

OUTLOOK 2026

PRIMARY FUND PLACEMENT



The Foundations of a Fundraising Recovery

Following a somewhat challenging period for private equity fundraising, optimism is increasing for a resurgence throughout 2026. One of the key prerequisites, a strengthening M&A market, is already in process. “We’re seeing acceleration in the M&A market,” says [John Neuner](#), Harris Williams Co-CEO. “Increasing transaction volumes are being supported by financial and strategic acquirers looking to invest across a broader base of sectors, sponsor desire to generate liquidity for their investors, the improving rate environment, and favorable credit markets.”

As of the fourth quarter of 2025, Harris Williams’ M&A volume of active client engagements was up significantly year over year, with continued acceleration in the pace of engagements coming to market. “Harris Williams is seeing robust pitch activity, more transactions going to market and generating healthy valuations, and a strong backlog of high-quality opportunities,” adds [Bob Baltimore](#), Harris Williams Co-CEO. “In fact, many of these metrics are at or approaching record levels.”

“For both established and emerging GPs, 2026 will provide plenty of potential to capture market share.”

Frank Edwards
Co-Head of Primary Fund Placement

“As funds execute more successful exits and new investments, delivering returns to limited partners, fundraising will follow suit,” says [Frank Edwards](#), co-head of [Primary Fund Placement](#). “That bodes well for an active 2026.”

[Stephen Lessing](#), co-head of Primary Fund Placement, observes that while the 2026 fundraising market is poised for a recovery, it will be a more disciplined, bifurcated market with a higher bar for sponsors to clear. He notes that this is driven by the maturation of limited partner programs, particularly in North America, which is leading to greater consolidation of manager relationships. At the same time, somewhat restrained M&A and IPO markets in recent years have limited capital distributions to limited partners, putting incremental investments under more scrutiny.

“These conditions have contributed to a market in which capital flows are increasingly concentrated,” says Lessing. “In fact, the vast majority of capital is being allocated to funds with over \$1 billion in assets, and is flowing to managers raising their fourth fund or a successive vehicle, showing limited partner preference for established track records.”

Overall, that means fundraising in 2026 will be closely correlated with a differentiated ability to generate liquidity for investors. Similarly, private equity groups receiving strong support from existing investors will have greater fundraising success. At the same time, opportunities are expanding for both established and emerging sponsors to set themselves apart from the pack and make the most of this year’s fundraising opportunities.

Three Key Differentiators for 2026

“Limited partners want to see that sponsors can deliver better results than the competition,” says Edwards. “While a data-supported narrative on past performance is powerful, it’s not necessarily enough to fully tap into limited partner hunger for improved returns in 2026.”

Specifically, says Edwards, fund managers can attract stronger limited partner interest in 2026 by emphasizing their ability to offer exposure to specialized opportunities, leverage unique sourcing methodologies, and deploy more successful approaches to operational value creation.

Granular Specialization

“We’ve seen successful fundraisers anchoring their strategies in specific, well-defined, granular themes backed by megatrends,” notes Lessing. “For example, a manager might build a thesis around the increasing power requirements for AI data centers, focusing on a specific segment of the value chain.”

Lessing points out the importance of developing detailed, tangible, and actionable perspectives on megatrends: “It’s important to go beyond a superficial perspective on megatrends and identify concrete and differentiated opportunities arising from a deeper understanding of an industry, trend, or business model.”

For example, he says, data centers require more advanced cooling technology, specialized electrical products and services, and a host of other “picks and shovels” that are creating a wide range of investable opportunities. Another example would be focusing on the manufacturers of specialized transformers and switchgears, which are critical bottlenecks in the broader megatrend of electric grid modernization required for the energy transition.

Unique Sourcing Capabilities

Relatedly, a unique deal sourcing strategy can provide a tangible “edge” that limited partners seek when their portfolios are already mature and they have exposure to mainstream strategies. Examples we are seeing include a focus on small businesses, on niche subsectors overlooked by other funds, or on tapping into new sources of capital.

“It’s important to go beyond a superficial perspective on megatrends and identify differentiated opportunities.”



Stephen Lessing
Co-Head of Primary
Fund Placement

“Family offices and specialized wealth management firms are actively seeking differentiated investment strategies that may not be available through larger institutions,” says Edwards. “Accessing these fragmented capital pools requires general partners to build targeted relationships and cultivate deep market knowledge.”

This approach can be especially differentiating for independent sponsors, which frequently operate in niche market segments and focus on smaller transactions. “There’s a very healthy and robust cohort of limited partners and other sources of capital that seek to back deals sourced by independent sponsors outside of a fund structure,” explains Edwards. “These investors appreciate the ambition and creativity of independent sponsors, as well as their knowledge of pockets of inefficiency or smaller deals not on everyone’s radar.”

Unlocking Portfolio Company Potential



A repeatable methodology to drive fundamental operational improvements in portfolio companies is another increasingly important differentiator for sponsors. Harris Williams is seeing more general partners establish dedicated operations teams, a practice now being adopted even by some emerging managers. These internal resources can assist portfolio companies with strategic initiatives, operational efficiencies, and talent management, thereby contributing to growth.

Such portfolio company improvements include implementing sophisticated pricing strategies to capture incremental margin, leveraging the sponsor’s scale to centralize procurement and reduce supply chain costs across the portfolio, and driving digital transformation projects that optimize back-office functions through automation and AI. Operations-focused sponsors are also streamlining operations with lean manufacturing principles and optimizing sales force effectiveness to accelerate top-line growth. These hands-on efforts are crucial for boosting EBITDA and creating measurable value ahead of an exit.

“Top-quality assets attract strong buyer interest in any market,” says Lessing. “Sponsors that can help unlock the full potential of their portfolio companies through hands-on operational improvements are realizing better returns on their investments and enticing limited partners to get or stay involved in their approach to value creation.”

Optimizing 2026

As the fundraising market gathers momentum throughout 2026, private equity groups that can demonstrate a competitive advantage—whether through a distinguished track record, granular investment theses, a unique sourcing network, or deep operational capabilities—will make the most of the opportunity.

“For both established and emerging sponsors that possess a unique strategy, deep industry expertise, and a differentiated ability to create value, 2026 will provide plenty of potential to capture market share and solidify their position for the next decade,” says Edwards. “We’re excited to play a role in what should be a much-improved fundraising environment in the months to come.”

Contact Our Senior Professionals



Frank Edwards
Head of Primary Fund Placement
fedwards@harriswilliams.com



Stephen Lessing
Head of Primary Fund Placement
slessing@harriswilliams.com



Pawan Chaturvedi
Managing Director
pchaturvedi@harriswilliams.com



Ted Holland
Managing Director
tholland@harriswilliams.com



Scott Lamond
Managing Director
slamond@harriswilliams.com



Kevin Magner
Managing Director
kmagner@harriswilliams.com



Ignacio Martín-Chocano
Managing Director
imartin@harriswilliams.com



Jen Sonenklare
Managing Director
jsonenklare@harriswilliams.com

2026 Outlooks by Market

OVERALL MARKET
OUTLOOK >

AEROSPACE, DEFENSE &
GOVERNMENT SERVICES >

BUSINESS SERVICES >

CONSUMER >

ENERGY, POWER &
INFRASTRUCTURE >

HEALTHCARE &
LIFE SCIENCES >

INDUSTRIALS >

PRIVATE CAPITAL
SOLUTIONS >

TECHNOLOGY >

TRANSPORTATION
& LOGISTICS >

Important Disclosures

Harris Williams LLC is a registered broker-dealer and member of FINRA and SIPC. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 13th floor, One Angel Court, London EC2R 7HJ, UK, registered with the Registrar of Companies for England and Wales (registration number 07078852). Harris Williams & Co. Ltd is authorised and regulated by the Financial Conduct Authority, number 5408952. Harris Williams Private Capital Advisory Ltd. is an Appointed Representative of Sturgeon Ventures, LLP, which is authorised and regulated by the Financial Conduct Authority number 452811. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is 16th Floor, Marienturm, Taunusanlage 9-10 60329, Frankfurt am Main, Germany (email address: hwgermany@harriswilliams.com). Geschäftsführer/Director: Paul Poggi, VAT No. DE321666994. Harris Williams (“HW”) is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd, Harris Williams & Co. Corporate Finance Advisors GmbH, and Harris Williams Private Capital Advisory, Ltd conduct business.

HW is an affiliate of The PNC Financial Services Group, Inc., which, together with its subsidiaries and affiliates and their agents (collectively, “PNC”), engages in a broad range of businesses. PNC may have had, and may currently or in the future have, business with or ownership in the Company and its related persons, potential parties to the proposed transaction and their related persons, or their competitors, customers or suppliers. When HW is engaged to provide adviser services in a transaction, HW is acting only for its client in connection with the proposed transaction.

The distribution of this document in certain jurisdictions may be restricted by law, and accordingly, recipients of this document represent that they are able to receive this document without contravention of any registration requirement or other legal restrictions in the jurisdictions in which they reside or in which they conduct business.

This document does not contain all the information needed to assess any transaction. You must conduct your own investigations and analyses. HW does not provide accounting, tax, investment, regulatory or legal advice to anyone. This document is for discussion purposes only and is not a recommendation, offer or solicitation for the purchase or sale of any security or an invitation or inducement to engage in any transaction or investment activity. HW obtained the information in this document from Company and/or third-party sources. HW has not independently verified such information and no obligation is undertaken to provide updated or additional information. No representation or warranty, expressed or implied, is made in relation to the fairness, accuracy, correctness or completeness of the information, opinions or conclusions expressed herein. All forward-looking statements herein involve assumptions and elements of subjective judgment and analysis and are not facts. Nothing in this document guarantees future results or performance.

This document is only being distributed to, and only made available to, and directed at: (a) persons who are outside the United Kingdom; (b) persons in the United Kingdom who have professional experience in matters relating to investments falling within Article 19(5) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); (c) high net worth entities and other persons to whom it may otherwise lawfully be communicated falling within Article 49(2)(a) and (d) of the Order; or (d) any other person to whom this document may otherwise lawfully be communicated or caused to be communicated (all such persons in (b) to (d) together being referred to as “Relevant Persons”). This document must not be acted on or relied on by persons who are not Relevant Persons. In the UK, any investment or investment activity to which this document relates is only available to, and will be engaged with, relevant persons.