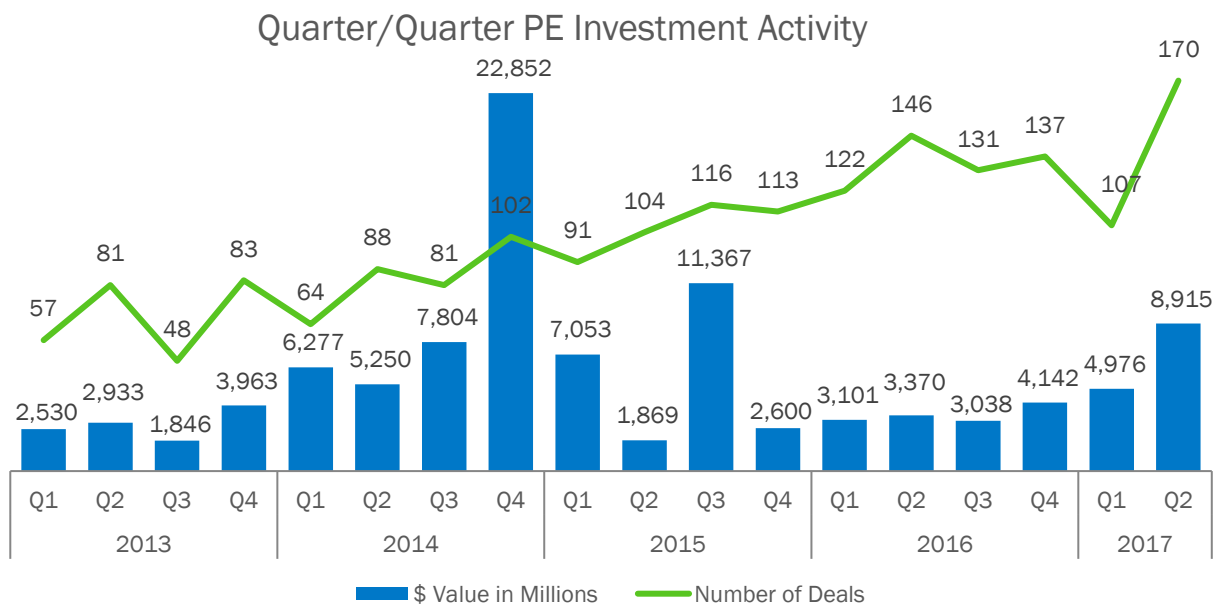


Valitas Insights: Canadian Private Equity: The 2017 Trajectory is Upwards...

In our 2016 review of Canadian Private Equity (PE), we reported sluggish results. But according to the latest [CVCA PE report](#), that's history; Canadian PE has definitively reversed its trajectory. The second quarter yielded \$8.9 billion in deal value invested over 170 transactions, an increase of 79% over the previous quarter, and 164% over Q2, 2016.

These results are particularly interesting in the face of today's [challenging deal environment](#) (described so often in such similar terms, it's achieving cliché status). We've written recently, however, about how PE firms are [evolving to address current challenges](#), and perhaps we're starting to see the impact - although obviously, one strong quarter doesn't constitute a trend.

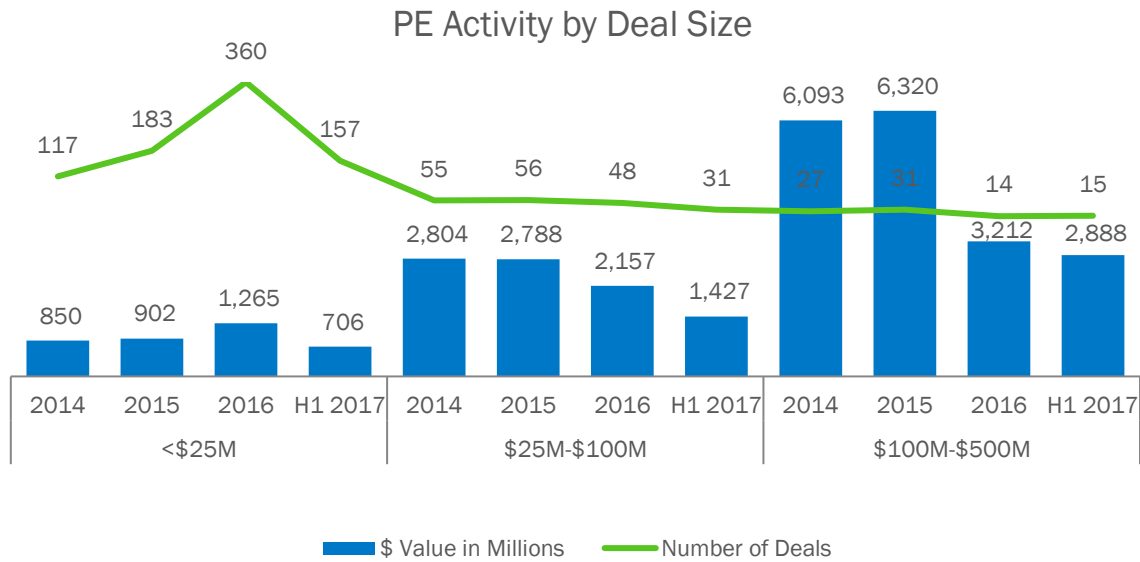


Source: CVCA

Deal Size

While transactions included two \$1 billion+ deals with a total value of \$7 billion, we were particularly interested to see the level of activity in the mid and lower mid-market segments. With 31 transactions in the \$25-\$100 million deal range, that segment is on track for a record year. Additionally, in the \$100-\$500 million range, the deal volume of 15 transactions already tops 2016

levels, and is on track to match or exceed deal volumes for 2014 and 2015.



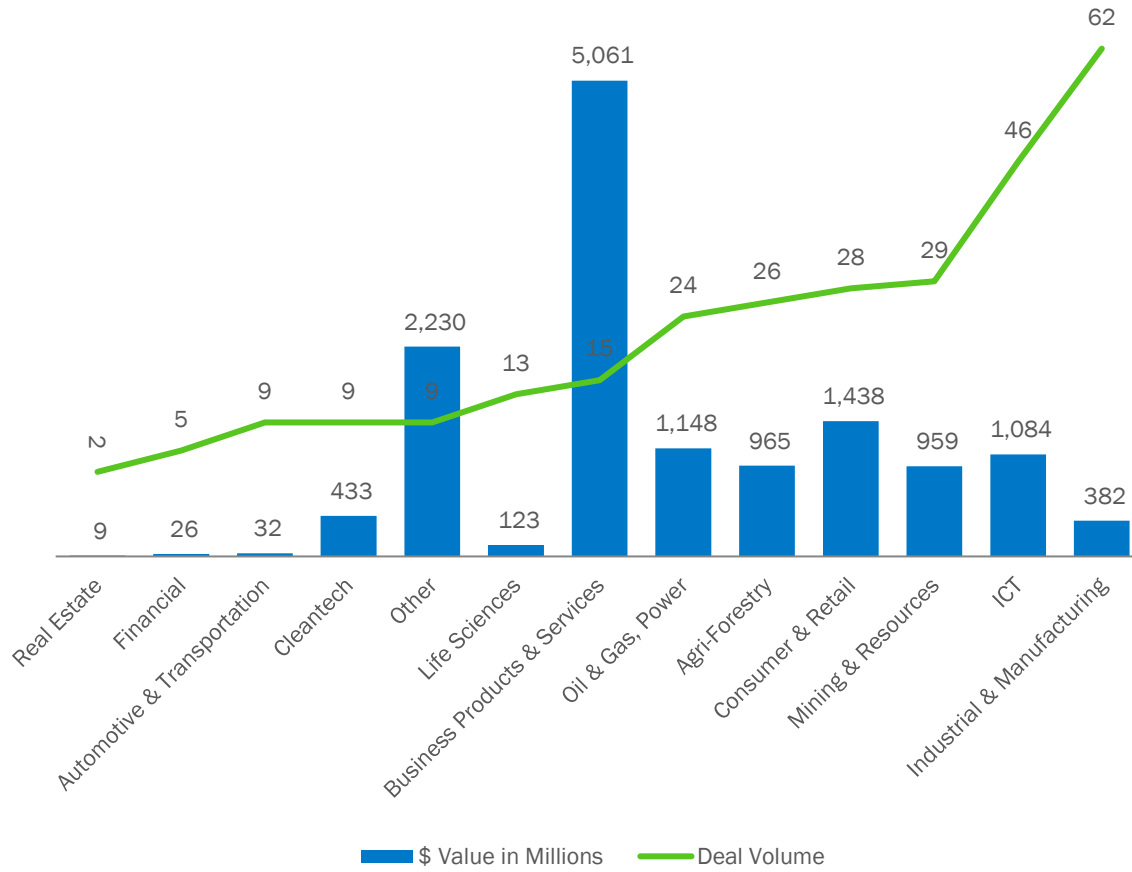
Source: CVCA

Sector Breakdown

There has been a notable shift in PE deal flow over the past few years, with an increased share of transactions landing in the industrial & manufacturing and information and communications technology (ICT) sectors, and a smaller share in the oil, gas, and power sector. Industrial & manufacturing and ICT accounted for, respectively, 23% and 17% of deal volume in the first half of this year, up from 14% and 10% in 2013. Oil and gas accounted for just 9%, down from 19% in 2013.

“Technology is now consistently a top category for activity in private equity... [with anticipated] continued investment growth in the sector as these companies continue to scale.” Mike Woolatt, CEO, CVCA

PE Sector Breakdown



Source: CVCA

Despite the challenging deal environment, it's been a busy few months for PE. It will be interesting to see whether this new trajectory is sustained in the coming quarters. We're looking forward to the check-in on Q3...