Proskauer

Under the Microscope: Proskauer Releases 2026 Buyout Fundraising Market Reports

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New data from Proskauer's "Under the Microscope" series examines fundraising terms and trends across European and North American buyout funds

NEW YORK AND LONDON, June 23, 2026 – Proskauer today released its 2026 "Under the Microscope" reports on fundraising terms and trends in European and North American buyout funds, providing a comprehensive analysis of key limited partnership agreement terms across the two markets.

Our 2026 Under the Microscope reports analyze key limited partnership agreement terms across buyout funds representing more than $300 billion in capital commitments.

"These reports show a market that is not undergoing wholesale change, but one where sponsors and investors continue to negotiate carefully around terms that affect liquidity, alignment, governance and operational flexibility," said Nigel van Zyl, partner and co-head of the Private Funds Group at Proskauer. "Our data helps our clients understand where the market has settled and where there remains room for bespoke fund-by-fund negotiation."

Key takeaways from the European data include:

- **Ten-year fund terms remain the standard:** 93% of surveyed European funds continue to have an initial term of 10 years, with longer fund lives more commonly addressed through extension mechanics and GP-led liquidity solutions.
- **Longer fundraising periods are more common:** A 12-month fundraising period remains the most common position, applying to 64% of funds, but 29% of surveyed funds now allow 18 months.
- **Borrowing limits are concentrated at the upper end of the historic range:** Nearly half of surveyed European funds permit borrowing up to 30% of commitments, and a further 22% permit borrowing up to 35%.

- **Whole-fund waterfalls remain dominant:** 85% of surveyed European funds use a European-style, whole-fund waterfall, while hybrid waterfall structures account for 12% of the sample.
- **No-fault removal rights remain common:** Where a GP "without cause" removal provision is present, the voting threshold is typically 75%, which applies to 83% of surveyed funds.

Key takeaways from the North American data include:

- **The 10-year initial term remains the market anchor:** 82% of surveyed North American funds continue to have a 10-year initial term.
- **Fundraising periods remain concentrated around 12 months:** 77% of surveyed funds provide for a 12-month initial fundraising period, with a further 21% allowing 18 months.
- **Investment periods are balanced between five and six years:** 53% of surveyed funds have a five-year investment period, while 43% have a six-year investment period.
- **American-style waterfalls remain prevalent:** 64% of surveyed North American funds use an American-style, deal-by-deal waterfall, compared with 36% using a whole-fund model.
- **Borrowing limits show continued investor focus on fund leverage:** The market is concentrated at 25% and 30% of commitments, with 39% of funds capped at 25% and 20% capped at 30%.

The European Market

The European buyout market continues to show stability across core economic and governance terms, with incremental changes around provisions that affect flexibility and liquidity. Luxembourg remains the leading jurisdiction of formation in the 2026 data set, accounting for 39% of surveyed funds, followed by the Netherlands, England and Sweden.

A five-year investment period remains the most common position, applying to 73% of European funds in the sample. Management fee terms continue to show a downward slope as fund size increases, with 2% remaining dominant among smaller and mid-sized funds and 1.75% and 1.5% appearing more frequently among larger funds.

“In Europe, the market continues to favor familiar headline structures, but we are seeing meaningful negotiation around borrowing, recycling, carry overpayment protections and removal rights,” said Chris Elson, a private funds partner in Proskauer’s London office. “The result is a market that remains highly sophisticated and data-driven, with fund terms closely calibrated to strategy, size and investor base.”

The report also finds that European funds continue to use a range of protections for potential carried interest overpayment. While 60% of surveyed funds do not use an escrow, those that do most commonly use 50% of carried interest as the escrow level. Clawback and guarantee structures remain varied, reflecting continued negotiation rather than convergence around a single approach.

The North American Market

In North America, the data shows continued reliance on familiar market-standard terms, with targeted flexibility around extensions, recycling, borrowing and follow-on investments. Delaware remains by far the most popular jurisdiction of formation, accounting for 40 of the 45 surveyed funds.

The report finds that 2% remains the dominant management fee rate during the investment period, appearing in 63% of the sample.

“While core economic terms in North American buyout funds have remained stable, negotiations continue to focus on the provisions that shape capital deployment, liquidity management and governance,” said Ryan Carpenter, a private funds partner at Proskauer. “We are seeing continued focus on borrowing, recycling, follow-on investment capacity and investor remedies as our clients seek investor alignment without sacrificing operational flexibility.”

The report also highlights that 20% carried interest remains the prevailing North American market standard, applying to 77% of surveyed funds, while the standard preferred return remains 8%, appearing in 89% of the sample. GP removal rights remain more limited on a no-fault basis, with 78% of surveyed funds providing no GP removal right without cause.

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The world’s leading organizations and global players choose Proskauer to represent them when they need it the most. With 900+ lawyers in key financial centers around the world, we are highly regarded for our expertise combined with our pragmatic and commercial approach. Proskauer is the place to turn when a matter is complex, innovative and game-changing. We work seamlessly across practices, industries and jurisdictions with asset managers, private equity and venture capital firms, Fortune 500 and FTSE companies, major sports leagues, entertainment industry legends and other industry-redefining companies.

Proskauer offers a full suite of services for the investment management industry, with a market-leading global team dedicated solely to advising investment funds, including private equity, venture, credit, hedge, real assets and secondaries funds as well as other asset managers, financial institutions and institutional investors. The cross-border team of over 250 lawyers is based in the U.S., UK, Paris and Latin America and includes specialists in fund formation, secondaries transactions and liquidity solutions, tax, ERISA, regulation, financial services, capital markets, M&A, employment, insurance, fund finance, litigation and risk management who understand the unique technical and commercial issues relevant to investment managers.

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