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A-Street Raises $675 Million for Its Education Fund

BY MARIA ARMENTAL

A-Street, a multistage investor backed by the Walton family, has raised $675 million to invest in education, adding to its backers the Lego Foundation.

A-Street Fund II so far has collected $675 million, including co-investments, from members of the Walton family and the Lego Foundation, part-owner of Danish toy maker Lego Group, said co-founder and Managing Director Marc Sternberg.

A former Walton Family Foundation professional and New York City Department of Education executive, Sternberg launched A-Street in 2021 with Tom Kuo, who had worked with Berkshire Partners, General Atlantic and Goldman Sachs. Sternberg said the firm continues to hold conversations with other potential Fund II backers.

In 2021, A-Street closed its debut fund with $325 million, including co-investments, supported by the Walton family, heirs to the Walmart fortune.

For the Lego Foundation, A-Street's sophomore fund represents its first large-scale education impact investment and reflects a broader approach in the way the foundation will deploy its money, said Sidsel Marie Kristensen, the foundation's chief executive.

The investment, she said, marks an expansion of the foundation's grant-making philanthropy and builds on the Walton and Kirk Kristiansen families' shared commitment to invest in education.

MAGGIE MARGUERITE INC. FOR A-STREET

Marc Sternberg, co-founder and managing director of education investor A-Street.

The Kirk Kristiansen family are the descendants of Lego founder Ole Kirk Christiansen.

"It's all about creating outcomes and impact for children," she said.

Sternberg said A-Street plans to stick to its debut fund strategy of backing early- to late-stage U.S. companies tackling prekindergarten to 12th-grade educational issues, particularly focusing on curriculum and instructional platforms that lead to better student outcomes.

"These are businesses that are rethinking how to develop core instructional materials for schools," A-Street's Sternberg said, "resetting how pedagogy happens."

The firm typically invests as much as $150 million, including co-investments, with most of its money going into growth investments.

It positions itself as a long-term investor, looking to hold investments for as long as 15 years.

"The traditional path of private equity has not worked for the space," Sternberg said, noting that education doesn't operate in private equity's typical three-to-five-year investment cycle, with instructional materials adoption cycles alone running well past the typical hold period for a private-equity firm. "That is a problem to fix," he said.

A-Street hasn't sold any of its investments so far, Sternberg said. Its first investment out of its debut fund involved a minority stake in KKR's 2021 buyout of early-childhood education company Teaching Strategies from Summit Partners. That first fund is largely deployed, Sternberg said.

$150M

A typical investment from A-Street, which charts a long-term strategy

Other A-Street investments include Great Minds, a curriculum provider behind such programs as Eureka Math; youth mental health startup Cartwheel Care; and AI-powered early reading platform LitLab.

A-Street has backed companies as a minority investor, joining forces with larger investors, but Sternberg sees the opportunity—and the pipeline—to take the lead as a control investor.

Private equity flocked to education in the Covid-19 pandemic years as schools and the government invested heavily to avoid disruptions and overhaul operations. Global investments in education deals, including private-equity, topped 900 in 2021 and 2022, according to Tyton Partners, an education-focused investment bank and consulting firm.

Deals such as Bain Capital's $5.6 billion acquisition of PowerSchool and KKR's $4.8 billion purchase of Instructure, both in 2024, highlight private equity's focus on technology providers.

But 2025 marked a "reset year," with U.S. education deal volume declining by more than 20% as the Trump administration moved to eliminate the Education Department while pandemic stimulus dollars ran out, Tyton said.

Sternberg, however, said he sees a strong pipeline ahead, both to back new investments and increase the firm's position in current investments.

He added that A-Street focuses on core education instruction, considered less susceptible to budget cuts than supplemental services intended to fill gaps or enhance learning. "We see some wonderful opportunities, and we hope to get busy very quickly," he said.

Maria Armental writes for WSJ Pro Private Equity.