Do Private Equity Managers Raise Funds on (Sur)real Returns? Evidence from Deal-Level Data

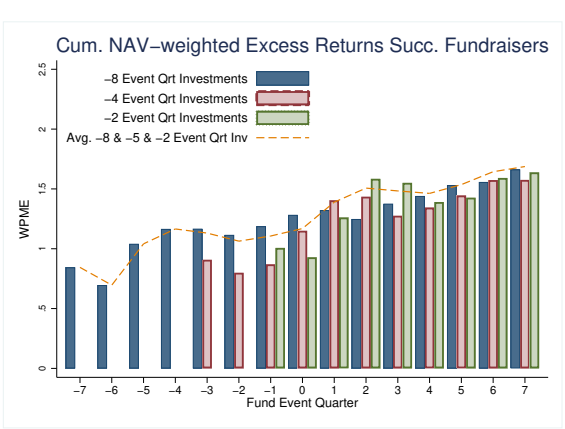
Internet Appendix

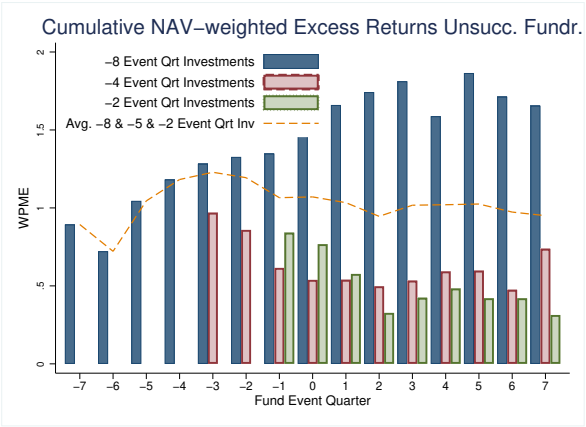
This Appendix contains the supplementary analyses discussed in the the paper "Do Private Equity Managers Raise Funds on (Sur)real Returns? Evidence from Deal-Level Data ". Section A plots excess returns of successful versus unsuccessful fundraisers. Section B reports raw deal performance based on the IRR. Section C reports mean excess percentile ranks of a fund's value multiple among its vintage-year cohorts by event quarter. Section D reports post-fundraising performance across deal cohorts without neighboring fundraisers. Section E tests for valuation differences across club deals leading up to the fundraising event. Section F reports results conditional on previous unsuccessful exits. Section G shows results conditional on fund manager reputation as defined in Barber and Yasuda (2017).

A Excess Returns of Successful & Unsuccessful Fundraisers

Figure A1: Average Performance by Fundraising Event Quarter

This figure displays cumulative NAV-weighted excess returns of private equity investments over the public market index. First, I calculate changes in PME for each investment i which was made either eight quarters ($\tau = -8$), four quarters ($\tau = -4$), and two quarters ($\tau = -2$) before fundraising. A change in PME in quarter t to the previous quarter is defined as excess return over the public equity benchmark, normalized by the ratio of time $t-1$ NAV to the time t future value of all cash inflows: $\Delta PME_{i\tau t} = (R^{NAV}_{i\tau t} - R^{mkt}_{i\tau t}) \frac{NAV_{i\tau t-1}}{\sum_{k=\tau}^{t} CI_{ik} R^{mkt}_{ik:t}}$, where $R^{mkt}_{ik:t}$ is the gross return of deal i between time k and t on the market (CRSP value-weighted index). Second, I calculate cumulative NAV-weighted excess returns for investments made eight quarters (blue bars), four quarters (red bars) and two quarters (green bars) before fundraising. This means that weighted PMEs are defined over a time interval (τ,b) for a cross section of N_τ investments made in event quarter τ: $WPME_{\tau:b} = 1 + \sum_{t=\tau}^{t=b} \left[\sum_{i \in N_\tau} \Delta PME_{i\tau t} / \sum_{i \in N_\tau} \frac{NAV_{i\tau t-1}}{\sum_{t=\tau}^{t=b} CI_{i\tau:b} R^{mkt}_{i\tau:b}} \right]$. Third, I calculate WPMEs of deals with these three event investment times combined, which are displayed by the dashed orange line. The left-hand side graph displays deals of successful fundraisers, while the graph on the right-hand side shows results for the subsample of unsuccessful fundraisers.





B Summary Deal Performance Based on IRR

Table A1: Fund-Investment Pair Performance: Raw Results

This table presents both raw mean and median performance based on internal rates of returns (IRRs) of individual portfolio investments across years of initial investment for each deal (Panel A), across industries (Panel B), and across geographies of the investments. Investment IRRs are presented for the full sample, for realized investments and unrealized investments as of 12/31/2013. The data is winsorized at the 1% extremes.

	Full Sample		Realized		Unrealized	
Panel A: Fund-investment Performance across Investment Years						
Investment Year	Mean	Median	Mean	Median	Mean	Median
1996	0.44	0.14	0.44	0.14		
1997	0.38	0.19	0.46	0.43	0.03	0.03
1998	0.27	0.07	0.28	0.06	0.07	0.07
1999	0.15	0.06	0.17	0.07	-0.06	-0.07
2000	0.12	0.07	0.12	0.06	0.13	0.11
2001	0.30	0.30	0.32	0.32	-0.17	-0.17
2002	0.39	0.29	0.4	0.3	0.08	0.08
2003	0.38	0.27	0.37	0.27	0.5	0.2
2004	0.42	0.31	0.49	0.35	0.08	0.03
2005	0.30	0.21	0.38	0.25	0.02	-0.02
2006	0.21	0.14	0.33	0.22	-0.02	-0.01
2007	0.10	0.10	0.22	0.18	-0.07	-0.09
2008	0.19	0.14	0.35	0.31	0.01	-0.04
2009	0.37	0.33	0.66	0.61	0.1	0.05
2010	0.20	0.22	0.33	0.34	0.08	0
2011	-0.03	-0.08	0.21	0.17	-0.1	-0.09
2012	0.04	0.02			0.04	0.02
2013	0.01	0			0.01	0
All deals	0.21	0.16	0.32	0.22	0.01	0

(continued)

Table A1: Fund-Investment Pair Performance: Raw Results—*Continued*

	Full Sample		Realized		Unrealized	
Panel B: Fund-investment Performance across Industries						
Industry						
Consumer discretionary	0.2	0.14	0.4	0.29	0.01	0.01
Consumer staples	0.21	0.2	0.36	0.31	0.05	0.08
Energy	0.3	0.2	0.44	0.32	0.19	0.12
Financials	0.19	0.17	0.27	0.24	0.1	0.1
Health Care	0.18	0.12	0.34	0.21	0	0.01
Industrials	0.18	0.11	0.29	0.17	0.05	0.04
Information technology	0.19	0.13	0.26	0.17	0.01	0.01
Materials	0.21	0.15	0.4	0.35	0.06	0.01
Telecommunication services	0.08	0.07	0.08	0.07	0.05	0.06
Utilities	0.65	0.62	0.85	0.8	0.16	0.15
Panel C: Fund-investment Performance across Geographies						
Geography						
United States	0.22	0.15	0.34	0.23	0.01	0
Non-US	0.17	0.12	0.28	0.19	0.05	0.03

C Excess Rank of Since-Inception Returns around Fundraising

Table A2: Excess Rank of Since-Inception Returns around Fundraising

This table presents the mean excess percentile ranks by event quarter, where $t = 0$ is the quarter of a fundraising event. Quarterly percentile rank for a fund-quarter is defined as the percentile rank of a fund's value multiple (VM) among its vintage-year cohorts based on Preqin data. Excess rank for a fund in quarter t is calculated as the quarter t percentile rank less the mean percentile rank for the fund across all reporting quarters (and is by construction zero when summed across quarters). Excess rank measures the extent to which a fund's rank in quarter t deviates from its mean rank. High-reputation funds are the complements of low-reputation funds. The number of funds equals the number of fundraising funds in each of the fund groups. One/two/three asterisks represent two-tailed significance at the 10%/ 5%/1% level, respectively.

	All Funds	High Reputation	Low Reputation
	1	2	3
-7	-3.950%	-4.850%	-2.654%
-6	0.621%	0.442%	0.888%
-5	2.216%**	0.567%**	4.672%**
-4	6.060%***	4.972%***	7.774%***
-3	4.307%***	2.197%**	7.371%***
-2	4.033%**	2.915%**	5.826%**
-1	3.779%**	2.133%***	6.454%**
0	5.409%**	4.762%***	6.46%**
1	3.259%**	2.637%**	4.244%**
2	1.504%*	1.105%**	2.135%**
3	1.473%*	1.354%	1.67%*
4	0.851%	0.831%	0.885%
5	0.519%	0.615%	0.358%
6	0.590%	0.812%	0.189%
7	-0.292%	-0.776%	0.593%
Number of funds	121	78	43

D Deal Performance without Neighboring Fundraisers

Table A3: Post-fundraising performance across deal cohorts

This table presents estimates of OLS regressions of post-fundraising performance of portfolio holdings based on the value multiple at the fundraising event quarter (FRE), FVM_i ($FVM_i = \sum_{\tau=FRE+1}^{T} CO_{i\tau} + NAV_{iT} / NAV_{iFRE} + \sum_{\tau=FRE+1}^{T} CI_{i\tau}$), on investment time, and other observables. I calculate a FVM for each investment year × geographic region × industry cohort portfolio company i assuming an investor made an investment at the stated net asset value (NAV) in the FRE and held the investment to liquidation (or the last quarter in which I observe an NAV). Models in columns 2, 4, and 6 include only deals that have been completely realized (r) at the end of the sample period. "FR_INVESTMENT " is a dummy that takes the value of one if a fund is raising a new fund that quarter, and zero otherwise. I exclude neighborhood cohort portfolio companies, defined as those with a fundraising quarter between -4 to +4 in event time. "≤YR_BEFORE_FRE" is a dummy equaling one for investments that are made within one year before the FRE, and zero for investments made more than one year before the FRE. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. "TIME_INV_AT_COST" is the number of quarters a deal is held at cost since its initial investment. "NAV_UPLIFT (t-1)" is a dummy variable that takes the value of one if the deal increased in NAV one quarter before the FRE, and zero otherwise. Regression estimates are based on models of investment year, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two/three asterisks represent two-tailed significance at the 10%/5%/1% level, respectively.

	All Funds		High Reputation		Low Reputation	
	r + u	r	r + u	r	r + u	r
	1	2	3	4	5	6
FR_INVESTMENT	-0.016	0.102	0.041	0.093	-0.085	0.169
	(0.047)	(0.086)	(0.063)	(0.121)	(0.081)	(0.146)
≤YR_BEFORE_FRE	0.221**	0.312	0.193*	0.226	0.221	0.380
	(0.094)	(0.196)	(0.114)	(0.226)	(0.204)	(0.468)
≤YR_BEFORE_FRE ×	-0.240**	-0.408**	-0.091	-0.153	-0.443***	-0.470**
POST-FUNDRAISING	(0.106)	(0.202)	(0.124)	(0.255)	(0.166)	(0.217)
DEAL_SIZE	2.340**	0.318	1.062	-0.519	4.334**	0.203
	(1.075)	(1.690)	(1.052)	(2.248)	(1.931)	(2.532)
TIME_INV_AT_COST	0.010	0.016	0.011	0.011	-0.091	0.031
	(0.009)	(0.013)	(0.009)	(0.012)	(0.382)	(0.318)
NAV_UPLIFT (t-1)	0.106	0.161	0.058	0.320*	0.182	0.032
	(0.083)	(0.169)	(0.074)	(0.191)	(0.212)	(0.325)
Observations	5,042	2,361	3,447	1,691	1,595	670
Adj. R^2	0.048	0.061	0.057	0.076	0.120	0.117

E Valuation across Club Deals Leading up to the Fundraising Event

Table A4: NAVs across Club Deals Before Fundraising

This table presents estimates of OLS regressions of adjusted NAVs of portfolio holdings one quarter (Panel A), two quarters (Panel B), three quarters (Panel C), and four quarters (Panel D) before the fundraising event quarter (bFRE). The adjusted NAV is described by $aNAV_i$, that means $aNAV_i = {}^{(NAV_{i0}+\sum_{t=1}^{bFRE}(CI_{it}-CO_{it}))}/_{NAV_{ibFRE}}$, where CI_{it} and CO_{it} are the cash inflows and cash outflows, respectively, for deal i in quarter t and 0 is the investment quarter of deal i. Only investments are considered that are held by funds of two or more GPs. If GPs inflate valuations before a fundraising event relative to other periods, then aNAVs would be systematically lower for fundraising club deals than for non-fundraising club deals. "FR_INVESTMENT $(t-n)$" is a dummy variable that takes the value of one if a GP raises a new fund in n quarters and zero for the GPs without a fundraising event in n quarters. Only GP deal pairs are considered if GPs fundraise in different quarters. Otherwise, by construction it cannot be tested if all GPs manipulate performance estimates due to the same fundraising event quarter. "DEAL_SIZE" denotes the size of the investment n quarters before the time of fundraising. Regression estimates are based on models of investment year, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two/three asterisks represent two-tailed significance at the 10%/5%/1% level, respectively.

Panel A: Valuation across Club Deals One Quarter before the Fundraising Event

	All Funds		High Reputation		Low Reputation (BY)	
	1	2	3	4	5	6
FR_INVESTMENT (t-1)	0.004	0.003	0.071	0.068	-0.331	-0.308
	(0.081)	(0.081)	(0.082)	(0.082)	(0.207)	(0.204)
DEAL_SIZE		0.014		0.021**		-0.942***
		(0.011)		(0.008)		(0.246)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	425	425	321	321	104	104
Adj. R^2	0.200	0.198	0.353	0.352	0.146	0.184

(continued)

Table A4: NAVs across Club Deals before Fundraising—*Continued*

Panel B: Valuation across Club Deals Two Quarters before the Fundraising Event

	All Funds		High Reputation		Low Reputation (BY)	
	1	2	3	4	5	6
FR_INVESTMENT (t-2)	-0.049	-0.050	0.063	0.061	-0.202	-0.186
	(0.081)	(0.081)	(0.084)	(0.085)	(0.157)	(0.155)
DEAL_SIZE		0.014		0.018*		-0.975***
		(0.011)		(0.009)		(0.257)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	386	386	291	291	95	95
Adj. R^2	0.266	0.265	0.387	0.386	0.188	0.238

Panel C: Valuation across Club Deals Three Quarters before the Fundraising Event

	1	2	3	4	5	6
FR_INVESTMENT (t-3)	-0.128	-0.128	-0.004	-0.004	-0.241	-0.201
	(0.088)	(0.088)	(0.092)	(0.093)	(0.180)	(0.184)
DEAL_SIZE		-0.002		-0.000		-0.955***
		(0.012)		(0.010)		(0.349)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	341	341	257	257	84	84
Adj. R^2	0.277	0.275	0.398	0.396	0.177	0.218

Panel D: Valuation across Club Deals Four Quarters before the Fundraising Event

	1	2	3	4	5	6
FR_INVESTMENT (t-4)	-0.122	-0.124	-0.011	-0.013	-0.105	-0.123
	(0.097)	(0.098)	(0.107)	(0.108)	(0.184)	(0.183)
DEAL_SIZE		0.011		0.008		-0.628***
		(0.010)		(0.009)		(0.229)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	297	297	221	221	76	76
Adj. R^2	0.261	0.259	0.368	0.365	0.187	0.204

F Results Conditional on Previous Unsuccessful Exits

Table A5: Deal Markdowns in the Post-Fundraising Period

This table presents estimates of Tobit regressions of deal i markdown in quarter t ($MD_{it} = min(NAV_{it} - (NAV_{it-1} + CI_{it} - CO_{it}), 0)$) on investment time and other observables. Deal size (total investment costs) is scaled to be \$10,000 for all sample deals. Models in columns 2, 4, and 6 include only deals that have been completely realized (r) at the end of the sample period. Columns 5 and 6 consider funds with at least one unsuccessful exit (i.e., below investment costs) more than one year prior to fundraising. Columns 3 and 4 present estimates for funds with only successful exits more than one year prior to fundraising. "POST-FUNDRAISING" is a dummy variable that takes a value of one for quarters +1 to +14, where 0 is the fundraising event quarter (FRE). Deals are only considered that are held in the portfolio post fundraising. "≤YR_BEFORE_FRE" is a dummy variable that takes the value of one for investments that are made within one year before the FRE, and zero for investments made more than one year before the FRE. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. "TIME_INV_AT_COST" is the number of quarters a deal is held at cost since its initial investment. "NAV_UPLIFT (t-1)" is a dummy variable that takes the value of one if the deal increased in NAV one quarter before the FRE, and zero otherwise. Regression estimates are based on models of calendar year, fund quarter, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two asterisks represent two-tailed significance at the 10%/5% level, respectively.

	All Funds		Succ. Prior Exit		Unsucc. Prior Exit	
	r + u	r	r + u	r	r + u	r
	1	2	3	4	5	6
POST-FUNDRAISING	29.382*	22.861	18.518	-2.642	39.539	23.609
	(15.611)	(22.821)	(18.186)	(28.879)	(39.519)	(42.753)
≤YR_BEFORE_FRE	-41.463*	1.011	-37.964*	-0.068	-105.388*	-62.101
	(21.308)	(27.905)	(22.776)	(32.025)	(62.677)	(68.335)
≤YR_BEFORE_FRE ×	-49.492*	-72.380*	-28.654	-25.258	-153.191**	-163.267*
POST-FUNDRAISING	(25.534)	(37.444)	(29.219)	(42.199)	(74.975)	(91.683)
DEAL_SIZE	-93.815	82.894	-154.015	148.366	86.488	232.860
	(162.019)	(284.360)	(183.583)	(341.590)	(363.870)	(586.110)
TIME_INV_AT_COST	12.734	10.137	13.971	8.574	11.555	12.471
	(12.255)	(12.449)	(18.774)	(10.343)	(10.967)	(21.136)
NAV_UPLIFT (t-1)	-46.959	-79.283	-48.891	-109.199	-46.561	-16.976
	(64.748)	(62.045)	(55.555)	(94.444)	(41.837)	(52.134)
Fund quarter FE	Yes	Yes	Yes	Yes	Yes	Yes
Calendar year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	34,116	17,541	26,683	12,318	7,433	5,223
Adj. R^2	0.020	0.018	0.023	0.021	0.029	0.021

Table A6: Fund Markdowns in the Post-Fundraising Period

This table presents estimates of Tobit regressions of fund j markdown in quarter t ($MD_{jt} = min(NAV_{jt} - (NAV_{jt-1} + CI_{jt} - CO_{jt}), 0)$). "POST-FUNDRAISING" is a dummy variable that takes a value of one for quarters +1 to +14, where 0 is the fundraising event quarter (FRE). Columns 1, 3, and 5 present fund results including all deals (i), while columns 2, 4, and 6 show fund results excluding investments made within one year before fundraising. Columns 5 and 6 consider funds with at least one unsuccessful exit (i.e., below investment costs) more than one year prior to fundraising. Columns 3 and 4 present estimates for funds with only successful exits more than one year prior to fundraising. Regression estimates are based on models of calendar year and fund quarter fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One asterisk represents two-tailed significance at the 10% level.

	All Funds		Succ. Prior Exit		Unsucc. Prior Exit	
		w/o late i		w/o late i		w/o late i
	1	2	3	4	5	6
POST-FUNDRAISING	-127.487*	-116.070	-32.905	-29.250	-163.094*	-24.601
	(75.972)	(82.554)	(20.951)	(20.666)	(85.186)	(59.742)
Fund quarter FE	Yes	Yes	Yes	Yes	Yes	Yes
Calendar year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,818	3,764	3,033	2,979	785	785
Adj. R^2	0.062	0.049	0.085	0.057	0.078	0.024

Table A7: Post-Fundraising Performance Deal Cohorts

This table presents estimates of OLS regressions of post-fundraising performance of portfolio holdings i based on the value multiple at the fundraising event quarter (FRE), FVM_i ($FVM_i = \sum_{t=FRE+1}^{T} CO_{it} + NAV_{iT} / NAV_{iFRE} + \sum_{t=FRE+1}^{T} CI_{it}$), on investment time, and other observables. Thus, the unit of observation is a portfolio company × FRE quarter. I calculate a FVM for each investment year × geographic region × industry cohort portfolio company i assuming an investor made an investment at the stated net asset value (NAV) in the FRE and held the investment to liquidation (or the last quarter in which I observe an NAV). Models in columns 2, 4, and 6 include only deals that have been completely realized (r) at the end of the sample period. Columns 5 and 6 consider funds with at least one unsuccessful exit (i.e., below investment costs) more than one year prior to fundraising. Columns 3 and 4 present estimates for funds with only successful exits more than one year prior to fundraising. "FR_INVESTMENT" is a dummy variable that takes the value of one if a fund is raising a new fund that quarter, and zero otherwise. I exclude cohort portfolio companies with the same fundraising quarter. "≤YR_BEFORE_FRE" is a dummy variable that takes the value of one for investments that are made within one year before the FRE, and zero for investments made more than one year before the FRE. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. "TIME_INV_AT_COST" is the number of quarters a deal is held at cost since its initial investment. "NAV_UPLIFT (t-1)" is a dummy variable that takes the value of one if the deal increased in NAV one quarter before the FRE, and zero otherwise. Regression estimates are based on models of investment year, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two asterisks represent two-tailed significance at the 10%/5% level, respectively.

	All Funds		Succ. Prior Exit		Unsucc. Prior Exit	
	r + u	r	r + u	r	r + u	r
	1	2	3	4	5	6
FR_INVESTMENT	-0.017	0.011	-0.042	-0.066	-0.002	0.045
	(0.035)	(0.067)	(0.034)	(0.070)	(0.103)	(0.152)
≤YR_BEFORE_FRE	0.008	-0.084	-0.011	-0.167	0.218	0.365
	(0.082)	(0.173)	(0.087)	(0.174)	(0.137)	(0.225)
≤YR_BEFORE_FRE ×	-0.130**	-0.243**	-0.096	-0.161	-0.215**	-0.262**
FR_INVESTMENT	(0.063)	(0.121)	(0.062)	(0.132)	(0.104)	(0.111)
DEAL_SIZE	1.675*	0.022	1.412	0.083	2.936	0.753
	(0.924)	(1.525)	(1.047)	(1.872)	(1.925)	(2.740)
TIME_INV_AT_COST	0.011	0.016	-0.002	0.001	0.023	0.019
	(0.008)	(0.012)	(0.009)	(0.015)	(0.016)	(0.019)
NAV_UPLIFT (t-1)	0.134*	0.177	0.143*	0.240	-0.065	-0.393
	(0.071)	(0.151)	(0.076)	(0.155)	(0.384)	(0.464)
Observations	8,697	3,511	7,367	2,666	1,330	845
Adj. R^2	0.048	0.057	0.051	0.077	0.061	0.073

Table A8: Post-Fundraising Performance Across Fund Cohorts

This table presents estimates of OLS regressions of post-fundraising performance based on the fund j value multiple at the fundraising event quarter (FRE), FVM_j ($FVM_j = \sum_{t=FRE+1}^{T} CO_{jt} + NAV_{jT} / NAV_{jFRE} + \sum_{q=FRE+1}^{T} CI_{jt}$). Thus, the unit of observation is a fund × FRE quarter. I calculate a FVM for each vintage year cohort fund j assuming an investor purchased the fund at the stated net asset value (NAV) in the FRE and held the fund to liquidation (or the last quarter in which I observe an NAV). Columns 1, 3, and 5 present fund results including all deals, while columns 2, 4, and 6 show fund results excluding investments (i) made within one year before fundraising. Columns 5 and 6 consider funds with at least one unsuccessful exit (i.e., below investment costs) more than one year prior to fundraising. Columns 3 and 4 present estimates for funds with only successful exits more than one year prior to fundraising. "FUNDRAISER" is a dummy variable that takes the value of one if a fund is raising a new fund that quarter, and zero otherwise. I exclude cohort funds with the same fundraising quarter. Regression estimates are based on models of event-vintage year fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One asterisk represents two-tailed significance at the 10% level.

	All Funds		Succ. Prior Exit		Unsucc. Prior Exit	
		w/o late i		w/o late i		w/o late i
	1	2	3	4	5	6
FUNDRAISER	-0.111*	-0.041	-0.071	-0.038	-0.237*	-0.037
	(0.067)	(0.040)	(0.045)	(0.043)	(0.130)	(0.236)
Event-vintage year FE	YES	YES	YES	YES	YES	YES
Observations	872	872	767	767	105	105
Adj. R^2	0.206	0.215	0.219	0.218	0.243	0.025

Table A9: Deal Performance across Investment Time

This table presents estimates of OLS regressions of deal i value multiple at exit or at the end of the sample period T, VM_i ($VM_i = \sum_{t=0}^{T} CO_{it} + NAV_{iT} / \sum_{t=0}^{T} CI_{it}$), on investment time, and other observables. Deals are only considered that are held in the portfolio post fundraising. The unit of observation is a portfolio company. In contrast to Table A7, which looks at the cross section of FRE quarters of cohort investment, this table compares ex-post performance of investments across the fund's life time. Models in columns 2, 4 and 6 include only deals that have been completely realized (r) at the end of the sample period. Columns 5 and 6 consider funds with at least one unsuccessful exit (i.e., below investment costs) more than one year prior to fundraising. Columns 3 and 4 present estimates for funds with only successful exits more than one year prior to fundraising. "≤YR_BEFORE_FRE" is a dummy variable that takes the value of one for investments that are made within one year before the FRE, and zero for investments made more than one year before the FRE. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. Regression estimates are based on models of investment year, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. Two/three asterisks represent two-tailed significance at the 5%/1% level, respectively.

	All Funds		Succ. Prior Exit		Unsucc. Prior Exit	
	r + u	r	r + u	r	r + u	r
	1	2	3	4	5	6
≤YR_BEFORE_FRE	-0.283**	-0.370**	-0.272	-0.366	-0.206***	-0.323***
	(0.115)	(0.183)	(0.178)	(0.230)	(0.051)	(0.064)
DEAL_SIZE	1.702	-0.244	0.363	-2.187	7.097***	5.054
	(1.525)	(2.335)	(1.424)	(2.212)	(2.341)	(3.198)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,650	787	1,354	576	296	211
Adj. R^2	0.052	0.104	0.105	0.193	0.112	0.109

Table A10: Valuation across Club Deals at Fundraising Time

This table presents estimates of OLS regressions of adjusted NAVs of portfolio holdings at the fundraising event quarter (FRE), $aNAV_i$ ($aNAV_i = {}^{(NAV_{i0}+\sum_{t=1}^{FRE}(CI_{it}-CO_{it}))}/_{NAV_{iFRE}}$, where CI_{it} and CO_{it} are the cash inflows and cash outflows, respectively, for deal i in quarter t and 0 is the investment quarter of deal i). Only investments are considered that are held by funds of two or more GPs. If GPs inflate valuations at a fundraising event relative to other periods, then aNAVs would be systematically lower for fundraising club deals than for non-fundraising club deals. Columns 5 and 6 consider funds with at least one unsuccessful exit (i.e., below investment costs) more than one year prior to fundraising. Columns 3 and 4 present estimates for funds with only successful exits more than one year prior to fundraising. "FR_INVESTMENT" is a dummy variable that takes the value of one if a GP raises a new fund that quarter and zero for the GPs without a fundraising event that quarter. Only GP deal pairs are considered if GPs fundraise in different quarters. Otherwise, by construction it cannot be tested if all GPs manipulate performance estimates due to the same fundraising event quarter. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. Regression estimates are based on models of investment year, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/three asterisks represent two-tailed significance at the 10%/1% level, respectively.

	All Funds		Succ. Prior Exit		Unsucc. Prior Exit	
	1	2	3	4	5	6
FR_INVESTMENT	0.030	0.029	-0.016	-0.018	0.084	0.134
	(0.074)	(0.074)	(0.079)	(0.080)	(0.194)	(0.155)
DEAL_SIZE		0.012		0.020*		-7.862***
		(0.010)		(0.011)		(1.853)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	443	443	368	368	75	75
Adj. R^2	0.224	0.222	0.129	0.128	0.597	0.708

Table A11: Drawdown Times for Successful versus Unsuccessful Funds

This table reports coefficients of the time a fund takes to draw down 70% of committed capital (columns 1 and 2), which is the typical contractual threshold to raise a new fund, and 35% of committed capital (columns 3 and 4). Reported coefficients stem from accelerated-time-to-failure models. The effect of a δ_j-unit change in covariate j is to multiply the failure time by $\exp(\delta_j \beta_j)$. I estimate frailty models. I assume that the underlying distribution for the frailty (unobserved heterogeneity) is gamma-distributed. The error is assumed to follow a Weibull distribution. "UNSUCC_PRIOR_EXIT" takes the value of one if the fund has at least one exit below its investment costs in the quarter $t-1$ and zero otherwise. "OVERLAP" is a dummy variable that takes the value of one for overlapping quarters with the investment period of previous fund and zero otherwise. "YIELD_SPREAD" is calculated on corporate bonds (using Moody's BAA bond index, estimated quarterly in March, June, September, and December) over the CRSP risk-free rate. "1999Q1_TO_2000Q1" dummy is a time-varying covariate: over the fund's life and it equals one only in 1999Q1-2000Q2. Standard errors are in parentheses, clustered at the fund level. One/two/three asterisks represent two-tailed significance at the 10%/5%/1% level, respectively.

	Time-varying?	Drawdown 70% 1	Drawdown 70% 2	Drawdown 35% 3	Drawdown 35% 4
UNSUCC_PRIOR_EXIT	yes	0.178	0.029	0.214**	0.156*
		(0.719)	(0.518)	(0.096)	(0.091)
OVERLAP	yes	0.309	0.258	0.246***	0.206***
		(0.251)	(0.215)	(0.091)	(0.077)
Ln(FUND_SIZE)	no	-0.005	0.019	-0.023	-0.023
		(0.098)	(0.102)	(0.040)	(0.040)
YIELD_SPREAD	yes	0.115	0.126	0.118***	0.150***
		(0.082)	(0.092)	(0.033)	(0.029)
QRT_RET_ON_S&P500	yes	-0.000	-0.000	0.000	0.000
		(0.001)	(0.001)	(0.000)	(0.000)
S&P500_M/B_RATIO	yes	-0.106		-0.132*	
		(0.125)		(0.077)	
1999Q1_TO_2000Q1	yes		-0.790*		-1.032***
			(0.432)		(0.210)
p		2.013	2.205	2.099	2.376
L ratio test: all coeff. = 0 (χ^2)		28.6	34.6	52.0	85.3
p-value		0.000	0.000	0.000	0.000
# of funds		121	121	121	121
# of failures		90	90	113	113
# of fund-quarters		1,697	1,697	940	940

Table A12: Valuation of Deals

This table displays the results from a Heckman (1979) two-step estimation of excess purchase multiples in a deal acquisition on independent variables. The first step is a probit model for the selection of sample deals that can be matched with CapitalIQ and have information on enterprise value and LTM sales (Panel A). Excess purchase multiple is the difference between the target's purchase multiple (enterprise value/LTM sales) and a valuation benchmark constructed as follows. For every investment year, geography, industry, and public status (public or private), I compute the median purchase multiple for all merger transactions with value larger than $1 million. "US_DUMMY" and "EU_DUMMY" are indicator variables that take the value of one for deals in Europe or the U.S. and zero otherwise. "SECONDARY" is equal to one if the seller in a transaction is a PE fund, and zero otherwise. All other independent variables are as defined in Tables A11 and A9. Standard errors are in parentheses, clustered at the fund level. One/ two asterisks represent two-tailed significance at the 10%/5% level, respectively.

Panel A: 1^{st} Step Heckman Sample Selection Regression

$Pr(Match_i = 1|\mathbf{x}_i) = \Phi(-1.631^{***} + 1.405^{***} \cdot \text{PRIVATE\_TO\_PRIVATE}_\text{i} + 0.642^{***} \cdot \text{SYNDICATED}_\text{i}$
$-0.131 \cdot \text{US}_\text{i} + 0.119 \cdot \text{EU}_\text{i} - 0.153 \cdot 2000\_2004_\text{i} + 0.206^{**} \cdot 2005\_2010_\text{i})$

Diagnostics

LR test: all coefficients = 0, χ^2-stat.: 341.55*** Pseudo-R^2: 0.1864 N: 2,484

Panel B: 2^{nd} Step Heckman Regression

	1	2	3	4
UNSUCC_PRIOR_EXIT	0.368	0.276	0.202	0.198
	(0.278)	(0.277)	(0.296)	(0.294)
OVERLAP	0.274	0.272	0.278	0.274
	(0.188)	(0.186)	(0.186)	(0.185)
Ln(FUND_SIZE)	0.118*	0.112*	0.111*	0.104*
	(0.063)	(0.063)	(0.063)	(0.063)
PRIVATE_TO_PRIVATE	-0.120	-0.071	-0.083	-0.020
	(0.408)	(0.403)	(0.403)	(0.403)
US_DUMMY	-0.209	-0.180	-0.181	-0.193
	(0.235)	(0.233)	(0.233)	(0.232)
EU_DUMMY	0.152	0.191	0.192	0.130
	(0.288)	(0.285)	(0.285)	(0.286)
≤YR_BEFORE_FRE		0.498**	0.077	0.172
		(0.195)	(0.617)	(0.616)
≤YR_BEFORE_FRE × UNSUCC_PRIOR_EXIT			0.460**	0.335*
			(0.224)	(0.197)
SECONDARY				0.713*
				(0.409)
HECKMAN'S_LAMBDA	0.056*	0.029*	0.037*	0.047*
	(0.032)	(0.016)	(0.019)	(0.024)
Observations	2,484	2,484	2,484	2,484
Selected Obs.	338	338	338	338
Nonselected Obs.	2,146	2,146	2,146	2,146
Wald $\chi^2 stat$	37.647	45.932	46.511	49.976
Wald p-value	0.159	0.041	0.047	0.029

G Results Conditional on Fund Manager Reputation as Defined in Barber and Yasuda (2017)

Table A13: Deal Markdowns in the Post-Fundraising Period

This table presents estimates of Tobit regressions of deal i markdown in quarter t ($MD_{it} = min(NAV_{it} - (NAV_{it-1} + CI_{it} - CO_{it}), 0)$) on investment time and other observables. Deal size is scaled to be \$10,000 for all sample deals. Models in columns 2, 4, and 6 include only deals that have been completely realized (r) at the end of the sample period. Columns 1 and 2 consider the whole sample, while columns 3 and 4 (columns 5 and 6) consider high-reputation (low-reputation) funds as defined in Barber and Yasuda (2017). That means, low-reputation funds are defined as funds where GPs have cumulative capital raised prior to the sample fund of less than \$1 billion, raised fewer than three funds in the past, and have no top quartile performing funds that are more than five years old as of the inception of the sample fund. "POST-FUNDRAISING" is a dummy variable that takes a value of one for quarters +1 to +14, where 0 is the fundraising event quarter (FRE). Deals are only considered that are held in the portfolio post fundraising. "≤YR_BEFORE_FRE" is a dummy variable that takes the value of one for investments that are made within one year before the FRE, and zero for investments made more than one year before the FRE. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. "TIME_INV_AT_COST" is the number of quarters a deal is held at cost since its initial investment. "NAV_UPLIFT (t-1)" is a dummy variable that takes the value of one if the deal increased in NAV one quarter before the FRE, and zero otherwise. Regression estimates are based on models of calendar year, fund quarter, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two/three asterisks represent two-tailed significance at the 10%/5%/1% level, respectively.

	All Funds		High Reputation (BY)		Low Reputation (BY)	
	r + u	r	r + u	r	r + u	r
	1	2	3	4	5	6
POST-FUNDRAISING	30.143*	24.211	18.072	11.264	72.242*	79.227
	(15.619)	(22.839)	(17.010)	(25.402)	(40.451)	(54.682)
≤YR_BEFORE_FRE	-60.226***	-35.237	-36.026	-9.598	-94.727*	-27.441*
	(22.214)	(29.994)	(23.211)	(32.206)	(53.658)	(16.724)
≤YR_BEFORE_FRE ×	-44.501*	-17.289	-38.979	-20.510	-139.517**	-134.861**
POST-FUNDRAISING	(26.473)	(21.321)	(29.921)	(41.812)	(61.496)	(66.127)
DEAL_SIZE	-101.766	91.051	-244.322	-9.531	569.208	626.796
	(165.086)	(287.763)	(184.297)	(327.284)	(442.178)	(694.942)
TIME_INV_AT_COST	13.059	10.404	14.366	12.504	6.381	-0.103
	(10.264)	(10.451)	(10.411)	(10.619)	(13.242)	(3.694)
NAV_UPLIFT (t-1)	-47.097	-64.086	-45.184	-67.165	-60.324	-100.436
	(35.033)	(62.149)	(65.672)	(63.747)	(54.016)	(69.146)
Fund quarter FE	Yes	Yes	Yes	Yes	Yes	Yes
Calendar year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	34,116	17,541	27,430	13,365	6,686	4,176
Adj. R^2	0.020	0.017	0.021	0.020	0.054	0.047

Table A14: Fund Markdowns in the Post-Fundraising Period

This table presents estimates of Tobit regressions of fund j markdown in quarter t ($MD_{jt} = min(NAV_{jt} - (NAV_{jt-1} + CI_{jt} - CO_{jt}), 0)$). Columns 1 and 2 consider the whole sample, while columns 3 and 4 (columns 5 and 6) consider high-reputation (low-reputation) funds as defined in Barber and Yasuda (2017). That means, low-reputation funds are defined as funds where GPs have cumulative capital raised prior to the sample fund of less than $1 billion, raised fewer than three funds in the past, and have no top quartile performing funds that are more than five years old as of the inception of the sample fund. "POST-FUNDRAISING" is a dummy variable that takes a value of one for quarters +1 to +14, where 0 is the fundraising event quarter (FRE). Columns 1, 3, and 5 present fund results including all deals (i), while columns 2, 4, and 6 show fund results excluding investments made within one year before fundraising. Regression estimates are based on models of calendar year and fund quarter fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two asterisks represent two-tailed significance at the 10%/5% level, respectively.

	All Funds		High Reputation (BY)		Low Reputation (BY)	
		w/o late i		w/o late i		w/o late i
	1	2	3	4	5	6
POST-FUNDRAISING	-89.421**	-41.710	-85.428*	-58.820	-137.117**	-14.611
	(45.323)	(36.461)	(45.427)	(37.015)	(67.252)	(20.966)
Fund quarter FE	Yes	Yes	Yes	Yes	Yes	Yes
Calendar year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,818	3,764	2,855	2,801	963	963
Adj. R^2	0.102	0.072	0.123	0.101	0.034	0.016

Table A15: Post-Fundraising Performance across Deal Cohorts

This table presents estimates of OLS regressions of post-fundraising performance of portfolio holdings i based on the value multiple at the fundraising event quarter (FRE), FVM_i ($FVM_i = \sum_{t=FRE+1}^{T} CO_{it} + NAV_{iT} / NAV_{iFRE} + \sum_{t=FRE+1}^{T} CI_{it}$), on investment time, and other observables. Thus, the unit of observation is a portfolio company × FRE quarter. I calculate a FVM for each investment year × geographic region × industry cohort portfolio company i assuming an investor made an investment at the stated net asset value (NAV) in the FRE and held the investment to liquidation (or the last quarter in which I observe an NAV). Models in columns 2, 4, and 6 include only deals that have been completely realized (r) at the end of the sample period. Columns 1 and 2 consider the whole sample, while columns 3 and 4 (columns 5 and 6) consider high-reputation (low-reputation) funds as defined in Barber and Yasuda (2017). That means, low-reputation funds are defined as funds where GPs have cumulative capital raised prior to the sample fund of less than $1 billion, raised fewer than three funds in the past, and have no top quartile performing funds that are more than five years old as of the inception of the sample fund. "FR_INVESTMENT" is a dummy variable that takes the value of one if a fund is raising a new fund that quarter, and zero otherwise. I exclude cohort portfolio companies with the same fundraising quarter. "≤YR_BEFORE_FRE" is a dummy variable that takes the value of one for investments that are made within one year before the FRE, and zero for investments made more than one year before the FRE. "Deal_SIZE" denotes the size of the investment at the time of fundraising. "TIME_INV_AT_COST" is the number of quarters a deal is held at cost since its initial investment. "NAV_UPLIFT (t-1)" is a dummy variable that takes the value of one if the deal increased in NAV one quarter before the FRE, and zero otherwise. Regression estimates are based on models of investment year, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two asterisks represent two-tailed significance at the 10%/5% level, respectively.

	All Funds		High Reputation (BY)		Low Reputation (BY)	
	r + u	r	r + u	r	r + u	r
	1	2	3	4	5	6
FR_INVESTMENT	-0.017	0.011	-0.014	0.049	0.015	-0.005
	(0.035)	(0.067)	(0.035)	(0.076)	(0.111)	(0.170)
≤YR_BEFORE_FRE	0.008	-0.084	0.027	-0.015	-0.098	-0.283
	(0.079)	(0.153)	(0.081)	(0.155)	(0.228)	(0.355)
≤YR_BEFORE_FRE ×	-0.125**	-0.230**	-0.092	-0.227	-0.279**	-0.306**
FR_INVESTMENT	(0.056)	(0.101)	(0.067)	(0.147)	(0.133)	(0.140)
DEAL_SIZE	1.680*	0.035	1.793*	0.839	0.080	-2.300
	(0.924)	(1.526)	(0.999)	(1.554)	(2.136)	(3.053)
TIME_INV_AT_COST	0.011	0.017	0.012	0.018	-0.005	-0.021
	(0.008)	(0.012)	(0.009)	(0.014)	(0.014)	(0.020)
NAV_UPLIFT (t-1)	0.134*	0.177	0.148*	0.145	0.089	0.401
	(0.071)	(0.151)	(0.076)	(0.176)	(0.244)	(0.376)
Observations	8,697	3,511	7,215	2,711	1,482	800
Adj. R^2	0.048	0.058	0.049	0.058	0.083	0.140

Table A16: Post-Fundraising Performance Across Fund Cohorts

This table presents estimates of OLS regressions of post-fundraising performance based on the fund j value multiple at the fundraising event quarter (FRE), FVM_j ($FVM_j = \sum_{t=FRE+1}^{T} CO_{jt} + NAV_{jT} / NAV_{jFRE} + \sum_{q=FRE+1}^{T} CI_{jt}$). Thus, the unit of observation is a fund × FRE quarter. I calculate a FVM for each vintage year cohort fund j assuming an investor purchased the fund at the stated net asset value (NAV) in the FRE and held the fund to liquidation (or the last quarter in which I observe an NAV). Columns 1, 3, and 5 present fund results including all deals, while columns 2, 4, and 6 show fund results excluding investments (i) made within one year before fundraising. Columns 1 and 2 consider the whole sample, while columns 3 and 4 (columns 5 and 6) consider high-reputation (low-reputation) funds as defined in Barber and Yasuda (2017). That means, low-reputation funds are defined as funds where GPs have cumulative capital raised prior to the sample fund of less than $1 billion, raised fewer than three funds in the past, and have no top quartile performing funds that are more than five years old as of the inception of the sample fund. "FUNDRAISER" is a dummy variable that takes the value of one if a fund is raising a new fund that quarter, and zero otherwise. I exclude cohort funds with the same fundraising quarter. Regression estimates are based on models of event-vintage year fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One asterisk represents two-tailed significance at the 10% level.

	All Funds		High Reputation (BY)		Low Reputation (BY)	
		w/o late i		w/o late i		w/o late i
	1	2	3	4	5	6
FUNDRAISER	-0.126*	-0.050	-0.079	-0.051	-0.265*	-0.031
	(0.059)	(0.039)	(0.052)	(0.045)	(0.134)	(0.118)
Event-vintage year FE	YES	YES	YES	YES	YES	YES
Observations	872	872	666	666	206	206
Adj. R^2	0.212	0.216	0.184	0.242	0.214	0.195

Table A17: Deal Performance across Investment Time

This table presents estimates of OLS regressions of the portfolio holding's value multiple at exit or last observed NAV, VM_i ($VM_i = \sum_{t=0}^{T} CO_{it} + NAV_{iT} / \sum_{t=0}^{T} CI_{it}$), on investment time, and other observables. Deals are only considered that are held in the portfolio post fundraising. The unit of observation is a portfolio company. In contrast to Table A15, which looks at the cross section of FRE quarters of cohort investment, this table compares ex post performance of investments across the fund's life time. Columns 1 and 2 consider the whole sample, while columns 3 and 4 (columns 5 and 6) consider high-reputation (low-reputation) funds as defined in Barber and Yasuda (2017). "≤YR_BEFORE_FRE" is a dummy variable that takes the value of one for investments that are made within one year before the FRE, and zero for investments made more than one year before the FRE. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. Regression estimates are based on models of investment year, geographic region, and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level. One/two/three asterisks represent two-tailed significance at the 10%/5%/1% level, respectively.

	All Funds		High Rep. (BY)		Low Rep. (BY)	
	r + u	r	r + u	r	r + u	r
	1	2	3	4	5	6
≤YR_BEFORE_FRE	-0.263**	-0.309*	-0.264	-0.248	-0.379***	-0.200***
	(0.117)	(0.190)	(0.170)	(0.221)	(0.064)	(0.046)
DEAL_SIZE	1.703	-0.210	2.907*	1.586	-3.471	-8.552*
	(1.530)	(2.363)	(1.670)	(2.637)	(3.285)	(4.258)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,650	787	1,360	612	290	175
Adj. R^2	0.052	0.103	0.038	0.066	0.121	0.234

Table A18: Post-fundraising performance across club deals

This table presents estimates of OLS regressions of adjusted NAVs of portfolio holdings at the fundraising event quarter (FRE), $aNAV_i$ ($aNAV_i = {}^{(NAV_{i0}+\sum_{t=1}^{FRE}(CI_{it}-CO_{it}))}/_{NAV_{iFRE}}$, where CI_{it} and CO_{it} are the cash inflows and cash outflows, respectively, for deal i in quarter t and 0 is the investment quarter of deal i). Only investments are considered that are held by funds of two or more GPs. If GPs inflate valuations at a fundraising event relative to other periods, then aNAVs would be systematically lower for fundraising club deals than for non-fundraising club deals. Columns 1 and 2 consider the whole sample, while columns 3 and 4 (columns 5 and 6) consider high-reputation (low-reputation) funds as defined in Barber and Yasuda (2017). "FR_INVESTMENT" is a dummy variable that takes the value of one if a GP raises a new fund that quarter and zero for the GPs without a fundraising event that quarter. Only GP deal pairs are considered if GPs fundraise in different quarters. Otherwise, by construction it cannot be tested if all GPs manipulate performance estimates due to the same fundraising event quarter. "DEAL_SIZE" denotes the size of the investment at the time of fundraising. Regression estimates are based on models of investment year, geographic region and industry fixed effects (FE). Standard errors are in parentheses, clustered at the fund level.

	All Funds		High Reputation (BY)		Low Rep. (BY)	
	1	2	3	4	5	6
FR_INVESTMENT	0.030	0.029	0.015	0.014	-0.462	-0.481
	(0.074)	(0.074)	(0.072)	(0.072)	(0.362)	(0.388)
DEAL_SIZE		0.012		0.011		0.203
		(0.010)		(0.007)		(0.601)
Inv. year FE	Yes	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	443	443	410	410	33	33
Adj. R^2	0.224	0.222	0.283	0.282	0.376	0.331

Table A19: Drawdown Times for Low- versus High-Reputation (BY) Funds

This table reports coefficients of the time a fund takes to draw down 70% of committed capital (columns 1 and 2), which is the typical contractual threshold to raise a new fund, and 35% of committed capital (columns 3 and 4). Reported coefficients stem from accelerated-time-to-failure models. The effect of a δ_j-unit change in covariate j is to multiply the failure time by $\exp(\delta_j \beta_j)$. I estimate frailty models. I assume that the underlying distribution for the frailty (unobserved heterogeneity) is gamma-distributed. The error is assumed to follow a Weibull distribution. "LOW-REP (BY)" is a dummy variable that takes the value of one for a low-reputation fund as defined in Barber and Yasuda (2017) and zero otherwise. "OVERLAP" is a dummy variable that takes the value of one for overlapping quarters with the investment period of previous fund and zero otherwise. "YIELD_SPREAD" is calculated on corporate bonds (using Moody's BAA bond index, estimated quarterly in March, June, September, and December) over the CRSP risk-free rate. "1999Q1_TO_2000Q1" dummy is a time-varying covariate: over the fund's life and it equals one only in 1999Q1-2000Q2. Standard errors are in parentheses, clustered at the fund level. One/two/three asterisks represent two-tailed significance at the 10%/ 5%/1% level, respectively.

	Time-varying?	Drawdown 70% 1	Drawdown 70% 2	Drawdown 35% 3	Drawdown 35% 4
LOW-REP (BY)	no	0.092	0.095	0.252**	0.215*
		(0.128)	(0.125)	(0.128)	(0.125)
OVERLAP	yes	0.233*	0.199*	0.233***	0.199**
		(0.122)	(0.109)	(0.092)	(0.089)
Ln(FUND_SIZE)	no	-0.009	-0.009	-0.009	-0.009
		(0.042)	(0.044)	(0.042)	(0.044)
YIELD_SPREAD	yes	0.113***	0.143***	0.113***	0.143***
		(0.034)	(0.029)	(0.034)	(0.029)
QRT_RET_ON_S&P500	yes	0.000	0.000	0.000	0.000
		(0.000)	(0.000)	(0.000)	(0.000)
S&P500_M/B_RATIO	yes	-0.123		-0.123	
		(0.076)		(0.076)	
1999Q1_TO_2000Q1	yes		-1.044***		-1.044***
			(0.213)		(0.213)
p		2.089	2.376	2.089	2.376
L ratio test: all coeff. = 0 (χ^2)		51.0	85.8	51.0	85.8
p-value		0.000	0.000	0.000	0.000
# of funds		121	121	121	121
# of failures		90	90	113	113
# of fund-quarters		1,697	1,697	940	940

Table A20: Valuation of Deals

This table displays the results from a Heckman (1979) two-step estimation of excess purchase multiples in a deal acquisition on independent variables. The first step is a probit model for the selection of sample deals that can be matched with CapitalIQ and have information on enterprise value and LTM sales (Panel A). Excess purchase multiple is the difference between the target's purchase multiple (enterprise value/LTM sales) and a valuation benchmark constructed as follows. For every investment year, geography, industry, and public status (public or private), I compute the median purchase multiple for all merger transactions with value larger than $1 million. "US_DUMMY" and "EU_DUMMY" are indicator variables that take the value of one for deals in Europe or the US, and zero otherwise. "SECONDARY" is equal to one if the seller in a transaction is a PE fund, and zero otherwise. All other independent variables are as defined in Tables A19 and A17. Standard errors are in parentheses, clustered at the fund level. One/two/three asterisks represent two-tailed significance at the 10%/ 5%/1% level, respectively.

Panel A: 1^{st} Step Heckman Sample Selection Regression

$Pr(Match_i = 1|\mathbf{x}_i) = \Phi(-1.631^{***} + 1.405^{***} \cdot \text{PRIVATE\_TO\_PRIVATE}_\text{i} + 0.642^{***} \cdot \text{SYNDICATED}_\text{i} - 0.131 \cdot \text{US}_\text{i} + 0.119 \cdot \text{EU}_\text{i} - 0.153 \cdot 2000\_2004_\text{i} + 0.206^{**} \cdot 2005\_2010_\text{i})$

Diagnostics

LR test: all coefficients = 0, χ^2-stat.: 341.55*** Pseudo-R^2: 0.1864 N: 2,484

Panel B: 2^{nd} Step Heckman Regression

	1	2	3	4
LOW-REP (BY)	-0.304	-0.254	-0.435	-0.476
	(0.315)	(0.312)	(0.352)	(0.351)
OVERLAP	0.252	0.254	0.233	0.226
	(0.189)	(0.187)	(0.188)	(0.187)
Ln(FUND_SIZE)	0.108*	0.103	0.103	0.095
	(0.064)	(0.063)	(0.063)	(0.063)
PRIVATE_TO_PRIVATE	-0.080	-0.037	-0.031	0.037
	(0.409)	(0.405)	(0.404)	(0.403)
US_DUMMY	-0.213	-0.184	-0.163	-0.176
	(0.236)	(0.233)	(0.234)	(0.233)
EU_DUMMY	0.148	0.188	0.221	0.154
	(0.289)	(0.286)	(0.287)	(0.287)
≤YR_BEFORE_FRE		0.511***	0.460	0.430
		(0.181)	(0.297)	(0.297)
≤YR_BEFORE_FRE× LOW-REP (BY)			0.809**	0.896**
			(0.368)	(0.365)
SECONDARY				0.797**
				(0.406)
HECKMAN'S_LAMBDA	0.022*	0.021*	0.026*	0.038**
	(0.013)	(0.012)	(0.015)	(0.019)
Observations	2,484	2,484	2,484	2,484
Selected Obs.	338	338	338	338
Nonselected Obs.	2,146	2,146	2,146	2,146
Wald $\chi^2 stat$	36.747	45.556	46.922	51.312
Wald p-value	0.185	0.044	0.043	0.022