GCM GROSVENOR

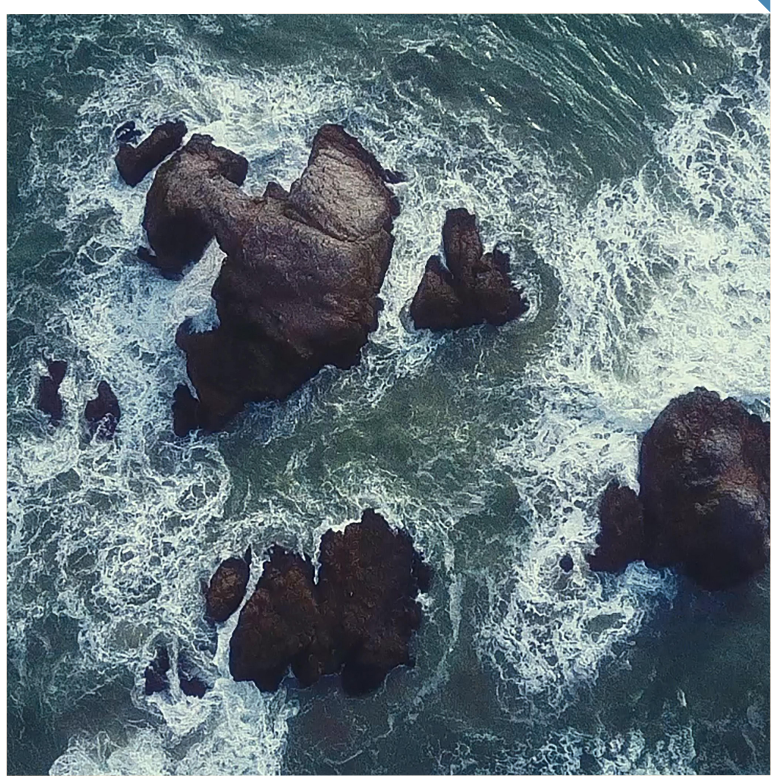
July 2024

Clarifying the Misconceptions of Co-Investing

Introduction

In the evolving investment landscape, co-investing stands out as an effective way to gain exposure to private equity, offering investors a potential pathway to enhanced returns and diversified portfolios. Yet, despite its many attractive qualities, co-investing is frequently misunderstood, making its true potential not always immediately apparent.

At GCM Grosvenor, we are dedicated to illuminating the value of co-investing and guiding investors toward a clearer understanding of this strategy and its potential benefits.



Misconception #1: Co-investment Deal Volume is Down

Contrary to the broader private equity market, which has seen a decline in deal volume year over year, activity for co-investors has held up and is expected to grow this year. Fewer participants providing co-invest equity, combined with higher percentages of equity needed in deals today versus a few years ago, have provided active co-investors ample opportunities. Through our expansive sponsor network, our team consistently uncovers high-quality deals across a broad array of sectors and geographies.

Select risks include: *macroeconomic risk, sourcing risk, investment selection, portfolio diversification, management risk, execution of value creation plan, risks related to reliance on third parties, and risks related to the sale of investments.*

Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its given objectives or avoid losses. Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

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Misconception #2: Co-investing is Reserved for Large Investors Only

Gone are the days when co-investing was exclusive to major institutional investors. Today, the playing field is more inclusive, with innovative structures and platforms catering to investors of all sizes. By championing accessibility through creative solutions, astute asset managers can help investors with varied scales and capabilities to participate in co-investment opportunities alongside their larger counterparts.

For example, commingled vehicles can offer a seamless gateway to co-investing opportunities, providing investors with easy access to diversified portfolios and eliminating the complexities often associated with direct investment, making it a turnkey solution.

Misconception # 3: Co-investing Dilutes Returns

Far from dilution, co-investing can enhance potential returns when approached strategically with appropriate portfolio construction. Many investors like the lower fees offered by co-investments compared to primary fund investing, and when pursued through a well-diversified portfolio, these lower fees can translate into potentially higher net returns. Strong deal flow creates diversification across many metrics and is critical to ensuring proper risk management in seeking to generate excess returns[1].

We believe co-investing in 2024 offers a bright horizon of possibility for investors willing to embrace its potential in what should be a more active deal market than 2023. By clarifying misconceptions and embracing the facts, investors can seek to utilize co-investments to enhance returns and diversify their portfolios.

1. Risk management, diversification, and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk.

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About GCM Grosvenor

GCM Grosvenor (Nasdaq: GCMG) is a global alternative asset management solutions provider with approximately $79 billion in assets under management across private equity, infrastructure, real estate, credit, and absolute return investment strategies. The firm has specialized in alternatives for more than 50 years and is dedicated to delivering value for clients by leveraging its cross-asset class and flexible investment platform.

GCM Grosvenor's experienced team of approximately 550 professionals serves a global client base of institutional and individual investors. The firm is headquartered in Chicago, with offices in New York, Toronto, London, Frankfurt, Tokyo, Hong Kong, Seoul and Sydney. For more information, visit: www.gcmgrosvenor.com.

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