



M&A Insights Q3 2021

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

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MARKET UPDATE

Middle Market Summary

The M&A market continued its record year, notching more than 2,000 deals with an aggregate value of \$297 billion in Q3. This officially marks an all-time-high, with more than 6,000 deals completed YTD. From Q2 to Q3, deal volume increased by 12% and deal value was up another 6%. The middle market continues to lead the way in deal volume and value, with increased activity stemming from buyouts, add-ons, expansions, and recapitalizations. Middle market deal activity is expected to carry this momentum into the fourth quarter as the market appears to be signaling continued optimism for private investing strategies and owners seeking to maximize their proceeds.

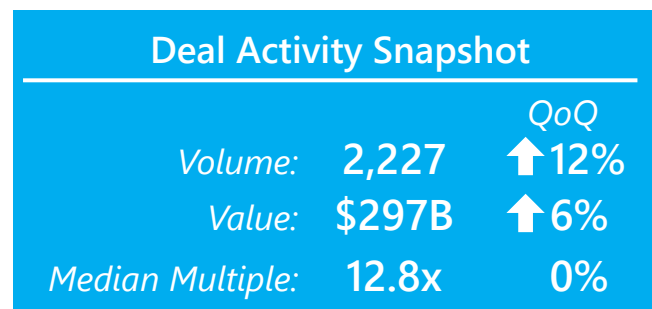
Middle Market Insights

Middle market deal volume has continued to increase quarter over quarter throughout 2021 and is expected to continue through year-end. Volume growth is primarily driven by the market continuing to work through deal backlog created during the pandemic-driven market slowdown of Q2 and Q3 2020 and to a lesser extent by the fear of looming policy changes related to capital gains tax increases. Investment Bankers and PE Buyers alike are focused on pushing their mandates across the finish line prior to year-end as owners are driven to mitigate tax exposure and capitalize on a high value market.

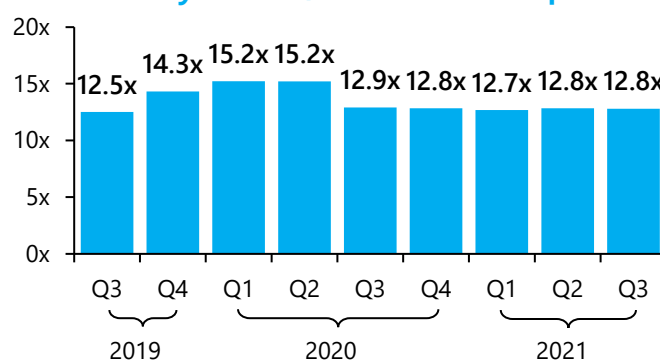
Inflation remains a concern among economy participants as the CPI jumped another 5.3% YoY in August. The Fed continues to point to supply chain bottlenecks as the main culprit for rising prices. In the event of increasing interest rates, liquidity may begin to pull back as the cost to raise capital increases.

Capital gains proposals continue to fluctuate on Capitol Hill, with the latest discussions signaling a 5% increase, a "middle-ground" compared to earlier estimates, and a provision of a September 13 effective date. Regardless, M&A activity remained resilient through the quarter.

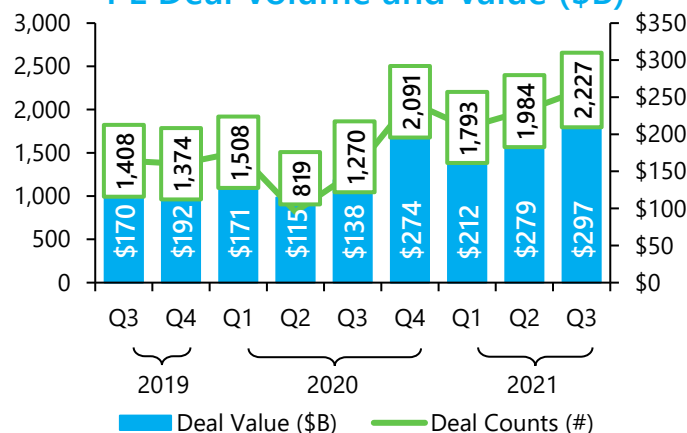
Renewed efforts on fundraising, capital deployment, and staving off potential capital gains increases have been the main drivers to this already titan of a year for the middle market.



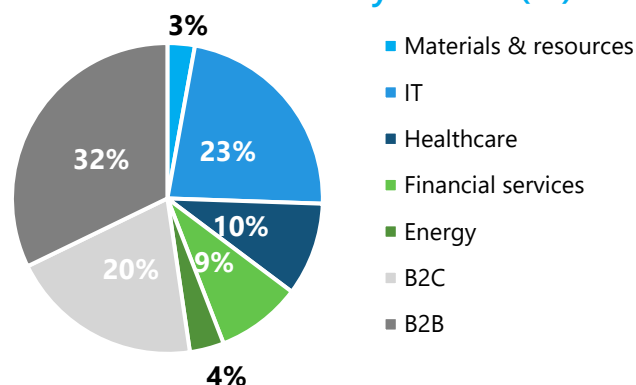
PE Buyout EV/EBITDA Multiples



PE Deal Volume and Value (\$B)



PE Deal Volume by Sector (%)



Sources: Pitchbook, Wall Street Data. Note: Includes private equity transactions only.



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	• Go-to-market sell-side advisory • Buy-side growth strategies • Exit planning • Fairness opinions
Capital Raise	• Equity or debt capital raise • Dividend recapitalization • Solvency opinions • Minority investors
Valuation Opinions	• Buy-sell agreements • Gift, estate, and income tax matters • Shareholder disputes • Purchase price allocations
Capital Management	• Licensed Fund Management • Registered Investment Advisers

*Broker dealer services offered through M&A Securities Group, Inc.,
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