



Brazil Private Equity Report 2026

How private equity in Brazil has evolved and is shaping future opportunities

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Introduction

This report is the first edition of an ongoing collaboration between Bain & Company and ABVCAP. It analyzes recent market developments to establish a comprehensive foundation for understanding the dynamics of Brazil's private equity ecosystem. Certain sections revisit fundamental concepts and historical contexts that, while familiar to seasoned industry participants, are included to ensure a shared baseline and clarity for all readers.

The insights presented here are based on extensive research and interviews with market participants, including general partners, limited partners, and other key stakeholders across the private investment value chain. Their contributions have been instrumental in shaping the analysis.

Private equity outlook for 2026

Dear Colleague,

It may be a good moment to invest in Brazil. Macroeconomic indicators are showing signs of stabilization. Inflation has settled in the mid-to-low single digits; interest rates, although high, are stable and market consensus indicates a potential reduction going forward; the Brazilian real is moving closer to its neutral level; and Brazil provides differentiated exposure to sectors with unique growth drivers, such as agribusiness, natural resources, renewable energy, and a large consuming population.

Exits, however, remain a bottleneck, in line with the global industry, and continue to slow portfolio recycling. Still, managers are seeking creative solutions to keep distributions flowing and maintain credibility with limited partners.

For investors with capital available, the timing can be attractive. Valuations are more reasonable, but competition for high-quality assets continues. General partners are increasingly focusing on sectors where they have deep expertise and proven ability to generate value. Structural reforms add to the opportunity set, gradually unlocking value across the economy.

Looking ahead, much will depend on how the macroeconomic environment evolves toward 2026. If stability continues and reforms advance, the industry is likely to regain momentum in fund-raising and investment, reinforcing the role of private capital in Brazil's long-term growth.

Best wishes,

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Private equity in Brazil

The market has evolved over more than three decades from an early, incipient stage into a consolidated and professionalized industry. Local managers have emerged during this journey and gained scale, standing alongside global players that entered the country. This maturation process fostered greater professionalism, stronger governance, and the ability to adapt to economic and political cycles.

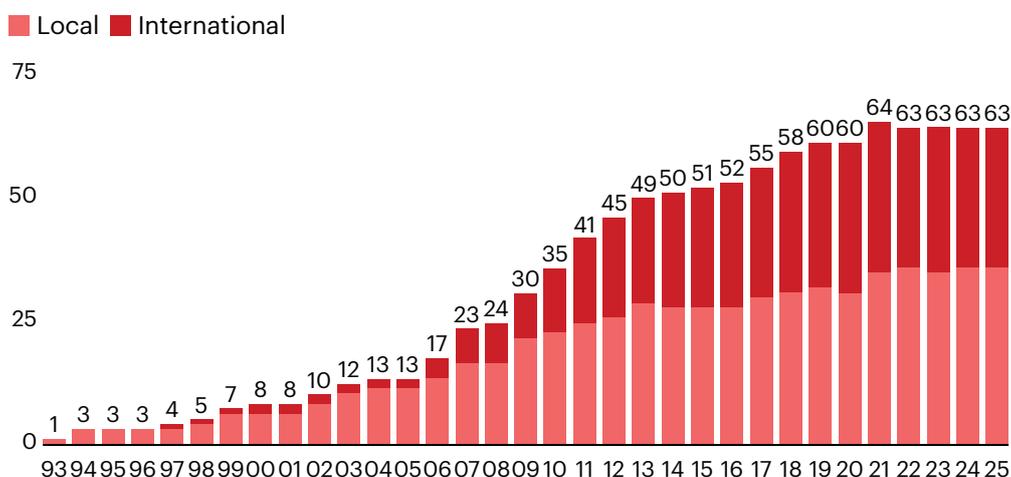
Today, the ecosystem is characterized by a wide diversity of managers and investment models. General partners (GPs) that are generalists operate alongside sector specialists, while strategies range from traditional buyouts to growth equity and venture capital.

This plurality reflects the market’s evolution and allows different types of companies, at various stages of maturity, to access capital. As a result, private equity (PE) in Brazil has become a dynamic, competitive, and essential driver of economic development (see *Figure 1*).

In parallel, the regulatory framework has advanced significantly, aligning more closely with international standards and providing greater legal certainty, predictability, and transparency for limited partners (LPs) and GPs. Among the most relevant milestones was the creation of PE investment funds *Fundo de Investimento em Participações* (FIPs), which established a dedicated structure for the asset class and quickly became the most widely used vehicle in the industry.

Figure 1: The number of private equity firms in Brazil has grown

Number of private equity firms in Brazil (1993–2025)



Notes: A private equity firm is considered to be in Brazil if it holds Brazilian assets in its portfolio; from 1990 to 2025, PE firms exited the Brazilian market, but the overall number of firms grew in the sector; the start year of a PE firm is the year of its first deal, when not officially declared by the company
Sources: Industry reports; companies’ websites; lit. search

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The introduction of a capital gains tax exemption for foreign investors in FIPs attracted international capital and helped put Brazil firmly on the global PE map. This reform proved to be a true win-win for the country; it led to stronger inflows, improved governance practices, and job creation for investors. It provided additional incentives to reach targeted returns.

The principle of limited liability for fund investors, ensuring that their exposure is capped at the amount invested, bolstered confidence and stimulated greater institutional participation.

More recently, CVM Resolution 175 played a central role by consolidating fund regulations into a single framework. Previously, the market operated under multiple overlapping rules (such as Instruction 555 for funds in general and Instruction 391 for FIPs), which created unnecessary complexity. The new framework simplified the landscape, increased clarity for investors and managers, and aligned Brazil more closely with international best practices.

Together, these regulatory improvements reduced interpretive ambiguities and strengthened legal certainty, firmly positioning Brazil as one of the leading PE hubs in Latin America. As a result, Brazil's PE industry has invested across diverse sectors (e.g., financial services, food, healthcare), pursued multiple theses (e.g., market growth, share growth, buy-and-build), and achieved successful exits.

Sector-wise, there is a broad set of investments across multiple industries: financial services (Nubank, EBANX); food and restaurants (Domino's, Grupo Alife Nino); healthcare (Fleury, Rede D'Or); industrials (Tigre, Ultra); retail (Hering, Cobasi); education (Cogna, Vitru); consumer products (Cimed, Lola); wellness (Bio Ritmo, Bluefit); energy (Órigo Energia); agribusiness (Agrichem, Alvorada); sanitation (Iguá, BRK Ambiental); and telecom (Winity, Vero).

From an investment thesis perspective, investments span a wide range of private equity theses, including growth (Vivo, Arklok, Óticas Carol, AGV Logística), market share expansion (Farmax, Frasle, NotreDame Intermédica, Aegea), buy-and-build (Sinqia, Alloha, Cruzeiro do Sul, Smart Fit), international expansion (VTEX, Skala, Fogo de Chão), and operational and performance improvement (Acelen, Walmart).

Exit activity has also been robust, with numerous successful outcomes through sales to strategic buyers (Afyá, Grupo CRM, Grupo BIG, Zee.Dog, Casa do Adubo, Easynvest), financial sponsors (Entrevias, Camil, Leveros, WeVets), public markets via IPOs and follow-ons (Grupo GPS, XP Inc., Petz, Hidrovias do Brasil), as well as management- and founder-led buyouts (Chilli Beans, Oba Hortifruti).

Taken together, these examples highlight Brazil as a highly attractive and resilient market for PE investment.

The transformations that shaped Brazil into what it is today

Parallel to the PE industry growth, Brazil itself has transformed. Since the 2000s, the country has grown substantially and is the world's 10th-largest economy. This growth stems from sociodemographic, economic, and regulatory factors.

Sociodemographics

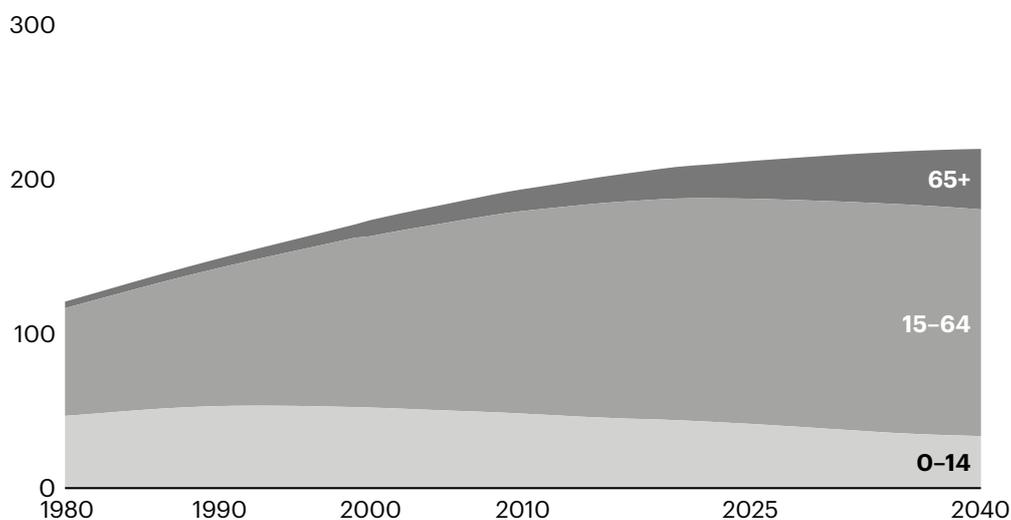
Brazil's demographic profile has been a key driver of economic expansion over the past few decades and remains a source of long-term growth. With a population of over 210 million, Brazil is the seventh-largest country in the world.

On the supply side, Brazil benefits from a growing and increasingly qualified labor force. The economically active population is expected to continue expanding for at least two decades, providing sustained support for GDP growth (see *Figure 2*).

In addition, education levels have improved markedly: The number of higher-education graduates quadrupled since 2000, and the share of the population holding a university degree doubled over the past 20 years.

Figure 2: Brazil's economically active population is expected to increase

Brazil's population by age, millions of people



Source: IBGE

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On the demand side, Brazil represents a large and dynamic consumer market. Rising urbanization, social mobility, and the expansion of the middle class fueled consumption. Financial inclusion improved significantly: Adult access to banking services increased from 68% in 2014 to 86% in 2024, while credit card usage jumped from 28% to 52% between 2018 and 2023, surpassing the US over the same period.

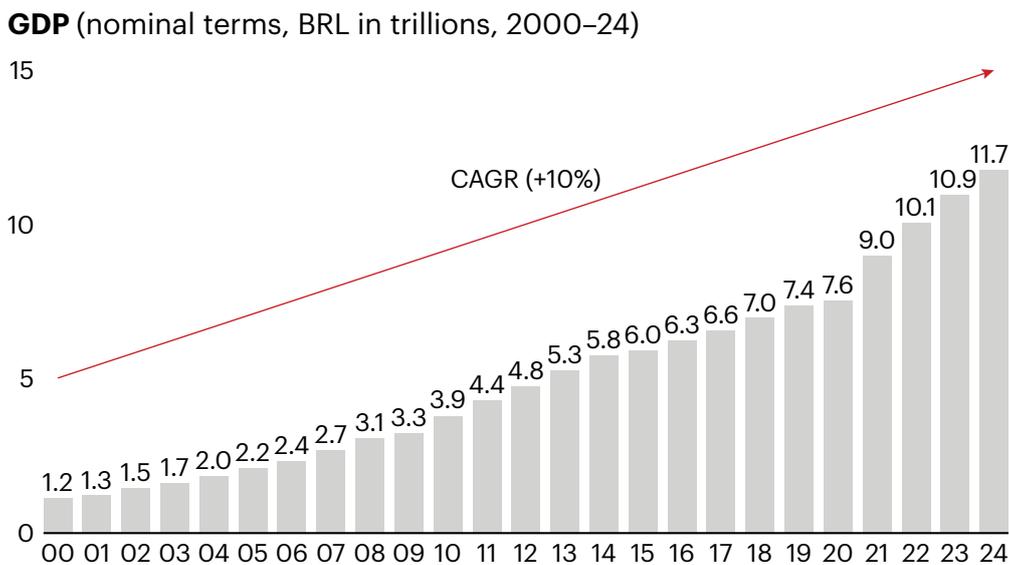
Digital connectivity is another defining feature: Internet penetration rose from about 20% of households in 2010 to over 75% in 2024, making Brazil the second-largest country globally in time spent online and third in time spent on social media. This combination of labor supply, education gains, mass consumption, and a digitally connected population positions Brazil as a market with production capacity and purchasing power.

Economic

Brazil’s GDP has shown consistent long-term growth, increasing at a CAGR of more than 10% in nominal terms (see Figure 3).

Historically central to Brazil’s growth story, the role of natural resources has been reinforced by a transition to sustainability. Between 2015 and 2024, the country added more than 100 GW of installed power capacity, mainly from renewable sources such as wind, solar, hydro, and biomass. Today, Brazil boasts the cleanest energy matrix among G20 countries, with close to 90% of electricity generation coming from renewables (see Figure 4).

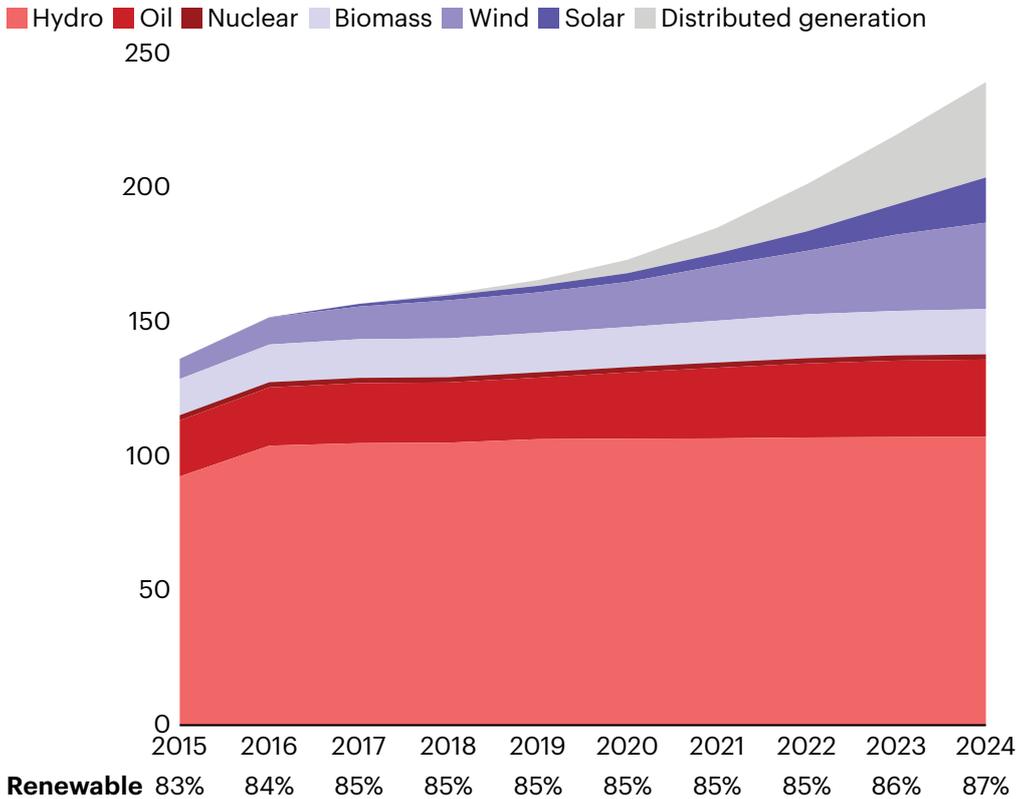
Figure 3: GDP has been growing by double digits in Brazil



Note: BRL is Brazilian real
Source: LCA

Figure 4: Brazil has developed a clean and renewable energy matrix

Evolution of installed capacity (GW, 2015–24)



Sources: EPE; Ember

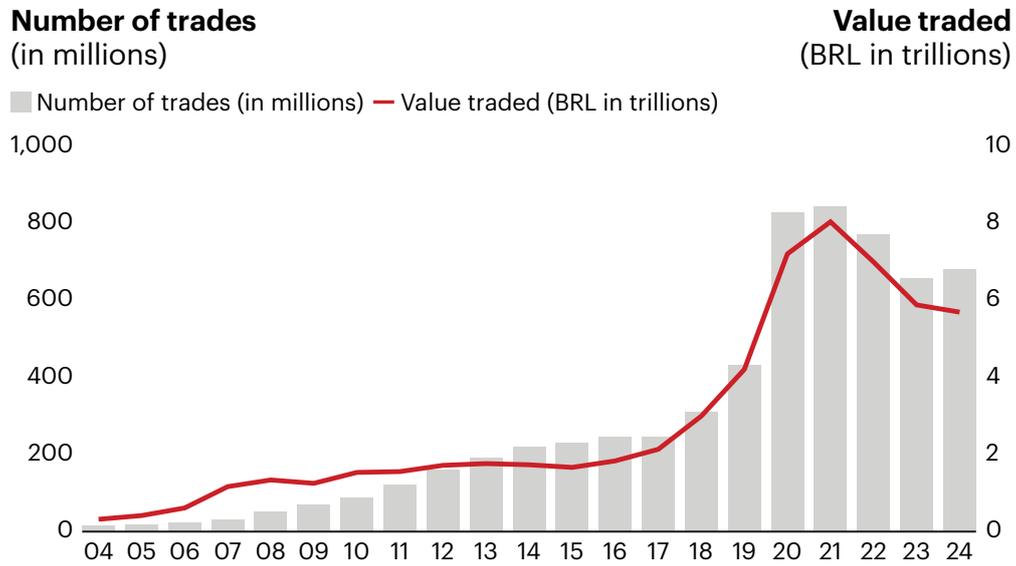
Beyond energy, the country is one of the largest producers of food and grains, the second-largest producer of iron ore, and the eighth-largest producer of oil.

The entrepreneurial environment combines innovation capacity with capital market maturity. Brazil hosts a well-established innovation ecosystem in Latin America. By 2025, more than 25 unicorns had emerged across sectors such as financial services, e-commerce, logistics, and health.

Capital markets have also matured: The consolidation of exchanges to form B3 (BM&F and Bovespa, which later merged with Cetip) created one of the largest stock exchanges globally, while the debt market has tripled since 2018 (see Figures 5 and 6). This ecosystem provides financing channels for growth companies and reinforces Brazil’s position as a hub for private investment in emerging markets.

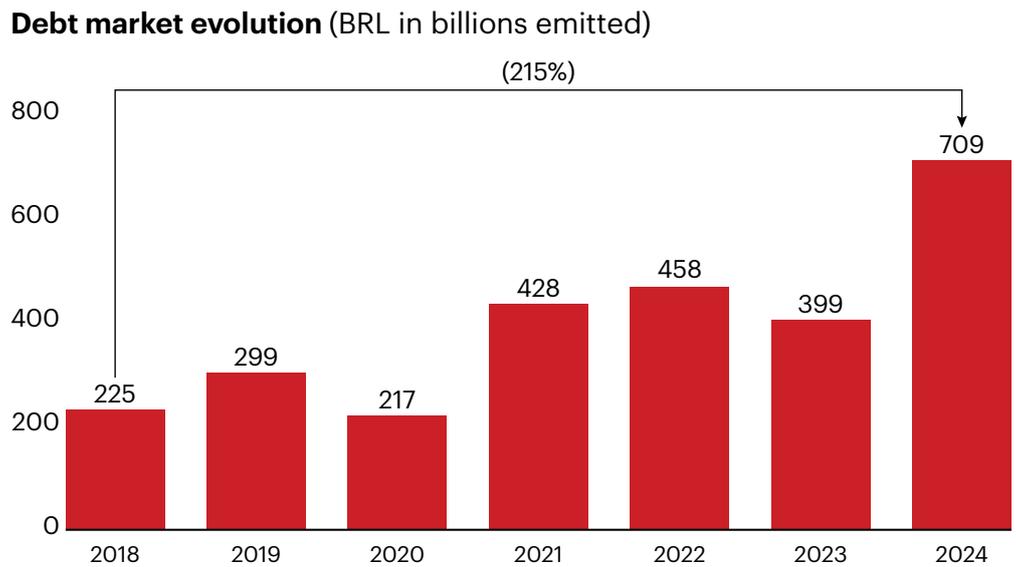
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Figure 5: Equity capital market activity has gained relevant scale, 2015–24



Note: BRL is Brazilian real
Source: Anbima

Figure 6: The debt market has tripled over the past six years



Note: BRL is Brazilian real
Source: Anbima

Regulatory

Brazil has advanced a wide range of structural reforms over the past three decades that significantly strengthened its institutional framework and investment environment. Collectively, these reforms represent a substantial leap forward from the 1990s.

Following the Plano Real in the mid-1990s, initiatives such as the Basel Accord (1994) and the Financial System Restructuring Program (1995) stabilized the banking sector and restored confidence in the financial system. The creation of the Credit Guarantee Fund (1995) provided further protection for investors. Large-scale privatizations between the 1990s and early 2000s, as well as those from 2022 to 2024, reduced the state's role in the economy, transferring key companies such as Vale, Eletrobras, and Sabesp into private hands.

From the mid-2010s, a new wave of reforms focused on governance, fiscal sustainability, and competitiveness. The SOE Law (2016) strengthened governance standards in state-owned enterprises, while labor reform (2017) modernized contracts and reduced litigation costs. Pension reform (2019), which raised the retirement age and tightened rules to ease long-term fiscal pressure, was a landmark achievement in fiscal consolidation.

Recent reforms addressed strategic sectors and legal frameworks critical to investment activity. The Legal Sanitation Framework (2020) opened the door for private participation in an underfunded sector, while bankruptcy reform (2020) streamlined restructuring processes, improving recovery prospects for creditors and investors. Tax reform (2023) simplified Brazil's complex tax structure by unifying indirect taxes into a dual-VAT model, enhancing efficiency and predictability.

Brazil's highly volatile macroeconomic environment

Despite structural progress in regulation, demographics, and economy, Brazil remains a highly volatile market. This volatility has shaped how investors approach the country and has been a defining feature of the local PE landscape.

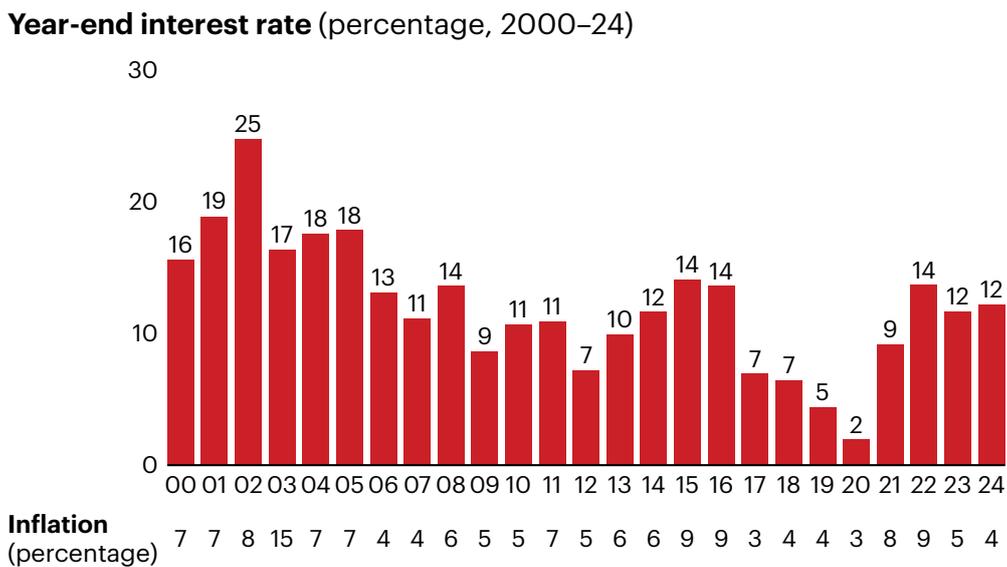
Over time, GPs have had to navigate four recurring challenges: (1) structurally high inflation and interest rates; (2) a historically volatile currency; (3) political uncertainty that directly affects the business environment; and (4) a capital market with cycles of high and low liquidity.

Structurally high interest and inflation rates in Brazil

Structurally high inflation and interest rates are pressing issues. Between 2000 and 2024, Brazil recorded average inflation rates of 6.3% and average interest rates of 12.2%, levels above those of other emerging and developed economies (see *Figures 7 and 8*).

High inflation and elevated interest rates create a challenging environment for companies. Inflation increases costs across the value chain while making it harder to fully pass them on to consumers. At the same time, high interest rates raise the cost of borrowing, limiting access to credit and making investments in expansion, innovation, or acquisitions more expensive. Together, these factors compress margins, reduce profitability, and slow down growth.

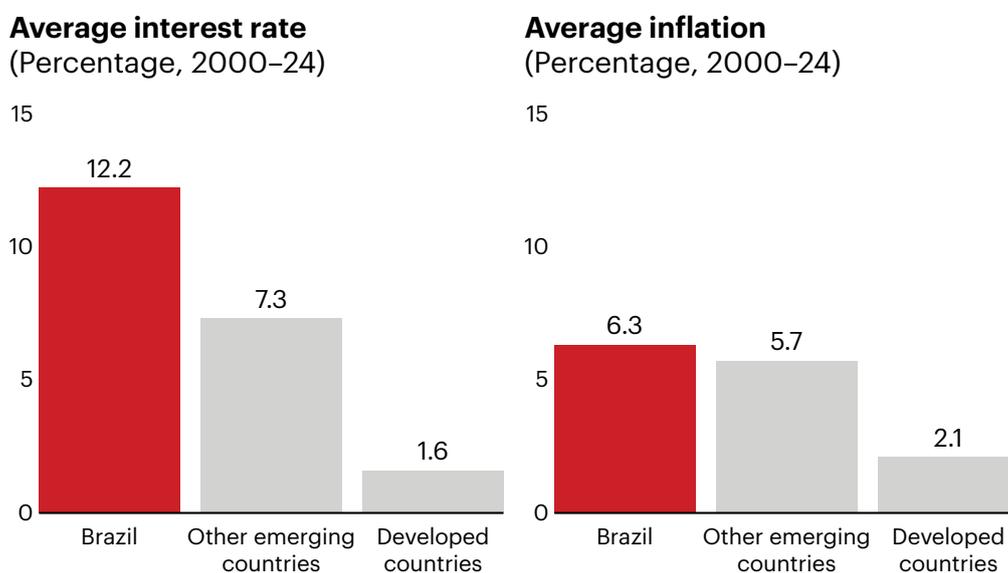
Figure 7: Brazil has structurally high interest rates and inflation



Source: LCA

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Figure 8: Interest rates and inflation in Brazil are above emerging, developed countries



Notes: Calculated considering year average; emerging countries include China, Russia, Mexico, India, South Africa, and Indonesia; developed countries include US, Germany, France, UK, Japan, Australia, Canada, and Singapore
Sources: LCA; S&P Global

For investors, particularly in PE, this dynamic reduces the appeal of using leverage to enhance returns, thus increasing reliance on operational improvements and value creation within portfolio companies.

Volatility in currency

Currency volatility adds risk. The BRL has historically been one of the most volatile emerging market currencies (see *Figure 9*). Exchange rates against the US dollar (USD) have shown sharp fluctuations influenced by global risk sentiment, shifts in interest rate differentials, commodity price cycles, and external shocks. Periods of appreciation have often been followed by steep depreciations, creating greater unpredictability than comparable markets.

For PE investors, this volatility directly impacts returns. Even when portfolio companies perform well in local currency terms, exchange rate swings can erode value when proceeds are converted into USD at exit. This uncertainty complicates valuation models and exit planning, as it is difficult to predict the effective dollar outcome at the end of the holding period. As a result, foreign exchange (FX) risk is a critical factor in structuring deals.

Figure 9: In recent years, the BRL has traded above its theoretical rate

Nominal exchange rate vs. theoretical exchange rate

(BRL and USD, 1994–2024)



Notes: Theoretical exchange rate considers exchange rate adjusted for Brazilian and American inflation (IPCA, CPI); BRL is Brazilian real
Source: LCA

Political uncertainty directly affects the business environment

Shifts in government priorities, regulatory changes, or delays in structural reforms often introduce uncertainty for companies and investors. Entire sectors, such as energy, infrastructure, or education, have experienced abrupt regulatory changes that reshaped competitive dynamics overnight. This unpredictability raises the overall risk profile and complicates long-term planning.

Understanding how political cycles and policy decisions influence specific industries has become a critical part of due diligence. PE managers must manage financial performance in the institutional and regulatory landscape. Funds that succeed in Brazil often anticipate regulatory trends, maintain close engagement with stakeholders, and build resilience into portfolio companies to withstand potential shocks.

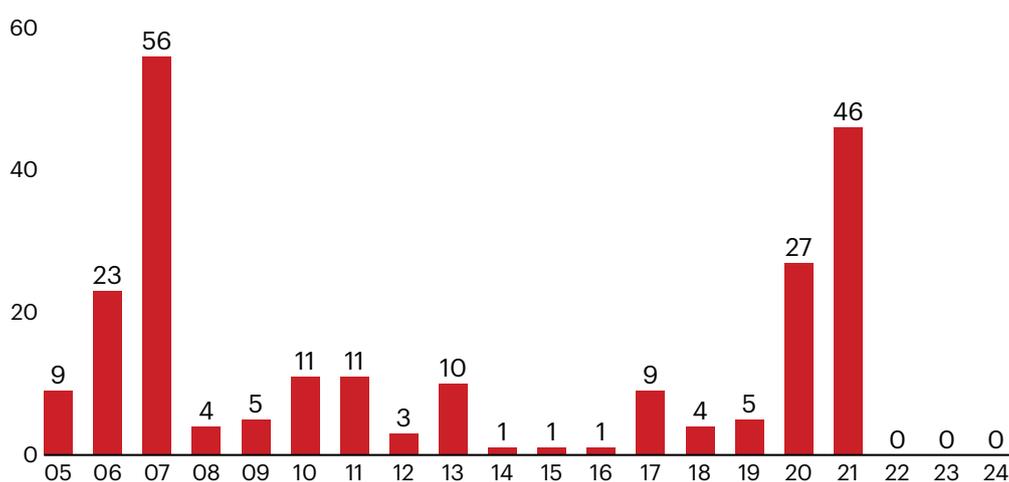
Capital market with cycles of high and low liquidity

Periods of high liquidity in Brazil’s capital markets tend to be short-lived, driven by global risk appetite and favorable domestic conditions, while downturns can last for several years.

The last major IPO cycle, between 2020 and 2021, saw a wave of companies going public as valuations rose and investor optimism peaked. Soon after, however, rising interest rates and global uncertainty shut the IPO window, leaving many companies without access to equity markets in Brazil (see Figure 10).

Figure 10: There have been no IPOs in Brazil since 2021

**Number of IPOs in the Brazilian stock exchange
(2005–24)**



Note: Includes listed companies in the local market (B3) and international listings of Brazilian companies
Source: Industry reports

Looking ahead, the outlook for IPOs in Brazil remains uncertain. After the intense activity of 2020 to 2021, the window has remained closed, and most market participants do not expect a meaningful reopening in the next two years. Persistent macroeconomic challenges, coupled with global risk aversion, limit liquidity for new listings. As a result, IPOs are unlikely to serve as a reliable near-term exit route, reinforcing the need for managers to prepare alternative strategies.

Even when the IPO market does reopen, exiting through the public markets is rarely immediate. Investors typically face lock-up periods that prevent them from selling their shares immediately after the listing. It can take several years before a meaningful position can be divested without sending a negative signal to the market. A premature exit may raise concerns among other shareholders and depress valuations. This dynamic makes IPOs a more gradual and complex path to liquidity, requiring patience and careful planning from PE managers.

GPs developed a playbook to operate effectively within Brazil's macroeconomic context

Over time, not all managers were able to withstand Brazil's volatility. Some left the market or were consolidated; those that remained developed a distinctive playbook to succeed in the country.

Among several actions taken, four stand out consistently as the main pillars of this approach: (1) conservative use of leverage; (2) gradual deployment of capital over time; (3) deep expertise in the sector and in the company; and (4) focus on revenue growth and margin expansion, preparing the investment for an opportune moment of liquidity.

Conservative use of leverage

The first pillar of this playbook has been the conservative use of leverage. Unlike in more developed markets, where debt financing is widely accessible at lower costs, in Brazil, structurally high interest rates make leverage expensive and risky.

As a result, leading managers focused on creating value through operational improvements and growth, rather than financial engineering. This discipline has helped portfolio companies remain resilient and reduce risk, even in periods of tighter credit conditions.

Gradual deployment of capital over time

The second key strategy has been the gradual deployment of capital over time. Currency volatility, particularly the swings in BRL and USD exchange, can erode returns if investments are concentrated in a single vintage or a single year.

By pacing capital commitments across different years, managers have reduced exposure to specific FX shocks and positioned themselves to take advantage of more favorable entry points during downturns, while reducing concentration risk in any single moment of the cycle. It also provides flexibility to adjust deployment as new macro and sector dynamics unfold.

Managers apply a similar approach within individual deals, structuring investments in stages rather than committing the entire amount upfront. Tools such as earn-outs, follow-ons, and contingent payments align capital deployment with company performance, goals, or predefined conditions.

This phased approach helps protect against downside risk and strengthens alignment with management teams. It also ensures that capital is released as the business delivers results and growth opportunities materialize.

Deep expertise in the sector and in the company

Managers have built deep sector expertise over time. Many GPs in Brazil specialize in industries where they can bring differentiated knowledge, networks, and capabilities.

This specialization allows GPs to identify value-creation levers beyond financial oversight, helping portfolio companies improve operations, expand into adjacent markets, or adopt best practices in governance. Sector depth has been important in building credibility with entrepreneurs, coinvestors, and LPs.

Before making an investment, managers dedicate significant time and resources to detailed due diligence. This goes beyond financial analysis, encompassing a close look at how the company operates, its market dynamics and competitive positioning, and the quality of its management team. Understanding the leadership's vision, alignment, and execution capacity is often as important as assessing the numbers.

The best-performing investors differentiate themselves by conducting fully integrated due diligence that combines commercial, technical, and operational insights into a single view of performance and potential. GPs underwrite risk with greater conviction, identify concrete value-creation opportunities, and translate the growth story into a practical roadmap from day one.

Focus on revenue growth and margin expansion, preparing the investment for an opportune moment of liquidity

Finally, successful managers have consistently focused on driving revenue growth and margin expansion to prepare companies for the right liquidity event. Given the unpredictable nature of IPO windows and the cyclical nature of local capital markets, Brazilian managers know that portfolio companies must be resilient to attract interest from a range of exit alternatives.

Whether through a public listing, a strategic acquirer, or another financial sponsor, by prioritizing operational strength, GPs in Brazil ensure that companies are well positioned when liquidity windows open, increasing the likelihood of successful exits. A critical part of preparation is developing a clear and robust value-creation plan from the outset.

The best-performing investors cocreate plans alongside portfolio management teams as early as possible after investment, translating strategic ambition into a concrete set of operational and financial initiatives. These plans define the sequencing, ownership, and metrics to deliver measurable impact. This collaborative approach ensures alignment across stakeholders and embeds the discipline needed to achieve sustainable value creation.

Executing these ambitious plans often requires strengthening management teams and building new capabilities, something Brazilian GPs have consistently prioritized. This can involve bringing in seasoned executives, adding expertise in areas such as digital transformation, supply chain, or professionalizing governance structures. By making these enhancements early, managers increase the company's ability to deliver on the value-creation plan, improve credibility with potential buyers, and unlock higher valuations at exit.

In line with global trends, fund-raising has been challenging

Fund-raising

Fund-raising has become difficult in Brazil recently due to the lack of exits—in Brazil and across the globe. Many funds have yet to return capital to their LPs, which makes it harder for the fund-raising cycle to restart.

Without distributions, the flywheel of PE struggles to turn, and investors are reluctant to commit new money while outstanding commitments remain locked. This dynamic has been a major bottleneck for the industry, amplifying the impact of closed IPO windows and slower M&A activity in Brazil. Still, several funds continue to raise resources successfully, showing that there is appetite for Brazil when the right ingredients are in place.

Among the factors that stand out, a strong and proven track record remains the single most important credential. LPs want to see evidence that managers can navigate Brazil's cycles and still deliver consistent returns. Long-term relationships with investors are also important, often built over decades, which create trust and confidence even in uncertain times. Finally, sector specialization has become a decisive differentiator: LPs value managers who can demonstrate deep expertise and repeatable value creation in industries where Brazil offers structural growth opportunities.

When pitching to investors, successful Brazilian GPs combine these pillars into a compelling story: a track record of resilience, trusted partnerships, and a clear strategy anchored in sector knowledge.

Investments

Over time, Brazil's PE has evolved steadily, with the number of deals increasing consistently. This growth reflects the industry's gradual maturation and the asset class's growing relevance in Brazil.

The peak of this expansion came in 2020 to 2021, when abundant global liquidity and a favorable domestic environment fueled a surge in deals. Capital was widely available, valuations reached record levels, and investment activity accelerated at an unprecedented pace, reflecting investor optimism and the momentum of Brazilian companies seeking growth.

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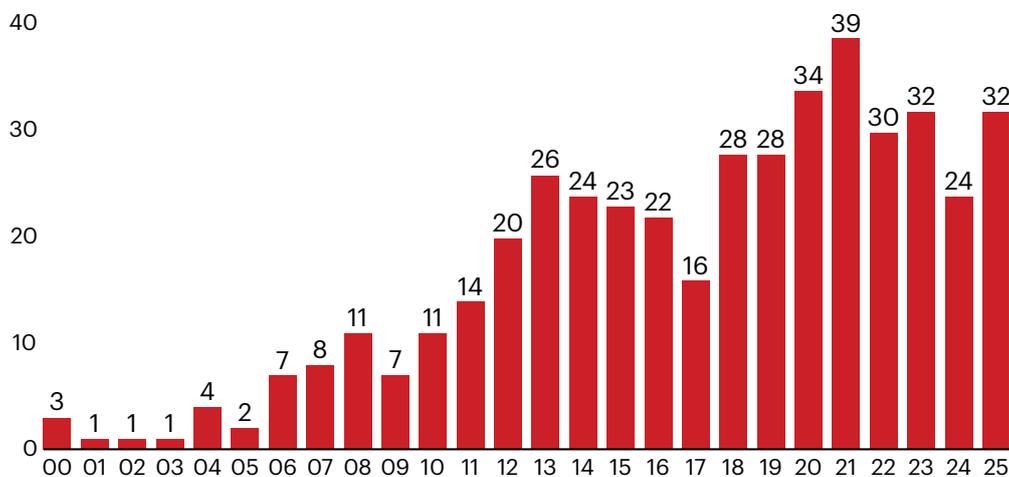
Since then, the industry has entered a more cautious phase. Higher interest rates, tighter capital conditions, and the closure of IPO windows have reduced deal flow. In this new environment, managers have become more selective, especially after the exuberance of 2021, and are increasingly focusing on investment theses in sectors where they have deep specialization and proven know-how to generate value within their portfolio companies (see *Figure 11*).

Despite the more cautious environment, Brazilian GPs maintain significant capital to deploy when attractive opportunities arise. Valuations, which had spiked during the exuberance of 2020 to 2021, have since normalized, creating more favorable entry points for disciplined investors. This adjustment helped bring expectations closer between buyers and sellers, improving the overall deal-making environment.

Even so, the search for high-quality assets remains highly competitive. Strong companies with resilient business models, robust management teams, and clear growth potential continue to attract significant interest from multiple investors. As a result, while opportunities may be more attractive from a pricing perspective, differentiation continues to depend on demonstrating sector expertise, value-creation capabilities, and strong relationships with entrepreneurs.

Figure 11: After the IPO boom in 2020–21, Brazilian PE funds are more selective in new investments

Number of Brazilian PE deals per year of investment (2000–25)



Notes: Not exhaustive, sample of about 450 deals with about 200 exits; does not consider add-ons, real estate, or infrastructure
 Source: Industry reports

Exits

Even in a challenging environment for IPOs, Brazil has seen a steady flow of exits in the past three years (see *Figure 12*). Strategic sales and secondary transactions have remained active, indicating that liquidity is possible even when public markets are effectively closed.

These exits demonstrate the adaptability of managers, who have sought alternative routes to realize value despite tighter capital markets. GPs in Brazil have increasingly turned to sales to strategic acquirers, secondary sales to other PE firms, founder or family buybacks, and even partial exits.

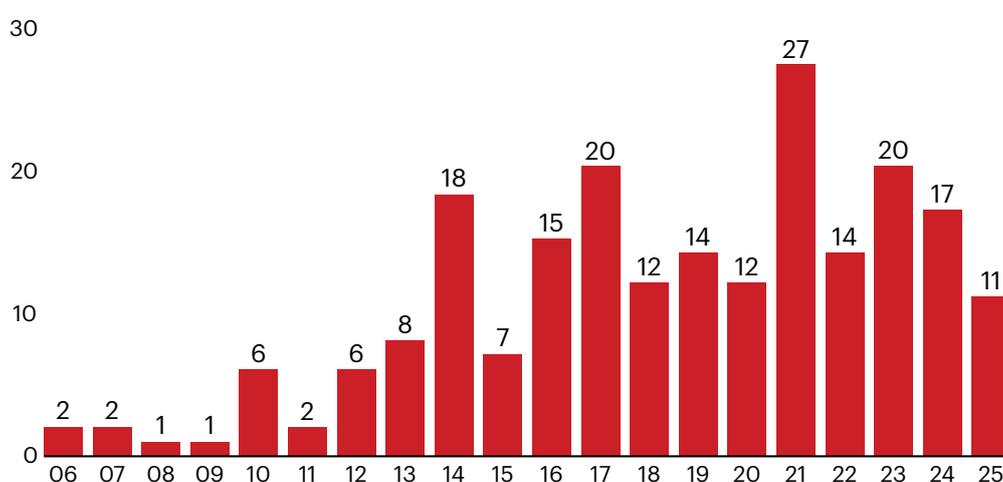
Exit activity has not been sufficient to recycle the growing portfolio of companies under management (see *Figure 13*). The pace of new investments in recent years has outpaced the number of exits, creating a backlog of assets waiting for liquidity events. This imbalance puts pressure on managers to find creative solutions for divestments and weighs on fund-raising, since LPs expect cash distributions before committing fresh capital.

Holding periods have become longer as managers wait for more favorable windows.

Historically, companies were typically held for four to five years, but this figure has gradually increased. Data now shows an average of five years and three months for exits between 2018 and 2022, rising to six years and three months for exits between 2023 and 2025 (see *Figure 14*).

Figure 12: Deal exits have been happening over the last three years

Number of exits (2006–25)

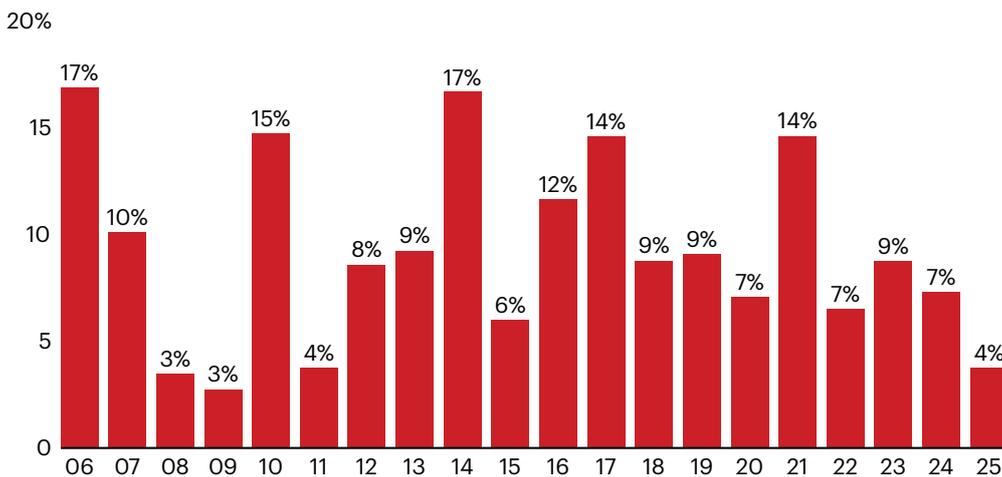


Notes: Not exhaustive, sample of about 450 deals with about 200 exits; does not consider add-ons, real estate, or infrastructure
Source: Industry reports

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Figure 13: The current level of exits has been insufficient to recycle the portfolio

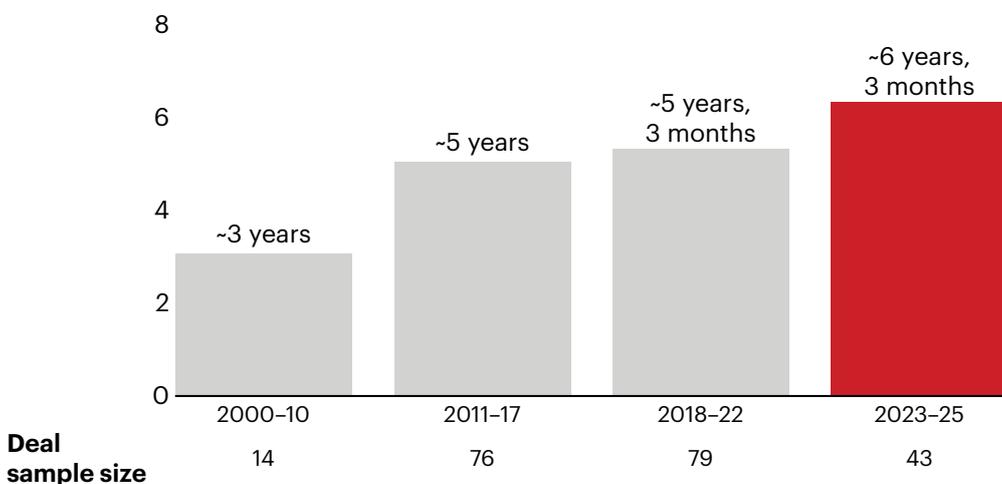
Number of exits as a percentage of the portfolio (2006–25)



Notes: Not exhaustive, sample of about 450 deals with about 200 exits; does not consider add-ons, real estate, or infrastructure
Source: Industry reports

Figure 14: Holding periods for Brazil PE deals have become longer

Average time to exit by year of divestment (2000–25)



Note: Not exhaustive, sample of about 450 deals with about 200 exits; does not consider add-ons, real estate, or infrastructure
Source: Industry reports

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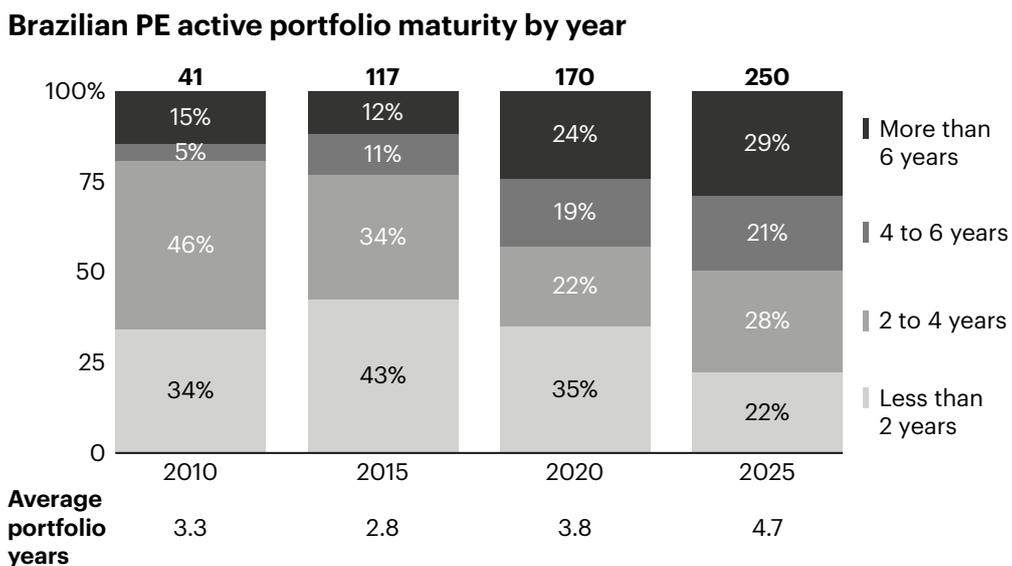
Between 2010 and 2015, most companies were relatively recent investments: Around 40% of the portfolio had been held for less than two years and around 15% for more than six years. This data indicated a faster turnover cycle, with GPs deploying and recycling capital more quickly.

In recent years, however, the profile looks very different. The share of assets held for over six years increased to 24% in 2020 and 29% in 2025, showing that exits are taking longer to materialize. At the same time, the representativeness of newer companies has declined: Investments under two years have decreased to 35% in 2020 and to 22% in 2025 (see Figure 15).

The shift in this mix reflects the slowdown in exit activity in recent years and the extension of holding periods. The reduced flow of new deals highlights the industry’s more selective stance, reinforcing the focus on actively managing and preparing existing portfolio companies for successful exits.

Brazilian GPs have been actively pursuing liquidity events to maintain higher distributions to paid-in capital (DPI) levels, while remaining disciplined in their approach. Rather than rushing into distressed sales or accepting unfavorable terms, managers have focused on securing fair valuations for their assets. This balance reflects a commitment to capital recycling without compromising long-term value creation or the credibility of the asset class.

Figure 15: Average portfolio maturity has increased over the years



Note: Not exhaustive, sample of about 450 deals with about 200 exits; does not consider add-ons, real estate, or infrastructure
 Source: Industry reports

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Returns

Although comprehensive data is limited, it is widely recognized that returns in the last 15 years were significantly affected by the depreciation of the BRL against the USD, while looking at a shorter time frame of five years, the FX has been somewhat neutral, with a significantly lower impact on returns in USD. For international LPs, this currency effect often eroded dollar-denominated performance, even when portfolio companies delivered solid growth in local terms. As a result, some investors left Brazil disappointed as FX volatility materially hurt performance and confidence in the market.

Looking at the drivers of value creation, most of the increase in enterprise value has historically come from top-line growth and margin expansion, rather than multiple arbitrages. GPs in Brazil focus heavily on growing revenues and improving operational efficiency to deliver results, underscoring the importance of active value-creation strategies in the Brazilian market and real performance improvements within portfolio companies.

LPs are more optimistic about Latin American and Brazilian PE

Investors are showing a clear pivot toward regional opportunities. A recent Latin American investors' survey shows this reversal: Nearly 70% of participants view Latin America as offering good investment prospects for the year ahead (see Figure 16).

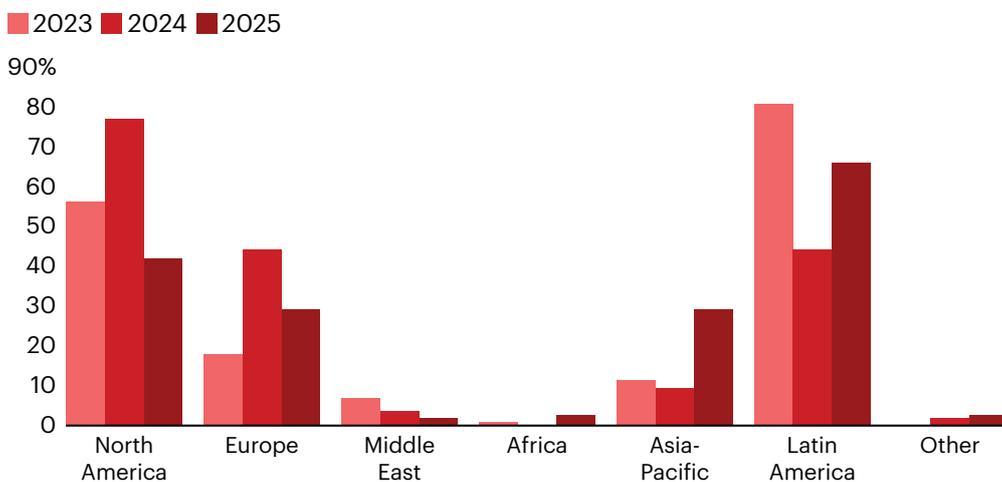
Within the region, Brazil stands out, cited by more than 70% of investors as providing the most compelling opportunities (see Figure 17). This renewed focus on local markets signals a broader rebalancing of capital flows toward the region's long-term growth engines.

At the same time, investor sentiment within private markets has strengthened across asset classes, alongside private debt and infrastructure. Nearly half of respondents identify PE as offering the most attractive investment prospects over the next 12 months, marking the largest improvement versus the previous year (see Figure 18).

When asked about their capital commitments for the coming years, roughly 50% of LPs indicated plans to increase allocations to the asset class, a sign of a broader recovery in investor confidence (see Figure 19).

Figure 16: Latin America regains investor preference as the most attractive regional market

Q: Which regions do you see presenting the best opportunities over the next 12 months?

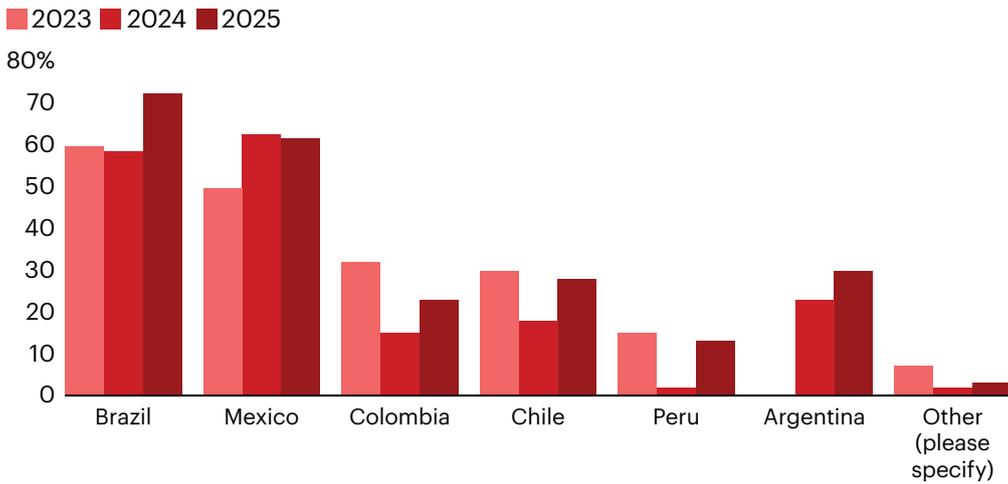


Source: Preqin Latin America Investor Survey 2025

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Figure 17: Brazil leads regional rankings as the top destination for private investment

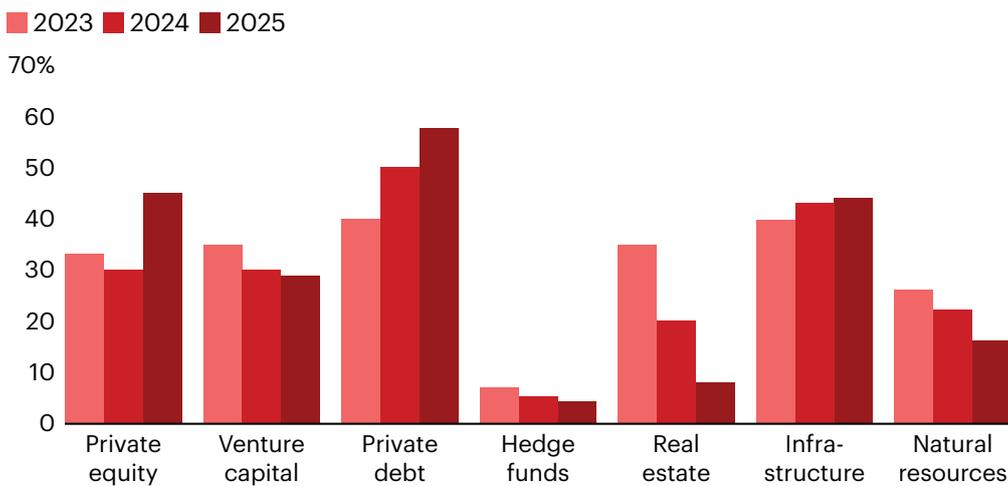
Q: Which markets in Latin America do you see presenting the best opportunities over the next 12 months?



Source: Preqin Latin America Investor Survey 2025

Figure 18: Private equity emerged as an attractive asset class among Latin American investors

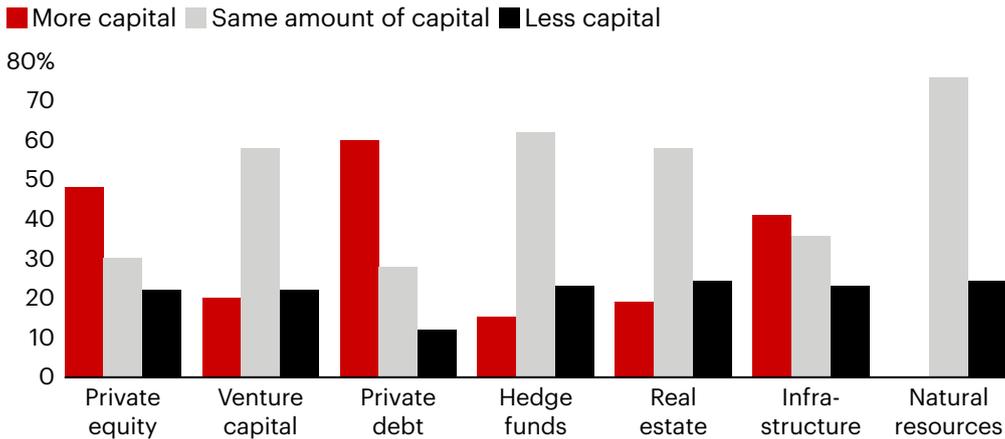
Q: Which asset classes do you see presenting the best opportunities in Latin America over the next 12 months?



Source: Preqin Latin America Investor Survey 2025

Figure 19: Nearly half of Latin American investors plan to increase PE allocations

Q: How much capital do you expect to commit to the following alternative asset classes over the next 12 months (compared with the previous 12 months)?



Source: Preqin Latin America Investor Survey 2025

Brazil offers many opportunities for private investors

Looking to the future, Brazil offers an attractive landscape for private investors. Macroeconomic indicators are showing signs of stabilization, with inflation in mid-single digits and interest rates, although high, are stable and market consensus indicates a potential reduction going forward.

The currency dynamic may add further support. The neutral exchange rate for the BRL is estimated below current levels, suggesting a potential for appreciation in the medium term. For international investors, this appreciation opportunity offers an upside that complements value creation, making returns even more compelling when translated back into their currency.

Beyond these cyclical factors, Brazil continues to advance on a structural reform agenda that has been unlocking value for decades. Reforms in pensions, taxation, and regulation have steadily improved competitiveness and transparency, while ongoing initiatives are expected to create new opportunities across sectors.

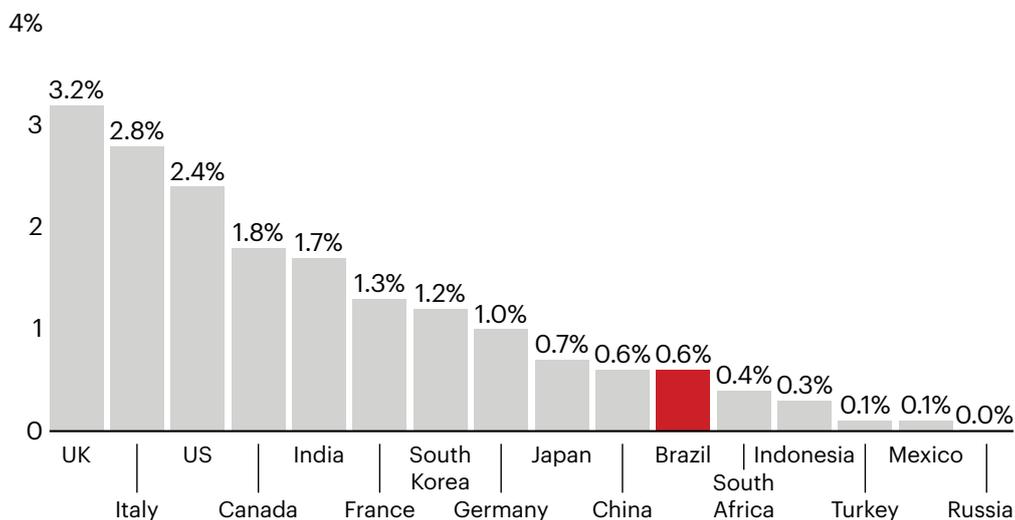
Brazil adds diversification benefits to global portfolios. In a world where developed markets are increasingly correlated, Brazil provides differentiated exposure to sectors with unique growth drivers, such as agribusiness and renewable energy, and a large consuming population.

This exposure diversifies risk and opens avenues for growth that are hard to replicate elsewhere. For investors willing to embrace the opportunities, the market holds the potential for strong returns and for private capital to play an even more relevant role in the next phase of growth (see Figure 20).

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Figure 20: Brazil offers opportunities to increase private investment in the future

Private investments as a share of GDP (percentage, 2024)



Note: Both private equity and venture capital are considered investments
Source: IMF



Bold ideas. Bold teams. Extraordinary results.

About Bain & Company's Private Equity business

Bain & Company is the leading consulting partner to the private equity (PE) industry and its stakeholders. PE consulting at Bain has grown eightfold over the past 15 years and now represents about one-third of the firm's global business. We maintain a global network of more than 2,000 experienced professionals serving PE clients. Our practice is more than triple the size of the next-largest consulting company serving PE firms.

Bain's work with PE firms spans fund types, including buyout, infrastructure, real estate, and debt. We also work with hedge funds, as well as many of the most prominent institutional investors, including sovereign wealth funds, pension funds, endowments, and family investment offices. We support our clients across a broad range of objectives:

Deal generation. We work alongside investors to develop the right investment thesis and enhance deal flow by profiling industries, screening targets, and devising a plan to approach targets.

Due diligence. We help support better deal decisions by performing integrated due diligence, assessing revenue growth and cost-reduction opportunities to determine a target's full potential, and providing a post-acquisition agenda.

Immediate post-acquisition. After an acquisition, we support the pursuit of rapid returns by developing strategic blueprints for acquired companies, leading workshops that align management with strategic priorities, and directing focused initiatives.

Ongoing value addition. During the ownership phase, we help increase the value of portfolio companies by supporting revenue enhancement and cost-reduction initiatives and refreshing their value-creation plans.

Exit. We help ensure that investors maximize returns by preparing for exit, identifying the optimal exit strategy, preparing the selling documents, and prequalifying buyers.

Firm strategy and operations. We help PE firms develop distinctive ways to achieve continued excellence by devising differentiated strategies, maximizing investment capabilities, developing sector specialization and intelligence, enhancing fund-raising, improving organizational design and decision-making, and enlisting top talent.

Institutional investor strategy. We help institutional investors develop best-in-class investment programs across asset classes, including private equity, infrastructure, and real estate. Topics we address cover asset class allocation, portfolio construction and manager selection, governance and risk management, and organizational design and decision-making. We also help institutional investors expand their participation in private equity, including through co-investment and direct investing opportunities.



About ABVCAP

The Brazilian Private Equity and Venture Capital Association (ABVCAP) is a nonprofit entity founded in 2000, with the objective of representing and developing long-term investment activity in Brazil through private capital.

With more than 230 members, it represents the private equity and entrepreneurial capital industry, defending the interests of its members before public and private institutions, both domestic and foreign, in pursuit of increasingly favorable public policies to foster these investments in the country and to attract a larger number of local and global investors to this asset class. The ABVCAP mission also highlights strategic integration with the Brazilian capital markets.

ABVCAP's activities also aim to provide a favorable environment for debate and for strengthening relationships among all stakeholders in its community, in addition to disseminating good investment practices and international benchmarks.

Training programs, the development of studies and research, the dissemination of reliable data, the promotion of good practices among the segments it represents and within invested companies, and interaction with similar entities, both national and international, are part of the Association's day-to-day efforts toward healthy relationship development between markets and the promotion of long-term investment culture.

Learn more at abvcap.com.br.