



Preqin Industry News: Investor Appetite for Secondaries Funds

Antonia Lee looks at investor appetite for secondaries funds, including investors that have recently made commitments to these funds, and the investors that plan to target secondaries funds in the year ahead.

Several investors are planning commitments to secondaries funds in the next 12 months:

[City of Detroit General Retirement System](#) is looking to commit \$15mn to a secondaries fund and is planning to interview fund managers, including Lexington Partners and Landmark Partners, to run \$15mn for investment in a secondaries vehicle. City of Detroit General Retirement System has a current allocation to private equity of 10% of total assets, which is above its target of 4%. It prefers to invest in North America-focused vehicles, but will also invest globally. The pension fund typically commits between \$1mn and \$8mn per private equity vehicle.

[Wüstenrot Versicherungs](#) plans to target secondaries funds over the next 12 months and expects to make its next fund commitment in Q3 2013. It will look to target secondaries vehicles going forward, with a preference for Europe and US-focused funds. It expects to form new GP relationships and re-up with fund managers in its existing investment portfolio. The insurance company typically commits between €5mn and €10mn per fund and is currently at its target allocation to private equity.

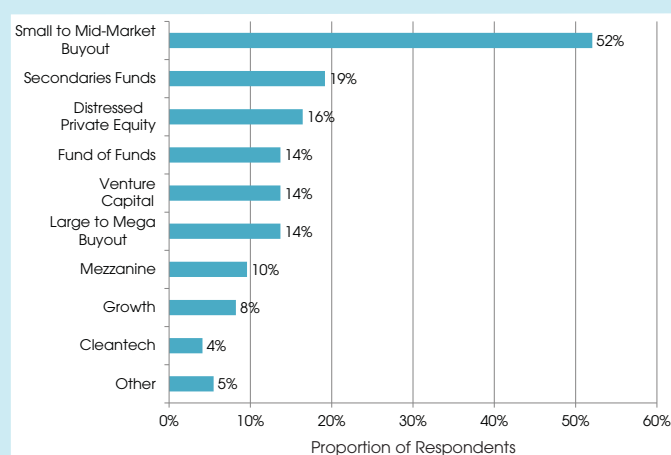
[Tokio Marine Asset Management \(TMAM\)](#) is looking to commit \$200mn across a maximum of five new funds over the next 12 months. It expects to target secondaries and debt-oriented funds, focusing on investment opportunities in Europe and the US. TMAM plans mainly to re-up with existing fund managers in its portfolio and will also consider forming some new GP relationships.

A number of investors have made commitments to secondaries funds this year:

[Seattle City Employees' Retirement System \(SCERS\)](#) committed \$7.5mn to [Dover Street VIII](#). The latest vehicle from [HarbourVest Partners](#) had an original target of \$3.0bn but recent held a final close on \$3.6bn. It will purchase stakes in venture capital and leveraged buyout funds, and portfolios of operating companies within the US.

Which Fund Types Are Presenting the Best Opportunities?

Chart of the Month: Private Equity Fund Types Investors View as Presenting the Best Opportunities



Source: Preqin Investor Outlook: Alternative Assets, H2 2013

Secondaries funds were named as presenting the best investment opportunities in the current financial climate by the second highest proportion (19%) of investors that were interviewed for the [Preqin Investor Outlook: Alternative Assets, H2 2013](#). Over half (52%) of LPs stated small to mid-market buyout funds were most favourable at present, followed by distressed private equity funds, which were named by 16% of respondents.

[New Mexico Educational Retirement Board](#) committed \$40mn to [W Capital Partners III](#), which recently held a final close on \$750mn. The third fund from [W Capital Partners](#) focuses on secondary transactions of portfolios containing both venture capital and direct private equity investments.

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.

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