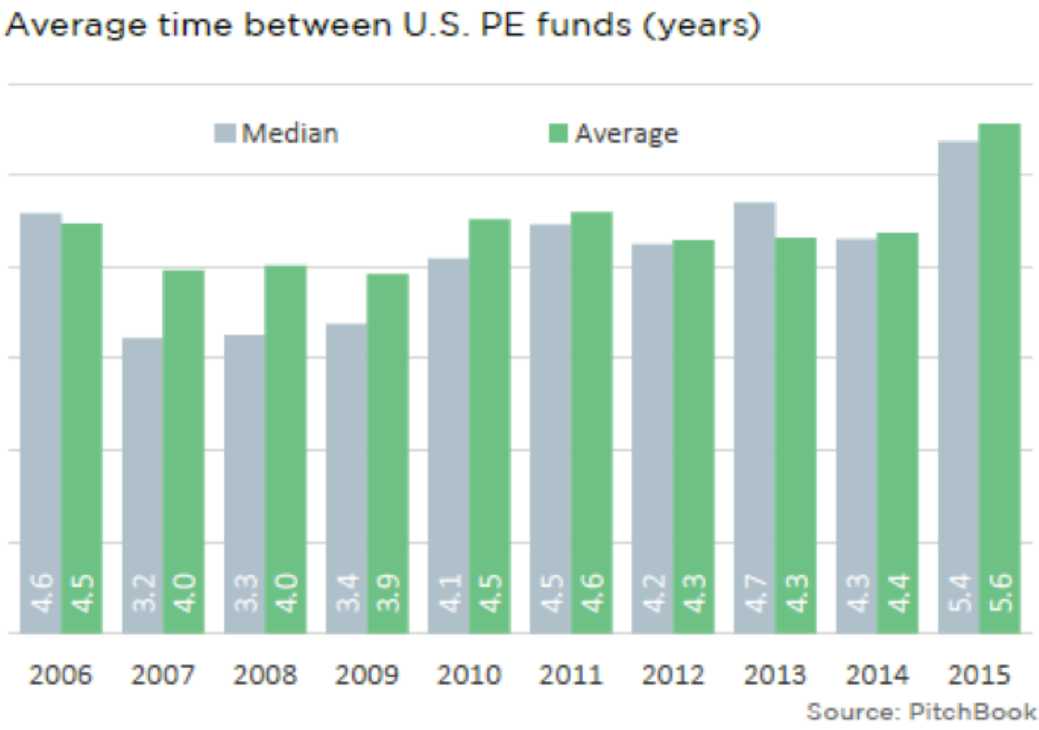
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The Pulse of Private Equity – 2/15/2016

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2015 Sees U.S. PE Fundraisers Slow Down

U.S. private equity fund managers have had a fair measure of success lately. Last year, the median time it took a fund to close was 12.8 months, one of the shorter times on record, while over 87% of funds raised hit their target, for the second year in a row. General partners have been able to find success in large measure because of greater employment of niche and targeted strategies, as well as a greater focus on investor relations campaigns when courting limited partners.



LPs have become more sophisticated, as well as choosy, shrinking the number of GPs to whom they commit. That, as well as the sheer sums of dry powder PE investors have yet to deploy, doubtless contributed to the surge in time between funds in 2015. PE firms simply haven't had to raise as quickly to supplement the commitments they have on hand, despite the level of investment seen in the past couple years. Hence the lag in the clip of fundraising on a firm level—it's a natural lag of sorts, a consequence of healthy fundraising over the past few years. How long the lag will persist will mainly depend on how successfully PE firms are in whittling down the capital overhang this coming year. In the light of current market volatility and potential resetting of valuations, they may well be able to put a considerable amount to work in exploiting sector dislocations, and accordingly, that time between funds could decline in 2016.

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