Jasmin capital

Private Markets Advisor

newsletter

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AT A GLANCE

Jasmin Capital has relocated to 18 avenue de Messine, Paris 8th

En 2024, Jasmin Capital promoted:

- Kevin Li, Director
- Henry Schröpfer, Vice-President
- Pierre-Alexandre Anglards, Senior Associate

and hired:

- Paul Mergier, Chief Operating Officer
- Pedro Marzano (ex McKinsey), Director
- Selma Guermah (ex Lazard), Senior Associate
- Sofiane Ben Meftah, Associate
- Cyrielle Trouvé, Office Manager

The Jasmin Capital team is comprised of 20 members.

Jasmin Capital operates in **private equity**, **infrastructure,** and **private debt**:

- **Placement Agent**
- **Secondaries Transactions**
- **Strategic Advisory**
- Co-investment Syndication
- Advisory for Family Offices and Institutional Investors

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Cash is King !

After a challenging 2023, characterised by historically low distributions due to the global M&A slowdown and a weakened macroeconomic landscape, 2024 reflects a certain continuity, with only a modest increase in distributions compared to 2023. However, a degree of renewed optimism is observed, based on a scenario of gradual recovery in 2025.

Fundraising hit hard by the liquidity crunch

LPs have generally streamlined their relationships with GPs by limiting new commitments (favoring 're-ups') and provided little visibility on the timing and size of commitments. This has translated into longer fundraising cycles and a reduced ability for GPs to maintain momentum. With LPs largely sitting on the sidelines, awaiting clearer direction on final allocations or first investments from fundraising funds, GPs have been forced to be both patient and agile, guiding investors on closing timelines and adjusting their final fund size.

GPs shift to a more proactive, LP-friendly approach

In response to the liquidity drought, which created opportunities for LPs ("late primary","early bird fees"), GPs have taken a more hands-on approach. They've tapped into secondary markets, unlocking liquidity through continuation vehicles, tender offers, and strip sales, while also increasing co-investment offerings for prospective LPs. Coupled with an expansion of marketing efforts to target new geographies or new types of LPs, these initiatives have enabled certain GPs to achieve remarkable fundraising results despite the current context.

Secondary market sustains growth, solidifies role as liquidity hub

The growth of the secondary market continues, with record amounts raised and a projected 20% increase in transaction volume for 2024, reaching $137bn USD (source: Jasmin Capital Secondaries Index 2024). While the current environment naturally presents opportunities for secondary funds (with both GPs and LPs seeking liquidity solutions), the growth of the secondary market is part of a broader, sustainable trend toward active portfolio management. In this context, the gradual improvement in pricing observed in secondary transactions over recent quarters (with discounts narrowing by about 3 to 4 points) serves as a strong catalyst for market activity. Jasmin Capital anticipates a progressive alignment of valuation expectations between buyers and sellers, which should facilitate the completion of both GP-led and LP-led transactions.

Outlook: a cautiously optimistic horizon?

After hitting a low point in 2023, distributions in 2024, although slightly up with some GPs finalizing successful exits, remain at a low cycle level. In a positive sign for the long-awaited market rebound, investment banks are reportedly gearing up for a growing wave of sell-side deals, aiming to seize upcoming market windows (mainly through the sale of assets acquired in 2018/2019). Eagerly awaited by all stakeholders, this natural liquidity recycling would be welcomed as a means to revive the still sluggish fundraising market. Yet, this optimism remains delicate as it is largely dependent on a more stable economic backdrop, including lower interest rates, controlled inflation, and improved growth outlooks. As a result, Jasmin Capital foresees a slow market recovery, likely punctuated by bouts of volatility, requiring ongoing flexibility and adaptation.

DAWSON

YANN ROBARD
Managing Partner

Dawson provides tailored portfolio financing and liquidity solutions to LPs and GPs. The Firm has raised over US$18 billion in commitments and has deployed over US$22 billion across more than 240 transactions. It was founded in 2015 in Canada as Whitehorse Liquidity Partners and rebranded to Dawson Partners in April 2024.

What is Dawson's strategy?

Dawson Partners ("Dawson") is a global alternative asset manager focused on providing innovative structured solutions to private markets. These customized liquidity solutions can, for example, enable those seeking to generate liquidity on their private equity portfolios to do so while keeping upside potential and flexibility. Our solutions are multi-faceted, taking many different forms, and can be used by LPs and/or GPs. We pride ourselves on outside-the-box thinking and finding unique bespoke solutions for our counterparties.

We operate in the ecosystem of the private equity secondary market – a market that trades over $100 billion a year. At times, LPs may find themselves overallocated to private equity. The secondary market provides an opportunity to sell their LP interests and rebalance their portfolios.

We approach the market with a different lens. We want to add a new tool in LPs' toolsets. In the place of an outright sale, we want to provide them with an alternative way of generating liquidity on their portfolios while allowing them to retain potential upside.

Said differently, and by way of example, in place of selling a portfolio at 90% of net asset value, we may be able to provide 67% of the value of the portfolio in liquidity on day one and then we sweep 100% of the cash flows until we get to minimum returns and then we share cash flows with the counterparty. This is one of the many structured solutions we can provide to the market as LPs and GPs consider liquidity needs in their portfolios.

What is your view on the state of the secondary market?

We believe the secondary market is long opportunity and short capital. In other words, that there is not enough capital to meet the growing pent-up liquidity needs in the market. We see it as a market that remains vastly undercapitalized.

Case in point, from 2021 to 2023, the secondary market deployed significantly more capital than it raised. In fact, ~$350 billion was deployed in the secondary market versus ~$210 billion raised. This suggests dry powder has been shrinking, not growing, over the past three years. As such, despite many headlines focusing on record fundraising in the secondary market, the missing context on these headlines is how much has been deployed.

What is next for the secondary market?

We believe the secondary market has the potential to reach $1 trillion by 2031; up from its peak year of just over $130 billion traded in 2021. How so?

We believe three key factors will drive this significant growth:

1. **Continued Growth of Private Markets.** From 2016 to 2023, the private capital market tripled from $5 trillion to $15 trillion. We, like a number of other market pundits, believe the private capital market can double to $30 trillion by 2030 with key drivers including performance, diversification and accessibility.

2. **Increased Churn Rates of Private Equity Portfolios.** As LPs become more sophisticated in the way they manage their portfolios, GPs continue to expand their use of continuation funds and the maturation of infrastructure, real estate and private credit portfolios, we believe it is possible that churn rates could increase from 1% to just over 3%. Around a 3% churn on the $30 trillion above gets you to an approximately $1 trillion secondary market.

3. **Capitalization of Secondary Market.** As the secondary market gets more mature and more institutionalized, we believe more capital will flow into it from institutions. Combine this with the secondary market getting its fair share of the vast amount of capital expected to come from private wealth channels, and we see a market that we believe can grow significantly over the coming 5 to 10 years.

Legal Disclaimer: This is not an offering of any kind. Based upon Dawson's current views informed by published sources and third parties and no assurance can be made that its predictions will materialize. Please note that the data figures cited in this article have been sourced from Preqin and other industry publications. A full list is available upon request, please contact media@dawsonpartners.com.

RUNE JEPSEN
Partner
and Head of Europe

TOBY SUEN
Principal

QIC

What are the investment strategies QIC chooses to focus on in private markets?

QIC has invested across private markets for over 30 years. With AUM over A$110bn (as of 31 March 2024), investment strategies cover private equity (PE), venture capital, infrastructure, real estate, private debt, natural capital and liquid markets.

QIC offers tailored solutions based on individual client needs, globally and across sectors. Within PE, we proactively seek and nurture capital partnerships with the next generation of managers. Through a diversified approach entailing co-investing, funds and co-investment-like opportunities, we provide access to the higher performing, more resilient, yet difficult-to-access lower mid-market in a risk-adjusted, fee efficient manner.

Since inception, we have committed A$5.3bn to mid-market investments across 94 Funds, 88 Co-investments alongside 55 PE managers[1]. Notably, 28 of the 55 sponsors[1] were emerging, with our first investment being in or alongside Fund III or earlier. We have consistently backed sponsors that have evolved into market leaders within their niches or sectors and have been able to convert our early relationships into meaningful direct access to subsequent funds for our clients. Our realised track record on co-investments since inception stands at a TVPI of 3.5x and a net IRR of 35.5% across 28 investments[2].

QIC is a long-term specialist manager in alternatives, liquid strategies and multi-asset investments. QIC has over 900 employees and serves approximately 115 clients with A$111bn (US$72bn) in funds under management. Headquartered in Brisbane, Australia, QIC also has offices in Sydney, Singapore, Melbourne, New York, San Francisco and London.

What projections do you expect to see in private markets?

Within PE, we believe genuine specialisation is imperative to winning deals and attracting investors. In an increasingly competitive market, whilst local presence and cultural affinity remain important aspects of a GP's 'reason to win', we find that having capital is not enough to win over management and vendors, and best-in-class GPs have to demonstrate genuine value add around sectors and/or strategies. In many cases, groups starting with a clean sheet are better positioned to push the active ownership model of PE and is exactly what excites us at QIC.

We are confident that the market dynamics in the middle and lower middle-market will continue to be favourable for the foreseeable future. Middle market buyouts have consistently delivered higher median returns than large cap buyouts, albeit with a higher degree of quartile dispersion[3]. Importantly, we believe emerging sponsors continue to exhibit inherent characteristics that can deliver better outcomes due to their incentives, alignment and structure. At QIC, we believe our collective experience, coupled with a rigorous approach, has allowed us to consistently capture the outperformance on offer in this part of the market. We have developed the institutional knowledge to identify and invest with high potential managers and we continue to pursue the same tried and tested methodology since 2005.

What is your vision on the European private market landscape?

We are increasingly seeing peers shift focus from the lower to the larger end of the market. LPs have grown significantly larger organically and/or inorganically, are and/or are unable to take on emerging managers. As a result, there are fewer institutional investors focused on smaller more nascent funds presenting a unique opportunity.

(1) Buyout investments made through QIC mandates across core markets of North America, Western Europe, and Australia where QPE has been responsible for investment decisions. Data as of May 2024. Source: QIC, LP Analyst.

(2) The realised co-investments returns outline the track record of the QPE team's co-investment portfolio for investments that have been exited. It is designed to represent the return QPE has achieved on behalf of client mandates where QPE has been responsible for investment decisions. The portfolio IRR is net of all fees and expenses, includes realised and unrealised gains and is shown on an unhedged AUD basis. Inception date of the first mandate was June 2007.

(3) Preqin Pro, as of 31/12/23. Includes Europe, North America, Asia and Australasia.

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