

Bellevue eyes Q1 2023 first close for debut secondaries fund

Listed Switzerland-headquartered asset manager Bellevue has announced the launch of its debut secondaries fund, with a USD 200m target and a first close anticipated in Q1 2023, Managing Partner Chris Davies told Unquote.

Harriet Matthews

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The GP expects to hold a final close for the fund by the end of 2023, although it has the option of keeping the vehicle open until mid-2024, Davies said.

The Luxembourg-domiciled fund has a 10-year closed-ended structure and a five-year investment period, he said.

Linklaters is providing legal advice on the fund, while Waystone is providing fund administration services, and RBC is acting as the fund depositary, he said.

The fund does not currently have a placement agent, with Bellevue's DACH-focused client team working on the fundraise, Davies added.

Bellevue announced the appointment of Davies and ex-Partners Group colleagues Steven Kroese and Lars Honegger to lead its secondaries strategy, as [reported](#).

Partnering with Bellevue will allow the team to access dealflow that it was not able to tap previously, Davies said. "We previously saw a lot of opportunities in the USD 1m-USD 30m price range, which were fantastic deals – but purely due to scale and size of the funds we were working with, it was not possible to do them, given the resources and underwriting," Davies said. "These deals have great potential for real alpha, and back-testing them they seem to have more of a home-run quality." The team saw an opportunity in going back to basics with a smaller firm, he added.

The team is aware of the challenges that it might face in launching a new fund in the current macroeconomic environment, but expects its strategy to resonate with LPs. “We might be considered a first-time fund, but not a first-time manager,” Davies said. “In many ways it has never been a better time to go into secondaries – LPs’ overweight PE allocations and their liquidity needs mean that the market will become more buyer-favourable.”

The firm's strategy should also stand it in good stead, he said. “We can take part in market inefficiencies with smaller deals; being able to select the very highest quality transactions and with more than a decade's experience in working together and our proprietary network, we can execute quickly,” he said.

The expansion of the secondaries strategy is part of Bellevue's broader private markets strategy. “Bellevue has an entrepreneurial mindset and wants to develop its private markets capabilities, combined with senior, partner-led teams,” Davies said. “The market conditions are lining up well, so it's about making sure we can attract the right deals, get new investors on board who don't have short-term liquidity needs and can take a long term view on patient capital.”

Investors

The fund expects to have cornerstone investors from the existing Bellevue investor base, with a combination of family offices and quasi-institutional investors, Davies said, citing small private pension plans in Germany with a mandate to invest in private equity as an example. “We're expecting a relatively equal amount of existing and new LPs,” he added.

Bellevue has an existing investor base in Europe, including DACH, the UK and Benelux.

Investments

The fund will invest in North America and Europe, with an allocation of 40%-60% available for each geography. It will mainly focus on single LP line deals, but can also make portfolio deals, primaries and some GP-leds, making 15-25 deals in total, Davies told *Unquote*.

The fund will take a “barbell approach” in its portfolio construction, combining younger funds for the value upside and more mature vintages for cash distributions, Davies said.

Although the fund is sector-agnostic, the Bellevue team does have some preferred themes, Davies said. These include data centres, digitalisation of businesses and supply chain efficiencies.

“It is an interesting time in terms of pricing and we want to see how the next quarter will be reflected in terms of the catchup with public markets once valuations come out towards the end of January,” Davies said. “Our pipeline is building and pricing is broadly going down.”

The secondaries team will use its proprietary technology platform to model and underwrite its deals, Davies said. The platform uses sophisticated APIs to push and pull data from different systems, he added. “We use fund data sources and are building a data lake with different metrics,” he said. “We can take a full look-through, with a bottom up analysis looking at portfolio company metrics.”

People

Bellevue – Chris Davies, Steven Kroese, Lars Honegger (*managing partners*).