

# International Search Funds–2024

## Selected observations

ANN-SOPHIE KOWALEWSKI

PETER KELLY

JAN SIMON

ROB JOHNSON



# **International Search Funds – 2024**

## **Selected observations**

**September 2024**

## **Authors**

**Ann-Sophie Kowalewski**

PhD Candidate in Entrepreneurship, IESE Business School

**Peter Kelly**

Lecturer in Management, Stanford Graduate School of Business

**Jan Simon**

Professor of the Practice of Management of Entrepreneurship, IESE Business School

**Rob Johnson**

Visiting Professor of Entrepreneurship, IESE Business School

Design: IESE Business School: [www.iese.edu](http://www.iese.edu)

Copyright 2024 © IESE.

The authors would like to thank all the search fund principals who participated in this study.

All the material contained in this document has been provided by the authors based on IESE search fund surveys.

---

## CONTENTS

|                                         |    |
|-----------------------------------------|----|
| Abstract .....                          | 4  |
| Introduction.....                       | 5  |
| About the study.....                    | 6  |
| International Search Fund activity..... | 7  |
| Principals' backgrounds.....            | 10 |
| Fundraising and search.....             | 11 |
| Acquiring a company.....                | 12 |
| Financial performance.....              | 16 |
| Conclusion .....                        | 22 |
| Exhibit 1. ....                         | 23 |
| Exhibit 2. ....                         | 24 |
| Exhibit 3. ....                         | 25 |
| Exhibit 4. ....                         | 26 |
| Exhibit 5. ....                         | 26 |
| Exhibit 6. ....                         | 27 |
| Exhibit 7. ....                         | 28 |
| Exhibit 8. ....                         | 29 |
| Exhibit 9. ....                         | 29 |

# Abstract

The core search fund model describes a path to entrepreneurship through acquisition that has gained significant traction globally since its inception in 1984. This note reports on 320 search funds formed outside the United States and Canada, shedding light on key characteristics and the financial returns of all known international search funds as of December 31, 2023. The sample set includes international searchers in 40 countries and on five continents. Conducted by the International Search Fund Center at IESE Business School in collaboration with the Stanford Graduate School of Business, this biennial study draws on both quantitative and qualitative survey data.

**Keywords:** Search funds, International search funds, Entrepreneurship through acquisition (ETA), Entrepreneurial acquisitions (EA), Entrepreneurial finance

# Introduction

In 2011, IESE Business School (IESE), in collaboration with the Stanford Graduate School of Business (GSB), began to identify and track international search funds.<sup>1</sup> This note is the seventh edition of the biennial publication by IESE's International Search Fund Center and aims to provide a sound overview of 320 international search funds.<sup>2</sup> Reporting increasing diversity among search fund principals and a strong acquisition success rate, this study sheds light on the growing appeal and promise of the core search fund model.<sup>3</sup>

A search fund is an entrepreneurial path undertaken by one or two individuals (the “searchers”) who form an investment vehicle with a small group of aligned investors, some of whom become mentors, to search for, acquire, and lead a privately held company for the medium to long term, typically five to ten years. Search funds offer entrepreneurs the opportunity to become equity-owning business operators (typically in the role of CEO) without necessarily having accumulated the capital or experience required to buy or lead a company. For investors, a search fund can provide attractive returns in a two-stage investment: an initial, small investment in support of the entrepreneur's sourcing of an existing business, followed by a larger investment in the acquisition of this company.

The life cycle of a search fund can be divided into four stages: (1) raising a search fund (i.e., a pool of capital) from a group of aligned, involved investors backing the searcher(s) in finding a company to acquire; (2) searching and acquiring, in which the searcher(s) generate many leads to identify and acquire an attractive operating business, usually over the course of one or two years; (3) operating, the longest and most compelling stage for the entrepreneur(s) during which the searcher(s) lead and grow the business; and (4) exiting, at which point the searcher(s) and investors achieve liquidity. For detailed background information on search funds, see the Stanford GSB Center for Entrepreneurial Studies (CES) *Search Fund Primer*<sup>4</sup> and the IESE note *Search Funds — What has made them work?*<sup>5</sup>

Using proprietary survey data, this report provides insights into the evolving characteristics and performance of all known search funds outside the US and Canada,<sup>6</sup> including the profiles of search fund entrepreneurs between 1992 and December 31, 2023. A record in terms of both new core search funds launched (59) and acquisitions performed (31) in 2023 highlights the continuous growth and popularity of the asset class. Our findings indicate that MBA graduates continue to represent a significant share of search fund principals (71%). That US business schools no longer dominate (42%), however, reflects the recent advance of ETA and search funds in international curricula. The share of female principals has slightly increased to 7% but remains below the 17% mark observed in the US and Canada. In turn, 79% of international search funds have successfully acquired companies by 2023, outperforming the 63% success rate in the US and Canada. Overall, these funds have delivered an overall ROI of 2.0x and an IRR of 18.1%, with top performers returning as much as 31.4x of investors' capital, affirming the strong potential for substantial returns in this sector.

---

<sup>1</sup> “International” in this report refers to outside the United States and Canada to coordinate with the Stanford study.

<sup>2</sup> For more information on Stanford's research in the United States and Canada, which has tracked more than 681 search funds formed since 1984, see the [2024 Search Fund Study | Stanford Graduate School of Business](#).

<sup>3</sup> The term “core search fund model” is hereinafter used to describe the funded search model previously also referred to as the “traditional search fund model.”

<sup>4</sup> For a comprehensive description of the search and acquisition process, readers may obtain the *Search Fund Primer* from Stanford GSB's Center for Entrepreneurial Studies (CES): <http://www.gsb.stanford.edu/faculty-research/centers-initiatives/ces/research/search-funds/primer>.

<sup>5</sup> To help understand the practices and values underpinning the search fund model, readers may obtain the note *Search Funds - What has made them work?* from IESE's International Search Fund Center: <https://www.iese.edu/entrepreneurship/search-funds>.

<sup>6</sup> “Known search funds” refers to those of which IESE is aware. Despite the broad network of search fund principals, investors, and advisors that share searcher data with IESE, it is possible that there are search funds that existed or do exist that are not known to IESE.

# About the study

This analysis specifically considers first-time core search funds, excluding self-funded searches, second-time search funds, and single-sponsor searches, since these imply different skill sets, capital needs, and external requirements. Consequently, this study also omits derived models, such as accelerators, entrepreneurs in residence, and other hybrid models. The authors caution about extrapolating conclusions from core search funds and applying them to other forms or models without considering individual specifics, as well as how the model fits together.

Data collection took place in early 2024 by way of a standardized electronically distributed survey. Principals of all identified search funds were queried about their personal background and professional profile as well as their fundraising, geographic focus, target industries, and target company characteristics. Searchers who acquired a company were further asked about acquisition and operating metrics. At one year of operation post-acquisition, CEOs were asked about concurrent company valuations, capital flows, and investor returns in the case of liquidity events.

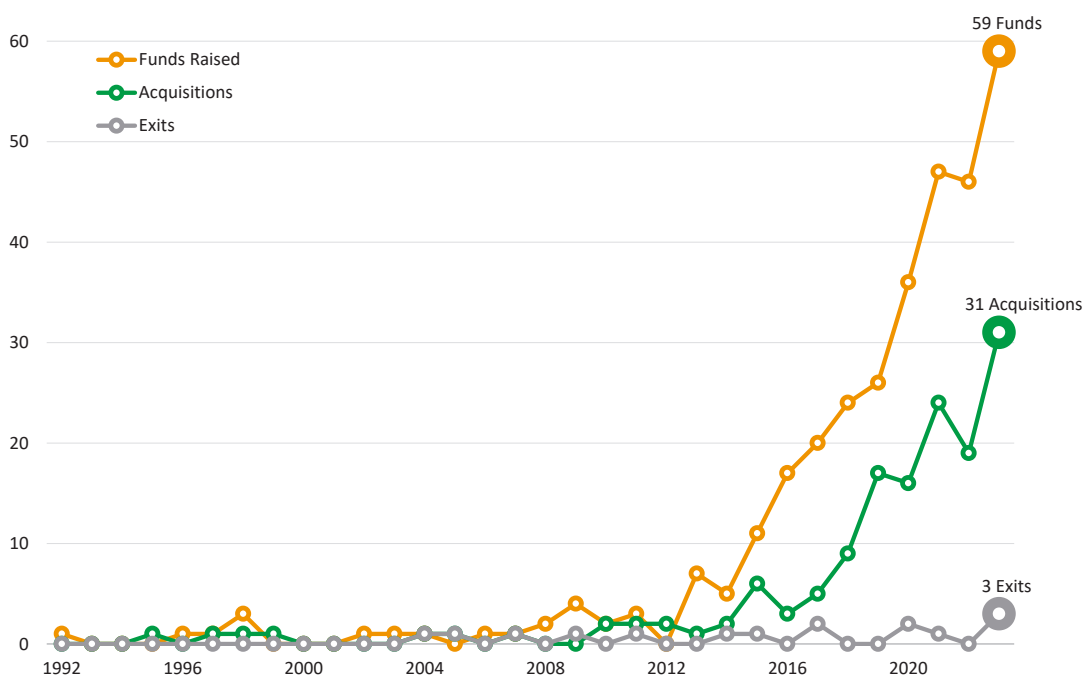
Although every effort was made to collect information from every known search fund outside the United States and Canada, few cases may not have been included. Similarly, some identified searchers or CEOs did not answer all questions, disqualifying such observations from some of the analyses. As this study is repeated, additional searches may be added to the sample set accordingly.

# International Search Fund activity

As **Figure 1** demonstrates, search fund activity outside the United States and Canada has increased significantly ever since the first launch of the model in the United Kingdom in 1992. More search funds have been raised in recent years, with 2023 setting a record of 59 new international search funds.

Similarly, the number of acquisitions is consistently increasing and reached a peak of 31 new acquisitions in 2023. Overall, few exits have happened outside the US and Canada so far, reflecting the relatively recent emergence of the search fund model internationally and the five- to ten-year period between acquisition and exit. With three recent exits between 2022 and 2023, the subsequent analysis draws on a total of 15 successfully completed search fund endeavors.

**Figure 1. International Search Fund activity by year**



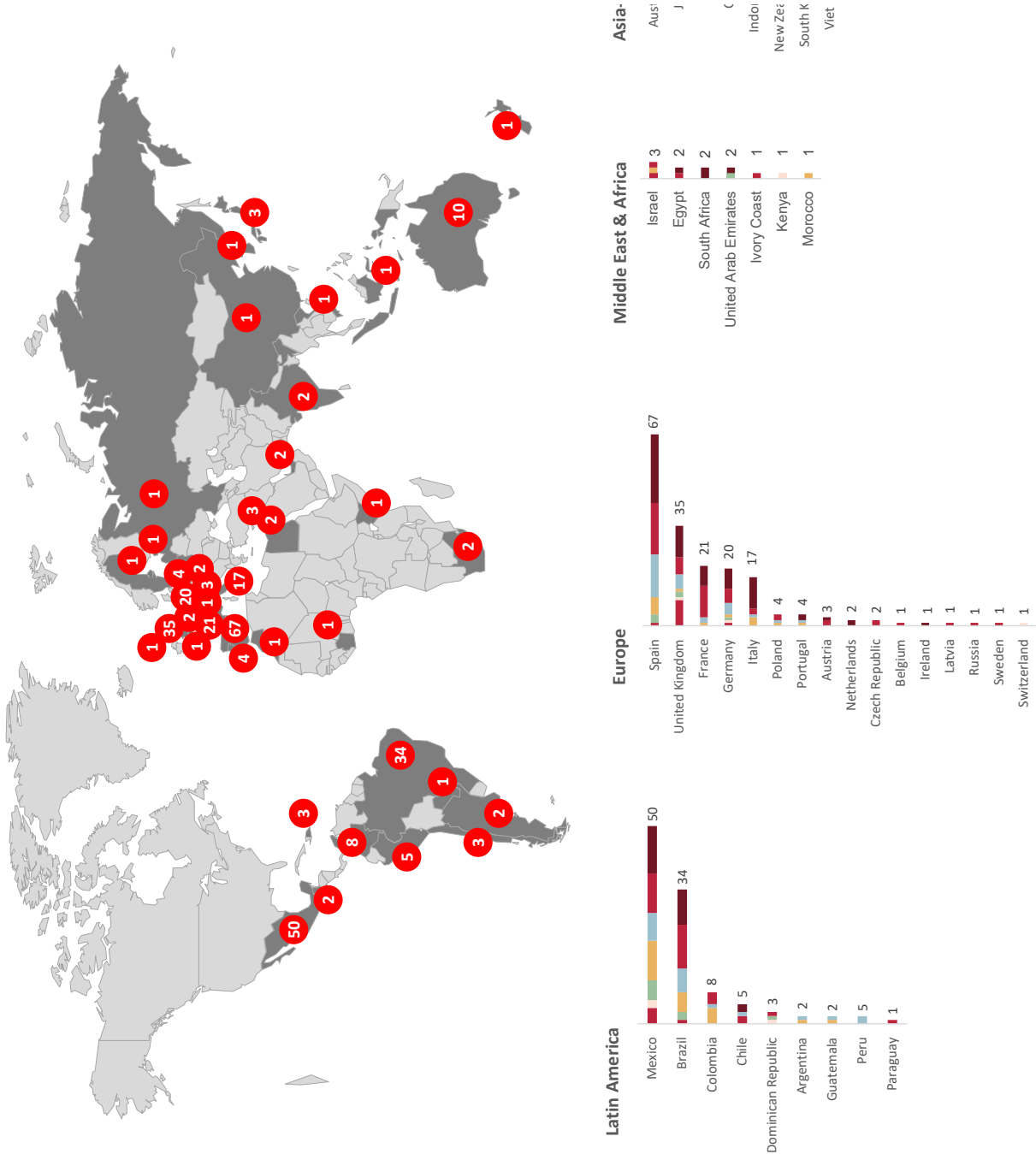
As of year-end 2023, 121 of the total 320 international search funds were either searching for an acquisition or fundraising for a planned acquisition. Of the remaining 199, 146 had acquired a company, 38 had ended their search without an acquisition, and 15 had deviated from the search fund model. While 63% of concluded search funds in the US and Canada ended in acquisitions, as much as 79% of international search funds led to an acquisition so far. Of those 146 that had acquired a company, 125 were operating the company as of late 2023, 15 had exited their businesses with a positive return to investors, and six had exited their companies at a loss for investors. This split is summarized in **Figure 2**.

**Figure 2. International Search Fund activity by status**



The data set in this study includes search funds in 40 countries on five continents. While the first international search fund was raised in the United Kingdom in 1992, starting in 2003, search funds were raised in Latin America, Europe, Africa, Asia, and Australia. In 2022 and 2023, search funds were formed in six new countries: China, New Zealand, Vietnam, South Africa, Ireland, and the Netherlands. Totals by country are shown in **Figure 3**.

Figure 3. International Search Funds by region, country, and year of formation



# Principals' backgrounds

The 447 international search fund principals in this study<sup>7</sup> were diverse in several ways, with the youngest and oldest being 24 and 57 years old, respectively. The age and share of female principals increased slightly in 2022 and 2023, reaching a median of 33 years and a share of 7%. A large proportion of principals (71%) graduated from an MBA program and launched their search fund within two years of graduation (68%). Of these, 42% attended their MBA at a US business school. The decrease of this proportion of US graduates from 50% in the last study shows the growing awareness of the search fund model internationally. The popularity of the asset class is further reflected by the consistently high rate of searchers who have previously attended a course on entrepreneurship through acquisition (47% since 2021). See **Exhibit 1** for additional reporting on principals' backgrounds.

Part of the appeal of the search fund model is that successful searchers come from a wide variety of professional backgrounds, reflecting that success does not depend on nor do many investors prefer any specific professional profile. Most commonly, new search fund principals in 2022 and 2023 had experience in management consulting (26%), investment banking or financial services (20%), and line or general management (14%). While private equity and venture capital profiles were less common than in 2020 and 2021, the share of searchers with previous entrepreneurial experience appears steady at around 4%. See **Exhibit 2** for additional reporting on principals' professional backgrounds.

---

<sup>7</sup>We considered all 447 Search Fund Principals, i.e., both searchers in the case of partnerships, in our analysis.

# Fundraising and search

Fundraising metrics varied widely among international search funds, reflecting both regional and individual differences. In the last two years, the median amount raised per fund was \$456,000 with a minimum of \$150,000 and a maximum of \$830,000.<sup>8</sup> Naturally, the search capital differed markedly for solo (median of \$420,000) and partnered searches (median of \$632,000). Salaries are a major cost point and, hence, constitute a large share of the search capital. While the reported compensation for a two-year period accounts for about 44% of the total raised capital by single searchers, this share lies at 60% in partnerships. Overall, annual searcher salaries in Latin America ranged from \$48,000 to \$230,000, with a median of \$94,000. In Europe, the range of searcher salaries was between \$35,000 and \$127,000, with a median salary of \$90,000. For the US and Canadian search funds profiled in Stanford GSB's 2024 Search Fund Study, searcher salaries ranged from \$60,000 to \$250,000.<sup>9</sup> While the analysis is representative of search funds globally, it is challenging to derive rationales that fully explain discrepancies between regions or over time.

Partnerships continued to be significantly more common internationally than in the US and Canada (recently at 19%), totaling 40% of all search funds in the study and 35% in 2022 and 2023. The median number of search fund investors per fund was 16. The median time required to raise a search fund remained at five months. See **Exhibit 3** for an additional comparison of search fund metrics.

Once funds are collected and the shareholder agreement is signed, the search phase starts in earnest. International searchers generally described themselves as “opportunistic” in their search process (57%), while 19% of them reported that they mainly focus on a few specific industries. An increasing number of searchers purposefully combines industry focus and high-volume search strategies in a balanced approach (24%). With 80% of all current searchers indicating an interest in technology companies, this category was again the frontrunner. After technology, the most targeted industries continued to be manufacturing (68%), healthcare (65%), and transportation and logistics (48%). Significantly more searchers than in the last study (37%) further mentioned other services—including retail and B2B. Given the central role of the technology and healthcare sectors, the four most recent studies break down the technology category further to provide a detailed view of how searchers evaluate this sector. See **Exhibits 4-6** for the relative prominence of industries and details on the subcategories in technology and healthcare.

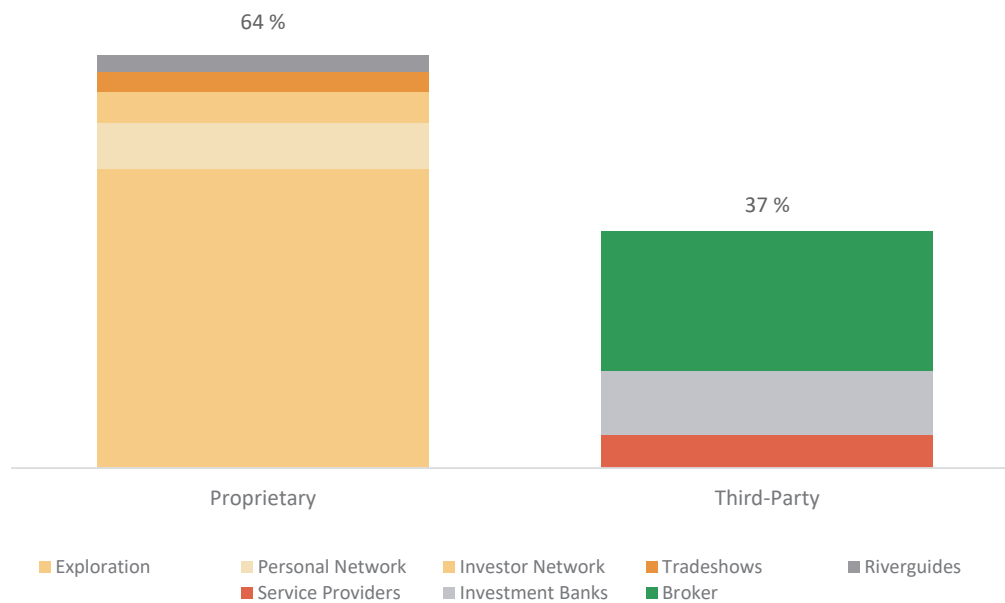
If the aim is to acquire a good business in a great industry at a reasonable price, then acquiring a small or medium-sized business through a competitive process might, in many cases, not achieve the stated purpose. A proprietary-led search process might thus result in a better outcome. Indeed, the surveyed international principals once again ranked proprietary search—typically involving direct contact with business owners to learn whether they may be acquisition candidates—as the predominant source of deal flow in the survey. **Figure 4** details both proprietary and third-party sources. Jointly, these channels bring about a deal flow funnel where potential targets undergo rigorous screening in four stages: exploration, personal conversations, letters of intent (LOIs), and due diligence. Pre-acquisition, the average searcher explored over three thousand businesses during the exploration phase, engaged in personal conversations with 159 owners, and signed approximately four LOIs.

---

<sup>8</sup> All financial information presented in this study has been converted to US dollars using the historic conversion rate as quoted by the API solution of [exchangerate.host](https://www.exchangerate.host). USD was chosen for two reasons: (1) the euro was not in circulation for search funds raised prior to 2002, and (2) many search funds, although located outside the United States, are also reported in USD since many of their investors are in the United States.

<sup>9</sup> The authors point out that compensation data are particularly sensitive, which causes a relatively low response rate to the respective survey questions (> 75%).

**Figure 4. Primary deal sourcing approaches by searchers, 2022-2023**

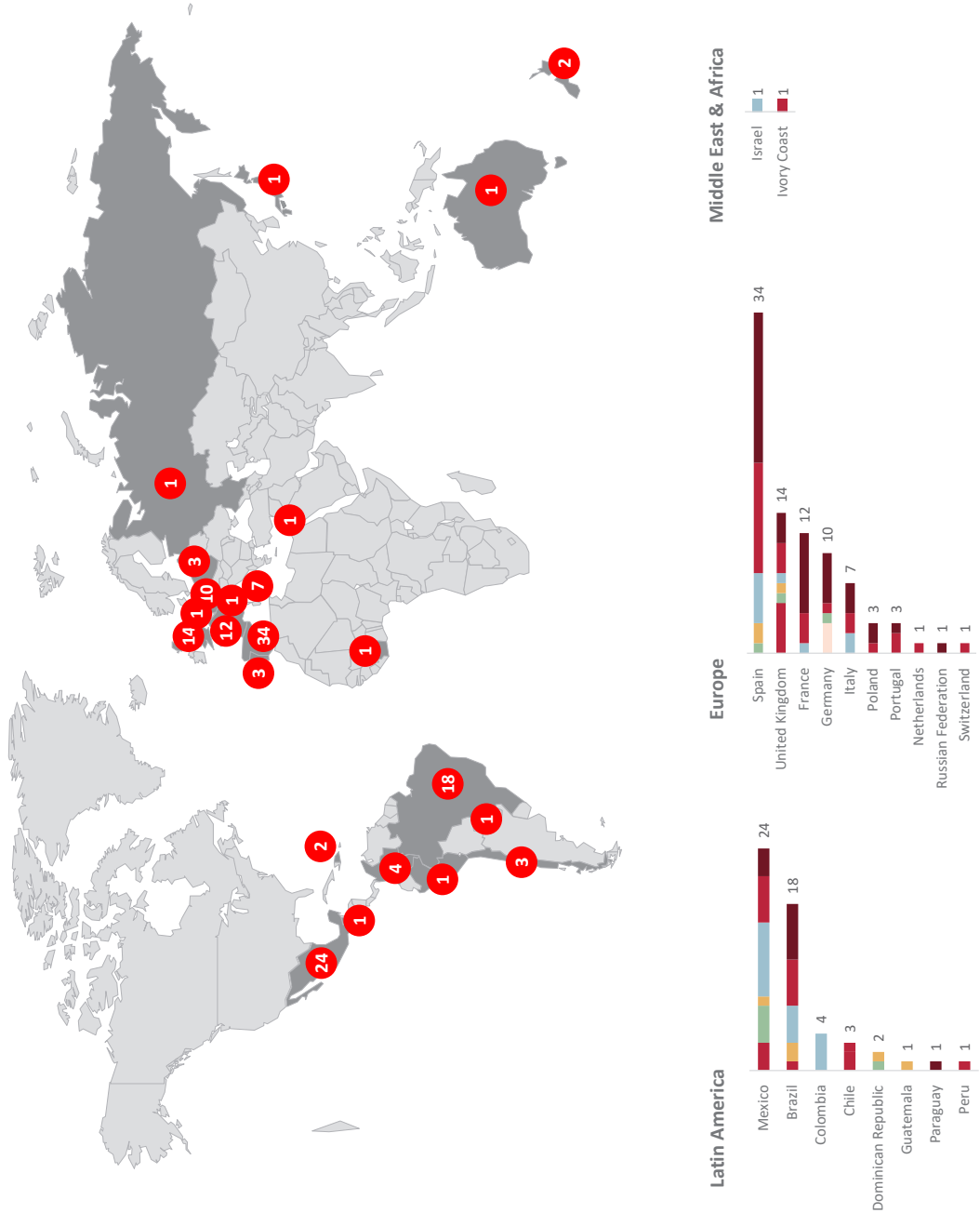


## Acquiring a company

From the 320 search funds outside the United States and Canada that were tracked by IESE, 146 acquisitions were made as of year-end 2023 (compared with 681 known US and Canadian search funds tracked by Stanford GSB with 328 acquisitions). Of these acquisitions, 86 were made in Europe, 54 in Latin America, four in the Asia-Pacific, one in the Middle East, and one in Africa. The most recent transactions in 2022 and 2023 also include pioneer acquisitions in New Zealand, Russia, and Paraguay.

**Figure 5** visualizes a detailed geography of all known acquisitions.

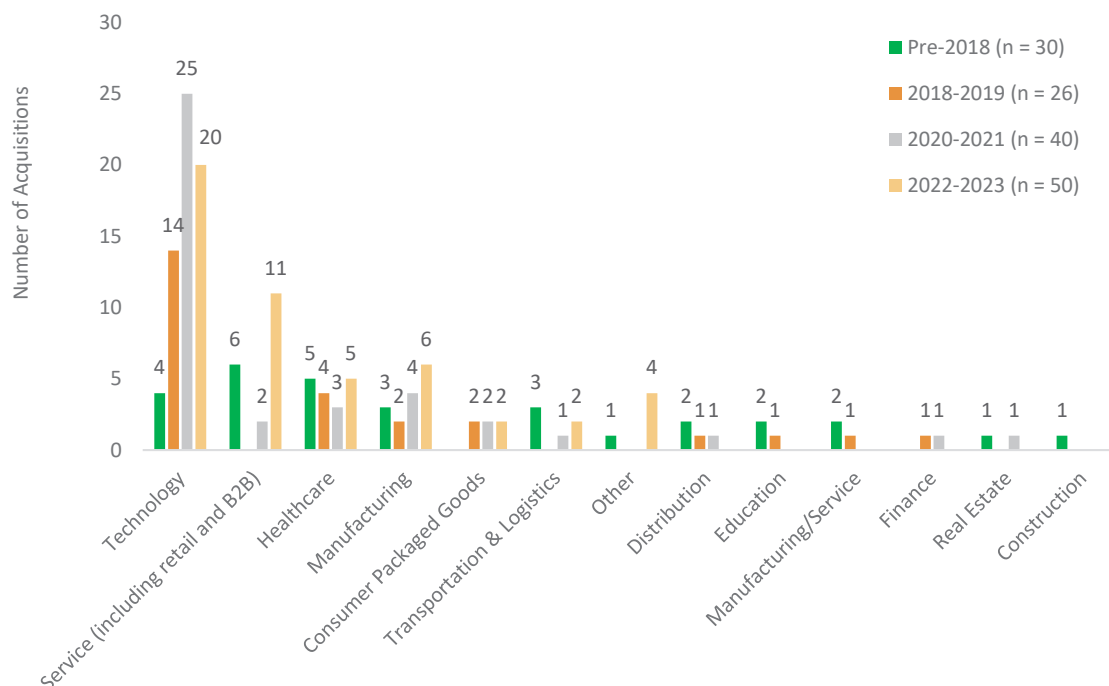
Figure 5. International Search Fund acquisitions by region, country, and year



In line with the principles of the core search fund model, investment criteria often include high-quality revenue (such as recurring revenue); high earnings before interest, taxes, depreciation, and amortization (EBITDA) margins; and solid industry growth. **Exhibit 7** details company characteristics along with deal specifics. The median international search fund acquisition had the following characteristics at purchase: purchase price of \$11.7 million, \$7.8 million in revenues, EBITDA margin of 24%, purchase price to EBITDA multiple of 5.7x, purchase price to sales multiple of 1.4x, trailing annual revenue growth rate of 11%, trailing annual EBITDA growth rate of 13%, and 50 employees. In comparison, the median US and Canadian acquisition profiled in Stanford GSB's 2024 Search Fund Study had a purchase price of \$12.8 million, revenues at purchase of \$7.3 million, EBITDA margin of 22.5%, a purchase price multiple of 6.3x EBITDA, trailing annual EBITDA growth rate of 11.4%, and 40 employees.

In line with searchers' reported industry focus, most international search fund acquisitions were made in the technology sector, followed by services, manufacturing, and healthcare. See **Figure 6** for the distribution of industries across all international search fund acquisitions. Within the technology class, software development was the most dominant technology subsector (9 acquisitions), followed by consumer electronics and hardware (2 acquisitions) and marketing technology (2 acquisitions).

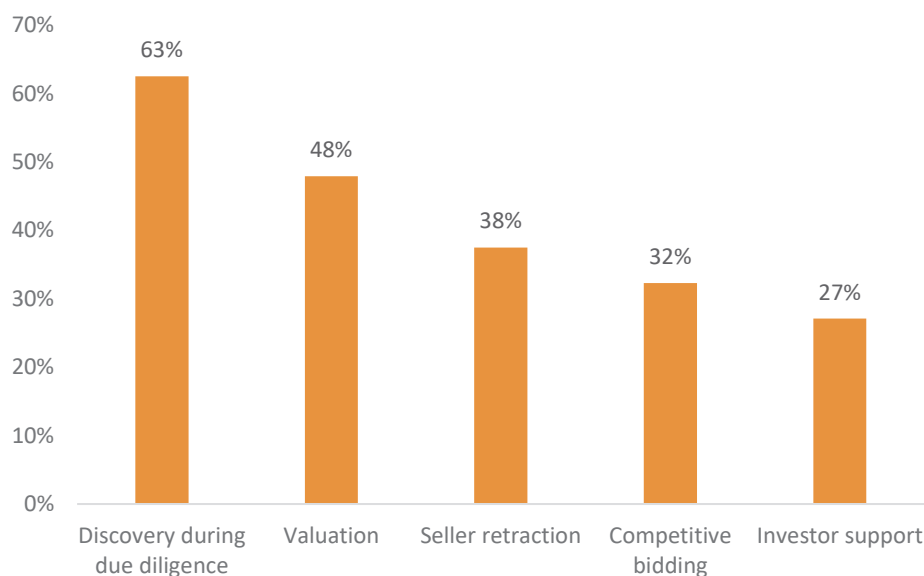
**Figure 6. Industries of acquired companies over time**



Navigating the path to acquisition is complex, and not all potential targets ultimately culminate in successful acquisitions, warranting further exploration. **Figure 7** offers an overview of the searcher-reported key factors that influence why targets under LOI did not result in acquisitions. While a lack of support by investors was perceived as a critical obstacle by less than one third of searchers surveyed for this study, problems discovered during due diligence (63%) and issues related to valuations (48%) were especially prevalent. Anecdotally, investors second these findings and highlight the challenge of spending excessive time on businesses that were atypical prospects (i.e., not aligned with search fund criteria). Investor reports similarly stress the importance of staying attuned to the risk of seller retraction during due diligence, especially nearing the closure of a deal. Hence, keeping one’s pipeline active in parallel is pivotal.

Furthermore, pace matters. While statistical significance cannot be established given the low number of observations, the current study collected information on the timing of first LOIs per search fund and the findings suggest that searchers who are ultimately successful in acquiring a business reached that milestone earlier (first LOI signed as early as in month 1, and in month 7 on average) than those who ended up terminating the fund without acquisition (first LOI signed in month 9, on average, and with larger in-group variance). The 2022 to 2023 survey reveals that nearly 40% of those who have not signed an LOI during the first 12 months did not acquire a business.

**Figure 7. Reported reasons to forego acquisition upon LOI, 2022–2023 (% of searchers)<sup>10</sup>**



Searchers who fail to find suitable acquisitions in especially attractive targeted industries have occasionally pursued a startup in a sector of their original interest with the agreement and support of their search fund investors. Indeed, of the searchers who deviated from the search fund model, six founded startups with the backing of their search investors. This is known as a “greenfield” or “greenfielding.”

<sup>10</sup> Principals were asked to choose all factors they considered relevant to their experience with several LOIs rather than choosing only one. The above data represents the frequency of each response across all search fund principals that were searching at some point during 2022 and 2023 (i.e., this includes those that are still actively searching as well as those who have either decided to terminate without acquisition or that have bought a business).

# Financial performance

This study calculated financial returns from the perspective of investors of initial search capital; that is, it measured returns based on investments from and distributions to the search fund investors who invested in the search and acquisition phases of the fund. Our analyses excluded follow-on financing events.<sup>11</sup> Two measures of return were used: return on investment (ROI)<sup>12</sup> and internal rate of return (IRR).<sup>13</sup> 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. Searches that ended without an acquisition were included, along with both operating and exited companies. All returns were calculated on a pretax basis using data provided by the principals of the funds or by their search fund investors.

Of the 184 concluded funds (i.e., that had raised a search fund and either acquired a company or ended without an acquisition), 130 were included in the calculations of returns.<sup>14</sup> This number included 37 unsuccessful searches and 93 completed acquisitions with a minimum of one year of operation post-acquisition. The calculation of enterprise value is straightforward for terminal funds,<sup>15</sup> reflecting the value as of the terminal event (e.g., exit, sale, recapitalization, etc.). For operating companies, the enterprise value as of December 31, 2023, was based on the principals' reported market value and investors' current ownership.<sup>16</sup>

To be conservative in our analysis of acquired companies still led by the searchers, we assumed that all of the searchers' shares of equity had fully vested,<sup>17</sup> all external debt was repaid, and funds were distributed in proportion to the investors' shares of equity and subordinated debt.

While we made every effort to provide accurate returns, it is important to note that the information received for fund contributions and distributions might have been imprecise, especially for funds with long operating histories and complex capital structures. In addition, given that there have only been 15 exits with a positive return by international search fund entrepreneurs as of December 31, 2023, and six cases of companies failing, it is too early to draw firm conclusions about the financial performance of the international search fund asset class. Readers should keep this in mind when considering the ROI and IRR figures presented in this study.

Overall, the international search funds considered in this study achieved an overall ROI of 2.0x and an IRR of 18.1%. The median search fund returned 1.4x of investors' capital post-acquisition, whereas the top-performing search fund returned 31.4x. These returns differ slightly from the last IESE study, as ROI rose marginally from 1.9x as of the end of 2021, while IRR decreased by 1.3% from 19.4 %. Notably,

---

<sup>11</sup> While follow-on financing can be an important part of search fund returns, excluding it in these calculations simplifies data reporting for searchers who are still operating a company, thereby increasing data integrity and accuracy while staying true to the focus on returns for original search and acquisition investors. Follow-on financing was included for exits as searchers reported results of terminal search funds in detail.

<sup>12</sup> Return on investment (ROI) represents the multiple of initial cash (MOIC) invested that is returned to investors, that is, if the group of initial investors invested \$5 million and later received \$10 million back, this would be described as a 2.0x ROI. A return of \$1 million would be a 0.2x ROI, and so forth. A complete loss of capital is an ROI of 0.0x.

<sup>13</sup> Internal rate of return (IRR) represents the annual compounding rate derived from the adjusted dates and actual amounts of search and acquisition capital invested and returned by an investment. For investments returning nothing or only a fraction of the investors' original investment, IRR is not a meaningful metric.

<sup>14</sup> A total of 31 funds were removed from the sample because the principals had acquired the company less than one year prior. One terminal fund resulting in a total loss of equity was removed due to insufficient data, and one terminal fund resulting in a positive return was removed due to insufficient data from the principal, other operating businesses could not be assessed due to incomplete survey responses.

<sup>15</sup> "Terminal" search funds are those that (i) ended the search without acquiring a company or (ii) acquired and exited a business with a positive or negative return to investors.

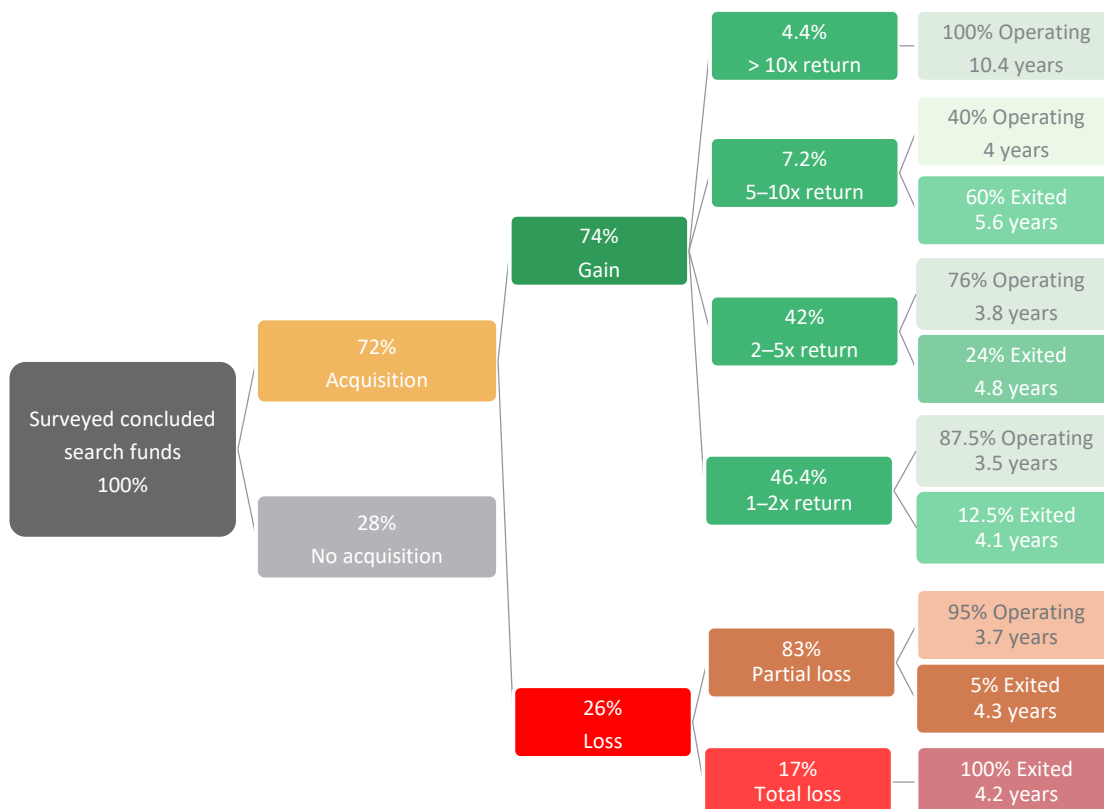
<sup>16</sup> The estimation of enterprise value is an independent estimate of value based on the principal's knowledge of the company and industry, recent equity transactions, comparable company transactions, or a third-party valuation. Our experience over the years with these studies, as in the Stanford studies, is that the valuation multiples reported by principals still operating their companies are generally lower than what is achieved in a later liquidity event.

<sup>17</sup> This approach results in a more conservative IRR to investors since funds typically include both time-based vesting and performance hurdle rates, which must be exceeded before the searchers vest at least a portion of their performance equity. Additionally, most investments in the search phase include downside protection for investors in the form of preferred returns and a liquidity preference.

the large discrepancy to the Stanford study of US and Canadian search funds (IRR of 35.1% and ROI of 4.5x) is in large part due to the significant portion of total acquisitions made in the past three years. Sixty-two percent of all international search fund acquisitions have been made since 2020, leaving little time for growth to materialize. Indeed, equity appreciation in search fund–acquired companies is often reported to be greatest after years 3 or 4. More conclusions will be possible as these companies and entrepreneurs mature further.

Meanwhile, we observe heterogeneity across international search funds. **Figure 8** reflects the percentage of search funds in each phase of the search fund cycle as well as their return characteristics. We have included the percentage of terminal and operating companies, their return characteristics, and median hold times. For example, the top box in the right-hand column indicates that all companies at a reported “10x return” rate are active for an average of 10.4 years. See **Exhibit 8** for the distribution of international search funds by ROI and **Exhibit 9** for a histogram by IRR.

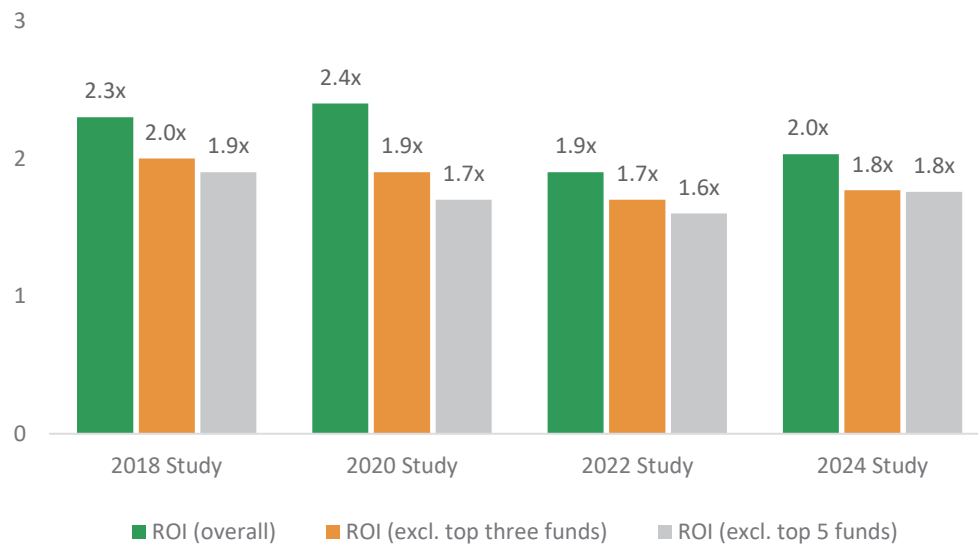
**Figure 8. Percentage of International Search Funds in each phase of the search fund life cycle (N=130)<sup>18</sup>**



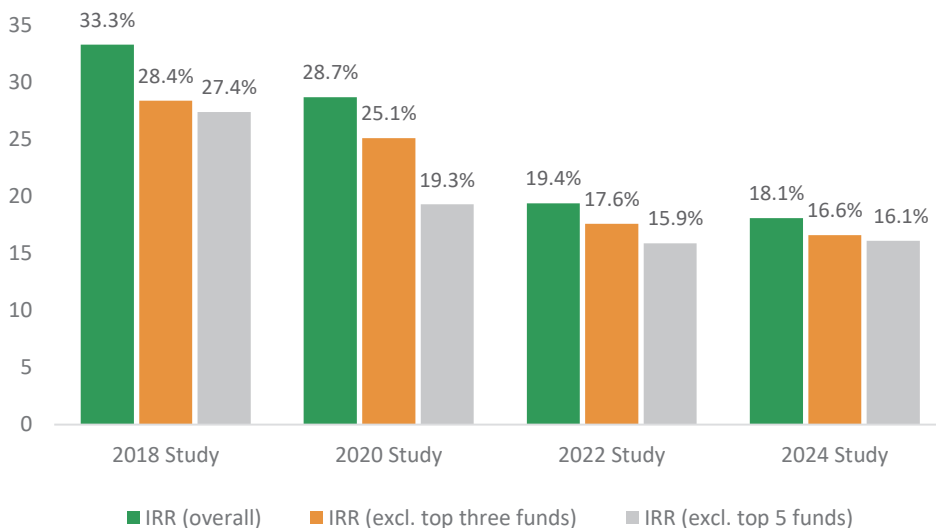
<sup>18</sup> This chart does not reflect information for companies that did not report sufficient financial information for inclusion. Similarly, it does not include information for recently acquired companies that had been operating for less than one year as of December 31, 2023 (n=130).

A small number of highly successful search funds positively affect aggregate returns, as with other forms of risk capital and entrepreneurship. **Figures 9** and **10** show adjusted returns when the top three and top five performers are removed.<sup>19</sup>

**Figure 9. International Search Funds asset class ROI**



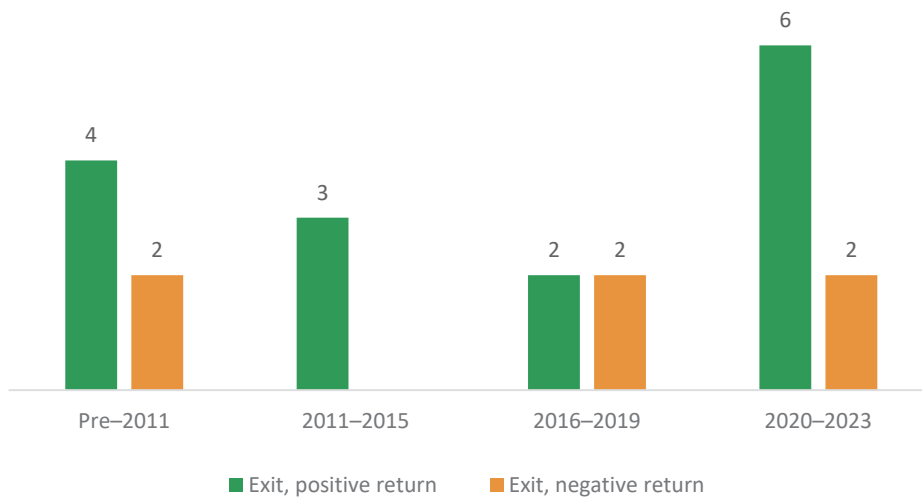
**Figure 10. International Search Fund asset class IRR**



<sup>19</sup> In **Figures 9** and **10**, the top three and top five funds were excluded on the basis of their ROI ranking as one approach to demonstrating the relative impact on financial returns when the same three to five companies are removed from the calculations.

Although asset class IRR has declined and ROI remains relatively modest, there has been a trend toward more positive outcomes, even as the number of international search fund entrepreneurs has expanded in recent years. **Figure 11** summarizes the outcomes of all terminal international search fund acquisitions over time. There were 15 known exits with a positive return by international search funds: seven in Mexico, three in the United Kingdom, two in Spain, one in Brazil, one in Chile, and one in Italy. Six investments in Europe and Brazil were exited with a negative return to investors.

**Figure 11. Positive and negative exits over time (N=21)<sup>20</sup>**

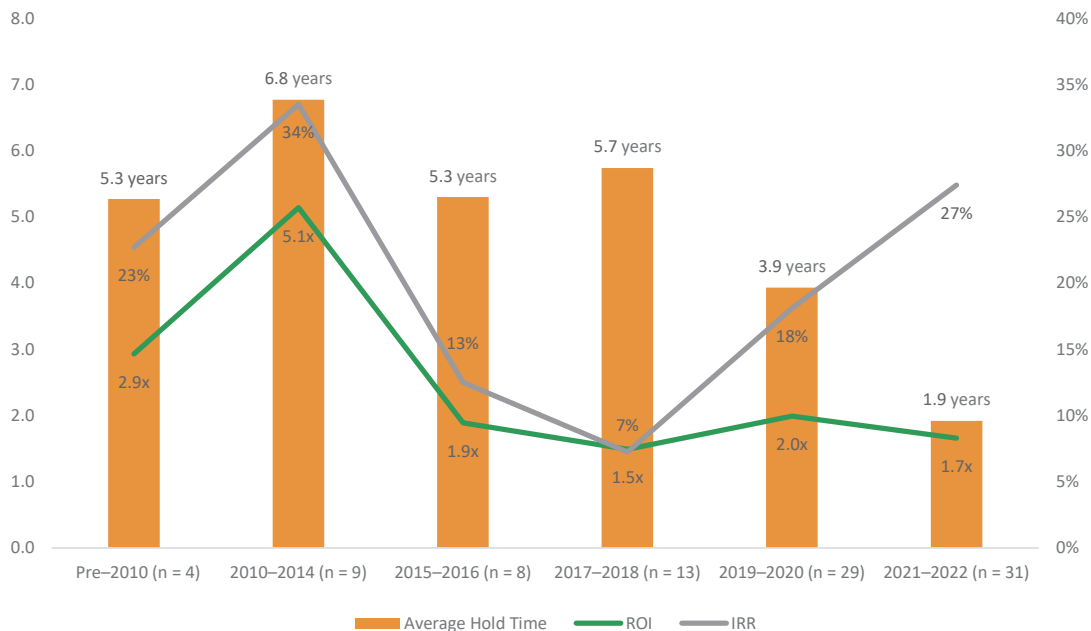


Isolating the returns for search funds that are still operating a business, the aggregate ROI was 2.1x, and the IRR was 19.6%. For terminal search funds (i.e., those for which the searcher acquired and then sold or exited the business), ROI was 1.9x invested capital (ROI), while IRR was 17.3%.

<sup>20</sup> One search fund that shut down at a complete loss of capital and one that resulted in positive returns included in the overview here (**Figure 11**) have been excluded from further analysis due to unresponsiveness of the principal and insufficient financial information. Both funds had been launched before 2011.

**Figure 12** reflects the IRR and ROI for both terminal and operating companies by year of acquisition. Companies operating for less than one year were excluded. Note that the last four columns reflect data for two-year periods from 2015 to 2016, 2017 to 2018, 2019 to 2020, and 2021 to 2022, whereas the first two columns group acquisitions across several more years.

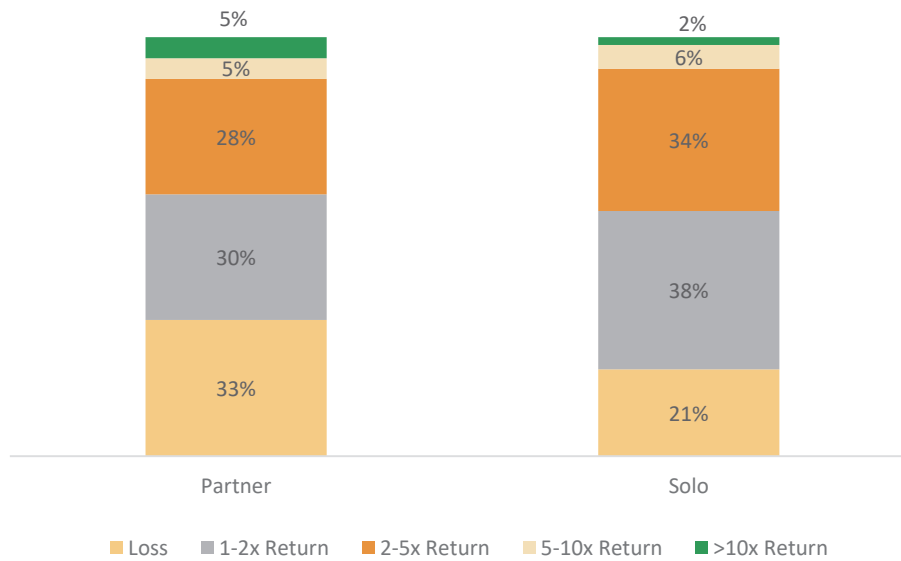
**Figure 12. IRR and ROI by year of company acquisition (N=93)<sup>21</sup>**



As highlighted previously, searching with a partner is much more common internationally—especially in Latin America—than in the US and Canada. Partnerships accounted for 35% of the international search funds launched and 36% of new acquisitions in 2022 and 2023. The decision to proceed solo or with a partner is complex and highly personal, and those who eventually acquired a company were split evenly between single searchers and paired searchers. The average financial returns in the two categories appear to be similar overall. While top returns of 10x ROI and beyond are more common for partnered funds, the small sample size prevents conclusive analysis. **Figure 13** shows the distribution of investor ROI by partnership status.

<sup>21</sup> This graph does not include companies that did not report sufficient financial information for inclusion, nor for companies operating for less than one year as of December 31, 2023.

**Figure 13. Investor ROI by partnership status among funds that acquired a company (N=93, including 53 solo searchers and 40 partnerships)<sup>22</sup>**



Meaningful data on equity returns to entrepreneurs remains scarce to date. The note on US and Canadian search funds presented an average equity value for entrepreneurs still operating a company of \$6.09 million and entrepreneurs who had exited their businesses of \$5.7 million. We have not noticed marked differences in terms of the earned equity of international search fund CEOs.

<sup>22</sup> This graph does not include companies that did not report sufficient financial information for inclusion, nor for companies operating for less than one year as of December 31, 2023.

# Conclusion

Despite the relatively small number of international search funds that have gone full circle, our study highlights both the potential for and heterogeneity in performance of the search fund model outside the United States and Canada. IESE plans to publish more performance information for the international search fund asset class as the observed businesses mature and the number of new acquisitions continues to grow. The presented snapshot indicates that some countries strengthen their position as regional hot spots for the model (e.g., Mexico and Spain, closely followed by Brazil and the United Kingdom,) while searches pioneer ever new countries, including in Africa and Asia. In line with the expansive course of the asset class, we appreciate the trend that ever more business schools offer specific courses on entrepreneurial acquisitions and search funds and encourage the community to sustain its collaborative nature.

Nonetheless, readers are cautioned against drawing firm conclusions about the model's outcomes in international arenas from this note alone. Rather than using this note as a basis for judging the performance of international search funds as an asset class, it should be used to understand common search fund characteristics outside the United States and Canada. During the writing of this note, new reports arrived from international search funds raising capital, negotiating acquisitions, operating with both negative and positive results, and selling successfully. We look forward to collecting the next set of data and reporting the outcomes.

## Exhibit 1. International principals' background

|                                                           | Pre–<br>2002 | 2002–<br>2007 | 2008–<br>2009 | 2010–<br>2011 | 2012–<br>2013 | 2014–<br>2015 | 2016–<br>2017 | 2018–<br>2019 | 2020–<br>2021 | 2022–<br>2023 |
|-----------------------------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Age at start of search</b>                             |              |               |               |               |               |               |               |               |               |               |
| Minimum                                                   | 29           | 29            | 26            | 26            | 27            | 27            | 26            | 26            | 24            | 26            |
| Median                                                    | 30           | 30            | 30            | 32            | 28            | 29            | 31            | 31            | 32            | 33            |
| Maximum                                                   | 35           | 34            | 49            | 42            | 37            | 42            | 39            | 47            | 44            | 57            |
| Under 30 (%)                                              | 33           | 29            | 50            | 17            | 67            | 55            | 30            | 26            | 22            | 14            |
| 30-35 (%)                                                 | 67           | 71            | 30            | 50            | 25            | 23            | 54            | 50            | 55            | 56            |
| 35-40 (%)                                                 | 0            | 0             | 0             | 17            | 8             | 14            | 16            | 20            | 19            | 15            |
| Over 40 (%)                                               | 0            | 0             | 20            | 17            | 0             | 9             | 0             | 4             | 4             | 15            |
| <b>Number of post-MBA years before search fund launch</b> |              |               |               |               |               |               |               |               |               |               |
| Minimum                                                   | 0            | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Median                                                    | 0            | 1             | 0             | 1             | 2             | 0             | 0             | 1             | 1             | 2             |
| Maximum                                                   | 0            | 5             | 6             | 6             | 6             | 16            | 8             | 22            | 19            | 16            |
| <1 year                                                   | 100          | 43            | 78            | 40            | 33            | 68            | 61            | 45            | 44            | 23            |
| 1-3 years (%)                                             | 0            | 43            | 11            | 20            | 33            | 5             | 24            | 36            | 35            | 36            |
| 4-7 years (%)                                             | 0            | 14            | 11            | 40            | 33            | 21            | 9             | 11            | 15            | 22            |
| 8+ years (%)                                              | 0            | 0             | 0             | 0             | 0             | 5             | 7             | 9             | 6             | 18            |
| No MBA (%)                                                | 0            | 0             | 10            | 17            | 50            | 14            | 13            | 27            | 30            | 40            |
| <b>Reported gender (%)</b>                                |              |               |               |               |               |               |               |               |               |               |
| Male                                                      | 83           | 100           | 100           | 100           | 92            | 95            | 98            | 97            | 94            | 93            |
| Female                                                    | 17           | 0             | 0             | 0             | 8             | 5             | 2             | 3             | 6             | 7             |

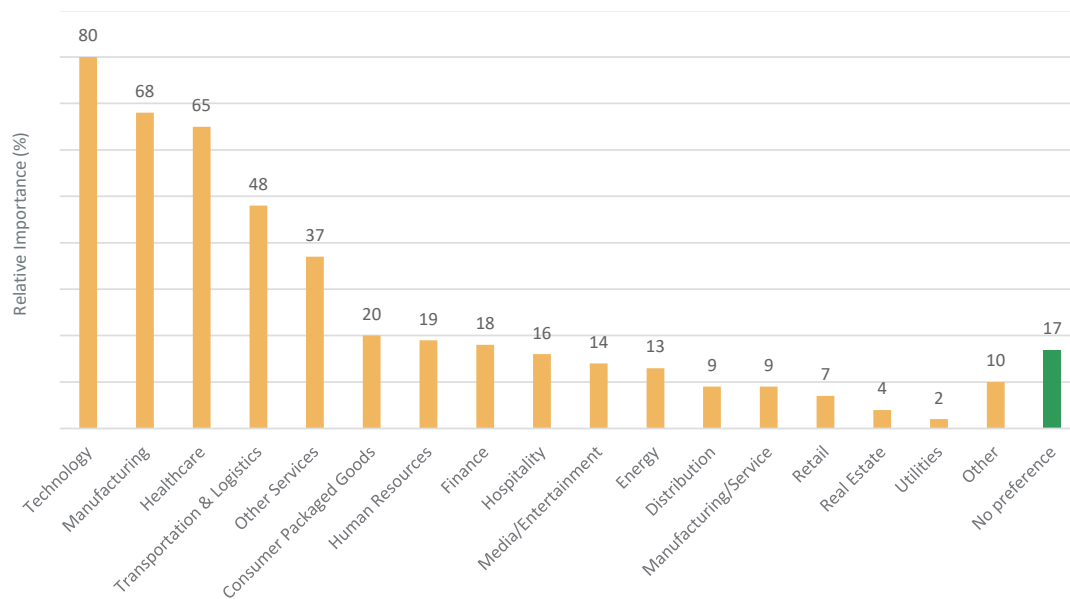
## Exhibit 2. International principals' professional background (%)

|                                       | Pre-<br>2002 | 2002–<br>2007 | 2008–<br>2009 | 2010–<br>2011 | 2012–<br>2013 | 2014–<br>2015 | 2016–<br>2017 | 2018–<br>2019 | 2020–<br>2021 | 2022–<br>2023 |
|---------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Line/General Management               | 50           | 14            | 10            | 17            | 0             | 9             | 7             | 17            | 12            | 14            |
| Management Consultant                 | 17           | 0             | 0             | 17            | 33            | 27            | 24            | 14            | 22            | 26            |
| Sales                                 | 17           | 0             | 0             | 17            | 0             | 14            | 2             | 0             | 3             | 5             |
| Accounting                            | 17           | 0             | 0             | 0             | 0             | 0             | 0             | 2             | 0             | 2             |
| Investment Banking/<br>Finance        | 0            | 57            | 40            | 50            | 58            | 18            | 30            | 17            | 18            | 20            |
| Marketing                             | 0            | 14            | 10            | 0             | 0             | 0             | 2             | 0             | 2             | 1             |
| Operations                            | 0            | 14            | 0             | 0             | 0             | 0             | 4             | 2             | 9             | 9             |
| Entrepreneur                          | 0            | 0             | 10            | 0             | 0             | 5             | 6             | 4             | 4             | 4             |
| Law                                   | 0            | 0             | 0             | 0             | 0             | 0             | 2             | 2             | 1             | 1             |
| Private Equity                        | 0            | 0             | 20            | 0             | 8             | 27            | 17            | 25            | 20            | 10            |
| Venture Capital                       | 0            | 0             | 0             | 0             | 0             | 0             | 4             | 0             | 4             | 2             |
| Investing<br>(other than<br>VC or PE) | 0            | 0             | 0             | 0             | 0             | 0             | 0             | 6             | 0             | 2             |
| Engineering                           | 0            | 0             | 0             | 0             | 0             | 0             | 4             | 6             | 3             | 2             |
| Military                              | 0            | 0             | 0             | 0             | 0             | 0             | 0             | 2             | 1             | 0             |
| Other                                 | 0            | 0             | 0             | 0             | 0             | 0             | 0             | 3             | 2             | 2             |

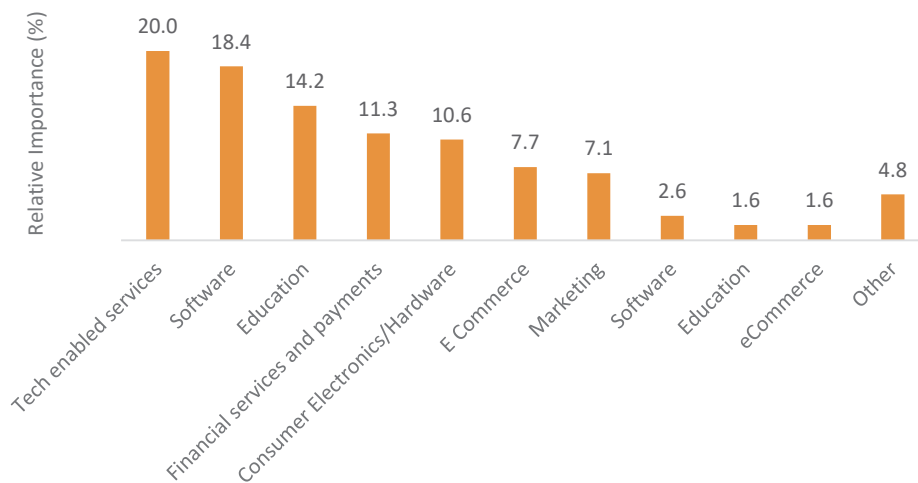
### Exhibit 3. International Search Fund metrics

|                                                                  | Pre-<br>2002 | 2002–<br>2007 | 2008–<br>2009 | 2010–<br>2011 | 2012–<br>2013 | 2014–<br>2015 | 2016–<br>2017 | 2018–<br>2019 | 2020–<br>2021 | 2022–<br>2023 |
|------------------------------------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Number of Principals (%)</b>                                  |              |               |               |               |               |               |               |               |               |               |
| Single                                                           | 100          | 60            | 33            | 80            | 29            | 62            | 51            | 60            | 59            | 65            |
| Partners                                                         | 0            | 40            | 67            | 20            | 71            | 38            | 49            | 40            | 41            | 35            |
| <b>Amount of initial capital raised (USD k)</b>                  |              |               |               |               |               |               |               |               |               |               |
| Minimum                                                          | 193          | 15            | 50            | 225           | 250           | 200           | 300           | 168           | 287           | 150           |
| Median                                                           | 267          | 170           | 494           | 315           | 588           | 426           | 441           | 446           | 470           | 456           |
| Maximum                                                          | 287          | 200           | 525           | 485           | 651           | 800           | 650           | 875           | 901           | 830           |
| <b>Solo searchers - Amount of initial capital raised (USD k)</b> |              |               |               |               |               |               |               |               |               |               |
| Minimum                                                          | 193          | 15            | 50            | 240           | 350           | 333           | 300           | 168           | 287           | 150           |
| Median                                                           | 267          | 40            | 256           | 370           | 363           | 400           | 396           | 414           | 422           | 420           |
| Maximum                                                          | 287          | 190           | 463           | 485           | 375           | 697           | 526           | 550           | 505           | 830           |
| <b>Partnerships - Amount of initial capital raised (USD k)</b>   |              |               |               |               |               |               |               |               |               |               |
| Minimum                                                          | -            | 170           | 436           | 225           | 250           | 200           | 300           | 421           | 474           | 331           |
| Median                                                           | -            | 185           | 525           | 225           | 600           | 590           | 586           | 606           | 646           | 632           |
| Maximum                                                          | -            | 200           | 525           | 225           | 651           | 800           | 650           | 875           | 901           | 792           |
| <b>Number of search fund investors</b>                           |              |               |               |               |               |               |               |               |               |               |
| Minimum                                                          | 8            | 2             | 3             | 10            | 6             | 6             | 5             | 8             | 1             | 1             |
| Median                                                           | 10           | 7             | 15.5          | 13            | 15            | 15            | 17            | 16            | 18            | 16            |
| Maximum                                                          | 11           | 9             | 20            | 16            | 24            | 25            | 22            | 28            | 30            | 30            |
| <b>Number of months fundraising</b>                              |              |               |               |               |               |               |               |               |               |               |
| Minimum                                                          | 2            | 1             | 2             | 3             | 3             | 2             | 2             | 2             | 1             | 1             |
| Median                                                           | 5            | 2             | 6             | 10            | 4             | 5.5           | 5             | 5             | 5             | 5             |
| Maximum                                                          | 7            | 6             | 7             | 13            | 16            | 13            | 11            | 14            | 14            | 17            |

#### Exhibit 4. Targeted industries, 2022–2023 (% of searchers)<sup>23, 24</sup>



#### Exhibit 5. Targeted technology subcategories, 2022–2023<sup>25, 26</sup>



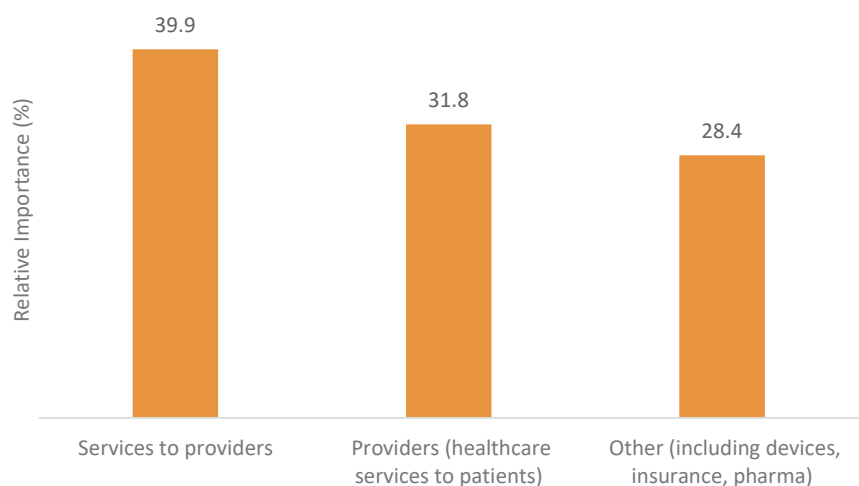
<sup>23</sup> Principals were asked to choose all industries they targeted rather than choosing only one. The above data represents the frequency of each response across all search funds newly surveyed for this study in the given years.

<sup>24</sup> For historical data on industries targeted by searchers (pre-2002–2021), refer to previous versions of the [International Search Fund Study](#).

<sup>25</sup> The “Internet or IT” category was redefined as “Technology” in the 2016 and 2018 studies and broken into subcategories.

<sup>26</sup> Principals were asked to choose all technology subcategories they targeted rather than choosing only one. The above data represent the frequency of each response across all search funds newly surveyed for this study in the given years.

**Exhibit 6. Targeted healthcare subcategories, 2022–2023<sup>27</sup>**



<sup>27</sup> Principals were asked to choose all healthcare subcategories they targeted rather than choosing only one. The above data represent the frequency of each response across all search funds newly surveyed for this study in the given years.

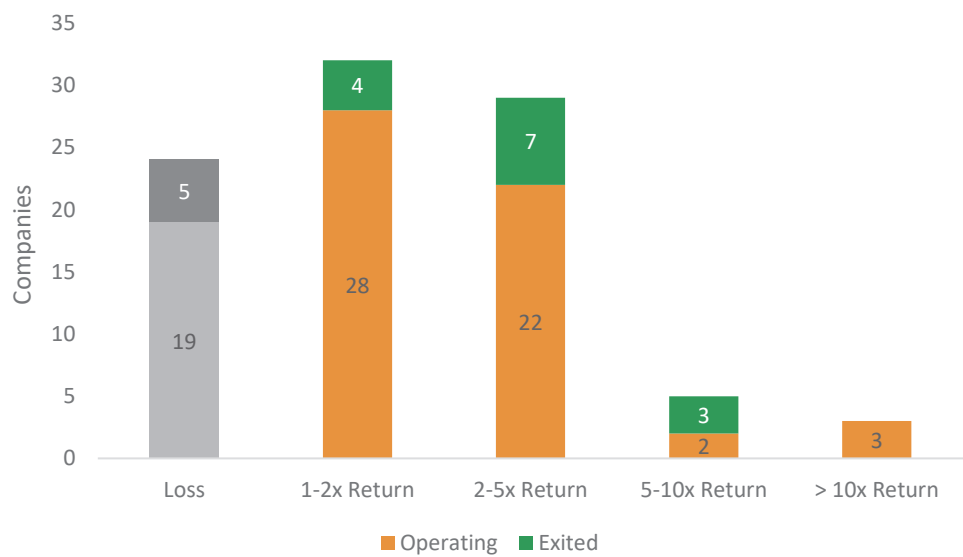
## Exhibit 7. Selected statistics for all International Search Fund acquisitions

| Median statistics for acquisitions over time |                  |          |           |           |           |           |           |           |           |
|----------------------------------------------|------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                              | All acquisitions | Pre-2010 | 2010-2011 | 2012-2013 | 2014-2015 | 2016-2017 | 2018-2019 | 2020-2021 | 2022-2023 |
| Length of Search (months)                    | 21               | 7        | 22        | 29        | 21        | 16        | 21        | 22        | 23        |
| Purchase Price (\$M)                         | 11.8             | 3.0      | 7.1       | 5.9       | 13.6      | 10.8      | 12.8      | 11.7      | 15.1      |
| Revenues at Purchase (\$M)                   | 7.8              | 8.0      | 7.2       | 7.9       | 9.8       | 9.0       | 9.9       | 7.8       | 7.5       |
| EBITDA at Purchase (\$M)                     | 2.2              | 0.6      | 1.5       | 1.3       | 2.8       | 2.8       | 2.5       | 1.9       | 2.4       |
| EBITDA Margin at Purchase                    | 24%              | 11%      | 23%       | 9%        | 24%       | 27%       | 28%       | 23%       | 33%       |
| EBITDA Growth Rate at Purchase               | 13%              | 7%       | 6%        | 0%        | 5%        | 16%       | 10%       | 14%       | 15%       |
| Revenue Growth Rate at Purchase              | 11%              | 7%       | 6%        | 0%        | 9%        | 10%       | 12%       | 13%       | 15%       |
| Purchase Price / EBITA                       | 6                | 3        | 5         | 6         | 6         | 4         | 6         | 6         | 5         |
| Purchase Price / Revenues                    | 1                | 1        | 1         | 1         | 2         | 1         | 2         | 1         | 1         |
| Employees at Purchase                        | 50               | 70       | 141       | 33        | 68        | 90        | 58        | 42        | 39        |

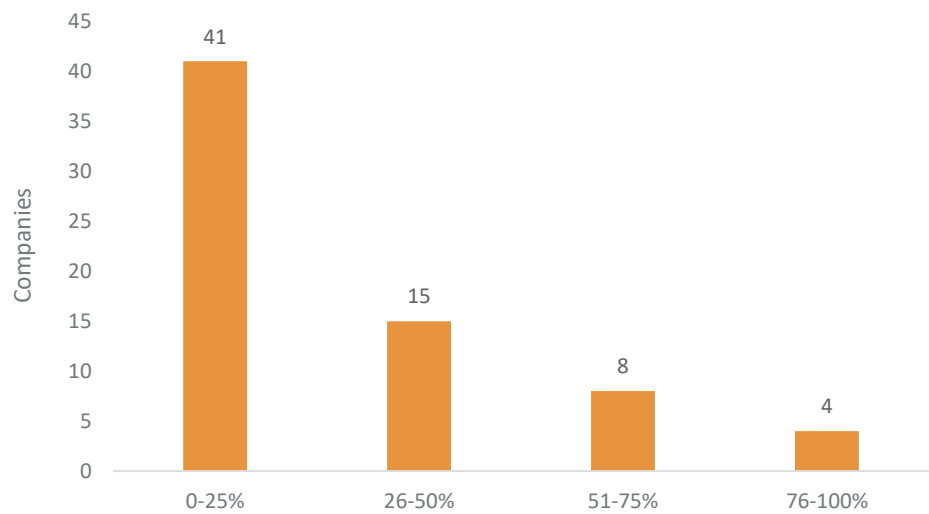
| Total number of months from start of search to deal close |        |         |       |         |          |       |
|-----------------------------------------------------------|--------|---------|-------|---------|----------|-------|
| Minimum                                                   | Median | Maximum | <11   | 11-20   | 21-30    | 31+   |
| 1                                                         | 21     | 58      | 12%   | 37%     | 35%      | 16%   |
| Purchase price statistics                                 |        |         |       |         |          |       |
| Minimum                                                   | Median | Maximum | <\$4M | \$4-\$8 | \$8-\$12 | >\$12 |
| 0.8                                                       | 11.7   | 65.4    | 6%    | 23%     | 24%      | 47%   |

| Additional statistics across acquisitions |                            |        |         |                              |        |         |
|-------------------------------------------|----------------------------|--------|---------|------------------------------|--------|---------|
|                                           | International Search Funds |        |         | US and Canadian Search Funds |        |         |
|                                           | Minimum                    | Median | Maximum | Minimum                      | Median | Maximum |
| Revenue at Purchase (\$M)                 | 1.0                        | 7.8    | 50.0    | 0.5                          | 7.3    | 82.0    |
| EBITDA at Purchase (\$M)                  | 0.0                        | 2.2    | 11.6    | -1.6                         | 1.9    | 25.0    |
| EBITDA Margin at Purchase                 | 0%                         | 24%    | 70%     | -23.1%                       | 22.5%  | 66.7%   |
| EBITDA Growth Rate at Purchase            | -80%                       | 13%    | 94%     | 56.0%                        | 11.4%  | 124.0%  |
| Revenue Growth Rate at Purchase           | -50%                       | 11%    | 60%     | -50.0%                       | 15.0%  | 100.0%  |
| Purchase Price / EBITA                    | 0.0                        | 5.7x   | 25.0x   | -                            | 6.3x   | 114.0x  |
| Purchase Price / Revenues                 | 0.0                        | 1.4x   | 6.9x    | 0.2x                         | 1.8x   | 22.3x   |
| Employees at Purchase                     | 7                          | 50     | 1200    | 4                            | 40     | 2500    |

**Exhibit 8. Distribution of International Search Funds that have acquired a company by ROI (N=93)**



**Exhibit 9. Distribution of International Search Funds by positive IRR (N=68)<sup>28</sup>**



<sup>28</sup> Of the 93 acquisitions for which IESE collected return data, 68 had reported positive IRRs as of December 31, 2023.

# www.iese.edu

Barcelona  
Madrid  
Munich  
New York  
São Paulo