

FoFs remained most active seller in H2 2015

by Adam Le on 21 MARCH 2016 in Research & Data

Funds of funds continued to use the secondaries market to dispose of stakes last year as high prices enticed sellers to the market, according to a report by Elm Capital.

About 41 percent of sellers in deals advised by Elm in the second half of last year were funds of funds, according to the advisory firm's Private Equity Secondary Newsletter Second Half 2015. Family offices were the second most active at 31 percent, followed by secondaries funds at 16 percent.

Portfolio management and tail-end portfolio sales were the main reasons for sales by funds of funds, the report noted.

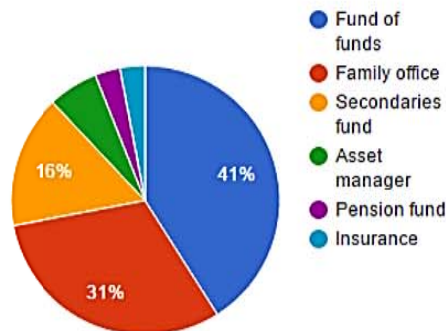
"Many funds of funds have target returns for each fund in their portfolio and will often consider a sale if there are buyers with significantly higher return expectations," the report noted. This was particularly true for funds of funds not planning to commit to the same GP's future fund.

Sales involving funds of funds also increased in 2015 as limited partners moved their strategies to direct fund investments or segregated accounts. Stakes in funds of funds traded at single digit discounts or at par with net asset value (NAV) in some cases with deferred payments, according to the report.

"We are also seeing funds of funds themselves seeking to liquidate tail-end portfolios of old vintages, mostly from the late nineties to the early years of this century," the report noted.

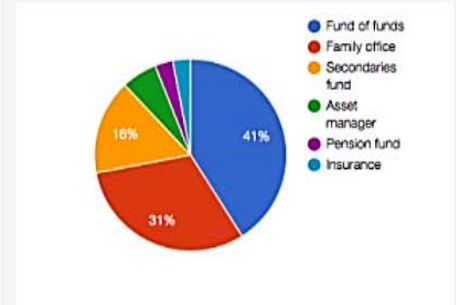
Asset managers were the next most active sellers at 6 percent, followed by pension funds and insurance companies at 3 percent each.

London-based Elm was founded in 2004 and acts as an intermediary for buyout, venture, mezzanine, real estate, infrastructure and funds of funds.



Source: Elm Capital

DATA SNAPSHOT



FoFs Remained Most Active Seller In H2 2015

Sales of stakes in funds of funds also increased as LPs moved to direct fund investments or segregated accounts, according to a report by Elm Capital. [Read more »](#)

Most Viewed Recent Posts

- Greenhill Cogent hires secondaries VP in London - exclusive
- Secondaries fundraising had biggest drop in 2015
- APG leads Arcus' €800m tender offer - exclusive
- Ardian syndicated part of USS deal with Lexington, Hamilton Lane
- Partners holds final close on €2.5bn hard-cap

@SECONDARIESPEI TWEETS

- Strategic Partners to hold final close on Fund VII - exclusive <https://t.co/eLPqYZBdY> #secondaries #privateequity <https://t.co/Evj9V7AILs>
- FoFs remained most active seller in H2 2015 <https://t.co/QEOePThLkb> #secondaries #privateequity <https://t.co/29OhkiZydp>