



# 1Q25 US PRIVATE EQUITY

Signs of Macroeconomic Turbulence are Beginning to Temper Expectations

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# AXIA

PRIVATE EQUITY NEWSLETTER

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**Fundraising Challenges | Expected Dealmaking Revival | IPO Exit Opportunities**



# 1Q25 US PE BREAKDOWN

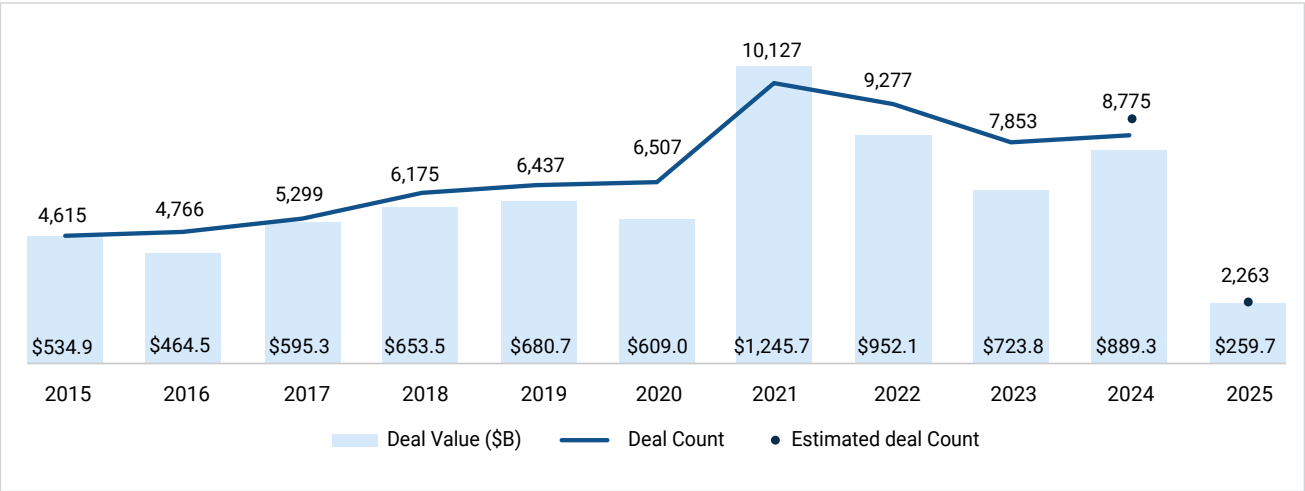
## Market Momentum Meets Mounting Headwinds

**US PE entered 2025 with strong momentum, yet elevated valuations and emerging tariff pressures are tempering investor sentiment. As a result, market participants closely monitor take-private activity, IPO dynamics, and fundraising trajectories.**

US private equity (PE) entered 2025 with renewed momentum, reflecting strong deployment amid favorable credit conditions. Yet beneath the surface, growing macroeconomic uncertainty and policy headwinds will demand greater selectivity and discipline in dealmaking.

1Q25 saw deal value surge 24.6% QoQ to \$259.7 billion, marking a 36.1% increase YoY, even as the deal count moderated to 2,263 transactions, as per PitchBook. This performance underscores PE's adaptability, leveraging abundant dry powder and resilient credit markets. However, signs of macroeconomic turbulence, including escalating tariffs and early indicators of consumer credit stress, are beginning to temper expectations. Investor sentiment is shifting. While 2024 sparked optimism, CNBC's CFO survey now shows that 60% of executives anticipate a recession in the second half of 2025.

Figure 1: US PE Middle-Market Deal Activity



Source: Pitchbook, data as of March 31, 2025

Deal Dynamics: Take-privates and Growth Equity Lead the Charge

1Q25 reaffirmed PE’s appetite for scale. Take-private deals contributed significantly to overall deal value, with the Walgreens transaction alone accounting for 9.1% of the quarter’s total, as per PitchBook. This reflects a tactical shift as firms use volatility as an entry point, recognizing that public market dislocations present rare opportunities to acquire blue-chip assets at discounted premiums.

US growth equity also maintained its elevated share, accounting for 24.5% of all deals, above its five-year average of 19.2%, as per PitchBook. Furthermore, although growth equity’s dollar contribution was just 16.3% of the total PE deal value, its steady performance signals that investors remain committed to backing expansion-stage businesses that will likely deliver operational scale without heavy debt loads. This is particularly relevant in today’s environment, where preserving flexibility and avoiding over-leverage are competitive advantages.

Sector Focus: Tech and Healthcare Stay Resilient

Technology PE deals saw a significant 63.9% QoQ rise in value, as per PitchBook. The sector’s 18.3% share of total deal count confirms that information technology (IT) remains a cornerstone of PE investment, especially as demand for artificial intelligence (AI) and cloud infrastructure accelerates. Aligned Data Centers’ \$12 billion raise, backed by CenterSquare Investment Management and Macquarie Asset Management, is a standout example of investors pivoting toward next-

generation infrastructure plays.

This momentum underscores a broader thematic shift within PE – from traditional software bets toward infrastructure enablers of the AI economy. As data intensity and compute demand scale exponentially, sponsors are increasingly viewing digital infrastructure not just as a growth opportunity, but as a critical backbone for value creation across portfolios.

According to PitchBook, US healthcare PE activity totaled \$25 billion across 278 deals, signaling sustained investor confidence despite regulatory headwinds. Transactions like New Mountain Capital’s \$1.5 billion acquisition of Access Healthcare underscore the sector’s durability, particularly in tech-enabled care and specialty pharmacy verticals. Notably, healthcare PE deals are gravitating toward quality over quantity, with firms prioritizing operational efficiency and value-based care delivery.

Valuations and Exit Landscape

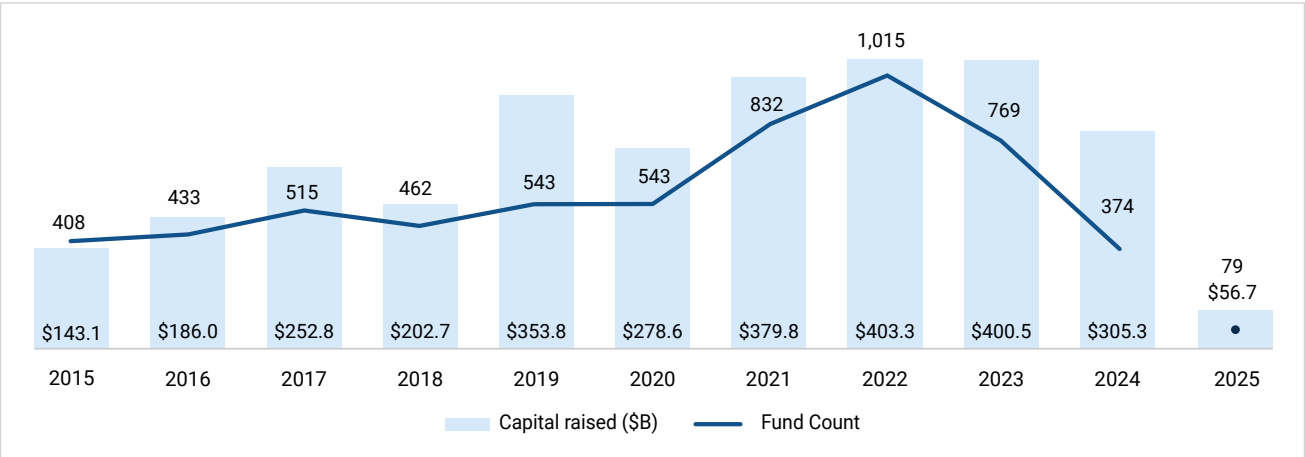
Valuations remain elevated but show signs of stabilizing. The US PE EV/EBITDA multiples landed at 12.2x in Q1, slightly below 2024’s 12.7x, indicating a modest adjustment from the post-pandemic highs, as per PitchBook. Yet multiples remain well above historical norms, driven in part by large-cap deals. A flattening in multiples will likely follow as broader dealmaking resumes and a more diverse pool of assets hits the market.

On the exit front, 1Q25 was encouraging, with US exit value climbing 44.9% QoQ to \$186.6 billion, as per PitchBook. The standout was Venture Global LNG's \$58.7 billion IPO, a high-profile test of investor appetite in the energy space. While headline exits create optimism, the deeper story is more nuanced

– the exit pipeline remains congested, with over 12,000 PE-backed companies awaiting liquidity events. Continuation vehicles are expected to play an increasing role, offering flexible alternatives to traditional exits.

Fundraising and the Dry Powder Outlook

Figure 2: US PE Fundraising Activity



Source: PitchBook, data as of March 31, 2025

US PE fundraising showed early signs of fatigue. 1Q25 raised \$56.7 billion across 79 funds, a notable YoY slowdown, as per PitchBook. However, dry powder levels remain formidable, with US PE firms holding over \$1 trillion. A shift toward quicker fund closes – with a median of 11.7 months, the fastest pace since 2022 – offers a glimmer of efficiency gains, although whether this signals a sustainable rebound is debatable. Megafunds continued to attract capital, with three closing in 1Q for a combined \$21.6 billion, underscoring that capital remains available, albeit more selectively.

Conclusion

1Q25 showcased PE’s enduring strength but also highlighted growing complexities. Elevated valuations, tariff pressures, and tightening credit conditions suggest a more selective market ahead. Investors should monitor three key dynamics: the pace of take-private deals as a barometer of risk appetite; the evolution of exit markets, especially IPO windows; and fundraising trends, which will dictate capital deployment capacity. While near-term caution is warranted, PE’s long-term fundamentals – rooted in operational expertise and capital flexibility – remain firmly intact.



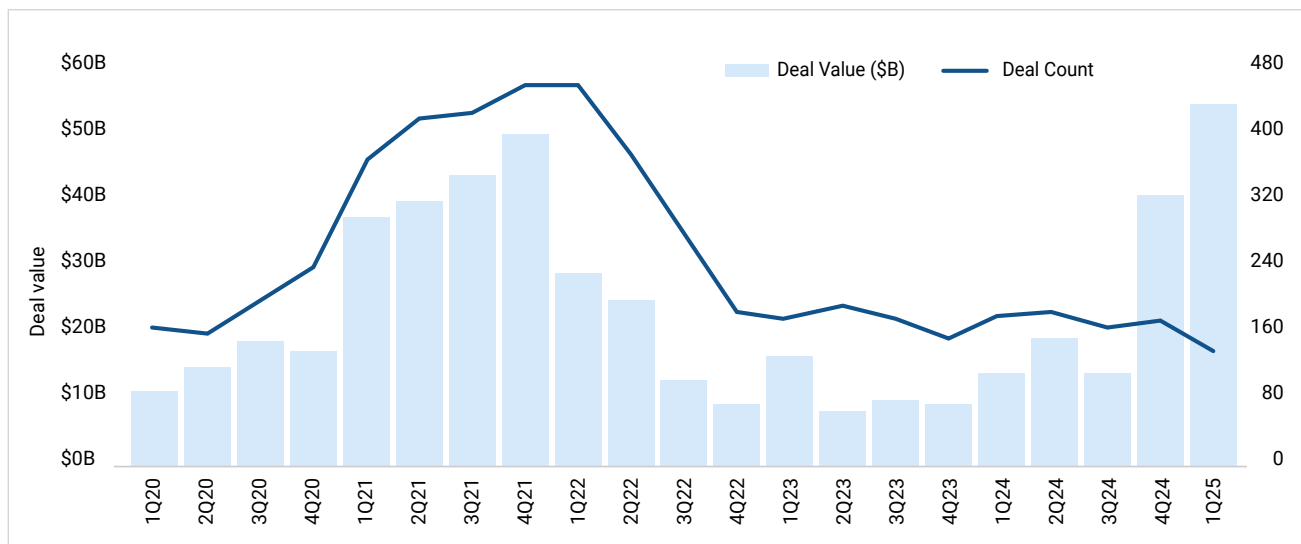
# Monthly News and Analysis



## US Crossover Funds Pull Back but Continue to Dominate VC

Crossover fund managers have sharply reduced their venture capital (VC) activity, averaging around 170 deals per quarter over the last 10 quarters, as per PitchBook. Notable March 2025 examples include D1 Capital Partners' \$3.5 billion investment in Anthropic and Tiger Global Management's \$146 million round for Temporal, reflecting the trend of fewer but larger deals even as overall activity slows.

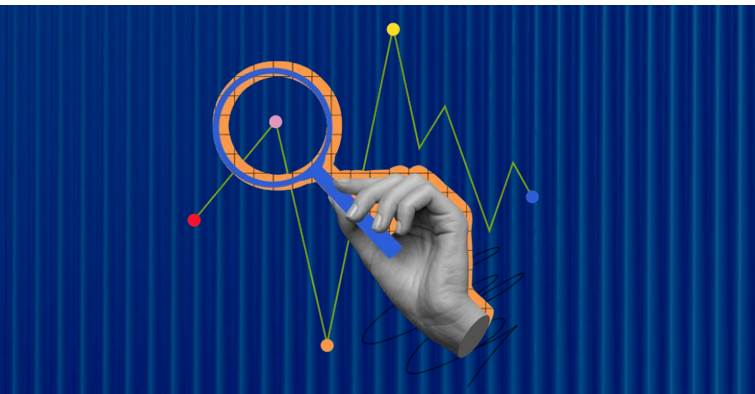
**Figure 3: VC Deal Activity with Crossover Investor Participation**



Source: PitchBook, data as of March 31, 2025

According to PitchBook, US deal value involving crossover fund participation reached \$89.6 billion in 2024, just over half the record \$172.4 billion posted in 2021, when hedge funds and liquid asset managers surged into hot tech startups during the venture boom. This pullback marks a sector-wide recalibration, as crossover funds are increasingly exposed to both public market volatility and late-stage private market risks. As a result, they have become more selective and cautious in their dealmaking. Balyasny Asset Management's \$350 million first VC fund is a rare new entrant, according to Lead Edge Capital Principal Zach Ullman, standing out in an otherwise hesitant fundraising landscape. Silicon Foundry CEO Neal Hansch said tariffs have only worsened the already challenging macro environment, forcing funds to

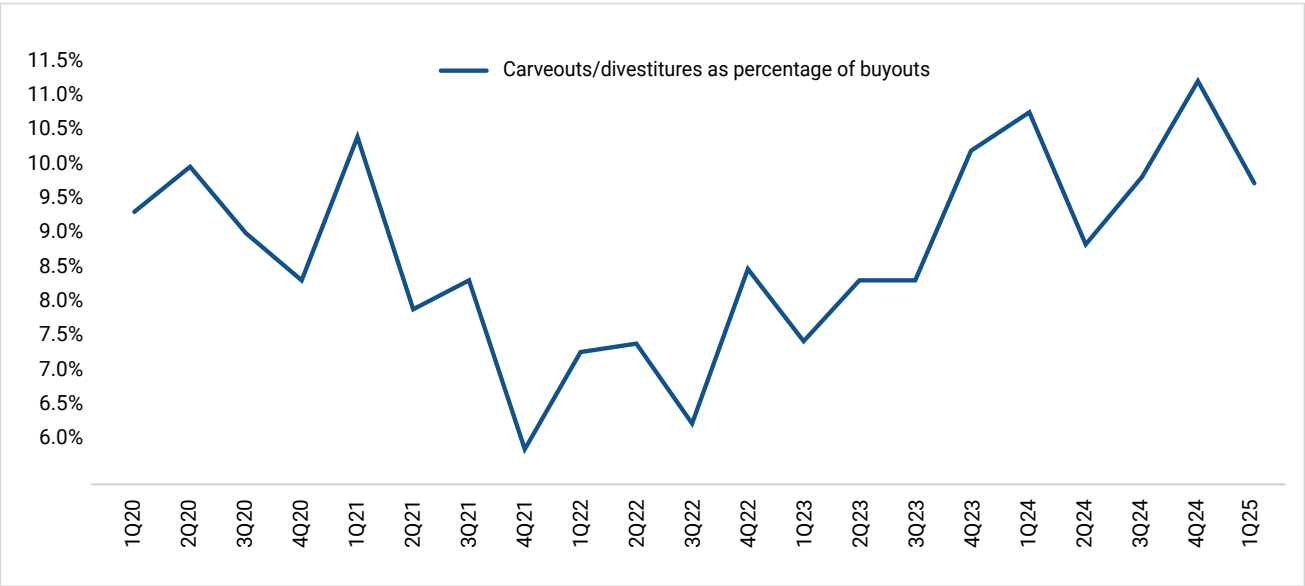
focus on backing companies with clear profitability paths and robust fundamentals. While deals involving crossover investors represented just 4.9% of the total US venture deal count last year, they accounted for 42% of overall deal value, underscoring the continued importance of these players at the top end of the market, as per PitchBook. Analysts like Emily Zheng warn that this narrow late-stage focus is reshaping the broader funding ecosystem, making it harder for younger startups to access capital. Without the reliable crossover capital that once fueled venture growth, many companies now face valuation resets, extended timelines, staff reductions, or stalled expansion plans, adding further strain to an already pressured and evolving venture landscape.



### Carveouts Remain a Key PE Focus Despite Modest Decline in 1Q25

According to PitchBook, carveouts made up 9.8% of all US PE buyouts in the 1Q25, a modest decline from 11.8% in late 2024. Despite the slight dip, dealmakers expect carveouts to remain central drivers of PE activity in the near term.

Figure 4: Carveouts as Share of PE Buyouts in the US



Source: PitchBook, data as of March 31, 2025

This continued carveout momentum is helping offset broader deal scarcity in PE, where uncertainty around tariffs, earnings projections, and valuations has slowed many full-company transactions. Brian Richards, Co-chair of Paul Hastings’ global PE group, explained that sellers are hesitant to bring entire businesses to market because volatile conditions make it difficult to assess long-term performance and establish fair pricing. Carveouts offer an alternative by allowing companies to divest non-core units while retaining their core operations, giving sellers flexibility and helping shore up balance sheets. Although these transactions often require PE buyers to build new management teams, establish back-office systems, and negotiate transitional service agreements, the potential rewards remain attractive. A recent high-profile example is

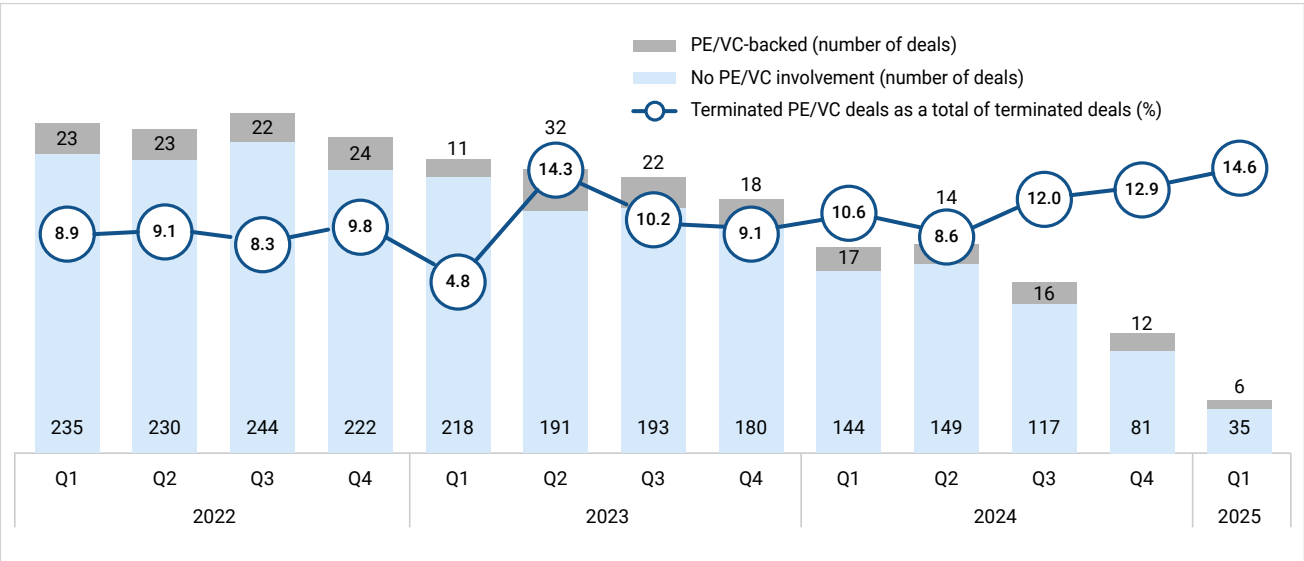
Intel’s sale of a 51% stake in its Altera business to Silver Lake, valuing the unit at \$8.75 billion. Silver Lake plans to strengthen Altera’s position in the AI market, while Intel retains its 49% stake under restructuring plans announced in March 2025. According to Garrett Hinds, senior PE analyst at PitchBook, this deal represents the largest PE-backed carveout in North America over the past five years, and it reflects how carveouts remain a significant segment for PE even in large-scale transactions exceeding \$1 billion. Looking ahead, carveouts will continue to play a pivotal role in PE, offering firms valuable opportunities to deploy capital, reshape businesses, and drive portfolio growth in today’s shifting market environment.



PE Entries Rise While Exits Slow, with Terminated Deals Drawing Attention

PE dealmaking showed strong momentum in early 2025, capped by two March megadeals each valued at over \$40 billion, as per S&P Global. However, exits softened, with global PE-backed exit value totaling just \$80.81 billion across 473 deals – the lowest since 1Q23 – while a shift in terminated deal patterns further reflects market caution.

Figure 5: PE-/VC-backed Terminated Deals and Global Terminated M&A Deals



Source: S&P Global, data as of March 31, 2025

The widening gap between entry and exit activity is attracting considerable attention across the private markets, especially after President Trump’s April 2 tariff announcement added new uncertainty to the economic landscape. PE firms often capitalize on market disruptions by acquiring undervalued assets but are reluctant to sell their own portfolio companies at discounted valuations. This cautious stance has contributed to the sharp slowdown in exits. Meanwhile, deal terminations remained rare in early 2025, with only six PE- or VC-backed transactions canceled between January and March – the lowest count in at least three years, as per S&P Global. Moreover, PE’s share of all terminated deals has steadily increased over the past three quarters, rising to 14.6% in 1Q25.

Notable transactions included Thoma Bravo agreeing to acquire Boeing’s digital aviation solutions for \$10.55 billion, while KKR set its sights on Sweden’s Bietage AB with an offer valuing the drug development company at over \$1.2 billion. On the fundraising front, GCM Grosvenor, LLR Partners, and Venture Guides closed sizable funds, signaling continued confidence in long-term opportunities despite near-term volatility. A standout trend is the surge in PE investment in asset management firms, with deal value climbing to \$6.38 billion through April – more than double the year-ago level, as per S&P Global. As firms navigate tariffs, shifting market conditions, and valuation pressures, PE strategies now emphasize resilience, selectivity, and a focus on long-term value creation across sectors.

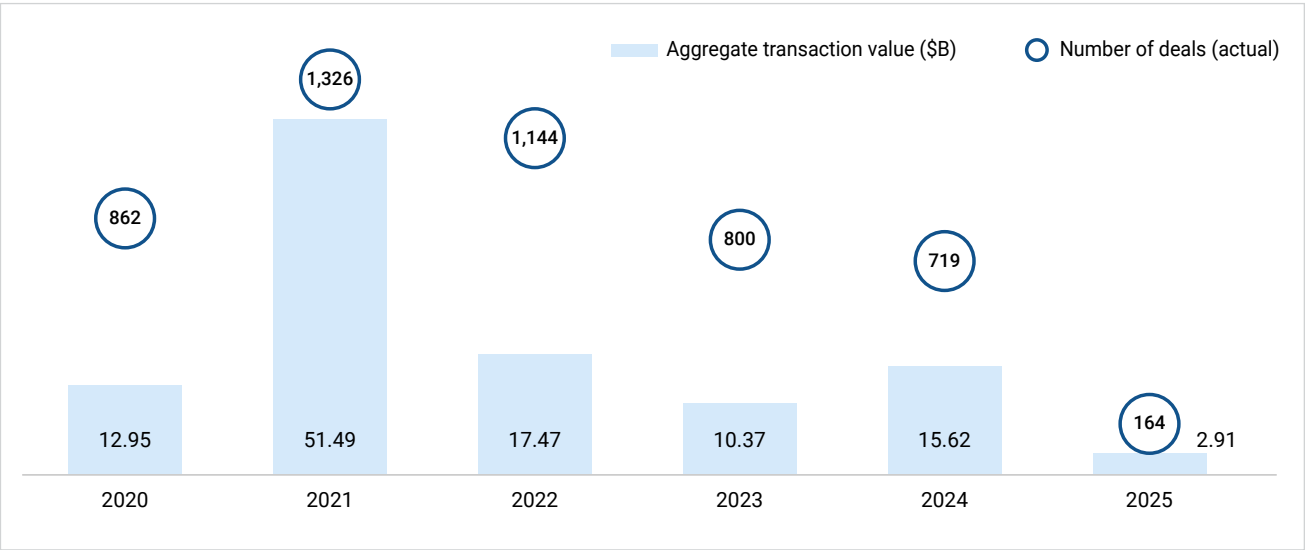




## Healthcare Technology Sees Record Inflows from PE

PE and VC investments in healthcare technology rose 50% YoY to \$15.62 billion in 2024, marking the sector’s strongest showing in two years, according to S&P Global. In 1Q25, deal value reached \$2.91 billion, reflecting an increase of nearly 22% compared to the same period last year.

Figure 6: PE-/VC-backed Investments in Healthcare Technology



Source: S&P Global, data as of March 31, 2025

This surge highlights the growing appeal of healthcare technology as investors seek exposure to digital health, advanced diagnostics, and software that can transform care delivery. Major transactions in 2024 included CVC Capital Partners’ \$1.25 billion offer for CompuGroup Medical and TA Associates’ \$1.22 billion acquisition of Nexus AG, reinforcing PE’s appetite for scale. Analysts note that strong recurring revenues, high customer retention, and deep integration into healthcare systems make these businesses particularly attractive. PE firms are sharpening their strategies by launching sector-focused funds, partnering with healthcare providers, and actively pursuing carveouts and turnaround opportunities, which offer the potential to unlock hidden value. However, geopolitical shifts and new tariffs are introducing additional complexity, especially for firms reliant on international supply chains. This will likely

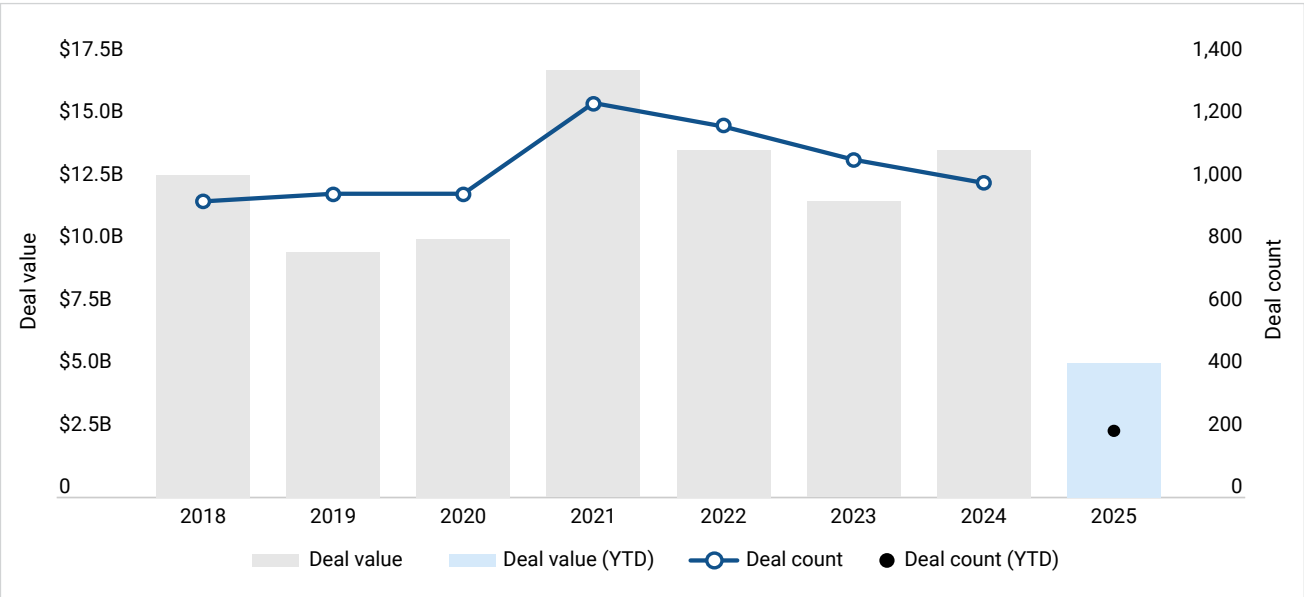
raise input costs and extend delivery timelines, posing challenges for manufacturers and healthcare service providers alike. Investors are increasingly drawn to companies that demonstrate both regulatory agility and cost efficiency, along with strong technological capabilities. Regionally, North America continued to dominate investment flows, accounting for \$10.53 billion across 397 deals, while European firms secured \$3.62 billion, as per S&P Global. On the fundraising front, New Mountain Capital’s \$15.4 billion fund raised the bar in 2024, marking the largest healthcare technology-focused PE vehicle to close that year. With a sharpened focus on operational excellence, scalable platforms, and long-term growth, PE is positioning healthcare technology as a cornerstone of its forward-looking investment strategies.



## VC Manufacturing Slowdown Deepens as Tariffs Stir Uncertainty

US VC funding for manufacturing startups has been steadily declining since its 2021 peak, even before new trade pressures emerged. According to PitchBook, US manufacturing startups closed 213 VC deals in 1Q25, putting 2025 on pace to fall well below the 1,004 total deals recorded in 2024.

Figure 7: US Manufacturing Deal Activity



Source: PitchBook, data as of March 31, 2025

The slowdown reflects a maturing market where total deal value is still rising despite fewer transactions. Startups raised \$5.3 billion in 1Q25, compared to \$13.8 billion for all of 2024, with valuations buoyed by the highs of the 2021 boom, as per PitchBook. However, President Trump's newly imposed tariffs are adding layers of uncertainty that investors are closely watching. Kane Hsieh, General Partner at Root Ventures, said some specialized startups are already feeling pressure – particularly those sourcing low- to mid-range computing chips such as WiFi modems – now facing higher procurement costs. He also expects stock market volatility to benefit early-stage investors, with a fresh wave of startup formation as employees from struggling tech giants leave to launch new

ventures. Meanwhile, startups selling software tools to manufacturers will likely face revenue pressure as their customers scale back spending in response to tariff-driven cost hikes. Analysts also point to investors' heightened due diligence, as they reassess supply chain risks and customer resilience under the new trade rules. As Ali Javaheri, an emerging tech analyst at PitchBook, explained, the biggest problem is the uncertainty itself. Until trade negotiations are resolved, the future remains difficult to predict, making it more challenging for both startups and investors to develop clear strategies or secure long-term partnerships. This unsettled environment will likely reshape near-term investment flows and challenge the resilience of the manufacturing startup ecosystem.



# DEALS FLASH

## Apex Takes Majority Stake in Juanita's Foods



Apex Capital, a Florida-based PE firm, has acquired a majority stake in Juanita's Foods, a California-based manufacturer of Mexican food products. Founded in 1946, Juanita's Foods offers authentic, shelf-stable Mexican staples made from traditional family recipes. The company had previously

been led by third-generation owners, who will keep a stake and remain involved in operations. This deal will allow Juanita's Foods to accelerate growth and innovation while preserving its heritage. Furthermore, it enables Apex to nurture a leading Hispanic brand and drive operational excellence and sustainable value.

## TPG to Acquire Peppertree



TPG, a Texas-based PE firm, has announced the acquisition of Peppertree Capital Management, an Ohio-based PE firm, for up to \$960 million. Founded in 2004, Peppertree provides capital to tower developers and

invests in the communication infrastructure sector. After the transaction,

TPG and Peppertree will collectively manage \$253.6 billion in assets. This deal will allow Peppertree to leverage TPG's scale, global network, and expertise while retaining operational independence. Further, it will enable TPG to strengthen its position and expand its presence in the high-growth digital infrastructure sector.

## Avathon Acquires OculusIT from ElevenX



Avathon Capital, an Illinois-based PE firm, has acquired OculusIT, a New Jersey-based provider of IT and cloud services, from ElevenX Capital, a Florida-based venture builder firm. Founded in 2018, OculusIT provides managed IT, security, and enterprise application services for higher education institutions across the US. This deal will allow OculusIT to expand its reach, invest in innovation, and enhance service delivery for higher education clients. Moreover, it will enable Avathon to build a market-leading IT platform and drive scalable, long-term growth in the sector.

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## MidOcean Acquires GSTV from Rockbridge Growth Equity



MidOcean Partners, a New York-based PE firm, has acquired GSTV, a Michigan-based operator of a national video network, from Rockbridge Growth Equity, a Michigan-based PE firm.

Founded in 2005, GSTV provides a retail media and digital video advertising network supported by advanced data and analytics. Rockbridge will retain a stake in the company. This deal will allow GSTV to expand nationally and enhance its digital media capabilities. Furthermore, it enables MidOcean to support GSTV's growth and capitalize on the convergence of retail media and digital advertising.

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## Brynwood to Acquire Chef Boyardee Brand from Conagra



Brynwood Partners, a Connecticut-based PE firm, has announced that its portfolio company, Hometown Food Company, an Illinois-based provider of baked products, has agreed to acquire Chef Boyardee, a Florida-based brand of packaged food items, from Conagra Brands, an

Illinois-based packaged food company, for \$600 million. Founded in 1928, Chef Boyardee provides shelf-stable meals in both canned and microwave formats. This deal will allow Brynwood to expand its nostalgic brand portfolio and manufacturing footprint by reinvigorating the Chef Boyardee brand and extending it into new formats.

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## Alpine Exits Ascendient Learning to Accenture



Alpine Investors, a California-based PE firm, has exited Ascendient Learning, a California-based IT-training solutions provider and a subsidiary of Axcel Learning, to Accenture, an Ireland-based global IT service firm. Founded in 2002, Ascendient Learning provides customized IT and digital

skills training solutions to organizations. This deal will allow Ascendient Learning to expand its reach and deliver tailored, high-quality IT and digital skills training as part of Accenture's global platform. Further, it will enable Accenture to enhance its training capabilities and address clients' evolving workforce development needs.

### BayPine to Acquire CenExcel



BayPine, a Boston-based PE firm, will acquire CenExcel Clinical Research, a Utah-based clinical research site network. Founded in 1986, CenExcel provides specialized clinical trial site services and patient recruitment for complex therapeutic areas across 18 US locations. This deal will allow

CenExcel to expand its clinical trial site network, invest in digital infrastructure, and leverage AI tools to enhance patient recruitment and site performance. Moreover, it enables BayPine to drive innovation and accelerate CenExcel's evolution into a next-generation, digitally enabled research platform.

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### Kohlberg Makes a Majority Investment in RESA from Investcorp



Kohlberg, a New York-based PE firm, made a majority investment in RESA Power, a Texas-based provider of power systems and services, from Investcorp, a Bahrain-based PE firm. Founded in 2003, RESA provides comprehensive power services, including maintenance, testing, and systems integration for electrical infrastructure across North America. This deal will

allow RESA to accelerate its growth by expanding capabilities and geographic footprint to meet the rising demand for critical power services. Furthermore, it will enable Kohlberg to leverage its 37 years of infrastructure expertise to drive RESA's scale and market leadership.

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### Velocity to Take Ownership Stake in USG



Velocity Capital Management, a New York-based PE firm, will make a strategic investment and acquire an ownership stake in Unique Sports Group (USG), a UK-based football talent representation agency. Founded in 2008, USG offers athletes comprehensive career management and support on and

off the pitch. This deal will allow USG to accelerate its global growth, pursue organic expansion and strategic mergers and acquisitions (M&A), and strengthen its industry presence. Further, it enables Velocity to leverage its expertise and portfolio to accelerate USG's global expansion.

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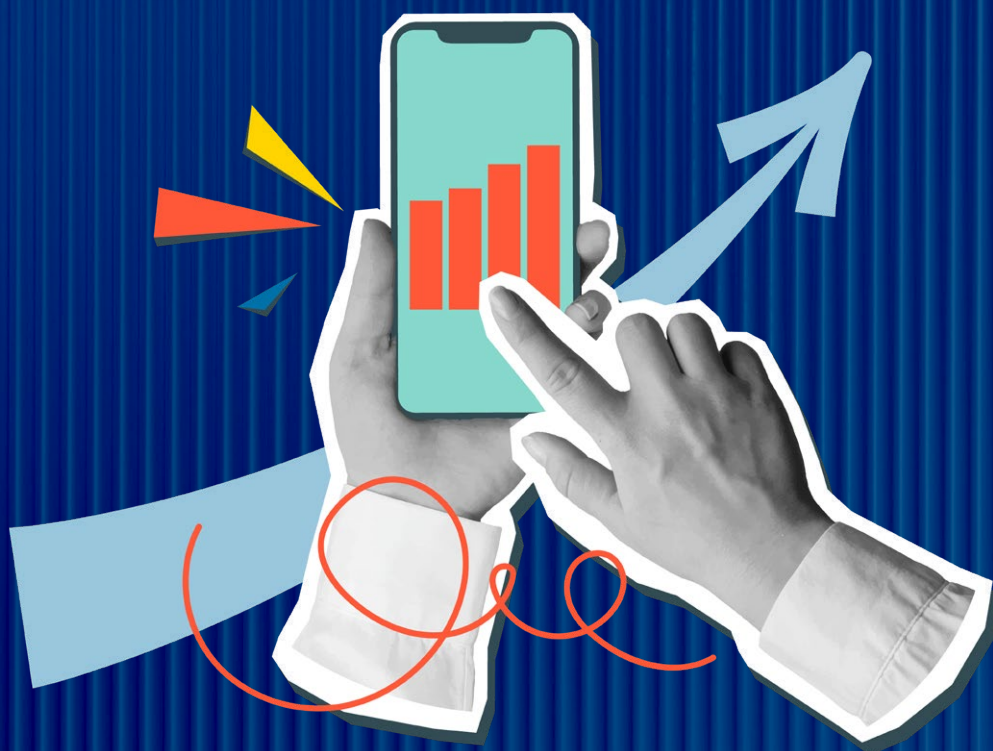
### Thoma Bravo Invests in HubSync



Thoma Bravo, an Illinois-based PE firm, announces a strategic growth investment of more than \$100 million in HubSync, a Tennessee-based developer of a tax integration platform. Founded in 2019, HubSync provides a premier all-in-one tax and accounting platform that automates

certified public accountant (CPA) firms' workflows to improve efficiency and client service. This deal will allow HubSync to accelerate innovation, expand its market presence, and deliver greater value to clients. Moreover, it will enable Thoma Bravo to leverage its expertise to drive HubSync's growth, scalability, and industry leadership.





## TRENDS AND STATS

### April Middle Market Deal Summary

**45.3%**

of the deals were made in the Business Products and Services (B2B) sector

**65.4%**

of B2B deals were in Commercial Services

**22.0%**

of the deals were in IT

**61.5%**

of IT deals were in Software

**California**

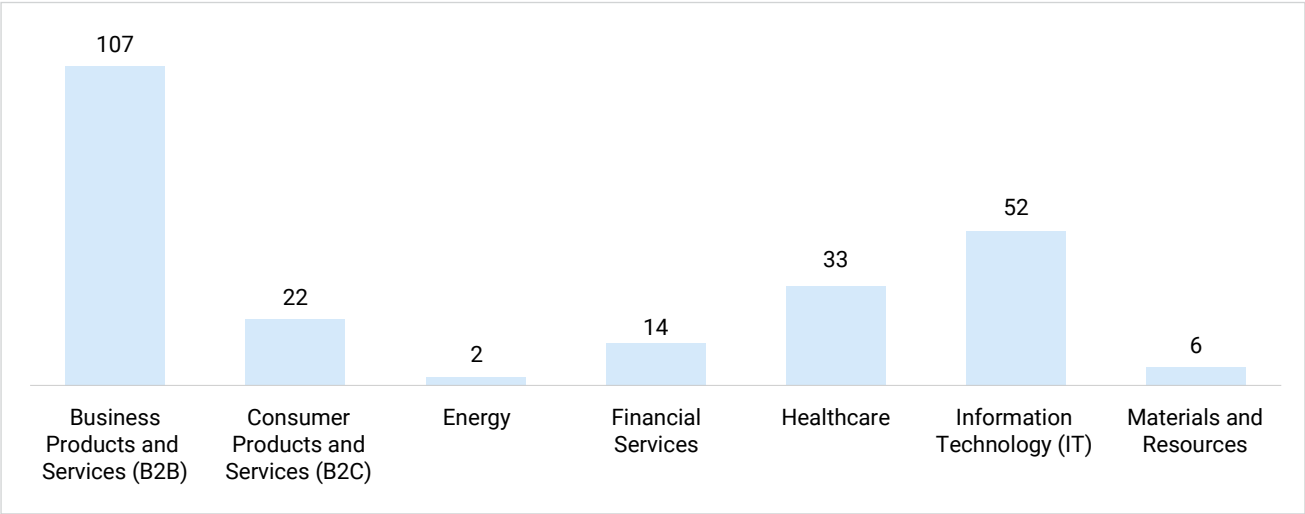
experienced the highest dealmaking activity, followed by Florida

**79.2%**

of the deals were buyout deals

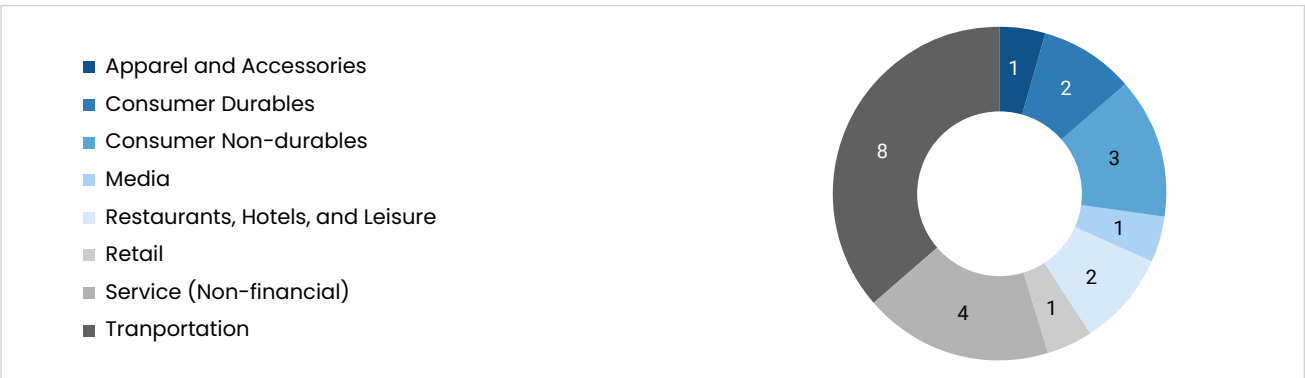


Figure 8: April Middle Market Deal Summary



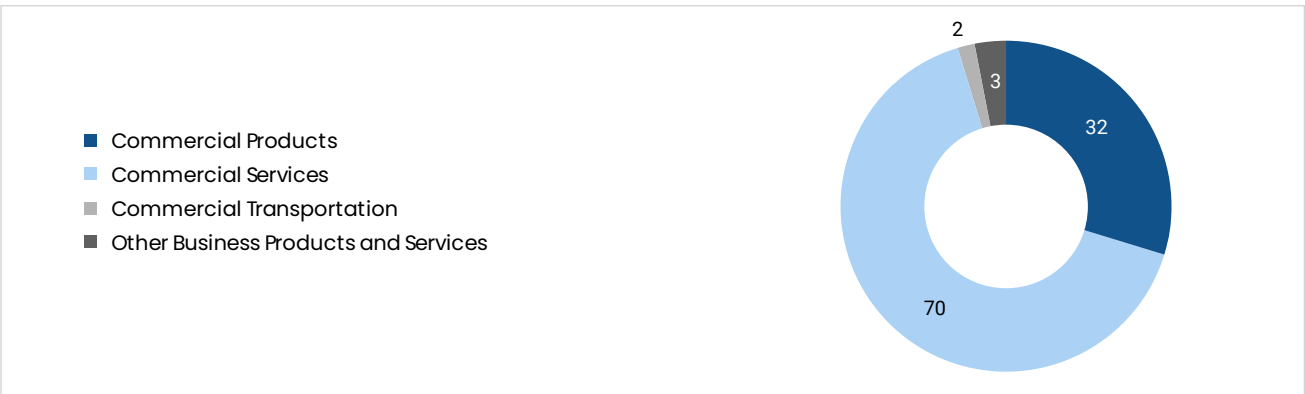
Source: SG Analytics Research

Figure 9: Consumer Products and Services



Source: SG Analytics Research

Figure 10: Consumer Products and Services

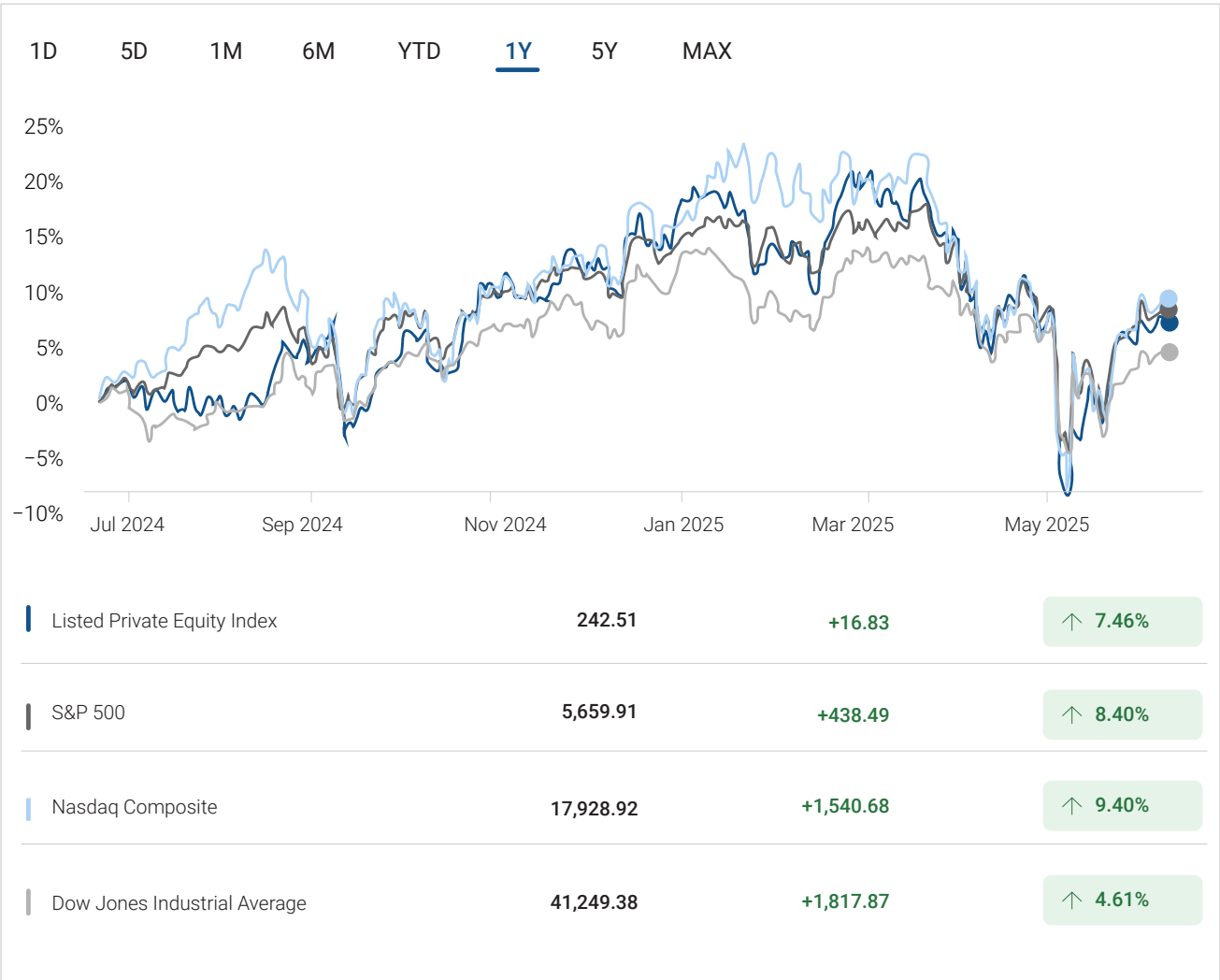


Source: SG Analytics Research

Note: This dataset specifically targets investor fund preferences within the \$2–8 million EBITDA range. It is important to note that the summary focuses solely on these investor preferences and does not include details related to deal sizes.

## S&P Listed Private Equity Index

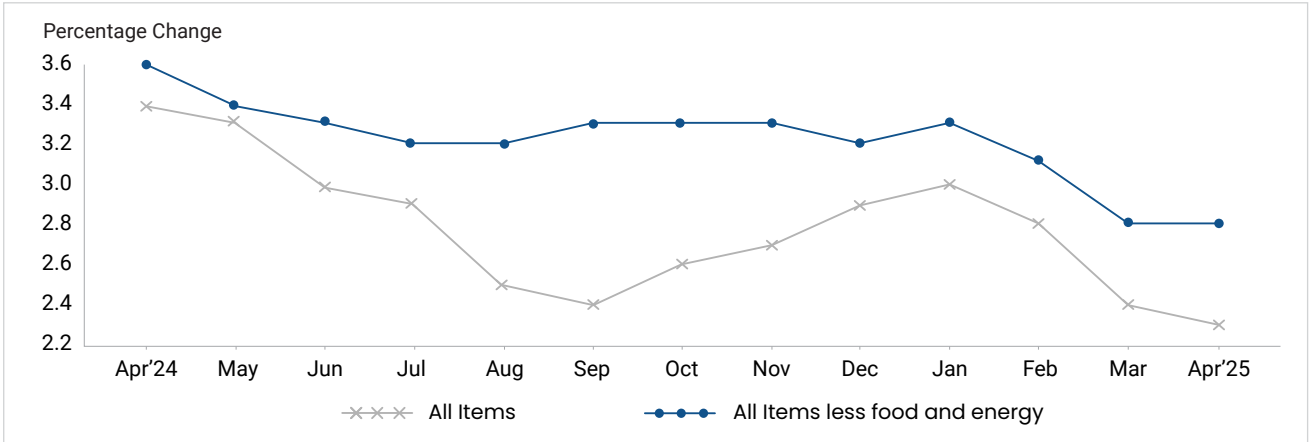
Figure 11: S&P Listed Private Equity Index



Data as of May 12, 2025

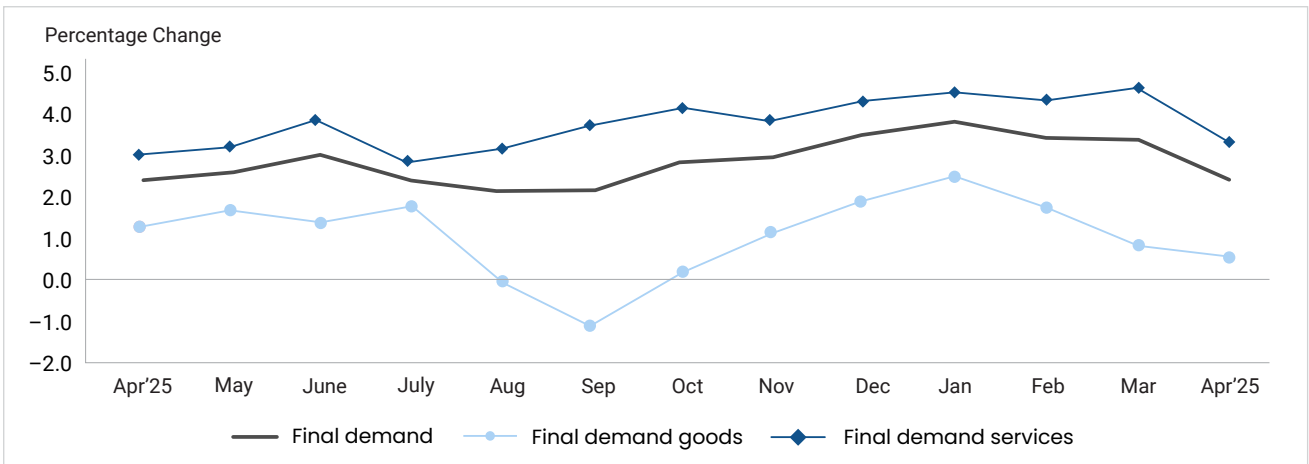
Index	Month-over-Month	YTD
Consumer Price Index	0.2%	2.3%
Producer Price Index	-0.5%	2.4%

**Figure 12: 12-month Percent Change in CPI for All Urban Consumers, Not Seasonally Adjusted**




Source: US Bureau of Labor Statistics

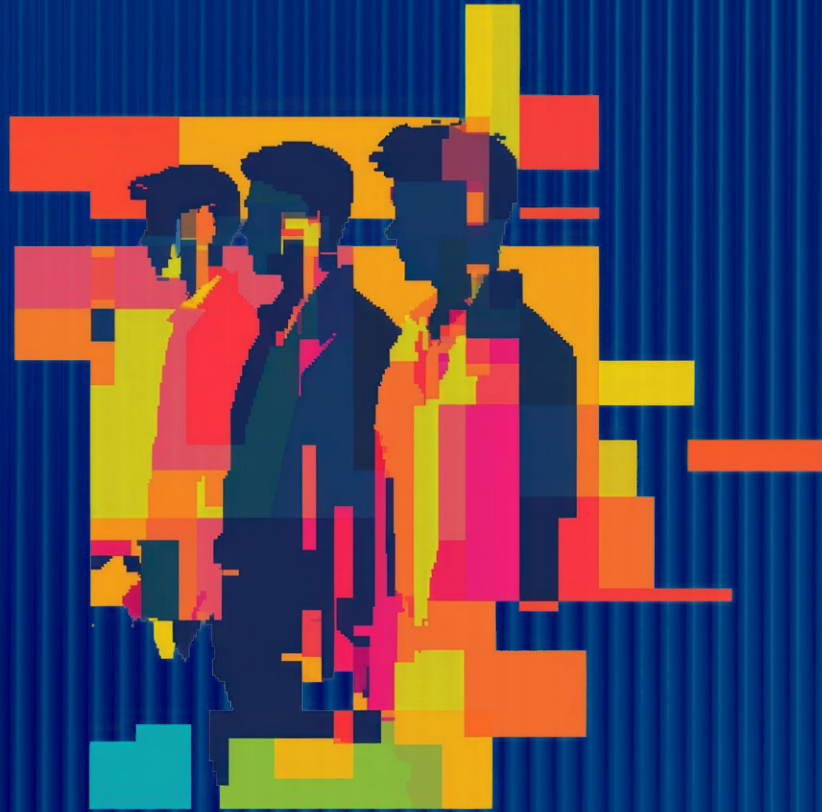
**Figure 13: 12-month Percent Change in Selected PPI Final Demand Price Indexes, Not Seasonally Adjusted**



Source: US Bureau of Labor Statistics

# Upcoming Events

		
2nd Value Creation Summit	June 04, 2025	New York, NY
Global Alts New York 2025	June 9–10, 2025	The Glasshouse, 660 12th Avenue, New York
Operating Partners Forum Napa 2025	June 25–27, 2025	Silverado Resort, Napa, CA



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