



## The Continued Evolution and Growth of Mid-Sized GP Stake Investing


### Favorable GP Staking Fundraising, LP Sentiment & Liquidity Trends




Over last three years, four mid-sized GP staking funds raised inaugural vehicles >\$500 million<sup>1</sup>




Increasing investment in GP staking funds – of 110 global limited partners surveyed, 47% of limited partners currently invest in or are planning to invest in GP staking funds, representing an 11% increase to 2018<sup>2</sup>



GP staking fund performance is trending at or better than allocators' expectations – of the limited partners surveyed, 27% believed performance had exceeded expectations, 64% believed performance was in line with initial expectations and only 9% believed performance was below expectations<sup>3</sup>



GPs who have sold stakes have demonstrated consistent investment performance – six out of the ten highest ranked Global Buyout Managers have sold GP stakes, with four of those six being mid-sized GPs<sup>4</sup>



GP staking funds have had 30 distinct liquidity events from 2020 to YTD August 2023; 12 alone in 2022<sup>1</sup>


### Mid-Sized GP Stake Investment Proliferation & Supply/Demand Dynamics



The share of mid-sized GP stake investments as a percentage of total GP stake investments grew from 60% in 2020 to 82% in 2022<sup>1</sup>



The average AUM of all GP target sellers (at the time of transaction) decreased from ~\$11 billion in 2020 to ~\$5 billion in 2022, illustrating the increased focus on mid-sized GPs<sup>1</sup>




21 dollars of supply (i.e., North American/Western European mid-sized GPs to acquire stakes in) for every one dollar of demand (i.e., mid-sized GP staking fund dry powder)<sup>1</sup>

### Continued Private Market Growth & Outperformance



Global alternative AUM expected to grow from \$26 trillion in 2022 to \$61 trillion in 2032<sup>5</sup>



Private equity, private credit, infrastructure and natural resources have all outperformed public market equivalents over the last fifteen years, doing so with higher Sharpe ratios<sup>6</sup>

### Mid-Sized GPs' Historic Resiliency & Outperformance Over Large-Cap GPs



US PE mid-sized fund closings represented 56% of all US PE fund closings in 1H 2023 as compared to their five and ten year averages of 38% and 37%, respectively<sup>7</sup>



On a rolling one-year net IRR basis, at Q4 2022, US mid-sized PE funds had a 960 basis point outperformance spread over US large-cap PE funds<sup>8</sup>

### GP Stake Sale Drivers

## 1

### Fund and Accelerate GP Growth

## 2

### Business Strategy Management

## 3

### Manage Ownership Liquidity

- |                      |                              |                        |                             |                              |                         |                       |                            |                            |
|----------------------|------------------------------|------------------------|-----------------------------|------------------------------|-------------------------|-----------------------|----------------------------|----------------------------|
| Boost GP commitments | Capital to seed new products | Industry consolidation | Talent retention mechanisms | Strategic distribution deals | GP valuation trajectory | Succession management | Legacy sponsor replacement | Partial liquidity for team |
|----------------------|------------------------------|------------------------|-----------------------------|------------------------------|-------------------------|-----------------------|----------------------------|----------------------------|

<sup>1</sup> Source: SCG Proprietary Research, as of August 31, 2023.  
<sup>2</sup> Source: Collier Capital's September 2022/2023 Global Private Equity Barometer Survey.  
<sup>3</sup> Source: Collier Capital's Winter 2022/2023 Global Private Equity Barometer Survey.  
<sup>4</sup> Source: 2022 Pitchbook Global Manager Performance Score League Tables.  
<sup>5</sup> Source: Bain's Global Private Equity Report 2023.  
<sup>6</sup> Source: Hamilton Lane 2023 Market Update.  
<sup>7</sup> Source: Pitchbook Q2 2023 US PE Middle Market Report.  
<sup>8</sup> Source: Pitchbook, as of June 2023.