

The PE DPI Reality Check:
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metric that matters most

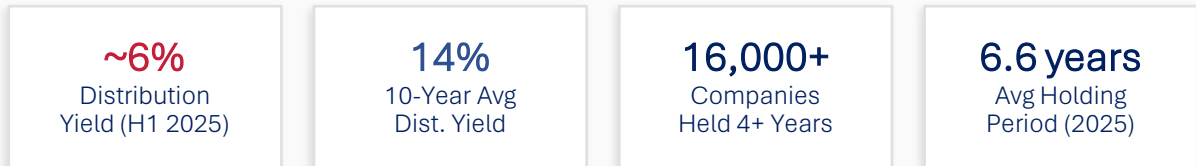
May 2026

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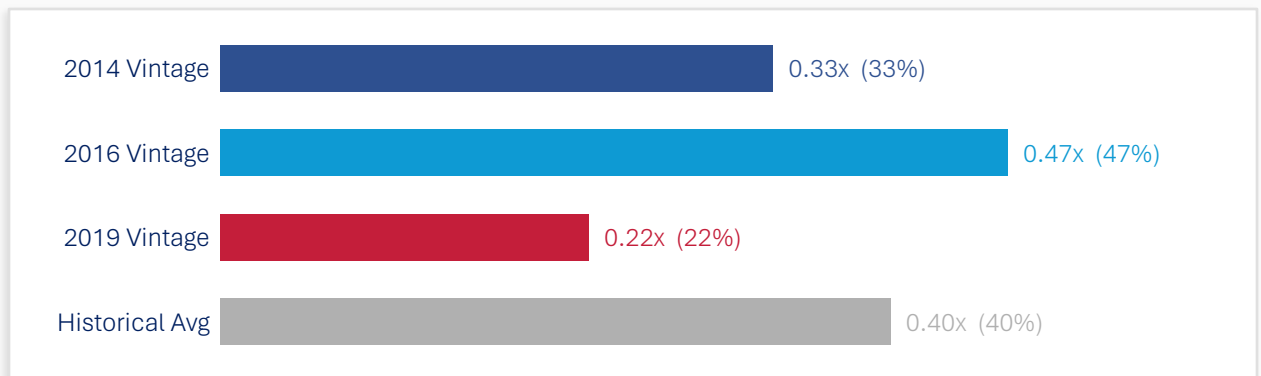
IRR and TVPI are highly dependent on embedded valuation assumptions. DPI is cash returned and ultimately is the metric that matters most.

Distributions as a percentage of NAV fell to ~6% in H1 2025, eight points below the 10-year average of 14%. Every buyout vintage from 2017-2021 has underdelivered vs. historical DPI benchmarks. LPs are starved for cash.

THE DISTRIBUTION DROUGHT IN THE TRADITIONAL PE MARKET



MEDIAN DPI BY VINTAGE - 5 YEARS POST-LAUNCH



WHY LOWER MIDDLE MARKET EXITS FASTER

- 01 Broader Buyer Universe**
LMM exits attract strategic acquirers, larger PE sponsors, and family offices - not dependent on IPO windows
- 02 Lower Entry Multiples**
Buy at 6-7x EBITDA vs. 11-12x for large-cap. Less value creation required to generate attractive returns
- 03 Operational Alpha**
Professionalization drives real EBITDA growth, not financial engineering. Genuine value creation accelerates exits
- 04 Shorter Hold Periods**
LMM median hold ~4-5 years vs. 6.6 years large-cap. Faster cash-on-cash return to LPs

\$3.6T in unrealized buyout value sits on GP books globally. 52% of portfolio companies have been held 4+ years - the highest share on record.

TVPI tells you what a fund might be worth marked to model. DPI tells you what was actually returned. In a market where distributions have dropped precipitously and hold periods are extending, LMM's faster exit cycle and high DPI is the antidote to LP liquidity drought.



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