



EIF Equity Survey

Q3 2026

with the support of **INVEST**
EUROPE

EIF Market Assessment & Research
Working Paper 2026/114
October 2026

The EIF Equity Survey Q3 2026

In a period of high uncertainty and volatility, the EIF aims at increasing transparency in the VC/PE markets by providing regular market insight. In this report, we present the results of a new issue of EIF's quarterly Equity Survey, supporting venture capital (VC) and private equity (PE) market players, policy makers and interested audiences on their search for information about European equity markets. This survey benefitted from support by Invest Europe.

The report offers a comprehensive view of market dynamics and forward-looking expectations, gauging fund managers' perspectives across key indicators – including fundraising, exits, valuations and dealmaking.

Each edition also features an in-depth focus topic: this time on investments with significant impact on fund value and “fund returners”. The skewed returns of venture capital are a well-established fact both at the level of VC/PE funds but also at the level of portfolio companies. The survey results provide new evidence on how prevalent such standout investments are in GPs' portfolios and how clearly their potential can be recognised at the outset.

The EIF Equity Survey represents the largest regular survey exercise among GPs in Europe. In this Q3 edition, 682 VC and PE mid-market fund managers contributed their insights.

Key highlights

Market sentiment

- **Despite market data showing a rebound in overall VC fundraising in 2026, market sentiment weakened in Q3.** Managers' assessments of current conditions and their expectations deteriorated across all survey indicators.
- **Increasing concentration and investor selectivity help explain this.** The fundraising rebound benefits a narrower group of managers, as capital flows towards more experienced managers, later-stage funds and selected sectors. In particular smaller firms and early-stage investors continue to struggle to raise capital, and fundraising remains GPs' top concern.
- **Recovering fundraising and continued growth in dealmaking suggest that confidence in Europe's market potential is strong.** Europe's technology pipeline remains solid, with AI, Deeptech, Spacetech and Defencetech showing particularly strong momentum in recent months.
- **Exits remain a source of attention though and liquidity pressure is growing among LPs.** Higher deal costs (on the back of rising interest rates) and tough exits are forcing some investors to rethink pricing and exit strategies. IPO activity remains near survey lows and secondary sales are gaining importance.

High-value investments and fund returners

- **As capital costs rise, equity returns face renewed scrutiny.** In venture capital, a small number of standout companies often contribute a disproportionate share of fund value. In some cases, a single investment can return an entire fund. Who are these 'fund returners', can managers recognise their potential early on, and does Europe offer the right conditions for them to succeed?
- **Most GPs see Europe's ecosystem as capable of producing fund returners, but scaling capital and exits remain challenging.** Almost one-third of the most successful European fund returners now have US headquarters, versus 8% at founding. Better financing and exit opportunities could support international growth while retaining a strong European base.
- **'Fund returners' are rare: only 11% of managers report an investment generating at least 100% of a fund's value...**
- **... and difficult to predict.** 1% of respondents with a fund returner initially ranked their most successful one as the fund's single most promising investment. The difficulty of identifying future winners reinforces the need for a sufficiently broad portfolio to improve the chances of capturing these exceptional investments. This reinforces the case for diversification.

Market sentiment softens after the Q2 rebound

Despite rising cost of capital and heightened geopolitical uncertainty, European VC fundraising and investment continued to increase during 2026. However, higher investment volumes involved fewer transactions, with capital concentrated in larger rounds and selected sectors. Limited partners also became more selective, directing capital towards a smaller group of funds.

Survey findings are consistent with an uneven recovery. Despite the rebound in overall VC fundraising, market sentiment turned more negative in Q3 2026, following the cautious optimism of Q2. Managers' assessments of current conditions and their expectations weakened across all indicators. Investment activity, deal flow and valuation trends nevertheless remained positive on balance.

Taken together, the findings suggest that not everyone benefits from the recovery: stronger headline activity coexists with weaker sentiment, while many fund managers outside the market segments benefiting from the upturn continue to face difficult conditions.

Fundraising remains the main point of pressure, yet deal flow and investments hold strong

Fundraising is the weakest market indicator. Assessments remain very negative on balance, and near-term expectations have also deteriorated.

More detailed analysis shows that fundraising is particularly challenging for smaller firms and seed and early-stage investors, consistent with the concentration described above. Total capital raised and median fund size may be picking up, but the number of funds continues to fall, with capital concentrated among fewer managers. This warrants attention to ensure capital continues to reach (also) early-stage funds and finance tomorrow's scale-ups.

On the positive side, dealmaking activity across Europe has been resilient, despite the fundraising challenges. Deal flow and new investments have increased on balance, even though momentum slowed down. Substantial dry powder can help explain this trend. Verticals such as AI and other AI-exposed sectors, Spacetech and Defencetech have been attracting significant flows of capital in recent months.

Overview of sentiment on key market indicators (net % of respondents)	Current perception		Expectations	
	Net % 2026 Q3	Difference vs. Q2 2026	Net % 2026 Q3	Difference vs. Q2 2026
	[1]	[2]	[3]	[4]
Fundraising environment	-46%	↓ 7 p.p.	-7%	↓ 19 p.p.
Exit environment	-8%	↓ 8 p.p.	11%	↓ 9 p.p.
Valuations	4%	↓ 4 p.p.	13%	↓ 11 p.p.
New investments	15%	↓ 1 p.p.	26%	↓ 5 p.p.
Deal flow	19%	↓ 16 p.p.	26%	↓ 3 p.p.

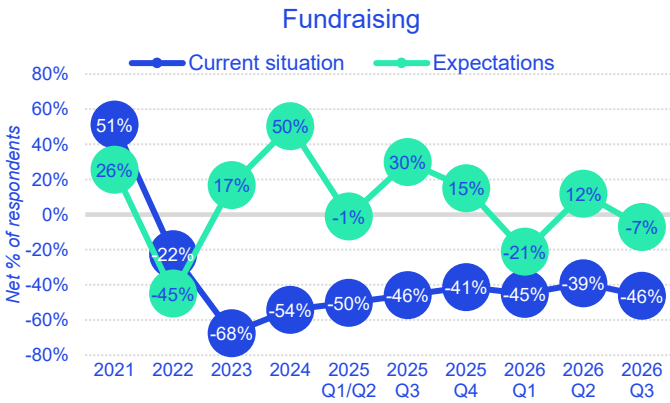
Note: "Net %" in columns [1] and [3] reflects the net balance of respondents, i.e. the percentage of respondents expressing a positive sentiment vis-à-vis the respective market indicator (currently, see "current perception", or for the next months, see "expectations") minus the percentage of respondents expressing a negative sentiment. Positive (resp. negative) net balance values are highlighted in green (resp. red) font colour. "Difference" in columns [2] and [4] reflects the percentage point (p.p.) difference between the net balance value in Q3 2026 and the one in Q2 2026. An increase (resp. decrease) is marked with an upward green (resp. downward red) arrow. Please refer to the Annex for the detailed wording of the questions vis-à-vis the aforementioned market indicators.

Exit conditions remain challenging

Exit conditions worsened again in Q3 after showing signs of stabilisation in Q2. Survey evidence on subdued exit prices is consistent with this deterioration. Exit activity remains too weak to ease LP liquidity pressures. Looking ahead, GPs still expect an improvement on balance but are less confident than in the previous quarter.

Valuation increases lose momentum amid a concentrated recovery

Valuation trends remain positive, but the pace of improvement has moderated. In line with market data, the survey shows that the valuation expansion is highly concentrated around AI and Deeptech companies. At the same time, AI and Deeptech investors report facing higher entry prices too.



Q. How would you rate the current fundraising environment?/ Over the next months*, how do you expect the fundraising environment to develop?

* 3 [12] months for the quarterly barometer [annual] survey

Net positive
Net negative



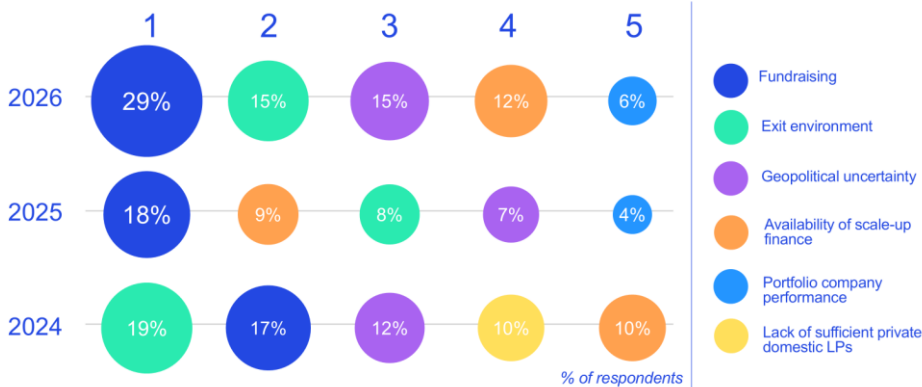
Q. Over the last months*, how has the exit environment developed? / 'Over the next months*, how do you expect the exit environment to develop?

* 3 [12] months for the quarterly barometer [annual] survey

Market sentiment: Challenges in VC/PE markets

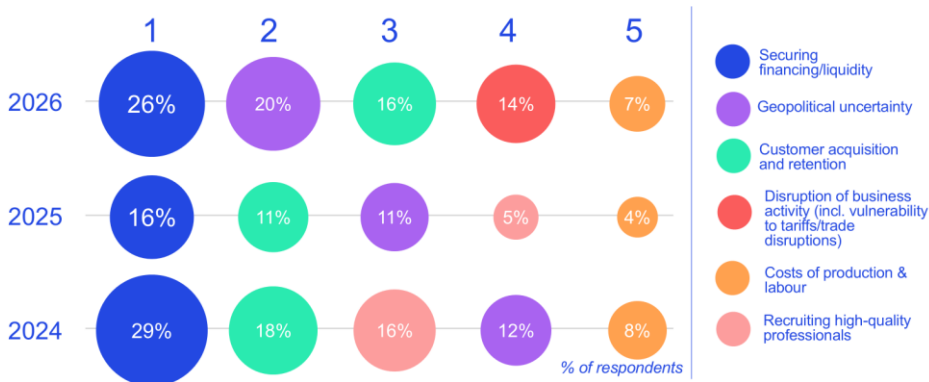
Fundraising remains the main challenge for GPs, with a larger share of fund managers reporting difficulties in 2026 than a year earlier. A weak exit environment and geopolitical uncertainty complete the top three business challenges. For growth-capital investors, geopolitical uncertainty ranks second, likely reflecting the greater importance of international markets for their more mature portfolio companies. Start-up investors, by contrast, are more affected by structural constraints such as limited access to scale-up financing, alongside already difficult fundraising conditions.

Top-5 challenges for VC/PE investors



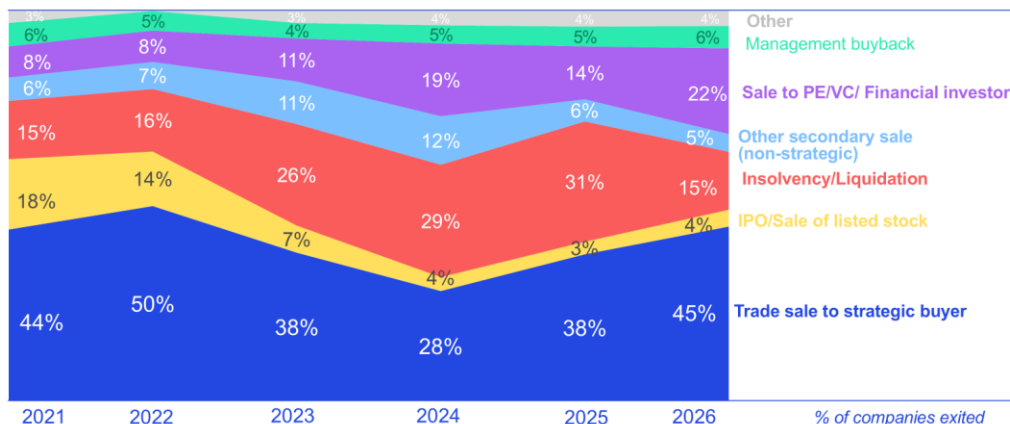
Securing financing and liquidity remains the biggest challenge for portfolio companies, followed by heightened geopolitical uncertainty. Almost twice as many GPs identify geopolitical uncertainty as an important challenge in 2026 compared to the previous year. For growth-stage portfolio companies, it even ranks first, followed by business disruptions, including exposure to tariffs and other trade disruptions. Survey evidence also points to an impact of geopolitical tensions on fund managers themselves: almost 7 in 10 report that the Middle East conflict continues to negatively affect their activities.

Top-5 challenges facing portfolio companies



Trade sales remain the main exit route for portfolio companies, while IPOs are near their lowest levels in the survey's history, consistent with recent market data. Secondary sales, including sales to other VC/PE funds, are increasing amid weak overall exit activity and efforts to generate liquidity for LPs. On a positive note, portfolio company insolvencies have decreased significantly.

Exit routes of portfolio companies



In focus: High-value investments and fund returners

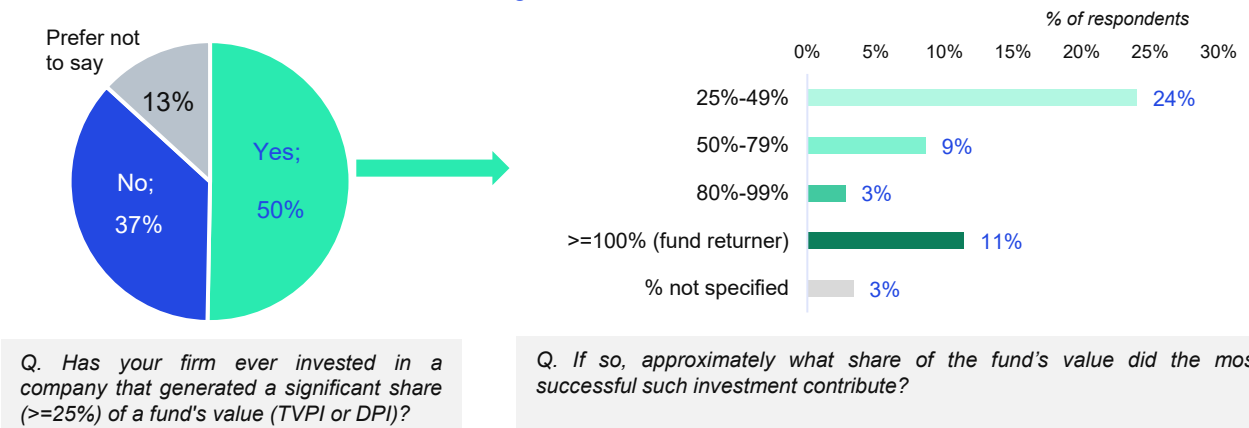
As capital costs rise, equity investment returns face renewed scrutiny. Venture capital returns are highly uneven and such concentration applies both at fund-level, as well as at company level with exceptional companies driving the returns. As a result, a small number of investments account for a disproportionate share of a fund's value. In some cases, a single investment can return an entire fund. Capturing such outliers can determine whether a fund merely performs or delivers exceptional returns.

This raises questions about what characterises these “fund returners” and how readily fund managers can recognise their potential at the outset. The Q3 2026 survey explores these questions through its focus on investments with a significant impact on fund value, particularly “fund returners”, defined in the survey as investments that contributed at least 100% of a fund's value. It also examines whether Europe offers the right conditions for such companies to emerge and grow.

Company-level outliers are rare but decisive

High-value investments are relatively common, but fund returners are rare. Half of respondents reported that their firm already invested in a company that generated at least 25% of a fund's value. This was more common among VCs (55%) than PE respondents (44%). Fund returners are much rarer: 11% reported an investment generating at least 100% of a fund's value (with a share of 16% among VC respondents). Fund returners also remain few across firms and funds. Almost 8 in 10 respondents with a fund returner reported only one (44%) or two (31%) fund returners across all of their firm's funds.

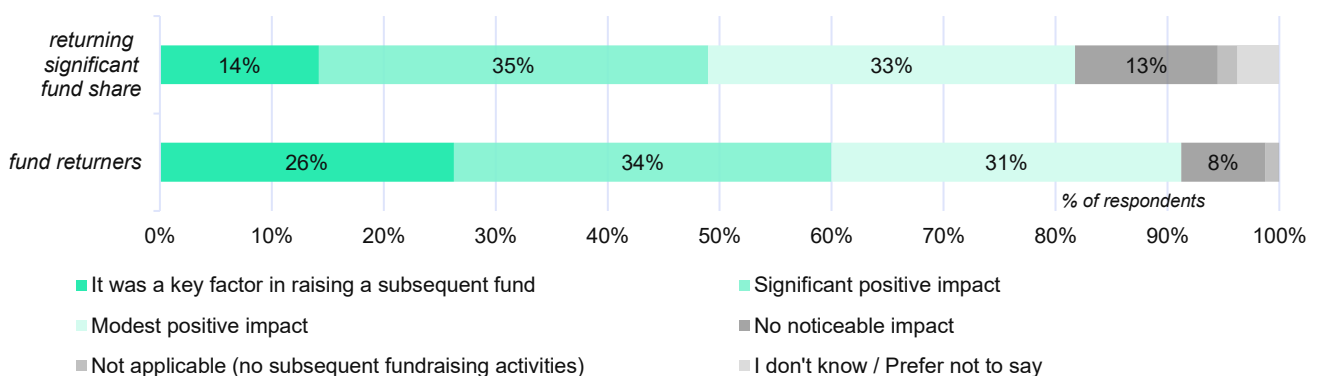
Prevalence of high-value investments and fund returners



Standout investments can help pave the way for the next fund. Fund returners have the strongest fundraising impact: 91% of managers reported that they supported subsequent fundraising, and 26% described the investment as a key factor in raising the next fund. But the benefits extend beyond fund returners. Among managers with high-value investments contributing at least 25% of a fund's value, 82% reported a positive fundraising impact. Among funds having such high-value investments, these played a key role in raising a subsequent fund for 14% of them.

Impact of high-value investments on VC/PE firm

Fund managers with investments that were ...

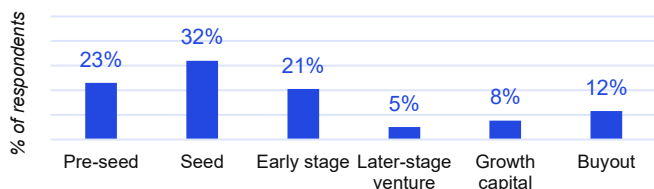


Q. What impact did the most successful such investment have on your firm [...]?

In focus: High-value investments and fund returners

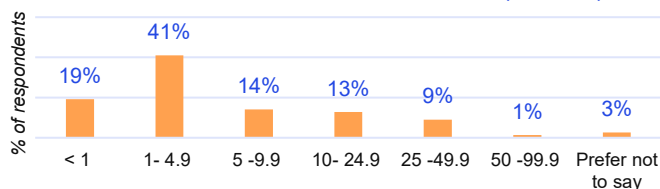
Fund returners do not always involve large investments. Respondents typically first invested in their most successful fund returner at an early stage. In most cases, total investment, including follow-on funding, was below EUR 5m.

Stage of first investment in fund returner



Q. At which stage did you invest [in your most successful fund returner] for the first time?

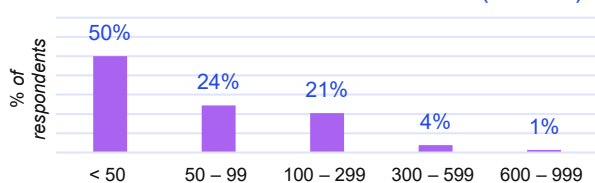
Total investment size in fund returner (m EUR)



Q. What was the total size of your investment (including follow-on investments) in that [most successful] fund-returning company?'

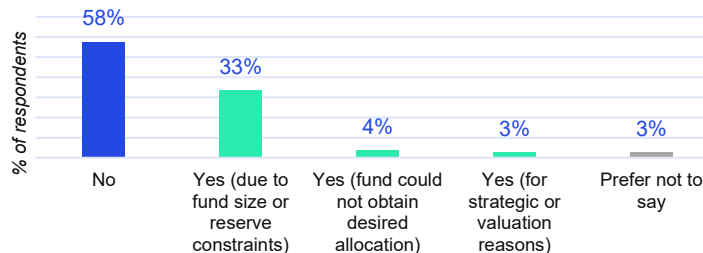
First investments in fund returners were often made with small funds. Most investors did not feel capital-constrained. However, one-third would have liked to invest more but faced limits due to fund size or reserve constraints.

Size of fund invested in fund returner (m EUR)



Q. What is the size of your fund that first invested in [your firm's most successful] fund-returning company?

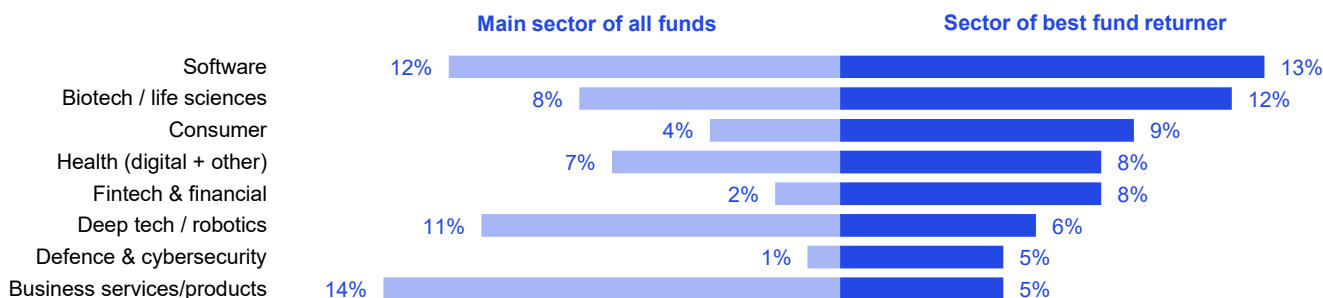
Preference for larger investment



Q. Were there any financing rounds [for this most successful fund-returning company] in which the fund would have liked to invest more capital than it ultimately did?

Software, biotech/life sciences and consumer feature particularly strongly among fund returners. These sectors are more prominent among fund-returning companies than in surveyed firms' overall investment focus. This may reflect greater opportunities for exceptional individual investments in these sectors in the past. However, the sector mix of future fund returners could change, particularly as current valuation gains concentrate in areas such as AI.

Sector focus of funds vs. sectors of fund-returning companies

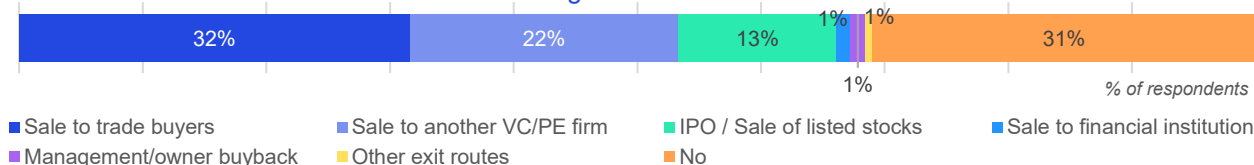


Q. Please select the most important industries in which your firm invests.

Q. In which sector was [your most successful fund-returning] company active at the time of the investment?

More than two-thirds of respondents with high-value investments have already exited their most successful investment. Trade sales and sales to other VC/PE firms are the main exit routes, followed by IPOs or sales of listed stocks. Around one-third have yet to exit, leaving scope for further value realisation. Among respondents with fund returners, a higher share reported an exit (75%), and IPOs were more common as an exit route (23%).

Exits of high-value investments



Q. Have you exited [your most successful high-value] investment?

Q. Through which exit route have you exited this investment?

In focus: High-value investments and fund returners

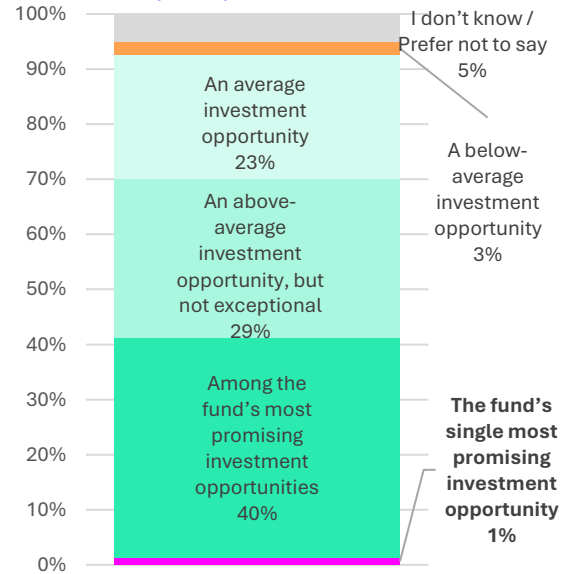
The eventual winner is rarely the obvious favourite

Fund returners are difficult – if not impossible – to predict. Among respondents with a fund returner, only 1% said their firm had initially ranked such most successful company as the fund's single most promising investment. Another 40% had ranked it among the most promising investments. Managers therefore often recognised its potential but rarely identified it as the likely top performer from the outset.

The difficulty of identifying future winners reinforces the importance of diversification in equity investing: a broader portfolio reduces reliance on picking the few companies that will ultimately deliver exceptional returns.

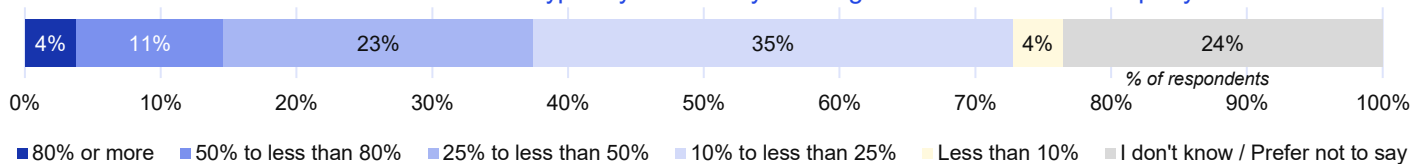
Although standout investments matter for outstanding returns, fund value typically remains spread across several portfolio companies. Respondents most commonly reported that their most successful company contributes between 10% and 25% of the value of their mature funds, highlighting the importance of the wider portfolio and its diversification.

Ex-ante perception of fund-returner



Q. At the time of your first investment [in the most-successful fund-returning company], how was it perceived within your firm (relative to other portfolio companies in the fund)?

Share of fund value that is typically created by the single most successful company



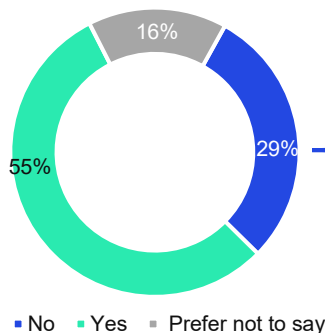
Q. Across your firm's mature funds (near the end of their life or already realised), what share of the overall fund value is typically generated by the single most successful portfolio company? (For the purpose of this question, overall fund value includes both realised proceeds and the current value of unrealised investments.)

Europe can produce winners and needs to support their growth

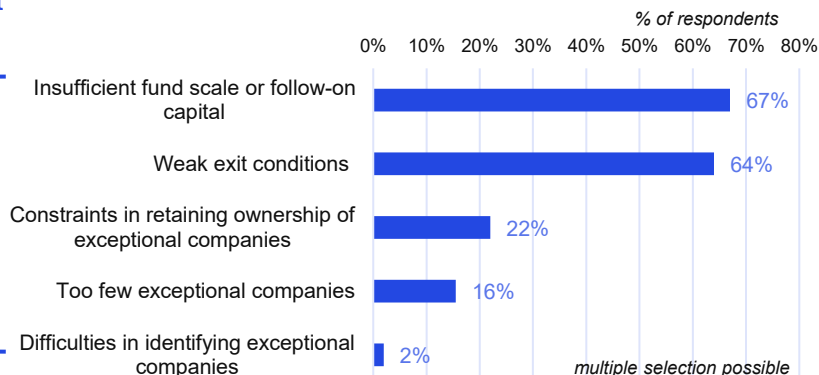
Most GPs believe that Europe can generate fund returners: 55% of respondents consider Europe's current ecosystem sufficient to support fund-returning outcomes.

But scaling capital and exits remain key challenges. Among the 29% of respondents who perceive European conditions as insufficient for fund-returners, the most frequently cited constraints are fund scale or follow-on financing, and exit conditions.

Are there sufficient conditions for companies to achieve fund-returning outcomes in the current European ecosystem?



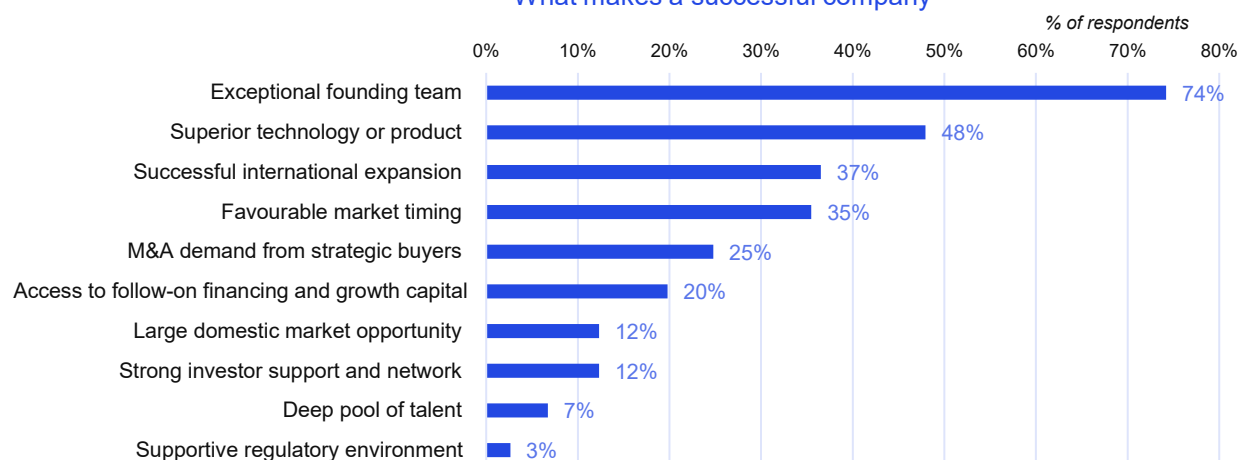
What are the main obstacles?



In focus: High-value investments and fund returners

GPs identify company fundamentals as the most important factors in becoming a fund-returning investment: 74% cite an exceptional founding team and 48% superior technology or products. Successful international expansion (36%) and favourable market timing (35%) follow.

What makes a successful company

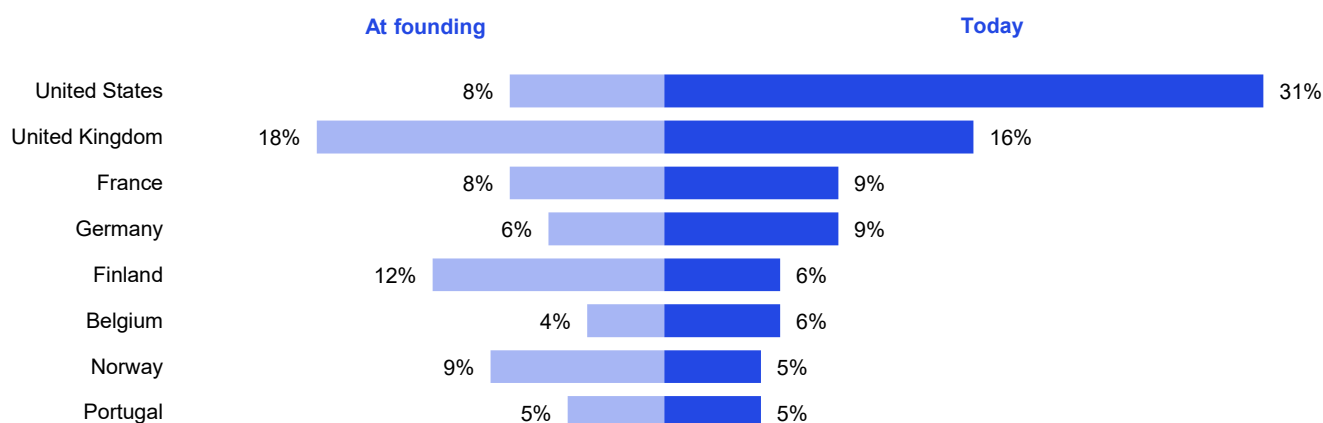


Q. In your view, what are the most important factors required for a company to become a fund-returning investment? (multiple selection possible)

Europe keeps losing its star companies

Fund returners often become global companies, but their international expansion raises concerns that Europe may lose some of its most successful businesses. Almost one-third of the most successful European fund returners now have a US headquarters, compared with 8% at founding. Changes in European headquarters locations are smaller: the UK remains the most common European location, followed by France, Germany and Finland.

Fund returner headquarters at founding vs. today



Q. In which country was [your most successful fund-returning] company headquartered at the time of its founding?

Q. In which country/-ies is this company currently headquartered (incl. any additional regional headquarters)? (multiple selection possible)

In this context, a key policy challenge for Europe is how to give its most promising companies the financing and exit opportunities they need to grow while retaining a strong European base. International success should remain the ambition. But companies should not need to move key activities abroad because Europe cannot support their next stage of growth. Policy should therefore help more exceptional companies reach their full potential in Europe, even if identifying future winners early on is difficult.

ANNEX

Further information about this study and how to read the results

Survey approach and timeline

- The EIF Equity Surveys are online surveys of VC and PE mid-market fund managers investing in Europe.
- The surveys are conducted on an anonymous basis, and target both EIF-supported as well as non-EIF supported fund managers.
- The 2026 Q3 Equity Survey was conducted between 16 September and 5 October 2026.
- The surveys were introduced in 2018. Up until 2024 they were typically conducted once per year. In 2025, a new quarterly barometer survey was introduced to complement the annual survey. Even though the reporting periods might differ between the previously conducted annual survey waves and the new quarterly barometer survey, the time-series of these prior surveys is still used to provide some context for the latest market sentiment results.

Net balance

- Results on market sentiment are reported on a “net balance” basis.
- The net balance refers to the percentage of respondents reporting a positive response minus the percentage of respondents reporting a negative response.
- For example, in the question “Over the next months, how do you expect the number of your new investments to develop?”, the net balance refers to the percentage of respondents expecting the number of their new investments to slightly/strongly increase minus the percentage of respondents expecting the number of their new investments to slightly/strongly decrease.

Respondents

- Responses were received from 682 fund managers, of which 407 (60%) VC and 275 (40%) PE mid-market fund managers.
- The large outreach of the EIF surveys, which are coordinated by EIF’s Market Assessment & Research, and the high relevance of the questionnaire topics for both market participants and policy makers have further increased through cooperations, such as with Invest Europe since 2021 and Kauffman Fellows since 2025. Such cooperation enabled the survey to run on an enlarged sample comprising Invest Europe members.
- The vast majority of the respondents hold the position of CEO or Managing/General/Founding Partner, suggesting that their responses reflect the views of the decision-makers in the respective VC/PE firms.
- The headquarters of the participating VC/PE firms are predominantly in the EU-27 countries, most notably France, Germany, the Netherlands, Italy, Spain, and Sweden, while 14% of respondents are headquartered outside the EU, predominantly in the United Kingdom (6%).
- Results are shown for the pooled sample of VC and PE mid-market respondents, and cover the full spectrum of the investment universe, from (pre-)seed and early-stage investors to later-stage VC, growth capital, and other PE (mid-market) activities.

Questions used in the market sentiment section of the survey

- *On fundraising environment:* How would you rate the current fundraising environment? / Over the next 3 months, how do you expect the fundraising environment to develop?
- *On exit environment:* Over the last 3 months, how has the exit environment developed? / Over the next 3 months, how do you expect the exit environment to develop?
- *On new investments:* Over the last 3 months, how has the number of your new investments developed? / Over the next 3 months, how do you expect the number of your new investments to develop?
- *On valuations:* Over the last 3 months, how have valuations of portfolio companies developed? / Over the next 3 months, how do you expect valuations of portfolio companies to develop?
- *On deal flow:* Over the last 3 months, how has the number of investment proposals to your firm (deal flow) developed? / Over the next 3 months, how do you expect the number of investment proposals to your firm (deal flow) to develop?

Response options are based on a 5-point Likert scale, e.g., ranging from *[very bad ... to very good]*, *[significantly deteriorate(d) ... to significantly improve(d)]*, *[significantly decrease(d) ... to significantly increase(d)]*, etc.

Authors



Ewa Kolodziej

Head of EIF's
Corporate Strategy &
Market Assessment

Contact: e.kolodziej@eif.org



Antonia Botsari

Senior Officer in
EIF's Market Assessment &
Research

Contact: a.botsari@eif.org



Frank Lang

Senior Manager in
EIF's Market Assessment &
Research

Contact: f.lang@eif.org

About...

... the European Investment Fund

The European Investment Fund (EIF) is Europe's leading risk finance provider for small and medium sized enterprises (SMEs) and mid-caps, with a central mission to facilitate their access to finance. As part of the European Investment Bank (EIB) Group, the EIF designs, promotes and implements equity and debt financial instruments which specifically target the needs of these market segments.

In this role, the EIF fosters EU objectives in support of innovation, research and development, climate and environment, entrepreneurship, growth, and employment. The EIF manages resources on behalf of the EIB, the European Commission, national and regional authorities and other third parties. EIF support to enterprises is provided through a wide range of selected financial intermediaries across Europe. The EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the European Union represented by the European Commission, and various public and private financial institutions from European Union Member States, the United Kingdom and Türkiye. For further information, please visit www.eif.org.

... Invest Europe

Invest Europe is the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors. Invest Europe has 626 members, split roughly equally between private equity, venture capital and limited partners – with 104 associate members representing advisers to our ecosystem. Those members are based in 57 countries, including 42 in Europe, and manage 60% of the European private equity and venture capital industry's €1.37 trillion of capital under management. Businesses with private capital investment employ 11.4 million people across Europe, 5% of the region's workforce.

... EIF's Market Assessment & Research

Market Assessment & Research (MAR) supports EIF's strategic decision-making, product development and mandate management processes through applied research and market analyses. MAR works as internal advisor, participates in international fora and maintains liaison with many organisations and institutions.

... this Working Paper series

The EIF Working Papers are designed to make available to a wider readership selected topics and studies in relation to EIF's business. The Working Papers are edited by EIF's Market Assessment & Research and are typically authored or co-authored by EIF staff, or written in cooperation with EIF. The Working Papers are usually available only in English and distributed in electronic form (pdf).

The EIF Working Paper series is available at
www.eif.org/news-and-publications/our-markets-and-impact

Would you like to be informed by email
when a new EIF Working Paper is available?

Subscribe to our mailing list [here](#).



Disclaimer

This Working Paper should not be referred to as representing the views of the European Investment Fund (EIF) or of the European Investment Bank Group (EIB Group). Any views expressed herein, including interpretation(s) of regulations, reflect the current views of the author(s), which do not necessarily correspond to the views of EIF or of the EIB Group. Views expressed herein may differ from views set out in other documents, including similar research papers, published by EIF or by the EIB Group. Contents of this Working Paper, including views expressed, are current at the date of publication set out above, and may change without notice. No representation or warranty, express or implied, is or will be made and no liability or responsibility is or will be accepted by EIF or by the EIB Group in respect of the accuracy or completeness of the information contained herein and any such liability is expressly disclaimed. Nothing in this Working Paper constitutes investment, legal, or tax advice, nor shall be relied upon as such advice. Specific professional advice should always be sought separately before taking any action based on this Working Paper. Reproduction, publication and reprint are subject to prior written authorisation.

Follow our stories and work



European Investment Fund



@eif4smes



@EIF_EU



engage.eif.org