The US buyout market remained healthy in Q1 2019. Fundraising was strong to start the year and we expect Limited Partner (“LP”) demand to remain robust across 2019 given an attractive pipeline of managers in market. With public market companies trading at a discount to private ones, public-to-private transaction activity is likely to remain relatively strong. General Partners (“GPs”) will continue to sell out of public shares as markets allow, but IPO and dividend recap activity are likely to remain subdued.

Investment activity remained steady, despite high purchase-price multiples breeding caution among GPs. On a direct year-on-year comparison basis, investment jumped from $17.2 billion in Q1 2018 to $46.7 billion in the first quarter of this year, driven by an increase in average deal size. However, if the same quarterly pace was maintained across 2019 transaction value would be lower than in each of the last four years. Public-to-private transactions accounted for 42.7% of total value, reflecting more attractive public marketvaluations. By sector, technology, industrials, and healthcare combined to account for 70.5% of total investment.

In terms of exits, overall value was down year-on-year. The data shows that GPs continued to favor a path to full exit via sponsors or strategic investors, with M&A and public market sales activity relatively stable. M&A value slipped 19.0% year-on-year to $23.4 billion, but public market sales rose 13.0% to $8.7 billion in Q1. IPO activity was, however, very muted, with just four listings bringing in only $0.6 billion, while dividend recaps fell from $11.8 billion in Q1 2018 to $4.4 billion.

The US venture market remained strong in Q1 2019, with fundraising and investment rising and exit activity stable after a record-breaking 2018. We expect fundraising to maintain this strength across 2019, with several flagship venture firms raising new funds. Investment activity is expected to remain robust, with the pace of innovation creating a rich landscape of opportunities. A number of high-profile and high-valuation venture listings are likely to support overall exit activity across the year, while strategic acquirers should continue to pay attractive prices for the right companies, particularly in the software and life sciences industries.

Fundraising by US venture funds rose 36.8% year-on-year in Q1 2019 to $13.3 billion. Interest in venture capital continues to be fueled by increased distributions in recent years and select outsized IPOs. The rise in fundraising in Q1 was mainly driven by early-stage strategies, which attracted $5.8 billion of the total, up from $2.4 billion in Q1 2018. Later-stage funds raised $4.0 billion in the first quarter, after raising just $7.0 billion across the whole of 2018, led by Technology Crossover Ventures’ tenth fund, TCVX.

Despite strong growth in fundraising, investment continued to outpace fundraising in Q1 2019, rising 19.2% year-on-year to $25.0 billion. If this pace was maintained across 2019, overall investment levels would equal last year’s record high. The largest increases in investment were in expansion and later-stage companies, continuing the trend of managers looking to maintain exposure to winners as they continue to grow within private markets.

Measures of exit activity were mixed in Q1. IPO median post-offer value slid slightly – falling 23.6% compared with Q1 2018 – though it remained high on a historical basis. Meanwhile, though the number of M&A exits fell moderately, the median deal size rose sharply, reaching $200 million, up from $120 million across 2018. This can be partly attributed to the acquisition of Qualtrics by SAP for $8 billion.


The fundraising environment remains positive for European buyout funds and the pipeline continues to look strong for 2019, with several large-cap funds currently in market and holding closings – most notably funds managed by Advent International, Permira, Apax Partners, and Cinven. Investment and exit activity were relatively subdued compared to Q1 2018 yet remain strong by historical standards. Several large deals are expected to close before the end of the year, which should boost investment, while we anticipate stronger public markets will lift exit activity across the remainder of 2019.

Fundraising slipped on a year-on-year basis in the first quarter of the year, down 28.2% to €19.8 billion. However, this largely reflects a base comparison with a strong Q1 2018. As noted above, we expect this to be a strong year for European fundraising. Fundraising activity to-date has been broad-based, with a large number of funds currently in the market, and an especially deep pipeline of managers in the upper mid-market and large-cap segments targeting funds of more than €2 billion. Through Q1 2019, funds of over €2 billion accounted for 63.2% of total capital raised. This continues the trend in 2018, when larger funds accounted for 70.3% of the total.

Investment activity was relatively subdued in Q1 2019, down 65.4% year-on-year to €12.9 billion. While this in part again reflects the strength of Q1 2018, GPs are being cautious in an environment of sustained high prices. Brexit fears likely contributed to very limited deal activity in the UK. Large deals continue to drive investment activity and smaller deals – those valued below €500 million Enterprise Value – amounted to just €2.4 billion.

As with other global markets, exit activity via IPO was very weak in Europe in the first quarter at only €0.7 billion, down from €1.9 billion in Q1 2018. M&A exit activity also moderated, with a modest €35.8 billion reported.

After a record-breaking 2018, private markets activity moderated in the Asia Pacific region in Q1 2019, with declines in fundraising and investment on a year-on-year basis. While China continued to drive fundraising in the first quarter, investment and exit activity were more diversified, reflecting the increasing maturity of private markets in the region. We maintain our expectation that overall activity will cool across 2019, but the market should remain robust from a historical perspective on the back of solid GDP growth across the region.

Fundraising slowed, as expected, in the first quarter of 2019, with volume sliding 35.7% year-on-year to $9.8 billion. Many large funds completed fundraising in 2017 and 2018, driving fundraising figures to new heights, and this relative slowdown should be understood in that context. China accounted for more than half of the money raised in the first quarter, supported by closes on funds raised by CITIC Capital and Boyu Capital.

As in Q4 2018, investment continues to outpace fundraising, with $21.6 billion put to work in the first quarter of the year, led by China and India. Though this investment total represents a 25.3% decline from Q1 2018, it is still strong from a historical perspective. While China was the single largest market (accounting for 25% of the total), investment fell 43% compared with Q1 2018, with a notable slowdown in late-stage investment in Chinese technology companies.

Exit activity in the first quarter was driven by Japan, with notable exits from Marketo by SunBridge Partners ($4.8 billion) and Ayumi Pharmaceutical by Unison Capital ($1.0 billion). This helped raise overall exit volume across the region to $13.9 billion, compared to $12.6 billion in Q1 2018. The majority of exits (97%) were executed via trade sale or share buyback, with IPO activity remaining muted.