

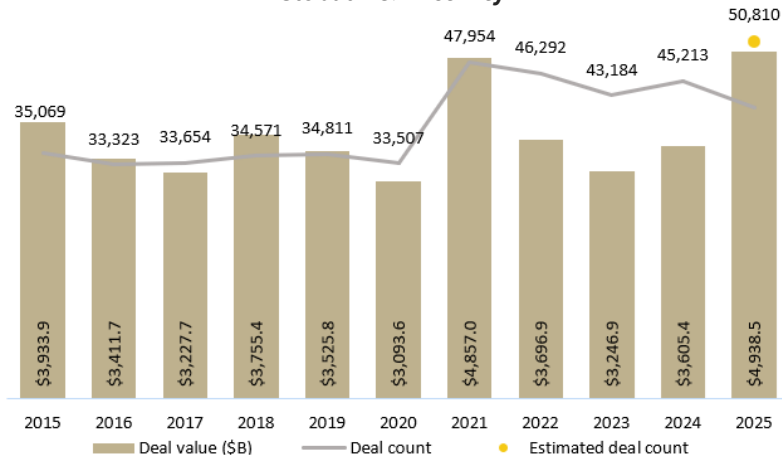
Is the Liquidity Drought Over?

When interest rates rose in 2022, the financing behind leveraged private asset investments became much more expensive. This led to a slowdown in deal activity and exits across the market. In turn, fund distributions stopped flowing to private asset investors, which prevented them from redeploying that capital into new private asset opportunities. This liquidity drought has persisted in the private assets market for the past several years.

Fast forward to today, and it seems the drought may finally be coming to an end. Merger and acquisition (M&A) activity started off slow in 2025 due to economic and tariff uncertainty. In the second half of the year, however, as interest rates fell and investors regained confidence, M&A soared to record highs. PitchBook estimates over 50,000 deals totaling nearly \$5 trillion were completed globally in 2025, surpassing the previous record in 2021.¹ Deal activity and exits in the private assets market followed suit. Global private equity exits were shy of their 2021 record but eclipsed \$1 trillion for the first time since then.²

Despite persistent economic uncertainty, these trends are expected to continue into 2026. Private asset investors could see more distributions coming their way in the months ahead.

Global M&A Activity



¹ PitchBook "2025 Annual Global M&A Report"

² PitchBook "2025 Annual Global PE First Look"

Chart Source: PitchBook "2025 Annual Global M&A Report"

Economy

Last Week	This Week
- Conf. Baord Consumer Confidence (Jan): 1/27 84.5 vs. 89.1 month prior	- ISM Manufacturing (Jan): 2/2
- FOMC Rate Decision: 1/28 No change	- ISM Services (Jan): 2/4
- Trade Balance (Nov): 1/29 -\$56.8B vs. -\$29.4B month prior	- ADP Employment Change (Jan): 2/4
- Producer Price Index (Dec): 1/30 0.5% vs. 0.2% month prior	- JOLTS Report (Dec): Delayed due to government shutdown

Equities

Index	Level	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	6918	-0.86	1.13	1.13	16.85	20.23	13.88
Russell 1000 Growth	4623	-3.19	-2.95	-2.95	14.01	24.86	13.55
Russell 1000 Value	2184	1.31	5.56	5.56	17.40	13.98	11.89
FTSE High Dividend Yield	555	2.22	5.87	5.87	18.29	14.57	13.40
S&P Small and Mid Cap	19376	-0.05	5.67	5.67	10.64	9.61	8.11
MSCI EAFE	3061	0.02	5.90	5.90	35.33	16.78	10.68
MSCI EM	1536	0.47	9.43	9.43	47.02	17.18	4.99

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	S&P Sector Returns YTD													
				Energy	Materials	Staples	Industrials	Cons. Discr.	Comm. Serv.	Real Estate	Utilities	IT	Health Care	Financials			
S&P 500	22.0	15.6	1.2	20													
Russell 1000 Growth	27.1	18.1	0.5	15													
Russell 1000 Value	18.0	13.6	1.9	10													
FTSE High Dividend Yield	15.3	13.1	3.6	5													
S&P Small and Mid Cap	16.3	15.4	1.6	0													
MSCI EAFE	16.6	13.5	2.7	-5													
MSCI EM	13.2	11.2	2.2														

* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income

Index	Yield	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.40	-0.13	0.03	0.03	6.68	3.63	-0.16
U.S. Int. Gov/Credit	4.00	0.04	0.02	0.02	6.42	4.46	1.03
U.S. Corporates	4.87	-0.13	0.15	0.15	7.25	4.74	0.27
High Yield	6.58	-0.13	0.57	0.57	7.97	8.49	4.44
Municipals (1-10)	2.75	0.25	1.10	1.10	5.48	3.20	1.34

Key Rates	Last	Levels (%)					
		1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	3.57	3.57	3.48	3.48	4.19	4.29	0.11
10-yr Treasury	4.27	4.24	4.17	4.17	4.42	3.53	1.14
30-yr Treasury	4.90	4.86	4.85	4.85	4.64	3.62	1.94
SOFR	3.69	3.64	3.87	3.87	4.33	4.55	
6-mo. CD rate	3.75	3.72	3.62	3.62	4.33	4.91	0.17
Prime Rate	6.75	6.75	6.75	6.75	7.50	7.75	3.25
30-yr fixed mortgage	6.22	6.20	6.25	6.25	7.02	6.46	2.84

