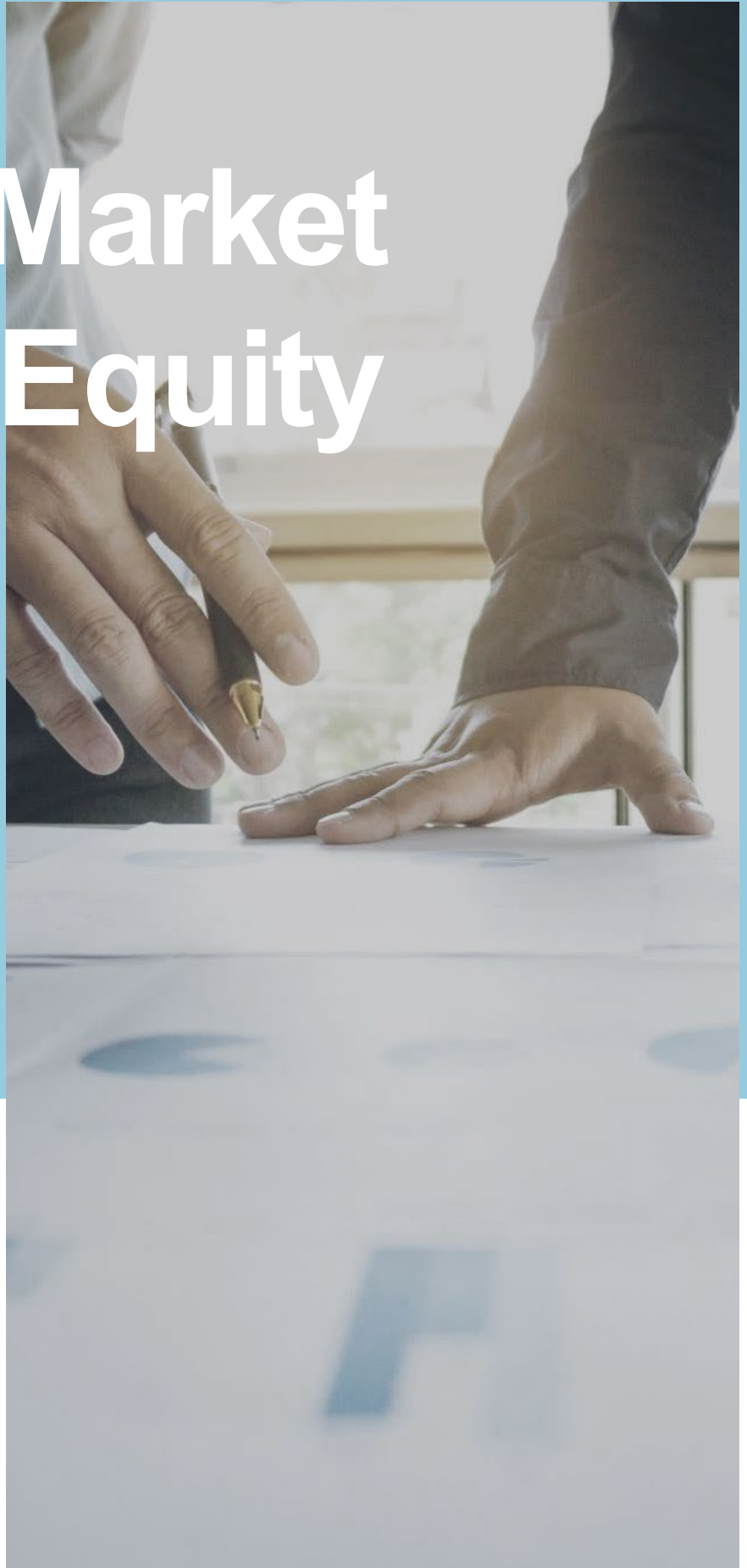


M&A INSIGHTS

Middle Market Private Equity

A Year in Review
Q4 2024



MIDDLE MARKET PRIVATE EQUITY MARKET UPDATE

2024 Middle Market Deal Value Outperforms 2023; Deal Count Set to Follow as Late Reports Arrive – What's Ahead for 2025?

Middle Market Summary

2024 closed out as one of the U.S. middle market's strongest years on record, approaching peak deal count and securing the second-highest annual deal value after the outlier year of 2021. Growth was fueled by stabilizing interest rates, improved buyer confidence, strong demand for high-quality assets, and better-aligned valuation expectations.

Despite the strong year, Q4 experienced a modest 10.8% decline in deal volume compared to Q3. However, overall deal value ticked up slightly, but buoyed in part by election-year uncertainty. Adjusting for late announcements, 2024 is expected to surpass 2022 in total deal volume, underscoring sustained market momentum.

Exit activity showed signs of life, with middle market exit value rising 22% in Q4, although still lagging broader private equity trends, where exit value jumped 49%. Holding periods continue to lengthen, now averaging 6.2 years, contributing to a growing backlog of unsold assets. While many investors anticipated a December rebound, it failed to materialize, leaving some cautious heading into 2025. However, encouraging signs persist, but the middle-market recovery—particularly on the sell-side—remains in its early stages.

Looking Ahead

While momentum is strengthening, the macroeconomic environment presents ongoing risks. Rising federal interest payments, potential budget cuts, and looming import tariffs could disrupt supply chains and reignite inflationary pressures suppressing any momentum.

That said, this period provides an opportunity for GPs to garner gains, address LP distribution needs, and reposition portfolios ahead of a potentially more business-friendly environment in 2025. Recent volatility has reshaped investor behavior, but those prepared to act decisively may find 2025 offering a stronger exit landscape and renewed optimism in the middle-market M&A environment.

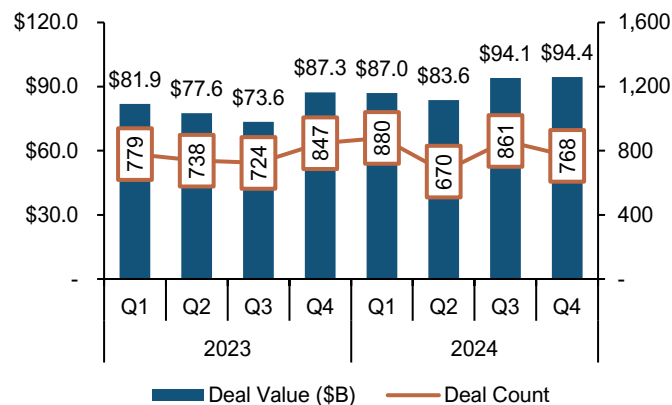
Source: Pitchbook

Note: middle market ("MM") defined as EV between \$25M and \$1B, all figures are subject to change in future quarters.

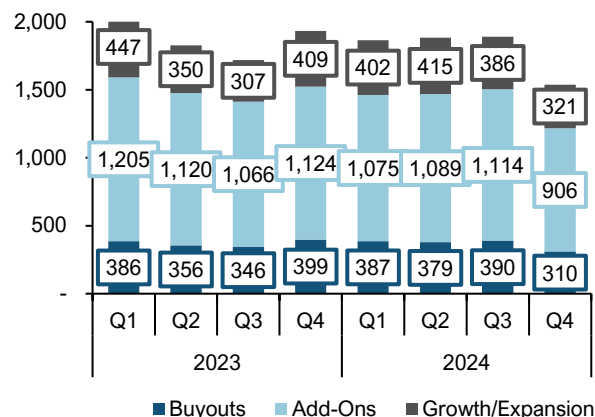
Q4 2024 MM Deal Activity

Volume:	768	-10.8%
Value:	\$94.41B	+0.4%

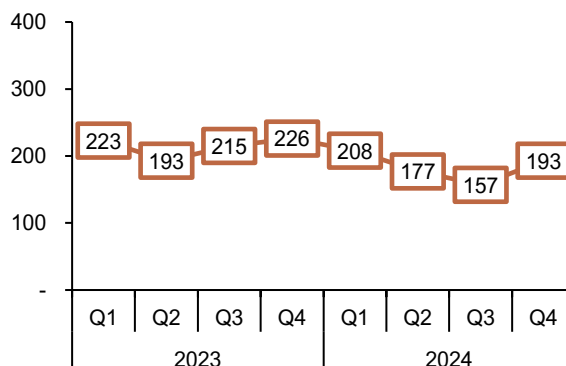
MM PE Deal Volume and Value (\$B)



Overall US PE Deal Count by Type



MM PE Exits Count





About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including sell-side and buy-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

Advisory Services Snapshot

Type	Expertise
M&A Advisory	▪ Sell-side advisory ▪ Buy-side advisory ▪ Succession planning ▪ Valuation services
Capital Raise	▪ Equity or debt capital raise ▪ Dividend recapitalization ▪ Solvency opinions ▪ Minority investors
Valuation Opinions	▪ Buy-sell agreements ▪ Gift, estate, and income tax matters ▪ Shareholder disputes ▪ Purchase price allocations
Capital Management	▪ Licensed Fund Management ▪ Registered Investment Advisers

Broker-dealer services offered through M&A Securities Group, Inc. ("MAS"), member FINRA/SIPC, a separate entity from Charter Capital Partners and Charter Private Capital Management.

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