



Deal Market Perspective

1st Quarter 2026

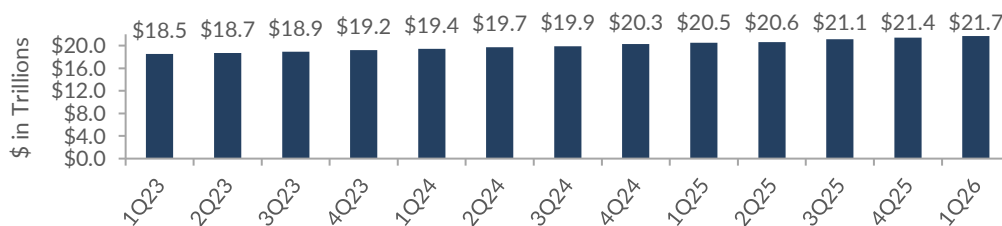
Economic Overview

The U.S. economy remains resilient despite geopolitical instability, elevated energy prices, higher-for-longer interest rates, concerns about the long-term labor impact of AI-driven automation, and tariff uncertainty. (For guidance on how to manage tariffs, please read our invaluable guest article by Armanino starting on page six.) Consumer spending and employment have moderated but continue to support growth, while corporate earnings, particularly in the technology sector, have generally exceeded expectations. Markets also continue to reflect a business-friendly regulatory environment under the Trump administration, including expectations of pro-growth policies and sustained pressure on the Fed to resume easing rates as the 2026 midterm elections approach. Meanwhile, in New York, optimism remains undefeated as the Knicks continue their long-awaited march toward another championship!

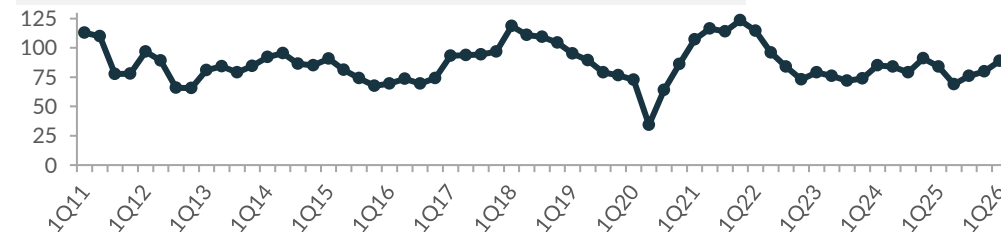
- ❖ The U.S. GDP regained momentum in Q1 2026, increasing at a 2.0% seasonally-adjusted annual rate, up from 0.5% in Q4 2025, reflecting growth in investment, exports, and government spending¹
- ❖ The U.S. unemployment rate remained relatively stable, sitting at 4.3% at the end of both March and April, down slightly from 4.4% at the end of Q4 2025²
- ❖ Nonfarm employment growth exceeded expectations, adding 185,000 jobs in March and 115,000 in April, driven by gains in the healthcare, construction, and transportation sectors³
- ❖ The International Monetary Fund lowered its outlook for global economic growth to 3.1% for 2026 from the organization's January projections of 3.3%⁴
- ❖ The Fed held the federal funds target range steady in Q1, signaling increased caution following the 75 basis points of rate cuts from September through December 2025⁵
- ❖ Consumer sentiment improved modestly in Q1 2026 but remains fragile, with the U.S. Consumer Confidence Index finishing the quarter at 91.8, up 2.7 points from Q4 2025⁶
 - The cost of living, especially with respect to gas and food prices, remained top of mind for consumers
 - The U.S. resale apparel market grew four times faster than the broader retail clothing market in 2025, supported by price-sensitive consumers shifting toward secondhand purchases⁷

- ❖ A composite index of CEO expectations for capital spending, hiring, and sales over the next six months increased nine points in Q1 2026 to 89, signaling a continued positive outlook on capital investment and sales, and surpassing the historic average of 83⁸
- ❖ The U.S. year-over-year core CPI – which excludes food and energy – rose to 2.8% for the twelve months ended April 2026, an increase from 2.6% in March²
 - High energy costs remained the primary driver of inflation in March and April, accounting for nearly three-quarters of the monthly CPI increase
 - The conflict in Iran could push energy prices up 24.0% this year, materially dampening the outlook for economic growth⁹
 - Larger refunds from last year's tax cut (18% more) have helped cushion households against higher prices, though rising gasoline prices have absorbed roughly half of that benefit^{10,11}
- ❖ The share of large businesses passing on more than half of tariff costs through higher prices has risen to 34.0%, more than double the 13.0% level of May 2025, with 73.0% planning to raise prices within the next six months¹²
 - While 62.0% of surveyed respondents expect a tariff refund, less than 30.0% plan to pursue one, citing recovery costs, complexity, and the potential impact on future government relations
- ❖ Corporate concentration has been rising for a century; fewer than 1.0% of corporations now account for more than 90.0% of corporate profits¹³
- ❖ Service-oriented tenants accounted for just over 50.0% of total retail square footage leased in 2025, up from 40.0% in 2010, surpassing goods-based retail leasing for the first time, as salons, spas, and fitness studios continue to proliferate¹⁴
- ❖ Global demand for skilled trade work is growing three times as fast as professional roles¹⁵

U.S. Consumer Spending (Annualized)¹



Business Roundtable's CEO Economic Outlook Index⁸



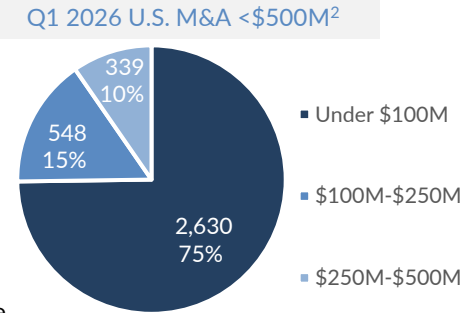
1. Bureau of Economic Analysis	5. Federal Reserve Board	9. The World Bank
2. Bureau of Labor Statistics	6. The Conference Board	10. Bank of America
3. U.S. Department of Labor	7. ThredUp	11. RBC Capital Markets
4. The International Monetary Fund	8. Business Roundtable	12. KPMG
		13. University of Chicago
		14. CoStar
		15. Randstad

Mergers and Acquisitions (M&A)

The M&A market strengthened in the first quarter of 2026, driven by pent-up demand, ample corporate cash, and robust activity in the technology and infrastructure sectors. Strategic buyers still are pursuing acquisitions to accelerate growth, expand AI capabilities, secure supply chains, and generate synergies. Interest remains especially strong in AI, cybersecurity, defense technology, energy infrastructure, and healthcare assets. Nevertheless, elevated borrowing costs, geopolitical uncertainty, and valuation gaps between buyers and sellers continue to temper activity and extend deal timelines.

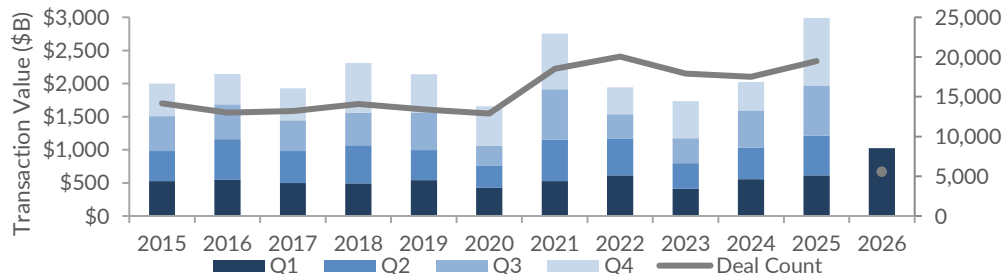
- ❖ Global M&A deal value reached \$1.6T across 13,877 transactions in Q1 2026, increasing 50.6% and 18.3%, respectively, from Q1 2025, reflecting a recovery in transaction interest and a market increasingly driven by larger, higher-value deals¹
 - Although financing was readily available early in the quarter, conditions worsened later in Q1 as private credit concerns, geopolitical conflict, energy inflation, and a higher forward interest rate curve made buyers and lenders more selective
- ❖ North American (N.A.) M&A deal value surpassed \$1.0T across 5,539 transactions in Q1 2026, increasing 60.2% and 19.2%, respectively, from Q1 2025, supported by several large technology and infrastructure-related deals¹
 - The top ten deals totaled \$518.5B in Q1 2026, though the headline value was significantly distorted by the \$250B xAI transaction, which accounted for roughly one-quarter of the total N.A. M&A value
- ❖ Transaction multiples for N.A. and Europe expanded in Q1 2026, as improved financing conditions, elevated megadeal activity, and stronger buyer competition pushed valuations beyond the post-pandemic recovery phase^{1,3}
 - The median TTM enterprise value (EV)/EBITDA multiple in Q1 2026 was 10.7x, an increase from 10.1x at the end of 2025
- ❖ Energy and B2C were the strongest-performing global M&A sectors in Q1 2026, with deal value increasing 59.8% and 38.6% quarter-over-quarter, respectively¹
- ❖ Portfolio reassessment is accelerating, with 50.0% of dealmakers expecting carve-out activity to increase over the next 12 to 24 months, compared with only 6.0% anticipating a decline²

- ❖ U.S. middle-market M&A activity increased 4.6% year-over-year in Q1 2026, with 74.8% of sub-\$500M transactions falling under \$100M, up slightly from the 74.4% seen in Q1 2025⁴
 - The volume of deals over \$100M increased 19.3% year-over-year

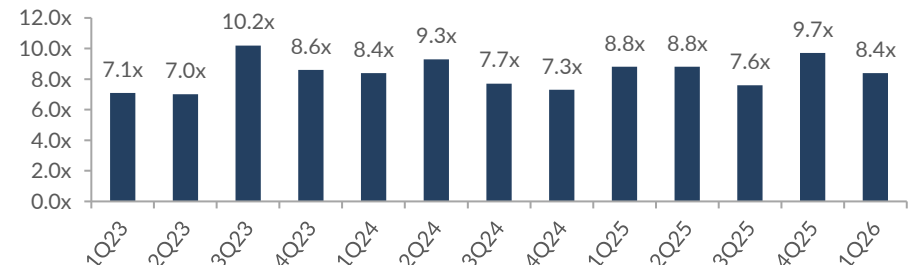


- ❖ The median U.S. middle-market M&A EV/EBITDA multiple in Q1 2026 for deals between \$1M and \$500M was 8.4x, a drop from the Q4 2025 value of 9.7x, likely reflecting increasing financing selectivity and softer sentiment across the middle market^{3,4}
- ❖ Cross-border M&A deal value in N.A. in Q1 2026 – defined as N.A. transactions with non-N.A. acquirers – was \$125.3B across 312 deals¹
 - Inbound activity declined from Q4 2025, with the transacted value down 36.6% and deal count down 22.0%, as foreign buyers were more selective despite the broader rebound in headline M&A activity
 - N.A. remained a net exporter of M&A capital, with a \$17.5B net investment outflow in Q1 2026, reflecting stronger outbound activity by N.A. acquirers
 - Deal count followed the same pattern, with 300 N.A.-to-Europe transactions versus 228 Europe-into-N.A. transactions
- ❖ Corporate dealmakers remain selective despite improving market confidence; while 57.0% expect overall deal volumes to rise in 2026, more than 82.0% plan to execute only one to four transactions during the year²
 - PE dealmakers are more optimistic than corporates, with 75.0% expecting higher M&A volumes in 2026, though 43.0% still cite price discipline as their primary strategy for deploying dry powder
 - Dealmakers continue to prioritize execution quality over volume; integration due diligence and synergy realization are the top value-creation priorities for both corporate and PE acquirers
 - 56.0% of \$100M to \$1B (enterprise value) companies that came to market over the past three years did not sell due to buyer/seller valuation disconnect⁵

N.A. M&A Activity¹



U.S. Middle-Market Median EV/EBITDA M&A Multiples^{2,3}



1. PitchBook
2. KPMG

3. These multiples reflect prices paid for mainly large public companies and do not account for smaller private company transactions that tend to change hands at much lower multiples

4. Factset
5. Gryphon Investors

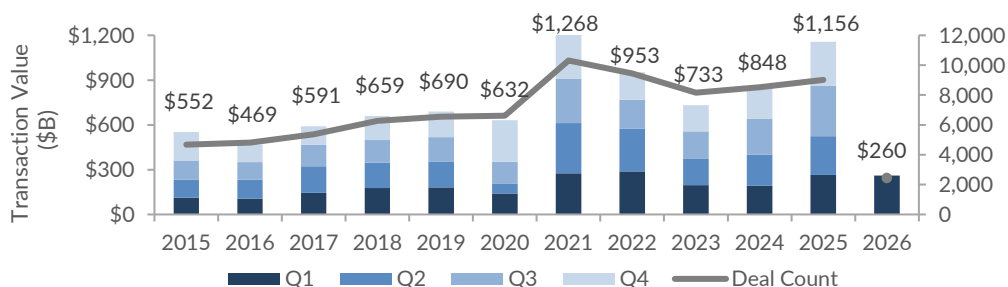
Private Equity (PE)

PE deal activity continues to be sluggish in 2026, though optimism abounds given the market's substantial dry powder and focus on add-on acquisitions and creative transaction structures. The exit environment has improved somewhat with signs of a reopening IPO market and increased sponsor-to-sponsor activity, though realizations remain below historical norms. Higher financing costs and macroeconomic uncertainty continue to constrain leverage levels and overall deal volume, leading buyers to rely more heavily on earnouts, seller equity rollovers, and other structured consideration arrangements to bridge valuation gaps.

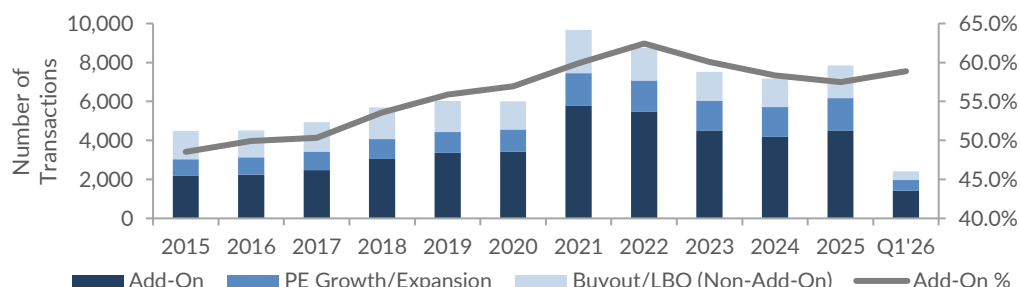
- ❖ U.S. PE investment activity increased in Q1 2026, with 2,415 closed deals, a 4.8% increase in volume from Q4 2025¹
 - Aggregate deal value told a different story, falling by 18.3%, representing \$260.2B in transaction value
 - Add-on investments continue to drive the U.S. PE market, accounting for 58.9% of all deals in Q1 2026
- ❖ For U.S. PE-led transactions between \$10M and \$500M, the average EV/EBITDA multiple fell to 6.9x from 7.5x, according to the most recently available data, as buyers remained disciplined amid financing constraints and macroeconomic uncertainty²
- ❖ U.S. PE exit activity in Q1 2026 saw 373 exits accounting for \$144.4B in value, representing a dip of 16.7% in volume and 32.5% in value as compared to Q4 2025¹
 - Mega-exits of \$1.0B+ accounted for \$100.9B of exit value, representing 70.0% of the total exit value in Q1 2026
- ❖ Only five PE-backed companies went public in Q1 2026, far below the pre-pandemic quarterly average of 12¹
- ❖ The median holding period for U.S. PE-backed companies grew from 4.0 years at the end of 2025 to 4.1 years in Q1 2026, and the median holding period at exit increased from 6.0 to 6.1 years, underscoring the continued challenge of aging PE portfolios¹
- ❖ PE-backed exit outcomes weakened in 2025, generating negative average sale returns compared with average gains of 24% from 2010 to 2025 and 8% from 2022 to 2025³

- ❖ Value remains locked in aging PE portfolios, with U.S. PE-backed NAV reaching \$2.7T and distributions as a share of NAV running nearly 10.0% below the long-term average¹
 - U.S. PE firms had 13,325 companies in inventory as of Q1 2026 – a new record, exceeding 2025's count
 - PE fund distributions were roughly 16% of NAV annually between 2022 and 2025, well below the 25% historical average, leaving many LPs over-allocated and unwilling to commit fresh capital
- ❖ U.S. PE fundraising had a slow start in Q1 2026, with \$54.2B raised across 84 funds, signaling another subdued year of capital formation¹
 - Fundraising remains pressured, as the distribution environment continues to constrain LP re-commitment capacity
 - The ten largest funds accounted for 63.7% of total capital raised in Q1 2026, reflecting continued consolidation of LP commitments around larger managers
 - Specialist managers captured 74.0% of all capital raised in 2025, well above the five-year average of 64.0%, as generalist PE funds become increasingly difficult to market to LPs
 - Middle-market PE fundraising also remained pressured, with global middle-market PE funds raising \$281.8B in 2025, down 7.0% year-over-year, while the number of funds raised declined to 194 from 246, as limited liquidity pushed LPs toward more established sponsors⁴
- ❖ U.S. PE dry powder surpassed \$1.1T in Q1 2026, its highest level ever¹
 - Dry powder represented 29.6% of AUM in Q1 2026, a small year-over-year decrease, sinking further below the ten-year average of 35.5%
 - Dry powder is expected to slightly decline toward the second half of the year as deployment continues to outpace capital formation
- ❖ Evergreen funds became more prevalent amid the challenging fundraising climate; U.S. evergreen fund assets eclipsed \$530.0B at the end of 2025, up more than \$100.0B from 2024, with 98 new funds launched during the year¹
- ❖ Reflecting the tight exit environment, the secondaries market has grown large enough that some investors now need liquidity for secondary fund positions, contributing to the rise of tertiary funds acquiring interests in secondary private equity¹

U.S. Private Equity Deal Flow¹



U.S. Private Equity Deal Activity by Type¹



1. PitchBook
 2. GF Data
 3. Goldman Sachs XIG
 4. S&P Global Market Intelligence

Equity and Debt Capital Markets

U.S. equity markets continue to reach record or near-record levels despite significant macroeconomic and geopolitical headwinds, driven largely by strong earnings and investor enthusiasm surrounding AI and related technologies. Market gains remain heavily concentrated among large-cap technology and semiconductor companies, prompting renewed debate over valuation levels and comparisons to prior speculative cycles. The IPO market has regained momentum, highlighted by high-profile technology, defense-tech, and healthcare offerings and growing anticipation surrounding OpenAI, Anthropic, Stripe, Databricks, and SpaceX. Venture capital (VC) investment and fundraising remain concentrated in AI and infrastructure, while many other sectors face a more selective capital environment. Credit providers continue to supply substantial liquidity despite ongoing concerns regarding the health of the private credit market, credit quality, and refinancing risk.

Equity Markets

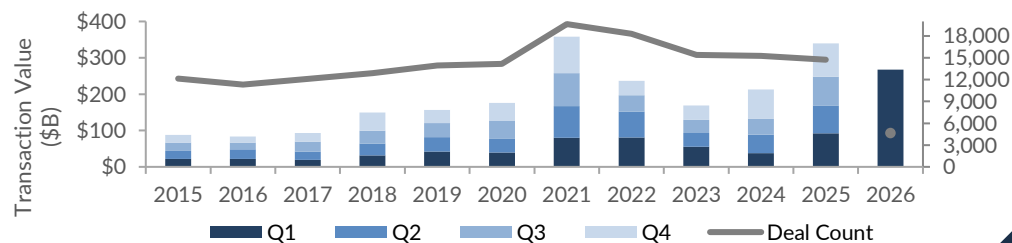
- ❖ Q1 2026 saw 22 traditional U.S.-based IPOs raise \$9.4B, representing increases of 46.7% in volume and 19.0% in proceeds, respectively, relative to Q1 2025¹
 - Large-scale AI-related infrastructure and aerospace and defense deals continued to be key drivers of IPO activity²
 - SPAC issuance rebounded sharply in Q1 2026, with 62 SPAC IPOs raising more than \$11.8B, nearly quadrupling the proceeds from Q1 2025¹
- ❖ After declining 4.3% in Q1 2026 amid geopolitical uncertainty and rising oil prices, the S&P 500 rebounded sharply in April with its greatest monthly percentage gain since November 2020, supported by solid corporate earnings and easing concerns around oil-market disruption³
- ❖ S&P 500 companies reporting earnings in Q1 2026 delivered an estimated blended growth rate of 27.1%, marking the index's strongest earnings growth since Q4 2021⁴
 - The S&P blended net profit margin is estimated to have been 14.7% in Q1 2026, breaking the 13.2% record set in Q4 2025
- ❖ U.S. VC deal value reached a record-setting \$267.2B across 4,594 transactions in Q1 2026, experiencing increases of 191.7% in value and 36.0% in volume, respectively, relative to Q4 2025⁵
 - A massive 85.0% of VC capital went to California-based companies in Q1 2026⁶
 - Half of early-stage VC deals now exceed \$10.0M, the highest share of large early-stage transactions in the past decade⁵
 - Median Series A pre-money valuations reached \$62.0M in Q1 2026, nearly triple the \$21.0M recorded in 2020, while median Series C pre-money valuations rose to \$579.0M from \$167.2M over the same period⁵
 - Deal activity was heavily concentrated, with the top five deals representing 73.2% of Q1 2026 value⁷
 - Investor enthusiasm for AI remains resilient, with the AI and machine learning sector accounting for 88.8% of deal value despite concerns around commoditization, hallucinations, business-model uncertainty, heavy capital requirements, political scrutiny, and customers' willingness to pay^{5,8}

- ❖ U.S. VC firms raised \$47.8B across 172 funds in Q1 2026, signaling a rebound from last year's lowest total in the last decade⁵
- ❖ The number of startup exits — by sale or public offering — was 399, with an outsized (distorted) value of \$347.3B in Q1 2026, already making 2026 the second-largest year on record for VC exits⁵
 - SpaceX's \$250.0B acquisition of xAI accounted for 72.0% of the exit value
 - High-profile VC activity remained skewed toward AI, healthcare, defense tech, spacetech, and fintech

Debt Markets

- ❖ At the end of Q1 2026, the yields on the 10-year investment-grade bond index and 10-year high-yield bond index rose to 5.3% and 7.4%, respectively, reflecting tighter financing conditions amid inflation and growth uncertainty^{3,9}
- ❖ U.S. leveraged loan activity moderated in Q1 2026 after a near-record 2025, with institutional loan volume totaling \$111.3B and total primary activity, including repricings, reaching \$241.0B, down 32.0% year-over-year⁵
 - Q1 2026 activity shifted toward M&A-related issuance, which reached \$51.2B, while refinancing volume declined 41.0% year-over-year to \$41.6B
- ❖ For PE-led transactions between \$10M and \$500M, the average total debt/EBITDA multiple through 2025 was 3.2x, a 0.1x decrease from 2024¹⁰
- ❖ The leveraged loan default rate for Q1 2026 was 1.4%, up from 1.2% for Q4 2025, as repeat defaults contributed to a modest increase in credit stress⁵
- ❖ Borrower-friendly conditions weakened in Q1 2026, with 51.0% of leveraged finance professionals reporting higher pricing and 40.0% reporting tighter leverage and terms¹¹
 - Only 31.0% of surveyed lenders reported making borrower-friendly concessions to win deals in Q1 2026, down sharply from 67.0% in Q4 2025
- ❖ Venture debt totaled \$19.7B across 126 transactions in Q1 2026, with technology companies accounting for nearly all activity at \$19.3B across 115 transactions⁵
 - Activity continued to skew toward larger loans, with late-stage venture debt loan sizes reaching decade highs and the average early-stage venture debt deal value rising sharply

U.S. Venture Capital Deal Flow⁵



1. PwC	5. PitchBook	9. U.S. Bank
2. EY	6. Bloomberg	10. GF Data
3. S&P Global	7. Fortune	11. William Blair
4. FactSet	8. The Wall Street Journal	

Tariffs are shaking up operational and financial realities for companies across sectors. The big question for business leaders isn't just about managing the here and now. It's about preparing for what might come next.

Reciprocal Tariffs and Policy Shifts

The reintroduction of tariffs, particularly reciprocal tariffs and the tariffs on China, has introduced cascading cost pressures across supply chains. Whether it's raw materials, components, or finished goods, companies are seeing:

- ❖ Tariffs across multiple stages of production; e.g., steel + parts + finished goods
- ❖ Unpredictable policy shifts, causing disruptions in planning, procurement, and pricing strategies
- ❖ A need for scenario planning to model out how changes in tariffs will impact bottom-line costs, evaluate pricing options, and understand the impact on overall sales
- ❖ Indirect effects of tariffs, such as customers' input costs rising and rising bond yields
- ❖ Potential retaliatory tariffs from other countries, complicating cross-border trade

Cash Flow and Working Capital

Tariffs place immediate and sustained pressure on working capital. They raise inventory costs and may put pressure on the cash cycle by significantly increasing costs without a concurrent increase in revenue.

As a result, some companies might delay payments until their own increase in receivables value is assured. This means that organizations in the middle of the supply chain may see delays in receivables and then delay payables as a result. Tighter borrowing conditions intensify these conditions, leading to heightened liquidity needs and increased risks of cash flow strain.

In the short term, organizations may try to mitigate these effects by holding inventory ahead of tariff increases or delaying shipments. However, these tactics can further tie up cash and are difficult to sustain. In the long term, forecasting becomes increasingly complex, as customer demand may soften in response to rising prices, making cash flow planning more uncertain.

Tariffs often require upfront payments at ports. Some vendors may shift to cash-on-delivery (COD) terms in response. This accelerated cash outflow can deplete working capital reserves and, in some cases, impact borrowing bases, raising the risk of covenant breaches.

Taxes and Compliance

When it comes to transfer pricing and structural tax impacts, tariffs can have far-reaching implications, including:

- ❖ Intercompany agreements may need revising if profit allocation shifts across jurisdictions.
- ❖ If one entity absorbs higher costs, proper documentation is essential to justify the pricing arrangement and avoid audit exposure.
- ❖ Relocating production could trigger exit taxes or create permanent establishment risks in foreign countries.

As tariff-related costs rise, so does regulatory scrutiny. This can show up in tax authorities requiring more detailed documentation for inventory valuation, fluctuations in profits of related parties, and intercompany agreements. With profits under pressure, expect audit activity to increase as authorities look to protect their tax bases.

Pricing Strategies

Reevaluate pricing and capital decisions with a strategic, holistic approach. Adjust pricing not only to respond to inflation but also based on market expectations and competitive positioning. A full profit-and-loss (P&L) analysis — not just a pricing adjustment — will help determine which costs can be passed on and where operational efficiencies can preserve margins.

Effective pricing execution is key. Price increases, when necessary, should be thoughtfully planned and communicated clearly to maintain customer trust. Be clear with customers about the reasons, timing, and potential future adjustments. Mishandling this step can damage relationships and loyalty.

Business Modeling

Most businesses develop dynamic models alongside financial advisors. But even simple models can be effective if they:

- ❖ Highlight key cost and revenue drivers
- ❖ Include toggles for variable assumptions
- ❖ Focus on the most significant financial levers

Modeling can help identify the point when tariffs might trigger unsustainable losses or cash burn, prompting the need for operational restructuring. Optimize margins through smart sourcing, cost control, and flexible pricing.

Capital Expenditures (CapEx)

On the one hand, inflationary pressures and government incentives to boost domestic production may encourage some firms to invest sooner. On the other hand, the uncertainty surrounding trade policy could lead companies to delay key decisions. Companies with strong growth prospects or clear cost-saving opportunities may move forward. However, most organizations should adopt a more cautious stance until conditions stabilize.

Mergers and Acquisitions

Organizations are reevaluating how they approach M&A in light of tariff pressures. To hedge against volatility, companies are increasingly using earnouts, deferred payouts, claw backs, and price adjustment clauses tied to post-close performance. Material adverse change (MAC) clauses are also gaining traction, giving buyers flexibility if trade conditions shift dramatically after signing.

Tariffs can disrupt synergies like consolidated supply chains and might diminish the financial benefit of an acquisition. This will require conducting deeper due diligence and a shift toward scenario modeling during deal planning. In an M&A situation, you can't afford to look backward. What matters now is how exposed a target is to changing trade realities.

Strategic Opportunities

Vertical integration is gaining traction, with buyers acquiring domestic suppliers to mitigate import duties and bypass tariff exposure. Likewise, M&A targets with U.S.-based manufacturing or strategic distribution locations can enhance target appeal, drawing premium interest. Geographic diversification is increasingly under the microscope, as companies weigh the risks of purchasing in areas with escalating trade tensions.

Valuations

Tariffs inject uncertainty into revenue forecasts and cost structures, increasing the range of future cash flow projections and reducing confidence in standard valuation models. Organizations that rely heavily on global sourcing, especially from tariff-targeted countries, are particularly vulnerable to margin pressures, inventory distortions, and working capital fluctuations, all of which can reduce valuations.

Post-merger Integration

Tariffs require closer scrutiny of a target's supply chain, vendor agreements, and systems. Post-close, organizations may need to reconfigure sourcing strategies, evaluate customs compliance, or invest in systems that track tariff-related costs more precisely.

Supply Chain

Just-in-time supply chains are highly efficient, but they're also fragile due to tariff stress. This brittleness is especially tricky for smaller manufacturers that often lack visibility into their supply networks and technology systems. This leaves them more vulnerable to volatility and uncertainty.

Conducting a tariff exposure audit can help identify which products, suppliers, and markets are most affected and provide clarity on where to focus mitigation efforts. Relocating manufacturing operations can reduce exposure to tariffs, but it's rarely a simple fix. Many products still rely on imported components, limiting the advantages of moving assembly elsewhere. And altering the supply chain can introduce new international tax obligations or regulatory risks. Even tools like free trade zones or tax credits offer limited financial relief and may not fully offset rising tariff costs.

Reshoring, Nearshoring, and Outsourcing

While domestic production can reduce exposure to global tariffs, it can introduce higher labor costs, talent shortages, and outdated or insufficient infrastructure. Nearshoring (moving operations to a nearby country) can offer a balanced alternative with proximity and cost savings, but new tariffs may require a broader reassessment of sourcing strategies, overhead costs, and opportunities for automation and outsourcing.

Data Management and Decision-Making

When you face pressure to reduce costs through layoffs, closing plants or offices, or other restructuring initiatives, base these decisions on data, not your gut instinct. Focus on what adds the most value and operational impact over metrics like headcount.

Human Capital Strategies (Workforce)

Focus on upskilling existing employees and capturing legacy knowledge. You can also address this looming talent gap by embracing automation, artificial intelligence (AI), and machine learning – not to replace human workers, but to boost productivity and support their work.

Inflation affects lower-wage workers more, so companies will need to think beyond pay raises in their retention strategies. Offering career growth, flexible work options, and a sense of purpose can help keep employees engaged and loyal.

Restructuring Operations and Communications

In uncertain times, businesses often hesitate, entering a "freeze" mode, delaying key decisions on spending, hiring, or restructuring. But postponing difficult decisions, such as refinancing debt, adjusting pricing models, or resizing operations, can increase risk. Instead, conduct strategic reviews of profitability, cost structures, and contracts. Identifying which segments may become unprofitable under tariff pressure is crucial for long-term stability.

Conquer Tariffs with Confidence: A Guide for Business Leaders

Debunking Misconceptions About Tariffs

Misconception 1: Tariffs are a Temporary Blip – We Can Wait Them Out.

Reality: While specific tariffs might be subject to change or removal, the underlying drivers of trade friction – geopolitical tensions, national security concerns, and the desire for regionalization – are likely to persist.

Misconception 2: Our Only Option is to Absorb the Costs.

Reality: Absorbing some initial cost increases might be a short-term necessity, but it's rarely a sustainable long-term solution. Consider supply chain diversification, value engineering, pricing strategies, automation, efficiency improvements, and strategic partnerships to stay competitive and resilient.

Misconception 3: Only Large Corporations Have the Resources to Effectively Plan for Tariffs.

Reality: Smaller and medium-sized enterprises (SMEs) can:

- ❖ Focus on niche markets, specializing in less price-sensitive or highly differentiated products that can provide more pricing flexibility.
- ❖ Build relationships with loyal customers that may be more willing to absorb small price increases or accept product substitutions.
- ❖ Collaborate with industry associations, leveraging their collective knowledge and resources.

Misconception 4: The Goal of Pricing Strategy is to Negate Margin Compression from Tariffs Fully.

Reality: Customers are often more receptive to price increases when there's a clear, external justification like tariffs. Acting early and clearly communicating the impact of these cost pressures allows you to adjust pricing in a way that's more acceptable. This proactive approach helps you manage customer expectations, reset pricing expectations, and can even expand margins. On the other hand, delaying these adjustments can increase the risk of stronger customer resistance and result in a missed chance to move strategically.

Misconception 5: In Times of Economic Uncertainty and Tariff Volatility, Investing in New Technology Should Be Put on Hold.

Reality: Investing in technology in uncertain times is more critical than ever. Tariffs and fluctuating global trade demand tools that enhance agility, provide proactive insights and support rapid, informed decision-making. Cutting back on tech investments now is less efficient and ultimately less competitive.

4 Ways to Tackle the Current Tariff Environment Head-On

Sure, tariffs can create a lot of uncertainty, but there's still plenty you can do to help your business stay resilient and even get an edge.

- ❖ Build flexibility into your business model. Be ready if tariffs change overnight. Scenario planning and AI-driven modeling can help you imagine different outcomes and plan for them. Regularly reforecast and test how well your pricing and finances hold up in tougher scenarios.
- ❖ Modernize your operations thoughtfully. Think about where automation or technology investments could save you money, like reducing labor costs or energy consumption. Also, consider swapping in alternative materials or components.
- ❖ Get your teams on the same page. Tariff management isn't just a finance or operations team to deal with – it requires input from legal, tax, procurement, and leadership.
- ❖ Track, adjust, and keep everyone informed. Keep clear records of tariffs and how they impact your costs and prices. Update your financial disclosures as needed, and don't leave anyone in the dark. Clear communication with your investors, customers, and teams can go a long way in reducing confusion and stress.

About the Author:

Armanino is an accounting and business consulting firm founded in 1969 and headquartered in San Ramon, California. The firm is one of the 20 largest independent accounting and business consulting firms in the United States and provides audit, tax, consulting, business management, and technology solutions to privately-held companies, nonprofit organizations, public entities, and individuals. Armanino serves clients across a broad range of industries, including consumer, manufacturing, distribution, financial services, technology, healthcare, and life sciences.

Read the Full Article Here:

[Conquer Tariffs with Confidence: A Guide for Business Leaders](#)



Differentiation

Aramar is a boutique investment bank focused on providing merger, acquisition, and strategic private placement services; we are unique among our investment banking peers in that we:

- Focus on middle-market transactions; these transactions are a priority, not a default for when larger deals are dormant
- Have significant transactional expertise
- Provide senior-level attention
- Have a proprietary marketing process that follows a comprehensive approach tailored to each buyer or investor candidate, rather than a typical generic approach utilizing blast teaser e-mails and other automated contacts



Clientele

Aramar focuses on providing high-quality, high-touch services to middle-market clients

- Our M&A transactions range in size from approximately \$10 million to \$250 million and strategic private placements range in size from approximately \$10 million to \$100 million
- We provide the high quality of service and substantial transactional experience offered by a major national investment bank, but to a clientele that either is too small for, or cannot receive, the proper level of attention from a larger investment bank, or would receive lesser services and capabilities from a business broker, consultant, or smaller investment bank



Services

Aramar offers a highly focused set of corporate finance services to assist our clients in conceiving, defining, executing, and optimizing their objectives:

- Mergers and acquisitions
 - Negotiated sales of closely-held companies
 - Corporate and private equity firm divestitures
 - Leveraged and managed buyouts
 - Buy-side advisory
- Private placements and recapitalizations
- Fairness opinions, valuations, and financial advisory work



Team

Aramar has assembled a unique team of professionals with a comprehensive and attractive mix of skills and backgrounds

- Significant investment banking experience, including stints at many other prominent financial services firms
- Entrepreneurial, managerial, and ownership experience that sets apart Aramar's "principal" perspective from that of most investment banks; our team members have founded, sold, and merged our own companies; acquired businesses; and acted as officers and directors of both public and private enterprises
 - As such, we can relate more closely to our clients and better advise them, at the same time as ensuring senior-level investment banking attention