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13.3% returns in Q3

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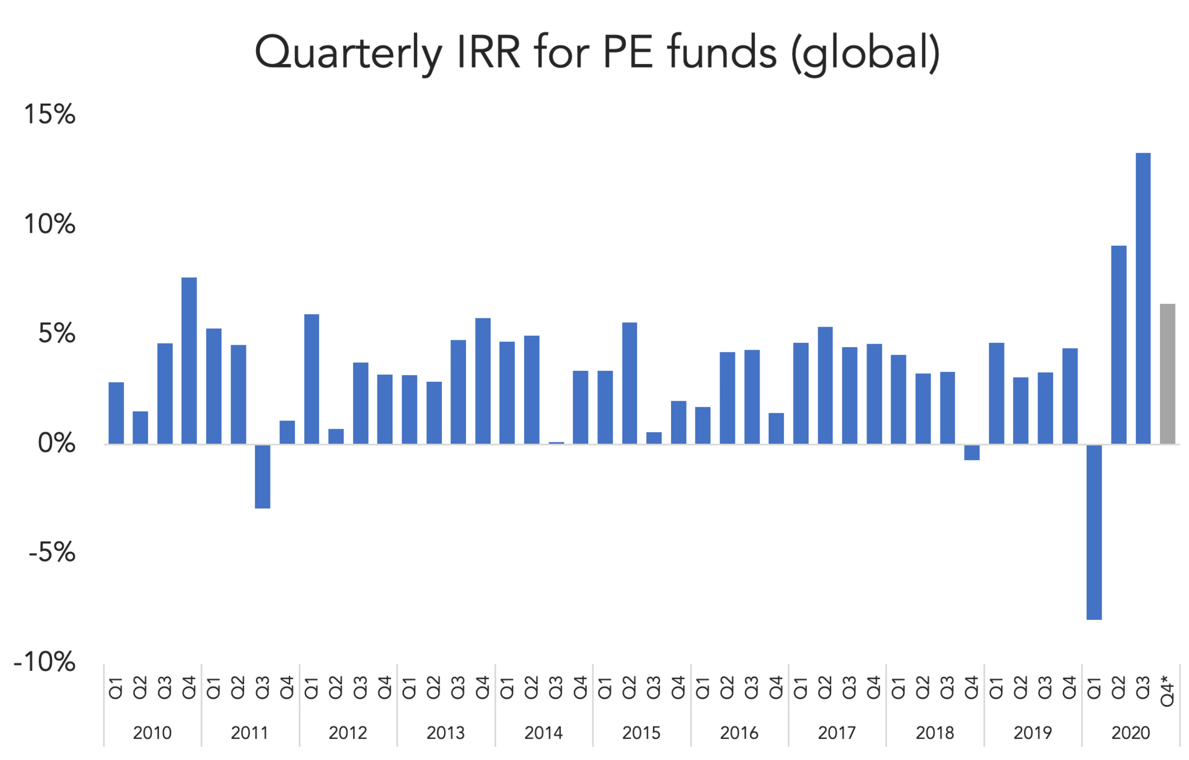

Download PitchBook's Report here.

PE fund returns data continues to pour in, giving us a clearer picture of COVID's impact in 2020. Finalized Q3 2020 data shows a 13.3% return, on a global basis, according to PitchBook's just-released Global Fund Performance Report. That surpasses the 9.1% return in Q2, and between those two quarters, PE funds saw appreciation that more than made up for the -8% loss in the first quarter. The bounce-back was led by $1B+ funds, which grew IRR at a greater rate than smaller funds. That's not surprising to see, given the pandemic's outsized impact on smaller companies plus the cost levers and financing options more available to larger companies.

Through three quarters worth of data, it's apparent that exits picked up significantly toward the end of the year. Total distributions back to LPs were $333 billion as of late September, not far off the $382 billion that was sent back to LPs in all of 2019. Depending on how much capital was called down in Q4, LPs may have ended 2020 with a positive net cash flow with the PE managers. Three quarters worth of distributions show a $31.4 billion surplus (for now). Peeking ahead, preliminary Q4 returns data suggests a positive end to 2020, with a 6.4% quarterly rate of return.

(Past performance is no guarantee of future results.)