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Press Release

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Private Equity Fundraising Gets Quicker and Bigger

Largest firms and consistent performers see fastest and most successful fundraises

The private equity fundraising market is seeing a marked trend towards vehicles raising more capital in shorter timeframes. Private equity funds closed in 2013 spent an average of 20 months in market, the most recent high, and closed at an average size of $372mn. By contrast, funds closed in the first five months of 2017 were in market for just 12 months, and raised an average of $625mn.

In particular, funds raised by the largest fund managers and funds raised by consistent top performing firms* were most likely to fundraise quickly and successfully. Funds run by managers which have already raised $5bn or more since 2013 stand a three-in-four chance of exceeding their target size, while almost half of funds raised by consistent top performers spend only six months or less in market.

For more information and analysis, see the full *June 2017 Preqin Private Equity Spotlight* here:
www.preqin.com/docs/newsletters/pe/Preqin-Private-Equity-and-Venture-Capital-Spotlight-June-2017.pdf

Key Private Equity Fundraising Facts:

- **The time private equity vehicles spend fundraising is decreasing**. Funds closed in 2013 spent an average of 20 months in market: this has fallen to 12 months for funds closed in 2017 YTD.
- At the same time, **average fund sizes are rising**, going from $372mn in 2013 to $625mn in 2017 YTD.
- **Large funds spawn over-target successors**: 75% of funds closed since 2013 by managers which have already raised $5bn or more in the period have exceeded their target size. This compares to just 36% of funds with managers which have raised $500mn or less.
- However, **funds from larger fundraisers do not have the fastest process**. Average time in market decreases according to capital previously raised up to $5bn, then increases, suggesting that raising the largest vehicles does take additional time.
- Vehicles raised by consistent top performing fund managers tend to raise more quickly. **Forty-seven percent of funds raised by consistent top performing managers closed with six months of launch**, compared to just 17% of all other funds.
- They also raise more successfully: **two-thirds (68%) of funds from consistent top performing managers have exceeded their target size since 2013**, compared to 46% of other funds.

Christopher Elvin, Head of Private Equity Products:

"Record distributions from private equity funds in recent years have spurred extremely high levels of investor satisfaction with the performance of the asset class. Much of the capital returned to investors has been redeployed in private equity, as investors seek to fulfil their allocation plans. This has resulted in an extremely active fundraising environment in which fund managers are seeking to capitalize on huge investor demand for funds.

However, it is clear that while investor appetite is high, it is also primarily focused on established fund managers with a successful track record. Fund managers which have previously raised significant amounts of capital are likely to be able to do so again, while firms which consistently perform well can raise vehicles far more quickly than the industry at large. For smaller fund managers, or those which have yet to build a track record, fundraising can remain a lengthy and difficult process."

****Consistent top performing firms are the 40 managers identified by Preqin as having the highest quartile ranking consistency scores among buyout and venture capital firms.***

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