

Kimberly Smith Addresses Private Equity Fundraising with *Law360*

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While Private Equity fundraising has remained relatively strong in the first quarter of 2020, it is expected to become more difficult as investors grapple with their response to the coronavirus (COVID-19) pandemic.

According to National Private Equity Co-Chair Kimberly Smith, who spoke to *Law360*, "the true extent of COVID-19's impact on private equity fundraising may not be known for some time."

In the first quarter of 2020, there were 282 PE funds with a total of $134 billion that held final closings, which is 87 fewer closings than in the first quarter of 2019 but $14 million more in total capital commitments, according to Prequin, a research firm. While some sponsors believe they will continue to be able to raise PE funds, others are recognizing that many normal aspects of fundraising can no longer take place, such as investor roadshows or on-site due diligence visits.

Investment opportunities are, however, still being pursued through alternative options, such as video conferencing, and both fund managers and investors realize that investment opportunities still exist in areas such as technology or health care. Additionally, in an environment where it is more difficult to raise PE funds, less experienced fund managers will struggle more to establish relationships.

"While those potential investors in the pipeline are continuing to slowly move forward in some cases, we are hearing that it is tough to get investors to initiate new conversations right now in the absence of an existing relationship, which will likely put more pressure on first-time funds," Kimberly said.

According to Kimberly, some limited partners may choose to weigh their PE investments less in favor of traditional buyout funds, like after the Great Recession in the late 2000s, when some PE players invested more heavily in special situation funds and mezzanine funds in search of the most lucrative opportunities.

Read, "The Difficulties of PE Fundraising in a Post COVID-19 World," in its entirety.

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