



# IPEM Allocation and Fundraising Trend Report 2025

IPEM Knowledge Partner

**AlixPartners**





## Introduction

As LPs and GPs reconvene at IPEM Paris in September, we see signs of shifting market dynamics. Continued innovation across the Private Equity industry and broader economic and market developments drive some of these shifts, as we explore in this year's allocation and fundraising expectations for 2025.

We see a market that may have relaxed somewhat since our previous study, with greater liquidity, more exits, and more completed deals apparent than in the previous 12 months. But what trends have emerged deeper below this macro view?

Strategically, the dominant investment focus remains directed at Private Equity, albeit marginally muted versus last year's report. This translates to signs of diversification within Private Debt and Real Assets and, within these asset classes, more notable moves towards Special Situations and Fund of Funds verticals. Within Private Equity, too, Turnaround and Restructuring has seen an uptick in investment intention from LPs, perhaps in line with the well-documented financing headwinds and approaching wave of debt maturities on the horizon.

Our data indicates that a higher percentage of GPs are fundraising at this moment. A third of fundraising GPs have already indicated a first close in the previous calendar year – close to double that of last year's data – suggesting that fundraising is taking longer. With more funds also coming to market soon, levels of competitiveness could increase the difficulty in hitting fundraising targets.

Re-ups are back in favour in Private Equity and Private Debt, after the highlighted quest for all-new GP activity 12 months prior in our last report. This LP focus on existing relationships drives further competition still, exacerbated by the crowded market we see in specific areas of LP focus. In particular, we see increased targeting of the smaller markets, where our data suggests an oversupply from GPs despite this increased LP demand in these areas.

As with any market movement amongst LPs, the GP winners that emerge will be those that can proactively respond to sharpen their strategies and clearly articulate the differentiating criteria that align with their prospective LP partners.

## REPORT INFORMATION

This is the second IPEM Allocation and Fundraising Trend Report. We launched this snapshot of the investment strategies, trending sectors, and key strengths desired – and offered – by investors and funds last year. Now we can overlay insights from last year's data with our allocation and fundraising views for 2025.

These findings are based on data from 1,218 LPs and 1,064 GPs in IPEM's network ahead of the industry convening in Paris in September 2024. They deliver insight into how LPs are appraising their investment options, looking to uncover the right opportunities in a complex and often crowded market – and what GPs can do to sharpen their strategies to target the right investment partners.



## Allocation and fundraising overview

There can be little doubt that market conditions remain challenging: exiting from investments has only marginally eased and competition among GPs for capital remains high, as more GPs look to raise funds in the next 12 months compared to last year.

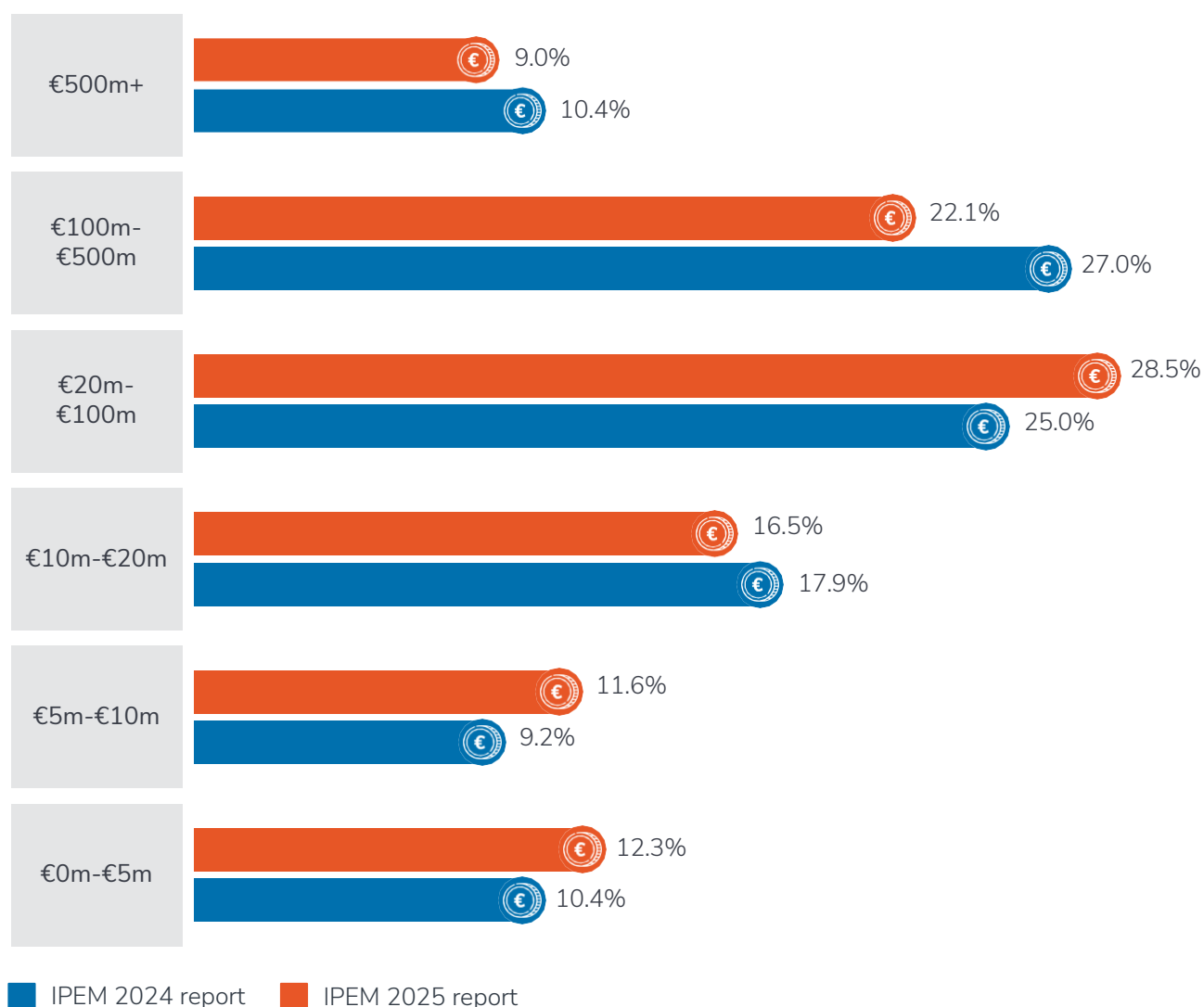
At the time of writing, the views shared by LPs arriving at IPEM Paris in September suggest primary fund investment plans totalling more than €110 billion over the next 12 months.

A look at expectations for deploying that capital points to a shift towards smaller capital allocation levels.

The most common primary fund allocation level anticipated for the next 12 months is €20m to €100m (figure 1) – one that 29% of LPs expect to invest in. That overtakes the most common allocation level last year of €100m-500m, which is the capital amount 22% of LPs now expect to commit in their primary fund allocation, down from 27%.

Could this be a sign that large cap investors are looking more at mid-market investment levels and opportunities, or an indication that allocation activity will be higher in this bracket as we move into 2025?

**FIGURE 1: LP PRIMARY FUND ALLOCATION INTENTIONS**





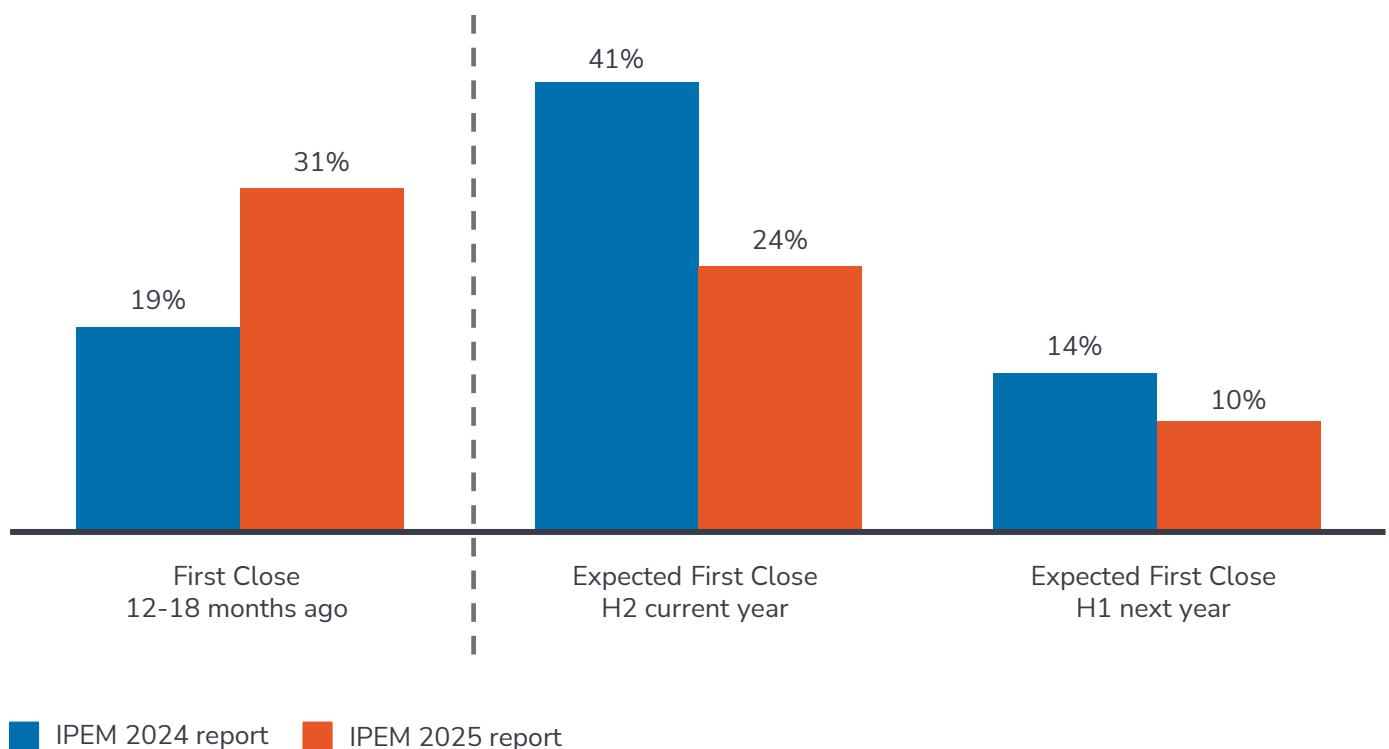


## Fundraising focus

From a GP fundraising point of view, we see a 3.8 percentage point increase in the number of GPs planning to fundraise in the next 12 months compared to last year.

But has hitting fundraising targets become more difficult? A higher percentage of GPs are currently fundraising in the market (figure 2), with nearly double the number of GPs still raising after reaching their first close in the previous 12-18 months.

**FIGURE 2: GP FUNDRAISING STATUS – FIRST CLOSE MILESTONES/EXPECTATIONS\***



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

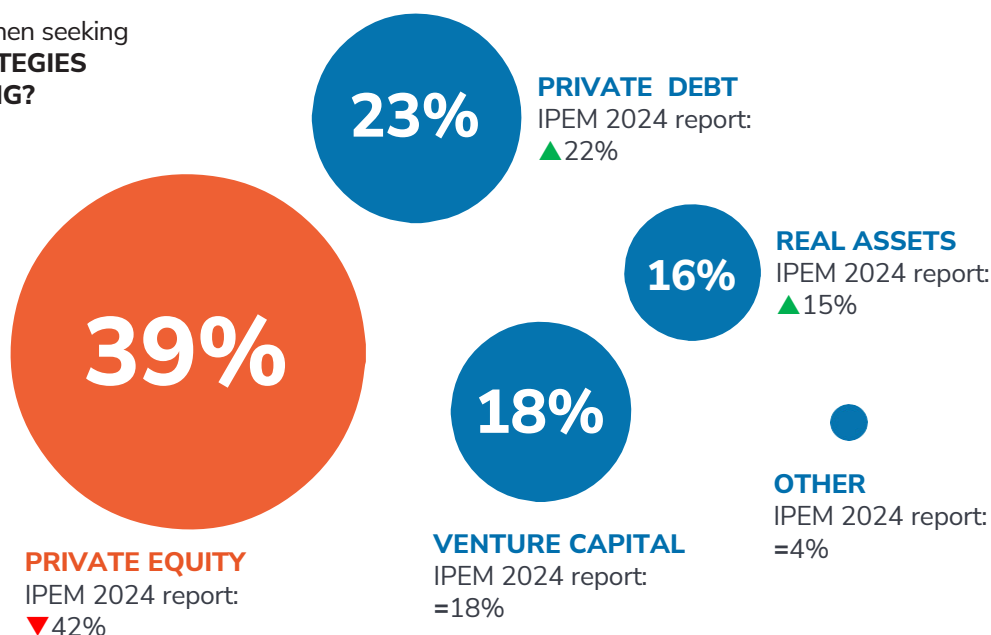
## Investment intentions

As LPs attending IPEM Paris look ahead to next year, their investment intentions by investment type appear similar to last year.

However, while investment strategies continue to prioritise Private Equity (figure 3), we see a small increase in Private Debt and Real Asset interest, and Special Situations and Fund of Funds within these asset classes. We can also see a growing LP interest in – and demand from LPs for – Turnaround and Restructuring investment, all of which may point to consideration for increased diversification of investment strategies amongst LPs.

### FIGURE 3: INVESTMENT STRATEGIES – WHERE IS LP APPETITE STRONGEST?

In the next 12 months, when seeking new funds, **WHICH STRATEGIES WILL YOU BE TARGETING?**



## Time for turnarounds?

Within Private Equity, Buyout remains the most popular target for LPs, followed by Secondaries, Co-investment, and Development or Minority holdings.

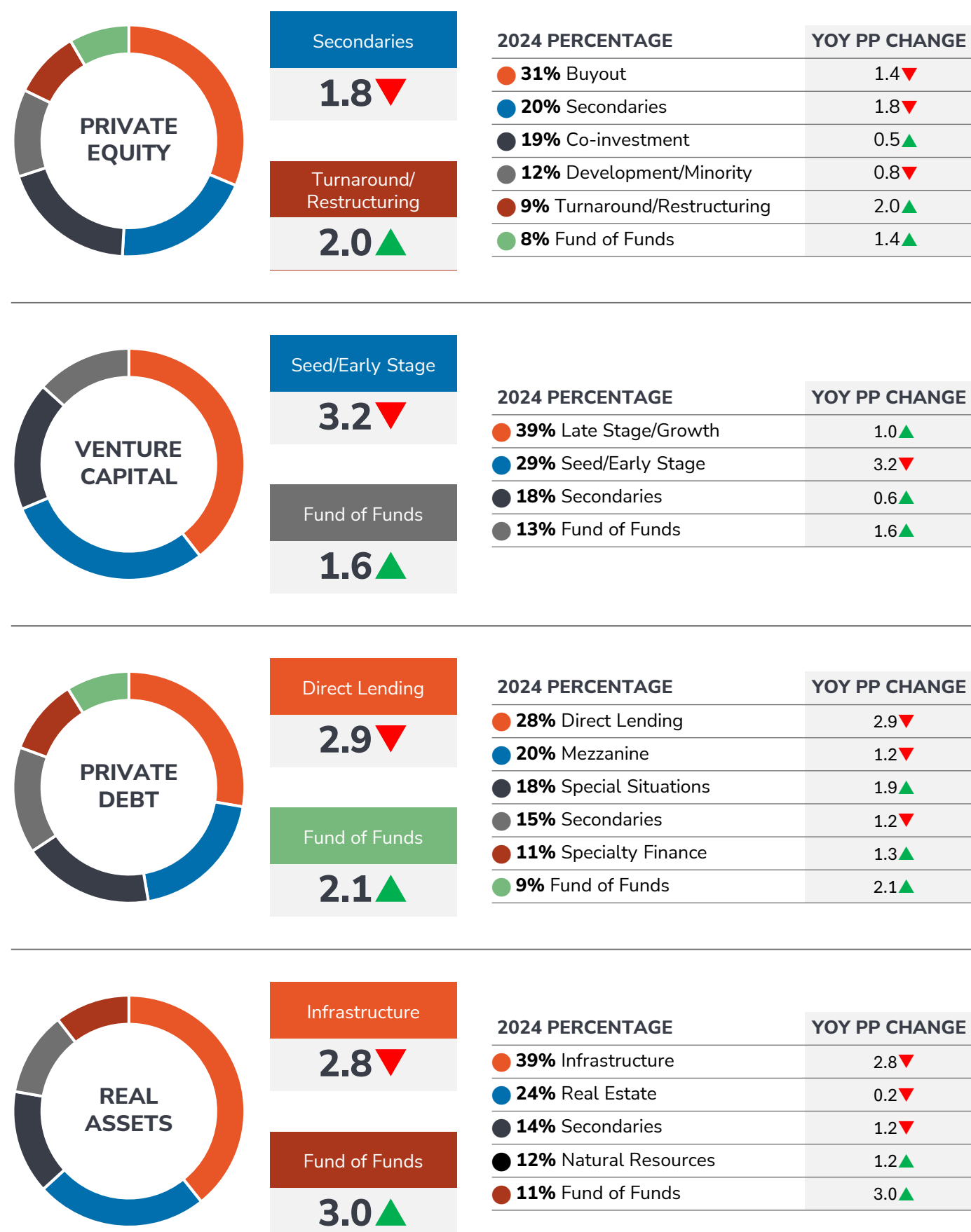
However, Turnaround and Restructuring represents the PE strategy with the greatest change since the 2024 report, posting a 2.0 percentage point increase from this time last year.

There is wide reporting of a “wave” of debt maturities in the leveraged loan and high yield debt markets that will roll out over the coming 12-24 months. As the cost of borrowing remains elevated, levels of company distress are expected to increase, and therefore the associated Turnaround and Restructuring opportunities that come to market. This is likely to remain a source of keen interest for LPs with an interest in this particular investment strategy.

The other strategy where we see an uplift is Fund of Funds. In line with our observation of allocation levels shifting towards the smaller end of the market, a higher focus on Fund of Funds routes could reflect a large-cap LP strategy to access mid-market companies through a managed portfolio of mid-market company investments – an area where skills in fund manager selection come to the fore.

The continued interest in exploring non-traditional PE offers illustrates further innovation in the vehicles offered by the sector in response to an evolving market environment and shifting investor demand.

**FIGURE 4: LP STRATEGIES – TARGETING FOR NEW FUNDS**



## LP demand and GP supply: Fund size and strategy

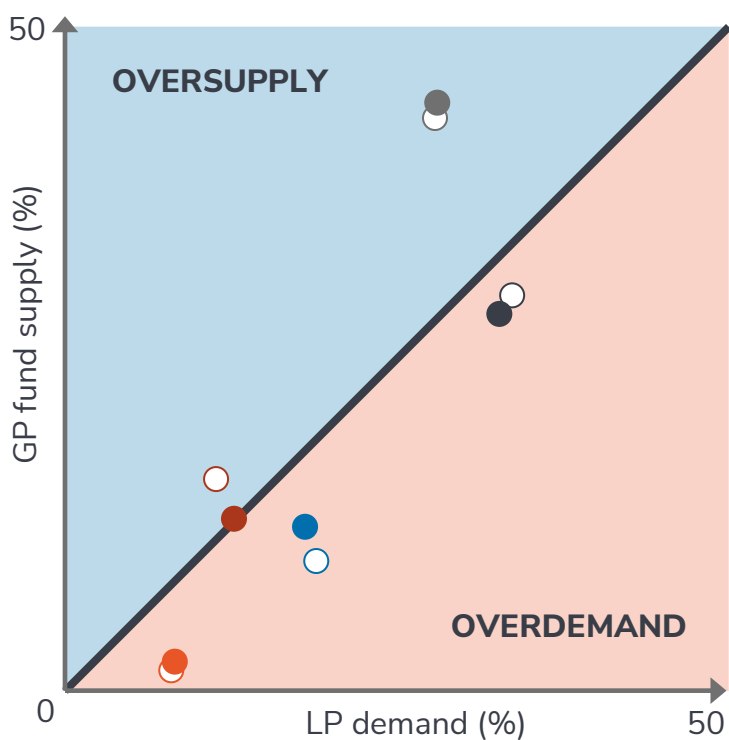
Matching the fund strategies available from the GPs in Paris to LP investment intentions shows alignment in a number of areas, while in other areas LP demand outstrips fund supply.

This year, we see increased targeting of the smaller markets, as LP interest in micro (€0-100m) and small (€100-500m) funds has grown. Furthermore, the latter segment shows an oversupply from GPs, raising levels of competition to secure funding in this increasingly crowded space.

FIGURE 5: LP DEMAND AND GP FUND SUPPLY BY FUND SIZE

### FUND SIZE

KEY	IPEM 2025 report	IPEM 2024 report
Mega (€10bn+)	<span style="color: red;">●</span>	<span style="color: red;">○</span>
Large (€2bn-€10bn)	<span style="color: blue;">●</span>	<span style="color: blue;">○</span>
Mid (€500m-€2bn)	<span style="color: black;">●</span>	<span style="color: black;">○</span>
Small (€100m-€500m)	<span style="color: grey;">●</span>	<span style="color: grey;">○</span>
Micro (0-€100m)	<span style="color: darkred;">●</span>	<span style="color: darkred;">○</span>



Last year’s noted mismatch between large LP demand and limited GP supply of Secondaries investments largely remains, while demand is also up from LPs in the Turnaround space.

We also see higher demand reflected in Venture Capital, where LP desire for Fund of Funds is up on last year. In Private Debt, demand for Secondaries and Fund of Funds remains higher than supply, while Mezzanine overdemand has increased.

In Real Assets, LP demand continues to outstrip GP supply in Secondaries, although at a lower margin, while Infrastructure availability appears significantly greater than LP desire. At the time of writing, Fund of Funds has also moved further into overdemand.

### WAS 2024 THE YEAR OF SECONDARIES?

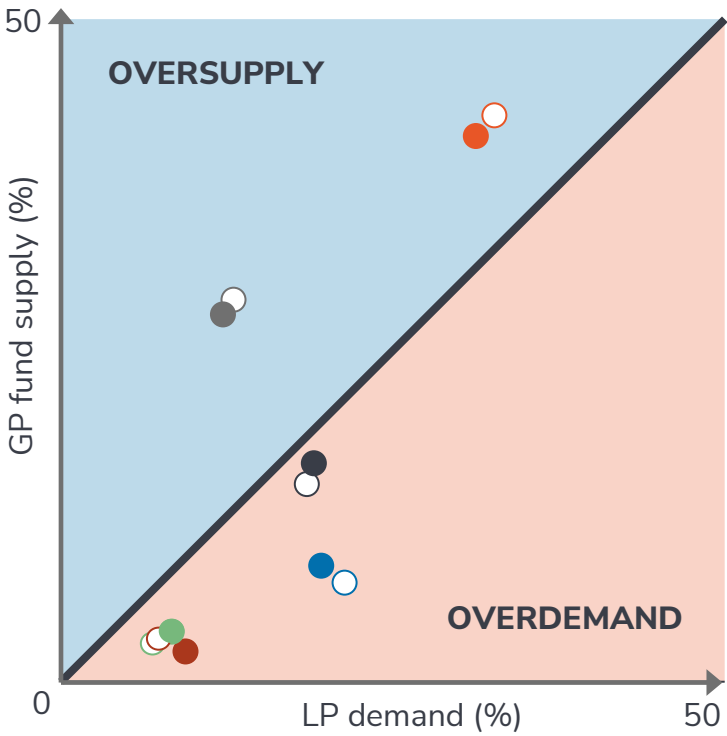
Our review of allocation and fundraising perspectives last year showed a prominence for Secondaries among LPs – driven by portfolio rebalancing and liquidity demand on the sell-side and the attractiveness of the discounts, transparency, and diversification on the buy-side. Since then, activity has been on an upward trend. In July 2024, investment bank Jefferies published its H1 2024 Global Secondary Market Review, revealing a 58% increase in global Secondary volume from H1 2023 to H1 2024, reaching \$68 billion.

The drivers of demand for Secondaries are likely to persist into 2025, as M&A and public exits remain challenging, but will Secondaries transaction volumes stay this high in 2025?

FIGURE 6: LP DEMAND AND GP FUND SUPPLY BY INVESTMENT TYPE

PRIVATE EQUITY

KEY	IPEM 2025 report	IPEM 2024 report
Buyout	<span style="color: red;">●</span>	<span style="color: red;">○</span>
Secondaries	<span style="color: blue;">●</span>	<span style="color: blue;">○</span>
Co-investment	<span style="color: black;">●</span>	<span style="color: black;">○</span>
Development/Minority	<span style="color: gray;">●</span>	<span style="color: gray;">○</span>
Turnaround/Restructuring	<span style="color: darkred;">●</span>	<span style="color: darkred;">○</span>
Fund of Funds	<span style="color: green;">●</span>	<span style="color: green;">○</span>



VENTURE CAPITAL

KEY	IPEM 2025 report	IPEM 2024 report
Late Stage/Growth	<span style="color: red;">●</span>	<span style="color: red;">○</span>
Seed/Early Stage	<span style="color: blue;">●</span>	<span style="color: blue;">○</span>
Secondaries	<span style="color: black;">●</span>	<span style="color: black;">○</span>
Fund of Funds	<span style="color: gray;">●</span>	<span style="color: gray;">○</span>

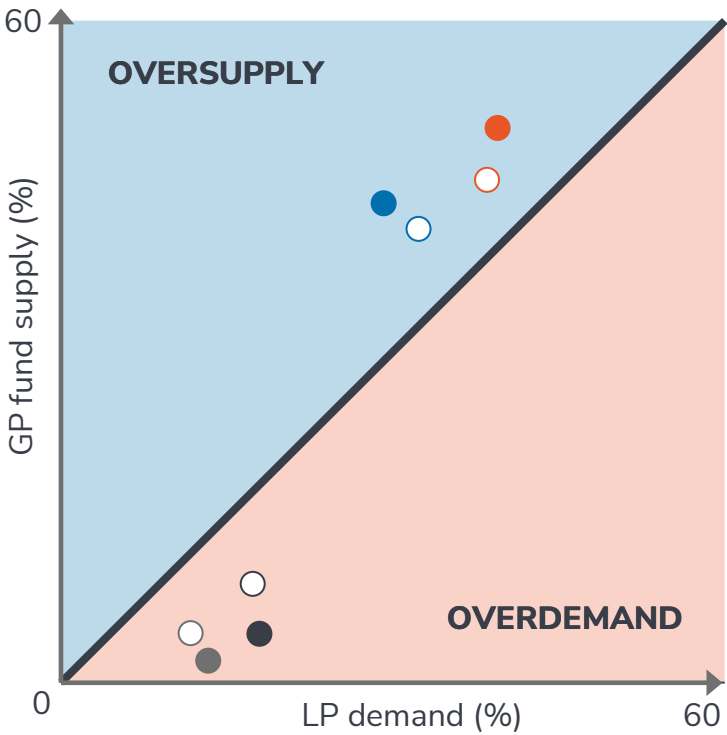
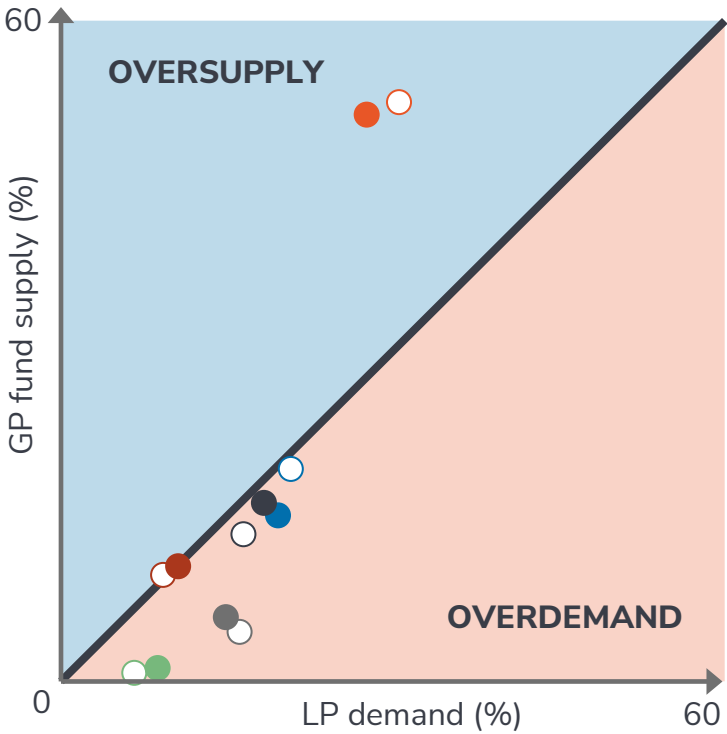




FIGURE 6 continued: LP DEMAND AND GP FUND SUPPLY BY INVESTMENT TYPE

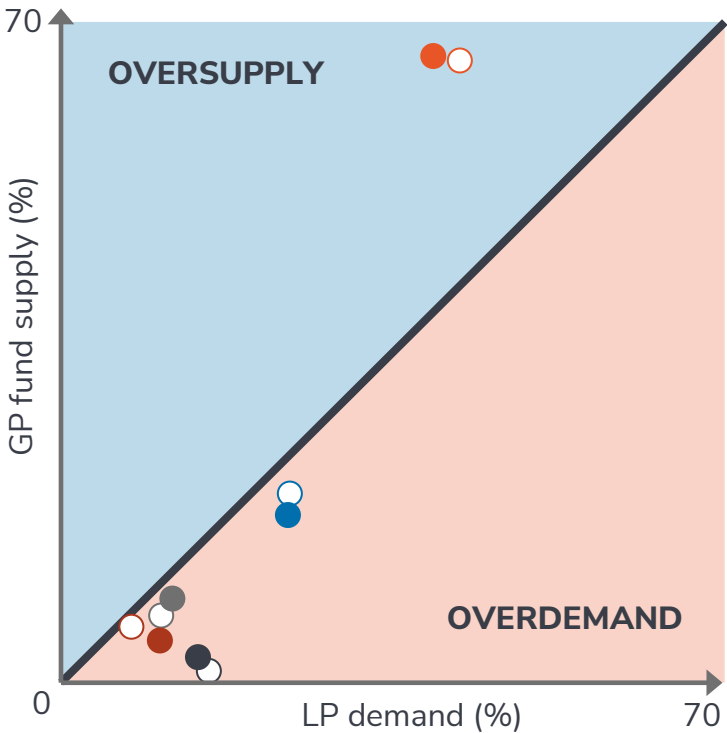
PRIVATE DEBT

KEY	IPEM 2025 report	IPEM 2024 report
Direct Lending	<span style="color: red;">●</span>	<span style="color: red;">○</span>
Mezzanine	<span style="color: blue;">●</span>	<span style="color: blue;">○</span>
Special Situations	<span style="color: black;">●</span>	<span style="color: black;">○</span>
Secondaries	<span style="color: gray;">●</span>	<span style="color: gray;">○</span>
Specialty Finance	<span style="color: darkred;">●</span>	<span style="color: darkred;">○</span>
Fund of Funds	<span style="color: green;">●</span>	<span style="color: green;">○</span>



REAL ASSETS

KEY	IPEM 2025 report	IPEM 2024 report
Infrastructure	<span style="color: red;">●</span>	<span style="color: red;">○</span>
Real Estate	<span style="color: blue;">●</span>	<span style="color: blue;">○</span>
Secondaries	<span style="color: black;">●</span>	<span style="color: black;">○</span>
Natural Resources	<span style="color: gray;">●</span>	<span style="color: gray;">○</span>
Fund of Funds	<span style="color: darkred;">●</span>	<span style="color: darkred;">○</span>





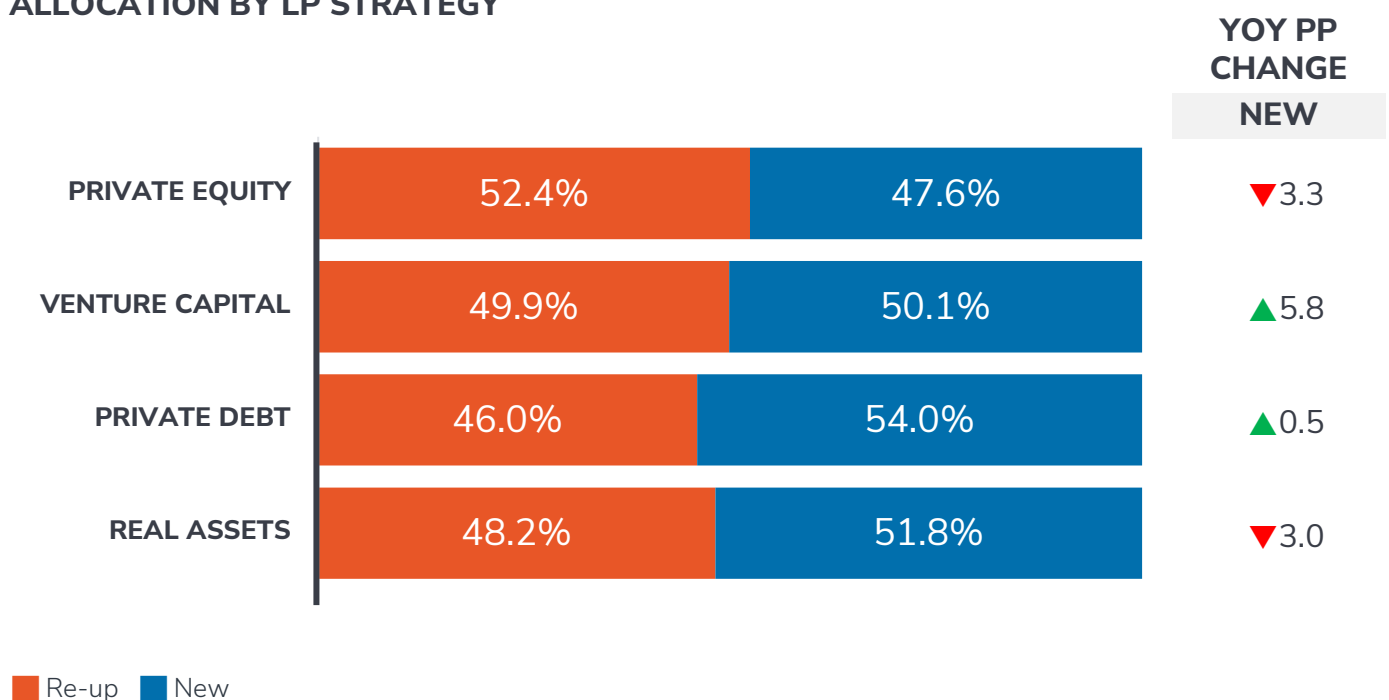
## Renewing PE relationships

LPs show a stronger desire to re-commit capital to existing GP relationships within Private Equity and Private Debt, with Re-ups now in the majority overall after a 2.5 percentage point shift in that direction since our last report – now standing at 51.1%.

More than half of the 21 investment categories across the four primary investment strategies show a greater propensity towards Re-ups compared with last year's report, including Co-investment and Turnaround and Restructuring within Private Equity (figure 8 on the following page). In Private Debt, we see greater appetite for Re-ups in Special Situations and Specialty Finance – a switch in majority from last year's preference for new GP agreements.

However, we also note a desire within Venture Capital for a greater number of new allocations, particularly in Seed/Early Stage and Late Stage/Growth categories, while intentions for new GP agreements in Natural Resources have surged by more than 16 percentage points within Real Assets.

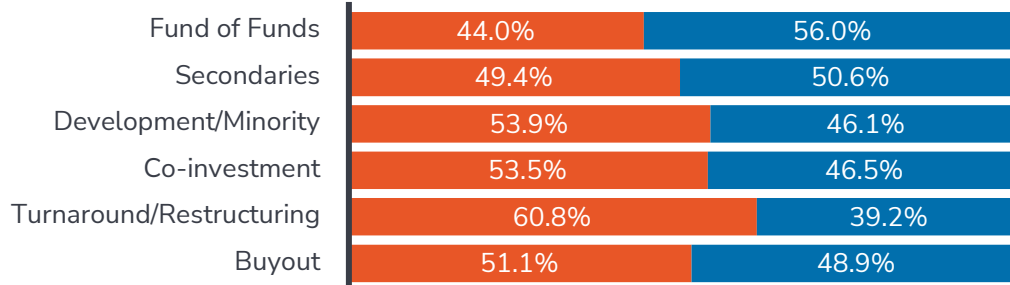
**FIGURE 7: RE-UP (RENEWAL OF AGREEMENT WITH GP) VS. NEW % ALLOCATION BY LP STRATEGY**





**FIGURE 8: RE-UP VS NEW BREAKDOWN**

**PRIVATE EQUITY**

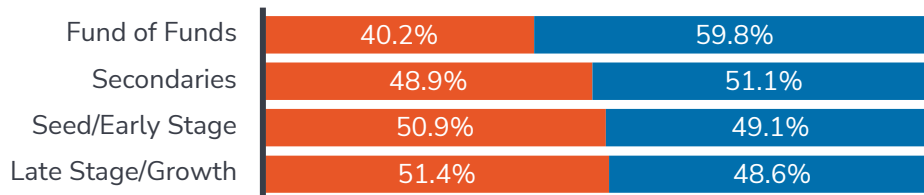


**YOY PP CHANGE**

**NEW**

▼ 11.6  
▼ 7.8  
▲ 7.9  
▼ 13.8  
▼ 21.7  
▲ 3.0

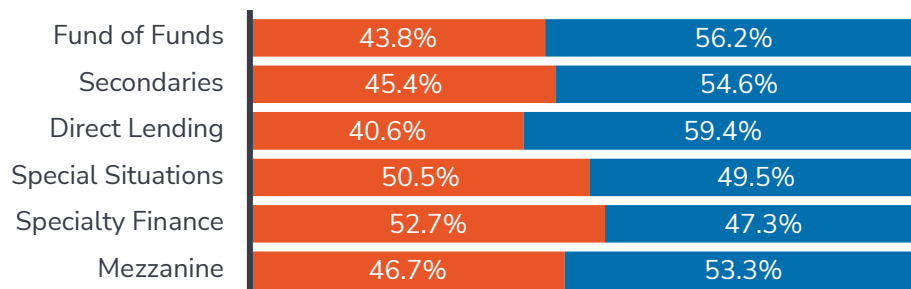
**VENTURE CAPITAL**



**NEW**

▼ 4.5  
▼ 1.0  
▲ 9.5  
▲ 6.1

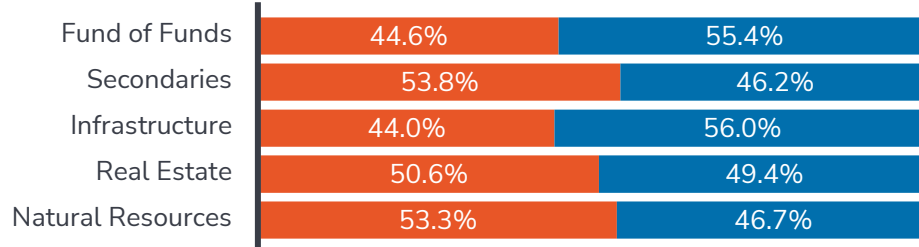
**PRIVATE DEBT**



**NEW**

▼ 25.4  
▼ 0.8  
▲ 2.6  
▼ 5.1  
▼ 13.8  
▼ 2.9

**REAL ASSETS**



**NEW**

▲ 1.1  
▼ 14.4  
▲ 1.3  
▲ 4.2  
▲ 16.3

■ Re-up ■ New

## GP supply and LP demand: Fund strategy

LPs across the potential investor base continue to focus on the mid- and small-market segments, with some LP types displaying a move in 2025 into small-cap investments from the mid-market, such as Fund of Funds and Banks.

Technology and Software, and Healthcare, are the sectors that dominate the top considerations for LPs in 2025.

The majority of LPs are focused on Consistency of Returns from GPs, with multi-family office investors most interested in a GPs' Value Creation approach. Corporate Investors look for Sector and Geography Expertise as their top GP strength.

We note a shift in specific technology priorities among some LPs. Pension Funds' top technology in this year's report is Biotech and Medtech versus Fintech last year, which is also one of the top technologies targeted by Sovereign and Government Funds. Corporate Investors' top tech focus has moved from Green and Climate Tech to Artificial Intelligence (AI), which perhaps unsurprisingly is the focus technology for more than half of LP types.

### STRATEGIES FOR 2025 BY INVESTOR TYPE

(YoY PP change is denoted by up/down arrows)

<p><b>SINGLE FAMILY OFFICE</b></p> <p>Most common range of Assets Under Management: <b>€0-€500M</b></p> <p>Most desired GP skill: <b>Consistency of Returns</b></p> <p>Re-up: <b>44%</b> New: <b>56%</b> 0.5▼</p>	<p>Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>TECHNOLOGY &amp; SOFTWARE</b> Top technology focus considered: <b>ARTIFICIAL INTELLIGENCE</b></p> <p>Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b></p>	<p><b>FUND OF FUNDS</b></p> <p>Most common range of Assets Under Management: <b>€1-€5BN</b></p> <p>Most desired GP skill: <b>Consistency of Returns</b></p> <p>Re-up: <b>45.7%</b> New: <b>54.3%</b> 12.4▲</p>	<p>Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>SMALL (€100M-€500M)</b> Top sector considered: <b>HEALTHCARE</b> Top technology focus considered: <b>ARTIFICIAL INTELLIGENCE</b></p> <p>Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b></p>
<p><b>PENSION FUND</b></p> <p>Most common range of Assets Under Management: <b>€1-€5BN</b></p> <p>Most desired GP skill: <b>Consistency of Returns</b></p> <p>Re-up: <b>62.9%</b> New: <b>37.1%</b> 11.1▼</p>	<p>Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>HEALTHCARE</b> Top technology focus considered: <b>BIOTECH &amp; MEDTECH OR CYBER SECURITY</b></p> <p>Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b></p>	<p><b>SOVEREIGN FUND/ GOVERNMENT</b></p> <p>Most common range of Assets Under Management: <b>€20-€100BN</b></p> <p>Most desired GP skill: <b>Consistency of Returns</b></p> <p>Re-up: <b>50.9%</b> New: <b>49.1%</b> 4.2▲</p>	<p>Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>HEALTHCARE</b> Top technology focus considered: <b>BIOTECH &amp; MEDTECH OR GREEN &amp; CLIMATE TECH</b></p> <p>Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b></p>



<b>INSURANCE COMPANY</b>  Most common range of Assets Under Management: <b>€100BN+</b>  Most desired GP skill: <b>Consistency of Returns</b>  Re-up      New <b>57.8%</b> <b>42.2%</b> 1.5▲	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>HEALTHCARE</b> Top technology focus considered: <b>GREEN &amp; CLIMATE TECH</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>
<b>ASSET MANAGER</b>  Most common range of Assets Under Management: <b>€100BN+</b>  Most desired GP skill: <b>Consistency of Returns</b>  Re-up      New <b>58.4%</b> <b>41.6%</b> 8.8▼	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>TECHNOLOGY &amp; SOFTWARE</b> Top technology focus considered: <b>ARTIFICIAL INTELLIGENCE OR GREEN &amp; CLIMATE TECH</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>
<b>BANK</b>  Most common range of Assets Under Management: <b>€0-€500M</b>  Most desired GP skill: <b>Consistency of Returns</b>  Re-up      New <b>49.4%</b> <b>50.6%</b> 2.3▼	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>SMALL (€100M-€500M)</b> Top sector considered: <b>HEALTHCARE</b> Top technology focus considered: <b>GREEN &amp; CLIMATE TECH</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>
<b>INVESTMENT CONSULTANT</b>  Most common range of Assets Under Management: <b>€0-€500M/100BN+</b>  Most desired GP skill: <b>Consistency of Returns</b>  Re-up      New <b>62.1%</b> <b>37.9%</b> 12.1▲	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>TECHNOLOGY &amp; SOFTWARE</b> Top technology focus considered: <b>ARTIFICIAL INTELLIGENCE</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>
<b>FOUNDATION/ ENDOWMENT</b>  Most common range of Assets Under Management: <b>€1-€5BN</b>  Most desired GP skill: <b>Consistency of Returns</b>  Re-up      New <b>55.7%</b> <b>44.3%</b> 15.2▼	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>TECHNOLOGY AND SOFTWARE</b> Top technology focus considered: <b>GREEN &amp; CLIMATE TECH</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>SEED / EARLY STAGE</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>
<b>CORPORATE INVESTOR</b>  Most common range of Assets Under Management: <b>€0-€500M</b>  Most desired GP skill: <b>Sector/Geography Expertise</b>  Re-up      New <b>32.3%</b> <b>67.7%</b> 21.0▲	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>SMALL (€100M-€500M)</b> Top sector considered: <b>TECHNOLOGY AND SOFTWARE</b> Top technology focus considered: <b>ARTIFICIAL INTELLIGENCE</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>

<b>WEALTH MANAGER/ PRIVATE BANK</b>  Most common range of Assets Under Management: <b>€1-€5BN</b>  Most desired GP skill: <b>Consistency of Returns</b>  Re-up <b>41.4%</b> New <b>58.6%</b> 6.7 ▲	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>MID (€500M-€2BN)</b> Top sector considered: <b>TECHNOLOGY &amp; SOFTWARE</b> Top technology focus considered: <b>ARTIFICIAL INTELLIGENCE</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>
<b>MULTI-FAMILY OFFICE</b>  Most common range of Assets Under Management: <b>€1-€5BN</b>  Most desired GP skill: <b>Value Creation Approach</b>  Re-up <b>45.4%</b> New <b>54.6%</b> 8.8 ▼	Next 12 months Top transaction considered: <b>PRIMARY FUND</b> Top market segment considered: <b>SMALL (€100M-€500M)</b> Top sector considered: <b>TECHNOLOGY &amp; SOFTWARE</b> Top technology focus considered: <b>ARTIFICIAL INTELLIGENCE</b>  Top strategy to target: PE   <b>BUYOUT</b> VC   <b>LATE STAGE / GROWTH</b> Private Lending   <b>DIRECT LENDING</b> Real Assets   <b>INFRASTRUCTURE</b>

## TECH IN FOCUS

While an increasing number of GPs have called out Climate Tech as a technological area of strength, we have seen LP demand for this decline this year. AI remains a priority technology for many LPs, mirrored by an uplift in cited GP expertise.

Looking at the technology areas of Biotech and AI, larger primary allocation funds appear more interested in Biotech, while smaller fund sizes show slightly more interest in AI.





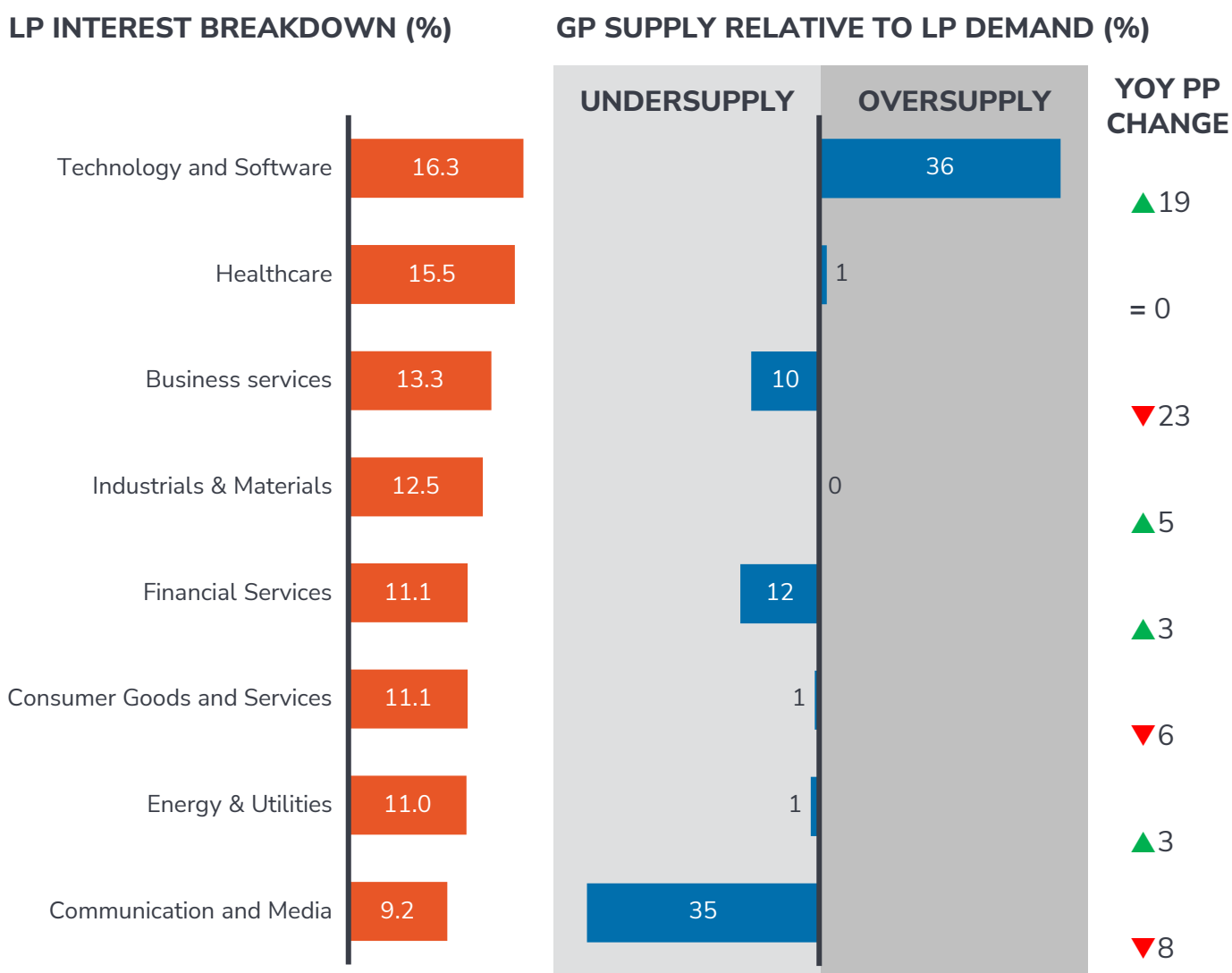
## LP demand and GP supply: Sector, technology, and fund criteria

What LPs are looking for from funds and GPs – and their sectors of interest – are critical components that will influence the likelihood of deals being closed, and the subsequent ongoing synergy for both parties.

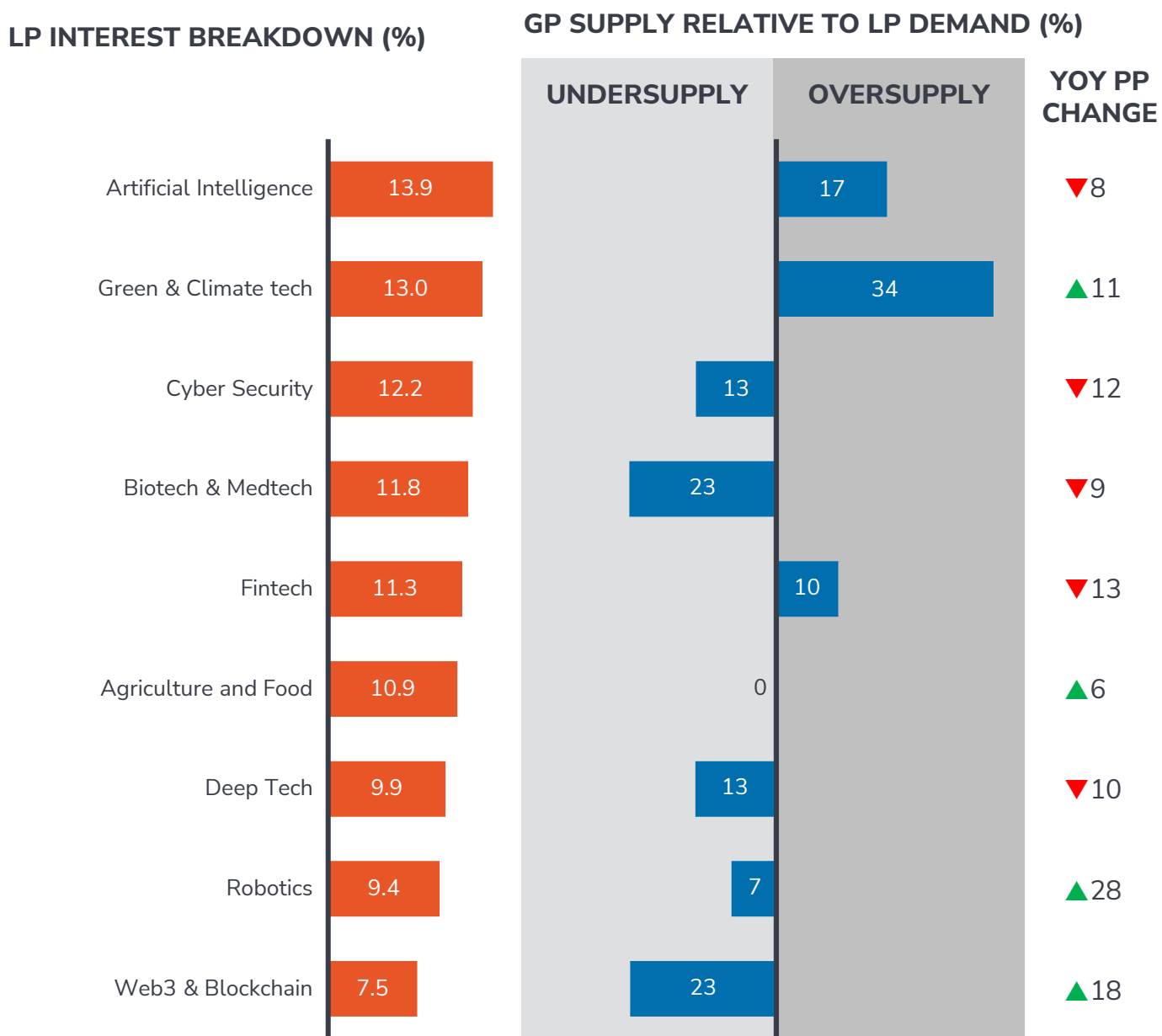
There is close alignment in the sector and technology interest rankings displayed in figures 9 and 10, reflected by the minimal difference in the supply/demand ratio for each. Perhaps the most notable differences lie within Technology and Software where GP supply outweighs LP demand, and Communication and Media, where LP demand, although at the lower end of overall interest, outweighs GP supply.

Within technologies (figure 10 on the following page), we see the lowest ranked category of Web3 and Blockchain display undersupply from GPs. This scenario is also notable higher up in Biotech and Medtech, where some oversupply from GPs in the areas of AI and Green and Climate tech is also apparent for these categories of highest interest.

**FIGURE 9: LP DEMAND AND GP SUPPLY – SECTORS**



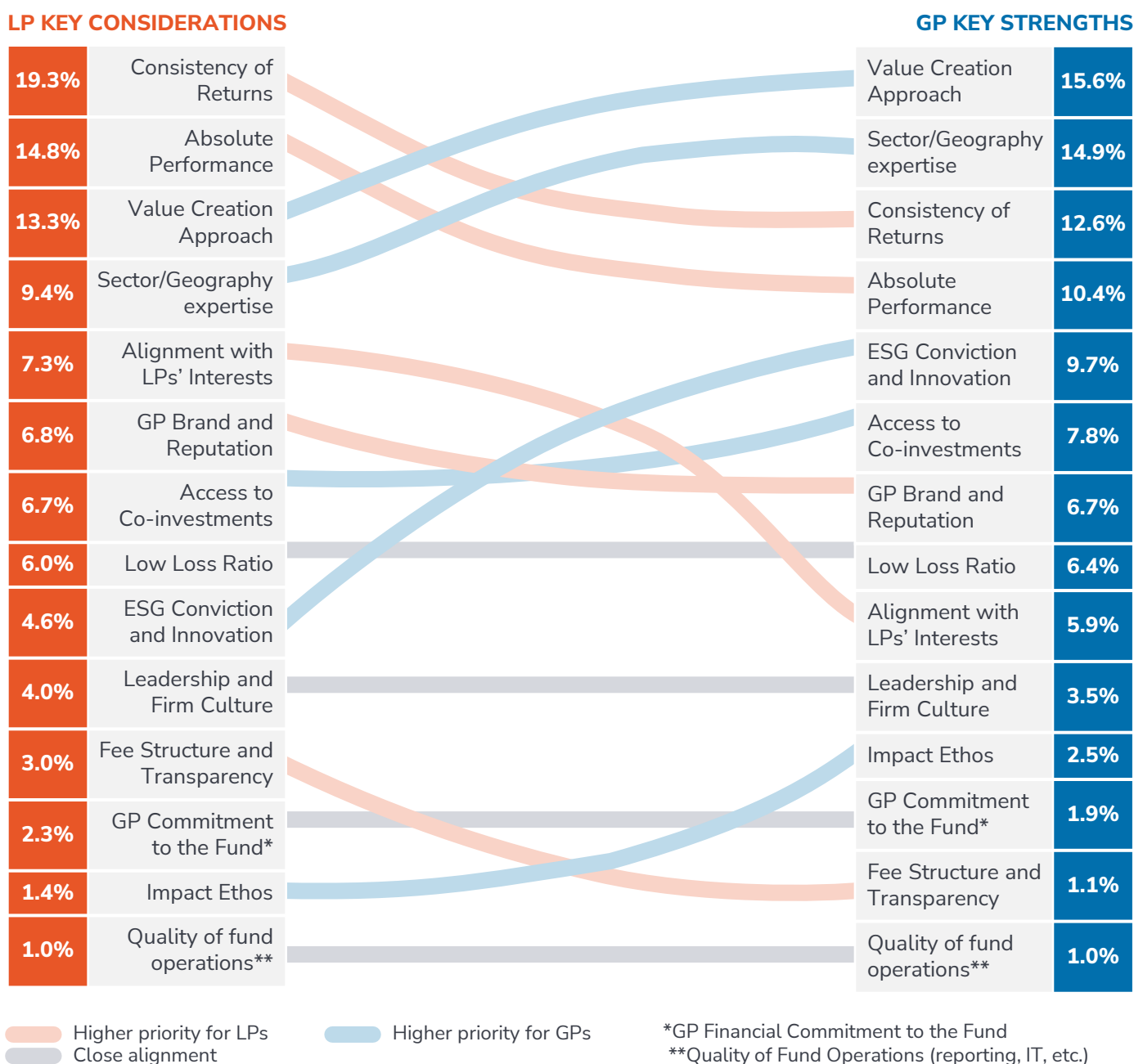
**FIGURE 10: LP DEMAND AND GP SUPPLY – TECHNOLOGIES**



At a fund criteria level, LPs' top three criteria used for assessing GPs remain outcome driven – Consistency of Returns, Absolute Performance, and Value Creation Approach, in line with last year's report (figure 11). We note a small increase in their desire for Sector and Geography expertise, causing Alignment with LPs' Interests to drop one place in the rankings, also reflecting a minor fall in interest in this category from last year.

Meanwhile, GPs are focusing their pitches on their Value Creation Approach, Sector and Geography expertise, and Consistency of Returns. These remain unchanged from our previous report, as do Absolute Performance and ESG Conviction and Innovation in fourth and fifth place. The latter has shown a small drop as a stated strength by GPs in the past 12 months, mirrored by a similar fall in interest from LPs.

**FIGURE 11: LP KEY CONSIDERATIONS AND GP KEY STRENGTHS**



Fund criteria focus also varies depending on the investment theme that an LP targets. For example, the Impact Ethos of a GP is a more important criteria for LPs interested in Natural Resources versus other strategies, while Impact Ethos and ESG do remain key for LPs interested in Energy and Utilities.

The fund criteria used by LPs also differs depending on investment size. Those LPs planning to make investments between €100 and €500m in the next 12 months prioritise Leadership and Firm Culture more so than other LP allocation levels, while LPs allocating less than €100m seem to prioritise a GP's Financial Commitment to the fund more than the larger allocation categories.



## CONCLUSION

As LPs fine-tune their strategies for capital allocation in 2025, there are signs that the market and industry dynamics are shifting, whether that be in the funds and strategies being offered by GPs, the improvement in deal-making, or the economic and market movements that drive LP interests.

Primary fund allocation sizes appear to be reducing, suggesting investment activity will be focused in these areas or an indication that large-cap investors are moving more funds into the mid-market.

And, after the demand for Secondaries – identified in last year's report – came through strongly in subsequent market activity, could Turnaround and Restructuring prove to be the area where LP interests and GP expertise match up in 2025?

## Personal viewpoint



### ANTOINE COLSON

CEO & Managing Partner, IPEM

"Our second annual IPEM Allocation and Fundraising Report, created in partnership with AlixPartners, really shows how competitive and nuanced the market has become.

We're seeing a continued shift beyond traditional Private Equity, with more attention now on Private Debt and Real Assets. Interestingly, there's also a rising interest among LPs in areas like Fund of Funds, Special Situations, and Natural Resources. Secondaries are still a strong point, especially given the ongoing challenges in M&A and public exits. This suggests that demand for Secondaries will likely stay strong through 2025. We're also noticing that the Secondary market is branching out into new territories, such as Venture Capital, Growth Equity, Private Credit, and Infrastructure.

Re-ups are back in favour too, with LPs showing a clear preference for sticking with tried-and-true GP relationships. Yet with the market being so crowded, areas like the small and mid-markets are becoming increasingly competitive. It's no surprise that fundraising is taking longer, with about a third of fundraising GPs reporting a first close in the last calendar year – almost double what we saw in 2023. As more funds come into play, hitting those fundraising targets is only going to get tougher.

At IPEM, we're committed to fostering the growth of Private Capital by helping the industry connect in meaningful, informed ways. We're excited to dive into these trends and opportunities with all of you and welcome you to Paris!"



### NICOLAS BEAUGRAND

France PE & ESG Lead – Partner and Managing Director, AlixPartners

"The market appears slightly more fluid than this time last year, with more exits and deals in the pipeline, but conditions remain challenging. Exiting from investments has only marginally eased, liquidity remains constrained, and competition among GPs for capital remains tight. LPs are investing smaller amounts, allocating to primaries, and focusing more on Re-ups than this time last year.

Within Private Equity, there is a noticeable demand from LPs for Turnaround and Restructuring investment, and increased interest in Private Debt, particularly Special Situations and Fund of Funds, likely driven by looming debt maturities and financing challenges.

Our findings indicate strong alignment between GPs and LPs in specific sectors and technology focus areas, with Technology and Software emerging as a top consideration for more than half of LPs in 2025, followed by Healthcare.

Lastly, if the Value Creation approach, ESG and Sector Expertise remain key arguments for GPs to offer the expected performance and returns to LPs, the proper execution and capabilities to deliver them become even more critical priorities.

These are all areas where AlixPartners specialises in helping its clients define, execute or restore value creation trajectories across sectors and in highly complex environments."



# AlixPartners

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