

CVC

PRIVATE WEALTH

# 2026 Private Equity Outlook

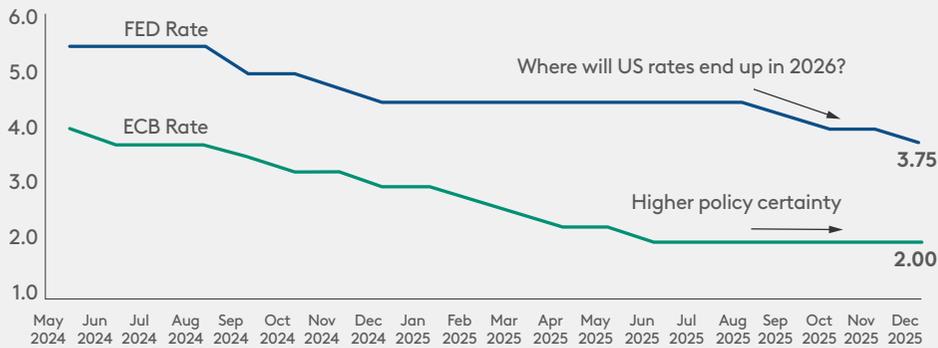
Resilience, Opportunity and  
a Strengthening European  
Advantage



# Quick Recap

- In 2025 markets advanced overall, however the investor journey did not always feel straightforward.
- Headlines were dominated by tariff developments, geopolitical tensions and elevated volatility, with average market volatility reaching its highest level since 2022.<sup>1</sup>
- The early months saw sentiment weaken and deal activity pause briefly.
- Beneath this surface noise, however, the real economy showed signs of underlying strength. Inflation moderated, labour markets remained relatively firm and central bank policy became more accommodative, easing financing conditions.

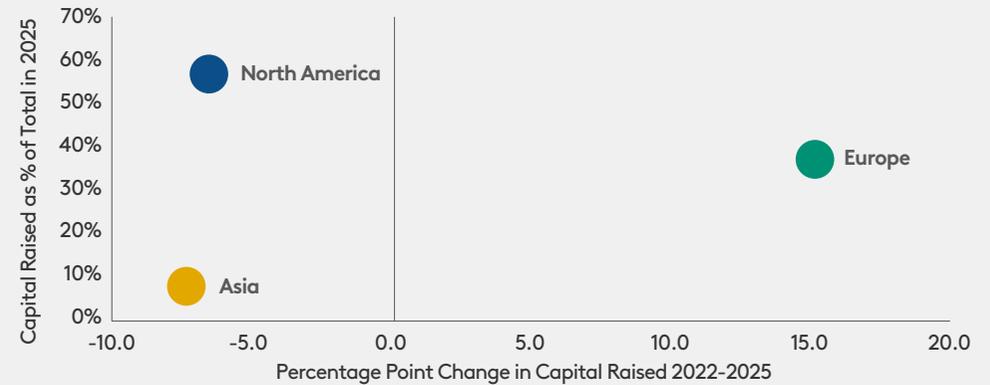
**Exhibit 1**  
**ECB and FED Policy Rates Evolution (%)**



Source: CVC December 2025

- In Europe, supportive fiscal policy helped sustain economic momentum, while demand for private capital strengthened steadily throughout the year.
- Ultimately, 2025 defied early caution and became defined by one clear theme: **resilience**.
- As we move into 2026, these dynamics provide a more constructive backdrop for private equity, even as geopolitical volatility remains a feature of the environment.
- An uncertain setting reinforces the importance of selectivity, with Europe offering meaningful diversification and relative value.

**Exhibit 2**  
**Global Private Market Fundraising Trends**  
Europe Is Becoming The Centre Of Gravity For Private Markets Fundraising



Source: Pitchbook Q3 2025 Global Private Market Fundraising Report, CVC

<sup>1</sup> Average Annual Vix as of December 2025, Source FRED St. Louis Federal Reserve Bank

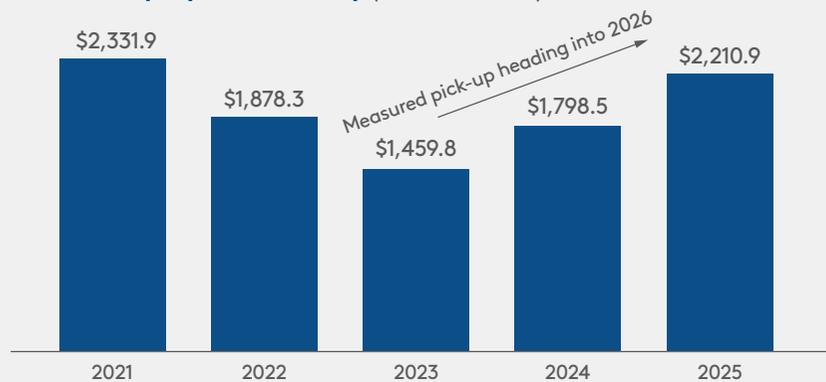
# 2026 Outlook

Global deal activity is expected to improve however geopolitical volatility will likely persist. In this environment, selectivity remains essential, with Europe offering meaningful diversification.

## Deal Activity: A Measured Global Pick-Up

- Global deal activity strengthened in the second half of 2025 as financing conditions improved and confidence returned, with Europe performing particularly well.
- This momentum is expected to carry into 2026, albeit at a measured pace and against a backdrop of ongoing geopolitical volatility.
- Several factors support a gradual improvement in activity over the year ahead. Financing conditions are easing as rate paths stabilise across central banks, most notably in Europe, where ECB policy rates appear to have reached equilibrium and remain below those of the Fed. This is improving financing visibility and transaction viability.
- In parallel, structural initiatives aimed at reindustrialisation, energy transition and strategic autonomy are reinforcing growth prospects, generating incremental demand for private capital and specialist investment expertise.
- We believe Europe is well positioned within this environment. Supportive financing dynamics, a more constructive regulatory<sup>2</sup> and fiscal backdrop, and exposure to strategic growth sectors continue to attract capital flows.

Exhibit 3  
Global Private Equity Deal Activity (Value \$ Billion)



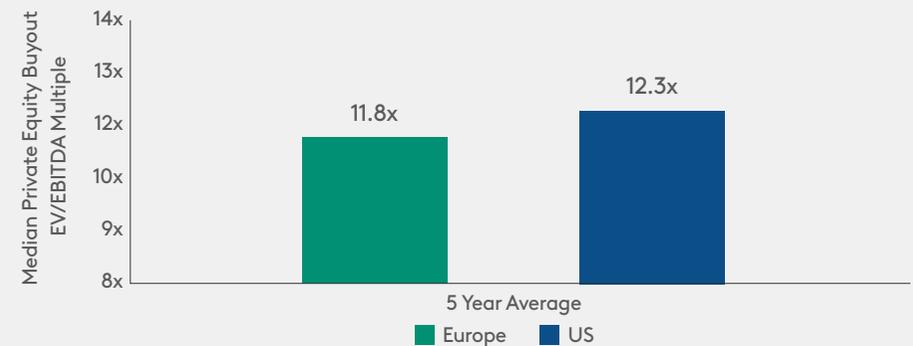
Source: Pitchbook data as of 31st December 2025

<sup>2</sup> Deal activity in Europe gains momentum heading into 2026

## Valuations: Europe With An Advantage

- European buyouts typically trade at lower valuation multiples than those in the US, reflecting structural differences in how transactions are sourced and executed.
- Europe's market is more fragmented adding a greater reliance on local, relationship-driven sourcing. Transactions are more frequently bilateral rather than auction-led, limiting buyer overlap and competitive intensity, supporting more disciplined entry pricing.
- By contrast, the US private equity market is deeper and more consolidated, with a larger pool of buyers and more consistently competitive auction dynamics, which tend to drive higher valuations and reduce the advantage of local expertise.
- While interest from global investors in Europe is increasing, these structural characteristics are likely to persist in 2026, supporting continued valuation differentiation despite rising cross-border capital flows.

Exhibit 4  
Trends in European and US Buyouts



Source: Pitchbook data as of 31st December 2025

# Bottom Line

- European private equity enters 2026 on firmer footing, supported by improving macro visibility and a measured recovery in deal activity.
- Valuation dynamics remain a structural advantage, with European buyouts historically trading at lower multiples than the US, reflecting fragmented markets and a greater reliance on relationship-driven sourcing.
- Capital is available, but access and execution matter more than ever. Outcomes are increasingly shaped by value creation rather than leverage or multiple expansion, favouring experienced managers with deep local origination capabilities.
- For private wealth investors, European private equity potentially offers a compelling combination of relative value, diversification and long-term opportunity.

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