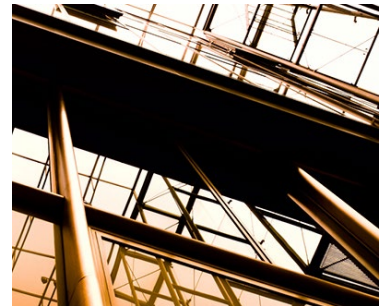


Chart of the Week



Weekly analysis of key themes in markets

May 27, 2026

M&A deal multiples witness gradual growth



Sources: Pitchbook and Wells Fargo Investment Institute. Data as of March 31, 2026. Median EV/EBITDA multiple is shown for U.S. Merger & Acquisition (M&A) transactions. EV/EBITDA stands for Enterprise Value-to-Earnings Before Interest, Taxes, Depreciation, and Amortization. It is a financial valuation ratio that measures a company's total value relative to its operational cash earnings. **Past performance is not a guarantee of future results.** For illustrative purposes only.

Valuation expansion and sector rotation define M&A growth

Global Merger & Acquisition (M&A) activity reached record levels in the first quarter, despite geopolitical headwinds, public market volatility, inflation concerns, and ongoing supply chain disruptions. The quarter remained top-heavy with megadeals driving a lot of the growth, as financing was more accessible for high-quality assets, while companies with weaker credit profiles experienced delays.

The chart above illustrates the increase in U.S. Enterprise Value-to-Earnings Before Interest, Taxes, Depreciation, and Amortization (EV/EBITDA) valuation multiples over recent years. This suggests an investor preference for large, high-quality U.S. companies. The focus has rotated away from Information Technology, Financials, and Healthcare sectors amid concerns around pronounced artificial-intelligence (AI)-driven disruption and tighter private credit conditions, and shifted toward Energy and Materials sectors, supported by increased demand for infrastructure and energy transition investments.

What it may mean for investors

We expect global M&A activity to continue its recovery trajectory, particularly as political and geopolitical uncertainties may begin to ease in the latter part of the year. Current deal concentration may broaden as macroeconomic conditions improve and participation expands. In our view, the improved deal and exit activity can help reduce the backlog of mature private companies awaiting liquidity events and enable capital to be returned to investors, supporting future investment cycles.

Chao Ma, Global Portfolio and Investment Strategy

Excerpted from Investment Strategy report (May 18)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Risk Considerations

All investments are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors due to numerous factors some of which may be unpredictable. Be sure to understand and are able to bear the associated market, liquidity, credit, yield fluctuation and other risks involved in an investment.

Alternative investments, such as private equity/private debt, are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. They entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds.

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