Elm: Median prices for buyout interests remain 95% to NAV

by **Chelsea Stevenson** on 22 SEPTEMBER 2014 in **Research & Data**

The median price for buyout fund interests traded on the secondaries market was 95 percent of net asset value during the first half of 2014, which is in line with prices from the second half of last year, according to a report from mid-market advisory firm Elm Capital.

"I wasn't surprised prices stayed similar to last year because they were already quite high," Elm chief executive officer Etienne Deshormes told *Secondaries Investor*.

About 75 percent of the prices Elm received for buyout fund interests were between 85 percent and 105 percent of NAV, with a small portion (less than 5 percent) having traded at greater than 105 percent NAV. Elm also included a list of fund managers whose funds generally traded at or above par, including:

Advent International
Altor Equity Partners
Apax Partners
Bain Capital
The Blackstone Group
Bridgepoint
The Carlyle Group
Charterhouse Capital Partners
Cinven
CVC Capital Partners
Doughty Hanson & Co.
Equistone Partners Europe
EQT
Hellman & Friedman
New Mountain Capital
Onex
PAI Partners
Permira
Thomas H Lee
TPG Capital
Welsh Carson Anderson & Stowe

"This isn't an exhaustive list but these names will more or less always be on the list," Deshormes said.

However, not all buyout funds priced at NAV, particularly tail-end funds, which an increasing number of investors are considering liquidating from their portfolio, according to the report. Tail-end portfolios are trading at closer to 80 percent or 85 percent of NAV.

Elm's first half of 2014 report is consistent with data the firm produced earlier this year, predicting pricing to remain high throughout the year. The firm previously said it expected last year's discounts that averaged 5 percent to NAV to narrow.

Elm's price figures are also in line with estimates from Cogent Partners, which reported average high bids for buyout transactions reached 100 percent of NAV during the first half of the year for the first time since 2007. The upward movement of the public equity market and high levels of available secondaries capital were the main price drivers during the period, according to Cogent.