

Press Release

Sub-\$1 Billion PE Funds Post Steady Activity in 2018, Akerman Reports

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Deal flow for sub-\$1 billion private equity (PE) funds accelerated at the start of 2018 and set an all-time record for any first quarter, according to data analyzed by top 100 U.S. law firm Akerman LLP. Despite this year's decrease experienced by the rest of middle market funds, data found in the second quarterly Akerman PERSpectives Report indicate activity surrounding sub-\$1 billion funds continued to show positive divergence from peers of larger size and scope.

Compared to 2017, exit value and volume for these sub-\$1 billion buyout vehicles for the first quarter of 2018 also were up and stable, in contrast to bigger funds. Based on Akerman's analysis, these metrics indicate sub-\$1 billion funds were relatively more active in deploying capital during the first quarter of 2018 than their larger, more established counterparts, while maintaining relatively favorable exit metrics.

"Sub-\$1 billion PE funds are poised for another strong year, thereby increasing their lure as compelling investment vehicles among the range of popular alternative asset classes," said Carl Roston, co-chair of Akerman's Corporate Practice Group. "Similar to larger funds, these players operate with increasing sophistication, effectively pursuing nice strategies that have delivered attractive returns through nimble, creative deal structures. In such a

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competitive market environment, these funds require effective deal advisors able to act as debt risk managers that can execute upon often accelerated transactions, foster collaboration with management teams and drive efficiencies.”

“Our report shows available data for 2018 indicate deal flow for U.S. PE funds in the sub-\$1 billion range has so far equaled to a third of all middle market transactions,” said Jonathan Awner, co-chair of Akerman’s Corporate Practice Group. “With increasing volatility rippling through the markets this year, this data point alone shows the resilience and overall attractiveness of this fund range, a market segment which Akerman lawyers have long served and understand. At a time of shifting market priorities, we continue to remain focused on this end of the market and help our clients meet their objectives through prudent yet effective dealmaking.”

The Akerman PERSpectives Report: Second Edition Highlights

- The subset of the market that Akerman analyzes, relative to its prior figures, has exhibited considerably more resilience in deal flow and exits in Q1 2018.
- Even in its search for better-priced, smaller companies, Akerman’s sample of PE buyers has nonetheless spent a hefty sum; at \$14.8 billion in aggregate deal value already, the Q1 2018 total stands at a third of 2017 totals.
- Q1 2018 has seen a slower start to fundraising within Akerman’s sample compared to a blockbuster 2017, which is only to be expected when accounting for typical economic cycles.
- When it comes to first-time fundraising, investors overall did not deploy capital as aggressively in the first quarter of 2018. But the prior two years experienced torrid activity, with 41 first-time funds closed on more than \$13 billion, the strongest two-year tally ever.

Click [here](#) to view the second quarterly edition of The Akerman PERSpectives Report.

Methodology

Akerman: For this study, Akerman performed a U.S.-specific analysis of the sub-\$1 billion market at the investor level, defined by an investor's assets under management (AUM) and most recent fund size. All investors included in Akerman's methodology must have estimated AUM of less than \$2 billion total, with their most recent fund being also less than \$1 billion. Deals must be less than \$200 million in size to apply within this methodology. Fundraising figures, however, include all funds of said investors. Exits must have said investor tagged as seller/exiter on considered transactions.

PitchBook: *PitchBook* defines the middle market as U.S.-based companies acquired through buyout transactions between \$25 million and \$1 billion. The platform does not include minority deals. This methodology covers only domestic middle market companies that have undergone a buyout. *PitchBook* defines middle market funds as PE investment vehicles with between \$100 million and \$5 billion in capital commitments. The methodology includes only PE funds that have held their final close. Funds-of-funds and secondary funds by limited partners are not part of this study.

About The Akerman PERSpectives Report

The Akerman PERSpectives Report tracks the often underreported yet significant activity of sub-\$1 billion and PE buyout funds, at times even including sub-\$500 million fund vehicles. One of the few studies available on this market, the report provides leading perspectives to investors, companies and advisors on market trends and regulatory updates that may impact how they can establish efficient and flexible processes to close successful transactions. Data produced in collaboration with *PitchBook*.

About Akerman LLP

Akerman LLP is a top 100 U.S. law firm recognized

by *Financial Times* as among the most forward thinking firms in the industry. Its more than 700 lawyers and business professionals collaborate with the world's most successful enterprises and entrepreneurs to navigate change, seize opportunities, and help drive innovation and growth. Akerman is known for its results in middle market M&A and complex disputes, and for helping clients achieve their most important business objectives in the financial services, real estate, and other dynamic sectors across the United States and Latin America.

The Akerman Corporate Practice Group advises public and private companies, including private equity funds, on M&A, capital markets, financings, and other transactional matters, with a strong focus on the middle market. Akerman is top-ranked nationally for mergers, acquisitions and buyouts: middle market by *The Legal 500* and is recognized as a leading U.S. law firm by *U.S. News – Best Lawyers* for corporate, M&A, private equity, securities/capital markets, securities regulation, and banking and finance law, and is listed in *PitchBook* league tables as among the most active law firms in the United States for M&A and private equity deals.