

Private Equity Crosses the \$4tn Threshold in 2019

Strong fundraising and robust returns have seen funds add \$500bn in assets in six months

Private equity fundraising surpassed \$500bn for the fourth consecutive year in 2019. Although total numbers are slightly lower than the previous year, the average fund size grew, and the average time spent in market decreased to 13 months, the lowest level ever seen. This has helped to push the industry's assets under management (AUM) across the \$4tn mark, which puts private equity on course to reach \$5tn in AUM by the end of 2022. The asset class is benefiting in part from widespread anticipation of a market downturn among both fund managers and investors. Almost nine out of 10 investors expect to maintain or increase their allocations in 2020, and almost half of fund managers think the position of the market cycle will have a big impact on private equity in the months ahead.

Read the 2020 Preqin Global Private Equity and Venture Capital Report sample pages here:

<https://docs.preqin.com/samples/2020-Preqin-Global-Private-Equity-Venture-Capital-Report-Sample-Pages.pdf>

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Christopher Beales, Executive Editor – 2020 Preqin Global Private Equity and Venture Capital Report:

“Private equity’s enormous expansion seems to be accelerating. The industry is on course to add almost a trillion dollars a year for the next five years, an astonishing rate of growth. Investor demand has been strong and sustained, and fund managers have been able to offer them robust returns even in a low-interest environment, fuelling a virtuous cycle of growth. But it’s not all good news: the fundraising marketplace is more crowded than ever before, making it difficult for fund managers to stand out, and for investors to find the right funds for them. Dealmaking is equally challenging, as high asset pricing is putting pressure on future returns. The industry is fundamentally strong, but 2020’s waters will be tricky to navigate.”

Key Private Equity and Venture Capital Facts:

- **Private equity fundraising reached \$595bn with 1,316 funds closed in 2019.** This is a small decline from 2018, when 1,790 funds were closed securing an aggregate \$628bn.
- **In 2019, the average size of venture capital funds rose to \$139mn** from \$127mn in 2018. **Buyout funds’ average size also grew to \$1,567mn** from \$1,012mn in 2018.
- **Private equity AUM hit \$4.1tn as of June 2019**, adding almost \$500bn in the first six months of the year – a rate of \$2.4bn a day.
- **Forty-two percent of surveyed fund managers believe the position of the cycle will have a significant impact on private equity in 2020.**
- Similarly, **65% of investors believe that equity markets are currently at a peak**, and 33% are increasing their allocations to private capital as a result.
- **The vast majority of private equity investors (86%) said they plan to invest more or the same level of capital in 2020** compared to 2019.

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