

# IPEM 2025: Key Takeaways

---

## Executive Summary

- IPEM in one line. Three days, ~50 GP meetings, strong access. Clear bifurcation: managers showing realized DPI are capacity-constrained; others face elongated raises.
- Market state. Exits by count at decade lows. Fundraising is selective, not uniformly “hard.” Valuations have reset, and macro frictions (rates, tariffs, antitrust) keep execution risk elevated even as rates ease.
- Secondaries:
  - Activity: Record H1-2025 volumes (~\$103bn); LP-led flow dominant, GP-led now mainstream.
  - Pricing: Back to ~90–94% of NAV after the brief dip; buy-side depth is strong.
  - Capital: Dedicated dry powder ~\$300bn+.
  - Implication: Alpha shifts from discount-hunting to selection & structuring—seller quality, asset mix, terms hygiene, fee/leverage efficiency, and DPI velocity.
- Private credit — stress building. AUM growth outpaced underwriting capacity; cov-lite and rising PIK suppress early warnings and can depress recoveries. Expect higher defaults in 2021–23 vintages and consolidation around platforms with real workout muscle.
- IPO / Growth window — selective re-opening. Quality growth deals are clearing (larger sizes; a few notable 2025 prints). Re-entry only where unit economics are proven, KPIs are public-ready, and governance/access are secured.
- Vertical software = defensible compounding. Repeated GP emphasis on proprietary operational-data moats. Indicative metrics (Main Capital white paper): higher profitability (median EBITDA ~15% vs ~6% horizontal), lower S&M intensity (~17% vs ~34%), focused R&D supporting stickier NRR. Consolidation playbooks remain effective, with disciplined integration and attention to data/privacy, customer concentration, and AI’s impact on low-complexity workflows.
- 2026 allocation highlights: We’ll recalibrate, not pivot: in secondaries, with prices in the high-80s/90s of NAV, alpha comes from manager selection (asset quality, realization track record, residual-value underwriting, fee/leverage efficiency, DPI velocity); if pricing stays tight in H1’26, we’ll modestly trim and redeploy to scarce-access primaries. We’ll re-enter Growth selectively, profit-first, focused on verticalized tech with credible exit paths and capacity access. Private credit stays opportunistic and small, targeting distress-to-control/rescue/NAV-plus where documentation truly protects downside and enables control.

## What is IPEM?

The International Private Equity Market (IPEM) is one of Europe's largest gatherings dedicated to private markets. Launched in Cannes in 2016, the conference rapidly established itself as a key meeting point for GPs, LPs, and service providers. As the event grew in size and influence, it relocated to Paris in 2022 to accommodate a broader audience and provide better connectivity with Europe's financial hub.

How it differs from SuperReturn (Berlin): compared with SuperReturn's panel- and macro-driven program, IPEM is engineered as a deal-making marketplace, its layout and tools prioritize throughput with dense 1-to-1, back-to-back GP/LP meetings, ideal for diligencing managers and advancing allocations.

Across three days, we held ~50 GP meetings—100% sourced via our outbound origination (we did not accept inbound slots this year)—covering a balanced mix of existing relationships and newer introductions (firms we began engaging with earlier this year but where we have not yet initiated due diligence or invested).

## Our Top Three Sessions

For this section, we've curated a mix of existing relationships and newer introductions. This isn't a target list or a judgment on manager quality. Rather, these are the three conversations that taught us the most—sharpening our view on market dynamics, capital-deployment pacing, and where (and when) to lean in next—without implying any investment intent.

- 1) **Blackstone Strategic Partners (BSP).** We sat down with the Global Head of BSP for a conversation centered on capital deployment in today's secondary market. LP pricing has tightened materially, i.e., discounts have compressed, as activity and dedicated capital surged (H1-2025 average LP pricing ~90% of NAV; buyout ~94%)<sup>1</sup>, a trend we'll unpack in a standalone paragraph that follows. Importantly, BSP's historical return composition is ~80% driven by underlying asset appreciation rather than entry discounts, so today's discount compression should have limited impact on their strategy's return drivers. The discussion reinforced our read that the "where and how to deploy" question matters more than headline discounts in a market supported by record volumes and capital availability.
- 2) **HG.** Vertical software continues to out-execute in today's add-on-driven market, suggesting a potential public exit optionality. PE-backed IPOs remain scarce but are picking up in 2025 (with median deal sizes at a decade high), and SPACs, while far from 2021, still function as a liquidity valve: four PE-linked de-SPACs have closed YTD, including Webull's deal, underscoring that public-market routes are inching back. With IPO activity slowly but surely improving, we may re-introduce a measured Growth sleeve, favoring software specialists and verticalization over broad horizontal plays. Both points, software verticalization and the IPO/Growth aperture, are discussed in more detail below.
- 3) **Alvine Capital.** London-headquartered placement/advisory boutique. Our discussion focused on the private-debt backdrop. We're aligned that stress is building: several managers scaled too quickly, evergreen vehicles facing deployment pressure, and the tailwind from higher base rates is fading as cuts take hold. Add to this the prevalence of covenant-lite terms and aggressive EBITDA add-backs, which mute early warning signals and can depress recoveries when credits crack. Live datapoint: First Brands' Chapter 11 is rippling across lenders—Jefferies disclosing \$715m in receivables exposure; UBS reviewing >\$500m linked exposure in funds tied to O'Connor (one fund reportedly had ~30% of NAV in related invoices); and others assessing hits amid allegations of opaque/double-pledged receivables and heavy factoring. We expect more defaults, particularly among over-sized 2021–23 vintages and fast-deploying evergreen structures.

---

<sup>1</sup> Source: Jefferies – H1 2025 Global Secondary Market Review.

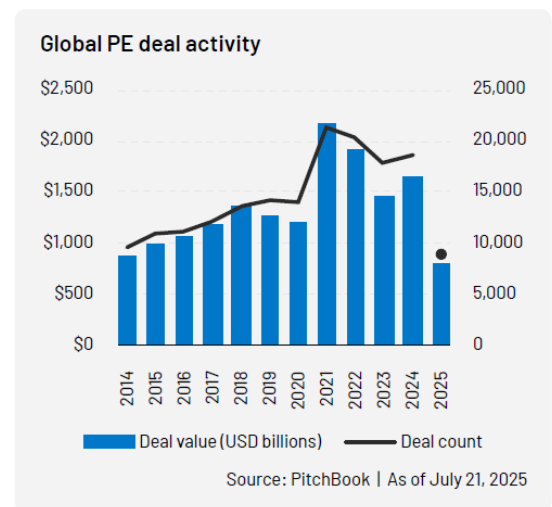
# Our Key Takeaways from IPEM 2025

## Fundraising is selective, not “hard”- DPI is the sorting hat

The backdrop: exits drive DPI, DPI drives fundraise. 2025’s sluggish exit environment is the choke point: if funds aren’t distributing, LP re-ups slow, and fundraising cycles elongate.

### What the data says:

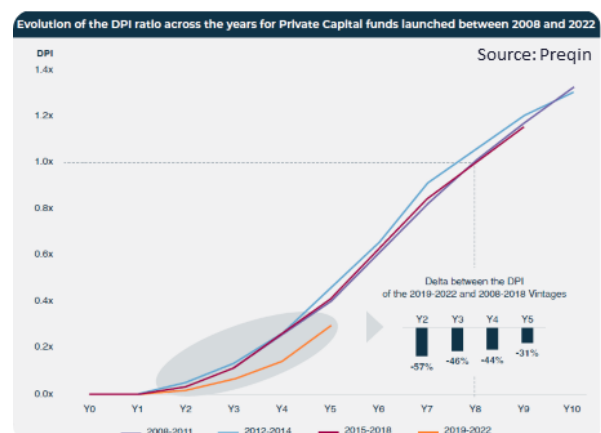
- Dealmaking momentum has cooled vs. 2024. By end-July, 8,635 PE transactions had closed (46.4% of 2024’s total) and USD 809.1 bn was invested (48.8% of 2024), suggesting 2025 will mirror 2023 levels rather than rebound sharply.
- Exits at decade lows (by count). 2025 is projected to see ~2,277 exits, the lowest in 10 years, pressuring valuations and LP liquidity. IPOs remain scarce, despite a handful of new 2025 listings.
- Distribution pressure in recent vintages. As the 2019–2022 cohorts enter mid-life (years 4–5), distribution rates are clearly lagging older vintages.
- Valuations have reset. Global buyout EV/EBITDA median fell to 7.5x (avg 12.9x) from 12.2x / 16.9x in 2024, the lowest in a decade, reflecting discounted exit expectations.
- Macro headwinds persist. Elevated rates (cuts are coming), tariff noise, and antitrust scrutiny raised execution risk in 2025.



### What we heard in rooms and saw in order books: a bifurcated market.

For managers with muted realizations/DPI, fundraising is indeed tougher. However, top-quartile franchises with strong track records are effectively immune, and in some cases capacity-constrained:

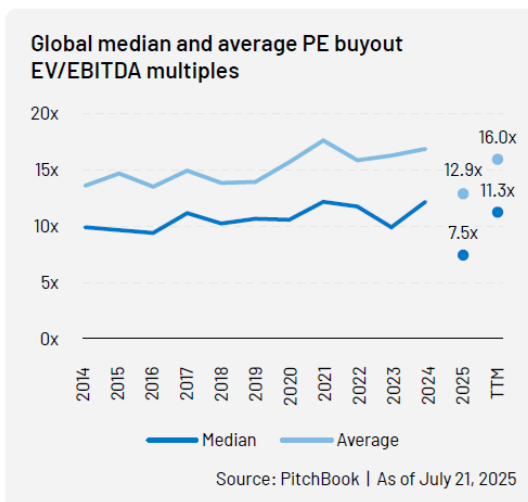
- Manager A (Europe, software focus): launched a small-cap and a mid-cap flagship in Q3 2025; both already oversubscribed.
- Manager B (US growth buyout): fully re-upped by existing LPs, with no capacity for new investors.
- Manager C (North America secondaries): latest vintage launched in late Q3 2025 and is oversubscribed to hard cap.



Is fundraising really “harder”—or just more selective? The data show exit scarcity and a slower market overall; yet in practice, strong GPs with demonstrated realization engines aren’t meaningfully impacted. For LPs, the implication is to prioritize DPI-proven platforms (and be ready to move quickly on capacity) while demanding clearer value-creation and exit roadmaps from others.

### How this shaped our portfolio construction

- Prioritize DPI over TVPI. Given the exit bottleneck, we’ve tilted our assessment toward realization cadence (DPI) rather than mark-to-market TVPI alone.
- Raise the secondary sleeve to 50% (vs. 40% last year). We intentionally overweighted secondaries to accelerate liquidity, reduce J-curve, and improve visibility on cash yields.
- Select secondary managers with “primary-like” returns but superior cashflow profiles. We leaned into managers, whose historical TVPI stacks up well against many primary buyout managers while offering faster paybacks and lower net capital drag.
- Leverage the secondary sleeve to underwrite larger tickets elsewhere. Thanks to the faster distribution profile and lower net capital draw of secondaries, we can scale commitments to select primary buyout and growth/VC managers, optimizing risk-return and portfolio cashflows without overextending gross commitment pacing.



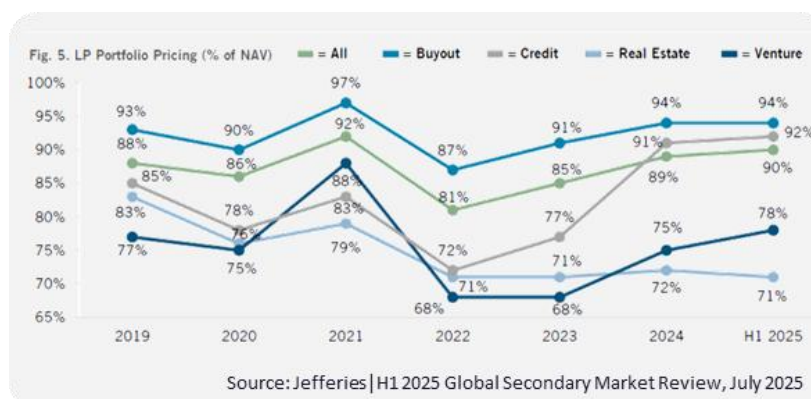
### Secondaries: healthy and competitive- Alpha now in selection, not sticker price

#### Record activity, led by LPs

The secondary market hit an all-time high \$103bn in H1 2025 (+51% YoY), with LP-led sales at \$56bn (54% share)<sup>2</sup> as investors manufactured liquidity, rebalanced, and addressed overallocation while exits stayed subdued. At the same time, GP-led volume climbed to a record \$47bn (+68% YoY)<sup>3</sup>, with ~87% continuation vehicles and growing participation across buyout, credit, and real assets, evidence that GP-led CV technology is now a mainstream liquidity tool.

#### Average LP pricing rose to ~90% of NAV, continuing a multi-year recovery

A brief wobble, then a sharp rebound. Pricing dipped 300–500 bps after “Liberation Day” but snapped back quickly, with Q2 levels exceeding pre-event marks—underscoring how deep the current buy-side is.



<sup>2</sup> Source: Jefferies | Global Secondary Market Review, July 2025.

<sup>3</sup> Source: Jefferies | Global Secondary Market Review, July 2025.

## Who's selling and why

Public & corporate pensions drove the largest share of LP volume, while endowments & foundations stepped up to 16% (from 7% in H1'24), partly to get ahead of potential changes to endowment excise taxes by 2026.

## Capital to meet it

Dedicated secondary dry powder sits at ~\$302bn versus ~\$197bn LTM volume, a ~1.5× capital-overhang even before counting the extra \$100bn+ of “alternative” firepower from traditional LPs and evergreen/retail vehicles (which lifts the effective overhang to >2.0×). Practically, that means more dollars are chasing deals than deals available, reinforcing tighter bid/ask and pricing in the high-80s/90s of NAV for quality portfolios (e.g., buyout ~94%). This imbalance ample capital, limited flow combined with largely programmatic LP selling of cleaner, newer-vintage mixes, is what's compressing discounts and has led us to prioritize fundamentally strong managers over “discount-led” strategies this year.

## 2026 allocation insights

Constructive recalibration of our secondary sleeve, not a U-turn. With discounts compressed and price clearing in the high-80s/90s of NAV, we're explicitly prioritizing manager selection over headline discounts, backing fundamentally strong GPs with clear value-creation playbooks and exit engines. Our focus is on asset quality, GP realization track record, rigorous underwriting of residual value, fee/leverage efficiency, and DPI velocity. If H1 2026 pricing stays tight, we might moderate our secondaries allocation in 2026 (from today's level) and rebalance marginal dollars to primaries/growth where access is scarce and long-run alpha remains compelling, without compromising portfolio cash-flow discipline.

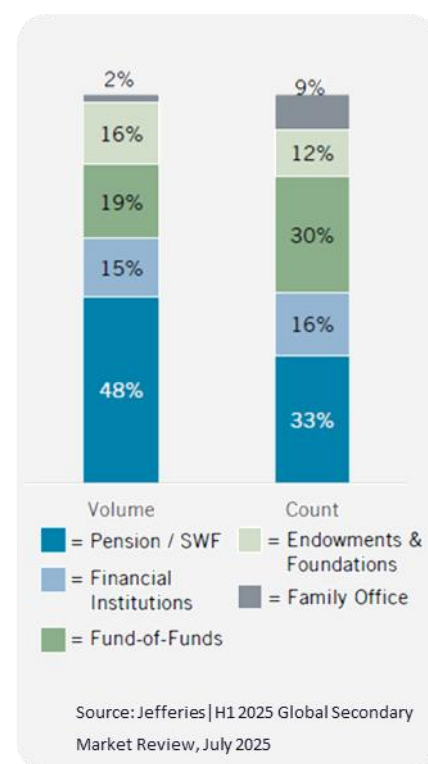
## Bottom line

The secondary market is healthy, liquid, and competitive, great for sellers and for liquidity management, but alpha will come from selection and structuring, not sticker-price discounts. Expect us to stay active but more surgical, and, should pricing remain firm, trim the overall secondary sleeve in 2026 while protecting the high-conviction, high-DPI core we've built.

## IPO Window – Quality-led, Selectively Re-opening

### Growth rebound feeding the IPO pipe

Our IPEM meetings pointed to a rebound in scaled growth: PE growth/expansion median deal values are rising, and that momentum is carrying into public exits. While PE-backed IPOs were limited early in the year, activity skewed larger as the year progressed, the global median PE-backed IPO size hit a 10-year high of ~\$699.6m in 2025<sup>4</sup>, consistent with only the highest-quality stories clearing today's bar. Notable examples



<sup>4</sup> Source: Pitchbook | As of July 21, 2025.

such as Figma's \$1.2 billion raise at over \$56 billion valuation underscore the market's appetite for quality growth stories amid improving conditions.

### **Supporting datapoints & illustrative 2025 prints – IPOs & SPACs**

- Add-ons dominate the pipeline. Add-ons account for >50% of deal volumes and >1/3 of capital YTD, with software and commercial services leading consolidation, helping produce scaled, cleaner assets that can traverse into public markets as conditions allow.
- IPO sizing skews up. The global median PE-backed IPO size reached \$699.6m in 2025, exceeding the 2021 median (\$639.9m).
- SPACs as a (modest) pressure valve. Four PE-linked de-SPACs closed YTD; Webull's April listing delivered strong gains despite elevated volatility—evidence that sponsors retain an alternative public-market route when windows wobble.

Selected 2025 prints:

- Circle (CRCL): June 2025, raised \$1.05b, valued at \$8.06b.
- Voyager Technologies (VOYG): raised \$382.8m; shares more than doubled on debut, implying an ~\$3.8bn intraday valuation.
- Figma (FIG): July 2025, raised \$1.2b, valued at \$56b+; strong day-one performance.
- Firefly (FLY): August 2025, raised ~\$868m, valued at \$6b+.
- Figure (FIGR): September 2025, raised \$787.5m, valued at \$5.3b (closed ~\$6.6b).
- Klarna (KLAR): September 2025, raised \$1.37b, valued at \$15.1b.

### **2026 Allocation Insights**

Re-introducing Growth, selectively, profit-first. If the IPO window keeps inching open, we may re-add a measured Growth sleeve in 2026, focused on profitable tech and software specialists/verticalization. At IPEM we held exploratory conversations with General Atlantic, TCV, Hg and Vista about new-vintage 2026 fundraises. Our emphasis is on scarce capacity, credible public/private exit paths, and DPI visibility over “growth at any price.”

### **Private Credit dispersion is here- AUM outgrew underwriting; recoveries at risk**

#### **What's breaking**

Our view: stress is mounting beneath headline “performing” prints:

- Several platforms scaled AUM faster than underwriting capacity, while evergreen vehicles face deployment pressure.
- The base-rate tailwind is fading (Fed cuts begun; ECB already eased ~200 bps), so coupon lift will erode.
- Covenant-lite terms are pervasive, muting early warnings and depressing recoveries.
- PIK usage is rising across private credit, useful for short-run liquidity, but it pushes leverage forward and raises loss-given-default if fundamentals don't catch up.



## **Case study — First Brands (FBG)**

FBG's Chapter 11 exposed irregular receivables factoring; a major creditor alleges up to \$2.3bn missing and double-pledged invoices, now rippling across lenders and trade-finance funds. Jefferies disclosed ~\$715m of exposure via Point Bonita (payments reportedly stopped Sept 15), and UBS Hedge Fund Solutions/O'Connor appears among the largest unsecured creditors (press reports put total exposure > \$500m). We expect further knock-ons as banks and credit funds re-underwrite working-capital chains and documentation.

## **Our outlook**

We expect defaults to rise across oversized 2021–2023 vintages and fast-deploying evergreen pools, especially where structures leaned on aggressive EBITDA add-backs, incurrence-style docs, and PIK toggles to bridge the rate shock. That likely ends the “performing, PE-like” era for a subset of managers as dispersion widens and recoveries disappoint.

We also expect further consolidation among private-debt houses. Recent moves, BlackRock's completion of HPS (Jul 2025), Rithm's agreement to acquire Crestline (Sep 2025) and Brookfield's 51% strategic partnership stake in Castllake earlier last year all point to a tilt toward larger, multi-strategy private-credit platforms with deeper origination, distribution, and workout capabilities.

## **2026 Allocation Insights**

We may look selectively into specialist managers in distress-to-control, rescue-to-own, or NAV-plus special sits that can pivot from creditor to owner when capital structures break. Any such exposure would be kept outside the core Program, pursued case-by-case and small in size, and only where documentation provides true seniority, tight covenants, robust collateral and governance levers to protect downside and enable control.

## **Direct Deal Focus: The Relevance of Software Verticalization in the Age of AI Disruption**

During our 3 days at IPEM we reinforced the relevancy of vertical software, particularly during the AI revolution, where top firms in the buyout space but also in venture capital, to name a few HG, Astorg, General Catalyst, Preservation Capital, Jolt, Main, pointed in that direction to counter the AI uncertainties.

This convergence of perspectives from industry leaders with different strategies underscores a pivotal concept: as AI transforms business landscapes, vertical solutions, tailored deeply to specific sectors, are emerging as resilient powerhouses against disruption. Unlike horizontal software (Salesforce, Adobe and Dropbox as an example), which offers broad applicability but risks commoditization through generalized AI tools, vertical platforms build resilient data moats from niche expertise and proprietary datasets.

As introduced, in our multiple meetings at IPEM, various firms highlighted how consolidation strategies amplify this advantage, enabling scalable integrations that enhance domain-specific workflows. As we delve deeper, we'll explore why vertical platforms are so well positioned to capture growth while maintaining a greater resiliency versus AI disruption.

## **Data creates the competitive advantage - backbone of software premiumization**

Unlike horizontal tools, which deal in generic datasets, vertical software accumulates hyper-specialized information over years of serving a niche. In legal and finance, it might be anonymized case outcomes; in healthcare, anonymized patient trends; in manufacturing, sensor data from factory floors; in public

administration, tender process track record. This isn't just data, it's the “oil” of the system, often serving as the record where businesses store their most critical information.

















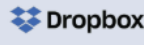






This data goldmine enables 3 key aspects that all the managers mentioned and highlighted during our conversations:

- High switching costs for data migration: data migration is a complex, costing time, money, and risking compliance breaches, which locks in customers.
- Data dominance enhanced by AI: Legacy verticals SaaS leverage their own data dominance by feeding it into AI, outpacing disruptors who must scrape or simulate from scratch.
- Unstructured IP monetization: While maintaining the dataset ownership, legacy verticals players can sell anonymized data to LLM companies to train their own models and simulate outcomes.

## Verticality drives profitability

Main capital, one of the leading buyout manager we talked to (all the vintages are in first quartile) redacted an interesting [white paper](#) on vertical software advantages, some relevant data points are:

- Vertical software players are more profitable than horizontal software players (15% vs 6% median EBITDA margin for horizontal SaaS).
- Targeted marketing & sales efforts (17% Sales & Marketing to Revenue ratio, compared to 34% for horizontal vendors).
- Targeted R&D translating into sales (13.9% R&D cost to Revenue ratio, compared to 19% for horizontal software).

EXAMPLES	HORIZONTAL	MEDIANS	VERTICAL	EXAMPLES
 	171	Sample size	119	 
 	381M	Revenue LTM FY22	216M	 
 	25.5%	Revenue Growth FY21-FY22	21.1%	 
 	6.1%	EBITDA % FY22	14.7%	 
 	34.2%	Sales & Mrkt Cost/Rev. ratio	17.0%	 
  	19.0%	R&D Cost/Rev. ratio	13.9%	
	4.1X	EV/Revenue (01-01-2023)	4.0X	
	21.7X	EV/EBITDA (01-01-2023)	22.4X	

Source: Main Capital Partners

In conclusion, according to Main Capital's white paper, vertical software excels with higher profitability, boasting a 15% median EBITDA margin versus 6% for horizontal counterparts, thanks to niche focus and efficient marketing. Both face similar valuations shaped by market dynamics and AI integration but the bulk driving value in the vertical sphere is proprietary data.



## Key case studies from the managers:

**HG Capital's Investment in Visma:** Hg Capital has backed Visma, a leading provider of mission-critical vertical software for SMEs in accounting, payroll, and ERP, since 2006, driving consistent 20% annual growth over nearly two decades. The 2023 transaction valued Visma at €19bn, attracting over €1bn in new equity from 20 investors, solidifying its data moat through acquisitions and cloud expansions. In the AI era, Visma's domain-specific datasets enable resilient integrations, positioning it against commoditization with a planned 2025-26 IPO.

**Astorg's Investment in Redslim:** Astorg acquired a majority stake in Redslim, a Swiss data management and business intelligence platform specializing in harmonizing datasets from over 50 sources for vertical industries, in November 2024. Redslim has achieved 30-40% annual growth over the past four years, bolstered by the 2025 acquisition of CatMan Solution to form a global data powerhouse. This investment leverages Redslim's proprietary tech for AI-enhanced data moats, supporting international expansion and reducing disruption risks in niche sectors.

**General Catalyst's Investment in Samsara:** General Catalyst led early funding in Samsara, an IoT vertical software leader for fleet management and safety, with \$40m in 2017 at a \$530m valuation and \$50 million in 2018 to fuel growth. By Q2 2025, Samsara reported \$391.5m in revenue (30% YoY growth) and \$1.64bn ARR (30.2% increase), adding a record 17 customers with \$1m+ ARR. AI-driven features like safety platforms enhance its data moat, making it less vulnerable to horizontal disruptions through real-time insights and predictive analytics.

**Main Capital's Investment in Nextway:** Main Capital Partners acquired a majority stake in Nextway, a Danish vertical software provider of enterprise content management (ECM) and business process automation solutions founded in 1986, in July 2024. The investment aims to accelerate Nextway's growth in Northwestern Europe, capitalizing on its specialized workflows for industries amid rising vertical software valuations driven by AI. With Main's focus on enterprise software, Nextway's data-centric platform strengthens moats against AI commoditization.

## Evidence results in overweighting vertical solutions

In conclusion, In this AI driven era, vertical solutions are poised to lead due to their robust data moats and proprietary niche datasets that fuel specialized AI applications, enabling ROI and shielding against commoditization that plagues horizontal tools.

With median EBITDA margins of 15% versus just 6% for horizontals, and sales & marketing efficiency at 17% of revenue compared to 34%, verticals offer superior profitability and scalability. This resilience attracts PE and VC firms: Hg Capital's backing of Visma has driven 20% annual growth to a €19bn valuation, Astorg's stake in Redslim supports 30-40% yearly expansion, General Catalyst's investment in Samsara yields 30% YoY revenue to \$391.5m, and Main Capital's acquisition of Nextway targets AI-enhanced ECM in underserved niches.

These investments underscore why vertical software represents a high conviction bet for better than market average returns in the evolving AI and LLMs ecosystem.

## 2026 Allocation Insights

Re-introduce a measured Growth sleeve. With the IPO window slowly reopening and exit optionality improving, we'll consider adding back a modest Growth sleeve in 2026—profit-first and capacity-driven—with a tilt to vertical software specialists.

## Disclaimer

### PURPOSE OF THIS MATERIAL

This material is for information purposes only. The information provided may inform you of certain products and services offered directly or indirectly by Novum Partners. The views and strategies described in the material may not be suitable for all investors and are subject to risks. This material is confidential and intended for your personal use. It should not be circulated to or used by any other person, or duplicated for non-personal use, without our permission.

### NON-RELIANCE

We believe the information contained in this material to be reliable but do not warrant its accuracy or completeness. The views, opinions, estimates and strategies expressed in it constitute our judgment based on current market conditions and are subject to change without notice. They may differ from other views expressed for other purposes or in other contexts, and this should not be regarded as a research report. Any results and risks mentioned are based solely on hypothetical examples cited, and actual results and risks will vary depending on specific circumstances. Investors may get back less than they invested, and past performance is not a reliable indicator of future results.

### RISKS, CONSIDERATIONS AND ADDITIONAL INFORMATION

There may be different or additional factors which are not reflected in this material, but which may impact investment decision. The information contained in this should not be relied upon in isolation for the purpose of making an investment decision. Nothing in this document shall be construed as giving rise to any duty of care owed to, or advisory relationship with, you or any third party. Nothing in this document is intended to constitute a representation that any investment strategy or product is suitable for you. You should consider carefully whether any products and strategies discussed are suitable for your needs, and to obtain additional information prior to making an investment decision.

Nothing in this document shall be regarded as an offer, solicitation, recommendation or advice (whether financial, accounting, legal, tax or other), irrespective of whether or not such communication was given at your request.