



Deal Market Perspective

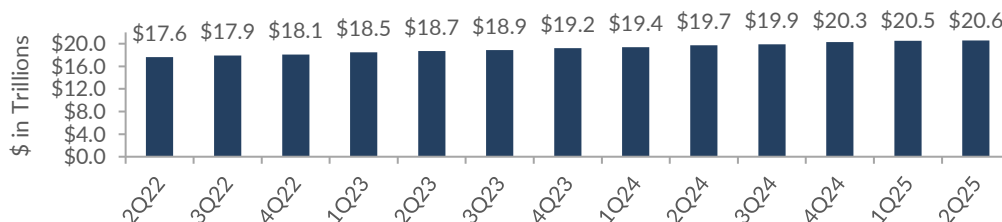
2nd Quarter 2025

Economic Overview

Despite ongoing tariff uncertainty, the U.S. economy continues to show resilience. While there are signs of rising prices and a slowdown in job growth, recession fears have been easing. The Trump administration remains committed to promoting tax cuts and lower interest rates in an effort to stimulate further economic expansion – and, ideally, greater deal activity. Much still depends on consumer confidence, which has shown signs of volatility. We anticipate greater clarity by the time of our next quarterly report – by which point, we’re hopeful the Giants and Jets will have at least put a win or two on the board!

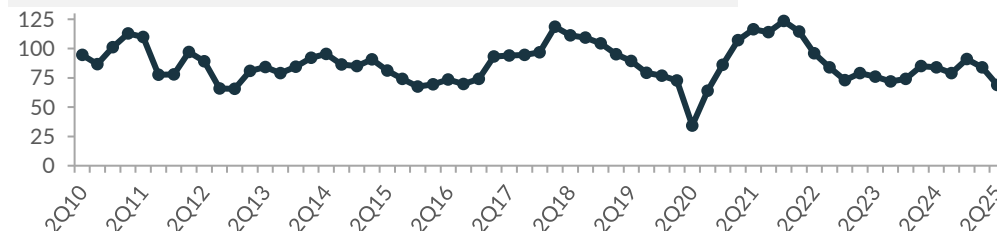
- ❖ The U.S. GDP increased at a 3.0% seasonally-adjusted annual rate in Q2 2025, a marked acceleration from the 0.5% decrease seen in Q1 2025¹
- ❖ The U.S. unemployment rate was 4.2% at the end of July, holding flat from the end of Q1 2025²
- ❖ Non-farm employers added 73,000 jobs in July, well below the average monthly gain of 128,000 over the prior 12 months³
- ❖ The International Monetary Fund increased its outlook for global economic growth to 3.0% for 2025 and 3.1% for 2026, an increase from the organization’s projections last quarter of 2.8% and 3.0%, respectively⁴
- ❖ In the current fiscal year, the U.S. government is projected to spend more on interest payments than on defense, Medicaid, or Medicare⁵
- ❖ The Fed maintained rates and announced it would continue to monitor the economy, in large part stemming from inflation worries due to the potential ramifications of tariffs, changes in the labor force, and tax cuts
- ❖ The U.S. annualized core CPI – which excludes food and energy – was 3.1% for July, a drop from the 3.8% seen at the end of Q1 2025³
 - The higher cost for housing was the primary driver, as the Liberation Day tariffs imposed in April have yet to fully impact the U.S. economy

U.S. Consumer Spending (Annualized)¹



- ❖ While the effects of tariffs have yet to thoroughly play out in the market, indicators of what is to come are starting to be seen in trade, consumer behavior, and business performance
 - Since the start of President Trump’s second term, the average effective U.S. tariff rate has soared to 18.6% from 2.5%; if all threatened tariffs go into effect, the average rate would increase to 20.6%, the highest since 1910⁶
 - Initially, U.S. companies absorbed the cost of tariffs; three months after the implementation of tariffs, 36% of the cost were passed onto consumers – this number increased to 67% after four months⁷
 - Shoppers are spending more time researching before they make a purchase; in the first half of the year, online shoppers clicked 18% more often, yet spending grew just 0.4%⁸
 - Tariff-related inflation is shrinking company margins, as consumers resist increased prices; for instance, Kraft Heinz expects inflation to escalate its costs 5% to 7%, while it will pass on only a 1% increase to consumers⁹
- ❖ Nearly 60% of U.S. households have mortgage rates below 4%, slowing the housing market, as sellers don’t want to give up low rates for higher ones; this level of rate lock-in hasn’t been seen since the 1980s⁹
- ❖ The dependency ratio (the number of people above retirement age for every 100 people still in their working years) in the U.S. was 19 in 2010, is approximately 29 now, and is expected to reach 39 by 2055; this will likely result in a decrease in GDP and a rise in demand for government and other social services¹⁰
- ❖ The U.S. consumer confidence index rebounded in Q2 2025, finishing the quarter at 95.2, up from 86.0 in Q1 2025¹¹
- ❖ Reflecting concerns about the economy, a prominent composite index of CEO expectations for capital spending, hiring, and sales over the next six months shrunk 15 points from the last quarter to 69, meaningfully lower than the historic average of 83¹²

Business Roundtable’s CEO Economic Outlook Index¹²



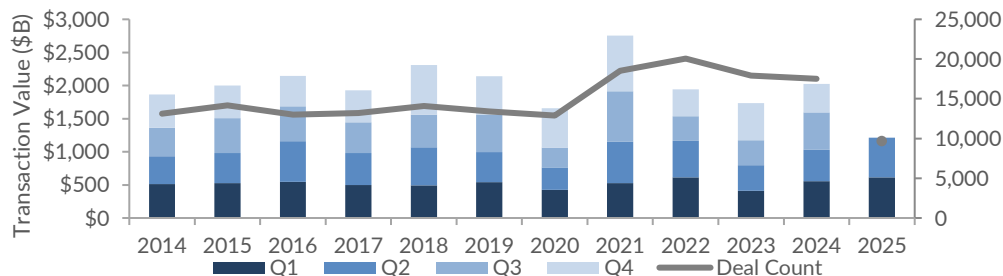
- | | | |
|------------------------------------|--------------------------------|----------------------------|
| 1. Bureau of Economic Analysis | 5. Congressional Budget Office | 9. The Wall Street Journal |
| 2. Bureau of Labor Statistics | 6. Budget Lab at Yale | 10. Capital Economics |
| 3. U.S. Department of Labor | 7. Goldman Sachs | 11. The Conference Board |
| 4. The International Monetary Fund | 8. Impact.com | 12. Business Roundtable |

Mergers and Acquisitions

M&A activity has gained momentum as the tariff landscape becomes more defined, with rates now set for several countries and China appearing to have reached its ceiling. The market is seeing renewed energy, fueled by pent-up demand from buyers and sellers who stayed on the sidelines earlier in the year due to economic and geopolitical uncertainty. Valuation multiples remain strong, although cautious buyers continue to favor deal structures that include performance-based earnouts, allowing them to share both the risks and rewards post-transaction.

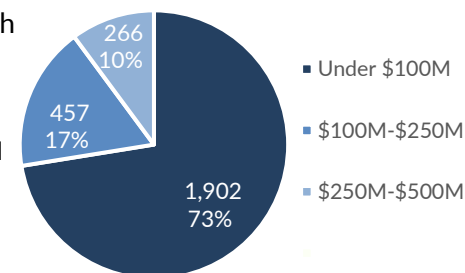
- ❖ Global M&A deal value was \$988.0B and volume was 12,605 in Q2 2025, representing a 4.7% contraction in value and a 3.4% rise in transaction count as compared to Q1 2025¹
 - Global M&A this past quarter was defined by volatility, significant cross-border transactions, and a greater sense of alignment of value between buyers and sellers
- ❖ North American (N.A.) M&A deal value and volume both shrunk in Q2 2025, with \$596.8B in value and 4,734 in volume, accounting for quarter-over-quarter declines of 3.2% and 0.7%, respectively¹
 - On a year-over-year basis, Q2 represented increases of 31.3% in value and 10.7% in transaction count
- ❖ Transaction multiples for both N.A. and Europe across all deal sizes continue their post-pandemic stability; flat-to-slight decreases in multiples are attributable to a renewed focus on value-oriented deals^{1,3}
 - The median TTM enterprise value (EV)/EBITDA multiple in Q2 2025 was 9.3x – the same value as in Q2 2024
 - The median EV/revenue multiple for Q2 2025 was 1.5x, which is 0.1x lower than Q1 2025

N.A. M&A Activity ¹



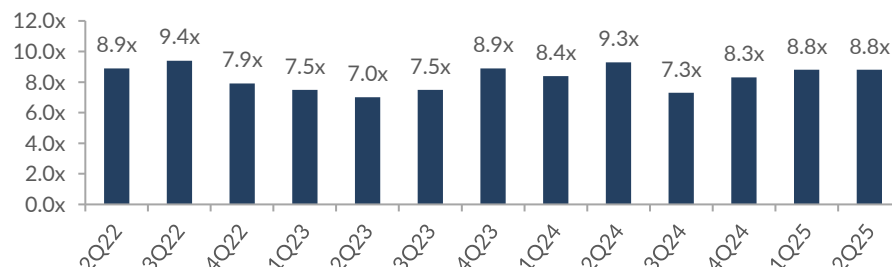
- ❖ U.S. dealmaking in Q2 2025 saw a slight decline in the number of deals as compared to last quarter, most of which were smaller transactions; 73% of the sub-\$500M transactions were under \$100M²

Q2 2025 U.S. M&A <\$500M²



- The percentages of volume across all middle-market segments remained relatively flat quarter-over-quarter
- ❖ The median U.S. middle-market M&A EV/EBITDA multiple in Q2 2025 for deals between \$1M and \$500M was 8.8x, on par with last quarter^{2,3}
- ❖ U.S. leveraged loan activity in Q2 2025 continued the sluggish pace seen in Q1 2025, as macroeconomic uncertainty stemming from tariffs and policy uncertainty continued to impact issuances¹
 - H1 2025 loan issuance in the U.S. trailed the same period in 2024 by 23%; loan value was down to \$113B, representing a 72% market contraction
- ❖ Cross-border M&A deal value in N.A. in Q2 2025 (N.A. M&A transactions with non-N.A. acquirers) was \$63.5B across 297 deals¹
 - There was an 18.7% slide in transacted deal value and a 2.4% uptick in the number of deals as compared to Q1 2025
 - N.A. investments are commanding a higher value, while Europeans are seeing higher volumes
 - This trend is in part due to the euro's appreciation against the dollar, coupled with the European Central Bank having a comparatively looser monetary policy (due to two rate cuts this quarter), as compared to the Federal Reserve holding rates steady

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



1. PitchBook
2. FactSet

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

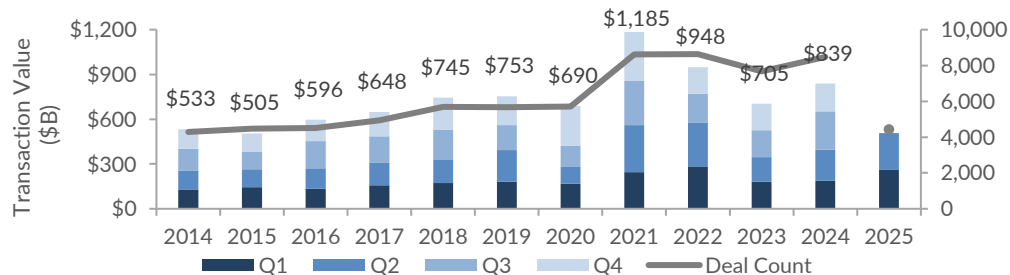
Private Equity

Private equity (PE) activity started Q2 slowly and then began to climb later in the quarter, driven by greater clarity around tariffs and the broader economic outlook, as well as by the abundance of dry powder seeking deployment. Add-on acquisitions remain a major driver of deal flow. PE firms are optimistic about attracting more capital from individual investors — either directly or through retirement accounts — aligned with the Trump administration's initiative to expand the pool of eligible investors, as detailed in our guest article by Norton Rose Fulbright starting on page six.

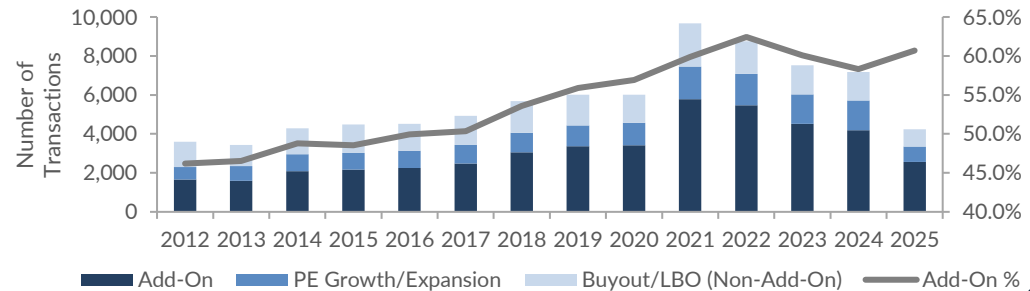
- ❖ U.S. PE investment activity continued to slow in Q2 2025, with 2,158 closed deals, representing a 5% slide in volume from Q1 2025¹
 - Transactions were much smaller in Q2, worth a combined \$227.7B, which was an 18.4% fall in value as compared to Q1 2025
 - There was a notable pullback in the first two months of Q2 due to tariff policy frictions before rebounding largely due to reduced tension in U.S.-China trade policies
- ❖ Add-on investments continue to drive the U.S. PE market, accounting for 75.9% of all deals in Q2 2025¹
- ❖ For U.S. PE led transactions between \$10M and \$250M, the average EV/EBITDA multiple was 7.6x, according to the most recently available quarterly data, up from the 7.3x recorded in the previous quarter²
- ❖ U.S. PE exit activity in Q2 2025 saw 314 exits accounting for \$118.5B in value, representing a decline of 46.4% in volume and 24.9% in value as compared to Q1 2025¹
 - Exit volume is expected to outpace 2024 volume when annualizing H1 2025 activity, with volume set to increase 18.3% on a year-over-year basis

- The median holding period for a U.S. PE-backed company reached 3.8 years this past quarter, which is the longest median holding period since 2011
 - The ratio of PE investments to exits has climbed to 3.1x in 2025, the highest in a decade, due to delayed sales; firms are looking to continuation funds and partial exits to provide LPs with liquidity
 - In order for PE funds to wind down their assets, the market will need to show sustained interest in transacting some of the lower-quality assets that funds have been reluctant to sell
- ❖ U.S. PE firms have 12,552 companies in inventory — an eight-and-one-half-year inventory when annualizing the H1 2025 exit volume¹
 - ❖ U.S. PE fundraising continued to build momentum in Q2 2025, with \$92.3B raised across 67 funds, a 62.7% uptick in capital raised and a 15.2% decrease in funds closed as compared to Q1 2025¹
 - Two mega-funds raised by Thoma Bravo in Q2 accounted for \$32.4B, which, when removed, would result in a 5.6% uptick in capital raised and a 17.7% drop in funds closed
 - As sellers adjust price expectations in response to LP pressure, there is a sense in the market that an uptick in exits, and the resulting return of capital to LPs, will reinvigorate the PE fundraising flywheel³
 - ❖ PE firms are still trying to assess and mitigate the primary and secondary impact tariffs will have on their portfolio companies³
 - 40% of firms are working to better understand the direct effect of tariffs on their portfolio companies; 76% are concerned about the macroeconomic impact
 - ❖ U.S. PE dry powder was approximately \$1T at the end of Q2 2025, on par with the previous quarter¹
 - LPs continue to pressure GPs to deploy capital that has been committed but not yet called

U.S. Private Equity Deal Flow¹



U.S. Private Equity Deal Activity by Type¹



1. PitchBook
2. GF Data
3. EY

Equity and Debt Capital Markets

U.S. equity markets continue to hit new highs, buoyed by modest inflation and the prospects of lower interest rates and taxes, despite ongoing economic and geopolitical headwinds. Venture capital (VC) activity remains strong at the later stages and is poised to benefit from what appears to be the start of a reopening of the IPO market — highlighted by several high-profile listings and more anticipated in the near term. While debt levels are on the rise, the pace has not yet reached concerning levels.

Equity Markets

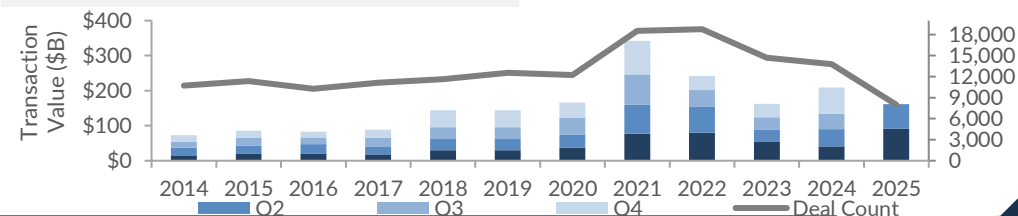
- ❖ Q2 2025 saw 50 U.S.-based IPOs raising \$8.1B, representing a volume increase of 16% and a dollar decrease of 20% relative to Q2 2024¹
 - Technology continued to lead both in the value and volume of IPOs
 - Half of the top-10 IPOs for the quarter took place in June, indicating a strong finish to the quarter and positive momentum going into Q3
 - SPACS accounted for more than two-thirds of all IPOs in Q2²
- ❖ The S&P 500 started Q2 2025 significantly down with Liberation Day having occurred on the second day of the quarter; the index bounced back and ended up 9.6%, with the S&P 500 hitting an all-time high²
 - Strong corporate earnings, stabilizing tariff rates, and expectations of interest rate cuts helped ease investors' worries³
- ❖ Earnings for S&P 500 companies that announced earnings through August 8th rose, with an estimated blended growth rate of 11.8%⁴
- ❖ U.S. VC deal value shrank 24.8% to \$69.9B in Q2 2025, and the deal count ticked up 0.3% to 4,001 transactions, both relative to Q1 2025⁵
 - Corporate VC (CVC) is becoming less of a force in the U.S. venture ecosystem; in H1 2025, only 1,112 corporate investors closed on a deal, representing just 35.7% of the 2022 high-water mark
 - The AI sector continues to attract significant levels of VC investing, accounting for 64.1% of deal value and 35.6% of deal volume in H1 2025
- ❖ U.S. VCs raised \$16.6B across 151 funds in Q2 2025, upticks of 66.6% and 73.6%, respectively, relative to Q1 2025; a rush for AI and related technology investments underscored these meaningful increases⁵
 - VC funding is still challenging except for elite firms; in H1 2025, just 12 firms raised over 50% of total VC capital, and the top 30 firms raised 74%
 - Sub-\$5M VC rounds are disappearing; 10 years ago, these sub-\$5M rounds made up 70% of VC transactions – today, these sized rounds make up less than 35% of all such transactions

- ❖ A quarter of VC rounds have been down or flat, the highest level in ten years; nearly every high-profile IPO in Q2 debuted below its peak private value⁵
- ❖ The number of startup exits — by sale or public offering — rose to 385 and the value grew to \$56.2B in Q2 2025, increases of 2.4% and 20.5%, respectively, on a quarter-over-quarter basis⁵
 - This past quarter represented the highest quarterly value since Q4 2021, with six companies exiting with “unicorn” status (over \$1B in value)
 - The sectors seeing high-profile exits are those closely aligned with President Trump's priorities, including AI, security and defense, fintech, and crypto
- ❖ About 95% of companies' generative AI pilots had little impact on profits, raising investor concerns about heavy AI spending, though the issue may be with execution rather than the technology itself⁶

Debt Markets

- ❖ At the end of Q2 2025, the yield on both the 10-year investment-grade bond index and 10-year high-yield bond index saw decreases to 5.0% and 7.3%, respectively, under the presumption of forthcoming rate cuts^{2, 7}
- ❖ New issue loan volume fell to \$76.3B in Q2 2025, representing the lowest quarterly total since Q4 2023⁵
- ❖ For PE-led transactions between \$10M and \$500M, the average total debt/EBITDA multiple was 4.0x, a 0.3x uptick over the previous quarter⁸
- ❖ Leveraged loan default rates remained low during Q2 2025 by historical standards in addition to decreasing on a quarter-over-quarter basis²
- ❖ After the uncertainty of post-Liberation Day tariffs, June saw the repricing of \$22.9B worth of loans, nearly two-and-a-half times the activity for March through May²

U.S. Venture Capital Deal Flow⁵



1. EY
2. S&P Global
3. The New York Times
4. FactSet
5. PitchBook
6. MIT NANDA
7. Charles Schwab
8. GF Data

Guest Article by Norton Rose Fulbright

Expanding Retail Access to Private Markets

Recent regulatory and industry developments are reshaping the landscape of retail investor access to private markets. Traditionally, private market investments — such as private equity, private credit, and real assets — have been the domain of institutional investors and high-net-worth individuals (HNWIs). However, a confluence of regulatory reforms, industry initiatives, and market demand is driving a shift toward broader retail participation.

Regulatory Momentum Toward Greater Access

Regulators in the U.S. and internationally are actively considering ways to expand retail investor access to private markets, while balancing the need for investor protection. The U.S. Securities and Exchange Commission (SEC) has been at the forefront of this discussion. As early as May 16, 2023, SEC Commissioner Mark Uyeda emphasized the importance of providing retail investors with opportunities to diversify their portfolios through exposure to private assets. Commissioner Uyeda urged the SEC to reconsider its framework for exempt offerings, with a particular focus on individual access to private equity. He highlighted research showing that retail investors in private equity "perform similarly to those of institutions and outperform public markets." He identified structural innovations enabling this participation, including "the proliferation of funds with low minimum commitments, pooling capital via advisors, and leveraging advisors' networks to access fund managers." Mr. Uyeda contended that the SEC should not prevent financially sophisticated individuals from participating in private markets simply due to outdated benchmarks. While acknowledging that investments in growth-stage companies are risky, Mr. Uyeda argued they may serve a legitimate role in diversified portfolios, especially when offered through pooled vehicles. He cited survey results showing growing investor interest: "14.4 percent of accredited investors reported being 'interested' in investing in this space, while 4.7 percent of non-accredited investors reported interest."

Commissioner Hester Peirce has also voiced strong support for expanding retail access to private markets. In June 2025, she remarked, "Commission rules and regulations along with Commission staff positions have contributed to keeping retail investors out of the private markets." She advocated for "more meaningful expansions" of the accredited investor definition, noting that "many retail investors...resent being cut off from an increasingly large segment of the market." Ms. Peirce further suggested that Commission staff should take immediate steps to allow retail investors greater access to private markets.

Industry Initiatives and Recommendations

Industry groups and market participants are also advocating for reforms enabling broader participation in private markets. On March 25, 2024, the Investment Company Institute (ICI) announced that private markets are becoming more accessible to a wider range of investors, citing the development of new fund structures and regulatory changes. The ICI highlighted the potential benefits of private market exposure, including enhanced diversification and the ability to capture illiquidity premiums.

On May 1, 2025, ICI President and CEO Eric Pan called on the SEC to eliminate its informal 15 percent limit on alternative investments by closed-end funds, calling the restriction "an informal position taken by the SEC staff" and emphasizing that "regulators never intended the limit to be permanent." Mr. Pan underscored that investments in private markets since 2013 have nearly quadrupled in the following decade from \$4 trillion to \$15 trillion, noting that to date, "private markets [may] have already hit the \$25 trillion mark." He asserted that "individual investors are largely stuck with the declining number of publicly traded companies, unable to meaningfully participate in the dynamic rise of private markets." He said lifting the 15 percent cap would allow fund sponsors to offer "new products and tailor them to investors who want much more diversification and access to private markets." He defended regulated funds as a safe vehicle for broader access.

On May 10, 2023, SIFMA's Asset Management Group (AMG) submitted a letter to regulators, urging the modernization of rules governing private market investments. SIFMA AMG's proposals include updating accredited investor definitions, streamlining disclosure requirements, and encouraging the development of semi-liquid fund structures that can accommodate retail investors' liquidity needs while providing access to private assets.

Additionally, SIFMA has emphasized that "pooled investment vehicles offer significant benefits for retail investors seeking exposure to private markets, providing economic opportunities for individuals otherwise excluded from investing directly in private issuers." This reflects a growing industry trend of creating innovative product structures to balance accessibility with appropriate risk management.

The trend is also supported by advancements in data infrastructure, digital advisory platforms, and indexation tools that are helping bridge private and public markets and enabling greater accessibility and transparency for retail investors.

Expanding Retail Access to Private Markets

401(k) Plans and Retirement Portfolios

A significant milestone in the U.S. market occurred on March 25, 2024, when a major 401(k) plan provider announced it would allow private market investments within its retirement portfolios. This move reflects growing recognition of the role that private assets can play in enhancing retirement outcomes. By incorporating private equity and other alternatives into target-date funds and other retirement vehicles, plan sponsors aim to improve risk-adjusted returns and offer participants access to investment opportunities previously reserved for institutions.

The U.S. Department of Labor provided guidance in June 2020 clarifying that private equity investments, when offered as part of a diversified investment option, can be appropriate for defined contribution plans. This development is expected to pave the way for broader adoption of private market strategies in retirement savings plans, subject to fiduciary oversight and participant education.

More recently, on August 7, 2025, President Trump issued an executive order titled “Democratizing Access to Alternative Assets for 401(k) Investors,” to direct federal agencies to enable Americans to invest in alternative assets such as private equity, real estate, and digital assets using employee-sponsored defined-contribution retirement plans such as 401(k)s.

Related trends in wealth management

There is a noticeable trend toward increasing retail participation in sophisticated investment products, though SEC Commissioner Crenshaw recently cautioned about the “rush to expose retail investors to riskier or less liquid markets through an ETF wrapper,” urging thoughtful product development and risk disclosure.

Product innovation is bridging private and public markets, with private market active ETFs gaining momentum. New partnerships between institutional/private equity firms and retail wealth managers are emerging.

A recent U.S. analysis shows that HNWIs allocate a greater share of their assets to self-directed channels compared to their mass affluent counterparts. A 2024 Bank of America study revealed that 72 percent of U.S. investors aged 21 to 43 believe it is no longer possible to achieve above-average returns using only

traditional stocks and bonds — highlighting demand for alternative investment exposure.

In parallel, U.S. regulators are expected to streamline disclosure requirements to reduce ‘information overload’ for investors, a pivot from previous expansions of mandated disclosures. With Paul Atkins poised to influence SEC direction, further easing of regulatory burdens is anticipated, especially regarding cryptocurrency, shareholder rights, and corporate disclosures.

Challenges and Considerations

While the trend toward greater retail access to private markets is gaining momentum, several challenges remain:

- ❖ **Investor protection:** Ensuring that retail investors understand the risks and characteristics of private market investments is paramount. Enhanced disclosure, suitability assessments, and ongoing education are critical.
- ❖ **Liquidity management:** Private assets are inherently less liquid than public securities. Fund structures must balance the need for investor liquidity with the long-term nature of underlying investments.
- ❖ **Systemic risk and market stability:** A recent study by Moody’s Analytics, SEC researchers, and a former top U.S. Treasury adviser warns that private credit has become so intertwined with banks and insurers that it could serve as a “locus of contagion” in a future financial crisis. The report found that the opacity of private credit funds, and their growing linkages with the banking system, introduce new channels of systemic stress, which could disproportionately amplify market turmoil. It called for greater public data transparency and more explicit systemic risk monitoring of the sector.
- ❖ **Regulatory harmonization:** Differences in regulatory approaches across jurisdictions may create complexity for global asset managers and investors. Ongoing dialogue between regulators and industry stakeholders is necessary to develop consistent and effective frameworks.

Expanding Retail Access to Private Markets

Conclusion

The expansion of retail investor access to private markets represents a significant evolution in the investment landscape. Regulatory reforms, industry innovation, and growing demand are converging to create new opportunities for individual investors to participate in asset classes that have historically been out of reach. As these changes unfold, it will be essential for market participants, regulators, and investors to work collaboratively to ensure that access is accompanied by appropriate protections, transparency, and education. The coming quarters are likely to see continued progress and debate as the industry adapts to this new era of democratized private markets.

About the Author:

Andrew Lom is a corporate and regulatory lawyer. He is Norton Rose Fulbright's U.S. Head of Financial Services and FinTech and the Global Head of Private Wealth. Andrew advises high-net-worth families and financial institutions on matters of asset management and governance. With his engineering background, he also helps clients design financial products with a focus on fintech.

Norton Rose Fulbright provides a full scope of legal services to the world's leading corporations and financial institutions. The global law firm has more than 3,000 lawyers advising clients across more than 50 locations worldwide.



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



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