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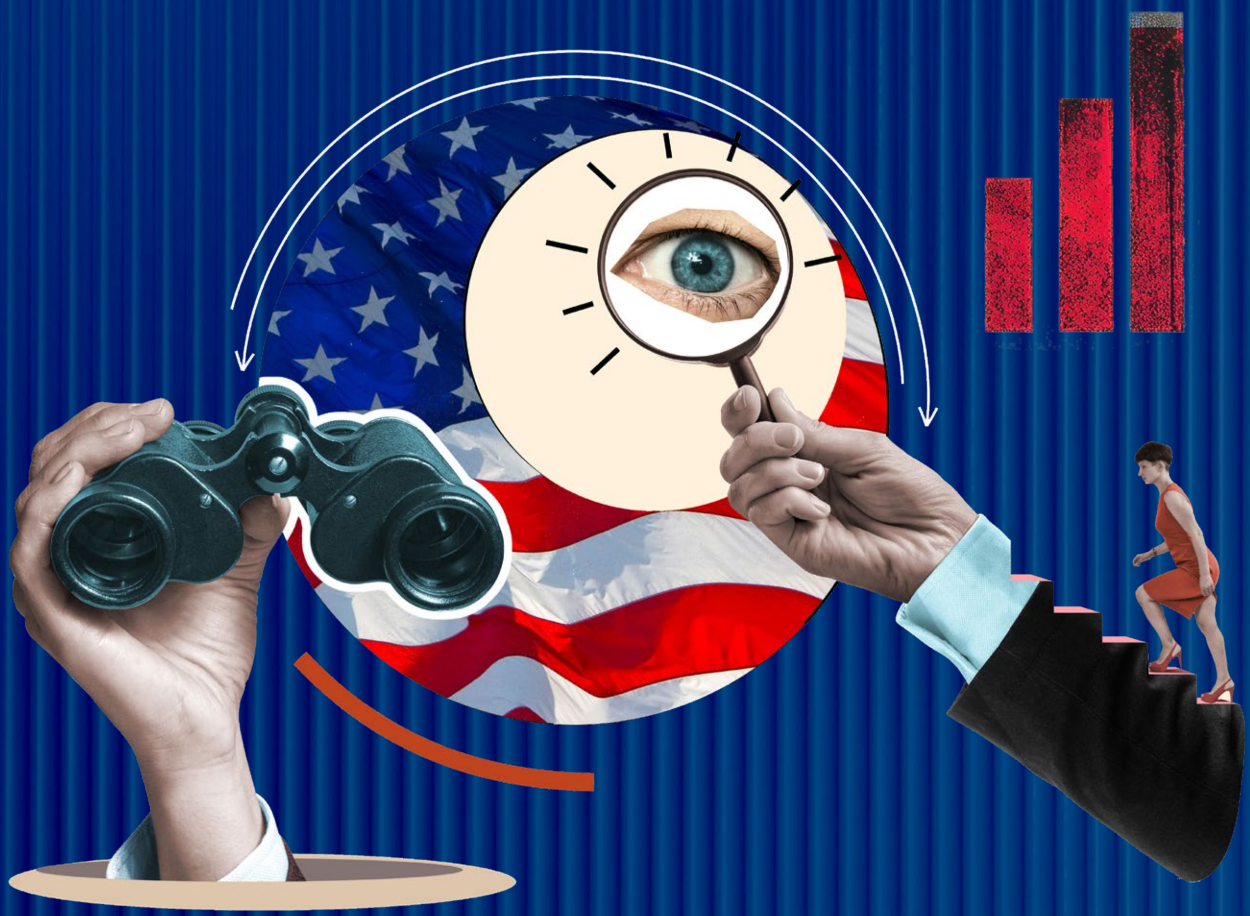
AXIA

PRIVATE EQUITY NEWSLETTER

Issue 22 / November 2025

3Q25 US PRIVATE EQUITY

Robust Growth, Calibrated Valuations, and Credit Recovery Propel in 3Q25



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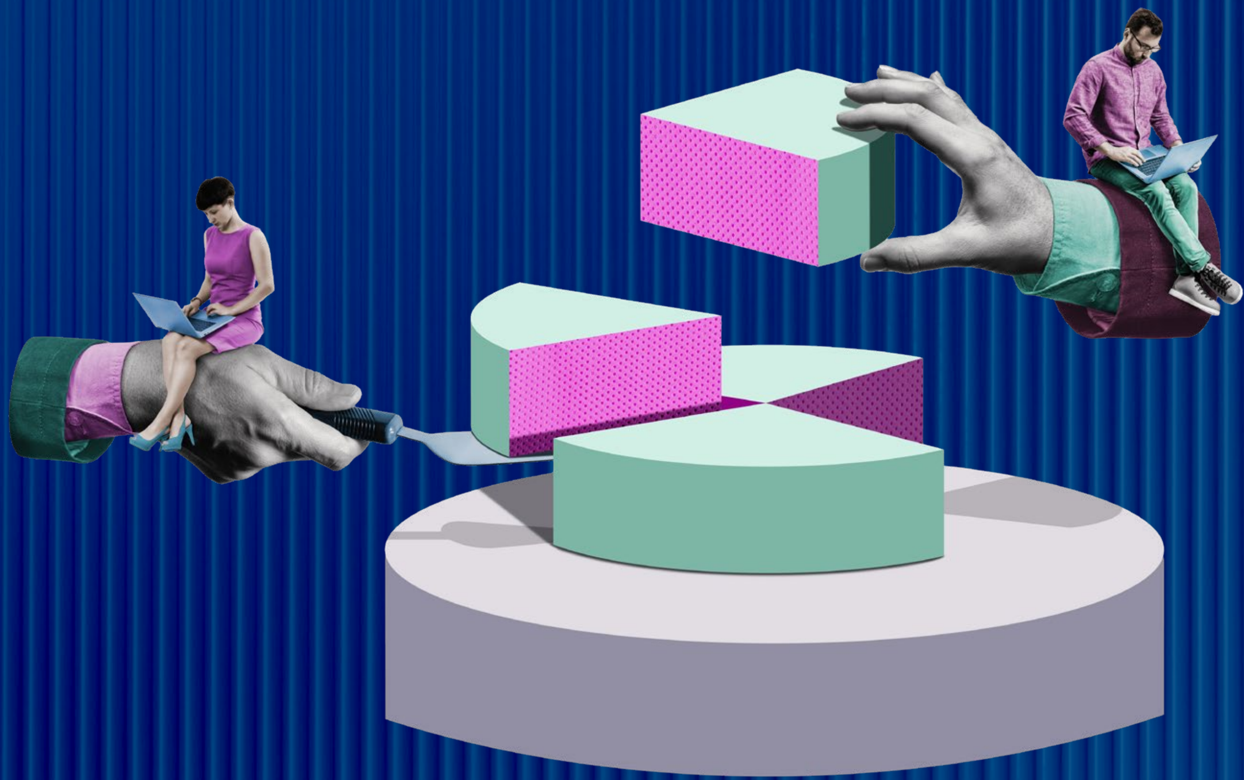
Each edition of Axia will bring you an exclusive feature article and topical news developments with our experts dissecting critical topics, offering insights and commentary that go beyond the headlines.

Fundraising Challenges | Expected Dealmaking Revival | IPO Exit Opportunities

Feature Article



US PRIVATE EQUITY 3Q25

Activity Strengthens While Exits Normalize Gradually

In 3Q25, US PE strengthened as financing improved, and valuations became more aligned between buyers and sellers. Risk-on sentiment and rate cuts spurred deal growth and add-on acquisitions, though exit values lagged despite increased exit volumes.

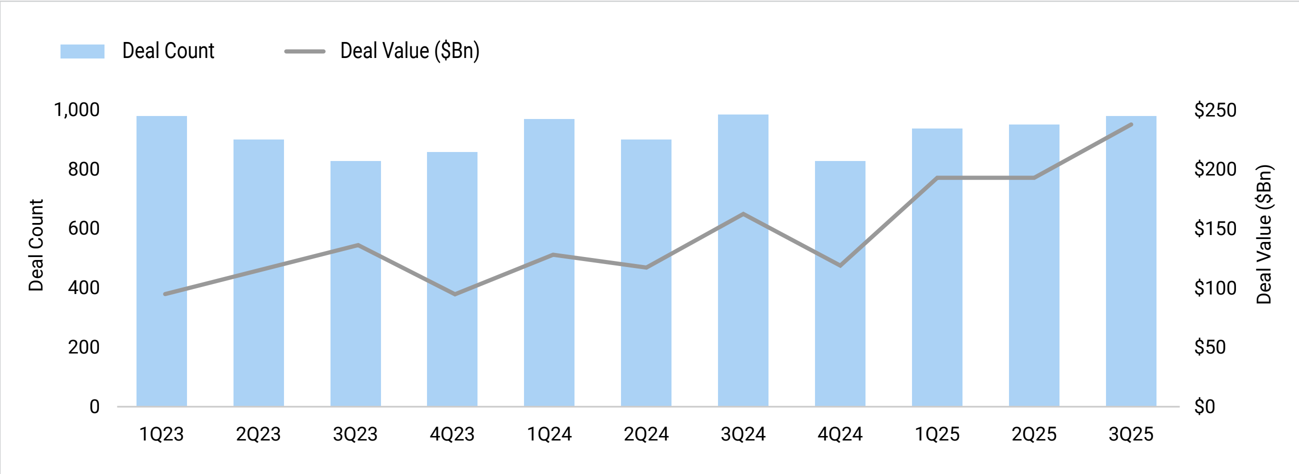
Deal momentum improved in 3Q25 as risk-on sentiment returned and sponsors gained more conviction in deployment. Exit counts recovered, although exit value slowed, reflecting a gradual but uneven normalization across liquidity pathways.

The US private equity (PE) market in 3Q25 demonstrated clearer recovery signals, with deal activity accelerating as financing conditions improved and valuation expectations narrowed between buyers and sellers. Public markets shifted decisively toward a risk-on environment following rate cuts and reduced recession fears, encouraging sponsors to pursue larger transactions and add-on activity to reinforce scale efficiencies. However, exit activity remained mixed, with growing exit counts but lower aggregate exit value.

Deal Activity Strengthens

US PE deal activity increased in 3Q25, marking a third consecutive quarter of improvement. The deal volume increased by 3% quarter-on-quarter (QoQ), while deal value rose by 23%, as per Dealogic. Although the deal counts were down by 1% YoY, deal value was up by 47%, indicating that sponsors are concentrating capital on fewer, higher-quality opportunities. The largest transactions of the quarter helped push overall value higher, and deployment remained most resilient in finance and technology, which together accounted for more than half of all US PE deal counts. In 3Q, technology alone generated more than 100 billion in deal value.

Figure 1: Quarterly US PE Deal Activity



Source: Dealogic, data as of September 30, 2025

Sponsors benefited from clearer financing conditions, steadier credit pricing, and more predictable earnings visibility, supporting deal execution. Corporate portfolio reviews contributed as companies prioritized capital efficiency and divested non-core assets. Despite improvement, selectivity remains central, with emphasis on recurring revenue, defensible margins, and resilient cash flow. The progression through 3Q suggests gradual normalization in the deal environment, setting a basis for activity heading into year end.

Take-Privates Resume at Larger Scale

Take-private activity, while lower in volume than in recent years, increased significantly in value as larger transactions returned to the market. Year-to-date (YTD) take-private value reached $195.3 billion, positioning 2025 to become the second-highest year for such activity on record, as per PitchBook. The return of multi-billion-dollar public-to-private transactions indicated renewed clarity in financing markets and improved confidence in post-acquisition value creation pathways.

Notable transactions included Thoma Bravo's take-private of Dayforce for $12.3 billion and the record-setting take-private of Electronic Arts for $55 billion by PIF, Silver Lake, and Affinity Partners. These deals reflected a willingness among sponsors to commit significant equity capital and leverage improved credit availability. The scale of these transactions indicated expanded sponsor risk tolerance, following earlier periods of valuation hesitation and capital deployment caution.

Add-Ons and Carveouts Support Platform Scaling

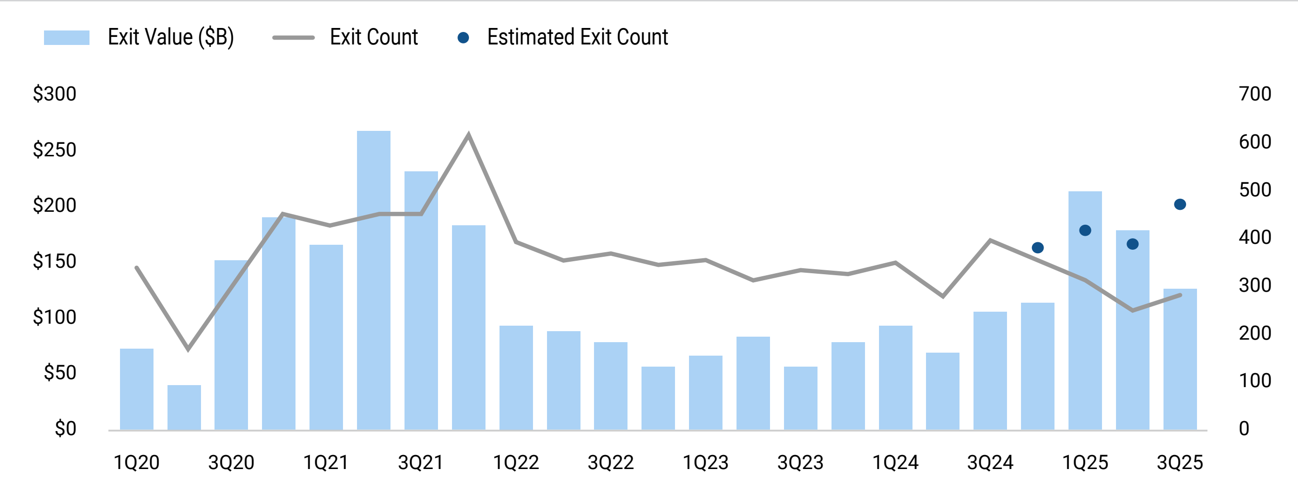
Add-ons accounted for 74.1% of all buyout activity in 3Q, consistent with sponsor strategies focused on driving operational leverage and cost efficiency, as per PitchBook. The continued emphasis on add-ons reflected stable organic growth conditions and the benefits of scale-based procurement and distribution advantages. Sponsors prioritized integration execution and margin expansion across combined businesses, particularly in sectors with recurring revenue structures and predictable cash flow generation.

Carveouts represented 9.8% of buyout deals, above historical averages, signaling increased corporate portfolio rationalization. Divestitures occurred as companies refined strategic focus and redeployed capital into higher-priority initiatives. These carveouts provided sponsors with assets supported by established revenue profiles and operational histories. Corporate boards demonstrated higher willingness to transact as volatility receded and financing conditions stabilized, supporting a constructive carveout pipeline through year end.

Exit Momentum Broadens, but Value Declines

Exit activity reflected mixed performance, with exit count rising by 22.4% QoQ, reaching 464 transactions, while aggregate exit value declined to $125.5 billion, as per PitchBook. The increase in count suggested improving liquidity access and broader buyer participation. However, the decline in value reflected fewer mega-sized exits and more moderate transaction sizes within the exit mix. The recovery remained gradual rather than pronounced.

Figure 2: Quarterly US PE Exit Activity



Source: PitchBook, data as of September 30, 2025

Median holding periods for exited companies fell to six years, suggesting that high-quality assets are achieving exits earlier as markets stabilize. However, the median holding period for existing portfolio companies rose to 3.8 years, reflecting a buildup of aging inventory. This divergence emphasized the two-speed nature of the exit environment, where stronger assets transact more readily while others remain in portfolios awaiting improved valuations or market catalysts.

Fundraising Concentrates Among Established Managers

Fundraising conditions remained constrained, with 244 funds raising $214.4 billion through 3Q, as per PitchBook. While the number of funds closed increased, the overall raised capital declined compared to previous year levels. LPs continued to consolidate commitments toward larger, established managers, reflecting allocation discipline and distribution constraints resulting from slower exit flows. Median fund size reached a record $183 million, supported by strong predecessor step-ups.

Moreover, dry powder moderated slightly from recent peaks, falling to just under $1 trillion at the end of 2024. Currently, dry powder as a share of total PE assets under management reached 27.8%, the lowest level on record, indicating active capital deployment relative to available capital. Fundraising is expected to remain selective until exit conditions materially broaden. Established managers are positioned to benefit from this environment, while emerging managers may face extended fundraising timelines.

Credit Conditions Improve, Supporting Transaction Structuring

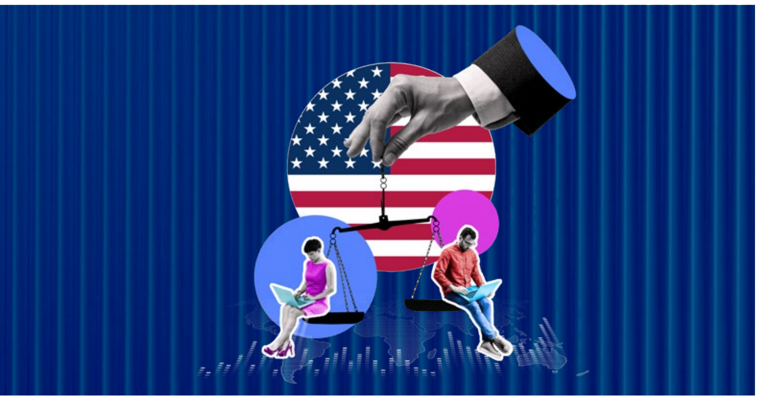
Credit markets recorded increased activity in 3Q, driven by improved borrower terms and reduced lending spreads. Broadly syndicated loan issuance to sponsor-backed companies reached its busiest quarter on record, although much of the volume involved repricing and refinancing rather than new-money transactions. Spread compression reduced borrowing costs, providing sponsors greater flexibility in capital structuring decisions.

Average leverage levels moderated, with debt-to-EBITDA ratios near 4.9x, as of YTD August 31, 2025, reflecting reduced debt capacity and higher requirements for equity contributions, as per PitchBook. Equity represented approximately 55% of the total transaction capitalization. While lower leverage constrained financial engineering-based return strategies, the lower borrowing costs and improved financing visibility supported renewed deal execution confidence. Sponsors continued to evaluate credit market access as a central determinant of transaction timing and feasibility.

Conclusion

3Q25 marked a constructive phase in the US PE cycle, with stronger deal momentum, improving financing conditions, and gradual advancement in exit throughput. The environment remains characterized by selective confidence rather than full normalization, with exit value recovery continuing to lag deal performance. Fundraising remains concentrated, and disciplined underwriting remains essential. Sponsors enter year end positioned to deploy effectively, if credit stability and public market conviction persist.

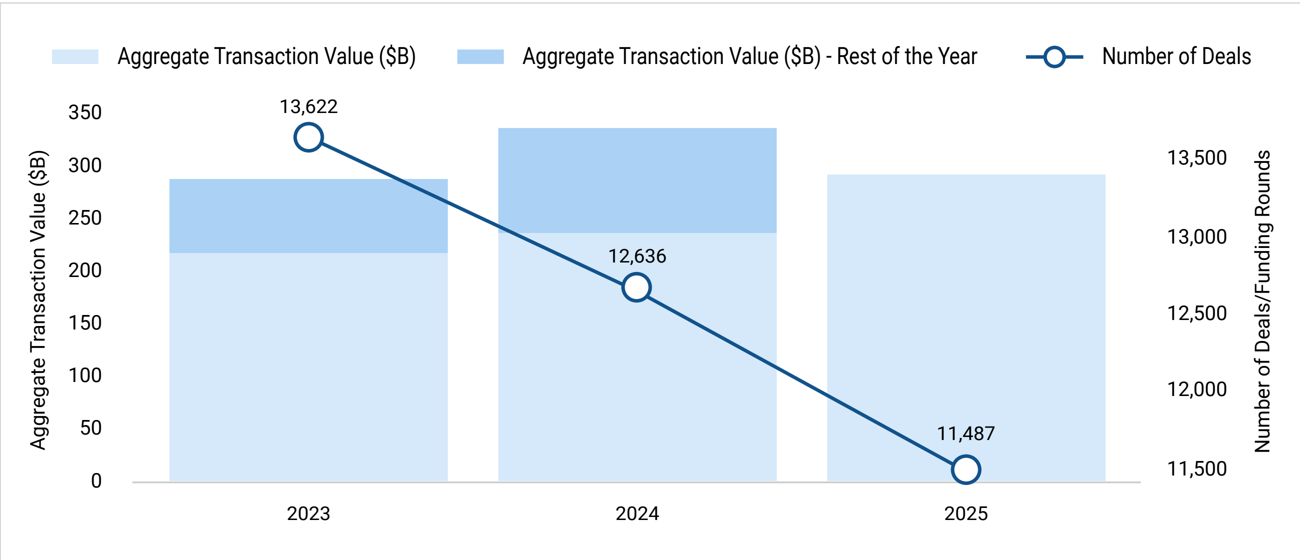
Monthly News and Analysis



Larger Deal Drive Global PE Transaction Value Higher

Global PE and venture capital (VC) deal value totaled $633 billion through the first three quarters of 2025, up by 24% from the same period in 2024, as per S&P Global. 3Q deal value reached $258.5 billion, supported by fewer but larger transactions and continued interest in premium assets.

Figure 3: Global PE/VC Investments Funding Rounds



Source: S&P Global, data as of September 30, 2025

PE investment committees remain focused on backing companies that will navigate macroeconomic and rate uncertainty, resulting in a market led by concentrated, higher-value transactions rather than broad-based dealmaking. In September, 13 transactions exceeded $1 billion in value globally, including two megadeals larger than $5 billion, reflecting sustained appetite for resilient business models and strong cash-flow visibility among investors, as per S&P Global.

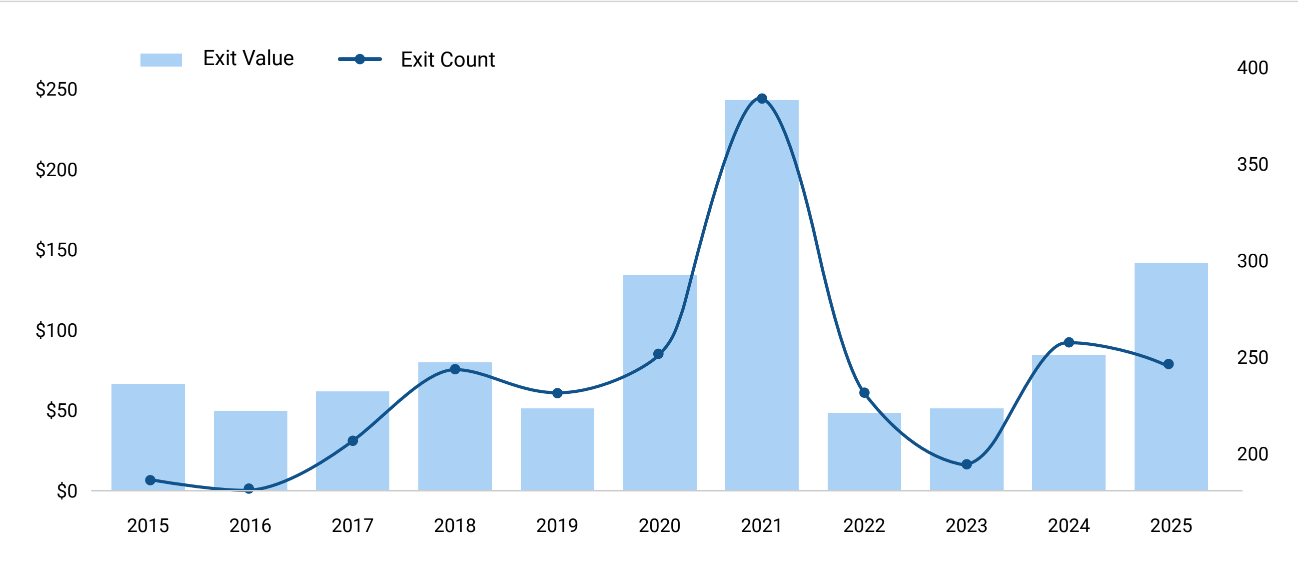
Moreover, venture and growth funding demonstrated emerging momentum. Although the value of funding rounds in September declined modestly to $31.2 billion from August, the number of rounds rose to 1,352, the highest monthly total since March, signaling improving early-stage and mid-stage capital availability and renewed participation from crossover investors. YTD, $289.2 billion has been deployed into funding rounds, surpassing the equivalent nine-month total in 2024 and 2023. Fundraising activity remained active, with Bain Capital securing $14 billion for its latest flagship buyout fund and Ares raising $5.3 billion for its infrastructure secondaries strategy. These commitments reinforce LP interest in strategies offering predictable yield profiles or exposure to long-duration, capital-intensive assets.

Meanwhile, the private asset fund value globally reached $14.05 trillion in September, up by 9.6% since January, with projections indicating growth toward $23.9 trillion by 2030, as per an analysis by Ocorian. PE is expected to drive most of that expansion, supported by institutional demand for performance dispersion, long-term compounding, and diversified return sources across cycles.

Corporate Demand for Efficiency Drives Higher IT Exits for PE

US PE exits in IT have reached $141.3 billion YTD, the highest level since 2021, as per PitchBook. Exit momentum has strengthened as corporate acquirers increase their focus on technology assets that support cost optimization, workflow automation, and productivity enhancements across core business functions.

Figure 4: US PE Exit Activity in IT



Source: PitchBook, data as of September 30, 2025

Corporate demand for operational efficiency is driving greater interest in IT assets that enable process improvement, cost containment, and scalable digital workflows, particularly in sectors experiencing margin pressure and shifting reimbursement dynamics. Health systems facing rising labor expenses and financial strain are accelerating the adoption of software solutions that reduce administrative burden and enhance financial performance. This has elevated healthtech targets within exit pipelines, where revenue integrity, payment optimization, and clinical efficiency platforms are attracting buyers.

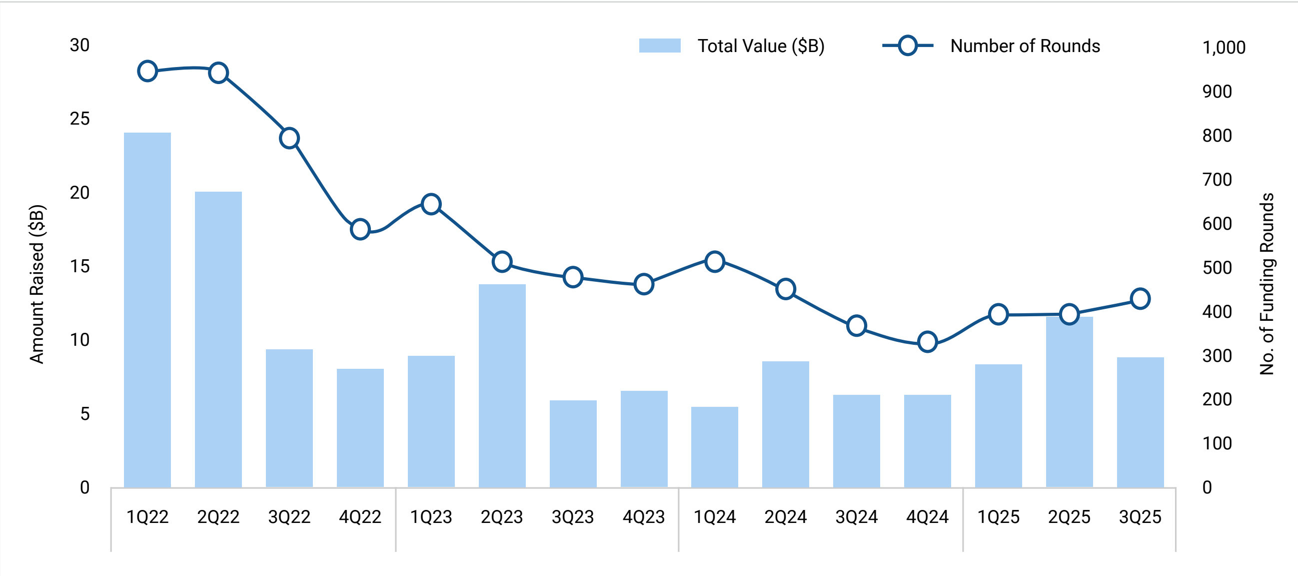
Advent International's sale of Iodine Software to Waystar for $1.25 billion illustrates this trend, as the acquirer seeks to expand AI-supported denial prevention and automation capabilities for providers. At the same time, AI infrastructure has emerged as an increasingly relevant category for strategic and financial sponsors. Demand for middleware and compute orchestration tools continues to expand as enterprises scale AI workloads and require systems that enable reliability, storage efficiency, and adaptive model deployment across distributed environments.

While venture investors have led early growth in these assets, late-stage participation from PE is increasing, supported by clearer commercialization paths, expanding enterprise adoption, and recurring revenue models. PitchBook analysts expect IT exits to remain a sustained source of liquidity, supported by scalability, high-margin profiles, and corporate acquirers' continued emphasis on digital enablement. The durability of this trend will depend on earnings visibility, integration outcomes, and the pace of enterprise AI adoption across industries.

Fintech Funding Rebounds as Capital Moves to Autonomous Finance and Stablecoins

Global fintech funding reached $28.7 billion through the 3Q25, surpassing 2024's full-year total, as per S&P Global. Moreover, deal velocity improved, with quarterly deal count rising YoY for the first time since mid-2022, signaling a broader recovery across stages and subsectors.

Figure 5: Global Quarterly Fintech Funding Activity



Source: S&P Global, data as of October 14, 2025

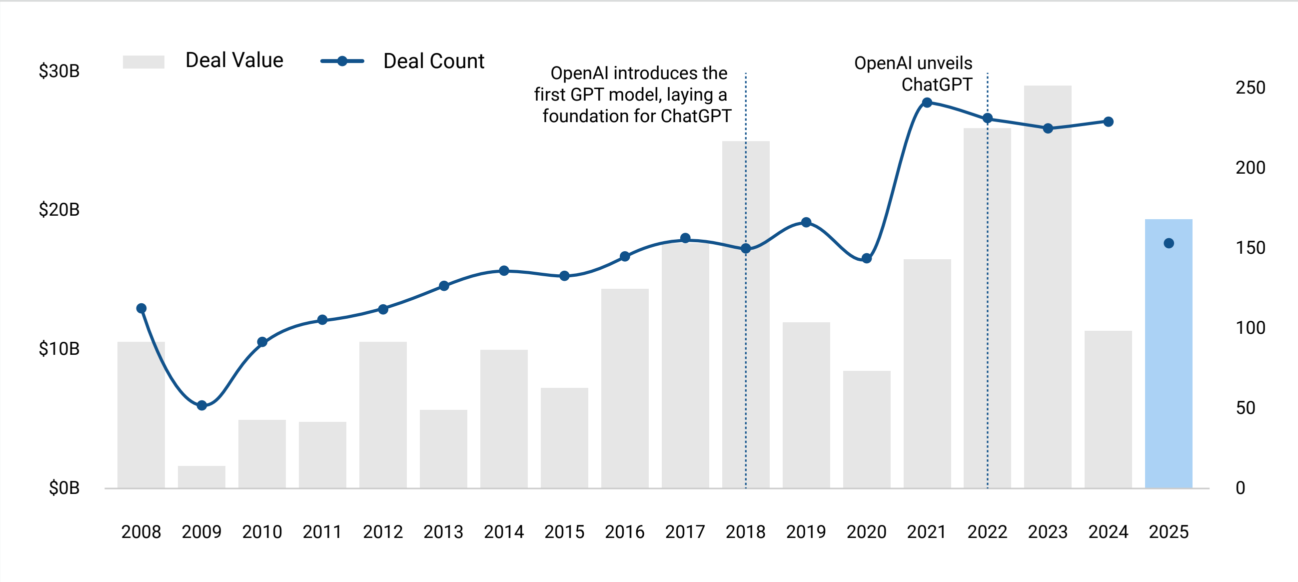
The rebound reflects renewed investor conviction in fintech platforms that automate financial operations, streamline distribution, and support regulated digital asset movement across corporate, institutional, and consumer workflows. North America continues to lead capital deployment, supported by deep venture networks, regulatory clarity around digital asset experimentation, and expanding AI engineering talent concentrated around financial hubs. Capital allocation this year has concentrated around autonomous finance and stablecoin infrastructure, where workflow automation and transaction settlement efficiency translate directly to operating leverage and revenue retention.

Ramp's $500 million raise, led by ICONIQ, illustrates growing demand for agent-driven spend, payments, and treasury optimization within corporate finance environments seeking cost efficiency. iCapital's $820 million round highlights continued appetite for institutional wealth infrastructure, connecting advisers to private market access and allocation tools on a scale. Meanwhile, Rain's $58 million Series B demonstrates accelerating adoption of stablecoin settlement rails underpinning card issuing and payment routing. Investors are writing larger checks at late stages than in 2024 while maintaining valuation discipline and emphasizing visibility into unit economics and profitability timing. Seed-stage momentum also strengthened as investors re-engaged with early formation, prioritizing capital efficiency, technical defensibility, and verifiable customer traction. Series A and B pipelines are reactivating, which is often a lead indicator of gradual reopening in exit markets as companies move closer to commercialization milestones, predictable revenue expansion, and broader institutional adoption.

Middle-Market PE Finds Opportunity in Data Center Equipment Provider

PE investment in electrical equipment companies supporting data center infrastructure has continued to expand, with 152 deals totaling $19.3 billion recorded globally through October 1, as per PitchBook. If activity sustains its current pace, 2025 will mark the fifth consecutive year with sector deal counting above 200.

Figure 6: Global Electrical Equipment PE Deals



Source: Pitchbook, data as of October 1, 2025

Middle-market sponsors are increasingly targeting manufacturers of power distribution systems, cooling components, and related infrastructure that support the scale-up of data centers driven by AI workloads. Rather than pursuing large, capital-intensive data center platforms, firms are focusing on companies that provide the underlying hardware necessary for reliable power delivery and thermal management. These assets benefit from recurring replacement cycles, diversified customer bases, and limited technology obsolescence risk, which align well with conventional PE underwriting frameworks and hold-period expectations.

Windjammer Capital's investment in PDU Cables, a supplier of power distribution solutions to data center developers, reflects this approach, where value creation is tied to organic expansion, sales enablement, and disciplined operational execution rather than large-scale mergers and acquisitions (M&A) integration.

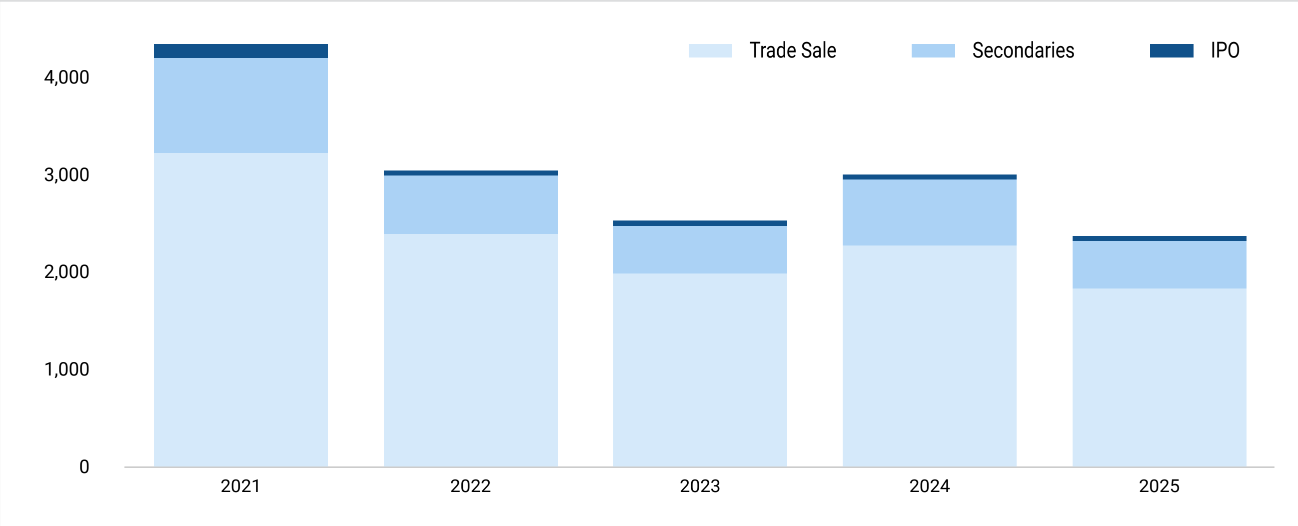
Demand for these industrial suppliers remains strong, with auctions attracting broader bidder interest and more competitive valuation dynamics compared to traditional manufacturing assets. For sponsors, the ability to grow revenue through product expansion, channel development, engineered-to-order capabilities, and go-to-market refinement offers a favorable fit for value-creation playbooks.

Firms are also positioning portfolio companies to benefit from ongoing construction tied to hyperscalers, colocation operators, and enterprise AI adoption cycles. Sustained investment momentum in power distribution equipment, switchgear, and advanced cooling technologies is supported by long-term data center build-out plans, grid capacity upgrades, and rising compute density requirements as AI workloads scale and facility designs evolve further.

Global Exit Activity Rises as PE Accepts Smaller Deal Returns

Global PE and VC exits reached 817 in 3Q25, up from 784 in 2Q25, as per S&P Global. Despite the increase in exit count, disclosed exit values declined to $78.7 billion, reflecting smaller deal sizes and reduced average returns for sponsors.

Figure 7: PE-Backed Exits by Volume



Source: S&P Global, data as of September 30, 2025

The rise in exit volume alongside lower transaction values indicates that managers are prioritizing realizations over maximizing exit pricing after an extended period of valuation uncertainty. Elevated interest rates and slower earnings have limited buyer willingness to pay premium multiples, particularly in trade sales, where returns are tracking below the prior four-year average. In contrast, initial public offering (IPO) and secondary sale outcomes have improved, though activity remains selective and concentrated among companies with strong fundamentals.

YTD, 2,360 exits have been recorded globally, putting 2025 on track to exceed last year's exit count, although aggregate exit value remains significantly lower, as per S&P Global. According to Donohue, vice chairman of DC Advisory, PE and VC firms continue to work through a backlog of long-held portfolio companies accumulated since the 2022 rate cycle, when sponsors delayed exits in response to compressed valuations.

Demand remains strongest for market-leading assets with resilient revenue, recurring customer bases, and defensible competitive positions, while mid-tier companies face slower buyer engagement and longer sale processes. However, post-Labor Day deal activity in the US suggests that more midrange companies are returning to market as sponsors recalibrate return expectations. Strategic acquirers have become increasingly influential buyers, particularly where portfolio companies demonstrate clear AI adoption paths that support operating leverage and future scalability. The current environment reinforces a more mature industry dynamic in which the largest PE platforms consolidate market share while smaller managers either specialize further, merge, or exit the market.

DEALS FLASH

Frontline Healthcare Acquires Integracare

FRONTLINE Healthcare Partners INTEGRAcare

Frontline Healthcare Partners, a South Carolina-based PE firm, acquired Integracare, a Canada-based private-pay home care company. The investment marks the sixth portfolio company investment for Frontline. Founded in 1990, Integracare provides home-based personal healthcare services designed for elderly and chronically ill individuals. This deal is expected to allow Integracare to accelerate its growth organically and through strategic acquisitions while expanding its services and geographic reach. Furthermore, this will enable Frontline Healthcare Partners to enhance its investment strategy and support Integracare's continued operational and strategic development.

One Equity Partners to Acquire a Majority Stake in Digital Value

OneEquity Digital Value

One Equity Partners (OEP), a New York based PE firm, has agreed to acquire a majority stake in Digital Value, an Italy- based technology solutions-focused value-added reseller. Founded in 2018, Digital Value provides big data, data management infrastructure, AI, cloud computing, and other technology solutions to technology vendors. This deal will allow Digital Value to accelerate its growth by expanding managed services and cloud solutions and pursuing transformative combinations with complementary businesses. Furthermore, this will enable One Equity to deploy its M&A playbook and consolidate Italy's fragmented technology market.

Marlin Equity Invests in Intelligent Locations

Marlin Equity Partners, a California-based PE firm, has made an investment in Intelligent Locations, a North Carolina-based AI-powered real-time location system software provider for healthcare enterprises. Founded in 2015, Intelligent Locations offered hospitals real-time tracking and analytics for assets, staff, patients, and workflows to boost safety and efficiency. This deal will allow Intelligent Locations to advance its INTRAX platform and further optimize hospital operations with AI-powered solutions. Moreover, this will enable Marlin Equity to accelerate growth by supporting product innovation and expanding strategic partnerships.

Astira Capital Acquires CallRevu

Astira Capital Partners, a Boston-based PE firm, acquired CallRevu, a Maryland-based call intelligence platform provider for the automotive industry. Founded in 2008, CallRevu combines dealership telephony, real-time call tracking, analytics, role-based training, and reputation management in one integrated solution. This deal will allow CallRevu to enhance its AI-powered analytics, expand product features, deepen integration with dealership systems, and pursue strategic acquisitions. Furthermore, this will enable Astira Capital to scale CallRevu's platform and drive innovation for outstanding client outcomes.

Saothair Capital Acquires GatesAir

Saothair Capital Partners, a Pennsylvania-based PE firm, acquired GatesAir, an Ohio-based manufacturer of multi-channel television and radio transmitters, through an affiliate. Founded in 1922, GatesAir designs, manufactures, and installs wireless content delivery and public safety communications equipment. This deal will allow GatesAir to accelerate innovation, strengthen customer support, expand worldwide market leadership, and deliver advanced broadcast solutions. Furthermore, this will enable Saothair to invest in growth, broaden GatesAir's reach, and enhance its portfolio of turnkey communication technologies.

One Equity Invests in McNICHOLS

One Equity Partners (OEP), a New York-based PE firm, invested in McNICHOLS, a Florida-based distributor of specialty metals and fiberglass products. Founded in 1952, McNICHOLS serves metal fabricators, metal distributors, OEMs, contractors, and numerous other customers nationwide. This deal will allow McNICHOLS to accelerate its growth, expand its specialty metals and fiberglass offerings, and strengthen its national presence through strategic organic and inorganic initiatives. Furthermore, this will enable OEP to leverage its industrial expertise to scale McNICHOLS and enhance its operational and market leadership.

Wynnchurch Acquires Charter Industries

Wynnchurch Capital, a Chicago-based PE firm, acquired Charter Industries, a Michigan-based edgebanding and complementary products provider. Founded in 1991, Charter Industries serves over 4,500 customers and provides edgebanding products to healthcare, education, hospitality, residential, office, retail, and other end markets. This deal will allow Charter Industries to accelerate growth, enhance its capabilities, and strengthen its market leadership through expanded product innovation and service quality. Moreover, this will enable Wynnchurch to leverage its resources and expertise to support Charter's next phase of organic expansion and strategic acquisitions.

Rockbridge Invests in Miles Mediation & Arbitration

Rockbridge Growth Equity, a Michigan-based PE firm, invested in Miles Mediation & Arbitration, a Georgia-based alternative dispute resolution (ADR) provider. Founded in 2000, it offers expert-led mediation and arbitration services that deliver fair, timely, and cost-effective outcomes for disputes of any size or complexity. This deal will allow Miles to accelerate its growth, enhance its national presence, and invest in people, technology, and client experience to strengthen its position as a leading ADR firm. Additionally, this will enable Rockbridge to support Miles' organic and inorganic expansion across key markets.

Riata Capital to Invest in Government Window

Riata Capital Group, a Dallas-based PE firm, invested in Government Window, a Georgia-based cloud-based integrated payments platform that serves local governments and municipalities. Founded in 2006, Government Window enables citizens to pay governments online, in-person, or by phone, while providing agencies with secure tools for managing and tracking transactions. This deal will allow Government Window to accelerate its geographic expansion and enhance its payments software platform. Furthermore, this will enable Riata Capital to support Government Window's growth, product innovation, and continued delivery of top-tier service to government clients.

Stone-Goff Exits its Investment in Walker Sands

Stone-Goff Partners, a New York-based PE firm, announced the exit of its investment in Walker Sands, an Illinois-based B2B growth services firm, which was sold to Mountaingate Capital, a Colorado-based PE firm. Founded in 2001, Walker Sands serves mid-market and enterprise clients in technology, financial services, logistics, healthcare, and other innovation-driven industries. This deal will allow Walker Sands to expand service offerings, deepen client relationships, and advance as a leading outcome-based B2B growth services platform. Furthermore, this will enable Stone-Goff to support strategic growth and professionalization in tech-driven, enterprise B2B markets.

TRENDS AND STATS

October Middle-Market Deal Summary

49.3%
of the deals were made in the Business Products and Services sector (B2B)

64.3%
of B2B deals were in Commercial Services

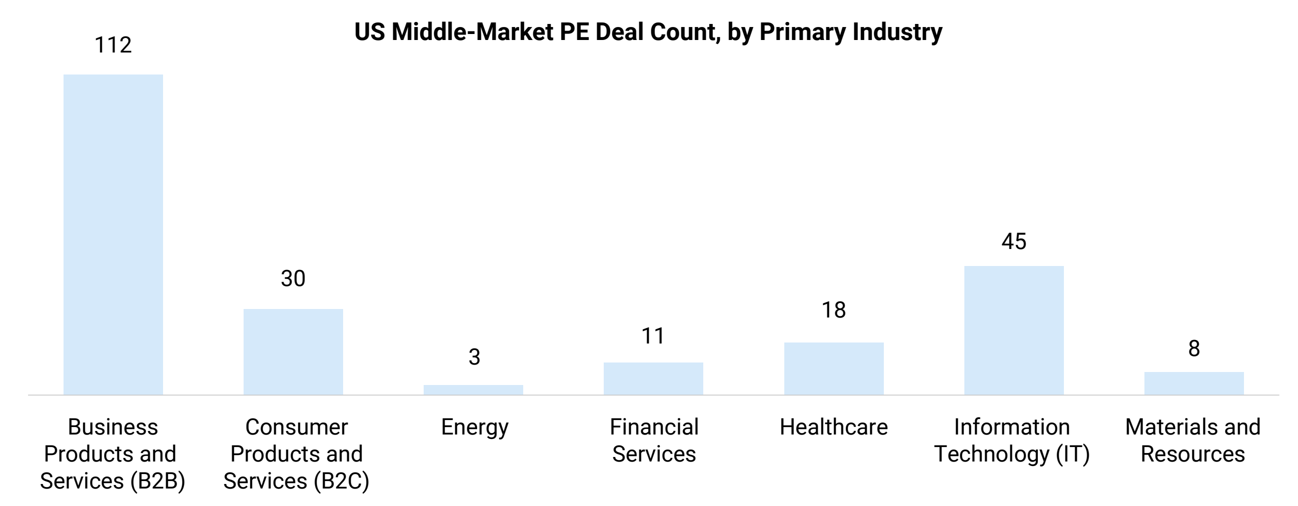
19.8%
of the deals were in IT

73.3%
f IT deals were in Software

Texas
experienced the highest dealmaking activity, followed by California

79.3%
of the deals were buyouts

Figure 8: October 2025 Middle-Market Deal Summary

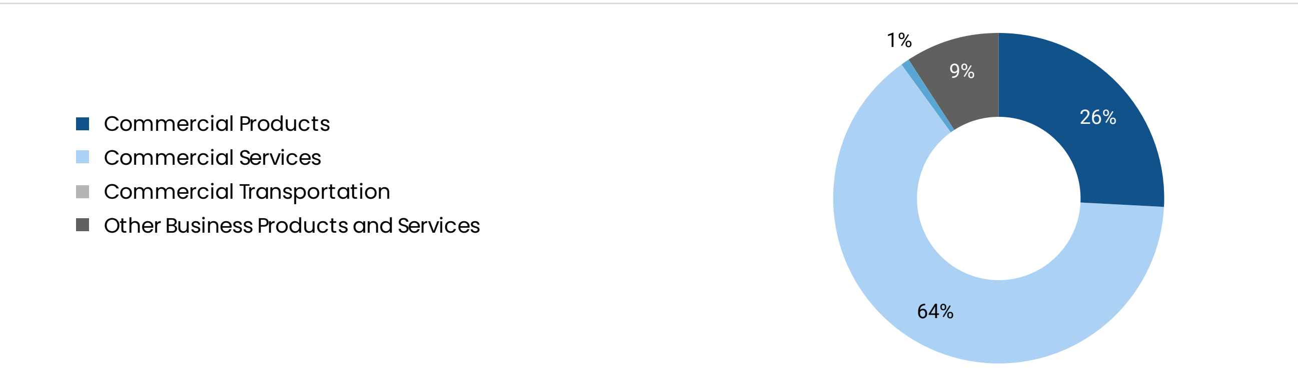


Source: SG Analytics Research

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

S&P−Listed Private Equity Index	246.78	−0.30	↓ 0.12%
S&P 500	6,851.97	+1,139.28	↑ 19.94%
Nasdaq Composite	23,834.72	+5,654.74	↑ 31.10%
Dow Jones Industrial Average	47,336.68	+5,542.08	↑ 13.26%

Note: Data as of November 04, 2025

Upcoming Events

Alternative Investing Summit 2025	December 07–09, 2025	The Ritz-Carlton, Laguna Niguel, Dana Point, CA
ALTSMIA	December 08–09, 2025	4525 Collins Avenue Miami Beach, FL
Independent Sponsors & Capital Providers Dealmakers	December 09, 2025	CohnReznick, at 1301 6th Ave, 10th floor, New York, NY

SGA Newsletter team

Steve Salvius

Kunal Doctor

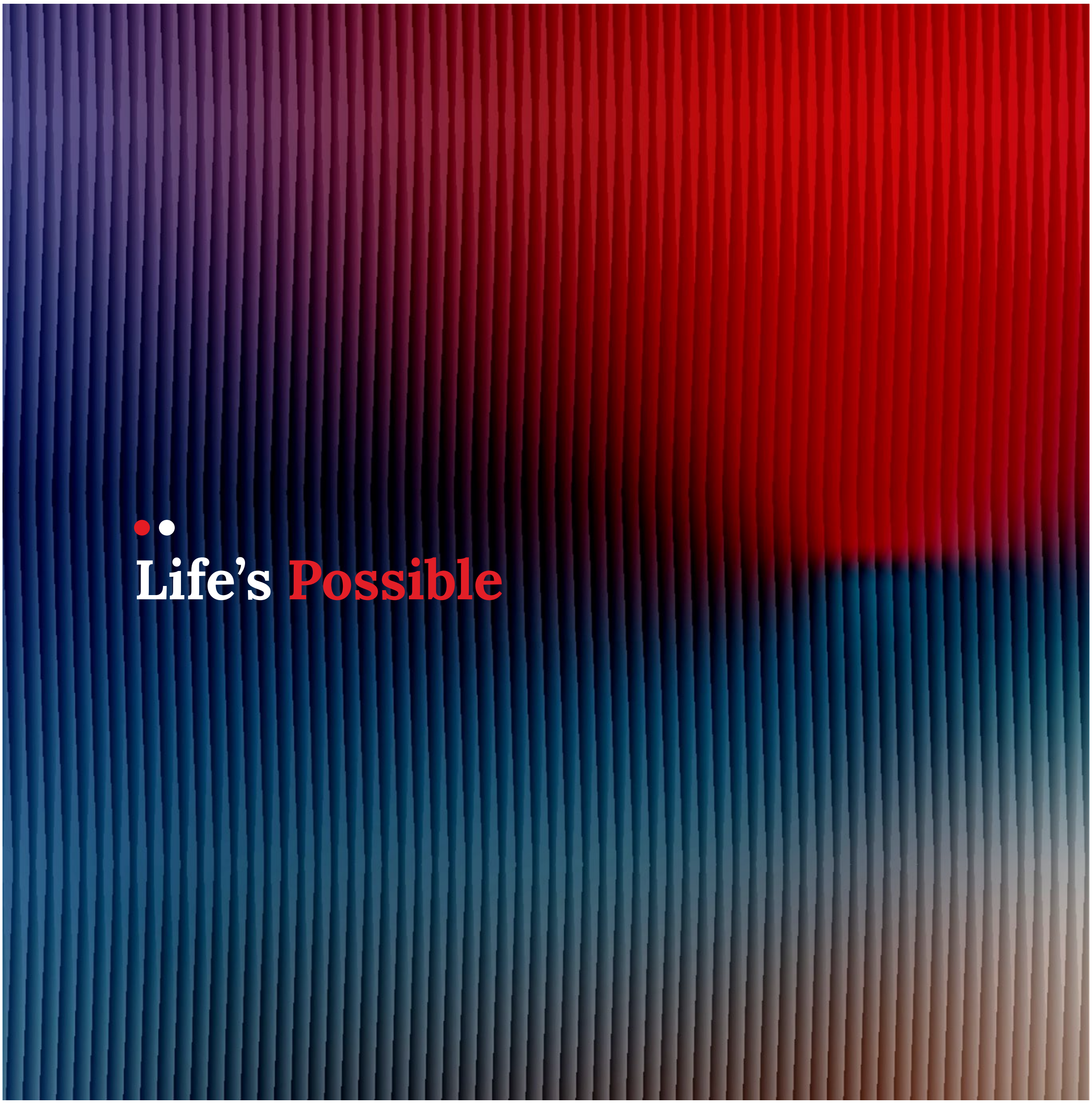
Sandeep Jindal

Anwar Jakhal

Shreyanka Pal

Isha

Santosh Naik



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