

Private Equity Now: The GP Perspective

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Challenging financing conditions and macroeconomic disruptions have ushered in a period of lackluster M&A activity the last few years. Sellers are reluctant to realize investments at what are perceived to be depressed valuation multiples. Buyers meanwhile are wary of overpaying and unwilling to meet sellers at multiples of a bygone era. The resulting valuation gap has contributed to a reduction in exits for GPs and thus reduced distributions – the lifeblood of private equity.

Traditionally, GPs had five options to generate distributions: selling a minority equity position, or selling outright, executing a fund-to-fund sale, a dividend recapitalization, or an IPO. Each have drawbacks in today's market. The dramatic evolution and increased sophistication of the secondaries markets over the last five years have ushered in a new wave of innovative liquidity options including: continuation vehicles (CV), net asset value (NAV) facilities and fund level tenders...

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