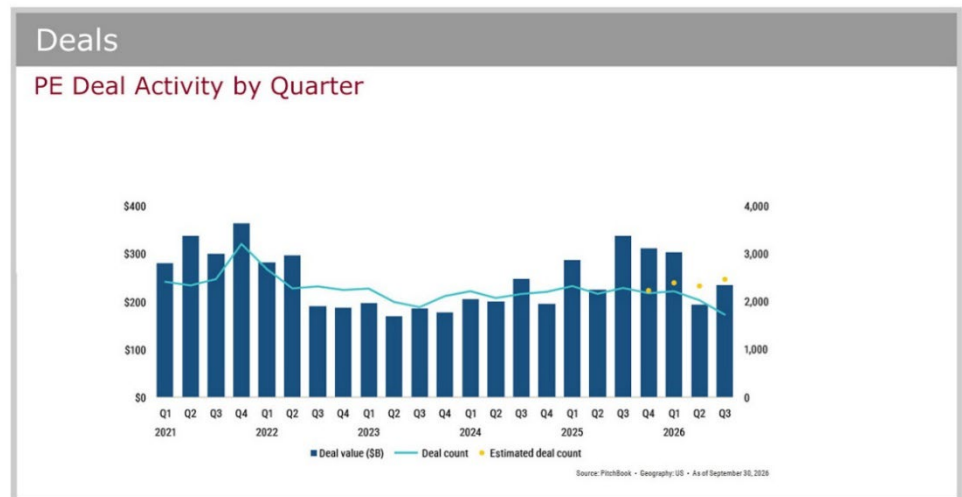




According to a recently published report by Pitchbook, a database of private company transactions, private equity activity rebounded in the third quarter of 2026, with deal value reaching \$233.8 billion across 2,467 transactions. Despite macroeconomic headwinds and a September interest rate hike, sponsors remained active by employing a barbell strategy that pairs lower-risk add-on and growth equity investments with select large-scale buyouts. Furthermore, software deal activity stabilized as investors favored business and productivity models that are insulated from artificial intelligence disruption, while take-private transactions bounced back.



Exit activity saw a substantial 50.4% quarter-over-quarter increase in value to \$165.5 billion, driven primarily by corporate strategics acquiring premium assets. However, the exit environment remains heavily concentrated at the top, as smaller middle-market assets continue to face difficulties due to elevated financing costs and wide bid-ask spreads. Meanwhile, fundraising is on pace for a third consecutive annual decline, with \$222.0 billion raised year-to-date. Limited partners are concentrating their capital with established managers who can demonstrate realized performance, making it increasingly difficult for emerging managers to secure allocations.

With acquisition prices remaining elevated and the cost of capital significantly higher than in recent years, private equity firms can no longer rely on heavy debt loads and cheap financing to drive returns. Instead, sponsors must generate value through hands-on operational improvements from the moment a deal closes. This shift requires a rigorous focus on core business fundamentals, such as optimizing pricing strategies, streamlining procurement, and strictly managing working capital. Ultimately, pairing highly disciplined asset selection with strong operational execution has become the definitive playbook for navigating a prolonged high-rate environment.

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