

2023 LP Survey on Private Equity: Key Factors Driving LP Allocations

Top Findings

01 Reputation and high-quality leadership teams are important determinants in allocation decisions

About 40% of LPs say that a PE firm's reputation and leadership team are more important than investment returns when making allocation decisions.

02 European and tech-focused strategies are most likely to attract LP capital in the near-term

85% of LPs say they were likely to allocate capital to Europe in the next 12-18 months, while tech stood out as the sector to which LPs most wanted to allocate.

03 LP expectations around ESG are growing

30% of LPs say that ESG is more important than investment returns when it comes to deciding on a PE firm to commit capital. 60% say it is important to see ESG-linked financial incentives for investment teams when deciding on an allocation.

04 Social media is frequently relied on as a source for information when deciding to allocate capital

94% of LPs say social media profiles of key PE firm personnel are important when deciding to invest in a fund, while 92% say GPs' corporate social media pages are important.

05 Many GPs are seen to be failing at communicating plans for an economic downturn

1 in 5 LPs say the GPs they have invested in have not effectively communicated they have the right investment strategy to generate returns in a downturn.

06 Concerns about adhering to fiduciary duty

Nearly 1 in 5 LPs globally (18%) say PE firms are failing or doing poorly at exercising fiduciary duty.