

## **The Case Against Scale: Empirical Evidence of Underperformance in Large Secondary Funds**

**Jitesh Gurav**

*Columbia University, United States*

### **Abstract**

The paper analyses the increasing popularity of large funds in the secondary private equity market, which are pegged on the perceived larger scale advantages of operational efficiency and fewer manager relationships (Reuter & Zitzewitz, 2021). However, it has been proved empirically that smaller funds perform better than the big ones in terms of their internal rates of return (IRR). This work questions this authoritative view, providing evidence of outperformance of smaller funds relative to their larger counterparts. This research shows us the benefits that smaller funds possess. Thus, investors must revisit their allocation strategy to prioritize larger funds automatically (Gualandris et al.,2021).

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