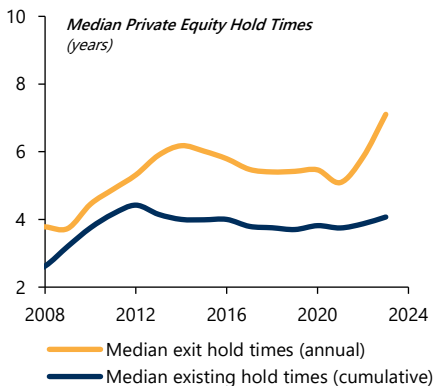


♪ **Take Me Out to the Ball Game** ♪ It's the seventh inning stretch, and coaches (sponsors) are turning to the bullpen (lenders) for interim relief (dividend recaps) ahead of the end-game (sale). Here's how we're seeing the home stretch play out this postseason:

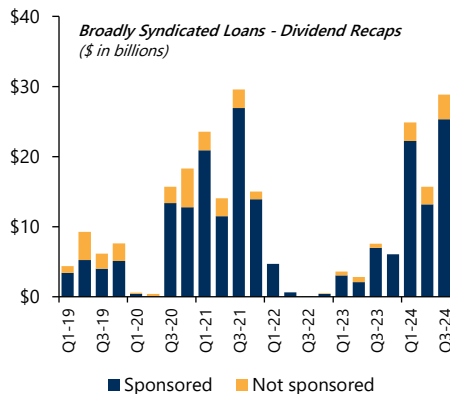
- **Fans want a shorter game:** private equity dry powder is at an all time high – but exits are taking longer than ever. With M&A and IPO markets slow to make a full recovery, sponsors are seeking interim liquidity.
- **Dividends are in the strike zone:** private credit funds are also flush with capital, and they don't get paid to sit in the dugout. Lenders are increasingly amenable to dividend recaps as they look to deploy capital.
- **All-Stars are in high demand:** this resurgence in dividend recaps is most evident in the highly efficient, liquid markets, while the middle-market has some room to catch up. This doesn't mean the door is closed, but it will likely be the "all-star" assets selected to lead off.

## Commentary from the Broadcast Booth

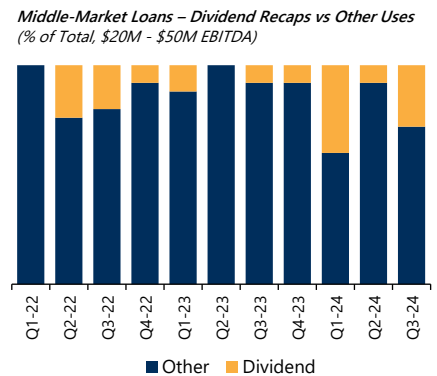
### PE Funds' Hold Periods are Longer...



### ...Leading them to Seek Interim Liquidity...



### ...Though the Bar is Higher in the Middle-Market

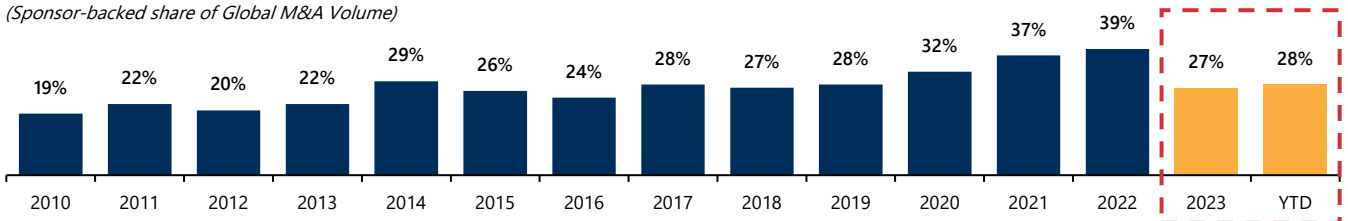


Source: PitchBook, KBRA DLD

## Insights from Our Colleagues at MUFG

*"For the first time ever, global private equity volumes lost market share in 2023 to strategic M&A activity from both a deal value and deal count perspective. With higher interest rates and more limited exit opportunities (softer IPO market), PE activity remains a missing link in a broader M&A recovery. Looking ahead, a break in the "exit logjam", allowing for meaningful distributions to LPs coupled with record PE dry powder should set the stage for a more sustained move higher in M&A activity."*

(Sponsor-backed share of Global M&A Volume)



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