Private Equity in the U.S. continued to benefit from strong public market valuations. Distribution activity continued its 2013 momentum, supported by M&A activity and capital markets.

- Overall, the increasing market valuations and ample liquidity have led to an increase in asset class returns. Funds of the pre-GFC buyout vintage years (2005-2007) were posting solid returns, with the median performance benchmark at or above the traditional preferred return threshold of 8%.

- Venture Capital exits, particularly in the internet and software segments, continued at a fast pace in the first quarter. However, towards the end of the quarter, concerns emerged over valuations and many IPOs were either delayed or withdrawn.
  
  - There has been an increase in M&A activity as newly public companies such as Facebook and Twitter have used their recently raised cash for acquisitions.

- Fundraising was active for all strategies in the U.S. and signs were pointing to a European fundraising recovery as well, with larger funds closing at or above target and other larger funds actively marketing.

- New investment activity remained robust and debt multiples for new buyouts increased. Buyout activity in Western Europe started improving from its near-decade lows reached in 2012.

- After showing some valuation restraint in the second half of 2013, buyout investments captured by S&P Capital IQ showed pricing approaching 9x trailing EBITDA for buyout transactions overall.
  
  - Transactions valued in excess of $500 million were priced above 9x EBITDA but pricing for smaller buyout transactions was still below 8x EBITDA.

- Emerging markets deal-making activity improved slightly during the quarter. The political and economic climate for investing in these countries has been weak for the past 12 to 18 months. However, valuations appear to be attractive, which might lead to an increase in new investments.