Familiarity a plus

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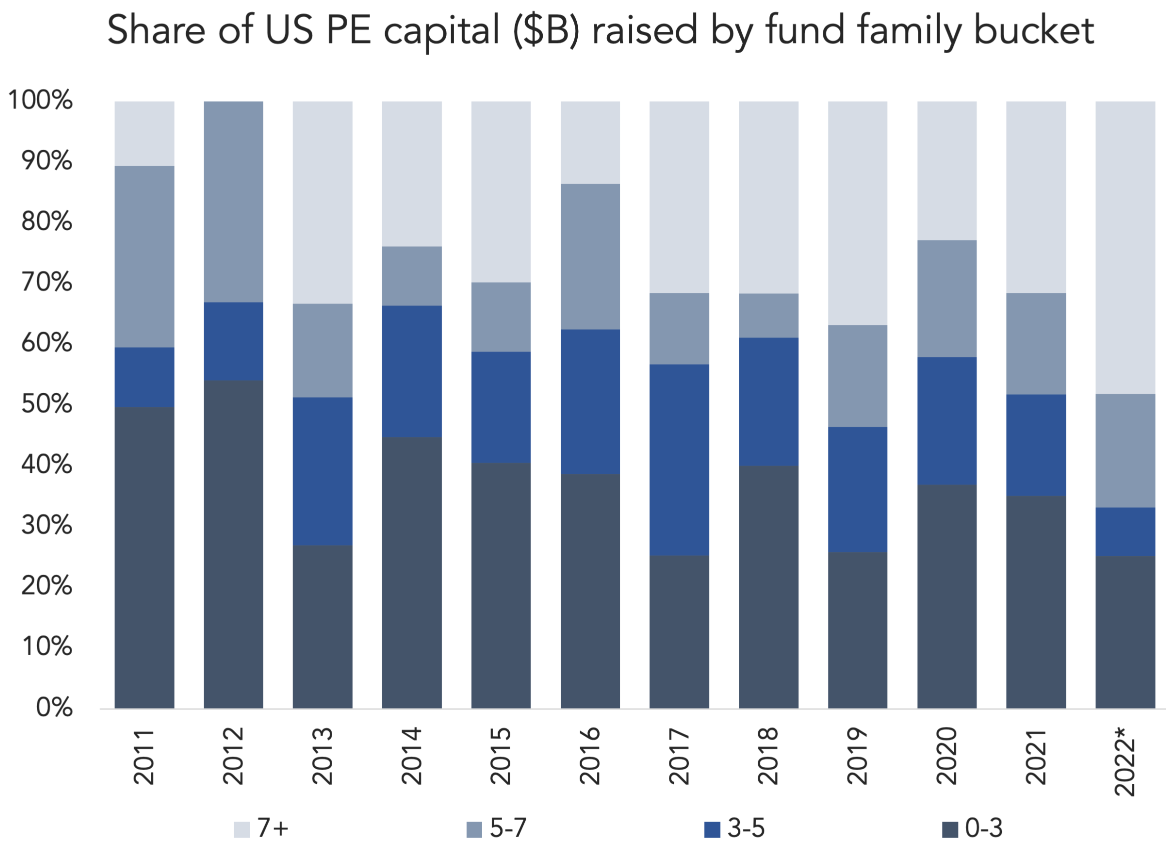

Download PitchBook's Report here.

PitchBook's Q3 2022 US PE Breakdown, available for free, crystallizes a trend we've been hearing about in recent months. Even by historical standards, fundraising is lopsided in favor of existing GP managers. So far this year, almost half (48%) of fundraising dollars have gone to established firms—in this case, to firms with at least 7 funds to their name. The ratio swells to 67% when we add in firms with at least 5 funds. At the other end, firms with three or fewer funds have raised about 25% of this year's haul, which is a low tide for that metric. In years past, fundraising dollars were more evenly distributed between newcomers and oldtimers.

Part of today's trend is due to a crowded fundraising trail, which is coinciding with LPs bumping into PE allocation limits earlier than expected. "The consensus view at this year's Super Return conference was that two out of every three funds in the market today will need to push their closings into 2023." Next year's fundraising figures will reflect that. In a recent note, Goldman Sachs pointed out that "LPs can often feel powerless in controlling the fundraising calendar," since GPs are in control of "when new funds come to market and how much capacity is available." But GPs can't control LP asset allocation targets, which are dictating investment decisions in late 2022.

(Past performance is no guarantee of future results.)