



M&A Insights Q2 2021

**MIDDLE MARKET PRIVATE
EQUITY M&A TRENDS**

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MARKET UPDATE

Middle Market Summary

The M&A market continued its record setting year as Q2 2021 climbed to a historical finish for deal making. The second quarter recorded the second highest deal activity in a decade, a continuation of strong deal momentum post-pandemic. From Q1 to Q2, deal volume was up 7% and deal value was up 27%. The middle market has been especially energetic, accounting for 65% of PE deal count – the highest proportion on record. Middle market deals are expected to continue to lead the market as enthusiasm for competitive businesses further drives volume and value for both sellers and investors

Middle Market Insights

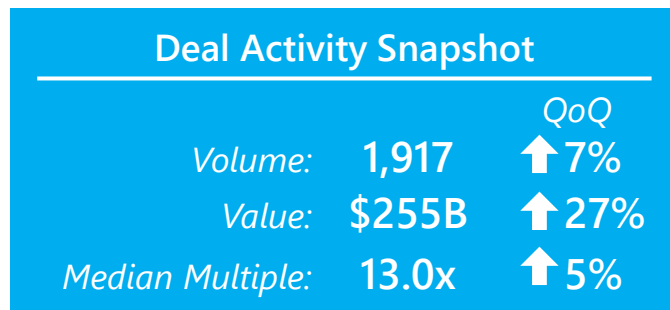
Continued economic recovery, access to capital, and macroeconomic changes are the primary factors driving middle market M&A trends. Rising vaccination rates have also motivated many economies to unshutter their doors. Unemployment claims reached pre-pandemic levels in May, as confidence in normalized economic activity continues to build.

As the economy returns to full employment, inflation has become the new focus for market watchers. With a more than 3% YoY jump in the Consumer Price Index in May, the Federal Reserve has signaled it may bring forward its timeline for raising interest rates, potentially pressuring buyout pricing.

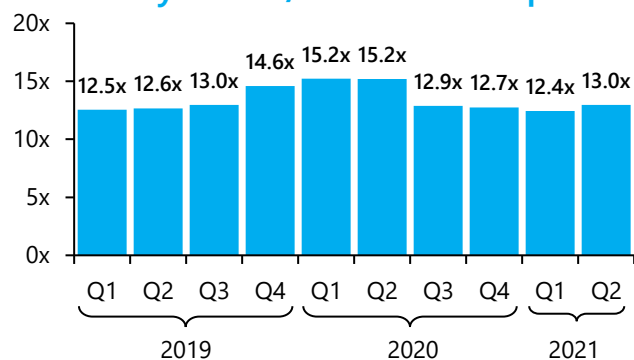
The implications of the proposed increase in capital gains tax in 2022 will continue to spur dealmaking fervor in the coming quarters. Businesses, especially those that proved to be resilient in 2020, will likely command higher valuations from investors who possess ample dry powder and near-term access to cheap debt.

The countdown to year-end will likely challenge new deals coming to market, due to an already constrained advisor network. It will be a race against the clock to capture as much of the record year as possible before the calendar changes over to 2022.

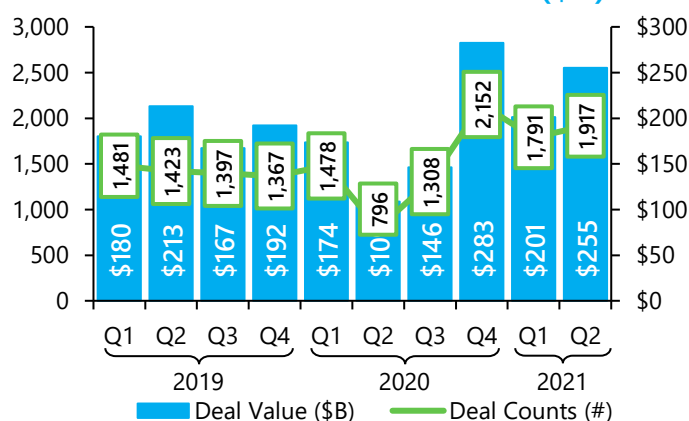
Source: Pitchbook, Centers of Disease Control and Prevention, and Wall Street Data. Includes private equity transactions only.



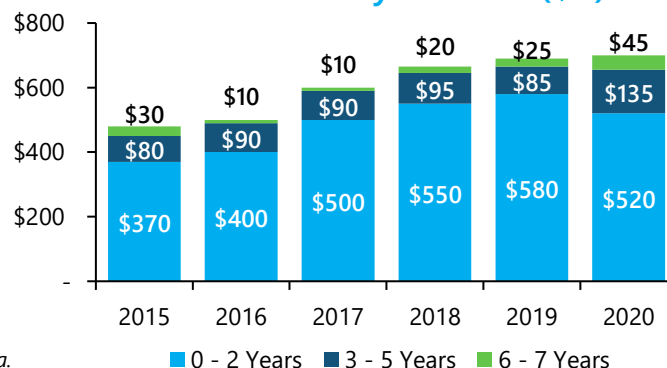
PE Buyout EV/EBITDA Multiples



PE Deal Volume and Value (\$B)



PE Cumulative Dry Powder (\$B)





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 buy-side and sell-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	<ul style="list-style-type: none">• Go-to-market sell-side advisory• Buy-side growth strategies• Exit planning• Fairness opinions
Capital Raise	<ul style="list-style-type: none">• Equity or debt capital raise• Dividend recapitalization• Solvency opinions• Minority investors
Valuation Opinions	<ul style="list-style-type: none">• Buy-sell agreements• Gift, estate, and income tax matters• Shareholder disputes• Purchase price allocations
Capital Management	<ul style="list-style-type: none">• Licensed Fund Management• Registered Investment Advisers

Broker dealer services offered through M&A Securities Group, Inc.,
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