



Generating Returns in the Secondary Market

June 2017

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Market Snapshot

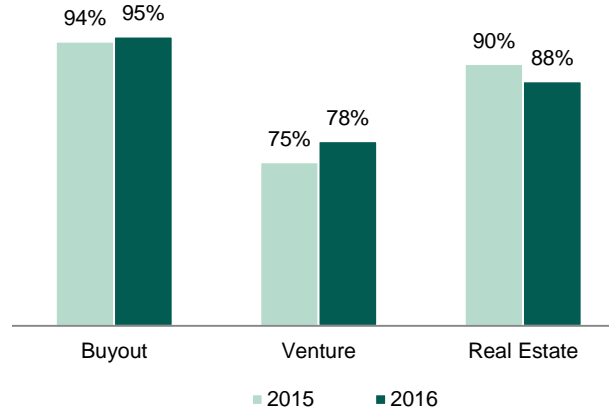
The market remains seller friendly

Buyout remains the highest pricing strategy with the deepest buyer universe

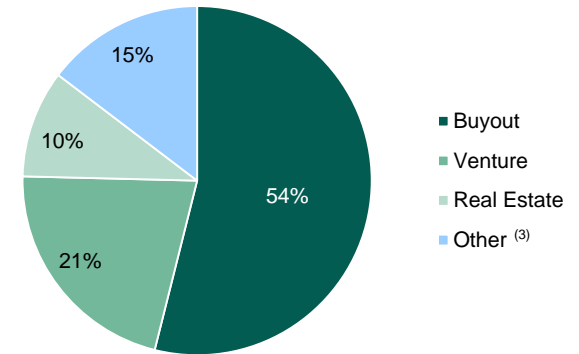
Pre-crisis and tail-end funds continue to dominate secondary supply

Robust fundraising efforts have resulted in record dedicated secondary dry powder

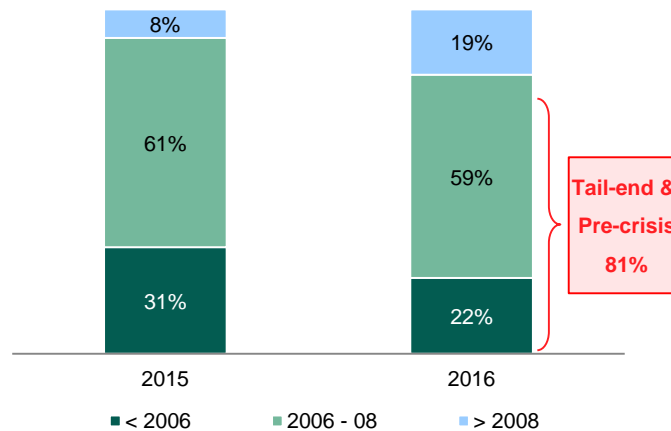
Pricing (1)



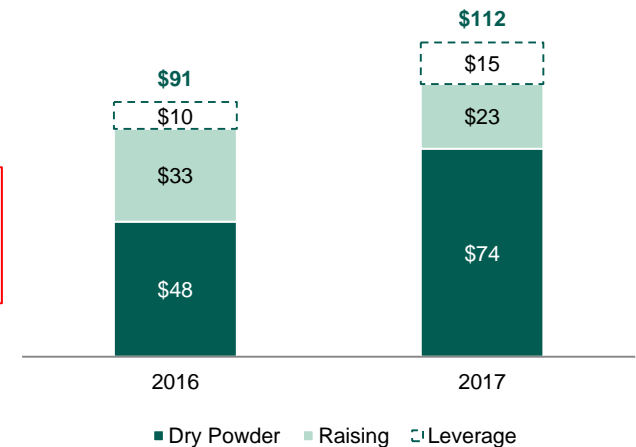
Diversification by Strategy (2)



Funds Sold by Vintage (1)



Dry Powder (\$B)



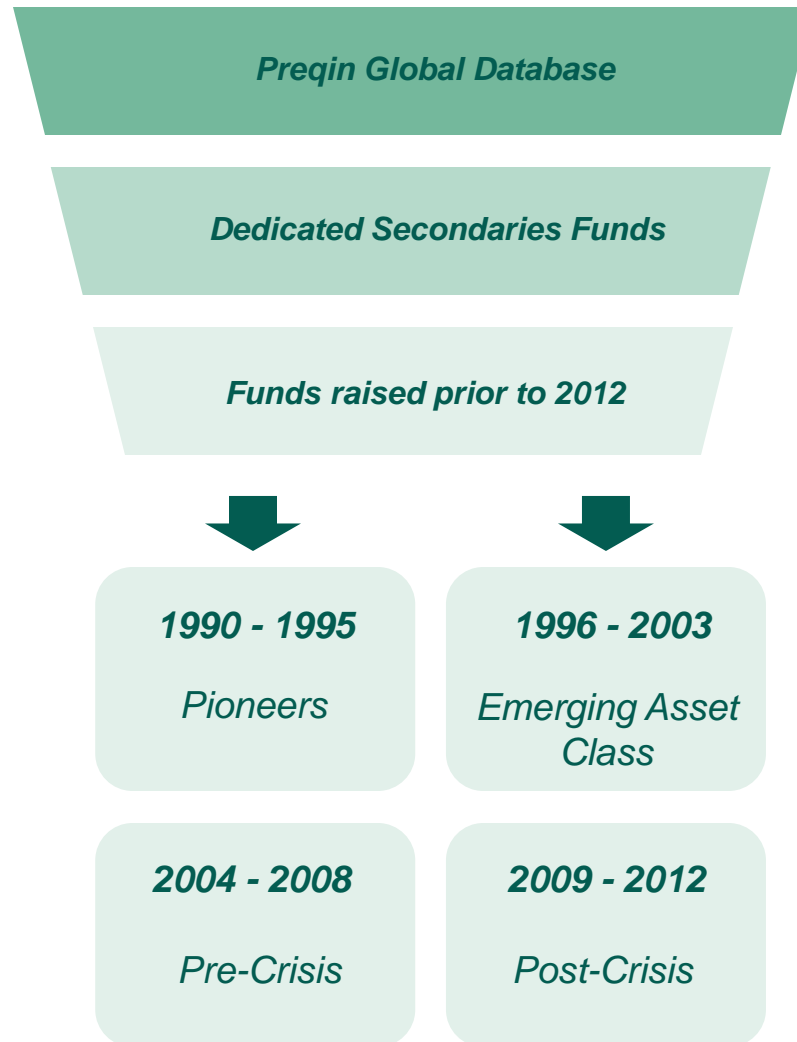
Data Sourcing & Analysis

We have analysed returns from secondaries funds using data from Preqin

Greenhill used data from Preqin to analyse returns from dedicated secondaries funds raised before 2012

We then cut the data into different time brackets to analyse how returns have changed over time

It is important to note that Preqin does not list performance information for all funds, so unfortunately we do not have a complete dataset



Performance across time

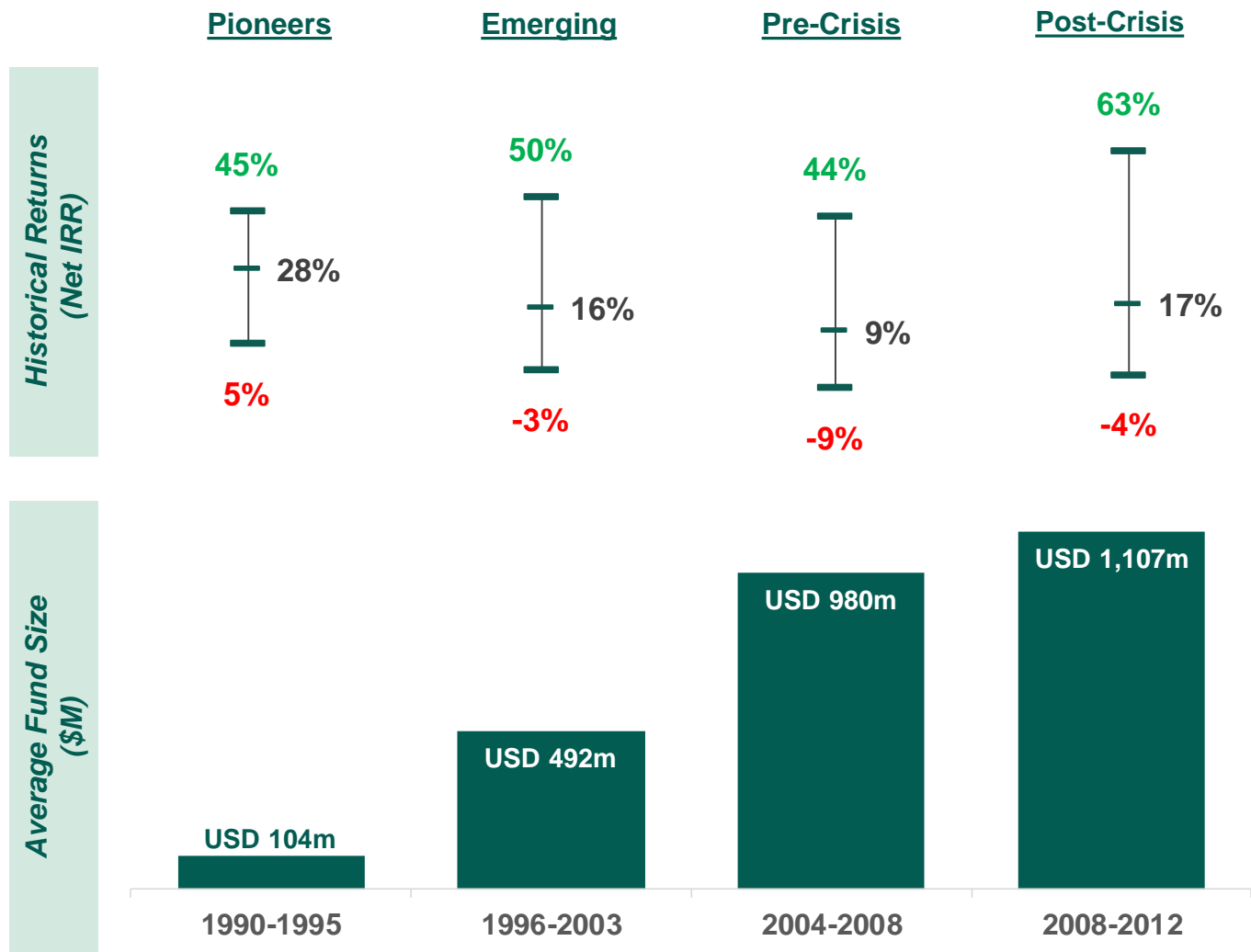
There is a now a greater spread in returns across managers

We have shown the high, low and median net IRRs for each of the brackets

Unsurprisingly perhaps, returns for the pioneer funds were strongest and there was a lower spread between funds

Pre-crisis funds have shown the weakest performance overall, although there were several funds that have achieved net IRRs over 20%

Average fund size has increased dramatically since the early years of secondaries



Top Performing Managers

Strong performance does not appear to be concentrated at the larger end of the market

We looked at managers who had raised over four funds and ranked them according to the proportion of their funds that were either 1st or 2nd quartile

	% of 1 st Quartile Funds Managed	% of 1 st and 2 nd Quartile Funds Managed	Description ¹
Manager 1.	75%	75%	<i>Small-Cap Tail-End Specialist Manager</i>
Manager 2.	50%	75%	<i>Mid-Cap European Manager</i>
Manager 3.	40%	60%	<i>Small-Cap European Manager</i>
Manager 4.	11%	58%	<i>Mid-Cap US Manager</i>
Manager 5.	33%	56%	<i>Mid-Cap European Manager</i>
Manager 6.	13%	56%	<i>Large-Cap US Manager</i>
Manager 7.	20%	53%	<i>Large-Cap European Manager</i>
Manager 8.	17%	50%	<i>Large-Cap Global Manager</i>
Manager 9.	20%	40%	<i>Mid-Cap US Manager</i>
Manager 10.	25%	25%	<i>Large-Cap European Diversified Manager</i>

Our Contact Details

Please contact us if you have any questions

Greenhill Secondary Advisory

Greenhill, through its Secondary Advisory platform, has advised institutional investors on approximately \$170 billion of private equity secondary transactions since the founding of Cogent Partners in 2002. Through its research-driven, analytical approach to the secondary market, Greenhill assists institutional investors in achieving their objectives and fulfilling their fiduciary duties

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