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

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Abstract. We study how global private capital investors make decisions. First, we document the globalization of venture capital (VC) and private equity (PE) and show that, while absolute returns are highest in developed markets (DM), public market equivalent performance in many emerging markets (EM) is strong. Second, in partnership with the International Finance Corporation, we field a worldwide experimental survey across 105 countries, reaching 1,315 VC and PE investors accounting for around $1.5 trillion in assets under management. Our experiment shows that, when evaluating investment opportunities, investors place the greatest weight on firm traction and financial performance and react strongly to regional and country risk factors; other company and team attributes matter less. Our survey further examines how investors source and select deals, structure contracts, manage risk, create value post-investment, and exit investments. EM and DM investors operate similarly, but differ starkly in how they deal with risk, especially political and currency risk. Together, our results shed some of the first light on how high-growth firms and entrepreneurs are financed around the world.

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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 relations from both a theoretical (for instance, Greenwood and Jovanovic 1990, King and Levine 1993, 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 venture capital (VC) and private equity (PE)—particularly growth equity, which targets growing but often already profitable entities. For example, the share of global venture capital investment in the U.S. has fallen from 85% in 2001 to about 45% in the 2010s, while the corresponding share for emerging economies has risen from under 5% to over 30% (Lerner et al., 2024).

This growth is striking for two reasons. First, it is in sharp contrast to the patterns seen in many other financial markets: for instance, global public equity markets have become more U.S.-focused, with the U.S. share of global public equity capitalization reaching 49.1% at the end of 2024, in contrast to an average of 43.6% between 1990 and 2005.[1]. Second, and more importantly, the ability of venture capital (VC) financing to drive high-potential entrepreneurship and innovation (Kortum and Lerner 2000, Bernstein et al. 2016, Akcigit et al. 2022) and the extent to which growth equity can facilitate productivity growth and ease financing constraints (Boucly et al. 2011, Davis et al. 2014, Bernstein et al. 2019). As a result, it has become increasingly common for governments to seek ways to encourage entrepreneurial activity around the globe (Howell 2017, Bai et al. 2021).

Yet very little is known globally, as the vast majority of evidence focuses on developed markets (DMs) and correspondingly near-zero evidence on emerging markets (EMs). This reflects the fact that private capital has historically been the most developed in the U.S., while systematic data on investors and performance remain scarce elsewhere. This paper fills this gap by combining new cash-flow data on global fund returns with a large-scale survey experiment to provide systematic evidence on how VC and PE investors operate worldwide.

We proceed in two parts. First, we establish key facts about the global expansion of private capital using multiple data sources. Drawing on PitchBook data—the leading source for global VC and growth equity activity—we document the rapid globalization of private capital investors and systematic differences in how private capital is allocated across regions, investment stages, and industry sectors. EMs exhibit markedly different investment patterns, with substantially greater concentration in early-stage investments and a lack of late-stage

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

deals. We then introduce new performance evidence based on cash-flow data from private capital funds worldwide, obtained from State Street Corporation's custodial records. We first show that absolute returns measured by IRR, DPI, or TVPI are highest in the U.S., with other DMs performing reasonably well while most EMs lag in absolute terms. We then show that the picture reverses when benchmarking returns against local public markets: China leads in relative performance, with EMs broadly showing strong outperformance of their public equity indices—comparable to or exceeding U.S. relative returns. Finally, within EMs, VC funds generate particularly strong relative returns compared to buyout and debt strategies. These findings on the relative outperformance of private versus public markets in EMs are especially important when considering that many institutional investors face geographic mandates and capital constraints tied to specific regions.

Second, we report the results of a large-scale experimental survey conducted in collaboration with the International Finance Corporation (IFC), the private-sector arm of the World Bank Group and one of the largest global private-capital market investors. We launched a worldwide survey in late 2024, targeting experienced VC and growth equity investors with global investment mandates. The survey was disseminated through major global and regional industry associations, complemented by direct outreach to investors. The survey reached 1,315 investors from 105 countries, including 739 VC investors and 576 private equity investors, collectively managing around $1.5 trillion in assets under management. While certainly a somewhat selected sample of all global players, this represents one of the largest ever surveys worldwide, covering a significant portion of market activity.

The survey consists of two components. The first is an experiment designed to measure investors' preferences for key investment attributes. Simply asking investors how they evaluate a specific investment can lead to misleading responses when investors consider opportunities as bundles of company characteristics, team attributes, performance metrics, and contextual factors. To address this challenge, we therefore adopt a variant of the well-established resume-audit study design in labor economics to measure discrimination (Bertrand and Mullainathan 2004, Kessler et al. 2019) by applying it to investor–company matching (Colonnelli et al., 2024). In our design, each respondent evaluates 10 randomly generated synthetic company profiles, rating their investment interest on a seven-point scale. The profiles vary systematically across key dimensions—including financial performance metrics, team composition, and country-level institutional factors—while holding other characteristics constant. The second component of the survey collects rich descriptive evidence on how investors make decisions. Building on the influential survey frameworks of Gompers et al. (2016, 2020), we

examine deal sourcing and selection criteria, due diligence processes, valuation and structuring approaches, risk assessment and management strategies, operational engagement practices, and relationships with limited partners.[2]

Our experimental results highlight the importance of financial performance metrics in attracting interest. We see a strong preference for firm traction among both VC and PE, with PE caring especially about profitability and VC responding strongly to growth (sales, customers). Consistent with the importance of "context" in global investing, investors shy away from companies in areas subject to high country risk—especially currency and political risk. Relatedly, investors are attracted by country features such as strong IP protection and deals offering strong investor protections and board presence. Team, ownership, and other company characteristics matter less to investors.

These findings diverge from Bernstein et al. (2017), who document that early-stage U.S. investors react strongly to team characteristics but not to traction metrics, and align more closely with Kaplan et al. (2009). Broadly, the experimental findings point to the importance of measurable traction and financial performance and of "context" in driving investors' behavior.

While the experiment has various benefits, it remains limited in its ability to unpack how investors operate and how EM and DM investors differ. The descriptive component of the survey complements the experimental approach by addressing these issues directly. We report a series of new facts on how global investors operate. Motivated by open-ended survey responses that point to starkly different views on risks of EM and DM investing, we focus on predictive regressions that compare EM and DM investors while controlling for a rich set of firm characteristics. Although 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 in how they respond to local frictions and contextual risks. Compared to DM investors, they rely more heavily on internal and network-based information sources, emphasize local knowledge in management teams, adopt more active risk management strategies, and pursue international exits more frequently. These patterns reflect deliberate efforts to operate in environments where information is scarce, uncertainty is higher, and liquidity is lower—by contrast, DM investors tend to mitigate risk through region avoidance and more passive approaches.[3]

Our paper directly contributes to the literature on returns and practices of VC and PE investors, which has primarily focused on the U.S. and other developed markets. U.S. fund

[2]We maintain a largely consistent 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.
[3]We provide rich additional descriptive evidence in the Online Appendix to offer benchmarks on how global investors operate for both scholars and practitioners.

performance has been extensively documented using administrative and custodial data (Kaplan and Schoar 2005, Phalippou and Gottschalg 2008, Ewens et al. 2013, Harris et al. 2014, Korteweg 2019, Lerner et al. 2022). Investor decision-making has been examined through surveys and field experiments with very limited representation from emerging markets (Gompers et al. 2016, 2020, Bernstein et al. 2017).[4] Previous work that examines differences between global VC and PE investors dates back to Lerner and Schoar (2005) and Kaplan et al. (2007), conducted before the rapid expansion of global private capital. More recently, Cole et al. (2025) examine IFC's direct investment portfolio and show comparable performance to the S&P 500 index, while Colonnelli et al. (2024) document the underperformance of government-owned investors in China. Our primary contribution is to provide new large-scale global evidence on both returns and practices of global and emerging market investors. We also contribute methodologically by combining both a field experiment and descriptive surveys across a large set of countries.

Second, we contribute to nascent a finance and development literature examining high-growth entrepreneurship and large firms (Lerner et al. 2024, Colonnelli et al. 2024, Colonnelli et al. 2025), and to research on global capital flows (Maggiori et al. 2020, Coppola et al. 2021, Florez-Orrego et al. 2023), where systematic evidence on private capital flows remains limited.

The paper is structured as follows. Section 2 provides some motivating facts on global VC and PE activity and returns. Section 3 describes the survey we conducted with the IFC. Section 4 shows our experimental results. Section 5 illustrates the main findings from the qualitative components of the survey. Section 6 concludes.

2. Some Facts about Global Venture Capital and Private Equity

This section presents key facts that motivate our study by highlighting the growing role of EM investors in global VC and PE, and by providing new insights into the performance of private capital funds worldwide.

We draw on two comprehensive datasets to document patterns in global private capital markets. First, we use investment data from PitchBook, widely recognized as the gold standard for data on privately-backed companies and the VC and PE ecosystem. Second, we use cash-flow data from State Street Corporation's custodial unit to analyze fund-level performance across global markets. Together, these data allow us to establish three motivating facts: Section 2.1 documents the transformation of private capital from a U.S.-dominated industry into an increasingly global ecosystem. Section 2.2 highlights systematic differences in capital allocation, with EMs concentrating on early-stage ventures, while DMs maintain more balanced stage distributions. Section 2.3 examines fund performance across

[4]See also Sahlman (1990); Kaplan and Strömberg (2003); Kaplan and Stromberg (2009); Metrick and Yasuda (2010, 2011); Gompers et al. (2021, 2022).

geographies, revealing that while DM funds achieve higher absolute returns, EM funds often generate stronger relative performance compared to their local public equity benchmarks.

2.1. **Fact 1: The Rising Importance of Global VC and PE Investors.** We begin by documenting the rapid global expansion of VC and PE activity using comprehensive investment data from PitchBook.[5]

Figure 1 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 unique investors entering the market each year, measured separately for each region according to the General Partner's headquarters location, revealing a substantial reallocation from the United States toward EMs. In 2001, the United States accounted for approximately 58 percent of new investors globally; by 2024, this share has declined to roughly 36 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 22 percent of global entrants. Other emerging regions, including Emerging Europe, Latin America, and Africa and Middle East, have similarly expanded their footprint, while DMs excluding the U.S. have maintained relatively stable shares. Panel B presents a complementary perspective by examining the distribution of Assets Under Management (AUM) by General Partners' headquarters location.[6] The geographic shift is even more pronounced in capital terms. In 2001, the United States represented approximately 78 percent of global AUM. By 2024, the U.S. share has declined to around 42 percent, while Asia has experienced explosive growth. China's AUM share shows particularly dramatic expansion, surging from near zero to peaks of 41 percent. Rest of Asia has also expanded steadily. The emergence of these new investment centers represents a fundamental restructuring of the private capital landscape: private capital has become increasingly global, with EMs representing a substantial and growing share of both investor counts and capital under management.

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

Figure 2 presents systematic differences in capital allocation across investment stages and industry sectors between EMs and DMs. Panel A compares the distribution of deals across investment stages. DMs show a relatively balanced profile across stages: seed investments account for approximately 37 percent of deals, early-stage VC for 18 percent, late-stage VC

[5]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.

[6]Fund size is used as a proxy for each General Partner's Assets Under Management (AUM). We aggregate these values annually by fund vintage year and assign them to regions based on the General Partner's headquarters location.

for 15 percent, and buyout activity for 24 percent, with growth investments representing the remaining 6 percent.[7] 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 7 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 A1.

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 PE deals, and its share of public market capitalizations, using MSCI indices.[8][9] Positive values indicate sectors where private capital is overweight relative to public markets; negative values indicate underweight sectors.

Both markets show substantial deviations from public market compositions, but their patterns differ markedly. DMs display more concentrated sectoral bets, particularly in Information Technology, where private capital allocations exceed public market weights by approximately 30 percentage points. EMs exhibit a more distributed allocation pattern, with overweights in Financials relative to public markets. The sum of absolute differences across all sectors—64 percentage points for EMs versus 86 for DMs—confirms that private capital systematically targets opportunities distinct from public market compositions, with DMs showing larger aggregate deviations. Appendix Figure A2 presents the underlying sectoral shares for private capital and public markets separately for EMs and DMs.

2.3. **Fact 3: Low Absolute Performance, High Relative Performance of EMs.** We now turn to fund performance across global markets. We address the limited global evidence on fund returns by introducing new data from State State Street Corporation's custodial unit. State Street ranks among the world's largest custodians—holding $49 trillion in assets

[7]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 United States.

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

[9]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 United States. 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.

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 PE, VC, 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. 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.[10] The sample covers 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). This dataset enables detailed examination of fund-level performance across strategies, geographies, and vintages.

We examine fund performance across global markets, focusing on both absolute and relative returns. Figure 3 summarizes key performance metrics for VC, buyout, and private debt funds, across DMs and EMs.[11] Panel A of Figure 3 reports fund-level internal rates of return (IRR), capturing absolute performance. Panel B presents 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.[12] The results reveal a clear pattern: funds investing in DMs achieve the highest absolute returns. U.S. funds, in particular, exhibit the highest IRRs at 13.2% and the second-highest TVPI multiple of 1.6. In contrast, funds focused on EMs, including Latin America, Emerging Europe, and the Middle East and Africa, report lower IRRs and TVPIs. Chinese funds are an exception, showing high TVPIs driven primarily by unrealized investments, while their IRRs remain modest, reflecting the time value of money and slow liquidation of certain assets (Lynn, 2020). To address concerns about any potential idiosyncrasies of the State Street data, we repeat the analysis using Cambridge Associates data in Appendix Figure A3.[13] While they use a different scheme to divide funds, we again see evidence of the outperformance of developed market funds. As before, while some emerging market funds are strong when TVPI is measured, this appears to reflect mark-ups of unexited investments.

[10]All cash flows are recorded net of management fees and carried interest charged by general partners.
[11]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 United States.
[12]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.
[13]This consulting firm advises institutional and family investor clients on private equity investment.

Panel C of Figure 3 presents 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).[14] While absolute returns are higher in DMs, this measure shows that emerging market funds often outperform local public equities.[15] In particular, China (1.64), Emerging Europe (1.36), and Asia excluding Japan and China (1.21) exhibit the strongest relative performance, whereas U.S. funds lag at 1.09. These results suggest that private capital in EMs frequently captures opportunities not available in local public markets, despite lower absolute returns.

To examine whether this relative outperformance varies systematically by investment strategy, we estimate regressions of the KS-PME metric on an emerging market indicator, investment strategy categories, and their interactions, controlling for vintage year fixed effects. Panel A of Appendix Figure A4 presents results from the baseline specification without sector controls, while Panel B includes sector fixed effects to account for differences in sectoral composition across markets. The coefficients of primary interest are the interaction terms between the EM indicator and investment strategies, which capture the differential relative performance of EM investments in VC and debt-related strategies compared to developed market buyout funds. The results show that VC funds systematically outperform their respective benchmarks relative to buyout funds, while debt-related strategies underperform. Critically, the interaction between EMs and VC is positive and significant in both specifications, indicating that venture funds in EMs deliver strong performance relative to their public market benchmarks—even after controlling for sectoral compositions.

3. A New Global Survey with the International Finance Corporation

VC and PE have expanded rapidly globally, yet systematic evidence on how private capital investors operate remains scarce. To address this gap, we partnered with the International Finance Corporation (IFC)—the private arm of the World Bank Group and the world's largest emerging market investor—to design and implement a comprehensive global survey of private capital investors. The survey examines how investors make decisions, what drives their strategies, and which challenges they face across both DMs and EMs, reaching a broad and diverse set of participants through the IFC's extensive global network. Section 3.1 provides a concise overview of the survey's objectives, scope, and the key information collected from participants. Section 3.2 details the dissemination strategy and outreach channels used to ensure broad and representative participation. Section 3.3 outlines the survey's structure,

[14]Geographic-specific benchmarks used are: the MSCI USA Index for the United States, the MSCI World ex US 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.
[15]A KS-PME above one indicates that private capital outperforms public markets.

including descriptive and experimental sections. Section 3.4 assesses sample representativeness and data quality by examining key respondent characteristics, response patterns, geographic coverage, and validation of survey responses against external benchmarks from administrative data sources.

3.1. **Survey Overview.** We designed and conducted a large-scale global survey to collect comprehensive insights on VC and growth equity investment practices, with particular emphasis on emerging market investments. Our objective was to understand how investors make decisions across markets by gathering systematic evidence on professional backgrounds, investment strategies, deal selection and structuring processes, operational considerations, and preferences across company, sector, regional, and country-specific dimensions.

In collaboration with the IFC, we fielded the survey between December 2024 and November 2025, specifically targeting experienced investors with global perspectives who actively invest in dynamic markets worldwide. To encourage thoughtful participation and ensure high-quality responses, we offered respondents access to a customized Market Insights Report benchmarking their practices against peers with similar investment profiles (with Section 4.1 providing a detailed discussion of the incentive structure). Additional details about the study are available on the IFC's official website (Global Private Capital Investors Survey), while Figure 4 presents promotional materials used to advertise the study.[16]

3.2. **Survey Dissemination and Outreach.** We adopted a dual dissemination strategy in collaboration with the IFC. First, we identified and contacted major VC and PE associations spanning global (e.g., Global Private Capital Association), regional (e.g., Latin American or African Venture 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, newsletters, and internal communication channels. Second, we conducted direct outreach to expand coverage across markets and investor types. We identified target investors through PitchBook and LinkedIn based on their investment activity and professional profiles, selecting those who matched our target investor criteria. We reached these investors through email campaigns. We supplemented this targeted outreach with distribution through personal and academic networks to maximize reach and response rates.[17]

3.3. **Survey Structure.** We designed separate survey instruments for VC and growth equity investors. At the beginning of the survey, respondents selected their investor type (VC or PE), which determined the type of survey they completed. We structured both versions to

[16]The survey is fully confidential, though given the outreach strategy described in Section 3.2, responses were not anonymous to the research team, allowing us to match survey respondents with PitchBook records to ensure data reliability and validate key self-reported characteristics.

[17]For investors based in China, we offered a Chinese-language version of the survey to facilitate participation.

be as similar as possible to enable direct comparison, while incorporating tailored questions specific to each investment type to account for differences in target firm 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, 2022, 2021), which examine how VC and PE investors source, assess, structure, and manage their investments. For VCs, we also present modules on deal sourcing, evaluation, syndication, contracting, and the management of portfolio companies after the investment, and add parts on investment focus and strategy, deal selection criteria, due diligence process, risk evaluation and management practices, and internal decision processes. For private equity investors, we drew on their sections on valuation, capital structure, governance, and operational engagement, and expanded them with questions on deal structuring, value creation strategies, risk assessment and management, and limited partner relationships. The second section incorporated an experimental section in which respondents evaluated 10 randomly generated synthetic company profiles and rated their investment interest in each on a seven-point scale. Each profile varied systematically across key characteristics—such as growth metrics, team composition, geographic location, among others. This randomized design allows us to isolate the causal impact of specific features on investment interest, holding other characteristics constant. Section 4 provides a detailed description of the experimental design.

3.4. **Survey Sample.** This subsection describes the composition and quality of our survey sample. We obtain responses from 1,315 (739 VC investors and 576 PE) investors across 105 countries, spanning all major DMs and EMs worldwide. In what follows, we document response rates, characterize respondents across key firm and investment attributes, and validate self-reported characteristics against external benchmarks to establish the sample's representativeness for studying global private capital investors.

3.4.1. *Response Rate.* Our dual dissemination strategy precludes a precise estimate of the total number of investors exposed to the survey. While we can track outreach activities conducted directly by the research team (email invitations sent via PitchBook, LinkedIn, and personal networks), we cannot observe the full extent of dissemination through partner associations, as these organizations distributed the survey through their own email campaigns, newsletters, and internal communication channels. Among the subset of outreach activities that can be tracked—primarily direct email invitations—we record a response rate of approximately 17 percent. Our response rate is consistent with participation rates typically observed in surveys of institutional investors and private market participants. For comparison, other survey-based studies of private capital investors report response rates of

13.8 percent for Da Rin and Phalippou (2017), 10.3 percent for Bernstein et al. (2019), 6.5 percent for Gornall and Strebulaev (2020), and 0.5 percent for Zhang (2020). Higher response rates of 21-50 percent have been achieved through highly targeted partnerships with established and institutional networks, as in Gompers et al. (2016, 2020) and Colonnelli et al. (2024).

3.4.2. *Sample Characteristics.* We now turn to the descriptive composition of our survey sample. Table 1 presents summary statistics on key respondent and firm attributes, revealing substantial heterogeneity across multiple dimensions.

Our sample captures investors spanning the full spectrum of firm sizes and organizational maturity. In terms of assets under management (Panel A), we observe representation across the entire size distribution: around 45 percent of respondents work at smaller firms managing less than $100 million in AUM, 30 percent are at mid-sized firms with $100-500 million, and roughly 25 percent manage portfolios exceeding $500 million, including nearly 15 percent of investors at large institutional firms with over $1 billion in AUM. Similarly, firm age (Panel E) ranges from newly established organizations to well-established players: approximately 62 percent of firms have been founded within the past decade, while 37 percent have been operating for over a decade, with approximately 13 percent having been in business for over 20 years. In terms of organizational structure (Panel B), the sample encompasses both boutique operations—with about half of respondents at firms with fewer than 10 full-time employees—and larger, more institutionalized organizations, with 37 percent at firms employing 10-49 people and roughly 12 percent at firms with 50 or more employees. Investment focus exhibits considerable diversity across both stage (Panel D) and typical deal size (Panels C.1 and C.2). Approximately 30 percent of investors report a primary focus on pre-seed or seed-stage deals, 19 percent are engaged in early-stage VC or early PE transactions, and 44 percent concentrate on late-stage or growth investments. These differences in investment stage are reflected in typical deal sizes: among VC investors, 32 percent typically invest under $500k, while 11 percent invest $5 million or more; among PE investors, 18 percent typically invest under $5 million, while 9 percent invest $100 million or more.

Table 1 also reports differences between investors focused primarily on EMs versus DMs. For this classification, investors are classified as EM or DM based on their self-reported market preference. Specifically, investors are classified as EM if they state that their primary or exclusive focus is EMs, and as DM if they indicate a primary or exclusive focus on DMs or invest globally without a specific regional emphasis.[18] In general, EM investors are more concentrated in smaller and younger firms, with a larger share managing less than $50 million

[18]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 emerging markets, with some investment in developed markets; (iii) Focused on developed markets, with some investment in emerging markets; (iv) Exclusively in emerging markets; (v)

in AUM, and making smaller investments (particularly under $500k for VC investors), while developed market investors are more represented among larger, more mature firms with over $500 million in AUM and are more likely to work at the oldest firms. We explore these emerging versus developed market differences further in the subsequent analysis of regional investment strategies and firm characteristics.

Figure 5 presents the geographic composition of our sample. Panel A illustrates the geographic distribution of respondents based on their primary location, showing extensive participation from North America, Europe, and Asia, as well as meaningful representation from EMs across Latin America, Africa, the Middle East, and Southeast Asia. The sample demonstrates strong geographic diversity, with the highest concentration in the United States, China, and core European markets (UK, Germany), and secondary clusters in Canada, Australia, India, and Southeast Asia. In particular, 71 percent of our respondents have their primary location in EMs. Panel B shows respondents' stated regional investment preferences, demonstrating that our sample captures investors with diverse geographic mandates ranging from region-specific to global strategies, with particularly strong interest in emerging market regions.

3.4.3. *Sample Representativeness.* As in similar surveys, our sample may be subject to selection bias. Several features of our data suggest our sample achieves substantial representativeness across key dimensions.

First, our respondents collectively manage approximately $1.5 trillion in AUM, representing a large share of global private capital investments. Figure 5 Panel A illustrates the geographic distribution of our respondents alongside the AUM they represent. For reference, Gompers et al. (2020) report their respondents manage 63 percent of U.S. VC AUM, while Gompers et al. (2021) report U.S. VC respondents collectively manage $340 billion. Beyond aggregate coverage, Table A2 compares our sample's AUM distribution with PitchBook's universe. Overall alignment is strong across most size categories. The largest discrepancies occur among firms with AUM $\geq$ $1B, where both PE and VC firms are slightly underrepresented, while differences for smaller firms are minimal.

Second, the geographic distribution documented in Figure 5 represents a distinctive feature of our sample relative to prior surveys that have focused primarily on U.S. or developed market investors. We compare our coverage against the PitchBook universe shown in Appendix Figure A5: our sample closely tracks PitchBook's distribution, with the highest concentration in the United States, China, and core European markets (UK, Germany), and secondary clusters in Canada, Australia, India, and Southeast Asia.

Exclusively in developed markets. Investors are classified as EM if they selected options (ii) or (iv), and as DM if they selected options (i), (iii) or (v).

3.4.4. *Sample Validation.* The broad geographic and market coverage of our sample, particularly in underrepresented EMs, underscores the importance of systematically assessing its reliability and coverage. Following the approach of Gompers et al. (2021), we matched 1,013 survey respondents (corresponding to 918 firms) in PitchBook, representing 77 percent of the survey sample. This matching allows us to validate self-reported characteristics such as assets under management and total number of investments, while simultaneously evaluating the representativeness of our sample relative to the broader VC and PE universe.

Appendix Table A1 presents summary statistics for the matched subsample, revealing substantial overlap with the full sample along key dimensions.[19] The matched sample exhibits similar distributions in firm size (concentrated in the $100-500 million AUM range), geographic coverage (maintaining strong representation across North America, Western Europe, and EMs including Latin America, Sub-Saharan Africa, and Asia), and investment preferences (preferred amounts in the $1-25 million range, with industry focus on software and healthcare). Some variation emerges in the precise distribution across specific AUM buckets and investment stage classifications, likely reflecting incomplete PitchBook coverage—particularly for smaller, newer, or EM-based firms—and differences in classification schemes between our survey and commercial databases.

Beyond comparing aggregate distributions, we validate the accuracy of investor responses by examining the correspondence between survey-reported and PitchBook-recorded characteristics. Appendix Figure A6 presents cross-tabulations of survey versus PitchBook data for both assets under management (Panels A and B) and total number of investments (Panels C and D) across VC and PE investors. The strong clustering along the diagonal indicates high consistency between survey responses and independent PitchBook records. Collectively, this consistency across multiple dimensions demonstrates that our survey sample reliably reflects both the self-reported data and the observable characteristics of the underlying VC and PE universe, supporting the credibility of the descriptive and experimental findings presented in subsequent sections.

4. What Drives Global Investment Decisions? Evidence from a Field Experiment

This section presents the experimental component of our study, which investigates how investors evaluate firm characteristics when making investment decisions. We begin by outlining the overall experimental design in Section 4.1. Section 4.2 describes the creation of synthetic company profiles used in the experiment. Section 4.3 details the procedures

[19]An important caveat is that a substantial share of matched investors lack complete information in PitchBook: approximately 67-81% 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.

through which investors rated these profiles. Section 4.4 explains the empirical approach used to estimate preferences for firm attributes, and Section 4.5 summarizes the main results.

4.1. **Experimental Survey Design.** 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, investment stage, location, and market risk. 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. Similarly, a company with an experienced founding team but based in an emerging market may receive less investment interest than one with a less experienced team in a developed market, yet we cannot determine whether this reflects investor preferences about team quality, geographic risk, or both.

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 capital investors and investment managers evaluate potential investment partners in China's VC and PE markets. Drawing on the non-deceptive rating framework of Kessler et al. (2019), we ensure transparency by explicitly informing respondents that the profiles are hypothetical while maintaining realism to preserve engagement and the validity of elicited preferences.

Each respondent evaluated 10 realistic synthetic company 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 can estimate investor preferences while controlling for investor-specific rating tendencies through fixed effects. Investors are strongly incentivized to provide truthful ratings because we inform them that their responses will generate a personalized Market Insight Report, benchmarking their practices against peers with similar investment preferences.[20] For example, if an investor sees a company profile

[20]We developed this incentive structure iteratively based on responses from an initial round of survey dissemination. In this first pilot phase, we offered investors a combination of incentives, including access to the Market Insight Report. After observing that the vast majority of respondents expressed a strong preference for the benchmarking report over other options, we streamlined our incentive offering to focus exclusively on providing the Market Insights Report.

indicating that the firm operates in Latin America, she would rate it highly—assuming all else equal—only if she is genuinely interested in investing in that region. Conversely, she would not rate a company profile highly for having an experienced founding team if such factors were not important to her investment decisions. In short, our incentive structure ensures that investors provide accurate ratings, as doing so will maximize the relevance and value of the benchmarking insights they receive.

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

4.2. **Creating Firm Profiles.** The credibility of our experimental design depends critically on the realism of the synthetic company profiles shown to investors. To ensure authenticity, we undertook a comprehensive review of actual company profiles from private market platforms before constructing our experimental materials. Figure 6 presents illustrative examples of the synthetic company profiles used in our experiment, showing how information is organized and presented to both VC and growth equity investors.

We conducted a structured manual review of over 1,000 real company profiles of firms backed by VC or PE investors. These profiles were sourced from major industry platforms including, Crunchbase, AngelList, PitchBook, Preqin, and LinkedIn, among others. This review served two purposes: first, to identify the key components commonly featured in investment profiles; second, to document the language and presentation style typically used to describe these components.

From this analysis, we identified the principal attributes that investors encounter when evaluating potential investments, organized into multiple sections within each company profile. These sections include "Company Summary", which presents basic firm characteristics such as company name, sector focus, and geographic location; "Deal Details", covering deal-specific features including valuation, current investment stage, and syndication information; "Context", which provides country-level risk indicators relevant to the firm's operating environment; "Opportunity", describing firm traction through performance indicators such as growth metrics, annual revenue, and profitability; "Key People", detailing individual team members, their credentials and their team strengths, highlighting collective team attributes, including prior startup experience and management expertise.[21]

Drawing from the review of over 1,000 real company profiles across the platforms mentioned above, we documented the specific components investors encounter within each section (e.g., primary industry, HQ location, revenue stage, team size) as well as the distribution of

[21]Each investor received a set of company profiles with sections presented in the same order within their set. Across investors, the order of sections could vary to minimize potential ordering effects. Specifically, Company Summary and Deal Details always appeared first, while the remaining sections (Context, Opportunity, and Team) were presented in one of six possible sequences. Information on section ordering is recorded, enabling us to control for section-specific content and assess its potential influence on investment preferences.

values for these components. This empirical documentation allowed us to construct probability distributions for each component, reflecting the actual composition of companies in VC and PE markets. We then employed a two-stage randomization procedure. First, each component has an unconditional "inclusion probability" that determines whether it appears in a given profile. Second, conditional on inclusion, one value is randomly selected from the set of possible values for that component.[22] Appendix Table A3 summarize the complete list of components included in our experiment, specify their inclusion probabilities, provide detailed descriptions of each variable, and document the empirical distribution of values for each variable by investor type.[23]

We imposed several logical constraints to prevent the generation of implausible or internally inconsistent profiles. For instance, a company described as being in a "pre-revenue stage" would not plausibly be characterized as "profitable". To address these concerns, we implemented conditional restrictions on particular variable combinations, ensuring that generated profiles remain realistic and interpretable. Column "Profile Restrictions" in Appendix Table A3 provides comprehensive documentation of these consistency constraints and discusses their implications for the randomization procedure. The final profile generation process operates by randomizing both the inclusion and values of variables according to the procedure described above, subject to all logical constraints.

For the "Context" section, we followed a methodologically distinct approach. The Context section presents information about the macroeconomic and institutional environment in which a company operates. It includes four primary dimensions: (1) currency risk, reflecting exchange rate volatility and currency devaluation risk in that country; (2) political risk, capturing instability in governance and regulatory environment; (3) country risk, measuring overall sovereign and macroeconomic risk; and (4) intellectual property protection, indicating the strength of IP enforcement and legal protections in each jurisdiction.

While the variables in the other five sections were populated by drawing from predefined lists of values calibrated to empirical distributions, the Context section incorporates actual, real country-specific economic and institutional data rather than synthetic values. Based

[22]For example, consider the "Latest Investment Round" variable documented in Appendix Table A3. This variable is included in company profiles shown to VC investors with a 50 percent probability. When included, one of four subcategories is randomly drawn according to their empirical distribution: (1) "No Prior Investment Round" (30 percent), (2) "Pre-Seed" (30 percent), (3) "Seed" (25 percent), and (4) "Series A" (15 percent). In contrast, for growth equity investor profiles, the same variable has a 90 percent inclusion probability, and conditional on inclusion, the distribution heavily weights later stages: "Series B+" (50 percent), "Series A" (25 percent), "Seed" (15 percent), and "Pre-Seed" (10 percent).

[23]Importantly, these probability distributions and inclusion probabilities differ between VC and PE investor profiles. By calibrating separate probability distributions for VC and growth equity contexts, we ensured that VC investors saw profiles typical of early-stage ventures while growth equity investors encountered profiles reflecting the characteristics of more mature companies. In addition to Appendix Table A3, which documents all components included in company profiles regardless of region, we also have region-specific profile variables. These are detailed in Appendix Table A4.

on the company profile's geographic focus, we populate the Context section with the corresponding real data.[24] This approach ensures that investors evaluate companies against authentic country-level conditions, mirroring the environment they would encounter in actual investment decisions. These country-specific contextual variables were sourced from authoritative international databases: currency, political, and country risk measures were obtained from the Economic Intelligence Unit's Country Risk Service; macroeconomic indicators including GDP growth, inflation, and unemployment rates were sourced from the World Bank's World Development Indicators.[25] Intellectual property protection scores were drawn from the International Property Rights Index.[26] All indicators represent country-level aggregates as of 2024.[27]

To enhance realism, we generated synthetic company names and taglines for each profile using large language model (LLM) techniques. For each profile, the LLM generated a company name and tagline (brief description of the company's business model) that are consistent with the industry the company operates in, creating a coherent and authentic overall impression.[28] Finally, to ensure that the resulting profiles appear realistic, we conduct a detailed manual review of a random set of profiles.

4.3. **Rating Firm Profiles.** To measure investor preferences, each survey respondent rated 10 randomly assigned hypothetical company profiles. This section describes the assignment mechanism, the rating task, and the measures we employ to assess investment interest.

Although profiles were randomly generated, the assignment process incorporated partial matching to investor preferences to maintain engagement. The survey first collected information on each respondent's preferred industries and geographic regions of investment focus. Using these responses, the assignment algorithm then selected profiles that matched the investor's stated industry preference and, in most cases, their preferred geographic focus.[29] This design balances two competing objectives. First, by ensuring that most profiles align

[24]As shown in Figure 6 Panel B, if the region of focus is a specific country ("The Netherlands"), we use the corresponding country-level values. If the focus is a broader region (Figure 6 Panel A, "Western Africa"), we randomly select one country within that region and use its corresponding contextual data.

[25]Specifically: GDP growth is measured as the annual percentage growth rate of GDP at market prices based on constant local currency; inflation is measured as consumer prices (annual %); and unemployment is measured as total unemployment as a % of total labor force (modeled ILO estimate).

[26]Protection levels are defined as follows: High (score $\geq$ 7.5), Medium (score between 4.5 and 7.5), and Low (score $\leq$ 4.5). See International Property Rights Index for country-level IP protection scores.

[27]In the profiles presented to investors, these contextual risk measures are displayed with color coding to make real-world country characteristics immediately salient and visually comparable. Risk indicators are color-coded as follows: green indicating low risk, yellow indicating moderate risk, and red indicating high risk.

[28]Company names and taglines are drawn from a predefined list of 30 available combinations for each industry type, separately calibrated for VC and PE contexts.

[29]Regarding geographic location, the majority of profiles corresponded to the investor's preferred region (e.g., emerging markets, developed markets, or global), while a minority fell outside these preferences. Appendix Table A5 explains the complete randomization process.

with investor interests, we maintain respondent engagement and reduce the likelihood of mechanically low ratings across all profiles. Second, by including some profiles outside stated preferences, we retain sufficient variation to estimate preferences for geographic location and other attributes that may correlate with regional focus.

For each profile, investors reported their level of investment interest using a seven-point Likert scale in response to the following question:

> *"How interested would you be in investing in this company?"*

The scale ranges from 1 ("No interest") to 7 ("Strong interest") and is designed to capture meaningful variation in investor preferences across inframarginal investment opportunities. To encourage consistent and differentiated use of the full scale, we provided explicit anchors: a rating of 1 indicates no interest whatsoever, 2–3 indicate low interest, 4–6 indicate moderate to substantial interest, and 7 reflects strong interest. Respondents received instructions to use the complete range when evaluating the profiles.[30]

A potential concern in eliciting investment interest is that respondents might confound their own preferences with beliefs about reciprocal interest—that is, whether an attractive company would actually seek their capital. To isolate investor demand for specific company characteristics, we included the following framing instruction:

> *"Assume that the company is already interested in establishing a relationship with you. Therefore, please consider only how interested you are in the companies shown, rather than how likely these companies are to be interested in you."*

This framing ensures that ratings reflect the investor's assessment of firm quality and fit rather than strategic considerations about competition for deals or the likelihood of being selected by entrepreneurs. By holding constant the entrepreneur's hypothetical interest in the investor, we can cleanly identify investor-side preferences.

4.4. **Estimating Preferences for Firm Attributes.** To quantify the impact of each company characteristic on investors' preferences, we estimate specifications of the following form:

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

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 appears in profile j, and zero otherwise. There are N such characteristics, corresponding to the randomized components described in Section 4.2. To

[30]To ensure thoughtful responses, investors who assigned the same rating to the first five profiles received an automated warning encouraging greater differentiation.

absorb differences in average ratings across investors, we include investor fixed effects (α_i) in the specification. All standard errors are heteroskedasticity-consistent (robust) (Abadie et al., 2023). Table 2 provides a comprehensive summary of the variables analyzed in our empirical specifications.

4.5. **Main Results.** This subsection presents our main experimental findings on how VC and PE investors evaluate potential investment opportunities. We analyze investor ratings of randomly generated synthetic company profiles to isolate the causal impact of specific company attributes—including operational performance, team composition, market context, and deal structure—on stated investment interest. We begin by examining baseline preferences across all investors, then explore systematic differences between emerging market and developed market investors, and conclude with robustness checks to validate our findings.

4.5.1. *Baseline Preferences Across Investor Types.* Figure 7 presents our main results examining how VC and PE investors evaluate potential investments. To our knowledge, this is the first experimental study to elicit investment preferences from a globally diverse sample of VC and PE investors spanning both DMs and EMs.

Several patterns emerge. Across both investor types, opportunity-related characteristics emerge as the dominant drivers of investment interest. Companies demonstrating strong operational performance—high sales growth, customer growth, profitability, and EBITDA—generate coefficients ranging from 0.2 to 0.5, representing the largest positive effects on investor ratings. Market-level factors show expected patterns: high CAGR markets attract strong interest, while risk factors including political instability, currency risk, and country risk ratings significantly reduce investment appeal for both VC and PE investors.

An important interpretive note concerns the country-level context variables. Since all profiles display the company's headquarters location or region of focus, investors always observe where the firm operates. The "Context" section, included with a certain probability, supplements this basic geographic information with explicit indicators of currency risk, political risk, country risk, and IP protection, as described in Section 4.3. Therefore, the coefficients on these context variables capture the marginal effect of making institutional risks salient through standardized visual indicators, rather than measuring baseline preferences for different geographies. The negative coefficients on political risk, currency risk, and country risk indicate that explicitly highlighting these dimensions reduces investment interest beyond what investors infer from location alone.

Deal structure and governance variables reveal important preferences for institutional safeguards. Strong investor protections generate substantial positive effects (coefficient ≈ 0.2), underscoring the value investors place on contractual rights and enforcement mechanisms.

Board presence and equity-centered deals show modest positive coefficients, suggesting investors favor governance structures that provide oversight and aligned incentives, though these effects are smaller than those for operational performance metrics.

In contrast to the strong effects of operational performance and market characteristics, several firm attributes exhibit limited influence on investment decisions. Team characteristics show particularly modest effects: while serial founders generate some positive interest, 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. Similarly, certain deal characteristics, such as whether the company has raised prior investment rounds, the presence of top global investors, or specific ownership structures (founder/family versus institutional) do not substantially affect investor ratings. These findings contrast with Bernstein et al. (2017), who show that team quality is a primary driver of U.S. angel investment decisions. In our results, operational performance dominates while team characteristics play a secondary role. This divergence likely reflects, in part, an inherent limitation of our experimental design: in real-world investment processes, investors assess founding teams through rich, extended interactions, whereas our synthetic profiles condense team characteristics into brief categorical indicators such as "serial founder" or "long-standing sector experience." Because team quality is multidimensional and context-dependent, it is difficult to convey fully in standardized profiles, so our design may understate the importance of team attributes compared with real-world decisions where investors can conduct detailed diligence on founding teams.

4.5.2. *Robustness.* We conduct several robustness checks to validate our main findings. Table A6 reports alternative specifications relative to the main baseline equation (Equation 4.1).

Column 1 presents the baseline OLS specification with investor and region fixed effects, corresponding to the results shown in Figure 7. Column 2 adds fixed effects for the randomized order in which profile sections were presented to investors, accounting for potential systematic rating patterns related to the sequence of information disclosure. The results remain substantively unchanged, indicating that section ordering does not meaningfully affect how investors process company attributes. Our baseline specification treats the 7-point Likert scale ratings as continuous. Columns 3 and 4 re-estimate the model using ordered probit and ordered logit specifications, respectively, yielding qualitatively identical results. Column 5 excludes all profiles receiving the lowest rating (equal to 1) to address potential floor effects from disengaged respondents or mechanical rejections, with key coefficients remaining stable. Finally, Columns 6 and 7 examine potential survey fatigue by comparing coefficients for the first five versus the last five profiles shown to each investor. The pattern of coefficients is remarkably similar across both subsamples, with no systematic differences between early and late profiles, suggesting that respondents maintained consistent attention

and engagement throughout the rating task. Overall, these robustness checks confirm that our main results are stable across alternative estimation methods, sample restrictions, and potential behavioral concerns related to survey design.

4.5.3. *Discussion.* These findings provide key insights into global investor preferences, showing that operational performance metrics are the primary drivers of investment decisions, that institutional safeguards and governance structures matter, and that explicitly highlighting country-level risks systematically reduces investment appeal.

At the same time, the experimental approach has interpretive limitations arising from the trade-off between realism and randomization. First, as discussed in Section 4.2, all profiles display the company's geographic location to preserve authenticity, and the Context section supplements this with probabilistic risk indicators. Consequently, coefficients on context variables capture the marginal effect of making institutional risks salient, rather than investors' baseline geographic preferences, and may understate the total importance of institutional quality. Second, standardized profiles cannot replicate the rich information environment of real-world investment processes. Investors typically assess opportunities through extended interactions, detailed diligence, and access to multidimensional information—ranging from team quality via personal interactions and reference checks to market opportunities through proprietary research and networks. As a result, our design may understate the importance of attributes that are inherently context-dependent and difficult to convey in brief, uniform profiles. These considerations motivate the complementary descriptive analysis in Section 5.

5. How Do Global Investors Make Decisions?

The experiment identified which company attributes causally influence investment interest. This section turns to the descriptive component of our survey to complement the experimental findings with evidence on how investors operate in practice. The experiment identified causal effects by randomizing company attributes—revealing *which* characteristics drive interest when evaluated independently. Here we document *how* investors source information, structure deals, manage risks, and engage with portfolio companies in their actual investment processes. These descriptive patterns clarify why certain attributes matter more in specific contexts, how investors navigate trade-offs when multiple factors conflict, and what additional tools they employ to overcome information frictions and institutional constraints.

Our primary focus is on comparing the investors targeting EMs with those focusing on DMs. As discussed in Section 3.4.2, we define EM investors as those who report primarily or exclusively investing in emerging markets. DM investors include those who invest primarily or exclusively in developed markets, as well as those with a global focus (i.e., no specific emphasis on a specific region). We determine this based on a question in which we ask

respondents to choose the most applicable options regarding which markets they invest in or are open to doing so.

The idea that EM and DM investors may operate differently is intuitive. For instance, when people think of EMs, they might picture environments with greater macroeconomic and currency uncertainty, weaker property protection, and heightened political risk explicitly incorporated into the hypothetical profiles used in Section 4. Figure 8 offers suggestive evidence along these lines. Based on open-ended responses about the main risks in EM and DM investing, we depict common themes using word clouds. EM investments are commonly associated with currency, regulatory, and political risks, while DM investments are linked to market competition, lower growth prospects, and high valuations. These perceived differences shape the comparisons that follow.

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 EM-focused. We include investor-level controls to absorb heterogeneity in firm characteristics—using this strategy allows us to isolate EM-DM differences while accounting for compositional differences in investor profiles (with some differences already highlighted in Section 3.4.2). The specification we estimate is of the following form:

$$y_{ijk} = \alpha_{ijk} + \beta \text{EM}_i + \gamma_i + \epsilon_{ijk}, \tag{5.1}$$

where y_{ijk} is an indicator taking value 1 if investor i selects option j to question k, EM_i is an indicator for emerging market focus, and γ_i denotes investor fixed effects (based on reported AUM, number of employees, preferred investment size, relative performance, investment stage, firm age, headquarters location, and total investments).[31]

This section follows the structure of the survey. Section 5.1 focuses on deal selection practices. Section 5.2 analyzes capital structure and valuation. Section 5.3 turns to risk perception and management. Section 5.4 covers operational involvement and exit strategies. We conclude in Section 5.5 by documenting broader patterns about how global investors make decisions.

5.1. **Deal Selection.** We begin by comparing in Figure 9 how EM and DM investors approach deal selection.

We start with the factors that investors consider when deciding whether to invest in a country, denoted with blue markers in the figure. EM investors more frequently cite market size and growth potential and local talent availability as key drivers of location choice. They are also more likely to consider the fit with their fund's geographic mandate. By

[31]Results are summarized on Table A7.

contrast, DM investors place greater emphasis on political/regulatory conditions. There are no significant differences between the groups in the importance assigned to firm quality, competitive dynamics, or demographic trends.

On firm-level factors (green markers), while we can not see differences in how investors consider business models, financials, and competitive positioning. No distinctions can be identified for management team characteristics as well, which were highlighted in the seminal work by Gompers et al. (2016, 2020) as a key characteristic considered by VC and PE investors. EM investors more frequently report considering sustainability and social impact, perhaps reflecting the ubiquity of development finance institutions as key limited partners.

When asked which team qualities they value most (in red), EM investors place particularly stronger emphasis on local knowledge—consistent with higher informational frictions and institutional uncertainty in EMs—as well as leadership qualities. No differences were discerned regarding education, experience, and financial acumen.

Patterns in information sourcing (yellow markers) reinforce the presence of frictions specific to EMs. EM investors rely more on in-house research and fund networks, perhaps reflecting the limitations of other information sources. Indeed, EM-focused funds put less weight than their DM peers on regulatory filings and academic reports. Public sources such as news and market research are used in comparable proportions. Interestingly, when it comes to how investors source their deals (purple markers), no significant differences can be identified.

Finally, most financial metrics used for the evaluation of target companies do not invoke any EM-DM difference (orange markers). Yet, EM investors more often emphasize recurring revenue and EBITDA, whereas DM investors focus more on burn rate and (to a lesser extent) net income. The greater reliance in EMs on revenue and EBITDA at the expense of net income may reflect the reduced chance that these measures are potentially manipulable.

A key theme linking these results is that EM investors seem to place stronger emphasis on local sources of knowledge and information and internal research to overcome informational frictions in these settings.

5.2. **Deal Structure.** We next examine how EM and DM investors structure their investments. Here, investors do not seem to diverge much.

Investors do not differ on how much they resort to some governance structures (blue markers on Figure 10). However, board representation appears slightly more common among EM investors.

Capital structure choices (green markers) show clearer gaps. Though no differences can be spotted regarding equity-debt mixed structures, EM investors are more likely to use primarily equity structures, while DM investors favor preferred equity as well as other structured equity (e.g., mezzanine and other hybrid financing). In addition, Figure A12 further disentangles this aspect by looking at variation between VC and PE investors: among PEs, EM

investors rely more on equity, consistent with Lerner and Schoar (2005), while among VCs, EM investors use convertible debt and SAFE structures more often. The reluctance to use preferred and other complex stock agreements may reflect the difficulty of enforcing these complex agreements in EM courts, where the familiarity of such structured products may be low.

IRR adjustment practices when evaluating deals are mostly similar. DM investors are marginally more likely to adjust IRRs to reflect firm-specific risk (yellow markers). In unreported results, we see that EM investors are more likely to set target IRRs (70 percent versus 60 percent for DM investors). These targets are about two percentage points higher, though both differences are statistically insignificant once investor fixed effects are included.

While governance and incorporation practices are aligned, investors seem to differ in regard to preferred financing structures, with equity more often used in later-stage EM deals, and mixed structures more common on early-stage EM deals.

5.3. **Risk Valuation and Management.** We now examine how investors perceive, assess, and manage regional, political and currency risks. This builds directly on perception gaps highlighted in Figure 8, as we see contrasts observed in that figure carry through to investors' reported practices.

To start, as reported in the top panel of Figure 11 (blue markers), EM investors are substantially more likely to cite currency and FX risk as primary concerns. A smaller gap appears for political risk. By contrast, DM investors place slightly greater weight on legal and regulatory risks, a result already hinted at in Figure 9. For the remaining risk categories—including commodity price risk, inflation risk, interest rate risk, and GDP/business-cycle risk—there are no measurable EM-DM differences. Thus, the largest perception gaps are narrowly concentrated on the two risks most commonly associated with EM conditions in Figure 8.

Differences become sharper when we look at how investors incorporate these risks into valuation processes for companies. EM investors rely more heavily on discount-rate premiums for regional risk (green markers) and are far more likely to evaluate country-level political risks (red markers). Sector-specific and company-specific political risk assessments exhibit no meaningful EM-DM differences. Importantly, DM investors are more likely to report conducting no regional or political risk assessment at all.

The largest contrasts arise in the ways that investors address political and currency risk management (yellow and purple markers). In both cases, we once again see that DM investors are more likely to report not using any risk management tools. Also, in both cases, DM investors disproportionately rely on the avoidance of specific regions altogether. On the other hand, EM investors use active tools. For political risks, they more often diversify across regions and sectors and make use of government ties. For currency risks, they rely

particularly more on sectoral and regional diversification, with smaller but still significant and positive gaps regarding cash-flow management, reinforcement of term sheet provisions (e.g., buyback clauses), and the willingness to refinance debt. DM investors, by contrast, lean more heavily on financial hedging instruments and multi-currency funding, which may require more developed financial counterparties.

EM and DM investors identify many of the same risks but respond to them very differently. DM investors mitigate risk primarily through avoidance of regions and exhibit higher rates of inaction, while EM investors deploy a broader and more active toolkit, using multiple operational levers to manage currency and political exposure.

5.4. **Operations, Value Added, and Exits.** We now turn to investors' activities beyond capital deployment, with an emphasis on operational engagement with portfolio companies and exit strategies. The results are reported in Figure 12.

Engagement in value-creation initiatives in portfolio companies (blue markers) differs in interesting ways. While EM investors focus more on financial management and sustainability initiatives, DM investors prioritize new product development and (to a lesser extent) operational efficiency. Both groups assign similar importance to team development, consistent with the comparable emphasis placed on management teams in all geographies during deal selection. These differences suggest the varying priorities of the different investors, as well as the key opportunities to create value in these markets.

Time allocation patterns (green markers) are largely similar. No differences are observable regarding deal sourcing, due diligence, fundraising, and exit preparation. EM investors, however, report spending more time in support of portfolio companies, while DM investors allocate slightly more to networking with LPs. Consistent with the finding in Figure 11 that investors in both markets are concerned about political risks, groups do not significantly differ in the time spent meeting with government agencies.

Differences in this figure are most pronounced at the exit stage (red and yellow markers). While for both groups the use of local sales and IPOs does not differ, EM investors more frequently pursue foreign exits (as well as sales to financial investors). Correspondingly, EM investors more often report challenges related to weak local IPO and M&A markets. In line with the more frequent mention of currency risks by EM investors throughout the survey, currency volatility also emerges as a greater concern when exiting investments for them. DM investors, by contrast, more often cite the cost and complexity of the IPO process and high transaction costs as challenges.

While EM-DM differences are slight when it comes to value creation activities and investors' time allocation, significant distinctions are seen regarding investment exits. EM investors report less liquid and developed environments, leading to more reliance on international exits.

5.5. **Additional Results.** In Online Appendix Figures A7 to A10, we do a deeper dive into survey data and examine average responses across investment practices, which allows us to better understand how global private investors operate—contrasting venture and private equity investors. Additionally, we analyze EM-DM differences within investor type in Online Appendix Figures A11 to A14. Many of the differences between VC and PE investors in both developed and emerging nations are consistent with findings by Gompers et al. (2016, 2020), such as the greater reliance of PE investors on investment banks when deal sourcing and the importance of team when assessing potential VC deals. In general, EM-focused investors, both VC and PE, tend to rely more on internal information, emphasize local knowledge, and adapt capital structures to market frictions. They also engage more intensively in risk management, particularly addressing currency risk issues, and are more likely to pursue alternative exit strategies.

6. Conclusion

Private capital markets have expanded rapidly beyond the U.S., with emerging markets now representing a substantial and growing share of global investment activity. Understanding how investors make decisions across diverse institutional environments has become increasingly important given the relationship between financial development and economic growth. This paper provides the first comprehensive global evidence on investor decision-making by combining administrative data with new evidence from a large-scale survey experiment focused on venture capital and growth equity investors.

Our main contribution consists of the design of a non-deceptive field experiment to estimate investor preferences for company attributes across diverse institutional contexts, combined with comprehensive descriptive survey evidence on how investors actually operate in practice.

The experimental design allows us to overcome typical empirical difficulties in observational investment data, where multiple firm characteristics are correlated and causal effects cannot be isolated. We reveal that operational performance and contextual risk are dominant drivers of investment decisions, while other team and company characteristics matter less.

The descriptive survey evidence complements these experimental patterns while revealing the specific mechanisms through which investors operate globally. Operational differences between emerging market and developed market investors are generally modest when controlling for investment firm characteristics—consistent with substantial convergence toward standardized global practices. Where systematic differences emerge, they reflect strategies adopted by emerging market investors to navigate local institutional frictions: greater emphasis on local information networks, more active risk management approaches, and heavier

reliance on international markets for exits. Our evidence is in contrast to earlier evidence from Lerner and Schoar (2005), who documented sharp divisions between emerging and developed market investors in the early 2000s. On the other hand, our findings are consistent with the early evidence on venture capital from Kaplan et al. (2007), who report how experienced non-US investors use contracts that approximate those used by US investors.

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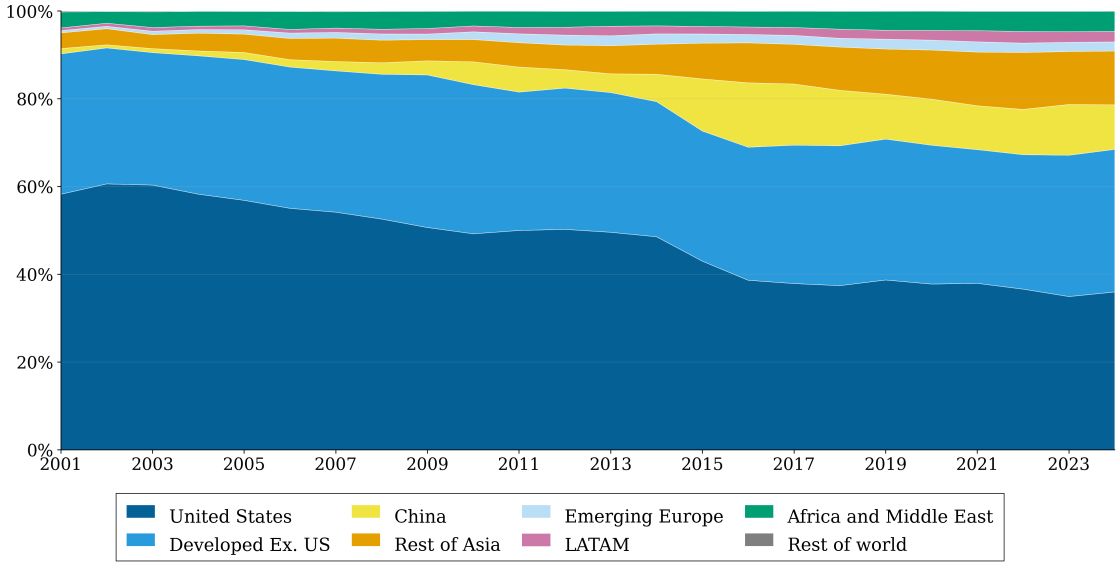
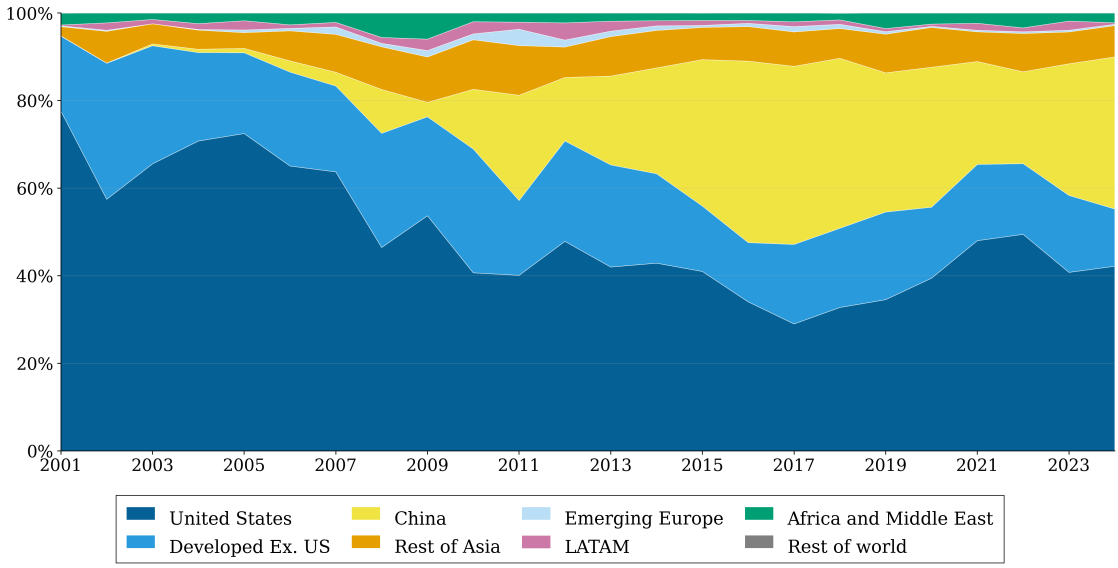
FIGURE 1. The Emergence of VC and PE Investors Around the World



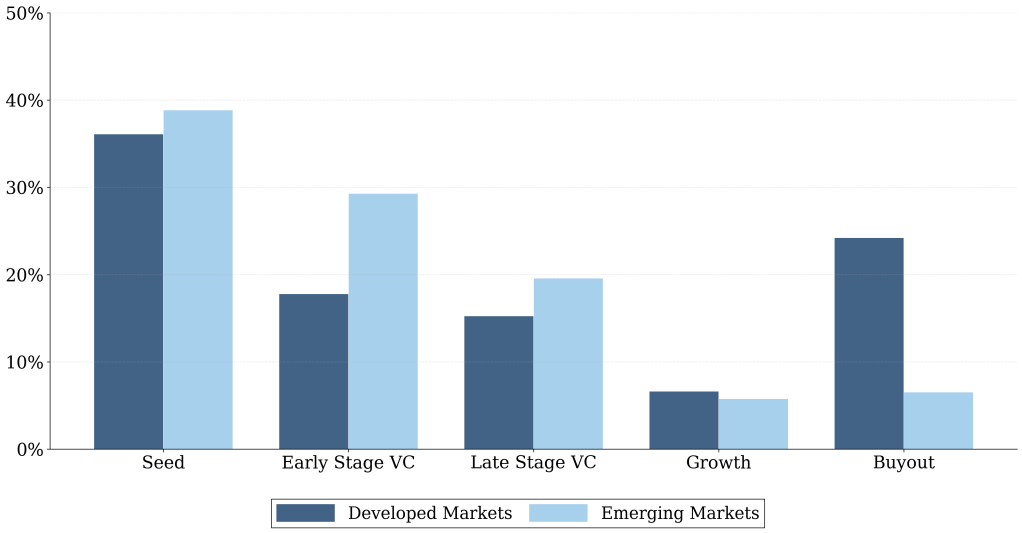
(A) General Partners by Region



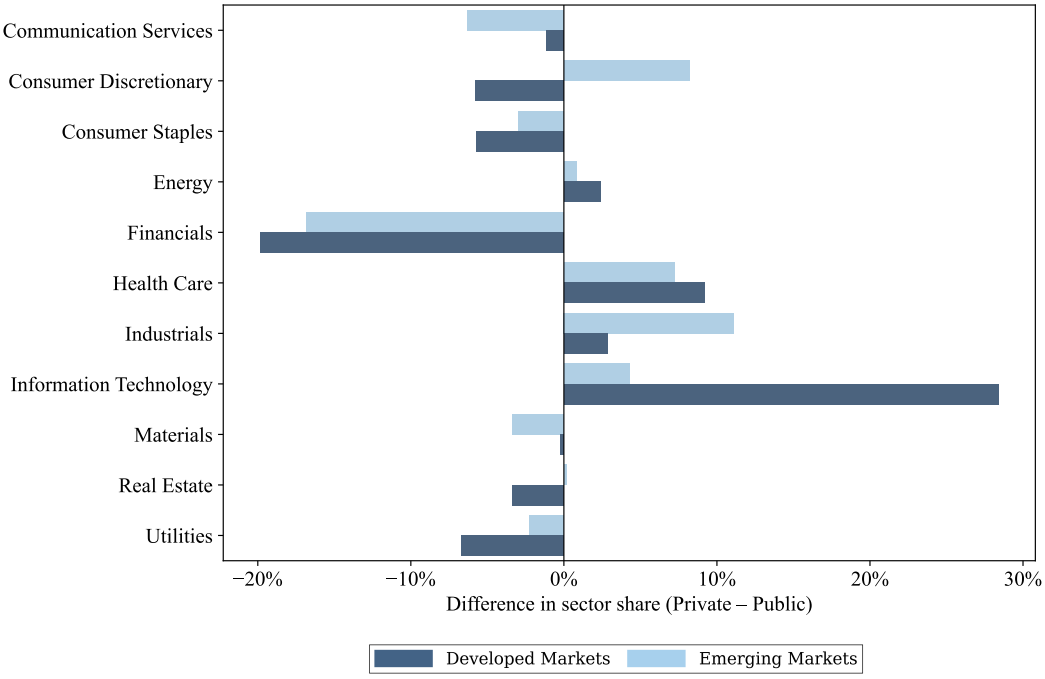
(B) GP's AUM by Region

Notes: This figure shows global VC and PE trends from 2001 to 2024, based on data from PitchBook. Panel A shows the annual share of unique General Partners that participated in deals (GPs) by region, measured by the participation of GPs in deals in each year. Panel B reports the annual share of total Assets Under Management (AUM) held by GPs, where AUM is proxied by fund size. Funds and deals are selected according to PitchBook's classification of Venture Capital and Growth Equity. Countries are assigned based on the headquarters location of the GPs and are aggregated into regional groupings. Regions are defined as the United States, Developed excluding the US, China, Rest of Asia, Emerging Europe, Latin America (LATAM), and Africa and the Middle East. Developed 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 2. VC and PE Activity Across Stages and Sectors Around the World



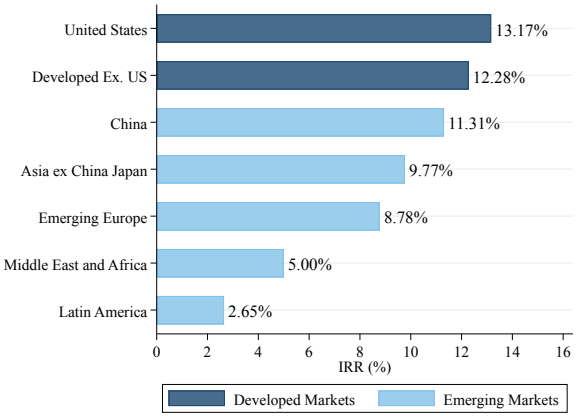
(A) Deal Shares by Stage: Developed and Emerging Markets



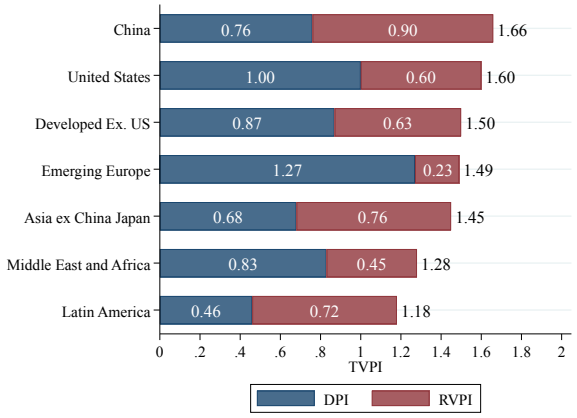
(B) Sector Allocation Differences: Private vs. Public Markets

Notes: This figure presents 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 A1 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 EM and DM. Positive values indicate sectors that are overweight in private markets 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, and Growth PE investments made between 2001 and 2024. 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 emerging markets and the MSCI DM Exposure Index for DMs, using sector weights as of Q1 2025. Appendix Figure A2 presents the underlying sectoral shares for private capital and public markets separately for EMs and DMs.

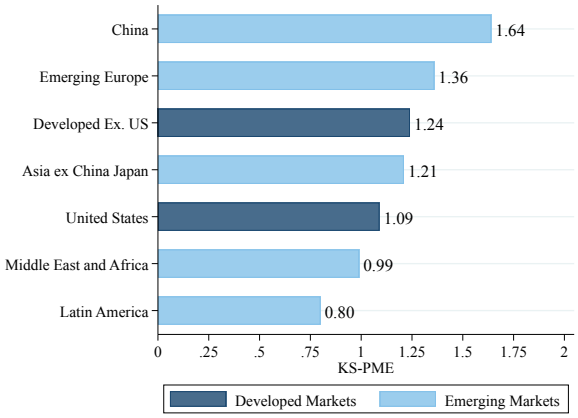
FIGURE 3. Private Capital Performance Around the World



(A) Absolute Performance: IRR



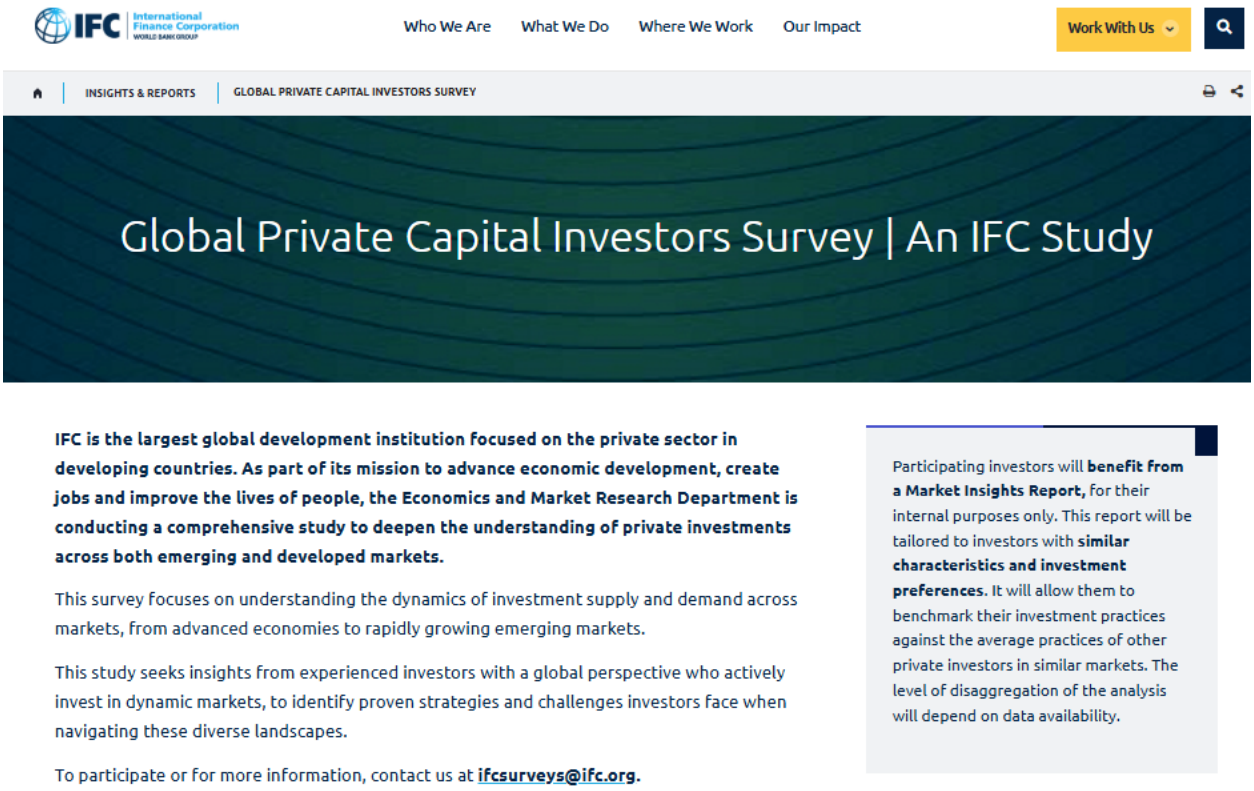
(B) Absolute Performance: TVPI



(C) Relative Performance: PME

Notes: This figure shows the average Internal Rate of Return (Panel A), Total Value to Paid-In Capital (Panel B), and Kaplan-Schoar (KS) PME (Panel C) by region using fund-level data from State Street. In Panel A, regions are classified as DMs and EMs. IRRs are computed from fund-level cash flow data since inception, as of Q2 2024. In Panel B, TVPI is computed based on fund-level data since inception, as of Q2 2024. Panel C presents the Kaplan-Schoar (KS) PME, 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.

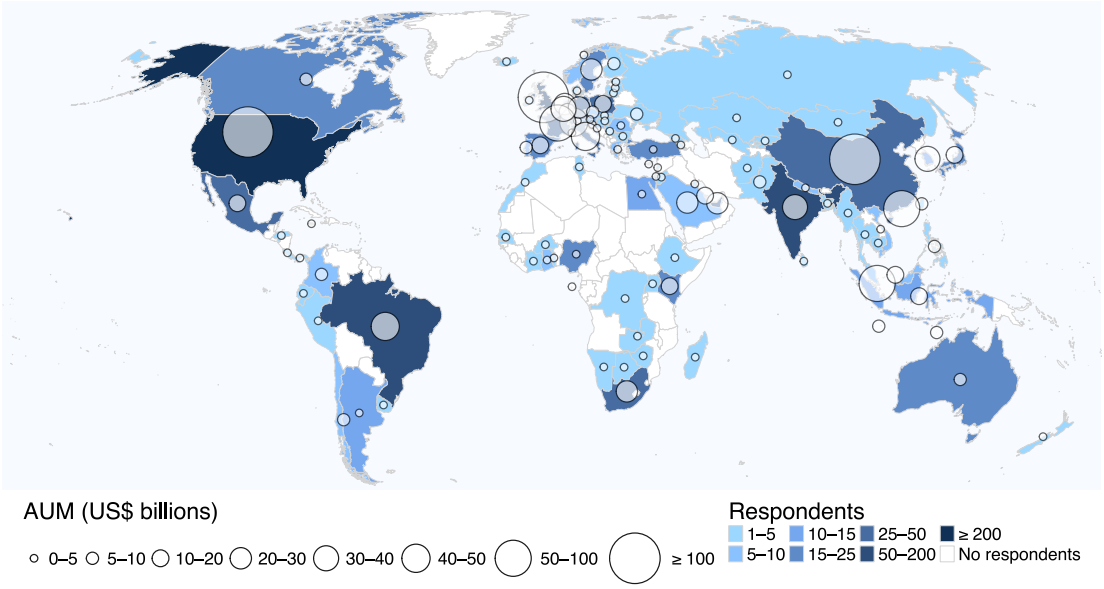
FIGURE 4. The Global Private Capital Investors Study



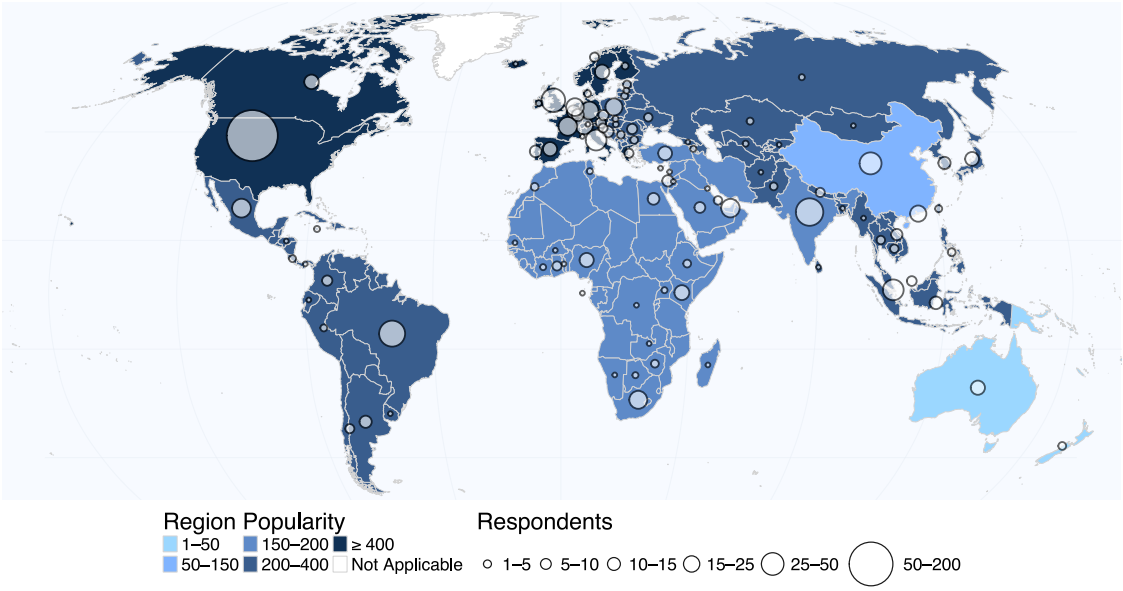
Official Advertisement on the IFC's Website

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 5. 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 Assets Under Management (AUM) of the respondents' funds, as reported on the survey. Bubble size reflects the total AUM represented 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 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 6. 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 6. 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 7. What Do Global Investors Care About?

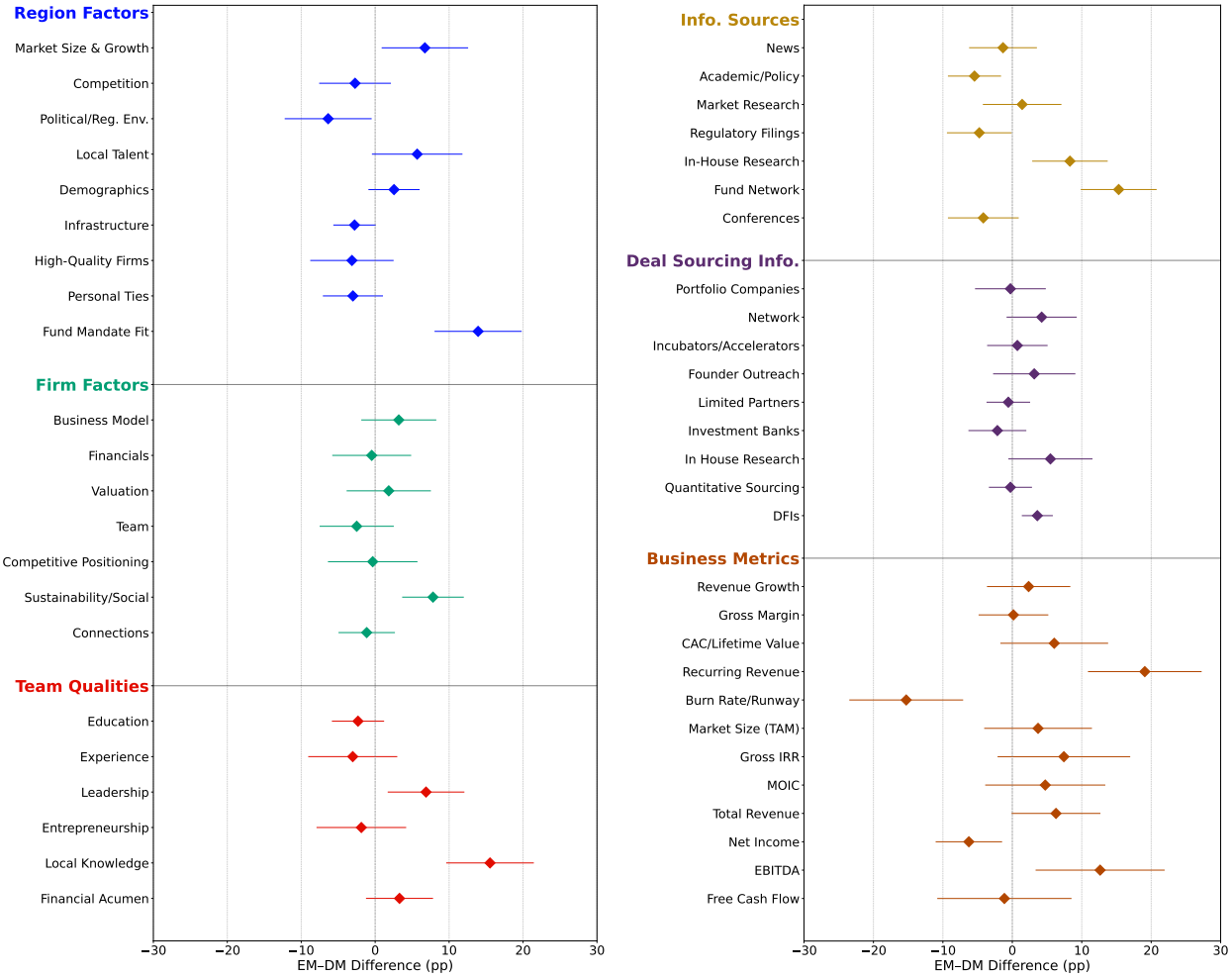
Notes: This figure summarizes investor preferences for company attributes featured in the synthetic profiles, as captured by the coefficients β_m in Equation 4.1. Controls include a dummy for whether the company's regional focus matches the investor's stated region preference, as well as a control for the number of profile components shown. The specification includes investor (respondent) fixed effects and region fixed effects. The figure displays 90% confidence intervals based on robust standard errors. The sample consists of 1,315 observations: 739 VC investors and 576 PE investors.

FIGURE 8. What Comes to Mind When Investing in Emerging and Developed Markets?

(A) Emerging Market (EM) Risks (B) Developed Market (DM) Risks

Notes: This figure summarizes open-ended survey responses. Panel A reports the most common words used in responses to the question: "When you think about investing in emerging markets, 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 developed markets, what are the main risks that come to your mind?"

FIGURE 9. 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% confidence intervals from OLS regressions of each survey response on an indicator for emerging market (EM) investors (N = 1,315; EM = 612; DM = 703). 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 developed market (DM) investors. Control variables include fund Assets Under Management (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 10. Are EM and DM Investors Different? Deal Structure

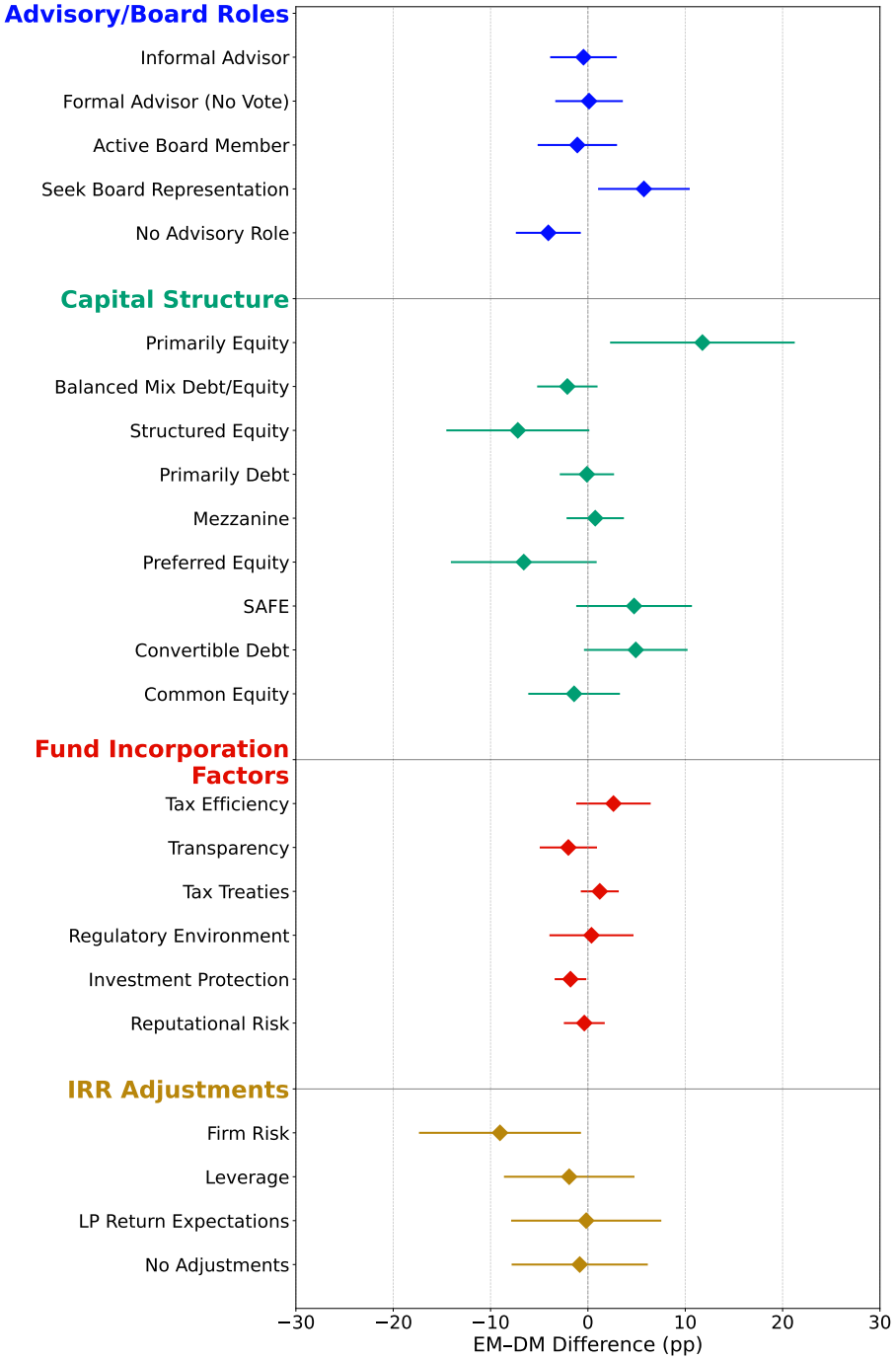


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FIGURE 11. Are EM and DM Investors Different? Risk Valuation and Management

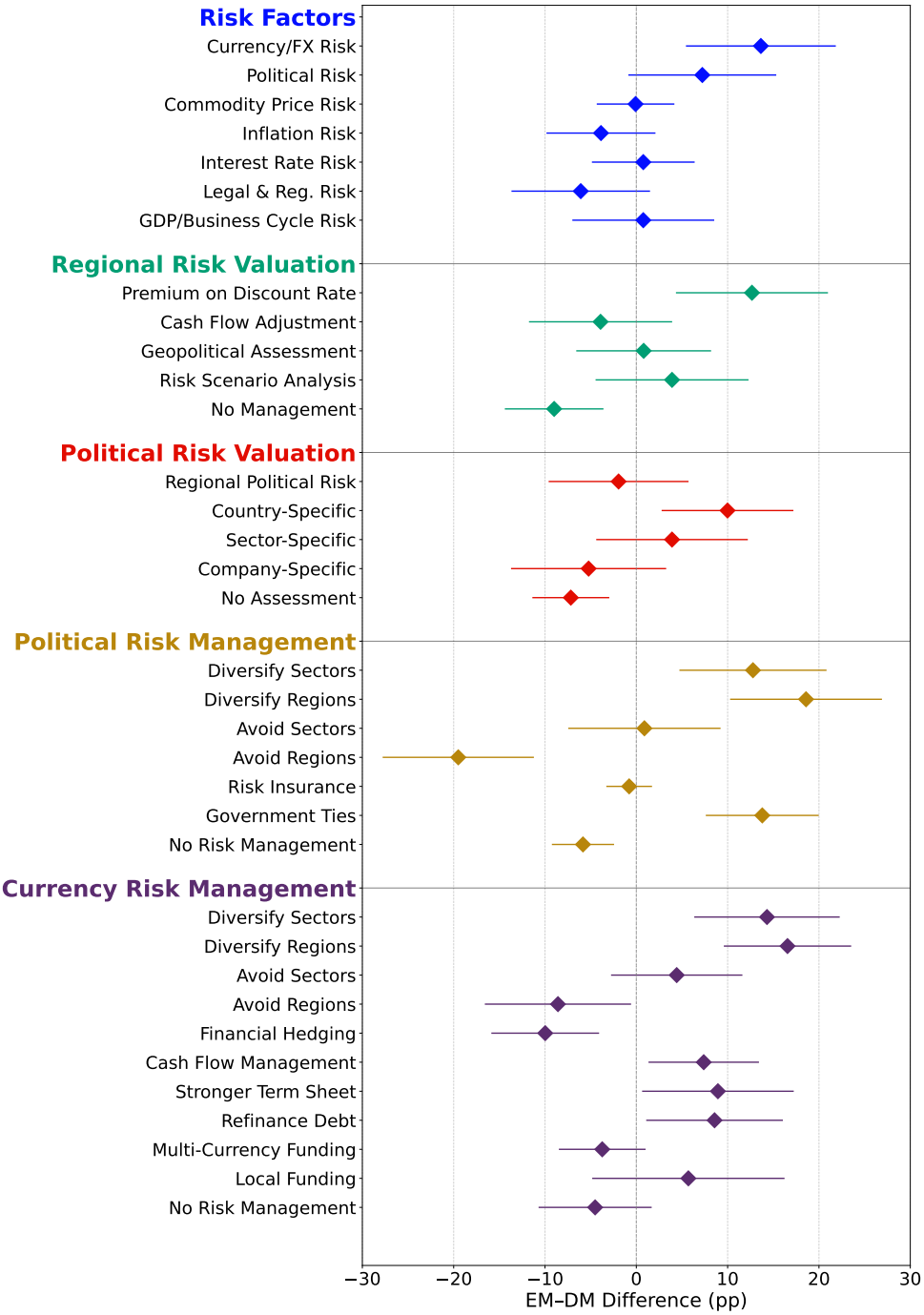

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FIGURE 12. Are EM and DM Investors Different? Operations, Value Added, and Exits

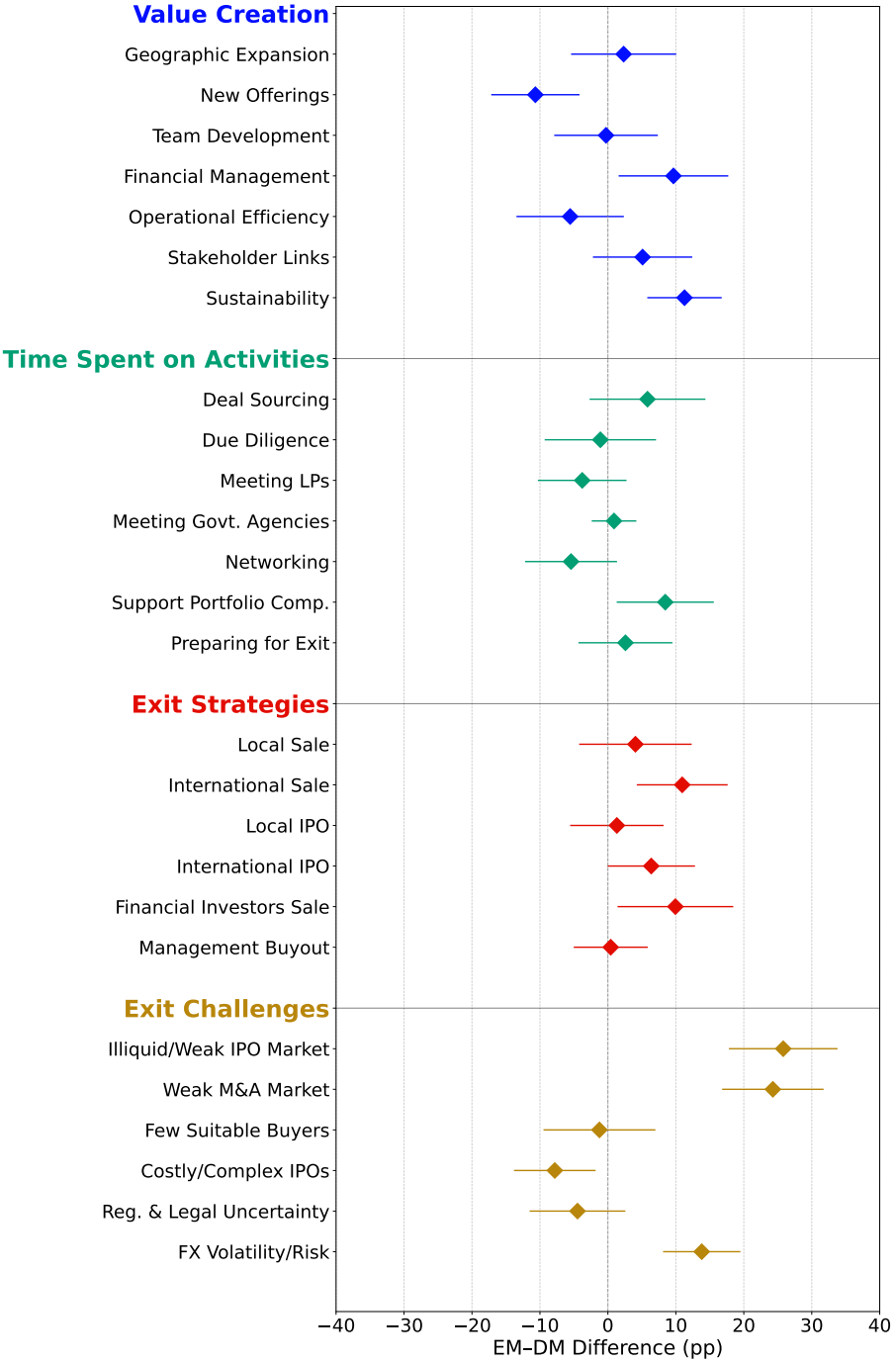

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TABLE 1. Summary Statistics on Our Survey Sample

	All		PE		VC	
	%	EM–DM	%	EM–DM	%	EM–DM
Panel A: AUM						
Less than 25M	17.6	5.5***	9.4	-0.4	24.1	12.4***
25-50M	13.1	4.3**	9.2	2.7	16.1	6.5**
50-100M	13.9	0.6	11.3	1.3	16.0	0.7
100-500M	29.9	1.9	31.4	16.4***	28.7	-10.1***
500M-1B	10.7	-3.6**	14.6	-2.7	7.7	-5.3***
1-10B	10.6	-4.2**	15.5	-5.9*	6.8	-4.1**
10B or more	4.2	-4.5***	8.7	-11.5***	0.7	-0.1
Panel B: Full-time Employees						
Fewer than 10	50.3	-3.6	33.0	-3.5	63.7	0.7
10-49	37.3	6.3**	47.2	12.6***	29.6	-1.2
50-99	5.9	1.3	9.0	-0.4	3.4	1.8
100-1000	4.9	-3.1***	7.6	-5.9***	2.8	-1.7
1000 or more	1.6	-0.8	3.1	-2.9**	0.4	0.4
Panel C.1: Investment Amount (VC)						
<500 k					32.2	9.2***
500 k–1 M					19.8	1.8
1–5 M					36.9	-4.1
5 M+					11.1	-6.8***
Panel C.2: Investment Amount (PE)						
<5 M			18.2	3.8		
5–25 M			45.3	9.6**		
25–100 M			27.1	-1.1		
100 M+			9.4	-12.2***		
Panel D: Investment Stage						
Pre-seed (VC)	7.1	1.4			12.6	4.4*
Seed (VC)	21.7	-2.2			38.7	1.6
Early VC (Series A) and Early PE	46.5	8.9***	63.5	13.3***	33.3	1.2
Growth VC (Series B)	5.0	-2.7**			8.9	-3.5*
Late VC (Series C+) and Late PE	16.4	-3.2	36.5	-13.3***	0.8	-0.3
All stages	2.4	-2.4***			4.3	-3.7**
Other	0.8	0.1			1.4	0.4
Panel E: Firm Age						
0–2	15.6	-3.2	11.1	-4.3	19.1	-1.2
3–5	19.7	2.1	16.5	0.7	22.1	4.0
6–10	27.0	0.5	24.1	2.8	29.2	-0.6
11–20	24.8	4.6*	29.9	7.8**	20.7	0.9
21+	13.0	-4.2**	18.3	-7.0**	8.9	-3.3

Notes: This table summarizes firm characteristics based on survey responses (N = 1,315; PE = 576; VC = 739). Panel A reports firms' Assets Under Management (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 emerging market (EM) and developed-market (DM) investors. EM investors are defined as those primarily or exclusively focused on emerging markets. DM investors are defined as those primarily or exclusively focused on developed markets, or as 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.

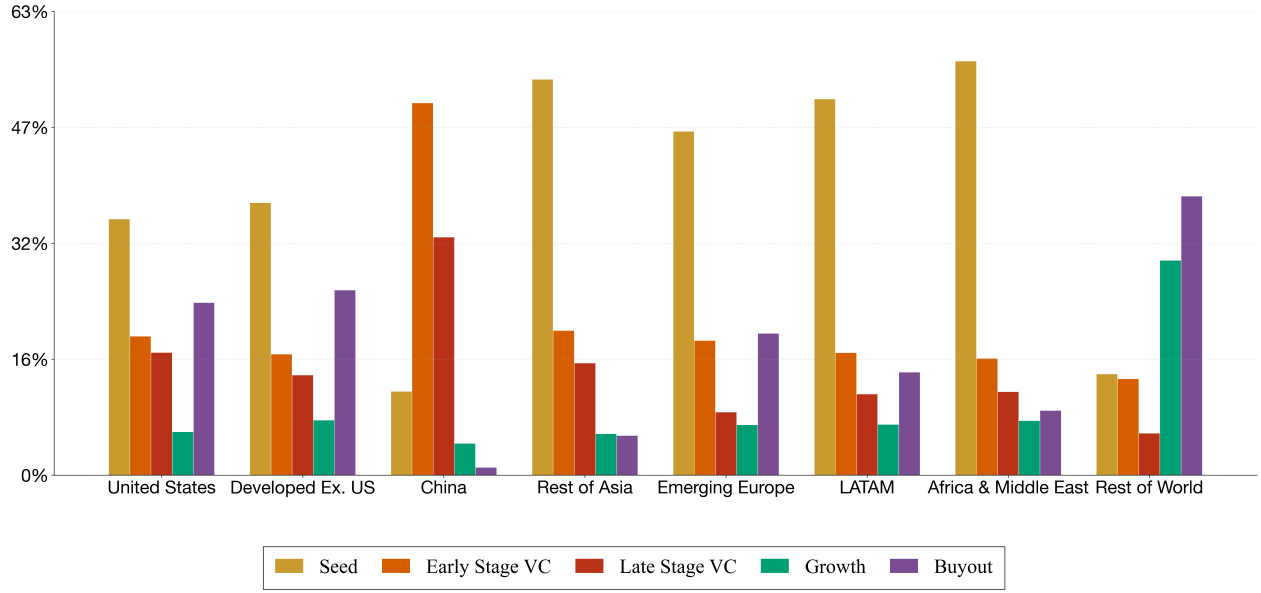
Notes: This table defines all variables included in the regression analysis of investor ratings (Equation 4.1). Each variable represents a binary indicator equal to one if the corresponding attribute appears in the synthetic company profile shown to the investor, and zero otherwise. These attributes were independently randomized across profiles, as described in Section 4.2. 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

List of Figures – Appendix

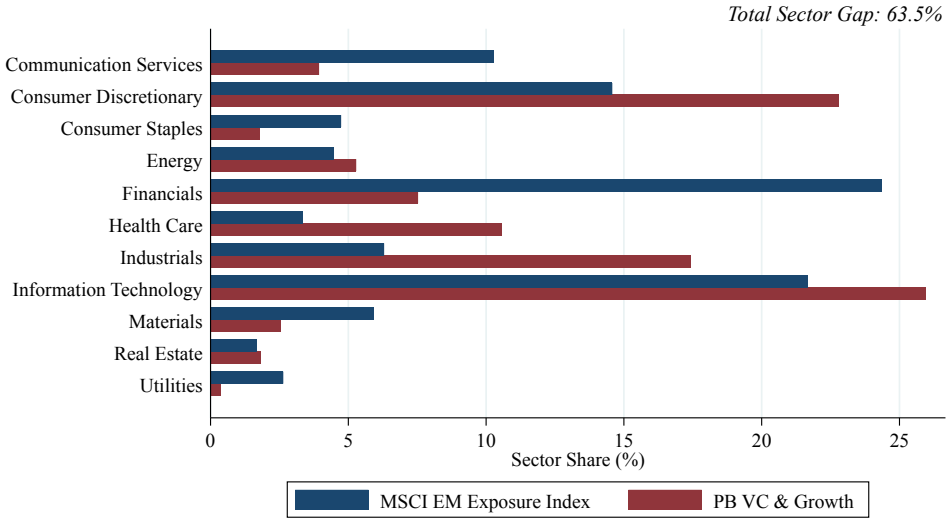
List of Tables – Appendix

Figure A1. Deals by Investment Stage and Region

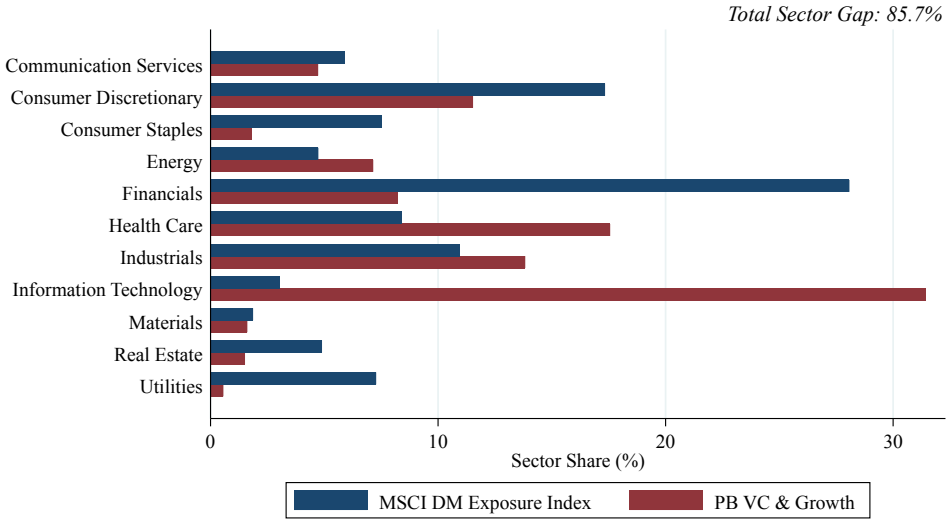


Notes: This figure shows the distribution of global Venture Capital (VC) and Private Equity (PE) deals from 2001 to 2024, based on data from PitchBook. Panel presents the distribution of deals across regions by investment stage. Countries are assigned based on the headquarters location of the target company and are aggregated into regional groupings. Regions are defined as the United States, Developed excluding the US, China, Rest of Asia, Emerging Europe, Latin America (LATAM), Africa and the Middle East, and Rest of world. Developed 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 A2. Comparing Sector Allocations: Public vs. Private Markets



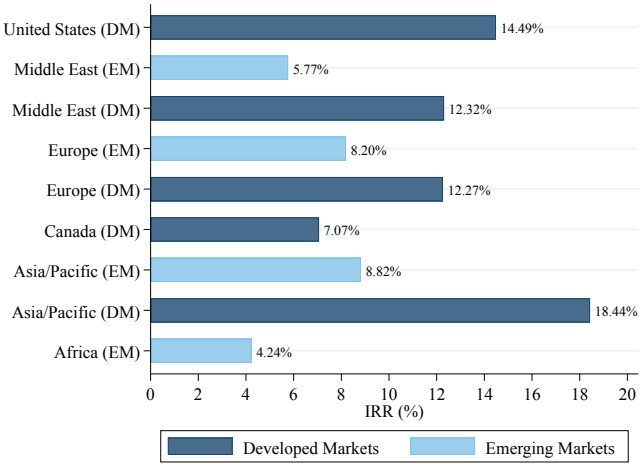
(A) EM Sector Shares



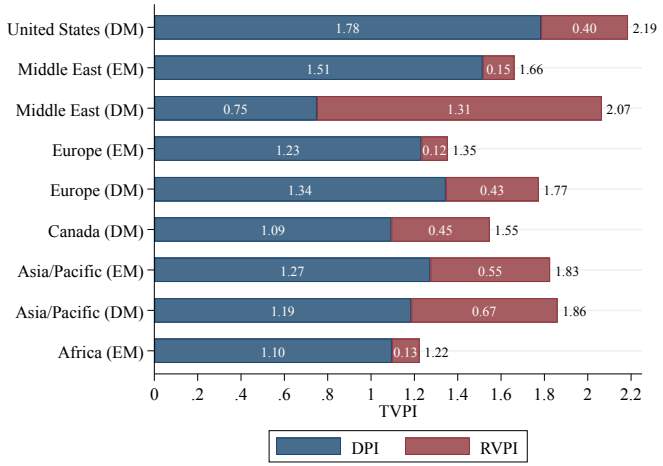
(B) DM Sector Shares

Notes: This figure shows the sectoral composition of Venture Capital (VC) and Growth Private Equity (PE) 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 (EM) Index (weights as of Q1 2025) with the sector allocation of the PitchBook (PB) sample of VC and Growth PE investments in emerging markets. Countries are classified as emerging markets 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 developed markets with the MSCI Developed Markets (DM) Exposure Index (weights as of Q1 2025). The PB sample includes Seed, Early-Stage VC, Late-Stage VC, and Growth PE investments made between 2008 and 2024 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 A3. Private Capital Performance Around the World: Robustness



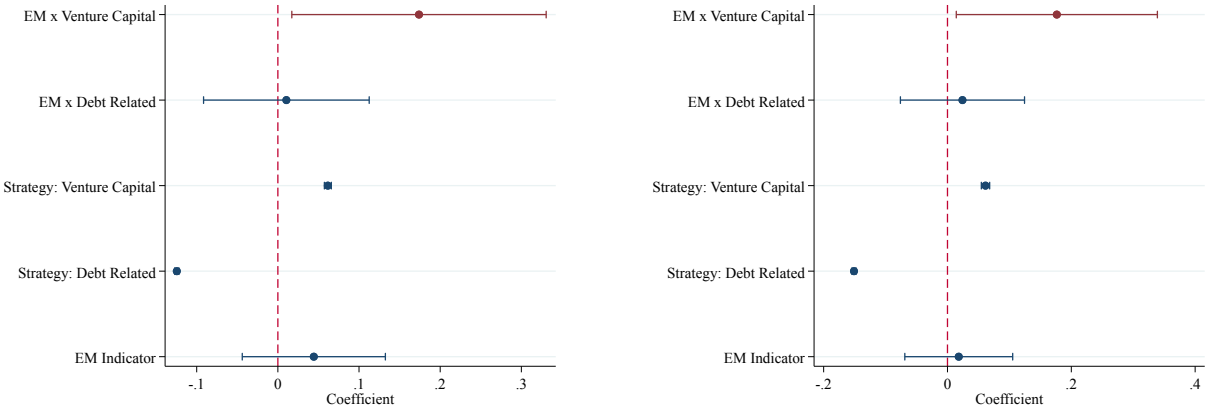
(A) Absolute Performance: IRR



(B) Absolute Performance: TVPI

Notes: This figure shows the average Internal Rate of Return (Panel A) and the Total Value to Paid-In Capital (Panel B) by region using fund-level data from Cambridge Associates. Panel A shows IRR, including buyout, growth equity, and venture capital investments, calculated as of Q3 2024 since inception. Panel B shows TVPI by region, which is decomposed into Distributed to Paid-In Capital (DPI) and Residual Value to Paid-In Capital (RVPI), also including buyout, growth equity, and venture capital private debt. Figures are based on fund-level data as of Q3 2024 and averaged over all years with available data. Labels inside each bar segment show DPI and RVPI values, with total TVPI displayed to the right of each bar. Granular regions are based on the Cambridge Associates classification, which distinguishes regions such as Asia/Pacific, Middle East, and Europe into Emerging and Developed markets.

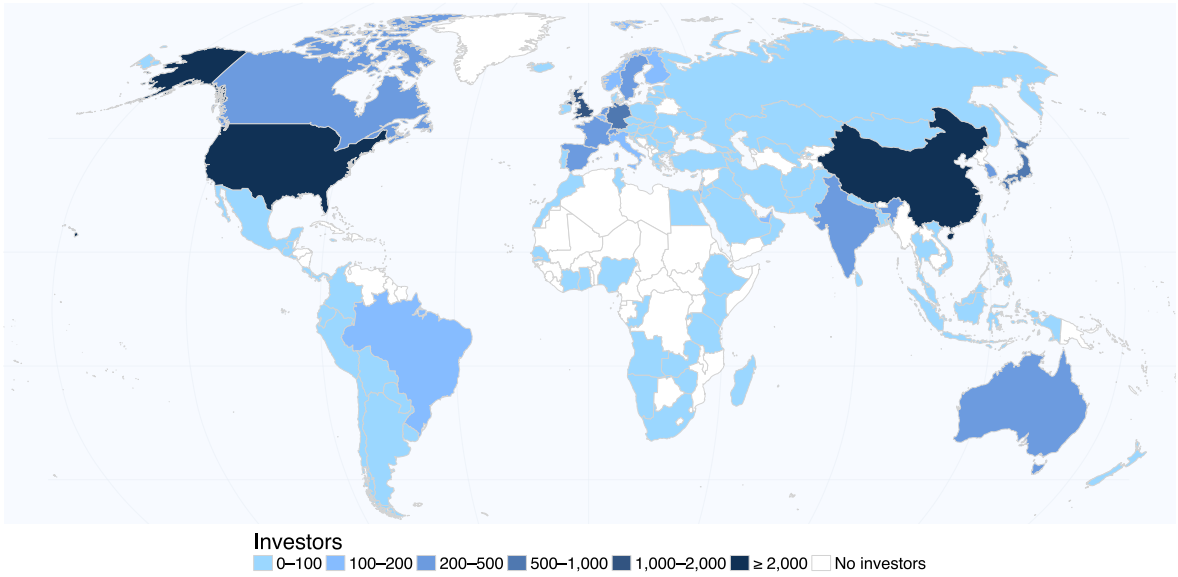
FIGURE A4. The Relative Outperformance of EM Venture Capital



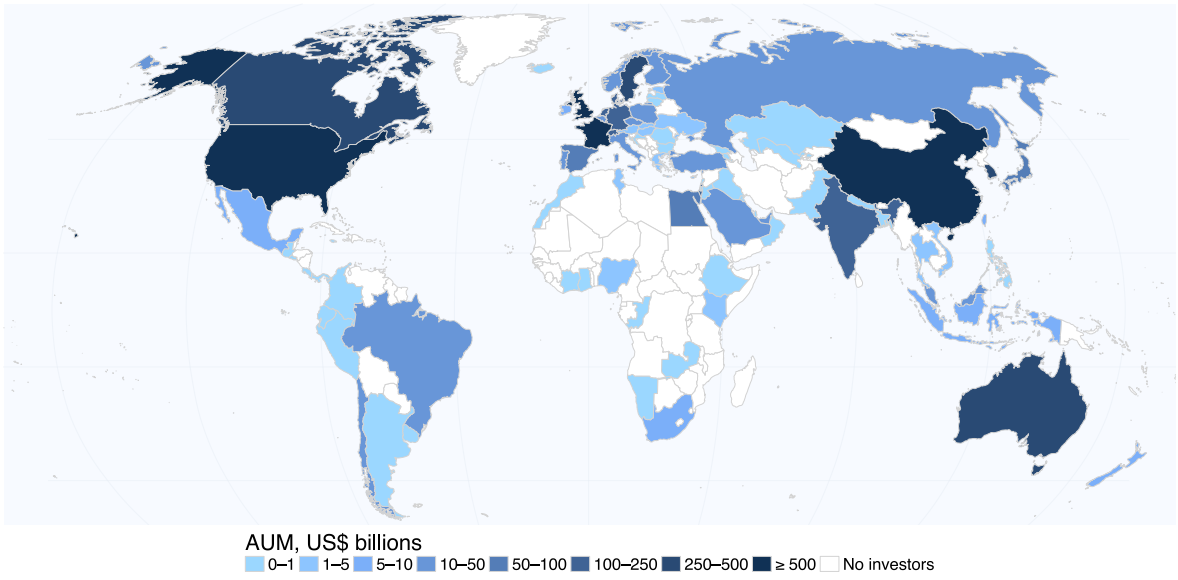
(A) Without Sector Fixed Effects (B) With Sector Fixed Effects

Notes: This figure presents the point estimates and 90% confidence intervals from regressions of the Kaplan Schoar Public Market Equivalent metric (KS-PME) on investment characteristics using data from State Street. The dependent variable is KS-PME, calculated relative to the regional MSCI benchmark. Panel A estimates the following specification: $\text{KS-PME}_{it} = \alpha + \beta_1 \text{EM}_i + \beta_2 \text{Strategy}_i + \beta_3(\text{EM}_i \times \text{Strategy}_i) + \gamma_t + \varepsilon_{it}$. Panel B extends this specification by including sector fixed effects: $\text{KS-PME}_{it} = \alpha + \beta_1 \text{EM}_i + \beta_2 \text{Strategy}_i + \beta_3(\text{EM}_i \times \text{Strategy}_i) + \gamma_t + \delta_s + \varepsilon_{it}$. All specifications include controls for categories of vintage year γ_t (with 1980–1984 as the omitted category). The primary coefficients of interest are the interaction terms β_3, which capture differential performance of EM investments across VC and debt-related strategies. *EM Indicator* is equal to one if the fund is classified as an emerging market (Latin America, Brazil, Emerging Europe, Middle East, Africa, China, India, Asia) and zero otherwise. *Strategy* is a categorical variable for investment type; the omitted category is Buyout. Interaction terms (e.g., *EM × Venture Capital*) are interpreted relative to developed-market Buyout funds. Standard errors are clustered by region.

FIGURE A5. Geographic Distribution of VCPE Investors from PitchBook



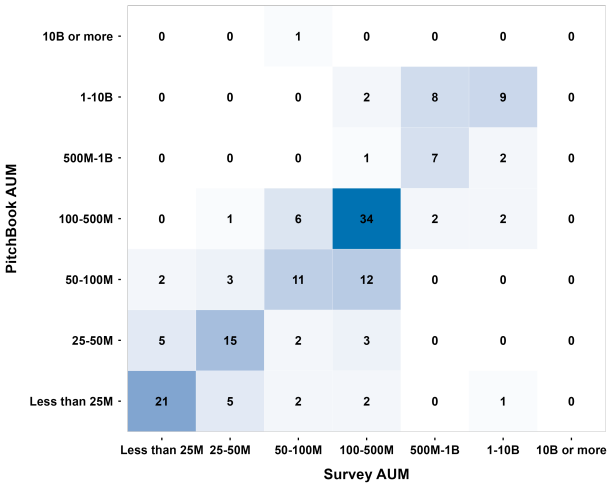
(A) Number of PitchBook Investors Headquartered in Each Country



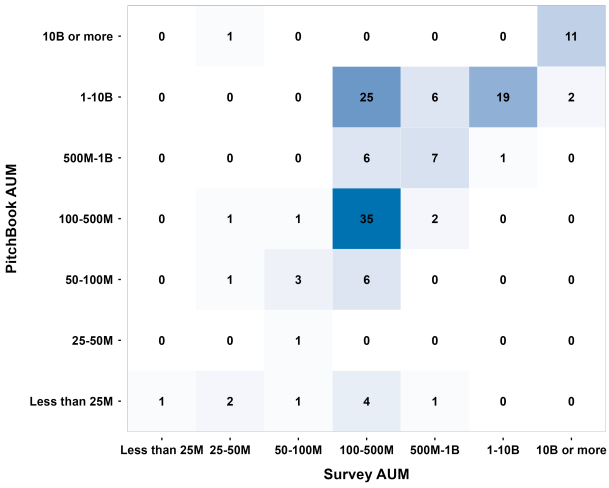
(B) Aggregate AUM of PitchBook Investors by Country

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: Venture Capital, Corporate Venture Capital, Not-for-Profit Venture Capital, PE/Buyout, Growth/Expansion, or Other Private Equity. Panel B presents the aggregate Assets Under Management (AUM) of these investors' funds. Countries shaded in white indicate missing data.

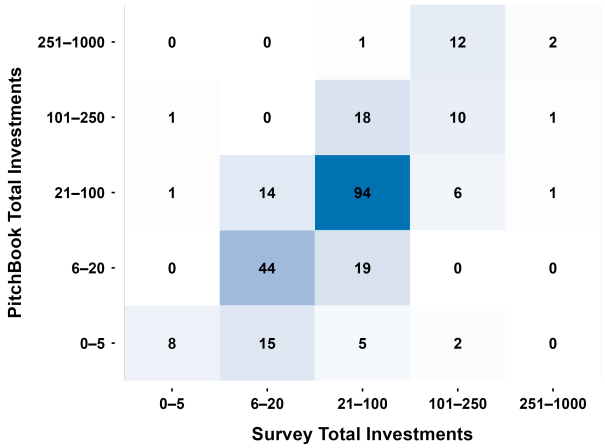
FIGURE A6. Comparing VC and PE Activity: Survey and PitchBook



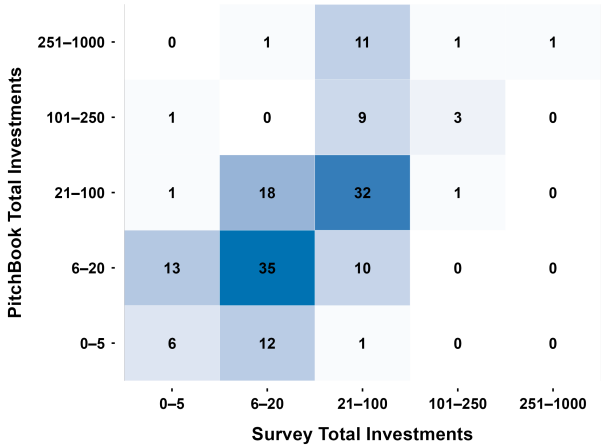
(A) AUM – VC



(B) AUM – PE



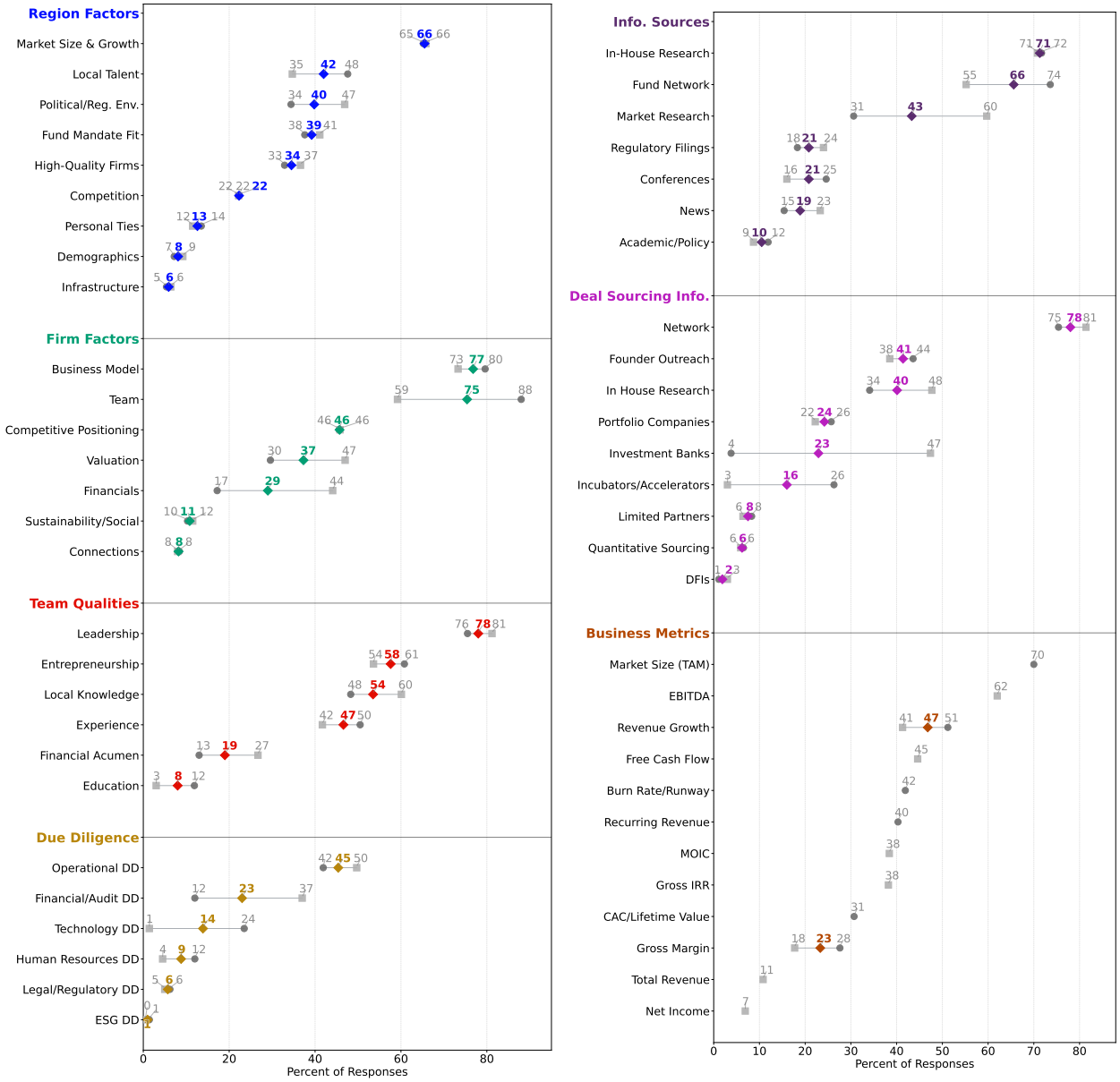
(C) Total Investments – VC



(D) Total Investments – PE

Notes: This figure compares self-reported survey responses with 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 Assets Under Management (AUM) for venture capital firms (159 matched respondents), while Panel B presents the same comparison for private equity firms (137 matched respondents). Panel C displays the relationship between the reported number of investments for venture capital firms (254 matched respondents), and Panel D shows the corresponding comparison for private equity firms (156 matched respondents). Each cell reports the number of unique matched firms that fall into the respective reporting bucket.

FIGURE A7. Deal Selection

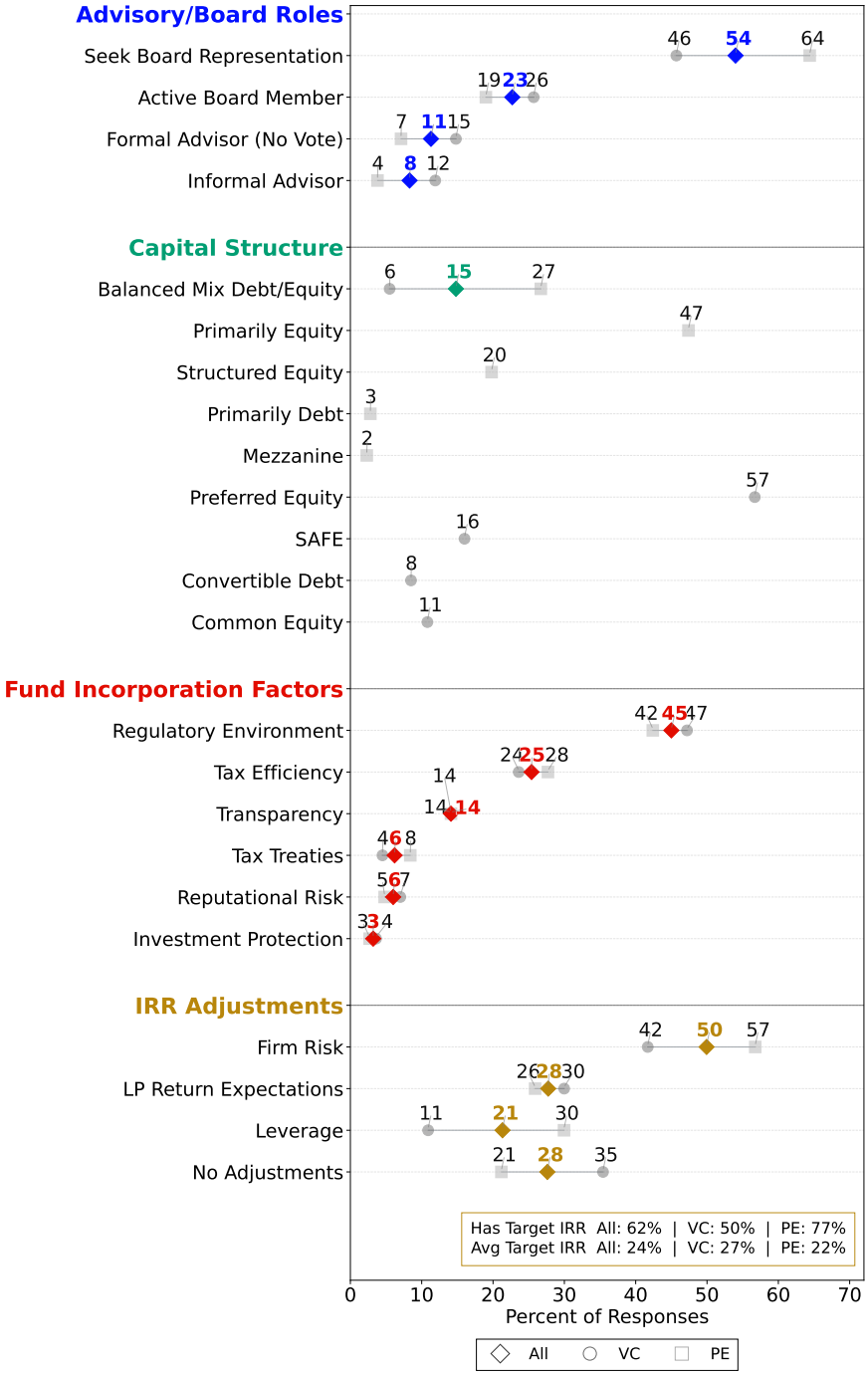


(A) Regional, Firm, and Team Factors

(B) Information, Sourcing, and Evaluation Factors

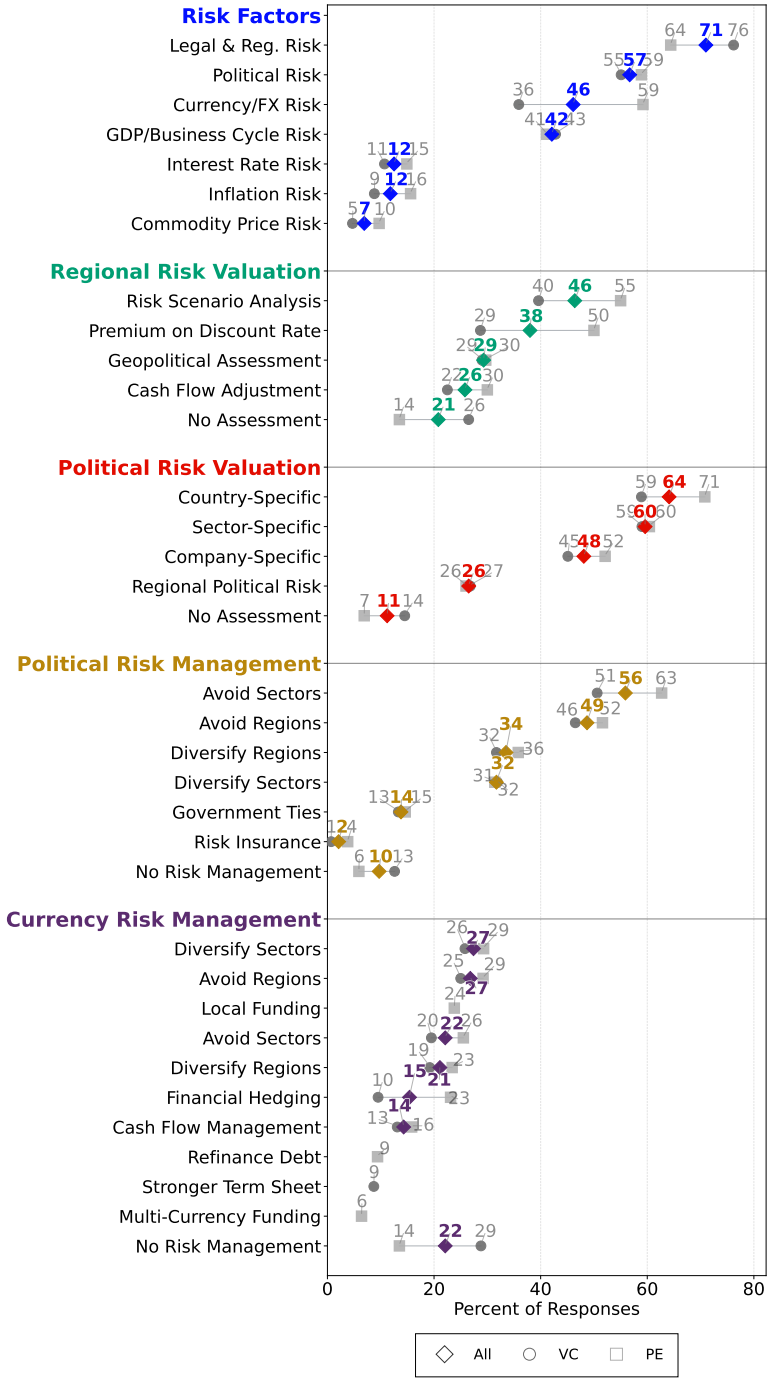
Notes: This figure shows, by investor type, the proportion of respondents selecting each option in response to a set of survey questions on deal selection (N = 1,315; PE = 576; VC = 739). In Panel A, blue markers indicate responses to the question: "What are the factors your firm considers most important 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 A8. Deal Structure



Notes: This figure shows, by investor type, the share of respondents selecting each option in survey questions on deal structure (N = 1,315; PE = 576; VC = 739). 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 A9. Risk Valuation and Management

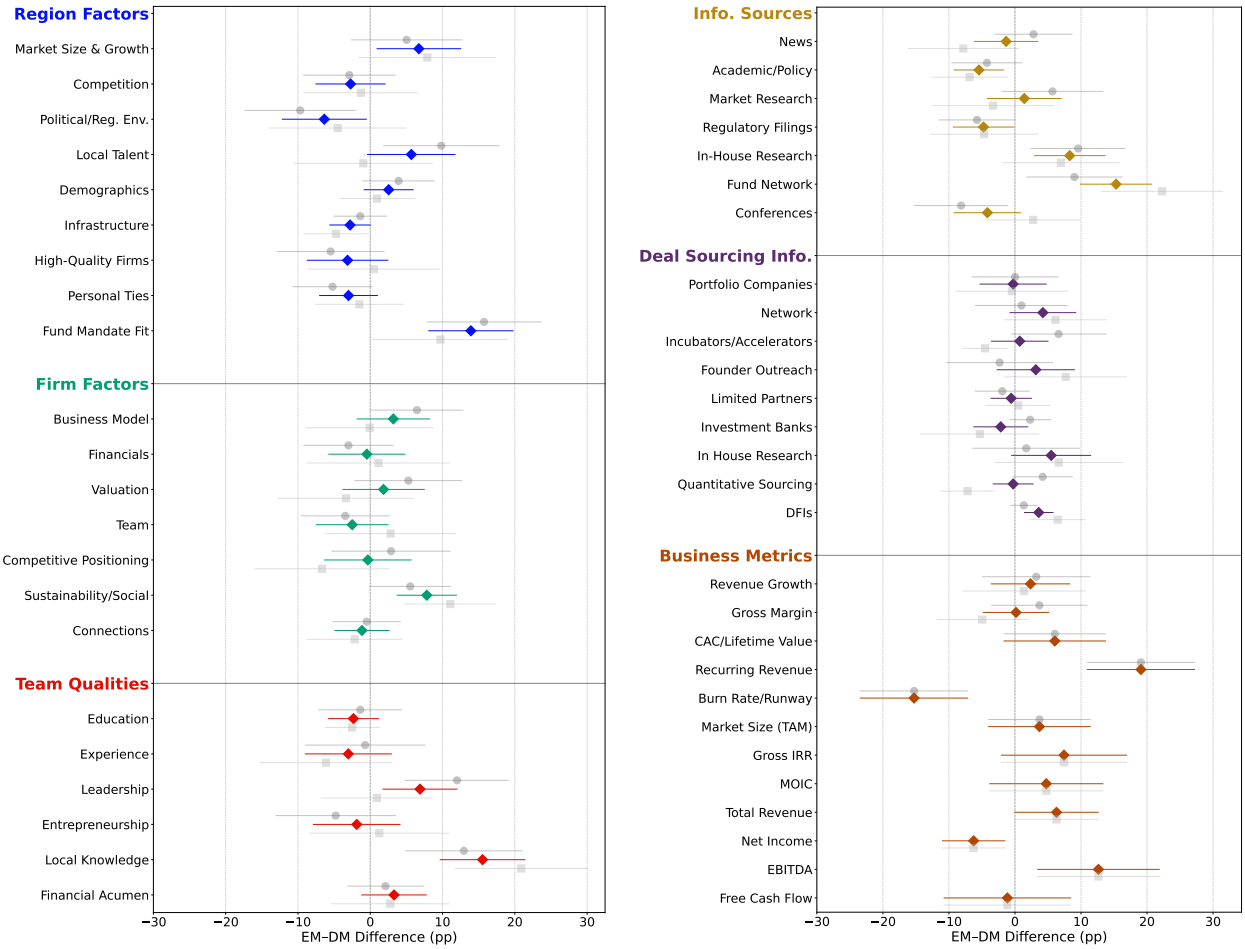


Notes: This figure shows, by investor type, the proportion of respondents selecting each option in response to a set of survey questions on risk valuation and risk management practices (N = 1,315; PE = 576; VC = 739). Blue markers reports the proportion of respondents selecting each option in response 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.

FIGURE A10. 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 = 1,315; PE = 576; VC = 739). Blue markers reports 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 A11. Are EM and DM Investors Different? Deal Selection by Investor Type

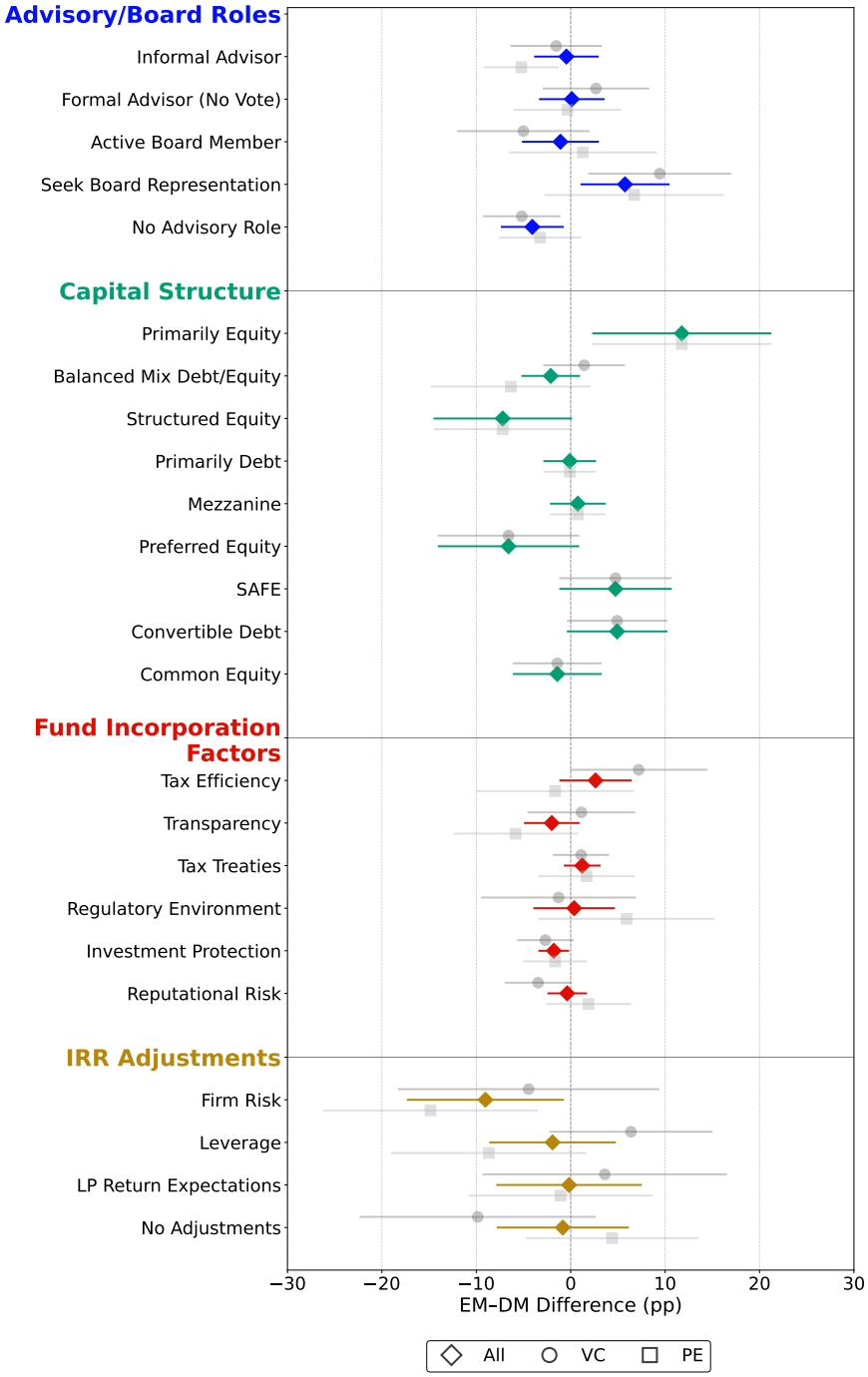


(A) Regional, Firm, and Team Factors

(B) Information, Sourcing, and Evaluation Factors

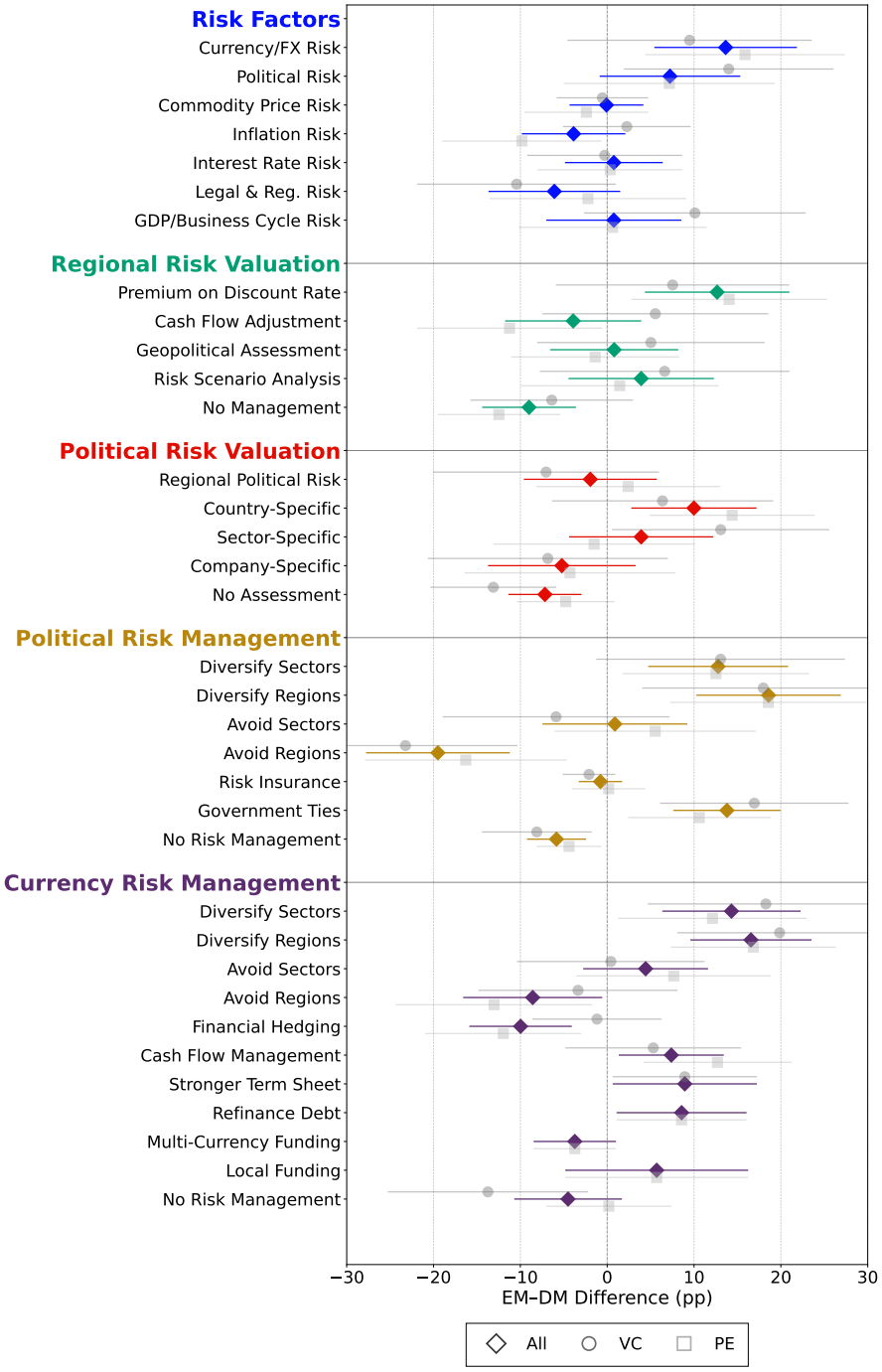
Notes: This figure shows, by investor type, the point estimates and 90% confidence intervals from OLS regressions of each survey response on an indicator for emerging market (EM) investors (N = 1,315; EM = 612; DM = 703). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and developed market (DM) investors. Control variables include fund Assets Under Management (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 A12. Are EM and DM Investors Different? Deal Structure by Investor Type



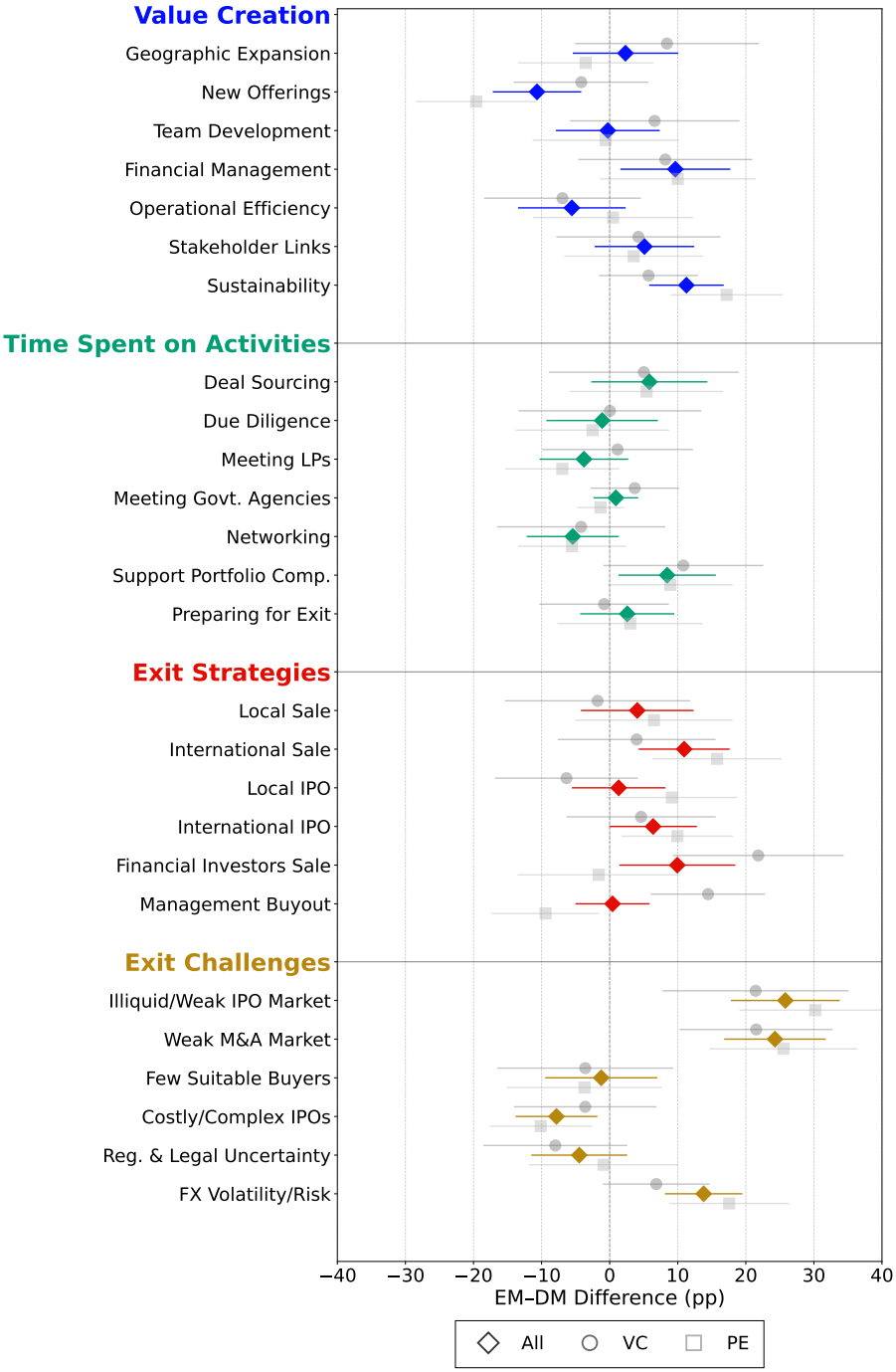
Notes: This figure shows, by investor type, the point estimates and 90% confidence intervals from OLS regressions of each survey response on an indicator for emerging market (EM) investors (N = 1,315; EM = 612; DM = 703). The regressions control for both investor and fund characteristics (Equation 5.1). Each coefficient reflects the percentage-point difference in the likelihood of selecting a given response option between EM and developed market (DM) investors. Control variables include fund Assets Under Management (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 A13. Are EM and DM Investors Different? Risk Valuation and Management by Investor Type



Notes: This figure shows, by investor type, the point estimates and 90% confidence intervals from OLS regressions of each survey response on an indicator for emerging market (EM) investors (N = 1,315; EM = 612; DM = 703). 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 developed market (DM) investors. Control variables include fund Assets Under Management (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 A14. Are EM and DM Investors Different? Operations, Value Added, and Exits by Investor Type



Notes: This figure shows, by investor type, the point estimates and 90% confidence intervals from OLS regressions of each survey response on an indicator for emerging market (EM) investors (N = 1,315; EM = 612; DM = 703). 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 developed market (DM) investors. Control variables include fund Assets Under Management (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.

TABLE A1. Summary Statistics of Respondents Matched to Pitchbook

	All		PE		VC	
	%	EM–DM	%	EM–DM	%	EM–DM
Firm Role						
Founder	22.0	3.3	16.3	5.4	26.5	2.2
Partner	10.9	-0.7	12.1	-1.0	9.9	-0.7
Managing Partner	8.5	2.0	9.8	-0.4	7.4	3.9*
Chief Executive Officer	5.8	0.6	4.5	-0.4	6.9	1.6
Other	51.5	-5.7*	55.4	-4.7	48.5	-6.9
Missing	1.3	0.5	2.0	1.0	0.7	-0.1
Total respondents	1013		448		565	
Respondent Region						
United States or Canada	18.8	-24.8***	14.1	-22.3***	22.5	-26.6***
Western Europe	26.6	-34.4***	28.3	-35.4***	25.1	-33.7***
Central or Eastern Europe	8.3	5.4***	9.2	4.4	7.6	6.0***
Sub-Saharan Africa	6.1	11.8***	8.7	14.9***	4.1	9.0***
Middle East and North Africa (MENA)	5.6	5.0***	6.0	5.5**	5.3	4.5**
Latin America (LATAM)	11.2	16.8***	9.4	13.5***	12.6	19.8***
China	2.5	2.8***	2.2	2.0	2.7	3.5**
India	5.1	10.0***	3.8	6.9***	6.2	12.9***
Rest of Asia	12.1	9.7***	12.9	15.7***	11.5	4.5
Oceania	1.4	-2.1***	2.0	-4.2***	0.9	-0.4
Missing	2.4	-0.1	3.3	-1.1	1.6	0.7
Total respondents	1013		448		565	
Firm HQ Region						
United States or Canada	3.9	-5.0***	3.4	-3.4*	4.3	-6.2***
Western Europe	6.4	-8.8***	5.2	-6.9***	7.4	-10.1***
Central or Eastern Europe	4.0	2.7**	3.1	3.3*	4.7	2.3
Sub-Saharan Africa	2.1	4.5***	2.8	5.9***	1.5	3.4***
Middle East and North Africa (MENA)	2.6	1.8*	3.9	2.9	1.7	0.8
Latin America (LATAM)	6.0	9.1***	5.4	9.2***	6.4	9.2***
China	1.7	2.1**	1.5	2.2*	1.9	2.0*
India	2.8	6.2***	2.3	4.8***	3.2	7.3***
Rest of Asia	3.4	2.6**	3.1	1.3	3.6	3.6**
Oceania	0.2	0.0	0.3	-0.5	0.2	0.4
Missing	66.8	-15.1***	69.1	-18.8***	65.1	-12.8***
Total investors	918		388		530	
Total Investments						
1–5	3.8	2.2*	3.4	1.8	4.2	2.5
6–20	10.7	10.6***	11.6	11.7***	10.0	9.7***
21–100	13.4	3.4	10.8	10.1***	15.3	-1.2
100+	5.3	-1.1	5.2	-4.8**	5.5	1.7
Missing	66.8	-15.1***	69.1	-18.8***	65.1	-12.8***
Total investors	918		388		530	
AUM						
Below 25M	2.5	3.7***	1.0	2.1**	3.6	5.1***
25–99M	4.0	2.2*	1.8	1.7	5.7	2.9
100–499M	6.3	2.8*	7.0	6.2**	5.8	0.3
500–999M	2.1	0.6	2.6	1.2	1.7	0.0
1–4.9B	2.7	1.1	4.4	1.9	1.5	0.4
5B+	1.4	-1.7**	2.8	-3.4**	0.4	-0.7
Missing	80.9	-8.7***	80.4	-9.7**	81.3	-8.0**
Total investors	918		388		530	
Preferred Investment Amount						
Less than 500k	0.0	0.0	0.0	0.0	0.0	0.0
500k-1M	2.0	0.8	0.8	1.6*	2.8	0.3
1-5M	5.8	3.0*	2.6	4.3***	8.1	2.4
5-25M	5.6	4.2***	6.7	9.8***	4.7	0.0
25M+	3.6	1.3	7.7	0.6	0.6	1.3**
Missing	83.1	-9.3***	82.2	-16.3***	83.8	-4.0
Total investors	918		388		530	
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	69.0	-15.6***	70.6	-19.7***	67.7	-12.9***
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	73.2	-16.0***	73.7	-18.4***	72.8	-14.3***
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 $N = 1013$; $PE = 565$; $VC = 448$). For each investor group—All, PE, and VC—the *%* columns report the share within each category, while the *EM–DM* columns show unconditional mean differences (in percentage points) between investors focused on emerging markets (EM) and those focused on developed markets (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, Assets Under Management (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 A2. Survey vs PitchBook: AUM Comparison

	All			PE			VC		
	Survey %	PB %	Diff	Survey %	PB %	Diff	Survey %	PB %	Diff
Less than 50M	30.7	31.9	-1.2	18.6	16.0	2.6	40.2	42.1	-1.9
50-100M	13.9	12.9	1.1	11.3	10.4	0.9	16.0	14.4	1.6
100-500M	29.9	28.0	1.9	31.4	31.0	0.4	28.7	26.0	2.7
500M-1B	10.7	9.4	1.3	14.6	12.7	1.9	7.7	7.4	0.3
1B or more	14.8	17.8	-3.0***	24.1	29.9	-5.7***	7.4	10.1	-2.7**

Notes: This table presents the distribution of investment firm-level AUM for survey participants (N = 1,315; PE = 576; VC = 739), and compares it with the distribution of venture capital and private equity GPs present in PitchBook. For each investor group—All, PE and VC—the *%* 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' Assets Under Management (AUM), in USD millions.

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 (Emerging vs. Developed Markets). The *Region Preference* column defines each investor's scope, the *EM/DM Split* column shows the proportional mix of Emerging Market (EM) and Developed Market (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

	Full sample				Full sample (> 1)	Profile Order	
Dependent Variable: *Investment Interest*	OLS (1)	OLS (2)	Ordered Probit (3)	Ordered Logit (4)	OLS (5)	First 5 (6)	Last 5 (7)
Headquartered in Developed Market	0.028	0.035	0.013	0.029	-0.026	-0.037	0.012
	(0.70)	(0.79)	(0.52)	(0.69)	(-0.55)	(-0.61)	(0.20)
Young Company	-0.016	0.029	0.015	0.036	-0.018	-0.033	0.008
	(-0.53)	(0.88)	(0.74)	(1.05)	(-0.52)	(-0.71)	(0.18)
Registered Patents	-0.085*	-0.022	-0.008	-0.009	-0.005	-0.036	-0.120*
	(-1.87)	(-0.46)	(-0.26)	(-0.17)	(-0.09)	(-0.54)	(-1.71)
Large Firm	0.033	0.005	-0.011	-0.040	0.064	0.077	0.040
	(0.88)	(0.12)	(-0.44)	(-0.95)	(1.51)	(1.43)	(0.71)
ESG Spotlight	-0.015	-0.019	-0.004	-0.006	-0.082*	-0.087	0.065
	(-0.39)	(-0.45)	(-0.15)	(-0.14)	(-1.89)	(-1.59)	(1.12)
Investment stage matched	0.111*	-0.060	-0.038	-0.074*	0.098	0.049	0.127
	(1.92)	(-1.62)	(-1.64)	(-1.93)	(1.56)	(0.59)	(1.40)
No Prior Investment Round	-0.125	-0.076	-0.056	-0.126	0.013	-0.193	-0.139
	(-1.35)	(-0.75)	(-0.87)	(-1.16)	(0.13)	(-1.51)	(-0.96)
Top Global Investors	0.086	0.087	0.031	0.062	0.114	0.027	0.256**
	(1.09)	(1.01)	(0.58)	(0.66)	(1.29)	(0.24)	(2.16)
Profitable	0.358***	0.372***	0.219***	0.367***	0.342***	0.340***	0.351***
	(10.36)	(9.88)	(9.63)	(9.39)	(9.23)	(6.71)	(6.68)
High Sales Growth	0.271***	0.255***	0.146***	0.244***	0.289***	0.328***	0.262***
	(6.28)	(5.40)	(5.12)	(4.96)	(6.21)	(4.98)	(4.16)
High Customers Growth	0.151***	0.170***	0.093***	0.150***	0.176***	0.063	0.195***
	(3.80)	(3.87)	(3.47)	(3.25)	(4.02)	(1.04)	(3.35)
High Market CAGR	0.257***	0.210***	0.120***	0.203***	0.246***	0.299***	0.267***
	(4.17)	(3.06)	(2.91)	(2.88)	(3.69)	(3.18)	(2.90)
High capital raised	-0.019	-0.012	-0.011	-0.007	-0.037	-0.016	-0.069
	(-0.30)	(-0.18)	(-0.26)	(-0.10)	(-0.52)	(-0.17)	(-0.69)
High EBITDA	0.545***	0.462***	0.266***	0.444***	0.475***	0.606***	0.467***
	(10.33)	(8.16)	(7.82)	(7.51)	(8.02)	(7.54)	(5.99)
High Inflation	-0.062	-0.061	-0.053**	-0.094**	-0.010	-0.042	-0.119**
	(-1.64)	(-1.48)	(-2.27)	(-2.36)	(-0.23)	(-0.74)	(-2.10)
High Unemployment rate	-0.051	-0.090**	-0.106***	-0.182***	-0.035	-0.039	-0.036
	(-1.37)	(-2.23)	(-4.55)	(-4.65)	(-0.82)	(-0.72)	(-0.63)
High Political Risk Rating	-0.081	-0.058	-0.039	-0.066	-0.084	0.005	-0.164**
	(-1.63)	(-1.07)	(-1.21)	(-1.21)	(-1.47)	(0.07)	(-2.11)
High Currency Risk Rating	-0.069	-0.045	-0.043	-0.057	-0.033	-0.112	0.017
	(-1.43)	(-0.87)	(-1.40)	(-1.11)	(-0.60)	(-1.58)	(0.23)
High Country Risk Rating	-0.144***	-0.149**	-0.092***	-0.141**	-0.138**	-0.151*	-0.134
	(-2.65)	(-2.55)	(-2.59)	(-2.35)	(-2.20)	(-1.92)	(-1.59)
High IP Protection	0.185***	0.101**	0.103***	0.171***	0.181***	0.275***	0.160***
	(4.57)	(2.26)	(4.30)	(4.18)	(4.10)	(4.58)	(2.68)
Low GDP Growth	-0.012	0.031	0.005	0.020	-0.024	0.048	-0.003
	(-0.24)	(0.56)	(0.15)	(0.36)	(-0.41)	(0.60)	(-0.04)
Global Talent Team	0.017	0.011	0.016	0.012	0.037	-0.054	0.068
	(0.54)	(0.31)	(0.73)	(0.33)	(1.05)	(-1.15)	(1.43)
Women-Led Team	-0.062**	-0.040	-0.024	-0.040	-0.045	-0.021	-0.091**
	(-2.09)	(-1.24)	(-1.21)	(-1.17)	(-1.34)	(-0.47)	(-2.04)
Politically Connected Team	0.054	0.101*	0.054*	0.080	0.056	0.071	0.026
	(1.13)	(1.94)	(1.69)	(1.49)	(1.04)	(1.00)	(0.36)
Serial Founders Team	0.120***	0.113***	0.064***	0.115***	0.119***	0.066	0.114**
	(3.57)	(3.09)	(2.84)	(3.00)	(3.21)	(1.32)	(2.29)
Long-Standing Experience in Sector	0.029	0.037	0.019	0.026	0.066	0.013	0.053
	(0.70)	(0.82)	(0.70)	(0.55)	(1.42)	(0.21)	(0.84)
Board Presence	0.171***	0.172***	0.098***	0.170***	0.141***	0.110**	0.206***
	(4.70)	(4.36)	(4.08)	(4.14)	(3.45)	(2.03)	(3.79)
Equity-Centered Deal	0.041	0.052	0.038	0.057	0.031	-0.033	0.077
	(1.15)	(1.34)	(1.59)	(1.44)	(0.75)	(-0.64)	(1.41)
Institutional or other ownership	-0.038	-0.022	-0.011	-0.021	-0.018	-0.008	-0.070
	(-0.57)	(-0.32)	(-0.26)	(-0.28)	(-0.24)	(-0.08)	(-0.70)
Founder or family ownership	0.045	-0.032	-0.023	-0.048	0.049	-0.030	0.121
	(0.77)	(-0.54)	(-0.61)	(-0.75)	(0.71)	(-0.34)	(1.41)
Use of Proceeds: WC and Growth	0.022	0.021	0.007	0.016	0.091***	-0.000	0.060
	(0.76)	(0.65)	(0.34)	(0.48)	(2.75)	(-0.01)	(1.38)
Strong investor protections	0.164***	0.210***	0.117***	0.188***	0.265***	0.195**	0.139
	(2.76)	(3.29)	(3.00)	(2.77)	(3.99)	(2.14)	(1.59)
Observations	13,140	13,140	13,150	13,150	8,730	6,570	6,570
Unique Investors	1314	1314	1315	1315	1262	1314	1314
Investor FEs	Yes	No	No	No	Yes	Yes	Yes
Region FE	Yes	Yes	No	No	Yes	Yes	Yes
Section Order FE	No	Yes	No	No	No	No	No
R^2	0.405	0.126	-	-	0.326	0.471	0.486
Adjusted R^2	0.337	0.123	-	-	0.208	0.334	0.352

Notes: This table reports 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. Columns (1), (2) (3) and (4) show results for the full sample: Column (1) includes individual and region fixed effects, Column (2) includes region and section-order fixed effects, while Columns (3) and (4) report the baseline regression estimated using an ordered probit and an ordered logit model, respectively, without including fixed effects. Column (5) presents results for investors with interest > 1. Columns (6) and (7) separate the sample by profile order: the first five profiles (Column 6) versus the last five profiles (Column 7), both including individual and region fixed effects. Robust standard errors are reported in parentheses. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

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	12.7***	7.5	8.5*	8.6	17.8***	0.5
Competition	1.0	2.2	0.2	2.2	1.9	-0.6
Political/Reg. Env.	-10.3***	-7.3	-9.0*	-4.9	-13.4***	-11.1
Local Talent	0.1	6.6	-3.9	3.8	6.8	12.1
Demographics	6.0***	-0.0	5.1*	-4.1	6.8**	4.3
Infrastructure	-0.7	-3.4	-1.1	-3.3	-0.3	-1.9
High-Quality Firms	-6.0*	-4.9	-4.2	-2.5	-8.5*	-4.1
Personal Ties	-4.3**	-2.3	-1.9	-1.3	-7.3**	-3.6
Fund Mandate Fit	5.9*	10.5**	4.2	0.0	7.6	20.2**
Other Regional	2.6*	0.8	4.0**	1.2	1.3	0.5
Firm Factors						
Business Model	-1.2	-2.6	-5.6	-4.8	4.7	1.7
Financials	-3.5	-4.0	-6.9	-3.1	-2.5	-6.9
Valuation	4.2	0.5	1.8	0.9	4.9	-0.5
Team	1.6	1.5	6.9	8.7	-1.6	-2.5
Competitive Positioning	-3.1	1.1	-6.2	-13.5**	0.8	13.8
Sustainability/Social	5.5**	7.9**	7.4**	13.3***	3.1	4.7
Connections	1.0	1.6	2.5	3.8	-0.8	0.9
Other Firm	-0.8	-1.3	1.1	-0.8	-2.5	-3.7
Team Qualities						
Education	-3.3*	-2.7	-1.4	-0.1	-4.4	-1.5
Experience	-11.1***	-8.6*	-11.8**	-9.2	-8.8*	-9.2
Leadership	4.2	4.2	-3.9	-2.4	13.4***	9.4
Entrepreneurship	-3.6	-0.3	6.3	-1.1	-14.5***	-0.8
Local Knowledge	26.2***	22.6***	22.4***	26.1***	29.6***	22.4***
Financial Acumen	3.3	4.1	-0.1	6.1	6.0*	4.0
Other Team	-0.2	-2.9	-0.6	-2.5	0.2	-3.1

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	-0.2	0.7	-3.0	-9.1	2.2	5.0
Academic/Policy	-0.2	-5.7*	-0.4	-4.6	0.4	-5.3
Market Research	-2.5	0.9	-7.8*	-4.5	0.7	6.4
Regulatory Filings	-0.1	-6.2	-0.7	-8.9	0.2	-1.5
In-House Research	8.2***	7.0	7.0*	6.3	9.9**	5.3
Fund Network	8.8***	14.6***	14.0***	18.1***	4.4	8.8
Conferences	-7.2***	-4.6	-3.8	3.7	-9.9**	-11.3
Other Info. Sources	1.9	1.9	0.6	0.4	3.5	6.0*
Deal Sourcing Info.						
Portfolio Companies	0.8	1.2	-1.9	-0.8	4.2	6.2
Network	3.1	6.8	5.3	7.5	-0.4	6.6
Incubators/Accelerators	-4.3*	-3.8	-0.4	-1.7	-6.0	-1.2
Founder Outreach	8.2**	1.3	15.4***	8.0	0.7	-8.7
Limited Partners	1.9	1.6	-0.6	1.2	5.2*	1.0
Other VC/PE Firms	-8.7***	-2.8	0.8	-1.5	-16.0***	-6.6
Investment Banks	-5.2	-8.6**	-15.0***	-13.6*	1.3	-1.2
In House Research	11.4***	6.5	13.1***	13.2*	8.0	-8.5
Quantitative Sourcing	-2.3	0.4	-6.9***	-8.8***	3.6	8.2
DFIs	2.4***	3.0	2.8**	3.9	1.7*	2.4
Other Deal Sourcing	-2.0	-1.4	-1.9	0.3	-2.1	-1.9
Business Metrics						
Revenue Growth	-1.8	-3.4	5.6	8.7	-9.5*	-20.5**
Gross Margin	6.1**	-0.8	-2.4	-6.1	18.1***	2.9
CAC/Lifetime Value	6.7	16.1**			6.7	16.1**
Recurring Revenue	6.4	19.9**			6.4	19.9**
Burn Rate/Runway	-13.7***	-9.8			-13.7***	-9.8
Market Size (TAM)	6.0	2.5			6.0	2.5
Gross IRR	4.9	9.6	4.9	9.6		
MOIC	-2.9	5.8	-2.9	5.8		
Total Revenue	2.4	7.7	2.4	7.7		
Net Income	3.0	-2.7	3.0	-2.7		
EBITDA	10.3**	14.8**	10.3**	14.8**		
Free Cash Flow	-8.5*	-5.3	-8.5*	-5.3		
Other Metrics	-1.1	-0.2	-1.3	-1.0	-0.2	-1.0

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**	$\hat{\beta}$
Advisory/Board Roles						
No Advisory Role	-1.5	-2.0	-2.8*	-1.7	0.2	-1.6
Informal Advisor	-0.4	-1.6	-3.3**	-3.1	3.6	-1.3
Formal Advisor (No Vote)	0.6	3.8	2.9	5.7*	-1.1	-0.9
Active Board Member	-1.2	-4.6	4.6	-4.7	-7.1	-10.4
Seek Board Representation	3.6	4.0	2.5	3.6	2.8	13.3*
Other Role	-1.1	0.4	-3.9	0.2	1.7	1.0
Capital Structure						
Primarily Equity	13.2***	12.4*	13.2***	12.4*		
Balanced Mix Debt/Equity	-3.7	-2.8	-12.7***	-6.6	4.5**	2.8
Structured Equity	-1.5	-7.9	-1.5	-7.9		
Primarily Debt	-1.7	-0.2	-1.7	-0.2		
Mezzanine	2.0*	2.6	2.0*	2.6		
Preferred Equity	-17.4***	-18.6***			-17.4***	-18.6***
SAFE	7.2*	10.3*			7.2*	10.3*
Convertible Debt	7.9***	1.6			7.9***	1.6
Common Equity	-1.8	5.3			-1.8	5.3
Other	0.2	-1.0	0.8	-0.4	-0.5	-1.3
Fund Incorporation Factors						
Tax Efficiency	3.3	7.4*	0.4	3.8	6.3	12.2*
Transparency	-5.2**	-7.3**	-6.4**	-9.8**	-3.9	-1.8
Tax Treaties	5.2***	1.3	5.4**	-1.9	4.5**	3.2
Regulatory Environment	-3.0	-2.3	-2.1	3.6	-3.9	-6.9
Investment Protection	-0.7	-2.7	-0.3	-1.8	-0.9	-2.5
Reputational Risk	-0.9	2.0	1.3	5.6**	-3.0	-2.7
Other Reason	1.2	1.6	1.7	0.4	1.0	-1.5
IRR Adjustments						
Firm Risk	-1.6	-9.0*	-2.5	-14.9**	-2.2	-4.5
Leverage	2.6	-1.9	-2.9	-8.7	7.0**	6.4
LP Return Expectations	3.1	-0.2	2.3	-1.1	4.4	3.6
No Adjustments	-4.6	-0.8	-0.9	4.4	-7.4	-9.8
Other Adjustment	1.6	2.3	1.0	0.4	2.4	3.6

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	18.7***	13.6***	22.9***	15.9**	11.4**	9.5
Political Risk	3.5	7.2	-0.7	7.2	8.1	14.0*
Commodity Price Risk	-0.3	-0.1	-1.1	-2.4	0.2	-0.6
Inflation Risk	-3.4	-3.9	-5.8*	-9.8*	-1.3	2.3
Interest Rate Risk	1.2	0.8	0.7	0.3	1.6	-0.3
Legal & Reg. Risk	-6.1*	-6.1	-6.2	-2.2	-4.7	-10.4
GDP/Business Cycle Risk	-1.3	0.8	-8.1*	0.6	7.1	10.1
Regional Risk Valuation						
Premium on Discount Rate	18.6***	12.7**	19.6***	14.0**	15.5***	7.5
Cash Flow Adjustment	4.5	-3.9	2.1	-11.2*	6.9	5.5
Geopolitical Assessment	-1.6	0.8	-5.3	-1.4	2.7	5.0
Risk Scenario Analysis	6.8*	3.9	4.9	1.4	7.8	6.6
No Management	-10.2***	-9.0***	-10.4***	-12.5***	-9.0**	-6.4
Other Risk Management	-1.3	-1.8	-1.4	-3.3	-0.9	-2.0
Political Risk Valuation						
Regional Political Risk	-2.4	-1.9	-3.3	2.4	-1.1	-7.0
Country-Specific	11.8***	10.0**	11.7***	14.4**	10.5**	6.4
Sector-Specific	5.4	3.9	1.5	-1.5	10.0**	13.1*
Company-Specific	-2.6	-5.2	-2.1	-4.3	-4.3	-6.8
Other Political Risk	0.2	1.3	-0.6	1.2	1.1	0.2
No Assessment	-7.3***	-7.2***	-6.4***	-4.8	-7.8**	-13.1***
Political Risk Management						
Diversify Sectors	11.3***	12.8***	15.0***	12.5*	7.4	13.1
Diversify Regions	7.2**	18.6***	6.2	18.6***	8.4*	18.0**
Avoid Sectors	8.1**	0.9	4.9	5.5	10.8**	-5.9
Avoid Regions	-18.1***	-19.5***	-20.2***	-16.3**	-16.9***	-23.2***
Risk Insurance	0.4	-0.8	0.4	0.2	0.0	-2.1
Government Ties	12.4***	13.8***	10.1***	10.6**	15.3***	16.9**
No Risk Management	-5.9***	-5.8***	-3.9**	-4.4*	-7.8**	-8.1**
Other Risk Management	1.1	1.2	1.2	0.6	1.2	0.1
Currency Risk Management						
Diversify Sectors	10.4***	14.3***	11.1**	12.1*	9.2**	18.3**
Diversify Regions	21.0***	16.6***	22.5***	16.8***	18.7***	19.9***
Avoid Sectors	8.9***	4.4	10.1**	7.7	6.7	0.4
Avoid Regions	-9.5***	-8.6*	-14.4***	-13.0*	-4.6	-3.4
Financial Hedging	-10.2***	-10.0***	-17.5***	-12.0**	-2.9	-1.2
Cash Flow Management	9.2***	7.4**	11.3***	12.7**	6.6*	5.3
Stronger Term Sheet	9.6***	8.9*			9.6***	8.9*
Refinance Debt	9.3***	8.6*	9.3***	8.6*		
Multi-Currency Funding	-4.3*	-3.7	-4.3*	-3.7		
Local Funding	8.6**	5.7	8.6**	5.7		
Other Risk Management	5.3***	4.1*	7.9***	6.2*	1.8	1.9
No Risk Management	-6.9**	-4.5	-2.3	0.2	-11.0**	-13.7**

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	-0.2	2.3	-3.7	-3.5	5.0	8.4
New Offerings	-7.1**	-10.7***	-11.6***	-19.6***	-2.0	-4.2
Team Development	0.7	-0.3	0.9	-0.6	-0.2	6.6
Financial Management	12.5***	9.6**	6.5	10.0	18.3***	8.2
Operational Efficiency	-2.0	-5.6	0.2	0.5	-6.6	-6.9
Stakeholder Links	5.8*	5.1	8.6**	3.5	7.7	4.2
Sustainability	7.8***	11.3***	11.6***	17.2***	2.5	5.7
Other Activity	0.7	1.3	0.6	1.7	0.7	-2.1
Time Spent on Activities						
Deal Sourcing	1.8	5.8	-3.6	5.4	7.0	5.0
Due Diligence	-6.4*	-1.1	-8.4*	-2.5	-4.4	0.0
Meeting LPs	-3.8	-3.8	-7.1**	-7.0	0.7	1.2
Meeting Govt. Agencies	2.2*	0.9	0.9	-1.4	4.0**	3.7
Networking	-3.2	-5.4	-2.7	-5.5	-1.6	-4.2
Support Portfolio Comp.	7.8***	8.4*	10.3***	8.9	4.6	10.8
Preparing for Exit	9.9***	2.6	13.8***	3.0	3.9	-0.8
Other Activity	-0.1	1.4	-1.2	1.1	1.2	0.2
Exit Strategies						
Local Sale	5.0	4.1	7.6	6.5	0.8	-1.8
International Sale	3.3	10.9***	8.1*	15.8***	-2.3	4.0
Local IPO	7.4**	1.3	15.1***	9.1	-1.4	-6.3
International IPO	0.5	6.4	3.7	10.0**	-1.8	4.6
Financial Investors Sale	8.7**	9.9*	-4.3	-1.6	23.4***	21.8***
Management Buyout	2.8	0.4	-4.1	-9.4**	10.8***	14.4***
Other	0.2	-0.7	1.5	0.7	-1.5	-2.1
Exit Challenges						
Illiquid/Weak IPO Market	29.0***	25.8***	34.2***	30.2***	23.9***	21.4***
Weak M&A Market	22.7***	24.3***	25.9***	25.5***	21.2***	21.5***
Few Suitable Buyers	-4.8	-1.2	-6.3	-3.7	-3.6	-3.6
Costly/Complex IPOs	-7.2***	-7.8**	-8.0***	-10.1**	-5.3	-3.6
Reg. & Legal Uncertainty	-3.8	-4.5	-3.6	-0.9	-4.8	-8.0
FX Volatility/Risk	15.4***	13.8***	18.9***	17.5***	10.2***	6.8
Other	-6.2***	-7.6***	-6.7***	-8.3***	-5.7**	-5.9

Notes: This table compares emerging market (EM) and developed market (DM) investors based on responses to selected survey questions (N = 1,315; *EM investor* = 612; *DM investor* = 703). 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. The sample includes only investors who invest exclusively or primarily in either EM or DM markets. All coefficients are expressed in percentage points. Statistical significance is denoted at the 1% (***), 5% (**), and 10% (*) levels.