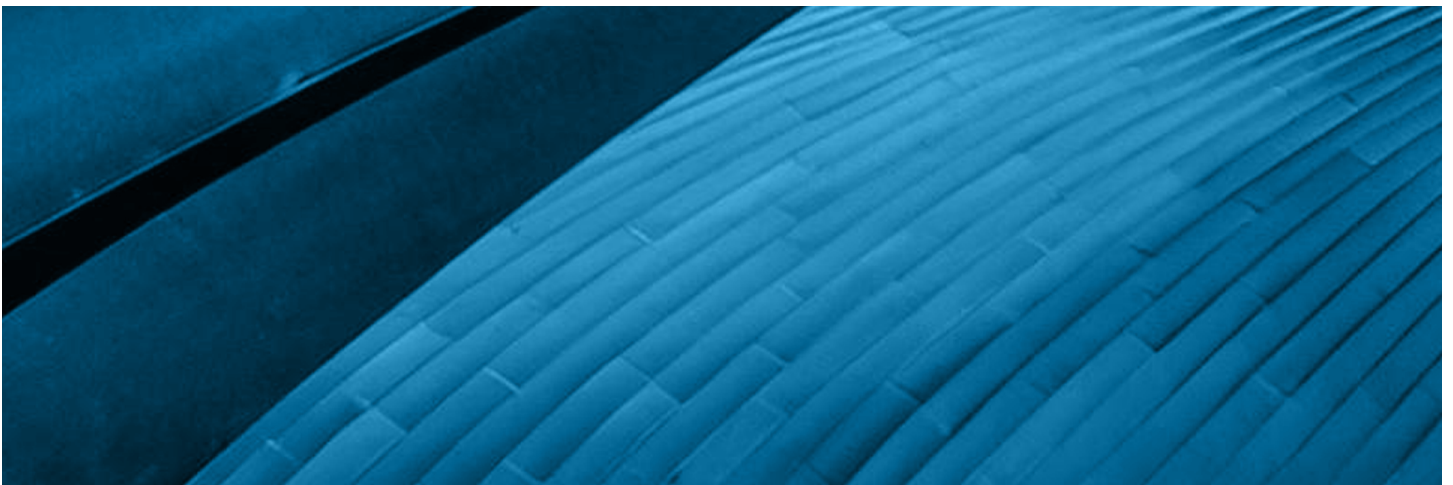


Private Equity Secondaries

The rapidly growing market
for existing private equity
fund interests



Need to Know

01

Attractive Entry Point

Secondaries can offer immediate exposure, discounted pricing, and greater performance visibility, enabling investors to access **high-quality private equity assets**.

02

Growing Opportunity Set

As private markets grow and participants seek liquidity solutions, the **secondary market is expanding**, driving deal flow, and access to a broader range of assets.

03

Portfolio Diversification

Provides **access to varied managers, vintages, sectors, and geographies**, potentially reducing concentration risk and enhancing portfolio diversification¹ compared to solely investing in primary market opportunities.

What are Secondaries?

Secondaries involve the purchase and sale of existing ownership interests in private companies or private investment funds. Instead of committing capital to a new fund or company at inception, investors acquire stakes from current holders—often at a discount—providing an attractive entry point into a portfolio of identifiable assets.

Secondary investments are typically significantly committed, enabling investors to perform bottom up due diligence on all investments within the portfolio, which can yield critical insights into potential value. Contrast this with primary investments, (Exhibit 1), which at inception are a blind pool, offering limited or no visibility into portfolio companies, performance or diversification.



¹ Diversification does not ensure a profit or protect against losses.

Exhibit 1: Primary vs. Secondary Private Equity

	Primary	Secondary
Assets Acquired	Blind pool	Identifiable assets
Year of Acquisition	At inception	Years 4-10+
Cost Basis	Par	Usually discount to NAV
Return of Capital	Typically, Years 5-10	Immediately
Diversification	Single fund / vintage year	Highly diversified

Secondary private equity differs from primary private equity in significant ways:

- **Identifiable assets:** The assets an investor acquires are known and identified, whereas investors in a new ("primary") private equity vintage are investing in a relatively blind pool of assets.
- **Seeks mitigation of J-curve:** Investors in secondaries are typically entering between four and ten years after a fund's launch, whereas primary private equity investors in a drawdown fund participate from inception.
- **Cost basis:** Investors in secondaries often acquire investments at discounts to Net Asset Value (NAV), whereas primary private equity investors invest at par.
- **Potential for accelerated return of capital:** Because the investor steps in near the middle of the life cycle, secondaries typically offer immediate return of capital versus primary private equity (typically, years 5 to 10).
- **Diversification:** Provides access to varied managers, vintages, sectors, and geographies.^{2,3}



Note: The information in Exhibit 1 is provided for educational purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Recipients should consult their own financial advisers regarding the information herein. The information presented represents what is typically seen for these fund types but variations and/or exceptions do exist. See Important Disclosure Information, including "J-Curve."

2. Preqin, July 2025.

3. Diversification does not ensure a profit or protect against losses.

Market Growth And Opportunity

The secondaries market has experienced rapid growth in recent years, with 2024 marking a record year and 2025 projected to surpass it (Exhibit 2). This expansion has closely tracked the growth of primary private markets, as rising capital commitments to private equity have increased the pool of assets available for resale. Today, investment in secondaries draws from ~\$12 trillion in remaining value across more than 12,000 active funds in the 2005 through 2025 vintages.⁴

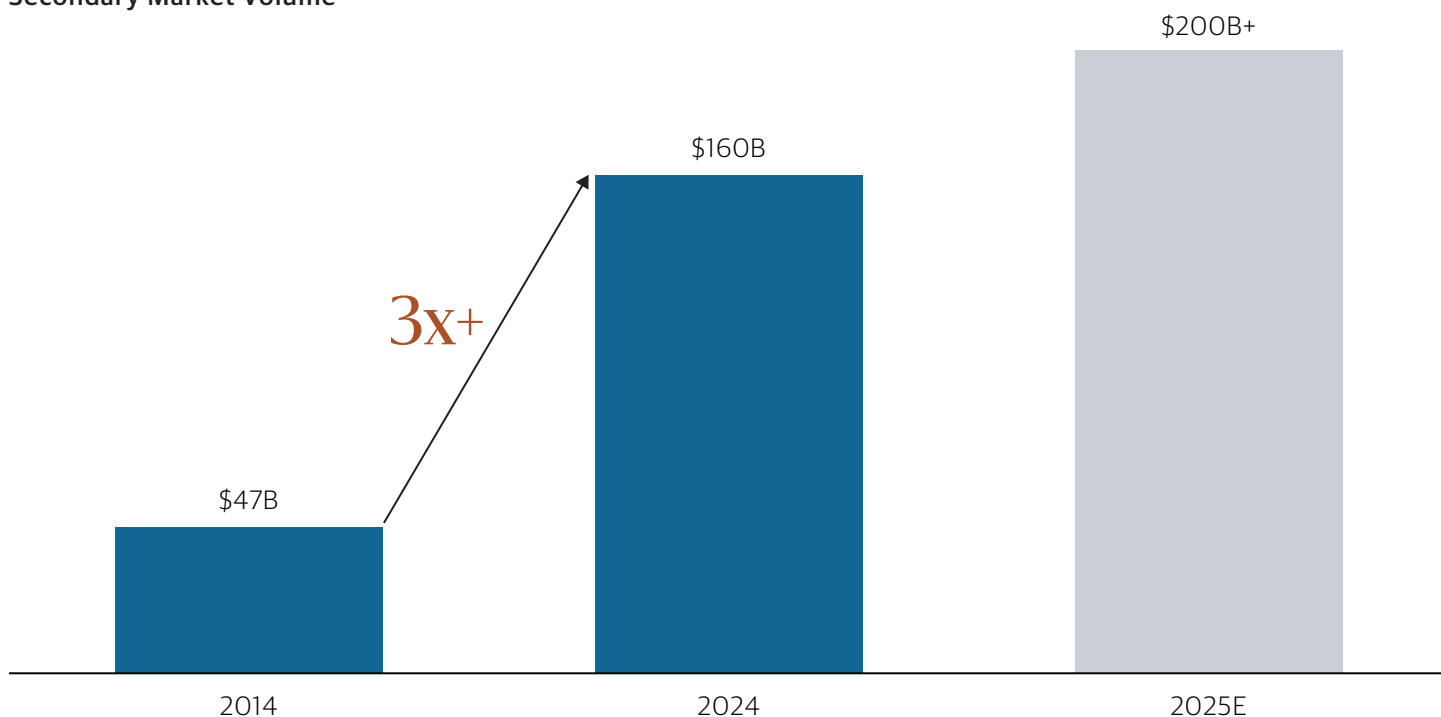
While market growth is a key driver, other forces are fueling this momentum: investors' focus on active portfolio management, the need for liquidity in traditionally illiquid asset classes, and the growing use of GP-led continuation funds.

Importantly, sales in the secondary market are rarely prompted by expected performance. Instead, they are often strategic. A large private equity investor may sell a fund to lock in gains or reduce the number of managers in their portfolio. Others may seek liquidity to pursue new opportunities or shift strategies. Leadership changes at an endowment or foundation can trigger a new investment direction, prompting the sale of existing positions. Liquidity or regulatory needs may require quick access to cash, while institutional investors often close out funds nearing the end of their lives. Even fund-of-funds managers may sell older interests to crystallize incentive fees and return capital to their investors.

With record deal flow, a deep and diverse opportunity set, and increasingly sophisticated transaction structures, the secondary market can offer investors a compelling way to access high-quality assets, unlock value, and participate in the continued growth of private markets.

Exhibit 2: Rapid Secondary Market Growth

Secondary Market Volume⁵



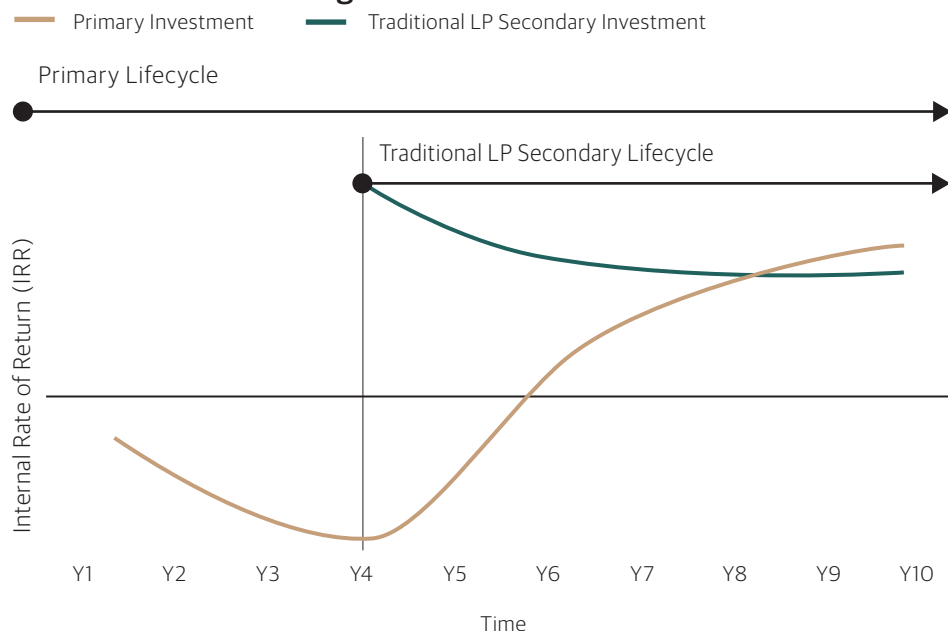
Note: There can be no assurance that any fund or investment will achieve its objectives or avoid substantial losses. There can be no assurances that any of the trends described herein will continue or will not reverse. See Important Disclaimer Information, including "Opinions" and "Trends".

4. Source: Preqin, July 2025.

5. Source: Evercore, February 2025.

Secondaries Provide Potential Benefits for Investment Portfolios

Exhibit 3: J-Curve Mitigation



Investors seeking the return potential of private equity but with shorter time horizons may find an allocation to secondary private equity worth reviewing. Secondaries generally bear the following characteristics:

- Further along the "J-Curve" than primary private equity
- Rapid capital return potential
- Reduced blind pool risk through greater visibility into underlying assets

Note: **For informational purposes only.** These statistics are not meant to be predictive of the performance of any particular fund, nor are they meant to suggest that all private funds result in positive returns or may avoid loss of principal. Private equity investments involve significant risk and typically high levels of leverage. Hypothetical performance results have many inherent limitations and no representation is made that any investor will, or is likely to achieve, results similar to those shown. Each investor's cash flows and returns will differ and may result in a total loss of principal. There can be no assurance that an allocation to alternatives would yield returns or protect capital. **Past performance does not predict future results.** Diversification does not ensure a profit or protect against loss. Please see Important Disclaimer Information, including "Opinions."

Conclusion: Why Secondaries?

Among the reasons investors may consider secondaries:

Rapid Market Growth

A growing pool of assets and sellers has created new investment opportunities.

Differentiated Investment Profile

The secondary market offers a highly diversified⁶ and potentially lower-risk entry point compared to traditional private equity, as investments are made into identified assets.

Shorter Investment Horizon

Investing in secondaries may provide an accelerated investment experience for investors compared to the primary market.

6. Diversification does not ensure a profit or protect against losses.

Considerations before Allocating

Ultimately, private market investing means active ownership of less liquid assets, as value creation takes time. Liquidity needs at the total portfolio level are one important consideration before allocating to private equity. In addition, manager selection may be of particular importance given the wider dispersion of returns compared to public markets. Key manager attributes include scale, staying power and a long track record.



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