HOW DO EMERGING MARKETS INVESTORS MAKE DECISIONS? EVIDENCE FROM VENTURE CAPITAL AND PRIVATE EQUITY

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Abstract. We document the globalization of venture capital (VC) and private equity (PE) and examine how investors make decisions across both developed (DM) and emerging (EM) markets. We combine new micro-data with a global survey and embedded experiment conducted in partnership with the World Bank's International Finance Corporation (IFC). The survey covers 1,485 VC and PE investors across 108 countries, representing nearly $2 trillion in assets under management. First, we uncover a massive rise in the share of EM investors, and we show that while absolute returns are highest in DM, public market equivalent performance is strong in many EM. Second, our experiment shows that investor interest in both EM and DM is driven primarily by firms' financial performance and regional and country risk, with team and other firm characteristics playing a limited role. Third, our survey captures several differences in *how* investors operate across EM and DM. While they are broadly similar in deal structuring and operations, EM investors rely more on local knowledge and personal networks when selecting deals and face greater exit challenges. They also differ starkly in how they manage risk, especially political and currency risk: DM investors tend to avoid regions altogether, whereas EM investors diversify across regions and sectors and systematically assess and manage risk. Finally, we document substantial heterogeneity across EM regions, reinforcing the need for context-specific evidence.

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1. Introduction

It has long been recognized that global investment in innovation and entrepreneurship is concentrated in a handful of high-income countries, a disparity that may have substantial implications for growth and inequality. While the importance of well-functioning financial intermediaries for growth has been recognized at least as far back as Schumpeter (1912), it was not until the 1990s that economists began to explore these links from both a theoretical (e.g., Greenwood and Jovanovic 1990, King and Levine 1993a, and Bencivenga et al. 1995) and an empirical perspective (e.g., Jayaratne and Strahan 1996, Demirgüç-Kunt and Maksimovic 1998, Levine and Zervos 1998, and Rajan and Zingales 1998).

One dramatic development in the last two decades has been the global diffusion of private capital, and specifically venture capital (VC) and private equity (PE) (Lerner et al., 2024; Colonnelli et al., 2025). This is striking for two reasons. First, this trend contrasts sharply with those in other financial markets: global public equity markets have become more U.S.-focused, with the U.S. share of global public equity capitalization rising from an average of 43.6 percent between 1990 and 2005 to 49.1 percent by the end of 2024.[1] More broadly, Didier et al. (2021) show that in the median country only about twenty listed firms per year issue securities in local or global public markets, and that this capital largely accrues to a small number of large firms—even though the marginal benefits of raising capital are far greater for small firms. Second, substantial evidence suggests that VC drives high-potential entrepreneurship and innovation (Kortum and Lerner 2000, Bernstein et al. 2016, Akcigit et al. 2022), and that growth equity (which targets growing but often already profitable entities) facilitates productivity growth and eases financing constraints (Boucly et al. 2011, Davis et al. 2014, Bernstein et al. 2019). The globalization of these intermediaries may therefore have far-reaching implications for economic development—which is why governments worldwide increasingly seek to promote entrepreneurial finance ecosystems (Howell 2017, Bai et al. 2021).

Yet, very little is known about private capital markets and investors outside developed markets (DM), because systematic data on investors and performance remain extremely scarce in emerging markets (EM). This paper aims to fill this gap via a combination of new microdata and surveys.

First, we combine multiple data sources on deals and returns from standard sources such as PitchBook and confidential cash-flow data from State Street Corporation's custodial records (Lerner et al., 2022).

Second, we conduct a worldwide survey that incorporates the two main approaches the literature has used to study how VC and PE investors make decisions. One approach is

[1]See SIFMA Research Capital Markets Fact Book and Committee on Capital Market Regulation.

experimental and aims at isolating the drivers of investors' interest when evaluating investment opportunities, with examples including Bernstein et al. (2017) and Colonnelli et al. (2024). The other approach relies on rich qualitative surveys to go deeper into how investors source, structure, and manage deals across the full investment cycle, such as the seminal workby Gompers et al. (2016, 2020). Our global survey embeds both approaches thanks to a collaboration with the International Finance Corporation (IFC)—the private sector arm of the World Bank Group and one of the largest private capital investors in the world.

Launched in late 2024 and disseminated through major industry associations and direct outreach, the survey reached 1,485 investors from 108 countries—including 801 VC and 684 PE investors collectively managing nearly $2 trillion in AUM—making it one of the largest private capital surveys ever conducted, with particular attention to EM representativeness.

The survey consists of two components. The first is an experiment designed to measure investors' preferences for key firm and deal attributes. Identifying the attributes that drive investor interest is difficult, since deals present themselves as bundles of company, team, performance, and context characteristics that are hard to disentangle. We address this by adopting a variant of the resume-audit study design, well-established in labor economics to measure discrimination (Bertrand and Mullainathan 2004, Kessler et al. 2019), applied to investor–company matching (Colonnelli et al., 2024). The second component collects rich qualitative evidence on how investors operate, building on the survey frameworks of Gompers et al. (2016, 2020) to examine deal selection, valuation and structuring, risk assessment and management, and operational engagement and exit practices.[2]

Combining the strategies described above, we establish a set of ten new facts about private capital around the world, organized in three parts. In the first part, we establish three facts on the global expansion of private capital, that draw on commercial and administrative data. We document the globalization of VC and PE activity: while the U.S. housed close to 60 percent of all investors involved in VC and PE deals in 2001, the country's share felt to less then 40 percent by 2025, and the corresponding share of EM-based investors rose from under 10 percent to over 30 percent. This expansion was uneven, however. EM investment exhibits greater concentration in early-stage deals: seed and early-stage VC together account for roughly 68 percent of all EM deals, compared to around 54 percent in DMs, while buyout activity represents only 6 percent of EM deals versus 24 percent in DMs. We also observe substantial variation across EM regions, including Latin America, Africa and the Middle East, Asia, and Emerging Europe. Sector allocations diverge as well: DMs display more concentrated sectoral bets relative to public markets, particularly in Information Technology,

[2]We maintain a largely consistent survey structure across VC and PE investors to enable direct comparison, while incorporating asset-class-specific modules to address differences in investment stages and capital structures.

while EM private capital overweights Industrials and underweights Financials relative to local public market benchmarks.

We then present new performance evidence based on cash-flow data from private capital funds worldwide, drawing on State Street Corporation's custodial records. Absolute returns—measured by IRR, TVPI, or DPI—are highest in the U.S. and other DMs, with most EMs reporting IRRs in the single digits. The picture reverses, however, when benchmarking against local public markets using the Kaplan–Schoar PME framework: China leads in relative performance in both VC and buyout, with several other EM regions also outperforming their public equity benchmarks, while funds from the U.S. and other DMs generally lag behind.

These aggregate patterns push us towards a closer look at what drives investor decisions across different markets. In the second part, we use the experimental component of the survey to establish two facts about what investors value when evaluating investments. Our design presents investors with randomized synthetic company profiles, allowing us to isolate the causal effect of individual firm and deal attributes on investment interest. Financial performance metrics and geographic context emerge as the primary drivers: strong operational performance (high EBITDA, profitability, and growth indicators) generates the largest positive effects on investor ratings, while companies operating in certain EM regions receive systematically lower ratings relative to those focused on North America. Country-level institutional risks (such as currency, political, and country risk) further amplify these geographic effects, while strong IP protection and robust investor protections in deal terms raise investment interest. In contrast, team composition, ownership structure, and other firm attributes exhibit limited influence on investment decisions, a finding that contrasts with earlier experimental evidence on U.S. angel investors (Bernstein et al., 2017).

When we compare EM and DM investors directly, their evaluation criteria are strikingly similar: both groups place comparable weight on financial performance, deal structure, and team characteristics. The most notable divergence emerges in how they assess specific regions, with EM investors exhibiting fewer negative reactions to certain EM markets.

While the experiment reveals what attracts investors to a deal opportunity, it does not capture how they operate. The third part then turns to the qualitative component of the survey to examine investor practices across the investment cycle, allowing us to establish five facts on how investors act throughout it. We compare how EM and DM investors operate using OLS regressions of each survey response on an EM indicator, conditional on a rich set of investor characteristics. While operational differences between the two groups are generally modest—reflecting the globalization and standardization of investment practices in private capital markets—EM investors stand out systematically in how they respond to local frictions and contextual risks.

Compared to DM investors, EM investors rely more heavily on local knowledge and personal networks when selecting deals—they are nearly 20 percentage points more likely to identify local market knowledge as a top quality in management teams—consistent with greater informational frictions in EMs. Deal structuring practices, by contrast, are broadly similar across contexts. The sharpest differences emerge in exits and risk management. At the exit stage, EM investors face greater liquidity restraints at local markets, consistent with them being roughly 10 percentage points more likely to pursue international sales. Regarding risks, EM investors are not only more likely to analyze currency and political risk as a primary concern, but also more frequently respond through active diversification, while DM investors manage risk predominantly through avoidance.

Finally, investment practices vary substantially within EMs, underscoring that the analysis should go beyond the EM–DM distinction. For instance, investors targeting Sub-Saharan Africa and Latin America are the ones to place the most weight on local knowledge, with differences extending to other operational characteristics. We also report results disaggregated by investor type—VC versus PE—finding that EM-DM differences are broadly consistent across both asset classes. To interpret empirical findings, we connect our results to relevant theoretical frameworks, drawing on models of financial intermediation and information production (Acemoglu et al., 2006; Galetovic, 1996; King and Levine, 1993b; Townsend and Ueda, 2006; Buera et al., 2011), financial market development and liquidity (Diamond and Verrecchia, 1982; Jensen and Murphy, 1990; Scharfstein, 1988; Stein, 1988; Levine, 1991), and investment under irreversibility (Bernanke, 1983; Rodrik, 1991; Dixit and Pindyck, 1994).

Our paper makes several contributions to a large literature on VC and PE investors. First, we contribute to the strand focused on returns, which has largely examined funds in the U.S. and other DMs. U.S. fund performance has been extensively documented using high-quality administrative and custodial data (Kaplan and Schoar 2005, Phalippou and Gottschalg 2008, Ewens et al. 2013, Harris et al. 2014, Lerner et al. 2022, Harris et al. 2023) and through sophisticated approaches to risk adjustment (reviewed in Korteweg 2019).

A second relevant strand concerns understanding the decision-making of private capital investors, which has long been a black box due to data scarcity.[3] New insights have emerged with the introduction of surveys and experiments into the field. Influential descriptive surveys by Gompers et al. (2016) and Gompers et al. (2020) shed light on how VC and PE investors make decisions, though with a predominant focus on DM investors.[4] Experiments remain quite rare in this context, with important exceptions including Bernstein et al. (2017), who conduct an experiment on angel investors evaluating information about the team, existing

[3]See, among others, Sahlman (1990); Kaplan and Strömberg (2003); Kaplan and Stromberg (2009); Metrick and Yasuda (2010, 2011); Jang and Kaplan (2025).

[4]See also Gompers et al. (2022) and Gompers et al. (2021) for analogous studies during the COVID-19 pandemic.

investors, and traction, and Gornall and Strebulaev (2024), who examine the influence of gender. Again, both analyses focus on U.S.-based investors. Colonnelli et al. (2024) conduct an experiment to identify the preferences of venture capitalists in China.[5]

We extend this literature by providing, to our knowledge, the first systematic evidence on how EM investors perform, make decisions, and operate—a dimension on which existing work is almost silent. Much of the work available dates back to Lerner and Schoar (2005) and Kaplan et al. (2007), both of which were written before the rapid expansion of global private capital.[6] By combining novel data with experimental and qualitative survey methodologies, we extend the frontier of this literature to a large number of previously unstudied countries and regions.

Third, we contribute to the important literature on finance and development, specifically the nascent strand examining high-growth entrepreneurship and large firms (McKenzie 2017, Lerner et al. 2024, Colonnelli et al. 2024, Colonnelli et al. 2025), and to the growing research on understanding the drivers of global capital flows using micro-data (Maggiori et al. 2020, Coppola et al. 2021, Florez-Orrego et al. 2023).[7]

The paper is structured as follows. Section 2 describes the data and empirical setting of our study. Section 3 establishes key facts on global private capital activity, investment patterns, and fund returns based on administrative and commercial data. Section 4 uses a field experiment to document facts on how global investors evaluate investment opportunities. Section 5 uses the qualitative component of the survey to document facts on how investors operate across key stages of the investment process, with a particular focus on differences between EM and DM investors. Section 6 concludes.

2. Data and Empirical Setting

We begin by describing the data and empirical setting underlying our analysis. To better capture the full picture of global private capital activity, we combine multiple complementary datasets. Commercial data allow us to document broad investment patterns and fund performance across countries, while administrative data provide detailed information on realized returns—typically unavailable in commercial databases. To go beyond what can be observed in transaction-level data, we then introduce a global survey of private capital investors, which combines experimental and qualitative components to capture how they make decisions in practice and, through an experiment, how they evaluate investment opportunities.

[5]See also Zhang (2020b) and Miller et al. (2024).

[6]More recently, Cole et al. (2025) examine IFC's direct investment portfolio and show comparable performance to the S&P 500 index (but under U.S. PE benchmarks), while Colonnelli et al. (2024) document the underperformance of government-owned investors in China.

[7]For influential work on finance and development see, among others, Rajan and Zingales (1998); Demirgüç-Kunt and Maksimovic (1998); Morck et al. (2000); Bekaert and Harvey (2003); Bekaert et al. (2007); Alfaro et al. (2008); Griffin et al. (2010); Gopalan and Gormley (2013); Hsu et al. (2014).

2.1. **Commercial and Administrative Data on VC and PE.**

2.1.1. *PitchBook.* PitchBook is a leading commercial database widely recognized as the gold standard for data on privately-backed companies and the VC and PE ecosystem. It collects detailed deal-level information covering over 2.8 million deals involving more than 1.3 million companies, approximately 500 thousand investors, and about 130 thousand associated funds. The database is widely used in academic and industry research owing to its broad international coverage and standardized classification of transactions.

In our setting, PitchBook allows us to observe investment activity across countries and over time, and to characterize how private capital is allocated across stages, sectors, and the geographic distribution of both firms and investors—based on granular deal- and fund-level information.

2.1.2. *State Street.* Observing high-quality data on fund returns from commercial datasets is notoriously difficult—particularly at a global level. We address the limited global evidence on fund returns by introducing new data from State Street Corporation's custodial unit. State Street ranks among the world's largest custodians—holding $49 trillion in assets under custody and/or administration (as of June 30, 2025). The corporation provides services to institutional investors, including pensions, sovereign wealth funds, and endowments, as well as to fund managers. In its custodial role, State Street maintains a comprehensive record of all transactions and cash flows between investors and fund managers across VC, PE, real estate, hedge funds, securitizations, and other alternative assets. These administrative relationships allow for highly accurate and reliable fund reporting, which is typically unavailable in most other commercial datasets. We refer to Lerner et al. (2022) for a detailed discussion and validation of the data.

Our analysis draws on data from 142 large asset owners with VC and PE exposure, collectively representing over 120 thousand investments across multiple types of private financial vehicles.[8] The sample includes 4,008 private capital funds across global markets, covering VC (early-stage, balanced, and late-stage), buyout, and private debt strategies (including distressed, mezzanine, and special lending).[9]

2.2. **A New Global Survey with the IFC.** Despite the growing scale of private capital markets, systematic evidence on what attracts investors interest and how they operate across diverse market contexts remains scarce. To address this gap, we partnered with the IFC—the private arm of the World Bank Group and the world's largest EM investor—to design and implement a comprehensive global survey of private capital investors. The survey examines how investors make decisions across markets by collecting evidence on their

[8]All cash flows are recorded net of management fees and carried interest charged by general partners (GPs).
[9]The data cover funds whose vintages range from 1988 to 2024.

professional backgrounds, investment strategies, deal selection and structuring processes, operational considerations, and preferences across company, sector, regional, and country-specific dimensions.

We fielded the survey between December 2024 and February 2026, targeting experienced global investors active across both EMs and DMs. Additional details about the study are available on the IFC's official website (Global Private Capital Investors Survey), while Figure 1 presents the promotional material used to advertise the study. The survey was conducted primarily in English.[10]

Section 2.2.1 describes the dissemination strategy and outreach channels. Section 2.2.2 outlines the survey structure. Section 2.2.3 presents sample characteristics and assesses representativeness and data quality.

2.2.1. *Survey Dissemination and Outreach.* We adopted a dual dissemination strategy. First, we identified and contacted major VC and PE associations spanning global (e.g., Global Private Capital Association), regional (e.g., African Private Capital Association), and country-specific (e.g., Brazilian Private Equity and Venture Capital Association) networks. We asked these partner organizations to disseminate the survey to their members through targeted email campaigns and internal communication channels. Second, we conducted direct outreach to expand coverage across markets and investor types. We identified target investors through PitchBook, LinkedIn, and personal networks, and contacted them via email campaigns.

To encourage thoughtful participation and ensure high-quality responses, we incentivized respondents in several ways, as discussed in detail in Section 2.3.

Our dual dissemination strategy precludes a precise estimate of the total number of investors exposed to the survey. While we can track direct outreach by the research team (via PitchBook, LinkedIn, and personal networks), we cannot observe dissemination through partner associations, which distributed the survey through their own channels. Among outreach activities that can be tracked—primarily direct email invitations—we record a response rate of approximately 17 percent, consistent with participation rates in similar surveys of institutional investors. For comparison, response rates in related studies range from 0.5 to 13.8 percent (Zhang, 2020a; Gornall and Strebulaev, 2024; Bernstein et al., 2019; Da Rin and Phalippou, 2017), while higher rates of 21–50 percent were achieved through highly targeted partnerships (Gompers et al., 2016, 2020; Colonnelli et al., 2024).

2.2.2. *Survey Structure.* We designed separate survey instruments for VC and PE investors. At the beginning of the survey, respondents selected their investor type, which determined the version they completed. We structured both versions to be as similar as possible to enable

[10]For investors based in China, we also offered a Chinese-language version of the survey.

direct comparison, while incorporating tailored questions to reflect differences in investment stages, deal profiles, and capital structures. Each survey comprised two main sections.

The first section collected descriptive information on investors' professional backgrounds, global investment strategies, deal selection and structuring processes, operational activities, and relationships with limited partners, where applicable. We built on the survey frameworks of Gompers et al. (2016, 2020), which examine how VC and PE investors source, assess, structure, and manage their investments. For VCs, we present modules on deal sourcing, evaluation, syndication, contracting, and post-investment management, as well as on investment focus and strategy, deal selection criteria, due diligence, risk evaluation and management, and internal decision processes. For PE investors, we drew on their sections on valuation, capital structure, governance, and operational engagement, and expanded them to include deal structuring, value creation strategies, risk assessment and management, and limited partner relationships.

The second section incorporated an experiment in which respondents evaluate ten randomly generated synthetic company profiles, and rate their investment interest in each on a seven-point scale. Each profile varied across key characteristics, such as growth metrics, team composition, and geographic location, among others, allowing us to isolate the causal impact of specific features on investment interest. We provide a detailed description of the experimental design in Section 2.3.

2.2.3. *Survey Sample Characteristics.* We obtain responses from 1,485 investors (801 VC investors and 684 PE investors) across 108 countries, spanning all major DMs and EMs worldwide. Table 1 presents summary statistics on key respondent and firm attributes.

Our sample includes investors spanning the full spectrum of firm sizes and organizational maturity. In terms of AUM (Panel A), around 45 percent of respondents work at firms managing less than $100 million, 28 percent at firms with $100–500 million, and nearly 27 percent at firms exceeding $500 million, including 16 percent with over $1 billion. In terms of organizational structure (Panel B), the sample includes both boutique firms—with about half of respondents at firms with fewer than 10 employees—and larger organizations, with 36 percent employing 10–49 people and 14 percent 50 or more. Investment focus also varies across stage (Panel D): 27 percent focus on pre-seed or seed, 46 percent on early-stage VC or PE, and 23 percent on late-stage or growth investments. These differences are reflected in typical deal sizes (Panels C.1 and C.2), with VC investors typically investing below $500k (33 percent), while only 11 percent invest $5 million or more, and PE investors below $5 million (18 percent) or above $100 million (10 percent). Firm age (Panel E) ranges from newly established to long-standing organizations: 62 percent have been founded within the past decade, while 38 percent have operated for over ten years, including 14 percent for more than 20 years.

Table 1 also reports differences between investors focused primarily on EMs and DMs. Investors are classified based on their self-reported market preference: EM investors focus primarily or exclusively on EMs, while DM investors focus on DMs or invest globally without a specific regional emphasis.[11] EM investors are more likely to work at investment firms that make smaller investments, with a larger share managing less than $50 million in AUM, while DM investors are more commonly in larger, more established firms.

Figure 2 presents the geographic composition of our sample. Panel A shows the distribution of respondents by primary location, with broad participation across North America, Europe, and Asia, and meaningful representation in EMs, including Latin America, Africa, the Middle East, and Southeast Asia. The sample exhibits strong geographic diversity—50 percent of respondents are based in EMs. Panel B shows respondents' regional investment preferences, highlighting diverse geographic mandates, from region-specific to global, with strong interest in EM regions.

2.2.4. *Sample Representativeness.* As in similar surveys, our sample may be subject to selection bias. However, several features suggest it is broadly representative.

First, our respondents collectively manage approximately $2 trillion in AUM, representing a large share of global private capital investments. For reference, Gompers et al. (2021) report that their U.S. VC respondents collectively manage $340 billion. Moreover, the distribution of AUM closely aligns with PitchBook data (Appendix Table A1), with only a slight underrepresentation of firms above $1 billion in AUM.

Second, the geographic distribution shown in Figure 2 is distinct relative to prior surveys (primarily focused on U.S. and other DM investors). As shown in Appendix Figure A1, our sample closely tracks PitchBook's geographic distribution, with the highest concentration of respondents in the U.S. and core European markets, as well as meaningful representation in Brazil, India, China, Canada, South Africa, and Southeast Asia.

2.2.5. *Sample Validation.* We further assess the reliability of our survey data following Gompers et al. (2021). We match 1,074 respondents to PitchBook (corresponding to 977 unique investment firms), covering 72 percent of the survey sample. This allows us to validate self-reported characteristics such as AUM and total investments. Appendix Table A2 shows that the matched subsample closely resembles the full sample along key dimensions (such as

[11]Specifically, respondents were asked: "In which markets do you invest or are open to investing? Please select the most applicable option." Response options included: (i) Globally, without a specific emphasis on any region; (ii) Focused on EMs, with some investment in DMs; (iii) Focused on DMs, with some investment in EMs; (iv) Exclusively in EMs; (v) Exclusively in DMs. Investors are classified as EM if they selected options (ii) or (iv), and as DM if they selected options (i), (iii) or (v).

AUM, geographic coverage, preferred investment amounts, and industry focus).[12] We further compare survey-reported and PitchBook-recorded characteristics. Appendix Figure A2 shows a strong correspondence for both AUM (Panels A and B) and number of investments (Panels C and D), with observations concentrated along the diagonal. Overall, the close alignment between survey and external data supports the reliability of our measures and findings.

2.3. **Experimental Setting Description.** A key challenge in understanding investor behavior is disentangling which specific firm attributes drive investment interest. In real-world settings, investors evaluate companies that differ along many correlated dimensions—such as team experience, traction, and investment stage. Because these characteristics are intertwined, observational data cannot reveal which factors truly shape investor decisions. For example, a company located in a high-risk jurisdiction may simultaneously lack prior institutional investors and have limited revenue, making it impossible to determine whether lower investor interest reflects concerns about geographic risk, the absence of prior backing, weak traction, or some combination thereof.

To overcome these challenges, we adopt an experimental design in which investors evaluate hypothetical company profiles with systematically randomized characteristics. By randomizing firm attributes independently, we can isolate the causal effect of each characteristic on investment interest. Our design closely follows Colonnelli et al. (2024), who use randomized synthetic profiles to examine how private capital investors evaluate potential partners in China's VC and PE markets. Drawing on the non-deceptive rating framework of Kessler et al. (2019), we ensure transparency while preserving realism: investors are explicitly told that the company profiles are hypothetical, informed about the purpose of the task, and made aware of how their responses will be used. This helps maintain engagement and preserves the validity of elicited preferences.

Each respondent evaluated ten realistic synthetic profiles during the survey. The profiles varied across multiple dimensions, including firm size, growth trajectory, geographic location, team composition, sectoral focus, and investment stage. By observing how ratings vary with these randomized attributes, we estimate investor preferences while controlling for investor-specific rating tendencies through fixed effects.

To encourage thoughtful and accurate evaluations, we provide respondents with a personalized Market Insights Report whose content depends on their stated preferences. We developed this incentive structure iteratively through a pilot phase in which respondents were offered either (i) a match to real companies consistent with their revealed preferences, or (ii)

[12]An important caveat is that a substantial share of matched investors lack complete information in PitchBook: approximately 69–83 percent have missing data for key variables such as firm headquarters location, total number of investments, AUM, and preferred investment amounts. The statistics reported reflect shares of all matched investors, including those with missing data.

the Market Insights Report. Response rates, rating patterns, and follow-up feedback were nearly identical across incentive types, indicating that investors valued both options similarly. Given its scalability, we adopted the Market Insights Report as the primary incentive in the final global roll-out.

Crucially, the report is designed as a benchmarking tool rather than a source of new market information. It compares each investor's revealed preferences to those of similar investors worldwide, without providing information about specific countries, sectors, or investment opportunities. As a result, respondents have no incentive to misreport their preferences: providing truthful evaluations makes the report more informative for them.[13]

Next, we provide additional details on how the synthetic company profiles were created and the procedures used to elicit investor ratings.

2.3.1. *Creating Firm Profiles.* The credibility of our experimental design depends critically on the realism of the synthetic company profiles shown to investors. To construct profiles, we first conducted a structured manual review of more than 10,000 real profiles of VC- and PE-backed firms drawn from major investment platforms, including Crunchbase, AngelList, PitchBook, Preqin, and LinkedIn. We analyzed the components of typical investment profiles, focusing on both their content and overall organization, and used this exercise to identify the key profile attributes and calibrate their empirical distributions.

Company profiles typically consist of a few main categories: basic firm characteristics, deal details, contextual information, business opportunity indicators, and key people. Contextual information is drawn from actual country-level data and then matched to each company's geographic focus. To ensure realism, we calibrate the inclusion and values of these components using the distribution of actual company profiles as a benchmark, separately for VC and PE settings. We also impose consistency restrictions to rule out implausible combinations of characteristics and match contextual variables to real country-level information based on the firm's geographic focus. With these components and restrictions probabilities in place, generating synthetic profiles becomes a straightforward process of randomizing profile elements according to their inclusion probabilities and value distributions.[14]

Figure 3 provides illustrative examples of the synthetic profiles shown in the experiment. In the subsections below, we provide additional details on the main profile categories. A

[13]The structure of the incentive mirrors the logic of IRR designs: because the report's content is entirely preference-contingent and does not provide independent market intelligence, respondents cannot "game" the survey to obtain additional information about particular countries, sectors, or strategies. Any deviation from true preferences simply reduces the informativeness of the benchmarking output for the respondent.

[14]For example, consider the "Latest Round" variable documented in Appendix Table A3. This variable is included in company profiles shown to VC investors with a 50 percent probability. Conditional on inclusion, one of five subcategories is drawn according to their empirical distribution: (1) "No Prior Investment Round" (10 percent), (2) "Pre-Seed" (20 percent), (3) "Seed" (40 percent), (4) "Series A" (20 percent), and (5) "Series B" (10 percent). In contrast, the variable is not shown in growth equity investor profiles.

summary of profile components and their inclusion probabilities is reported in Appendix Table A3, while the region-specific profile variables are detailed in Appendix Table A4. We expand on the various components of these profiles when discussing the experimental results in Section 4.

3. The Rise of Private Capital Around the World

We document a first set of patterns drawing on the complementary datasets introduced in Section 2.1 to capture investment activity and fund-level outcomes across global markets. Together, these data shed new light on the growing role of EM investors in global VC and PE, and on differences in capital allocation and performance across private capital funds.

3.1. **Fact 1: The Rising Importance of Non-U.S. VC and PE Investors.**

We first document the global expansion of VC and PE activity using comprehensive investment data from PitchBook.[15]

Figure 4 shows how private capital activity has expanded and diversified across regions over the past two decades, with EMs accounting for a growing share of VC and PE investments. Panel A tracks the regional composition of investors active in the market each year, based on the headquarters location of GPs. The data reveal a substantial reallocation from the U.S. toward EMs. In 2001, the U.S. accounted for approximately 59 percent of new investors globally; by 2025, this share had declined to roughly 37 percent. The erosion of U.S. dominance has been driven primarily by the rise of EM investors, with Asian investors—China and Rest of Asia combined—growing from a negligible presence to approximately 20 percent of global entrants. Other EM regions, including Emerging Europe, Latin America, and Africa and the Middle East, have similarly expanded their footprint, while DMs excluding the U.S. have maintained relatively stable shares.

A complementary perspective emerges when focusing on the distribution of AUM by GPs' headquarters location (Panel B).[16] The geographic shift is also pronounced in capital terms. In 2001, investors headquartered in the U.S. represented approximately 65 percent of global AUM. By 2025, the U.S. share declined to around 47 percent, while Asia has experienced significant growth. China's AUM share shows a particularly dramatic expansion, surging from near zero to peaks of 24 percent.

Overall, private capital has become increasingly global, with EMs representing a substantial and growing share of both investor counts and capital under management. This pattern becomes even more evident when the analysis is disaggregated by deal stage—particularly

[15]PitchBook's global coverage expanded significantly over time. We focus on the period from the early 2000s onward, when data quality and completeness across regions are most reliable and consistent.

[16]Fund size is used as a proxy for each GP's annual AUM. We aggregate these values annually by fund vintage year and assign them to regions based on the GP's headquarters location.

when restricting the sample to VC or growth equity investments only, as shown in Appendix Figure A3.

3.2. **Fact 2: Diverging Stage and Sector Allocations of EM and DM Investors.** Beyond geographic expansion, in Figure 5 we document systematic differences in how EM and DM investors allocate capital across both investment stages and industry sectors.

Panel A compares deal distribution across investment stages. DMs show a relatively balanced profile across stages: seed investments account for approximately 37 percent of deals, early-stage VC for 17 percent, late-stage VC for 15 percent, and buyout activity for 24 percent, with growth investments representing the remaining 7 percent. EMs display a markedly different pattern, heavily concentrated in early-stage investing. Seed investments represent approximately 39 percent of all deals, while early-stage VC accounts for an additional 29 percent, meaning that seed and early-stage VC together constitute approximately 68 percent of all deals. In contrast, buyout activity accounts for only 6 percent in EMs. This concentration in seed and early-stage investments stands in sharp contrast to the more diversified stage allocation observed in DMs. Similar patterns emerge when we disaggregate the analysis by individual geographic regions, as shown in Appendix Figure A4.[17]

Panel B examines sectoral differences by comparing private capital allocations to public market benchmarks. We calculate the difference between each sector's share of private capital investments, using PitchBook data on VC and growth equity deals, and its share of public market capitalizations, using MSCI indices.[18] Positive values indicate sectors where private capital is overweight relative to public markets; negative values indicate underweight sectors.[19][20]

Both markets show substantial deviations from public markets, but in different ways. EMs exhibit a more distributed allocation pattern, while DMs display more concentrated sectoral bets. Differences are particularly clear in Information Technology, where private capital allocations in DMs exceed public market weights by approximately 16 percentage points. In EMs, the largest deviation from public markets arises in the Industrials sector

[17]For Panel A, we define DMs as countries that were OECD members before 1980, and EMs as all countries not included in this group. The DM list includes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the U.S.

[18]We use the MSCI EM Index for EMs and the MSCI DM Exposure Index for DMs.

[19]For Panel B, we follow the DM/EM classification used by the MSCI Emerging Markets Index, which is based on a selected set of countries included in the index. The DM list includes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the U.S.. The EM list includes: Brazil, Chile, China, Colombia, the Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, the Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

[20]In Appendix Figure A5 we disaggregate Panel B of Figure 5 for each investment type (i.e., VC, growth equity, and buyout).

with 16 percentage points, with a magnitude comparable to that observed in DMs, albeit slightly larger in EMs. While the second main difference within EMs is seen in Financials, where public markets are overweight relative to private markets, this difference is even higher in DMs. The sum of absolute differences across all sectors—55 percentage points for EMs versus 75 for DMs—confirms that private capital systematically targets opportunities that are distinct from public market compositions, with DMs showing greater overall divergence.[21]

3.3. **Fact 3: Low Absolute Performance, High Relative Performance of EMs.** We next examine fund performance across global markets, focusing on both absolute and relative returns using State Street data. Figure 6 summarizes key performance metrics for VC and buyout investments, across DMs and EMs.

Panels A and D of Figure 6 report fund-level internal rates of return (IRR) for VC and buyout funds, respectively. Panels B and E present Total Value-to-Paid-In (TVPI) multiples, which are further decomposed into Distributed-to-Paid-In (DPI), representing realized returns to investors, and Residual Value-to-Paid-In (RVPI), reflecting unrealized investment value, again for VC and buyout funds, respectively.[22] The results reveal a clear pattern across both VC and buyout funds: funds investing in DMs achieve the highest absolute returns. U.S.-focused funds, in particular, rank among the top performers in buyout and display strong performance in VC in terms of both IRRs and TVPI multiples, with other developed markets also performing well. In contrast, funds focused on EMs, including Latin America, Emerging Europe, the Middle East and Africa, and Asia excluding China and Japan, report systematically lower IRRs and TVPIs in both VC and buyout, often with IRRs in the single digits and TVPI multiples closer to 1.2–1.4. China stands out as an exception, particularly in VC where it exhibits the highest TVPI multiples, approaching 1.8, and more broadly shows comparatively strong performance across measures.

Panels C and F of Figure 6 present measures of relative performance, using the Kaplan–Schoar Public Market Equivalent (KS-PME) framework to benchmark private fund returns against corresponding public market indices (Kaplan and Schoar, 2005).[23] While absolute returns are higher in DMs, PMEs show that EM funds often outperform local public equities.[24] In particular, in VC, China exhibits the strongest relative performance, with PME around 1.8, followed by Asia excluding China and Japan (around 1.3), while U.S. funds lag

[21]Appendix Figure A6 presents the underlying sectoral shares for private capital and public markets separately for EMs and DMs.

[22]Regions are classified based on the State Street Private Equity Index (SSPEI) and defined by the investment focus of the fund, such that returns reflect where capital is deployed. All metrics are computed from fund-level cash flows since inception, with data current through Q2 2024.

[23]Geographic-specific benchmarks used are: the MSCI USA Index for the U.S.; the MSCI World ex U.S. Index for DMs excluding the U.S.; the MSCI China Index for China; the MSCI EMs Europe Index for Emerging Europe; the MSCI AC Asia ex Japan Index for Asia excluding China and Japan; the MSCI EMs EMEA Index for the Middle East and Africa; and the MSCI EM Latin America Index for Latin America.

[24]A KS-PME above one indicates that private capital outperforms public markets.

at about 1.1. In buyout, relative performance is more broadly distributed across EMs, with China (around 1.5) and Emerging Europe (around 1.4) among the top performers, again exceeding U.S. funds (around 1.1). These results suggest that private capital in EMs frequently captures opportunities not available in local public markets, despite lower absolute returns.

4. What Attracts Global Investors' Interest?

The patterns documented above reveal that private capital has become global, and that EM and DM investors allocate capital differently and achieve systematically different returns. To go beyond this, we now turn to the experimental component of our survey and isolate the causal drivers of investment interest across a globally diverse sample of VC and PE investors.

A key challenge in understanding investor behavior is that, in real-world settings, firm attributes are deeply correlated with one another and with the markets in which companies operate, making it difficult to isolate what truly drives investment interest. Experimental designs are a typical way to address this, as they allow us to identify the causal effect of each attribute on investor interest while holding all other characteristics fixed. We adopt a design closely based on Colonnelli et al. (2024), as described in Section 2.3, in which investors evaluate hypothetical company profiles with randomly assigned characteristics.

More specifically, each respondent rates ten randomly assigned hypothetical profiles using a seven-point Likert scale in response to the question: *"How interested would you be in investing in this company?"* The scale ranges from 1 ("No interest") to 7 ("Strong interest").[25] To isolate investor demand from strategic considerations about deal competition, respondents are instructed to assume the company is already interested in establishing a relationship with them.[26]

To quantify the impact of each company characteristic on investment interest, we estimate:

$$y_{ij} = \alpha_i + \sum_{m=1}^{N} \beta_m \cdot X_{jm} + \gamma \cdot RegionMatch_{ij} + \epsilon_{ij}, \tag{4.1}$$

where i indexes survey investors, j indexes synthetic company profiles, and y_{ij} denotes the investment interest rating that investor i assigns to profile j. The variable X_{jm} is an indicator equal to one if characteristic m takes a specific value or meets a specified

[25]To encourage differentiated use of the full scale, we provided explicit anchors: 1 indicates no interest whatsoever, 2–3 low interest, 4–6 moderate to substantial interest, and 7 strong interest. Respondents who assigned identical ratings to the first five profiles received an automated prompt encouraging greater differentiation.

[26]The assignment process incorporated partial matching to investor preferences to maintain engagement: most profiles aligned with each respondent's stated industry and geographic preferences, while a minority fell outside them to retain variation for estimating geographic and contextual preferences. See Appendix Table A5 for the complete randomization procedure.

threshold in profile j (e.g., "High Sales Growth", "Young Company"), and zero otherwise. There are N such characteristics, detailed in Table 2, constructed from the randomized profile components described in Section 2.3.1; these include the specific region of focus of the company. To absorb differences in average ratings across investors, we include investor fixed effects (α_i). We also control for $RegionMatch_{ij}$, an indicator for whether profile j's regional focus aligns with investor i's stated regional investment preferences.[27] All standard errors are heteroskedasticity-consistent (Abadie et al., 2023).

Figure 7 presents the results, showing how different components of deals—company characteristics, management team profile, financial performance metrics, deal specifics, and context—drive investment interest. To our knowledge, these are the first experimental estimates of investment preferences from a globally diverse sample of VC and PE investors spanning DMs and EMs. We organize the discussion around two key facts.

4.1. **Fact 4: Financial Performance and Geographic Context are the Primary Drivers of Investment Interest, while Team Composition and other Firm Characteristics have Limited Influence.** The experimental results point to two sets of deal factors as particularly relevant to private capital investors.

First, financial performance metrics (included in the "Opportunity" section of the profile) emerge as the dominant drivers of investment interest. More specifically, companies demonstrating strong operational performance—high EBITDA, profitability, sales growth, and customer growth—generate coefficients ranging from 0.2 to 0.6, representing the largest positive effects on investor ratings. PE investors show particularly strong preferences for high profitability signals (coefficient ≈ 0.4), while VC investors respond especially strongly to sales and customer growth indicators (coefficients ≈ 0.2 to 0.3). High CAGR markets attract strong interest (coefficient ≈ 0.2), particularly among PE investors.

Second, geographic context emerges as a primary determinant of investment interest. As described in Section 2.3.1, we capture context effects through two complementary channels embedded in the profile design. On one hand, each profile specifies a region of focus, generating variation in the geographic setting of the company. On the other hand, while all profiles display the company's headquarters location and region of focus—allowing investors to form initial judgments based on geography and the implicit signals linked to it—a dedicated "Context" section makes country-level institutional risks explicitly salient through standardized visual indicators covering currency risk, political risk, country risk, and intellectual property protection.[28] Together, these two sources of variation allow us to separately

[27] See Section 2.3.1 for a detailed description of the randomization design.

[28] In the profiles presented to investors, contextual risk measures are displayed with color coding: green indicates low risk, yellow moderate risk, and red high risk.

identify the effect of geography per se from the effect of explicitly highlighting institutional risks conditional on geography.

Starting with the first channel, relative to companies operating in North America (U.S. or Canada), firms that operate primarily in China face particularly strong negative reactions, while companies focused on the Middle East and North Africa (MENA) and other EMs also receive systematically lower ratings. These geographic effects are significant—comparable in magnitude to key financial performance metrics—and persist even after accounting for the operational, market, and team characteristics typically correlated with a company's location. Importantly, these effects are not driven by investors rating companies outside their preferred regions, as most profiles are aligned with respondents' stated geographic preferences (as described in Appendix Table A5).

Turning to the second channel, the coefficients on the explicit institutional risk indicators capture the marginal effect of making country-level risks salient, above and beyond what investors already infer from a company's geographic footprint. Companies operating in environments where country risk is elevated and made salient receive lower ratings. Political and currency risk also affect investment interest negatively. Conversely, investors are attracted to strong IP protection (coefficient ≈ 0.2), highlighting the importance of institutional quality. Taken together, these results confirm that institutional and geographic context are primary drivers of investment decisions—and that explicitly highlighting these dimensions amplifies their influence beyond what geography alone conveys.

In contrast, team, ownership, deal structure, and other firm attributes exhibit limited influence on investment decisions. For example, while serial founders generate some positive interest (particularly among VCs), the coefficient is small relative to performance metrics. Other team attributes—including women-led teams, politically connected teams, and long-standing sector experience—show negligible or statistically insignificant effects. These findings on the role of the team contrast with Bernstein et al. (2017), who show that team quality is a primary driver of U.S. angel investment decisions, and instead align more with the findings in Kaplan et al. (2009). Similarly, ownership structures, whether founder/family or institutional, exert little influence on investor ratings. Other company characteristics, such as prior funding rounds or the presence of leading global investors, also show minimal impact.

Deal structure and governance variables reveal some preferences for institutional safeguards: companies willing to provide board seats to investors generate positive effects (coefficient ≈ 0.2), while equity-centered deals show more modest positive effects. Both, however, are smaller than those for operational performance metrics.

4.2. **Fact 5: EM and DM Investors Evaluate Firm Characteristics Similarly.** As private capital markets have become increasingly global, understanding how EM investors evaluate investment opportunities—and whether their criteria diverge from those of their DM

counterparts—has grown in importance. Yet systematic evidence on EM investor behavior remains scarce. We use our experiment to shed light on this question, comparing investment preference patterns across EM and DM investors directly.

In Appendix Figure A7, we re-estimate Equation 4.1 separately for EM and DM investors, classifying them based on their primary geographic investment focus (following the EM-DM definition described in Section 2.2.3). The results reveal remarkable similarities in evaluation criteria across the two groups: both place comparable weight on financial performance metrics, deal structure protections, and team characteristics. We only observe modest differences between them: for instance, DM investors respond slightly more positively to politically connected teams. The most notable divergence emerges in how the two groups evaluate specific regions: EM investors exhibit less negative reactions to certain EM regions compared to their DM counterparts. We examine how EM and DM investors operate in greater detail in Section 5, where we explore the qualitative components of our survey.

4.3. **Robustness.** We conduct several robustness checks to validate the facts described. Appendix Table A6 reports alternative specifications relative to the main baseline equation (Equation 4.1). Results are largely unchanged across distinct specifications, and consistent with values shown in Column 1, which presents the baseline OLS specification with investor and profile region fixed effects (corresponding to the results shown in Figure 7).[29]

Column 2 adds fixed effects for the order in which profile sections were presented to investors, accounting for potential systematic rating patterns related to the sequence of information disclosure (which was randomized for each investor). The results remain substantively unchanged, indicating that section ordering does not meaningfully affect how investors process company attributes. Column 3 clusters standard errors at the respondent level, with only slight changes from the baseline specification. Columns 4 and 5 re-estimate the model using ordered probit and ordered logit specifications, respectively, to account for the ordinal nature of the 7-point Likert scale ratings. Column 6 reports results of an ordered logit model. Columns 7 and 8 examine probit and logit models, respectively, in which the dependent variable is a high-interest indicator (which is equal to one if the rating is between 5 and 7). All approaches based on probit and logit models yield largely identical results.

Overall, robustness checks confirm that previously established facts are stable across alternative estimation methods, sample restrictions, and potential behavioral concerns related to survey design.

[29]While Figure 7 displays the coefficients on individual profile region indicators, Appendix Table A6 accounts for these differences using profile region fixed effects ("Regions FEs" in the table).

5. How Do Global Investors Make Decisions?

The preceding sections have documented broad patterns in global VC and PE activity (Section 3) and identified which company attributes shape investors' deal-making interest (Section 4). However, these findings do not capture how investors operate in practice—how they source and structure deals, perceive and manage risk, or navigate exits. To cover these stages of the investment process, and to deepen our understanding of how EM and DM investors differ, this section turns to the qualitative component of our survey.

This allows us to document empirical patterns that characterize how private capital investors operate across key stages of the investment process—particularly how EM and DM investors differ.[30] A common view is that EMs present distinct challenges—greater macroeconomic and currency uncertainty, weaker property rights protection, and heightened political risk—that are likely to shape deal-making practices.[31] The five facts established in this section explore whether and how such differences manifest across the full range of investment activities.

To identify systematic differences between EM and DM investors, we estimate a series of OLS regressions in which the dependent variable represents each possible response to a survey question, and the key independent variable is an indicator for whether the investor is an EM investor. We include investor-level controls to absorb heterogeneity in firm characteristics—using this strategy, we can isolate EM-DM differences while accounting for compositional differences in investor profiles (with some differences already highlighted in Section 2.2.3).

The specification we estimate is of the following form:

$$y_{ijk} = \alpha_{jk} + \beta_{jk}\text{EM}_i + X_i'\gamma + \epsilon_{ijk}, \tag{5.1}$$

where y_{ijk} is an indicator equal to one if investor i selects option j to question k, EM_i is an indicator for EM investment focus (as previously defined), and X_i is a vector of investor-level controls (reported AUM, number of employees, preferred investment size, relative performance, investment stage, firm age, headquarters location, and total investments).[32]

The coefficient of interest is $\hat{\beta_{jk}}$, which measures the percentage-point difference in the probability that an EM investor selects a given response option j to question k relative to a DM investor, all else equal and conditional on a set of controls included in X_i. These estimates are presented graphically in Figures 8–11, where each plotted point corresponds

[30]We follow the same definition of EM and DM investors discussed in Section 2.2.3. In particular, we define EM investors as those who report a primary or exclusive market preference for EMs, while DM investors include those whose primary or exclusive focus is on DMs, or those who invest globally (i.e., with no specific regional emphasis).

[31]In fact, these aspects were explicitly incorporated into the hypothetical investment scenarios used in Section 4.

[32]Results are summarized in Appendix Table A7.

to $\hat{\beta_{jk}}$ for one response option. A positive coefficient indicates that EM investors are $\hat{\beta_{jk}}$ percentage points more likely to select that option, while a negative coefficient indicates the opposite.

We organize the discussion around five facts, following the structure of the survey. Section 5.1 focuses on deal selection practices. Section 5.2 analyzes deal structuring and valuation. Section 5.3 covers operational involvement and exit strategies. Section 5.4 turns to risk perception and management. Section 5.5 documents how investment practices vary across EM regions. We conclude in Section 5.6 by presenting additional results on broader patterns in how global investors make decisions.

5.1. **Fact 6: EM Investors Place Stronger Emphasis on Local Knowledge and Personal Networks when Selecting Deals.** In the first section of the qualitative part of our survey, we asked investors about deal selection practices, examining which regional and firm-level characteristics investors consider and how they source investment opportunities. Results are presented in Figure 8.

In terms of deal selection, by and large the biggest differences we observe concern the role of local knowledge and personal networks. EM investors place much stronger emphasis on how much a company's management knows about the local market (red markers in the figure), and rely more on their own personal networks, in-house research, and founder outreach when sourcing deals (yellow and purple markers). In fact, EM investors are almost 20 percentage points more likely to identify local knowledge as a top quality they look for in management teams, and close to 10 percentage points more likely to rely on fund networks and in-house research when assessing a particular region or country.

This is consistent with the existence of higher informational frictions and institutional uncertainty in EMs, where investors also put less weight than their DM peers on regulatory filings and academic or policy reports. Theoretical work supports this interpretation, suggesting that financial intermediaries that produce better information on firms should be particularly better positioned to fund more promising firms, induce a more efficient allocation of capital and accelerate economic growth in EMs (Acemoglu et al., 2006; Galetovic, 1996; King and Levine, 1993b; Townsend and Ueda, 2006; Buera et al., 2011).

We also ask about other deal selection aspects in this section of the qualitative survey. Here practices are generally comparable across contexts. The importance assigned to local talent availability, firm quality, competitive dynamics, and demographic trends does not differ between EM and DM investors. EM investors are more likely to cite market size and growth potential as key drivers of location choice (blue markers), while DM investors place greater emphasis on political/regulatory conditions. DM investors also appear to focus slightly more on the general profile of firms' management teams (green markers)—a factor highlighted by Gompers et al. (2016, 2020) as a key characteristic considered by VC and PE

investors. EM investors, on the other hand, put more weight on the business model of firms and rely more on recurring revenue, EBITDA, and gross IRR—which may reflect the lower susceptibility of these measures to manipulation.

5.2. **Fact 7: Deal Structuring Practices Converge Across Contexts.** The second section of the survey then covers deal structuring practices, including governance arrangements, capital structure choices, and IRR adjustment decisions. Results are reported in Figure 9. While the differences in deal selection documented above might suggest that similar frictions also affect how deals are structured, the evidence points in the opposite direction.

Deals are structured similarly regardless of the context in which global investors operate. No significant differences between EM and DM investors emerge when it comes to the governance (blue markers) or capital structures (green markers), nor in how investors incorporate regional factors into fund location decisions (red markers) or how IRR adjustments are made (yellow markers).

Slight differences do exist: board representation appears somewhat more common among EM investors, who are close to 5 percentage points more likely to seek such advisory role within portfolio companies, and who are also more likely to structure deals based on equity. Appendix Figure A13 disaggregates this by investor type: among PE investors, EM-focused funds are more likely to rely on equity, consistent with Lerner and Schoar (2005), while among VC investors, EM-focused funds use convertible debt more often. Unreported results reveal further nuances: while IRR adjustments are handled similarly, EM investors are more likely to set target rates of return in the first place (around 70 percent versus approximately 55 percent for DM investors), with these targets being about 1.5 percentage points higher—though both differences become statistically insignificant once investor-level controls are included.

All in all, while EM and DM investors have somewhat distinct financing preferences, the most consistent pattern is that governance and overall deal structuring practices remain broadly aligned across contexts.

5.3. **Fact 8: EM Investors Place Stronger Emphasis on Exit Challenges and have Different Preferences when it Comes to Exits, while Day-to-Day Operations are Similar.** The third section of the survey covers operational engagement with portfolio companies and preferences towards exit strategies, with results being displayed in Figure 10.

EM and DM investors are largely similar when it comes to the value creation initiatives in which they focus (blue markers) and to how they allocate their time across deal-making activities, with only slight differences (green markers). EM investors are roughly 10 percentage points more likely to focus on sustainability initiatives and financial management, and spend more time supporting portfolio companies. DM investors, on the other hand, prioritize new

product development and allocate more time to networking with other GPs, founders, and stakeholders.

The largest differences in this section concern exit strategies. While for both groups the use of local sales, management buyouts, and IPOs does not differ, EM investors are close to 10 percentage points more likely to pursue foreign sales and sales to financial investors (red markers). Correspondingly, EM investors more often report challenges related to weak local IPO and M&A markets (yellow markers), consistent with EM markets being characterized by lower liquidity and less developed exit environments. This aligns with theoretical work suggesting that more developed financial markets offer lower liquidity risks and promote more efficient capital allocation and stakeholder compensation (Diamond and Verrecchia, 1982; Jensen and Murphy, 1990; Scharfstein, 1988; Stein, 1988; Levine, 1991).

EM investors are also more likely to report FX volatility as a main concern when exiting investments, while DM investors more often cite the complexity and high transaction costs of IPO processes.

While EM-DM differences are slight when it comes to value creation and time allocation, they are pronounced at the exit stage. EM investors operate in less liquid and less developed environments, leading them to rely more heavily on international markets to realize their investments.

5.4. **Fact 9: EM Investors Evaluate Different Risks and Deal with them in a Strongly Different Way, with More Focus on Political Risks and Diversification Strategies.** In the last section of our qualitative survey, we asked respondents about risk perception, valuation practices, and risk management strategies. Results are summarized in Figure 11.

The first key difference observed in this section is that relative to DM investors, EM investors are substantially more likely to identify currency risk as a key concern (by around 15 percentage points), with a smaller but still meaningful gap for political risk. DM investors, in turn, place relatively more weight on inflation risk and legal and regulatory risk. These differences in perceived risk carry over to valuation: EM investors are over 10 percentage points more likely to incorporate regional risk by applying a premium to the discount rate (green markers). This is consistent with the nature of the investment environment differing systematically across EMs and DMs.

The open-ended responses reinforce this pattern. Figure 12, which summarizes investors' qualitative descriptions of the risks associated with EMs and DMs, shows that investors primarily associate EM investing with political and currency risk. When describing DMs, investors more often emphasize market competition, high valuations, and growth constraints—a setting in which the main challenge is less about macro-political fragility and more about the pricing of opportunities.

The second key difference lies in the use of very distinct risk-management strategies—in particular, in how investors deal with diversification and avoidance. Relative to DM investors, EM investors are 10–20 percentage points more likely to manage both political (yellow markers) and currency risks (purple markers) by diversifying across regions and sectors. Meanwhile, DM investors are significantly more likely to limit exposure altogether, especially by avoiding specific regions and, to a lesser extent, specific sectors.

The difference is particularly pronounced for political risk. EM investors are more likely to rely on regional and sectoral diversification, and to use government ties to mitigate political exposure—consistent with the idea that in EM settings, political risk is not only more salient but also more often managed through local networks and direct engagement. For currency risk, EM investors deploy a broader set of operational and financial tools, including local funding, debt refinancing, cash-flow management, and stronger term-sheet provisions. DM investors rely relatively more on avoidance and, in some cases, on standard financial hedging instruments.

One interpretation of this contrast draws on models of investment under irreversibility. When commitments are difficult to reverse, uncertainty raises the option value of waiting, making avoidance preferable to engagement (Bernanke, 1983; Rodrik, 1991; Dixit and Pindyck, 1994). Our findings suggest that DM investors are more likely to follow this logic. EM investors, by contrast, are more likely to treat these risks as manageable.

Overall, the evidence points to a systematic difference in risk evaluation and management. EM investors respond to political and currency risk through active mitigation strategies that diversify, absorb, and manage exposure. DM investors are more likely to respond through non-engagement—especially by avoiding riskier regions—and are also more likely to leave some risks unmanaged.

5.5. **Fact 10: There is Widespread Variation in Investment Practices even within EM Investors.** While the preceding analysis focuses on aggregate differences between EM and DM investors, the geographic breadth of our sample reveals substantial heterogeneity within EMs themselves. To document this, we disaggregate EM investors by the specific regions they report considering for investments, between Sub-Saharan Africa, Middle East and North Africa, Latin America, China, India, Southeast Asia, and Eastern Europe.[33]

For each survey section, we then compare the average choice probabilities of investors interested in each EM region to those of investors focused on at least one DM region. The resulting estimates, shown in Appendix Figures A8, A9, A10, and A11, can be read in the

[33]Respondents were asked: "In which regions do you primarily invest or are open to investing? Please select up to three of the most applicable regions." Investors are classified as DM if they selected any DM region (North America, Western Europe, and Oceania). Importantly, EM investors can belong to multiple region groups if they report interest in more than one EM region.

same way as the main EM-DM comparisons: each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option relative to the DM baseline.

The main takeaway is the significant heterogeneity among EM investors, with EM regions frequently differing from DMs in opposite directions. Several patterns are worth highlighting. On deal selection, investors targeting Sub-Saharan Africa and Latin America place substantially greater weight on local knowledge, being over 20 percentage points more likely than DM investors to identify it as a key quality in management teams. On deal structuring, seeking board representation is less prevalent among investors targeting China, while investors focused on Sub-Saharan Africa are much more likely to require such governance arrangements. Exit strategies also diverge: while reported exit challenges are broadly similar across EM regions, preferred exit channels vary considerably. Finally, risk perceptions differ as well, with investors focused on Sub-Saharan Africa particularly concerned about currency risks—they are 30 percentage points more likely than DM investors to identify currency risk as a main concern.

These patterns make clear that treating EM investors as a single group obscures economically meaningful variation. Although a detailed exploration of each EM region is beyond the scope of this paper, the broader implication is straightforward: understanding global private capital markets requires going beyond the EM–DM divide and taking seriously the heterogeneity within EMs.

5.6. **Additional Results.** The scope of our survey also allows us to distinguish between VC and PE investors—two categories with distinct investment horizons, target stages, and strategic objectives that are likely to generate different deal-making practices.

Appendix Figures A12, A13, A14, and A15 disaggregate EM-DM differences by investor type. The patterns are largely consistent across VC and PE investors: EM-focused VCs and EM-focused PE investors alike rely more on internal information, place greater weight on local knowledge, adapt capital structures to local conditions, engage more actively in risk management (especially currency exposure), and are more inclined to pursue alternative exit strategies such as international sales.

Appendix Figures A16, A17, A18, and A19 take a deeper look at the survey data, showing average responses across investment practices and contrasting VC and PE investors. This helps clarify how global private capital investors operate across different contexts. Many of the VC–PE differences align with Gompers et al. (2016, 2020)—for example, PE investors' greater reliance on investment banks for deal sourcing and the central role of the team in VC deal evaluation.

6. Conclusion

Private capital investment has expanded rapidly beyond the U.S. in the 21st century, with EMs now representing a substantial and growing share of global activity. Given the strong link between economic development and financing availability documented in the literature, and the limited access entrepreneurs in many countries have to public markets, understanding the role of private market investors in EMs is of first-order importance, especially as evidence remains limited. This paper addresses this gap by combining a novel analysis of global administrative and commercial data with new evidence from a large-scale experimental survey of VC and PE investors.

We establish ten facts about how global private capital investors operate across markets.

Facts 1–3 document that private capital is no longer predominantly U.S.-centered: EM investors now account for a growing share of global activity and capital. At the same time, EM and DM investors differ in how they allocate capital across stages and sectors, and EM funds, while often underperforming in absolute terms, frequently outperform local public equity benchmarks in relative terms.

Facts 4 and 5 use our experimental survey to study investor preferences for company and deal attributes. Financial performance and geographic context emerge as the primary drivers of investment interest, while other firm and team characteristics play a smaller role. EM and DM investors evaluate opportunities in broadly similar ways, though both respond strongly to institutional context.

Facts 6–10 use qualitative survey evidence to study how investors operate across markets. EM investors rely more on local knowledge, networks, and in-house information, while deal structuring remains broadly similar across EM and DM investors. Differences are more pronounced in exits and risk management: EM investors face greater exit challenges and rely more on foreign markets, and they actively manage political and currency risks, whereas DM investors are more likely to avoid exposure. Finally, we document substantial heterogeneity across EM regions, highlighting the limits of a simple EM–DM distinction.

Taken together, these facts paint a more nuanced picture of global private capital than DM-focused evidence alone suggests. VC and PE have become genuinely global, but not uniformly so: investors share core screening criteria, yet adapt systematically to the informational, institutional, and liquidity conditions of the markets in which they operate. The expansion of private capital into EMs has not simply replicated DM practices; it has also given rise to distinct strategies for investing under uncertainty.

These findings raise several questions for future research. First, can improved availability of administrative data in EMs enable the type of detailed empirical work on entrepreneurial finance that has been conducted in the U.S., and in doing so shed further light on differences between EM and DM markets? Second, as PE expands in EMs, are public markets becoming

more entrepreneur-friendly than has been previously documented (Didier et al., 2021)? Many countries have introduced second-tier markets in recent years (Bernstein et al., 2020), but their long-run effects remain unclear.

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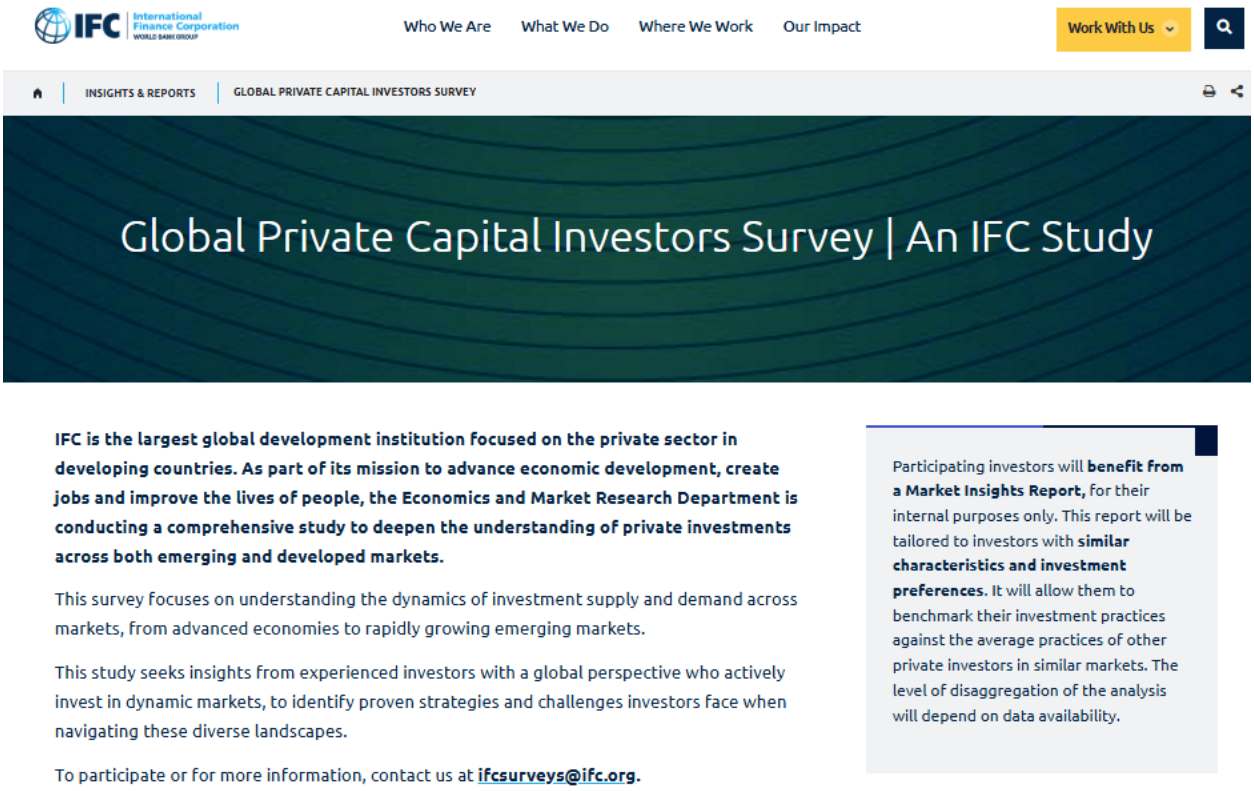
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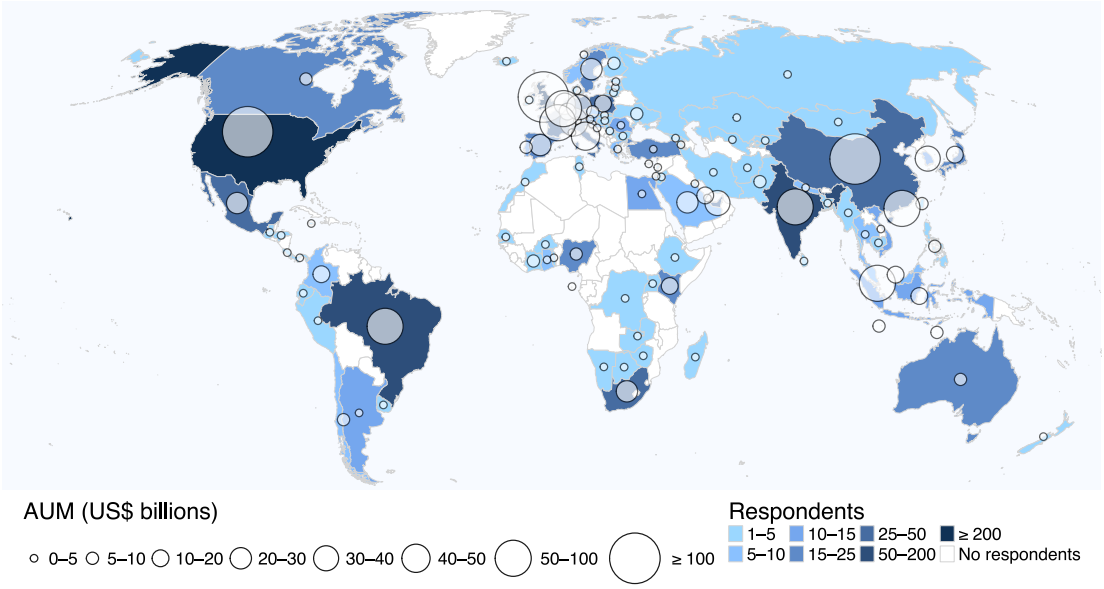
FIGURE 1. The Global Private Capital Investors Study



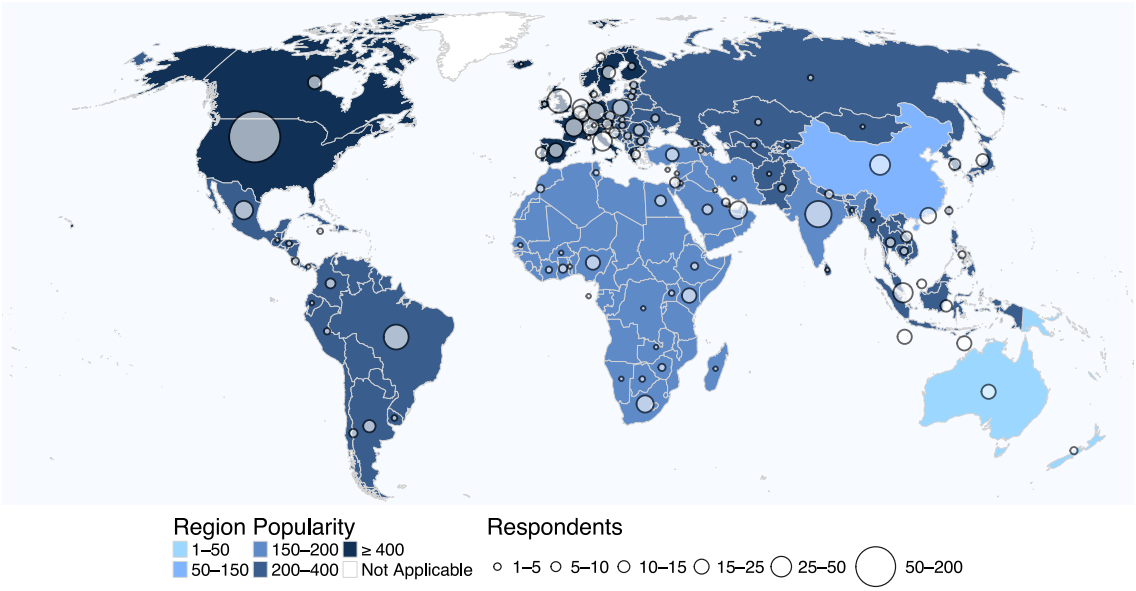
Official Advertisement on the IFC's Website

Notes: This figure shows the official promotional content for the "Global Private Capital Investors" study as published on the IFC's website. The figure is sourced from https://www.ifc.org/en/insights-reports/2024/global-private-capital-investors-survey and summarizes the study's objectives and the incentives offered by the IFC to participating investors.

FIGURE 2. A New Global Survey of VC and PE Investors



(A) Distribution of Survey Respondents and AUM



(B) Distribution of Survey Respondents and Their Regional Preferences

Notes: This figure shows the geographic distribution of survey respondents by country. Panel A presents both the number of respondents per country in our sample and the aggregate AUM of the respondents' funds, as reported on the survey. Bubble size reflects the total AUM reported by respondents from that country, while color shading indicates the number of respondents. Countries shown in white indicate no survey participation. Panel B presents both the number of respondents per country in our sample and the relative reported popularity of different investment regions. The size of each bubble corresponds to the number of respondents from that country, and the absence of a bubble indicates no survey participation. The color shading represents the number of investors who signaled interest in investing in that given region, as reported on the survey.

FIGURE 3. Examples of Company Profiles

IntSupply

We streamline supply chain management for global sellers, offering end-to-end solutions that simplify international shipping, distribution, and compliance for import and export businesses.

Company Summary

Region Focus	Western Africa
Primary Industry	E-Commerce
Founding Year	2022
HQ Location	Nigeria

Deal Details

Type of Security	Preferred Stock
Use of Proceeds	Product Development

Context

Unemployment Rate	3.07%

Political Risk	IP Protection
CC	Low

Opportunity

CAGR	54%
Revenue Stage	Post-revenue
YoY Customers Growth	75%

Latest Round	Seed

Key People

Kellan Romano (He/Him)
CEO and Co-Founder
MS Statistics

Arjun Patel (He/Him)
CFO and Co-Founder
BS Physics

Sofia Torres (She/Her)
COO
BS Statistics

(A) Example Profile Shown to a VC Investor

SafeGlide

Our smart sensor technology aids vehicles in avoiding collisions, significantly reducing accident rates on busy roads.

Company Summary

Region Focus	The Netherlands
Primary Industry	Mobility & Transportation
Founding Year	2015
HQ Location	US
No. Paid Employees	More than 100
Ownership Type	Family-owned

Deal Details

Use of Proceeds	Partial Purchase of Management Equity

Key People

Emma Müller (She/Her)
CEO and Co-Founder
Germany
PhD Mathematics

Aria Foster (She/Her)
COO and Co-Founder
Australia
BA Economics, University of Glasgow

Declan Fitzpatrick (He/Him)
CTO
Australia
MBA

Team Strengths

- Strong relationships with regulators and government officials

Context

Unemployment Rate	3.56%

Currency Risk	Political Risk	IP Protection
A	AA	High

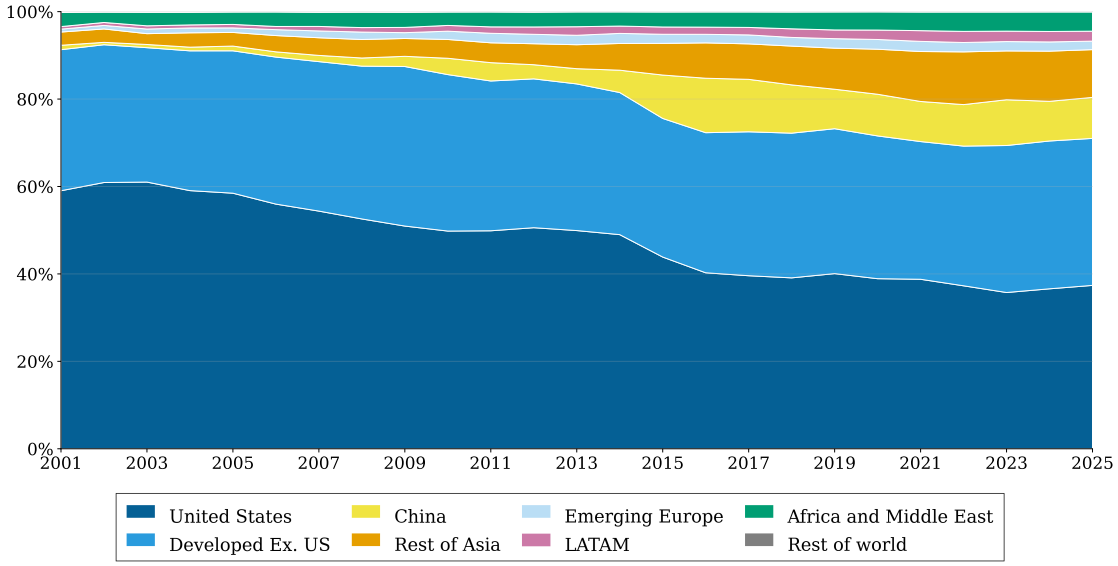
Opportunity

EBITDA	5-10%
YoY Customers Growth	20%

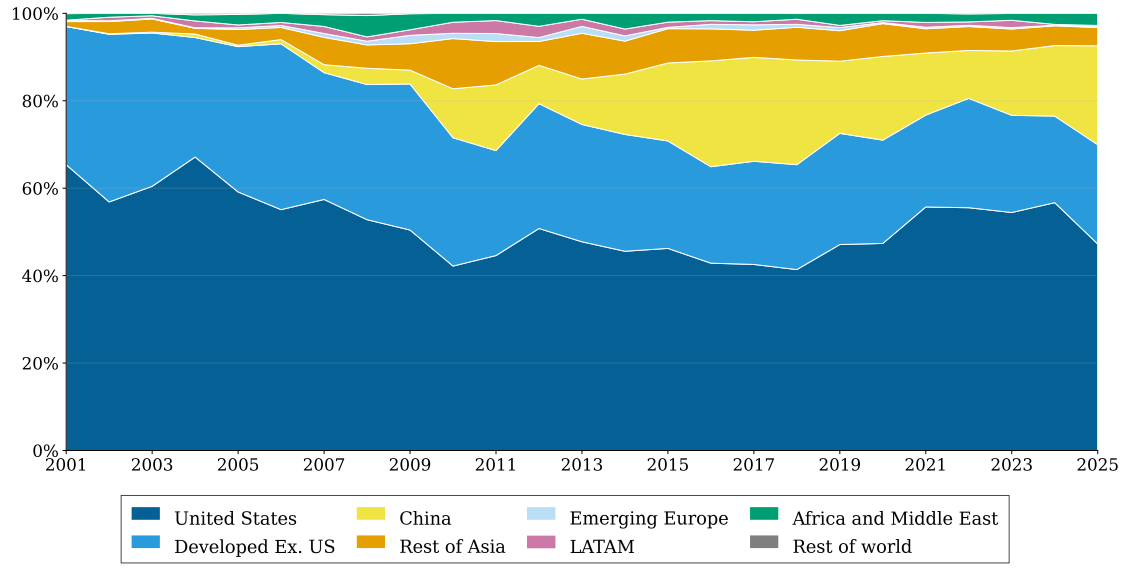
(B) Example Profile Shown to a PE Investor

Notes: This figure shows two examples of synthetic company profiles. Each component in the figure is randomly generated based on predefined (conditional) probability distributions, defined in Table A3. Panel A (B) shows an example of a synthetic company profile shown to VC (PE) investors. Importantly, while the order of components within each section is randomized, the order of sections is held fixed at the respondent level to maintain consistency across the profiles shown to the same respondent.

FIGURE 4. The Emergence of VC and PE Investors Around the World



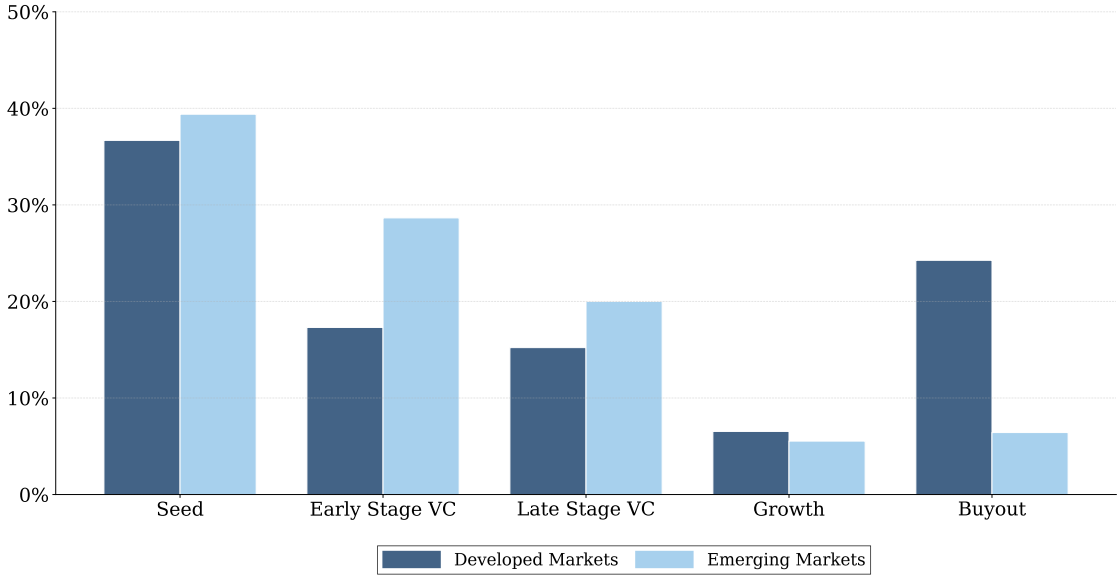
(A) GPs by Region



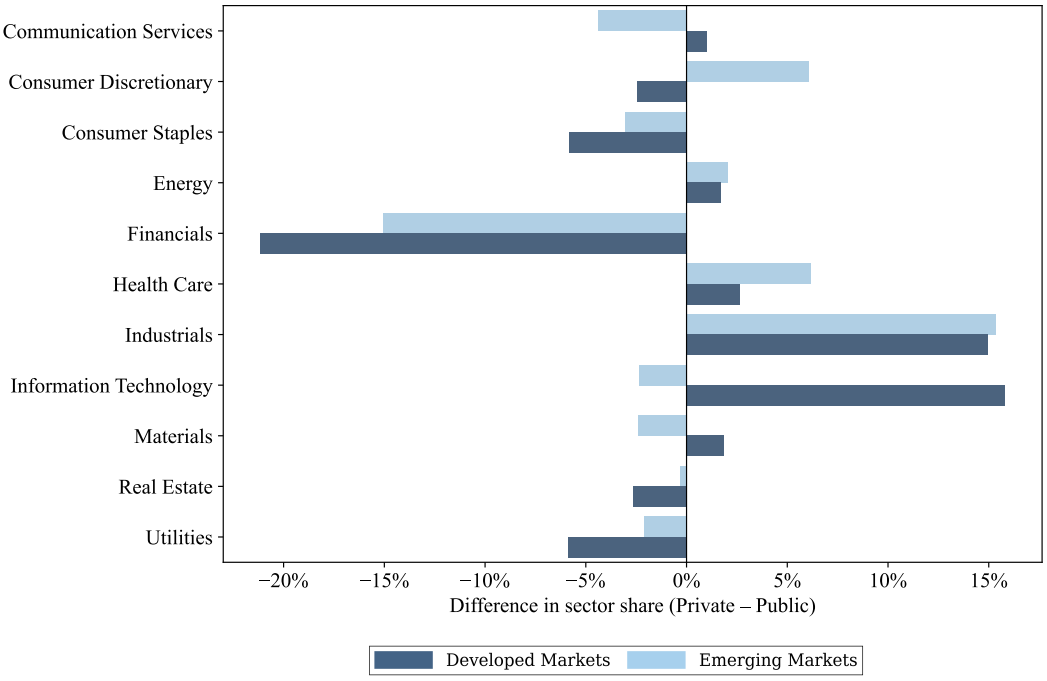
(B) GPs' AUM by Region

Notes: This figure shows global VC and PE trends from 2001 to 2025, based on data from PitchBook. Panel A shows the yearly regional distribution of the number of unique GPs that participated in at least one deal during the respective year, with regions assigned based on GPs' headquarters. Panel B reports the regional share of total AUM held by GPs, where AUM is proxied by the cumulative fund size of GPs headquartered in each region. Funds and deals are selected according to PitchBook's classification of VC and growth equity. Regions are defined as the U.S., Developed excluding the U.S., China, Rest of Asia, Emerging Europe, Latin America (LATAM), and Africa and the Middle East. DMs are defined as countries that were OECD members before 1980 and include Developed Europe, Turkey, Canada, Japan, New Zealand, and Australia. VC and PE activity includes Seed, Early-Stage VC, Late-Stage VC, PE Growth/Expansion, and Buyout rounds. This classification includes Accelerator/Incubator deals but excludes Angel investors. Appendix Figure A3 presents the number of unique GPs and GPs' AUM by Regions for VC, growth equity and buyout.

FIGURE 5. VC and PE Activity Across Stages and Sectors Around the World



(A) Deal Shares by Stage: DMs and EMs

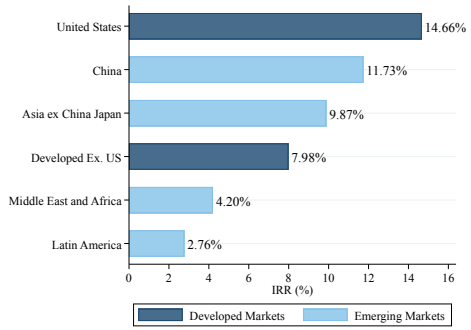


(B) Sector Allocation Differences: Private vs Public Markets

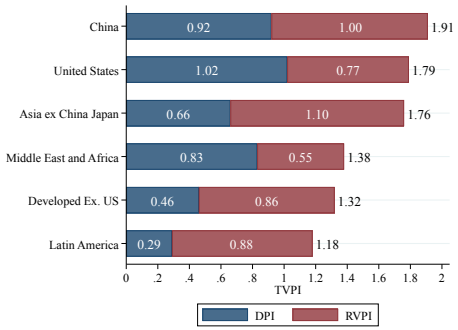
Notes: This figure shows patterns on global VC and PE activity, based on deal-level data from PitchBook. Panel A shows the share of deals by investment stage, distinguishing between DMs and EMs. Appendix Figure A4 reports similar patterns disaggregated by individual geographic regions. Panel B displays the sectoral allocation gap, defined as the difference between each sector's share in private capital investments and its corresponding share in public equity market capitalizations, for both EMs and DMs, including VC, growth equity and buyout investments. Appendix Figure A5 replicates this panel separately for each investment type. Positive values indicate sectors in which private markets are overweight relative to public markets, while negative values indicate underweighted sectors. Private capital data are sourced from PitchBook and include Seed, Early-Stage VC, Late-Stage VC, Growth PE, and Buyout investments made between 2001 and 2025. Sector classifications in the private investment data have been manually reclassified to match MSCI's Global Industry Classification Standard (GICS). Public market benchmarks are based on the MSCI EM Exposure Index for EMs and the MSCI DM Exposure Index for DMs, using sector weights as of Q1 2025. Appendix Figure A6 presents the underlying sectoral shares for private capital and public markets separately for EMs and DMs.

FIGURE 6. Private Capital Performance Around the World

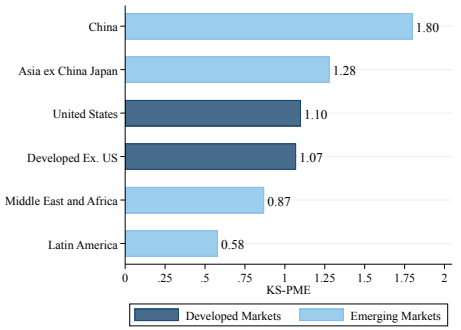
Investment Type: VC



(A) Absolute Performance: IRR

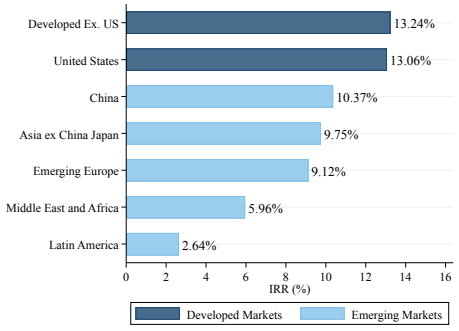


(B) Absolute Performance: TVPI

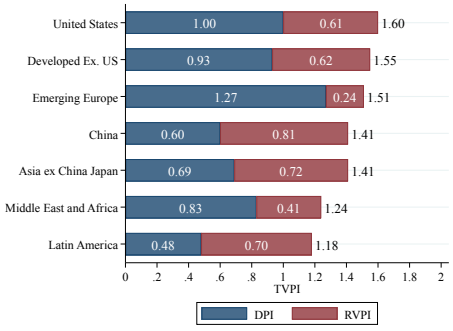


(C) Relative Performance: PME

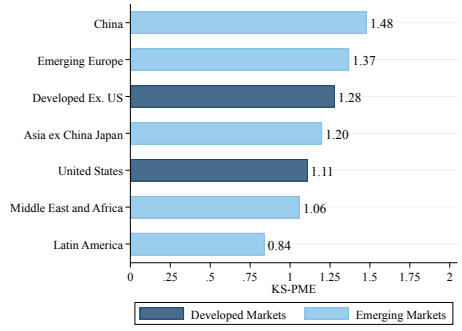
Investment Type: Buyout



(D) Absolute Performance: IRR



(E) Absolute Performance: TVPI



(F) Relative Performance: PME

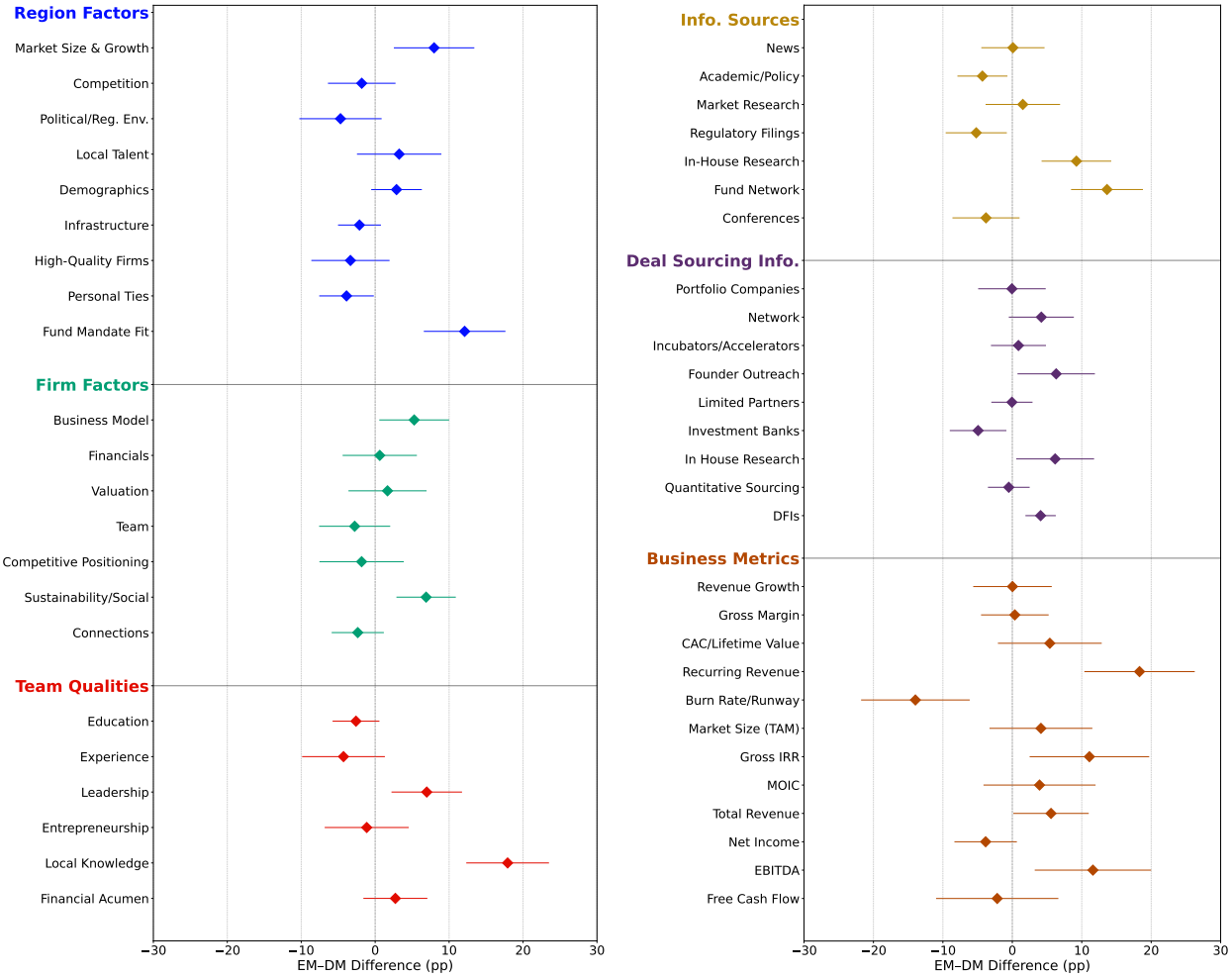
Notes: This figure shows the absolute and relative performance of private capital investments across regions, distinguishing between VC and buyout funds. Panels A–C present results for VC investments only, while Panels D–F present results for buyout investments only. Panels A and D present the average Internal Rate of Return (IRR), Panels B and E present the average Total Value to Paid-In Capital (TVPI), and Panels C and F present the Kaplan-Schoar (KS) PME, all by region using fund-level data from State Street. The sample includes funds with vintage years spanning 1988 to 2024. IRRs and TVPI are computed from fund-level cash flow data since inception, as of Q2 2024. The KS PME is calculated from fund-level cash flows since inception using local market benchmarks. The regional breakdown follows the State Street Private Equity Index (SSPEI), distinguishing areas such as China, Latin America, and Asia ex-China/Japan. Regional assignments are based on the fund's investment focus rather than the fund manager's location. For Emerging Europe, data is not available for VC investments.

FIGURE 7. What Do Global Investors Care About?



Notes: This figure shows investor preferences for company attributes featured in the synthetic profiles, as captured by the coefficients β_m in Equation 4.1 (N = 1,485; PE = 684; VC = 801). Controls include a dummy for whether the company's regional focus matches the investor's stated region preference, as well as a control for the number of profile components shown. The specification includes investor (respondent) fixed effects. The figure displays 90 percent confidence intervals based on robust standard errors.

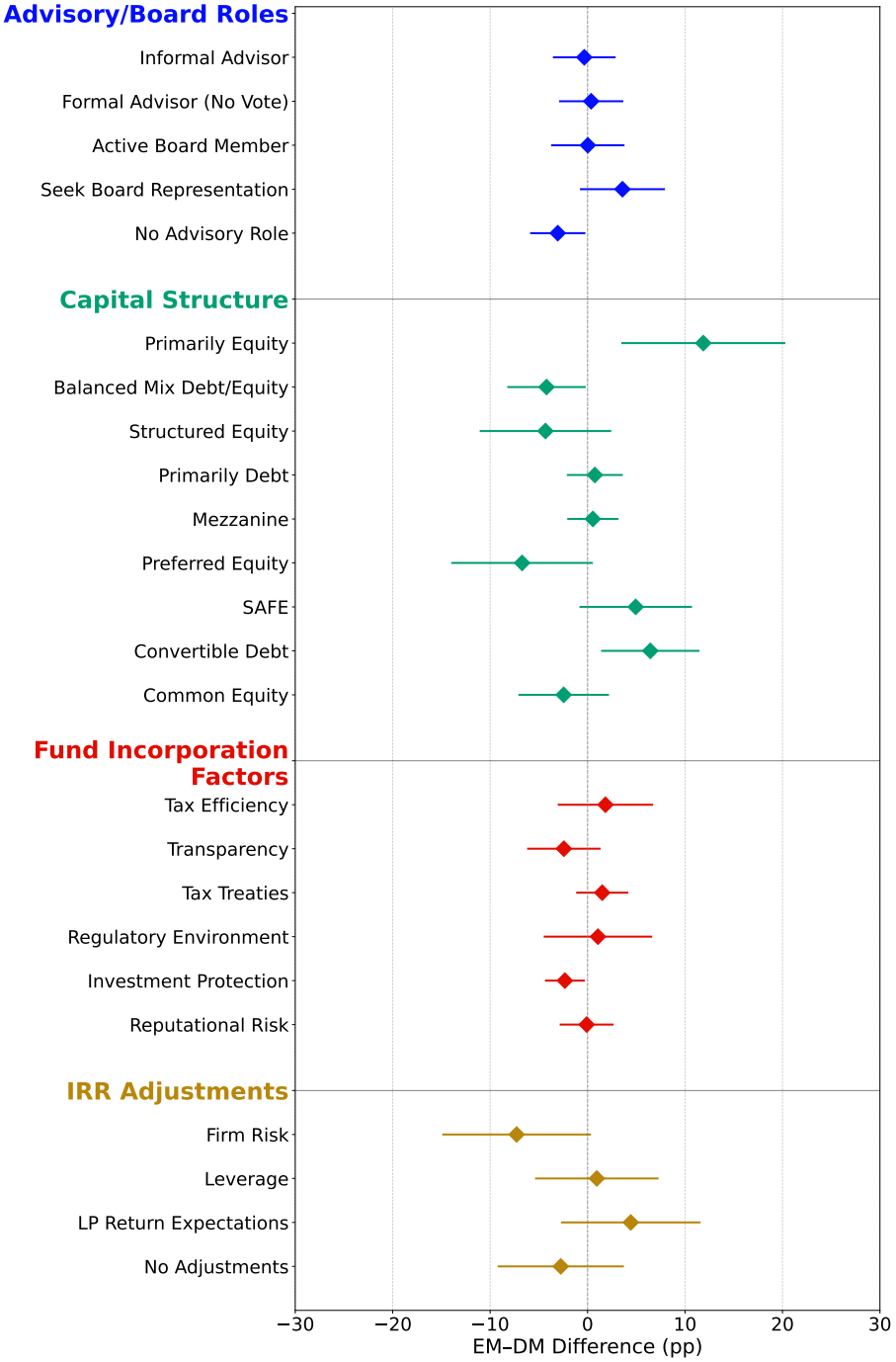
FIGURE 8. Are EM and DM Investors Different? Deal Selection



(A) Regional, Firm, and Team Factors (B) Information, Sourcing, and Evaluation Factors

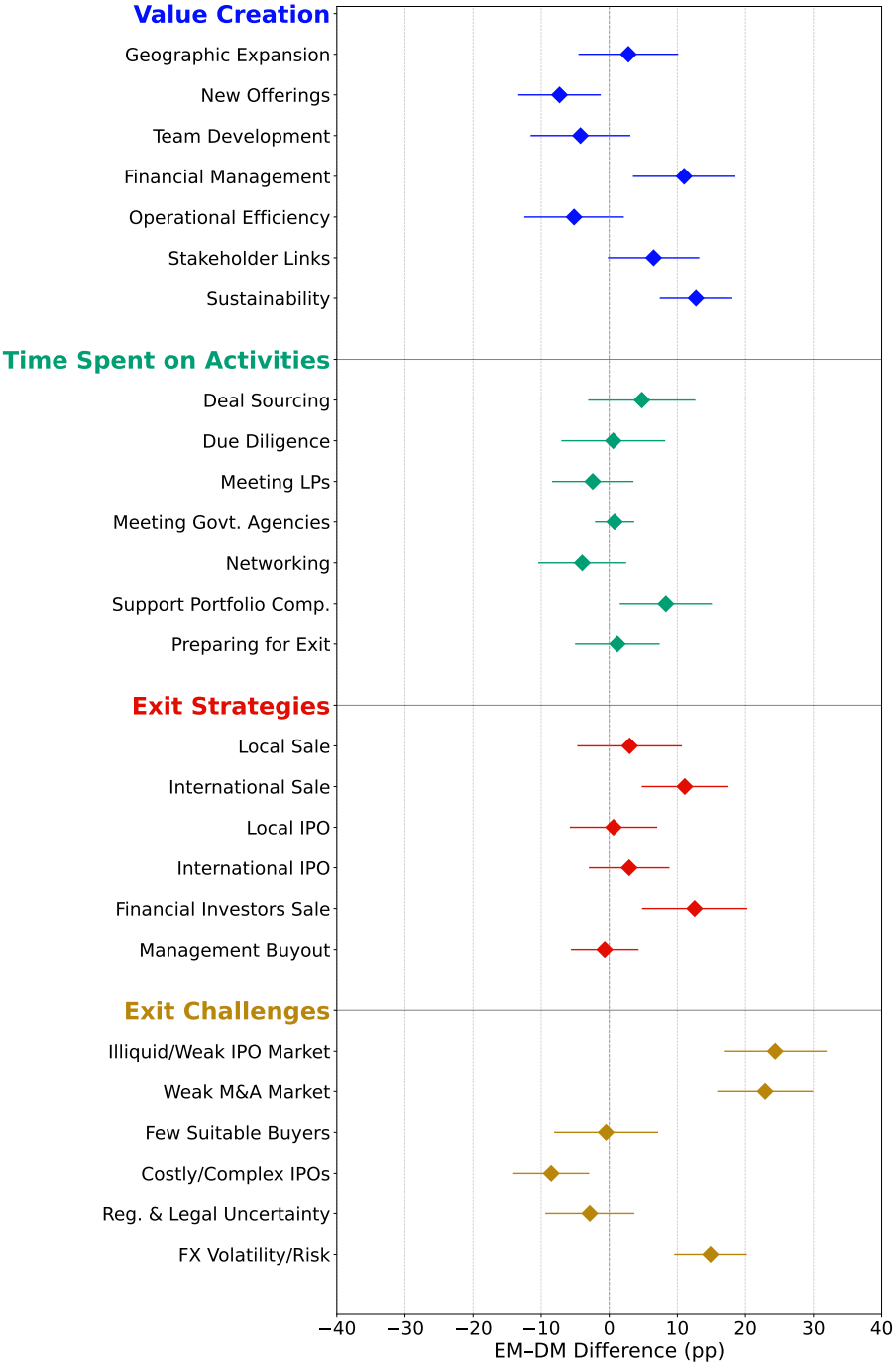
Notes: This figure shows the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. In Panel A, blue markers indicate responses to the question: "What are the factors your firm considers most important when deciding to invest in a region or country?" Green markers indicate responses to: "When investing in a specific company, what are the primary company-specific factors your firm considers?" Red markers indicate responses to: "What are the top qualities your firm looks for in the management team of target companies?" In Panel B, yellow markers indicate responses to: "What are the main sources of information your firm uses to assess whether to invest in a particular region or country?" Purple markers indicate responses to: "What are the primary channels or methods your firm uses to identify and secure investment opportunities?" Orange markers indicate responses to: "Which business metrics are most important for evaluating potential investments?" Responses labeled "Other" are excluded from the plots.

FIGURE 9. Are EM and DM Investors Different? Deal Structure



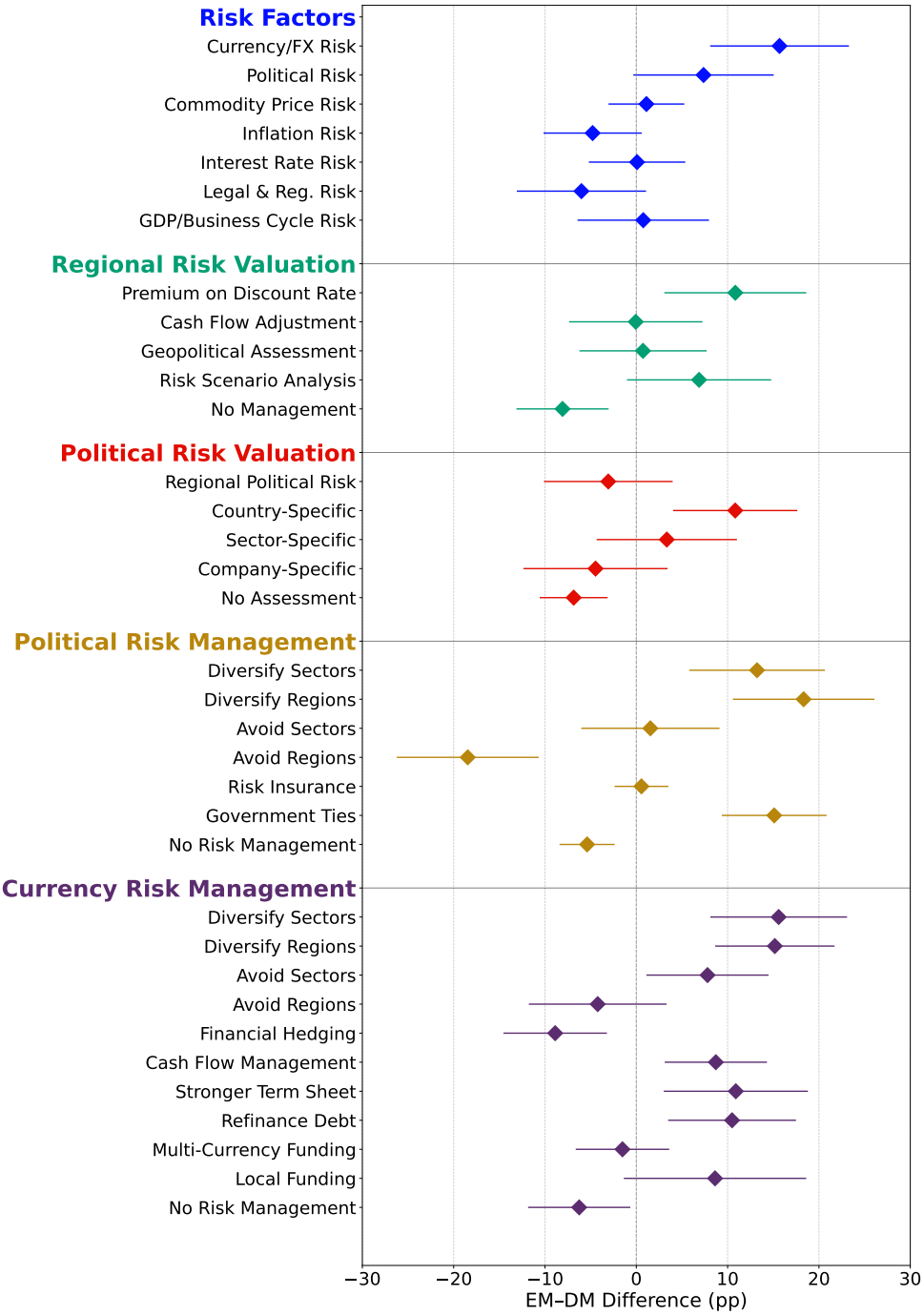
Notes: This figure shows the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. Blue markers indicate responses to the question: "Regarding involvement in portfolio companies, how often does your firm take on a formal advisory or governance role, and what does this typically entail?" Green markers are responses to: "How does your firm typically structure financing (VC) or what is your preferred capital structure for investments (PE)?" Red markers are responses to: "What is the primary factor your firm considers when selecting the legal jurisdiction for funds?" Yellow markers are responses to: "Which factors do you use to adjust your target gross IRR?" Responses labeled "Other" are excluded from the plot.

FIGURE 10. Are EM and DM Investors Different? Operations, Value Added, and Exits



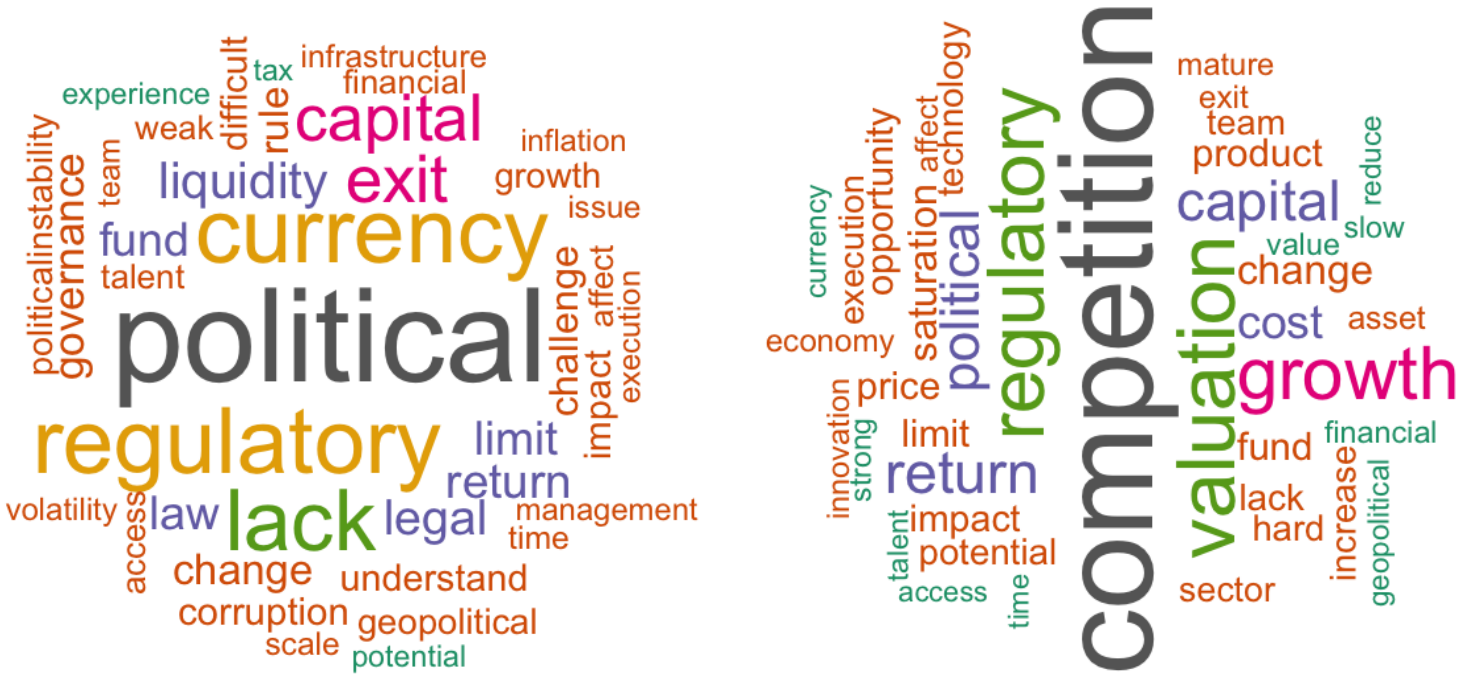
Notes: This figure shows the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. Blue markers indicate responses to the question: "What are the main value-creation initiatives that your firm engages in for portfolio companies?" Green markers indicate responses to the question: "In the context of your firm's investments, to which activities does your firm devote the most time?" Red markers indicate responses to the question: "What exit strategies does your firm typically target for portfolio companies?" Yellow markers indicate responses to the question: "What are the main challenges to successful exits?" Responses labeled "Other" are excluded from the plot.

FIGURE 11. Are EM and DM Investors Different? Risk Valuation and Management



Notes: This figure shows the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. Blue markers indicate responses to the question: "Which of the following types of risks are most important to you when investing globally?" Green markers indicate responses to the question: "How does your firm incorporate country or regional risks into the valuation process for companies?" Red markers indicate responses to the question: "What types of political risk does your firm evaluate for investments?" Yellow markers indicate responses to the question: "How does your firm manage political risk?" Purple markers indicate responses to the question: "How does your firm manage currency risk?" Responses labeled "Other" are excluded from the plot.

FIGURE 12. What Comes to Mind When Investing in EMs and DMs?



(A) EM Risks (B) DM Risks

Notes: This figure shows open-ended survey responses (N = 1,485). Panel A reports the most common words used in responses to the question: "When you think about investing in EMs, what are the main risks that come to your mind?" Panel B reports the most common words used in responses to the question: "When you think about investing in DMs, what are the main risks that come to your mind?"

TABLE 1. Summary Statistics on Our Survey Sample

	All		PE		VC	
	%	EM–DM	%	EM–DM	%	EM–DM
Panel A: AUM						
Less than 50M	31.2	8.9***	19.6	1.6	41.2	18.3***
50-100M	13.8	1.0	11.4	2.0	15.9	0.7
100-500M	28.3	1.6	28.7	15.3***	28.0	-10.5***
500M-1B	10.7	-3.4**	14.6	-3.2	7.4	-4.6**
1B or more	16.0	-8.1***	25.7	-15.8***	7.6	-4.0**
Panel B: Full-time Employees						
Fewer than 10	50.2	-3.7	34.4	-3.6	63.8	0.2
10-49	35.8	5.7**	43.7	11.3***	29.1	-1.2
50-99	6.3	1.1	9.9	-0.4	3.2	1.6
100-1000	5.3	-2.3**	7.9	-4.5**	3.0	-1.1
1000 or more	2.4	-0.8	4.1	-2.8*	0.9	0.5
Panel C.1: Investment Amount (VC)						
<500 k					32.7	8.9***
500 k–1 M					20.2	2.4
1–5 M					36.0	-3.9
5 M+					11.1	-7.5***
Panel C.2: Investment Amount (PE)						
<5 M			18.0	1.3		
5–25 M			43.6	9.8***		
25–100 M			27.9	2.7		
100 M+			10.5	-13.8***		
Panel D: Investment Stage						
Pre-seed (VC)	6.7	1.8			12.5	5.0**
Seed (VC)	20.6	-1.7			38.2	2.0
Early VC (Series A) and Early PE	45.9	7.6***	61.5	11.1***	32.5	0.7
Growth VC (Series B)	5.4	-2.8**			10.0	-4.0*
Late VC (Series C+) and Late PE	18.2	-2.4	38.5	-11.1***	0.9	0.0
All stages	2.4	-2.3***			4.5	-3.7**
Other	0.8	-0.1			1.5	-0.0
Panel E: Firm Age						
0–2	15.8	-2.8	12.1	-4.1*	19.0	-0.7
3–5	19.6	2.7	16.7	-0.2	22.1	5.9**
6–10	26.5	0.2	23.2	3.5	29.3	-1.8
11–20	24.4	4.1*	29.1	6.8**	20.4	0.5
21+	13.7	-4.1**	18.9	-6.3**	9.3	-3.5*

Notes: This table summarizes firm characteristics based on survey responses (N = 1,485; PE = 684; VC = 801). Panel A reports firms' AUM. Panel B presents the number of full-time employees. Panel C summarizes typical investment amounts ("check sizes"), based on response categories tailored separately for PE and VC respondents. Panel D describes each firm's primary investment stage. PE firms are classified as Early-Stage (Late-Stage) if their typical investment amount is below (above) USD 25 million. Panel E reports firm age, defined as the difference between the survey year (2024) and the year of the firm's first recorded investment. For each investor group—All, PE, and VC—the *%* columns report the share of firms within each response category. The *EM–DM* columns present unconditional mean differences (in percentage points) between EM and DM investors. EM investors are defined as those primarily or exclusively focused on EMs. DM investors are defined as those primarily or exclusively focused on DMs, or as those having a global investment mandate with no specific regional focus.

TABLE 2. Relevant Variables

Variable	**Variable Description**
Headquartered in Developed Market	The company is based in a developed country or market.
Young Company	The company was founded between 2018 and 2020 (for PE) or between 2021 and today (for VC).
Registered Patents	The company has registered patents.
Large Firm	The company reports a number of employees classified in the high or very high category (more than 51 for PE and more than 26 for VC).
ESG Spotlight	The company reports any ESG commitment.
Investment Stage Matched	The stage preference matches the company's funding round (VC-specific).
No Prior Investment Round	The company has no prior funding (VC-specific).
Top Global Investors	The company has international investors: DFI or Global VC (VC-specific).
Institutional or other Ownership	The company is government-, institutional-, or management-owned (PE-specific).
Founder or Family Ownership	The company is founder- or family-owned (PE-specific).
Profitable	The company reports positive net income.
High Sales Growth	The company reports sales growth in the highest category of the available response options (50%–300%).
High Customer Growth	The company reports customer growth in the highest category of the available response options (50%–300%).
High Market CAGR	The company operates in a market with a CAGR classified in the highest category of the available response options (90%–140%).
High EBITDA	The company operates in a market with EBITDA classified as high or medium-high (PE-specific, greater than 10%).
High Inflation	The country has high inflation if inflation levels are in the top quartile of the overall country-level distribution.

Notes: This table continues on the next page.

Variable	Variable Description
High Unemployment Rate	The country has high unemployment if unemployment levels are in the top quartile of the overall country-level distribution.
High Political Risk Rating	The company operates in a country with a political risk score rated "BBB" or worse.
High Currency Risk Rating	The company operates in a country with a currency risk rating of "BBB" or worse.
High Country Risk Rating	The company operates in a country with an aggregate country risk rating of "BBB" or worse.
High IP Protection	The company operates in a country with an IP protection score rated as "High" or higher.
Low GDP Growth	The country has low GDP growth if GDP levels are in the bottom quartile of the overall country-level distribution.
Board Presence	The VC deal has board seats or the PE deal offers full board roles.
Equity-Centered Deal	The VC deal uses common/preferred/SAFE (i.e., equity-like), or the PE stake is high (greater than 50%).
Use of Proceeds: WC and Growth	The use of proceeds is for growth (working capital, R&D, etc.).
Strong Investor Protections	The company offers strong investor protections (PE-specific).
Global Talent Team	The majority of the team either has international professional experience, or a degree from a US university, or was born in a different country than where the company is located.
Women-Led Team	The strict majority of displayed team members are women.
Politically Connected Team	The team is politically connected.
Serial Founders Team	The company's founding team includes members with previous successful entrepreneurial experience.
Long-Standing Experience in Sector	The company's team has extensive industry-specific experience and domain expertise.

Notes: This table defines all variables related to profile characteristics included in the regression analysis of investor ratings (Equation 4.1). Each variable represents a binary indicator equal to one if the corresponding attribute appears in the synthetic company profile shown to the investor, and zero otherwise. These attributes were independently randomized across profiles, as described in Section 2.3.1. Risk ratings for political risk, currency risk, and country risk follow the Economic Intelligence Unit's classification system, where "BBB" or worse indicates elevated risk. IP protection scores are drawn from the International Property Rights Index. Variables marked as "VC-specific" or "PE-specific" appear only in profiles shown to VC or PE investors, respectively.

ONLINE APPENDIX

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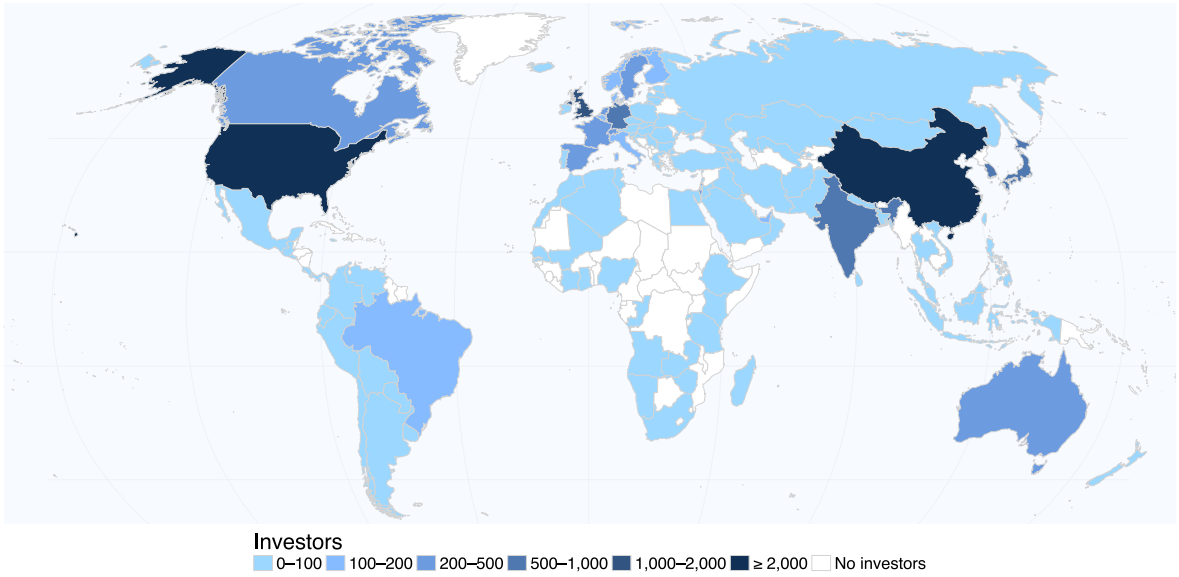
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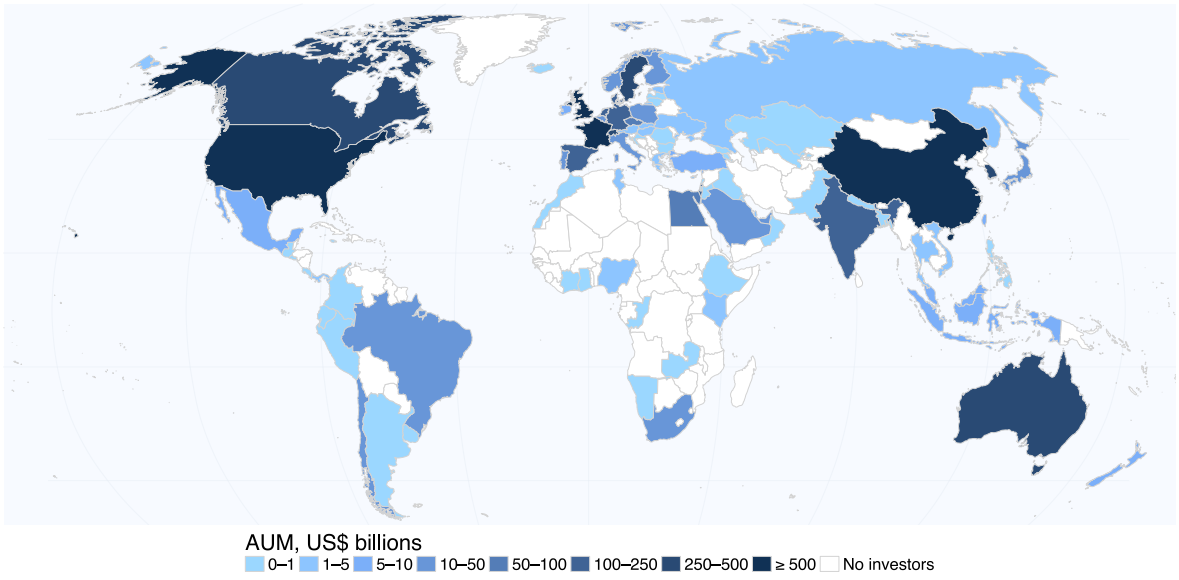
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FIGURE A1. Geographic Distribution of VCPE Investors from PitchBook



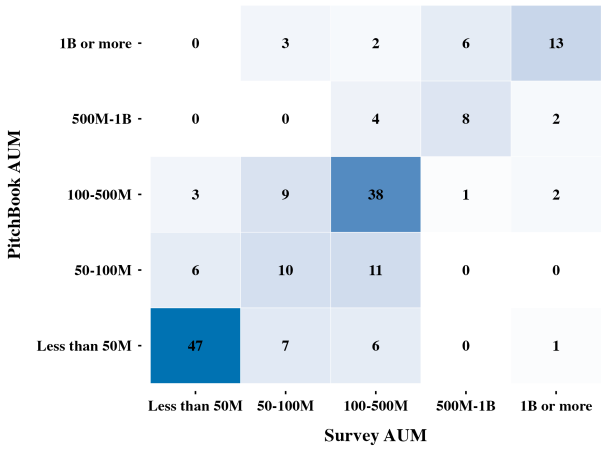
(A) Number of PitchBook Investors Headquartered in Each Country



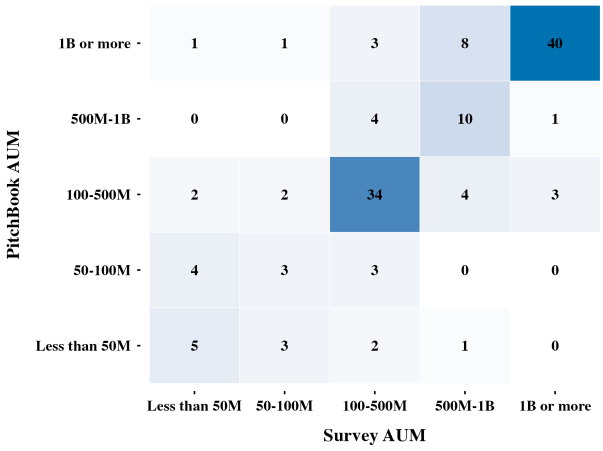
(B) Aggregate AUM of PitchBook Investors by Country

Notes: This figure shows the geographic distribution of VC and PE investors by country, based on data from PitchBook. Panel A reports the number of investors headquartered in each country. Investors are classified by their primary type as one of the following: VC, Corporate VC, Not-for-Profit VC, PE/Buyout, Growth/Expansion, or Other PE. Panel B presents the aggregate AUM of these investors' funds. Countries shaded in white indicate missing data.

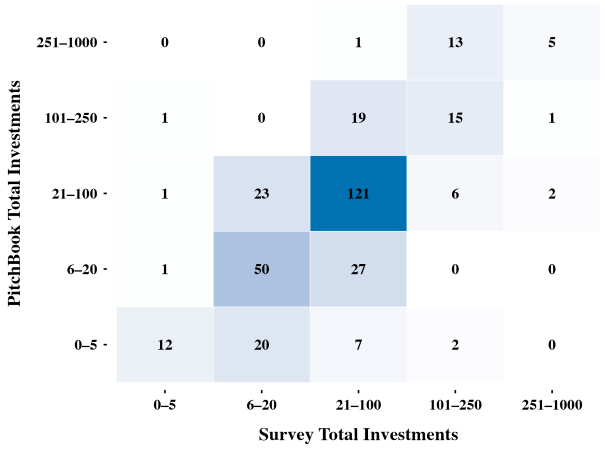
FIGURE A2. Comparing VC and PE Activity: Survey and PitchBook



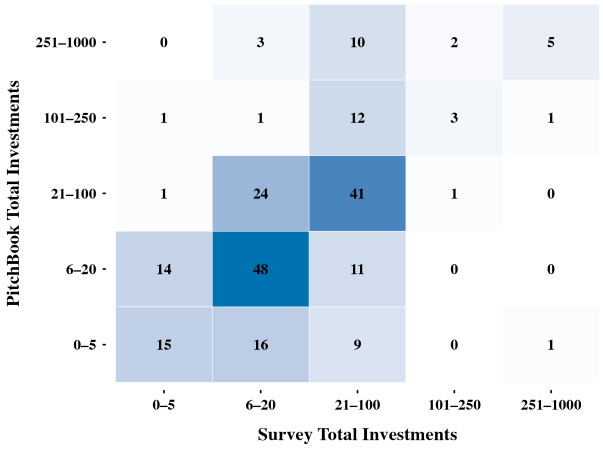
(A) AUM – VC



(B) AUM – PE



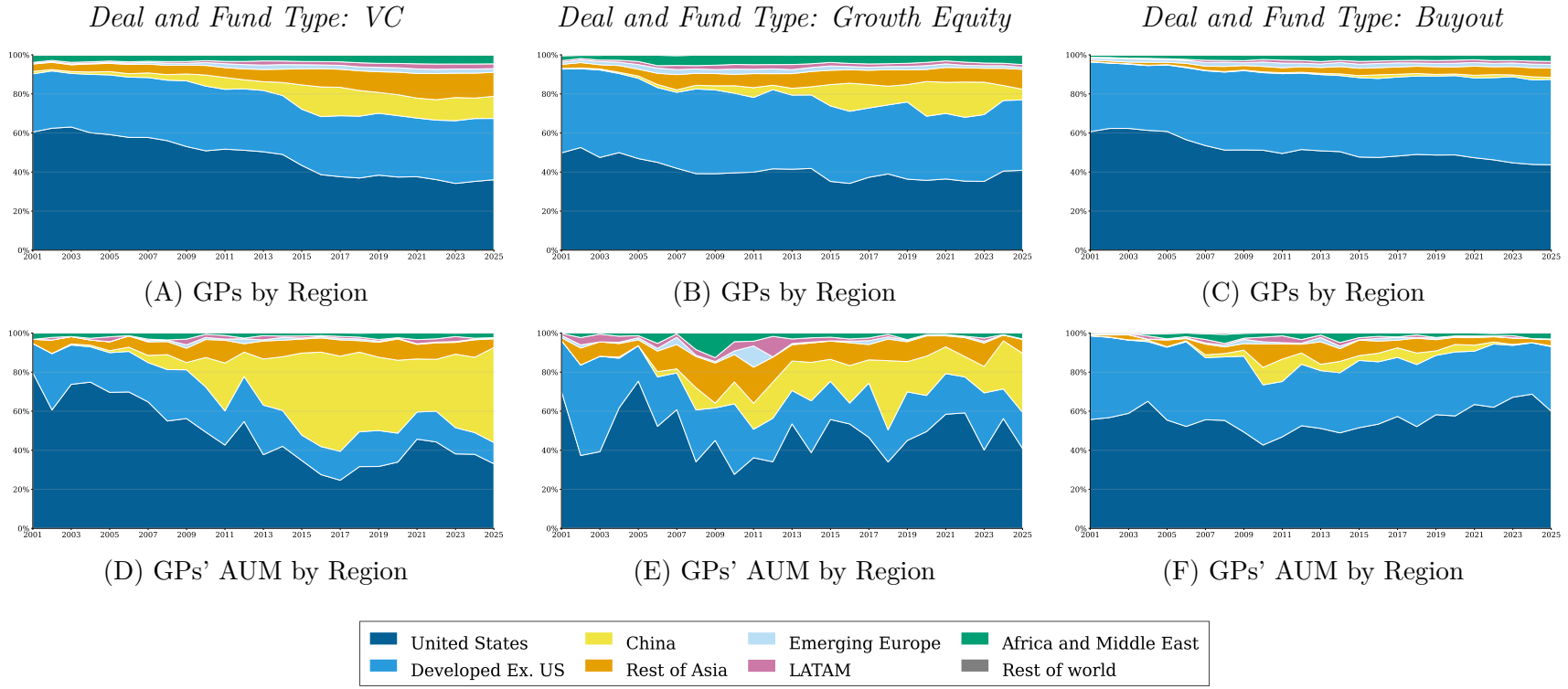
(C) Total Investments – VC



(D) Total Investments – PE

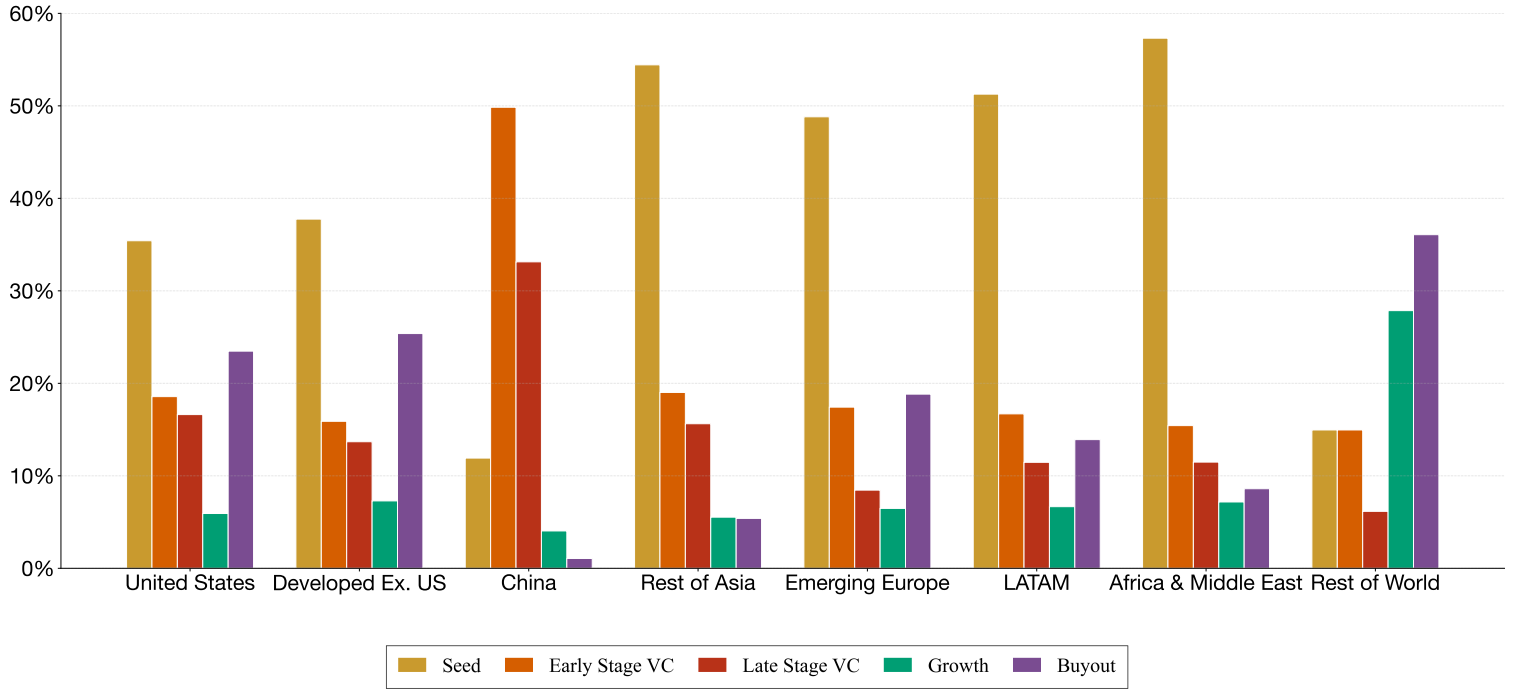
Notes: This figure shows a comparison between self-reported survey responses and corresponding data from PitchBook for matched respondents, using only observations with non-missing PitchBook entries. Panel A shows the relationship between survey-reported and PitchBook-reported AUM for VCs (179 matched respondents), while Panel B presents the same comparison for PE (134 matched respondents). Panel C displays the relationship between the reported number of investments for VCs (327 matched respondents), and Panel D shows the corresponding comparison for PE (219 matched respondents). Each cell reports the number of unique matched firms that fall into the respective bucket.

FIGURE A3. The Emergence of VC and PE Investors Around the World



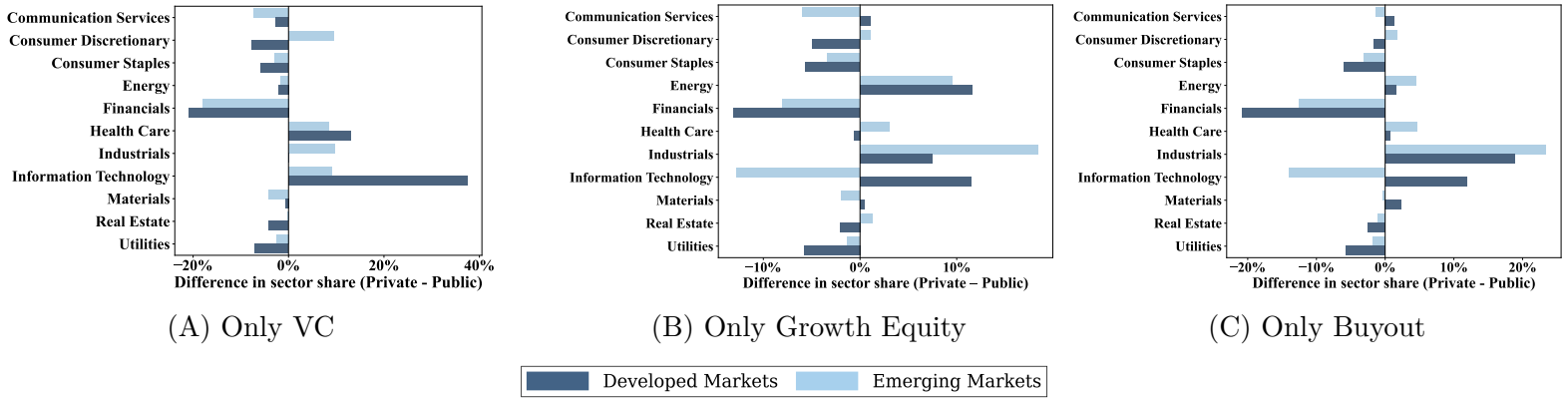
Notes: This figure shows global VC and PE trends from 2001 to 2025, based on data from PitchBook. Panels A, B, and C show the yearly regional distribution of the number of unique GPs that participated in at least one deal during the respective year for VC, growth equity, and buyout deals, respectively, with regions assigned based on GPs' headquarters. Panels D, E, and F report the regional share of total AUM held by GPs for VC, growth equity, and buyout funds, respectively, where AUM is proxied by the cumulative fund size of GPs headquartered in each region. Funds and deals are selected according to PitchBook's classification of VC, growth equity, and buyouts. Regions are defined as the U.S., Developed excluding the U.S., China, Rest of Asia, Emerging Europe, LATAM, and Africa and the Middle East. DMs are defined as countries that were OECD members before 1980 and include Developed Europe, Turkey, Canada, Japan, New Zealand, and Australia. VC and PE activity includes Seed, Early-Stage VC, Late-Stage VC, PE Growth/Expansion, and Buyout rounds. This classification includes Accelerator/Incubator deals but excludes Angel investors.

Figure A4. Deals by Investment Stage and Region



Notes: This figure shows the distribution of global VC and PE deals from 2001 to 2025, based on data from PitchBook. The panel presents the distribution of deals across regions by investment stage. Countries are assigned based on the headquarters location of the target company and are aggregated into regional groupings. Regions are defined as the United States, Developed excluding the US, China, Rest of Asia, Emerging Europe, LATAM, Africa and the Middle East, and Rest of world. DM regions include Developed Europe, Turkey, Canada, Japan, New Zealand, and Australia. VC and PE activity includes Seed, Early Stage VC, Later Stage VC, and PE Growth/Expansion rounds.

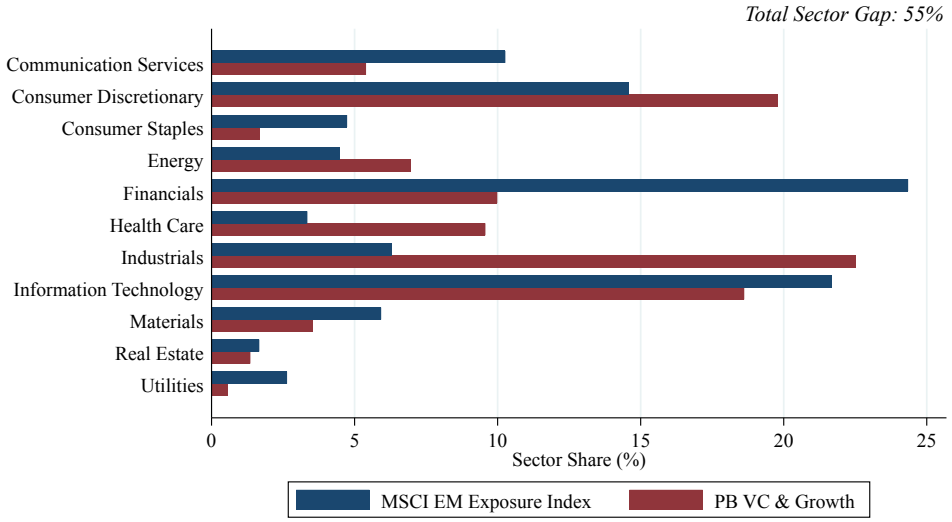
FIGURE A5. Sector Allocation Differences: Private vs Public Markets



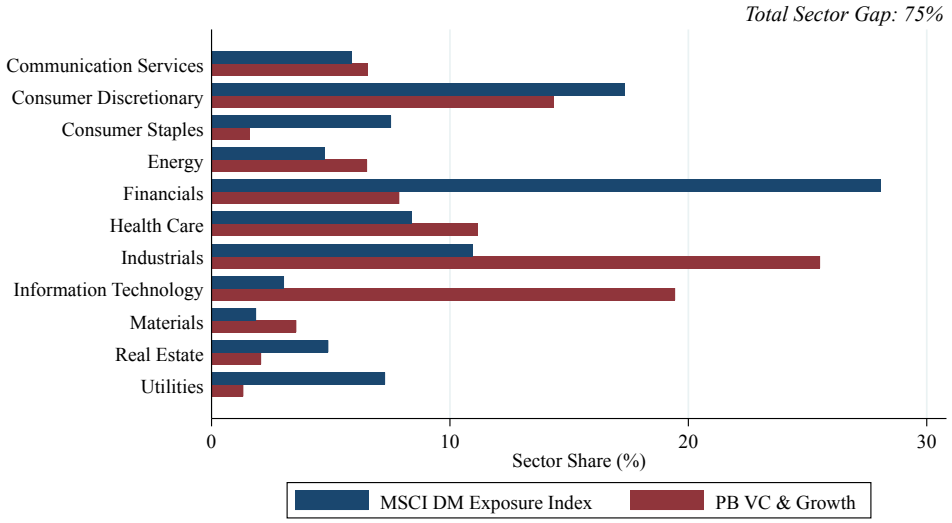
(A) Only VC (B) Only Growth Equity (C) Only Buyout

Notes: This figure shows the sectoral allocation gap between private capital investments and public equity markets across sectors for EMs and DMs, with Panels A, B, and C corresponding to VC, growth equity, and buyout investments, respectively. The sectoral allocation gap is defined as the difference between each sector's share in private capital investments and its corresponding share in public equity market capitalizations, for both EMs and DMs. Positive values indicate sectors in which private markets are overweight relative to public markets, while negative values indicate underweighted sectors. Private capital data are sourced from PitchBook and include Seed, Early-Stage VC, Late-Stage VC, Growth PE, and Buyout investments made between 2001 and 2025. Sector classifications in the private investment data have been manually reclassified to match MSCI's Global Industry Classification Standard (GICS). Public market benchmarks are based on the MSCI EM Exposure Index for EMs and the MSCI DM Exposure Index for DMs, using sector weights as of Q1 2025.

FIGURE A6. Comparing Sector Allocations: Public vs. Private Markets



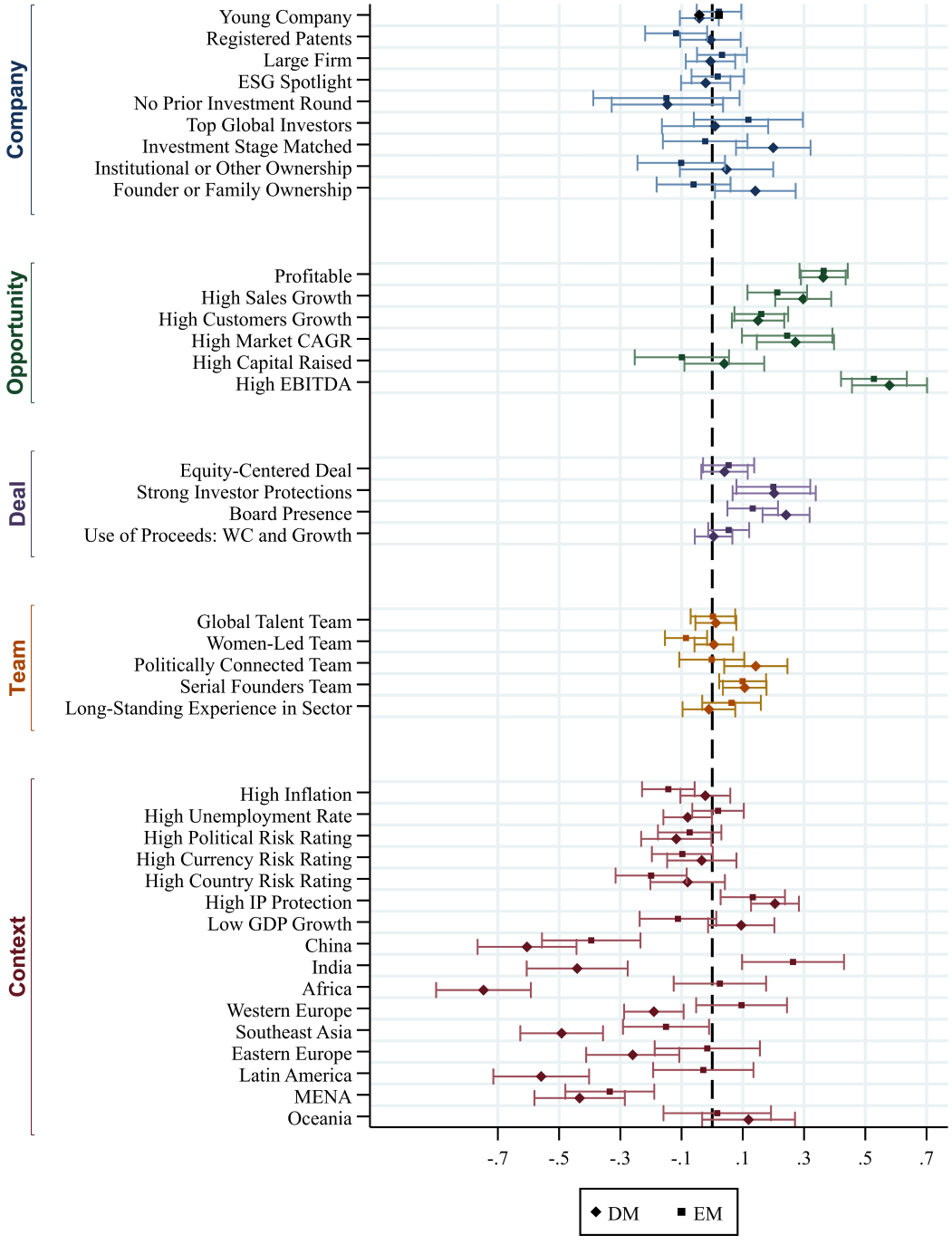
(A) EM Sector Shares



(B) DM Sector Shares

Notes: This figure shows the sectoral composition of VC, growth equity, and buyout investments relative to public equity benchmarks, based on the share of total capital allocated to each sector. Panel A compares the sectoral distribution of the MSCI Emerging Markets Index (weights as of Q1 2025) with the sector allocation of the PitchBook (PB) sample of VC and Growth PE investments in EMs. Countries are classified as EM according to MSCI and include Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates. Panel B compares the PB sample of VC and Growth PE investments in DM with the MSCI Developed Markets Exposure Index (weights as of Q1 2025). The PB sample includes Seed, Early-Stage VC, Late-Stage VC, and Growth PE investments made between 2001 and 2025 in countries classified as developed by MSCI. The MSCI DM Exposure Index includes markets such as Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. PitchBook investment data have been manually reclassified to align with MSCI's Global Industry Classification Standard (GICS) sector definitions. For both panels, we report the Total Sector Gap, defined as the sum of the absolute differences between the private-market sector share and the corresponding MSCI public-market sector share for each sector.

FIGURE A7. What Do Global Investors Care About? — EM vs DM Investors



Notes: This figure shows investor preferences for company attributes featured in the synthetic profiles, as captured by the coefficients β_m in Equation 4.1 (N = 1,485; EM = 676; DM = 809). Controls include a dummy for whether the company's regional focus matches the investor's stated region preference, as well as a control for the number of profile components shown. The specification includes investor (respondent) fixed effects. The figure displays 90 percent confidence intervals based on robust standard errors.

FIGURE A8. Are EM and DM Investors Different? Deal Selection — By Specific Region

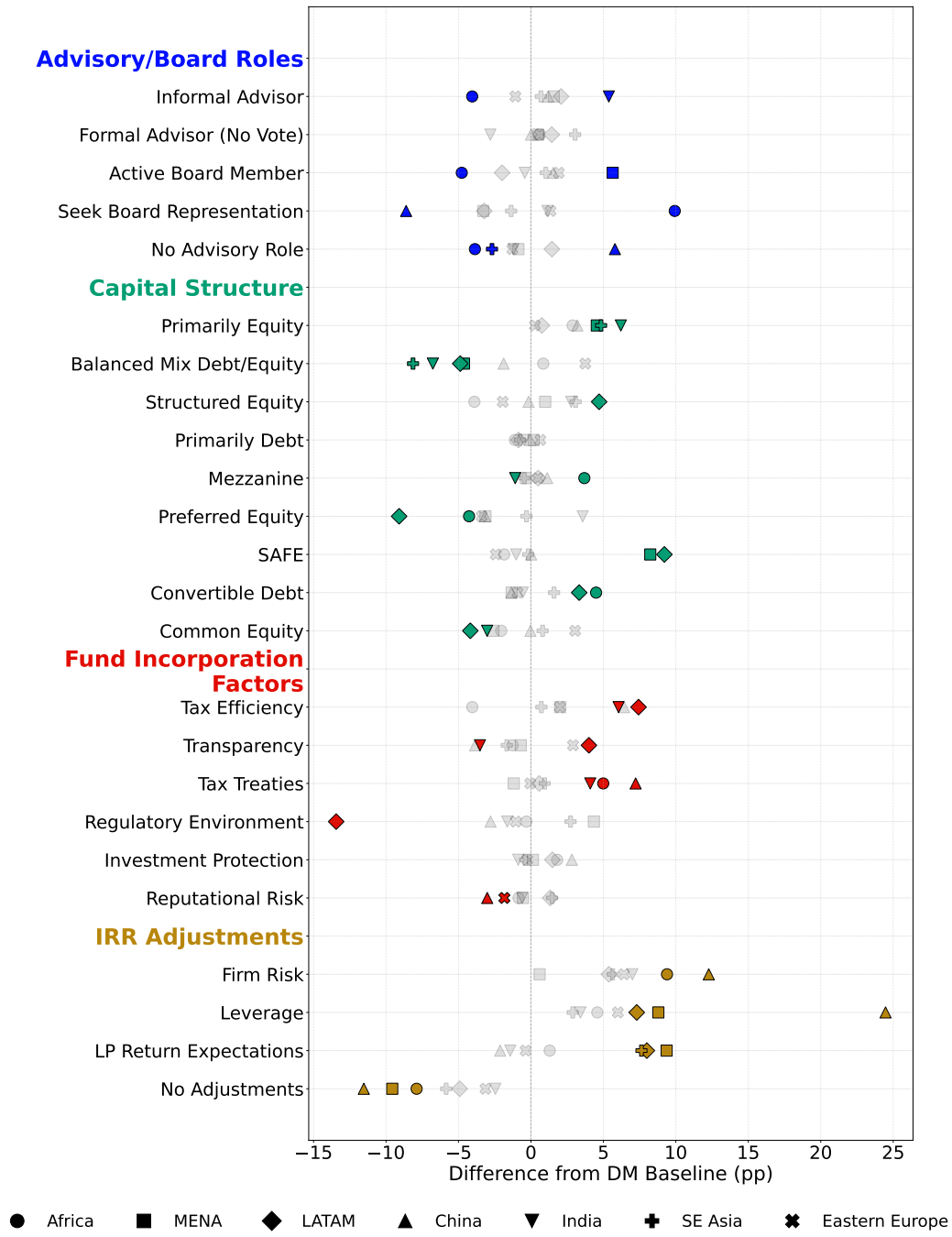


(A) Regional, Firm, and Team Factors

(B) Information, Sourcing, and Evaluation Factors

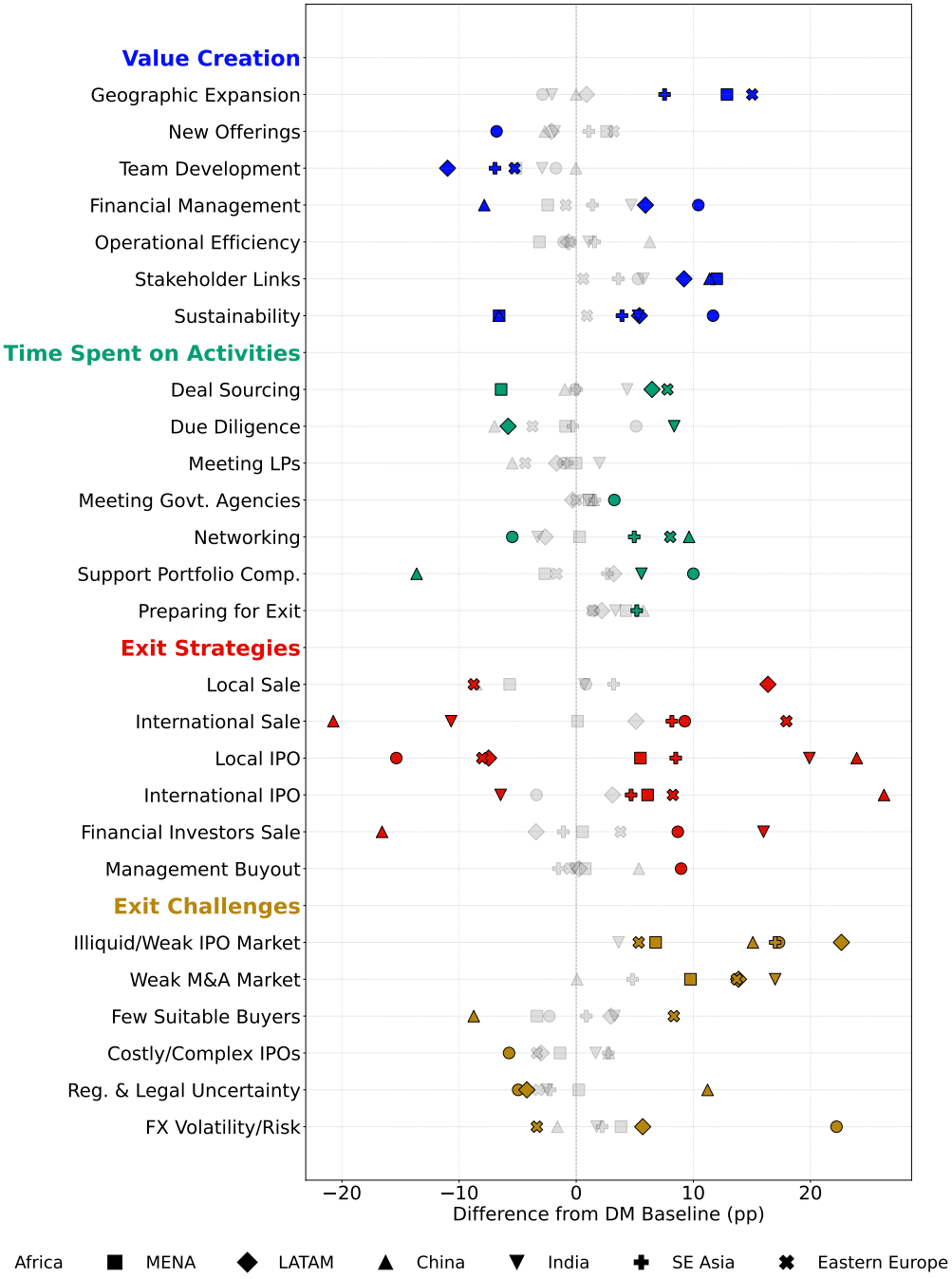
Notes: This figure shows point estimates from OLS regressions of each survey response on indicators for the region in which the investor expressed interest in investing. For each response option, the dependent variable is a binary indicator equal to one if the investor selected that option. The coefficients represent percentage-point differences in the likelihood of selecting each response option relative to the baseline, which consists of DM regions (North America, Western Europe, and Oceania). All regressions include controls for fund AUM, number of employees, typical check size, the investor's perceived relative performance, fund age, preferred investment stage, and number of investments. Responses labeled "Other" are excluded from the plots. Colored markers denote coefficients that are statistically significant at the 90 percent confidence level, whereas light gray markers correspond to non-significant estimates. In Panel A, blue markers correspond to responses to the question "What are the factors your firm considers most important when deciding to invest in a region or country?", green markers correspond to responses to "When investing in a specific company, what are the primary company-specific factors your firm considers?", and red markers correspond to responses to "What are the top qualities your firm looks for in the management team of target companies?" In Panel B, yellow markers represent responses to "What are the main sources of information your firm uses to assess whether to invest in a particular region or country?", purple markers represent responses to "What are the primary channels or methods your firm uses to identify and secure investment opportunities?", and orange markers represent responses to "Which business metrics are most important for evaluating potential investments?" Marker shapes correspond to specific regions as indicated in the legend.

FIGURE A9. Are EM and DM Investors Different? Deal Structure — By Specific Region



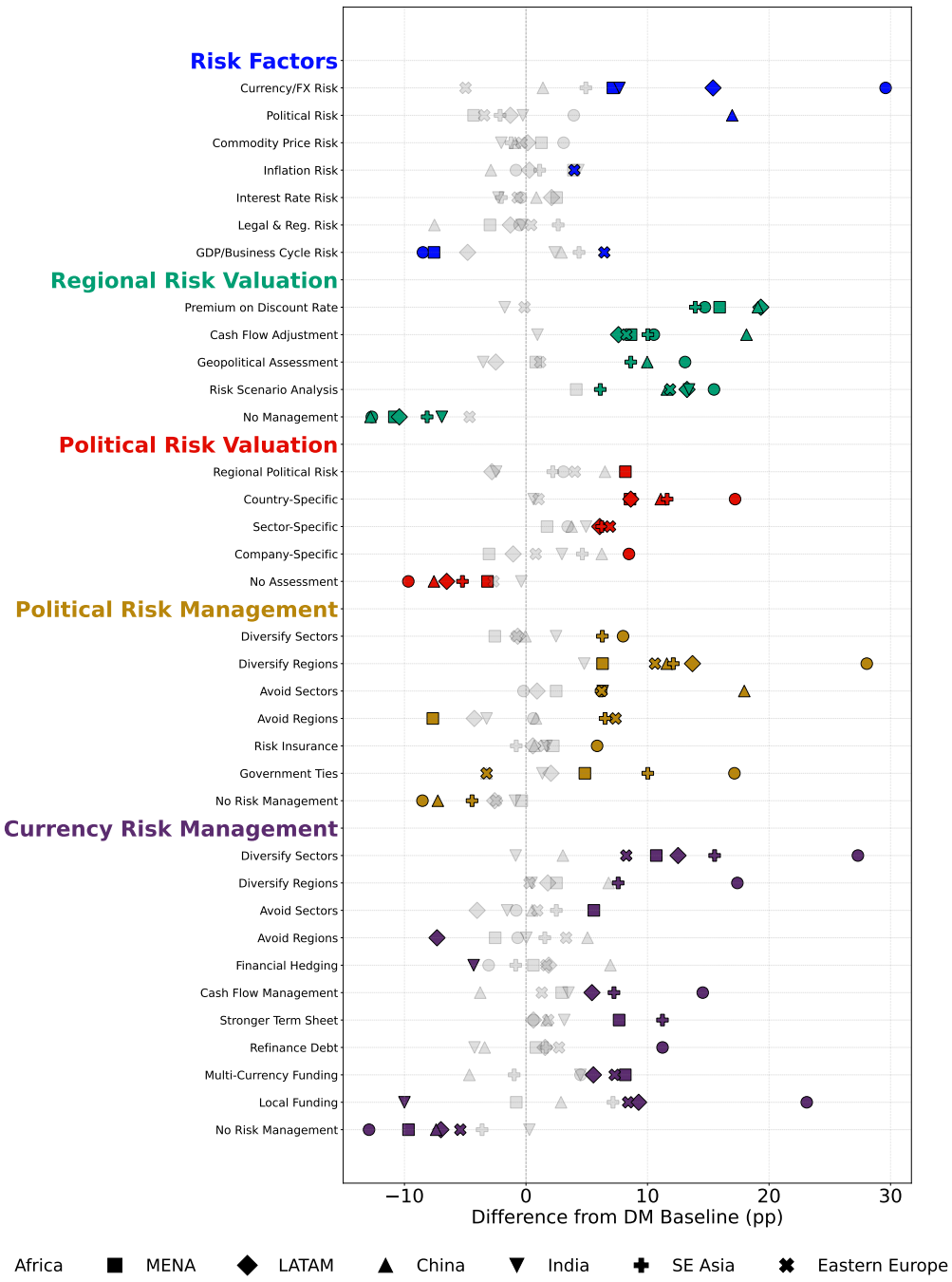
Notes: This figure shows point estimates from OLS regressions of each survey response on indicators for the region in which the investor expressed interest in investing. For each response option, the dependent variable is a binary indicator equal to one if the investor selected that option. The coefficients represent percentage-point differences in the likelihood of selecting each response option relative to the baseline, which consists of DM regions (North America, Western Europe, and Oceania). All regressions include controls for fund AUM, number of employees, typical check size, the investor's perceived relative performance, fund age, preferred investment stage, and number of investments. Responses labeled "Other" are excluded from the plot. Colored markers correspond to coefficients that are statistically significant at the 90 percent level, while light gray markers correspond to non-significant estimates. Markers are color-coded according to the underlying survey question. Blue markers correspond to responses to "Regarding involvement in portfolio companies, how often does your firm take on a formal advisory or governance role, and what does this typically entail?" Green markers correspond to responses to "How does your firm typically structure financing (VC) or what is your preferred capital structure for investments (PE)?" Red markers correspond to responses to "What is the primary factor your firm considers when selecting the legal jurisdiction for funds?" Yellow markers correspond to responses to "Which factors do you use to adjust your target gross IRR?" Marker shapes correspond to specific regions as indicated in the legend.

FIGURE A10. Are EM and DM Investors Different? Operations, Value Added, and Exits — By Specific Region



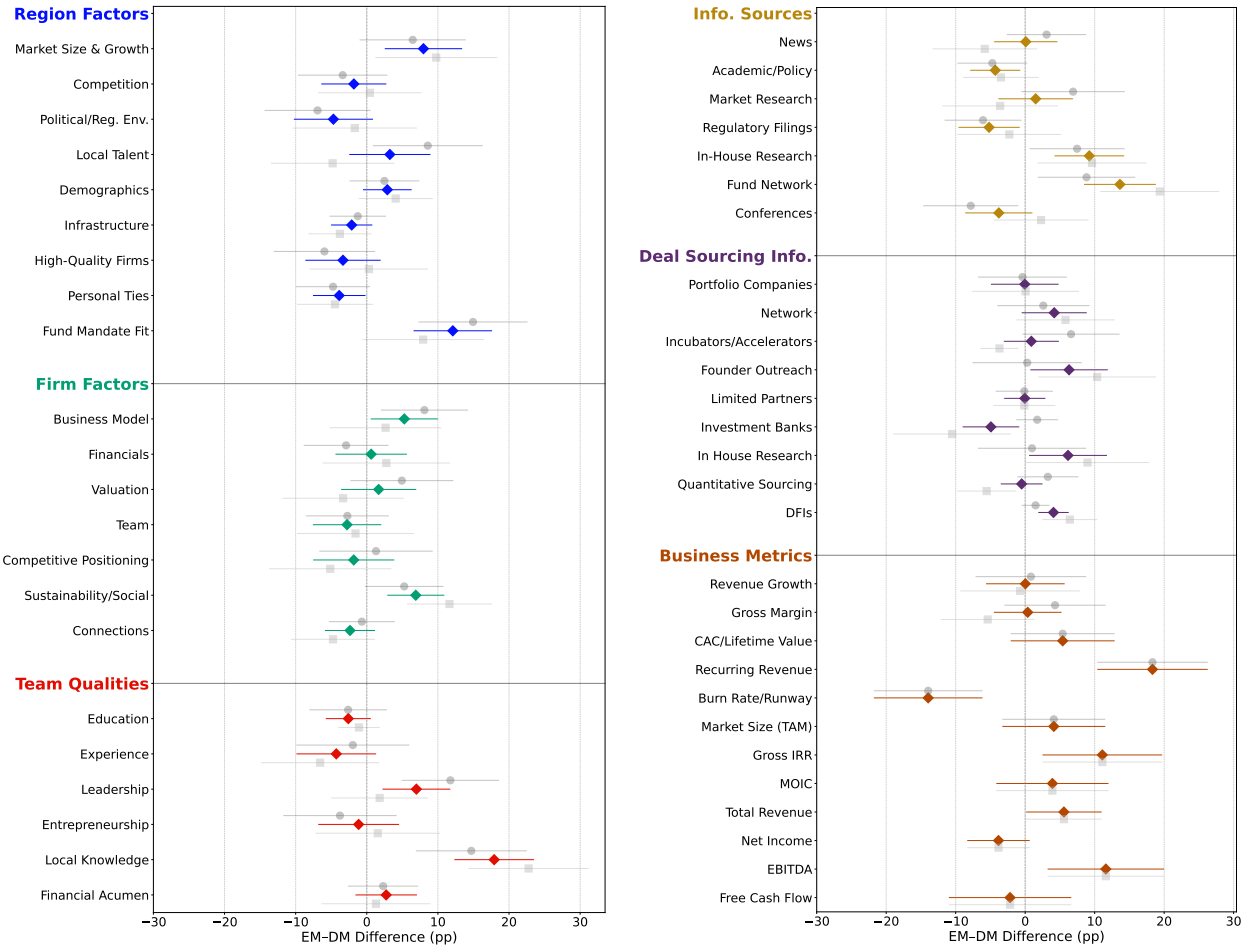
Notes: This figure shows point estimates from OLS regressions of each survey response on indicators for the region in which the investor expressed interest in investing. For each response option, the dependent variable is a binary indicator equal to one if the investor selected that option. The coefficients represent percentage-point differences in the likelihood of selecting each response option relative to the baseline, which consists of DM regions (North America, Western Europe, and Oceania). All regressions include controls for fund AUM, number of employees, typical check size, the investor's perceived relative performance, fund age, preferred investment stage, and number of investments. Responses labeled "Other" are excluded from the plot. Colored markers indicate coefficients that are statistically significant at the 90 percent confidence level, while light gray markers denote non-significant estimates. Markers are color-coded according to the underlying survey question. Blue markers correspond to responses to "What are the main value-creation initiatives that your firm engages in for portfolio companies?" Green markers correspond to responses to "In the context of your firm's investments, to which activities does your firm devote the most time?" Red markers correspond to responses to "What exit strategies does your firm typically target for portfolio companies?" Yellow markers correspond to responses to "What are the main challenges to successful exits?" Marker shapes correspond to specific regions as indicated in the legend.

FIGURE A11. Are EM and DM Investors Different? Risk Valuation and Management — By Specific Region



Notes: This figure shows point estimates from OLS regressions of each survey response on indicators for the region in which the investor expressed interest in investing. For each response option, the dependent variable is a binary indicator equal to one if the investor selected that option. The coefficients represent percentage-point differences in the likelihood of selecting each response option relative to the baseline, which consists of DM regions (North America, Western Europe, and Oceania). All regressions control for fund AUM, number of employees, typical check size, the investor's perceived relative performance, fund age, preferred investment stage, and number of investments. Responses labeled "Other" are excluded from the plot. Colored markers denote coefficients that are statistically significant at the 90 percent level, while light gray markers correspond to non-significant estimates. Markers are color-coded according to the underlying survey question. Blue markers correspond to responses to "Which of the following types of risks are most important to you when investing globally?" Green markers correspond to responses to "How does your firm incorporate country or regional risks into the valuation process for companies?" Red markers correspond to responses to "What types of political risk does your firm evaluate for investments?" Yellow markers correspond to responses to "How does your firm manage political risk?" Purple markers correspond to responses to "How does your firm manage currency risk?" Marker shapes correspond to specific regions as indicated in the legend.

FIGURE A12. Are EM and DM Investors Different? Deal Selection — By Investor Type

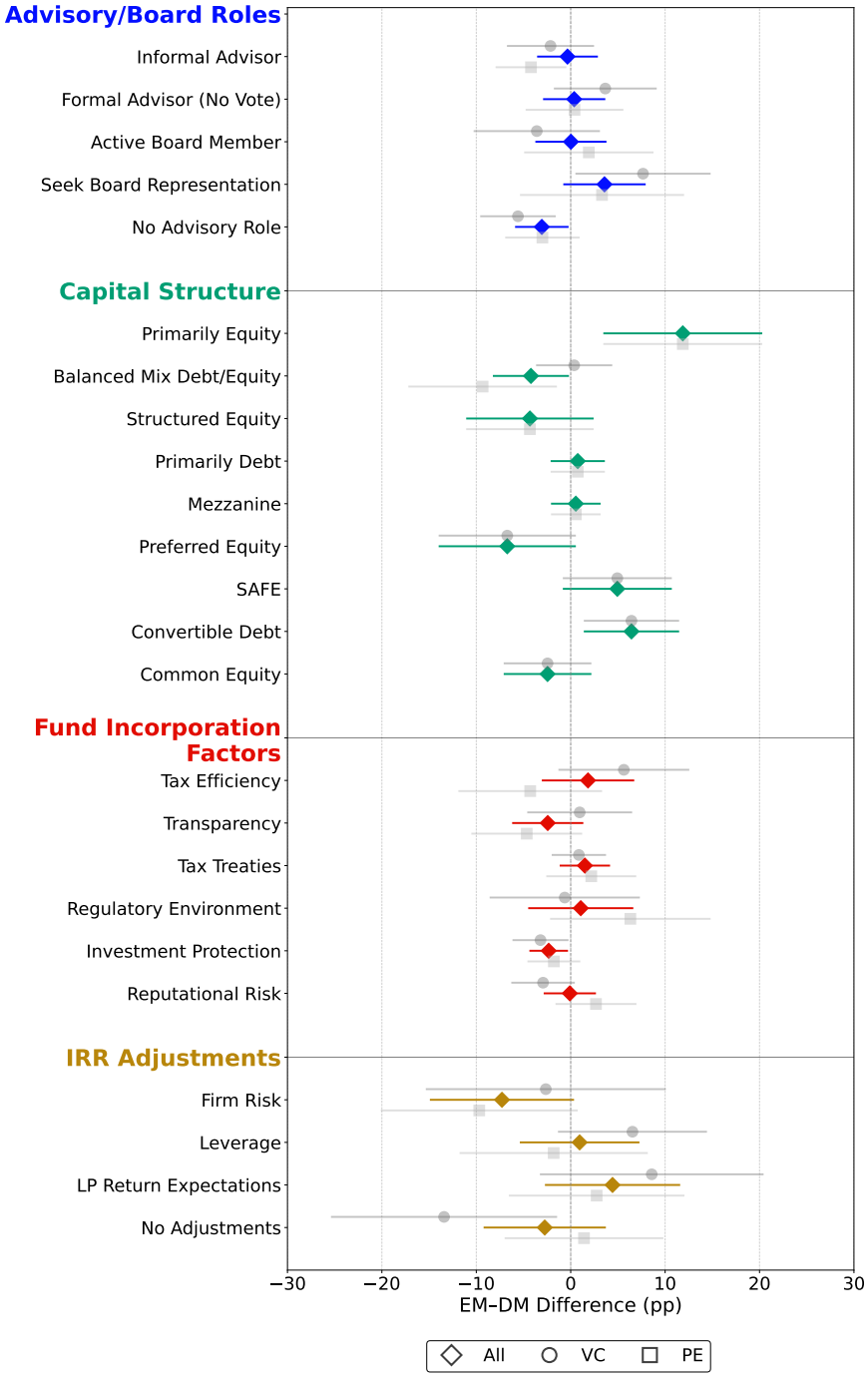


(A) Regional, Firm, and Team Factors

(B) Information, Sourcing, and Evaluation Factors

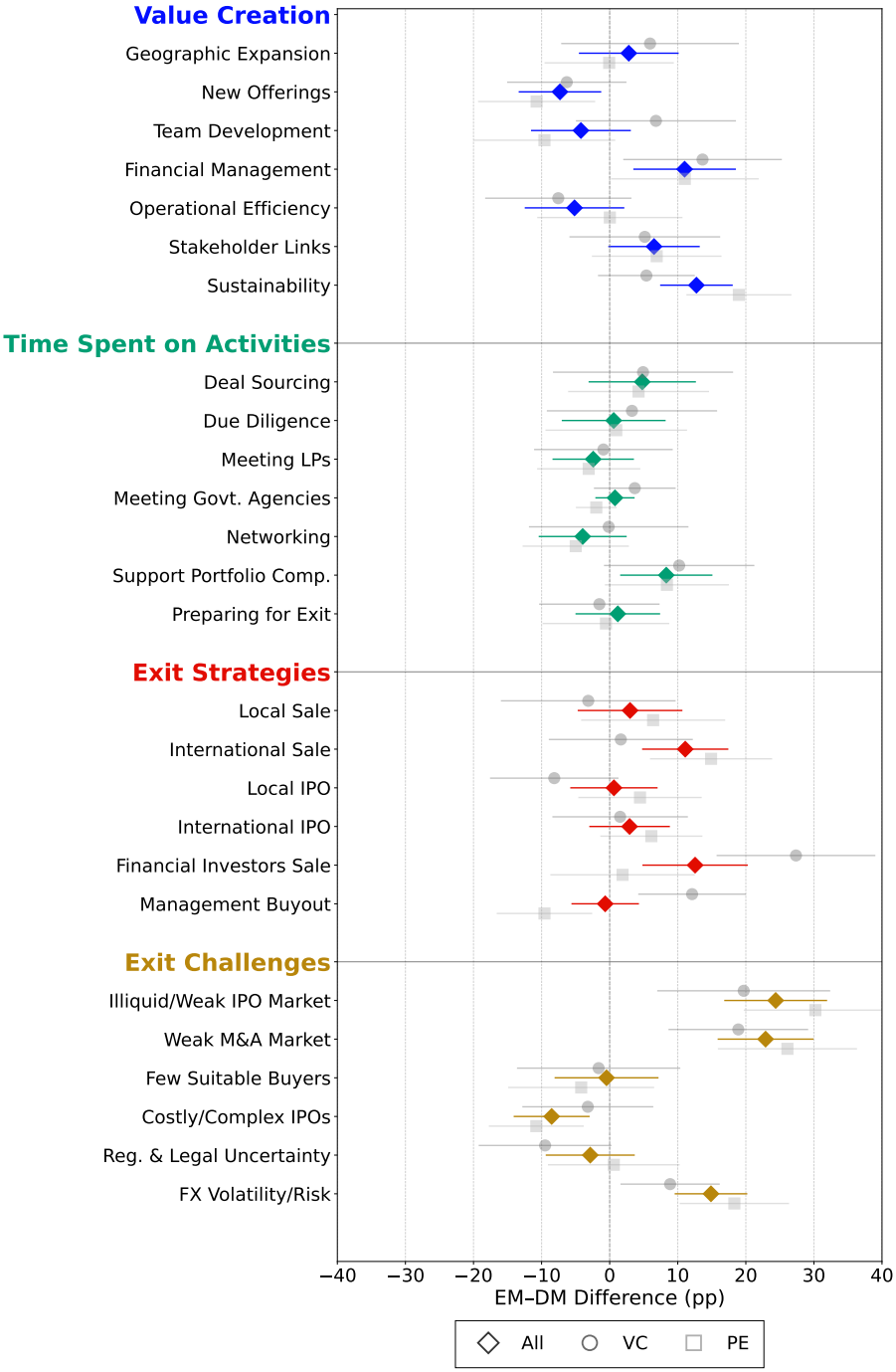
Notes: This figure shows, by investor type (N = 1,485; PE = 684; VC = 801), the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. In Panel A, blue markers indicate responses to: "What are the factors your firm considers most important when deciding to invest in a region or country?" Green markers indicate responses to: "When investing in a specific company, what are the primary company-specific factors your firm considers?" Red markers indicate responses to: "What are the top qualities your firm looks for in the management team of target companies?" In Panel B, yellow markers indicate responses to: "What are the main sources of information your firm uses to assess whether to invest in a particular region or country?" Purple markers indicate responses to: "What are the primary channels or methods your firm uses to identify and secure investment opportunities?" Orange markers indicate responses to: "Which business metrics are most important for evaluating potential investments?" Diamonds, squares, and circles represent separate estimates for All, PE, and VC investors, respectively. Responses labeled "Other" are excluded from the plots.

FIGURE A13. Are EM and DM Investors Different? Deal Structure — By Investor Type



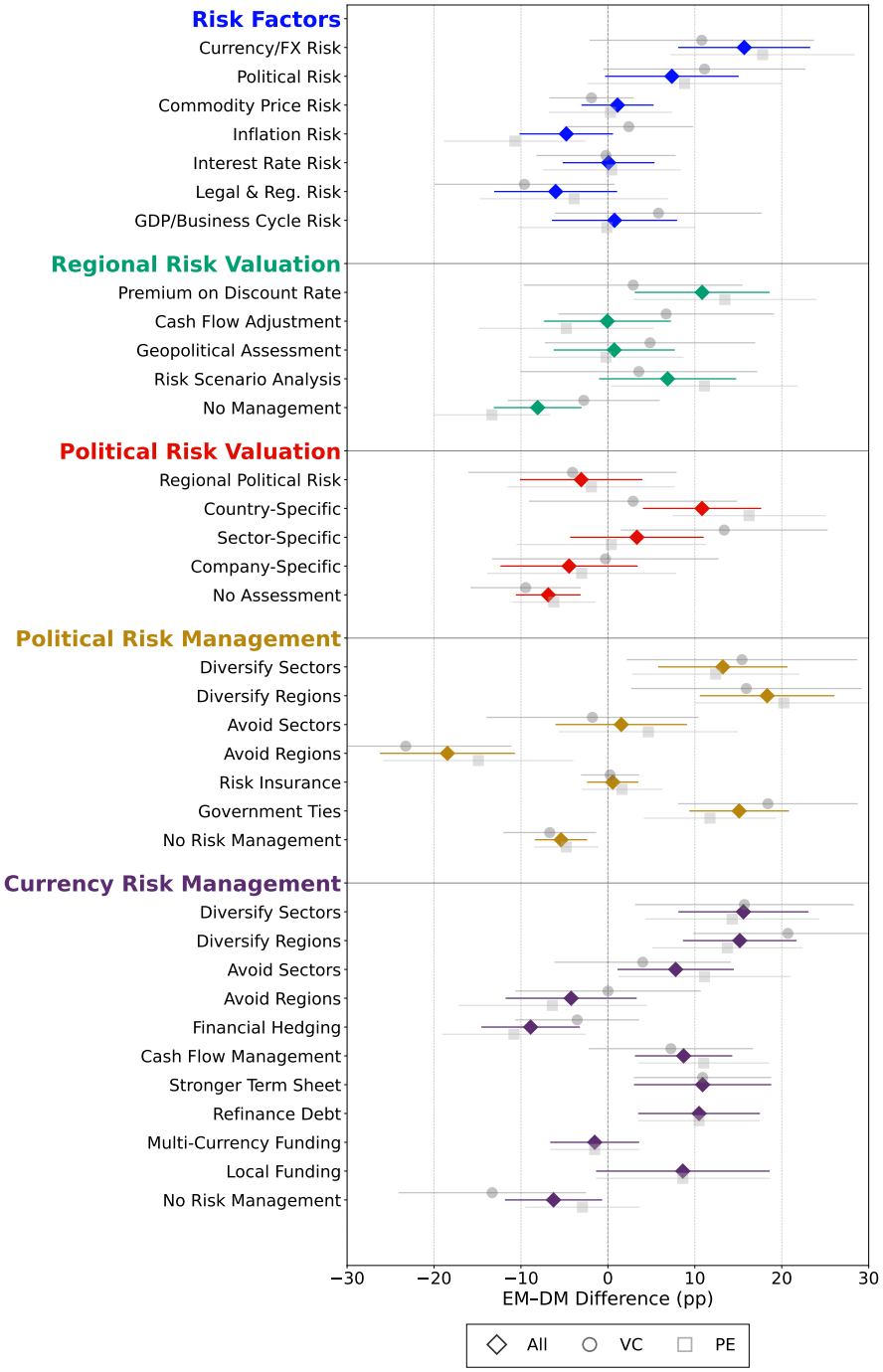
Notes: This figure shows, by investor type (N = 1,485; PE = 684; VC = 801), the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. Blue markers indicate responses to the question: "Regarding involvement in portfolio companies, how often does your firm take on a formal advisory or governance role, and what does this typically entail?" Green markers indicate responses to: "How does your firm typically structure financing (VC) or what is your preferred capital structure for investments (PE)?" Red markers indicate responses to: "What is the primary factor your firm considers when selecting the legal jurisdiction for funds?" Yellow markers indicate responses to: "Which factors do you use to adjust your target gross IRR?" Diamonds, squares, and circles represent separate estimates for All, PE, and VC investors, respectively. Responses labeled "Other" are excluded from the plots.

FIGURE A14. Are EM and DM Investors Different? Operations, Value Added, and Exits — By Investor Type



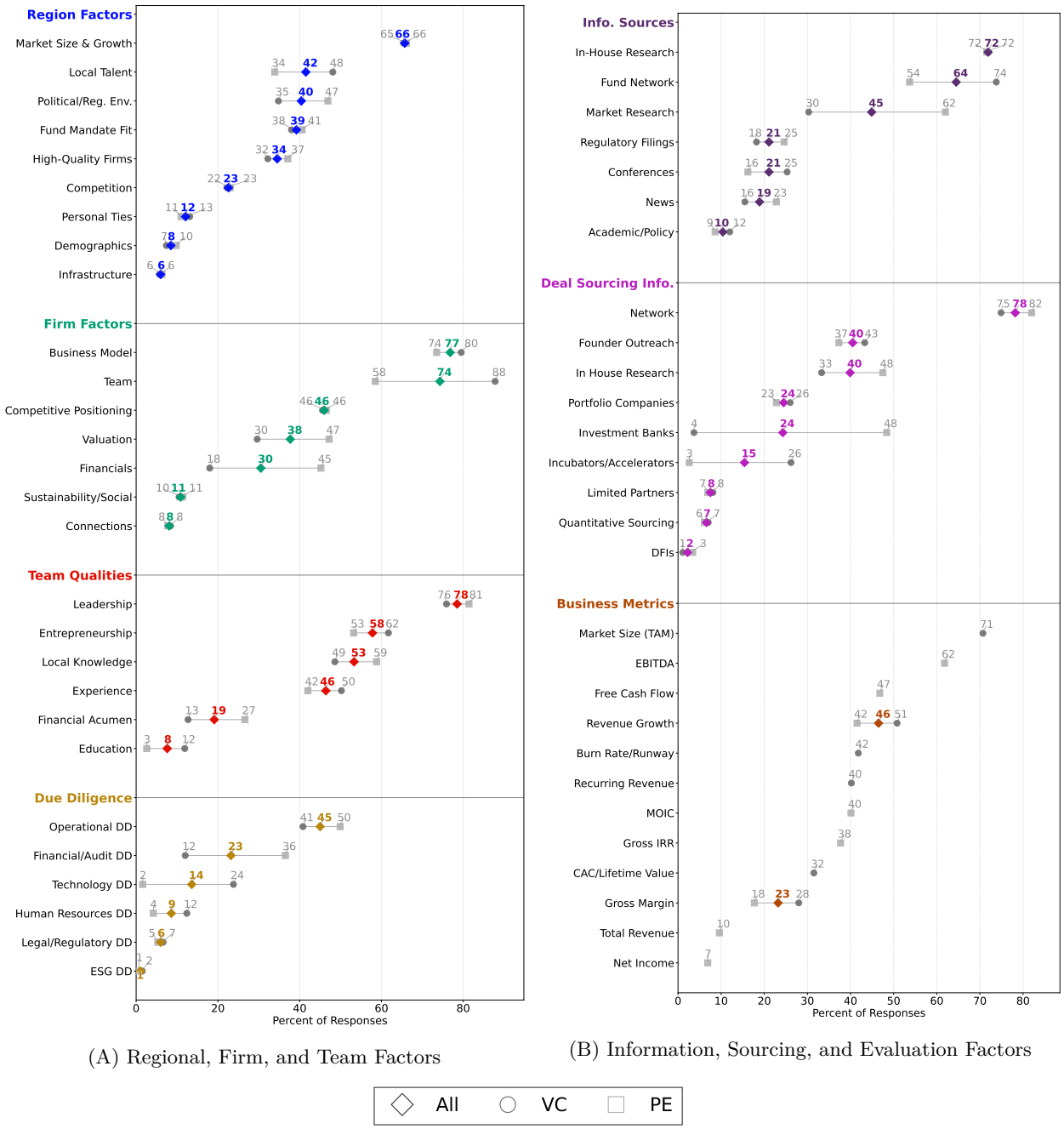
Notes: This figure shows, by investor type (N = 1,485; PE = 684; VC = 801), the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. Blue markers indicate responses to the question: "What are the main value-creation initiatives that your firm engages in for portfolio companies?" Green markers indicate responses to the question: "In the context of your firm's investments, to which activities does your firm devote the most time?" Red markers indicate responses to the question: "What exit strategies does your firm typically target for portfolio companies?" Yellow markers indicate responses to the question: "What are the main challenges to successful exits?" Responses labeled "Other" are excluded from the plots. Diamonds, squares, and circles represent separate estimates for All, PE, and VC investors, respectively.

FIGURE A15. Are EM and DM Investors Different? Risk Valuation and Management — By Investor Type



Notes: This figure shows, by investor type (N = 1,485; PE = 684; VC = 801), the point estimates and 90 percent confidence intervals from OLS regressions of each survey response on an indicator for EM investors (N = 1,485; EM = 676; DM = 809). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and DM investors. Control variables include fund AUM, number of employees, typical check size, investor's perceived relative performance, fund age, preferred investment stage, number of investments, and fund headquarters fixed effects. Blue markers indicate responses to the question: "Which of the following types of risks are most important to you when investing globally?" Green markers indicate responses to the question: "How does your firm incorporate country or regional risks into the valuation process for companies?" Red markers indicate responses to the question: "What types of political risk does your firm evaluate for investments?" Yellow markers indicate responses to the question: "How does your firm manage political risk?" Purple markers indicate responses to the question: "How does your firm manage currency risk?" Diamonds, squares, and circles represent separate estimates for All, PE, and VC investors, respectively. Responses labeled "Other" are excluded from the plots.

FIGURE A16. How Do Global Investors Make Decisions? Deal Selection

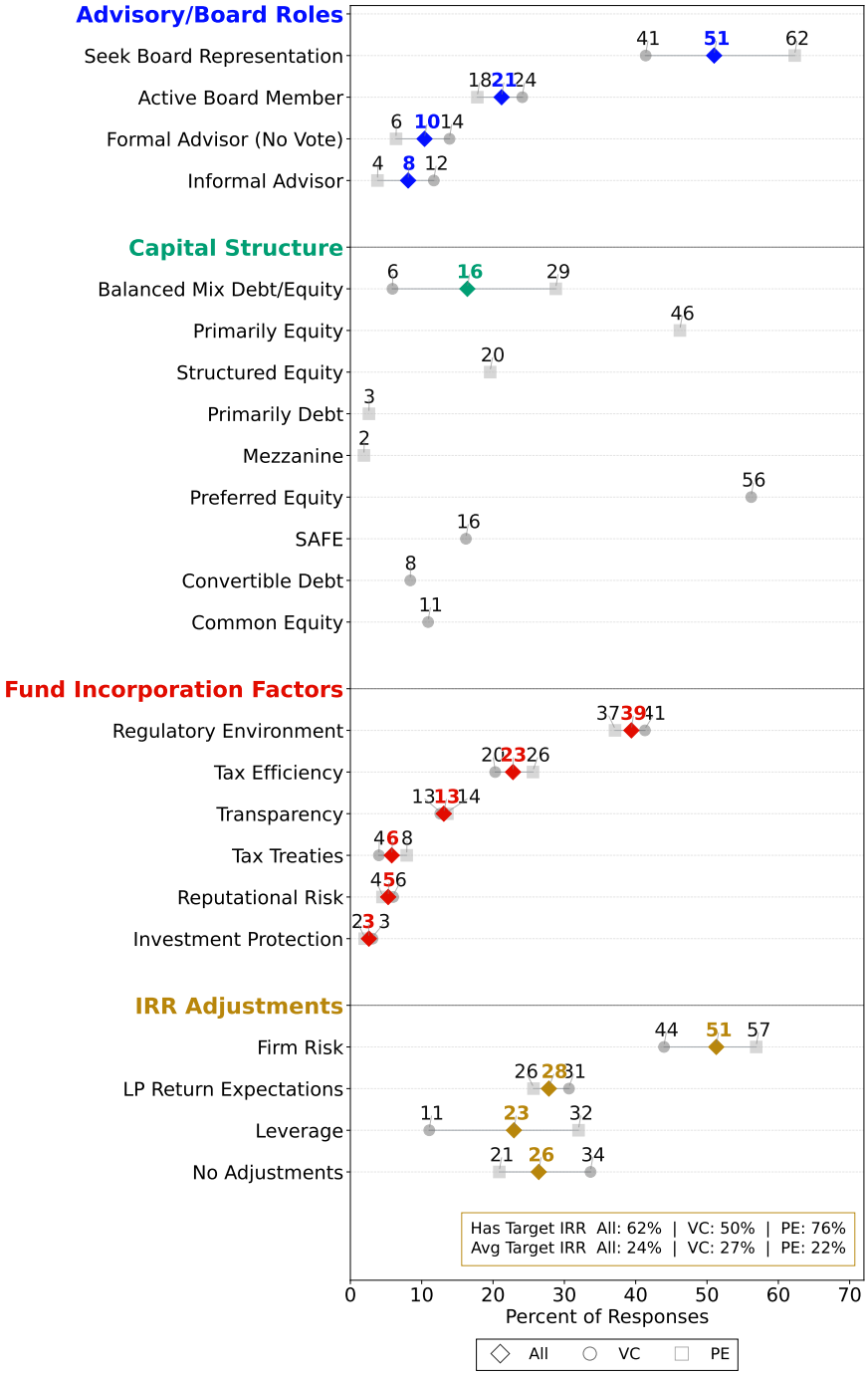


(A) Regional, Firm, and Team Factors

(B) Information, Sourcing, and Evaluation Factors

Notes: This figure shows, by investor type, the proportion of respondents selecting each option in response to a set of survey questions on deal selection (N = 1,485; PE = 684; VC = 801). In Panel A, blue markers indicate responses to the question: "What are the factors your firm considers most important when deciding to invest in a region or country?" Green markers indicate responses to: "When investing in a specific company, what are the primary company-specific factors your firm considers?" Red markers indicate responses to: "What are the top qualities your firm looks for in the management team of target companies?" Yellow markers indicate responses to: "In the due diligence (DD) process for a target company, which type of DD is most important?" In Panel B, purple markers indicate responses to: "What are the main sources of information your firm uses to assess whether to invest in a particular region or country?" pink markers indicate responses to: "What are the primary channels or methods your firm uses to identify and secure investment opportunities?" Brown markers indicate responses to: "Which business metrics are most important for evaluating potential investments?" For all questions except the one on due diligence, respondents were allowed to select up to three options. Numbers are rounded to the nearest integer. Colored markers represent VC and PE investors combined, while round and square markers denote VC-only and PE-only investors, respectively. Responses labeled "Other" are excluded from the plots.

FIGURE A17. How Do Global Investors Make Decisions? Deal Structure



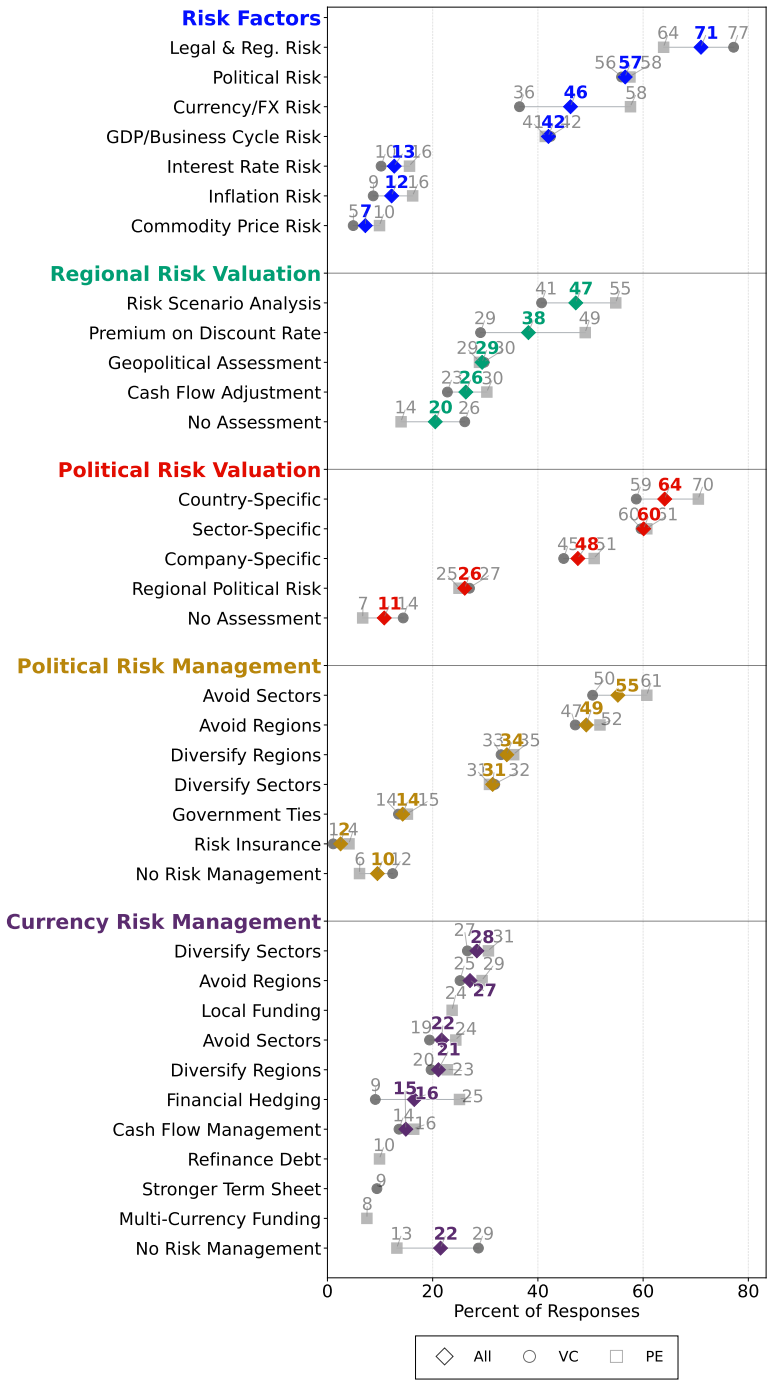
Notes: This figure shows, by investor type, the share of respondents selecting each option in survey questions on deal structure (N = 1,485; PE = 684; VC = 801). Blue markers indicate responses to: "Regarding involvement in portfolio companies, how often does your firm take on a formal advisory or governance role, and what does this typically entail?" Green markers indicate responses to: "How does your firm typically structure financing (VC) or what is your preferred capital structure for investments (PE)?" Red markers indicate responses to: "What is the primary factor your firm considers when selecting the legal jurisdiction for funds?" Yellow markers indicate responses to: "Which factors do you use to adjust your target gross IRR?" Except for the question on IRR-adjusting factors, respondents could select only one option. Percentages are rounded to the nearest whole number. Diamonds, squares, and circles represent separate estimates for All, PE, and VC investors, respectively. Responses labeled "Other" are excluded from the plots.

FIGURE A18. How Do Global Investors Make Decisions? Operations, Value Added, and Exits



Notes: This figure shows, by investor type, the proportion of respondents selecting each option in response to a set of survey questions on operations, value creation, and exit strategies (N = 1,485; PE = 684; VC = 801). Blue markers report the proportion of respondents selecting each option in response to the question: "What are the main value-creation initiatives that your firm engages in for portfolio companies?" Green markers report the proportion of respondents selecting each option in response to the question: 'In the context of your firm's investments, to which activities does your firm devote the most time?" Red markers report the proportion of respondents selecting each option in response to the question: 'What exit strategies does your firm typically target for portfolio companies?" Yellow markers report the proportion of respondents selecting each option in response to the question: "What are the main challenges to successful exits?" In all panels, respondents could select up to three responses. Percentages are rounded to the nearest whole number. Diamonds, squares, and circles represent separate estimates for All, PE, and VC investors, respectively. Responses labeled "Other" are excluded from the plots.

FIGURE A19. How Do Global Investors Make Decisions? Risk Valuation and Management



Notes: This figure shows, by investor type, the proportion of respondents selecting each option in response to a set of survey questions on risk valuation and risk management practices (N = 1,485; PE = 684; VC = 801). Blue markers reports the proportion of respondents selecting each option in response to the question: "Which of the following types of risks are most important to you when investing globally?" Green markers report the proportion of respondents selecting each option in response to the question: "How does your firm incorporate country or regional risks into the valuation process for companies?" Red markers report the proportion of respondents selecting each option in response to the question: "What types of political risk does your firm evaluate for investments?" Yellow markers report the proportion of respondents selecting each option in response to the question: "How does your firm manage political risk?" Purple markers report the proportion of respondents selecting each option in response to the question: "How does your firm manage currency risk?" In all panels, respondents could select multiple responses. Percentages are rounded to the nearest whole number. Diamonds, squares, and circles represent separate estimates for All, PE, and VC investors, respectively. Responses labeled "Other" are excluded from the plots.

Table A1. Survey vs PitchBook: AUM Comparison

	All			PE			VC		
	Survey %	PB %	Diff	Survey %	PB %	Diff	Survey %	PB %	Diff
Less than 50M	31.2	31.7	-0.4	19.6	15.8	3.8**	41.2	41.8	-0.6
50-100M	13.8	12.7	1.1	11.4	10.4	1.0	15.9	14.2	1.7
100-500M	28.3	28.1	0.2	28.7	31.0	-2.3	28.0	26.3	1.6
500M-1B	10.7	9.6	1.1	14.6	13.1	1.6	7.4	7.3	0.0
1B or more	16.0	17.9	-2.0*	25.7	29.8	-4.0**	7.6	10.4	-2.8**

Notes: This table presents the distribution of firm-level AUM for survey participants (N = 1,485; PE = 684; VC = 801), and compares it with the distribution of VC and PE GPs present in PitchBook. For each investor group—All, PE and VC—the *percent* columns report the share of firms within each category (within our sample and on PitchBook), while the last column reports the unconditional mean differences (in percentage points) between the two. The table reports firms' AUM, in USD millions.

TABLE A2. Summary Statistics of Respondents Matched to Pitchbook

	All		PE		VC	
	%	EM–DM	%	EM–DM	%	EM–DM
Firm Role						
Founder	21.6	3.0	16.2	4.4	26.2	2.1
Partner	10.7	-0.6	11.5	-0.3	10.0	-1.0
Managing Partner	8.8	2.6	10.3	0.7	7.4	4.2*
Chief Executive Officer	5.6	0.3	4.5	-0.9	6.6	1.4
Other	52.1	-5.8*	55.7	-5.0	49.1	-6.7
Missing	1.2	0.5	1.8	1.1	0.7	-0.0
Total respondents	1074		494		580	
Respondent Region						
United States or Canada	20.1	-25.7***	16.2	-24.4***	23.4	-26.7***
Western Europe	26.5	-33.9***	27.5	-34.5***	25.7	-33.4***
Central or Eastern Europe	7.7	5.3***	8.7	4.7*	6.9	5.8***
Sub-Saharan Africa	6.0	12.0***	8.1	14.6***	4.1	9.4***
Middle East and North Africa (MENA)	5.2	4.8***	5.5	5.5**	5.0	4.2**
Latin America (LATAM)	11.4	17.2***	9.9	13.7***	12.6	20.6***
China	2.3	2.7***	2.0	2.0	2.6	3.5**
India	4.9	9.6***	3.8	6.5***	5.9	12.5***
Rest of Asia	11.5	10.0***	12.1	16.0***	11.0	4.5
Oceania	1.4	-2.1***	1.8	-3.6***	1.0	-0.8
Missing	2.9	0.0	4.3	-0.4	1.7	0.4
Total respondents	1074		494		580	
Firm HQ Region						
United States or Canada	3.7	-4.5***	3.0	-2.8*	4.2	-5.9***
Western Europe	6.0	-7.9***	4.6	-5.8***	7.2	-9.5***
Central or Eastern Europe	3.8	2.8**	2.8	3.2**	4.6	2.5
Sub-Saharan Africa	1.9	4.4***	2.5	5.5***	1.5	3.4***
Middle East and North Africa (MENA)	2.5	1.8*	3.5	2.9	1.7	0.9
Latin America (LATAM)	5.6	9.0***	4.8	8.6***	6.2	9.4***
China	1.6	2.0**	1.4	2.1*	1.8	2.1*
India	2.7	6.0***	2.1	4.5***	3.1	7.3***
Rest of Asia	3.2	2.6**	2.8	1.4	3.5	3.7**
Oceania	0.2	0.0	0.2	-0.4	0.2	0.4
Missing	68.8	-16.2***	72.3	-19.1***	66.0	-14.4***
Total investors	977		433		544	
Total Investments						
1–5	3.6	2.3*	3.0	1.9	4.0	2.7
6–20	10.0	10.7***	10.4	11.3***	9.7	10.1***
21–100	12.6	4.0*	9.7	9.8***	14.9	-0.4
100+	5.0	-0.7	4.6	-3.9*	5.3	2.0
Missing	68.8	-16.2***	72.3	-19.1***	66.0	-14.4***
Total investors	977		433		544	
AUM						
Less than 50M	3.9	3.8***	1.2	1.6	6.1	6.0***
50–100M	2.3	2.2**	1.4	2.1*	2.9	2.4
100–500M	5.9	3.1**	6.2	6.1***	5.7	0.6
500M–1B	1.9	0.7	2.3	1.3	1.7	0.1
1B or more	3.9	-0.3	6.5	-0.9	1.8	-0.2
Missing	82.1	-9.4***	82.4	-10.1***	81.8	-8.9***
Total investors	977		433		544	
Preferred Investment Amount						
Less than 500k	3.2	4.7***	0.2	0.5	5.5	8.4***
500k-1M	1.8	0.8	0.7	1.5*	2.8	0.5
1-5M	5.4	3.1**	2.3	4.1***	7.9	2.8
5-25M	5.2	4.3***	6.0	9.3***	4.6	0.3
25-100M	0.0	0.0	0.0	0.0	0.0	0.0
100M+	1.5	0.2	3.0	-0.9	0.4	0.9
Missing	82.8	-13.2***	87.8	-14.4***	78.9	-12.7***
Total investors	977		433		544	
Preferred Industry						
Software	45.3	-11.7**	33.3	-6.4	53.2	-11.7
Healthcare	21.1	5.8	28.9	9.9	15.8	1.1
Business Products and Services (B2B)	0.0	0.0	0.0	0.0	0.0	0.0
Financial Services	17.5	5.6	21.1	5.5	15.2	4.7
Other	89.8	2.7	94.7	7.3*	86.5	0.8
Missing	70.8	-16.6***	73.7	-19.8***	68.6	-14.3***
N. of unique non-missing investors	285		114		171	
Preferred Geography						
Europe	22.0	-28.4***	11.8	-21.2***	29.2	-30.9***
United States	22.0	-18.2***	13.7	-9.6	27.8	-22.0***
India	8.9	13.1***	9.8	14.9**	8.3	11.8**
South America	8.5	7.3**	6.9	1.7	9.7	11.4**
Other	79.3	10.0*	82.4	-5.1	77.1	0.0***
Missing	74.8	-16.7***	76.4	-18.5***	73.5	-15.5***
N. of unique non-missing investors	246		102		144	

Notes: This table presents the distribution of firm and respondent characteristics for survey participants matched to PitchBook data (N = 1,074; PE = 494; VC = 580). For each investor group—All, PE, and VC—the *percent* columns report the share within each category, while the *EM–DM* columns show unconditional mean differences (in percentage points) between investors focused on EM and those focused on DM. EM (DM) investors are defined as those primarily or exclusively targeting investments in EM (DM) regions. All variables are drawn from PitchBook and include the respondent's role and region, the firm's headquarters location, total investments, AUM, preferred investment amount (all in USD millions), and preferred industry and geography (which may include multiple categories per firm, reflecting diversified investment strategies).

TABLE A3. Hypothetical Profile Components for VCPE Investors

Variable (Probability)	**Investor**	**Definition**	**Options**	**Profile Restrictions**
Founded Year (0.7)	PE	Founded period [1–4]	1 2005–2009; 2 2010–2014; 3 2015–2017; 4 2018–2020	
Founded Year (0.7)	VC	Founded period [1–2]	1 2018–2020; 2 2021–2023	
Patents (0.1)	All	Number of patents [1–3]	1 One; 2 Two; 3 Three	
Employee Range (0.6)	PE	Employee count [1–5]	1 6–10; 2 11–25; 3 26–50; 4 51–100; 5 More than 100	
Employee Range (0.6)	VC	Employee count [1–5]	1 1–5; 2 6–10; 3 11–25; 4 26–50; 5 51–100	For profiles in which "Latest Round" is "No Prior investment round" or "Pre-Seed": 1-5 (0.66); 6-10 (0.34).
ESG Spotlight (0.15)	All	ESG focus areas [1–3]	1 Environmental: Net zero plan, energy efficiency, sustainable sourcing; 2 Social: Community engagement, pay equity, diverse hiring; 3 Governance: Anti-corruption and ethical behavior training	Avoid unverifiable claims; reference public policies/reports only.
Market CAGR (0.4)	All	Market CAGR rate [1–3]	1 Low (20–40%); 2 Medium (50–80%); 3 High (97–140%)	[VC] If "Revenue" is "Pre-Revenue": not shown.
Revenue (1)	VC	Revenue [1–2]	1 Pre-Revenue; 2 Post-Revenue	If "Lastest Round" is "Series A" or "Series B": Post-Revenue (1).
Profitability Status (0.6)	All	Profitability [1–2]	1 Non-profitable; 2 Profitable	[VC] If "Revenue" is "Pre-Revenue": not shown.
EBITDA Rate (0.7)	PE	EBITDA rate [1–4]	1 Under 5%; 2 5–10%; 3 10–20%; 4 Greater than 20%	[PE] If "Profitability Status" is "Non-profitable": not shown.

Notes: This table continues on the next page.

Table A3 (continued)

Variable (Probability)	Investor	Definition	Options	Profile Restrictions
Sales Growth (0.6)	All	Sales growth rate [1–3]	1 Low (10–18%); 2 Medium (20–40%); 3 High (50–300%)	[VC] If "Revenue" is "Pre-Revenue": not shown.
Customer Growth (0.6)	All	Customer growth rate [1–3]	1 Low (10–18%); 2 Medium (20–40%); 3 High (50–300%)	[VC] If "Revenue" is "Pre-Revenue": not shown.
GDP Growth (0.6)	All	Focus location GDP growth	Indicator: 1 if disclosed	Specific to the selected focus location country.
Inflation Rate (0.6)	All	Focus location inflation rate	Indicator: 1 if disclosed	Specific to the selected focus location country.
Unemployment Rate (0.6)	All	Focus location unemployment rate	Indicator: 1 if disclosed	Specific to the selected focus location country.
Currency Risk (0.6)	All	Focus location currency risk	Indicator: 1 if disclosed	Specific to the selected focus location country.
Political Risk (0.6)	All	Focus location political risk	Indicator: 1 if disclosed	Specific to the selected focus location country.
Country Risk (0.6)	All	Focus location country risk	Indicator: 1 if disclosed	Specific to the selected focus location country.
IP Protection (0.6)	All	Focus location IP protection	Indicator: 1 if disclosed	Specific to the selected focus location country.
Team Strengths (0.4)	All	Founding team strengths [1–4]	1 Serial entrepreneurship / exits; 2 International professional experience; 3 Deep sector knowledge; 4 Government / regulatory relationships	No sensitive personal data; avoid protected attributes.
Founder Birth Location (1)	All	Founder birth location [1–2]	1 Local; 2 International	All team members get the same option. Specific birthplace shown with 0.85 probability.

Notes: This table continues on the next page.

Table A3 (continued)

Variable (Probability)	Investor	Definition	Options	Profile Restrictions
Founder Education (1)	All	Top team education [1–2]	1 US/UK Top Tier; 2 Other	All team members get the same option. Specific education background shown with 0.7 probability.
Founder Prior Employer (1)	All	Prior employer [1–3]	1 Meta, Google, Amazon, Microsoft, PayPal, IBM, Uber, Deliveroo, Jumia, Apple; 2 Citigroup, HSBC, JP Morgan, Goldman Sachs, Bank of America, Barclays, Standard Bank Group, UBS, BNP Paribas, Deutsche Bank, Morgan Stanley, Access Bank; 3 McKinsey, Accenture, Deloitte, EY, KPMG, PwC, BCG, Bain	
Board Seat Type (0.5)	PE	Board seat offered [1–4]	1 Majority to PE investors; 2 Minority to PE investors; 3 Board observer role; 4 No seats	
Board Seat (0.5)	VC	Board seat offered [1–2]	1 No seats offered to VC investors; 2 Seats offered to VC investors	
Investor Protections (0.5)	PE	Investor protection level [1–3]	1 Strong; 2 Moderate; 3 Weak	Greater board participation on "Board Seat Type" results in higher probability of higher levels of protections.
Equity Stake (0.3)	PE	PE equity stake [1–3]	1 Majority ($\geq$50%); 2 Significant Minority (20–49%); 3 Minority ($<$20%)	Greater board participation on "Board Seat Type" results in higher probability of higher levels of "Equity Stake".
Ownership Type (0.3)	PE	Ownership structure [1–5]	1 Family-owned; 2 Founder-owned; 3 PE-owned (minority); 4 Government-owned (minority); 5 Management-owned (minority)	

Notes: This table continues on the next page.

Table A3 (continued)

Variable (Probability)	Investor	Definition	Options	Profile Restrictions
Use of Proceeds (0.5)	PE	Use of proceeds [1–3]	1 Working Capital, Product Development, R&D, Talent Acquisition; 2 Repaying Existing Financial Obligations; 3 Partial Purchase of Management Equity	
Use of Proceeds (0.5)	VC	Use of proceeds [1–2]	1 Working Capital, Product Development, R&D, Talent Acquisition; 2 Repaying Existing Financial Obligations	
Latest Round (0.5)	VC	Latest funding round [1–6]	1 No Prior investment round; 2 Pre-seed; 3 Seed; 4 Series A; 5 Series B	
Capital Raised (0.3)	VC	Capital raised [1–2]	1 $50K–1M; 2 $1M–5M	[VC] If "Latest Round" is "No Prior investment round": not shown; If "Latest Round" is "Pre-seed" or "Seed": $50K–1M.
Investor Type (0.2)	VC	Investor type [1–4]	1 DFI (Development Finance Institution); 2 Local VC/PE; 3 International VC/PE; 4 Personal network investors, angel investors, accelerators, family offices	[VC] If "Latest Round" is "No Prior investment round": not shown; If "Revenue" is "Pre-Revenue": 1 not shown, 4 (0.75).
Type of Security (0.5)	VC	Security type [1–4]	1 Common stock; 2 Preferred stock; 3 Convertible note; 4 SAFE	4 not shown if "Latest Round" is "Series A" or "Series B".

Notes: This table summarizes the characteristics and variable definitions used in the hypothetical company profiles shown to PE and VC investors. The *Variable* column lists the constructed variable names, and the *Definition* column describes how each variable is coded. The *Investor* column indicates whether the profile component was randomized for VC-only, PE-only, or all investors. The *Categorical Values/Options* column displays the possible values each variable can take. In the *Variable* column, numbers in parentheses beneath each variable name indicate the probability that the corresponding attribute appears in a given profile. Some variables appear twice because the values differ between VC and PE investor samples.

Table A4. Region Specific Components for Hypothetical Profiles

Variable (Probability)	**Investor**	**Definition**	**Categorical Values / Options**
Headquarter Type (1)	All	Indicates whether the company is local or non-local	1 Local; 2 Non-local (UK; US)
Headquarter Location (1)	All	Specifies the location of the company's headquarters	1 Africa: Sub-Saharan Africa; East Africa; West Africa; Nigeria; Kenya; South Africa; Tanzania; Ghana; Ethiopia; Angola; Uganda; 2 MENA: Middle East; North Africa; Egypt, Morocco, Libya, Algeria, Tunisia, United Arab Emirates, Saudi Arabia, Turkey, Israel; 3 Southeast Asia: East Asia; Singapore; Malaysia; Indonesia; Thailand; Vietnam; South Korea; Hong Kong; Japan; 4 China Mainland; 5 India; 6 Latin America: South America; Argentina; Bolivia; Brazil; Chile; Colombia; Peru; Mexico; 7 East Europe: Central and East European Countries; Albania; Bulgaria; Croatia; Czech Republic; Hungary; Poland; Romania; Slovenia; Slovakia; Estonia; Latvia; Lithuania; Serbia; 8 Oceania: Australia; New Zealand; 9 North America: US (San Francisco CA, Austin TX, Atlanta GA, Boston MA, New York City NY, Seattle WA, Washington DC, Los Angeles CA, Colorado CO, Chicago IL, Dallas TX), Canada (Vancouver, Montreal, Toronto); 10 West Europe: Denmark; Finland; Ireland; UK; Norway; Sweden; France; Germany; The Netherlands; Switzerland; Italy; Spain; Portugal
Focus Location (1)	All	Indicates the main geographic region the company focuses on	Same as Headquarter Location
Founder Birth Location (1)	All	Specifies the birthplace of founders (same for founder one, two and three)	1 Same as Headquarter Location; 2 International: US; Canada; France; Spain; Germany; Australia; UK; Brazil; South Africa; Nigeria; Morocco; China; India; South Korea

Notes: This table summarizes the characteristics and variable definitions used in the hypothetical company profiles shown to PE and VC investors, that are specific to the region where the survey was conducted. The *Variable* column lists the constructed variable names, and the *Definition* column describes how each variable is coded. The *Investor* column indicates whether the profile component was randomized for VC-only, PE-only, or all investors. The *Categorical Values/Options* column displays the possible values each variable can take. In the *Variable* column, numbers in parentheses beneath each variable name indicate the probability that the corresponding attribute appears in a given profile.

TABLE A5. Profile Randomization

Region Preference	**EM/DM Split**	**Profile Type Shown**
Globally, without a specific emphasis on any region	DM: 3/10 profiles EM: 7/10 profiles	**DM (3 profiles):** • 1 DM region selected: 2/3 DM profiles from that region; 1/3 from any DMs. • 2 DM regions selected: 1/3 from each region; 1/3 from any DMs. • 3 DM regions selected: 1/3 from each region. **EM (7 profiles):** • 1 EM region selected: 4/7 from that region; 3/7 from any EMs. • 2 EM regions selected: 2/7 from each; 3/7 from any EMs. • 3 EM regions selected: 2/7 from each; 1/7 from any EMs.
Focused on emerging markets, with some investment in developed markets	DM: 7/10 profiles EM: 3/10 profiles	**DM (7 profiles):** • 1 DM region selected: 4/7 from that region; 3/7 from any DMs. • 2 DM regions selected: 2/7 from each; 3/7 from any DMs. • 3 DM regions selected: 2/7 from each; 1/7 from any DMs. **EM (3 profiles):** • 1 EM region selected: 2/3 from that region; 1/3 from any EMs. • 2 EM regions selected: 1/3 from each; 1/3 from any EMs. • 3 EM regions selected: 1/3 from each.
Exclusively in developed markets	DM: 10/10 profiles EM: 0/10 profiles	**DM (10 profiles):** • 1 DM region selected: 6/10 from that region; 4/10 from any DMs. • 2 DM regions selected: 3/10 from each; 4/10 from any DMs. • 3 DM regions selected: 3/10 from each; 1/10 from any DMs.

Notes: This table continues on the next page.

Table A5 (continued)

Region Preference	EM/DM Split	Profile Type Shown
Exclusively in emerging markets	DM: 2/10 profiles EM: 8/10 profiles	**DM (2 profiles):** • 1 DM region selected: all from that region. • 2 DM regions selected: 1/2 from each region. • 3 DM regions selected: 1/2 from two regions. **EM (8 profiles):** • 1 EM region selected: 5/8 from that region; 3/8 from any EMs. • 2 EM regions selected: 3/8 from each; 2/8 from any EMs. • 3 EM regions selected: 2/8 from each; 2/8 from any EMs.

Notes: This table summarizes how hypothetical company profiles were randomized by investors' regional focus (EM versus DM). The *Region Preference* column defines each investor's scope, the *EM/DM Split* column shows the proportional mix of EM and DM profiles assigned, and the *Profile Type Shown* column details how region selections determine profile composition within each investor preference type.

TABLE A6. Investor Preferences for Firm Attributes — Robustness Checks

Dependent Variable: Investment Interest	Robust SE (1)	Section Order FE (2)	Clustered SE (3)	Ordered Probit (4)	Ordered Logit (5)	Rank Ordered Logit (6)	Probit High/Low (7)	Logit High/Low (8)
Headquartered in Developed Market	0.018	0.033	0.018	0.009	0.022	-0.008	-0.036	-0.066
	(0.46)	(0.78)	(0.46)	(0.38)	(0.57)	(-0.35)	(-1.16)	(-1.24)
Young Company	-0.012	0.030	-0.012	0.018	0.038	0.027	0.012	0.024
	(-0.41)	(0.96)	(-0.42)	(0.93)	(1.18)	(1.45)	(0.46)	(0.54)
Registered Patents	-0.066	-0.008	-0.066	0.001	0.010	0.017	0.013	0.022
	(-1.52)	(-0.17)	(-1.51)	(0.04)	(0.21)	(0.58)	(0.34)	(0.35)
Large Firm	0.012	-0.014	0.012	-0.022	-0.056	0.002	0.002	0.000
	(0.35)	(-0.38)	(0.35)	(-0.95)	(-1.41)	(0.07)	(0.07)	(0.01)
ESG Spotlight	-0.003	-0.007	-0.003	0.001	0.009	0.007	-0.020	-0.030
	(-0.10)	(-0.17)	(-0.09)	(0.06)	(0.22)	(0.30)	(-0.64)	(-0.56)
Investment Stage Matched	0.104*	-0.038	0.104*	-0.025	-0.051	-0.050	-0.033	-0.059
	(1.86)	(-1.12)	(1.84)	(-1.20)	(-1.42)	(-1.37)	(-1.19)	(-1.24)
No Prior Investment Round	-0.161*	-0.117	-0.161*	-0.084	-0.166	0.062	-0.057	-0.121
	(-1.83)	(-1.22)	(-1.82)	(-1.37)	(-1.62)	(0.98)	(-0.69)	(-0.85)
Top Global Investors	0.072	0.072	0.072	0.018	0.042	-0.034	0.106	0.182
	(0.95)	(0.86)	(0.92)	(0.34)	(0.46)	(-0.65)	(1.56)	(1.57)
Institutional or Other Ownership	-0.041	-0.025	-0.041	-0.015	-0.027	0.011	-0.020	-0.036
	(-0.65)	(-0.38)	(-0.67)	(-0.36)	(-0.38)	(0.30)	(-0.39)	(-0.40)
Founder or Family Ownership	0.022	-0.044	0.022	-0.032	-0.061	-0.041	0.013	0.021
	(0.41)	(-0.79)	(0.41)	(-0.92)	(-1.03)	(-1.18)	(0.30)	(0.28)
Profitable	0.358***	0.373***	0.358***	0.219***	0.366***	-0.218***	0.263***	0.443***
	(10.99)	(10.56)	(10.41)	(10.32)	(10.02)	(-10.02)	(9.88)	(9.88)
High Sales Growth	0.259***	0.248***	0.259***	0.143***	0.235***	-0.165***	0.173***	0.286***
	(6.37)	(5.59)	(6.29)	(5.33)	(5.08)	(-6.35)	(5.16)	(5.04)
High Customers Growth	0.157***	0.168***	0.157***	0.089***	0.145***	-0.101***	0.101***	0.172***
	(4.21)	(4.09)	(4.21)	(3.56)	(3.35)	(-4.21)	(3.17)	(3.20)
High Market CAGR	0.255***	0.193***	0.255***	0.107***	0.181***	-0.187***	0.185***	0.307***
	(4.34)	(2.96)	(4.43)	(2.74)	(2.68)	(-5.07)	(3.74)	(3.70)
High Capital Raised	-0.011	-0.003	-0.011	-0.007	-0.005	0.041	-0.030	-0.046
	(-0.18)	(-0.04)	(-0.19)	(-0.18)	(-0.08)	(1.08)	(-0.56)	(-0.51)
High EBITDA	0.546***	0.463***	0.546***	0.267***	0.449***	-0.349***	0.323***	0.543***
	(11.06)	(8.88)	(10.47)	(8.56)	(8.24)	(-10.32)	(8.50)	(8.56)
High Inflation	-0.079**	-0.078**	-0.079**	-0.067***	-0.116***	0.058***	-0.037	-0.061
	(-2.21)	(-2.02)	(-2.18)	(-3.03)	(-3.12)	(2.58)	(-1.28)	(-1.22)
High Unemployment Rate	-0.039	-0.068*	-0.039	-0.093***	-0.157***	0.077***	-0.111***	-0.184***
	(-1.12)	(-1.80)	(-1.12)	(-4.24)	(-4.28)	(3.56)	(-3.78)	(-3.67)
High Political Risk Rating	-0.096**	-0.069	-0.096**	-0.051*	-0.082	0.064**	-0.083**	-0.146**
	(-2.04)	(-1.33)	(-2.05)	(-1.67)	(-1.60)	(2.12)	(-2.01)	(-2.04)
High Currency Risk Rating	-0.071	-0.044	-0.071	-0.041	-0.058	0.056*	-0.037	-0.052
	(-1.54)	(-0.91)	(-1.53)	(-1.43)	(-1.19)	(1.91)	(-0.97)	(-0.79)
High Country Risk Rating	-0.159***	-0.154***	-0.159***	-0.096***	-0.144**	0.094***	-0.116**	-0.199**
	(-3.10)	(-2.79)	(-3.04)	(-2.88)	(-2.55)	(2.86)	(-2.53)	(-2.53)
High IP Protection	0.188***	0.111***	0.188***	0.114***	0.188***	-0.217***	0.129***	0.212***
	(4.91)	(2.63)	(4.88)	(5.08)	(4.89)	(-9.36)	(4.52)	(4.40)
Low GDP Growth	-0.005	0.030	-0.005	0.010	0.025	-0.019	-0.007	-0.019
	(-0.09)	(0.57)	(-0.09)	(0.31)	(0.49)	(-0.59)	(-0.17)	(-0.26)
Board Presence	0.183***	0.181***	0.183***	0.100***	0.178***	-0.113***	0.143***	0.242***
	(5.33)	(4.85)	(5.28)	(4.40)	(4.60)	(-5.10)	(4.86)	(4.86)
Equity-Centered Deal	0.045	0.056	0.045	0.039*	0.057	-0.031	0.023	0.040
	(1.32)	(1.54)	(1.33)	(1.70)	(1.49)	(-1.38)	(0.77)	(0.79)
Use of Proceeds: WC and Growth	0.028	0.011	0.028	0.001	0.005	-0.034*	0.038	0.065
	(1.02)	(0.37)	(1.01)	(0.06)	(0.15)	(-1.83)	(1.57)	(1.56)
Strong Investor Protections	0.199***	0.233***	0.199***	0.129***	0.206***	-0.112***	0.179***	0.301***
	(3.62)	(3.98)	(3.60)	(3.62)	(3.33)	(-3.14)	(4.15)	(4.16)
Global Talent Team	0.008	0.010	0.008	0.013	0.010	-0.027	0.006	0.005
	(0.28)	(0.30)	(0.28)	(0.65)	(0.29)	(-1.33)	(0.24)	(0.11)
Women-Led Team	-0.042	-0.026	-0.042	-0.016	-0.023	0.020	-0.034	-0.052
	(-1.47)	(-0.85)	(-1.44)	(-0.83)	(-0.70)	(1.08)	(-1.34)	(-1.22)
Politically Connected Team	0.060	0.103**	0.060	0.051*	0.080	-0.048	0.061	0.102
	(1.33)	(2.12)	(1.32)	(1.72)	(1.58)	(-1.62)	(1.58)	(1.55)
Serial Founders Team	0.102***	0.089***	0.102***	0.048**	0.091**	-0.054***	0.064**	0.113**
	(3.22)	(2.59)	(3.22)	(2.30)	(2.55)	(-2.66)	(2.33)	(2.44)
Long-Standing Experience in Sector	0.026	0.033	0.026	0.015	0.016	-0.023	0.064*	0.108*
	(0.66)	(0.78)	(0.67)	(0.57)	(0.36)	(-0.91)	(1.91)	(1.92)
Observations	14,840	14,840	14,840	14,850	14,850	14,850	14,850	14,850
Unique Investors	1484	1484	1484	1485	1485	1485	1485	1485
Investor FEs	Yes	No	Yes	No	No	No	No	No
Region FEs	Yes	Yes	Yes	No	No	No	No	No
Section Order FE	No	Yes	No	No	No	No	No	No
SE Clustered (Respondent)	No	No	Yes	No	No	Yes	No	No
R^2	0.401	0.127	0.401					
Adjusted R^2	0.332	0.124	0.332					

Notes: This table shows coefficients from OLS regressions estimating the effects of firm characteristics on investors' interest. The dependent variable, *Investment Interest*, is measured on a 1–7 scale. All specifications include a dummy for whether the company's region matches the investor's preferred region and a control for the number of profile components shown. All columns report estimates for the full sample. Column (1) includes individual and region fixed effects. Column (2) includes region and section order fixed effects. Column (3) clusters standard errors at the respondent level, including individual and region fixed effects. Columns (4) and (5) show the baseline specification estimated with ordered probit and ordered logit models, without fixed effects. Column (6) reports rank ordered logit coefficients, also without fixed effects, and with standard errors clustered at the respondent level. Columns (7) and (8) present probit and logit models where the dependent variable is a high investment interest indicator, defined as giving a rating of 5, 6 or 7 to the respective profile, again without fixed effects.

TABLE A7. Are EM and DM Investors Different?

	All		PE		VC	
	EM–DM	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$
Region Factors						
Market Size & Growth	12.3***	9.0**	8.8**	11.4*	16.9***	2.0
Competition	1.5	2.4	0.4	4.1	2.7	-1.8
Political/Reg. Env.	-9.2***	-7.4	-7.7*	-2.3	-12.2**	-9.1
Local Talent	-0.7	3.9	-5.6	-3.0	7.5	11.3
Demographics	6.5***	2.4	6.7**	1.3	6.1**	2.9
Infrastructure	-0.1	-2.9	-0.5	-3.3	0.5	-2.8
High-Quality Firms	-5.1	-4.1	-2.7	1.5	-8.8*	-5.9
Personal Ties	-4.8**	-3.3	-3.0	-4.3	-7.3**	-4.4
Fund Mandate Fit	4.5	9.6**	2.1	-2.6	7.3	24.4***
Other Regional	1.4	-0.7	3.5**	-0.2	-0.9	-0.6
Firm Factors						
Business Model	-0.4	-0.2	-4.8	-4.2	6.0	3.8
Financials	-2.0	-2.6	-4.1	-0.2	-2.0	-6.6
Valuation	3.3	-1.0	1.8	-0.0	3.3	-0.4
Team	3.0	2.7	6.4	4.6	1.4	0.2
Competitive Positioning	-5.6*	-0.4	-9.0**	-11.0*	-1.1	13.0
Sustainability/Social	5.4**	7.1**	8.0***	14.5***	1.9	3.0
Connections	0.1	0.1	0.5	-0.1	-0.5	0.6
Other Firm	-0.5	-0.4	1.7	0.9	-3.0	-4.0
Team Qualities						
Education	-3.4**	-3.0	-1.4	0.9	-5.1	-2.5
Experience	-12.1***	-11.6**	-13.1***	-12.2*	-9.8*	-10.4
Leadership	4.1	4.3	-2.6	-1.4	12.4***	11.5*
Entrepreneurship	-3.0	0.4	5.6	-1.1	-13.1***	-1.7
Local Knowledge	26.0***	23.7***	21.4***	26.1***	31.1***	25.3***
Financial Acumen	2.2	4.6	-1.5	5.8	5.6	4.3
Other Team	0.3	-2.2	0.6	-1.8	0.0	-2.0

Notes: This table continues on the next page.

TABLE A7. Are EM and DM Investors Different? (Cont'd)

	All		PE		VC	
	EM–DM	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$
Info. Sources						
News	0.9	2.3	-1.0	-6.3	2.7	5.4
Academic/Policy	0.0	-4.5*	0.4	-0.2	-0.1	-7.6
Market Research	-2.8	2.0	-9.1**	-3.9	2.1	9.3
Regulatory Filings	-0.7	-6.9*	0.4	-4.4	-2.5	-4.3
In-House Research	8.8***	9.1**	8.1**	9.4	10.0**	3.9
Fund Network	9.5***	12.6***	14.7***	14.9**	4.4	6.9
Conferences	-7.2***	-5.1	-4.9	1.5	-8.9**	-8.5
Other Info. Sources	0.1	0.1	-0.9	-2.4	1.5	4.2
Deal Sourcing Info.						
Portfolio Companies	1.7	2.0	-0.4	0.5	4.4	3.2
Network	3.1	8.5**	4.4	9.8*	0.4	9.6
Incubators/Accelerators	-3.3	-2.7	-0.6	-1.8	-4.3	-0.3
Founder Outreach	10.9***	5.4	16.4***	9.5	4.7	-0.2
Limited Partners	1.2	1.7	-2.1	0.7	5.6**	2.5
Other VC/PE Firms	-8.1***	-2.6	1.4	0.6	-16.8***	-6.8
Investment Banks	-6.5**	-11.0***	-16.6***	-17.5***	1.9	-2.4
In House Research	11.0***	7.0	14.2***	16.4**	5.6	-11.4
Quantitative Sourcing	-2.5	-0.1	-6.0***	-8.0***	2.3	7.8
DFIs	2.4***	2.5	3.2***	2.4	1.1	2.4
Other Deal Sourcing	-2.2*	-1.9	-2.2	-0.5	-2.2	-2.7
Business Metrics						
Revenue Growth	-3.6	-6.7	0.6	1.8	-8.0	-20.6***
Gross Margin	4.7*	-1.0	-3.9	-7.5*	17.7***	5.4
CAC/Lifetime Value	6.3	11.7			6.3	11.7
Recurring Revenue	5.3	20.2***			5.3	20.2***
Burn Rate/Runway	-14.3***	-9.6			-14.3***	-9.6
Market Size (TAM)	5.4	3.6			5.4	3.6
Gross IRR	7.6*	12.1*	7.6*	12.1*		
MOIC	-0.8	6.3	-0.8	6.3		
Total Revenue	2.2	7.0*	2.2	7.0*		
Net Income	3.2	-2.2	3.2	-2.2		
EBITDA	8.3**	13.0**	8.3**	13.0**		
Free Cash Flow	-5.8	-1.8	-5.8	-1.8		
Other Metrics	-1.2	-1.3	-1.4	-2.0	-0.3	-0.2

Notes: This table continues on the next page.

TABLE A7. Are EM and DM Investors Different? (Cont'd)

	All		PE		VC	
	EM–DM	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$
Advisory/Board Roles						
No Advisory Role	-3.1**	-3.4	-3.8**	-2.4	-2.1	-4.2
Informal Advisor	-0.6	-1.7	-3.0*	-2.8	3.2	-1.9
Formal Advisor (No Vote)	0.5	3.2	2.7	5.2*	-1.5	2.4
Active Board Member	1.7	-0.3	7.1**	-1.9	-4.3	-5.5
Seek Board Representation	2.0	0.7	-0.7	-0.2	3.6	7.5
Other Role	-0.5	1.4	-2.1	2.1	1.1	1.7
Capital Structure						
Primarily Equity	14.3***	14.8**	14.3***	14.8**		
Balanced Mix Debt/Equity	-5.8**	-4.6	-14.6***	-8.5	3.4	1.4
Structured Equity	-1.1	-8.1	-1.1	-8.1		
Primarily Debt	-1.0	-0.2	-1.0	-0.2		
Mezzanine	1.8*	2.4	1.8*	2.4		
Preferred Equity	-17.5***	-17.9***			-17.5***	-17.9***
SAFE	8.4**	11.1**			8.4**	11.1**
Convertible Debt	8.7***	2.4			8.7***	2.4
Common Equity	-2.2	3.3			-2.2	3.3
Other	-0.0	-0.6	0.7	-0.5	-0.9	-0.3
Fund Incorporation Factors						
Tax Efficiency	2.9	6.0	-0.0	2.2	6.2	8.7
Transparency	-5.1**	-6.6**	-5.9**	-9.8**	-4.0	-0.6
Tax Treaties	5.5***	0.9	6.1**	-1.2	4.4**	2.4
Regulatory Environment	-2.6	-1.5	-2.2	3.9	-2.8	-4.9
Investment Protection	-0.9	-2.5	-0.2	-1.5	-1.7	-3.8
Reputational Risk	-0.5	2.7	1.6	6.8**	-3.0	-1.3
Other Reason	0.7	1.0	0.7	-0.3	0.9	-0.6
IRR Adjustments						
Firm Risk	-1.1	-7.3	0.1	-9.7	-4.0	-2.6
Leverage	3.6	0.9	-1.3	-1.8	7.9**	6.5
LP Return Expectations	5.0*	4.4	4.4	2.8	6.5	8.6
No Adjustments	-4.7	-2.8	-2.5	1.4	-6.3	-13.4*
Other Adjustment	1.2	2.7	1.0	1.2	1.5	4.4

Notes: This table continues on the next page.

TABLE A7. Are EM and DM Investors Different? (Cont'd)

	All		PE		VC	
	EM–DM	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$
Risk Factors						
Currency/FX Risk	18.4***	15.7***	22.1***	17.8***	11.9**	10.8
Political Risk	4.8	7.4	3.2	8.8	7.1	11.1
Commodity Price Risk	0.0	1.1	-0.6	0.3	0.4	-1.9
Inflation Risk	-3.7*	-4.8	-6.9**	-10.7**	-0.3	2.4
Interest Rate Risk	-0.5	0.1	-2.7	0.4	2.0	-0.2
Legal & Reg. Risk	-5.9*	-6.0	-4.9	-3.9	-5.8	-9.6
GDP/Business Cycle Risk	-1.6	0.8	-6.6	-0.1	4.9	5.8
Regional Risk Valuation						
Premium on Discount Rate	17.1***	10.8**	19.5***	13.5**	12.5***	2.9
Cash Flow Adjustment	6.1**	-0.1	3.9	-4.8	8.6**	6.7
Geopolitical Assessment	-0.2	0.7	-2.7	-0.2	3.3	4.8
Risk Scenario Analysis	9.1***	6.9	10.4**	11.1*	6.3	3.6
No Management	-9.7***	-8.1***	-11.4***	-13.3***	-6.8*	-2.8
Other Risk Management	-1.8	-1.7	-2.6*	-2.5	-0.6	-0.6
Political Risk Valuation						
Regional Political Risk	-1.7	-3.1	-4.1	-1.9	1.8	-4.1
Country-Specific	12.2***	10.8***	13.4***	16.2***	9.5*	2.9
Sector-Specific	5.8*	3.3	3.5	0.4	9.0*	13.4*
Company-Specific	-0.2	-4.5	0.6	-3.0	-1.9	-0.3
Other Political Risk	-0.2	1.0	-1.7*	-0.1	1.6	2.5
No Assessment	-7.6***	-6.9***	-7.1***	-6.2**	-7.7**	-9.5**
Political Risk Management						
Diversify Sectors	12.9***	13.2***	16.0***	12.4**	9.6**	15.4*
Diversify Regions	7.9**	18.3***	8.5**	20.2***	7.5	15.9**
Avoid Sectors	8.5***	1.5	6.5	4.7	10.4**	-1.8
Avoid Regions	-17.2***	-18.5***	-18.5***	-14.9**	-16.6***	-23.2***
Risk Insurance	0.6	0.6	1.2	1.6	-0.4	0.3
Government Ties	12.3***	15.1***	10.1***	11.7**	15.3***	18.4***
No Risk Management	-5.8***	-5.4***	-4.3**	-4.8**	-7.3**	-6.7**
Other Risk Management	0.2	0.6	-0.6	-0.5	1.1	1.0
Currency Risk Management						
Diversify Sectors	9.6***	15.6***	9.9**	14.3**	8.8*	15.7**
Diversify Regions	19.1***	15.2***	19.1***	13.8***	18.8***	20.7***
Avoid Sectors	10.2***	7.8*	11.7***	11.1*	7.6*	4.0
Avoid Regions	-7.1**	-4.2	-11.1***	-6.4	-2.6	0.0
Financial Hedging	-10.6***	-8.9***	-17.8***	-10.8**	-2.8	-3.5
Cash Flow Management	10.5***	8.7**	12.6***	11.0**	7.8**	7.2
Stronger Term Sheet	8.9***	10.9**			8.9***	10.9**
Refinance Debt	9.4***	10.5**	9.4***	10.5**		
Multi-Currency Funding	-2.3	-1.5	-2.3	-1.5		
Local Funding	7.0*	8.6	7.0*	8.6		
Other Risk Management	3.4**	3.2	5.5**	4.0	0.4	2.0
No Risk Management	-7.4***	-6.3*	-3.6	-2.9	-10.9**	-13.3**

Notes: This table continues on the next page.

TABLE A7. Are EM and DM Investors Different? (Cont'd)

	All		PE		VC	
	EM–DM	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$	**EM–DM**	$\hat{\beta}$
Value Creation						
Geographic Expansion	-0.9	2.2	-3.2	-0.2	3.1	5.8
New Offerings	-6.6**	-7.4**	-11.4***	-12.5**	-0.8	-5.2
Team Development	0.7	-4.1	0.3	-9.0	0.9	7.2
Financial Management	11.6***	10.6**	5.7	10.4	17.9***	13.1*
Operational Efficiency	-1.8	-5.4	-0.4	0.1	-5.4	-8.2
Stakeholder Links	6.6**	5.7	9.0**	5.5	8.4*	4.6
Sustainability	8.5***	13.2***	13.0***	19.5***	2.1	6.2
Other Activity	0.1	0.2	0.8	0.7	-0.7	-3.1
Time Spent on Activities						
Deal Sourcing	0.7	5.1	-3.9	4.5	5.7	5.8
Due Diligence	-6.1*	0.5	-7.8*	0.6	-4.5	2.1
Meeting LPs	-1.7	-1.9	-4.8	-2.5	2.9	1.2
Meeting Govt. Agencies	2.1*	0.5	0.9	-2.1	3.8**	3.3
Networking	-4.5*	-5.6	-4.1	-5.7	-3.2	-3.4
Support Portfolio Comp.	8.3***	7.5*	9.8***	7.3	6.2	10.4
Preparing for Exit	8.8***	1.8	11.1***	-0.4	4.6	-0.4
Other Activity	-0.1	1.1	-1.0	0.6	1.1	-0.1
Exit Strategies						
Local Sale	4.9	4.6	6.6	7.5	1.7	-0.8
International Sale	3.6	11.3***	7.5*	14.6***	-1.1	2.7
Local IPO	7.3**	1.0	14.6***	5.7	-1.8	-7.8
International IPO	0.3	3.8	3.2	7.7*	-2.0	1.5
Financial Investors Sale	7.8**	12.3**	-5.0	2.5	23.9***	25.0***
Management Buyout	2.2	-1.0	-4.3	-10.0**	10.5***	12.4***
Other	-0.2	-0.2	1.0	0.7	-1.8	-1.2
Exit Challenges						
Illiquid/Weak IPO Market	28.9***	24.3***	34.2***	29.7***	23.3***	19.0**
Weak M&A Market	23.1***	23.4***	25.6***	25.9***	22.0***	20.9***
Few Suitable Buyers	-5.3*	-0.8	-7.8*	-4.2	-2.4	-1.5
Costly/Complex IPOs	-7.2***	-8.3**	-7.0***	-9.6**	-6.4	-4.1
Reg. & Legal Uncertainty	-3.7	-3.6	-2.7	-0.6	-5.5	-9.7
FX Volatility/Risk	16.2***	15.4***	19.5***	18.9***	10.9***	9.1**
Other	-6.5***	-7.4***	-6.4***	-8.4***	-6.7**	-5.0

Notes: This table compares, by investor type (N = 1,485; PE = 684; VC = 801), EM and DM investors based on responses to selected survey questions (N = 1,485; EM = 676; DM = 809). Panel A focuses on deal selection, Panel B on deal structure, Panel C on operations and exits, and Panel D on risk perceptions and risk management practices. The *EM–DM* columns report unconditional mean differences (in percentage points), while the $\hat{\beta}$ columns present OLS estimates from regressions of each binary outcome on an EM investor dummy and a set of controls: fund size, employee count, investment amount, past performance, stage focus, firm age, number of investments, and headquarters fixed effects. All coefficients are expressed in percentage points.