Jasmin capital

Private Markets Advisor

newsletter

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AT A GLANCE

Jasmin Capital recently hired:

- Gianmarco Prota, Italian, Vice President
- Lucas Corbeau, Associate
- Lucie Carayon, Analyst

and promoted:

- Marthe Fahre, Norwegian, Vice President
- Selma Guermah, Vice President

The Jasmin Capital team now comprises around 20 members

Through its **endowment fund**, Jasmin Capital has supported 16 associations since 2020, including three in 2024:

- The Brain Institute (ICM)
- Mécénat Chirurgie Cardiaque
- SOS Children's Villages

Jasmin Capital intervenes in **private equity**, **infrastructure,** and **private debt**:

- **Placement Agent**
- **Secondary Advisory**
- **Strategic Advisory**
- Co-investment Syndication
- Advisory for Institutionals and Family Offices

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Strategic partnerships and GP-stake deals: No one is a prophet in their own land

A growing number of GPs are leading the way and actively driving market consolidation. As part of their strategic growth plans, many have opened their capital to secure shareholder liquidity or fund new projects.

While GPs are seasoned advisors to their portfolio companies, they are often less prepared when it comes to managing their own strategic development. Key questions inevitably arise: How will LPs perceive the transaction? Will it generate operational synergies? Can the firm's culture be preserved, and will team integration be successful?

The private markets industry — spanning private equity, private debt, and infrastructure — remains relatively young and is constantly moving. Like any maturing sector, players are looking to scale, internationalize, sharpen their competitive edge, and stay ahead of market trends.

Some GPs, having grown alongside the market for several decades, now manage significant AUM, providing strong visibility on recurring management fees income. With the rise of GP-stake deals and successful IPOs, the sector now benefits from more established valuation benchmarks.

Buyout and/or Growth: "There's always a reason to do something - a good reason and the real reason"

GP ownership is often concentrated in the hands of a few Partners, some nearing the end of their careers and grappling with succession planning. As AUM grow and valuation frameworks become more standardized, transferring capital from founding Partners to the next generation can become increasingly complex.

Against this backdrop, the exit of founding Partners can facilitate the collaboration with an industrial player, can lead to a cession to another player or to a minority GP-stake transaction that offers liquidity and strategic support.

In an industry where scale, expertise, and multi-strategy platforms are becoming prerequisites to attract the largest LPs, GPs are taking a more proactive approach to strategic development. Many are strengthening their competitive position through add-ons and a focused search for the right targets.

Valuation: "Simplicity is the ultimate sophistication"

The valuation of a management company relies on a multi-criteria exercise, aligned with common valuation approaches in other industries. However, private markets firms have a distinct methodology — most notably, a sum-of-the-parts approach that factors in Fee-Related Earnings, Performance-Related Earnings, and Principal Investments, depending on whether carried interest or direct investments are in play.

Valuation benchmarks are now well-established: listed comparables, broker research, precedent transactions, and DCF modelling all provide useful reference points. It is now common practice — and often necessary during negotiations — to align valuation exercises around an EBITDA multiple, focusing only on the core business while adjusting for the specific characteristics of each firm.

Managing the LP Base: "What is clearly thought out is clearly stated - and the words to say it come easily"

Once a GP-stake or strategic partnership takes shape, GPs must engage their LP base. The challenge is to articulate a clear rationale and demonstrate that this new chapter will create value for all stakeholders.

LPs are particularly sensitive to potential misalignment risks or the dilution that could arise from a GP expansion. They value ambitious, growth-driven GPs capable of attracting and retaining top talents. Thoughtful communication is critical to reinforcing trust and ensuring strong, long-term relationships.

Ultimately, these strategic moves require careful preparation to deliver tangible value creation for all parties involved.

INTERVIEW

Sagard

ANTOINE ERNOULT-DAIRAINE
Partner

Sagard MidCap is made up of fifteen professionals based in Paris and Milan, including five partners. The team invests in mid-cap companies in France and Italy, focusing on business services, healthcare, and digital technology and services. With a MOIC performance of over 3x on realized exits since 2008, Sagard MidCap is currently raising its fifth vintage, targeting €1 billion in commitments

What has been the experience from Sagard MidCap's recent fundraisings?

Since 2021, with the fundraising of Fund 4, we have changed our approach. During this fundraising, we had two objectives: expanding the number of entrepreneurial families investing alongside us, as they are a core part of our DNA and a key driver of value creation for our portfolio companies and securing commitments from large institutional investors capable of supporting co-investments.

Until then, our management company, originally family-backed, had few investors in its funds. Fund 3, a 2016 vintage with €800 million in commitments, had only 13 LPs. However, with Fund 4, we brought in 26 families and around ten prestigious institutional investors.

For Fund 5, we are continuing this strategy. With the support of Jasmin Capital, our objectives are to further expand our network of family investors, particularly in Italy, Spain, Germany, and Scandinavia, to support the growth of our portfolio companies in these markets, and to attract more institutional investors, especially in France and Italy, the two countries where we are currently making direct investments.

How are your interactions with LPs going? What are their expectations?

Our initial discussions have been very positive, driven by the strong performance of our funds (an average MOIC of 3.2x on realized exits since 2008) and a clear shift in investor interest toward the mid-cap segment at the expense of large-cap. This trend is particularly encouraging for us, as we have been dedicated to this market segment for 20 years.

For investors, performance remains key—but so does consistency in performance. This aligns well with our team, as we have not lost a single euro in 15 years. In a challenging macroeconomic environment, demonstrating strong DPI is also a crucial success factor in fundraising. With five exits over the past 12 months, representing €1 billion distributed to our LPs, we are ready for the next fundraising!

What trends do you anticipate in the private equity market in the coming years?

We don't foresee any radical changes, but there is a steadily increasing interest from both individual and institutional investors in this asset class. The industry continues to professionalize. We are working more closely than ever with our management teams to support the growth of our portfolio companies.

In this context, the performance gap between private and public markets is likely to widen, favoring private equity. This is even more true in the mid-cap segment, where GPs benefit from both hands-on involvement in their investments, with multiple growth levers, and significantly higher liquidity for their assets.

I am therefore very optimistic about the future of our industry and excited to contribute to its continued growth!

PHILIPPE FERNEINI
Partner

StepStone is a global investment platform dedicated to private markets. The firm designs customized portfolios for sophisticated investors by combining primary fund commitments, secondary investments, and co-investments. Founded in 2009 and headquartered in San Diego, USA, it oversees $698 billion in assets as of the end of 2024 and operates 26 offices worldwide

What is StepStone's strategy?

StepStone Group ("SSG") is a global private markets investment platform overseeing ~US$698 billion in private capital allocations, including ~US$179 billion of assets under management. StepStone allocates ~US$70 billion annually into private markets across fund investments, secondary investments, and co-investments on behalf of some of the world's most influential and sophisticated investors.

StepStone's private equity secondary program was launched in 2009 and currently oversees ~US$16.1 billion in capital commitments across a 16-year track record. The program focuses on LP-interest and GP-led transactions targeting growing, attractive assets managed by high-quality sponsors, with a particular focus on mid-market private equity. StepStone's deep relationships and global presence provide distinct sourcing and information advantages over other buyers. Geographically, StepStone focuses ~70% of its deployment in North America and ~30% in Europe.

How do you see the secondary market evolving in the near future?

The secondary market continued with strong growth into the second half of 2024 and finished the year at a record $162 billion (+40% growth relative to $112 billion in 2023). This record volume has been driven, in part, by attractive buying opportunities across both LP interest and GP-led transactions. Sellers have recognized that buyers are willing to pay higher prices for quality assets characterized by younger vintages, high growth/resilient industries, and stable geographies/currencies. Average market pricing has increased as a result, with buyout funds commanding low-to-mid 90s purchase prices. While it's not certain that increases in public equity valuations will remain, or whether exit activity will return to normalized levels, sponsors are generally optimistic about their portfolios. Strong earnings growth and the potential for near/medium-term exits driven by pent-up demand has created a favorable entry point and attractive risk/return dynamic for secondary buyers. We expect the secondary market to continue to grow at a healthy rate of 15%+ with the current annual growth rate, implying a 2x increase in the global secondary market over the next five years.

Secondary fundraising has been robust over the past year, yet the secondary market remains severely undercapitalized. Buyers possess approximately 1-year of dry powder relative to annual closed deal volume. The proportion of dry powder to deal flow is in-line with last year. This supply/demand imbalance favors buyers who replenish their store of capital and enhance their competitive advantage to lead transactions. The secondary market's continued growth will be an important factor for LPs and GPs alike, who hold a record $8.4 trillion of unrealized value and are hungry for buyers who possess flexible capital and creative liquidity solutions.

Where do you see the European alternatives market going forward ?

With the increasing visibility on interest rates and market conditions, financing and appetite for larger deals have returned, but activity remains significantly below 2021-2022 levels. We expect a rebalancing towards larger deals, as these can now also attract leverage at relatively attractive pricing from both banks and private debt funds.

We expect more resilient sectors and sub-sectors, such as Tech, B2B Services and Healthcare, to continue to be favored in capital allocation and to maintain higher and more stable valuations while more volatile sectors like Consumer and Industrials will continue to attract less interest. This is evidenced by the overall share of Consumer buyout deals having decreased from 23% in 2018 to 17% in 2024.

Current macroeconomic and geopolitical challenges are likely to have a stronger impact on some countries and economies in Europe, while others will remain more insulated. SSG continues to favor Northern Europe, particularly the Nordics and the Benelux. Conversely, more value-driven opportunities should arise in Southern Europe and France.

We believe that the European secondary market will continue its high growth trajectory as European sponsors continue their adoption of the GP-Led tool and as secondaries buyers continue their efforts in innovating and pushing the boundaries of liquidity provision even further.

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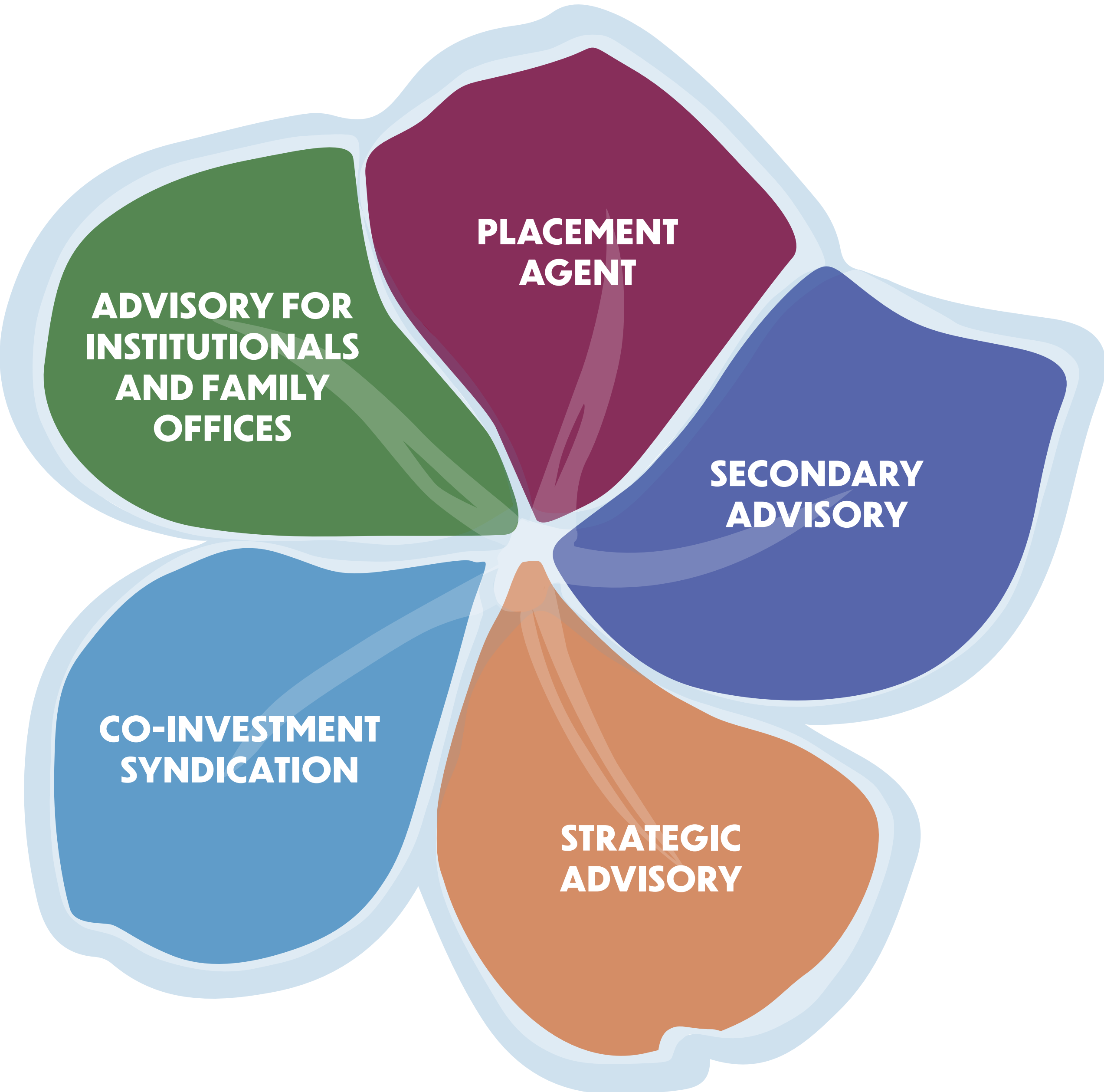

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