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EXCLUSIVE FUND NEWS

Citation Capital Bucks Fundraising Slump With $1.2 Billion Debut Fund

The female-founded firm raised one of the largest first-time buyout funds in recent years

By Maria Armental

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From left, Lydie Hudson and Tiffany Hagge, co-founders of Dallas-based Citation Capital Management.
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Quick Summary

- Citation Capital Management raised $1.2 billion for its debut fund, which ranks among the largest first-time buyout funds in recent years.
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Citation Capital Management has raised more than $1 billion for its inaugural fund, betting on “AI-proof” family businesses that Citation founders say form the economy's backbone.

The new fund ranks among the largest first-time buyout funds in recent years and comes at a particularly challenging time for emerging managers.

"Our value proposition to our investors was that we had more of our career in front of us than behind us," said Lydie Hudson, a former Credit Suisse executive who co-founded Dallas-based Citation with former BDT Capital Partners senior dealmaker Tiffany Hagge.

The fund

Citation Fund I turned away some investors and capped commitments to stay at its hard cap of $1.1 billion in capital from outside investors, Hudson said. Capital from the firm itself and certain affiliates pushed the final tally to $1.2 billion.

Although the firm didn't name investors in the fund, WSJ Pro previously reported that it received early backing from Capital Constellation, a general-partner stakes platform managed by Wafra.

In all, Citation manages about $2.1 billion in assets, including co-investment vehicles.

Citation has already invested about 40% of the $1.2 billion across four deals. Its recent investments include the acquisition of World Travel Holdings, a Fort Lauderdale, Fla.-based leisure travel company, and last year's purchase of Gallo Mechanical, a family-owned contracting business based in New Orleans.

"In a challenging environment," Hagge said, "we focused on controlling what we could control, and performance wins the day."

The strategy

Citation focuses on founder- and family-owned North American companies in industrials, services and certain consumer-facing sectors.

“In the world of AI and potential disintermediation, the companies that we invest in are the lifeblood of the American economy,” Hagge said.

Target companies typically generate $50 million to $100 million in core profit, with investment check sizes of up to $400 million, including co-investment capital and rollover equity from sellers, Hagge said. The firm’s investment sweet spot is $250 million to $300 million.

The Citation team includes other BDT alumni, such as Partners Spencer Almy and Santiago Castelazo. Like Hagge, a former member of the U.S. women’s national hockey team, many are former Division-1 athletes who competed at the highest level of NCAA collegiate sports.

“There’s a lot of analogous qualities in terms of what it takes to be successful in our business and what it takes to perform at an elite level as an athlete,” Hagge said, adding that some of those traits are imbued in the firm’s culture.

“We’re passionate about what we do, and we’re a competitive bunch,” she said. “We want to win, and we want to win with integrity, but we also over-index on our ability to withstand adversity.”

The context

Citation’s debut fund closes in a particularly challenging fundraising market for first-time managers.

Last year marked a record low for first-time funds raised, according to research firm PitchBook. In the first half of 2026, PitchBook tracked only 23 first-time funds that raised a combined $6.3 billion in the U.S. That compares with a full-year average of 181 funds a year from 2021 to 2023.

Citation started fundraising in 2023 and closed its first deal, better-for-you snack maker Cibo Vita, in 2024. Backing deals while it was in the midst of fundraising helped the firm break through some of the barriers facing emerging managers, Hagge said.

“We had to prove to investors that we could be great fiduciaries,” Hudson said, adding that what helped them stand out was “team strategy, track record, performance and then it was just persistence.”

As founders themselves, Hagge said they relate to founder families on what it takes to build a business, namely “the grit, the perseverance, the fortitude and the conviction it takes over an extended period of time to create something successful and differentiated.”

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