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Only 13% of LP dollars went to new PE firms

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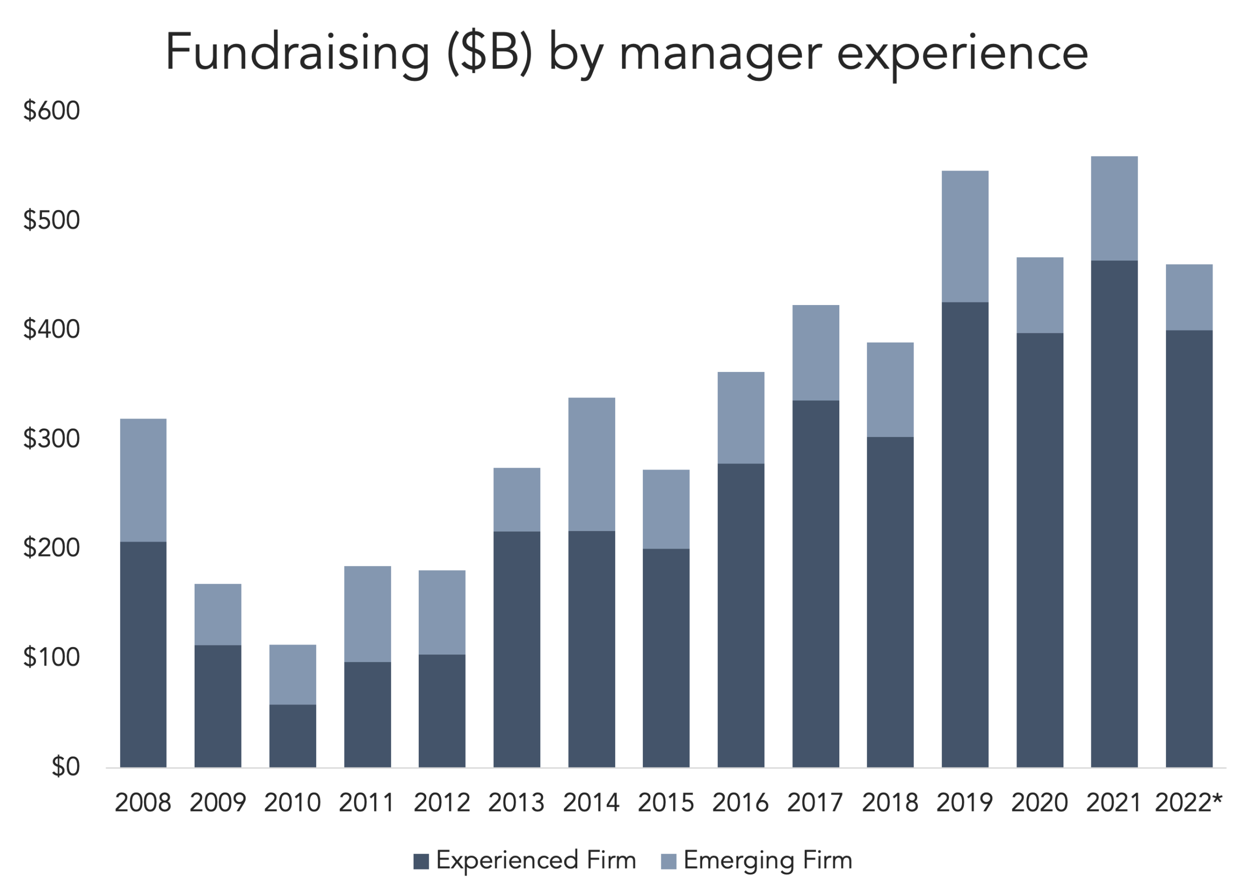

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Only 13% of PE fundraising dollars went to inexperienced managers in 2022, according to PitchBook's 2022 Annual Global Private Market Fundraising Report. That's the smallest ratio we've recorded, though the 2020 ratio was similarly small (15%). The 2021 ratio was 17%. Before the Covid outbreak, it was typical to see experienced managers garner 20% or higher in any given year—its only been the last three years where that percentage has dipped below the 20% threshold. If you go back far enough, inexperienced managers came close to getting 50% of all capital raised in 2010, 11 and 12. These days, just a handful of experienced managers are approaching those numbers: In 2022, the ten biggest funds accounted for 36% of all capital raised.

Of course, experienced firms have taken to more strategies to boost AUM, while inexperienced managers have to stick to one fund at a time. And, because the mortality rate of PE firms is pretty low, there are more experienced managers to count every year. If private equity were a sports league, few, if any, of the players would ever retire. Even though its first fund was a 1987 vintage, Blackstone is only on its ninth flagship fund, and its still investing out of its eighth. Eventually the Blackstones, KKRs and Apollos of the world will be on their 20th flagship funds, and the percentage of capital going to emerging players will dwindle to the single digits.

(Past performance is no guarantee of future results.)