

SECONDARY MARKET LIQUIDITY IS GROWING IN ALTERNATIVES

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Secondary market liquidity is increasingly important for direct investors. At iPartners, we look to address this in two ways. Firstly our investment opportunities are structured for a shorter investment duration, and secondly, our investors have access to a secondary market trading module which allows investors to sell their individual holdings if required.

Traditionally, alternative asset investing was the domain of institutional investors who gained access to the deal flow by having large sources of capital which essentially got them “a seat at the negotiation table” for the assets.

This was predominantly a primary market environment, where any secondary liquidity was limited to single asset negotiations later-on through the investment cycle and individually between the institutional counterparties.

For private investors who had very limited access to alternatives five years ago, gaining access to the primary deal flow has evolved rapidly with the number of participants from self-directed and advised private investors increasing consistently over time.

iPartners investment platform has played a pivotal role enabling direct investors access to institutional deal flow in sizes suitable to their investment appetite.

A further evolution that has come from the consistent increase in the number of private investors participating in the alternatives sector is the demand for secondary market liquidity. iPartners technology capabilities have become increasingly useful in creating secondary market liquidity between private investors.

Whilst most alternatives are still designed to be held till their maturity date, this secondary market evolution has bridged a liquidity gap for many investors to increase their weightings towards alternatives, whereby they now know they can offer and sell a secondary asset, should they decide they need to do so.

On the corporate client side, which is the asset providers, in many instances they are now contacting iPartners to discuss how they can create secondary market investor liquidity within their sector.

As the network of private investors in alternatives continues to grow and is showing no signs of slowing, the turnover in secondary market assets within alternatives is also going to continue to grow.

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