

Elm: pricing to remain high in 2014

by [Brian Cantwell](#) on 3 MARCH 2014 in [News](#), [Research & Data](#)

Secondaries market pricing for alternative investment fund interests is expected to remain high this year, according to mid-market secondaries advisory firm Elm Capital.

Discounts averaging 5 percent to private equity funds' net asset values (NAVs) seen last year were expected to narrow further and extend to other asset classes, the firm said in a market report. It noted that infrastructure, energy and natural resources funds were being sold at 93 percent and 94 percent of NAVs respectively by the second half of 2013, while distressed debt funds were selling at 91 percent of NAV and mezzanine and credit funds at 83 percent of NAV.

It attributed the high pricing to the number of secondaries funds raised last year and their pressure to deploy capital, along with greater competition on the buy-side.

The firm said once December fund valuations are published, discounts are likely to widen, but prices will remain high in absolute terms, with premiums required for the best fund shares.

Etienne Deshormes, Elm's founder, said previously to PEI that sellers had become more demanding. "Premium transactions take place on good quality funds, and they make the headlines, but then the whole market believes that they can all sell at a premium."