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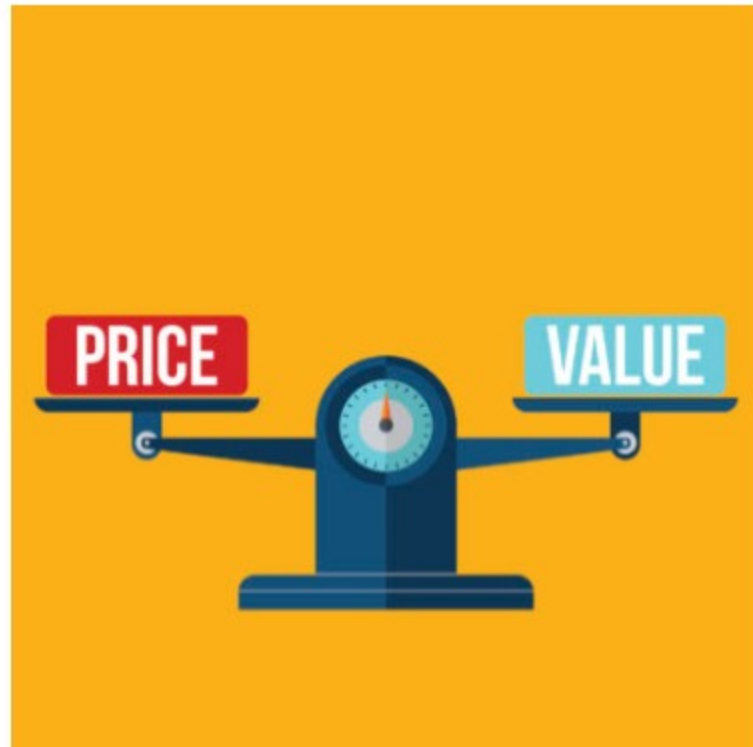
Research & Data

# Pricing down as much as 30% from pre-coronavirus levels - report

Valuations and pricing have become closely linked as buyers put less emphasis on future upside when evaluating assets, according to Elm Capital.

By Rod James - 14 May 2020

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Prices in the secondaries market could be 20-30 percent down from pre-coronavirus levels, according to a report by [Elm Capital](#).

In a May private markets review, the London-headquartered placement agent and secondaries advisor noted that the link between general partners' valuations and secondary market pricing is stronger than it was before the onset of the covid-19 crisis.

"In today's market, given the ambiguous economic roadmap and uncertainty surrounding how we will conduct business in the future, greater attention is being diverted to the calculation of assets' current base value rather than factoring potential upside in the future," the report noted.

Elm estimates first-quarter valuations are down by an average of 10-15 percent on the previous quarter and anticipates a further 10-15 percent drop in the second. Pricing is likely to decline roughly in line with this, managing partner Etienne Deshormes told *Secondaries Investor*.

The valuation of many larger funds will be closely linked to movements in public markets, which will filter through to pricing, he added. Larger funds are more likely to exit companies via initial public offerings.

Limited partners wanting to value their fund interests amid the coronavirus crisis should start by [calling their managers](#) and asking for guidance on discounts, David Larsen, a San Francisco-based managing director with valuations firm Duff & Phelps, said in March.

"I probably would start by calling my managers and [asking] how much of a discount or how much down do you think this fund will be, and start using that as a proxy for how do I adjust the 12/31 value that effectively informs my limited partner or fund of funds financial statement at 3/31," he said.

Elm closed four deals in the first quarter including GP-led processes involving Banyan Tree Capital Growth and Disruptive Capital Partners.

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