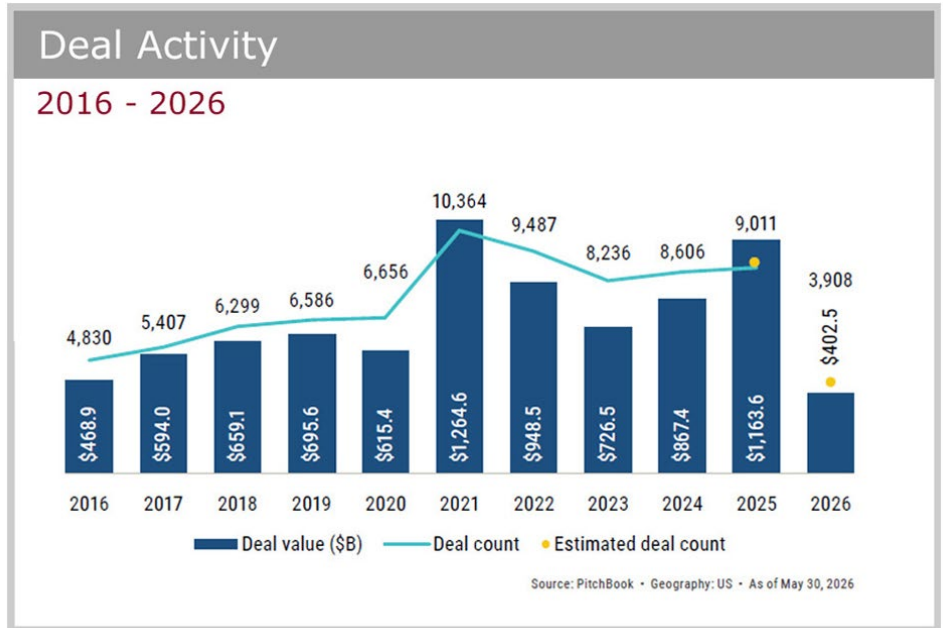




According to a recently published overview by Pitchbook, a database of private company transactions, the 2026 midyear landscape presents a complex environment for sponsors navigating renewed macroeconomic headwinds. While transaction activity remains relatively healthy, platform LBOs have not reached their projected 25% share, dropping instead to 18.8% of deals through May. This shift stems largely from



tighter credit markets and fears of AI disruption within software, prompting sponsors to pivot toward add-on acquisitions, which now account for 74.7% of buyout activity.

Exit conditions continue to frustrate monetization timelines, compounding a massive backlog. As of Q1 2026, US PE inventory has swelled to 13,325 companies, equating to a highly elevated 10.8-year backlog at current pacing. Consequently, assets acquired during the 2021 peak are exiting at a markedly slower pace than previous vintages. Despite this liquidity pressure, continuation fund activity has cooled; only 64 continuation fund-related exits occurred through May, falling short of the record 2025 pace as sponsors hesitate to accept steep secondary market valuation discounts.

Finally, the fundraising environment underscores a definitive flight to scale. With overall capital formation stalling, limited partners are consolidating their commitments with mega-managers. Between January and May of 2026, just 10 funds collected nearly half (48.2%) of all the money raised. Overall, experienced managers took in the vast majority (87.3%) of the total funding. Until exit liquidity meaningfully improves and distributions flow back to LPs, capital concentration among premier multi-strategy platforms will persist as a defining feature of the current cycle.

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