

PitchBook, a database of private equity transactions, annually publishes predictions for the coming year. Looking back on their predictions for 2020, most of them missed their mark because of the ongoing worldwide pandemic. With forecasting of any type difficult under current conditions, PitchBook recently released their 2021 prognostications.

What do Private Equity experts believe will happen during the next 12 months? They believe more money than ever before, over \$330 billion, will be raised for private equity investing. Recent surveys suggest that institutional investors plan to increase their alternative investment allocations, of which private equity will receive the largest percentage. When private equity funds begin to put their idle capital to work, an amount currently exceeding \$1 Trillion, they will likely be working from larger fund sizes, as well as focusing on larger sized investments.

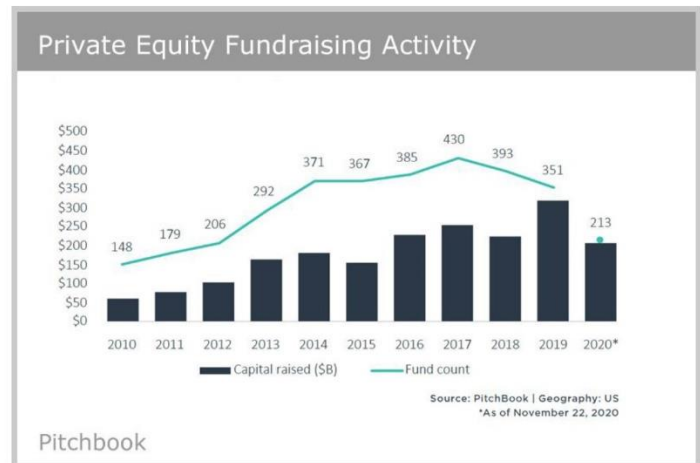


Figure 1

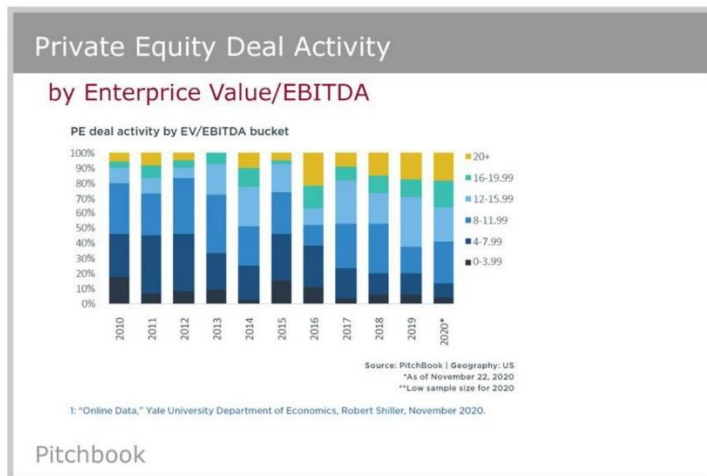


Figure 2

Our own experience in 2020 was likely typical of most investment banking firms. At Corporate Finance Associates, we closed a number of transactions in 2020, yet also saw many deals placed on hold. We welcome 2021; and hope that, as the pandemic eases, the M&A markets will continue along their upward trajectory.

PitchBook also forecasts that 2021 will see continued lofty transaction prices, especially should funds invest in growth-stage technology companies which trade at a much higher multiples of earnings than traditional PE targets. Companies with strong balance sheets and recurring revenues streams will continue to attract investments as in years past.

Other 2021 predictions include more private equity backed companies undergoing IPOs via reverse mergers with a special-purpose acquisition company (SPAC), exits via the secondary market, and a record number of carve out deals.