Q1 2022

US

PE Middle Market Report

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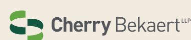

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Executive summary

After a historic run of dealmaking in 2021, US middle-market PE firms got off to a moderate start in 2022. The middle market faced a turbulent global macroeconomic backdrop, with raging inflation, threat of higher interest rates, broken supply chains, and Russia's invasion of Ukraine throwing the world into disorder and leaving investors grappling with the financial fallouts. Many buyers hit pause on processes as uncertainty loomed, but markets appear to be moving forward as investors adjust and look for opportunities in a volatile market. With ample dry powder on hand, PE firms are more than equipped to do deals, especially in a market that has become cheaper thanks to falling prices and lower valuations in some sectors. We can expect to see more deals close in the middle market going forward as lofty valuations come down and buyers and sellers find they can agree on pricing.

US middle-market exit activity was off to a lackluster start in 2022 as well, facing headwinds driven by market volatility and falling prices. However, middle-market exit activity may be less affected than the broader PE market because it is less reliant on public listings. Exits to other sponsors and corporations continued at a moderate pace, with middle-market firms able to find buyers looking to scale businesses or add synergistic operations.

Fundraising activity remained healthy in the quarter but is showing signs of slowing for middle-market sponsors. After a record-breaking flurry of deals in 2021, many of the largest buyout firms have spent down their dry powder reserves and are now returning to the fundraising market. These mammoth GPs are being prioritized over middle-market firms in many cases, leaving these firms with insufficient capital to meet demand. Middle-market firms will need to look in new places for capital, such as retail, insurance, and non-US LPs. Performance may trend down over the year as well, but so far, many middle-market companies are producing healthy revenue and earnings growth.

Confidence through uncertainty.

The resiliency of private debt as an asset class was reaffirmed during the upheaval of the pandemic. And even as the world deals with additional pressures, reasons for optimism remain. In this issue, Timothy Lyne, CEO, offers perspective on the trends Antares is tracking in the market.

Read the full Q&A in this issue.

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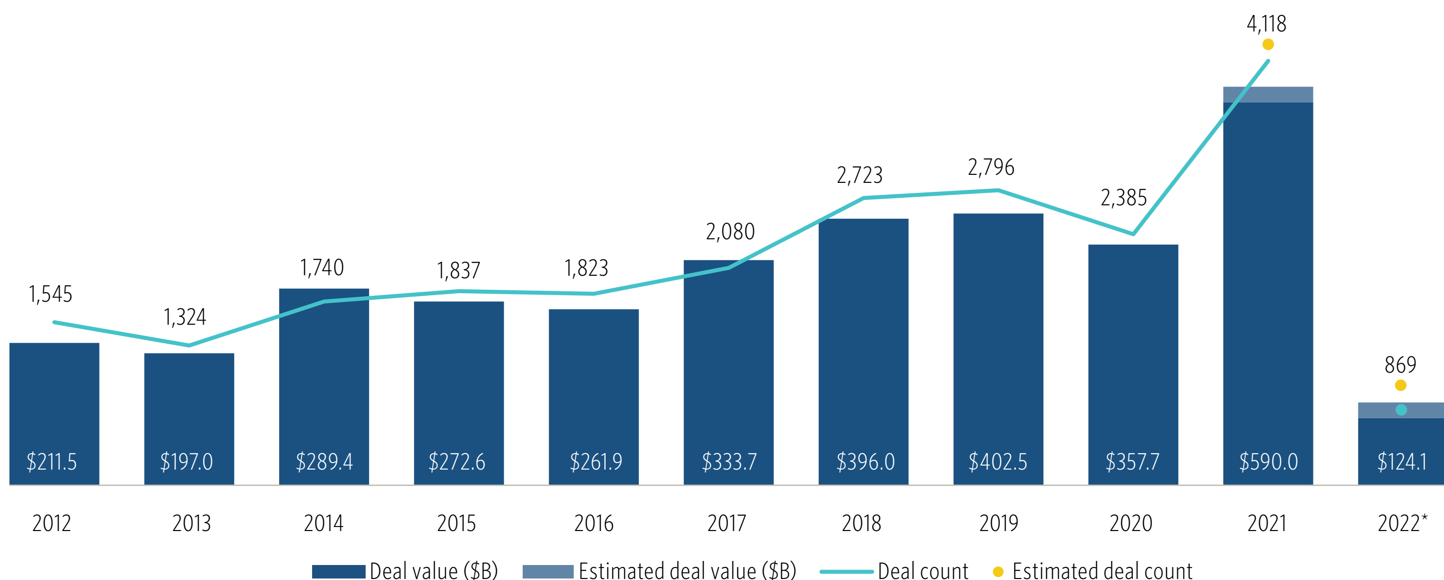
Overview

PE middle-market deal activity

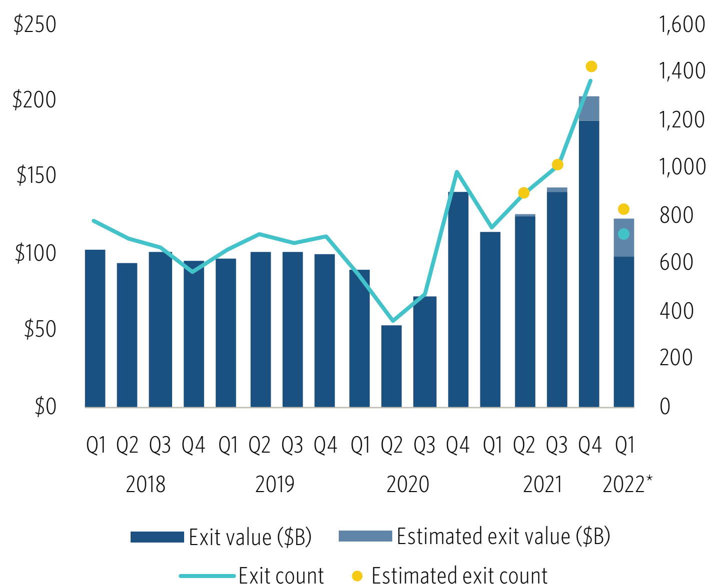


Source: PitchBook | **Geography:** US
*As of March 31, 2022

After a historic dealmaking pace in 2021, US middle-market private equity (PE) firms got off to a moderate start. During Q1 2022, PE firms closed 869 middle-market deals for a combined $124.1 billion. While both deal count and value decreased by around 40% compared to the records set in Q4 2021, deal activity was in line with that of previous quarters. Much of this is likely due to the three-to-six-month time lag between deal agreements and closings, although the moderate activity level may also suggest that macroeconomic headwinds in Q1 have not been as detrimental to dealmaking as feared. Rather, the diminished activity may be more of an adjustment back to levels prevalent before the frenzied deal pace seen at the end of 2021.

Last year's record-breaking deal activity was driven by a widespread recovery from the pandemic, aided by ample stimulus capital and a surfeit of debt funding bearing low interest rates. PE firms sought to capitalize on robust economic growth and were armed with excess capital after years of healthy fundraising. Sponsors did not shy away from competing for assets, which elevated valuations and helped drum up the cumulative deal value for the year. The middle market in 2022 faces a more turbulent global macroeconomic backdrop: Inflation is raging as supply chains adjust to shocks, the threat of higher interest rates fuels market volatility, and Russia's invasion of Ukraine throws the world into disorder and leaves investors

PE middle-market deal activity by quarter



Source: PitchBook | **Geography:** US
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grappling with the sudden escalation and its financial fallouts. As the US and Europe ramp up sanctions on Russia, price pressures are hitting consumers at a time when the US inflation rate is already at its highest since the 1980s. Energy price and

supply chain volatility continue and have been amplified, and concerns about inflation raise additional questions about how the Federal Reserve (the Fed) will respond.

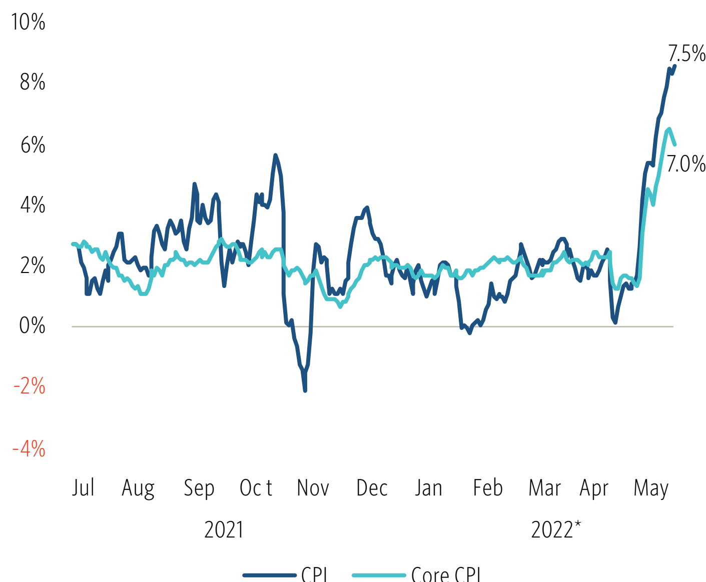
Many buyers hit pause on processes as uncertainty loomed—and final deal counts in Q2 and Q3 2022 will likely reflect this shock to deal activity. But markets appear to be moving forward as investors adjust to look for opportunities in a volatile market. With more than $400 billion of dry powder on hand, middle-market PE firms are more than equipped to do deals, especially in a market that has become cheaper thanks to falling stock prices and lower valuations. We expect to see healthy dealmaking activity in the middle market as lofty valuations come down, especially in the more growth-oriented sectors. In this environment, many firms—even larger GPs—are less willing to make massive bets and are likely to seek out smaller, tuck-in investment opportunities. Median deal sizes have already decreased YTD in 2022 compared to 2021, and so has the median time required to close middle-market PE deals.

Inflation

Inflation is top of mind for middle-market firms as YoY Consumer Price Index (CPI) gains hit 8.5% in March, the highest level since the early 1980s. The broader US economy suffered from global supply chain disruptions caused by widespread pandemic-related issues and struggled with severe labor shortages in many industries. Many middle-market companies experienced elevated labor, energy, logistics, and raw materials costs, and due diligence processes focused on these risks, especially in industries such as manufacturing, hospitality, retail, and healthcare services.

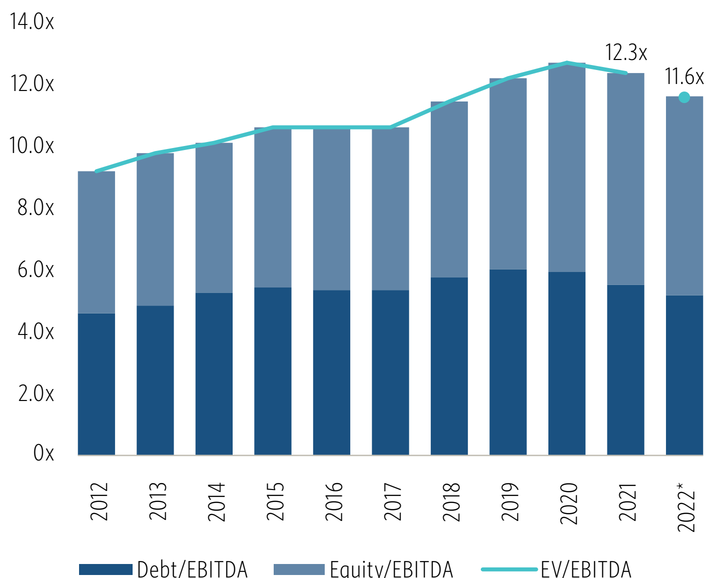
The effects of an inflationary environment on dealmaking vary by industry. The Golub Capital Altman Index (GCAI), which tracks PE-backed middle-market companies, reported 14.2% and 8.7% YoY earnings growth in Q1 2022 for consumer and healthcare sectors, respectively, while industrials suffered a 1.5% earnings decline.[1] With higher input and labor costs dragging down profitability, the ability to pass on higher input costs to customers is critical for preventing margin compression. Industrials saw a decrease in earnings despite 11.7% YoY revenue growth, demonstrating the sector's challenges to boost margins amid labor shortages and supply chain backlogs. Many companies in logistics and transportation have struggled to keep up with increased demand due to supply chains that were built for efficiency rather than resiliency. To combat such headwinds, more companies are expected to rely on technology

Consumer Price Index, 12-month percent change



Source: FRED, Bureau of Labor Statistics | **Geography:** US
*As of May 31, 2022

Rolling three-year median PE middle-market buyout multiples



Source: PitchBook | **Geography:** US
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to deliver productivity-enhancing solutions. According to GCAI, the technology sector delivered positive revenue and earnings growth for the ninth consecutive quarter. Middle-market investors are split on the potential effects of inflation on high-growth industries such as technology, however. Growth-

1: "Earnings in the US Middle Market Grew by 9% in the First Two Months of Q1 2022," Golub Capital, 2022.

oriented technology companies tend to be priced based on future earnings, which means that their valuations are more sensitive to a higher interest rate environment. Higher interest rates reduce net present value of expected earnings. On the other hand, many argue that resiliency of software companies and growth prospects in the tech industry mean that the sector will likely be able to pass on inflationary costs to its customers.

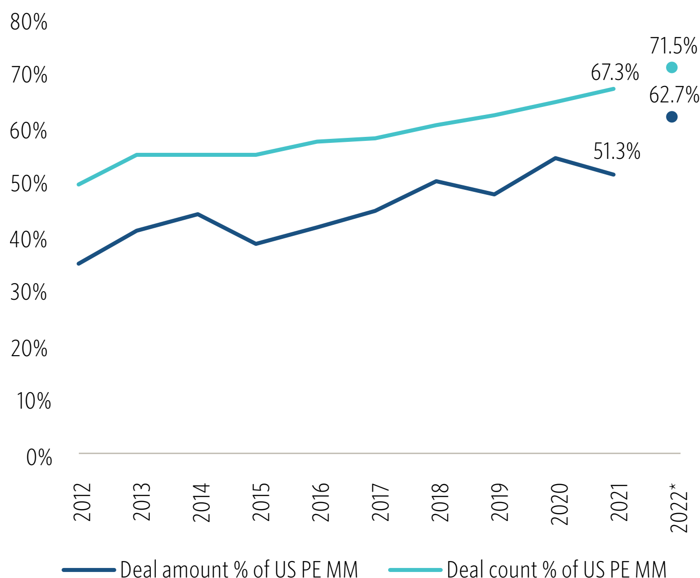
Persistent inflation also pressured the Fed to combat rising prices by lifting interest rates several times during the year. Interest rates rose by 25 basis points in March, followed by another 50-basis-point rate hike in May—the first increase of that magnitude in more than two decades. At time of writing, the Federal Open Market Committee is anticipated to raise interest rates by 75 basis points to accelerate the tightening even more.[2] The change comes as inflation continues to push upward. Concerns about the impact on economic growth had been creating jitters throughout the stock market, which has seen elevated levels of volatility since late December. While multiples in some sectors have softened, entry points for PE firms have been counteracted by rising debt costs. Higher rates, and therefore higher borrowing costs, could impede PE fund returns. Despite any rate hikes, capital should remain available to PE firms; PE dealmaking has increasingly turned to private lenders, especially in the middle market, in part because of the flexibility they provide in times of economic dislocation. However, some PE firms may have to rein in their use of leverage and employ some valuation adjustment in the face of higher interest rates.

As middle-market companies navigate inflationary pressures and tightening monetary policy, they could increasingly turn to PE firms as trusted partners. Sponsors may have greater opportunity to invest in the middle market as more businesses become open to seeking out PE capital and resources to help wade through the turbulent macroeconomic waters. Small and medium-sized businesses are particularly vulnerable to the effects of rising prices, and PE can provide capital to support their operations and even accelerate their growth. Beyond funding, middle-market companies can also seek PE partnerships for strategic initiatives to guide them toward resilience.

Add-ons

Middle-market firms continued to employ buy-and-build strategies in Q1 2022 to accelerate the growth of platform investments. Add-on activity in the middle market increased further from Q4 2021, with the number of add-on deals reaching an all-time high of 71.5% of all middle-market deal activity.

Add-ons as a share of PE middle-market deal activity



Source: PitchBook | **Geography:** US
*As of March 31, 2022

PE firms employ add-on strategies to increase scale of existing portfolio companies or acquire synergistic companies that can reduce costs or add revenue from extra sources. In turn, PE firms can provide key managerial, financial, operational, marketing, and other skills to the newly acquired companies—skills to which they did not previously have access due to lack of capital or bandwidth. The middle market in particular offers numerous opportunities to scale, given that the market is more fragmented, and the companies are often nimbler, which makes for a smoother integration. The strategy is also an attractive path to value creation, with elevated deal multiples and competitive auctions. PE firms can acquire smaller companies for lower multiples and average down the portfolio company's combined multiple. Add-on activity transpired across industries, with higher proportions in financial services, healthcare, and information technology (IT). Add-ons dominated deal activity for middle-market financial services, as the sector continues to rapidly transform through technology, consolidation in asset- and wealth-management businesses, and increased interest in the insurance market. For example, Apex Fintech Solutions acquired CODA Markets via its financial advisor Peak6 Investments for $132.3 million in January. The acquisition enables Apex to expand its trading and execution capabilities in the equities market, which remains fragmented and inefficient. Capital is expected to continually flow into financial services to acquire a range of targets, as investors seek to expand product lines, grow the top line, and further innovate.

2: "Fed Likely to Boost Interest Rates by Three-Quarters of a Point This Week," CNBC, Jeff Cox, June 13, 2022.

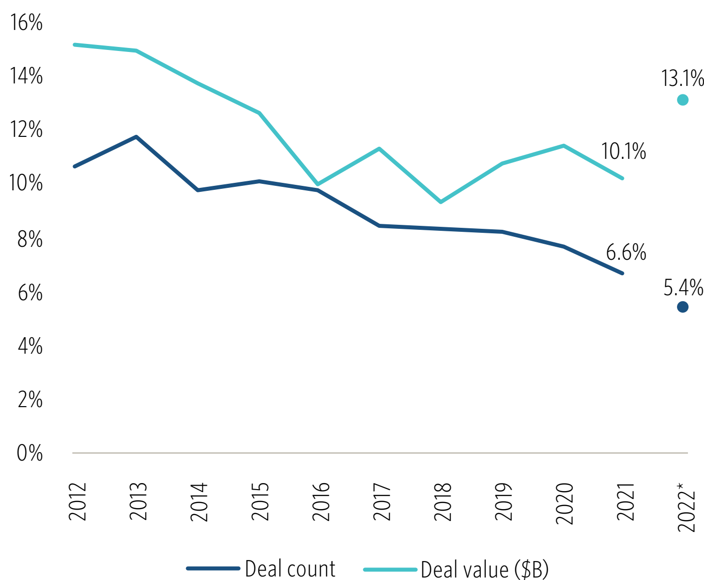
Carveouts

Carveouts and divestitures increased as a proportion of middle-market deal value in Q1. In the aftermath of the pandemic, many companies reassessed their core business models and nonperforming or tangential assets. Pursuing a variety of corporate objectives such as raising capital and optimizing a corporate portfolio, many corporate leaders turned to carveouts and found favorable market conditions in which to sell. With the current volatility in the markets, we can expect more noncore assets to be spun off from companies refocused for recovery and to be absorbed by cash-rich sponsors. For example, symplr, a leader in healthcare operations backed by Clearlake Capital and Charlesbank Capital Partners, purchased Midas Health Analytics from Conduent (NASDAQ: CNDT) for $340.0 million. Conduent sold Midas' suite of patient safety, quality, and advanced analytics solutions for healthcare facilities as part of its strategy to streamline its portfolio and advance its capital allocation priorities. Midas operates largely independent of Conduent's other healthcare offerings and will strengthen symplr's comprehensive solutions as well as bolster its ability to improve patient safety and outcomes.[3]

IT

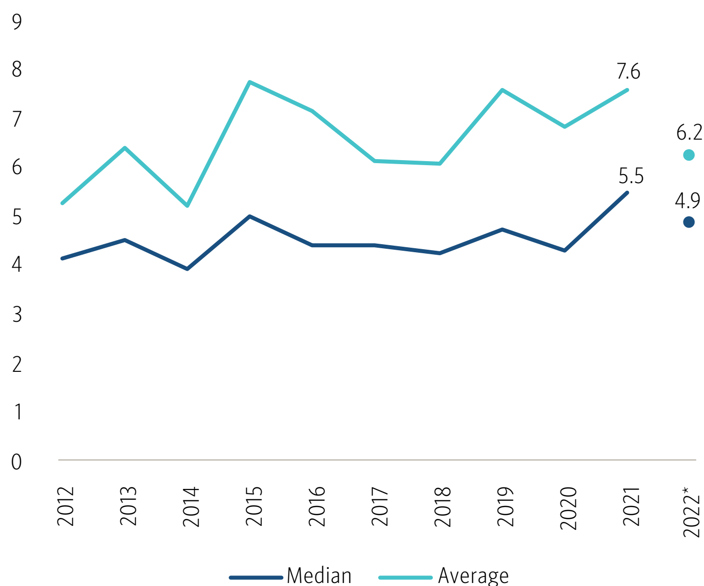
IT deal activity remained strong, accounting for 15.2% of middle-market deal value in Q1, despite several headwinds early in the new year. Tech stock tumbled throughout the first few months of 2022 as fears of rising interest rates put pressure on the high valuations at which many companies were trading. Continued market turbulence coupled with major tech companies missing earnings targets spurred major selloffs in the public market. High-growth tech stocks fell out of favor as higher interest rates reduced the net present value of expected earnings that relied heavily on future profit growth. Some tech stocks traded at single-digit multiples on EBITDA and low double digits on earnings, a sharp decline from double-digit annual recurring revenue (ARR) multiples many enjoyed. Public comps drove down valuation in private markets and some investors feared that PE activity will be stunted by market uncertainty and value dislocation between buyers and sellers. PE appetite for IT, however, remained largely unaffected. Capital still flowed into the sector, with 110 deals closed at an aggregate of $13.5 billion. Investors remained focused on attractive growth prospects of strong tech companies that would enable them to withstand inflationary pressure. Many believe they can still drive returns in the sector if their company's earnings growth can outpace any fall in valuations. PE firms are adjusting to the current market environment by pursuing companies at lower valuations, which bodes well for middle-market PE firms that are taking advantage of the market turbulence as a buying opportunity to secure reasonable valuations in a sector where they have been frothy.

Carveouts and divestitures as a share of PE middle-market deals



Source: PitchBook | **Geography:** US
*As of March 31, 2022

Median and average months to close a PE middle-market deal



Source: PitchBook | **Geography:** US
*As of March 31, 2022

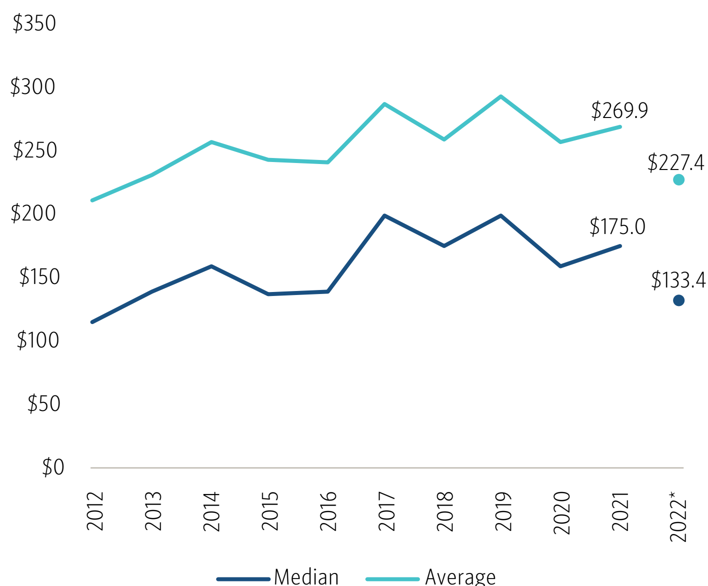
3: "Conduent Announces Agreement to Sell Its Midas Suite of Solutions to symplr," Global Newswire, January 4, 2022.

The appetite for tech deals will remain strong as investors focus on attractive secular growth prospects amid adjusting valuations. PE is focused on long-term growth, and increasing consumer reliance on tech and focus on digital innovation and efficiency in business strategies will continue to draw PE investors to the robust opportunity set in IT. For example, much of the IT deal activity in the middle market is driven by opportunities in business and productivity software that can help provide much-needed solutions for smaller organizations looking to improve their digital capabilities. Midsized companies often lack the budget to pay for sweeping software systems or develop an in-house IT team, instead preferring similarly sized vendors and workplace productivity companies that help improve specific work functions over expensive enterprise solutions. In January, Crosslake Technologies, which provides tech advisory services to PE firms and their portfolio companies, completed its acquisition of Renna Partners with backing by Falfurrias Capital Partners. Renna Partners provides IT advisory services to lower- and middle-market investors and their businesses and complements Crosslake's strategy to help companies understand the role of technology in unlocking growth. Similarly, Hudson Hill Capital and Ocean Avenue Capital Partners acquired Blue.cloud, a cloud digital transformation services company, for $120.0 million in February. With demand for enterprise cloud adoption rapidly growing, Blue.cloud provides much-needed digital strategy, cloud operation services, and other tech solutions to clients seeking access to technologies that boost their competitiveness.

Energy and ESG

The energy sector had a turbulent start to the new year, with big swings in oil prices as global markets feared an oil shortage stemming from Russia's invasion of Ukraine. Although investors had been pulling away from traditional oil and gas assets in the past several years, the volatility and rising prices created renewed interest in the sector. For example, oil and gas asset operator Trident Energy Management received $400.0 million of development capital from Quantum Energy Partners in February, and newly formed upstream oil & gas exploration and production company Slant Energy II (formerly Slant Energy) secured $90.0 million from their existing PE partner Pearl Energy Investments. Despite the investment in non-green energy assets, investors remain under pressure to affect positive change in companies—for example, promising to shut down drilling wells in an environmentally friendly manner when the time comes or improving company governance. The current market conditions demonstrate the world's continued demand for, and reliance on,

Median and average PE middle-market deal size ($M)



Source: PitchBook | **Geography:** US
*As of March 31, 2022

oil and natural gas, and we expect more opportunities for deals around traditional energy assets to show up in 2022.

However, growing focus on low-carbon assets and pressure from ESG principals are unlikely to reverse. With consumers paying increasing attention to sustainable and impact-related business operations and corporate values, more PE firms are considering ESG during their due diligence of target companies. In February, TPG's Rise Climate fund took a $500.0 million stake in NEXTracker, which provides solar tracking and software solutions for global solar projects. With global solar installations continuing to grow, the investment enables NEXTracker to expand its market position and long-term growth with the help of TPG's experience and network in renewable energy. Carlyle (NASDAQ: CG) also announced several growth investments in January to commit to technological disruptions advancing the energy transition.[4] Carlyle invested more than $100 million in clean energy developer NineDot Energy and electric vehicle charging and services company Fermata Energy, bringing the firm's total capital committed in the last 24 months to renewable and sustainable energy companies from its infrastructure platform to more than $1.2 billion.[5] Increasing demand for ESG and potential for attractive long-term returns are likely to entice more PE firms into considering these factors in their dealmaking. Despite lingering opportunities in traditional energy assets, climate-friendly deals will likely continue their upward trajectory and become the main driver of long-term growth in the energy sector.

4: PitchBook does not include growth equity deals in middle-market deal value and count.
5: "Carlyle Commits Over $100 Million in Battery Storage and Electric Vehicle Infrastructure Technologies to Accelerate the Energy Transition," Carlyle, January 14, 2022.

A WORD FROM ANTARES CAPITAL

Private debt, an all-weather friend

A perfect storm?

So far, 2022 has proven to be a harsh reminder that the world we live in is unpredictable and fraught with risk. A perfect storm of war in Ukraine and renewed COVID-19 lockdowns in China have stressed supply chains and stoked already high inflation, leaving the Fed an ever-narrower path to negotiate a soft landing. Recession risks are rising.

Of course, the risks are far more profound than purely economic considerations. There have been many conflicts with their fair share of atrocities since WWII, but few match the sheer scale of the war in Ukraine in terms of troops engaged, horror, and human tragedy, or the potential for escalation. Not since the Cuban missile crisis has the specter of nuclear conflict loomed so large in a collective psyche that has already been traumatized by waves of COVID-19 and high inflation (with gas prices recently hitting an all-time high). Yet on the positive side, there is reason for hope. NATO has never been more united, and the unexpected success and grit of the Ukrainian resistance has been inspiring. Long live Ukraine!

Private debt—safe harbor

Faced with such uncertainty, investors have been challenged in today's market in finding a relatively safe haven with attractive real risk-adjusted returns. Indeed, there has been much ink in the press of late on the failure of bonds to offer ballast in a traditional 60/40 asset allocation YTD, as stocks have fallen. Interestingly, in a May 2022 research paper from investment and research firm Cliffwater on the topic of lessons learned from US stagflation experienced in 1973-1982, the firm notes that, "Credit, apart from interest rate duration, was largely unaffected, perhaps because inflation deflates debt obligations." Given private debt's limited interest rate duration risk due to floating interest rates, the paper goes on to recommend a high 20% portfolio allocation to private debt in its "Stagflation Portfolio"—a portfolio designed to offer inflation protected asset allocation with high inflation beta and high expected risk-adjusted returns. It is notable that this 20% allocation to private debt is tied with US stocks for the highest allocation among various asset classes.

Timothy Lyne

Chief Operating Officer
Antares Capital

Timothy is a founding partner of Antares. He is a member of Antares' Investment Committee and Antares' Board of Directors. Previous roles include chief operating officer and head of Asset Management for Antares.

Private debt demonstrated its resilience through the shock of COVID-19 in 2020-2021. Hopefully, a new stagflation stress test is not in the making, but if so, private debt may prove itself to yet again be an all-weather friend.

Q&A with Timothy Lyne, CEO Antares Capital

What impact do you see in your portfolio and private credit more broadly from the war in Ukraine and/or China's COVID-19 lockdowns?

For starters, let me just say how sad we are to see the devastation in Ukraine caused by the Russian invasion. Our hearts go out to all the people who are suffering as a result of this senseless violence.

As far as our portfolio, we have minimal direct exposure to Russian or Ukraine. We have four software deals in our portfolio with some operations (e.g., coders) in the region, but management has successfully moved those resources, with overall business risk now deemed to be low. We have no borrowers with direct customer or supplier exposure to Russia or Ukraine, and only a very small portion have indirect exposure via indirect reliance on major export items or financial markets in the region. Exposure to China is somewhat larger but still relatively moderate, with only a single digit percentage of our portfolio deemed to have "high" exposure, primarily driven by supplier exposure. While it's hard to speak for private debt more generally, our belief is

that the direct lending asset class in the US is likely to have a similar exposure profile, though of course this will vary by lender.

So, what about inflation and rising interest rates? Do you expect a recession ahead and if so, are companies overleveraged? What do you see happening to default rates?

CPI has been running near 8% of late but is expected to trend back toward 3-4% by mid-2023 based on the mean of the Wall Street Journal's April 2022 survey of economist forecasts. Mid-2023 is also the point at which SOFR rates are currently expected to top out at near 3%. Assuming these assumptions pan out, we believe the prospects remain favorable from a credit perspective. At approximately 3% SOFR, interest coverage in our portfolio is still quite manageable on average, all else equal. Of course, consensus expectations could prove to be wrong about inflation and interest rates and "all else" might not end up "being equal." While we are still not convinced a recession is inevitable in 2023, clearly the risks have risen (e.g., the Wall Street Journal April survey puts the mean odds of recession in the next 12 months at 28%, up from 18% in January). We believe a mild recession that tames inflation is clearly a possibility but would not be the end of the world.

Another scenario increasingly discussed is stagflation with near zero growth, but still high inflation. In Fitch's estimation per its April 27 report: "Our top-down stagflation stress case analysis for the US leveraged finance market produces a hypothetical default rate of 5%." This compares with a default rate of near 9% in 2009 for "B" category global corporate issuers, a 1.25-1.75% default rate range forecast for 2022-2023, and an average default rate of 2.3% from 1990 through 2021. It is worth noting that Fitch sees risks of rising defaults in a stagflation stress case scenario as highest for certain sectors such as airlines, autos, gaming, lodging, and leisure—areas where we have relatively limited exposure.

What is the outlook for private equity (PE) and related private debt deal activity? Is private debt still a good place to invest?

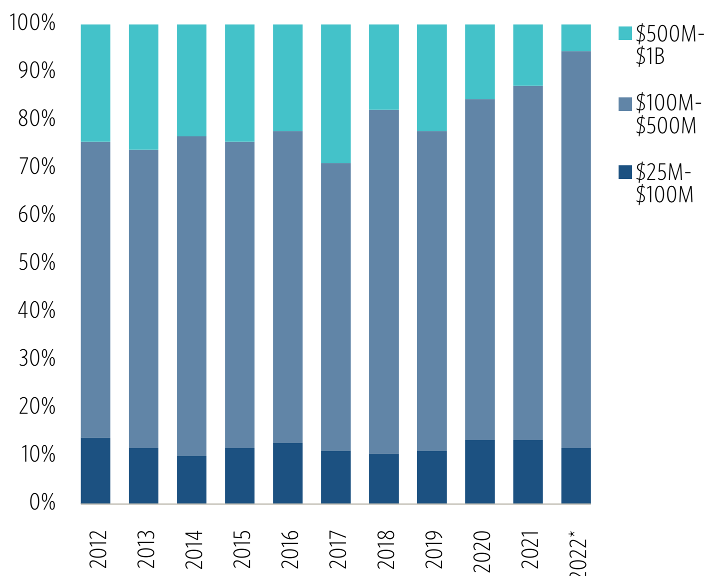
Our pipeline of deals has picked up since its lows in January that had followed a blow-out year end 2021, but activity still modestly lags its year-ago pace. High volatility, falling stock markets in the face of war, and heighted economic uncertainty have no doubt rattled confidence for dealmaking. However, on the positive side, earnings results for companies in the S&P 500 have surprised on the upside in Q1 2022. Also, while an increasing percentage of forward guidance has become negative, with inflation a hot topic of concern, earnings are still forecast to grow almost 10% in 2022 as of mid-May, according to FactSet. Meanwhile, public market valuations are becoming more attractive, which could spill over into private markets where PE is looking to invest high levels of dry powder. Supply chains, which have been a source of pain, are increasingly becoming a source of PE investment opportunity. In short, we believe conditions look ripe for a renewed pick up in M&A activity should volatility abate.

As far as attractiveness of private debt, we believe the asset class tends to shine best during times of uncertainty, owing to some of its key attributes such as lower volatility (e.g., versus broadly syndicated loans and high yield); limited downside risk at the top of the capital structure with low LTVs; floating interest rates that limit duration risk while offering higher yields should rates climb, and floors (typically) on the downside should rates fall; and significant yield premium at a comparable level of credit risk versus more liquid debt.

Of course, performance can vary significantly among lenders, particularly during times of stress. We believe having: 1) strong originations and a very large, diversified portfolio of lead-managed incumbent opportunities that allows for selectivity among the best credits; 2) a first lien focus with strong PE sponsor support; 3) strong credit discipline, portfolios management, and experience through multiple cycles; and 4) a dedicated and experienced workout team to maximize recoveries—are all critical to favorable outcomes.

Deals by size and sector

Share of PE middle-market deal value by size



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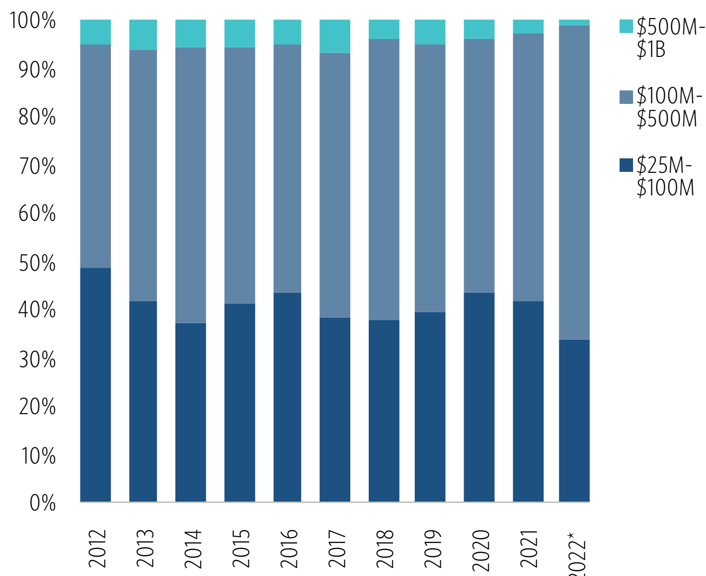
Share of PE middle-market deal count by size



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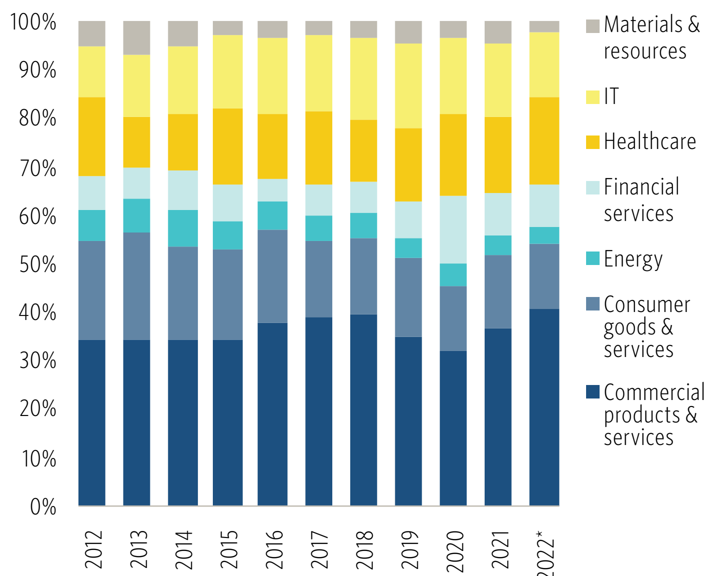
Share of PE middle-market deal value by sector



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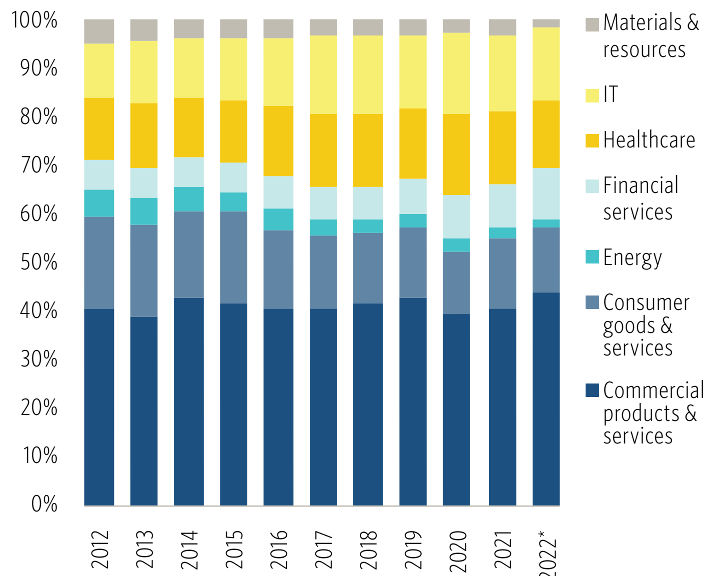
Share of PE middle-market deal count by sector



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*As of March 31, 2022

A WORD FROM CHERRY BEKAERT

How is private equity responding to prevailing economic headwinds?

Following a record year for the industry in 2021, Cherry Bekaert's transaction advisory team offers insights

By all accounts, 2021 was a record year for private equity M&A, and through Q1 2022, deal activity has remained strong. However, variables such as inflation, supply chain delays, labor market constraints, and rising interest rates suggest there may be challenges on the M&A horizon. Cherry Bekaert's Sidney Glick and Al Sanifar provide insights on the evolving landscape.

What has been the effect of increasing inflation on deal activity, and how are sponsors responding?

Inflationary pressure inevitably causes margin compression and creates business trends toward cash preservation. Our current inflationary environment is at its highest point in 40 years and is also coupled with an unprecedented challenge around talent attraction and retention, marked by labor shortages and higher labor costs. There are also ongoing issues within the global supply chain driven by plant shutdowns, higher fuel and freight costs, and increasing commodity prices. While many companies have increased sales prices, the increases have not yet offset the higher cost model, which is leading to further margin compression and cash constraints.

Sponsors are responding in several ways. First, the due-diligence evaluation process is moving away from what has historically been a heavily focused, rear-view-mirror approach to one with greater emphasis on forward-looking views on business and operational risks. A better understanding of vendor contracts, supplier diversity, volume commitments, and the ability to pass cost increases on to customers is helping sponsors develop models and plans that can be quickly altered in response to rapidly evolving market uncertainties. Forward-looking strategies are being applied not just to acquisition targets, but also to existing portfolio companies.

From a tax perspective, we are also seeing the return of a last-in, first-out (LIFO) inventory election as a tax planning tool. As the time value of money (TVM) concept has returned as a consideration, this long-proven mechanism to reduce tax consequences in periods of inflation through LIFO elections

Sidney Glick

Principal, Deal Advisory Services
Cherry Bekaert

Sidney has over 20 years of due diligence, finance and accounting experience, advising on M&A, financial diligence, and valuation engagements across numerous industries, including healthcare, technology, industrial and financial services. Sidney works closely with private equity funds, senior and mezzanine lenders, and strategic firms in all aspects of acquisitions and divestures.

Al Sanifar, CPA

Partner, Private Equity Tax Services Leader
Cherry Bekaert

As the Tax Services Leader of the Firm's Private Equity Practice, Al provides guidance to numerous private equity firms on tax planning and reporting at both the fund and the portfolio company levels. He has more than 25 years of tax experience serving private equity, venture capital, family offices and other alternative investment funds on transaction tax activities, including transaction structuring and tax due diligence.

provides a preservation of cash, which can be used for needs other than income taxes.

Despite these challenges, PE's access to abundant levels of dry powder continues to propel M&A markets. While margin compression hasn't materially impacted valuations yet, sponsors continue to monitor this risk closely. Should public market valuations continue to decline, or if we enter a recessionary period as some are forecasting, valuation expectation gaps will likely emerge. For now, however, multiples remain elevated in relation to historic levels.

You mentioned some unique challenges being encountered in the due-diligence process. Would you expand on those?

Investors are interested in understanding and isolating the earnings impact on target companies and how management teams are responding. Given the current environment, it is imperative for sponsors to determine a normalized level of EBITDA

during due diligence by considering prospective operational impacts to the business, finance, and accounting functions.

Examples include: (a) **labor constraints**: Employee turnover trends and reasons for turnover; whether existing salaries reflect current market levels; changes to the onboarding and training program (and costs) for new employees to minimize inefficiencies associated with transitions; outsource versus insource hiring decisions; temporary and seasonal hire considerations; and increased employee retention costs (retention bonuses, improved benefits, etc.); (b) **supply chain**: Price increase notification that may not be reflected in the trailing twelve months (TTM) or projections; assessment of whether viable alternative suppliers exist; alternative freight options; demurrage trends; price-protection mechanisms in vendor contracts, etc.; and (c) **customer pricing**: Contract terms, particularly whether customer contracts include CPI protection; ability to pass on price increases, especially to significant customers; surcharges for fuel/commodity expenses, foreign currency gains/loss and hedges, etc.

How is the rising interest rate environment impacting M&A?

While we have not yet seen an adverse impact on deal activity, rates are certainly top of mind. Rising interest rates can adversely affect valuations of existing holdings, as well as the ability to finance new acquisitions. Since the aftermath of the global financial crisis (GFC) in 2008 and 2009, the PE industry has matured, and most believe the industry is better prepared to face any potential economic downturn. Nevertheless, skepticism as to how long the low-rate environment can last has resulted in firms proactively pushing out maturities where possible, managing cash flows, and structuring covenants with a margin of safety. Operationally, portfolio companies are sharpening their pencils when budgeting and planning debt-related expenses in the near term.

Buyers are also beginning to realize that the combination of rising interest rates and the 2022 change in calculation of the limitation on business interest deductions can be expensive. Interest deductions are limited to 30% of adjusted taxable income (ATI). For tax years beginning in 2022 and beyond, depreciation, amortization, and depletion deductions will no longer be added back in calculating ATI, which will reduce the interest expense deduction limit for companies with depreciation deductions.

This means that for many taxpayers, just as interest rates are going up, the portion that can be deducted is going down. For transaction planning purposes, this requires a complicated analysis of the interaction between interest and depreciation or amortization deductions in optimizing acquisition capital structures. Ultimately, this analysis may begin to affect either pricing or structuring preferences.

Fear of changes in tax rules contributed to 2021 M&A activities. What are the current "hot" tax issues in the market?

State taxation is probably the most rapidly developing area for transactional tax risk. States are aggressively looking for "contacts" that give them jurisdiction for tax purposes. If the economy adversely impacts a state's revenue base, history shows taxing authorities will become even more aggressive in their enforcement activities.

States are finding taxable contacts, such as presence of workers, including remote workers, and inventory held in online sales platforms' warehouses, even if the platforms move the property from state to state regardless of the owners' preferences. In addition, they are structuring their tax laws to get around limitations imposed by federal law. In the area of sales taxes, some states are placing various services, often including software-as-a-service (SaaS), within the scope of taxable transactions. States are intensifying their efforts to find reachable taxpayers through tactics such as requiring online platforms to report the location of inventory storage.

There is also a general misconception that "pass-through" entities such as partnerships and S-corporations, which are not taxable for federal income tax purposes, are also not taxable for state income tax purposes. That is often untrue, as states have been implementing collection mechanisms that place financial responsibility on businesses to ensure that their owners' state taxes are paid. If disregarded, those collection mechanisms create direct tax risks for entities that would otherwise be pass-through entities.

Could transactional tax strategies help create value for sponsors during a time of uncertainty?

In addition to some of the cash preservation strategies we've discussed, complexities and constantly changing regulations provide for tax planning opportunities in every aspect of the transaction lifecycle, despite economic headwinds. During the acquisition phase, sponsors can utilize structures that can maximize tax benefits from the onset. During the holding period, there are further opportunities to accelerate tax benefits through optimization of tax planning, which requires a thoughtful analysis of structuring options and alternatives that drive growth and promote value. Upon exit, structuring a tax-efficient sale can be vitally important to minimize capital gains tax. These strategies can be designed to help sponsors realize maximum returns regardless of the economic cycle.

SPOTLIGHT

Private markets real estate fundamentals

Note: This spotlight is abridged from our Analyst Note: Private Markets Real Estate Fundamentals. Please see the full note for additional analysis on real estate investment strategies, property sectors, and industry dynamics.

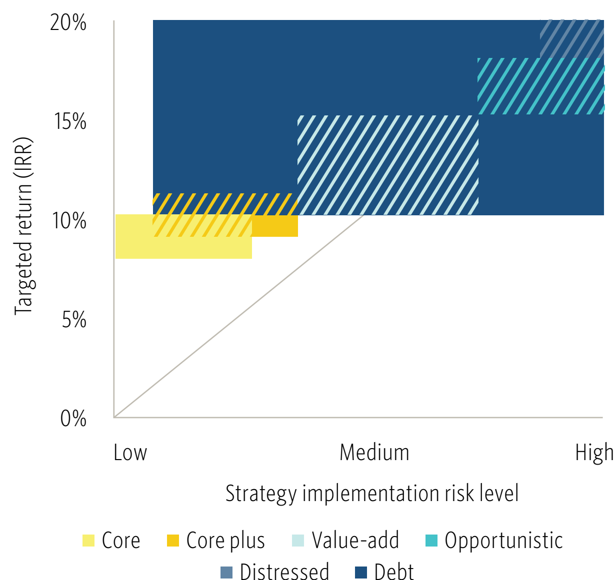
Real estate as an inflation hedge

Despite the complexities of the industry, real estate attracts investors throughout the economic cycle, but especially during periods of inflation. This is because the asset class is considered by many to be an inflation hedge, or a type of investment that protects investors against a decrease in the purchasing power of money. Theoretically, the logic holds up: Real estate is an essential good, and its providers can pass along heightened costs to consumers. Further, there are large costs, such as those associated with moving, that come from switching to another home, office, or storefront.

In actuality, there is no quantitatively driven consensus on the topic. And few investors would argue that the asset class is immune to the harmful effects of inflation. Inflation results in higher interest rates, which leads to a higher cost of debt and higher operating costs, which are especially important to real estate investors hoping to make capital improvements to a property. These costs may increase more rapidly than owners can raise rents.[6] If the costs cannot be passed on to tenants, investors may have to reduce return expectations. In other words, to effectively create a full inflation hedge, net income must compensate for these effects.

Practically speaking, elements that may contribute to inflation protection for real estate investors include high demand and low vacancy rates, tenant turnover allowing for rent increases, and common contractual stipulations such as escalation clauses.[7] During times of inflation, property managers will more aggressively build rent increases into lease documents, often under escalation clauses. During non-inflationary times, leases may hover around a 2% to 3%

Real estate strategies by targeted risk-return profile



Source: PitchBook | **Geography:** US
*As of March 31, 2022

annual increase, for example, while inflationary pressures may push that number closer to 4%, supplemented by contractual stipulations around cost-of-living adjustments.[8] Some contracts even link rent increases directly to annual inflation rates. It bears emphasizing that, due to the localized nature of real estate and the multitude of factors at play, these elements are still only one part of the picture. Strong investment fundamentals should be the bedrock of dealmaking, with inflation hedging considered an ancillary benefit.

Private real estate fund types and access points

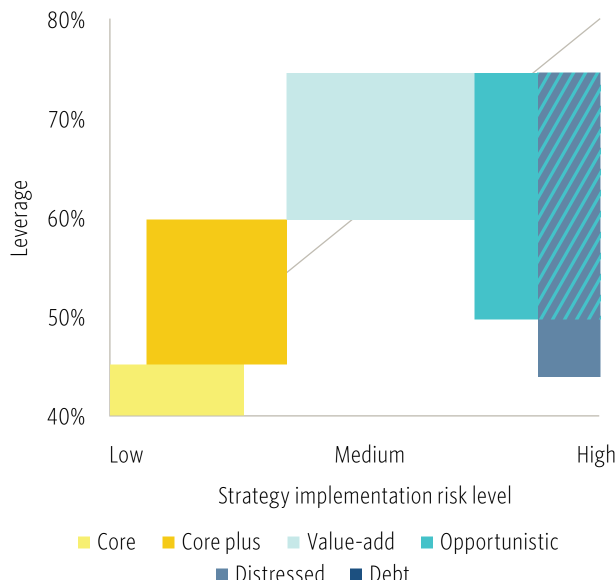
Similar to other private markets fund types, real estate funds can be either closed-end or open-ended. Closed-end real estate funds use the PE model of accepting capital

6: "The Inflation Hedge Maze," PERE News, Peter Benson, March 2022.
7: "Is Real Estate an Inflation Hedge?" PERE, Guest Writer, March 16, 2022.
8: Michael Soto, Director and Head of Office Research in Los Angeles at Savills, phone interview by Anikka Villegas, March 9, 2022.

commitments, drawing down capital as investments are identified, and then returning capital as exits occur. They also have an established fund life set by the fund manager prior to fundraising, while open-ended funds, including evergreen funds, do not. Open-ended structures come in several guises, with defining features being their willingness to allow investors in and out during the life of the fund with no call-down structure—instead, requiring complete immediate investment—and no contractual end date to the fund, thereby allowing investments to be held, or not, for as long as the fund manager deems appropriate.

Some investors may also choose to gain access to real estate through public or private REITs, or real estate investment trusts. Publicly listed REITs provide greater liquidity than other real estate investment avenues. They are subject to the same compliance regulations as other publicly traded companies, but as a corporate structure designed to provide pass-through rental income, they avoid paying corporate taxes themselves—although investors do have to pay income tax on REIT income received. Because of the increased liquidity, publicly listed REITs may move with the stock market, thus making them less strong as a diversifying investment to stocks. Private REITs are unlisted and thus not subject to the same regulatory obligations as their public counterparts. Because of this, they are typically accessible only to institutional investors. They also tend to be illiquid investments, making them more of an inflation hedge.

Typical real estate strategy leverage and risk profile



Source: PitchBook | **Geography:** US
*As of March 31, 2022

Real estate investment strategies

The spectrum of real estate investment strategies covered in this research constitutes a high-level overview of generally accepted characteristics, definitions, and dynamics. Some funds may use a combination of these strategies, have slightly different targeted returns, or use different approaches to implementation. Like many investments, the returns for a real estate investment will be comprise both systemic and idiosyncratic drivers. Interest rates, for example, will affect nearly all real estate strategies and property types, but a fund's approach and specific properties will be a key influence as well. In general, investing where new supply is low and demand is high, anticipating where public and private capital will flow, and acquiring properties at a price below local replacement cost will apply to most strategies and sectors. Many of these factors are tied to the old real estate axiom: location, location, location.[9] Funds do frequently focus on specific geographical areas with characteristics investors perceive as attractive, and accurate predictions often result in outsized returns.[10] More specific to the real estate investor's approach are elements such as reducing the operating expenses for existing properties and edifices as another avenue of enhancing cash flows. As always, investors must engage in their own due diligence to understand the nuances of a fund's strategy.

9: Local real estate regulation, which is inherently determined by location, is an important factor in the success of an investment. Legislation can be a significant hurdle in locales with stringent or complex rules, such as California.
10: Strategies may also have different market type focuses such as gateway markets—which are top tier in terms of population, economic health, density, and desirability—versus non-gateway markets or primary versus secondary versus tertiary markets, which are differentiated by population size.

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Your Guide Forward

PitchBook

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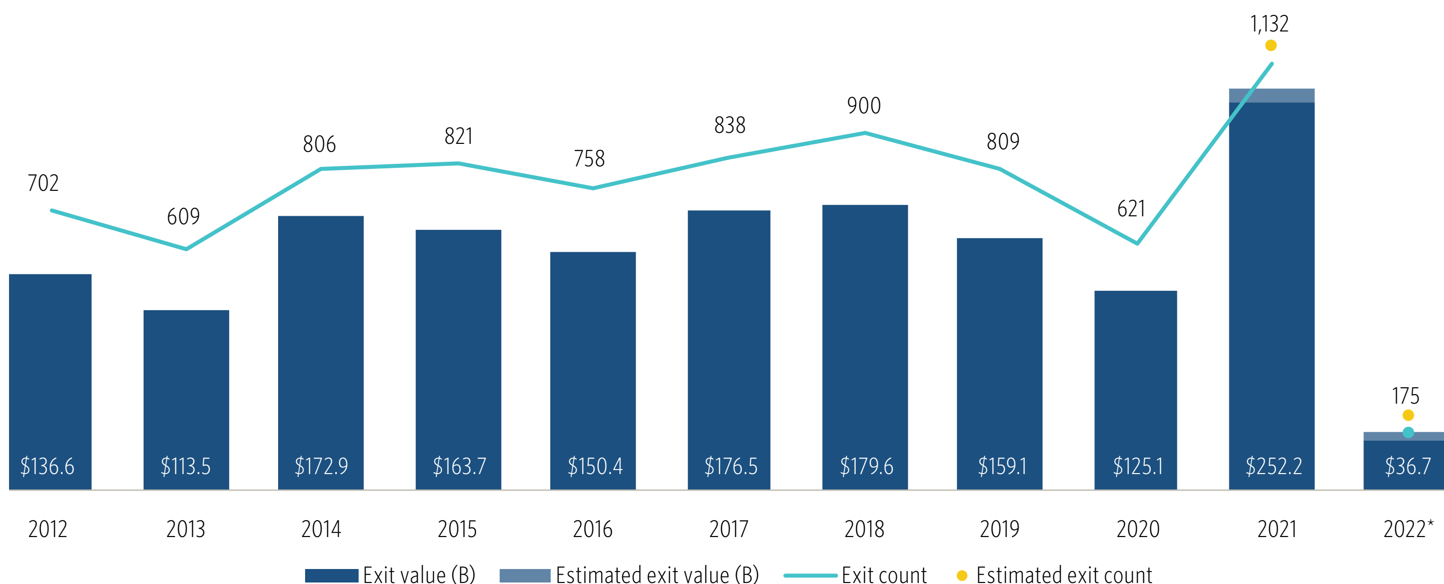
Exits

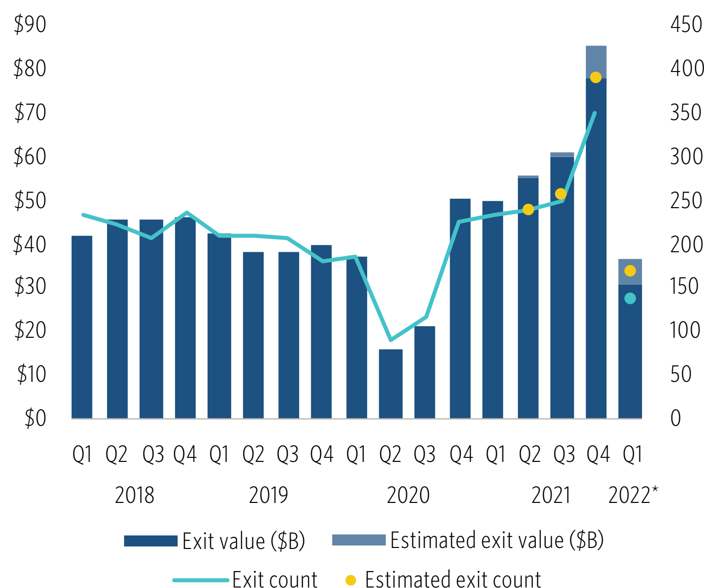
PE middle-market exit activity



Source: PitchBook | **Geography:** US
*As of March 31, 2022

US middle-market exit activity was off to a lackluster start in 2022. By the end of Q1, 175 PE-backed companies exited with a cumulative exit value of $36.7 billion. Exit count and value dropped 56.1% and 56.9%, respectively, from the phenomenal records set in Q4 2021. Quarter-to-quarter comparisons are usually less meaningful due to the shorter time frames, but the sharp decline from the record-breaking exit activity witnessed at the end of Q4 2021 illustrates the multiple economic and geopolitical headwinds and subsequent market volatility sponsors face today. While IPOs have never been a driving force behind middle-market exit activity, they dropped down even further in Q1 because PE firms were reluctant to publicly list their portfolio companies amid steep stock market declines and a rise in volatility. Sponsor-to-sponsor sales and corporate acquisitions continued to account for the bulk of middle-market exits, and, interestingly, recorded higher median exit sizes during the year. While the median size of public listings in the middle market plummeted to a record low of $191.3 million in Q1, both sponsor-to-sponsor and corporate acquisitions set new highwater marks of $406.1 million and $320.0 million, respectively. This change, along with decreases in the median and average holding periods, suggests that middle-market PE firms face fewer challenges than feared in exiting portfolio companies.

PE middle-market exit activity by quarter



Source: PitchBook | **Geography:** US
*As of March 31, 2022

While uncertainty has depressed exit activity in the broader PE market, it could be less turbulent for the middle market. These sub-$1 billion exit value companies have performed well, benefiting from revenue and earnings growth over the quarter that resulted in favorable exit opportunities. The GCAI shows 18.2% revenue and 9.4% earnings growth YoY for PE-backed middle-market companies. Although higher input and labor costs are weighing down profitability, demand for businesses remained robust.[11] In addition, abundant dry powder and cash on corporate balance sheets enables these entities to comfortably buy PE-backed companies—even more so with adjusting valuations. As some lofty valuations come down, more investors could look to scoop up opportunities in the middle market that had been previously too expensive.

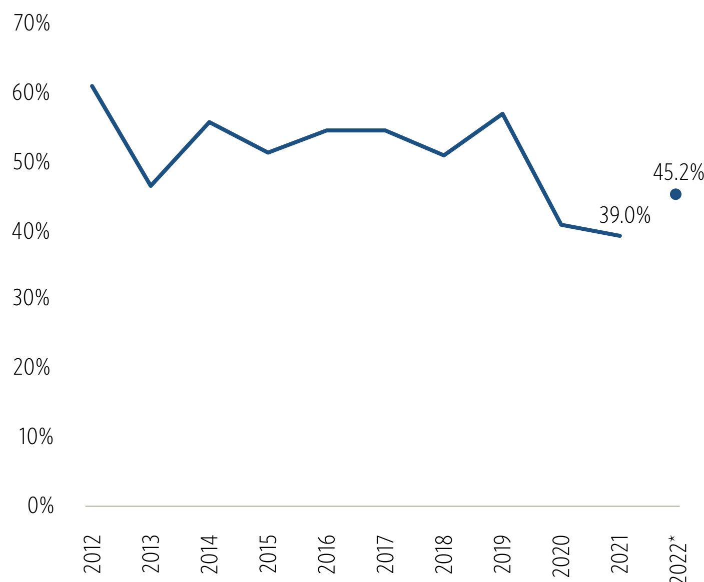
Sponsor-to-sponsor exits

Sponsor-to-sponsor exits continued to account for most middle-market exits, representing 57.4% of exit count and 51.7% of exit value. Although sales to other sponsors decreased compared to Q1 2021, sponsors are still finding plenty of opportunities to exit portfolio companies to the next PE firm looking to create additional value. In March, Varsity Healthcare Partners sold medical equipment and systems supplier Probo Medical to Avista Capital Partners for $450.0 million. Probo is a leader in the medical imaging equipment market and is well-positioned to accelerate growth as demand for newer, high-quality equipment grows. Avista also seeks to add value through an acquisition growth strategy. Industries such as healthcare, which has been experiencing tremendous growth and expansion, are drawing in other PE firms looking to build up large platforms and pursue add-on acquisitions to further scale existing investments. In January, Beecken Petty O'Keefe & Company sold Cranial Technologies, a leader in treating infant plagiocephaly ("flat head syndrome") to Ares Management and Eurazeo for $200.0 million. Eurazeo seeks to provide expertise for Cranial Technologies' international growth, with plans to expand across the US and other international markets and increase its product offerings into complementary business lines.

Exits to strategic buyers

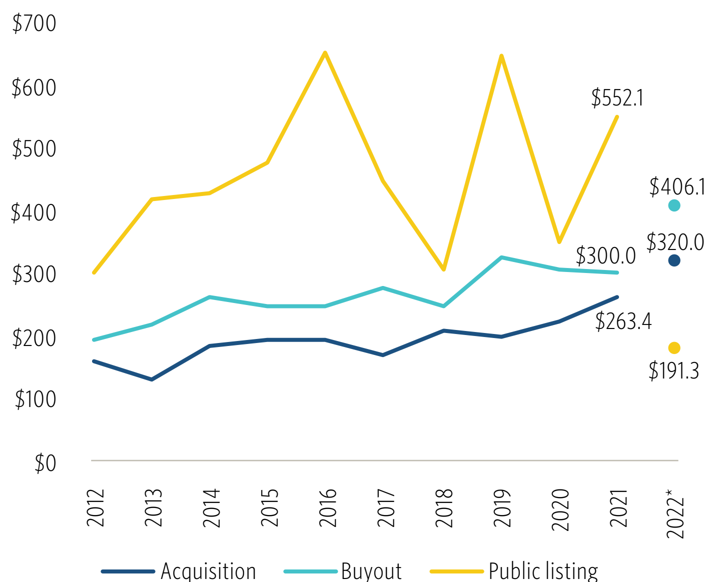
Strategics also continued to absorb PE-backed companies—albeit at a much lower count and value compared to Q4 2021.

PE middle-market exit value as a share of all PE exit value



Source: PitchBook | **Geography:** US
*As of March 31, 2022

Median middle-market exit size by type

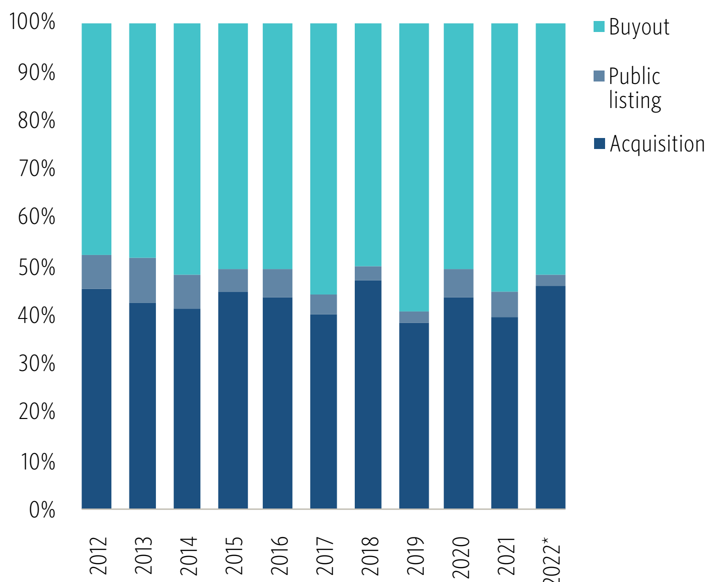


Source: PitchBook | **Geography:** US
*As of March 31, 2022

11: "Earnings in the US Middle Market Grew by 9% in the First Two Months of Q1 2022," Golub Capital, 2022.

Exits to strategic buyers are driven by high levels of balance sheet cash for corporations and executive bullishness. Middle-market buyout firms were still able to capitalize by exiting investments to companies seeking strategic acquisitions to position themselves for continued growth, such as Griffon Corporation's (NYSE: GFF) January acquisition of Hunter Fan Company from MidOcean Partners for $845.0 million through its subsidiary, The AMES Companies. Hunter Fan, a market leader in residential ceiling, commercial, and industrial fans, will reposition and strengthen Griffon's consumer products portfolio to further accelerate the company's growth. Consolidation plays are also rampant across industries. In February, TSG Consumer sold Sunshine Fitness Management to Planet Fitness (NYSE: PLNT) for $800.0 million. Sunshine Fitness was the first franchisee in the Planet Fitness system, and the sale of its 114 locations provides geographic diversity to Planet Fitness' current corporate store portfolio.

Share of PE middle-market exit value by type

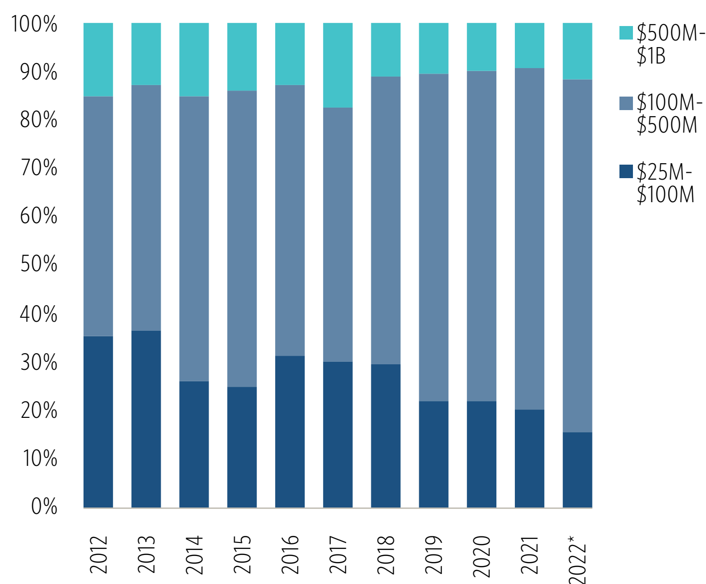


Source: PitchBook | **Geography:** US
*As of March 31, 2022

Industrials

As pandemic-induced supply chain disruptions and pressure on manufacturing companies continue to highlight the need for operational improvements, middle-market PE firms are realizing favorable exits in industrials, a core sector in middle-market PE. Some have found strategic buyers, such as Endeavour Capital and True West Capital Partners' sale of Whiplash, a logistic services provider, to Ryder System (NYSE: R) for $481.0 in January shows. Through the acquisition, Ryder, a leader in supply chain and fleet management solutions, will accelerate its growth in supply chain solutions business and add e-commerce technology and an omnichannel fulfilment platform. This exit exemplifies how most middle-market supply chain companies are being sold to industrials companies seeking to bolster their current operations and unlock synergies. Similarly, Arlon Group sold Coastal Sunbelt to FreshPoint, a subsidiary of Sysco (NYSE: SYY), for $525.0 million in February. The acquisition of Coastal Sunbelt, a leading food service distributor of produce and dairy, not only expands FreshPoint's geographic footprint, but also adds more than 450,000 square-feet of facility space and 225 refrigerated trucks.[12]

Share of PE middle-market exit count by size



Source: PitchBook | **Geography:** US
*As of March 31, 2022

Elevated demand for delivery and freight services are encouraging many transport and logistic companies to seek acquisitions to expand capacity and better control costs and

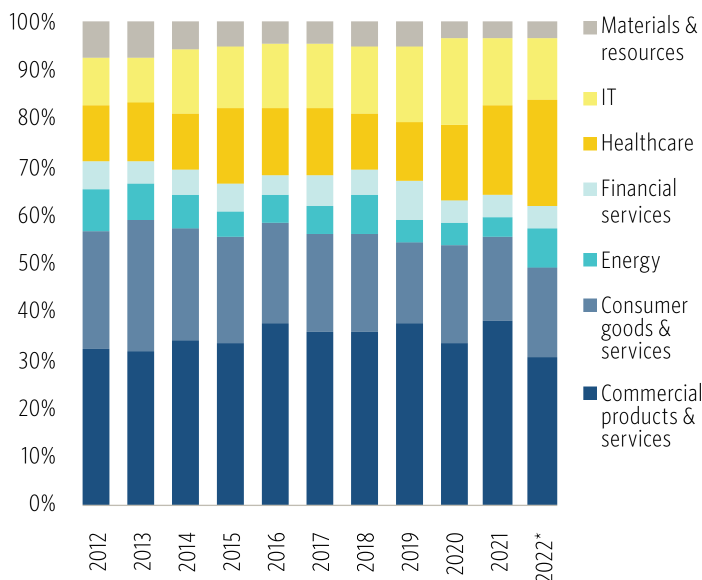
12: "Sysco Acquires Distributor The Coastal Companies and Its Fleet Assets an M&A Spree," Transport Dive, Shefali Kapadia, December 8, 2021.

customer services in what has been a volatile supply chain environment the last two years. While exit activity within the industrials space could be hindered by diminishing margins from heightened input and labor costs, rising interest rate environments have tended to benefit returns for value companies over growth-oriented ones. Additionally, with both governments and companies focusing on strengthening supply chains and manufacturing capacity, middle-market firms are likely to find plenty of opportunities to sell their relevant and timely portfolio companies.

Software

IT exit activity was slow, with 18 exits completed at an aggregate value of $3.8 billion. The sharp decline in public tech stocks put downward pressure on valuations of PE-backed companies that are exiting and caused many PE firms to hold onto their tech portfolio companies and wait for some of the volatility to dissipate. IT exits still accounted for 12.3% of overall middle-market PE exit value in the quarter, as the sector's secular growth trends remain strong long-term. PE firms continued to exit their portfolio companies to other sponsors and corporations looking to scale businesses and accelerate growth through platform builds. For example, ZMC sold ITRenew, a provider of IT asset disposition services, to Iron Mountain (NYSE: IRM) for $725.0 million in January. ITRenew will become a platform for Iron Mountain's global IT asset lifecycle management business and enhances its data security capabilities and ability to provide end-to-end services for corporate data center and end-user device segments. Increasing digitalization continued to be a major theme driving exit activity as more industries embraced and adopted technical capabilities in their operations. PE firms that had invested in business and productivity software, for example, continued to see attractive markets in which to exit, with the shift to remote work having been a major disruptor over the last two years. In February, Francisco Partners' sold

Share of PE middle-market exit value by sector



Source: PitchBook | **Geography:** US
*As of March 31, 2022

Zenefits, a SaaS-based human resources platform for small and medium-sized businesses, to TriNet Group (NYSE: TNET) for $220.0 million. The combined entity will help streamline workflows by connecting HR, employee engagement, payroll, and more on one scalable platform. Similarly, a group of PE firms sold Efficient Hire, a developer of cloud-based employee onboarding process software, to Equifax (NYSE: EFX) for an undisclosed amount. Efficient Hire provides recruiting, onboarding, and HR management solutions and will expand Equifax's fastest growing workforce solutions unit. The increasing demand for digital capabilities across industries and efforts to scale them into larger platforms will continue to spur more exit opportunities for middle-market PE firms investing in tech companies.

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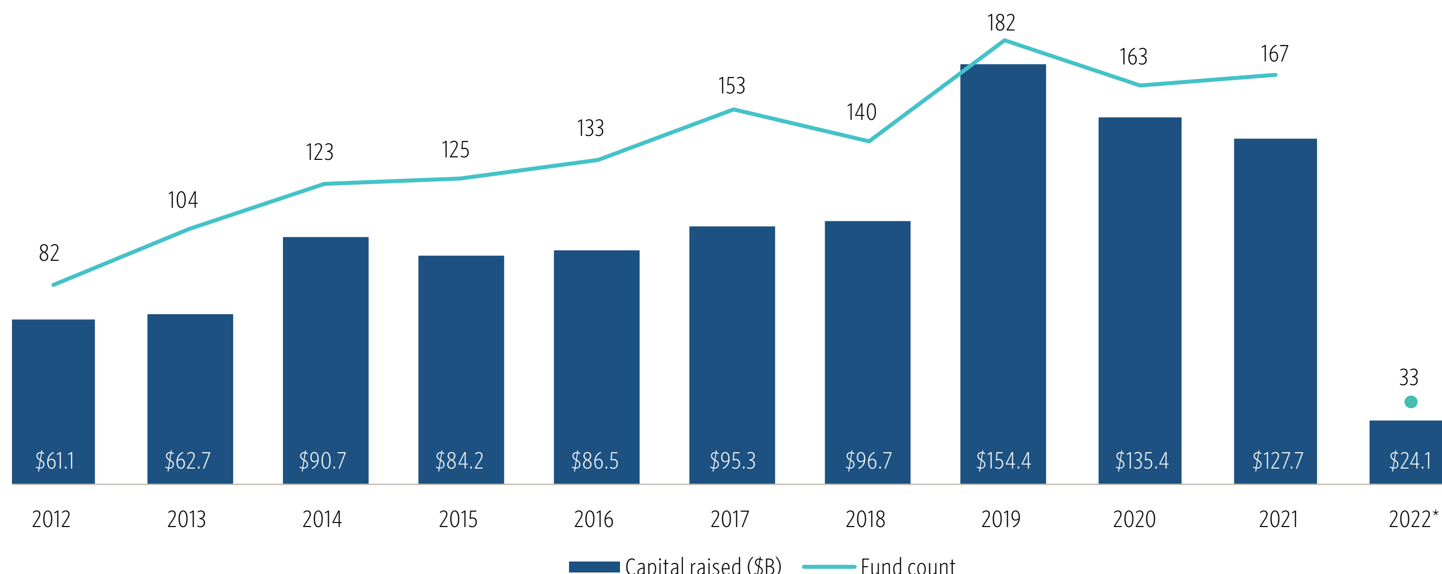
Fundraising and performance

Middle-market buyout fundraising activity

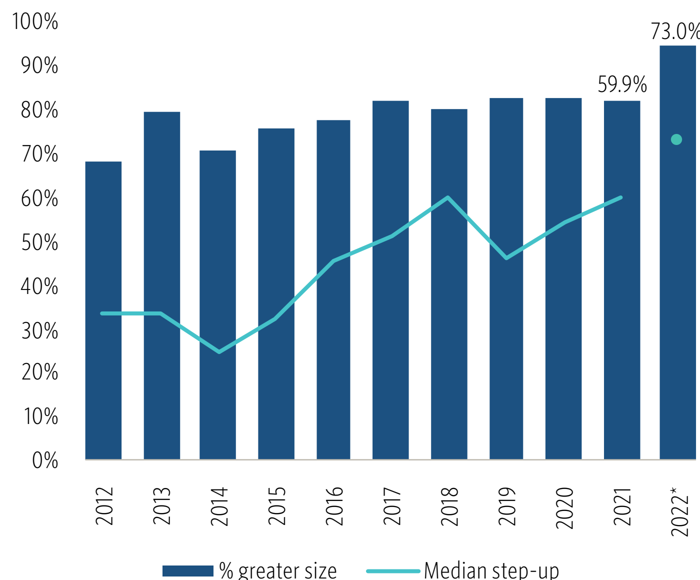


Source: PitchBook | **Geography:** US
*As of March 31, 2022

US middle-market fundraising is off to a slower start in 2022 than in 2021 with 33 funds closing on $24.1 billion. Allocators are combating a volatile market and record-setting demand for re-ups in their buyout portfolios, while a dearth of exit activity means LPs may need to fund new commitments from other areas in their portfolios rather than fund distributions. Despite LPs consistently lifting private markets allocations and many managers producing consistently healthy returns, 2022 may end up being one of the most difficult fundraising years for mid-market GPs in at least a decade. To be sure, there is more capital available than ever before, but there is more demand as well. Most firms will make it through the difficult environment over the coming 12 to 24 months, but many will fall short of expectations. Middle-market sponsors are likely to be most negatively affected in this environment, as institutional allocators prioritize maintaining relationships with the largest GPs in their portfolios. These relationships often span several products (such as global buyout, credit, real estate, secondaries, and others) and demand large commitments. Small, niche managers have a chance to find success as well since they require much smaller checks, and many large LPs are setting aside capital for such commitments.

These factors mean that middle-market sponsors will have to work harder and be more innovative to hit fundraising targets

Fund step-up activity



Source: PitchBook | **Geography:** US
*As of March 31, 2022

or be forced to delay fund closings. Anecdotal conversations with multiple middle-market firms paint a challenging—but not impossible—picture. Several firms have been asked to delay final closings from the back half of 2022 until early 2023 to access

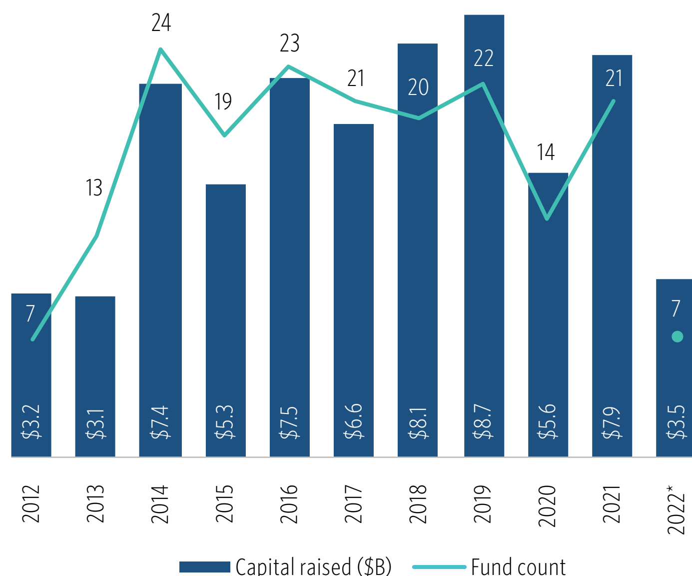
some of the fresh capital that will be unlocked for allocations next year. Other sponsors report being asked to delay fund launches for flagship or ancillary strategies until 2023 for the same reason. With such an active roster of PE firms returning to the fundraising market, middle-market firms—even those with top quartile returns—are finding it nearly impossible to get on a prospective LP's investment committee calendar. This is pressuring sponsors to think outside the box and pursue capital outside the typical US institutional investors. Anecdotal discussions with broad LP bases suggest large European allocators may be facing a similar problem, although to a lesser extent.

Mid-market buyout firms are finding interest from other investor segments, though. Family offices are seeing the chance to be opportunistic in this environment and seed new strategies. In addition, retail capital, insurance firms, and some institutions in Asia and the Middle East are eager to commit to US middle-market managers. This means there is sufficient capital available for most firms, but firms with the deepest connections, and those who can pivot from the fundraising playbook that led to success over the past decade will be successful in today's environment. After a quiet Q1 in terms of publicly disclosed deal activity, GP stakes transactions are expected to heat up throughout 2022 as sponsors try to utilize their balance sheet, launch new products, meet new LPs, and institutionalize their businesses.

Despite the insatiable demand for LP capital, middle-market sponsors are seeing robust step-up activity with re-ups. Consumer specialist Yellow Wood Partners, for example, closed on a $750.0 million third fund, more than double its predecessor. This could be partially influenced by LPs prioritizing their relationships with the strongest managers, although a number of non-top quartile performers closed on larger funds as well. Such a high demand for re-ups may pressure the quantity and magnitude of step-ups for managers going into the back half of 2022.

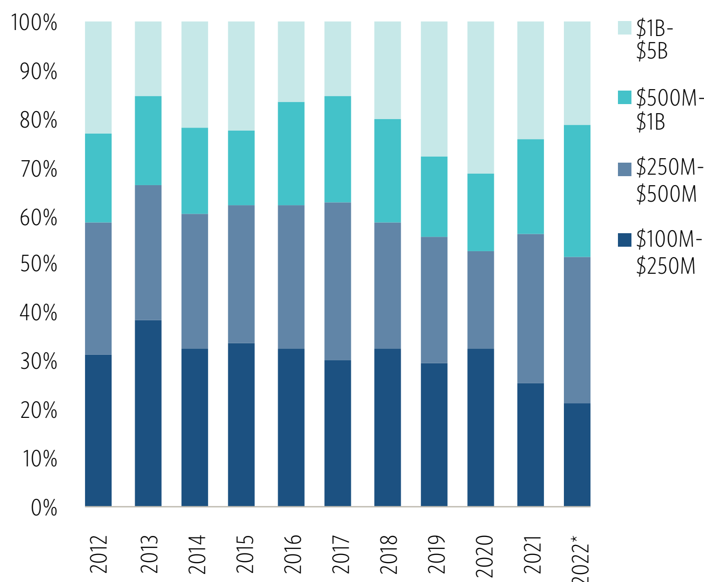
Elsewhere, several first-time managers held final closes during the quarter. However, these closes are the result of many quarters, if not years, of hard work leading up to the close. One example, GHK Capital Partners, illustrates this point well. The firm closed on a $410.0 million inaugural fund in Q1 2022, but the firm had opened its doors in 2018. Similarly, Knox Lane closed on $610.0 million for its first fund after more than two years on the fundraising trail. The current fundraising environment promises to be difficult for first-time managers, although it may take a year or more to fully become visible in the data.

First-time fundraising activity



Source: PitchBook | **Geography:** US
*As of March 31, 2022

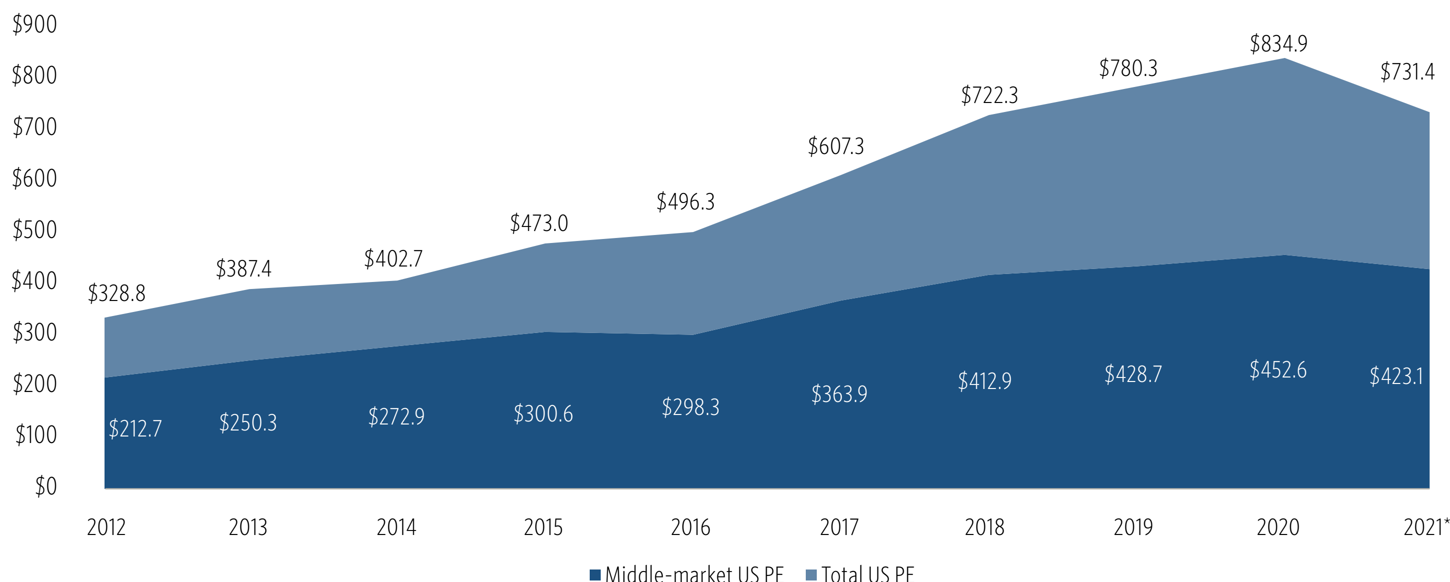
PE fundraising count by size



Source: PitchBook | **Geography:** US
*As of March 31, 2022

After witnessing great performance for the past few quarters, many LPs are bracing themselves for a handful of quarters with mark downs in their buyout portfolios. Early indications suggest that Q1 markdowns will be much less severe than the downturn in public markets, though—and perhaps less severe than expectations as well. According to Golub Capital,

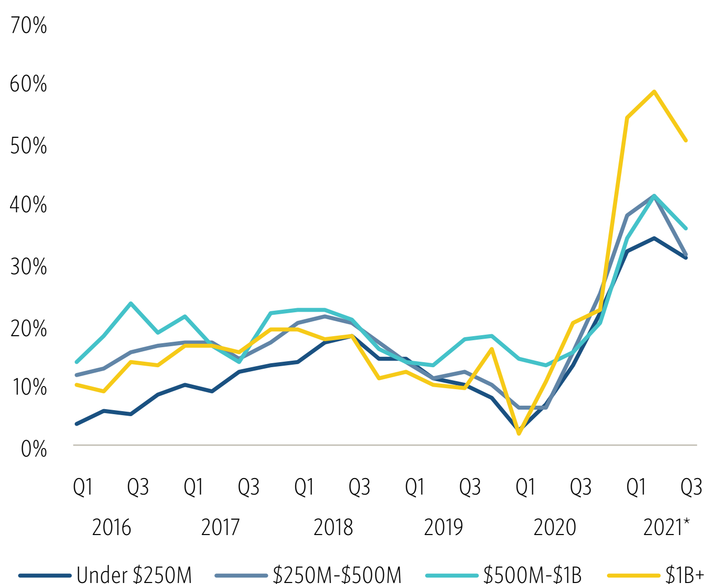
PE dry powder ($B)



Source: PitchBook | **Geography:** US
*As of March 31, 2022

aggregate earnings rose quarter-over-quarter in Q1 2022 for the companies they track.[13] Portfolio companies for which earnings growth outpaces multiple contraction (due to higher discount rates) could even see mark ups during the quarter. This was the case with several of the publicly available fund returns, including that of Apollo, which saw its PE portfolio appreciate 8% during the quarter. Alternatively, KKR and Ares saw markdowns in the quarter. Because middle-market firms are less dependent on public company comps, we expect a solid proportion of middle-market buyout firms to post positive marks as well, at least in the first quarter. As inflation rages on and rates appear poised to continue to ascend, mark ups in Q2 2022 may be more difficult. As public equity indices look to post negative returns again in Q2, the denominator effect—whereby private equity swells as a proportion of the overall portfolio because it falls more slowly—may start to affect fundraising at the edges. Although most LPs have learned to navigate the denominator effect after disastrous fire sales following the global financial crisis, it is still a real issue. Alaska Permanent Fund, one of the largest and most sophisticated LPs, is reducing its PE commitments for next fiscal year by 25%, from $1.6 billion to $1.2 billion, citing the denominator effect.[14] The firms most able to react and reorient during these trying times will be successful on the fundraising trail.

Rolling one-year PE fund performance by size



Source: PitchBook | **Geography:** US
*As of September 30, 2021

13: "Earnings in the US Middle Market Grew by 9% in the First Two Months of Q1 2022," Golub Capital, 2022.
14: "Alaska Permanent Fund to Slow Its Private-Equity Commitment Pace," WSJ Pro, Preeti Singh, May 19, 2022.

Q1 2022 US PE middle market lending league tables

Overall

1	Ares	42
2	Barings	38
3	Churchill	36
4	Golub Capital	35
5	Antares Capital	27
5	Twin Brook Capital Partners	27
7	Owl Rock	23
8	HPS Corporate Lending Fund	22
9	North Haven Private Income Fund BDC	21
10	Morgan Stanley	20
11	Audax Private Debt	19
12	MidCap Financial	17
13	Truist	16
13	PNC	16
15	NXT Capital	15
16	The Carlyle Group	14
16	Varagon Capital Partners	14
16	BMO Financial Group	14
19	Jefferies Group	13
20	Maranon Capital	12
20	J.P. Morgan	12
22	Wells Fargo	11
22	Kayne Anderson Capital Advisors	11
22	Citizens Bank	11
25	Main Street Capital BDC	10
25	Bank of America	10

Source: PitchBook

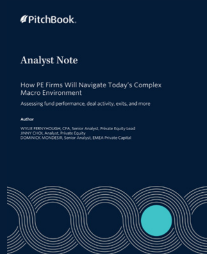
Select roles*

1	Golub Capital	32
2	Ares	28
3	Antares Capital	27
3	Twin Brook Capital Partners	27
5	Churchill	24
6	Barings	17
7	Truist	15
8	MidCap Financial	13
9	Jefferies Group	12
9	PNC	12
9	BMO Financial Group	12
12	The Carlyle Group	11
12	Citizens Bank	11
12	Varagon Capital Partners	11
15	NXT Capital	10
16	Crescent Capital	9
16	Audax Private Debt	9
18	Maranon Capital	8
19	RBC	7
19	Bank of America	7
19	Madison Capital Funding	7
19	Morgan Stanley	7
19	UBS	7
19	J.P. Morgan	7
19	Wells Fargo	7
19	Capital One	7

Source: PitchBook.
*Select roles comprise only bookrunners, lead arrangers, mandated lead arrangers, and all types of agents that are specifically listed within PitchBook

Additional research

US private equity



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