ILPA Sentiment Survey 2025-2026 Edition
"Paths to Liquidity" Release

The third installment of the *ILPA Sentiment Survey 2025-2026 Edition* centers on the current exit environment and paths to liquidity.

The persistent challenges in the exit environment are straining LP/GP alignment when considering how best to deliver liquidity; LPs are indicating a preference for long-term performance and exit discipline through traditional exits over near-term liquidity. These priorities shape LPs' investment decisions and should inform how GPs weigh the trade-off between liquidity and value optimization.

To support LPs, ILPA offers comprehensive guidance on Best Practices for Continuation Vehicles and it has launched proposed new guidance on continuation vehicles (CVs) to address the needs of LPs in the current market, and which seeks to better address the inherent conflicts in CV transactions. ILPA is also in the process of revising the Portfolio Company Template, though which LPs can gain a better understanding of the difficulties GPs are facing in the current exit environment.

Top Takeaways from "Paths to Liquidity" Release

- ***LPs strongly favor long-term returns over near-term liquidity***. ***60%*** *of LPs prioritize long-term returns; this preference is most pronounced in mid-size and large LPs, while smaller LPs are more divided.*
- ***Conventional exits remain the clear preferred path to liquidity; there is limited appetite for alternative liquidity solutions. 59%*** *of LPs favor a conventional exit, below marks if necessary;* ***21%*** *consider this the only acceptable outcome.* ***44%*** *of LPs prefer their GPs to hold their investments until the exit environment improves;* ***28%*** *selected only this option.*
- ***Liquidity mechanisms are a leading threat to LP/GP alignment, particularly among smaller LPs***. ***26%*** *of respondents identified liquidity mechanisms as the greatest alignment risk, with smaller LPs most frequently highlighting this concern.*
- ***LPs' long-term orientation drives both their expectations and evaluation criteria***. *Most LPs consistently prioritize long-term track records and repeatable alpha models over short-term track records and metrics like DPI.*
- ***LPs and GPs offer different rationales for pursuing a CV.*** *Industry data suggests that GPs are using continuation vehicles "mainly to provide DPI to existing LPs", whereas LPs often sell, not due entirely to a desire for greater liquidity, but because of issues with the inherent conflicts, weak commercial rationale, limited transparency into pricing, overuse of the tool, and a lack of process integrity.*
- ***Improved reporting of portfolio company metrics offers an alignment opportunity for LPs and GPs. 77%*** *of LPs cited portfolio company data as an area needing further transparency, highlighting LPs' desire for more proactive insight into the difficulties GPs face in the current exit environment.*