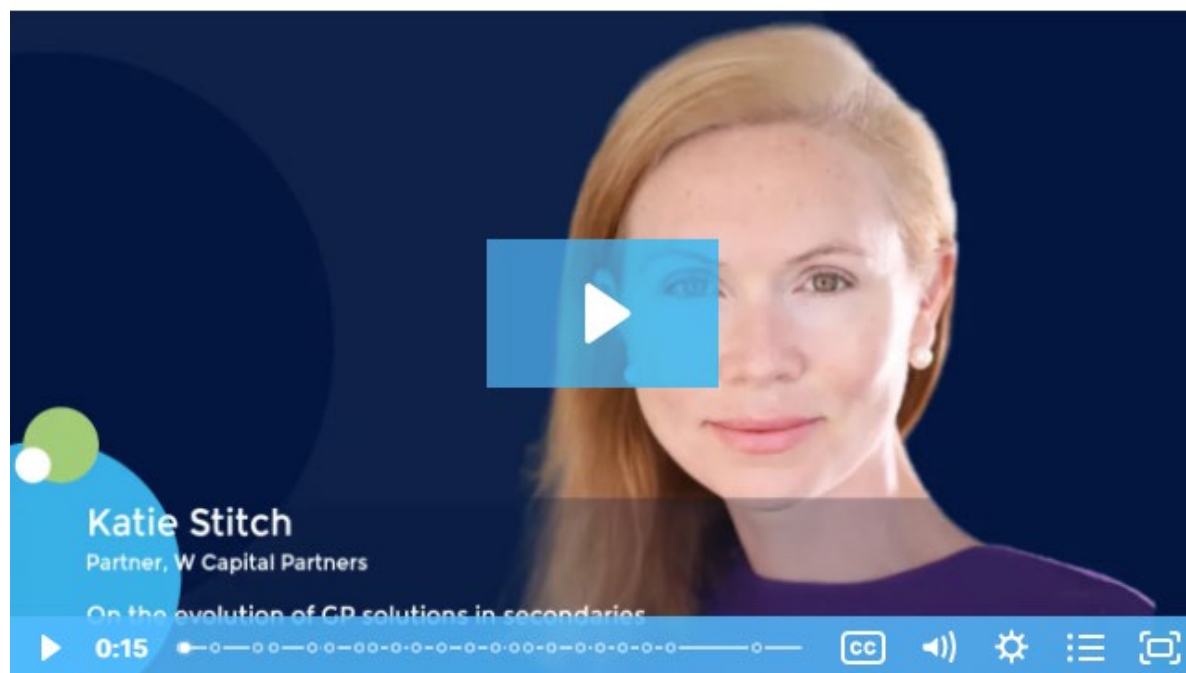


Katie Stitch, Partner at W Capital, on the evolution of GP solutions in secondaries

4th April 2025 04:57 am



Giovanni Amodio, the host, welcomed Katie Stitch to the ION Influencers fireside chat, focusing on the evolution of GP solutions in secondaries.

Background and Role: Katie Stitch shared her journey at W Capital, a firm specializing in GP solutions, secondary transactions, direct share purchases, minority recaps, and GP-led secondary transactions. She highlighted the firm's belief in providing liquidity to shareholders before a company is ready for sale or public offering.

Evolution of GP Solutions: Katie discussed the growth of the secondary market, driven by the increasing value of private equity assets and the lag in exit volumes. She noted the backlog of exits and the role of the secondary market in providing necessary liquidity. Key milestones included the rise of GP-led transactions and the minority equity market.

Market Dynamics: Katie explained the misconception that secondary market growth is solely due to a pullback in traditional M&A and IPO liquidity. She emphasized the adoption of secondary solutions by GPs and the strategic importance of these transactions. She also touched on the diverse strategies within the secondary market, including minority recaps and direct share purchases.

Future Outlook: Katie predicted continued growth and strategic importance of the secondary market in addressing the structural imbalance between private equity assets and exits. She highlighted the increasing use of minority equity solutions and the role of secondary transactions in generating partial liquidity.

Public Perception and Disclosure: Katie discussed the varying levels of disclosure and process around different types of transactions. She emphasized the importance of aligning transaction logic with the needs of GPs and investors.

Specialization and Talent: Katie noted the advantages of scale and specialization within the secondary market. She highlighted the importance of having teams with primary-like underwriting skills and the trend towards sector-focused funds.

Consolidation and Collaboration: Katie addressed the consolidation among secondary managers and the benefits of platform advantages. She shared W Capital's experience of joining AXA and the collaborative approach to providing liquidity solutions.

Talent Acquisition: Katie discussed the evolving talent landscape in the secondary market, emphasizing the importance of fundamental investment skills and the increasing attractiveness of the sector.

Conclusion: Katie concluded by highlighting the importance of transparency, thoughtfulness, and relationship-building in the secondary market. She emphasized the need for creativity and collaboration in crafting successful transactions.

Key timestamps:

00:06 Introduction to ION Influencers Fireside Chats
01:26 The Need for Liquidity in Shareholders
03:07 Impact of GP Led Transactions
03:45 Exploring the Minority Equity Market
05:17 Barriers to GP Led Transactions
05:58 Future of the Secondary Market
07:09 Role of Minority Equity Solutions
07:41 Public Perception of Liquidity Solutions
08:36 Trends in Private Equity Fund Sizes
09:25 LP Exposure to Secondary Strategies
10:24 Specialization Among Secondary Players
11:32 Strategic vs. Tactical Secondary Investments
12:33 Consolidation Trends in Secondary Sponsors
13:18 W Capital's Integration with AXA
13:51 Maintaining Mission Amidst Change
14:46 Leadership in Secondary Solutions
15:55 Attracting Talent in the Secondary Market
16:42 Evolving Hiring Practices
17:35 Evaluating Investment Opportunities
18:33 Understanding Turndowns in Business
19:29 Criteria for Partnering with GPs
22:54 Adapting Skills for Future Success