The Questions To Ask When A Manager Scales Up In Fund Size

In an industry where fund size is seen as a proxy for success, it can be unorthodox to challenge the assumption that bigger is better.

A manager that raises EUR 300m for its first fund and more than EUR 1b for its fourth fund would, on the face of it, appear to be a resounding success.

By any conventional measure it undoubtedly is.

And convention is the problem.

Investors too often blindly trust a manager who scales up in size without interrogating the consequences of that growth.

The reality is that a bigger fund doesn't automatically translate into better returns, or even into returns comparable to those delivered by the manager in the past.

Why? Because a team that has carved out a niche in a particular region, sector or narrow price band may find that the strategy which underpinned its prior success can't be scaled up.



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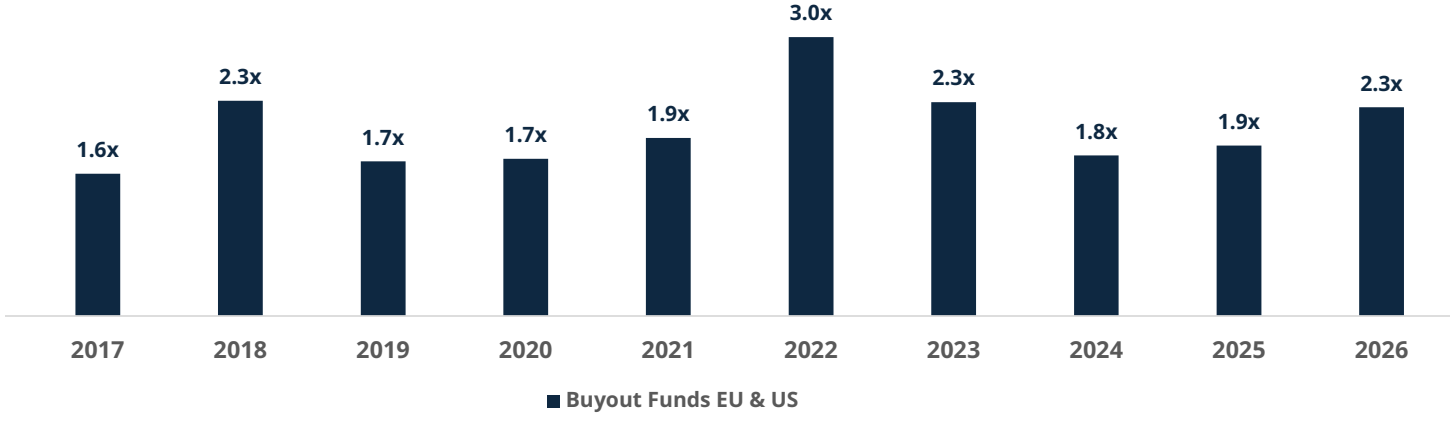
Changing the formula

A firm investing a much bigger fund than its previous funds may feel under pressure to change what made it a success in the first place. It may find it has to strike bigger deals and compete against new competitors in a market where it has no experience. The deals that it does strike are less likely to be proprietary and more likely to come via auctions. And it may also need to use more leverage, and pay higher entry multiples, to strike these deals.

A firm which has stepped up in size almost certainly needs to recruit more personnel to manage this larger pot of capital, potentially weakening the entrepreneurial culture that previously delivered for investors. On a larger fund, management fees also become an increasingly important source of revenue. Without strong team discipline, more funds under management can shift the priorities of senior management and weaken investor alignment. There is also the problem of returns. Deploying substantially more capital while maintaining the same historic return profile can be very difficult if the investment landscape has not expanded sufficiently.

Average Buyout Fund Size Increase vs. Predecessor Fund by Vintage Year[1]



Source: Pitchbook

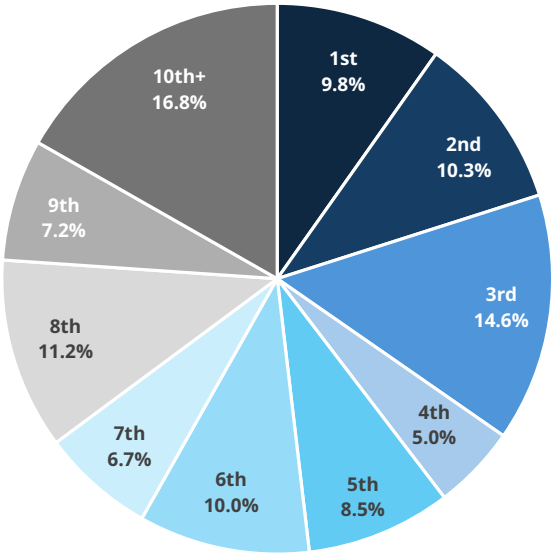
Can bigger actually be better?

The reality is that when a manager changes so much, past performance becomes a much less reliable guide to future success. However, despite the risks inherent in raising and deploying a bigger fund, it's also important to state that bigger is by no means automatically worse. Understanding whether a bigger fund by a successful manager is the right fit for an investor means looking beyond the headline fund size and assessing both the manager, and the wider conditions it's operating in. A GP doesn't operate in isolation, the macro environment isn't fixed, and sector dynamics are prone to change.

Asking the right questions

It may be perfectly appropriate for a manager to raise a much larger fund than before. But to find out if this is the case, an investor must ask the right questions. Has the investable universe expanded enough to absorb the additional capital? Is the goal to deploy the larger fund while remaining within the strategy that created the track record, or have structural changes created brand new opportunities? If so, does the track record of the GP provide sufficient evidence that it can successfully deploy the capital and execute a new strategy at scale? To manage and deploy more capital, a manager almost certainly needs a bigger team. But has the manager built the team ahead of AUM growth, or are they rushing to recruit after the fact to cope with the demands of a larger fund?

% Private Equity capital raised 2026 by fund number in family[1]



Source: Pitchbook

Looking beyond fund size

Evaluating why a manager has raised a substantially bigger fund is the most important step for an investor to take. Investors should be comfortable probing the assumptions which lie behind a scaled-up fund, and pushing back when not convinced. This could mean negotiating over the fund size, implementing a hard cap, strengthening key-person terms or reducing an allocation. An investor should also feel able to decline a re-up.

An investor questioning a growth strategy can also benefit from the broader perspective offered by a multi-manager. An experienced multi-manager has assessed hundreds of funds across different vintages, strategies, and macro cycles, and has witnessed successful and unsuccessful attempts by managers to raise bigger funds. This experience puts them in a perfect position to judge whether a GP's explanation for growth is plausible and whether a scaled-up investment strategy is likely to succeed.

Making the right call

Ultimately investors should remember that fundraising success and investment success are not the same thing.

Is a GP raising a larger fund for sound strategic reasons, or simply because they can?

Get that call wrong, and investors risk backing a manager whose growth comes at the expense of everything that made it successful.

About Amundi Alpha Associates

Amundi Alpha Associates is the private markets multi-manager business line of Amundi Alternative & Private Assets, a trusted European partner with over 40 years of investment experience. Amundi Alpha Associates manages over EUR 24b in AuM across private equity, private debt, and infrastructure funds-of-funds and segregated accounts, primarily on behalf of a global, institutional client base. The business line employs over 80 professionals across its offices in Zurich, Paris, and Barcelona.

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Important Information

[1] Pitchbook Private Equity Fundraising Dataset as of September 30, 2026

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Amundi's private market multi-management business, based in Paris, was launched in 1998 under the legal entity Amundi Private Equity Funds (PEF). Zurich-based Alpha Associates AG was founded in 2004 as a spin-off from Swiss Life. These two entities have been working together since 2024 to create the Amundi Alpha Associates platform.

Date of first use: 25/11/2026
Doc ID no. 6140626

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