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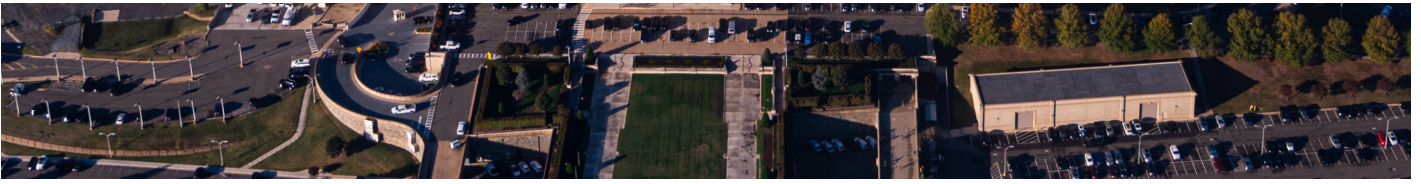
PRIVATE EQUITY

Arlington Capital's \$6 billion haul seizes on the defense boom

The PE firm's latest fund is 58% larger than its predecessor, underscoring investors' voracious appetite for defense- and government-linked assets.

October 30, 2025 | By [Madeline Shi](#)





Bill Clark/Getty Images

[Arlington Capital Partners](#) has collected \$6 billion for its latest flagship fund to invest in defense and government-related industries.

The Bethesda, MD-based private-equity firm was targeting \$4.75 billion for Arlington Capital Partners VII, but ended up hitting its \$6 billion hardcap in five months, according to a statement.

Fund VII is around 58% larger than its predecessor, which collected \$3.8 billion by the time it reached final close in 2023.

Limited partners from the firm's previous funds re-upped with substantial commitments. The [Arkansas Teacher Retirement System](#) approved an allocation of up to \$40 million to the new fund, according to public pension documents. [Virginia Retirement System](#) and the [Public Employees Retirement Association of New Mexico](#) also disclosed commitments.

The haul shows how defense specialists are thriving at a time when the US and its allies race to bolster national defense, and increasingly turn to private capital providers to help them do it.

The Financial Times reported earlier this month that Army Secretary Daniel Driscoll and Treasury Secretary Scott Bessent met with KKR, Cerberus, Apollo Global Management and other large buyout shops, asking them to help finance a \$150 billion overhaul of Army infrastructure.

PE's interest in the space has been strong even before this development. In 2024, PE investments in the aerospace and defense sector surged 77% year-over-year, hitting \$43.3 billion, according to PitchBook's [Q2 2025 Aerospace & Defense Report](#). This year through June, PE firms spent nearly \$20 billion.

Arlington invests in mid-sized businesses in highly regulated sectors, such as defense

and aerospace, government services and technology, and healthcare. It mainly employs a buy-and-build strategy, growing its portfolio companies through acquisitions.

The firm’s recent exits include the sale of [BlueHalo](#) to defense tech company AeroVironment. The all-stock transaction gave the space, autonomous systems and cyber warfare specialist an enterprise value of around \$4.1 billion.

Arlington Capital Partners VI generated an IRR of 25% as of Dec. 31, 2024, according to a document filed by the San Antonio Fire and Police Pension Fund, which also committed to the new fund.

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