



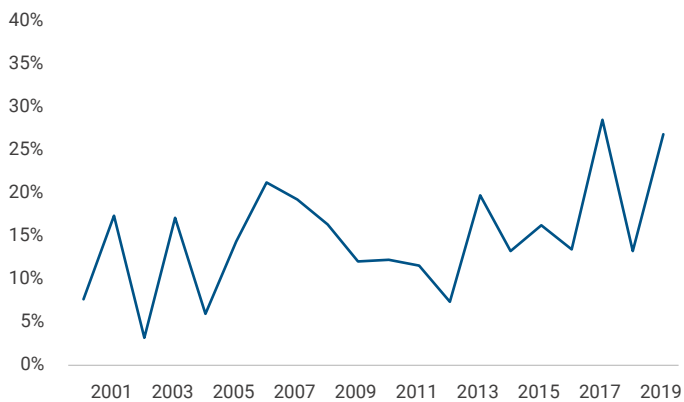
# 2021 Market Overview: Non-Flagship Fundraising

Let's highlight one trend that might be getting lost in the noise.

First, take a look at the amount of capital raised by the top 10 managers in each vintage year. It's been trending up significantly over the last several years. That seems like an obvious corollary to the data we cited about the largest funds taking market share recently, doesn't it? Ah, but here comes the trend we may very well be missing.

Chart 1 Fundraising by Top 10 GPs

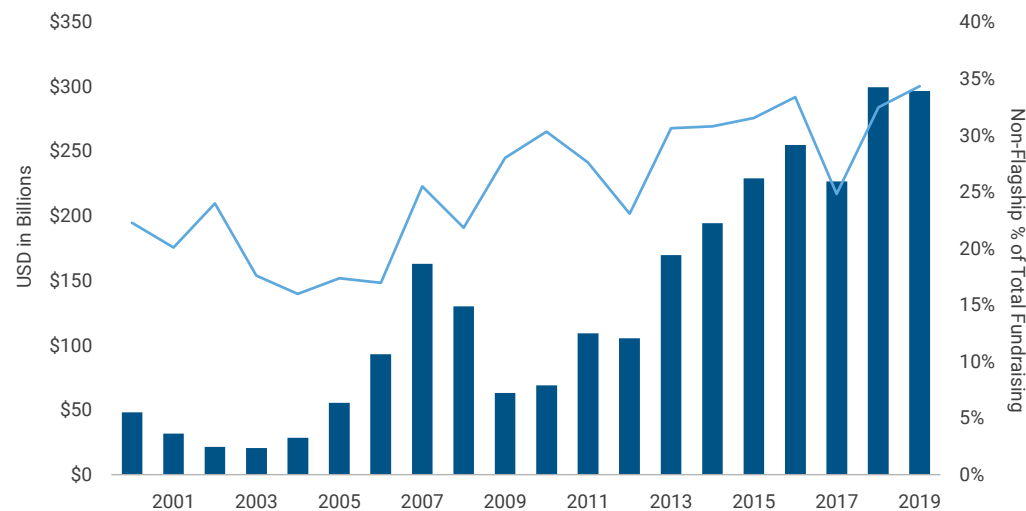
% of Fundraising by Vintage Year



Source: Cobalt (January 2021)

Chart 2 Non-Flagship Fundraising

■ Non-Flagship Fundraising — % Non-Flagship Fundraising

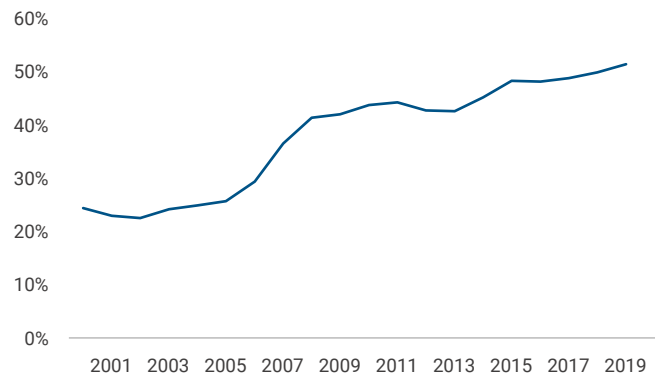


Source: Cobalt (January 2021)

Non-flagship funds – those funds raised by managers aside from their main, generally larger fund – increasingly represent a more significant percentage of the total capital raised. In other words, the biggest managers are assuming even greater overall market share by expanding their fund offerings. For these managers, raising non-flagship funds has become an integral part of their business.

**Chart 3 Top 10 GPs Non-Flagship Fundraising**

% of Fundraising by Vintage Year

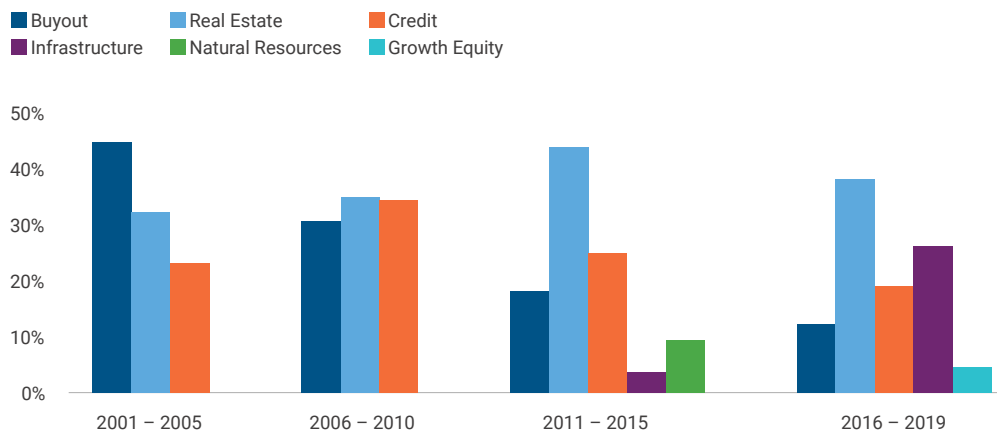


For the top 10 GPs, more than 50% of total fundraising is now coming from non-flagship funds, double what it was 20 years ago and dramatically accelerating since the GFC. Our data shows these managers have, on average, more than 10 different product lines. What are they raising?

Source: Cobalt (January 2021)

**Chart 4 Top 10 GPs Non-Flagship Fundraising**

% of Non-Flagship Funds Raised



Source: Cobalt (January 2021)

This can't be surprising, can it? Buyout platforms, in particular, have branched into credit, infrastructure and real estate, and this is a trend we should all expect to continue. That's not to say we won't agonize over it and debate how bad it is for the market. But, think for a moment about other markets. Those old enough to remember the early days of mutual funds may recall that Fidelity's investors were largely concentrated in the Magellan Fund, their flagship product. Gradually, other products were introduced and now, no one thinks of Fidelity as raising a flagship fund coupled with other, smaller funds. Fidelity offers a family of funds where investors can pick and choose their preferred style and risk/return profile. We expect the same evolution in the private markets.

Hmmm, you're thinking, but how have those non-flagship funds performed compared to the flagship funds? Have historically successful buyout managers proven adept at raising credit or venture or insert-other-strategy-here funds?

Great questions all. Alas, we're saving that analysis for a future overview. (Oh, come on, we have to do something to make sure you'll check back in next year.)

**Read more in our next excerpt or request a full copy of the 2021 Market Overview [here](#).**

### **Strategy Definitions**

Corporate Finance/Buyout: Any PM fund that generally takes control position by buying a company.

Credit: This strategy focuses on providing debt capital.

Growth Equity: Any PM fund that focuses on providing growth capital through an equity investment.

Infrastructure: An investment strategy that invests in physical systems involved in the distribution of people, goods, and resources.

Natural Resources: An investment strategy that invests in companies involved in the extraction, refinement, or distribution of natural resources.

Real Estate: Any closed-end fund that primarily invests in non-core real estate, excluding separate accounts and joint ventures.

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As of February 16, 2021