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AXIA

PRIVATE EQUITY NEWSLETTER

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3Q25 PUBLIC PE AND GP INSIGHTS

Public GPs Shift toward Durable Capital and Earning Stability

Contents

SG Analytics' premier private equity monthly newsletter and your window to the latest trends, deals, and strategies reshaping the industry.

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

3Q25 PUBLIC PE AND GP REVIEW

Credit, Perpetual Capital, and Fee Durability

Public GPs are recalibrating growth toward credit and long-duration capital platforms. Earnings stability, diversified business models, and fee durability are taking precedence as buyout exits remain subdued.

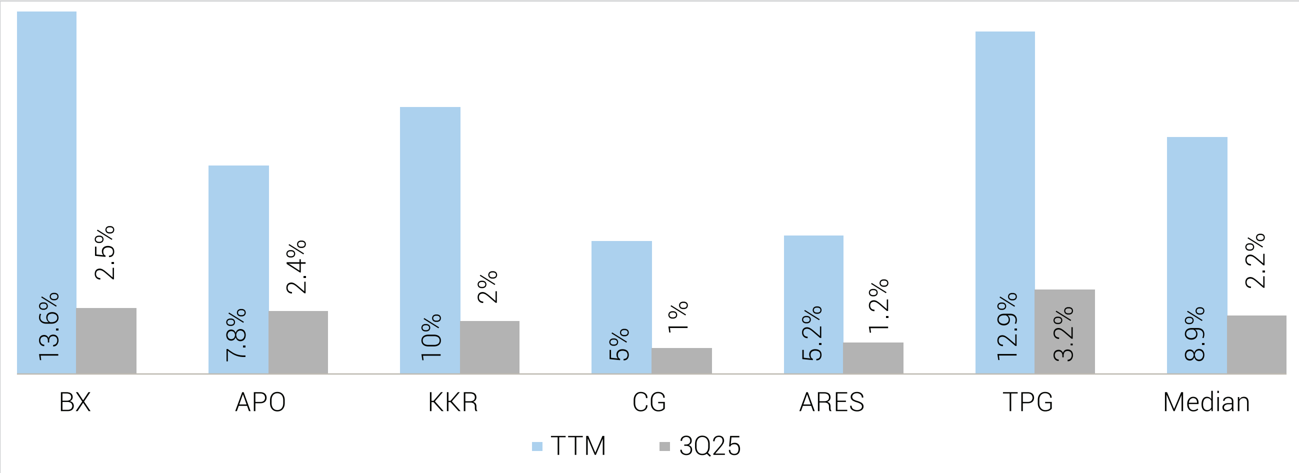
Public general partners (GPs) are shifting their focus toward credit, perpetual capital, and insurance flows as these engines offer steadier earnings than traditional buyouts. Their competitive edge comes from fee durability and multi-asset breadth rather than exit-driven performance.

The 3Q25 results from the major publicly traded private equity (PE) managers indicate that the industry is adjusting its growth model to current market realities. Performance trends, deployment patterns, and fundraising flows highlight managers operating with more discipline and broader diversification as they navigate slower buyout exits and shift investor preferences. Public GPs are responding by strengthening parts of their platforms that offer steadier activity and by allocating capital more selectively across strategies and market segments.

PE Performance Eases While Credit Delivers Consistency

PE returns for the Big Seven declined in 3Q, with the median trailing-twelve-month (TTM) figure falling to 8.9% compared with the S&P 500's 17.6% one-year gain, as per PitchBook. Blackstone, TPG, and KKR posted stronger individual outcomes but still saw quarterly moderation, reflecting the challenge of navigating uneven exit markets. These results show that traditional PE strategies continue to face pressure as managers work through valuation resets and slower portfolio monetization, creating more variability in near-term earnings.

Figure 1: Global Gross PE Returns/Appreciation by Manager



Source: PitchBook, data as of September 30, 2025

Private credit delivered steadier performance, with a median trailing return of 12% and five firms posting double-digit figures. Stability across lending and asset-based finance supported more predictable earnings contributions. This consistency is encouraging managers to scale origination platforms and broaden credit exposure, reinforcing the role of credit as a core earnings engine. For investors, the relative resilience of credit underscores its growing importance in assessing GP-level performance.

Private credit deployment continued to expand, rising 39% YoY to $562.6 billion on a TTM basis. Managers attributed this to better underwriting visibility, more active transaction pipelines, and demand for flexible financing solutions. With $268 billion of disclosed dry powder across the large platforms, GPs are positioned to maintain strong activity. For investors, the scale and reliability of credit deployment are becoming increasingly central to evaluating forward earnings trajectories.

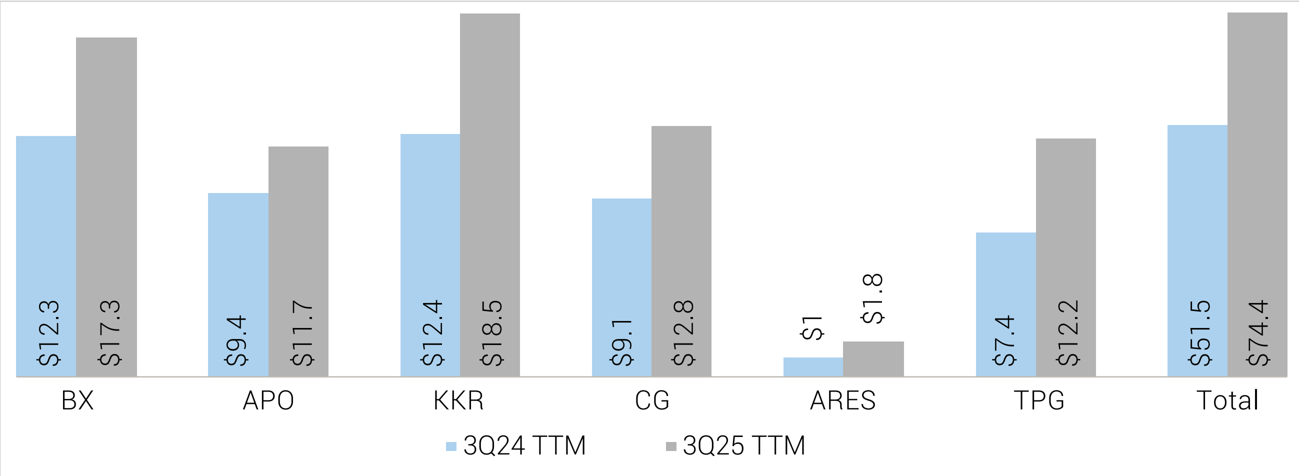
Deployment Builds Momentum as Market Conditions Improve

Corporate PE deployment by the Big Seven totaled $18.9 billion in 3Q, modestly below the preceding quarters, but still sufficient to lift TTM deployment to $81.5 billion from $58.7 billion deployed during the same period ended 3Q24, as per PitchBook. Improved pricing alignment between buyers and sellers supported more activity. KKR deployed $6 billion in PE capital in 3Q, while Apollo deployed $6 billion of equity in 2Q and roughly $20 billion over the past year. These developments signal a more constructive market and a gradual normalization of deal flow.

Realization Trends Strengthen but Diverge Across Managers

Realizations reached $18.3 billion in 3Q, an 18.7% decline from the previous quarter, but TTM activity rose 44% to $74.4 billion, as per PitchBook. KKR's $18.5 billion in trailing exits and Blackstone's $17.3 billion, supported by multiple IPOs, reflect improving liquidity conditions. These firms demonstrated stronger momentum due to their diversified portfolios and broader access to exit channels, showing that realization strength is increasingly tied to platform breadth.

Figure 2: Global TTM PE Realizations by Manager (in $Billions)



Source: PitchBook, data as of September 30, 2025

Other managers experienced more uneven outcomes. Carlyle's quarterly realizations fell significantly despite progress YoY, while Ares reported just $151 million in 3Q exits. Apollo maintained stability but continued to monitor sector-specific headwinds in certain holdings. Firms with deeper sector coverage and more diversified liquidity pathways are navigating the environment more effectively, highlighting that exit variability is widening across the industry.

Fundraising Concentrates on Strategies with Predictable Activity

Fundraising momentum remained concentrated in credit, which captured 57.3% of TTM inflows, as per PitchBook. Apollo and Blackstone raised more than $275.3 billion combined, reflecting sustained LP interest in yield-oriented and consistently deployable strategies. PE fundraising varied across platforms, though TPG's flagship vehicles received solid early commitments. These flows indicate investors are prioritizing strategies aligned with steady deployment and clearer earnings visibility.

Perpetual capital expanded meaningfully, nearing $1.9 trillion and representing more than 40% of total AUM for the Big Seven. Apollo held $520 billion, Blackstone $500.6 billion, and KKR $309 billion. Insurance channels further boosted stability, with Athene generating $23 billion of quarterly inflows for Apollo and Blackstone managing $264 billion in insurance assets. These structures enhance long-duration capital, improve fee durability, and shape how investors assess the future earnings mix across public GPs.

Consolidation Accelerates as GPs Expand Capabilities and Scale

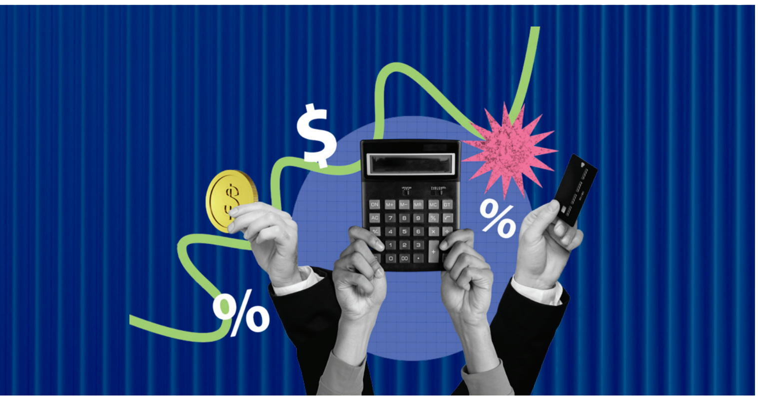
GP deal activity totaled 80 transactions through October with a combined value of $17.7 billion, placing 2025 among the strongest years for GP M&A, as per PitchBook. Transactions such as Janus Henderson's purchase of Victory Park Capital and Goldman Sachs' agreement to acquire Industry Ventures illustrate continued demand to expand platform capabilities across private markets. These deals strengthen distribution, broaden product suites, and support long-term positioning.

GP stakes activity also remained active, with AMG, Hunter Point Capital, TPG, and Blue Owl acquiring minority positions across a range of private market firms. The appetite for GP-level economics reflects investor interest in recurring fees and long-term value creation tied to the underlying platforms. Consolidation is reinforcing broader competitive advantages as firms expand into adjacencies and improve revenue durability.

Conclusion

The 3Q25 data indicate public GPs advancing business models built on larger credit engines, broader perpetual capital bases, and more diversified growth channels. While PE returns eased, consistent credit performance, stronger deployment activity, and expanding long-duration capital pools offered firmer support for earnings. For investors, the firms best positioned for the next phase will be those combining diversified strategies with sustainable capital flows capable of compounding through different market environments.

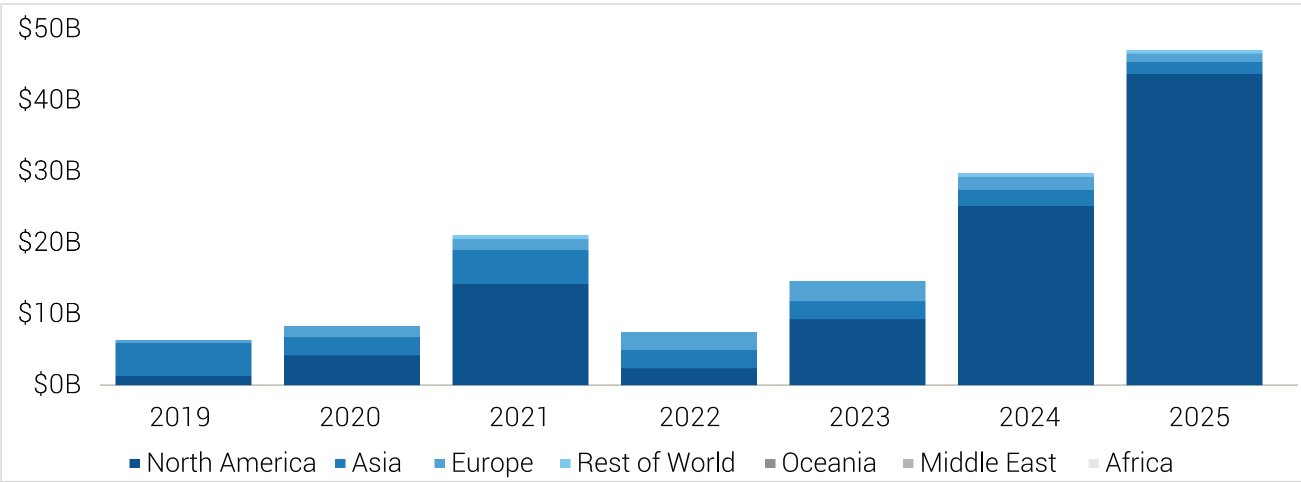
Monthly News and Analysis



Sovereign Capital Accelerates the US Lead in AI Investing

Sovereign wealth funds are driving a surge in global AI investment, contributing 31% of total deal value, as per PitchBook. From January to August, more than 93% of their AI-backed funding has flowed to US startups, signaling a sharp shift in global capital concentration.

Figure 3: Sovereign Wealth AI & ML Deal Value, by Geography



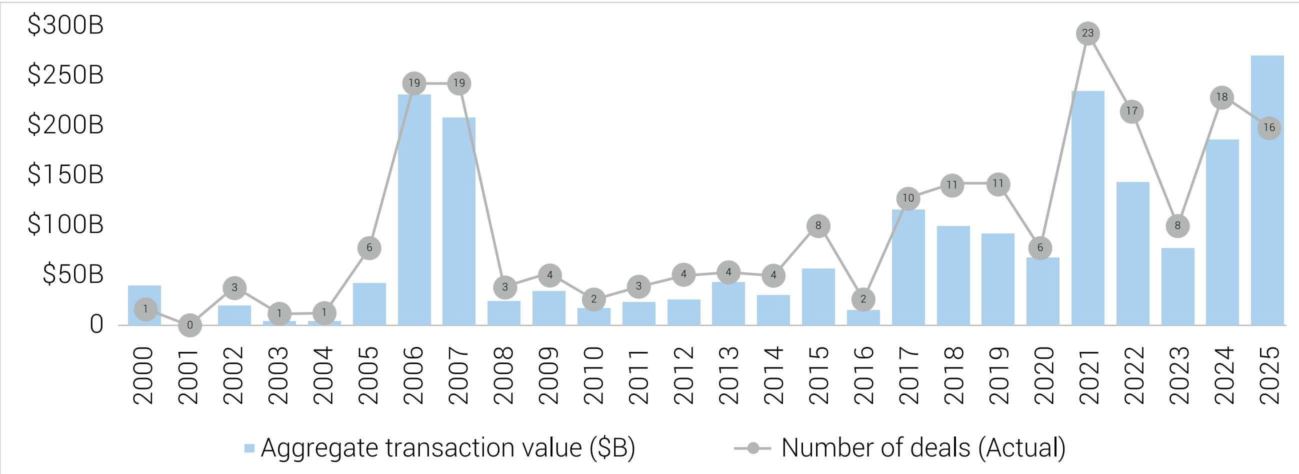
Source: PitchBook, data as of August 15, 2025

Sovereign wealth funds have become one of the most influential forces in global AI investing in 2025, and the scale and concentration of their deployments are reshaping venture capital (VC) flows in ways that increasingly reinforce US leadership across the sector. That leadership is reflected in the scale at which sovereign investors are choosing to participate in AI venture markets and the overwhelming share of their capital being directed toward US-based platforms. This concentration reflects a structural shift in where global investors see defensible innovation, driven by the US advantage in AI software, compute infrastructure, and semiconductor policy. Export controls limiting China's access to advanced chips have strengthened investor alignment with US ecosystems. For Middle Eastern sovereign funds in particular, this surge represents both economic diversification and a recognition that AI will anchor the next phase of national competitiveness. Their participation in mega-rounds, including Mubadala Capital's lead role in Crusoe's $1.4 billion raise at a $10 billion valuation, illustrates a willingness to anchor the largest transactions. The broader trend signals a growing role of state-backed capital in private markets, shaping technological directions once driven mainly by venture firms. For investors, this expanding pool of sovereign capital improves late-stage liquidity and accelerates company scaling, but it also intensifies competition for access to top-tier US AI assets at a time when pricing remains firm, and deal momentum continues to strengthen.

HVAC Platforms Gain Investor Attention as Global Megadeals Set New Records

Global PE and VC megadeal value reached $266.3 billion as of October 26, the highest level in at least two decades, as per S&P Global. PE activity in HVAC services is also accelerating, with add-on acquisitions rising sharply this year.

Figure 4: Global PE/VC-Backed Megadeals



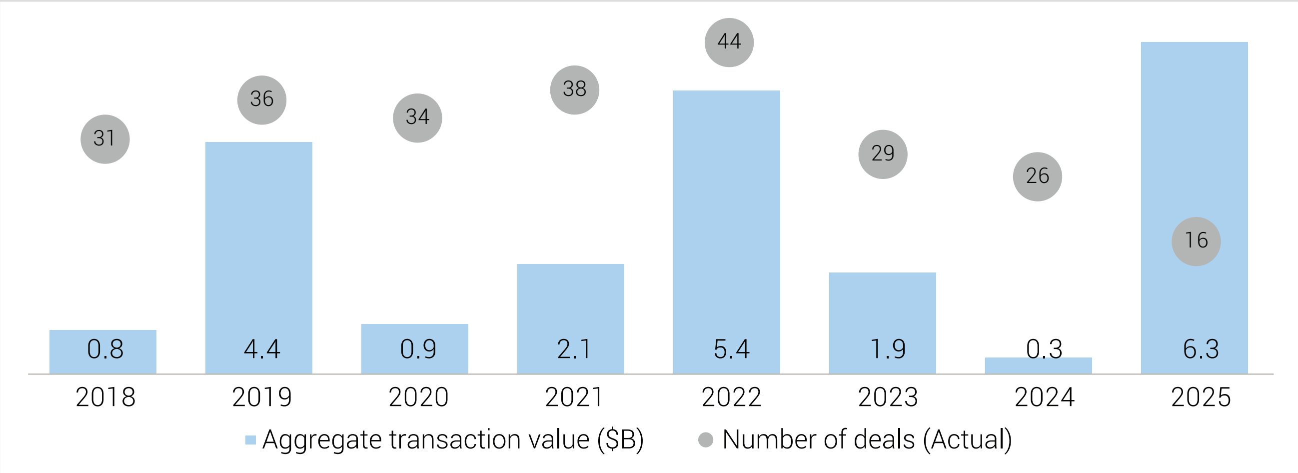
Source: S&P Global, data as of October 26, 2025

PE's increased focus on large, resilient companies is unfolding in parallel with accelerating consolidation in HVAC services, where platform strategies remain central to value creation. According to Capstone Partners, there were 77 HVAC M&A transactions through June 9, with PE responsible for 39 of these deals, and add-on activity rising 88% YoY. According to PKF Investment Banking, the US residential HVAC services segment is about midway through its consolidation cycle, while the commercial HVAC services segment remains early, giving investors meaningful room to widen geographic coverage, expand into adjacent service capabilities, and reach underpenetrated industrial and institutional end markets. Steady repair-and-replacement demand supports cash-flow visibility, allowing fund managers to execute operational improvements, strengthen pricing discipline, and pursue selective acquisitions with greater confidence. This dynamic continues to support strong middle-market activity, where operationally stable businesses are a priority for firms deploying capital. Recent fundraising by Lexington Partners, GHO Capital, Armira Beteiligungen, and Speyside Equity highlights continued LP interest in strategies backed by recurring revenue, diversified customer exposure, and opportunities for margin expansion through integration. At the same time, VC is allocating substantial capital to generative AI and supporting infrastructure, contributing to elevated valuation benchmarks across technology and services. For HVAC platforms, this environment increases alignment between strategic buyers and financial sponsors while reinforcing the importance of scale, differentiated offerings, disciplined integration, and operational depth to maintain investor attention in a competitive market.

PE Confronts Exit Pressures as Sports Investment Reaches New Highs

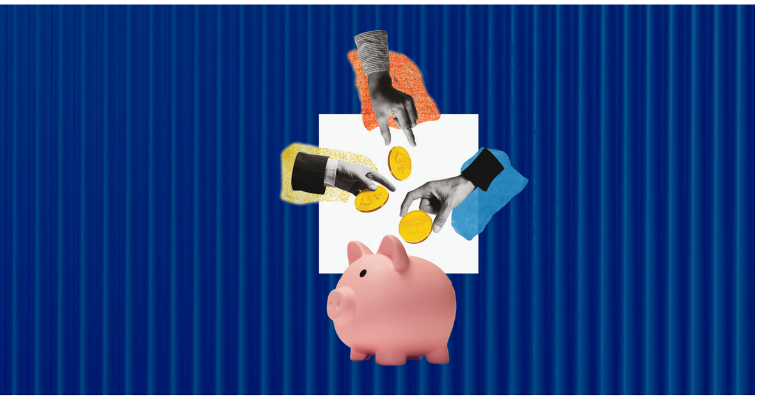
PE and VC firms invested $6.3 billion in sports services businesses through September 30, 2025, the highest total in at least eight years, as per S&P Global. This comes as managers face shrinking exit values and growing pressure on fund performance.

Figure 5: Global PE/VC-backed Sports Services Deals



Source: PitchBook, data as of September 30, 2025

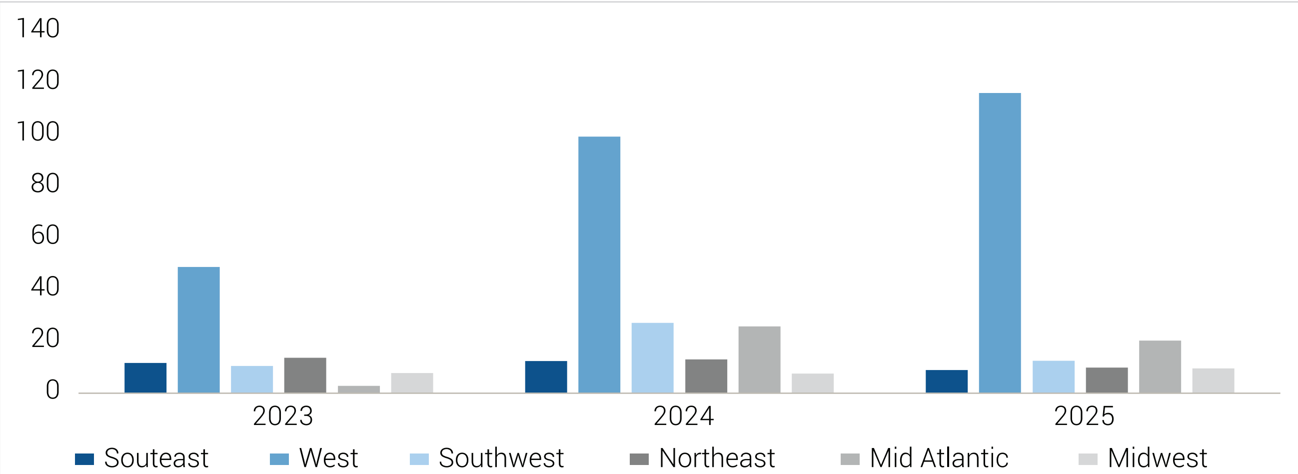
PE's rising interest in sports assets is emerging during a period of mounting pressure across the broader industry, where weak exits and elevated entry multiples are beginning to narrow performance outcomes. Apollo's James Zelter cautioned that managers who paid high valuations before the slowdown are now facing a challenging monetization environment, increasing the likelihood of missed return targets and fund-level strain. S&P Global data shows that while exit volumes were higher YoY through the first three quarters of 2025, disclosed transaction values were lower, indicating a growing willingness to accept more modest outcomes on underperforming portfolio companies. Within this context, sports services have continued to attract incremental capital as investors seek sectors with differentiated demand characteristics. The sector extends beyond team ownership to include agencies, promoters, training platforms, nutrition providers, and instructional services, offering diversified revenue streams supported by sustained fan engagement and expanding media distribution. One of the largest transactions in the sector during the year was the $6.1 billion sale of the Boston Celtics to a PE-backed investor consortium that included Sixth Street. Broader private market activity remains steady across data centers, industrial services, and financial information businesses, while fundraising momentum continues among firms such as Ardian, Plexus Capital, Shore Capital, and INVL Asset Management. Middle-market fundamentals remain stable, and the Golub Capital Altman Index recorded 3.3% YoY earnings growth in the 3Q, indicating that investors are becoming more selective while continuing to support high-quality assets.



US Venture Funding Broadens as Regional Activity Rebalances in 2025

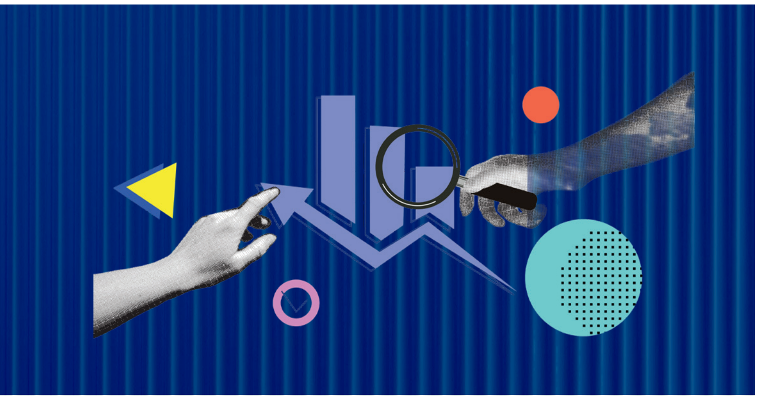
US venture investment is becoming more geographically balanced in 2025. While the West and Midwest have already surpassed their full-year 2024 totals, venture funding in the Southwest reached $12.5 billion through September 30, reflecting a higher structural baseline following last year's expansion, as per S&P Global.

Figure 6: US PE/VC Investments through Funding Rounds



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

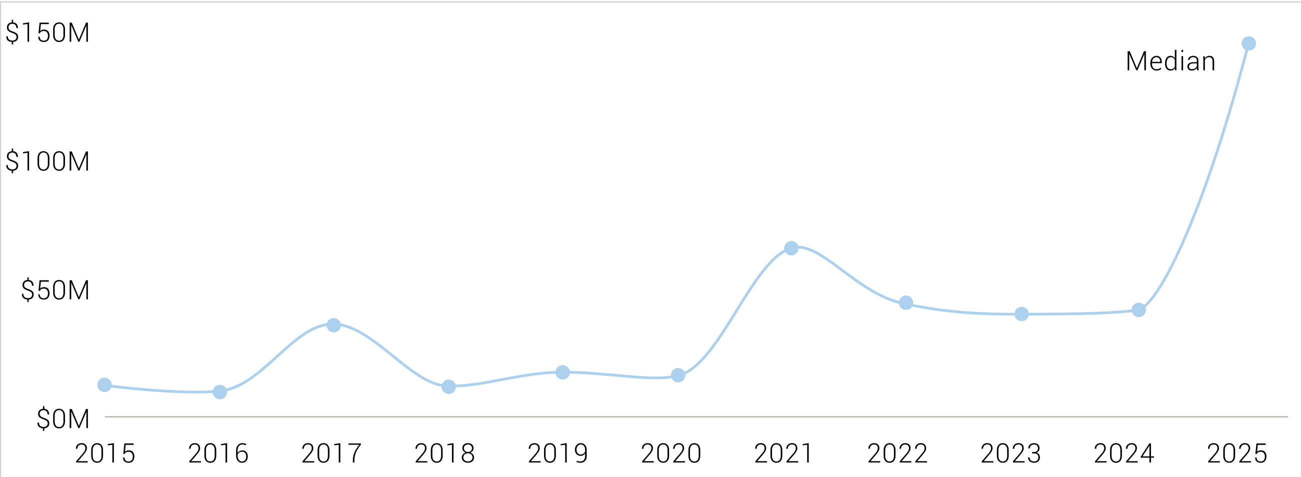
VC activity in the US is rebalancing in 2025 as investment momentum extends beyond traditional coastal hubs and regional funding patterns normalize after an uneven 2024. While the West continues to anchor overall deal flow and the Midwest has emerged as a relative outperformer year to date, capital deployment is spreading across a broader set of ecosystems. This shift reflects investor preference for markets offering deeper founder pipelines, lower operating costs, and proximity to scalable technology clusters rather than reliance on a narrow group of legacy hubs. Against this backdrop, the Southwest's venture activity has moderated from last year's surge but remains structurally elevated compared with pre-2024 levels. Following a 159% increase in 2024 that lifted regional deal value to $27.3 billion, the region has retained a higher baseline of activity rather than reverting to prior lows, as per S&P Global. Texas continues to anchor Southwest investment, supported by the relocation of large technology companies such as SpaceX and X, reinforcing the state's position as a scale-ready innovation market. Texas is also among the few states with more than one thousand technology, media, and telecommunications companies, enhancing its appeal across venture stages. Colorado is gaining traction as well, standing out as the only other Southwest state with more than one hundred annual deals. High-profile financings, including X's $1 billion round and Saronic Technologies' substantial capital raise, underscore continued investor engagement.



Defense Tech Investment Scales as Structural Sector Demand Expands

Global VC investment in defense tech has reached $7.7 billion this year, as per PitchBook, and is expected to exceed $10 billion by year's end. Deal count is 11% higher than the 2024 record at this stage of 2025, underscoring sustained momentum across the sector.

Figure 7: Median Post-Valuation for Defense Tech Startups



Source: PitchBook, data as of October 15, 2025

Defense tech investment continues to scale rapidly in 2025, with venture deal value more than doubling last year's total and reflecting a materially higher level of capital deployment relative to prior years. Investors active in the vertical note that the expansion reflects structural rather than cyclical demand, with the sector spanning software, AI, autonomy, space systems, advanced manufacturing, and energy technologies. Median valuations have risen accordingly, reaching $146 million this year compared with $42.8 million in 2024, as per PitchBook. Rising global defense budgets and shifts in procurement practices are supporting the growth of venture-backed companies, with contracts awarded to firms such as Anduril, Shield AI, Tiberius Aerospace, and Harmattan AI demonstrating that newer entrants are gaining consistent commercial traction across key categories. Capital flows, however, remain heavily concentrated in drones, which account for nearly 60% of total funding and more than one-third of all deals, resulting in a crowded segment with limited differentiation across many new startups entering the market. Investors highlight that underfunded areas such as maritime autonomy, modernization of legacy systems, and technologies supporting logistics and decision-making present meaningful whitespace opportunities requiring sustained long-term capital. Additionally, liquidity signals, such as Voyager Technologies' public listing and Firefly Aerospace's agreement to acquire SciTec, reinforce the view that exit pathways within the sector are becoming more established. While valuations remain elevated in certain categories, investor sentiment reflects confidence in the sector's long-term fundamentals, improving commercialization potential, and expanding applicability in mission-critical environments.

DEALS FLASH

Agellus Capital Acquires HighGrove Partners

Agellus Capital, a Missouri-based PE firm, has acquired HighGrove Partners, a Georgia-based commercial landscaping services provider. Founded in 1989, HighGrove provides commercial landscape maintenance, irrigation, arbor care, and enhancement services from its four locations across the Atlanta, Georgia metropolitan area. This deal will allow HighGrove to accelerate its growth across the Southeast while preserving its core values. Further, it will allow Agellus to strengthen its landscaping services platform by leveraging HighGrove's strong foundation, driving organic growth, pursuing strategic add-on acquisitions, and expanding its regional market leadership.

Arkview Capital Acquires NeoTech

Arkview Capital, a Connecticut-based PE firm, has acquired NeoTech, a California-based provider of electronic manufacturing services. Founded in 1975, NeoTech offers design, engineering, and production solutions to customers across the defense, aerospace, medical, industrial, and commercial markets. This deal will allow NeoTech to accelerate investment in advanced manufacturing, strengthen its balance sheet, and expand capabilities across key markets. Further, this partnership will allow Arkview to leverage shared values and expertise and drive new growth opportunities while enhancing long-term value for all stakeholders.

Courizon Partners Acquires Air Burners

Courizon Partners, a New York-based PE firm, has acquired Air Burners, a Florida-based provider of air curtain burner systems. Founded in 1997, Air Burners provides air curtain burner systems used for on-site disposal of wood and vegetative waste, and services customers in land clearing, forestry management, agriculture, and other end sectors. This deal will allow Air Burners to meet rising demand for cleaner, safer wood and vegetative waste processing while scaling the business. Further, it will allow Courizon to support this growth and strengthen the platform's operational and technology capabilities.

J.C. Flowers to Exit Island Finance to VRM Penzini

J.C. Flowers & Co., a New York-based PE firm, will sell Island Finance, a Puerto Rico-based non-bank consumer financial institution, to VRM Penzini Capital, a Puerto Rico-based PE firm. Founded in 1959, Island Finance provides consumer lending services with nearly 500 employees in 47 branches throughout Puerto Rico. This deal will allow Island Finance to continue advancing its customer-focused and community-driven mission while expanding access, innovation, and financial inclusion across Puerto Rico. Further, it will allow J.C. Flowers to successfully transition and realize value from its investment.

Trulink to Exit Koch Filter to Atmus Filtration

Trulink Capital, a Los Angeles-based PE firm, will sell Koch Filter, a Louisville-based provider of air filtration solutions, to Atmus Filtration, a Tennessee-based filtration and media solutions provider, for $450 million. Founded in 1966, Koch Filter, a subsidiary of Air Distribution Technologies (ADTi), designs and manufactures a comprehensive range of air filtration products, including pleated, high-efficiency, and HEPA filters. This deal will allow Koch Filter to accelerate growth and innovation under Atmus' ownership. Further, it will allow Trulink to refocus ADTi's portfolio on engineered air distribution solutions.

Blackford Capital Invests in Texas Injection Molding

Blackford Capital, a Michigan-based PE firm, has invested in Texas Injection Molding, a Texas-based manufacturer of precision-engineered injection-molded industrial components. Founded in 2013, Texas Injection Molding serves manufacturers across industries such as energy, medical, consumer products, electronics, and others. This deal will allow Texas Injection Molding to accelerate growth, expand in Texas and other high growth US regions, and deepen customer partnerships under enhanced leadership support. Further, it will allow Blackford Capital to back a strong reshoring platform and drive strategic expansion.

Lindsay Goldberg to Acquire EMCO Chemical

Lindsay Goldberg, a New York-based PE firm, will acquire EMCO Chemical Distributors, a Wisconsin-based distributor of industrial chemicals. Founded in 1971, EMCO Chemical provides blending, packaging, and logistics services to thousands of customers and primarily serves the midwestern US. This deal will allow EMCO Chemical to leverage its supplier relationships, infrastructure, and experienced workforce to pursue continued growth and expanded customer offerings across key markets. Further, it will allow Lindsay Goldberg to support EMCO's expansion and advance its founder-partner investment strategy.

Francisco Partners to Acquire Majority Stake in OEC from Genstar Capital

Francisco Partners, a San Francisco-based PE firm, will acquire a majority stake in OEConnection (OEC), an Ohio-based developer of software for automakers and their franchised dealers, from Genstar Capital, a San Francisco-based PE firm. Founded in 2000, OEC provides technology solutions to facilitate the sale of original equipment replacement parts. This deal will allow OEC to build on its momentum, expand its repair solutions, and enhance outcomes for the automotive aftersales sector. Further, it will allow Francisco Partners to provide resources and expertise for OEC's continued growth.

Thoma Bravo Invests in Trading Technologies

Thoma Bravo, an Illinois-based PE firm, has invested in Trading Technologies International (TT), an Illinois-based global capital markets technology platform services provider. Thoma Bravo joins existing sponsor 7RIDGE in the ownership of Trading Technologies. Founded in 1994, TT serves investment banks, brokers, hedge funds, proprietary trading firms, and other trading institutions. This deal will allow TT to accelerate its platform expansion, drive product innovation, and enhance customer value. Further, it will allow Thoma Bravo to support TT's growth, strengthen its market position, and maximize long-term value creation.

GTCR to Acquire Fiduciary Trust Company

GTCR, an Illinois-based PE firm, will acquire Fiduciary Trust Company, a Boston-based private wealth manager and trust company. Founded in 1885 as a family office, Fudiciary seeks to provide its services to high-net-worth individuals, families, endowments, foundations, and trusts. This deal will allow Fiduciary to enhance its client value proposition, expand service offerings, further technology integration, and grow its talented team. Further, it will allow GTCR to support Fiduciary's strategic initiatives with significant capital, deep industry expertise, and a shared vision for continued growth and excellence.

TRENDS AND STATS

November Middle-Market Deal Summary

50.7%

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

62.3%

of B2B deals were in Commercial Services

20.6%

of the deals were in IT

51.2%

of IT deals were in Software

California

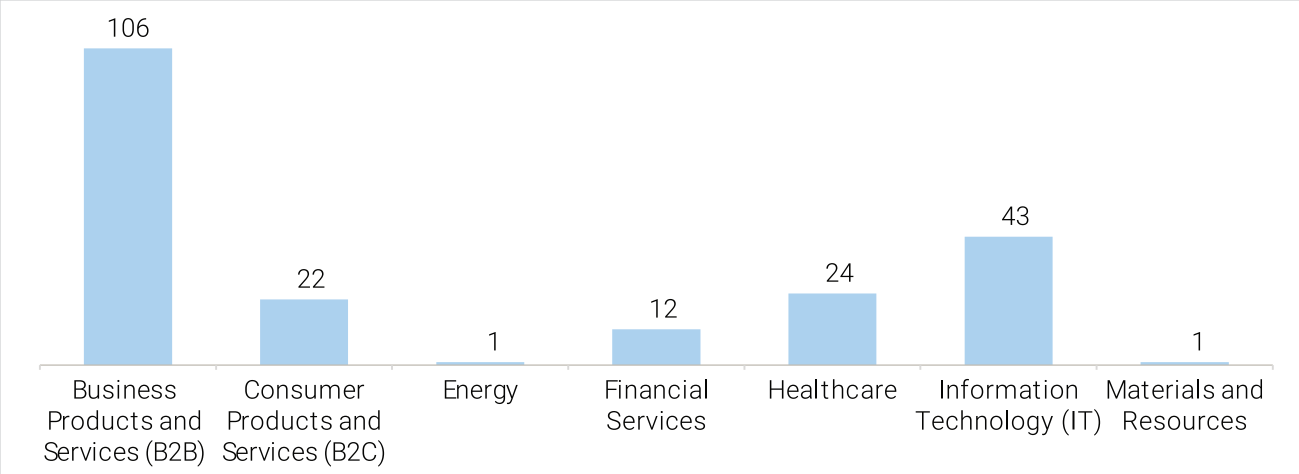
experienced the highest dealmaking activity, followed by New York

73.3%

of the deals were buyouts

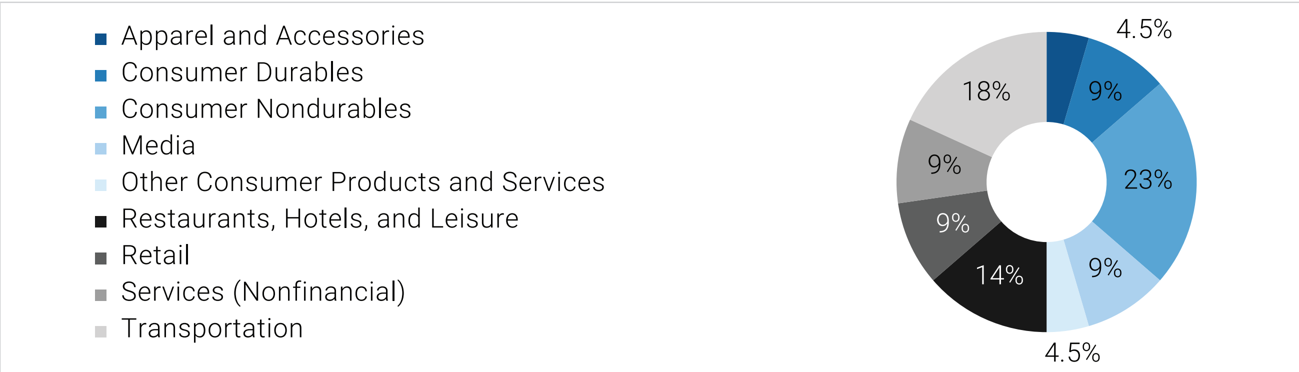
Figure 8: November 2025 Middle-Market Deal Summary

US Middle-Market PE Deal Count, by Primary Industry



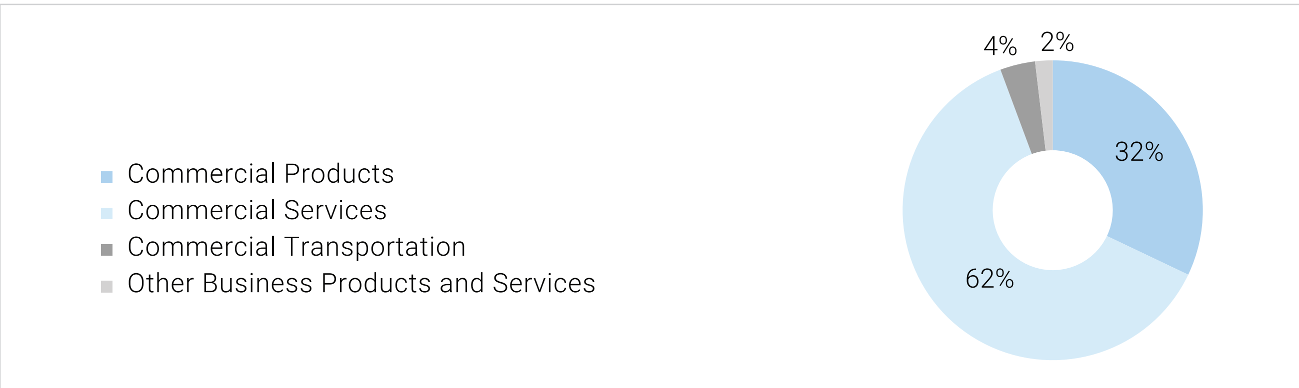
Source: SG Analytics Research

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

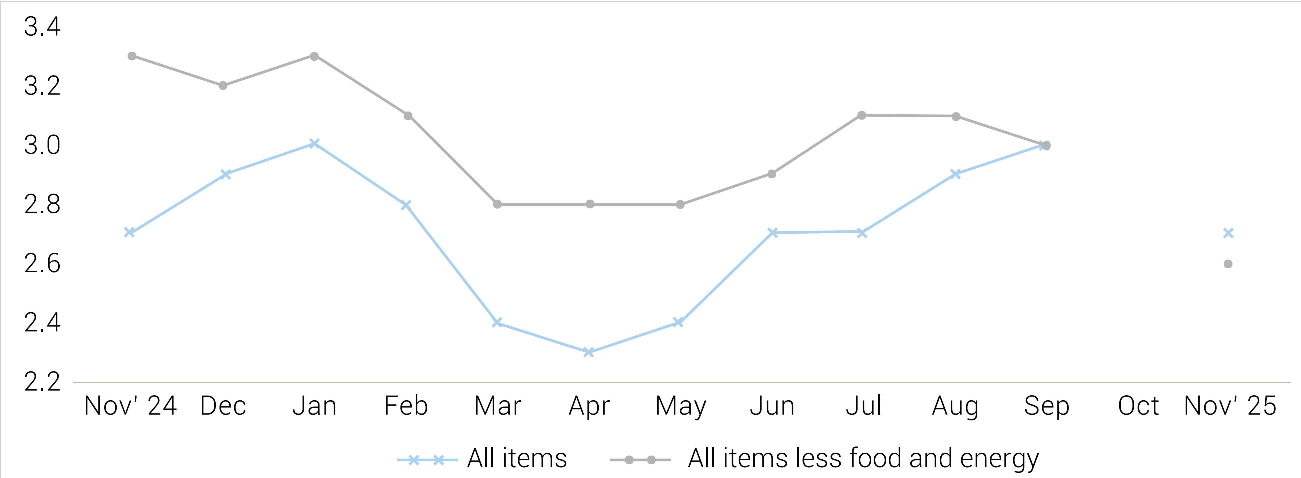
S&P−Listed Private Equity Index	248.15	−6.18	↓ 2.43%
S&P 500	6,721.43	+849.27	↑ 14.46%
Nasdaq Composite	22,693.32	+3,300.63	↑ 17.02%
Dow Jones Industrial Average	47,885.97	+5,559.10	↑ 13.13%

Note: Data as of November 18, 2025

Index	Two-Month Change*	YTD
Consumer Price Index (CPI)	0.2%	2.7%

*Month-over-month comparison is unavailable as data was not reported for October.

Figure 12: 12-Month Percent Change in CPI for All Urban Consumers (Not Seasonally Adjusted)



Source: US Bureau of Labor Statistics

Upcoming Events

Northeast Private Equity Conference	January 21–22, 2026	Lotte New York Palace, New York, NY
2026 Private Equity Summit	January 29, 2026	The Boca Raton Resort, FL
32nd Annual Venture Capital & Private Equity Conference	January 31, 2026	Harvard Business School, Klarman Hall, Boston, MA

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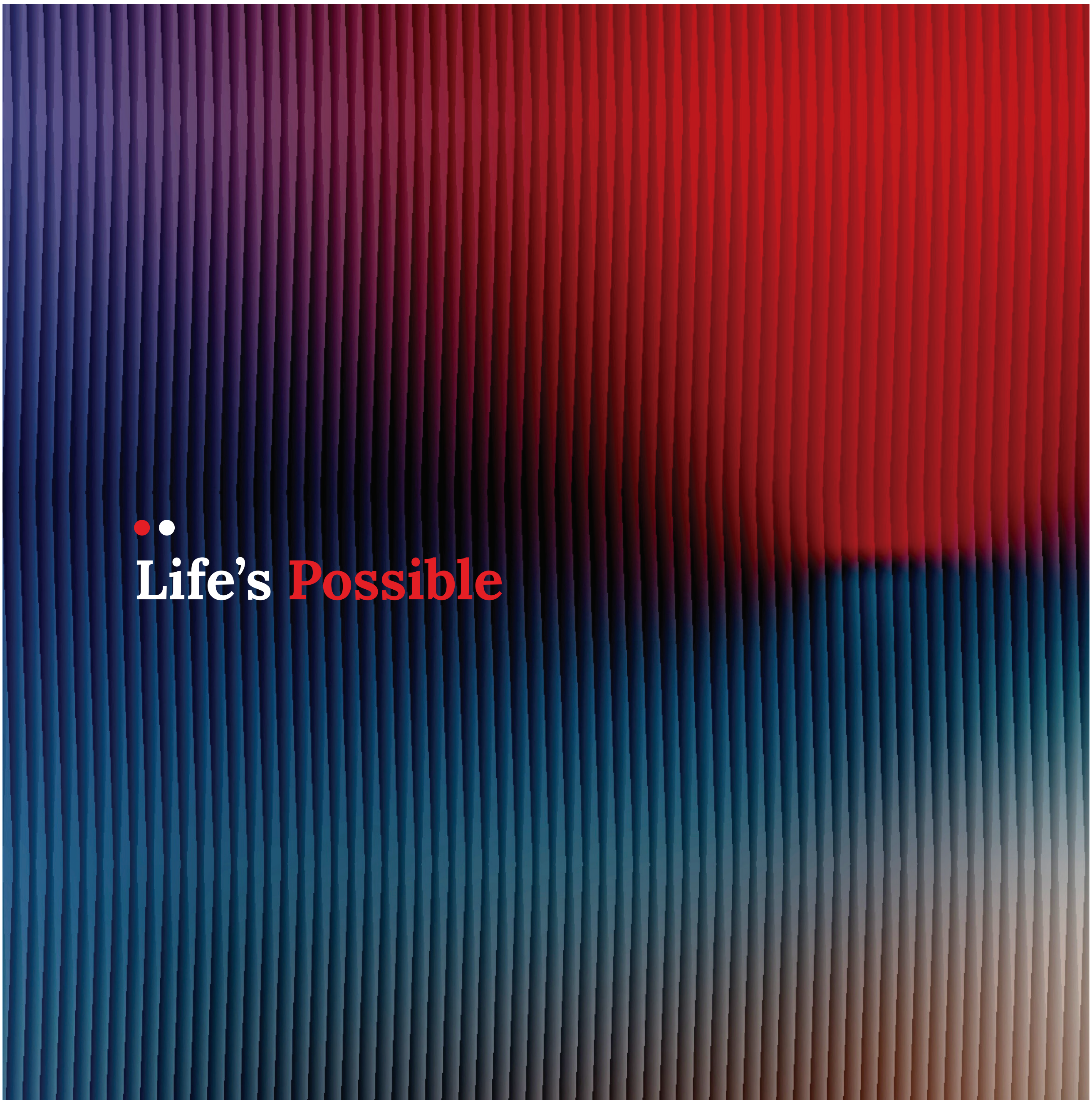

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