

FUND FINANCE FRIDAY

PitchBook Unveils its 2019 PE Outlook

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PitchBook unveiled its *2019 Private Equity Outlook* this week, detailing the trends it expects will drive the industry in the next year. We summarize a few of those trends here and provide a link to the full article below.

- **Evolution in GP stakes strategies.** GP stake funds will continue to move further into targeting emerging managers and smaller funds and in developing asset-class specializations. Liquidity strategies are likely to become a focus, with a possible exploration of public listing.
- **Secondaries' activity to reach a new all-time high.** Aggregate contributions and distributions from secondary funds reached a high water mark in 2017, as secondary market activity became more widely accepted. This momentum continued in 2018. Further gains, particularly in GP-led transactions, are likely in 2019.
- **Better PE performance relative to public markets.** Public and private market performance are generally positively correlated, but this correlation tends to breakdown during more volatile periods. PE funds have also historically outperformed public markets in years when public market performance is negative. Based on these factors, PE performance may outshine public markets in 2019.
- **Momentum in China-focused fundraising.** China-focused fundraising more than doubled in 2018, according to *PitchBook* data. GP survey data points to further growth ahead in China strategies.
- **A recovery in private debt fundraising.** After reaching a record \$124.0 billion across 121 vehicles in 2017, private debt fundraising has slumped in 2018 to only \$75.6 billion raised year-to-date through December 4. Interest in floating-rate debt and distressed strategies may spark renewed interest in private debt in 2019.

[The key trends that will shape PE in 2019](#)