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Placement agent 2.0: Houlihan Lokey's acquisition of Triago will reshape private capital advisory unit

The acquisition lays the foundation for a one-stop shop for clients of both organisations, Andy Lund and Matt Swain tell PEI.

Houlihan Lokey's acquisition of advisory firm Triago is a "real commitment... to the private capital advisory segment" during a tough time for fundraising, according to Andy Lund, global co-head of Houlihan Lokey's private funds group.

"Perhaps at a time when some people felt like private capital advisory may be going out of fashion – the primary market's been really tough, in fact, the secondaries market's been quite tough, and so in some ways it could be viewed as a more contrarian play – I actually have huge faith that we've turned the corner", Lund tells Private Equity International.

Houlihan Lokey and Triago disclosed the acquisition in December, with Triago joining the bank's private funds group co-led by Lund and Cristina Forcina Westermann. Triago's chief executive Matt Swain will join as head of direct placements and secondaries, with founder and chairman Antoine Dréan joining as chairman emeritus of the group.

Triago hired an adviser to explore a sale process following a period of rapid expansion, wherein the firm grew close to 100 percent year-over-year, Swain said. The adviser realised it would be difficult to keep up its growth rate independently.

Around half a dozen buyers showed interest, which gave the firm freedom to choose the right partner, Swain adds.

Houlihan Lokey started its private



funds business in 2018 with the acquisition of placement agent BearTooth Advisors. The intention here was "to create a kind of placement agent 2.0 – an advisory platform that was more strategic, less transactional and therefore more relevant across the entire lifecycle of the GP", Lund explains.

At the time of the BearTooth acquisition, having a strong secondaries capability alongside Houlihan Lokey's primary capabilities was vital in order to capitalise on the growing market for GP-led transactions, Lund says. While it has added capabilities on the GP-led side, Houlihan Lokey has not entered the LP-led advisory market in earnest.

At the outset of the Triago acquisition,

both sides had reservations that there would be overlap in the two businesses. However, Triago's secondaries and direct businesses would add firepower to Houlihan Lokey's long-standing ambitions, Swain and Lund says. On the primary side, Houlihan Lokey remained understaffed across its US primary business, where Triago has a strong presence, the pair adds. Houlihan Lokey would also gain Triago's relationships in France, where the firm was founded.

Where there is overlap, there is some natural turnover and movement. Some long-standing Triago executives, like Dréan, will take on senior adviser roles. Houlihan Lokey's current head of

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secondaries, Sameer Shamsi, will remain a senior member of the secondaries leadership team with a specific focus on GP-leds, a spokesperson said.

Size and scale required

Both Houlihan Lokey and Triago recognise the need for scale in order to be credible in the private capital advisory landscape.

“Houlihan is investing a significant amount in this business,” says Lund. “Clients feel very comfortable that we’re

an organisation that’s spending real time and resource creating a more effective advisory platform to help create solutions for all the various problems that they’re facing at this time... It has been a really tough market to navigate over the last 24 months or so.”

For Triago, clients had previously asked whether the firm was able to provide, for example, a dual-track M&A process alongside a secondaries process. The answer to that question had always been no.

“They wanted one go-to source for a number of their needs, and this transaction provided it to them,” Swain explains.

“Our hope is to have a big, well-developed team that can deliver any solution with maybe more of a white-glove approach than our competitors. [That] is what Triago has historically been known for, and I think that will hopefully give us the advantage in the market [to advise on] some of the most interesting and productive transactions.”