

# REPORTING AS STRATEGY: WHY INVESTOR COMMUNICATION IS BECOMING A COMPETITIVE ADVANTAGE FOR INDEPENDENT SPONSORS

HOW THE QUALITY OF WHAT  
YOU SEND CHANGES THE  
CAPITAL YOU CAN RAISE

# EXECUTIVE SUMMARY

Investor reporting in private equity has historically been treated as an obligation: something to get done quarterly and filed away. The most forward-thinking Independent Sponsors are recognizing that this framing is wrong and that the window to differentiate on reporting quality is open right now, because most of the competition has not changed its approach.

The LP landscape is shifting. Katten's September 2025 analysis of key LP investment trends found that the recent ILPA reporting template: which comes into effect in 2026: is driving a noticeable shift toward more explicit, standardized reporting provisions. LPs are requesting more granular data, delivered with greater frequency, and they are asserting influence particularly in areas like fee transparency, liquidity solutions, and governance. In the IS ecosystem, where relationships are direct and personal, that expectation is even more acute.

Allvue Systems' October 2025 investor transparency guide captured the market-wide finding: research shows that firms that prioritize clear, consistent reporting are better positioned to secure more capital, and in less time, from both existing and new investors. For Independent Sponsors who raise capital deal-by-deal, that finding has direct economic implications. Better reporting is not just a relationship investment: it is a capital-raising advantage.

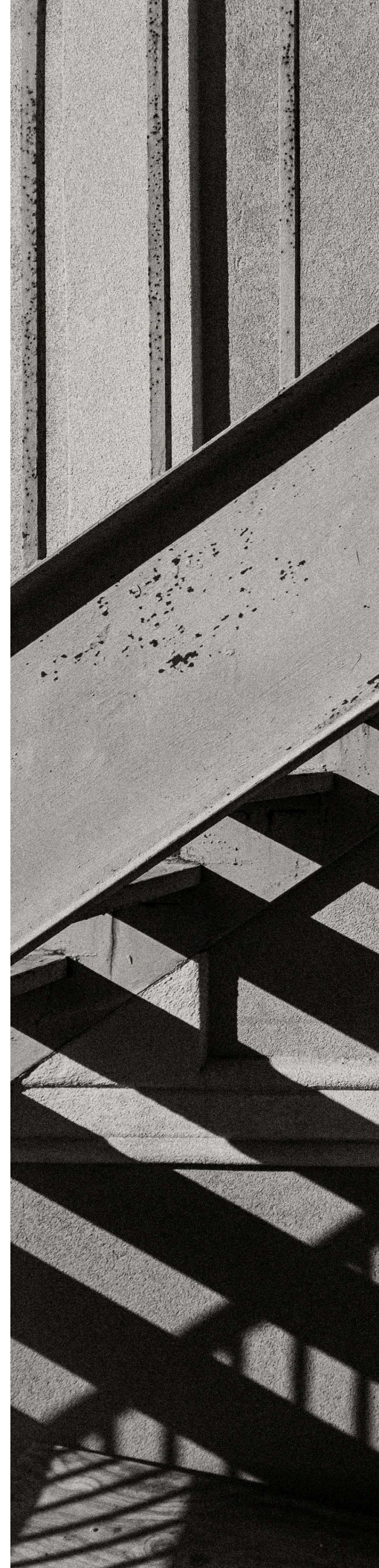



# WHAT LPS ACTUALLY WANT

A CSC survey of 150 LPs in senior roles across the UK, North America, Europe, and Asia Pacific found that the top three LP priorities are operational transparency, regulatory compliance, and technology infrastructure: with an increasing focus on fund accounting, investor reporting, regulatory findings, cash management, and compliance monitoring. That list is not abstract. It describes exactly what the best Independent Sponsors are providing and what too many are not.

Carta's investor reporting guide makes the distinction sharply: today's investors demand more than a static PDF delivered weeks after a quarter ends. LPs now expect on-demand access to essential data rather than just reports on unrealized value. For Independent Sponsors managing a portfolio company with one or two capital partners, this standard is achievable: but only if the reporting infrastructure is built intentionally rather than assembled deal-by-deal.

McKinsey's January 2026 survey of 300 global LPs found that 53 percent ranked value creation strategy as a top-five manager selection criterion. Reporting is the primary channel through which that value creation strategy is communicated across the hold period. A sponsor who builds a well-organized, clearly framed quarterly update: covering operating performance, value creation progress, risks, and forward-looking commentary: is making a visible case for their capabilities on every reporting cycle.





# THE COMPETITIVE DYNAMIC

PwC's 2026 US Deals outlook states directly: LPs are rewarding firms that run themselves as professionally as they run their portfolio companies. Next-generation reporting, improved treasury and liquidity management, and data-driven forecasting are becoming table stakes. Firms that upgrade their internal operating model to incorporate automated workflows, real-time portfolio insights, and AI-enhanced decision support will deliver greater transparency, precision, and accountability.

For Independent Sponsors, the bar for what constitutes professional reporting is lower than it is for a large institutional manager: and that is precisely the opportunity. A sponsor who invests modestly in reporting infrastructure, template design, and consistent delivery cadence can differentiate significantly from peers who still send informal email updates with attached spreadsheets. Capital partners notice. The ones with options allocate accordingly.

Qubit Capital's analysis of private equity investor relations notes that investor relations is no longer a back-office function: it is a strategic capability that directly influences confidence, retention, and long-term capital commitments. For Independent Sponsors, that elevation of IR to a strategic function is a market opportunity that requires only discipline and intention to capture.

# WHAT GOOD REPORTING LOOKS LIKE IN PRACTICE

Good reporting answers the questions capital partners are asking before they ask them: How is the portfolio company performing against the original thesis? What value creation initiatives are underway and what is the progress? What risks have emerged and how are they being managed? What is the outlook for the next two quarters? That framing: thesis-to-update, risk-aware, forward-looking: is different from a standard financial summary and it is what sophisticated investors are increasingly expecting.

The McGuireWoods conference insights note that proactive and candid communication: especially when delivering bad news: is crucial, as it avoids compounding surprises and deepens trust over time. Applied to reporting, that means a sponsor who sends a clear update when performance is behind plan: with an honest diagnosis and a specific response plan: is building more capital-partner confidence than one who sends polished reports only when the numbers are good.

# WHAT ACTUALLY MATTERS NOW

## 01

Develop a formal quarterly reporting template for capital partners that goes beyond financial performance to include value creation progress, risks, and forward outlook.

## 02

Report on bad news proactively and with context. Capital partners who hear directly from the sponsor: with a clear diagnosis and response: calibrate trust differently than those who learn from other sources.

## 03

Treat reporting quality as a capital-raising input. The LP who receives thoughtful, consistent communication between deals is more likely to commit to the next one.

## 04

Align reporting format to what each capital partner actually cares about. Different investors weight different metrics; understanding that and reflecting it in the update is a relationship investment.

Katten Muchin Rosenman, Key LP Investment Trends in 2025 and Beyond, published September 2025.  
Allvue Systems, Investor Transparency and How to Meet LP Demands, published October 2025.  
Bite Investments, The 2025 Investor Shift: What It Means for Private Capital Managers in 2026, published December 2025.  
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McKinsey & Company, Global Private Equity Report 2026, published March 2026.  
PwC, Private Equity: US Deals 2026 Outlook, published December 2025.  
Qubit Capital, Private Equity Investor Relations: Best Practices and IR Strategies, published January 2026.  
McGuireWoods, Key Takeaways from McGuireWoods' 2025 Independent Sponsor Conference, published December 2025.

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