

PUBLICATIONS

Schulte Attorneys Author United States Fundraising Chapter for *The Private Equity Review: Edition 11*

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The 11th edition of The Private Equity Review comes on the heels of a record-breaking year for dealmakers in 2021. Despite the continued impact of the global Covid-19 pandemic, the volume and value of both US and global buyouts soared to all-time highs in 2021, with more than US\$1 trillion of global activity attributed to private equity sponsors – at roughly 25% of global deal value, the highest share ever.

Deal activity was propelled by a confluence of factors, including favorable macroeconomic conditions leading to increased confidence in boardrooms, accommodating central bank policies, an abundance of cheap financing, robust stock markets, substantial corporate cash and the pace of innovation across industries.

In the US, it was in many ways the most successful year for PE fundraising since the financial crisis of 2007–2008. Neither lockdowns, consistently high trading multiples for private companies nor ongoing concerns over the high volume of ‘dry powder’ within the industry were sufficient to mitigate an influx of fresh capital. Indeed, as fiscal stimulus drove public market shares higher, a ‘reverse denominator effect’ drove additional commitments into private equity, while institutional investors became increasingly comfortable with ‘Zoom diligence’.

Meanwhile, the continued growth of general partner-led secondary transactions demonstrated that 'going public' is no longer a presumed exit strategy. It is reported that private equity firms raised US\$733 billion in 2021, US\$14 billion more than the previous record set in 2019. Moreover, taken together, the illiquid alternative asset classes (i.e., private equity, private debt, hedge funds, real estate, infrastructure and natural resources) together are projected to reach over US\$23 trillion in assets under management globally by 2026.

Partner Joseph A. Smith and associates Tarik M. Shah and Ruchi Sharma assisted in the preparation of this chapter.

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