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# Long-dated fund market is growing

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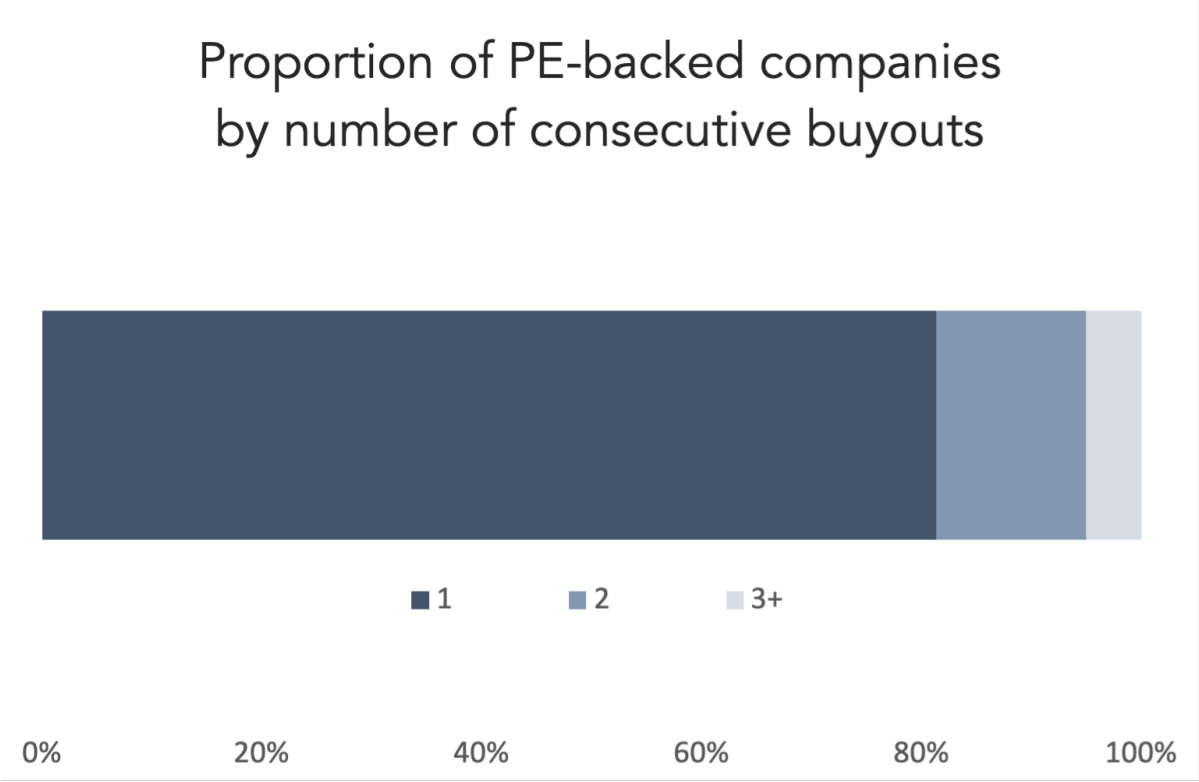


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Long-dated funds are growing in popularity. A new analyst note from PitchBook takes a closer look at the growing market, generally defined as funds built to last for 15 years or more. It's a relatively new phenomenon that started less than a decade ago, but has since attracted names like Blackstone, KKR, Accel-KKR, Carlyle and Vista to the scene. According to PitchBook figures, about 10% of portfolio companies are held longer than 10 years. What had been a concern for LPs is being turned into a deliberate strategy, and one that has several perks for both LPs and the companies themselves.

The chart above, for example, shows that 5% of current portfolio companies have undergone three or more consecutive buyouts. At that point, companies might feel like they're being traded. For the ones who were optimistic about partnering with private equity in the first place, selling to a long-dated fund would be much better. That preference opens the door to proprietary deal flow for those funds, which face a limited universe of companies to back. There are more than enough opportunities to go around, however—the 5% figure represents over 1,200 companies globally. More broadly, many businesses reward longer holding times, if they are non-cyclical and are consistent cash generators that can compound growth over several years. There are many traditional fund managers that regret having to sell a portfolio company prematurely, perhaps because they didn't fit the risk/return profile that the fund was looking for. Those types of companies now have an alternative source

of capital to go to. That said, we're still years away from assessing the lifecycle of one of these funds, since the first ones didn't get off the ground until the mid-2010s. Realistically, our first full case study won't be ready until 2030 or so.

*(Past performance is no guarantee of future results.)*