Middle market update

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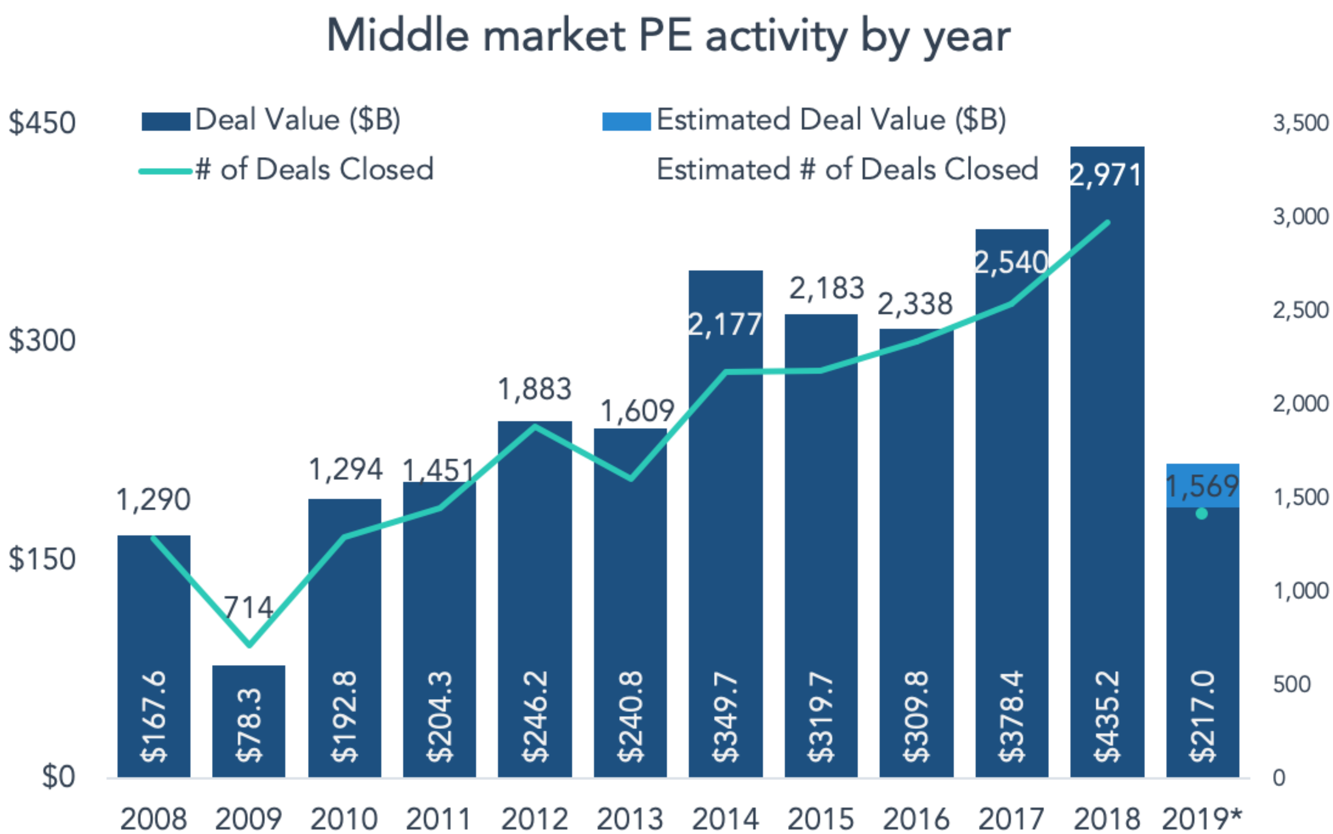

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Middle market PE activity was strong through the first half of the year, according to PitchBook’s newly calculated Middle Market Report. Both deal value and overall volume are on pace to match or exceed last year’s numbers, both of which were records. The back half of the year has been strong historically and we anticipate the same case in 2019.

One metric that’s set for a decrease is fundraising. $41 billion worth of MM funds have closed through the first half of the year, which is on pace to underperform 2018’s $97 billion. What’s more, that tally is across 39 funds, which is well off the 111 raised last year and the 138 funds raised in 2017. Unless something changes, the middle market might see fewer than 100 PE funds close on an annual basis since 2013. Indicative of the slowdown, the number of first-time MM fundraises dropped to just three in H1 2019. Last year there were 19 such rookie funds, which is a stark contrast to the current fundraising environment. That said, the string of big fundraising years going back to 2016 means more than enough money is floating around to see much of an impact from one down year.