Growth Equity Update

August 2026 – Edition 53

- **UK VC funding- Weak:** A new report for the UK Department for Science, Innovation and Technology (DSIT) shows the supply of high calibre VC funded companies in the UK remains strong. By contrast the supply of UK capital to fund them is weak. In 2025 74% of UK VC investment by deal value came from outside the UK, the highest in ten years.
- **Familiar issues:** Back in September 2024 a New Financial report *'Comparing the asset allocation of global pension systems'* showed UK pension funds have a significantly lower allocation to domestic equities and unlisted equities than most of their developed world counterparts. UK pension funds allocation to UK equities was identified at 4.4%. In 2000 it was over 50%.
- **Burnham would?** Andy Haldane, president of the British Chambers of Commerce is an economic adviser to the new PM. He notes the *home bias* of *pension funds in Canada, Australia, Japan and across Europe [that] invest between 20-40% of their assets in domestic companies.* He advocates the £60bn of Pension and ISA tax relief granted by the UK government should in future be contingent on a commitment to a greater proportion of reinvestment in UK companies. Survey data suggests more than 70% of British investors say they would prefer a pensions system favouring UK companies.
- **Growth in every UK postcode:** *'So every government department is a growth department. We'll make the fullest possible use of public investment within our fiscal framework, and we'll take the fullest advantage of private and international investment - ready to back Britain.'* John Healey – UK Chancellor of the Exchequer.
- **The $1bn rounds:** Crunchbase calculates that in H1 2026 73% of US venture funding was in rounds of $1bn or more. Our Rothschild & Co Deal Monitor sees a similar trend in Europe. There have been ten European deals of $1bn+ so far in 2026, twice the aggregate number of such deals in the three years 2023-2025.
- **Public markets -strong H1 earnings season.** One of the strongest on record meaning analysts now look for 29% earnings growth for the S&P500 in 2026 up from 15% at the start of the year.
- **Buoyant European fundraising:** July was Europe's biggest ever month, beating June, with $9.9bn raised, led by Germany and defence. The $20.6bn raised in the US was up 121% yoy but was the smallest US fundraising month since December 2025.

Revitalising domestic funding of UK entrepreneurship and growth

How does the UK address the shortage of domestic capital for startups?

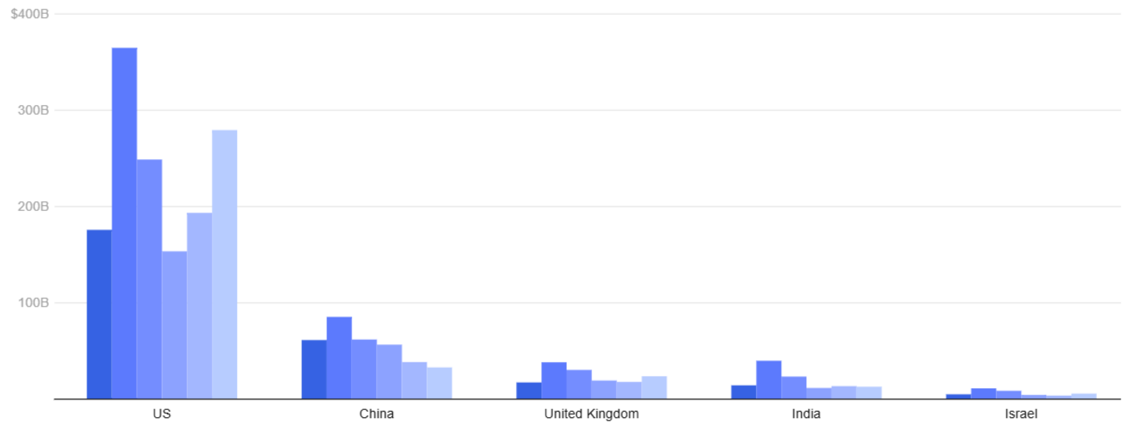
In January 2026, the Department for Science, Innovation and Technology (DSIT) and the Council for Science & Technology (CST) commissioned Dealroom to produce a snapshot of the UK's startup and VC landscape.

Its report was produced on July 28th. It was barely in time. The UK's new Prime Minister, Andy Burnham dissolved the UK Department for Science, Innovation and Technology on 20 July 2026. The department's functions will now be divided between the enlarged Department for Business, Innovation, Science and Trade (DBIST) and the Department for Culture, Media and Sport (DCMS). The new Secretary of State representing DBIST in Cabinet is Jonathan Reynolds, previously President of the Board of Trade. There is also a cabinet post for Kanishka Narayan named to the new role of Minister of State for Artificial Intelligence. He was previously the Under-Secretary of State for AI and Online Safety.

Back to the report on the UK VC landscape.

Relative success of UK VC scene: It first outlines the relative success of the UK VC scene, typically being the biggest market for VC fundraising in Europe and third in the world behind the US and China (it's a distant third).

Top Five VC global markets by HQ (2020-2025) – UK ranks third.

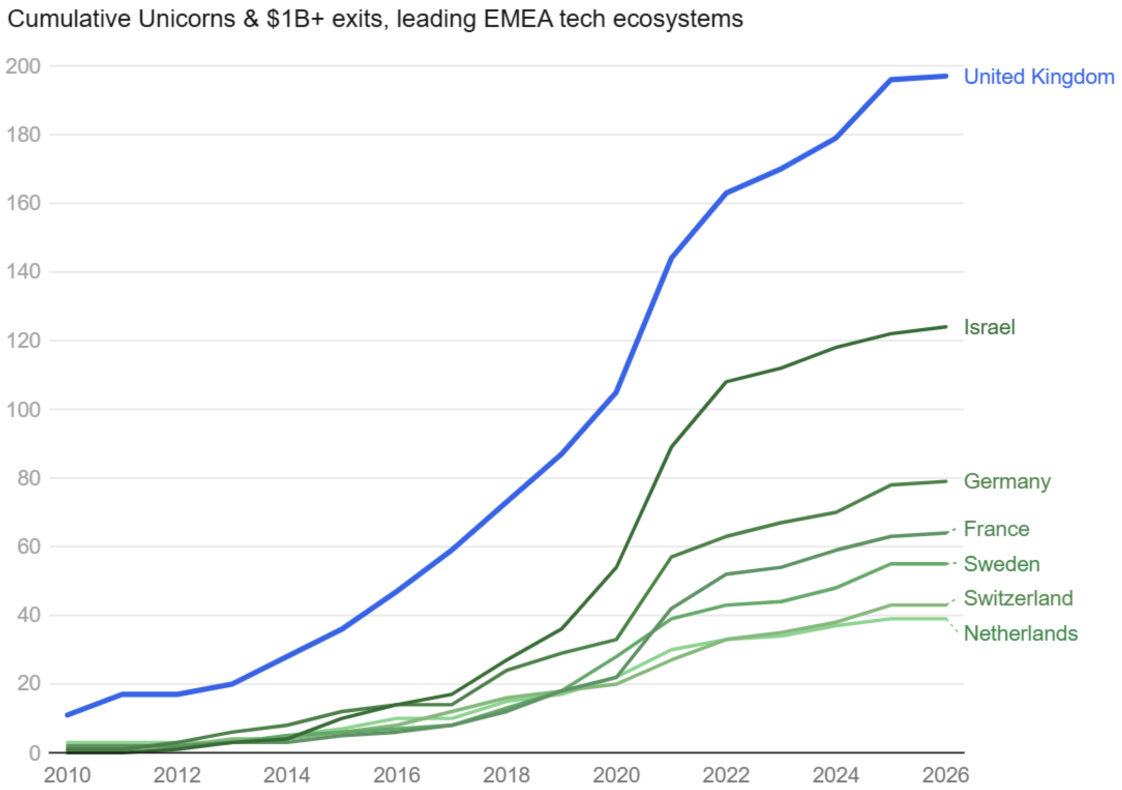


Source: Dealroom

It observes

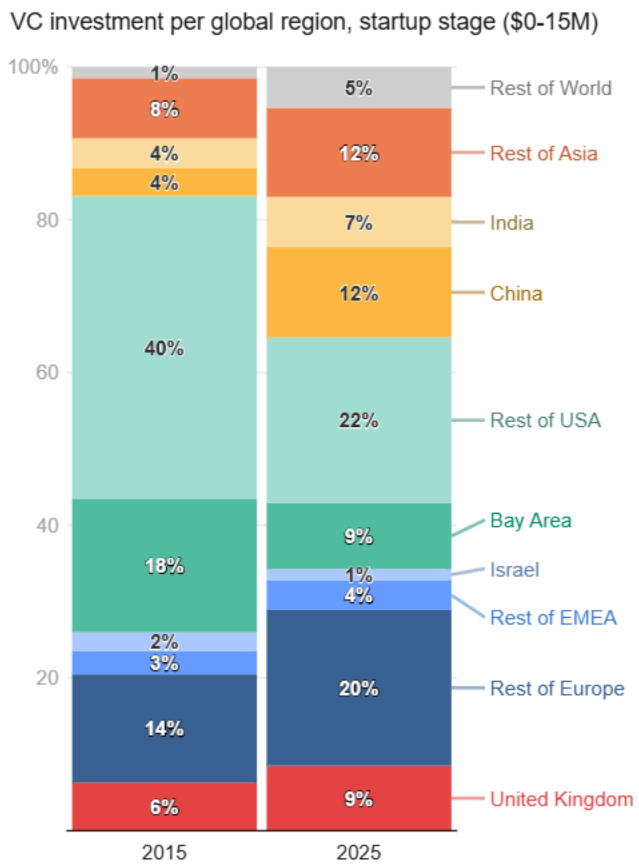
- In 2025, UK startups raised $23.7bn, the third year it has reached that level
- The UK has produced around 200 unicorns
- The UK leads Europe by the number of unicorns and $1bn + exits
- 15 of those unicorns and $1bn+ exits have become decacorns ($10bn+ valuation) and one, Arm, became a centicorn ($100bn+).

Number of unicorns by region and year in the EMEA, 2010-2025

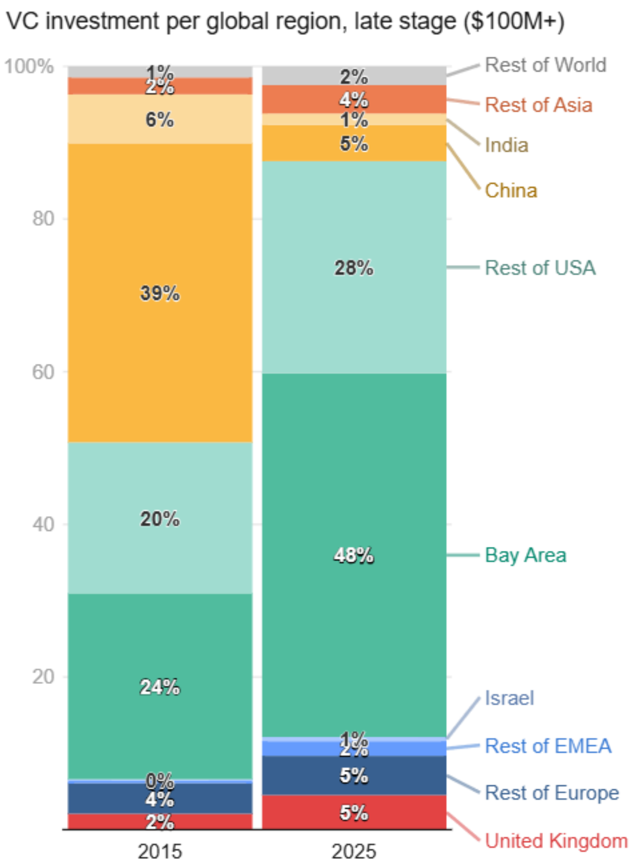


Source: Dealroom

Funding for UK VC companies – adequate in early stages, weak in later funding stages: The next charts recount a familiar story. The UK does relatively well in funding early-stage VC (up to $15m) but has a relative weakness in funding later stage ($100m+ deals).



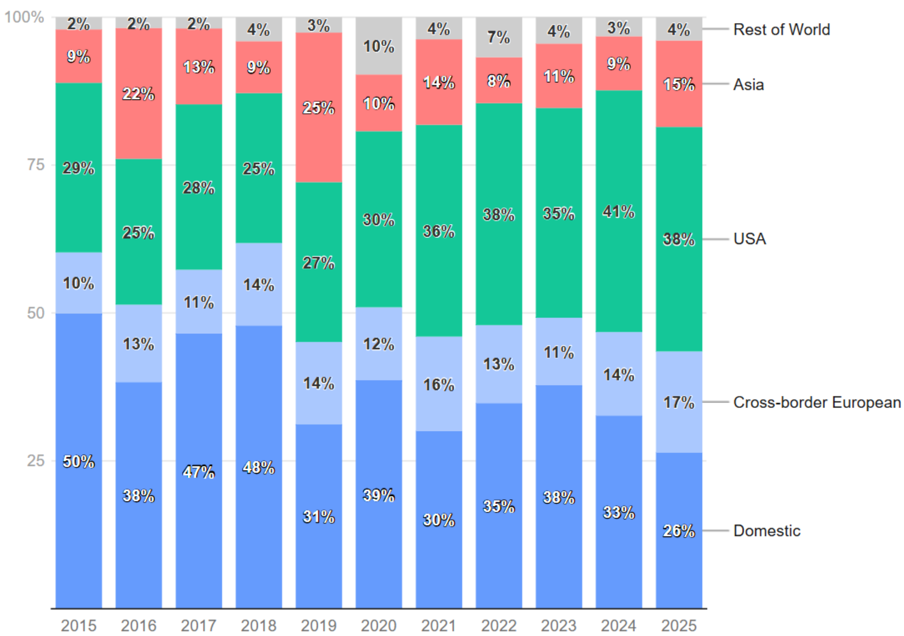
Source: Dealroom



Source: Dealroom

Domestic capital availability is an issue for the UK. UK startups are heavily reliant on overseas capital. The Dealroom study found that in 2025 74% of UK VC investment by deal value came from outside the UK, the highest level in ten years. In fact, given the methodology of the study, that equal weights participants in rounds, the actual level of dependence on overseas capital is probably even greater.

VC investment raised by deal value, investor location

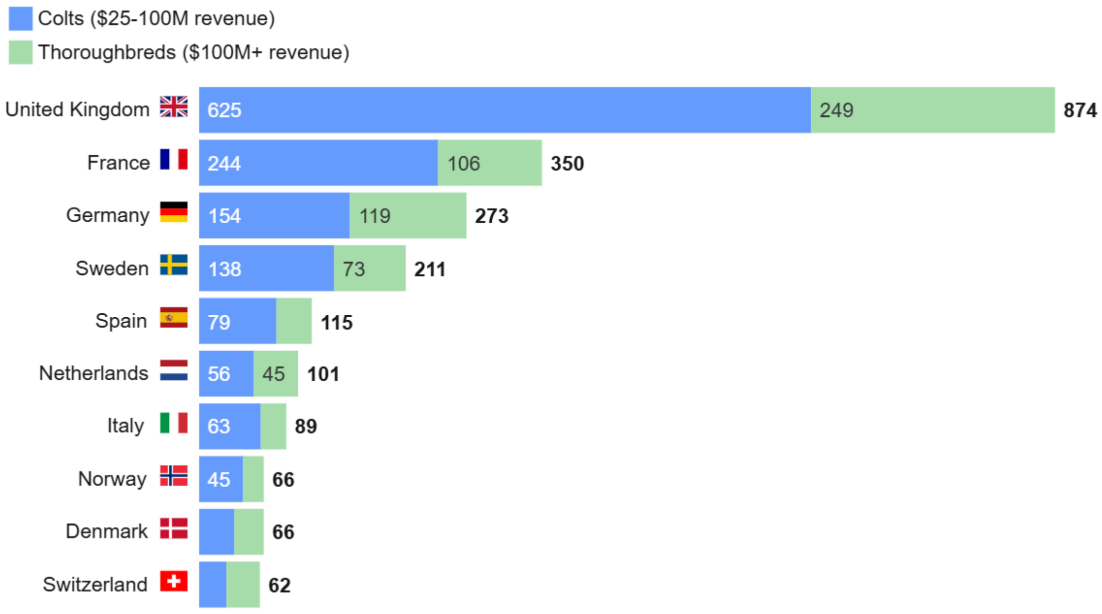


Excludes undisclosed investors. When multiple investors participate in a round, deal value is split equally by between the co-investors.

Source: Dealroom

The supply and calibre of companies capable of receiving investment in the UK is strong. The demand side in terms of available UK capital is the weakness.

Number of VC backed companies by revenues



Source: Dealroom

Frankly the issue here is that the DSIT thought it necessary to commission and issue such a report. Its findings are not new or surprising to those familiar with private and public markets in the UK. Essentially what it is saying is that

- The UK given its trading and mercantile history, centres of academic excellence and entrepreneurship has a plentiful supply of early-stage companies worthy of investment.
- These companies can typically find a reasonable level of domestic investment in the very early stages.
- There is a domestic funding gap which appears once companies begin to require more sizeable funding to bulk up.
- At this point overseas investors, typically from the US, countries with effective pension capital (Canada, Australia and Sweden) and the Middle East step in to fill the gap.
- At which point effective ownership of these businesses shifts away from the UK.
- The phenomenon has its parallels in public markets where the absence of a sufficient pool of active domestic capital; and the increasing scarcity of 'muscle memory' of how to amass sufficient domestic capital at an agreed price means the market has been heavily eroded.

Back in September 2024 New Financial produced a report 'Comparing the asset allocation of global pension systems' showing that

https://www.newfinancial.org/reports/comparing-the-asset-allocation-of-global-pension-systems

- UK pension funds have a significantly lower absolute and relative allocation to domestic equities and unlisted equities than most of their counterparts in developed pension systems around the world.

- The proportion of their assets that UK pension funds allocate to UK equities has fallen to 4.4%. In 2000 it was over half of their assets.

- Corporate defined benefit schemes allocate just 1.4% to UK equities, public sector defined benefit schemes 9%, and defined contribution pensions around 8%.

- This allocation to domestic equities is among the lowest of any developed pension system around the world.

- The main drivers of the decline have been the de-risking of private sector DB schemes and the shift across UK pensions from a 'UK centric' approach to a global market-weighted approach to equities with investment allocated broadly in line with a market's weighting in global indices. As UK pensions have switched out of UK equities, they have helped feed a 'doom loop' of lower demand, lower valuations, and a less dynamic market.

- Each of the main 'buckets' of UK pensions (public DB, private DB, and DC) have a lower allocation to domestic equities as a percentage of their assets, as a proportion of their total allocation to equities, and relative to the size of the local stock market than the weighted average of other pension systems.

- UK pensions could increase their investment in domestic equities by 50% to 100% and still be comfortably inside historical norms and the norms of other pension systems.

- The main argument in favour of UK pensions reducing their allocation to UK equities is that a globally diversified market-weighted approach delivers better long-term risk adjusted returns (although the performance record does not particularly bear this out).

- The main argument for a higher domestic allocation is the social contract argument that there should be a form of quid pro quo attached to the generous tax relief on pensions of nearly £50bn a year. In Australia the high allocation to domestic equities is a direct response to fiscal incentives.

- UK pension funds have a significantly lower allocation to private equity and infrastructure assets (around 6% combined) than most of their peers (Canadian public sector pensions 34%, Finnish pensions 17%, and Australian supers 14%). The hallmark of pension systems with a high allocation to these assets is concentration and the scale of individual funds: the UK has the least concentrated and most fragmented pension system of any market in the sample.

Successive UK governments have sought to promote higher economic growth to revitalise the UK economy. Within government budgets their direct funding sources to help stimulate growth are though relatively limited. These funding sources are tiny by comparison with the potential of the partial unleashing of the $3.2 trillion of UK pension assets, the fourth largest pension market globally.

Potentially the power to change behaviour and outcome and free funds to support economic growth could be affected by a relatively simple adaptation of the tax regime. This would make pension tax allowances contingent on a commitment to allocate a greater proportion of pension assets to UK businesses.

It is a route that might be worth rapid consideration by the new leader of the Labour Party and the country.

And it would appear that it could be on the agenda.

Andy Haldane, the president of the British Chambers of Commerce and one of Andy Burnham's economic advisers, speaking at the BCC conference in London in late June recommended UK tax reliefs should be reformed to boost incentives for investment into UK companies. He advocates creating a bias towards domestic investment while at the same time suggesting the government should more heavily tax domestic pension funds investing overseas.

Asserting that the Mansion House Accord has failed to be *'dial moving for growth'* and that the government must be bolder on reforms to boost domestic investment he stated

Good supply of innovative companies: *'The UK's pipeline of fast-growing scale-ups – the pre-unicorns– could hardly be stronger…with 1500 'colts' (with revenues between $25-100m) and thoroughbreds (revenues in excess of $100m) across the UK. That would place the UK third in the global league table of* *high-growth businesses by absolute number. On a per capita basis, it would place the UK as one of, if not the, most innovative business eco-system on the planet.'*

Potentially plenty of UK capital: *'The UK's pool of patient capital is also deep, more than adequate to finance Business Britain. UK households hold gross financial assets of around £9 trillion…of this… more than £2 trillion sits in bank accounts and around £6 trillion in pension fund and other investments, such as ISAs.'*

Only 5% of UK household capital invested in UK businesses: *'So how much of this vast pool of household capital is re-cycled to support British businesses, both the pipeline of fast-growing and innovative scale-ups and larger established public companies? The short answer is far too little, in my estimation probably less than 5%.*

So how could this pool be augmented? The second largest pool of household money sits in bank deposit accounts. But, by and large, that £2 trillion reservoir of household deposits are not being recycled into British businesses. Take this fact: since the GFC, there has not been a single penny of net new lending to UK SMEs by British banks.'

In 2000 50% of UK pension assets in UK businesses; 2026 it is less than 5%: *'If we turn to household pensions…in 2000, over half of UK pension assets went into UK equities. Today, it is less than 5%. In money terms, that is a divestment from UK companies of more than £2.5 trillion – roughly the market cap of every UK-headquartered listed company.*

Adding up across different sources, then, this leaves only around 5% of the total pool of household financial assets invested in British companies. The vast majority is financing overseas companies or domestic and foreign Governments. That was not the case in the UK's relatively recent past.'

The most striking thing about the UK's large and mature pension system is that it is only system in the world without a home bias. *'And nor is it the case in other countries. Pension funds in Canada, Australia, Japan and across Europe invest between 20-40% of their assets in domestic companies. This is many multiples of their global market share – what is sometimes called a "home bias".*

The most striking thing about the UK's large and mature pension system is that it is only system in the world without a home bias. It is the ultimate irony that Canadian, Dutch and Australian pension funds today invest more in brilliant Brish businesses than do UK pension funds.'

At the heart of his proposal Andy Haldane recommends adjusting the tax relief system to encourage greater investment in UK companies.

£60bn of Pension and ISA tax relief granted without any commitment to reinvest in the UK- why?
'The Government extends over £50 billion in pension tax relief, and more than £10 billion in ISA tax relief, each year. As a country we spend more on savings tax relief than on defence. Yet these benefits are conferred without any accompanying commitment to support UK growth. Most are implicitly supporting US companies and governments.

This means these tax reliefs deliver a very low return on investment for the UK government. Shifting them towards investment in UK companies would leave investment choices in owners' hands, while boosting significantly the returns on these investments in terms of UK business growth, jobs and productivity.

This is hardly a radical departure from the past. Prior to 1997, the UK's dividend tax credit regime favoured pension fund investment in UK companies. The predecessor to ISAs, Personal Equity Plans (PEPs), had an explicit bias towards investment in domestic companies. Calls for a "British ISA" are in a similar spirit.'

Re-establishing home bias: '*This is not about overly constraining investment choices. It is about correcting the (absence of) "home bias" that, at present, distinguishes the UK pension system from all* *others around the world. And, as best we can tell, no-one more would be more supportive of such a shift than those whose money it is – households.'*

'When asked, more than 70% of British investors say they would prefer a pensions system favouring UK companies. *Indeed, many mistakenly believe more than 40% of their pension is already invested in UK companies. Given these preferences, there would be a strong case for the default under pensions auto-enrolment being allocation into UK assets.'*

Burnham indicators

Andy Burnham looking for 'growth in all postcodes' with his advisors suggesting tax reliefs to boost incentives for more cash to flow into British companies.

The UK now has a new Prime Minister. After a couple of weeks, the indicators from his first actions and speeches on his attitude towards UK business and growth are

Rewiring the state: '**Good growth in every British postcode.** In his first policy speech Mr Burnham stressed the need for '*Good growth in every British postcode'* with places able to set their own ambitions and integrate services to meet people's needs.

'We are starting in this statement by outlining our vision for devolution in England. Good growth requires a fundamental rewiring of the way our country works, surrendering power that for too long has been held in Westminster and Whitehall, and returning it to people and the places where they live, work and invest. Local leaders know what it will take to drive growth in their areas, creating jobs and attracting investment that speak to the strengths of their region.'

The biggest symbol of this is the creation of Number 10 North which retakes over responsibility for local growth and the devolution strategy from the Ministry of Housing, Communities and Local Government and from HM Treasury.

Changing how regional government is funded: There will be an overhaul of the way regional government is funded, starting by replacing grants from central government with a share of local income tax for every mayor beginning in 2028. All strategic authorities will have the ability to introduce an Overnight Visitor Levy. The concept is that the long-term certainty of funding via taxation will provide more flexibility and enable greater investment to fund interventions that will deliver a return. Local leaders should be able to set out plans for how revenues will be invested by March 2028.

Good Growth Funds: *'These reforms will be augmented by supporting mayors to establish Good Growth Funds across the country, backed by national Public Financial Institutions – such as the National Wealth Fund- and supported by the Local Government Pension Scheme as a key local investor, to assist mayors in investing for the long term in their local economies. We will also support local places to reindustrialise by building on frontier sector and cluster strengths.'*

In previous speeches Andy Burnham has said;

'On reindustrialisation, we will support every region to set clear and credible industrial ambitions – and provide the support to achieve them, encouraging more cross-UK partnership between places with complementary industrial clusters, as Cambridge and Manchester have done on life sciences.'

'I will back our scientists, technologists, entrepreneurs and creatives – as I have done here– and show how Britain will be the Innovation Nation of the next decade. We will get better at capturing full value from their ideas for UK plc by changing the culture in Whitehall when it comes to backing British industry.'

The new Prime Minister has also reached out to businesses:

“Britain has enormous strengths and too often we talk ourselves down. We are a global powerhouse in science, technology, manufacturing and innovation. We just need to do a better job of turning that success into jobs, investment and opportunity that everyone can feel in every part of the country.

“That’s why I’m putting a new offer on the table. We’ll bring down costs, reform business rates and use the power of government to back British business. We’ll listen, we’ll act and we’ll give firms the backing they need to reindustrialise Britain. In return, I want businesses to invest in their people, back their communities and help us give every young person a fair chance to find a good job.”

As part of this **the new Department for Business, Innovation, Science and Trade (DBIST)** represents a strengthening of the Department of Business and Trade by folding in the Department for Science, Innovation and Technology. The ministry will be run by Johnny Reynolds, widely regarded as pro-business.

The new Chancellor John Healey, in a speech to Treasury Staff, highlighted five priorities

-Fiscal discipline. *‘Because fiscal credibility is the bedrock of economic stability and national security.’*

-Growth in every postcode. *‘So, every government department is a growth department. We’ll make the fullest possible use of public investment within our fiscal framework, and we’ll take the fullest advantage of private and international investment - ready to back Britain.’*

-Backing Britain. ‘*British benefits. British apprenticeships. British jobs. For every procurement pound spent. Buying British not, if possible, but by design. In transport, in energy, in defence, in AI and in tech.’*

-Wealth creation. ‘*I want our government commitments to create a greater confidence investment, innovation, profit in our British businesses. And I say to those who have a bright idea or a small business, they want to grow, I will back you.’*

-More affordable: ‘*And fifth, I want to make life more affordable. Bringing down the cost of living and beginning a new era of devolution and public control.’*

Other indicators are a pledge to let regions take "greater public control" of water, energy and transport and a widening the remit of Public Financial Institutions like the National Wealth Fund.

The British Business Bank – a year on from the changes

UK initiatives to encourage VC led growth

In the July 2025 edition of the Growth Equity Update we wrote about the changes just announced to the scope and remit of the British Business Bank. In brief in June 2025 the UK Government made an announcement that it described as ‘*transforming the resources and capabilities of the British Business Bank to deliver the UK’s modern Industrial Strategy and boost growth, marking a major step change in financing to support smaller businesses to start and scale in the UK.*’

The key elements were that the British Business Bank saw its total financial capacity increased to £25.6bn. It will now be able to invest greater amounts in companies through direct investments, it will be able to lead investment rounds, and to make strategic investments of up to £60m in UK growth companies.

In July the Sheffield based British Business Bank produced its 2025/6 Report and Accounts covering the year to end March 2026. It highlights that over the next five years it will deliver up to £29.7bn across its Banking and Investment businesses in pursuit of supporting UK businesses in the industrial Strategy priority sectors.

- The Banking business is intended to make £19.9bn available across debt funding (£1.7bn), structured guarantees (£6.1bn), start-up loans (£1.3bn) and £10.8bn for the Growth Guarantee scheme.
- The Investment business plans £9.8bn in funding split between £3.7bn of commercial equity, £1.3bn of direct and co-investment, £2.9bn in development equity funds and £1.9bn in Nations and Regions funds.

The bank notes that 2025/6 has seen it significantly expand its investment activity with its two largest direct investments yet, of £25m in each of Kraken and Wayve and its first $100m fund investment, in SV Health Investors SV8 Biotech.

The start of 2026/27 has seen it make its first £100m fund and direct investments. It describes the first close of its £200m British Growth Partnership at the end of March 2026, with additional commitments from Aegon UK, NatWest Cushon and M&G, as a 'defining moment'. It claims that raising and deploying external institutional investment expands its own reach and helps shape a more diversified and robust funding ecosystem in the UK.

The bank claims already to be the UK's largest domestic investor in UK venture and venture growth capital funds and the most active late-stage investor in UK deep tech and life sciences.

Reviewing the announcements made in July 2026 alone gives some feel for how the British Business Bank is operating. In direct investments July saw the British Business Bank

- Invest £25m in Alchemab Therapeutics as part of its Series A extension, its largest investment in a life sciences company to date. It subsequently invested in Draig Therapeutics as part of its $65 million Series B financing round through the Bank's British Growth Partnership Fund I.
- Invest £27m in Kraken Technology Group, the UK maritime defence technology company specialising in autonomous maritime platforms, as part of its £130m Series B funding round. Other recent direct equity investments from the bank have been in SatVu, the UK-based satellite thermal intelligence company, and Hadean, whose AI-powered simulation technology supports defence planning and training. Defence is one of the eight priority areas outlined in the UK Government's Industrial Strategy.
- Invest $25m into PhysicsX, the physics AI company for industrials, as part of its Series C. The investment includes the fourth investment made by British Growth Partnership Fund I since its £200m first close.

July also saw a series of indirect investments

- The Bank made a cornerstone commitment of up to $40m to Tapestry VC Fund III, an early-stage venture capital fund that brings transatlantic venture experience across AI, cybersecurity, autonomy, and consumer technology to support repeat founders building companies from the UK. The fund is also supported by Railpen and Molten Ventures.
- A cornerstone commitment of £50m to Soho Square Partnership Capital Fund II to help established small and mid-sized businesses looking to grow. Soho Square Capital is a lower mid-market focused investment firm that provides structured capital

solutions to support UK based, founder-owned businesses during periods of transition including adopting new technology, scaling or making an acquisition. Soho Square will provide loans to established companies, typically with EBITDA of up to £15m and turnover of up to £200m. At least 75% of the fund will be invested in the UK.

- A £10 million commitment to Odyssey Ventures, a transatlantic venture capital firm investing in AI and Deeptech through its $50 million seed and pre-seed Odyssey Discovery I fund. The focus is on UK businesses at the intersection of AI and Deeptech - across applied AI and automation, energy and sustainable industry, and human and planetary health.

- A €65m commitment to Highland Europe's Technology Growth Fund VI, a €1.1bn growth equity vehicle focused on scaling UK and European tech companies. The fund will focus on companies in innovative sectors including data, AI, software infrastructure, cybersecurity, fintech and consumer.

As a reminder the eight Industrial Strategy priority sectors are Advanced Manufacturing, Clean Energy industries, Creative industries, Defence, Digital and Technologies, Financial Services, Life Sciences and Professional & Business Services.

The remarkable rise of Corgi Insurance

The valuation rises again

In the June Growth Equity Update we wrote about Corgi Insurance, a *'full-stack insurance platform built for technology companies. That means fast quotes, great pricing, and a team that understands your business.'*

The company offers insurance packages for start-up businesses. As start-ups scale up through the funding rounds the insurance becomes more comprehensive. Speed and simplicity are key.

We noted then that Corgi's funding record was remarkable comprising a $108m January 2026 seed and Series A at a $630m valuation; a May 7th, 2026, Series B of $160m at a $1.3bn valuation and, three weeks later, a May 28th $106m Series B-1 round at a $2.6bn valuation.

So $374m raised in five months with a more than 4x rise in the valuation

In late July Forbes reported that Corgi has raised again. This time it is a further extension of the Series B – presumably a B-2. The round is reportedly closed with a valuation of $4bn, 1.5x the valuation of late May, 2x the valuation of early May and 6.3x the January valuation. Neither the size of the round, nor the investors have been disclosed.

Founder Nico Laqua commented in late May that '*It's important that we have a lot of financial strength as a financial institution."* He observed that insurance is *a "highly capital-intensive industry"* and that post the Series B *"demand has accelerated quickly across new product lines and partnerships."*

Typically, US insurance companies are backed by a state guaranty association in each state in which they operate which provides a backstop for policyholders against the failure of an insurance company operating in the state. All insurers must be registered with the association, and pay into it, to operate in the state.

Corgi sits outside this regime operating instead under a Technology Risk Retention Group structure. This allows it to write insurance without a state guaranty. It means its policyholders effectively provide the funds from which any claims are made. When claims are paid out the money comes from the initial contributions made when companies join a Corgi insurance scheme, from their continuing premiums, from investment income and from reinsurance, which in Corgi's case appears mainly to be with its internal vehicle, Corgi Reinsurance Inc.

If claims were to exceeds the reserves and reinsurance capacity the risk then falls to the policyholders, who effectively are their own guarantors and would need to pay out incrementally to cover the claims.

This structure presumably is one of the features that underpins Corgi's ability to be *'faster, more cost-efficient'* than legacy insurers.

It may also help to explain why Corgi is eager to continue raising capital. The revenue growth is a function of writing new policies and presumably needs a bigger capital pool behind it to cover potential payouts, the *"highly capital-intensive industry"* to which the founder refers.

According to Forbes Corgi Insurance had annual recurring revenue (ARR) of $45m in January 2026. Silicon Valley Investclub estimated Corgi's ARR at $100m in May 2026. Forbes reports In July that the company aims to be at $450m ARR by the end of 2026. This would mean the most recent valuation is equivalent to c8.9x December 2026 annualised sales. This is heady, albeit a fall from the 32.5x annualised revenue represented by January's $1.3bn raise.

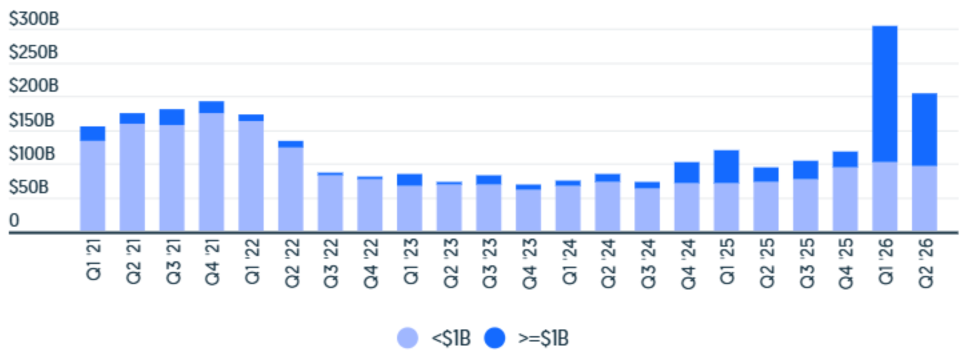
As usual in the private market there are no public figures cited for the step up in revenue trajectory that would imply a doubling of the company's valuation since early May or the sixfold increase from January. The test of the new valuation will be when the owners start to take money off the table.

The rise of the billion-dollar rounds

Lots more of them

An interesting article from Crunchbase about the rise of $1bn rounds. Crunchbase calculates that in H1 2026 60% of global venture funding, amounting to $310bn, was in rounds of $1bn or more. In Q2 2026 $96.4bn was raised globally in rounds worth less than $1bn while $108.6bn, or 52%, was raised in $1bn+ rounds. The Q1 2026 figures were $102bn and $202bn with 66% in $1bn+ rounds, the distortion being the $122bn raised by Open AI.

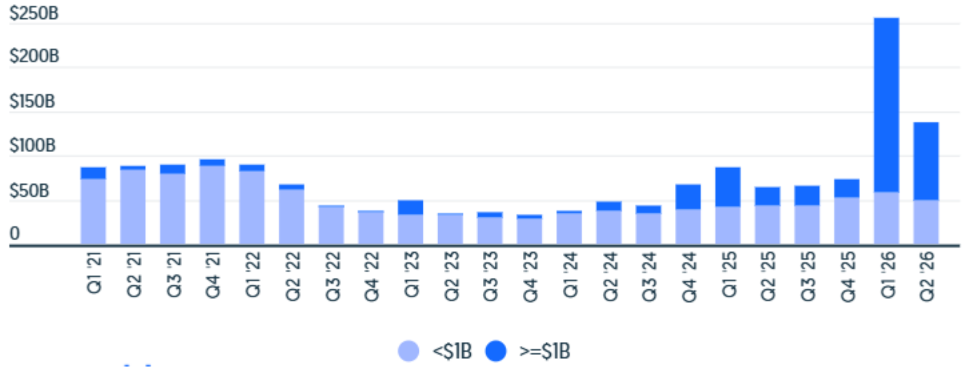
Global VC funding – Value of sub $1bn and $1bn+ rounds compared



Source: Crunchbase.

Looking just at the US, the divergence is even more marked with 73% of H1 2026 funding going to $1bn+ rounds, the OpenAI and Anthropic ($90bn) raises being the big impact here.

US VC funding – Value of sub $1bn and $1bn+ rounds compared

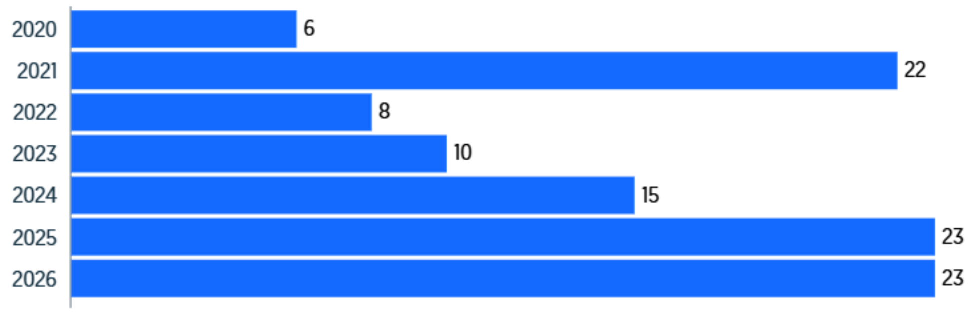


Source: Crunchbase.

As both charts indicate, this is a largely new phenomenon of the first half of 2026. Only the US in Q1 2025 with its $40bn Open AI raise in March, has previously seen the total value of $1bn+ deals exceed that of sub $1bn deals.

Crunchbase also observes that large rounds are happening with greater frequency. To the end of June there were 23 US rounds of $1bn+, already on the level of the whole of 2025 which itself was well ahead of any year except 2021 in terms of the number of large raises.

Number of US rounds of $1bn or above by year



Source: Crunchbase.

Our Rothschild & Co Deal Monitor sees a similar trend towards larger a volume of big deals in Europe. The next Exhibit looks at European deals of $100m, $500m+ and $1bn+ since 2023. In each of 2023 and 2024 there were seven deals of $500m+. In 2025 this climbed to ten such deals. In the first seven months of 2026 we are already at 21 deals of $500m+.

There have been ten European deals of $1bn+ so far in 2026. This is twice the aggregate number of such deals in the three years 2023-2025.

Europe – Number of $100m+, $500m+ and $1bn+ rounds 2023-July 2026

	2023			2024			2025			2026		
	100m +	500m +	1000+	100m +	500m +	1000+	100m +	500m +	1000+	100m +	500m +	1000+
January	5	-	-	12	1	-	15	-	-	12	0	1
February	3	-	-	6	-	-	8	-	-	4	1	1
March	7	-	-	8	1	-	3	3	-	13	2	2
April	5	-	-	6	-	-	5	-	-	5	2	2
May	6	-	-	7	-	1	13	-	-	14	0	1
June	6	-	-	6	1	-	12	1	-	16	3	1
July	4	-	-	10	1	-	11	1	-	16	3	2
August	2	-	1	2	-	-	4	-	-			
September	8	3	1	13	-	-	12	-	2			
October	1	-	-	4	2	-	13	2	0			
November	10	1	-	4	-	-	12	-	-			
December	7	1	-	9	-	-	13	1	0			
Total	**64**	**5**	**2**	**87**	**6**	**1**	**121**	**8**	**2**	**80**	**11**	**10**

Source: Rothschild & Co Deal Monitor

Public markets – Crude analysis

Strong earnings and tempered expectations of rate increases.

July was characterised by a sharp rise in the oil price as tensions in the Iran -US conflict increased. The price of WTI crude was below $70 at the start of July, rose to over $90 by the 24th of July before then falling back to c$75 in early August. The short-term rise in the price, heightened by a threat from the Houthis in Yemen to obstruct shipping passage via the Red Sea through blocking the Bab el-Mandeb strait had the effect of sending oil prices and inflation fears briefly spiralling.

This was accompanied by a rotation out of tech stocks, particularly semiconductors, on fears of faltering capex expansion plans by the hyperscalers. Between July 1 and the low point on July 29 the Philadelphia Semiconductor Index (SOX), an index of the 30 largest semiconductor stocks in the US, fell by 22% with the Magnificent 7 down 5% in the same period and the NASDAQ overall down 6%.

Reassurance by the hyperscalers in their results that their spending intentions are unabated led to a rally. Across the Q2 results Microsoft held its 2026 AI infrastructure spending plans steady at $175bn whereas Meta raised its intended spending to $130bn-$145bn from $125bn, Amazon increased from $200bn to $220bn and Alphabet from $195bn to $205bn. Oracle spent $56bn in its financial year ended June 2026 and plans a rise to $80-95bn for 2027. Space X Q2 earnings were marked by an unexpected jump in capex from $7.7bn in Q1 to $15.8bn in Q2. Market expectations are now for overall SpaceX capex of c$200bn in each of 2027 and 2028.

This reassurance on AI hyperscaler spending helped semiconductor stocks meaning the SOX is now (to August 6th) down just 10% since July 1 (and still up 71% ytd). The Magnificent 7 are now up 4% since the start of July (and 5% ytd) with NASDAQ up 1% (and 13% ytd). The S&P 500 outperformed NASDAQ in July and now runs neck and neck with it ytd at +13%.

The tech-lighter international markets performed better with the FTSE 100 up 4% in July and 10% ytd and the STOXX600 up 3% and 11% ytd. It means that year to date relative performance has narrowed, bounded at the upper end by NASDAQ and the S&P500 up 13% and at the lower end by the FTSE 100, up 10%.

The FTSE Venture Capital Index, after a weak start to the year caused by the fall out in software stocks, had rallied to be almost flat on the year by the end of May but has subsequently fallen back to be down 7% ytd.

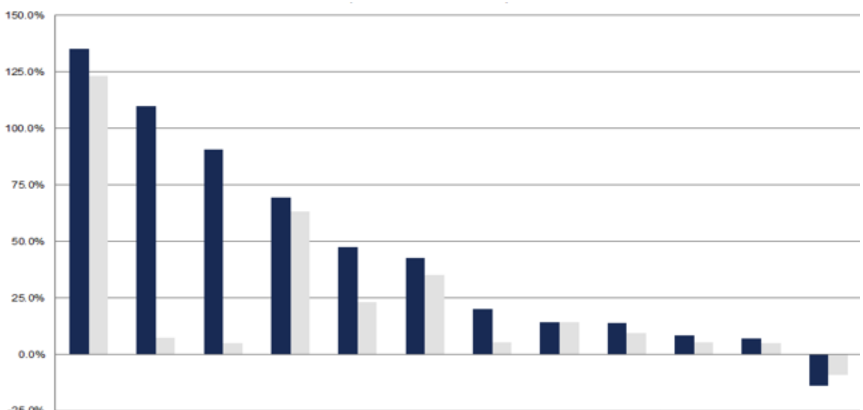
Markets have been buoyed by a strong earnings season. The H1 2026 earnings season has been one of the strongest in recent years with roughly half the European stocks reporting Q2 producing beats and almost a quarter seeing upgrades to earnings forecasts as a result.

According to FactSet c86% of US companies to report Q2 have reported earnings above estimates, better than the five and ten year averages of 78% and 76%. The beats are also bigger, averaging more than 30% versus a typical average of around 7% helped by very strong results from Alphabet and Amazon. As a result, the blended earnings growth rate for Q2 is a remarkable 47%, the highest outturn since Q2 2021.

Stripping out Alphabet and Amazon would bring S&P500 earnings growth back to 29% from 47%. This would still imply a second successive quarter of 20%+ earnings growth and the seventh consecutive quarter of double-digit earnings growth for the index.

This double-digit growth is led by the Energy, Communication Services, Consumer Discretionary, Information Technology, and Materials sectors.

S&P500 Earnings growth (yoy) Q2 2026



	Energy	Comm. Services	Consumer Disc.	Info. Technology	S&P 500	Materials	Financials	Utilities	Industrials	Real Estate	Consumer Staples	Health Care
Today	135.3%	109.8%	90.7%	69.4%	47.4%	42.6%	20.1%	14.1%	13.8%	8.3%	7.0%	-14.0%
30-Jun	123.3%	7.3%	5.0%	63.3%	23.2%	35.1%	5.4%	14.2%	9.4%	5.4%	4.8%	-8.9%

Source: FactSet

Analysts are now looking for 29% earnings growth for the S&P500 in 2026 with another 10-15% growth expected in 2027. At the start of the year consensus was that 2026 earnings would grow by about 15%, then upgraded to nearer 20% after the Q1 results season.

The market has also been helped by a more benign outlook for inflation. US inflation fell more sharply than expected from 4.2% in May to 3.5% in June, much better than consensus expectations of 3.8%. The 40bps month on month fall was the largest since the start of the Covid epidemic in April 2020. Falling petrol prices were the key factor although the figure for core inflation also saw an encouraging 30bps fall from 2.9% to 2.6% - the figure excludes food and energy prices.

The substantial truce between the US and Iran was agreed on June 17 with oil prices tumbling from c$90 a barrel at the start of June to sub $70 by the end of June. Since then, they have again risen to $90+ in late July and back to c$75. The uncertainty here still has the power to influence inflation expectations and the outlook for interest rates.

The July US jobs report disappointed with the US economy losing 23,000 jobs versus expectations of an 80,000 gain. It was the second disappointing month in a row. June's 57,000 jobs added missed forecasts of 100,000 and indeed the 57k number was downgraded to just 20k alongside the July report. May, originally reported at 172,000 adds had already been downgraded to 129,000 in June and was again downgraded in the July report – this time to just 63,000. The unemployment rate was put at 4.1%, in line with June's c4.2%.

At the Fed's July meeting, the second under the new Chair Kevin Warsh, rates were again held unchanged at 3.5%-3.75%. In June the decision to hold rates was unanimous. In July there were three dissenters who supported an increase of 25bps in rates.

The Fed's statement cited economic activity expanding *'at a solid pace'* despite Middle East uncertainty Productivity growth and capital investment were both deemed to be *'strong'.* Job gains were characterised as keeping pace with workforce growth. This pronouncement came before the disappointing July jobs numbers and the further downgrades to May and June but is compatible with the unemployment rate having ticked down marginally to 4.1% in July.

The Fed sees inflation '*remains elevated relative to the Committee's 2 percent goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy'*. It observed that it *'will deliver price stability.'* Kevin Warsh reiterated an *'unwavering commitment'* to the Fed's 2% inflation target. He also noted that a rise in bond yields post the June meeting had acted as a tightening of monetary policy, a stance viewed by some as swapping direct action for indirect action in allowing markets to set real rates. Mr Warsh commented,

"Financial market prices in this intervening period, they didn't pause. They reacted to the inflation data in one direction, strong economic growth in the other direction, and nominal and real rates went up"

The other feature of the July meeting was Kevin Warsh fulfilling his view that it is not the Fed's task to heavily signal the likely direction of interest rates *"Unlike many of my colleagues past and present, I don't* *believe in forward guidance. I don't believe that I should be previewing for you what a future decision might be.''* He reiterated this at the July meeting with stripped down commentary.

This change means more short-term uncertainty on the direction of rates although Mr Warsh has been clear on his longer-term strategy and aims. He will give a speech at the Fed's Jackson Hole conference in late August, a speech which he amusingly commented was *'a blank piece of paper right now'.*

Jobs just about in line, inflation volatile, trending down but still well above target, and economic growth and earnings good plus the influence of a President who would prefer lower rates has a range of potential outcomes for forward rates.

In the end the market is deciding that rates will rise but it is less certain than before and now looks for one 25bps rise rather than two by the end of the year.

- For the September 16 meeting the odds are 56/44 in favour of rates being held. Last month the odds were 31% unchanged/ 69% higher with 17% looking for a 50bps rather than 25bps rise.
- For the October 28 meeting the odds swing to 58/42 in favour of a rate rise (with 11% chance of a 50bps increase).
- By the December 9 meeting the market gives a 76% chance of a rate rise with 45% on rates being 25bps higher than now at that stage and 30% for a 50bps rise with just 24% looking for rates at current levels.

Net net themarket has become more optimistic over the last month that there will be only one US rate rise by the end of 2026.

In June **the ECB** raised rates by 25bps to 2.25%, its first rate increases since August 2023. In July it held rates at 2.25%. The meeting on July 23 came just as WTI crude was spiking above $90 again and this played into the ECB's June theme of *'a major energy shock'* and persistent inflation risks driven by the Iran conflict and disruptions to oil shipments. At its July meeting ECB President Christine Lagarde talked of holding *'rates for the moment'* and of '*serious developments'* due to the breakdown of the peace deal between Iran and the US with the ECB "*closely monitoring the intensity and duration"* of the energy shock.

European inflation was then announced at 2.9% in July up from 2.8% in June driven by energy costs up 10% (8.5% in June). Core inflation rose modestly from 2.4% to 2.5% with both goods and services inflation trending slightly higher.

Market expectations are still that European interest rates will rise by a further 25bps this year, with attention focused on the September or October meeting for the rate hike. A further 25bps is pencilled in for Q1 2027 although the swings in geopolitics around the Gulf make this less certain.

The Bank of England again held rates at 3.75% in July. The rate fell from 4% to 3.75% in December 2025 and has remained unchanged in the first seven months of this year. The decision this time was with a vote of 6-3 to leave rates unchanged versus a 7-2 vote in June.

The timing of the BoE meeting was more favourable for a rate hold than the ECBs. The meeting on the 30th of July was with WTO Crude at c$75 versus the ECB meeting timed when crude was above $90.

The meeting was also held against the backdrop of UK inflation having fallen more than expected in June. May beat expectations with a read of 2.8% while June saw a figure of 2.6%, the lowest for 15 months, helped by lower petrol, food and clothing prices. Core inflation, which excludes food and energy, held steady at 2.6%.

Much of the Monetary Policy Committee's commentary was about the uncertain impact of Gulf hostilities on the oil price and inflation.

'The impact of the energy shock on the UK economy remains uncertain. Monetary policy cannot influence energy prices but is being set to ensure that the economic adjustment to them occurs in a way that achieves the 2% inflation target sustainably. The policy stance required to achieve this will depend on the scale and duration of the shock, and how it propagates through the economy including via financial conditions… The Committee judges that the risks to the inflation outlook are tilted to the upside relative to the central projection in the July Monetary Policy Report, but there remains scope for the outlook to change materially as events in the Middle East unfold.'

In the accompanying press conference, the BoE Governor Andrew Bailey made what were interpreted as doveish comments saying that market expectations of a rate increase reflected the reasonable risk that energy prices may again rise but also that energy prices might fall further if the conflict were resolved.

His comment

'Please do not leave this room thinking the BoE is edging towards a hike'

meant that overall, this was deemed to be a *'doveish'* hold of rates rather than the hawkish one from the ECB,

The net effect of all this is the market still expects the Bank of England to raise interest rates by the end of the year but is less certain. The consensus expectation is just one 25bps rise to 4% by the end of the year. Back in early June the expectation was for two 25bps rate rises.

The views of Rothschild & Co's strategists Kevin Gardiner and Victor Balfour on the current market outlook are summarised in the Exhibit.

GROWTH *Positive*	***Resilience persists*** The US/Iran conflict has reignited, but with oil prices contained the economic impact still appears manageable. Growth was respectable through the first half of the year and survey-based indicators show renewed momentum as we enter August. Strong US private demand – underpinned by resilient consumer demand and rising investment – suggests the world's most important economy remains in rude health
INFLATION *Neutral*	***Peak inflation*** Headline inflation rates fell back sharply in June, reflecting the big retrenchment in energy costs. Renewed escalation threatens to reverse some of that improvement, but May's peak is unlikely to be revisited and the prospect of another 'big wave' seems unlikely. However, if economic activity revives from here, and real wages rebound, then that pre-war inflationary "stickiness" could persist, keeping core inflation above target for longer
POLICY *Negative*	***A hawkish pause*** Money markets quickly priced-in higher levels of interest rates in anticipation of oil-driven inflation risk. While those hawkish expectations may now be erring on the high side, the ECB resumed tightening in June, and the US Federal Reserve – and its new Chair – appears biased in that direction. Fiscal policy is likely to become more expansionary in Europe in particular. However, this probably does not presage the start of another big tightening cycle, and monetary policy is not excessively loose to begin with
GEOPOLITICS *Negative*	***Fragile 'peace'*** The earlier agreement has proved less durable than hoped. Renewed US-Iran hostilities, and disruption around the Strait of Hormuz and Bab el-Mandeb have put energy supplies back in focus. A negotiated settlement remains possible, but the terms, timeframe, and other regional parties point to volatile diplomacy ahead. The recent rise in oil prices still leaves the level of prices looking unremarkable in real (inflation-adjusted) terms
VALUATIONS *Neutral*	***Headroom intact*** Global stock valuations remain elevated on a long-term view (CAPE ratios for example), but more conventional forward-looking PE ratios appear manageable. AI buildout (not yet AI usage) remains the dominant driver of buoyant earnings (and prices), but expectations are being raised across other sectors too. Government bonds, where yields have been rising to fresh year-to-date highs, appear close to 'fair value' to us. Meanwhile, corporate bonds appear historically expensive
MARKET DYNAMICS *Neutral*	***Rotation, not a reversal?*** AI jitters persist with notable volatility in the most popular – and momentum driven – semiconductor names. But stock market leadership – and participation – has rotated into more defensive and value-tilted segments. Government bonds have weakened in the face of a higher oil price and economic resilience, while the stronger dollar and the hawkish re-think on interest rates pose a headwind to gold. Elsewhere, reported stress in private debt markets continues, but with little feedthrough to public markets or the banking system

Source: Rothschild & Co.

Europe - $9.9bn raised in one month

July was Europe's biggest ever month - $9.9bn raised

Piling on the records: Last month we highlighted a record-breaking June in European fundraising with the $8.7bn amassed being the first time Europe had breached the $8bn barrier in a single month. The record lasted just one month. July's total was $9.9bn across 70 deals of $20m+.

Again, there was a flush of large deals. There were two of more than $1bn, three of $500m+ and 16 of $100m+, a total of 21 $100m+ deals, breaking July's record of 20.

So far this year there have been ten deals of $1bn+ with at least one each month. Across all of 2023-5 there were just five $1bn+ deals.

Germany and Defence: The defining features of July's fundraising were Germany and Defence.

By sector Defence led the way for the first time with $3.4bn raised in a single month. There were six raises in total and four big ones. Helsing, the key name in European venture funded defence, raised a $1.8bn round at a valuation of $18bn led by Dragoneer and Lightspeed. Helsing's defence platform combines hardware such as drones and underwater surveillance weapons, and the AI led software to power them. Helsing observed that '*Investor demand significantly exceeded the available allocation, reflecting strong and growing confidence in AI-driven and software-defined defence technology.*'

Quantum Systems raised $1.2bn in a Series D led by Advent, Blackstone and Noteus Partners at a post money valuation of $8bn, more than twice that of its last round ($3.5bn in November 2025). The company produces autonomous systems for air, land, and maritime operations driven by its MOSAIC UXS software platform that connects these and third-party systems into an interoperable defence ecosystem.

The other four Defence raises were all in the UK with the largest being $175m for Kraken Technology Group which builds autonomous maritime platforms for use in contested environments. As the company says '*Maritime operations are evolving. Future capability is autonomous, hybrid, and rapidly deployable.*'

By country, unusually, Germany led the way in July with $3.9bn raised across seven rounds. The bulk of this was in the two big defence rounds with the next largest being the $472m raised for Proxima Fusion which is developing stellarator technology for use in commercial fusion power plants.

Reverting to sectors, software was in second position at $1.7bn of raises led by two human resources raises, the $590m of funding for Spain's HR Path led by Ardian and the $230m for Skello in France led by Bridgepoint and Partech.

There was a notable $50m Series C for the UK Microsoft security and AI management platform business Inforcer, led by Insight Partners, Meritech Capital and Dawn Capital. With revenues growing 300% yoy it has raised $118m in just 18 months and doubled its valuation from the B round in July 2025.

AI raises came in third in July with $848m raised across five rounds led by $450m for CuspAI and $230m for the AI cloud infrastructure business, Paivotal. There was a $100m seed round for the voice AI developer, Gradium, which was backed by Nvidia.

Other notable features in the month included the continued surge in funding for quantum businesses. Spain's Multiverse Computing has an AI model compression platform using quantum techniques to compress AI models like LLMs to make them more portable and easier to run. The company raised $500m at a $2bn valuation led by Forgepoint, BNPP and Bullhound Capital. Robotics had another busy month with five raises totalling $426m including $152m for the UK's Humanoid and $116m for Germany's Sereact, a provider of warehouse robotics in a deal led by Zalando. Finally, Sweden's Neko Health, a provider of body scanning health checks raised a further $700m in a Series C led by Lightspeed and OG Venture Partners.

Europe – 70 $20m+ deals raised a record $9.9bn in July

Country	Date	Company	Stage	Amount $m	Valuation $m	Sector	Investors	What it does
Germany	Jul-26	Helsing	Series E	1,800	18,000	Defence	Dragoneer, Lightspeed	AI software and hardware for European militaries
Germany	Jul-26	Quantum Systems	Series D	1,379	8,000	Defence	Advent International, Blackstone, Noteus Partners, Airbus	unmanned platforms across air, land, sea "MOSAIC UXS" tactical software command ecosystem.
Sweden	Jul-26	Neko Health	Series C	700		Healthcare	Lightspeed Venture Partners and O.G. Venture Partners.	Body scanning
France	Jul-26	HR Path	Funding	590		Software	Ardian	HR software and services
Spain	Jul-26	Multiverse	Funding	500	2,000	Quantum	Forgepoint Capital International, BNPP SIVF ,Bullhound Capital	tools to reduce the compute requirements of large AI models
Germany	Jul-26	Proxima Fusion	Funding	472	250	Climate Tech - fusion	XTX Ventures and East X Ventures.	stellarator company developing commercial fusion power plants
UK	Jul-26	CuspAI	Funding	450	2,600	AI	Bezos Expeditions, Kleiner Perkins, NEA	generative AI for material sciences
UK	Jul-26	Olix	Series B	312	3,300	Semiconductors	Fundomo, Arm and Hudson River Trading,	infrastructure for frontier AI inference
Israel	Jul-26	Xsight Labs	Funding	300	2,600	Software - networks	FMR, Aliya Capital, Atreides, Artisan Partners, Battery Ventures	connectivity solutions for hyperscale, edge, and AI data center networks
Spain	Jul-26	Paivotal	Funding	230		AI	Not revealed	AI cloud infrastructure company
France	Jul-26	Skello	Funding	230		Software	Bridgepoint , Partech, XANGe	HR management solution for frontline teams
Israel	Jul-26	Glow	Funding	180	1,200	Cybersecurity	Sequoia, Cyberstarts, Greenoaks, and Redpoint	security solutions for workspace
UK	Jul-26	Kraken Technology Group	Series B	175	1,000	Defence	DTCP	autonomous maritime platforms in support of defence missions
UK	Jul-26	Dwelly	Series B	170		Software - proptech	EQT Growth and General Catalyst	vertical AI services company for residential lettings
UK	Jul-26	Humanoid	Series A	152	1,350	Robotics	Prime Movers Lab	Humanoid robotics
Lithuania	Jul-26	Oxylabs	Funding	130		Software- Data	Warburg Pincus	web intelligence and data acquisition infrastructure
Finland	Jul-26	Fintoil	Funding	120		Energy	HitecVision and Taaleri.	Biofuel and biochemical refining
Germany	Jul-26	Sereact	Series B +	116		Robotics	Zalando	provider of physical AI for warehouse robotics
Israel	Jul-26	Groundcover	Series C	100		Software	One Peak, Morgan Stanley Expansion Capital, Zeev Ventures,	cloud-native observability platform
France	Jul-26	Gradium	Seed	100		AI	Nvidia	voice layer for agentic and interactive apps
Israel	Jul-26	Shortical	Funding	100		Media	PvX Partners	Microdrama app
Germany	Jul-26	Quantum Diamonds	Funding	91		Semiconductors	World Fund	semiconductor equipment
Israel	Jul-26	Enigma	Seed	71		Robotics	Index Ventures, Ribbit Capital	Human robotic understanding
Switzerland	Jul-26	Swissto12	Series C	70		Space	Swisscom Ventures	satellite payload and platform developer
UK	Jul-26	Draig Therapeutics	Series B	65		Biotech	Deep Track Capital , Janus Henderson , Marshall Wace, BBB	neuropsychiatric therapies
UK	Jul-26	Leo Cancer Care	Series D	65		MedTech	Yu Galaxy	upright radiotherapy
Israel	Jul-26	Act Security	Funding	60		Cybersecurity	Team8, Bessemer ,Notable Capital, Startpoint Capital ,SVCI.	action-centric cloud security platform
Israel	Jul-26	Oak	Seed	60		Cybersecurity	Accel, Greylock Partners, and CRV,	AI-native identity operating system
Germany	Jul-26	Microagi	Seed	55		Robotics	Hummingbird, Northzone, LocalGlobe, Village Global, redalpine.	data and robotics deployment layer for industrial manufacturing automation
Portugal	Jul-26	Bizay	Series D	55		Marketplace	Indico Capital, Lince Capital, Cedrus , BPF	tech platform - world's largest marketplace for customised products
Israel	Jul-26	Hemispheric	Funding	52		Healthcare	Hanaco Ventures, OneMind/Awareness Capital, Protocol Labs	foundational platform to measure and understand the human brain
UK	Jul-26	Inforcer	Series C	50		Software	Insight Partners, Meritech Capital and Dawn Capital.	Microsoft security and AI management platform
UK	Jul-26	Valarian	Series A	50		Software	NEA ,Lightbank, XTX Markets, Sequel, LitVC	sovereign infrastructure layer for high-consequence operations and AI-driven systems
UK	Jul-26	Greenjets	Series A	40		Defence	Blossom , NIF, National Security Strategic Investment Fund	electric and hybrid-electric propulsion systems for drones
UK	Jul-26	Velocity	Series A	38		Crypto	Dragonfly and FirstMark	stablecoin treasury and settlement platform
UK	Jul-26	Arrakis	Funding	38		AI	Blossom Capita, Accel	industrial companies -AI agents for mission-critical operations
France	Jul-26	Cylene Therapeutics	Series C	38		Biotech	GordonMD, M Ventures, Andera , Bpifrance , Lamond Ventures.	precision genetic medicines for neuro-urology and neurological diseases
UK	Jul-26	Alchemab Therapeutics	Series A	34		Biotech	British Business Bank	antibody therapies to treat neurodegenerative diseases and cancer
Netherlands	Jul-26	Monumental	Series B	32		Robotics	Khosla Ventures, Hummingbird, Plural	construction robotics and software
UK	Jul-26	Risk Ledger	Series B	32		Cybersecurity	Axiom Equity, Mercia Ventures.	network-first platform delivering active supply chain security,
UK	Jul-26	Agon	Seed	30		Defence	Lakestar, Lux, Northzone	synthetic battle arena
UK	Jul-26	Moa Technology	Series C	30		Agri	Oxford Science Enterprises , Supernova Invest, Agri Investment	biotech for addressing crop-killing weeds
France	Jul-26	Gradium	Seed	30		AI - voice	FirstMark Capital, Eurazeo, Nvidia	AI - voice
Israel	Jul-26	Hush	Series A	30		Cybersecurity	Akamai Technologies, Battery Ventures, and YL Ventures.	non-human identity and AI agent governance platform
UK	Jul-26	Agon	Seed	30		Defence	Lakestar, 201 Ventures, D3, XYZ, Lux Capital and Northzone.	virtual battlefields for military training
France	Jul-26	Syntetica	Series A	30		Climate Tech	Ecotechnologies 2 (Bpifrance),SWEN Capital Partners, EQT	chemical textile recycling technologies
Netherlands	Jul-26	Raxio	Funding	30		Data Centres	Roha and Meridiam.	data centre platform provider
Israel	Jul-26	Velocity	Seed	27		Software	NFX and Red Dot Capital Partners,	AI advertsing infrastructure
UK	Jul-26	Greyparrot	Series B	29		Data	Omar Mir	waste intelligence
Italy	Jul-26	Young Group	Funding	26		Crypto	Azimut	cryptocurrency, and real-world asset tokenization platform
Switzerland	Jul-26	ZuriQ	Seed	26		Quantum	Qantonation	Trapped ion quantum
UK	Jul-26	Axle Energy	Series A	25		Software	Energize Capital,Accel, Picus Capital Eka Ventures	virtual power plant operator and distributed energy software platform
UK	Jul-26	Fleek	Series B	25		Marketplace	Burda Principal Investments, Ebay, FJ Labs	AI infrastructure for the secondhand fashion industry
Israel	Jul-26	Alta	Series A	25		Software	N Venture, Mindset Ventures, Skywell Capital,	go-to-market strategies platform
Netherlands	Jul-26	Xeltis	Funding	24		Medtech	Horizon 3 Healthcare, European Innovation Council, Invest-NL	vascular implants
Netherlands	Jul-26	Keiron	Series A	24		DeepTech-Electronics	Invest-NL, DeepTechXL, and Waves Capital	advanced printing solutions to reduce costs in electronics manufacturing
Spain	Jul-26	WindWaves	Funding	23		Climate Tech	Cofides.	offshore wind energy solutions
Spain	Jul-26	Catalyxx	Funding	23		Climate Tech	EU	bioethanol into carbon-negative chemicals
Hungary	Jul-26	Ominimo	Series B	23		Insurtech	EBRD,	managing general agent.
UK	Jul-26	Reformed	Series A	23		Consumer	Iris Ventures , JamJar Investments, V3 Ventures, FoodLabs.	coffee and matcha drinks infused with collagen or creatine
Belgium	Jul-26	E-Peas	Funding	22		Climate Tech	Crédit Mutuel Innovation , SFPI , EIC	ultra-low-power energy harvesting and power management
UK	Jul-26	LemonEdge	Series A	21		Fintech	Blackstone Innovations Investments	fund accounting platform for private markets
UK	Jul-26	Qureight	Series B	20		Healthcare imaging	Molten Ventures	Imaging platform
UK	Jul-26	Stirling X	Series A	20		Data	Ventura Capital	data intelligence
Israel	Jul-26	Way Security	Funding	20		Cybersecurity	Insight Partners and Glilot Capital Partners.	identity and access management (IAM) operations platform
UK	Jul-26	Applied Computing	Funding	20		Software	KBR, Databricks Ventures.	AI solutions to optimise energy systems,
Netherlands	Jul-26	Tempress	Funding	20		Semiconductors	Jolt Capital	Thermal diffusion and deposition furnaces for the semiconductor segments
Israel	Jul-26	Bloom Security	Seed	20		Cybersecurity	Glilot Capital Partners and Ten Eleven Ventures	AI-native endpoint security platform
Netherlands	Jul-26	The Protein Brewery	Series B+	20		Agri	ABN AMRO Sustainable, Novo Holdings, Invest-NL, BOM	biomass fermentation producing whole-food mycelium (mycoprotein),
Israel	Jul-26	Tangos	Seed	20		Software	Red Dot Capital, Leaders Fund, Clarim, Venture Israel	platform for financial crime investigations
Total				10,038				

Source: Rothschild & Co

US fundraising in July – $20.6bn -smallest month of the year

July 2026 was up 121% yoy but was the smallest US fundraising month since December 2025

Our assertion has been that H1 2026 will prove to have been the peak for US VC fundraising. Given that July saw another $20.6bn raised in US growth equity we can hardly say it's a crisis. Yet June's $32.3bn was up just 5% yoy while July's $20.6bn was the smallest monthly total of 2026 to date – the others having ranged between $24.9bn and $181bn per month.

The opening of the IPO market and the shift of major companies like Space X, Cerebras and Quantinuum into the public markets with others like Anthropic and OpenAI having filed, shifts the focus of attention on the fundraising market from the private to the public arena.

As in June there was just one deal of $2bn +. It was a $5bn raise at for Safe Superintelligence with NVIDIA as the sole participant as part of a partnership between the two companies. Safe Superintelligence will get access to NVIDIA's Vera Rubin GPU platform, increasing its compute resources *"by an order of magnitude."* What exactly this extra compute capacity will be used for is yet to be revealed. '*Building safe superintelligence (SSI) is the most important technical problem of our time. We have started the world's first straight-shot SSI lab, with one goal and one product: a safe superintelligence. It's called Safe Superintelligence Inc. SSI is our mission, our name, and our entire product roadmap, because it is our sole focus. Our team, investors, and business model are all aligned to achieve SSI.*

So that's alright then.

Elsewhere there were five more $1bn plus deals, two in AI (Fireworks AI and Keyfactor), a further $1bn for the fusion energy business Commonwealth Fusion Systems, a $1bn raise for the semiconductor business Sambanova led by General Atlantic and $1.7bn for the industrial robotics (and ghost kitchen) business Atoms, led by a16z and Bain Capital.

By sector AI, as is typical, led the way in funding with nine deals raising $8.5bn, a relatively lowly 41% of the monthly total. In June AI was 55% of total funds raised and it was 80% in April and May. The absence of super-sized AI deals is what is holding back the private fundraising totals.

Climate Tech was in second spot at $2.15bn with the Commonwealth Fusion raise plus a $550m raise for energy storage business Antora Energy and a $470m raise for Antares which is developing a range of small modular nuclear fission reactors.

Close behind was Robotics with three deals raising $2.1bn, led by Atoms' $1.7bn plus $300m for the general-purpose Walden Robotics and $100m for TerraFirma's construction robotics.

Semiconductor businesses raised $1.7bn led by the $1bn for Sambanova and $300m each for XSight Labs and Etched AI. In the 'momentum' sectors there were single raises of $500m for K2 Space which manufactures large, high-power satellites and $300m for neutral atom quantum business Oratomic.

US – 47 raises of $100m+ in July for a total of $20.6bn

Country	Date	Company	Stage	Amount $m	Valuation $m	Sector	Investors	What it does
US	Jul-26	Safe SuperIntelligence	Funding	5,000		AI - LLM	NVIDIA	LLM
US	Jul-26	Atoms	Funding	1,700		Robotics	a16z, Bain Capital, Fifth Wall, Uber	Ghost kitchen and industrial robotics
US	Jul-26	Fireworks AI	Series D	1,500	17,500	AI	Atreides Management, Index Ventures, TCV, NVIDIA	platform to train and serve custom generative AI models
US	Jul-26	Commonwealth Fusion Systems	Financing	1,000		Climate Tech - fusion	Not disclosed	commercial fusion energy
US	Jul-26	Keyfactor	Funding	1,000		AI	Summit Partners	Trust infrastructurefor AI and machines
US	Jul-26	Sambanova	Series F	1,000	11,000	Semiconductors	General Atlantic	custom chips, hardware systems and cloud services for inference
US	Jul-26	Wonder	Series D	650	9,000	Food Delivery	Accel, GV, New Enterprise Associates, AllianceBernstein, ARK Invest	food technology platform
US	Jul-26	Antora Energy	Series C	550		Climate Tech	G2 Venture Partners,Eclipse, Ribbit Capital, Salesforce Ventures	energy storage solutions for industry, data centers, and the grid,
US	Jul-26	K2 Space	Series D	500	6,680	Space	Kleiner Perkins , ICONIQ ,CapitalG, Lightspeed, Altimeter,	large, high-power satellites
US	Jul-26	Antares	Series C	470		Climate Tech - Nuclear	Paradigm,Caffeinated Capital	Small modular nuclear fission reactors
US	Jul-26	Function	Funding	450		Healthcare	General Catalyst	Lab testing, imaging, Personalised intelligence
US	Jul-26	Crypto.com	Funding	400		Crypto	Citadel Securities	cryptocurrency exchange and digital asset infrastructure platform
US	Jul-26	Chai Discovery	Series C	400	3,800	Biotech	Index Ventures, Kleiner Perkins, Sequoia Capital and Dimension	AI models to discover new molecules
US	Jul-26	Meshy	Series B	400	1,500	AI	Not disclosed	foundation models for AI-powered 3D generation,
US	Jul-26	inKind	Funding	320		Software- fintech	Liberty Mutual	restaurant commerce enablement platform
US	Jul-26	Advancell	Series D	315		Biotech	Ally Bridge Group and Alpha Wave	Prostate cancer therapy
US	Jul-26	Walden Robotics	Funding	300	1,100	Robotics	Toyota ,Deviation Capital, NVIDIA, Boeing, AE Ventures, Samsung Ventures,	Physical AI general-purpose robots
	Jul-26	Xsight Labs	Funding	300	2,800	Semiconductors	General Catalyst	Fabless Intelligent cionnectivity solutions
US	Jul-26	Sila	Funding	300		Batteries	Atreides Management, and Sutter Hill Ventures	Si/C anode technology
US	Jul-26	Etched AI	Funding	300		Semiconductors	Venture Tech Alliance, Jane Street, HRT	AI semiconductors
US	Jul-26	Oratomic	Series A	300		Quantum	ARCH, Spark Capital, Khosla Ventures	Quantum
US	Jul-26	Simile	Series B	200	2,000	Software	Greenoaks, Index Ventures, Hanabi, Bain Capital Ventures	human behavior foundation models
US	Jul-26	ThreatLocker	Series F	190		Cybersecurity	Elephant , D. E. Shaw Ventures, Arthur Ventures, Koch Disruptive Technologies.	Zero Trust cybersecurity platform
US	Jul-26	Augustus	Series B	180	1,000	Fintech	Tiger Global, Hummingbird, QED,	Clearing bank tech
US	Jul-26	Celea Therapeutics	Funding	180		Biotech	RA Capital Management, Leaps by Bayer, and founder PureTech Health	serious respiratory diseases
US	Jul-26	CAIS	Series D	170	2,000	Fintech	Vista Equity Partners, AllianceBernstein, Blue Owl Capital, Carlyle	alternative investment platform for independent financial advisors
US	Jul-26	Cathedral	Funding	160		Defense	Sequoia Capital and Andreessen Horowitz.	U.S. military cyber capabilities,
US	Jul-26	Tripo AI	Series A3	150		AI	CoStone Capital, Addor Capital, T Capital	3d Foundation models
US	Jul-26	Eliyan	Series C	145	1,000	Networking	Seligman Ventures, wCisco Investments and Lumentum.	foundational connectivity technologies
US	Jul-26	Alpaca	Funding	135		Fintech	Peak XV, Elefund, Opera Tech Ventures , Unbound.	agent-first brokerage infrastructure
US	Jul-26	ChipAgents	Series A1	134		Semiconductors	Bessemer, Micron, MediaTek, Ericsson and ScOp	Autonomous AI agents to plan and execute chip design
US	Jul-26	Quaise Energy	Series B	134		Climate Tech	Prelude, JERA	Geothermal Energy
US	Jul-26	Crystalys Therapeutics	Series B	130		Biotech	Frazier Life Sciences , Wellington Management, HBM Healthcare Investments	daily, oral URAT1 inhibitor.
US	Jul-26	Prime Intellect	Series A	130		AI - agentic	Radical Ventures	Agentic AI building platform
US	Jul-26	Emergent	Series C	130	1,500	AI - software	Creaegis, Claypond Capital and Sentinel Global	vibe coding
US	Jul-26	Brinc	Funding	125		Drones	Motorola Solutions, Index Ventures	public safety drone technology
US	Jul-26	Gauntlet Networks	Series C	125		Crypto	SBI Holdings	DeFi risk management infrastructure,crypto vault platforms
US	Jul-26	Candid Health	Seres D	120		Software - Health	Sixth Street Growth, Oak HC/FT, 8VC, Y Combinator.	revenue cycle automation platform for healthcare providers
US	Jul-26	Assort Health	Series C	120		Software - Health	Menlo Ventures	AI agents platform for patient journey
US	Jul-26	NormAI	Series C	120	1,200	Legaltech	Khosla Ventures	embedding law into AI agents
US	Jul-26	OnyxSecurity	Series B	113		Cybersecurity	Bessemer Venture , Cyberstarts, TCV, Conviction, FirstMark	control plane platform for enterprises
US	Jul-26	Neo	Series A	100		Software- fintech	Andreessen Horowitz, Bessemer Venture Partners, Craft Ventures ,Merlin Ventures.	agentic software control
US	Jul-26	TerraFirma	Series A	100		Robotics -Construction	Kleiner Perkins, Bain Capital Ventures,	semi-autonomous construction robotics
US	Jul-26	LearnVector Inc	Funding	100		Edtech	Coursera	an AI-native learning platform
US	Jul-26	Spectro Cloud	Series D	100		AI - software	GS Growth Equity, AMD Ventures, Ericsson, LG Technology Ventures, Maximus.	AI infrastructure management software,
US	Jul-26	Twelve Labs	Series B	100		AI - video	NEA,NAVER Ventures , Amazon	video intelligence
US	Jul-26	Cover Genius	Funding	100		Insurtech	Vista Credit Partners	infrastructure for embedded protection
Total				20,646				

Source: Rothschild & Co

Fundraising outlook: c$40bn of impending raises

Pipeline is c$32bn in impending US deals and c$8bn in Europe

Our list of impending US raises rises again, this time from c$25bn at the end of June to $32bn now.

The new additions to the list are led by Elon Musk's The Boring Company with its planned tunnelling systems looking to see a raise of $4bn at a c$20bn valuation. The size of the planned Databricks raise has now come into view. The AI data handling business looks for a $3bn raise at a valuation of $188bn. AI inference handling business Positron is reported to be raising $750m at a $5bn valuation. AI data labelling business Mercor is reported to be looking at a $500m raise at a $20bn valuation.

Dropping off the list is Sambanova which raised a $1bn Series F at an $11bn valuation in July.

The list continues to be headed by Jeff Bezos' space rocket venture Blue Origin. The company is reported to be looking to raise $10bn at a $130bn pre money valuation supported by Coatue and with Jeff Bezos contributing c$2bn.

US Growth Equity – c$32bn in reported upcoming raises

Company	Country	Sector	Amount $m	Valuation $m	What it does	Comments
Blue Origin	US	Space	10,000	130,000		Coatue
The Boring Company	US	Industrial	4,000	20,000	Tunnelling	
Databricks	US	AI	3,000	188,000	AI data handling	
Crusoe	US	AI - Data centres	3,000	30,000	AI data centres	
Switch	US	Data Centres	2,000	50,000		Digital Bridge, a16z
Reflection AI	US	AI	2,500	20,000	Sovereign AI	NVIDIA
Cursor	US	AI	2,000	50,000	AI cofding assistant	Thrive, a16z
Physical Intelligence	US	Robotics	1,000	11,000	General purpose AI models	Founders Fund,Lightspeed
Positron	US	AI	750	5,000	AI inference hardware	
Fluidstack	US	AI	700	7,000	Cloud computing GPUs for data centres	Google
Mercor	US	AI	500	20,000	Recruitment	
Foundation Future	US	Robotics	500	3,000	Humanoid robotics	
Polymarket	US	Gambling	400	15,000	Prediction marketplace	
Tensor Auto	US	AVs	400		Self driving cars	
X Light	US	Semiconductors	350		advanced laser for semiconductors	
Lambda	US	Datacentres	350		Mubadala	
Aetherflux	US	Space/Climate	300	2,000	space solar power	
Fal	US	AI - Video	300	8,000	AI video platform	
Wispr AI	US	AI - Dictation	260	2,000	AI dictation	Series B - Menlo Ventures
Total			**32,310**			

Source: Rothschild & Co; press reports

In Europe the total of identified impending raises drops from $10.4bn to $8bn.

Off the list come the two German defence businesses, Helsing and Quantum Systems, that raised $1.8bn and $1.2bn respectively, ahead of expectations of $1.2bn and $700m. Spain's Multiverse Computing is removed after its $500m July raise at a valuation of $2bn as is Cusp AI which raised $450m.

Heading the list now is France's Mistral AI with the LLM business said to be looking to raise c€3bn (c$3.45bn) at a €20bn valuation. ASML Holding is the company's largest shareholder with a c11% stake. Italian LLM and AI infrastructure business, Domyn, is said to be raising $1.15bn in an upcoming Series B.

Onto the list comes the Munich based Space business, the Exploration Company with a reported $300m raise at a $2bn valuation in the offing to be led by Atomico and Bessemer.

European Growth Equity – c$8bn in reported upcoming raises

Company	Country	Sector	Amount $m	Valuation $m	What it does	Comments
Mistral AI	France	AI	3,450	23,000	LLM	EQT
Domyn	Italy	AI - Infrastructure	1,150		AI gigafactory projects	
Agile Robots	Germany	Robotics	800		industrial robotics	
Syre	Sweden	Textiles	600		Textiles	H&M
Aire	UK	AI	400		AI Research lab	
Lovable	Sweden	Software	300		Vibe coding	$13.2bn valuation; Menlo Ventures
The Exploration Company	Germany	Space	300	2,000	Spacetech	Atomico, Bessemer
Destinus	Netherlands	Defence	235		Drones	
EnduroSat	Bulgaria	Space	200		Satellites	
Giotto.ai	Switzerland	AI	200	1,000	AI	Artificial Generall intelligence
Cambridge Aerospace	UK	Defence	200	1,000	Drones	
Euclyd	Netherlands	Semiconductors	115		Semiconductors	
Natural Cycles	Sweden	Healthcare	55		hormone-free birth control solution	Lauxera Capital
Total			**8,005**			

Source: Rothschild & Co; press reports

Our views on the state of the venture capital markets

This revival of the growth equity market has been led by the US and by a surge of interest in artificial intelligence model providers and for companies using AI to transform a range of underlying industries.

Ast the same time the venture industry has re-adopted strong underlying approaches to investment with companies in most sectors striving to achieve a better balance of growth, profitability and cash flow. The underlying quality of the cohort of VC backed companies has improved.

Our summary of the outlook

- There is substantial interest in venture capital to fund artificial intelligence, both the foundation LLM models and the applications of AI and industries (data centres, quantum, semiconductors, new energy sources like nuclear and fusion) supporting the development of AI.
- The influence of AI is percolating through many other industries such as drug discovery, defence, robotics, legaltech, autonomous vehicles, and cybersecurity fuelling a broader advance in the growth equity market.

- Overall, the VC market is regaining confidence with the strength of interest with fintech, blockchain/crypto and biotech reviving strongly.
- There is a burgeoning interest in defence industries from investors with both the tense geopolitical political environment, the advances in AI applications and the experience of the combat in Ukraine contributing to investor focus. By contrast, ClimateTech, while still a substantial sector has become less prominent both as a result of some high-profile failures and being less favoured politically in the US under the current administration.
- Fund raising for venture capital firms remains subdued. Fund raising is concentrating into larger, established firms. US VC fundraising in 2025 was concentrated in larger firms and at near decade lows.
- The speed of the investment process has slowed down since 2021-22. The level of diligence on deals has stepped up. This is true even in the 'hot' parts of the market like AI. Outside these areas it is marked – processes take time, downside protection is sought.
- Valuation priorities have shifted with investors having moved away from a pure emphasis on revenue growth and revenue multiples. There is a sharp focus instead on the combination of growth and profitability (or a rapid path to it) and on free cash flow.

Read the previous editions: **May 2022, June 2022, June 2022 (2), July 2022, August 2022, Sep 2022, October 2022, November 2022, December 2022, January 2023, February 2023, March 2023, April 2023, May 2023, June 2023, July 2023, August 2023, September 2023, October 2023, November 2023, December 2023, January 2024, February 2024, March 2024, April 2024, May 2024, June 2024, July 2024, August 2024, September 2024, October 2024, November 2024, December 2024, January 2025, February 2025, March 2025, April 2025, May 2025, June 2025, July 2025, August 2025, September 2025 , October 2025, November 2025, December 2025, January 2026, February 2026, March 2026, April 2026, May 2026, June 2026, July 2026**

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