ILPA Sentiment Survey 2025-2026 Edition

In the first release of the *ILPA Sentiment Survey 2025-2026 Edition*, we lay the foundation by providing an overview of the LP respondents and their organizations, along with reporting on PE allocations, return assumptions, plans to adjust PE program (across number of managers and check size), staffing levels, negotiations, GP behavior, and co-investments.

In the weeks to come, we will release a series of additional reports to provide greater analysis and deeper insight into LP views across key topics, including shifts in managers, negotiations, conflicts, retail capital, continuation vehicles, and more.

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.

Looks Ahead at Future Releases

- **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.