Proskauer

Under the Microscope

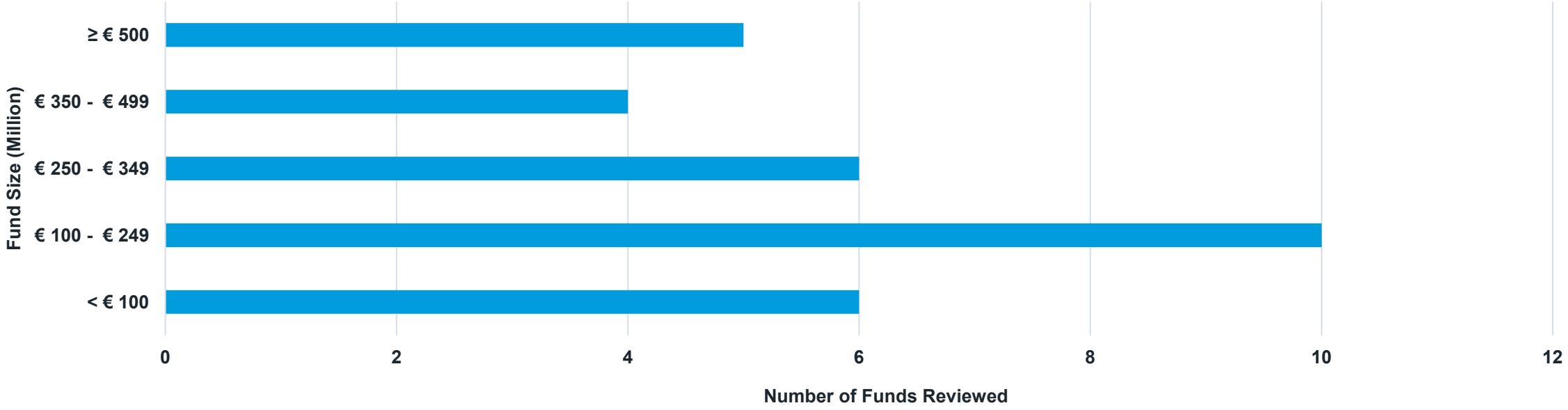
Fundraising Terms and Trends in European Venture Capital Funds 2026



Data Methodology

Our sample contained 32 venture capital funds raised between Q4 2024 and Q1 2026. We collected 29 data points from these funds. The funds were all either specifically European-focused or had Europe as a key geography in their investment strategy. The target fund size of the funds reviewed ranged from €50 million to €775 million, representing in total approximately €8.1 billion of capital.

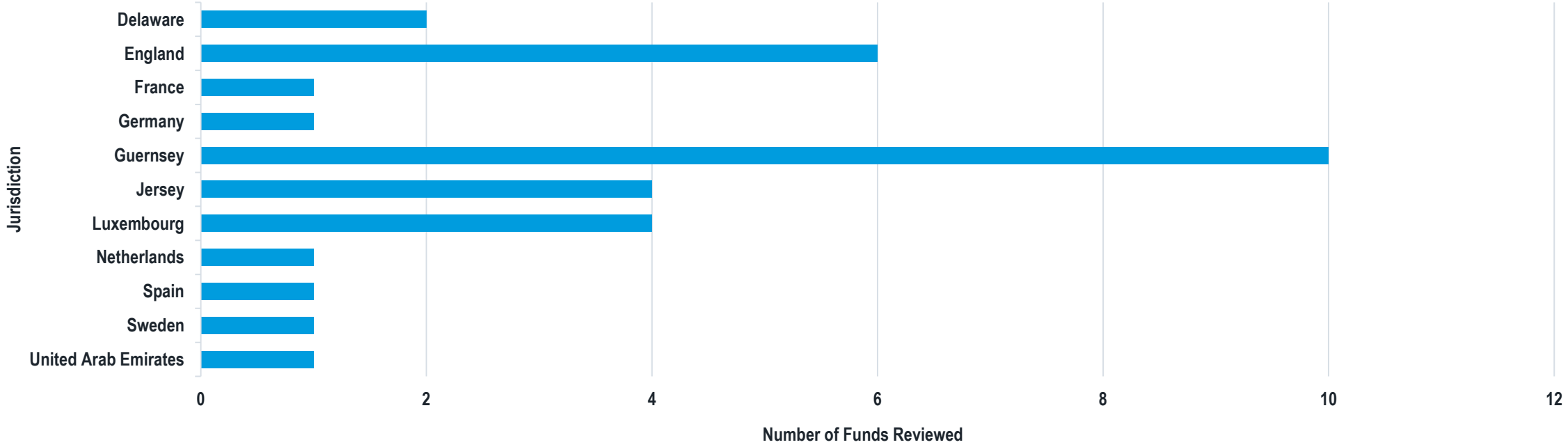
The sample size available is slightly larger than last year where we continued to observe a difficult fundraising environment for sponsors as a weak IPO and exit market limited investors' liquidity and thereby their ability to commit new funds. Investors were also becoming more selective in their deployment of capital. However, we consider there to be green shoots for optimism based on what we have observed in the current market, with what is hopefully an uptick in fundraising activity, certain emerging and established managers who have been disciplined in their fundraisings having raised well and initiatives designed to support the venture capital ecosystem – particular later stage – being implemented. These include (i) the Mansion House Compact where certain major UK pension providers have undertaken to invest 5% in unlisted equities by 2030 with a particular focus on technology and innovation which European venture capital is well placed to service, (ii) the European Commission's announcing that it is creating a multi-billion late stage and growth venture focused fund designed to support Europe's most promising and strategically important businesses and (iii) the European Investment Fund announcing the launch of a €15 billion fund of funds to support growth stage venture funds across Europe. We therefore look forward to seeing what the next 12 months brings and whether, despite geopolitical uncertainties, European venture capital can continue its return to robust fundraising following the post-pandemic drop off.



Jurisdiction of Formation

The 2026 data shows that European venture funds were formed across a range of jurisdictions, although the sample is concentrated in a relatively small number of fund domiciles. Consistent with previous years, the Channel Islands remain the most prevalent jurisdictions for raising capital within the venture asset class, with 14 out of the 32 venture funds in the sample being domiciled between Guernsey and Jersey. A smaller number of funds were formed in Delaware and a range of other European jurisdictions (including France, Germany, Luxembourg, the Netherlands and Spain). We consider there to be a number of reasons for the concentration of venture capital fund domiciliation in the Channel Islands. These include that venture funds are often smaller than funds in some other private capital strategies and therefore place particular value on jurisdictions that are familiar to market participants, operationally straightforward, home to a strong service provider network and less administratively burdensome. Consistent with our 2025 study, we equally noted that in our experience, sponsors in jurisdictions such as France, Germany and Sweden often chose to form funds in their home jurisdictions where that was the lower-friction route from a tax and regulatory perspective.

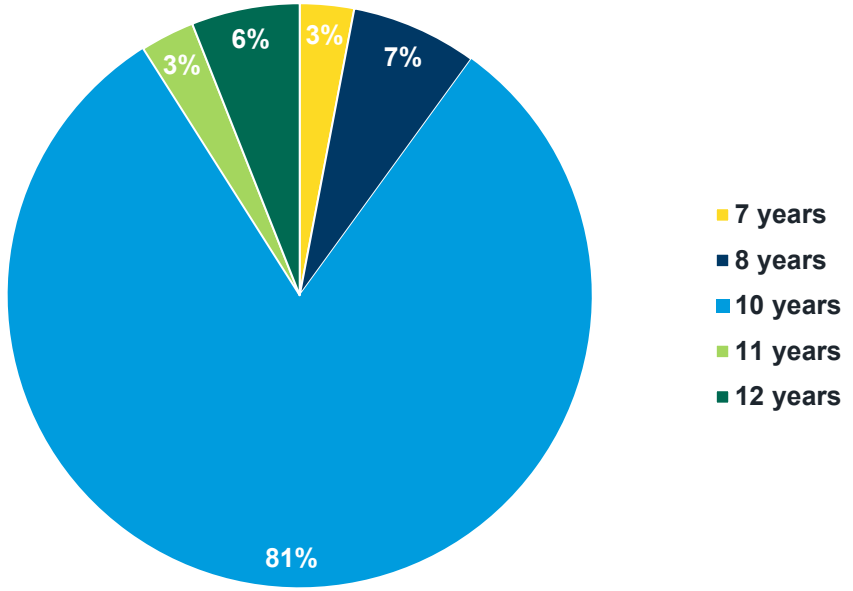
This jurisdictional pattern may also indicate that certain sponsors do not view an EEA marketing passport as integral to their fundraising. However, where a sponsor does consider access to the EEA marketing passport to be important, domiciliation of their fund in Luxembourg or another European jurisdiction will need to be weighed up against the other considerations described above.



Initial Term

Even though a typical venture capital investment will take longer to mature than a buy-out investment (since the former is made earlier in the lifecycle of a company), we continue to see the initial term of the vast majority of venture funds being set at 10 years like in private equity: 81% of the funds in our sample set which represents a slight increase relative to last year's sampled funds. We consider this to be reflective of the balance that most venture capital funds seek to strike between allowing enough time to realise inherently long-dated investments and maintaining a fund life that remains familiar to institutional investors.

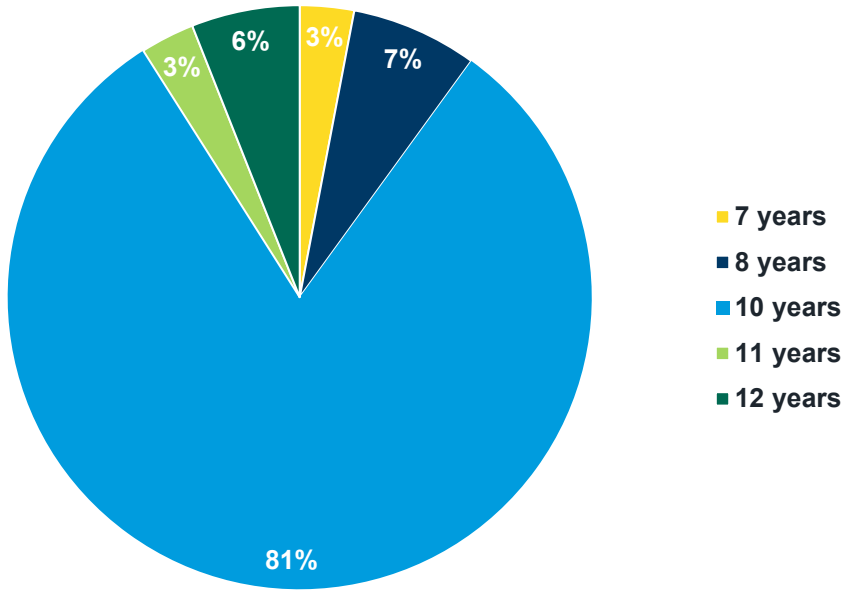
For venture sponsors exploring longer hold periods to sustain portfolio companies through a more prolonged period of growth without seeking to increase the term of the fund, the use of continuation vehicles remains an option. However, while that particular trend is becoming increasingly common within private equity, it is not one that we have observed among many venture capital sponsors – which may be due in part to the relative lack of an established pool of venture capital secondary buyers, but also to the fact that the companies most suited to continuation fund transactions are often those that have developed beyond the early and growth-stage profiles on which the venture sponsors are typically focused. By contrast, private equity sponsors typically acquire more mature businesses from the outset, so rolling such businesses into a continuation vehicle more often involves a greater degree of continuity in ownership model and investment approach. In addition, the larger enterprise values typically associated with private equity portfolio companies more readily support a reset of the economic arrangements in the continuation vehicle, including carried interest and management fees, in a way that is often harder to achieve in the venture context, where asset values are typically smaller in size.



Initial Term Begins From

This year's data shows that 50% of the funds sampled have an effective date mechanism (i.e., being the date determined by the sponsor, typically linked to the end of the investment period of the prior fund or the date of the current fund's first investment) as the date from which the term commences. 31% and 19% of sampled funds pin this date to their first close date and final close date, respectively.

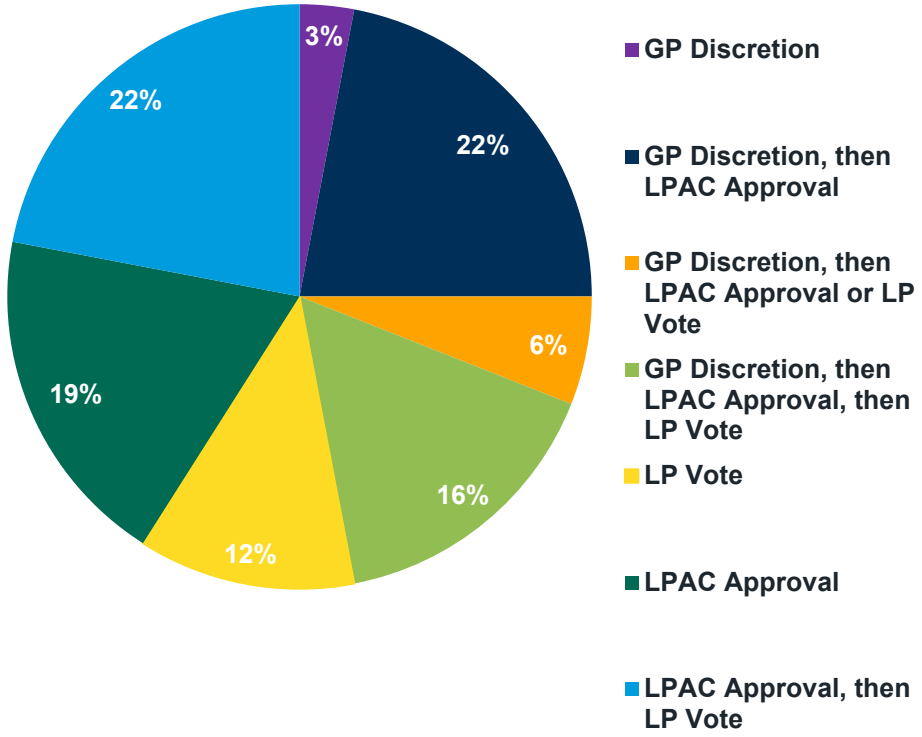
The increase in the number of funds sampled using the "effective date" mechanism is a shift that is consistent with our expectations as highlighted in our 2025 report – this approach gives sponsors greater flexibility and control to align the term of the fund with the commercial "launch" of the fund and the timescale in which capital must be deployed, whereas first close and final close concepts tie the timetable more directly to the fundraising process.



Approval Required for Extension of Term

The 2026 data shows that for 47% of the sampled funds, the GP was able to extend the term by at least one year in its discretion. Where the GP had such initial discretion to effect an initial extension of the term, the most common approach for any further extension was to then require LPAC approval which was the case for 94% of this subset of sampled funds, with only one fund granting the GP the discretion to effect two one-year extensions to its term without any investor approvals required. We consider this to be an outlier in our data with the extension mechanics being specific to the fact that the fund in question only has an eight-year term.

In 53% of the sampled funds, some form of LP approval was required for any extension, meaning that the GP could not extend the term at all without investor input. Looking back at data collected over prior years, this continues to represent a year-on-year downwards trend on the ability for sponsors to effect an extension of the term of the fund without LPAC or investor approval which is likely to be driven by investors wanting to ensure that the reasons for any extension are reasonable and proportionate (typically to maximise the value of residual assets on account of the longer holding periods of investments in venture capital) and they are afforded the opportunity to discuss matters such as continued payment of management fee during any such extension period.

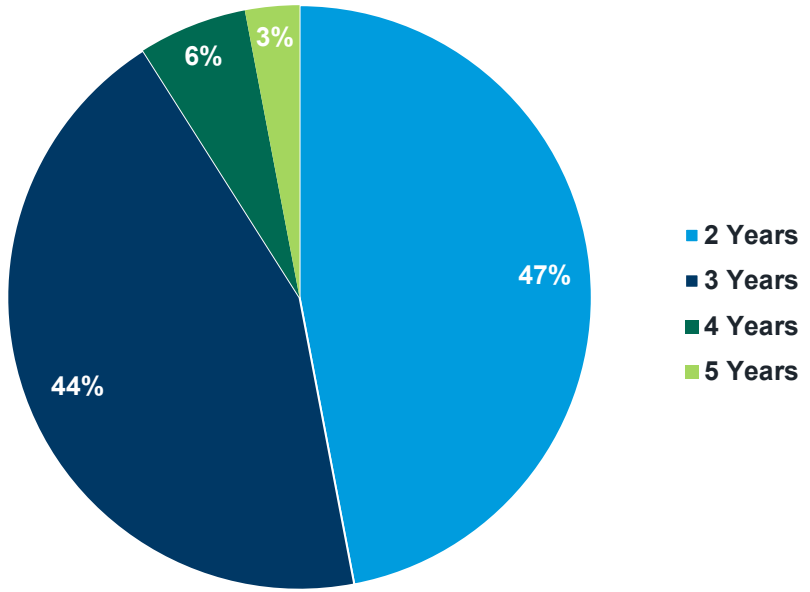


Maximum Period of Extensions of Term

The 2026 data shows that the maximum permitted extension periods were most commonly two or three years. 47% of the sampled funds allowed an aggregate extension period of two years and 44% allowed three years, representing a higher proportion of funds allowing longer extension periods than in last year's study. Only a small minority allowed longer periods, with 6% allowing four years and 3% allowing five years.

This is consistent with the observation made in our 2025 study that, given the longer typical hold periods for venture capital investments and the more challenging exit environment, sponsors may seek to build additional duration and flexibility into fund terms, whether through longer extension mechanics or, in some cases, evergreen structures. Any extension beyond the standard term provided for in the constitutional documents of the fund would typically require an amendment to those documents and therefore investor consent.

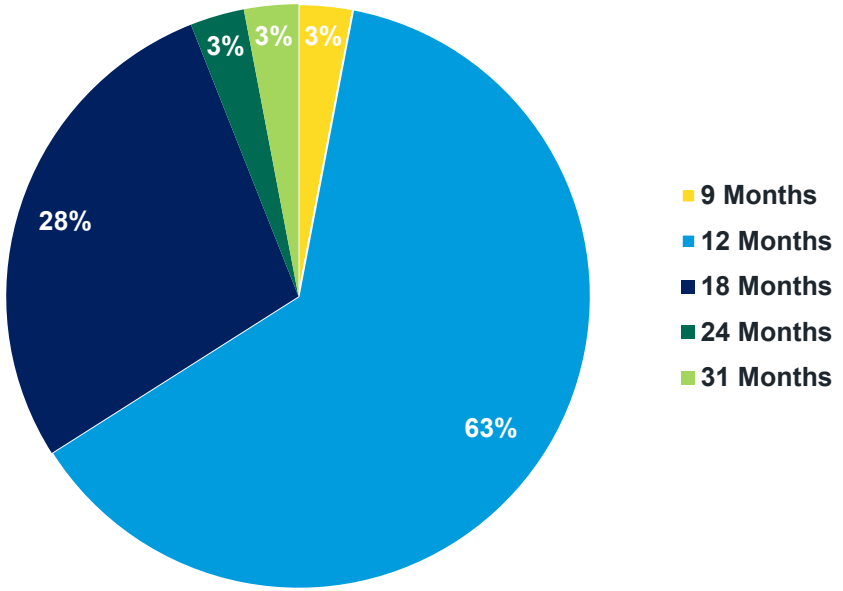
Where a sponsor considers there to be certain residual portfolio assets with further accretive value to be attained, other options which may be available to such sponsor to generate liquidity for investors while being able to conclude the term of the fund include selling such portfolio assets to another fund managed or advised by them or rolling such portfolio assets into a continuation vehicle. In the case of either solution, this is predicated on the sponsor having such a fund product available and the acquisition of such portfolio assets being in the best interest of the investors in such other fund product. Any sale will need to be managed carefully in accordance with the conflict of interests provisions in the constitutional documents of the relevant funds and the general expectation is that any sale/acquisition must be on arm's length terms. Please see our observations on continuation vehicles within the context of European venture capital on page 4.



Fundraising Period

Twelve months remains the most common permitted fundraising period at 63% of our sample set, although a significant number of funds sampled (28%) provided for 18 months. As noted in our 2025 report, this continues to reflect the practical reality that venture fundraising is generally taking longer than in prior years and certain sponsors are not wanting to have to obtain investor approval to extend their permitted fundraising period beyond 12 months when they know this is the case.

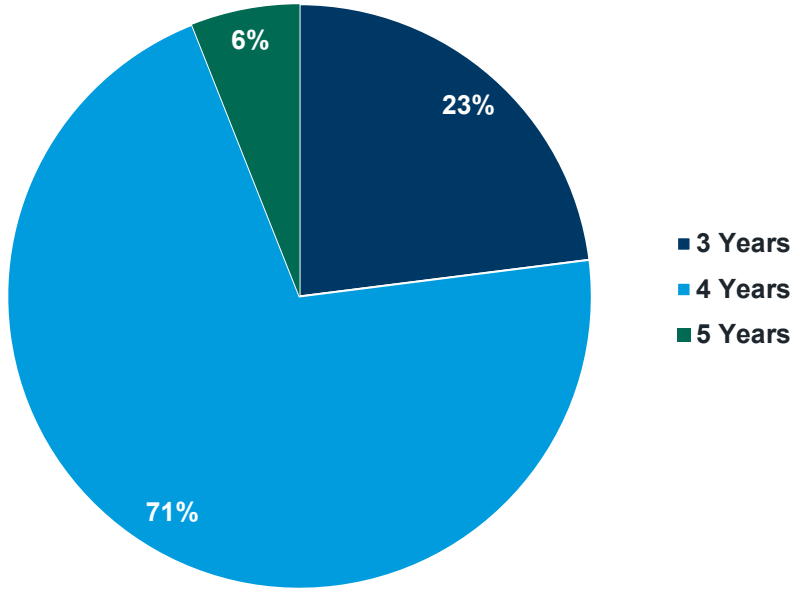
That said, fundraising periods are only the maximum permitted period stated in the constitutional documents of the fund during which capital may be accepted into the fund, subject to any permitted extension to such periods provided for therein. As such, these data points may not correlate in practice with the amount of time that it actually takes to reach final closing and we have indeed observed certain sponsors raising well and hitting their target fund size or hard cap within a more condensed period despite the difficulties of the current fundraising environment.



Investment Period

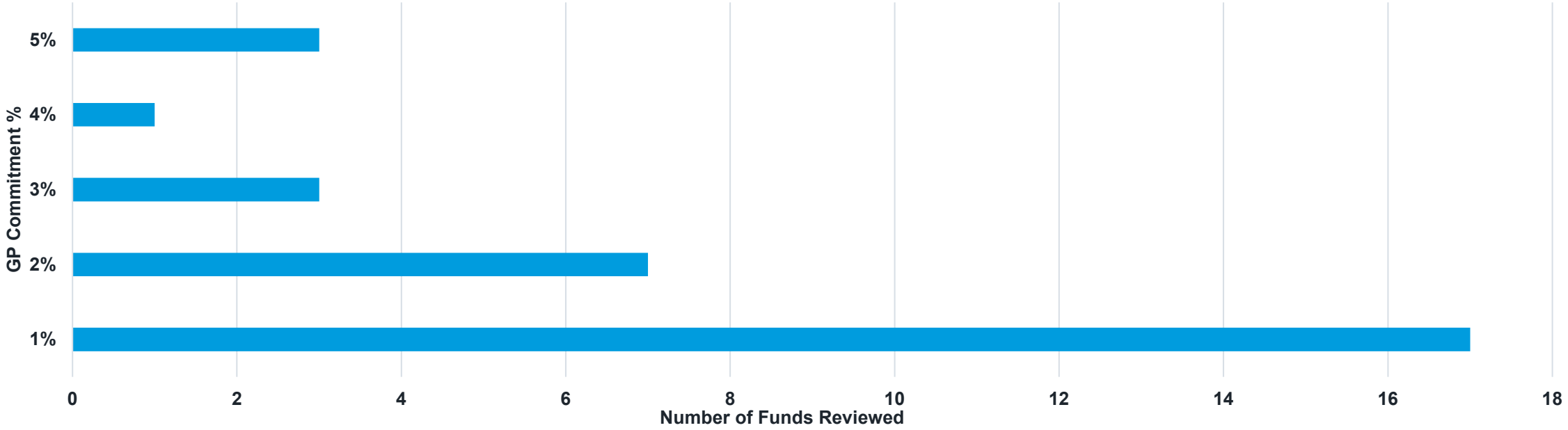
A five-year investment period remains the standard approach for European venture funds, representing 71% of our sample set. This is a slight decrease from 78% in 2025 but is consistent with the data in 2024.

As with prior years, we have not seen a push to increase the length of investment periods in venture capital. We expect that this is because of the general expectation in a normal market that venture capital investment periods tend to end earlier than their full potential duration, given a relatively quick initial deployment of capital coupled with more capital typically being reserved for follow-ons to ensure that the fund can participate in later stage funding rounds to augment the value of prize assets. However, in the current fundraising and transaction market, we are observing certain sponsors deploying capital at a slower rate and thus utilising more of the maximum permitted length of their investment period.



GP Commitment (% of Commitments)

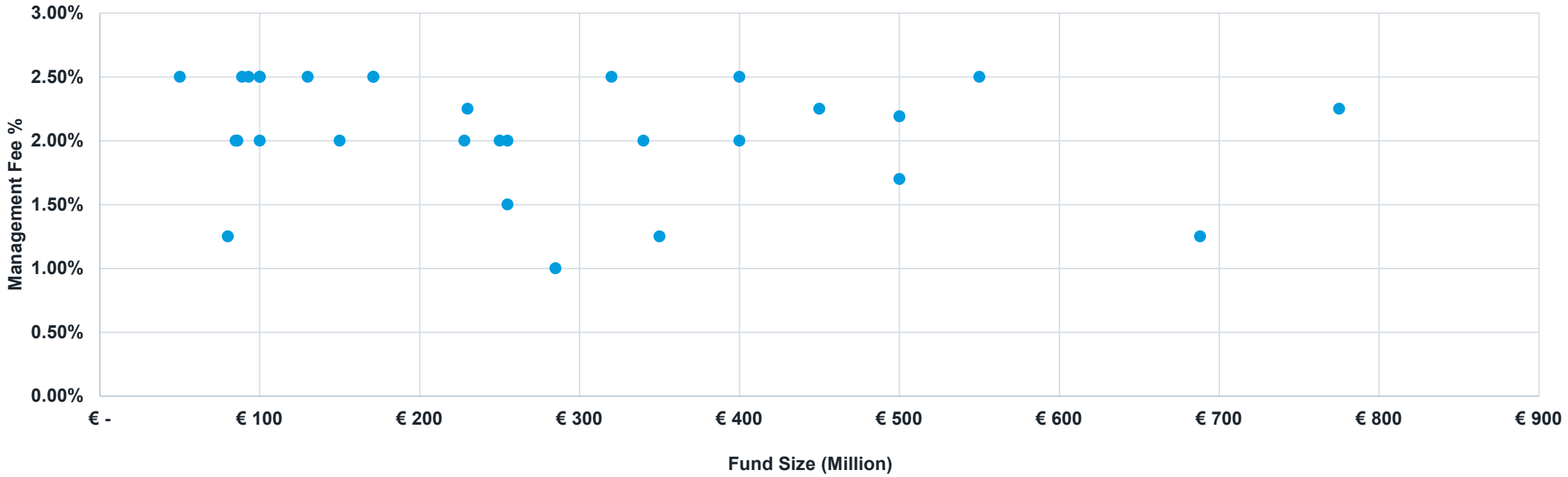
Consistent with prior years, the funds comprising our sample set demonstrate that a GP commitment of an amount equal to at least 1% of third party commitments remains the most common in venture capital with most funds typically falling in the 1-3% range. This reflects the fact that GP commitment remains an important tool to ensure alignment with investors, but one that must be calibrated to the economics of the venture market. Venture capital sponsors are often smaller teams and many funds are managed by emerging or recently established sponsors. So, a high GP commitment amount is sometimes not commercially realistic. Conversely, venture capital sponsors which are more established may be expected by their investor base to make an increased GP commitment. The personal circumstances of the team and how many executives participate in the GP commitment will also be relevant factors discussed with prospective investors in the fund when this matter is negotiated.



*GP commitment rounded to the nearest percentage point

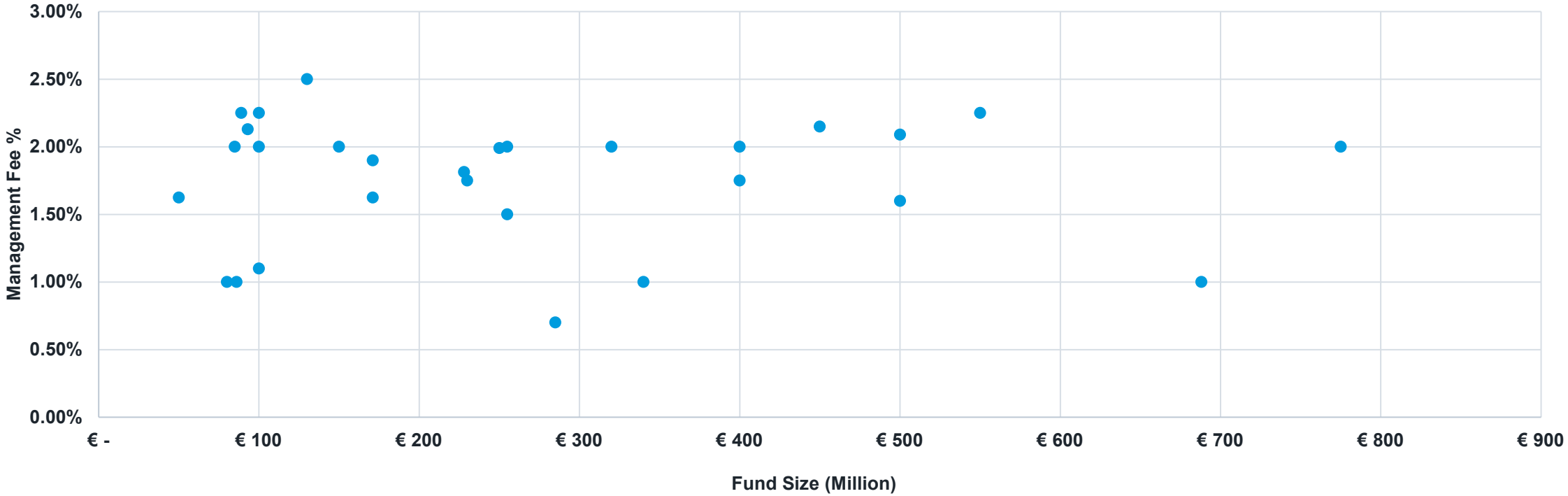
Annual Management Fee Rate – Investment Period (% of Base)

During the investment period, management fees most commonly fell within the 2% to 2.5% range, although the sample included certain lower outliers. None of the venture funds sampled had a management fee exceeding 2.5%, and all management fees in the sample set are calculated based on total commitments of the funds. This aligns with last year's report. We observe that most venture capital funds with fees above 2% raised €500 million or less, which suggests that investors in smaller funds have allowed sponsors to justify a higher percentage fee. This remains consistent with the economics of the venture market where management fees often play an important role in supporting team build-out, sourcing talent and sustaining portfolio support functions. Particularly for smaller and mid-sized funds, a relatively robust headline fee continues to be an important component of the operating model. In addition, many European venture capital sponsors do not have multiple fund products generating fees which may constitute a further argument for this fee rate. Nevertheless, the average percentage fee observed in venture capital remains higher than certain other asset classes, suggesting that investors remain willing to pay a premium to the sponsors that they back or which otherwise continue to demonstrate a strong track record in a difficult market.



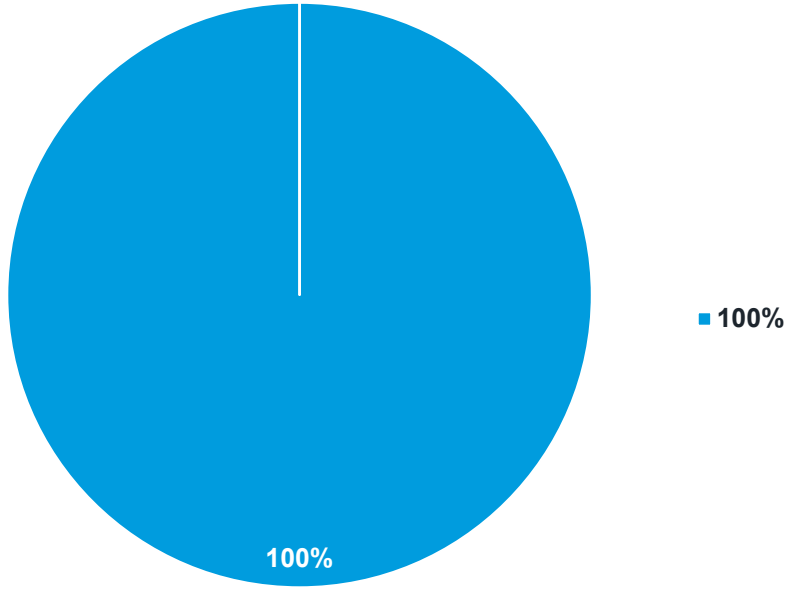
Annual Management Fee Rate – Post-Investment Period (% of Base)

Many funds in the sample set step down their management fee after the expiry of the investment period. This stepdown is most pronounced in funds which charge a management fee of 2% or above during their investment period, with the reductions (as applicable) ranging from 0.25 to one percentage point. It should be noted that it is common for venture capital funds to continue to base their post-investment period management fee on total commitments rather than switching to a calculation made on invested capital which is the most prevalent basis for calculation in private equity. There are various reasons for this with the most predominant one being that a significant amount of capital may be retained for follow-on investment investments in future funding rounds which take place after the investment period. This means that an immediate switch to invested capital would put the sponsor at risk of a significant drop in fee income upon the expiry of the investment period. This could cause the sponsor to be incentivized not to reserve capital to back the prized assets in its portfolio in their later funding rounds, thereby potentially diluting future returns for investors. By continuing to use a fee based on commitments, rather than invested capital, both sponsors and investors are granted greater predictability and can be more assured that management fee concerns do not influence the pace of investment. Another reason for this fee structure is because venture capital has a larger number of nascent or fast-growing sponsors relative to their more established private equity counterparts which require this certainty when it comes to fee income to be able to continue to grow their business and attract the best talent on a predictable basis.



Management Fee Offset

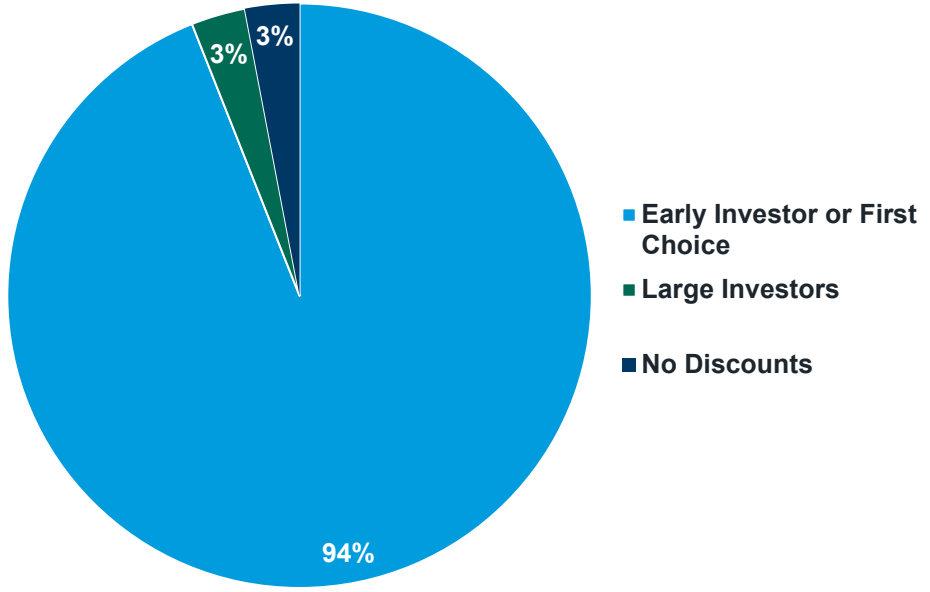
Consistent with previous data, all the funds in our sample set provided for a 100% offset of fees against the management fee. Venture capital managers do not typically receive transaction, directors or other fees and so this is less a focus in negotiations. However, to balance against this, we continue to observe a developing trend whereby an increasing number of sponsors are seeking to include carve-outs so that certain fees for services provided by venture partners, operating partners, etc. and services provided on an in-house basis that would otherwise be provided by external consultants (provided that such services are on terms no more favourable than arm's length terms) are not offset against the management fee.



Management Fee Discounts

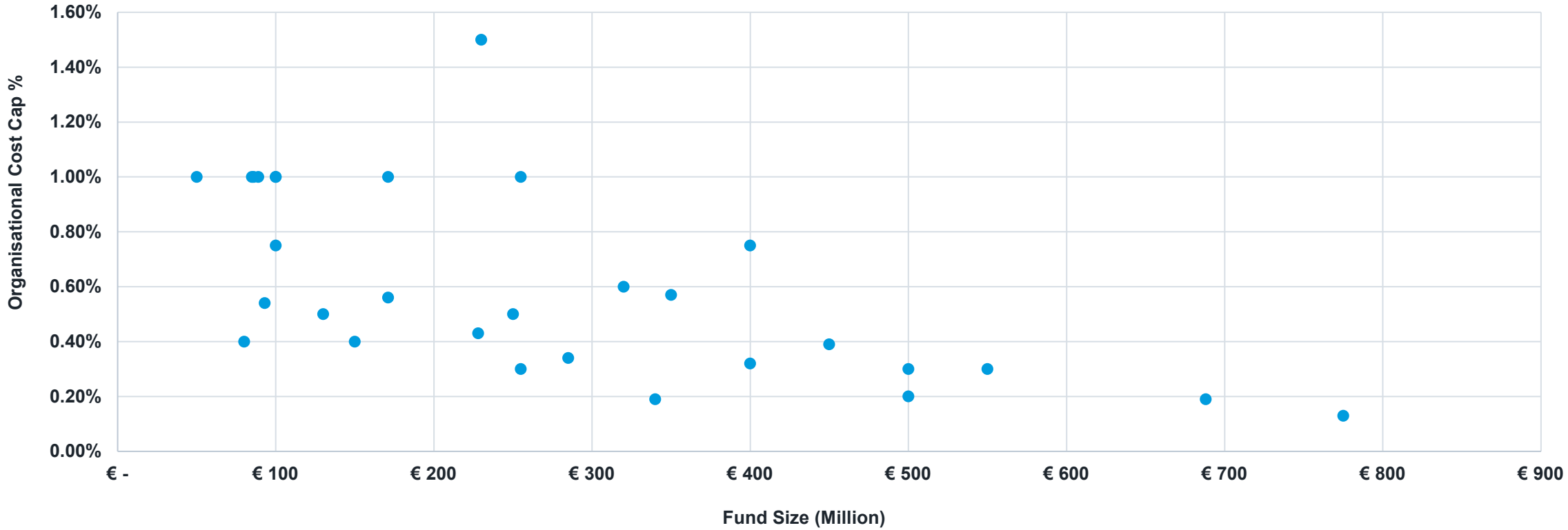
As with prior years' data, management fee discounts are not prevalent in the constitutional documents of European venture capital funds, although a small minority included in this year's study included either an early investor discount or a large investor discount.

Certain forms of discounts may be offered outside of such documents, such as in side letters or pursuant to a standalone "rates sheet". This could, for example, include large investor, early bird, legacy relationship or friends and family discounts. These would not be picked up in our data, but we appreciate that they can sometimes be a key negotiation point for sponsors and investors alike.



Organisational Cost Cap

As you would expect, the graph shows that the size of the organisational cost cap as a percentage of the fund size decreases as the size of the fund being raised increases which aligns with past data. We continue to observe an upwards trend in organisational cost caps across the asset class as investor negotiations and regulatory, tax and structuring considerations become more complex and more institutional investors gain exposure to venture capital. In addition, generally, the expenses falling within the organisational expense cap are broadly consistent across the sample funds, but we note that there can be smaller nuanced distinctions with some sponsors, for example, seeking to push expenses related to the ”most favoured nation” process into being an ongoing fund expense of the fund rather than an organisational one.

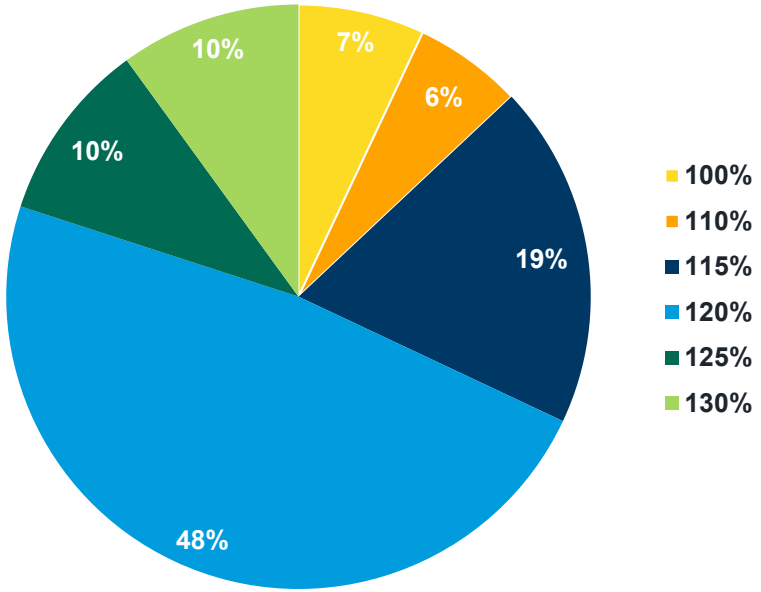


Recycling

Sixty-eight percent of the funds in our sample set have the ability to recycle proceeds and invest between 120-130% of total fund commitments, which is broadly in line with last year's data. This is often considered an integral cashflow management tool for sponsors as they look to make investor capital work hard, redeploy proceeds from early exit opportunities, minimise dilution in subsequent funding rounds and consummate follow-on opportunities to back and defend prize assets in order to add overall accretive value to the portfolio of their fund.

We note that 7% of our sample set cannot recycle proceeds and invest in excess of 100% of total fund commitments which is a decrease from 17% in our 2025 study. As noted in our 2025 study, we continue to see European venture capital market converge with the US venture capital market terms on recycling, where having the ability to invest in excess of 100% is common practice. The remainder of our sample set falls in between the 100% and 120% limitations.

These percentage figures need to be considered alongside the parameters of the recycling rights prescribed within the constitutional documents of the fund. We typically take this to mean that sponsors can recycle proceeds from investments realised during the investment period of their funds in addition to having the right to recycle proceeds equal to fees and expenses. The funds with more limited or specific parameters would be subject to restrictions such as only being able to recycle proceeds received from investments realised within 12 to 18 months of acquisition. However, we expect broader recycling rights to continue to grow in prevalence within the asset class, again emulating trends that we observe in US venture capital so that sponsors can make investor capital work harder on the basis described above.

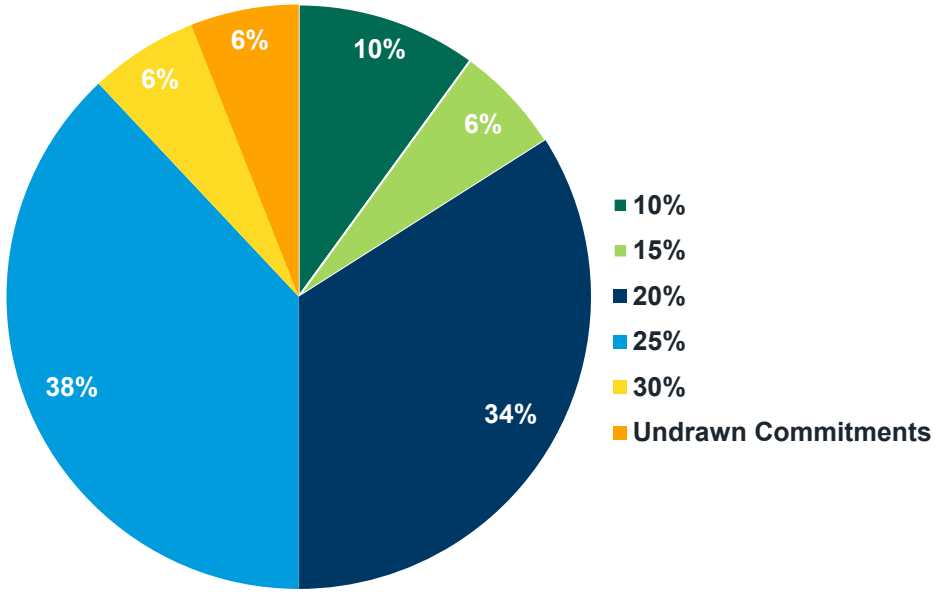


Limits on Borrowing
(% of Commitments)

In prior reports, we observed that we see fewer bridge facilities implemented in European venture capital relative to private equity given that fund size is on average smaller within venture capital and the costs associated with the set-up and operation of such facilities. However, as venture capital develops and matures as an asset class, we have seen an increased number of sponsors seek to implement fund level facilities as a useful tool for them to be able to better manage the working capital requirements of their funds, coordinate drawdowns from investors on a more regular basis and ensure that they have the necessary cash available to execute on portfolio transactions. As a result, investors remain focused on the limitations on borrowing included in the constitutional documents of funds. Most of the sampled funds included borrowing limits between 20-25%, with 38% of the sampled funds having a borrowing limit of 25% of total fund commitments and a further 34% of sampled funds having a borrowing limit of 20% of total fund commitments.

The number of sampled funds with a borrowing limit exceeding 20% has increased relative to last year's report from 27% to 44%. We consider this to indicate that fund level borrowing is now a recognised feature of venture fund operations, rather than an exceptional tool, and investors are more comfortable with venture strategies having the option to make use of borrowing to maximise investor returns and smooth out the operation of funds for sponsors as mentioned above.

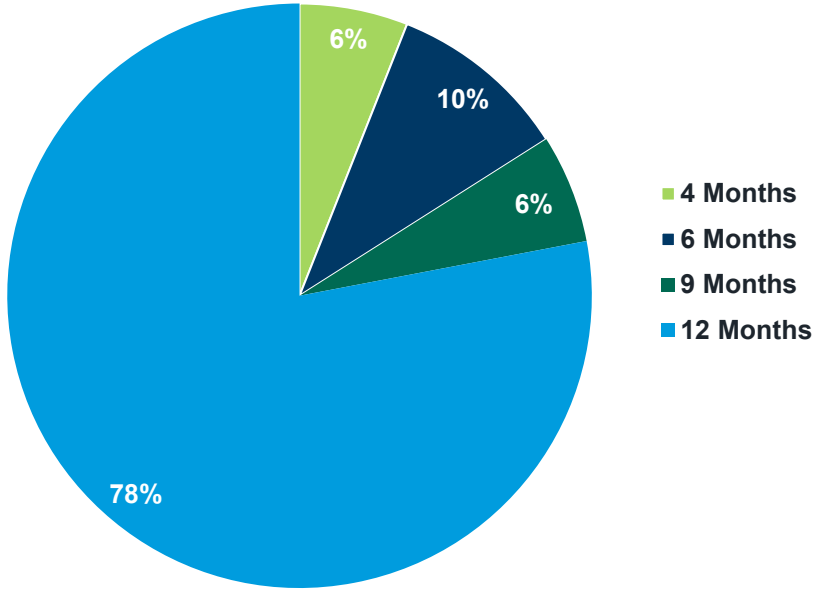
NAV facilities and other forms of asset-backed borrowing are not something that we have yet observed within the European venture capital asset class. However, investors are increasingly keen to understand from sponsors how this may work in principle if their fund were to put such a financing arrangement in place, what investor oversight would be on the implementation of any such financing and what reporting on any such financing would look like.



Time Limits on Borrowing

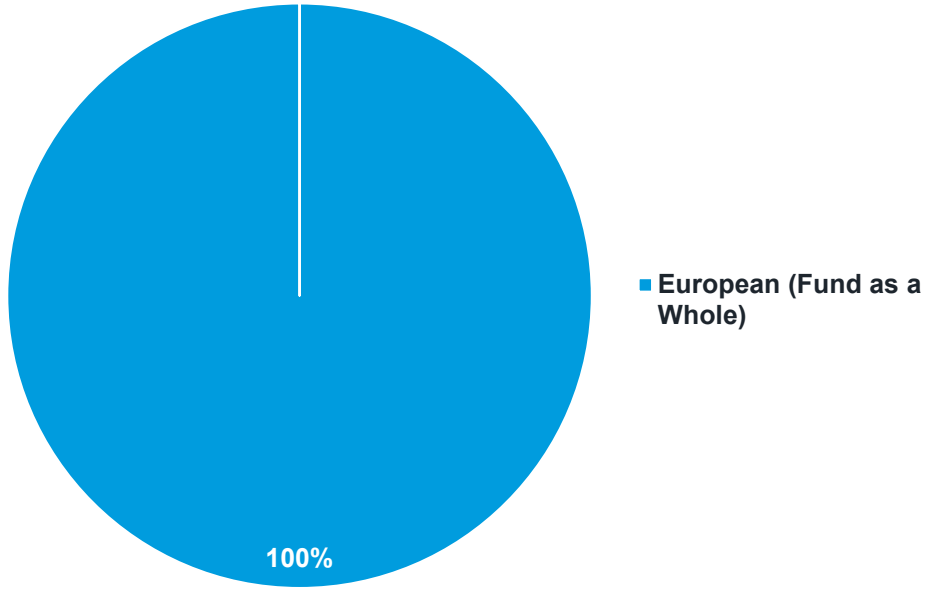
Seventy-eight percent of the funds comprising our sample set are subject to 12-month repayment terms on fund-level borrowing, which represents an increase to the 63% of funds subject to the same limitation in last year's report and the 43% of funds in the 2024 data set. We consider this to continue to reinforce the observation that we made in last year's report that there is a general trend towards more institutionalised borrowing practice among venture capital sponsors as the 12-month time limitation follows the norm in private equity.

This is also likely to be driven by certain European regulations concerning borrowing, which sponsors will pay closer attention to as they look to have the ability to implement fund-level borrowing strategies. We note that there are certain other shorter timeframe limitations present within the data, but we consider these to be outliers relative to the general coalescence around a 12-month time limitation which are possibly driven by specific investor discussions in those sampled funds.



Distribution Waterfall – Type of Waterfall

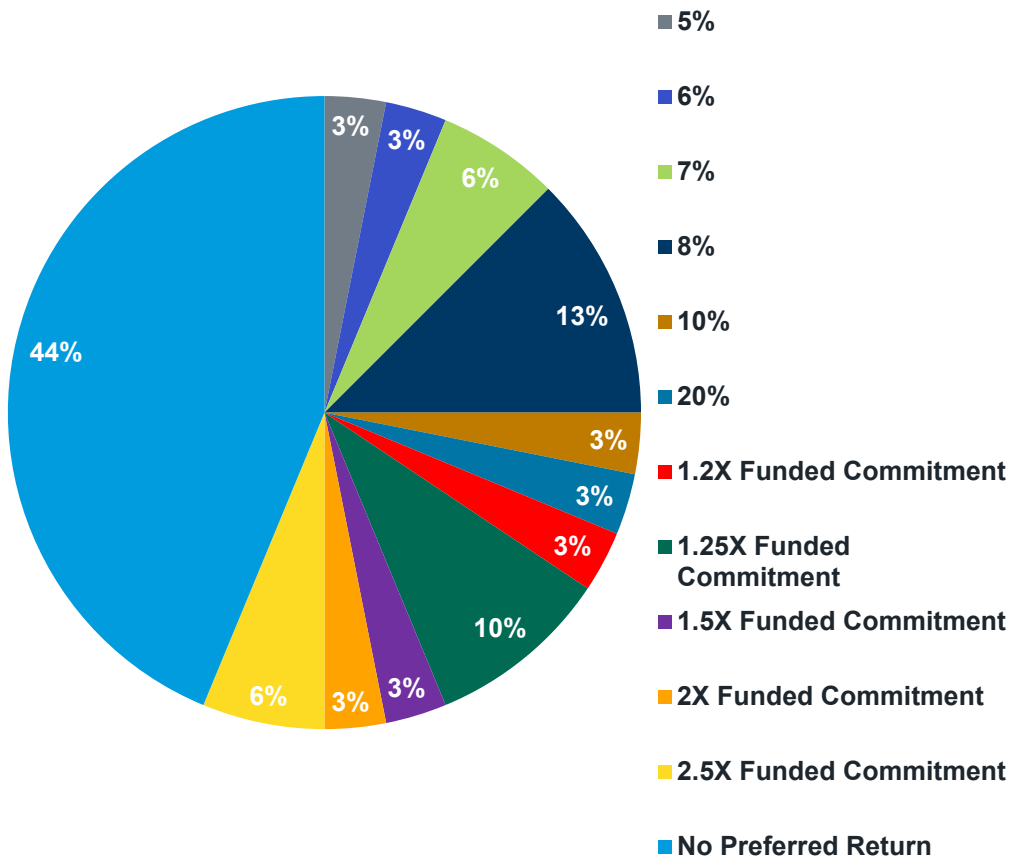
All of the funds in our sample set used a whole-fund distribution waterfall. Under this approach, carried interest is not paid until investors have first received back the required amount across the fund as a whole. This remains the dominant model in venture and reflects a strong investor preference for fund-level alignment before performance compensation is distributed.



Distribution Waterfall – Preferred Return (%) or Performance Hurdle

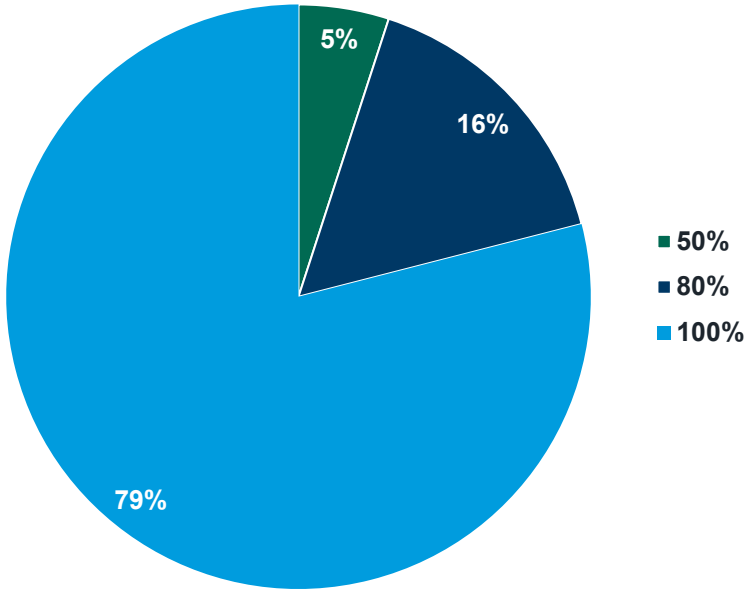
The 2026 data shows considerable variation in preferred return structure. 14 of the 32 sampled funds, representing approximately 44%, had no preferred return. The remaining funds were spread across a range of annual percentage hurdles and funded commitment multiples. Among the percentage-based hurdles, 8% was the most common rate use. Among the multiple-based hurdles, 1.25x funded commitment the most common such formulation. The data therefore suggests that there is no single uniform model on preferred return and that this remains an area of meaningful discussion between sponsors and their investors.

When the fundraising environment improves, it will be interesting to see whether more sponsors seek to push for more preferential economic terms for themselves including the removal of any preferred return – i.e. reverting to the trend that we observed in our 2023 report where European sponsors were seeking to align themselves more with the US venture market where very few venture capital funds have an annually accruing preferred return. The rationale behind this is that the best returns on venture capital assets can often require holding an investment for a significantly longer term than a buy-out fund given the time it takes for early-stage companies to grow into their potential. Removing the pressure of annually accruing preferred return can mean sponsors are less incentivised to make fast exits and allows them to achieve premium returns for their investors, thus creating long-term alignment between sponsors and their investors. However, we equally appreciate that having had a “settled position” on preferred return for multiped fund vintages may make it difficult to push investors on this particular matter.



Distribution Waterfall – Carried Interest Catch-Up
(% after Preferred Return)

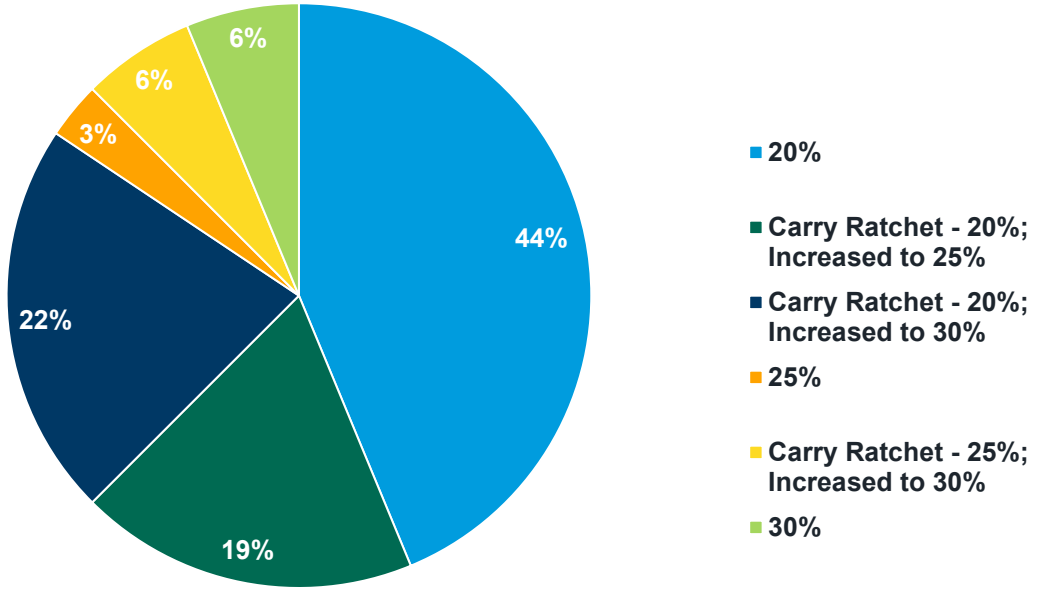
From the funds comprising our sample set that have a preferred return and therefore a carried interest catch-up, a 100% catch up is the dominant structure with 79% of the funds sampled adopting this approach. Of the remaining 21% of the funds not adopting a 100% catch up, these all have distribution waterfall mechanics where the sponsor and the investor share in the profits of the fund until the catch-up with the preferred return is achieved (with 16% having an 80/20 split and 5% having a 50/50 split). The data therefore shows that full catch-up remains the principal market position, with profit share catch-up arrangements appearing only in a minority of cases.



Distribution Waterfall – Carried Interest Percentage

The 2026 data shows a mixture of fixed and ratcheted carried interest structures. A fixed 20% carried interest entitlement was the single most common position, appearing in 44% of the sampled funds. However, 47% of the sampled funds adopted some form of carry ratchet, including: 19% of the funds with a ratchet from 20% to 25%; 22% of funds with a ratchet from 20% to 30%; and 6% of funds with a ratchet from 25% to 30%. Only one fund adopted a fixed 25% carried interest and two funds adopted a fixed 30% carry. The data therefore suggests that while 20% carried interest remains the main reference point, ratcheted economics are a common feature of the venture carry landscape.

Indeed, we observe a greater number of funds within our sample set having carried interest ratchets relative to our 2025 data. While investors are being more selective in the sponsors that they invested with and the recent fundraising environment has been difficult, this would suggest that certain investors are willing to accept a degree of flexibility on this matter to incentivise sponsors to chase and attain premium returns for their funds.

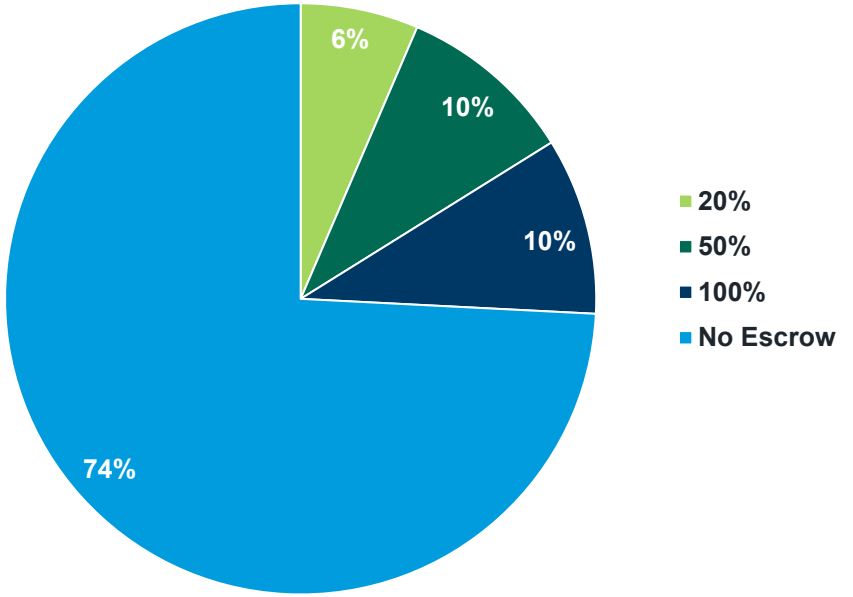


Escrow

The data shows that escrow arrangements are not a standard feature across the sampled funds, with 74% of the sampled funds not including any escrow.

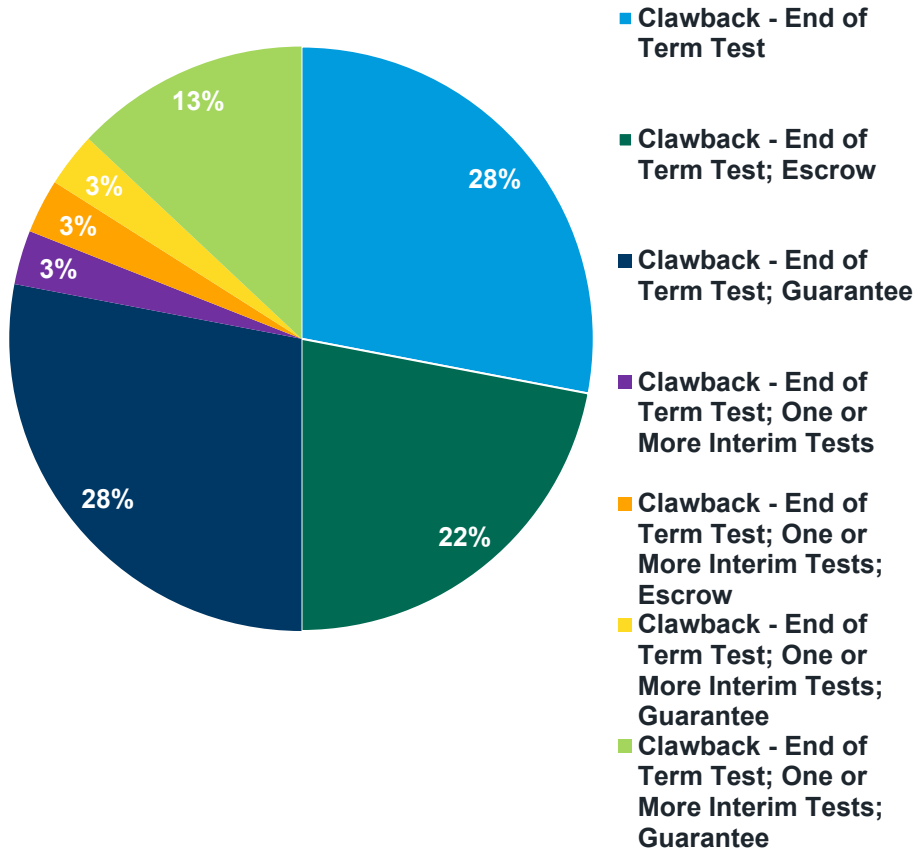
Among the minority that did, 6% of funds required 20% of carried interest payable to be placed into an escrow, 10% of funds required a 50% escrow and 10% of funds required 100% escrow. The data therefore suggests that, while escrow is used in some cases as a carried interest protection tool, most funds continue not to include it as the market has by and large accepted that an escrow can cause an inefficient and prolonged lock-up of cash which is intended to incentivise executives and may well be used to meet GP commitment obligations in successor funds. Investors are further often comfortable without an escrow where a fund as a whole waterfall is used because the chances of an overpayment of carried interest are remote. However, investors will want to ensure that the overall package of clawback protection in the fund documentation is comprehensive, which may extend to requesting that carried interest guarantees are put in place with underlying carried interest recipients.

Where an escrow is used, the data suggests that there is no settled approach, with the sampled funds showing a widespread between partial and full escrow arrangements. This indicates that escrow percentage may itself be a commercial point of discussion with investors. We would lastly note that funds in certain jurisdictions including France will often include an escrow because of the requirements which must be satisfied under their domestic tax regime for carried interest recipients to be able to benefit from more preferable tax rates.



Carried Interest Clawback Protections

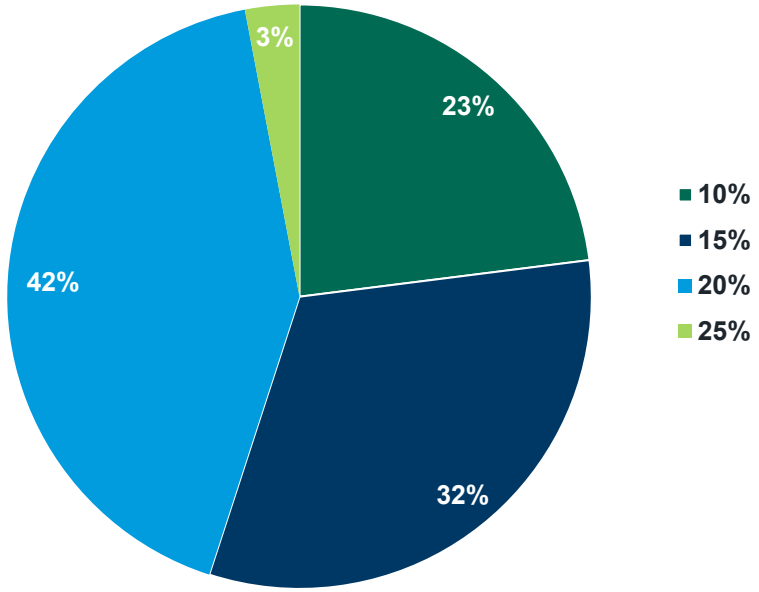
Approximately 28% of the sampled funds in the 2026 study used an end-of-term clawback test alone. Of those with more than one clawback protection mechanism, 28% used an end-of-term clawback test together with a guarantee and 22% combined an end-of-term test with escrow. The remainder of the sampled funds then used other different combinations of clawback protections. The data therefore suggests that clawback protection is often structured as a package and something that investors will focus on as a key commercial negotiation point. The level of protection which is agreed upon will likely depend on factors such as the sponsor's track record and investor familiarity with the platform.



Investment Restriction – Diversification Limit
(% of Commitments)

Forty-two percent of the funds from our sample set have investment diversification limits for single portfolio company investments set at 20% of total fund commitments and 32% of the sampled funds have adopted a 15% limit. 23% of the funds from our sample set have then adopted a 10% limit and only 3% adopted a 25% limit.

The data therefore suggests a concentration around the 15% to 20% diversification thresholds, with 20% more prevalent. Diversification thresholds in the venture context are generally lower than in buyout funds, reflecting the higher risk profile associated with investments in earlier-stage companies. In that context, investors and sponsors continue to strike a balance between protecting the fund from excessive concentration in a single asset and allowing the sponsor sufficient flexibility to support high-conviction investments and, in some cases, compete with buyout funds and other private sources of capital in particular transactions so that the fund can maximise returns.

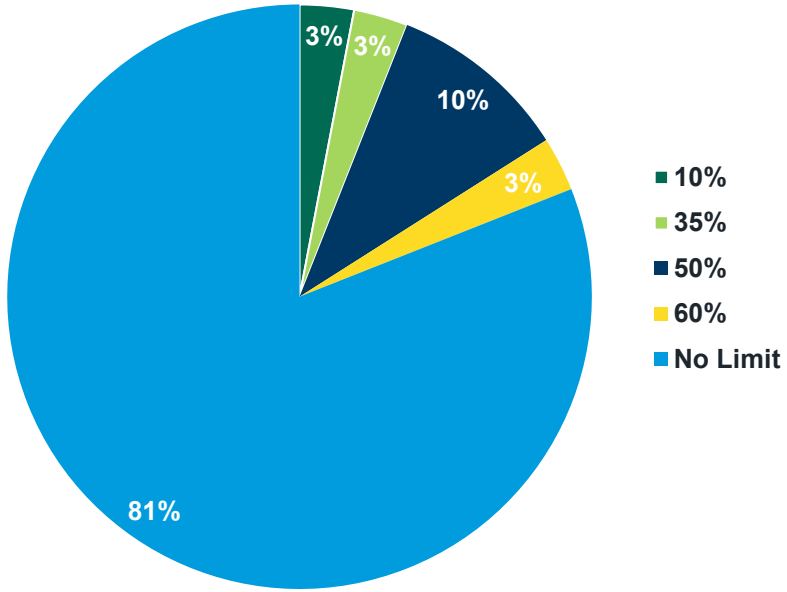


Limit on Follow-On Investments Post-Investment Period
(% of Commitments)

The 2026 data shows that most funds did not impose any percentage cap on follow-on investments after the end of the investment period, with 81% of the sampled funds adopting no limit on the amount of commitments that may be used for follow-on investments after the end of the investment period. Of the minority that did impose a cap, 10% used a 50% limit with a few funds other sampled funds adopting other limits (both higher and lower).

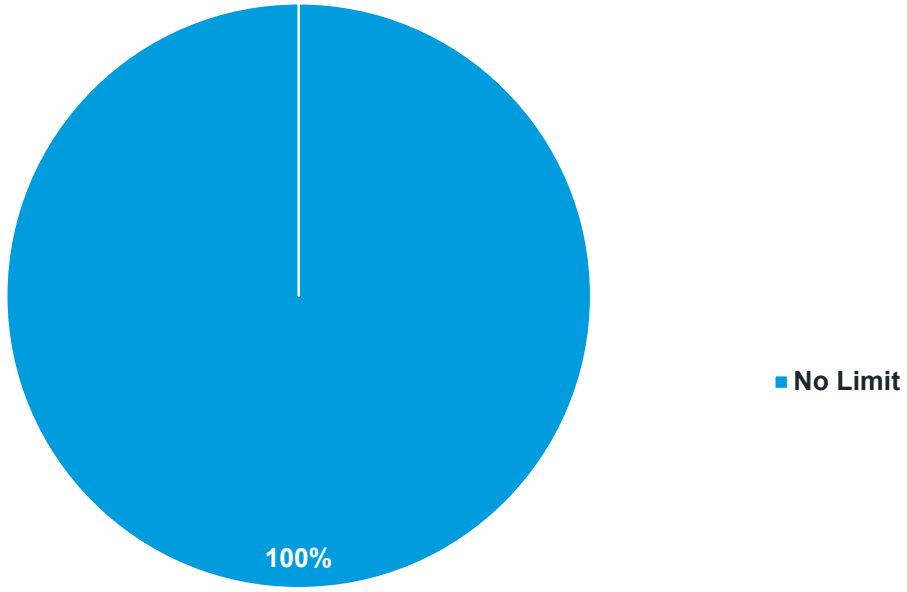
The data therefore suggests that broad flexibility for post-investment period follow-on investments remains the dominant position in the market. That reflects a core feature of venture investing, as sponsors often reserve capital and continue funding its strongest portfolio companies well beyond the main deployment period, particularly where those companies are scaling successfully. The spread of caps on follow-on investments among the minority of funds that do include them also indicates that there is no clear market consensus as to the appropriate threshold, and that this remains a commercial point for negotiation between sponsors and investors.

As with the prior data, the chart on the next page shows that no fund in our sample set had a time limit on making follow-on investments further illustrating our observation above that sponsors typically wanting the flexibility to keep more capital reserved for follow-ons to ensure that the fund can participate in later stage funding rounds of prize assets as they seek to augment overall returns on their portfolios.



Limit on Follow-On Investments Post-Investment Period

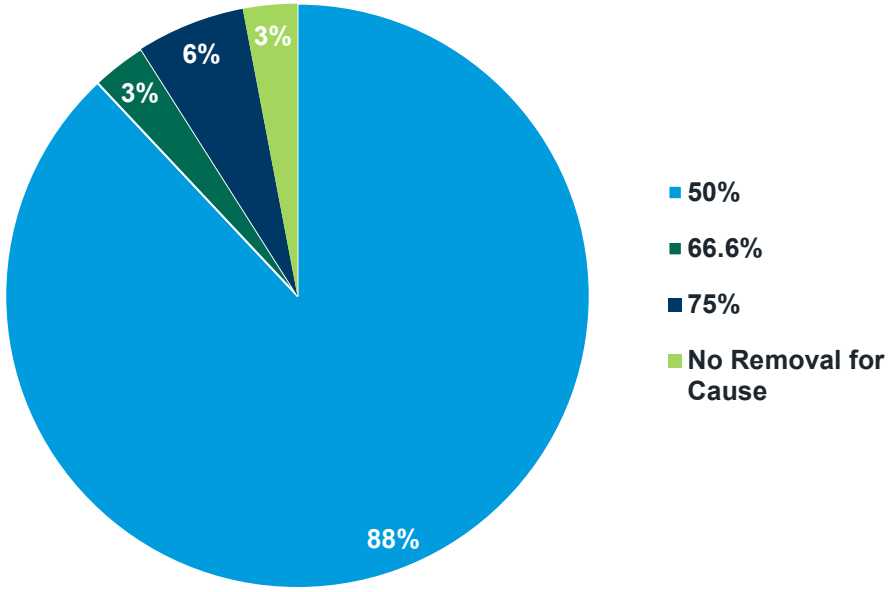
(Months Post-Investment Period)



GP ‘For Cause’ Removal – Investor Voting Threshold
(% of Interests)

Consistent with prior years, a simple majority threshold was the standard position for GP removal for cause, with 88% of the sampled funds adopting a 50% threshold. A further 6% adopted a 75% threshold, 3% adopting a 66.6% threshold and 3% did not provide for removal for cause (which we expect is an outlier in the data set).

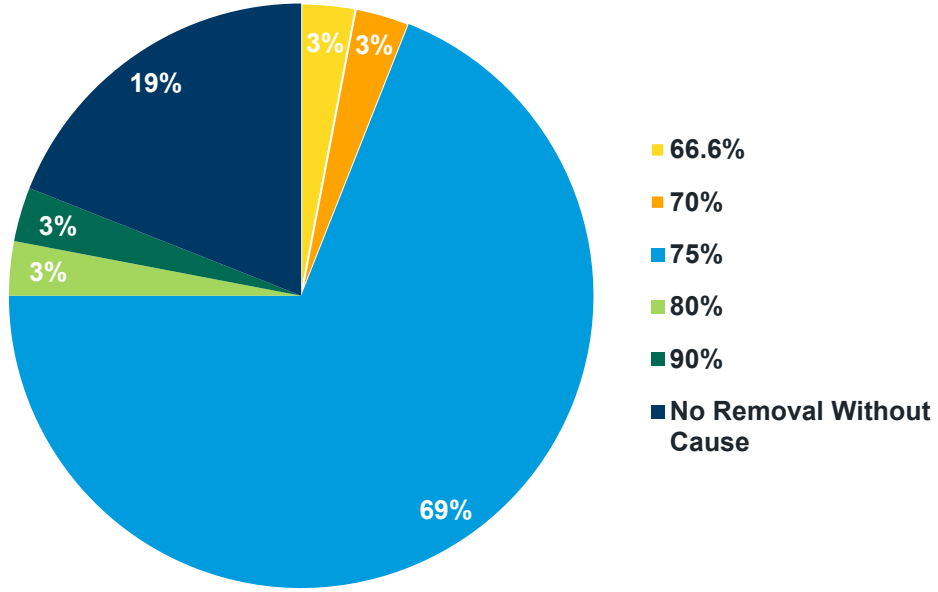
The data therefore shows a strong concentration around a majority vote requirement in a for cause scenario. That reflects the fact that a for cause removal right is generally regarded as an important investor protection and is usually triggered only by serious events such as fraud, gross negligence, wilful misconduct or material breach of fund agreements. Against that background, a simple majority threshold is likely to be seen as striking an appropriate balance between ensuring that the right is capable of being exercised where justified and avoiding an unduly high voting threshold that might make the remedy difficult to use in practice.



GP ‘Without Cause’ Removal – Investor Voting Threshold (% of Interests)

Where a no fault removal provision was present, the most common voting threshold was at least 75% of total fund commitments: 69% of the sampled funds which represents a slight increase to the 59% of the funds sampled for last year’s report and the 51% of funds in the 2024 report.

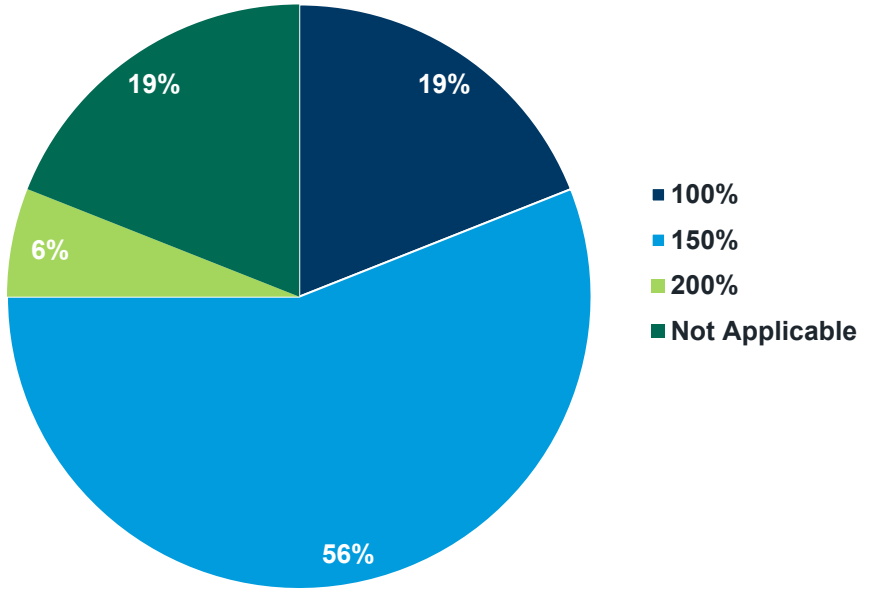
We then observe a variety of other voting thresholds up to and including one based on at least 90% of commitments and 19% of the funds from our sample not giving investors the right to remove the sponsor without cause at all. Those funds that do not provide for such removal do, in many instances, still give the ability to terminate the fund early without cause.



GP ‘Without Cause’ Removal – Termination Payment

The 2026 data shows that, where a no fault removal right exists, a termination payment equal to 150% of the management fee paid over the prior 12 months was the most common position with this represented in 56% of the sampled funds. 19% of sampled funds adopted a termination payment equal to 100% and 6% adopted a termination payment equal to 200%. In 19% of the sampled funds, the concept was not applicable because a no fault removal right was not included in the constitutional documents of such funds.

The data therefore suggests that the 150% sum is the most common position where sponsors are entitled to compensation on a no-fault removal. This reflects the fact that termination payments continue to operate as an important economic protection for sponsors where investors are given the ability to remove the GP without cause, helping to balance that governance right against the sponsor’s interest in recompense following removal from its long-term purpose without any proven breach of the constitutional documents of its fund.



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