ASSET CLASS FOCUS
JULY 2026

PPMAMERICA

US Private Equity

KEY TAKEAWAY

> After a war-induced pause, US PE activity gained steam later in the quarter; concerns still exist in technology-related sectors, but we believe initial write-downs may have been fear based and future valuations should differentiate winners and losers

Most US risk markets, including private equity (PE), took positive steps forward in Q2 2026 as investors reacted favorably to US-Iran ceasefire talks, a robust earnings season and positive labor market data.

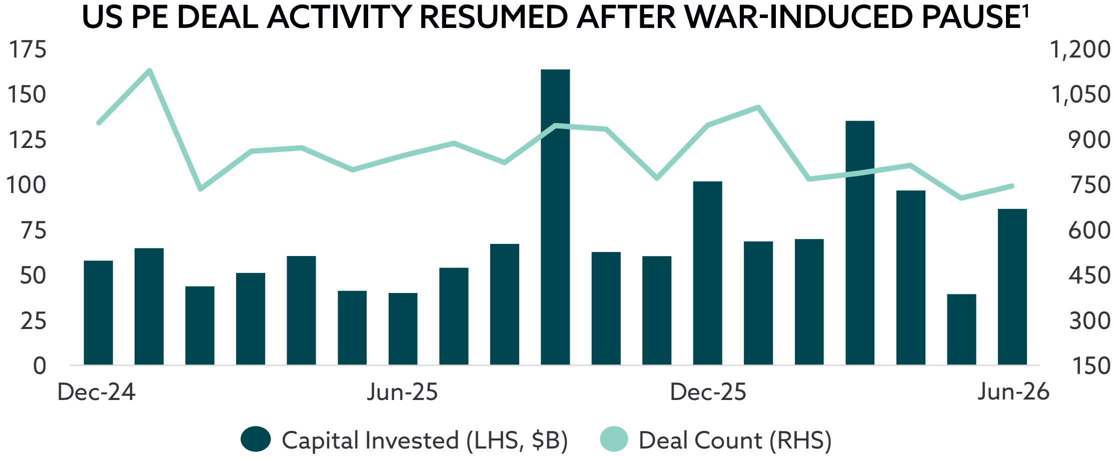
US PE deal activity was muted in May before picking up significantly in June.[1] Contributing to this uptick, from our observations, were co-investments that had been put on hold at the start of the US-Iran conflict finally coming to market. Our expectation is for deal flow to be healthy for the rest of the year (outside of an exogenous shock), even with the prospect of no Fed rate cuts. As for transactions, we still observe high-quality assets going for healthy prices.

Fundraising continues to be a story of haves and have nots. We have observed that if you are sponsor with a solid track record and clean reputation, investor capital is available. This dynamic does not apply only to the mega funds; anecdotally, we recently observed a quality mid-market fund get oversubscribed three times. Others are having a more difficult time raising funds. Oftentimes, this can be the result of limited partners trimming the number of sponsors with whom they invest, funneling the capital to a select few.

Muted exit activity remains a headwind in the PE market. However, the growing volume of single-asset continuation vehicles (CV) has counteracted this trend, emerging as an increasingly utilized liquidity tool by some sponsors. Still, investors need to be mindful of the proliferation of lower-quality single-asset CVs as the secondary offering becomes more popular.

AI and technology-related sectors continue to be top-of-mind for PE investors. After the market volatility, we have observed some sponsors writing down various software holdings by double digits to reflect public comparables. However, we believe many of the impacted companies are operationally sound with strong fundamentals. In our view, these initial write-downs may have been fear based, and future valuations should likely be more rational in differentiating winners and losers. Generally, sponsors view AI as a tailwind for portfolio companies overall, acting as a driver of efficiency.

US PE DEAL ACTIVITY RESUMED AFTER WAR-INDUCED PAUSE[1]



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 (1) PitchBook Data, Inc. As generated on 17 July 2026.

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