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## Private Equity Startup Enlists Lexington to Draw Wealthy Clients

- German firm Moonfare partners with secondary market specialist
- Deal with help Moonfare investors sell their stakes in funds

By Jan-Henrik Förster  
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(Bloomberg) -- German startup [Moonfare GmbH](#) has signed a partnership deal with [Lexington Partners](#) in a bid to attract more wealthy individuals to its investment platform for private-equity funds.

The agreement will allow the Berlin-based firm's clients to sell their stakes in private-equity funds to buyers on the platform including Lexington, according to a statement Tuesday. Lexington is a specialist in the so-called secondaries market that involves buying maturing portfolios from private-equity investors who want to cash out.

One of the main challenges in opening up private-equity markets to individuals is overcoming concerns about their ability to sell their holdings, according to Steffen Pauls, who founded Moonfare in 2016 after previously working at KKR & Co. The shortage of liquidity in the market has meant it's dominated by long-term institutional investors such as pension funds. "There's no secondaries market in private equity in the private-client segment," Pauls said by phone. "This partnership will help us to attract more clients as the asset class is becoming more liquid. It provides an exit opportunity for those who need cash."

Secondaries investing is a fast-growing section of the private markets, with \$76 billion raised by funds in 2020, more than triple the level of the previous year, according to data from Preqin. Collier Capital raised more than \$9 billion for its latest secondaries fund, Bloomberg News reported last week. Ardian pulled in \$19 billion for a fund last year, and Lexington had earlier raised \$14 billion.

Moonfare will hold a formal process twice a year for clients to sell their fund stakes on the platform's secondary market, according to the statement. They will also have the chance to sell at other times subject to conditions. The firm has more than 1,000 clients who have invested more than 500 million euros (\$607 million) on its platform.

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