2026 Global M&A Mid-Year Outlook

Remarkable activity amid complexity

Complexity, conviction and confidence – driving record dealmaking, powered by AI momentum and strong boardroom action

Coming into 2026, M&A activity was growing as the market had largely shaken off tariff concerns. Then three shocks arrived in rapid succession: AI-driven disruption in software, redemption stress in private credit and the war in the Middle East. The result was a more volatile backdrop – higher commodity prices, stickier inflation concerns and a tighter financing tone. Even so, dealmakers largely looked through near-term turbulence and stayed focused on long-term strategic objectives. After a brief pause in March, the market reopened quickly. Transactions became materially more complex to execute, yet activity continued to build beyond what the headlines suggested. Consequently, 2Q 2026 became the most active quarter on record, helping deliver a blockbuster first half.

“2026 has reaffirmed that activity and complexity can coexist. Boardrooms have a clear bias to action as companies recognize that standing still carries its own risk, and the strategic imperative to act is increasingly outweighing uncertainty.

Record first-half activity reflects that building scale remains paramount as investors continue to reward growth, clarity and execution.”

CHARLIE BOUCKAERT
Global head of Advisory and Mergers & Acquisitions

Momentum has held up where the rationale is clearest – strategic capability-building, portfolio optimization and AI-driven investment continue to anchor activity. Capital markets have remained resilient and supportive, and volatility has begun to trend lower after earlier spikes. At the same time, boards and investment committees have raised the bar – deeper diligence, tighter decision windows and a greater premium on execution certainty.

The market is increasingly bifurcated by scale and region. Large-cap dealmaking that reaccelerated in mid-2025 has carried into 2026, led by AI, utilities and financial services, while the middle market rebound has been slower as valuation gaps, execution risk and geopolitical uncertainty weigh more heavily on smaller companies. Regionally, North America led volume, contributing to more than half of global activity. EMEA has been resilient on consolidation and cross-border interest, while APAC has been more muted, particularly in Japan and China, amid sustained corporate caution.

Looking into the second half, the backdrop provides ample opportunity for 2026 to become one of the busiest years for dealmaking. The pipeline is constructive, but timing and sequencing will remain critical.

BLOCKBUSTER FIRST HALF[1]

$3.2T
in global M&A volume (up 44% YoY), **a record high**

48
mega-deals ($10B+) across $1.3T in volume, **a record high**

63%
increase in cross-border volume reaching $820B, **a two-decade high**

50%
of overall volume and mega-deal volume driven by **Tech and DI**

REGIONAL HIGHLIGHTS[1]


NAMR
$2.1T in M&A volume
37 mega-deals
8 of 10 top deals intra-U.S.


EMEA
$1T in volume, best 1H since ‘07
33% activity from the U.K.
4 of 10 top cross-border deals intra-EMEA

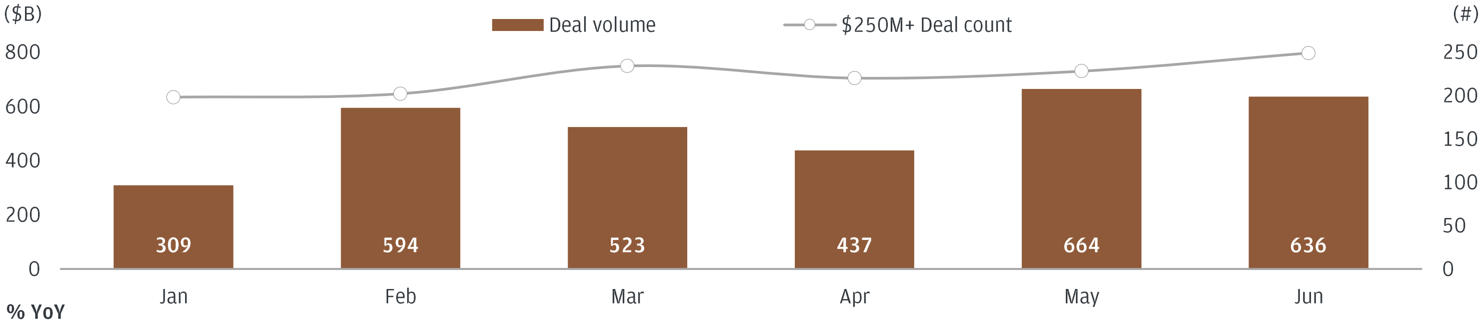

APAC
$630B in M&A volume
30% of activity from China


LATAM
$70B in M&A volume
46% activity from Brazil

The first half in **rear view**

The first half has been shaped by competing forces, from AI-driven disruption and a sharp reset in software valuations to Middle East tensions, oil-driven inflation concerns and potential rate hikes. Despite elevated complexity, activity has been robust, with strategics and sponsors staying engaged as they prioritize execution certainty, deeper diligence and clear strategic rationale in a more headline-driven environment.

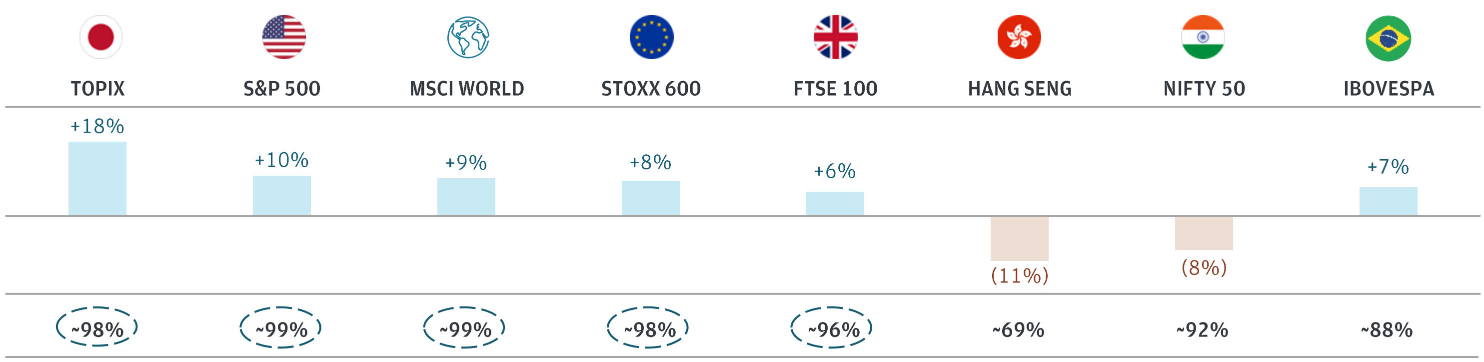
1H 2026 MONTHLY GLOBAL M&A VOLUME AND COUNT[1]



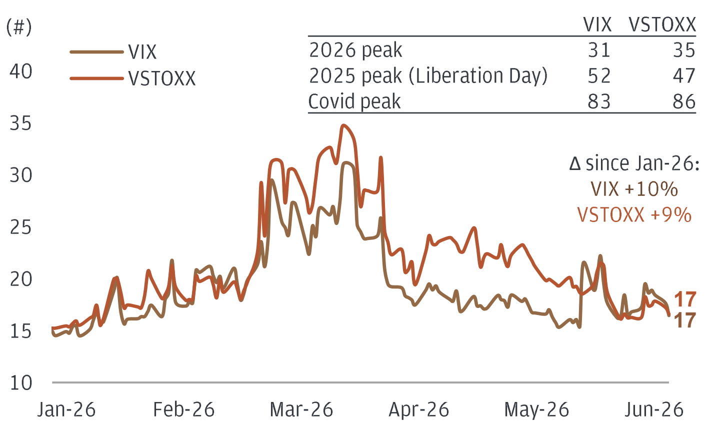
% YoY	Jan	Feb	Mar	Apr	May	Jun
Volume	1%	117%	5%	49%	74%	64%
Count	13%	13%	14%	29%	12%	23%

A constructive capital markets backdrop is supporting dealmaking, underpinned by resilient corporate earnings and continued investor enthusiasm around AI. Equities are higher, credit spreads are near historic tights and volatility has eased from its March peak. Even with the U.S. mid-term elections nearing and central banks globally shifting toward a more conservative stance, markets remain firmly risk-on, with investor sentiment broadly optimistic.

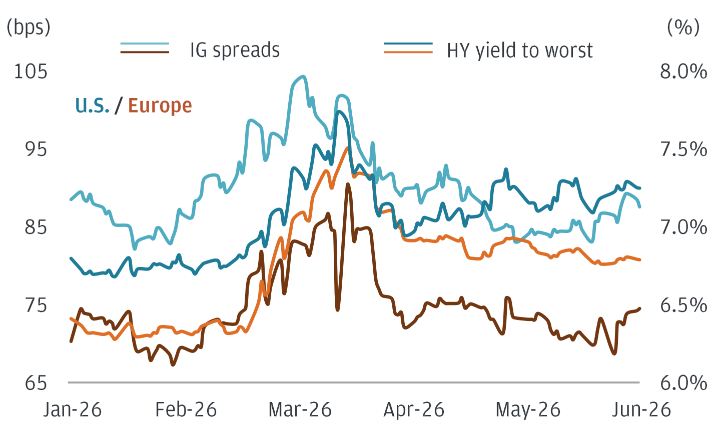
1H 2026 YTD INDEX PERFORMANCE AND % OF ALL-TIME HIGHS[2]



1H 2026 YTD VOLATILITY INDEX — VIX AND VSTOXX[3]



1H 2026 YTD CREDIT SPREADS — U.S. AND EUROPE[4]



THEMES SHAPING 2026

Six forces that shaped the first half, and will steer the second

Over the past six months, dealmaking has been shaped by a continued focus on growth and scale, even as national security and regulatory scrutiny redefine how transactions are structured and cleared.

Cross-border is accelerating, sponsors are deploying selectively but at scale and shareholder activists are pushing for clarity and capital discipline.

Underpinning it all, AI is moving from narrative to execution, pulling forward the infrastructure stack and raising the bar on software defensibility.

01 The drive for scale, growth and reinvestment is fueling record high dealmaking

Boards are focusing on long-term strategic opportunities and leaning into reinvestment over capital returns to build scale and extend competitive advantage. Public markets continue to reward focused scale and durable growth, reinforcing large-cap dealmaking as companies seize this window to prioritize outcome-shaping transactions over incremental activity.

02 A policy-oriented, constructive regulatory environment is driving transformational activity

National and economic security, and the acknowledgement of benefits of scale to create resiliency, are all part of the core deal lens. Reviews are broader and more differentiated, but for well-structured transactions with clear rationale, early diligence and credible mitigation, regulation is increasingly an execution framework rather than a roadblock.

03 Cross-border momentum is building alongside resilience and security alignment, reaching a two-decade high

Cross-border volume is rising sharply despite geopolitical tensions and protectionist policies, increasingly framed around resilience, friendshoring and securing strategic capabilities, making where a deal gets done as important as what gets bought.

04 Sponsors are more focused, deploying at scale while drawing on multiple pools of capital

Larger deals are clearing more consistently, reflecting a willingness to deploy at scale and mobilize multiple pools of capital for the right assets. In an opportunistic yet volatile equity backdrop, exits remain selective, and sponsors are leaning on structured solutions to generate liquidity.

05 Activists are leaning into market disruptions, turning complexity into record-high campaign activity

Activism is increasingly translating into structural action, with record high public campaigns in the U.S. and APAC and a growing emphasis on M&A and corporate clarity, reinforcing the market's preference for focus and pure-play transitions as a route to unlock value and redirect capital toward higher-growth reinvestment.

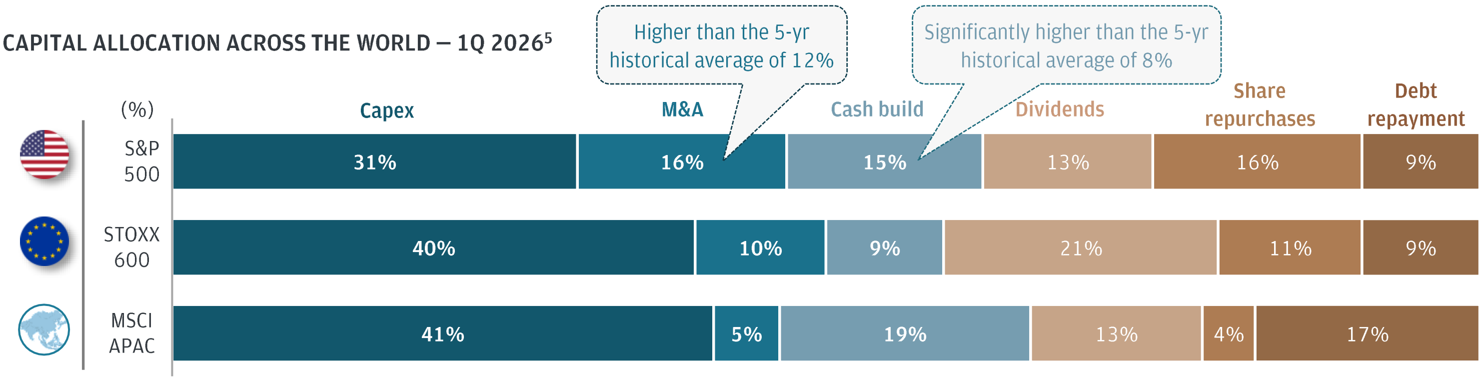
06 Underpinning all of this is AI, continuing to move from narrative to execution

Capital formation and partnerships are scaling quickly, and hyperscaler capex is pulling the infrastructure stack forward, as underwriting is increasingly bifurcating between defensible software platforms and disruption risk.

Boards are pivoting **from capital returns toward reinvestment**, and markets are rewarding scale and growth

A defining feature of 1H 2026 has been a clearer pivot from shareholder returns toward reinvestment, with boards leaning into capex and M&A as the most credible paths to sustain growth and competitiveness. That shift is showing up alongside strong mega-deal activity, as management teams use this opportunity to pursue transformative moves that expand scale and strengthen competitive positioning. At the same time, elevated cash balances (versus historical averages), particularly in the U.S., are rebuilding dry powder, giving corporates greater capacity to deploy capital into growth. Interestingly, use of mixed consideration in large deals has become more prevalent (33% cash + stock mix in 1H 2026 vs. 10-year historical average of 25%), reflecting more negotiated, risk-sharing structures to bridge valuation gaps.

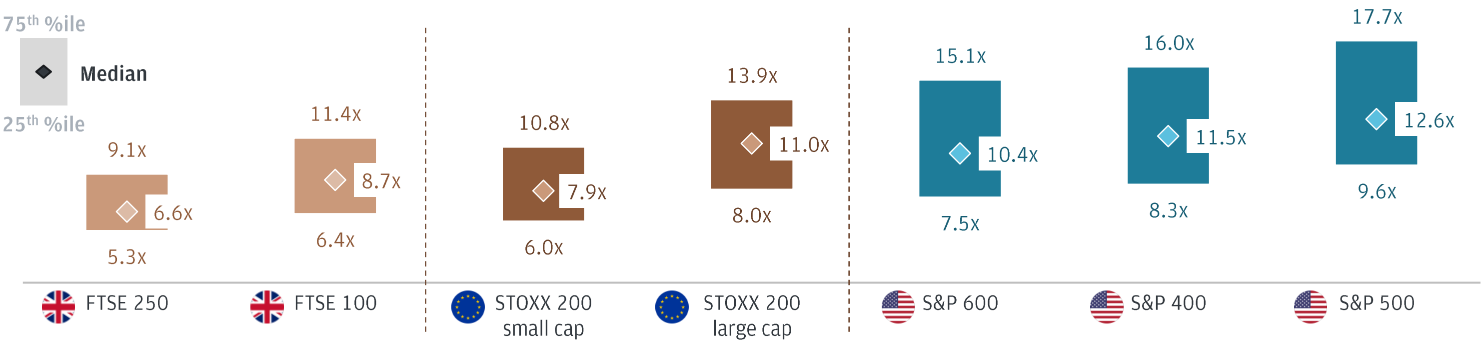
CAPITAL ALLOCATION ACROSS THE WORLD – 1Q 2026[5]



This preference for bigger moves is also being reinforced by how public markets are rewarding outcomes. Equity investors continue to reward scale (~25% premium in the U.S. and ~40% premium in Europe), and transactions that credibly enhance focus and strategic merit tend to receive outsized support. In parallel, the value of growth is near record highs, strengthening the incentive to pursue both organic and M&A investments that are underwritable. However, strategic rationale and structure remain critical, and strength of market reaction is typically correlated with the relative size of the transaction.

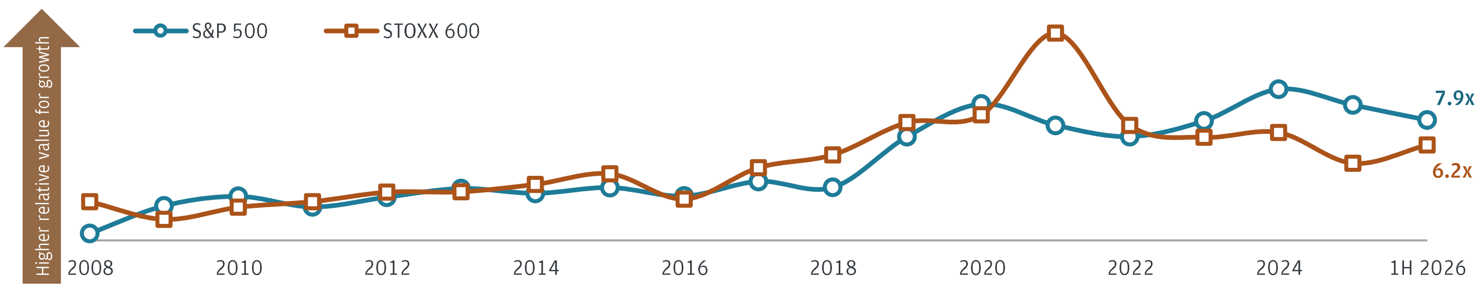
VALUATION PREMIUMS FOR SCALE ARE NEAR ALL-TIME HIGHS[6]

S&P 600, 500, 400, STOXX 200 large cap, small cap and FTSE 100, 250 median EV/EBITDA multiples (x)



VALUE OF GROWTH NEAR ALL-TIME HIGHS[7]

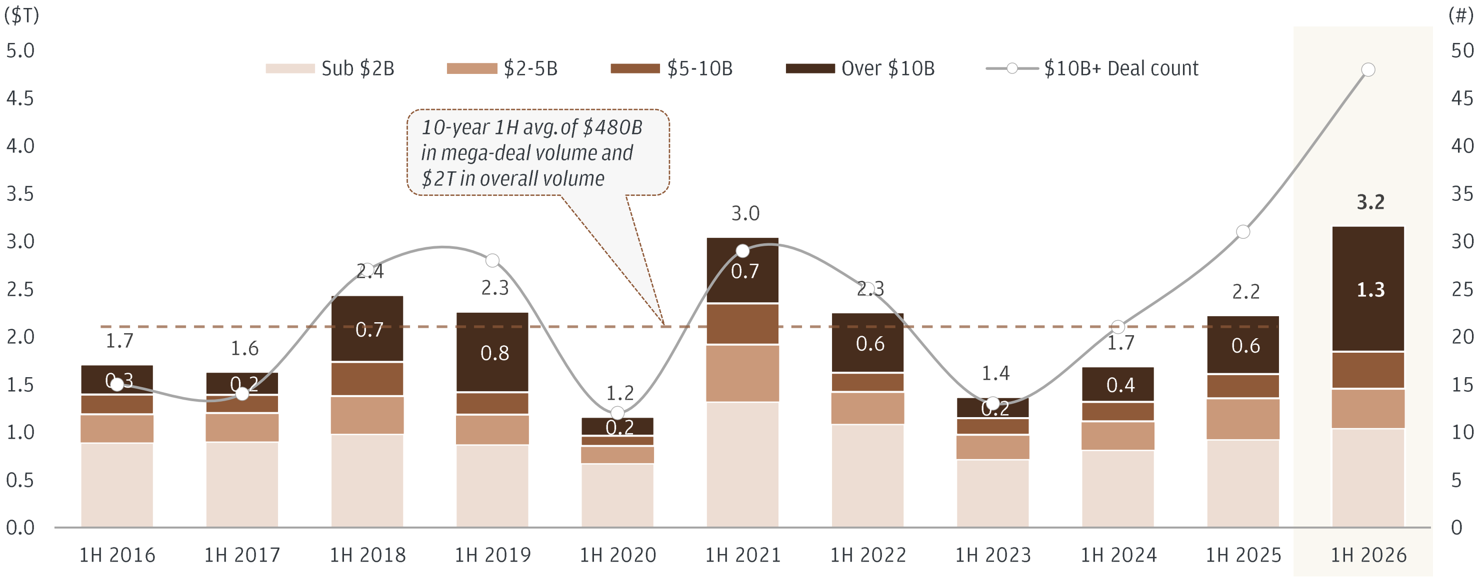
Represents the difference of the median EV / NTM EBITDA for S&P 500 and STOXX 600 firms in the bottom 75th-25th percentile of growth



The reinvestment shift is **driving record mega-deals**, supported by a policy-oriented and constructive regulatory backdrop

As boards pivot toward growth and reinvestment, the market is translating that shift into record high large-scale activity, with mega-deals doing the heavy lifting. In 1H 2026, mega-deal volume grew 114% YoY to $1.3T across 48 deals (up from $616B across 31 deals in 1H 2025), accounting for 42% of global M&A volume. Sector-wise, the mix has been led by Technology (including AI investments), Diversified Industries, Healthcare and Financial Institutions.

MEGA-DEALS ($10B+ IN VOLUME) AT AN ALL-TIME HIGH[8]



National security has become a strategic lens guiding capital deployment, especially in cross-border transactions and sectors tied to economic resilience. As foreign direct investment (FDI) regimes evolve globally, governments are taking a more expansive view that extends beyond defense into advanced technology, sensitive data, critical infrastructure and supply chains. With review standards expanding beyond antitrust into industrial policy and outbound investment, boards are building deal theses around these priorities from the outset, creating clearer pathways for large, resiliency-aligned transactions.

This shift is visible in cross-border M&A, where self-reliance and supply-chain security are increasingly explicit parts of deal rationale. Trade and tariff policies have also become more directly embedded in underwriting and deal mechanics, shifting from a cost input to a variable that influences valuation, risk allocation and timing, further raising the value of early diligence and thoughtful structuring.

A MORE NAVIGABLE ENVIRONMENT, EVEN AS IDIOSYNCRATIC RISKS PERSIST[9]

16
merger investigations in the U.S. in 2025, 2nd lowest ever; 4 in 1Q 2026

90%
decline in abandonments in the U.S., as agencies favor settlements over litigation

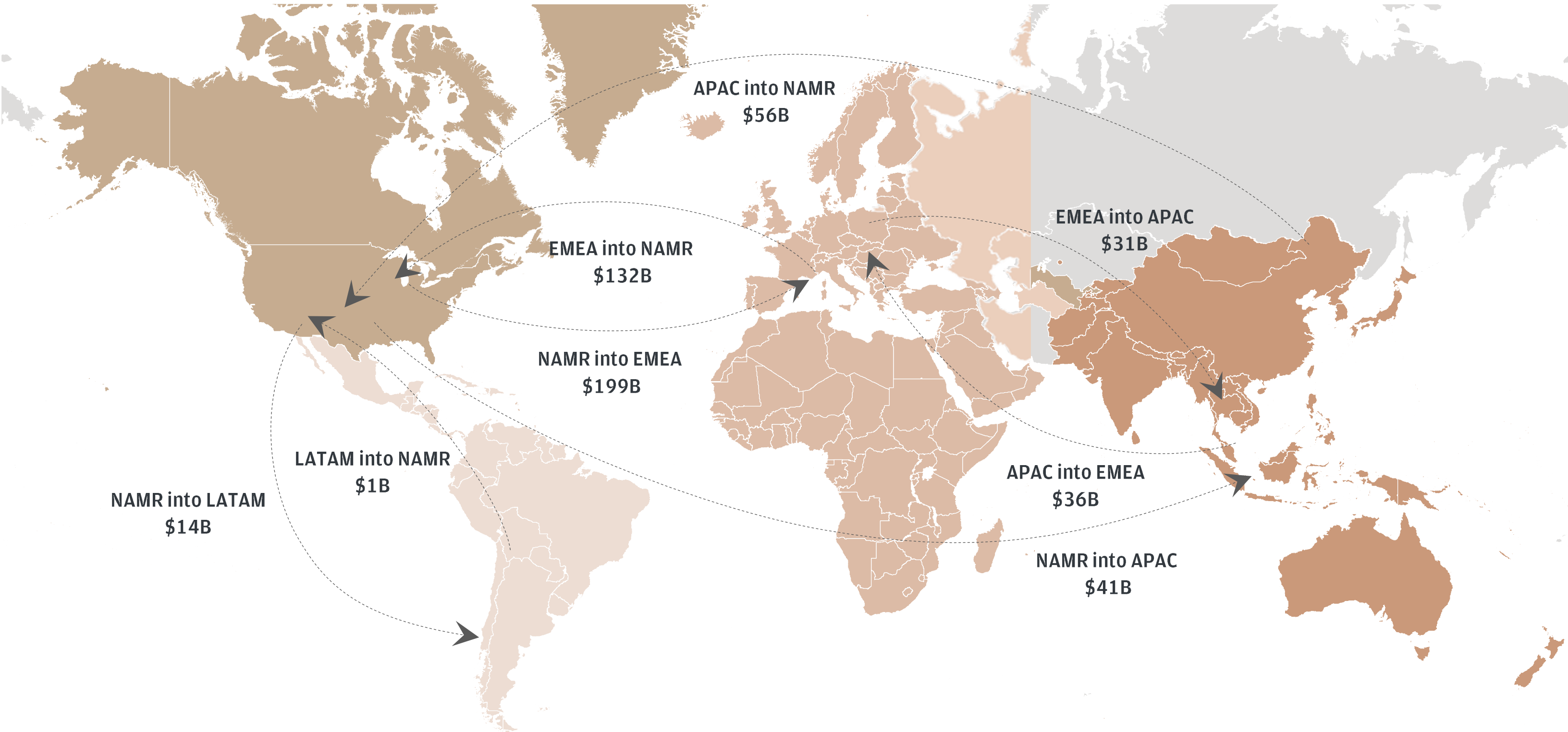
11
EU merger investigations in 2025, 2nd lowest in a decade; 1 in 1Q 2026, a decade low

80%+
investigations saw Phase 1 remedies in EU in 2025, compared to 50% in 2024

Supporting this is a regulatory environment that is rewarding for well-prepared deals. In the U.S., outbound controls are now part of the national security architecture, yet antitrust enforcement has been more restrained, with a revival of settlements, less litigation and improving review timelines as backlogs clear. In Europe, policymakers are similarly broadening the lens, encouraging scrutiny of outbound investment in critical technologies such as semi-conductors, AI, and quantum, while inbound enforcement remains relatively light. Taken together, this backdrop supports growth-enhancing transactions that align with strategic autonomy and competitiveness, often with remedies negotiated earlier in the process.

Cross-border M&A is strengthening, increasingly anchored in **strategic resilience and security alignment**

CROSS-BORDER INBOUND AND OUTBOUND M&A VOLUME BY REGION[10]



CROSS-BORDER M&A VOLUME BY COUNTRY ($B)[10]

Top 5 acquirer countries	1H 2026	1H 2025	YoY %
United States	248	110	>100%
United Kingdom	83	21	~300%
France	47	31	51%
Italy	46	15	>200%
Germany	42	19	>100%

Top 5 target countries	1H 2026	1H 2025	YoY %
United States	182	145	25%
United Kingdom	174	48	>200%
Germany	103	25	>300%
Canada	38	34	11%
Ireland	30	7	>300%

Cross-border activity in 1H 2026 rose 63% YoY to $820B, representing 26% of total M&A volume. Activity also skewed large — 17 of the 48 mega-deals were cross-border, contributing to 37% of total cross-border volume. Momentum is being driven by strategically critical sectors, specifically technology, financials, energy and power.

Regionally, the U.K. and the U.S. continue to stand out as key corridors, with 6 of the 10 largest cross-border deals being transatlantic. European buyers are targeting the U.S. to diversify growth exposure and access innovation, while European-target transactions are often framed around consolidation and the creation of stronger regional champions.

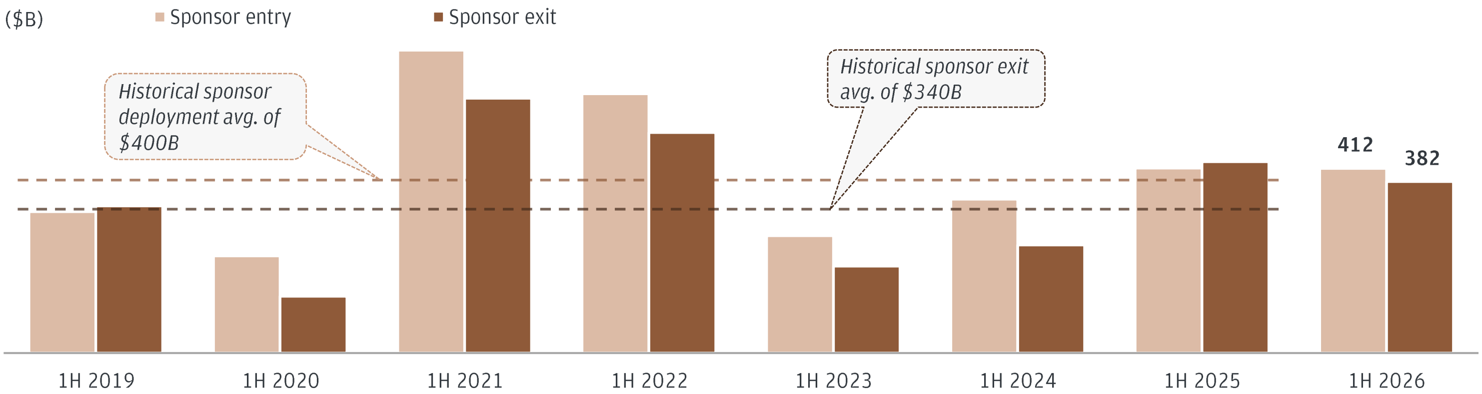
As the emphasis shifts from efficiency-first globalization to security-first strategic alignment, 2H 2026 cross-border activity is likely to be strong and increasingly related to technological sovereignty, energy resilience and supply-chain friendshoring.

Sponsors are more focused, deploying at scale while drawing on multiple pools of capital

The private equity industry entered 2026 hoping for a recovery deferred from 2025. Early optimism pointed to a rebound, but much like last year, a trio of shocks (the AI-driven SaaS sell-off, redemption stress in private credit and conflict in the Middle East) disrupted momentum and kept the market more selective. As strategics led 1H 2026 activity, contributing 76% of total volume and supported in part by AI-related mega funding rounds, sponsor participation stayed modest, ~10 percentage points below the historical five-year average of ~34%.

Importantly, selectivity has not meant inactivity. 1H 2026 sponsor volume totaled $730B (flat YoY), but activity has increasingly concentrated in larger tickets. The last 12 months saw a doubling of mega-deal activity and ~50% growth in the $5–10B segment versus the prior period. Sponsor participation in larger deals has increased over the past few years, signaling that capital is being directed into fewer, more targeted transactions. For the right deal, sponsors are willing to deploy at scale and mobilize multiple pools of capital to improve certainty, extend duration and protect downside. Dual-track discussions also increased. As equity markets moved back to risk-on and the IPO window reopened selectively, sponsors increasingly weighed IPO routes alongside M&A, as sponsor-led IPO volume rose 110% YoY in the first half of the year.

1H 2026 SPONSOR M&A DEPLOYMENT AND EXITS STAYED ALMOST FLAT YOY[10]



Having said that, the return of capital remains a structural pressure point. Sponsors continue to sit on near-record dry powder alongside a growing inventory of aging assets. Pressure to provide distributions to paid-in capital (DPI) is rising while clearing mechanisms remain uneven, specifically in the mid-market where much of the backlog sits. In a higher rate environment and with exit multiples under pressure, sponsors also need meaningfully higher EBITDA growth than five to ten years ago to achieve the same return thresholds, reinforcing why capital is concentrating in higher-quality platforms and scalable outcomes.

~32,000

Portcos in unsold inventory globally; 50% held >4 years, a record high[11]

7 years

Implied capital cycle versus historical decade average of five years (2010-21)[11]

$2.2T

Near-record high dry powder[12]

Structured exits are shifting from bridge solutions to a core liquidity toolkit. Continuation vehicles, minority stake sales, net asset value (NAV) financing and other structured solutions are increasingly used to bridge valuation gaps and accelerate DPI as sponsors work through an estimated $3.8T[11] backlog of unsold assets. These structures also allow sponsors to retain upside in high-performing assets while giving limited partners (LPs) clearer paths to liquidity and recommitment.

Private equity fundraising is also concentrating, with capital flowing to larger and more established platforms as the long tail shortens. Alternative pools of capital are becoming more central to supporting larger deals. Sovereign wealth funds have grown to $15T[13] in assets under management (AUM) in 2025 and are projected to reach $30T[13] by 2035, with increasing direct and co-invest participation, often acting as cornerstone partners in large transactions, particularly across infrastructure and technology. Insurance capital is also emerging as a major source of scalable, duration-matched funding, with the top alternative asset managers collectively managing $1.5T[13] in insurance-related AUM. This long-dated, reliable capital is increasingly underpinning mega-cap sponsor financings, reducing reliance on traditional bank syndication and supporting structured outcomes.

As volatility and uncertainty create openings, **activists are leaning in**, driving record campaign activity and clarity

1

Activism on pace for a record year of public campaigns[14]

- 260 campaigns in 1H 2026 globally, up 15% YoY; 108 in the U.S., the busiest 1H in over a decade (decade avg. of 80 campaigns)
- 115 in APAC, a record 1H and already equal to 2025 full year, driven by high activity in Japan (87 campaigns, up 34% YoY)

2

M&A and capital allocation as core activist levers[14]

- 46% of the U.S. (a decade high), 46% of EMEA, 35% of APAC 1H 2026 campaigns for M&A-related demands
- 20% of the U.S., 37% of EMEA, and 57% of APAC campaigns for capital allocation

3

Voting behavior is fragmenting, making outcomes less predictable

- Big three adopting nuanced stewardship, as proxy advisors face closer scrutiny, and large managers bring voting analysis in-house
- Decentralized voting making contested outcomes harder to predict, and raising the premium on early engagement

4

Less predictable outcomes are driving more settlements in the U.S.[14]

- 2026 proxy season saw 32% of fights going to vote (down from 50% in 2025); 48% of fights settled for board seats (up from 27%)
- Outside the U.S., settlements remain the exception; companies and activists more often lobby shareholders, and boards may take corporate action to address activist-supported concerns

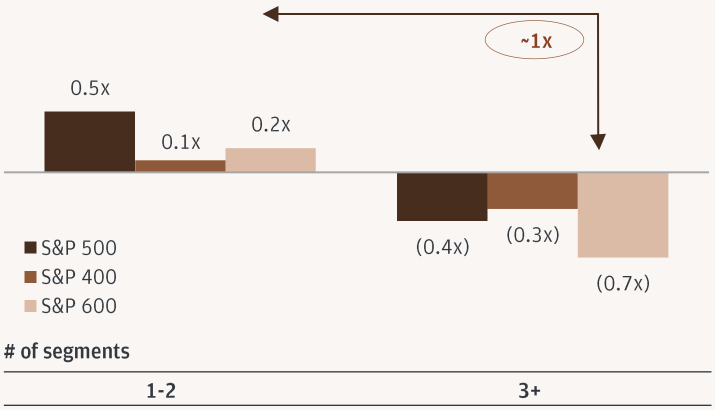
5

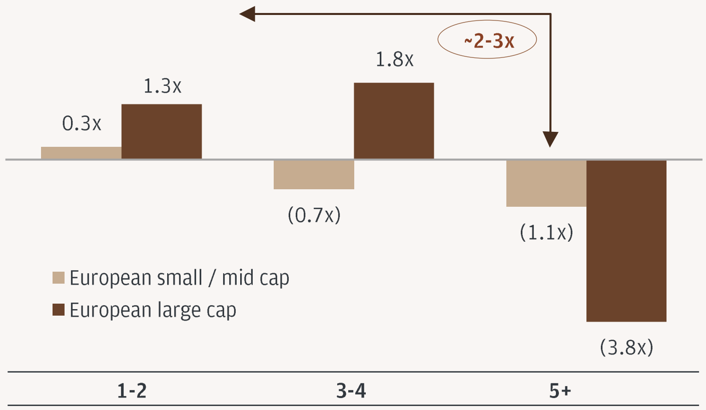
Corporate clarity is the recurring value-creation frame

- Activists continue to target complexity, particularly at companies of scale and those with perceived geographic valuation discounts, and are increasingly aligned with private equity on pursuing pure-play clarity through separations where a credible, actionable sum-of-the-parts case exists

INVESTORS CONTINUE TO REWARD CLARITY AND FOCUS[15]

NTM P/E multiple differential vs. S&P 500 and STOXX 600 by # of reporting segments





After high separation activity in 2025, momentum has continued into 2026. In 1H 2026, there were 8[16] announced and 6[16] completed spins in the U.S. and the U.K.. Divestiture activity reached $1.4T[17] globally (second only to $1.5T in 1H 2021), up 7% YoY and 40% above the 1H decade avg. of $1T. Investors continue to reward simpler, more focused stories, and the payoff can scale with size. Conglomerates that divest or separate underperforming units are being rewarded with meaningfully higher valuations than similarly scaled diversified peers (roughly ~1x P/E multiple in the U.S. and ~2–3x in EMEA).

These actions are increasingly about repositioning rather than defense, recycling capital into priority agendas such as AI-linked capex and selective growth acquisitions. This aligns with the 2026 Mid-Year JPM Director Survey, which states that board agendas are increasingly dominated by growth and AI transformation. And while geopolitical concern remains elevated, capital allocation continues to favor long-term reinvestment, reinforcing corporate clarity as a pivotal theme and underscoring the need for stronger AI governance readiness.

All sectors grew year over year, contributing to a blockbuster first half

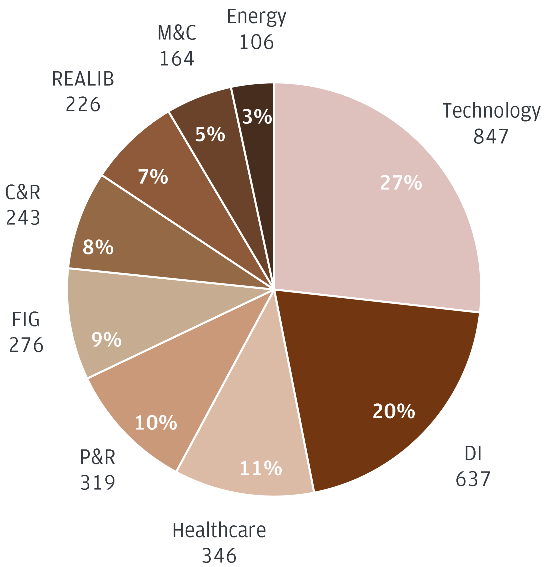
Through 1H 2026, the global M&A market has demonstrated remarkable resilience, with Power & Renewables, Healthcare, Technology and Real Estate all posting growth exceeding 60%.

AI's impact is omnipresent across sectors, and a clear pattern is emerging. Activity remains strong for assets that enable the AI ecosystem, from compute capacity and digital infrastructure to power supply, electrification, cooling, connectivity and specialized components.

Adjacent areas such as engineering, construction, industrials and data center real estate also continue to attract capital and strategic attention.

M&A VOLUME BY TARGETED SECTOR[18]

($B, %)



↑ 75%

TECHNOLOGY

AI-led repositioning, capability acquisition and infra buildout are driving activity, alongside continued minority investments and partnership-style capital formation. Buyers are applying a higher bar to software assets as sponsor activity remains concentrated in AI-linked assets.

↑ 20%[18]

FINANCIAL INSTITUTIONS

Activity remains strong, as institutions pursue scale, cost efficiency and tech-enabled transformation. Consolidation in banking and insurance stays robust, including several cross-border transactions, supported by a stabilizing rate environment, a clearer regulatory path and scale as a strategic imperative.

↑ 25%

DIVERSIFIED INDUSTRIES

Dealmaking is broad-based, centered on focused scale, portfolio pruning, adjacency plays tied to automation and data center-linked demand. Rising defense budgets and geopolitics have shifted underwriting toward resilience, securing supply chains, domestic capabilities and mission-critical technologies.

↑ 80%

HEALTHCARE

Activity remains robust as biopharma companies address patent cliffs and pipeline gaps using strong balance sheets. Healthcare services, med-tech, life science tools and pharma services supported by significant strategic and sponsor-led activity, rising AI adoption and increasing cross-border deal flow.

↑ 35%

MEDIA & COMMUNICATIONS

Strategic consolidation to achieve scale and access premium IP, alongside a supportive take-private backdrop, is driving large media transactions. Digital infrastructure M&A is intensifying as AI infra players consolidate to support massive capex, while telecom remains active as operators simplify balance sheets to fund fiber and 5G buildouts.

↑ 25%

CONSUMER & RETAIL

Consumer mega-deals are returning as portfolio reshaping accelerates and capital concentrates in resilient assets with category leadership, attractive demand exposure and stronger supply chain control. Category leaders are divesting non-core brands to sharpen focus and reinvest in higher-growth, premium categories.

↑ 95%

POWER & RENEWABLES

Strategic buyers continue to pursue scale and critical assets, with utility M&A accelerating as companies race to secure the full power generation stack. Capital is also flowing into nuclear and renewables to meet surging power demand, with speed-to-power emerging as a key differentiator.

↑ 65%

REAL ESTATE

REIT landscape has shifted toward take-privates and scale-driven public mergers. Beyond traditional activity, AI-driven data center real estate attracts outsized demand as digital infrastructure becomes a core institutional allocation.

↑ 1%

ENERGY

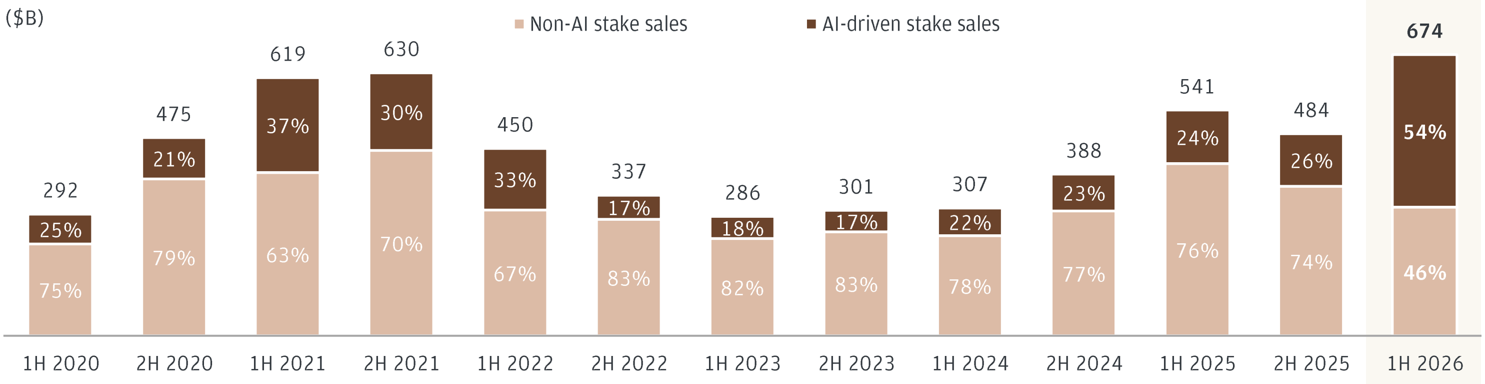
Dealmaking remains selective, focused on reinforcing resilience, supply security, AI energy nexus and infra continuity. Upstream consolidation rebounded as producers pursued scale amid oil price volatility. Critical minerals M&A surged, with sovereign capital taking direct stakes in rare earth and lithium producers.

AI is moving from narrative to execution, attracting massive capital and raising the bar for software defensibility

AI has been a central driver of 2026 deal activity and capital formation, as corporates and investors place long-duration bets to embed it into core operations. Rising adoption and compute demand are turning hyperscaler infrastructure buildouts into a tailwind across the AI supply chain – data centers, power, cooling, networks and enabling software. Urgency is high, and the "fear of missing out" is rising, but macro volatility (trade, energy prices, rates) and uncertainty around the pace of disruption continue to weigh on traditional M&A.

More often, the cycle is expressing itself through minority investments, partnerships and acqui-hires rather than outright acquisitions. Four of the top five global deals in 1H 2026 were tied to AI and its growing infrastructure demands. As shown in the chart below, AI-linked stake sales including landmark funding rounds for frontier model platforms totaled $370B[19] in the first half. Notably, six mega-funding rounds[20] accounted for ~40% of minority investment volume and 8% of 1H 2026 total deal volume, underscoring how AI capital formation is now a meaningful driver of headline M&A activity.

AI-DRIVEN ACTIVITY CONSTITUTES ~55% OF OVERALL MINORITY STAKE SALES[19]



Capital is bifurcating between AI-resilient areas (physical infrastructure, labor-intensive services and real assets tied to electrification and automation) and software segments exposed to greater disruption and pricing risk. Public markets reinforced the divide: the S&P 500 Software & Services index shed roughly $1T[21] in February's *"software-mageddon,"* showing how fast valuations can reprice on defensibility. Undifferentiated seat-based software business models look most exposed as customers use AI to replicate baseline functionality in-house, while platforms embedded in mission-critical workflows, particularly in regulated or compliance heavy settings and backed by proprietary data, are proving more defensible.

In parallel, AI's massive compute intensity is pulling power and grid themes directly into the deal conversation, reinforcing the link between digital strategy and energy infrastructure investment. With expectations for AI and data center capex nearing $5T[22] over the next five years, funding needs are outgrowing traditional sources, opening room for alternative capital and positioning infrastructure to benefit. Finally, AI is as much a geopolitical contest as a technology cycle: the U.S. is frontier-led (advanced hardware, leading models, large-scale capital), while China is prioritizing rapid diffusion via lower-cost models and deep ecosystem integration.

$650B

of hyperscaler capex in 2026; projected to exceed $1T in 2027[24]

~20%

of infrastructure assets estimated to be in digital infrastructure[23]

53%

population adoption of gen AI within three years, faster than the PC or the internet[25]

75%

of AI's economic value is captured by just 20% of organizations[26]

For boards globally, the strategic question is shifting from *"Do we have an AI plan?"* to *"Can we turn AI into durable advantage with strong governance, managed risk and measurable ROI?"* Over time, that shift is likely to keep pushing dealmaking toward (i) capability-led acquisitions where defensibility is clear, (ii) partnership and minority structures that preserve flexibility as the technology evolves and (iii) continued consolidation and capital formation across the infrastructure stack that makes AI deployment possible.

Clarity and adaptability will be the key to successful dealmaking

The first half brought AI-driven disruption, renewed geopolitical volatility and a security first policy lens — reshaping deal strategy, cross-border corridors and execution risk. Yet dealmaking broke records: larger deal sizes, strategic capability-building and AI infrastructure buildout sustained activity. Looking into 2H 2026, scenario planning, strategic foresight and nimble execution will be the key differentiators as momentum continues.

GEOPOLITICAL RISK

Volatility and shifting alliances are raising execution risk and widening outcome ranges, driving tighter diligence, risk-sharing terms and a premium on certainty of close.

EVOLUTION OF U.S. FOREIGN POLICY

Security-first alignment is shaping capital flows, with tighter posture toward strategic competitors and emphasis on allied corridors, impacting dollar, cross-border routing and deal approvals.

REGULATORY ENVIRONMENT

Scrutiny is broader but differentiated, spanning antitrust, FDI and economic security, yet well-prepared deals with clear rationale and credible mitigation are clearing on predictable timelines.

RATES AND INFLATION

Oil-linked inflation risk and a higher-for-longer rate environment continues to influence valuation, financing and timing.

ECONOMIC UNCERTAINTY

With divergence across global central banks, shifting labor markets and a wide range of growth outcomes, boards are prioritizing scenario planning, downside protection and acting decisively when windows open.

TRADE AND TARIFFS

Tariffs have shifted from a cost input to an underwriting variable, affecting valuation, timing and risk allocation, and increasingly factor directly into diligence.

CROSS-BORDER

Geopolitical and protectionist policies are widening valuation differentials, reshaping cross-border corridors and buyers prioritizing resilience and strategic capabilities through a security lens.

BUILDING THE AI ECONOMY

Minority investments and partnerships are scaling as boards pursue capability-led stakes, while hyperscaler capex pulls forward the AI infra stack. At the same time, productivity uncertainty and software compression risks remain.

SCALE AND GROWTH

Boards are pivoting from capital returns toward reinvestment, and markets continue to ascribe near record high premium to scale and durable growth, paving the way for larger, more strategic transactions.

SPONSORS

Sponsors are underwriting in a focused manner, deploying at scale for the right assets, and using structured exits to create liquidity. Dual-track discussions are also increasing as equity markets remain risk-on.

ACTIVISM

Activists are turning volatility into action, shaping outcomes through M&A and capital allocation demands, pushing corporate clarity, driving less predictable voting and more negotiated settlements, especially in the U.S.

CORPORATE CLARITY

Pure-play transitions are accelerating as investors reward focused scale. Divestments, carve-outs and spins are not only being used to sharpen focus but also fund AI infrastructure and capability-building.

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Global head of Director Advisory Services (DAS)

1. Dealogic as of 06/30/2026. Regional data is based on any involvement.
2. Bloomberg and Refinitiv as of 06/30/2026. Highlighted % of all time highs greater than 95%.
3. Bloomberg as of as of 06/30/2026.
4. J.P. Morgan (U.S. Liquid Index “JULI” (All) spread over treasury and HY Yield to Worst index), FactSet, Bloomberg as of 06/30/2026.
5. FactSet as of 06/30/2026. Data as of Q1 2026 and reflects the most recently reported quarterly financials for firms as of 06/30/2026. S&P 500, STOXX 600 and MSCI APAC median calculated by excluding Financials; Chart shows the share of capital allocated to each use as a percentage of total (cash build + debt repayment + net share repurchases + dividends + M&A + capex) in the period. “Uses for growth” = capex + cash M&A; “uses for return” = dividends + net buybacks; cash flow from operations.
6. FactSet, Bloomberg as of 06/30/2026; Note: STOXX 200 Large-cap, STOXX 200 Small-cap, FTSE 100, FSTE 250, S&P 500, S&P 400 and S&P 600 constituents excluding Financials and Real Estate as of Dec 31 of each year.
7. Bloomberg, FactSet; Annual reflects 12/31 data for each respective year; 2026 data as of 06/30/2026 and reflects reported data as of this date. Median of S&P 500, STOXX 600 and STOXX 200 constituents as of 12/31 in each year and excludes financials. Growth measured as 2-yr forecasted revenue growth CAGR.
8. Dealogic as of 06/30/2026.
9. Dechert Antitrust Merger Investigation Timing Tracker (DAMITT) 2025 and Q1 2026 Review; DECHERT 2026 FDI and National Security Review, Jun 2026.
10. Dealogic as of 06/30/2026.
11. Bain Private Equity Outlook 2026: Gaining Traction and McKinsey Private Equity Report: Clearer view, tougher terrain, Feb 2026.
12. McKinsey 2026 M&A Trends - Navigating a Rapidly Rebounding Market, Feb 2026.
13. SWF Data from Bain The Future of Sovereign Wealth Funds: Four Imperatives for the Next Decade, Jun 2026. Insurance Capital AUM from Pitchbook 2030 Private Market Horizons, May 2026. Combined Insurance AUM represents insurer balance-sheet invested assets + third-party / sponsored insurance capital as of 1Q 2026.
14. FactSet, Bloomberg, Diligent, and press articles as of 06/30/2026. Data includes public campaigns in NAMR, EMEA, and APAC targeting companies with market capitalizations over $250M. The percentage of M&A-related demands reflects campaigns with at least one M&A request, such as strategic alternatives, company sale, or break-up, but excludes block M&A demands.
15. For S&P 500 - Bloomberg, FactSet as of 06/30/2026. S&P 500 data excludes Financials and Real Estate; Y-axis is the difference between the median multiple of all firms in the S&P 500 and the median multiple of firms with certain number of segments. For STOXX 600 - Bloomberg as of 06/30/2026; Y-axis is the difference between the median multiple of STOXX 600 SMID and Large-cap firms vs. the median multiple of firms in same size quintile; Analysis runs from 2008-2026 Q1.
16. Bloomberg, FactSet and Dealpoint as of 06/30/2026. Parent market cap > $100M; Transaction value of separated company >$100M as of 06/30/2026.
17. Dealogic as of 06/30/2026. Divestitures includes products such as spin-offs and demergers, divestments / sell-offs, asset sales, partial divestitures and equity carve outs.
18. Dealogic as of 06/30/2026. Sector YoY Growth rounded to the nearest 5%. Financial Institutions appears down 10% YoY due to the inclusion in 1H 2025 of $71.6B of Chinese government capital injections into four state-run banks, which is not typical M&A activity. The growth rate shown here excludes those injections.
19. Dealogic as of 06/30/2026. Pre-packaged software taken as a broad proxy for all AI driven minority stake sales.
20. Six funding rounds include OpenAI, Anthropic, X AI, Waymo/ Dragoneer and Project Prometheus.
21. Reuters as of 02/05/2026.
22. McKinsey The data Center Balance, Aug 2025.
23. Preqin Global Infrastructure Report, 2026.
24. FactSet, Apollo Global Management Hyperscaler Capex Report, May 2026.
25. Stanford HAI 2026 AI Index, Apr 2026.
26. PwC AI Performance Study, Apr 2026.

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