

2026 Search Fund Study

Selected Observations

This study tracks the activity and returns of 862 core search funds launched since 1984, representing 99% of known search funds in the United States and Canada. The inaugural study, 30 years ago, documented a new entrepreneurial model, pioneered by Professor Irv Grousbeck and three students.¹ It examined thirteen search funds—a small but promising group of entrepreneurs that raised capital to find, acquire, and lead a company.² Since then, Stanford has published this study biennially to track and learn from those endeavors. This study serves the search fund community, which is built on mentorship and shared learning among current searchers, CEOs past and present, and their investors, advisors, and educators.

Lecturer Peter Kelly, Professor Stefanos Zenios, and Dom Ng, Associate Director, Search Fund Project at the Stanford Graduate School of Business Grousbeck-Holloway Center for Entrepreneurial Studies, conducted this study. This publication is for educational purposes only and may be shared accordingly, but not stored on external websites or other learning management systems. Otherwise, no part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the written permission of the Stanford Graduate School of Business. If you are a copyright holder and have concerns, please contact the Case Writing team at businesscases@stanford.edu or write to the Case Writing team, Stanford Graduate School of Business, Knight Management Center, 655 Knight Way, Stanford University, Stanford, CA 94305-5015.

1 Kirk Riedinger, Jim Southern, and Jamie Turner.

2 The Search Fund Primer provides details on each phase and serves as a practical guide for prospective searchers (2026, [A Primer on Search Funds](#)).

Executive Summary

This year's study includes 862 core search funds and, for the first time, analyzes 67 long duration enterprises (LDEs), also known as committed capital vehicles or long-term holds.

The current study builds on insights from previous editions. For example, the acquisition rates for the most recent cohorts of searchers have declined from prior cohorts, and the study discusses likely reasons. Acquisitions of companies peaked in 2021 and declined year-over-year through 2024, although modest upticks in acquisitions and exits in 2025 suggest improving search and operating results.

Returns from investing in search funds, this study's focus, have remained fairly consistent. As of December 31, 2025, all search funds generated an aggregate IRR of 33.9% and an ROI of 4.75x – IRR declined slightly between the 2024 and 2026 studies (from 35.1% to 33.9%) and ROI rose modestly (from 4.5x to 4.75x). Similar to other asset classes, top performers have an outsized impact on mean returns, and the study identifies attributes linked to the best returns.

The report introduces data on 67 LDEs, a growing form of entrepreneurship through acquisition. We examine how many of these funds have launched and how entrepreneurs are faring in raising capital and acquiring companies.

Study Background and Methodology

The study includes core search funds started in the United States and Canada that were led by a first-time search entrepreneur and funded in the search phase by multiple investors. This year's study covers search funds launched between January 1, 1984 and December 31, 2025, and encompasses nearly all of the search funds that we identified.

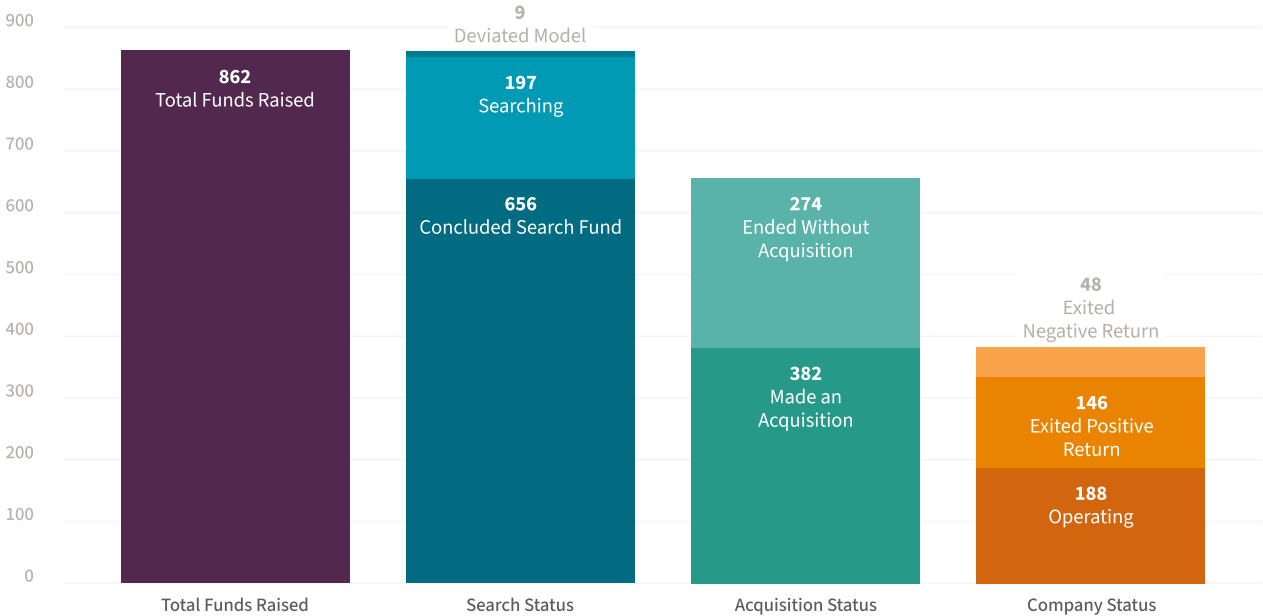
Our research process aims to gather a comprehensive dataset of search funds. We identify new search funds through investors and online searches; for this edition, we reviewed over 800 potential new core search funds from 2024-25 and confirmed 181 new qualifying core search funds. We then contacted both newly formed funds and those still active from prior studies, gathering data through questionnaires and interviews. Entrepreneurs self-report fund details, acquisitions, and outcomes. For outliers, we seek multiple data points wherever possible.³ When a CEO cannot be reached, we seek updates from others familiar with the company. Through these methods, we've captured updated outcomes for 97% of known search funds.

The search fund ecosystem encompasses a wide variety of pathways and outcomes. Given this diversity, we present trends and patterns observed in the data without limiting our analysis to those that meet conventional thresholds of statistical significance.

³ In prior studies, when we compared operating returns to eventual exits, operating entrepreneurs tended to understate their performance (a trend noted in an unrelated study at Stanford). However, as the number of entrepreneurs grows, this pattern could shift in current and future studies.

The current study covers a total of 862 known core search funds, including those who are actively searching, who have closed their search without an acquisition, who are operating their company, and who have exited, either for a gain or loss. The small number of funds that have deviated from this structure are denoted below but not included in the analysis.

Figure A | All Search Funds by Status

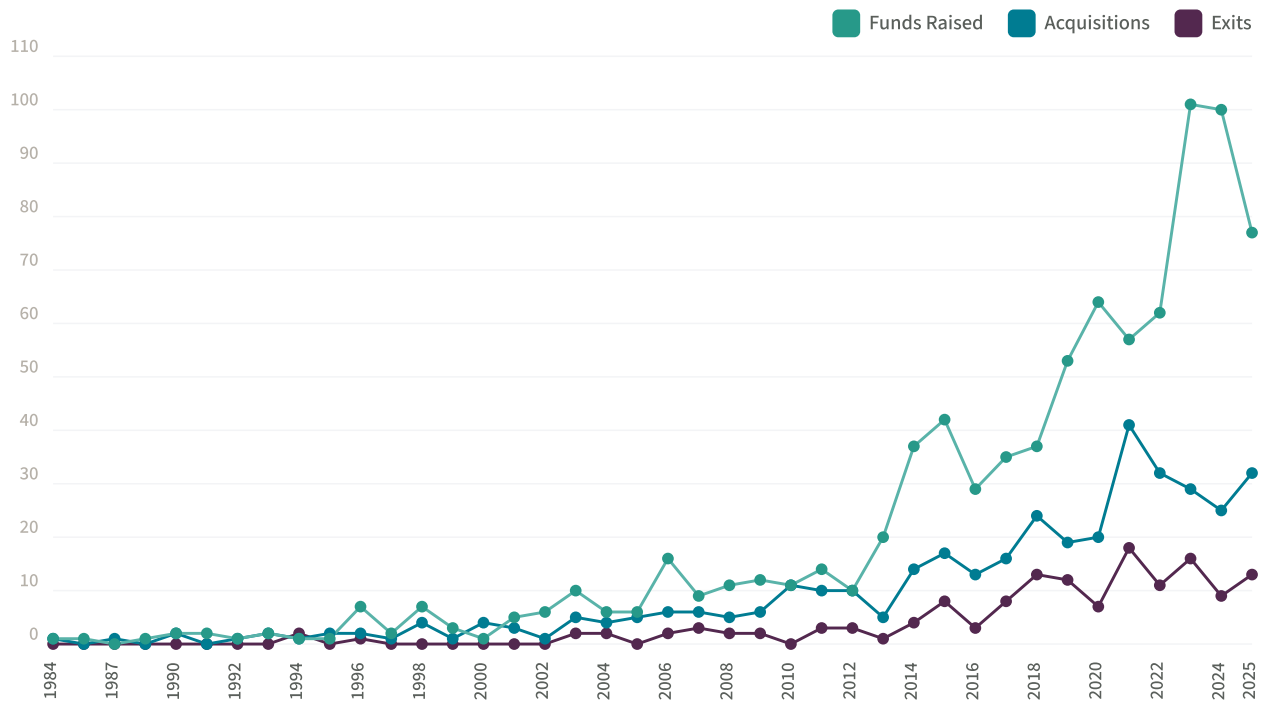


The scope and the long duration of this study, combined with our qualifying criteria, mean that findings reflect the overall market but may vary from the experience of an individual investor or investor group. In particular, we note that funds returning 10 times or more raised mean returns significantly. We aim to provide insights into patterns and trends rather than predict outcomes for current or future funds.

New Search Funds

The number of search funds and investors has grown significantly in recent years. The number of newly launched core search funds peaked in 2023 and remained at historically high levels in 2024 and 2025. This growth extended beyond core search funds—since 2024, 42 LDEs formed, reflecting growing entrepreneur and investor interest in alternative search fund models.

Figure B | Search Fund by Activity Year



The typical core searcher profile remained consistent with recent cohorts. In 2024-25, the median age of a new searcher was 32 years, and most searchers (80%) held an MBA and began their search one year after graduation. Women accounted for 14% of new searchers, a slight decline from 2022-23 (17%). **Exhibit 1.** Just over a third of funds had partnered searchers, historically associated with higher likelihood to acquire and an increase from 19% in 2022-23. **Exhibit 3.**

Searchers’ prior professional backgrounds continued to cluster in three areas: management consulting (19%), private equity (18%), and investment banking or finance (15%). Additionally, the ethnic backgrounds of searchers continue to broaden with 47% identifying as Asian, Black, Hispanic / Latino, and Other. **Exhibits 1 and 2.**

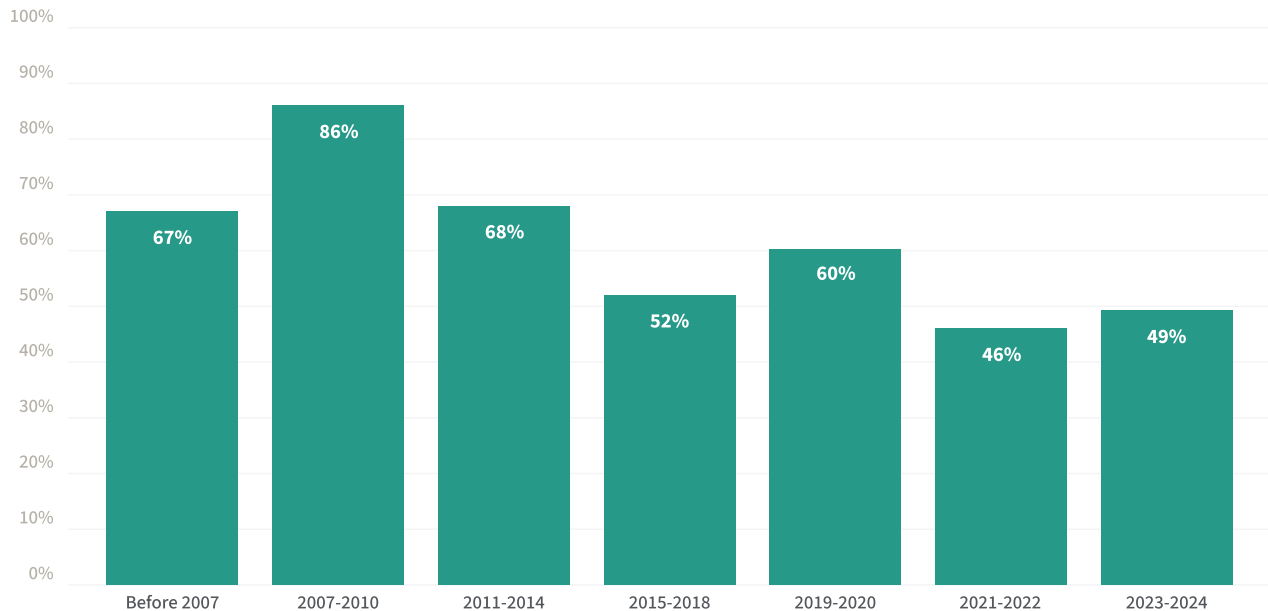
As more business schools offer specialized courses in search funds (also known as entrepreneurship through acquisition, or ETA), more entrepreneurs begin searches prepared with coursework. Among the most recent cohort, 61% took an ETA-related course—up from 48% in 2022-23 and 37% in 2020-21. **Exhibit 1.**

The time to complete fundraising has changed little in recent years although the amount of money raised continues to grow. Searchers in the most recent cohort typically took three months to raise a median of \$550,000 per principal (a 10% increase from 2022-23), with a median of 13 investors, continuing a trend of fewer investors than the 15-16 in earlier cohorts. **Exhibit 3.**

Acquisition Rates

The overall acquisition rate for all search funds that have concluded stands at 58%. For funds that started between 2021-24 and concluded in either an acquisition or fund closure, that rate was 48%. In other words, roughly half of recent searchers acquired a company.

Figure C | Acquisition Rate of Concluded Funds by Year of Fund Launch (n=654)⁴



*Note: acquisition rate is calculated as a percentage of concluded searches.
The two most recent cohorts are partially complete: 2021-22 (96% concluded) and 2023-24 (42% concluded).*

We attribute this to two factors: less-favorable market conditions (including increased competition) and a wider range of preparedness among entrepreneurs as search funds have grown more popular.

Market Conditions

Acquisition rates have varied substantially across time. They peaked among searchers who started in 2007-10, during the Great Financial Crisis, when acquisition rates averaged 86%.

During this period, both market dynamics and searcher characteristics aligned favorably. Searchers in 2008-09 had a median of four years of post-MBA experience—the highest of any cohort—and 64% searched with a partner, also the highest rate. Despite raising less search capital per partner than any other cohort (median \$262,000), they acquired companies in the shortest time (median 14 months), at the lowest EBITDA multiple (median 4.9x), and the lowest purchase price (median \$6.5M). **Exhibits 1-4.**

We observed a similar, though less pronounced, pattern in 2020-21, during the Covid-19 pandemic, when the median search length declined and the percentage of partnered searches increased relative to surrounding cohorts.

⁴ Two historical funds omitted due to incomplete fundraise, closure, or acquisition dates.

To estimate the impact of market factors, we controlled for searcher preparedness using the MBA program as a proxy. The findings suggest that market conditions account for roughly half of the decline in acquisition rates in recent years. Searchers from our two “control” MBA programs—those with the most searchers historically—experienced a 9% relative decline in acquisition rates between the 2019-20 cohort and the 2023-24 cohort, compared to an 18% relative decline among all searchers during the same period.

Variables Associated with Acquiring

Searchers who acquired in 2024-25 signed on average 2.5 letters of intent (LOI), the first of which was signed, on average, seven months into the search. A variety of reasons were reported for unsuccessful LOIs, with “discovery in due diligence” cited most often (79% of respondents), followed by valuation differences with the seller (45% of respondents), and lack of investor support (40% of respondents).

Among recent searchers who launched their funds from 2021-24, several factors were correlated with higher acquisition rates:

- Post-graduation experience: Searchers with more than two years of post-graduation experience acquired at a 55% rate, compared to 40% for those with one year or less.
- Partnership structure: Partnered searches acquired at a rate of 58% from 2021-24, while solo searchers acquired at a rate of 43%.
- Early momentum: Searchers who signed a LOI within the first six months acquired at a 74% rate and those who signed within the first 12 months acquired at a 65% rate. (The overall acquisition rate for this cohort was 48%.)

Even with the challenges of the current market, these trends suggest that experience, partnership dynamics, and early traction remain important factors in acquiring a company.

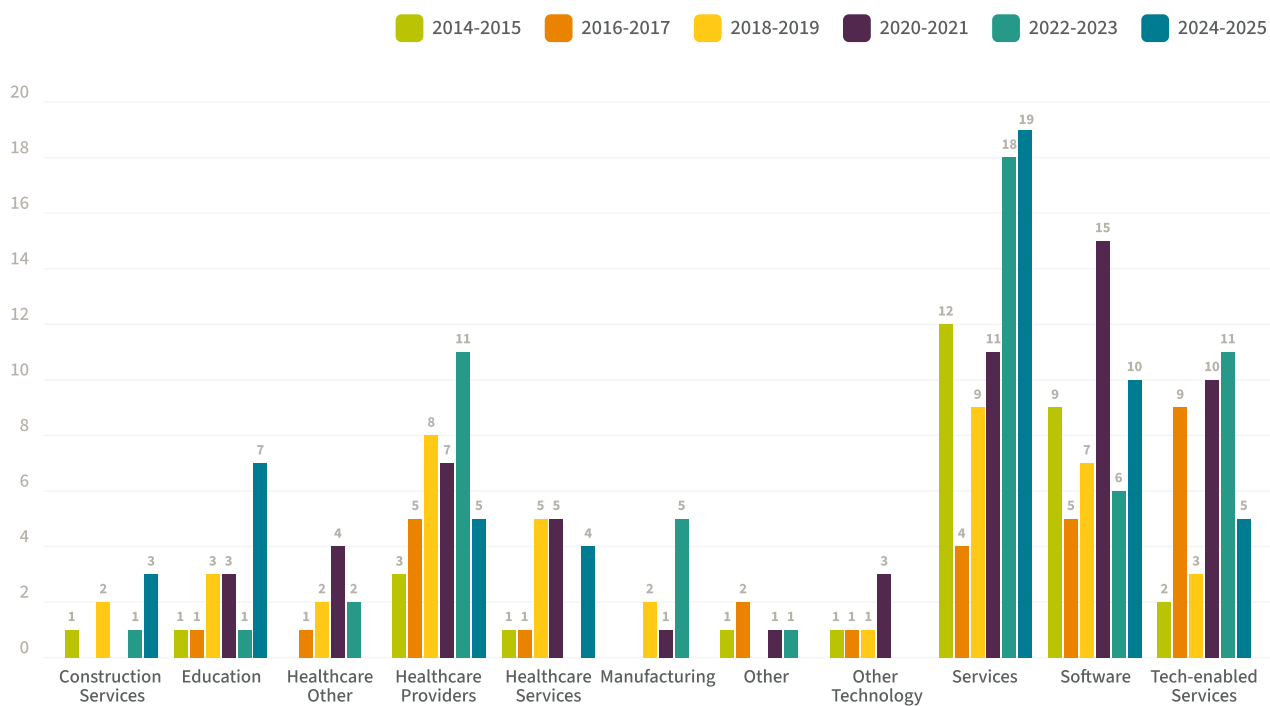
Acquired Companies and Returns

Among companies acquired since 2020, the median search fund acquired a company after 20 months of searching. That company typically had a 25% EBITDA margin, 30-40 employees, and was purchased for 6-7x EBITDA. **Exhibit 4.**

The most recent cohort (2024-25) largely followed these patterns. Although purchase prices increased to a median of \$16.0M (the second-highest on record), the EBITDA multiple paid fell to 6.2x (from around 7x in the two prior cohorts). CEO median 1st year base compensation was \$208,000. **Exhibit 4.**

The industries searchers targeted remained consistent with prior years. Services continued to be the most popular, followed by software. Education—particularly credentialing and vocational training—saw its highest-ever number of acquisitions. Tech-enabled services and healthcare remained popular as well.

Figure D | Industries of Acquired Companies (n=271)



Similar to prior years, most searchers (52%) acquire companies in the same state or region where they conduct their search. **Exhibit 5.** The top locations in 2024-25 largely mirrored past cohorts - California and Texas tied for the most new acquisitions, followed by Florida, Ontario, Alberta, Arizona, Massachusetts, and New York. Notably, Alberta had three acquisitions since 2024, whereas previously it only had one. **Exhibit 6.**

For all search funds, aggregate IRR was 33.9% and ROI was 4.75x as of December 31, 2025.⁵ These figures include companies still operating, those that exited (both at a gain and loss), and funds that closed without an acquisition. Notably, IRR declined slightly between the 2024 and 2026 studies (from 35.1% to 33.9%) but ROI rose modestly (from 4.5x to 4.75x) because CEOs held companies longer.

⁵ Returns reflect aggregate cash flows from all investor contributions and distributions across funds, not an average of individual fund-level returns. See Appendix A for a description of returns methodology.

Figure E | Aggregate Search Fund IRR (2013-26)

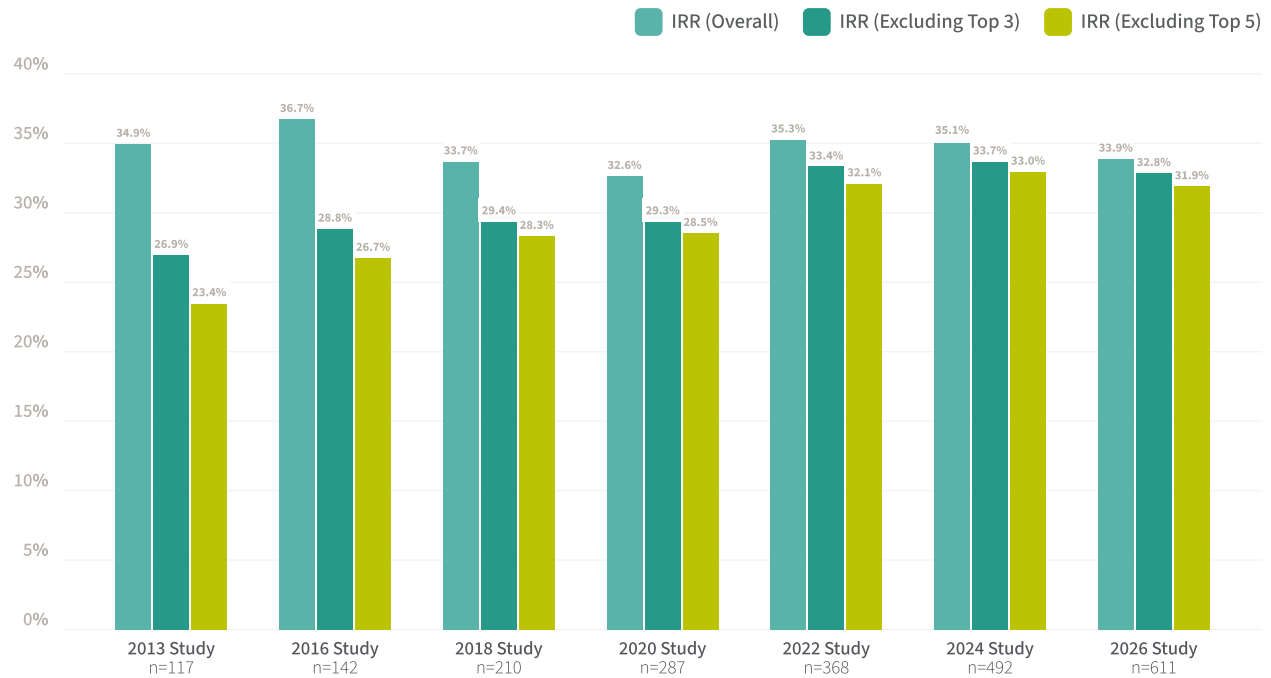
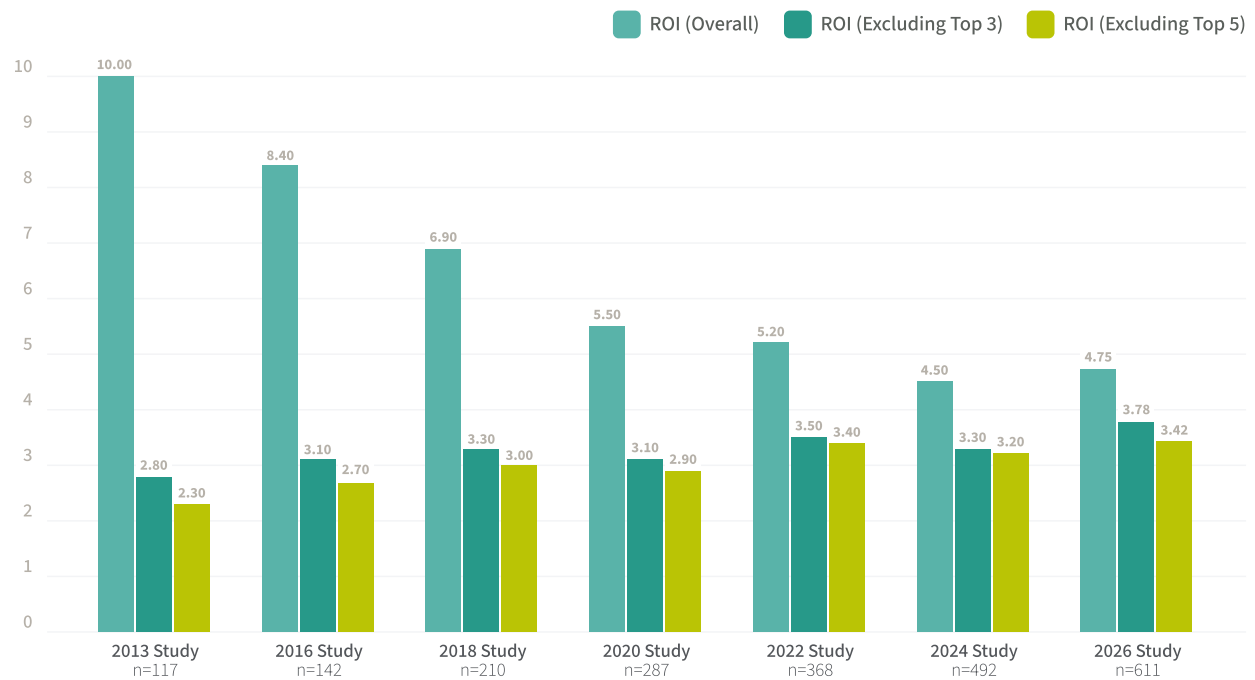


Figure F | Aggregate Search Fund ROI (2013-26)



As in past studies, search funds that acquired and exited achieved higher IRR and ROI than the aggregate returns (which include unsuccessful searches and currently operating companies). In this most recent study, IRR was 39.3% and ROI 5.98x—a slight decline from the prior report but within historical range.

Figures G and H. If we include unsuccessful searchers, returns of exited search funds drop to a 35.3% IRR and 5.61x ROI.

Figure G | Exited Search Fund IRR (2016-26)

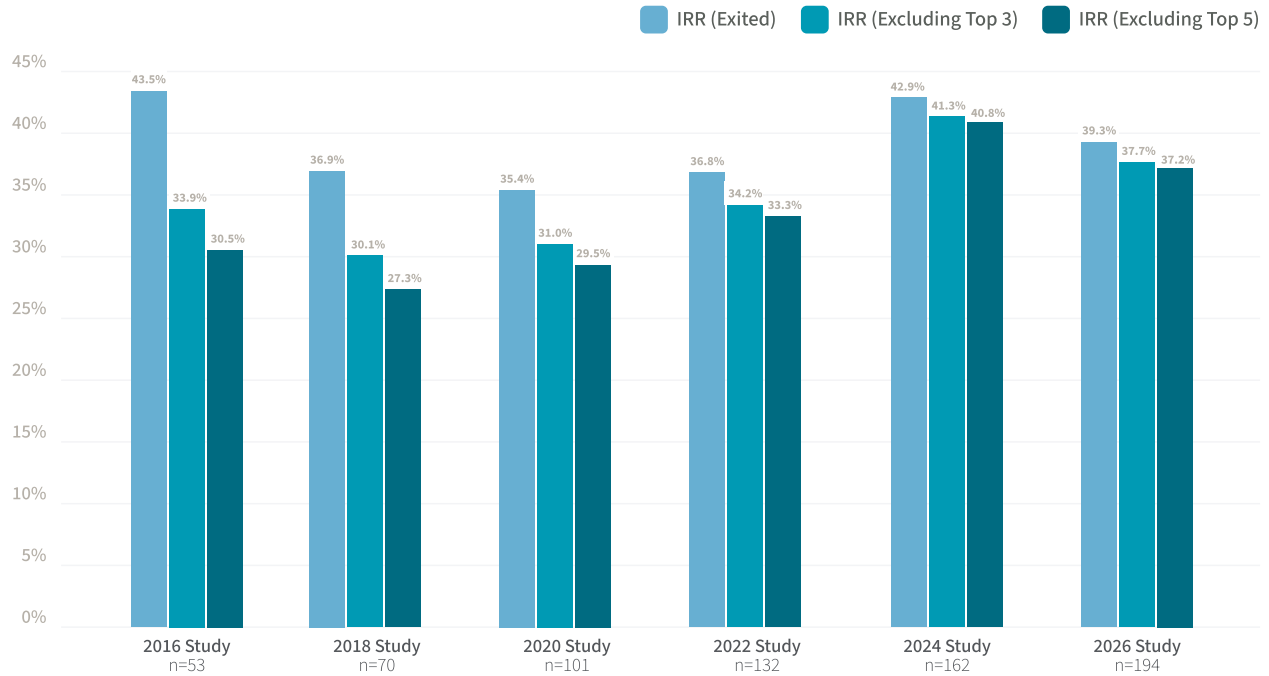
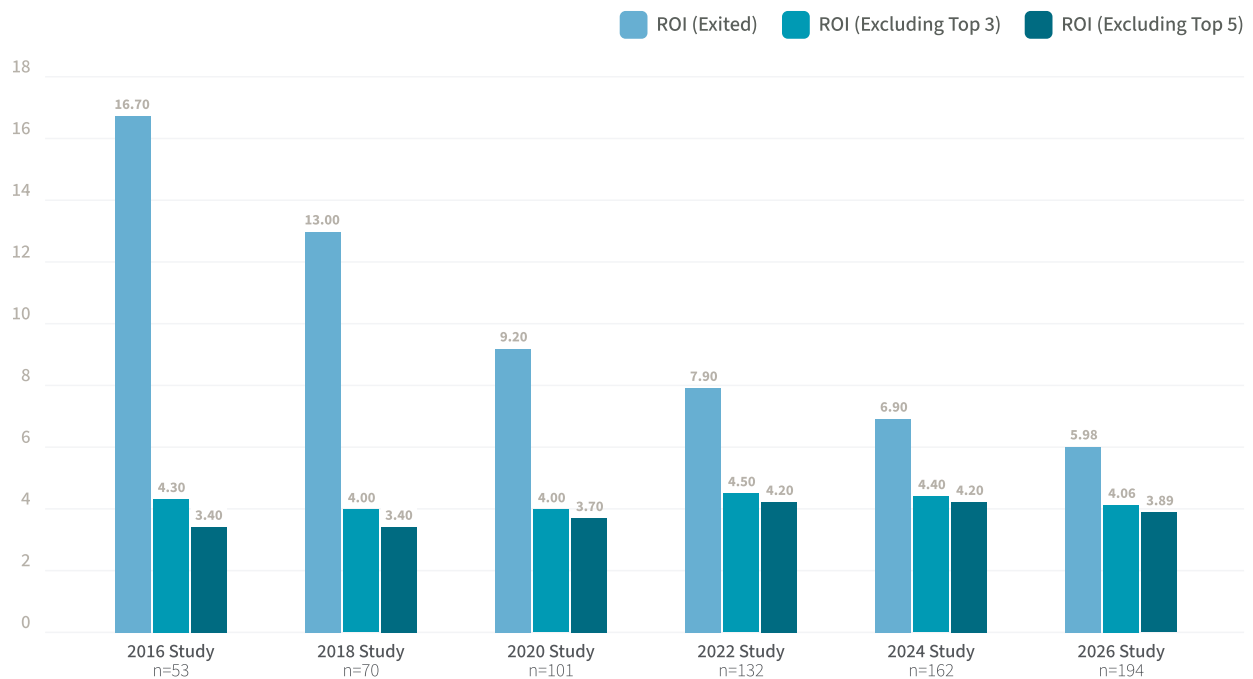


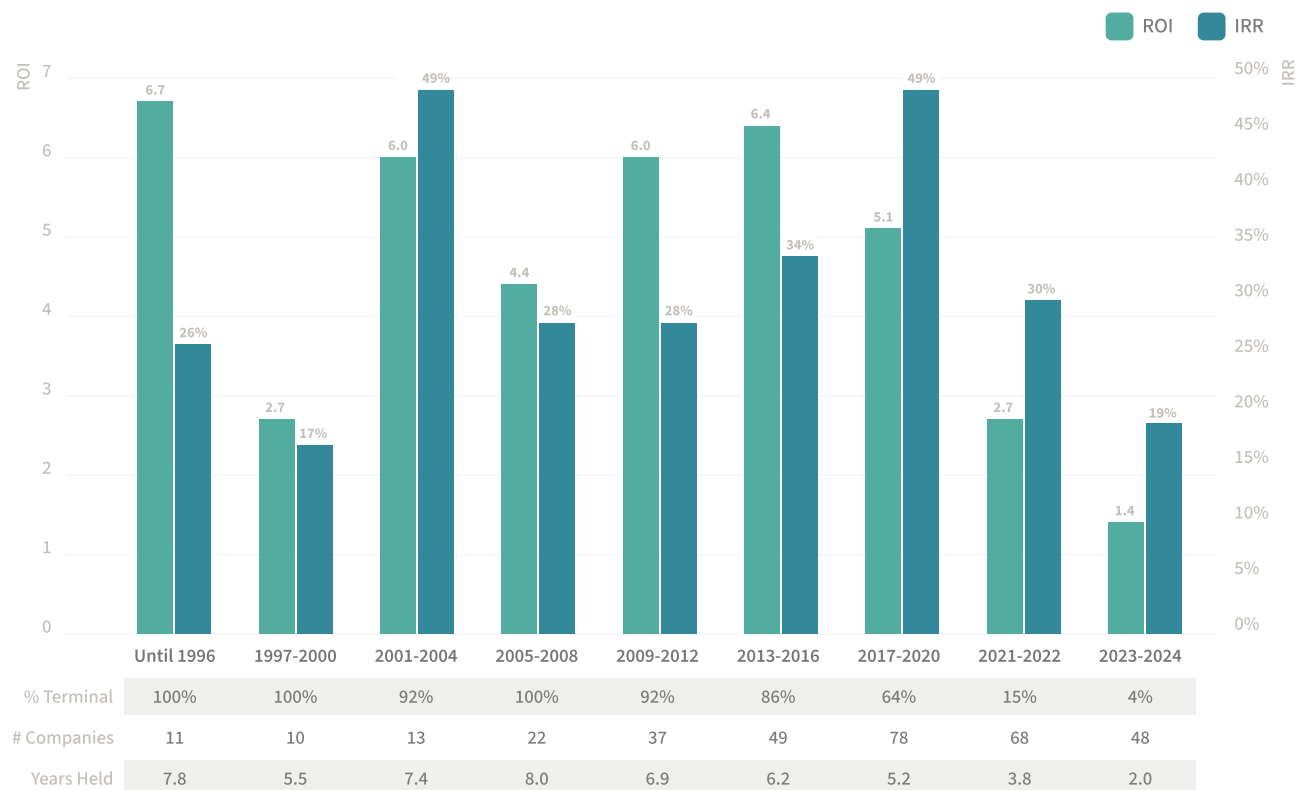
Figure H | Exited Search Fund ROI (2016-26)



Returns vary by cohort. Very recent acquisitions (2021-24) showed lower returns, which is typical as CEOs are early in their tenure and have yet to achieve substantial operational changes. As time progresses, returns typically grow; for example, the 2021-22 cohort improved from the prior study, increasing ROI from 1.5x to 2.7x and IRR from 23% to 30%.

Outcomes from older, completed cohorts ranged widely. The earliest cohort (1996 or earlier) achieved 6.7x ROI, while the next cohort (1997-2000) returned less than half of that (2.7x ROI). **Figure I.**

Figure I | IRR and ROI by Year of Company Acquisition (n=336)⁶



Impact of Top-Performing Funds

This variability raises questions of how to achieve gains similar to the entire cohort. Like many other asset classes, search funds follow the power law—a small number of investments substantially outperform the rest, and thus drive a large part of overall returns:

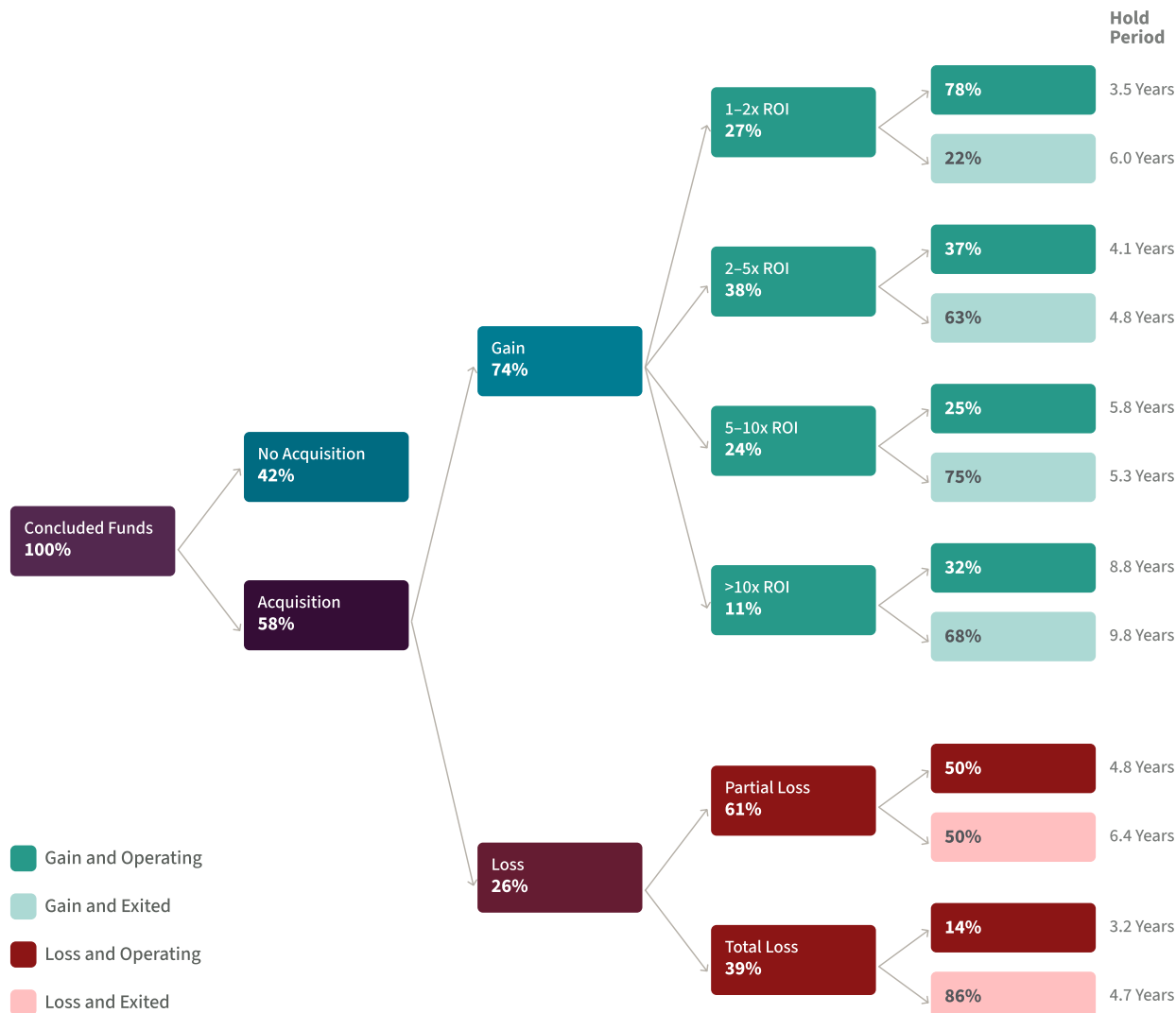
- **Returns excluding funds returning 10x ROI or greater:** 2.8x ROI (versus 4.75x) and 27% IRR (versus 33.9%).
- **Returns excluding the top 10% of funds by ROI:** 2.1x ROI and 20% IRR.

Top-performing funds are rare, but drive overall returns, making it challenging to replicate market performance within a particular portfolio. Furthermore, funds with 10x+ ROI typically are older (median acquisition year of 2012 vs 2018 for non-10x funds) and often targeted smaller companies, even when considering timing (\$4.0M vs \$6.7M median for non-10x funds). Current portfolios with a younger average vintage or those that are overweight to larger deals may not see overall returns that match this study.

⁶ The top-performing fund was excluded from this analysis in order to observe underlying trends. By definition, the analysis only includes search funds that acquired a company.

In aggregate, of the 58% of concluded search funds that acquired, 74% reported some gain in value. Of those that showed net positive return, almost two-thirds reported a gain of 1-5x and the remaining a gain of more than 5x. Of those funds experiencing a loss in value, 61% reported a partial loss, and the remainder a total loss. **Figure J.**

Figure J | Search Fund Outcomes



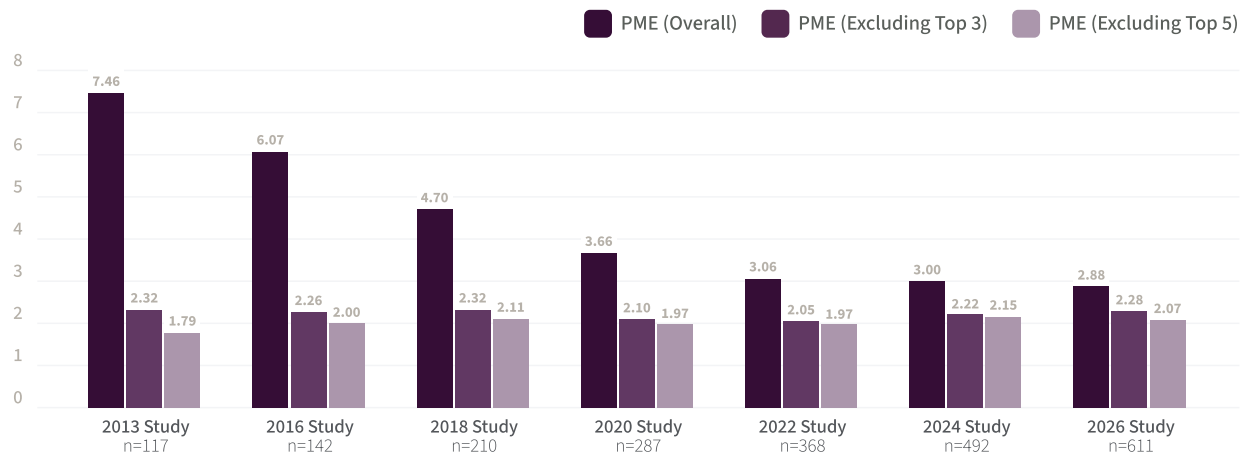
Indexing to the S&P 500

To put returns in perspective, we calculated the “public market equivalent” (PME) for search funds—what an investor would have earned in public markets over the same period. A PME of 1.0 equals S&P 500 performance; above 1.0 means outperformance; below 1.0 means underperformance.

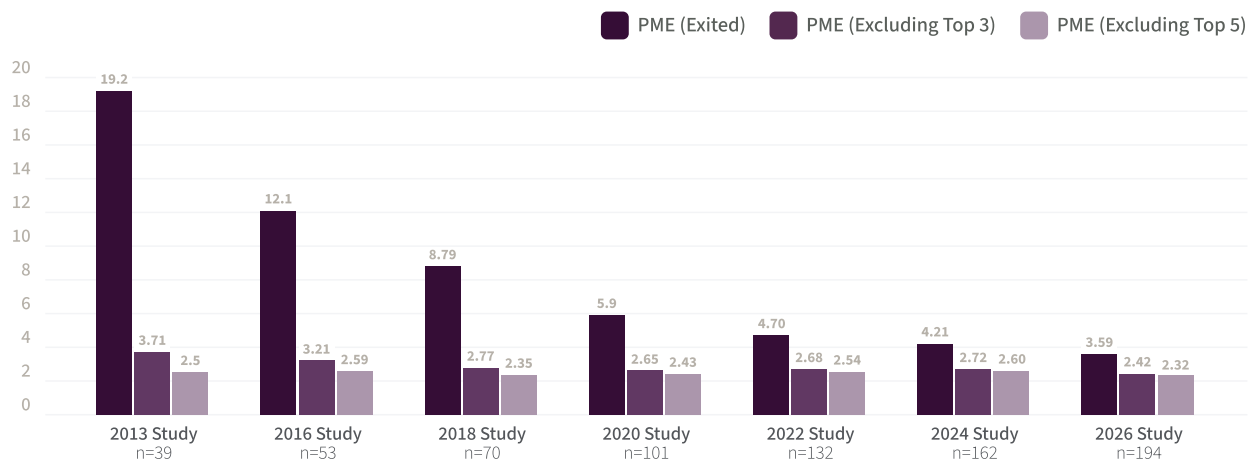
Search funds as a group delivered a PME of 2.88 overall. This includes unsuccessful searches, operating companies, and all exits—both gains and losses. Looking only at exited companies (both gains and losses) yields a PME of 3.59. **Figure K.**

Figure K | Search Fund PME by Study Year

Overall Search Fund PME (by Study Year)

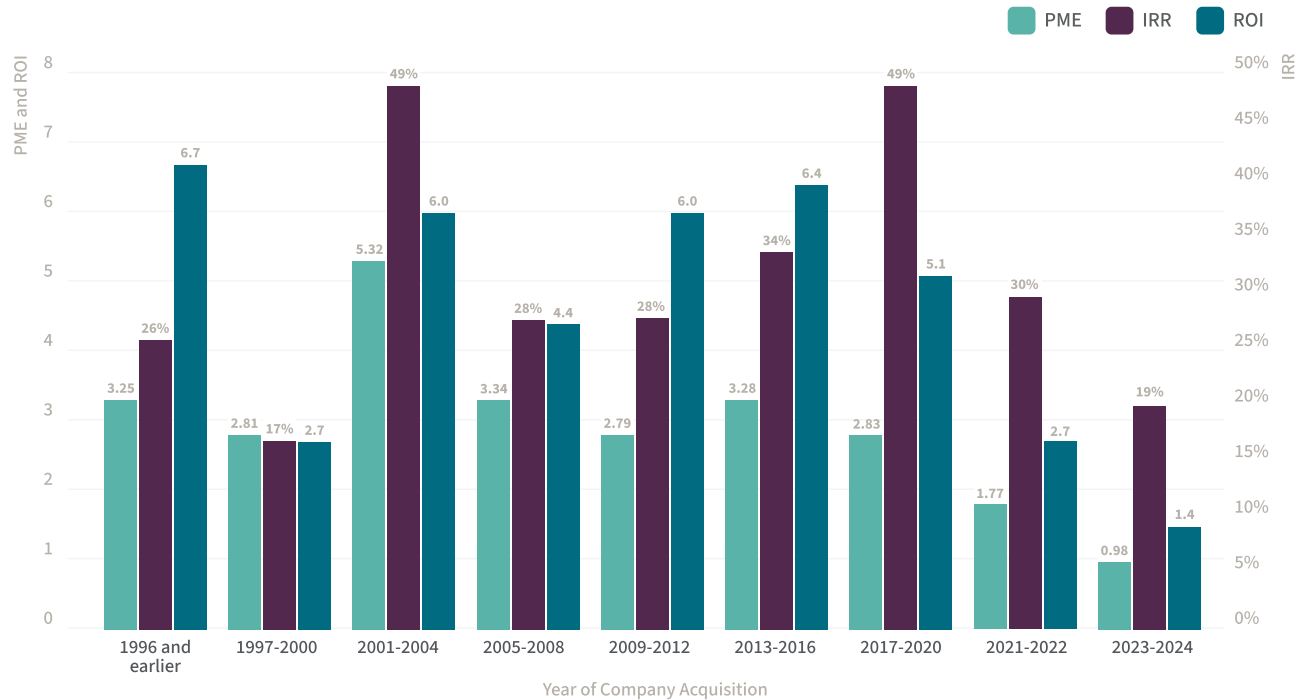


Exited Search Fund PME (by Study Year)



PME varies substantially by cohort. Recent cohorts show PME of 1.0-2.0, as newly operating CEOs have yet to generate significant gains. The 2001-04 cohort delivered PME above 5.0. While ROI and PME move together, they don't track perfectly—PME also accounts for public market performance during the holding period.

Figure L | Search Fund PME by Year of Acquisition (n=336)⁷



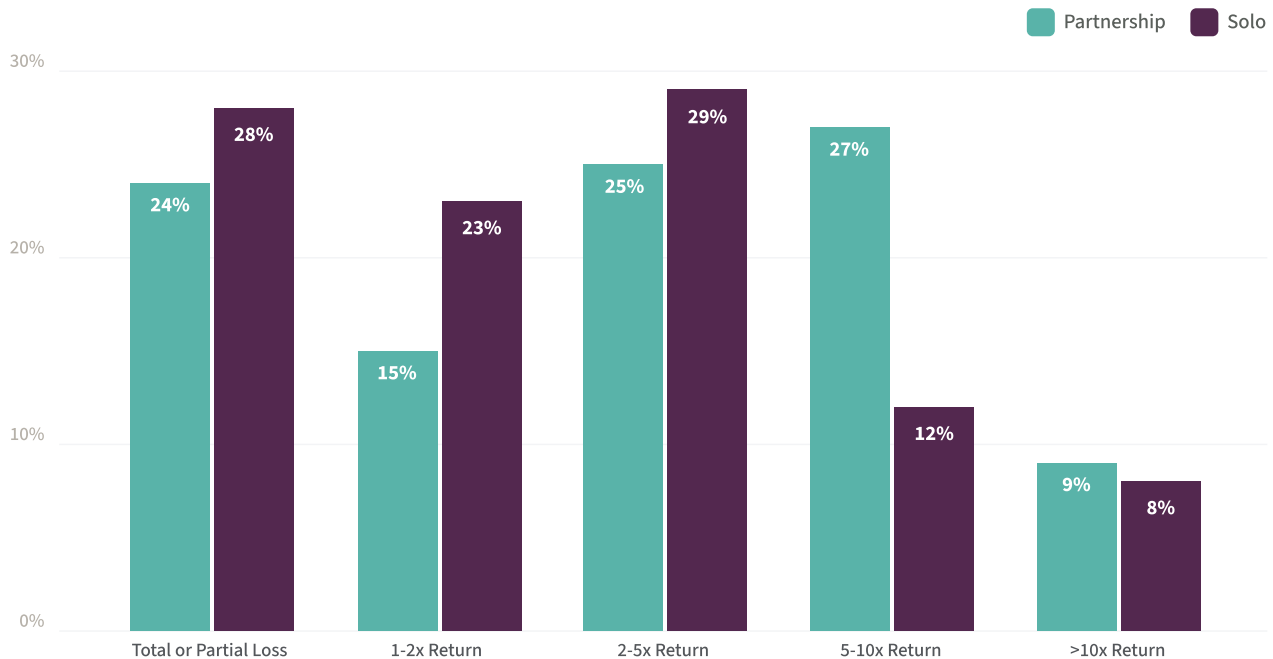
Factors Associated with Returns

Returns vary substantially across funds, although several factors correlate with higher performance, including:

- High recurring revenue is associated with higher ROI, PME, and IRR than low recurring revenue, likely by providing stable cash flows and more time to improve results.
- Debt at acquisition (compared to no debt) is linked to higher returns and PME, with debt available from understandable and predictable profits leading to the benefits of leverage for equity returns.
- Services show higher returns and PME.
- Partnered searches tend to have higher returns and PME relative to solo searchers. **Figure M.**

⁷ The top-performing fund was excluded from this analysis in order to observe underlying trends. By definition, the analysis only includes search funds that acquired a company.

Figure M | ROI by Partnership Type (n=337)



Compensation

Searchers active in 2024-25 earned an average of \$148,000, up from \$139,000 in 2022-23.

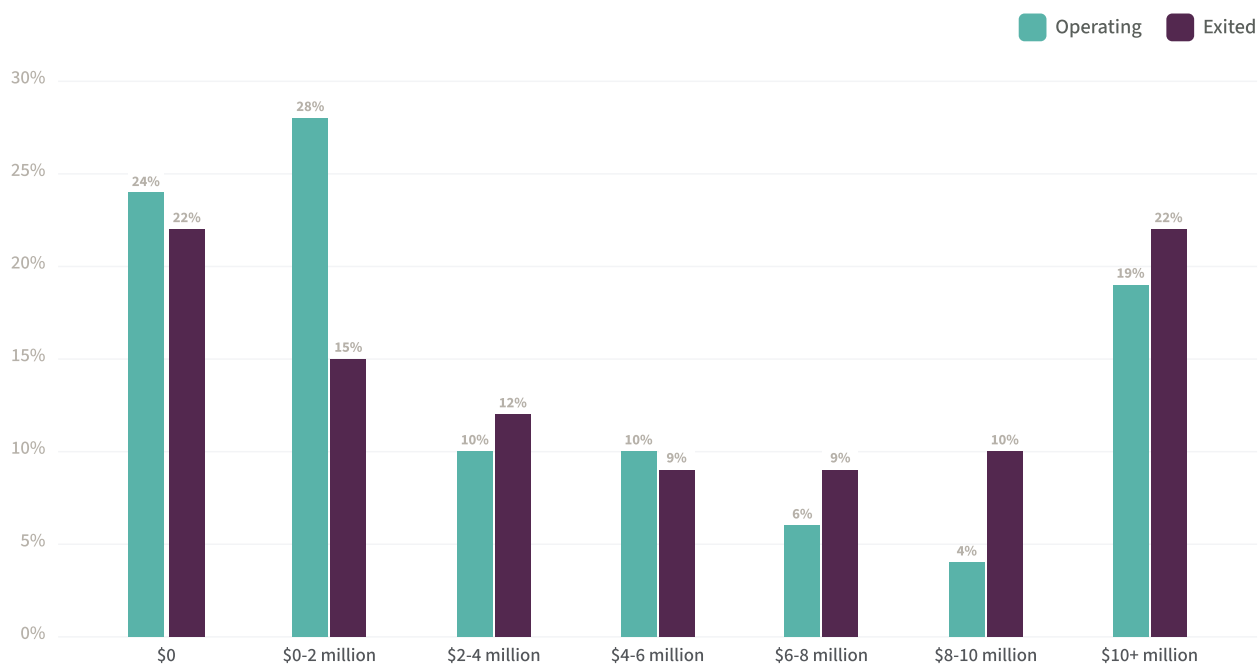
Once they acquired companies, CEOs saw current cash compensation rise at both ends of tenure, driven primarily by bonuses. New CEOs (one year or less post-acquisition) earned a median of \$256,000 in total, up from \$200,000 in the prior study. Median base salary climbed \$13,000 and median bonuses doubled from \$25,000 to \$50,000. **Exhibit 8.**

Tenured CEOs (five or more years post-acquisition) saw median cash compensation rise from \$260,000 in 2024 to \$325,000 in the current study. Base salaries increased 18% from \$229,000 to \$270,000 and bonuses increased from \$45,000 to \$69,000.

CEO equity outcomes continued to split. Among exited CEOs, 22% received \$10M or more while another 22% received \$0. For operating CEOs, 19% reported \$10M+ in equity while 24% reported \$0 in equity value, either because they just started or because their company lost value. **Figure N.**

The U-shaped distribution of CEO equity has grown more pronounced, with more CEOs reporting lower equity value, and more reporting higher equity values.

Figure N | Entrepreneur Equity Earned (n=257 companies)



Long Duration Enterprises

LDEs are a new form of ETA that have grown in popularity. Core search funds raise capital in two stages: first for the search, then for the acquisition. LDE entrepreneurs raise a committed pool of capital upfront based on a well-researched thesis and make acquisitions with the oversight and frequent guidance of a board of directors.

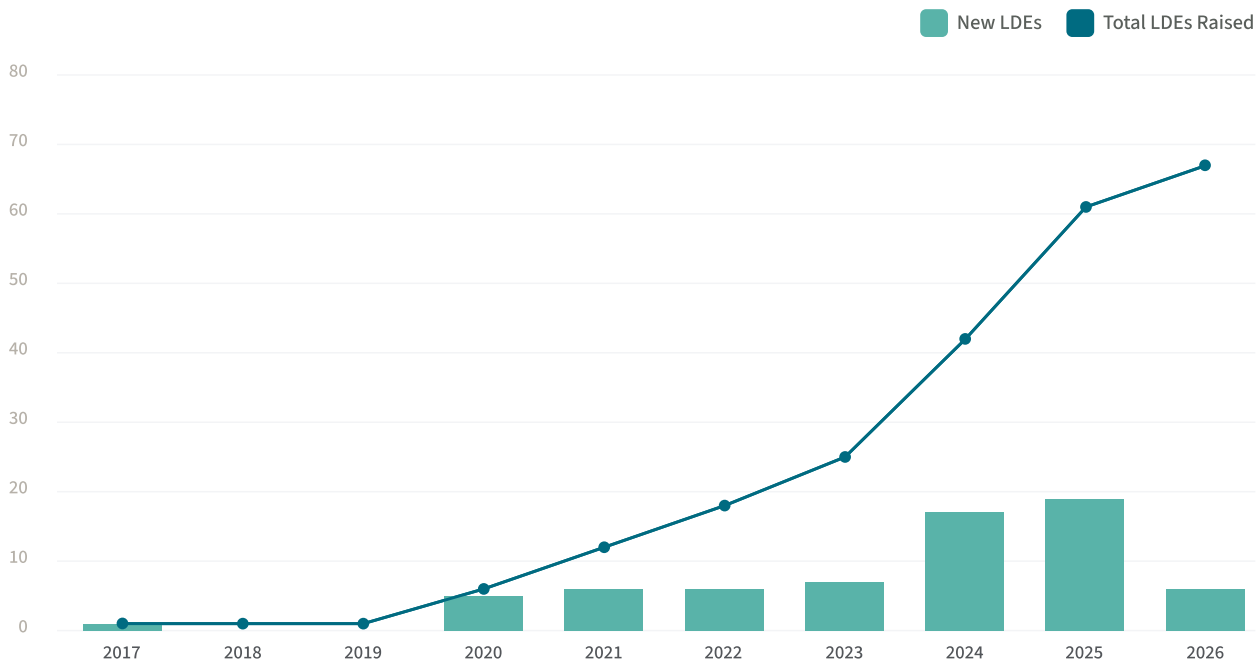
Compared to core search funds, LDEs typically have:

- Longer planned duration: 10+ years vs 5-7 years for a core search fund.
- Committed capital: \$10-25M in preferred equity raised upfront.
- Greater focus on acquisitions, in addition to organic expansion.
- A clear investment thesis with deep understanding of a specific industry or capital strategy.
- A path to “flywheel” where growth is funded through operating cash flow and leverage, not future equity raises.
- An active board from inception. Directors guide acquisitions and business decisions, with authority to approve capital calls.
- Different management incentives, often largely or entirely performance-based with a focus on ROI rather than IRR.

Fund Growth

LDEs have grown significantly in recent years. Of 67 identified LDEs based in the United States or Canada, 63% launched in 2024 or later. **Figure O.**

Figure O | Long Duration Enterprise Activity by Year⁸

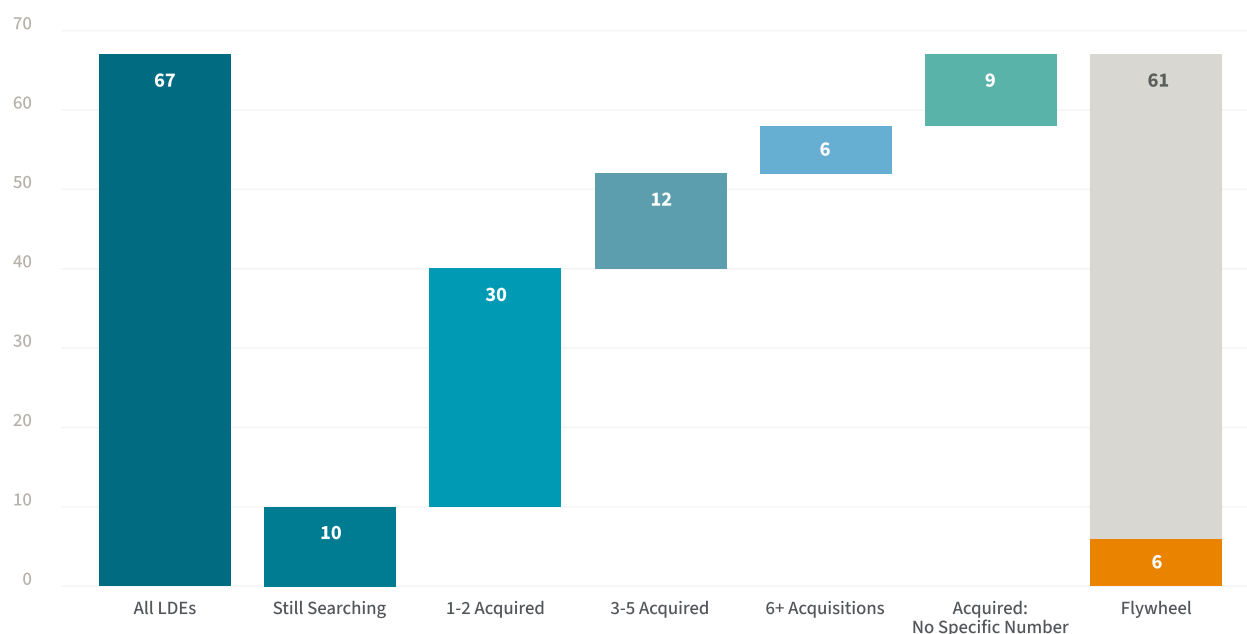


Early LDEs have acquired companies at high rates, albeit of smaller companies in the first of a number of intended company purchases. Of LDE funds formed in 2023 or earlier, 96% acquired one or more companies. No funds have closed without an acquisition. This contrasts with the 58% aggregate acquisition rate for core search, in large part due to the planned smaller size of LDE initial acquisitions, committed capital, and also perhaps due to the deeper knowledge of LDE entrepreneurs about their target segment.

Six LDEs reported achieving flywheel and have funded (or plan to fund) further acquisitions through debt and free cash flow, without additional equity capital.

⁸ Partial data through April 30, 2026, is included only for LDEs, given the rapid growth and change in this form of entrepreneurship.

Figure P | Status of Long Duration Enterprises (n=67)



LDE Founders

LDE founders resemble core searchers in age and gender distribution, though they represent a narrower range of ethnic backgrounds. See **Exhibits 9 and 10**.

Differences among LDE founders:

- Less likely to have an MBA, particularly in more recent cohorts (70% of LDE founders have an MBA, compared to 80% of core searchers from 2022-25)
- Those with MBAs graduated longer ago (median of 2 years for LDE vs 0 years for core search)
- More likely to have a cofounder (52% of LDEs vs 27% for core search)
- Anecdotally, most have deeply researched an industry segment, specific business model, or emerging theme.

Fund Characteristics and Operations

The median LDE takes 4 months to raise, slightly longer than for core search funds. Founders raise a median of around \$20 million from 17 investors. **Exhibit 10**.

Post-acquisition, about 40% take on non-seller debt in their first company and 63% provide equity to sellers. Further, 66% of founders operate their initial acquisition for a median of 2 years, after which they shift their time to the parent company, often focusing on additional acquisitions, building a team, and capital allocation strategy. **Exhibit 11**.

In building their team, LDE founders typically hire in this order at the hold co-level (ranked in frequency):

- First hire: Chief of Staff, Finance / Accounting
- Second hire: Finance / Accounting, M&A role

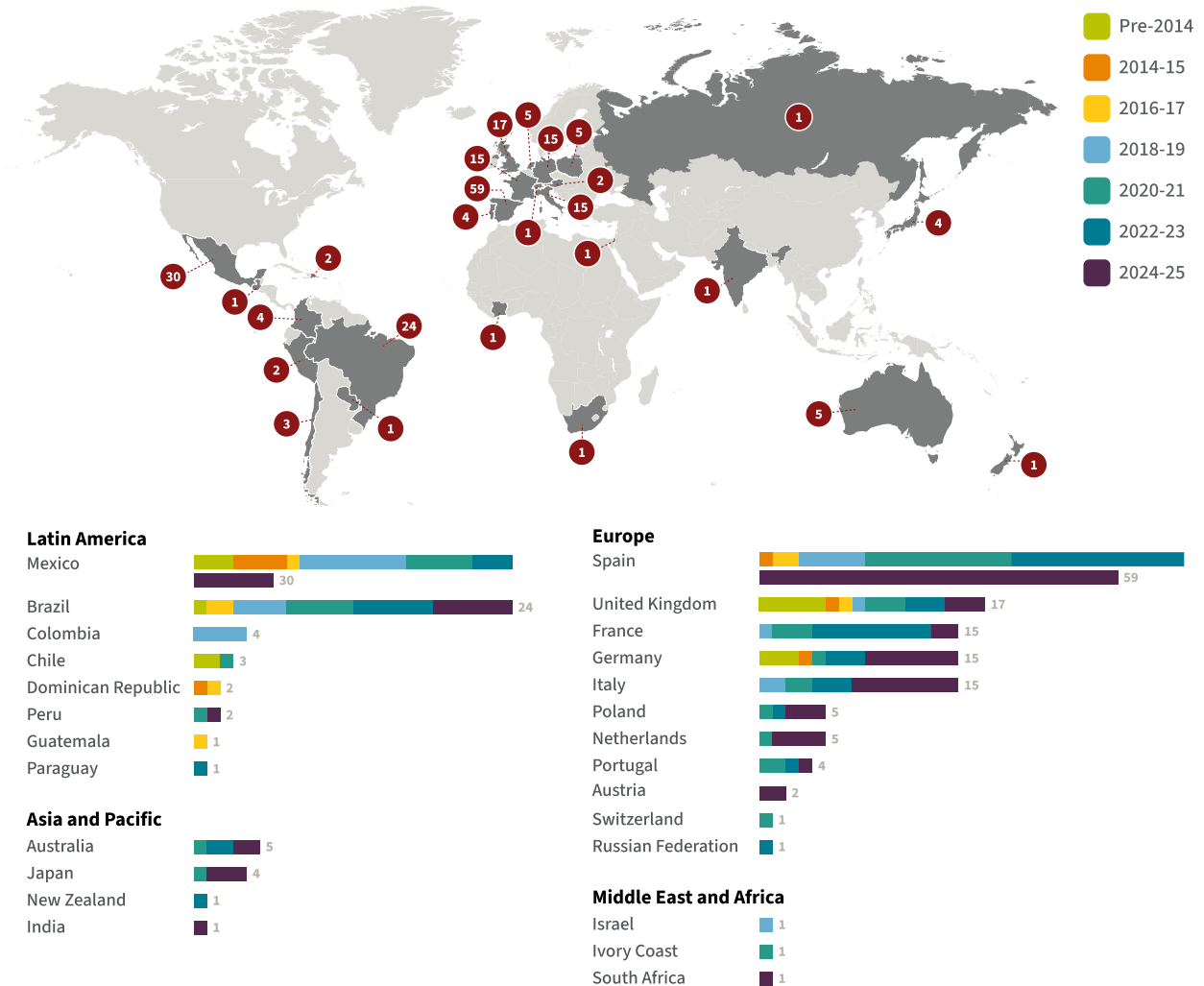
Since most LDEs are still in early stages, we have not calculated returns and plan to do so in future studies.

International Search Funds

The Stanford GSB has partnered with IESE Business School in Barcelona, Spain since 2011 to report on search funds outside the United States and Canada.

Search grew throughout the world, with 190 new core search funds launched outside of the United States and Canada in 2024-25, and 77 new acquisitions. There was a noticeable increase in searchers across the globe, with continued growth especially in Europe and the Asia & Pacific region. Searches were launched in eight new countries (Malaysia, Norway, Saudi Arabia, Singapore, Taiwan, Thailand, Turkey, and Uruguay) and first acquisitions made in three new countries (South Africa, Austria, and India).

Figure Q | International Search Fund Acquisitions, by Region, Country, and Year



As of December 31, 2025, there were 503 known core search funds outside of the United States and Canada. Of those that had concluded their search, 72%, or 220, had made an acquisition. Additional information regarding international search funds can be found in IESE’s report, [International Search Funds – 2026: Selected Observations](#).

Closing

The community of search funds is growing and changing. As the market for talent, capital, and companies evolves, distinct approaches to acquiring and investing are likely to emerge. This study seeks to examine those approaches and their results in order to educate and guide future entrepreneurs and investors. At the heart of this community are the entrepreneurs who undertake the winding and sometimes challenging path of buying, operating, and striving to lead an increasingly valuable enterprise.

Yet searchers need not travel this road alone. Investors and others can provide support and advice. Irv Grousbeck noted to us that his recent comments⁹ about teaching apply equally to advising entrepreneurs: *“While we strive to touch the intellects and perhaps the emotions of our students—maybe, as they invite us into their lives for only a fleeting moment, we can help them discover their own paths to winning from the high road; to leading lives that are rewarding and even remarkable, and touch their souls.”*

Acknowledgements

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⁹ At Stanford GSB’s naming of the Grousbeck-Holloway Center for Entrepreneurial Studies on May 13, 2026.

Exhibit 1 | Characteristics of Search Fund Principals

	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25
Age at Start of Search									
Minimum	26	25	24	24	26	25	25	25	25
Median	30	30	30	32	32	32	32	31	32
Maximum	51	51	46	54	47	55	50	45	48
Under 30	35%	39%	49%	25%	26%	21%	24%	32%	26%
30-35	40%	31%	36%	49%	39%	56%	50%	47%	57%
36-40	16%	14%	11%	20%	32%	17%	22%	17%	12%
Over 40	9%	17%	4%	7%	3%	6%	3%	4%	5%
Number of Post-MBA Years Before Search Fund									
Minimum	0	0	-1	-1	-2	0	0	-1	-1
Median	4	2	0	1	3	1	1	0	1
Maximum	20	17	10	26	15	18	13	21	17
No MBA	16%	14%	20%	18%	19%	16%	19%	24%	20%
<1 Year Post-MBA	18%	42%	49%	35%	25%	28%	29%	44%	38%
1-3 Years Post-MBA	20%	17%	20%	24%	19%	34%	26%	19%	19%
4-7 Years Post-MBA	22%	17%	7%	12%	21%	13%	19%	3%	15%
>7 Years Post-MBA	24%	11%	4%	10%	16%	9%	8%	8%	9%
Gender									
Male	100%	94%	100%	95%	92%	93%	87%	79%	85%
Female	0%	6%	0%	5%	8%	7%	11%	17%	14%
Decline to State / Unknown							1%	4%	0%
Others									
% That Took ETA Course							37%	48%	61%
Ethnicity									
White							61%	56%	53%
Asian							11%	16%	18%
Black							8%	6%	11%
Hispanic/Latino							5%	8%	10%
Other							4%	6%	8%
Decline to State							11%	7%	1%

Note: Totals may not sum to 100% due to rounding. Negative numbers in the “minimum” row reflect a small number of searchers who raised search capital and started searching before graduating from business school.

Full historical data from prior studies has been omitted for brevity. Refer to the 2024 study for prior-cohort baseline values.

Exhibit 2 | Search Fund Principals' Professional Backgrounds

Professional Background	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25
Management Consulting	7%	14%	16%	11%	7%	12%	15%	16%	19%
Investment Banking/Finance	20%	11%	22%	11%	16%	22%	15%	23%	15%
Sales	4%	6%	4%	6%	3%	8%	2%	6%	2%
Venture Capital	0%	0%	2%	0%	3%	0%	2%	0%	2%
Line/General Management	11%	19%	2%	12%	14%	17%	16%	14%	10%
Marketing	4%	0%	0%	0%	1%	2%	1%	1%	1%
Law	0%	0%	7%	3%	0%	0%	0%	1%	1%
Operations	7%	8%	7%	5%	23%	3%	7%	4%	8%
Entrepreneur	13%	6%	4%	3%	4%	8%	6%	7%	5%
Accounting	0%	0%	0%	2%	1%	1%	1%	3%	1%
Engineering	0%	6%	2%	1%	4%	7%	4%	2%	2%
Military	0%	0%	2%	9%	3%	5%	6%	10%	7%
Insurance	0%	0%	0%	0%	0%	0%	0%	0%	0%
Private Equity	27%	28%	31%	27%	14%	14%	22%	12%	18%
Other	7%	3%	0%	11%	7%	1%	3%	1%	9%

Note: Totals may not sum to 100% due to rounding. The professional background categories were refined for the 2018 study, complicating comparisons with categories from previous studies. In 2018, "Operations" was changed to "Operating Management," then changed back in 2020, contributing to the volatility in reported Operations backgrounds.

Exhibit 3 | Comparison of Search Fund Metrics

	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25
Number of Principals									
Single	36%	62%	59%	72%	55%	80%	59%	81%	66%
Partners	64%	38%	41%	28%	45%	20%	41%	19%	34%
Amount of Initial Capital Raised per Principal (Thousands)									
Minimum	\$144	\$140	\$125	\$175	\$150	\$235	\$125	\$270	\$75
Median	\$262	\$303	\$355	\$385	\$398	\$429	\$425	\$500	\$550
Maximum	\$450	\$575	\$560	\$640	\$600	\$570	\$700	\$1,000	\$950
Amount of Initial Capital Raised (Thousands)									
Minimum	\$200	\$140	\$125	\$175	\$250	\$300	\$125	\$270	\$150
Median	\$450	\$446	\$426	\$420	\$450	\$450	\$500	\$550	\$600
Maximum	\$750	\$850	\$650	\$722	\$825	\$900	\$1,200	\$1,030	\$1,300
Number of Search Fund Investors									
Minimum	5	8	2	5	2	3	4	5	5
Median	15	18.5	16	15.5	15	15	14	12	13
Maximum	28	26	30	25	24	27	33	30	29
Number of Months Spent Fundraising									
Minimum	0.0	1.5	0.8	0.0	1.0	0.0	0.0	0.0	0.0
Median	4.0	3.8	4.1	3.0	3.0	3.1	3.1	3.0	3.0
Maximum	20.0	28.4	8.6	8.0	11.0	12.2	15.2	18.0	16.0

Exhibit 4 | Median Statistics for Recent Search Fund Acquisitions

Median	2006-07	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25
Length of Search (Months)	19	14	18	19	17	23	23	17	20	21
Purchase Price	\$9.4M	\$6.5M	\$7.9M	\$11.6M	\$12.0M	\$13.1M	\$10.0M	\$16.5M	\$14.4M	\$16.0M
Company Revenues at Purchase	\$9.1M	\$5.3M	\$6.0M	\$6.2M	\$7.0M	\$10.0M	\$6.3M	\$6.4M	\$6.7M	\$8.1M
Company EBITDA at Purchase	\$2.0M	\$1.3M	\$1.5M	\$2.0M	\$2.5M	\$2.1M	\$1.8M	\$1.7M	\$2.2M	\$2.5M
Company EBITDA Margin at Purchase	18.2%	20.5%	23.5%	29.9%	23.4%	22.7%	21.0%	22.0%	26.9%	25.0%
EBITDA Growth Rate at Purchase	16.5%	9.3%	11.9%	18.0%	5.0%	20.0%	15.0%	17.0%	25.0%	12.0%
Purchase Price/EBITDA	5.2x	4.9x	5.2x	5.6x	5.8x	6.3x	6.0x	7.3x	7.0x	6.2x
Purchase Price/EBITDA (Excluding Companies Using Revenue Multiple)								6.2x	6.9x	6.1x
Purchase Price/Revenue	0.9x	1.5x	1.3x	1.6x	1.5x	1.1x	1.4x	2.1x	1.9x	2.0x
Company Employees at Purchase	60	38	38	21	46	45	32	35	34	30
1st Year CEO Base Compensation						\$183K	\$185K	\$200K	\$200K	\$208K

Total Number of Months From Start of Search to Deal Close:	All Acquisitions n=381
Minimum	0
Median	20
Maximum	79
<11 months	15%
11-20 months	36%
21-30 months	33%
31+ months	17%

Purchase Price Statistics	All Acquisitions n=318
Minimum	\$1.0M
Median	\$13.5M
Maximum	\$152.5M
<\$5M	10%
\$5M to \$8M	17%
\$9M to \$12M	20%
\$13M to \$16M	15%
>\$16M	38%

Additional Statistics for All Search Fund Acquisitions	Minimum	Median	Maximum
Company Revenues at Purchase	\$0.5M	\$7.6M	\$82.0M
Company EBITDA at Purchase	-\$1.6M	\$2.0M	\$25.0M
Company EBITDA Margin at Purchase	-23%	23%	67%
EBITDA Growth Rate at Purchase	-56%	11%	200%
Revenue Growth Rate at Purchase	-50%	15%	100%
Purchase Price/EBITDA Multiple	NM	6.3x	164.5x
Purchase Price/Revenue Multiple	0.2x	1.8x	22.3x
Company Employees at Purchase	4	40	2500

Note: Data on some older acquisitions is incomplete, requiring their exclusion from some calculations, and resulting in different sample sizes.

Exhibit 5 | Location of Search Fund vs the Companies They Acquire

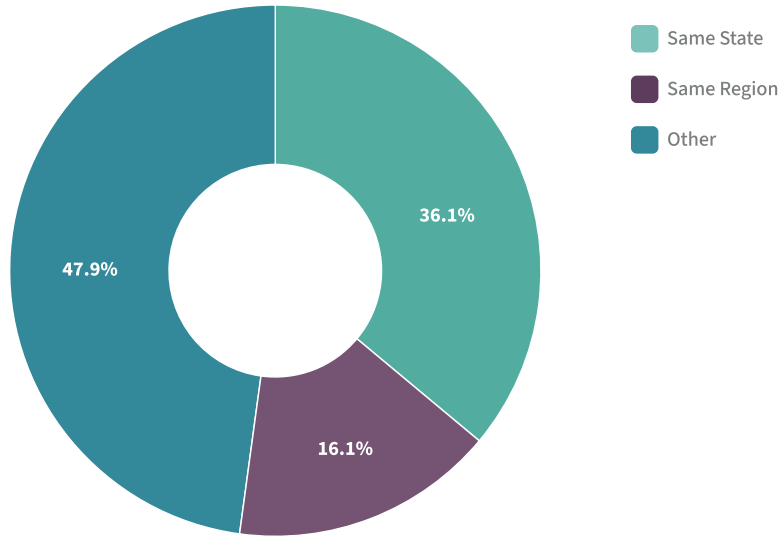


Exhibit 6 | Acquired Companies by State

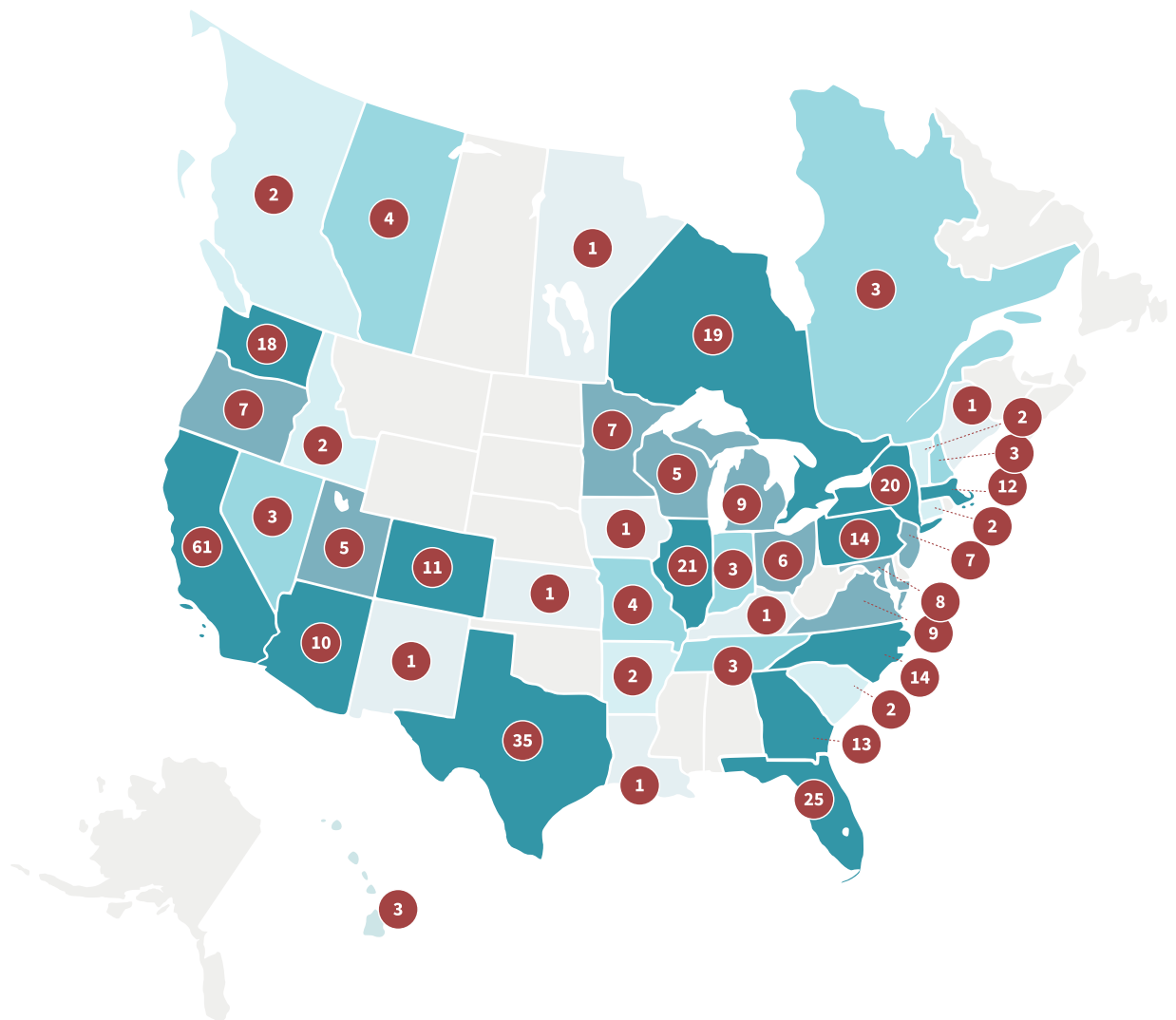
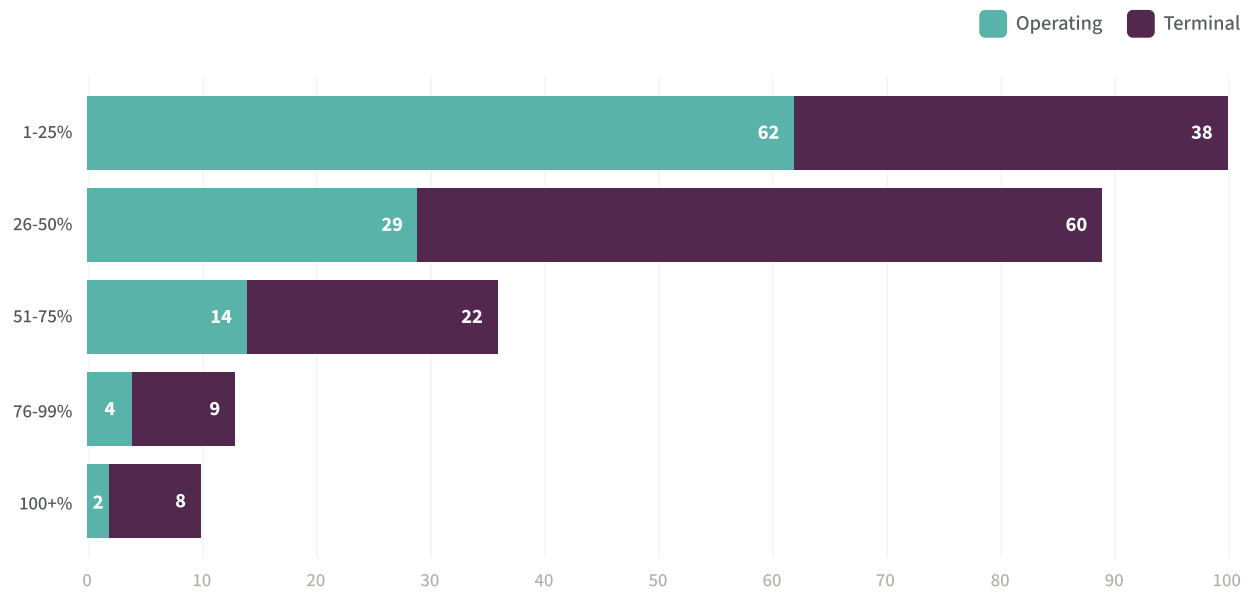
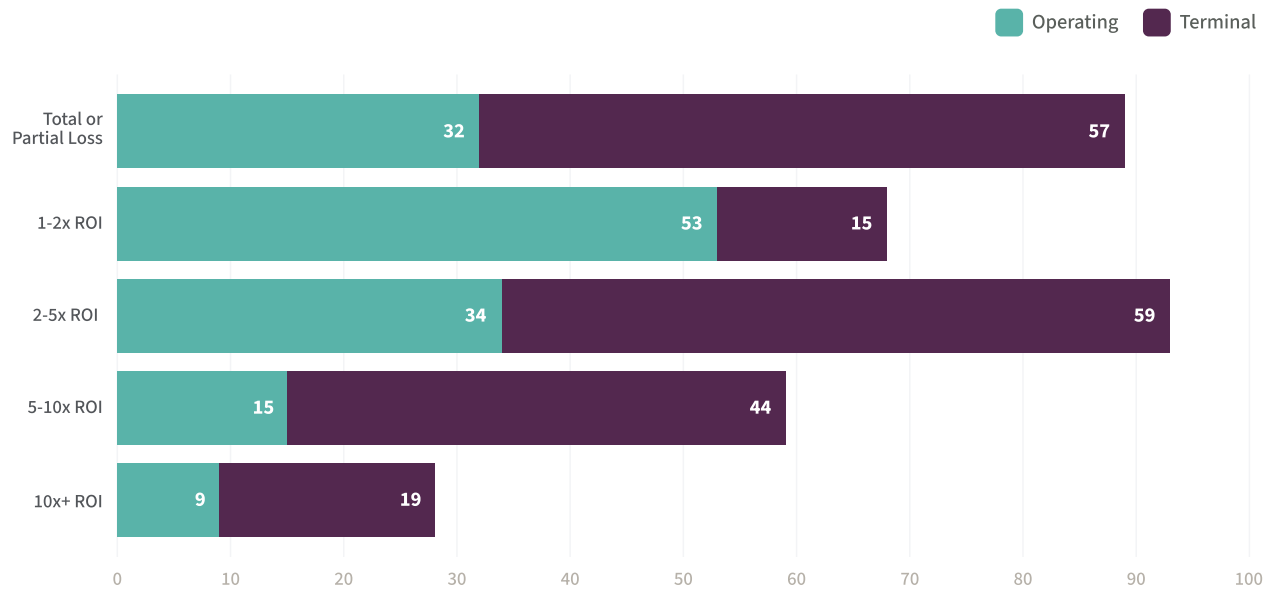


Exhibit 7 | ROI and IRR Distribution of Search-Acquired Companies



Note: ROI chart includes 337 search-acquired companies operating more than one year and with updated financial data. IRR chart includes 248 search-acquired companies that reported IRR greater than zero.

Exhibit 8 | CEO Current Compensation (n=172)

Years Since Acquisition	Base Only		Bonus Only		Total Current Compensation (Base + Bonus)	
	Mean	Median	Mean	Median	Mean	Median
<= 1 Year	\$217K	\$203K	\$48K	\$50K	\$264K	\$256K
1 - 2 Years	\$213K	\$215K	\$42K	\$50K	\$255K	\$250K
2 - 3 Years	\$216K	\$213K	\$33K	\$14K	\$249K	\$230K
3 - 4 Years	\$247K	\$233K	\$46K	\$49K	\$293K	\$280K
4 - 5 Years	\$248K	\$250K	\$82K	\$65K	\$330K	\$300K
> 5 Years	\$263K	\$270K	\$90K	\$69K	\$353K	\$325K

Note: 12-month target bonus reported for CEOs with less than one year of tenure. Excludes value of equity.

Exhibit 9 | Long Duration Enterprise Founder Demographics (n=100 founders)

	LDE Founders	Core Search Comparison (2022-25)
Age		
Median	31	31
Minimum	24	25
Maximum	63	50
Age Group		
Under 30	35%	29%
30-35	50%	52%
36-40	10%	15%
Over 40	5%	4%
Gender		
Female	17%	15%
Male	82%	83%
Decline to State	1%	1%
Ethnicity		
White	76%	55%
Asian	13%	17%
Black	3%	9%
Other	3%	7%
Decline to State	4%	4%
Years Since MBA		
Median Years	2	0
Minimum Years	-1	-1
Maximum Years	14	23
Years Since MBA - Groups		
No MBA	30%	20%
<1 Year	20%	41%
1-3 Years	22%	21%
4-7 Years	16%	10%
>7 Years	11%	9%
ETA Course		
Took Course	52%	61%
Did Not Take Course	48%	39%

Exhibit 10 | Long Duration Enterprise Metrics

	LDE Founders	Core Search Comparison (2022-25)
Months Spent Fundraising		
Median	4	3
25th Percentile	2	-
75th Percentile	6	-
Committed Capital Raised		
Median	\$20.0M	-
25th Percentile	\$15.5M	-
75th Percentile	\$25.0M	-
Number of Investors		
Median	17	13
25th Percentile	12	-
75th Percentile	24	-
Number of Principals		
% Partner	52%	27%
% Solo	48%	73%

Exhibit 11 | Long Duration Enterprise Acquisition Metrics

	Median	25 th Percentile	75 th Percentile
Number of Acquisitions	2	1	3
Committed Capital Called	\$6.8M	\$3.7M	\$13.1M
Debt / EBITDA (1st Yr of Fund)	0	0	1
Debt / EBITDA (Last 12 months)	1.6	0	2.6
Revenue (Total)	\$10.5M	\$4.0M	\$14.3M
EBITDA (Total)	\$2.0M	\$0.7M	\$3.4M

Traditional Debt in 1st Acquisition

Yes	40%
No	48%
Other	12%

Equity to Sellers in 1st Acquisition

Yes	63%
No	33%
Other	4%

Operated 1st Acquisition

Yes	66%
No	24%
Other	11%

Months Operating 1st Acquisition

Median	24
25th Percentile	13
75th Percentile	41

Note: Totals may not sum to 100% due to rounding.

Exhibit 12 | Prior Study Authors

Study Year	Prior Author(s)
1996	Doug Wells
1998	Josh Hannah
2001	Chris Flanagan
2003	Mu Y. Li
2005	Mike Harkey
2007	Sean Harrington
2009	Aimee LaFont Leifer; Tjarko Leifer; Lisa Sweeney (oversight)
2011	Arar Han; Sara Rosenthal; Lisa Sweeney (oversight)
2013	Jason Luther; Sara Rosenthal
2016	Susan Pohlmeier; Sara Rosenthal
2018	Austin Yoder; Sara Rosenthal
2020	Sara Heston
2022	Sara Heston
2024	Sara Heston

Appendix A | Financial Return Method

This study calculated financial returns from the perspective of initial search investors. We measure returns based on investments from and distributions to the original search fund investors who invested in both the search and acquisition phases of the deal. As in all of these studies since 2018, this year's study excluded follow-on financing events. This study uses two measures of return: ROI and IRR. Both ROI and IRR were calculated on a cash flow basis, including both equity and investor debt that was invested as initial search capital and as acquisition capital.

All returns were calculated on a pre-tax basis using data provided by the principals of the funds or, in the few instances when they were not reachable, by their fund investors. Returns were calculated using the actual investments into each fund and the subsequent acquisitions, when they were made, and eventual distributions. In this study, we conducted an independent audit of calculation methods and checked returns information collected through our survey against data provided by investors, where possible.



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