

# AUSTRALIAN PRIVATE CAPITAL

Investing in long-term success  
September 2025



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# FOREWORD

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The Australian Investment Council is pleased to publish this report covering Australia's strengths and opportunities as a destination for private capital investors, particularly private equity and venture capital.

International capital has been a feature of Australia's investment mix for more than two centuries. As Australia's economy and population have grown, along with living standards, so too has its need for capital. While Australia's pension pool has grown into one of the world's largest over the past four decades, so too has the need for international capital. This will only continue as Australia responds to the opportunities and challenges of digitalisation, decarbonisation, demographic change and investment in onshore industrial capabilities.

As a result, Australia has a strong investment ecosystem in which diverse forms of capital can be deployed. This ecosystem includes high-quality domestic and global fund managers, well capitalised banks, an active stock exchange and the support of government programs to crowd-in investment in national priority areas.

Australia also boasts a highly capable talent pool, relatively stable political and regulatory systems, and long-term macroeconomic resilience. Australia's proximity to Asia and its extensive trade links with major markets in the region afford us opportunities that few are as well placed to realise.

With such established fundamentals, it is not surprising that Australia is the world's 14th largest economy. It is a remarkable achievement, given we rank 55th in the world by population.

What you may not know about Australia is the diversity of business mix. Business services deliver the largest share of industry output, followed by mining. Australia boasts tens of thousands of companies that would potentially be suitable for private equity investment. And our technology credentials are world class: Australia has produced 1.22 unicorns for every US\$1 billion invested and is broadly in line with Israel for the number of decacorns produced.

Ultimately investors seek returns and at the end of Q1 2025, Australian private equity and venture capital ranked above or in line with the US, developed Europe, developed Asia and China on a 10-year pooled IRR basis, delivering returns of 15 per cent.

Many global investors have recognised these strengths and opportunities and are already very active in this market. For those considering Australia, we invite you to take a closer look at what we have to offer. We think you will find diverse opportunities in a market that offers capacity, capability and certainty.

Sincerely,

**Navleen Prasad**  
**CEO, Australian Investment Council**



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# AUSTRALIA: STRONG INVESTMENT FUNDAMENTALS

Australia offers investors strong and sustained fundamentals including economic stability, a mature and robust capital market, a consistent legal and regulatory environment, a resilient banking system, and a mix of industries.

The strength of Australia's two-way trading relationships in the Asian region offers investors exposure to one of the world's fastest growing geographies.

14<sup>TH</sup>

largest economy, 12<sup>th</sup> largest by GDP per capita<sup>1</sup>



Gateway to Asia: Asian nations make up four of Australia's top five two-way trade partners<sup>6</sup>

5<sup>TH</sup>

largest pension pool<sup>2</sup>



Diverse, mature industries underpinned by services and mining

16<sup>TH</sup>

largest stock exchange by market capitalisation<sup>3</sup>



High-quality tertiary institutions – three Australian universities in the global top 25<sup>7</sup>

67K+

67,000+ private companies, providing a strong pipeline of investment opportunities<sup>4</sup>



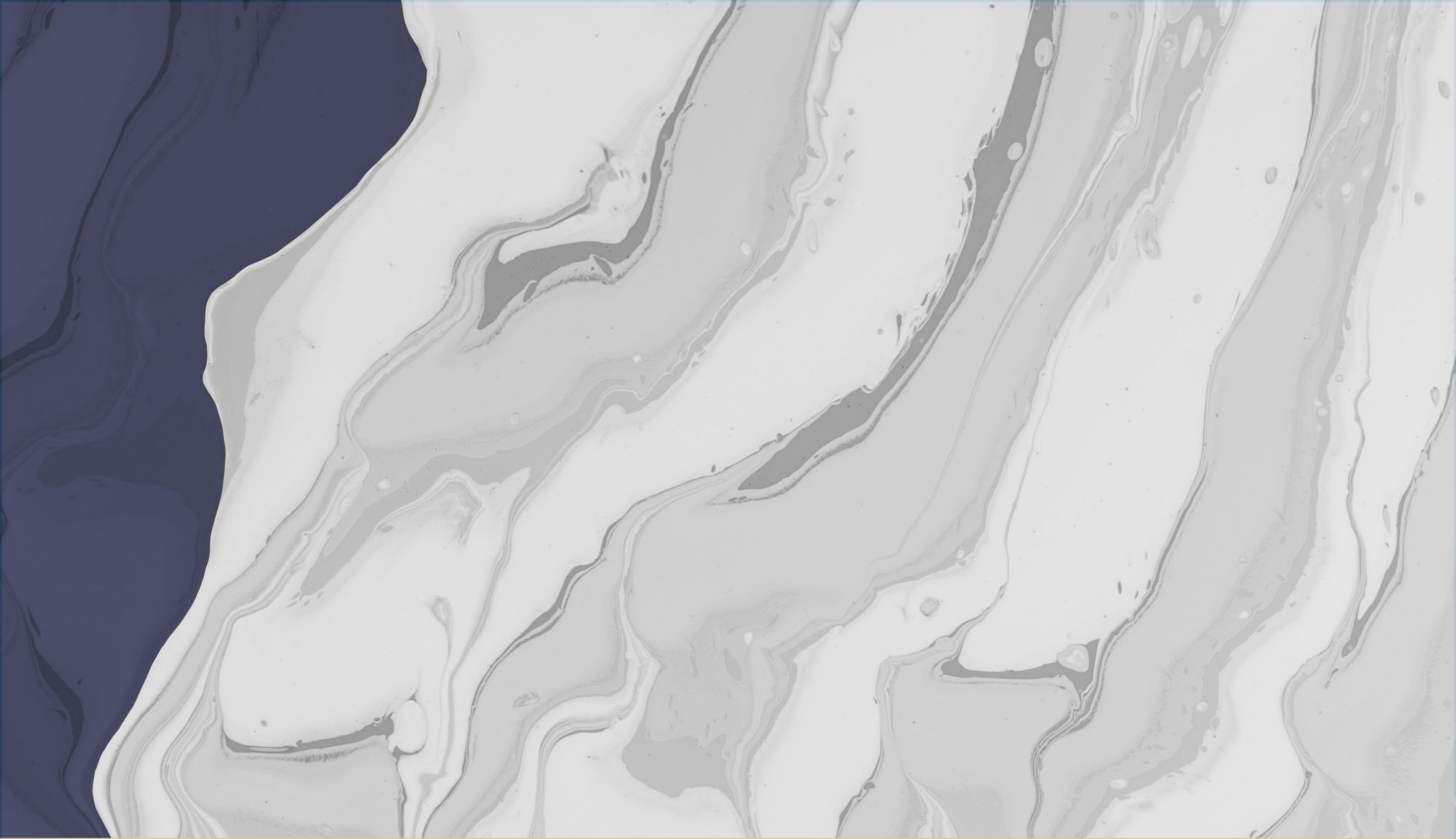
Strong private capital returns, outperforming US, developed Europe and developed Asia<sup>8</sup>

AAA

One of only nine countries to be rated 'AAA' by the three major agencies<sup>5</sup>



Stable regulatory, legal and political systems



# **STABLE AND RESILIENT ECONOMY**

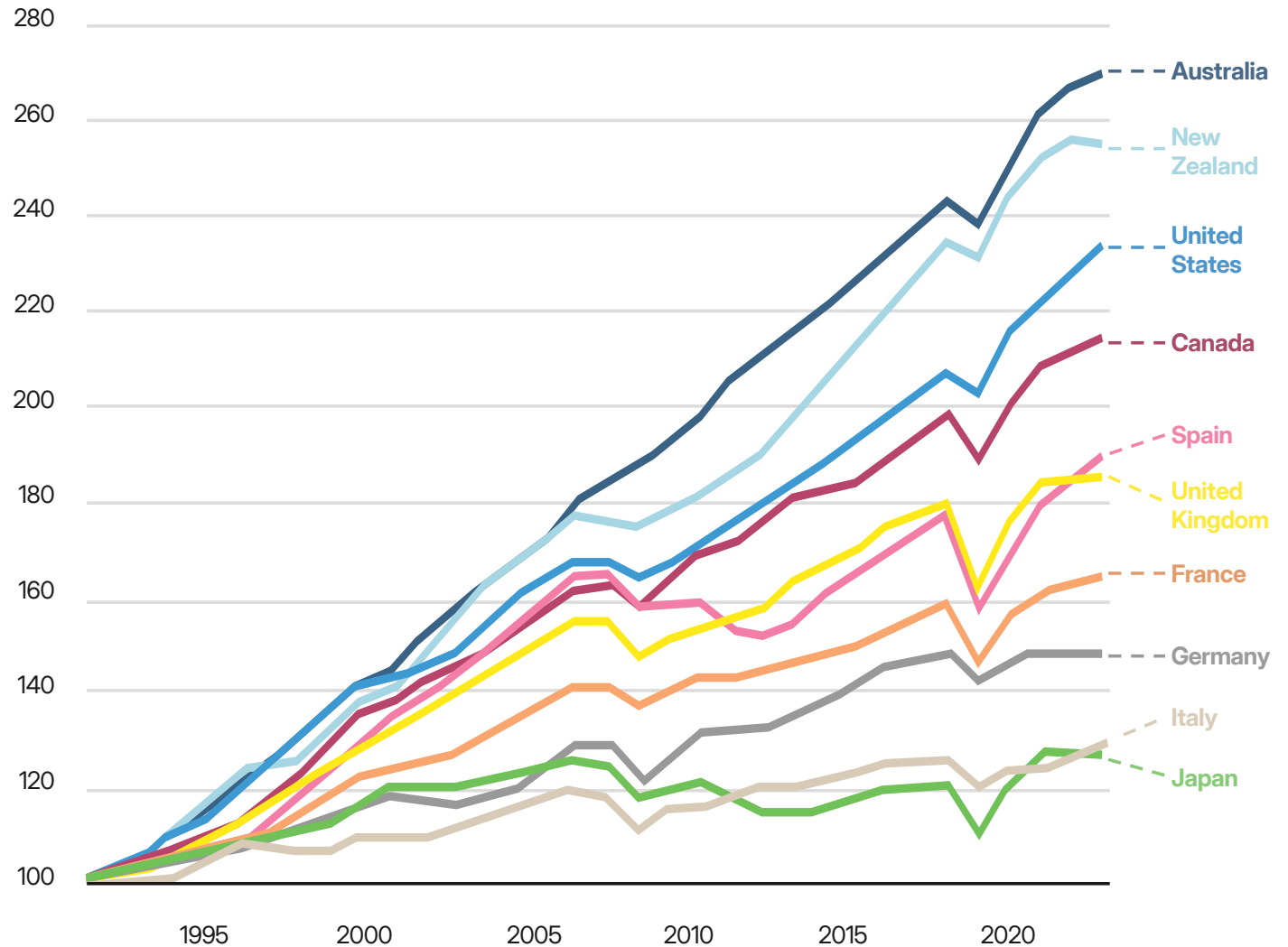
# RESILIENT ECONOMIC GROWTH OVER THE LONG-TERM

Since 1991, Australia's economy has expanded more rapidly than any other developed country, with real GDP growing to nearly 2.7 times its 1991 size<sup>9</sup>.

This sustained performance reflects Australia's economic strength, political and regulatory stability, and ability to adapt to global shocks through diversified trade relationships, flexible labour markets, and consistent investment in key industries.

### Australia's real GDP growth compared with other developed nations<sup>9</sup>

Real GDP, 1991 = 100



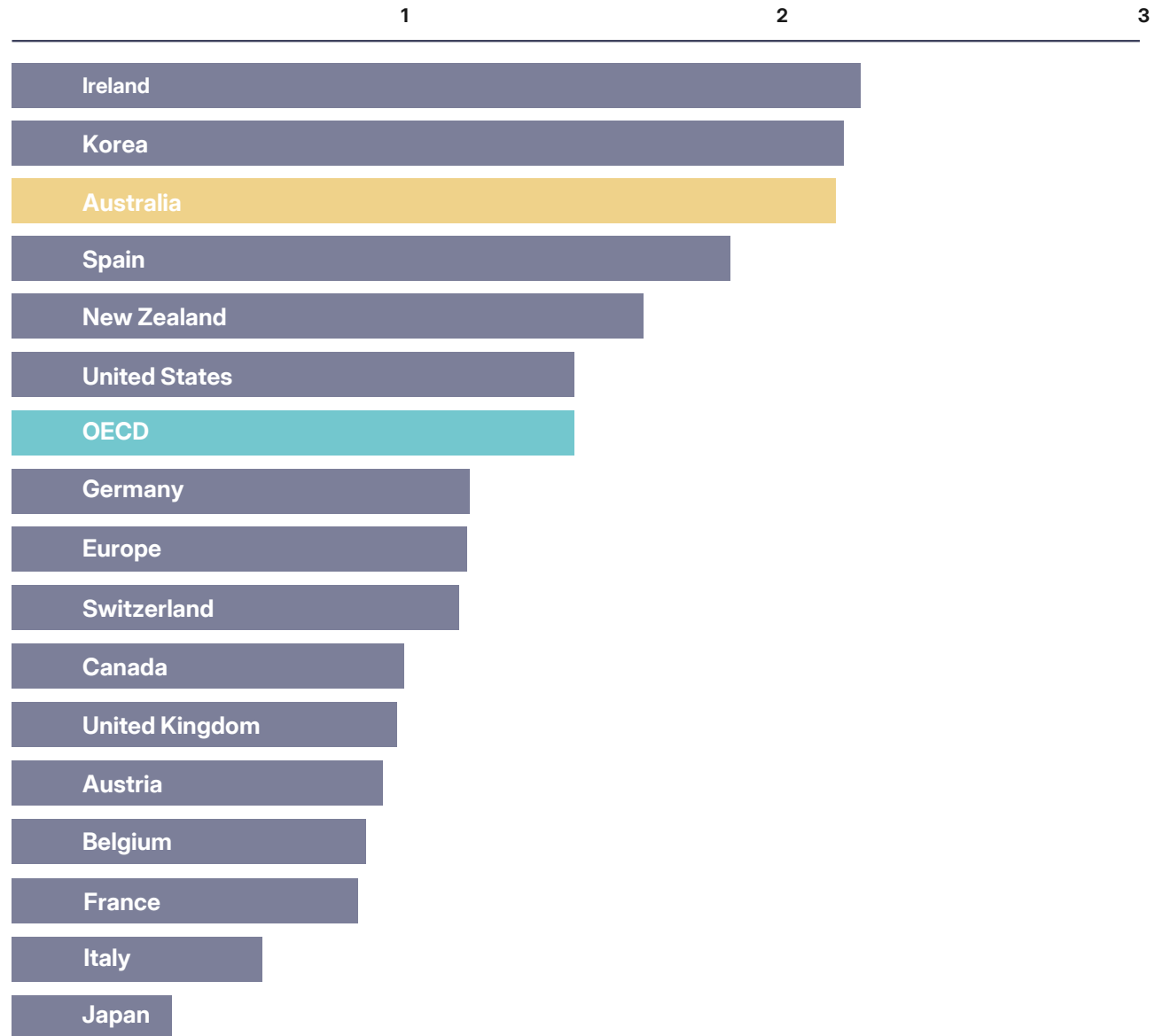
# 2026 GROWTH OUTLOOK STRONGER THAN OTHER ECONOMIES

The OECD economic growth forecast shows Australia is predicted to grow over two per cent which is more than the United States, Japan, the Euro area, and the United Kingdom. It is also more than the OECD average of 1.5 per cent.<sup>10</sup>

Real GDP growth is projected to be 1.8 per cent in 2025 and increase to 2.2 per cent in 2026.<sup>10</sup>

## Real GDP forecast<sup>10</sup>

Annual growth rate (per cent), 2026

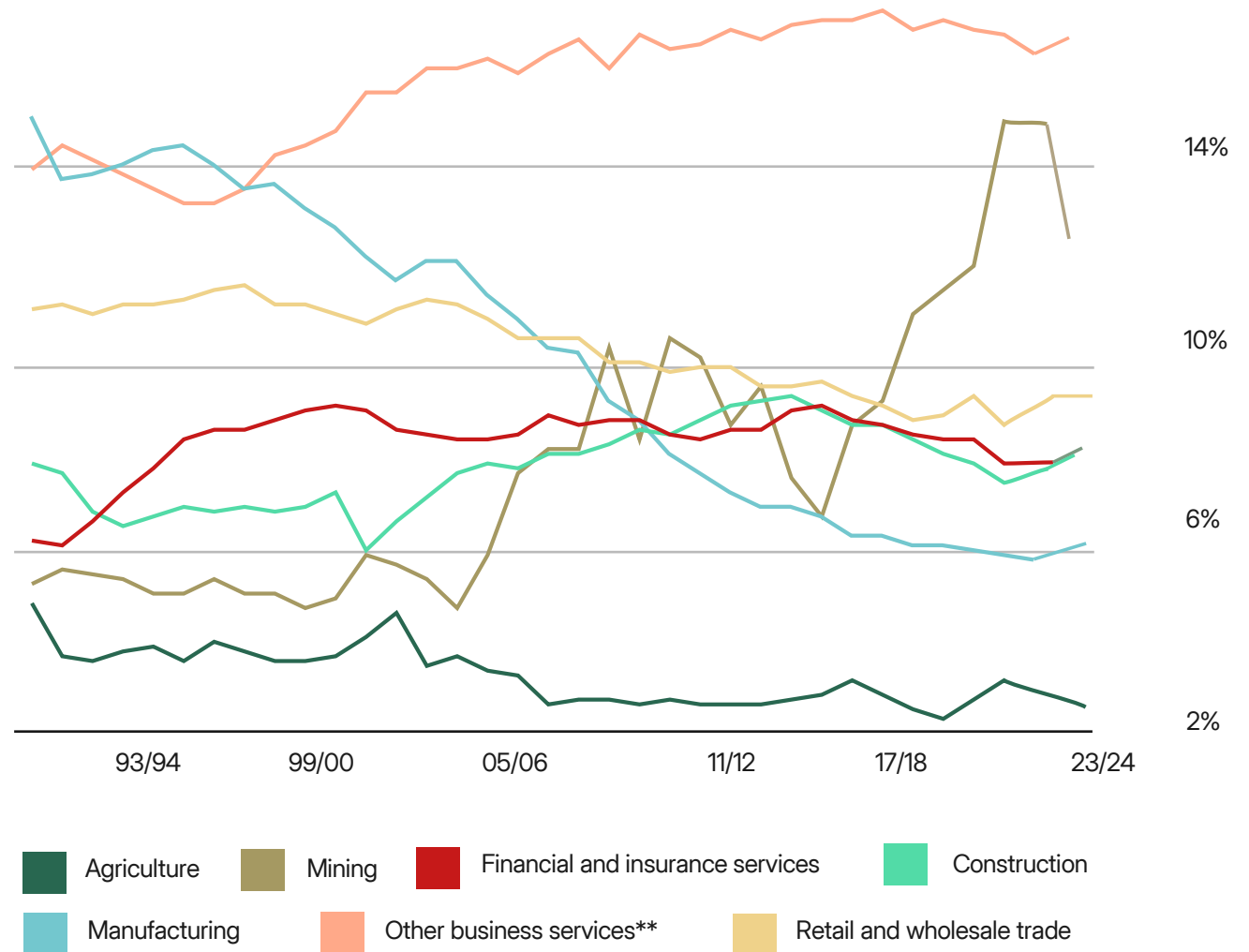


# ECONOMIC ACTIVITY UNDERPINNED BY SERVICES AND MINING

Australia has a diverse economy.

Business services has the largest share of industry output, despite Australia's reputation internationally for mining and resources. By number of businesses, construction is Australia's largest industry, followed by knowledge-based services.

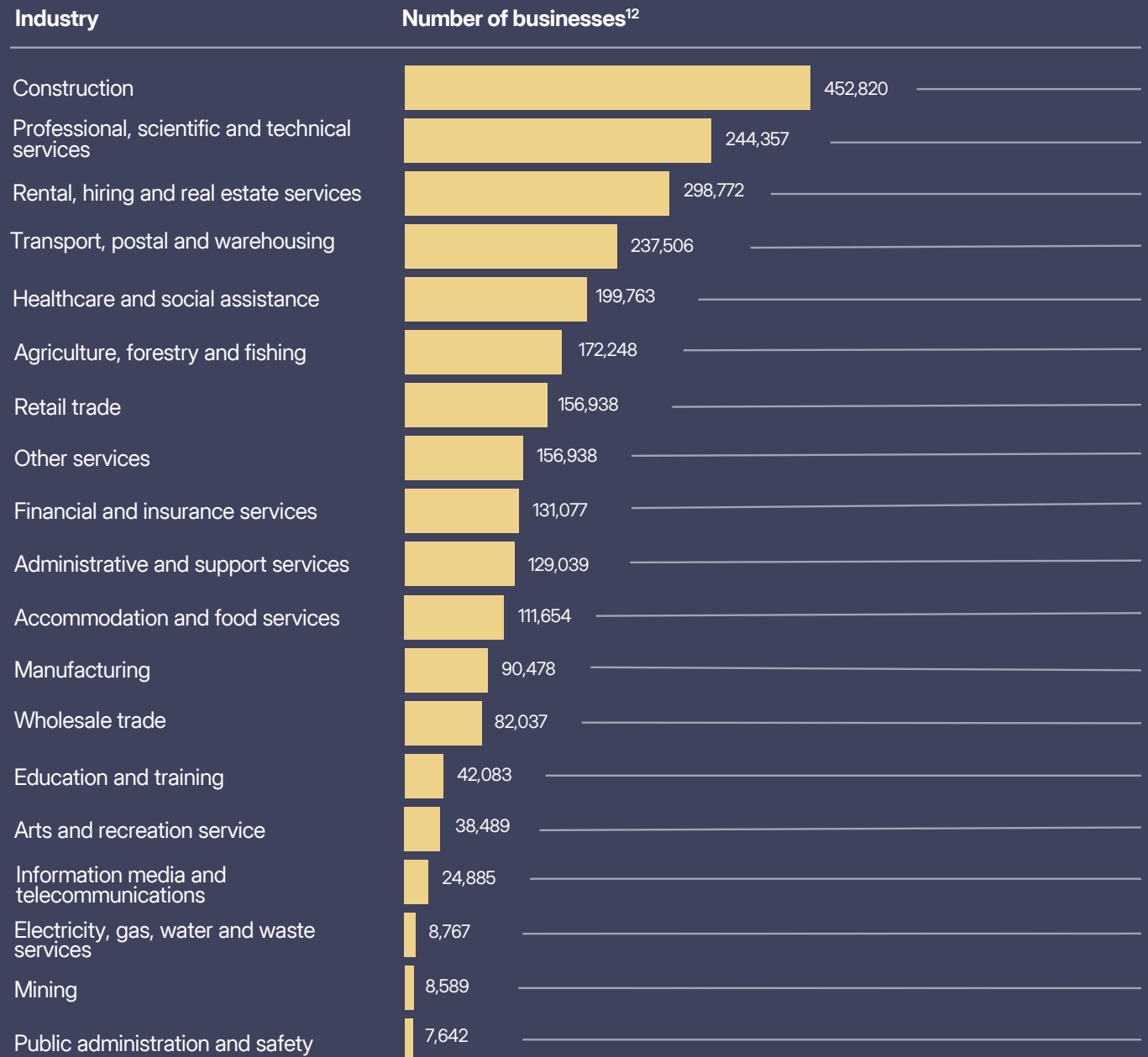
Industry share of output\*<sup>11</sup>



\*Nominal gross value added

\*\*Includes: information media and telecommunications; rental, hiring and real estate services; administrative and support services

# ECONOMIC ACTIVITY UNDERPINNED BY SERVICES AND MINING

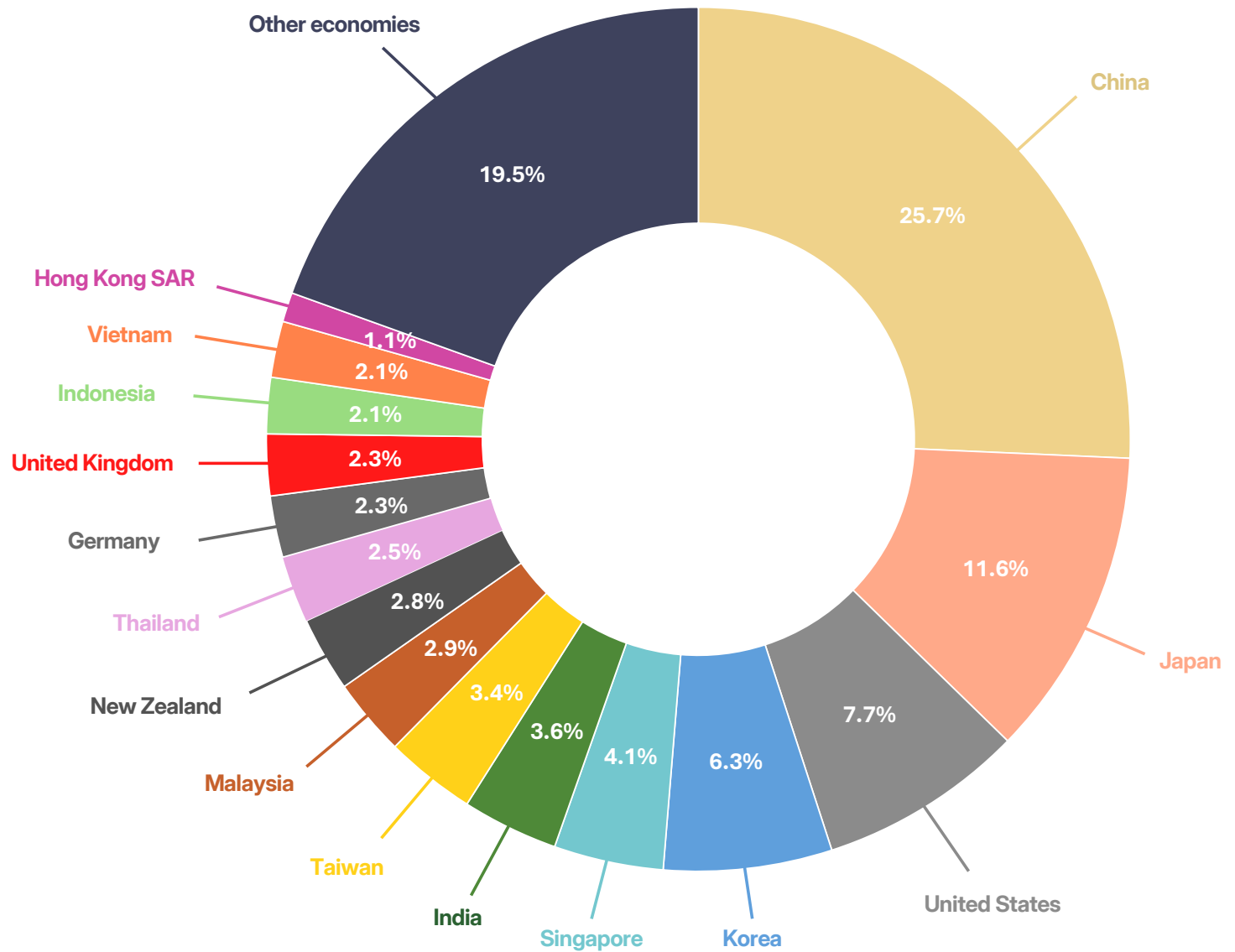


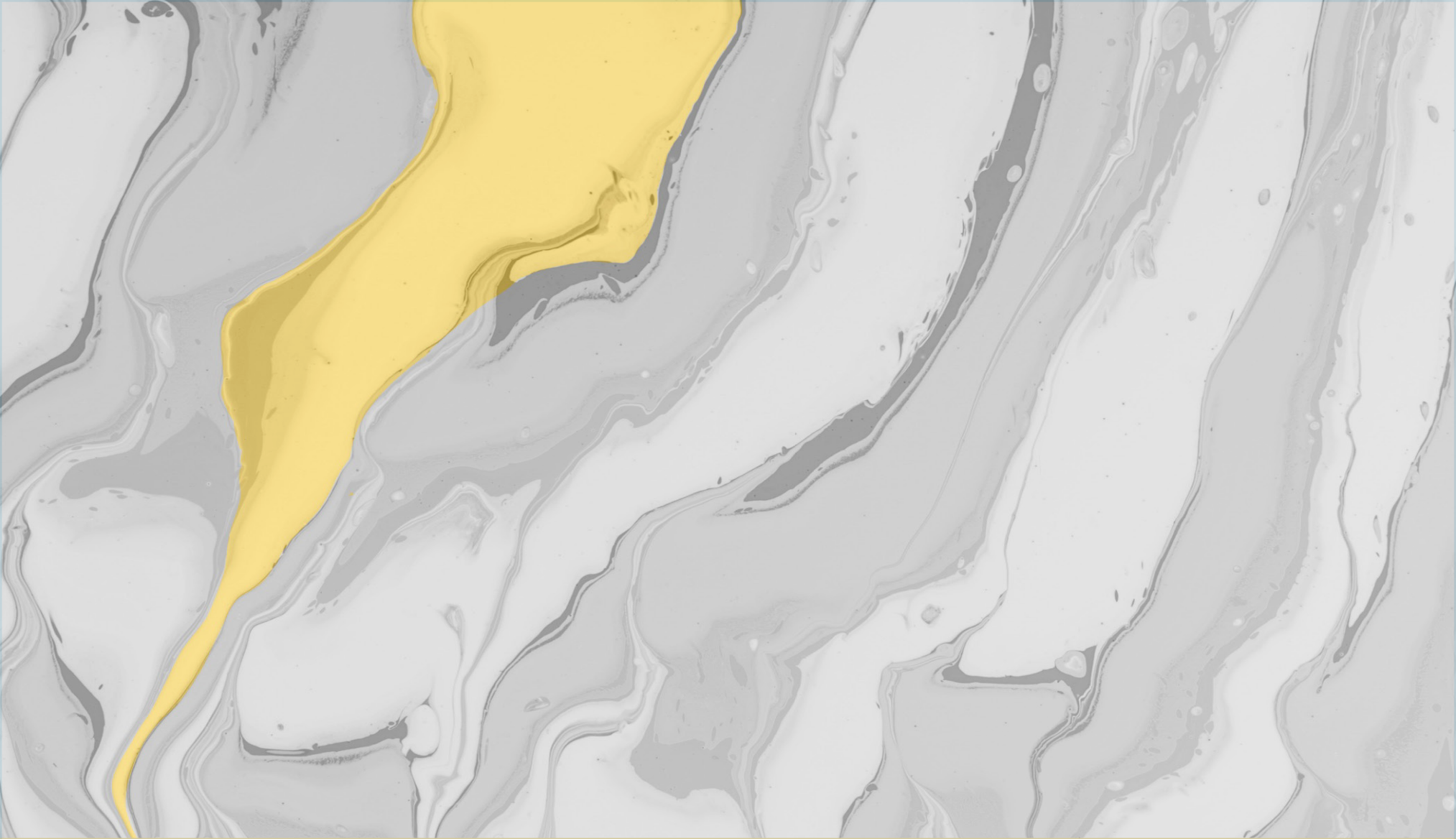
# WELL ESTABLISHED TRADE LINKS WITH ASIA

Australia is a trading nation and has been from its earliest days.

Asian markets account for 64 per cent of trade in goods and services.<sup>6</sup>

Share of goods and services trade by market<sup>6</sup>





**HIGH QUALITY TALENT POOL AND STRONG ACADEMIC INSTITUTIONS**

# A DIVERSE, MULTICULTURAL POPULATION

Working age millennials and Gen X comprise close to 42 per cent of the population.<sup>13</sup>

**23.1%**

**Millennials**  
25-39yrs

**20.9%**

**Gen Z**  
10-24yrs

**27.6m**

Estimated population (2024)<sup>13</sup>

**31.5%**

Population born outside Australia<sup>13</sup>

**18.8%**

**Gen X**  
40-54yrs

**14.9%**

**Gen Alpha**  
0-9yrs

**39.5yrs**

Average age<sup>13</sup>

**17.4%**

**Baby Boomers**  
61-79yrs

**4.6%**

**Interwar**  
75+yrs

**83.1yrs**

Average life expectancy<sup>13</sup>

**\$103K**

Average annual earnings<sup>13</sup>

# LOW UNEMPLOYMENT AND HIGH QUALITY TALENT POOLS

Australia has relatively low levels of unemployment. The talent pool is a highly educated and skilled one, with a high proportion of degree-qualified people in the workforce.

Australia's universities rank among the most competitive in the region, with four in APAC's top 10 and three in the world's top 25, according to QS World University Rankings.<sup>7</sup>

Australian unemployment rate (per cent)<sup>13</sup>



4.2%

Australia has relatively low levels of unemployment, at 4.2 per cent<sup>13</sup>

8<sup>TH</sup>

8<sup>th</sup> on the Global Talent Competitiveness Index<sup>14</sup>

56%

of 25-34 year olds have a tertiary education. Australia ranks 10th in the world, and stronger than the OECD average of 47 per cent<sup>15</sup>

9

Australia has nine universities in the world's top 100, with three in the top 25<sup>7</sup>

# LOW UNEMPLOYMENT AND HIGH QUALITY TALENT POOLS

Australia talent ranks highly among global counterparts on a number of indicators, notably mobility, skills, and global knowledge.<sup>6</sup>

	Australia	US	UK	France	Germany	Japan	Korea	Switzerland
IMD World Competitiveness Yearbook 2023 Ranking Index <sup>6</sup>								
Student mobility	2	30	8	27	20	43	40	10
Adaptive attitudes	4	2	7	43	28	22	1	16
Nobel prizes	10	1	2	4	3	5	29	6
The Global Talent Competitiveness Index 2023 Ranking Index <sup>6</sup>								
High-level skills, global knowledge	2	3	8	25	32	38	16	1
Tertiary enrolment	3	13	37	40	28	47	4	46
Scientific journal articles	4	24	15	32	25	36	22	1
University ranking	5	1	2	8	10	7	9	4
Tolerance of immigrants	6	11	24	60	34	72	66	29
Start-ups	6	na	1	28	75	101	na	31

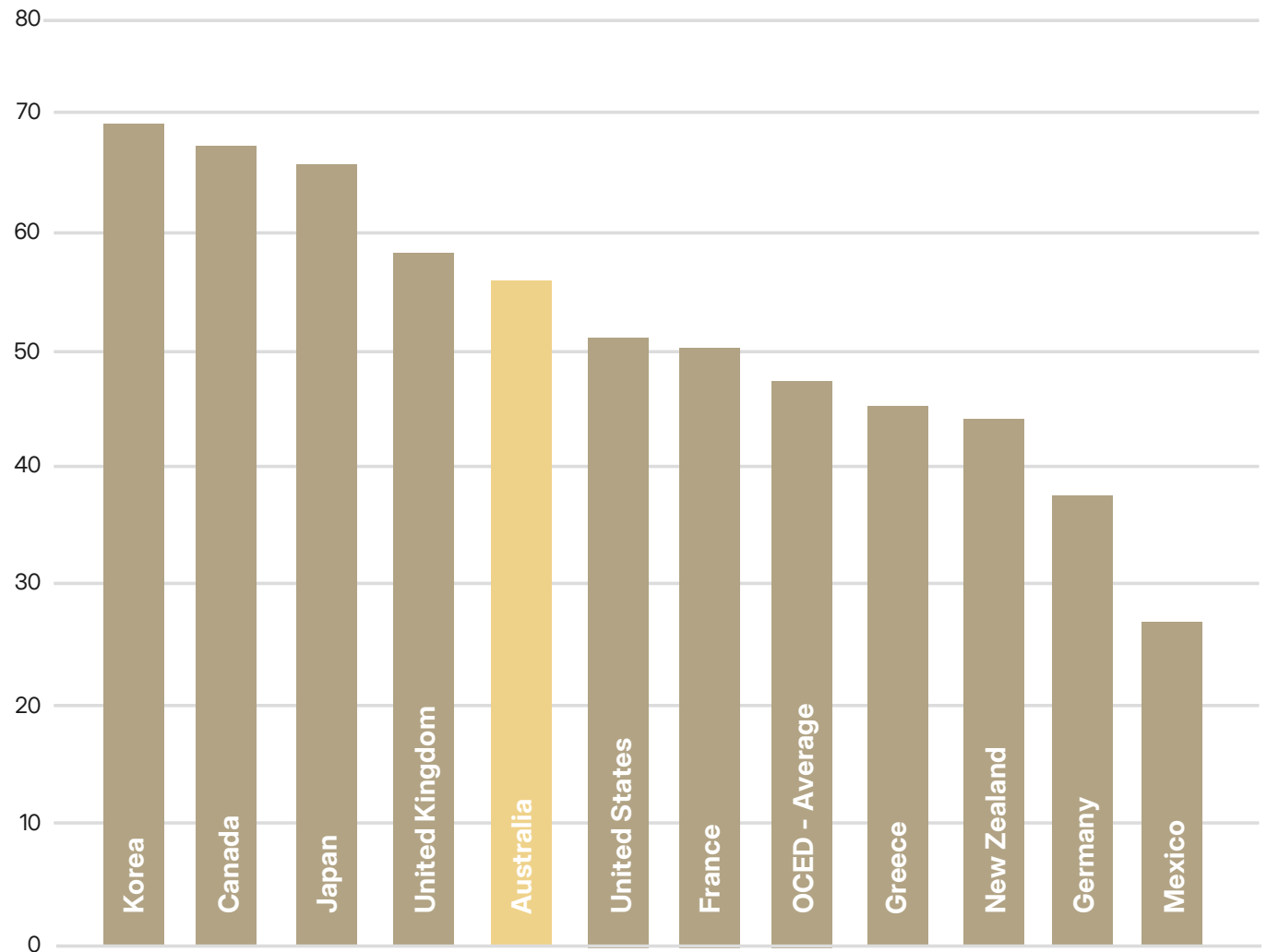
# HIGH LEVELS OF EDUCATION

Over 50 per cent of Australia's population is tertiary educated, well above the OECD average.<sup>15</sup>

In the 25 – 34 age bracket, this number is above 56 per cent.<sup>15</sup>

## Population with tertiary education<sup>15</sup>

25-34 year olds, per cent in same age group (2023)



# WORLD-CLASS TERTIARY INSTITUTIONS

Australia has four universities ranked among the world's best, according to QS World University Rankings 2026. This includes three in the top 25 and the fourth close behind at 32<sup>nd</sup>.<sup>7</sup>



THE UNIVERSITY OF  
MELBOURNE

19<sup>TH</sup>



UNSW  
SYDNEY

20<sup>TH</sup>



THE UNIVERSITY OF  
SYDNEY

25<sup>TH</sup>



Australian  
National  
University

32<sup>ND</sup>

# STRONG TECH SKILLS

Australia scores highest for skills in using, adopting and emerging technologies.<sup>6</sup>

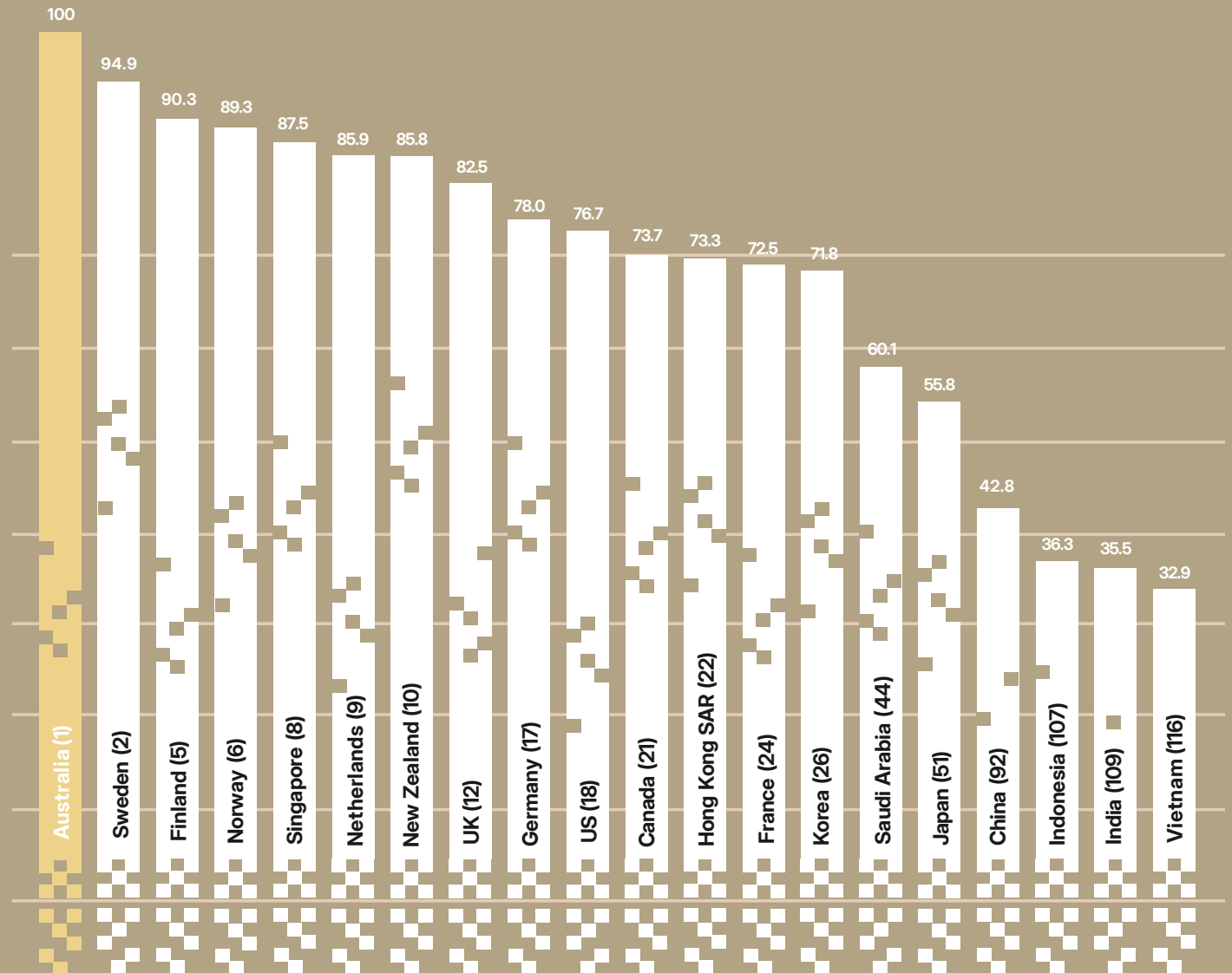
This makes the country a standout for international investors.

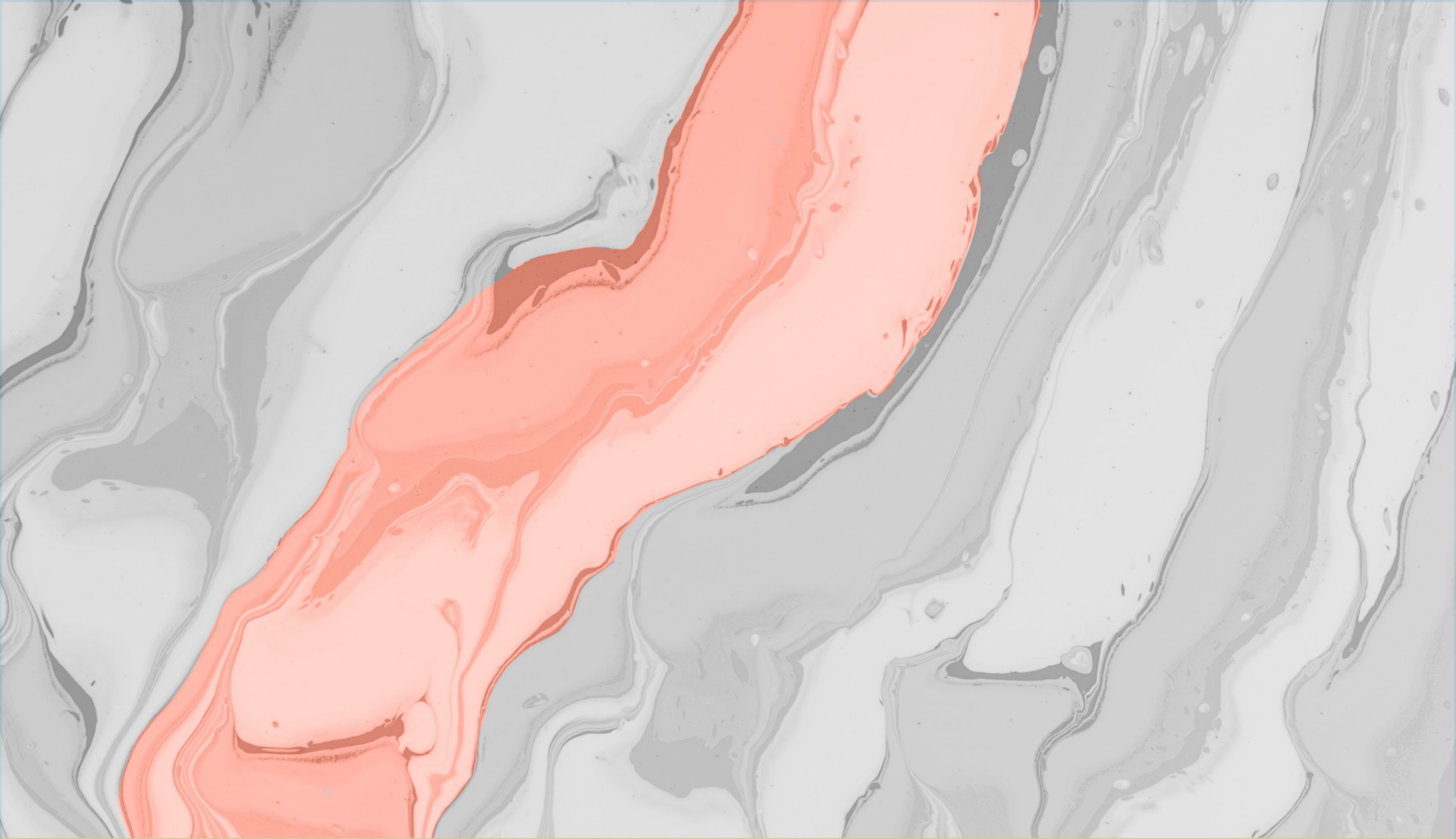
Australian inventions include the electronic pacemaker, polymer bank notes, the inflatable aircraft escape slide, the human papilloma virus vaccine, Google Maps, Wi-Fi and the cochlear implant.<sup>6</sup>

*Note: The number in brackets indicates the economy's ranking across 158 economies. 2021 is the latest year available as of April 2024.*

Skills for using, adopting and adapting frontier technologies, 2021<sup>6</sup>

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**STABLE POLITICAL AND REGULATORY SYSTEMS**

# STABLE REGULATORY ENVIRONMENT

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**Consistent processes create certainty for investors**

Australia has a stable political system with a long history of democratic governance, robust legal and financial systems, and strong economics.

=1<sup>ST</sup>

Australia has one of the most transparent and fair legal systems in the world – ranking equal first alongside a handful of peer countries <sup>6</sup>

14<sup>TH</sup>

World Bank rankings show Australia rose four places to 14th position in 2020 for ease of doing business <sup>16</sup>

10<sup>TH</sup>

Corruption is low (10th out of 180 countries, according to the 2024 Corruption Perceptions Index) <sup>17</sup>

# GOVERNMENT INVESTING ALONGSIDE PRIVATE CAPITAL

Examples of significant  
programs and incentives

## National Reconstruction Fund Corporation

### National Reconstruction Fund

- Government agency established in 2023 that will invest A\$15 billion to support domestic production. Can provide debt, equity and guarantees<sup>18</sup>
- Mandated to invest in seven priority areas: resources; transport; medical science; defence capability; renewables and low emission technologies; agriculture, forestry and fisheries; and enabling capabilities<sup>18</sup>



### Research and development tax concession

Tax incentive designed to boost competitiveness and improve productivity by:

- Encouraging industry to conduct R&D that may not otherwise have been conducted
- Improving the incentive for smaller firms to undertake R&D
- Providing business with more predictable, less complex support<sup>19</sup>



### Clean Energy Finance Corporation

- A\$32 billion funding commitment focused on investing in Australia's transition to net zero emissions by 2050<sup>20</sup>
- Collaborates with co-investors, industry and government, with a focus on positive returns
- Can accommodate: direct debt, equity, listed and unlisted funds, sustainability-themed bonds, and small-scale asset finance (through co-financiers)

# GOVERNMENT INVESTING ALONGSIDE PRIVATE CAPITAL

Examples of significant  
programs and incentives



## Australian Renewable Energy Agency

- Government agency that has invested A\$2.25 billion since 2012 in support of commercialisation of net zero technologies<sup>21</sup>
- To date, has invested in bioenergy, geothermal, grid integration, hybrids, ocean, solar and storage<sup>21</sup>



## Medical Research Future Fund

- A\$24 billion long-term investment commitment focused on health and medical research<sup>22</sup>
- Funds are managed by the Future Fund, Australia's sovereign wealth fund
- Funding is provided by way of grants for research aligned to articulated priorities

## SUPPORTIVE INVESTMENT VEHICLES

To encourage investment in start-up and growth businesses, the **Early-Stage Venture Capital Limited Partnership** (ESVCLP) and **Venture Capital Limited Partnership** (VCLP) provide tax incentives.

The Partnership arrangements connect investors with specific kinds of early-stage Australian businesses.

Tax incentives include:

- Flow-through tax treatment
- Exemption for foreign limited partners from income tax on capital and revenue profits from the disposal of eligible investments (and, for ESVCLPs, for any other income from these investments)
- Fund managers' carried interest is taxed as capital rather than income.



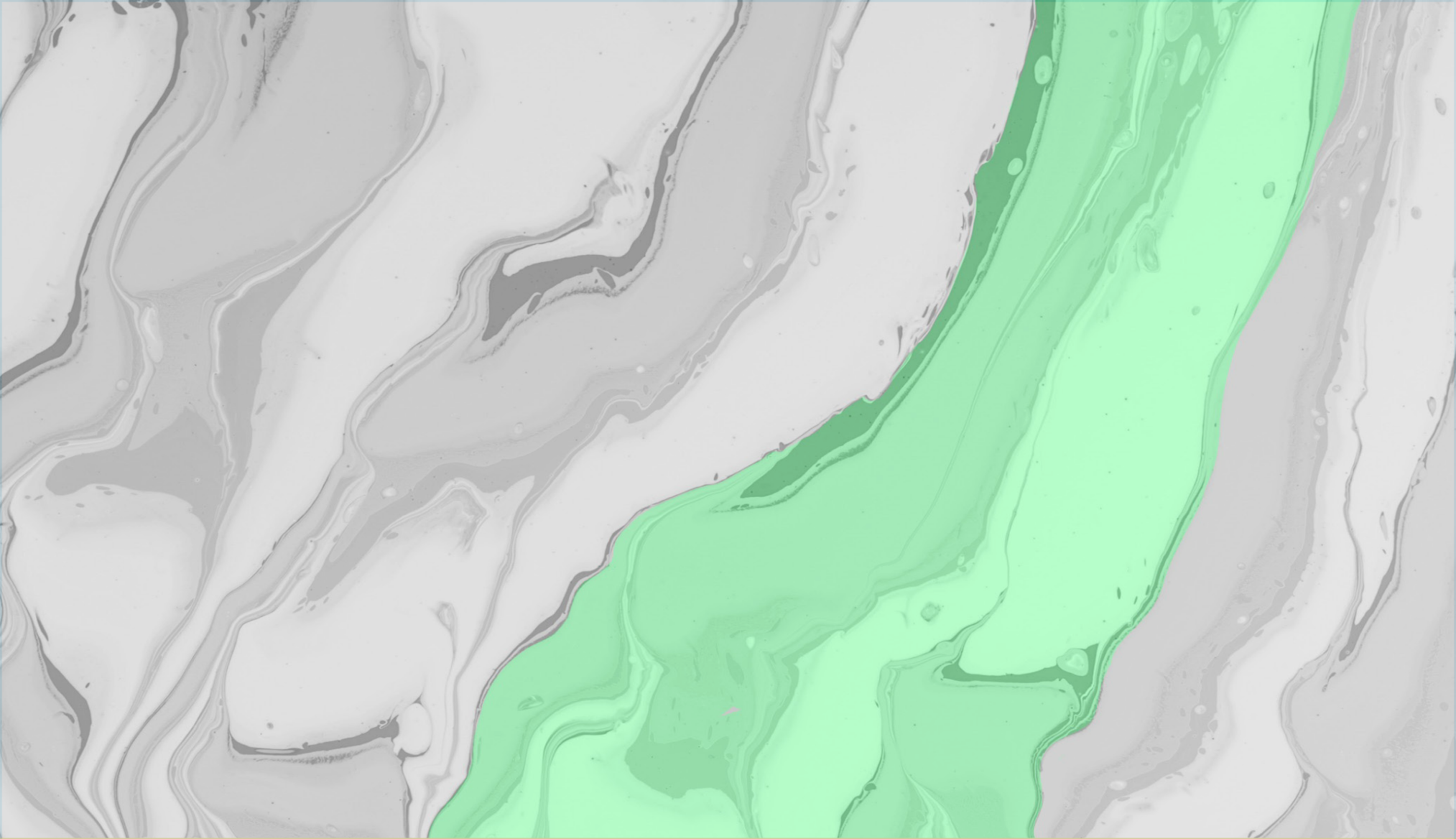
**\$30.2b**

**Committed capital  
already invested** <sup>18</sup>



**2,636**

**Businesses  
supported** <sup>18</sup>



**MATURE AND SOPHISTICATED CAPITAL MARKET**

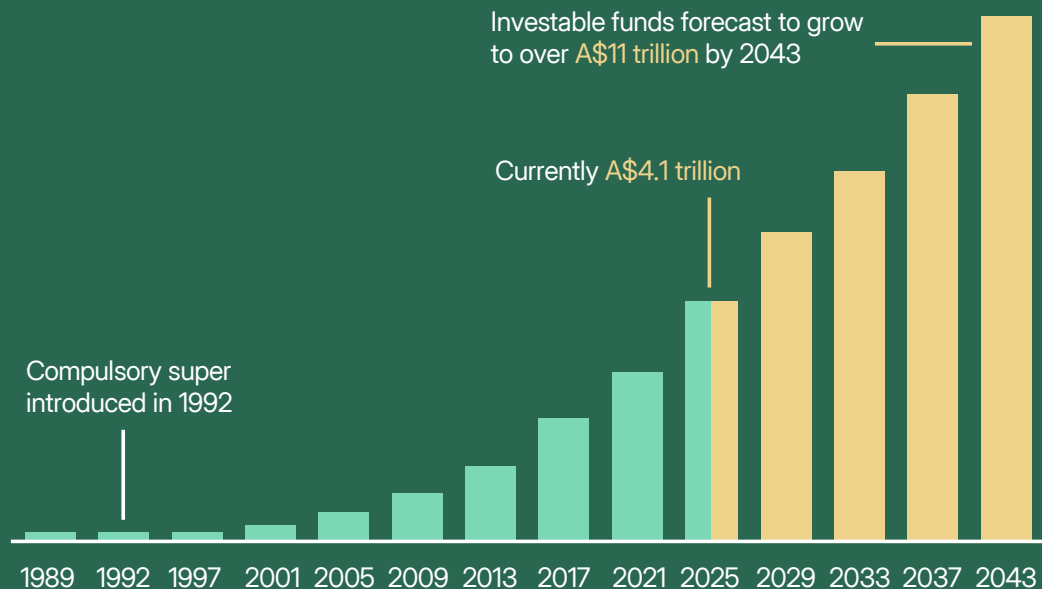
# SIGNIFICANT SUPERANNUATION POOL

Australia has one of the world's highest levels of superannuation coverage of its population.<sup>23</sup>

Nearly 80 per cent of the population is covered by superannuation.<sup>23</sup>

The pooled value of superannuation funds under management has increased to \$4.1 trillion<sup>24</sup>, 1.5 times Australia's GDP.

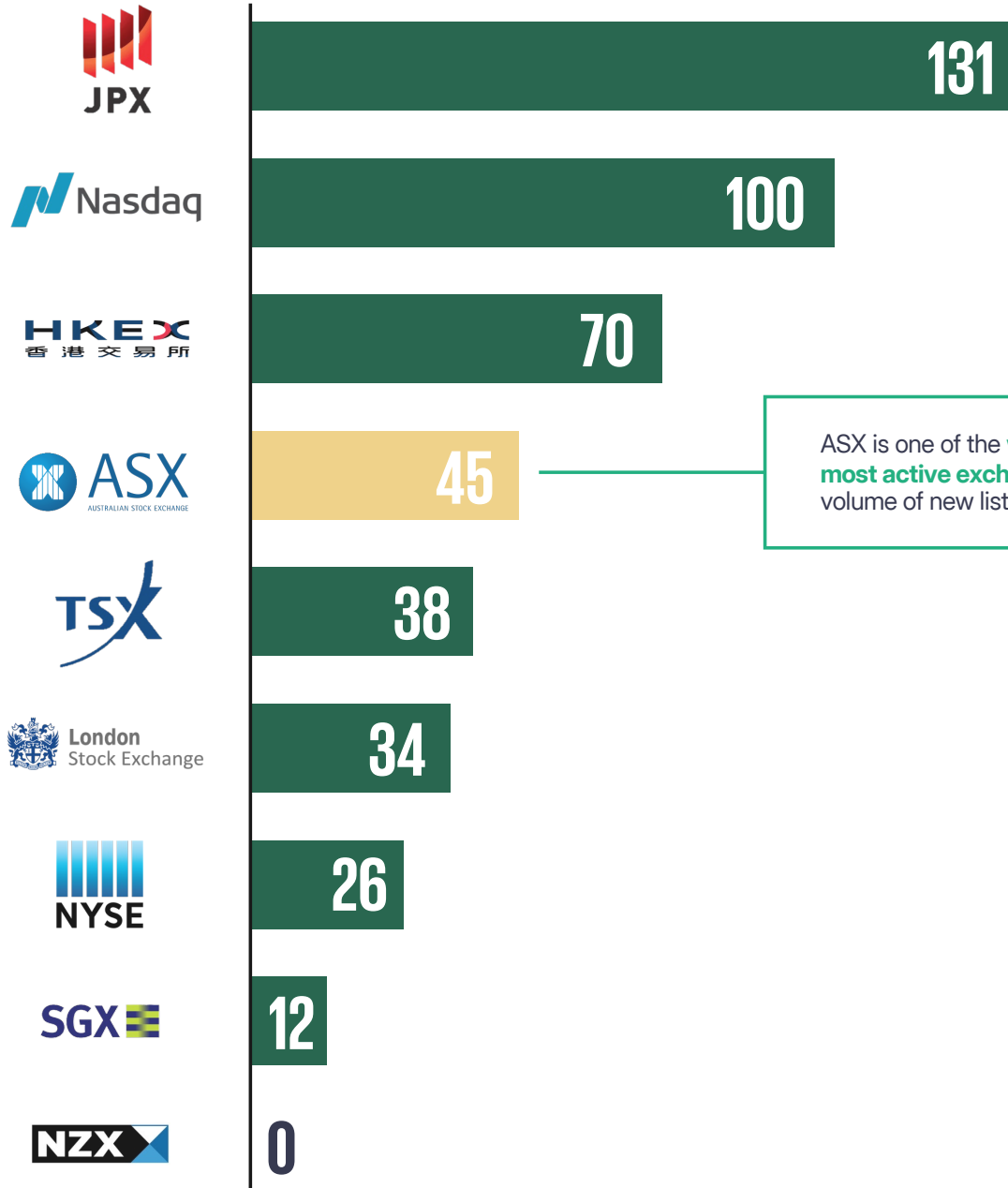
## Australia Superannuation Sector Growth Trajectory<sup>25</sup>



Country	Assets under management 2023 (US\$B) <sup>2</sup>	10-year CAGR (% , 2013-2023) <sup>2</sup>
United States	35,600	5.8%
Japan	3,385	1.6%
United Kingdom	3,206	0.2%
Canada	3,105	2.0%
<b>Australia</b>	<b>2,448</b>	<b>3.4%</b>
Netherlands	1,737	2.5%
Switzerland	1,361	5.3%

# ONE OF THE MOST ACTIVE EXCHANGES

Number of new listings by exchange in 2023 (excludes China)<sup>25</sup>



ASX is one of the world's most active exchanges by volume of new listings

# LEADING EXCHANGE FOR FOLLOW-ON OFFERINGS

Long-term track record as leading exchange by volume of offerings<sup>25</sup>



Placements



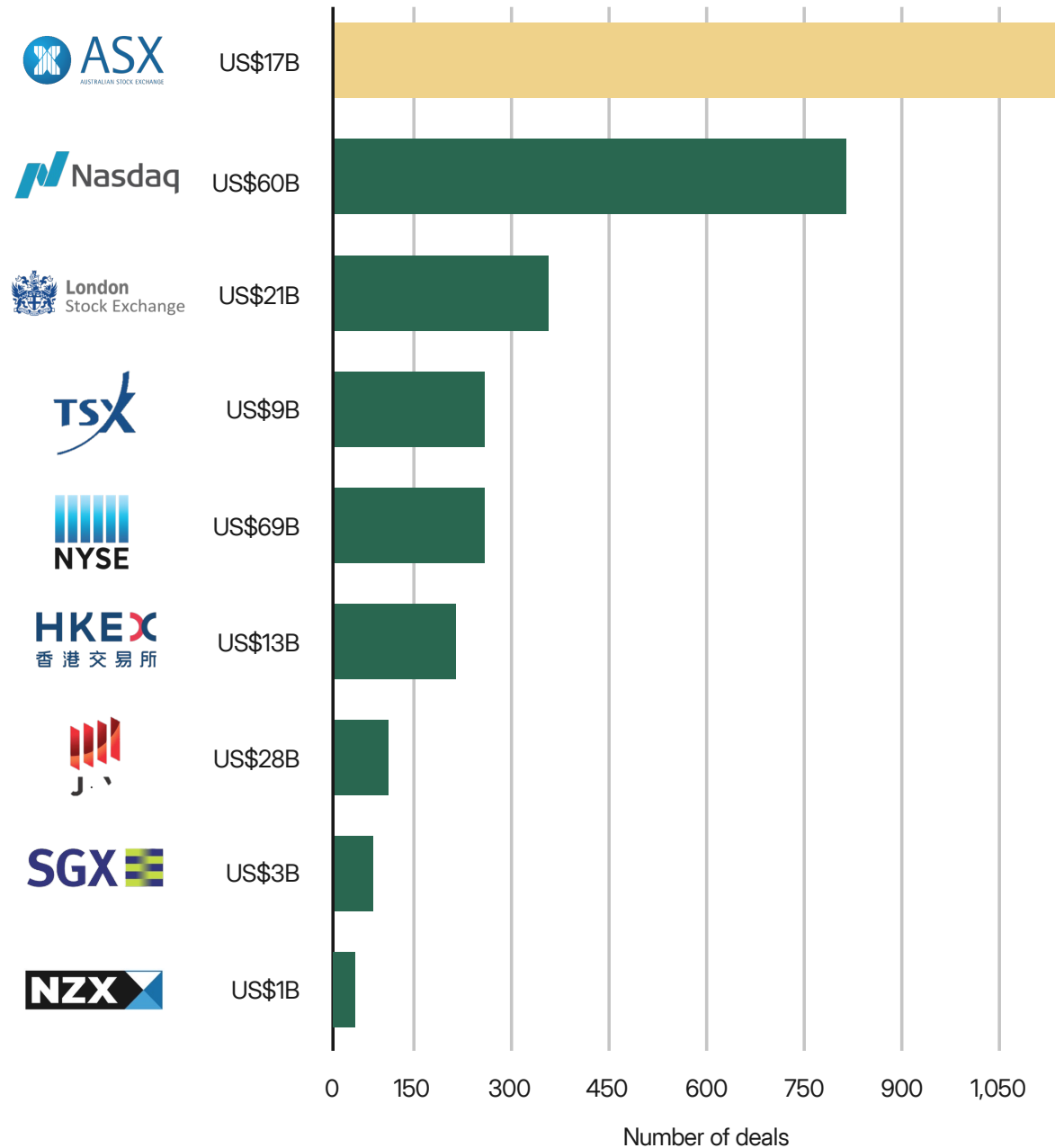
Rights issues



Share purchase plans



Accelerated issues

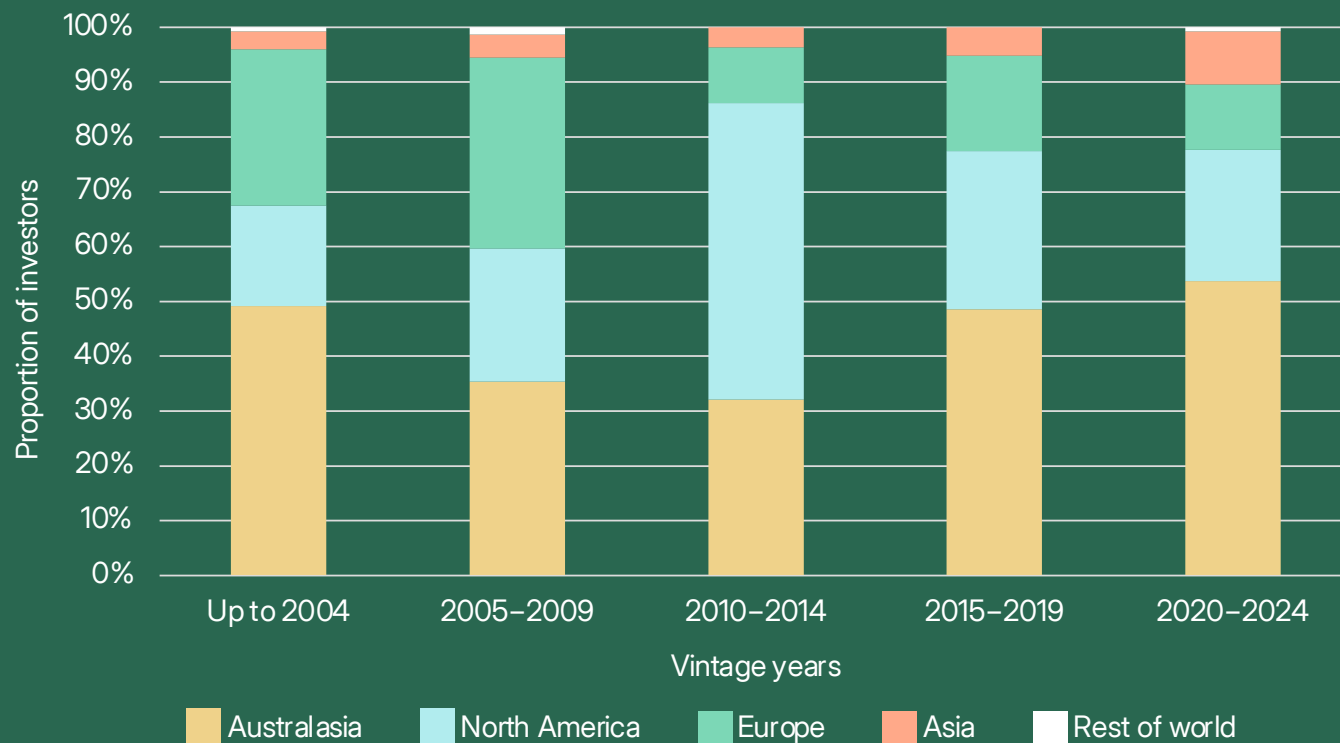


## EXPOSURE TO ASIA

Asian investors have grown in proportion among offshore investors.

The percentage of foreign commitments coming from Asian investors increased from five per cent for funds with vintage years 2015 – 2019, to 10 per cent for funds with vintages 2020 – 2024.<sup>26</sup>

Fig. 34: No. of investors in Australia-based private capital funds by location, up to 2024<sup>26</sup>



12

of Australia's 15 largest export markets in 2018-19 were in Asia and Oceania<sup>6</sup>

18

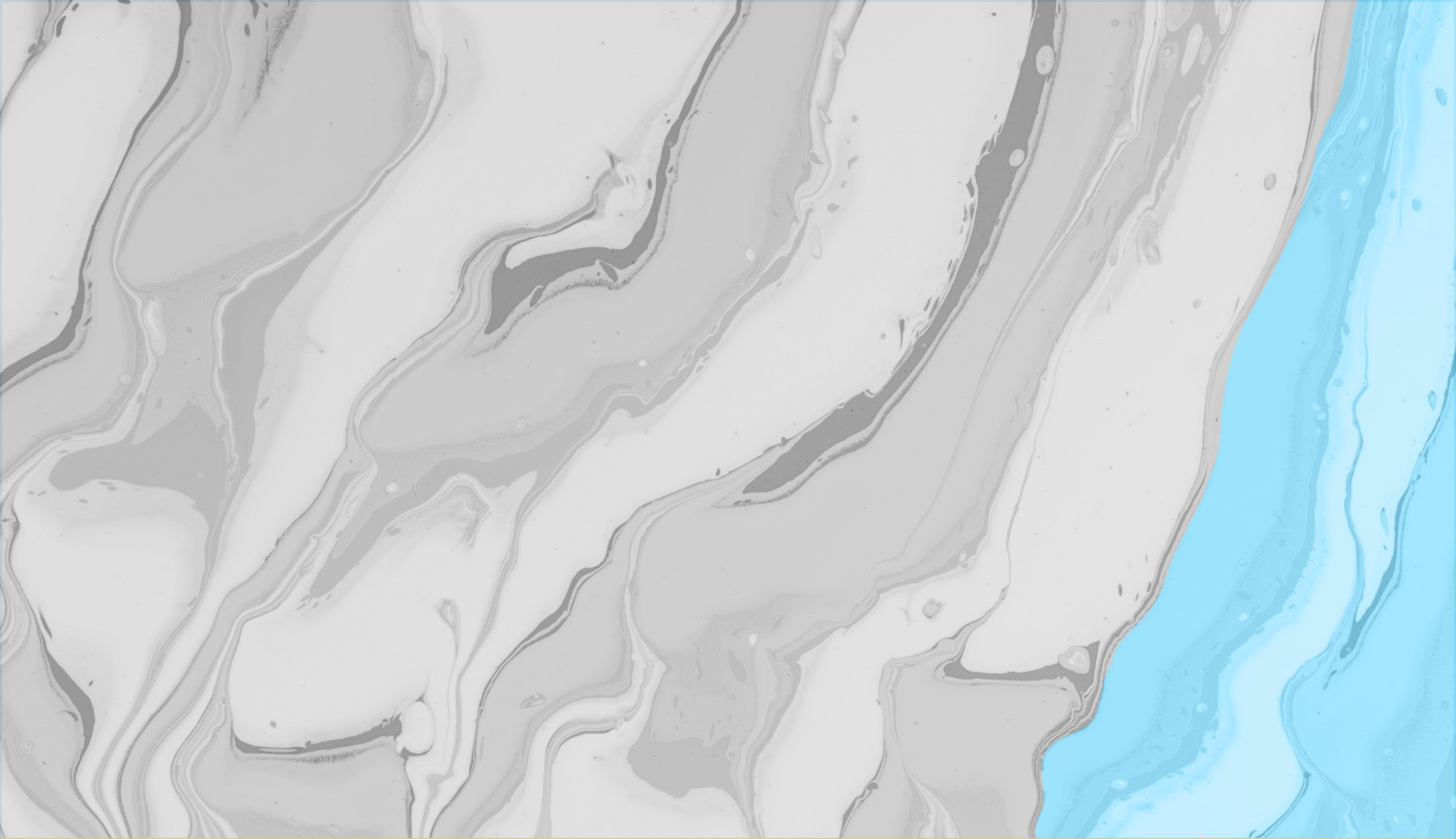
Free Trade Agreements give Australian companies preferential access to Asia's fast growing markets<sup>6</sup>

5%

Investment from Asia is also increasing, with ASEAN countries boosting their investments in Australia by five per cent per year since 2013<sup>6</sup>

5<sup>TH</sup>

As a bloc, ASEAN countries are now the 5th largest source of foreign direct investment in Australia, led by Singapore and Malaysia<sup>6</sup>

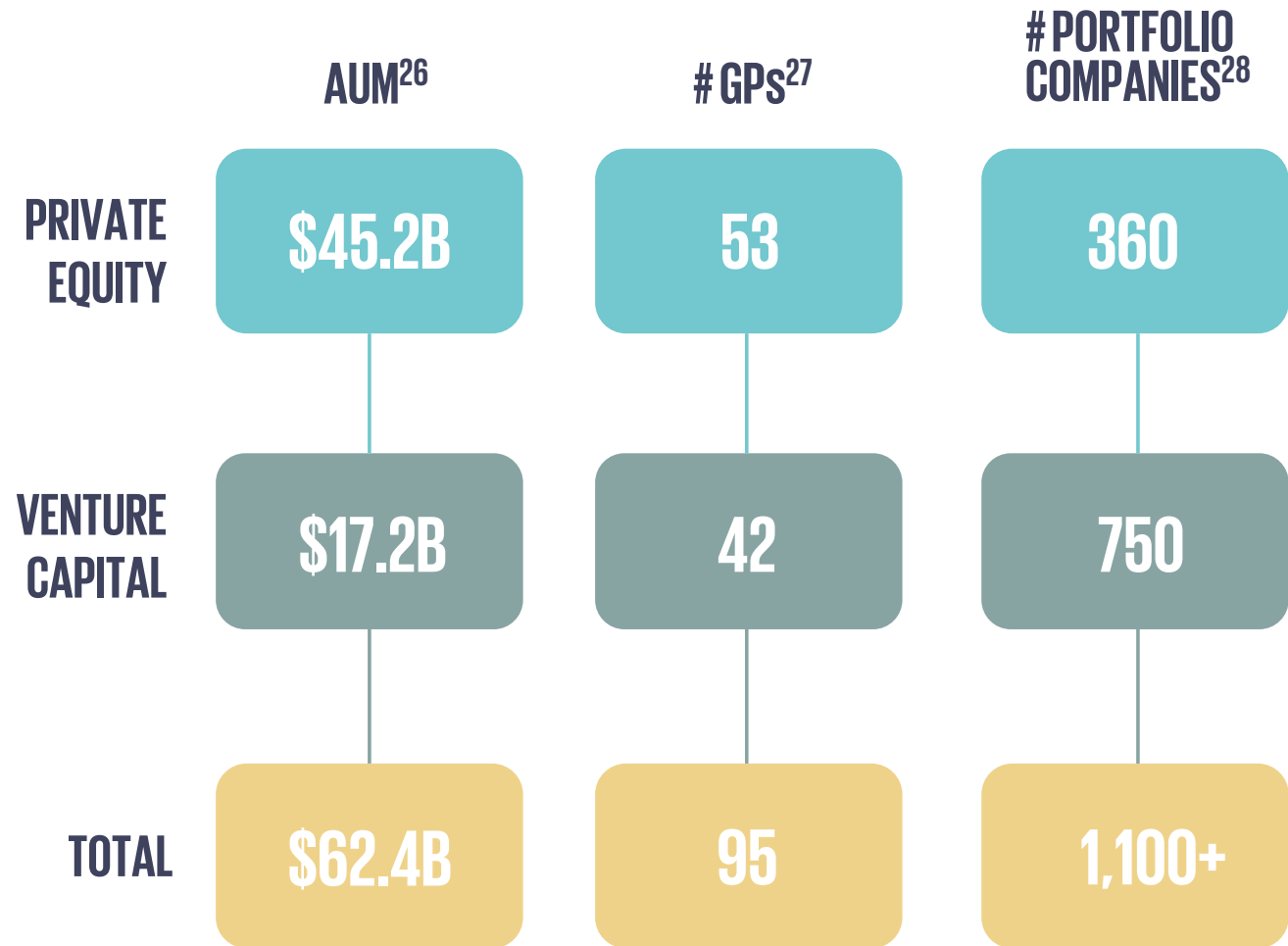


# **HIGH PERFORMING PRIVATE CAPITAL INVESTORS**

# AUSTRALIAN PRIVATE CAPITAL OVERVIEW

The Australian Investment Council's members support more than 1,100 businesses and 600,000 jobs across every sector of the economy.<sup>28</sup>

Private capital accounts for approximately three per cent of Australia's GDP.<sup>18</sup>



## SIZEABLE SCOPE TO GROW

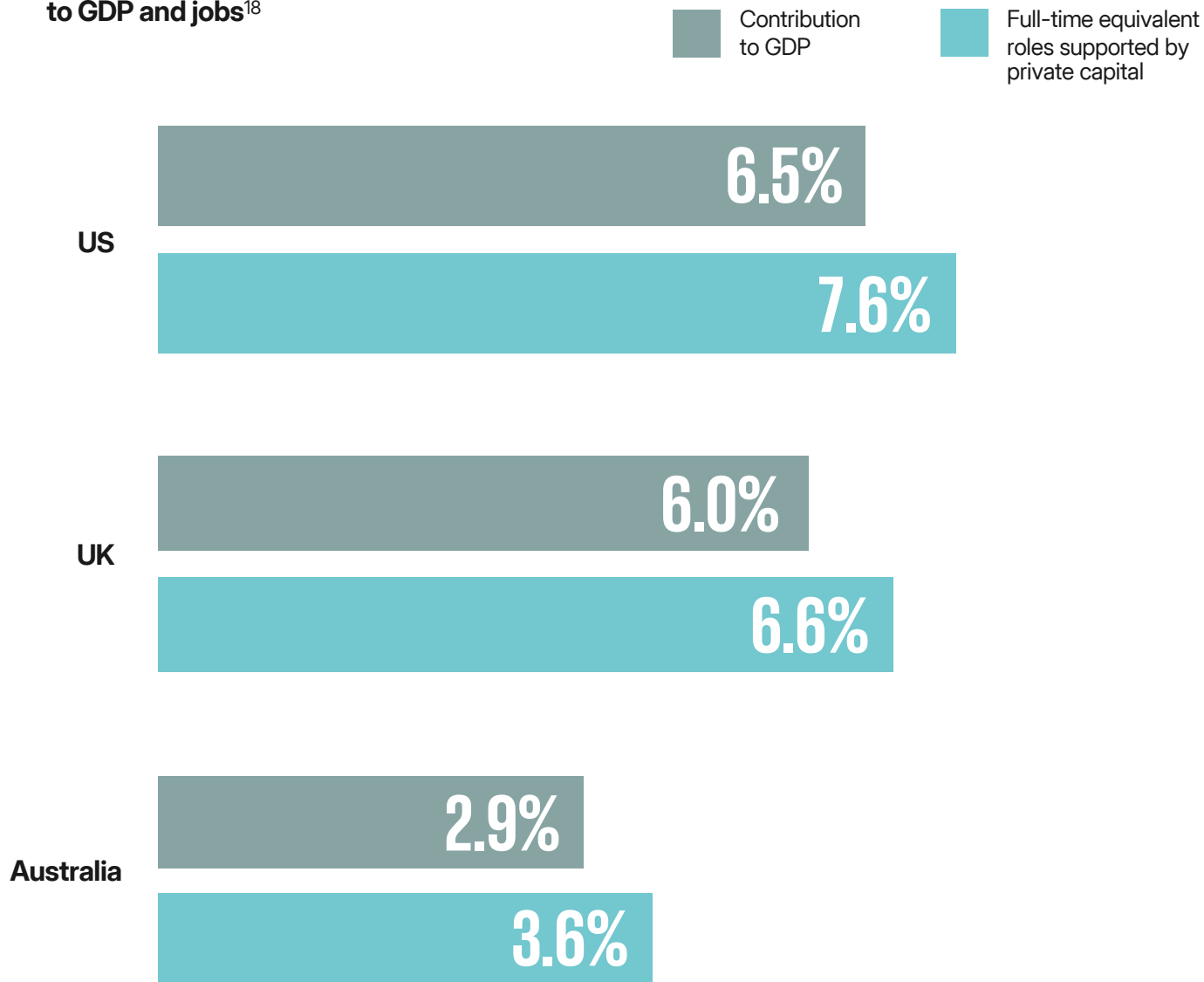
There is also substantial room for growth, as evidenced by the significant contributions of private capital to the economies of the United States and United Kingdom.



# 67,000+

Private companies with more than 20 employees<sup>4</sup>

### Australia's private capital contribution to GDP and jobs<sup>18</sup>



# LONG-TERM OUTPERFORMANCE

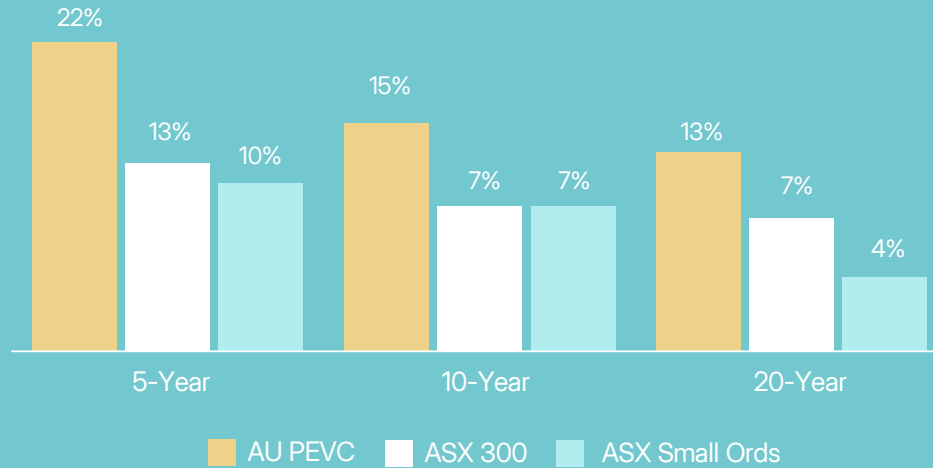
## High returns when compared to both public markets in Australia and private markets globally

Private markets have continued to deploy capital into Australian companies and distribute capital back to investors. Over the ten years to 31 March 2025 PE and VC combined had a net annual return of 15 per cent, outperforming most other private markets.<sup>8</sup>

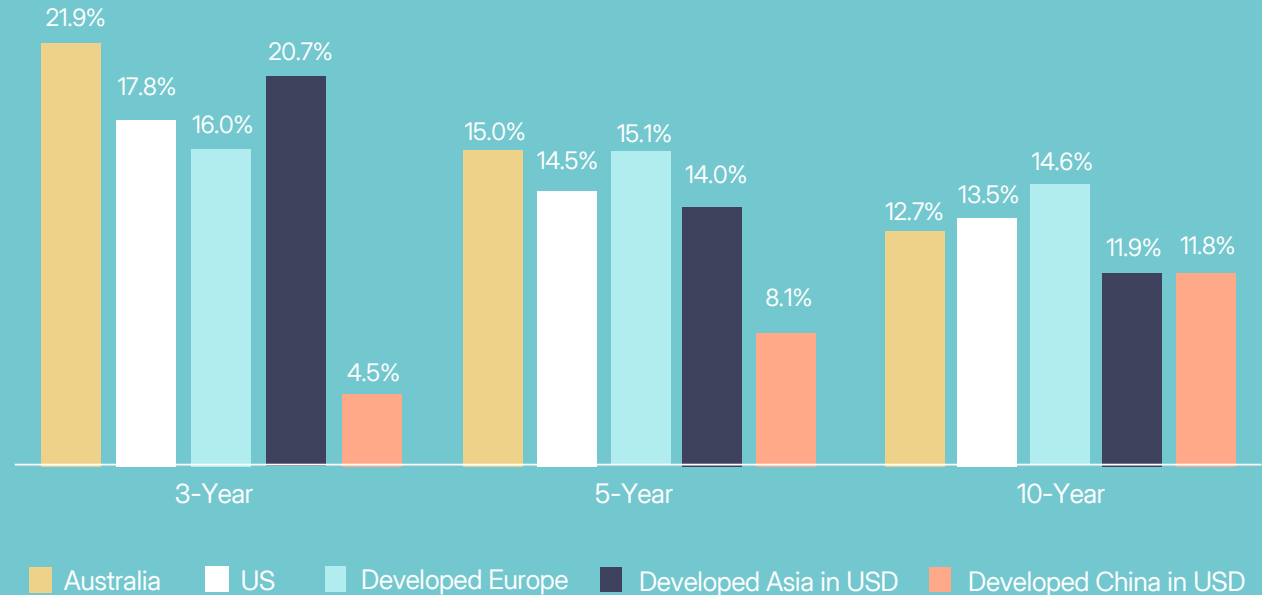
Australian private capital outperforms other private capital markets in the short and medium term, including the US, Europe and the 'Developed Asia' region – including New Zealand, Hong Kong, Japan, and Singapore.<sup>8</sup>

Australian private capital has consistently outperformed Australian public markets. The graph adjacent shows data up to and including Q1 2025.<sup>8</sup>

Returns vs Australian public markets (IRR)<sup>8</sup>



Returns vs global private markets<sup>8</sup>



# LOW-RISK INVESTMENT ENVIRONMENT

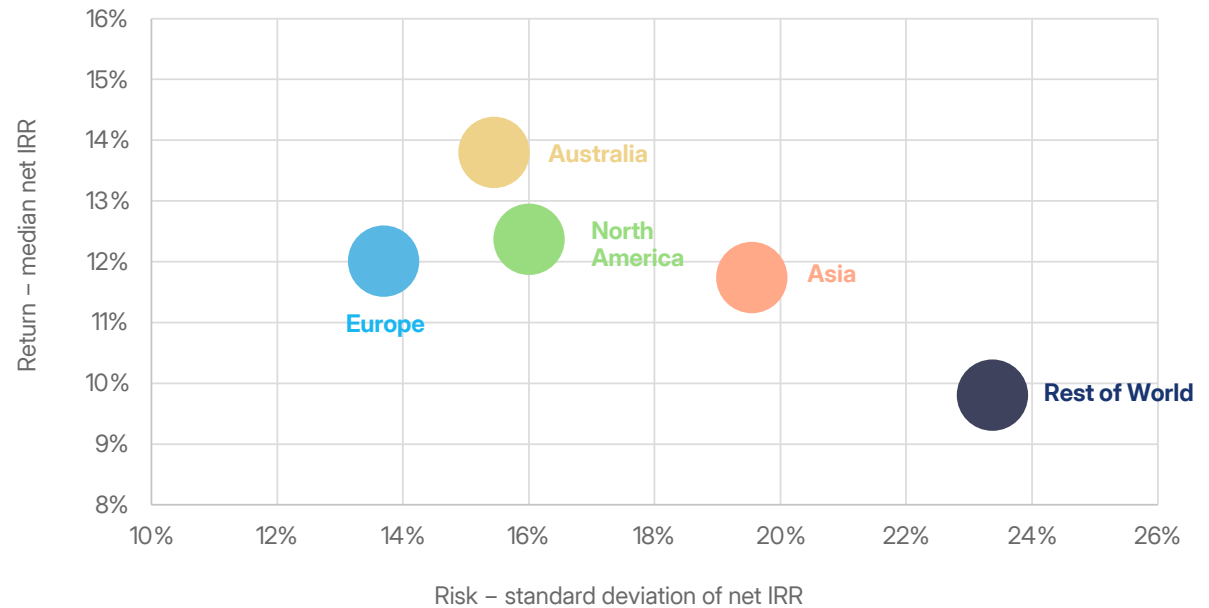
Low-risk market and a high internal rate of return (IRR) compared to other jurisdictions.<sup>26</sup>

For an emerging, high growth market, Australia is a very low risk investment destination.

This chart shows regional data for the private capital market, including private equity, venture capital and private debt. Risk is calculated by standard deviation of net IRR, and return is calculated by median net IRR.

## Private capital risk/return by primary geographic focus<sup>26</sup>

2014 – 2021 vintages



Geographic focus	Risk – standard deviation of net IRR <sup>26</sup>	Return – median net IRR <sup>26</sup>
Australia	15.4%	13.8%
Asia	19.5%	11.7%
North America	16.0%	12.4%
Europe	13.7%	12.0%
Rest of World	23.4%	9.8%

# STRONG GROWTH

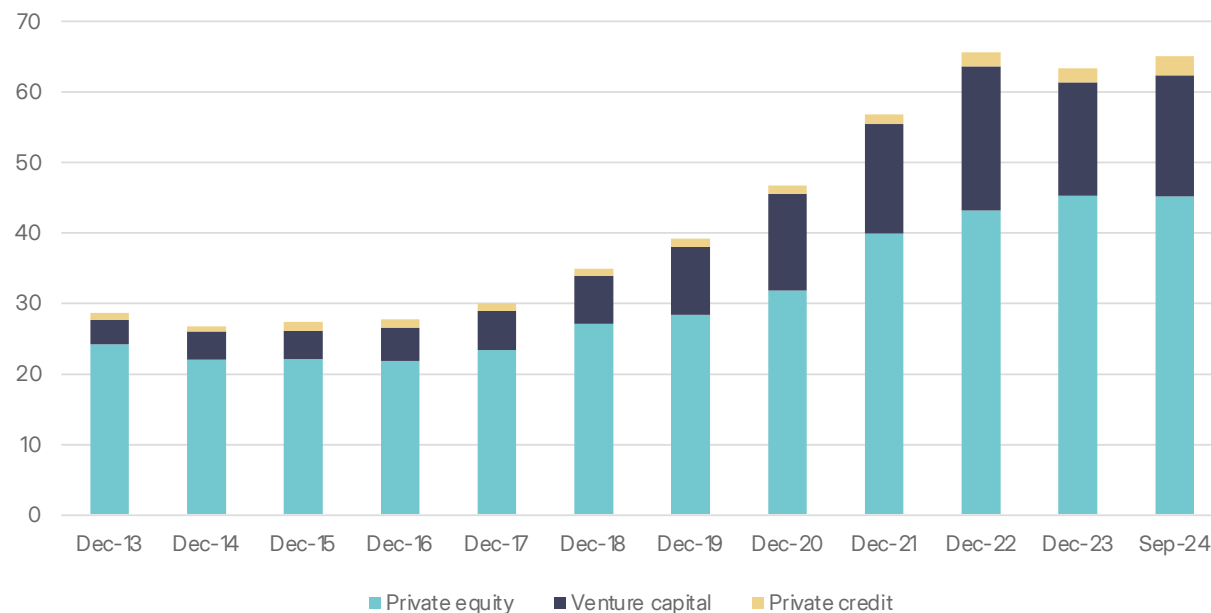
## High growth potential in a diverse market<sup>26</sup>

Compared to other developed countries, Australia is a relatively small market, with a significant growth profile.

Australia's private capital investment market has grown significantly in recent years, with roughly A\$65 billion in assets under management (AUM) at September 2024.<sup>26</sup>

This equates to a simple growth rate of 39 per cent over the past four years, while AUM has more than doubled over the past seven years.<sup>26</sup>

## Assets under management (A\$b)<sup>26</sup>



Geographic focus	Assets under management (A\$b) <sup>26</sup>
Australia	65.0
Asia	5,652.7
North America	13,299.6
Europe	4,985.5
Rest of World	853.8

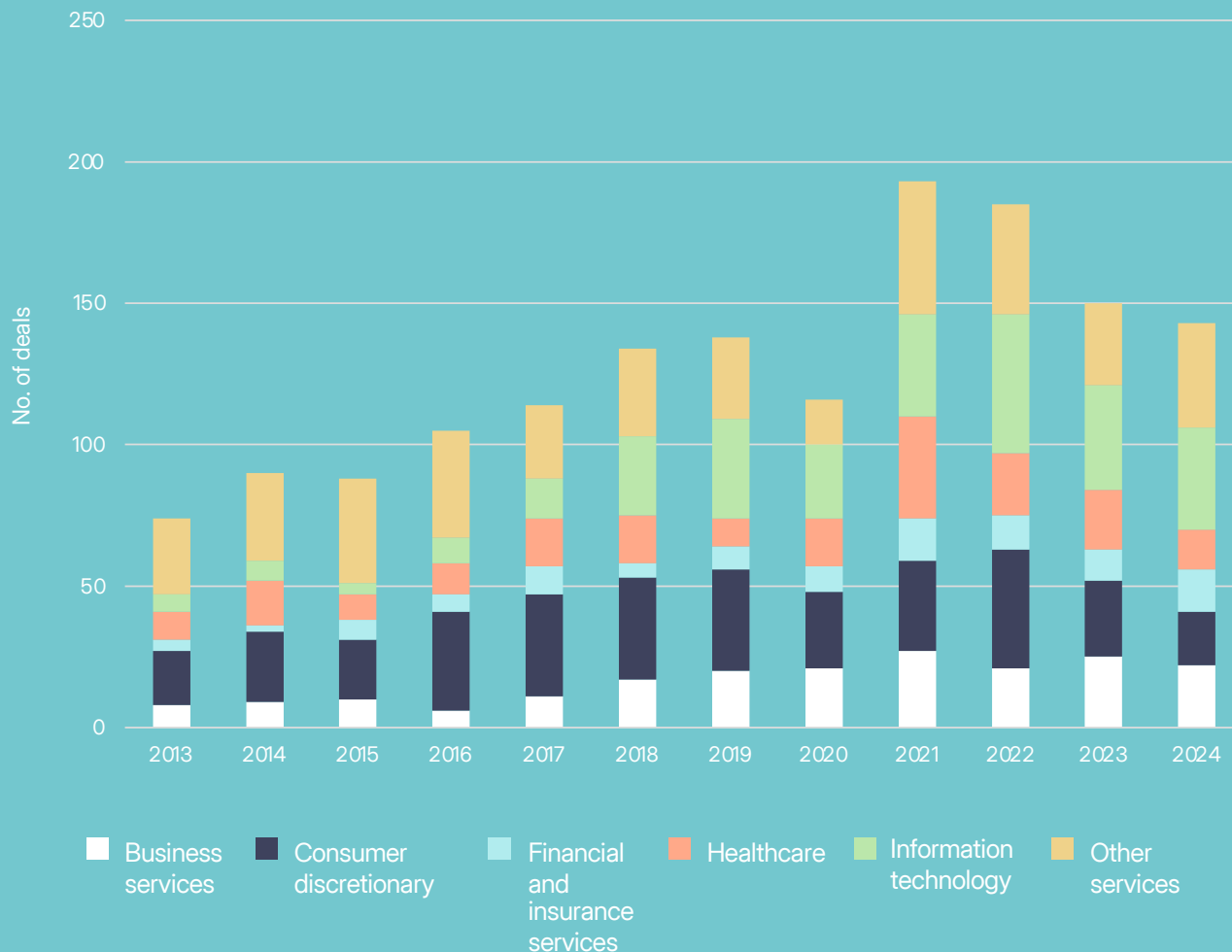
# DIVERSE PRIVATE EQUITY INVESTMENT OPPORTUNITIES

Private equity provides investment opportunities economy-wide, with substantial activity in less regulated sectors.

A total of 143 PE-backed deals with an aggregate value of A\$10.4 billion concluded in 2024.<sup>26</sup>

The ASX provides lower barriers to exit than other jurisdictions – at April 23 entry to the S&P/ASX300 was at US\$266 million free floating market capitalisation, compared to US\$12.7 billion for the S&P 500.<sup>29</sup>

Number of private equity-backed buyout deals\* in Australia by industry type, 2013 – 2024<sup>26</sup>



\*Figures exclude LP direct and private debt deals and include all private equity-backed deals excluding VC.

# TRENDS SUPPORTING THE CONTINUED GROWTH OF PRIVATE EQUITY

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## Deal flow

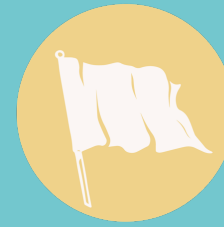
A total of 143 private equity-backed deals with an aggregate value of A\$10.4 billion concluded in 2024.<sup>26</sup>

A healthy pipeline of investment opportunities across various sectors and stages of development.



## Full range of liquidity options

The PE sector demonstrates well-developed exit options such as IPOs, strategic acquisitions, secondary sales, and buybacks.



## Continued government investment in the ecosystem

The Australian Government has committed over \$22 billion to making Australia a renewable energy superpower over the next ten years.<sup>30</sup>

This pool of funding is designed to accelerate investment in Government priority industries, including renewable hydrogen, low carbon liquid fuels, and manufacturing of clean energy technologies, among other initiatives.



## Maturing PE talent pool

Over the last 20 years the Australian private capital sector has grown significantly.

Assets under management have grown to over 10 times the size of those under management five years ago.<sup>32</sup>

This increase has supported strong growth in the depth of expertise in the sector.

Private equity professionals have generally come into the industry with well-developed skills such as investment management, consulting, accounting, law and actuarial.

# A DIVERSE MIX OF LOCAL AND INTERNATIONAL FUND MANAGERS AND STRATEGIES

Examples of funds active in Australia

## Buyout funds



CrescentCapitalPartners



## International



Blackstone

Brookfield



KKR



## Growth funds



# NOTABLE PRIVATE EQUITY TRANSACTIONS OVER THE PAST DECADE

ADOREBEAUTY

afterpay

AIRTRUNK

ARNOTT'S  
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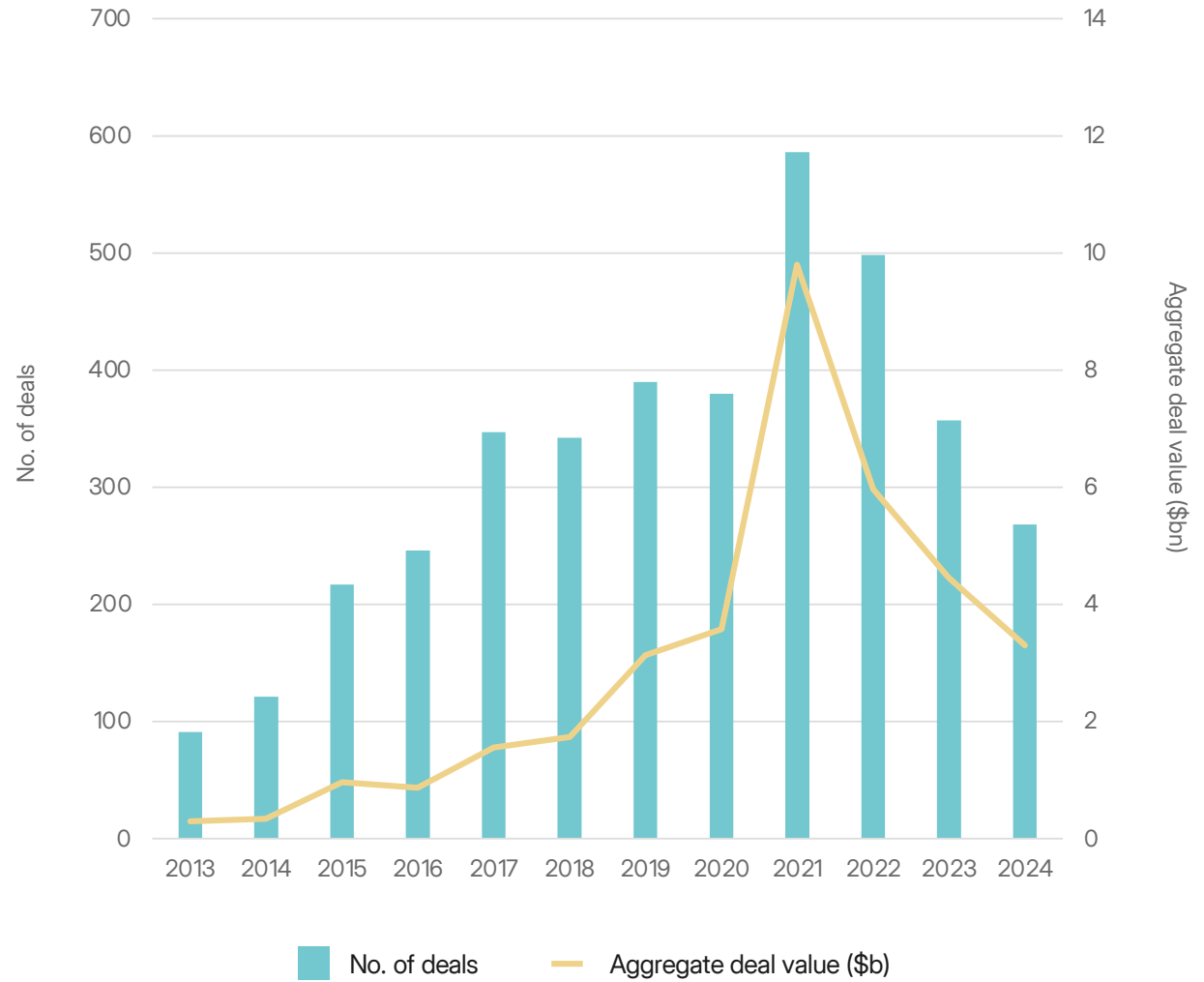
# A GROWING VENTURE CAPITAL MARKET

Australia is home to a fast-growing venture capital ecosystem that combines innovation, high growth potential and sector diversity. This makes Australian venture capital companies a compelling proposition for investors.

A total of **268 VC deals** were concluded in 2024 with an aggregate deal value of **\$3.3 billion**.<sup>26</sup>

Australia has seen some of the strongest growth in tech seed funding in recent years, with the second-fastest growth in seed funding between 2013 and 2021, just behind Singapore.

Venture capital deals\* in Australia, 2013 – 2024<sup>26</sup>



\*Figures exclude add-ons, grants, mergers, secondary stock purchases, and venture debt.

# A GROWING VENTURE CAPITAL MARKET

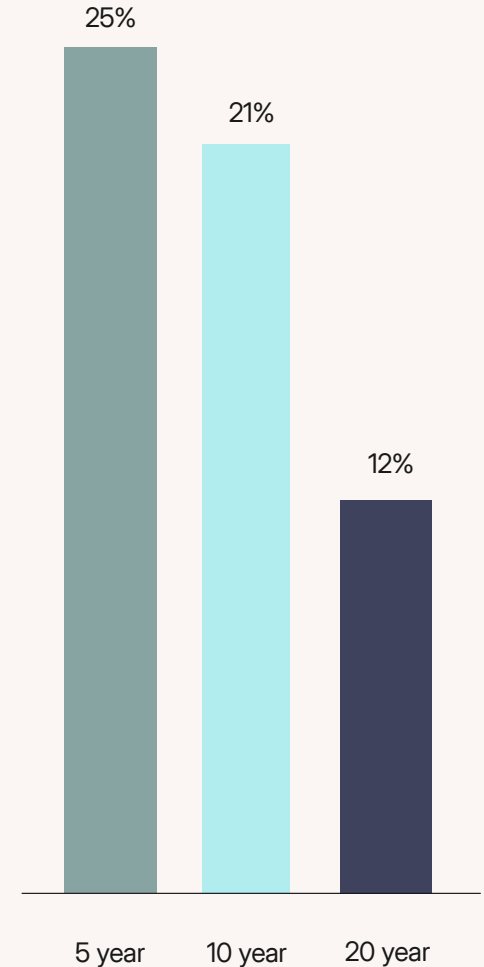
Trends supporting the continued growth of venture capital

## GROWTH

VC demonstrates excellent pooled IRR (net of fees, expenses and carried interest) significantly outperforming public markets over the same time.<sup>8</sup>

### Cambridge Associates Australia VC IRR over time<sup>8</sup>

As of 31 March 2025 – Pooled IRR A\$ (net of fees, expenses and carried interest)



## TALENT

An important driver of the venture capital ecosystem in Australia is the level of talent and expertise available to fund managers.

Australian universities and research institutions produce a steady stream of skilled professionals and innovative research, providing a fertile ground for start-up formation.

## EXITS

Australia has a deep and liquid local exchange for domestic and regional IPOs. Australia has a proven secondary and M&A exit routes for VC-backed start-ups enabled by strong levels of offshore interest and a deep buyout market.

- IPO: Atlassian, Carsales, REA, Seek, Wisetech
- Secondaries: Canva, Employment Hero, Rokt
- M&A: Afterpay, A Cloud Guru, Aconex, MYOB, Message Media

# HIGH-CALIBRE LOCAL AND INTERNATIONAL FUND MANAGERS AND STRATEGIES

## Major VC funds in Australia

Australia is home to a fast-growing venture capital ecosystem that combines innovation, high growth potential and sector diversity.



**BLACKBIRD**



**Folklore**



**mandalay vc**



Square Peg 

## Industries invested in include:

Aerospace, Agribusiness, Biotechnology, Business Services, Business Support Services, Computational Biology, Diversified, Education/Training, Electronics, Energy Storage & Batteries, Energy & Utilities, Environmental Services, Financial & Insurance Services, Food, Healthcare, Healthcare IT, IT Infrastructure, IT Security/Cybersecurity, Industrials, Information Technology, Internet, Logistics & Distribution, Marketing/Advertising, Materials Media, Medical Devices & Equipment, Oil & Gas, Pharmaceuticals, Renewable Energy, Retail, Robotics & Automation, Semiconductors, Software, Telecoms, Transportation Services, Travel & Leisure.

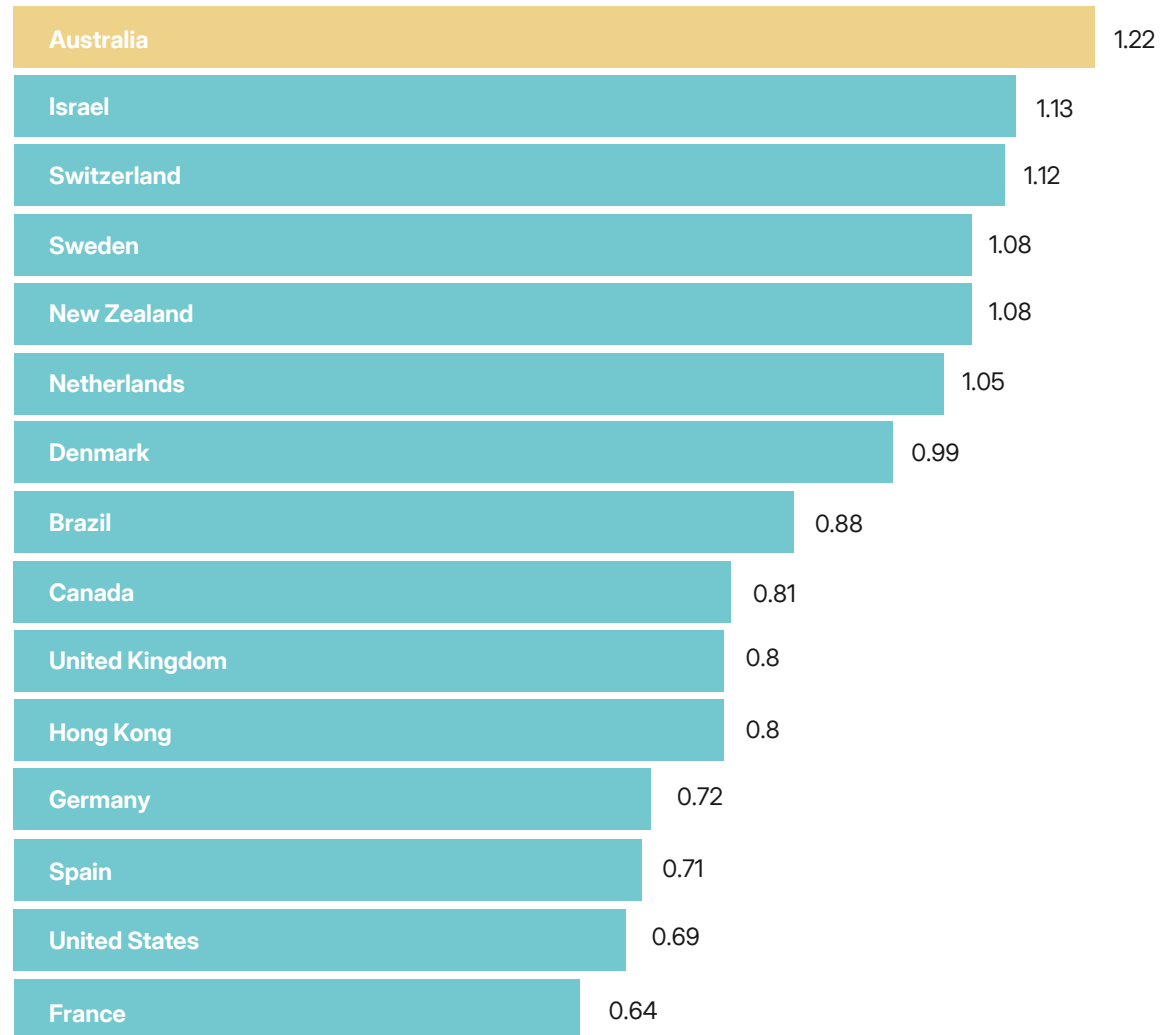
# AUSTRALIAN VC UNICORNS

Australia is ranked #1 globally in terms of unicorns created per dollar invested. Since 2000, 1.22 Australian unicorns have been created for every US\$1B invested.<sup>31</sup>

Australia has emerged as one of the strongest and most capital-efficient start-up ecosystems in the world. Despite operating with only a fraction of the capital deployed in the US or Europe, Australia has produced household names like Canva, Atlassian, and Afterpay - and is the global leader in unicorn creation efficiency.

## Unicorn efficiency rate\* of global hubs<sup>31</sup>

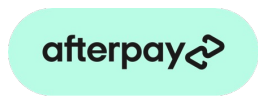
Unicorns created for every US\$1B invested



\*Number of unicorns created since 2000 per US\$b invested. Both VC and number of unicorns are by founded location.

# BACKING AUSTRALIAN VC UNICORNS

Australia's VC funds have facilitated the growth of countless start-up companies. These include homegrown unicorns such as Canva, Airwallex, Afterpay, and Atlassian.



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The Australian Investment Council is the peak body representing Australia's private capital industry, comprising over 200 leading domestic and international private capital firms operating in Australia. Our members comprise private equity, venture capital and private credit funds, as well as institutional investors and leading corporate advisors. Our members form part of a dynamic industry that supports entrepreneurship, commercialises research and empowers established businesses to grow and evolve. Our industry employs over 600,000 Australians and contributes roughly three per cent to Australia's GDP.

The Australian Investment Council empowers private capital to invest in Australian businesses, ideas and communities.

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