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# The Pulse of Private Equity

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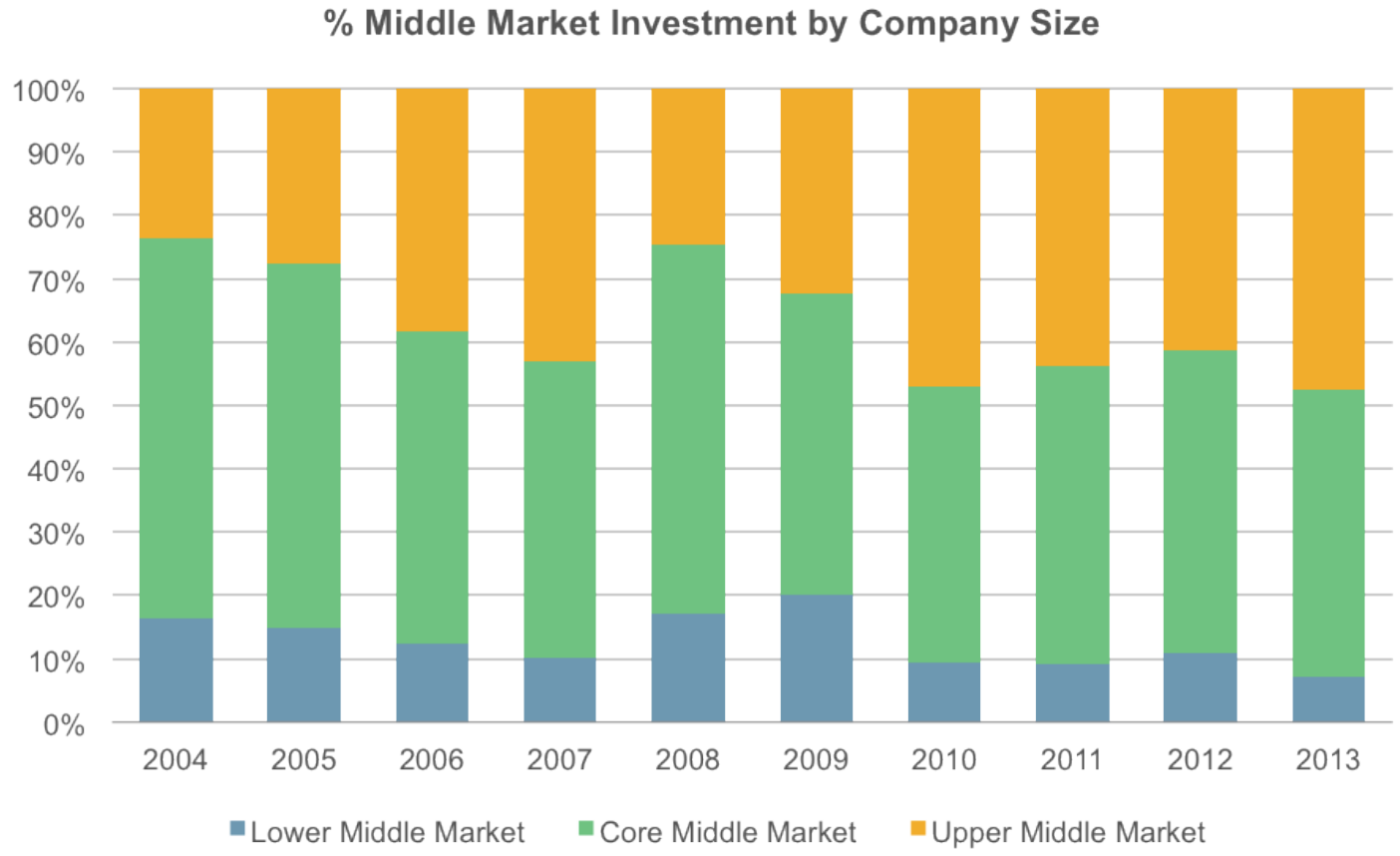


While much of the publicity surrounding private equity centers on mega-deals, the middle market actually accounts for more than 70% of all PE buyouts and 66% of the capital invested in PE transactions. It is far-and-away the largest segment of the private equity deal-making environment and a safe bet that when the middle market is healthy, most of the PE industry will be humming along as well.

One interesting trend growing within the middle market is an increased level of investment activity in upper middle-market companies (valued between $500M and $1B). We see two factors driving this, first is the success that middle-market funds of vintages 2008-2010 have been realizing. This has allowed these firms to go back out, raise more capital and go further up the market for the right opportunities. The second is that the largest buyout shops are still smarting over hits they took on some mega-deals and meanwhile are watching middle-market funds post strong returns and garner lots of LP love. This has led mega-firms to shift their efforts toward the middle market, but because their fund sizes are so large, they still need to buy relatively large companies. We will be watching this sweet spot to see how this trend plays out for companies, general partners and limited partners.