**Buy Now, Conditions Permitting (Conditions Always Permit)**

Current market environment, entry valuations, dime a dozen continuation vehicles, internal turnover, lack of recent exits, and competitive landscape all be damned – did you know that it is always the right time to invest in a GP that is fundraising? Unbeknownst to most investors, every investment strategy, specialist, or generalist is an all-weather strategy. At least that is what fundraising GPs will have you believe. Of course, this all-weather posture is harder to prove with specialist GPs, but even generalist GPs have to put forth their best "selling ice to an Eskimo" approach to convincingly make the case that every new vintage is the best they have ever seen. By now, both LPs and GPs are well versed in the game. Imagine a GP fundraising and telling the folks they are trying to entice to hand over millions that the current time to do so actually sucks. Or imagine an LP that has built a relationship with a GP over several years, choosing to dip in and out of vintages based on their own market readings. This almost never happens because there are forces, both visible and invisible, that, for the most part, wield more influence than plain old common sense.

Let's take a look at some of the forces that keep the complicit merry-go-round of perennial opportunities turning, sometimes way past when someone should have thrown a monkey wrench into the gears.

- **Staying in the game**: There is the hard-to-challenge philosophy that has been systematically hammered into the heads of all private investors since the creation of the asset class, which surmises that in order to see the best investment opportunities in the market, you have to be constantly active in the market. This is a nested argument that stems from a few factors that have earned a prominence resembling that of core tenets. "Market timing", regardless of how vivid and reliable the datapoints, is a taboo that is both explicitly and implicitly frowned upon. GPs have argued that looking at each of their funds/vintages in isolation is a mistake; performance should be viewed as a continuum, so track records should be assessed in aggregate. The investment period (time used to put capital to work) for each fund is typically three to five years, so prudent GPs have ample time to be selective. The definition of an appealing deal varies with market conditions, so LPs should evaluate these deals through a relative lens. Also, GPs will bluntly say that having capital to invest, regardless of market environment, sends a message to their ecosystem, particularly counterparties, that they are active and ready to invest, and there is a certainty to close if the deal is right. The almost robotic, subconscious conditioning that "staying in the game" is the correct way to invest contributes substantially to the inertia many investors experience when attempting to challenge the desirability of market conditions for a particular investment strategy.

- **Let the experts do what you pay them to do**: Related to the point above about the "market timing" third rail issue, there is another indoctrinated viewpoint that asserts that capital is passed from LPs to GPs for a reason. The GP is the expert. The GP is the one who is in the trenches of their investment strategy day-to-day. The "active" role of an LP ends when the choice of GP is made. After that, the reins are handed over to the GP, and it is now the GP's responsibility to make investment decisions as they see fit. So, who is better positioned to tell whether a particular market environment is more or less conducive for an investment strategy, the non-expert LP or the deep-in-the-trenches GP? This question is difficult to answer because the elephant in the room is the huge conflict of interest that limits GPs' absolute forthrightness. A GP needs to raise money to exist, so how transparent will they ever be willing to be about the presence of a less-than-desirable investment environment for their strategy?

- **Fund economics – don't forget this is a business**: It is easy to forget that private equity funds are a business, and the unquestionable lifeblood of that business, over and above the potential to maybe generate carried

interest, is the ability to charge management fees. A GP getting too cute about the caliber/desirability of investable opportunities can inadvertently cause fundraising anemia and hinder its ability to survive and capitalize on better opportunities in the future. So the game goes on – raise capital regardless of the investible pool, try to invest in the "best" of what you see, charge fees and maybe carry, and live to fight another day.

- **The artful pivot and justification**: If you have been an LP with a GP through at least two fund cycles, you have heard some variation of these: "We invest through both debt and equity securities, so we can select deals based on the best upside potential and downside protection", "we structure many of our deals so even seemingly weak risk/return profiles on the surface can still generate strong performance", "although we prefer this sector (which is currently facing economic issues), this other sector has similar characteristics (such as recurring cash flows, the need for regulatory knowhow, technical requirements, etc.) that we can easily pivot to", "this sector is about 20% of the US GDP – it is large and the opportunities within it are varied and granular, so I would not look at it as a monolith", "our selectivity bar is very high, and we only invest in less than one percent of what we see, so we can still generate solid returns in various market cycles", etc. When pushed on impossible-to-deny market headwinds that could affect the viability of a GP's investment strategy, managers have grown adept at delivering placating statements that sometimes calm the nerves of jittery LPs.

LPs must approach every investment decision with a healthy dose of skepticism, recognizing that market conditions and GP motivations are rarely as straightforward as presented. While GPs understandably promote (explicitly or implicitly) their funds as all-weather vehicles, LPs should resist the pressure to remain perpetually invested and instead evaluate each opportunity on its own merits. At the same time, it is important to acknowledge that GPs operate within a business framework where raising capital and maintaining activity are essential for their survival. The relationship between LPs and GPs is inherently complex, shaped by both genuine expertise and unavoidable conflicts of interest. Ultimately, LPs can best protect their interests by balancing trust in their chosen partners with a willingness to question prevailing assumptions and exercise independent judgment.

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