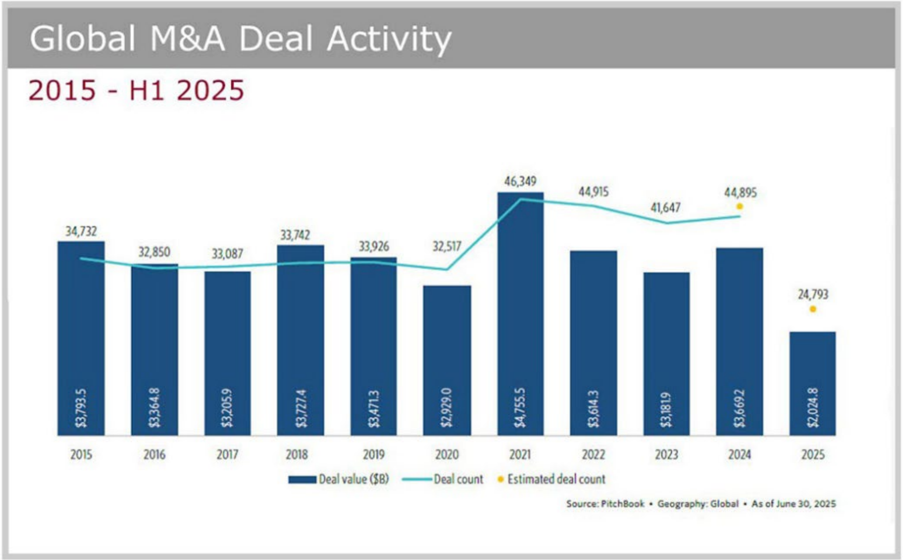
Middle Market Pulse
EXECUTIVE BRIEFING *Mergers, Acquisitions and Capital Resources Since 1956* August 2025



Source: Pitchbook

According to a recently published report by Pitchbook, a database of private company transactions, H1 2025's M&A performance demonstrates the market's fundamental resilience in navigating uncertainty. The $2.0 trillion in total deal value, up 13.6% year-over-year, reflects sophisticated dealmakers who have learned to execute despite macro volatility. What's particularly striking is the maintained transaction velocity—24,793 deals representing a 16.2% increase—suggesting healthy market liquidity and deal flow across all segments. This isn't merely opportunistic activity; it's strategic positioning by management teams anticipating post-recession consolidation opportunities.

The sectoral rotation tells a compelling story of capital reallocation. IT's $255.1 billion contribution and 37.1% surge validates my long-held thesis that technology infrastructure remains the market's primary value driver, particularly in network consolidation plays. Materials climbing from last to second place reflects astute positioning ahead of potential supply chain reshoring. Conversely, energy's collapse to bottom rankings was predictable given commodity price volatility and capital discipline in E&P. The healthcare and consumer discretionary weakness signals appropriate caution in sectors facing regulatory and demand headwinds.

The Europe-North America dynamic represents the quarter's most intriguing development. European acquirers' $113.2 billion deployment in North American targets, exceeding US counterparts by $20.7 billion, reflects currency advantages and divergent monetary policy. The ECB's dual rate cuts versus Fed stability creates a compelling arbitrage opportunity I haven't seen since the 2012-2014 cycle. Deals like Cox-Charter ($34.5B) and Global Payments-Worldpay ($24.3B) demonstrate scale-seeking behavior typical of late-cycle consolidation, positioning acquirers for the next growth phase.

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