



M&A Insights Q2 2022

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

# MIDDLE MARKET PRIVATE EQUITY M&A TRENDS

## MARKET UPDATE

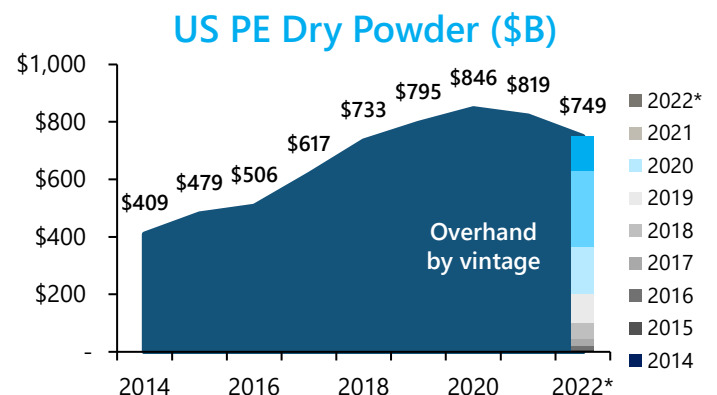
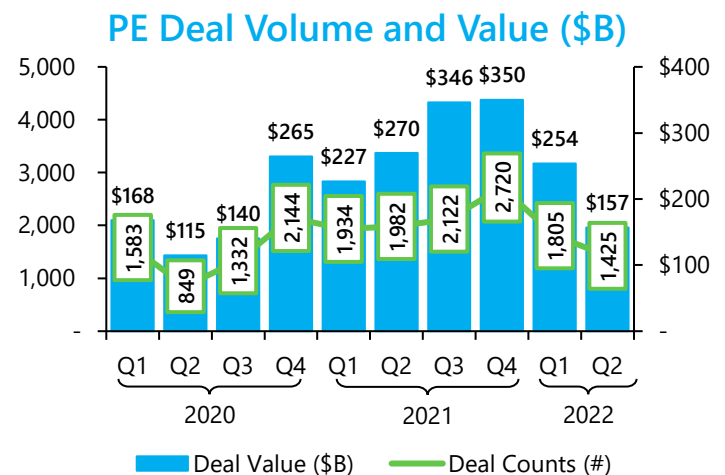
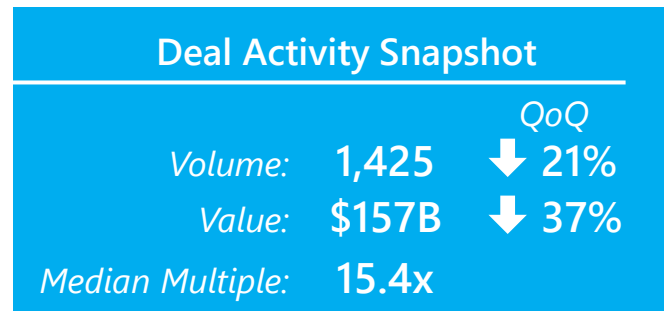
Uncertain market conditions and recessionary fears continue to drive caution in the M&A markets. Despite the current environment, dry powder and add-on acquisitions support market optimism in the second half of 2022.

### Middle Market Summary

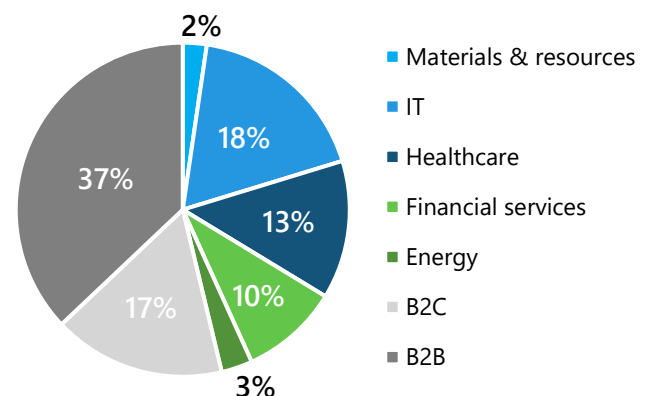
After a slow start to 2022, the overall M&A market continued to slow in Q2 2022. In total, 1,425 deals closed for a combined value of \$157 billion, down 21% and 37% respectively from Q1 2022. The current macroeconomic and geopolitical environments continue to add uncertainty to the endeavors of business owners and private equity sponsors. The combination of three interest rate hikes since March and falling public indexes have impacted the pricing environment. In many cases, with the cost of debt rising, the proportion of equity used by sponsors has also risen, contributing to downward pressure on multiples. Until a more stable deal environment can be established, deal activity and valuations are likely to remain tepid.

### Middle Market Insights

Although dealmaking has been slower throughout the first half of the year, reason for optimism remains within the market. A substantial amount of dry powder still exists within the private equity ecosystem. As valuations moderate with market volatility, fewer quality businesses are expected to be brought to market. Owners that enter the market in the second half of the year may capitalize from competitive processes created by significant demand chasing limited supply. Sponsors are also continuing to look to supplement existing portfolio companies through add-on acquisitions, helping compliment capabilities, supply chains, or go-to-market strategies. Once near-term uncertainty lifts, the established pattern of M&A activity is expected to continue.



### PE Deal Volume by Sector (%)



Sources: Pitchbook, Wall Street Data. Note: Includes private equity transactions only.  
\*As of 6/30/22



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

Broker dealer services offered through M&A Securities Group, Inc., Member FINRA/SIPC, a separate entity from Charter Capital Partners.

## Charter Advisory Team

### John Kerschen

President and Managing Partner  
[jkerschen@chartercapitalpartners.com](mailto:jkerschen@chartercapitalpartners.com)

### Mike Brown

Partner and Managing Director  
[mbrown@chartercapitalpartners.com](mailto:mbrown@chartercapitalpartners.com)

### Hector Bultynck

Managing Director  
[hbultynck@chartercapitalpartners.com](mailto:hbultynck@chartercapitalpartners.com)

### Mike Palm

Managing Director  
[mpalm@chartercapitalpartners.com](mailto:mpalm@chartercapitalpartners.com)

### Mark Streekstra

Managing Director  
[mstreekstra@chartercapitalpartners.com](mailto:mstreekstra@chartercapitalpartners.com)

### Jenny Dakoske

Director  
[jdakoske@chartercapitalpartners.com](mailto:jdakoske@chartercapitalpartners.com)

### Elisa Berger

Vice President  
[eberger@chartercapitalpartners.com](mailto:eberger@chartercapitalpartners.com)

### Zach Wiersma

Vice President  
[zwiersma@chartercapitalpartners.com](mailto:zwiersma@chartercapitalpartners.com)

### AJ Ebels

Senior Associate  
[aebels@chartercapitalpartners.com](mailto:aebels@chartercapitalpartners.com)

### Justin Pinto

Senior Associate  
[jpinto@chartercapitalpartners.com](mailto:jpinto@chartercapitalpartners.com)

### Wendy McGinnis

Business Development Associate  
[wmcginnis@chartercapitalpartners.com](mailto:wmcginnis@chartercapitalpartners.com)

### Michael Pohl

Associate  
[mpohl@chartercapitalpartners.com](mailto:mpohl@chartercapitalpartners.com)

### Lance Burt

Analyst  
[lburt@chartercapitalpartners.com](mailto:lburt@chartercapitalpartners.com)

### Keegan Ensing

Analyst  
[kensing@chartercapitalpartners.com](mailto:kensing@chartercapitalpartners.com)

### Eric Smith

Analyst  
[esmith@chartercapitalpartners.com](mailto:esmith@chartercapitalpartners.com)