



SECONDARIES

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WELCOME TO THE SI 30

Top of the asset class

Our exclusive ranking of the world's largest secondaries firms shows a market that has come of age, writes [Adam Le](#)

It's a sign of a market's maturity when rankings of the leading players start appearing. When the Venture Capital Fund of America raised the first secondaries fund in 1984, it attracted commitments of \$6 million. Within six years, Adams Street Partners had raised a \$111 million vehicle. Fast forward to 2016 and [Ardian](#) has raked in \$10.8 billion of secondaries capital for its ASFVII, the largest dedicated pot of capital for the strategy ever raised. It is clear secondaries funds are no longer playing second fiddle to their primary counterparts.

This is the first year *Secondaries Investor* has compiled the SI 30, a ranking of the top secondaries fund managers globally by amount of capital raised over a five-year period.

One firm is the clear market leader: Ardian. The Paris-headquartered investment firm's US head, Benoît Verbrugghe, is humble about its recent haul, telling *Secondaries Investor* that while fundraising

is always a long and tough process, it is becoming smoother as investors become better educated about the asset class.

The firms that made our inaugural ranking span a wide range of strategies and styles, from managers focusing on acquiring large portfolios to those investing in complex GP-led deals and direct secondaries. Market players would be well advised to keep their eyes on this growing and evolving space.

DIFFERENT STROKES

The fundraising market for secondaries is as busy as ever.

More than half of the managers who made the SI 30 are currently in the market seeking capital to deploy in secondaries.

LPs choosing which GPs to back should understand that divergent strategies may mean divergent returns.

The top 10 players have raised more than \$127 billion between them since 2011, »



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SI 30 METHODOLOGY

How we determine the 2016 ranking

The SI 30 ranking is based on the amount of equity capital raised for dedicated secondaries pools of capital over a roughly five-year period. This year, the window spans from 1 January 2011 to 30 June 2016.

Accuracy, confidentiality

We give highest priority to information that we receive from or confirm with the fund managers themselves. When secondaries firms confirm details, we seek to "trust but verify".

Some details simply cannot be verified by us and in these cases we defer to the honour system. In order to encourage co-operation from secondaries fund managers that might make the SI 30, we do not disclose which firms have aided us on background and which have not. In the event we do not receive confirmation of details from the firms themselves, we seek to corroborate information using firms' websites, press releases, news reports and limited partner disclosures, among other resources.

Definitions

Secondaries capital: For the purpose of the SI 30, the definition of secondaries capital is: capital raised for a dedicated programme of investing directly into the secondaries market. This includes equity capital for diversified private equity, real estate, infrastructure, buyout, growth equity, venture capital and turnaround or control-oriented distressed secondaries investment opportunities. We also count any portion of a fund of funds earmarked specifically for secondaries investments.

Capital raised: Capital definitively committed to a secondaries direct investment programme. In the case of a fundraising, it means the fund has had a final or official interim close after 1 January 2011. We count the full amount of a fund if it has a close after this date. We count the full amount of an interim close (a real close, not a 'soft-circle') that has occurred, even if no official announcement has been made. We also count capital raised through other means, such as co-investment vehicles.

What does NOT count as secondaries?

Direct private funds: We do not count capital raised

for funds that invest directly into the primary markets, whether this be for private equity, real estate or infrastructure.

Hedge funds: We do not count hedge funds, meaning funds that target liquid securities or trading strategies.

Opportunistic investors: Some large entities have the ability to carry out secondaries deals on an opportunistic basis. We do not count these groups because there is no hard capital allocation to their direct-investment programmes.

Debt, including mezzanine debt funds: We only count equity investment funds for this ranking. All debt funds, including mezzanine debt funds, will not be counted towards the ranking.

PIPE investments: The SI 30 counts private capital raised for secondaries investments. Therefore, we do not count capital raised for PIPE deals.

Deal-by-deal: We do not count capital raised on a deal-by-deal basis to be invested into secondaries opportunities.

TOP 30 SECONDARIES FUNDRAISERS SINCE 2011

GP	HQ	AMOUNT RAISED (\$M)
1 Ardian	Paris	\$27,950.00
2 Lexington Partners	New York	\$19,870.00
3 Blackstone Strategic Partners	New York	\$16,171.15
4 Collier Capital	London	\$12,650.00
5 Partners Group	Baar-Zug	\$11,444.00
6 HarbourVest Partners	Boston	\$10,932.22
7 Goldman Sachs Asset Management	New York	\$10,002.00
8 Landmark Partners	Simsbury	\$7,500.20
9 LGT Capital Partners	Pfaffikon	\$6,391.88
10 Alpinvest Partners	Amsterdam	\$4,723.41
11 NB Alternatives	Dallas	\$4,048.90
12 Pantheon Ventures	London	\$3,008.30
13 Madison International Realty	New York	\$2,725.00
14 Portfolio Advisors	Darien	\$2,480.21
15 DB Private Equity	London	\$2,268.00
16 SwanCap Partners	Munich	\$1,989.17
17 Adams Street Partners	Chicago	\$1,937.46
18 Committed Advisors SAS	Paris	\$1,933.97
19 Industry Ventures	San Francisco	\$1,895.12
20 Pomona Capital	New York	\$1,850.00
21 Adveq Management	Zurich	\$1,820.24
22 Commonfund	Wilton	\$1,801.87
23 Morgan Stanley Alternative Investment Partners	West Conshohocken	\$1,418.33
24 Hamilton Lane	New York	\$1,351.09
25 Permal Capital Management	Boston	\$1,266.00
26 NewQuest Capital Partners	Hong Kong	\$1,256.50
27 JPMorgan Asset Management	New York	\$1,100.43
28 Newbury Partners	Stamford	\$1,100.00
29 StepStone Group	New York	\$1,066.35
30 W Capital Partners	New York	\$905.30

Source: PEI

» but what is more interesting is the average amount gathered for the other 20 firms in our list. These have raised on average \$1.9 billion each and are needing to come up with ever more innovative ways to deploy capital.

Firms such as Pantheon and Deutsche Bank's DB Private Equity unit have invested in GP-led restructurings deals, whereas players like [Industry Ventures](#), [NewQuest Capital Partners](#) and [StepStone](#) are focusing on other strategies such as venture, direct portfolios or real estate. "There are now more secondaries managers than ever, but LPs need to pick their GPs carefully," says Mark McDonald, head of EMEA & Asia secondaries advisory in Credit Suisse's Private Fund Group.

There may be greater dispersion between secondaries managers and fund returns over the next cycle because GPs are increasingly differentiated in their approach to deal selection and structuring, he says. ■

