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# Weekly Market Commentary

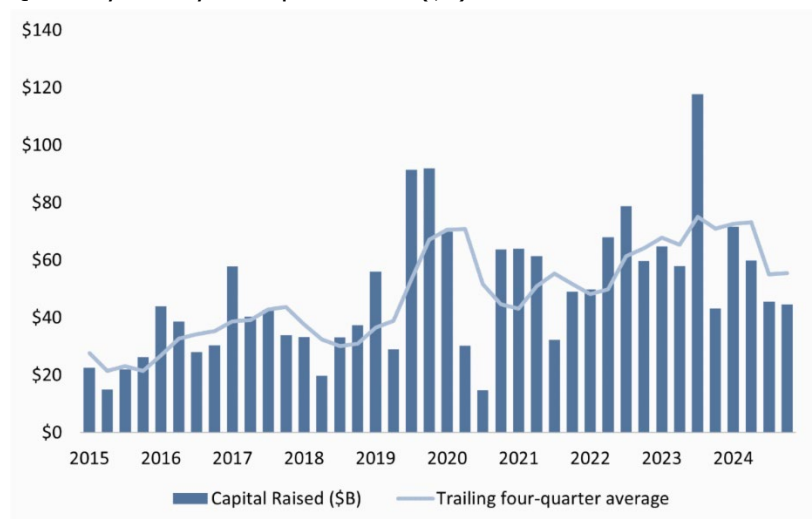
## Capital Growth Outpaces Liquidity Concerns

By Andrew Murray, Managing Director of Private Equity

Recent media coverage of the private equity industry has highlighted concerns about market liquidity and the “stranded” value in funds from 2016-2020 vintage years. While it’s fair to say that distribution paces have slowed and average time to liquidate net asset value (NAV) has increased, we believe this isn’t an existential threat to the market. Instead, it has overshadowed perhaps a more surprising trend impacting the market. Capital formation during 1H 2024 has exceeded expectations (Fig. 1).

**Fig.1: Capital formation in PE markets remains healthy**

Quarterly PE buyout capital raised (\$B) with H2 2024 forecast



Source: PitchBook, Mill Creek.

[As Bloomberg noted on August 8](#), there is a massive amount of dry powder in the system seeking acquisition targets with seven of the largest publicly traded asset managers holding \$722 billion, up 9% from a year earlier. Coupled with anticipated interest rate reductions, we believe it is reasonable to conclude the exit environment should improve materially in the next 6-12 months.

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