



**Private Equity**

# U.S. Private Equity Market Recap

Activity and Trends

**ROPES & GRAY**

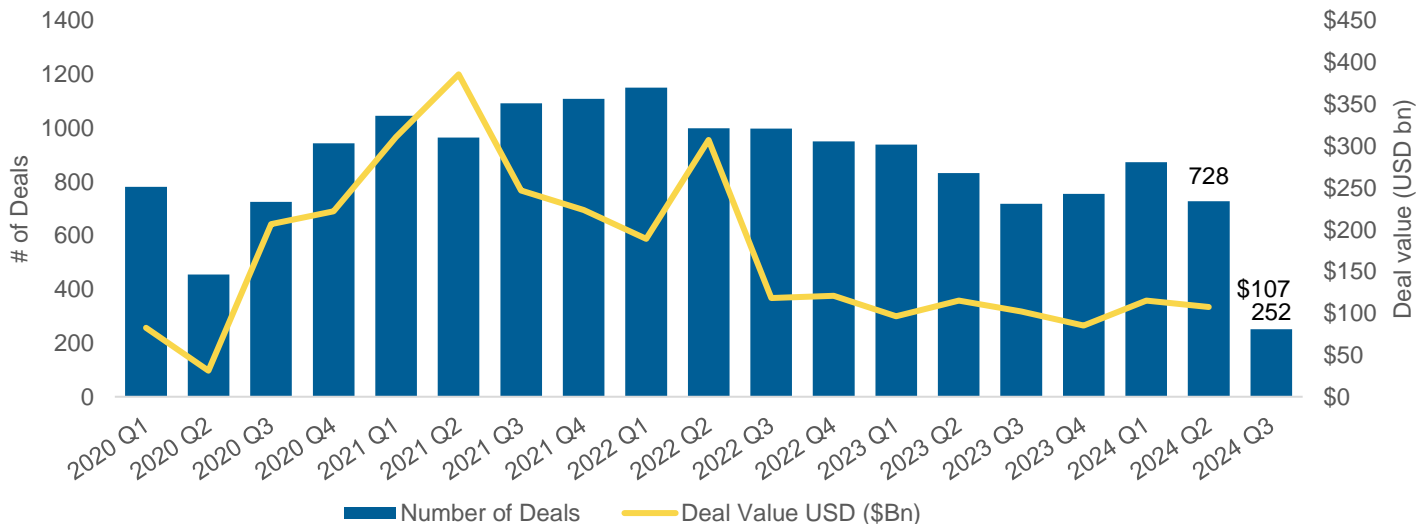
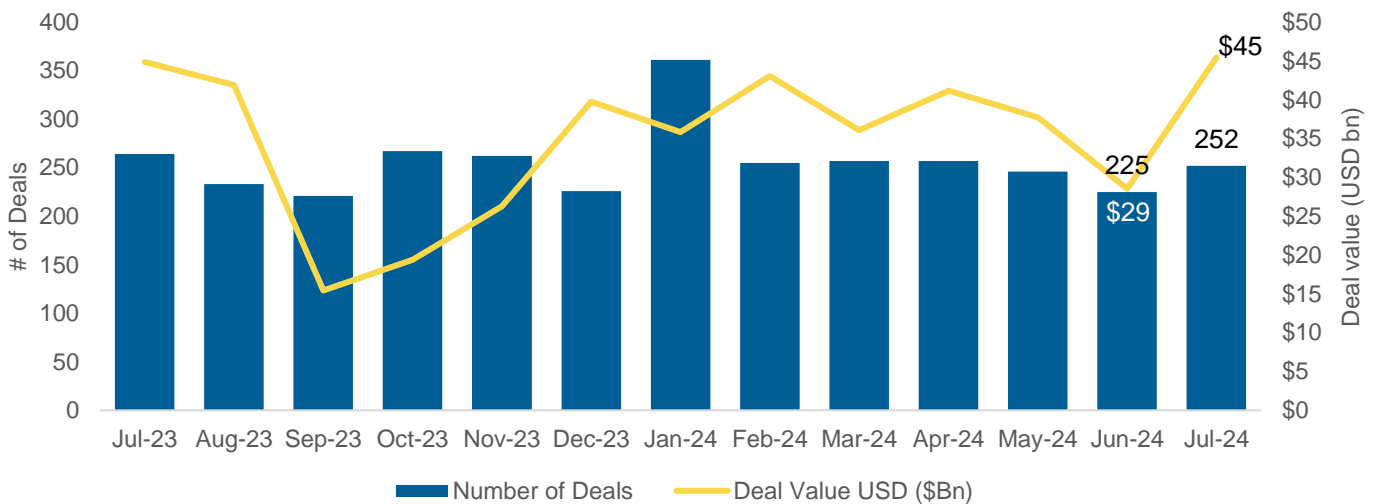
August 2024

Monthly transactional trends and other developments in the private equity industry

<b>U.S. PE DEAL ACTIVITY</b>	TOP U.S. PE DEALS	PE DRY POWDER & FUNDRAISING TRENDS	TOP U.S. PE FUNDS RAISED	U.S. LEVERAGED LOAN ISSUANCE	A LOOK AHEAD	SELECTED ROPES & GRAY PE DEALS
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## U.S. PE Deal Activity

- Monthly deal activity and value rose:** July deal activity increased by 12% MoM but fell 5% YoY. Deal value rose by 59% MoM to the highest monthly value since June 2023
- YTD deal activity down:** YTD 2024 deal count is down 9% vs. YTD 2023 while deal value is up 4% over the same period
- Optimistic dealmaking outlook:** Activity has been choppy than expected in 2024, but dealmakers remain optimistic. Macro indicators support the case for near-term rate cuts and Q3 is off to a strong start.



Source: Dealogic, U.S. Only, Deal Announced/Completed through 07/31/2024

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## Top U.S. PE Deals by Deal Size

- **Largest July 2024 deal:** Skydance Investor Group, comprising RedBird Capital and the Ellison family, reached a deal to form “New Paramount” and will invest over \$8 billion by way of a two-step transaction

### Top U.S. PE Deals in July 2024

RANK	DEAL DATE	ACQUIROR	TARGET	DEAL SIZE (\$Bn)	PRIMARY INDUSTRY
1	07-Jul-24	RedBird Capital Partners, the Ellison family	Paramount Global, National Amusements	\$8.4	Telecommunications
2	26-Jul-24	Apollo Global Management Inc	International Game Technology (Gaming & digital business) and Everi Holdings	\$6.3	Leisure & Recreation
3	08-Jul-24	Devon Energy Corp	Grayson Mill Energy LLC (Williston Basin business)	\$5.0	Oil & Gas
4	25-Jul-24	KKR & Co Inc, Dragoneer Investment Group LLC	Instructure Holdings Inc	\$4.8	Computers & Electronics
5	11-Jul-24	Bain Capital	Envestnet Inc	\$4.5	Computers & Electronics
6	04-Jul-24	Hudson's Bay Co	Neiman Marcus Group Inc	\$2.7	Retail
7	29-Jul-24	Vistria Group LLC	Soliant Health LLC	\$2.5	Professional Services
8	09-Jul-24	Vista Equity Partners, TVC, KKR	Nasuni Corp	\$1.2	Computers & Electronics
9	28-Jul-24	Vital Energy Inc, Northern Oil & Gas Inc	Oil & Gas Assets	\$1.1	Oil & Gas
10	22-Jul-24	Archrock Inc	Total Operations & Production Services LLC (Apollo)	\$1.0	Machinery

### Top U.S. PE Deals YTD 2024

RANK	DEAL DATE	ACQUIROR	TARGET	DEAL SIZE (\$Bn)	PRIMARY INDUSTRY
1	28-Mar-24	Home Depot Inc	SRS Distribution Inc (Berkshire Partners and Leonard Green & Partners)	\$18.3	Construction/Building
2	02-Apr-24	Silver Lake, Mubadala, DFO Management, Lexington Partners, Goldman Sachs Asset Management	Endeavor Group	\$13.0	Leisure & Recreation
3	12-Jan-24	BlackRock Inc	Global Infrastructure Management LLP	\$12.5	Finance
4	20-Feb-24	Stone Point Capital, Clayton Dubilier & Rice, Mubadala	Truist Insurance Holdings Inc	\$12.3	Insurance
5	14-Feb-24	KKR & Co Inc, Veritas Capital	Cotiviti Holdings Inc	\$10.0	Computers & Electronics
6	08-Apr-24	Blackstone	Apartment Income REIT Corp	\$9.4	Real Estate
7	09-Jan-24	Digital Bridge Group, Silver Lake Group	Vantage Data Centers	\$9.2	Computers & Electronics
8	07-Jul-24	Ellison family (Private Individual) RedBird Capital Partners LLC	Paramount Global, National Amusements	\$8.4	Telecommunications
9	13-May-24	Permira Ltd, Spaceship Purchaser Inc	Squarespace Inc	\$7.0	Computers & Electronics
10	26-Jul-24	Apollo Global Management Inc	International Game Technology (Gaming & digital business) and Everi Holdings	\$6.3	Leisure & Recreation

Source: Dealogic, U.S. Only, Deal Announced/Completed through 07/31/2024

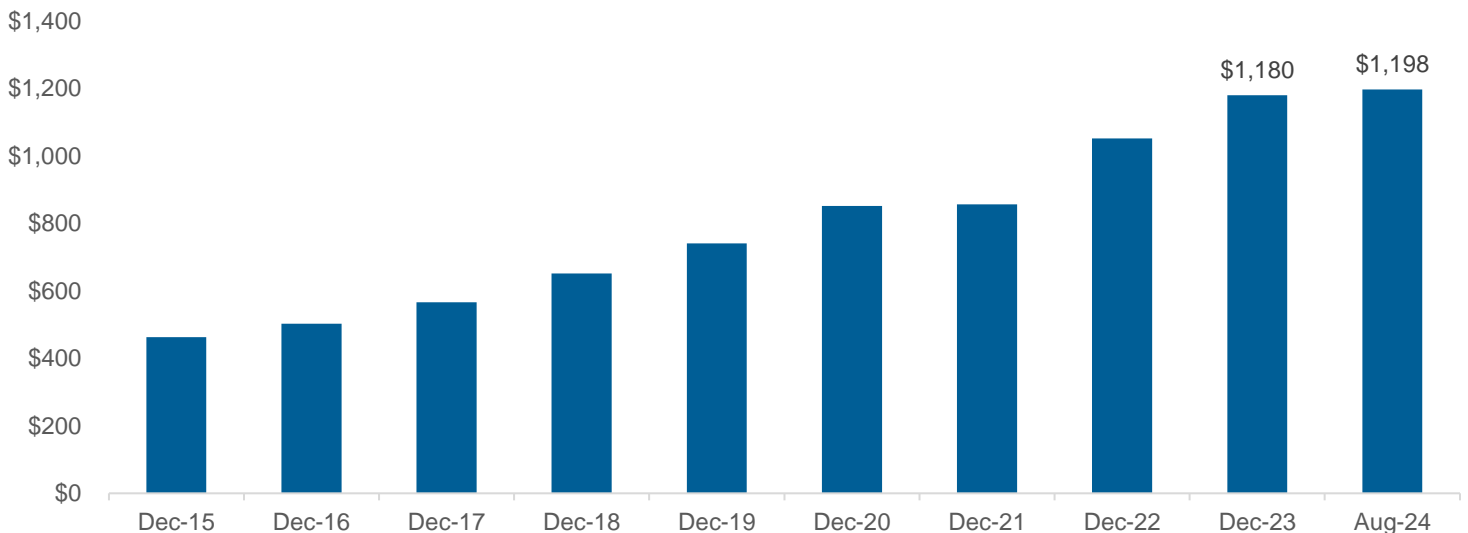


U.S. PE DEAL ACTIVITY	TOP U.S. PE DEALS	<b>PE DRY POWDER &amp; FUNDRAISING TRENDS</b>	TOP U.S. PE FUNDS RAISED	U.S. LEVERAGED LOAN ISSUANCE	A LOOK AHEAD	SELECTED ROPES & GRAY PE DEALS
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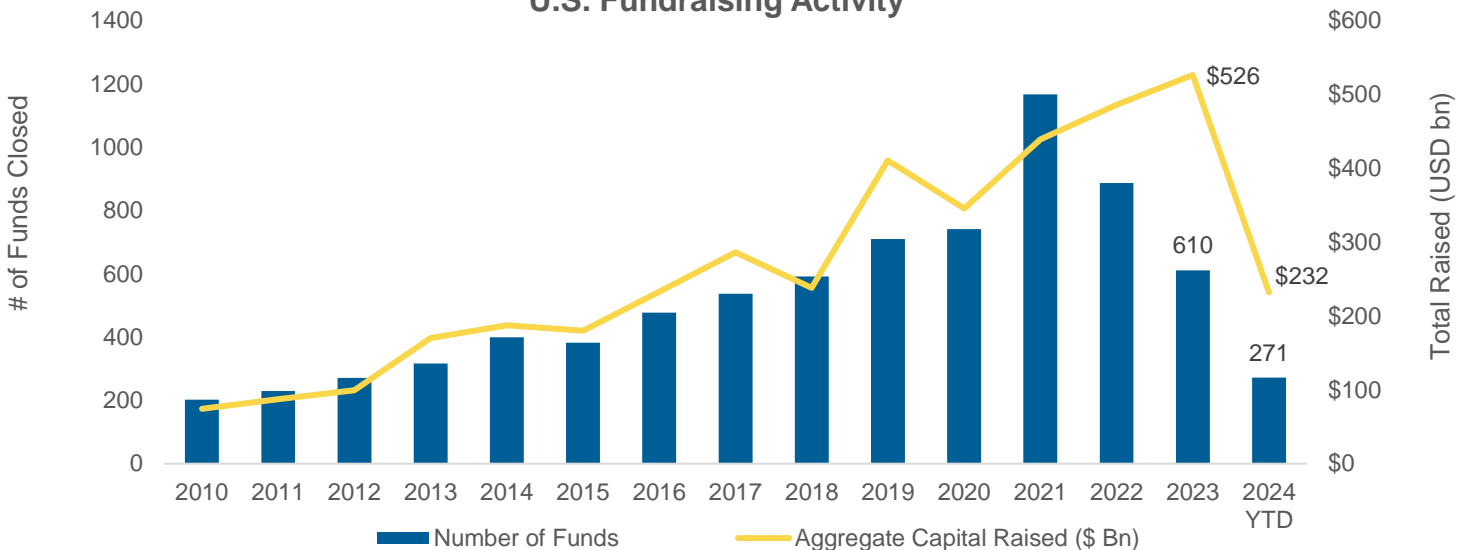
## PE Dry Powder & Fundraising Trends

- **Elevated dry powder:** Dry powder continues to sit at highs of around \$1.2 trillion, but is expected to come down as dealmaking rebounds and investors put capital to work
- **Weak fundraising:** U.S. PE fundraising remains challenging, and YTD capital raised is tracking down to levels last seen in 2020 and pre-pandemic years
- **Fundraising strategies:** Mega funds and buyout strategies continue to dominate the fundraising market in 2024 YTD

U.S. PE Dry Powder (\$ bn)



U.S. Fundraising Activity



Source: Preqin, Data as of 08/01/2024, Excludes VC dry powder  
ropesgray.com

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## Top U.S. PE Funds Raised by Size

- **Largest July 2024 fund:** New Mountain Capital closed its seventh flagship fund at \$15.4 billion
- **Total July fund stats:** 31 funds of \$100 million+ and 18 funds of \$500 million+ closed in July

### Top U.S. PE Funds Closed July 2024

Rank	Fund	Fund Type	Close Date	Fund Size (\$ Bn)	Investor
1	New Mountain Partners VII	Buyout	01-Jul-2024	\$15.4	New Mountain Capital
2	ICONIQ Strategic Partners VII	Growth/Expansion	22-Jul-2024	\$5.8	ICONIQ Capital, ICONIQ Growth
3	Monomoy Capital Partners V	Buyout	09-Jul-2024	\$2.3	Monomoy Capital Partners
4	Graham Partners VI	Buyout	03-Jul-2024	\$1.8	Graham Partners
5	Kingswood Capital Opportunities Fund III	Buyout	18-Jul-2024	\$1.5	Kingswood Capital Management
6	Avesi Partners Fund II	Buyout	09-Jul-2024	\$1.4	Avesi Partners
7	AE Industrial Partners Fund III	Buyout	09-Jul-2024	\$1.3	AE Industrial Partners
8	Amulet Capital Fund III	Buyout	29-Jul-2024	\$1.2	Amulet Capital Partners
9	MetLife Investment Private Equity Partners II	Buyout	08-Jul-2024	\$1.2	MetLife Investment Management
10	Silver Hill Energy Partners IV	Buyout	31-Jul-2024	\$1.1	Silver Hill Energy Partners

### Top U.S. PE Funds Closed YTD 2024

Rank	Fund	Fund Type	Close Date	Fund Size (\$ Bn)	Investor
1	Silver Lake Partners VII	Buyout	08-May-2024	\$20.5	Silver Lake
2	Vista Equity Partners Fund VIII	Buyout	18-Apr-2024	\$20.0	Vista Equity Partners
3	New Mountain Partners VII	Buyout	01-Jul-2024	\$15.4	New Mountain Capital
4	BDT Capital Partners Fund 4	Buyout	12-Jan-2024	\$14.0	BDT & Company
5	TPG Partners IX	Buyout	13-Feb-2024	\$12.0	TPG
6	The Resolute Fund VI	Buyout	31-Jan-2024	\$6.9	The Jordan Company
7	ICONIQ Strategic Partners VII	Growth/Expansion	22-Jul-2024	\$5.8	ICONIQ Capital, ICONIQ Growth
8	Hamilton Lane Secondary Fund VI	Buyout	18-Jun-2024	\$5.6	Hamilton Lane
9	TPG Asia Fund VIII	Buyout	09-May-2024	\$5.3	TPG
10	Arctos Sports Partners Fund II	Growth/Expansion	03-Apr-2024	\$4.1	Arctos Partners

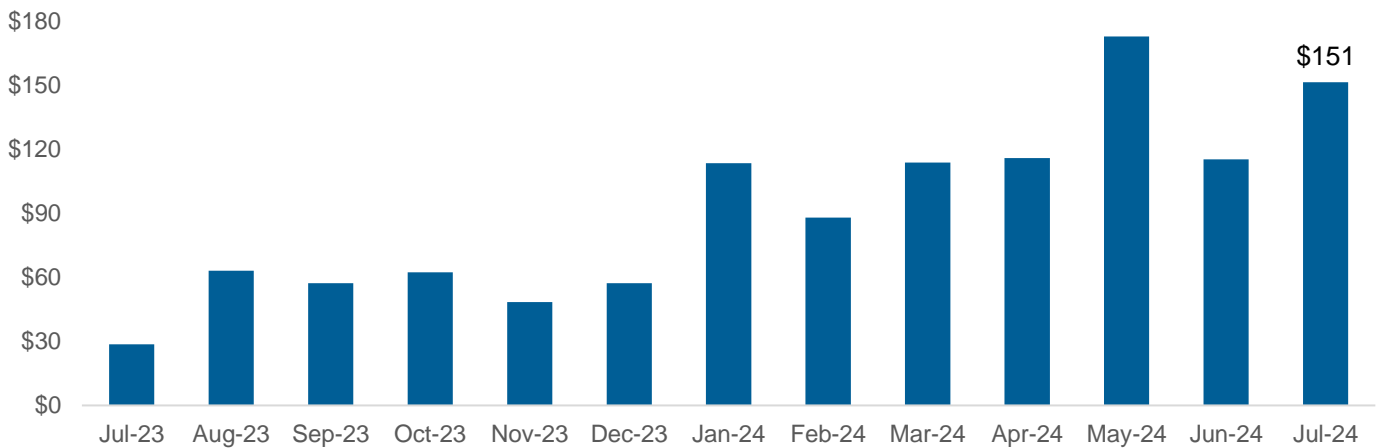
Source: PitchBook, PE Funds with firms headquartered in the U.S.

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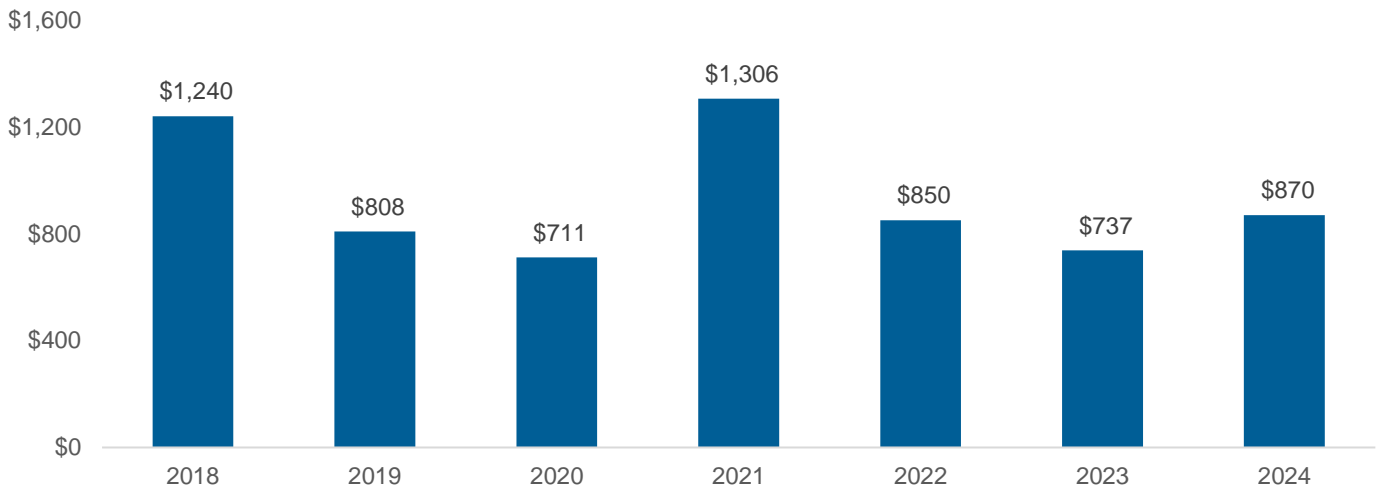
## U.S. Leveraged Loan Issuance

- **Monthly issuance levels up:** \$151 billion of leveraged loans were issued in July, up 31% MoM and 430% YoY
- **Interest rate optimism drives activity:** Banks have become more competitive in recent months as they try to win back market share from private lenders, especially with anticipated rate cuts

Monthly Leveraged Loan Value (\$ Bn)



Annual Leveraged Loan Value (\$ Bn)



Source: Refinitiv LPC, data through July 2024

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## A Look Ahead

- **Interest rate cuts:** The rate cuts investors anticipated earlier in the year seem to be right around the corner, with the Fed expected to cut rates for the first time since 2020 at its mid-September meeting.
  - Rate cuts from the leveraged loan and private credit market, not the Fed, have provided some relief to PE firms. But they have not meaningfully translated to higher levels of deal activity.
- **Continuation funds still popular:** GP-led secondaries, or continuation funds, remain a popular strategy among aging funds as more traditional M&A and IPO exit channels are muted.
  - The continuation fund model will gain further traction as secondary strategies continue to attract investor capital and demonstrate success. One example is the sale of SRS Distribution from Leonard Green and Berkshire Partners to Home Depot in March.
- **Fundraising outlook:** With many large PE players having already closed flagship funds and mid-market managers facing a more challenging environment, fundraising has the potential to be front-loaded in 2024 and finish down compared to prior years.
  - Beyond the largest managers, the headwinds to raising buyout capital remain strong with high costs of capital along with a slump in exits and distributions.
- **Take-private deals increase:** There has been an uptick in take-private deals YTD in 2024, with deal count on track to outpace 2023.
- **Value-creation strategies favored:** Ongoing uncertainty and volatility in the market lead PE firms to prioritize value-oriented strategies.
  - The bid-ask spreads between PE firms have led to limited sponsor-to-sponsor deal activity, leaving only a few other sellers, namely nonbacked companies. Additionally, nonbacked companies are attractive targets as they provide lots of opportunity for value creation.

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## Selected Ropes & Gray Private Equity Deals from June and July 2024

Deal	Industry
Represented <b>Valeas Capital Partners</b> in a strategic investment in Baker Tilly	Financial Services
Represented <b>Solarity</b> and <b>BV Investment Partners</b> in a strategic investment from TA Associates	Health Care
Advised <b>H.I.G. Capital</b> and its portfolio company <b>Oxford Global Resources</b> on an add-on acquisition	Business Services
Represented <b>Altamont Capital Partners</b> in its sale of Alamo Drafthouse Cinema	Entertainment
Represented <b>Mill Point Capital</b> in its acquisition of iQor	Business Services
Advised <b>Cove Hill Partners</b> in its sale of Kalkomey	EdTech
Represented <b>Genstar Capital</b> in its sale of 2-10 Home Buyers Warranty	Insurance
Advised <b>Bain Capital</b> on its sale of a stake in Beat Capital Partners	Asset Management
Represented <b>Advent International</b> in its strategic investment in Prometheus Group	Tech
Represented <b>Bain Capital</b> in its acquisition of PowerSchool Holdings	EdTech
Advised <b>Advent International</b> in its minority investment in Fisher Investments	Asset Management
Represented <b>Summit Partners</b> and <b>Silversmith Capital Partners</b> in an investment in Earned Wealth	FinTech
Represented <b>American Industrial Partners</b> in its investment in Austin Powder	Manufacturing
Advised <b>Partners Group</b> on its investment in Fairjourney Biologics	Life Sciences
Represented <b>HarmonyCares</b> in a capital raise	Health Care
Advised <b>American Industrial Partners</b> on acquiring Aker Biomarine's Feed Ingredients Business	Agriculture
Advised <b>Avista Capital Partners</b> in its sale of significant equity interest in Cosette Pharmaceuticals	Life Sciences
Advised <b>H.I.G. Infrastructure</b> in the acquisition of Best Trash	Waste Management
Represented <b>Bain Capital</b> in a definitive agreement to acquire Envestnet	FinTech
Represented <b>Genstar Capital</b> in a significant investment in AffiniPay	FinTech
Advised <b>Gauge Capital</b> and its platform Soleil Collective in acquiring a majority stake in Coco & Eve	Consumer
Represented <b>The Vistria Group</b> in its recapitalization of Ora	Life Sciences
Advised <b>Riveron</b> , a business advisory firm backed by Kohlberg & Company, in the acquisition of Yantra	Business Services
Advised <b>Genstar Capital</b> in its acquisition of Docupace	Tech
Represented <b>TSG Consumer Partners</b> in its investment in Summer Fridays	Consumer
Represented <b>Dragoneer Investment Group</b> in its investment into a JV with KKR to acquire Instructure	EdTech
Advised <b>Berkshire Partners</b> in its investment in Vital Care	Health Care
Represented <b>American Industrial Partners</b> in acquiring Veolia's Sulfuric Acid Regeneration Business	Industrial



## How We Can Help

Our clients get unsurpassed counsel throughout the life cycle of their private equity transactions from one of the largest and most sophisticated private equity practices in the world, focusing on both private equity funds and transactions.

Ropes & Gray’s lawyers routinely advise leading large and middle-market clients in multiple industries on every aspect of their largest and most complex global transactions. Our 40-year track record in the industry allows us to anticipate issues that might derail deals and get them back on track to close. We guided clients in 800-plus private equity transactions from 2021-2023.

## RECENT RECOGNITION



**The American Lawyer**  
“Law Firm of the Year” (2022)



**U.S. News Best Lawyers**  
Recognized six times as “Law Firm of the Year” for leveraged buyouts and private equity



**Law360**  
Eight-time winner of “Private Equity Group of the Year”



**Chambers USA 2024**  
Nationwide Band 1 Private Equity Buyouts, Mid-Market Ranking  
New York Band 1 Corporate / M&A Highly Regarded Ranking  
Massachusetts Band 1 Corporate / M&A Ranking



2022 Impact Deal of the Year (Pfizer’s \$11.6b acquisition of Biohaven Pharmaceuticals)  
2022 M&A Firm of the Year

## BROAD CLIENT BASE

**60+**

Of the Top 100 Biggest Private Equity Firms on the 2023 PEI 300 List

**80+**

Middle-Market Firms

**125**

Private funds in transactional and other matters

## Our Commitment

**350+**  
Adjacent-practice lawyers

**250+**  
M&A lawyers

**150+**  
Years of practice history

**14**  
Offices to support deals

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