

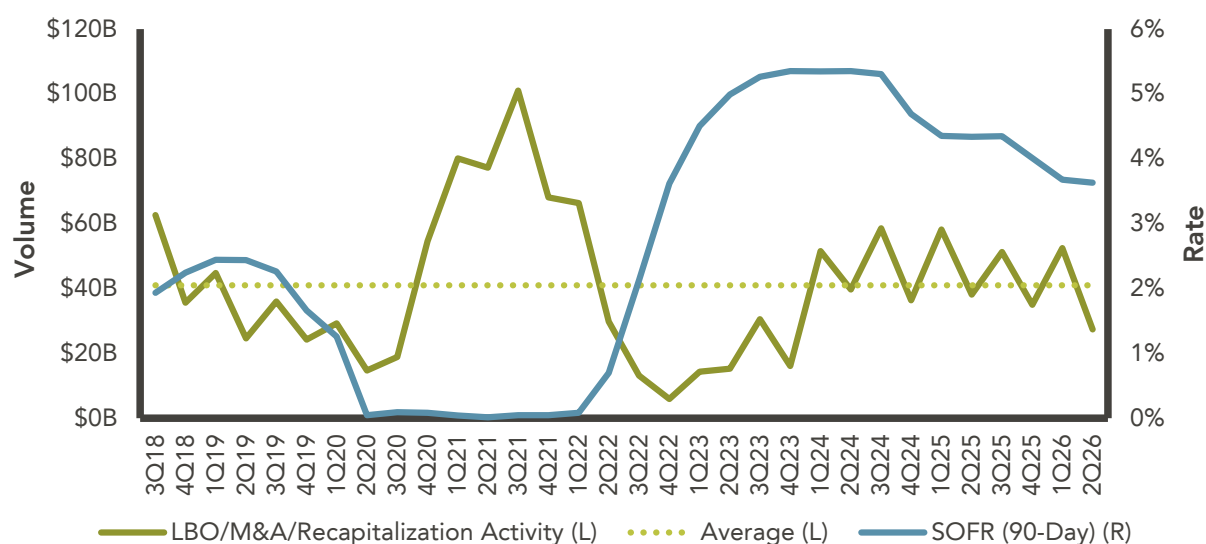
Chart of the Week

September 21, 2026

Let's Make a Deal

THOMAS NEUHARDT, ASSOCIATE RESEARCH ANALYST

▾ Dealmaking activity remains solid despite a slight decrease last quarter, but disciplined underwriting is critical in a higher rate environment



Source: Federal Reserve Bank of St. Louis, PitchBook as of June 30, 2026

For much of the past several years, the conventional view has been that higher interest rates and stretched valuations would keep buyers and sellers apart within private markets. While elevated base rates did indeed slow transaction activity as the market adjusted to a higher cost of capital, this dynamic did not lead to a structural freeze in dealmaking. To that point, average leveraged buyout, merger, acquisition, and recapitalization volume from the beginning of 2024 through the first half of this year was roughly \$44.9 billion, only modestly below the \$49.2 billion average exhibited from the third quarter of 2018 through the first quarter of 2022. These data points suggest that buyers and sellers are increasingly finding ways to bridge valuation gaps and transact within a higher cost of capital environment. It is important to note that dealmaking activity declined last quarter due to renewed uncertainty surrounding trade policy, geopolitical risks, and concerns regarding potential disruptions that artificial intelligence may cause within various industries. However, given that deal activity typically varies meaningfully from quarter to quarter, this decline could simply be a function of normal cyclicity rather than evidence of a coming slowdown.

For investors, the current environment presents both opportunities and risks. For instance, elevated base rates continue to support attractive gross yields for direct lenders, while higher debt-service burdens place

[CONTINUED >](#)

greater pressure on borrowers and limit the ability of fund managers to financially engineer returns. As a result, underwriting discipline, downside protection, and operational value creation are likely to become increasingly important drivers of investment performance, particularly relative to the low-rate environment during which inexpensive leverage and multiple expansion played a more significant role in generating returns. Going forward, disciplined fund selection will be critical for investors, with manager performance dispersion potentially widening across both the private equity and private credit spaces. ■

PREPARED BY MARQUETTE ASSOCIATES

180 North LaSalle St, Ste 3500, Chicago, Illinois 60601 PHONE 312-527-5500
CHICAGO BALTIMORE MILWAUKEE PHILADELPHIA ST. LOUIS WEB marquetteassociates.com

CONFIDENTIALITY NOTICE: *This communication, including attachments, is for the exclusive use of the addressee and contains proprietary, confidential and/or privileged information; any use, copying, disclosure, dissemination or distribution is strictly prohibited. Marquette Associates, Inc. retains all proprietary rights they may have in the information.*

Marquette Associates, Inc. ("Marquette") has prepared this document for the exclusive use by the client or third party for which it was prepared. The information herein was obtained from various sources, including but not limited to third party investment managers, the client's custodian(s) accounting statements, commercially available databases, and other economic and financial market data sources.

The sources of information used in this document are believed to be reliable. Marquette has not independently verified all of the information in this document and its accuracy cannot be guaranteed. Marquette accepts no liability for any direct or consequential losses arising from its use. The information provided herein is as of the date appearing in this material only and is subject to change without prior notice. Thus, all such information is subject to independent verification, and we urge clients to compare the information set forth in this statement with the statements received directly from the custodian in order to ensure accuracy of all account information. Past performance does not guarantee future results and investing involves risk of loss. No graph, chart, or formula can, in and of itself, be used to determine which securities or investments to buy or sell.

Forward-looking statements, including without limitation any statement or prediction about a future event contained in this presentation, are based on a variety of estimates and assumptions by Marquette, including, but not limited to, estimates of future operating results, the value of assets and market conditions. These estimates and assumptions, including the risk assessments and projections referenced, are inherently uncertain and are subject to numerous business, industry, market, regulatory, geopolitical, competitive, and financial risks that are outside of Marquette's control. There can be no assurance that the assumptions made in connection with any forward-looking statement will prove accurate, and actual results may differ materially. Indices have been selected for comparison purposes only. Client account holdings may differ significantly from the securities in the indices and the volatility (beta) of the account may be materially different from client account performance and may be more or less than the benchmark. You cannot invest directly in an index. Artificial intelligence has been utilized during the preparation of this document.

The inclusion of any forward-looking statement herein should not be regarded as an indication that Marquette considers forward-looking statements to be a reliable prediction of future events. The views contained herein are those of Marquette and should not be taken as financial advice or a recommendation to buy or sell any security. Any forecasts, figures, opinions or investment techniques and strategies described are intended for informational purposes only. They are based on certain assumptions and current market conditions, and although accurate at the time of writing, are subject to change without prior notice. Opinions, estimates, projections, and comments on financial market trends constitute our judgment and are subject to change without notice. Marquette expressly disclaims all liability in respect to actions taken based on any or all of the information included or referenced in this document. The information is being provided based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any interest in any investment vehicle, and should not be relied on as such. Targets, ranges and expectations set forth in this presentation are approximations; actual results may differ materially. The information and opinions expressed herein are as of the date appearing in this material only, are subject to change without prior notice, and do not contain material information regarding the Marquette Model Portfolio, including specific information relating to portfolio investments and related important risk disclosures. The descriptions herein of Marquette's investment objectives or criteria, the characteristics of its investments, investment process, or investment strategies and styles may not be fully indicative of any present or future investments, are not intended to reflect performance and may be changed in the discretion of Marquette. While the data contained herein has been prepared from information that Marquette believes to be reliable, Marquette does not warrant the accuracy or completeness of such information.

About Marquette Associates

Marquette was founded in 1986 with the sole objective of providing investment consulting at the highest caliber of service. Our expertise is grounded in our commitment to client service — our team aims to be a trusted partner and as fiduciaries, our clients' interests and objectives are at the center of everything we do. Our approach brings together the real-world experience of our people and our dedication to creativity and critical thinking in order to empower our clients to work towards their goals.

Marquette is an independent investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees, and objectives can be found in our ADV Part 2 and Form CRS which are available upon request and on our website. For more information, please visit www.MarquetteAssociates.com.