

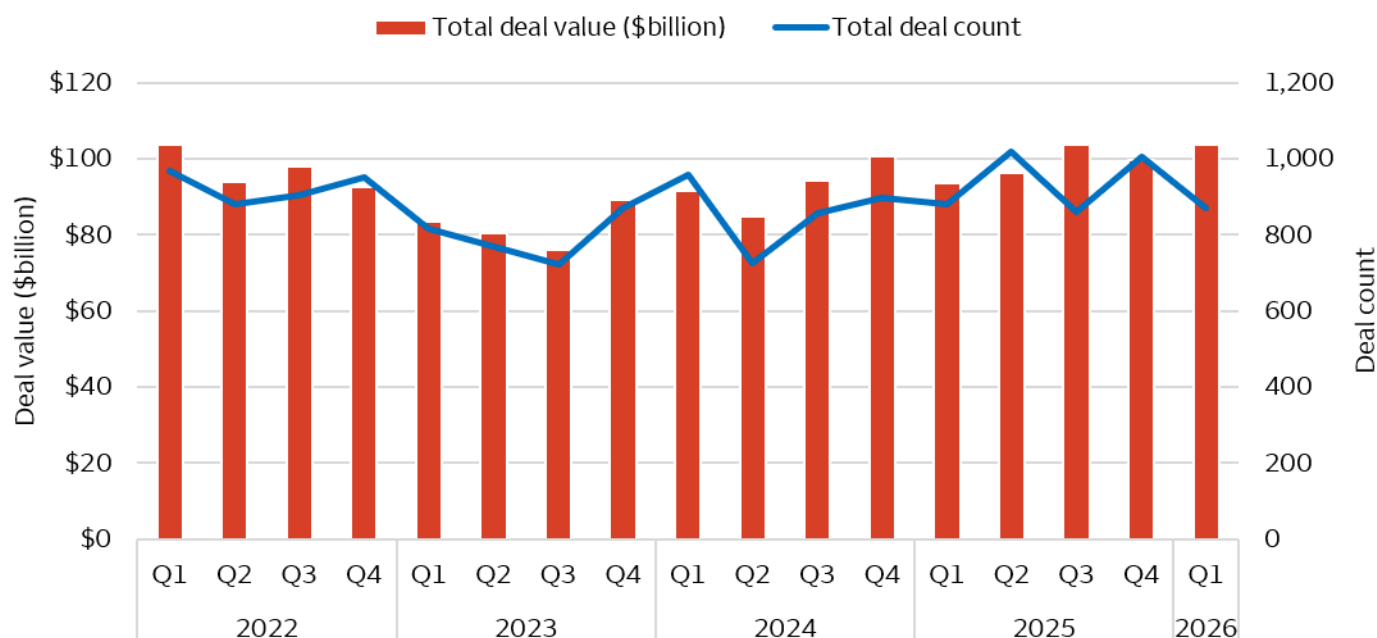
Chart of the Week



Weekly analysis of key themes in markets

July 14, 2026

Small- and mid- buyouts remain attractive



Sources: Pitchbook and Wells Fargo Investment Institute. Data as of March 31, 2026. Q1= first quarter. Q2= second quarter. Q3= third quarter. Q4= fourth quarter.

Increased opportunity for small- and mid- buyout exposure

According to the National Center for the Middle Market, there are nearly 200,000 U.S. middle-market companies contributing roughly one-third of the nation's gross domestic product. We believe this represents a broad and diverse opportunity set for investors. Within small- and mid- buyouts, investor preferences are increasingly shifting toward businesses surrounding data center expansion and electrification.

In the first quarter of 2026, deal volume exceeded \$100 billion, marking the highest first-quarter level in five years and a modest year-over-year increase. This may suggest continued investor interest in smaller transactions, even as attention has expanded to larger deals.

What it may mean for investors

We remain favorable on small- and mid- buyout sub-strategies, which may be supported by several structural tailwinds. Entry valuations tend to be lower in small- and mid- buyouts rather than large buyouts. In addition, exposure to a wide range of middle-market companies may help broaden portfolio exposure and balance risk.

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Excerpted from Investment Strategy report (July 6)

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Alternative investments, such as hedge funds, private equity/private debt and private real estate funds, 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. Hedge fund, private equity, private debt and private real estate fund investing involves other material risks including capital loss and the loss of the entire amount invested. A fund's offering documents should be carefully reviewed prior to investing.

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