

GP-Led Secondary Transactions

We take a look at the growing prominence of GP-led secondary transactions, including secondary buyers interested in these deals and recent examples of GP-led deals.

The secondary market is providing a myriad of options to general partners as they seek to offer solutions to their investors for mature assets in ageing funds. Two types of these so called “GP-led” deals that have been particularly common are fund restructurings and fund recapitalizations, which typically involve an external secondary buyer offering LPs in the fund an option to exit and simultaneously provide new capital to reinvigorate existing investments to the GP.

Preqin’s **Secondary Market Monitor** profiles 20 secondary buyers that are interested, or have participated, in GP-led transactions, a number that is expected to grow as GPs increasingly seek this solution for their tail-end funds. The five largest of these are shown in Fig. 1 and a sample of GP-led transactions completed in recent years are shown in Fig. 2

The pool of future participants in GP-led deals will likely come from investors that are experienced in purchasing particularly mature funds on the traditional secondary market.

For more information about **Secondary Market Monitor**, please visit: www.preqin.com/smm



20

Number of secondary buyers interested in GP-led deals.



124

Number of secondary buyers interested in direct secondaries.



138

Number of secondary buyers interested in stapled secondaries.



105

Number of secondary buyers interested in tail-end funds.

Fig. 1: Top Five Secondary Buyers Interested in GP-Led Deals by Assets under Management

| Firm | Firm Type | Location | Assets under Management (\$bn) | Geographic Preferences |
|-----------------------------------|--------------------------------------|-------------|--------------------------------|------------------------|
| CPP Investment Board | Public Pension Fund | Canada | 271 | Global |
| Ardian | Private Equity Fund of Funds Manager | France | 55 | Global |
| Goldman Sachs AIMS Private Equity | Private Equity Fund of Funds Manager | US | 47 | Global |
| AlpInvest Partners | Private Equity Fund of Funds Manager | Netherlands | 42 | Global |
| HarbourVest Partners | Private Equity Fund of Funds Manager | US | 36 | Global |

Source: Preqin Secondary Market Monitor

Fig. 2: Sample Recent Completed GP-Led Deals

| Fund(s) | Year | Secondary Buyer(s) | Intermediary | Transaction Size (mn) |
|---|------|--|----------------------------------|-----------------------|
| Electra European Fund II | 2013 | Harbourvest | Rede Partners | N/A |
| JW Childs Equity Partners III | 2014 | CPPIB | Park Hill Group | 1,300 USD |
| Doughty Hanson & Co IV, Doughty Hanson & Co V | 2014 | Harbourvest | Credit Suisse Private Fund Group | 215 EUR |
| Palamon European Equity, Palamon European Equity II | 2015 | Adams Street Partners, Goldman Sachs AIMS Private Equity, Morgan Stanley Alternative Investment Partners, PGGM, Seligman Private Equity Select | Credit Suisse Private Fund Group | N/A |
| Perseus 2000, Perseus 2000 Expansion Fund, Perseus Capital, Perseus Market Opportunity Fund, Perseus Partners VII | 2015 | Centre Lane Partners | Greenhill Cogent | N/A |
| Irving Place Capital Partners III | 2015 | Coller Capital | Park Hill Group | 500 USD |

Source: Preqin Secondary Market Monitor