

 EUROPEAN
PE Breakdown





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Introduction

European PE entered 2026 with momentum intact, only for an exogenous shock to bring it abruptly into question. The Iran conflict, which escalated in the second half of Q1, triggered a 22.5% QoQ decline in deal value and a 12.4% drop in deal count. Public markets fell 5% to 10% in response, and while private-market valuations have yet to fully adjust, a correction is expected absent a near-term resolution. The closure of the Strait of Hormuz and the resulting upside risk to energy prices and inflation have placed central banks in a holding pattern, leaving European PE caught between the momentum of a strong H2 2025 and an increasingly risk-off posture.

The data tells a consistent story of caution beneath the headline numbers. Megadeals, still elevated at 37.7% of total deal value, largely reflect transactions already in motion before the geopolitical shift. Club deals surged to 43.3% of deal value, add-ons reached a decade high of 71.4% of buyouts, and software—rattled by the AI-driven reassessment of the SaaS model in public markets—fell from second to third in PE deal activity by sector. Each of these shifts points in the same direction: sponsors transacting selectively, syndicating risk, and consolidating existing positions rather than making new bets.

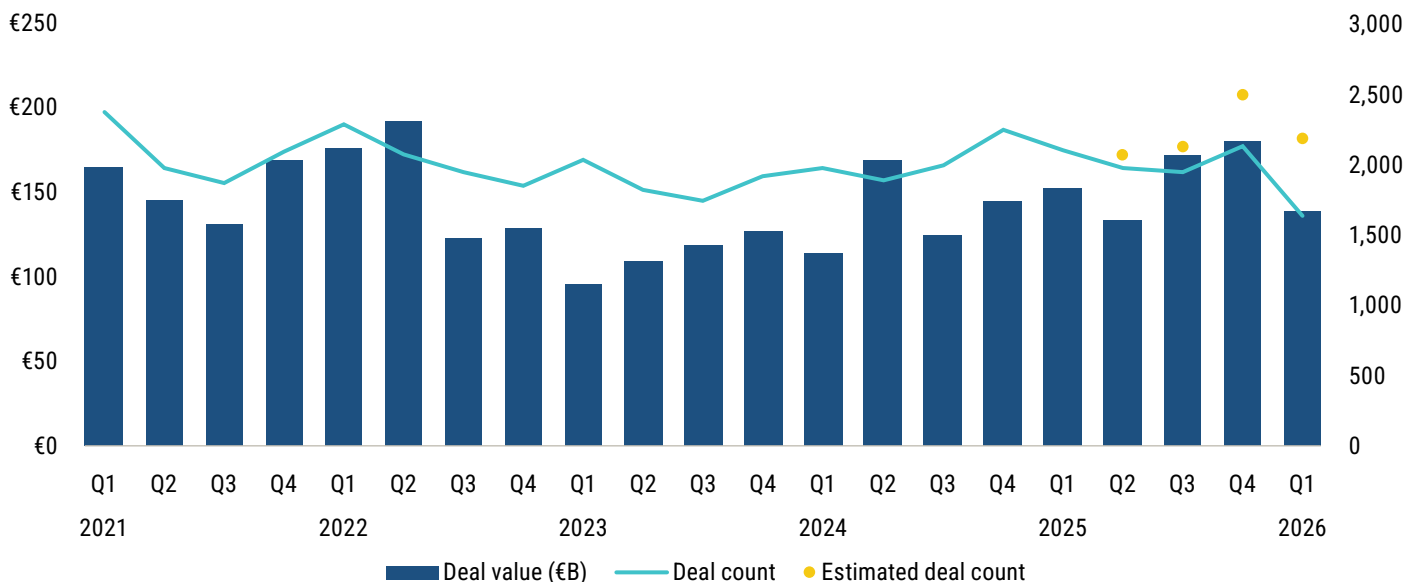
Exit activity retreated in Q1 2026, with value falling 9.5% QoQ and count declining a more pronounced 31.3% QoQ, although the annual comparison offers some comfort with value still up 34.4% versus Q1 2025. Liquidity is increasingly concentrated at the top of the market, with 16 mega exits accounting for 67.9% of total exit value, while mid-market and smaller exits remain subdued. The composition of exit activity tells the deeper story. Sponsor acquisitions accounted for 76.1% of total exit value, up from 49.6% in 2025, as the IPO window remains effectively closed and corporate acquirers have stepped back. Sponsors are largely dependent on one another for liquidity, a dynamic that sustains deal flow but raises questions about valuation integrity and price discovery.

Geographically, the picture is uneven. The UK & Ireland region recorded its best quarter since Q3 2023, with €26.1 billion in exit value. In a further encouraging sign for UK private-market liquidity, the country recorded its first-ever transactions on PISCES, a world-first regulated platform allowing private companies to open time-limited share trading windows without a full public listing, a milestone worth watching as the market searches for alternative exit routes. France, meanwhile, posted its worst quarter since Q2 2020.

PE fundraising remains subdued globally, with just 23 funds closing in Q1 and €18 billion raised YTD. Constrained LP distributions, the denominator effect, and lagging megafund performance relative to public markets have all weighed on activity. Yet beneath the headline, the mid-market continues to demonstrate resilience. Two-thirds of Q1 capital came from mid-market vehicles, with Inflexion, HIG, Apheon, and Kedge Capital all closing follow-on funds at an average 1.5x step-up on their predecessors. Triton Partners' €5.5 billion close, the first European fund above €5 billion in over a year, was the standout of the quarter, eclipsing 2025's largest raise and signalling that LP appetite for European mid-market strategies remains. Growth equity showed early signs of revival, with eight new funds closing in Q1 as stabilising rates reduce the valuation headwind that suppressed the strategy since 2022. For the largest sponsors, the response to fundraising pressure has been inorganic. CVC's acquisition of credit specialist Marathon and EQT's purchase of secondaries giant Coller Capital, the largest-ever secondaries manager acquisition, signal a structural shift toward platform diversification as organic fundraising faces persistent headwinds.

Deals

PE deal activity by quarter



Source: PitchBook • Geography: Europe • As of 31 March 2026

Momentum was disrupted in Q1

Dealmaking slowed sharply in Q1 2026, with deal value falling 22.5% QoQ and deal count declining 12.4%. This was not entirely unexpected in isolation; momentum had kept activity elevated through the second half of 2025, and absent an external shock, there was little reason to expect an abrupt reversal. That shock arrived in the second half of Q1, when the Iran conflict escalated and took centre stage across global markets. The immediate impact on public markets has been tangible, with major indices declining 5% to 10% since the conflict began. Private-market valuations have yet to fully adjust, as they typically lag public markets, but we expect a correction to follow absent a near-term resolution.

The conflict has cast an overarching cloud of uncertainty over the global economy, with the central question being whether escalation remains contained or broadens into a more systemic disruption. The most consequential transmission mechanism is energy prices. The current closure of the Strait of Hormuz, through which roughly a fifth of the world’s oil supply passes, poses a meaningful upside risk to inflation if prolonged. Sustained energy price inflation could prompt central banks in developed economies to reverse their easing cycles and raise rates, which would carry a double burden for PE: higher borrowing costs compressing returns at the deal level and upward pressure on discount rates compressing exit valuations across portfolios. It is worth noting that both the ECB and the

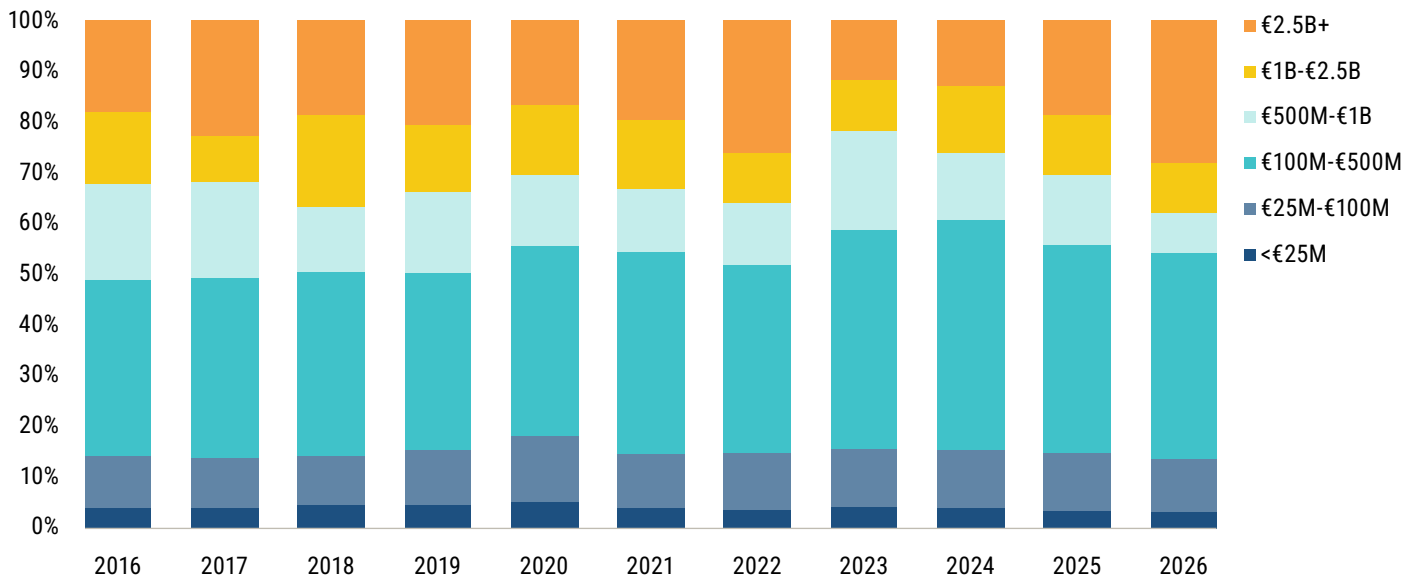
Bank of England held rates unchanged at their most recent meetings in March 2026, with the Iran conflict cited as a key source of uncertainty.

We are not yet in this bear case scenario. Central banks have so far remained on hold rather than pivoting hawkish, and the conflict, while serious, has not yet produced a sustained supply disruption severe enough to materially alter the inflation trajectory. Nevertheless, European PE now finds itself in an uncomfortable limbo—caught between carrying the momentum of a strong H2 2025 into the new year and the pull of a more risk-off posture amid lingering geopolitical uncertainty.

Megadeals peak while club deals signal caution

Megadeals continued to flourish in Q1 2026, accounting for 37.7% of total deal value, the highest share since Q2 2022. Given the time it takes to negotiate and close transactions of this size, these deals were almost certainly already in motion before the geopolitical landscape shifted and are therefore better understood as a product of H2 2025’s strong momentum than a reflection of current market conditions. The 15 megadeals completed in Q1 amounted to €44.2 billion, an 11.5% increase compared to Q1 2025. The largest was the €7.8 billion acquisition of InPost by a consortium including Advent International, FedEx, A&R Investments, and PPF Group. This deal also illustrates a broader trend that defined Q1: the rise of club deals. Club deals increased

Share of PE deal value by size



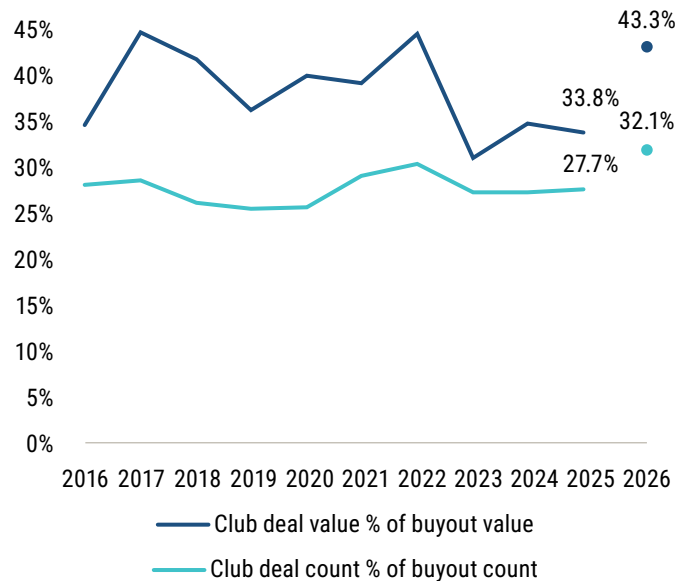
Source: PitchBook • Geography: Europe • As of 31 March 2026

their share of total deal value by nearly 10 percentage points relative to the 2025 average, reaching 43.3% in Q1. The motivations behind club deals are twofold. First, they allow sponsors to pursue larger targets that would otherwise exceed their individual deployment capacity. Second, and perhaps more telling in the current environment, they serve as a risk management tool by syndicating the equity ticket across multiple partners; no single sponsor is fully exposed if market conditions deteriorate or a deal underperforms. The prevalence of club deals in Q1 may be an early signal that sponsors, while still willing to transact, are doing so with greater caution.

Rise in add-ons signals appetite for less risk

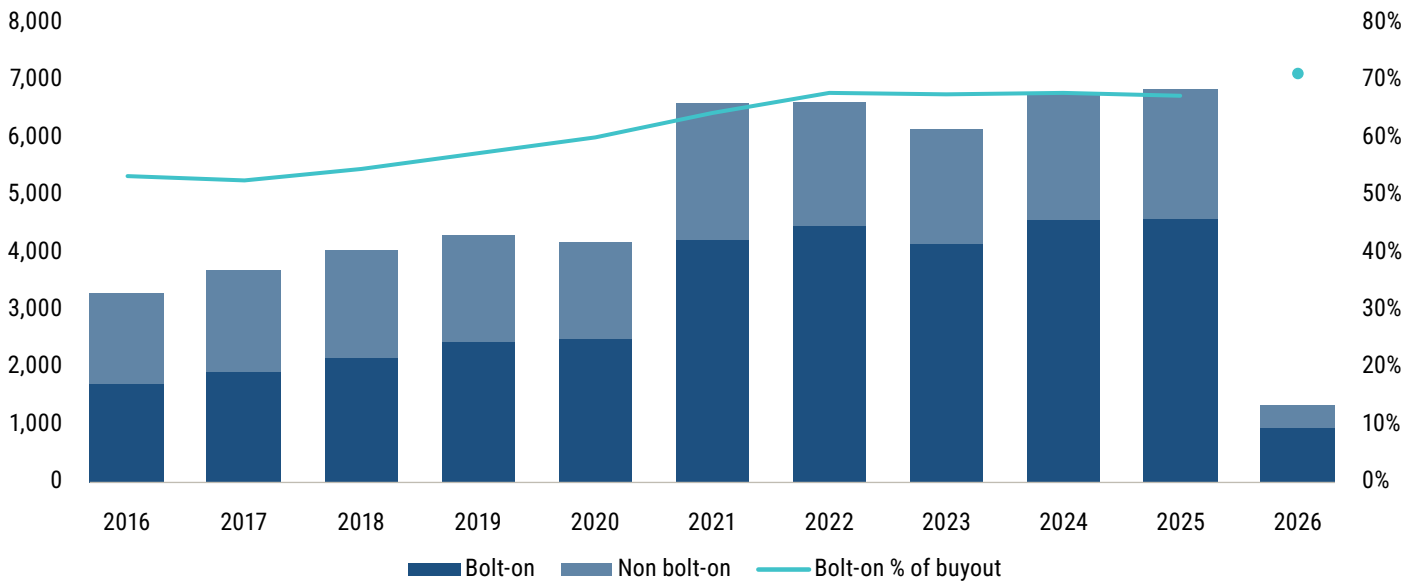
Add-ons as a percentage of buyouts rose from 67.4% to a decade high of 71.4% in Q1 2026, a sharp increase that signals growing caution among sponsors. Rather than committing capital to new platform investments, which require higher conviction in the macroeconomic outlook, sponsors are increasingly choosing to bolt on acquisitions to their existing portfolios. Add-ons are typically smaller and lower risk than platform deals, delivering growth through targeted M&A by acquiring a competitor or a complementary business within the same vertical.

Share of club deal activity by deal value and count



Source: PitchBook • Geography: Europe • As of 31 March 2026

European PE add-ons deal count



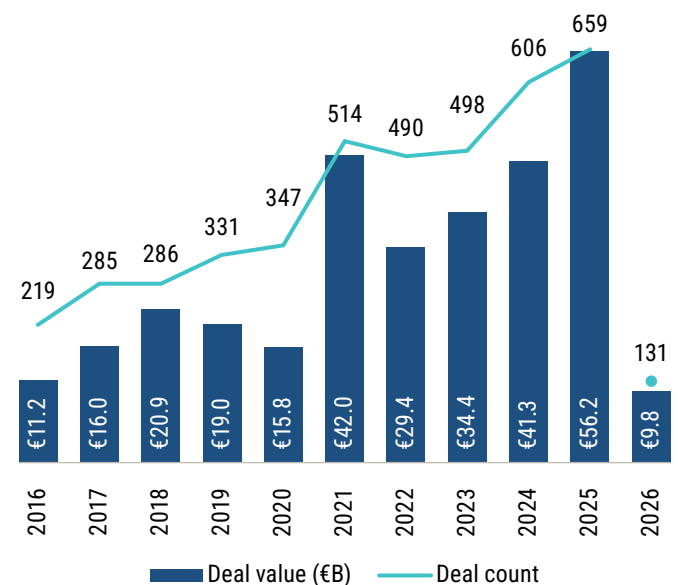
Source: PitchBook • Geography: Europe • As of 31 December 2025

The historical parallel is instructive. The last peak in add-on activity came in 2022, when a sharp valuation correction followed the onset of central bank rate-hiking cycles, and sponsors adopted a markedly more defensive posture. The echoes of that period are hard to ignore: Once again, geopolitical uncertainty and the prospect of rising rates are prompting sponsors to focus on consolidating what they own rather than venturing into new platforms.

SaaS deals are slowing down

SaaS slide in public markets cast a shadow over private deal activity in Q1. The vertical dropped 38% YoY in PE deal and 28% YoY in deal count, a shift that is hard to divorce from the turbulence in public markets. In early February, the release of Anthropic’s agentic AI tools triggered a reassessment of the SaaS business model, with investors questioning the long-term durability of per-seat licensing in a world where AI agents can increasingly perform the work of human users. The S&P 500 Software Index fell 13% in a single week, wiping out hundreds of billions in market value. While most analysts argued that the reaction was overdone and that fundamentals at leading software firms remained solid, the re-rating of public software multiples inevitably feeds through to private-market valuations, given that listed comparables anchor how sponsors and lenders price assets. With exit valuations under pressure and the strategic outlook for software more contested than at any point in the past

SaaS PE deal activity



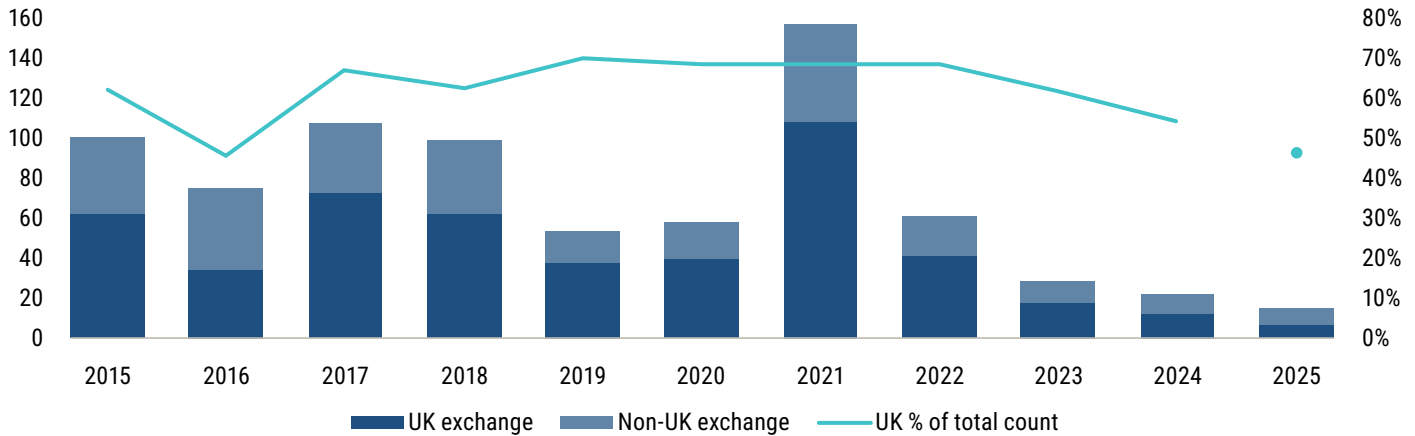
Source: PitchBook • Geography: Europe • As of 31 March 2026

decade, it is perhaps unsurprising that sponsors exercised greater selectivity in deploying capital into the sector in Q1. For a US take on this, we recommend [Private Equity’s Exposure to the Software Reckoning](#) while our SaaS analyst argues this will force SaaS companies to innovate and become “service-as-software” companies in [SaaS Is Dead, Long Live SaaS](#).

SPOTLIGHT

Unlocking UK Pension Capital for Private Markets

Public listing count by exchange region



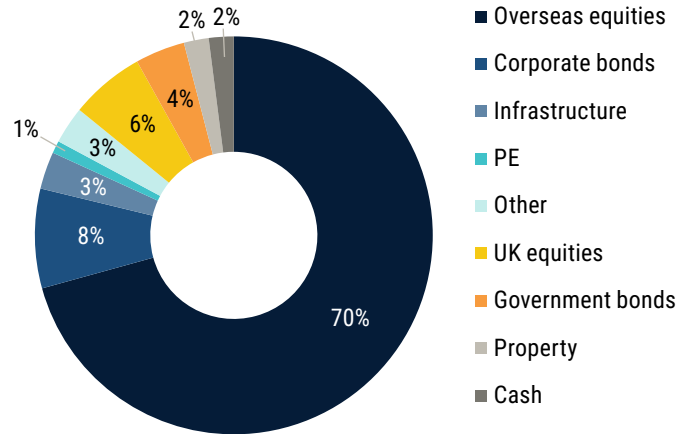
Source: PitchBook • Geography: UK • As of 20 October 2025

We published our analyst note [Unlocking UK Pension Capital for Private Markets](#) on 18 December 2025. We wanted to update our readers on some developments out of the House of Lords on the topic.

A significant development for the longer-term outlook of UK private markets emerged in late March, as the government’s attempt to underpin its pension reform agenda with an enforcement mechanism hit a legislative obstacle. The Pension Schemes Bill, which contains the Mansion House Accord, a voluntary commitment by 17 of the UK’s largest pension providers to allocate at least 10% of defined contribution default funds to private markets by 2030, with half directed to UK assets, included a “backstop” clause granting ministers reserve powers to mandate compliance if the industry fell short. The House of Lords voted decisively to remove that clause, stripping the accord of its enforcement teeth. The stakes for private markets are considerable: If the accord’s targets are met in full, it is expected to mobilise £50 billion of pension capital into UK PE, VC, infrastructure, and private credit over the next five years, a structural tailwind of a magnitude the domestic market has not seen before, as argued in our note.

The vote, however, is not the final word. The bill returns to the House of Commons in April, where the government retains a majority sufficient to reinstate the clause. The more likely outcome is a negotiated compromise, with the government

Share of private sector workplace DC asset allocation by type in 2023



Source: UK government • Geography: UK • As of 31 December 2023

expected to narrow the scope of the reserve power to tie it explicitly to Mansion House Accord targets rather than leave it as a broad ministerial discretion, the concession most likely to break the deadlock. In practical terms, some form of backstop will probably survive into the final legislation. Nonetheless, the near-term uncertainty matters: Until the bill receives Royal Assent, pension funds have little incentive to accelerate their private markets allocations ahead of legislative clarity, and in a market already navigating geopolitical headwinds, that hesitation is unlikely to be short-lived.

A WORD FROM CIL STRATEGY CONSULTANTS

Pricing: The underused enterprise value lever

In private equity, the objective is simple: Grow enterprise value. Pricing is one of the few levers that can move enterprise value through two routes at once. It can lift EBITDA, and it can influence how buyers assess the quality and durability of that EBITDA. Most people accept the first part. Fewer take the second seriously, and that's where value often gets left on the table.

In this article, Patric Kirchner explores how value-led pricing can strengthen both earnings and the exit story, and why it's still too often treated as a later-phase initiative.

Why pricing matters more now

Entry multiples have been high enough for long enough that you cannot rely on scale alone to do the heavy lifting. In that environment, investors need a clear path to value creation that is within their control, not dependent on market timing.

Pricing fits that bill more often than it gets credit for. It is often the fastest route to EBITDA uplift, yet it is routinely deprioritised behind top-line growth, adjacencies, and geographic expansion. Those moves can be right, but they tend to take longer and carry more execution risk. Pricing, done well, can move earlier.

So why is pricing still underused? Mostly fear and dynamics. It can be seen as a high-risk move that will provoke churn, and management teams often imagine a painful conversation with key customers.

Poorly executed, that risk is real. But value-led pricing is rarely a one-size-fits-all increase. The shift is from "Can we push price?" to "Where are we under-monetising the value we already deliver?"

When the value case is clear, pricing tends to hold up better through negotiation and competitive pressure. The rest of this article outlines what good looks like and how to make it actionable for management teams.



Patric Kirchner
Partner
CIL Strategy Consultants

Patric leads CIL's Pricing & Commercial Excellence practice. With 20 years' experience across strategy and commercial

implementation, he has held senior roles at Boehringer Ingelheim, Accenture, PwC, and Simon Kucher. He works with B2B and B2C clients globally, helping leadership teams translate pricing and commercial strategy into measurable impact across markets.



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Partner
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Jim leads CIL's DACH operations and brings more than 30 years' experience advising multinational corporates and private equity

firms. He previously led OC&C's DACH business and held senior roles at BCG and Kearney. As part of CIL's Consumer practice, he specialises in international agrifood, supporting clients on strategy, transactions, and long-term value creation.

The EBITDA route: Fix realisation before raising price

The biggest misconception is that pricing equals a list price increase. In many portfolio companies, the faster upside is in realised price, not list price.

Discount drift, inconsistent dealmaking, weak renewal mechanics, poorly defined tiers, and "special cases" that become permanent all quietly dilute earnings. Over time, that leakage becomes normalised. Teams stop seeing it as lost value and start seeing it as how business is done.

Value-led pricing starts in a different place. It asks where the business is already delivering value that customers recognise, then aligns price to that value in a way the front line can defend.

That often means a set of moves that are specific and practical:

- Tightening guardrails so discounting is a deliberate trade, not a reflex
- Clarifying packages so customers can see why one option costs more than another and provide clear upsell paths
- Improving renewal and escalation mechanics so value capture is not renegotiated from scratch every year
- Focusing changes where sensitivity is lowest and differentiation is strongest rather than pushing everywhere

This is also why a clear, managed view of the data matters. It's hard to be targeted if you cannot see where price is holding, where it's leaking, and why. The objective is not simply higher prices but better realisation with controlled risk and less volatility as you scale.

The multiple route: Pricing shapes the exit story

Not only does pricing move enterprise value through EBITDA, but it also affects how those earnings are judged at exit. Buyers pay for earnings they believe are sustainable, which is why the "how" matters as much as the "how much?"

A blunt increase can boost EBITDA quickly, but if it triggers churn, downgrades, or a surge in discounting to save renewals, it weakens the story a prospective acquirer is buying into. It can start to look like margin has been pulled forward.

Strong pricing work does the opposite. When pricing is treated as an embedded discipline, it becomes part of the equity story. It signals commercial control: clarity on what's being sold, who values it, and where price can hold. That

typically means fewer surprises, because earnings are less exposed to last-minute discounting, messy renewals, or churn that only shows up once it is too late.

A one-off price move rarely shifts the multiple on its own. What matters is evidence that pricing can be run again in a disciplined way, without eroding demand.

Start with data

Pricing becomes far easier when it's treated as a decision, not a debate.

By breaking performance into price, volume, and mix effect, you can look for the patterns that matter: where discounting is concentrated, where renewals routinely fail to land uplifts, where price realisation varies wildly by segment or geography, where customers accept higher pricing with little noise, and where they push back hard. Additionally, it allows you to implement your growth strategy whether it's driven by price increases or higher volume.

This also helps with the shareholder-management dynamic. It moves the conversation away from "We should put prices up" towards "We have clear leakage in specific places, and we can address it without taking unnecessary risk." That is what makes targeted moves possible rather than across-the-board action.

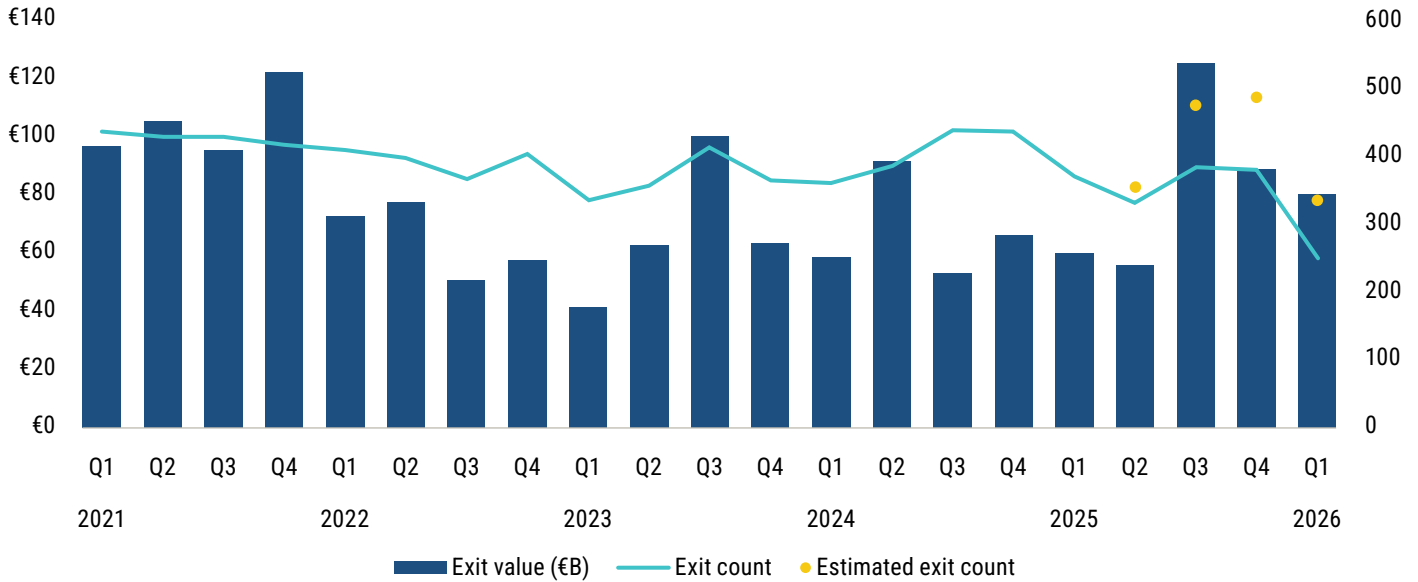
The takeaway

Pricing is often the fastest route to EBITDA uplift, and it can strengthen the multiple when it is value-led, targeted, and repeatable. But it stays underused because it is misunderstood: Leaders imagine a difficult customer conversation and a high-risk move.

The better framing is value capture. Identify where the business is delivering value it is not pricing for, use data to target the lowest-regret opportunities first, and put in place the rules and cadence that make pricing stick. Done early, it improves performance and makes that performance more credible at exit.

Exits

PE exit activity by quarter



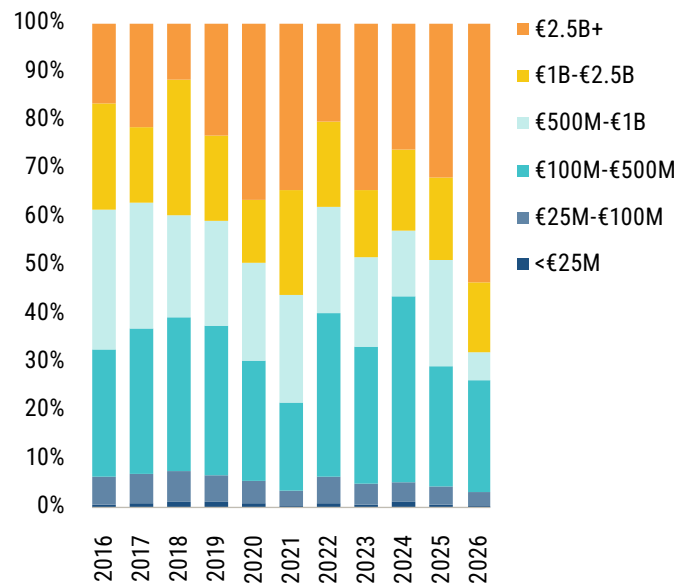
Source: PitchBook • Geography: Europe • As of 31 March 2026

Sluggish Q1 for exits, which remain top of mind

Exit activity also retreated in Q1 2026, with exit value falling 9.5% QoQ and exit count declining a more pronounced 31.3% QoQ. The value figure is somewhat cushioned by the annual comparison; exit value was still up 34.4% versus Q1 2025, suggesting that some momentum carried over from a strong end to last year. The drop in exit count, however, is harder to dismiss. Falling on both a sequential and annual basis, it points to a genuine slowdown in the pace of exit activity rather than a temporary lull and reflects the broader caution that has crept into the market as geopolitical uncertainty lingers. That said, exits remain front of mind for the large PE firms. EQT described 2025 as its “most active exit year” on record, while Partners Group and CVC reported realisations up 47% and 67% YoY, respectively—a reminder that the prior year’s exit machine was running at full speed heading into 2026.^{1,2,3}

The divergence between value and count in Q1 tells its own story: With fewer exits completing but aggregate value holding up relatively well, activity has been concentrated in the large-cap segment. This is borne out by the data: 16 mega exits alone accounted for 67.9% of total exit value, underscoring that liquidity is returning at the top of the market first, while mid-market and smaller exits remain subdued.

Share of Europe PE exit value by size

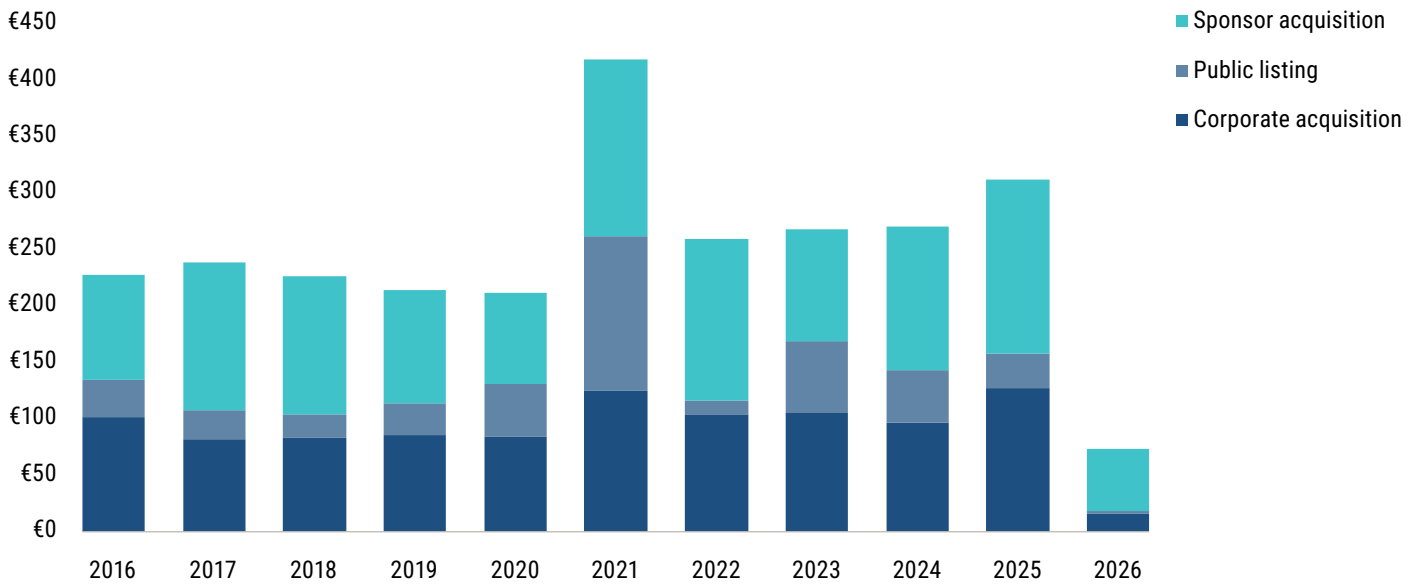


Source: PitchBook • Geography: Europe • As of 31 March 2026

Sponsor acquisitions are the only form of liquidity in Q1 for sponsors

The key to understanding the European exit landscape in Q1 lies in the composition of exit activity by type. In our [2025 Annual European PE Breakdown](#), we noted the growing dominance of sponsor-to-sponsor sales, and that trend has

Share of PE exit value by type



Source: PitchBook • Geography: Europe • As of 31 March 2026

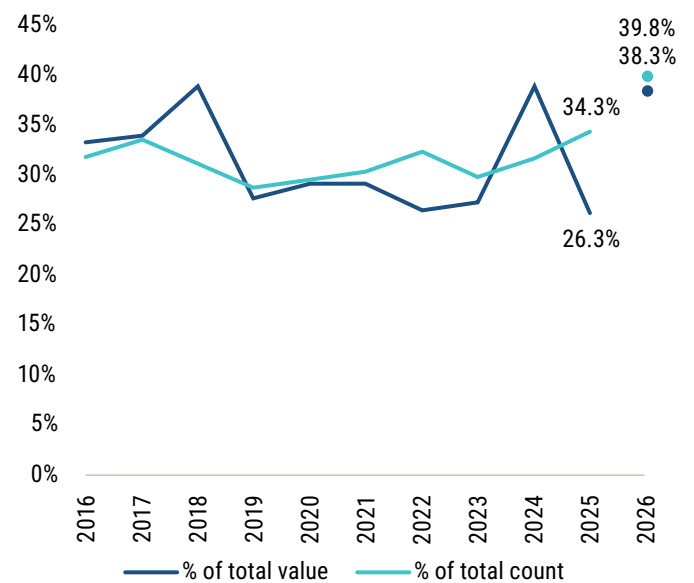
accelerated sharply in Q1 2026, with sponsor acquisitions accounting for 76.1% of total exit value, up from 49.6% in 2025. This concentration tells us several things about the state of the market.

The IPO route remains effectively closed. Only one small PE-backed listing completed in Europe in Q1, confirming that public markets are not a viable exit channel in the current environment. With equity indices under pressure and investor appetite for new issuance subdued, sponsors have little incentive, and even less certainty, to pursue listings until conditions stabilise.

Liquidity, for now, exists almost exclusively within the PE ecosystem itself. Sponsors are recycling assets among themselves, and it is worth noting that secondary transactions are also captured within this sponsor-to-sponsor category, which likely flatters the figure somewhat. Either way, the picture is the same: PE firms are largely dependent on one another for exits, a dynamic that sustains deal flow in the short term but raises questions about where genuine price discovery is occurring and whether valuations are being stress-tested by a sufficiently diverse buyer base.

Corporate acquirers, meanwhile, have stepped back. Strategic M&A, historically a reliable source of exit liquidity for sponsors, has retreated, likely reflecting a combination of tighter corporate balance sheets, the cost of debt-financed

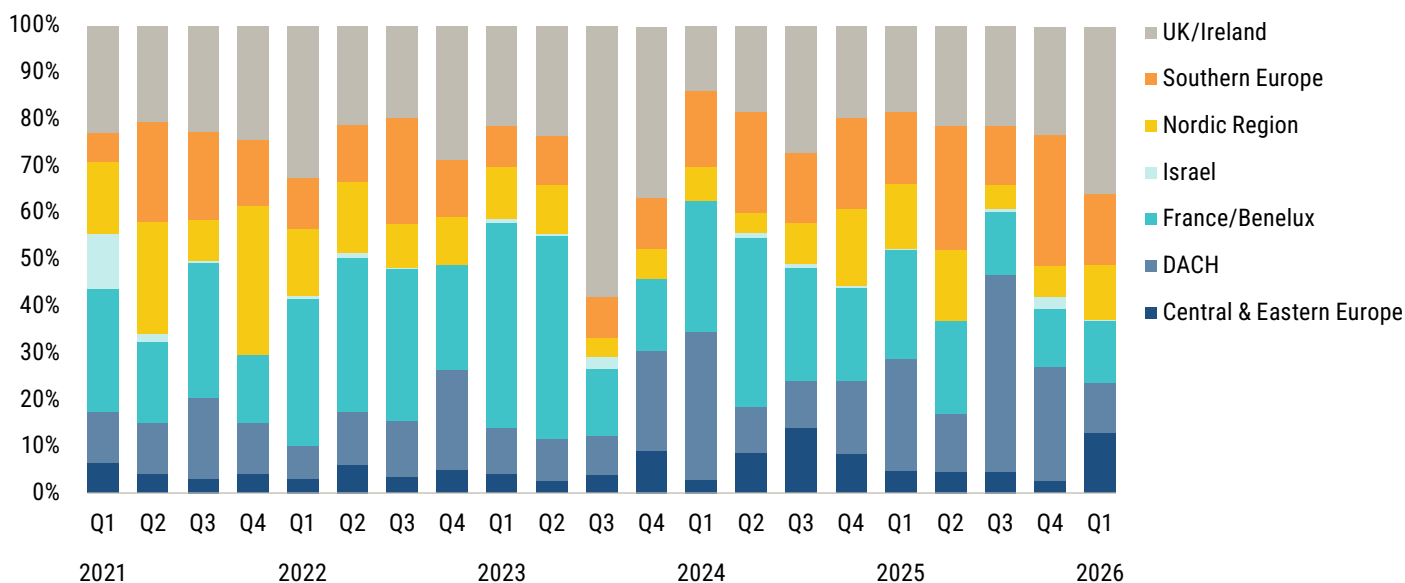
Share of PE exit value by secondary buyout activity



Source: PitchBook • Geography: Europe • As of 31 March 2026

acquisitions at current rates, and boardroom caution in an uncertain macro environment. This is a meaningful shift: When corporates disengage, sponsors lose access to the category of buyer most likely to pay a strategic premium, which in turn puts a ceiling on achievable exit multiples across the market.

Share of PE exit value by region by quarter



Source: PitchBook • Geography: Europe • As of 31 March 2026

The UK leads the way for private-market liquidity, while France falls further behind

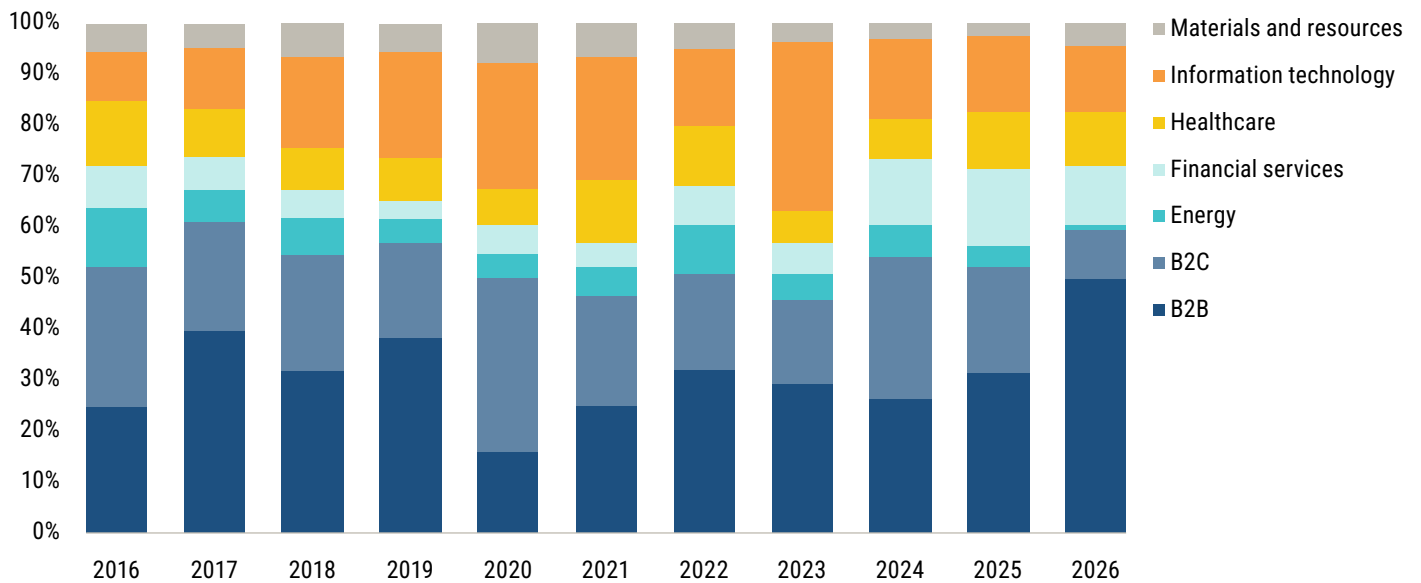
The UK & Ireland region recorded its best quarter for exit value since Q3 2023, with €26.1 billion closed in Q1, already a third of last year’s total and more than half of 2024’s full-year figure. That trajectory is encouraging for what remains Europe’s largest PE market and may signal a path for other markets to follow as conditions improve. As elsewhere in Europe, secondary buyouts have been the primary source of this liquidity, which is unsurprising given London’s position as the continent’s PE hub: The concentration of sponsors in the city naturally facilitates asset recycling within the ecosystem.

A notable structural development also emerged in Q1 that is worth monitoring for its longer-term implications. The UK recorded its first-ever transactions on PISCES, the Private Intermittent Securities and Capital Exchange System, a world-first regulated platform that allows private companies to open time-limited trading windows for their shares without the obligations of a full public listing. First conceived as part of the 2022 Edinburgh Reforms and formally consulted on in March 2024, the PISCES sandbox went live in June 2025. On 18 March 2026, JP Jenkins Private Market opened the

first-ever PISCES order window, giving approved investors until 24 March to trade shares in QPLAY Ltd, a UK-based manufacturer of next-generation board games.⁴ The very next day, the London Stock Exchange confirmed that the first permissioned auction on its own Private Securities Market had also completed, executed through a Tradeable Private Equity Investment Company holding secondary shares in Oxford Science Enterprises.⁵ Two transactions in a single week, on two separate platforms, marks a genuine milestone. Whether PISCES ultimately becomes a meaningful liquidity channel for private companies remains to be seen, but for a market acutely short of exit routes, the early signs are worth watching.

Central & Eastern Europe had its best quarter ever thanks to its largest deal ever: the InPost acquisition for €7.8 billion. In terms of count, the region also saw some of the highest resilience, dropping only 14.3% QoQ and flat YoY. Elsewhere, exit activity remains mostly subdued. France, in particular, continues to struggle, with Q1 2026 representing its worst quarter for exit activity since the COVID-19-impacted Q2 2020, a reminder that the recovery in European exits remains uneven, concentrated at the top of the market and in specific geographies rather than broad-based.

Share of PE exit value by sector



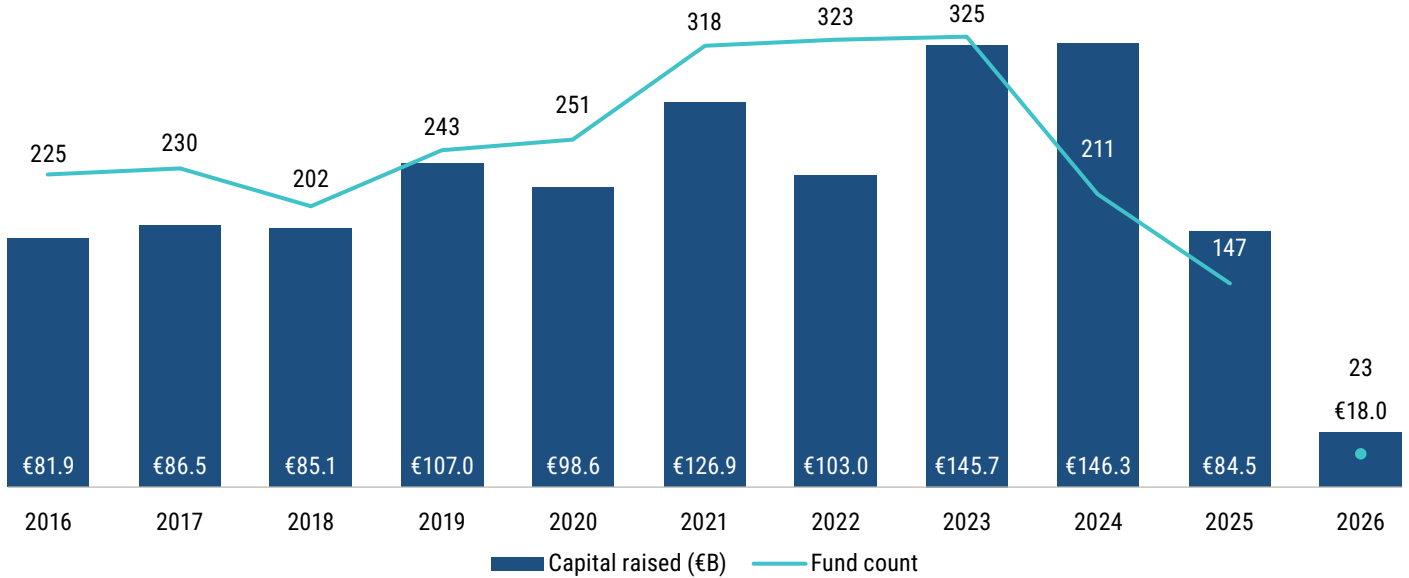
Source: PitchBook • Geography: Europe • As of 31 March 2026

B2B sector dominated exit value in Q1

Half of all European exit value in Q1 came from the B2B sector, which doubled QoQ. This is consistent with the broader trend of activity concentrating in large-cap, sponsor-to-sponsor transactions; B2B assets, with their recurring revenue profiles and more predictable cash flows, are precisely the type of businesses that command the strongest buyer conviction in an uncertain macro environment and are easiest to underwrite at a time when lenders remain selective. Sequential increases in exit value across financial services, healthcare, and materials and resources further reinforce this pattern: These are defensive, often regulated sectors where earnings visibility is higher and valuation gaps between buyers and sellers are easier to bridge. The B2C sector, by contrast, suffered the sharpest reversal, with exit value falling 70.5% QoQ.

Fundraising

PE fundraising



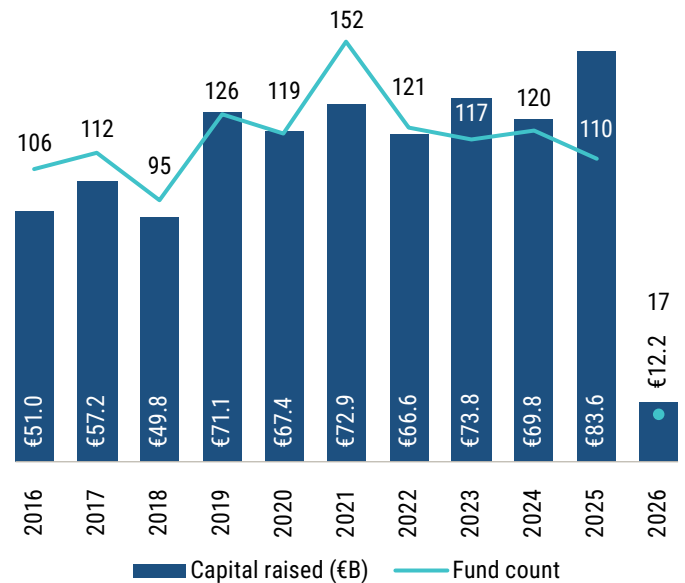
Source: PitchBook • Geography: Europe • As of 31 March 2026

Mid-market shows resilience in a slowing fundraising environment

The global slowdown in PE fundraising has carried into 2026, with just 23 funds closing in Q1 and €18 billion raised year-to-date. The structural explanation is well understood: With the exit market still congested and distributions to LPs running below historical norms, less capital is being recycled back to investors, leaving them with reduced firepower to commit to new funds. The denominator effect, where falling public market valuations inflate LPs’ private-market allocations as a percentage of their overall portfolios, compounds this further, constraining how much fresh capital many institutional investors can deploy.

Within that subdued headline, however, the mid-market story stands out. 2025 saw megafund fundraising from Europe’s largest sponsors stall, while middle-market funds posted a record year, a signal that LP conviction remains intact at the level of the market, where European PE has historically generated its strongest risk-adjusted returns. Q1 2026 has continued in that vein, with more than two-thirds of capital raised coming from mid-market vehicles. Inflexion, HIG, Apheon and Kedge Capital all launched follow-on funds targeting the midcap space, averaging a 1.5x step-up on their previous vehicles, a meaningful indicator of LP appetite rather than mere inertia. Inflexion’s €4.5 billion raise is

PE middle-market fundraising

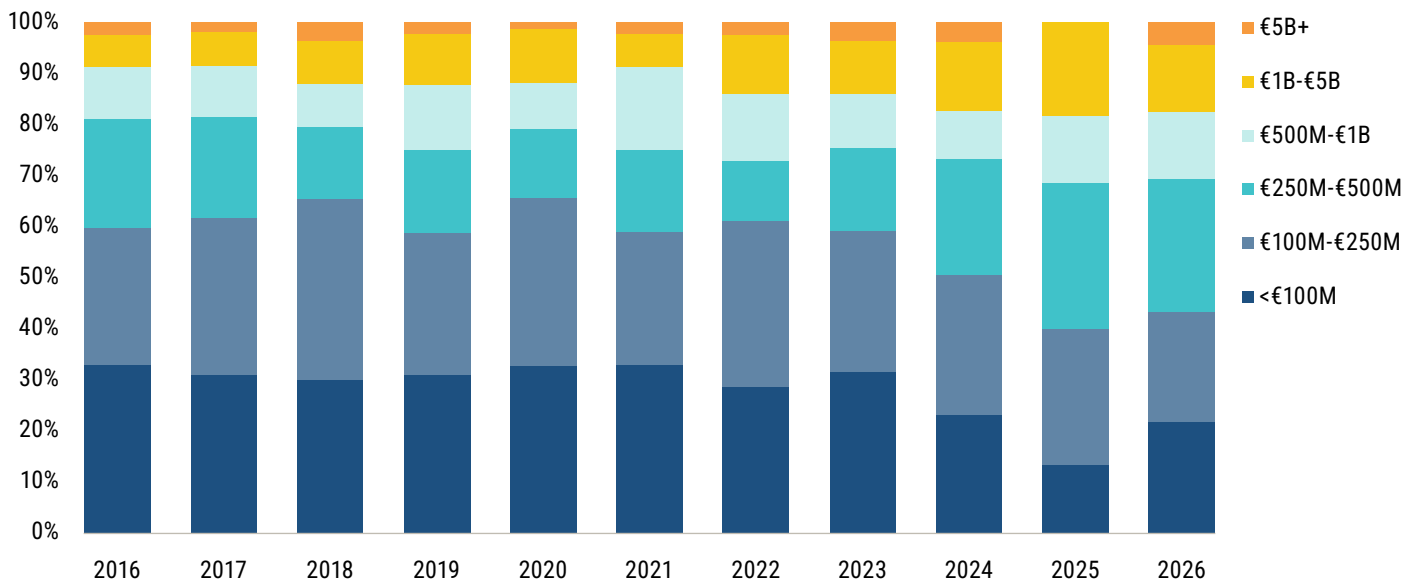


Source: PitchBook • Geography: Europe • As of 31 March 2026

particularly striking: The fund closed in just six months, a pace that speaks to the strength of its LP relationships and the conviction behind the mandate.⁶

The standout close of the quarter, however, was Triton Partners’ sixth flagship fund, which reached its €5.5 billion target, the first PE vehicle above €5 billion to close in

Share of PE fund count by size



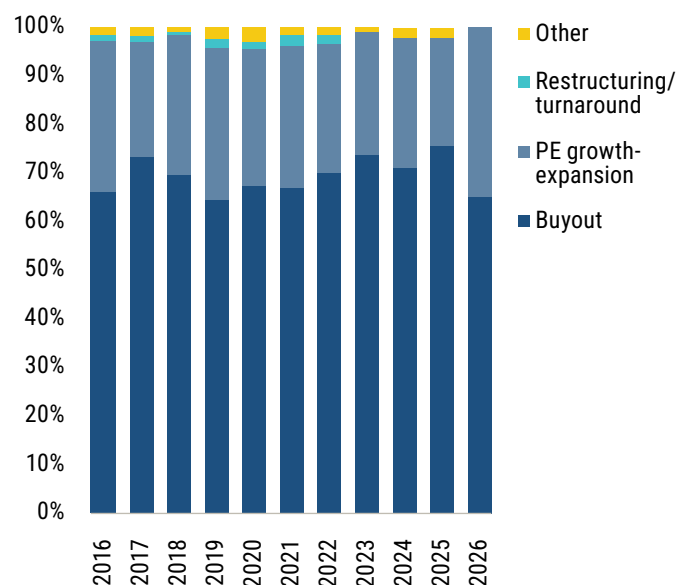
Source: PitchBook • Geography: Europe • As of 31 March 2026

Europe in more than a year and Triton’s largest fund to date. It eclipses the previous high-water mark for 2025, CVC’s Strategic Opportunities III, which closed at €4.6 billion in March 2025, and signals that LP appetite for European mid-market strategies at scale is returning, even if the broader fundraising environment remains challenging. Taken together, Q1’s fundraising data tells a nuanced story: The market is not frozen, but it is highly selective, and the mid-market is where that selectivity is resolving most clearly in managers’ favour.

Growth equity returns as rates stabilise

In our [2025 Annual European PE Breakdown](#), we flagged growth and expansion funds as a strategy to watch in 2026, on the basis that stabilising interest rates and the approaching end of the central bank tightening cycle would gradually restore the conditions under which growth equity thrives. The logic is straightforward: Growth equity targets companies that are scaling rapidly but are not yet consistently profitable, and those businesses are acutely sensitive to the discount rate applied to their future earnings. The rate-hiking cycle that began in 2022 was particularly punishing for the strategy: As rates rose, the present value of discounted cash flows compressed sharply, and the valuation gap between what growth managers were willing to pay and what sellers expected became difficult to bridge. Many managers effectively stepped back from the strategy or pivoted towards more cash-generative profiles that could be underwritten with greater confidence. With rates now stabilising, that valuation headwind is fading. Q1 has delivered early evidence that the recovery is beginning to

Share of PE fund count by type



Source: PitchBook • Geography: Europe • As of 31 March 2026

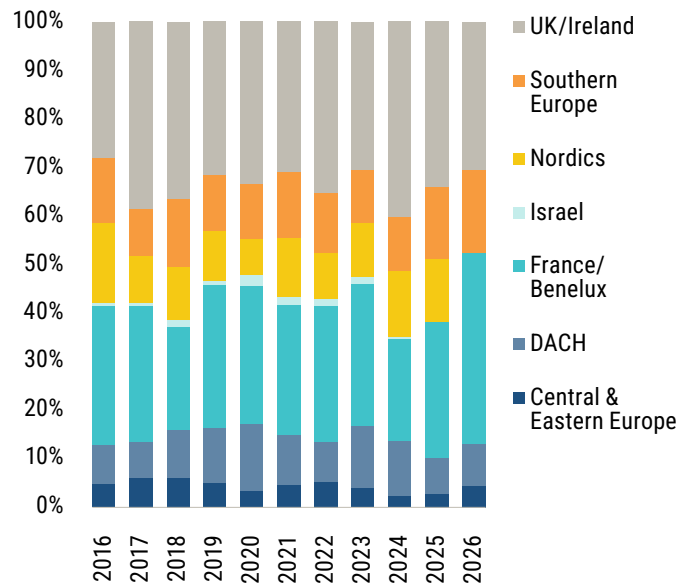
take shape, with eight new growth equity funds closing in the quarter. It is too early to declare a full comeback: Eight funds is an encouraging data point, not a trend, and the geopolitical backdrop introduces a meaningful caveat. Growth equity is an inherently higher-risk strategy. It relies on capital appreciation rather than yield, on scaling businesses rather than optimising them, and on exit markets being sufficiently open to realise that appreciation. All three of those conditions are harder to satisfy in an environment clouded by the conflict in the Middle East which could deter the global macro backdrop. In that context, some LPs may continue to favour the relative safety of buyout strategies. That said, the

direction of travel is encouraging. If the geopolitical situation stabilises and rate expectations remain benign, the structural case for growth equity in Europe remains compelling.

Fundraising through M&A

The pause in megafund fundraising among Europe’s largest sponsors reflects two converging pressures. The first is the distribution drought already discussed. The second is that performance at the megafund level has lagged relative to prior vintages, narrowing the gap with public markets at a time when equities delivered strong returns in 2025, a combination that makes it harder for even the most established managers to convince LPs that outperformance is on the horizon. Faced with these headwinds, the largest firms have turned to inorganic growth, acquiring their way into sub-asset classes where LP appetite remains strong. In January, CVC agreed to acquire Marathon Asset Management, the US credit specialist, for €1 billion, a deal that creates a combined credit platform with €61 billion in fee-paying AUM and effectively meets CVC’s 2028 credit AUM target. Days later, EQT agreed to acquire secondaries giant Collier Capital for €3.2 billion in the largest-ever acquisition of a secondaries fund manager. The choice of target is telling: 2025 was another record year for the secondaries market as liquidity pressures across private

Share of PE fund count by region



Source: PitchBook • Geography: Europe • As of 31 March 2026

markets drove unprecedented demand for secondary solutions. Both deals, announced within days of each other, reflect a broader truth: the industry’s largest platforms are restructuring their business models for an era in which organic fundraising can no longer be taken for granted.

Top 10 funds closed in Q1 2026

Fund	Close date	Fund size (€M)	Fund type	Fund country
Triton Fund VI	31 January	€5,505	Buyout	Luxembourg
Inflexion Buyout Fund VII	30 March	€4,500	Buyout	UK
H.I.G. Europe Capital Partners IV	15 January	€1,600	Buyout	UK
Apheon MidCap Buyout VI	12 January	€1,250	PE growth-expansion	Luxembourg
Fremman 2 MM	30 March	€808	Buyout	UK
AXA IM Prime GP Stakes Fund	10 March	€540	PE growth-expansion	France
Lauxera Growth II	30 January	€500	Buyout	France
Kedge Capital Private Equity XI	24 February	€419	Buyout	UK
Amethis Fund III	15 January	€406	PE growth-expansion	France
Pictet Private Equity Entrepreneur Capital I	25 March	€403	PE growth-expansion	Switzerland

Source: PitchBook • Geography: Europe • As of 31 March 2026

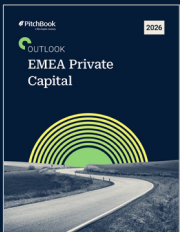
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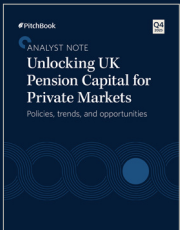
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