Asante Market Pulse

Q1 2025

Asante Capital would like to thank all who completed our recent survey, which received a record-breaking volume of responses. The insights gathered are invaluable as we continue to navigate the private equity landscape.

As we move through the first half of 2025, we observe a continued recovery from the challenges of 2023–2024. Investors are showing increased optimism, with expectations of heightened activity and stronger performance to come.

Asante Capital is a world-leading private equity placement and advisory powerhouse. Founded in 2010, the firm has advised on over $100 billion of successful private capital placements and GP-led solutions across the globe, raising capital from North American, European, Middle Eastern and Asia-Pacific-based investors.

Where are we now?

The outlook for 2025 reflects a growing sense of optimism among investors; a significant 79% of respondents anticipate that the 2024/25 vintage funds will outperform previous vintages. This confidence is further bolstered by expectations of increased liquidity, with 72% of LPs expecting increased distributions in 2025 compared to the year prior, albeit off a very low base!

Despite this, LP views on fundraising timelines remain muted overall. 55% of those surveyed anticipate that GPs will spend a similar amount of time fundraising in 2025 as in 2024, where the average fundraising period has reached 27 months. 31% of respondents expect fundraise timelines to increase further.

The challenging fundraising environment shows no signs of improving and we expect this trend to persist well into 2026. Much of this is attributed to the continued slowness of M&A markets, hinging off geopolitical uncertainty.

LPs are increasingly focused on high-quality managers offering diversified solutions, driving market bifurcation where top-tier funds attract most capital. In fact, the top 1% of GPs worldwide raised 30% of all capital raised in 2024. The remainder of the market faces competitive pressure, emphasising the need for differentiation and innovation.

Do you expect 2024/25 vintage funds to be relatively stronger performers vs the recent 2020/21, 2021/22, 2022/23 vintages?

Yes

79%

No

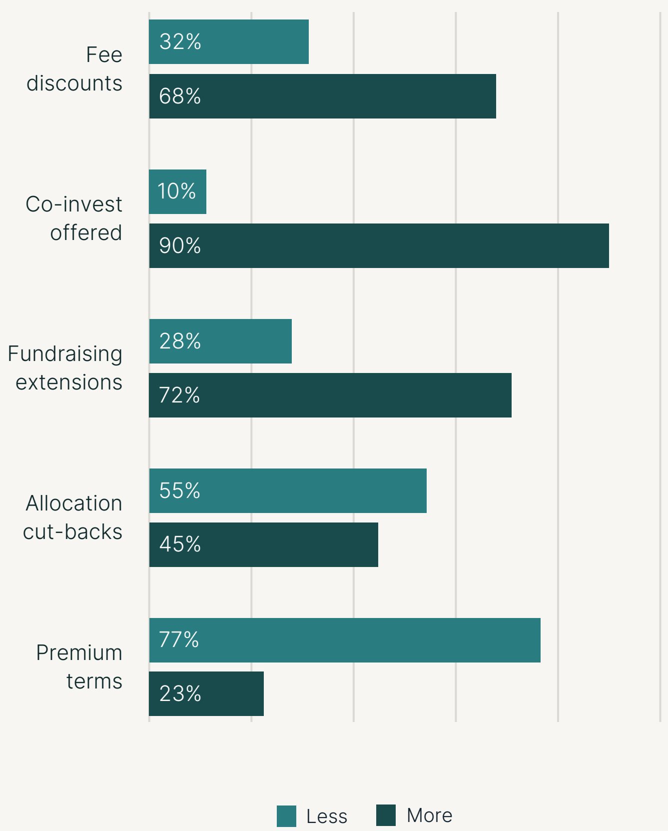
21%

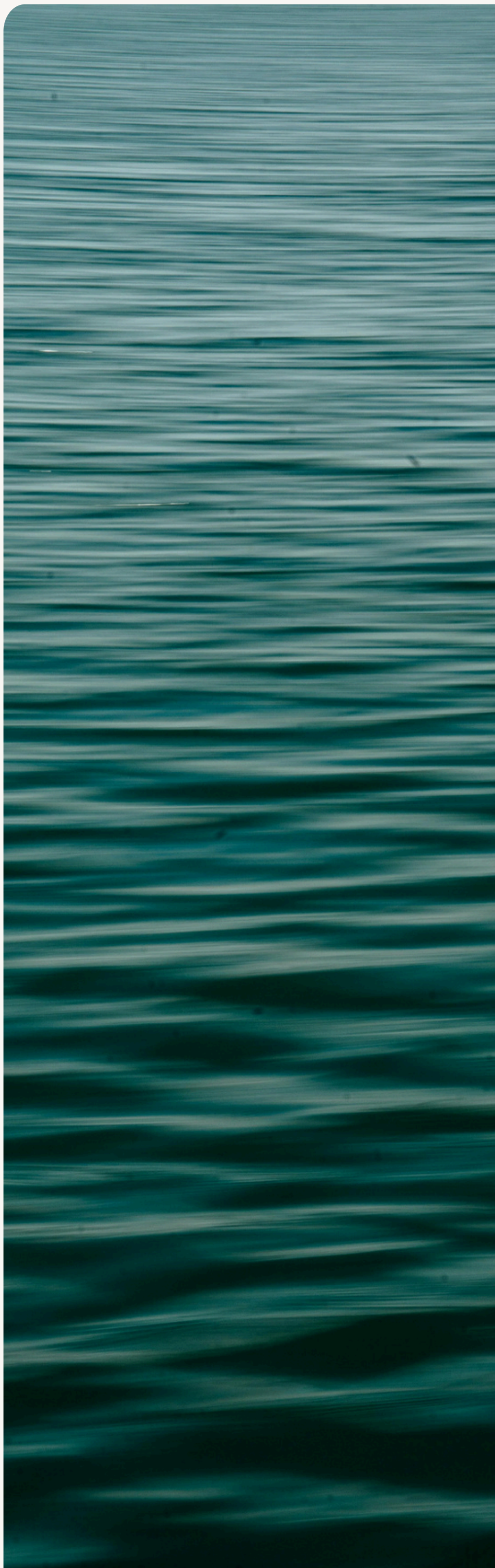
Expected trends for 2025

Primary fundraising continues to be a buyer's market

Those surveyed expect to see an ever more LP-favourable dynamic, even more so than the last few years, with increased co-invest and fee discounts topping the list of LP expectations for 2025. The power balance in fundraising certainly shows no sign of reversing. That said, the market remains intensely bifurcated, and we continue to advise a select number of GPs who are able to command premium economics.

Which of the following are you expecting to see in 2025 relative to 2024?



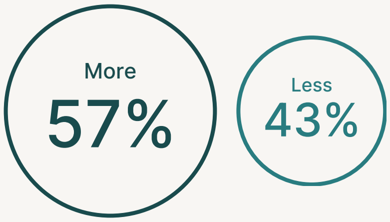


Return of first-time funds

2023 and 2024 saw a historically low number of first-time fund launches. LPs expect the backlog of manager spinouts to begin trickling to market this year: 60% of investors expect to see an increase in first-time fund launches.

First-time fund launches

New platform launches

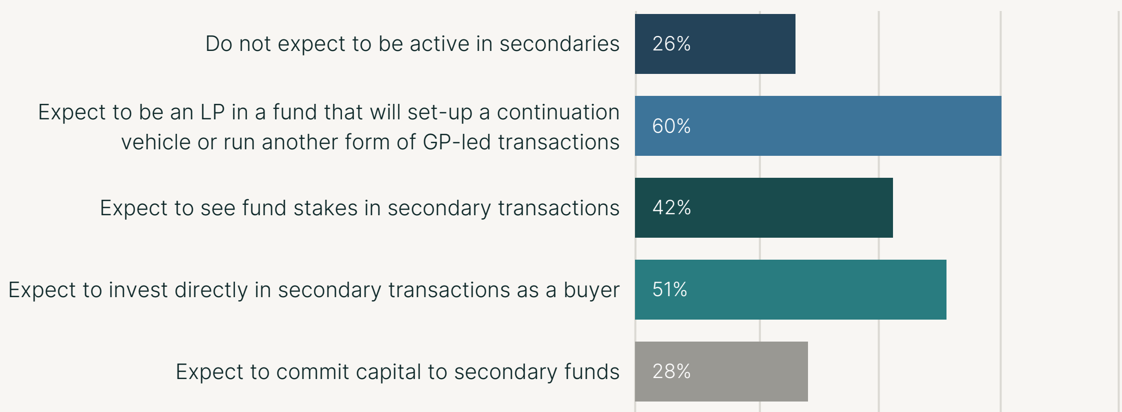


The same holds true for new product launches. As the mid-market has increased in size, mid-market managers have increased fund sizes while still seeing a significant and growing opportunity at the lower end of the market, given reduced competition, attractive entry multiples, and often stronger potential for alpha. 2024 was a record year for new product launches for Asante clients, and we expect this trend to continue in the years to come as we continue to partner with growing GP franchises.

Secondaries

The secondaries market continues to show no signs of slowing down, and 74% of LPs expect to be involved in some type of secondary activity in 2025. This is not surprising given the dearth of realisations and general liquidity, which continues to drive both LPs and GPs to seek liquidity via the extensive set of options available in today's secondary market. Transaction volume continues to be impacted by GP-led activity, and 60% of LPs surveyed expect at least one of their GP relationships to set up a continuation vehicle or other type of GP-led transaction. Furthermore, an increasing share of LPs are looking to be active in secondaries directly, with 51% expecting to invest directly in secondary transactions as a buyer. Overall, 71% of LPs surveyed expressed support for GP-led transactions in general.

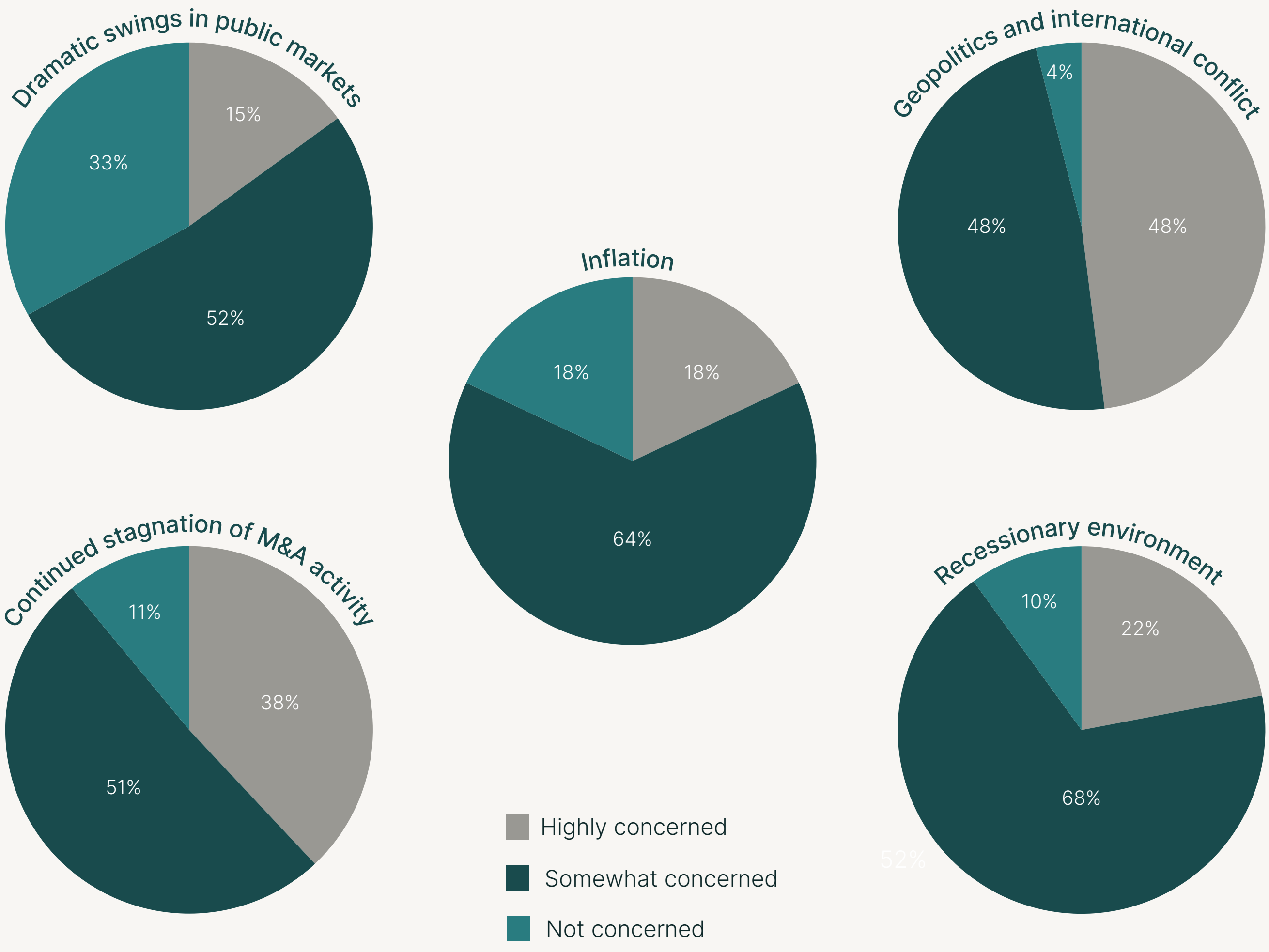
What secondaries activity are you expecting to pursue in 2025?



Concern over 2025 performance factors

It is no surprise that the greatest concern for 2025 among LPs is the geopolitical environment and the impact that this will have on private markets allocations. Time will tell whether global cross-negotiations on tariffs over the last few weeks will push investors to become increasingly locally focused and potentially shake up a deglobalisation of the investment sphere.

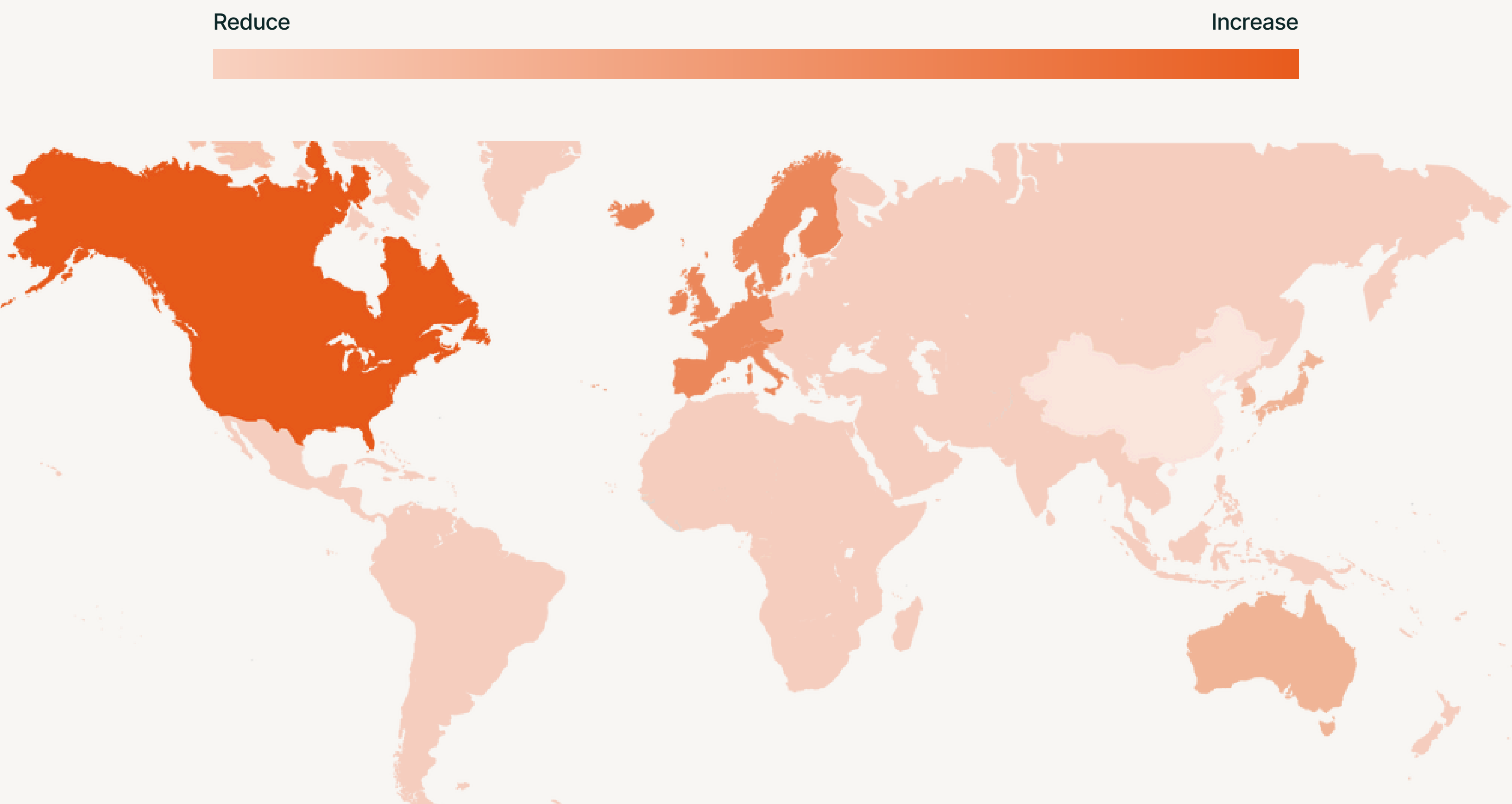
To what extent are you concerned of the below factors' impact on performance in 2025?



How will you be rebalancing your portfolio geographically in 2025?

The hottest regions continue to be North America and Europe. The US in particular has seen a surge in popularity from European LPs over the last year, as the mid-market and lower mid-market have outperformed European counterparts. We have also seen an increased appetite from US investors – particularly foundations, endowments and families – towards lower mid-market sector or country-specific European GPs, a trend we expect to continue over the next year as increased pockets of capital for emerging managers open up.

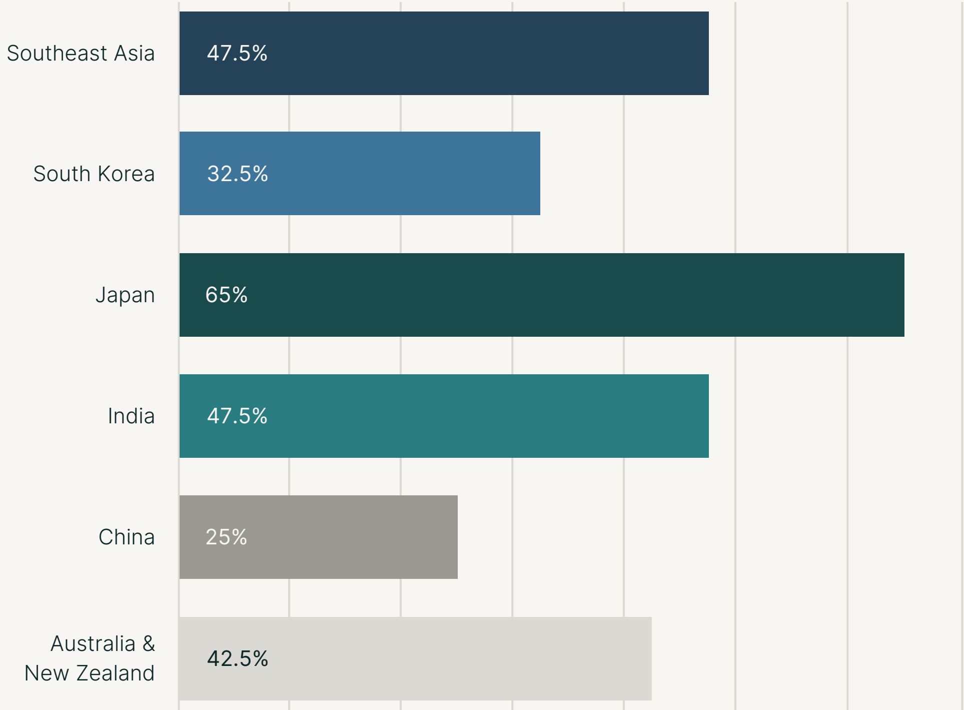
Global LP capital flow in Private Equity



Momentum builds in Asia-Pacific markets

It is no surprise that within Asia-Pacific, developed geographies continue to be the most favoured, with Japan ranking at the top of the list. In Japan, investors are attracted by the potential for corporate carve-outs of latently valuable business lines, value creation through enhancing the modest profit margins of Japanese firms, or supporting cross-border expansion. In Australia, there is a notable preference for the small and middle markets due to their diversification, resilience amidst volatility, and the relatively easier ability to generate significant multiples. India and Southeast Asia are also gaining relative traction as investors seek out higher-growth opportunities, although investors are sensitive to the lower DPI track record in these regions. Additionally, the anticipated decrease in interest rates in India in 2025 is poised to stimulate investments in the region. Southeast Asia's youthful workforce and expanding middle class are expected to drive demand for innovative solutions, presenting prospects for private equity portfolio companies and attracting investments from companies in need of funding.

Where do you see yourself spending more time in Asia-Pacific?



LP sentiment by region

US LPs

Emerging managers are truly back on the scene, as LPs seek hungrier, higher alpha teams, motivation for outperformance, and the ability to continue chasing premium returns. Some investors are even moving to support fundless sponsor activity and GP seeding. European small specialist buyouts are garnering more attention as there is less appetite for APAC (that market is in more of a wait and see mode), with an explosion of US LPs at SuperReturn Berlin. Nevertheless, US LPs are predominantly focusing on domestic opportunities.

European LPs

Europe is a much more fragmented landscape with often times diverging priorities as you move from country to country, so it is harder to generalise their private markets appetite. That said, a couple of recent trends have emerged, bringing some aligned sentiment. For instance, US strategies have gained increasing demand relative to their domestic strategies – not only the mid-market space, but also for emerging managers. As AGMs and GP mapping trips have returned to the radar over the last few years post-COVID, LPs are gaining greater confidence in this market. This trend is also being aided by the current 'buyer's market,' with previously hard-to-access GPs now spending time on European roadshows, pounding the pavement for smaller-ticket names.

Middle East LPs

This is a region that has attracted significant attention from GPs globally, so naturally there is considerable option value of investment opportunities across the spectrum for LPs in the region. Performance remains the primary filter, but notable trends are emerging by LP type. For instance, larger investors – predominantly pensions and sovereigns – are becoming increasingly strategic. They tend to tie their primary commitments to GPs that can offer them significant co-investment and secondary opportunities. Here, minimum fund sizes typically begin at the $2 billion mark. There is a common misconception that the LP landscape in the region consists solely of large institutional groups accessing larger brand-name GPs. However, there is a wider universe of smaller LPs including endowment, multi-family offices, single-family offices, and insurance groups that are more open-minded.

Asia-Pacific LPs

Asian investors are increasingly emerging as significant drivers in global asset allocation decisions, and the interest is welcomed by the global GP community who are keen to diversify their LP base (with an average of around 15% of the LP base coming from APAC LPs for established US large-cap investors, for example). However, the majority of Asian-headquartered LPs predominantly focus on their domestic markets, with many exclusively investing locally. For example, over the last year, the top four Malaysian pension and sovereign funds have concentrated on Southeast Asia or emphasised investments in Malaysia. The Asian family office community also have a distinct profile compared to their Western counterparts. These family offices are relatively new, typically in their first or second generation – and thus not facing the same financial obligations as established Western families spanning multiple generations. This dynamic enables them to allocate more capital towards longer-term investment vehicles such as private equity, although they typically focus on established blue-chip generalist players.

Looking ahead

The private equity landscape in 2025 is at a pivotal moment, characterised by cautious optimism and a focus on quality and differentiation. As investors navigate the complexities of the current market landscape, there is a growing sense of excitement and opportunity. Expectations of strong performance and increased liquidity are driving new investment activity, while a focus on high-quality managers and emerging GPs is shaping market dynamics. The trends observed in 2024 build upon prior years and indicate a return to stability and growth. LPs are seeing private markets as poised for continued development and innovation, bringing in a new wave of talented first-time teams and franchises, and maintaining confidence in GPs' abilities to deliver outperformance.

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