Europe's Repricing

Public Signals, Private Opportunities

Continental Drift

European equities have staged a quiet but meaningful comeback in 2025, outpacing their U.S. counterparts for the first time in years. The Stoxx Europe 50 is up over 20% YTD, while Germany's DAX has surged more than 30%, buoyed by falling inflation, a more dovish ECB, and fiscal spending across energy, infrastructure, and defense.

Structural reform efforts in key economies like Germany and France restore investor confidence, while the weaker euro continues to benefit European exporters. As valuation gaps with the U.S. remain wide, institutional allocators are beginning to revisit Europe—not just as a value play, but as a source of stability and secular growth.

Europe leads in 2025: Stoxx Europe 50 up 20%+, DAX up 30% on easing inflation, ECB support, and fiscal spending.

Reforms boost confidence: Germany and France drive investor optimism; weaker euro aids exporters.

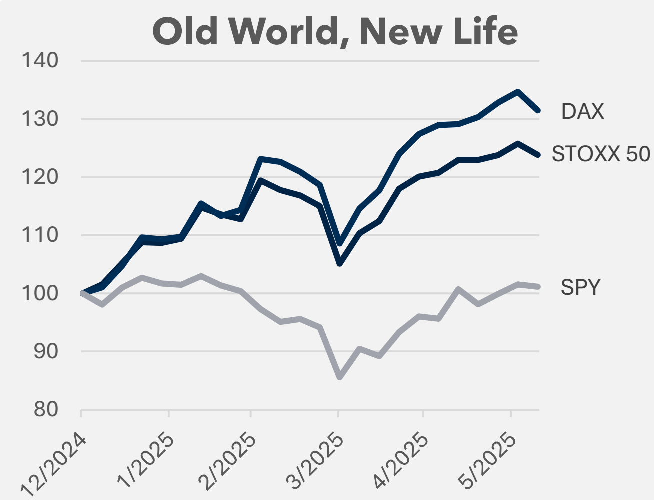
Valuation draws capital: Wide U.S.-Europe gap sparks institutional rotation toward Europe's growth story.

- **European equities are outperforming in 2025**
- **Blackstone has committed $500 billion to Europe over the next decade**
- **Relative valuations remain compelling**

A Bold Commitment

This public market momentum is now being echoed – and amplified – by private capital. Blackstone recently announced plans to invest $500 billion in Europe over the next decade, marking a significant expansion of its presence on the continent. The firm is targeting sectors such as:

- **Infrastructure**
- **Corporate Lending**
- **Real Estate**



Source: BlackRock iShares

This cites favorable policy shifts, structural underinvestment, and a growing pipeline of actionable opportunities. As European policymakers push to modernize economies and drive long-term competitiveness, the region is poised to benefit from a surge of institutional investment at scale.

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Unlocking Value in Europe's Middle Market

While headlines focus on mega-cap takeovers, the middle market continues to drive much of the alpha in global private equity—and Europe is no exception. Mid-sized, often family-owned businesses remain the backbone of the European economy and are typically under-optimized and less intermediated, allowing for lower entry multiples and greater operational upside. Historically, European middle-market buyouts have delivered higher IRRs than large-cap deals, with less leverage and greater alignment.

Accessing these opportunities is not without friction—particularly for U.S.-based investors. Manager fragmentation, regional nuances, and cross-border regulatory challenges make it difficult to source, diligence, and monitor quality opportunities at scale. Partnering with a trusted institutional allocator—one with embedded relationships, underwriting discipline, and the ability to co-invest alongside lead sponsors—can provide both access and efficiency in an increasingly complex ecosystem.

Mid-sized businesses drive returns: Operational upside, lower multiples from family-owned firms.

Superior historical performance: European middle-market buyouts yield higher IRRs.

Expertise is key for access: Trusted institutional allocators are crucial for U.S. investors navigating market fragmentation.

Conclusion

Although European markets appear to be breathing new life, there remain risks abound. Advisors may wish to lean on the expertise and infrastructure of global sponsors with deep roots in European markets.

- **Are you positioned for a European rebound?**
- **Are you maintaining a well diversified private equity sleeve?**
- **How are you managing diligence and oversight across borders?**

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