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Pitchbook on Public Versus Private Fund Performance

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Publicly listed GPs raise larger flagship funds than their private counterparts, wait less between fundraises and outperform on IRR and PME metrics. These are the conclusions in a recent *Pitchbook* **research note** examining the effects of going public on GP behavior. In a nutshell, *Pitchbook* finds no evidence of short-termism at work at publicly listed firms.

Beyond these findings, the report is helpful in filling in the backstory behind today's macro themes. Private equity returns have been in a downtrend for more than a decade. Firms have responded to the associated pressure on carried interest by increasing scale to grow management fee income. This higher-priority, stable income stream is naturally valued more by shareholders. Not surprisingly, public firms have been more prolific in broadening their strategies to move into credit, infrastructure, real estate and other specializations.

Subscription finance fits well into this narrative as both public and private funds target a shorter time to deployment. Until we hear about investors running into GP concentration limits, we expect fund sizes to continue higher and, with that, facility sizes to test new records. The *Pitchbook* report is available **here**.