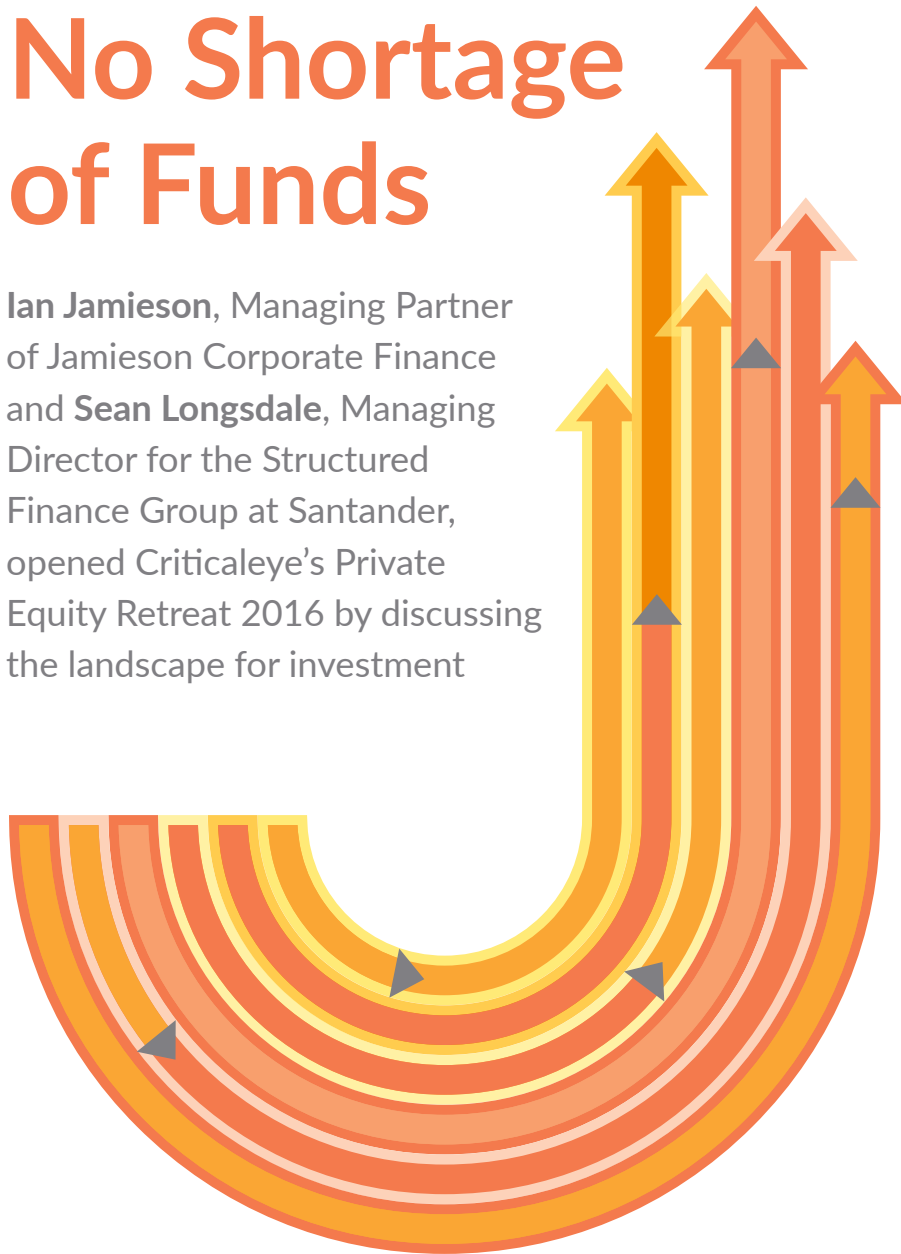


# No Shortage of Funds

Ian Jamieson, Managing Partner of Jamieson Corporate Finance and **Sean Longsdale**, Managing Director for the Structured Finance Group at Santander, opened Criticaleye's Private Equity Retreat 2016 by discussing the landscape for investment



**D**on't confuse uncertainty in the global economy for a lack of capital, attendees at Criticaleye's recent [Private Equity Retreat 2016](#) were told. From Asia to North America, mind-boggling sums of money are there to be invested in the right kind of asset.

**Sean Longsdale**, Managing Director for Structured Finance at Santander, assured there are also high-levels of liquidity within Europe's alternative lender space.

"In 2011, there was €11 billion of capacity, now there is €65 billion," he explained.

"Despite what the media will tell you, banks are desperate to deploy capital. On top of that, you have \$140 billion of dry powder in PE. So there are a lot of capital investors looking for assets – I don't see a slowdown or less activity." >



Managing Partner of Jamieson Corporate Finance, **Ian Jamieson** said it's highly likely yet more capital will become available, not least because of Iran's presence in the global oil market.

"There will be a huge amount of money invested around the world, particularly the UK and New York; around \$50 billion in total petro-dollars," he said.

In addition, funding powerhouses continue to emerge from Asia. "The private equity funds raised in China last

year equalled the whole of PE funds raised in Europe," **Ian** added. "These guys will be generalists, hitting anything with a good running yield and strong brand."

Given such market conditions, both **Ian** and **Sean** agreed that PE-backed CEOs need to bear in mind the implications regarding exit strategies.

**Sean** commented that, in the mid-market, prices remain 'frothy'. "We're not seeing any evidence of multiples coming down," he explained.

He added that trade buyers are demonstrating a willingness to conduct transactions, although they remain cautious in their approach, and that the IPO market continues to be open to the right opportunities.

He urged attendees to think carefully about deals: "Looking more broadly, M&A activity is 30 per cent down. With certain external factors affecting confidence, if you don't need to make an acquisition today, why would you?"

According to **Ian**, conditions are going to remain extremely competitive. "What we've seen from mid-November is that prices are coming down, particularly at the top end where the bond market is shut," he explained. "A number of the big PE houses have come down to the mid-market and are buying companies at around 6x to 8x, rather than 14x."

The message to PE CEOs was to stay on their toes. Whether looking at funding options, assessing investors' motives, or weighing up whether to opt for trade, secondary or an IPO, it's essential to keep asking questions and take nothing for granted. ■

## 5 MARKET TRENDS TO WATCH

- Capital is coming from everywhere, especially sovereign wealth funds.

However, some of the North American pension funds are catching a cold due to oil prices

- Pure financial arbitrage is limited. It's increasingly hard for PE houses to find value, so the focus is on growth through buy and build, combined with driving operational and sales improvements

This is witnessed by private equity Investment committees, which are adding due diligence as a result

- In the lower to mid-market, the biggest change appears to be the speed of deals.

There's very little time to evaluate the merits of each approach as there are multiple buyers

- Certain sectors remain challenged, particularly those affected under the National Living Wage

These thoughts were shared at Criticleye's [Private Equity Retreat 2016](#). Find out more about our regular [Private Equity Breakfast](#) events and how to attend the next one.



**Ian Jamieson**  
Managing Partner  
Jamieson

Ian established Jamieson Corporate Finance in 2005.

He is well known to both the corporate and private equity communities and has advised on transactions ranging from multi-billion pound cross border mergers, to deals at the smaller end of the spectrum.

Prior to that, Ian was Chief Executive of Deloitte Corporate Finance.

He is an avid sports fan and a non-executive director at The Oval.

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**Sean Longsdale**  
Managing Director,  
Structured Finance Group  
Santander

Sean joined Santander in June 2012 to lead and help build out the Structured Finance business.

The team now incorporates London and regionally based financial sponsor focused teams; one that works on complex and leveraged corporate transactions, such as M&A opportunities; a growth capital team providing mezzanine and debt solutions to high growth SMEs, and a renewables finance team.

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