

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