Anchor, Pace, Prove: Fundraising Strategy for Emerging Managers

How fund-size targets and first-close design change funding probability and investor concentration: a constructed experiment and the evidence design to test it

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October 2026

Abstract

Emerging managers choose a fund target, a first-close threshold and whether to accept an anchor commitment. We assess these decisions jointly using two outcomes: whether fee income covers the operating budget and how concentrated the investor base becomes.

The simulation runs 3,000 fundraises for each of 140 designs. It varies the target, first-close threshold and anchor share, and models investor eligibility, decision timing and the loss of pending commitments.

The highest-performing design under the model's concentration limit uses a USD 100 million target, a first close at 35% of target and a 10% anchor. Its simulated funding rate is 57.4%, versus 37.8% for the conventional design. The concentration limit requires the largest holder to stay at or below 35 per cent in at least nine of ten funded simulations.

The results favour setting the first close at a level a few willing investors can meet and choosing concentration limits before launch. The model uses no observed fundraises. A proposed consented study sets out how to test the result in practice.

JEL Classification: G23, G24, G32, D82, L26

Keywords: fund placement, emerging managers, first close, anchor investor, fund size, limited partners, investor concentration, fundraising, private funds, selection bias

1. Set the target, the first-close rule and the anchor together, because each changes what the others can achieve

An emerging manager raising a first or second fund makes three connected choices before the first meeting. The manager states a target size. The manager sets the committed amount at which the first close is held. The manager decides whether to secure one large early commitment, an anchor, in exchange for economic concessions. The three choices can be treated as separate questions. This paper treats them as one design problem with two outcomes: whether the fundraise reaches a viable fund, and how concentrated the resulting investor base is.

The research question is how fund-size targets and first-close design affect funding probability and concentration. We answer it in two parts. The first third of the paper assembles what primary sources establish about investor policies, vehicle rules, closing mechanics and the fundraising literature. The middle builds a constructed experiment in which the answer can be computed for every combination of target, first-close threshold and anchor share, with a ceiling and a floor for

each result. The final third turns the framework into a reporting format, an evidence design for a real study and a decision rule.

The experiment reports no observed result. We hold no fundraising dataset, and the investor behaviour in the model is authored. The value of the exercise is therefore conditional: it shows how target, threshold and anchor interact when the stated mechanisms are true, which results are robust to the inputs, and which would need a consented study to settle. Where the model result is sharp, we say so; where it depends on an authored mechanism, we say that too.

2. Count a fundraise as funded only when the fund is viable at a stated date, and record who holds it

The outcome must be defined before any design is compared. A closed fund is not necessarily a viable fund. We define a fundraise as funded if a first close is held within the fundraising horizon and the committed capital at the end of that horizon supports the manager's operating budget through the management fee, after any fee concessions given to the anchor. The viability threshold is therefore a number the manager can compute from the fee, the budget and the anchor terms, not a fraction of the target.

The second outcome is concentration in the funded fund. We measure the share of the largest holder, the share of the three largest holders and the Herfindahl-Hirschman index of holder shares. The Securities and Exchange Commission's staff study of hedge fund ownership uses the share held by the five largest beneficial owners as its concentration measure and treats a fund as concentrated above 70 per cent [12]. That study concerns qualifying hedge funds, not private equity, and its threshold is not carried over. We use its convention of measuring ownership shares of the fund's equity and report the largest holder and the largest three because a fund may have few investors.

We also record a diagnostic that a committee can check in a real file: whether the fund would remain viable if the largest holder withdrew. A fund that is viable only because of one investor has a single point of failure that the headline probability does not reveal. The experiment counts a first close that is held but never reaches viability as a separate failure, called a stranded first close, because the manager has then publicly begun a raise that cannot pay for itself.

3. Investor policies and vehicle rules turn the target into a limit on who can invest and how many can

The target interacts with each prospective investor's policy on ticket size and concentration. The Arkansas Teacher Retirement System, in its private equity policy as amended in February 2020, states that it will in general make commitments of at least USD 10 million, in general will not commit more than 15 per cent of the total amount raised for a proposed fund, and in no event more than 35 per cent of the amount raised for a primary fund [7]. A USD 10 million ticket implies at least USD 66.7 million actually raised under the general 15 per cent cap, or at least USD 28.6 million under the absolute 35 per cent cap. The announced target can differ from the amount raised. This is one public plan's policy. It shows the form such constraints take; it does not establish that other investors use the same figures. Table 1 collects the constraints that the sources state.

Vehicle and regulatory rules add a second set of limits. The Investment Company Act of 1940 excludes from the definition of an investment company certain issuers that meet the conditions of section 3(c)(1) or 3(c)(7), including the applicable public-offering restrictions [9]. Section 3(c)(1) generally allows up to 100 beneficial owners and extends the limit to 250 for a qualifying venture capital fund. SEC rule 3c-7 currently sets the qualifying fund size ceiling at USD 12 million in aggregate capital contributions and uncalled committed capital [13]. The fundraising targets in the experiment range from USD 60 million to USD 300 million. The Department of Labor's plan-asset regulation, as a 2005 advisory opinion describes it, treats participation by benefit plan investors as significant when they hold 25 per cent or more of the value of any class of equity [8]. The Pension Protection Act of 2006 placed the test in the statute itself. Under section 3(42) of ERISA, a fund's assets are not plan assets if benefit plan investors hold less than 25 per cent of the value of each class of equity, disregarding interests held by persons with discretionary control over the assets or who advise on them for a fee, and their affiliates; benefit plan investors are now limited to plans subject to ERISA's fiduciary rules, plans subject to section 4975 of the Internal Revenue Code and entities holding plan assets [11]. The figure is used only to show that a single class of investor can be capped by rule.

In the Dubai International Financial Centre, the DFSA Collective Investment Rules as provided in the online rulebook restate the conditions that the Collective Investment Law sets for an Exempt Fund: units offered only by private placement, only professional clients as unitholders and a minimum subscription of USD 50,000. A Qualified Investor Fund meets the same conditions with an initial subscription of at least USD 500,000 [10]. Neither set of conditions, as restated, limits the number of unitholders, so the DIFC constraint on a target works through ticket size and investor type, not through a holder count. The comparison covers DIFC fund rules. It excludes Abu Dhabi Global Market vehicles.

Three consequences follow for the design. A fund relying on the 100-owner exclusion with a USD 100 million target needs an average ticket of at least USD 1 million. For a USD 10 million commitment to fit a 15 per cent cap, the amount raised must be about USD 67 million or more. A target set to reach one investor class can exclude another. These sources justify the experiment's caps, minimum tickets and minimum fund sizes as categories. None of them supplies the distribution of investors by type, which the experiment must author.

Table 1. Constraints on target and holders that appear in primary sources

Source and status	What the text states	What it does not establish
Public plan board policy [7]	In general at least USD 10 million per commitment; in general at most 15% of the amount raised; never above 35%	That other investors use these figures or that exceptions are common
US Investment Company Act s.3(c) [9] and SEC rule 3c-7 [13]	Generally up to 100 beneficial owners under s.3(c)(1), or up to 250 for qualifying venture capital funds with up to USD 12 million in capital contributions and uncalled committed capital. Section 3(c)(7) has a separate qualified-purchaser test. Applicable public-offering restrictions apply.	Which exemption a given fund should choose
ERISA s.3(42) [11]; Department of Labor opinion 2005-19A [8]	Participation is significant at 25% or more of the value of a class held by benefit plan investors; interests of persons with discretionary control or paid advice are disregarded	How the test applies to a given fund's classes and investors
DFSA Collective Investment Rules [10]	Private placement to professional clients only; Exempt Fund USD 50,000 minimum; Qualified Investor Fund USD 500,000 minimum; no holder count in the conditions	Any ADGM figure; the effect of later amendments
ILPA Principles 3.0 [1]	Fundraising period should end within a reasonable time after the initial close, for example 12 months, with interest on later closers	Any required period or any market average

Primary texts as cited. Status: [7] a public plan's board policy, amended 3 February 2020; [8] a 2005 advisory opinion on the regulation; [9] statute and [13] SEC implementing rule; [10] regulator rulebook guidance restating the law; [11] statute as amended in 2006. Figures are those of the cited documents, not market norms.

4. The first close is a commitment device, and later closers pay for arriving late

The Institutional Limited Partners Association's Principles 3.0, published in 2019, state that the fundraising period should end within a reasonable time after the initial close, for example 12 months, and that interest should be charged on later-closing investors and credited to the investors in the initial close pro rata [1]. The Principles are voluntary industry guidance, the association's own page presents the 2019 edition as current, and the text gives an example, not a rule. For this paper they establish two design facts: the first close starts a clock, and early signers receive compensation for the capital they have committed earlier.

The mechanism matters for the experiment, which assumes the following. A commitment given before a first close is conditional on the close happening. While the close is pending, the investor can withdraw, change the ticket or wait for others. After the close, the commitment is binding and visible to every later prospect as signed capital. A manager who sets the threshold high keeps investors waiting; a manager who sets it low produces visible proof sooner but may hold a close that is too small to fund the firm. The model carries both effects explicitly, and the paper tests how each interacts with the target.

The sources establish the existence of the clock and the equalisation of later closers. They do not establish how long first closes take, how large they are relative to the target or how many first-time managers fail before closing. We found trade-press figures for these quantities but could not trace them to a primary dataset, and none is used. The horizon, the threshold grid and the loss rate on pending commitments are authored inputs.

5. The fundraising literature explains who raises and how much, and is silent on how to design the first close

Gompers and Lerner studied independent venture capital organisations from 1972 to 1994. They found that fundraising depends on past performance and reputation, and that older and larger organisations attract more capital [2]. They also note that a larger organisation, with more partners and staff, may need a larger minimum fund size to keep them working at capacity (page 180). The point supports a viability identity: the minimum fund is set by the cost base, not by investor appetite. We found no separate analysis of first-time funds or of the structure of the closes in the text we read.

Kaplan and Schoar, in an April 2003 working-paper draft, reported that better-performing partnerships are more likely to raise follow-on and larger funds, that the relationship is concave, and that in one specification of fund returns a first-time-fund indicator carries a negative coefficient significant at the 10 per cent level [3]. The sample is a database of venture and buyout funds, and the findings concern returns and capital flows. Barber and Yasuda, in work published in the Journal of Financial Economics, studied how interim performance affects follow-on fundraising and concluded that firms, particularly small, young and low-reputation firms, time fundraising to coincide with performance peaks [4]. We read the October 2015 version of the paper, not the published text. Both studies concern managers with a record; the managers in this paper's scope have little or none.

We searched for a study of first-close design, meaning the choice of threshold, anchor share and resulting holder concentration, in private funds and found none that we could open. This is a limit of our search, not evidence that no such study exists. Industry data providers publish statistics on time to close and share of target raised at the first close; we could not trace those statistics to primary data. The gap is the reason for a constructed experiment, and it limits what the experiment can claim: it can show how design variables interact under stated mechanisms, and it cannot rank real designs.

6. Threshold campaigns show that larger goals fail more often and that failure is usually far from the goal

The closest empirical evidence on goal size comes from a different market. Mollick analysed 48,526 projects on a reward-based crowdfunding platform that collects pledges only if the goal is reached, of which 48.1 per cent reached their goal [5]. In his regression, a larger goal is associated with a lower chance of success. Projects that failed raised on average 10.3 per cent of their goal, and successful projects tended to exceed their goals by small margins. The setting is small consumer pledges on a public platform, and we draw no inference from it for institutional funds.

Astebro and co-authors studied equity crowdfunding on a European platform and found that the size and likelihood of a pledge are causally affected by the size of the most recent pledge and the time since it, a pattern they interpret as consistent with rational information aggregation and inconsistent with naive herding, while noting that negative cascades can still occur [6]. We read the abstract only. The finding supports the premise that visible earlier commitments can raise later commitments, which is the proof mechanism the experiment authors. It does not measure that mechanism for institutional investors who diligence independently.

These studies justify two modelling choices: a threshold structure in which a fundraise either reaches the required amount or does not, and a dependence of later decisions on visible earlier ones. They do not supply the strength of the dependence for a private fund. The experiment therefore varies the proof sensitivity in a stress case and reports how much of the result depends on it.

7. Six premises are authored, and each is stated so the result can be read as conditional on it

The experiment rests on six premises. First, each approached investor has a type, with a desired ticket, a policy cap on its share of the target, a minimum fund size, a minimum ticket and a typical decision lag. Second, the probability that an investor commits rises with the quality of the fund and with the visible capital as a share of the target. Third, institutional investors are discouraged when one holder dominates the fund. Fourth, commitments given before the first close can lapse while the close is pending. Fifth, an anchor commits early in exchange for a fee concession. Sixth, the fund is viable only if the fee on committed capital covers the manager's budget.

Each premise has some support in the sources and none has a measured magnitude. The first has support in public policy documents [7] and in vehicle rules [9, 10, 11]. The second has indirect support in the pledge evidence [6]. The third is a behavioural premise that no source in this paper measures. The fourth follows from the conditional nature of a pre-close commitment under the closing mechanics [1]. The fifth and sixth are commercial structures we author. No source establishes a coefficient for any of them.

The experiment is therefore partly circular by construction. Outcomes are generated from the same mechanisms the design variables act on, so a low threshold helps early proof because proof is built into the model, and an oversized anchor discourages institutions because concentration aversion is built in. The experiment shows how the mechanisms trade against each other, which designs are robust to the loss of each mechanism, and where the result is a knife edge. It does not show that the mechanisms operate in a particular market.

8. Each fundraise approaches 120 investors of six types, and each type has its own cap, minimum and clock

The constructed population contains 3,000 independent fundraises. In each, the manager approaches 120 investors drawn from six types in the proportions of Table 2. Approaches are spread uniformly over the first six months. Each investor has a desired ticket drawn from a lognormal distribution around its type median, a policy cap on its share of the target, a minimum fund size, a minimum ticket and a decision lag. The caps for the public pension type, 15 per cent, and the minimum ticket, USD 10 million, are based on the published policy [7]. The simulation applies the percentage to the target as a modelling assumption. The published policy applies it to the amount raised. The remaining entries are model inputs.

Whether an investor commits depends on a score that combines a type constant, the fit between the investor's mandate and the fund, a fund-level quality draw shared by all investors in that fundraise, the visible proof, and a penalty for concentration. The shared quality draw produces the correlation across investors that a real fundraise shows: a good fund is attractive to many

investors at once, and a weak one to few. All draws are fixed by a seed so that every design faces exactly the same investors. Table 3 lists the remaining inputs.

$$s_i = c_0 + a_{k(i)} + b f_i + g u + \theta_{k(i)} V_t - \lambda_{k(i)} max\{0, Q_t - \tau\} + \varepsilon_i, Pr(\text{commit}_i) = Pr(s_i > 0) \quad (1a)$$

$$x_i = min\{D_i, c_{k(i)} T\}, \text{eligible}_i = 1\{T \geq m_{k(i)}\} 1\{x_i \geq q_{k(i)}\} \quad (1b)$$

In equation (1a), s_i is the score of investor i at the month it decides; c_0 is the common shift of -0.55 that sets the overall level of demand; a_k is the constant of its type k; f_i is its standard normal mandate fit with loading b of 0.8; u is the fund-quality draw with loading g of 0.7; V_t is visible capital divided by the target at month t, capped at 100 per cent, with type sensitivity theta_k; Q_t is the largest visible commitment divided by the greater of visible capital and the first-close threshold in dollars, penalised above tau of 25 per cent with aversion lambda_k; and epsilon_i is a standard logistic error, so the commitment probability is the logistic function of the score without the error. In (1b), D_i is the desired ticket, c_k the cap share, T the target, m_k the minimum fund size and q_k the minimum ticket. An investor that fails the eligibility test never commits.

Table 2. Constructed investor types

Investor type	Share of pool	Median desired ticket (USD m)	Policy cap on share of target	Minimum fund size (USD m)	Minimum ticket (USD m)	Typical decision lag (months)
Family office or HNW syndicate	38%	1.5	40%	0	0.25	3
Fund of funds or emerging-manager programme	14%	6.0	20%	40	3.00	6
Public pension or endowment	14%	12.0	15%	75	10.00	8
Development or government-linked institution	10%	15.0	25%	100	5.00	9
Corporate or strategic investor	10%	4.0	25%	30	1.00	5
Bank, insurer or private-bank platform	14%	8.0	20%	60	3.00	6

MatchPoint analysis of the constructed case. Authored inputs; only the public pension cap and minimum ticket follow a published policy [7]. USD million except shares and months.

Table 3. Input register

Input	Value	Status
Investors approached per fundraise	120	Authored
Approach ramp	uniform over months 0 to 6	Authored
Fundraising horizon	18 months	Authored; ILPA cites about 12 months after the first close
Management fee and annual budget	2.0% and USD 1.2m; viability needs USD 60m before anchor discount	Authored
Anchor fee discount	25%, 35%, 45% at anchor shares of 10%, 20%, 30%	Authored
Anchor search	six institutional candidates; live anchor counts toward the first-close threshold from month 3 and is booked as signed at first close; shares up to 35%	Authored; 35% ceiling follows one published policy
Loss of circled commitments	4% a month while the first close is pending	Authored
First-close minimum investors	three	Authored
Proof	visible capital divided by target, capped at 100%; before first close, a live anchor is visible from month 4; after first close, signed capital is visible	Authored
Concentration penalty	above 25% largest-holder share, aversion 1 or 3 by type	Authored
Demand baseline and fund-level loading	type constants shifted by -0.55; loading 0.7 on fund quality	Authored
Replications	3,000 funds per design; seed 20261014	Fixed
Observed fundraising data	none	None used

MatchPoint analysis of the constructed case. All entries are authored model inputs; none is an observed value. Where a source informs the form of an input it is cited in the text.

9. The first close needs three investors, pending commitments lapse, and viability is a fee identity

A positive decision before the first close creates a circled commitment, which is visible only to the manager. Each circled commitment survives each further month of waiting with probability one minus a loss rate of 4 per cent. The first close is held at the end of the first month in which the anchor, if any, and the surviving circled commitments together reach the threshold share of target and come from at least three investors. At that moment every surviving circled commitment is signed in order of arrival until the target is reached. After the close, each positive decision signs immediately until the target is full.

$$\tau_1 = min\{t : A1\{t \geq 3\} + \sum_i x_i 1\{i \text{ circled and alive at } t\} \geq \varphi T, n_t \geq 3\} \quad (2a)$$

$$Pr(\text{alive at } t \mid \text{circled at } c) = (1-w)^{t-c}, A = \alpha T \text{ if secured} \quad (2b)$$

In (2a), tau_1 is the first-close month, A the anchor amount, phi the first-close threshold as a share of the target T, x_i the ticket from (1b) and n_t the number of distinct investors counted. In (2b), w is the loss rate of 4 per cent a month and alpha the anchor share. The anchor is negotiated with six institutional candidates and, if one agrees, is committed by month 3. A candidate agrees with a probability that rises with the fund-quality draw and with the fee concession, and falls if the requested share exceeds the candidate's own cap. The fee concession is 15 per cent plus the anchor share, so a 10, 20 or 30 per cent anchor receives a 25, 35 or 45 per cent discount on its fee.

$$C = A + \sum_i \text{signed}_i \le T, C^* = \frac{B}{f} + \delta_\alpha A \quad (3a)$$

$$\text{Funded} = 1\{\tau_1 \le H\} 1\{f(C - \delta_\alpha A) \ge B\} \quad (3b)$$

Here C is committed capital, f the management fee of 2.0 per cent, B the manager's annual operating budget of USD 1.2 million, delta_alpha the anchor's fee discount, H the horizon of 18 months, and C-star the smallest viable fund. Without an anchor the smallest viable fund is USD 60 million. Each anchor raises it by the discount times the anchor amount. The best constrained design below has a USD 10 million anchor at a 25% discount, which raises the viable fund to USD 62.5 million. These are authored numbers; the identity itself is the content. A manager whose target equals or is close to the viability level has no room for a shortfall, and a manager whose first close is far below it has begun a raise that cannot pay for itself.

10. A ceiling, a floor and a convention give each headline number its meaning

A result is interpretable only against what was achievable and what a naive rule delivers. We use four benchmarks. The ceiling is a hindsight oracle that, for each fundraise, picks the best of the 140 designs on a grid of seven targets, five first-close thresholds and four anchor shares; no real manager can do this. The floor is a single close held only when the full target of USD 125 million is circled. The convention is a USD 150 million target with a first close at 35 per cent and no anchor, an authored reference rule, not a market norm. The two best fixed designs are the highest funded probability on the grid, with and without a concentration constraint. Table 4 reports them with the benchmarks.

$$s_{(1)} = \frac{\max_i x_i^{\text{signed}}}{C}, s_{(3)} = \frac{\sum_{j \le 3} x_{(j)}^{\text{signed}}}{C} \quad (4a)$$

$$\text{HHI} = \sum_i \left(\frac{x_i^{\text{signed}}}{C}\right)^2, \frac{1}{n} \le \text{HHI} \le s_{(1)} \quad (4b)$$

Equation (4) defines the concentration measures for a funded fund: s_(1) the share of the largest holder, s_(3) the share of the three largest, and HHI the sum of squared shares across n investors, which lies between one over n and the largest share. The constraint used to select a design is that the largest holder exceeds 35 per cent in at most 10 per cent of funded fundraises. The 35 per cent level is the absolute ceiling in the one public policy we read [7]; it is an authored constraint here, not a rule of any investor. 107 of the 140 designs satisfy it.

The best constrained design is a USD 100 million target, a first close at 35% of target and a 10% anchor. It is funded in 57.4% of fundraises, against 37.8% for the convention, 4.8% for the floor and 74.0% for the oracle. The best design ignoring concentration reaches 58.0% with a USD 300 million target, a 15% threshold and a 30% anchor, so the concentration constraint costs 0.6 points, a difference within the Monte Carlo error: the two designs are not distinguishable on funded probability and differ in concentration. The Monte Carlo standard error is at most 0.9%, and the six independent blocks of 500 fundraises range from 56.0% to 58.6%.

Table 4. Funded probability and timing of the benchmark and best designs

Design	Target (USD m)	First close at	Anchor	Funded	First close by month 9	Median first-close month	First close but not viable
Single close at target (floor)	125	100%	0%	4.8%	0%	13	0%
Convention: target 150, first close at 35%	150	35%	0%	37.8%	12%	11	4%
Best constrained design without an anchor	100	25%	0%	46.9%	40%	9	25%
Best constrained design with an anchor	100	35%	10%	57.4%	43%	9	16%
Best constrained design overall	100	35%	10%	57.4%	43%	9	16%
Best design ignoring concentration	300	15%	30%	58.0%	67%	6	19%
Hindsight oracle (best design per fund)	per fund	per fund	per fund	74.0%	n/a	n/a	n/a

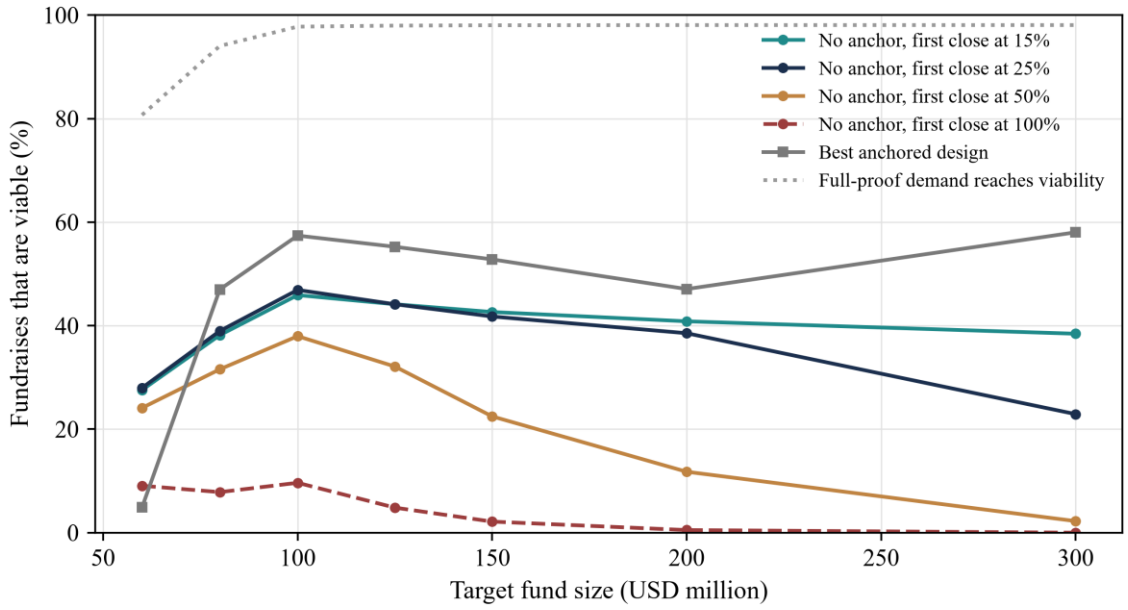
MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. 3,000 fundraises per design; viability as in equation (3). The first-close month is the median among fundraises that held a first close.

The finding is that design matters by an order of magnitude at the low end and by 19.6 points between the convention and the best design. A manager who holds the first close only at the full target almost never gets there: 95% of the fundraises never reach a first close. The convention fails to hold a first close in 58% of fundraises. The gap between the best fixed design on the grid, at 58.0%, and the oracle, 16.0 points, is the value of knowing in advance how each fundraise will behave; no fixed design captures it.

11. In the model, the best constrained target is about two thirds above the no-anchor viability threshold

Figure 1 plots the funded probability against the target for four first-close thresholds without an anchor, for the best anchored design at each target, and for the share of fundraises in which full-proof demand would reach viability. At a USD 60 million target, which equals the viability level without an anchor, the best threshold reaches 28.0%, because the fund must be completely filled to be viable. Adding an anchor at that target is counterproductive: the discount raises the viable level above the target itself. At USD 80 million and above, demand at full proof reaches viability in at least 94% of fundraises, so the shortfall below the ceiling is a matter of timing and proof, not of demand.

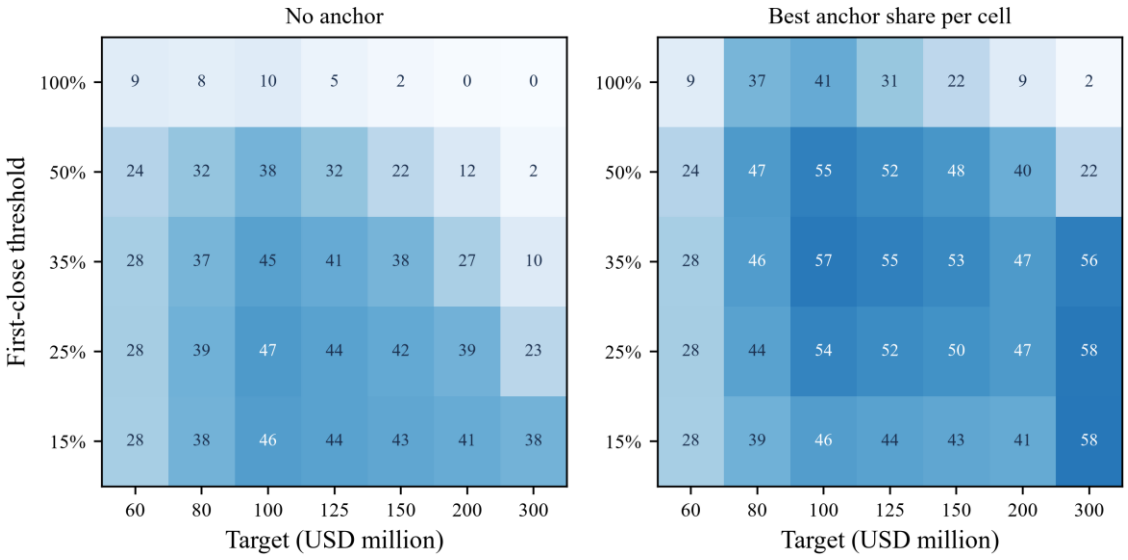
Figure 1. Funded probability by target size and design



MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. 3,000 fundraises per point; viability at USD 60 million before anchor concessions.

Above a target of USD 100 million, the unanchored curves fall as the target rises, and they fall fastest for the high thresholds. A first close at 50 per cent of a USD 300 million target requires USD 150 million to be circled before any proof exists, so almost no fundraise gets there. A first close at 15 per cent of the same target works better, 38.4% at best, because the threshold is a smaller absolute sum. Figure 2 shows the same pattern as a grid. In the unanchored designs the best threshold is 15 to 25 per cent of the target at every size, so the amount that must be circled before any proof exists grows in step with the target. A proportional rule therefore makes a large target progressively harder to open, and a manager choosing a large target needs either an early threshold or an anchor to compensate.

Figure 2. Funded probability by target and first-close threshold



MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. Cells show the funded probability in per cent. Right panel shows the best of four anchor shares in each cell.

Larger targets recover only through the anchor. At a USD 300 million target, the best anchored design reaches 58.0% with a 30% anchor. That investor supplies USD 90 million, most of the USD 100.5 million needed to cover costs after its 45% fee discount. At least USD 10.5 million must still come from other investors. The result depends on that one large commitment; section 13 measures the resulting concentration.

12. In the model, a low first-close threshold brings the proof forward and leaves more first closes stranded

Table 5 varies the first-close threshold at the best unanchored target of USD 100 million. A threshold of 15 per cent brings the median first close to month 8 and produces a first close by month 9 in 59% of fundraises; a threshold of 100 per cent produces one in only 1%. Funded probability is almost unchanged across thresholds from 15 to 35 per cent of target: 45.9% at 15, 46.9% at 25 and 44.7% at 35 per cent. It then falls to 38.0% at 50 per cent and 9.6% at the single close.

Table 5. Effect of the first-close threshold at the best unanchored target

First-close threshold	USD m	First close by month 9	Median first-close month	Circled commitments lost while waiting	Funded	Largest holder (funded)	First close but not viable
15%	15	59%	8.0	9%	45.9%	20.1%	37%
25%	25	40%	9.0	12%	46.9%	20.1%	25%
35%	35	26%	10.0	15%	44.7%	20.3%	15%
50%	50	12%	11.0	20%	38.0%	20.5%	4%
100%	100	1%	13.0	28%	9.6%	19.5%	0%

MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. Target USD 100 million, no anchor. Lost commitments are the share of circled commitments that lapse while the first close is pending.

The flat region hides a trade-off that a funded probability does not show. As the threshold falls, the share of fundraises that hold a first close but never become viable rises from 4% at a threshold of 50 per cent of target to 37% at 15 per cent. A manager who closes too early has published a first close, started the clock described in the closing mechanics [1] and still needs most of the fund. Lost commitments move in the opposite direction, from 28% of circled commitments at the single close to 9% at the 15 per cent threshold, because a high threshold keeps investors waiting.

The implication is that the threshold has an interior range rather than an optimum. In the model, a first close at 35 per cent of a USD 100 million target keeps the funded probability within 2.2 points of its maximum and cuts the stranded share from 37% to 15%. The conclusion is conditional on the loss rate and the three-investor minimum, and section 16 shows how the best design moves when either changes. It is a statement about the interaction of waiting costs and stranding, not about the right threshold for a real fund.

13. In the model, a small anchor lifts the funded probability, and a large one concentrates the fund and does not lift it further

Table 6 varies the anchor share at USD 100 million and a first close at 35%. With no anchor the funded probability is 44.7%. A 10 per cent anchor raises it to 57.4%, a gain of 12.7 points; a 20 per cent anchor gives 51.0% and a 30 per cent anchor 45.2%. The anchor is secured in 90% to 93% of fundraises at each share, which follows from the authored candidate pool. The gain at 10 per cent comes from proof and from earlier signing, which brings the median first close from

month 10 to month 9; the loss at higher shares comes from the fee concession, which raises the viability threshold, and from concentration aversion among institutional investors.

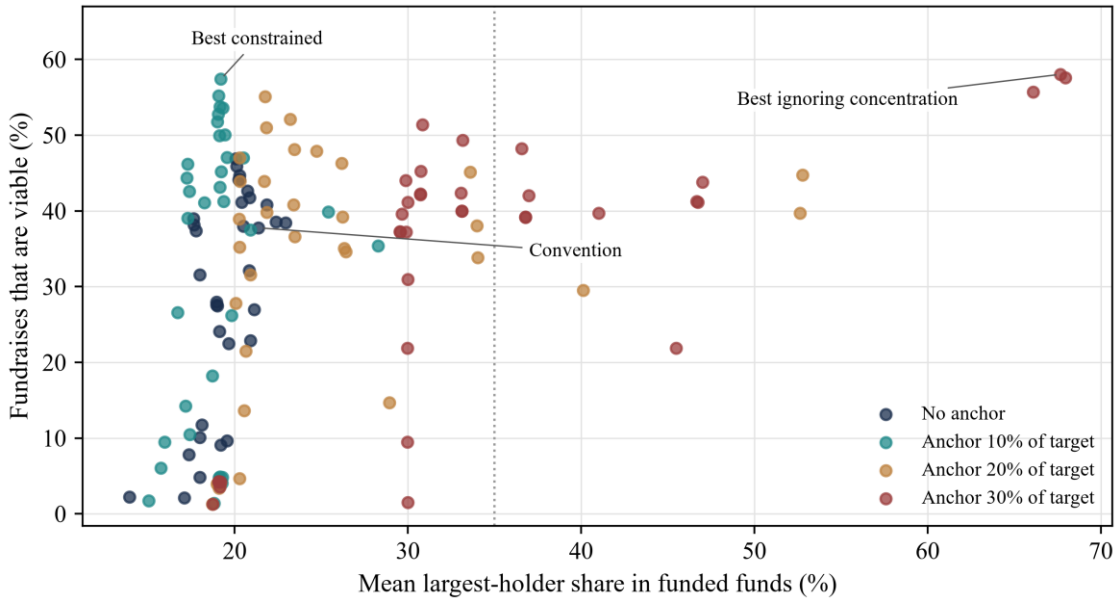
Table 6. Anchor share, funded probability and concentration at the best constrained target

Anchor share of target	Fee discount on anchor	Anchor secured	Funded	Median first-close month	Largest holder	Top three holders	Funded funds with largest holder above 25%	Funded funds that fail without the largest holder
0%	none	0%	44.7%	10.0	20.3%	49.6%	11%	15%
10%	25%	90%	57.4%	9.0	19.2%	46.9%	9%	11%
20%	35%	93%	51.0%	9.0	21.8%	53.5%	12%	10%
30%	45%	92%	45.2%	7.0	30.7%	61.5%	99%	12%

MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. Target USD 100 million, first close at 35% of target. The last column counts funded fundraises that would fall below viability if the largest holder withdrew.

Concentration rises sharply once the anchor passes the 25 per cent level at which institutional aversion begins. At a 30 per cent anchor the largest holder averages 30.7% of the funded fund and exceeds 25 per cent in 99% of funded fundraises. The share of funded funds that fail without the largest holder is nevertheless close to that of unanchored funds, because at this target the other investors must fill most of the same fund. Dependence on the anchor becomes the dominant risk only where the target is far above the viability level, as the next paragraph shows.

Figure 3. Funded probability against concentration across all 140 designs



MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. Designs with fewer than 20 funded fundraises are omitted. The dotted line is a 35% reference on the mean-share axis. The design-selection rule separately requires that the largest holder exceed 35% in at most 10% of funded fundraises.

Figure 3 shows the frontier of all designs. The best design ignoring concentration is a USD 300 million target with a 30% anchor. In the funded fundraises of that design the largest holder holds on average 68%, and 72% of them cannot stand without that holder. It gains 0.6 points over the best constrained design, which is within sampling error. The finding is that, in these inputs, the last increment of funded probability is available only by accepting an investor base that depends

on one name, and that giving it up costs less than one point of probability, a difference the experiment cannot distinguish from zero.

14. A single worked fundraise shows where the months go before the first close

Table 7 traces one fundraise under the best constrained design, selected as the funded case whose final fill is closest to the median. It has a USD 10.0 million anchor secured by month 3. No other positive decision arrives until month 5, and the circled total rises slowly to month 8. At month 9 five positive decisions arrive together, the threshold is passed and the first close is held. By month 12 the fund is full at USD 100.0 million with 18 investors and a largest holder of 15%.

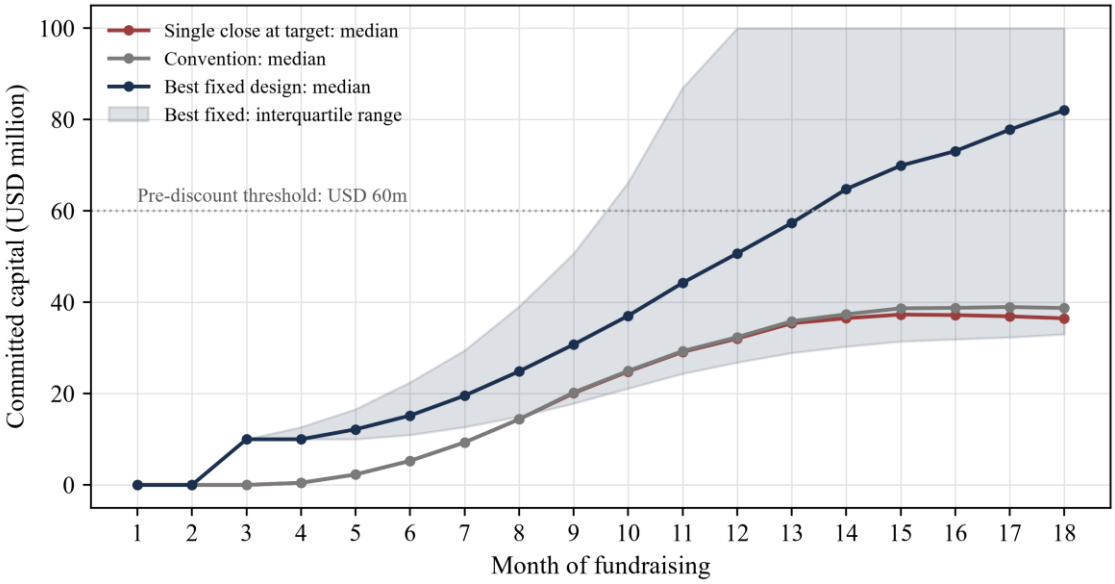
Table 7. Monthly ledger of one funded fundraise under the best constrained design

Month	Positive decisions	Circled commitments lost	Circled plus anchor (USD m)	Signed capital (USD m)	First close held
1	0	0	0.0	0.0	no
2	0	0	0.0	0.0	no
3	0	0	10.0	0.0	no
4	0	0	10.0	0.0	no
5	1	0	10.9	0.0	no
6	0	0	10.9	0.0	no
7	1	0	15.3	0.0	no
8	2	0	18.2	0.0	no
9	5	0	closed	41.1	yes
10	1	0	closed	46.8	yes
11	4	0	closed	88.1	yes
12	5	0	closed	100.0	yes
13	0	0	closed	100.0	yes
14	1	0	closed	100.0	yes
15	3	0	closed	100.0	yes
16	1	0	closed	100.0	yes
17	0	0	closed	100.0	yes
18	0	0	closed	100.0	yes

MatchPoint analysis of one constructed fundraise. Model output under stated inputs; not an observed result. USD million. Circled plus anchor is shown until the first close; signed capital afterwards.

The ledger separates three stages. The model makes the anchor visible from month 4 while other indicative commitments stay private until the first close in month 9. Before that close, investors can respond to the visible anchor as well as to mandate fit and fund quality. At the close, the signed share becomes visible and four further positive decisions arrive in month 11. This example reproduces the timing rules built into the model. It provides no evidence that real fundraises follow this sequence. Figure 4 compares median committed capital by month for the best constrained design, the convention and the single-close floor.

Figure 4. Median committed capital by month



MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. Committed capital is circled plus anchor before the first close and signed capital afterwards. The band shows the interquartile range of the best constrained design. The USD 60 million reference line is the threshold before any anchor concession. With the modelled 10% anchor and discount, the viability threshold is USD 62.5 million.

The figure makes the shortfall visible. The median committed capital of the convention ends at USD 39 million and that of the floor at USD 36 million, both below the USD 60 million reference line. The median of the best design crosses that reference in month 14. The chart does not show a crossing date for the higher threshold after the anchor concession. A manager who reads the median as the plan should note that the lower quartile of the best design stands at USD 33 million in month 18, so at least one fundraise in four is still below the viability line in month 18.

15. The stress cases show different patterns, and the combined tight-limits case substantially changes the ranking

We apply five stress cases to the full grid on the first 1,000 fundraises, freezing the best constrained design from the base case. Weaker demand shifts the fund-level draw by -0.7; weak proof sets proof sensitivity at 0.4 times base; slow diligence sets decision lags at 1.5 times base; tight limits set investor caps at 0.7 times base and concentration aversion at twice base; and in the last case the anchor withdraws with a 30% chance if no first close has been held by month 6. Table 8 reports the frozen design, the large-anchor design and the convention, with funnel diagnostics, the rank correlation of the 140 designs with the base, and the regret: the best constrained probability in the case minus the frozen design's, in points.

Weaker demand lowers the funded probability of every design and slows the first close: the frozen design falls from 57% to 35%, only 24% reach a first close by month 9, and the ranking is unchanged (rank correlation 0.99). The signature is a level shift with the order preserved. A weak proof effect reduces the funded probability to 47% and raises the stranded share to 26%, because the early closes no longer attract followers. Slow diligence delays the first close to a median of month 12 and leaves 13% of fundraises closed by month 9, while the funded probability falls to 48%; the horizon absorbs part of the delay.

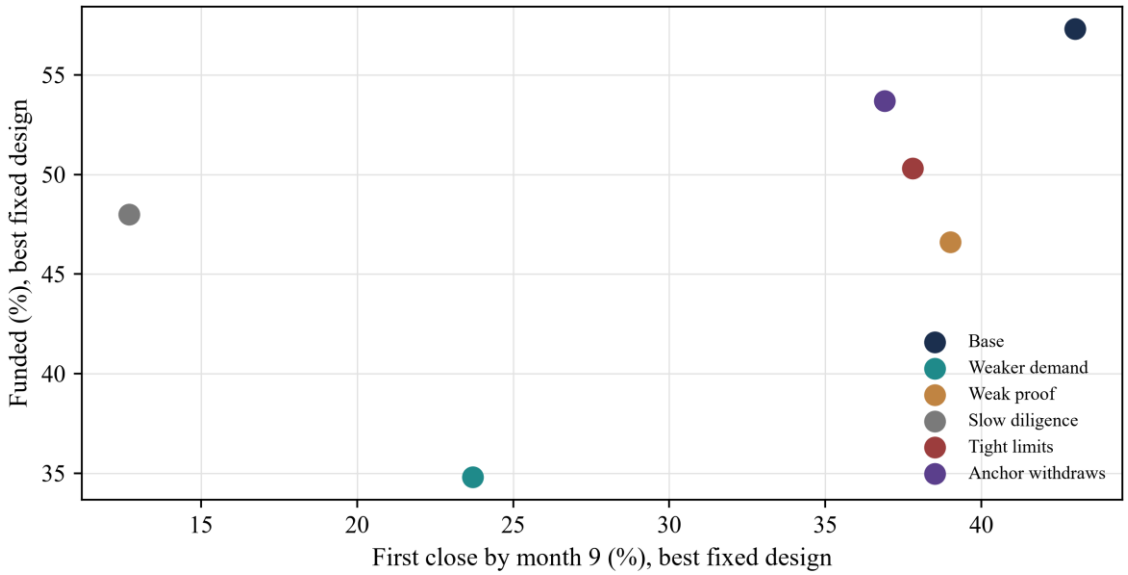
Table 8. Stress cases applied to a frozen design

Case	Best constrained	Large anchor	Convention	First close by month 9	Median month	Stranded	Rank corr.	Regret
Base	57%	57%	37%	43%	9	18%	1.00	0.0
Weaker demand	35%	37%	18%	24%	10	20%	0.99	0.0
Weak proof	47%	48%	36%	39%	9	26%	0.93	1.0
Slow diligence	48%	53%	28%	13%	12	20%	0.99	0.0
Tight limits	50%	27%	34%	38%	9	21%	0.73	0.0
Anchor withdraws	54%	52%	37%	37%	9	18%	0.96	0.0

MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. First 1,000 fundraises, 140 designs per case, cases as defined in the text; sampling error about 1.5 points.

Tight concentration limits are the case that overturns the ranking. The frozen constrained design keeps 50% while the fixed base-case large-anchor design drops to 27% and the rank correlation falls to 0.73. The signature is a divergence between designs that look equal in the base case, as Figure 5 shows for the frozen design in every case. An anchor that withdraws before the first close, with probability 30 per cent, leaves the frozen design at 54% and the large-anchor design at 52%. The effect is small in both because a withdrawal can occur only when no first close has been held by month 6. The regret of freezing the base design is at most 1.0 points in every case, within the sampling error. The flat optimum is itself a finding: the best constrained design is not fragile to these changes, although the order of the other designs can be.

Figure 5. Stress signatures of the frozen best constrained design



MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. First 1,000 fundraises. Each point is one case.

Use these patterns to prioritise checks. If the first close slips while the share of stranded closes stays flat, examine demand and the pace of diligence before changing the design. If more first closes fail to reach viability, check how later investors respond to signed commitments and test a higher threshold in dollars. Check concentration separately using investor responses and holder shares. The simulated patterns can suggest what to check. A real fundraise may show the same pattern for several reasons.

16. The best constrained design moves little when single inputs change, and the unconstrained design moves with the concentration input

Table 9 repeats the search on a reduced grid of 48 designs and 1,500 fundraises for nine input settings. The reduced grid has two thresholds, 25 and 50 per cent, and four anchor shares, so the base result differs from the main grid: the main grid's best design, with a 35 per cent threshold, is not on the reduced grid, and the reduced search runs on fewer fundraises. Table 9 should therefore be read against its own base row. The best constrained design is a USD 100 million target with a 50 per cent threshold and a 20 per cent anchor in all settings except one, in which a 10 per cent loss of circled commitments a month shifts it to a 25 per cent threshold and a 10 per cent anchor at the same target. The finding is that the best target, here USD 100 million against the USD 60 million viability threshold before anchor fee concessions, is stable across the inputs tested, while the best threshold and anchor share are less so.

Table 9. Sensitivity of the best design to single input changes

Input changed	Best constrained	Design (target / threshold / anchor)	Best ignoring concentration	Design (target / threshold / anchor)
Base inputs	55.3%	100 / 50% / 20%	57.4%	300 / 25% / 30%
No loss of circled commitments (drop rate 0)	59.5%	100 / 50% / 20%	59.5%	100 / 50% / 20%
Drop rate 10% a month	51.3%	100 / 25% / 10%	56.0%	300 / 25% / 30%
Minimum two investors at first close	55.3%	100 / 50% / 20%	59.8%	300 / 25% / 30%
Minimum five investors at first close	55.1%	100 / 50% / 20%	55.1%	100 / 50% / 20%
Twelve-month horizon	40.3%	100 / 50% / 20%	51.2%	300 / 25% / 30%
Twenty-four-month horizon	57.2%	100 / 50% / 20%	57.9%	300 / 25% / 30%
Fund-level demand loading 0.3 (from 0.7)	57.1%	100 / 50% / 20%	59.4%	300 / 25% / 30%
Concentration threshold 35% (from 25%)	64.8%	100 / 50% / 20%	65.1%	300 / 25% / 30%

MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. Reduced grid of 6 targets, 2 thresholds and 4 anchor shares; first 1,500 fundraises; sampling error about 1.3 points.

Three inputs change the level most. A 12-month horizon lowers the best constrained probability from 55.3% to 40.3%, a loss of 15.0 points, because the late-deciding institutions can no longer arrive. Removing the loss of circled commitments raises it to 59.5%. Raising the concentration threshold from 25 to 35 per cent raises it to 64.8%. Changing the minimum number of investors at the first close has almost no effect, which suggests that the anchor and other early investors usually clear the minimum.

The design that ignores concentration is chosen when the constraint is lifted and is always a USD 300 million target with a 30 per cent anchor, except where the loss of commitments is removed or the minimum investor count is raised to five. In this reduced-grid comparison, the best design without a concentration constraint matches or exceeds the best constrained design by 0.0 to 10.9 points. The gap is largest in the "Twelve-month horizon" setting. Table 8 is a different test: it holds named designs fixed, and under the combined tight-limits scenario the large-anchor design falls to 27%, versus 50% for the fixed constrained design. Margins below about 2.6 points, twice the sampling error, cannot be distinguished from zero. The sensitivities are one-at-a-time changes. Interactions, particularly between the loss rate and the horizon, are not mapped.

17. Forty comparable fundraises provide little power to detect a ten-point anchor effect

A manager or placement adviser who tried to learn the value of an anchor from past fundraises would have a small sample. We simulate the best case for such a study: the anchored design and the unanchored design are assigned to fundraises at random, the outcome is clean, and the true difference in funded probability between the best constrained anchored design and the best constrained unanchored design is 10.5 points. Each study draws n fundraises from the population, assigns each design with probability one half and compares funded rates.

$$\hat{\Delta} = \bar{y}_1 - \bar{y}_0 \quad (5a)$$

$$\widehat{\mathrm{SE}} = \sqrt{\frac{\hat{p}_1(1-\hat{p}_1)}{n_1} + \frac{\hat{p}_0(1-\hat{p}_0)}{n_0}} \quad (5b)$$

In (5), the estimated difference is the funded rate under the anchored design minus the rate under the unanchored design, and the standard error combines the two binomial variances with n_1 and n_0 the sizes of the groups and p-hat the observed rates. A study is counted as successful if the 95 per cent interval excludes zero with the correct sign. Table 10 and Figure 6 give 2,000 studies for each sample size.

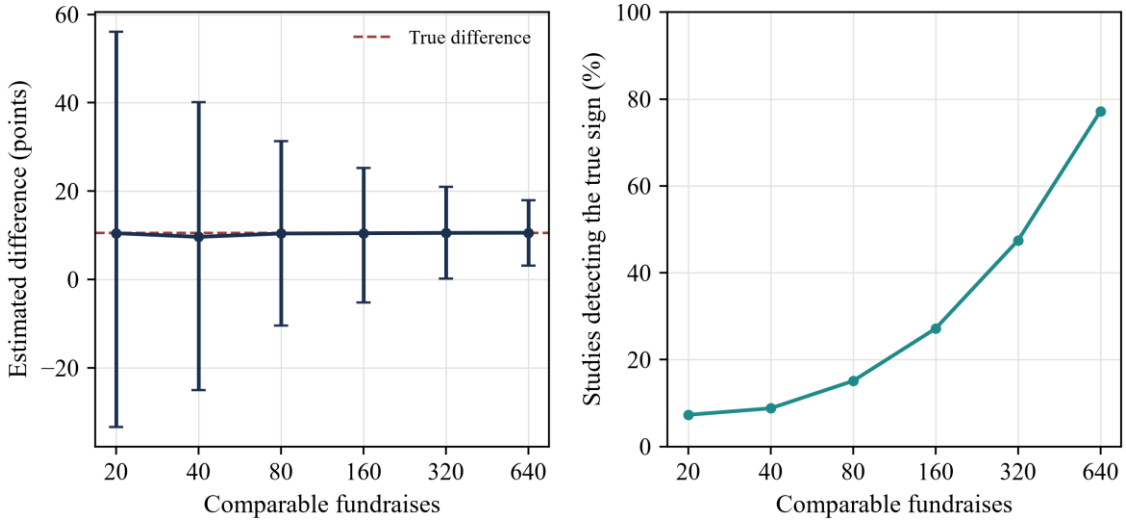
Table 10. What a randomised comparison would show at different sample sizes

Comparable fundraises	Mean estimated difference (points)	95% of estimates fall between	Share of studies detecting the true sign at 5%
20	10.5	-33.3 to 56.0	7%
40	9.6	-25.0 to 40.2	9%
80	10.4	-10.4 to 31.3	15%
160	10.5	-5.2 to 25.3	27%
320	10.5	0.2 to 21.0	47%
640	10.6	3.1 to 17.9	77%

MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. 2,000 studies per row; random assignment; true difference as stated in the text.

The mean estimate is close to the true difference, so the comparison is unbiased. The spread is the problem. With 40 comparable fundraises, 95 per cent of studies give an estimate between -25 and 40 points, and 9% detect the true sign at the 5 per cent level. With 160, the range is -5 to 25 and 27% succeed. Only at 640 fundraises does detection reach 77%. Even random assignment in a sample of the size one firm or one placement programme could assemble would leave the question open.

Figure 6. Sample size and the detection of an anchor effect



MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. Left: mean and the central 95% of estimates; right: share of studies detecting the true sign at 5%.

The implication is that a single manager's history, and a single placement firm's, cannot settle the anchor question. A pooled, consented dataset of several hundred comparable fundraises, with the design variables recorded at launch, would be needed. Until then, a committee should treat any claim about the value of an anchor drawn from a handful of fundraises as a description, not a test.

18. Where stronger managers set bigger targets, a naive comparison reports the wrong sign

Real data on target and outcome would suffer from selection. Managers choose targets with some knowledge of their own pipeline. A manager who expects strong demand sets a larger target, and the same demand makes the fundraise succeed. A comparison of funded rates across targets then mixes the effect of the target with the effect of the manager's information. We reproduce this in the model. Each fundraise has a fund-quality draw u; the manager observes it with noise, chooses a target on the grid in proportion to the observed signal, and the fundraise is launched only if the signal is above a threshold, so that 79% of the 6,000 fundraises are observed.

$$\beta_N = \frac{\mathrm{Cov}(y, \ln T)}{\mathrm{Var}(\ln T)} \quad \text{among launched funds} \quad (6a)$$

$$\beta_S = \mathrm{E}\left[\frac{\partial Pr(y=1 \mid u, T)}{\partial \ln T}\right], \mathrm{bias} = \beta_N - \beta_S \quad (6b)$$

In (6), y is the funded indicator, T the chosen target, beta_N the naive slope of funding on the logarithm of the target across observed funds, and beta_S the structural slope: the average within-fund change when the same fundraise is run at different targets. Both are expressed per doubling of the target using the same fixed first-close threshold of 25 per cent and no anchor. The structural slope is computed by running every fundraise at all seven targets with the same investors, which no real dataset can do.

Table 11. Naive, adjusted and randomised estimates of the effect of doubling the target

Estimate	Change in funding probability per doubling of target (points)	Bias against structural slope (points)
Structural slope (same funds, every target)	-2.9	0.0
Naive comparison of launched funds	31.2	34.1
Adjusted for recorded warm contacts	19.6	22.5
Randomised slice of 400 launched funds (mean of 400 slices)	-2.9	0.1

MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. 6,000 fundraises, 79% launched; linear probability slopes per doubling of the target, in percentage points.

The structural slope is -2.9 points per doubling: across the grid, a larger target slightly lowers the funded probability. The naive comparison gives 31.2 points, a positive effect of the wrong sign and large, because stronger managers choose larger targets (the correlation between the chosen target and the fund-quality draw is 0.76). Adjusting for the recorded number of warm contacts, a proxy for the fund-quality draw with correlation 0.64, reduces the estimate to 19.6, repairing only 34 per cent of the bias. Table 11 gives the estimates. A randomised slice of 400 launched funds recovers -2.9, with the central 95 per cent of slices between -9.5 and 3.6.

A manager comparing past fundraises with larger and smaller targets would conclude that larger targets help, when in this model they do not. The standard correction, controlling for an observed proxy, removes about a third of the error. Only assigning the target at random to a slice of fundraises, for example by randomising the stated target in a defined range among comparable vehicles with the investors' knowledge, repairs it. The size of the bias depends on the authored strength of managers' information, but its direction is built into any setting where targets follow expectations.

19. The calculations reconcile, and a reconciling model establishes internal consistency only

The model asserts 39 control identities when it runs, summarised in Table 12. They include that committed capital never exceeds the target in any of 140 designs; that signed capital never exceeds the full-proof demand ceiling when there is no anchor; that the Herfindahl index lies between one over the number of investors and the largest share in every fund; that every funded fund satisfies the fee identity; that a signed anchor equals its share times the target; that neutral stress settings reproduce the base cell exactly; that a single-fund replay reproduces the grid result; and that the randomised estimates average to the true difference.

These checks establish that the arithmetic is consistent and that the common random numbers are shared across designs, so that design differences are not noise in the draw. They do not establish that the premises are true. Outcomes are generated from the same proof, decay and concentration mechanisms that the design variables act on, so the experiment shows how the mechanisms behave when their premise holds, not that the premise holds in any market. The demand ceiling is also generous: it counts every investor who would commit at full proof, which is a bound within the model and not an estimate of real demand.

Table 12. Reproducibility controls

Control	Expected result
Committed capital at most target, in 140 cells	Pass
Signed capital at most the full-proof demand ceiling (no anchor)	Pass
HHI between 1/n and the largest-holder share	Pass
Fee-viability identity for every funded fund	Pass
Anchor amount equals share times target when signed	Pass
Common random numbers across designs	Pass
Neutral stress settings reproduce the base cell	Pass
Single-fund ledger replays the grid fund	Pass
Randomised estimates average to the true difference	Pass
Rank correlation of a vector with itself	1.00
Total controls asserted	39

MatchPoint analysis of the constructed population. Model output under stated inputs; not an observed result. The model runs in about 10 minutes and writes all tables and figures from a fixed seed.

The model also cannot say anything about the investors' advisory committee terms, side letters, co-investment rights, fee structures beyond the single anchor discount, successor fund prospects or the effect of a failed fundraise on the manager's reputation. It treats the manager's budget as fixed and the fee as a flat percentage of commitments. Each of these omissions can change which design is best for a real fund.

20. A real study needs a consented log of launch design, dated investor events and a randomised slice

The unit of a study is the fundraise, and the unit of the investor log is the investor decision. For each fundraise the study records, at launch, the target, the first-close threshold in dollars, whether an anchor was sought and on what terms, the vehicle and the manager's stage of fundraising. For each investor approached it records dated events: first contact, meeting, request for information, diligence stages, a positive decision, circled amount, signed amount and withdrawal. Outcomes are defined in advance as in section 2: a first close held, signed capital at fixed dates, viability as the fee on signed capital net of concessions against the budget, and the holder shares.

Consent is essential. Investor-level logs contain personal data of identifiable individuals at the investors, and investors' decisions are commercially sensitive. A study must obtain the permission of the managers contributing data, minimise personal data, and comply with the data-protection law of the places where the individuals are located. The proposed design requires a jurisdiction-specific privacy review before collection. The study should report aggregated, anonymised results and should not allow any investor to be identified.

Table 13 sets out the design. The identification strategy is a randomised slice. Among comparable fundraises willing to take part, the study assigns the first-close threshold, or the order in which an anchor is sought, at random within a range the manager considers acceptable. The sample-size section shows that such a slice must involve hundreds of fundraises to detect an effect of ten points, so a pooled consortium of managers and placement firms is required. The analysis plan should be registered before data are collected: outcomes, the contrast, the adjustment variables, the handling of fundraises that stop early, and the rule for reporting nulls.

Table 13. Evidence design for a consented study of target size and first-close design

Element	Specification	Reason
Unit	One fundraise, with an investor-level event log	Outcome is a fund; mechanism is an investor decision
Launch record	Target, first-close threshold in dollars, anchor sought or not, anchor share and concession, vehicle, horizon	Fixes the design before outcomes are known
Timestamps	First contact, meeting, request for materials, diligence stages, decision, circled and signed amounts, withdrawals	Separates waiting loss from refusal and measures the clock
Outcomes	First close held by month 9 and 12; viable fund at 18 months; holder shares; whether viable without the largest holder	Defined before analysis; matches the constructed outcomes
Consent and privacy	Manager consent; aggregated, anonymised reporting; minimised personal data; compliance with applicable law	Investor data are personal and commercially sensitive
Randomised slice	Random threshold or anchor timing within an acceptable range for willing managers	Removes selection of targets by expected demand
Sample size	Several hundred fundraises per contrast for a ten-point effect	Constructed power calculation, Table 10
Analysis plan	Pre-registered contrasts, adjustment set, treatment of withdrawn fundraises, reporting of nulls	Prevents choice of the favourable result

Proposed design. The entries describe information to collect and rules to adopt; they are not findings. Sample sizes follow the constructed power calculation and would need to be recomputed from the real variance.

21. Report the choice to the client or committee as dollar amounts, dates, a range and a stated dependence

A client or investment committee deciding on a target and a first-close design should see the decision in a form that can be checked against later events. We propose that the report give, for each design considered, the viable fund size in dollars and how it depends on any anchor concession, the first-close amount in dollars, the chance of reaching it by the stated month, and the concentration of the likely first close: the share of the largest holder and the question whether the fund would remain viable without that holder. The model suggests the sizes of these quantities, and the report should replace them with values from the manager's own pipeline.

The report should give a range, not a point. The funded probability of the best constrained design, 57.4%, is a model output with a Monte Carlo error of under one point, and its dependence on authored inputs is much larger: the single-input changes in the sensitivity table move it from 40.3% at a 12-month horizon to 64.8% at a higher concentration threshold. A committee should be told which inputs it controls, which it observes and which it assumes. A target, a threshold and an anchor are controlled. The pipeline's timing is observed with a lag. The investors' proof sensitivity and concentration aversion are assumed.

Table 14. Reporting record for a target and first-close decision

Item	What to report	Question the committee can answer
Viable fund size	Budget divided by fee, plus anchor concession	How much must be raised for the firm to be self-funding
First-close amount	Dollars, number of investors, named or unnamed, circled or signed	Is the proof real and when will it be visible
Probability and date	Chance of a first close by month 9 and of viability by month 18, with the interval	How much slack the horizon leaves
Concentration	Largest holder, top three, and whether the fund survives without the largest holder	Is the fund dependent on one name
Investor constraints	Caps, minimum tickets and minimum fund sizes of the investors counted	Does the target exclude the investors on whom the plan relies
Stress	Slower diligence, weaker proof, anchor withdrawal, tighter concentration limits	Which failure the numbers would reveal first
Decision gate	The amount and date at which the design is changed	When to stop adding investors and re-set the target

Proposed reporting record. Entries describe what to show; they are not findings about any fundraise.

Table 14 lists the items to report. The final element is a decision gate. The report should state, before launch, the amount and date at which the manager will reduce the target, relax the threshold or approach a different investor class. A gate set in advance avoids leaving the target unchanged while commitments lapse.

22. Use data and models to keep the investor log current, and keep the decision on who is approached with the manager

The experiment suggests two uses of data. The first is to keep the investor log, with caps, minimum tickets, minimum fund sizes, decision calendars and prior interactions, up to date so that the eligibility test in equation (1b) can be applied to the actual list rather than to a type average. The second is to monitor the funnel in dollars and dates against the design: circled and signed amounts, losses while waiting, and the share of the largest holder. Both are record-keeping tasks and can be assisted by software.

A model could also be used to forecast the first-close date and the funded probability from a live log. That use needs an out-of-sample test before it affects a decision. The test would compare forecasts made at fixed months against later outcomes on fundraises the model has not seen, and report calibration and the cost of errors: a first close held too early and stranded, a target left too high, or an anchor accepted that makes the fund dependent on one investor. This paper reports no trained model, no observed accuracy and no measured benefit from automation.

Decision rights should stay with people. Software can propose the order in which investors are approached and the date on which the gate is reached. It should not decide which investors are contacted, make statements to investors or change the terms of an anchor. Any automated outreach must also comply with the promotion and data-protection rules of the jurisdictions concerned, which this paper has not reviewed in detail. A log kept by the manager and shared in aggregate form with a pooled study is the practical route to the evidence the experiment lacks.

23. A decision rule for a live raise: fix the dollar threshold, buy a small anchor, cap concentration and set the gate

In the constructed case the rule has four parts. First, compute the viable fund size from the budget, fee and intended concession. In the model, the best constrained target of USD 100 million is about two thirds above the USD 60 million threshold before concessions and 60% above the USD 62.5 million threshold after the anchor discount. Second, size the first close for a small group of willing investors. The model requires at least three distinct investors, including the anchor if present; the pace table shows that a threshold of 35 per cent of that target keeps the funded probability within 2.2 points of its maximum while limiting stranded first closes.

Third, seek a small anchor, about 10% of the target in the model, and accept the concession only if the fund remains viable after it. A larger anchor reduced the funded probability in the model at this target and, at 30 per cent, raised the average share of the largest holder to 30.7%. Fourth, set the concentration limit in advance, for example that no holder exceeds 35 per cent of the target at the first close, and set the decision gate. The model's best constrained design is 57.4% funded against 37.8% for the convention; the 19.6 point gap is the value of these four steps under the authored inputs.

The rule is not a recommendation for a particular fund. The numbers depend on the investor mix, the loss rate, the horizon and the strength of the proof effect, each of which a manager can estimate only roughly. Where the log shows that the manager's investors are mostly family offices and syndicates, the caps and minimum tickets of institutions matter less, and the manager's own log, not this paper, should show how far the target can move. Where a public plan caps its ticket as a share of the amount raised, model the capital that is likely to be raised under the proposed target and check whether that amount can support the plan's minimum ticket [7].

24. The findings are conditional on authored mechanisms, and the next decision is to log the design variables

The experiment is constructed. It uses no observed fundraise. Investor types, caps and lags are authored; the proof and loss mechanisms are authored; the fee, budget and anchor concession are authored. The sources establish the form of investor constraints [7], the rules on vehicles [9, 10, 11], the closing mechanics [1] and the absence of a closely matching study. The model shows how target, threshold and anchor interact when those mechanisms operate. Its strongest results are comparative and structural: the funded probability is flat across moderate thresholds and then falls; a small anchor helps and a large one concentrates; and a naive comparison across observed targets reverses the sign.

Three limits deserve emphasis. The viability identity treats the fee as flat and the budget as fixed, so it cannot represent carried interest, co-investment income or sponsor support. The investor pool is 120 investors drawn from six types, so a manager with a very different list should rerun the model on it. The horizon of 18 months is authored. The median first close in the best design falls in month 9, which leaves about nine months after it, against the ILPA example of 12 months [1]; the sensitivity table shows that a 12-month total horizon lowers the result substantially.

The next decision is practical. A manager, placement adviser or investor body that wishes to learn about first-close design should begin to record the launch design and investor events described in the evidence design, with consent, and to share them in aggregate with others. The model can

then be replaced, input by input, by measured values: the loss rate while waiting, the proof sensitivity of each investor type and the concentration level at which institutions hesitate. Until then, the paper's contribution is a way to ask the question precisely and a measure of how much data it would take to answer it.

Frequently Asked Questions

Does the experiment show that the best design works in a real fundraise?

No. It shows how target, first-close threshold and anchor interact when the stated mechanisms are true. Outcomes are generated from proof, pending-commitment loss, concentration aversion and a fee identity, and the designs act on those same mechanisms, so the result is partly circular by construction. No observed fundraise is used. The comparative findings, such as the flat range of thresholds and the cost of a large anchor, are statements about the model.

What target should an emerging manager set?

The best constrained target in the model is USD 100 million: about two thirds above the USD 60 million threshold without an anchor and 60% above the USD 62.5 million threshold after the modelled anchor discount. A larger target can raise the amount needed before signed commitments become visible. Calculate the threshold as the operating budget divided by the management-fee rate, plus the anchor commitment multiplied by the proportional fee discount. A target at or below that level leaves no room for a shortfall. The figure depends on authored inputs and must be recomputed from the manager's own budget and investor list.

Should the first close be held as early as possible?

Not in the model. A low threshold brings the first close forward and keeps the funded probability close to its maximum, but it raises the share of fundraises that hold a first close and never become viable. A threshold of about one third of a USD 100 million target gives a similar funded probability with far fewer stranded first closes. A threshold above half of the target keeps investors waiting and loses commitments.

How large should an anchor be?

In the model a small anchor, about a tenth of the target, adds most of the benefit. Larger anchors raise the fee concession, which raises the viable fund size, and concentrate the fund; above about a quarter of the fund, institutional investors in the model are discouraged. The design that ignores concentration gains less than one point of funded probability and depends on a single holder. Real anchors would also bring terms the model does not represent.

Why does a comparison of past fundraises mislead?

Managers choose targets with some knowledge of their own pipeline, so stronger funds choose larger targets and also succeed more often. In the model the naive comparison reports a positive effect of doubling the target where the structural effect is slightly negative, and adjusting for a recorded proxy repairs about a third of the error. A randomised slice recovers the structural effect, but needs hundreds of comparable fundraises to detect a ten-point difference.

What data would settle the question?

A consented log of the launch design and of dated investor events across several hundred comparable fundraises, with a randomised slice of thresholds or anchor timing and outcomes defined in advance. The study would measure the loss rate while waiting, the proof sensitivity of

each investor type and the concentration level at which institutions hesitate. It must comply with applicable data-protection law, report in aggregate and anonymised form, and not identify any investor.

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