How LPs feel about secondaries

PERSPECTIVES 2019
Almost half of investors plan to buy or sell fund stakes in private equity, according to a survey by sister publication *Private Equity International* analysing investor sentiment.

### PE far outstrips other asset classes

Do you plan to buy or sell fund stakes on the secondaries market in the next 12 months?

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Yes, both buying and selling</th>
<th>Yes, buying only</th>
<th>Yes, selling only</th>
<th>Neither buying nor selling</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity</td>
<td>32.6%</td>
<td>4.7%</td>
<td></td>
<td></td>
<td>19.8%</td>
</tr>
<tr>
<td>Private real estate</td>
<td>58.0%</td>
<td>8.6%</td>
<td></td>
<td></td>
<td>22.2%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>55.6%</td>
<td>3.7%</td>
<td></td>
<td></td>
<td>24.7%</td>
</tr>
<tr>
<td>Private debt</td>
<td>59.0%</td>
<td>5.1%</td>
<td></td>
<td></td>
<td>30.8%</td>
</tr>
</tbody>
</table>

Source: Private Equity International/LP Perspectives
Secondaries are firmly in investors' thoughts

Funds in the strategy are popular with LPs

Do you plan to commit capital to private equity secondaries funds over the next 12 months?

- Yes: 47.1%
- No: 41.4%
- Unsure: 11.5%

"It looks like the strategy is firmly anchored in LPs' investment agendas and is here to stay"
Bernhard Engelien, managing director, Greenhill
There are plenty of places for LPs to put their money

Secondaries Investor's new database tracks funds in market and LP commitments by appetite, strategy and geography

Top five funds in market

- Ardian Secondary Fund VIII: $12.0bn
- Lexington Capital Partners IX: $12.0bn
- Coller International Partners VIII: $9bn
- Strategic Partners Fund VIII: $8bn
- Goldman Sachs Vintage Fund VIII: $6.75bn (estimated at $6.5bn-$7bn)

Source: Secondaries Investor
Institutional investors continue to re-up

The database tracks which LPs have committed to which funds – click the links below to see the fund’s investor base.

Known investors in **ASF VIII**

<table>
<thead>
<tr>
<th>Investor</th>
<th>Size of commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida State Board of Administration</td>
<td>$200m</td>
</tr>
<tr>
<td>Tennessee Consolidated Retirement System</td>
<td>$150m</td>
</tr>
<tr>
<td>University of Houston System</td>
<td>$7.5m</td>
</tr>
</tbody>
</table>

Known investors in **Lexington IX**

<table>
<thead>
<tr>
<th>Investor</th>
<th>Size of commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida State Board of Administration</td>
<td>$250m</td>
</tr>
<tr>
<td>Minnesota State Board of Investment</td>
<td>$150m</td>
</tr>
<tr>
<td>Anne Arundel County Retirement &amp; Pension System</td>
<td>$25m</td>
</tr>
<tr>
<td>University of Houston System</td>
<td>$10m</td>
</tr>
</tbody>
</table>

“Secondaries have become another tool to manage our portfolio and one that I believe we will increasingly use in the future”

John Bradley, senior investment officer, Florida State Board of Administration

Source: Secondaries Investor
Fund restructurings divide opinion

GPs are increasingly instigating restructuring processes on older funds in order to move assets into a new vehicle. LPs were asked whether they believed:

You have sufficient information to decide whether to roll over or cash out?

- Yes: 35.3%
- No: 22.4%
- Have not been party to a restructuring: 42.4%

You have sufficient time to decide whether to roll over or cash out?

- Yes: 44.6%
- No: 32.5%
- Have not been party to a restructuring: 22.9%
This report was compiled from data collected for PEI’s LP Perspectives survey published in December 2018.

Contributors
Claire Coe Smith, Sophie Colby, Marine Cole, Sheikh Jahan, Rod James, Rob Kotecki, Raymond Lau, Adam Le, Alex Lynn, Isobel Markham, Toby Mitchenall, Vicky Meek, Carmela Mendoza, Muhammad Obaid, Emmanuel Osondu, Victoria Robson, Craig Savitzky, Stephen Schultz, Matthew Xia, Chin Yuen

Production: Julia Lee  Design: Miriam Vysna

CLICK HERE to download the data  CLICK HERE to go to the Secondaries Investor database