TORYS LLP

PE Pulse 2022

Canadian Private Equity Survey

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Methodology

These are the findings of an Ipsos survey conducted on behalf of Torys LLP.

In total, of n=52 private equity & pension fund stakeholders completed the survey, of which n=39 completed the survey online and n=13 by telephone. The online survey was fielded between November 15, 2021, and January 24, 2022. The telephone survey was fielded between November 25, 2021, and January 13, 2022.

Survey respondents

Most respondents work for private equity organizations (75%) while 25% work for pension funds. Over 60% have more than 10 years of experience in the industry.

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Executive Summary

As we enter the third year of the pandemic, our annual Canadian private equity survey shows a continued optimism despite fewer respondents expecting transactional volumes to increase year-over-year. This is perhaps unsurprising given 2021's record year for private equity dealmaking, which peaked at a five-year high at the close of last year.

A positive outlook for the sector is ongoing in terms of investment returns, with just under half of surveyed respondents expecting returns on realized investments to improve in 2022. At the same time, we do see sentiment shifting when it comes to the overall global political economic climate, with world events and other factors, including the prospect of rising interest rates, potentially influencing stakeholders' outlook on fundraising. In particular, recent events related to the Russia-Ukraine conflict as well as sanctions on Russia, may have broad global implications as well as an impact on funds investing in Europe, geographic allocations for investment strategies, as well as implications for sponsor portfolio companies who do business with Russian entities. Only approximately one in four private equity respondents believe it will be easier to raise new funds in 2022—a figure which represents a significant decline from 2021.

The vast majority of stakeholders say the current level of valuation multiples paid during M&A transactions involving private equity financing is too high. As long as valuation multiples remain high, private equity funds will continue to sell their assets at a record-setting pace; however, some direct consequences on valuations could come from increased energy prices, potential supply chain disruptions and capital markets developments

Respondents to our survey pointed to a number of factors, including global economic and political uncertainty and rising interest rates, as potential headwinds in 2022. If interest rates continue to increase, this should push valuation multiples down. Lower valuation multiples coupled with high vendor pricing expectation could lead to misalignment between buyers' and sellers' price expectations. If this occurs, we expect to see more earn-outs used to bridge buyers' and sellers' valuation gap.

Despite potential volatility in the year ahead, the amount of private equity dry powder remains at record-setting levels, demand for strong assets will continue to remain high which should fuel the private equity M&A market.

As businesses continue to focus on digital transformation, the technology sector remains a key sector of choice for private equity dealmaking, although fewer stakeholders believe the sector will produce the best opportunities as compared to a year ago.

When asked to describe factors that are critical to their success in the coming year, the highest proportion of respondents cited hiring (and maintaining) good talent as key—a widely-held view across organizations who continue to grapple with abrupt changes in workforce dynamics triggered by increased M&A activity, the pandemic, the mobility and shortage of talent, increasing need to pay higher amounts to retain and attract good talent, and aggressive recruiting for top performers. While the current environment is undoubtedly putting pressure on the private equity market, institutional investors are not expected to decrease their private equity allocations this year, reflective of the high demand for this asset class. These factors serve as strong indicators of deal activity and momentum in the year ahead.

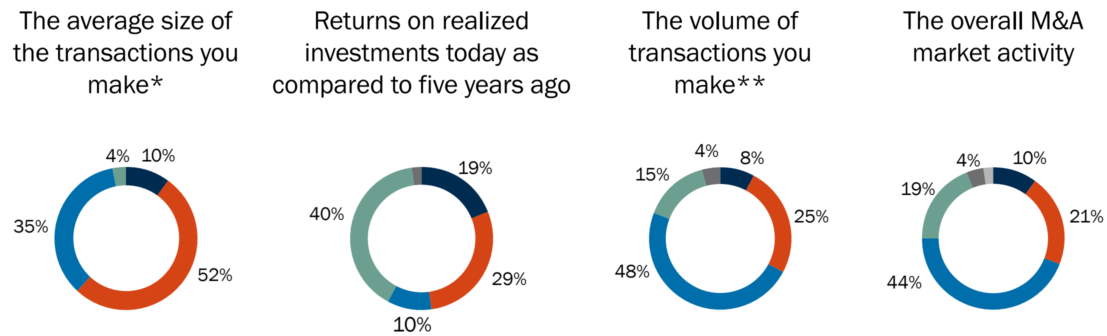
Dealmaking Activity

Now into the third year of the pandemic, dealmaking optimism continues to be higher than it was amid the onset of the COVID-19 crisis in 2020, although fewer respondents expect to see transactional volumes increase (33%) or M&A activity levels improve (31%) year-over-year. This result is perhaps unsurprising given that 2021 was a record year for dealmaking, with the volume of Canadian domestic M&A activity by financial investors peaking at a five-year high. Some survey respondents anticipate transaction levels to remain largely the same (44%) or improve slightly (21%) in 2022 (see Figure 1 on **page 7**).

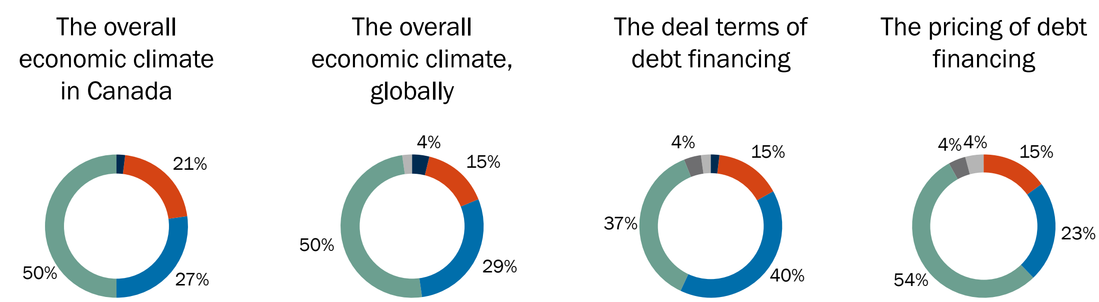
Meanwhile, transaction sizes are expected to get bigger by virtue of the large amounts of deployable capital available for investment, and the opportunity for industry players to acquire larger-cap targets, alongside high valuation multiples being paid for investments in the current competitive deal market.

Despite higher multiples, investors have a positive outlook on their investment returns, with more survey respondents (48%) expecting returns on realized investments to improve in 2022. At the same time, sentiment is shifting as it relates to the overall global economic climate: fewer respondents anticipate an improved economic outlook in the year ahead. Of note is the pricing of debt financing which is expected to worsen slightly in 2022 against the backdrop of rising interest rates. Approximately one in four (23%) private equity stakeholders think it will be easier to raise new funds in 2022 compared to 2021, a figure which represents a significant decrease year-over-year (see Figure 2 on **page 8**).

Figure 1) Q: Do you expect the following to improve, stay the same or worsen in 2022?



	The average size of the transactions you make*	Returns on realized investments today as compared to five years ago	The volume of transactions you make**	The overall M&A market activity
Improve 2021-22	62%	48%	33%	31%
2020-21	48%	28%	55%	56%
2019-20	40%	19%	22%	14%



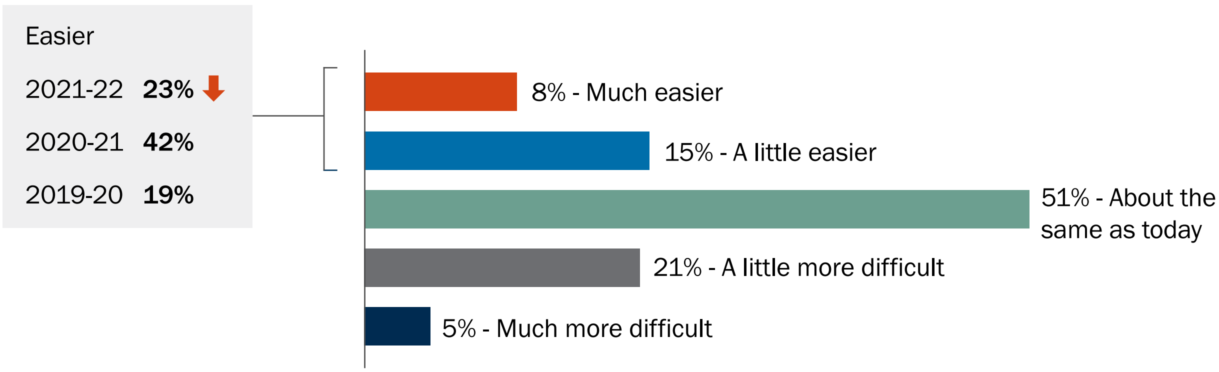
	The overall economic climate in Canada	The overall economic climate, globally	The deal terms of debt financing	The pricing of debt financing
Improve 2021-22	23%	19%	17%	15%
2020-21	27%	40%	28%	27%
2019-20	9%	9%	13%	18%

Improve a lot · Improve a little · Stay the same · Worsen a little · Worsen a lot · Don't know

Data <3% not labelled

*Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104) * equate "improve" with larger; ** equate "improve" with more*

Figure 2) Q: Do you believe that it will become easier or more difficult to raise new funds in 2022 compared to 2021?

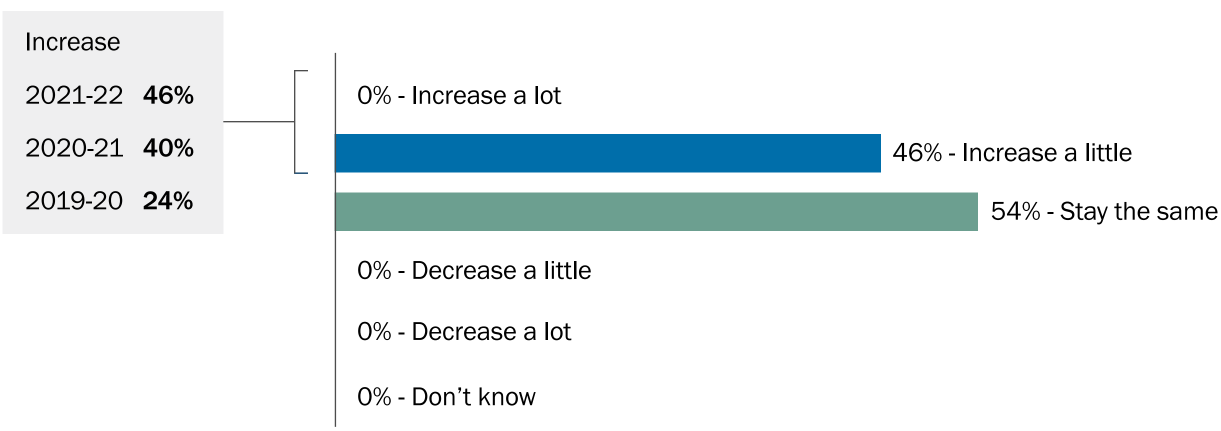


Base: Private Equity Stakeholders: 2021-22 (n=39); 2020-21 (n=76); 2019-20 (N=74)

Private Equity Allocations

This year, survey respondents anticipate that private equity allocations will be largely on par with last year. Investors' ongoing commitment to the private equity asset class will continue to bolster deal activity in 2022, despite the potential for transaction levels to return to more normalized levels.

Figure 3) Q: Do you expect your passive private-equity allocations (to fund investments and passive co-investments) to increase, decrease or stay the same?



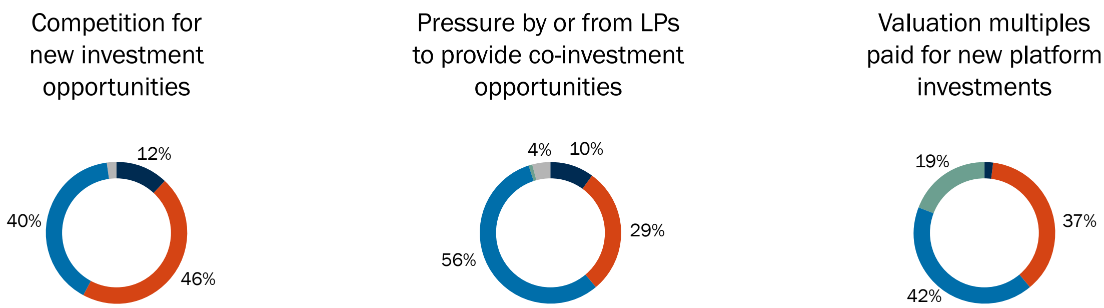
Base: Pension Fund Stakeholders: 2021-22 (n=13); 2020-21 (n=25*); 2019-20 (N=29*) *small base size, use with caution*

Like previous years, a majority expects competition for new investment opportunities (58%) to increase in 2022. Pressure by or from LPs to provide co-investment opportunities remains ongoing, and over one third (38%) anticipate this pressure will grow in the coming months (see Figure 4 on **pages 10-11**).

Beyond active co-investments, pension funds are also more likely (than their private equity counterparts) to see the frequency with which they make minority investments increase (54% vs. 18% of private equity counterparts), as well as the percentage of their investments outside of Canada (54% vs. 23%) increase in 2022.

In 2021, Canadian outbound M&A activity reached a five-year high in terms of total deal count and aggregate transaction value, with the acquisition of U.S. targets accounting for 60% of overall outbound deal volume. We expect that access to new and larger markets and geographies will continue to be one of the key drivers for acquisitive investors and their expansive growth strategies in the coming months.

Figure 4) Q: Do you expect the following to increase, decrease, or stay the same in 2022?



Increase	Competition for new investment opportunities	Pressure by or from LPs to provide co-investment opportunities	Valuation multiples paid for new platform investments
2021-22	58%	38%	38%
2020-21	62%	53%	47%
2019-20	64%	58%	36%

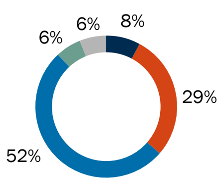
Improve a lot · Improve a little · Stay the same · Worsen a little · Worsen a lot · Don't know

Data <3% not labelled

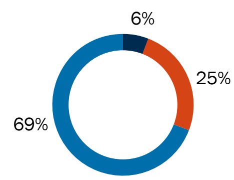
*Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104) * acquire less than 50% of a transaction*

Figure 4 con't) Q: Do you expect the following to increase, decrease, or stay the same in 2022?

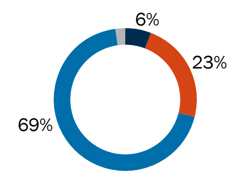
The frequency of LP co-investments in sponsor transactions



The percentage of your investments outside of Canada

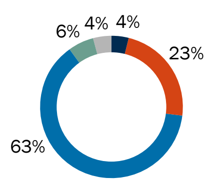


The frequency of use of R&W insurance in your deals

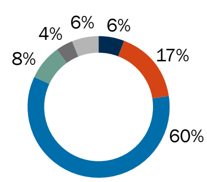


Improve	The frequency of LP co-investments in sponsor transactions	The percentage of your investments outside of Canada	The frequency of use of R&W insurance in your deals
2021-22	37%	31%	29%
2020-21	50%	37%	30%
2019-20	43%	34%	46%

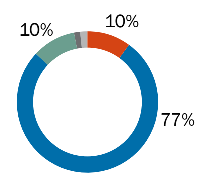
The frequency with which you will make a minority investment*



The percentage of your deals featuring earn-out provisions



Your participation in auctions



Improve	The frequency with which you will make a minority investment*	The percentage of your deals featuring earn-out provisions	Your participation in auctions
2021-22	27%	23% ↓	10%
2020-21	23%	43%	14%
2019-20	27%	29%	16%

- Improve a lot
- Improve a little
- Stay the same
- Worsen a little
- Worsen a lot
- Don't know

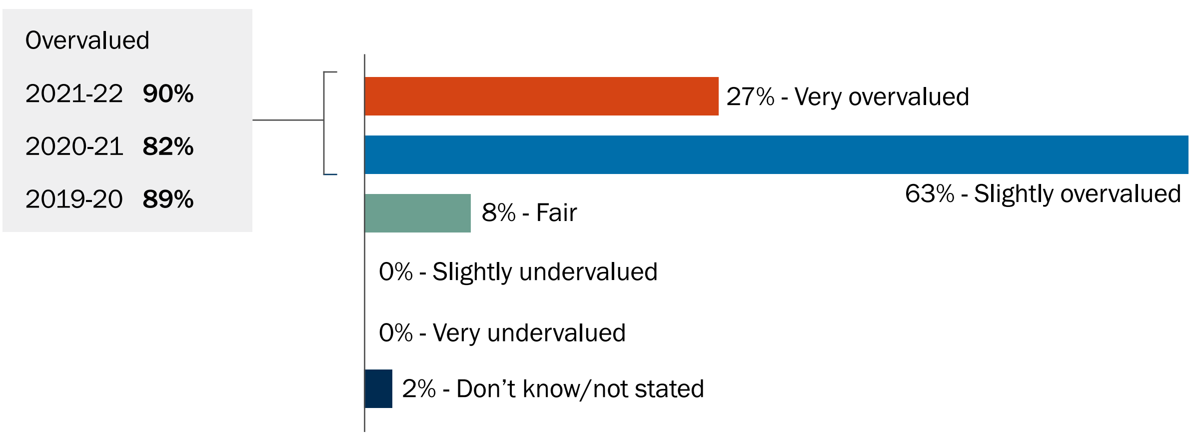
Data <3% not labelled

*Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104) * acquire less than 50% of a transaction*

Valuation Multiples

Almost 40% of survey respondents anticipate valuation multiples paid for new platform investments will rise in the coming year (see Figure 4 on [pages 10-11]). At the same time, the vast majority of stakeholders (90%) say the current level of valuation multiples paid during M&A transactions involving private equity financing is overvalued, a figure which represents an increase year over year, and which is on par with what was observed in 2020.

Figure 5) Q: Would you say that the current level of valuation multiples paid during M&A transactions involving private-equity financing are:



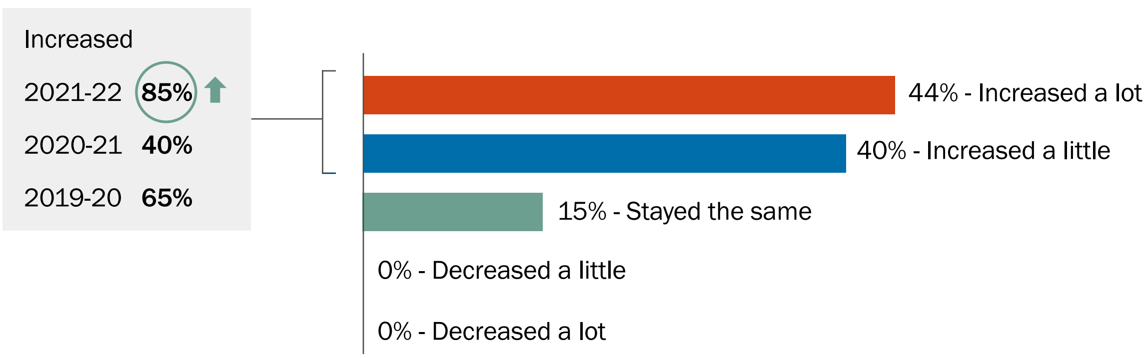
Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

While all stakeholders believe vendor pricing expectations have either increased or stayed the same over the past year, more than twice as many investors than in 2021 (85%) think that vendor pricing expectations have increased year over year (See Figure 6 on [page 13]).

Altogether, these indicators point to a frothy deal market, which may give rise to more misalignment between buyers and sellers in terms of pricing expectations. As a result, we expect that more earn-outs will be used as a tool to bridge pricing gaps. In fact, approximately one in four survey respondents foresee more transactions in 2022 to include earn-out provisions (see Figure 4 on [pages 10-11]).

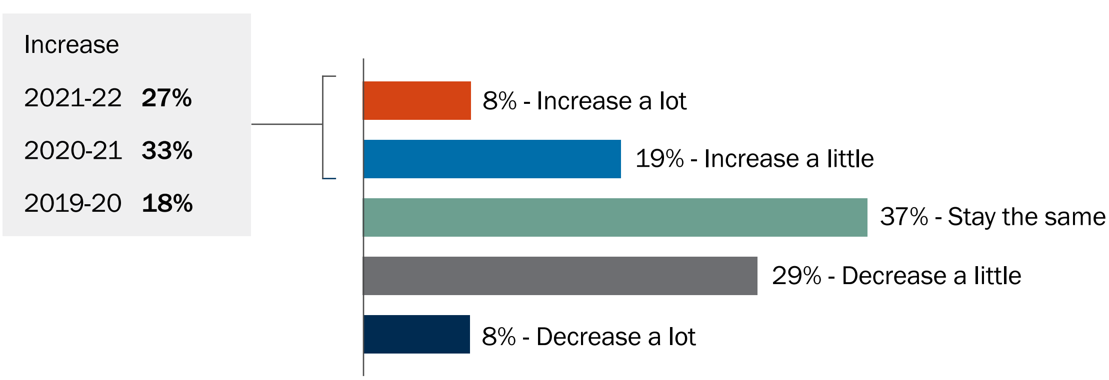
When it comes to exit-valuation multiples, just over one in four (27%) stakeholders expect them to increase. This represents a slight decrease year-over-year. Against the backdrop of these slightly reduced return expectations it is perhaps unsurprising that sell-side sponsor deal activity reached a four-year high that accounted for 57% of overall Canadian domestic deal activity in 2021.

Figure 6) Q: Compared to 1 year ago, would you say that vendor pricing expectations have:



Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

Figure 7) Q: In respect of recent acquisitions, do you expect exit-valuation multiples to increase, decrease or stay the same?



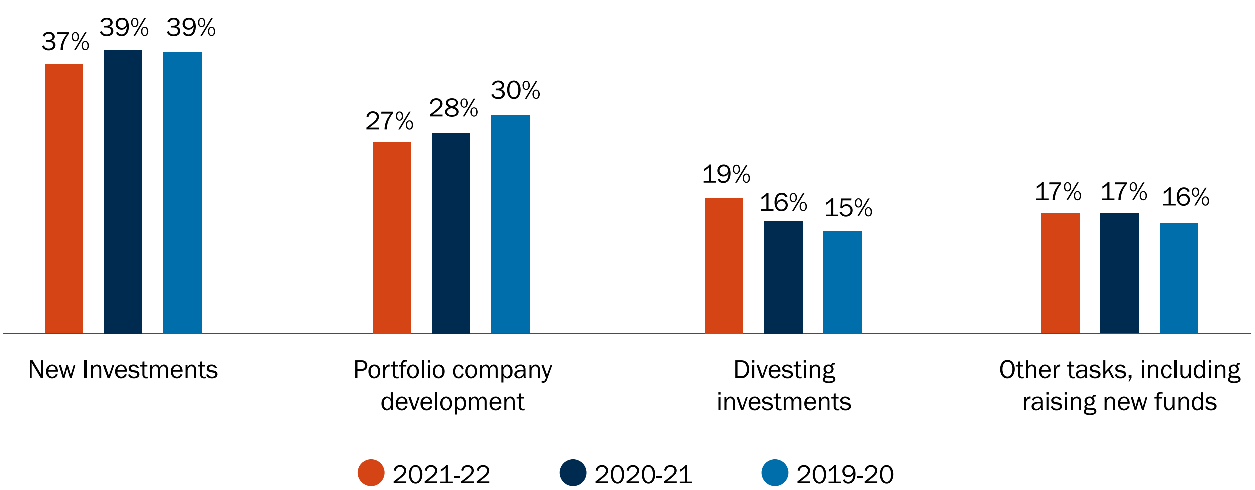
Private Equity Targets

Expected time allocations are relatively unchanged from 2021, with survey respondents predicting that this year, new portfolio investments and portfolio company development will take up much of their time.

This appetite for buy-side deal activity is particularly strong among pension fund stakeholders who anticipate spending significantly more time on new investments (at 49%), relative to their private equity counterparts (33%). Meanwhile, time spent on divestiture transactions (15%) and other strategic initiatives such as raising new funds (16%), are expected to decrease slightly over last year.

Survey respondents show overwhelming support for control transactions in 2022. Approximately half (48%) viewing majority stake or buy-out investments as the most attractive targets in 2022—a figure which represents a large increase year-over-year.

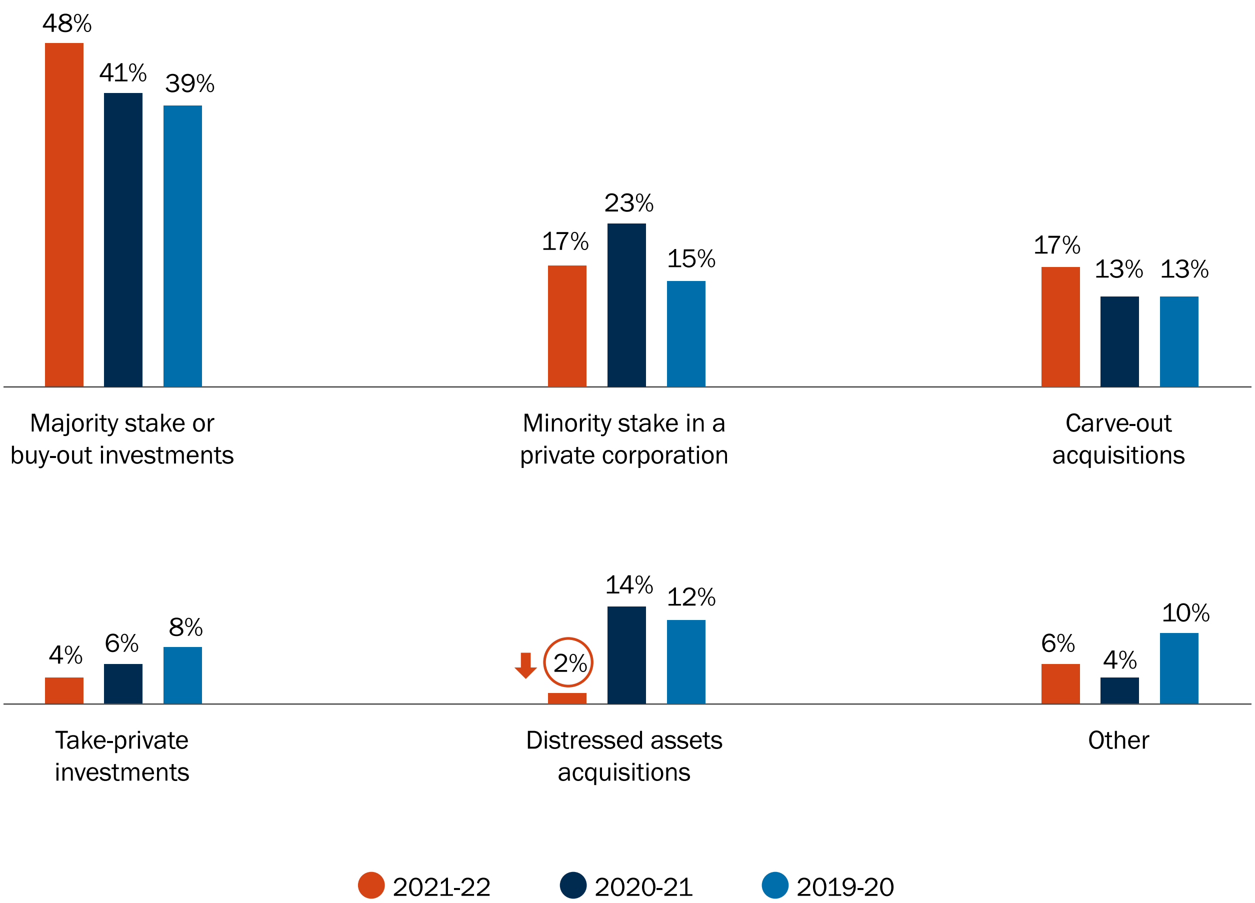
Figure 8) Q: In 2022, what percentage of your time do you anticipate spending on the following tasks?



Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

Relative to previous years, statistically fewer respondents believe that distressed asset acquisitions will be attractive targets in 2022. When it comes to distressed deal activity, we anticipate the first half of 2022 will continue to be slow for insolvencies, but that economic adjustments may start to show signs of correction mid-2022 and fully take flight in 2023, when we may start to see higher levels distressed M&A.

Figure 9) Q: What will be the source of the most attractive targets in 2022?



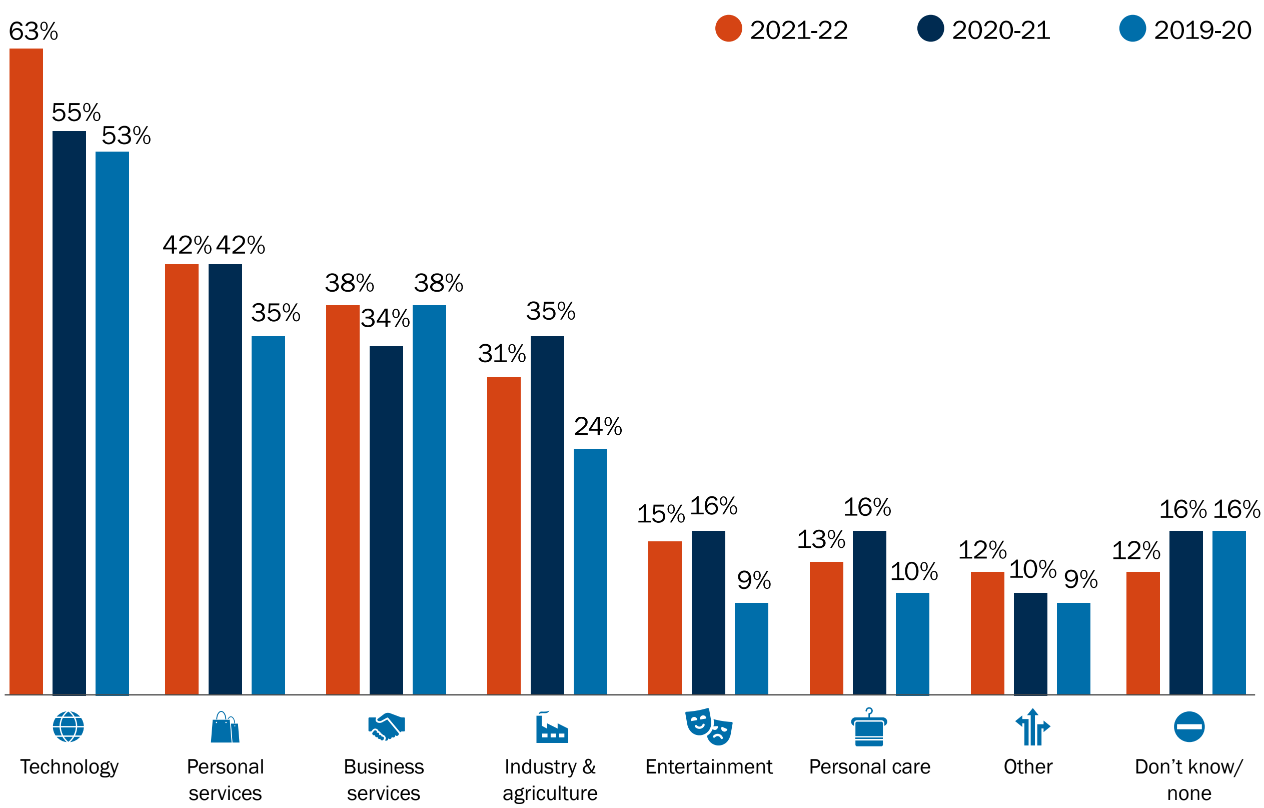
Don't Know: 2021-22: 6% | 2020-21: 0% | 2019-20: 3%

Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

Sector Outlook

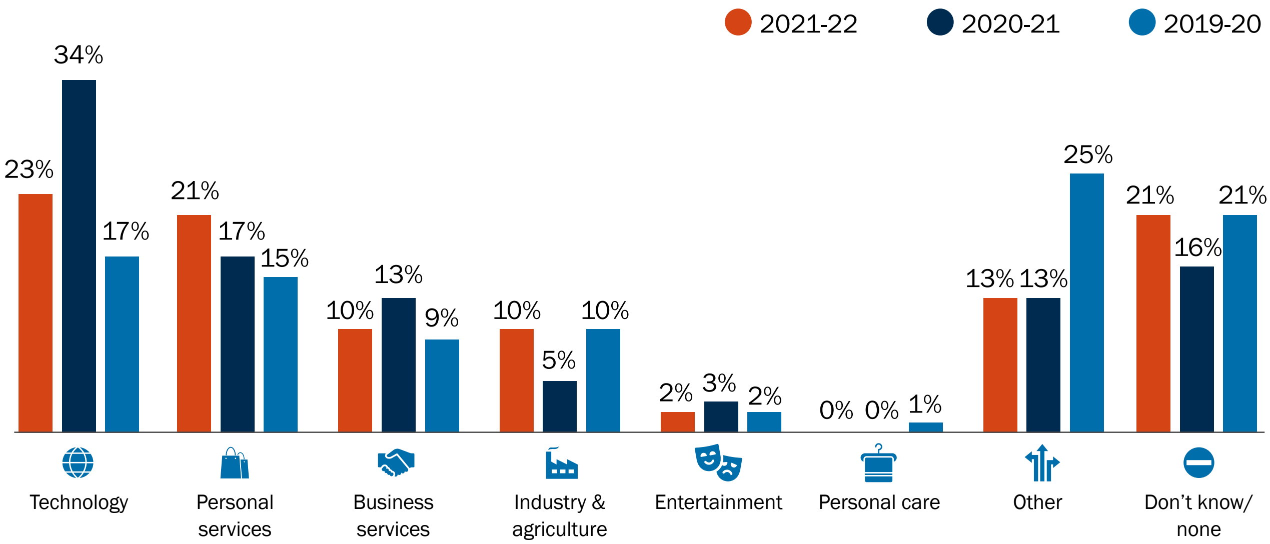
As businesses continue to focus on digital transformation—which was accelerated for many organizations when the pandemic hit—technology remains the sector of choice for dealmaking in 2022. While the tech sector is expected to attract the most activity in the coming months, fewer stakeholders believe the sector will yield the best opportunities as compared to a year ago (23% in 2021 vs. 34% in 2020). A range of other factors, including rising interest rates (which could have the effect of dampening valuations for tech companies with longer-duration earning profiles), may be influencing the overall outlook for the growth-driven technology industry.

Figure 10) Q: In what sector do you expect to see the most M&A activity with PE involvement in 2022?



Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

Figure 11) Q: What industry sector do you think will provide the best opportunities for your fund/group, specifically?



On balance, a majority (54%) of pension fund professionals see the most opportunities in technology, compared to just thirteen percent (13%) private equity stakeholders.

Information technology (48%) and Internet/ecommerce (42%) are expected to be the sub-sectors within technology that see the most M&A transactions with private equity involvement in 2022.

Beyond the continued focus on the technology sector, overall sectoral trends are mostly consistent with previous years, with an increase (4%) observed for business services. Of particular note is the growth of investor interest in the financial services sub-sector (See Figure 13 on page 18). In the last year, deal activity across the financial services industry was particularly strong as industry participants continued to refine their digital platform strategies and adjust operations, as well as address a growing ESG focus and drive to hit net zero targets. Deal activity was particularly strong in asset management, payments fintech, insurance, banks, loyalty partnerships, and international bancassurance—areas which are generating opportunities for investors to invest capital (read more here).

Figure 12) Q: In what technology sub-sector do you expect to see the most merger and acquisition transactions with PE involvement in 2022?

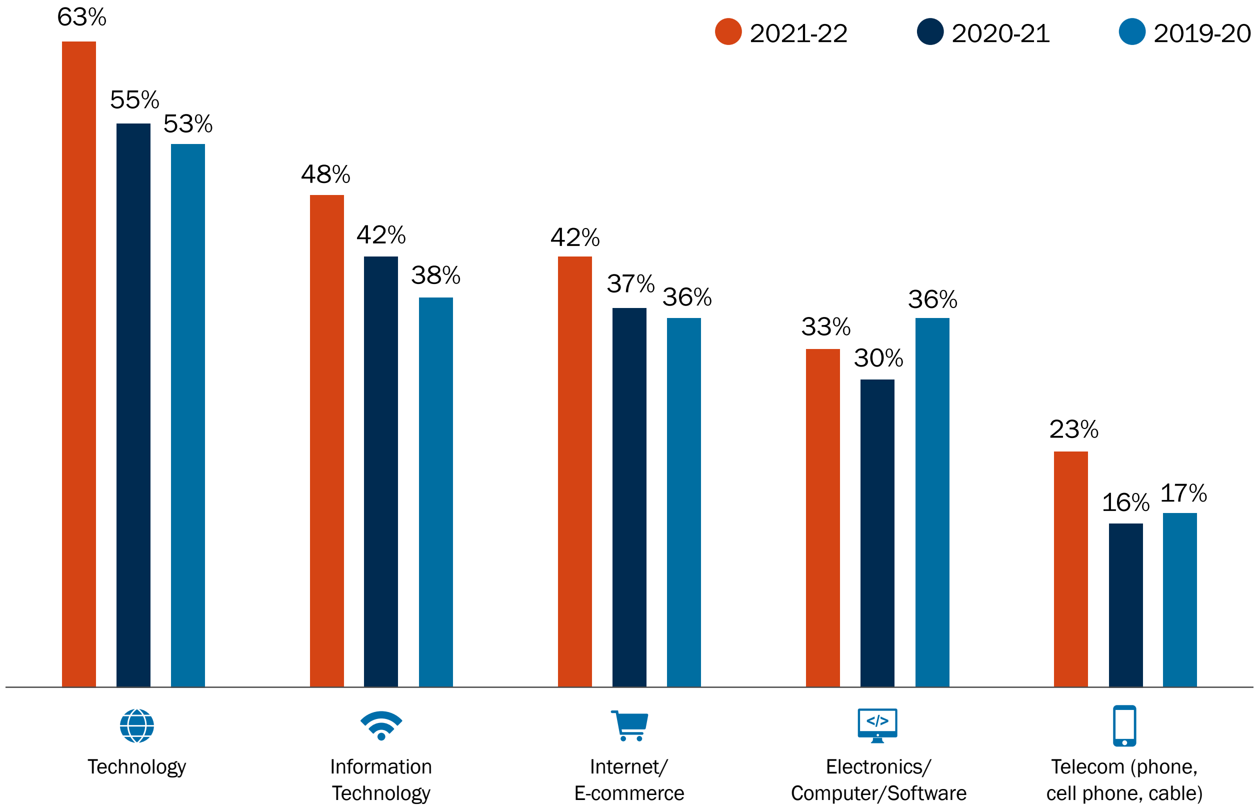
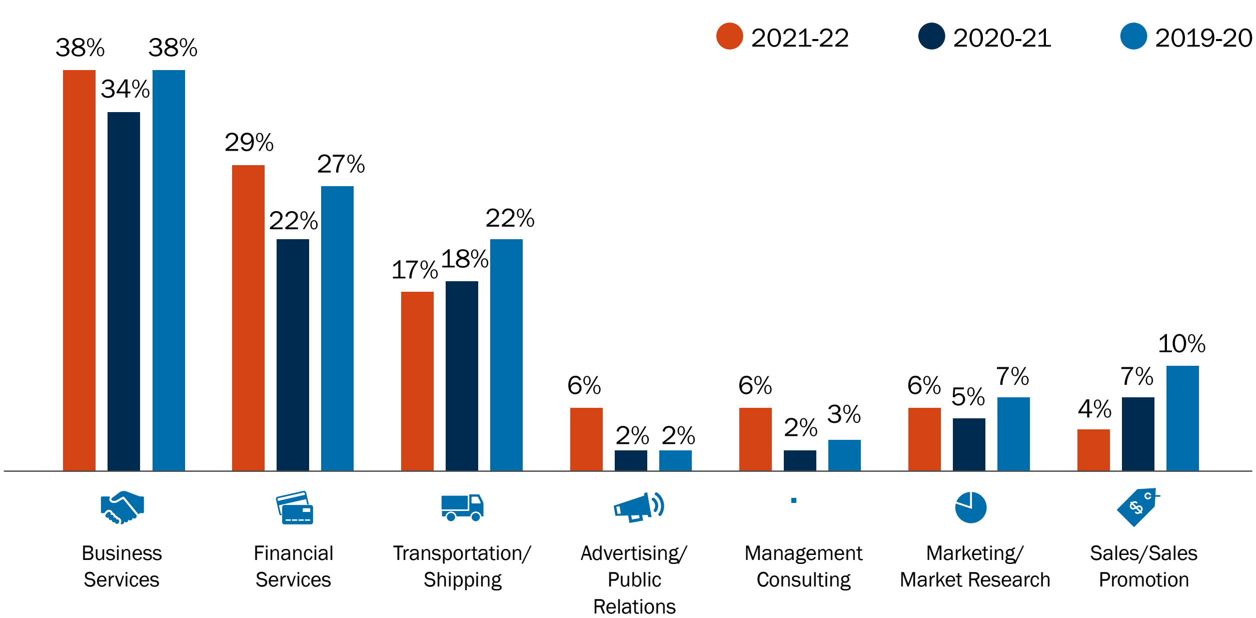
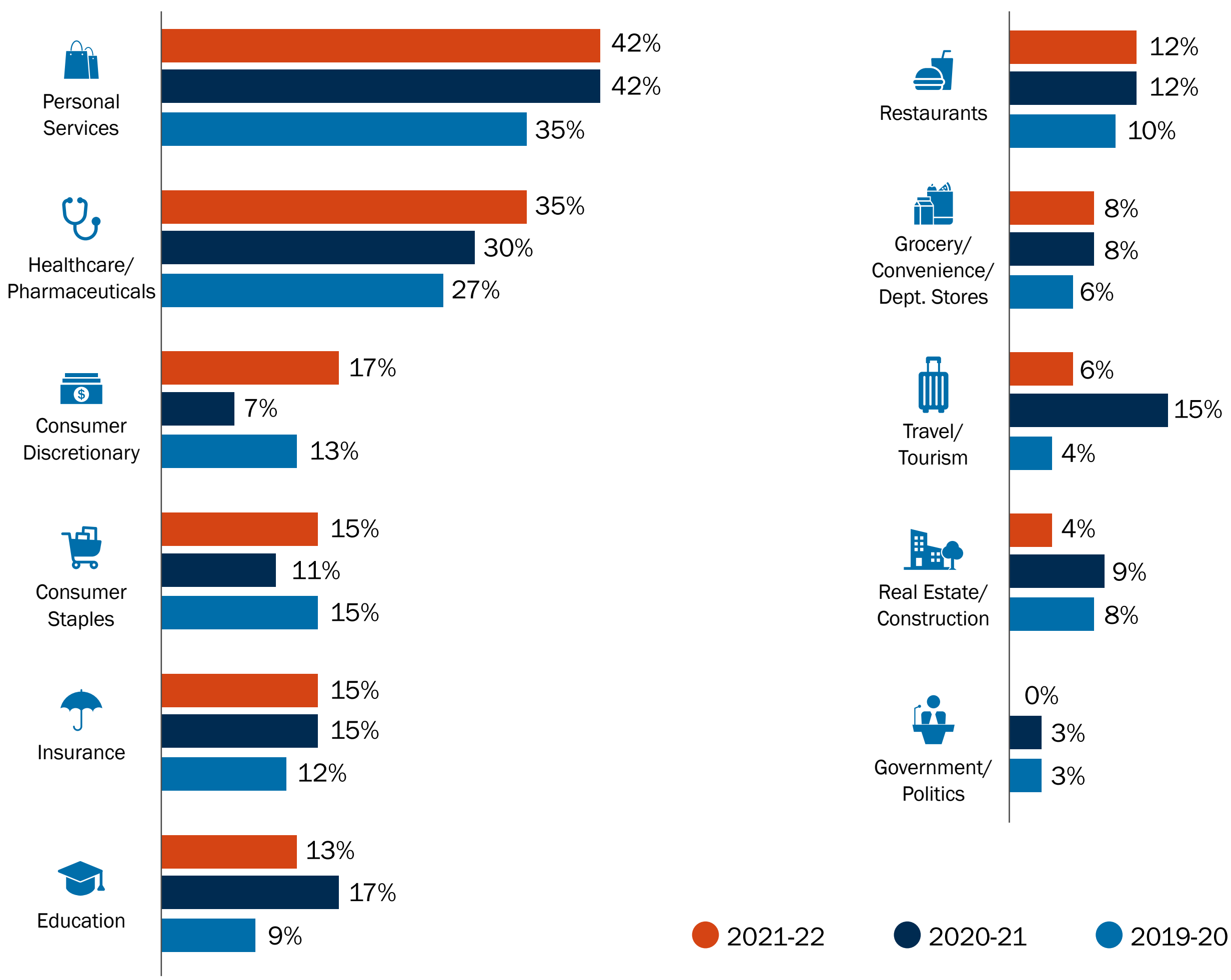


Figure 13) Q: In what industry/business services sub-sector do you expect to see the most merger and acquisition transactions with PE involvement in 2022?



Meanwhile, investor interest in the personal services—the second-largest sector of interest to respondents this year—remained on par with last year. However, there has been considerable upward movement in certain sub-sectors, including healthcare/ pharmaceuticals (35%), discretionary (17%) and consumer staples (15%). In the last three years, venture capital investment in the Canadian life sciences industry has notably accelerated by almost 250%, with the pandemic serving as a catalyst for growth—particularly for drug discovery, diagnostics and biotech, which attracted nearly 60% of all venture capital investment in Canada last year (read more here).

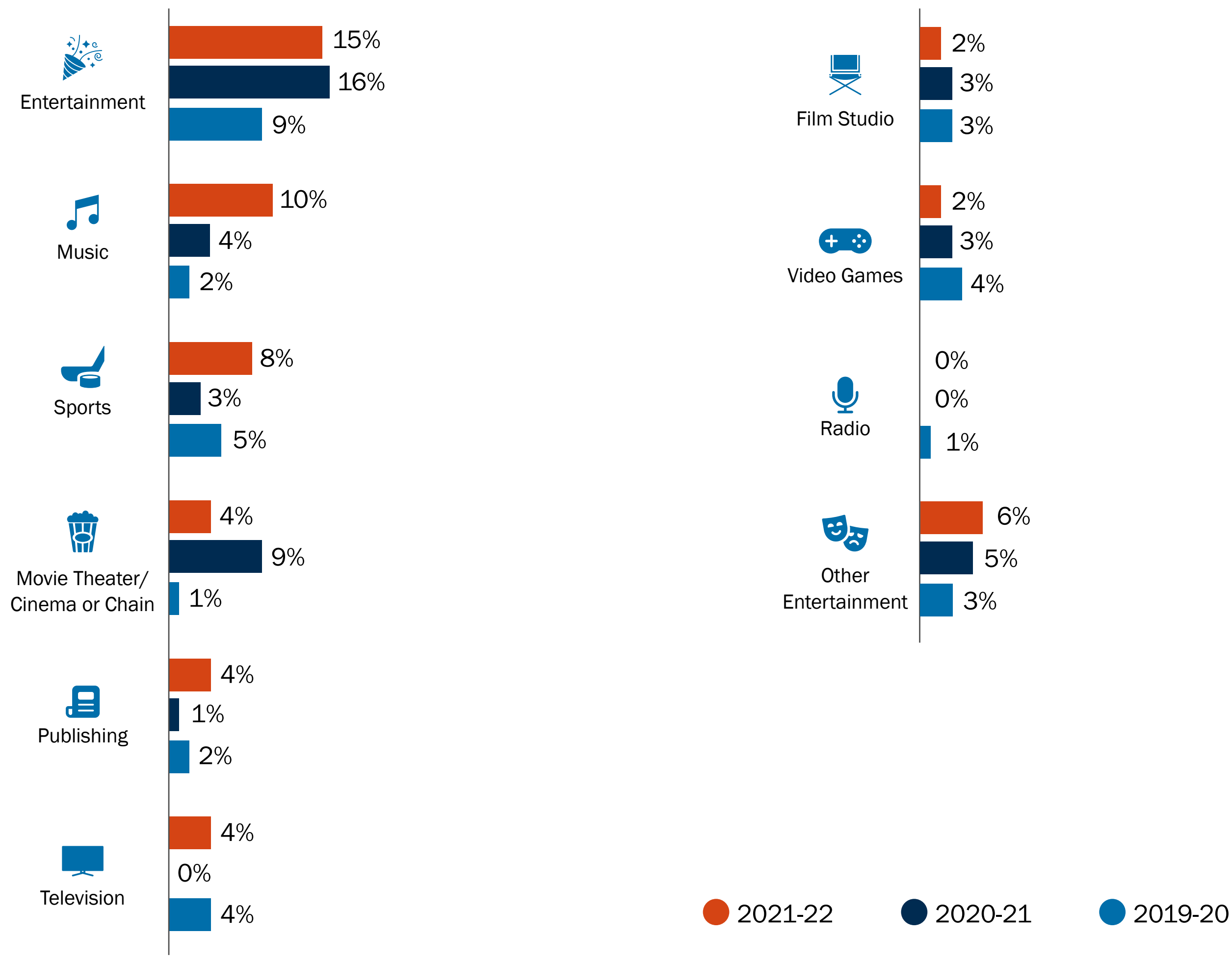
Figure 14) Q: In what industry/personal services sector do you expect to see the most merger and acquisition transactions with private-equity involvement in 2022?



Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

In the entertainment sector, investor expectations overall are similar to last year's levels. However, there has been considerable movement within this sector, with higher proportions of survey respondents expecting to see more transactions in the music and sports sub-sectors, and fewer expecting to see dealmaking opportunities in the movie theatre/cinema sub-sector.

Figure 15) Q: In what industry/entertainment sector do you expect to see the most merger and acquisition transactions with private-equity involvement in 2022?



Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

In Their Own Words:
Biggest Challenges in 2022

“Probably fundraising.”

“Finding enough opportunities at a price we like.”

“Sourcing new deals.”

“Uncertainty around COVID and macro economic outlook.”

“COVID resurgence around the world causing economic slowdown.”

“Labor shortages and wage inflation.”

“I guess it’s high valuations.”

“Seller evaluation expectations.”

“Increasing size of GPs and limited need for LP co-investment.”

Travel reopening and talent becoming more mobile.”

“Monetary policy underpinning asset inflation.”

“Inflation.”

Winning new deals at disciplined valuations.”

“Return to office.”

“Covid restrictions and high competition for quality assets.”

“Economic uncertainty.”

Abundance of capital/dry powder chasing opportunities.”

“Rapid investment pacing by the private equity market (i.e. funds being invested in 12-18 months vs. 3-4 years historically)—putting pressure on commitment pacing and ability to spend time on all re-ups.”

“My biggest challenge from investment perspectives is continuing high evaluations.”

Too much capital taking into the deals.”

“Hiring and recruiting and managing at the firm level. And within our company supply chain and inflation.”

“Continued COVID headwinds.”

Funds and Secondaries

Private equity fundraising throughout 2021 remained very strong, with many investors recovering from the temporary delays triggered by the pandemic in 2020 and viewing the opportunities for higher returns as a key driver for their sustained interest in the private equity asset class. In the last year, continuation funds, GP-led secondaries and other longer-term investment products have gained popularity, and in particular open-ended funds which include longer-term investing horizons, and more periodic redemption opportunities for investors, have become much more common.

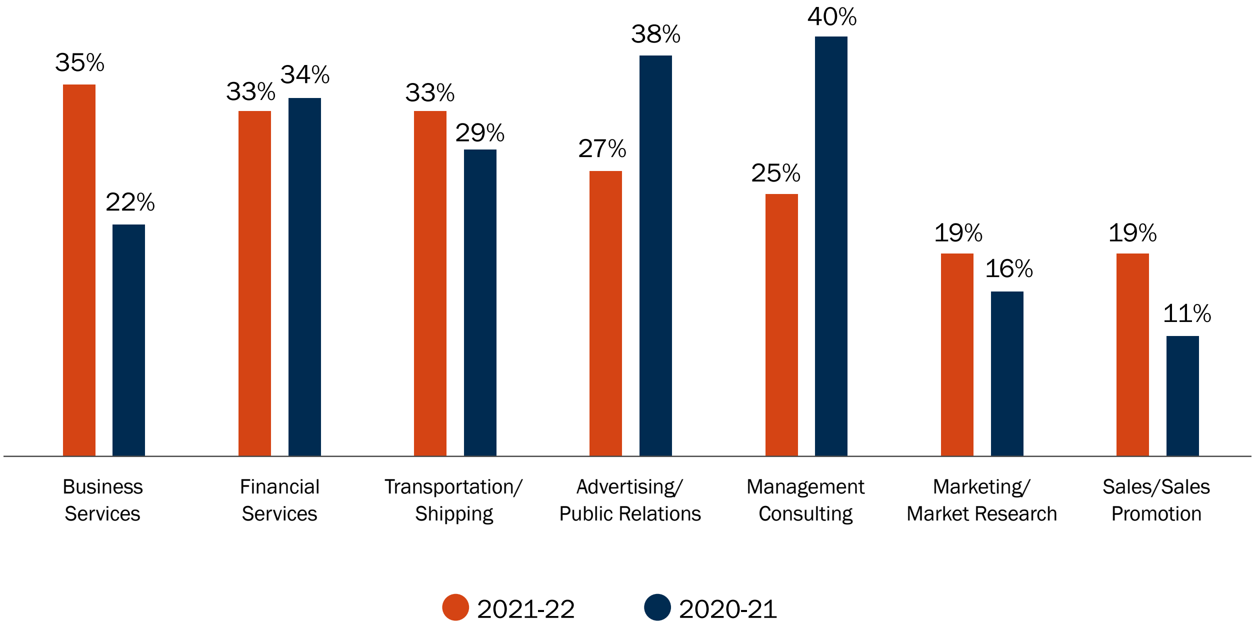
General partners of private funds have been increasingly looking to GP-led secondary transactions to provide liquidity solutions and secure pre-emptive extensions of fund terms to maximize the value of fund assets.

Against this backdrop, in departure from last year's survey, waterfall terms (35%) tops the list as the term of focus for respondents in respect of their fund investments in 2021, followed closely by management fees (33%) and subscription line and borrowing (33%). Moreover, year-over-year, we have seen sizeable decreases in the number of investors who cite partnership expenses (27%) or termination of the commitment period (25%) as the negotiating terms they have been spending the most time on. Pension fund stakeholders were more likely to report spending most of their time negotiating the termination of commitment period than their private equity counterparts (46% vs. 18% of private equity stakeholders).

Throughout the pandemic, co-investments have remained an attractive opportunity for investors to increase their private equity exposure on a reduced fee/carry basis as sponsors look to attract additional capital to access larger deals. Consistent with last year's survey, the majority (56%) of survey respondents rank co-investment rights as among the top three most important side letter terms to their organization, following closely by securing an advisory committee seat (54%). One in three (33%) respondents rank addressing various reporting requirements specific to their organization as one of their top focus areas in their side letters.

At the same time, GP-led fund restructurings—where all or part of a fund's assets are transferred to a new vehicle managed by the same GP—are among the types

Figure 16) Q: Which terms did you spend most of your time negotiating in connection with your fund investments in 2021? You can select up to three responses.



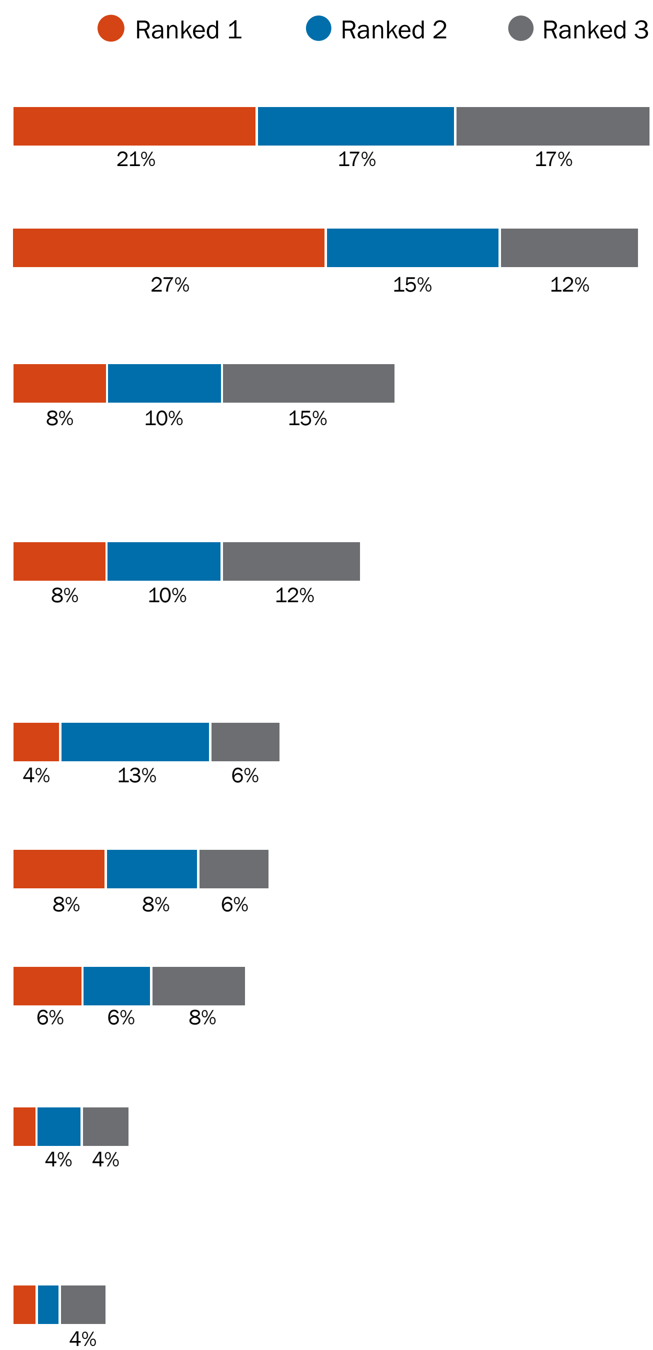
of secondary transactions gaining popularity in the market. From 43% of survey respondents who reported that their organization had considered or participated in a GP-led restructuring in 2020, to 58% of total respondents in 2021, interest GP-led restructurings has gained significant ground. Private equity stakeholders are statistically nearly five times as likely to report that their organization has considered or participated in a GP-led restructuring than their pension fund counterparts (72% vs. 15% of pension fund stakeholders).

Among those who have considered or participated in a GP-led restructuring, the vast majority rank due diligence (90%) and having an independent valuation of the underlying asset (83%) as one of the top three most effective actions that can be taken in managing the associated conflicts (as the GP is frequently on both sides of the transaction) (See Figure 18 on page 24).

Of note for dealmakers in the private equity space is a changing regulatory landscape in the United States: on February 9, the Securities and Exchange Commission which proposes new rules prohibiting through rulemaking certain sponsor activities. While some of the SEC's proposed rules are intended to protect investors, the rules represent a shift for the SEC from regulating through enforcement action to regulating through rulemaking. If adopted in their current form, it is expected that some of the newly proposed rules would shift the bargaining power to investors and would change the process of fundraising capital (read our full analysis of the SEC's proposal here).

Figure 17) Q: In connection with your fund investments in 2021, which of the following side letter terms were of the most importance to your organization? Please rank your top three.

	2021-22	2020-21
Co-investment rights	56%	63%
Advisory committee seat	54%	54%
Various reporting requirements specific to your organization	33%	47%
A most favored nations provision that was size based but where you received disclosure of non-electable side letter provisions	29%	37%
Representations and warranties with respect to the fund	23%	21%
A most favored nations provision not based upon size	21%	15%
Limitations on Borrowing Provisions	19%	27%
Notice of Litigation and/or Indemnification Claims (with regular status updates) Provisions	10%	9%
A restriction on their ability to disclose your organization's name to prospective investors	8%	7%



Data <3% not labelled

Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101)

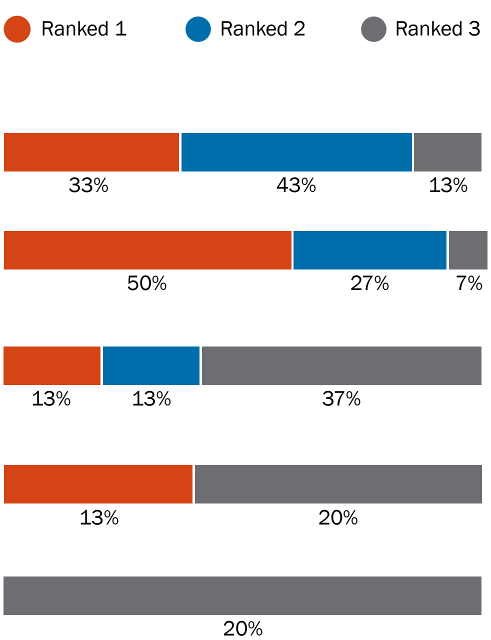
As part of the SEC's Feb. 9 proposed new rules, sponsors will also be required to obtain a fairness opinion in connection with each such GP-led transaction, which does not represent a shift in practice as most investors ask for and fund sponsors provide such fairness opinions.

Figure 18.1) Q: Has your organization considered or otherwise participated in a GP-led restructuring where an asset is spun out of one fund and put into a new fund managed by the same manager (where new money provides an exit for existing investors that choose not to roll their interests into the new fund)?

2020-21		2021-22
43%	Have considered/participated in a GP-LED restructuring	58%

Base: All Stakeholders 2021-22 (n=52); 2020-21 (n=101)

Figure 18.2) Q: Please rank the top 3 actions that you perceive to be the most effective in managing the associated conflicts.



	2021-22	2020-21
Due diligence of the underlying asset	90% ↑	72%
An independent valuation of the underlying asset	83%	88%
Adopt a leadership role on the LPAC or otherwise lobby the LPAC and other LPs to take an active role	63%	60%
Review of the underlying purchase and sale agreement	33%	47%
Sellers covering the costs associated with transfer	20%	19%

Data <3% not labelled

Base: Considered/participated in a GP-led restructuring 2021-22 (n=30); 2020-21 (n=43)

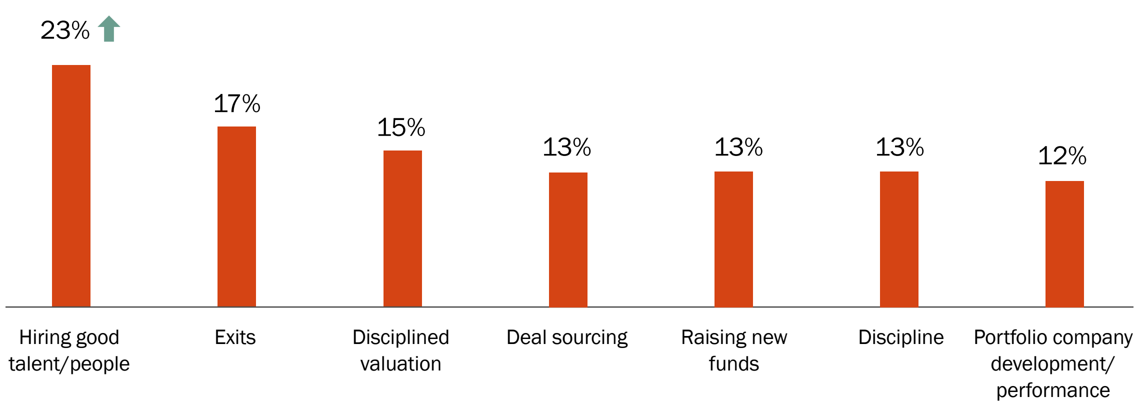
Summing It All Up

Critical success factors in 2022

When asked to describe organizational factors that are critical to their success in the coming year, the highest proportion of respondents (and statistically higher proportions relative to 2020-21) cited hiring good talent/people (23%). It is interesting to note that in Hugessen Consulting's annual Director Pulse Survey, talent management was also identified as a top priority for boards this year, against the backdrop of the abrupt change in the workforce triggered by the pandemic. With the transformation to remote working, increased deal activity, ever-increasing, record-setting levels of dry powder in private equity on the one hand, and mobility and shortages of talented labour and aggressive recruiting for talent on the other hand, organizations are prioritizing talent management as key to their growth and future success (read more [here]).

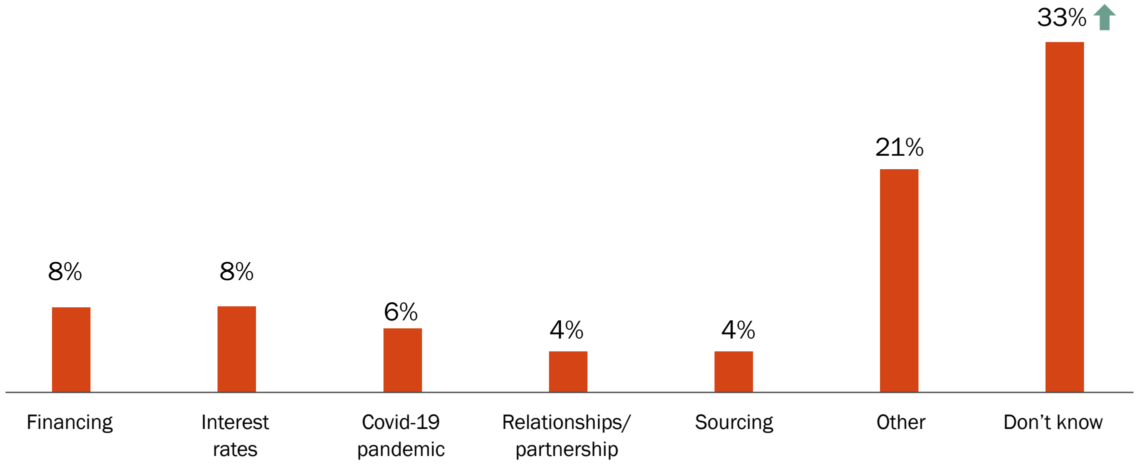
See [page 21] for respondents' candid explanations of their responses to the question in Figure 19.

Figure 19) Q: What factors will be critical to your success in 2022? Please list up to 3.



	Hiring good talent/people	Exits	Disciplined valuation	Deal sourcing	Raising new funds	Discipline	Portfolio company development/ performance
2020-21	5%	6%	5%	8%	14%	6%	9%
2019-20	12%	-	13%	21%	14%	8%	12%

Figure 19 con't) Q: What factors will be critical to your success in 2022? Please list up to 3.

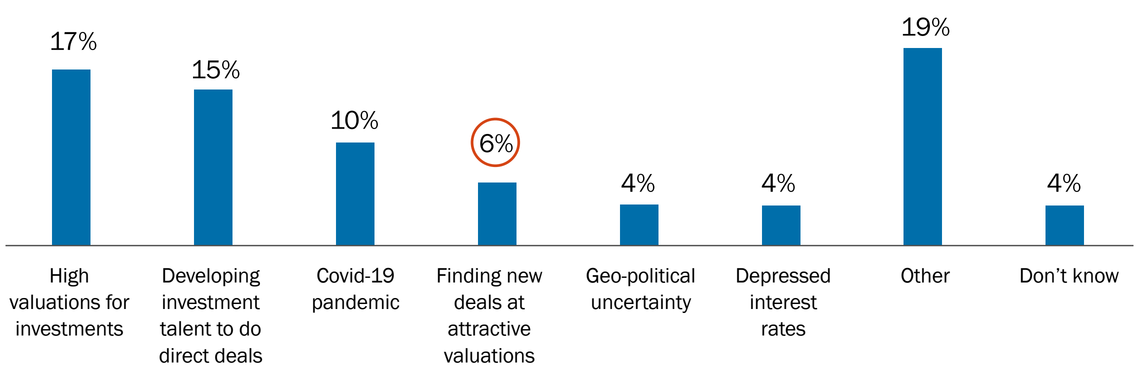


	Financing	Interest rates	Covid-19 pandemic	Relationships/ partnership	Sourcing	Other	Don't know
2020-21	-	5%	10%	5%	-	24%	10%
2019-20	-	2%	-	5%	-	24%	13%

Data <4% not labelled

Note: Only responses of 5% or more in current wave are shown
Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

Figure 20) Q: What is the biggest challenge facing you in 2022?

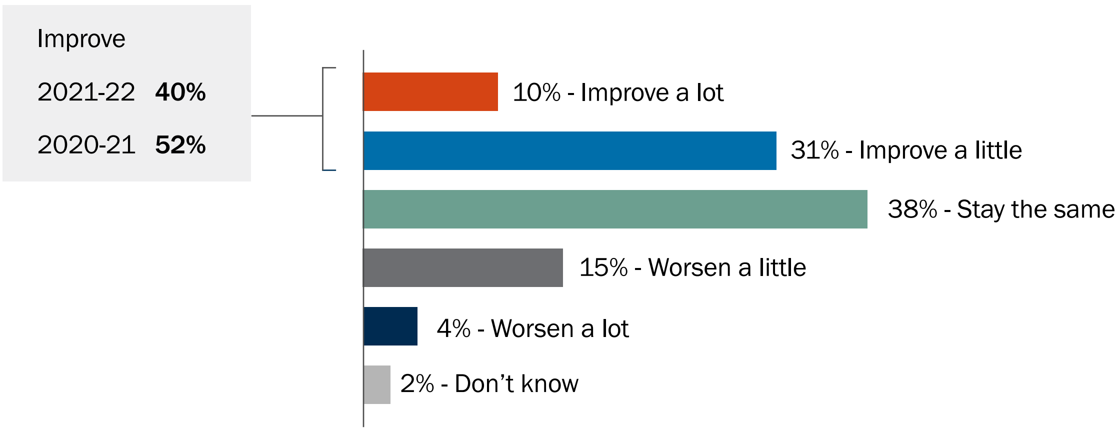


	High valuations for investments	Developing investment talent to do direct deals	Covid-19 pandemic	Finding new deals at attractive valuations	Geo-political uncertainty	Depressed interest rates	Other	Don't know
2020-21	6%	-	21%	12%	-	-	12%	8%
2019-20	8%	-	-	26%	-	-	10%	8%

Data <5% not shown

Note: Only responses of 5% or more in current wave are shown
Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101); 2019-20 (N=104)

Figure 21) Q: How do you expect the overall transaction environment in 2022 to be impacted by the COVID-19 pandemic, relative to 2021?



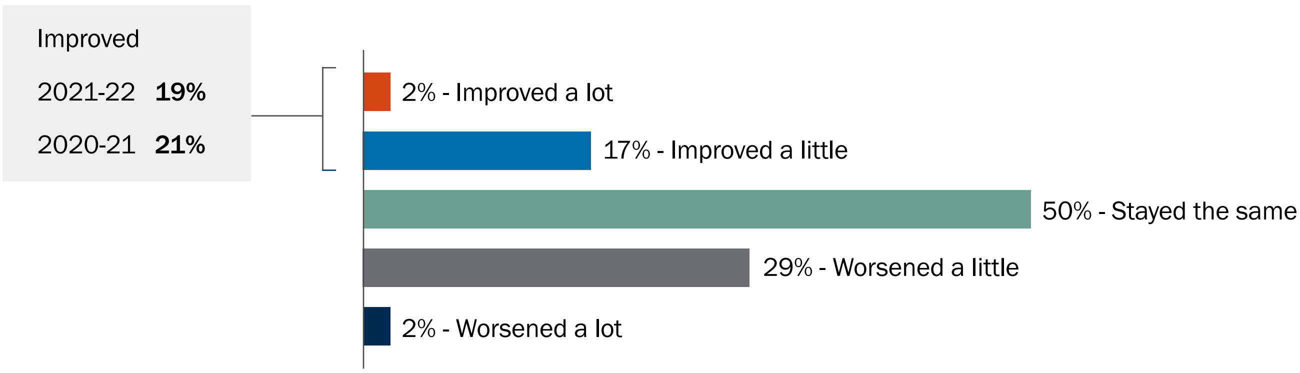
Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101)

Challenges in the year ahead

The COVID-19 pandemic, while still a challenge in 2022, has faded somewhat over the past year, displaced by high valuations for investment (17%) and developing talent to do direct deals (15%) as the two largest challenges facing stakeholders in the year ahead. While only 4% of respondents cited geopolitical uncertainty as a top challenge, that number will undoubtedly shift given the recent conflict in Ukraine (which emerged after this survey was conducted).

Meanwhile, fewer respondents (40% of survey respondents in 2021 vs. 52% in 2020) believe the transaction environment will be impacted by the pandemic in 2022. At the same time, when asked about their expectations regarding the 2021-22 vintage of portfolio investments, around four in five expect it to worsen or stay the same due to COVID-19, on par with what was observed in 2020-21.

Figure 22) Q: How has the COVID-19 pandemic shaped your expectations regarding the 2021/22 vintage of portfolio investments?



Base: All Stakeholders: 2021-22 (n=52); 2020-21 (n=101)

Conclusion

While 2022 appears poised for robust deal activity for private equity players, geo-political and economic volatility, as well as industry concerns around valuations and overcrowded markets, are being felt by the sector and beyond. Despite the potential for transaction levels to return to more normalized levels, investors' ongoing commitment to the private equity asset class will continue to bolster deal activity in 2022, and we expect to see an active deal environment on all fronts in the coming months.

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