

2025 HIGHLIGHTS AND 2026 OUTLOOK

A Year of Volatility

and Market Momentum



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Foreword

Expectations are High in 2026 With **Strong Market Momentum**

Dear Clients and Friends,

2025 marked a volatile year for global dealmaking, driven by tariff announcements, elections, geopolitical tensions, and policy uncertainties. Nonetheless, the transactional markets are poised for a new phase, one defined by disciplined underwriting, innovative deal structures, and renewed momentum. There is growing consensus across dealmakers, investors, and corporates that the long-awaited dealmaking revival is right around the corner.

To help you assess the year's themes and plan for what's ahead, we are pleased to share our annual report. This includes a recap of 2025, as well as considerations for 2026. Several trends stood out:

- **Deal activity was uneven, but values proved resilient.** After an encouraging start in the first quarter, bouts of volatility slowed processes, but the back half of the year saw a reemergence in deal activity and a notable return of larger, strategic transactions. The market is beginning to shift from “waiting on the sidelines” to selective but meaningful re-engagement.
- **Liquidity and exit pressure shaped private equity behavior.** Sponsors remained focused on realizations and portfolio optimization, driving continued use of continuation vehicles, structured minority investments, and GP-led solutions where a satisfactory traditional sale or IPO was not yet available.
- **Financing became more diverse and sponsor friendly in structure.** Private credit remained central to acquisition and refinancing activity, increasingly paired with bank, mezzanine, and other bespoke capital solutions to balance speed, certainty, and pricing.
- **Capital markets thawed.** The IPO market reopened intermittently for high-quality issuers and sponsor exits, while follow-ons and convertible issuances provided practical alternatives for growth capital, de-leveraging, and balance sheet management. Total IPO proceeds rose over 30% year-over-year although IPO volume remained low relative to pre-COVID levels.
- **Regulatory approval became crucial as deals became more complex.** In the face of rising geopolitical tensions, parties placed greater emphasis on regulatory and national security clearances. We also saw careful diligence and risk allocation around AI/data, cyber, and supply chains, and tighter alignment on interim operating covenants, earn-outs, and other valuation bridging tools.
- **AI is reshaping deal strategy and diligence.** Sponsors are increasingly evaluating AI capabilities as a core value driver, both as a growth lever and a risk area. Deal sourcing, diligence, and post-close value creation have potentially been accelerated through AI-enabled analytics and automation. There is increasing focus not on the idea of AI, but the practical application and impacts on business.

Looking to 2026, we see reasons for optimism. If interest rate and inflation dynamics remain positive, we expect increased sponsor exit activity, more strategic combinations and carve-outs, and continued demand for private capital to finance growth and transformation. At the same time, we anticipate sustained scrutiny from competition and foreign investment regulators, ongoing activism and governance pressure, and areas of volatility tied to geopolitical and trade developments. The best-positioned deal teams will be those who move with agility, build flexibility into timetables, develop a proactive regulatory strategy early, and thoughtfully engage with and allocate emerging operational risks.

Please reach out to any of us if you would like to discuss implications for your portfolio, pipeline, or capital strategy.



Julie Jones

Chair

Global M&A Landscape

Global M&A 2025 Year in Review

Subdued Volumes, Soaring Values

Global M&A activity in 2025 remained subdued, reflecting continued caution among strategic acquirers amid persistent macroeconomic and geopolitical uncertainty. Nevertheless, deal value increased significantly because activity was concentrated in a limited number of sectors with strong strategic rationale. Mega deals (above \$5 billion) remained a defining feature of the global M&A landscape in 2025. While improving clarity around interest rate paths supported selective dealmaking, elevated financing costs, valuation gaps, and heightened regulatory scrutiny tempered transaction volumes.



Global M&A Transaction Activity

YoY

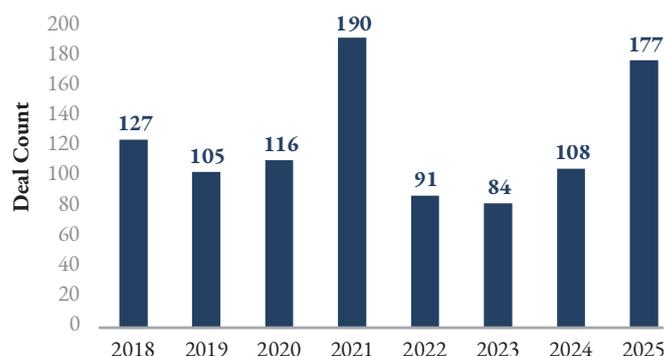
Count	-5%
Value	+41%



Mega Deal (\$5 Bn+) Volume

YoY

Count	+64%
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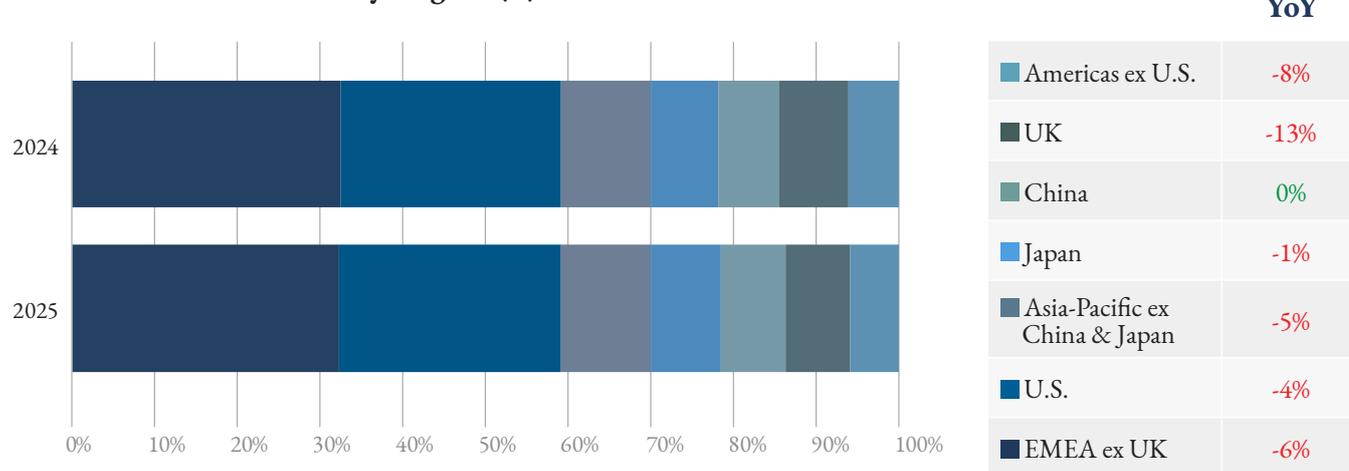


Source: Dealogic, as of 12/29/2025.

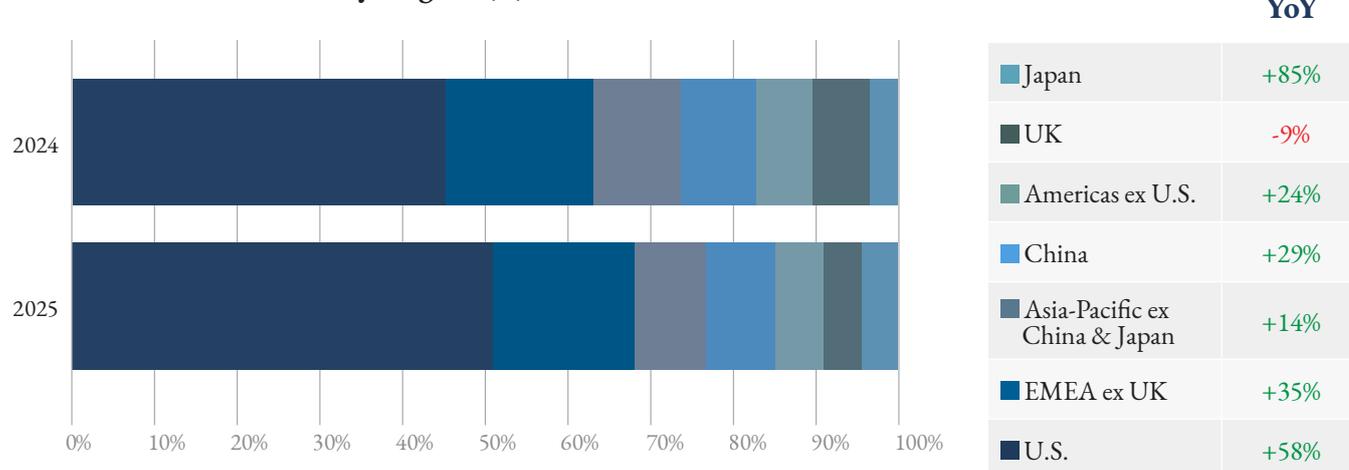
Regional Recovery Uneven

Regionally, M&A activity in North America was comparatively more resilient, supported by strong corporate balance sheets and deeper capital markets, though activity was tempered by heightened antitrust enforcement and regulatory scrutiny, especially for large-scale transactions. In Europe, dealmaking remained more cautious and uneven, reflecting slower economic growth, political uncertainty, and complex regulatory considerations, with acquirers favoring targeted, strategically essential transactions over transformative moves. By volume, Europe saw roughly 1.5x the number of deals versus the U.S., but average deal sizes were materially smaller. Japan continued to see gradual, measured M&A activity, including selective larger transactions as corporates pursued growth, governance-driven portfolio optimization, and international expansion.

Global M&A Deal Count by Region (%)



Global M&A Deal Value by Region (%)



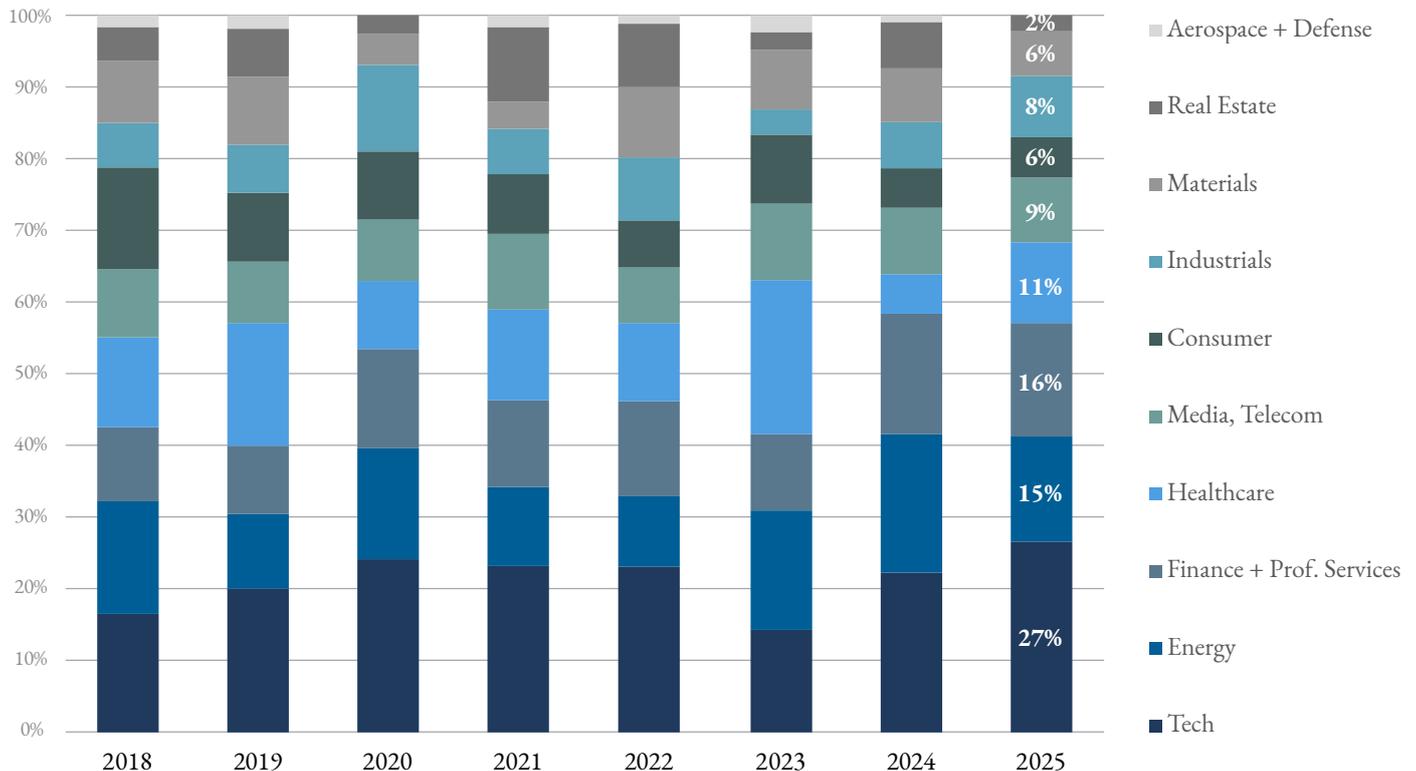
Global M&A

2025 Market Segments

AI and the Patent Cliff Fuel 2025's Tech and Healthcare Mega Deals

Tech mega deals were high in 2025 as the AI and data center buildout incentivized acquirers to use M&A to secure capacity. The M&A rebound skewed toward fewer but much larger transactions, with mega deals driving a disproportionate share of global deal value and AI cited as a primary catalyst. Improved confidence and financing conditions supported bigger price tags, and a more permissive U.S. antitrust environment lowered perceived execution risk, enabling more transformative deals. Healthcare's looming patent cliffs continued to drive large drugmakers toward outsized acquisitions and platform buys to refill pipelines and protect revenue, while other healthcare companies and investors saw transformative deals aimed at data, digital platforms, and AI-enabled growth.

Industry Hotspots for Mega Deals (\$5 Bn+) By Deal Count

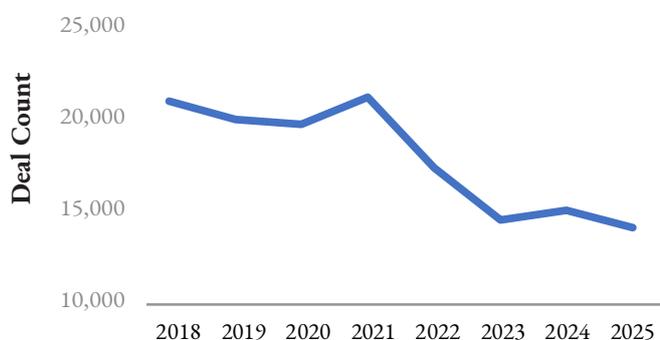


Source: Dealogic, as of 12/29/2025.

The Middle-Market Turns Selective

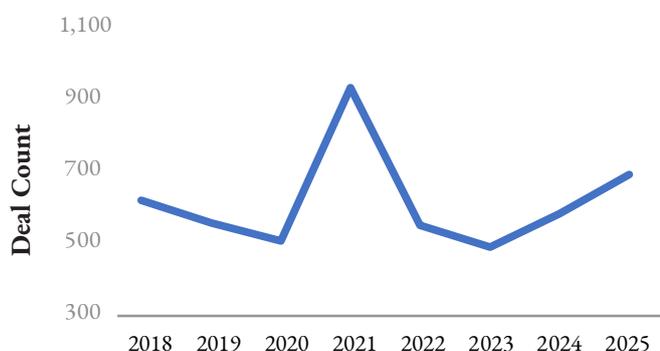
A thriving mega deal story contrasts with muted activity in the middle market (deals valued between \$10 million and \$1 billion). This year, middle-market activity was more selective and structure-heavy: buyers leaned into smaller, synergistic add-ons and carve-outs, while financing for larger new platform deals remained tighter, pushing sponsors to use bolt-on strategies and existing credit lines where possible. Globally, overall deal volumes were still pressured and projected to be at multi-year lows even as confidence improved, which is consistent with a bifurcated market where quality assets cleared and everything else took longer, required more diligence, and often needed price protections such as earnouts or alternative capital. However, aerospace & defense stood out as an active sector as countries around the world prioritized opportunities in this sector while other historically hot middle-market industries declined in 2025 from 2024.

Global M&A Deals (\$10 Mn – \$1 Bn)



TOP 3 DECLINERS	2021-25 CAGR
Tech	-12%
Media, Telecom	-10%
Healthcare	-9%
All Other Industries	-5%

Global M&A Deals (\$1 Bn – \$5 Bn)



TOP 3 GAINERS	2021-25 CAGR
Tech	+22%
Industrials	+19%
Finance + Prof. Services	+17%
All Other Industries	+9%

Michael Lee

Partner



In the middle market, 2025 rewarded quality more than quantity. Global middle market transaction counts remained pressured, reflecting buyers’ continued sensitivity to financing conditions and policy uncertainty. The most consistent winners had processes that built certainty early, clean diligence, and thoughtful risk allocation to keep momentum through signing and closing.”

Source: Dealogic, as of 12/29/2025.

Largest Global M&A Deals in 2025

DEAL DATE	TARGET	ACQUIRER	DEAL SIZE (\$ BN)	COUNTRY	INDUSTRY
Dec-25	Warner Bros Discovery (Bid 2)	Paramount Skydance, Paramount Global	\$107.9	U.S.	Media, Telecom
Jul-25	Norfolk Southern	Union Pacific	\$88.2	U.S.	Industrials
Dec-25	Warner Bros Discovery (Bid 1)	Netflix	\$81.9	U.S.	Media, Telecom
Sep-25	Electronic Arts	Saudi Arabia's PIF-led consortium	\$56.6	U.S.	Media
Nov-25	Kenvue	Kimberly-Clark	\$51.4	U.S.	Consumer
May-25	Cox Communications	Charter Communications	\$36.1	U.S.	Media, Telecom
Jun-25	Toyota Industries	Toyota Fudosan	\$33.3	Japan	Industrials
Mar-25	Wiz	Alphabet, Google	\$32.0	U.S.	Tech
Nov-25	Exact Sciences	Abbott Laboratories	\$25.7	U.S.	Healthcare
Jul-25	CyberArk Software	Palo Alto Networks	\$24.5	Israel	Tech

Source: Dealogic, as of 12/29/2025.



Neill Jakobe

Vice Chair

What stood out in 2025 was not simply that deals got bigger, but that the rationale for size became more structural, reflecting a growing need for transformational change. Leaders used M&A to build and reshape platforms while adding capabilities across AI, data, and technology. A limited supply of high-quality targets, coupled with a heightened premium on the safety of scale in a more volatile environment, pushed more transactions into the ‘mega’ category.”

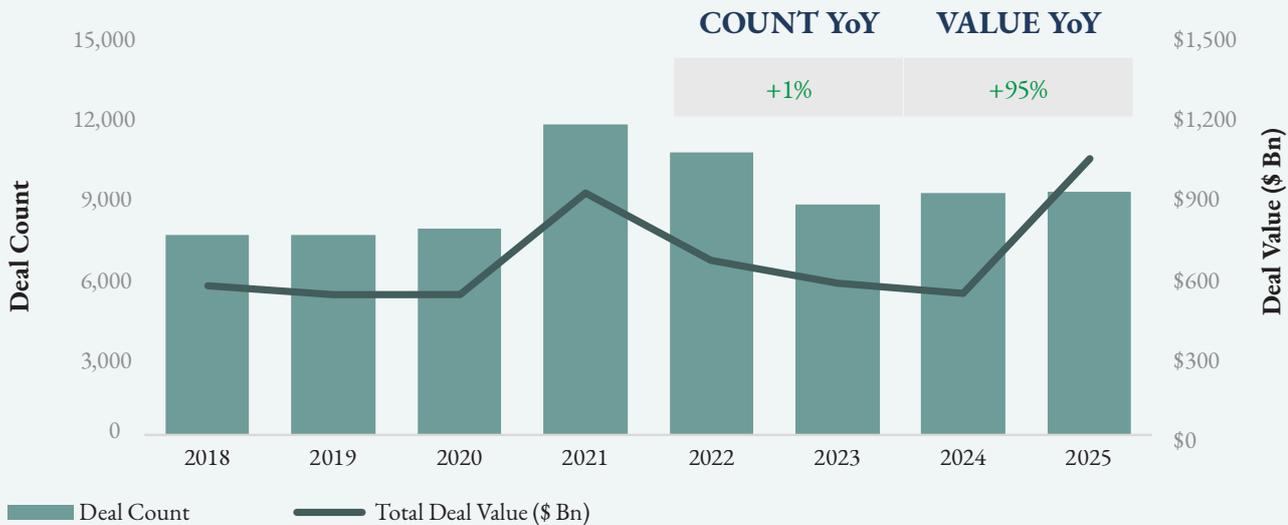
Sector-Specific Hotspots

Technology M&A Remains Strong Amid Mega Deals and AI Tailwinds

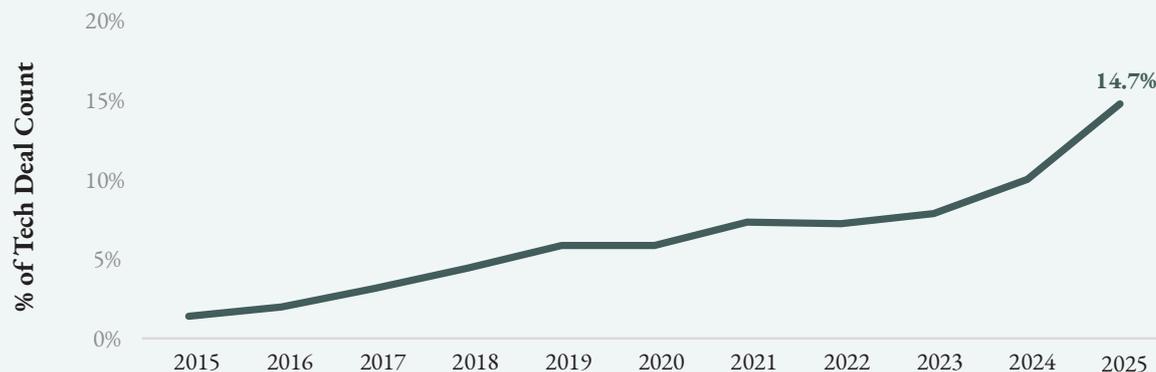
While 2025 was a sluggish year for dealmaking across most sectors, global technology M&A proved resilient, ending the year flat with 2024 on a deal count basis. A wave of large, transformational transactions drove a significant increase in deal value, including Alphabet’s \$32 billion acquisition of Wiz. The year also featured several technology mega deals involving AI-focused targets, such as the \$40 billion acquisition of Aligned Data Centers and the \$20 billion acquisition of Groq. AI and related infrastructure underpinned economic growth in 2025, accounting for 37% of real GDP growth in the first three quarters of 2025.¹

Although AI continued to support technology M&A activity, most AI dealmaking remained concentrated in the VC stage, where high-growth startups achieved unicorn status at a pace exceeding the dot-com era. A growing pipeline of scaling AI companies, combined with legacy technology firms’ need for transformation, positions the Technology sector for strong M&A activity in 2026.

Technology M&A Activity



AI-Enabled Targets Comprise Larger Share of Technology M&A

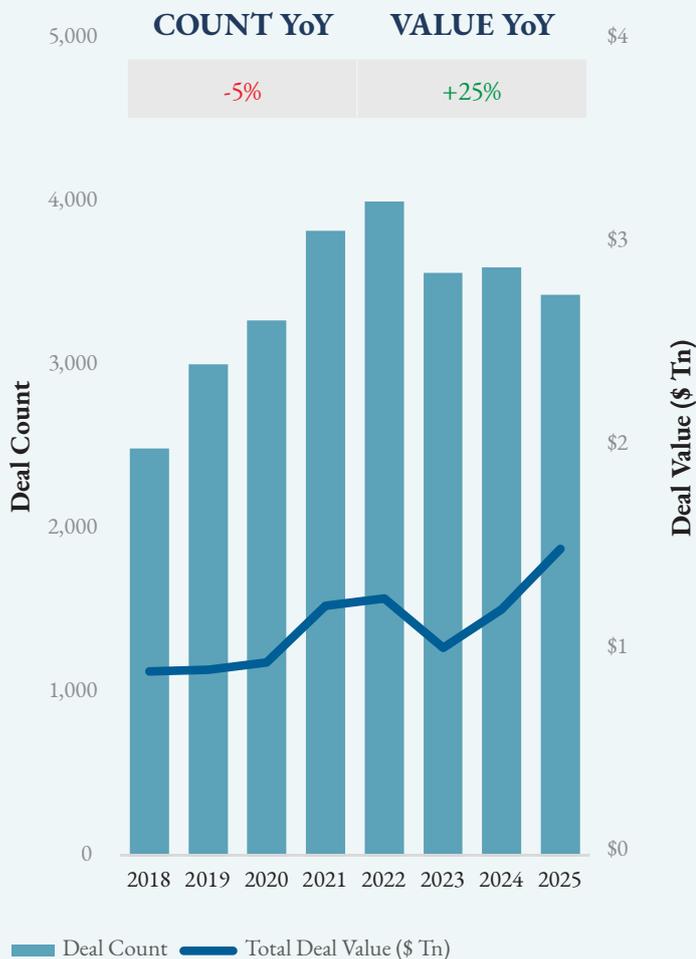


¹Barron’s “The AI Investment Boom Continues to Drive GDP Growth” (12/23/2025)
Source: PitchBook, Deals Announced or Completed, as of 12/29/2025.

Infrastructure Dealmaking Benefits from Data Center Demand

Despite a strong YoY increase in total value in 2025, global infrastructure dealmaking finished the year slightly below 2024 on a deal-count basis, with 16% of capital flowing into data center deals (compared to 12% in 2024 and 6% in 2023) as the race to dominate AI drove data center buildouts. Alternative asset managers have increasingly targeted infrastructure, raising sizable vehicles such as Ardian’s \$20 billion European infrastructure platform and EQT’s \$23 billion Infrastructure VI fund. In addition, firms have raised data center-specific funds, including Blue Owl’s \$7 billion Digital Infrastructure Fund III. This momentum has accelerated alongside the capital intensity of the AI buildout, with private credit playing a central role in financing. Notably, Meta secured nearly \$30 billion in private credit from PIMCO, Blue Owl, and Morgan Stanley for its Hyperion data center project. A growing base of well-capitalized infrastructure investors, combined with surging AI-driven CapEx, is expected to drive improved infrastructure deal activity in 2026.

Infrastructure Deal Activity



Source: Infralogic, Closed Transactions, as of 12/29/2025.

Jack Creedon
Partner

Infrastructure is now a priority for many alternative asset managers, and the magnitude of capital required for continued development of data centers and AI infrastructure is strengthening investor conviction, sustaining capital raising momentum, and enabling ongoing deployment.”

Sector-Specific Hotspots

An Improving Healthcare & Life Sciences M&A Outlook

HCLS dealmaking in 2025 was characterized by fewer but larger transactions, with carveout activity continuing as companies divested non-core assets to streamline portfolios. AI-enabled assets, particularly in biotech, attracted strong VC investor interest and are increasingly likely to emerge as acquisition targets in 2026.

Transaction activity is expected to reaccelerate in 2026, with a continued focus on capability building and scale rather than volume-driven rollups. Tuck-ins and partnerships related to AI, data, and productivity should persist, alongside consolidation in outpatient and home-based care. While large transactions will continue, buyers are expected to remain selective, favoring assets with clear revenue visibility.

HCLS M&A Activity



Michael Beauvais

Partner



In recent years, Healthcare & Life Sciences M&A has seen some ups and downs, with activity often centered in a few key areas. As we head into 2026, we’re optimistic about seeing more deals, particularly in areas primed for consolidation and those embracing AI, technology, and data. Carve-outs should also stay popular as companies keep reassessing and refining their portfolios and pipelines.”

Source: PitchBook, Deals Announced or Completed, as of 12/29/2025.

Asset Management Consolidates

Asset management M&A activity from 2022-2025 has soared above the prior four-year period as managers use acquisitions to expand AUM, client reach, and capabilities. Additionally, traditional managers are increasingly moving into alternative assets, and alternative managers are expanding into traditional strategies, as clients seek a one-stop shop for investment products.

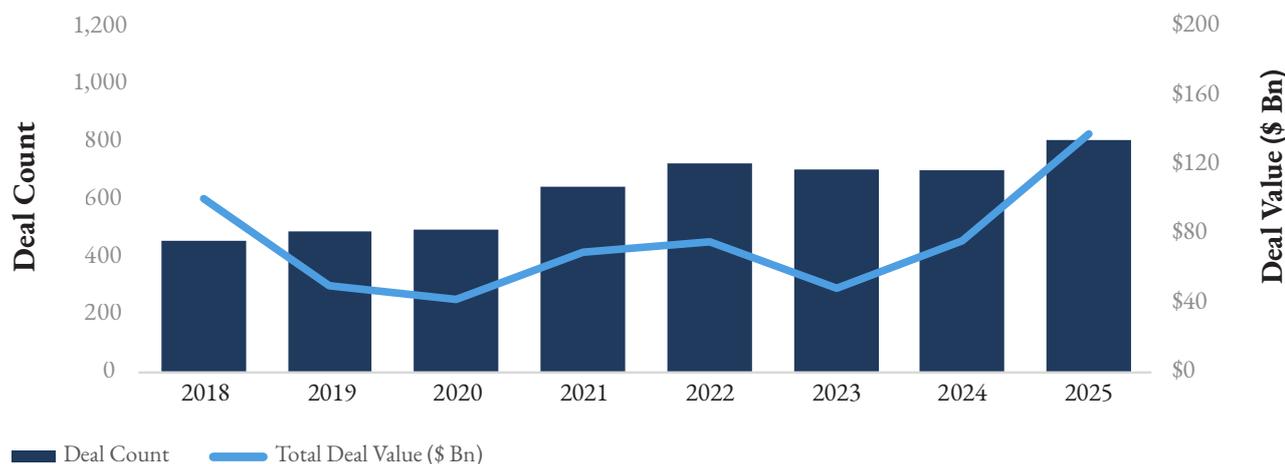
In alternative asset management, prolonged fundraising challenges and limited LP distributions have driven capital concentration. This trend is expected to continue in 2026, with PitchBook estimating the top 10 funds will capture over 40% of U.S. PE fundraising capital.² This ongoing flight to quality is likely to accelerate consolidation across the market.

Asset Management M&A Activity

COUNT YoY VALUE YoY

+15%

+81%



Paul Dali

Partner



Scale has become a defining competitive advantage in asset management. For traditional managers, it supports product diversification and client reach; for alternative managers, it serves as a proxy for LP confidence and, in turn, facilitates fundraising. In this environment, M&A has become a key lever for firms seeking to build scale amid accelerating consolidation across the industry.”

² PitchBook “US Private Equity Outlook” (12/3/2025)
Source: PitchBook, Deals Announced or Completed, as of 12/29/2025.

Buyers Remain Selective in IP Transactions

Despite a decline in deal volume, large TMT IP transactions propelled total deal value above prior year levels. Along with buyers paying more for premium IP, the trend of larger average deal size can be attributed to IP portfolios being bundled into fewer transactions. In parallel with buyer activity in M&A markets, acquirers are prioritizing selectivity and discipline in IP deals amid a challenging transaction backdrop.

IP dealmaking is expected to be constructive in 2026, despite ongoing selective execution, as sellers aim to rationalize portfolios (in alignment with carveouts) and buyers capitalize on advantageous pricing for quality assets in sectors with strong growth potential.

IP Transaction Deal Volume Falls



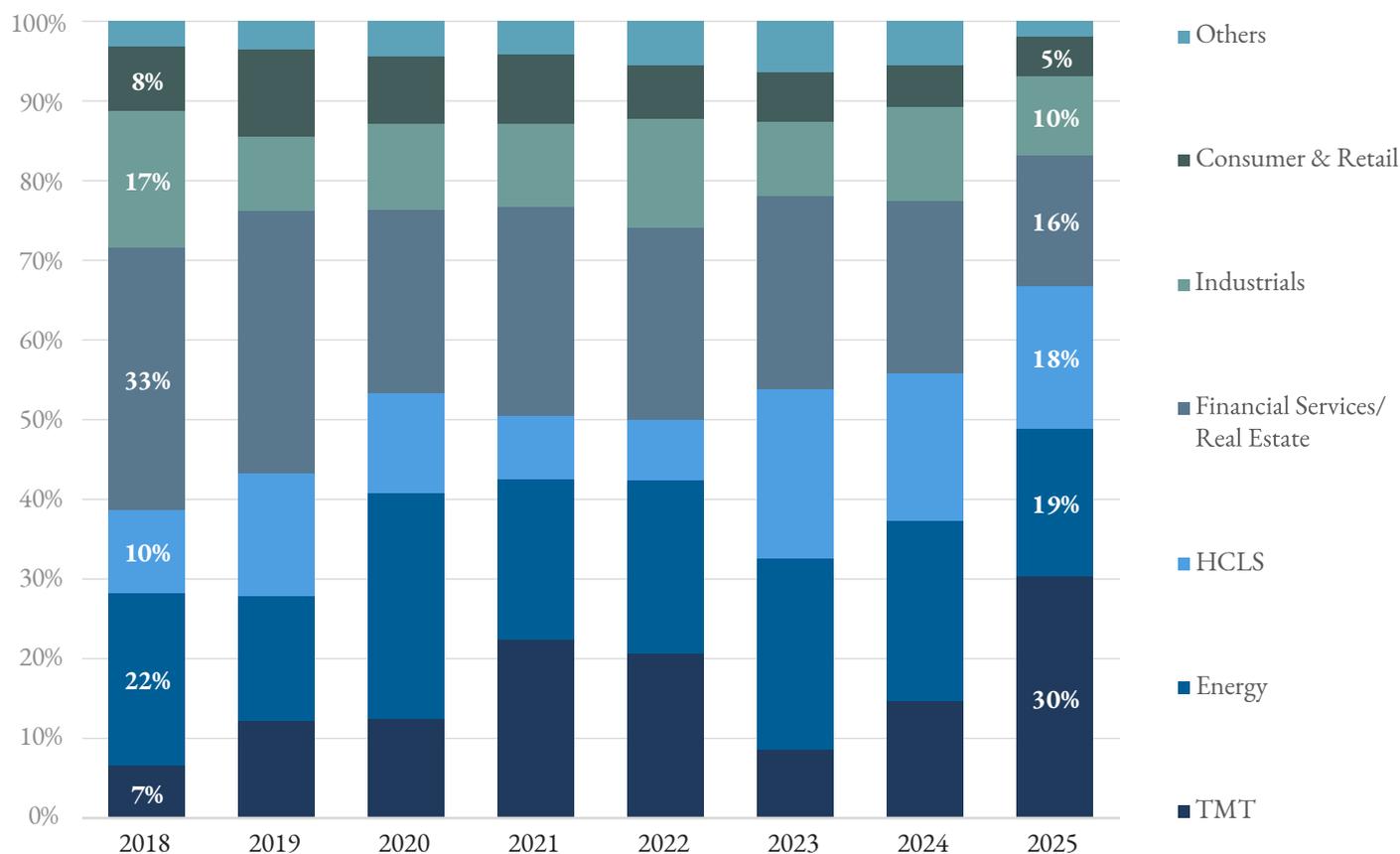
Megan Baca

Partner



In sectors where revenue is tightly tied to patent exclusivity (notably pharma and biotech), there will be heightened deal pressure as big products approach loss of exclusivity. Companies are also actively discussing how AI and data rights can be leveraged in licensing and collaboration deals, where stakeholders are laser-focused on the IP implications of using AI.”

IP Transaction Sector Breakdown by Total Deal Value



Source: Dealogic, as of 12/29/2025, “Others” includes Business Services, Transportation & Logistics, Aerospace Defense & Government Services, and Miscellaneous

Select Notable IP Transactions in 2025

DEAL DATE	TARGET	ACQUIRER	VALUE (\$ BN)
Oct-25	Certain rights to IBI363 and IBI343 from Innovent Biologics	Takeda Pharmaceuticals	\$11.4
Sept-25	Multi-asset license from Agro Biopharma	Novartis	\$5.4
Aug-25	Spectrum licenses from EchoStar	AT&T	\$22.7
May-25	Licenses of SSGJ-707 from 3SBio	Pfizer	\$6.1
Mar-25	Obesity therapy license from Zealand Pharma	Roche Holding	\$5.3

Source: Dealogic, as of 12/29/25.

More **Niche and Complex** Deals Gain Momentum Over Traditional Buyouts

Amid a more difficult dealmaking backdrop due to macro uncertainty, still-elevated interest rates, and valuation gaps between buyers and sellers, portfolio simplification and transaction structuring have become key themes in dealmaking. In addition, shareholder activism continues to act as a forcing mechanism behind strategic review, carveouts, and take-privates. These trends are expected to continue with many of the same dynamics remaining intact in 2026.

Carveouts Continue to Surge

Building on strong momentum from 2024, global carveout transaction volume finished 2025 nearly flat with the prior year, while value continued to rise. Efforts to refocus on core businesses, unlock trapped capital, and redeploy resources into higher-growth areas have fueled carveout activity. For corporate buyers, carveouts can strengthen platforms or add adjacent capabilities, while for PE they offer attractive entry prices and significant value-creation potential.

Carveout Activity

COUNT YoY VALUE YoY

-1%

+30%



Source: PitchBook, Deals Announced or Completed, as of 12/29/2025.



Jackie Cohen

Partner

Companies are increasingly evaluating carveouts to sharpen focus on core businesses. Both PE and strategic buyers target carveouts to unlock value and reposition portfolios amid volatile markets. These deals will likely remain a core component of deal pipelines rather than just opportunistic transactions.”

Take-Privates Reach Record Levels

Global PE take-private transactions reached record levels in 2025 as companies mispriced in public markets, often due to complexity, cyclicity, or long transformational timelines, sought stronger valuations and turned to PE sponsors for operational support. From the buy side, take-privates are attractive because targets are typically undervalued, offer significant transformation potential, and provide multiple exit paths, including re-IPO. Ongoing uncertainty in public markets is expected to sustain elevated take-private activity in 2026.

Take-Privates Surge in 2025



Rising Prevalence of Structured Deals

Dealmakers have increasingly utilized structured deal terms to bridge the valuation gap between buyers and sellers.

- **Earnouts:** contingent payments incentivize performance but can result in disputes if drafting and governance are not airtight. Through just October, the value of PE/VC exits with an earnout component in 2025 reached the highest annual total since at least 2018.¹
- **Contingent Value Rights (CVR):** can be utilized when the outcome is uncertain, allowing the buyers to de-risk while providing target shareholders participation in potential upside. CVRs are often used in HCLS transactions.
- **Seller Financing/Notes:** with the seller financing part of the purchase price, the seller benefits on interest income, and the deal can close faster. Commonly utilized in middle-market deals where bank financing may be limited.
- **Rollover Equity:** reinvestment by the seller in an equity stake of the business allows the seller to benefit from future growth while reducing the buyer's cash outlay and aligning incentives. Used as another valuation bridge, particularly in middle-market transactions.

Source: PitchBook, Deals Announced or Completed, as of 12/29/2025.

¹S&P Global, "Private equity gambles on earnouts to close exit deals" (11/6/2025).

Global M&A Regional Cross-Border Trends

Value Up, Volume Down, Capital Flows Into the Americas

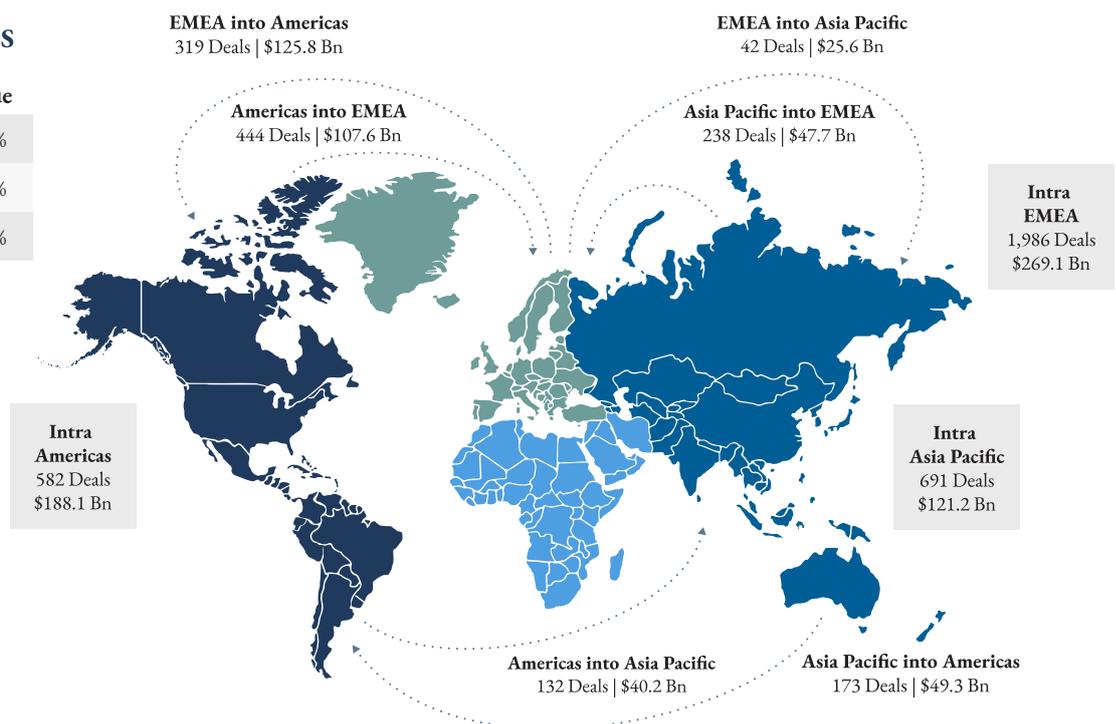
In 2025, cross-border M&A at a high level was defined by a clear step-up in deal value—part of a broader global rebound driven disproportionately by fewer, larger transactions (“value up, volume down”) as financing conditions improved. Even with this value resurgence, cross-border deals remained structurally lower as a share of global M&A than prior peaks, reflecting persistent regulatory or geopolitical friction. The growth story showed up more in bigger deals than in a broad-based surge in the number of cross-border deals.

The most important directional shift was more capital flowing into the Americas (especially the U.S.). APAC buyers materially increased spend into the Americas, and EMEA buyers also leaned

more outbound into both the Americas and APAC, while Americas buyers were relatively more home-region focused, reinforcing the pattern of higher inbound value into the Americas alongside selective outbound activity. Strategically, companies used cross-border deals to secure hard-to-build capabilities and assets, especially in AI/digital infrastructure and energy-transition sectors, where global scale and access to specialized ecosystems mattered more than local optionality. Overall, geopolitics and tighter screening didn’t eliminate cross-border activity so much as re-route it toward more “approvable” corridors and intra-regional combinations (notably in Europe), with more deliberate regulatory planning and structuring helping acquirers manage execution risk.

REGIONAL SHARE OF CROSS-BORDER DEALS

	Count	Value
Americas	23%	37%
EMEA	57%	44%
Asia Pacific	21%	19%



Source: Dealogic, as of 12/29/25.

Geopolitics and Foreign Investment

Cross-border Deals and Foreign Investment Become More Regulated

The Liberation Day tariffs reflected a broader recalibration of U.S. engagement with global markets, as the administration pursued policies prioritizing U.S. interests despite potential friction in cross-border dealmaking. In February 2025, President Trump issued the America First Investment Policy, directing expedited reviews for favored trade partners while significantly tightening scrutiny of Chinese and other foreign investments in sensitive sectors through the Committee on Foreign Investment in the United States (CFIUS). This policy initiative followed closely on the adoption of a final CFIUS rule in December 2024 that strengthened enforcement mechanisms and penalty authorities.

Similar developments in the UK and EU, including the UK's National Security and Investment (NSI) regime and enhanced EU-level Foreign Direct Investment (FDI) screening, signal a global tightening of national security controls. As these regimes expand, cross-border deal execution has grown more politicized and complex, particularly in semiconductors, advanced technologies, and digital and critical infrastructure, resulting in longer timelines and elevated transaction risk.

More Policy Clarity Benefits the 2026 Outlook

While elevated tariffs and tighter national security reviews in 2025 directly constrained cross-border investment, broader policy uncertainty also stalled transactions as parties hesitated amid shifting signals and geopolitical risk. Looking into 2026, cross-border dealmaking may benefit from greater regulatory clarity rather than policy permissiveness. As tariff and screening regimes mature and become more predictable, planning and risk assessment should improve, supporting renewed investment and M&A activity, provided that geopolitical tensions do not escalate further.

Cross-Border Execution Playbook for Buyers

WORKFLOW	KEY TOOLS IN 2025	EVOLUTION OF TOOLS IN 2026
Target Screening & Diligence	Early “red flag” diligence to identify government links, sensitive technology, and locations of operation.	Create standardized checklists and leverage AI tools to decide on transactions. Faster escalation on areas of concern.
Structuring Choices	Utilizing deal structures that reduce perceived control/risk (minority stakes, JVs, carveouts). Limiting board seats, veto rights, and access to sensitive information.	Optimization of structures for clearance predictability. Cleaner separations.
Regulatory Strategy	Engaging regulators earlier, file in parallel where possible, and plan for follow-up questions. Anticipating some deals may attract White House/political attention, which can change pace and tone of review.	Sequencing and expectations become more predictable, but White House/political attention remains a live variable in strategic sectors; teams plan for it upfront rather than treating it as exceptional.
Deal Docs: Conditions & Risks	Establishing longer outside dates, stronger cooperation covenants, and reverse break fees.	Stabilization of market norms for timing buffers and risk allocation language.
Remedies & Mitigation	Utilizing ring-fencing, governance controls, data access restrictions, and supply assurances.	Library of “off the shelf” mitigation packages for recurring sectors.
Timeline & Integration Planning	Ensuring the timeline is conservative. Planning for interim operating constraints.	Integration plans are compliant by design. Contingency plans for political/policy-driven timing shifts are maintained.
Political Management	In politically-sensitive deals, ensure the national interest story is clear.	Formalized playbook with stakeholder mapping, tighter message discipline, and proactive planning for high-level scrutiny in sensitive sectors.

Private Equity Activity and Trends

Global Private Equity Deal Volume and Analysis

Global PE Deal Activity by Region



Regional Private Equity Dynamics

While global M&A volume declined in 2025 compared to the prior year, global private equity deal count rose. North America and Europe have continued to dominate the private equity space both in terms of deal count and deal value in 2025 with a noticeable distinction between the two. Although Europe saw a higher number of transactions in 2025, North America dominated in terms of aggregate deal value, exceeding Europe by more than twofold. Europe has a higher concentration of middle-market, carve-out, and family-owned business transactions, which drives a higher deal count, but deal size is typically lower due to lower enterprise values, more conservative leverage, and regulatory complexity.

Source: Dealogic, as of 12/29/25.

Amanda Morrison

Partner



In 2025, private equity was defined by scale and selectivity: deal count eased as value surged with \$5+ Bn transactions representing 47% of global deal value. Europe drove volume primarily through middle-market and carve-out activity, while North America set the market’s value ceiling as large-cap sponsors pursued fewer, larger platforms. Capital favored sectors with structural demand including technology, financial services, energy, defense, and infrastructure.”

Global PE Aggregate Deal Value by Range

YEAR	<\$1 BN	\$1 BN-\$5 BN	\$5 BN+
2018	27%	46%	27%
2019	27%	39%	33%
2020	26%	40%	34%
2021	21%	41%	38%
2022	24%	34%	42%
2023	25%	42%	34%
2024	25%	43%	32%
2025	17%	36%	47%

* Only includes data from deals with reported values

Scale and Selectivity Define 2025

2025 proved to be a year of sharp contrasts for private equity, as deal value surged while deal volume rose more modestly, trending toward fewer but larger deals. The rise in “mega deals” was largely driven by tighter lending conditions and tariff volatility, leading sponsors with strong balance sheets to pursue fewer acquisitions and much larger-scale assets. The technology, healthcare, energy, and defense sectors have long-term demand and pricing power to justify the large equity checks.

Source: Dealogic, as of 12/29/25.

Largest Private Equity Deals of 2025

Top 10 Largest PE Deals

DATE	TARGET	ACQUIRER	VALUE (\$ BN)	INDUSTRY	NATIONALITY
Sep-25	Electronic Arts	Silver Lake and others	\$56.6	Computers & Electronics	U.S.
Oct-25	Aligned Data Centers (Macquarie)	BlackRock and others	\$40.0	Computers & Electronics	U.S.
Jan-25	Calpine Corp (Bridgepoint and CPP)	Constellation Energy	\$29.4	Utility & Energy	U.S.
Sep-25	Air Lease Corp	Apollo and others	\$27.5	Finance	U.S.
Mar-25	Walgreens	Sycamore Partners	\$23.7	Retail	U.S.
Aug-25	JDE Peet's (JAB Holding)	Keurig Dr Pepper	\$23.0	Food & Beverage	U.S.
Sep-25	Sempra	KKR and others	\$19.5	Utility & Energy	U.S.
Oct-25	Hologic	Blackstone, TPG, and others	\$19.4	Healthcare	U.S.
Oct-25	MasOrange (Cinven, KKR, and others)	Orange SA	\$19.4	Telecommunications	Spain
Mar-25	Hutchison Port	BlackRock and others	\$19.2	Transportation	China



Howard Glazer

Partner



The top end of the private equity market in 2025 was defined by concentration, both geographically and by sector. Capital overwhelmingly gravitated toward North America, where the depth of assets and financing capacity can support global-scale transactions, while Europe and Asia played a secondary role in value terms.”

Deep Capital Pools Drive 2025 Deal Activity

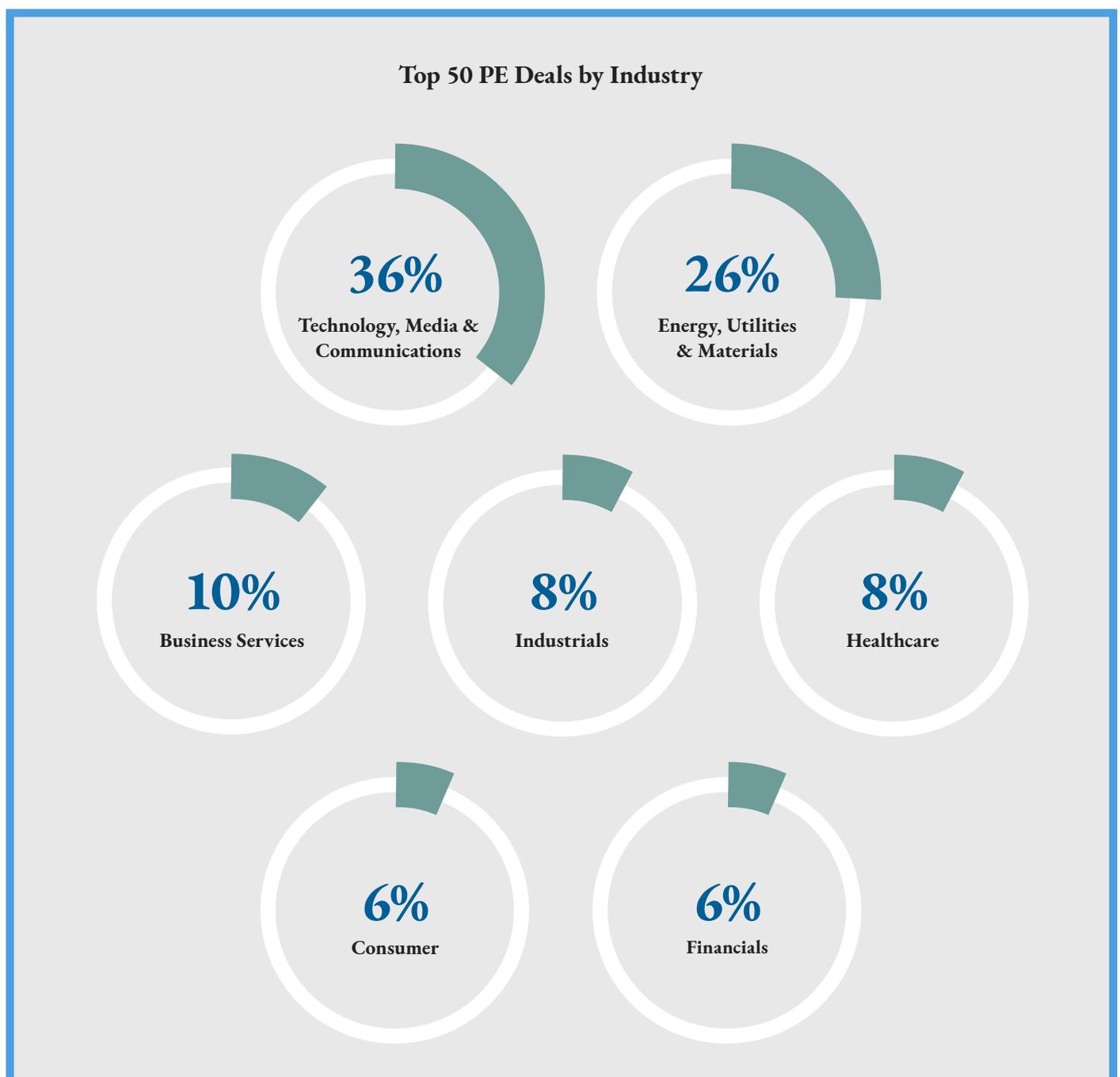
The concentration of U.S. deals in the largest deals of the year can be explained by the abundance of institutional capital, which enabled sponsors to underwrite historically large transactions in the U.S. even as overall deal counts declined in 2025. Looking forward to 2026, most industry outlooks suggest that while mega-deal activity and deal value concentration may persist, the broader landscape could shift as financing conditions and macroeconomic dynamics evolve. Many PE forecasters expect continued momentum in large buyouts and sponsor-led transactions, supported by improving liquidity and sustained interest in AI-related and strategic sectors. It will be interesting to see how the enormous concentration of investment in AI-related technology will develop in 2026, with many believing that AI-related assets and companies are overvalued.

Source: Dealogic, as of 12/29/25.

ropesgray.com

AI and Digital Infrastructure Anchor Largest Deals of 2025

The technology sector led the way in 2025, headlined by Saudi Arabia’s Public Investment Fund and Silver Lake’s co-led acquisition of gaming company EA Sports, valued at about \$56 billion. In media, the biggest craze of 2025 was the sweeping wave of investment and discussion of AI and data centers. As such, it is no surprise that many of the top 50 biggest deals of the year involved technology, media, communications, and energy. The rapid adoption of AI technologies has driven unprecedented demand for digital infrastructure; sponsors targeted these large-scale deals and sectors due to their defensibility, operational leverage, and foundational role in supporting AI’s expansion. The Aligned Data Centers \$40 billion transaction exemplified this trend, as investors prioritize assets with long-term relevance in a shifting market.



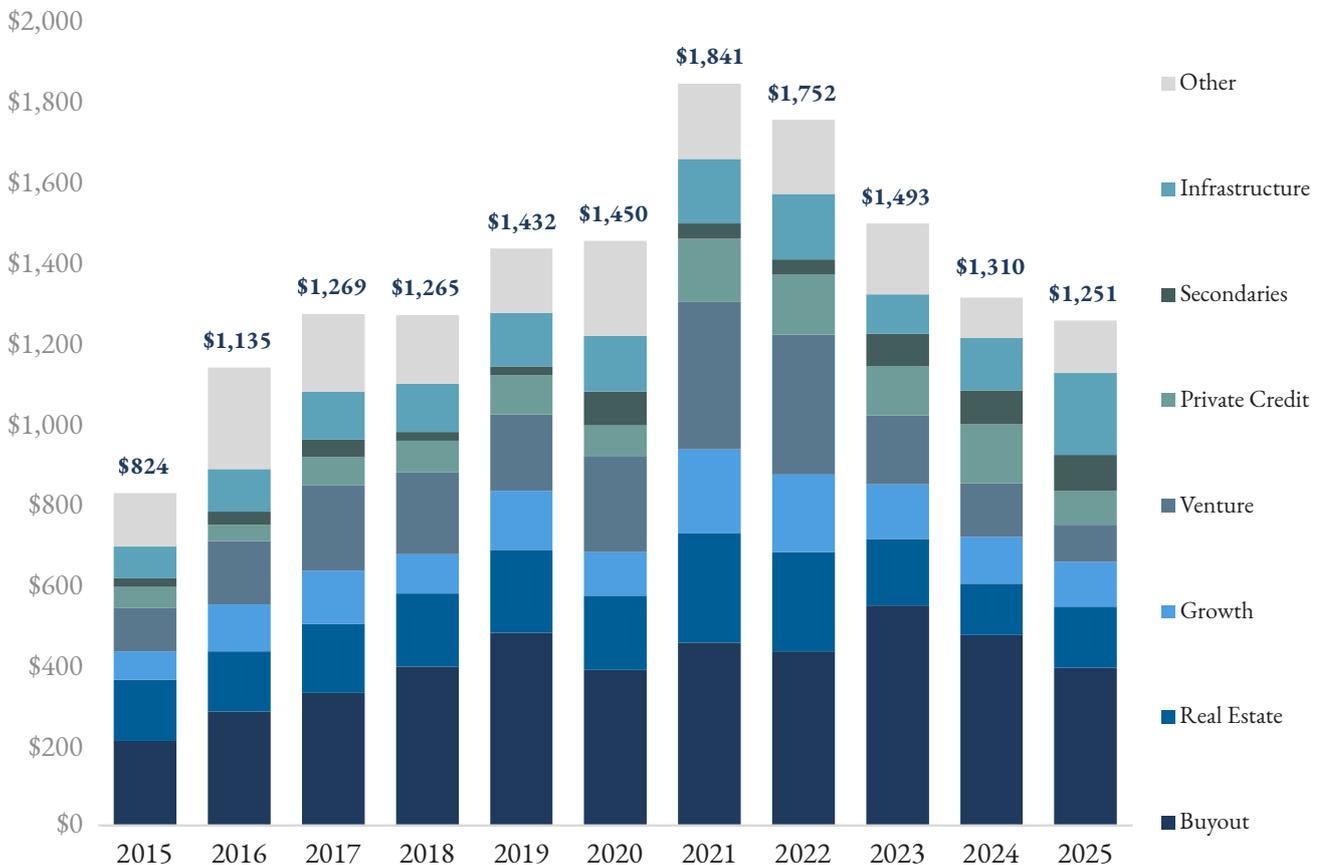
Source: Dealogic, as of 12/29/25.

Global Fundraising and Dry Powder Trends

LPs Concentrated Capital and Favored Safety

Fundraising across private markets in 2025 has slowed meaningfully from the post-pandemic peaks, with fewer funds closing and capital increasingly concentrated among the largest and most established managers. Venture and traditional buyout strategies have been most affected, as LPs prioritize capital preservation, proven execution, and lower-risk profiles. In contrast, secondaries and private credit have emerged as clear beneficiaries of the current environment, supported by heightened liquidity needs, longer holding periods, and ongoing refinancing demand. Infrastructure and real assets fundraising has remained resilient, particularly in Europe, where energy transition and government-backed investment themes continue to attract capital.

Global Private Capital Raised by Fund Type (\$ Bn)

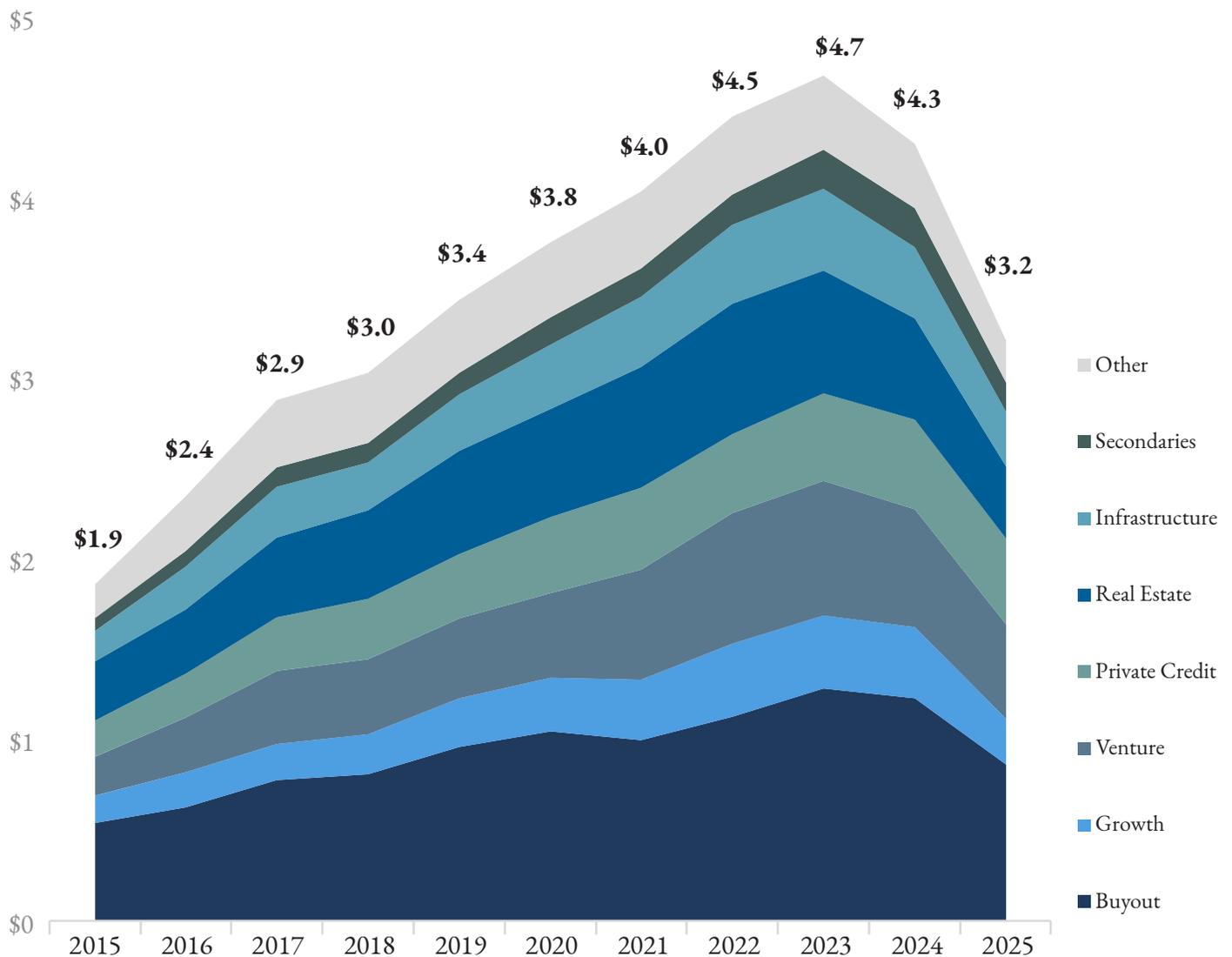


Source: Preqin, as of 12/29/25.

Deployment Pressures Reshape Capital Allocation

Capital in older vintages has continued to build as slower deal deployment and delayed exits since 2022 have extended holding periods, which increased urgency for managers to put capital to work before investment windows expire. While buyouts and real estate strategies continue to feel the impact of these constraints, private credit, secondaries, and infrastructure are better positioned, supported by ongoing financing needs and long-term investment themes. Capital is concentrated among the largest and most experienced managers, reinforcing a market dynamic where scale and operational capability are shaping both fundraising and investment behavior.

Dry Powder by Fund Type (\$ Tn)



Source: Preqin, as of 12/29/25.

Private Capital

Deal Structure Trends:

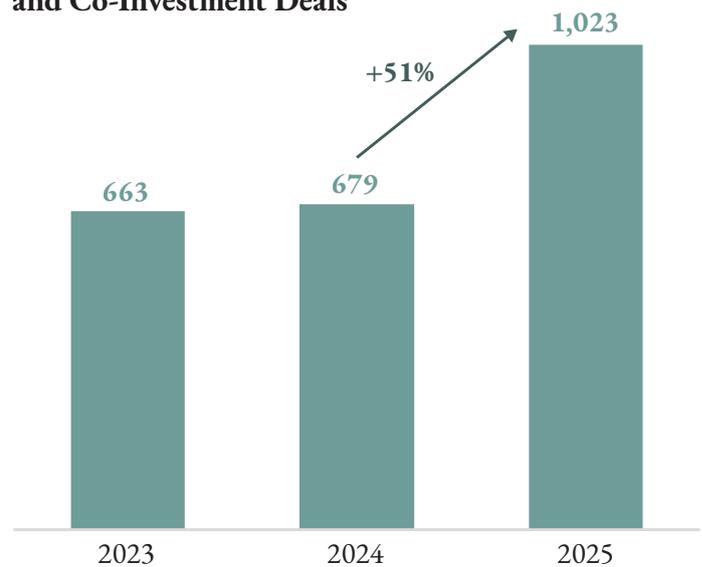
Multi-Sponsor Deals and Hybrid Capital

Rise in Multi-Sponsor Deals

2025 saw a resurgence in private equity multi-sponsor deals as this year’s high-value deal environment created an attractive dynamic for this model. Sponsors benefit from the risk-sharing, equity check syndication, and co-invest abilities that multi-sponsor deals offer to execute on larger or more complex transactions. Growing LP demand for co-investment opportunities and direct participation continue to shape how sponsors assemble equity.

Multi-sponsor deals functioned partially as a pressure valve within the 2025 deal market, allowing GPs to continue deploying capital amid a more challenging market backdrop. Take-private deals remained a central use case for multi-sponsor deals this year, making up three of the top five multi-sponsor deals announced in 2025.

Private Equity Multi-Sponsor and Co-Investment Deals



Largest 2025 Private Equity Multi-Sponsor and Co-Investment Deals

DATE	TARGET	ACQUIRER	VALUE (\$ BN)
Sep-25	Electronic Arts	PIF, Silver Lake, Affinity Partners	\$57
Sep-25	Semptra Infrastructure Partners (45%)	KKR, CPP	\$20
Oct-25	Hologic	Blackstone, TPG, ADIA, GIC	\$19
Mar-25	Hutchison Port Holdings	BlackRock, TiL	\$19
Aug-25	Dayforce	Thoma Bravo, ADIA	\$13

Source: Dealogic, as of 12/29/2025.

Minh-Chau Le

Partner

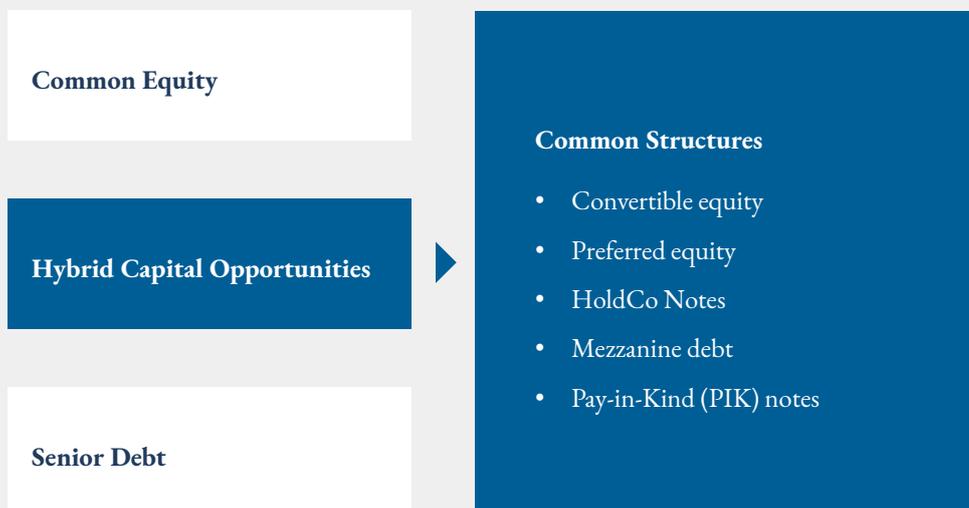


As market conditions have evolved, sponsors have grown to embrace more complex deal structures beyond traditional buyouts. We’re seeing more carve-outs, partnerships with strategics and other sponsors, and transactions with layered structures and flexible capital solutions to help with deal execution and success.”



Hybrid and Capital Solutions Offerings Grow

Private markets are increasingly deploying flexible capital solutions that occupy intermediate layers of the capital stack, including unitranche loans, payment-in-kind (PIK) features, preferred equity, and structured hybrid securities. These instruments combine contractual returns with equity-like upside potential, while maintaining downside protection through conservative leverage thresholds. When regulatory pressures and capital constraints caused traditional lenders to retreat from riskier financing segments in 2022-2023, markets were left with a capital-need gap. Private credit ballooned to fill that gap, and now private lenders are increasingly involved in more complex opportunities that benefit from customizable capital solutions.

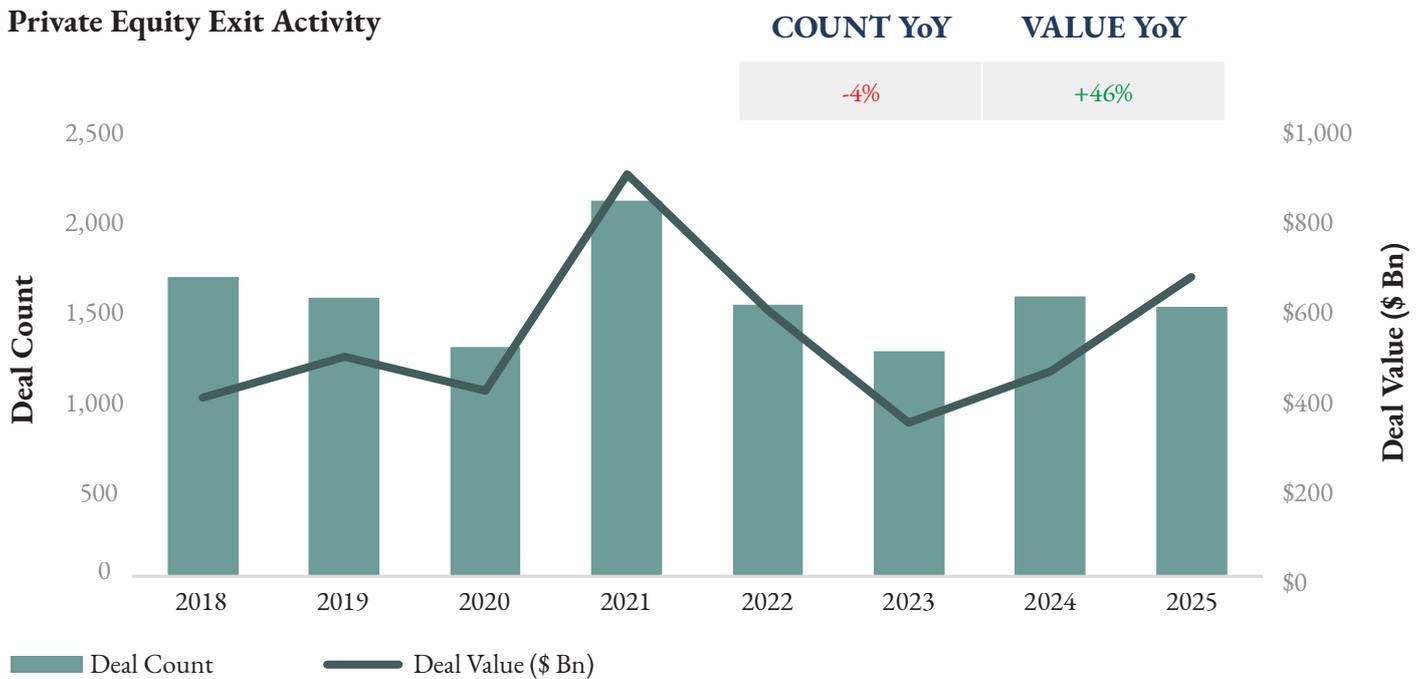


Exits and Liquidity Strategies

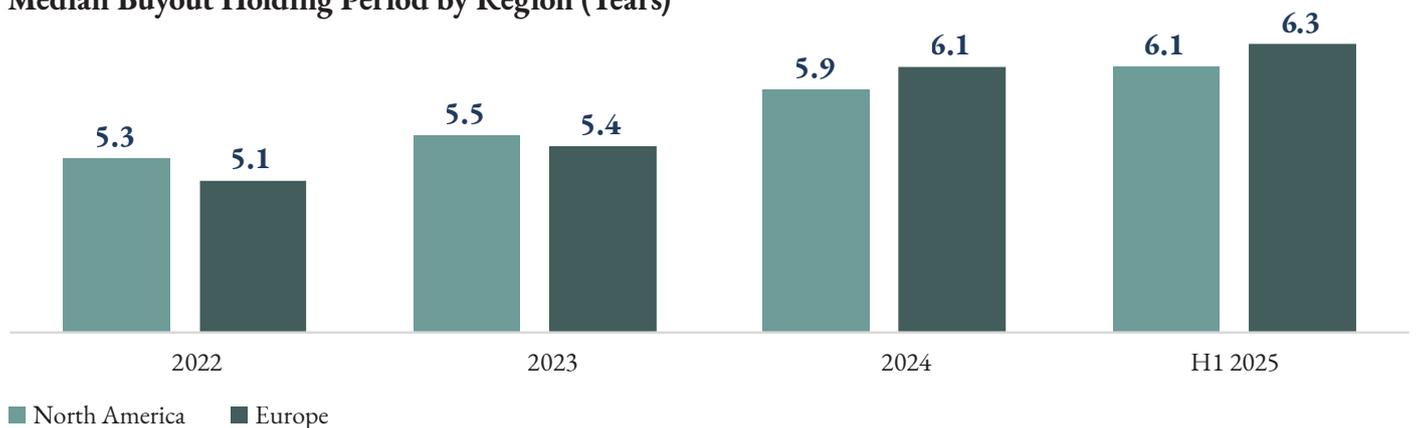
Exit Constraints Drive Longer Holding Periods

Private equity exit activity remained subdued throughout 2025, reinforcing liquidity as a pain point within the industry. While far from a full reopening, the current exit environment and broader market conditions have led to an increase in private equity holding periods. Extended holding periods afford sponsors more time for value-creation strategies, but the current trend is predominantly driven by external market constraints. These extended holding periods have heightened liquidity pressures across the industry, shifting investor focus to distributions and favoring DPI over IRR as the primary metric of success this year. Looking ahead, exits will be forced to pick up as the private equity industry faces a growing backlog of aging assets.

Private Equity Exit Activity



Median Buyout Holding Period by Region (Years)

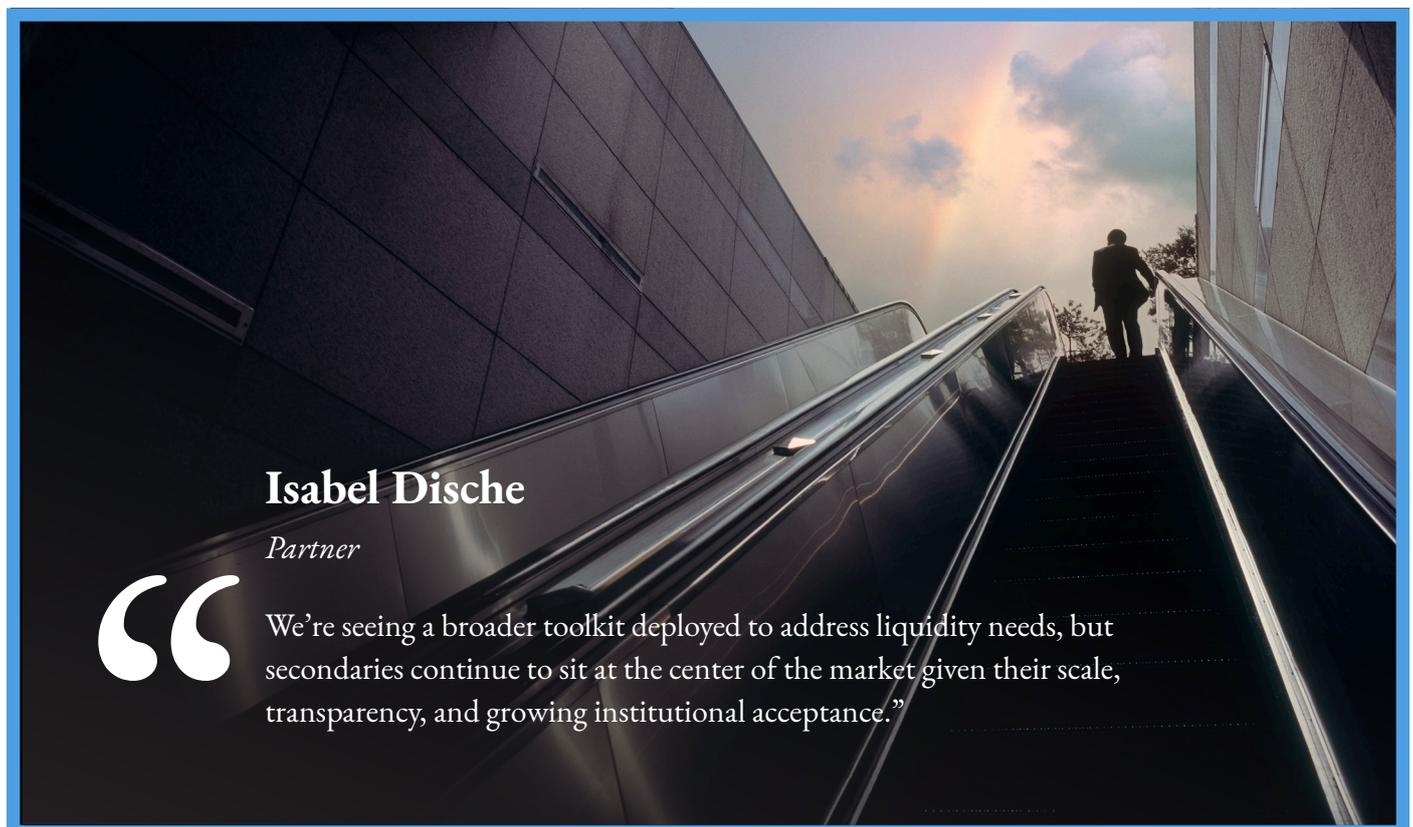


Sources: Dealogic, Preqin, as of 12/29/2025.

Unlocking Liquidity Remains Paramount

With traditional exit channels continuing to move slowly in 2025, both LPs and GPs have increasingly turned to alternative liquidity solutions to unlock capital. Notably, the private equity secondaries market was one of the hottest and fastest-growing markets this year and cemented itself as a key source of liquidity. 2025 is on track to be another record year of secondary transaction volumes, driven by LP demand for capital redistribution and GP efforts to manage aging portfolios. GP-led secondaries have become increasingly mainstream with continuation vehicles making up almost 20% of all PE exits through the first half of 2025, according to data from Jefferies. Beyond secondaries, sponsors also continued to explore a broader range of alternative liquidity solutions this year, including NAV loans, preferred equity structures, and minority stake sales.

Secondary Transaction Volume (\$ Bn)



Sources: Evercore, Jefferies, as of 12/29/2025.

Value Creation and Operational Focus

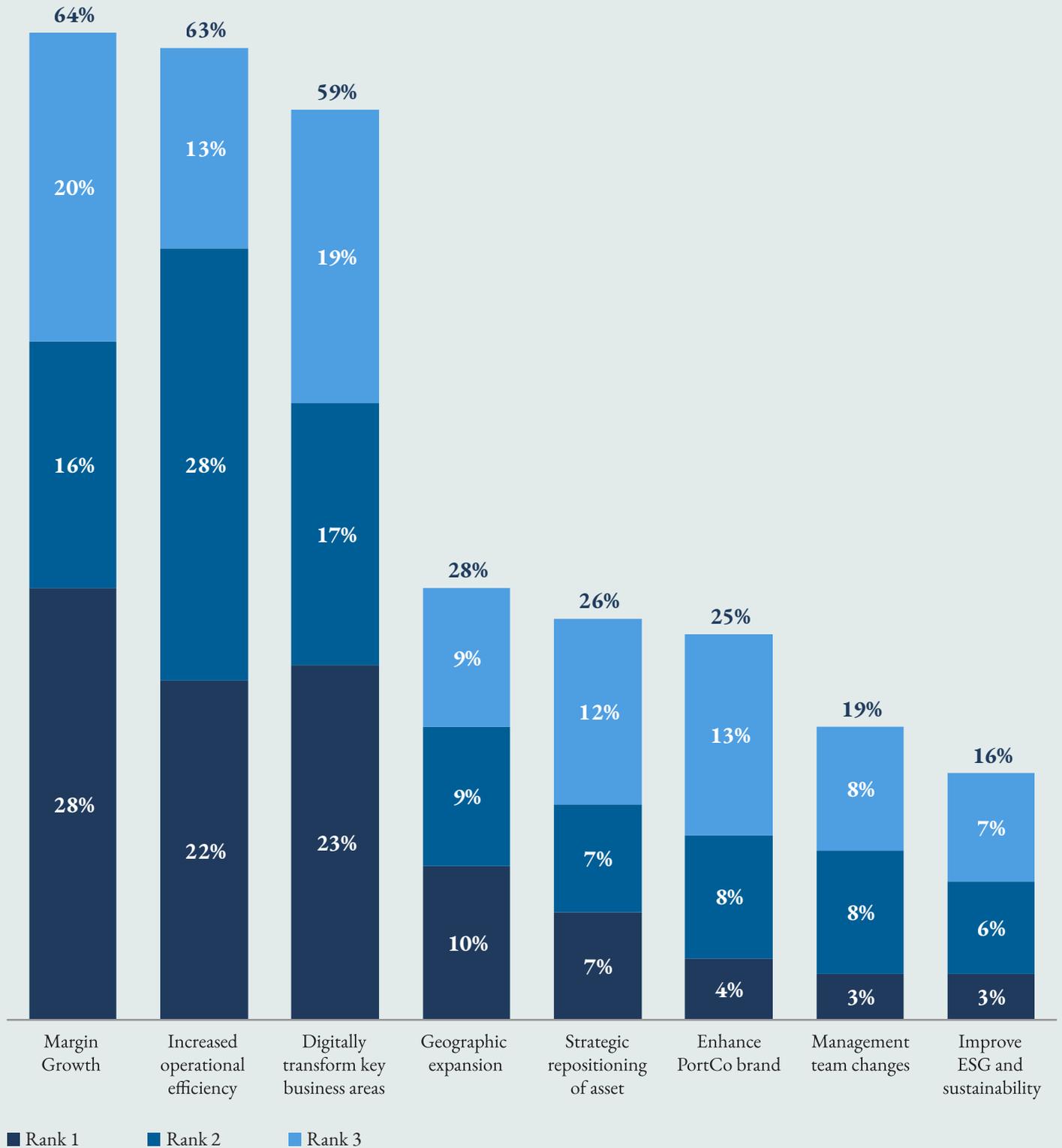
Value Creation Takes Center Stage

The new private equity cycle following the post-COVID boom has brought with it an intensified emphasis on value creation. While firms have been broadening their toolkits beyond traditional financial engineering for some time, they are now even less able to rely heavily on financial engineering strategies or tailwinds perpetuating multiple expansion to drive returns. There is now an even stronger focus on value creation strategies and operational alpha to deliver returns.

Current value creation strategies also look different today than they have in the past. For years, firms have pursued a mix of levers, often starting with independent improvements, such as cost optimization within specific lines of business, alongside targeted growth initiatives. Today, the evolution is even more pronounced than ever: sponsors are pursuing business-wide value creation strategies and developing plans earlier in the process, often in due diligence, to be able to hit the ground running post-close. Value creation has become an even more explicit core component of the investment theses.

McKinsey analysis shows that value creation levels can lead to 25-45% margin growth, with 15-20% through cost optimization and 10-15% coming from revenue growth.¹ Cost initiatives have long remained a central focus in PE value creation, but approaches continue to become more sophisticated than traditional cost-cutting and are increasingly embedded in broader value creation agendas. Sponsors are targeting costs through a variety of strategies including procurement optimization, working capital discipline, and supply chain management. Revenue growth has also remained a key focus, and now more than ever, with increasing emphasis on pricing optimization and other data-driven commercial strategies. Value creation plans increasingly include AI and broader digital enhancement. AI adoption continues to move from siloed experimental phases to embedding in core business processes.

KPMG 2025 Global PE Value Creation Survey: Multiple Expansion Strategies Firms are Focusing on to Drive PortCo Growth²



² KPMG 2025 Global PE Value Creation Survey

Democratization of Private Equity

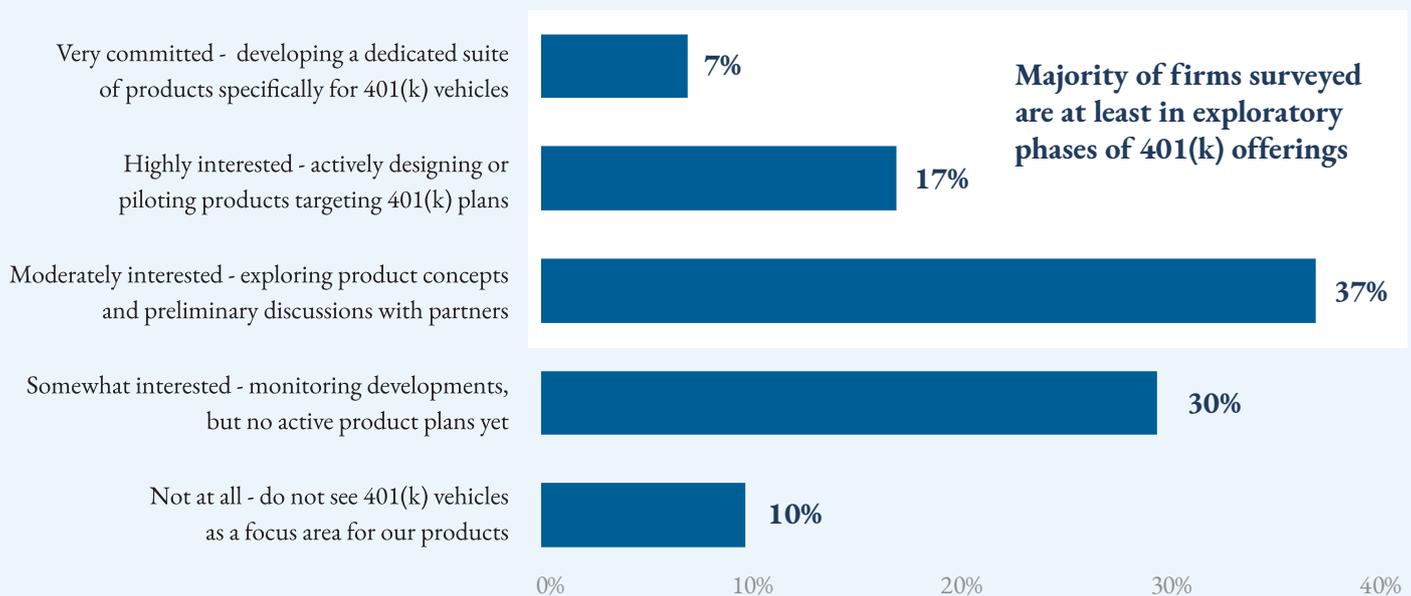
Private Equity Offerings Broaden Investor Access

2025 saw a meaningful acceleration in the efforts to expand individual investor access to alternatives, underscored by regulatory developments, product demand, and an attractive opportunity for managers.

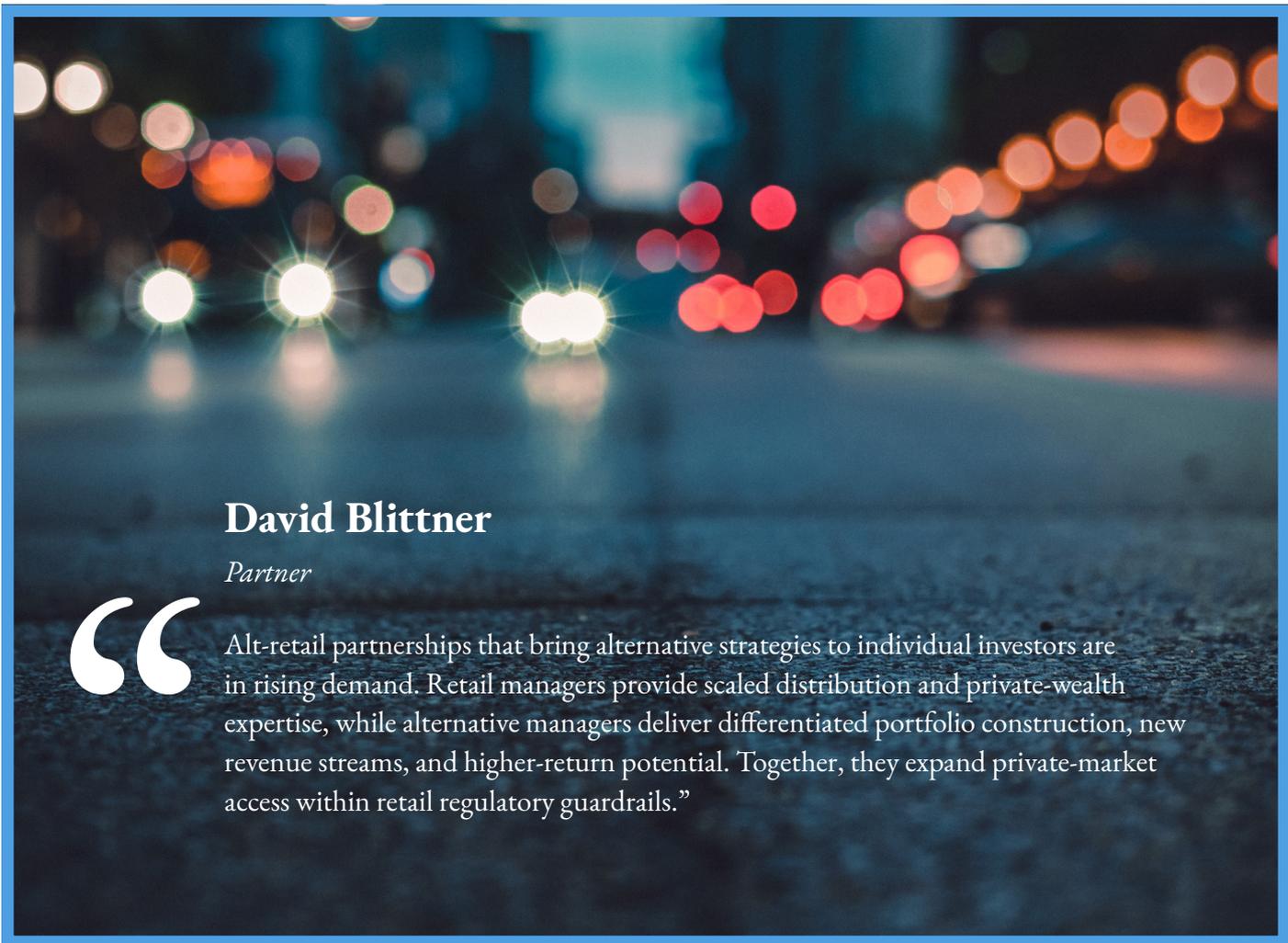
Mutual funds, BDCs, and REITs have democratized other asset classes, paving the way for private equity to tap into retail capital. Retail demand for access to alternatives is high, with a September 2025 Preqin and BlackRock European Private Wealth Survey highlighting access to non-public markets, diversification, and the potential for enhanced returns as the key drivers of interest in private equity.

The last year has brought a proliferation of alt-retail partnerships, where alternative asset managers and retail asset managers came together to offer retail investors exposure to alternative strategies. These alt-retail partnerships offer many compelling benefits such as access to retail distribution scale, a broader investor base to help with fundraising, tailored products for both sides of the relationship, and strategic capital investments into each other’s products. The continued development of these partnerships alongside other market dynamics, including the growth of evergreen funds and secondaries, will fuel ongoing momentum behind the industry’s push into private wealth. The democratization of private equity and private capital in 2025 represents a significant, though still evolving, shift in the alternative investment landscape. While challenges remain regarding implementation and investor protection, the direction is clear: private capital is becoming increasingly integrated into mainstream investment portfolios.

EY Q3 Pulse Survey on PE Firm Interest in Developing Products for U.S. 401(k) Market¹



¹ EY Q3 Pulse
ropesgray.com



David Blittner

Partner



Alt-retail partnerships that bring alternative strategies to individual investors are in rising demand. Retail managers provide scaled distribution and private-wealth expertise, while alternative managers deliver differentiated portfolio construction, new revenue streams, and higher-return potential. Together, they expand private-market access within retail regulatory guardrails.”

Alt-Retail Partnerships and Developments

DATE	PARTIES INVOLVED	DESCRIPTION
Dec-25	Goldman Sachs Asset Management, T. Rowe Price	Launched co-branded model portfolios for the initial phase of the firms’ joint product offerings
Apr-25	KKR, Capital Group	Launched their first two public-private investment solutions and announced plans to expand partnership
Apr-25	Wellington Management, Vanguard, Blackstone	Formed an alliance focused on developing simplified multi-asset investment solutions
Sep-24	BlackRock, Partners Group	Established strategic partnership to transform retail wealth access to private markets
May-24	KKR, Capital Group	Launched a strategic partnership to create public-private investment solutions available to investors

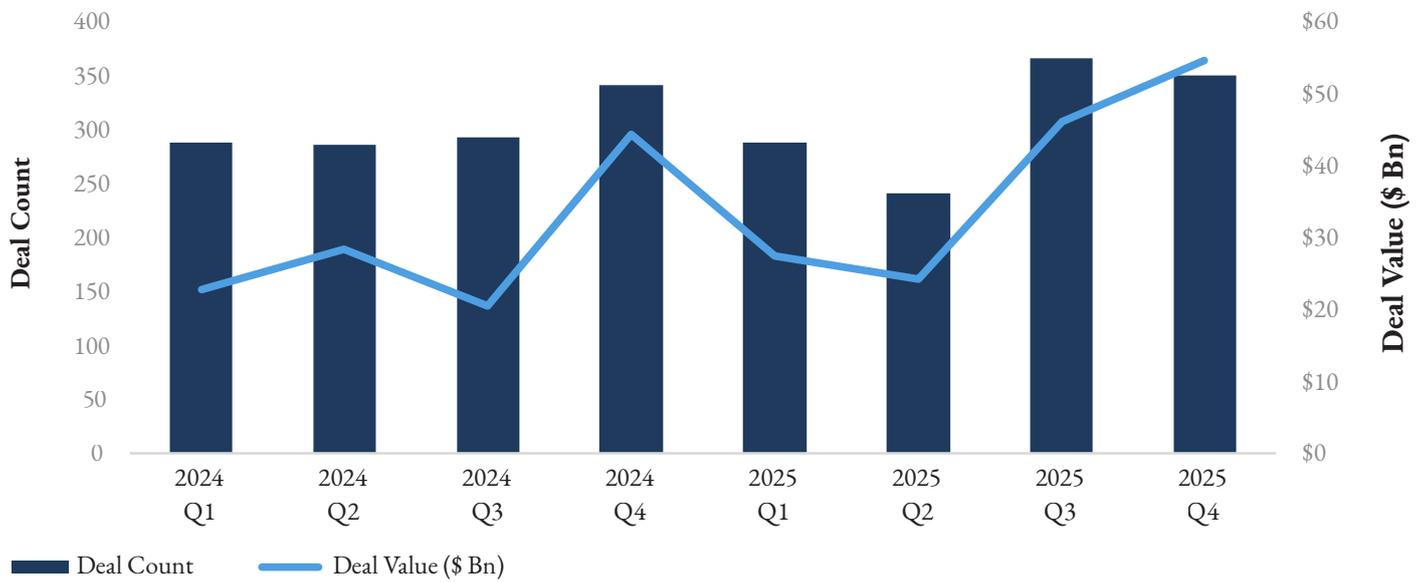
Source: Goldman Sachs, BlackRock, Capital Group, KKR, Blackstone.

Capital Markets and Financing Environment

Global IPOs

2025 Year in Review

Quarterly Global IPOs

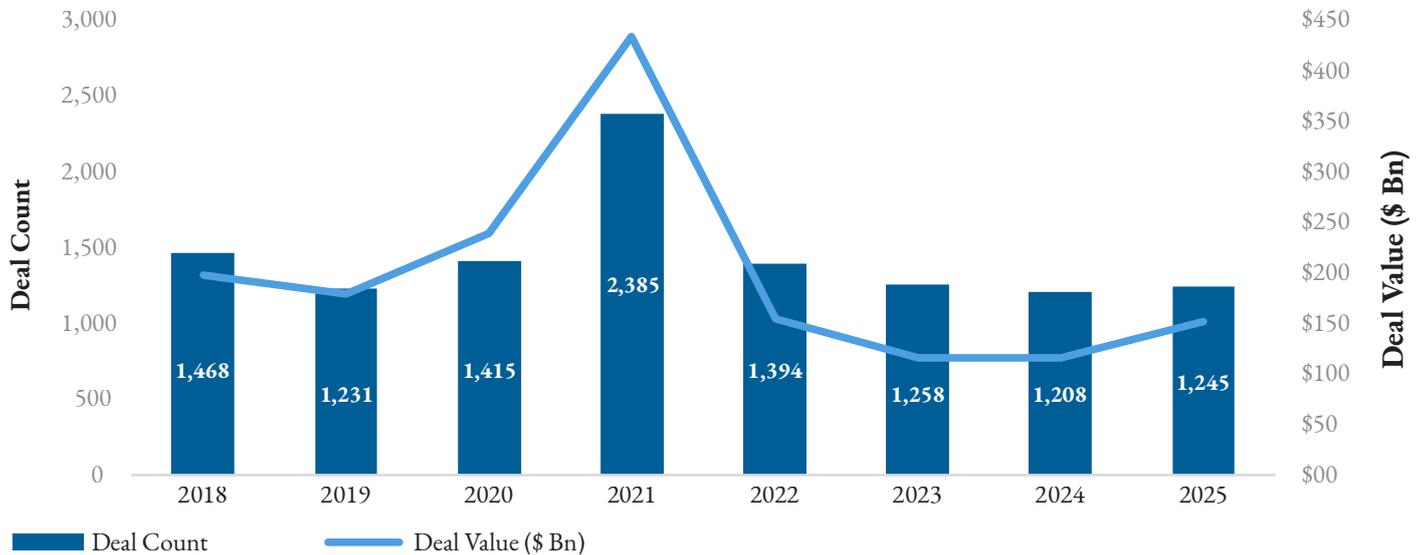


Annual Global IPOs

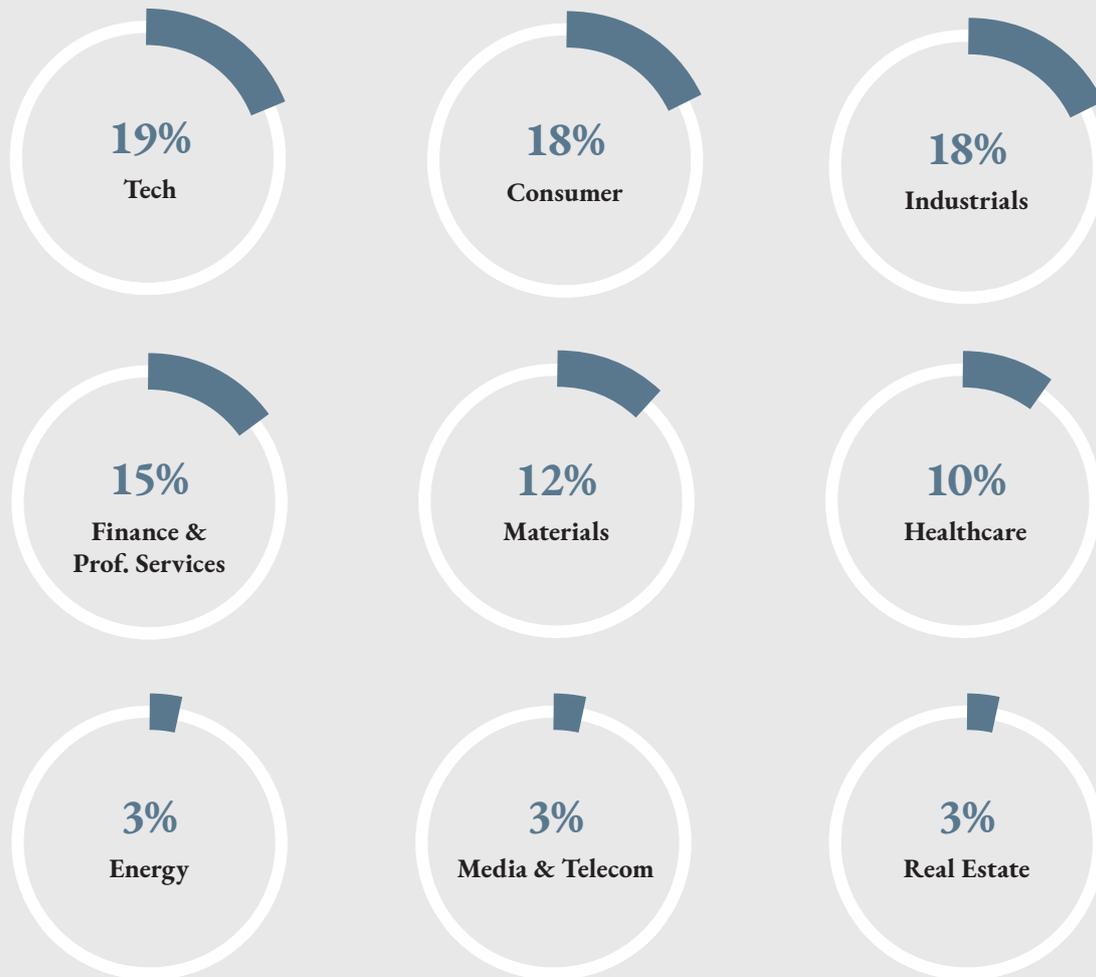
COUNT YoY **VALUE YoY**

+3%

+31%



Global IPOs in 2025 by Industry (IPO Count)



Craig Marcus

Partner



The IPO window reopened but remained ‘selective.’ PE sponsors were able to execute on transactions for attractive assets that were able to drive valuations and performance, but volatility and episodic disruptions kept the market in ‘stop-start’ mode. 2026 should shape out to be a better year than 2025 if momentum holds. There is a growing backlog of IPO-ready sponsor assets, but timing will still hinge on market stability and investor confidence.”

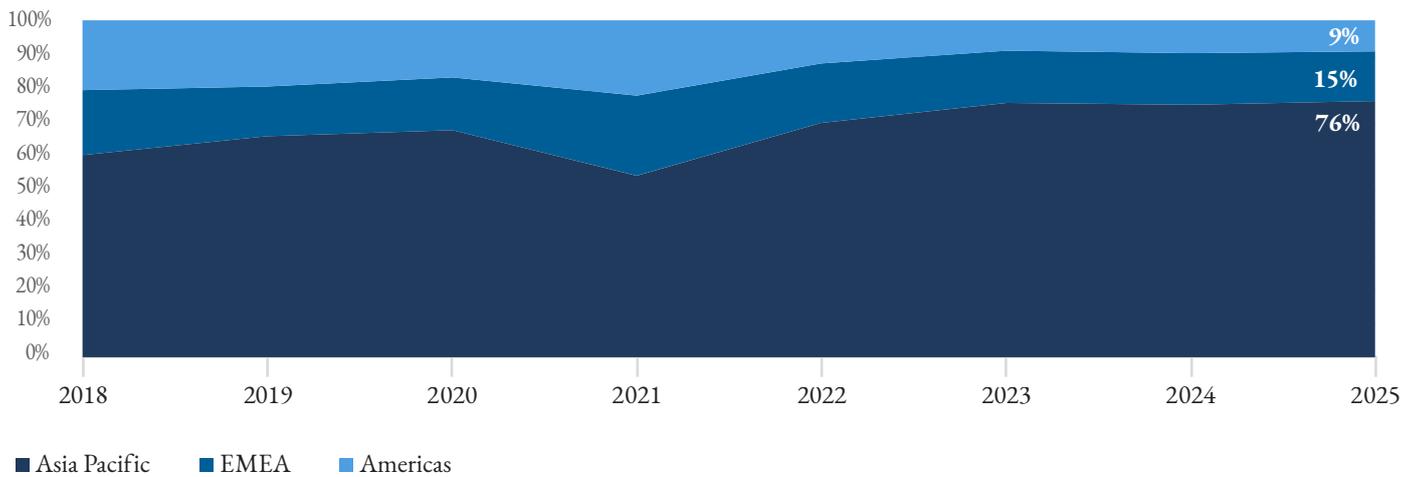
Source: Dealogic, as of 12/29/2025. IPOs exclude SPACs.

Equity Strength Reopens the IPO Window as Sponsor-Backed Listings Improve

Stronger equity markets in 2025 helped stabilize valuation expectations and contributed to an improved IPO market after several years of volatility. As major indices recovered and volatility eased, public-market equivalents began trading at more stable and, in many cases, higher multiples. Sponsor-backed IPOs increased in 2025 with activity up 37% from last year. The U.S. IPO market showed signs of recovery in 2025, outpacing all other countries in capital raised and recording its highest level of deal activity since 2021. Asia-Pacific was the largest region by both volume and proceeds, with Hong Kong particularly strong. IPO activity in Europe showed early signs of recovery, with listings in the Swiss, German, and Nordic markets.

Global IPOs by Region

By IPO Count



Largest Global IPOs (Non-Cross Border)

DATE	VALUE (\$ BN)	COMPANY	EXCHANGE LOCATION
Dec-25	\$7.2	Medline	U.S.
Oct-25	\$4.2	Verisure	Sweden
Sep-25	\$3.7	Zijin Gold International	Hong Kong
Mar-25	\$3.0	JX Advanced Metals	Japan
Jul-25	\$2.5	Huadian New Energy Group	China

Source: Dealogic, as of 12/29/2025. IPOs exclude SPACs.

Global IPO

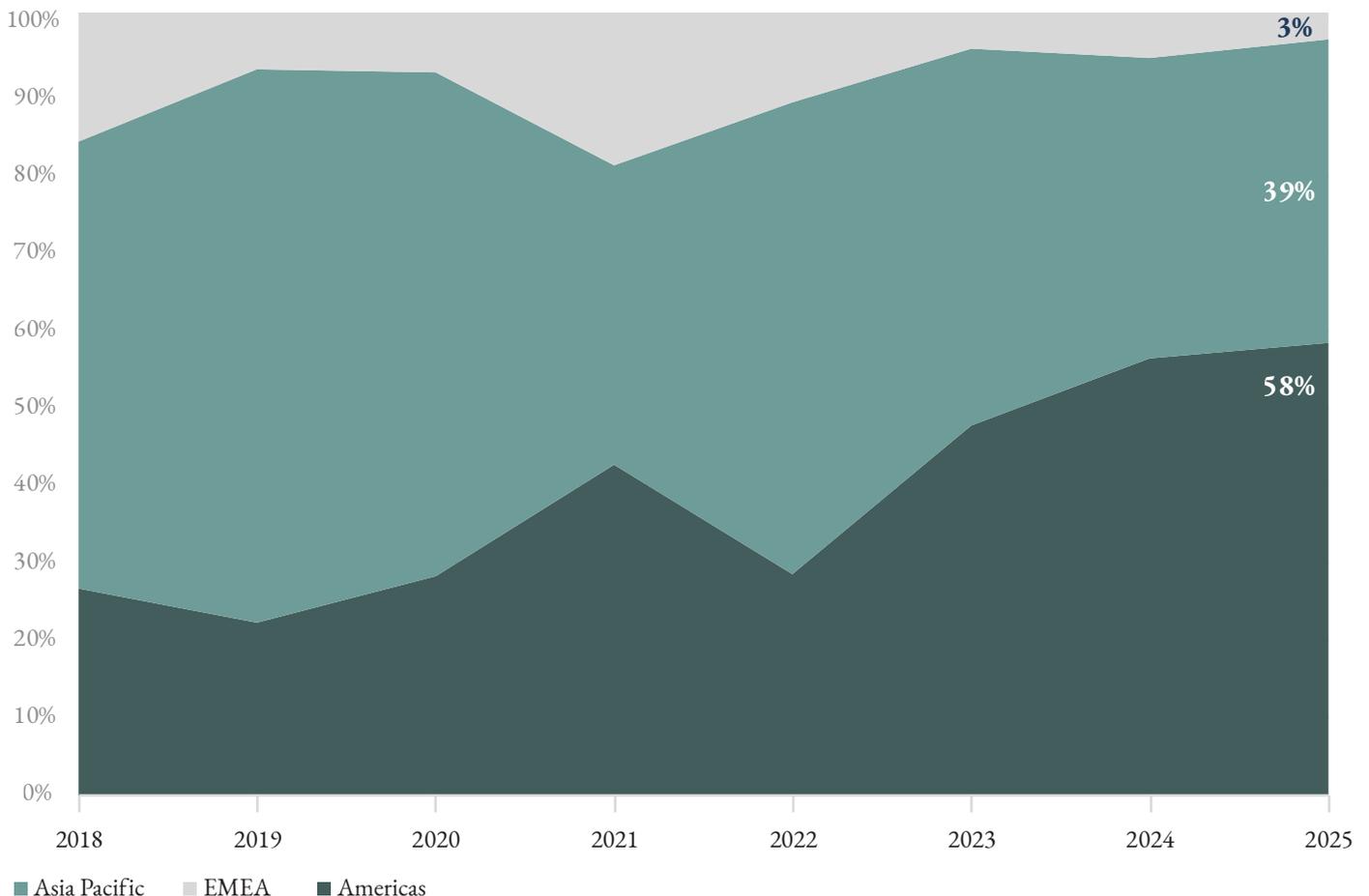
Cross-Border Listings

Cross-Border IPOs Hit Records as Foreign Issuers Chase U.S. Depth

Cross-border IPO activity reached record levels, with a significant share of U.S. listings coming from foreign issuers. The U.S. remained a leading destination for foreign private issuers, supported by strong institutional demand, market depth, and well-established regulatory frameworks for cross-border listings. Issuers in sectors such as technology, healthcare, and infrastructure were often able to achieve higher valuations, broader analyst coverage, and stronger trading liquidity by listing outside their home jurisdictions. Simultaneously, pent-up exit demand from private equity and venture capital sponsors favored international markets capable of supporting larger offerings and partial sell-downs.

Cross-Border IPOs by Listing Region

% By Deal Count



Source: Dealogic, as of 12/29/2025. IPOs exclude SPACs.

Several large, well-received U.S. IPOs and follow-on offerings early in the year reset pricing expectations and demonstrated aftermarket resilience, prompting sponsors and boards to prioritize U.S. listings. In addition, uncertainty in certain foreign markets, combined with pressure from private equity and venture capital funds facing aging portfolios, increased appetite for U.S. listings supported by established foreign private issuers. Notably, much of the trade and tariff uncertainty that characterized 2025 was viewed as episodic or sector-specific, reinforcing the perception that the U.S. market, despite volatility, offered the highest execution certainty when issuance windows opened.

Largest Cross-Border IPOs by Listing Region 2025

DATE	VALUE (\$ BN)	COMPANY	HQ LOCATION	EXCHANGE LOCATION
Oct-25	\$4.2	Verisure	Switzerland	Sweden
Sep-25	\$1.6	Klarna Group	UK	U.S.
Sep-25	\$1.3	Chery Automobile	China	Hong Kong
Aug-25	\$1.3	Bullish	Cayman Islands	U.S.
Nov-25	\$0.8	Chuangxin Industries Holdings	China	Hong Kong
Sep-25	\$0.8	Fermi Inc	U.S.	UK, U.S.
May-25	\$0.7	eToro Group	Israel	U.S.
Aug-25	\$0.5	Aux Electric	China	Hong Kong
Feb-25	\$0.5	MIXUE Group	China	Hong Kong
Jul-25	\$0.5	GO Residential Real Estate Investment Trust	U.S.	Canada

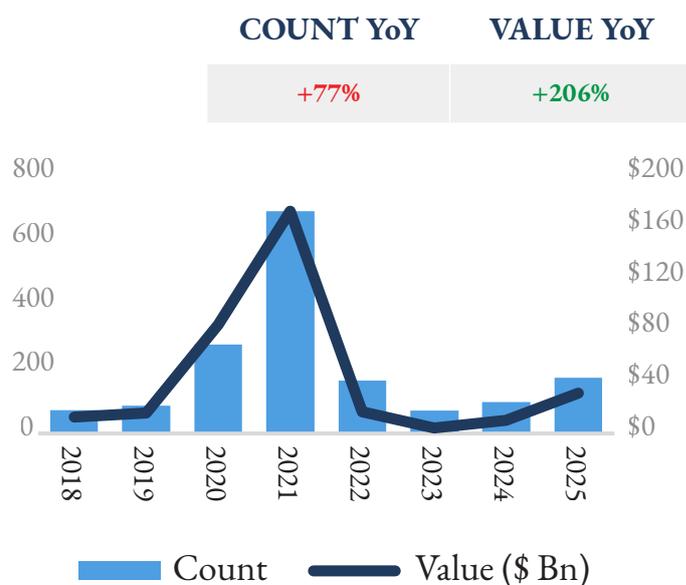
Source: Dealogic, as of 12/29/2025.

SPACs Return with Discipline

SPAC activity saw a resurgence in 2025, surpassing total count and value seen in each of the last three years. While issuance remains well below the 2020-2021 SPAC boom, the return of SPACs this year reflected improved investor confidence in the instrument and a more disciplined approach. SPACs offer an alternative to IPOs, as they are often a faster path to public markets, allow for valuation negotiation, and may provide access to public markets while IPO markets are soft or closed.

De-SPAC transactions remained selective this year as the SPAC market has entered a more mature phase. Within the SPAC market, sectors related to tech and sustainability, including fintech, AI, space tech, biotech, and infrastructure, have attracted investor interest. Overall, the return of the SPAC market in 2025 demonstrated rationality and created a sustainable foundation.

Global SPAC Activity



Source: Dealogic, as of 12/29/2025.

Top 5 Largest De-SPAC Transactions in 2025

DATE	TARGET	ACQUIRER	VALUE (\$ BN)	INDUSTRY
Nov-25	SWB LLC	Soulpower Acquisition Corp	\$8.1	Finance
Aug-25	Boxabl Inc	FG Merger II Corp	\$3.5	Construction
Apr-25	Kodiak Robotics Inc	Ares Acquisition Corp II	\$3.3	AI
Nov-25	Xanadu Quantum Technologies Inc	Crane Harbor Acquisition Corp	\$3.0	Quantum Computing
Jul-25	Bitcoin Standard Treasury Company	Cantor Equity Partners I Inc	\$2.8	Crypto

Christopher Capuzzi

Partner



“The 2025 SPAC market has been constructive, with a renewed interest in the space after declining levels of activity the last few years. The market has moved into a more disciplined phase with activity being driven by experienced players and an emphasis on transaction structures creating long-term value.”

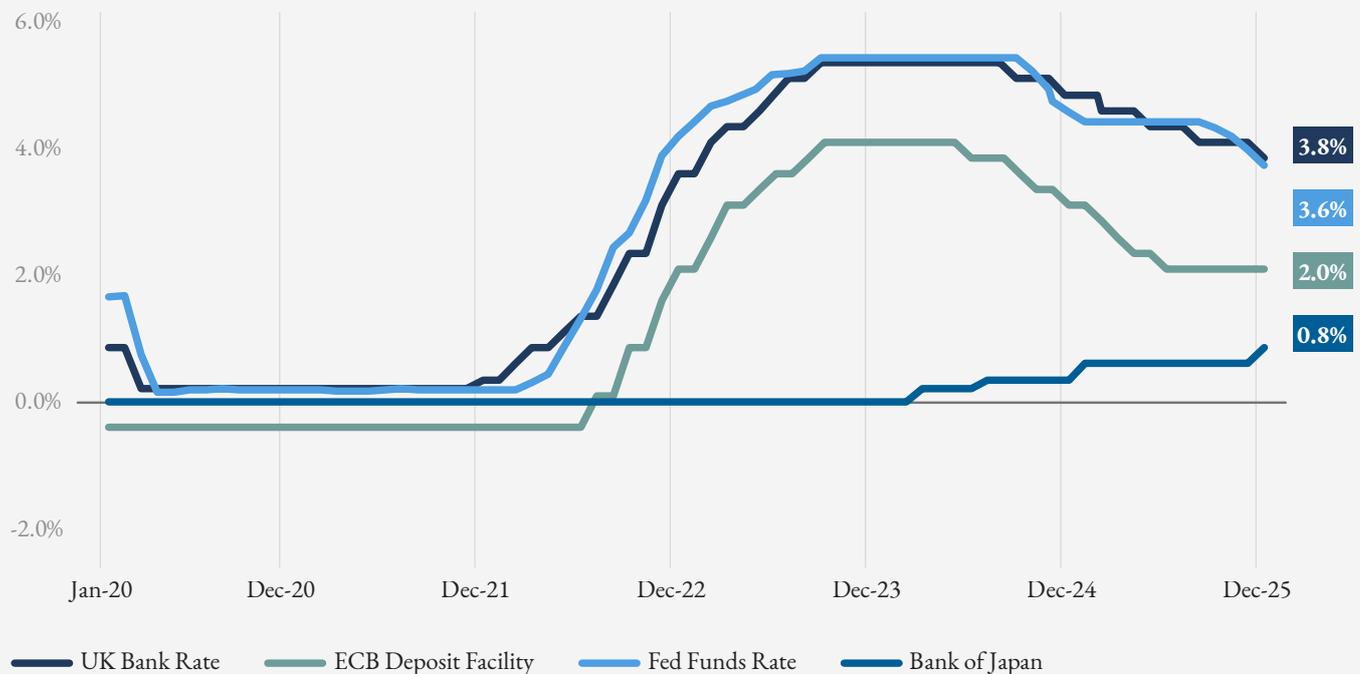
Debt Financing Dynamics

– Debt Capital Markets

Rate Cuts Improve Financing Conditions

In 2025, easing monetary policy that began in the second half of 2024 continued across Europe and the U.S., creating a more constructive financing environment. Declining base rates have been a key driver in improving issuers' overall cost of capital.

Key Global Interest Rates



Source: Federal Reserve of St. Louis, Bank of England, ECB, Bank of Japan, S&P Global, data as of 12/29/2025.

DCM Issuance Reaches Record Levels

Following a strong rebound in 2024, global corporate bond and syndicated loan issuance increased in value for a second consecutive year in 2025 and hit the highest issuance level on record. Volume rose across both investment grade and non-investment grade markets, reflecting sustained investor risk appetite. 2025 saw refinancings drive the majority of loan issuances, as both base rates and credit spreads declined. Refinancings are likely to continue as a meaningful maturity wall looms ahead, with approximately 10% of outstanding bonds and loans scheduled to mature in each of the next three years. If long-term rates continue to decline, companies may increasingly access debt markets to fund growth initiatives, in addition to tapping the market to address refinancing needs.

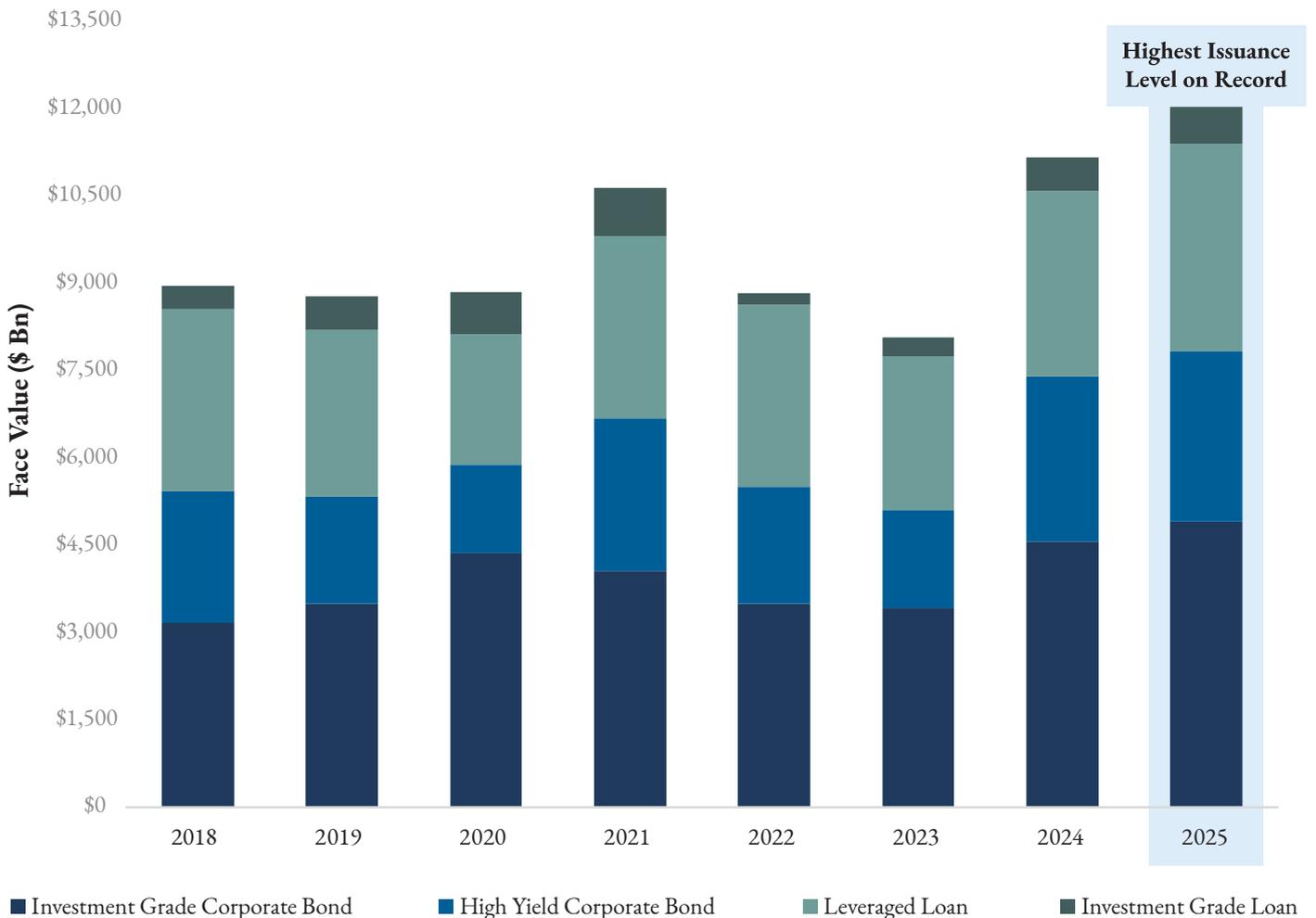
Corporate Bonds

TOP PRIMARY USES OF PROCEEDS	% TOTAL (\$)
General Corporate Purposes	72%
Repay Debt	9%
Refinancing	7%
Recapitalization	5%
Acquisitions	4%

Loans

TOP PRIMARY USES OF PROCEEDS	% TOTAL (\$)
Refinancing	61%
Acquisitions	9%
General Corporate Purposes	9%
Project Financing	6%
Repay Debt	4%

Corporate Bond DCM and Syndicated Loan Issuance



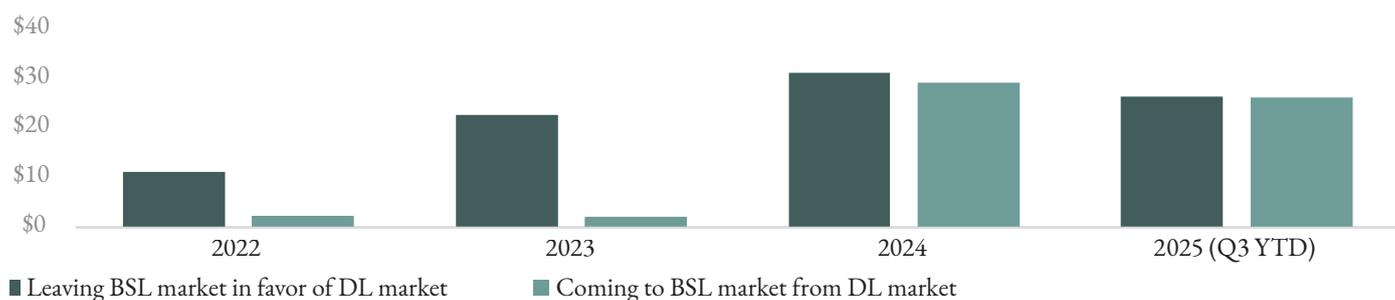
Source: Dealogic, as of 12/29/2025.

Debt Financing Dynamics – Private Credit

Private Credit Competition Benefits Borrowers

The rapid growth of private credit continues to reshape financing markets and expand borrower opportunities. The expansion of direct lending has specifically intensified competition within the broadly syndicated loan market, and over the last few years, banks have fought to regain lending share. The first three quarters of 2025 saw an even split of lenders leaving one market in favor of the other. The heightened competition has been favorable for issuers, contributing to tighter spreads across both direct lending and broadly syndicated loan transactions.

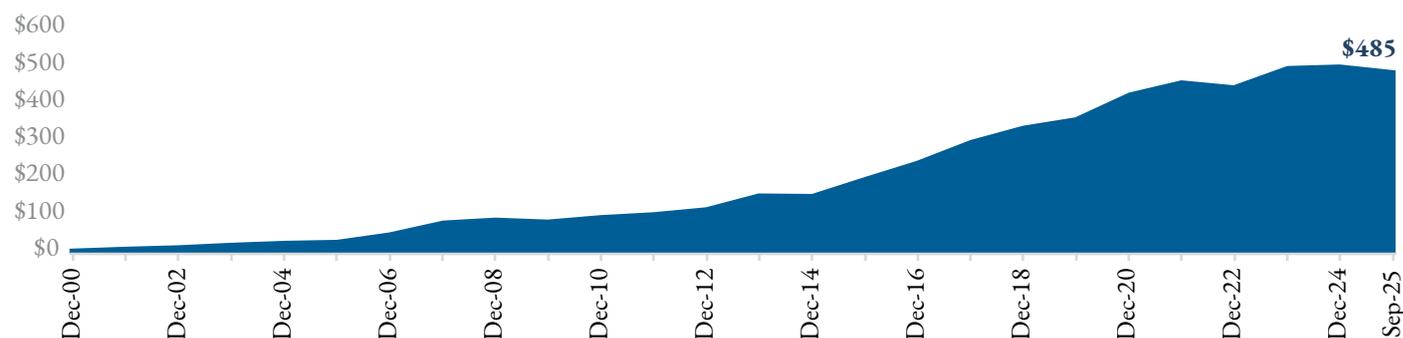
Broadly Syndicated Loan and Direct Lending Takeouts



Private Credit Cements Itself as a Pillar in the Financing Landscape

Private credit assets under management and dry powder have grown substantially over the last two decades. The asset class has demonstrated resilience in 2025 despite increased scrutiny from regulators and market commentators raising concerns about systemic risk and transparency. Active private credit managers have pushed back on these critiques. In a recent report, Apollo observed that public commentary frequently conflates private credit with leveraged lending, which it estimates represents only a small portion of the overall private credit market at approximately 5 percent.¹

Private Credit Dry Powder (\$ Bn)

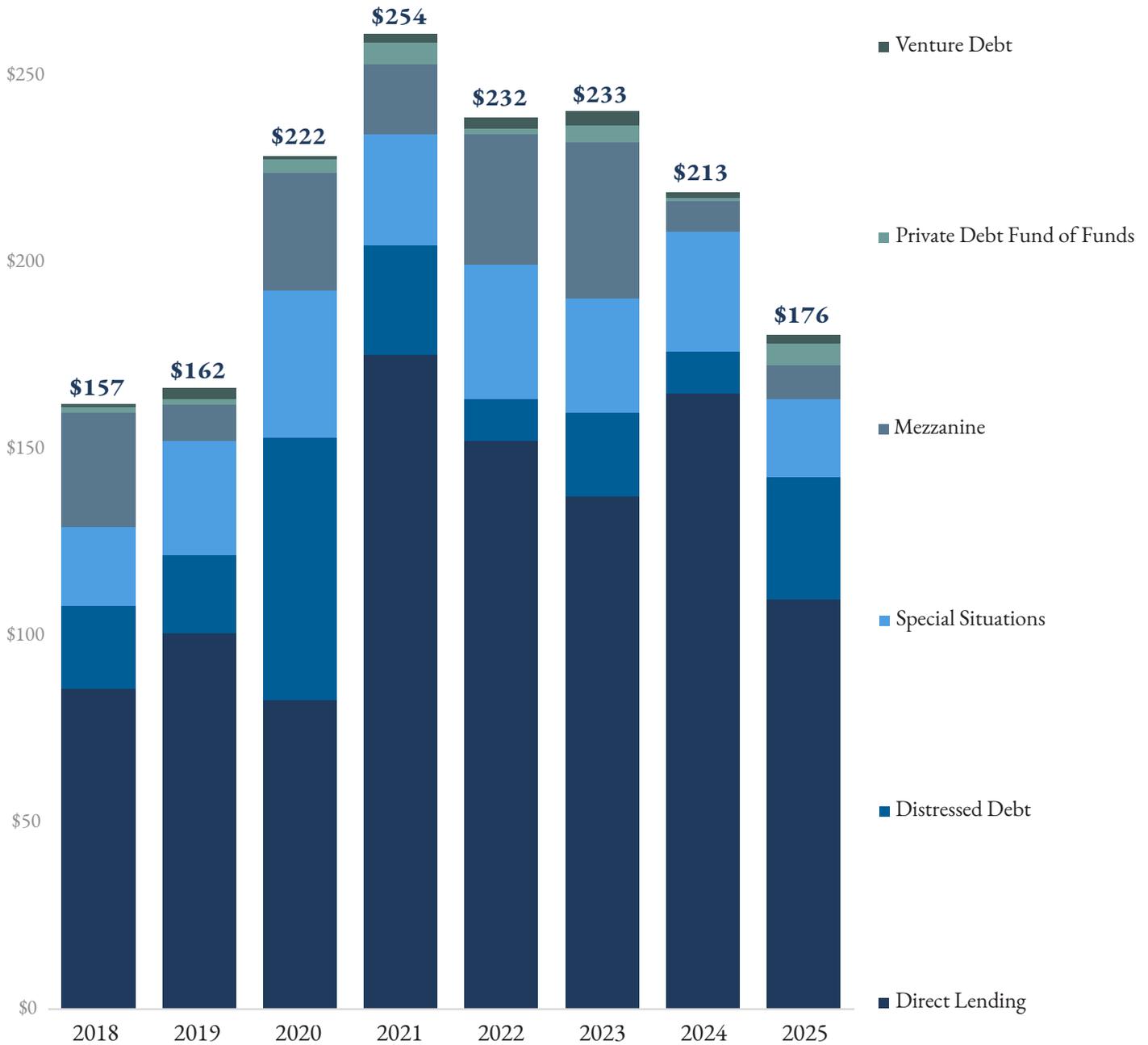


¹ Apollo Private Credit: Fact vs. Fiction December 2025 report
Sources: Preqin, PitchBook LCD, as of 12/29/2025.

Importantly, the private credit market also spans well beyond direct lending, with firms also providing flexible and hybrid capital, as well as capital directed for special situations and distressed debt. These strategies saw increased attention in 2025 and made up a larger proportion of private credit fundraising. Private credit is set to continue its growth trajectory in the years ahead and is expected to play a crucial role in financing long-term themes, including infrastructure and other development related to the expansion of AI.



Private Credit Fundraising by Strategy (\$ Bn)



Sources: Preqin, as of 12/29/2025.

Key Considerations for 2026

2026 Market Outlook

Dealmakers face a more stable but fundamentally recalibrated operating environment entering 2026. While rates and inflation have moderated, the cost of capital, regulatory scrutiny, and geopolitical uncertainty continue to shape investment and strategic decisions. Deal activity is expected to improve as valuation gaps narrow and financing conditions normalize. Longer-term forces—including artificial intelligence, infrastructure investment, and supply-chain reconfiguration—will play an increasingly central role in where capital is deployed and how value is created.

Dealmaking Environment

- Dealmakers head into 2026 with growing optimism, as transaction activity is expected to increase for both corporates and financial sponsors.
- Private equity deal activity is expected to accelerate, driven by sponsor prioritization of exits, liquidity, and narrowing of valuation gaps.
- Even as valuation gaps narrow, aggregate deal value is expected to remain elevated in 2026, reflecting continued large-cap activity supported by strong balance sheets and easing financing conditions.
- The transaction environment is poised to continue shifting toward more customizable capital structures that provide greater flexibility than traditional deal structures.
- IPO markets are seeing momentum heading into 2026, with expectations for increased issuance and widened windows for sponsor-backed IPOs as confidence builds.

Macro Backdrop

- 2026 is expected to bring a more stable rate environment, with markets adapting to a normalized cost of capital. Interest rates will trend lower globally, with the Fed expected to normalize rates closer to 3 percent by the end of 2026 amid moderating inflation.
- Global GDP growth is expected to lessen in 2026, with projections positive but lower over the next five years than over the last decade.
- Ongoing regulatory, trade, and geopolitical uncertainty will continue to factor into long-term strategic planning as well as deal timing, diligence, and execution.

Structural Themes Shaping 2026

- Artificial intelligence will remain a defining growth driver in 2026, with monetization increasingly shifting from efficiency gains to revenue generation and earnings expansion.
- Artificial intelligence will also act as a disruptor, reshaping competitive moats across industries, especially within certain software and SaaS categories.
- Both digital infrastructure modernization and the energy transition will attract significant capital from both public and private capital markets, with data centers and grid modernization becoming critical investment themes.
- Ongoing geopolitical realignment and the emergence of a more multipolar world bring renewed focus on economic security, accelerating investment in related industries including defense, infrastructure, and energy, while also reinforcing onshoring and supply-chain resilience strategies.

AI Integration in Dealmaking

A 2025 study involving 1,000 corporate and PE leaders found that 86% have incorporated GenAI into M&A workflows, with many respondents integrating AI in the past year.¹ AI is now used across the deal cycle, from target screening and diligence to negotiation and integration, delivering faster insights and greater screening capacity. The performance gap is expected to widen between frequent and infrequent acquirers as GenAI adoption deepens. While firms are making meaningful AI investments, the survey highlights constraints around data security, reliability, and the growing importance of governance and compliance in shaping AI use.

The Impact of AI on M&A Execution and Strategy

Investors and Acquirers

- **From Episodic to Continuous Screening:** continuous scanning of targets and themes expands the funnel while heightening selectivity.
- **Speed as a Strategic Weapon:** faster synthesis drives quicker bid/withdraw decisions, reducing the risk of being outbid for quality deals.
- **Internal Capability Compounding:** AI can learn from prior deal materials and strengthen repeatability.
- **Governance as a Differentiator:** teams with better controls of AI risks can deploy AI deeper into high-value workstreams.

Sellers

- **Data Readiness as a Deal Accelerant:** AI can help with data room structuring and standardized reporting.
- **Q&A and Disclosure Management:** AI-enabled workflows can generate consistent, rapid responses, and flag missing documentation.
- **Improved Process Quality:** alongside asset quality, process quality can be a differentiator with improved timelines and less bid tension.

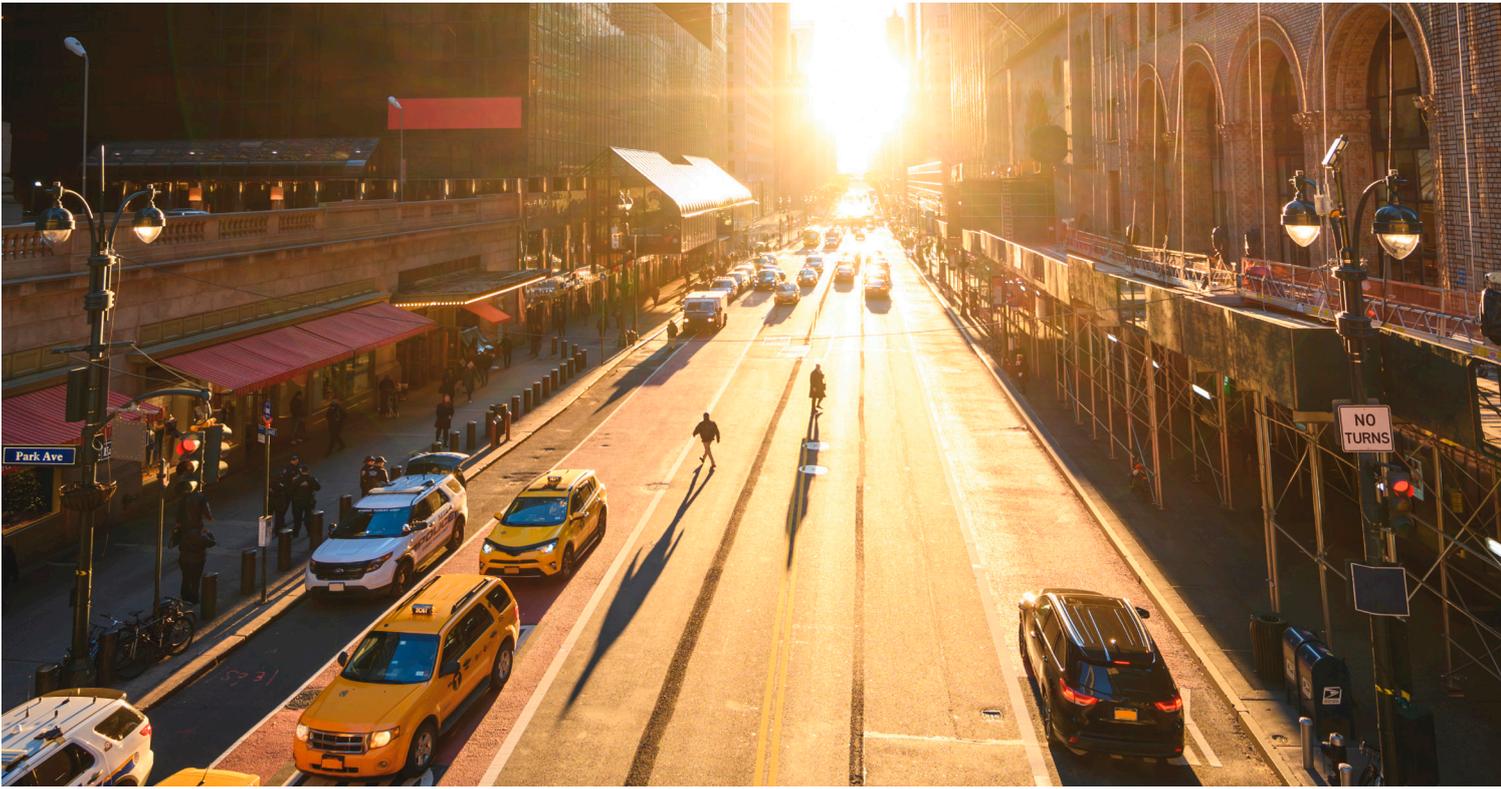
Investment Banks and M&A Advisors

- **Firmwide AI Assistants:** enhancing summarization, drafting, analysis, and raising baseline productivity across deal teams.
- **Pitch and Materials Automation:** market intelligence tools including FactSet have created GenAI pitch generators to reduce manual work.
- **Coverage Model Efficiency:** improved client coverage and pitch throughput per banker can increase efficiency.
- **Value Proposition Shift:** AI provides more capacity for sector judgment, relationship building, process excellence, and governance.

Key Risks and Controls Shaping AI-enabled Dealmaking

- **Confidentiality, Data Room Constraints, and Information Governance:** sellers may be hesitant to use the data room for AI training.
- **Model Risk; Hallucinations and Explainability:** risks in model reliability and potential for biased outcomes and hallucinations.
- **Regulatory and Recordkeeping Considerations:** investor-protection risks associated with AI use by advisors.

¹Deloitte, "2025 M&A Generative AI Study" (10/9/2025).



Checklists for AI-enabled Deal Processes

Investors

- Define high-value use cases
- Secure data permission constraints
- Create validation controls
- Implement feedback loops

Sellers

- Decide what AI use is permitted
- Pre-program the data room
- Run internal red-flag diligence
- Standardize Q&A structure

M&A Advisors

- Automate research and analysis
- Deploy internal AI assistants
- Provide more valuable insights

“
Gretchen Green

Chief of Artificial Intelligence Strategy

In line with broader AI adoption across the economy, AI is now supporting each stage of the dealmaking process for investors, sellers, and M&A advisors. We anticipate that 2026 will mark a transition from careful experimentation to AI’s full integration as a foundational component of value generation and process efficiency.”

Increase in Government Involvement in Deals

Government Activism in M&A is Rising, Led by the United States

Across major economies, governments are increasingly moving beyond traditional antitrust and foreign investment oversight to prioritize national security protection and act as deal stakeholders, seeking governance rights, operational commitments and, in several cases, equity-linked positions in strategically sensitive assets. The U.S. has been the most visible illustration of this shift in 2025. For example, in Nippon Steel's acquisition of U.S. Steel, the parties publicly disclosed a National Security Agreement (NSA) that included governance undertakings and the issuance of a golden share to the U.S. government.

As boards grow more attuned to rising government activism, political diligence is moving earlier in the transaction lifecycle. Lazard CEO Peter Orszag has noted that getting deals done now often demands a White House/Cabinet-level strategy, not merely a DOJ/FTC staff process.¹ In this environment, dealmakers are now treating governments as stakeholders with objectives that can materially reshape deal terms, governance, and post-close operating flexibility.

Policy Interventions Emerge Globally

While the U.S. has seen the most significant rise in state activism in dealmaking, through governance remedies such as golden-share and equity-like structures, similar pressures are emerging globally. This is particularly evident in the rapid expansion of foreign investment screening regimes in the EU and UK and in proposed reforms in Japan. In a move perhaps closest to the U.S. approach, Japan is considering revisions to strengthen its Foreign Exchange and Foreign Trade Act (FEFTA) screening framework and is even exploring a CFIUS-style international panel to assess national security risks.² National security screening regimes are proliferating worldwide, with 46 countries reported to have comprehensive investment-screening mechanisms.³

¹Financial Times, "US dealmakers prepare for more White House intervention" (12/9/2025);

²Reuters, "Japan considers US-style foreign investment panel to review national security risks" (10/27/2025);

³UNCTAD, "World Investment Report 2025: International investment in the digital economy" (6/19/2025).



Ariel Deckelbaum

Partner

Recent months have demonstrated increased willingness by political and quasi-political actors to intervene in matters of corporate governance and M&A. It is increasingly important for directors, management and deal makers to be mindful of the potential for government intervention and treat it as an important potential stakeholder when devising and implementing corporate strategy.”

Examples of Government Activism and Transaction Implications

REGION	GOVERNMENT ACTIVISM IN M&A	RECENT EXAMPLES	DEALMAKING IMPLICATIONS
United States	National security clearance shapes deal terms (CFIUS and NSA). State utilizing equity-like positions. Push to strike deals across critical industries.	Nippon’s acquisition of U.S. Steel involved a government golden share. DoD investment in MP Materials to bolster output of rare earth magnets.	Increased need for executive branch political strategy alongside antitrust.
European Union	Shift toward mandatory foreign investment screening across member states and sensitive sectors (semiconductors, advanced technologies, and digital infrastructure, etc.).	EU government reached an agreement on a revised FDI screening regulation requiring member states to screen in sensitive sectors.	Expect more frequent conditions and undertakings as the cost of clearance in sensitive sectors.
United Kingdom	Mature screening regime with meaningful call-in rates, conditional clearances, and a process-heavy pathway under NSI act.	Used NSI Act Final Orders to block transactions in sensitive sectors and approved deals subject to safeguards.	Consider screening a core closing condition and model timing and conditions in covenants. Deal docs should anticipate remedies.
Italy	Targeted deal intervention through golden power to impose conditions on transactions involving strategic assets.	Approved JD.com’s takeover of Ceconomy under golden power with conditions to proceed.	Plan for condition engineering and anticipate EU-level scrutiny of national interventions in some cross-border deals.
Japan	Strengthening of FDI screening plus discussion of strong central coordination.	Plans to revise FEFTA in 2026 to sharpen screening and is assessing a CFIUS-style body.	Expect more robust pre-signing screening diligence and review triggers in sensitive sectors.

Sources: UNCTAD, Reuters, GOV.UK

About the **Research**

Ropes & Gray prepared this report based on a review of transaction activity spanning 2018-2025. Unless otherwise indicated, all data and analyses reflect information available as of December 29, 2025. Transaction data in this report was compiled from third-party sources, including Dealogic, PitchBook, Preqin, and Infralogic. These databases may differ in scope, classification, and timing of updates; as a result, certain transactions may be reported differently across sources or may be added, removed, or reclassified over time as source data is refreshed.



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