



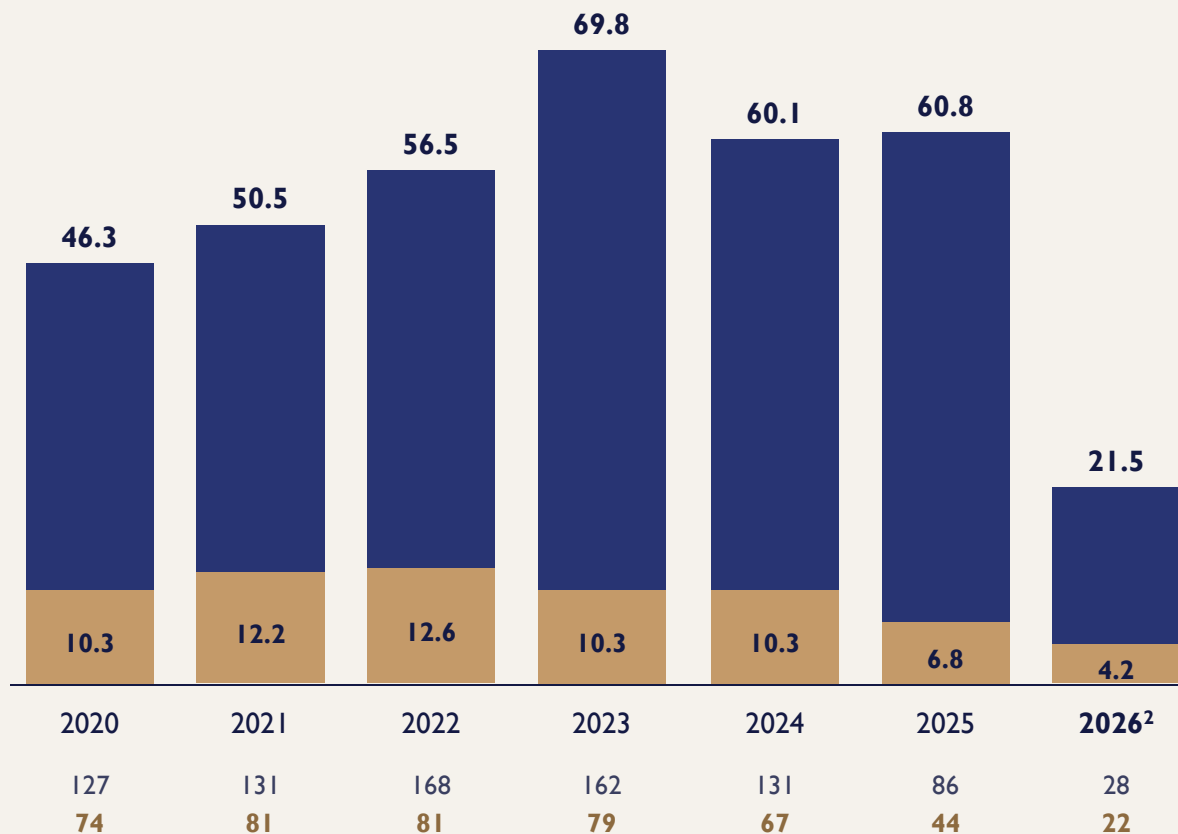
# UK Private Equity Fundraising

Small & Mid-Cap Market Update - August 2026

# UK Lower Mid-Market Fundraising Remains Selective

## Capital Raised by UK PE Funds (£'bn)

■ Small & Mid-Cap PE UK<sup>1</sup> ■ Other PE UK



**A consistent theme across our client conversations is that fundraising in the lower middle-market has become more selective, protracted and competitive.**

Total UK PE fundraising held at c.£60bn in 2024 and 2025, but small and mid-cap raises fell from £10.3bn across 67 closes to **£6.8bn across 44**. 2026 is tracking lower still, with **£4.2bn across 22 closes** for small and mid-cap funds and £21.5bn overall to 31 August, as weak exits and constrained distributions limit LP liquidity and new commitments.

We explore two themes in more detail. **LPs are backing proven pedigree:** Aspiry raised over £755m in under six months on its founders' track records, and Atlas Health closed £400m as a debut fund. **Deal-by-deal fundraising is gaining traction** because the returns support it: a June 2026 Institute for Private Capital study found a **23.8% median IRR** for deal-by-deal sponsors against 18.5% for comparable buyouts. With 2,500+ independent sponsors in the US, around 5x the UK market, the model has room to grow in the UK and gives capital providers greater asset selection and the flexibility to back only high-conviction deals.

# Sub-£150m Funds Are Losing Share to Larger Funds

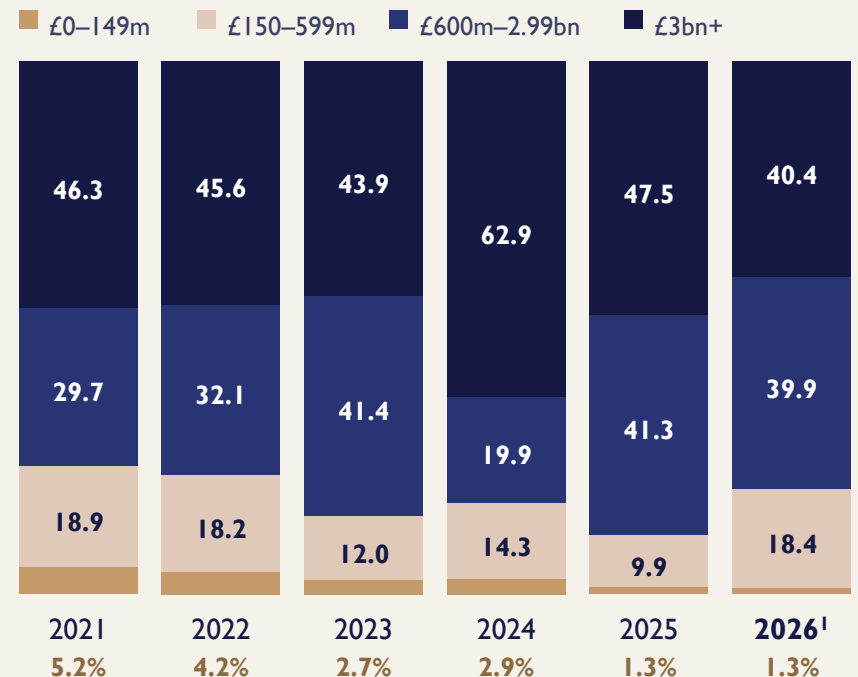
## Recent Raises Show What LPs Are Backing

Against this backdrop, the lower middle-market has remained subdued rather than seeing a broad recovery from 2025, during which LPs prioritised fewer, larger platforms due to macroeconomic headwinds and tariff volatility. Recent raises show what currently attracts LP capital: Atlas Health (£400m) and Triple (£443m) converted **sector experience, management pedigree and established LP relationships** into debut funds. WestBridge raised £220m, **double the size of its predecessor fund**, and Eighteen48 reached a £151m first close with a **differentiated strategy** to source off-market deals.

| Fund                                       | Capital Raised <sup>2</sup> | Investment Focus                                                          | Significance                                                                                                                                                                       |
|--------------------------------------------|-----------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>WestBridge</b><br>Fund III              | <b>£220m</b> hard cap       | UK lower mid-market technology-enabled B2B services                       | Closed after a <b>3-year raise</b> , highlighting a difficult fundraising environment, however, at <b>double the size of its predecessor fund</b>                                  |
| <b>Atlas Health</b><br>Fund I              | <b>£400m</b> hard cap       | Healthcare sub-sector buyouts across Europe, including the UK and Ireland | Debut fund <b>raised within 4 months</b> with the Atlas team having <b>significant healthcare sector expertise</b>                                                                 |
| <b>Eighteen48</b><br>Private Equity Fund I | <b>£151m</b> first close    | European mid-market buyouts across differentiated sectors                 | Deals sourced through independent sponsors which is beneficial in a slower deal market where <b>proprietary, off-market deal flow and asset selection</b> is increasingly valuable |
| <b>Triple</b><br>Private Equity Fund I     | <b>£443m</b> hard cap       | Software and data B2B businesses in the UK and Northern Europe            | First time raise with a broad investor base who support the team's <b>software investing experience and established industry networks</b>                                          |

## Distribution of Capital Raised by Fund Size (%)

Sub-£150m funds have struggled as LP capital has shifted toward larger fund sizes, with the market average fund close size increasing by over 60% since 2024. Their capital share fell from 5.2% in 2021 to **1.3% YTD** as lower-value transactions are increasingly funded through deal-by-deal structures led by independent sponsors, rather than traditional committed-capital funds.



## Proven Pedigree Drives Fundraising Scale<sup>1</sup>

### LPs are following trusted relationships

- **Aspirity Partners:** Raised over £755m in under six months, supported by the founders' Vitruvian and Abry track records
- **Atlas Health Capital:** LPs have backed Ben Long, former Inflexion Partner, and his healthcare industry expertise
- **Sigla Capital:** Secured a £65m anchor commitment, led by the team's Five Arrows backgrounds and experience

# 30+

New UK mid-market buyout firms since 2025

### Trusted large caps exceed targets

- **CVC's mid-market Catalyst III fund closed at £2.6bn** - nearly double its £1.51bn target
- **Pantheon's Global Co-Investment Opportunities Fund VI hit £2.4bn** - its largest-ever co-investment vehicle
- **Inflexion secured £3.9bn for Buyout Fund VII** in six months, with the oversubscribed fund far exceeding the £2.2bn raised for Fund VI

# £2.6bn

CVC Catalyst III – ~2x target

### Scale keeps rising, even at the top of VC

- **Air Street Capital closed £172m Fund III** to back AI-first companies and become one of Europe's largest solo-GP vehicles
- **Tapestry VC closed £60m Fund III, nearly 3x its prior fund size**, to invest in repeat founder pre-seed and seed phase companies across Europe and the US
- **QuantumLight closed £372m Fund II, double the size of Fund I**, using their proprietary Aleph AI engine to source investments across AI, fintech and deep tech

# ~2x

Air Street Capital's Fund III growth from Fund II

## The Shift to Deal-by-Deal Fundraising and Specialist Strategies

### Across the pond: Independent sponsors are outperforming funds

- A June 2026 Institute for Private Capital (UNC) study of 846 US deals over the last 20 years found a **23.8% median IRR for deal-by-deal sponsors vs. 18.5% for comparable buyouts**
- LPs increasingly favour deal-by-deal structures, offering **greater asset selection and the ability to back only high-conviction opportunities** rather than committing to a traditional fund

# 2.1x

Median gross multiple on US independent sponsor deals

### The model is expanding across Europe and the UK

- There is an **established deal-by-deal environment in the US** but the market remains less developed in Europe and the UK, estimated at around 500 active firms
- **Dedicated funding vehicles now back independent sponsors**, such as Eighteen48's Private Equity Fund
- **First deals by new independent sponsors are critical to building an attributable track record and LP credibility for future raises**, with recent examples including Broadfield Capital's investment in Emtec and Stillwater Equity LLP's investment in La Patria

# 2,500+

US independent sponsors, ~5x UK market

### Specialist strategies attract capital

- **Quinbrook closed £587m**, oversubscribed above its £500m target, for a focused UK energy-transition strategy spanning renewables, grid stability and transport decarbonisation
- **Bootstrap4F's "Women Backing Women" fund-of-funds hit a first close of £130m**, anchored by Barclays and the British Business Bank, to back female-led investment teams
- **Osney Capital closed its debut fund at £60m**, establishing the UK's first specialist cyber security seed fund

# 17%

Quinbrook's oversubscription above its £500m target



# M&A support for the UK investment community

Research, financial modelling and deal support that adds capacity to your team