

# IPEM Allocation and Fundraising Trend Report 2026





“Demonstrating the ability to execute value creation plans is crucial for GPs to navigate these challenges and meet the changing needs of institutional LPs. Long-term success will be the reward for the firms able to do this successfully.”

**Nicolas Beaugrand, France PE & ESG Lead,  
Partner & Managing Director, AlixPartners**

## Executive summary

As the best and brightest from the private markets universe return for this year's IPEM Global event, which will bring together more than 1,500 LPs and 800 GPs, the indications are that a structural shift is happening in this space.

LPs attending the event are set to make more than 5,800 fund commitments over the next 12 months and allocate €100bn. This year, there is a focus on building new relationships with GPs, and LPs are significantly less likely to re-up with existing managers than they were last year. In addition, appetite to back emerging managers, and especially spin-out teams, is as strong as it has ever been.

This comes as years of historically low distributions have squeezed allocation sizes, and institutional investors are forced to think deeply about what private markets investments should look like and function as in the context of overall portfolios. The overall picture from LPs is of a flight to quality and performance, wherever that might be found, and of an increasingly targeted, sophisticated approach leveraging co-investments and the secondaries market, as well as highly specialized GPs.

The data from GPs attending the event indicates that they are in tune with the sentiments of LPs and are building products, honing strategies, and even launching new firms to meet this evolving demand. The growing number of mid-market funds in attendance is increasingly focused on three or fewer sectors. Fund I and IIs will be well-represented at the event, notably those managed by spin-out teams, and more secondaries strategies are in operation in every asset class than ever before.

This is all happening in the context of a fundraising market that continues to show little sign of getting out of first gear, and so the stakes are higher than ever for GPs in an increasingly competitive, nuanced, and sophisticated environment.

# Key findings

## LP allocation trends

- ➔ Allocation intentions of LPs in attendance total €100bn, and LPs are set to make fewer large allocations as IPEM Global attracts more investors with less than €500m AUM
- ➔ LPs are becoming more targeted and sophisticated in their approach, and GPs are reacting by offering more co-investment and secondaries opportunities in private equity, and more returns-driven strategies such as asset-backed lending in private debt
- ➔ LP appetite continues to be strongest for private equity and private debt, while real assets are now more sought-after than venture capital
- ➔ LPs strongly indicate a desire to back new GP relationships over re-ups, and investors at the event hope to make more than 3,300 commitments to new GP relationships over the next 12 months
- ➔ Sentiment among LPs on the US cools significantly on last year, with just 67% looking to make commitments there in the next 12 months, down from 76% last year
- ➔ Mid-market funds are highly sought-after as LPs focus on finding the highest-quality, best-performing managers
- ➔ LPs are leveraging the secondaries market to fine-tune portfolios, with 50% of those in attendance looking at private equity secondaries funds in the coming 12 months

## Fundraising trends

- ➔ GPs at this year's event are less likely to be fundraising than last year, and funds currently in the market are expecting to take longer to close
- ➔ There is also robust LP interest in emerging managers, especially spin-out teams, and more than 175 emerging managers will be present at the event
- ➔ GPs are meeting LP demand for mid-market offerings, and the majority of funds in the space are focused on just three or fewer sectors to differentiate from peers
- ➔ There is a significant increase in the number of GPs operating secondaries strategies across all asset classes at this year's event

## Methodology and data summary

This report evaluates the data submitted by attendees at IPEM Global ahead of the conference in September 2025. It includes responses from 1,865 individual attendees from LPs, up from 1,218 last year and 1,709 individuals at GPs, compared with 1,064 last year, representing 1,136 funds.

We have analyzed this data to deliver insights into how LPs are assessing their investment options and, more generally, thinking about investing in an increasingly complex and crowded private markets space. We also draw out key insights for GPs on the current state of play in the market and how to best position themselves for fundraising success.

To achieve this, we have analyzed the data from numerous angles and present the findings as either a percentage showing the scale of interest among respondents for each answer or as an absolute percentage of each answer, depending on what is most appropriate for the data point.



# Allocation intentions

Fundraising in private markets has endured a torrid few years as liquidity dried up and LPs lacked capital to maintain allocation pacing. Data from the LPs attending IPEM Global in September indicates that this trend may continue into 2026. Primary fund allocation intentions for the next 12 months come in at around €100bn.

In terms of the quantum of capital LPs are looking to put to work in the next 12 months, fewer large allocations are expected, with LPs deploying more than €500m falling to 8% from 9% last year, and €100–500m down a full 3% to 19%. In line with last year, the most common level of allocations is €20–100m, which 29% of LPs expect to deploy.

Investors with €0–500m AUM, always the most common size band, have increased to 41% of attendees, up from 34% last year. This is reflected in data on typical ticket sizes, where the largest four categories (€10–20m, €20–100m, €100–500m, and €500m+) have all seen reductions in the number of LPs on last year while the smallest four (€0–1m, €1–2m, €2–5m and €5–10m) have all increased by at least 1%.

This concentration within the mid-range size band and fall off in large allocations could be an overhang of the persistent liquidity issues in private markets, as large institutions trim annual deployments to match continually below-average distributions. For fund selection, LPs may look to use what capital they can commit to concentrate relationships with a small number of their highest priority, best performing GPs. Alternatively, to maintain portfolio diversification, some investors may prioritize identifying the highest quality managers operating lower down the value chain, allowing them to maintain their level of annual commitments while adjusting the size of these commitments.

Another factor impacting LP allocation intentions is the influx of private wealth and retail investors in private markets; a hot topic across the industry. As large private markets managers court these investors to grow AUM, LPs are increasingly searching for less mainstream strategies where returns expectations are higher. Institutions are shunning large-cap buyout strategies in favor of the mid-market, and direct lending is increasingly seen as a retail-only product as institutions look for exposure to more attractive returns elsewhere in private debt.

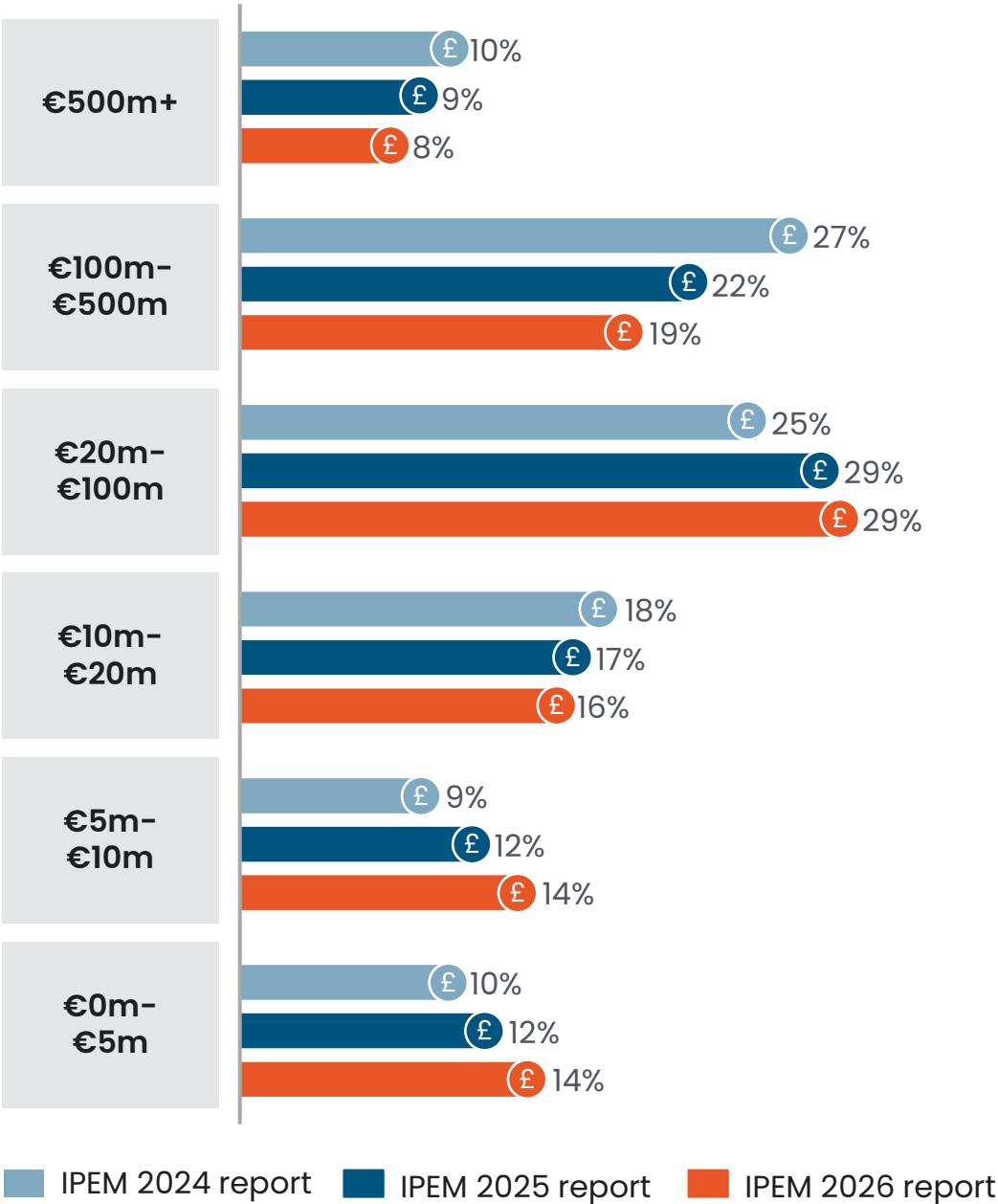
“The number of LPs in attendance at IPEM Global this year is up 40% on last year, and these new attendees are typically new allocators to private markets, deploying less capital into the space than more experienced peers.

LPs are moving strongly towards quality and performance, reevaluating how they look at what were once core private markets strategies. Large- and mega-cap funds increasingly target retail investors, which some institutional investors see as reducing returns expectations for these funds.”

**Antoine Colson, CEO & Managing Partner, IPEM**

Looking at the strategies of funds at this year's conference, it seems that GPs are catering to this change in outlook among institutional investors. In private equity, co-investment and secondaries, two strategies that particularly suit more sophisticated LPs, have seen the largest rise in representation. The story in private debt is similar; specialty finance funds make up 16% of private credit funds in attendance, up a notable 5 percentage points on last year. This strategy includes asset-backed lending, a topic that speakers at the conference have been eager to discuss. Direct lending fund offerings, while still the most common in the asset class, have fallen in market share to 49% of private debt funds, down from 51% last year.

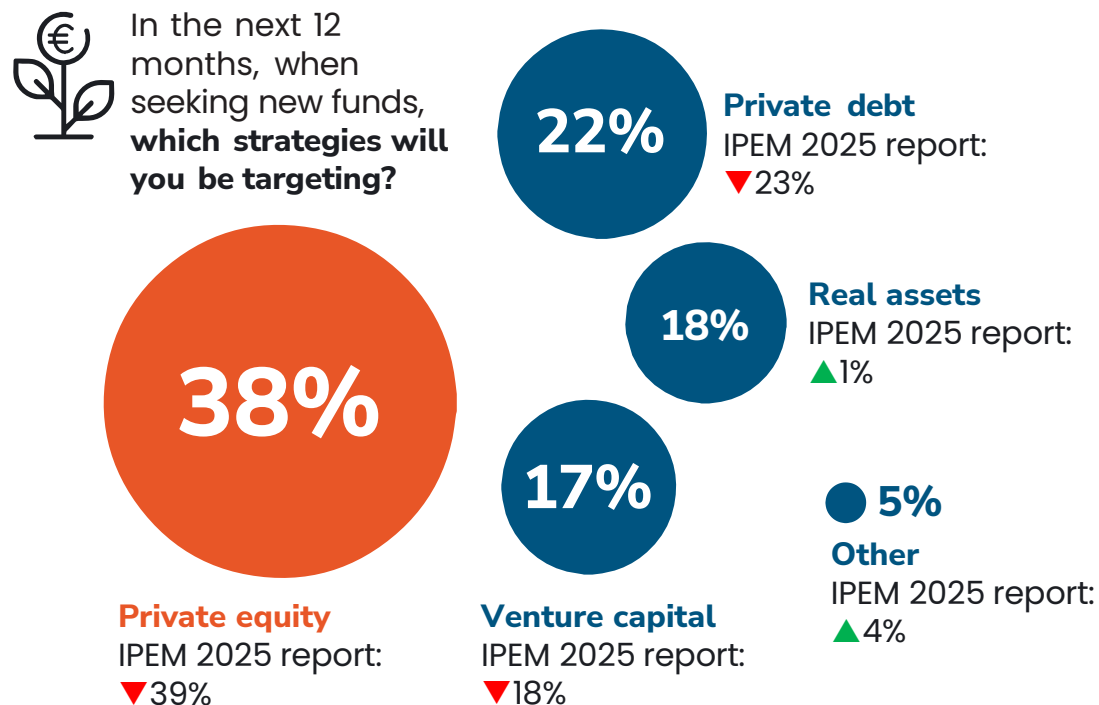
Figure 1: LP primary fund allocation intentions



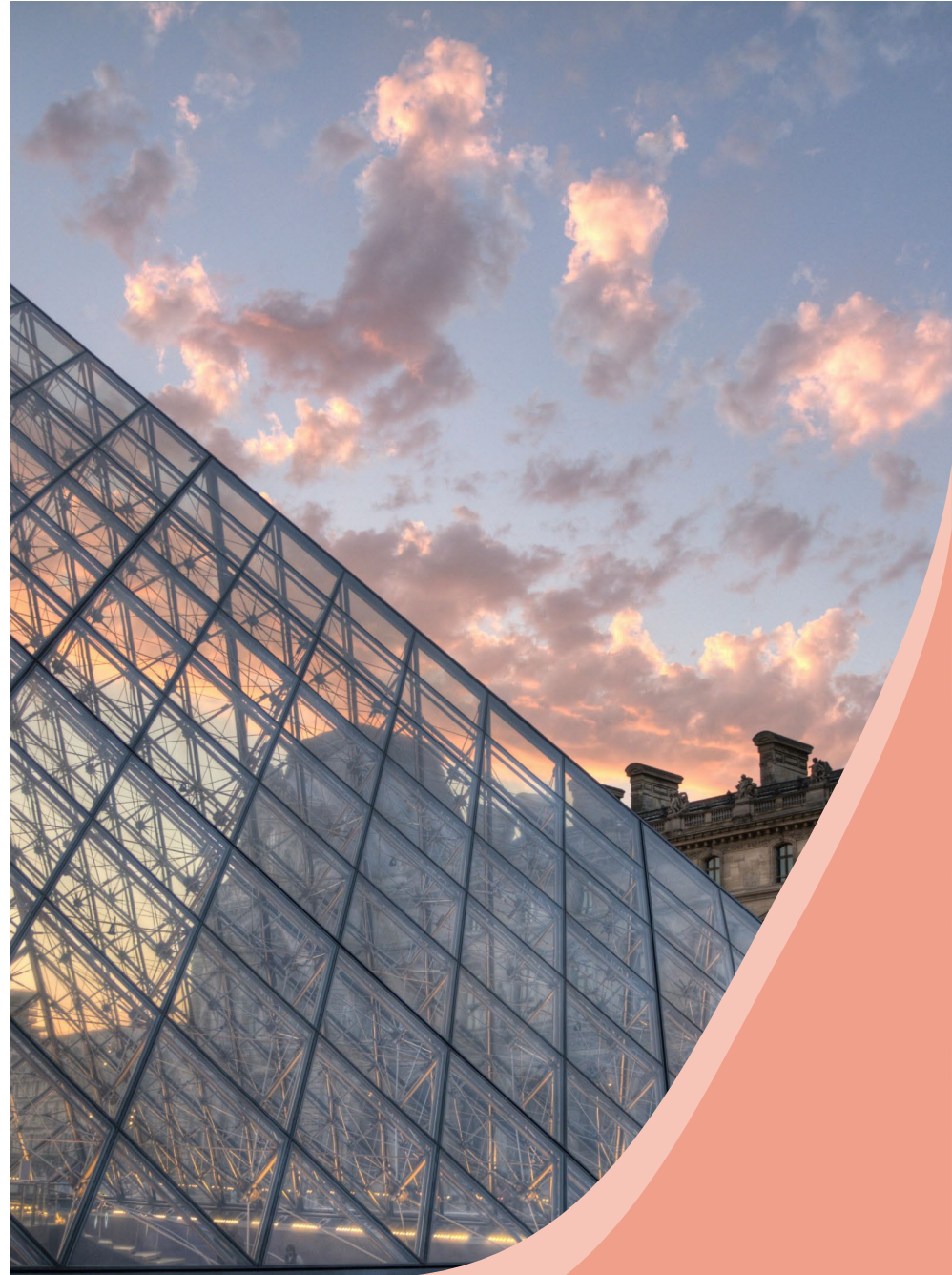
Bar sizes reflect actual percentages; numbers shown have been rounded

LPs continue to prioritize private equity, which has seen a marginal drop of interest compared with last year. Appetite for real assets has increased, and the asset class has leapfrogged venture capital for third priority behind private debt. In terms of strategies, real estate has seen the largest increase in interest among LPs, growing by three percentage points from 24% to 27% among real assets strategies, and direct lending accounts for 30% of LP interest private debt up from 28% last year. Turnaround/restructuring in private equity has seen the largest drop-off in interest in the asset class, falling from 9% to 8%. Last year, we flagged the increase in interest among LPs for turnaround strategies, citing the coming wave of high-yield debt maturities. It seems that the slide in interest rates since then, as well as the focus on seeking out top-performing new GPs, has turned LPs off the strategy.

## Figure 2: Investment strategies – where is LP appetite strongest?



\*The remaining fundraising GPs expect their first close outside of these periods

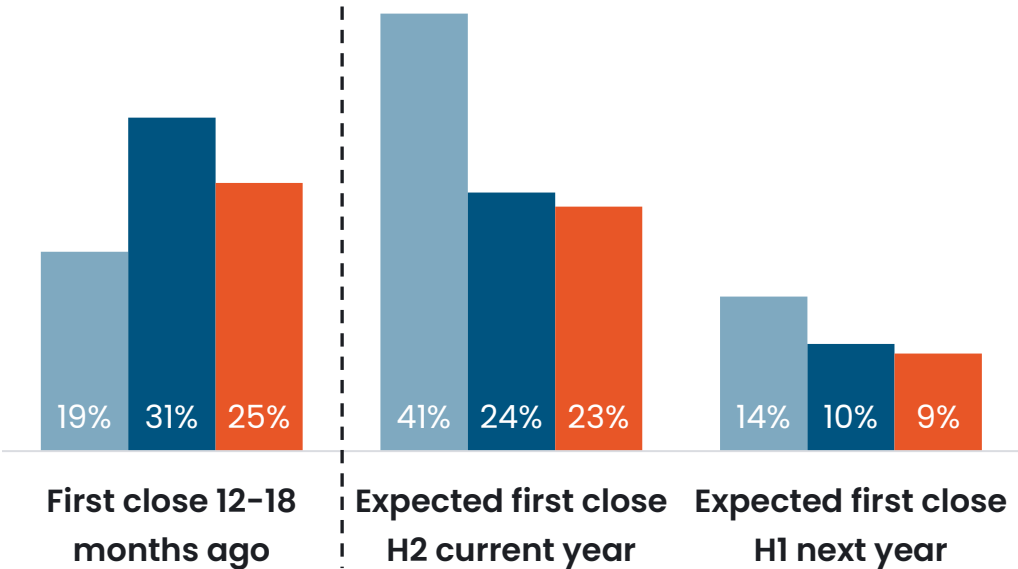


# Fundraising trends

GPs at this year’s conference are less likely to be fundraising than last year, with 87% planning to raise in the next 12 months compared with 91% last year. While still a large majority, this reduction underlines the challenges that fundraising poses for GPs in the current environment.

This is also reflected in the data on funds currently in the market, 32% of which expect to hold a first close in the next 12 months, 23% in the second half of 2025, and 9% in H1 2026, where last year this number was 34%. A quarter of funds currently raising held a first close within the last 18 months, down from 31% last year, an indication that getting LPs over the line continues to be difficult and that GPs are not expecting this to change.

Figure 3: GP fundraising status – First close milestones/expectations\*



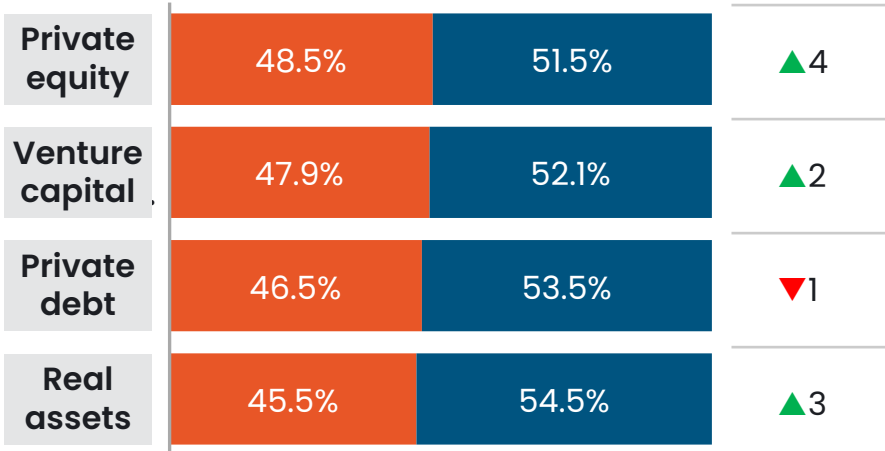
\*The remaining fundraising GPs expect their first close outside of these periods

IPEM 2024 report IPEM 2025 report IPEM 2026 report

Bar sizes reflect actual percentages; numbers shown have been rounded

In terms of what LPs attending IPEM Global are looking for, the data shows an increase in appetite for building relationships with new managers over re-upping with existing GPs, with more than 3,300 new primary fund commitments targeted by LPs in attendance over the next 12 months. In every one of the four main investment categories covered, LPs are preferring to seek out new managers, and on a more granular level, the majority of LPs are looking to redeploy capital with existing GPs in just two of the 21 investment strategies within the four categories. These are buyout private equity and seed/early-stage venture capital strategies, areas where GP relationships are likely highly entrenched as core elements of LPs’ private markets portfolios.

Figure 4: Re-up (renewal of agreement with GP) vs. New % allocation by LP strategy



Re-up New



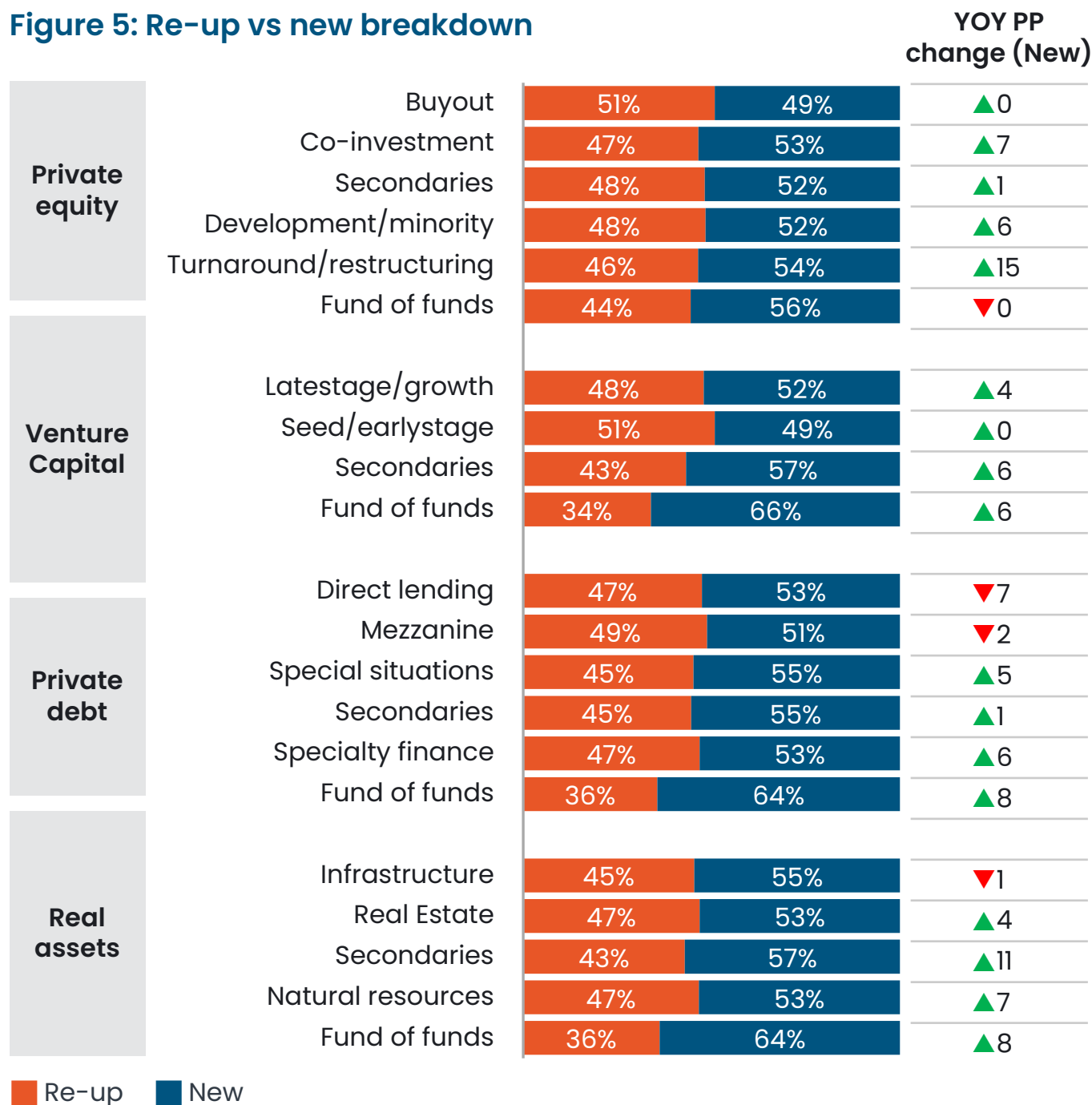
Unpicking where the preference for seeking out new managers is strongest by strategy shows that LPs are exploring new managers in the more niche areas of the market. Within private equity, development/minority equity, co-investment, and turnaround/restructuring strategies all see a swing of more than 5 percentage points away from re-ups compared with last year, and a similar move is reported in funds-of-funds and secondaries strategies in venture capital.

For GPs planning on fundraising in the next 12 months, the message is clear: LPs are open to having their heads turned by new managers, and re-ups are no longer a guarantee. This underlines the importance of having a strong investor relations function, both for established and emerging managers, to effectively prospect new LPs and to keep existing LPs engaged.

“Fundraising isn’t out of last year’s traffic jam yet; we’re still digesting it and carefully navigating our way forward.”

**Antoine Colson, CEO & Managing Partner, IPEM**

**Figure 5: Re-up vs new breakdown**



Bar sizes reflect actual percentages; numbers shown have been rounded



On the topic of emerging managers, more than 800 LPs registered to attend IPEM Global have reported an increased interest in backing these groups. Spin-out teams are the most sought-after emerging managers for these LPs over the next 12 months, with 2% more respondents looking for such funds compared with last year. Looking at the criteria used by LPs looking for emerging fund managers, it is notable how in line it is with the overall selection criteria (discussed in the next section). Returns remain top priority for investors, with consistency of performance, cited by 18%, the top factor among emerging manager backers, albeit to a slightly lesser degree than in the overall selection criteria, where 19% of all LPs listed it.

It seems that GPs are in tune with LP demand here, as more than 175 emerging GPs (those raising funds I and II) will attend the conference this year – 30% of all GPs in attendance – and this includes 80 that are raising a first fund. There is a skew towards private equity and venture capital among these emerging managers, with 43% of them raising private equity funds, 31% venture capital. Less well-represented are private debt, making up just 14% of those attending, and real assets, where 13% of emerging managers attending operate.

“There has been an increase of 16% in the proportion of spin-outs among new funds attending the conference this year. LPs I speak to are actively exploring this area of the market in search of hungry, ambitious GPs capable of delivering exceptional returns.”

**Antoine Colson, CEO & Managing Partner, IPEM**

A range of factors contribute to the trend of spin-out firms launching. With the dramatic slowdown in fundraising covered above, GPs have less capital to deploy and are forced to be more selective over deals, meaning frustration among investment professionals bringing what they see as incredible deals to the investment committee, only to be turned down. The slowdown in exit activity also means that carried interest fails to crystallise, lessening the incentive for ambitious investors to stay with current firms, and the growing LP interest in spin-out groups creates a pull factor for entrepreneurial individuals thinking about taking the plunge.

Perhaps we are witnessing a changing of the guard, as talented investors sense the time is right to launch their own firm and begin to actively court increasingly receptive LPs.

“We’ve seen large numbers of spin-out managers launching in the past couple of years. More senior investors than ever are leaving their employers to launch their own firm, in fact the most in the history of private equity.”

**Nicolas Beaugrand, France PE & ESG Lead, Partner & Managing Director, AlixPartners**





## Alignment of interests

Regardless of whether raising fund one or fund ten, successfully closing LP commitments relies on GPs understanding exactly what LPs are prioritizing in their selection criteria. Among the LPs attending IPEM Global, performance factors are top concerns, with consistency of returns the most important element in the diligence of new funds, followed by absolute performance (figure 6). Below this come factors around the GP's skillset, with value creation approach and sector/geography expertise coming third and fourth on the list, respectively.

LPs' views on how to select the highest-quality funds are very consistent, it seems; this top four, including its ordering, matches last year's findings. As with last year, GPs view their top four key strengths as the factors LPs are prioritizing, albeit emphasizing their own abilities over performance factors, citing value creation approach and sector/geography expertise as first and second strengths, followed by consistency of returns and absolute performance.

The largest movement in GP key strengths since last year has been in the percentage of GPs reporting ESG conviction and innovation as a key strength, which has dropped from being cited by 10% of GPs last year to just 6% this year. For LPs too, ESG conviction and innovation as a fund selection criteria has seen the biggest move on last year, down to 3% from 5%.

Of interest to emerging managers in particular, GP commitment to the fund remains 12th out of 14 in the list of LP selection criteria, indicating a continued willingness to accommodate managers without extensive financial resources.

**Figure 6: LP key considerations and GP key strengths**

**LP key considerations**

19%	Consistency of returns
15%	Absolute performance
13%	Value creation approach
10%	Sector/Geography expertise
8%	Alignment with LPs interests
8%	GP brand and reputation
7%	Low loss ratio
6%	Access to co-investments
4%	Leadership and firm's culture
4%	Fee structure and transparency
3%	ESG conviction and innovation
2%	GP financial commitment to the fund
1%	Impact ethos
1%	Quality of fund operations

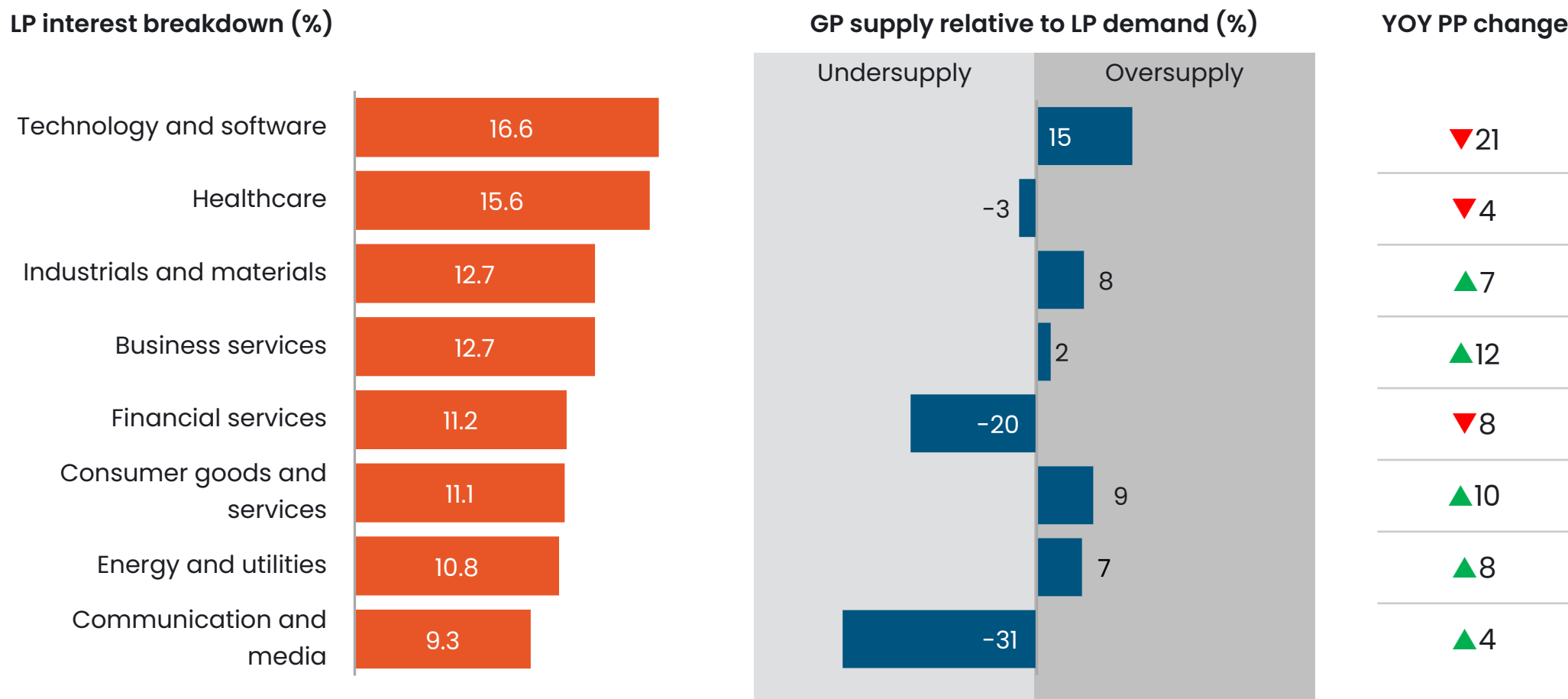
**GP key strengths**

Value creation approach	15%
Sector/Geography expertise	14%
Consistency of returns	14%
Absolute performance	13%
Low loss ratio	8%
Alignment with LPs interests	7%
Access to co-investments	7%
GP brand and reputation	6%
ESG conviction and innovation	6%
Leadership and firm's culture	4%
GP financial commitment to the fund	2%
Fee structure and transparency	2%
Impact ethos	2%
Quality of fund operations	1%

— Higher priority for LPs
 — Higher priority for GPs
 — Close alignment



**Figure 7: LP demand and GP supply – Sectors**



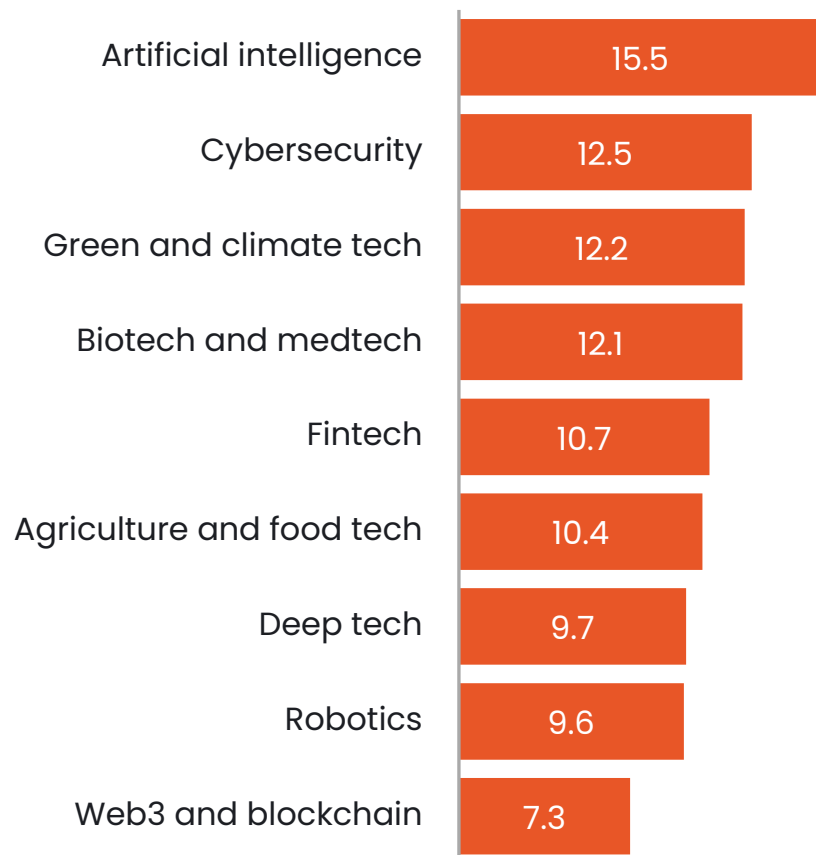
When it comes to sectors, GP skill is well matched with LP interest. All eight sectors tracked are ranked in the same order by fund managers and investors. Technology and software, healthcare, industrials and materials, and business services are the top four sectors for both, a fact that is unsurprising given the resilience of each across economic cycles.

In terms of how fund supply and LP demand match, there is a slight oversupply in four of the eight sectors and a 15% oversupply in technology and software. Financial services and communication and media, however, are undersupplied by 20% and 31% respectively. Healthcare funds see a marginal undersupply of 3%. Consistently ranking bottom in terms of LP demand, communication and media is prone to seeing a large discrepancy in supply and demand, but financial services is a sector that has historically been very well-matched, and so it is notable that LP demand is so high in the space here.

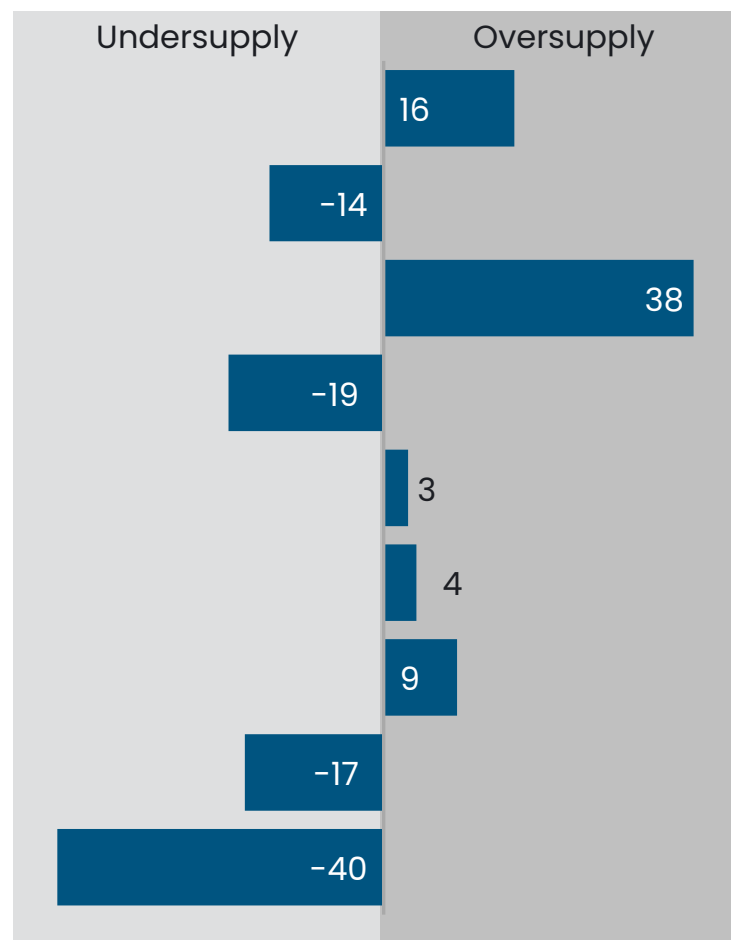
Sector expertise is given more weight by LPs when it comes to selecting funds than it has in previous years, indicating that LPs increasingly value specialization as a way to generate performance.

**Figure 8: LP demand and GP supply – Technologies**

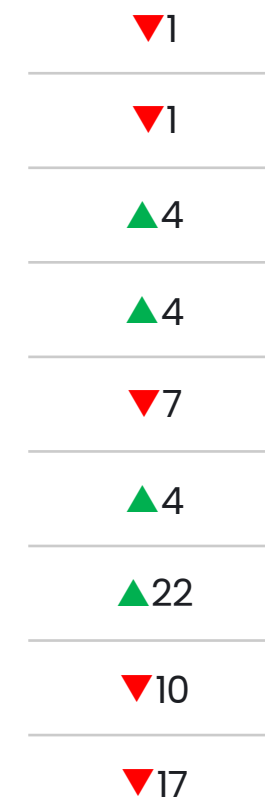
**LP interest breakdown (%)**



**GP supply relative to LP demand (%)**



**YOY PP change**



On the tech front, LP interest in Cybersecurity demand outstrips supply for the first time this year. Artificial intelligence and Green and climate tech, the other two of the three highest priority technologies for LPs, see GP supply above the level of demand for the third year running. Other tech areas where there is LP demand in excess of supply are Biotech and medtech, Robotics, and Web3 and blockchain. Fintech and Agriculture and food tech swing towards an oversupply on the GP side this year, albeit at very minor levels of 3% and 4% respectively.

# IPEM spotlight: LP and GP interest to fuel continued secondaries growth

Secondaries in private markets have come of age in the last couple of years, as M&A, and consequently distributions, ground to a halt and both LPs and GPs searched desperately for ways to generate liquidity. Advisory firm Evercore recently reported H1 2025 secondaries deal volume of \$102bn, which tops most full-year totals over the last ten years and is the highest volume it has recorded for any six-month period. The firm expects between \$100-120bn of transactions over the second half of the year, even though buyers put a lot of capital to work in H1, causing dry powder to dip to \$171bn, a level that is nevertheless historically high, from \$216bn.

With the market set to surpass \$200bn in transaction volume this year and new players entering the market, broadening the investor base and increasing competition, how are IPEM Global attendees thinking about secondaries?

For LPs, the growing secondaries market enables a proactive approach to portfolio management. Investors can adjust allocations to specific strategies, sectors, vintages, and managers, confident that consistent buyer appetite will underpin strong, stable pricing. 21% of LPs in attendance report exploring selling into the

secondaries market over the next 12 months, aiming to rebalance portfolios away from non-core GP relationships, strategies, and sectors.

When it comes to looking at secondaries in specific strategies, 52% of LPs investing in private equity report interest in secondaries, down from 54% last year but still the highest percentage of any strategy. It is the third-most popular strategy for private equity fund commitments behind buyout and co-investment. Venture capital and private debt secondaries have both fallen out of favor among LPs, with 31% reporting interest in private debt and 28% in venture capital, reductions of eight percentage points in both cases. Interest in real assets secondaries is down slightly, from 30% of respondents to 29%.

GPs continue to be proactive in exploring creative secondaries solutions. Continuation vehicles are seen as strategic fundraising tools, enabling managers to return capital to LPs, boost DPI, and build interest in upcoming raises. As the buyer universe has grown it has become increasingly specialized, and appetite has picked up across credit, infrastructure, and venture secondaries, opening up the market to a wider range of GPs.

Among GPs attending IPEM Global, there is a marked increase in secondaries players across all strategies. 28% of private equity managers, the most in any asset class, report interest in secondaries, up from just 12% last year. In real assets, this number has increased from just 2% last year to 26% in 2025, and venture capital and private debt GPs operating secondaries strategies make up 24% and 20% of each cohort, respectively, both up from 6% last year.

The prevalence of the secondaries market is reflected by attendees at the event, particularly among funds, where managers look to be capitalizing on the growing market by launching vehicles targeting the space. Commitments to secondaries funds remain a significant part of LP allocation strategies, although fewer LPs report interest in private debt and venture capital secondaries, suggesting a slight fatigue after frantic activity in private debt, and that pricing concerns in venture secondaries are making LPs nervous about the space. LPs continue to leverage the market as sellers to focus portfolios on core managers, strategies, and sectors, as well as to generate liquidity.



# The value creation concentration

By Nicolas Beaugrand, France PE & ESG Lead, Partner & Managing Director, AlixPartners

The last time we met to take stock of the private market investor landscape, the view appeared much as it does today: exits are still difficult, tough competition for funding, and liquidity solutions continuing to evolve. In this context, the focus on value creation has further sharpened, with growing scrutiny on how GPs address and execute expected value creation.

Across all private equity strategies, LPs show a clear preference for making new funding commitments over reinvesting in existing holdings. Their search for investment opportunities is driven by consistent returns and absolute performance. Since 2023, the importance of a fund's value creation approach has grown year-on-year. As LPs prioritize this, value creation has become a key source of fund performance, while leverage has diminished as a performance lever.

Growth and margin improvement through operational improvement now represent nearly half of all PE value creation, a 2.5-fold increase over the last three decades. Consequently, value creation levers are instrumental at every stage of the investment cycle. For that, GPs need a robust equity story backed by a clear value creation thesis, which increasingly comprises a sizeable operational dimension. The ability to execute these complex, operationally focused plans has now become pivotal.

**Buy-side scrutiny:** A sizeable mismatch persists in the private capital market between seller valuation expectations and the price buyers are willing to pay. This gap intensifies the challenge of demonstrating where value creation is coming from, especially as market disruption

strongly increases uncertainty within business plans. To meet these valuation challenges, a robust operational value creation plan is critical to help the business face today's level of uncertainty and increase resilience. AI tools are increasingly used in the diligence phase to accelerate and deepen scrutiny, while focusing on the analysis of potential value creation levers.

**Portfolio performance:** When a PE firm delays a planned exit by a year or more, the focus shifts to which value creation levers remain available. Everything is back on the table, from maximizing digital strategy to improving sales operations. In this environment, firms may have overlooked real opportunities to drive value. Take value chain optimization: by proactively making it more flexible and resilient, firms can better withstand disruptions and uncover new growth avenues.

This intense focus on value creation is also critical in the secondaries market, which continues to grow across PE, VC, and Private Debt due to demand for liquidity solutions and limited exit opportunities. For both LP-led and GP-led secondaries, a clear, convincing value creation plan is essential. In GP-led deals, the value creation story must be reset with a clear path forward.

Getting closer to a portco's actual operations during the holding period can mitigate issues or prevent misguided strategies. A singular focus on EBITDA, for example, can distract from improving a business's true health in other areas, such as free cash flow.

AI offers a significant opportunity to accelerate this value creation. It now tops the list of

technology interests for LPs and has become a key skill for GPs. By harnessing AI, firms can unlock new services, introduce innovative product features, enhance performance, optimize processes, and reduce decision times. This enables business agility and faster transformation, strengthening both the value creation thesis and the equity story.

AI can also help PE firms monitor portco performance more closely and identify where value can be generated. However, effective AI deployment requires a cohesive strategy across portfolio companies; its implementation often lacks direction. This allows smaller, nimbler companies to make better use of the proliferation of AI tools.

**Selling into headwinds:** With valuations under pressure and limited M&A activity, PE firms must clearly demonstrate how a portco's valuation thesis has played out, with a robust rationale ready for market interrogation. The nature of dealmaking has also changed, often involving complex capital structures with more risk-averse investors, which catalyzes intense due diligence.

Persistent bid-ask spreads are putting pressure on portco projections. The story about future company performance needs to show what is possible and how, not simply tell the market what to expect.

As LPs scrutinize PE firm value creation more closely than ever, GPs have an opportunity to devise new value creation plans. They can show the market not only how value is being generated throughout the investment lifecycle, but also how they are mastering its execution.

# IPEM spotlight: A European renaissance as LPs cool on the US

Between Brexit, tariffs, war, rapid interest rate changes, and the Covid-19 pandemic, the last decade has been one of significant upheaval in geopolitics and international trade, especially in the major regions for private markets. Currently, GPs and LPs must grapple with a US administration intent on leveraging tariffs to air political grievances and, it argues, boost US manufacturing, the ongoing war in Ukraine, and an uncertain interest rate environment. The registration data of attendees at IPEM Global provides some insights into how market participants are tiptoeing through this unprecedented period of disruption.

The percentage of funds attending the event that are looking to invest in Europe has dropped slightly on last year, from 88% to 85%, but nevertheless the region still represents a target for the vast majority of funds. The absolute number of funds is up by more than 80% from last year, highlighting the level of activity in Europe, partially in response to the call to action provided by the US government's tariff regime.

LPs attending the event are buying into the renewed vigor around Europe, with 95% of them looking to allocate to funds investing in the region in the next 12 months. Breaking this down

by region, 98% of European LPs are looking at Europe versus 83% of international LPs. With the increase in capital to be allocated over the next 12 months, the confidence of LPs around Europe is undoubtedly a positive sign for the region.

On the other hand, the data on allocation expectations does indicate that some are rethinking approaches towards the US. Last year, 76% anticipated backing funds investing there in the next year; this year, this figure is 67%, suggesting a cooling off on the US. Notably, just 53% of international LPs report backing funds investing in the US this year, where 70% of European LPs are looking at US funds. This could be seen as a vote of confidence for European managers as LPs believe it is set to flourish in the face of US protectionism, or simply that with less capital to allocate, longstanding relationships with high-performing GPs take priority and these happen to be with local managers.

Fund managers in attendance are more bullish on the US, however, as 44% of funds report targeting the country, an increase from 38% on last year. In addition, when it comes to geographies GPs have expertise and experience in, the gap between Europe in the top spot and North America in second has narrowed by eight

percentage points. This is an indication that more GPs from North America are in attendance this year, seeing Europe as a fertile area to source new LP relationships as the industry here matures, and perhaps to explore new frontiers as local investors concentrate limited allocations on core GP relationships.

The story for the rest of the world is slightly less positive when it comes to LP allocations. 25% of those in attendance are looking to allocate towards Asia in the next 12 months, down a percentage point from last year. 7% are looking at Africa, and 6% are set to invest in the Middle East, in line with last year's percentages.

Despite the challenges each region faces, Europe and the US remain the core focus for LPs attending IPEM Global, although appetite for US offerings is down on last year. Whether this is a temporary pause as we gain clarity around the tariff regime, or the start of a long-term trend towards investing in Europe, is yet to be seen.

# IPEM spotlight: Performance-seeking investors converge on the mid-market

Some things never go out of fashion, and, among institutional investors, mid-market private equity is one of them. It is a huge universe of investable companies that offer a wealth of value creation opportunities and can typically be acquired at lower entry multiples. As the market has matured, GPs in the space are becoming increasingly focused and specialized on the core sectors or geographies in which they invest to differentiate themselves in a competitive market. LP interest in the space is always robust, and investors attending IPEM Global have reported an increasing interest in the mid-market.

Appetite for €500-2bn funds, the middle of the range of fund sizes, is up by the most of any category, increasing by two percentage points. In parallel, 0.4% and 1.2% more LPs reported looking at small (€100-500m) and large (€2-10bn) funds, respectively. At the extremes of the range, LPs reported a diminished appetite for sub-€100m and €10bn+ funds compared with last year.

Crunching the numbers on the funds attending the event, there is a similar concentration around the mid-market, with funds of between €500m and €2bn growing to 32% of those in attendance from 27% last year, where micro

(sub-€100m), small (€100-500m), and large (€2-10bn) funds have declined to 13%, 41%, and 12% from 14%, 44%, and 13% respectively.

LPs have reported they expect to make €100bn in primary commitments in aggregate over the next 12 months, as well as fewer total allocations of more than €100m, indicating a larger number of smaller LPs in attendance and that fundraising for GPs will continue to be a challenge. To make the most of limited allocations, it is likely that LPs will either focus on strengthening relationships with core GPs in the portfolio or seek out the strongest performers lower down the value chain.

Looking at LP preferences for private equity strategies, co-investments saw the largest rise on last year, indicating that LPs are looking to minimize the blind pool risk that comes with primary funds and to understand underlying assets prior to investing. These deals also tend to incur lower fees, an additional benefit for many LPs.

GPs seem to have anticipated this demand for mid-market products, as these funds make up a higher proportion of attendees this year, 32% up from 27%. In order to differentiate themselves in a fundraising market that is likely to remain

challenging, the data shows that GPs are homing in on specific sectors where they can execute on precise value creation playbooks based on deep in-house knowledge: 66% of all sub-€2bn funds in the dataset report targeting three or fewer sectors, and 77% are targeting four or fewer.

Overall, the data from attendees at this year's conference shows a concentration around the mid-market space. More LPs are shunning the extremes of the fund size scale in favor of mid-sized offerings, and these funds make up a higher percentage of the market. LPs attending the conference have indicated a preference for building new GP relationships over re-upping with current managers, and so, although they face stiff competition from large incumbents launching mid-market strategies, there is an opportunity for new managers in the mid-market space, particularly those with strong value creation track records.





## Conclusion

The private markets ecosystem is becoming increasingly competitive, nuanced, and sophisticated. In this environment, and faced with persistent liquidity issues, LPs are focusing on accessing high-quality, top-performing managers operating in the most attractive areas of the market. This means that new relationships are being prioritized, and spin-out teams are becoming more sought after by institutional investors. For GPs, there is more opportunity to court new LPs, but the bar to clear to secure commitments remains exceptionally high. Investors continue to focus on performance in selecting funds and expect GPs to have a thorough value creation thesis as well as the proven ability to execute on it to deliver this performance.

Whether the LP shift towards new GP relationships is a temporary state of affairs caused by the dearth of liquidity is yet to be seen, but one thing is for sure: attendees at IPEM Global expect 2026 to be unlike any other year in private markets.



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