

Secondary Pricing Report

2021 Q2

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Secondary pricing holds at par as market gains

The secondary market continues to show pricing buoyancy, with the median closed fund changing hands at par in the second quarter. This is a clear sign that buyers are willing and able to transact and points to a full market recovery in 2021 after a slump in deal activity last year.

There is no shortage of demand. Not only has secondary dry powder reached an all-time high following a record-setting fundraising period, thanks to the likes of AlInvest, Ardian, Lexington, Collier Capital and others, emergent strategies are quickly establishing themselves too.

Following the close of its \$9bn fund in January, Collier is embarking on raising a dedicated credit strategy secondary fund. Similarly, Apollo Global Management recently launched its own

credit secondaries business with \$1bn at its disposal. The wider private capital universe is increasingly being catered to, allowing investors to realise liquidity ahead of schedule.

Of course, for closed deal volume to materialise sellers have to be willing to transact. The bottleneck that slowed deals last year has now eased. Since the last Secondary Pricing Report published in May, public markets have continued to march to all-time highs. This has supported the marking up of PE fund net asset values (NAV), giving LPs confidence that they can divest of funds at above their invested capital. The closing of the bid-to-NAV spread provides an even more solid foundation for vendors to sell.

With these fundamentals in place, 2021 has the potential to break new ground. While estimates vary, early calculations suggested that deal flow last year close to halved to \$40bn. More optimistic estimates put this figure at between \$60bn-\$70bn, with a marked recovery in the second half of the year. Don't be surprised if the \$100bn threshold is surpassed in 2021 for the first time.



Secondary pricings based on successful bids over the last quarter

| Fund | Pricing (% of NAV) | Vintage |
|--|--------------------|---------|
| Actis Global IV | 97% | 2012 |
| Adams Street Global Secondary Fund VI | 97% | 2017 |
| Advent International GPE VIII | 105% | 2016 |
| Advent Latin America Fund VI | 89% | 2015 |
| AG Realty Fund IX | 99% | 2014 |
| American Industrial Partners Capital Fund V | 96% | 2011 |
| American Industrial Partners Capital Fund VI | 100% | 2016 |
| APAX VIII | 101% | 2013 |
| Audax Mezzanine Fund III | 91% | 2010 |
| Blackstone Capital Partners VII | 102% | 2015 |
| Brookfield Capital Partners Fund IV | 109% | 2015 |
| CDH Fund IV | 90% | 2010 |
| Charterhouse Capital Partners IX | 87% | 2009 |

| Fund | Pricing (% of NAV) | Vintage |
|---|--------------------|---------|
| Cinven V | 100% | 2009 |
| Court Square Capital Partners III | 100% | 2012 |
| CVC Capital Partners VII | 103% | 2012 |
| Dyal Capital Partners V | 103% | 2018 |
| FFL Capital Partners IV | 102% | 2020 |
| Green Equity Investors VI | 102% | 2015 |
| GS Vintage VII | 102% | 2016 |
| GTCR XI 2013 | 108% | 2013 |
| Hellman & Friedman Capital Partners VII | 94% | 2009 |
| Khosla Ventures IV | 106% | 2011 |
| KKR Asian Fund II | 99% | 2013 |
| KPS Special Situations Fund IV | 96% | 2014 |
| Madison Dearborn Capital Partners VII | 100% | 2015 |
| MBK Partners Fund IV | 101% | 2017 |
| MHR Institutional Partners III | 98% | 2007 |
| MHR Institutional Partners IV | 93% | 2014 |

| Fund | Pricing (% of NAV) | Vintage |
|---|--------------------|---------|
| Nordic Capital Fund VIII | 100% | 2013 |
| PAG Asia II | 99% | 2016 |
| Permira V | 104% | 2013 |
| Silver Lake Partners III | 95% | 2007 |
| Strategic Partners V | 94% | 2011 |
| Strategic Partners VI | 95% | 2014 |
| Summit Partners Growth Equity Fund VIII | 96% | 2011 |
| Thomas H. Lee Partners Equity Fund VII | 108% | 2015 |
| TPG Partners VII | 103% | 2015 |
| Trident VII | 101% | 2017 |
| Vista Foundation Fund II | 103% | 2013 |
| Warburg Pincus Private Equity XI | 100% | 2012 |
| Welsh, Carson, Anderson & Stowe XII | 103% | 2014 |

Secondary pricing report

(by numbers)

Overview

| All Funds | Pricing (% of NAV) |
|-----------------|--------------------|
| Mean/Average | 99.31% |
| Median | 100% |
| Number of Funds | 42 |

Breakdown by Premiums/Discounts

| | Below Par | Par and Above |
|-----------------------------|-----------|---------------|
| Average Pricing as % of NAV | 94.7% | 102.8% |
| Number of Funds | 18 | 24 |
| % of Total Funds | 43% | 57% |

