SWEDISH HOUSE OF FINANCE

STOCKHOLM SCHOOL OF ECONOMICS

Newsletter August 2026

In this issue:

- Research in the Spotlight: When does private equity actually create value?
- Private capital confronts its liquidity test
- New podcast episodes on AI bubbles, shadow banking, and financial crises

When Does Private Equity Actually Create Value?

Private equity can improve productivity, profitability, and growth—but its higher costs mean it is only the right ownership model for some firms. A new review by **Per Strömberg** (SHoF/SSE) and **Christian Thomann** (SHoF/KTH) offers a framework for understanding when private equity creates value, why buyouts rely so heavily on debt, and where risks to workers, consumers, and taxpayers can emerge.

Key Findings:

- Private equity ownership is associated, on average, with higher productivity, profitability, and growth
- The cost of private equity is estimated to be 7–10 percentage points higher per year than public equity
- A typical buyout uses roughly two-thirds debt, compared with about one-third for public firms
- Outcomes are generally more positive in competitive, transparent markets and more concerning in opaque or regulated sectors

Explore the research

NEWS

Private Capital Confronts Its Liquidity Test

Private capital was built for patience. But longer holding periods, slower distributions, and growing pressure to offer liquidity are testing that model.

At the 2026 SHoF Annual Conference, leading academics, investors, and policymakers examined what comes next for private credit and private equity. The discussions highlighted the risks that could emerge during a downturn, the challenges of widening retail access, and why future private equity returns may depend increasingly on operational improvements.

Watch the keynote presentation **David Scharfstein** (Harvard) here.

Videos of the keynote by **Steven Kaplan** (Chicago Booth), and of the discussions featuring **Aino Bunge** (Riksbanken), **Martin Torell** (Ture Invest), **Christopher Bone**

(Partners Group), **Jenny Askfelt Ruud** (AP4), **Gustav Segerberg** (EQT), and **Gordon Bajnai** (Campbell Lutyens) are coming soon!

Read the conference report

PODCAST

Central Questions EP. 4: When Does a Boom Become a Crisis?

Is the AI boom a bubble and should policymakers be worried? **Robin Greenwood** (Harvard) joins former Riksbank Governor **Stefan Ingves** to examine why bubbles form and what turns a boom into a threat to the wider economy.

Greenwood explains why rising prices alone are not the main danger. The risk grows when asset-price booms collide with rapid credit growth and leverage, pushing markets into what he calls the “red zone.”

Watch or listen to the episode

Central Questions EP. 3: Where Is the Next Financial Crisis Hiding?

Mariassunta Giannetti (SHoF/SSE) joins **Stefan Ingves** to discuss where financial fragility sits today. They explore how regulation can push risk beyond traditional banks, what bond funds and private credit mean for financial stability, whether negative interest rates worked, and why green finance may require regulation rather than market incentives alone.

Watch or listen to the episode

FINANCE UNPACKED

Shadow Banks

Shadow banks are non-bank financial institutions that perform bank-like activities, such as lending or providing credit, without operating under the same regulatory framework as traditional banks. The term can include private credit funds, money market funds, finance companies, and other financial intermediaries.

Explore Finance Unpacked

#FinanceUnpacked

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IN THE PRESS

[Meet the Swedes in Draghi’s New High-Level Group]

2026-08-27 • Swedish • Dagens Industri

Bringing an academic expert perspective, SHoF's **Per Strömberg** (SSE) is one of three Swedes joining Mario Draghi's new Rhine Group, an initiative aimed at strengthening Europe's competitiveness.

[“Few Taxes Have Led to Lower Prices”]

2026-08-19 • Swedish • Svenska Dagbladet

Bo Becker (SHoF/SSE) and **Roine Vestman** (SHoF/SU) discuss the effects of a proposed bank tax.

[Unicorns Create New Class Divides]

2026-08-09 • Swedish • EFN

Alexander Ljungqvist (SHoF/SSE) and **Mehran Ebrahimian** (SHoF/SSE) study the link between rising U.S. wealth concentration and innovation increasingly taking place in private, venture-backed firms.