PE take-private deal activity

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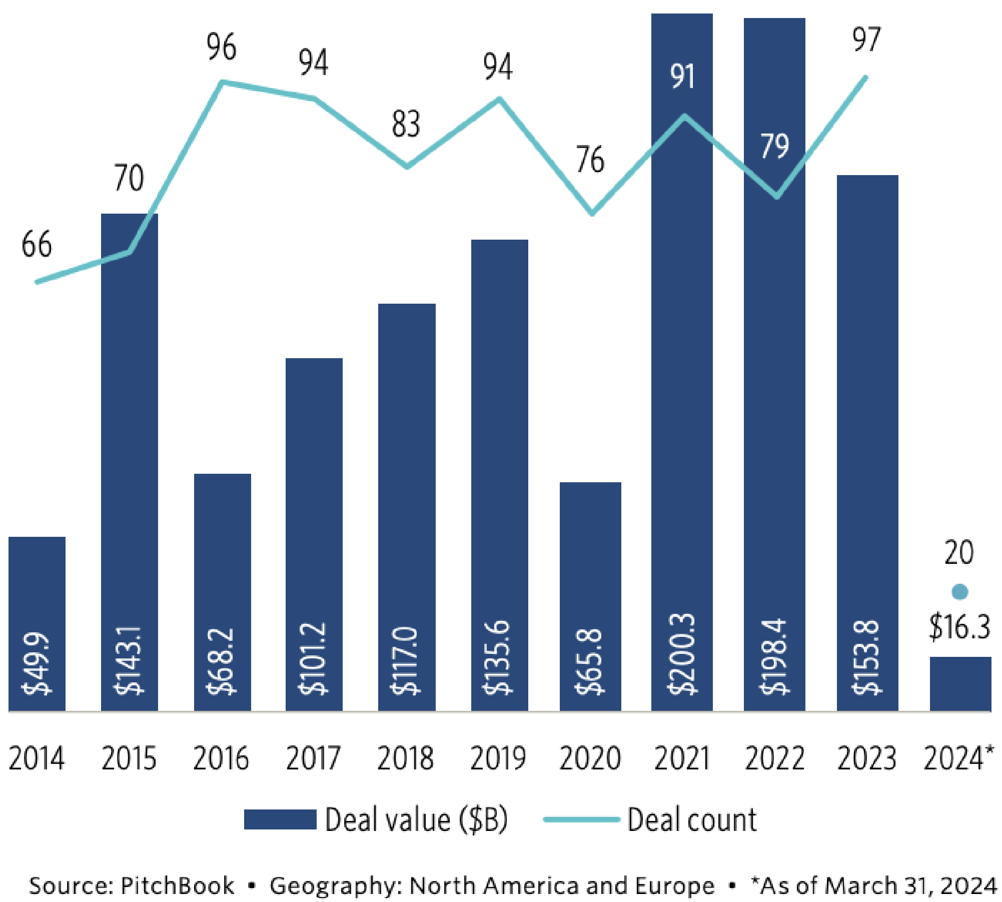

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In Q1, the number of middle-market take-private transactions saw a notable increase. We believe this reflects the cheaper valuations of public companies with small market caps relative to large caps, as well as reduced market volatility. PE buyers announced or completed 15 take-private deals under $1 billion in North America and Europe during the quarter. This marks a significant rise from the eight transactions in the previous quarter and the nine in Q1 2023. Of these Q1 transactions, five involved "boomerang" stocks, which are companies that revert to private ownership shortly after going public. This trend has resurfaced after a lull in Q4 2023, which saw no such deals. Recall that over 1,000 unicorns went public during the 2020-2021 surge. Many of these companies have since seen their valuations drop below the $1 billion threshold as share prices adjusted to the current higherinterest-rate environment. It is promising to observe PE firms identifying turn-around opportunities in this space. Typically, companies in this size range are more suited for private markets, with the median deal size in Q1 being $150 million.

(Past performance is no guarantee of future results.)