Maryland clears profit on secondaries sale to Ardian

The pension got 101% of its holdings' value in a string of payments stretching back to at least July.

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Buyouts Insider

February 19, 2020

Maryland State Retirement and Pension System executed a secondaries sale of $1.1 billion in assets to Ardian last year, on which the system managed to turn a profit by setting up a deferred-payment structure with the buyer, the pension told Buyouts.

Meeting minutes on its website indicate that the system’s arrangement with Ardian resulted in Maryland getting 101 percent of its holdings’ value as opposed to the 92 to 93 percent it would have gotten otherwise.

In 2018, sister title Secondaries Investor reported that Maryland had sold a $1 billion portfolio to Ardian. Terms of the deal were not reported at that time. SI said the deal could involve private equity, private credit and private real estate assets.

Spokesman Michael Golden confirmed to Buyouts that the buyer was Ardian and that the deal had been completed, but he did not identify what assets were included.

Payments on the deal go back to at least last summer, according to meeting materials. The first swath happened between July 31 and October 31 and totaled $76 million.

Another tranche of payments came between October 31 to November 4 and totaled $10 million.

This was followed by payments of $27 million on December 5, $580 million on December 27, and $129 million on January 5.

That adds up to $822 million paid. Golden did not identify when any additional payments happened. Ardian declined to comment.

New commitments

The pension also made $670 million in new commitments in Q4 2019. These commitments included:

• $100 million to Green Equity Investors VIII and $50 million to Jade Equity Investors, buyout funds managed by Leonard Green Partners and closed last fall, according to sister title PE Hub;

• $100 million to Lightspeed Opportunity Fund, a venture fund managed by Lightspeed Venture Partners;

• $150 million to Madison Dearborn VIII, a large buyout fund managed by Madison Dearborn Partners with a $4.5 billion target, Buyouts reported;
• $100 million to Wind Point Partners IX, a middle market buyouts fund managed by Wind Point Partners with a $1.2 billion target, according to a form D;

• $50 million to Frazier Life Sciences X, a $617 million venture fund managed by Frazier Healthcare Partners that closed in January, according to a press release;

• $120 million to MBK Partners V, and Asia-focused buyouts fund managed by MBK Partners.

As of December 31, Maryland’s private equity holdings were valued at about $7.5 billion. That made up 13.3 percent of its portfolio. Private equity returns were 10.3 percent over one year, 16.3 percent over two years, 14.5 percent over five years and 14.4 percent over 10 years. The system’s total portfolio was valued at $56.1 billion.