

AXIA

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PUBLIC PE AND GP INSIGHTS 2Q25

Credit Strength, Steady Deployment, and Diversification Drive Stability



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2Q25 PUBLIC PE AND GP REVIEW

Resilient Returns, Credit Momentum, and Perpetual Growth

In 2Q25, public GPs balanced resilient PE returns with strong credit performance, while deployment gained momentum, fundraising leaned toward credit, and strategy diversification reinforced durable growth prospects for investors.

Credit strength, rising perpetual capital, and steady deployment defined 2Q for public general partners (GPs). Exits are improving, but scale and diversification remain the strongest drivers of long-term value.

Publicly traded private equity (PE) managers posted a resilient 2Q25, balancing solid PE returns with strong credit performance, active deployment, and improving realizations. Fundraising trends confirmed

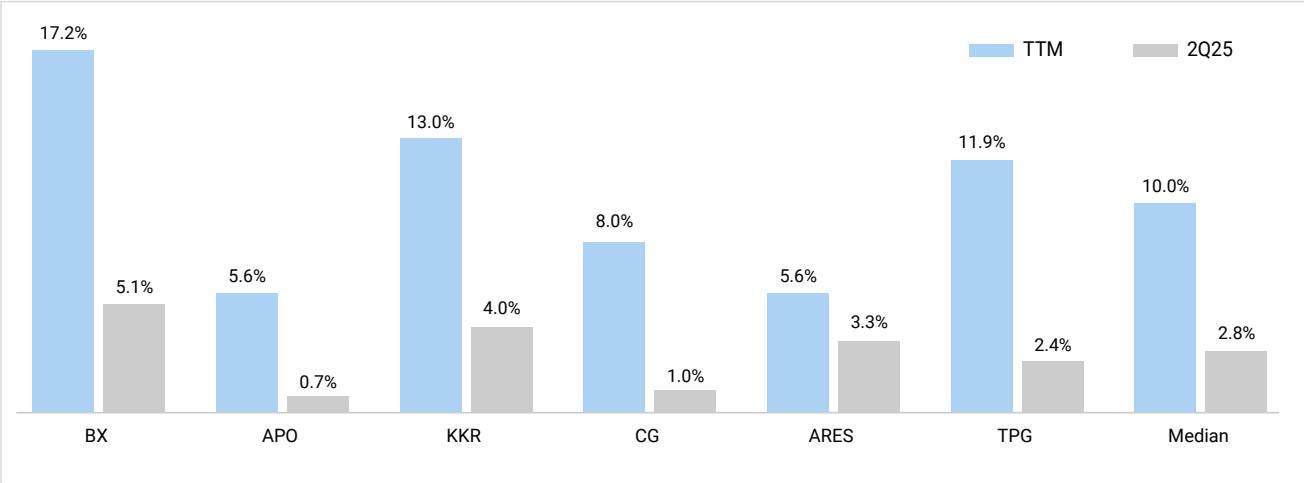
the shift toward credit and perpetual vehicles, while wealth channels and evergreen funds continued to grow. For investors, the quarter underscored how the Big Seven – Blackstone, Apollo, KKR, Carlyle, TPG, Ares, and Blue Owl – are adjusting strategies to balance stability with long-term growth beyond traditional buyouts.

PE Returns Hold, but Credit Outpaces

PE returns held steady in 2Q25, with the six major public alternative managers generating a median 10% TTM gain and a 2.8% quarterly increase, as per PitchBook. Blackstone led with a 17.2% gross return, while Apollo and Ares trailed at 5.6%. This performance

shows that leading managers are sustaining solid results across their portfolios, even in a more cautious deal environment. The resilience is notable given the broader industry volatility, wherein overall PE performance has been inconsistent.

Figure 1: Global Gross PE Returns, by Manager



Source: PitchBook, data as of June 30, 2025

Credit strategies delivered even stronger results, with a median 13% TTM return and quarterly gains of about 3%, as per PitchBook. This steadier profile highlights why credit has established itself as a key performance driver for many managers. For investors, the contrast reinforces that while buyouts remain an important source of long-term value, credit has emerged as the segment producing the most consistent results.

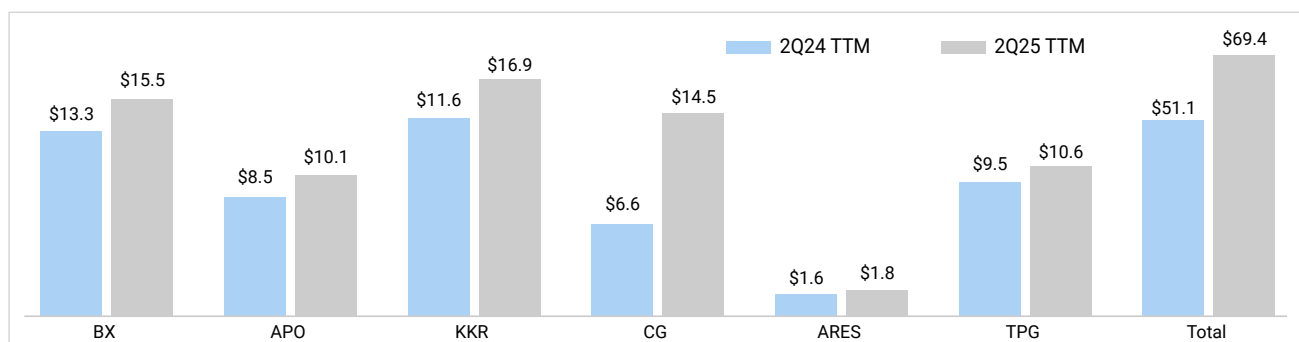
Deal Deployment Gains Momentum

Corporate PE deployment accelerated in 2Q as managers put capital to work despite uncertainty. The Big Seven deployed \$21 billion in corporate PE, bringing total TTM to \$83.1 billion, as per PitchBook. Apollo, Blackstone, and KKR were the most active, showing how managers are leveraging market dislocations to secure attractive entry points rather than waiting for conditions to stabilize.

Private credit also surged, with \$141.2 billion deployed in 2Q and \$535.3 billion over the trailing year, as per PitchBook. This increase reflects both strong M&A demand and gaps in public markets favoring private financing. For investors, the momentum shows that managers are confident in committing capital to longer-term opportunities. The balance of deployment across PE and credit indicates that while buyouts remain core, the scale of credit activity is reshaping dealmaking.

Exits Rebound but Remain Uneven

Exit activity improved after a weak first quarter, with the Big Seven realizing \$23.2 billion in 2Q and \$69.4 billion over the trailing year, as per PitchBook. KKR, Blackstone, and Carlyle led activity, supported by divestitures across healthcare, industrial, and consumer businesses. While volumes are still below historic peaks, the upswing marks a step toward healthier portfolio monetization.

Figure 2: Global TTM PE Realizations, by Manager (\$Billion)

Source: PitchBook, data as of June 30, 2025

Even with this progress, realizations remain a central challenge. Managers cited narrowing bid-ask spreads as a positive sign, with portfolios continuing to show strong value marks. The reopening of the IPO market and better M&A sentiment indicate improving conditions in the second half. For investors, the recovery is encouraging, but visibility on exits remains uneven and will continue to influence quarterly performance.

Fundraising Slows in PE as Credit Grows

Fundraising was mixed in 2Q. PE fundraising slowed to \$25.9 billion from \$37.1 billion in 1Q, with several flagships still in the market, as per PitchBook. As of June 30, 2025, KKR's North America Fund XIV was nearing its \$20 billion target, with \$15.9 billion raised. TPG's Growth VI closed at \$4.8 billion, above its predecessor. Ares's latest corporate opportunities fund is expected to close smaller than its prior vintage, reflecting a more disciplined environment for buyout capital.

Credit fundraising continued to expand, raising \$101.1 billion in 2Q and \$404.9 billion over the trailing year. Apollo and Blackstone attracted the largest inflows, while KKR and Ares also added scale. This imbalance

shows how LPs are prioritizing yield and protection in the current cycle. For investors, the trend reflects a structural shift. PE remains an important allocation, but credit is becoming the preferred entry point for many institutions.

Perpetual Capital Anchors GP Growth

Perpetual capital has become central to GP growth, with evergreen vehicles nearing \$1.8 trillion in AUM by mid-2025, as per PitchBook. These funds represent more than 40% of total assets across the Big Seven. Blackstone and Apollo remain the largest platforms, while others are expanding through new products and partnerships with traditional asset managers, reflecting the broad industry shift toward this model.

For investors, the structural benefits are meaningful. Perpetual vehicles are smoothening cash flows and reducing reliance on exit timing, improving predictability, and strengthening GP economics. They are also expanding access to institutional-quality assets for wealth clients, though liquidity remains limited. The continued build-out of retail distribution and new fund structures has highlighted why perpetual capital is expected to remain a key source of growth for public GPs.

Conclusion: Positioning for Long-Term Value

The 2Q25 roundup shows public GPs leaning on credit, perpetual capital, and GP economics to sustain growth with exits recovering more slowly. Deployment momentum demonstrates long-term conviction, while evergreen funds and wealth channels are providing stability. Realizations are improving but remain the key swing factor for PE returns. For investors, scale and breadth are defining performance outcomes, and managers with strong positioning in credit, wealth, and adjacencies are best placed to outperform.

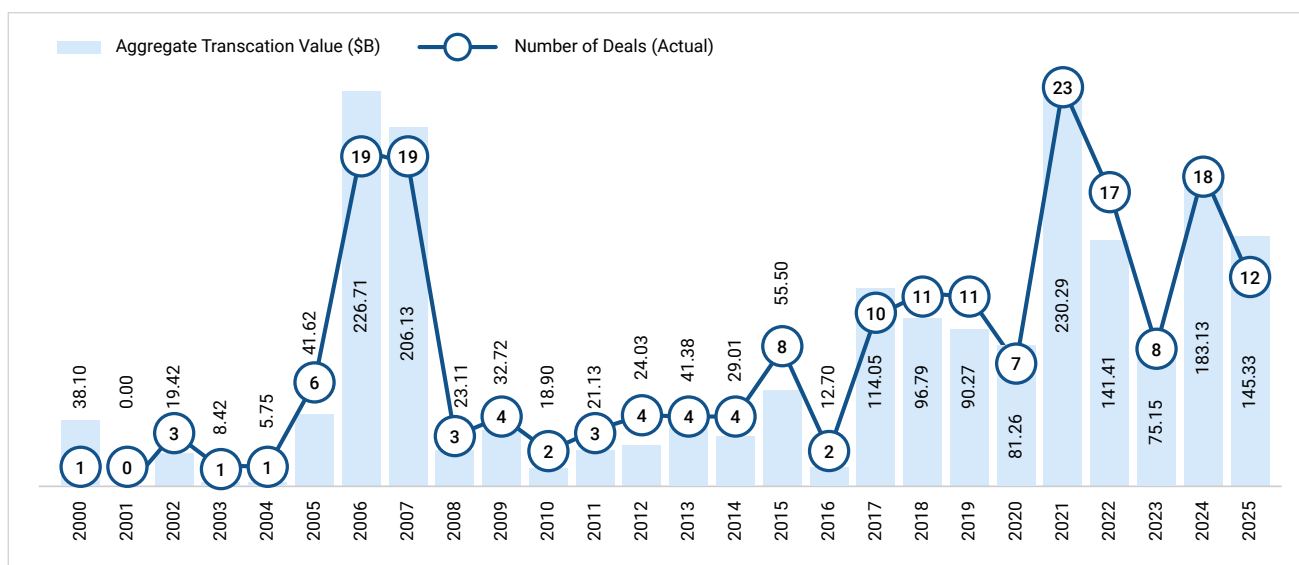
Monthly News and Analysis



PE Megadeals on Pace to Surpass 2021 Record

PE firms are accelerating investments in megadeals valued at \$5 billion or more in 2025. According to S&P Global, 12 PE/VC-backed megadeals announced or completed between January 1 and August 18 totaled \$145.3 billion, setting this year on track to exceed the \$230.3 billion record of 2021.

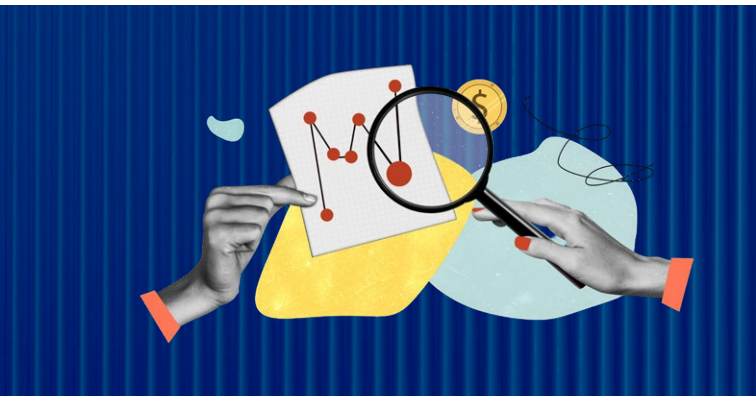
Figure 3: Global PE/VC-Backed Megadeals



Source: S&P Global, data as of August 18, 2025

The scale of recent transactions underscores a decisive tilt toward large, resilient assets that provide stable cash flows and long-term value creation. High-profile examples include the \$12.3 billion take-private of Dayforce by Thoma Bravo, adding to momentum in sectors such as technology, media, telecommunications, and consumer industries. These sectors accounted for six of the megadeals recorded so far this year, with AI companies attracting particularly strong valuations as PE firms compete for category leaders and scalable market opportunities. According to Lincoln International, enterprise valuation multiples for new buyouts declined to 11.9 times EBITDA on a rolling 18-month basis, while premium assets continue to command multiples as high as 25

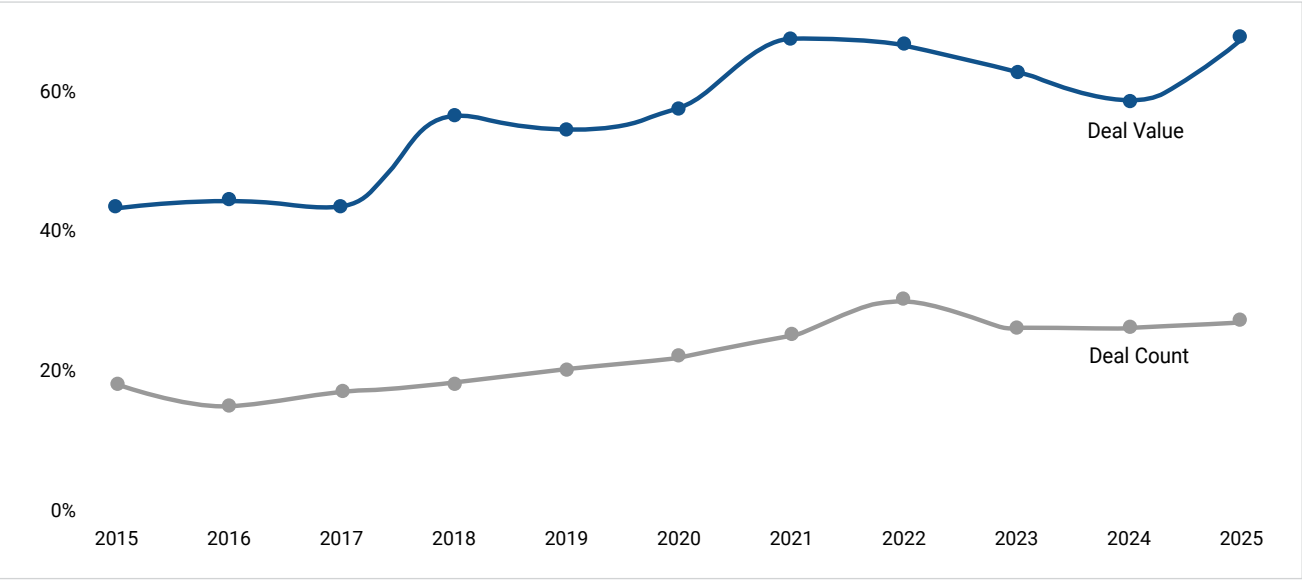
times. This widening spread reflects greater selectivity, with investors willing to pay significantly for scale, brand strength, and defensible market positions that demonstrate resilience in uncertain conditions and offer predictable growth trajectories. While megadeals are pushing overall transaction value higher, smaller PE-backed deals under \$250 million have slowed, falling nearly 6% YoY to \$13.96 billion, as per S&P Global. Private credit has been a key driver of this divergence, with lenders showing caution on lower-end deals and requiring sponsors to inject more equity. With financing more readily available for large-scale acquisitions, the largest transactions are increasingly shaping PE's deal value in 2025 and reinforcing the trend toward concentration in top-tier assets.



AI Surge Boosts US Investor Participation in Europe

US investors are re-engaging in Europe’s VC market, with AI serving as the primary driver of renewed activity. According to PitchBook, US investors had joined 413 AI deals worth \$8.7 billion as of August 11, accounting for 27% of the deal count and 67% of the deal value.

Figure 4: US Investors’ Share in European AI Deal Value & Count Trends Upward



Source: PitchBook, data as of August 11, 2025

The rise in US investor participation reflects a strategic shift back toward Europe following the pullback in 2023. AI has emerged as the anchor theme, with American capital flowing into European innovation hubs where the concentration of technical talent is particularly strong. Europe’s software engineering workforce has a per-capita share of AI specialists 30% higher than the US and nearly three times greater than China, making the region an attractive target for cross-border funding, as per data from Sequoia. As of mid-August, US investors had featured in 22% of all European VC deals this year, equivalent to 1,081 rounds, matching the highs of 2022, as per PitchBook. For European start-ups, the benefits of US participation extend beyond capital, with higher valuations, stronger liquidity, and clearer exit pathways often following,

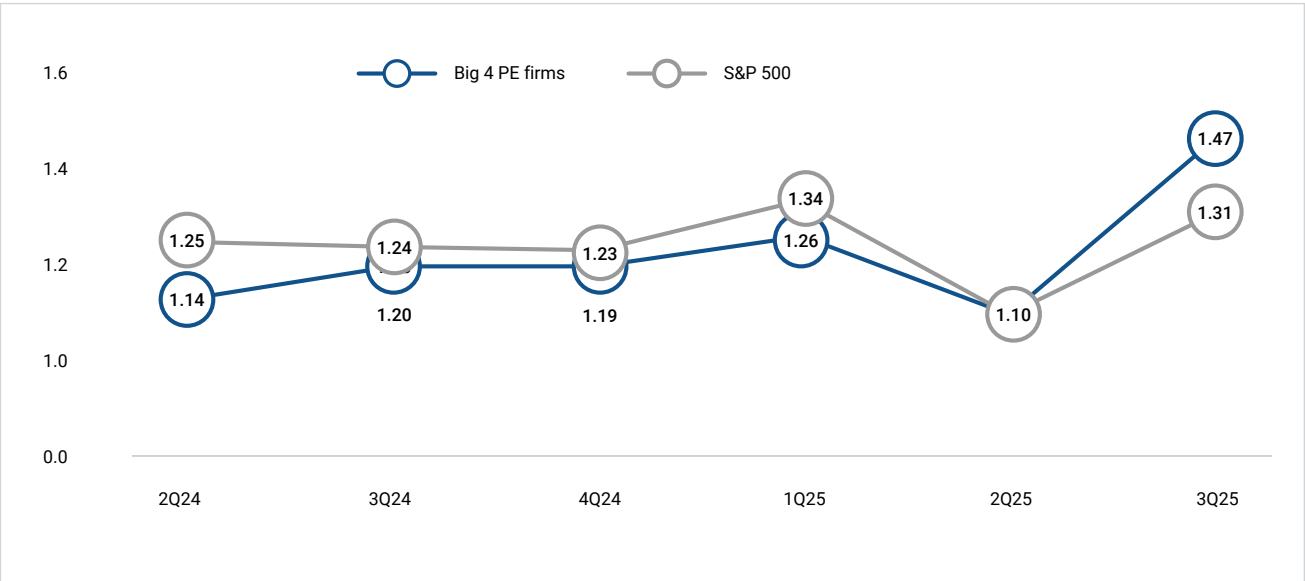
particularly given the scarcity of local late-stage funding. According to PitchBook, nearly all of Europe’s top 10 VC deals this year have included American firms, underscoring their pivotal role. Notable examples include London-based Isomorphic Labs, which raised \$600 million in March for AI-driven drug discovery in a round led by Thrive Capital and GV, and Israeli LLM developer AI21 Labs, which secured \$300 million from Alphabet and Nvidia. Lightspeed led Neko Health’s \$260 million Series B, while NEA backed Synthesia’s \$180 million Series D. Collectively, these transactions highlight a growing reliance on US capital to accelerate European AI innovation and build globally competitive platforms at scale.



Earnings Sentiment Improves for PE’s Big Four in 2Q25

Sentiment strengthened significantly for PE’s Big Four firms in 2Q earnings, with Blackstone, Apollo, KKR, and Carlyle all posting higher net positivity scores compared to 1Q, as per S&P Global. Executives highlighted steady fundraising, an improving M&A outlook, and potential 401(k) access to PE investments.

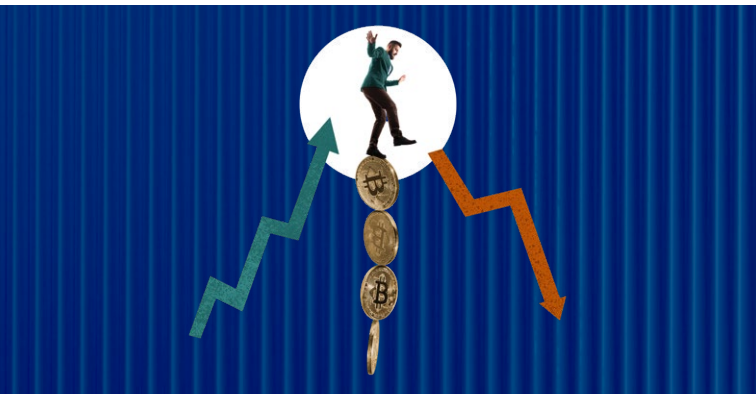
Figure 5: Big 4 PE Firms and S&P 500 Average Net Positivity Trend



Source: S&P Global, data as of August 7, 2025

The earnings season marked a sharp rebound in tone, with average net positivity for the Big Four rising to its highest level in over a year, outpacing the broader improvement seen among S&P 500 constituents. Executives emphasized that fundraising momentum and steady inflows are helping offset the slower pace of exits, with global PE fundraising on track to increase YoY in 2025 after three consecutive annual declines, as per S&P Global. Apollo reported \$61 billion in inflows during 2Q, driving a nearly 21% increase in AUM to \$840 billion, the fastest growth within the group. KKR followed with a 14% expansion, while Blackstone remained the largest with over \$1.2 trillion in assets under management (AUM), demonstrating its enduring scale advantage. Carlyle stood out on performance, delivering a 26.4% total return between January and

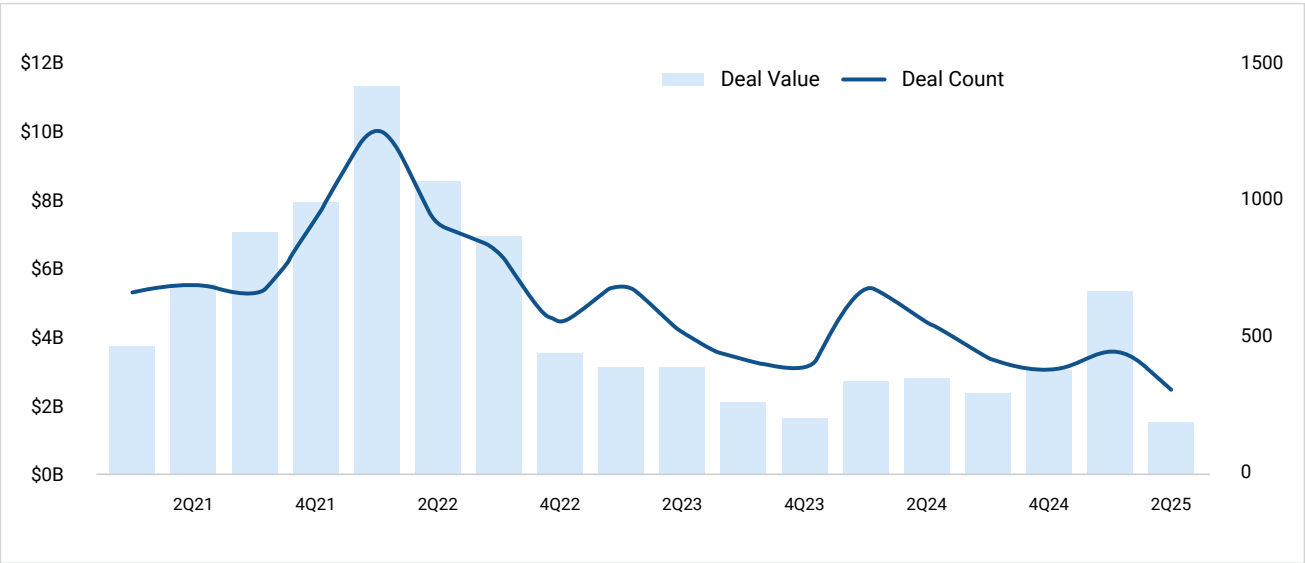
early August, far ahead of the S&P 500’s 8.7% gain. The potential opening up of 401(k) accounts to PE funds was another highlight, raising the prospect of tapping into more than \$12 trillion in US retirement savings and broadening the industry’s long-term investor base, as per S&P Global. However, executives acknowledged performance challenges, with some funds underdelivering on return expectations. Longer holding periods and limited exit activity remain headwinds, though firms stressed their commitment to disciplined portfolio management and prudent capital allocation as they position for stronger and more durable conditions in the second half of 2025.



Crypto VC Funding Drops in 2Q but Investor Optimism Remains Strong

Crypto VC activity dropped sharply in 2Q, with total investment falling 55% to \$1.5 billion (excluding a \$2 billion round into Binance), as per PitchBook. Yet, leading investors remain optimistic, citing stronger start-up pipelines, healthier valuations, and an improving exit environment as reasons for renewed confidence in the sector.

Figure 6: Global Crypto VC Deal Activity



Source: PitchBook, data as of June 30, 2025

Despite the headline decline in deal flow, crypto investors report being busier in 2025 than during last year’s muted market. Digital Currency Group backed more start-ups in 1H25 than across all of 2024, with activity expanding into AI and fintech as deal pipelines increasingly intersect these sectors, as per Aaron Fu, the group’s head of early-stage ventures. PitchBook data shows that even as volumes contracted, median deal sizes and valuations for seed and early-stage companies surged, reflecting investors’ willingness to write larger checks for differentiated businesses. Coinbase Ventures head Hoolie Tejwani noted that founder expectations are more realistic today, though top-tier start-ups continue to command premium valuations and outsized rounds. Regulatory and market conditions are improving with the GENIUS Act passed

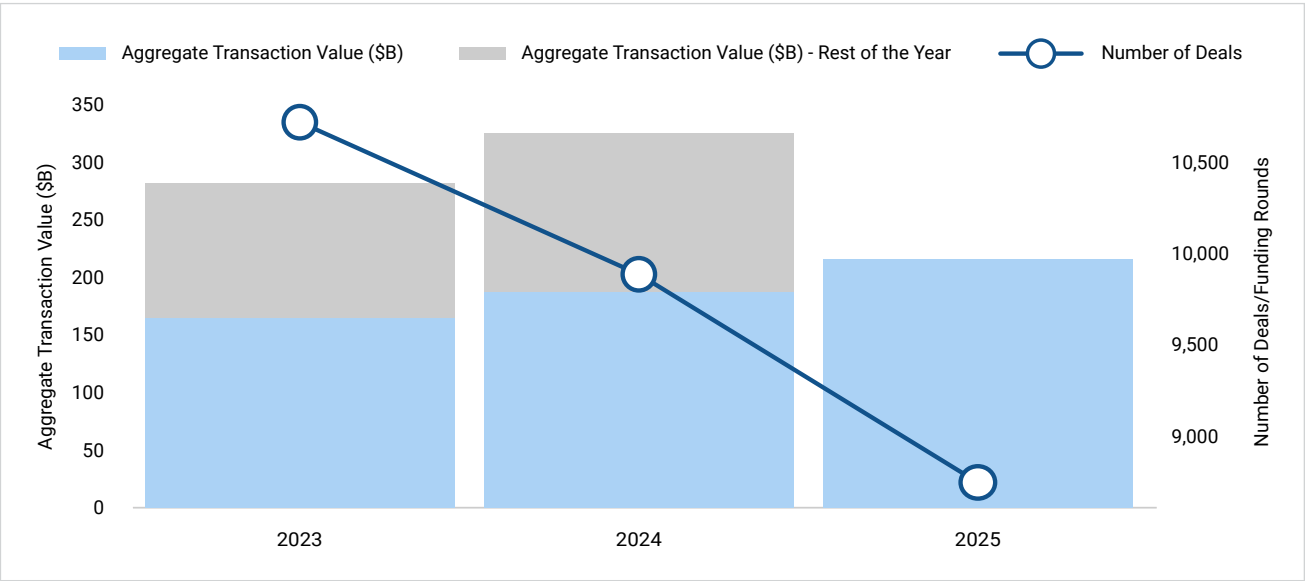
in July, prompting heightened activity in stablecoin investment, while Wall Street firms are accelerating work on tokenization and digital asset infrastructure. Bitcoin gained nearly 30% during the quarter, providing further momentum and bolstering institutional interest in the space, as per PitchBook. Moreover, exit dynamics are also improving, with 31 VC-backed exits in 2Q generating \$10.4 billion, the strongest quarterly outcome since Coinbase’s 2021 listing. Circle’s IPO underscored investor appetite, and additional listings are expected in the pipeline. With several funds preparing to raise fresh capital, managers are balancing cautious near-term dealmaking with the long-term conviction that crypto markets are entering a new expansion phase supported by stronger fundamentals.



PE Caution Builds While Venture Funding Activity Slows

Global PE and VC entry activity totaled \$52.6 billion across 911 deals in July, down from both the prior month and the year-ago period, as per S&P Global. Despite the slowdown, cumulative deal value through the first seven months reached \$444.7 billion, ahead of 2024's comparable total of \$403.1 billion.

Figure 7: Global PE and VC Investments Across Funding Rounds



Source: S&P Global, data as of August 4, 2025

Across markets, July activity underscored diverging dynamics between PE and VC. Larger buyout funds continued to focus on established companies with resilient operations and strong management teams, positioning these assets as safer bets in a more selective dealmaking environment. Middle-market transactions, however, remained more exposed to financing pressures and valuation gaps, creating slower activity at the lower end, where lenders are cautious and equity requirements are rising. VC trends also showed signs of cooling, with global funding rounds totaling \$23.7 billion in July, down 13% from June, and deal count falling 18% MoM, as per S&P Global. Even so, the YoY VC investment of \$217.0 billion recorded between January 1 and July 31 remained ahead of 2024 levels, suggesting deeper underlying momentum and investor willingness to fund innovation and growth

opportunities despite near-term uncertainty. Notable PE transactions included Apollo's acquisition of a majority stake in Stream Data Centers and several large-scale cross-border deals in technology, staffing, and energy infrastructure. Fundraising activity was equally strong, highlighted by Painswick Capital closing its debut fund at \$1.5 billion, Dextra Partners securing \$825 million, and Prelude Growth Partners raising \$600 million. Continuation vehicles, consumer-focused platforms, and secondary solutions are increasingly attracting commitments, reinforcing confidence in PE's ability to adapt capital deployment strategies even as global deal flow moderates and competitive dynamics intensify across major markets.



DEALS FLASH

One Equity to Acquire BARTEC



One Equity Partners, a New York-based PE firm, will acquire BARTEC, a Germany-based explosion protection and safety technology solutions provider. One Equity will take over ownership from a consortium led by Bridgepoint Credit and Alcentra, which acquired BARTEC in 2019. This

deal will allow BARTEC to accelerate growth, expand its digital portfolio, and capture market share in emerging industries. Furthermore, it will enable One Equity to leverage BARTEC's platform for an M&A-driven strategy and drive transformational development in safety and automation.

Advent to Acquire Automic Group



Advent, a Boston-based PE firm, will acquire Automic Group, an Australia-based technology company servicing financial market infrastructure. Founded in 2014, Automic provides registry and fund administration services across Australia and New Zealand. This deal will allow Automic to

innovate, scale its cloud-native platform, accelerate customer acquisition, and launch new products while delivering market-leading solutions. Further, it will enable Advent to leverage hands-on, global operational expertise to drive significant value creation in business and financial services, fostering sustained growth and sector leadership.

Verde Equity Acquires English Garden Care



Verde Equity Partners, a San Diego-based PE firm, has acquired English Garden Care, a Sacramento-based provider of landscaping and garden management services. For over three decades, English Garden Care has provided its services to residential communities, as well as commercial and municipal clients. This deal will allow English Garden Care to access

expanded expertise, adopt new technologies, and boost resources for sustainable landscaping. Furthermore, it will enable Verde Equity to broaden its property services, drive innovation, and deepen community impact through continued partnership.

FalconPoint Acquires SMS



FalconPoint Partners, a New York-based PE firm, has acquired SMS, a Portage-based industrial services business. FalconPoint provided \$500 million to support the company's growth and invest in new equipment.

Founded in 2008, SMS provides outsourced services, including site

environmental services and scrap and slag management, to steel mills. This deal will enable SMS to expand its steel mill services and marine decommissioning capabilities, deepen sustainability and safety investments, and enhance customer value. Further, it will allow FalconPoint to leverage SMS's operational expertise, accelerate growth, and drive long-term industry impact.

Fruition Acquires The Memory Company



Fruition Partners, a Dever-based PE firm, has acquired The Memory Company (TMC), an Alabama-based licensee of sports and consumer-branded merchandise. Founded in 1998, TMC offers drinkware, home décor, and related hard goods products, serving major retailers and e-commerce platforms. This

deal will allow TMC to broaden its licensed product offerings, strengthen retail partnerships, and accelerate innovation across categories. Further, it will enable Fruition to leverage TMC's strategic expertise, drive scalable growth, pursue complementary acquisitions, and reinforce TMC's leadership in an increasingly IP-conscious marketplace.

GTCR Acquires Innovative Systems from Alpine Investors



GTCR, an Illinois-based PE firm, has acquired Innovative Systems, a South Dakota-based enterprise software provider servicing broadband providers from Alpine Investors, a San Francisco-based PE firm. Founded in 1990, Innovative Systems

offers operating and billing software systems solutions, along with payments and bill processing capabilities. This deal will allow Innovative Systems to accelerate product innovation, enhance its software and payments capabilities, and expand its nationwide presence. Further, it will enable GTCR to leverage Innovative Systems' industry expertise, pursue strategic acquisitions, and strengthen leadership across vertical market technology solutions.

Vector Capital to Acquire Showpad



Vector Capital Management, a San Francisco-based PE firm, will acquire Showpad, a Belgium-based AI revenue enablement technology developer. Following the transaction, Vector will merge Showpad with Bigtincan Holdings, acquired in April 2025, and the combined

business will operate under the Showpad brand. This deal will allow Showpad to incorporate Bigtincan's AI and sales enablement technologies, expand customer reach and geographic scope, and integrate global R&D operations. Additionally, Vector Capital will consolidate two technology platforms, optimize assets and resources, and direct future growth within a unified brand.

TPG to Acquire Irth Solutions from Blackstone



TPG, a Texas-based PE firm, will acquire Irth Solutions, an Ohio-based provider of enterprise software for critical energy and infrastructure companies, from Blackstone Energy Transition Partners, Blackstone's New York-based energy-focused PE business. Founded in 1985, Irth delivers cloud-based software combining geospatial data, business intelligence, and AI to help infrastructure

operators detect and manage risks proactively. This deal will allow Irth to accelerate software and AI innovation for energy and utility clients. Further, it will enable TPG to drive Irth's growth and expand its infrastructure technology portfolio.

THL to Acquire Headlands Research from KKR



THL Partners, a Boston-based PE firm, will acquire Headlands Research, a Florida-based multinational network of clinical trial sites, from KKR, a New York-based PE firm. Founded in 2018, Headlands operates clinical trial sites across North America, conducting trials across key therapeutic areas including central nervous system disorders, vaccines, and metabolic diseases. This deal will allow Headlands to expand its clinical trial site network

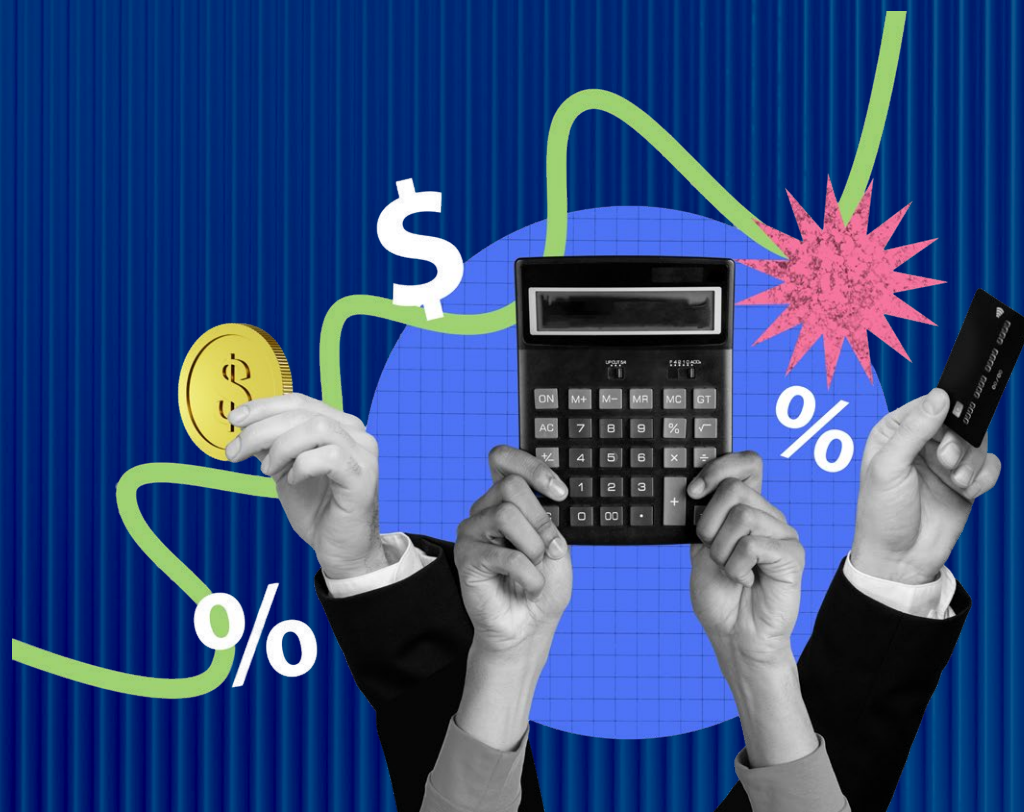
and invest in centralized infrastructure for broader trial innovation. Further, it will enable THL to grow Headlands, deepening expertise in healthcare and pharma services investments.

Genstar Acquires Majority Stake in First Eagle



Genstar Capital, a San Francisco-based PE firm, has acquired a majority stake in First Eagle Investments, a New York-based investment management firm. First Eagle managed about \$161 billion in assets as of June 30, 2025, overseeing equity, fixed income, alternative credit, and multi-asset strategies with a

benchmark-agnostic, downside-aware approach. This deal will allow First Eagle to accelerate growth by expanding investment capabilities and client reach while maintaining independence. Further, it will enable Genstar to support scalable growth and strengthen First Eagle's market position.



TRENDS AND STATS

August Middle-Market Deal Summary

44.2%

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

68.0%

of B2B deals were in Commercial Services

15.5%

of the deals were in Healthcare

77.8%

of Healthcare deals were in Healthcare Services

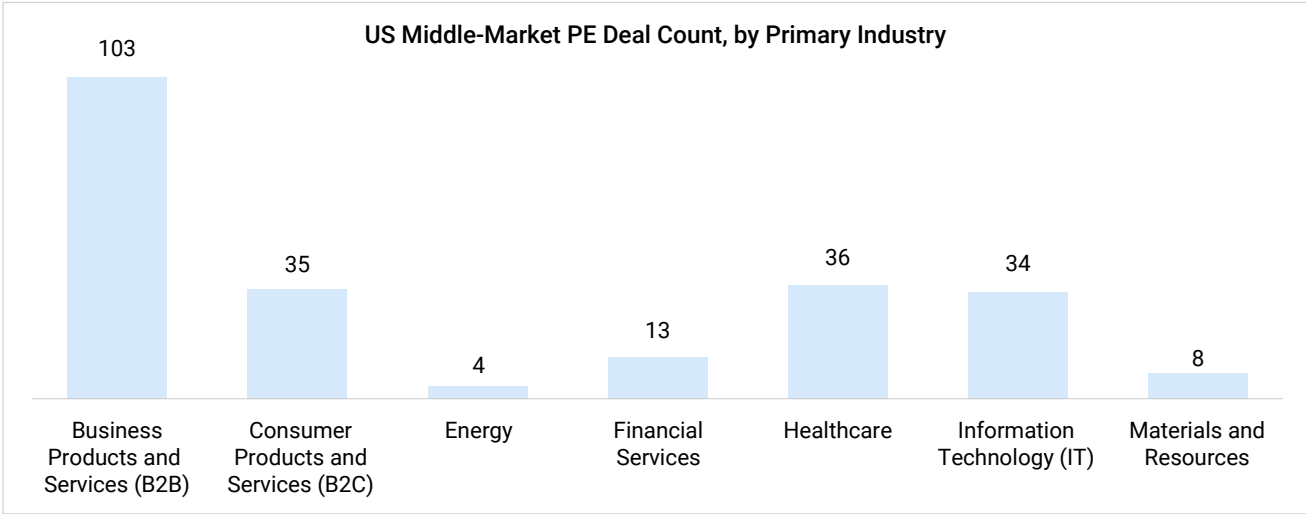
New York

experienced the highest dealmaking activity, followed by California

73.0%

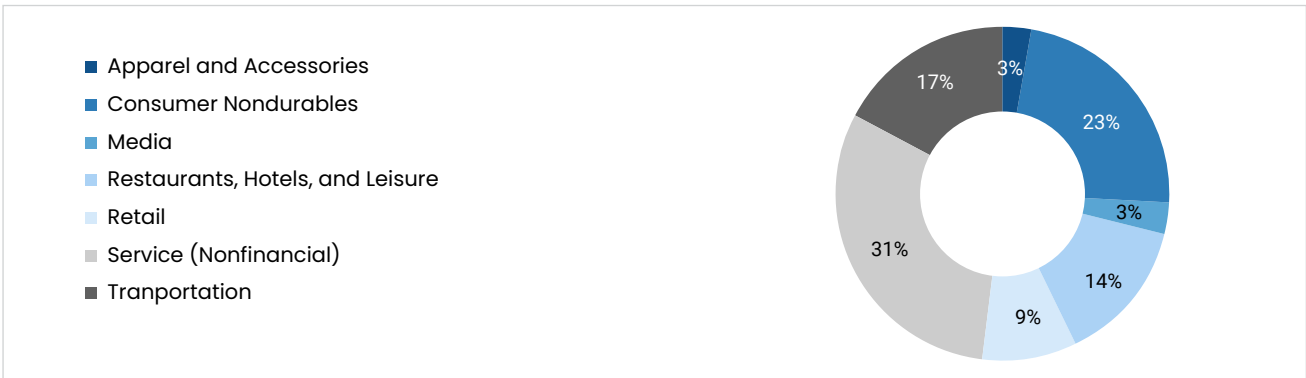
of the deals were buyouts

Figure 8: August 2025 Middle-Market Deal Summary



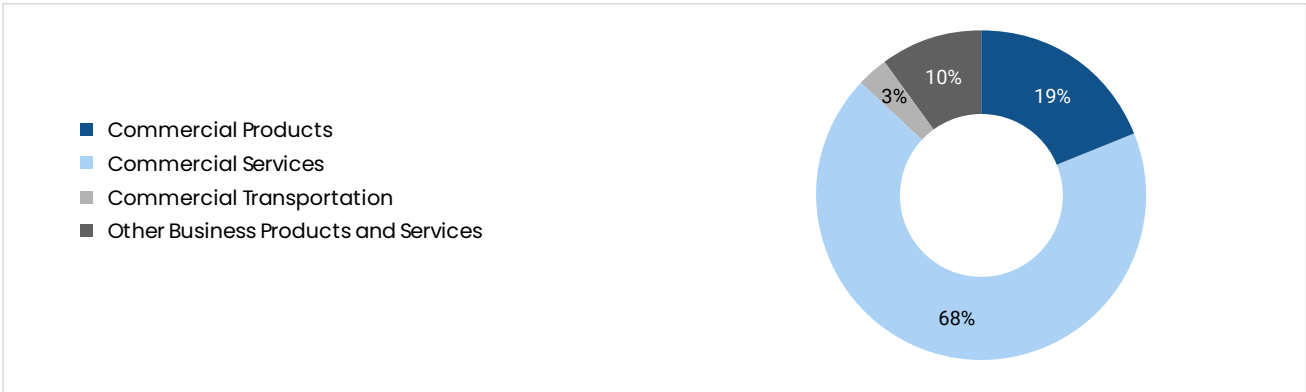
Source: SG Analytics Research

Figure 9: Share of Consumer Products and Services



Source: SG Analytics Research

Figure 10: Share of Business Products and Services

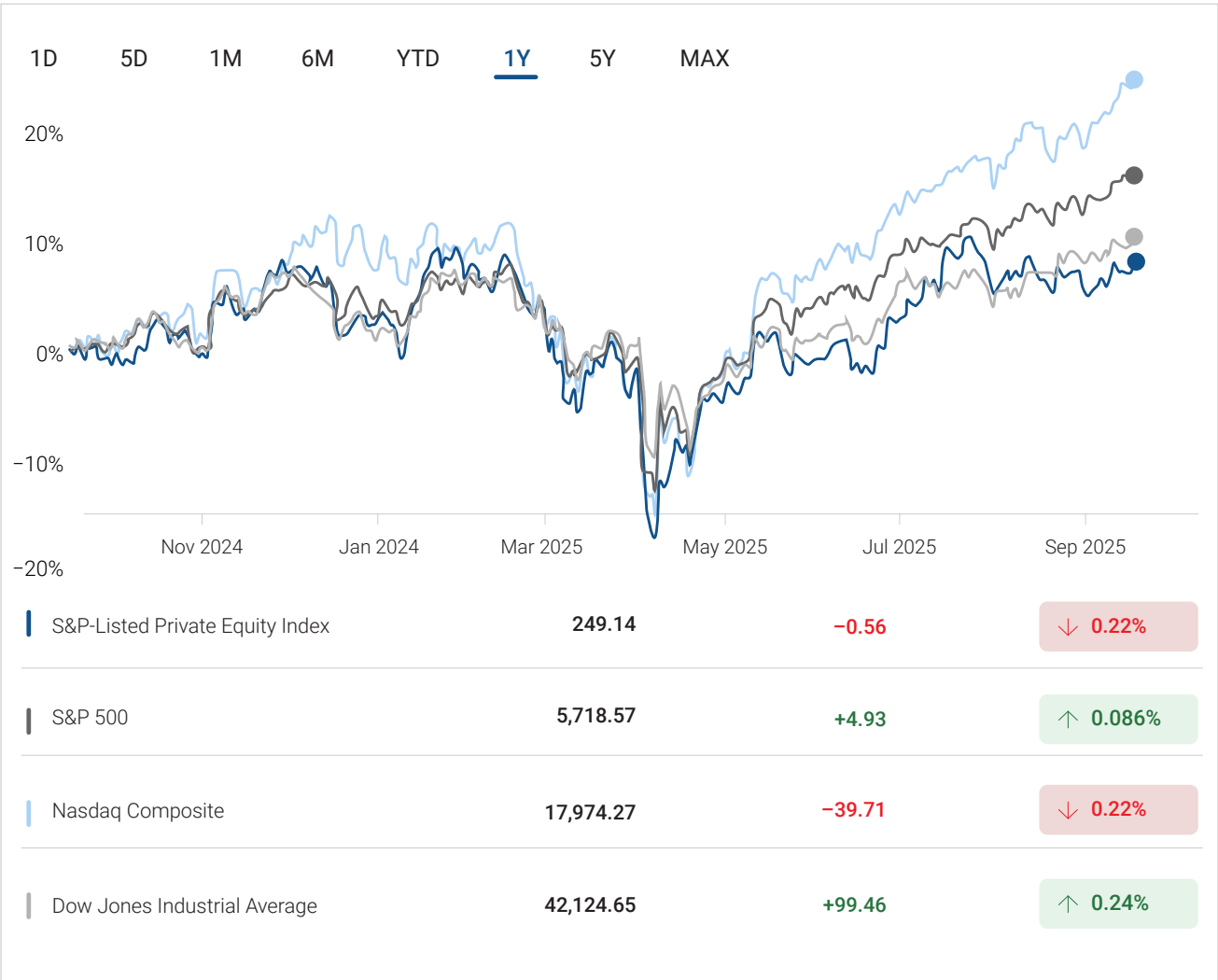


Source: SG Analytics Research

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

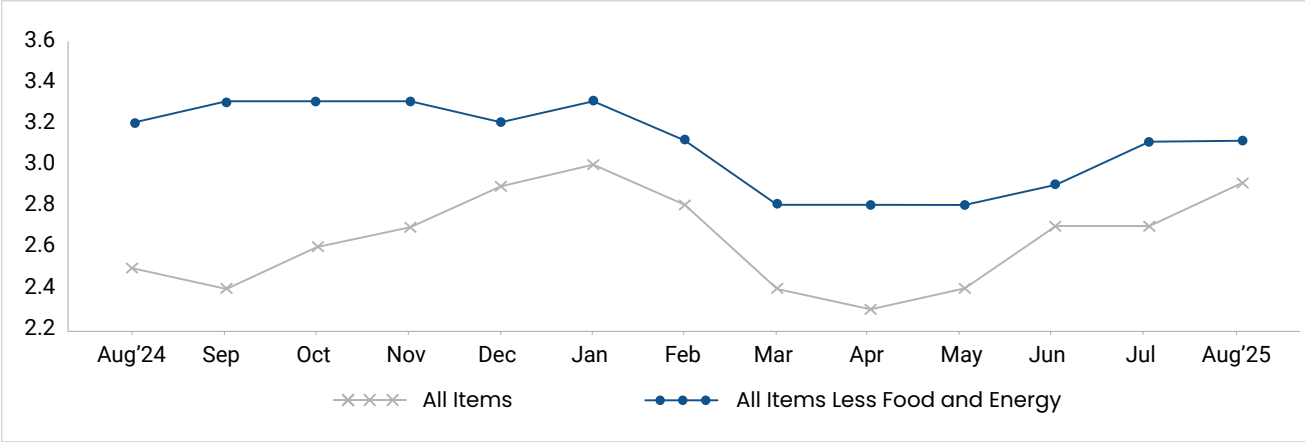
Figure 11: S&P-Listed Private Equity Index



Note: Data as of September 19, 2025

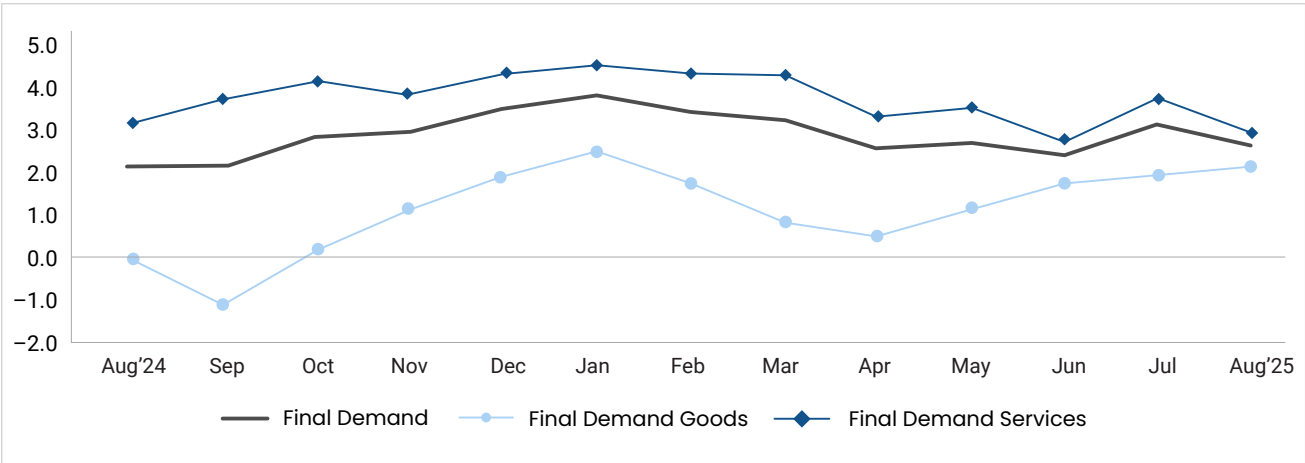
Index	Month-over-Month	YTD
Consumer Price Index (CPI)	0.4%	2.9%
Producer Price Index (PPI)	- 0.1%	2.6%

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

		
8th Private Equity San Francisco Forum	October 07–08, 2025	Julia Morgan Ballroom, San Francisco, CA
New York Private Capital Summit	October 15, 2025	New York, NY
Operating Partners Forum New York 2025	October 29–30, 2025	Convene Brookfield Place, 225 Liberty Street, New York

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Life's Possible

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