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Macro Roundup Artcile

Headline: PE Firms Trapped in China After $1.5 Trillion Betting Spree

Article Link: https://www.bloomberg.com/news/articles/2023-11-13/pe-firms-get-trapped-in-china-after-1-5-trillion-betting-spree?sref=U3dOGIDF

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Tweet: Private equity firms have assets of at least $1.5T in China; currently, secondary buyers are demanding extreme discounts, in some cases exceeding 60%, to take on these assets.

Summary: Private equity firms that amassed more than $1.5 trillion of assets in China in just two decades are now struggling to offload once-promising investments they were counting on for hefty returns. With public markets in a slump and offering unattractive valuations, buyout firms are exploring private sales. But mounting concerns about the risks of investing in mainland China have left so-called secondary buyers demanding discounts of 30% to more than 60%, according to people familiar with the market. Haircuts in Europe and the US are closer to 15%. Related: The Threat from China's Capital Flight and China Suffers Plunging Foreign Direct Investment Amid Geopolitical Tensions and The Rise & Fall of Foreign Direct Investment in China

Primary Topic: China

Topics: China, Financial Markets, GDP, News article

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