



Universität
Basel

Research Project

Estimating the market price of liquidity risk in the listed private equity market

Project funded by own resources

Project title Estimating the market price of liquidity risk in the listed private equity market

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Organisation / Research unit

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Status Completed

We analyze the structure and pricing of liquidity risk for international listed buyout funds. Unlike similar studies, we are able to use a time-series framework for our tests which is a methodological innovation for an asset class that has generally no time-series data observable. Our model discriminates between the exposure of buyout funds to two types of liquidity: Market and funding liquidity. Our results suggest that buyout funds are less exposed to shocks to aggregate market liquidity than the average standard listed equity security, but are significantly exposed to shifts in aggregate funding liquidity.

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