Private Markets Advisor

whitepaper

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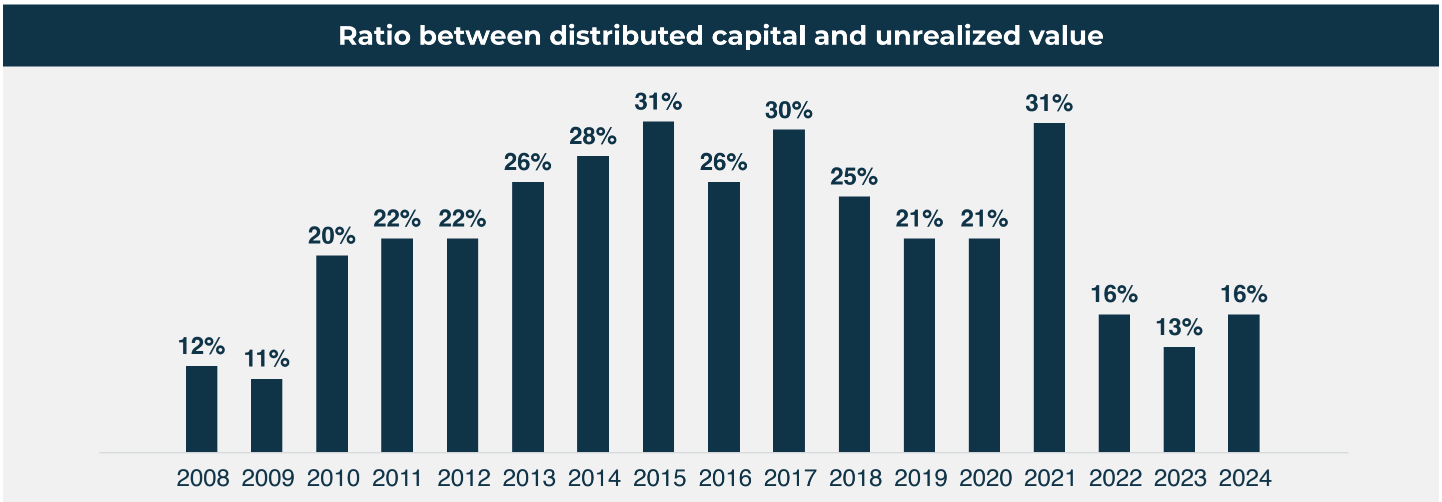
LP perspectives: drop in distribution calls for bespoke LP-led initiatives

The current situation initiated in Fall 2022 is unprecedented

Many LPs ended 2021 with their portfolios overallocated in private markets, on the back of outstanding performances compared to listed markets and other asset classes, and **remarkable distribution activity**, with the ratio of distributed capital to unrealized value climbing to **31% for buyout funds**, the highest level in a decade, over the year fueling a frenzy fundraising environment.

Fall 2022 onwards, the **global picture has dramatically changed** with liquidity and distribution having dried up amid a paradigm shift in US and EU Central Banks monetary policies due to the concerns about inflation.

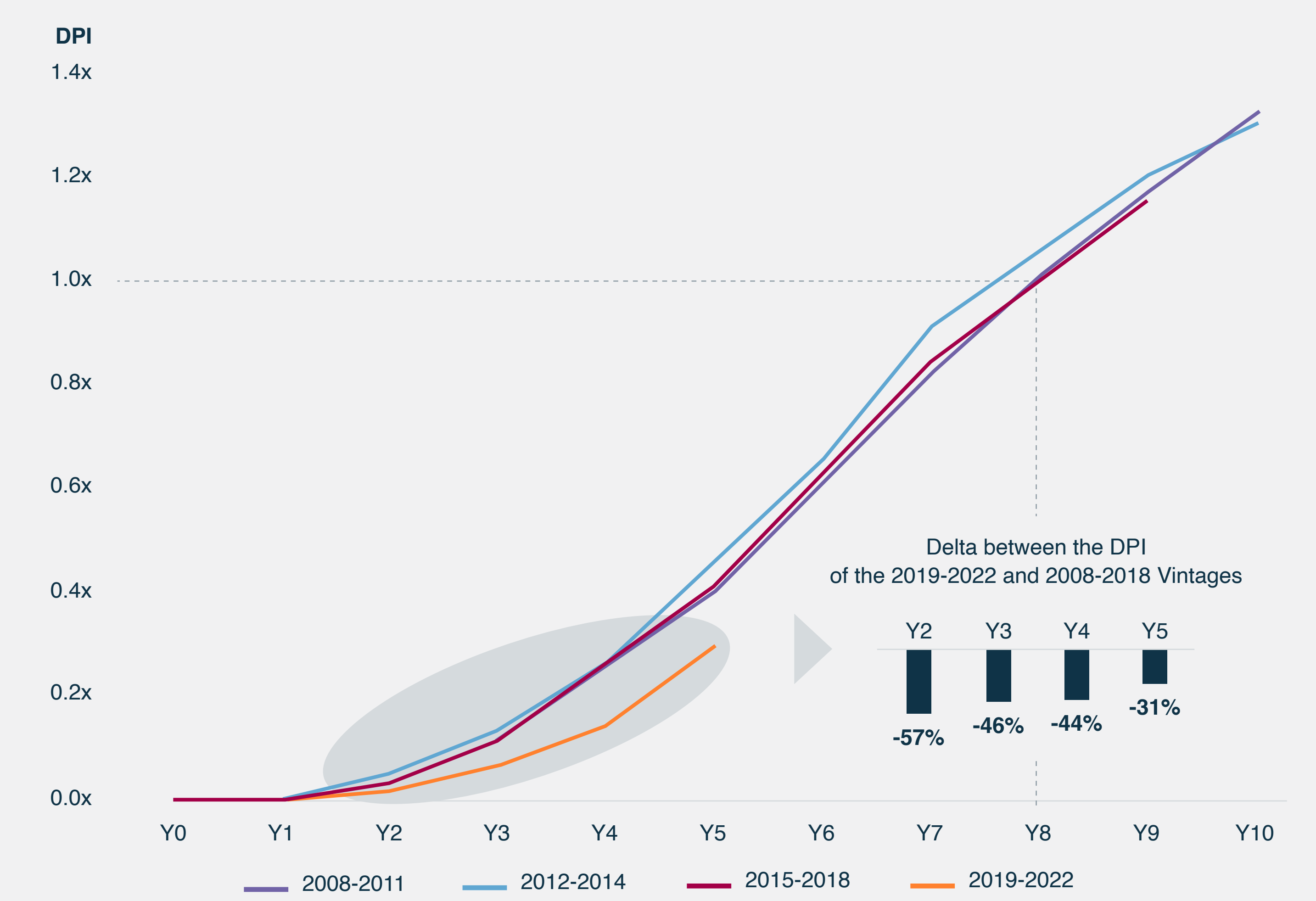
This **dry period** among dealmakers has a **direct translation into capital distributions to LPs**. From 2008 to 2021, the average distributed-to-unrealized value ratio stood at 23.1%, before falling to 15.1% between 2022 and 2024. The result is an **unprecedent cycle of 3 successive years** marked by historically low distribution levels.



Source: Preqin. Strategies retained to select the funds: Buyout, Balanced, Co-investment and Co-investment Multi-Manager across all geographies

Another way to look at it is to compare the DPI profile of different vintage cohorts. At the beginning of their mid-life (Year 4 and Year 5), 2019-2022 cohorts are clearly lagging older vintages in terms of trend distribution rates. **Given current distribution ratio, a period as long as 10 years would be needed to reach 1x of DPI – far from the capital velocity expected by LPs** when committing capital in such strategies.

Evolution of the DPI ratio across the years for Private Capital funds launched between 2008 and 2022



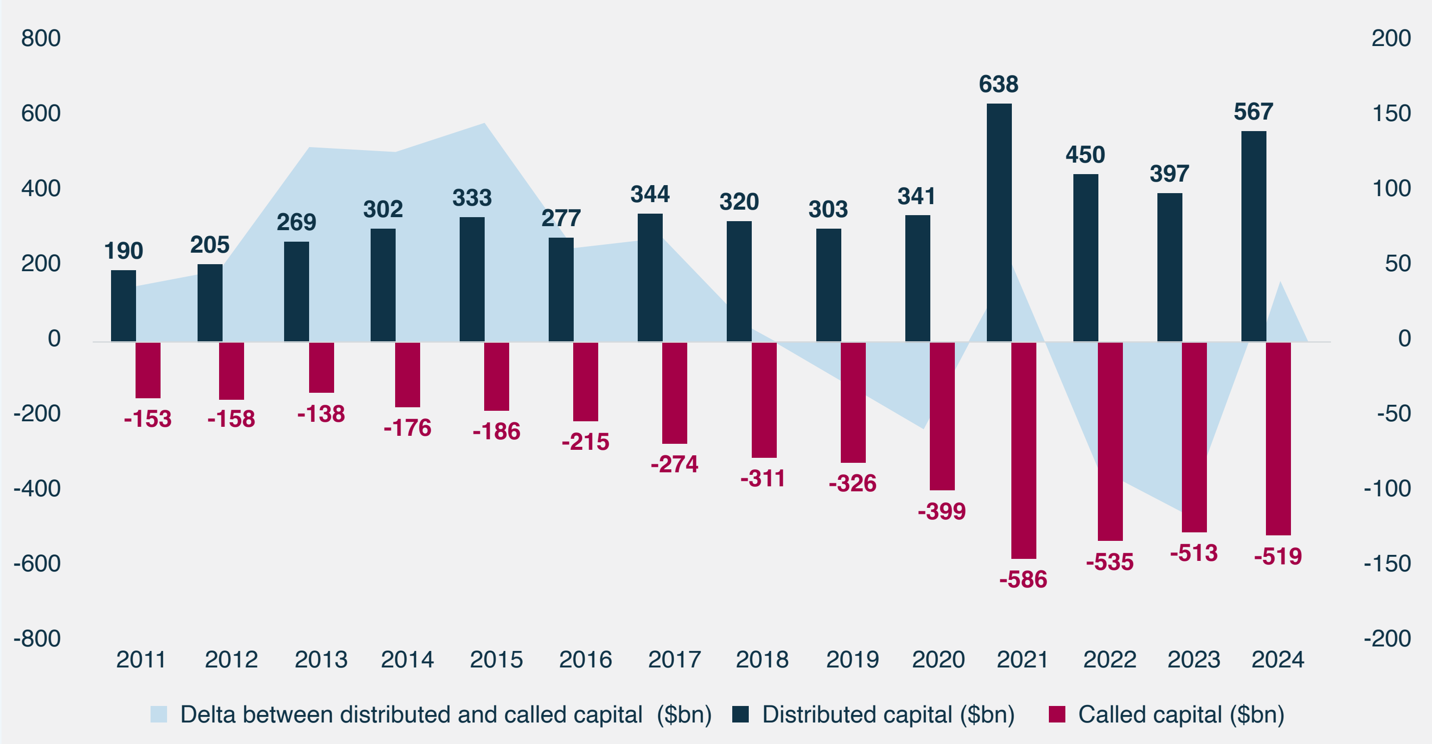
Source: Preqin. The benchmark includes all Private Capital funds across all geographies

In the ongoing second half of 2025, we approach the 3rd anniversary since the shift of the market in Fall 2022. Following the modest rebound in 2024, 2025 was initially **expected to mark a recovery year with a certain optimism for M&A dealmaking** and thus l**iquidity**, but heightened uncertainties driven by US tariff policies and challenged geopolitical environment have **further suppressed deal activity** with no forerunner of improvement to come. Instead, 2025 could mark a new trough in distribution levels.

The current challenging distribution environment must be assessed in light of the capital calls that LPs are required to meet to remain active in the market, as well as the liability constraints of subscribers. Prior to 2019, buyout funds consistently exhibited a positive gap between distributed and called capital. However, over the past six years, this trend has reversed, with the gap turning negative in four instances—exceeding over $80 billion in 2022 and $110 billion in 2023. This negative gap has been **further exacerbated** by the **growing capital allocation of LPs** to Private Equity investments, especially before 2021. In contrast, the increased M&A activity observed in 2024 led to distributed capital surpassing capital calls, amounting to $49 billion.

As a direct consequence of these capital crossflows and the delayed return of capital, the liquidity distributed back to LPs is **unlikely to be sufficient to cover ongoing capital calls** and **new primary commitments.**

Distributed and called capital evolution since 2011 for buyout funds



Source: Preqin. Strategies retained to select the funds: Buyout, Balanced, Co-investment and Co-investment Multi-Manager across all geographies

More than ever, bespoke secondary LP-led initiatives enable LPs to manage cash-flow, drive the target allocation, crystalize returns and finance new primary commitment.

With timing of cash return closely hinges on reopening of M&A window or use of GP-led solutions, many LPs have begun to use the secondary market to **trigger liquidity events on their own** and **to actively manage their portfolio.**

Although liquidity has slowed down in recent years, GPs continue to generate value for LPs, with funds maintaining strong performance metrics in terms of TVPI and IRR. In this context, the secondary market serves as an **effective mechanism to crystallize fund performance** while **providing early liquidity to investors.**

This constrained environment has also been an opportunity to “kill two birds with one stone” for LPs by engaging a more global assessment of the unlisted portfolio. A secondary market transaction can serve as a strategic moment to **review the entire portfolio** and **establish a revised roadmap for the years ahead.** It enables LPs to streamline their exposure by exiting relationships with GPs that no longer align with their investment strategy, or by reallocating away from certain strategic sectors or asset classes. The secondary market should therefore not be viewed solely as a liquidity solution, but as a **broader portfolio management tool.**

LPs must remain actively engaged in the primary market and **avoid skipping vintages**, as consistent participation is essential for maintaining portfolio diversification and long-term performance. Furthermore, the primary market presents **compelling opportunities** to **recycle proceeds** from secondary transactions and **reinvest capital proactively.**

As such, an increasing number of LPs strategically use the secondary market regardless of a potential recovery in GPs deal activity. According to respondents of the 2025 Jasmin Capital Index, secondary market volumes are projected to **exceed $380 billion by 2030**, indicating that the market is poised to **more than double in size**. The expansion of the secondary market has been accelerated by recent macroeconomic turbulence. However, its **underlying growth is fundamentally structural**, driven by the **illiquid nature** of the asset class, the industry’s **ongoing maturation**, and the increasing **sophistication** and market awareness of LPs.

In recent months, Jasmin Capital, a seasoned advisor in the secondary market, has supported several dozen LPs in the sale of fund stakes ranging from a **few million to over €200 million in NAV.** Our team provided upstream strategic guidance to help identify the most relevant funds within their portfolios, aligned with each client's rationale for divestment. **Client motivations were diverse, as illustrated by the following examples:**

	1	2	3	4	5
	Seeking liquidity while minimizing discount	**Financing a direct investment**	**Strategic reallocation across asset classes**	**Partial sale of Venture funds to crystallize performance**	**Tail-end portfolio management**
OBJECTIVE	Generate liquidity in a complex market environment while limiting the discount	Unlock liquidity to finance a direct investment opportunity	Reduce exposure to one asset class in favor of another that is under-allocated	Realize gains on a portfolio of highly revalued Venture funds	Streamline a fragmented private markets portfolio and disengage from non-strategic GP relationships
APPROACH	Construct a portfolio of recent Buyout funds (4–5 years old), managed by top-tier GPs, to enhance marketability and reduce the discount	Execute a targeted sale of non-core fund positions to meet specific capital needs	Select the least strategic funds within the asset class to be divested, enabling optimized portfolio rebalancing	Sell 50% of the portfolio to crystallize part of the performance while maintaining upside potential	Structure a diversified portfolio designed to attract a broad range of buyers and optimize exit conditions

Jasmin Capital delivers **bespoke solutions to LPs**, including **pro bono portfolio reviews, in-depth analyses, and go-to-market strategies tailored to their objectives**, with the aim of maximizing transaction outcomes.

Our Advisory team, composed of **10 professionals**, provides end-to-end support throughout the divestment process:

- Deep market expertise enabling competitive and confidential processes with carefully selected buyers — including both established players and niche investors.
- Portfolio analysis and pre-marketing phase focused on strategic recommendations to optimize transaction terms and align with client goals.
- Dedicated deal team manages the competitive bidding process, coordinates steering committees, and ensures transparent reporting.
- Jasmin Capital remains engaged through to transaction closing, including signing and transfer phases, in close coordination with legal counsel.

About Jasmin Capital

Founded in 2011, Jasmin Capital is an independent advisory firm specializing in private markets. The firm operates across four core areas of expertise: Fund Placement, Secondary Advisory (GP-led and LP-led), Strategic Advisory for GPs, and Advisory for Institutional Investors & Family Offices.

Since inception, Jasmin Capital has supported over 30 fundraisings in Private Equity, Private Debt, and Infrastructure, and advised on more than 40 secondary transactions.

With offices in Paris and Brussels, Jasmin Capital's team of **20 professionals representing 8 nationalities** benefits from a broad and active network of LPs and GPs across Europe, the Americas, Asia, and the Middle East.

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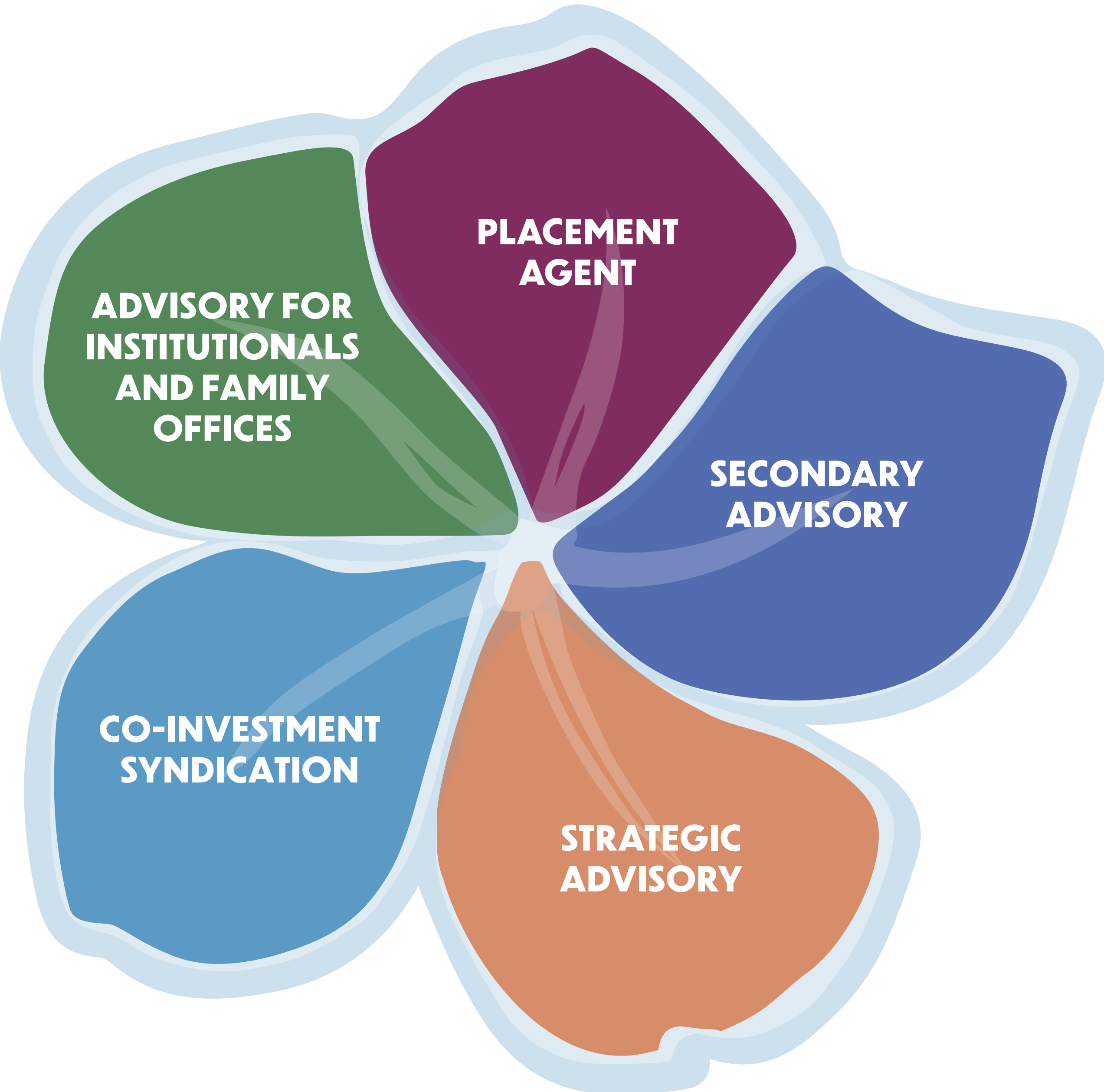

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