

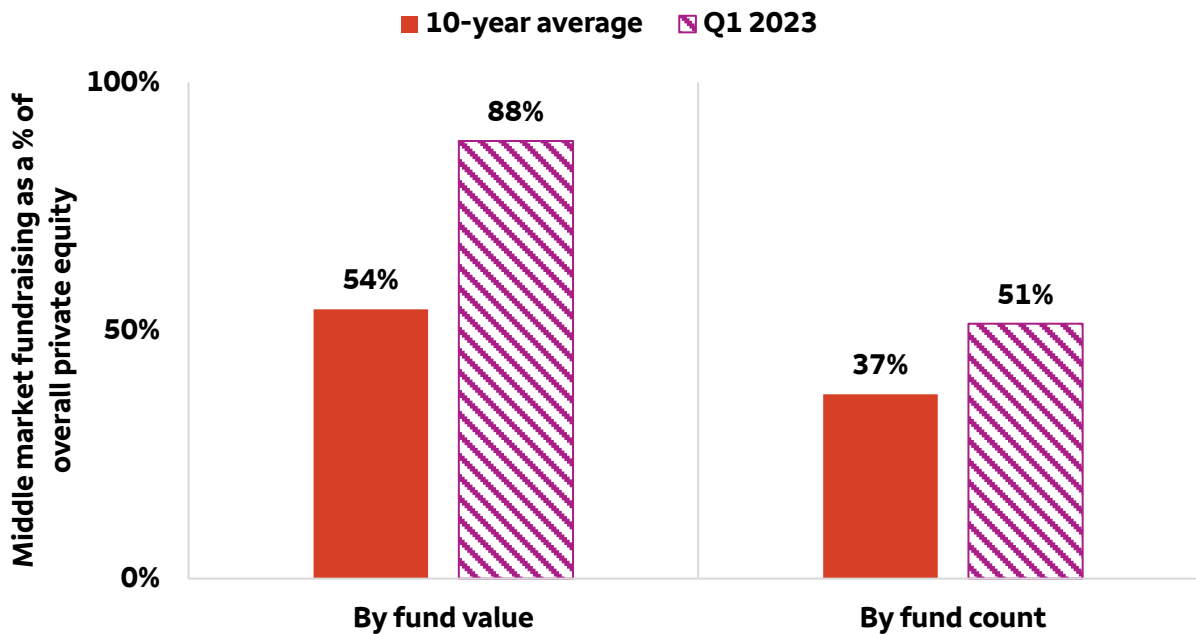


Chart of the Week

Weekly market analysis on key market indexes

July 11, 2023

Where the private equity fundraising is: Middle market



Sources: Pitchbook and Wells Fargo Investment Institute. Data as of March 31, 2023. Alternative investments, such as hedge funds, private equity, private debt, and private real estate funds are not appropriate for all investors and are only open to “accredited” or “qualified” investors within the meaning of U.S. securities laws.

Middle market fundraising as a percentage of overall private equity capital raised

The middle market is commonly defined as companies generating revenues between \$10 million and \$1 billion. Fundraising and deal activity remains elevated in middle market funds relative to other private equity segments.

The chart shows that middle market fundraising accounted for a majority of the private equity capital raised in first-quarter 2023 — at a level materially higher than 10-year averages. Driving the momentum: Many middle market businesses are priced at a greater discount than larger companies due to higher exposure to the economic downturn, and despite tighter bank lending standards, well capitalized private credit providers have continued to finance middle market deals.

What it may mean for investors

Based on data aggregated by Pitchbook, middle market funds outperformed other private equity funds by approximately 10% over the last 3 quarters of 2022. Based on the constructive environment, we maintain our favorable cyclical view on middle market private equity.

Chao Ma, PhD, CFA, FRM, Global Portfolio and Investment Strategist This chart was excerpted from the *Investment Strategy* report dated July 3, 2023

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