Hints of LP support waning for US

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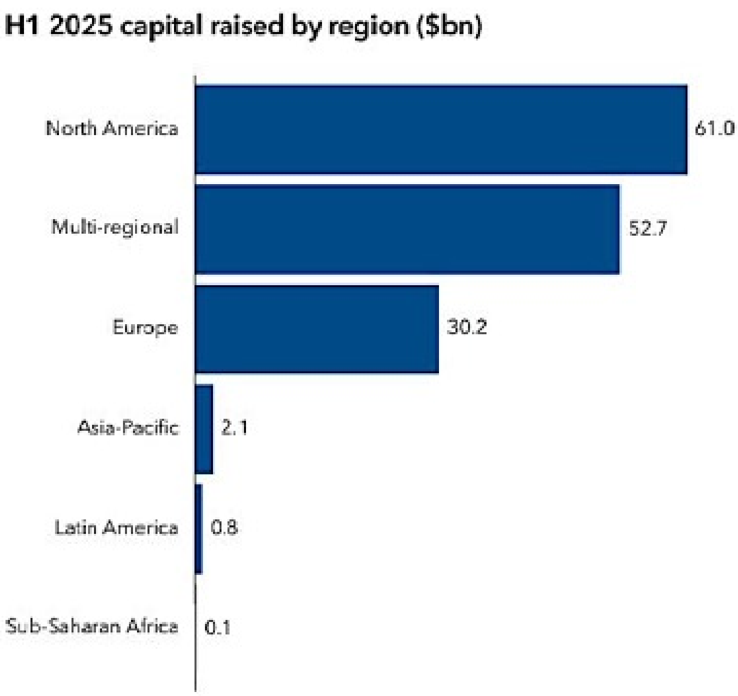

Up to the mid-point of this year, capital raising by US funds was still going strong – but LPs appeared to be edging towards geographic diversification.

Given the ramifications of Liberation Day and a more volatile economic and political backdrop in general, talk has grown louder around whether investors will increasingly migrate capital away from the US and into other markets.

Our *US Report* 2025 finds evidence that such a migration may be building but it’s not yet clear-cut. On the face of it, support for the US remains strong with $158.5 billion raised by North American funds last year – up from $142.2 billion the previous year. The US would normally account for a large majority of North American fundraising.

Fast-forward to H1 2025 and $61 billion was raised by North American funds as they continued to lead the way in global capital raising (see chart). However, it was notable that close behind were multi-regional funds with $52.7 billion raised.

While there has been talk of a shift from the US to Europe, our data indicates that rather than a straight swap, what’s happening instead is that investors are taking a ‘middle way’ whereby, rather than throwing in their lot with Europe exclusively, they’re diversifying into multiple jurisdictions to achieve less US concentration.

“It’s important to diversify into other locations and other jurisdictions to hedge our exposure in the US,” a market source told us. “Certainly, the political and the tariff situation creates concerns about credit quality domestically which has yet to materialise.”

But while Europe is apparently not seeing a marked increase in inflows just yet, some expect that to change. As Jess Larsen of placement firm Briarcliffe Credit Partners told us: “US LPs are beginning to really focus in on Europe and that is not something we have seen in the last 10 years of fundraising.”