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For Immediate Release

GREENHILL'S SECONDARY MARKET ANALYSIS
SHOWS SIGNIFICANT DECLINE IN TRANSACTION VOLUME
DURING THE FIRST HALF OF 2020

DALLAS, July 30, 2020 – Greenhill & Co., Inc.'s Capital Advisory team, a leading advisor focused on the secondary market for alternative assets, has released its *Global Secondary Market Trends & Outlook* for the first half of 2020. The report reveals that the secondary market achieved transaction volume of \$18 billion during the first six months, representing a ~57% decline from the record volume of \$42 billion recorded during the same period last year.

The year-over-year decline in transaction volume was driven primarily by the global market dislocation caused by the COVID-19 pandemic. Transaction activity came to a virtual halt in Q2 2020, as the majority of transactions in the market or being prepared for launch in mid-March were ultimately pulled from the market or postponed, as funds and portfolio companies became nearly impossible to underwrite. “From a deal volume perspective, we have observed several similarities in secondary market behavior between the current crisis and the Global Financial Crisis more than 10 years ago, however pricing levels in the current environment have fallen meaningfully less than during the GFC.” noted Stephen Sloan, Head of Greenhill’s Capital Advisory practice. “We believe the secondary market will prove resilient once again, as there are currently record levels of dry powder and a more expansive set of liquidity solutions available to potential sellers than ever before,” added Sloan.

Average secondary pricing was also negatively affected by the market dislocation. The average high bid across all funds and strategies was 80% of net asset value, representing an aggregate pricing decline of 800 basis points from the end of 2019. The magnitude of the decline varied by strategy, with venture decreasing by 700 basis points, buyout decreasing by 800 basis points, and real estate decreasing by 1,100 basis points. The weighted average vintage of funds sold during the first half of the year was 2014, as buyers demonstrated a general flight to quality and a heightened appetite for younger portfolios. Further, funds with vintages of 2013 and after represented over 80% of total first half volume, reflecting a ~30 percentage point increase in volume share as compared to 2019. “We expect this trend to continue in the future as buyers accelerate a broader shift in focus to newer, high quality funds / managers in which they have strong conviction,” noted Sloan.

The report also highlights the growing popularity of alternative transaction structures, including preferred equity and other credit-based solutions. These types of transactions represented ~15% of total secondary market volume in the first half of 2020. Both buyers and sellers are more frequently considering and utilizing structured liquidity solutions as bid-ask spreads for traditional sales have widened and valuation / exit timing expectations have become increasingly uncertain. “As buyers and sellers look to solve their secondary transaction objectives in the current environment, many have found structured solutions to be an effective tool that both limits risk for buyers and preserves upside for sellers,” noted Sloan.

Since 2005, Greenhill has provided insights into the development and state of the secondary market to better help institutional investors and fund sponsors evaluate and manage their alternative asset portfolio. This report represents Greenhill’s 16th mid-year review of the secondary market and includes an analysis of the universe of funds marketed on behalf of its clients during the first half of 2020, along with market data from leading sources such as Preqin and PEI.

The full report is available to institutional investors upon request on Greenhill’s website (www.greenhill.com).

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