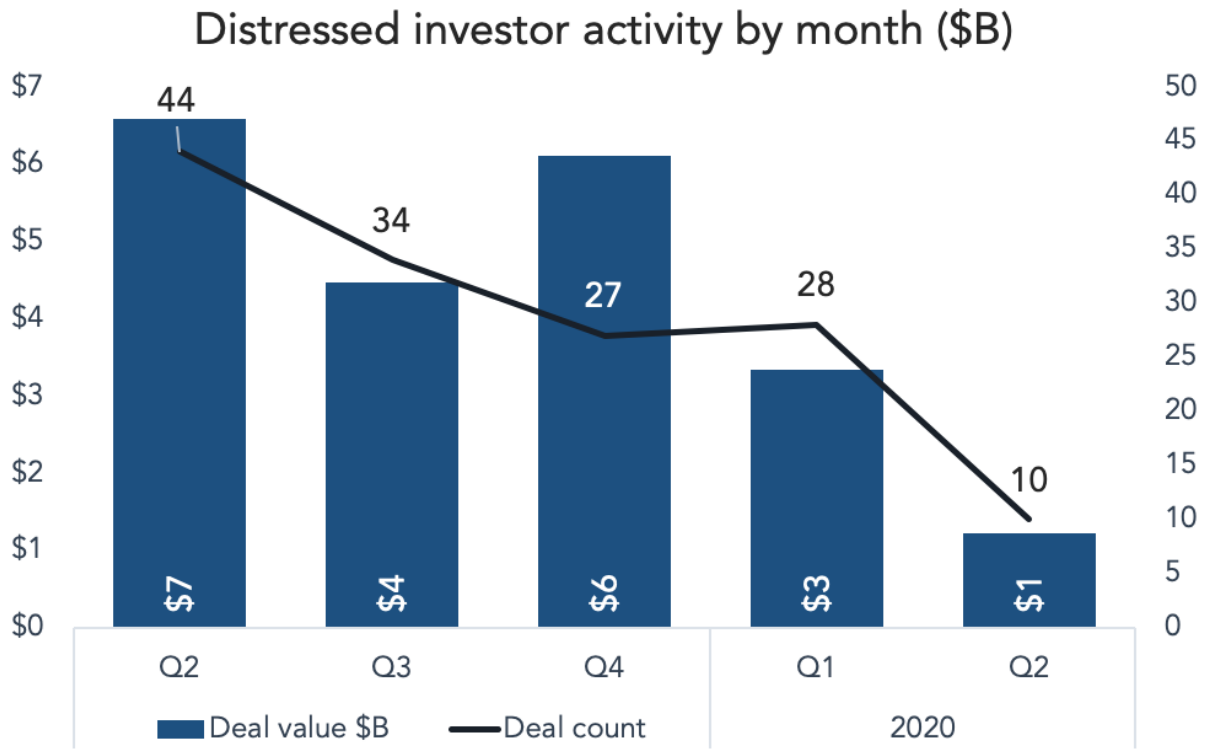
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Will distressed deals see an early comeback?

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One big, near-term question for private equity will be around distressed companies. Rescues have been made already, while other deals have been done to provide liquidity and strengthen balance sheets. Below the radar, deals have been made with hair salon chains, collegiate study abroad programs and summer sports camps for kids. COVID-related deals are popping up on the wires every week.

An upcoming PitchBook report, in partnership with the American Investment Council, will delve into the "distressed" landscape and an expected swath of dislocations. Many of these companies were performing well pre-COVID but have had to cancel services indefinitely, and in many cases offer refunds or 12-month postponements. We wanted to see where things stood at the moment, so we devised a representative list of 100+ distressed investors to track that activity. Predictably, volume was soft in Q2, at the height of the lockdowns, but activity quietly perked up in July and August.

The 2008 financial crisis offers something of a benchmark for the 2020/2021 timeline. Distressed activity slowed to a crawl in Q2 2009 before ramping up a bit later that year. But the big bump in volume wouldn't come until Q4 2010, or about two years after the initial implosion. Why the long wait? Many dealmakers publicly regretted staying on the sidelines as long as they did, and memories came rushing back in April and May, with many investors vowing to act quicker this time. A few have. Trive Capital, a Dallas-based firm that seeks "under-resourced" or "operationally challenged" companies in "out-of-favor" industries, made at least three investments over the summer, including a California bakery with national distribution, an Ohio-based aircraft maintenance

provider, and a Canadian slot machine company. Outside of Trive, several aircraft-related deals have been done under quarantine, in addition to a handful of deals for restaurants, hotels and entertainment providers. We haven't seen the big wave of activity come yet, but it's hard to imagine PE waiting as long as they did last time.

PitchBook's collaboration with American Investment Council will start later this month and continue into the new year, offering insights on the healthcare industry, PE's role in fostering technological innovation and many other topics. We will also be interviewing senior executives at some of the biggest PE firms in the country to get their thoughts on the current market. More to come!