

Abstract

The work covers the topic of private equity funds performance and attempt to identify the impact of macroeconomic conditions on the entire industry. The recent central banks' actions put a question about the impact of changes in interest rates on the private equity funds performance. With the sample of 100 observations provided by Cambridge Associates, we identified the significant negative effect of prevailing low interest rates on the growth of private equity funds performance. We further attempt to answer the question, whether private equity funds operating in post-crisis years has on average higher growth rate, however, we could not provide the answer as we failed to reject the null, neutral effect hypothesis. Additionally, with a sample of 3092 observations provided by Bloomberg, we found that the effect of cheap debt has increased on average in the postcrisis period, predicting that the private equity performance can suffer once the interest rates rises enough.