



Growth Equity Update

February 2026 – Edition 47

- **SaaS Apocalypse:** In successive weeks the launch of Google’s Project Genie AI-generation tool led to a sharp selloff in shares of video games developers, the launch of Claude Cowork’s plug ins led to a sharp selloff in software, IT services and workflow tools stocks, and the four big hyperscalers have revealed plans to spend \$650bn on 2026 AI capex, up from \$390bn in 2025.
- **SaaS who?** The potential for AI to commoditise previously high-priced technical services and execution functions, and the pressing need for the AI hyperscalers urgently to recover their substantial AI investment, have been highlighted.
- **End to gentle co-existence:** The Stock Market has lurched from a view of existing industries’ peaceful coexistence with AI to a starker vision of AI potentially gouging out multiple industry business models (software developers, SaaS, workflow, consultancies, data providers, legal, media, advertising agencies, games developers, publishers, classifieds, price comparison, wealth management etc) as it seeks a return on its massive capital outlays.
- **Rotation, not sell down:** The FTSE Venture Capital Index is down 16% ytd, reflecting its read across exposure to ‘SaaS Apocalypse’ stocks. NASDAQ is down 1% ytd. Other leading world markets are up. This is market rotation, not sell down.
- **Simple conclusions for growth equity.** Enthusiasm for AI raises will remain high. Fundraising in software will become tougher. Given the scale of software raises this may, like in public markets, see rotation into non-AI affected real world assets and sectors. The impact of changes in private market valuations will be seen only slowly – this is a market of occasional not daily pricing.
- **Appetite still strong:** We continue to expect the value of growth equity raises to exceed 2025, both in the US and Europe. January saw US raises up 3x yoy in value and Europe up 8%. February has started well. We see \$151bn of impending raises in the US and nearly \$10bn in Europe

The SaaS Apocalypse and growth equity markets

'Whoever fights monsters should see to it that in the process he does not become a monster. And if you gaze long enough into an abyss, the abyss will gaze back into you.' Friedrich Nietzsche

The last three weeks have seen the public equity markets jolted out of their comfortable cohabitation with AI into renewed fears that AI advances will threaten the business models of a wide range of established industries.

Three things happened in quick succession

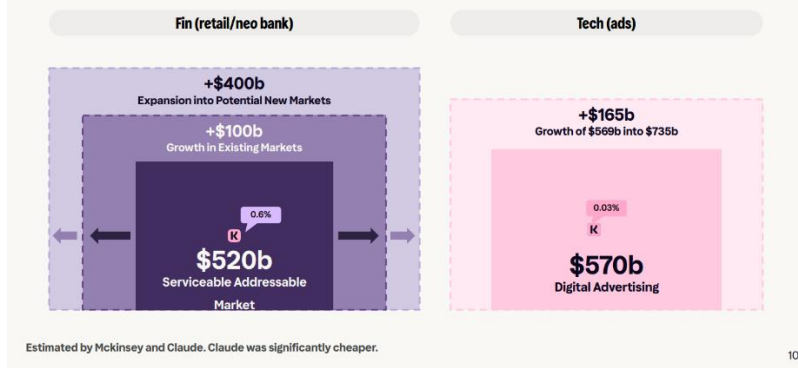
- In the last week of January there was a **sharp selloff of shares in videogames developers** after Google revealed its Project Genie AI-generation tool. This enables users to create 'interactive environments' in seconds using text prompts rather than coding. Take Two Interactive, Roblox, Unity Software and CD Project shares all fell by c10% in a day. At present the Google innovation is a time and facility limited 'environment' rather than a game creation vehicle, but Genie 3 has launched fears that world models could disrupt how video games are produced through fully automated game creation.
- The first week of February saw a **substantial fall in the share prices of software, workflow and data businesses**. The catalyst this time was the launch by Anthropic of eleven open-source plugins for Claude Cowork. Cowork is a digital workflow tool that allows non-technical users, such as finance, marketing, and consulting professionals, to use plain English text prompts to connect to various enterprise applications to perform complex tasks. Cowork can edit documents, build spreadsheets and slide decks, analyse data and automate workflows. The equity market view was that such developments could commoditise the creation of enterprise software, erode competitive moats, pressure seat growth (revenues linked directly to the numbers of users) and reduce pricing power. The S&P500 Software and Services index fell 4% on Thursday February 5th and is down 16% ytd. A range of data related businesses, which combine proprietary datasets and workflow tools also fell sharply – led by Gartner down 24%, RELX down 15%, Wolters Kluwer down 13% and LSE Group down 10%. Advertising agency groups WPP and Publicis were down 11% and 9% respectively
- The third factor was the revelation in the same week over the results of **the four big hyperscalers**, Microsoft, Meta, Alphabet (Google) and Amazon that they **plan to spend \$650bn on AI capex in 2026**. Alphabet announced capex of \$175bn-\$185bn on Wednesday 4th February and Amazon a \$200bn plan the following day. Meta had already announced spend of \$115bn-\$135bn while Microsoft is on track for c\$150bn. The cumulative c\$650bn figure compares with c\$380bn of expenditure in 2025 with the money going predominantly into data centres, AI semiconductors and servers. This level of spend is substantially ahead of initial expectations and has, in turn, impacted the share prices of these companies as the market concerns itself about the scale of the spend.

Put this also in the context of Open AI. This is a business which for its impending round is attracting a valuation of up to \$830bn – about half the market cap of Meta. Open AI's Sam Altman has talked about \$20bn of annualised revenue at the end of 2025 (Source: The Information) and has talked about reaching \$100bn annualised perhaps as early as 2027 and 'hundreds of billions' by 2030. Assuming the latter implies c\$300bn by 2030 it would give OpenAI revenues about twice those of Meta (2024 revenue c\$165bn). Sam Altman has stated that *'You should expect OpenAI to spend trillions of dollars on data centre build outs in the not-too-distant future'* and most external estimates anticipate c\$1.4 trillion in data centre and compute requirements in the next few years. OpenAI expects to grow fast and needs to do so. Some of its activities may create entirely new revenue streams. Much will have to be from the revenues currently enjoyed by somebody else.

Taken together these factors illustrate on the one hand the potential capability of AI to commoditise technical services and execution functions that have previously been highly priced, and on the other illustrate the pressing need for the AI driven businesses urgently to recover their substantial AI related investment.

An example of the first. This exhibit is from the Klarna Q3 2025 results presentation. The footnote reads *'Estimated by McKinsey and Claude. Claude was significantly cheaper.'*

Klarna is targeting massive profit pools



Source: Klarna

It's a simple illustration. The market had been travelling along with an AI and existing industries gentle co-existence narrative. Analysts and strategists were outlining baskets of relative AI winners and losers, companies were talking about how AI would infuse their businesses, allow efficiencies, some of which would be shared with customers and some of which would drop through to the bottom line. The story was humans with AI will replace humans without AI.

The narrative has now lurched to a much starker vision of the future. In this blasted heath version of AI disruption, the gentle coexistence is replaced by an AI industry which attempts to gouge out the functionality and value added of traditional business models, laying waste to the industries and companies that previously occupied these roles.

'They're coming to get you, Barbara': And this is not to be confined to software and services businesses in the direct path of the AI revolution using vibe coding to replace traditional programming skills. AI in this vision is coming for all the client industries in workflow, services, execution and analysis where a proprietary moat does not exist. It implies that AI is coming for a broad range of industries beyond software developers, IT services, and workflow tools. As the market has digested the potential implications, share prices in consultancies, data providers, legal services, media, publishers, advertising agencies, classifieds, price comparison, wealth management and other professional and business services have declined.

The sell off has spawned a wave of dramatic headlines - *'Selloff wipes out nearly \$1 trillion from software and services stocks'* (Reuters); *'\$300 billion Evaporated: The SaaS-Pocalypse has begun'* (Forbes); *'AI fears pummel software stocks'* (CNBC).

The broader market remains relatively unruffled. The S&P500 is up 1% ytd and is up since the day of the Anthropic announcements. Markets outside the US are robust with the FTSE 100 and the STOXX 600 up 5% ytd. Even the tech heavy NASDAQ, home to perceived AI winners and losers, is down just 1% ytd.

Rotation, not sell off: So, this is not a market sell off. It is a rotation away from software, IT and professional services stocks. Other sectors are outperforming. The dust will settle on which sectors will outperform but there are a few visible trends going on in markets.

Banks, Tanks and basics: The rotation has been into industries deemed unaffected by AI and driven by other positive fundamentals. Bank stocks continue to perform strongly on both sides of the Atlantic. Defence stocks, driven by heightened geopolitical tensions and by the impulse for Europe to rearm in the face of the Ukraine war and the JD Vance March 2025 Munich speech unravelling the US protective defence commitment, have soared after years of relative neglect. The same impulse that Europe must form its own future more independent of the capabilities of the US and China has also been prevalent. It was a key theme in the Mark Carney 'rupture' speech and has convinced many fund managers that industrial and basic industries will be rebuilt in Europe – and in the US – and that this means a focus on heavy 'real world assets' – manufacturing companies and potential beneficiaries of a potential bigger industrial capex cycle.

Risk and uncertainty: *“Uncertainty must be taken in a sense radically distinct from the familiar notion of Risk, from which it has never been properly separated.... It will appear that a measurable uncertainty, or “risk” proper.... is so far different from an unmeasurable one that it is not in effect an uncertainty at all.”*

Frank Knight, of the ‘Chicago School’ of economics argued that risk is observable and measurable. While risk may be undesirable, the probability and potential impact of an event can be defined and its outcomes assessed and measured through having adequate knowledge via the observation of past events.

Uncertainty, by contrast, is where possible outcomes are not known to us and we do not have the knowledge or experience to assign probabilities for possible outcomes and impacts. There is no ability to determine the appropriate response based on rational calculations.

Fund managers can cope with risk; they can’t deal with uncertainty.

Risk can be assessed, quantified and a measured approach can be taken balancing risk and valuation, calculating ‘what’s implied by the price’ and assessing outcomes and relative desirability.

Uncertainty, of the type created by the onrush of potentially far-reaching AI developments, makes these assessments virtually impossible and investment in affected sectors a shot in the dark. And in turn this is why, despite a flurry of sell side commentary arguing that perhaps the status quo is not so upset, the shares in the sectors most impacted are not recovering their steep falls. Rather than shoot in the dark fund managers prefer to go to those real-world sectors where the impact of AI is remote.

It feels like this is where we are now with the impact of AI innovation. The vast sums being thrown at the industry, scaling up at an unanticipated pace, the lack of guidance about where the returns on this investment are to be made (OpenAI gives few clues where its \$100s of billions of revenue are to come from) combined with a flurry of threatening (for established industries) product announcements and a lack of knowledge and experience of the AI industry as to what will come next and when (albeit an expectation that innovations will be rapid and dramatic) means that asset managers are cautious.

What does this mean for growth equity markets? There is a point to writing about this in the context of growth equity. A few, simple, conclusions can be drawn.

The power of AI: As we know AI and related raises dominated the growth equity market in 2025, furnishing 57% of the value of raises in the US. The top eight raises by value in the US were for AI businesses. The trend has continued into 2026 with already a \$30bn raise for xAI, a \$16bn raise for AV business Waymo, a \$1.4bn raise for Skild AI in robotics and \$1bn for AI infrastructure business, Cerebras. With the market viewing AI LLMs as the businesses of the future the wave of interest in these and AI innovation businesses will remain very strong.

The price/valuation impact in private markets is delayed: Public markets display a visible, daily traded price level in quoted assets. Liquidity and size issues can mean that the quoted price on the screen does not fully reflect perceived valuation, but a share price acts as a daily real-time barometer of the market’s view.

Such is not the case in private markets. Here price formation accompanies fund raising rounds. These are occasional and irregular. Where a company’s valuation stands in between rounds can only be dimly perceived, with views being formed in relation to the company’s perceived progress since the last round, valuations amongst comparator public companies, valuations achieved by comparator companies in other private rounds or by the price levels in very thinly traded and occasional secondary markets.

The experience of 2022 and its aftermath is instructive. The public markets fell back rapidly at the start of the year on the impact of the Ukraine war, rising inflation and the upwards turn of interest rates. The global growth equity market peaked in fund raising terms and valuations in 2021, but momentum carried it forward strongly in H1 2022, partly due to the time lag between the start and end of rounds, even as public valuations for equivalent businesses were falling. The chart illustrates the relative strength of Q1 and Q2 2022 fundraising for growth equity companies even as growth managers like Matt Turck of Firstmark were sending out alarm signals.

“Right now, the start-ups that are in the trickiest situation are growth-stage start-ups with unicorn-type valuations, a high burn rate, good but not great metrics, and 12 months of cash. You're going to see a lot of layoffs there, because companies need to urgently cut their burn if they don't want to run out of cash.” (Matt Turck, Firstmark, quoted in WIRED – June 2022)

Global Growth Equity deal activity by quarter- H1 2022 remained strong



Source: Pitchbook

Are we seeing a similar phenomenon now? In the last few days Databricks has raised \$7bn (\$5bn equity, \$2bn debt) at a valuation of \$134bn. Its platform is designed to help users ingest, analyse and build AI applications using complex data from different sources. Its closest public comparator is Snowflake, a \$60bn market cap business whose shares are down 18% since the start of February and 35% since its recent peak at the end of October.

RELX, the £40bn market cap professional data supplier with a growth business in AI and machine learning derived tools in the Legal, Science and Risk markets has seen its shares drop by 22% since the start of February and by 51% in the last year despite improving growth rates in revenue and EBITA.

The debate in this company has been fear that its growth potential in workflow tools would be cut away by new AI based companies offering similar tools, notably Harvey AI. Indeed, Harvey AI is both competitor and partner having struck a deal with RELX which allows its customers to interface seamlessly to RELX to access, as RELX customers, its proprietary data lake of legal information.

Harvey is thus a legal workflow tools business making the jobs of legal professionals more efficient with its products streamlining workflows in areas including contract analysis, due diligence, compliance, and litigation. This is one of the areas addressed by Anthropic and Claude Cework's new plug-ins. Its legal plug-in allows users to review documents, flag risks and track compliance.

Yet Harvey is reported in the press to be raising \$200m at an \$11bn valuation just months after raising \$160m at an \$8bn valuation. The underlying equity story for Harvey may be as strong as that for RELX - that its knowledge of workflows, the usefulness of its tools and the critical accuracy required by legal users means that in the real world its functionality may not be impinged on by generalist AI tools. Nevertheless, the contrasting fates of the public company RELX, down 50% with a loss in market capitalisation of \$49bn in a year and that of Harvey - a valuation gain of \$6bn (+120%) since its \$5bn valuation at its June 2025 Series E - is stark.

The impact on growth equity raises in software: The next exhibits show the sectors in which growth equity was raised in 2025. They indicate that Software was the second largest value category in US growth equity raises in 2025 with \$14bn raised over 72 deals. In Europe Software was the largest category with \$7.5bn raised over 113 deals.

The across-the-board enthusiasm for software deals is likely to be re-examined in the aftermath of the public market sell off. Software and SaaS raises will be scrutinised even more fiercely under the lens of their potential vulnerability to AI led disruption.

The same factor is already being seen in the private equity market, which is also a big investor in software companies. The prices of publicly quoted private equity businesses have been under pressure, with the relative scale of the falls approximating to their perceived exposure to software assets. While the underlying current performance of software companies may remain strong, the uncertainty will feed into valuation and potentially investor appetite. Quoted in the FT John Zito, Co-

President of Apollo Asset Management, cites the uncertainty factor as predominating:

“This is not just ‘nothing to see here’. This is a logical repricing of terminal value, of forward growth, of heightened uncertainty.

US Growth Equity in 2025 – Software the second largest sector by value of raises

Sector	Amount Raised		Number of raises			Biggest raises	\$m	\$m	\$m	\$m
	\$m	\$500m +	\$100m+	Total	\$m					
AI	132,627	25	59	84	OpenAI	40,000	Anthropic	15,000	Scale AI	14
Software	14,020	3	69	72	Savyint	700	Metropolis	500	Nerdio	6
Biotech	12,487	2	67	69	Retro Biosciences	1,000	Kailera Therapeutics	600	Maplight Therapeutics	6
Fintech	10,302	5	31	36	Acrisure	2,100	iCapital	820	Plaid	6
Climate Tech	9,837	4	29	34	Base Power	1,000	Commonwealth Fusion Systems	863	X-Energy	7
Defense	7,178	5	16	20	Anduril	2,500	Saronic Technologies	600	CHAOS Industries	6
Healthcare	5,208	1	30	31	Neuralink	600	Truveta	320	Strive Health	3
Data Centres	5,176	3	7	10	Crusoe Energy	1,400	5C Group	835	Eon	3
Prediction Markets	3,300	2	1	3	Polymarket	2,000	Kalshi	1,000	Kalshi	3
Metaverse	3,000	1	0	1	Infinite Reality	3,000				
Blockchain/Crypto	2,999	3	9	12	Kraken	800	Tempo	500	Ripple	6
Robotics	3,800	3	5	8	FigureAI	1,000	Physical Intelligence	600	Skill	6
Cybersecurity	2,938	2	11	13	NinjaOne	500	ReliaQuest	500	Armis	4
Quantum	2,130	2	3	5	PsiQuantum	1,000	Quantinuum	600	Quera Computing	2
LegalTech	1,913	1	6	7	Filevine	400	Harvey	300	Harvey	1
Space	1,464	0	7	7	Impulse Space	300	True Anomaly	260	Stoke Space	2
Social Media	1,300	1	1	2	X	1,000	Telegram	300		
Media	1,410	1	4	5	NEP	700	StackAdapt	235	Newsmax	2
Aviation	1,350	1	2	3	Flexjet	800	Boom Supersonic	300	K2 Space	2
Semiconductors	1,195	0	8	8	Celestial AI	255	Tachyum	220	Empower Semiconductor	1
eCommerce	1,140	0	5	5	WhatNot	265	Gopuff	250	Whatnot	2
Logistics	1,080	1	3	4	Watco	600	Highway	225	Motive Technologies	1
Agri	909	1	2	3	Chobani	650	Inari Agriculture	144	80 Acres Farms	1
Leisure/Restaurants	891	0	5	5	Santa Monica Amuser	236	Teamworks	235	Just Salad	2
Data	772	0	5	5	DDN	300	BlinkRX	140	Ocient	1
Security	705	0	3	3	Flock Safety	275	Ontic	230	Verkada	2
Medical Devices	758	0	5	5	Kardium	250	Impulse Dynamics	158	Apereo Health	1
Autonomous Vehicles	486	0	3	3	Nuro	230	Teradar	150	Nuro	1
Electric Vehicles	630	0	5	5	Harbinger	160	Electra.aero	115	Also	1
Consumer	480	0	3	3	Skims	225	Fruitist	150	Perfumeo	1
Insurance	373	0	3	3	Curative	150	Openly	123	Liberty Company	1
Cloud	208	0	2	2	Cast AI	108	Oxide Computer	100		
Other	2,044	2	8	11	Wonder Group	600	Kobold Metals	537	Divergent Technologies	2
Total	234,110	69	418	487						

Source: Rothschild & Co

European Growth Equity in 2025 – Software the largest sector by value of raises

Sector	Amount Raised		Number of raises			Biggest raises	\$m	\$m	\$m	\$m	
	\$m	\$500m +	\$100m+	Sub \$100m	Total						\$m
Software	7,529	2	17	94	113	Bending Spoons	710	Brevo	575	Lovable	3
AI	5,273	2	11	22	35	Mistral	2000	Isomorphic Labs	600	A21 Labs	3
Biotech	4,977	0	14	52	66	Verdiva Bio	410	Tubulis	395	Winward Bio	2
Climate Tech	4,919	0	16	52	68	green flexibility	420	Return	345	Skyng	3
Fintech	3,974	1	10	47	58	Rapyd	500	Dojo	190	Scalable Capital	1
Healthcare	3,543	1	8	32	41	Oura	900	Neko Health	260	Ortivity	2
Cybersecurity	2,574	0	6	30	36	Cyera	400	Cato Networks	359	Vega	1
AI DataCentres/Cloud	2,171	2	2	6	10	Nscale	1100	EcoData Center	521	Ori AI	1
Defence	1,698	1	4	7	12	Helsing	690	ICEYE	233	Quantum Systems	1
Quantum	1,383	0	6	8	14	IQM Quantum	320	Multiverse Computing	215	Quantum Machines	1
Space	1,020	0	4	10	14	Loft Orbital	175	Isar Aerospace	172	Aerospace Lab	1
Semiconductors	953	0	2	17	19	SiPearl	150	FMC	115	QANT	1
MedTech	948	0	3	13	16	Distalmotion	150	OrganOx	142	CMR Surgical	1
Telecomms	909	1	1	1	3	City Fibre	675	Nothing	200	GrainConnect	1
Robotics	684	0	1	13	14	Neura Robotics	125	Generative Bionics	80	Wandercraft	1
Blockchain/Crypto	659	0	1	11	12	Fnalty	136	TWL Miner	95	Komainu	1
Engineering	586	0	3	7	10	Stratasy	120	Mech-I-Tronic	115	Neural Concept	1
Data	528	0	2	7	9	Xoople	126	X Ocean	120	Exodigo	1
Online Grocery	495	0	1	0	1	Picnic	495				
Autonomous Vehicles	458	0	1	2	3	Avride	375	Vay	60	Aidoptation	1
Agri	423	0	1	9	10	Ecorobotix	105	Wild Bioscience	59	First Water	1
LegalTech	401	0	1	5	6	Legora	150	Legora	80	Luminance AI	1
Marketplaces	397	0	1	7	8	Jobs & Talent	125	Holidu	52	Refurbed	1
Leisure/Sports	317	0	1	4	5	MUBI	100	Animaj	85	Playtomic	1
Media /Research	290	0	1	3	4	Signal AI	165	DreamData	55	Eros Innovation	1
Electric Vehicles	265	0	1	4	5	Stark Future	110	Lizy	82	Donut Lab	1
Games	226	0	0	6	6	Good Job Games	60	Appcharge	58	Grand Games	1
Logistics	210	0	1	3	4	Dexory	100	Hived	42	Relay	1
Ridehailing	183	0	1	2	3	Verne	110	Sherbert London Taxis	50	Zeelo	1
EdTech	179	0	1	2	3	Lingokids	120	Knowunity	30	Woodclap	1
Materials Science	160	0	1	1	2	CuspAI	100	AMSilk	60		
eCommerce	131	0	1	1	2	JOKR	100	Bloq.it	31		
Consumer/Leisure	129	0	0	2	2	Minar	94	Gymbeam	35		
Life Sciences	102	0	0	4	4	BrainEver	33	Atrandi Biosciences	25	Spore.Bio	1
Property	85	0	0	2	2	Buena	58	Libeen	27		
Manufacturing	74	0	0	2	2	Expliceat	39	Flo Optics	35		
Other	381	0	0	11	11	Grupo Konecta	79	Holidu	52	Netforce	1
Total	49,234	10	124	499	633						

Source: Rothschild & Co

Growth equity sector rotation: An interesting feature of the market’s sudden adoption of the scale of the potential disruptive effect of AI on software, services, IT and related industries is the potential broadening of the growth equity market.

The nature of the venture model is that it induces clustering. The growth manager identifies an investment theme – the rise of AI is a classic one – and commits capital across a number of investments in that theme. The nature of venture is that the bulk of returns are made from a small fraction of the investments and so clustering around a strong theme to raise the chances of hitting the ‘fund returner’ business is logical. Thus, AI in 2025 captured 57% of US deal value. Software was second with 6%.

Not just money but attention is captured in the same way. It is common for early-stage companies outside the ‘hot sectors’ to say that they are struggling to gain an audience or attention for their proposition. Venture and growth investors are focused on a narrow range of industries or verticals in those industries to capture the companies that will provide the bulk of future returns. Thus, in vogue sectors like AI and software have the effect of sucking the oxygen of attention away from other sectors.

There is room for rebalance here. The possibility – and for some the opportunity – is that investor attention may broaden. Just as the public market investors are paying renewed attention to ‘banks, tanks and basics’ so we may see a broadening tend in private markets and a greater attention to non-AI impacted sectors.

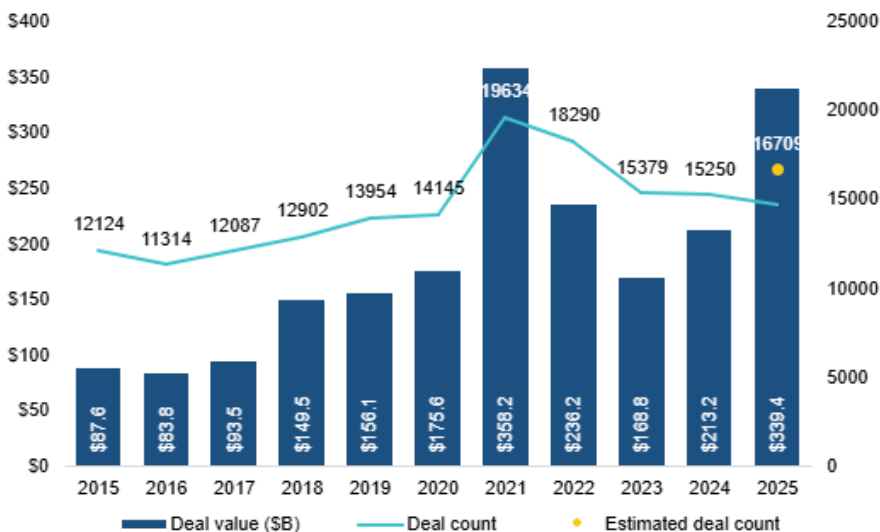
Growth Equity – Reflecting on the 2025 trends

Picking out some of the leading growth equity trends

Pitchbook/ NVCA has published its definitive 2025 Venture Monitor looking at trends in the US venture capital ecosystem in 2025. We covered much of this territory in our own review of 2025 in the January Growth Equity Update. Pitchbook though makes for interesting reading and has some compelling charts. Picking out a few of these:

2025: A strong year of fundraising: As we have observed frequently, 2025 was a very strong year for US VC fundraising. The Pitchbook data indicates a value of \$339bn of US VC raises across 16,700 deals. Since 2015 this figure has only been beaten by the \$358bn of the top-of-the -market year in 2021.

US VC Deal value – 2025 behind only 2021 in the last decade



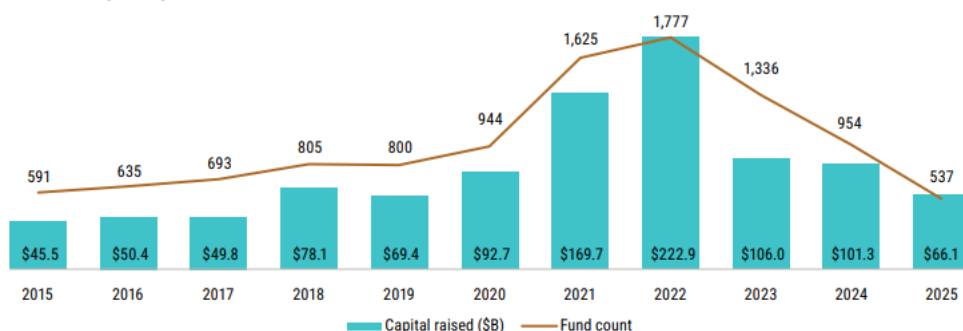
Source: Pitchbook

VC fund raising though depressed: At the same time, as we have regularly observed, the level of fund raising by VC firms has been very depressed. The funds raised have been concentrated into fewer, larger firms. The next chart illustrates this trend.

US VC fundraising peaked in 2022 with \$223bn being raised across 1,777 funds. The next three years combined have seen just \$273bn being raised. 2025 saw only \$66.1bn being raised, the weakest year of fundraising since the \$49.8bn of 2017. It was just 65% of the total raised in 2024.

US VC fundraising remains depressed.

VC fundraising activity



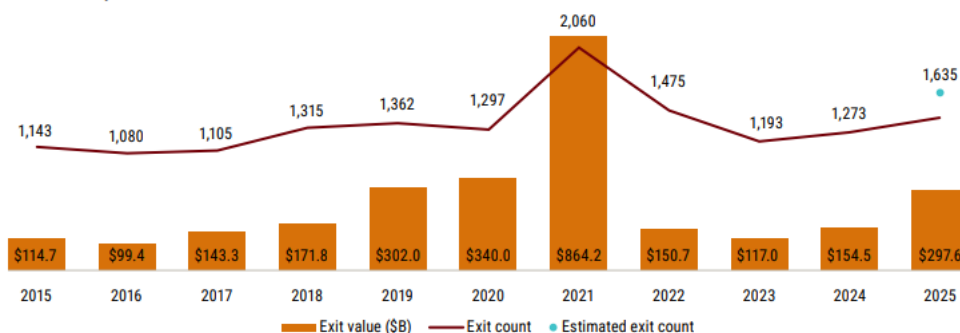
PitchBook-NVCA Venture Monitor • As of December 31, 2025

Source: Pitchbook

M&A and IPO trends offer hope of better liquidity: The reasons for this low level of fund raising are well rehearsed. In recent years a depressed exit market in both M&A and IPOs has reduced liquidity for LPs. There are some signs of this improving in 2026 with IPO activity picking up. M&A exits improved in 2025. Overall, 2025 was a better year for exits, the fourth best in the last decade. Although still well below the levels of 2019-21 this does offer some encouragement for 2026.

2025 - US VC exit activity improved from a low base

VC exit activity



Source: Pitchbook

Squaring the circle: Meanwhile how to square the circle of substantial deployment of venture capital money in 2025 with the relative trickle of new money coming into VC funds?

The answer lies in the concentration of VC funding in a few large rounds and in the type of investor seen participating in those rounds. The process is that VC raises, and particularly the largest VC raises, have been dominated by AI companies.

In turn those AI businesses have had the support of some of the biggest professional VC investment firms – the likes of a16z, Softbank, Sequoia, Founders Fund and Lightspeed, as well as a breed of successful dedicated AI investors that have emerged such Thrive Capital and Khosla Ventures. This partly explains the concentration of LP funds into the largest venture firms. Everybody wants to play the AI wave; the most attractive AI raises are dominated by a few big firms; and so, the LP money flows disproportionately to those firms.

The other factor is the presence of major corporates, both directly and via their VC arms. We have tracked the rise of NVIDIA for instance as a major player across a range of AI related industries investing both directly and through its venture arm NVentures. It seems almost omni present in recent tech raises and is playing a substantial role in propping up the entire VC ecosystem. Similarly, other members of the Magnificent Seven, for whom AI is now the touchstone of their future success, have become major players in the biggest VC rounds, providing an atypical source of funds for the VC market.

Let's illustrate this with a couple of charts. Our Rothschild & Co Deals Monitor tracks US VC deals valued at \$100m or more. We recorded 487 US growth equity deals of \$100m or more in 2025 raising a total of

\$234.1bn. AI dominated with 84 AI deals raising \$132.6bn, 57% of the annual total. The top ten deals in 2025 cumulatively raised \$106.5bn, 45% of the annual total. Of these eight were for AI businesses.

US Top 10 deals by value in 2025 – top eight were for AI businesses

Country	Date	Company	Stage	Amount \$m	Valuation \$m	Sector	Investors	What it does
USA	Mar-25	OpenAI	Funding	40,000	300,000	AI	Softbank (\$30bn), MicroSoft, Coateue, Thrive, Altimeter	LLM company
USA	Nov-25	Anthropic	Funding	15,000	350,000	AI	Microsoft, Nvidia	AI LLM
USA	Jun-25	Scale AI	Funding	14,300	29,000	AI	Meta	data labelling and AI training
USA	Sep-25	Anthropic	Funding	13,000	170,000	AI	Iconiq Capital, Lightspeed Venture Partners, FMR, QIA	LLM
USA	Nov-25	Project Prometheus	Funding	6,200		AI	Jeff Bezos	AI for manufacturing in computing, automobiles, aerospace
USA	Jun-25	xAI	Funding	5,000		AI	Space X	LLM
USA	Dec-25	Databricks	Series L	4,000		AI - Data	Insight, FMR, J.P. Morgan, Andreessen Horowitz	Data Intelligence Platform
USA	Mar-25	Anthropic	Funding	3,500	61,500	AI	Lightspeed	LLM company
USA	Jan-25	Infinite Reality	Investment	3,000	12,250	Metaverse	Private investor	Metaverse- augmented reality - platform
USA	Jun-25	Anduril	Funding	2,500		Defense	Founders Fund	enabling detection/ intercept of unmanned aircraft and dr
Total				106,500				

Source: Rothschild & Co

The presence of major corporates is marked.

- **Microsoft** was a major investor in the \$40bn raise for Open AI in March and is believed to have a 27% stake in the business. It is also an investor in Anthropic, committing \$10bn to its \$15bn round in October 2025. It was an early investor in the French LLM Mistral.
- **NVIDIA** invested \$5bn in Anthropic in the same October 2025 round. In its strategic partnership with Open AI announced on September 2025, Open AI committed to deploy at least 10 gigawatts of AI data centres with NVIDIA systems representing millions of GPUs. In return NVIDIA expressed an intent to invest \$100bn in OpenAI as the new NVIDIA systems are deployed. This means that, with Open AI engaged on a fresh \$100bn raise right now, NVIDIA has indicated that it may invest as much as \$20bn in OpenAI 's current \$100bn round.
- **Meta** was the sole investor in the \$14.3bn round raised by Scale AI In June 2025, with the deal designed to secure high quality training for LLM models and giving Meta 49% of the company.
- **Google** made a \$1bn investment in Anthropic in June this year, following its \$2bn investment in October 2023 and its investment in the initial \$450m round in May 2023. It has also led rounds in Sandbox AQ and A121 Labs.
- **Amazon** has led three rounds for Anthropic – in September 2023 and March and November 2024.

The UK National Wealth Fund – Unlocking the UK’s Future

The UK National Wealth Fund, the UK government’s principal investor and policy bank with £27.8bn of capital, has just launched its new five-year strategic plan to 2030/31. It is subtitled, ‘mobilising finance, unlocking growth’. The NWF, which is funded by taxes and borrowing and is one of several government-backed investment funds alongside the British Bank and Innovate UK, focuses on the government’s economic growth and clean energy missions. Its approach is threefold

- Unlocking growth opportunities on the pathway to clean energy
- Accelerating place-based investment across all four nations of the UK
- Strengthening sovereign and strategic capabilities.

The National Wealth Fund’s mission is to invest in capital-intensive infrastructure, supply chains and businesses across the UK, to drive more than £100bn of finance to promote long-term economic growth.

Thus far it has deployed £8.4bn investing in over 70 companies, projects and local authorities across the UK, bringing in over £17bn of private finance. With HM Treasury pursuing its growth goal, the pace of investment from the NWF has accelerated and it has shown a higher risk appetite. It is now making more equity investments ‘targeted where they can have a catalytic impact.’ It is also becoming active across a broader range of sectors, including frontier and foundational industries, to support the UK’s Industrial Strategy.

It has selected 25 sectors – from innovative technologies to strategic infrastructure – where it will be active, and which it feels have the potential to drive forward the UK’s long-term economic growth and energy transition. Within these, the NWF has identified ten sectors where it expects to have the most substantive ‘catalytic’ opportunities to support sectors. These are:

- Ports & supply chains
- Carbon capture, usage and storage
- Hydrogen
- Battery manufacturing & the electric vehicle supply chain
- Steel
- Power grid
- Energy storage
- Nuclear
- Transport infrastructure
- Place-based regeneration

In these sectors, the National Wealth Fund will aim to commit £5.8bn collectively over this strategy period.

There are a further 15 sectors in which the NWF will pursue investment opportunities which target high growth, innovative projects and businesses and accelerate the delivery of core infrastructure. These are:

- Artificial Intelligence
- Semiconductors
- Quantum technologies
- Defence
- Advanced materials
- Life sciences
- Critical minerals
- Aerospace supply chain
- Sustainable aviation fuels
- Water
- Offshore wind
- Retrofit
- Solar
- Heat networks
- Electric vehicle charging

With its investments the NWF looks at the potential to unlock further significant finance over time, co-investing with the private sector to crowd in finance throughout the lifecycle of individual investments. Its private investments typically exceed £100m and must be a minimum of £25m.

The NWF will provide growth capital to scale up businesses ‘with proven technologies, credible business plans, and strong management teams.’ Its focus is on later funding rounds. It will take minority positions in companies, wants to invest alongside institutional investors and typically does not want to be the largest shareholder.

The NWF declares that it is not an investor in third party investment funds. This marks a shift of approach. Previously, when the fund was known as the UK Infrastructure Bank, it did make such investments.

Having already deployed £8.4bn and with total funds of £27.8bn the NWF says that it aims to deploy all its funds by 2030/2, implying an investment rate of c£4-5bn pa. The NWF’s strategic plan can be found [here](#).

[national-wealth-fund-five-year-strategic-plan.pdf](#)

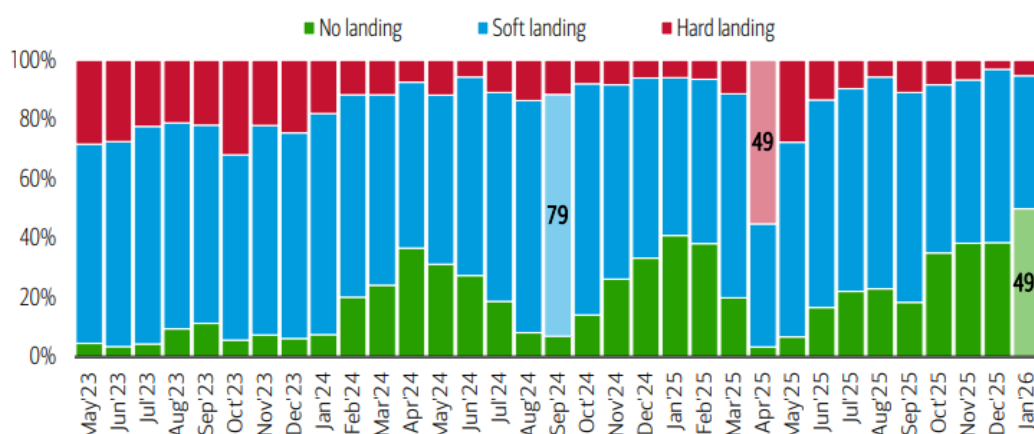
Public markets - Rotation

To the 12th of February, the FTSE 100 and the STOXX 600 are up 5%, the S&P 500 is up 1% and the tech heavy NASDAQ is down 1%. The FTSE Venture Capital Index, which replicates the performance of the US venture capital industry using liquid, publicly listed assets are down 16% ytd, reflecting the read across exposure of this index to ‘SaaS Apocalypse’ impacted stocks.

The most recent **BoA Global Fund manager survey** published in mid-January indicates a still very upbeat attitude amongst global fund managers. Notably there has been a surge in optimism on the macro-economic outlook around growth and profits.

- A net 38% respondents expect a stronger economy, the highest reading on this measure since July 2021.
- Expectations for a ‘boom’ are the highest since September 2021 at 34%, and its corollary, expectations for a recession, at 9% are the lowest since January 2022.
- The base case expectation for the global economy is now neither a soft landing nor a hard landing but rather ‘no landing’ at 49% of respondents.
- A net 44% of respondents expect global profits to improve in the next 12 months, also the highest since July 2021.
- In line with this global investor sentiment is at its most optimistic level since July 2021.
- The greatest risks are seen as a geopolitical conflict (28%) and ‘AI bubble’ at 27%.

First time in three years investor base case is ‘no landing’ for the global economy



Source: BofA Global Fund Manager Survey. “Peak” FMS expectations highlighted for hard/soft/no landing since May’ 23.

The survey was carried out between January 9th and 15th meaning that it predated the AI fear induced turmoil in software and related shares. Nevertheless, it is interesting to see that signs of sectoral rotation were already emerging. The survey shows investors increasing allocation to banks, healthcare, and insurance and reducing allocation to energy, utilities and technology. Interestingly, and reflecting a potential broadening of the market, investor optimism that large capital will outperform small caps has been neutralised and was at its lowest level since January 2025.

It is notable within all this that expectations about potential US interest rate cuts have faded. The appointment of Kevin Warsh as the new chair of the Fed has been viewed as the installation of a credible operator who is serious about controlling inflation. He is seen less as a likely zealot of interest rate cuts and more as a candidate who will limit the Fed’s remit and reduce quantitative easing and the size of the Fed’s balance sheet.

For the moment the Fed remains in the hands of the ancient regime of Chair Jay Powell, and hopes of immediate interest rate cuts are relatively low given the combination of signs of buoyancy in US economic growth (GDP growth was +4.3% in Q3 2025), inflation well above target at 2.7% in December, and an unexpectedly strong January jobs report which saw a net addition of 130,000 jobs and a drop in the unemployment rate from 4.4% to 4.3%.

When holding interest rates flat at its January 28th meeting Jay Powell observed that the US jobs market was showing ‘evidence of stabilisation’ and the market’s view is that the buoyancy of the economy and the relative strength of the jobs market combined with inflation stubbornly above the 2% target is likely to mean that the Fed will not make further rate cuts under the current chairmanship. His term runs out on May 15, 2026. President Trump in December 2025 meanwhile made it clear that a ‘litmus test’ in his choice of the new Fed chair would be their willingness to cut Fed rates.

The current Fed rate is at 3.5%-3.75%. The next Fed meetings are on March 18th (Fed Watch has an 89% chance of no rate change) and 29 April (79% no rate change). The June 17 meeting – the first under the new Fed chair- sees the expectation of unchanged rates fall to 40% with a 60% chance of a rate cut (49% of 25bps, 11% of 50bps).

The current most favoured anticipated rate at the end of 2026 (the last meeting of the year is 9 December 2026) is unchanged at 3%-3.25%, suggesting the market’s core expectation is 50bps of rate cuts in 2026. The market likes the combination of economic growth and lower rates.

UK interest rates: The last BoE meeting of 2025 on 18 December cut rates by 25bps to 3.75%. The first of 2026 on February 5th held rates steady, but it was a close-run thing with the Monetary Policy Committee in a 5-4 vote to hold rates. The MPC was relatively more optimistic around inflation. The December reading was at 3.4% but the MPC anticipates it falling back to 2.1% in Q2, faster than it had expected in its November report. The Bank of England also lowered its GDP growth forecasts. UK GDP growth was 0.1% in Q4 2025 meaning it reached 1.3% for 2025. The BoE has reduced its 2026 GDP forecast to 0.9%.

After its decision to hold rates flat at the February meeting the Governor of the Bank of England, Andrew Bailey commented,

‘Overall, the risks from inflation persistence appear to have continued to reduce. I therefore see scope for some further easing of policy. This does not mean that I expect to cut Bank Rate at any particular meeting. I will go into the coming meetings asking whether a cut is justified.’

This has sparked expectations of a 25bps rate cut at the March meeting. The market expectation is for interest rates to come down by 50-75bps to 3.0%-3.25% by the end of 2026.

European interest rates: As expected the ECB held rates steady at its February 12 meeting. The message coming out of the ECB in the last few months has been one of interest rates, now at 2%, having reached an equilibrium after a period of sharp rate cutting. ECB president Christine Lagarde observed after the October meeting that EU monetary policy is ‘in a good place’ and that the outlook for inflation is ‘broadly unchanged’. Actually, the January print for inflation, at 1.7% was lower than expected – consensus was at 2%. The ECB commented that its

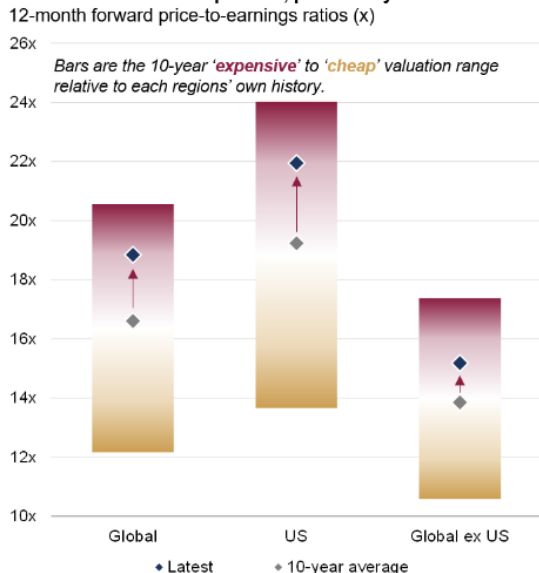
“... updated assessment reconfirms that inflation should stabilise at its 2% target in the medium term. The economy remains resilient in a challenging global environment. Low unemployment, solid private sector balance sheets, the gradual rollout of public spending on defence and infrastructure and the supportive effects of the past interest rate cuts are underpinning growth.”

The market consensus looks for interest rates to remain unchanged through 2026.

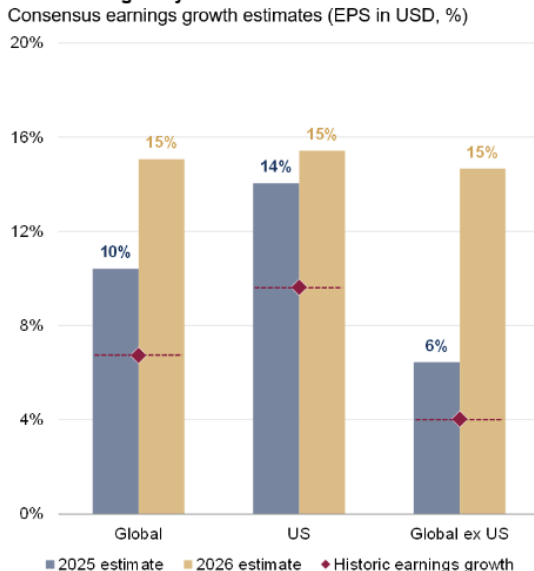
Our Rothschild & Co strategists Kevin Gardiner and Anthony Abrahamian note that stock valuations are high versus history, particularly in the US but that 2026 earnings growth, anticipated at 14% is also poised to be strong.

Valuations are dear but earnings growth has been healthy, so far

Stock valuations are expensive, particularly in the US...



... but earnings may broaden ahead



Source: Rothschild & Co, Bloomberg, LSEG Data stream, I/B/E/S, MSCI

Their views on the current market outlook are summarised in the Exhibit.

	GROWTH Positive	Ongoing resilience Tariffs seem mostly to be settling at levels which are big enough to put sand in the wheels of business, but not so big as to derail it – global goods trade volumes rose solidly in 2025. Forward-looking business surveys still point to ongoing growth, and harder data suggest that the key US economy still had plenty of momentum – despite a softer labour market – through the final quarter of 2025. In the UK, Europe and China, patchy growth seems to have stabilised at respectable rates for the full year
	INFLATION Neutral	Inflation remains sticky Economic resilience, rather than tariffs, is probably the main reason for most Western inflation rates remaining at above-target (>2%) levels. Though many headline rates moderated into the year-end, the stickiness in core rates is not surprising: unemployment is still lower than usual (even if slack is slowly emerging), and real wages are still growing. At these levels (2-4%) it will not trouble most businesses. It could (or should) however make central banks think twice about further rate cuts
	POLICY Positive	Policy is still supportive Against a backdrop of perennially-looming US government shutdown, the fiscal can is being steadily kicked further down the road, Mr Trump's expansionary "Beautiful Bill" being a case in point. In Europe, fiscal stances vary from the deliberately expansionary (Germany plans to boost defence and infrastructure) to the accidentally so (the UK and France, perhaps). Meanwhile, central banks may not have much room for further rate reductions – policy is far from 'restrictive' at current rates. The new Fed chair may start <u>doveishly</u> but we see him as someone who can maintain the Fed's independence
	GEOPOLITICS Negative	US territorial ambitions? The abduction of Venezuela's autocratic leader, Maduro, has been contentious, both ethically and legally. It has (unsurprisingly) not had a big economic or financial impact, but together with wider US antipathy towards the existing rules-based international order (its renewed threats over Greenland for example), it seems to point to a still more threatening geopolitical backdrop (with the Gaza ceasefire still precarious, and conflict continuing in Ukraine). However, it is too soon to talk of a distinct 'new world order'. Meanwhile, more 'routine' trade tensions have remained broadly stable as the US and China seek to de-escalate
	VALUATIONS Negative	Stocks: still fully priced Global stock markets have notched further new highs. Economic resilience – partly fuelled by the rollout of AI capex – and lower interest rates have helped, with earnings outturns looking solid. However, the room for further rate cuts may be shrinking, as noted, and valuations are at levels rarely exceeded in the past, boosted by hopes for AI-led productivity gains which look ambitious to us. Credit spreads seem also to be pricing-in a lot of good news. Government bonds however remain reasonably priced, particularly longer-dated issues, and can help diversify long-term portfolios.
	MARKET DYNAMICS Negative	Complacent markets? The market often "looks across the valley", and positive outcomes remain possible, even in today's testing times: stock prices may simply be anticipating them. However, in addition to the concerns identified above, surging precious metals prices, and simmering JGB and regional US banking stresses, have occasionally reminded us that more subtle uncertainties persist. That said, wider bank lending has been restrained, and corporate balance sheets look sound (at least, those we can see).

Source: Rothschild & Co.

Fundraising outlook: c\$160bn of potential raises

The pipeline keeps replenishing

Our Deal Monitor at the start of the year indicated \$159bn of impending raises. Despite substantial activity in January the total has held steady at \$160bn as we move through February. Of this we identify c\$151bn of impending US deals and c\$10bn in Europe.

The key component of the US list remains the intended \$100bn raise at OpenAI at an \$830bn valuation. The intention is to close the round by the end of Q1 with NVIDIA, Microsoft, Amazon and sovereign wealth funds targeted as potential investors.

Autonomous vehicle company Waymo has just announced a raise of \$16bn at a post money valuation of \$126bn led by Alphabet with support from Dragoneer, DST Global, Sequoia, Andreessen Horowitz and Mubadala Capital. Its previous funding round was \$5.6bn at a \$45bn valuation in October 2024.

Anthropic, which raised a total of \$32.5bn across three deals in 2025 is reportedly planning a further \$20-25bn raise at a valuation of \$350bn. GIC and Coatue Management are said to be leading the raise.

While the size of the putative Anthropic raise has increased, that for Tether, the stablecoin issuer, has decreased. Reports suggest that its hopes of raising \$15-\$20bn at a \$500bn valuation have been tempered. The company is now reported to be seeking a \$5bn raise at a similar valuation.

Robotics business SkildAI which has raised \$1.4bn from Softbank and NVIDIA moves off the US list.

US Growth Equity – c\$151bn in reported upcoming raises

Company	Country	Sector	Amount Valuation		What it does	Comments
			\$m	\$m		
Open AI	US	AI	100,000	830,000		
Anthropic	US	AI	25,000	350,000	LLM	Sequoia, Coatue, GIC
Waymo	US	AVs	16,000	110,000	Autonomous vehicles	Alphabet
Tether	US/EIS	Crypto	5,000	500,000	Stablecoin	
Fluidstack	US	AI	700	7,000	Cloud computing GPUs for data centres	Google
World Labs	US	AI	500	5,000	3D Modelling start up	
Agility Robotics	US	Robotics	400	1,750	humanoid warehouse robot Digit	WP Global, SoftBank Group Corp.
Replit	US	AI	400	9,000	AI coding	Georgian
Tensor	US	AVs	400		Self driving cars	
Lambda	US	Datacentres	350		Mubadala	
Indigo Technologies	US	CleanTech	300		electric delivery vans and taxis	
The Bot Company	US	Robotics	250	4,000	robots for household tasks	Eclipse
Incode Technologies	US	Software	225	3,000	Identification verification	
Sesame AI	US	AI	200	1,000	AI voice assistants	Sequoia, Spark Capital
Notion	US	Software	200	12,000	professional project management software	
Focused Energy	US	Fusion energy	150		Laser fusion energy	
ZeroAvia	US	Clean aviation	150		Clean aviation	Series D
Axiom Space	US	SpaceTech	100	2,000	Space infrastructure developer	1789 Capital, Type One Ventures
Avalanche Energy	US	Fusion energy	100		compact fusion energy reactors	Series B
Foundation	US	Robotics	100	1,000	Humanoid robotics	
Beyond Imagination	US	Robotics	100	500	Humanoid robotics	Gauntlet Ventures
Exo Imaging	US	Software	100		medical software and devices,	Sands Capital,BOLD Capital Partners
Verdaka	US	Physical Security		5,800	Satellites	Capital G,
K2Space	US	SpaceTech		3,000		Redpoint
Thinking Machines Lab	US	AI		50,000	AI LLM	
Vast Data	US	AI		30,000	AI infrastructure	Capital G, Nvidia
Total			150,725			

Source: Rothschild & Co; press reports

In Europe the list is headed by the expected \$2bn raise for autonomous vehicles business Wayve, led by NVIDIA, Microsoft and Softbank, and \$2bn for the French AI coding business Poolside led by Magnetar and NVIDIA. Italian AI infrastructure business, Domynt, is said to be raising \$1.15bn.

Advanced Machine Intelligence (AMI) Labs led by Yann LeCun, who was the key architect of Meta's AI strategy, is looking to develop 'world models', sophisticated, forward thinking AI systems capable of planning complex actions. This intended 'talent raise' will be based in Paris and is looking at an initial \$585m raise at a \$3.5bn valuation.

After recent raises Kraken, Parloa, Pennylane and Harmattan move off the list.

European Growth Equity – c\$9.7bn in reported upcoming raises

Company	Country	Sector	Amount Valuation		What it does	Comments
			\$m	\$m		
Wayve	UK	AI/AV	2,000		Autonomous vehicle software	Nvidia, Microsoft, Softbank
Poolside	France	AI	2,000	12,000	AI coding	Magnetar, Nvidia
Nscale	UK	Data centres	2,000		Datacentres	Series C
Domynt	Italy	AI - Infrastructure	1,150		AI gigafactory projects	
Syre	Sweden	Textiles	600		Textiles	H&M
Advanced Machine Intelligence Labs	France	AI	575	3,000	AI models	Meta AI scientist Yann LeCun
N26	Germany	Fintech	400		neobank	Coatue, Thirdpoint, Dragoneer
TooGoodToGo	Denmark	Marketplace	345	1,000	marketplace app for nearly-expired food	
Giotto.ai	Switzerland	AI	200	1,000	AI	Artificial General intelligence
Axelera	Netherlands	Semiconductors	150		Semiconductors	Samsung
Alan	France	Insurtech	117	5,000	Insurtech	
Cambridge Aerospace	UK	Defence	100	400	Drones	
Natural Cycles	Sweden	Healthcare	55		hormone-free birth control solution	Lauxera Capital
AAI	Israel	AI		1,000	Transformative AI tech	Lightspeed
Total			9,692			

Source: Rothschild & Co; press reports

January's growth raises

US off to a flyer, Europe beats tough comp

January saw US growth equity raises off to a very strong start. Fuelled by the long awaited \$20bn raise for xAI our Rothschild & Co Deal Monitor recorded \$34.3bn in raises of \$100m or more in the month. This was 3x the level of raises recorded in January 2025 and 9x the value of raises in January 2024.

It will come as no surprise to learn that AI related raises led the way. These accounted for €23.8bn, 69% of the total. After xAI the biggest raises were from autonomous vehicles software business, Waabi of Canada which raised \$750m in a Series C led by Khosla Ventures. AI semiconductor business Etched raised \$500m in a round led by Stripes. Humans&, an AI frontier lab focused on human centred AI systems raised a \$480m seed round led by SV Angel, NVIDIA, Jeff Bezos and Google Ventures. As a sidenote NVIDIA was again very heavily represented in the largest AI and related raises in January 2026, including a presence in each of the top three deals.

AI related deals continue to be prominent. Notably \$1.5bn was raised in Robotics led by the \$1.4bn Series C for SkildAI led by Softbank and NVentures. Skild is developing an 'omni bodied' brain to operate any robot for any task.

Biotech continued to be well represented with eleven rounds raising a total of \$2.1bn led by the \$305m Series F of cancer drugs specialist, Parabalis Medicines. The recent trend of seeing VC money diverted to defense companies continued with \$886m raised across four companies. The largest raise here was the \$450m for the defense materials business, Atlantic Alumina, an alumina foundry with the raise led by the US DoD.

US and Canada – 62 deals raised \$34.4bn in January

Country	Date	Company	Stage	Amount \$m	Valuation \$m	Sector	Investors	What it does
US	Jan-26	xAI	Series E	20,000		AI-LLM	NVIDIA, Cisco, Valor, Stepstine, QIA, MGX	LLM
US	Jan-26	Skild AI	Series C	1,400	14,000	Robotics	SoftBank, Nventures, Macquarie, Bezos Expeditions	"omni-bodied" brain to operate any robot for any task
Canada	Jan-26	Waabi	Series C	750		AI - Avs	Khosla Ventures, G' Venture, NVentures	AI model for autonomous trucks and robotaxis.
US	Jan-26	Zipline	Funding	600	7,600	Logistics - Drones	Fidelity, Baillie Gifford, Valor Equity Partners	Drone delivery
US	Jan-26	Kobold Metals	Series C	537	2,960	Minerals	Durable Capital Partners, T. Rowe Price	Mining critical minerals
US	Jan-26	Etched AI	Funding	500		AI - Semis	Stripes	AI semiconductors
US	Jan-26	Humans&	Seed	480	4,500	AI	SV Angel, Nvidia, Jeff Bezos, GV	AI frontier lab focused on human centered AI systems
US	Jan-26	Atlantic Alumina	Funding	450		Defense Materials	US Department of War, Concord Resources	alumina refinery
US	Jan-26	Clickhouse	Series D	400	15,000	Software	Dragoneer	Realtime analytics and data platform - DBMS
US	Jan-26	Parabalis Medicines	Series F	305		Biotech	venBio Partners, Cormorant AM ,Arch Venture Partners	Cancer drugs
US	Jan-26	Radiant	Series D	300		Climate - Nuclear	Draper Associates and Boost VC	Nuclear microreactors
US	Jan-26	Ricursive Intelligence	Series A	300	4,000	AI - Frontier Lab	Lightspeed	AI chips
US	Jan-26	Baseten	Funding	300	5,000	AI	M7, Capital G, Nvidia	AI inference model fine tuning
US	Jan-26	Cellares	Series D	257		Biotech	Blackrock, Eclipse	automated, large-scale manufacturing of cell therapies
US	Jan-26	Merge Labs	Seed	252		Neurotech	OpenAI, Bain	brain-computer interface technology.
US	Jan-26	Upwind	Series B	250		Cybersecurity	Bessemer, Salesforce, Picture Capital	real-time cloud security platform.
US	Jan-26	Decagon	Series D	250	4,500	AI - agentic	Coatue, Index, Chemistry VC	conversational agents designed to act like digital concierges
US	Jan-26	Mirador Therapeutics	Series B	250		Biotech	T. Rowe, Adage Capital , FMR	immune-mediated inflammatory and fibrotic diseases.
US	Jan-26	MergeLabs	Seed	250	850	AI	Sam Altman, Bain Capital- OpenAI	brain computer interface
US	Jan-26	Open Evidence	Series D	250	12,000	AI - Data	Thrive Capital and DST	medical search engine
US	Jan-26	Orca Bio	Series F	250		Biotech	Lightspeed	cell therapies for blood cancer/ autoimmune diseases.
US	Jan-26	Rain	Series C	250	1,900	Crypto	ICONIQ	Stablecoin payments
US	Jan-26	Vulcan Forms	Funding	220		Industrial	Eclipse and 1789 Capital	digital metal manufacturing platform
US	Jan-26	Novoen Magnetics	Series C	215		Industrial	One Investment Management	Rare earth magnets manufacturer
US	Jan-26	Onebrief	Series D	200		Defence	Battery Ventures, Sapphire Ventures	Defense collaborative and planning software
US	Jan-26	Upscale AI	Series A	200	1,000	AI - Infrastructure	Tiger Global, Premij Invest, Xora Innovation	AI networking infrastructure
US	Jan-26	Soley Therapeutics	Series C	200		Biotech	Surveyor Capital	Cell stress sensing platform
US	Jan-26	Aspen Power	Funding	200		Climate - Energy	Deutsche Bank	distributed generation platform for clean energy
US	Jan-26	Beast Industries	Funding	200		Entertainment	Bitmine Immersion Tech	Entertainment and consumer products
US	Jan-26	AirNexis Therapeutics	Series A	200		Biotech	Frazier Life Sciences, OrbiMed, SR One, GS Alternatives	therapeutics for pulmonary diseases
US	Jan-26	Flapping Aeroplanes	Seed	180		AI Lab	Google Ventures, Sequoia, and Index.	AI research lab
US	Jan-26	Span	Funding	176		Climate Tech	Kyber Knight Capital	Smart panels
US	Jan-26	JetZero	Series B	175		Climate Tech - Aviation	B Capital, United Airlines Ventures, Northrop Grumman, 3M V	commercial all-wing airplane
US	Jan-26	Alveus Therapeutics	Series A	160		Biotech	New Rhein Healthcare, Andera Partners, Omega Funds	GLP-1 drugs
US	Jan-26	Preply	Series D	150		Edtech	WestCap	language learning marketplace
US	Jan-26	Inferact	Funding	150	800	AI - Inference	a16z, Lightspeed	open-source LLM inference engine
US	Jan-26	LM Arena	Funding	150		AI-LLM	Felicitis, UC Investments	open platform to evaluate frontier AI models.
US	Jan-26	Clarity	Series F	150		Cybersecurity	Club Growth	Cybersecurity
US	Jan-26	Talos Global	Series B	150	1,500	Crypto	Robinhood Markets, Sony Innovation Fund, IMC, QCP	institutional digital asset infrastructure,
US	Jan-26	Alpaca	Series D	150	1,150	Fintech	Drive Capital, Citadel, Opera Tech	brokerage infrastructure APIs
US	Jan-26	PaleBlueDot	Series B	150	1,000	AI	B Capital, United Airlines Ventures, Northrop Grumman, 3M V	AI compute platform
US	Jan-26	Deepgram	Series C	143		AI	AVP	Voice AI platform
US	Jan-26	Standard Nuclear	Series A	140		Climate Tech - Nuclear	Decisive Point	advanced nuclear fuel
US	Jan-26	Medipost	Funding	140		Biotech	Skyjake Equity Partners and Crescendo Equity Partners	stem cell therapies for degenerative diseases
US	Jan-26	Defense Unicorns	Funding	136	1,000	Defense	Bain Capital	Airgap software platform for military systems
Canada	Jan-26	Photonic	Funding	130		Quantum	Planet First	Distributed quantum
US	Jan-26	Diagonal Therapeutics	Series B	125		Biotech	Sanoft Ventures and Janus Henderson	clustering antibodies
US	Jan-26	Tulip Interfaces	Series D	120	1,360	Software	Mitsubishi Electric	Frontline operations software
US	Jan-26	Mytra	Series C	120		Software	Avenir Growth	Supply chain automation
US	Jan-26	Zanskar	Series C	115		Climate Tech -Energy	Spring Lane Capital ,Obvious Ventures, Union Square	Geothermal energy
US	Jan-26	Neurophos	Funding	110		Semiconductors	Gates Frontier	Photonics
US	Jan-26	Zarninall Pediatrics	Series A	110		Healthcare	Healthier Capital, General Catalyst, K2 Health Ventures.	pediatric healthcare
US	Jan-26	Corgi	Seed	108		Fintech	Y Combinator, Kindred Ventures	AI native insurance carrier
US	Jan-26	Lyte	Funding	107		Robotics	Avigdor Wilenz, FMR, Atrides Management, Exor	Lyte/Vision- perception foundation for autonomous machines
US	Jan-26	EpiBiologics	Series B	107		Biotech	GV, Johnson & Johnson	protein degraders for cancer and immune diseases
US	Jan-26	Kinaset Therapeutics	Series B	103		Biotech	RA Capital Management, Forge Life Science	inhaled therapies for severe respiratory diseases.
US	Jan-26	LiveKit	Series C	100		AI - Video	Index Ventures	Infrastructure software for real-time AI voice/video applications
US	Jan-26	Northwood Space	Series B	100		Space	Washington Harbour, Andreessen Horowitz	Ground infrastructure for space missions,
US	Jan-26	Horizon3.ai	Series D	100	750	Cybersecurity	NEA	Cybersecurity - NodeZero platform
US	Jan-26	DealHub.io	Funding	100		Software	Riverwood Capital	Revenue execution and CPO platform
US	Jan-26	Rakuten Medical	Series F	100		Healthcare	TalAx Capital	Alluminox® platform-based photimmunotherapy
US	Jan-26	Cambium	Funding	100		Advanced Materials	Lockheed Martin Ventures, Gaingels, MVP	advanced materials for defense and aerospace
Total				34,371				

Source: Rothschild & Co

In Europe 51 deals raised a total of \$5.3bn in January, nudging past the \$4.9bn raised from 65 deals in January 2025, which was the third biggest value month in 2025. The biggest deal was the \$1bn raised for Octopus Energy spin out Kraken which was valued at \$8.65bn. Kraken, the 'modern operating system

for utilities' supplies energy software to utility companies. The round was led by D1 Capital, Fidelity International and Teachers Ventures.

The Kraken raise meant that software was the biggest sector by value in January with \$1.67bn raised. Other notable raises here were \$300m for the Dutch travel and hospitality software business, Mews and \$205m for the French accounting software business, Pennylane.

AI raises at \$649m edged out Biotech (\$639m) for second spot. Parloa, the German agentic AI business led the way with a \$350m Series D led by General Catalyst and EQT Ventures. In the UK Synthesia, the SaaS platform for AI content generation, raised \$200m in a round led by Google Ventures. AI related raises totalled a further \$295m across semiconductors, quantum, robotics and legal tech. The largest of these raises was \$100m for the German modular manufacturing robotics business, Robco.

As in the US defence raises maintained their recent pace with three deals raising \$463m. Autonomous defence systems business Roark raised \$210m in a Series B. French strike and surveillance drones' business Harmattan raised \$200m in a round led by Dassault Aviation which valued the business at \$1.4bn.

Europe - 51 raises of \$20m + in January for a total of \$5.3bn

Country	Date	Company	Stage	Amount \$m	Valuation \$m	Sector	Investors	What it does
UK	Jan-26	Kraken	Funding	1000	8,650	Software - Utility	D1 Capital, F.L. Teachers Ventures	Utility-Grade AI™ supports 70m+ accounts worldwide, provider of AI agents
Germany	Jan-26	Parloa	Series D	350	3,000	AI	General Catalyst, EQT Ventures, Allimeter Capital, Durable Capital	Hospitality, travel software
Netherlands	Jan-26	Mews	Series D	300	2,500	Software	EQT Growth, Atomico, Harborvest	Hospitality, travel software
Germany	Jan-26	Oviva	Series D	234		Healthcare	Kinrevik, Planet First, AP Moller, Lunale, Sofina, Norrsken	digital therapy programmes for weight-related and chronic conditions
Switzerland	Jan-26	Terralayr	Funding	225		Climate Tech	Eurazeo, RVE Private Investment	energy flexibility services on demand
UK	Jan-26	Roark Aerospace	Series B	210		Defence	Undisclosed	autonomous defence systems,
France	Jan-26	Pennylane	Funding	205		Software	TCV, Blackstone	Accounting software
UK	Jan-26	Synthesia	Funding	200	4,000	AI- video	Google Ventures	SaaS platform for AI content generation
France	Jan-26	Harmattan	Series B	200	1,400	Defence	Dassault Aviation	autonomous defence systems, strike and surveillance drones.
France	Jan-26	Alveus	Series A	160		Biotech	Andriera Partners, New Rhein Healthcare, Omega	therapies for weight-loss and metabolic diseases
Israel	Jan-26	Torq	Series D	140	1,200	Cybersecurity	Merlin Ventures	Cybersecurity
Germany	Jan-26	Robco	Series C	100		Robotics	LightSpeed Venture Partners and Lingotto Innovation	AI-powered modular robots for manufacturing tasks
UK	Jan-26	Swap	Series C	100		eCommerce	Iconiq Capital, DST Global, Cherry Ventures.	e-commerce operating system
Germany	Jan-26	Osapiens	Series C	100	1,000	Software	Decarbonisation Partners	Sustainability software
Netherlands	Jan-26	Vicentra	Funding	98		Healthcare	ROM Utrecht Region, Venturing Tech, altivation Industries.	Kaleido insulin patch pump system
UK	Jan-26	Stream (Wagestream)	Series D	90		Fintech	Sofina, Ascension Ventures, Balderton, Northzone, Smash Capital	financial wellbeing tools for employees
UK	Jan-26	TypeOne Energy	Convertible	87		Climate Tech - Fusion	Breakthrough Energy, Prime Movers Lab	Fusion power
UK	Jan-26	Tenpoint Therapeutics	Series B	85		Biotech	Janus Henderson, EQT Nexus, Hillhouse	Eye conditions
Switzerland	Jan-26	Swisstof2	Funding	85		Space	European Space Agency member states.	satellites and advanced radio frequency products for telecomms
UK	Jan-26	Nuzera	Series C	75		Biotech	GS Alterraives, RD Fund	Antibody engineering
UK	Jan-26	Beacon Therapeutics	Series C	75		Biotech	GS Alterraives, RD Fund	ocular gene therapy
Israel	Jan-26	Facify	Seed	73		AI	Valley Capital Partners	AI infrastructure for documents
Israel	Jan-26	Datarails	Series C	70		Fintech	One Peak, Vertex	CFO financial planning and analysis platform
Germany	Jan-26	Orbem	Series B	65		Biotech	Innov8 Industries	MRI technology for biological imaging
Germany	Jan-26	Exciva	Series B	60		Biotech	Gimv, EQT Life Sciences	Alzheimers therapies
Ireland	Jan-26	Equal1	Funding	60		Quantum	Ireland Strategic Investment Fund	quantum semiconductor
UK	Jan-26	Orbitai	Funding	60		LegalTech	Brighton Park Capital, RELX	AI real estate law
Belgium	Jan-26	Aikido Security	Series B	60	1,000	Cybersecurity	DST Global	developer-first security products
Denmark	Jan-26	Lunar	Funding	55		Fintech	100A, Heartland and Orbit Alliance.	Digital bank
Italy	Jan-26	D-Orbit	Series D	53		Space	Azimat	space logistics - satellite carrier
Finland	Jan-26	Sensofusion	Series B	53		Defence	Varna	advanced anti-drone systems
UK	Jan-26	bit.bio	Funding	50		Biotech	M&G Investments	human cell programming technology
France	Jan-26	FinHeart	Series C	41		MedTech	Groupe Pasteur Mutualité and Groupe Etchart	implantable cardiac assist devices
UK	Jan-26	Midrite	Series C	35		Gambling	Raine Partners, Play Ventures, Discerning Capital	sportsbook and casino operator.
Spain	Jan-26	Fracctal	Funding	35		Software	Riverwood Capital	maintenance management and physical asset software provider
UK	Jan-26	Trybe	Funding	30		Software	Five Elms Capital.	spa, bathroom, leisure, and activity management software
Turkey	Jan-26	Telemoster Games	Funding	30		Games	Arcadia Gaming Partners, a16z, Point72, General Catalyst.	mobile puzzle games developer
France	Jan-26	Sunlib	Funding	29		Climate Tech	Ecopée Gestion	solar installations through a subscription mode
UK	Jan-26	Optalysys	Funding	29		Semiconductors	Northern Grilstone	optic processors - photonic computing
France	Jan-26	FinHeart	Series A	25		Fintech	height, Fenwick, Cooley, TLV	equity management system
France	Jan-26	Enodia Therapeutics	Seed	24		Biotech	Elia, Pfizer Ventures and Bpifrance	small-molecule therapies for targeted protein degradation
Netherlands	Jan-26	Qualix	Funding	23		Semiconductors	Invest-NL	Ultra low power GNSS chips
UK	Jan-26	Evaro	Funding	25		Healthcare	Albion VC	National Health Service-licensed digital healthcare platform
UK	Jan-26	Englitz	Series A	25		Biotech	Netherton Investments	cancer and fibrotic diseases
France	Jan-26	Slok	Series C	23		Fintech	Impala, Opera Tech Ventures	Cyber risk and insurance
UK	Jan-26	Fradling	Series A	23		Semiconductors - AI	NATO Innovation Fund, OSE	AI based silicon and software
Germany	Jan-26	Clover	Series A	22		Climate Tech - AI	MMG, OED	renewable energy rentals
Ukraine	Jan-26	Holywater	Funding	22		Media	Horizon Capital	entertainment platform to create /distribute short-form video series
Germany	Jan-26	Blockbrain	Series A	21		AI- agentic	13books Capital and Alstin Capital	AI agent platform for knowledge-intensive and critical sectors
France	Jan-26	ErVimmune	Series A	20		Biotech	Seventree Partners and SPRM Global Investments.	cancer vaccines and T cell therapies
Spain	Jan-26	Tucvi	Series A	20		Healthcare	Cathay Innovation and Klund	AI-based healthcare management platform
Total				5,280				

Source: Rothschild & Co

Our views on the state of the venture capital markets

October 12, 2022, marked the low point for the S&P500 on the back of global inflation, rising interest rates, and increased geopolitical risk. It also ended the buoyant market conditions for the venture capital market that saw its activity and valuations peak in late 2021.

October 12, 2025, marked the third anniversary of the bull market that has seen the S&P500 rise by almost 90% and NASDAQ by 120%.

In that period the FTSE Venture Capital Index was up by almost 170% and since June 2025 has been back above its previous 2021 peaks.

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.

At 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, legal tech, 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, Climate Tech, 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.

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For more information, or advice, contact our Growth Equity team:

[Mark Connelly](#)

Co-Head of Global Market Solutions

+1 212 403 5500

+1 917 297 5131

[Chris Hawley](#)

Global Head of Strategic and Private Investors.

+44 20 7280 5826

+44 7753 426 961

[Patrick Wellington](#)

Vice Chairman of Equity Capital Markets

+44 20 7280 5088

+44 7542 477 291

[Antoine de Guillenchmidt](#)

Co -Head of Equity Capital Markets Europe

+44 20 7280 5377

+44 7907 712 978

[Pete Nicklin](#)

Co-Head of Equity Capital Markets Europe

+44 20 7280 1668

+44 7912 395 294

[Laura Klaassen](#)

Head of Private Distribution

+44 7926 905 488

[Thomas Chung](#)

Head of Private Capital, North America

+1 212 403 5559

+1 917 594 7208

[Tim Brenton](#)

Director of Private Distribution

+44 20 7280 1351

+44 7788 395 556

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