

New Research Finds the Private Equity Exit Window Did Not Open but the Portfolio Aged Anyway

First National Capital's analysis finds distributions held below 15 percent of NAV for a fourth year and which sponsors will exit first and at better multiples.

IRVINE, CA, UNITED STATES, August 27, 2026 /EINPresswire.com/ -- First National Capital Corporation, one of the largest independent providers of capital equipment and project

financing in North America, today released *Waiting Is Not a Holding Strategy*, a midyear research report examining why the [private equity](#) exit recovery failed to materialize for a fourth consecutive year — and why the sponsors positioned to clear assets when the window opens are deploying operational capital into their portfolios now.

The report revisits the firm's February 2026 research on 100-day integration capital and extends its argument to the aging portfolio problem now dominating sponsor economics. The first half repeated a familiar pattern: early optimism gave way to software repricing, private credit stress, and geopolitical disruption. Bid-ask spreads widened, committees pulled back, and the exits that cleared were disproportionately the best assets in the best funds.

The aggregate position is stark. Distributions as a percentage of net asset value have remained below 15 percent for four consecutive years — an industry record, and not a favorable one — while the implied capital cycle for buyouts has stretched to roughly seven years, well beyond the hold periods most assets were underwritten against. The report's central finding is that this is no longer a timing problem. Assets that deferred operational investment while waiting for an exit window have aged into businesses that will struggle to clear diligence when it opens — running equipment past refresh cycles, deferring automation adopted by their industries, and presenting buyers with a capital expenditure bill instead of a growth story.

The analysis argues that sponsors who separate themselves treat the extended hold as an operating mandate rather than a waiting room — deploying equipment and technology capital into portfolio companies during the hold, without consuming debt capacity reserved for add-ons or diluting equity, thereby converting idle hold-period years into exit-multiple preparation. The



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constraint is not capital availability. It is capital that moves at deal speed, underwrites operational assets banks decline, and structures around existing credit agreements rather than colliding with them.

“The industry has spent four years describing the same year,” said Finbar O’Donoghue, Chief Revenue Officer at First National Capital Corporation. “Recovery deferred, window closed, wait for next year. Meanwhile, the portfolio aged. The uncomfortable finding in our research is that some of these assets will not clear even when the exit market fully reopens, because the operational investment that should have happened in years four and five never occurred. The sponsors who exit well in 2027 are putting capital to work inside their companies in 2026. Waiting is not a holding strategy. It never was.”

Looking to the second half, the report outlines the arithmetic facing sponsors: a record backlog of unsold portfolio companies, limited partners increasingly explicit about distributions, and continuation vehicles treating the symptom while the underlying assets age. Sponsors with modernized, operationally current companies will transact first — and at better multiples — whenever the window opens.

Waiting Is Not a Holding Strategy is the private equity installment in a four-part mid-year research series from First National Capital Corporation, with companion reports covering manufacturing, oil and gas, and business aviation. The report draws on industry fund performance and exit data, deal databases, and First National’s proprietary origination data for PE-backed portfolio companies, along with structured conversations with operating partners and portfolio company CFOs held in the second quarter of 2026.

About First National Capital Corporation — First National Capital Corporation is a leading independent provider of capital equipment and project financing, headquartered in Irvine, California. Taking an investor’s approach to [CapEx](#) funding, the firm designs solutions that reach beyond the limits of traditional lending — including equipment finance and CapEx lines, technology finance and leasing, private aircraft loans and leases, and complex project finance. First National has completed more than \$4.5 billion in funding for mid-sized and large companies across North America, with transaction capacity from \$500,000 to \$250 million. Learn more at firstncc.com.

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