

# How Do Investment Patterns of Independent and Captive Private Equity Funds Differ? Evidence from Germany

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**Abstract:** *The positive contribution of private equity providers to the development of their portfolio companies, which results from a combined provision of capital and management support, has been emphasized by a wide range of empirical literature. The aim of this paper is to show that these results, which are based mostly on U.S. data of independent closed-end private equity funds, cannot be generalized since the private equity industry should not be treated as homogenous. We argue that it is necessary to distinguish between different types of private equity providers since their differing governance structures, strategic goals and experience have a decisive influence on their value-adding activities. Using a data set of 179 German private equity-backed companies the results are consistent with the conjecture that independent and corporate private equity providers tend to have a more pronounced role in corporate governance and monitoring of the companies they finance than bank-dependent and governmental funds, which often serve only as bridge investors.*

**Keywords:** Private Equity, IPO, Heterogeneity

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