



Limited Partners Sentiment Survey

2025-2026 Edition



INSTITUTIONAL
LIMITED PARTNERS
ASSOCIATION

Foreword by ILPA CEO Jennifer Choi



As the only global organization dedicated exclusively to advancing the interests of Limited Partners and their beneficiaries, we set out to more formally capture their perspectives in the *ILPA LP Sentiment Survey 2025-2026 Edition*, our second annual survey.

For this edition, we will release a series of additional reports to provide greater analysis and deeper insight into LP views across key topics.

The latest survey was conducted in Q4 2025 and includes responses from senior-level investment professionals (Heads of PE) at ILPA member organizations. All responses were anonymized and aggregated to ensure confidentiality.

In our work, we are frequently reminded that our member LPs are not a monolith. Still, consistent themes did emerge.

While LPs are once again indicating stability with (1) current allocations at target, (2) expectations for consistent or growing allocations over the next five years, and (3) the majority with stable return assumptions, there is a growing view of challenges on the horizon with decreasing return assumptions and a greater need for changes to the program.

With this potential for movement on the horizon, there is an opportunity to strengthen LP/GP alignment by addressing key areas for improvement in negotiations, conflicts of interest, governance, and valuations.



Top Takeaways From First Release

LPs are at or within target, with allocation expected to stay or grow. Almost **90%** of LPs identified their current allocations to PE were either **at target or within range**, with an **average total investment allocated to PE** of **17%**. Looking ahead, **52%** expected their **portfolio allocation to PE to stay the same** over the next five years, with **38%** expecting an **increase**.

Return expectations remain stable, but more headwinds appear on the horizon. While **61%** of LPs reported their **five-year net return PE program assumptions have not changed**, **33%** have **decreased** their return assumptions, compared to only **6%** that have **increased**. The average five-year net returns expected for PE came in at **15.7%**.

Programs will likely adjust over the next 12 months. **72%** of LPs indicated they **will adjust their PE program** over the next 12 months. Across the **number of managers** and **commitment size**, LPs are much more likely to **increase** than decrease.

Negotiations remain a contentious topic for LPs. **49%** of LPs reported **"somewhat" more negotiating leverage** with GPs compared to a year ago. Commenters indicated this is **far less than anticipated**, given the fundraising environment, with **top-performing managers** and **strong misalignment between LPs and their GP external counsel counterparts** identified as the top reasons.

GP behavior is worsening in concerning areas. LPs identified overall that **Conflicts of Interest** is the area with the **worst shift in GP behavior**, with **Governance Terms** and **Valuations** also experiencing problematic shifts in GP behavior.

Look Ahead at Future Release



In the weeks to come, we will release a series of additional reports that will provide deep dives into topics of interest, with more insight into LPs' thinking and the driving factors behind it.

Highlights include:

84% of LPs indicated they are **less likely to invest** in a PE manager that takes in significant amounts of retail capital.

35% of LPs selected the **growth of retail capital** as the **single greatest threat to the alignment of interests** between GPs and institutional LPs.

Only 21% of LPs selected **continuation vehicles** as one of their **preferred paths to liquidity**.

The **most important criteria** for LPs to **bring a fund to the investment committee** are: **(1)** long-term track record, **(2)** repeatable alpha model, and **(3)** alignment of interest with LPs.

47% of LPs indicated they expect to **decrease their exposure to large cap PE managers** over the next 12 months.

"We are consolidating our position to GPs with smaller funds that don't grow as aggressively and ideally don't do evergreens."

"We will likely rotate away from large platforms towards more focused managers while maintaining a similar number of overall relationships."

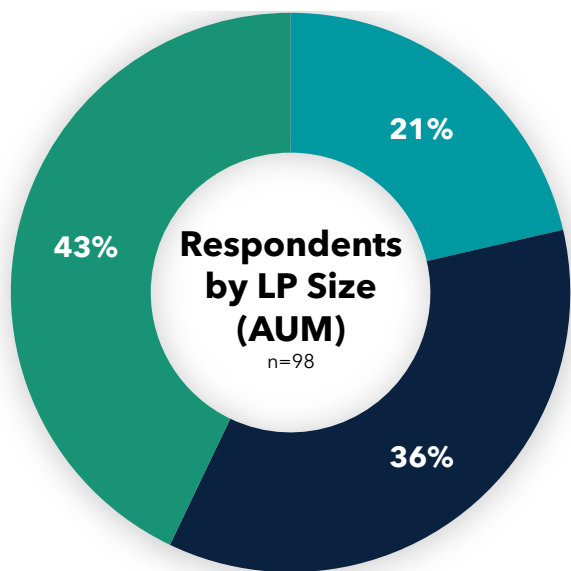
Stay tuned for more related to shifts in managers, negotiations, conflicts, retail capital, continuation vehicles, and more!

About the Survey

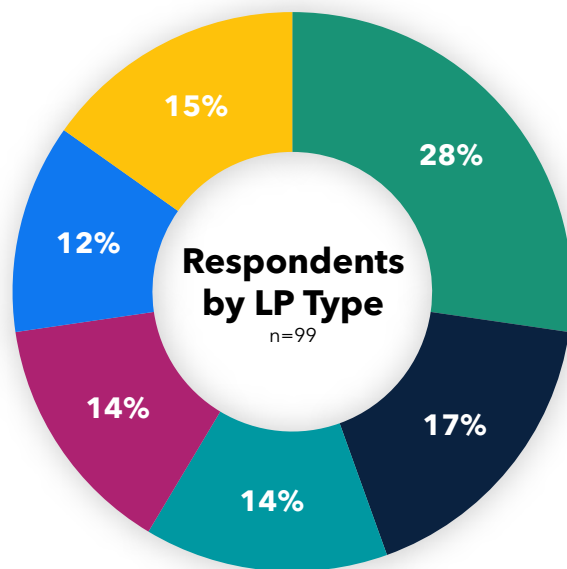
Profile of Survey Respondents

Heads of PE

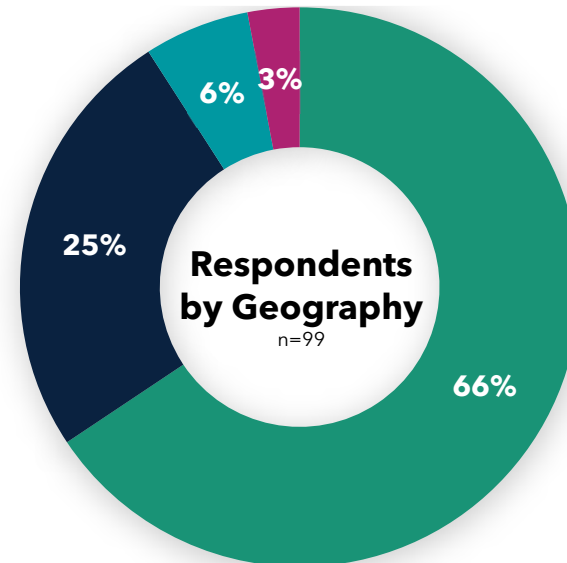
ILPA's **636** member organizations represent a diverse array of LPs by size, type, and geographic location. The survey sample of **99** respondents proportionally matched the makeup of the ILPA membership in these areas.



- Small (Below \$2B)
- Mid (\$2B - \$15.9B)
- Large (Above \$16B)



- Public Pension
- Private Pension
- Family Office
- Insurance
- Other
- E&F



- North America
- Europe
- Asia-Pac
- ROW

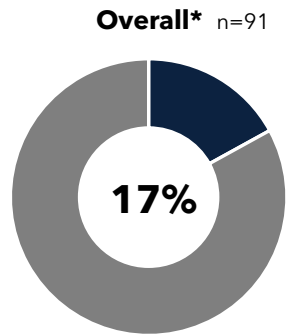
*Other includes DFI, Sovereign Fund, Investment Company, and Banks

Landscape of Allocations and Check Sizes

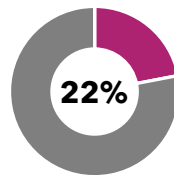


For the survey, **Private Equity** was defined as buyout, growth, and venture.

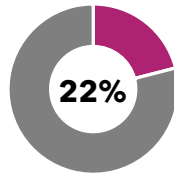
Average % of Total Investment Allocated to PE



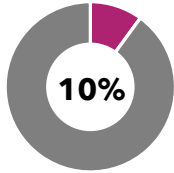
By LP Size* n=90



Total AUM Below \$2B USD

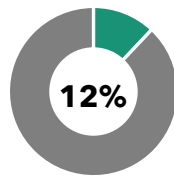


Total AUM \$2B - \$15.9B USD

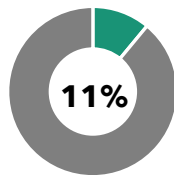


Total AUM Above \$16B USD

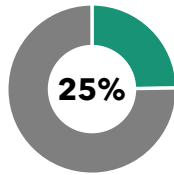
By LP Type* n=91



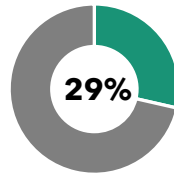
Public Pension



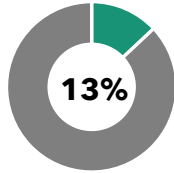
Private Pension



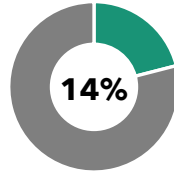
E&F



Family Office



Insurance



Other: DFI, Sovereign Fund, Investment Company, and Banks

Average Five-Year Net Returns Expected for PE

1.9x Net MOIC n=87
15.7% Net IRR n=91

Average Current Commitment Per Buyout Fund n=98

Below \$25M USD **34%**

\$25 - \$49.9M USD **24%**

\$50 - \$149.9M USD **31%**

Above \$150M USD **8%**

We Do Not Invest in Buyout Funds, i.e., Only Growth Equity or Venture Capital **4%**

*For smoothing, excluded 7 respondents who reported being 100% allocated to PE, the majority of whom were from the 'Other' category.

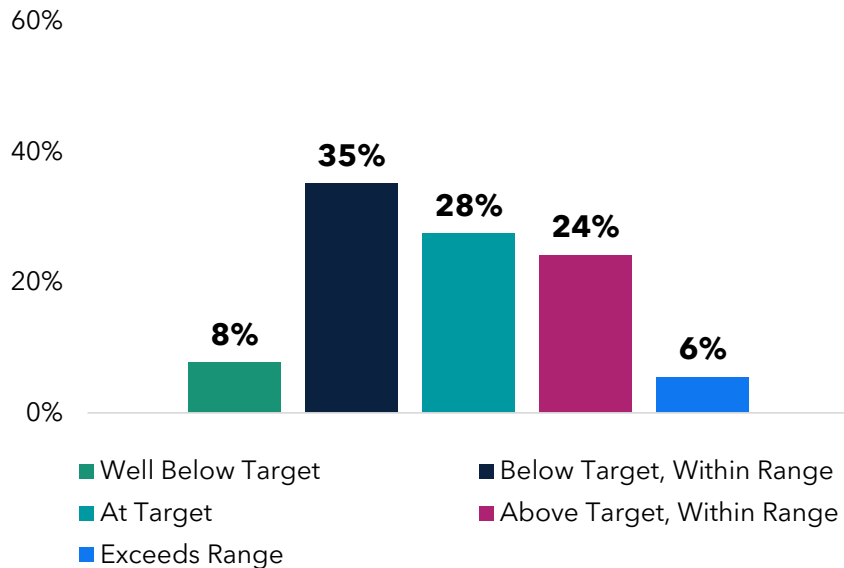
Key Findings

Current Allocations to Private Equity Are At Target

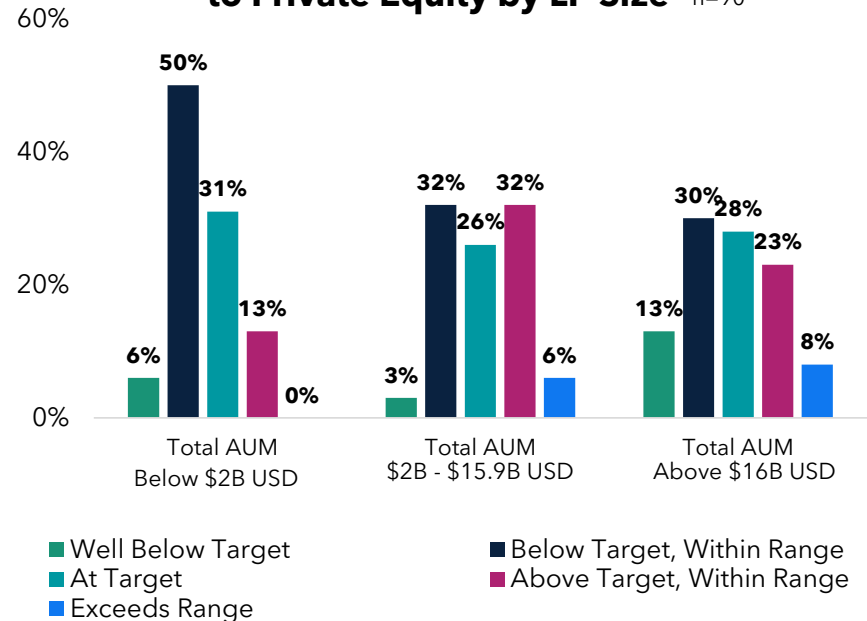


As of Q4 2025, **87%** of institutions reported their current allocations to PE were at target or within range; Mid-size and Larger LPs reported instances of exceeding target range.

Status of Institution's Current Allocation to Private Equity* n=91



Status of Institution's Current Allocation to Private Equity by LP Size* n=90



Allocation trends were largely consistent across geographies and types of LPs, though Private Pensions (77%) and Insurance Companies (79%) had the lowest rate of allocation to PE at target or within range.

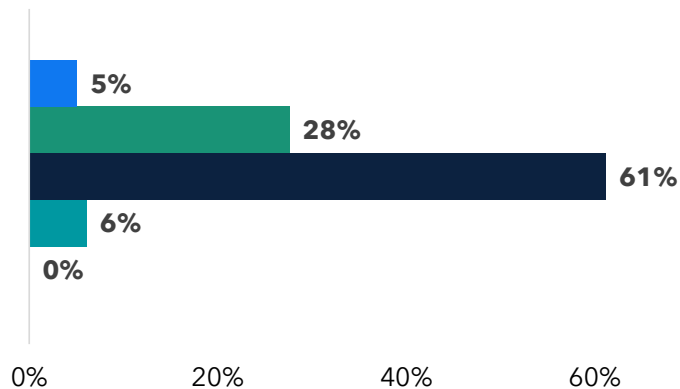
*For smoothing, excluded 7 respondents who reported being 100% allocated to PE, the majority of whom were from the 'Other' category.

Programs Holding Steady, Still Support for PE



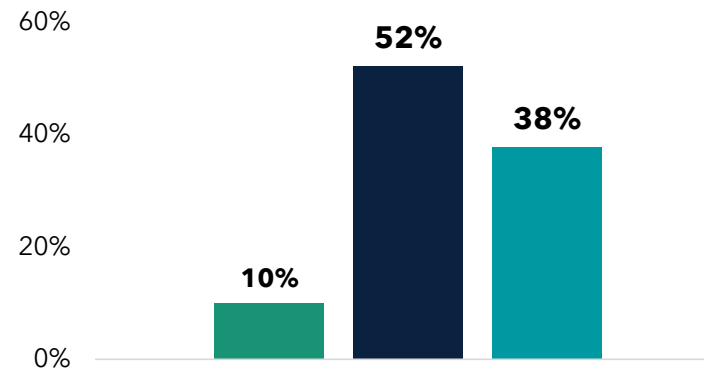
Most (**61%**) respondents reported no changes in five-year net return assumptions for PE, with a third (**33%**) anticipating a decrease and only a small portion (**6%**) increasing their assumptions. Still, more than half (**52%**) of respondents said they expected their PE policy target to stay the same for the foreseeable future, with slightly more than a third (**38%**) anticipating an increase; this was a consistent finding across LP type, size, and geography, signaling continued support for PE's role in portfolios.

**Changes to Five Year Net Return
PE Program Assumptions Over
Last 12 Months** n=98



- Decreased Significantly (More than 2%)
- Decreased Slightly (1-2% Lower)
- No Change
- Increased Slightly (1-2% Higher)
- Increased Significantly (More than 2%)

**Policy Target Movement Over
Next Five Years^{+,*}** n=90



- Decrease
- Stay the Same
- Increase

⁺Policy target defined as the amount of the total portfolio allowed for allocation to PE.

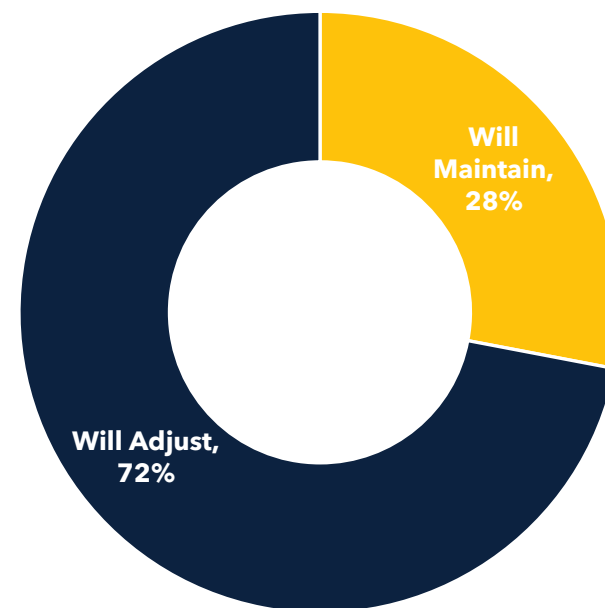
^{*}For smoothing, excluded 7 respondents who reported being 100% allocated to PE, the majority of whom were from the 'Other' category.

Adjustments Planned for Programs

When it comes to adjusting programs by commitment sizes or manager relationships, slightly more than a quarter (**28%**) will maintain their approach. However, most (**72%**) are planning adjustments to either their commitment sizes, manager relationships, or both.

While program adjustments can take many forms, a common theme among commenters was to focus on managers with the best long-term performance (IRR).

Plans to Adjust Private Equity Program Over Next 12 Months n=97



“We would rather concentrate on our top quartile funds and maintain those relationships.”

“We seek more diversification of the portfolio to lower the left tail risk overall but continue to add capital to the best managers with whom we have a long-term relationship.”

“We are incrementally increasing our exposure to managers who have a longstanding and positive performance track record.”

“We reinvest with successful managers. We cull managers who have not performed well.”

“Look to concentrate allocations in high-conviction managers, while trimming some low-conviction/underperformers.”

Those Adjusting Programs Opting for Growth



Of those opting to adjust their programs, **52%** expected to adjust the number of managers, with more than twice as many LPs planning increases as decreases.

Fewer than half (**48%**) of those adjusting their programs expected to alter commitment sizes, with more than twice as many LPs planning increases as decreases.

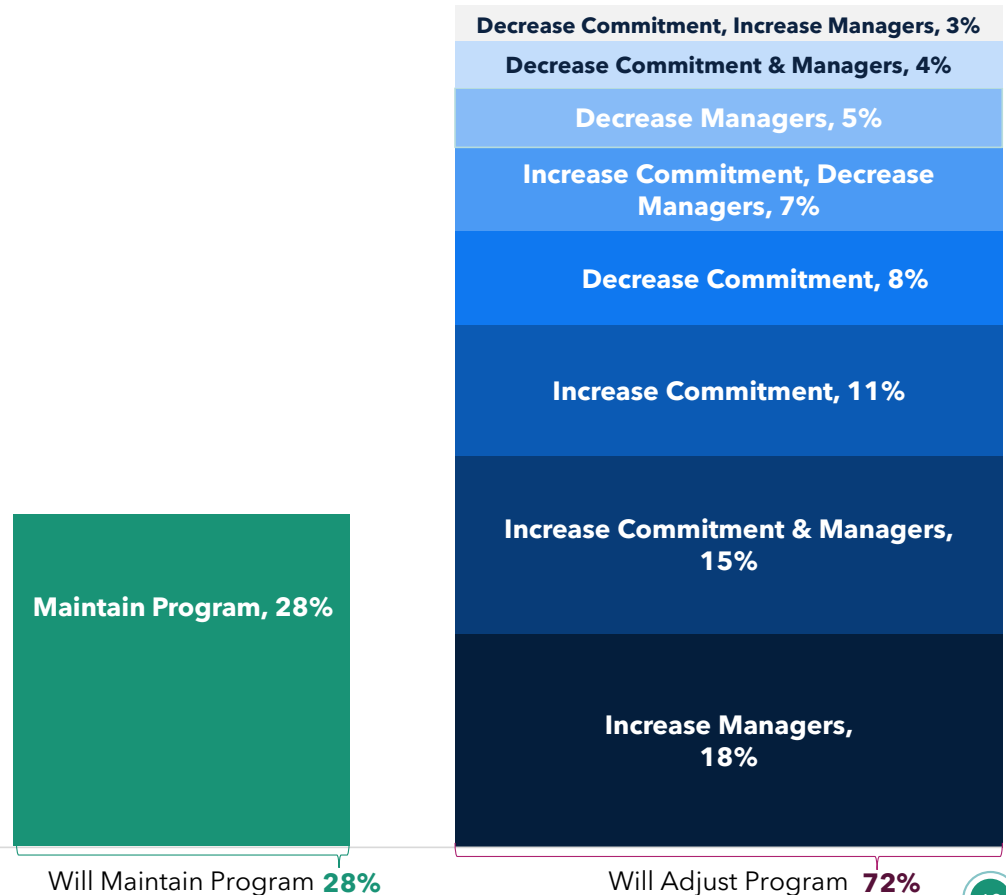
Churn is typical in a program, with commenters highlighting that the program might maintain the same overall size and number of managers, but the composition of managers will be adjusted.

Plans to Adjust PE Program Over Next 12 Months n=97

“We expect to add relationships, but we also expect we won't re-up with some managers. Net count should remain about the same.”

“We will not re-up with 2-3 managers but will look to add new managers (2-3) during the year.”

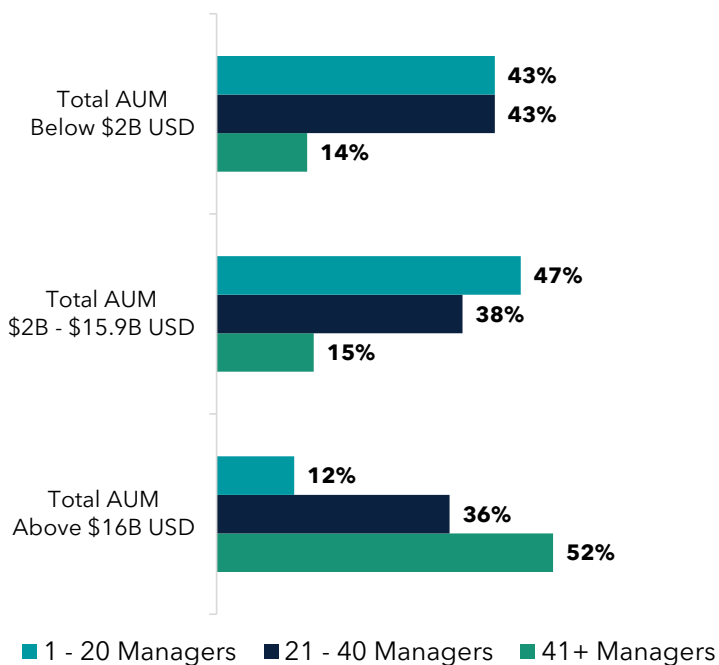
“We are still adding new managers while skipping some re-ups to optimize manager structure.”



Plans for Number of Managers Differ Across Size and Type

Plans to Adjust Number of Managers Over Next 12 Months by LP Size n=96

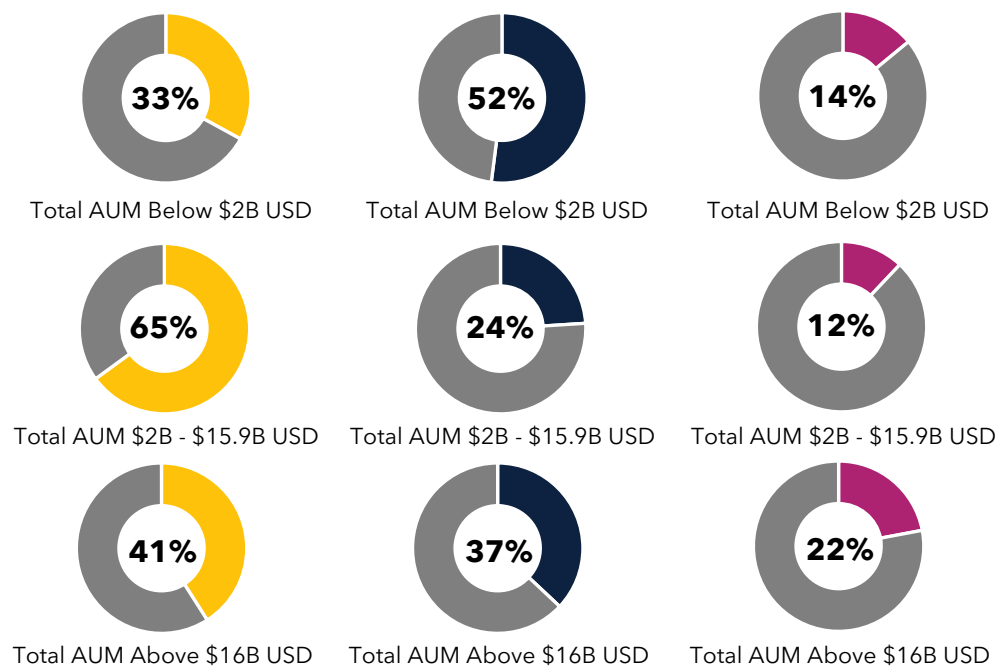
Current Average Number of Managers by LP Size n=97



Will Maintain Managers

Will Increase Managers

Will Decrease Managers



Plans for Number of Managers Differ Across Size and Type

Analysis

Over half (**52%**) of **smaller LPs** were likely to plan to increase their manager count. Smaller LPs were evenly split between those currently with 1-20 managers (**43%**) and those with 21-40 managers (**43%**), with the lowest likelihood (**14%**) among their peers to have 41+ managers.

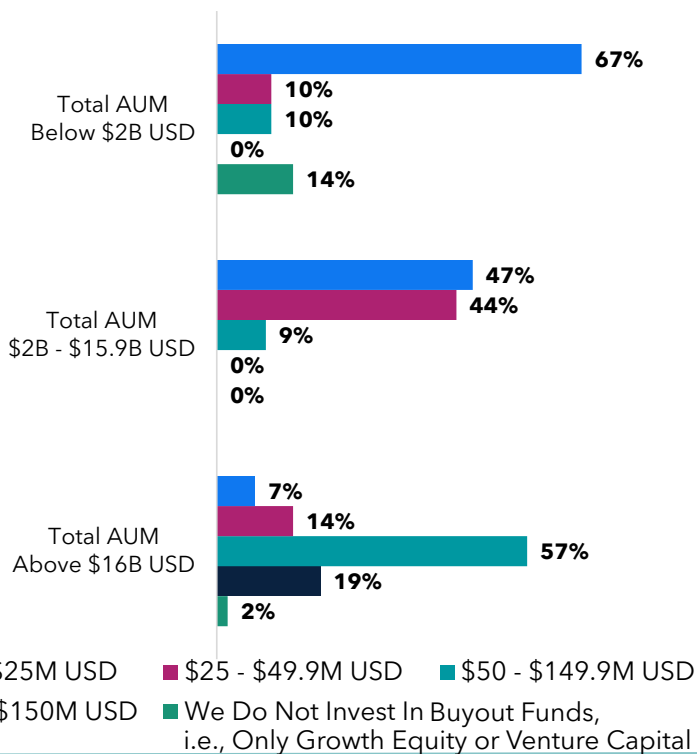
Mid-size LPs were **significantly more likely (65%)** to plan to maintain their number of managers, which tends to be slightly more focused on a smaller pool of 1-20 managers (**47%**), followed by 21-40 managers (**38%**), and nearly the lowest likelihood (**15%**) among their peers to have 41+ managers.

Decreasing managers was the least likely adjustment across the spectrum of LP types, sizes, and geographies. However, **larger LPs** were **more likely (22%)** to plan to decrease their number of managers relative to peers. Larger LPs have the largest starting point of manager relationships, with over half (**52%**) with 41+ managers, and the lowest likelihood (**12%**) to have 1-20 managers.

Plans for Commitment Size Differ Across Size and Type

Plans to Adjust Commitment Size Over Next 12 Months by LP Size n=97

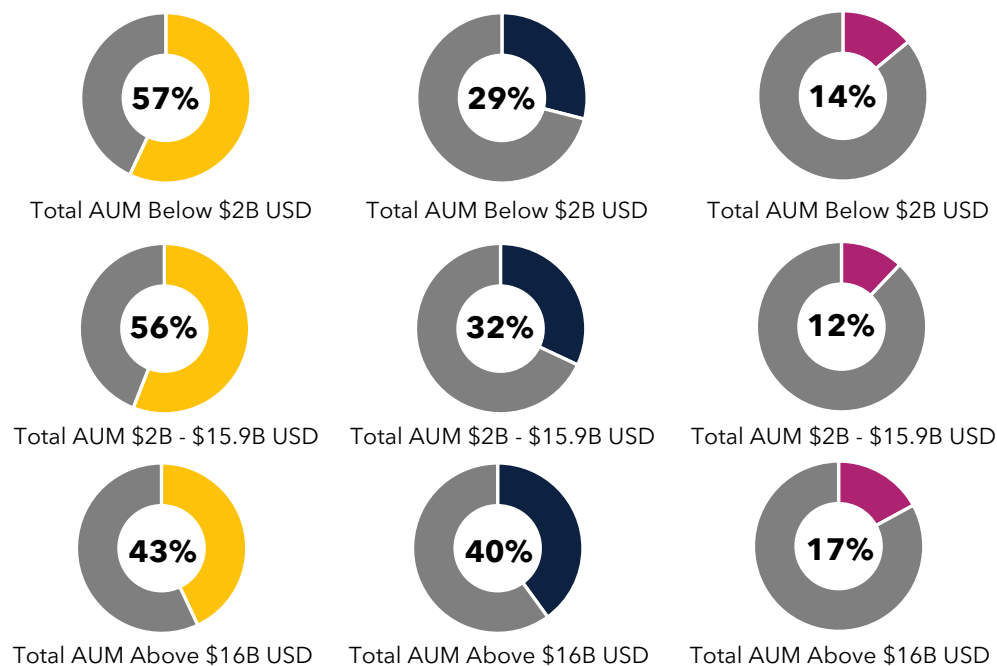
Current Average Commitment Size by LP Size n=97



Will Maintain Commitment Size

Will Increase Commitment Size

Will Decrease Commitment Size



Plans for Commitment Size Differ Across Size and Type

Analysis

Over half (**57%**) of **smaller LPs** were likely to plan to maintain their commitment size. Smaller LPs were far more likely (**67%**) to have an average commitment size below \$25M USD, with an even split between those with an average commitment size of between \$25 - \$49.9M USD (**10%**) and \$50 - \$149.9M USD (**10%**), and **no** respondents with a reported average commitment size above \$150M USD.

Mid-size LPs were also **more likely (56%)** to plan to maintain their commitment size, which is most frequently concentrated around an average commitment size of below \$25M USD (**47%**) and between \$25 - \$49.9M USD (**44%**), with **no** respondents with a reported average commitment size above \$150M USD.

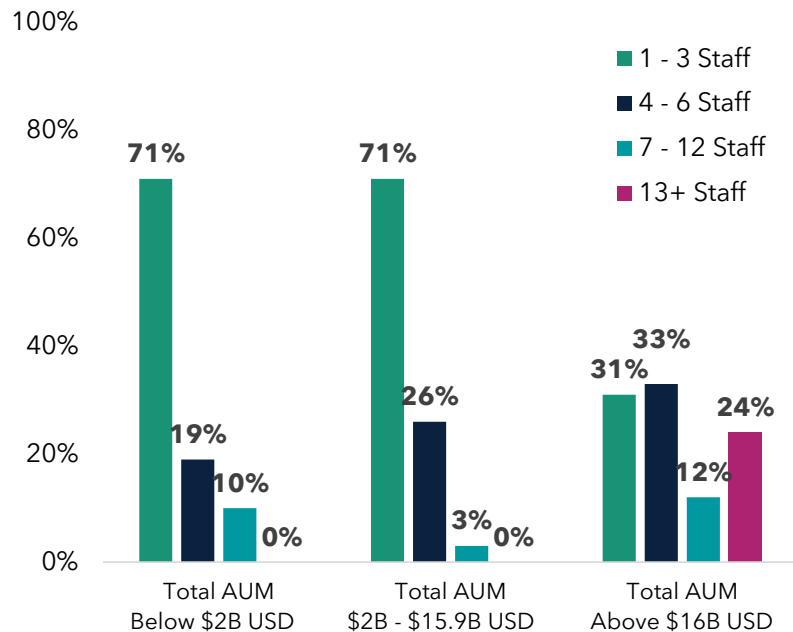
Larger LPs were **more evenly split** between those likely to plan to maintain their commitment size (**43%**) and those likely to plan to increase their commitment size (**40%**). Larger LPs have the largest average commitment size, with over half (**57%**) at \$50 - \$149.9M USD, and are the only group with respondents that have an average commitment size above \$150M USD (**19%**).

Despite Eye on Growth, Staffing Remains Lean

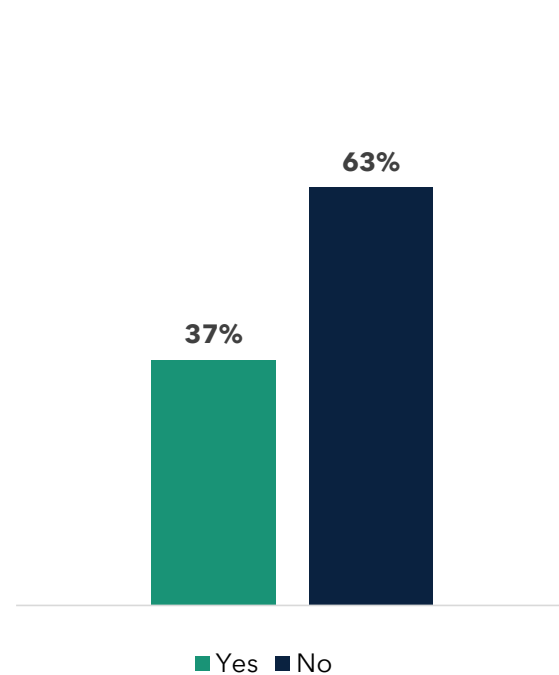


Most organizations (**53%**) rely on 1-3 staff to manage PE investments, with larger organizations accounting for larger front office teams. A solid majority (**63%**) have no plans to hire additional investment staff in the next 12 months. Larger organizations are much **more likely** to plan to hire. A trend to monitor for future years will be the impact of AI on staffing models.

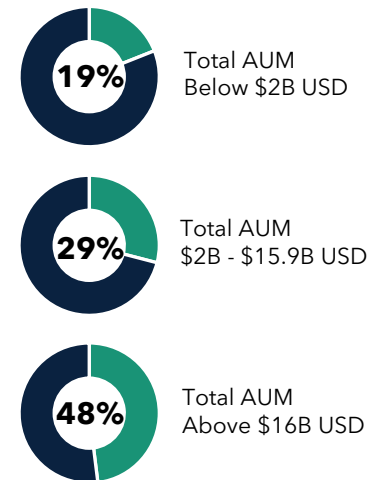
Front Office Staff Managing Private Equity LP Investments by LP Size n=97



Plans to Hire in the Next Year n=98



Plans to Hire Next Year by LP Size n=97

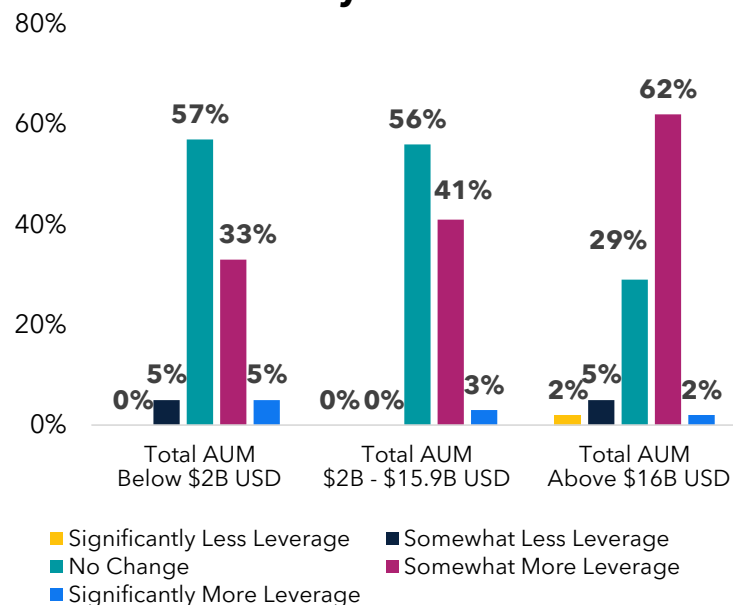


“Somewhat” More Negotiating Leverage



Over half (**52%**) of LPs reported more negotiating leverage with GPs compared to a year ago, with that figure almost entirely comprised (**97%**) of LPs indicating only **“somewhat”** more leverage. Most small (**57%**) and mid-sized LPs (**56%**) reported **no change**, while larger LPs were more likely to report increased leverage (**64%**).

Negotiating Leverage with GPs Compared to 12 Months Ago by LP Size n=97



Commenters identified that while LPs do have “somewhat” more leverage, it is not as strong as anticipated, given the challenging fundraising environment.

The top reasons provided by commenters for the challenges during LPA negotiations: (1) top-performing managers are in high demand and do not shift, and (2) strong misalignment between LPs and their GP external counsel counterparts.

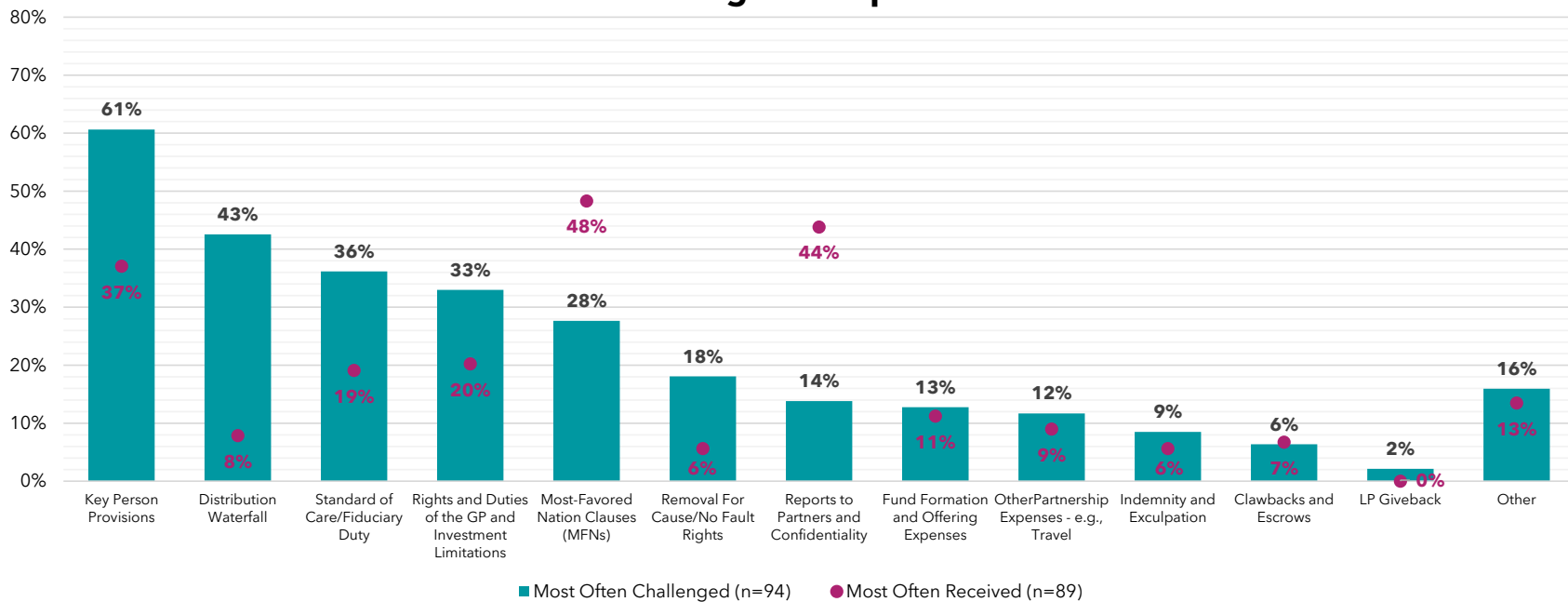
Commenters also highlighted two additional “must-haves” during negotiations that are not typically found in the LPA: (1) Seat on the LPAC and (2) Co-Investment Rights.

LPs are Pushing Back Most Often on Key Person, Distribution Waterfall and Fiduciary Duty Provisions



Key Person Provisions, Distribution Waterfall, and Standard of Care/Fiduciary Duty are reported to be the **most often challenged** LPA terms in negotiations; that's consistent by LP type and region. However, LPs report strong misalignment between where they receive concessions on LPAs and the points most frequently challenged.

LPA Terms Most Challenged Compared to Most Received

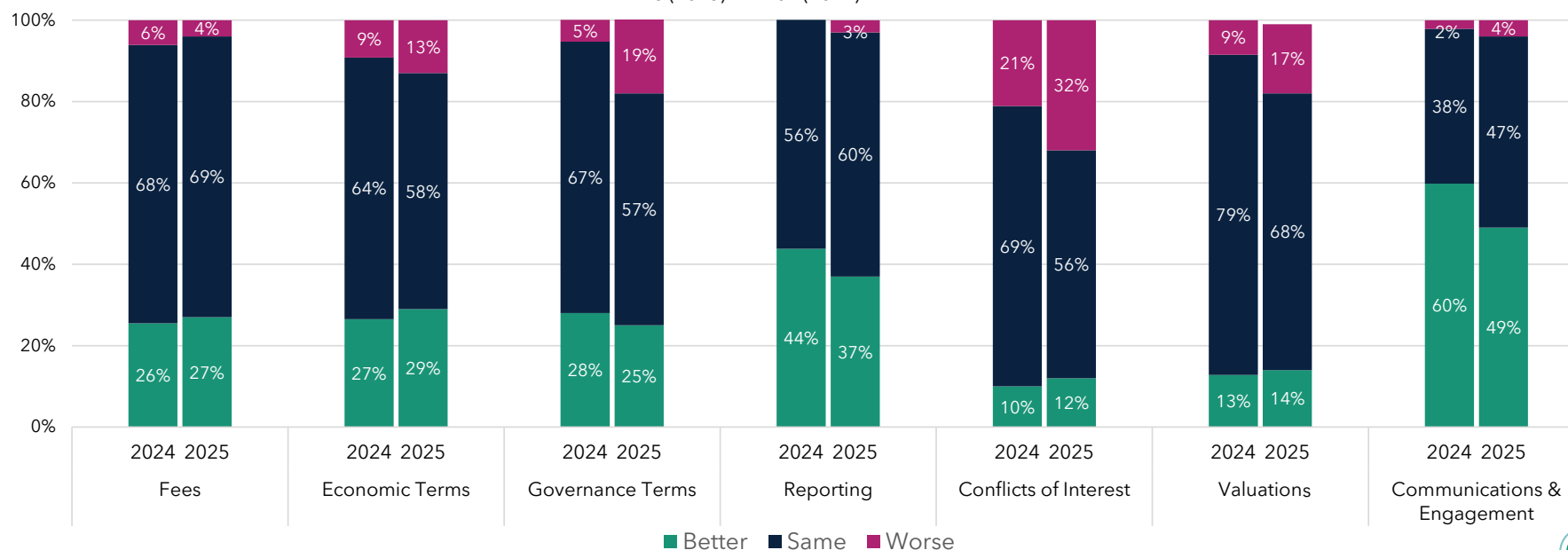


LPs See Improved Reporting & Communications, but Greater Challenges in Governance, Conflicts of Interest, and Valuations

While LPs mostly reported no change in GP behavior across key areas of alignment over the last year and observed a **positive shift** in Communication & Engagement and Reporting (although not as positive as in 2024), there are concerning **worsening shifts** in Governance Terms, Conflicts of Interest, and Valuations when comparing sentiment in 2025 to 2024.

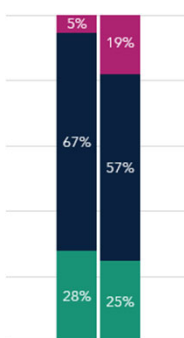
Observed Shifts in GP Behavior in 2024 and 2025

n = 98 (2025) n = 104 (2024)



LPs See Improved Reporting & Communications, but Greater Challenges in Governance, Conflicts of Interest, and Valuations

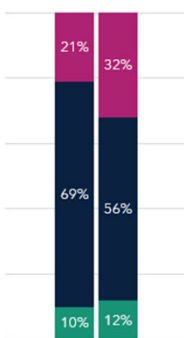
Governance Terms



While a quarter (**25%**) of LPs report that Governance Terms improved in 2025, **19%** identified that Governance Terms worsened in 2025. This represents an **280% increase** in the number of LPs who identified Governance Terms as getting worse compared to 2024.

■ Better ■ Same ■ Worse

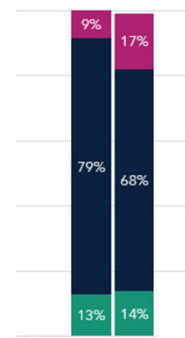
Conflicts of Interest



Conflicts of Interest represents the **greatest challenge** among all categories - with only **12%** of LPs reporting Conflicts as improving and **32%** reporting Conflicts as worsening. This represents an **52% increase** in the number of LPs who identified Conflicts of Interest as getting worse compared to 2024.

■ Better ■ Same ■ Worse

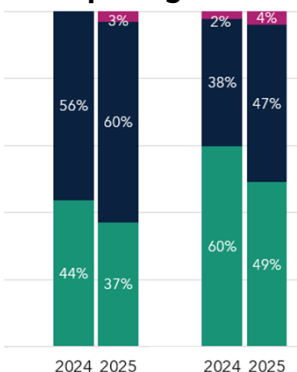
Valuations



LPs rank Valuations as the **second-lowest category** overall for improvement (**14%**) in 2025, with **17%** of LPs identifying that Valuations worsened in 2025. This represents an **89% increase** in the number of LPs who identified Valuations as getting worse compared to 2024.

■ Better ■ Same ■ Worse

Reporting Communications & Engagement



Even the two highest ranked categories among LPs for improvements in 2025 - Reporting (**37%**) and Communications & Engagement (**49%**) - experienced declines compared to 2024, with an **16% decrease** in Reporting and an **18% decrease** in Communications & Engagement.

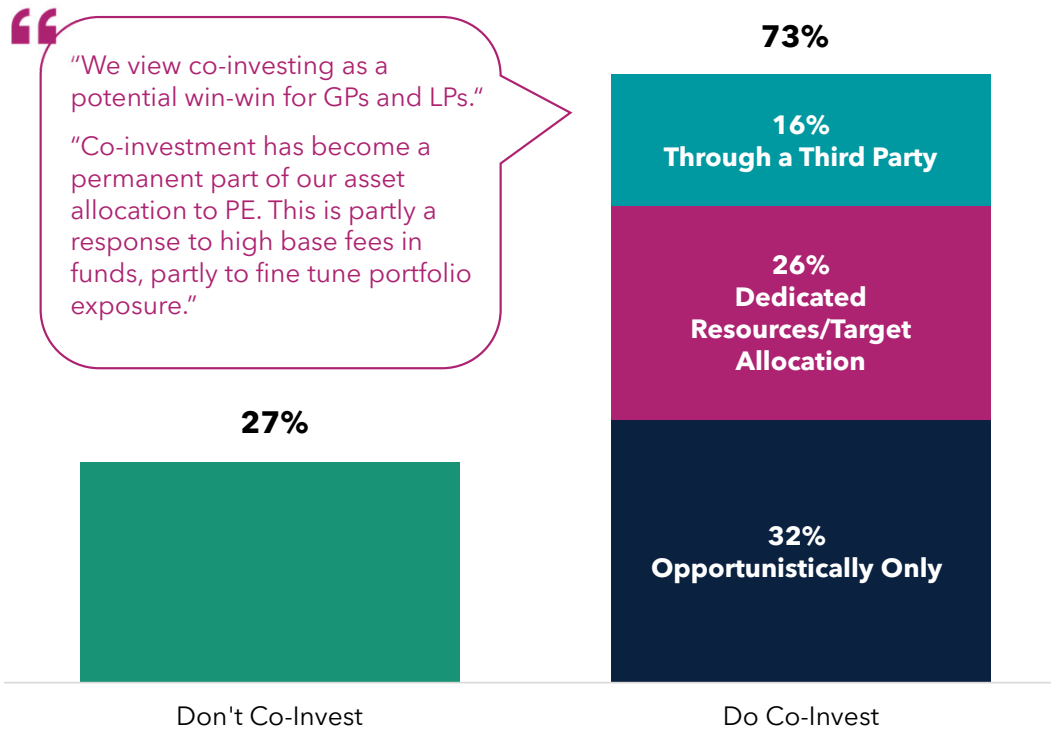
■ Better ■ Same ■ Worse

Co-Invest is Commonplace Due to Lower Fees and Higher Returns



Describe Organizations' Co-Investments Program

n= 97



“We view co-investing as a potential win-win for GPs and LPs.”
 “Co-investment has become a permanent part of our asset allocation to PE. This is partly a response to high base fees in funds, partly to fine tune portfolio exposure.”

Most LPs (**73%**) said they co-invest. However, more than a majority (**55%**) of LPs that do co-invest said they do not have dedicated resources to do so. Large LPs make up the majority (**63%**) of those likely to have resources dedicated to co-invest.

Lower fees and greater returns were respondents' top reasons for pursuing co-investments.

“A-symmetric risk/return transactions.”
 “Fees plus greater manager alignment/portfolio construction influence.”
 “Access to high-conviction deals.”
 “Fee mitigation and broader market access.”





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