

Five Private Equity Trends to Watch in 2022

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[Bruce K. Fenton](#)

Bruce K. Fenton, a partner in Troutman Pepper’s Private Equity Practice Group, is quoted in the *Law360* article, [“Five Private Equity Trends to Watch in 2022.”](#)

According to Troutman Pepper private equity partner Bruce K. Fenton, buyer-side representations and warranties insurance has been so popular this past year that underwriters hit their yearly targets early and began issuing fewer — and more expensive — policies toward year’s end.

Fenton said he’ll be curious to see if the market normalizes in 2022.

“Call me a cynic, but the insurance companies now have tangible proof that people will pay a [higher] premium to get these policies, so what’s their incentive to regularize?” he said. “So that’s an open question.”

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“The fact that prices have gotten so high and have been high for so long is sort of forcing buyers to say, ‘I’ll give you the money, but you really have to be worth it,’” Fenton said. “If you’re a B- business, I’m going to give you a ton of money, but I’m not going to give you that last bump unless you’re an A or A+.”

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As for additional headwinds, Troutman Pepper’s Fenton said he’ll be watching ongoing supply chain problems and labor shortages. If these challenges persist, and “you get a fundamental shift in the level of productivity and the cost of capital, those are real headwinds,” Fenton said.

But he also noted that one major headwind predicted by experts this time last year has so far failed to materialize — major changes to the tax code. This has afforded sellers some breathing room.

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Fenton said he will be watching the U.S. Securities and Exchange Commission, which has been exploring more comprehensive ESG disclosures, including mandatory company disclosures on climate risk, that private equity regulators could potentially emulate.

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