



PALICO

# PE Secondary Pricing Report

Q1 2022



# Average pricing weakens slightly as buyers seek discounted opportunities

There were signs of softening in the PE secondary market in Q1 2022, which may be a signal of more to come in the remaining months of H1 as investors take stock of a weakened macro outlook and proceed with a sense of caution. This was by no means a pronounced trend reversal, but pricing did ease off somewhat.

Across the 69 funds that traded during the period, the mean valuation was 98% of net asset value (NAV), a less than one percentage fall on Q4 2021 (98.92%). On a median basis, however, prices in Q1 2022 were down by three percentage points to 97%, according to our latest survey of limited partners who purchased stakes in closed funds over the past six months.

Perhaps more telling than this was the balance of fund positions sold for a discount to NAV versus those sold at a premium. In the prior quarter, 56% of deal volume traded at an average premium of 105.7%, with the 44% of discounted fund positions going for an average 90.3% below NAV.

In Q1 2022, only 42% of deals were priced at an average premium of 107%

and 58% were priced at a discount of 92% to NAV. This means that pricing was actually higher in Q1 this year than at the end of last year. However, the average price has been weighed down by the fact that buyers tilted more heavily towards discounted opportunities. This could be a risk-off indicator that investors have been focusing more on building a downside protection margin in to their deals in recent months.

Even if investors are now adopting a more cautious approach, market fundamentals continue to show strength. Secondary dry powder remains at historically high levels, ensuring ample buy-side demand. Last year also represented the strongest year on record for the PE secondary market, with approximately \$130bn traded and with expectations of the \$100bn mark being surpassed once again in 2022. There is also good reason to believe that the deal volume of LP fund interests will outperform in a weaker macro environment. Buyers may look to minimise exposure to the concentration risk that is inherent in GP-led deals and single-asset transactions, instead favouring the diversification that comes from buying earlier-life funds.

## Secondary pricings based on successful bids over the last quarter

Fund	Pricing (% of NAV)	Vintage
Aberdeen U.S. Private Equity VI	95%	2015
Adams Street 2009 Funds	89%	2009
AE Industrial Partners Fund II	106%	2018
Angelo Gordon Real Estate Fund IX	101%	2015
Angelo Gordon Real Estate Fund VIII	96%	2012
Apollo Investment Fund IX	125%	2019
Apollo Investment Fund VIII	102%	2014
Aquiline Financial Services Fund II	83%	2010
Ares Corporate Opportunities Fund V	100%	2017
Arsenal Capital Partners III	96%	2012
Banc Fund X	102%	2018
Blackstone Capital Partners VII	104%	2016
Bridgepoint Europe V	97%	2014
Brookfield Infrastructure Fund II	101%	2013
Carlyle Partners VI	97%	2013

Fund	Pricing (% of NAV)	Vintage
CDH Fund V	90%	2014
Centerbridge Capital Partners III	102%	2015
CenterOak Equity Fund I	110%	2016
Charterhouse Capital Partners X	95%	2016
Clearlake Capital Partners IV	114%	2015
Crestview Partners III	92%	2014
CVC Capital Partners VI	96%	2014
EnCap Energy Capital Fund XI	87%	2017
EQT VII	105%	2015
Fifth Cinven Fund	93%	2012
Firstmark I	106%	2005
Francisco Partners Fund IV	123%	2015
GCM Grosvenor DEM	92%	2012
GCM Grosvenor DEM II	95%	2014
Hamilton Lane Co-Investment Fund III	91%	2014
Hellman & Friedman Capital Partners VII	102%	2011
KKR Asian Fund II	93%	2013
KSL Capital Partners III	91%	2011

Fund	Pricing (% of NAV)	Vintage
Landmark Real Estate Partners VIII	100%	2016
Leonard Green Equity Investors VII	111%	2017
Levine Leichtman IV	92%	2008
Lindsay Goldberg IV	116%	2015
Montagu V	101%	2014
Oak Investment Partners XIII	89%	2010
Oaktree Opportunities Fund IX	91%	2012
OrbiMed Private Investments VI	113%	2015
Orchid Asia VI	88%	2014
PAG Asia I	84%	2012
Palladium Equity Partners IV	94%	2012
Parthenon Investors III	87%	2005
Patria Brazilian Private Equity Fund V	96%	2015
Permira VI	118%	2017
Providence Equity Partners VII	93%	2012
Rhone Partners IV	88%	2011
Rhone Partners V	99%	2015
Riverstone Global Energy and Power Fund VI	91%	2016

Fund	Pricing (% of NAV)	Vintage
Sacramento Private Equity Partners	86%	2006
Siguler Guff Dist Opp III	90%	2007
Silicon Valley Bank Partners	102%	2013
Silver Lake Partners IV	108%	2013
Siris Partners III	93%	2015
The Rise Fund	103%	2018
Thompson Street Capital V	98%	2018
TowerBrook Investors IV	103%	2013
TPG Growth III	104%	2016
Trident VI	103%	2014
Triton Fund III	90%	2009
Triton Fund IV	95%	2013
Union Square Ventures 2008	98%	2008
Warburg Pincus Private Equity XII	107%	2015
Waterland Private Equity Fund VI	119%	2015
Weathergage Venture Capital	97%	2006
Welsh Carson Anderson & Stowe XI	89%	2009
Yucaipa American Alliance Fund II	78%	2008

# Secondary Pricing Report

## Overview

All Funds	Pricing (% of NAV)
Mean/Average	98%
Median	97%
Number of Funds	69

## Breakdown by Premiums/Discounts

	Below Par	Par and Above
Average Pricing as % of NAV	92%	107%
Number of Funds	40	29
% of Total Funds	58%	42%

## Breakdown by Vintage

	Early Secondary (3 years old or less)	Prime Secondaries	Tail Ends (10 Years or more)
Average Pricing as % of NAV	107%	100%	91%
Number of Funds	5	48	16
% of Total Funds	7%	70%	23%

## Breakdown by Strategy

FUND STRATEGIES	AVERAGE PRICING AS % of NAV
Venture Capital / Growth Equity	99%
Buyout / Corporate Private Equity	99%
Distressed / Turnaround / Special Situations	102%
Fund of Funds/ CoInvestment	92%
Mezzanine/ Debt	91%
Infrastructure	101%
Energy & Natural Resources	91%
Real Estate	99%