The GP Playbook

Six diligence areas LPs check before committing

bunch

CONTEXT

The operational diligence bar is rising

While track record may be the single most important factor in booking meetings with prospective LPs, these days, it takes more than a strong track record alone to win an LP commitment.

As part of their due diligence process, institutional investors examine how a fund is managed: the accounting, controls, reporting, and workflows that organise a fund's operations.

For a scaling firm hoping to raise from sophisticated LPs in a competitive environment, poorly defined operations can slow momentum during a fundraise or cause them to miss commitments they otherwise would have secured.

87%[1]	29%
of European institutional investors have rejected a fund manager over poor governance	say those rejections are rising

LPs consistently review a fund's back office alongside its performance, and both are critical to securing their commitment.

In short: **your operations are being diligenced as closely as your returns.**

LPs can afford to be selective, especially with mid-size funds

The fundraising market is competitive, and right now it favours investors over fundraisers.

Buyout fundraising fell 16%[2] in 2025, a fourth consecutive year of decline. Distributions stayed at just 14% of NAV, a level last seen in the financial crisis.

With little capital being returned, LPs commit to a fraction of the funds they see — 23%[3] plan to reduce the number of GP relationships they hold. In this environment, they typically keep the longest-standing relationships, making it challenging for mid-size managers between €250m and €500m.

These managers must secure commitments by standing up to close diligence, including diligence on their fund operations. Meanwhile, the team is still small and is responsible for managing its fundraising pipeline, while also:

01 Processing capital calls and distributions

02 Collecting subscription documents

03 Preparing quarterly reports

04 Handling audits

The six areas LPs examine before committing

ILPA's due diligence questionnaire[4] sets the scope of operational due diligence, the baseline most institutional LPs work from. It covers six areas:

- 01 Fund accounting and reporting
- 02 Payments and treasury controls
- 03 Compliance
- 04 Investor onboarding and the data room
- 05 Key-person risk
- 06 Systems

An LP committing capital for ten years wants evidence that a fund's financials reconcile reliably, that no payment leaves the fund on a single approval, and that the workflows continue if one person moves on.

74%[5]

of LPs expect daily or on-demand access to fund data

44%

are dissatisfied with the reporting they currently receive

Detailed questions about IT systems and cybersecurity have also become standard in diligence requests.[6]

The operational standard LPs expect from a lean team

Mid-size managers don't have the luxury of building an operations department like a large institution, and LPs at this level don't expect one. However, they do expect certain standards, including:

- 01 Documented, repeatable controls
- 02 Clear ownership of every process
- 03 Reliable data
- 04 Enough redundancy that the business does not depend on one individual

In practice, a fundraising-ready fund at this stage can confidently show investors that quarterly closes happen on schedule, checks and balances exist on every payment, the data room is current before an LP asks for it, and due diligence questionnaires can be answered from systems rather than from memory.

SELF-ASSESSMENT

Assess your fund's readiness in six areas

The table below covers the six areas of fund operations that LPs diligence, with each row describing a fund in three states: fragile, functional, and prepared.

EXHIBIT 1: OPERATIONAL READINESS BY DILIGENCE AREA

AREA	FRAGILE	FUNCTIONAL	PREPARED
Fund accounting & reporting	Quarterly close is assembled manually under time pressure	Close happens, but only one person knows the workflow	Close is produced on schedule from systems, audit-ready
Payments & treasury	A single approval can release funds	Second approvals exist but are informal	Every payment requires a second approval, with an audit trail
Compliance	Policies exist mainly on paper, reviewed ad hoc	Compliant, but evidence takes days to assemble	Complete compliance file producible within 48 hours
Investor onboarding & data room	Documents collected one by one over email	Onboarding workflows exist but get overwhelmed in busy periods	New LPs onboarded through a standard, largely automated process
Key-person resilience	One person holds IR, accounting and compliance knowledge	Some processes documented, others known to one person	Documented processes; one person moving on causes no disruption
Systems & data	Fund data sits in spreadsheets and inboxes	Core systems in place but not integrated	One reliable source of data; LP questions answered same day

Two+ areas "Fragile"

The fund may lose time in its next diligence process, and these gaps will be visible to any prospective LP.

Mostly "Functional"

The most common result at this stage. Operations work day-to-day, but depend on specific people — and that's what LPs notice.

Mostly "Prepared"

The fund is in better shape than most of its peers, and diligence becomes a point in its favour.

Across all six areas, **infrastructure usually matters more than team size.**

Building institutional-grade operations without expanding the team

For most funds at this size, hiring is the slowest and most expensive option, and a new hire alone isn't the answer to building repeatable processes.

Mid-size managers today are choosing a different route: moving the operational load onto infrastructure and specialist providers. 43%[7] of private fund CFOs plan to outsource more of their fund accounting in the next twelve months, and the same shift[8] is visible across onboarding, investor services, and administration.

By moving fund operations onto a dedicated provider's infrastructure, a firm can focus on LP meetings, diligence conversations, and the investor relationships that only their team can hold. The operations themselves still meet the standard institutional LPs look for, with documented controls, clear ownership of every process, reliable data, and enough redundancy that nothing depends on one person.

For a mid-size manager, every institutional commitment now comes after an operational review. Preparing for it before the raise begins gives LPs one less reason to default to a bigger name.

Institutional-grade fund operations, without the headcount

bunch gives mid-size managers documented controls, automated workflows, and a single system of record — so operational readiness stops depending on any one person, and starts working in your favour during diligence.

Talk to bunch about your fund's operations bunch.capital →

SOURCES

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AUTHORSHIP

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ABOUT

About bunch

bunch is the leading end-to-end infrastructure for European private markets.

By combining AI-powered automation with deep domain expertise, bunch provides a single source of truth that replaces outdated, fragmented processes. Founded in 2021 and based in Berlin, London, Amsterdam and Luxembourg, the company operates across Europe, enabling fund managers and institutional investors to manage the entire fund lifecycle—from digital investor onboarding and capital calls to fund administration, fund accounting, and tax reporting. Today, bunch manages over 500 investment structures for more than 150 asset managers across all major European jurisdictions.

500+	150+	2021	4
Investment structures managed	Asset managers	Founded	Offices: Berlin, London, Amsterdam, Luxembourg

Build on bunch