

Market Pulse

Seeking Alpha in America: The Importance of Backing the Best in Our Backyard

The US remains the deepest, most competitive capital market in the world, and that is exactly what makes it so hard to navigate well. Here is what backing the right managers in that market actually requires.



Home-field advantage, with a caveat

Talk to any LP this year and the conversation eventually turns to diversification.

Lower entry valuations, currency diversification, and fresh concerns about US concentration have pushed a growing share of allocators to say they are looking abroad. Several 2026 surveys have captured this shift in sentiment. Against this backdrop, then, it can be puzzling to consult fundraising figures which show that, at a surface level, the majority of capital continues to flow to North America.

Follow the dollars, though, and the picture is more complicated than “North America won.” North America did pull further ahead in 2025, but almost all of that gain sits with the largest, most established managers. Once mega-funds are stripped out, the US middle market had one of its weakest years on record, while Europe's mid-market held up better. This quarter, we look at that split, which groups of US managers are actually raising capital and which are not, and why succeeding in the world's deepest capital market takes more than simply having feet on the ground.

THE US IN NUMBERS

Depth, dominance – and a divide

\$861bn¹

North America private capital fundraising in 2025

7 of 10²

of the world's largest private markets firms are US-headquartered

-40%³

decline in US middle-market PE fundraising in 2025

¹ Preqin, “North American Private Markets in 2026,” March 2026

² Private Equity International, “PEI 300” rankings, 2026

³ Asante Capital analysis of PitchBook data on 2025 US middle-market fundraising



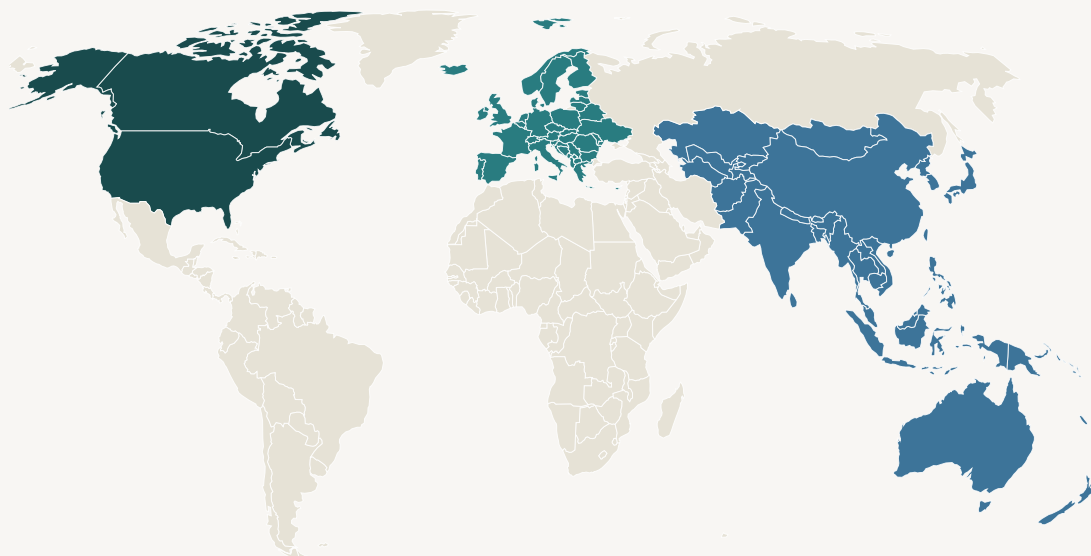
The headline: North America pulled ahead

Global private equity fundraising had a rough 2025 on paper. Closed-end PE fundraising fell 17% year over year to approximately \$616 billion, according to McKinsey's Global Private Markets Report⁴. Read on its own, that headline suggests a fundraising market still very much in retreat.

Read by region, the story flips. North American closed-end PE fundraising actually rose 8% in 2025, to \$432 billion, even as Europe fell 41% and Asia-Pacific dropped 49%⁴. Looking at absolute numbers, that means North America alone accounted for roughly seven of every ten closed-end PE dollars raised globally last year, a share that has climbed sharply from the more even three-way split of a few years ago⁵. Our own review of Preqin's fund-level data shows a similar, though less pronounced, split for 2025: North America up 4.6%, Europe down 13.8%, and Asia down 28.0%⁶.

FUNDRAISING GROWTH

2025 closed-end PE fundraising⁴



North America

+8%

\$432bn raised – 7 of every 10 dollars globally

Europe

-41%

Sharp retreat – but the mid-market held up better

Asia-Pacific

-49%

Down to just \$49bn

⁴ McKinsey & Company, "Global Private Markets Report 2026," February 2026

⁵ Asante Capital analysis of data presented in McKinsey & Company, "Global Private Markets Report 2026," February 2026

⁶ Asante Capital analysis of Preqin fund-level data, including funds by final close date across buyout, growth, venture, secondaries, co-investment and fund-of-funds strategies; data accessed August 2026



The pattern holds across private markets

The pattern holds once you widen the lens beyond PE to also include all of private markets. Preqin's 2026 review of North American private markets puts total North America-focused fundraising, across the full range of private capital strategies, at \$861 billion in 2025, up from \$762 billion in 2024. Regional assets under management climbed alongside it, reaching \$8.46 trillion by mid-2025¹.

FUNDRAISING TREND

North America-focused private capital¹

(USD bn)



\$8.46_{tn}

North America private capital
AUM by mid-2025

+6.1%

Buyout fundraising, 2025

-10.7%

Growth equity
fundraising, 2025

North America's growth was not evenly spread across strategies either. Our own review of Preqin's fund-level data suggests buyout fundraising in the region rose 6.1% in 2025, while growth equity fundraising fell 10.7%, on a smaller and more fragmented base of managers⁷. In a year when capital was scarce almost everywhere, buyout, the strategy where the largest platforms concentrate, captured an outsized share of what LPs were still willing to commit.

Scale compounds the effect further. Seven of the world's ten largest private markets firms by five-year capital raised are headquartered in the United States, according to Private Equity International's 300 rankings². KKR tops the list, having raised \$140 billion over the past five years.

The pattern has only sharpened into 2026. Of the \$182.7 billion in North America-focused buyout and growth equity capital closed in the first half of the year, two funds alone, KKR North America Fund XIV at \$23 billion and Thrive Capital Partners X Growth at \$9 billion, accounted for \$32.0 billion, or 17.5% of the total⁷. Funds under \$1 billion, meanwhile, closed on just 17.3% of the dollars raised despite making up 225 of the 274 funds that closed, roughly 82% of all closes. The concentration story is not slowing down. If anything, it is getting more extreme.

⁷ Asante Capital analysis of Preqin fund-level data for North American buyout and growth equity funds by final close date; data accessed August 2026



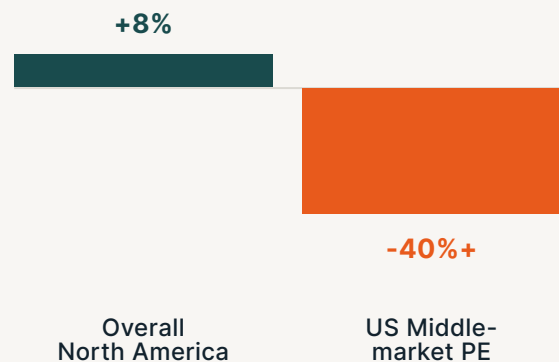
Strip out the mega-caps, and the map changes

Below the mega-fund end of the market, the picture reverses entirely. US middle-market PE fundraising fell more than 40% in 2025, to just \$94.8 billion, the weakest year since 2020, while Europe's mid-market has become the region's relative bright spot³.

Even inside that weak US middle market, the decline was not spread evenly across managers. In our own read of the deal and fundraising activity we track, specialist franchises with a clear sector angle, particularly in business services, healthcare, and industrials, continued to find LP support, while generalist funds without a differentiated thesis faced materially longer timelines and smaller closes⁸. Spinout teams with a portable, demonstrated track record fared better still: leading first-time funds collectively raised 43% of their combined targets in 2025 despite the broader slowdown, evidence that LPs are still willing to back new managers, just not indiscriminately⁹.

The driver behind the overall decline is familiar: distributions. Mid-sized US companies have not shared in the exit recovery the way mega-caps have, leaving middle-market GPs with less DPI to show LPs, even as 72% of LPs in a 2026 investor survey said they actually prefer middle-market funds over large and mega vehicles¹⁰. That preference is real. It just hasn't translated into commitments yet, because the managers who can prove liquidity and differentiation are, for now, a narrower group than the LP appetite alone would suggest.

SCALE VS. THE MIDDLE MARKET 2025 fundraising growth^{3,4}



\$94.8bn

US middle-market PE fundraising in 2025 – the weakest year since 2020

43%
of combined targets
raised by leading first-
time funds in 2025

72%
of LPs say they prefer
middle-market funds
over large and mega
vehicles

⁸ Asante Capital analysis

⁹ With Intelligence, "Private Equity Emerging Managers to Watch 2025: Where Are They Now?," 2025

¹⁰ Adams Street Partners, 2026 investor survey



Why competitiveness matters more than proximity

A more accurate read of 2025 is not simply that capital favors North America, but that it favors a small number of managers who can demonstrate scale, distributions, or a differentiated edge.

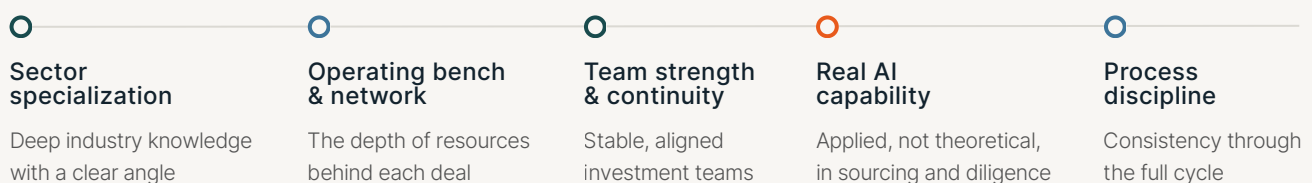
The advantage concentrates the way it does for two reasons, and neither is really about location.

The most important of the two, and the hardest to reduce to a single metric, is manager quality itself. A validated track record matters, but it is table stakes, not a differentiator. What increasingly separates the managers who keep winning capital is harder to underwrite: sector specialization and industry knowledge, the depth of the operating bench and network behind a deal, the strength and continuity of the underlying team, a real rather than theoretical capacity to use AI in sourcing and diligence, and process discipline. This is where “backing the best” becomes both the most important and the hardest judgement call in the industry, more art than science.

The second is LP inertia. Liquidity plays into this: LPs are prioritizing DPI over paper marks this cycle, and the largest, most familiar managers have simply delivered more of it, a lagging signal of past decisions rather than a cause in itself. Q3 2025 was the strongest quarter for new issuance across US public markets since 2021¹¹, reinforcing that pattern. The largest platforms have also spent years building fundraising infrastructure and institutional relationships that let them raise capital quickly even when the broader market is slow, and LPs already know them well.

MANAGER QUALITY

What separates the managers who keep winning capital



¹¹ Adams Street Partners, “Private Markets Outlook 2026”



That familiarity holds even as LPs say they want more European and Asia-Pacific exposure, an intent that is genuine and, in our judgement, rational¹². But re-underwriting a global program and building out diligence capabilities in new geographies takes years, not quarters. So for now, LPs keep backing the managers they already know best, wherever those managers sit. That is why the data looks regional even though the underlying decision is about competitiveness, not geography.

For GPs, the read-through is not a license for complacency, and it is also not a location-based advantage to lean on. The managers who keep winning capital, in North America, Europe, or anywhere else, will be the ones who can point to capital already returned and a genuinely differentiated position, not simply proximity to the largest LP pools. “Best in our backyard” only works if a manager is, in fact, the best, not merely the nearest.



The US is not an easy market simply because it is the biggest one. It is the most competitive capital market in the world, and that is precisely why backing the right manager here is so hard to get right.

LOOKING AHEAD

2026 is shaping up as another year where sentiment and the data point in different directions. LPs say they want more European and Asia-Pacific exposure; the fundraising numbers say the real divide isn't between regions, but between the small number of managers who can prove quality and differentiation, and everyone else. The US remains the deepest capital market in the world, but depth is not the same as accessibility. For LPs, that means blending measured international diversification with continued conviction in managers who have proven their quality through a difficult cycle. For GPs, it means home-field advantage buys time, not certainty. That is the case we make for the managers we back: differentiated, downmarket franchises that compete on merit in the hardest market in the world to compete in.

We'll continue watching whether the middle market starts to close the gap with the mega-funds. If you would like to discuss how these dynamics apply to your fundraising strategy or portfolio construction, reach out to your Asante contact or get in touch with any of our offices.

12 SS&C Intralinks, in partnership with Reuters Events, “2026 LP Survey”



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