

**Private Equity Industry Leaders Discuss Secondary Market Trends
in the U.S., Europe and Asia at NYPPEX 2019 Midyear Roundtable Webinar**

New York August 5, 2019 – At a recent Roundtable Webinar hosted by NYPPEX held on July 31st, private equity industry leaders discussed secondary market trends affecting GP-led transactions, deal structures, use of leverage, prices and volumes for interests in funds and securities in private companies in the U.S., Europe and Asia.

Guest speakers included Trey Muldrow III, Partner, **Akin Gump** (New York); Raj Marphatia, Partner, **Ropes & Gray** (Palo Alto); Min Lin, Co-Founder and Partner, **NewQuest Capital Partners** (Hong Kong); Amir Malayery, Principal, **Industry Ventures** (San Francisco) and Michael Bego, Founder and Managing Partner, **Kline Hill Partners** (Greenwich).

The Webinar was moderated by Laurence Allen, Managing Member, **NYPPEX** (Rye Brook, NY) and attended primarily by institutional investors, alternative investment firms and private wealth advisors worldwide.

NYPPEX estimates that GP-led transaction volume increased approximately 38% in the 1H2019 vs. the 1H2018, driven by GPs implementing “fund life cycle management” policies to provide fund-level liquidity options to limited partners when funds reach 10-12 years of age.

“The GP-led recapitalization market is a rapidly evolving segment of the secondaries industry,” stated **Trey Muldrow with Akin Gump**. “Participants are using their creative energy to offer a wide array liquidity solutions for LPs. However, continuous engagement of LPs is critical ensure an effective and efficient outcome.”

“GPs considering a fund restructuring should first consult their LPs to assess their liquidity needs and their appetite to extend the fund’s term. Each GP-led transaction is bespoke and will reflect the GP’s views on how best to maximize the value of the fund’s remaining portfolio,” stated **Raj Marphatia with Ropes & Gray**.

“Venture GP’s continue to manage out 10-year fund structures, while the average time from inception to IPO of top SaaS companies is now over 10 years. If you invest in year 3 or 4 of the fund, harvesting your winners will require a fund extension, restructuring, or liquidity solution,” stated **Amir Malayery with Industry Ventures**.

In China, **Min Lin with NewQuest** stated, “There is a trend for RMB-denominated private equity fund managers to move some of their assets into USD-denominated funds”.



NYPPEX estimated that secondary prices for shares in venture-backed Unicorn private companies varied widely in the 1H2019. “There has been a wide variance in secondary bids for Asian Unicorn private companies, similar to U.S. and European Unicorn companies”, stated **Min Lin with NewQuest**.

Michael Bego with Kline Hill stated “secondary prices for interests in private equity funds were driven by 3 factors in the 1H2019: 1) the stock market, 2) distribution rates from private equity funds and 3) dry powder of secondary buyers.”

“LPs are some of the most rational investors in the ecosystem. They’ve seen multiple cycles, understand a fund’s fair market values could be marked down at any moment in today’s environment, and often decide to sell while the going is good,” stated **Amir Malavery with Industry Ventures**.

“If the current pace continues, secondary private equity transaction volume will have its first \$100+ billion year in 2019 and exceed the 2018 record”, stated **Laurence Allen with NYPPEX**.

About NYPPEX

NYPPEX Private Markets is one of the world’s leading private equity secondary advisors. We operate the NYPPEX QMS Platform™, which provides the opportunity for **high volumes** of secondary private equity transactions, **superior transaction speed** and **price execution, low cost** and **regulatory compliance**.

We offer our services through both the NYPPEX QMS Platform™ and our specialized professionals whose focus is a team approach to managing deals and long-term client relationships.

Our core services are secondary transfer administration, advisory, Qualified Matching Services, portfolio risk analytics and market data.

NYPPEX provides access to secondary private market liquidity, deals and solutions for (a) interests in **private partnerships** (e.g. buyout, venture, natural resources, real estate, hedge funds etc.), (b) unregistered equity and debt related securities in **private companies** and (c) their respective **derivative instruments**.



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This IRS private letter ruling provides a **high level of comfort to general partners** to outsource their secondary interest transfers to NYPPEX and have access to the following valuable benefits: (a) **no adverse tax consequence** from the IRS against their partnership in connection with its secondary interest transfers and (b) permit an **additional 10%** of a partnership’s capital to be transferred annually by meeting the requirements of a QMS safe-harbor exemption as provided by the NYPPEX QMS.

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