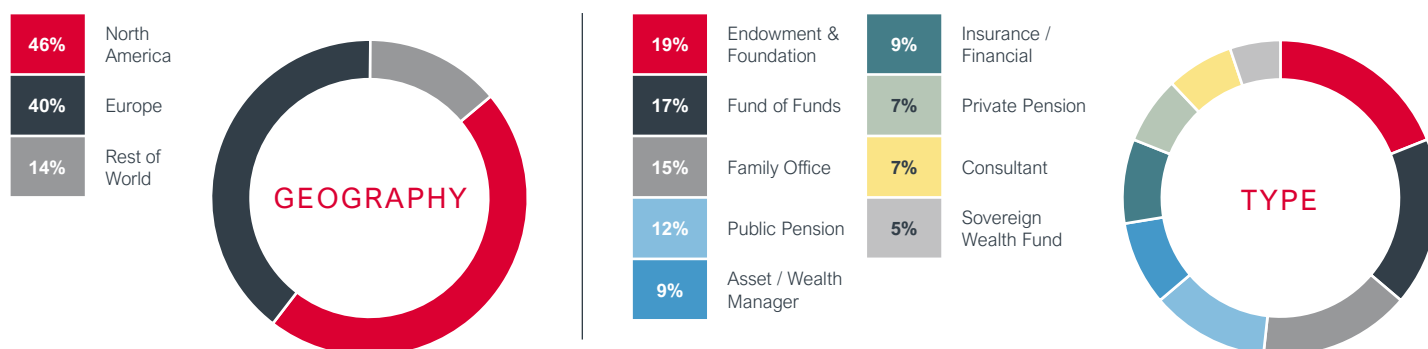


# Rede Partners COVID-19 PULSE REPORT

ISSUE FIVE  
28<sup>th</sup> MAY 2020

The Rede Partners COVID-19 Pulse Report is a regular publication aggregating *short term* feedback from LPs on their response to the unfolding Coronavirus crisis. This issue of the Pulse Report is based on a series of questions addressed in conversations with 58 institutional investors from 4<sup>th</sup> – 27<sup>th</sup> May, representing > €2.2 trillion in AUM. Note that not all conversations addressed each question. Additional data on the respondents by LP type and geography is depicted below.

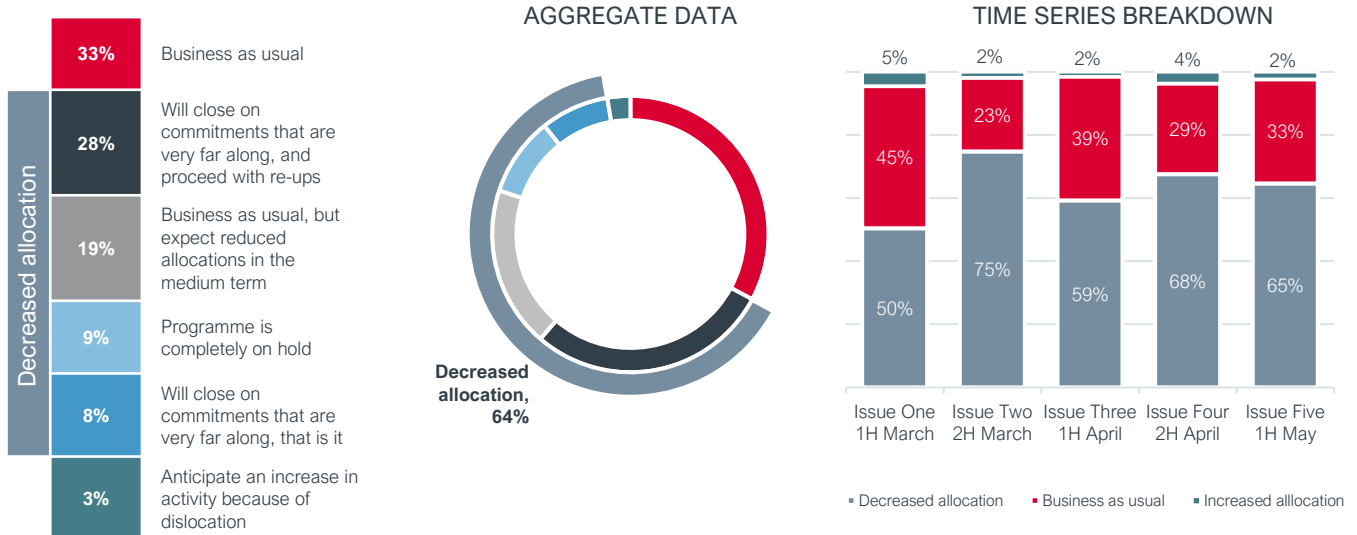
## BREAKDOWN OF LIMITED PARTNERS SURVEYED



## KEY FINDINGS FOR ISSUE FIVE

- ▶ While we continue to see approximately two-thirds of LPs expecting reduced activity for the remainder of 2020, **fewer institutions are reporting that they are completely on hold** (a drop from 13% in March to 4% in May).
- ▶ However, we do not expect this to have a major impact on allocations for 2020 as many LPs have front-loaded their 2020 fund commitment activity – a phenomenon we have also seen in prior years. **By late May, 95% of LPs we surveyed had already committed or earmarked over 50% of their 2020 private equity allocations**, with the average LP having already ‘spent’ 78% of their 2020 budget. This suggests a quieter second half of the year with many LPs planning to focus on the forward calendar.
- ▶ Turning to next year’s allocations, **72% of respondents believe their pool of available capital to invest in private equity will be similar to 2019**, although 16% expect a reduction in their total available pool of capital vs. 2019. We are expecting an intensely competitive environment for fundraising in 2021-2, with a significantly elevated number of GPs in the market having delayed launches that were originally planned for 2020.
- ▶ After an abrupt halt to many co-investment processes at the start of the crisis, LP’s appetite for co-investment is picking up, with **only 13% of LPs reporting that their co-investment programmes remain on hold**. Despite this, a general scarcity in M&A activity means we do not expect a full rebound in co-investment volumes for at least another quarter - **66% of LPs reported that while their appetite for coinvest is ‘business as usual’, a lack of quality opportunities is hampering activity**.
- ▶ Given the challenging market environment, GPs seeking to extend their investment and exit runway are considering alternative approaches to traditional fundraises. **65% of LPs expect at least some of their core GP relationships to utilise some type of fund liquidity solution** in the near term, with NAV funding lines and fund extensions the most commonly cited options.
- ▶ GP/LP communications regarding portfolio impact remains a strong focus. Our data suggests that in general, GPs are striking the right tone, with **69% of LPs agreeing that their managers’ portfolio impact assessments have been realistic to date** – although we note 28% feel GPs have been overly optimistic.
- ▶ Despite speculation over the future of large industry conferences, we are seeing signs of confidence amongst LPs who are starting to plan their event attendance for next year. **While 61% of LPs plan to attend no conferences for the remainder of 2020, 38% expect to resume their regular attendance for 2021**.
- ▶ In the meantime, with travel restrictions still in place, GPs looking to build LP relationships prior to launching a fundraise can consider a number of options such as inviting LPs to their **virtual AGMs and webinars, video meetings to provide portfolio updates and providing investors with insightful content** relevant to their areas of expertise.

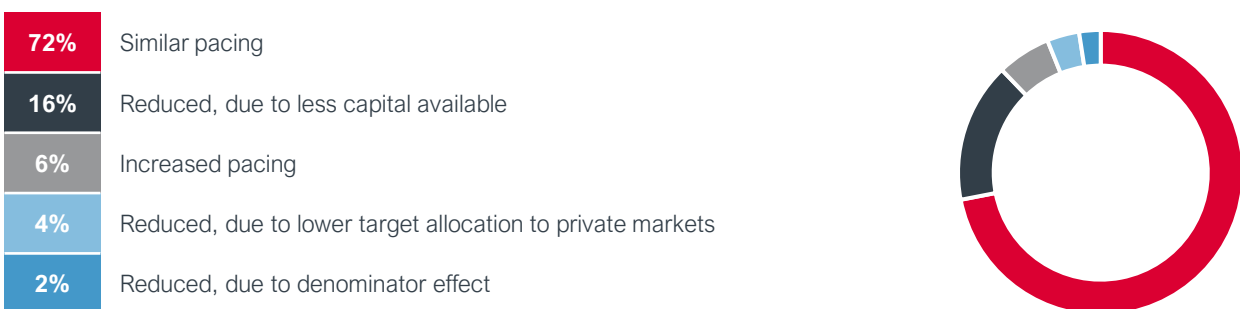
## Q1: HOW HAVE YOUR INVESTMENT PROCESS AND ALLOCATION PLANS BEEN IMPACTED BY RECENT EVENTS? <sup>1</sup>



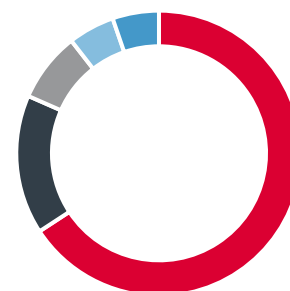
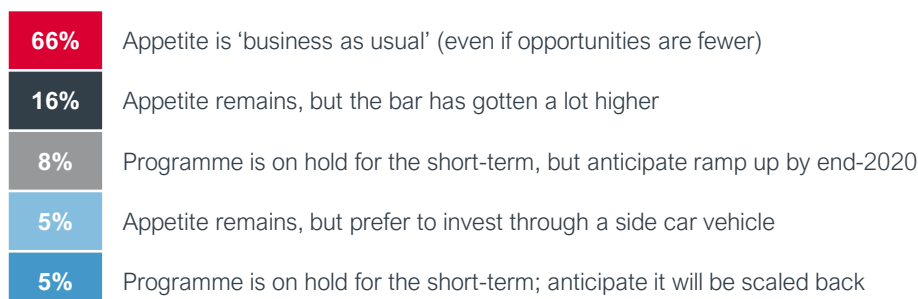
## Q2: WHAT PERCENT OF YOUR EXPECTED 2020 PRIVATE EQUITY DEPLOYMENT HAS ALREADY BEEN EARMARKED?



## Q3: WHAT ARE YOUR EXPECTATIONS FOR 2021 DEPLOYMENT PACING COMPARED TO 2019?

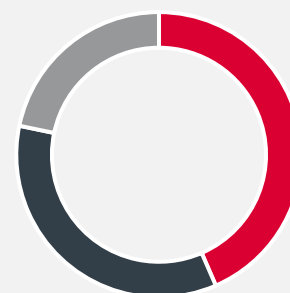
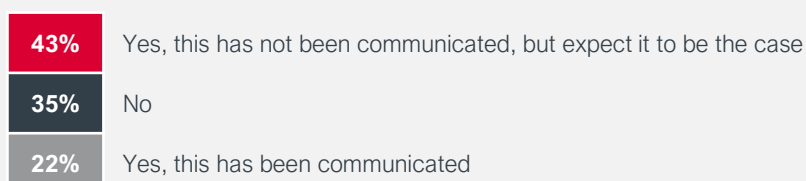


## Q4: IF APPLICABLE, WHAT IS THE IMPACT OF RECENT EVENTS ON YOUR CO-INVESTMENT PROGRAM?

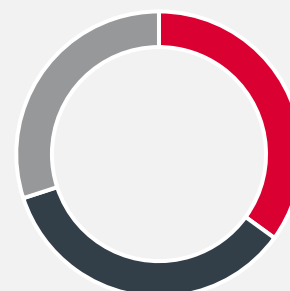
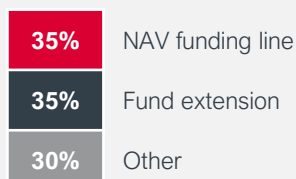


## SPOTLIGHT ON LIQUIDITY SOLUTIONS

### Q5: DO YOU EXPECT THAT ANY OF YOUR CORE GPs WILL UTILIZE LIQUIDITY SOLUTIONS?

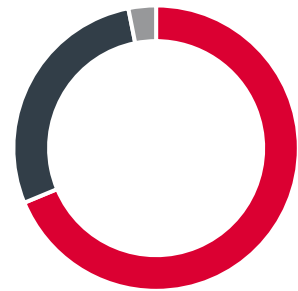


### Q6: IF YOU EXPECT ANY OF YOUR CORE GPs TO UTILISE A LIQUIDITY SOLUTION, WHAT IS YOUR PREFERRED AVENUE?

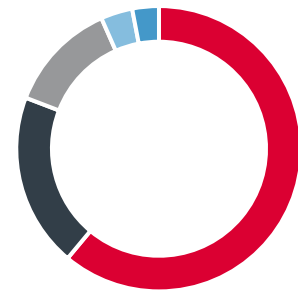
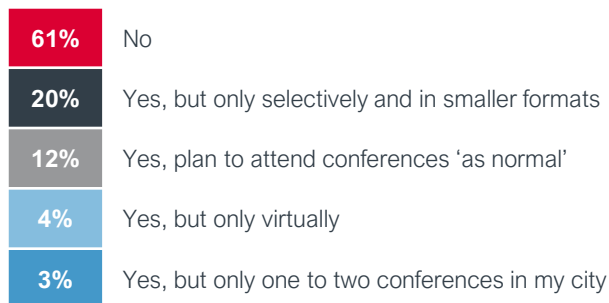


- ▶ **65% of LPs expect at least one of their core GP relationships to utilise a fund liquidity solution in the near term.** Notably, however, only 22% of LPs have had a fund liquidity solution already communicated to them by a core GP relationship. This suggests a second wave of liquidity solution implementation is likely in the coming quarters.
- ▶ Most LPs would prefer their GPs to utilise **NAV funding lines or fund extensions** as a liquidity solution when compared to other options.
- ▶ It will be important for GPs to secure LP buy-in to these processes as **LPAC approval** is likely required for implementation.
- ▶ **Other structures** under consideration by GPs are temporary fund re-openings, cross-fund investments, continuation or annex funds, strip sales or preferred equity.

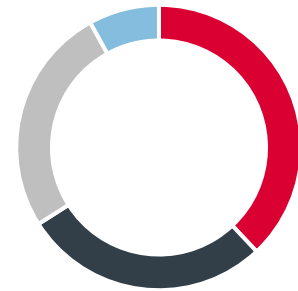
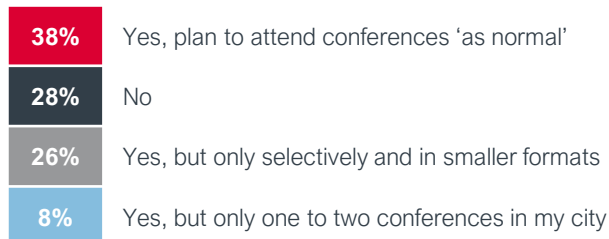
**Q7: HOW REALISTIC DO YOU FEEL YOUR GPS HAVE BEEN IN THEIR COVID-19 IMPACT ASSESSMENTS TO DATE?**



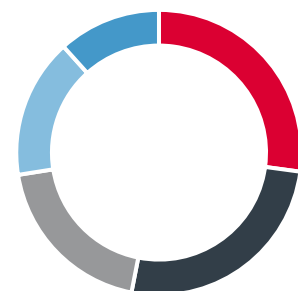
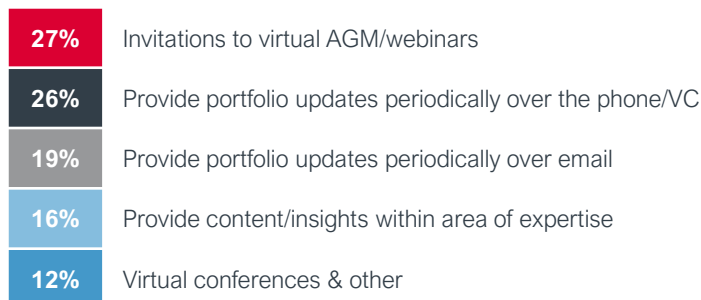
**Q8: DO YOU EXPECT TO ATTEND ANY INDUSTRY CONFERENCES IN 2020?**



**Q9: DO YOU EXPECT TO ATTEND ANY INDUSTRY CONFERENCES IN 2021?**



**Q10: IN A WORLD WITH REDUCED TRAVEL, HOW SHOULD NON-EXISTING GPS BUILD A RELATIONSHIP WITH LPS IN ADVANCE OF OFF-CYCLE?**



# CONTACTS

## Scott Church

scott.church@rede-partners.com  
+1 (212) 224 8224

## Kristina Widegren

kristina.widegren@rede-partners.com  
+44 (0)20 7952 2463

## Alastair Baird

alastair.baird@rede-partners.com  
+44 (0)20 7952 2467

## Alexandra Bazarewski

alexandra.bazarewski@rede-partners.com  
+1 (212) 224 8227

## Michael Camacho

michael.camacho@rede-partners.com  
+44 (0)20 7952 2478

## Joseph Chow

joseph.chow@rede-partners.com  
+44 (0)20 7952 2464

## Ian Flavell

ian.flavell@rede-partners.com  
+1 (212) 224 8222

## Magnus Goodlad

magnus.goodlad@rede-partners.com  
+44 (0)20 7952 2477

## Hylke Hertoghs

hylke.hertoghs@rede-partners.com  
+44 (0)20 7952 2472

## Helen Jenkins

helen.jenkins@rede-partners.com  
+44 (0)20 7952 2485

## Elliott Jones

elliott.jones@rede-partners.com  
+44 (0)20 7618 9850

## Adam Turtle

adam.turtle@rede-partners.com  
+44 (0)20 7952 2488

## Gabrielle Joseph

gabrielle.joseph@rede-partners.com  
+44 (0)20 7952 2480

## Marina Jovanovic

marina.jovanovic@rede-partners.com  
+44 (0)20 7952 2471

## Sonya Kalmin

sonya.kalmin@rede-partners.com  
+1 (212) 224 8229

## Claudia Levan

claudia.levan@rede-partners.com  
+44 (0)20 7952 2465

## Sabrina Malpas

sabrina.malpas@rede-partners.com  
+44 (0)20 7952 2473

## Chris Miller

chris.miller@rede-partners.com  
+44 (0)20 3019 7436

## Julie Prewer

julie.prewer@rede-partners.com  
+44 (0)20 7952 2479

## Charles Savinar

charles.savinar@rede-partners.com  
+1 (212) 224 8232

## Jeremy Smith

jeremy.smith@rede-partners.com  
+44 (0)20 7618 9843

## James Varela

james.varela@rede-partners.com  
+44 (0)20 7952 2476

**Rede Partners LLP** is a limited liability partnership registered in England and Wales with registered office at **110 Park Street, London W1K 6NX** (Registered No. OC361093). Rede Partners LLP is authorised and regulated by the Financial Conduct Authority in the U.K.

**Rede Partners (Americas) LLC** is a limited liability company registered in Delaware with registered office at **Suite 2601, 45 Rockefeller Plaza, New York 10011**. Rede Partners (Americas) LLC is a registered broker-dealer with the U.S. Securities and Exchange Commission and various U.S. state securities administrators and is a member in good standing of FINRA and the Securities Investor Protection Corporation. Check the background of this firm on [FINRA's BrokerCheck](#).

Learn more at [www.rede-partners.com](http://www.rede-partners.com).

## IMPORTANT DISCLAIMER

**ADDRESSEE ONLY:** This document (the "**Document**") is issued by Rede Partners LLP ("**Rede**") and provided to you on a confidential basis. This Document is proprietary to Rede and is for the confidential use of only those persons to whom it is transmitted (and is not to be reproduced, distributed or used for any other purposes). Each recipient of this Document, by accepting delivery of this Document, is deemed to have agreed not to reproduce, distribute or use information contained within this Document or otherwise disclose any of its contents without the prior written consent of Rede.

**ACCURACY:** The information in this Document has not been audited or verified by any third party and is subject to change at any time, without notice. It is not intended to amount to advice on which you should rely. Neither Rede, its affiliates nor any of their respective directors, officers, employees, partners, shareholders or agents (each, a "**Rede Party**") accept any responsibility for, nor make any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information contained in this Document. Certain information contained herein is based on or obtained or derived from third parties which may vary over time ("**Third Party Information**"). While such sources are believed to be reliable, no Rede Party assumes any responsibility for the accuracy of any Third-Party Information. No Rede Party shall have any liability or responsibility arising from any use of or reliance placed on the content of this Document to any recipient of this presentation or any other person. Unless otherwise specified herein, this Document speaks as of the date set forth on the cover. The delivery of this Document shall not, under any circumstances, create any implication that the information contained herein is correct as of any time after that date.

Copyright © 2020 Rede Partners LLP. All rights reserved.