

2025

Private Markets
Capital Formation Survey

Foreword

We are pleased to share our inaugural Private Markets Capital Formation Survey, which focuses on how private markets alternative asset managers organize their capital formation teams. This report includes responses from 110 capital formation professionals at firms of various size and scope, ranging from first-time fund managers to multi-strategy mega firms.

KEY FINDINGS:

- Although 60% of respondents' firms had capital formation teams of 2-9 people, team size varied dramatically based on GP size and scope. Capital formation headcounts entered double-digit territory as GP AUM surpassed \$5B, which was also the point at which these GPs began managing double-digit numbers of product offerings.
- Respondents from GPs with AUM of \$10B or less had the highest concentration of their capital formation team operating in hybrid roles with both fundraising and investor relations responsibilities.
- Among the 75% of respondents who indicated their firms had dedicated fundraising/sales professionals, 53% had sales coverage models based on geographic territories, while nearly 40% had generalist or arbitrary coverage models – an approach that often leads to challenges as sales teams grow.
- Nearly one-third of respondents indicated their firms had no dedicated product management professionals – a major disadvantage if appropriate consideration is not given to how a GP's story is positioned in today's highly competitive fundraising environment.
- Over 40% of respondents' firms had capital formation professionals focused on private wealth, which comes as no surprise given the rapid increase in representation from private wealth channels in alternative asset capital raises.
- While 75% of respondents' firms had at least one fund in market, only half expected to use placement agents in 2025. Among those using placement agents, roughly two-thirds typically only use them in certain regions. Interestingly, many respondents' lack of response on capital raise expectations for placement agents suggests many GPs may be holding their breath on their agents' fundraising outcomes this year.

Thank you to all who shared their valuable insights with us. We hope you find the report useful. Please feel free to contact us with any questions, comments, or suggestions for future surveys.

Warm regards,

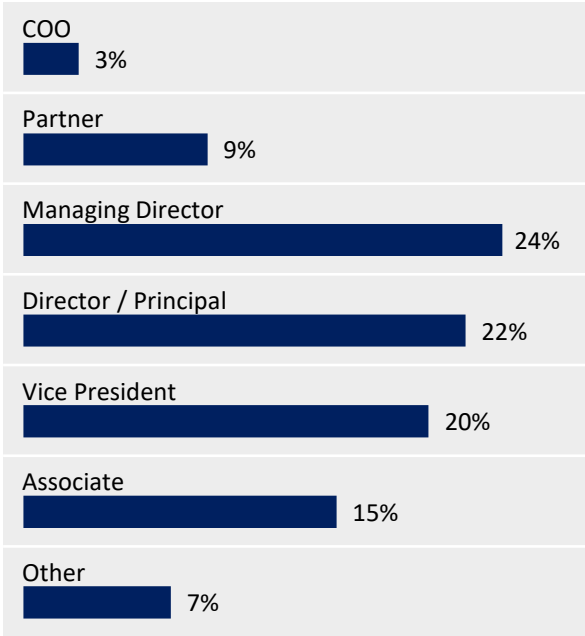


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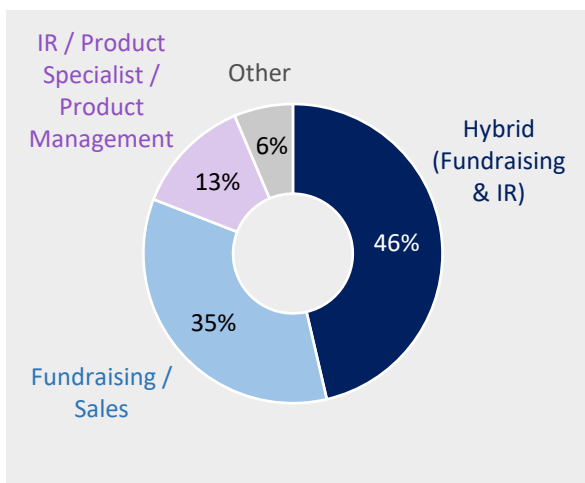
Overview of Methodology & Survey Respondents

In Q1 2025, MFD Advisory conducted a survey of capital formation professionals at private markets alternative asset investment firms. The survey focused on how these firms organize their capital formation functions. Respondents included 110 professionals with an average of 15 years of total work experience.

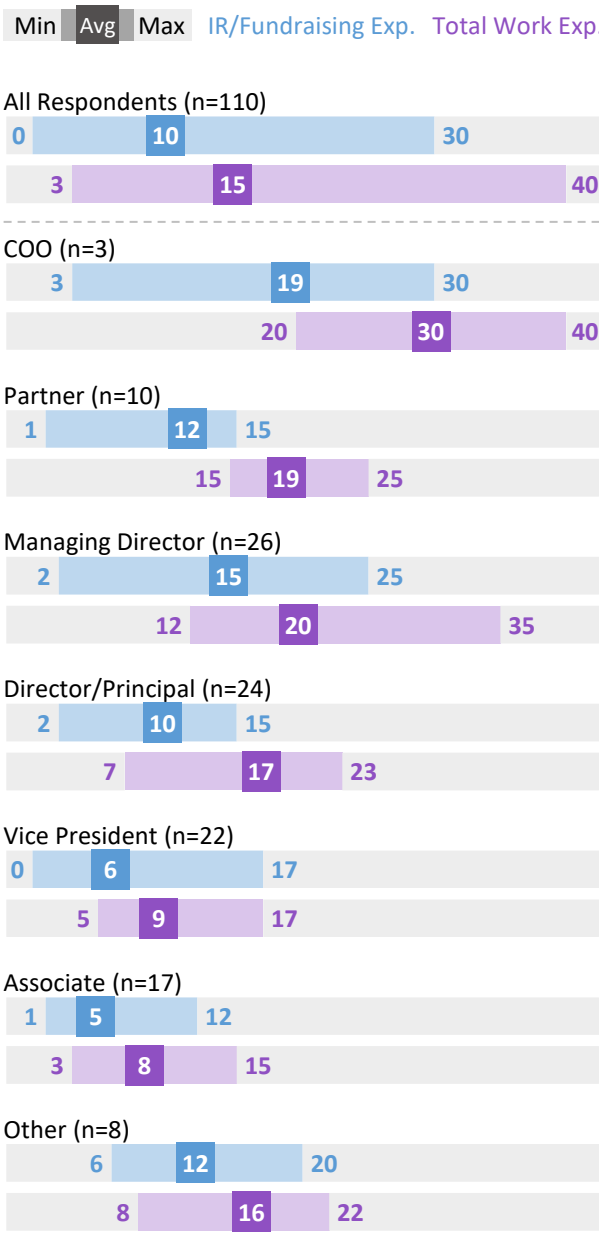
TITLE



PRIMARY ROLE



YEARS OF EXPERIENCE

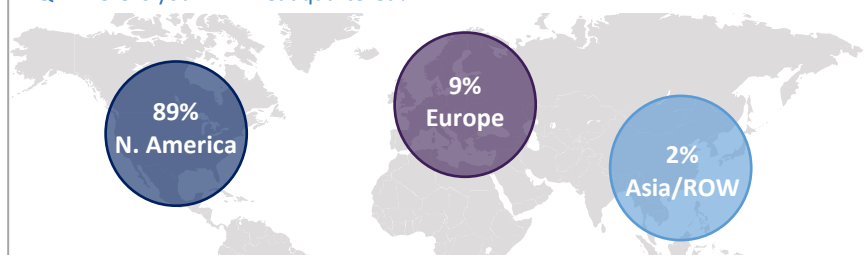


Overview of Investment Firms Represented

■ N. America ■ Europe ■ Asia/ROW

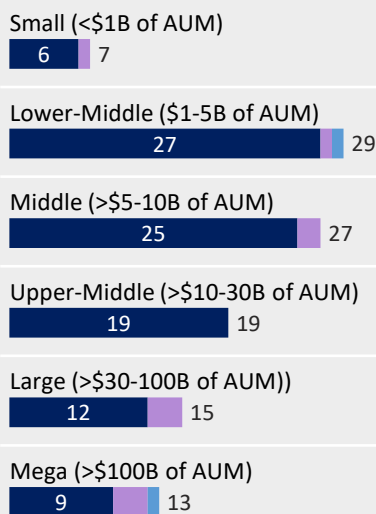
FIRM HEADQUARTERS

Q: Where is your firm headquartered?



FIRM SIZE

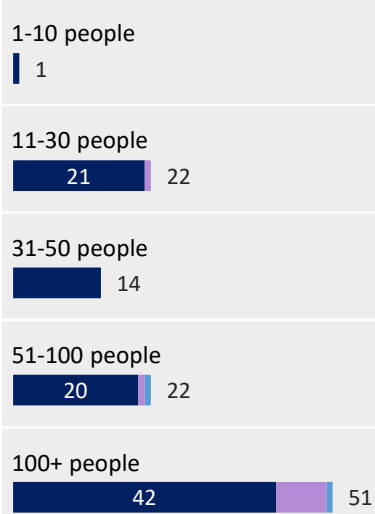
Q: What is the size of your firm?*



*Includes targeted size for 1st-time fundraises.

FIRM HEADCOUNT

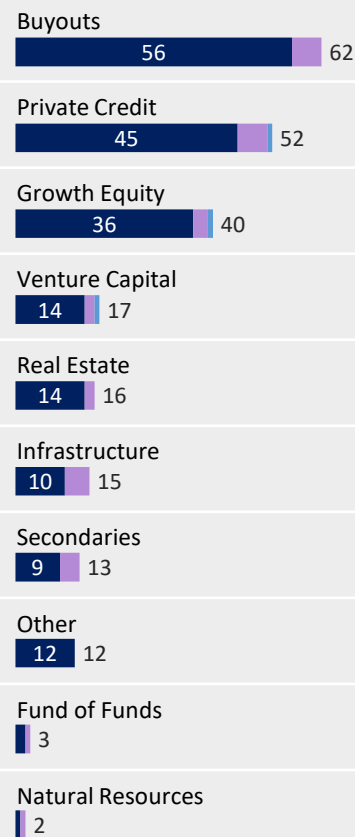
Q: How many people work at your firm?



Excludes N/A responses (n=1).

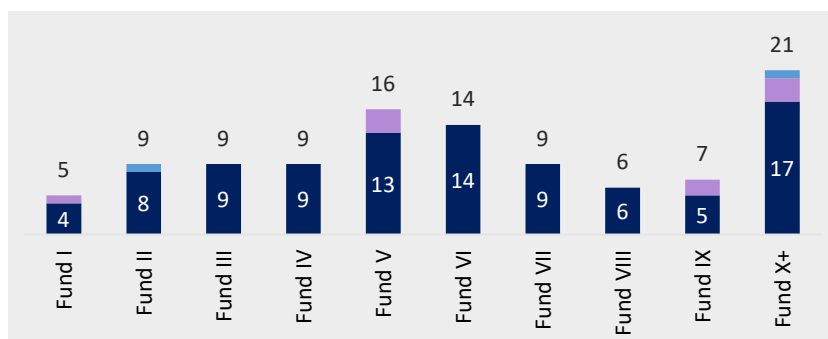
FIRM STRATEGIES

Q: Which strategies are managed by your firm? (select all that apply)



FIRM EXPERIENCE

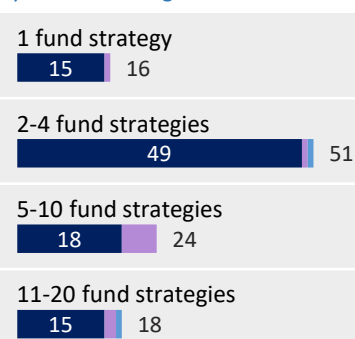
Q: Your firm's oldest fund strategy is on which roman numeral? (inc. funds in market)



Excludes N/A responses (n=5).

FIRM SCOPE

Q: How many fund strategies does your firm manage?



Excludes N/A responses (n=1).

Capital Formation Team Roles

One of the most important decisions a GP faces as it grows is when, how, and to what extent to build a capital formation team. At what stage does it make sense to have professionals dedicated to raising capital, maintaining investor relationships, and helping develop and position products and strategies in the marketplace? Evaluating how GPs at various stages have addressed this question is the primary focus of this survey. Before delving into the results, let's briefly review the two main functions within capital formation: sales and product management.

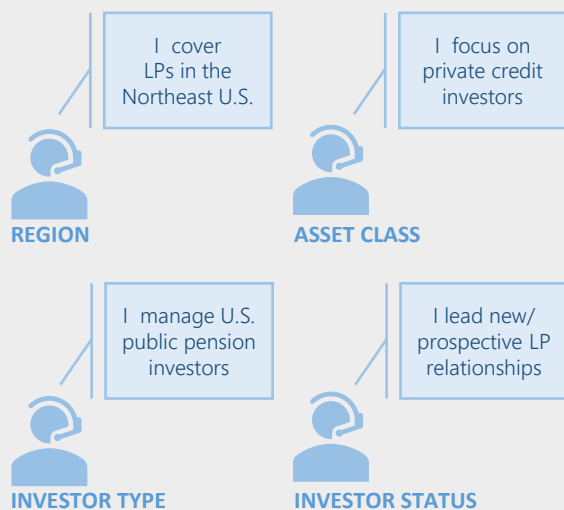
PRIMARY ROLES WITHIN CAPITAL FORMATION TEAMS



FUNDRAISING / SALES

May also be known as relationship management or distribution

- Primary point of contact for existing and prospective investor relationships
 - Develop and expand existing relationships
 - Originate and build new relationships
- Serve as a GP's ambassador in the marketplace, while delivering feedback and insights from the market back to the firm
- Success often evaluated by the opportunity captured within a salesperson's coverage area
- Coverage models can be organized by:



IR / PRODUCT MANAGEMENT

May also be known as product specialists or product strategy

- Develop strategic marketing narratives
- Prepare marketing and due diligence materials (PPM, pitch decks, DDQ, etc.)
- Holistically manage the fundraising process and report progress updates to stakeholders
- Coordinate involvement of other teams (legal, finance, etc.) in fundraising efforts
- Success often evaluated by the effectiveness of the overall fundraising strategy and process
- Crucial link between sales & investment teams:



Scaled capital formation teams typically include separate sales vs. product specialist professionals, while smaller teams often have professionals operating in hybrid roles that perform both functions

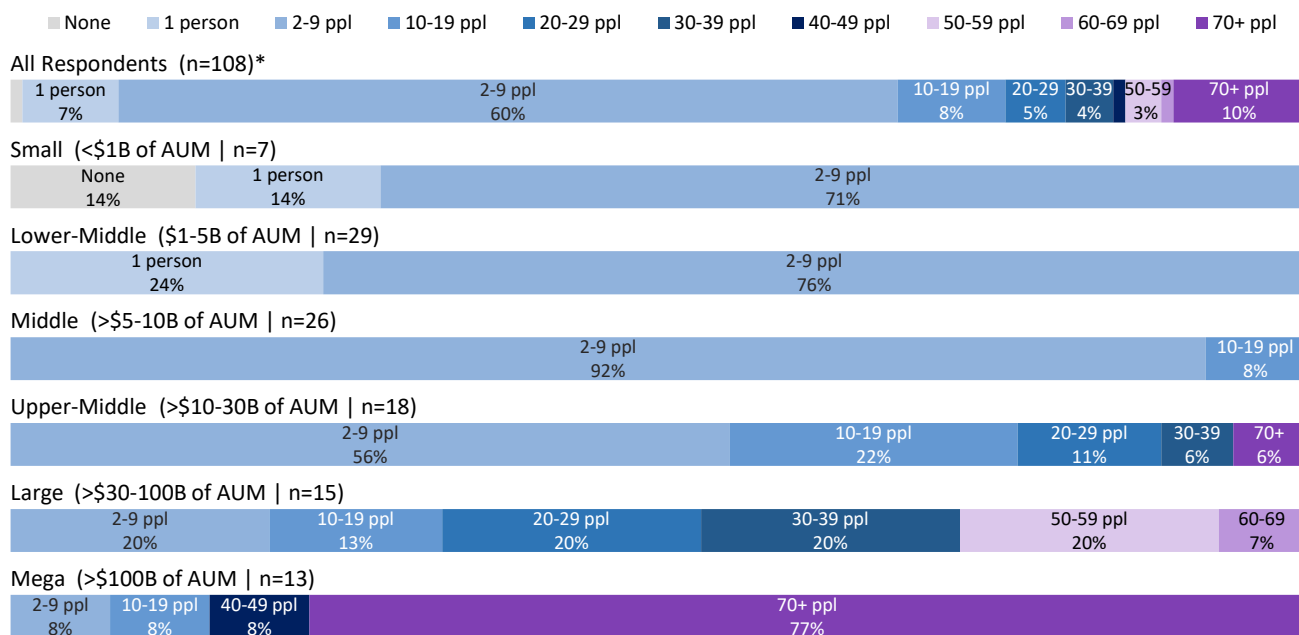
Capital Formation Team Sizes

Only one respondent (representing a small, single-strategy GP) indicated their firm had no dedicated capital formation team, while 60% of respondents' firms had teams of two to nine people. Capital formation headcount varied dramatically across GPs of various size and scope, initially creeping into double-digit territory as firm AUM surpassed \$5B, which was also the point at which these GPs scaled into double-digit numbers of product offerings. Among respondents representing small-to-lower mid-sized GPs ($\leq \$5B$ of AUM), 91% indicated their firms had one to four fund strategies.

Most respondents from mid-to-upper mid-sized GPs ($> \$5-30B$ of AUM) also indicated their firms had fewer than four strategies, but this cohort had greater product diversification, with 26% having 5-10 fund strategies and 9% having 11+ fund strategies. Respondents from large GPs ($> \$30-100B$ of AUM) had the most evenly balanced distributions of team size and product scope, while most respondents from mega GPs ($> \$100B$ of AUM) indicated their firms had capital formation teams of 70+ people and diversified product offerings of 11+ fund strategies.

CAPITAL FORMATION TEAM SIZE (BY FIRM SIZE)

Q: How many people at your firm are focused on capital formation (including both IR & fundraising professionals)?

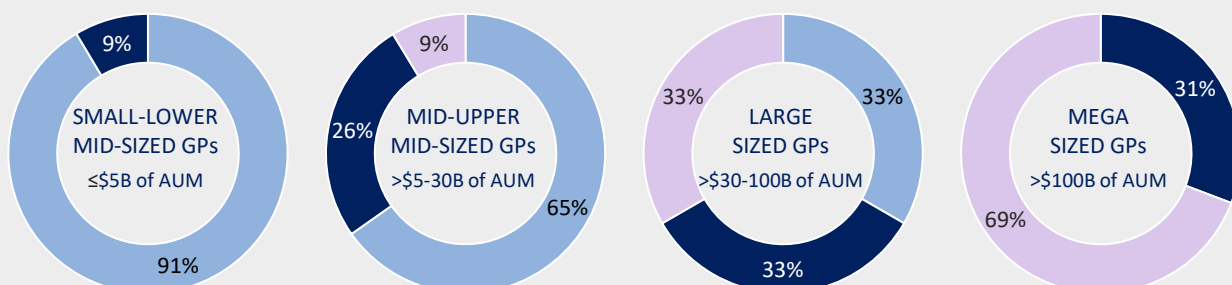


*Excludes N/A responses (n=2). Totals may not sum to 100% due to rounding.

PRODUCT SCOPE (BY FIRM SIZE)

Q: How many fund strategies does your firm manage?

Legend: 1-4 fund strategies, 5-10 fund strategies, 11+ fund strategies



Hybrid Capital Formation Roles (Fundraising & IR)

Relative to the size of their overall capital formation teams, respondents from firms with \$10B of AUM or less had the highest concentration of team members operating in hybrid fundraising and IR roles.

Early on in a GP's lifecycle, smaller teams tend to rely on a mix of placement agents and consultant relationships to identify and shepherd institutional investors through the fundraising process. As GPs mature and scale, specialization within capital formation often occurs in one of two ways: (1) professionals focus primarily on either sales or product management, or (2) professionals may manage both sales and product management responsibilities, but only for a specific product / asset class / strategy within a multi-strategy GP's platform.

While there are many models across various firm types, in our experience, it becomes increasingly difficult for capital formation professionals to be successful in hybrid roles as a firm's scale and product diversification increases.

Larger firms with multiple product offerings will typically need professionals who can spend a substantial portion of their time traveling for investor meetings and conferences, while also having team members "at the desk" who can ensure timely and strategic engagement on the myriad investor follow-up items and due diligence requests that can arise following a full slate of fundraising meetings.

NO. OF PROFESSIONALS IN HYBRID ROLES (BY FIRM SIZE)

Q: How many people on your firm's capital formation team have hybrid roles (fundraising & IR)?

None 1 person 2-9 ppl 10-19 ppl 20-29 ppl 30-39 ppl 40-49 ppl 50-59 ppl 60-69 ppl 70+ ppl

All Respondents (n=105)*



Small (<\$1B of AUM | n=7)



Lower-Middle (\$1-5B of AUM | n=29)



Middle (>\$5-10B of AUM | n=26)



Upper-Middle (>\$10-30B of AUM | n=18)



Large (>\$30-100B of AUM | n=14)



Mega (>\$100B of AUM | n=11)



*Excludes N/A responses (n=5). Totals may not sum to 100% due to rounding.

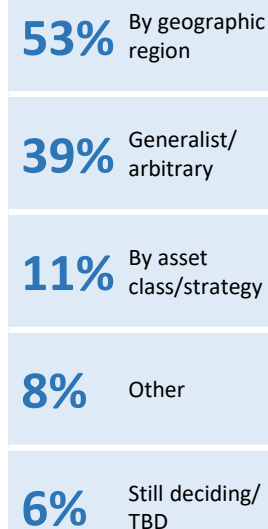
Fundraising / Sales Teams

As GPs seek to have more control over fundraising outcomes, their first functionally-focused capital formation hires are often sales professionals. While most survey respondents' sales teams were organized to cover investors based on geographic regions, nearly 40% had generalist or arbitrary coverage models.

Arbitrary sales coverage often results from new sales hires simply being assigned to cover investors that have not been engaged or prioritized by incumbent sales professionals. While this can work for smaller teams, it tends to become problematic as growing sales teams hunt for new investors without clear territory boundaries. This can result in duplicated efforts, counterproductive internal competition, inefficient travel that drains time and expenses – and worst of all – embarrassing miscommunications around the appropriate point-of-contact for a prospective investor. We believe minimizing coverage overlaps and having processes in place to incentivize cooperation when overlap is unavoidable/necessary provides sales teams with the best set-up for long-term success.

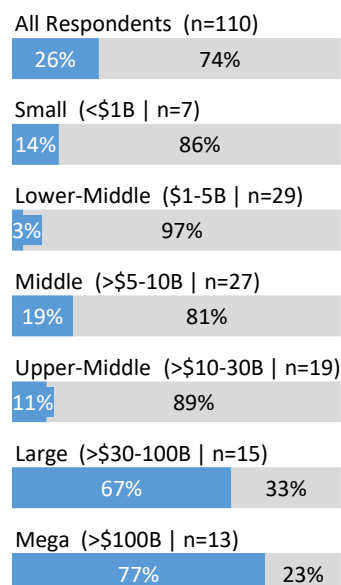
SALES COVERAGE MODELS

Q: How is your firm's sales team organized? (select all that apply)*



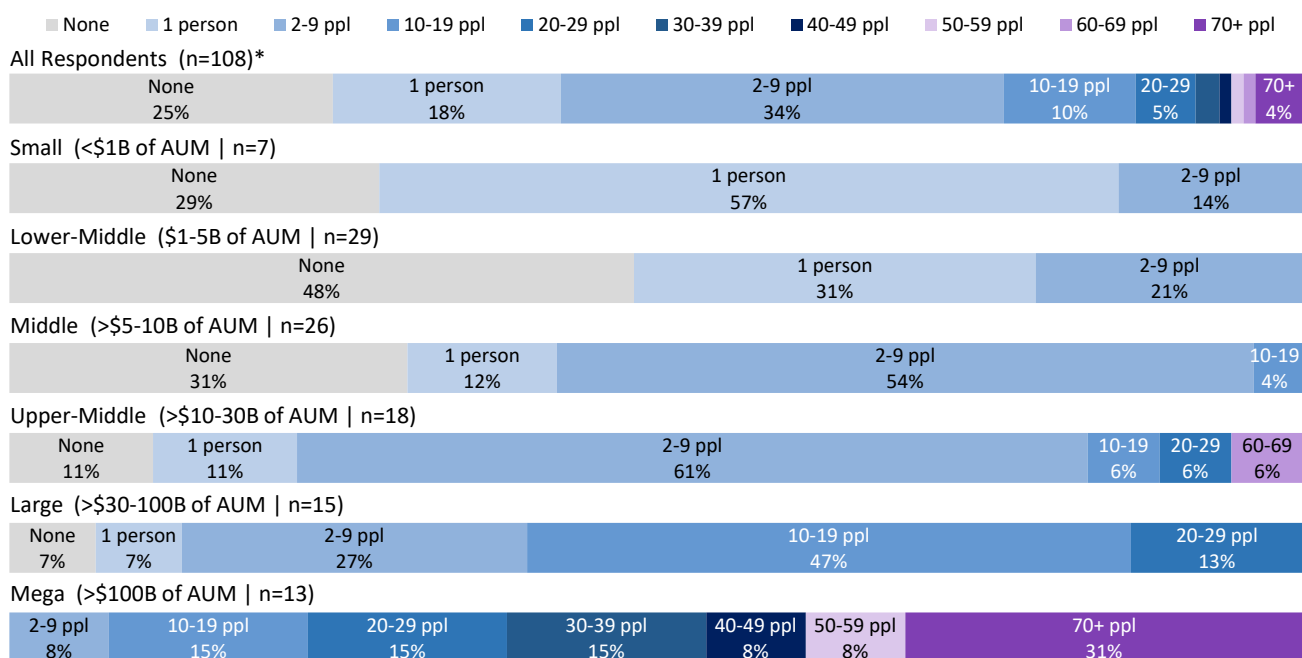
*Sum of percentages exceeds 100% due to respondents' ability to select multiple answers.

Q: Does your firm have dedicated coverage for consultants? ■ Yes ■ No



SALES TEAM SIZE (BY FIRM SIZE)

Q: How many people on your firm's capital formation team are dedicated to fundraising/sales?



*Excludes N/A responses (n=2). Totals may not sum to 100% due to rounding.

IR / Product Management Teams

Nearly one-third of respondents indicated that their firms had no dedicated product management professionals. This makes sense for the smaller firms where many professionals operate in hybrid roles, but is a major disadvantage for larger firms, particularly those with multiple investment strategies.

While a salesperson's insights may be limited to feedback from LPs in their coverage area, a product specialist benefits from having of a birds-eye view of what is resonating across all targeted markets, and from the ability to analyze a GP's portfolio data for insights, trends, or points of differentiation that could resonate with targeted investors. Identifying patterns in both LP feedback and portfolio analytics allows product specialists to drive important strategic pivots in how a GP positions its story in the marketplace.

One of the most common issues we see from GPs without dedicated product specialists is the propensity to "rinse and repeat" their pitch from one fund to the next, without critically revisiting their marketing narratives. This approach may not present issues for existing investors who have lived through a GP's evolution, but it can create meaningful challenges in converting prospective investors if a GP's value proposition is not clearly presented, if portfolio positioning is outdated or unsupported, or if fund performance is not thoughtfully framed on both an absolute and relative basis. What worked to raise a Fund III may not work to raise a Fund V, when a GP is expected to have a realized track record, case studies, and portfolio results that support the GP's investment thesis and any claims to competitive advantages.

PRODUCT MANAGEMENT TEAM SIZE (BY FIRM SIZE)

Q: How many people on your firm's capital formation team are dedicated to IR / product specialists / product management?

■ None ■ 1 person ■ 2-9 ppl ■ 10-19 ppl ■ 20-29 ppl ■ 30-39 ppl ■ 40-49 ppl ■ 50-59 ppl ■ 60-69 ppl ■ 70+ ppl

All Respondents (n=107)*



Small (<\$1B of AUM | n=7)



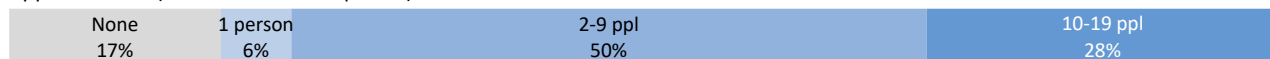
Lower-Middle (\$1-5B of AUM | n=29)



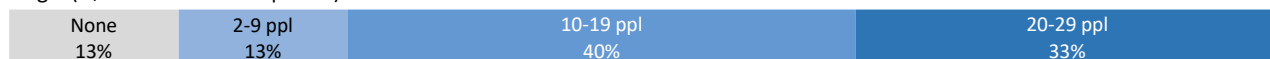
Middle (>\$5-10B of AUM | n=26)



Upper-Middle (>\$10-30B of AUM | n=18)



Large (>\$30-100B of AUM | n=15)



Mega (>\$100B of AUM | n=12)



*Excludes N/A responses (n=3). Totals may not sum to 100% due to rounding.

IR / Product Management Teams (continued)

We believe one of the most valuable roles a product specialist can play is leading a robust pre-marketing process that best positions a GP for an efficient and effective fundraise. Below are product management strategies MFD Advisory uses with GPs who expect to come to market within 6-12 months.

SHARPENING YOUR NARRATIVE AHEAD OF FUNDRAISING

KEEP THE MARKET PRIMED

Host Quarterly Update Webinars

Regular updates showcase your market perspectives, highlight your deal activity as real-time case studies, and ensures your sales team/placement agent has current talking points and anecdotes from the investment team

Do Pre-Launch Listening Tours

Meet with all existing LPs, proactively solicit feedback, and preview timing for the next fund's launch and first close

Leverage "One-to-Many" Events

For example, host a small group "lunch & learn" for LPs within a metro area rather than sponsoring the next big conference

ASSESS YOUR DATA

Understand Your Results

Evaluate absolute vs. relative performance – do your outcomes align with your investment thesis and any existing marketing narratives?

Know Your Competition

Differentiate between competitors for deals vs. competitors for LP dollars – know who is in market when you are, competing for the same allocation from LP portfolios

Evaluate KPIs

KPIs can be tracked in a CRM system and can be evaluated before, during and after a fundraise for insights on strategy and process improvements

Email us for a list of capital formation KPIs

USE MARKET & DATA INSIGHTS TO REFINE YOUR PITCH

Have a Cohesive, Data-Driven Narrative

Your deck should be organized for clarity to an independent reader (not the preferred flow of a presenter's verbal pitch) and should be able to stand alone – you are at a disadvantage if your deck needs a voiceover to make sense

Use Your Deck!

People tend to retain more information from combined audio and visual inputs

Short or Long Deck?

Both. Shorter is better for introductions over email. Longer ensures you have a full arsenal of data to support fluid discussion in live meetings (and is good to send as a meeting follow-up)

Private Wealth Teams

Private wealth is one of the fastest growing and highest priority fundraising channels for alternative asset managers, with many of the largest GPs investing heavily in teams dedicated to private wealth. Blackstone, the world's largest alternative asset manager, publicly reported having nearly 300 people focused on private wealth globally.¹

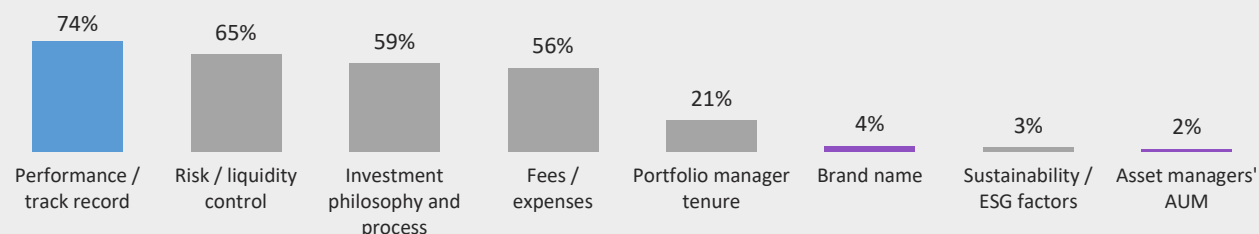
Many assume private wealth channels prefer big brand names, but research from Cerulli Associates and IWI suggests GP size and brand are among the

least important due diligence factors for wealth advisors – performance trumps all else.²

We believe smaller GPs can take advantage of the private wealth opportunity by partnering with wealth platforms that offer distribution support – but these GPs should be prepared: wealth platforms are in high demand, can be expensive, and require bespoke marketing materials. Having discussions as early as possible is key to having a chance at getting a slot in these platforms' fundraising pipelines.

WEALTH ADVISORS' TOP DUE DILIGENCE FACTORS ²

Cerulli Associates, in partnership with the Investments & Wealth Institute ("IWI"), asked more than 200 wealth advisors to select their top three factors when conducting due diligence on alternative investment strategies for clients



Sources: (1) Blackstone press release, Blackstone Announces Key Leadership Appointments and Launches New Areas of Client Coverage, December 2, 2024. (2) Cerulli Associates in partnership with IWI, Adapting to Growing Private Markets: A Playbook for Practice Success, September 27, 2023.

PRIVATE WEALTH TEAM SIZE (BY FIRM SIZE)

Q: How many people on your firm's capital formation team focus on retail / private wealth channels?

None 1 person 2-9 ppl 10-19 ppl 20-29 ppl 30-39 ppl 40-49 ppl 50-59 ppl 60-69 ppl 70+ ppl

All Respondents (n=107)*



Small (<\$1B of AUM | n=7)



Lower-Middle (\$1-5B of AUM | n=29)



Middle (>\$5-10B of AUM | n=26)



Upper-Middle (>\$10-30B of AUM | n=18)



Large (>\$30-100B of AUM | n=15)



Mega (>\$100B of AUM | n=12)



*Excludes N/A responses (n=3). Totals may not sum to 100% due to rounding.

Placement Agents

As GPs continue to buildout extensive in-house capital formation capabilities, it comes as no surprise that many have a limited need for external placement agents. While 75% of survey respondents indicated their firms currently had at least one fund in market, only half expected their firms to use placement agents for fundraises in 2025.

Among those expecting to use placement agents this year, roughly two-thirds will typically only use agents in certain regions. Interestingly, many respondents' lack of response on capital raise expectations for their placement agents suggests many GPs may be holding their breath on their agents' fundraising outcomes this year.

Among respondents whose firms do not expect to use placement agents in 2025, nearly two-thirds of respondents indicated placement agents were unneeded, while less than 10% could not access their placement agent(s) of choice.

As GPs continue to invest in in-house capital formation resources, we expect the use of placement agents to trend toward those with specialization, such as those focused on emerging managers or those with deep networks in emerging markets that may prove too difficult for GPs to navigate alone.

PLACEMENT AGENT USAGE

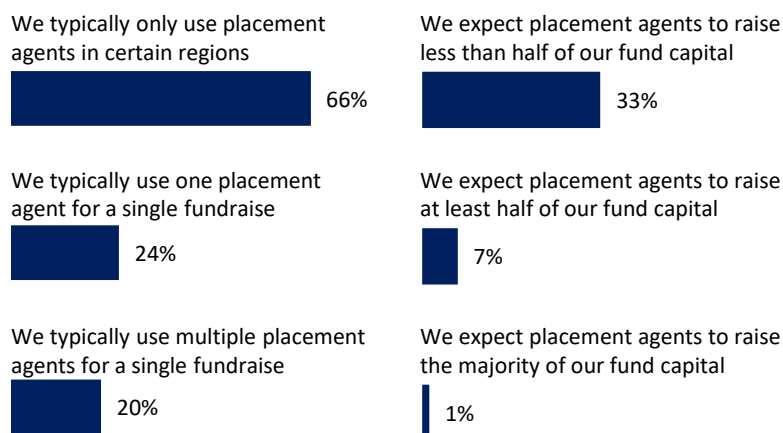
Q: How many funds does your firm currently have in market?



Q: Does your firm use placement agents for funds currently in market or expected to come to market in 2025?*



Q: If you are using placement agents in 2025, how are you using them?
(select all that apply)**



Q: If you are not using placement agents in 2025, why not? (select all that apply)**



* Total does not sum to 100% due to rounding.

** Sum of percentages exceeds 100% due to respondents' ability to select multiple answers.

Outsourced Investor Relations Solutions

- MFD Advisory is a boutique consultant **focused on private markets investor relations**
- We offer outsourced IR solutions at a **fraction of the cost** to employ full-time IR talent
- All team members have **in-house private markets IR/fundraising experience**
- Services designed to **maximize IR's ROI** by applying market best practices & strategies
- Experience across **private equity, private credit and real asset** strategies

MFD ADVISORY SOLUTIONS

CONSULTING SERVICES

Project-based, short-term IR help
(1–6-month contracts with an option to renew)

Use Case Examples

- Fundraising launches
- Marketing pitch revamp
- Coverage during parental leave

ADVISORY SERVICES

For existing Consulting Service clients who want ongoing help with specific tasks or goals

Use Case Examples:

- AGM/LPAC preparation
- Quarterly webinar preparation
- Annual messaging review

MFD IR ACADEMY

IR training tailored to your team's needs
(including training on / access to key databases)

Use Case Examples:

- New IR hire training
- IR team offsites
- IR database tutorials / access

MEANINGFUL IR EXPERIENCE

MONICA F. DAVIS | Founder & Managing Partner | monica.davis@mfdadvisory.com

18 years of experience, including time at Vista Equity Partners (Fundraising), L Catterton (IR & Fundraising), KKR (Product Specialist), Merrill Lynch (Inv. Banking, PE Funds Group)

SHANNON IRISH | Vice President | shannon.irish@mfdadvisory.com

13 years of experience, including time at KKR (Product Specialist), Bank of America (Inv. Banking, RE, Gaming & Lodging)

ALEXANDER MIDDLETON | Senior Associate | alexander.middleton@mfdadvisory.com

8 years of experience, including time at Vista Equity Partners (Product Specialist), JP Morgan (Multi-Asset Solutions, Institutional Investment Specialist)

18 years of IR
experience*

\$63B aggregate capital
raises supported*

24 fundraises
supported*

* Statistics represent the professional experience of MFD Advisory's founder.

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