

Secondary Pricing Report

Q1 2021



Funds are priced at NAV ahead of a recovery in secondary market volume

Private equity funds are priced to perfection. Our latest survey of limited partners who purchased stakes in closed funds over the past six months delivered pricing for 41 funds. This sample shows a mean valuation of 100 percent (or 99.85 percent to be precise) of net asset value (NAV). On a median basis, pricing came in at exactly 100 percent.

Naturally, there is a considerable spread. The fund with the highest premium of 116% of NAV was Endeavour Capital Fund VII, a 2016 vintage that has already generated a multiple on invested capital (MOIC) of 1.8x. At the other end of the spectrum, Bridgepoint Europe III, a 2005 vintage, priced at 89% of NAV and has delivered a MOIC of 1.25x.

Carrying over from the end of last year, we see that supply is not just yet meeting unprecedented demand, though there are early signs of that changing.





A record \$96bn was collected by secondary funds in 2020, with four of the top 10 largest PE funds raised being secondary vehicles: Ardian Secondary Fund VIII, Lexington Capital Partners IX, Goldman Sachs Vintage Fund VIII and AlInvest Secondaries Program VII. There is now an estimated \$153bn in secondary dry powder awaiting deployment.

We anticipate that sellers will return to the secondary market in 2021, after transaction volume approximately halved last year, which was hardly surprising given the circumstances. Provided the economic recovery is not derailed and public markets continue to rise, vendor confidence should build, buoyed by the knowledge that buyer appetite has never been higher.

This may cause some softening in pricing as the supply-demand balance reaches

closer equilibrium, although, as ever, pricing will be determined by the quality of funds that are brought to market.

Moreover, as NAVs are marked upwards there will be less incentive for sellers to hold out for higher prices if they are able to exit their positions at a value above their invested capital. The denominator effect should also incentivise increased allocations to private equity in general, with the secondary market enabling LPs to reallocate their capital away from held funds to primary opportunities.

After a year of sitting on the sidelines waiting for the worst to blow over, the pieces are in place for sellers to return to the table in 2021, a year that shows promising signs of delivering on pre-pandemic volumes.

Secondary pricings based on successful bids over the last 6 months*

Fund	Pricing (% of NAV)	Vintage
Affinity Asia Pacific Fund IV	94.00%	2013
AG Realty Fund IX	98.00%	2014
BC European Capital IX	99.00%	2011
Blackstone Capital Partners VII	101.00%	2016
Blackstone Property Partners	100.00%	2015
Bridgepoint Europe III	89.00%	2005
Charterhouse Capital Partners IX	90.00%	2009
Dyal Capital Partners III	99.00%	2015
Endeavour Capital Fund VI	98.00%	2011
Endeavour Capital Fund VII	116.00%	2016
GHJM TrailHead Fund	110.00%	2012



Fund	Pricing (% of NAV)	Vintage
GSO Special Situations Fund	96.00%	2012
GTCR XI	108.00%	2013
Hamilton Lane Secondary Fund IV	96.00%	2015
Hellman & Friedman Capital Partners VIII	103.00%	2012
IK Fund VII	100.00%	2013
IK Fund VII	100.00%	2013
JLL Partners VII	102.00%	2016
KKR European Fund IV	104.00%	2015
Kohlberg Investors VIII	100.00%	2016
Lexington Capital Partners VIII	97.00%	2014
Lindsay Goldberg IV	105.00%	2015
Merit Mezzanine Fund V	95.00%	2009
Perella Weinberg Real Estate Fund III	102.00%	2015
Providence Equity Partners VII	98.00%	2011
Silver Lake Partners III	103.00%	2009
Silver Lake Partners IV	110.00%	2013

Fund	Pricing (% of NAV)	Vintage
Sixth Street Opportunities Partners II	100.00%	2012
Sixth Street Opportunities Partners III	97.00%	2014
Strategic Partners V	95.00%	2011
TA XI	107.00%	2010
TCV VIII	94.00%	2014
The Energy & Minerals Group Fund V	100.00%	2019
Thoma Bravo Fund XII	112.00%	2016
Trident VII	98.00%	2017
Triton Fund IV	93.00%	2013
Varde Fund X	92.00%	2010
Vestar Capital Partners VI	106.00%	2013
Vista Foundation Fund II	101.00%	2013
Warburg Pincus Private Equity X	90.00%	2007
Warburg Pincus Private Equity XII	103.00%	2015
Welsh, Carson, Anderson & Stowe XIII	93.00%	2018



Secondary Pricing Report (by numbers)

Overview

All Funds	Pricing (% of NAV)
Mean/Average	99.85%
Median	100.00%
Number of Funds	41

Breakdown by Premiums/Discounts

	Below Par	Par and Above
Average Pricing as % of NAV	95.05%	104.43%
Number of Funds	20	21
% of Total Funds	48.78%	51.22%

Breakdown by Vintage

	Early Secondary (3 years old or less)	Prime Secondaries	Tail Ends (10 Years or more)
Average Pricing as % of NAV	96.50%	104.43%	96.00%
Number of Funds	2	21	11
% of Total Funds	4.88%	51.22%	26.83%

Secondary Pricing Report

(Comparative study over last reports)

Closer look at Pricing of major strategies over last few years

Major Fund Strategies	Average Pricing as % of NAV on Sep 2019	Average Pricing as % of NAV on Dec 2020	Average Pricing as % of NAV on March 2021
Venture Capital / Growth Equity	100.33%	103.67%	96.50%
Buyout / Corporate Private Equity	98.44%	102.52%	101.22%
Mezzanine / Debt	100.00%	100.50%	93.50%
Real Estate	102.00%	96.33%	100.00%



FOCUS on Buyout or Corporate PE

Buyout & Corporate Private Equity	Average Pricing as % of NAV on Sep 2019	Average Pricing as % of NAV on Dec 2020	Average Pricing as % of NAV on March 2021
Average Above PAR	106.81%	106.00%	106.07%
Total Average	101.65%	102.52%	101.22%
Average Below PAR	93.56%	95.29%	94.20%

Focus on Venture Capital and Growth Equity

Venture Capital and Growth Equity	Average Pricing as % of NAV on Sep 2019	Average Pricing as % of NAV on Dec 2020	Average Pricing as % of NAV on March 2021
Average Above PAR	102.50%	113.00%	
Total Average	100.33%	103.67%	96.50%
Average Below PAR	96.00%	98.00%	96.50%