



Intro to the Nasdaq Private Capital™ Indexes

Amitai Ilan, **Senior Analyst of Index Research & Development** at Nasdaq

Robert Jankiewicz, CFA, **Senior Director of Index Research & Development** at Nasdaq



Amitai Ilan,
Senior Analyst of
Index Research & Development
at Nasdaq



Robert Jankiewicz, CFA,
Senior Director of
Index Research & Development
at Nasdaq

Introduction

Public equity markets are generally [very liquid](#) and [transparent](#). In fact, many of the benchmarks that investors are most familiar with (such as Nasdaq-100®, S&P 500, Dow Jones, etc) track the performance of publicly traded companies. However, private capital markets, representing around [\\$20tr in assets under management](#) (compared to around \$130tr in global public equity market capitalization), have historically lacked transparent, rules-based benchmarks to evaluate private fund managers against. In today's report, we explore a new solution developed by Nasdaq® that offers investors another way to measure the performance of private capital markets.

What are private markets?

Private markets generally refer to investments made in privately owned companies (or assets such as real estate), as opposed to investments in publicly traded companies.

Public companies generally raise equity capital through an initial public offering (IPO), and once public, shares can be bought or sold throughout the day quite easily by most ordinary investors. On the other hand, private companies raise capital outside of the public markets, and as such, their shares are not widely accessible to the public.

Public markets are generally characterized as being easily accessible, highly liquid, and transparent (**Chart 1**). On the other hand, private markets have historically been less liquid and transparent, and access has been predominantly limited to institutional investors or high net worth individuals.

Chart 1: Public vs. Private Markets

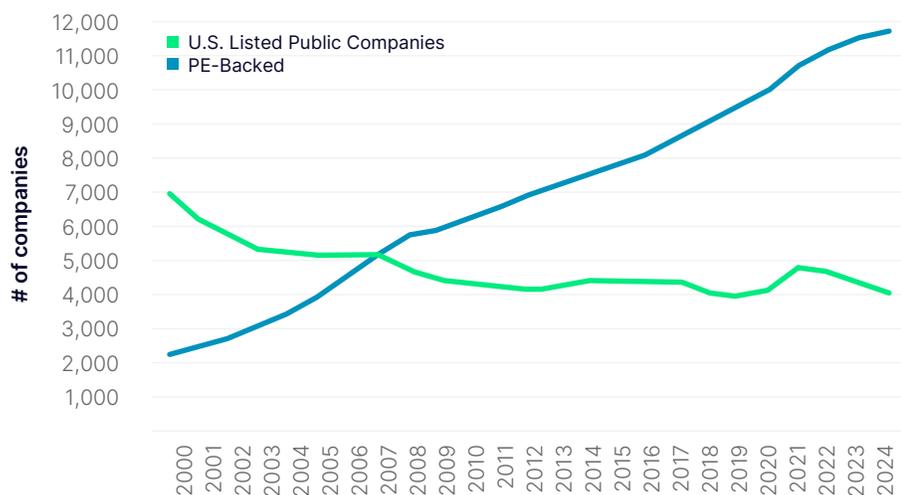
Category	Public Markets	Private Markets
 Accessibility	Open Individual securities or pooled investment funds can be purchased very easily through brokerage accounts	Limited Difficult to invest directly in a private company. Private funds generally limited to accredited investors
 Liquidity	High Public markets are generally highly liquid due to public exchanges offering opportunities to buy and sell securities throughout the day.	Low No formal exchanges or secondary markets. Limited intermittent liquidity events may be available.
 Transparency & Regulation	High Financial data publicly disclosed due to regulatory requirements (e.g. 10Ks, 10Qs)	Low Less regulatory oversight (e.g. no forced public financial disclosures)
 Investment Time Horizon	Variable Generally no pre-defined time horizon. Varies by investor depending on investor-specific goals.	Long Private funds generally have lock up periods (i.e. fund life cycles) spanning 10 to 12 years.

▲ Note: For illustrative purposes only.

Source: Nasdaq Index Research & Development

Despite the limited transparency, private markets have been growing at an accelerated pace. Some studies (such as those by [EY](#) or [Apollo](#)) suggest that private market assets under management (AUM) have grown at more than twice the rate of public market capitalization since around 2012. Additionally, the number of publicly listed companies has decreased over time, while the number of private equity, or private equity (PE)-backed companies has increased (**Chart 2**). Relatedly, the [median age](#) of a company going public in the late 90s was around 5 years old, vs. 14 years old today, reflecting the increasing capacity of private capital to sustain the growth of many companies beyond the early stage and well into maturity.

Chart 2: Public vs. PE Companies

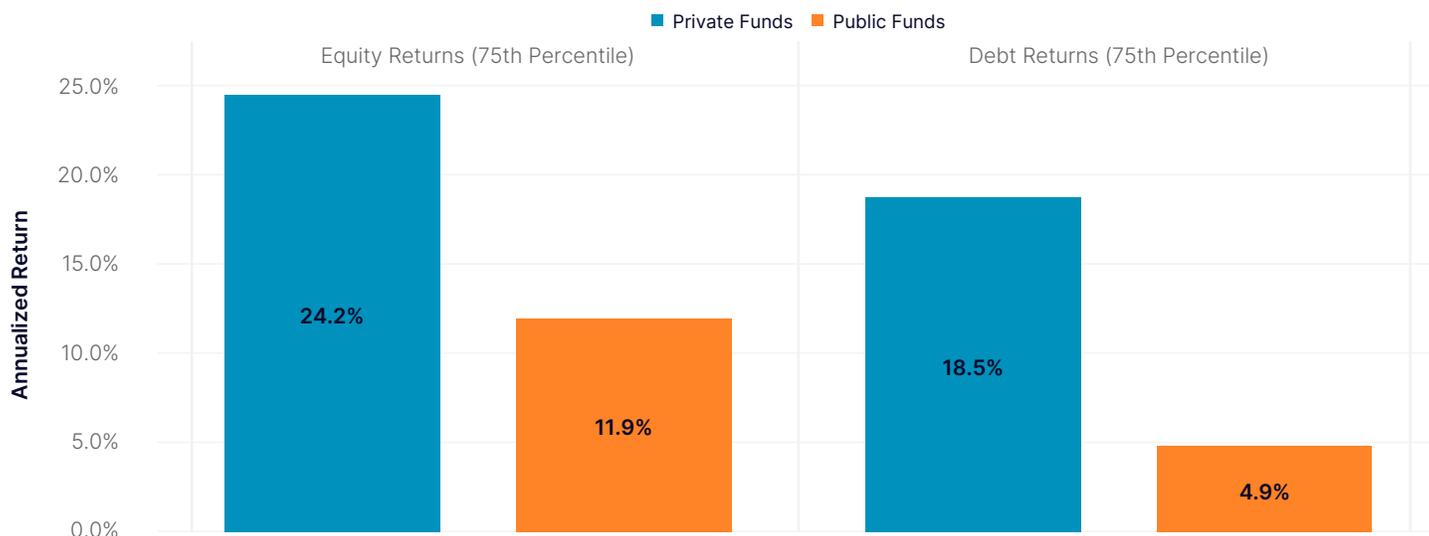


▲ Note: Some entries approximated based on multiple data sources spliced together (including Apollo, BCG, Citizens Bank, World Bank).

Source: Nasdaq Index Research & Development

Why invest in private markets? Although access is still generally limited, allocating to private markets has been associated with diversification and higher return potential, particularly among top-performing funds (**Chart 3**). For example, **Chart 3** below highlights the 75th percentile of returns for a sample of private equity and private debt funds vs. a comparable sample of public exchange traded funds (ETFs). As documented in [other studies](#), we note the dispersion of returns is greater for private funds, contributing to the strong outperformance of top-quartile private funds (**Chart 3**).

Chart 3: Top Quartile Returns: Private vs. Public Funds



▲ Note: Chart shows first quartile annualized returns over the period June 2020 - June 2025. Public equity funds include all globally listed non-leveraged equity ETFs with a five-year track record as of June 2025. Public debt funds include all globally listed CLO, High Yield Corporate, and Alternative Credit ETFs with a five-year track record as of June 2025. Private equity funds include all Private Equity funds captured by Nasdaq eVestment™ with a five-year track record as of June 2025. Private Debt Funds include all Private Debt funds captured by Nasdaq eVestment with a five-year track record as of June 2025. Private fund returns calculated using Modified Dietz formula (pg. 7).

Source: Nasdaq Index Research & Development

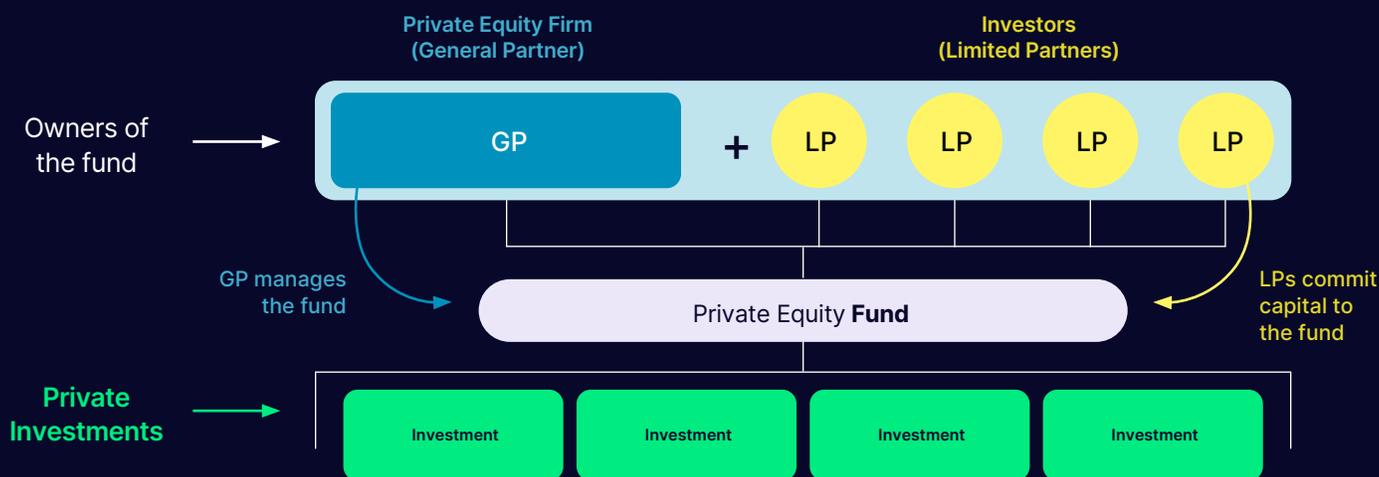
What's the structure of a private fund?

There is typically a higher barrier to invest directly in a private company. However, [certain investors](#) can invest in a private fund which offers diversified exposure to underlying private investments. In simple terms, a private fund pools assets from investors and makes investments in private companies. Private funds are [typically structured](#) as limited partnerships which include:

- **General Partner (GP):** the investment manager who controls the investments
- **Limited Partners (LP):** the investors who provide capital

LPs are typically [qualified investors](#), such as pension funds, endowments, or high-net-worth individuals. The LPs provide funding but don't have an active role in managing the portfolio. On the other hand, the general partner is responsible for managing the liabilities of its portfolio companies.

Chart 4: Structure of a Private Equity Fund

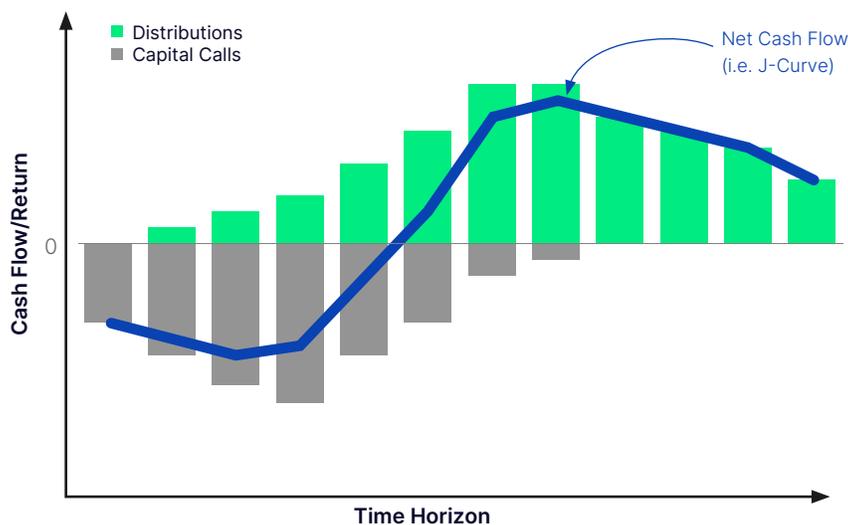


Source: Nasdaq Index Research & Development

The GP and LPs are owners of the fund, but the GP exclusively manages the fund. Capital is pooled in the fund and then used to make individual private investments (**Chart 4**).

The lifecycle of a private fund can be around [7 to 10 years](#). From a returns perspective, private equity fund performance typically follows a [“J” curve](#) pattern – returns are low in early years, but eventually turn positive later on. Investors agree to commit capital, which gets drawn down (“Capital Calls”) and invested in companies over time. As the underlying companies become more valuable over time, the fund will eventually begin recognizing profits and returning those profits to investors (“Distributions”) (**Chart 5**).

Chart 5: Example of the J-Curve

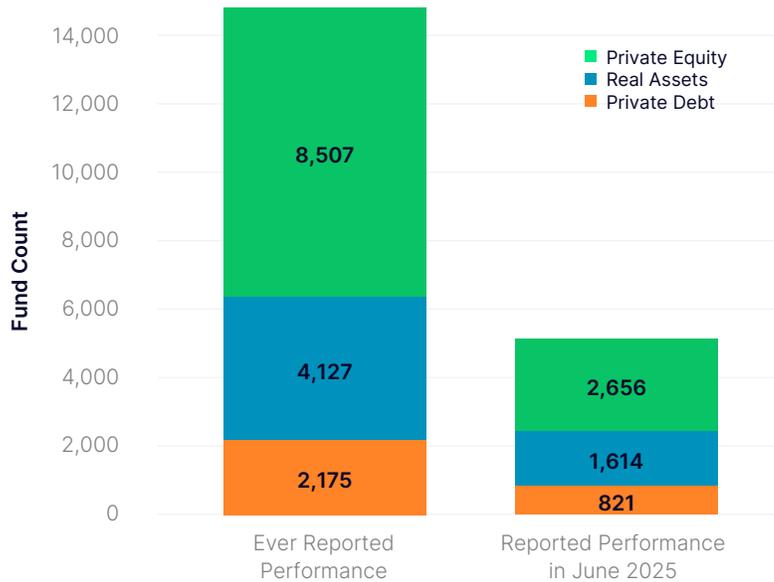


▲ Note: Chart based on hypothetical data for illustrative purposes only
Source: Nasdaq Index Research & Development

Nasdaq’s Solution: It all starts with Nasdaq eVestment™

Although there are many indexes to benchmark public equity performance, benchmarks of private market performance remain limited. Some data providers (such as [Cambridge](#), [Preqin](#), and [MSCI](#)) have managed to aggregate private markets data into benchmarks.

Chart 6: Top Quartile Returns: Private vs. Public Funds



▲ Note: Chart 6 shows number of funds in each asset class that reported performance for June 2025, and total number of funds in each asset class that have ever reported performance.

Source: Nasdaq Index Research & Development

Also note that **Chart 6** colors each bar by high-level asset class:

- **Private Equity** - most similar to the public equity market (the key difference being that companies are privately held instead of publicly traded)
- **Private Debt** – loans made to private companies
- **Private Real Assets** – investments made in tangible assets such as real estate

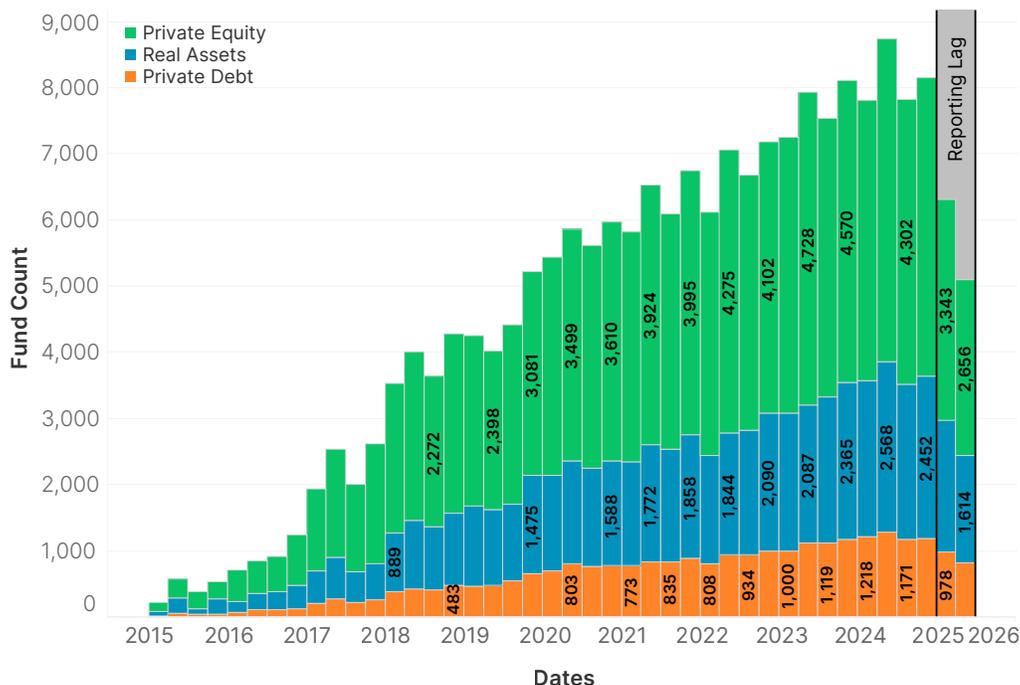
Nasdaq’s solution is built upon Nasdaq eVestment - an institutional investment data and analytics platform. One of Nasdaq eVestment’s offerings, TopQ+, includes private market fund data sourced both from publicly available channels (like consultant and investor reports) and contributions direct from general partners. Additionally, most performance data is collected directly from LP manager rosters to help ensure accuracy and reliability.

Since the inception of the Nasdaq eVestment Private Markets [dataset](#), we see that there were approximately 14,800 distinct funds that have reported performance to the Nasdaq eVestment platform. Focusing on a single point in time, as of December 2025, the distinct total number of funds that reported performance for the quarter ending June 2025 was 5,091 (**Chart 6**).

Chart 7 shows that over time, the number of funds available on the Nasdaq eVestment platform has steadily increased. In general, for any given quarter, approximately 50% of reporting funds were private equity, around 30% were classified as Real Assets, and the remaining 20% were categorized as Private Debt funds.

► Note: Chart 7 shows number of funds in each asset class as of specified date, for the period Q1 2015 to Q2 2025.

Chart 7: Fund Coverage Through Time (Broad Asset Class)



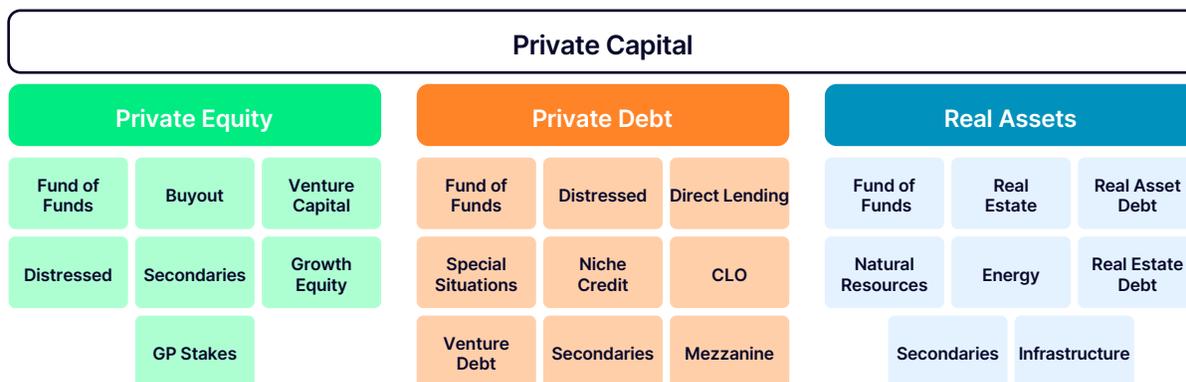
Source: Nasdaq Index Research & Development

We also note the steep drop in funds for the two most recent reporting periods. This is due to a reporting lag of fund performance. For example, GPs report performance to LPs and then the LPs disclose that performance. GPs will typically take between 45 – 90 days to evaluate and inform LPs of their quarterly performance, often outsourcing this valuation to a third party. LPs will then typically take between 1 – 2 quarters to report their performance to LP manager rosters, where Nasdaq eVestment collects the data.

How granular are the fund categories?

Within each asset class, funds can be further categorized at a more focused level. **Chart 8** highlights the potential categories of funds by asset class and sub-asset class in the Nasdaq eVestment database:

Chart 8: Private Capital Asset Classes & Sub-Asset Classes

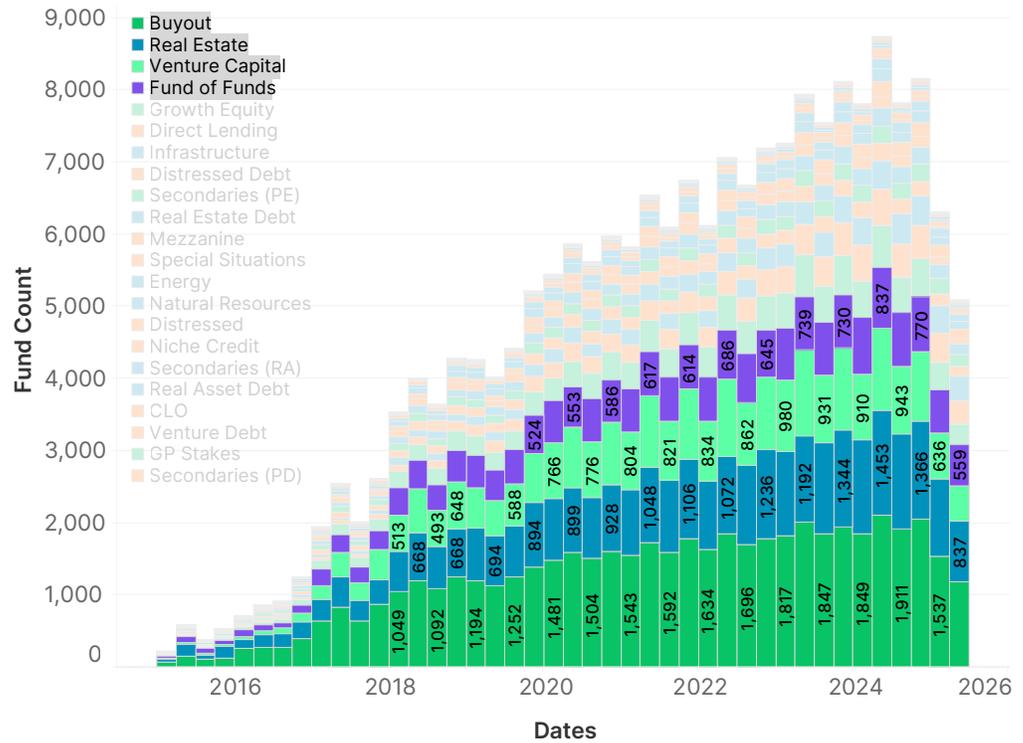


Source: Nasdaq Index Research & Development

For example, some private equity funds focus on early-stage private companies (e.g. venture), whereas others may be focused on more mature private companies (e.g. buyout). Private debt can also be broken down into more granular categories such as venture debt, mezzanine debt, or debt used for special situations.

Using the same data as **Chart 7**, we can see the sub-asset class level coverage over time (**Chart 9**). We note Buyout, Real Estate, Venture Capital, and Fund of Funds are the sub-asset classes with the most robust coverage in terms of absolute number of funds reporting performance.

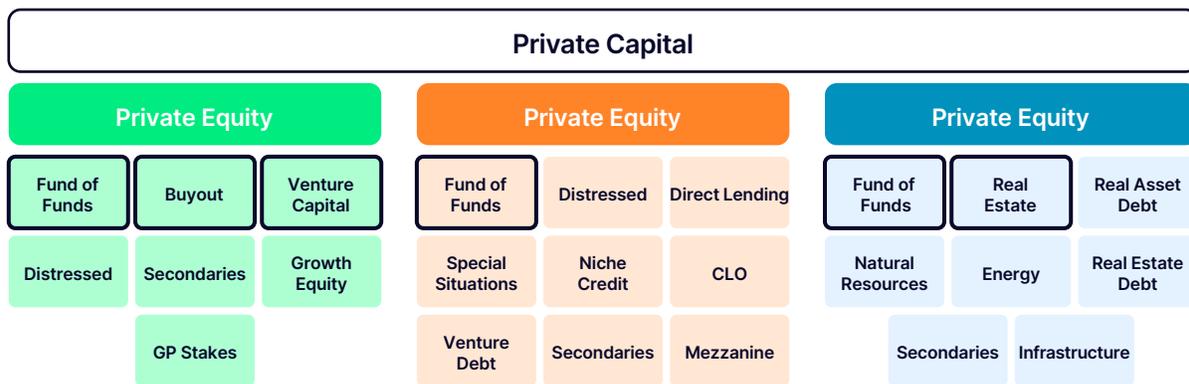
Chart 9: Fund Coverage Through Time (Broad Asset Class)



▲ Note: Chart shows number of funds in each sub-asset class as of specified date, for the period Q1 2015 to Q2 2025. Source: Nasdaq Index Research & Development

Thus, **Chart 10** below highlights the sub-asset class categories with greatest absolute coverage. These four categories (Real Estate, Buyout, Venture Capital, and Fund of Funds), along with the broader Private Capital, Private Equity, and Private Debt groupings represent the initial focus areas of the [Nasdaq Private Capital™ Indexes](#).

Chart 10: Private Capital Asset Classes & Sub-Asset Classes



Source: Nasdaq Index Research & Development

How Does the Index Work?

Any index should follow a transparent set of systematic rules. Focusing on asset and sub-asset classes where Nasdaq eVestment has historically demonstrated robust coverage (**Chart 7 & Chart 9**), the Nasdaq Private Capital™ Indexes aggregate Nasdaq eVestment private fund performance data into seven transparent benchmarks. These indexes aim to provide investors a clear way to view performance in a traditionally opaque market.

Chart 11: Private Capital Index Methodology



▲ Notes: 1) Data qualifications include availability of: Vintage Year, NAV, Total Capital Called, Total Distribution, and fund performance in March, June, September, or December. As well as, a vintage within 2-15 year prior of the calculation date, and additional data requirements deemed necessary to help ensure the accuracy of the underlying data. 2) Indexes implement a two quarter lag and two quarter restatement. See official index methodology for more details.

Source: Nasdaq Index Research & Development

Chart 11 highlights the general [methodology](#) process. The index process starts by filtering the Nasdaq eVestment data for funds that meet various data qualifications including:

- Availability of Vintage Year
- Availability of Fund Size (NAV)
- Availability of total amount of Capital Called
- Availability of total Distributions
- Availability of fund performance in March, June, September, or December
- A vintage year within 2 – 15 years prior to the Calculation date.

Once the index determines eligible holdings, the index value is based on the aggregated returns of underlying funds in the portfolio.

Calculating Returns

The Nasdaq Private Capital™ indexes are based on the performance of the underlying funds in the Nasdaq eVestment dataset. Index returns are generally calculated in two steps:

- Step 1.) Calculate constituent (i.e. fund-level) return on a quarterly basis
- Step 2.) Aggregate constituent returns into a single index return

When calculating the quarterly fund level constituent returns, the index accounts for the [impact of cash flows](#) (e.g. contributions or distributions) on fund performance (**Chart 12**). This approach is a fairer way of measuring performance than simply measuring the change in fund NAV.

Chart 12: Fund-Level Return Formula

$$\text{Quarterly Return} = \frac{\text{NAV (end)} - \text{NAV (start)} - \text{Contributions} + \text{Distributions}}{\text{NAV (start)} + 0.5(\text{Contributions} - \text{Distributions})}$$

In the example below, we illustrate how this formula works with a hypothetical fund. Let’s say that fund A reported a NAV of \$100 in Q1 and \$120 in Q2, representing a \$20, or 20%, increase in NAV. However, over this same quarter, the fund called \$10 and then distributed \$5. When taking these cash flows into account, the return is closer to 15% (Chart 13).

Chart 13: Fund-Level Return Worked Example

$$\text{Quarterly Return} = \frac{\text{NAV (end)} - \text{NAV (start)} - \text{Contributions} + \text{Distributions}}{\text{NAV (start)} + 0.5(\text{Contributions} - \text{Distributions})}$$

$$\frac{\$120 - \$100 - \$10 + \$5}{\$100 + 0.5(\$10 - \$5)} \rightarrow \frac{\$15}{\$102.50} \rightarrow 14.63\%$$

Note: For illustrative purposes only

Once we calculate fund-level returns, we aggregate these returns to create our final index level returns. Chart 14 shows an example of the underlying fund quarterly returns for the Q2 2025 reporting period. For example, we see that the median fund return was 1.41%, while the average was 1.56%. It’s worth noting that once we calculate the returns for each eligible fund, only funds with returns that fall within 2.5% - 97.5% of the distribution are included and become index constituents. This is done in an effort to exclude outliers from the final index.

Chart 14: Calculating Returns



Source: Nasdaq Index Research & Development

Similar to traditional market-cap weighted indexes, the Nasdaq Private CapitalTM Indexes assign greater weight to larger funds. In this sample, some of the relatively larger funds include Thoma Bravo’s Fund XV, Blackstone’s Fund VIII, and Apollo’s Fund IX which all reported NAVs of over \$20bn as of Q2 2025. For the final index, fund-level returns are weighted based on each fund’s NAV at the beginning of the quarter. Thus, in the example above, the quarterly return for the total index would be 2.6%.

◀ Note: Chart shows The Nasdaq Private Capital GlobalTM Index’s eligible funds quarterly returns for Q2 2025, as well as the fund sizes (NAV). Final constituents which are included in the official index are shown in grey shaded region. Data as of December 2025.

How have these indexes performed?

Using this methodology, we can backtest performance from 9/30/2015 to 6/30/2025. **Chart 15** highlights the summarized performance of the seven distinct indexes, with the gray shaded region representing the performance of the parent Nasdaq Private Capital Global™ Index ([NPCPC™](#)).

When examining the performance, we note the higher volatility within private equity (specifically venture) as well as the higher returns that can accompany it. Despite the potential for higher returns, private debt offered the best risk-adjusted returns due to its lower volatility. However, we also acknowledge the [potential caveats](#) with private market performance due to the complexities of valuing private investments.

From a timing perspective, we can see the drastic rise during the post-COVID period and the slowdown that followed in 2022 (especially within venture). The exception to this is private debt, where it was the only asset class that did not experience a drawdown during the period.

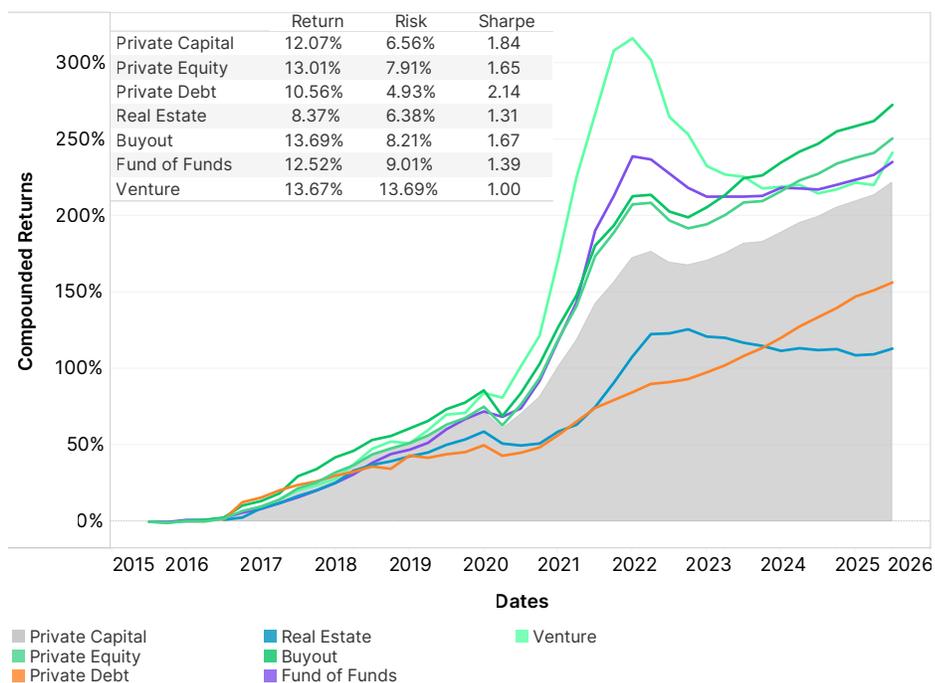
Conclusion

Overall, private capital markets have experienced accelerated growth in recent years. As both private (and public) markets evolve, investors are constantly seeking new ways to gain access to, and measure the performance of, non-traditional assets. The Nasdaq Private Capital™ Indexes represent a new solution to help investors better benchmark their private market fund performance.

For more information on the Nasdaq Private Capital™ Indexes, please see:

- [Nasdaq Private Capital Global Index \(NPCPC\)](#)
- [Family Methodology](#)
- [Building the Blueprint for Private Markets](#)

Chart 15: Historical Performance



▲ Note: Chart shows backtested indexed returns for the Nasdaq Private Capital Indexes. Data for the period 9/30/2015 - 6/30/2025. Quarterly returns annualized. Sharpe Ratio sets risk-free-rate to 0.

Source: Nasdaq Index Research & Development

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