



MULTIPLICITY PERSPECTIVES

Q1 / 2024

RIDING THE WAVES OF CHANGE: WHAT TO
EXPECT IN 2024

As we approach 2024, the investment landscape is showing signs of remarkable changes following patterns of the previous year. The initial slowdown in the first nine months of 2023, marked by pricing expectation discrepancies between sellers and buyers, gave way to a remarkable transformation in the fourth quarter. This shift not only revitalized market activity but also set the stage for what appears to be a dynamic and promising year ahead.

LATE-2023 COMEBACK AND MORE ACTION IN 2024

The late 2023 turnaround, marked by a significant surge in investment volume, emerges as a harbinger of positive trends shaping the narrative in 2024. Fueled by a growing alignment of pricing expectations, this resurgence lays the groundwork for a favorable deal-making environment, reinvigorating momentum across diverse sectors. The echoes of late-2023 serve as a guiding light, paving the way for sustained dynamism in the unfolding chapters of the coming year.

Late-2023 Comeback and More Action in 2024

The conclusion of 2023 witnessed a revitalization, and the positive momentum is expected to continue. The challenges of the initial months are now behind us, and the energy from Q4 is poised to continue into 2024, fostering increased activity across the secondary landscape.

SECONDARIES FUNDS: READY TO ROLL

The surge observed in Q4 wasn't a stroke of luck – secondaries funds were well-prepared with substantial dry powder. The favorable fundraising environment in 2023 has left these funds well-positioned, with expectations of this trend continuing into 2024. Secondaries funds find themselves equipped to play a crucial role in reshaping the investment landscape with a robust financial arsenal ready for strategic deployment.

IPO TROUBLES AND NEW EXIT STRATEGIES

While the IPO window remains closed for the foreseeable future, navigating exits through trade sales has become more intricate in the current higher interest rate environment. This shift has prompted a redirection of focus towards alternative exit strategies, with secondaries emerging as an increasingly attractive option. The growing complexity of traditional exits underscores the importance of flexibility in responding to the ever-changing market dynamics.

SECONDARIES MARKET: WHERE THE ACTION IS

The appeal of the secondaries market is not a passing trend; it is further underscored by the robust inflow of assets into secondaries funds. In particular, the tail end segment, comprising older vintage funds, stands out as exceptionally robust. This trend indicates a broader acknowledgment within the industry of the inherent value and opportunities presented by secondary transactions. The secondaries environment becomes a resolute example of stability in an otherwise difficult landscape.

CONTINUATION VEHICLES: SMART MOVES BY GPS

GPs are no longer observers of market changes; they are actively exploring the continuation vehicles as a strategic option to overcome the challenges associated with liquidating existing funds. This tactic allows GPs to adapt to the challenging market conditions while providing an avenue for optimizing returns for LPs. The increasing adoption of continuation vehicles is representative of the industry's resilience and its ability to adapt strategies in response to a shifting investment landscape.

LP-LED SECONDARY MARKET: LPS TAKING CONTROL

LPs are not mere passengers; but control the LP-led secondary market, utilizing it as a tool to resolve tail end positions and streamline portfolios. This tactical approach empowers LPs to actively manage their portfolios in response to the changing market dynamics. The reliance on the LP-led secondary market underscores the industry's acknowledgment of the need for inventive and hands-on solutions in portfolio management, also in private markets.

DEAL FLOW FOR TAIL END POSITIONS: THE HOT STUFF

A standout trend in the current landscape is the robust deal flow observed for tail end positions and other special situations. This trend is indicative of a broader industry recognition of the inherent value in these positions. Both GPs and LPs are actively engaging in transactions that enable them to optimize returns, manage risk effectively, and adapt to the evolving demands of the challenging market. The strong deal flow is a remarkable demonstration of the industry's proactive approach to capturing opportunities in a changing environment.

MULTIPLICITY PARTNERS IS AN ACTIVE BUYER OF TAIL-END POSITIONS

Multiplicity Partners is well positioned with the growing interest in tail end positions and private market special situations. Serving as a facilitator in these transactions, the firm deals with both GPs and LPs, effectively managing returns and risk.

Benefiting from a deep understanding of special situations and tail end positions, Multiplicity Partners is an active buyer of such interests, consistently reinforcing its reputation as a reliable partner in an often time challenging market environment.



Do you have any questions or feedback for us? Please contact Christoph at cl@mpag.com, or call him on +41 44 500 4554.

Christoph is an investment manager with Multiplicity Partners and manages the firm's secondary investments in private credit funds and niche strategies. His further responsibilities are in deal origination. Upon joining Multiplicity in 2019, he expanded the company's sourcing and analytical capacity in private debt and niche strategies such as litigation funding and trade finance. Christoph has more than 20 years of experience in the financial industry and as a private investor.

ABOUT MULTIPLICITY PARTNERS

Multiplicity Partners is an investment firm specialised in providing liquidity solutions to holders of private market funds and distressed assets. The firm also offers a range of advisory and governance services across alternative assets.

Multiplicity Partners has been an active participant in the secondary market for fund interests and distressed assets since 2010. The team has successfully completed more than a hundred transactions across a wide range of illiquid and complex financial assets. Each partner contributes more than 15 years of relevant experience, giving us the collective capabilities to effectively identify, analyse and execute attractive investment opportunities in hard-to-value assets. Multiplicity Partners was founded in 2010 and is based in Zurich, Switzerland.

CONTACT

Multiplicity Partners AG
Bodmerstrasse 5
8002 Zurich
Switzerland

+41 44 500 4550
info@mpag.com
www.mpag.com

For enquiries:
Andres Hefti, Partner

+41 44 500 4555
ah@mpag.com

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