

# THE PERFORMANCE OF PRIVATE EQUITY

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## Abstract

This paper presents conclusive evidence on the performance of private equity and new findings on the cross-sectional determinants of returns and liquidity, using a high quality dataset that covers up to 90% of capital ever raised. For almost all vintage years, buyout funds have outperformed the S&P 500 by about 500-800 bps p.a. We find strong evidence that larger funds significantly outperform smaller funds, but no evidence for a concave relationship. While the amount of raised capital is inverse correlated to returns, it is rather the macroeconomic environment that explains performance, and has a significant impact on the liquidity properties.

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