



# **Private Equity's Reality Check: The GP Outlook for 2026**

What do general partners expect in the year ahead? Bain and StepStone surveyed investment professionals on multiples, margin assumptions, management fees, and more.



## Authors

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The private equity industry feeds on historical performance data. But at a time when foresight has never been more critical, far less data captures what general partners (GPs) are seeing and planning now, and what they expect in the months ahead.

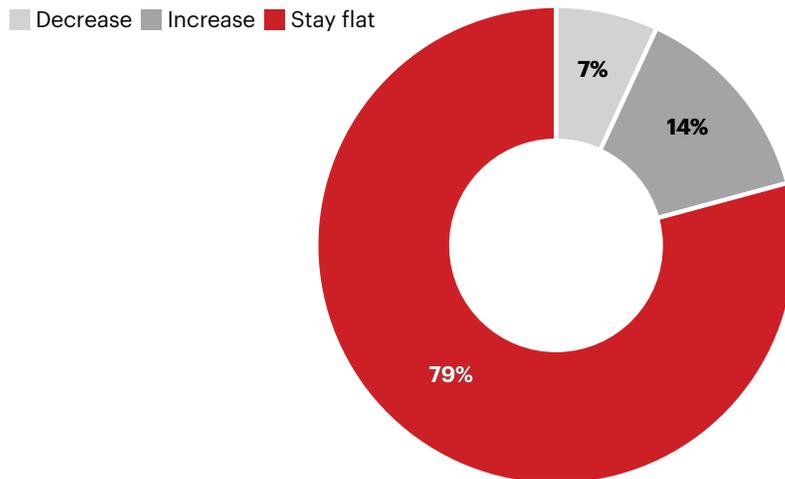
To close that gap, Bain & Company and StepStone surveyed 103 investment and investor relations professionals, primarily in North America and Europe, from December 2025 to January 2026. We asked how GPs are approaching 2026: Where are multiples headed? What’s keeping deals from closing? How are exits and liquidity shifting? Where are fees and discounts landing? Where is (and isn’t) AI delivering measurable value? Their responses provide a snapshot of the industry in the year ahead.

### The GP outlook

Here are the top takeaways from GPs’ reflections on multiples, deal-breakers, margin assumptions, and exits.

**Multiples appear to be plateauing—at high levels.** After years of steady increases, GPs anticipate that purchase price multiples may have finally stabilized. Of the GPs we surveyed, 79% expect multiples to stay roughly where they are. Without the boost from multiple lift, many will have to up their value-creation game.

#### GP’s expectations for purchase price multiples in 2026 vs. current levels

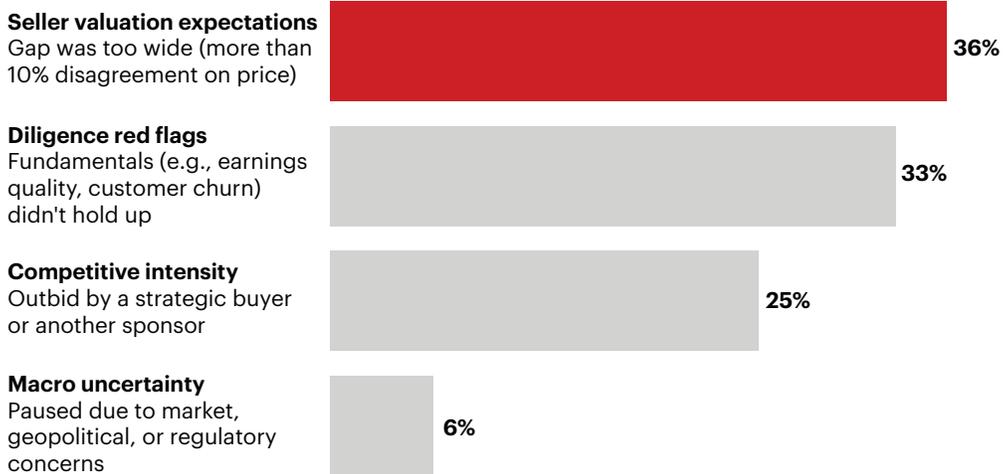


Source: 2026 StepStone/Bain Private Equity GP Survey

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**Price is the biggest deal killer.** The most common reason deals didn’t close in 2025 was failure to agree on valuation, according to GPs. While the buyer-seller expectation gap has been narrowing since the interest rate shock of 2022, it still stands out over other roadblocks—including typical diligence issues and macro volatility.

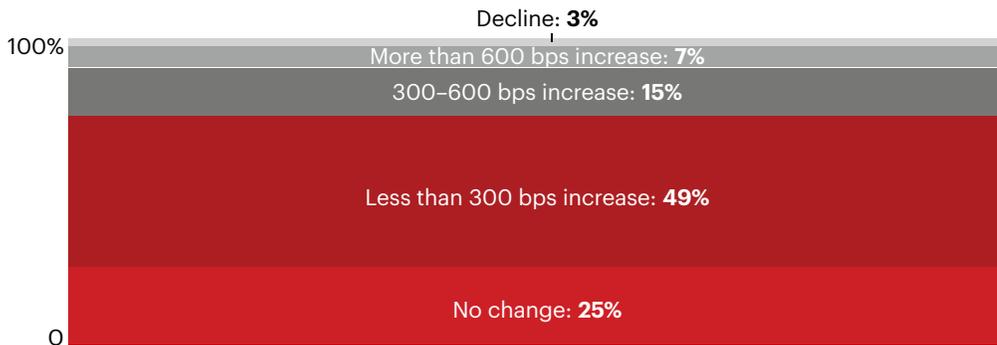
**GPs’ top breaking point for deals they pursued but didn’t close in 2025**



Source: 2026 StepStone/Bain Private Equity GP Survey

**Most GPs assume margins will be stable or improve slightly in their current underwriting.** For the most recent flagship fund deal they underwrote, around 75% of respondents assume margins will be stable or increase up to 300 basis points (bps) between purchase and sale. As always, the challenge is capturing what was underwritten post-close.

**GPs’ assumed margin improvement for the most recent flagship fund deal they underwrote**



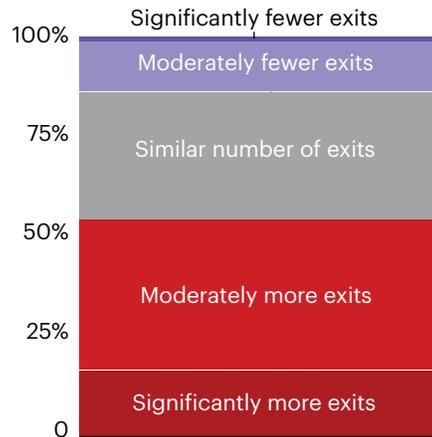
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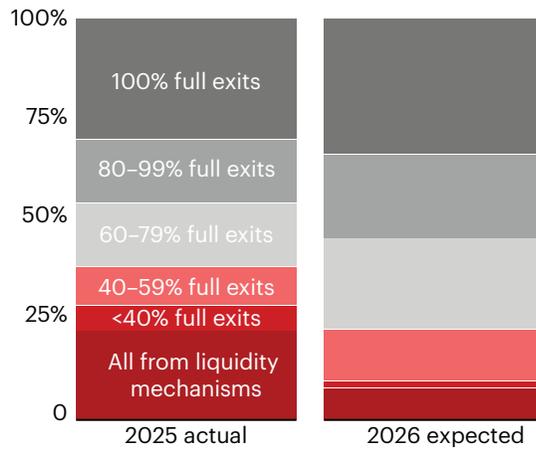
**GPs believe exit momentum will continue in 2026.** Coming off the second-best year for exits ever, GP confidence is building. In 2026, the majority of GPs expect to complete more exits and rely less on other liquidity mechanisms to generate distributions.

**GPs' expectations for portfolio exits**

**GPs expectations for portfolio exits in flagship funds in 2026 vs. 2025**



**GPs share of flagship fund distributions from full exits vs. other liquidity mechanisms**

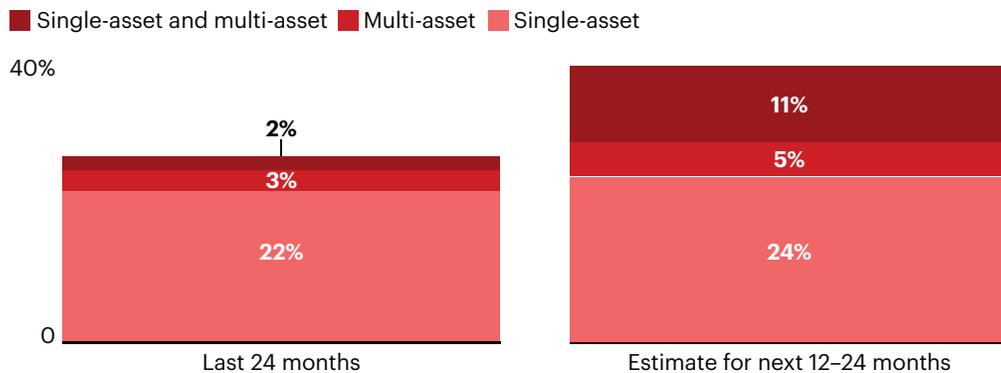


Notes: Significantly more exits is more than 50% increase; moderately more exits is 11% to 50% increase; similar number of exits is plus or minus 10%; moderately fewer exits is 11% to 50% less; significantly fewer exits is less than half as many  
 Source: 2026 StepStone/Bain Private Equity GP Survey

**Continuation vehicles**

GPs report meaningful use of continuation vehicles (CVs). A quarter of GPs have initiated or completed a CV recently. And about 40% expect to explore a CV in the next year or two.

**Share of GPs that initiated and/or completed a CV transaction**

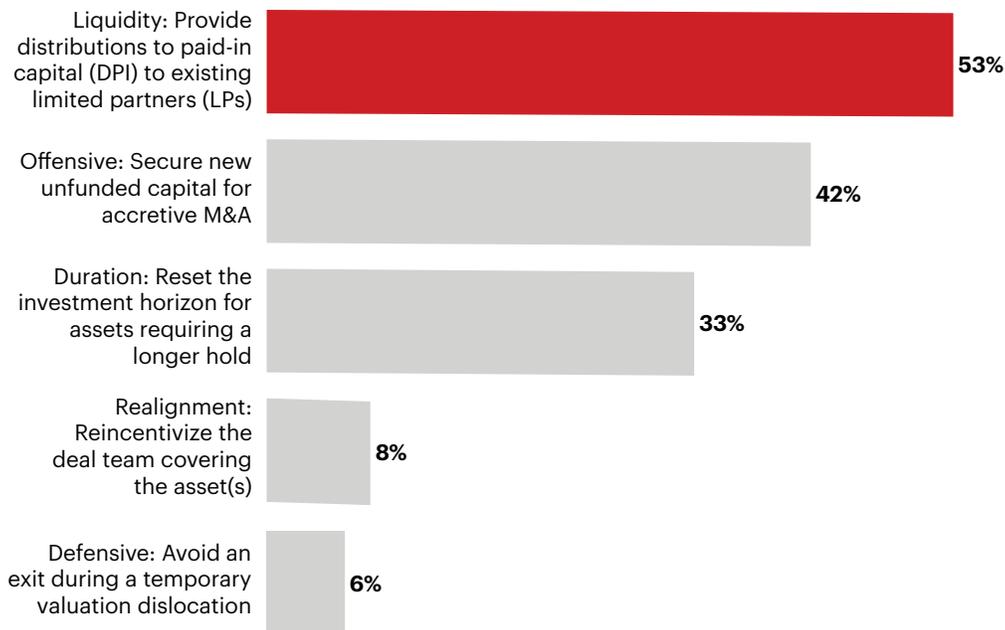


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The need to return capital to investors is GPs’ No. 1 reason for doing so. It’s clear that CVs are becoming an established part of the liquidity toolkit. Beyond delivering capital to LPs, many GPs use CVs to refinance assets and fund accretive M&A for buy-and-build strategies.

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**The primary strategic reason for GPs’ most recent or planned CV**



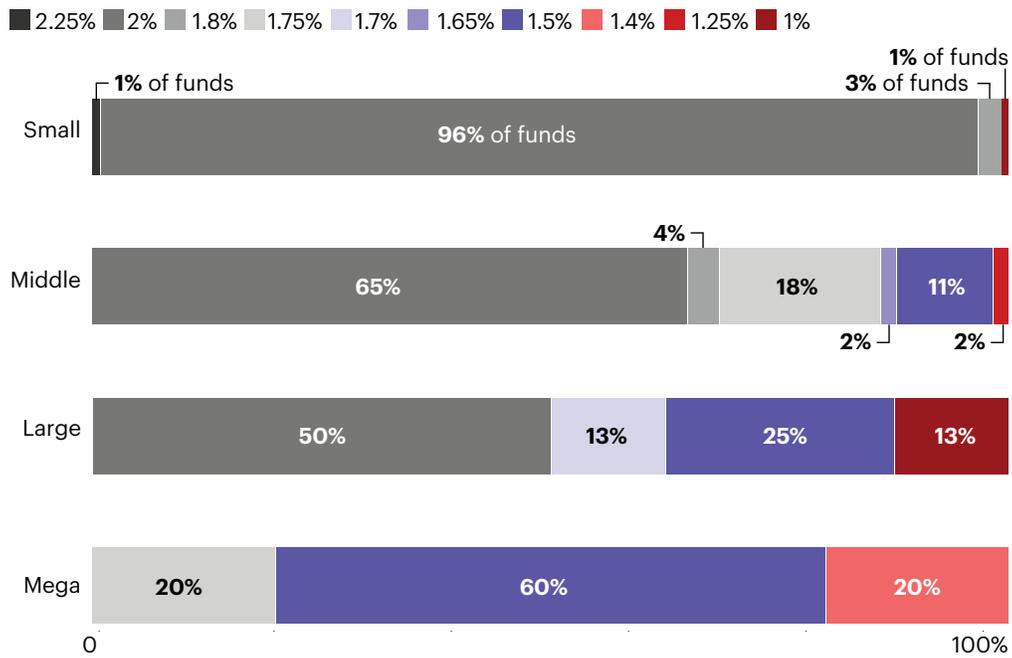
Source: 2026 StepStone/Bain Private Equity GP Survey

**Management fees and discounts**

There is downward pressure on the industry’s long-standing 2% headline management fees, particularly as fund size goes up. In addition, fee discounts are frequently offered to support fund-raising efforts, placing greater stress on fund economics.

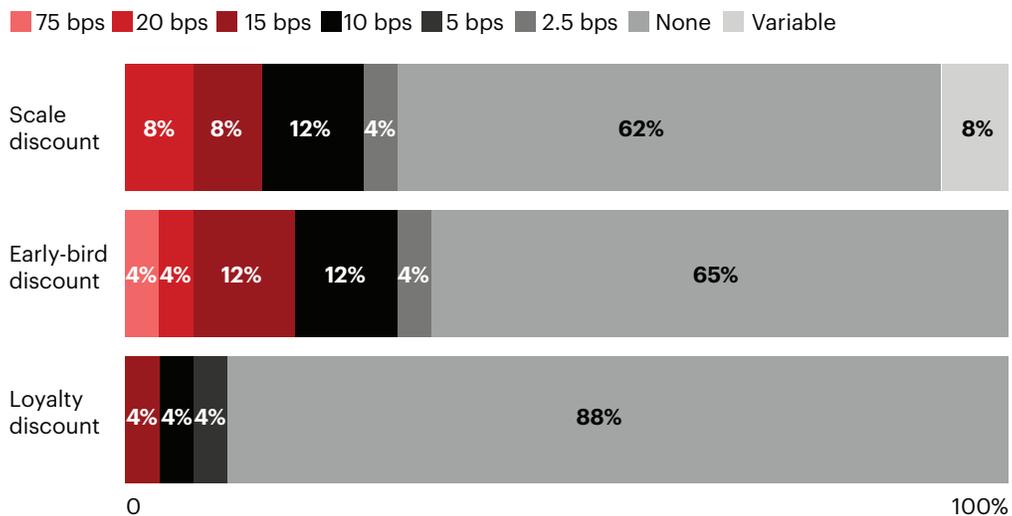
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**Headline management fees by buyout fund size**



Notes: Includes 2024–25 vintage buyout funds; small is less than \$2 billion; middle is \$2 billion–\$7 billion; large is \$7 billion–\$12 billion; mega is more than \$12 billion  
 Source: SPI by StepStone

**Average management fee discount on most recent flagship**



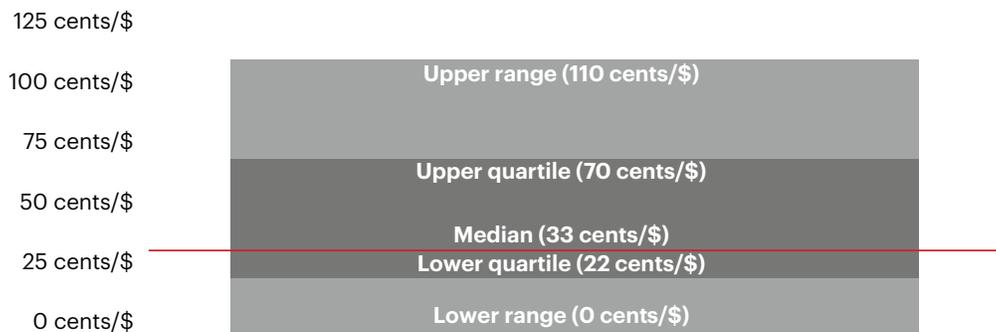
Source: 2026 StepStone/Bain Private Equity GP Survey

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Typically fee-free, coinvestment is taking an even bigger bite out of fund economics. Coinvestment is widespread across fund sizes, and it can significantly dilute how much revenue a fund earns from dollars under management. For funds that offered coinvestment, the median was 33 cents of coinvestment per \$1 of commingled fund commitment, translating to a 25% reduction in fee revenue. At the high end, coinvestment reaches 70 cents to 110 cents on the dollar.

LP appetite for coinvestment shows little sign of abating. GPs will increasingly seek to partner with LPs that can execute reliably and offer a scaled relationship.

**Distribution of offered coinvestment capital per \$1 of commingled fund commitment**

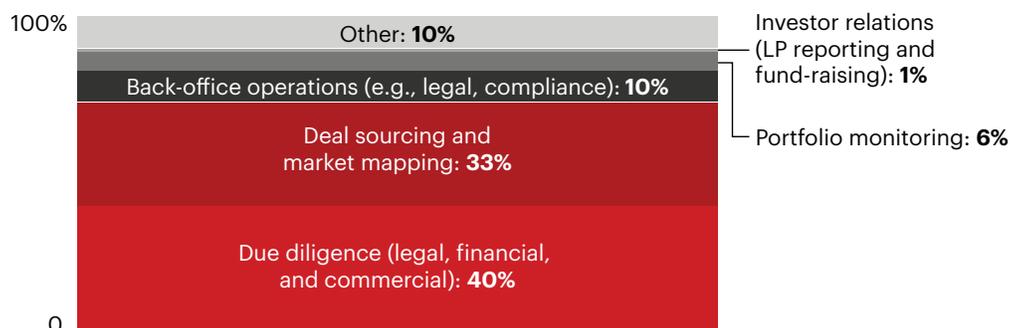


Source: 2026 StepStone/Bain Private Equity GP Survey

**AI**

When asked where generative AI is delivering the highest return on investment within the firm, GPs most often point to due diligence and deal sourcing. Given AI's ability to rapidly ingest massive amounts of data and deliver sharp insights, these use cases can supercharge some critical investment processes.

**Where GPs say generative AI ROI (time saved or insights generated) is highest**

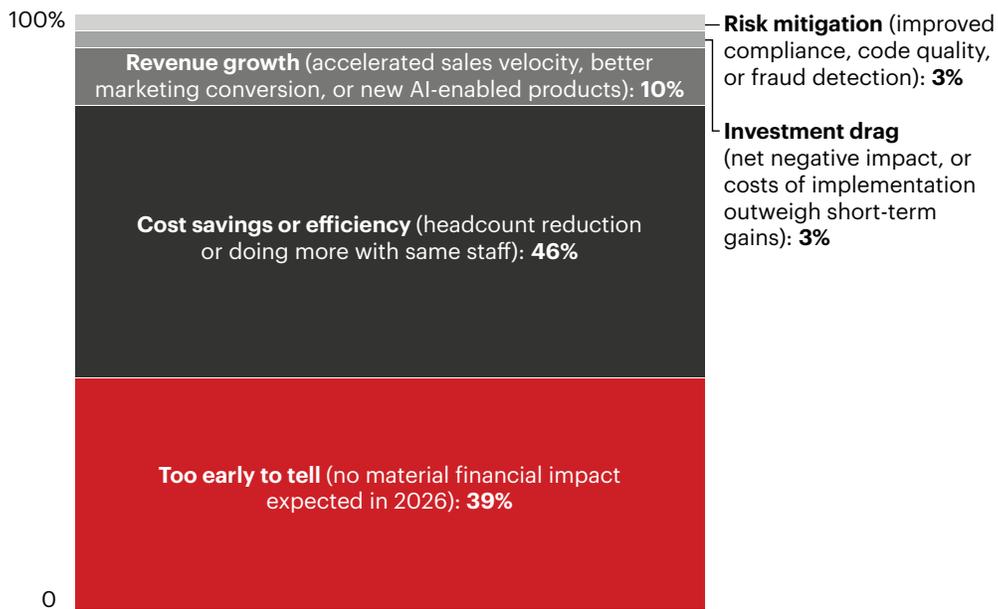


Note: Other includes initial transaction investment, value creation at portfolio companies, portfolio technology implementation, and admin work  
Source: 2026 StepStone/Bain Private Equity GP Survey

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Within the portfolio, impact is uneven and still emerging. Reported outcomes skew toward cost savings and efficiency more than revenue growth. And 39% of GPs don't expect AI to have any material financial impact on portfolio companies in 2026. A few even anticipate investment drag, underscoring the uncertainty around near-term payoffs.

**Where GPs expect primary, tangible AI outcomes in portfolio companies in 2026**



Source: 2026 StepStone/Bain Private Equity GP Survey



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StepStone (Nasdaq: STEP) is a global private markets investment firm providing customized investment solutions, advice, and data services. As of December 31, 2025, the firm oversaw around \$811 billion in total capital, including \$220 billion in assets under management, serving pension funds, sovereign wealth funds, insurers, endowments, foundations, family offices, and private wealth clients.

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