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NEW STIFEL & EATON PARTNERS SURVEY FINDS INVESTORS INCREASING INVESTMENT DOLLAR ALLOCATIONS TO GP-LED SECONDARY TRANSACTIONS

ROWAYTON, Conn., September 15, 2022 – A new survey from Stifel Financial Corp. (NYSE: SF) and Eaton Partners, a Stifel Company, finds a strong appetite for GP-led secondary recap transactions, as investors increase their dollar allocations in the third and fourth quarters.

The latest Stifel/Eaton Partners GP Advisory Survey questioned 64 global investors regarding their approach to investing in GP-led secondary transactions. Key findings include:

- 62% of investors are increasing their investment dollar allocation to GP-led secondary recap transactions heading into the end of 2022.
- 42% of investors are now allocating at least half of their invested capital in current funds to GP-led transactions.
- Investors ranked Technology, Healthcare, Services, and Industrials as their current top industries of focus. Life Sciences and Energy ranked the lowest, essentially unchanged from the last survey in May 2022.
- Opportunities extend across the globe, with respondents reporting the United States, Europe, and Asia of most interest, replicating sentiment from the May survey.
- More than half (55%) say they actually invested in excess of \$100 million in 1H 2022, and 11% invested more than \$500 million in the same period. This compares with only 36% of investors who expected to put in excess of \$100 million to work in GP-led secondaries in the first half of this year, and only 7% that were planning to invest more than \$500 million over that period.
- Respondents were evenly split between single-asset and multi-asset GP-led secondary recap opportunities in H1 2022, but heavily favored (68%) multi-asset GP-led secondary recap opportunities for 2H 2022.
- In terms of a dedicated versus general pool of capital for GP-led secondary recap transactions, investor sentiment remained virtually the same with roughly one-quarter using a dedicated pool in 2H (24%) versus 1H (26%).
- Once again, investors identified aggressive NAVs, mediocre investment opportunities, and unknown GPs as top issues when underwriting GP-led secondary recap transactions. In fact, over 90% of respondents believe it will take another quarter or two for NAV marks to adequately capture the downdraft in public equity and transaction comparables. Additionally in 2H 2022, investors identified inflation/recession resilience as another top factor. LP support and industry headwinds were of the least concern in both 1H and 2H, and post-Covid stabilized run rate was also identified as an issue of low concern for investors in 2H 2022.

- Turning to LP portfolio transactions, 35% of respondents invest a majority of their fund’s capital in LP portfolio transactions, with nearly 65% targeting smaller bite sizes of \$100 million or less. Of note is that about one-third (32%) plan to increase their deployment of investment capital to LP portfolio transactions in 2022 compared to 2021, which points to anticipation of a potential balanced buyer’s/seller’s market in 2H 2022.

“The findings from our latest Advisory Survey show that investors continue to increasingly prioritize GP-led secondary recap transactions this year,” said Peter Martenson, Managing Director of GP Advisory, Secondaries, and Directs at Eaton Partners. “When comparing the results from our prior survey, it is clear that investors remain focused and intend to accelerate investment dollar allocation to these types of transactions that provide portfolio management tools to GPs and provide liquidity options to limited partners, which is needed during the current macroeconomic cycle for the private capital markets.”

Eaton Partners, which provides leading fundraising, advisory, and capital solutions capabilities as part of the investment banking team at Stifel, offers investment managers direct access to Stifel’s broader banking services, including over 600 professionals across 24 offices. With deep experience in the secondaries market, Stifel and Eaton combined have advised and executed on more than \$2.5 billion worth of secondary transactions over just the last three years.

Click [here to view](#) the full survey results.

The online survey of 64 top institutional investors was conducted from August 30, 2022, through September 9, 2022.

About Eaton Partners

Eaton Partners, a Stifel Company, is one of the world’s largest capital placement agents and fund advisory firms, having raised more than \$130 billion for over 175 highly differentiated alternative investment funds and offerings. Founded in 1983, Eaton advises and raises institutional capital for investment managers across alternative strategies – private equity, private credit, real assets, real estate, and hedge funds/public market – in both the primary and secondary markets. Eaton Partners maintains offices and operates throughout North America, Europe, and Asia.

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