

# AXIA

PRIVATE EQUITY NEWSLETTER

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## PUBLIC MARKET GPS IN 2025:

Credit Expansion and Platform Activity Redefine Growth



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## PUBLIC GPS IN TRANSITION: Credit and Capital Shifts Reshape Growth in 2025

**Public market GPs are moving beyond traditional buyouts as credit expands, capital sources diversify, and platform activity plays a larger role in growth. Performance is stabilizing, but outcomes remain dependent on exit recovery and the pace at which distributions return across portfolios.**

Private equity (PE) performance is stabilizing but remains dependent on exit recovery, while credit is taking a larger share of returns and capital formation. At the same time, capital is shifting toward wealth channels and GP-level activity, highlighting a broader move toward platform-driven growth.

The 4Q25 environment for publicly listed PE managers

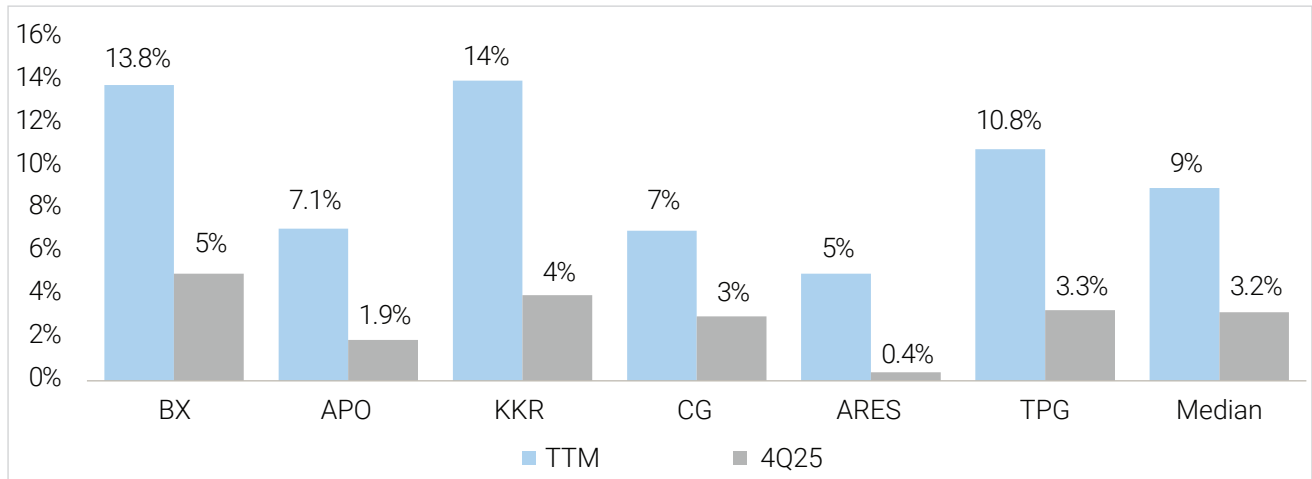
reflects a market that is stabilizing but not fully normalized, as improvements in deployment and realizations are accompanied by changes in how these firms operate. Traditional buyout strategies remain relevant, but private credit, evolving capital sources, and GP-level transactions are becoming more important in shaping growth, scale, and the overall structure of leading platforms.

## PE Returns Hold Despite Slower Exits

PE returns remained stable in 2025, with the big seven reporting a median trailing twelve-month (TTM) return of around 9%, while quarterly performance reached 3.2% in 4Q, as per PitchBook. Despite this improvement,

PE continues to lag public markets on a full-year basis, indicating that the recovery in performance remains linked to the pace of exits and distributions.

**Figure 1: Global PE Returns by Manager**



Source: PitchBook, data as of December 31, 2025

This stability reflects limited realization activity rather than a full recovery in performance. A significant portion of assets acquired in earlier periods remains unrealized, particularly those underwritten at higher valuations, which continues to delay cash distributions. For investors, this suggests that performance outcomes in the near term will depend more on exit timing and asset quality than on changes in valuation levels.

## Credit Gains Share Across Capital and Financing

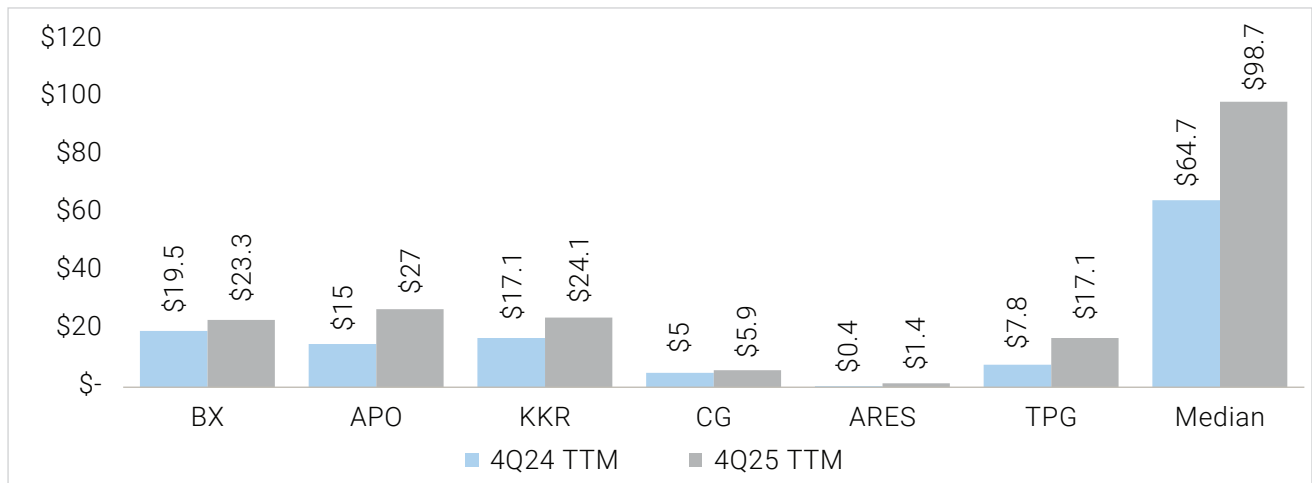
Across the seven largest managers, private credit recorded a median trailing return of 11.2% in 2025 and accounted for 52.8% of total capital raised, making it the largest contributor to capital formation across strategies, as per PitchBook. This reflects both steady return generation and a shift in investor allocation toward strategies that provide income with relatively lower volatility. The scale of inflows also indicates increasing institutional preference for credit within private market portfolios.

In addition to returns, credit has become more integrated into deal structures, often serving as the primary source of financing within PE transactions. This has strengthened its role within GP platforms, as managers expand their credit capabilities alongside equity strategies. For investors, this indicates a continued preference for strategies that offer more stable and predictable return profiles.

## Deployment Accelerates into The Second Half

Corporate PE deployment by the big seven increased significantly in 4Q25, reaching \$35.2 billion for the quarter and \$98.7 billion for the full year, following a slower 1H, as per PitchBook. The improvement was supported by better financing conditions and stronger public markets, which contributed to increased transaction activity toward the end of the year. This acceleration suggests that capital, which had remained on the sidelines earlier in the year, is now being deployed more actively.

**Figure 2: Global TTM PE Deployment by Manager**



Source: PitchBook, data as of December 31, 2025

Realizations from the large alternatives managers also improved, reaching \$70.7 billion on a trailing basis, supported by a gradual recovery in IPO and M&A activity. However, exit activity remains uneven, with timing decisions closely tied to market conditions and asset quality. This indicates that while liquidity conditions are improving, exits are likely to remain dependent on market conditions and asset-specific factors.

### Capital Shifts Toward Non-Institutional Investors

Private credit from the large managers attracted \$450.9 billion in inflows during 2025, representing the majority of capital raised across strategies, while PE fundraising remained comparatively lower, as per PitchBook. This reflects continued pressure on institutional allocations and a slower pace of distributions, which has limited the availability of capital for new commitments.

At the same time, the private wealth channel is becoming a more significant source of capital, with nearly \$2 trillion allocated to perpetual strategies, representing about 42% of total AUM for major

managers. This shift indicates a move toward longer-duration capital sources that are less dependent on traditional fundraising cycles and offer greater stability across market conditions.

### GP Stakes and Platform Deals Remain Elevated

GP deal activity remained elevated in 2025, with 85 transactions totaling \$25.1 billion, reflecting continued interest in acquiring stakes in asset management firms, as per PitchBook. This level of activity is among the highest observed and indicates sustained consolidation within the industry. The persistence of these transactions suggests that platform-level investments are becoming a consistent feature of the market.

This trend reflects a broader shift toward investing at the manager level rather than only in underlying assets. These transactions provide exposure to fee-related earnings and diversified revenue streams, which differ from traditional fund investments. As a result, GP stakes and platform-level deals are becoming a more established component of private market activity.

### Conclusion

The 2025 environment indicates that public PE firms are operating within a more diversified model, where growth is influenced by credit expansion, evolving capital sources, and continued platform activity. While traditional PE strategies remain important, the broader structure of private markets is becoming more diversified, requiring investors to consider a wider range of strategies when allocating capital.

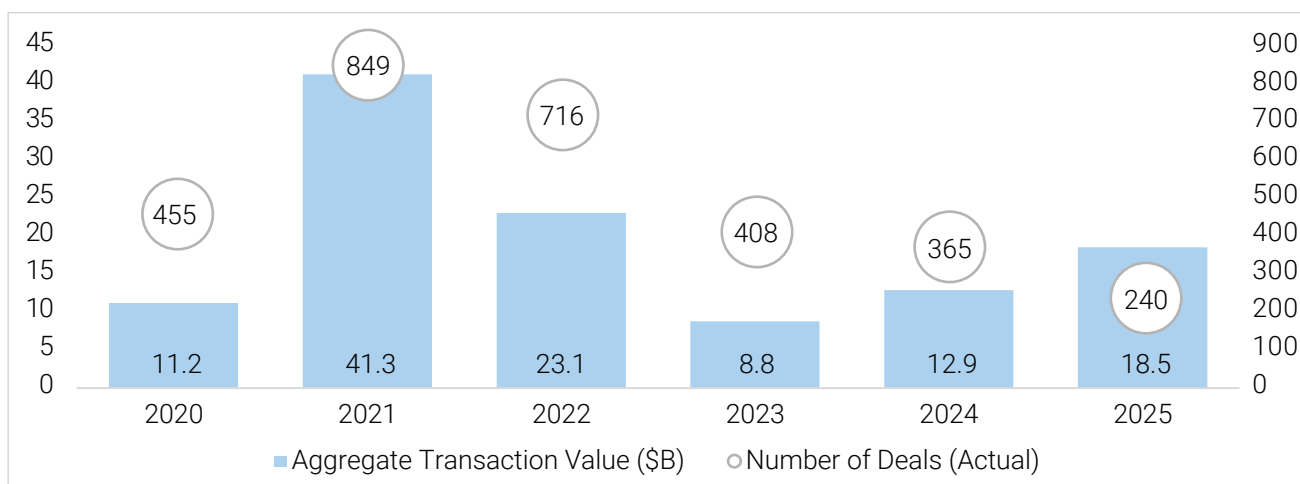
# Monthly News and Analysis



## Fintech Investment Surges as PE Targets Infrastructure Platforms

Global PE and VC investment in fintech reached \$18.5 billion in 2025, up 43.7% YoY, despite a sharp decline in deal count, as per S&P Global. Total transactions fell 34.2% compared with 2024, while the median PE deal size rose about 29% to \$9 million.

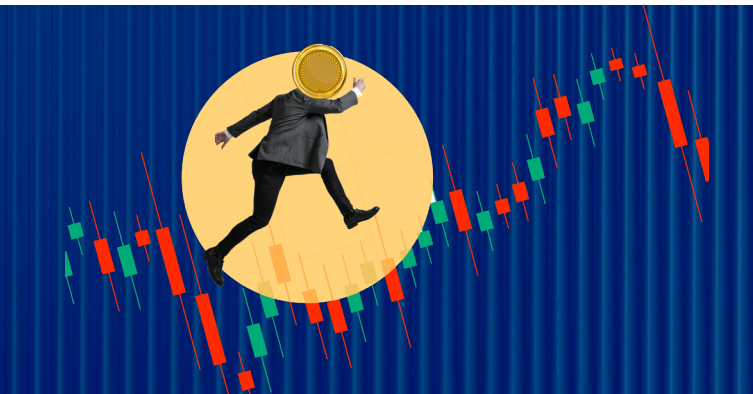
**Figure 3: Global PE/VC-backed Investments in FinTech**



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

The divergence between rising capital deployed and falling deal volume reflects a shift in investor priorities within fintech. Rather than broad consumer-facing platforms, investors are concentrating capital in fewer but higher-quality infrastructure businesses that sit deeper within the financial system. Payments orchestration, cross-border settlement networks, fraud prevention, identity verification, and compliance infrastructure are increasingly seen as critical financial rails. These platforms enable transactions while generating valuable data layers enhanced with AI-driven analytics. As a result, investors are paying premium valuations for companies that combine financial infrastructure with intelligence capabilities. This shift toward infrastructure is also driving a move from business-to-consumer fintech models toward business-to-business solutions. Consumer fintech, once the center of venture enthusiasm, now

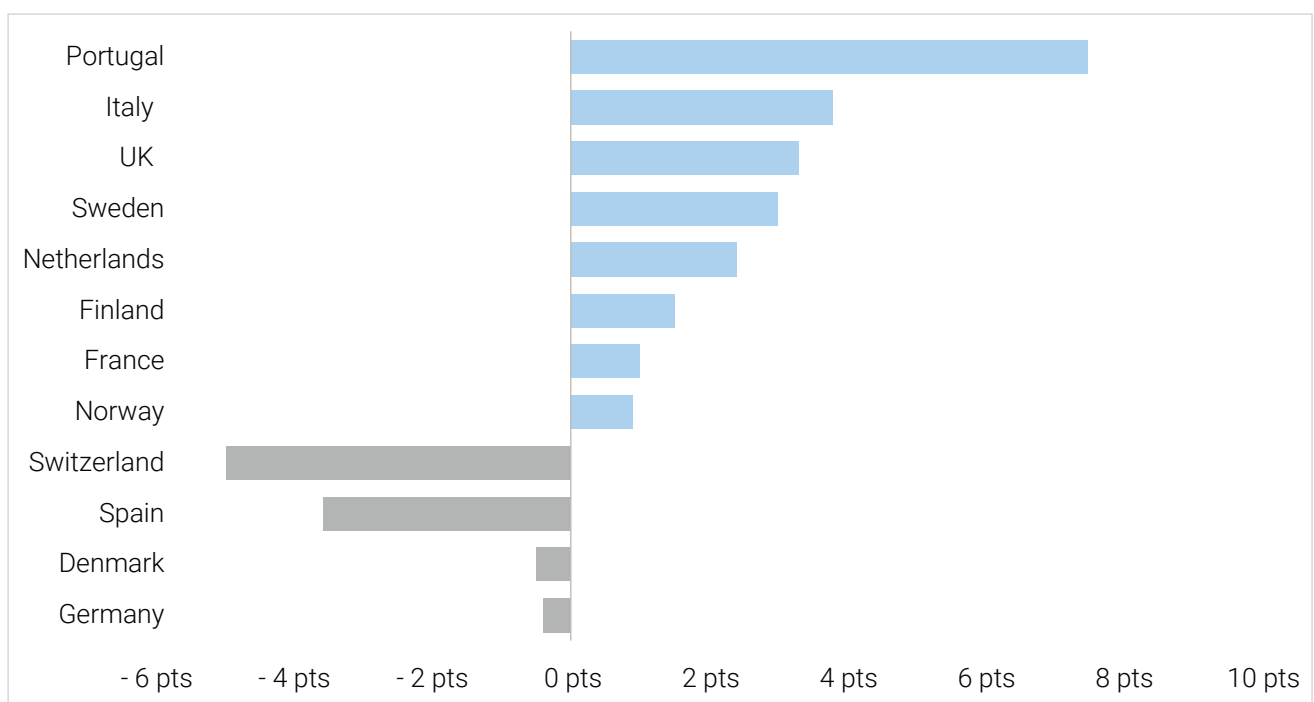
faces greater regulatory scrutiny, higher customer acquisition costs, and intense competition. By contrast, infrastructure providers benefit from recurring enterprise relationships and deeper integration into financial institutions' operations, making them harder to replace. Large transactions in 2025 reflect this trend. Clearlake Capital's \$7.7 billion acquisition of Dun & Bradstreet highlights investor appetite for data and analytics platforms supporting financial decision-making. Geographically, North America continues to anchor fintech investment due to clearer exit pathways and valuation benchmarks, particularly in payments infrastructure and AI-enabled financial automation. Meanwhile, regions such as the Gulf Cooperation Council and Latin America are attracting rising investor attention as regulatory modernization and open banking frameworks accelerate fintech adoption within financial systems.



## US Investors Expand Share in European PE

US investor participation accounted for nearly 20% of total PE deal count in Europe in 2025, with involvement highest in the UK at 32.6%, as per PitchBook. Participation also rose in Portugal and France, while declining in Germany, Spain, and Switzerland.

**Figure 4: Change in PE Deal Count Share with US Participation (2024–25)**



Source: PitchBook, data as of October 31, 2025

The increase in US participation reflects a shift toward geographic diversification as investors look beyond a crowded domestic market. Europe is offering attractive entry valuations and a favorable rate environment following faster monetary easing. This is improving deal economics and supporting cross-border capital flows, particularly for large US sponsors. However, the opportunity set is not uniform across the region. Markets such as the UK continue to attract the highest share of US capital due to deal depth, regulatory familiarity, and currency advantages. In contrast, larger economies like Germany are seeing relatively lower participation, suggesting that macro and sector-specific factors are influencing capital allocation. The rise in Portugal highlights how smaller markets are gaining attention as investors search for less

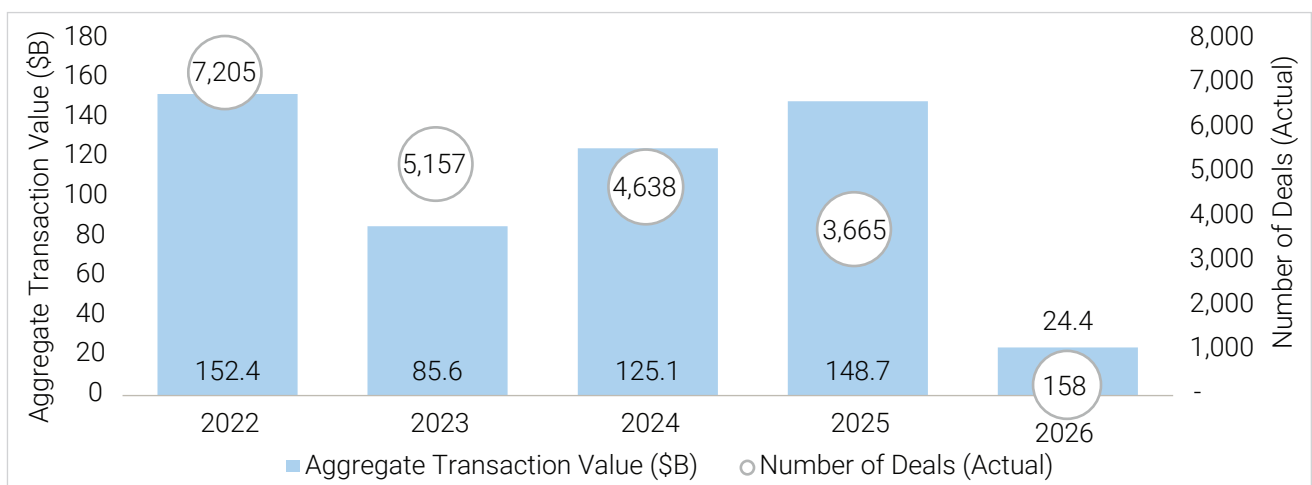
competitive deal environments. A key driver of this trend is Europe's fragmented market structure, which is creating a steady pipeline of mid-market opportunities. This contrasts with the US, where mid-market dealmaking has been more constrained, pushing investors to look externally for deployment. As a result, US investors are increasingly active in carveouts and complex transactions, where operational involvement and structuring capabilities support returns. Looking ahead, US participation in European PE is expected to rise further, potentially reaching 25% of deal count, as per PitchBook. For investors, this suggests that Europe will remain a critical allocation market, with returns increasingly driven by country selection, sector focus, and the ability to navigate fragmented deal landscapes.



## AI Uncertainty Slows Software Dealmaking

PE and VC-backed application software deals fell to 3,665 globally in 2025, down 21% from 4,638 in 2024, as per S&P Global. Despite lower volumes, total deal value reached \$148.7 billion, the highest since 2022, with median deal size rising to \$280 million.

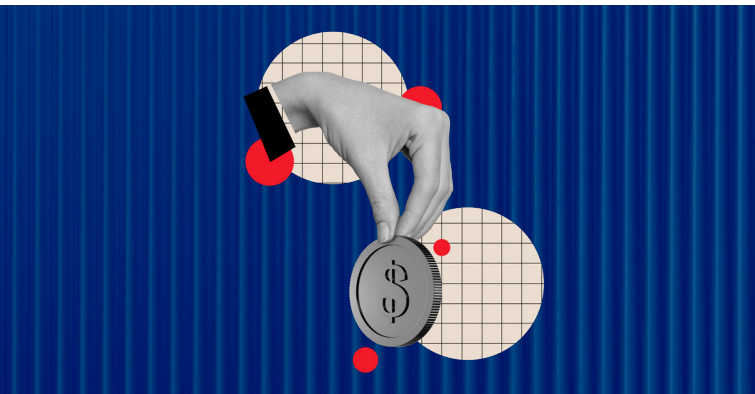
**Figure 5: Global PE/VC-backed Investments in Application Software**



Source: S&P Global, data as of January 31, 2026

The decline in deal activity reflects a growing disconnect between conviction and clarity on AI's long-term impact on software business models. Investors are not exiting the sector but are becoming more selective, concentrating capital into larger, higher-quality assets while avoiding broad exposure. This explains the drop in deal count alongside a rise in median deal size. Public market volatility in early 2025 further reinforced these concerns, as AI-driven automation raised questions around pricing power, product differentiation, and growth durability across enterprise and vertical software segments. At the portfolio level, software exposure remains measured, with large alternative asset managers such as Blackstone, KKR, Carlyle, and Apollo maintaining allocations between 2% and 7% of AUM, while TPG

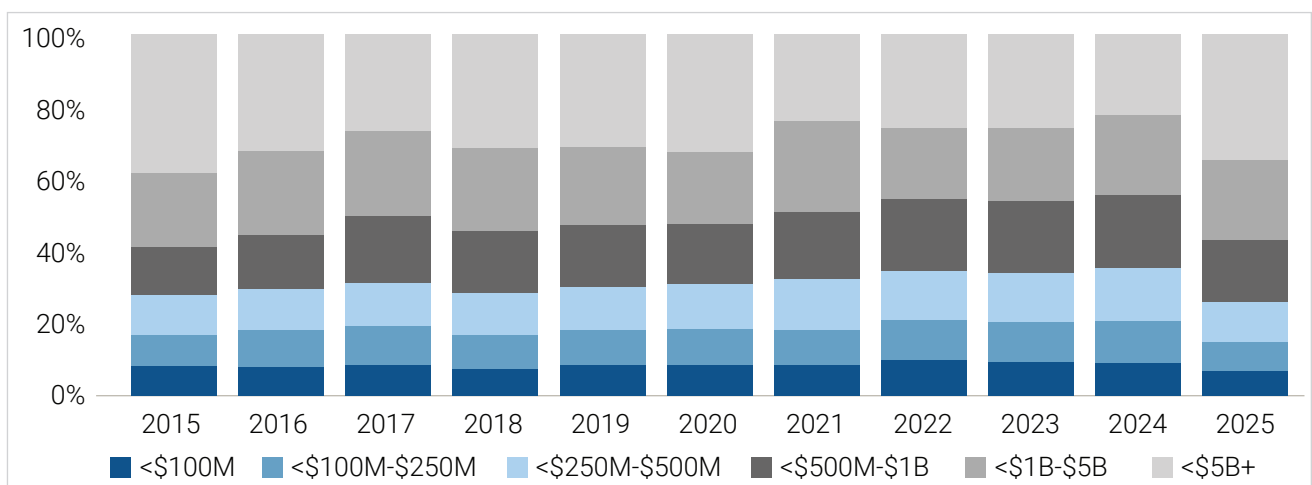
stands higher, as per S&P Global. At the same time, exit activity has increased, suggesting that managers are actively managing risk and taking liquidity where available in a still-fragile exit environment. The key pressure point lies in vintage risk, with assets underwritten between 2018 and 2020 more exposed to disruption, given they were priced before generative AI reshaped competitive dynamics. However, risk is not uniform. Larger platforms with proprietary data, strong customer integration, and regulated market positioning remain better insulated and are more likely to benefit from AI adoption. As a result, software investing is becoming increasingly thesis-driven, with outcomes diverging based on asset quality and the ability to sustain competitive advantage over time.



## Mega-Deals Drive \$5 Trillion M&A Surge

Global M&A activity reached nearly \$5 trillion across more than 50,000 transactions in 2025, surpassing 2021 levels, as per PitchBook. However, deal value was heavily concentrated, with transactions above \$1 billion accounting for over half of the total value despite representing just 1.5% of the deal count.

**Figure 6: Global Increase in Mega-deals Over the Years**



Source: PitchBook, data as of December 31, 2025

The headline rebound in M&A reflects an uneven recovery, driven largely by capital-rich sponsors executing large transactions while broader market activity remained constrained. Mega-deals increased 28% YoY, supported by improved financing conditions and strong sponsor balance sheets, while smaller transactions declined or saw limited growth. This divergence shows that access to capital and deal size are shaping activity, allowing larger firms to transact while mid-market dealmaking remained subdued. The concentration of deal activity also indicates a partial easing of the liquidity constraints that have weighed on private markets since 2022. Large sponsors have increasingly focused on take-privates, carveouts, and consortium deals to deploy capital at scale, particularly

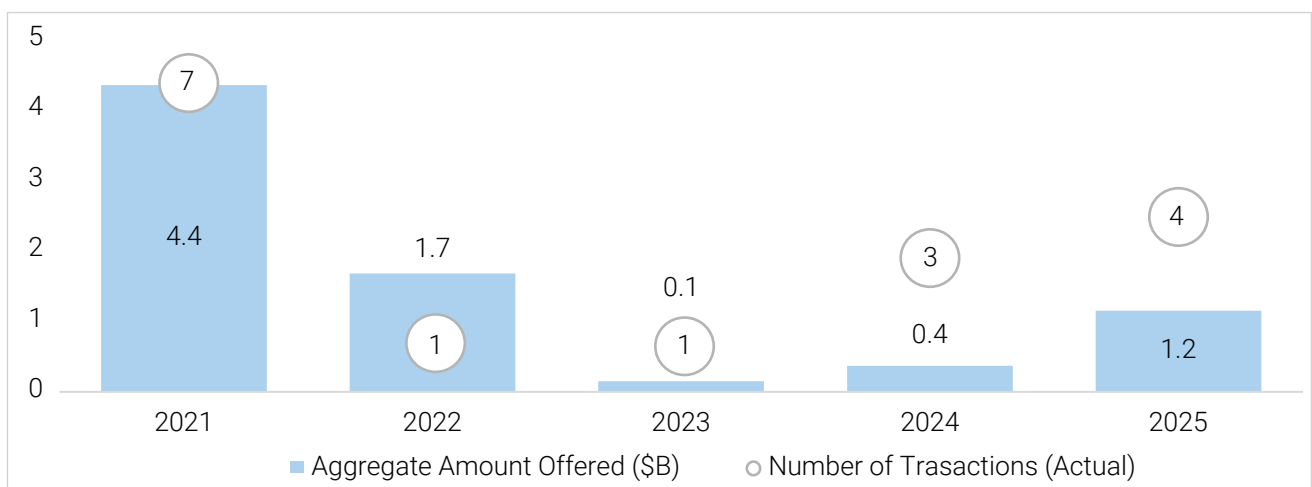
in sectors where cost structures and technology adoption, including AI, are changing operating models. High-profile transactions, such as the proposed take-private of Electronic Arts, reflect how thematic shifts are influencing capital allocation at the upper end of the market. Looking ahead, expectations of a broader recovery in 2026 are building, supported by stabilizing earnings, improving exit conditions, and growing pressure on GPs to monetize aging assets. Sponsor-to-sponsor deals are expected to increase as firms look to return capital to LPs, while corporates are likely to accelerate divestitures of noncore assets. However, the recovery narrative remains conditional, as prior forecasts of a rebound have been delayed, and any disruption will likely again slow deal momentum.



## Insurance IPO Activity Remains Subdued as M&A Gains Preference

US insurance IPO activity remained limited in 2025, with four listings raising \$1.2 billion, up from three IPOs totaling \$37 million in 2024 but well below 2021's \$4.4 billion across seven deals, as per S&P Global. Activity remained concentrated in specialty segments such as Florida-based P&C companies, excess & surplus companies, and managing general agents.

**Figure 7: US Insurance IPO Activity Over the Years**



Source: PitchBook, data as of December 31, 2025

The muted IPO environment reflects a structural preference for M&A over public listings, particularly among insurance underwriters. The inherent volatility in underwriting earnings makes public market participation more complex, pushing many firms toward dual-track strategies where IPO readiness is used to attract strategic buyers. This dynamic was evident in transactions such as Aspen Insurance, which went public before agreeing to a sale, highlighting how IPOs are increasingly serving as a price discovery mechanism rather than a final exit route. At a broader level, IPO trends in insurance mirror the wider financial sector recovery, with US financial IPOs rising to 230 in 2025 from 141 in 2024, though still far below 2021 peaks, as per S&P Global. However, within insurance, capital formation is becoming more selective, with

activity concentrated in segments benefiting from favorable underwriting conditions and regulatory tailwinds, particularly in Florida following recent reforms and a benign catastrophe environment. This concentration reflects improving near-term earnings visibility in select lines rather than a broad-based reopening of the IPO window. A clear divergence is emerging between underwriters and brokers. While underwriters remain cautious due to earnings volatility and capital management pressures, brokers are scaling to valuations that exceed PE capacity, making public markets a necessary path. Several large brokers are approaching \$30 billion valuations, and the number of publicly listed brokers is expected to expand as these firms seek liquidity and growth capital.



## DEALS FLASH

### Tico Capital Acquires AME Automotive



Tico Capital Partners, an Atlanta-based PE firm, has acquired AME Automotive, a Michigan-based provider of comprehensive facility solutions. Founded in 2001, AME provides turnkey facility design, equipment solutions, and professional installation services to automotive dealerships. This deal will allow AME to build

on its strong foundation, continue delivering high-quality service, and pursue new opportunities for growth while maintaining its customer-first culture. Further, it will enable Tico to partner with a trusted team that shares its values and commitment to long-term growth and community impact.

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### Chimney Rock Acquires Gas Clip



Chimney Rock Equity Partners, an Austin-based PE firm, has acquired Gas Clip Technologies, a Dallas-based supplier of portable gas detectors. Founded in 2009, Gas Clip specializes in the design and manufacture of portable gas detectors for the industrial, marine, utility,

refining, chemical processing, and water/wastewater applications. This deal will allow Gascliptech to accelerate its growth trajectory, enhance market presence, and leverage advanced sensor technology for expansion. Further, it will enable Chimney Rock to strengthen its foothold in the industrial safety sector and capitalize on the rising demand for connected safety solutions.

## Greenbelt Capital to Acquire Peak Utility from ORIX Capital



Greenbelt Capital Partners, an Austin-based PE firm, has agreed to acquire Peak Utility Services Group, a Colorado-based provider of essential utility infrastructure services, from ORIX Capital Partners, a New York-based PE

investment firm. Founded in 2014, Peak Utility delivers maintenance, repair, and upgrade services supporting critical energy infrastructure. This deal will allow Peak to accelerate its expansion, strengthen its position in utility services, and advance grid modernization efforts. Further, it will enable Greenbelt to deepen its presence in the energy and infrastructure sectors and support nationwide decarbonization and resiliency initiatives.

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## OceanSound Acquires AFS



OceanSound Partners, a New York-based PE firm, has acquired Automated Financial Systems (AFS), a Pennsylvania-based provider of commercial loan servicing software. Founded in 1970, AFS provides commercial loan servicing and loan lifecycle management technology

to the financial services sector. This deal will allow AFS to accelerate product innovation, expand engineering and customer success capabilities, and strengthen its position in commercial lending technology. Further, it will enable OceanSound Partners to deepen its presence in regulated technology markets and support AFS's long-term growth through strategic investment and operational expertise.

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## Gryphon Investors Invests in HRSoft



Gryphon Investors, a San Francisco-based PE firm, has invested in HRSoft, a Colorado-based provider of enterprise compensation management software. Founded in 1996, HRSoft offers a low-code platform for managing complex compensation programs across merit,

bonus, incentives, and variable pay. This deal will allow HRSoft to accelerate product innovation, enhance AI-enabled capabilities, and expand its presence in key sectors such as financial services while strengthening its delivery model. Further, it will enable Gryphon to deepen its software portfolio and support HRSoft's mission to modernize enterprise compensation management globally.

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## GHK Capital Acquires CPL



GHK Capital, a Connecticut-based PE firm, has acquired CPL, a New York-based provider of architecture, engineering, and consulting services. Founded in 1957, CPL supports the design, development, and maintenance of critical healthcare, education, and civic infrastructure across the US. This deal will allow CPL to accelerate its expansion into new end-markets and geographies, supported

by strategic technology investments and an active M&A program. Further, it will enable GHK to partner with CPL's leadership to build a unified, national-scale platform and drive sustained growth.

## Topspin Invests in Grid



Topspin Consumer Partners, a New York-based PE firm, has invested in Grid, a Dallas-based manufacturer of lockers and flooring. Founded in 2020, Grid provides high-quality laminate and phenolic lockers and performance flooring solutions to fitness, athletic team sports, and health and wellness facilities. This deal will allow Grid to accelerate its growth and strengthen its position as a leader in U.S.-manufactured health and wellness facility solutions. Further, it will enable Topspin to support Grid's expansion strategy, innovation initiatives, and efforts to set new industry standards.

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## Watermill Exits CTB to Waterland



The Watermill Group, a Boston-based PE firm, has agreed to sell Cooper Turner Beck (CTB), a UK-based global provider of safety-critical fastening solutions, to Waterland PE, a Netherlands-based PE firm. Founded in 1862, CTB provides critical fastening

solutions to the energy, power generation, and construction markets. This deal will allow CTB to continue expanding globally while upholding its strong commitment to quality and reliability in safety-critical fastening systems. Further, it will enable Watermill to see the long-term results of its partnership-focused approach and support for sustainable growth.

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## Kinderhook to Take Enhabit Private



Kinderhook Industries, a New York-based PE firm, has agreed to acquire Enhabit, a Texas-based provider of home healthcare and hospice. Upon closing, Enhabit's common stock will be delisted from the NYSE, and the company will become private. The take-private deal is an all-cash

transaction that values the company at \$1.1 billion. This deal will allow Enhabit to strengthen its home health and hospice care network, expand patient access, and invest further in its innovation and clinical quality. Further, it will enable Kinderhook to support Enhabit's growth and long-term mission-driven success.

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## Wynnchurch Carves Out Marine Products from Arcosa



Wynnchurch Capital, an Illinois-based PE firm, has agreed to acquire Arcosa Marine Products, a Texas-based manufacturer of marine transportation equipment, from Arcosa, a Texas-based manufacturer

and producer of infrastructure-related products and solutions. The deal takes Arcosa Marine private and establishes the marine components manufacturer as a standalone platform. This deal will allow Arcosa Marine to strengthen its position in the US transportation infrastructure market through strategic investment and operational improvement. Further, it will enable Wynnchurch to partner with management to enhance efficiency, drive growth, and create long-term value.



## TRENDS AND STATS

### February Middle-Market Deal Summary

**51.7%**

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

**64.8%**

of B2B deals were in Commercial Services.

**15.3%**

of the deals were in IT.

**62.2%**

of IT deals were in Software.

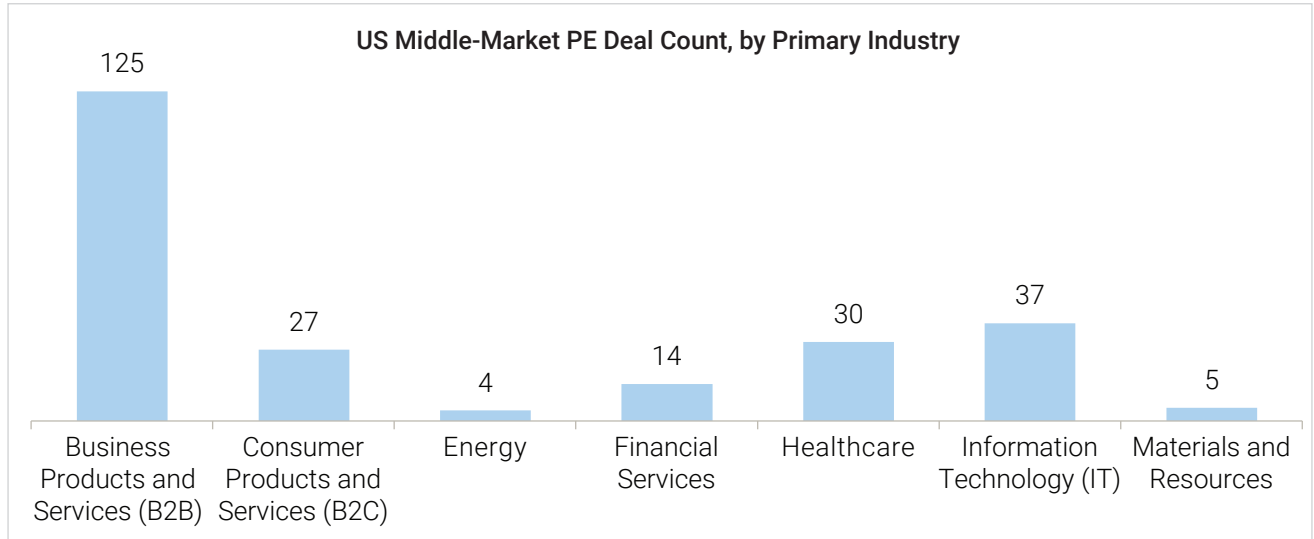
**Texas**

experienced the highest dealmaking activity, followed by California.

**76.9%**

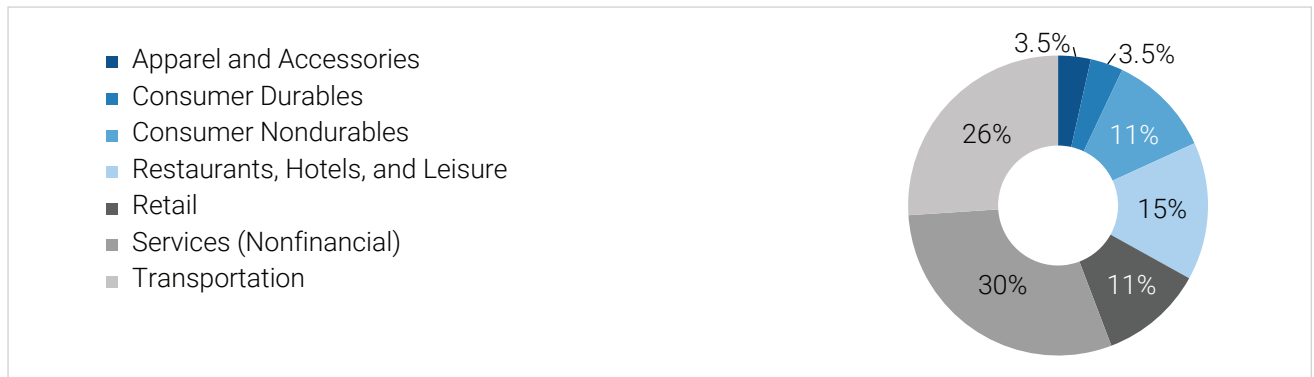
of the deals were buyouts.

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



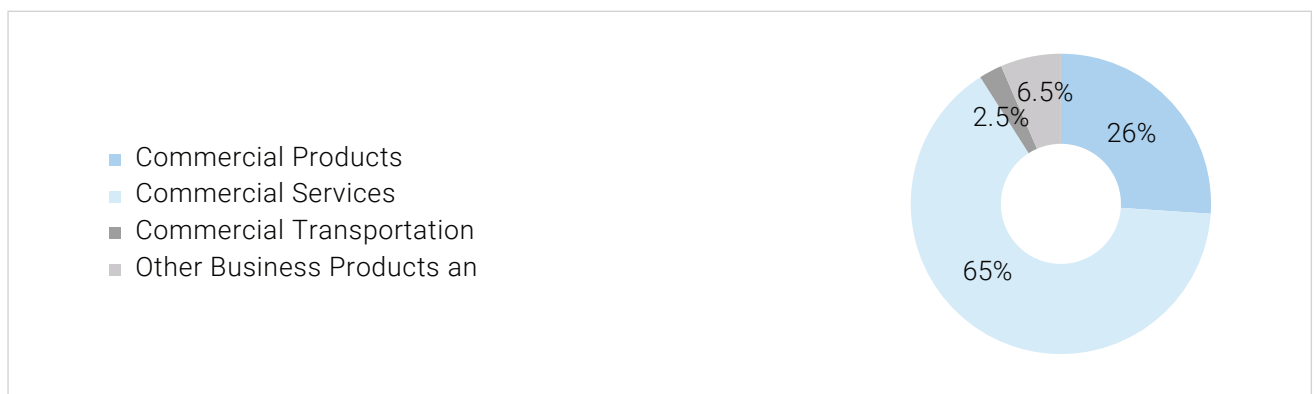
Source: SG Analytics Research

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



Source: SG Analytics Research

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

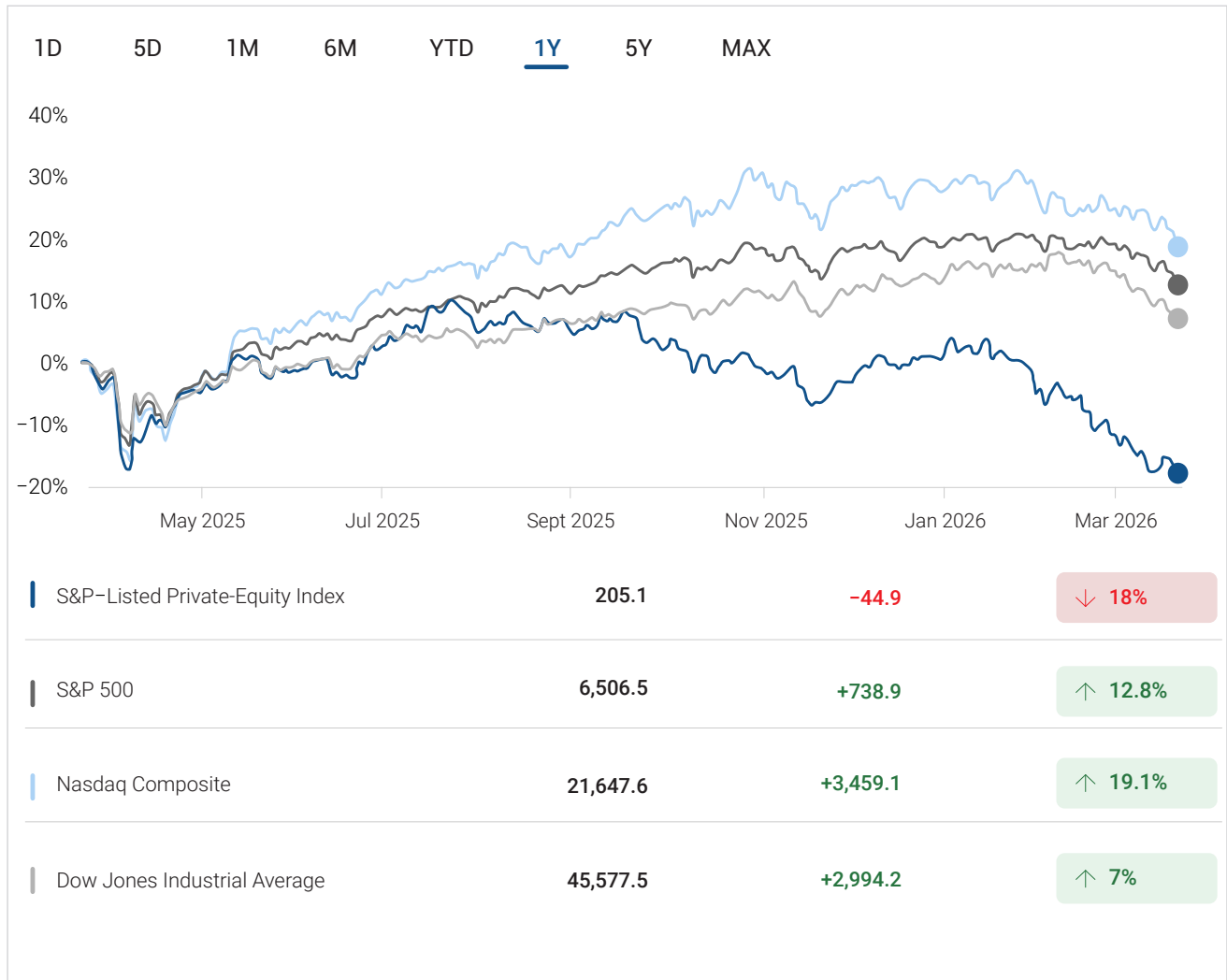


Source: SG Analytics Research

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

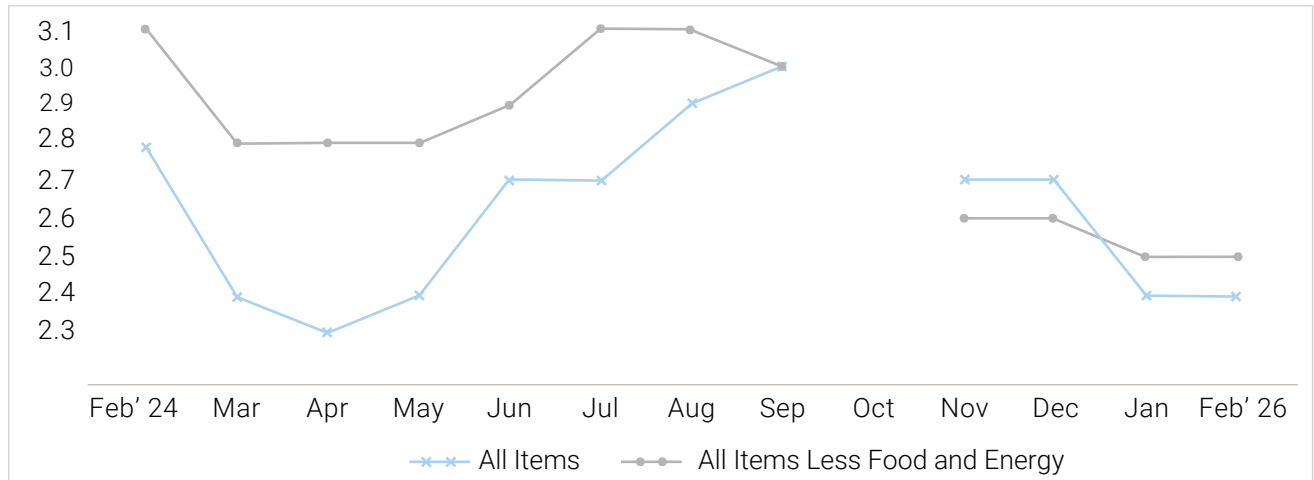
Figure 11: S&P-Listed Private-Equity Index



Note: Data as of March 20, 2026

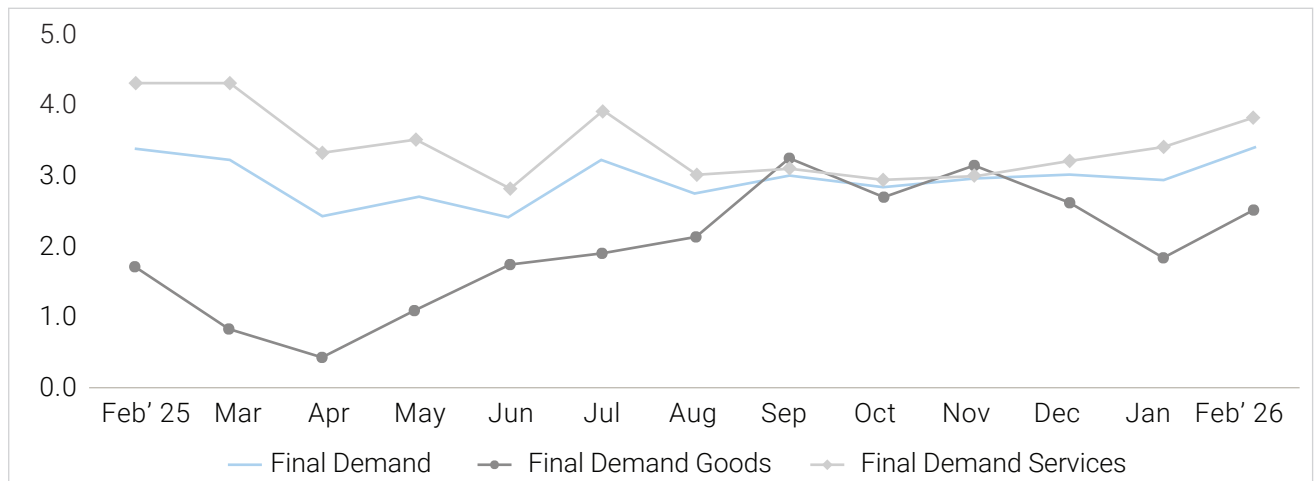
Index	Month-over-Month	YTD
Consumer Price Index (CPI)	0.3%	2.4%
Producer Price Index (PPI)	0.7%	3.4%

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



Source: US Bureau of Labor Statistics

**Figure 13: 12-Month Percent Change in Selected PPI Final Demand Price Indexes (Not Seasonally Adjusted)**



Source: US Bureau of Labor Statistics

# Upcoming Events

Icon	Event	Dates	Location
🏆	Western Capital Summit	April 16–17, 2026	Fairmont Miramar   Santa Monica, CA
📅	New York LP Summit	April 17, 2026	1 Liberty St, New York, NY 10006
📍	Investor Relations Network New York Forum 2026	April 29–30, 2026	Convene, 360 Madison Avenue, New York

# SGA Newsletter team



**Steve Salvius**



**Kunal Doctor**



**Sandeep Jindal**



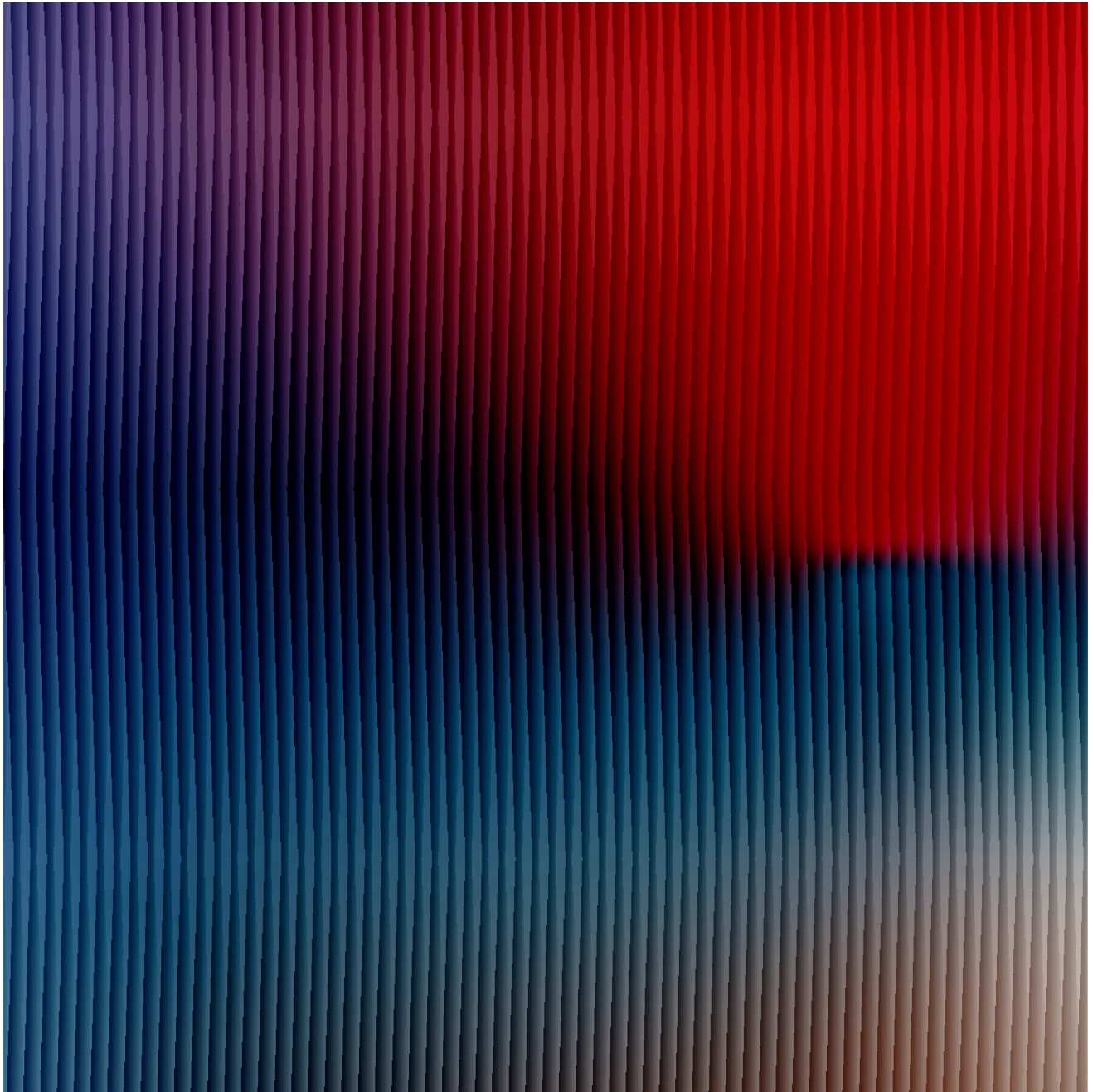
**Anwar Jakhhal**



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