24%	10.98%	8.30%
Morningstar US Real Estate	5.03%	-4.39%	2.97%	5.14%	8.69%	6.30%
Morningstar Real Assets	4.13%	0.47%	4.48%	3.34%	4.01%	4.88%
Morningstar US High Yield	8.20%	2.97%	4.22%	5.17%	6.37%	6.33%

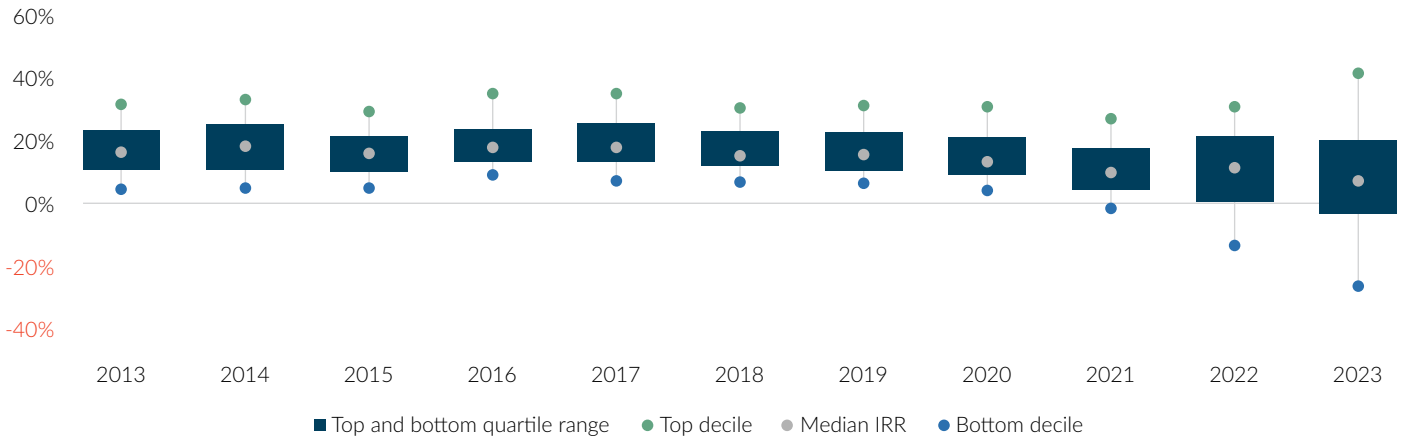
Source: PitchBook • Geography: US
As of December 31, 2024
Note: All performance data is net of fees, meaning after fees have been taken into account.

example, the pooled IRR of 20.5% for the 2017 vintage that was seen on the previous page means that is the figure to date for funds that began investing in that year. Recent vintages exhibit lower IRRs, of course, given that fund managers have not yet fully invested in nor realized funds from recent years; this phenomenon is called the J-curve and is known to impact all initial- and early-vintage IRRs. Thus, one-year horizon IRRs are occasionally used as a point of reference but do not usually factor into capital allocators' decisions as they work to continuously maintain exposure to PE across their entire portfolio. The strong exit environment of late 2020 to early 2022 drove much value realization for PE funds that started investing in that time frame. Moreover, funds from the 2018 vintage are likely just now selling their final holdings/portfolio companies, boosting their overall IRRs.

Breaking out IRRs into quartiles and deciles, the 2016 vintage has a top-decile IRR of more than 35%, while the bottom decile dips below 10%, for a dispersion of more than 25 percentage points. That disparity is relatively consistent across most vintages, with only recent vintages, which are still early in their lifecycles, displaying wider outcomes. Median IRRs remained healthy, as would be expected from the strong overall IRRs the PE asset class recorded, which still outpaced the S&P 500 across five-year or longer time horizons.

Zeroing in on just generalist and specialist IRRs across vintages, generalists unsurprisingly display more consistency given their greater numbers, routinely registering IRRs eclipsing 16% for many vintages since 2010. Specialist IRR calculations are based on a much smaller number of funds, as there are fewer PE firms with a single sectoral focus, which skews their results. In addition, focusing on just one sector is challenging for dealmaking and can push out timelines considerably due to unpredictable shocks, such as conflict-induced shifts in oil prices. Conversely, specialist infrastructure funds may benefit hugely from the ongoing datacenter boom. Some specialist vintages exceeded 20% returns, underscoring that while sector concentration increases volatility, it can also produce exceptional performance when managed by experienced firms. Ultimately, both generalist and specialist models exhibit strengths, and the clearest conclusion about their different

PE IRR dispersion by vintage



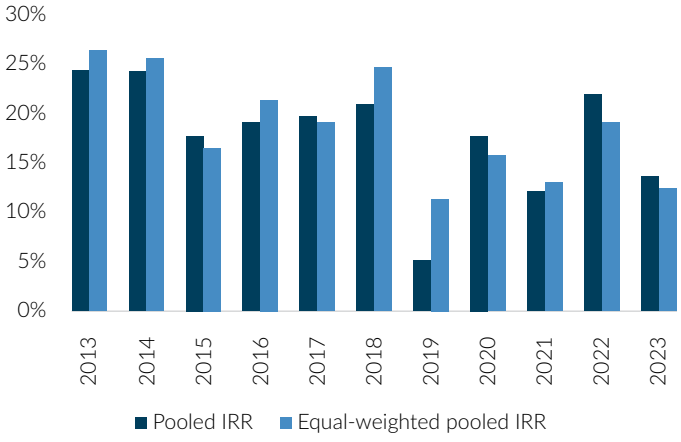
Source: PitchBook • Geography: US
As of December 31, 2024

PE generalist IRRs by vintage



Source: PitchBook • Geography: US
As of December 31, 2024

PE specialist IRRs by vintage

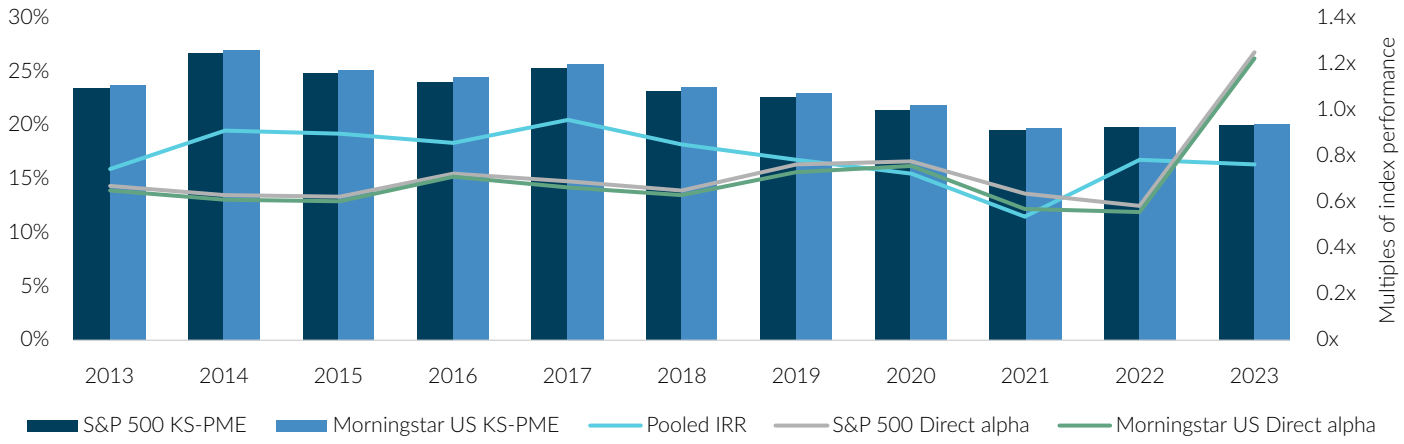


Source: PitchBook • Geography: US
As of December 31, 2024
Note: Population sizes for specialist funds are all non-normative and below 30 by count. All IRR calculations are net of fees, meaning these figures are after fees have been taken into account.

performance levels is that most funds invest generally, which makes their returns more consistent.

Even if median IRRs for PE seem strong, how do they ultimately compare with what investors could have gotten by investing in public indexes? There is a key hint in the dispersion of IRRs: As time goes on, older vintages tend to see the dispersion of performance in IRRs tighten, suggesting that, over time, most PE firms are able to get close to the median performance of the asset class. That median performance by IRR is quite strong, outpacing the proxy of 12% for overall historical stock returns. Using two other metrics to see how it stacked up to specific indexes yields a clear result: PE outperformance remained intact. PMEs show a consistent trend of at least 1.1 for vintages from 2010 and onward until 2018 relative to the S&P 500, which means those vintages overperformed by at least 10%. In fact, the 2014 vintage outpaced the S&P 500 by a hefty 25%. For PMEs, given the mild slowdown in liquidity in the past few years, some PE firms have utilized subscription lines, secondary stake sales, and other types of alternative liquidity solutions to bring forward distributions, getting investors capital back in a timelier fashion. Although, limited partners (LPs) would rather take back capital late than have no drawdowns to invest and

PE and comparative PMEs by vintage



Source: PitchBook • Geography: US
As of December 31, 2024

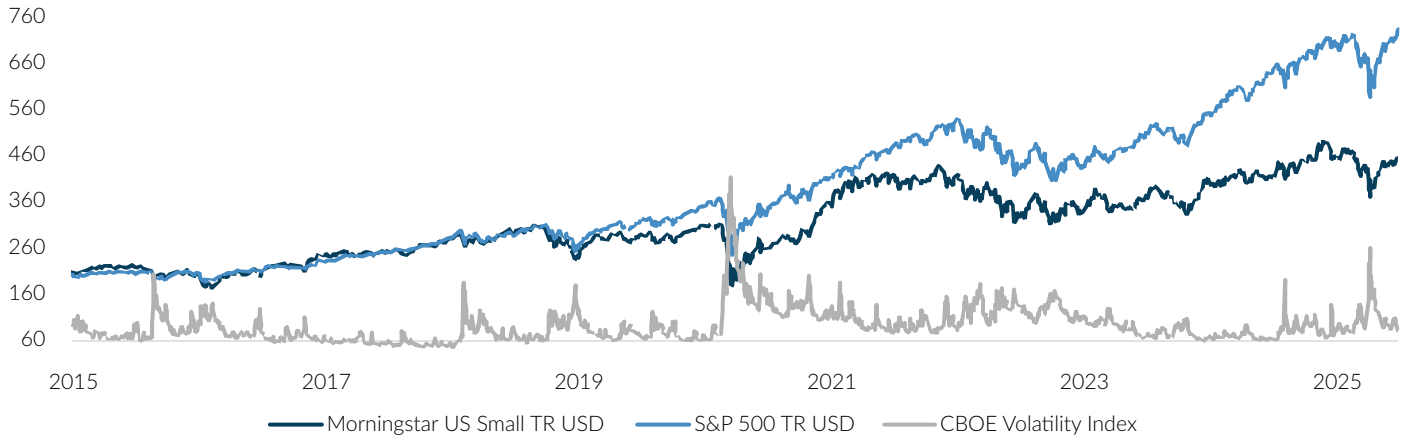
garner good returns. Direct alpha ticked up even further for recent vintages of 2019 and 2020. However, for vintages starting in 2018, the PME disparity has shrunk below 10% and even below 1.0 for 2021 to 2023. This is understandable: Funds initially see their return figures dip because they start investing, but in the aforementioned J-curve phenomenon, they do not start recouping until later. Overall PMEs will likely pick up as these funds hit their later-stage cycles of liquidity.

Public index performance over that time frame is important context. Since a spike in volatility at the onset of the pandemic in early 2020, which coincided with a sharp dip in the Morningstar US Small Cap and S&P 500 indexes, there has been a remarkable surge in the latter. Given that rise, with the S&P 500 hitting new highs in 2025 YTD, it is more understandable that PE PMEs have become pressured. That said, top fund managers still managed to notch more-than-healthy IRRs for vintages that were active in that same period. As a result, PE firms that are still investing out of funds from those vintages of 2018 and onward will likely be able to boost PMEs eventually, especially as exits resume.

PE exit volumes healthy compared with historical averages

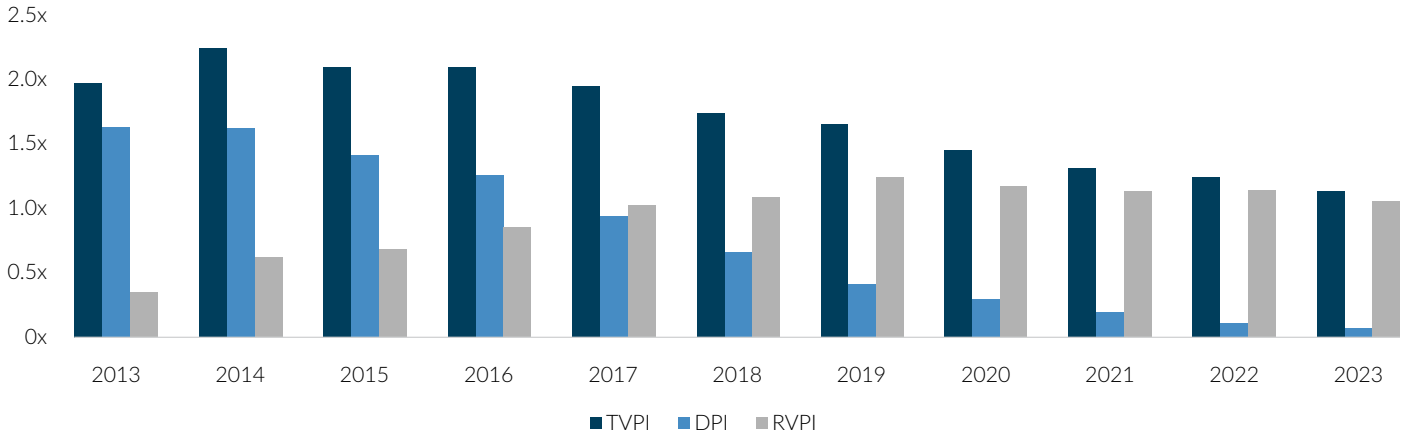
The actual dollar-denominated outcomes of those strong PMEs come from much of the 2010s. The PE industry's net cash flow—the difference between capital returned to

Returns from select public indexes



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

PE equal-weighted pooled multiples by vintage



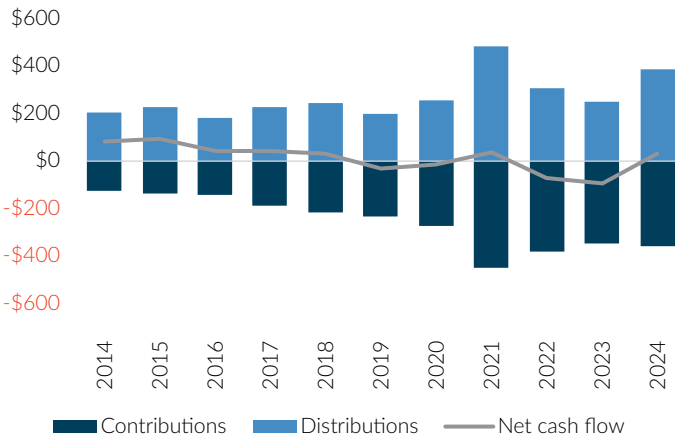
Source: PitchBook • Geography: US
As of December 31, 2024

investors versus what was contributed to PE funds—was positive for a remarkable eight years straight, from 2011 to 2018. In that time frame, PE firms distributed more than $1.5 trillion back to their investors. Since then, active investment years in which PE managers saw massive contributions by LPs produced several years of negative cash flows. But even 2024 saw a return to positive territory with $388.5 billion in distributions, shifting net cash flow to a positive $31.4 billion. More is yet to come from earlier vintages such as 2019, which has a high RVPI multiple of 1.2x.

The exit forecast for converting those RVPI multiples into DPI multiples is rosier than may be expected. Much has been made of the "liquidity drought" for PE and VC firms in the past few years, but for PE at least, exit figures reveal that exit volume was relatively healthy compared with most historical averages. 2024 saw just under 1,300 completed exits, which compares favorably to most years in the past decade, save 2021. Moreover, exit values so far in 2025 have already surpassed $280 billion across just 512 completed liquidity events. Average and median exit sizes are on the rise, with the median exit size in 2025 YTD hitting a staggering $686.8 million, propelled by public listings in particular. PE firms are clearly executing on their liquidity goals, working down the record tally of company inventory they have amassed.

PE firms have grown more creative in their liquidity solutions as of late, popularizing continuation fund exits, for example. 2025 has already seen 70—likely on pace to match the 127

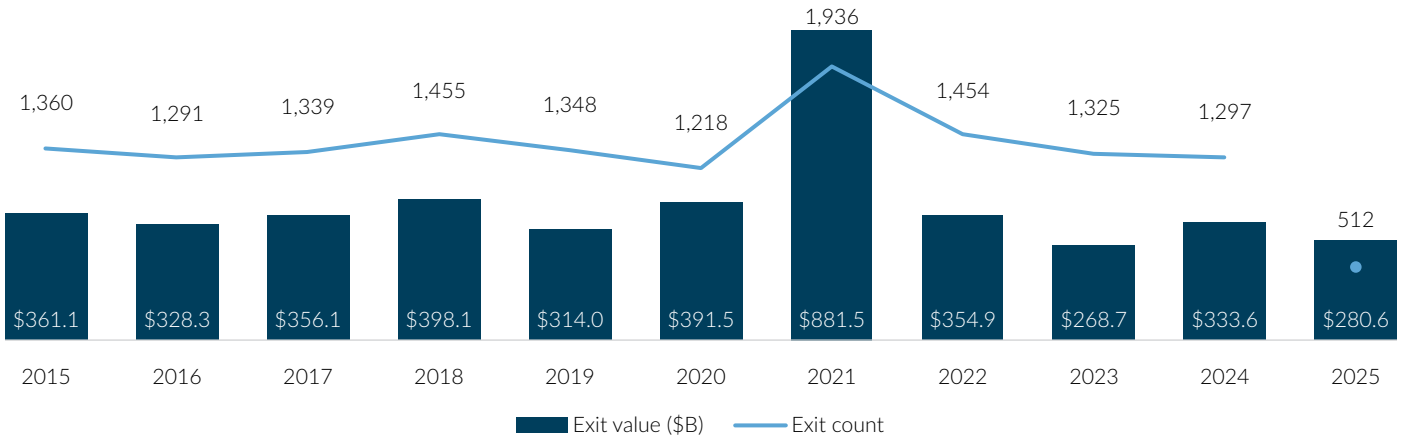
PE cash flows ($B)



Source: PitchBook • Geography: US
As of December 31, 2024

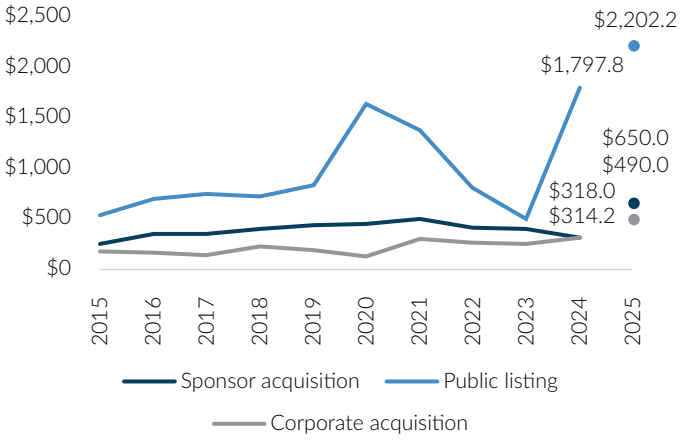
recorded in 2024. Such types of liquidity via fund asset transfers, or even stake sales in various vehicles, are more a sign of how large the PE industry has become than anything else, as firms looking to deploy dry powder that cannot find the exact types of target companies they want often turn to bespoke fund exposures. In addition, it speaks to LPs' desire to gain full liquidity from their stakes in PE holdings that fund managers end up using continuation funds as new pools of capital to maximize potential gains from investments. Initially, and even to some degree today, LPs may have viewed secondaries and/or continuation vehicle

PE exit activity



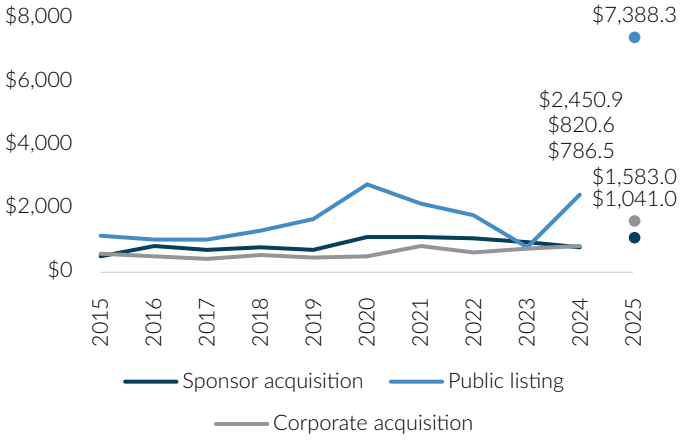
Source: PitchBook • Geography: US
As of July 23, 2025

Median PE exit value ($M) by type



Source: PitchBook • Geography: US
As of July 23, 2025

Average PE exit value ($M) by type



Source: PitchBook • Geography: US
As of July 23, 2025

activity as undesirable. Sentiment is shifting, however.[7] Research has shown that avoiding continuation funds can increase opportunity costs, while their performance often can approximate that of buyout funds.[8]

Thus, exit activity may not be at the record heights achieved in 2021, but overall, PE firms are remaining creative and tactical in achieving liquidity. A lesser-remarked-upon trend line in PE net asset value (NAV) underlines this conclusion. With record portfolio company inventory, it may be easy to assume that PE firms have significantly aging assets. In actuality, the mid-2010s saw a peak proportion of aging PE NAVs, with well over 50% of NAV in 2014 held seven years or more. Since then, PE firms have seen a gradual swell in the proportion of NAV that was two to seven years in duration. That has since diminished somewhat, with a moderate increase in the seven-years-plus segment. That increase is due to the slower, if relatively healthy, pace of exits, but again, exit prospects remain better than may be surmised. It was to be expected that record levels of portfolio company inventory would take some time to work down, so holding times may elongate even further, and the portion of NAV that is older than seven years could grow

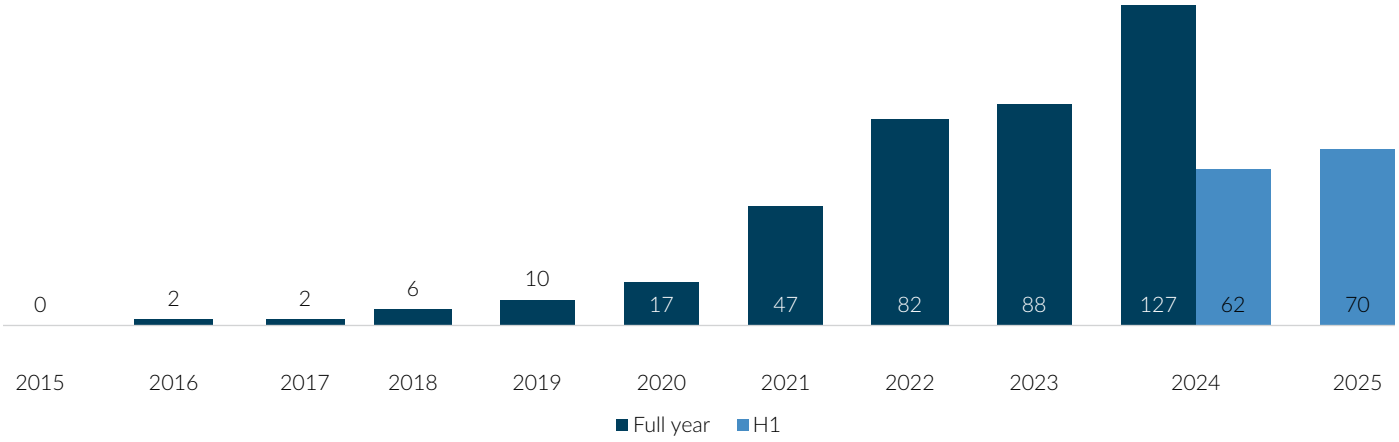
7: "What Do LPs Really Think of Continuation Funds?" Private Equity International, Madeleine Farman and Adam Le, September 2, 2024.
8: "CVs Offer Lower Return Dispersion Compared With Buyout Funds—Evercore," Secondaries Investor, Madeleine Farman, June 2, 2025.

again. But at current rates, fund managers are demonstrating the ability to opportunistically achieve liquidity.

LPs continue to invest in and maintain PE exposure

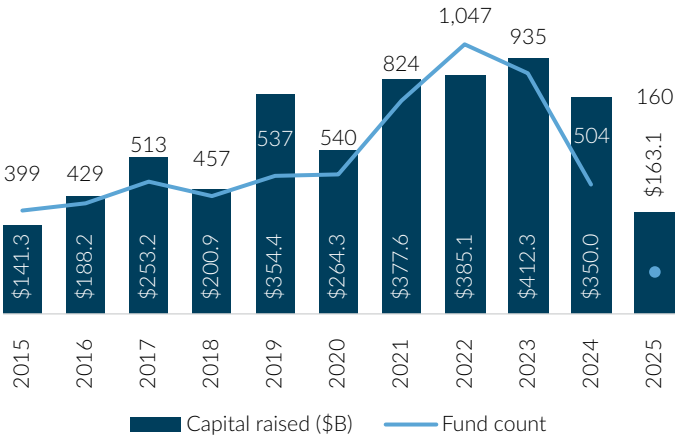
Assessing current fundraising trends is a suitable end note to the exploration of PE fund performance. As seen in the cash flow data, 2021 through 2023 saw a staggering surge in fundraising by PE firms, with investors contributing a record $1.2 trillion to hundreds of vehicles. In 2024, the count of closed vehicles contracted, even as $350 billion more was committed. So far in 2025, a sluggish 160 pools of capital have closed on $163.1 billion in commitments. A slowdown was to be expected after such immense sums were raised. Moreover, with market volatility increasing since 2022, some investors likely needed more liquidity to remain flexible, so they forwent doubling down on PE allocations. Thus, the slowdown in fundraising is more reflective of past allocation booms satisfying investor demand for exposure—as distributions pick back up, especially at the scale of the current PE industry, LPs will likely begin committing again. If PE performance was slacking further, the pace of commitments would have slowed sooner, but given the sizable tallies of capital committed recently, LPs still find much appeal in maintaining PE exposure.

Continuation-fund-related PE exit count



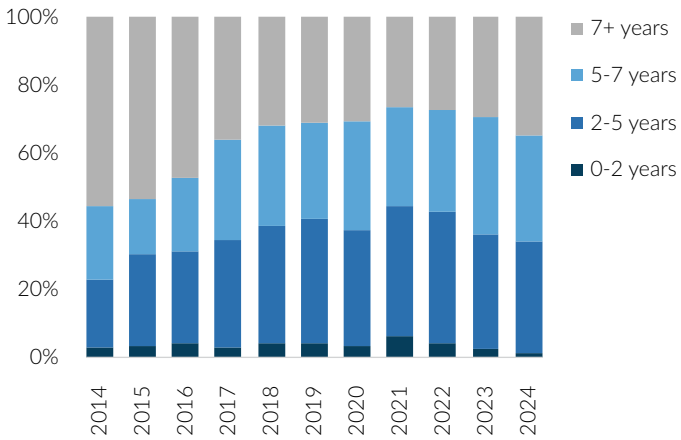
Source: PitchBook • Geography: US
As of June 30, 2025

PE fundraising activity



Source: PitchBook • Geography: US
As of July 23, 2025

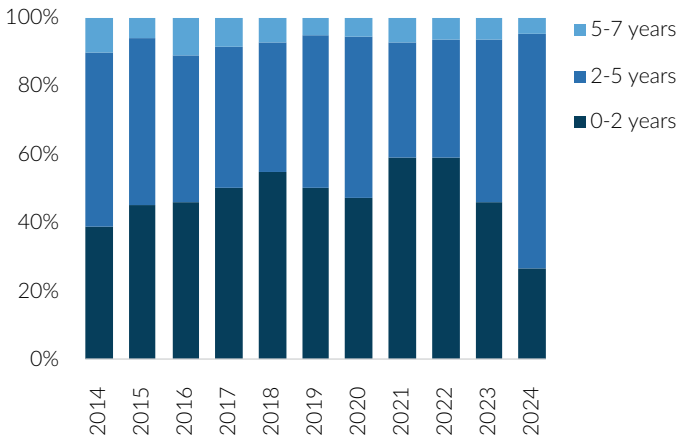
Share of PE NAV by age bucket



Source: PitchBook • Geography: US
As of December 31, 2024

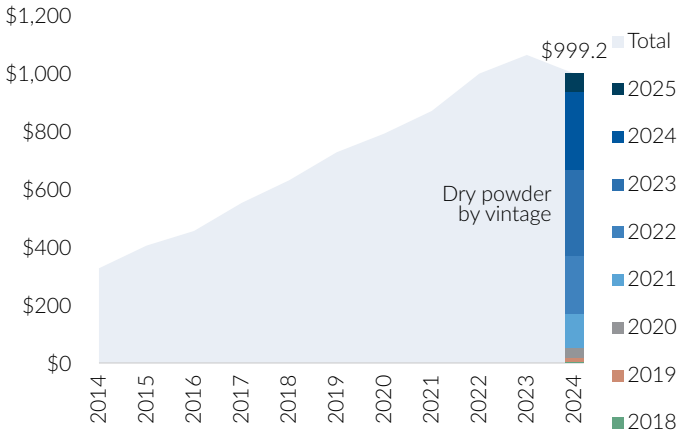
Looking forward

Share of PE dry powder by age bucket



Source: PitchBook • Geography: US
As of December 31, 2024

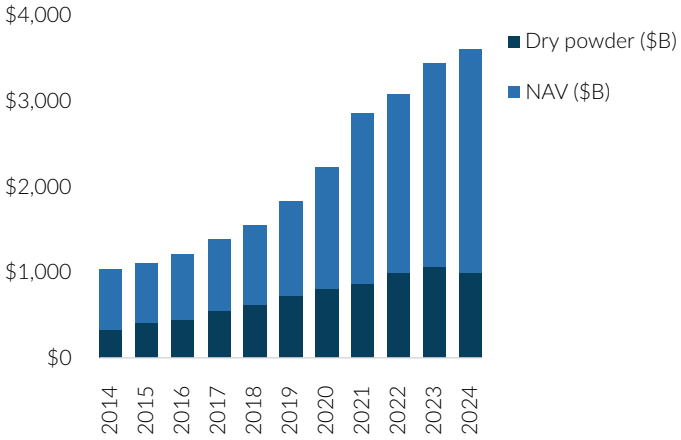
PE dry powder ($B)



Source: PitchBook • Geography: US
As of December 31, 2024

Across multiple metrics, the persistence of PE outperformance has been clear. Granted, nuances exist—competition for access to the best fund managers can be fierce, and PE returns timelines can be very protracted. The recent slowdown in liquidity has depressed recent vintages' PMEs as well, but exit activity has been robust in 2025 to date, which could eventually realize more value currently locked up in the past four to five years' worth of fund vintages. The fact that PE assets under management (AUM) actually has shrunk between 2024 and 2025 YTD, albeit by approximately $64 billion, indicates that PE firms have been able to both keep investing dry powder, which shrunk the most as a portion of overall AUM, but also selectively capitalize on their best-prepared portfolio companies' chances to exit.

PE AUM by type



Source: PitchBook • Geography: US
As of December 31, 2024

In all, there is a case for broadening access to PE—and other alternative investments—to 401(k) participants' options. For decades, public pension funds have invested in private assets because they deliver strong returns over the long term and are a smart, safe way to diversify retirement savings. Expanding access to private markets in 401(k) plans is a great step that will help all Americans enjoy the same benefits of stronger returns and a secure retirement. The datasets explored above, however, underline how PE fund managers in particular have successfully invested throughout the tumultuous 2010s and ongoing 2020s. They did so even while AUM and dry powder grew to significant levels, because they were able to broaden and diversify investment strategies. Moreover, although smaller funds can outperform larger firms, another study has shown that fund size does not change median performance.[9] Today, PE firms' sheer degree of investment options means that, much like the explosion in niche exchange-traded funds, fund managers for pension plans, family offices, and more can pick and choose to help meet financial goals. Expanding access to PE broadens the options investors have to invest better.

9: "Scale, Scope, and Speed in Private Capital Funds," Institute for Private Capital, March 20, 2024.

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 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).

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.