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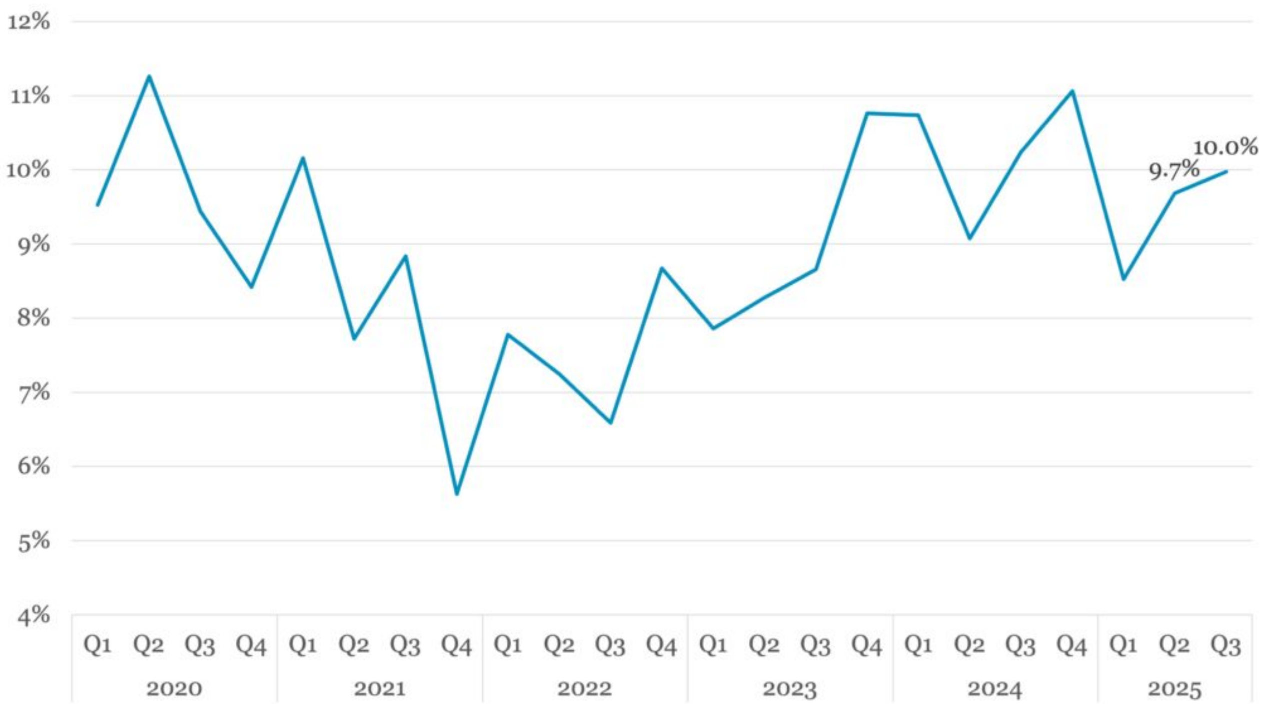

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While quarterly figures can fluctuate, annual trends provide a clearer benchmark, showcasing that carveouts are a core deal type for sponsors. Industry participants note that many large companies continue to sell noncore assets, especially as market conditions improve and stabilize further, allowing corporates to focus on core areas and accelerate growth, all while providing a more compelling story to investors.

Carveouts provide advantages for both buyers and sellers. For sellers, proceeds can be used to address maturing debt obligations or reinvest in higher-growth initiatives. For buyers, carveouts often involve established assets with robust financial histories, enabling more reliable due diligence.This transparency tends to attract a wider pool of bidders, reinforcing the appeal of carveouts in today's dealmaking environment. Additionally, these divested assets can often be underperforming in nature, whether due to a lack of time or resources invested in them by their corporate owners. These "albatross" assets, similar to founder-owned businesses, can provide sponsors with several levers that can be pulled to scale growth. Notable carveout transactions in Q3 included Sonoco's sale of ThermoSafe, a provider of temperature-controlled packaging solutions, to Arsenal Capital

Partners for $650 million in September. This deal allows Sonoco to streamline its operations into two core global business segments. Also in September, GE Vernova—one of GE's three standalone public companies, with Vernova being the energy division—agreed to sell Proficy, its industrial software unit, to TPG for $600 million. GE Vernova will use the proceeds of the sale to reinvest in its grid software business.

(Past performance is no guarantee of future results.)