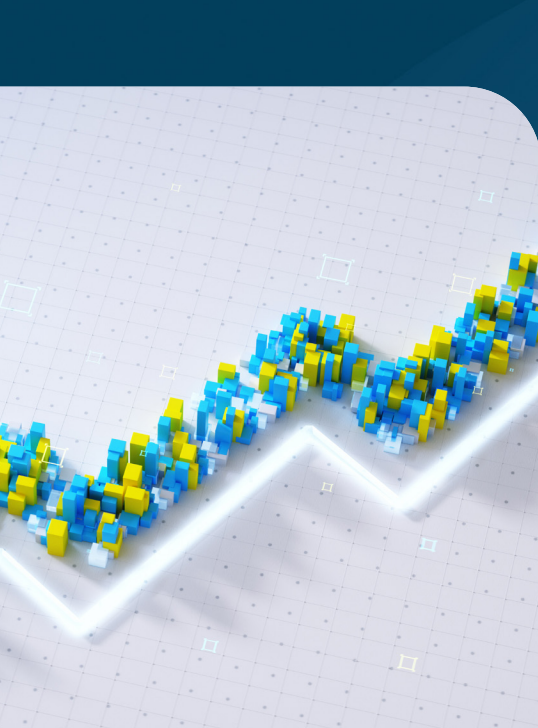




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Secondaries in Focus: Market Maturity and the Next Phase of Growth

FEBRUARY 2026



A message from Will Dunham

Secondaries: A natural evolution in a maturing PE market

As private equity has matured and scaled, secondary transactions have become a natural evolution of the asset class. They are best understood as portfolio management tools that match investors' different liquidity preferences and investment horizons—not as distress signals. In a market measured in the tens of trillions, some investors will periodically prefer to rebalance, accelerate liquidity, or extend ownership in high-conviction assets. Secondaries provide a standardized way to do that. At their core, secondaries are transfers of ownership interests. A useful analogy is that they act as a tool to make private markets function similarly to public markets, as they utilize slight discounts to price liquidity options and match different investors, which have different flexibility and choices. For example, they help create a bid-ask spread for private markets. Here is a breakdown of how their structure varies:

LP-led: An existing limited partner sells a fund interest; a new LP steps in.

GP-led: A manager structures a deal around one or more assets—most commonly a continuation vehicle that offers existing LPs a choice between liquidity and rolling forward.

Other forms: Variations and hybrids exist, but the goal is the same: Rematch assets to capital with the right time horizon and risk appetite.

When IPOs and M&A slow, secondaries keep capital circulating by moving seasoned assets to investors who want that exposure. Growing secondary volume over the past few years does not imply that PE is faltering. Different investors face different cash flow needs. A sale at a discount to net asset value (NAV) prices liquidity and risk at a moment in time; it does not mean the seller failed to earn a positive total return over the life of the investment. Many LPs exit seasoned positions after meaningful distributions. A few other factors also stand out:

Liquidity timing: In choppy exit markets, secondaries deliver cash without forcing untimely asset sales.

Scale and specialization: As alternatives expand, secondaries align mature assets with fresh capital that is set up to own them longer.

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Will Dunham

President & CEO, American Investment Council



Used prudently, secondaries help LPs manage pacing and rebalance, and help GPs avoid premature exits while aligning incentives for the next phase of value creation.

Key findings from this report

Secondaries are delivering strong returns, countering traditional J curve timelines that then can help manage performance across a larger portfolio, as there is less of an initial dip in rates of return post-investment: The median horizon IRR for 2023-vintage secondaries reached 45%, albeit on a small sample.

Semi-liquid funds are gaining traction due to lower cash drag, flexible subscription/redemption windows, and manager discretion, driving \$53 billion in cumulative interval-fund redemptions since September 2020.¹ Secondaries are critical to managing these cash flows.

Secondaries are increasingly essential liquidity tools, particularly as retirement plans and retail investors expand exposure to private markets.

1: "Q1 2026 PitchBook Analyst Note: Sink or Swim: Interval Funds Liquidity," PitchBook, Juan Mier, CFA, January 15, 2026.

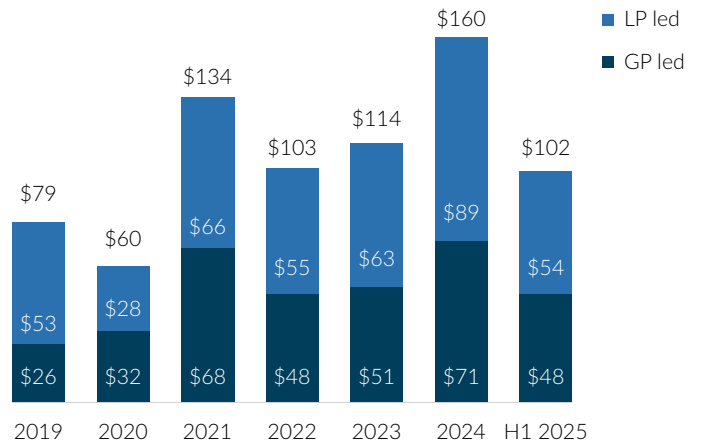
Trend analysis

LPs propel market to a record high in H1 2025, primarily among buyout funds

Evercore's most recent secondary market report showcases a staggering growth rate for LP-led secondaries sales, at a 46% CAGR since the first half of 2023. \$54 billion in secondary transaction value closed in H1 2025, with 72% of that sum spanning buyout fund strategies. Assessing that sales figure by fund vintages, 20% of this value occurred in post-2020 vintages, but the plurality was in vintages from 2018-2020.² Pairing those figures with previous PitchBook datasets on fund return multiples, relatively recent vintages are clearly seeing engagement in the LP-driven secondaries market to relieve liquidity pressure. However, the bulk of transactions is occurring among funds that still hold companies that have not yet fully liquidated and are closer to the concluding phases of normal PE fund lifespans. Yet, as Evercore notes, those fund interests being sold are not at the tail end of fund lifecycles. Rather, they still retain some upside potential for eventual sales.³ Liquidity pressure, the growth in the number of LPs participating, and diversification

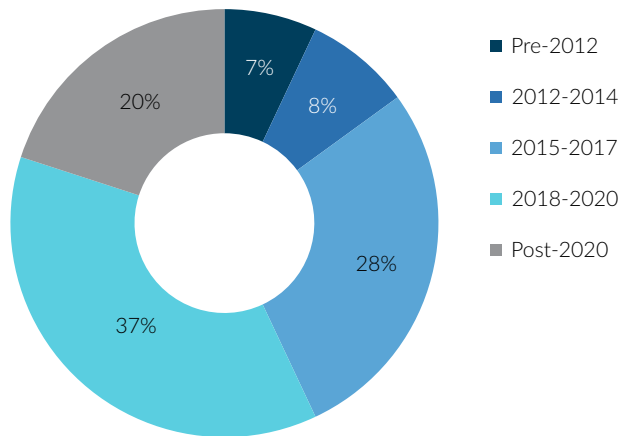
among that base of sellers are driving this surge in volume. For example, family offices are now more active in the secondaries market.

Fund secondaries deal value (\$B) by type



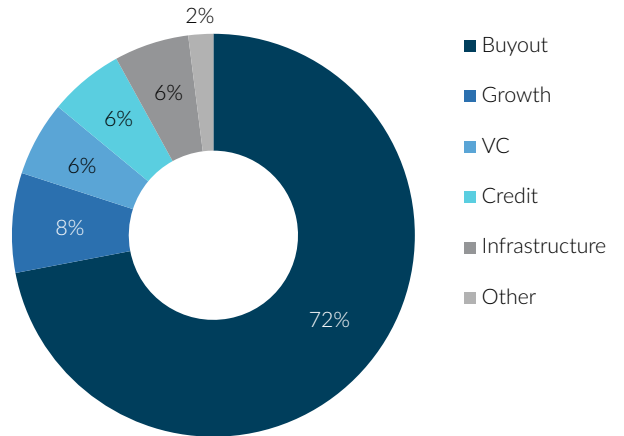
Source: Evercore • Geography: Global
As of June 30, 2025

Share of LP-led secondaries deal value by vintage cohort



Source: Evercore • Geography: Global
As of June 30, 2025

Share of LP-led secondaries fund count by strategy



Source: Evercore • Geography: Global
As of June 30, 2025

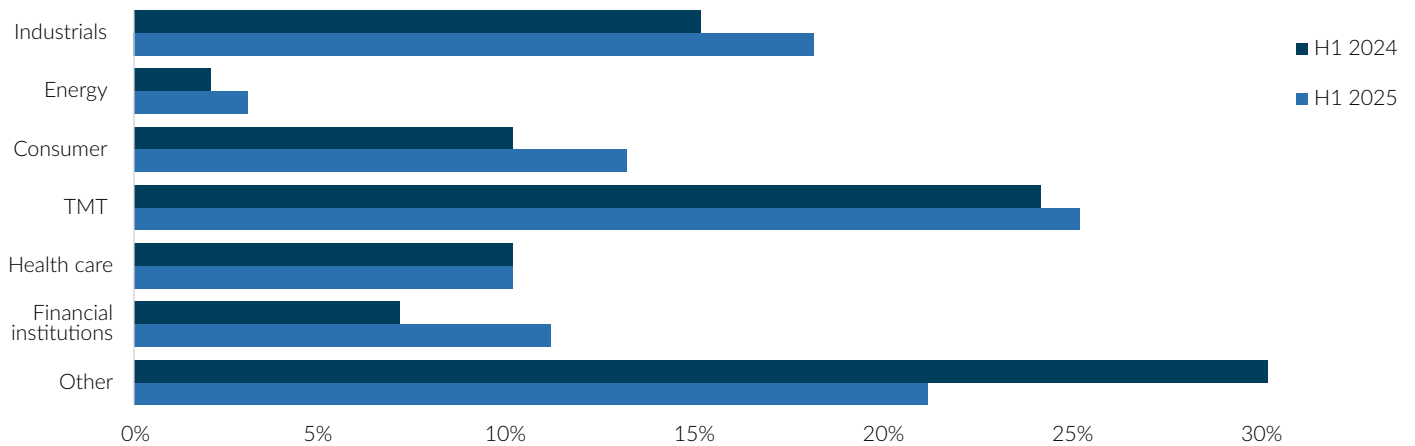
2: "H1 2025 Secondary Market Review," Evercore Private Capital Advisory, July 2025.
3: Ibid.

Seeing value in portfolio management, GPs push further into secondaries

A total of \$48 billion in GP-led secondary transactions closed in H1 2025, with the bulk of which once again driven by buyout funds. Between H1 2024 and H1 2025, little shifted between which sectors saw the most proportional volume, though technology, media, and telecommunications (TMT) remained the largest single-sector portion. GP-led secondary activity has lagged LP-led secondary transactional volume by only a small margin, as GPs have begun to see the utility of secondaries in portfolio management. It took the diversification of secondary sales across sectors, strategies,

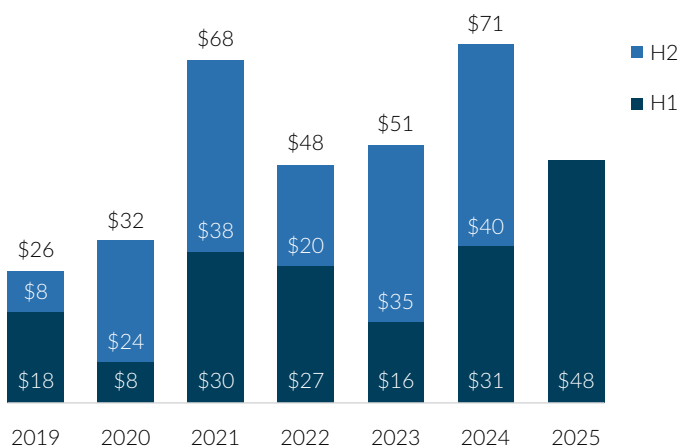
and single-asset to multi-asset continuation vehicles for a broadening base of GPs to tap secondaries as a much more popular portfolio management tool. Secondary stakes are often sold at a discount to their value—usually a percentage of NAV—in a potential benefit to both buyer and seller. The seller gets cash fast for the stake, while the buyer can often end up with greater appreciated value as they hold on to the asset. Hence the surge in continuation fundraising over the past several years, with 2025 potentially on pace to reach new highs in both capital commitments and the volume of funds closed, given 71 have closed on \$34 billion in total commitments through most of 2025.

Share of GP-led secondaries deal value by sector



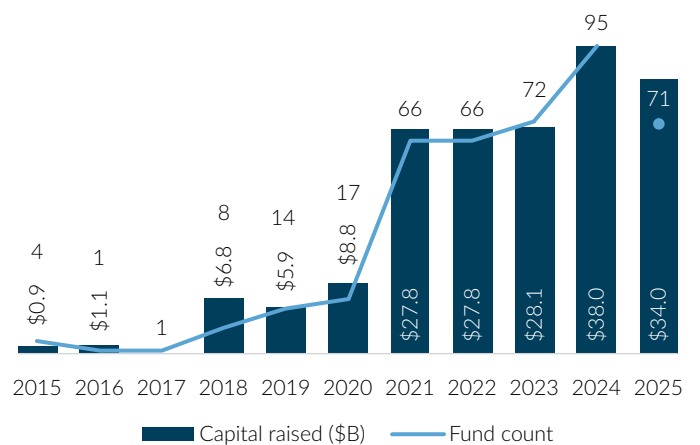
Source: Evercore • Geography: Global
As of June 30, 2025

GP-led secondaries deal value (\$B)



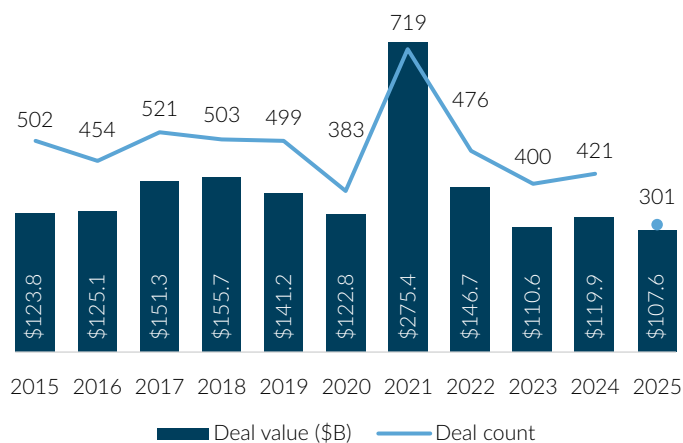
Source: Evercore • Geography: Global
As of June 30, 2025

Continuation fundraising activity



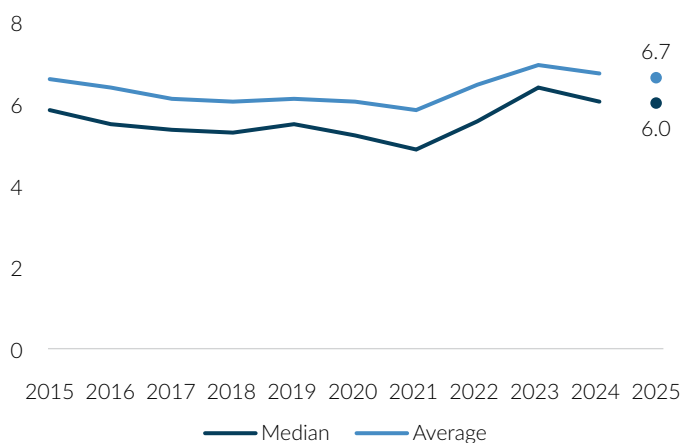
Source: PitchBook • Geography: US
As of October 28, 2025

Secondary buyout activity



Source: PitchBook • Geography: US
As of October 23, 2025

Median and average PE holding periods (years)



Source: PitchBook • Geography: Global
As of October 23, 2025

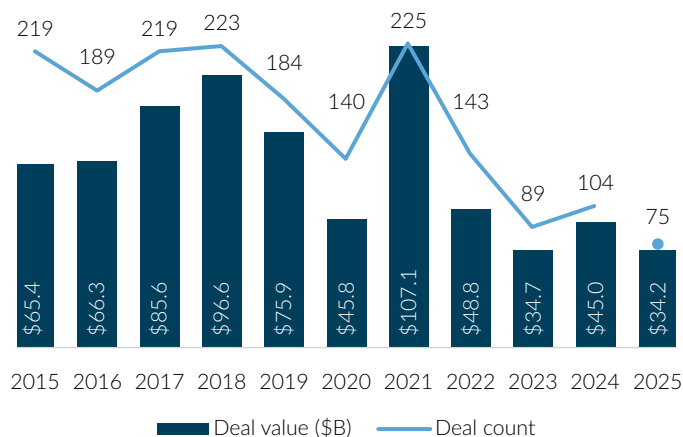
Competition and lengthening hold times predicted the boom in secondaries

While multiple factors explain the rise of secondaries, several trends contextualize why they have become an increasingly important tool for PE portfolio managers. Secondary buyouts are a long-standing PE strategy, most often driven by value-creation dynamics and scalability: Smaller firms sell portfolio companies to larger sponsors that have the capital, operational resources, and sector focus to expand businesses across regions, deepen vertical integration, or pursue more complex growth strategies.

Although secondary transactions done by secondaries funds do provide liquidity to selling sponsors, they also reflect the extended time horizons required to fully realize value in many private equity investments. Larger PE firms, in turn, may later pursue liquidity as portfolio companies mature or as market conditions evolve. The surge in secondary buyout value in 2021—when financing conditions were especially favorable—naturally increased the volume of assets progressing through later ownership stages.

Tertiary buyouts further underscore this long-cycle value-creation model rather than signaling diminishing quality. In many cases, assets continue to change hands because additional strategic, operational, or geographic expansion opportunities remain. Elevated tertiary activity in recent years was also influenced by market conditions—such as

Tertiary buyout activity

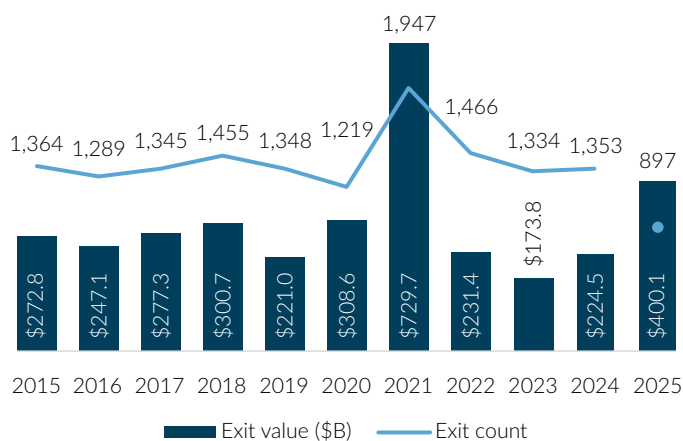


Source: PitchBook • Geography: US
As of October 23, 2025

volatility that delayed public listings in the early 2020s—rather than by any structural weakness in portfolio companies.

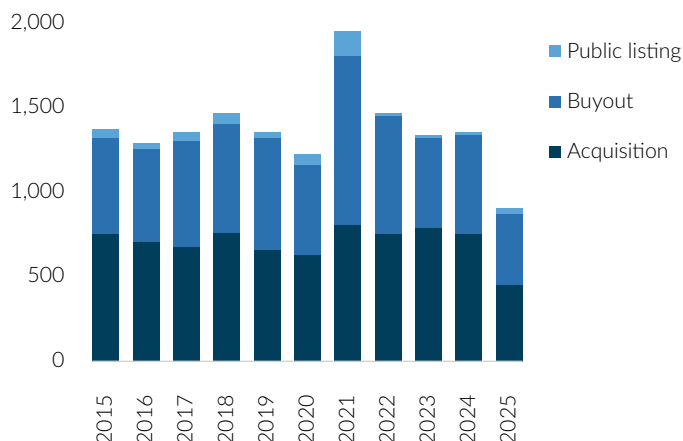
At the same time, holding periods lengthened materially, reaching an average of seven years in 2023, with median hold times remaining above six years since then—marking record levels on both counts. These extended holding periods reflect both the complexity of value creation and the impact of constrained exit markets, which together have increased interest in secondaries as a complementary liquidity and portfolio-management tool at both the fund and asset levels.

PE exit activity



Source: PitchBook • Geography: US
As of October 23, 2025

PE exit count by type



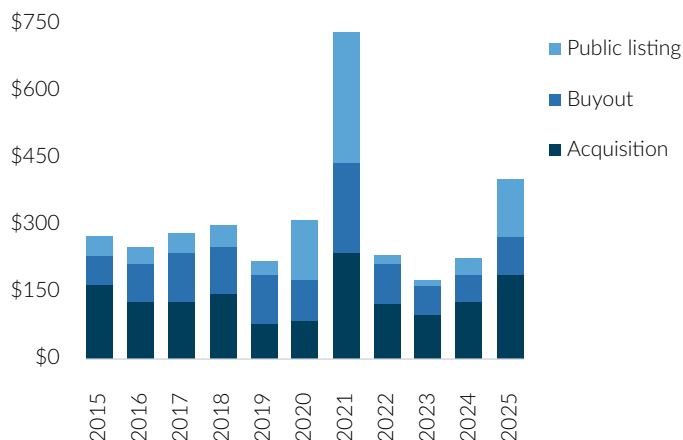
Source: PitchBook • Geography: Global
As of October 23, 2025

The recent bump in exits has not changed incentives to deploy secondaries

As of late October 2025, US exit value surpassed \$400 billion across just 897 completed transactions. That sum exceeds the annual exit values notched in 2022-2024, yet the count remains lower than in prior years. It is more likely to remain below 1,200, which is lower than any other year except 2020. Promisingly, exit values were driven by all three primary exit channels. In particular, public listings drove \$125.2 billion in exit value as the IPO market sputtered back to a semblance of health. That sum was driven by just 28 listings, however, which is far fewer than the usual range of 40-50 logged in most years, barring the recent fallow three-year stretch. Buyouts and particularly strategic acquisitions remained sluggish. Thus, considering the sheer rate of buyout activity in the recent peak in 2021, liquidity has yet to fully catch up to the degree needed by PE fund managers and investors. Consequently, incentives remain to keep deploying secondaries in multiple functions.

Additional momentum is coming from the rapid growth of evergreen and interval funds (often referred to as semi-liquid vehicles), which can drive demand for secondaries to manage liquidity and rebalance portfolios. PitchBook data shows that more than 500 evergreen funds are now active, with AUM steadily increasing as managers launch new vehicles in anticipation of a much broader investor base—particularly as defined contribution retirement plans expand access to private markets.

PE exit value (\$B) by type

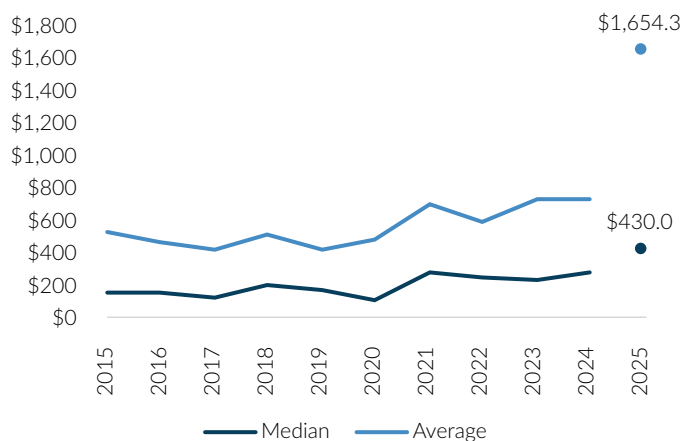


Source: PitchBook • Geography: Global
As of October 23, 2025

For example, fund managers are introducing target-date structures for 401(k) plans, mirroring public-market products such as Vanguard's 2050 target-date funds. These vehicles dynamically adjust asset allocation over time while maintaining ongoing exposure to alternatives, aiming to enhance long-term returns and manage volatility—an attractive proposition for retirement plan sponsors.

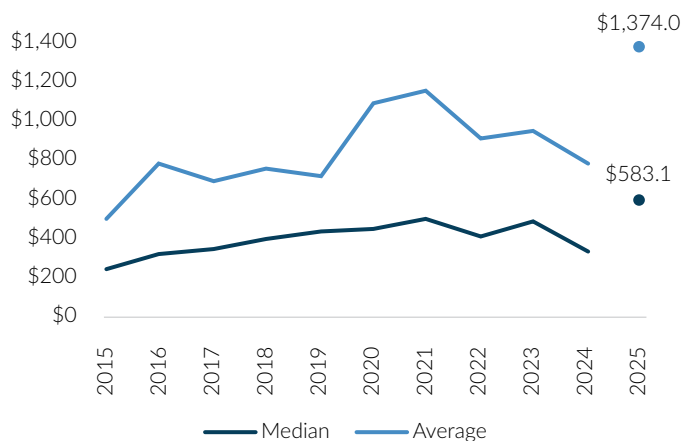
Evergreen structures are also gaining traction with wealth managers, as they offer periodic subscriptions and redemptions, reduced cash drag, and more streamlined tax reporting. Together, these features reinforce the role of secondaries as a critical tool for liquidity management within semi-liquid fund structures.

Median and average PE acquisition values (\$M)



Source: PitchBook • Geography: Global
As of October 23, 2025

Median and average PE buyout values (\$M)



Source: PitchBook • Geography: Global
As of October 23, 2025

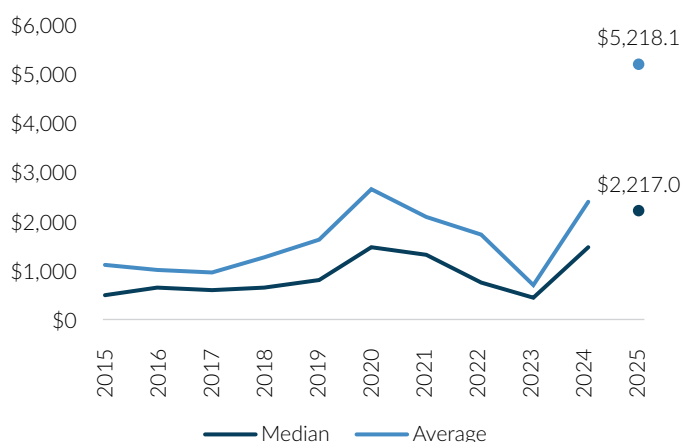
Record-breaking exit values signal opportunistic liquidity, but more time may be needed for other holdings

PitchBook data shows that the recent improvement in exit activity has been driven by a narrow set of high-quality transactions rather than a broad reopening of exit markets. In 2025, both average and median buyout and acquisition values reached new highs, exceeding even 2021 levels, while public listings also rebounded in value despite relatively small deal counts. This pattern suggests that PE firms have been opportunistic, using improving market conditions to exit their most prepared portfolio companies.

At the same time, the sharp year-over-year increase in average acquisition size—exceeding \$1.6 billion—points to the outsized influence of a small number of very large deals. Not every portfolio company can command an outlier valuation, and most assets remain held as sponsors continue to face elevated holding periods, with median durations still above six years. As a result, a significant amount of unrealized value remains embedded across PE portfolios.

This environment highlights the role of secondaries as a practical and return-oriented solution. While traditional exit channels are selectively available, secondaries allow investors to access mature assets that are further along in their value-creation cycle, often with greater visibility into cash flows and exit pathways. PitchBook research shows that these characteristics have translated into strong performance for

Median and average public listing values (\$M)

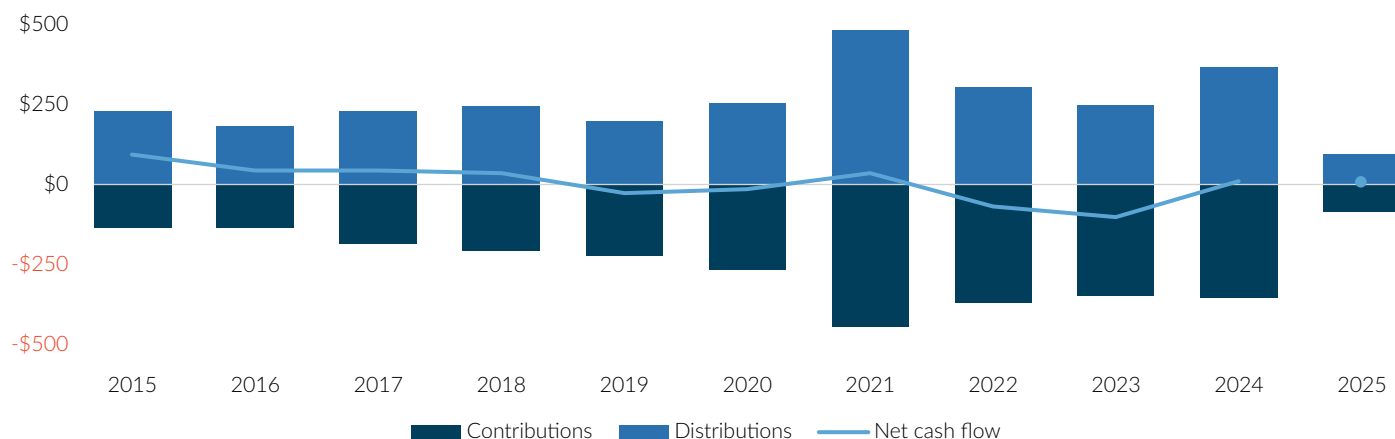


Source: PitchBook • Geography: Global
As of October 23, 2025
Note: Due to volatility in public markets, population sizes for 2022-2025 thus far remain below 30.

secondaries, including reduced J curve effects and attractive risk-adjusted returns.

Rather than relying on the timing of IPO or M&A windows, secondaries provide a way to unlock and recycle capital across a much broader set of assets. As PE firms manage a growing inventory of seasoned holdings and exit markets continue to favor only the very best opportunities, secondaries have become an increasingly important mechanism for generating liquidity, managing portfolios, and delivering consistent returns.

PE cash flows (\$B)



Source: PitchBook • Geography: US
As of March 31, 2025

Cash flows illustrate some recovery in returns to LPs, but firms are still working on even stronger returns

Private equity has poured capital into companies while traditional exits have been uneven. That shows up in net cash flows: 2021-2024 contributions exceeded \$350 billion, and 2023 posted a record \$101.5 billion net negative. By contrast, 2021 distributions topped \$480 billion, lifting many vintages from the 2010s to DPI above 1x. Newer vintages from 2019 onward remain early in their hold periods, so DPI is still modest.

This backdrop explains why secondaries matter. LP-led transactions are straightforward transfers of fund interests from one LP to another and help investors manage pacing and rebalance without disturbing portfolios. Thus, they enabled LPs that wished to up their distributions (DPI multiples) sooner, while others with different timelines were able to gain exposure to quality assets. GP-led transactions, often continuation vehicles, allow managers to keep owning a select asset while offering existing investors a choice between liquidity and rolling forward. These deals are conducted with market testing, independent valuation, LP advisory oversight, and meaningful GP alignment, which helps ensure fair processes and pricing. It is important to stress that last point—for example, in recent years, when discounts to NAV trended too low, transactions dried up as both GPs and LPs had to concur on pricing. Now, at healthier rates of discounts that enable a fair bid-ask spread between buyers and sellers, market liquidity is maintained.

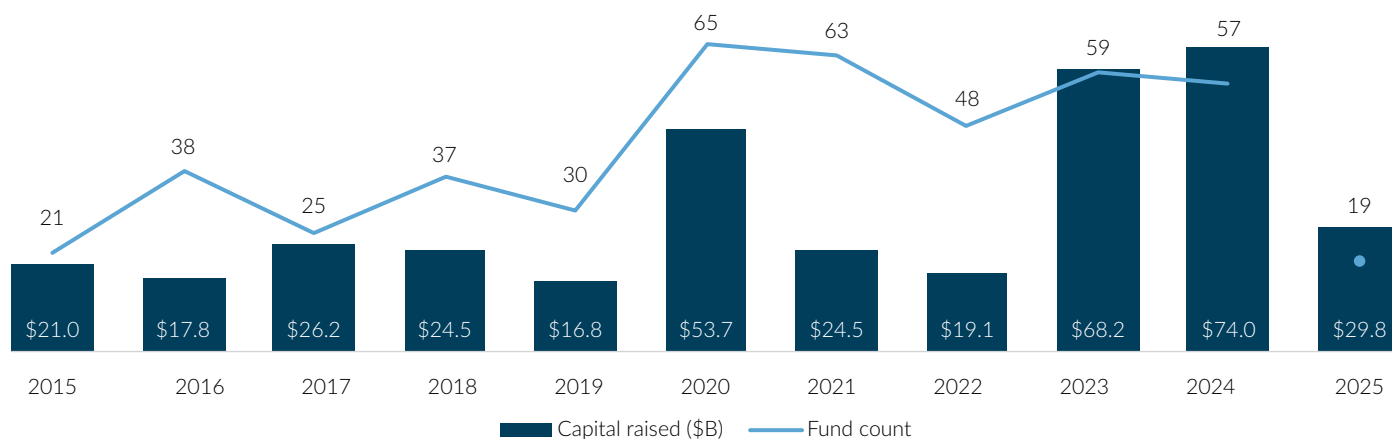
PE fund return multiples

| Vintage year | Pooled TVPI | Pooled DPI | Pooled RVPI |
|--------------|-------------|------------|-------------|
| 2015 | 1.89x | 1.30x | 0.59x |
| 2016 | 2.07x | 1.20x | 0.87x |
| 2017 | 1.90x | 0.98x | 0.92x |
| 2018 | 1.59x | 0.52x | 1.07x |
| 2019 | 1.64x | 0.46x | 1.18x |
| 2020 | 1.37x | 0.26x | 1.10x |
| 2021 | 1.25x | 0.17x | 1.08x |
| 2022 | 1.22x | 0.07x | 1.15x |
| 2023 | 1.15x | 0.08x | 1.06x |
| 2024 | 1.11x | 0.06x | 1.05x |

Source: PitchBook • Geography: US
As of March 31, 2025

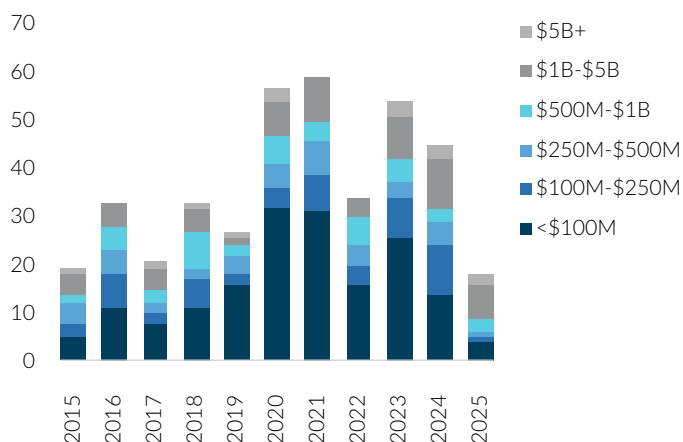
The signal is not that PE is failing. It is that PE is now a larger, more mature market that uses better tools to match assets with investors that have the right timelines. LP-led deals create orderly liquidity. GP-led deals keep strong assets compounding while giving investors a clear option to exit.

Secondaries fundraising activity



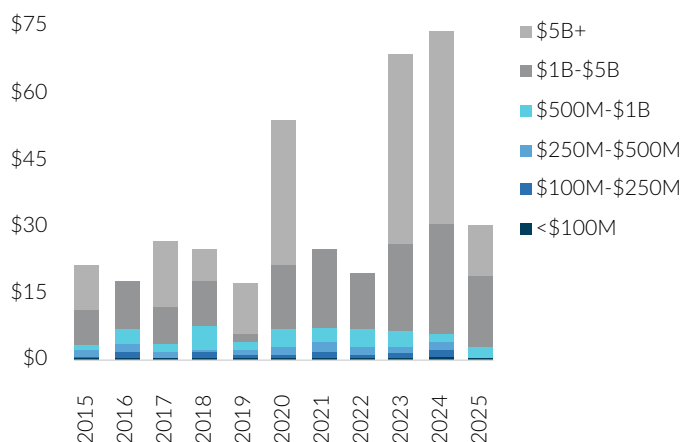
Source: PitchBook • Geography: US
As of October 23, 2025

Secondaries fund count by size bucket



Source: PitchBook • Geography: US
As of October 23, 2025

Secondaries capital raised (\$B) by size bucket



Source: PitchBook • Geography: US
As of October 23, 2025

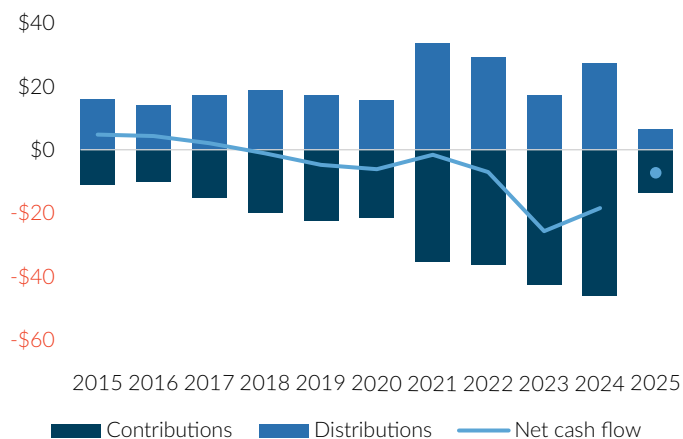
Demand stays robust as secondaries strategy matures, with capital deployment on the rise

A total of \$29.8 billion across 19 vehicles was closed by late October 2025 in the secondaries asset class. Both figures represent a decline from the record-breaking years of 2023 and 2024, which saw \$142.2 billion in commitments across 116 vehicles. The three years prior saw robust fundraising in terms of counts, with 176 funds closing in that time frame on many more billions of dollars committed. This growth in larger vehicles thus far represents investor demand for not only secondaries but alternative fund structures

like secondaries, such as evergreen funds; moreover, that growth in larger funds is a sign of a maturing asset class and any decline in 2025 counts is cyclical and likely temporary. Continuation fundraising may compete for some share of GP-led transactions, but the primary driver is likely competition from existing secondaries fund managers already active in the market that closed on large funds in the previous few years. That said, emerging secondaries fund managers are only growing more active, raising a record sum of \$3.8 billion thus far in 2025. This will likely foment further competition within the secondaries market.⁴

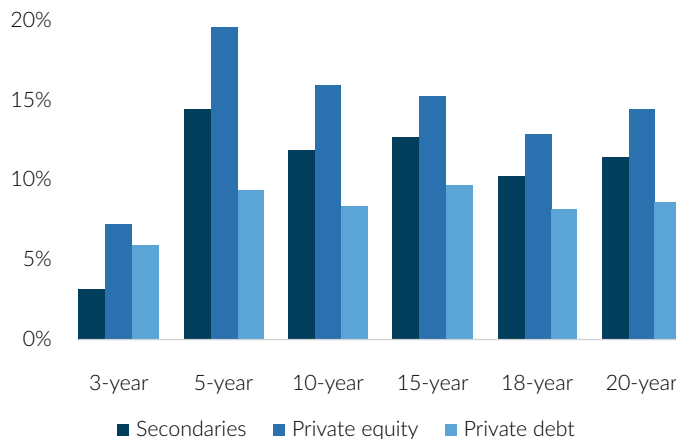
4: "Liquidity Demand Fuels New Generation of Secondaries Managers," PitchBook, Jessica Hamlin, October 21, 2025.

Secondaries cash flows (\$B)



Source: PitchBook • Geography: US
As of March 31, 2025

Weighted horizon IRRs by asset class



Source: PitchBook • Geography: Global
As of October 23, 2025

Secondaries are mitigating the J curve and maturing into a driver of returns

Secondaries have moved beyond their historical role as a J curve mitigant and increasingly function as a durable driver of returns as the market matures. While some recent vintages still reflect limited performance observations, PitchBook data shows that, by the five-year mark, both buyout and secondaries funds experience a meaningful step-up in IRRs, with secondaries consistently delivering returns above 10% from that point onward.

Cash flow trends reinforce this evolution. Distributions from secondaries funds approached or exceeded \$30 billion in 2021, 2022, and again in 2024, underscoring their growing importance as a source of realized value. Although DPI multiples have progressed more slowly—reflecting the relatively recent scale-up of the market—TVPI multiples have been notably strong, with vintages from 2023 and earlier already exceeding 1.2x. This performance is consistent with the structural characteristics of secondaries, where investors gain exposure later in the value-creation cycle and often at discounts to NAV, resulting in earlier and more visible value realization.

As discussed above, these attributes have made secondaries a core building block within evergreen and semi-liquid fund structures, which prioritize efficient capital deployment, liquidity management, and reduced cash drag. In this

Secondaries return multiples

| Vintage year | Pooled TVPI | Pooled DPI | Pooled RVPI |
|--------------|-------------|------------|-------------|
| 2019 | 1.51x | 0.64x | 0.87x |
| 2020 | 1.27x | 0.25x | 1.02x |
| 2021 | 1.31x | 0.22x | 1.09x |
| 2022 | 1.23x | 0.07x | 1.15x |
| 2023 | 1.27x | 0.04x | 1.23x |

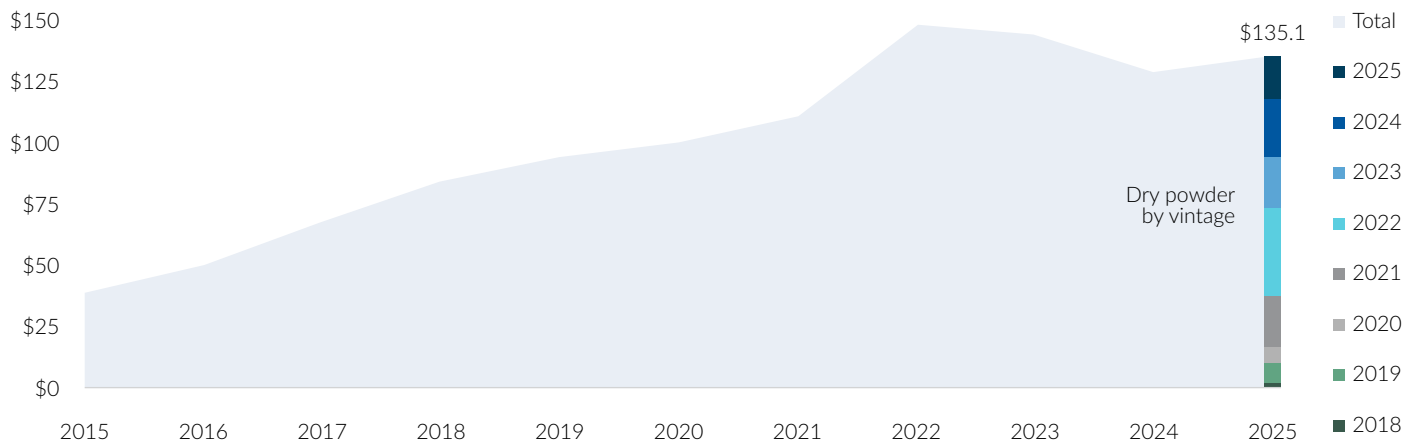
Source: PitchBook • Geography: US
As of October 23, 2025
Note: Due to secondaries' newness, the population size is <30 for each vintage year statistic.

context, secondaries are less a tactical allocation and more a foundational mechanism that enables these vehicles to function as intended.

This structure also aligns with the evolving needs of retirement investors. As policymakers and plan sponsors continue to explore expanded access to private markets within defined contribution plans, including 401(k) plans, secondaries' shorter duration, smoother cash flows, and reduced J curve exposure position them as a practical entry point for delivering private market exposure to long-term retirement savers.

Looking forward

Secondaries dry powder (\$B)



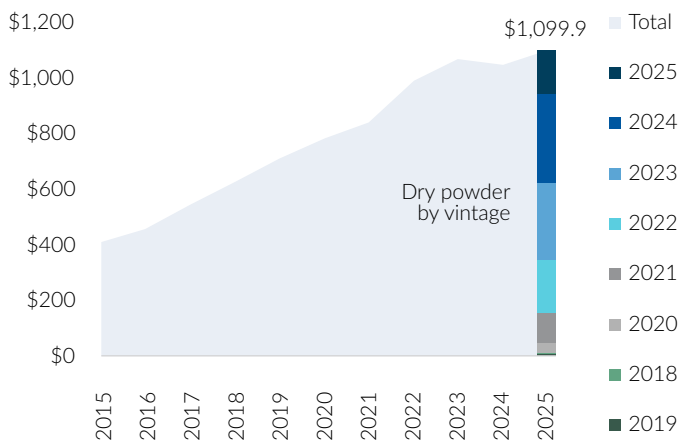
Source: PitchBook • Geography: US
As of March 31, 2025

Secondaries are a powerful, evolving tool in PE's arsenal to better manage portfolios and deliver liquidity to investors

The burgeoning secondaries market signals both the maturation of the PE industry and also innovation within private capital markets akin to the degree to which healthy volumes in futures, options, short-selling, and other market mechanisms have helped create robust public equities markets. Increasing breadth and depth in any segment of capital markets improves liquidity and optionality for investors, and GPs and LPs are no different when it comes to this. Increasing secondaries market volume enables LPs with differing time horizons, pressing liquidity needs, investment goals, or other incentives to cash out and refocus investments. GPs, on the other hand, can roll over assets as needed, should liquidity timing enter a prolonged slump, or they can manage portfolio assets with greater flexibility and granularity. Secondaries remain primarily a portfolio management tool across the PE universe, but could also become a more powerful returns mitigation and diversification tool, given the nature of the strategy and the forms it takes.

One potentially significant benefit of increasing secondaries usage is that, with illiquidity mitigated to some degree, PE could be more appealing as an investment option for retirement plan administrators, such as 401(k) managers, as they may require more liquidity flexibility and investment options to diversify across portfolios.

PE dry powder (\$B)



Source: PitchBook • Geography: US
As of March 31, 2025

Private and public markets are converging—investors now not only want exposure to the vast universe of index funds, publicly traded stocks, bonds, and more. They also want the potential for less volatile, higher-reward alternative investments, especially as this universe grows more sophisticated and expansive. In the end, secondaries are just one aspect of this evolution and convergence, helping fund managers better control access and exposures.

Methodology

Reports are prepared in accordance with PitchBook's methodology, which is described in detail on the [PitchBook report methodologies page](#). For easier consultation, excerpts for this report are below:

Vintage year: Vintage year is the year in which a fund makes its first investment by delivering capital to a project or company. When we cannot confirm the year of first investment, the year of the fund's final close is used as the vintage year.

IRR: IRR represents the rate at which a historical series of cash flows are discounted so that the net present value of the cash flows equals zero. For pooled calculations, any remaining unrealized value in the fund is treated as a distribution in the most recent reporting period. This explains why some vintages show high IRRs but low DPI values.

Horizon IRR: Horizon IRR is a capital-weighted pooled calculation that shows the IRR for a certain range in time. For example, the one-year horizon IRR figures in the report may show the IRR performance for the one-year period beginning in Q2 20x0 through the end of Q1 20x1, while the three-year horizon IRR is for the period beginning in Q2 20x0 through the end of Q1 20x3.

DPI multiple: A measurement of the capital that has been distributed back to LPs as a proportion of the total paid-in, or contributed, capital. DPI is also known as the cash-on-cash multiple or the realization multiple.

RVPI multiple: A measurement of the unrealized return of a fund as a proportion of the total paid-in, or contributed, capital.

TVPI multiple: A measurement of both the realized and unrealized value of a fund as a proportion of the total paid-in, or contributed, capital. Also known as the investment multiple, TVPI can be found by adding together the DPI and RVPI of a fund.

Pooled calculations: Pooled calculations combine cash flow data from a group of funds to create a capital-weighted IRR value. All cash flows and NAVs for each fund in the sample group (such as all private capital funds or all 2004 vintage VC funds) are aggregated in the calculation. For vintage-specific calculations, we begin the calculation in Q1 of the vintage year, regardless of which quarter a fund first called capital. In cases where the sample has unrealized value, the ending NAV is treated as a cash outflow in the last reporting period.

Equal-weighted pooled calculations: Using the same methodology as the pooled calculations, the equal-weighted version expresses each fund's cash flows and ending NAV as a ratio of fund size. The result is that each fund in these calculations has an equal impact on the output, regardless of the fund size.

About AIC

The American Investment Council (AIC) is the leading advocacy and resource organization established to develop and provide information about the private investment industry and its contributions to the long-term growth of the US economy and the retirement security of American workers. Member firms of the AIC consist of the country's leading private equity, private credit, and growth capital firms united by their successful partnerships with limited partners and American businesses. More information about the AIC can be found at www.investmentcouncil.org.