Reed Smith Private Equity Mid-Year Report 2026

ReedSmith

As we pass the midpoint of 2026, private equity deal activity continues to gain momentum as sponsors adapt to a more disciplined investment environment and put significant dry powder to work. While economic uncertainty, financing costs, and valuation expectations remain key considerations, firms are finding opportunities in sectors with strong growth fundamentals and through creative liquidity and value-creation strategies.

Please see below for insights from the Reed Smith private equity team on market activity to date, as well as our outlook for the remainder of 2026.

Market positioning & strategic growth

- Recognized as one of the most active private equity practices by multiple league tables, including The Deal and PitchBook (19 categories for PE in Q1 2026).
- Ranked as a leading law firm for Private Equity and M&A in the U.S., Europe, and Asia - **Chambers and Legal 500 2026**.
- Private Equity partners recognized by **Thomson Reuters** as *"Stand-Out Lawyers" for 2026*.
- Named to the **elite BTI Client Service A-Team 2026** and the **BTI Super Listener A-Team 2026**, recognizing the firm's top-tier client relationships, business development, and legal execution.
- A total of 14 new Private Equity partners hired globally, across key strategic markets.
- March 2026 – Reed Smith continued its strategic growth with the opening of a Boston office, enhancing its presence in key private equity and transactional markets and expanding capabilities across M&A, finance, and fund formation.
- May 2026 – Launched Private Equity Behind the Scenes, a global 30-part content campaign showcasing Reed Smith lawyers' insights on the evolving private equity landscape, including market trends, regulatory developments, and emerging opportunities for investors and portfolio companies.

"The Reed Smith team provides a very high level of client service. Very good communicators, very easy to reach and very dedicated to the task at hand."
Chambers USA 2026 - Corporate/M&A & Private Equity

"They are always on top of any complexity. They bring responsiveness, problem solving and interpersonal capabilities"
Chambers UK 2026 - Private Equity: Buyouts: Up to £500 million

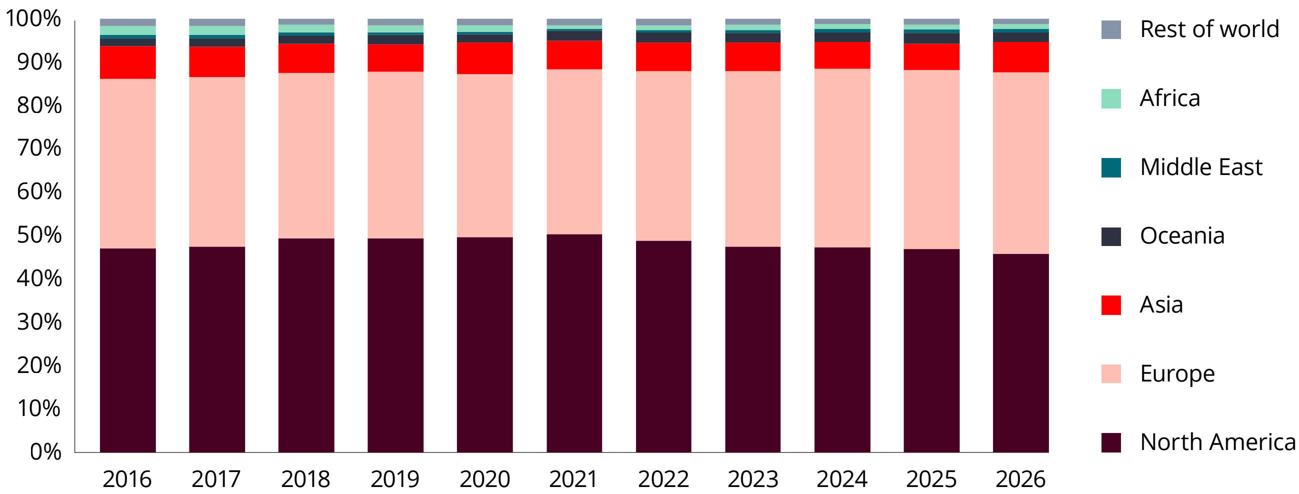
H1 2026 highlight deals

- **Platinum Equity** in its sale of Unical Aviation Inc., a leading global provider of aerospace aftermarket solutions, to Satair, an Airbus company.
- **True Wind Capital** in its acquisition of Ultimate Knowledge LLC, a provider of cybersecurity workforce readiness solutions.
- **ORIX Capital Partners** in its sale of Optimad Media LLC's film and entertainment business to Capstone Point Holdings and the sale of Peak Utility Services Group to Greenbelt Capital Partners.
- **Trivest Partners** in its acquisition of Lakeside Construction Fasteners, LLC, the first add-on acquisition for its portfolio company, DMI Metals, LLC.
- **Soundcore Capital Partners** in its acquisition of Irvington Gas Company, Inc., a Kentucky-based propane service provider.
- **Straylight Capital** in its acquisition of Patron Points, a provider of customizable customer loyalty and rewards solutions for convenience store operators and retailers.
- **Concord Health Partners,** and its portfolio company Clarify Health, in its acquisition of the patient activation platform Loyal Health Holdings, Inc.
- **ECM Partners** in its sale of Telepoint, a carrier-neutral data center and colocation platform based in Sofia, Bulgaria.
- **palero Capital** in its acquisition of the Hunting & Nature Business of Carl Zeiss AG, a leading technology enterprise operating in the fields of optics and optoelectronics.
- **EquiLend**, a portfolio company of Welsh Carson, in its acquisition of Finadium, a research and consulting firm serving the securities finance, repo, collateral, prime brokerage, and capital markets infrastructure industries.
- **GrowthCurve Capital,** and its portfolio company Mistplay, in its acquisition of Mobivity Holdings, a rewards platform provider.
- **InTandem Capital Partners,** and its portfolio company HouseWorks Holdings, LLC, in its acquisition of A Caring Experience Nursing Services, Inc., a Rhode Island-based provider of in-home care services.
- **K1 Investment Management,** and its portfolio company Routeware, in its acquisition of PermiServ, the UK market leader in garden waste permit management for local authorities.
- **Magnesium Capital,** and the senior management team of Cyberhawk, in its sale of Cyberhawk to Ondas Inc. (Nasdaq: ONDS), a leading provider of autonomous systems and next-generation defense and security technologies.
- **ONCAP,** and its portfolio company Merrithew International Inc., in its acquisition of Gyrotonic Sales Corp. and Gyro Enterprises, Inc., a provider of Pilates equipment and training services associated with the Gyrotonic and Gyrokinesis methods.
- **Peter Jones CBE,** and his investment group, in its acquisition of American Golf, the UK's largest golf retailer, from Endless LLP.
- **Revelyst, Inc.**, a portfolio company of Strategic Value Partners, in connection with its sale of the QuietKat business to Rad Life Mobility Inc., a subsidiary of Life Electric Vehicles Holdings, Inc.
- **Schellman management team**, a global provider of cybersecurity compliance and attestation services, in connection with a strategic investment from Private Equity at Goldman Sachs Alternatives, a division of Goldman Sachs Asset Management.

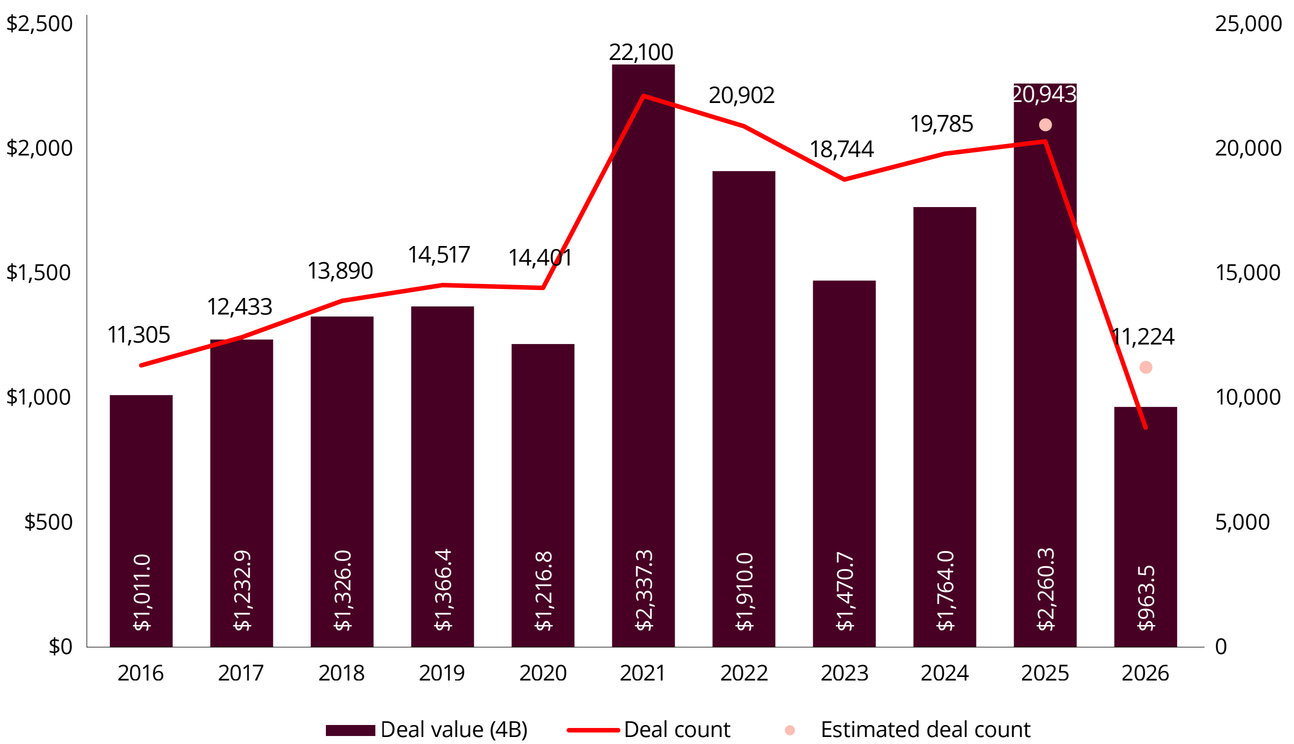
Highlight events

- February 2026 - Annual Private Equity Ski Trip at the award-winning Stein Eriksen Lodge in Deer Valley Resort
- February 2026 - Reed Smith Industrials and Business Services Private Equity Deal Forum in Los Angeles
- March 2026 – Reed Smith Technology Private Equity Deal Forum in London
- March 2026 - ACG Boston Tech Dealmakers Networking Reception
- April 2026 – Reed Smith Industrials and Business Services Private Equity Deal Forum in Dallas
- May 2026 – Reed Smith Technology Private Equity Deal Forum in Atlanta
- June 2026 – Reed Smith Health Care Private Equity Deal Forum in New York
- June 2026 – Annual Private Equity Dinner at the legendary China Club Berlin, during SuperReturn

Global PE deal activity (Source: PitchBook)



Global PE deal count by region (Source: PitchBook)



2026 Mid-year observations

- **Private equity activity remains resilient despite macro uncertainty.** Geopolitical tensions, tariff uncertainty, inflation concerns and AI-related disruption have moderated activity but have not derailed the recovery. Across regions, sponsors continue to deploy capital selectively while maintaining underwriting discipline.
- **Liquidity is improving, but recovery remains uneven.** Exit markets have reopened modestly, with activity concentrated in larger, higher-quality assets and IPO-ready companies rather than broad-based realizations. Aging portfolios and extended hold periods remain a global challenge.
- **Fundraising continues to favor established managers.** LP capital remains concentrated among larger, experienced GPs with proven track records, while fundraising conditions remain difficult for emerging managers across multiple regions.
- **Capital deployment is increasingly selective.** Investors continue to prioritize high-quality businesses, resilient sectors, and companies with clear earnings visibility, reflecting a continued focus on downside protection and operational value creation.
- **AI remains a defining investment theme globally.** AI continues to attract a disproportionate share of venture and growth capital, while also creating uncertainty around software valuations and technology underwriting in private equity.
- **Regional divergence is becoming more pronounced.** Recovery drivers increasingly reflect local market dynamics – including governance reforms in Japan, continued expansion of European private markets, and ongoing consolidation within the U.S. – rather than a synchronized global rebound.

Remainder of 2026 Outlook

- **A measured recovery is expected to continue**, supported by gradually improving liquidity, stronger exit activity, and sustained dry powder, although macroeconomic and geopolitical risks will likely prevent a sharp acceleration.
- **Exit activity should improve incrementally**, but meaningful normalization will require broader participation beyond large IPOs and marquee transactions to reduce the industry's aging portfolio backlog.
- **Fundraising conditions are expected to remain competitive**, with continued capital concentration among leading global platforms until distributions improve materially.
- **Sponsors will remain focused on operational value creation**, disciplined pricing, and sector specialization as valuation gaps and financing conditions continue to shape investment decisions.
- **Cross-border investment should recover selectively** as geopolitical uncertainty moderates, though regional policy differences and market-specific opportunities will continue to influence capital flows.
- **Technology and AI are expected to remain the strongest areas of investment**, while sponsors continue to evaluate both the opportunities and disruption created by rapid AI adoption across portfolio companies.