



**From Private
Equity to Real
Estate: Mapping the
Alternative Return
Landscape**

AUGUST 2025

EXECUTIVE SUMMARY:

This report provides an analysis of the return and risk characteristics of core alternative asset classes and evaluates short- and long-term performance across U.S. Private Equity, U.S. Venture Capital, Ex-U.S. Developed Market PE & VC, Emerging Markets PE & VC, and Real Estate. Key findings include:

- US PE long term returns (~13% over 25 years) have been good but have underperformed in the last 3 years due to rate pressures on highly leveraged participants.
- US VC remains volatile, with significant dispersion between top and bottom quartile performers, yet still offers upside potential driven by innovation in technology and healthcare.
- Real estate produces stable, income-driven performance but has recently underperformed due to rate pressure and commercial real estate disruptions from remote work shifts.

INTRODUCTION:

Alternative investments continue to be material allocations for institutional and high-net-worth investors seeking diversification and alpha. This report evaluates the return profiles of different alternative asset

classes and benchmarks their performance over various investment horizons. Alternative asset class return indices:

Benchmarks:	Q1 '24	YTD	1-YEAR	3-YEAR	5-YEAR	25-YEAR
US PE	-2.53	6.07	9.18	5.69	16.45	12.71
US VC	1.34	2.75	3.23	-5.10	15.84	12.01
EX US Developed Market PE & VC	5.19	6.68	12.53	2.65	15.31	13.62
Emerging Market PE & VC	1.86	0.65	1.61	-1.82	7.61	9.43
Real Estate	0.73	-0.11	-1.74	2.02	5.70	6.95

PERFORMANCE DRIVERS:

Analyzing the returns across asset classes highlights key investment dynamics and helps better understand sources of returns.

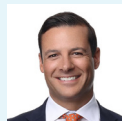
- **US Private Equity:** Displayed resilience with significant longer-term returns, notably achieving a 16.45% return over five years. However, short-term volatility was observed, with a negative quarterly return of -2.53%. The resilience of US PE is attributed to disciplined acquisition strategies and operational improvements and market liquidity/competition, which have significantly enhanced portfolio company valuations. While short-term market fluctuations negatively impacted returns in Q1-2024, historically robust exit markets and strong management teams have supported sustained long-term return growth.
- **US Venture Capital:** Experienced modest returns year-to-date (2.75%) but demonstrated high volatility, evident from its negative 3-year return (-5.10%). US VC's volatile performance highlights the inherently speculative nature of early-stage investments. Recent macroeconomic uncertainty and reduced venture funding rounds contributed to negative three-year returns (-5.10%), although innovation in technology and life sciences & health sectors continues to offer potential for upside. US VC returns demonstrate notably high dispersion, attributed to the speculative nature, sector-specific risks, and highly variable success rates among early-stage companies.
- **Ex-US Developed Markets PE & VC:** Showed strong short-term performance, achieving a 12.53% one-year return, though with moderate long-term performance. It also exhibits dispersion, reflecting regional economic variations, currency risks, and differences in local regulatory environments.



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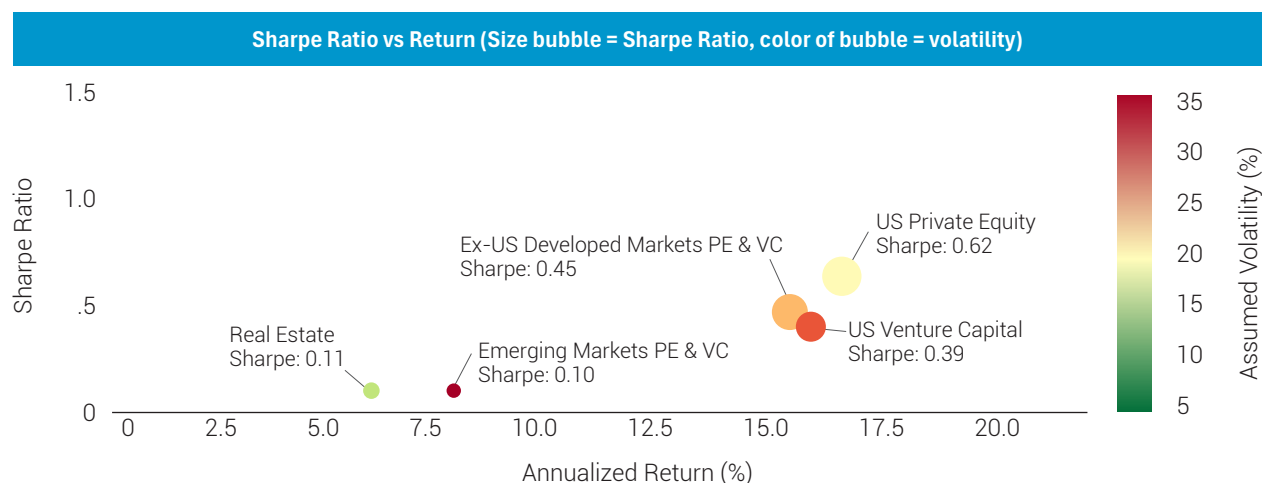
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- **Emerging Market PE & VC:** Returns have been subdued due to political instability, currency volatility, and slower-than-anticipated economic recoveries in key regions. Despite these challenges, certain sectors like consumer goods and technology remain attractive, offering selective growth opportunities. Emerging market funds have wide dispersion, influenced by heightened geopolitical and economic volatility across diverse regions.
- **Real Estate:** Provided moderate but consistent returns, albeit facing recent headwinds given remote work and interest rates pressures impacting commercial properties with negative year-to-date performance (-0.11%) and a challenging one-year return (-1.74%). Investments in residential, industrial, and logistics real estate have mitigated broader market downturns, maintaining moderate long-term return profile.

SHARPE RATIO ANALYSIS:

Using a 4.0% risk-free rate and estimated historical volatility, the Sharpe ratios for the five alternative sectors above and Omnigence partner funds Veripath and Arvore for contrast, are as follows:



CONCLUSION:

Core alternative asset classes offer diverse risk-return profiles suitable for varying investor objectives. US and Ex-US developed market PE and VC may remain attractive for long-term growth despite recent volatility.

REFERENCES & NOTES:

There is no guarantee of performance, and past or projected performance is not indicative of future results.

- Cambridge Associates Q3 2024 Benchmark Statistics. US Private Equity: 1,635 funds formed between 1986 and 2024. US Venture Capital: 2,579 funds formed between 1981 and 2024. Ex US Developed Market PR & VC: 1,142 funds between 1986 and 2024. Emerging Markets PE & VC: 799 funds formed between 1986 and 2024. Real Estate: 1,395 funds formed between 1986 and 2024. All data is a pooled horizon calculation, includes fully liquidated partnerships, net of fees, expenses, and carried interest.
- Sharpe Ratio Assumptions: Returns from Cambridge Associates Benchmark Statistics (Q3 2024) and Veripath and Arvore internal data. Risk-Free Rate: Assumed 4.0%, in line with long-term U.S. Treasury yields. Other volatilities (assumed):

Strategy	Volatility (%)	Rationale
US PE	20%	Consistent with academic research (e.g., Phalippou, Kaplan) showing 18–22% range for PE.
US VC	30%	Higher risk/return profile than US PE.
Ex-US Developed PE & VC	25%	Higher than US PE due to currency, regulatory, and macro volatility.
Emerging Markets PE & VC	35%	Reflects wide dispersion due to FX risk, governance, liquidity, and geopolitical factors.
Real Estate	15%	Based on historical volatility of core/core+ real estate in NCREIF ODCE and Cambridge Associates data.

- Sharpe Ratio Assumptions:

Strategy	Annual Return (%)	Assumed Volatility (%)	Sharpe Ratio
US Private Equity	16.5	20.0	0.62
Ex-US Developed Markets PE & VC	15.3	25.0	0.45
US Venture Capital	15.8	30.0	0.39
Real Estate	5.7	15.0	0.11
Emerging Markets PE & VC	7.6	35.0	0.10

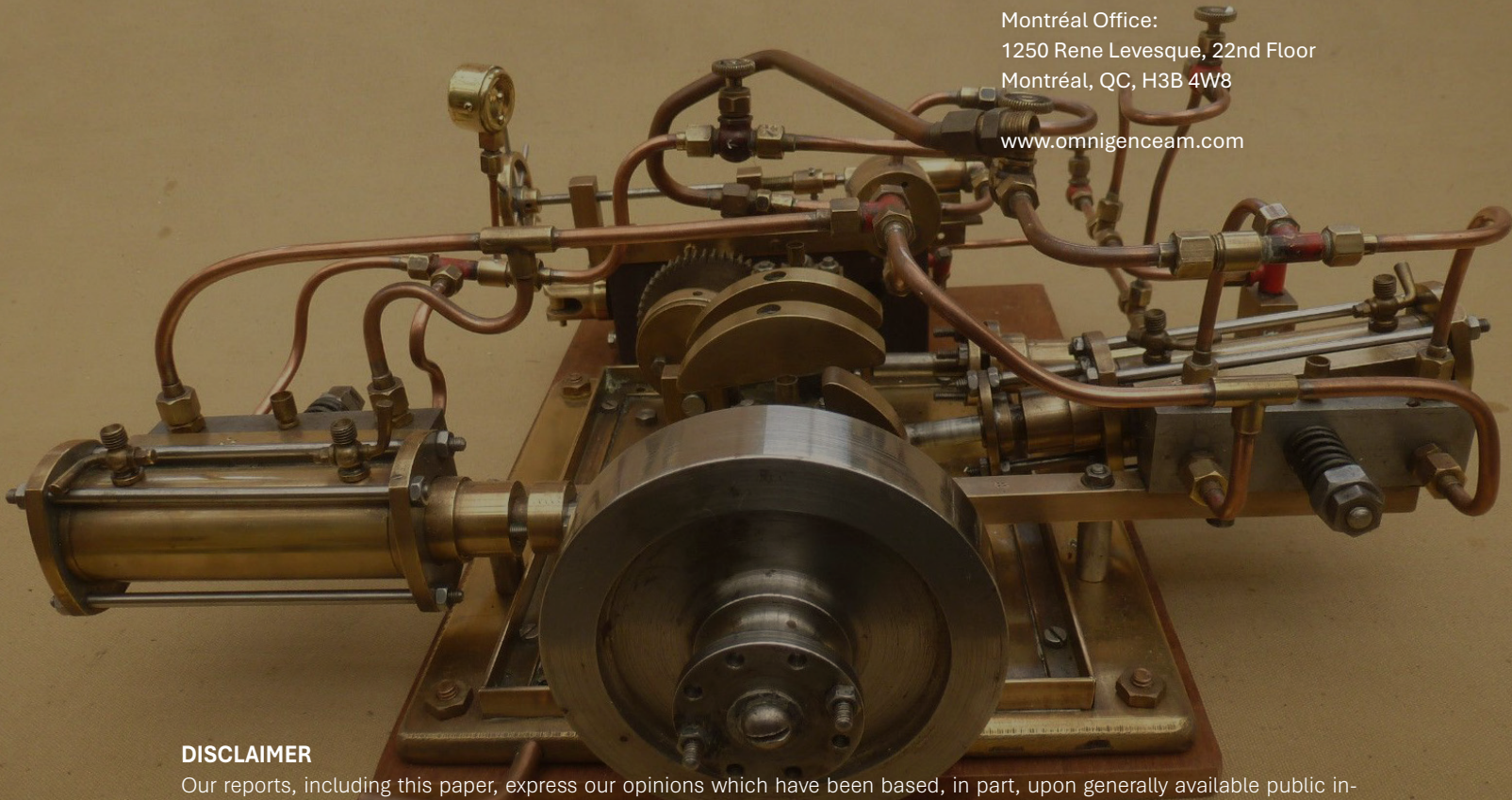


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