2026 Mid-Year M&A Survey

Private Equity M&A dealmakers

August 2026

Table of Contents

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership and its subsidiaries, are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG 2026 mid year survey: Introduction

An industry-wide perspective

This survey captures insights from 150 US private equity dealmakers offering a comprehensive view of the M&A landscape. Participants represent a cross-section of the market, including emerging and established funds, and represent an array of investment themes and deal structures.

Purpose of the survey

- To assess the current M&A environment and analyze the impact of macroeconomic and geopolitical factors on deal activity and market sentiment
- To evaluate how dealmakers are adapting their approach to transaction execution, deal structuring, financing, and value creation in a dynamic market

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

01

Executive summary

PE M&A Dealmakers

Key shifts and tensions

1 Volume growth coupled with longer timelines

45% expect higher 2H26 deal volume and more than half expect better deal quality — yet **49%** report longer timelines and **57%** fewer closures

What it means: *Pipelines look busier than closings; intent is running ahead of execution*

2 Bigger deals into a softer climate

$1B+ deal concentration jumped **5% ➡ 39%**, while a favorable investment climate fell **58% ➡ 40%**

What it means: *Appetite is concentrating in large deals even as overall sentiment cools*

3 Resilient, but rate-hungry

61% feel little-to-no pressure from the lack of rate cuts — yet **74%** say a further cut would boost activity

What it means: *Resilience is real but conditional; rates still set the ceiling on activity*

4 Rise of private credit into LBO structures

While combined equity and debt **(53%)** is the preferred acquisition funding structure

Nearly all dealmakers **(99%)** are weighing on private credit, driven by flexibility and support for complex deals

What it means: *Traditional capital structures continue to lead, while private credit is increasingly being used to provide additional financing flexibility*

5 Evolving fundraising dynamics by size

45% find fundraising harder than a year ago vs. **22%** easier — difficulty concentrated in smaller funds, while sentiment improves as fund size grows

What it means: *Capital is consolidating toward larger funds; the average hides a widening small-vs-large gap*

6 AI: faster, not more certain

Only **33%** report higher confidence in decisions; **41%** are faster at similar confidence and **17%** flag a greater risk of false confidence

What it means: *AI is speeding the work without clearly improving conviction, some even see more risk of false confidence*

How to read this: figures are directional and single-select (N=150). Year-over-year comparisons draw on the YE 2025 survey, which used different questions — shifts such as 5% → 39% may reflect changes in the survey, not only in respondent behavior.

Source(s): KPMG M&A Survey – Mid-year 2026

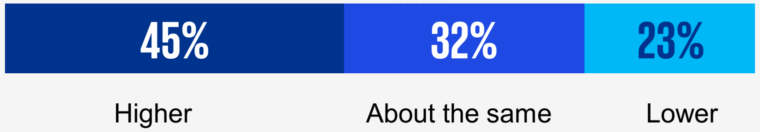
KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

M&A macro landscape and trends: Activity is expected to remain stable despite market volatility

Deal pipeline remains stable heading into 2H26

Deal volume expectation for 2H26



45% expect deal volumes to still increase in 2H26 (although it's lower than YE 2025 levels)

M&A intentions hold steady in current market conditions

Impact of ongoing market conditions

72% Report deals continued despite the war in the Middle East

***25%** - no impact on dealmaking* | ***47%** - proceeding with caution*

61% Indicate dealmaking remains resilient despite the lack of rate cuts

***33%** - some pressure with plans intact* | ***22%** - no impact on dealmaking* |

***6%** - support to dealmaking*

52% of dealmakers said valuations are high, with

35% still progressing regardless

Dealmakers actively adjust strategies to navigate volatility

Impact of energy volatility and tariff policy

Represented top 3

Impact of energy price fluctuations on M&A strategy

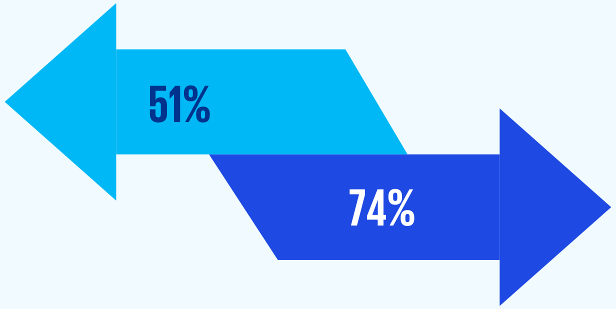
- **58%** Taking a more selective and cautious approach
- **38%** Structuring deals to better manage energy-related cost uncertainty
- **37%** Lowering valuations and bids

95% Adjusting valuation models in response to the **impact of the US Supreme Court's tariff ruling**

Further rate cuts can meaningfully boost M&A activity

Sensitivity in potential interest rates on M&A appetite

Expect that a 50-bps rate hike will dampen M&A activity



Expect that a 50-bps rate cut will increase M&A activity

Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Deal strategy and investment theses: Investors prioritize scale amid a more selective dealmaking environment

Platform expansion and portfolio growth anchor dealmaking

Primary deal investment theses

Represented top 2

Current theses

- **54%** – Bolt-on acquisitions to scale or complement existing portfolio companies
- **51%** – Platform investments, including initial portfolio company acquisitions and subsequent buy-and-build strategies

Areas where investment focus has increased over the last 2–3 years

- **67%** – Operational improvement
- **60%** – Add-on acquisitions

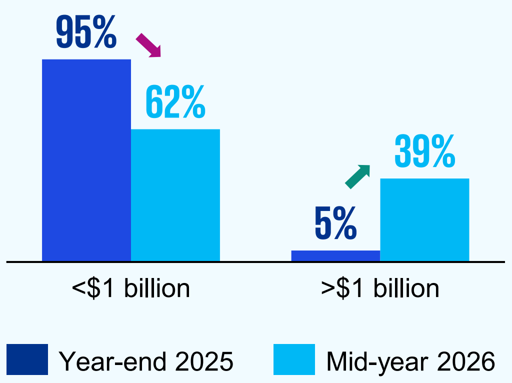
Primary deal investment theses

Represented top 3

- **69%** – Better alignment between buyer and seller valuation expectations
- **62%** – Increased availability of add-on opportunities
- **60%** – Increased availability of attractive new platforms

Dealmakers pursue larger deals with disciplined execution

Estimated deal value for next M&A deal



Deal timelines

49% respondents report lengthened deal timelines

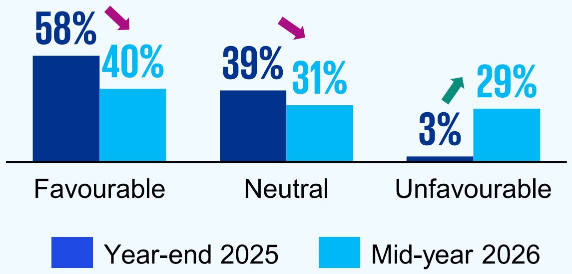
16% state faster deal movement

Deals that reached the closing stage

	Year-end 2025	Mid-year 2026
1-2 deals	53%	57%
3-4 deals	37%	24%

Mixed investment sentiment across different fund sizes

Estimated deal value for next M&A deal



Deal timelines

22% State ease

31% State no change

45% State difficulty

Smaller funds are finding it difficult to raise capital, while sentiment improves with larger fund sizes

Note(s): (a) Sum of percentages may not add up as we have removed the unsure option

Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

M&A execution: Traditional financing and structured solutions dominate, with rising use of private credit

Structuring levers bridge valuation gaps

Strategies used to overcome valuation challenges

Represented top 3

Simpler deal structures to minimize risk and complexity	23%
Use of earnouts to bridge price gaps	19%
Greater emphasis on realizing cost or revenue synergies	15%

Deal funding skews towards traditional structures

Financing structures used for acquisitions

Represented top 4

Combined equity and debt	53%
Seller rollover equity	37%
Seller financing/ earnouts	37%
Preferred equity	35%

Private credit enables flexibility and bridges funding gaps

Role of private credit

99% are either using or considering private credit for M&A transactions

Represented top 3 uses

Greater flexibility in structuring deals	28%
Ability to finance more complex transactions	20%
Certainty of execution in volatile markets	16%

Successful acquisitions hinge on execution discipline and achievable synergies

Aspects of a successful acquisition

Represented top 3

40%	Improvement in operational performance (efficiency, cost takeout, execution)
39%	Revenue growth driven by pricing and sales channel expansion
39%	Quality and effectiveness of management team

Note(s): (a) N=146; (b) N=150
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

AI accelerates M&A processes, with faster decision-making and evolving use cases

AI efficiency gains are observed across M&A processes

Use of AI to offset manual effort in M&A processes

Represents respondents reporting > 25% AI-driven efficiencies

	Mid-year 2026	Year-end 2025
Target screening and prioritization	25%	4%
Due diligence	29%	6%
Competitive intelligence and market analysis	43%	7%
Valuation modeling and scenario planning	21%	4%
Legal and contract review	17%	3%
Integration planning and reporting	21%	4%
Budget modeling and tracking	26%	7%
Stakeholder communications and change management	9%	3%
Regulatory compliance and risk monitoring	25%	3%

Faster and better decisions with limited gains in confidence

Realized benefits of AI

» *Larger funds (>$10 billion) report stronger decision-making and higher confidence levels (~50%), with smaller funds slightly lagging*

33%	Better decisions with higher confidence
41%	Faster decisions with similar confidence
17%	Faster decisions with greater risk of false confidence
9%	No material impact yet

Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

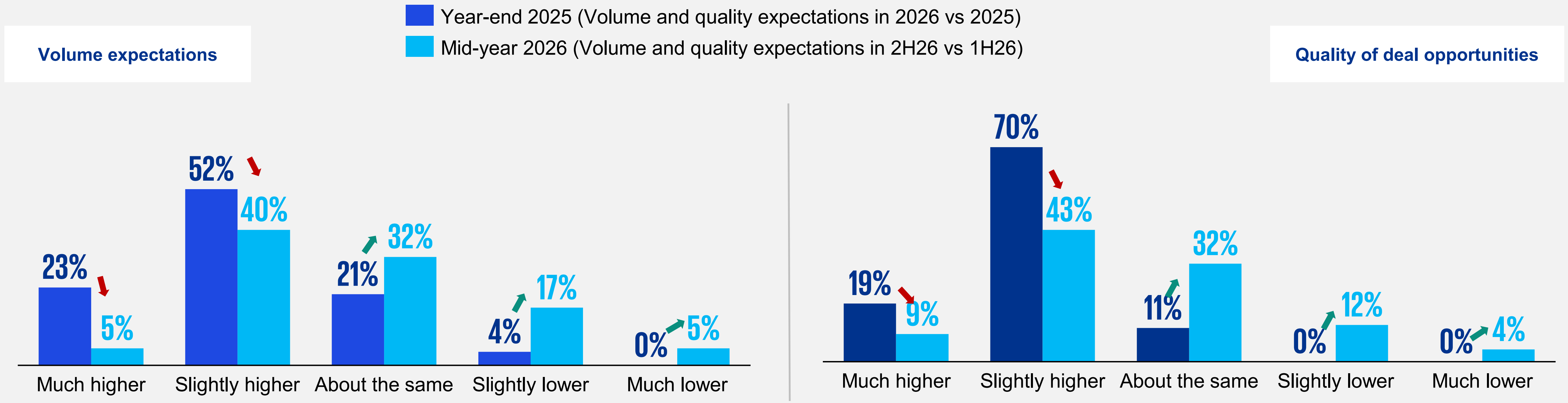
1.1

M&A macro landscape and trends

PE M&A Dealmakers

Dealmakers' optimism around deal flow and asset quality persists, but their conviction has become more variable

Q. What are your expectations for your organization's M&A deal pipeline volume for the second half of 2026 compared to the first half of 2026?[a]
Single select; N=150



Key Observations

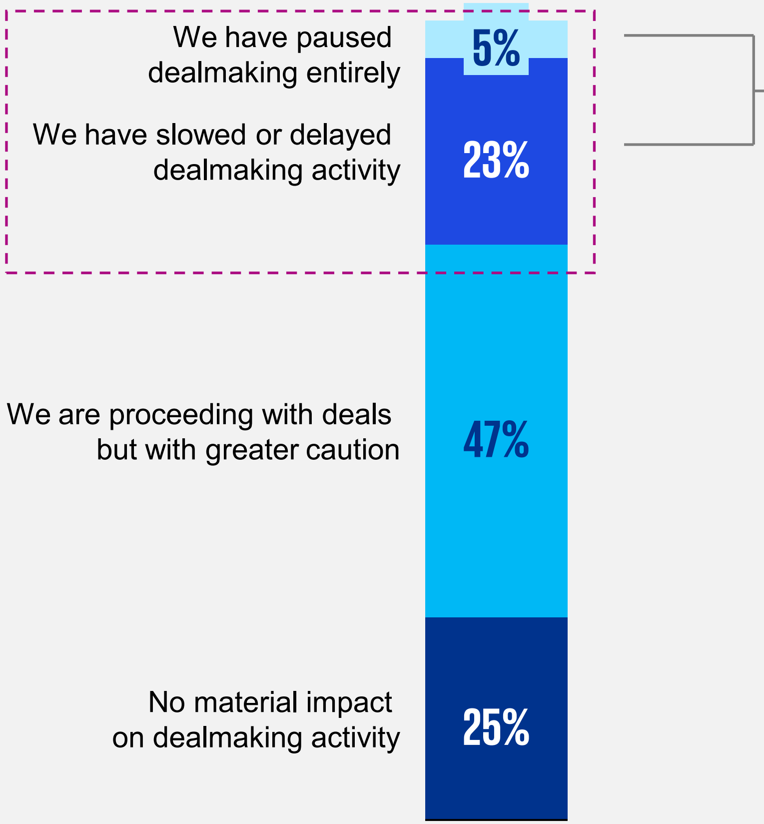
- Deal volume expectations have declined, with **45% expecting an increase** in 2H26 vs 1H26 compared to **75% expecting an increase** in 2026 vs 2025
- Expectations for deal quality have also softened, with **52% expecting higher quality of deal opportunities** in 2H26 vs 1H26, compared to 89% in 2026 vs 2025

Note(s): (a) Sum of percentages may not add up to 100 due to rounding
Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

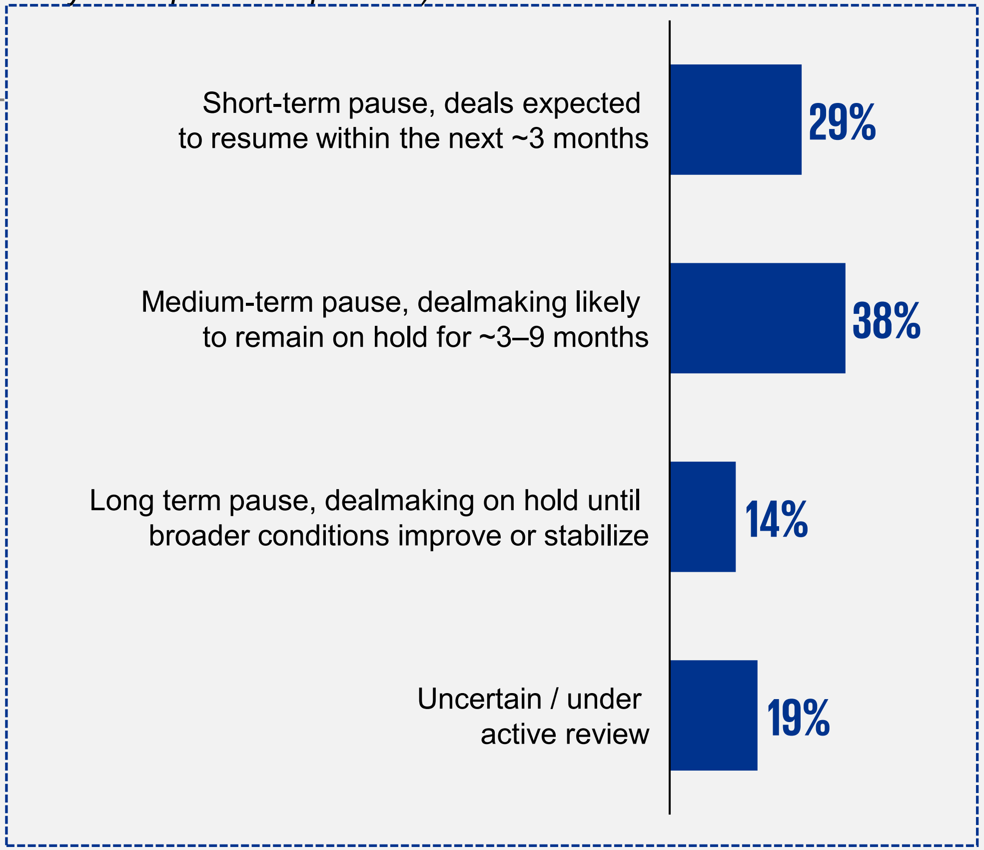
KPMG
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Dealmaking environment reflects growing caution and need for greater conviction, with 28% slowing or stopping activity and 47% proceeding more cautiously

Q. How has the war in the Middle East affected your organization's M&A deal activity?[a] *Single select; N=150*



Q. If your firm is currently pausing or delaying dealmaking, what best describes your current outlook?[a] *Single select; N=42; (asked of those who answered "paused", "slowed or delayed" in previous question)*



Key Observations

- While 47% of respondents continued to pursue deals with greater caution, 28% reported slowing, delaying, or pausing dealmaking activity due to the war in the Middle East
- Among the PE respondents impacted by the war, most stated they are **delaying timelines rather than pausing activity altogether**
  - Of these respondents, **>1/3rd** expected dealmaking activity to remain on hold for 3–9 months, suggesting **expectations of a temporary rather than prolonged disruption**

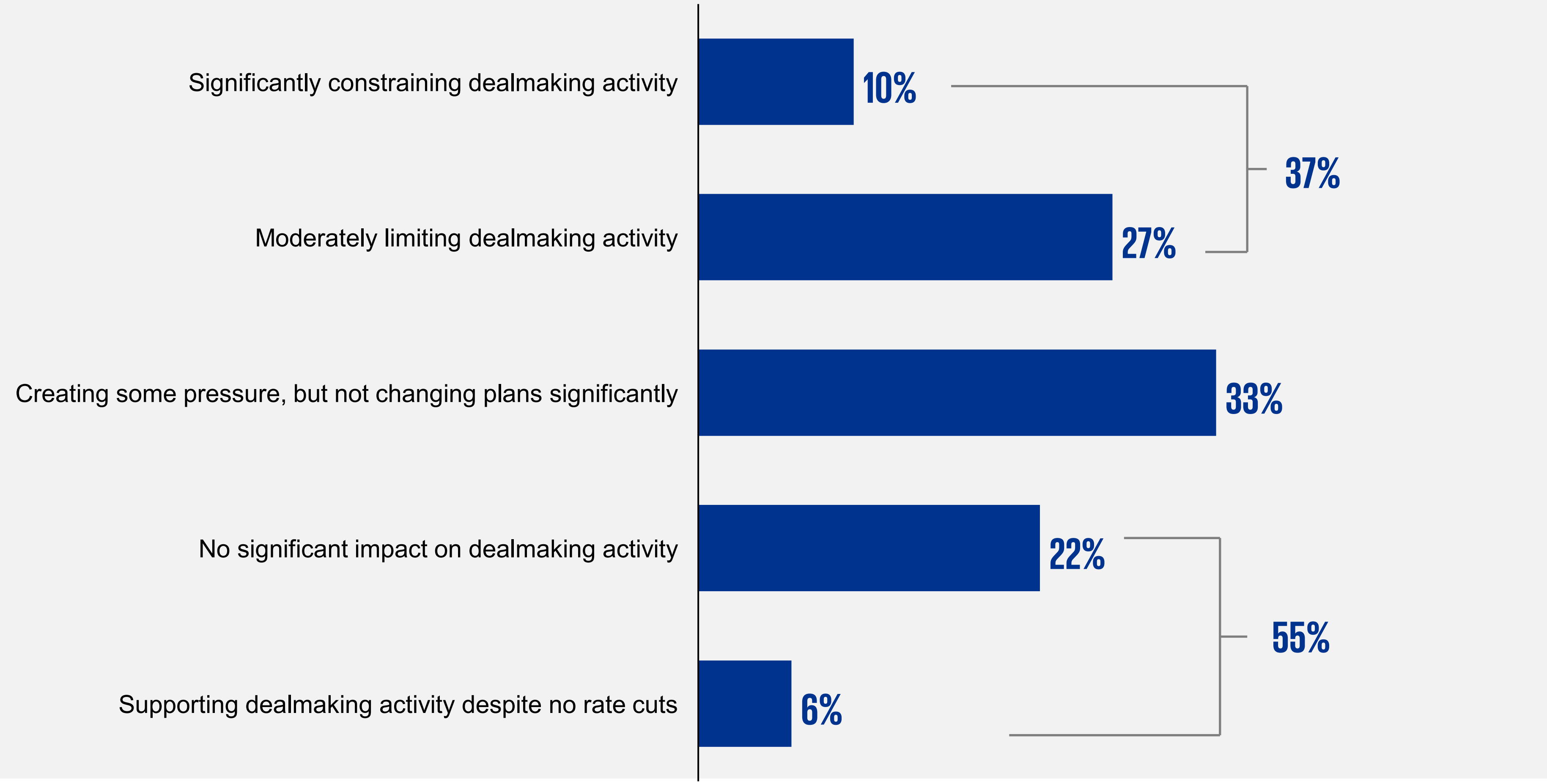
Note(s): (a) Sum of percentages may not add up to 100 due to rounding
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

More than half of PE dealmakers say deal activity has remained resilient despite the lack of rate cuts

Q. How has the lack of interest rate cuts in 2026 impacted your dealmaking activity?[a][b] *Single select; N=150*



Key Observations

- **55% of respondents** reported either **limited to no impact, on deal activity** from the absence of interest rate cuts
  - However, among those affected, **37%** cite a **moderate or significant constraint on dealmaking activity**

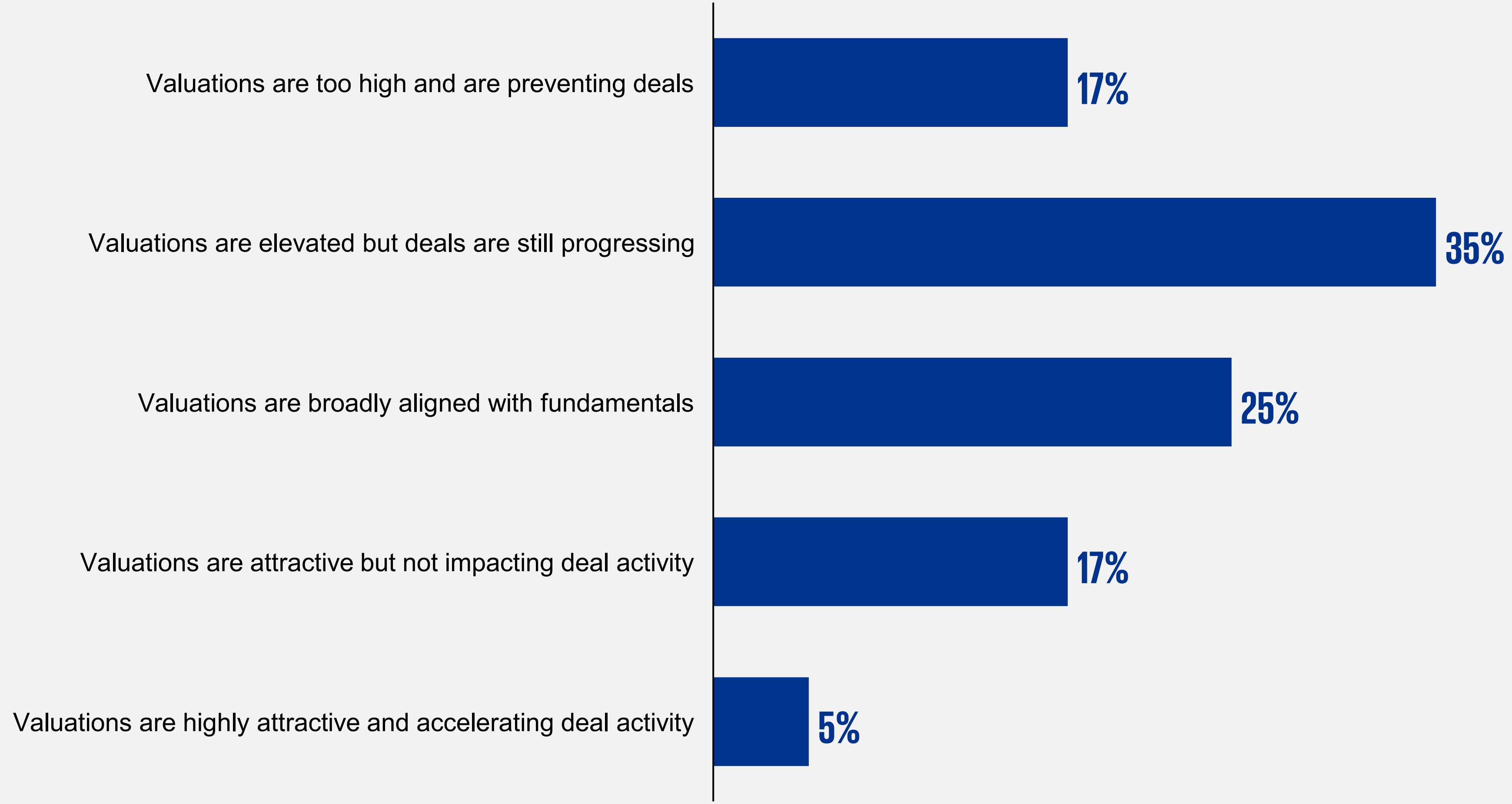
Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

52% of PE dealmakers said valuations are high — with 35% still progressing regardless

Q. What is your current view on the valuation of M&A targets you are evaluating?[(a)(b)] *Single select; N=150*



Key Observations

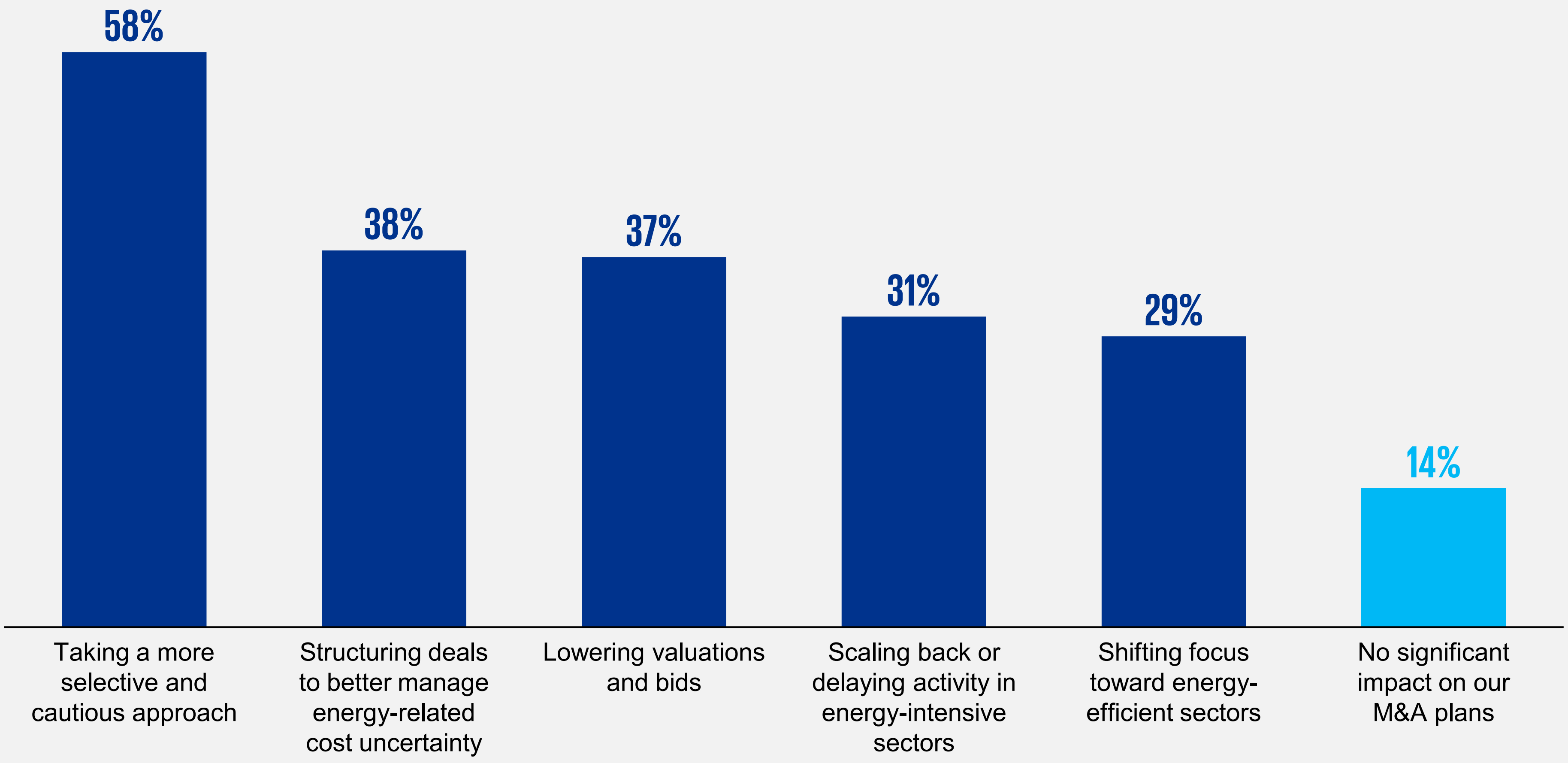
- **35%** of PE dealmakers indicate that **valuations are elevated, but deals are still progressing**, compared with **25%** who saw **valuations aligned with fundamentals**
- **17%** cite **valuations are attractive but do not impact deal activity**, while another 17% said **valuations are too high and preventing deals**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

86% of PE dealmakers reported energy price volatility impacting their dealmaking

Q. How have recent fluctuations in energy prices influenced your firm's M&A strategy and deal activity?[a]
Multi select; N=150



Key Observations

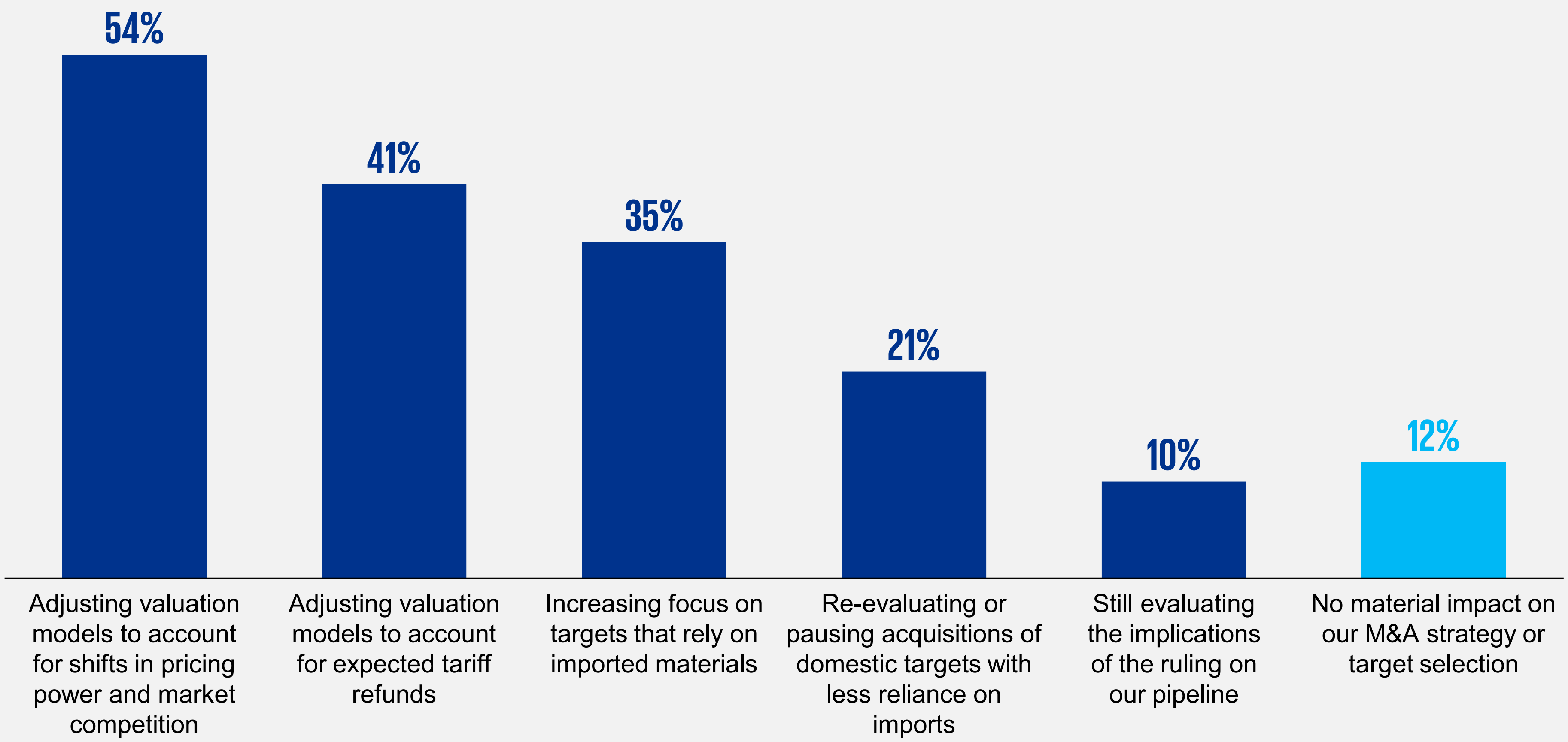
- Energy price fluctuations have led to a more selective approach to dealmaking, with **more than half of respondents adopting greater caution**
- **38%** are structuring deals to better manage energy-related cost uncertainty, while **37%** are lowering valuations and bids

Note(s): (a) Percentages may not add up to 100 since this is a multi select question
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Tariff ruling impacts most PE firms, with valuation adjustments emerging as the most common response

Q. How is the recent US Supreme Court ruling striking down last year's tariffs influencing your target evaluation and deal drivers?[(a)] *Multi select; N=150*



Key Observations

- The changing US tariff environment is influencing M&A evaluations, with respondents **primarily adjusting valuation models** to reflect evolving market conditions
  - **More than half of respondents (54%)** have adjusted valuation models to account for changes in pricing power and market competition
  - A further **41%** have incorporated expected tariff refunds into their valuation assessments

Note(s): (a) Percentages may not add up to 100 since this is a multi select question
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

51% expect potential rate hikes to dampen M&A activity, while 74% see cuts as supportive

From 2026 mid year study

Q. How would a 50 bps increase in interest rates impact your firm's M&A activity over the next 12 months?[a] *Single select; N=150*

51%

say that this change would decrease deal making

30%

indicate that it won't make a significant difference

Q. How would a 50 bps decrease in interest rates impact your firm's M&A activity over the next 12 months? *Single select; N=150*

74%

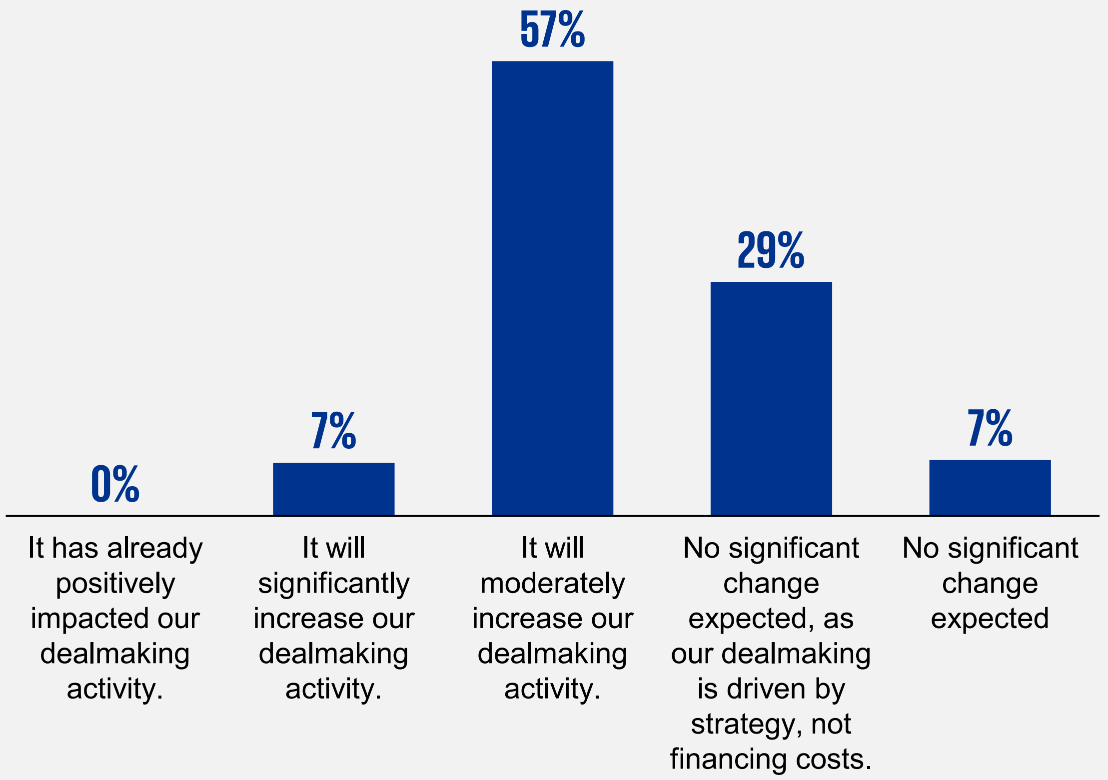
indicate that this change would increase deal making

21%

say that it won't make a significant difference

From 2025 Year-end study

Q. How has the recent 50 bps decrease in interest rates impacted your M&A?[b]



Note(s): (a) Rate increase is a newly added question in Mid year 2026 survey; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

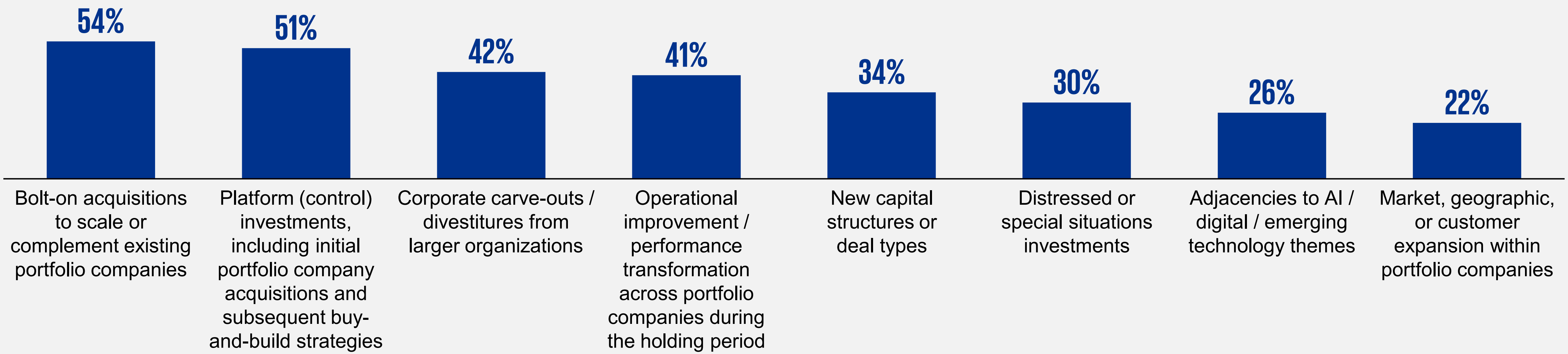
1.2

Deal strategy and investment theses

PE M&A Dealmakers

Traditional investment theses remain (platforms/bolt-ons) with AI themes and new structures emerging

Q. What are the primary investment theses of the deals that you are considering?[(a)(b)] *Multi select; N=150*



Key Observations

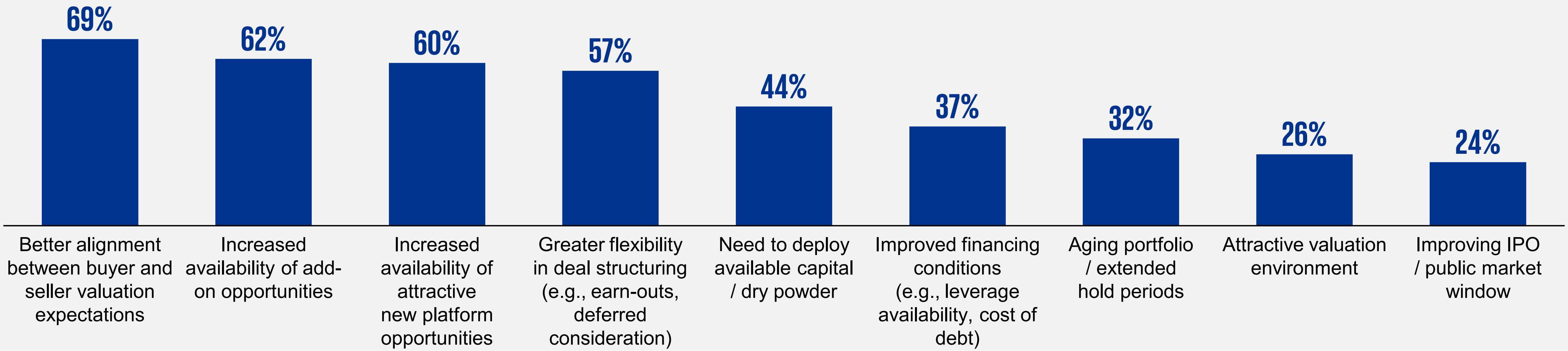
- **Bolt-on acquisitions (54%)** and **platform investment (51%)** are the leading investment theses, reflecting a clear focus on scaling existing portfolios
- **Corporate carve-outs (42%)** and **operational transformation initiatives (41%)** followed as the next few primary value-creation levers
- **Adjacencies to AI/digital themes (26%)** are pursued more selectively

Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Among respondents expecting increased M&A activity, better valuation alignment (69%) and stronger add-on/platform opportunities (~60%) are major M&A priorities

Q. What are the reasons for your increased plans for M&A activity (platform investment or bolt-on) in 2026?[(a)(b)(c)] *Multi select; N=68*



Key Observations

- **Improved alignment between buyers and seller valuation expectations (69%)**, coupled with **increased availability of both add-on (62%) and platform opportunities (60%),** emerge as leading drivers of increased M&A activity among PE respondents

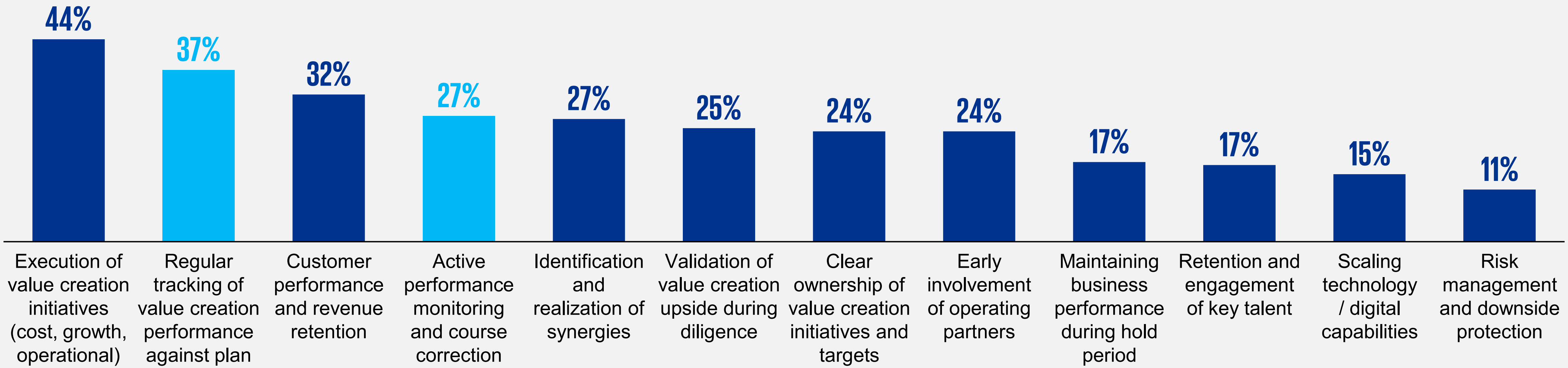
Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses; (c) Asked if respondent answered “higher” to the question, “What are your expectations for your organization’s M&A deal pipeline volume for the second half of 2026 compared to the first half of 2026?”

Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Execution of initiatives (44%) and performance tracking (37%) of value creation initiatives are the primary focus areas for PE dealmakers

Q. What are your primary focus areas for ensuring value realization?[(a)] *Multi select; N=150*



Key Observations

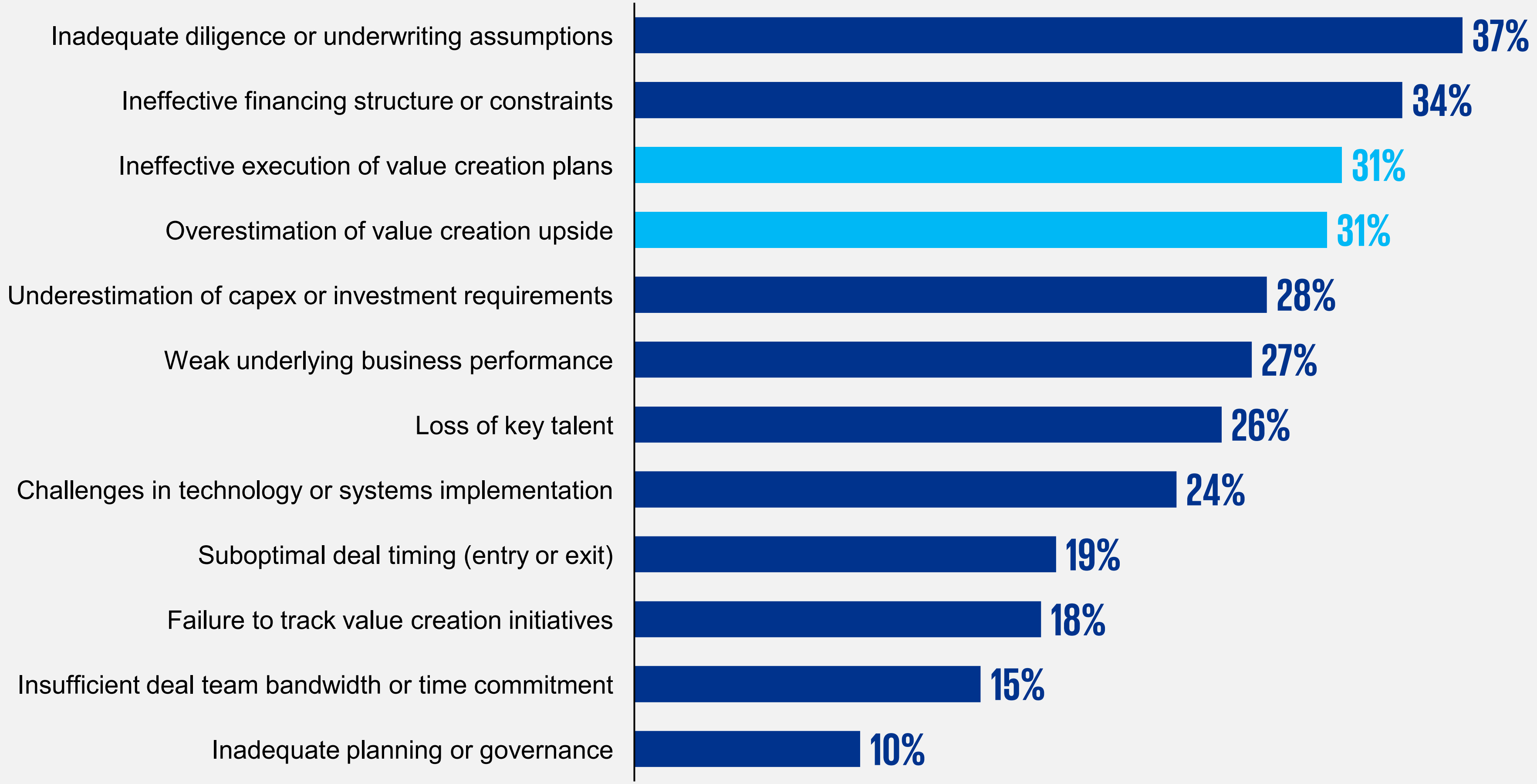
- **44%** of PE dealmakers identify **execution of value creation initiatives** as a primary focus area, followed by **37% prioritizing regular tracking of value creation performance against plan and 27% actively monitoring performance and course correction**
- Other focus areas are relatively more distributed, with **customer performance and revenue retention at 32%** and multiple areas such as **synergies realization at 27%, validation of value creation at 25%, clear ownership of value creation initiatives, and early involvement of operating partners at 24% each**

Note(s): (a) Percentages may not add up to 100 since this is a multi select question
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Inadequate diligence (37%) emerged as the greatest value realization risk for PE firms

Q. When it comes to post-merger integration, which of these challenges has posed the greatest risk to value realization, in your experience?[(a)] *Multi select; N=150*



Key Observations

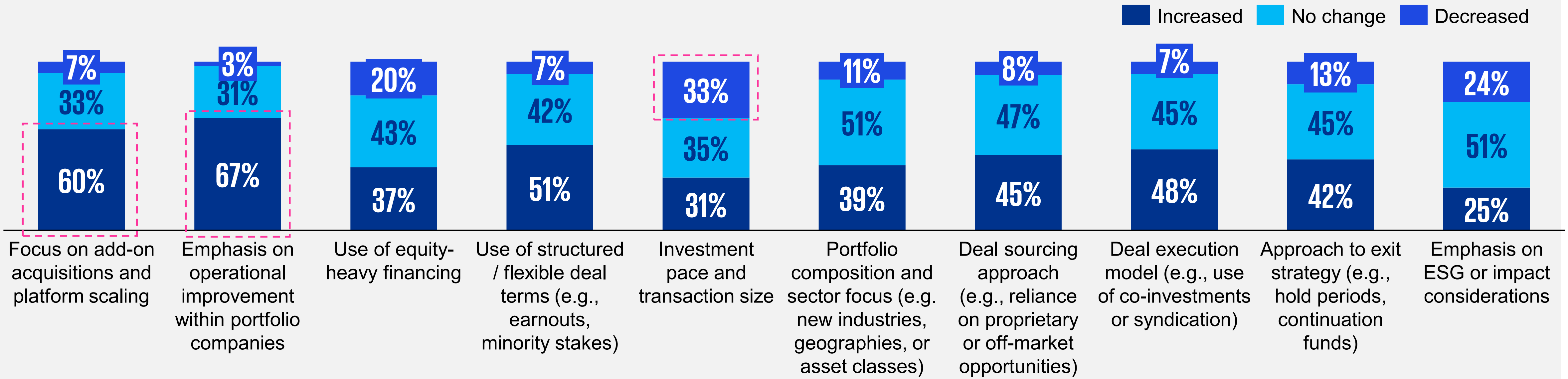
- **37%** of PE respondents identify **inadequate diligence** as the greatest risk to value realization, followed by **financing constraints at 34%**
- Execution-related risks remain notable, with **ineffective execution of value creation plans (31%)** and **overestimation of value creation upside (31%)** among the most cited challenges

Note(s): (a) Percentages may not add up to 100 since this is a multi select question
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

PE firms are increasingly adopting portfolio-centric investment strategy, led by operational improvement (67%) and add-on/platform scaling (60%)

Q. How has your firm's investment strategy shifted in the last 2–3 years across the following areas?[(a)] *Matrix; N=150*



Key Observations

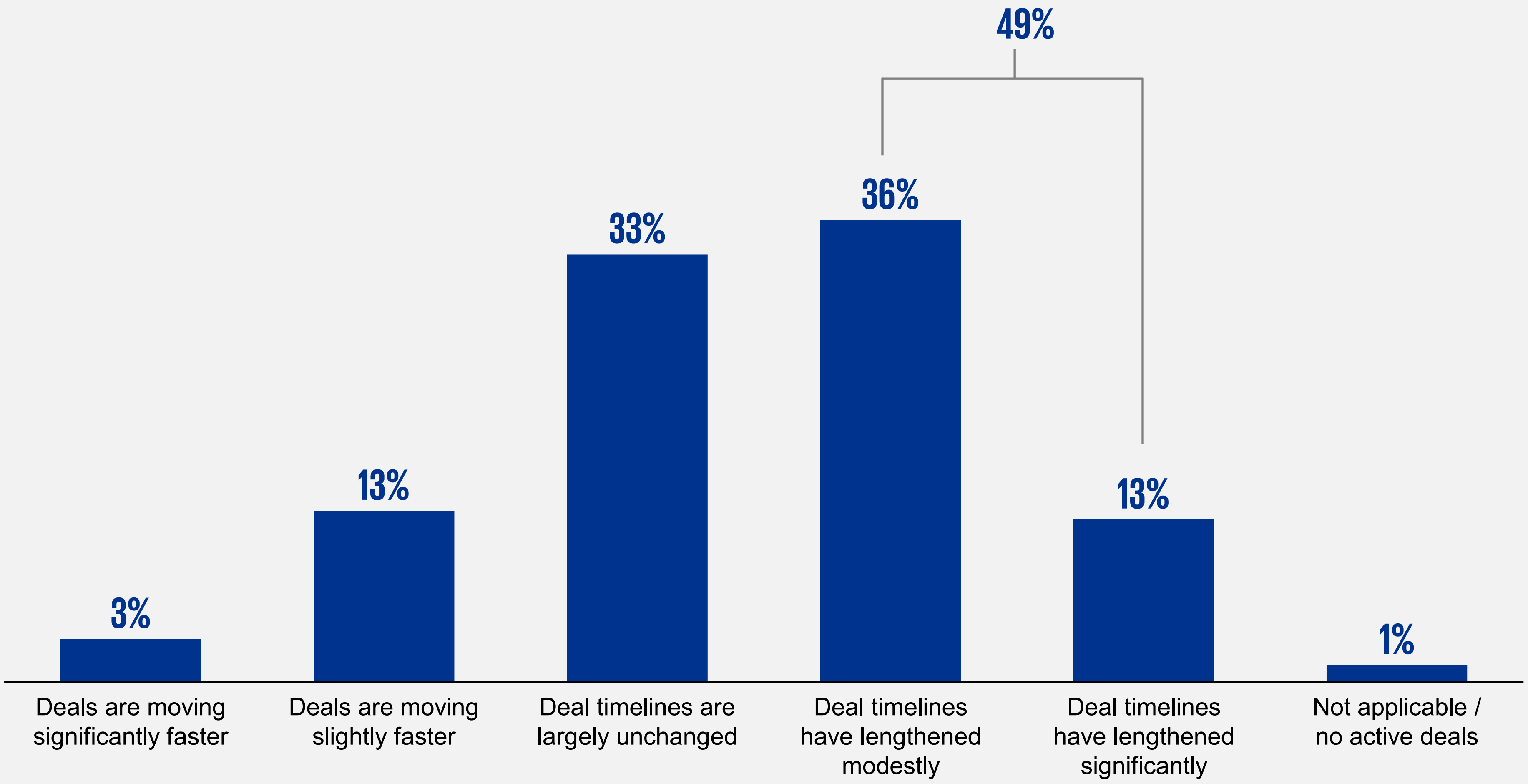
- Focus has shifted toward portfolio-centric strategies, with **operational improvement (67%)** and **add-on acquisitions/platform scaling (60%)** showing the highest increases across all areas
- **Investment pace and transaction size** shows the widest split, with the **highest decline (33%)** alongside **31% increase** and **35% no change**, indicating mixed deployment approaches

Note(s): (a) Sum of percentages may not add up to 100 due to rounding
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Nearly half of PE respondents report that deal timelines have extended

Q. Compared with six months ago, how have your overall M&A deal timelines changed?[a] *Single select; N=150*



Key Observations

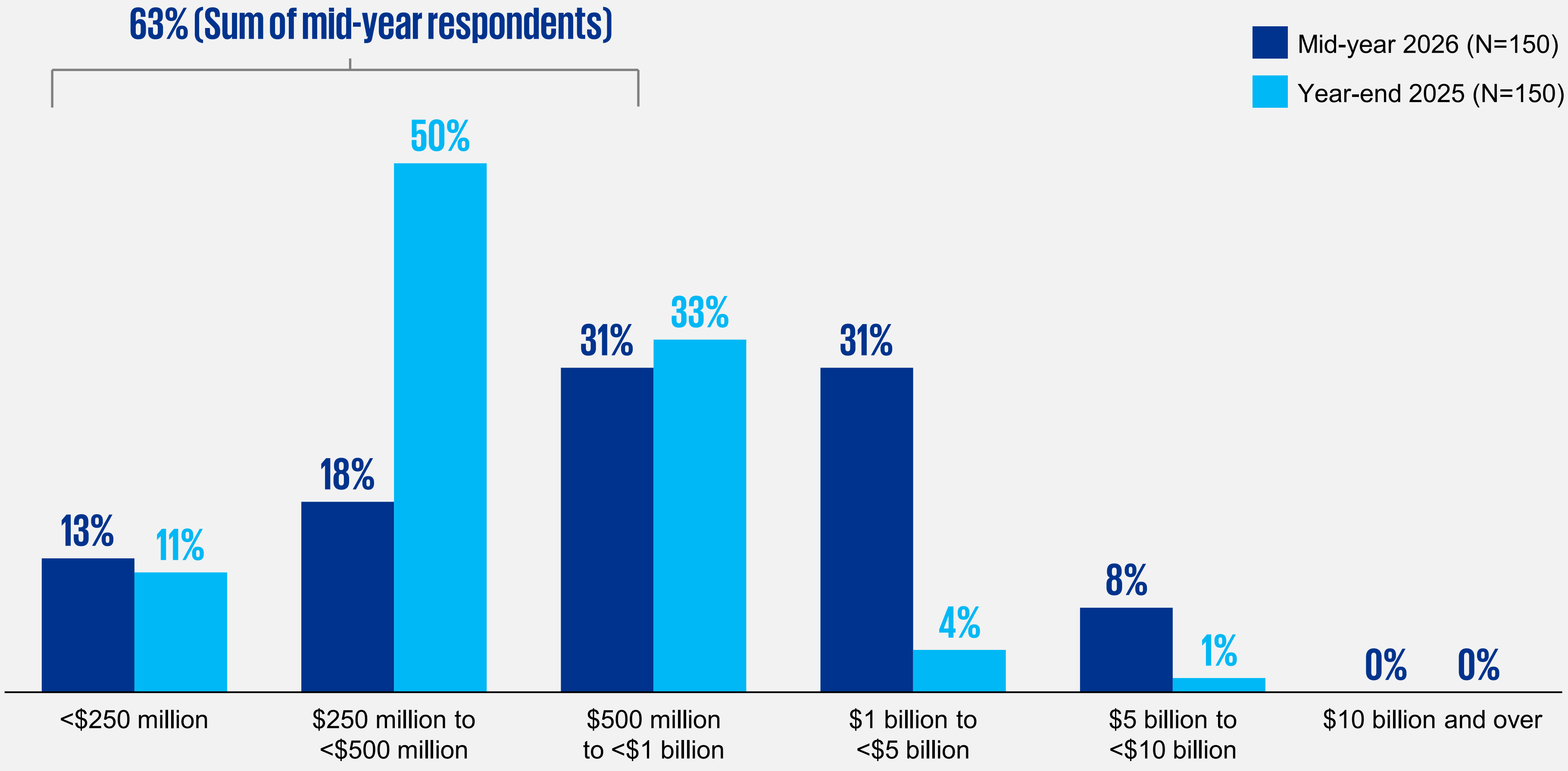
- **Nearly half of respondents (49%)** report longer deal timelines compared with six months ago, **while only 16% report faster execution**
- At the same time, **1/3rd** report no meaningful change in timelines, indicating that execution pressures are not being experienced uniformly across the market

Note(s): (a) Sum of percentages may not add up to 100 due to rounding
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

While over 60% of respondents anticipate sub-$1 billion deals, appetite for larger transactions is growing

Q. What will be the estimated total deal value of your next M&A deal transaction, excluding debt raise?[a][b] *Single select; N=150*



Key Observations

- M&A activity is expected to remain under **$1 billion**, with **63%** of respondents anticipating transactions in this range
- Moreover, there is a growing appetite for **mega deals transactions**, with **39%** anticipating their next deal to exceed $1 billion in mid-year 2026, compared to **only 5%** at year-end 2025
  - Respondents anticipating deals between $5 billion and $10 billion increased from **1% to 8%** over the same period

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Early-stage activity remains active, but deal closures remain concentrated at 1–2 deals

Q. During the first half of 2026, please estimate the number of M&A deals that reached the following stages:[(a)(b)] *Matrix, Single select*

*(**Year-end 2025**, N=150)* *(**Mid-year 2026**, N=150)*

Estimated number of deals in the following stages	Signed an LOI (Letter of Intent)			Conducted formal due diligence			Negotiated the purchase agreement			Closed the deal		
	Year-end 2025	Mid-year 2026	% change	Year-end 2025	Mid-year 2026	% change	Year-end 2025	Mid-year 2026	% change	Year-end 2025	Mid-year 2026	% change
0 deals	0%	2%	▲ 2%	0%	0%	-	0%	5%	▲ 5%	1%	19%	▲ 18%
1-2 deals	1%	11%	▲ 10%	3%	25%	▲ 22%	17%	43%	▲ 26%	53%	57%	▲ 4%
3-4 deals	11%	43%	▲ 32%	34%	50%	▲ 16%	57%	41%	▼ 16%	37%	22%	▼ 15%
5-10 deals	62%	36%	▼ 26%	53%	21%	▼ 32%	22%	9%	▼ 13%	9%	3%	▼ 6%
More than 10 deals	27%	8%	▼ 19%	9%	3%	▼ 6%	3%	1%	▼ 2%	0%	0%	-

Key Observations

Compared to year-end 2025 survey,

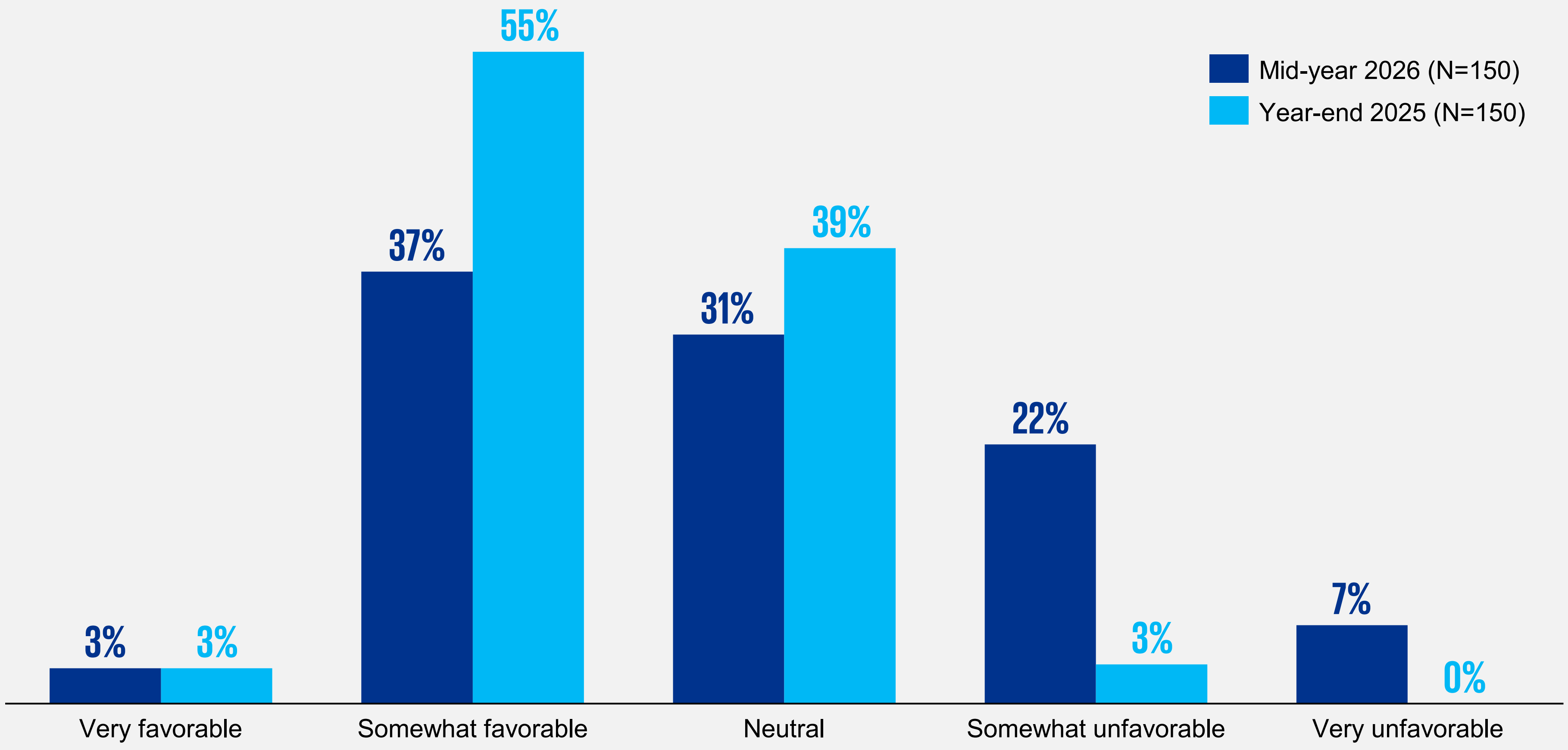
- PE deal activity has shifted toward moderate-volume pipelines, with **3-4 deals** increasing at **LOI (43% vs 11%)** and **due diligence (50% vs 34%)**, while higher-volume activity of **5-10 deals declined** across both stages
- Later-stage deal activity shows funnel narrowing, with **negotiations increasingly concentrated in 1–2 deals (43% vs 17%)**
- **Closures** remain concentrated in **lower deal volumes**, with **57% of PE firms reporting 1-2 closed deals**, while 0 closures increased to 19% from 1%, indicating slower conversion despite continued early-stage activity

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

While 40% describe the current US climate as , cautious optimism continues to shape the market

Q. How would you describe the overall current climate for private equity investments in the US for 2026?[a][b]
Single select; N=150



Key Observations

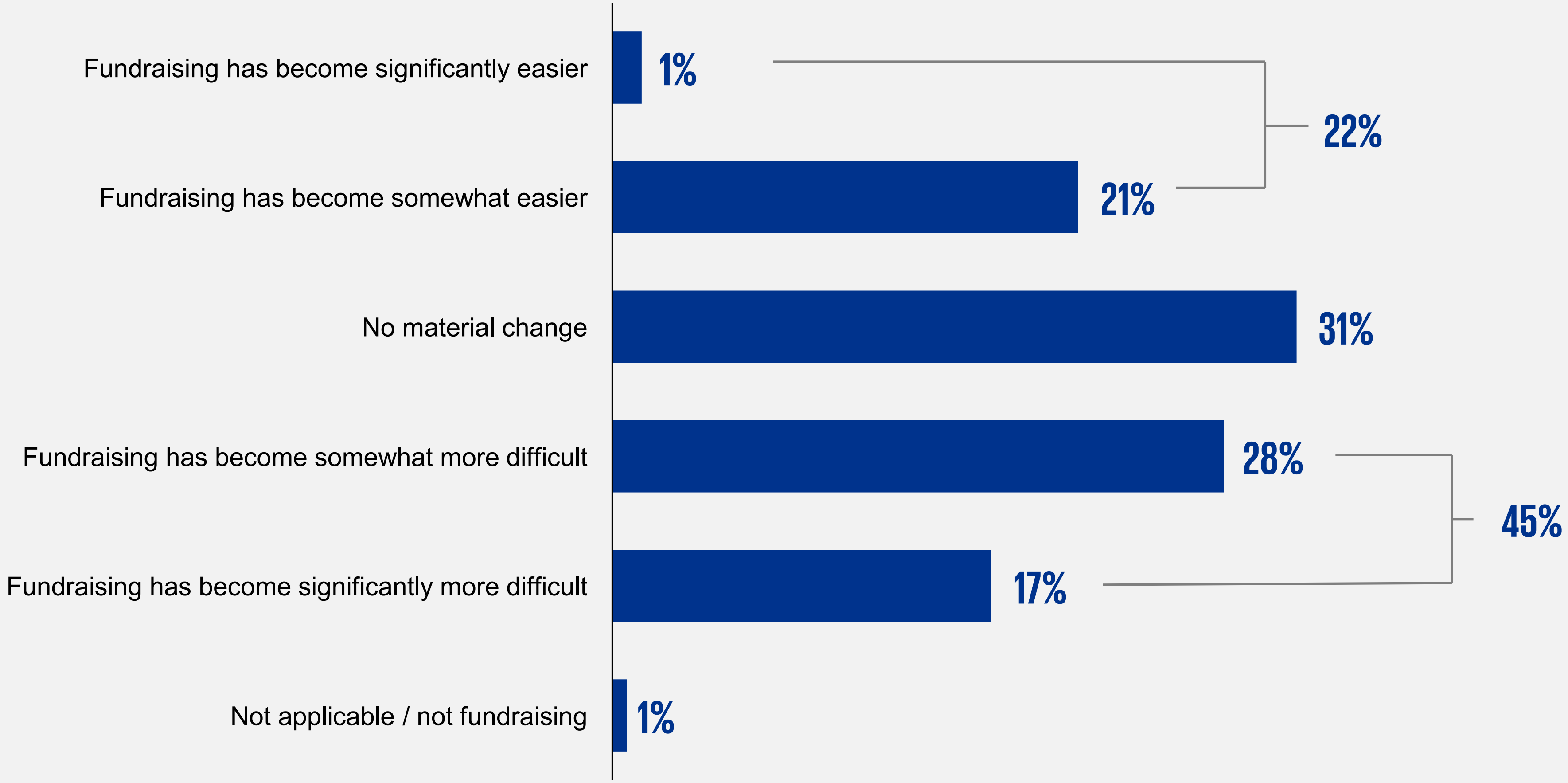
- Compared with the year-end 2025, the current climate reflects a shift from strong optimism to a more balanced and selective outlook
  - sentiment continues to remain the largest view at **40%,** though down from **58%**, indicating softer but still positive sentiment
  - Neutral sentiment eased **(31% vs 39%)**, while un sentiment increased meaningfully **(29% vs 3%)**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

KPMG
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Fundraising conditions slightly improved (53%) although challenges remain for some

Q. Compared to 12 months ago, how has the ease or difficulty of fundraising changed for your firm?[a][b]
Single select; N=150



Key Observations

- PE respondents report fundraising conditions have **either improved (22%) or seen no material change (31%)** compared to 12 months ago, indicating relative stability in the fundraising environment
- At the same time, **45%** indicate **fundraising has become more difficult,** suggesting that while conditions remain stable for many, challenges persist for a meaningful share of PE firms

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

A mixed fundraising environment emerges, favoring firms with funds greater than $5 billion

Q. Compared to 12 months ago, how has the ease or difficulty of fundraising changed for your firm?[a][b] *Single select; N=150*

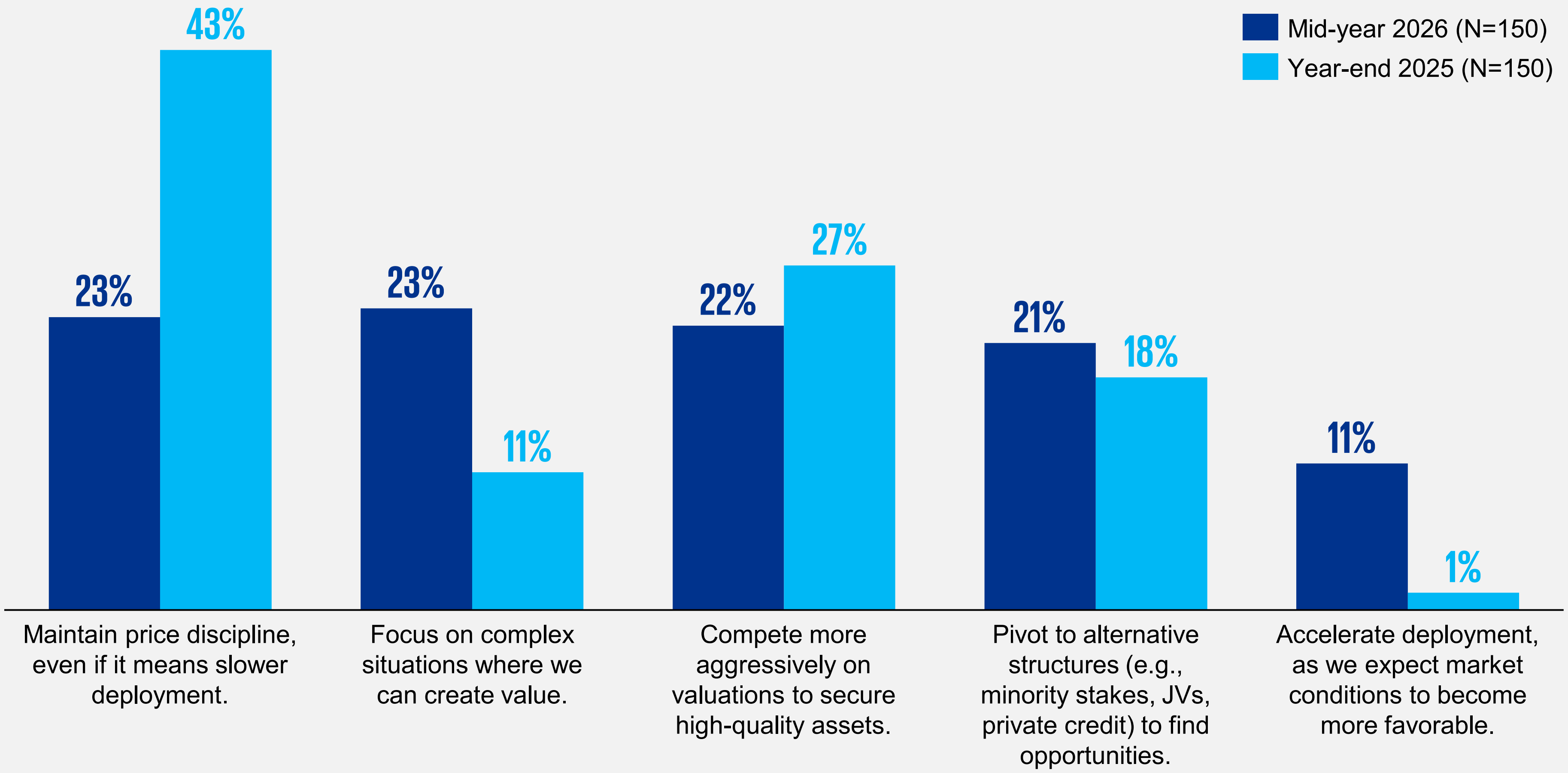
Fundraising conditions	Less than $1 billion (N=28)	$1 billion – $4.9 billion (N=50)	$5 billion – $9.9 billion (N=42)	More than $10 billion (N=29)
Fundraising has become significantly easier	0%	2%	0%	3%
Fundraising has become somewhat easier	11%	16%	26%	34%
No material change	39%	38%	24%	24%
Fundraising has become somewhat more difficult	29%	36%	26%	14%
Fundraising has become significantly more difficult	21%	8%	21%	24%
Not applicable / not fundraising	0%	0%	2%	0%

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Dry powder deployment is shifting away from pure price discipline toward complex situations and flexible structures

Q. Considering the current market, what is your firm's primary strategy for deploying dry powder in 2026?[a][b] *Single select; N=150*



Key Observations

- Compared with the year-end 2025, PE dealmakers are less focused on **maintaining price discipline (23% vs 43%)** and **competing aggressively on valuations (22% vs 27%)**
- Relatively, PE respondents show greater emphasis on other strategies, as **focus on complex situations increased (23% vs 11%)** and **accelerated deployment (11% vs 1%) rose**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

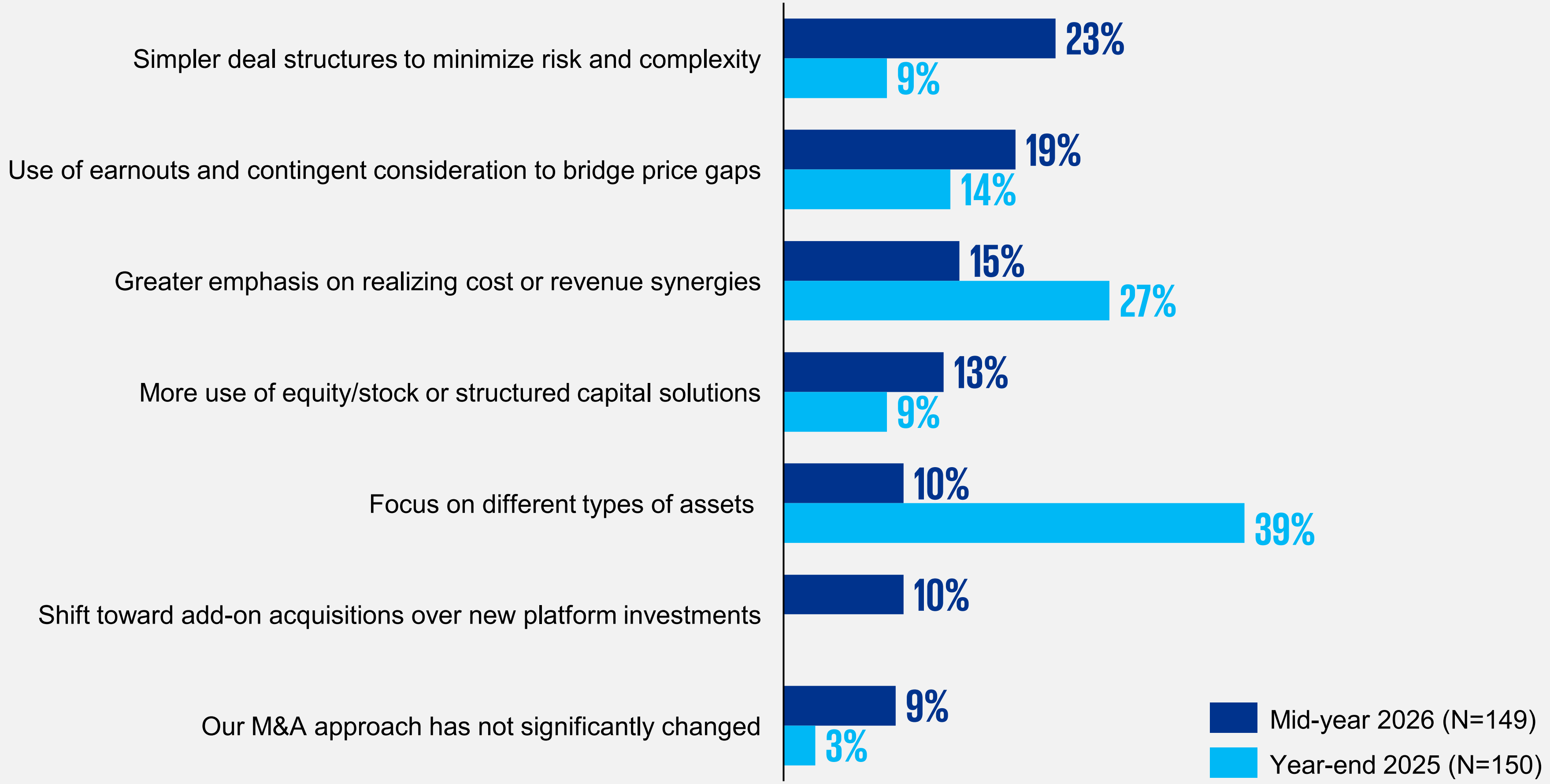
1.3

M&A execution: Deal structures and AI enablement

PE M&A Dealmakers

Valuation gaps are addressed through simpler deal structures (23%), earnouts(19%) and synergy realization (15%)

Q. To overcome valuation challenges, which of these strategies has your organization used the most?[(a)(b)(c)(d)]
Single select; N=149



Key Observations

- **Simpler deal structures (23%), earnouts (19%)**, and **synergies (15%)** are the most used strategies to address valuation challenges
- Shift away from asset reallocation is evident, with **focus on different asset types declining sharply (39% vs 10%)**, while **no significant change in M&A approach remains limited (9%)**, suggesting firms are adapting deal mechanics rather than altering overall strategy

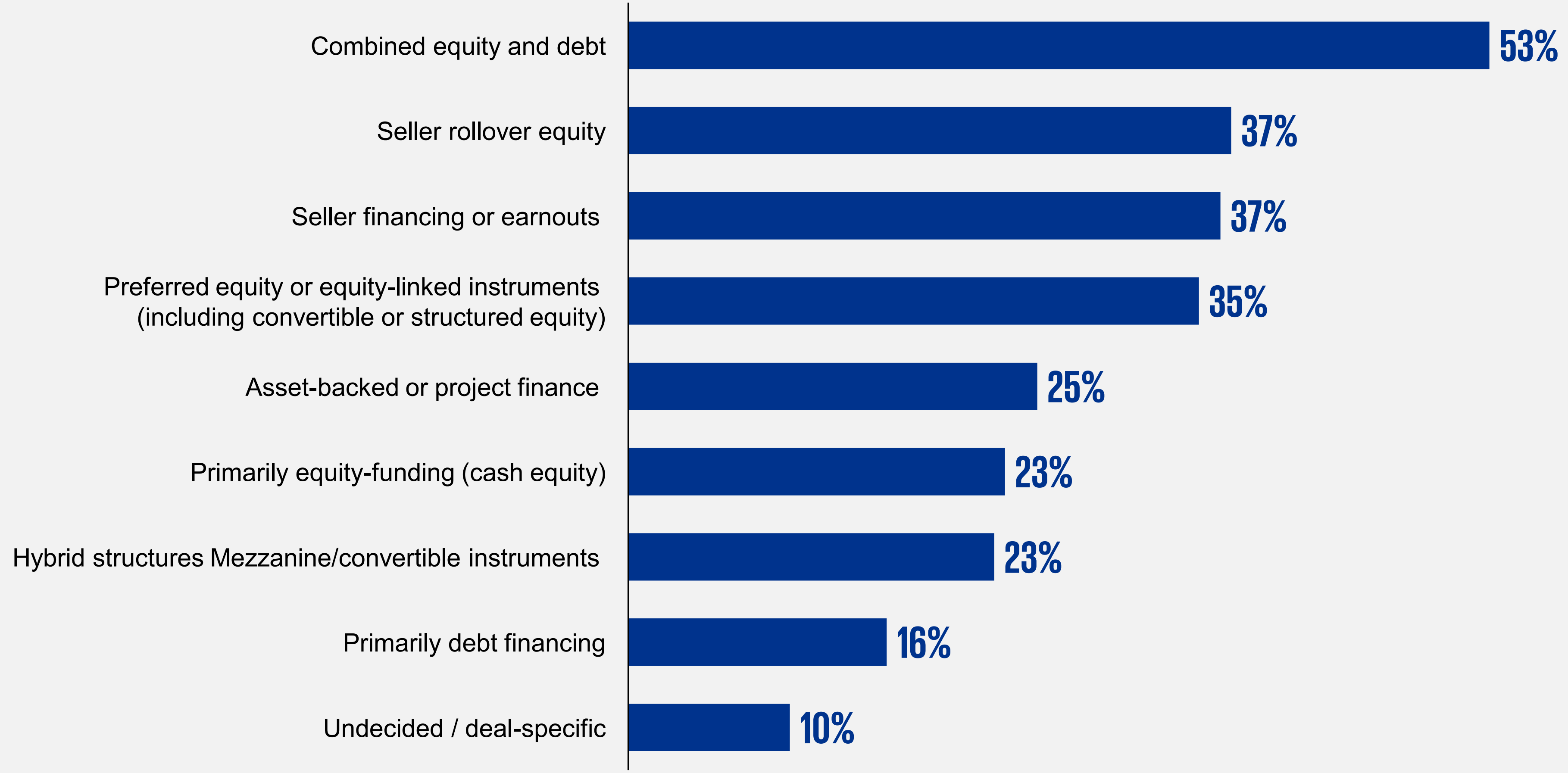
Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses; (c) A new response category was added in mid-year 2026; as a single-select question, this may have reduced the relative share of other options; (d) Asked of those who answered that they faced valuation challenges in executing M&A deals currently

Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Combined equity and debt (53%) is the primary financing structure among PE firms

Q. What financing structures are you most likely to use for acquisitions?[a][b] *Multi select; N=150*



Key Observations

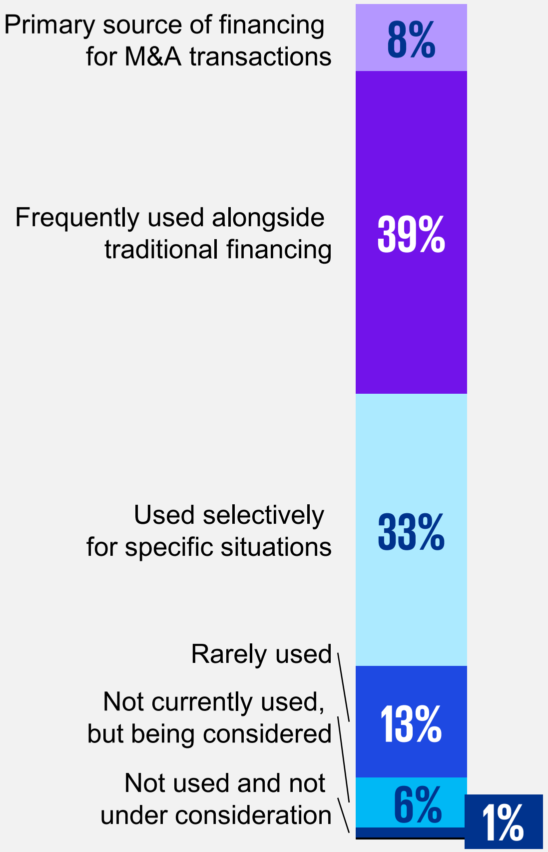
- **Combined equity and debt (53%)** is in the lead, followed by **seller financing/earnouts (37%), seller rollover equity (37%), and equity-linked instruments (35%)**
- Pure funding approaches are less dominant, with **asset-backed/project finance (25%), hybrid instruments (23%), and cash equity (23%)** used moderately, while **debt-only financing remains limited (16%)**

Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

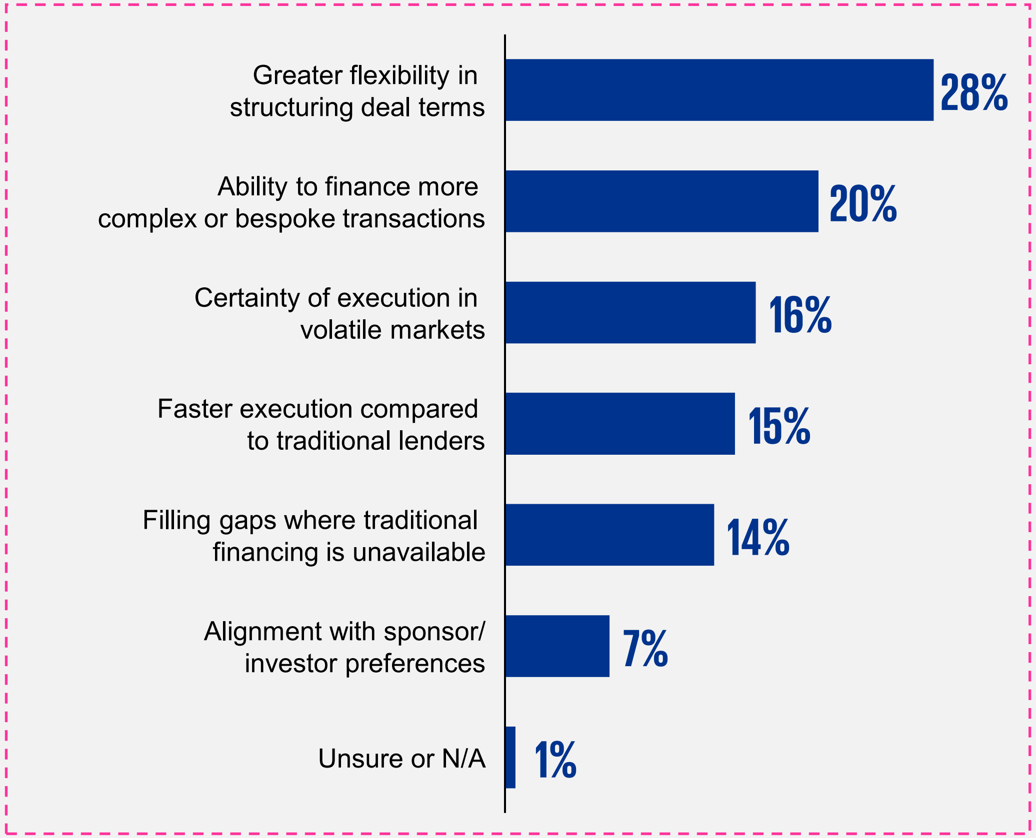
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Private credit is used frequently alongside traditional financing (39%), with greater flexibility in deal structuring (28%), driving adoption

Q. What role does private credit currently play in your organization's M&A financing strategy?[(a)(b)] *Single select; N=150*



Q. What is the primary reason your organization uses (or is considering) private credit for M&A transactions?[(a)(c)] *Single select; N=148*



Key Observations

- Private credit is used **frequently alongside traditional financing (39%)**, with limited use as a **primary financing source (8%)**
  - Adoption is driven mainly by **greater flexibility in structuring deal terms (28%)**, followed by **the ability to finance more complex transactions (20%)**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses (c) Question asked of those who responded that they primarily use, have used, used selectively, rarely use, and have considered using private credit in the previous question.

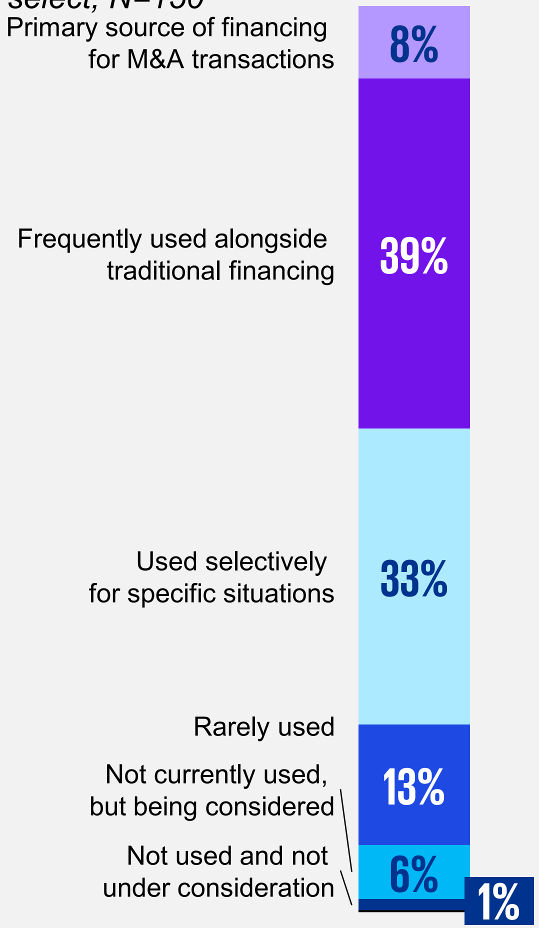
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

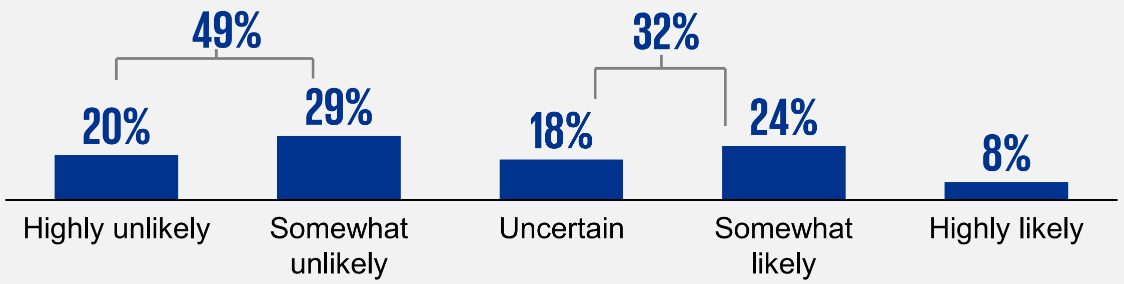
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Private credit is important to PE deal execution, with nearly half unlikely to proceed without it

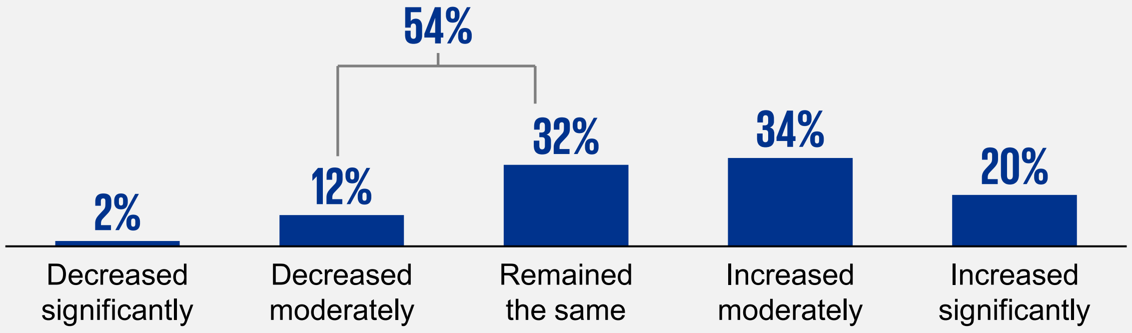
Q. What role does private credit currently play in your organization's M&A financing strategy?[a][b] *Single select; N=150*



Without access to private credit, how likely is it that your recent or planned M&A activity would proceed?[a][c] *Single select; N=148*



Compared to 12-24 months ago, how has your organization's reliance on private credit for M&A changed?[a][c] Single select; N=148



Key Observations

- **32%** of PE dealmakers indicate that without access to private credit, M&A activity is **somewhat or highly likely to proceed**, while **49%** report it as **unlikely**, suggesting a split view on dependency on private credit
- Private credit reliance remains steady to increasing, with over **1/2 reporting growth (54%)** and **32% indicating no change**
  - Only **14%** indicate a **decrease**, which perhaps reflects continued relevance of private credit in deal financing

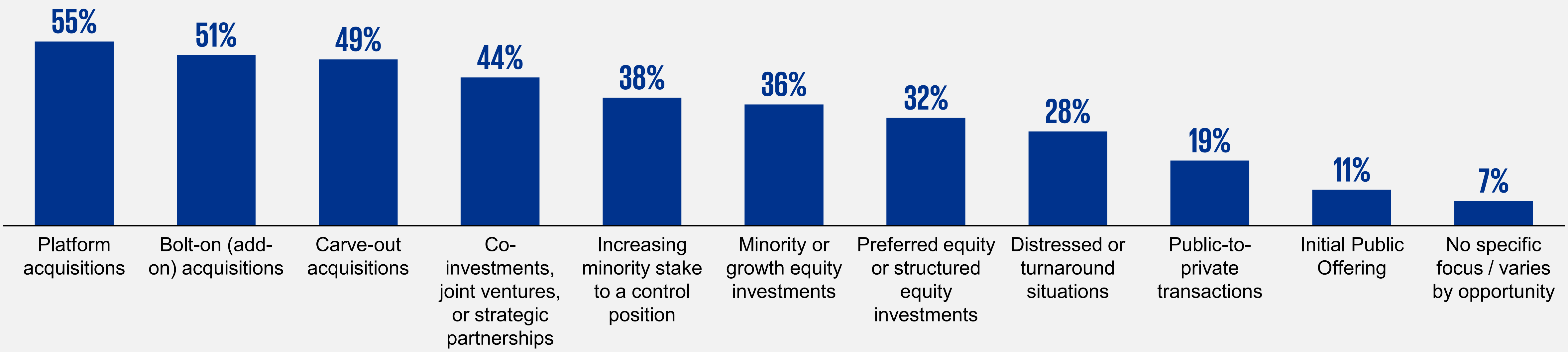
Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses; (c) Question was asked of those who responded that private credit was used, frequently used, used selectively, rarely used or being considered in their organization's M&A financing strategy

Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Platform and bolt-on acquisitions are the most commonly considered PE deal types

Q. What type of deals are you currently considering?[(a)(b)] *Multi select; N=150*



Key Observations

- **Platform acquisitions (55%)** and **bolt-on acquisitions (51%)** are the most considered deal types, indicating a strong focus on scaling platforms and expanding existing portfolios
  - **Carve-out acquisitions (49%)** and **co-investments, JVs, strategic partnerships (44%)** also see significant interest, reflecting continued use of carve-outs and partnership-led strategies

Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Nearly 40% define success through execution strength, led by operational performance improvement, management effectiveness, and revenue growth

Q. Which of the following achievements have been the most critical indicators of a successful acquisition?[a][b] *Multi select; N=150*

Key Observations

- **40%** of PE respondents identify **improvement in operational performance** as the most critical indicator of a successful acquisition, followed closely by **management team effectiveness (39%) and revenue growth (39%)**
- Other indicators are more evenly distributed, **delivery of target returns (35%)** and **scalability (30%)** among the key secondary metrics

Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

AI delivers the strongest efficiency gains in competitive intelligence (43%), due diligence (29%), and target screening (25%)

Q. To what extent has your organization used AI to offset manual effort in the following M&A processes?[a][b] *Matrix, Single select; N=150*

M&A processes	0%	1-10%	11-25%	26-50%	51-75%	76%-100%
Target screening and prioritization	8%	29%	35%	20%	5%	0%
Due diligence	2%	24%	45%	26%	3%	0%
Competitive intelligence and market analysis	1%	7%	50%	31%	11%	1%
Valuation modeling and scenario planning	8%	37%	31%	17%	5%	0%
Legal and contract review	11%	31%	38%	13%	4%	0%
Integration planning and reporting	11%	31%	35%	17%	4%	0%
Budget modeling and tracking	11%	33%	28%	21%	5%	0%
Stakeholder communications and change management	15%	37%	32%	6%	3%	1%
Regulatory compliance and risk monitoring	7%	31%	35%	23%	1%	1%

Key Observations

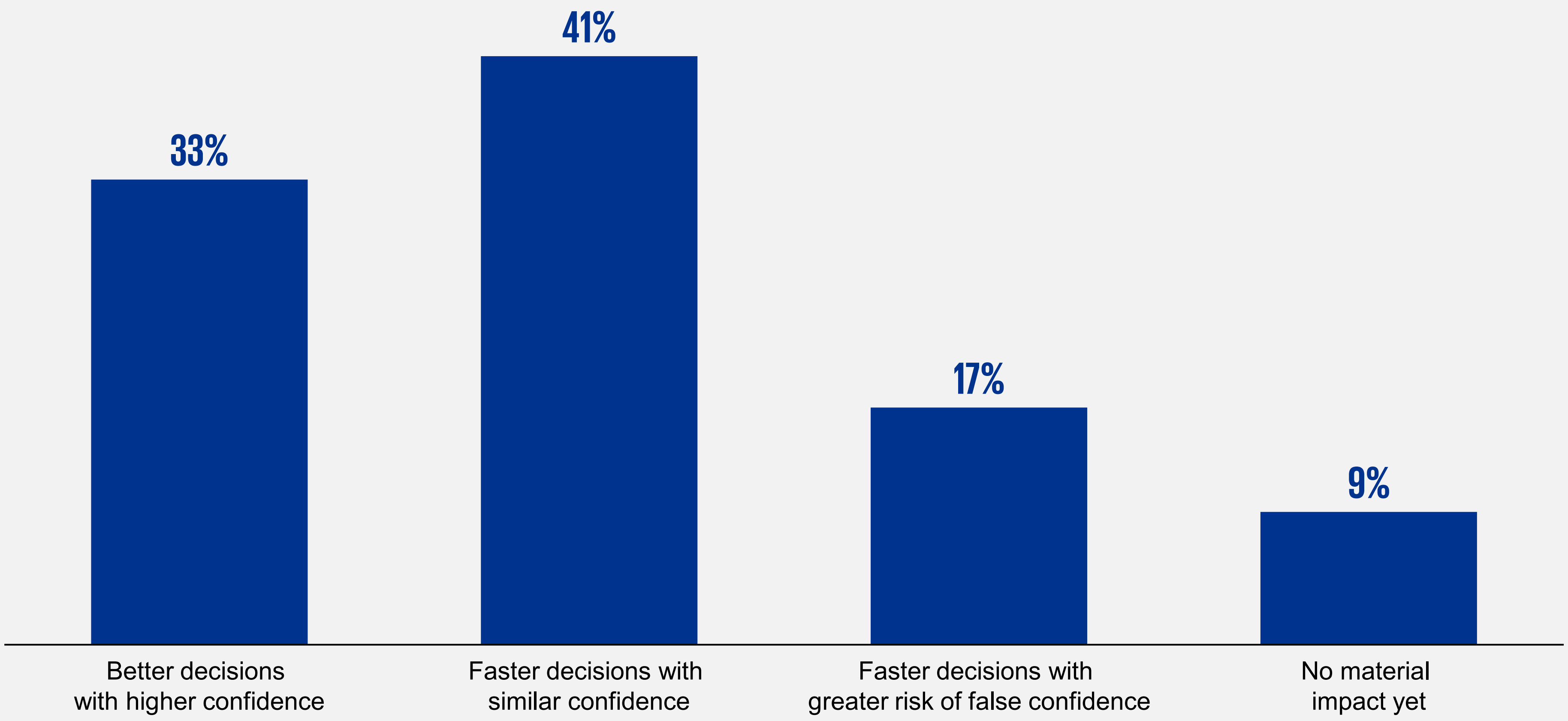
- **Competitive intelligence (43%)** reports the highest level of AI-driven efficiency gains **(>25% manual effort offset)**, followed by **due diligence (29%)** and **target screening (25%)**
- AI adoption is moderate across M&A, with most organizations offsetting **11–25%**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

41% of PE dealmakers report faster decisions with similar confidence from AI use

Q. As AI has accelerated M&A analysis and diligence in your organization, which outcome best reflects your experience to date?[(a)(b)(c)] *Single select; N=150*



Key Observations

- **41%** of PE dealmakers indicate that AI is enabling **faster decision-making with similar confidence**, suggesting AI's strong role in supporting decision quality and speed
- **1/3rd** report **better decisions with higher confidence**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses; (c) Question was limited to respondents reporting AI-driven efficiencies across at least one M&A process, analysis excludes respondents reporting no efficiency gains (0%) or N/A across all M&A processes

Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

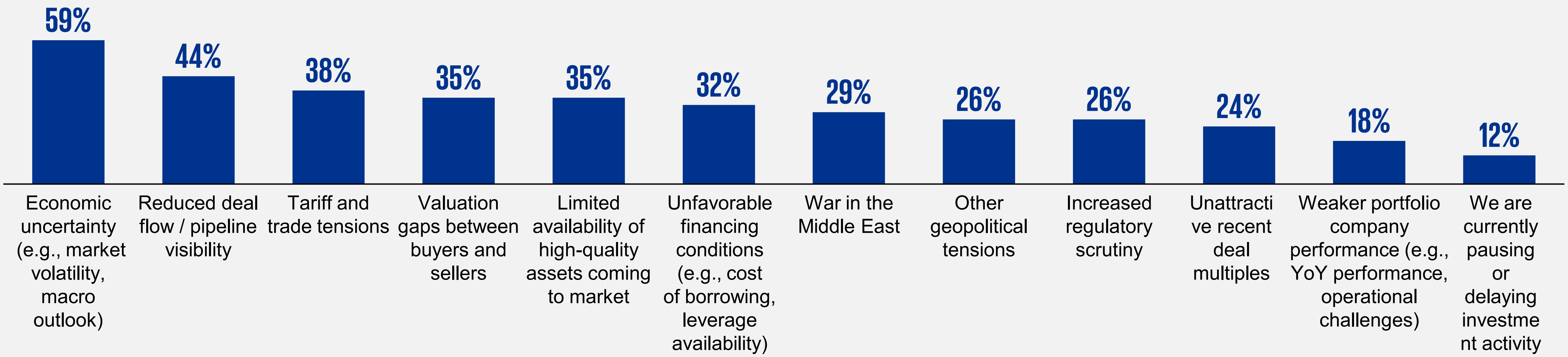
02

Additional survey insights

PE M&A Dealmakers

Economic uncertainty and reduced pipeline visibility are the top constraints on M&A plans

Q. What are the reasons for your reduced plans for M&A activity (platform investment or bolt-on) in 2026?[a)(b)(c)] *Multi select; N=34*



Key Observations

- **Economic uncertainty (59%) and reduced deal flow/pipeline visibility (44%)** are key constraints on M&A activity
- **Tariff and trade tensions (38%), valuation gaps between buyers and sellers (35%), and limited availability of high-quality assets (35%)** are also some important factors affecting deal execution

Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses; (c) Asked if respondent answered “lower” to the question, “What are your expectations for your organization’s M&A deal pipeline volume for the second half of 2026 compared to the first half of 2026?”

Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Inflationary pressure and the war in Middle East drive M&A headwinds, offset by end-market demand

Q. In the current macroeconomic environment, to what extent are the following factors impacting your M&A decision making?[(a)(b)] *Matrix, Single select; N=150*

Options[(b)]	Deterrent *(Sum of % share for minor, moderate and significant deterrent)*	Net[(b)]	Driver *(Sum of % share for minor, moderate and significant driver)*
Valuation expectations	29%	31%	60%
End-market demand and customer buying behavior	23%	37%	60%
Interest rates and financing conditions	51%	-17%	34%
Inflationary pressures	73%	-61%	12%
Trade policies, tariffs and sanctions	63%	-43%	20%
Geopolitical uncertainty and global instability	66%	-58%	8%
Supply chain stability and operational continuity	30%	4%	34%
Energy and commodity price volatility	62%	-50%	12%
Tax policies and changes	46%	-17%	29%
The war in the Middle East	67%	-59%	8%

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) Net is calculated as the difference between total driver % and total deterrent %

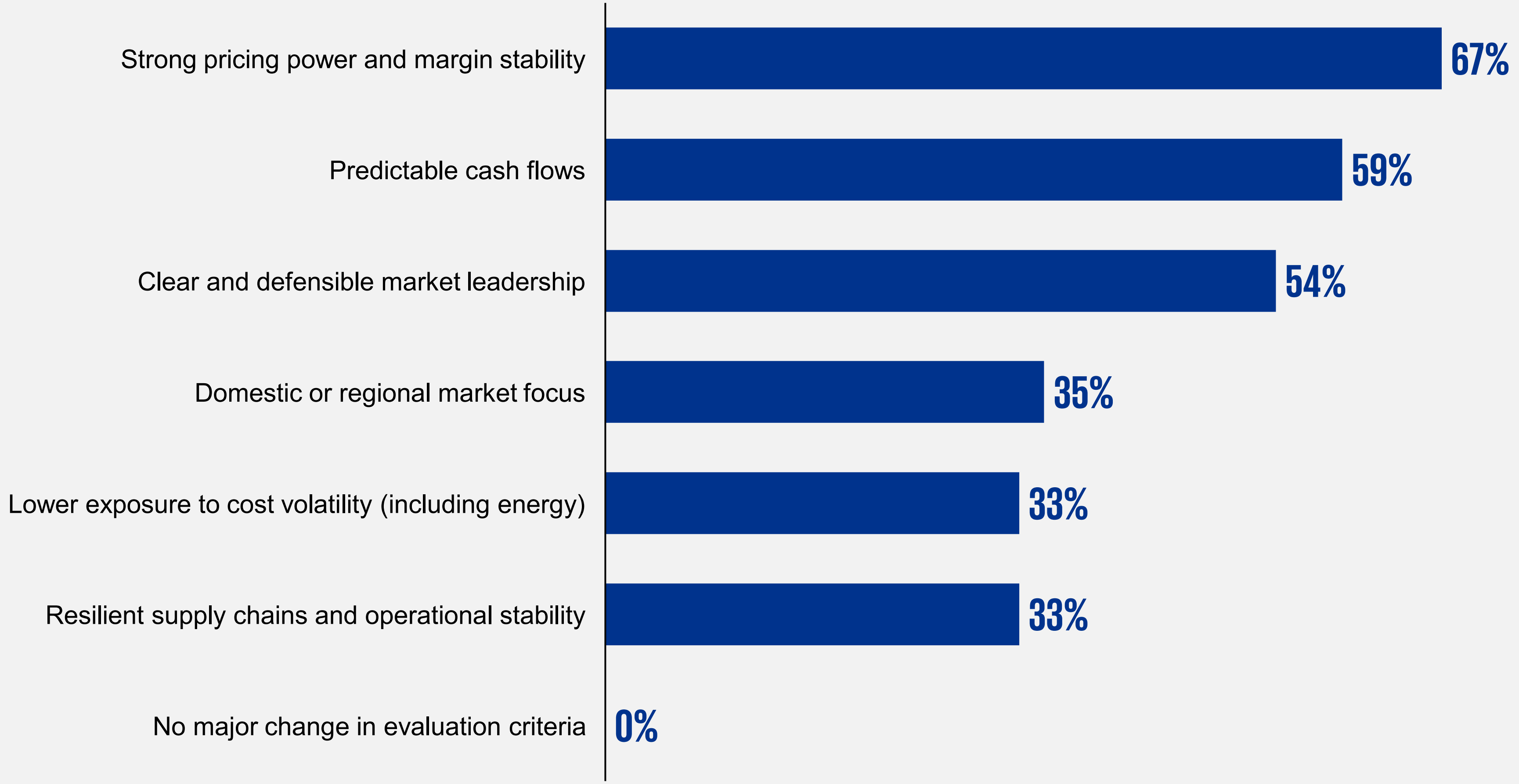
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

PE dealmakers are looking for strong pricing power & margin stability (67%) followed by predictable cash flows (59%)

Q. Considering the current macro-economic environment, which of the following attributes, if any, have become more critical when evaluating M&A targets?(a)(b) *Multi select; N=150*



Key Observations

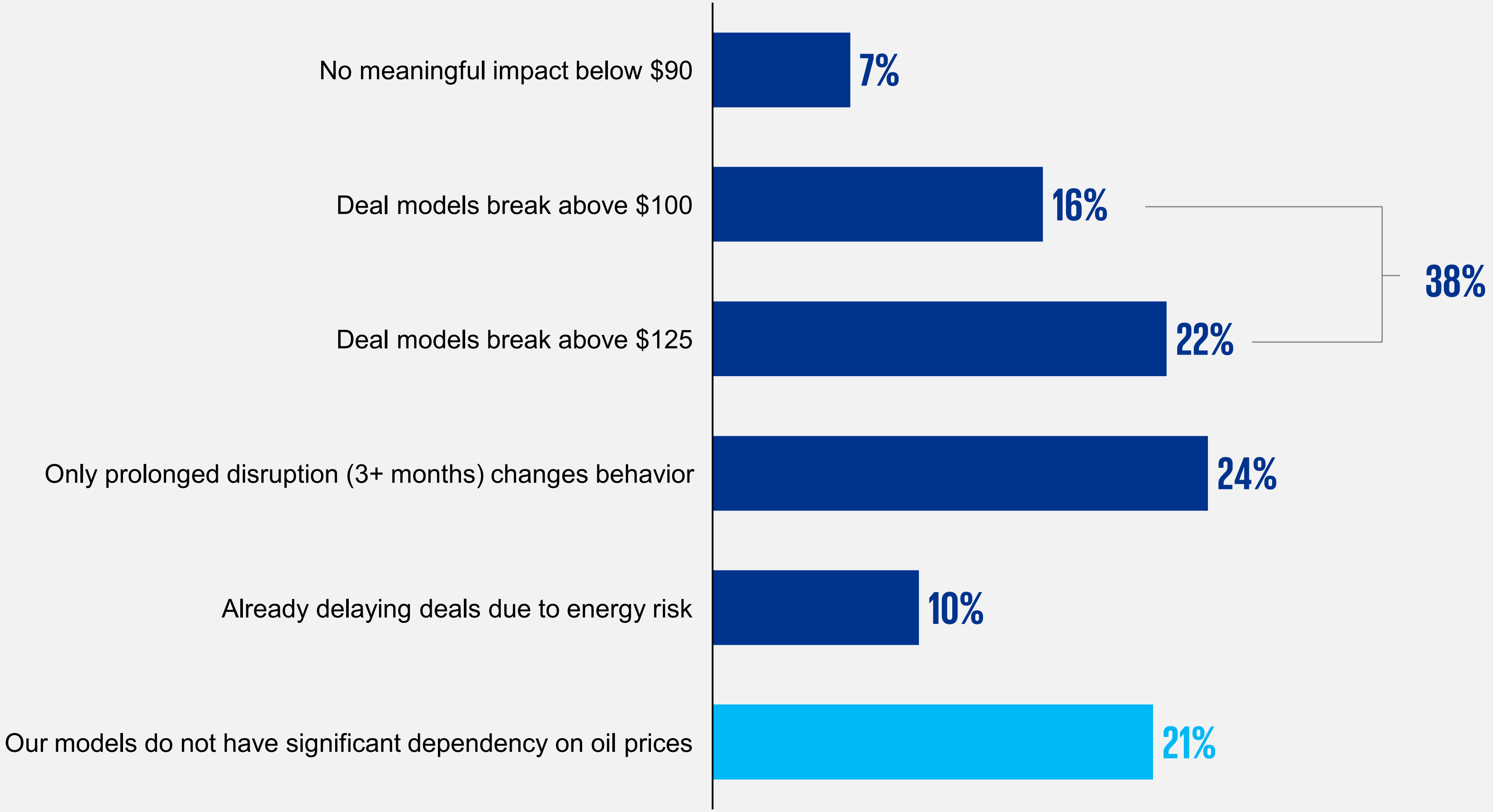
- **Earnings strength and predictability are key priorities,** with resilience factors acting as supporting screens rather than primary drivers
  - **Strong pricing power and margin stability (67%)**, followed closely by **predictable cash flows (59%),** are cited as the most critical target attributes, reflecting an emphasis **on resilient financial performance**
  - **Clear and defensible market leadership (54%)** also ranks among the top priorities
  - **~1/3rd** prioritize **domestic/regional focus alongside cost and supply resilience**

Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Oil price volatility impacts PE strategy primarily at elevated price thresholds or during prolonged disruptions

Q. At what oil price level would your M&A strategy materially change?[(a)] *Single select; N=150*



Key Observations

- Oil price volatility does not appear to **materially impact 21% of the PE firms**, as they report **limited dependence on oil prices**
  - While another **24%** mentioned that only a prolonged disruption **of more than 3 months** would influence their strategy
- When oil prices do influence decision-making, the impact is largely concentrated at **extreme thresholds**, with **38%** indicating that deal strategy becomes challenged only above **$100 or $125 per barrel**

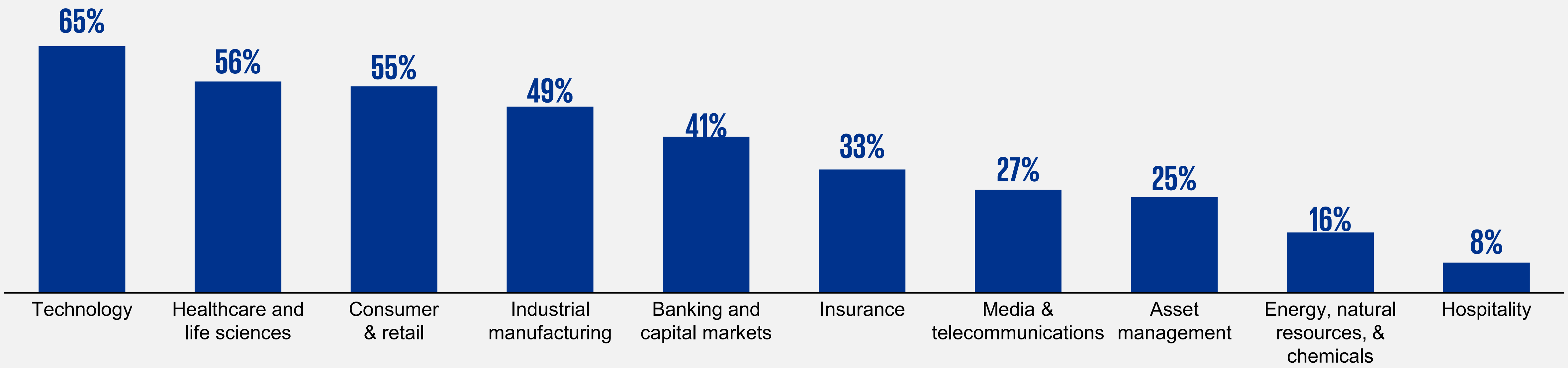
Note(s): (a) Sum of percentages may not add up to 100 due to rounding
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Technology stood out as the most sought-after target industry, attracting interest from 2/3rd of respondents

Q. Which industries are your potential targets in?[a][b] *Multi select; N=150*



Key Observations

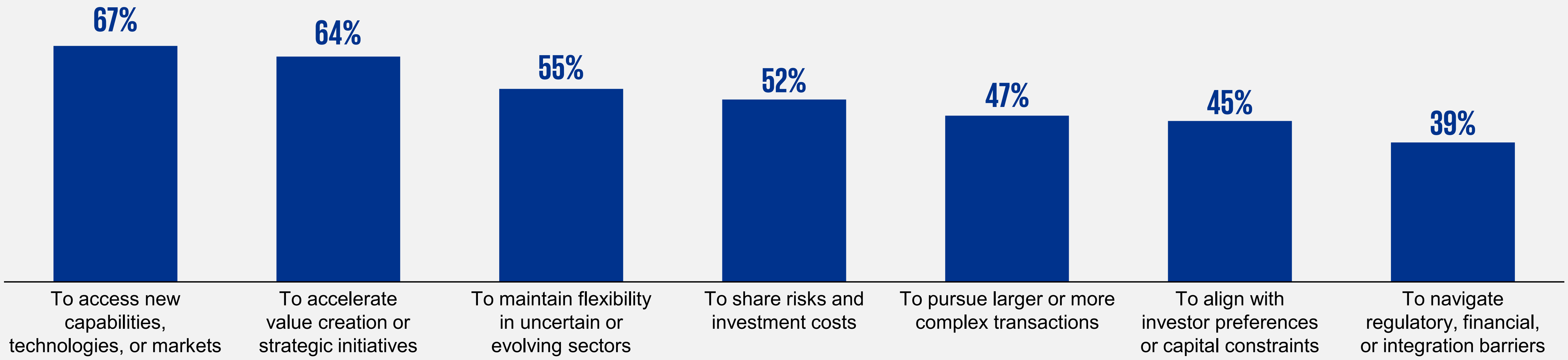
- **Technology** emerged as the most targeted sector, with **close to 2/3rd (65%)** of PE respondents identifying it as a key focus, followed by **HCLS (56%)** and **C&R (55%)**
- Interest becomes more selective beyond the top 3 most targeted sectors, with about **half (49%)** of PE respondents targeting **Industrials** and around **2/5th (41%)** focusing on **Banking & capital markets**

Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Access to new capabilities (67%) and acceleration of value creation (64%) lead partnership activity

Q. What are the primary reasons behind your joint-venture/strategic partnership/co-investments arrangements?[(a)(b)(c)] *Multi select; N=66*



Key Observations

- **Access to new capabilities, technologies or markets (67%)** and **acceleration of value creation initiatives (64%)** are the key drivers of **joint-venture/strategic partnership/co-investments among** PE firms
- PE firms are also using partnerships to enhance resilience, with **55% seeking greater flexibility in uncertain markets** and **52% aiming to distribute risks and investment costs**

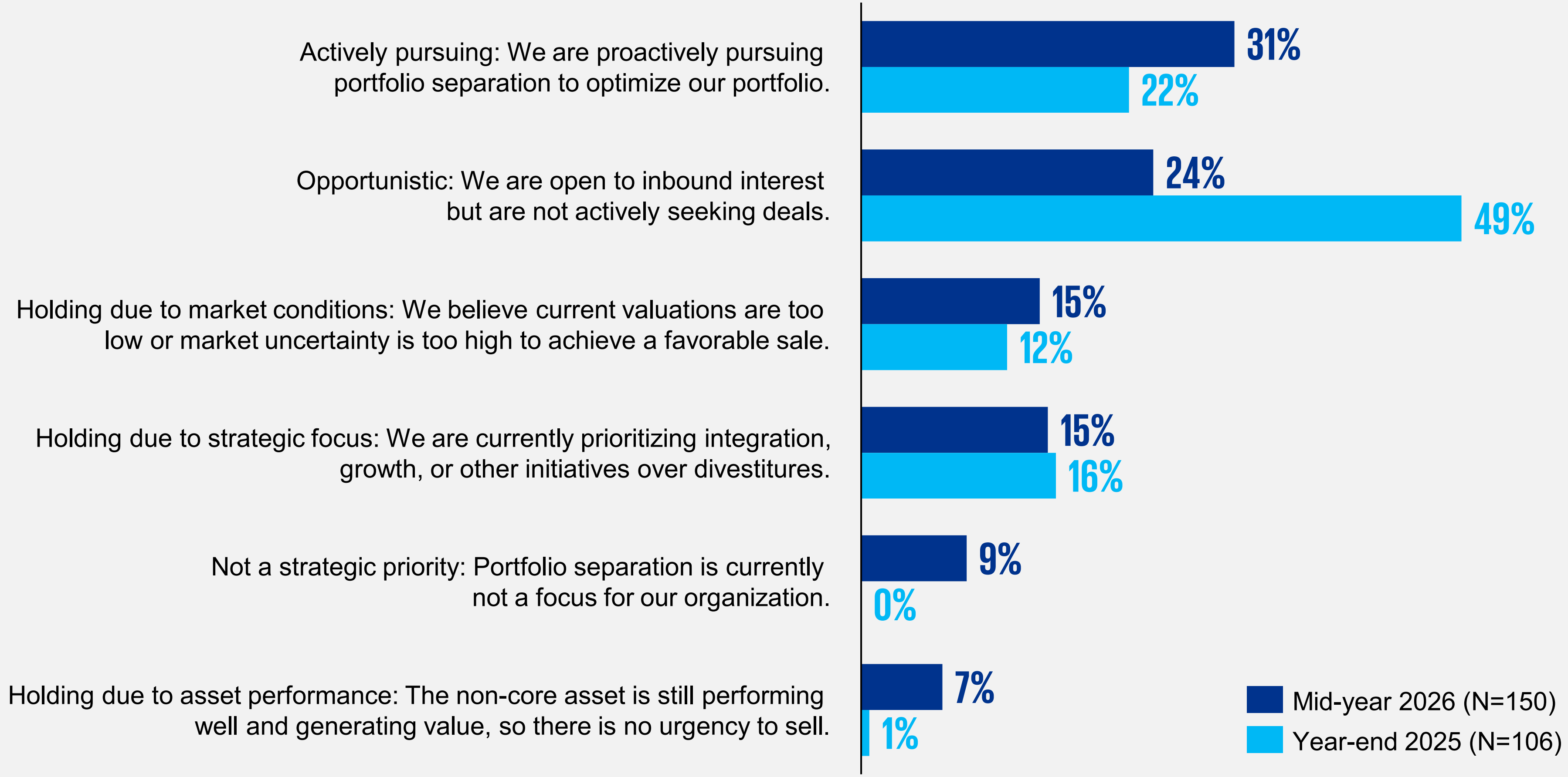
Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses ; (c) Question was asked of those who had responded that they were considering “co-investments, joint ventures, or strategic partnerships” deal types

Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Nearly 1/3rd of PE firms are increasingly pursuing proactive divestitures

Q. What best describes your organization's current approach to portfolio separation (divestitures, carve-outs, or spin-offs)?[(a)(b)] *Single select; N=150*



Key Observations

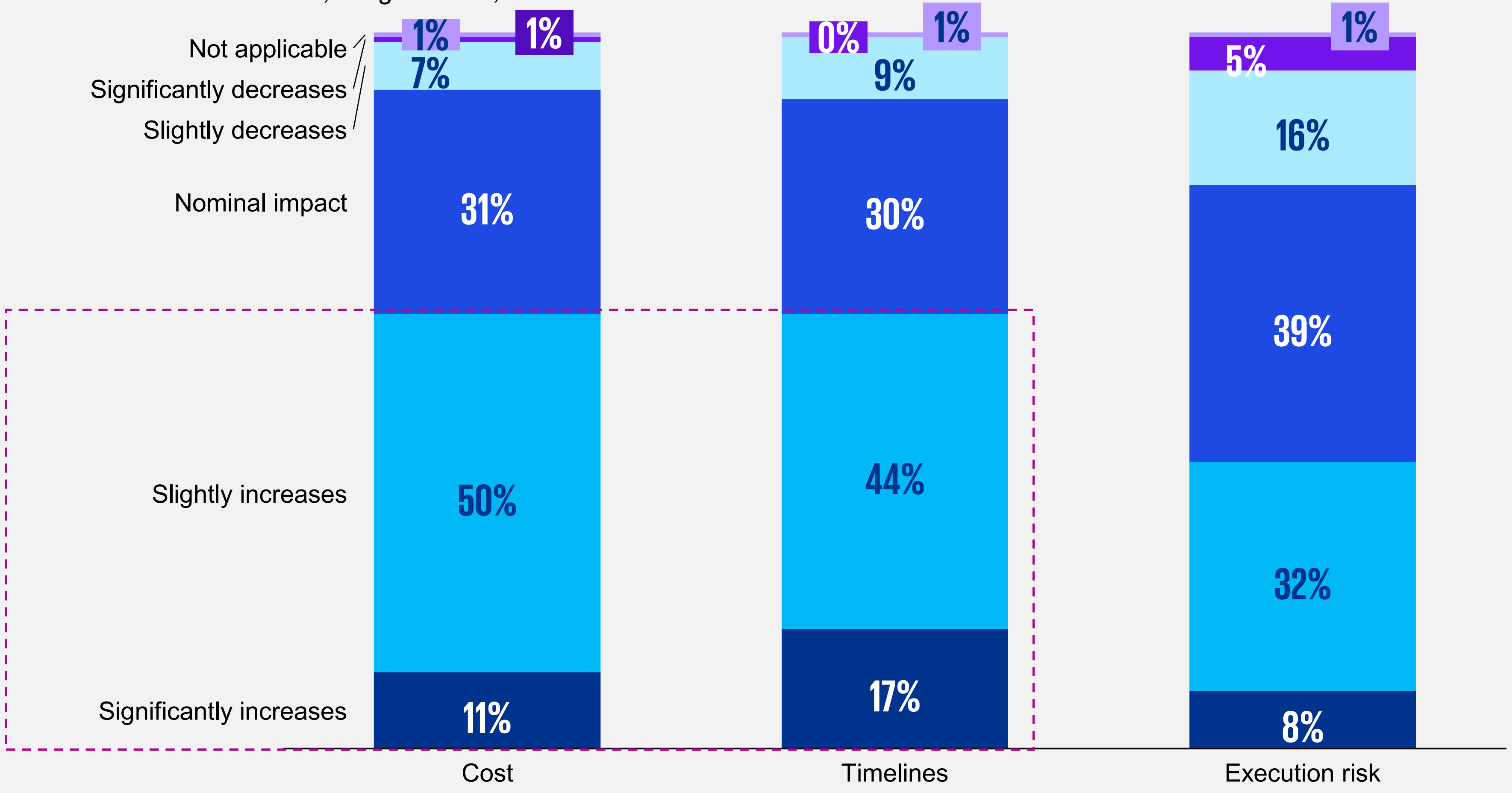
- PE firms are shifting toward a more proactive separation approach, with **actively pursuing portfolio separation** increasing **(31% vs 22%)**, and **openness to inbound opportunities** declining **(24% vs 49%)**
- **Holding patterns** remain broadly stable, with **strategic-focus-led pauses** unchanged **(15% vs 16%)** and **market-driven holds** largely steady **(15% vs 12%)**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Mid-process divestiture changes increase cost and timelines (61% each), with mixed impact on execution risk

Q. When divestiture or separation approach changes mid-process, what is the impact across cost, timelines, or execution risk?[a] *Matrix, Single select; N=150*



Key Observations

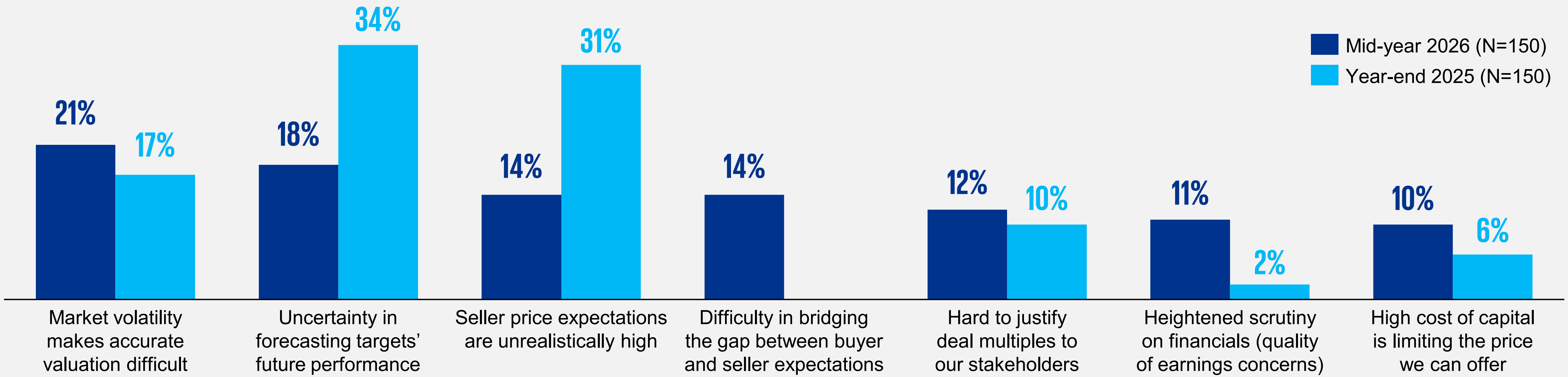
- Mid-process changes are associated with increases in **cost (61%)** and **timelines (61%),** with a relatively moderate increase observed in **execution risk (40%)**
- Nominal impact remains significant, particularly for **execution risk (39%),** followed by **cost (31%)** and **timelines (30%)**, indicating mixed impact across deals
- Decrease is more pronounced in **execution risk (21%)** compared to **cost (8%)** and **timelines (9%)**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Market volatility is the most cited valuation challenge, though responses are broadly distributed

Q. What is the biggest valuation-related challenge you face in executing M&A deals currently?[(a)(b)(c)] *Single select; N=150*



Key Observations

- Compared with the year-end 2025, **uncertainty in forecasting target performance declined from 34% to 18%,** while **seller price expectations being unrealistically high too declined (31% vs 14%)**
- While **heightened scrutiny on financials increased from 2% to 11%,** which may suggest a shift towards greater focus on diligence in dealmaking

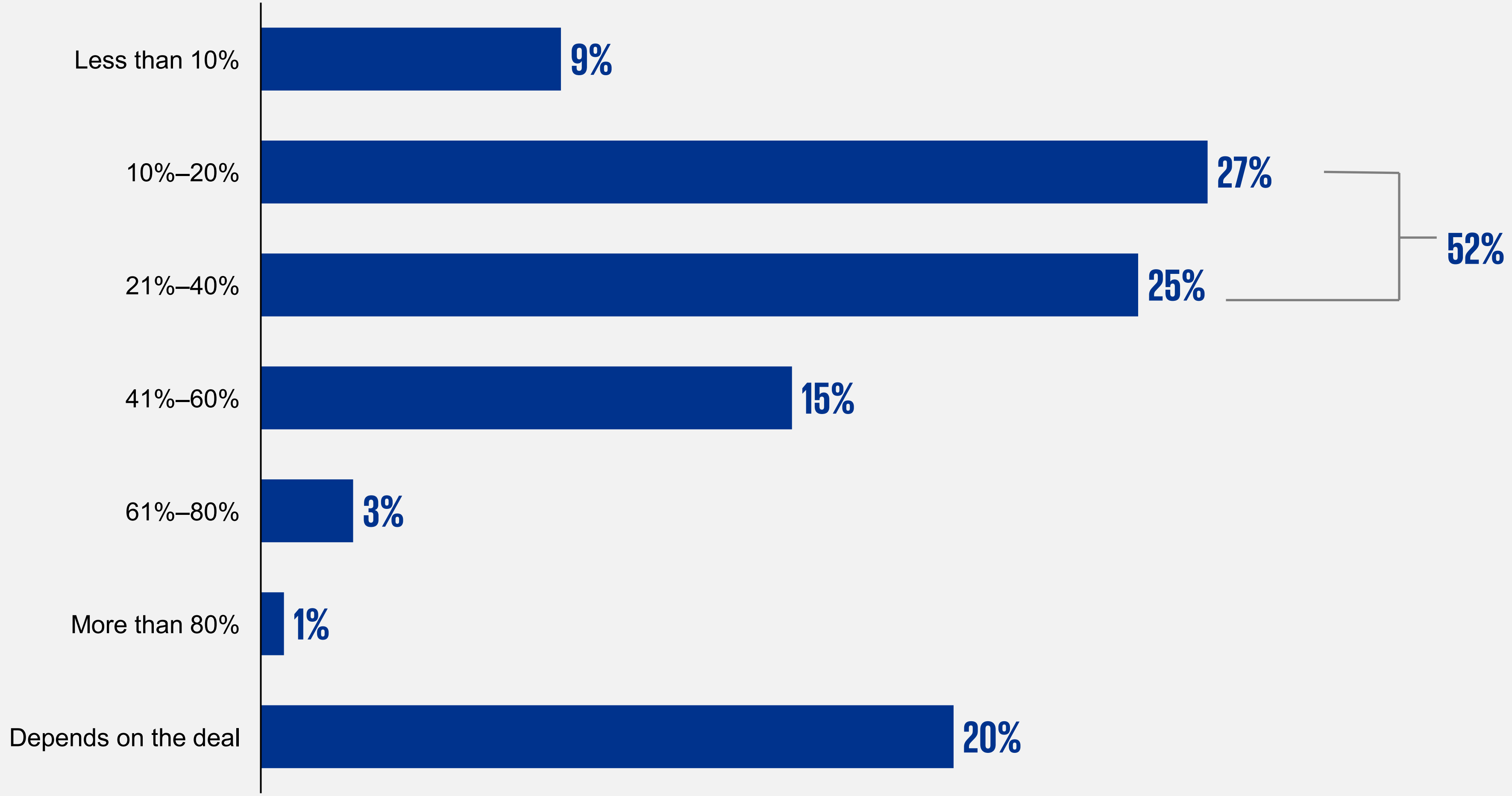
Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses; (c) A new response category was added in mid-year 2026; as a single-select question, this may have reduced the relative share of other options

Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

52% of PE dealmakers underwrite moderate level (10%-40%) of synergies

Q. What level of synergies do you typically need to underwrite to pursue a transaction?[a][b] *Single select; N=150*



Key Observations

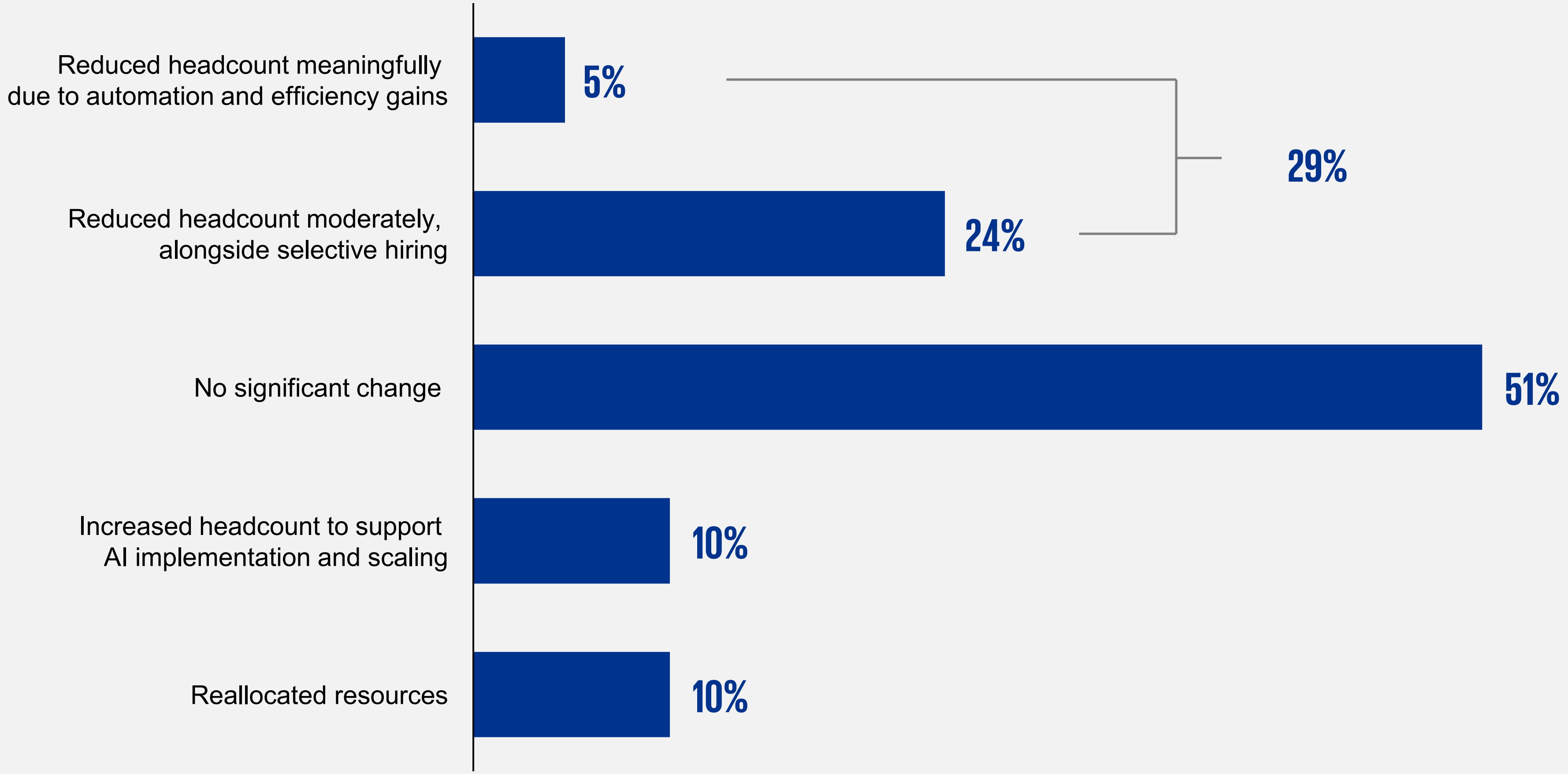
- PE firms typically underwrite deals with moderate synergy expectations, with **10–20% (27%)** and **21–40% (1/4th)** being the most common ranges
- Higher synergy thresholds are less common, with **only 15% targeting 41–60%** and minimal share above **60% (4%)**
- **20%** PE firms indicate synergy requirements **vary by deal**, reflecting flexibility in underwriting

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Most report no headcount change from AI; 29% report reductions and 10% increases

Q. As AI has accelerated M&A analysis, has your organization made any changes to deal team or operating team headcount?(a)(b)(c) *Single select; N=150*



Key Observations

- **51%** of PE dealmakers **report no significant change** in headcount, indicating AI is augmenting existing teams and supporting execution without disrupting operating structures
- Another **29% indicate reductions**, with **24% reporting moderate reduction** suggesting that workforce impact has remained limited so far

Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses (c) Question was limited to respondents reporting AI-driven efficiencies across at least one M&A process, analysis excludes respondents reporting no efficiency gains (0%) or N/A across all M&A processes

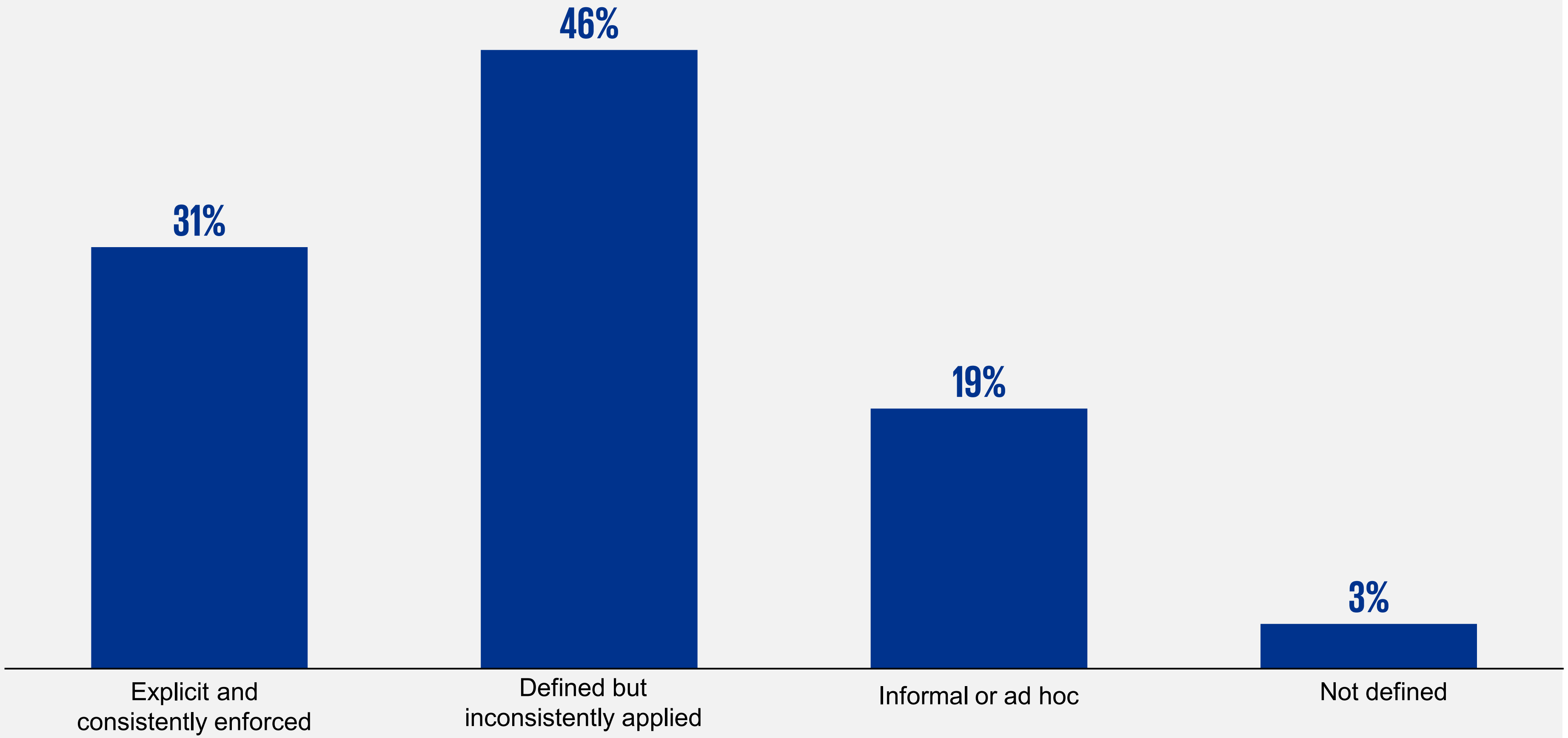
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

AI governance is defined but inconsistently applied for 46% of PE firms

Q. How clearly defined is governance around the use of AI-generated insights in M&A decision-making at your organization?[(a)(b)] *Single select; N=150*



Key Observations

- **46%** of PE dealmakers indicate governance around AI-generated insights is **defined but inconsistently applied**, compared with **31%** where it is **explicit and consistently enforced**

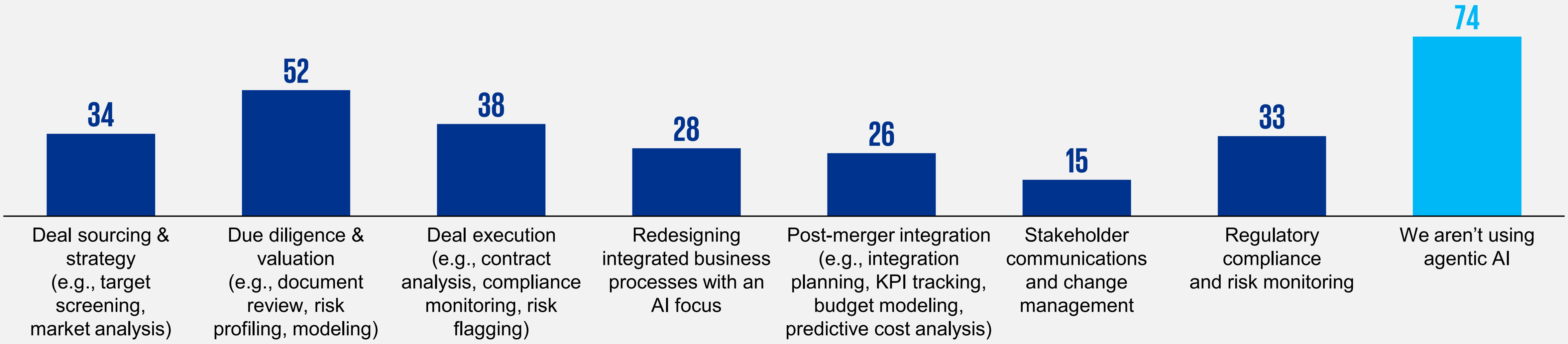
Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses; (c) Question was limited to respondents reporting AI-driven efficiencies across at least one M&A process, analysis excludes respondents reporting no efficiency gains (0%) or N/A across all M&A processes

Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Agentic AI use is concentrated in due diligence(52) and deal execution(38) among PE dealmakers

Q. Where is your organization deploying agentic AI solutions within M&A processes?[a][b][c] *Multi select; N=150; Represents absolute count of multi select responses*



Key Observations

- Agentic AI adoption remains selective, with **74** out of 150 respondents **not yet deploying it in M&A processes**
- **Among those deploying agentic AI, usage is most concentrated in due diligence & valuation (52) and deal execution (38)**

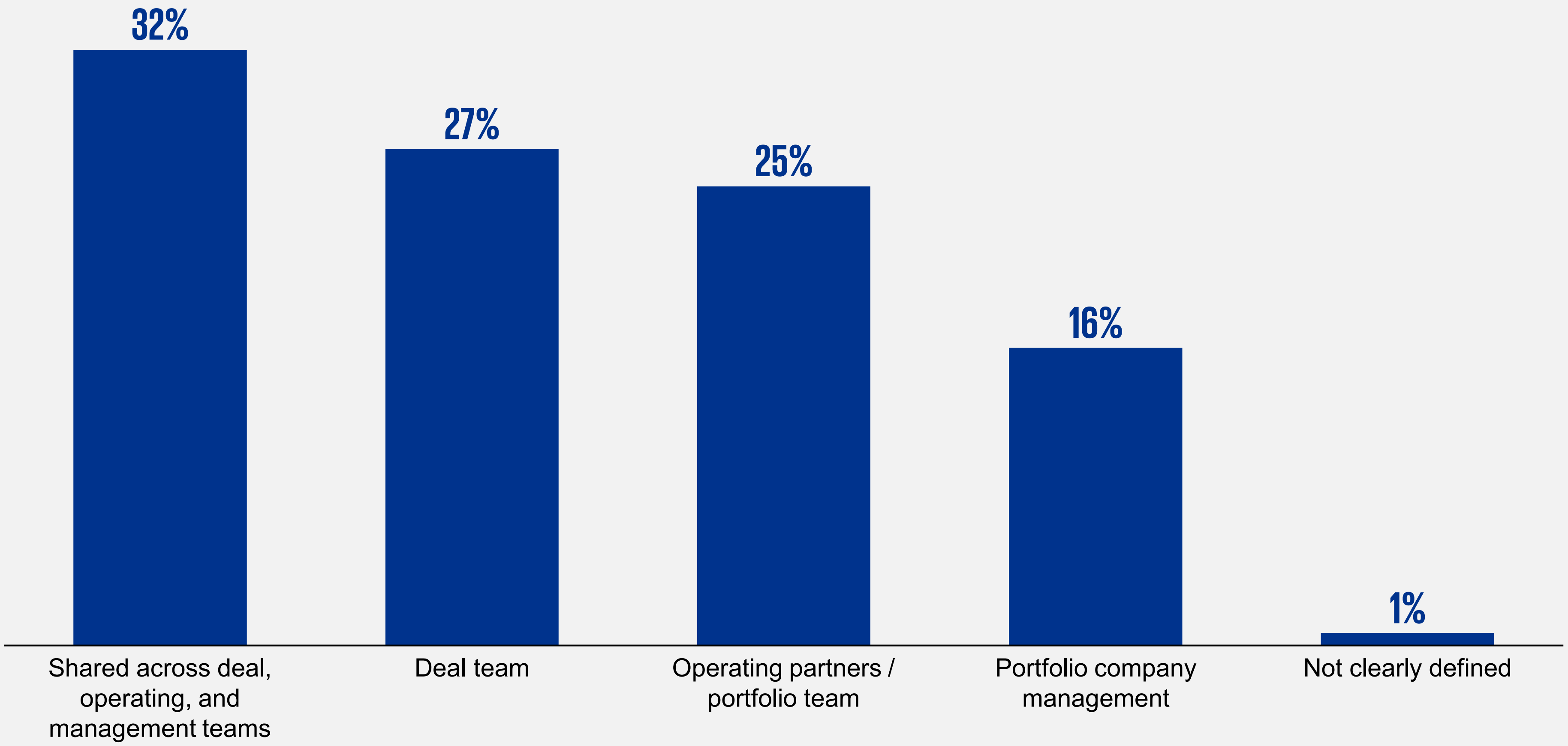
Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A few options have not been included due to low responses; (c) Due to low sample size for 2025, results are presented as number of respondents instead of percentages for better representation

Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Nearly 1/3 report shared accountability for value realization

Q. After deal close, who typically has primary accountability for value realization in your organization?[a] *Single select; N=150*



Key Observations

- **32%** of PE respondents indicate that accountability for value realization is **shared across deal, operating, and management teams**, followed by **27%** assigning it primarily to the **deal team** and **25% to operating or portfolio teams**

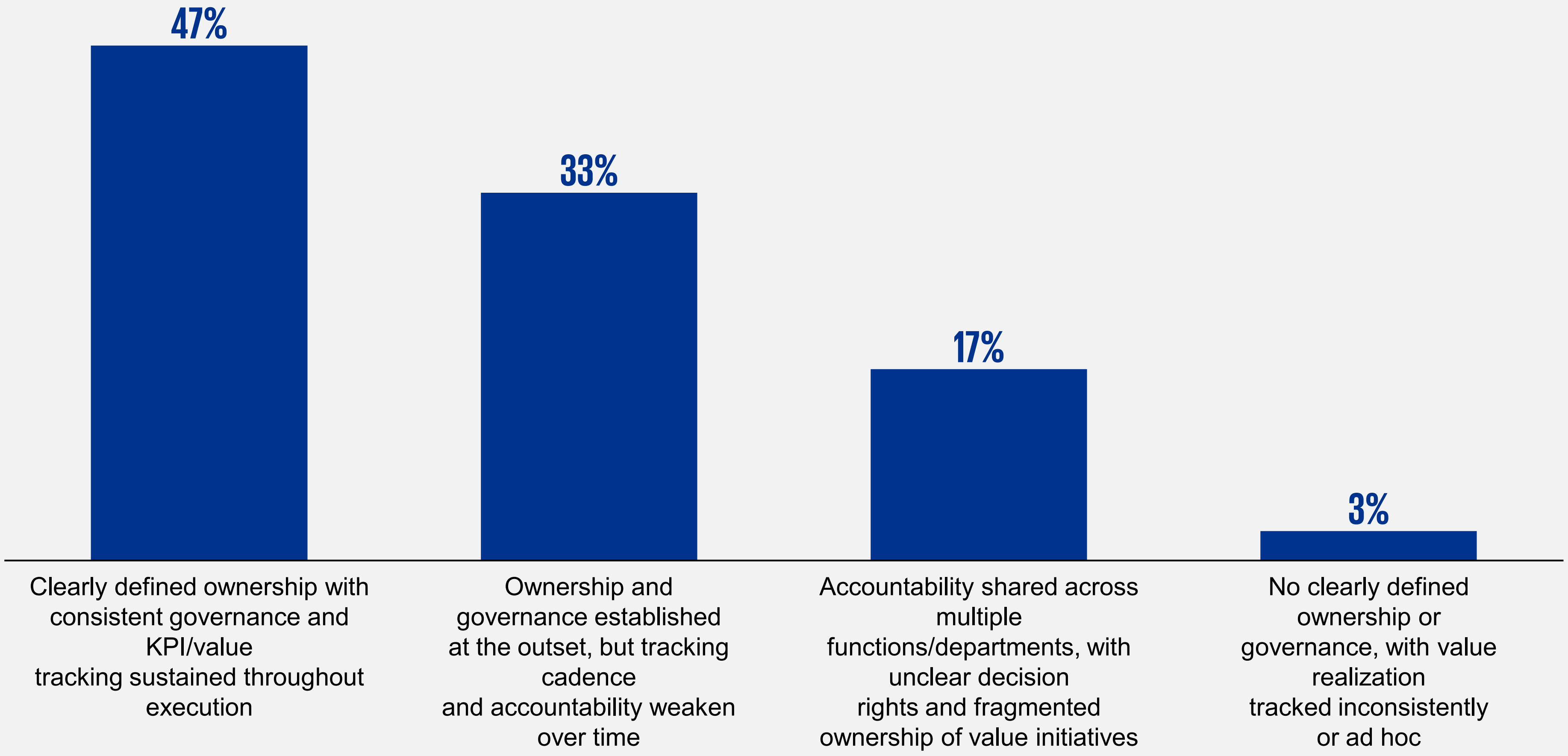
Note(s): (a) Sum of percentages may not add up to 100 due to rounding

Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Accountability for value realization is inconsistent as 47% have clear ownership and sustained governance, while 53% face gaps in ownership and accountability

Q. How clearly is accountability for value realization defined and sustained through execution?[a] *Single select; N=150*



Key Observations

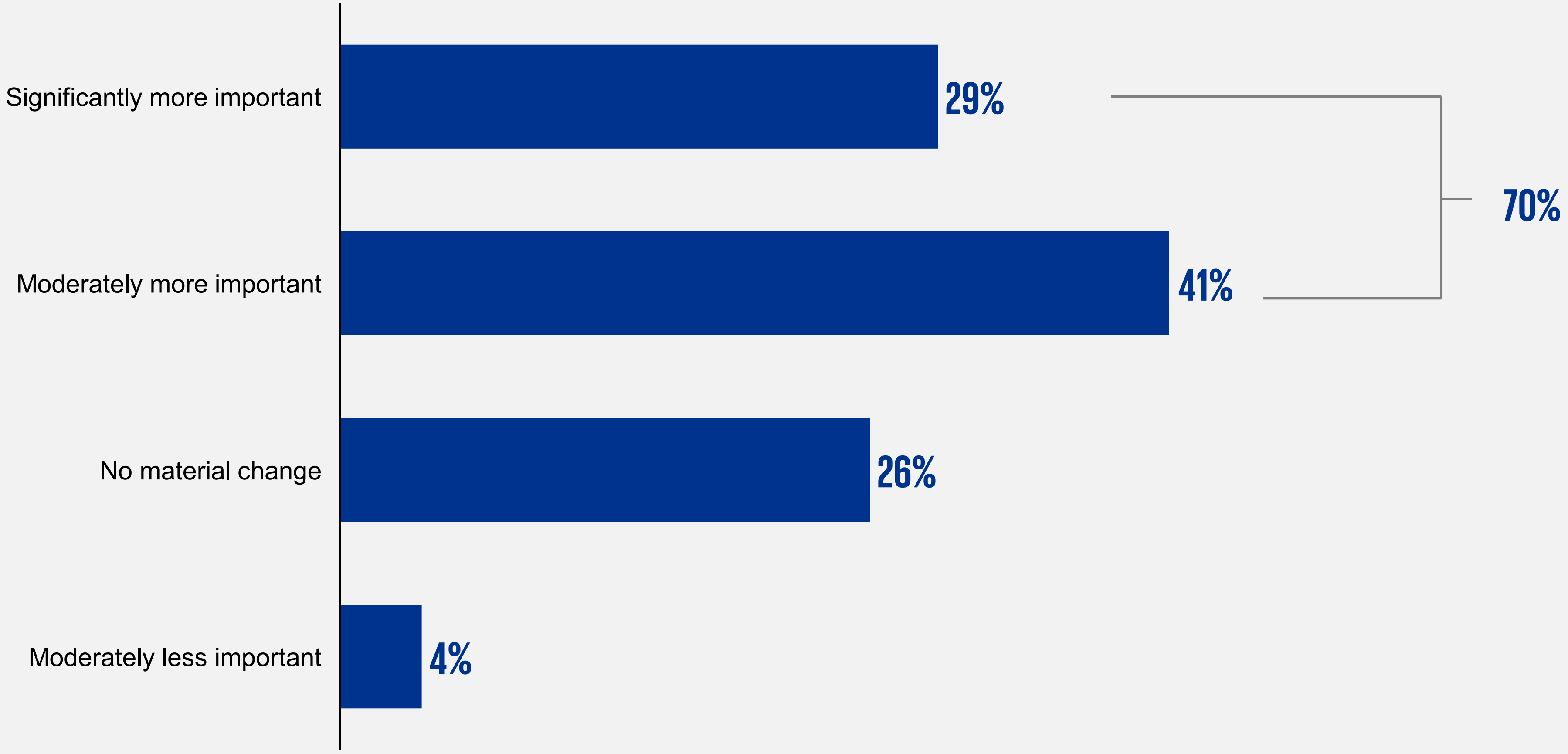
- Among PE respondents, **47%** report having **defined ownership with consistent governance for value realization**
- On the contrary, **33%** of respondents indicate that while ownership is defined **sustaining accountability weakens over time**

Note(s): (a) Sum of percentages may not add up to 100 due to rounding
Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

70% of PE respondents report that DPI has become more important

Q. Compared with prior cycles, how has the current PE deal environment (e.g., longer hold periods, softer exit markets, and valuation disconnects) changed the importance of DPI (Distributed to Paid-In Capital) in how your firm evaluates performance?[(a)(b)] *Single select; N=150*



Key Observations

- **70%** of PE dealmakers report DPI has become more important **(41% moderately more, 29% significantly more)** compared with prior cycles, while **26% see no material change**

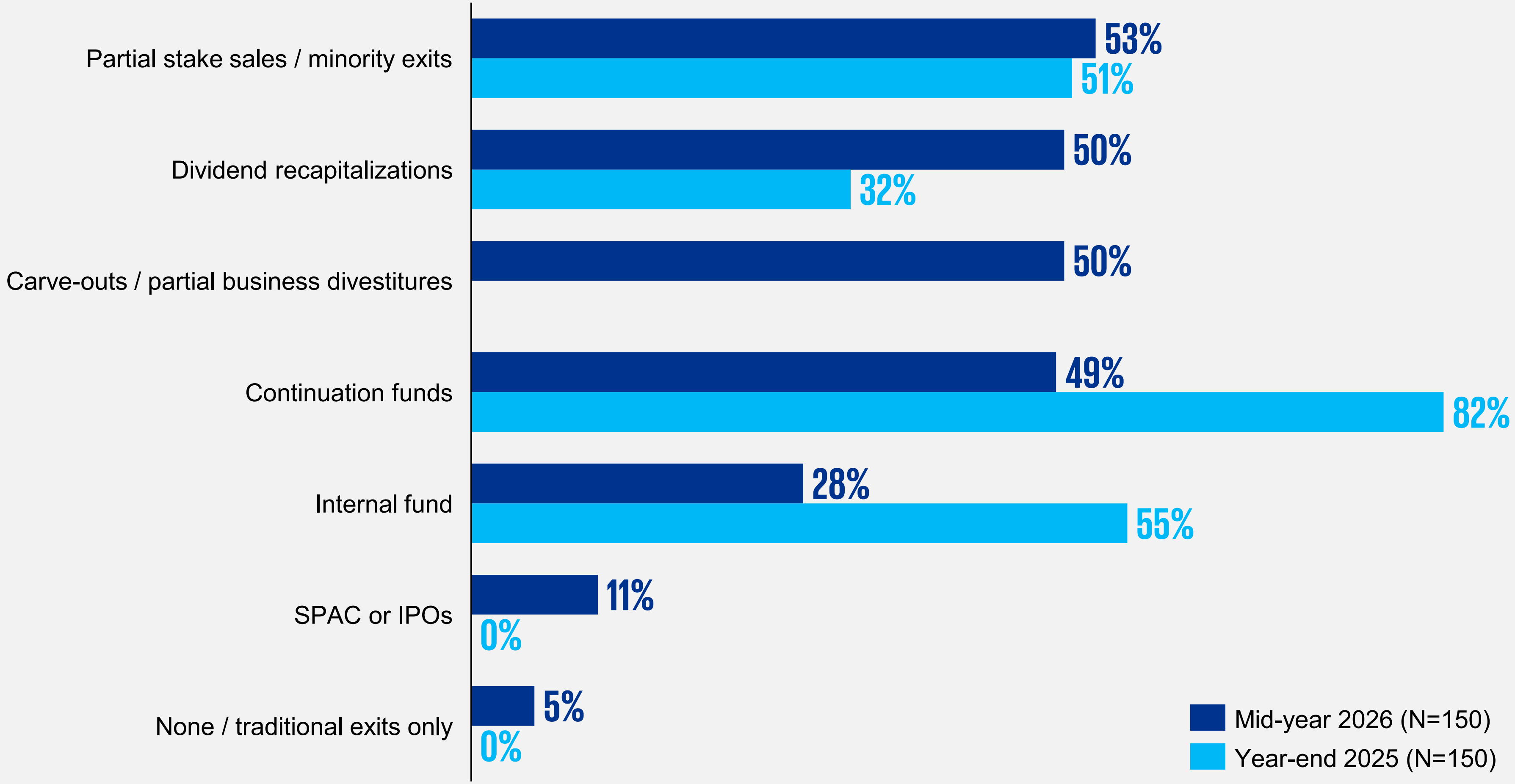
Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses
Source(s): KPMG M&A Survey – Mid-year 2026

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Partial stake sales (53%) emerged as the most preferred alternative exit strategy

Q. What alternative exit strategies is your firm actively considering or using in 2026?[a][b] *Multi select; N=150*



Note(s): (a) Percentages may not add up to 100 since this is a multi select question; (b) A new response category was added in mid-year 2026; as a multi-select question, this may have reduced the relative share of other options

Source(s): KPMG M&A Survey – Mid-year 2026; KPMG M&A Survey – Year-end 2025

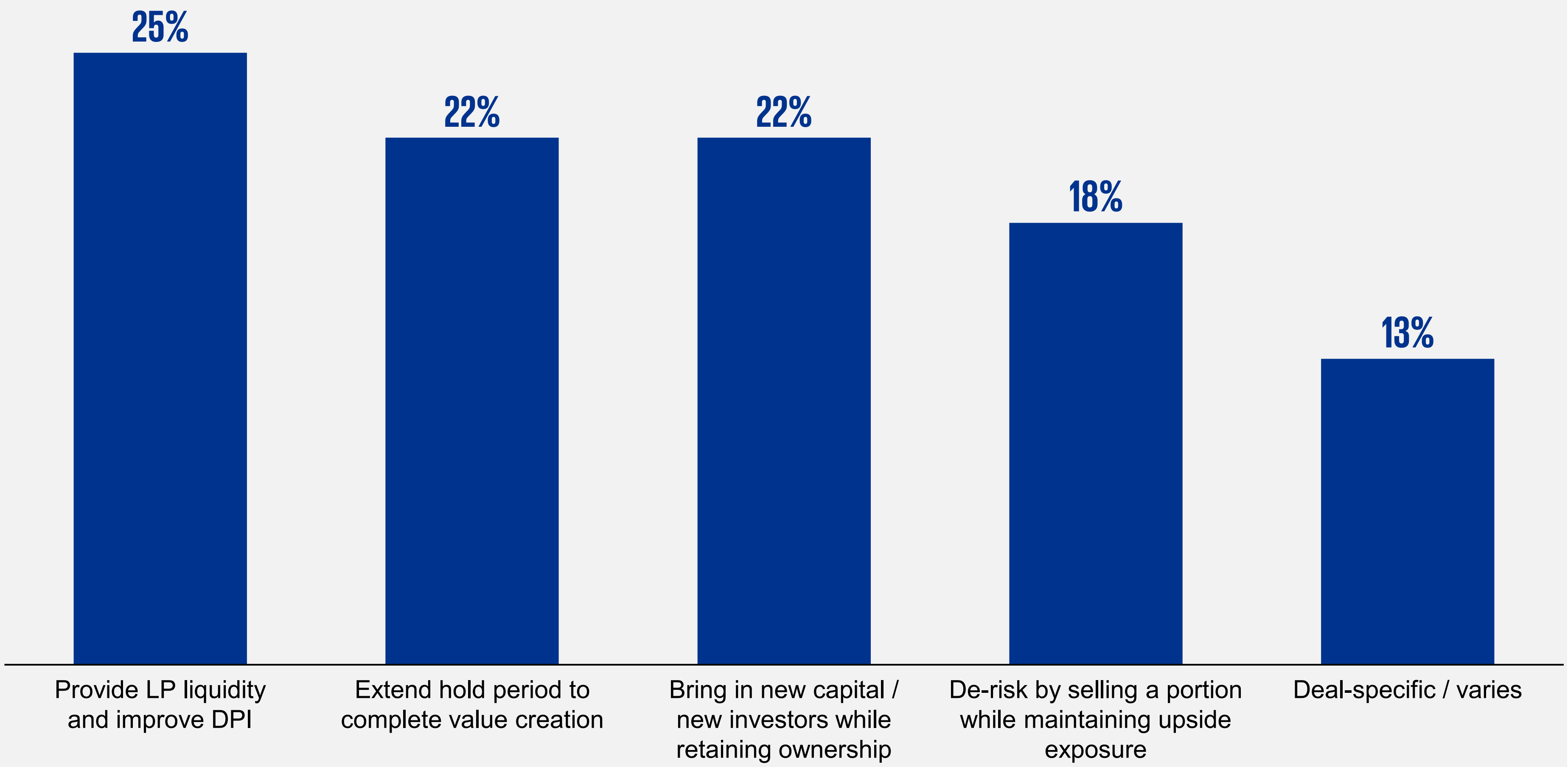
Key Observations

- Compared with the year-end 2025, use of **continuation funds and internal funds declined (49% vs 82% and 28% vs 55%, respectively)**
  - While, **partial stake sales (53% vs 51%), and dividend recapitalizations (50% vs 32%) increased,** which perhaps indicates a shift away from fund-led liquidity options
- **Carve-outs/partial divestitures (50%)** emerge as the next most preferred exit strategy behind **partial stake sales** and **dividend recapitalizations** among PE dealmakers

KPMG
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Providing LP liquidity and improving DPI (25%) is the primary driver for alternative exit strategies

Q. What is the primary objective behind your use of alternative exit strategies?[(a)(b)(c)(d)(e)] *Single select; N=142*



Note(s): (a) Sum of percentages may not add up to 100 due to rounding; (b) A few options have not been included due to low responses; (c) LP refers to limited partner; (d) DPI refers to distributions to paid-In capital; (e) Asked if respondents are not considering or using SPAC or IPOs as an alternative exit strategies in 2026

Source(s): KPMG M&A Survey – Mid-year 2026

Key Observations

- Providing **LP liquidity and improving DPI** is the primary objective **(25%),** clearly leading all other motivations
- Value-maximization remains key, with **extending hold periods (22%)** and **bringing in new capital while retaining ownership (22%)** equally prioritized

KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

03

Demographics

PE M&A Dealmakers

Objectives & Methodology

Objectives

- To assess the current M&A environment and understand how macroeconomic and geopolitical factors are shaping dealmaking activity and sentiment
- To evaluate how dealmakers are approaching transaction execution, deal structuring and financing, and value creation, M&A landscape and strategic adaptation across PE dealmaking

Methodology

- Online survey of N=150 PE dealmakers in the US
- Dealmakers were screened for the following:
  - Employed at a Private equity firm (fund level). Referred to as “PE firm” throughout the report (n=150)
  - Relevant C-Suite titles and functions
  - All respondents were investment committee members with final approval authority, responsible for transaction evaluation, supporting diligence, analysis, and execution, and members of portfolio/value creation team
  - Participate in or advise on M&A decisions, including strategy, due diligence, negotiation, and deal closing, etc.
  - The responses from PE dealmakers should be interpreted in the context of their unique focus on platform and add-on acquisitions, and portfolio company exits and carveouts
  - All respondents expressed a view on current deal evaluation activity relative to 12 months ago, with no respondents selecting "Unsure / Cannot Discuss

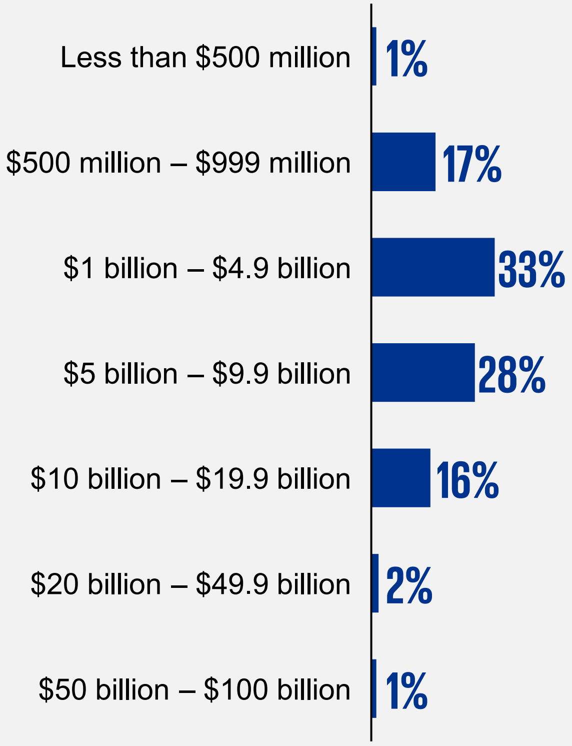
KPMG

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

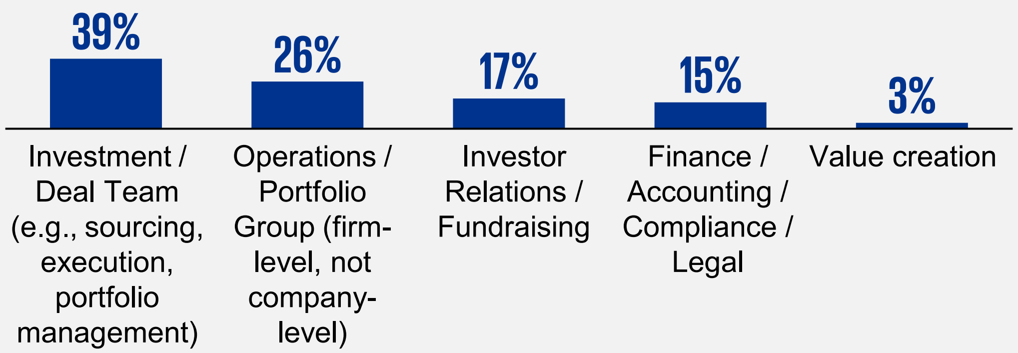
PE (1/2)

N=150

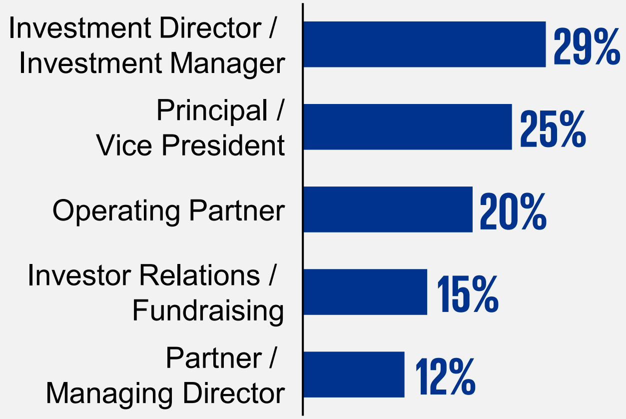
Q. What is the size of your firm's current fund?



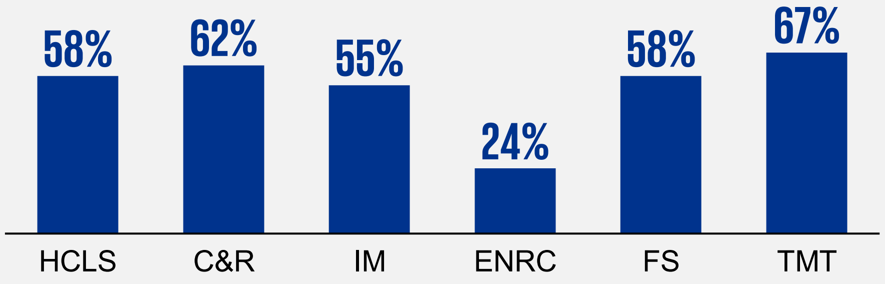
Q. Which of the following best describes your primary function at your firm?



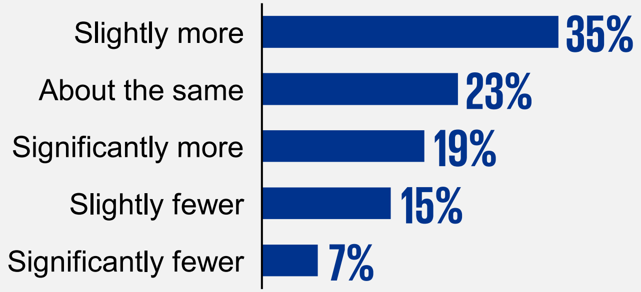
Q. Which title best describes your role in the company?



Q. Please select the industries in which your fund invests.



Q. How many deals are you evaluating now versus twelve months ago?

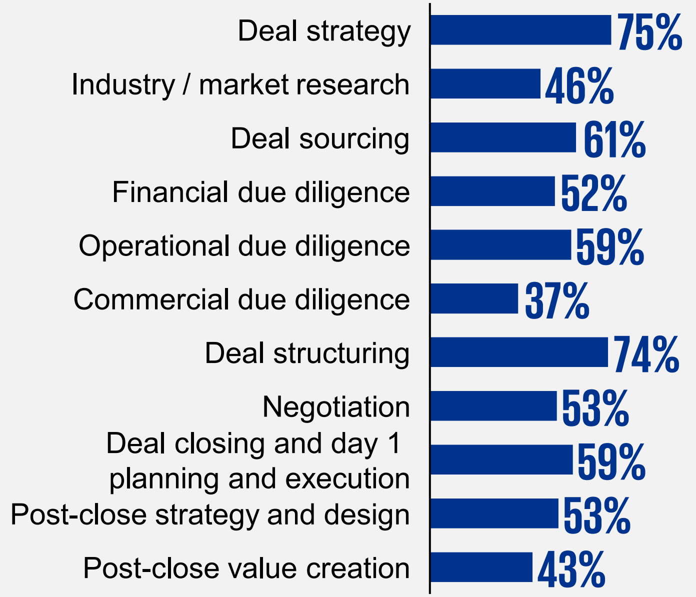


Source(s): KPMG M&A Survey – Mid-year 2026

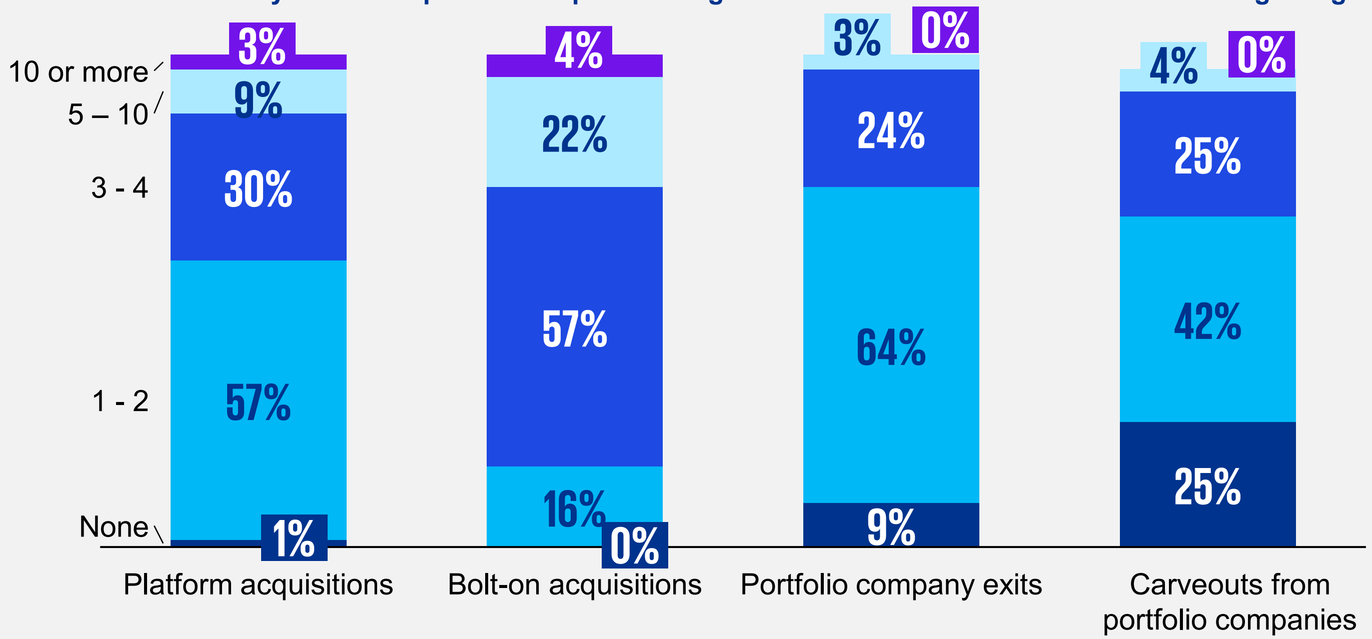
© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

PE (2/2)

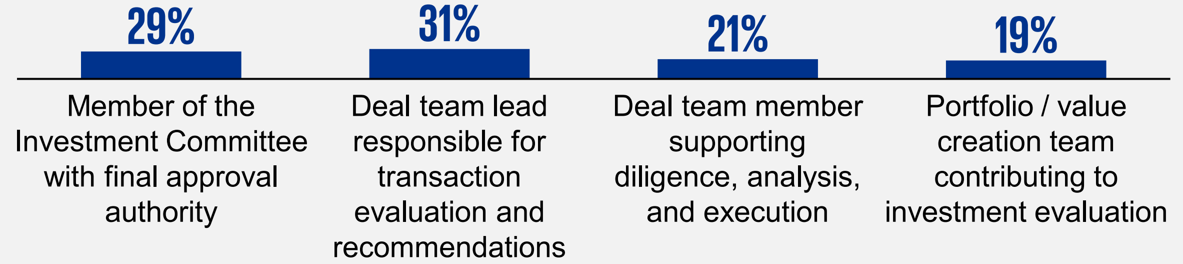
Q. What M&A processes do you currently support?



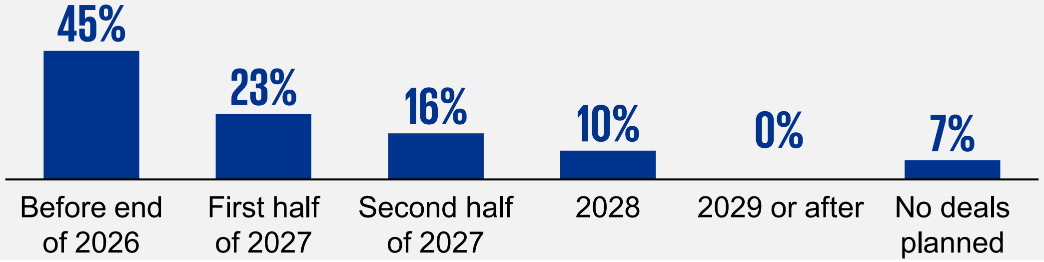
Q. What mix of deals does your firm expect to complete during the remainder of 2026 across the following categories?



Q. What best describes your role in the investment decision-making process for transactions?



Q. When do you expect to announce your next M&A transaction?



Source(s): KPMG M&A Survey – Mid-year 2026

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

DAS-2026-20513