Post-GFC Track Records Could Drive 2021 Allocations

Our latest detailed analysis of the largest global buyout firms assesses performance following the Global Financial Crisis (GFC), which ushered in a new era of private equity investing. In the high valuation environment that persisted post-GFC, private equity firms focused more on operational value creation to generate returns

As a path out of the COVID crisis becomes more visible, investors will be assessing where we stand in the investment cycle and the impact this will have on private equity strategy and performance.

It is too early to ascertain how closely the post-COVID-19 adjustment cycle will mirror that of the GFC, as government and central bank intervention in 2020 has been vastly different. Fiscal policies have come to the fore in ways we could not have imagined at the start of the year. The Federal Reserve and European Central Bank have been crucial figureheads in promoting a balanced global economy, most notably achieved through purchasing assets at unprecedented levels.

As a direct result of this significant intervention, drops in valuations have not been as swift or persistent as in previous crises. In turn, this has created a potential floor to valuations and reinforced the post-GFC playbook for private equity managers: detailed sector knowledge and active, direct operational involvement with portfolio companies as the primary course to meaningful return generation.

Although overall private equity fundraising activity has inevitably declined in 2020 due to COVID-19, Preqin still estimates private equity assets under management (AUM) will reach $9.11tn in 2025 – a rise of 106% from the projected $4.42tn at the end of 2020 (annualized estimate as of October).

With increasing consolidation and competition across GPs and deal activity, institutional LPs are likely to be increasingly selective around their allocation decisions. Investors may want to assess the managers that have delivered stable long-term outperformance following the GFC.

In this factsheet, we rank the most consistent top performing buyout fund managers since the GFC, and compare the latest global buyout AUM data from Preqin Pro against pre-pandemic levels.

Fig. 1: Most Consistent Top Performing Buyout Fund Managers with Funds in Market

Firm	Headquarters	Total Funds Raised in Last 10 Years ($mn)	Overall No. of Funds with Quartile Ranking	No. of Funds in Top Quartile	No. of Funds in Second Quartile	No. of Funds in Third Quartile	No. of Funds in Bottom Quartile	Average Quartile Ranking
Partners Group	Switzerland	46,649	3	2	1	0	0	1.33
Morgan Stanley	US	33,091	5	3	2	0	0	1.40
Silver Lake	US	48,684	5	3	2	0	0	1.40
Genstar Capital Partners	US	12,312	10	6	3	1	0	1.50
Hellman & Friedman	US	27,882	8	5	2	1	0	1.50
Vista Equity Partners	US	45,972	9	5	3	1	0	1.56
New Mountain Capital	US	19,609	5	3	1	1	0	1.60
Triton	Jersey	16,046	5	3	1	1	0	1.60
Hg	UK	14,964	8	4	3	1	0	1.63
Berkshire Partners	US	10,799	9	6	1	1	1	1.67

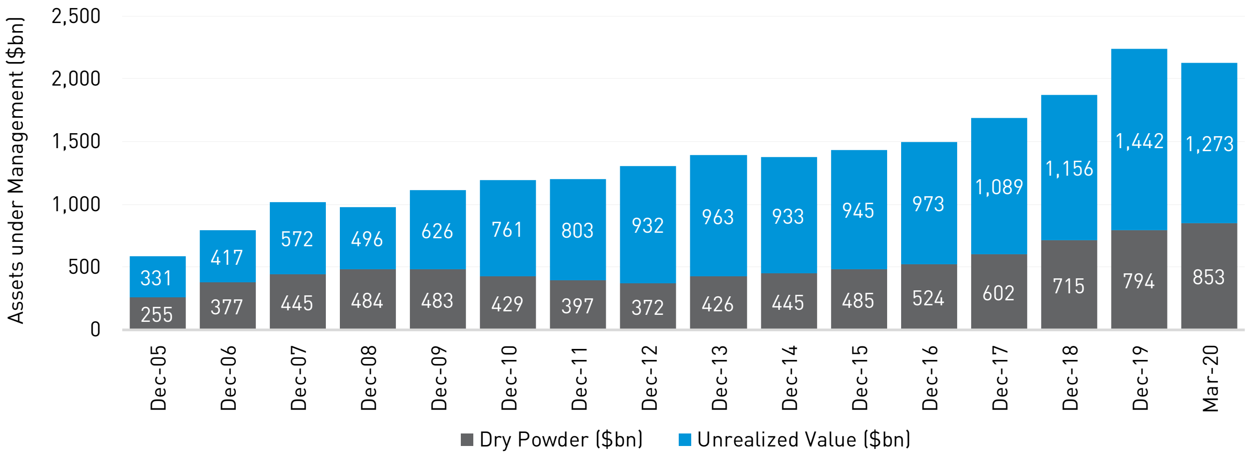
Source: Preqin Pro

Fig. 2: Global Buyout Managers Ranked by Consistency of Post-GFC Performance

	Overall No. of Funds with Quartile Ranking	Average Quartile Ranking
TA Associates	4	1.25
Clayton Dubilier & Rice	3	1.33
Genstar Capital Partners	3	1.33
Hg	3	1.33
Partners Group	3	1.33
Astorg	3	1.67
Bridgepoint	3	1.67
FSN Capital	3	1.67
KKR	7	1.71
Levine Leichtman Capital Partners	4	1.75
Bain Capital	7	2.00
CPE Funds Management	3	2.00
HGGC	3	2.00
Waterland Private Equity Investments	4	2.00
Ardian	4	2.25
CVC	5	2.60
American Securities	3	2.67
Avista Capital Partners	3	2.67
Charlesbank Capital Partners	3	2.67
H.I.G. Capital	3	2.67
EQT	6	2.83
Advent International	4	3.00
Ares Management	3	3.00
Carlyle Group	9	3.22
TPG	3	3.33

Source: Preqin Pro

Fig. 3: Global Buyout Assets under Management, 2005 - 2020



Source: Preqin Pro