

Abstract

The attractiveness of private equity has been steadily increasing over the past years. This thesis aims to investigate the determinants of commitments to new funds raised and subsequent investment into companies on a data set covering 20 European countries spanning over the period 2007-2018. Using Extreme Bounds Analysis, the number of explanatory variables of diverse nature – macroeconomic, labour, financial, political, legal and social – is reduced as a large number of regressions are run to determine the robustness of each variable. Furthermore, a panel data analysis is conducted with fixed effects and random effects models. Three models are built for each fundraising activity and investment split according to stage focus. The analysis identifies differences in the determinants of fundraised and invested capital, tertiary education attainment and domestic credit to private companies as major drivers of fundraising, whereas market capitalisation and unemployment rate are confirmed as the key stimuli for investments in private equity.

JEL Classification C33, C51, E22, F21, G24, G30

Keywords fundraising, investment, private equity, venture capital, buyout, Europe

Title Fundraising and Investment in Private Equity in Europe