

# AXIA

PRIVATE EQUITY NEWSLETTER

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## 2025 US PE BREAKDOWN:

Scale, Sector Leadership, and Selectivity Define the Market



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



## 2025 US PE BREAKDOWN: Concentrated Strength in a Rebounding Market

**US PE advanced into a renewed growth phase in 2025, supported by improved financing conditions and a marked acceleration in second-half activity. The rebound was led by large-scale transactions and established sponsors, underscoring a cycle shaped by scale, sector conviction, and disciplined capital deployment.**

US private equity (PE) regained momentum in 2025, delivering a meaningful recovery in deal activity alongside stronger exits and firmer valuations. However, the recovery was driven primarily by megadeals, dominant sectors, and established sponsors, underscoring that while activity returned at scale, participation across the broader market remained limited.

In 2025, US PE rebounded strongly, recording about 9,019 deals worth roughly \$1.16 trillion, only the second time annual value has crossed the trillion-

dollar mark, as per PitchBook. Activity accelerated in the second half after a softer period earlier in the year, supported by improved financing access and stronger market sentiment. However, the recovery was driven more by larger transactions than by a broad rise in deal count, signaling that capital was deployed with greater selectivity than in prior peak cycles.

## Deal Activity Concentrated at the Top End

Large-scale transactions shaped the year's performance. Roughly 150 megadeals above \$1 billion generated close to \$568 billion in total value, lifting overall activity toward \$1.2 trillion, as per PitchBook. Although the count of megadeals stayed slightly below past highs, their combined value reached new records, underscoring renewed sponsor willingness to underwrite scale and pursue transformative platform investments.

Beyond the top tier, expansion was more restrained. Add-on acquisitions continued to represent a meaningful portion of buyout activity, and growth equity maintained steady momentum, but smaller platform deals did not experience the same resurgence. The recovery, therefore, reflected targeted capital deployment rather than a broad-based rebound, with sponsors prioritizing strategic alignment and operational value creation over pure volume.

## Sector Leadership Anchored in Technology and Healthcare

Technology remained a primary destination for PE capital in 2025, accounting for roughly 1,500 transactions and about \$310 billion in total deal value, as per PitchBook. Software represented a substantial

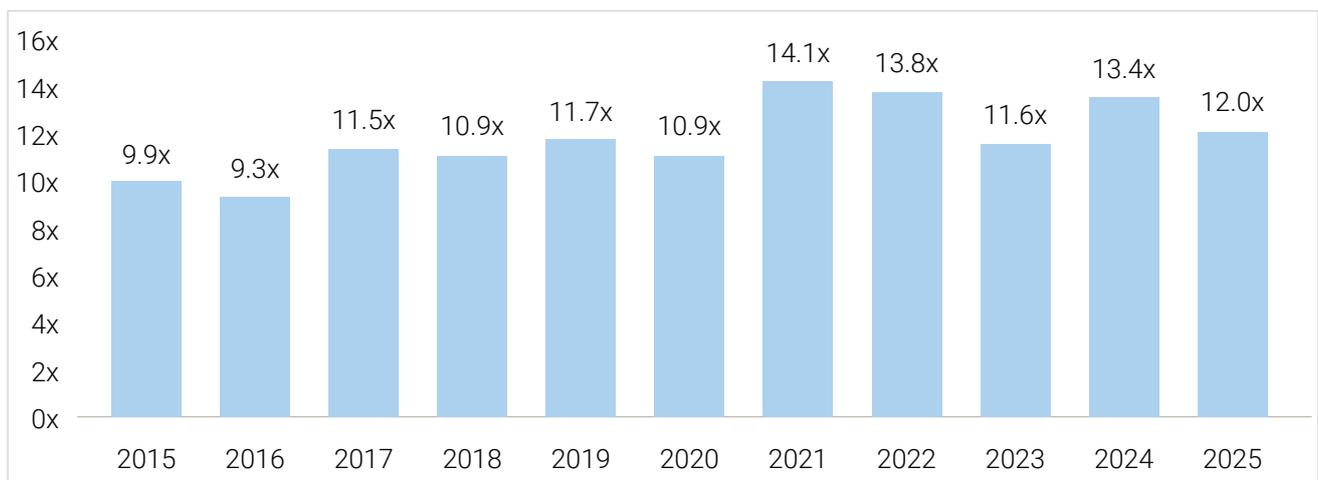
share of activity, reflecting sustained investor appetite for scalable, recurring-revenue businesses and infrastructure platforms positioned to benefit from ongoing AI-led enterprise investment cycles.

Healthcare also delivered a solid performance, with total deal value reaching around \$138 billion. Investment activity was strongest in medical devices and healthcare technology, where sponsors targeted platforms offering consistent demand and operational scalability. Meanwhile, healthcare services remained comparatively flat, reflecting ongoing selectivity and a bias toward assets with stronger margin visibility.

## Valuations and Financing Show Recovery with Discipline

Valuations trended upward in 2025 as dealmaking regained momentum. Median US buyout EV/EBITDA multiples hovered near 12x, rising from recent lows, while revenue multiples also improved, as per PitchBook. This shift reflected renewed confidence and competitive bidding for high-quality assets, particularly in larger transactions where scale and resilience justified premium pricing.

Figure 1: US Buyout EV/EBITDA Multiples



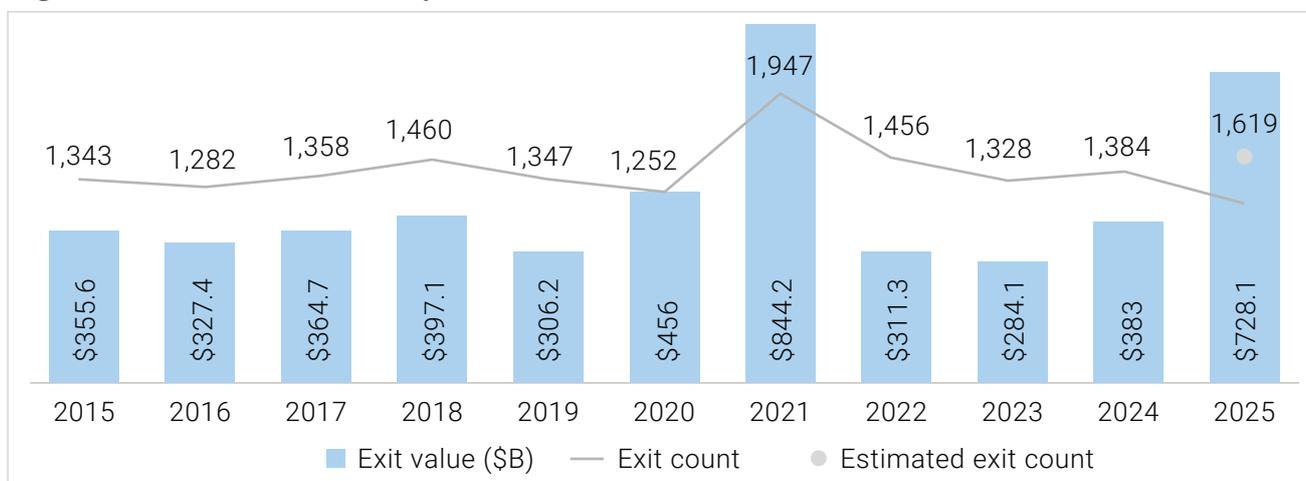
Source: PitchBook, data as of December 31, 2025

Financing markets improved but retained a measured tone. Institutional loan spreads tightened to levels near post-global financial crisis lows, and total PE-backed loan issuance reached roughly \$657 billion, driven largely by repricings and refinancings. Even so, leverage in buyouts remained below prior cycle peaks, and equity contributions often accounted for more than half of total capital, pointing to a more balanced and risk-conscious funding structure.

## Exits Improve, but Liquidity Remains Selective

Exit activity rebounded sharply, with around 1,619 exits totaling roughly \$728 billion, nearly doubling the value from the prior year, as per PitchBook. Corporate buyers, sponsor sales, and public listings all contributed, helping restore liquidity to the ecosystem. The increase in exit count also signaled that more assets moved through the system after a prolonged slowdown, improving distribution prospects for investors.

Figure 2: US PE Exit Activity



Source: PitchBook, data as of December 31, 2025

Despite the improvement, the exit value was still concentrated in a limited number of large transactions. Many portfolio companies remained held longer than expected, indicating that buyers continued to be selective. Liquidity conditions improved, but the market has not fully returned to earlier peak exit environments, especially for average-quality or smaller assets.

## Fundraising Pressures and the Importance of Manager Selection

Fundraising lagged behind deal and exit activity. 2025 marked one of the weakest years since 2020, with both fund count and capital raised declining y.

Limited partners (LPs) increasingly favored established managers, reinforcing industry consolidation and concentrating capital among larger platforms with diversified capabilities.

Dry powder nevertheless remained high, reaching about \$1.1 trillion in the US. This created a market where capital was available but unevenly distributed. For investors, performance in this environment depends less on broad exposure and more on backing firms with sector expertise, operational strength, and disciplined deployment strategies that can translate scale into returns.

## Conclusion

US PE in 2025 demonstrated renewed strength, with trillion-dollar deal value, rising exits, and firmer valuations. Yet the recovery was concentrated in large transactions, leading sectors, and established sponsors. Fundraising pressures and selective liquidity underscored that not all participants benefited equally, reinforcing the importance of scale, specialization, and disciplined manager selection in the next phase of the cycle.

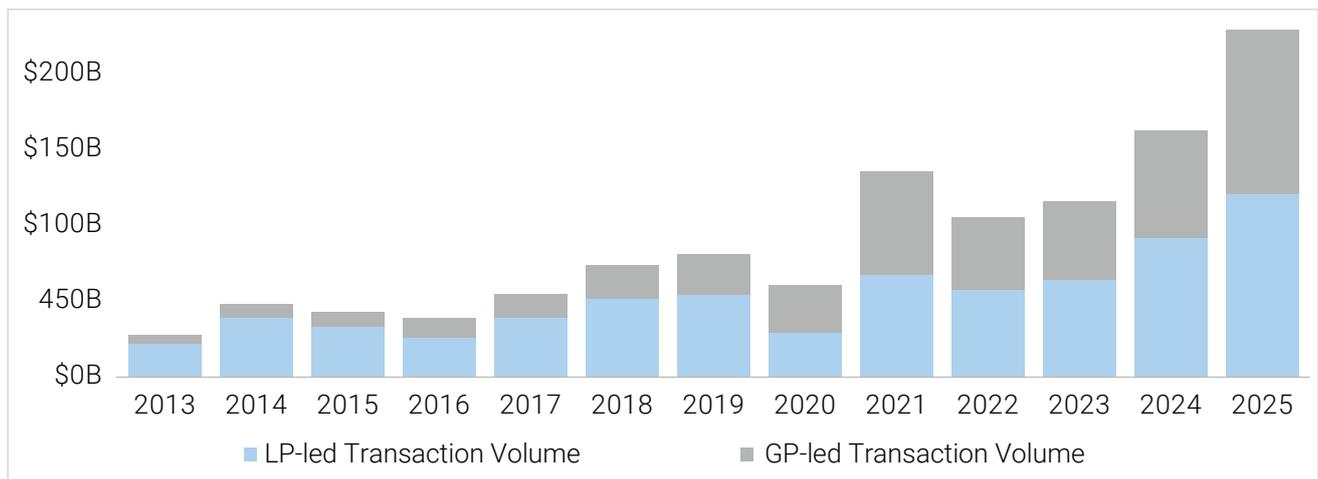
# Monthly News and Analysis



## Continuation Funds Fuel Record Activity in Secondaries

Global secondaries volume reached a record \$226 billion in 2025, rising 41% YoY, driven largely by \$106 billion in general partner (GP)-led continuation fund deals, as per data from Evercore. LP-led transactions still accounted for the largest share at \$120 billion.

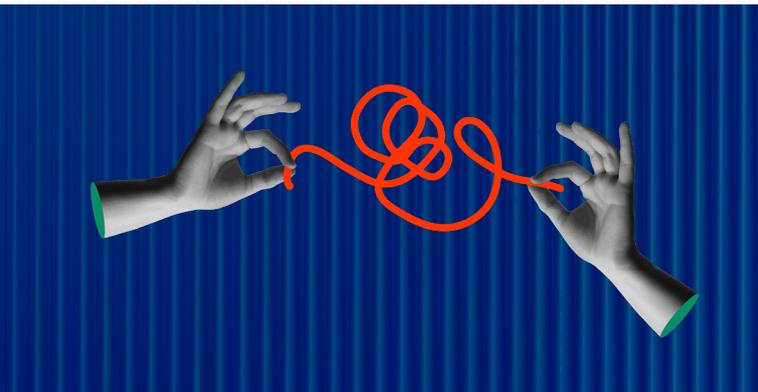
**Figure 3: Global Secondary Market Transaction Volume Over the Years**



Source: PitchBook, data as of December 31, 2025

Continuation funds have firmly shifted from a niche liquidity tool to a core portfolio management strategy for PE firms. With traditional exits still running below historical norms, GPs are using these vehicles to hold high-conviction assets longer while offering liquidity options to existing investors. The scale of 2025 activity shows that this is no longer a temporary solution to a slow M&A market but an embedded feature of the private markets ecosystem. Large sponsors such as Vista Equity Partners, General Atlantic, and New Mountain Capital have normalized multi-billion-dollar continuation vehicles, signaling strong buyer appetite for seasoned, de-risked assets. For investors, this trend reshapes both liquidity planning and return expectations. Continuation funds concentrate capital into known performers rather than new platform risk,

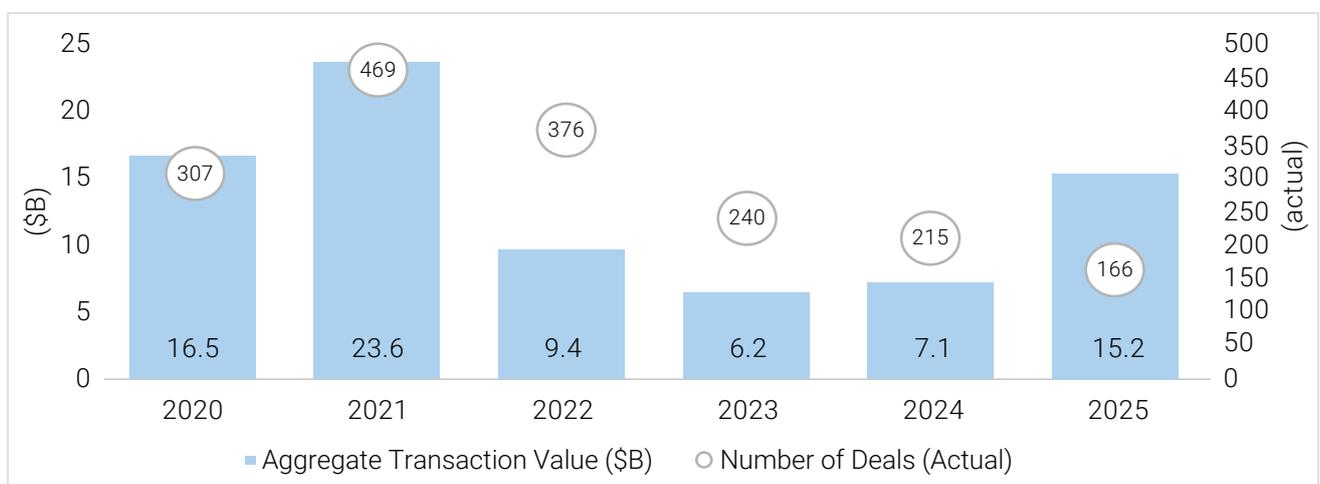
which supports downside protection but can compress future upside if entry pricing is aggressive. According to Evercore, the rising participation of private credit, which represented 11% of continuation deal value, also indicates that the structure is spreading beyond traditional buyouts into yield-oriented strategies. As pricing discipline and governance terms become key differentiators, LPs that can underwrite asset quality and align with GPs on incentives will capture the best opportunities. The secondaries market is no longer just a pressure valve for liquidity. It is now a primary channel for capital recycling and duration extension across private markets, a structural shift investors should treat as permanent.



## PE Megadeals Surge as InsurTech Attracts Bigger Capital

PE- and venture capital (VC)-backed megadeals reached a record \$311.1 billion in 2025 across 22 transactions valued above \$5 billion, as per S&P Global. At the same time, global investment in InsurTech climbed to \$15.1 billion, more than doubling YoY despite fewer deals.

**Figure 4: Global PE/VC-Backed Investments in InsurTech**



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

The surge in megadeals signals how concentrated private market capital has become, with the largest managers deploying record dry powder into scaled, brand-name businesses. Transactions such as EQT’s acquisition of Collier Capital highlight how firms are targeting assets that can support fee-generating growth and predictable revenue streams, alongside traditional buyouts. Bigger entry checks at premium valuations now increase reliance on operational value creation, reducing the margin for error compared with multiple-driven return cycles. This dynamic is reshaping competitive behavior, fundraising priorities, and deployment pacing industrywide. InsurTech is experiencing a parallel concentration dynamic. Even as deal count declined, capital flowed toward a smaller group of scaled platforms, pushing valuations to levels comparable with the software sector. This reflects ongoing industry consolidation, where acquirers

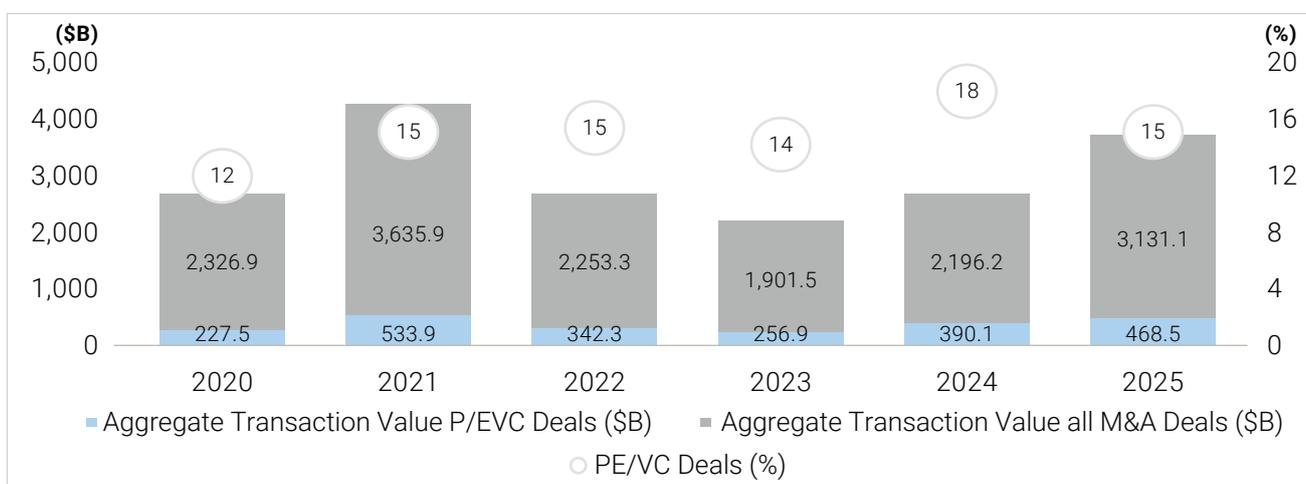
are competing for a shrinking pool of high-quality targets, and investors are prioritizing scale, visibility, and durability of cash flows. Rather than early-stage experimentation, funding is consolidating around proven platforms, reinforcing the same market preference for scale and resilience seen in megadeals. For investors, these twin trends are reshaping portfolio construction. Capital is increasingly concentrated in fewer, larger assets, leaving traditional midmarket buyouts and subscale growth plays facing tighter funding conditions. Returns will depend more on operational execution and asset selection than on broad multiple expansion, making manager selection and asset quality more critical in the current cycle.



## Deals Regain Momentum as Exits and Fundraising Remain Uneven

Global PE and VC deal value rose 20% to \$468.5 billion in 2025, while exit count increased 5.4% to 3,149 transactions, as per S&P Global. However, exit value fell 21.2% YoY, and fundraising declined 11% to \$490.8 billion.

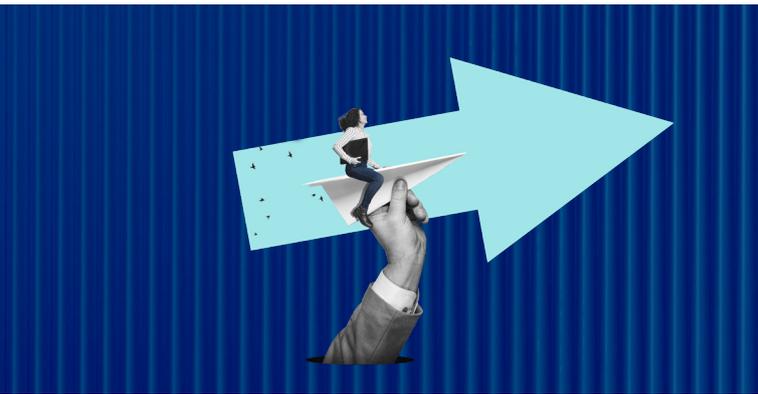
**Figure 5: Global PE/VC M&A Compared with Overall M&A Activity**



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

PE activity is recovering in volume but remains constrained in value realization. After a two-year slowdown, managers are deploying capital and accelerating exits to restore deal momentum, yet many transactions are clearing at lower-than-expected valuations. Extended holding periods and swollen portfolios are forcing exits driven more by liquidity needs than optimal pricing, compressing realized returns despite higher deal flow. This imbalance helps explain why fundraising continues to lag. LPs rely on distributions to recycle capital, and while exit volumes are improving, lower exit values are slowing the pace of cash returning to LPs, delaying reallocation into new funds. As a result, operational execution and sector selection are becoming increasingly critical levers for sustaining returns in the current cycle. Fundraising dynamics also highlight increasing concentration across the manager landscape. The ten largest funds

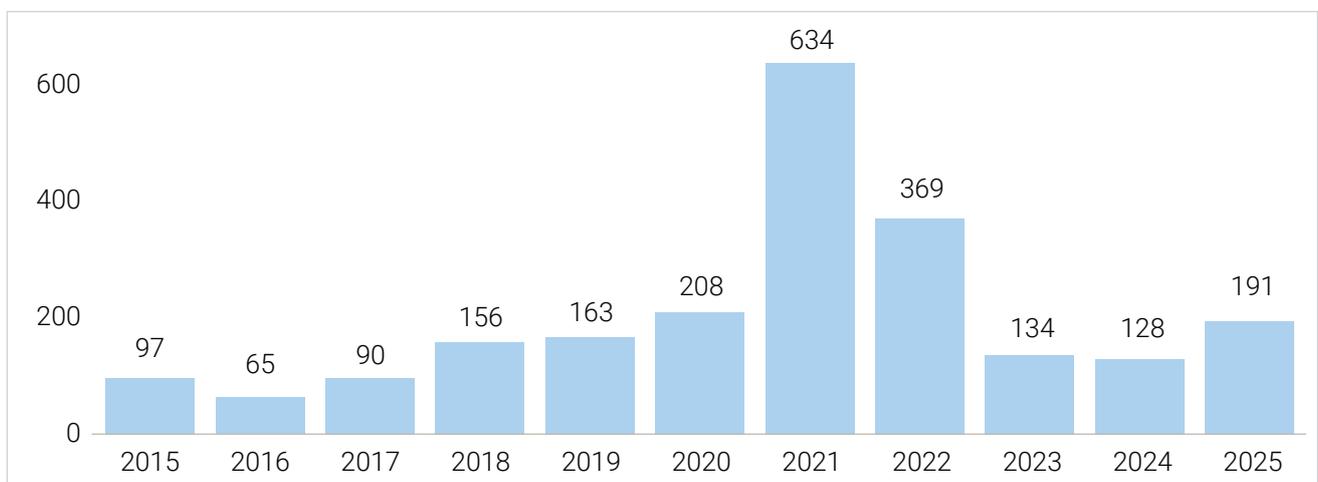
raised nearly \$162 billion in 2025, accounting for over one-third of total capital raised, reflecting LPs' preference for scale and established track records, as per S&P Global. Moreover, smaller and emerging managers face longer fundraising cycles, reinforcing industry consolidation. Large firms benefiting from investors' preference for established managers are deploying capital into bigger transactions, often targeting larger, more resilient businesses. For investors, the constraint is no longer deal availability but value conversion. A durable recovery will depend on exit pricing and distributions normalizing enough to support broader fundraising momentum.



## VCs Accelerated Unicorn Creation in 2025

Global unicorn creation rebounded in 2025, with 191 startups worldwide reaching valuations of at least \$1 billion, up from 128 in 2024, driven primarily by large AI-focused funding rounds, as per PitchBook. While activity remained below the 2021 peak, the pace of new unicorn formation accelerated meaningfully during the year.

**Figure 6: Rise In Newly Minted Global VC-Backed Unicorns**



Source: PitchBook, data as of December 31, 2025

The resurgence in unicorn creation reflects both genuine growth acceleration in select technology segments and renewed valuation inflation driven by investor competition. AI has been the dominant catalyst, with capital concentrating rapidly into a narrow set of perceived category leaders, often at very early stages of development. Thinking Machines, which raised roughly \$2 billion at a \$12 billion valuation before launching a commercial product, highlights how talent concentration and long-term platform potential are increasingly shaping pricing decisions. Rapid valuation step-ups at Kalshi, which surged from a \$2 billion valuation to \$11 billion within months, and OpenEvidence, which saw its valuation nearly double twice in under a year, further illustrate how quickly capital is re-rating favored AI-driven businesses. For

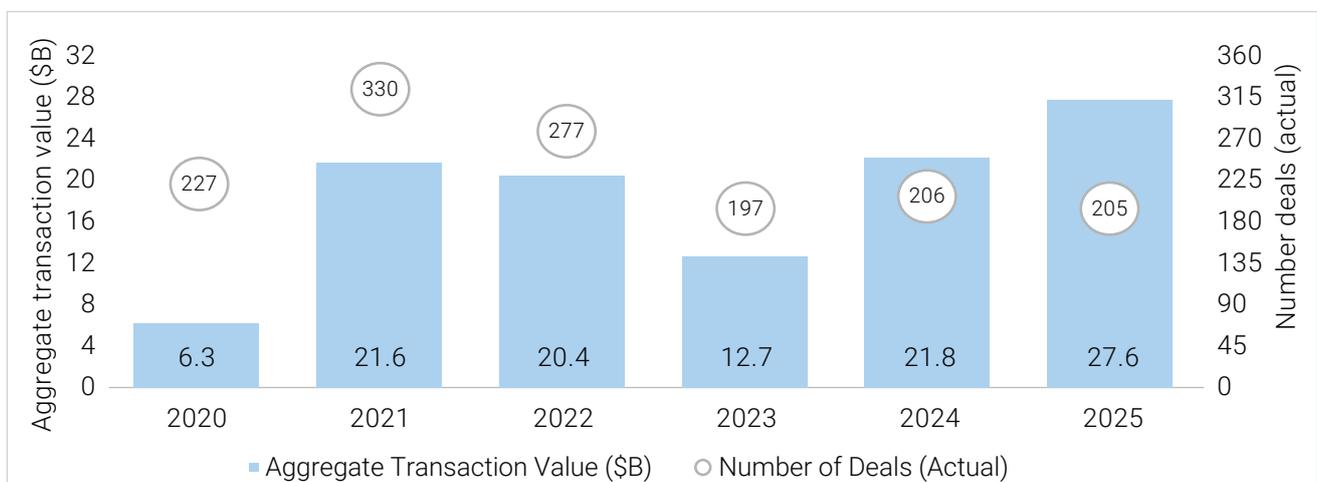
investors, this environment is creating a widening split within the unicorn cohort. While some newly minted unicorns remain revenue-generating companies priced near traditional growth benchmarks, others are being valued primarily on narrative strength, speed of scale, and expectations of category dominance. This divergence raises the risk of future valuation resets, particularly if revenue growth lags or public-market comparables reassert discipline. At the same time, the largest and most competitive rounds often attract top-tier investors, reinforcing why capital continues to cluster at the upper end of the venture market. As AI funding remains abundant, venture outcomes will increasingly depend on underwriting execution risk and durability of growth, rather than headline valuation milestones alone.



## PE Investment in Asset Managers Hits Multi-Year High

Global PE-backed investment in asset management companies reached \$27.6 billion in 2025, up 26.4% YoY and the highest level since at least 2020, as per S&P Global. Transaction value has increased roughly 340% compared with 2020, with activity peaking in the fourth quarter.

**Figure 7: Global PE/VC-Backed Asset Management Investments**



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

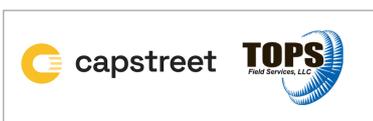
Rising PE interest reflects a structural opportunity in a fragmented asset management landscape. Many subscale managers operate with limited distribution, narrow product breadth, and underdeveloped operating infrastructure, creating scope for buy-and-build strategies. Sponsors are executing smaller acquisitions at modest entry multiples, aggregating platforms, and repositioning them toward higher-growth segments such as private markets, alternatives, and wealth management. As private market products become more accessible to retail and high-net-worth investors, platform-building has emerged as the dominant playbook, with PE owners reshaping legacy asset managers away from lower-demand strategies like active mutual funds. This repositioning dynamic has been reinforced by demand for scalable distribution and recurring fee streams, areas where operational expertise and capital investment can materially

enhance enterprise value. Geographically, Europe has become the most active region, accounting for \$13.5 billion of total investment, including the largest transaction of the year, as per S&P Global. The \$7.4 billion acquisition of Janus Henderson Group by a consortium led by strategic and financial investors underscores the growing appetite for scaled, diversified managers. Importantly, exit optionality is also improving. European banks, which have accumulated substantial excess capital in recent years, are emerging as natural buyers once asset management platforms reach sufficient scale. For investors, this combination of consolidation, platform expansion, and a widening buyer universe supports the case for continued PE deployment into asset managers, particularly those aligned with long-term shifts toward alternatives, wealth management, and fee-based recurring revenues.



# DEALS FLASH

## Capstreet Acquires TOPS Field Services



Capstreet, a Houston-based PE firm, has acquired TOPS Field Services, a Texas-based provider of Turbine maintenance and outage services. Founded in 2008, TOPS delivers inspection, overhaul, and maintenance solutions for gas and steam turbines, LNG equipment, and generators. This deal will allow

TOPS to expand its service offerings, address rising turbine maintenance demand, and pursue future growth through geographic expansion and enhanced capabilities. Further, it will enable Capstreet to partner with TOPS' management team to build a comprehensive MRO services platform serving diverse, power intensive end markets.

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## Crestview Partners Acquires Tailwind from Palladin



Crestview Partners, a New York-based PE firm, has acquired Tailwind Hospitality, a Wilmington-based aviation services company, from Palladin Consumer Retail Partners, a Boston-based PE firm. Founded in 2004, Tailwind provides aviation services focused on

food, beverage, and retail concessions within non-hub and regional airports. This deal will allow Tailwind to pursue its next phase of growth, enhance its ability to serve airport and brand partners, and strengthen its presence across aviation service markets. Further, it will enable Crestview to support Tailwind's expansion through organic growth and acquisitions.

## Skyline Investors Acquires Buddy's Home Furnishings



Skyline Investors, a Los Angeles-based PE firm, has acquired Buddy's Home Furnishings, a Florida-based rent-to-own retailer and franchisor. Buddy's sells accessible furniture, electronics, and appliances across 18 states and over 220 locations. This

deal will allow Buddy's to strengthen its operations, invest in growth and innovation, and enhance long term value for its franchisees and customers nationwide. Further, it will enable Skyline to partner with Buddy's management and franchise network to drive operational improvements, support sustainable expansion, and advance the company's long term success.

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## Littlejohn Acquires 80/20 from MPE Partners



Littlejohn & Co., a Greenwich-based PE firm, has acquired 80/20, an Indiana-based provider of premium, configurable modular framing solutions, from MPE Partners, a Boston-based PE firm. Founded in 1989,

80/20 serves automation, productivity, and safety applications across a variety of end markets. This deal will allow 80/20 to accelerate its growth, enhance its automation platform, and expand its capabilities and geographic reach. Further, it will enable Littlejohn to invest in a manufacturing and distribution platform positioned at the intersection of key industrial, automation, and modular design trends.

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## Transom Capital Acquires WellBiz Brands



Transom Capital Group, a Los Angeles-based PE firm, has acquired WellBiz Brands, a Denver-based provider of a beauty and wellness franchisor platform. Founded in 1983, WellBiz is composed of five recognized brands that offer recurring, membership-based services focused on enhancing

health, beauty, and overall well-being. This deal will allow WellBiz to strengthen its foundation, support franchisees, and enhance member and guest experiences through innovation. Further, it will enable Transom to leverage its operational expertise to drive growth, expand the franchise network, and build on WellBiz's scalable platform.

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## Francisco Partners Takes Jamf Private



Francisco Partners, a San Francisco-based PE firm, has acquired Jamf, a Minneapolis-based enterprise management and security solution for Apple at work. The transaction values Jamf at about \$2.2 billion and takes the company private. This deal will allow Jamf to accelerate its innovation, expand its suite of offerings, and enhance value for customers and partners worldwide. Further,

it will enable Francisco to support Jamf's global growth strategy, broaden its product portfolio, and strengthen the company's position as a privately held business.

## JLL Partners Acquires PowerParts



JLL Partners, a New York-based PE firm, has acquired PowerParts Group, a Florida-based provider of replacement parts and field services for gas and steam power turbines. Founded in 2020, PowerParts provides critical aftermarket components to utilities, maintenance, repair, and overhaul (MRO) service providers, and turbine original equipment manufacturers (OEM). This deal will allow PowerParts to expand its capacity and capabilities, build a broader platform of component manufacturers, and enhance the value delivered to customers. Further, it will enable JLL to support growth through capital, organic investment, and acquisitions.

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## Southfield Acquires Contextual.io.



Southfield Capital, a Connecticut-based PE firm, has acquired Contextual.io, a Connecticut-based provider of an AI orchestration platform. As part of the acquisition, Southfield will integrate and embed the company's technology into its own

partnership model. This deal will allow Contextual to broaden its AI capabilities, deepen partnerships with founder and manager-owned businesses, and drive practical automation that delivers measurable ROI. Further, it will enable Southfield to integrate AI into its value creation framework and identify new operational efficiencies.

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## GenNx360 Exits Precision Aviation to VSE



GenNx360 Capital Partners, a New York-based PE firm, will sell its portfolio company, Precision Aviation Group, a Georgia-based provider of aviation MRO services, to VSE Corporation, a Florida-based provider of aviation aftermarket distribution and repair

services, for approximately \$2 billion. Founded in 1996, Precision Aviation serves commercial, business, and general aviation (B&GA), rotorcraft, and defense end markets. This deal will allow Precision Aviation to broaden its technical capabilities, strengthen its global reach, and support long-term growth. Further, it will enable GenNx360 to scale the platform and enhance capabilities through its equity rollover in VSE.

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## Kohlberg Exits ENTRUST Solutions to Leidos



Kohlberg, a New York-based PE firm, will sell ENTRUST Solutions Group, an Illinois-based provider of a consulting and engineering services platform, to Leidos, a Virginia-based technology, engineering, and science

company, for approximately \$2.4 billion. Founded in 2002, ENTRUST serves the utility and infrastructure end markets with over 3,000 professionals working from 40 locations across North America. This deal will allow ENTRUST to build on its expanded footprint and strengthened role in supporting North America's critical power infrastructure. Further, it will enable Kohlberg to realize the value created and redeploy capital into new opportunities.



# TRENDS AND STATS

## January Middle-Market Deal Summary

**44.4%**

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

**69.8%**

of B2B deals were in Commercial Services.

**16.1%**

of the deals were in IT.

**50%**

of IT deals were in Software.

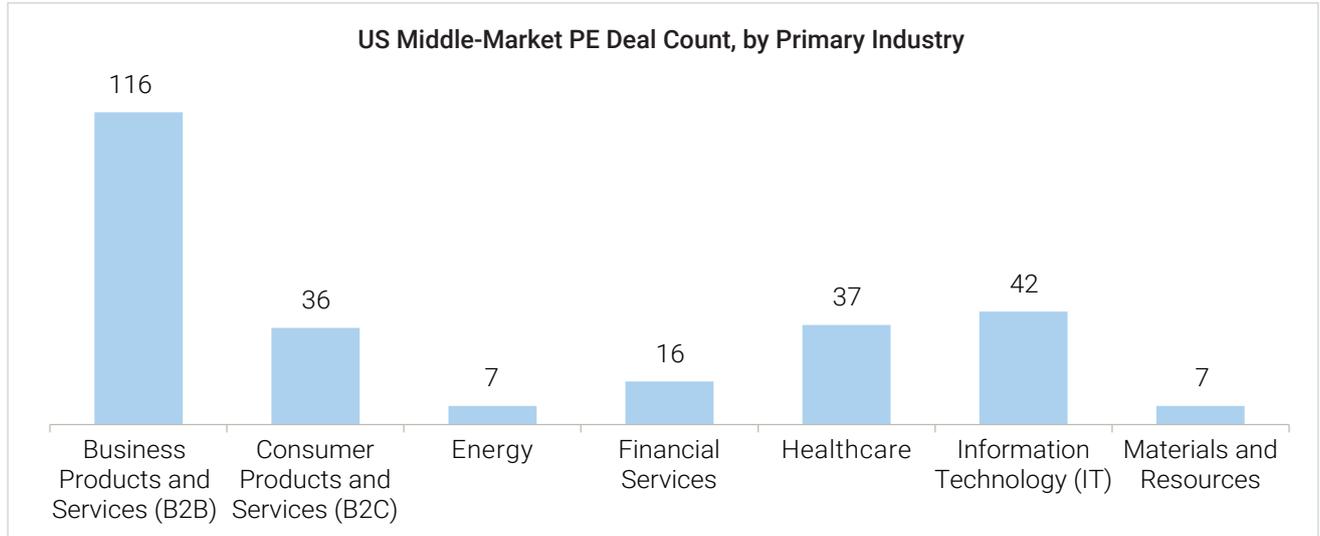
**California**

experienced the highest dealmaking activity, followed by Texas.

**75.5%**

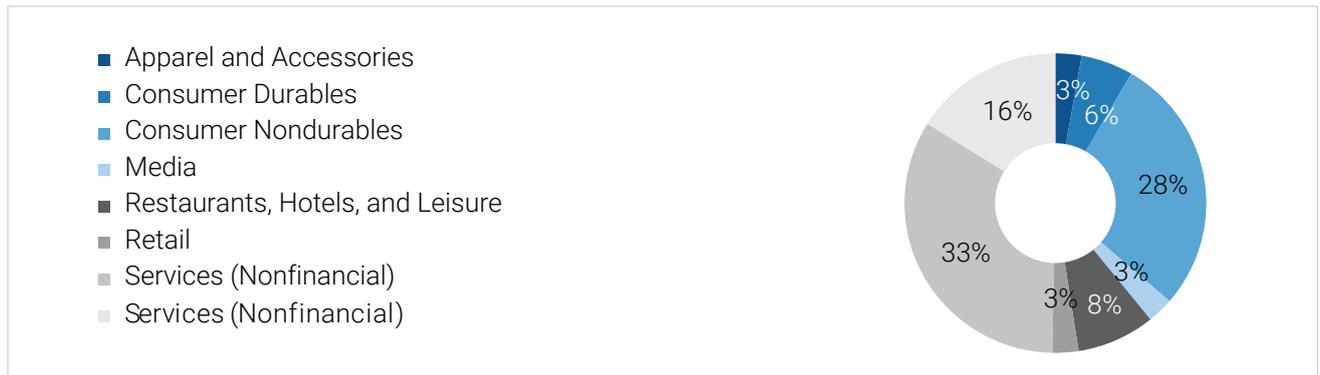
of the deals were buyouts.

**Figure 8: January 2026 Middle-Market Deal Summary**



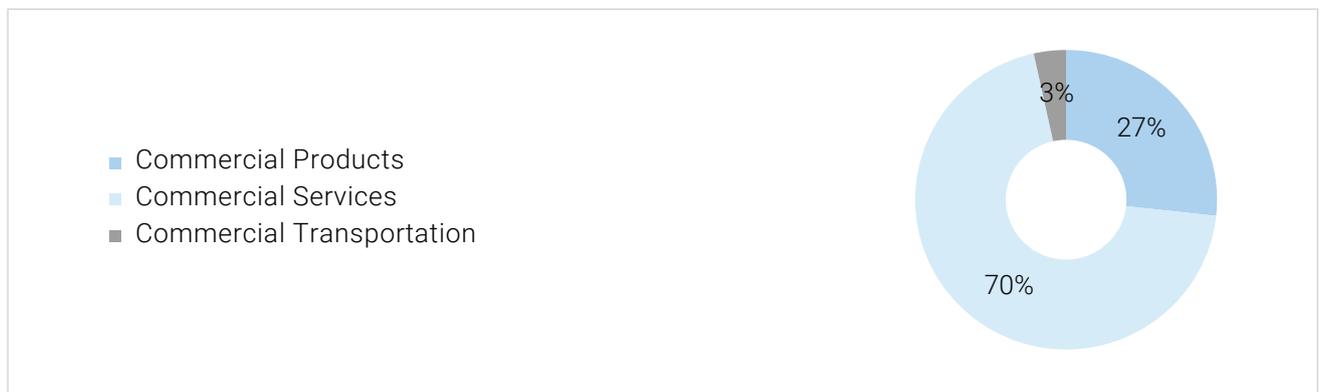
Source: SG Analytics Research

**Figure 9: Share of Consumer Products and Services**



Source: SG Analytics Research

**Figure 10: Share of Business Products and Services**

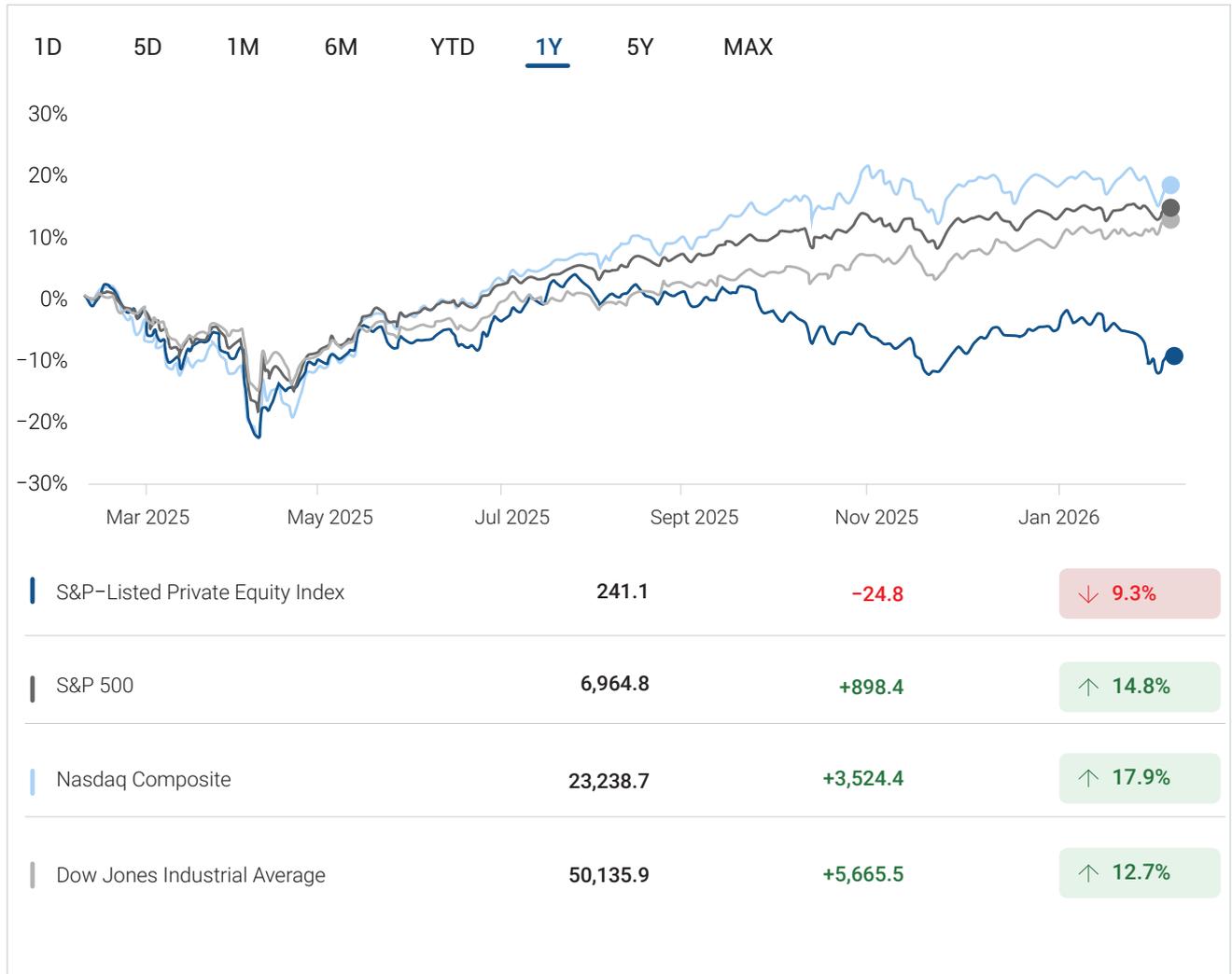


Source: SG Analytics Research

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

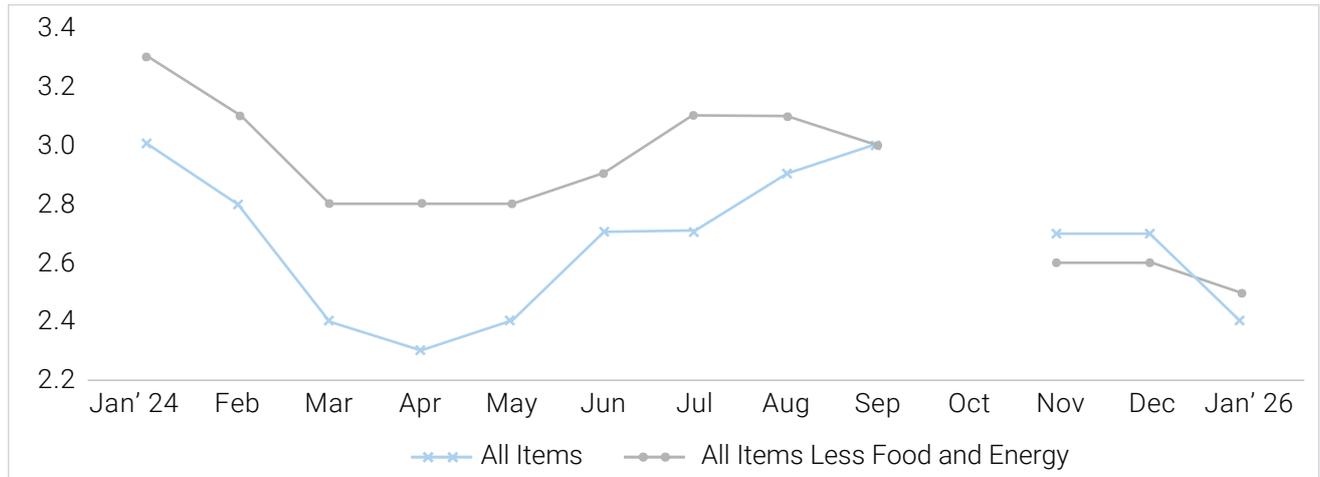
Figure 11: S&P-Listed Private Equity Index



Note: Data as of January 8, 2026

Index	Month-over-Month	YTD
Consumer Price Index (CPI)	0.2%	2.4%
Producer Price Index (PPI)	0.5%	2.9%

**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

		
<b>Women's Private Equity Summit   With Intelligence</b>	March 8–11, 2026	2400 East Missouri Avenue, Phoenix, AZ
<b>SuperReturn North America 2026</b>	March 16–18, 2026	100 Chopin Plaza Miami, FL
<b>Responsible Investment Forum: New York</b>	March 18–19, 2026	117 West 46th Street New York, NY

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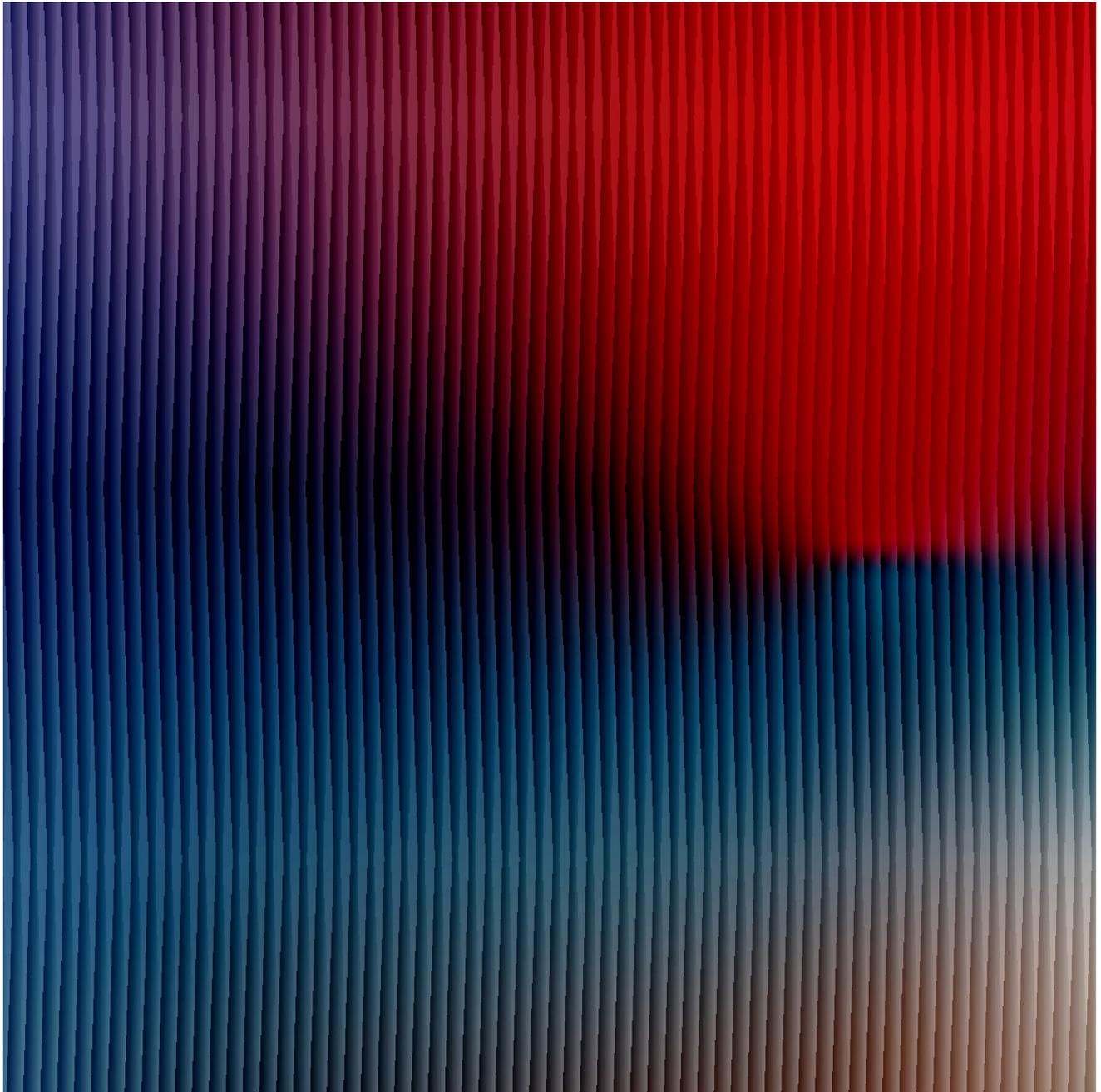
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