



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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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.



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

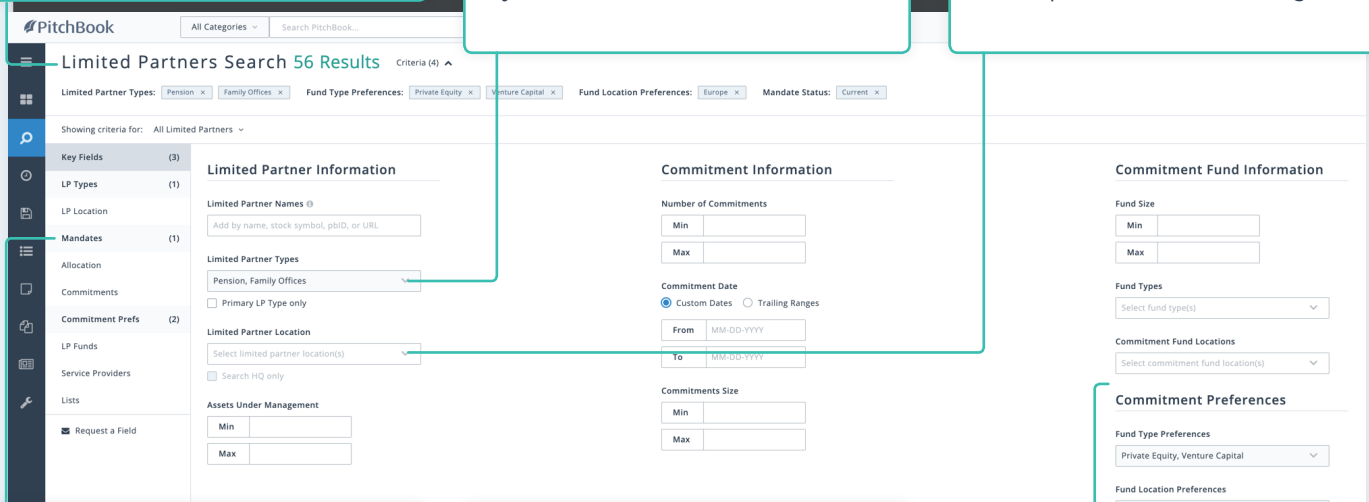
This search option will automatically set up the following advanced search fields for you to select from.

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.



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...	415	139	Public Pension Fund	783	384	207,400.00	17,172
2	State of Wisconsin Investmen...	376	31	Public Pension Fund	493	204	117,000.00	8,124
3	Massachusetts Pension Reser...	357	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 Emploee...	300	110	Public Pension Fund	374	179	56,600.00	5,271
6	Teacher Retirement System o...	300	23	Public Pension Fund	507	191	152,525.00	21,925
7	Los Angeles City Employees' R...	286	64	Public Pension Fund	367	197	17,100.00	1,744
8	New York City Public Pension ...	41	28	Public Pension Fund	180	121	196,986.00	12,751
9	State Universities Retirement ...	30	125	Public Pension Fund	329	144	18,690.03	1,308
10	Greater Manchester Pension ...	113	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	1,275
12	Illinois State Board of Invest...	82	21	Public Pension Fund	200	120	17,426.32	675
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

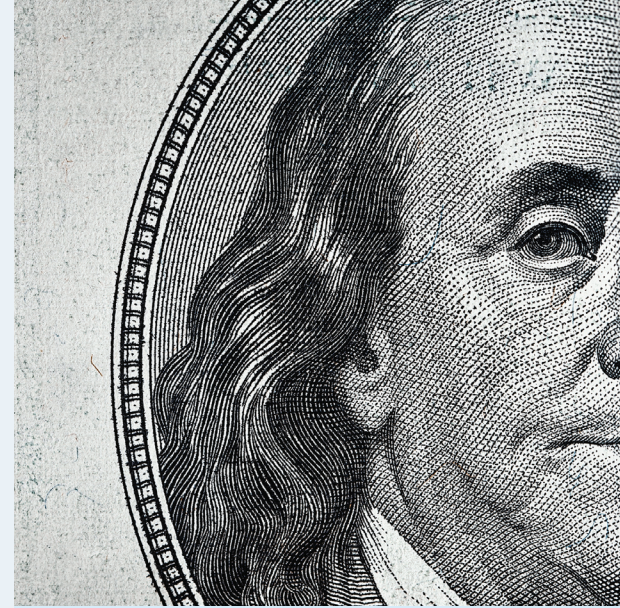
Select the "Modify Criteria" button to change your search criteria. From here, you can dive even deeper into other specific mandate types, target and actual allocations by asset class, past and present commitments, fund preferences and dry powder.



FINDING LIMITED PARTNERS

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.

The screenshot shows the PitchBook profile for the Teacher Retirement System of Texas. The 'Team' section lists 59 individuals, with 39 current and 20 former. The 'Board Members & Observers' section lists 11 individuals, with 8 current and 3 former. The 'Direct Investments' section lists 15 investments.

Name	Title	Roles	Office	Contact
Don Green	Chief Financial Officer	1	Austin, TX	[Contact]
Sylvia Bell	Chief Operating Officer	1	Austin, TX	[Contact]
Eric Lang	Senior Managing Director of External Private Mar...	1	Austin, TX	[Contact]
Kirk Sims	Emerging Managing Director	1	Austin, TX	[Contact]
Bernie Bozzelli	Managing Director of Trading	1	Austin, TX	[Contact]
Allen MacDonell	Senior Director of Private Equity, Managing Direct...	1	Austin, TX	[Contact]
Mohan Balachandran Ph.D	Senior Managing Director of Asset Allocation	1	Austin, TX	[Contact]
Jerry Albright	Chief Investment Officer	1	Austin, TX	[Contact]
Jase Auby	Deputy Chief Investment Officer	1	Austin, TX	[Contact]
Ken Welch	Deputy Director	1	Austin, TX	[Contact]

Name	Title	Representing	Role	Since	Contact
Christopher Moss	Trustee	Teacher Retirement System of Texas	Trustee		[Contact]
David Corpus	Chairman of the Policy Committee	Teacher Retirement System of Texas	Chairman of the Policy Committee		[Contact]
Dolores Ramirez	Vice Chairperson of the Board of Trust...	Teacher Retirement System of Texas	Vice Chairperson of the Board of Trust...		[Contact]
James Nance	Trustee	Teacher Retirement System of Texas	Trustee		[Contact]
Jarvis Hollingsworth JD	Chairman of the Board of Trustees	Teacher Retirement System of Texas	Chairman of the Board of Trustees		[Contact]
Joe Colonnetta	Chairman of the Investment Managem...	Teacher Retirement System of Texas	Chairman of the Investment Managem...		[Contact]
John Elliott	Trustee	Teacher Retirement System of Texas	Trustee		[Contact]
Nanette Slosney	Trustee	Teacher Retirement System of Texas	Trustee		[Contact]

Company Name	Deal Date	Deal Type	Deal Size	Co-Investors	Company Stage	Industry	Lead Partner
552 Digital Colony Partners	2019		\$4.05B		05-Jun-2019		-21.99%
551 TPG Tech Adjacencies	2019		\$1.60B		06-May-2019		\$75.00M
550 Seventh Cinven Fund	2019		\$11.65B		02-May-2019		\$262.14M
549 EQT Infrastructure Fund IV	2019		\$10.49B		12-Mar-2019		
548 Lone Star Fund XI	2019		\$8.20B		14-Feb-2019		\$300.00M
547 TPG Asia Fund VII	2019		\$4.60B		11-Feb-2019		-8.65%
546 EQT Real Estate II	2019						\$100.00M

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.

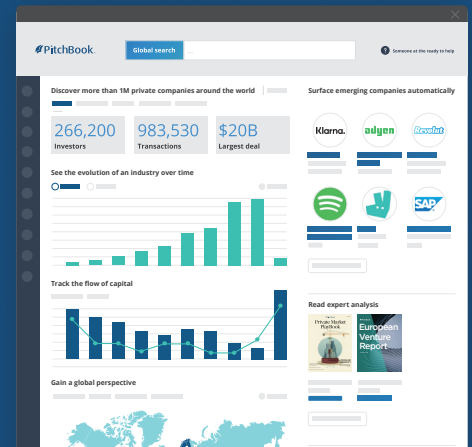
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² Secondary Commitment
³ Partial Commitment



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.



Julian Mattes
Principal
Digital+ Partners

“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.”



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.



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

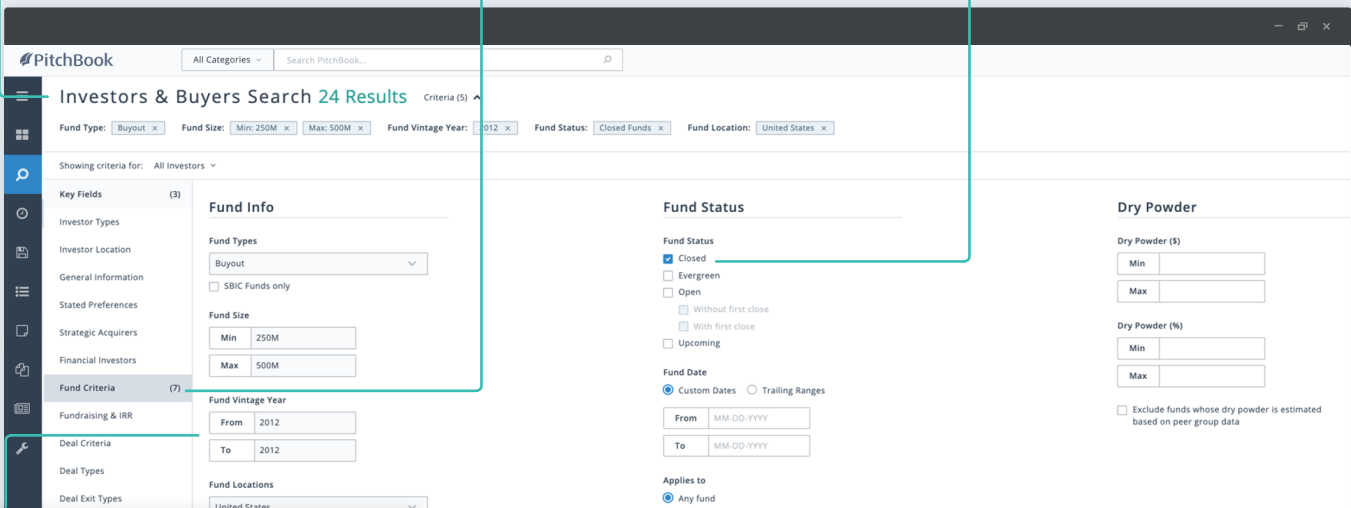
This search is used to identify types of funds that have an investment preference or focus in specific industries or locations.

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."



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.

The screenshot shows the PitchBook interface for an "Investors & Buyers Search" with 24 funds. The search criteria include Fund Type: Buyout, Fund Size: Min: 250M to Max: 500M, Fund Vintage Year: 2012, Fund Status: Closed Funds, and Fund Location: United States. The "Funds" tab is selected, displaying a table of results with columns for Fund Name, Investor, Fund Type, Fund Size, Vintage Year, Quarter, IRR, RVPI, DPI, and TVPI.

#	Fund Name	Investor	Fund Type	Fund Size	Vinta...	Quar...	IRR	RVPI	DPI	TVPI
1	Frontenac X Private ...	Frontenac Company	Buyout	250.00	2012	1 (Top)	33.90%	0.55x	1.22x	1.7x
2	Excellere Capital Fun...	Excellere Partners	Buyout	472.00	2012	1 (Top)	33.60%	0.49x	1.45x	1.9x
3	Halifax Capital Partn...	The Halifax Group	Buyout	393.00	2012	1 (Top)	27.81%		1.01x	1.6x
4	HKW Capital Partner...	Hammond, Kennedy, ...	Buyout	319.30	2012	1 (Top)	25.61%	0.82x	0.77x	1.5x
5	Primus Capital Fund ...	Primus Capital Funds	Buyout	353.03	2012	2 (Upper-Mid)	23.75%	0.98x	1.01x	1.9x
6	Trivest Fund V	Trivest Partners	Buyout	415.00	2012	2 (Upper-Mid)	21.84%	0.85x	0.31x	1.1x
7	Trailhead Fund	Goldner Hawn Johnso...	Buyout	250.00	2012	2 (Upper-Mid)	21.20%	2.38x	0.15x	2.2x
8	Capital Partners Priv...	Capital Partners	Buyout	360.00	2012	2 (Upper-Mid)	17.60%	0.86x	0.60x	1.4x
9	LinCap VI	Linsalata Capital Partn...	Buyout	427.00	2012	3 (Lower-Mid)	17.50%	1.17x	0.47x	1.6x
10	Mill Road Capital II	Mill Road Capital	Buyout	418.00	2012	3 (Lower-Mid)	15.10%	1.23x	0.22x	1.4x
11	MSouth Equity Partn...	MSouth Equity Partners	Buyout	438.00	2012	3 (Lower-Mid)	14.51%	0.73x	0.80x	1.5x
12	Gores Small Capitaliz...	The Gores Group	Buyout	400.00	2012	4 (Bottom)	14.04%	0.33x	0.97x	1.3x
13	SG Growth Partners II	Stripes Group	Buyout	305.00	2012	4 (Bottom)	8.69%	1.34x	0.15x	1.4x
14	LNK Partners II	LNK Partners	Buyout	405.00	2012	4 (Bottom)	8.66%	1.26x	0.14x	1.4x
15	AG Select Partners A...	Angelo, Gordon & Com...	Buyout	251.00	2012	4 (Bottom)	1.60%	0.00x	0.78x	0.7x
16	Arlon Food & Agricul...	Arlon Group	Buyout	302.80	2012					
17	Eton Park Credit Opp...	Eton Park Capital Man...	Buyout	401.00	2012					
18	Golden Equity Investm...	Golden Equity Investm...	Buyout	250.00	2012					
19	HandsOn Fund 4	HandsOn Global Mana...	Buyout	350.00	2012					
20	Industrial Opportunit...	Industrial Opportunity...	Buyout	275.00	2012			0.73x	0.00x	0.7x
21	Platte River Equity III	Platte River Equity	Buyout	405.00	2012					
22	Thompson Street Ca...	Thompson Street Capi...	Buyout	380.00	2012			0.62x	0.97x	1.5x
23	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.

Investors & Buyers Search | Pivot Table Hide search details ▲

Search Criteria (5) Fund Type: Buyout Fund Size: Min: 250M, Max: 500M Fund Vintage Year: 2012 Fund Status: Closed Funds Fund Location: United States

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

Fund Type ▼		Buyout			
Vintage Year ▼	Fund Count (Returns Data)	IRR Median	IRR 25th	IRR 75th	Fund Size Median
2012	17	16.38%	12.34%	24.68%	354.00



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

The screenshot shows the PitchBook interface with search criteria: Deal Status: Completed, Deal Type: All, Buyout Types, Industry Query: Manufacturing, Fund Type: Buyout, Fund Vintage Year: 2010. The Pivot Table tab is selected. The table displays IRR quartiles for Buyout and All fund types across various fund sizes.

Fund Type	Fund Size	IRR Median	IRR 25th	IRR 75th
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%
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

About PitchBook

It all started with seven people working in a 200-square-foot, windowless office. Founder John Gabbert was pursuing an idea his former employer nixed—a database that covered private equity.

In 2009, we launched PitchBook Desktop. With each new dataset and feature, we've expanded and improved. Now, PitchBook tracks every aspect of the public and private equity markets, including venture capital, private equity and M&A.

Our focus has always been—and will always be—our clients. What data matters most to them? What would make their jobs easier? How can we help them make informed decisions?

Now part of Morningstar, we continue to give our clients the data and tools they need to be successful.

Contact us

info@pitchbook.com

pitchbook.com



John Gabbert
Founder & CEO, PitchBook