



Fundraising guide

Best practices for creating an effective, data-driven pitch for your fund



Overview

As the private markets continue to grow and converge with the public markets—and fundraising becomes more competitive with the rise of mega-funds—having access to differentiated intelligence that's backed by data is becoming more important.

The reason for this is simple: Timely, accurate financial data helps substantiate claims, focus conversations, and drive effective deal execution. If your insights into the capital markets are better than your competitors, you gain a distinct advantage.

In this guide, we look at how you can leverage PitchBook to quickly pick your own precise peer group, present a benchmark that highlights the value of your firm's investment strategy and prioritize which investors to pursue—and tailor your pitch to their goals—using insights on their mandates, allocations, commitments, preferences and more.

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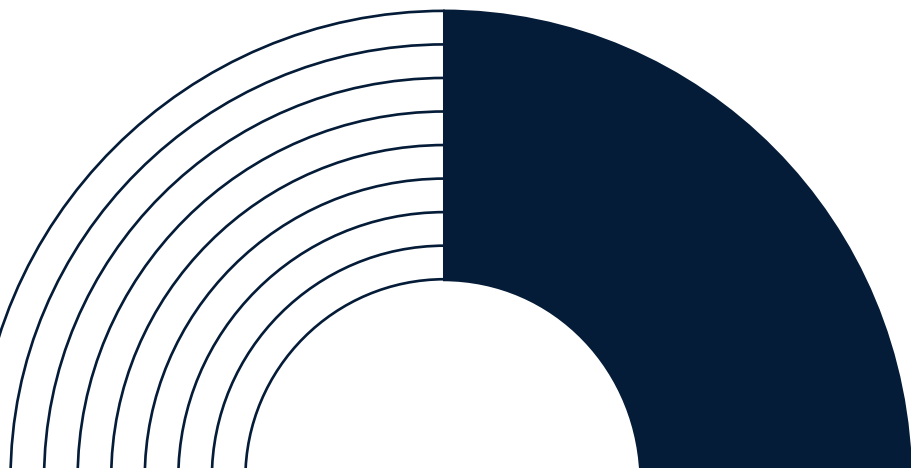
Researching LPs' previous commitments and current allocations

Connecting with your targets

Pitching and creating custom benchmarks

Creating custom peer groups and comparing fund returns

Looking at comparable funds' quartiles





Finding limited partners

There are more than 28,000 limited partners (LPs) tracked on the PitchBook Platform. Having up-to-date and accurate data on their existing allocations, mandates, fund preferences and commitments will help you quickly determine which prospects are most promising.

Here's how.

FINDING LIMITED PARTNERS

Creating a target list

PitchBook allows you to quickly create a short list of promising LPs based on their mandates, target and actual allocations by asset class, past and present commitments, fund preferences and dry powder. This could include identifying top pension funds in California that have made the most commitments to buyout funds, for example, or listing all the LPs in Europe that have a current mandate requiring them to commit to energy-focused funds.

1 Conduct a limited partners search

This search option will automatically set up the following advanced search fields for you to select from.

2 Choose LP type

Whether it's pension funds, investment firms, corporations, or any of the 26 limited partner types available on the platform, you can easily choose which ones you want to see.

3 Select LP location

Check "Search HQ Only" to target the main office and eliminate satellite branches. By selecting "any office location," you can see the branches of an LP that's headquartered in another region.

The screenshot displays the PitchBook 'Limited Partners Search' interface. The search criteria are set to 'All Categories', 'Search PitchBook...', 'Criteria (4)', 'Limited Partner Types: Pension, Family Offices', 'Fund Type Preferences: Private Equity, Venture Capital', 'Fund Location Preferences: Europe', and 'Mandate Status: Current'. The search results show 56 results. The left sidebar lists various filters: Key Fields (3), LP Types (1), LP Location, Mandates (1), Allocation, Commitments, Commitment Prefs (2), LP Funds, Service Providers, Lists, and a 'Request a Field' button. The main content area is divided into three sections: 'Limited Partner Information', 'Commitment Information', and 'Commitment Fund Information'. The 'Limited Partner Information' section includes fields for 'Limited Partner Names' (Add by name, stock symbol, pbID, or URL), 'Limited Partner Types' (Pension, Family Offices), 'Primary LP Type only' (checkbox), 'Limited Partner Location' (Select limited partner location(s)), 'Search HQ only' (checkbox), and 'Assets Under Management' (Min, Max). The 'Commitment Information' section includes 'Number of Commitments' (Min, Max), 'Commitment Date' (Custom Dates, Trailing Ranges), 'From' (MM-DD-YYYY), 'To' (MM-DD-YYYY), and 'Commitments Size' (Min, Max). The 'Commitment Fund Information' section includes 'Fund Size' (Min, Max), 'Fund Types' (Select fund type(s)), 'Commitment Fund Locations' (Select commitment fund location(s)), and 'Commitment Preferences' (Fund Type Preferences: Private Equity, Venture Capital; Fund Location Preferences: Europe; First-time funds: Open to first-time funds, Committed to first-time funds).

4 Pick relevant mandates

You can select whether you want the mandate to be recently announced (current) or even look up any previous mandates (former). You can also select an "Investment Focus," which helps identify any preferences of the fund manager's investment behavior.

5 Enter commitment preferences

It's important to note that an LP's stated preferences can differ greatly from their actual commitment history. We'll show you how to compare the two in the next step.



FINDING LIMITED PARTNERS

The rise of mega-funds is increasing pressure on fund managers

Megafunds—which PitchBook defines as any VC fund over \$1 billion and any PE fund over \$5 billion—are a growing force within PE and VC fundraising, reaping an ever-growing portion of capital raised. This handful of funds accounted for 45.3% of PE capital raised in North America between 2016 and 2018 and 42.2% in Europe over the same timeframe. As of 1Q 2019, there were at least 19 open or upcoming PE mega-funds seeking north of \$185 billion.

The growth of mega funds is increasing pressure on non-mega fund managers to do their homework when identifying and pitching to LPs.

While many household-name firms have multiple strategies with mega-funds, the types of GPs raising these funds are changing, as is the nature of the underlying fund strategies. More niche vehicles—GP stakes and technology funds, for example—are growing into the mega-fund category, and many of the generalist buyout funds are coming from less diversified GPs, offering just a couple of distinct strategies rather than the multitude offered by household names.

Managers are also achieving mega-fund status more quickly as successful managers are aggressively stepping up fund sizes, forcing LPs to consider allocating to the rising star managers of today to secure allocations with the mega-fund managers of tomorrow.

This is putting pressure on fund managers that aren't raising mega-funds to better set their funds apart and demonstrate the effectiveness of their strategy. It's also making it more important to properly target only those LPs that are likely to invest in a fund of your size.

"Mega-funds accounted for 45.3% of PE capital raised in North America between 2016 and 2018 and 42.2% in Europe over the same timeframe."



FINDING LIMITED PARTNERS

Researching LPs' previous commitments and current allocations

Once you've created a list of target LPs, PitchBook makes it easy to dig into their profiles to discover how best to pitch them. Using the "Add Columns" function on the search results page, simply select any relevant former commitments and current allocation types you'd like to sort by. You can use these insights to inform prospective LPs how your fund's strategy will fit into their investment portfolio and add value to it—and strategically target which LPs to reach out to first.

#	Limited Partner Name	Commitments in PE Funds	Commitments in VC Funds	Limited Partner Type	# Affiliated Funds	# Affiliated Investors	AUM	Private Equity
1	New York State Common Reti...	15	139	Public Pension Fund	783	384	207,400.00	17,171
2	State of Wisconsin Investmen...	276	31	Public Pension Fund	693	204	117,000.00	8,124
3	Massachusetts Pension Reser...	57	135	Public Pension Fund	449	158	69,300.00	8,221
4	Illinois Municipal Retirement ...	304	148	Public Pension Fund	437	186	38,417.23	1,494
5	Los Angeles County Employee...	00	110	Public Pension Fund	374	179	56,600.00	5,271
6	Teacher Retirement System o...	00	23	Public Pension Fund	507	191	152,525.00	21,825
7	Los Angeles City Employees' R...	86	64	Public Pension Fund	367	197	17,100.00	1,741
8	New York City Public Pension ...	41	28	Public Pension Fund	180	121	198,986.00	12,751
9	State Universities Retirement ...	30	125	Public Pension Fund	329	144	18,690.03	1,301
10	Greater Manchester Pension ...	13	22	Public Pension Fund	260	122	17,051.63	2,081
11	Montana Board of Investments	90	33	Public Pension Fund	284	137	10,681.85	1,271
12	Illinois State Board of Invest...	82	21	Public Pension Fund	200	120	17,426.32	671
13	Ohio School Employees Retire...	81	12	Public Pension Fund	168	71	14,341.86	1,431

1 Compare LPs' previous commitments with their stated preferences

After running the search, use the "Add Columns" function on the results page to select any relevant former commitments you'd like to sort by. This could include commitments in PE or VC, for example.

2 Look at other relevant data points

Use the "Add Column" function to add or remove columns listing other data points that may be relevant to your search, including information on each LP's total assets under management, specific commitment types, current allocations and target allocations. Click and drag the columns from side to side to create a customized view.

3 Other search options

Select the "Modify Criteria" button to change your search criteria. From here, you can dive even deeper into other specific mandate types, target and actual allocations by asset class, past and present commitments, fund preferences and dry powder.

Connecting with your targets

Once you've narrowed down a shortlist of promising LPs for your fund, PitchBook makes it simple to identify the best person to contact at each organization so you can streamline the pitching process. Once you've identified the key individuals who will be vetting your fund, you can use the information you've gathered from creating your target list to create a pitch that speaks to each of them.

LPs are increasing their allocation to private market strategies

Private markets are the biggest single slice of LP asset allocations and are expected to increase the most of any asset class over the next two years.

This aggressive push is driven by a broader sea change of institutional investors reassessing how they build portfolios and compensate external managers, with a broad shift to passive public market investments while seeking alpha-generating strategies in private markets.

According to our 2018 Annual Institutional Investors Survey, which surveyed more than 50 global LPs, more than one-third of respondents had more than 25 manager relationships, and more than half of them have seen their number of manager relationships increase over the last five years. Even looking ahead, most respondents said they expect to maintain or increase their GP relationships.

1 Get key individuals' contact info

Click on each LP's name to go to its profile page. Within the "Team" section, you'll find phone numbers and email addresses for key contacts.

2 Export your target list to Excel

PitchBook also gives you the option to export contact information as an Excel CSV file. Contact your customer success manager to find out how.

The screenshot displays the PitchBook interface for the 'Teacher Retirement System of Texas'. The 'Team' section is active, showing a list of 59 team members. The table includes columns for Name, Title, Roles, Office, and Contact. Below the team list, there are sections for 'Board Members & Observers' (11 members) and 'Direct Investments' (15 investments). The interface includes a sidebar with navigation options like Profile, News, Commitments, and Direct Investments.

552	Digital Colony Partners	Los Angeles, CA	2019	\$4.05B	05-Jun-2019	-21.99%
551	TPG Tech Adjacencies	Fort Worth, TX	2019	\$1.60B	06-May-2019	\$75.00M
550	Seventh Civen Fund	London, United Kingdom	2019	\$11.65B	02-May-2019	\$262.14M
549	EQT Infrastructure Fund IV	Stockholm, Sweden	2019	\$10.49B	12-Mar-2019	
548	Lone Star Fund XI	Dallas, TX	2019	\$8.20B	14-Feb-2019	\$300.00M
547	TPG Asia Fund VII	Central, Hong Kong	2019	\$4.60B	11-Feb-2019	-8.65%
546	EQT Real Estate II	London, United Kingdom	2019			\$100.00M

FINDING LIMITED PARTNERS

How Digital+ Partners uses PitchBook to find limited partners

Founded in 2015, Digital+ Partners is a Frankfurt and Munich based growth equity firm that was created with a clear objective: filling the DACH region's late-stage VC financing gap. Differentiated by its deep domain expertise and unique international corporate network, the firm invests in best-in-class B2B technology companies and helps them scale into global, digital leaders.

“We heavily rely on PitchBook to find investors.”

—Julian Mattes, Principal, Digital+ Partners

By leveraging PitchBook's granular data on more than 28,000 limited partners—including previous commitments as well as current mandates and allocations—Digital+ Partners can quickly find and connect with the institutional investors that are most likely to commit to their fund.

In 2018, Digital+ Partners' first fund closed at €350 million. According to Julian Mattes, Principal at Digital+ Partners, they relied on PitchBook for fundraising. “The fund's investors include leading institutional investors and technology companies as well as technology-oriented family offices in Germany, Europe, the United States and Asia,” he said. “We especially relied on PitchBook if the LP we were approaching was one we were talking to for the first time. It helped us to identify who is out there and who we should be talking to.”

Now with a growing portfolio of technology companies spread across the DACH region and in the United States, Digital+ Partners continues to leverage PitchBook to inform its investment decisions. “We heavily rely on PitchBook,” Mattes says. “It's one of the best tools we can use.”



Julian Mattes

Principal Digital+ Partners



Pitching and creating custom benchmarks

You know it's essential to create benchmarks that clearly demonstrate what makes your investment strategy unique compared to your competition—and can show how your fund will fit into and add value to an LP's portfolio. However, traditional benchmarks don't expose the underlying funds they consist of, the investments those funds have made or individual fund performance. This lack of transparency and detail highlights an opportunity for more accurate, relevant performance measurement—enhanced by richer data.

Here's how PitchBook can help you bring those important details to the forefront.

PITCHING AND CREATING CUSTOM BENCHMARKS

Creating custom peer groups and comparing fund returns

PitchBook allows you to create your own custom peer group and easily look at similar funds' portfolio construction, industry focus, IRR and quarterly cash flow multiples. Using the Investors & Buyers search function, you can quickly identify buyout funds in the United States with a vintage year of 2012, for example, and then narrow down the list further by looking at ones that are only \$250 million to \$500 million in size.

1 Conduct an investors & buyers search

This search is used to identify types of funds that have an investment preference or focus in specific industries or locations.

2 Select fund criteria

The main criteria to set are fund type, fund size, fund location, and vintage year.

3 Pick fund status

Check "Closed."

The screenshot shows the PitchBook 'Investors & Buyers Search' interface. The search results show 24 results. The search criteria are: Fund Type: Buyout, Fund Size: Min: 250M, Max: 500M, Fund Vintage Year: 2012, Fund Status: Closed Funds, Fund Location: United States. The left sidebar shows the search criteria categories: Key Fields (3), Investor Types, Investor Location, General Information, Stated Preferences, Strategic Acquirers, Financial Investors, Fund Criteria (7), Fundraising & IRR, Deal Criteria, Deal Types, and Deal Exit Types. The main content area shows the search results and filters. The filters include: Fund Status (Closed, Evergreen, Open, Upcoming), Fund Date (Custom Dates, Trailing Ranges), and Dry Powder (Dry Powder (\$), Dry Powder (%)).

1 Conduct an investors & buyers search

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The main criteria to set are fund type, fund size, fund location, and vintage year.

3 Pick fund status

Check "Closed."

4 Choose vintage year

We recommend using one vintage year. Be sure it's in both the "From" and "To" fields (i.e. 2013-2013).

PITCHING AND CREATING CUSTOM BENCHMARKS

5 Run the search

The results will display a list of investors associated with the funds set by the search criteria. You can click over to the "Funds" tab to see the actual list of funds.

6 View individual fund details

Select the "Funds" tab to view details on each individual fund. Add in columns to view the return multiples for each individual fund.

Benchmarking best practices

Introducing industry and company data can help better classify and compare performance than traditional benchmarks allow.

Consider also including information on things like portfolio construction, industry focus and where an investment is made, since all these factors can be helpful for creating a more accurate understanding of fund performance.

<div><div>PitchBook</div><div>All Categories</div><div>Search PitchBook...</div></div>													
<div>Investors & Buyers Search 24 Funds Criteria (5)</div>													
<div>Fund Type: Buyout Fund Size: Min: 250M Max: 500M Fund Vintage Year: 2012 Fund Status: Closed Funds Fund Location: United States</div>													
<div>Investors Funds Companies Deals Limited Partners Pivot Table Charts</div>													
<div>24 Funds View Add Columns Download to Excel</div>													
<div>0 Selected Select All Select Top 25 Invert Selected Deselect All Select Page Show Selected Only Remove Selected Layout Custom layout Save Layout Multiple Sort Sort Columns (1) Table Filters Manage Filters</div>													
#	<input type="checkbox"/>	Fund Name	Investor	Fund Type	Fund Size	Vinta...	Quar...	IRR	RVPI	DPI	TVPI		
1	<input type="checkbox"/>	Frontenac X Private ...	Frontenac Company	Buyout	250.00	2012	1 (Top)	33.90%	0.55x	1.22x	1.7		
2	<input type="checkbox"/>	Excellere Capital Fun...	Excellere Partners	Buyout	472.00	2012	1 (Top)	33.60%	0.49x	1.45x	1.9		
3	<input type="checkbox"/>	Halifax Capital Partn...	The Halifax Group	Buyout	393.00	2012	1 (Top)	27.81%		1.01x	1.6		
4	<input type="checkbox"/>	HKW Capital Partner...	Hammond, Kennedy, ...	Buyout	319.30	2012	1 (Top)	25.61%	0.82x	0.77x	1.5		
5	<input type="checkbox"/>	Primus Capital Fund ...	Primus Capital Funds	Buyout	353.03	2012	2 (Upper-Mid)	23.75%	0.98x	1.01x	1.9		
6	<input type="checkbox"/>	Trivest Fund V	Trivest Partners	Buyout	415.00	2012	2 (Upper-Mid)	21.84%	0.85x	0.31x	1.7		
7	<input type="checkbox"/>	Trailhead Fund	Goldner Hawn Johnso...	Buyout	250.00	2012	2 (Upper-Mid)	21.20%	2.38x	0.15x	2.9		
8	<input type="checkbox"/>	Capital Partners Priv...	Capital Partners	Buyout	360.00	2012	2 (Upper-Mid)	17.60%	0.86x	0.60x	1.4		
9	<input type="checkbox"/>	LinCap VI	Linsalata Capital Partn...	Buyout	427.00	2012	3 (Lower-Mid)	17.50%	1.17x	0.47x	1.6		
10	<input type="checkbox"/>	Mill Road Capital II	Mill Road Capital	Buyout	418.00	2012	3 (Lower-Mid)	15.10%	1.23x	0.22x	1.4		
11	<input type="checkbox"/>	MSouth Equity Partn...	MSouth Equity Partners	Buyout	438.00	2012	3 (Lower-Mid)	14.51%	0.73x	0.80x	1.5		
12	<input type="checkbox"/>	Gores Small Capitaliz...	The Gores Group	Buyout	400.00	2012	4 (Bottom)	14.04%	0.33x	0.97x	1.3		
13	<input type="checkbox"/>	SG Growth Partners II	Stripes Group	Buyout	305.00	2012	4 (Bottom)	8.69%	1.34x	0.15x	1.4		
14	<input type="checkbox"/>	LNK Partners II	LNK Partners	Buyout	405.00	2012	4 (Bottom)	8.66%	1.26x	0.14x	1.4		
15	<input type="checkbox"/>	AG Select Partners A...	Angelo, Gordon & Com...	Buyout	251.00	2012	4 (Bottom)	1.60%	0.00x	0.78x	0.7		
16	<input type="checkbox"/>	Arlon Food & Agricul...	Arlon Group	Buyout	302.80	2012							
17	<input type="checkbox"/>	Eton Park Credit Opp...	Eton Park Capital Man...	Buyout	401.00	2012							
18	<input type="checkbox"/>	Golden Equity Invest...	Golden Equity Investm...	Buyout	250.00	2012							
19	<input type="checkbox"/>	HandsOn Fund 4	HandsOn Global Mana...	Buyout	350.00	2012							
20	<input type="checkbox"/>	Industrial Opportunit...	Industrial Opportunity...	Buyout	275.00	2012			0.73x	0.00x	0.7		
21	<input type="checkbox"/>	Platte River Equity III	Platte River Equity	Buyout	405.00	2012							
22	<input type="checkbox"/>	Thompson Street Ca...	Thompson Street Capi...	Buyout	380.00	2012			0.62x	0.97x	1.5		
23	<input type="checkbox"/>	Tower Three Partner...	Tower Three Partners	Buyout	298.00	2012							

7 Visualize the data

Select the "Pivot Table" tab to aggregate the funds into one group and pull the median and mean from them. Use the blue "+" to add in the data points you want related to fund returns.

Funds charting and analytics

Within the "Pivot Table" tool, you can add and remove fields to build out a customized view of the aggregated data.

Within the "Funds Charting" function, you can also edit the chart settings to view the data in different ways like a bar graph, pie chart or stacked bars.

You can also use the drop-down menus on the right side of the screen to break down that information by a specific data point.

The screenshot displays the PitchBook "Investors & Buyers Search" interface. The "Pivot Table" tab is selected, showing a table of aggregated data for Buyout funds. The table includes columns for Fund Count (Returns Data), IRR Median, IRR 25th, IRR 75th, and Fund Size Median. The data for the year 2012 is shown.

	Fund Count (Returns Data)	IRR Median	IRR 25th	IRR 75th	Fund Size Median
2012	17	16.38%	12.34%	24.68%	354.00

The interface also includes a sidebar with navigation icons, a search bar, and various filter options like "Add Filters", "Hide Filters", and "Show empty rows/columns".

PITCHING AND CREATING CUSTOM BENCHMARKS

Looking at comparable funds' quartiles

PitchBook can also help you quickly see how your funds stack up against those in your custom peer group.

1 Choose specific deal types and industries

After creating your custom peer group, you can narrow the list down further by selecting the type of industry or deal type where the fund has been active.

2 Determine top and bottom quartiles

Select the "Pivot Table" tab.

Close out all the field columns and rows and click the "+" in the row of light blue boxes in the table.

Select "IRR Median," "IRR 25th," and "IRR 75th." For all funds within this kind of search, having an IRR below the "IRR

25th" places them in the bottom quartile, and having an IRR above "IRR 75th" places them in the top quartile. Other metrics, such as DPI, can also be valuable when assessing fund performance.

PitchBook All Categories ▾

Search Criteria (8) Deal Status: Completed Deal Type: All Buyout Types Industry Query: Manufacturing Fund Type: Buyout Fund Vintage Year: 2010

Investors Funds Companies Deals Limited Partners **Pivot Table ▾** Charts ▾

+ Add Filters Hide Filters ▾ ☐ Show empty rows/columns

Returns Data as of: Most Recent Reporting Qua... ▾ Commitment Type: Original Commitment, Self-... ▾ **Apply filters** Clear all filters

Add New Field		IRR Median	IRR 25th	IRR 75th
Fund Type ▾ Buyout	0 - 99M	-6.00%	-6.00%	-6.00%
	100M - 249M	6.31%	1.96%	11.93%
	250M - 499M	13.77%	-14.05%	21.23%
	500M - 999M	15.60%	13.06%	24.23%
	1B - 4.99B	11.82%	8.30%	15.34%
	All	12.97%	4.78%	18.86%
All	0 - 99M	-6.00%	-6.00%	-6.00%
	100M - 249M	6.31%	1.96%	11.93%
	250M - 499M	13.77%	-14.05%	21.23%
	500M - 999M	15.60%	13.06%	24.23%

PITCHING AND CREATING CUSTOM BENCHMARKS

How DN Capital uses PitchBook to fundraise quickly and efficiently

Founded in 2000, DN Capital has funded such well-known startups as music identification software Shazam (acquired by Apple for \$400M), online estate agents Purplebricks and used car marketplace Auto1.

“We could quickly find the right investors and access the information we needed to reach out”

—Ragnar Jongen, Associate, DN Capital

Unfazed by uncertainty after the Brexit referendum, DN Capital began fundraising for its fourth vehicle in June 2016. To streamline their approach, the firm used PitchBook to find promising investors (based on allocations, preferences and commitments) and uncover essential contact information, like direct email addresses and phone numbers.

“When we raised our new round, PitchBook played a big role,” says Ragnar Jongen, an associate at DN Capital who has worked there since 2016. “We could quickly find the right investors and access the information we needed to reach out. PitchBook’s contact information on limited partners is extremely accurate.”

The result? A surprising reversal of a post-referendum trend. In January 2018, DN Capital closed a €200M fund, its largest to date, with contributions from institutional investors, family offices, high net worth individuals and—most notably—Europe’s fund-of-funds, the European Investment Fund



Ragnar Jongen

Associate, DN Capital



Who we are

In 2007, PitchBook Founder and CEO John Gabbert knew that his idea for an actionable, extensive database for private equity-focused intelligence was worth pursuing. He and seven others set up shop in a 200-square-foot, windowless office, and the rest is PitchBook history.

Since those early days, PitchBook has expanded its coverage areas to include the entirety of the public and private markets. We've added thousands of datasets and millions of individual insights to the platform, and we've pioneered new features and products that surface the information our clients need to win. We look at every day as a new opportunity to meet and exceed our customers' expectations through helping them make informed decisions that propel their firms forward.

Now part of Morningstar, PitchBook is headquartered in Seattle, London and Hong Kong with additional offices in New York and San Francisco.



John Gabbert
Founder & CEO, PitchBook