A big drop for small funds

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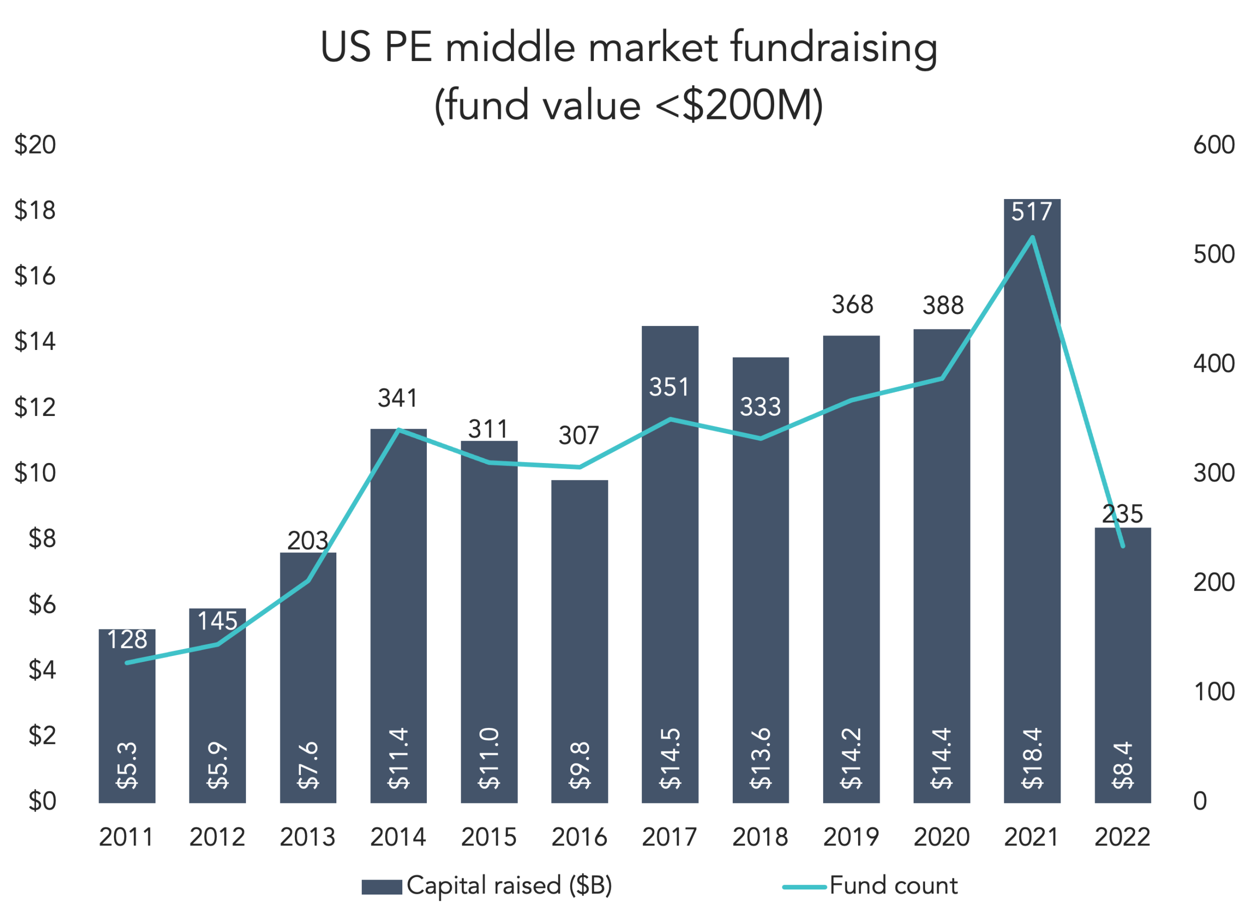

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Another 193 middle-market funds closed last year, according to PitchBook's latest US PE Breakdown. Collectively the funds are worth $161.5 billion—both figures being in line with prior years.

But fundraising at the smallest end of the market didn't fare as well. Among funds of $200 million or less, only 235 were closed last year, valued at $8.4 billion. Comparatively, 2021 was 517 fund closings valued at a $18.4 billion. The collapse was predicted last July in *Mergers & Acquisitions*. Bankers forecast a "Grind to a Halt" environment for smaller funds, thanks to much longer fundraising timetables and a preference among LPs for bigger vehicles. When investors begin to worry about a denominator effect, "LPs may pause to re-evaluate their investment programs and to minimize risk," one banker noted. They seem to have done just that, with both fund value and fund count dropping more than 50% apiece.

(Past performance is no guarantee of future results.)