

FUND FINANCE FRIDAY

PitchBook Reports Slower Middle Market Fundraising in 1H 2019

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PitchBook released its quarterly middle market report last week. While deal flow maintained a robust pace in Q2, fundraising is decelerating for middle market funds. We came away with the following takeaways:

- Middle market funds may post a 15% decline in full-year fundraising compared with 2018 if the current pace is sustained, according to PitchBook data.
- First-time sponsors raised three funds in the first half, compared with 19 such appearances in 2018.
- Middle market fund sizes continue to drift higher, with the median middle market buyout fund size reaching a new high of \$612.4 million, up from \$554.4 million in 2018.
- Large funds of \$1.0 billion or more made up 77% of 1H 2019 middle market dollar-weighted fundraising (33% by fund count). Prior to 2018, large funds typically accounted for 60% of yearly capital raising (20% by fund count).
- No middle market restructuring or turnaround funds came to market in the first half.
- Exit activity appeared to slow meaningfully in the first half, which may present a headwind to fundraising in 2020 if the trend is sustained.
- The quarterly report with supporting data is available from PitchBook [here](#).