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NEW STIFEL & EATON PARTNERS SURVEY FINDS SECONDARY INVESTORS HAVE A ROBUST APPETITE TO START 2023

STAMFORD, Conn., January 24, 2023 – A new survey from Stifel Financial Corp. (NYSE: SF) and Eaton Partners, a Stifel Company, finds an overwhelming majority of secondary investors (82%) have no plans to change their investment dollar allocation to GP-led secondary transactions in the first half of 2023, compared to that of six months ago.

Additionally, 38% of those surveyed indicated their deployment of capital to LP-led secondary transactions will increase in the first half of 2023, with three-quarters (75%) of secondary investors expecting LP-led secondary market volume to be stronger in the first half of the year than the back half of 2022.

The latest Stifel/Eaton Partners GP Advisory Survey questioned dozens of global institutional secondary investors on their approach to investing in GP and LP-led secondary transactions for 2023. Other key findings include:

- Two-thirds (66%) plan to invest more than \$100 million overall in GP-led secondary transactions, including nearly one-in-five (19%) who are looking at making total investments of \$500 million or more.
- An overwhelming majority (93%) are targeting individual GP-led secondary transaction sizes under \$200 million, with the sweet spot reported between \$25 million and \$100 million per transaction.
- 85% of secondary investors indicated they will target both Single-Asset and Multi-Asset opportunities in the next six months, with Buyouts, Growth Equity, and Venture Capital as the top asset types they will target.
- Secondary investors ranked Healthcare and Technology as their top industries of focus, but a significant number of respondents indicated a preference to remain sector agnostic, indicating a sense of investor open-mindedness.
- Aggressive NAVs and inflation remain top concerns when underwriting GP-led secondary recap transactions, but asset quality and unknown GPs were also identified as top issues that investors will need to navigate over the next six months.
- 70% of secondary investors have more than a quarter of their capital invested in GP-led transactions, including 25% who have more than half their fund invested in GP-led transactions.

- Liquidity needs, over-allocation to private equity, and the denominator effect ranked as the primary drivers for LPs selling portfolios in the current market environment.
- Nearly two-thirds of secondary investors (66%) indicated they would provide a staple commitment to a sponsor's next fundraising, with a ratio preference between 3:1 (29%) and 4:1 (21%), which will be instrumental for new GP fund offerings in 2023.
- Roughly half (49%) of secondary investors expect to maintain the same level of annual investment capital in LP transactions compared to last year.
- LP-led secondary investors ranked Buyouts and Venture portfolios as their top investment priorities, with Credit and Infrastructure also listed as desired areas of focus.

“The findings from our latest survey provide a clear indication that secondary investors are prioritizing GP-led secondary recap transactions, especially as a means of providing liquidity options,” said Peter Martenson, Managing Director of GP Advisory, Secondaries, and Directs at Eaton Partners. “Given the unprecedented liquidity constraints LPs have recently been experiencing, there has been a surge in LP-led secondary transactions being brought to market. As a result, we expect a strong year for secondary transaction volume, with an increase in the volume of LP-led secondaries.”

Eaton Partners, which provides leading fundraising, advisory, and capital solutions capabilities as part of the investment banking team at Stifel, offers investment managers direct access to Stifel's broader banking services, including over 600 professionals across 24 offices. With deep experience in the secondaries market, Stifel and Eaton combined have advised and executed on more than \$2.5 billion worth of secondary transactions over just the last three years.

Click [here](#) to view the full survey results.

The online survey of 41 top institutional secondary investors was conducted from January 4, 2023, through January 17, 2023.

About Eaton Partners

Eaton Partners, a Stifel Company, is one of the world's largest capital placement agents and fund advisory firms, having raised more than \$130 billion for over 175 highly differentiated alternative investment funds and offerings. Founded in 1983, Eaton advises and raises institutional capital for investment managers across alternative strategies – private equity, private credit, real assets, real estate, and hedge funds/public market – in both the primary and secondary markets. Eaton Partners maintains offices and operates throughout North America, Europe, and Asia.

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