HSBC Funding the Future Survey - AI megadeals and the rest

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The ninth edition of our proprietary Funding the Future Survey shows that investor sentiment is improving and activity is rising, yet it is increasingly concentrated in fewer themes, fewer funds, and fewer mega-large deals.

Private market investors are more constructive over the next 12 months than they are for the next quarter, while listed equity investors are continuing to lean optimistically after a strong first half for risk assets.

Carried out by Survation, this survey captures the views of more than 200 global investors representing a significant portion of the private and public high-growth investment community. Survey participants represented total assets under management of USD2.32trn with about USD863bn attributed to venture capital (VC) and private equity (PE) investors. The fieldwork took place from 19 June to 17 July 2026.

The first two quarters of 2026 were extremely volatile for markets. Destabilising narratives were broad-based, from AI being too disruptive to a string of geopolitical headlines, compounded by energy driven shocks and a more hawkish shift in global monetary policy, with the ECB raising rates and the Fed pausing cuts while debating further hikes. Public markets were dominated by volatility in AI-related stocks with concerns around profitability of AI capex.

Despite all this, global equities remained resilient. In private markets, persistent liquidity constraints and the overhang due to geopolitical uncertainty meant that, although in headline terms the VC fundraising and dealmaking run rate was improving, capital was concentrated in AI, software, and periphery deals.

Exits have been defined by a wave of mega initial public offering (IPO) announcements that will unlock liquidity for private investors. SpaceX’s historic listing, with roughly USD75bn raised and a valuation in the USD1.5-1.8trn range, has set the tone for the year. OpenAI and Anthropic may follow as other trillion-dollar candidates. Together, these three IPOs are expected to generate more exit value than all US VC-backed IPOs since 2000, but they are concentrated in a very small set of sponsors and limited partners. For the broader market, the backlog remains substantial.

Against this backdrop, private market sentiment is positive overall. Yet it has become bifurcated over the near and long term. Some 44% of VC/PE investors expect an increase in activity over the coming quarter, while 47% expect no change. Over the next year, optimism strengthens, with 64% expecting a pick-up in activity.

Under the surface, the rebound in headline deal activity is being driven by a small number of outsized financings. Year to date, the global VC deal value is around USD560bn, and the market continues to be dominated by AI and machine learning megadeals. In the first quarter alone, the US deal value reached USD267bn, but removing the five largest deals reduces the figure by more than 70%, highlighting just how concentrated the cycle is.

PE sentiment is notably more cautious: only 17% of investors anticipate an increase in PE activity over the coming quarter, reflecting the tighter backdrop for leveraged buyouts and financing-sensitive transactions.

Public investors are more positive than in the previous wave. 55% of all investors expect a further rally in public equities over the next quarter, while 19% anticipate a decline and 29% expect no change. Despite volatility linked to geopolitics and energy prices, Q2 delivered the strongest quarterly gains in six years, and survey responses suggest investors still see enough support to stay risk-on, with more emphasis on selectivity than broad beta.

Fundraising expectations have moved up, though most investors still sit in the “neutral” camp. Over the coming quarter, 27% of investors expect fundraising conditions to improve. Investor confidence in exits is building, particularly for high-quality technology and AI issuers. 46% of VC/PE investors expect IPO activity to increase over the next quarter, and only 11% expect a decrease.

Among listed investors, 59% expect IPO activity to increase over the next year. Exit intent remains high, with 81% of VC/PE investors planning to exit portfolio companies in the next 12 months.

Public equity investors rank Technology and Technology, Media and Telecoms (TMT) more highly, while remaining neutral on Healthcare, and having a somewhat bearish skew on Financials. Private market investors also rank Technology higher, along with Healthcare.

AI remains the dominant engine for both private and public market positioning, but investors are getting more discriminating. Most still expect the infrastructure build-out to continue: 60% of investors predict AI capex will increase over the next six months. 90% say current AI capex is either under-utilised (41%) or about right (49%), with only 10% calling it overdone. The upside is increasingly focused around proof of monetisation. The top “upside surprise” is enterprise return on investment, selected by 33% of private investors and 43% of public investors. On the downside, both public and private investors converge on the same fear: monetisation disappointment if adoption does not translate into revenue or margin delivery.

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Trade without AI - What happens if the boom fades?

It is almost impossible to talk about the trade outlook these days without talking about AI. Today, AI-enabling goods (as defined by the World Trade Organization) account for nearly 20% of global goods trade, up from 14% on average in 2024.
