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# A comeback for first-timers?

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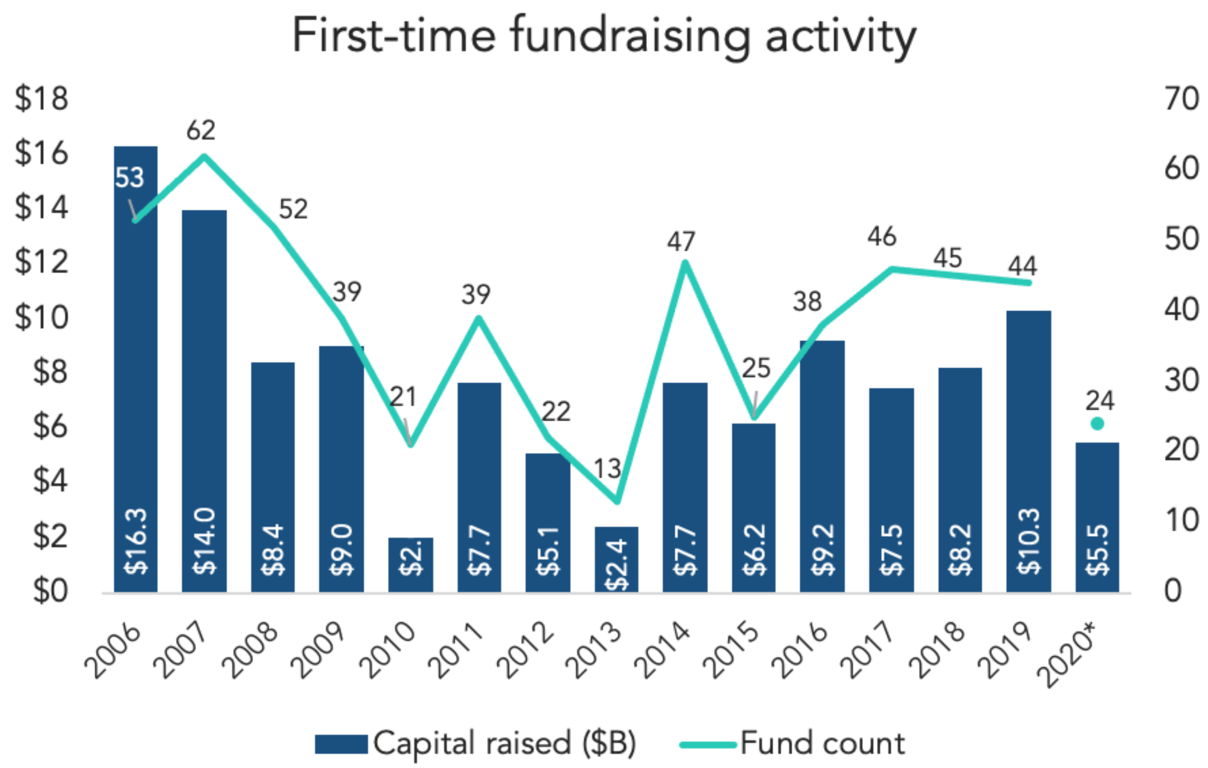


Now that we're in December, PitchBook's annual PE Outlook is around the corner and we're wading back into prediction mode for the year ahead. One trend we're keeping a close eye on is first-time fundraising, which, to say the least, hit a snag in 2020. Through late November, 24 first-time funds have closed this year totaling about $5.5 billion. Both figures are roughly half of what they were in 2019, discontinuing a healthy fundraising trail that hit its stride over the past five years. There was ample reason for that—PitchBook data has shown that first-time funds tend to outperform sophomore funds in terms of returns. New managers are often hungrier and have more of their own skin in the game, often out of necessity.

But first-time managers were snookered as soon as the pandemic hit. Socially distanced LPs, by and large, opted to re-up existing relationships this year, usually at the expense of new managers. We see reasons for that to change in 2021. As the health crisis and economic fallout has dragged on, so have holding times for existing managers and their investments. Many LPs are starting to get their feet set under them as the new year approaches, and first-time managers have a better opportunity to be heard as the market stabilizes. Due diligence concerns will remain as long as social distancing does, and first-time managers will still have to make their cases over WiFi instead of dinner. But there's pent-up demand for private equity exposure, and with dozens of funds still in the market, a renewed, healthy first-time fundraising environment is certainly possible in 2021.