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Global Private Equity Report 2026

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Immediate post-acquisition. After an acquisition, we support the pursuit of rapid returns by developing strategic blueprints for acquired companies, leading workshops that align management with strategic priorities, and directing focused initiatives.

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Exit. We help ensure that investors maximize returns by preparing for exit, identifying the optimal exit strategy, preparing the selling documents, and prequalifying buyers.

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Contents

Powering Forward in a New Era 2

Private Equity Outlook 2026: Gaining Traction 3

Overview 3

Investments 8

Exits 14

Fund-raising 22

Returns 27

Welcome to a New Era in Private Equity 30

12 is the new 5 31

The cost of alpha is rising 33

Revenue is under pressure 33

Winning in a bold new era 35

Powering Forward in a New Era

Dear Colleague:

Private equity finally found some footing in 2025. Deal and exit values surged, a few megadeals stole the headlines, and the champagne almost popped. Almost. The rebound was narrow, and distributions stayed stubbornly low. Fund-raising? For many general partners, that process remained a grind.

What we're experiencing, in other words, is a K-shaped recovery in a world where low prices, cheap debt, and easy multiple expansion are gone for the foreseeable future.

This year's report asserts that "12 is the new 5," meaning today's deals demand faster EBITDA growth. Actually achieving this growth requires sharper value creation and a clearer, data-backed edge.

The winning firms will build systems, not slogans. They will invest in talent and AI, and move from full potential diligence to execution on Day 1.

I hope these thoughts help you compete (and enjoy the ride). Thank you for reading—and for pushing the industry forward.

Best wishes,



Hugh MacArthur
Chairman, Global Private Equity



Private Equity Outlook 2026: Gaining Traction

Deal and exit value surged reassuringly in 2025 in a narrow recovery powered by megadeals.

By Hugh MacArthur, Rebecca Burack, Graham Rose, Alexander Schmitz, Kiki Yang, and Sebastien Lamy

At a Glance

- Private equity posted impressive gains in deal and exit value, as truly large transactions dominated the dealmaking landscape.
- Yet below the megadeal level, the recovery was uneven, and fund-raising dragged in the face of the industry's persistent liquidity issues.
- The industry has found some momentum heading into 2026, but winning amid high asset prices and elevated interest rates will be harder than it has ever been.

Overview

After three years in the relative doldrums, private equity finally started to build some momentum in 2025. The gains were mixed and propelled by a narrow swath of headline deals. But the industry's recovery appears to be gaining traction as more general partners (GPs) shake off economic uncertainty and valuation qualms to put more money to work and speed up distributions to investors.

Interest rate cuts, aging dry powder, and ripe conditions for large public-to-private deals lifted buyout value 44% to $904 billion. Exit value jumped 47% to $717 billion, propelled by a corporate M&A boom and the growing need to generate liquidity for investors *(see Figure 1)*.

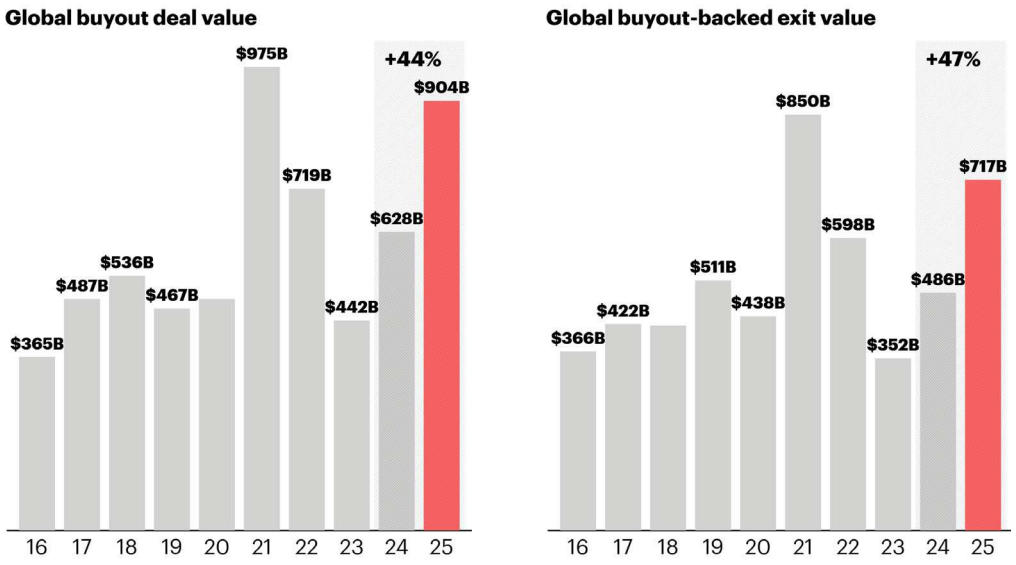
Those totals were the second best in the industry's history and not far behind private equity's all-time zenith year in 2021. Dealmakers managed to find a way around tariff shocks in the spring, persistent geopolitical turmoil throughout the year, and lingering uncertainty about everything from interest rates to economic growth. The urge to put money to work produced some of the industry's biggest transactions ever. The $56.6 billion take-private transaction for Electronic Arts was the largest buyout in history.

If you're wondering why champagne corks aren't popping across the industry, it's because there's still plenty of work to do. As impressive as those headline numbers are, the activity was concentrated and didn't contribute much to solving some of the buyout industry's most stubborn challenges—at least not yet.

Deal value benefited mightily from 13 deals of $10 billion or more, which contributed 69% of the growth in 2025. And overall deal count fell 6% year over year *(see Figure 2)*.

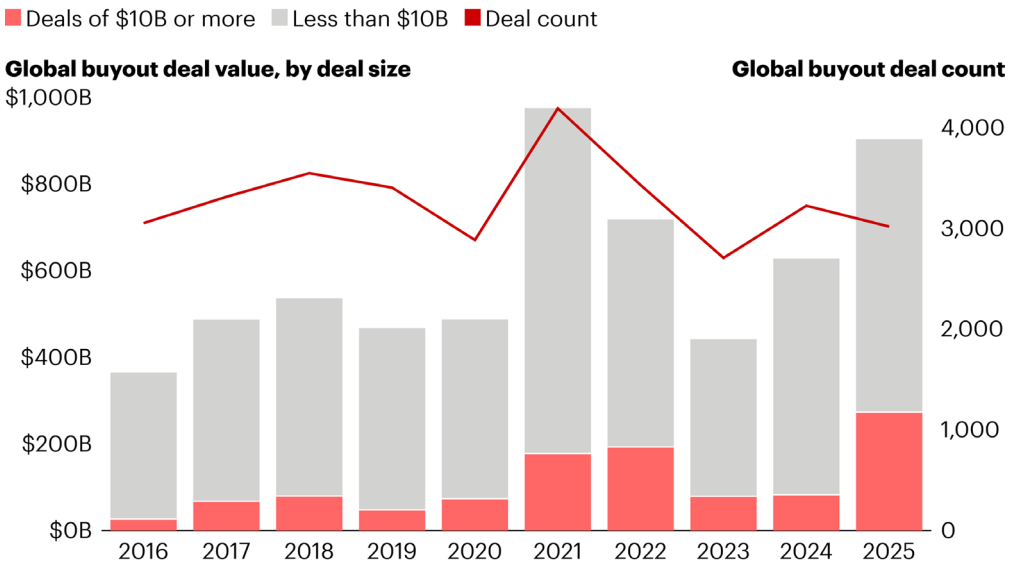
It's also true that those 13 megabuyouts punched well below their weight in terms of paring down the industry's growing mountain of unspent capital. That's because sovereign wealth funds (SWFs) and large

Figure 1: Global buyout deal and exit value grew in 2025



Notes: Excludes add-ons, special-purpose acquisition companies, loan-to-own transactions, and acquisitions of bankrupt assets; based on announcement date; includes announced deals that are completed or pending, with data subject to change; includes partial and full exits; buyout and exit value include deals with disclosed value only and include net debt where relevant
Source: Dealogic

Figure 2: Megadeals accounted for most of the growth in deal value



Notes: Excludes add-ons, special-purpose acquisition companies, loan-to-own transactions, and acquisitions of bankrupt assets; based on announcement date; includes announced deals that are completed or pending, with data subject to change; deal value includes deals with disclosed value only and includes net debt where relevant; deal count includes deals with disclosed and undisclosed value
Source: Dealogic

corporations directly supplied the largest portion of capital for many of those deals, meaning buyout dry powder was a relatively small slice of the total.

The surge in exit value is certainly welcome in terms of addressing the industry's persistent liquidity conundrum. But that capital will take time to work through the system. For now, the amount of cash flowing back to limited partners (LPs) continues to disappoint. Distributions as a percentage of net asset value (NAV) have now held below 15% for four years running—an industry record. And with the average holding period for assets at exit floating around seven years, the industry is still sitting on 32,000 unsold companies worth $3.8 trillion.

Many GPs appear to be holding assets for longer in order to buy time for strategies to increase EBITDA (earnings before interest, taxes, depreciation, and amortization). But that eventually comes at a cost. An analysis of returns from 15 years of buyout vintages (2000–15) shows that internal rate of return (IRR) starts to stagnate around year seven and declines after that.

The growing popularity of liquidity mechanisms like continuation vehicles can ease some of the pressure GPs feel to monetize assets that aren't ready for prime time. But these mechanisms, which account for less than 10% of exit value today, are a partial fix, not a long-term solution to the industry's liquidity crunch.

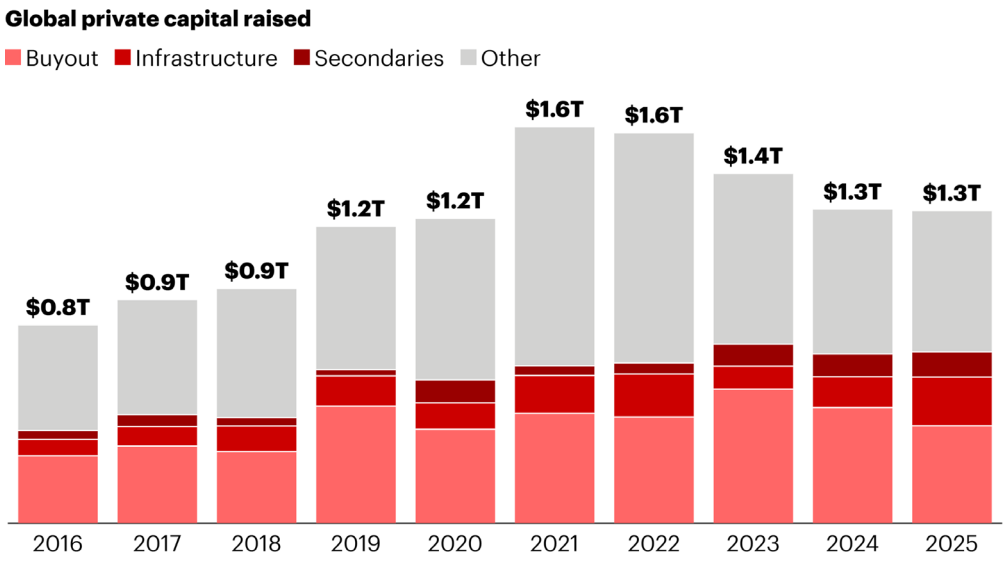
Where all of these structural issues come home to roost, of course, is fund-raising, which remains challenging for many funds. After three years of declines, global alternatives fund-raising plateaued in 2025 *(see Figure 3)*. Asset classes like infrastructure (up 58% year over year) and secondaries (11%) provided spurts of growth. But buyout, the industry's bread and butter, dropped 16%.

Within buyout, there were clear winners. The funds closing the fastest tended to be established funds with a history of both top-tier returns and strong distributions to paid-in capital (DPI). Looking at buyout funds broadly, however, closing a new fund in 2025 continued to be a slow and difficult slog.

What these dynamics highlight is how challenging it has become to execute on the private equity business model in an industry that's significantly more complex than it was even 10 years ago. Mostly gone are the tailwinds that propelled the broad industry forward in the wake of the global financial crisis: rock-bottom interest rates, steadily rising multiples, and easier access to investors. The baseline now is higher rates, stubbornly high valuations, slower exits, and much choosier LPs. The cost of doing business is also on the rise as the best firms build deep competitive moats through scale, expertise, technology, and professionalized fund-raising organizations.

Against this backdrop, deal math is only getting harder, and GPs face a growing imperative to move assets in and out of portfolios ever more efficiently. As we discuss more fully in the next chapter of this report,

Figure 3: Fund-raising remained muted in 2025



Notes: Includes closed-end and commingled funds only; includes only those funds for which final close data is available and attributes funds to the year in which they held their final close; excludes funds denominated in renminbi; excludes SoftBank Vision Fund; discrepancies in bar heights displaying the same value are due to rounding differences
Source: Preqin

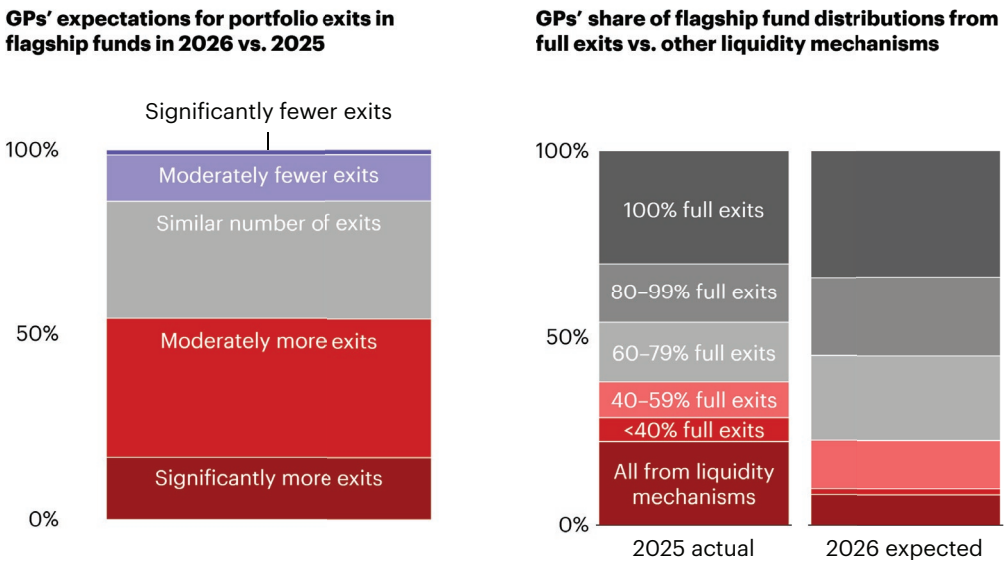
the industry has reached an inflection point—a level of maturity that eventually comes to any business, where the basis of competition intensifies and customers (in this case, investors) demand a much higher degree of excellence. Investors more than ever are focused on funds that have a clear, repeatable, and easily explained strategy for producing top-tier results and returning capital on time. And in the coming years, that kind of performance will rely on a firm's ability to rapidly generate strong EBITDA growth at its portfolio companies—full stop.

The good news is that 2026 is shaping up as promising. Black swan events have come in flocks over the last few years, making forecasts especially perilous. But barring another jolt to the system, the conditions supporting more deal and exit activity appear to be improving.

Interest rates are moving south, albeit slowly. Deal pipelines are well stocked. The blockbuster Medline initial public offering in December (the largest PE-backed IPO ever, and the largest IPO in four years) appears to be just the first in line for a more robust public offering market. And with stock prices high and the economy robust, the boom in corporate M&A that buttressed exit value in 2025 shows no sign of abating.

The improving environment is boosting GPs' confidence that exit momentum will build this year, according to the 2026 StepStone/Bain Private Equity GP Survey. In 2026, the majority of GPs expect to complete more exits, and rely less on other liquidity mechanisms to generate distributions *(see Figure 4)*.

Figure 4: GPs believe exit momentum will continue in 2026



Notes: Significantly more exits is more than 50% increase; moderately more exits is 11% to 50% increase; similar number of exits is plus or minus 10%; moderately fewer exits is 11% to 50% less; significantly fewer exits is less than half as many
Source: 2026 StepStone/Bain Private Equity GP Survey

If history is any guide, private equity will find a new path to growth and strong returns—it always does. This period has presented a series of unique challenges. But there's no reason to believe we aren't already on the upswing.

Here's how activity unfolded in 2025 …

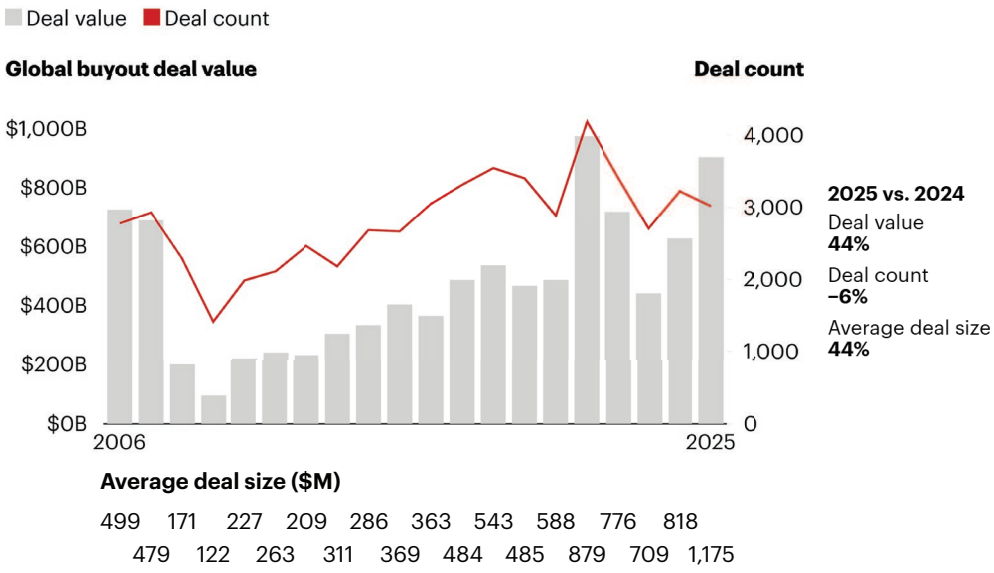
Investments

Private equity dealmakers took yet another body blow in early 2025 but, after regaining their footing in the third quarter, managed to produce one of the industry's best years ever in terms of deal value.

Benefiting from a handful of massive public-to-private transactions, mostly in the second half, investments climbed sharply to $904 billion, a 44% increase over 2024. The number of deals, however, fell 6% year over year to 3,018 transactions. That pushed average disclosed deal size to an all-time record of $1.2 billion *(see Figure 5)*.

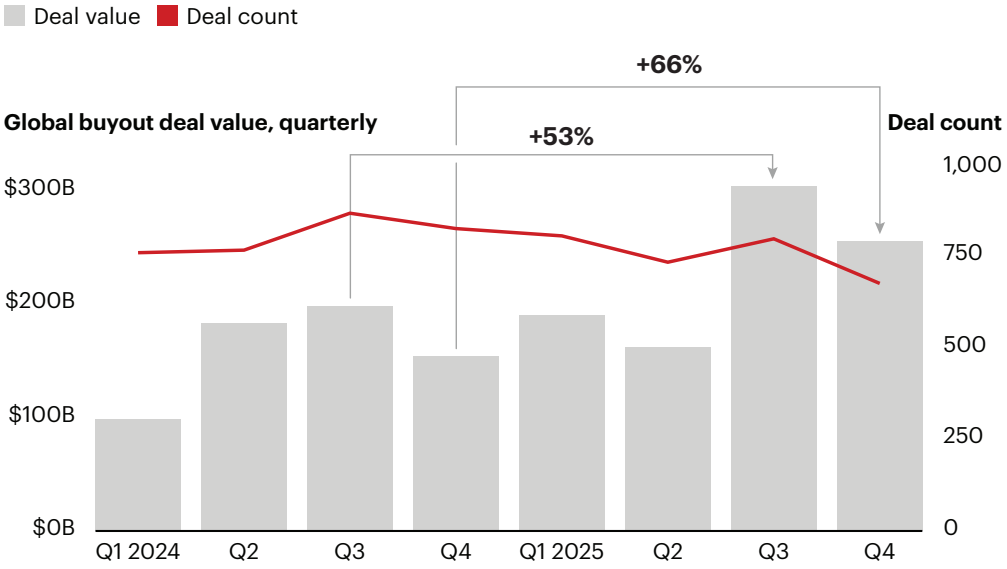
The industry started 2025 with as much optimism as possible given the turbulent nature of the last several years. Dealmaking had gained some steam in 2024 and GPs were eager to put their arsenal of dry powder to work. Credit markets were open, interest rates were trending downward, and inflation appeared under control. Then, April's "Liberation Day" sparked turmoil over US tariff policy *(see Figure 6)*.

Figure 5: A handful of very large transactions pushed deal value to its second-highest level ever, but deal count declined



Notes: Excludes add-ons, special-purpose acquisition companies, loan-to-own transactions, and acquisitions of bankrupt assets; based on announcement date; includes announced deals that are completed or pending, with data subject to change; deal value and average deal size include deals with disclosed value only and include net debt where relevant; deal count includes deals with disclosed and undisclosed value
Source: Dealogic

Figure 6: Tariff turmoil held down activity in 2025's first half, but value soared in the third and fourth quarters



Notes: Excludes add-ons, special-purpose acquisition companies, loan-to-own transactions, and acquisitions of bankrupt assets; based on announcement date; includes announced deals that are completed or pending, with data subject to change; deal value includes deals with disclosed value only and includes net debt where relevant; deal count includes deals with disclosed and undisclosed value
Source: Dealogic

Rattled investors retreated in the second quarter of 2025 as inflation fears and recession risk rose. After the shock faded and dealmakers' worst fears didn't materialize, they came out blazing in the third quarter. A few megabuyouts of $10 billion or more fueled a record $301 billion in deal value. And the momentum carried over into the fourth quarter.

Yet, while the top-line numbers were impressive, the gains were uneven, both in terms of breadth of activity and the amount of dry powder put to work.

Just 13 deals in the $10 billion-plus bracket accounted for $274 billion of the global gain in 2025, and 11 of those were concentrated in the US. The $56.6 billion public-to-private deal for Electronic Arts set a new buyout record, and several other megadeals wowed the markets: data center platform Aligned Data Centers at $40 billion, aircraft leasing platform Air Lease at $27.5 billion, and retail pharmacy chain Walgreens Boots Alliance at $23.7 billion.

The numbers were huge but the impact on buyout dry powder, not so much. In many of these deals, the bulk of the equity came from external sources—massive direct investments by sovereign wealth funds and corporate buyers—not buyout funds. Exact figures aren't available for the EA deal, but *The Wall Street Journal* reported that, pending regulatory approval, Saudi Arabia's Public Investment Fund (PIF) will own more than 90% of the equity, with co-owners Silver Lake and Affinity Partners adding only a few billion

in capital. Similarly, strategic players Sumitomo Corp. and SMBC Aviation Capital are the new majority owners of Air Lease; Apollo Global Management and Brookfield took minority positions.

Activity below the megadeal threshold was probably more representative of how the traditional buyout segment is doing in this still-spooky macro environment. Excluding the $10 billion-plus segment, deal value grew 16% year over year, with transactions in the $5 billion–$10 billion range growing 6%, while the $1 billion–$5 billion segment grew 29%. North America was by far the biggest contributor to growth during the year, adding 80% to the total. But if you back out deals above $10 billion, Europe's contribution was comparable *(see Figure 7)*.

Deal value, if not deal count, grew across most sectors *(see Figure 8)*. Public-to-private transactions represented roughly half of total value growth as GPs and their SWF or corporate investing partners took advantage of an improved financing environment for M&A in the US and the opportunity to revamp companies out of the public eye.

One thing is clear as the industry moves into 2026: There is ample incentive and opportunity to give the budding up cycle more breadth, even if challenges to closing deals and generating strong returns remain.

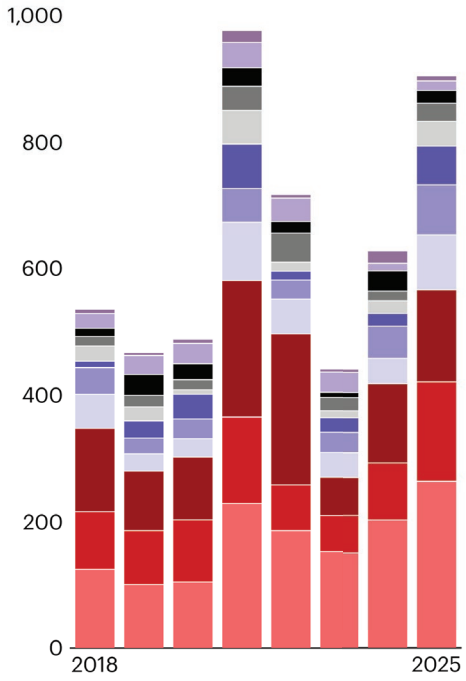
Figure 7: North America accounted for 80% of the global growth in deal value due to a concentration of megadeals



Notes: Excludes add-ons, special-purpose acquisition companies, loan-to-own transactions, and acquisitions of bankrupt assets; based on announcement date; includes announced deals that are completed or pending, with data subject to change; deal value includes deals with disclosed value only and includes net debt where relevant; geography based on target's location
Source: Dealogic

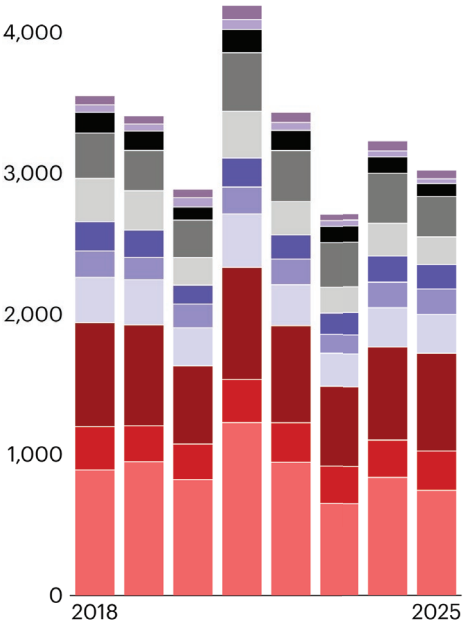
Figure 8: Most sectors experienced significant growth in deal value, but deal count lagged across many of them

Global buyout deal value, $ billions



	Change in deal value 2025 vs. 2024
Other	–63%
Telecommunications	31%
Media and entertainment	–38%
Services	91%
Consumer products	96%
Retail	197%
Financial services	57%
Healthcare	115%
Industrials	16%
Utilities and energy	75%
Technology	30%
Total	**44%**

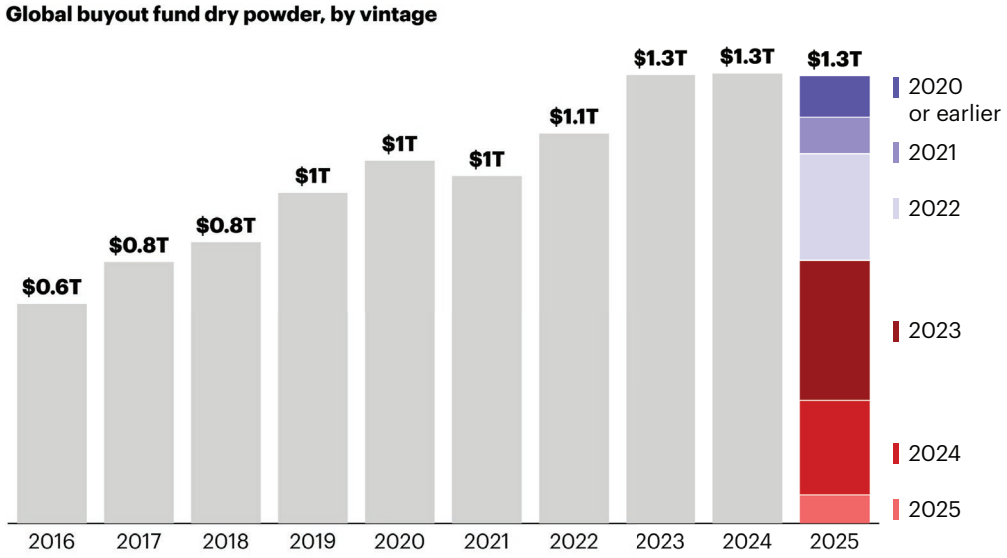
Buyout deal count



	Change in deal count 2025 vs. 2024
Other	–13%
Telecommunications	–23%
Media and entertainment	–21%
Services	–19%
Consumer products	–15%
Retail	–6%
Financial services	0%
Healthcare	–2%
Industrials	5%
Utilities and energy	5%
Technology	–11%
Total	**–6%**

Notes: Excludes add-ons, special-purpose acquisition companies, loan-to-own transactions, and acquisitions of bankrupt assets; based on announcement date; includes announced deals that are completed or pending, with data subject to change; deal value includes deals with disclosed value only and includes net debt where relevant; deal count includes deals with disclosed and undisclosed value; other includes financial investors, conglomerates, and public sector
Source: Dealogic

Figure 9: Dry powder remains near record levels, with the majority of capital from 2022–23 fund vintages



Notes: Buyout category includes buyout, balanced, coinvestment, and coinvestment multimanager fund types; 2016–24 as of year-end; 2025 as of Q2 2025; vintage defined as the first year of investment/drawdown of capital from limited partners for investment purposes; discrepancies in bar heights displaying the same value are due to rounding differences
Source: Preqin

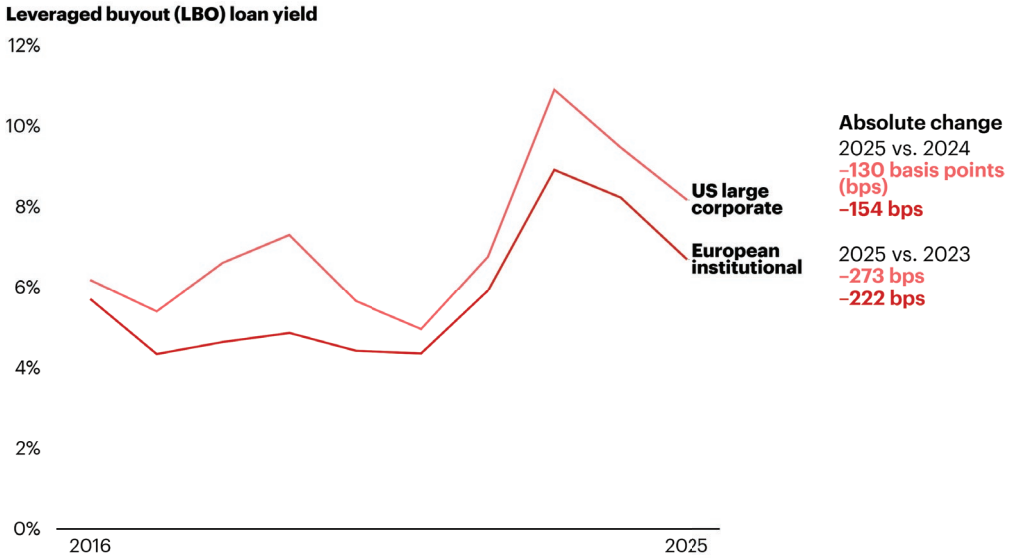
Let's start with the mountain of available capital. Global dry powder sits at a towering $1.3 trillion, and it's getting older, with the majority of capital raised in 2022–23 fund vintages *(see Figure 9)*. That exerts plenty of pressure on GPs to put money to work.

For the biggest funds, scale transactions are critical. Yet, as we've seen, buyout dry powder isn't the only capital teed up to do deals. Large GPs are both competing and partnering with capital sources like SWFs or strategic corporations. When you add in this non-buyout capital, the amount of money chasing deals is unprecedented, cutting into private equity's share of the action.

Looking at the market more broadly, the increasingly favorable interest rate environment is working in buyers' favor by reducing the cost of debt and raising confidence in the future macro outlook *(see Figure 10)*. The syndicated loan market is open for large, high-quality borrowers. And private credit remains the lender of choice for sub-$1 billion deals.

The biggest question moving into 2026 is the same one that was at the forefront a year ago: Can market conditions stabilize sufficiently to support sustained activity? The recent StepStone/Bain survey of GPs showed that the two most common hurdles to completing deals in 2025 were inflated seller expectations and

Figure 10: Easing interest rates in the US and Europe are reducing the cost of debt and giving buyers more confidence



Notes: European institutional yield includes all tracked LBO deals, regardless of size; US large corporate defined as yield to maturity of institutional LBO loans for deals with more than $50 million in EBITDA
Source: PitchBook

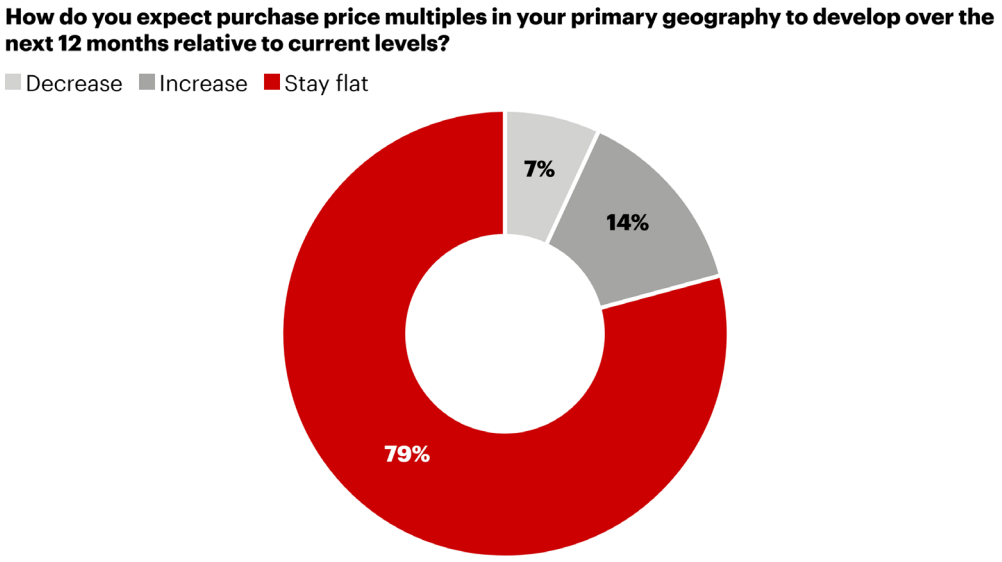
diligence red flags (poor earnings quality, customer churn, etc.). While these factors have driven a wedge between buyers and sellers since the interest rate shock in 2022, the expectation gap is already narrowing. And it should be less divisive if rates continue to ease and economic conditions get more forgiving.

Deal multiples have grown sharply across industries in recent years, especially in the US. But almost 80% of GPs surveyed believe multiples will stay flat in the coming year *(see Figure 11)*. That should make it a bit easier to buy assets, but they will still be expensive, and if multiples aren't moving, it takes away a value lever so many deals have relied on over the past decade.

As we discuss in the next section of this report, the maturing private equity industry is in a hypercompetitive new era. Economic and market conditions have changed structurally in ways that are significantly less favorable than the conditions that powered the industry's breakneck growth for almost two decades. Multiple expansion and ultra-cheap debt have waned, leaving GPs with the challenge in 2026 and beyond of generating strong returns despite stubbornly elevated asset prices. The firms that stand out in this difficult new environment will be those that can find or sharpen a repeatable model for sourcing deals, determining early how to create value and executing at speed.

Relying on the same old, same old has never been riskier.

Figure 11: Most GPs expect multiples to remain flat in 2026



Source: 2026 StepStone/Bain Private Equity GP Survey

Exits

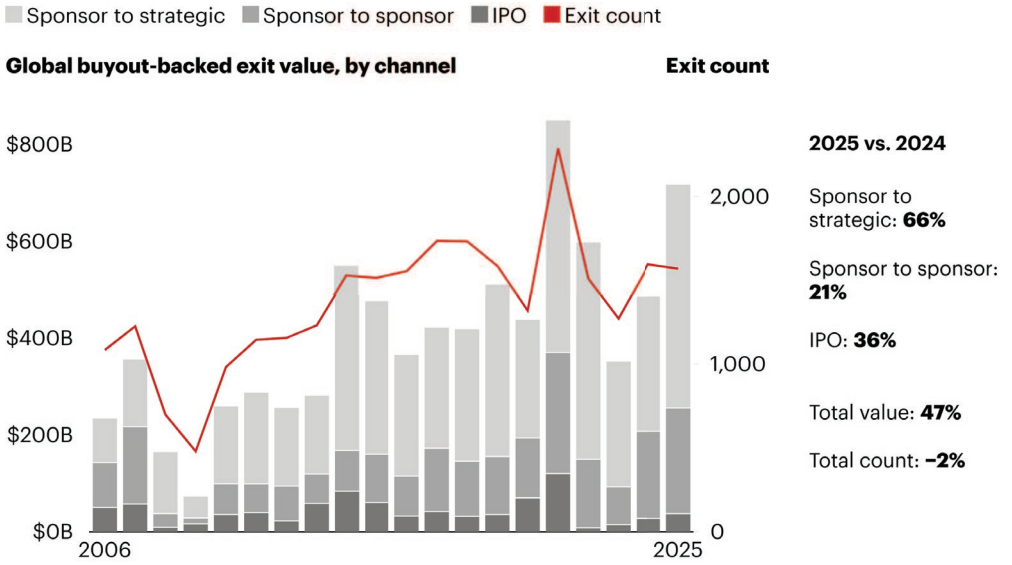
Given the stubborn liquidity issues that have stacked up across the private equity industry over the past several years, 2025's strong increase in exit value was a welcome step forward. GPs can thank a global boom in mergers and acquisitions spurred by improved economic conditions, shifting business requirements, and the AI explosion.

Global buyout-backed exit value jumped 47% year over year to $717 billion, led by several landmark exits, including Macquarie's $40 billion sale of Aligned Data Centers to BlackRock and a consortium of tech giants hungry for AI data-crunching capacity *(see Figure 12)*. Just seven exits valued at over $10 billion each added $155 billion, or 22%, to the global total, ensuring that 2025 marked the second-best year for exits ever *(see Figure 13)*.

Activity was less pronounced across the broader market, but exit value below the $10 billion threshold still grew 34% as opportunistic corporate buyers combed through buyout portfolios looking for solutions to strategic imperatives.

The total number of exit transactions globally backed off slightly to 1,570, a 2% drop year over year, leaving exit count about where it was just before the Covid-19 pandemic. The decline in 2025 can be traced to several "frozen" months in the spring, when tariff turmoil caused buyers and sellers to halt processes while they regrouped and reset valuation assumptions. Exit numbers improved in the year's second half.

Figure 12: Exit value rebounded strongly in 2025 as corporate buyers showed up in droves, but the total number of exits declined



Notes: Includes partial and full exits; excludes special-purpose acquisition companies and bankruptcies; strategic and sponsor exits include announced deals that are completed or pending, with data subject to change; IPO includes completed transactions only; year refers to announcement date (sponsor, strategic) or pricing date (IPO); value includes exits with disclosed value only and net debt where relevant; count includes exits with disclosed and undisclosed value; IPO value represents offer amount and not market value of company
Source: Dealogic

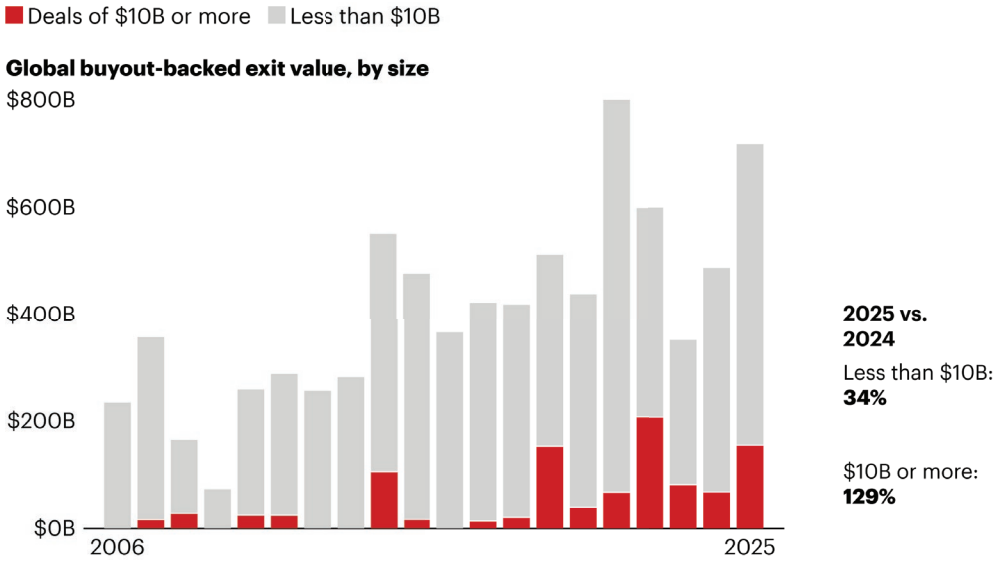
Strategic exits like ECP's $29.4 billion sale of Calpine to Constellation or GTCR's $17.6 billion sale of Worldpay to Global Payments dominated activity. The channel grew 66% year over year and expanded in both North America (by 73%) and Europe (by 82%).

The sponsor-to-sponsor channel, meanwhile, was less robust, growing 21% globally and getting a big boost in the US from the Aligned Data Centers deal. Without that one transaction, the value of North American sponsor-to-sponsor exits would have dropped 19%, offsetting strong growth in Europe, where sales to sponsors increased 56% year over year *(see Figure 14)*.

Initial public offerings globally increased by 36% (off a very small base) and continued to be a minor exit route for private equity. Although soaring public equity markets during the year might have opened the door for IPOs, the hassle factor and continued macro turbulence meant few GPs were willing to walk through it. Just two PE-backed IPOs stood out: Hellman & Friedman's $4.2 billion offering of Sweden's Verisure and the massive $7.2 billion Medline IPO led by Blackstone, Carlyle, and Hellman & Friedman in the US. The latter exit, coming at year's end, may signal more momentum for IPOs in 2026.

Amid growing industrywide concern about liquidity, secondaries continued to expand as an exit channel in 2025, with transaction value of GP- and LP-led vehicles growing by 41% year over year. GP-led continuation vehicles (CVs), which allow a fund to return capital to LPs while retaining control of an

Figure 13: A few $10 billion-plus exits dominated activity, but growth in smaller deals helped broaden the recovery



Notes: Includes partial and full exits; excludes special-purpose acquisition companies and bankruptcies; strategic and sponsor exits include announced deals that are completed or pending, with data subject to change; IPO includes completed transactions only; year refers to announcement date (sponsor, strategic) or pricing date (IPO); value includes exits with disclosed value only and net debt where relevant; IPO value represents offer amount and not market value of company
Source: Dealogic

asset, are growing even faster (62% year over year and 37% annually since 2022). Still, these vehicles account for less than 10% of total PE exit value today *(see Figure 15)*.

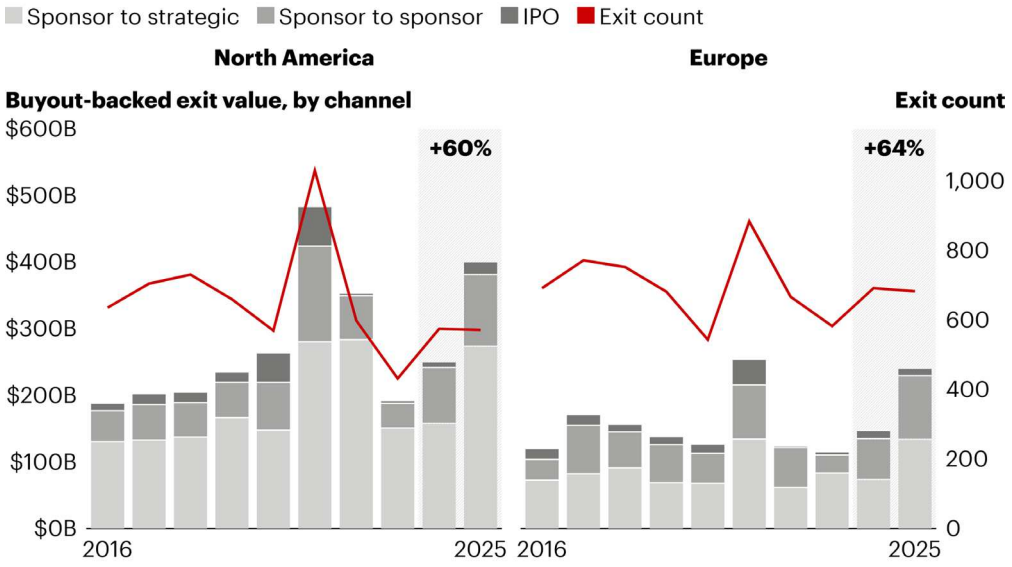
Interest in CVs is clearly growing among GPs. A quarter of all respondents to our recent StepStone/Bain survey said they had initiated or completed a CV over the past two years, and around 40% said they planned to explore a transaction over the next 12–24 months. More than half said a primary reason for launching a CV was generating liquidity to cash out LPs, while 42% said securing new capital for M&A was a top reason for monetizing an asset that way *(see Figure 16)*.

What's clear, however, is that LPs are generally lukewarm on secondaries as a liquidity solution and will usually tolerate only one CV a year at most from their GPs.

Regardless of channel or size, the companies exiting successfully in 2025 tended to be a fund's "gem" assets—those with strategic relevance or exceptional quality. GPs had a much harder time moving anything with weaker momentum or an uncertain future.

The stock of unrealized assets has grown to roughly 32,000 companies representing a stunning $3.8 trillion in value. For buyout funds, holding periods at exit are hovering around seven years, up from an

Figure 14: North America and Europe both saw strong increases in exit value



Notes: Includes partial and full exits; excludes special-purpose acquisition companies and bankruptcies; strategic and sponsor exits include announced deals that are completed or pending, with data subject to change; IPO includes completed transactions only; year refers to announcement date (sponsor, strategic) or pricing date (IPO); value includes exits with disclosed value only and net debt where relevant; count includes exits with disclosed and undisclosed value; IPO value represents offer amount and not market value of company; geography based on company's location
Source: Dealogic

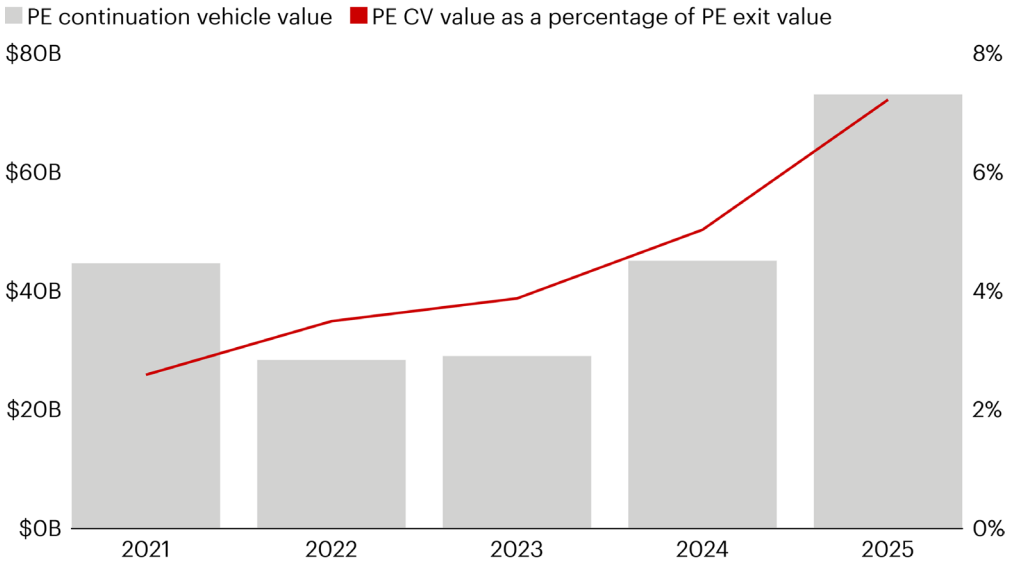
average of five to six years from 2010 to 2021. Almost 40% of all companies are now held for more than five years, up from 29% in 2019 *(see Figure 17)*.

The exceptionally large cohort of investments from 2021 and 2022 will likely continue to put upward pressure on average holding periods. The high prices paid for these companies meant generating adequate returns required high levels of EBITDA growth—performance made difficult by the long succession of black swan events over the past several years (Covid impacts, the interest rate spike, tariff concerns). That has stunted exit velocity for older fund vintages stretching back to 2017.

Against this backdrop, the liquidity challenge continues to dog the industry. While exit momentum improved in 2025, that capital won't flow back to investors immediately, and it will take sustained improvement for LP cash flows to fully recover.

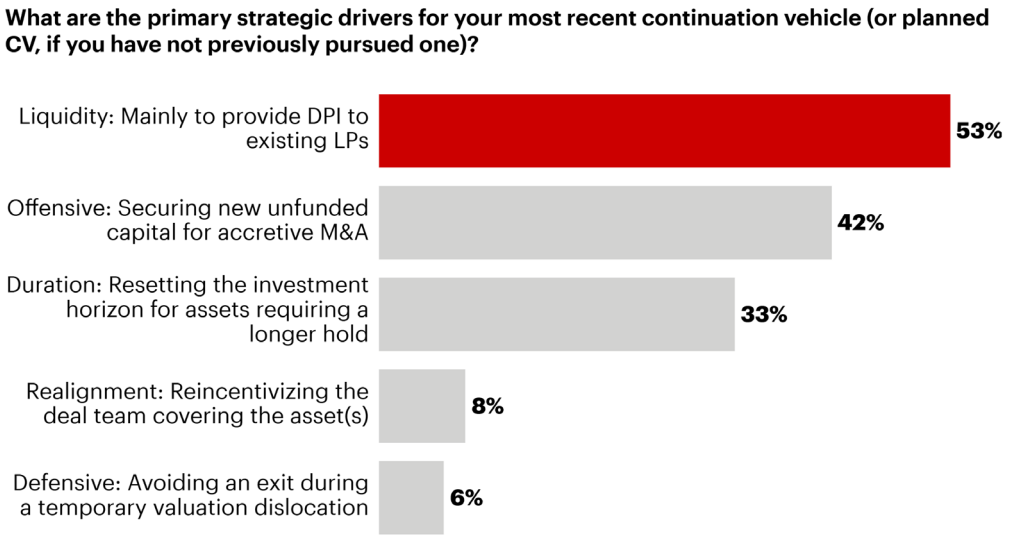
Net cash flow moved modestly above the breakeven line in 2025 *(see Figure 18)*. Yet a better measure of pressure on GPs to generate realized capital is distributions as a percentage of NAV. That metric remained essentially flat at 14%, a level not seen since 2008-09 in the middle of the global financial crisis *(see Figure 19)*. In fact, the situation is even more severe than it was then, given that distributions measured this way have lagged historical averages for four straight years, a new record for the modern private equity industry.

Figure 15: Continuation vehicles are growing but still represent less than 10% of exit value



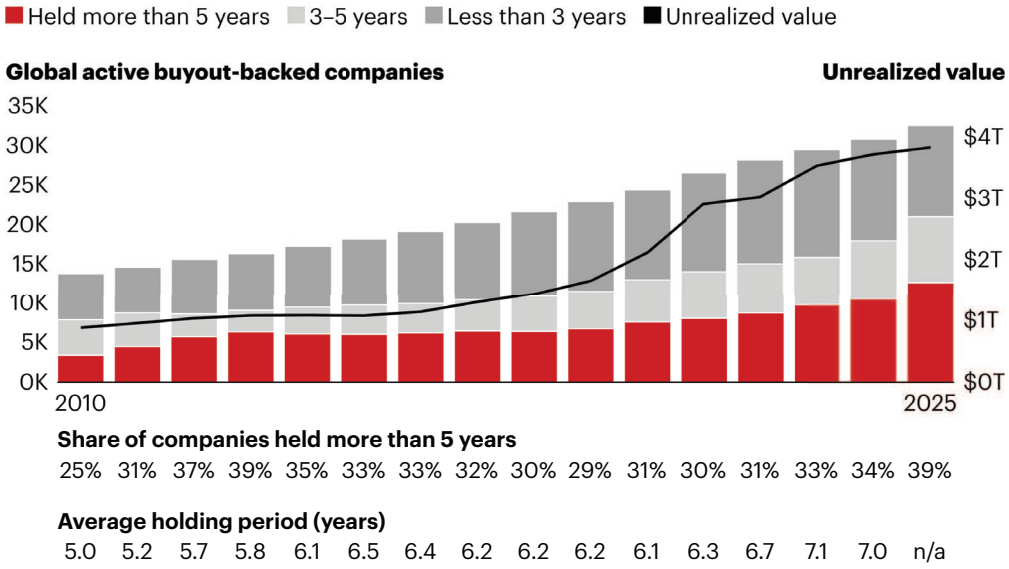
Notes: CV transaction value estimated by applying the PE/buyout strategy share and the single- plus multi-asset continuation fund share to total GP-led transaction value; for 2021, the PE/buyout share is proxied using 2022 data; for 2022–24, only buyout strategy shares are available and applied; for 2025, PE strategy share is used; CV transaction value as a percentage of PE exit value is calculated using PitchBook global PE exit value data (completed transactions only, excluding announced deals), including any sale of a PE-backed company resulting in a change of majority ownership (including add-on divestments and growth transactions) or a public listing (including IPOs and reverse mergers)
Sources: Evercore 2025 Secondary Market Report; PitchBook; Bain analysis

Figure 16: GPs cite the need to return capital to investors as the top reason for launching a continuation vehicle



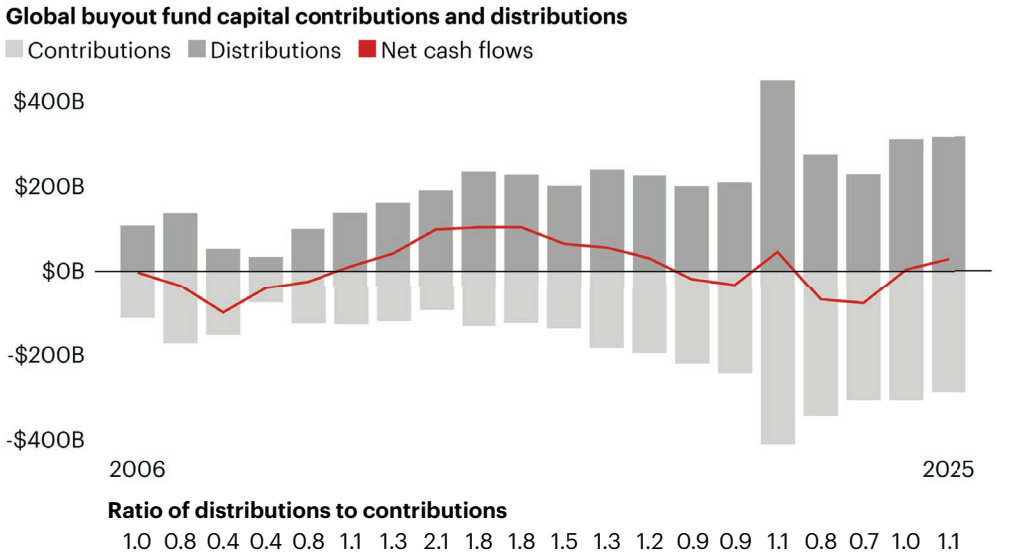
Source: 2026 StepStone/Bain Private Equity GP Survey

Figure 17: GPs are holding companies longer, pushing the average holding period at exit to around seven years



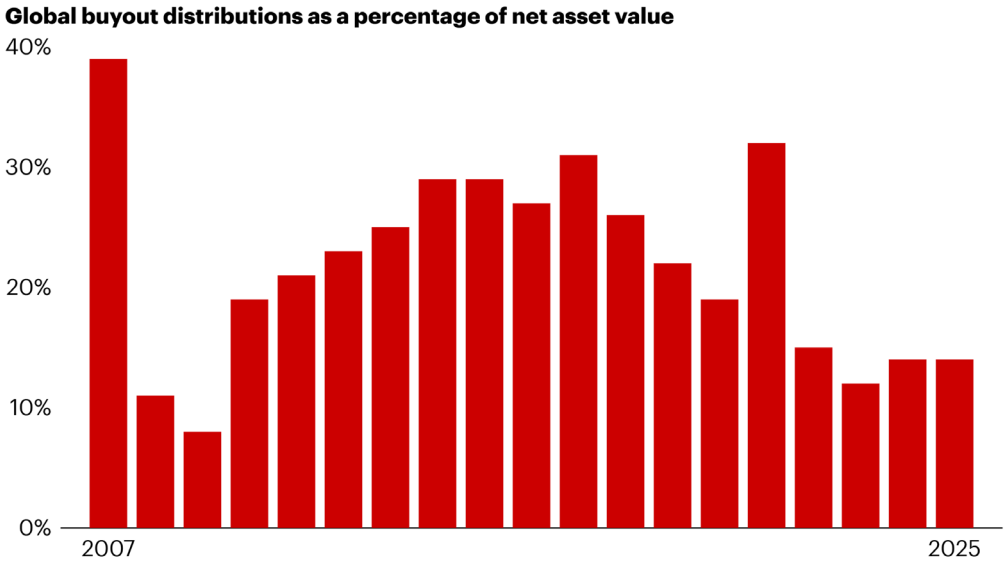
Notes: Excludes add-ons; buyout category includes buyout, balanced, coinvestment, and coinvestment multimanager funds; unrealized value is as of year-end, except for 2025, which is as of Q2; discrepancies in bar heights displaying the same value are due to rounding differences; "less than 3 years" category includes investments made in 2023, 2024, and 2025; "3–5 years" includes investments made in 2021 and 2022; "more than 5 years" includes investments made in 2020 or prior; average holding period at exit reflects companies exited in the respective year and excludes assets still held in the portfolio
Sources: PitchBook; Preqin

Figure 18: Net cash flow improved marginally in 2025 ...



Notes: Data is through Q3 2025; 2025 data represents the 12-month period from October 2024 to September 2025
Source: MSCI

Figure 19: But global distributions as a share of net asset value are at multidecade lows



Notes: Buyout category includes buyout, balanced, coinvestment, and coinvestment multimanager fund types; 2007–24 as of year-end; 2025 represents the 12-month period from Q4 2024 to Q3 2025
Source: MSCI

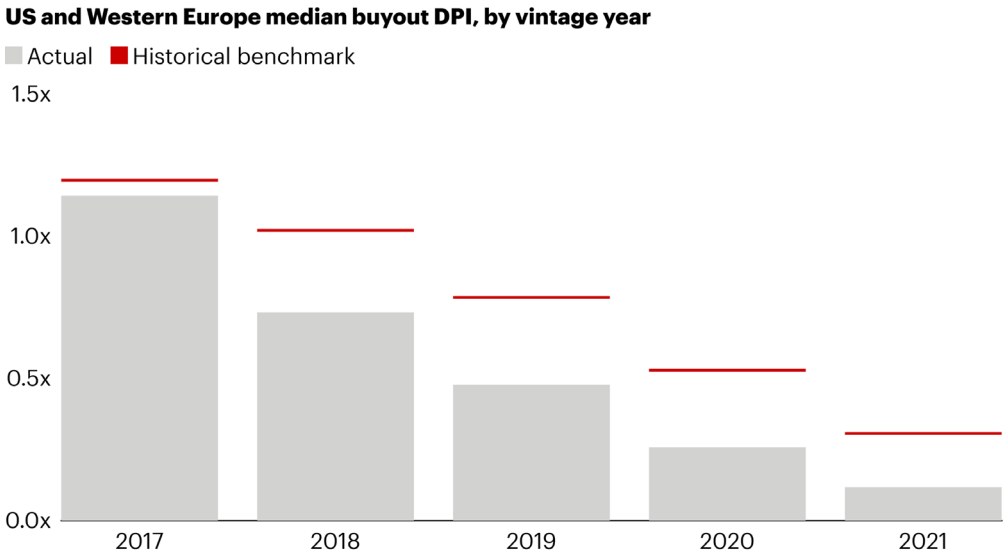
The root problem can be seen in DPI for recent fund vintages *(see Figure 20)*. Looking at the cohort from 2017 to 2021, GPs have underdelivered vs. historical performance for every vintage.

These liquidity issues don't extend to every fund, of course, and those that are on schedule in terms of DPI will enjoy a distinct advantage in fund-raising over those that are running late. LPs aren't monolithic, either, in terms of the liquidity pressures they feel. When asked in the ILPA LP Sentiment Survey 2025–26 Edition to weigh the trade-off between near-term liquidity and longer-term return generation, about two-thirds of respondents leaned toward holding out for an improved multiple on invested capital (MOIC) *(see Figure 21)*.

But there's a catch: LPs can be patient as long as the fund has, in fact, produced MOIC appreciation to date and has a clear plan for keeping the momentum going in the future—and that's not easy.

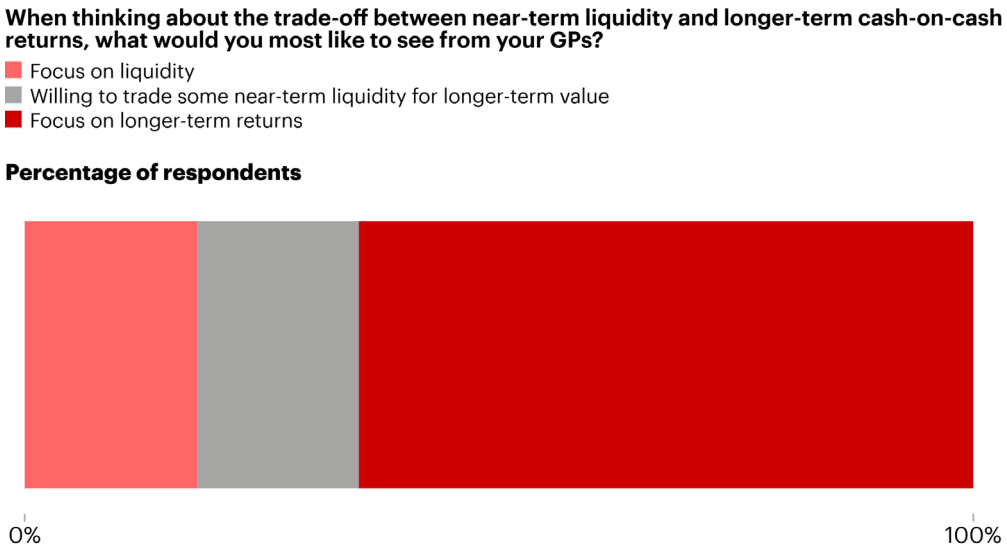
The problem with extended holding periods is that time eats into returns. To an extent, more time means more opportunity to work on boosting a deal's target MOIC. But looking at a cohort of fund vintages from 2000 to 2015, median total value to paid-in capital (TVPI) at the fund level begins to flatten after year eight *(see Figure 22)*. And IRR, which better reflects the time value of money, starts to fall off even earlier.

Figure 20: Recent vintages have been underperforming their benchmarks in terms of distributions to paid-in capital



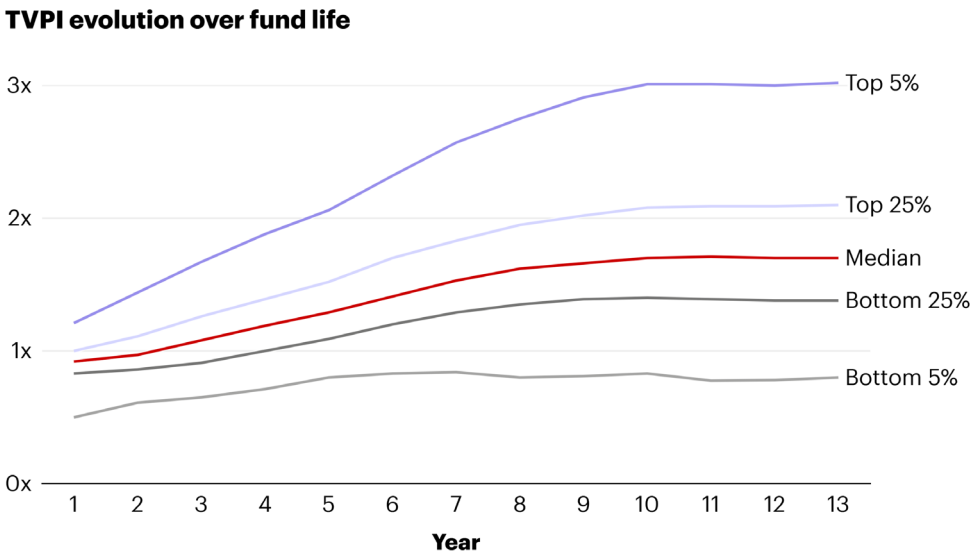
Notes: Data as of Q3 2025; historical benchmark defined as the average of the median DPI for 2010–17 vintages
Sources: MSCI; Bain analysis

Figure 21: Most LPs lean toward holding out for better returns vs. near-term liquidity, assuming GPs can deliver



Notes: Respondents asked to indicate preference on a scale of 0 to 10; scores 0–3 are classified as "focus on liquidity," scores 4–6 as "willing to trade some near-term liquidity for longer-term value," and scores 7–10 as "focus on longer-term returns"
Source: ILPA LP Sentiment Survey 2025–26 Edition

Figure 22: Total value to paid-in capital begins to flatten out after year eight of a typical fund vintage



Notes: Data as of Q3 2025; TVPI based on buyout funds with vintages between 2000 and 2015
Source: MSCI

The imperative for GPs is to take a hard look at each asset in the portfolio throughout the hold and ask a key question: Is there *really* more value to be realized here, and what would it take to capture it? If the answer is "the juice isn't worth the squeeze," then sell it and move on. If there is more value to be had, then re-underwrite the deal and refresh the value-creation plan to maintain (or regain) momentum. LPs can generally afford to be patient if they see value in waiting. But time is money, and they expect a clear return for their forbearance.

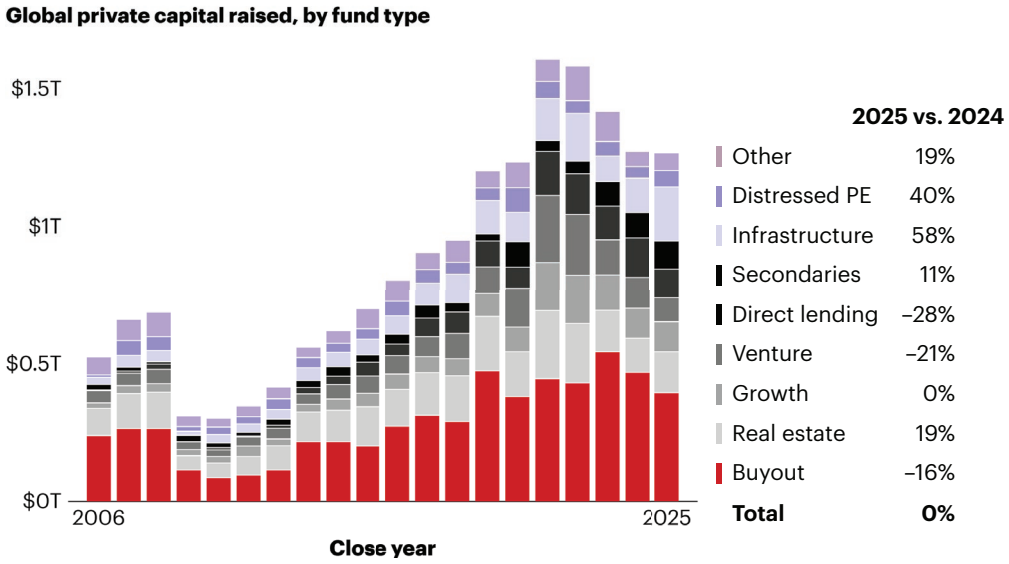
The good news is that improvement in the exit environment will make these decisions easier. And as we've noted, all signs point to a stronger environment for dealmaking in the coming year, which should buttress all exit channels. That said, GPs still have their work cut out for them. Paring down those hold times and improving DPI are the only ways to keep the capital flywheel spinning.

Fund-raising

With distributions to investors in drought stage for four years running, it's no surprise that fund-raising continued to lag in 2025.

Private capital broadly raised $1.3 trillion last year, a level about even with 2024 totals, thanks largely to strong growth from infrastructure funds. But buyout, the industry's largest category, dropped 16% to $395 billion. And the total number of funds closed during 2025 fell 18% for the industry as a whole and 23% for buyout *(see Figures 23 and 24)*.

Figure 23: Global alternatives fund-raising leveled out in 2025, but buyout funds continued to struggle on the road



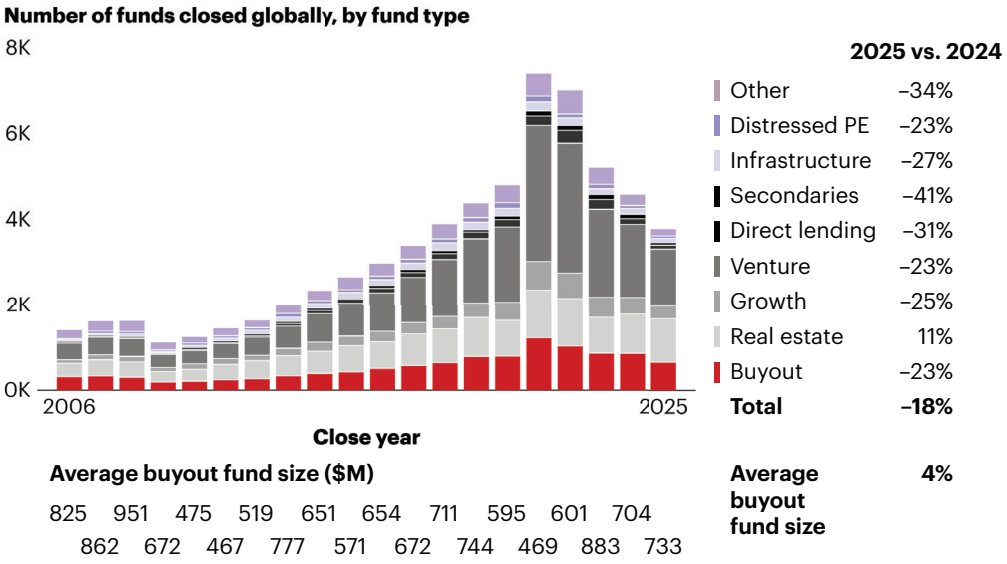
Notes: Includes closed-end and commingled funds only; buyout category includes buyout, balanced, coinvestment, and coinvestment multimanager fund types; includes only those funds for which final close data is available and attributes funds to the year in which they held their final close; excludes funds denominated in renminbi; excludes SoftBank Vision Fund; distressed PE includes distressed debt, special situations, and turnaround funds; other includes fund of funds, mezzanine, and natural resources
Source: Preqin

There's no compelling reason to believe that investors are losing faith in private equity. An overwhelming majority of LPs surveyed by Preqin indicate that they plan to either maintain or increase their allocations both in 2026 and over the long term *(see Figure 25)*. There is ample evidence, however, that LPs are stretched to their limit. Simple math dictates that the amount of capital they can commit to private equity today is constrained by the amount they get back from previous investments.

By the end of 2025, 53% of LPs in a Private Equity International survey indicated they are limited in making new commitments to private equity because past commitments have yet to be drawn down *(see Figure 26)*. That's an increase of 15 percentage points from year-end 2024. LPs are already on the hook for the massive commitments they made in the record 2021–22 fund-raising boom period, and without cash flowing back from aging fund vintages, funding those commitments becomes problematic. Until balance is restored, LPs will have to continue to juggle supply and demand very carefully.

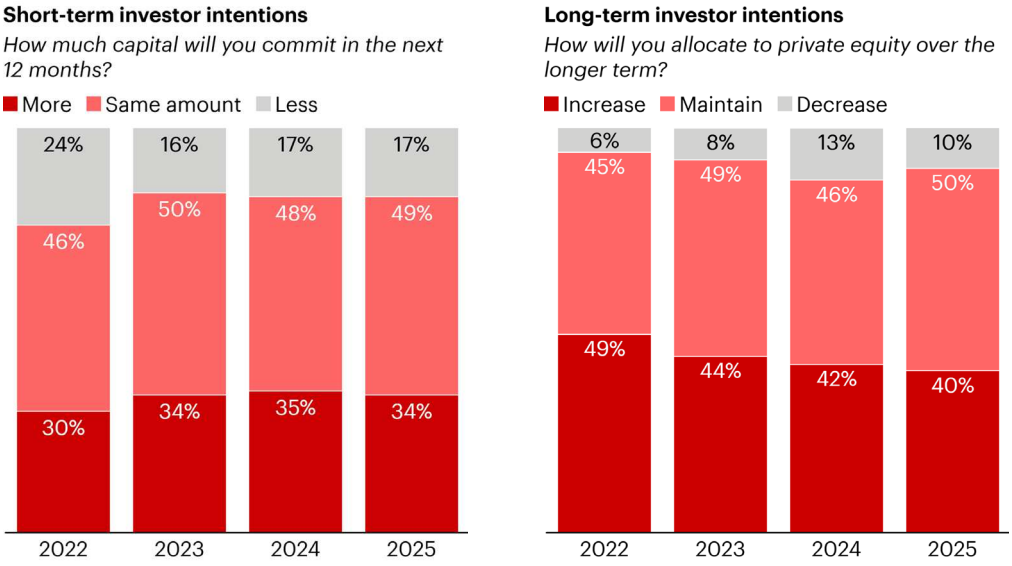
The GPs attracting capital in this period of scarcity are those that have delivered both strong returns and steady distributions. Thoma Bravo, which closed a $24.3 billion flagship fund in 2025, and Bain Capital, which closed a $14 billion fund, are prime examples. Both firms have repeatedly offered fund series that perform above median in terms of IRR and DPI.

Figure 24: The number of funds closed fell for the fourth straight year and in almost every category



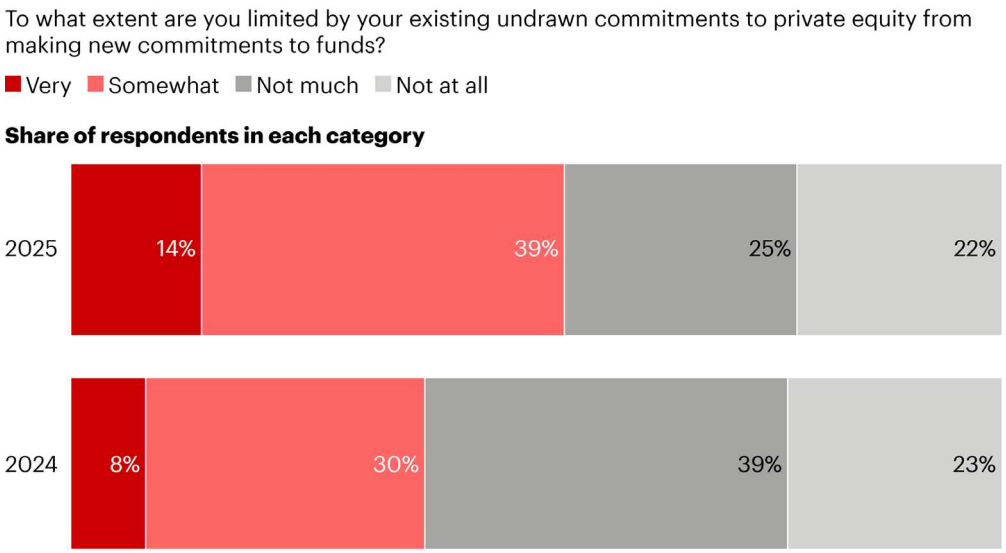
Notes: Includes closed-end and commingled funds only; buyout category includes buyout, balanced, coinvestment, and coinvestment multimanager fund types; includes only those funds for which final close data is available and attributes funds to the year in which they held their final close; number of funds for all funds, whereas average fund size is calculated based on number of funds with known final close size; excludes funds denominated in renminbi; excludes SoftBank Vision Fund; distressed PE includes distressed debt, special situations, and turnaround funds; other includes fund of funds, mezzanine, and natural resources
Source: Preqin

Figure 25: Most LPs expect to maintain or increase their private equity allocations in the coming years



Source: Preqin Investor Outlook Surveys 2022–25

Figure 26: LPs bogged down with undrawn commitments are constrained from making new ones today

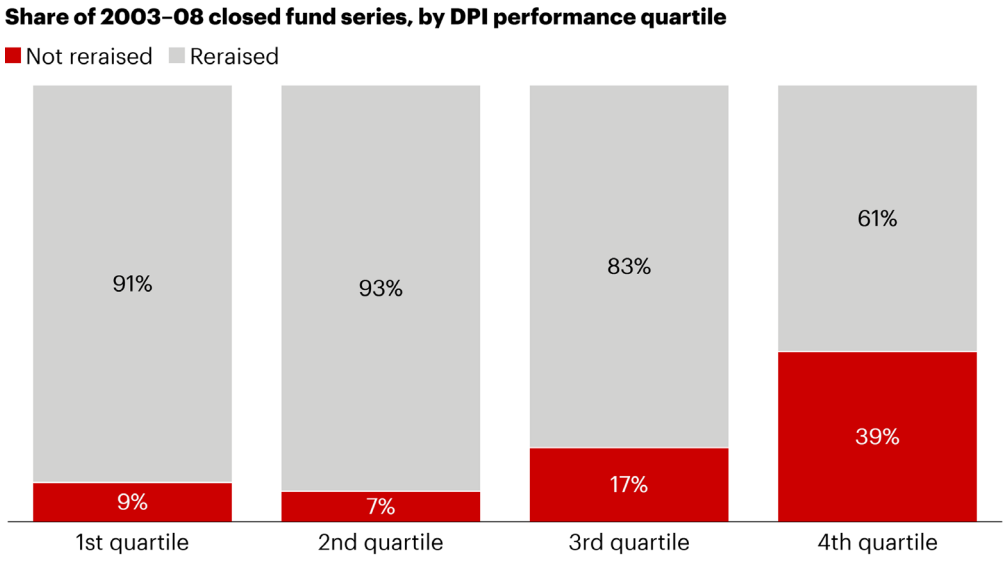


Notes: 2025 data based on PEI's 2026 survey, conducted August–October 2025; 2024 refers to reported 2025 numbers
Source: Private Equity International's LP Perspectives 2026 Study

None of this is exactly new. LPs have for years gravitated to large, established GPs with consistent performance, as well as funds of any size that can articulate a clear, demonstrable model for generating alpha. What's changed is that LPs have become significantly more demanding. Increasingly, they are looking for top-quartile returns from recent funds—often more than 20% net IRR for buyout—as well as consistent, top-quartile DPI across funds.

Not only is it critical for a fund to be able to define and articulate a truly differentiated and repeatable strategy, focusing on sector specialization, world-class capabilities, or whatever else separates it from its peers. The most effective firms are also transforming how they communicate that strategy in the marketplace. A professionalized investor relations capability is rapidly becoming table stakes in the buyout world. The best of these look a lot like the commercial organizations that software companies, financial services firms, and other large B2B sellers rely on every day. These organizations define the market clearly and learn what specific LPs want to hear in terms of metrics, coinvestment opportunities, fees, and DPI. They target the right decision makers with well-crafted sales plays and ensure that the right message is getting to the right "customer." Old-school networking still matters, of course. But lunch and a handshake simply won't cut it anymore, even for firms that have been around for decades.

Figure 27: After the global financial crisis, distributing cash to investors on time was a big predictor of who reraised



Notes: Includes closed-end and commingled funds only; buyout category includes buyout, balanced, coinvestment, and coinvestment multimanager fund types; includes liquidated and closed funds within the fund series; excludes funds denominated in renminbi; includes fund series with latest closed fund size of $250 million or more within respective close years only; historical DPI performance includes only those funds with reported DPI; DPI quartile is calculated by vintage and based on the most up-to-date global buyout benchmark for all fund sizes; based on fund series, defined as a consecutive sequence of funds by the same fund manager within the same strategy that share a common investment mandate; reraised refers to fund series closed in 2003–08 that closed at least one follow-up fund since then; not reraised refers to fund series closed in 2003–08 that did not close any follow-up funds since then
Sources: Preqin; Bain analysis

What we know from history is that periods of industry stress tend to increase the number of so-called zombie funds, whose weak performance prevents them from raising a new fund, leaving them to slowly wither away. In recent months, a number of high-profile industry voices have suggested publicly that this record period of low DPI relative to net asset value is destined to increase the zombie rate dramatically.

We're not seeing anything so draconian. There's always some churn in the industry; in normal periods, roughly 15% of fund series fail to reraise. In times of stress, that number inevitably goes up. During the global financial crisis, for example, the rate increased to around 20%, and it's no coincidence that liquidity was a sorting factor: The failure rate was much higher for funds in the third and fourth quartile in terms of DPI performance *(see Figure 27)*.

Today, around 70% of the fund series you would expect to reraise have done so. Among the 30% that haven't, we can expect casualties. But as sponsors scramble for solutions, the period of the global financial crisis is probably a good yardstick for where the long-term failure rate will end up.

None of that is to say, however, that the liquidity crunch isn't putting the squeeze on a large swath of the industry. If generating DPI hasn't risen to the top of a fund's agenda in this environment, leadership is playing with fire.

Returns

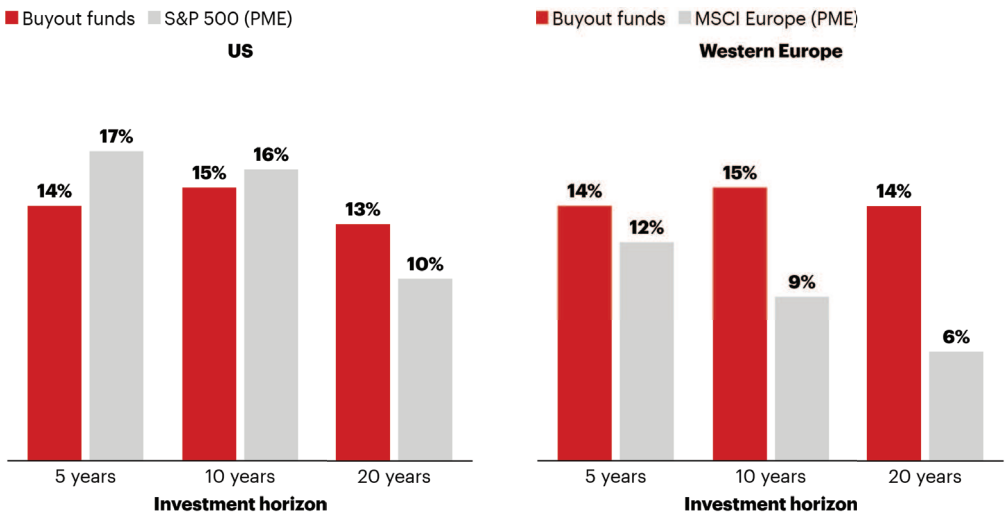
As difficult a period as this has been for private equity fund-raising, it's important to add a little perspective. Buyout funds have still raised $1.8 trillion since 2022 for the simple reason that investors continue to see major value in the asset class.

It's true that the remarkable run-up in the public markets over the past several years has erased the historical gap in 10-year returns between public and private equity, at least in the US and at least for now *(see Figure 28)*. But LPs recognize that these public market gains are likely anomalous and, most critically, private equity offers the choice of investments with sizable outperformance. Top-quartile buyout funds outperform the public averages by significant amounts over all time horizons *(see Figure 29)*.

It's also true, of course, that US public equities have become extraordinarily concentrated. You've heard it before: Seventeen megacap stocks (the so-called Magnificent Seven plus 10 other tech and nontech

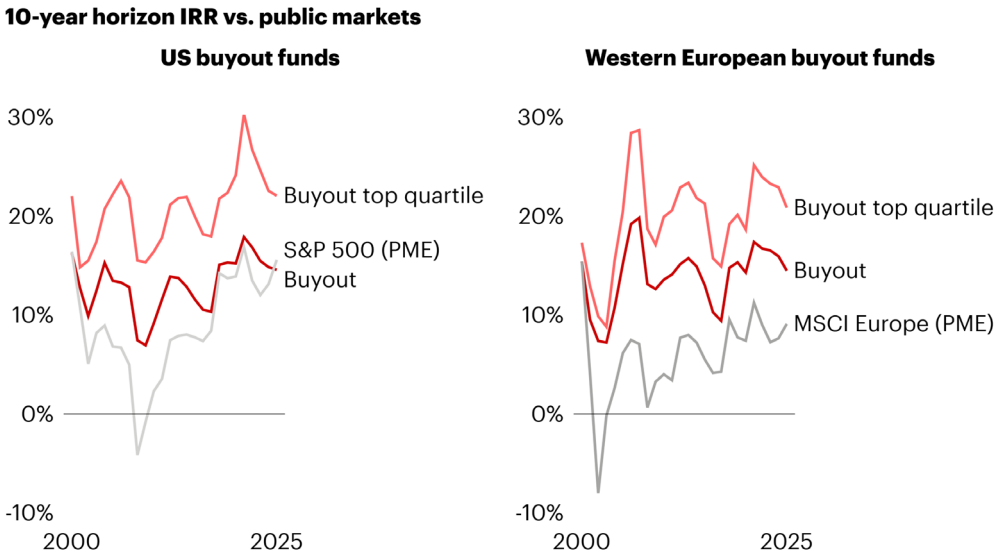
Figure 28: US stocks have outperformed buyout returns over the past decade, but private equity still leads in Europe

End-to-end pooled net IRR, as of Q3 2025



Notes: Data for US calculated in US dollars; data for Europe calculated in euros; public market equivalent (PME) calculated using the Long-Nickels index comparison method, an IRR-based methodology that makes meaningful comparisons between private capital investments and indexes; methodology assumes buying and selling the index according to the timing and size of the cash flows between the investor and the private investment; Western Europe includes 32 countries, as defined by MSCI
Source: MSCI

Figure 29: Top-quartile funds beat public averages handily around the world



Notes: Data as of September 2025; public market equivalent (PME) calculated using the Long-Nickels index comparison method, an IRR-based methodology that makes meaningful comparisons between private capital investments and indexes; methodology assumes buying and selling the index according to the timing and size of the cash flows between the investor and the private investment; top quartile defined as 75th percentile; Western Europe includes 32 countries, as defined by MSCI
Source: MSCI

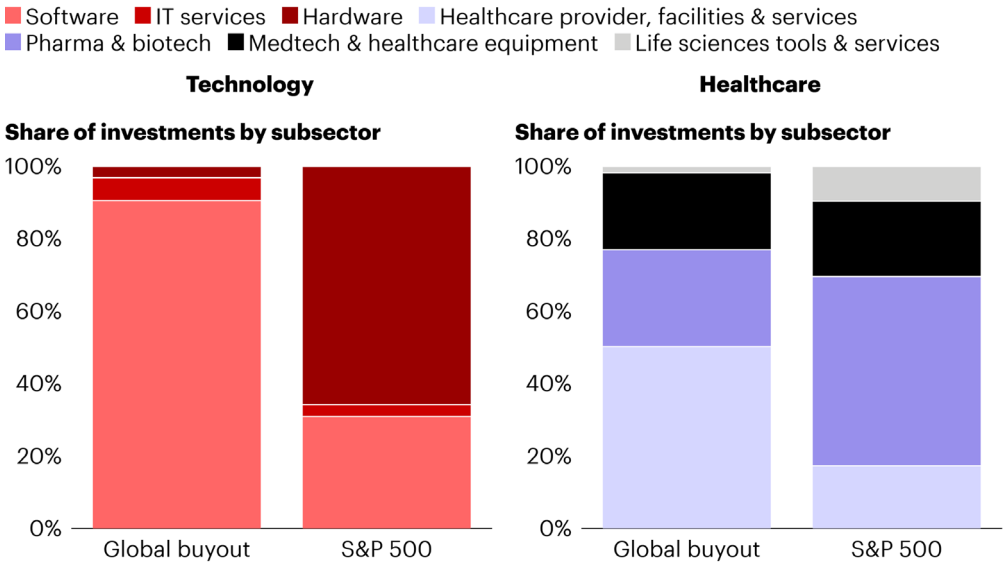
giants) accounted for 75% of the S&P 500's gain in 2025. LPs already have significant exposure to these stocks and have benefited mightily from their performance over the last several years.

What private equity offers is broader diversification across sectors and company sizes, in addition to the opportunity to choose top-tier funds that meet specific allocation objectives. Comparing the S&P 500 and global buyout's investments in two hot sectors—tech and healthcare—shows just how different the exposure can be *(see Figure 30)*.

Returns, as we've seen, are vitally important to how LPs choose among PE funds and remain critical to private equity's appeal as an asset class. But when asked what they value most in private equity, LPs in Preqin's June 2025 Investor Outlook Survey said diversification, not returns, is the top rationale for investing *(see Figure 31)*.

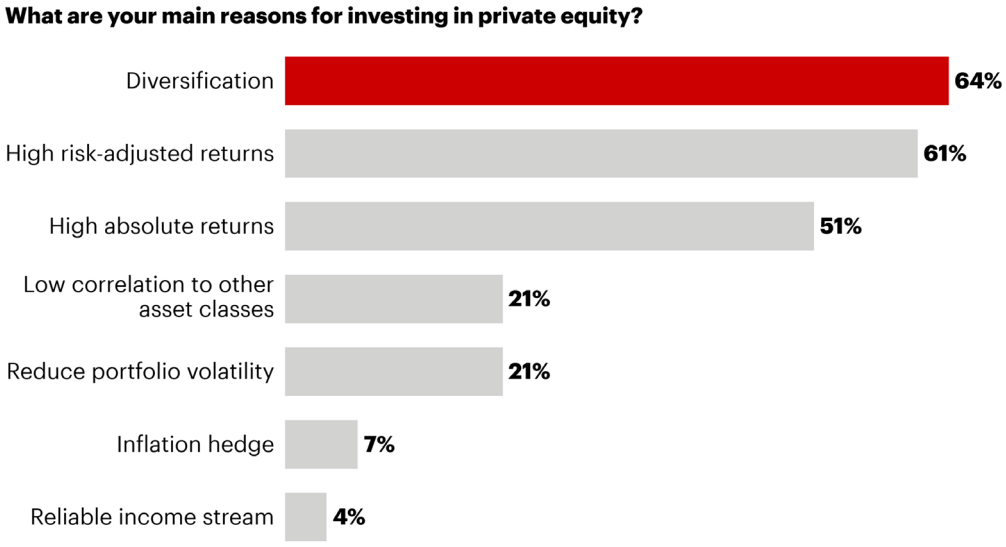
The bottom line is this: The private equity value proposition has not lost its appeal among investors during this difficult period. But as the industry matures and becomes increasingly more competitive, LPs are ever more focused on who within the asset class can deliver.

Figure 30: Private equity offers investors a much different look at hot sectors like technology and healthcare



Notes: Global buyout refers to equity invested in technology and the healthcare sector, respectively, from 2016 to 2025; S&P 500 refers to the 2025 market capitalization of information technology and healthcare stocks, respectively
Sources: S&P Global Market Intelligence; SPI by StepStone; Bain analysis

Figure 31: LPs' main reason for investing in private equity remains diversification, followed by high returns



Source: Preqin Investor Outlook Survey



Welcome to a New Era in Private Equity

If you're waiting for everything to get back to "normal," don't hold your breath.

By Hugh MacArthur, Claudia Bianchi, Brian Kmet, and Brenda Rainey

At a Glance

- While private equity posted some impressive gains in 2025, it was also a year of haves and have-nots.
- The reason: The industry has changed structurally in ways that are making it dramatically harder to compete than it was only a few years ago.
- The winners in this difficult new era are the firms that know exactly what makes them special, how to build a system around it, and how to use that system to spot value where others don't.

For some private equity funds, 2025 was a fine year.

Investment and exit value rebounded strongly. Dealmakers shook off the springtime tariff panic to complete some of the biggest buyouts of all time. General partners (GPs) took advantage of the boom in corporate M&A to find buyers for their shiniest assets.

Yet, as we detail in the first chapter of this report, 2025's recovery was also decidedly narrow. A swath of very large buyout funds dominated activity, aided by massive direct equity injections from sovereign wealth funds and corporate partners. Overall deal and exit count declined, and distributions to limited

partners (LPs) continued to lag. The average buyout fund seeking new capital is encountering perhaps the most difficult period in fund-raising the industry has ever seen.

The best description of what we're experiencing is what economists call a K-shaped recovery—a subset of elite funds is on the upswing while everyone else muddles through. It would be comforting to think this is just a delay in getting back to "normal" after a long series of wrenching black swan events over the past several years. But the evidence suggests something bigger is going on: As the new cycle gains steam, the maturing industry has hit an inflection point. The basis of competition has shifted dramatically. Every aspect of raising capital and generating returns has become significantly more challenging.

On a historical basis, the economy is, in fact, settling back into something that looks more like normal. It's just not the zero-interest-rate, easy money era everyone got used to in the decade leading up to 2021's orgy of dealmaking.

On a historical basis, the economy is, in fact, settling back into something that looks more like normal. It's just not the zero-interest-rate, easy money era everyone got used to in the decade leading up to 2021's orgy of dealmaking. That period, it turns out, was the anomaly. Low interest rates led to steadily rising multiples, which powered over 50% of all buyout returns. That allowed shorter holding periods and quick distributions of profits to LPs, who were then happy to recycle that capital into ever-larger funds.

This virtuous cycle lifted a lot of boats during the easy money days. But it also obscured important changes that were going on in the background—changes around what it takes to compete for deals, talent, and capital in an industry that has exploded in size and sophistication. Now that those tailwinds are gone, the funds that have adapted to the changes are the ones riding the upper arm of the K. For those that didn't, now is the time to regroup and prepare to compete in a world that will be very different from the one we've left behind.

Three major challenges stand out.

12 is the new 5

Rising interest rates and shifting market dynamics have changed deal math dramatically. In a typical 2015 buyout, 50% of the purchase price was borrowed at a 6%–7% interest rate. Asset prices were on a steady climb upward, which allowed sponsors to benefit from multiple expansion to make deals work, even if

operational improvements were marginal. That meant a typical investment ultimately required just 5% annual growth in earnings before interest, taxes, depreciation, and amortization (EBITDA) to generate a target 2.5x multiple on invested capital (MOIC) over a five-year holding period.

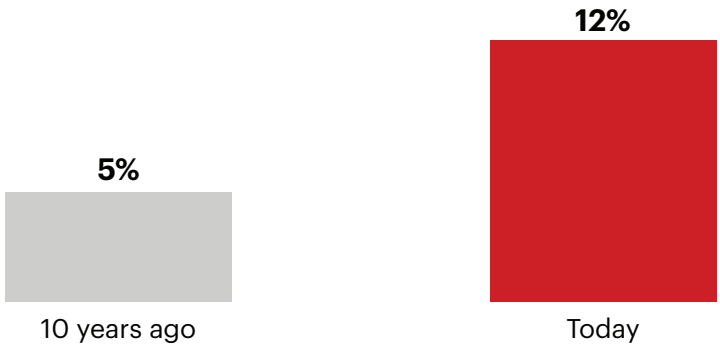
Fast-forward to today and borrowing costs are in the 8%–9% range, while leverage ratios are closer to 30%–40%. Purchase multiples, meanwhile, remain in record territory yet largely stagnant. With less leverage and lack of multiple growth, these expensive deals only pencil out if you assume much larger increases in EBITDA—something closer to 10%–12% to generate that 2.5x return over five years *(see Figure 1)*. The assumptions behind these numbers will vary, of course, but the direction of travel is clear.

As a result, most GPs will have to raise their value-creation game substantially. It will only get harder to generate both acceptable returns and strong distributions to paid-in capital (DPI). Already that's a problem. Buyout funds are sitting on a record $3.8 trillion in unrealized value, and average holding periods at exit have drifted toward seven years. Distributions as a percentage of net asset value (NAV) are well below historical norms.

Not surprisingly, this makes raising the next fund a major challenge for many GPs. Gone is the glorious time in the 2010s when everybody was generating and distributing capital at a record pace. These days, LPs have narrowed their focus to the largest platforms and the top-tier alpha generators while the majority of firms wrestle with smaller closes, longer cycles, and more "noes" than "yeses." Buyout funds are not only competing among themselves, but LP attention is increasingly focused on the broader alternatives landscape: growth, private credit and special situations, asset-backed finance, infrastructure, real estate, secondaries, and a growing universe of semiliquid and evergreen vehicles.

Figure 1: Less forgiving economic conditions mean GPs have to generate much more cash flow to make deals work

Annual EBITDA growth required to generate a target 20% IRR/ 2.5x MOIC over a 5-year holding period



Notes: Illustrative US example; interest rates estimated using US large-corporate LBO yields (EBITDA of $50 million or more), at 6% for 2015 and 8% for 2025; leverage ratios defined as debt divided by enterprise value, estimated at ~50% for 2015 and ~36% for 2025; entry and exit multiples based on industry benchmarks for fully realized deals, estimated at 10.0x entry/12.5x exit for 2015 and 14.0x entry/15.0x exit for 2025
Sources: SPI by StepStone; PitchBook; Bain analysis

The cost of alpha is rising

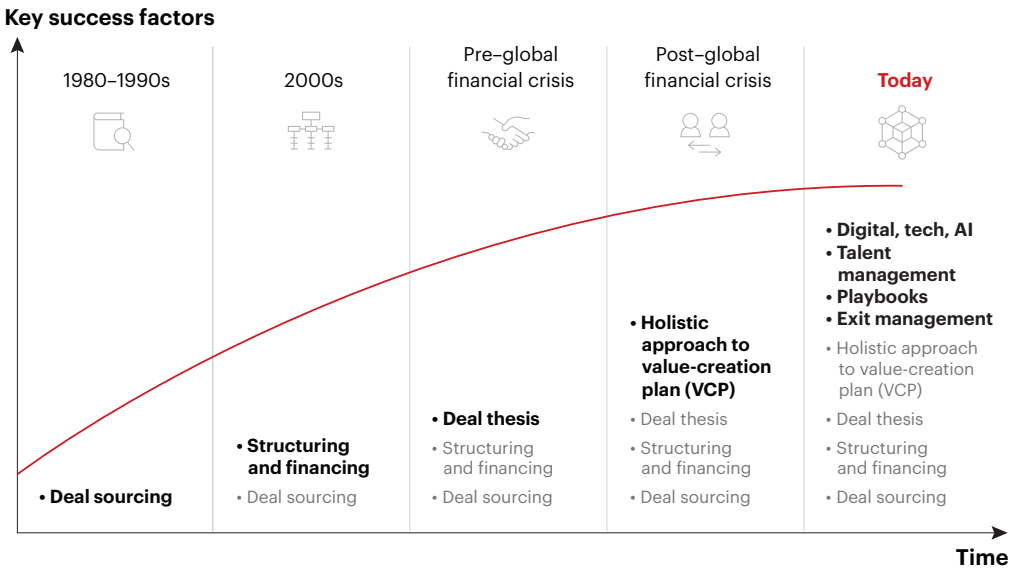
At the same time, the cost of generating the kind of performance that stands out from the crowd is going up fast. As private equity firms have become more sophisticated and complex, the cost of operating them has risen commensurately *(see Figure 2)*.

Developing a repeatable model to consistently deliver alpha demands heavy investment in specialization, mission-critical capabilities, broad ecosystems, and world-class talent. Raising money has gone from a handshake at lunch to building an investor relations shop that looks a lot like a B2B sales organization—one capable of segmenting the market, developing playbooks, and, when appropriate, tapping into new pools of capital like private wealth and sovereign wealth funds. Technology has always been critical (and expensive), but it's even more so in the age of AI. GPs are using AI to drive down costs at the firm level while exploring how these technologies can transform everything from deal sourcing and due diligence to value creation. None of this is cheap, but all of it is necessary to compete successfully in private equity's new era.

Revenue is under pressure

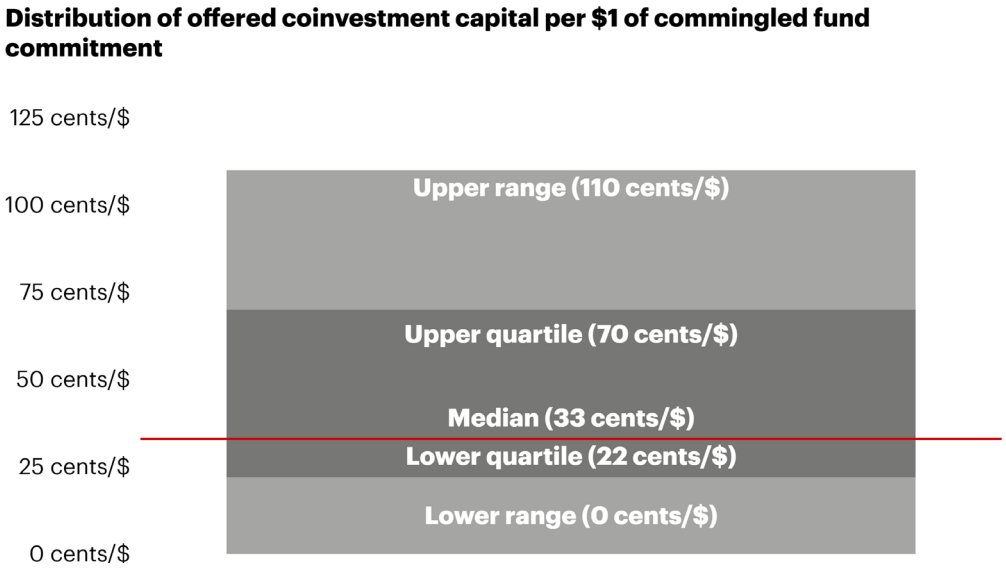
Increasingly, however, the revenue needed to pay for these ever-more-sophisticated organizations is under pressure. Even as costs are rising across the industry, two important trends are eating into firm economics. The first is declining headline management fees. Over the past 15 years, competition for capital has resulted in fee concessions to LPs that have steadily eroded revenue per dollar of assets under

Figure 2: Private equity firms today are considerably more complex and expensive to run



Source: Bain & Company

Figure 3: LP demands for coinvestment can dramatically compress fee income



Source: 2026 StepStone/Bain Private Equity GP Survey

management. The level of concession from the headline fee typically correlates with fund size (the bigger the fund, the lower the fee), but the average management fee for a buyout fund was 1.6% in 2025, according to Preqin. That's down 20% from the industry's traditional level of 2%.

Declining fees can bite into revenue, as can additional discounts for scale commitments or early-bird funding. But the bigger pressure on fund economics comes from growing LP demands for no-fee coinvestment. Granting investors the opportunity to invest directly (with no fee) in deals a firm originates has become an increasingly common practice among GPs looking to secure regular, fee-bearing capital commitments. The size of the opportunity varies widely and is typically part of a broader negotiation with LPs. But the practice is widespread across fund sizes and can have a major impact on how much revenue a fund gets from its dollars under management.

Respondents to the 2026 StepStone/Bain Private Equity GP Survey said they had offered anywhere from 110 cents of coinvestment per dollar of fee-bearing capital to no coinvestment at all *(see Figure 3)*. The median, however, was 33 cents on the dollar, which translates to a hefty 25% reduction in revenue. Notably, the pressure for more concessions is unlikely to ease. The ILPA LP Sentiment Survey 2025–26 Edition showed that more than half of LPs believe they have more leverage with GPs than they did 12 months earlier.

Winning in a bold new era

Inflection points produce as many opportunities as challenges, and the one we're describing here is no different. The firms poised to succeed in the coming up cycle are those for whom alpha generation is a habit, not an aspiration. They can articulate for investors a truly defensible, truly differentiated strategy and, critically, can prove with data how well the firm can execute.

The funds being left behind are those with no distinctive advantage, especially at a time when the supply of PE investment capital is exceeding demand. The bread-and-butter generalist firms that dominated the industry's early decades are struggling to attract interest in this environment. "We sort of do everything" is no longer a persuasive pitch unless you truly do everything well and at global scale. LPs want to know—really—what your strategy is, why it works now, and how you can prove out your repeatable edge. They want data showing strong internal rates of return and steady DPI.

The funds being left behind are those with no distinctive advantage, especially at a time when the supply of PE investment capital is exceeding demand.

Focusing a firm on what it does best isn't some sort of dark art. It is a practical exercise that firm leadership should revisit on a regular basis. The firms that get it right do a few things really well.

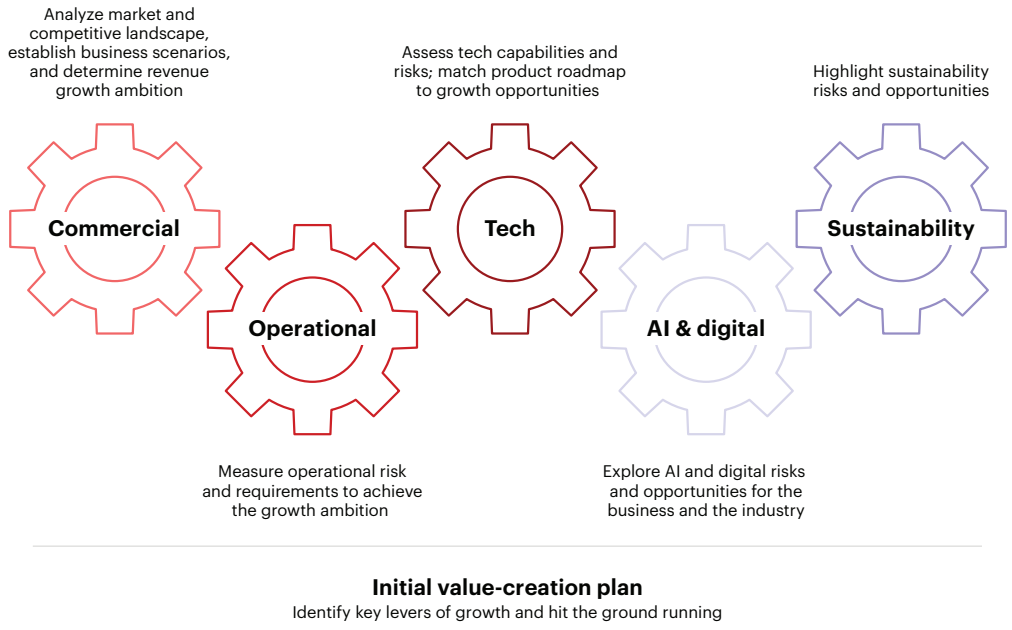
Defining what makes you special. All funds will tell you they've already defined who they are and why investors should love them. But their LPs may tell a different story. The "secret sauce" GPs offer is too often vague or unconvincing. At a firm that has existed for years or decades, sharpening the focus typically involves critically reevaluating its investing history, identifying areas where it has a repeatable edge, and discarding anything that doesn't fit the bill. LPs are looking for a strategy that can be described in one sentence and backed up with data. If focus requires downsizing in the short term, it is better to make that decision yourself than to have it imposed on you by LPs.

Building a system, not a slogan. To state the obvious, private equity firms compete for three scarce things: capital, talent, and deals. Less obvious: The most effective firms ensure that their capital, talent, and investment strategies all tell the same, coherent story. Whether the answer is creating real sector depth, building operating expertise, developing data and AI skills, or all of the above, it adds up to a practical, differentiated approach to how you source, how you underwrite, how you build value, and how you exit.

Putting the system to work proactively. Defining what you do best and building a system around it is critical, but not sufficient, for stepped-up performance. What comes next is putting the system to work in a proactive way, starting with sourcing. The best firms know the kinds of companies they are uniquely suited to own and track them over years, not months. The average deal process today has dozens of PE firms kicking the tires, most of them looking at the same deal book and market information. Proactive firms don't wait around for an investment bank to deliver the confidential investment memo (CIM). They use their unique strategy to go looking for companies in their sweet spot, often years before there's a hint they are about to trade. That way, when the company does trade, the firm knows much more than anyone else about what it's worth—and what can be done to make it worth more.

Too often, GPs leave this last part till later. Due diligence is largely defensive—an exercise in confirming what's in the CIM and developing a deal model that is conservative enough for a lender to provide debt and aggressive enough to deliver good-enough returns for the GP. But in a world where 12 is the new 5, good enough doesn't cut it. What's required is full potential due diligence—a holistic, multidisciplinary effort that not only produces a viable deal case but also focuses on the true full potential of an asset, identifying the revenue levers, operational levers, and technology levers that will produce a real step change in performance *(see Figure 4)*. If you understand best what the asset can be worth, you're not only smarter about what to bid for it but you enhance speed to value by hitting the ground running on Day 1 of ownership.

Figure 4: Full potential due diligence integrates insights from all directions to reach a clear, unified assessment of how to maximize a company's value



Source: Bain & Company

This is the kind of process Hg undertook leading up to its $6.4 billion deal to take OneStream Software private in January 2026, with minority investments from General Atlantic and Tidemark. OneStream, a leading cloud-based enterprise finance management platform, had been on Hg's radar for years. Yet to take it private, Hg and its partners needed to develop next-level conviction that the upside could fully justify a significant premium on the company's stock price.

If you understand best what the asset can be worth, you're not only smarter about what to bid for it but you enhance speed to value by hitting the ground running on Day 1 of ownership.

For more than a decade, OneStream's revenues had grown at double-digit annual rates as the company successfully transitioned on-premise enterprise users to the cloud. Its product was uniquely suited to customers requiring large-scale deployments in ultra-high-complexity financial environments. The question was whether it was positioned to maintain strong growth in the years ahead.

To find answers, Hg combined commercial, technical, product, AI, and go-to-market diligence into a single, unified inquiry that evaluated OneStream from all angles. With this integrated approach, each team's insights fed into the others, raising and answering questions step by step, validating and learning along the way.

Product-market fit and commercial analysis were informed by the technical team's findings, and vice versa. The technical and AI teams evaluated OneStream's features, and the commercial team verified that users valued them.

The technical experts engaged with core users of the OneStream suite to understand and validate their workflows and interactions, assess the user interface, and reinforce what differentiated the product relative to peers. They evaluated the maturity and strength of the underlying platform architecture, confirming that the stack could support enterprise-scale, mission-critical finance use cases cost effectively while enabling future capability expansion, including AI-driven enhancements.

These inquiries made it clear that customers loved the product's functionality and that OneStream's unique approach was especially well suited to the rigorous demands of the financial suite. The company was also well positioned to take advantage of AI—not be overtaken by it. And the product was well supported both organizationally and commercially.

Having validated a strong base case for value creation, Hg developed a full potential vision for how OneStream could maintain healthy growth well into middle age. While a large majority of its revenue had

historically come from moving on-premise ERP customers to the cloud, the company was also building significant business in other high-growth segments. Hg, meanwhile, offered skill sets that would lead to ongoing improvements in areas like technology, AI, commercial excellence, and operational efficiency.

Hg's interest played out over several months, with increasingly greater levels of access. Each successful stage led to more value underwritten, justifying continued investment and giving Hg confidence that it had a thoroughly defensible bid.

As with any maturing industry, private equity is sorting itself into the models that work and those that don't. What used to be a collection of entrepreneurial dealmakers putting money to work, one deal at a time, has evolved into a hypercompetitive marketplace of increasingly complex organizations with robust strategies to deliver true alpha through specialization. To stay relevant in this new era, every firm needs to answer two strategic questions: What is our unique competitive advantage? And what, precisely, must we do to win—in dealmaking, fund-raising, and talent development—consistent with that competitive advantage?

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