

Private equity fundraising sentiment bleak in 2023 according to S&P Global Market Intelligence survey

New outlook summarizes and analyzes survey results from private equity, venture capital and limited partner professionals worldwide

Outlook reveals venture capital executives are more cautiously optimistic on 2023 fundraising activity compared to their private equity peers

NEW YORK, April 13, 2023 /PRNewswire/ -- Sentiment around fundraising conditions are bleak this year for private equity (PE) firms yet venture capital (VC) executives remain cautiously optimistic, according to the new S&P Global Market Intelligence 2023 Private Equity Outlook Survey. According to the outlook, 45% of private equity executives surveyed expect fundraising conditions in their location to deteriorate this year, while 34% said conditions will remain the same. Venture capital professionals were split, with 35% forecasting a deteriorating fundraising environment and a similar percentage expecting conditions to remain unchanged.

"This year's survey also identified a noticeable divide between PE and VC professionals in expectations for deal activity in 2023, with success dependent on evolving economic conditions and industry trends," said **Ilja Hauerhof, Director of New Product Development and Research for Private Markets, S&P Global Market Intelligence**. "It will continue to be a multifaceted nature of the industry, with market volatility and macroeconomic risk being mentioned as common obstacles for GPs (general partners). Simultaneously, LPs (limited partners) still favor PE as their top alternative asset class and anticipate it to provide the largest returns in 2023. While secondary fund restructuring raises concerns for 52% of surveyed LPs, it also presents opportunities as long as GPs prioritize transparency and act in the best interest of LPs."

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Key highlights from the Private Equity Outlook:

- GPs have more pessimistic expectations for deal activity, with 24% predicting a deterioration this year compared to 7% last year.
- PE and VC professionals have differing opinions on the effect of geopolitical factors on their strategies. 52% of European PE professionals believe that the geopolitical situation will affect their strategies, whereas only 39% of their VC counterparts share this view.
- 43% of LPs investing in PE will increase their asset allocation in PE in 2023, while VC and private debt are likely to see a decrease in allocation.
- A significantly higher proportion of LPs in North America (25%) are considering changing their GPs in 2023 compared to their counterparts in Europe, where only 9% are contemplating a GP switch.

The Private Equity Outlook surveyed a total of 511 private equity, venture capital and limited partner respondents between December 2022 and January 15, 2023. Survey questions cover deal activity expectations, changes in strategy, challenges, preferences in Environmental, Social, Governance (ESG), and technology adoption.

To request a copy of the 2023 Private Equity Outlook Survey, please contact press.mi@spglobal.com.

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