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# Current Challenges and Constraints in Accessing Capital for PE Funds and Investments

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Three of the last four years (2019, 2021 and 2022) were the biggest for PE fundraising in terms of capital raised. As measured by deal volume, the last two years also rank as the best in the history of PE dealmaking. The tide is turning, however, as both areas have slowed significantly due to a variety of factors, including the cash squeeze from a slowdown in amounts distributed and an increase in paid-in capital; the "denominator effect" caused by volatility in public markets; ongoing macroeco nomic and geopolitical instability; rising interest rates; and increasing regulations (particularly in the U.S.). Assets managers will need to become more adept at navigating these issues.

This article highlights the troubling trends that asset managers are confronting in their fundraising efforts, with a focus on increased U.S. regulations and a growing movement against environment, social and governance (ESG) investing. In addition, it will highlight different approaches asset man agers can take to navigate those difficult situations, including to pursue alternative sources of deal funding and obtain more flexible fundraising terms.

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