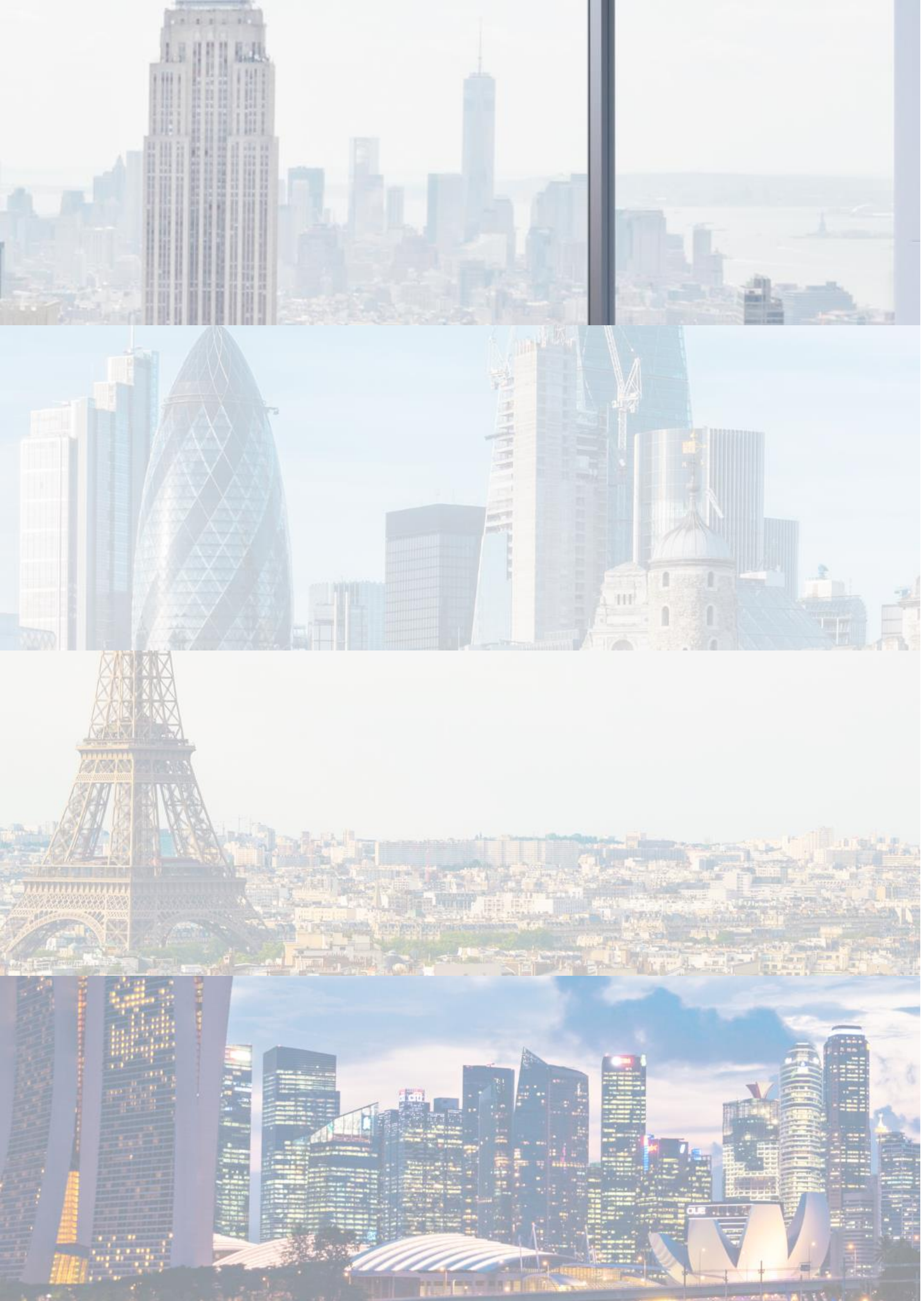

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FEBRUARY 2026

LAZARD

PRIVATE CAPITAL ADVISORY

Secondary Market Report 2025

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As used herein, “Lazard Estimates” refers to a global survey that Lazard launched to take inventory on the secondary market in 2025 and an internal database at Lazard that tracks financial sponsor secondary transactions. The database aggregates information gathered from publicly available sources, discussions with secondary investors and transactions Lazard has executed in the applicable calendar year. The database does not capture all financial sponsor secondary transactions, and certain values in the database are estimates.

Introductory Remarks – Holcombe Green III

After a record-setting 2024, the secondary market continued its significant growth in 2025, generating an estimated $233 billion in deal volume

The secondary market grew 53% in 2025, generating an estimated $233 billion in transacted volume versus $152 billion in 2024. Sponsors and limited partners remained motivated to create incremental liquidity beyond the capacity of improved M&A and IPO markets. New entrants to secondary investing, the continued rise of semi-liquid secondary investing vehicles and successful fundraising across the secondary market have collectively increased deployable capital into secondary transactions and helped sustain strong pricing in the overall market. Alongside expected growth in strategic and traditional sponsor M&A, we expect sponsors and limited partners to remain active in utilizing the secondary market to produce liquidity in 2026.

The GP-led market expanded in 2025, generating $116 billion in volume, which surpassed total secondary market volume in 2023. Single Asset Continuation Funds continued their surge in popularity, capitalized by several new secondary buyside entrants with specializations in concentrated deals and distinct sectors. Multi-Asset Continuation Funds as a percentage of GP-led volume also increased modestly. The emergence of the Private Credit secondary market and continued demand from secondary investors seeking portfolio diversification supported continued pricing strength and increased total transaction value. North America remained the largest secondary market geographic exposure, although growth in Asia suggested renewed activity in the region across select countries. Technology continued its dominance among sector exposures in Single Aset Continuation Fund deals, reflecting the large amount of NAV held in funds raised from 2019 to early 2022 that is reaching maturity.

The LP-led market reached $117 billion in volume in 2025, as secondary investors in aggregate increased both their number of deals completed and average check size deployed. Notably, several of our survey respondents individually invested over $5 billion in LP-led secondary transactions alone. Limited partners benefited from improved pricing through 2025 as semi-liquid vehicles, purchase price deferrals and the desire for diversification among secondary buyers all led to significant capital availability to match the desire for liquidity from global institutional investors.

Capital formation in the secondary market continues to expand at a rapid pace, resulting in dry powder reaching record levels heading into 2026. With average transaction sizes growing across both the GP-led and LP-led markets, there remains a robust opportunity set for secondary investors to deploy capital both as leads and syndicate participants in the coming year. We are seeing remarkable success in fundraising for established franchises, sub-strategies (e.g., Private Credit, Infrastructure), as well as interest in seeded platforms for new buyside entrants (many of which are part of large existing private investment brands). With more capital being infused into the space than ever, the secondary market is poised for continued growth.

Our Private Capital Advisory team at Lazard continues to be at the forefront of the trends impacting the secondary market, and we will continue to leverage our experience and knowledge of the marketplace to drive favorable outcomes for our clients. Our secondary advisory team and clients continue to benefit from the integration of the secondary and primary businesses at Lazard, and we continue to grow our global footprint, adding offices in Austin, Texas and Frankfurt, Germany in order to cover clients and investors in each of those areas more closely. We remain ready to address your needs on the secondary market and are happy to discuss any questions you may have. Thank you for reading our report, and we look forward to hearing from you.

~$233B
Estimated Aggregate Secondary Deal Volume in 2025

~50%
Estimated GP-Led Market Share in 2025

~53%
Estimated GP-led Volume in Single Asset Continuation Funds in 2025

~67%
Estimated Share of Single Asset Deals That Priced above 95%[1] of NAV in 2025

~27%
Percentage of Single Asset Deals in the Technology Sector in 2025

~16%
Percentage of Lead Investors Reporting an Average GP-Led Commitment >$200 Million

~74%
Percentage of Respondents Currently Fundraising for Flagship Fund

~$275B
Expected Market Volume for 2026

Source: Lazard Estimates.
1 Based on volume deployed by individual investors into Single Asset transactions.

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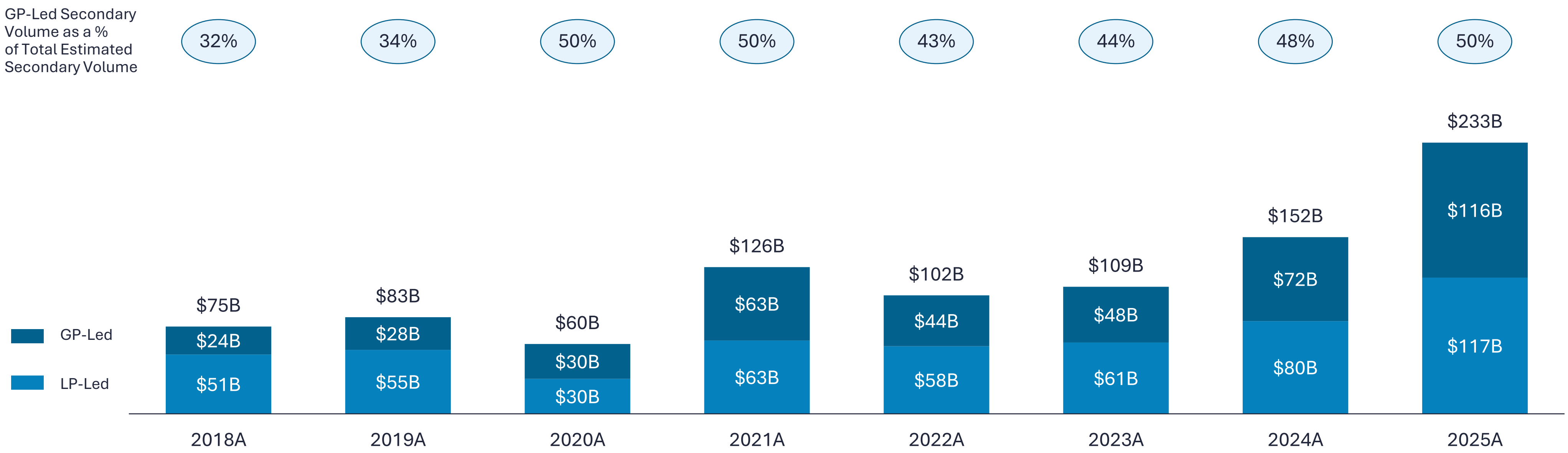
I Secondary Market Overview

Another Year of Record-Breaking Volume across Both GP-Led and LP-Led Segments

2025 marked a year of unprecedented volume, up 53% versus 2024. GP-led activity has underpinned overall market growth in recent years, representing an increasingly large share of overall secondary market deal flow

The Secondary Market Witnessed Unprecedented Activity in 2025, and We Predict Sustained Volume Growth in 2026



Key Market Themes / Drivers for 2025

Sellside Themes (GPs and LPs)

- Sponsors Turn to the Secondary Market to Extend Duration and Raise Capital for Their "Trophy" Assets
- Middle Market Sponsors Increasingly Leverage Continuation Funds to Manage NAV Exposures and Expand AUM
- Increase in Repeat Continuation Fund Issuers Following the Success of Sponsors' Prior Vehicles

Buyside Themes (Secondary Investors)

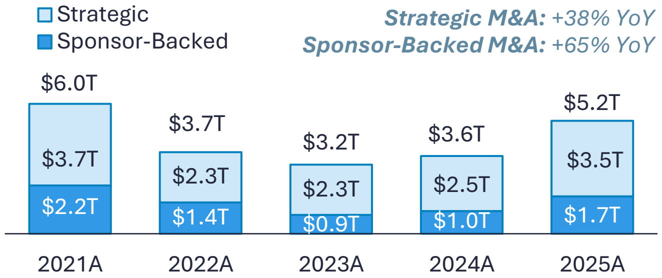
- Firms with Direct Investing Backgrounds Constitute a Significant Portion of the New Entrants with Single Asset CV Focus
- Investors Continue to Specialize, Dedicating Strategies and Capital Towards Sectors or Asset Classes in Areas of Institutional Expertise
- Investors Utilize Retail Capital, Such as '40 Act Funds or Evergreen Vehicles, to Increase Their Average Check Sizes into GP-Led Deals

Source: *Lazard Estimates (market volume analysis is based on survey feedback from over 85 secondary investors).*
Note: Figures may not add up as a result of rounding.

The Secondary Market Remained a Key Liquidity Solution for GPs and LPs

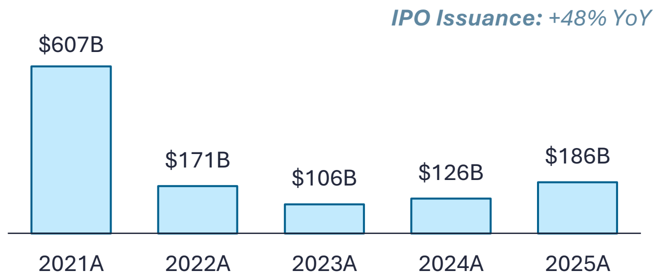
Although the M&A and IPO markets demonstrated renewed strength in 2025, financial sponsors and LPs continued to tap the secondary market at a record pace as part of their portfolio management and liquidity toolkit

M&A Market



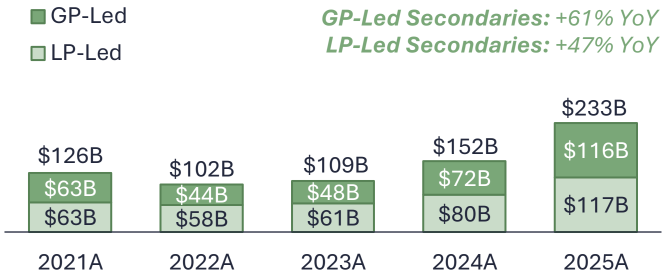
- Despite uncertainty surrounding trade and other policies, M&A activity proved remarkably robust in 2025, showcasing a ~40% increase in announced transaction value over 2024. Megadeals and take-privates surged, while divestitures and spin-offs accelerated as companies reshaped portfolios
- Strategic M&A is expected to rise in 2026 as the market transitions from a "rebound year" into a cycle defined by growing corporate ambition, increasing capital dry powder and the race to acquire AI capabilities
- Extended hold periods and rising LP pressure to liquidate long-held positions are expected to drive sponsor activity in 2026, further supported by equity value increases and a narrowing valuation gap between buyers and sellers

IPO Market



- IPO market volume increased 48% relative to 2024. Despite this growth, volume remained muted compared to the spike in public market issuance experienced in 2021
- Asia Pacific accounted for the largest share of IPO volumes in 2025 at ~44%, with the Americas and EMEA region following at ~40% and ~16%, respectively
- PE sponsors – having held and scaled portfolio companies far longer than originally expected – are increasingly viewing IPOs as attractive exit routes. Furthermore, a sizable backlog of IPO-ready issuers and deregulatory tailwinds, including a more constructive SEC stance toward capital formation and public listings, are expected to support 2026 momentum

Secondary Market



- Secondary market deal volumes reached an all-time high in 2025, rising ~53% versus the prior peak in 2024
- Aligned with trends observed in 2024, sponsors continued to use Continuation Funds to extend hold periods and unlock capital from their "trophy" assets – a dynamic driven largely by a multi-year shortfall in LP distributions amid muted M&A and capital markets activity
- Secondary investor demand remained strong in 2025, supported by both new market entrants – many bringing direct investing experience – and established secondary investors, including those overseeing large flagship funds and an expanding set of '40 Act funds targeting retail capital
- Looking ahead to 2026, the expected recovery in M&A and IPO activity should provide an additional catalyst for the secondary market

LAZARD
Observation

- The secondary market's growth amid strengthening M&A and IPO conditions underscores its transition into a fully established liquidity tool for sponsors and LPs. Despite the expected acceleration in traditional exit pathways in 2026, secondary volumes should continue to rise; relatedly, this renewed confidence in the M&A market should further support stronger exit outcomes for Continuation Fund assets
- Despite improvements in the macro environment, prolonged holding periods and selective traditional exit pathways persist. As a result, continued innovation in the secondary market is becoming increasingly important in portfolio management, giving GPs and LPs additional tools for liquidity and capital allocation

Source: Dealogic, Lazard Estimates.

II GP-Led Deep Dive

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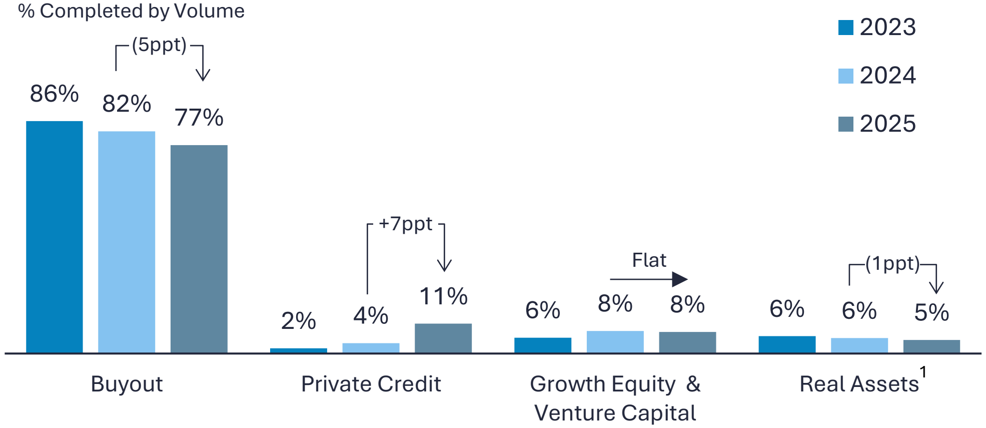
2025 GP-Led Market at a Glance

Buyout remained the dominant strategy for GP-led transactions. Geographically, North America remained prominent and rose slightly, Europe softened relative to 2024, and Asia and the Rest of the World improved marginally

GP-Led Transactions Completed by Strategy

% Completed by Volume

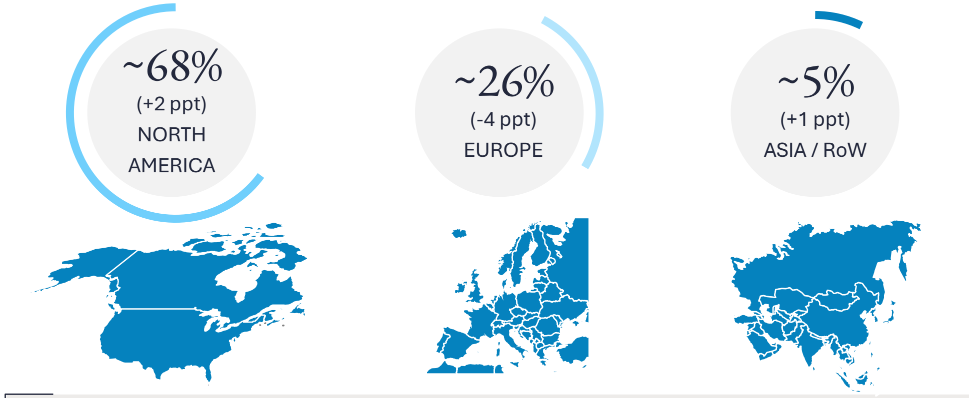


LAZARD Observation

- Buyout remained the dominant GP-led strategy in 2025, representing ~77% of market volume. Despite a decrease year over year, which is primarily attributable to growth in Private Credit, Buyout remained the core strategy in the GP-led market
- Private Credit GP-led volume multiplied to 11% of total GP-led volume following a strong 2024. Investor appetite for high-quality credit-backed CVs remained healthy, and the number of dedicated credit secondary funds continued to expand
- Growth Equity & Venture Capital strategies held steady at ~8% of GP-led activity, supported by improving sentiment around valuation stability and a gradual recovery in late-stage growth and VC portfolios
- Real Assets[1] activity dipped slightly to ~5%, reflecting fewer large Real Estate GP-led deals amid ongoing valuation uncertainty and a slower pace of recapitalization processes

GP-Led Transactions Completed by Geography

% Completed by Volume (ppt increase versus 2024)



LAZARD Observation

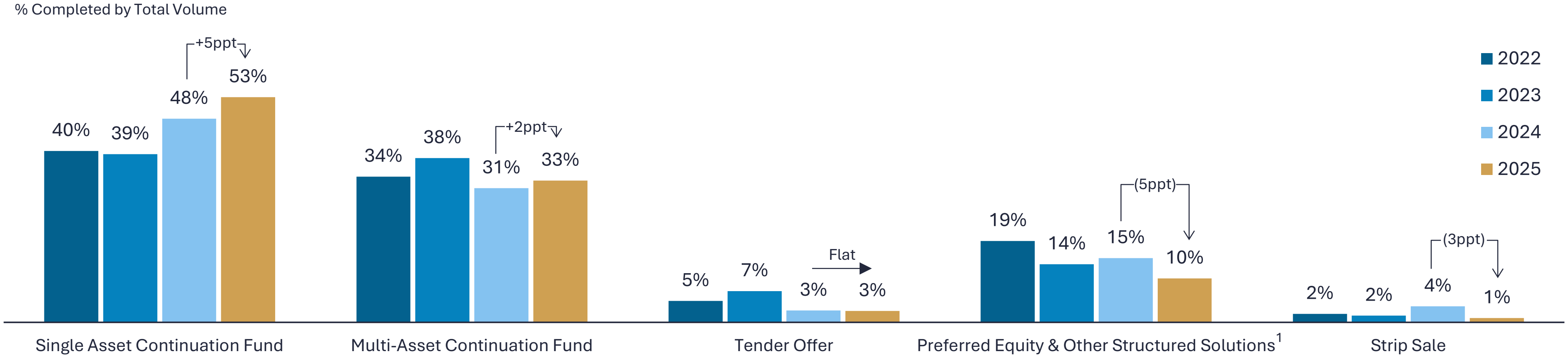
- North America remained the largest market for GP-led transaction volume, increasing to ~68% of total global volume in 2025. Investors continued to prioritize transactions with GPs based in North America due to generally more predictable underwriting conditions, albeit more complicated today with heightened geopolitical uncertainty
- Europe represented ~26% of transaction volume in 2025, a modest 4% decline from 2024, with volume shaped by geopolitical pressure
- Asia / RoW comprised ~5% of GP-led volume, a slight increase from 2024. Broader deployment remained limited as investors navigated China's slower recovery and region-specific macro uncertainty

Source: *Lazard Estimates.*
Note: Figures may not add up as a result of rounding.
1 Real Assets and Infrastructure strategy is included in 2025 data.

Deployment by Transaction Type – Continuation Funds Continue to Dominate

Continuation Funds dominated the GP-led market at ~86% of total volume in 2025. Single Asset Continuation Funds represented the largest transaction type at ~53% of total volume, with Multi-Asset Continuation Funds following behind at ~33% of total volume. Preferred Equity & Other Structured Solutions remained valuable options for sellers, though a lower proportion of overall volume

Capital Deployment by Transaction Type



LAZARD Observation

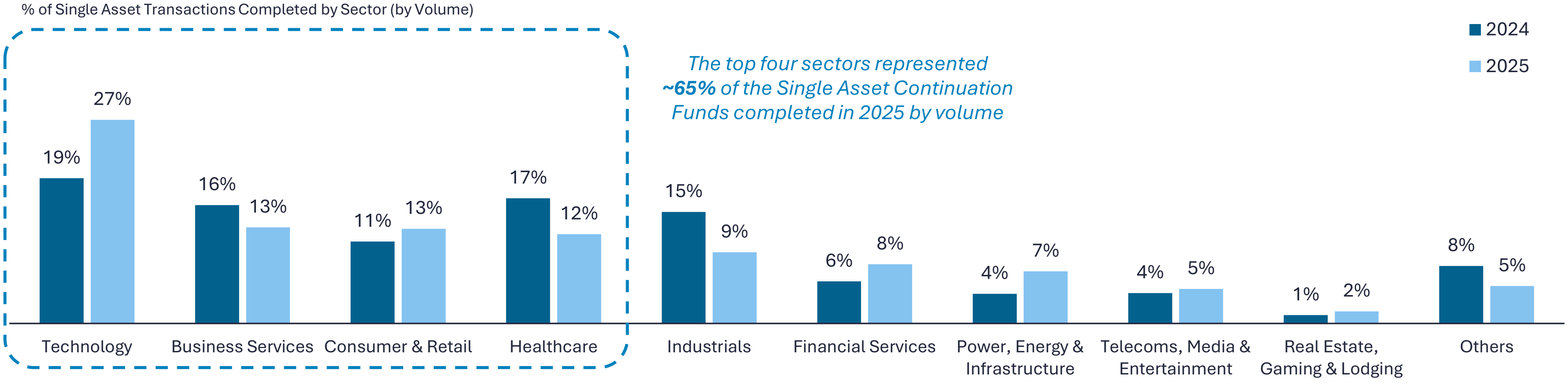
- Single Asset Continuation Funds experienced a meaningful uptick in 2025 compared to 2024 as GPs gravitated towards deals for their highest-quality assets; these deals received strong investor support given the asset quality and sponsor alignment. Despite this mix-shift, Multi-Asset Continuation Funds remained a key segment of the market given investors' focus on managing concentration in their portfolios
- Preferred Equity & Other Structured Solutions and Strip Sales declined by 5% and 3%, respectively, from 2024. Given the generally constructive pricing environment for Continuation Funds, fewer sponsors in 2025 were willing to pivot to a structured solution in situations with wide bid-ask spreads. However, structured alternatives offer flexibility and a balanced risk profile that remain attractive for many managers as they continue to seek creative ways to generate portfolio liquidity
- Tender Offers remained flat as a proportion of volume in 2025, representing only 3% of total transactions. This trend reflects shifting market preferences and a greater emphasis on execution certainty when selecting deal structures

Source: *Lazard Estimates.*
Note: Figures may not add up as a result of rounding.
1 Excludes certain direct secondary sales and certain deferral mechanisms.

Deployment by Sector – Single Asset Continuation Funds

Technology, Business Services, Consumer & Retail and Healthcare were the top four sectors by volume of Single Asset Continuation Funds closed in 2025

Investments in Single Asset Continuation Funds by Sector



LAZARD Observation

- Secondary investors maintained a disciplined underwriting approach toward Single Asset Continuation Fund opportunities in 2025, with asset quality, recent performance, entry valuation, and GP quality standing out as the influential evaluation criteria across sectors
- Technology remained the most active sector for Single Asset Continuation Funds in 2025, with transaction volume rising 8% relative to 2024. Investors were drawn to the sector's recurring SaaS models, strong growth and margin profiles, and the consistent earnings performance of more mature companies. This increase extends the momentum seen in 2024, reflecting investors doubling down on technology exposures built in recent years
- Business Services remained active but saw a modest 3% decline in Single Asset Continuation Fund volume relative to 2024, as buyers grew more cautious around EBITDA adjustments, AI-related risks and discretionary exposure, pressures that were particularly pronounced within the sector
- Although the Consumer & Retail sector grew 2% relative to 2024, it continued to face headwinds, particularly within Consumer Discretionary. Meanwhile, Healthcare declined from its prior position of strength, with secondary investors placing scrutiny on valuations and pro forma adjustments within multi-unit Healthcare Services businesses in particular

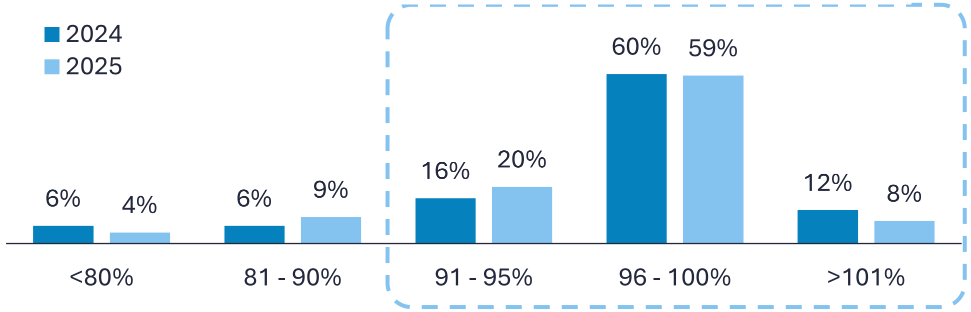
Source: *Lazard Estimates.*
Note: Figures may not add up as a result of rounding.

Buyout Continuation Fund Pricing Remained Robust in 2025

Buyout pricing remained broadly in line with 2024, though Multi-Asset CV pricing saw a modest decrease. This was partly a function of greater issuance of "trophy" assets with attractive demand dynamics within the Single Asset Continuation Fund segment of the market

Buyout Single Asset Continuation Funds

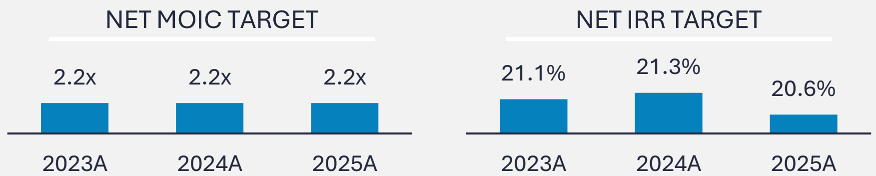
Weighted Average GP-Led Pricing over Time[1,2]



~87%
of total Single Asset CVs were priced above 90%, in line with 2024

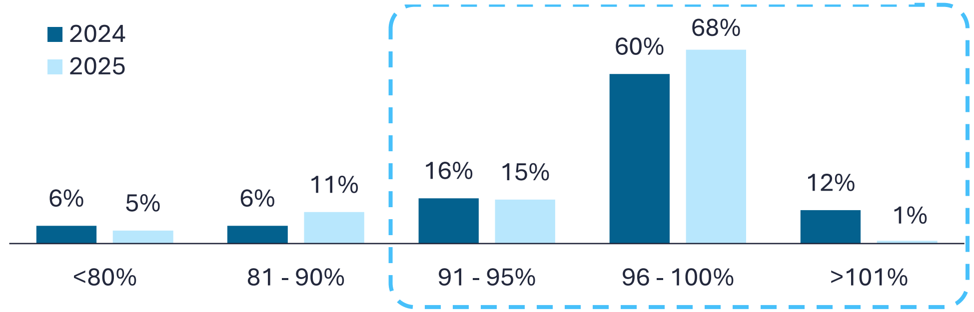
~2.2x / ~20.6%
Net MOIC and Net IRR underwriting target for Single Asset CVs, respectively

Average Secondary Return Target over Time[2,3]



Buyout Multi-Asset Continuation Funds

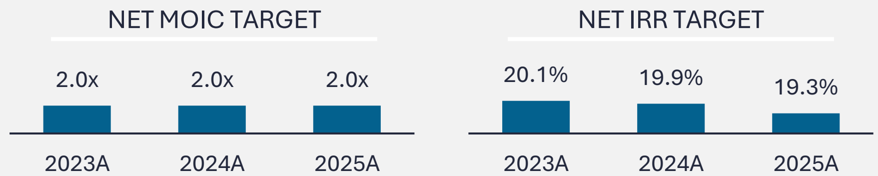
Weighted Average GP-Led Pricing over Time[1,2]



~84%
of total Multi-Asset CVs were priced above 90%, down from 88% in 2024

~2.2x / ~19.3%
Net MOIC and Net IRR underwriting target for Multi-Asset CVs, respectively

Average Secondary Return Target over Time[2,3]



LAZARD
Observation

- While pricing across GP-led deals decreased modestly in 2025, premium terms became more prominent. Demonstrating alignment between secondary investors and GPs remained critical for Continuation Fund transactions in 2025 as ~25% of deals included a premium carried interest tier

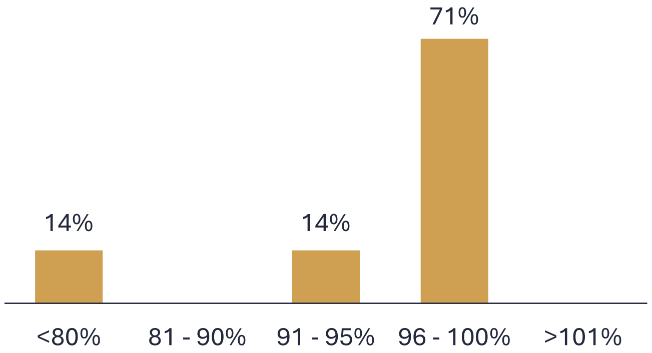
Source:	*Lazard Estimates.*
Note:	Figures may not add up as a result of rounding.
1	Pricing percentage is expressed by reference to portfolio / asset NAV as of the reference date.
2	Weighted average GP-led pricing is calculated using the volume of GP-led transactions completed by each respondent.
3	Net of underlying GP economics.

GP-Led Transactions for Alternative Asset Classes Garnered Strong Pricing

Driven by new entrants and inflows of dedicated capital to these alternative asset classes, the Private Credit, Venture / Growth and Infrastructure / Real Asset segments of the secondary market witnessed robust buyer appetite

Private Credit GP-Led

Weighted Average GP-Led Pricing[1,2]



~86% *of total Private Credit GP-Led transactions were priced above 90%, highlighting the trend towards highly secured portfolios*

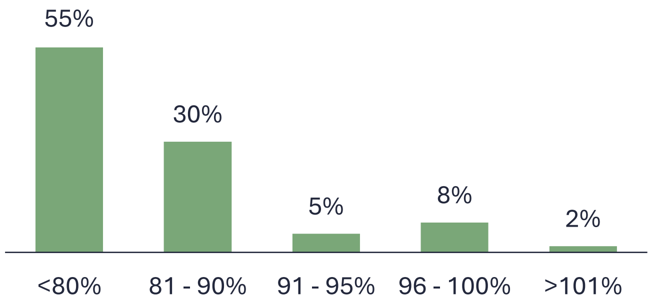
*The underwriting targets for Private Credit GP-led transactions are particularly focused on **stability and yield** rather than upside potential*

Average Secondary Return Target[2,3]

NET MOIC TARGET	NET IRR TARGET
1.7x	16.3%

Venture / Growth GP-Led

Weighted Average GP-Led Pricing[1,2]



~15% *of total Venture Capital / Growth Equity GP-Led transactions were priced above 90%*

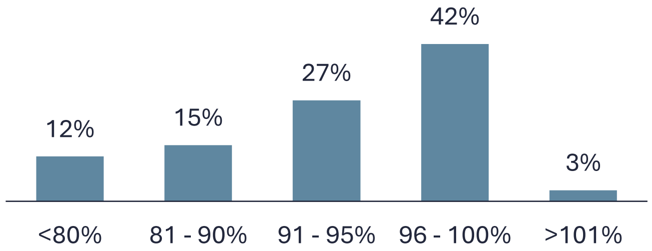
*The underwriting targets for Venture / Growth GP-led transactions are particularly focused on **potential outsized upside**, which often leads to significant discounts on pricing*

Average Secondary Return Target[2,3]

NET MOIC TARGET	NET IRR TARGET
2.3x	22.6%

Infrastructure / Real Asset GP-Led

Weighted Average GP-Led Pricing[1,2]



~73% *of total Infrastructure / Real Asset GP-Led transactions were priced above 90%*

*The underwriting targets for Infrastructure / Real Asset GP-led transactions are particularly focused on establishing **yield with downside protection** for the secondary buyer*

Average Secondary Return Target[2,3]

NET MOIC TARGET	NET IRR TARGET
1.9x	18.7%

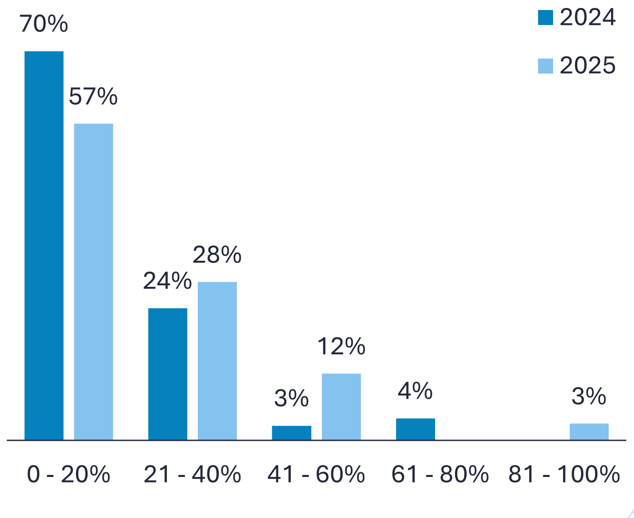
Source: *Lazard Estimates.*
Note: Figures may not add up as a result of rounding.
1 Pricing percentage is expressed by reference to portfolio / asset NAV as of the reference date.
2 Weighted average GP-led pricing is calculated using the volume of GP-led transactions completed by each respondent.
3 Net of underlying GP economics.

Purchase Price Deferrals Become Increasingly Common to Bridge Valuation Gaps

As the market continues to mature, purchase price deferrals and other structural mechanisms become normal course for GP-Led transactions, serving as tool to bridge valuation gaps, enhance investor returns and reduce execution risk in complex situations

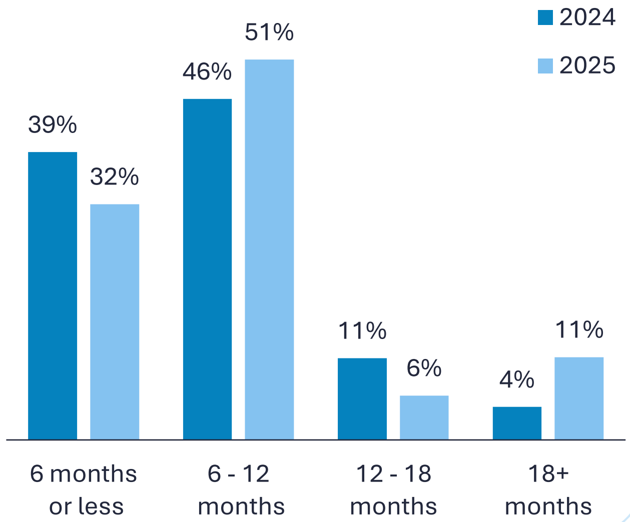
Higher Proportion of Deals Featuring Deferrals ...

% of GP-Led Deals Completed Involving a Time-Based Purchase Price Deferral



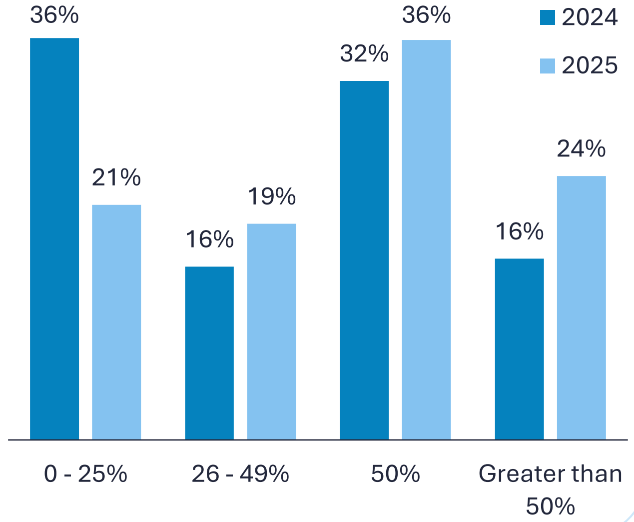
... With Longer Payout Periods ...

Duration of Deferred Consideration within GP-Led Deals Involving a Purchase Price Deferral



... And a Greater Proportion Paid Post Close

Proportion of Purchase Price Deferred within GP-Led Deals Involving a Purchase Price Deferral



LAZARD Observation

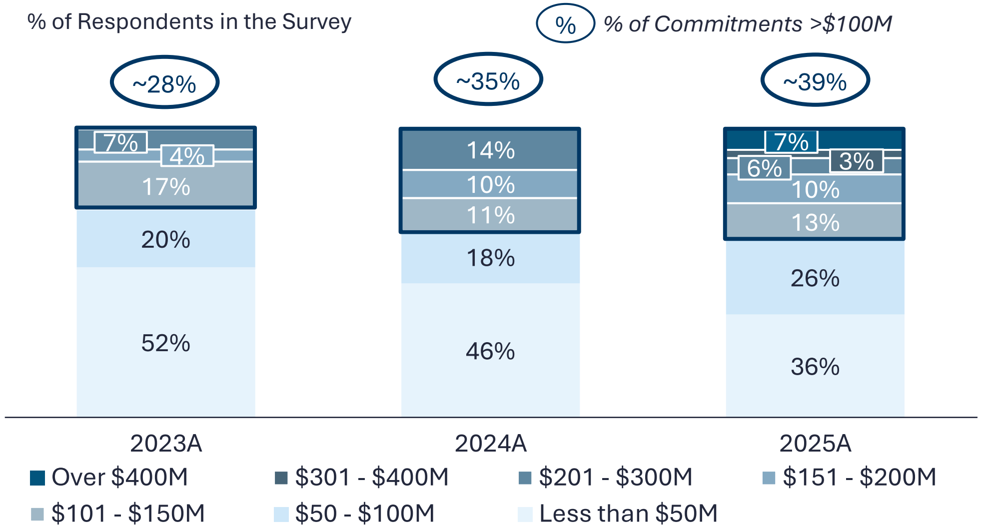
- There has been a notable rise in the use of deferral structures in 2025 – not only in the number of transactions employing deferrals, but also in the length of payout periods and the share of consideration deferred. The 6 - 12-month payout window, already the most common structure in 2024, became even more dominant in 2025, accounting for 51% of all deals involving deferrals. Shorter-duration payout periods declined materially, falling 7% year over year
- The proportion of proceeds deferred has also increased meaningfully. The historically most common 0 - 25% paid-at-close bracket contracted by 15% in 2025, while all lower-payment brackets expanded, signaling a clear shift toward smaller up-front payments in transactions utilizing deferrals
- As the secondary market continues to mature, we expect deferrals to be used more frequently as a tool for buyers and GPs to bridge bid-ask spreads – providing buyers with a higher-yielding structure while helping GPs manage LP optics around achieving higher secondary purchase prices

Source: *Lazard Estimates.*
Note: Figures may not add up as a result of rounding.

Deployment Trends – Average Lead and Syndicate Tickets Increased in 2025

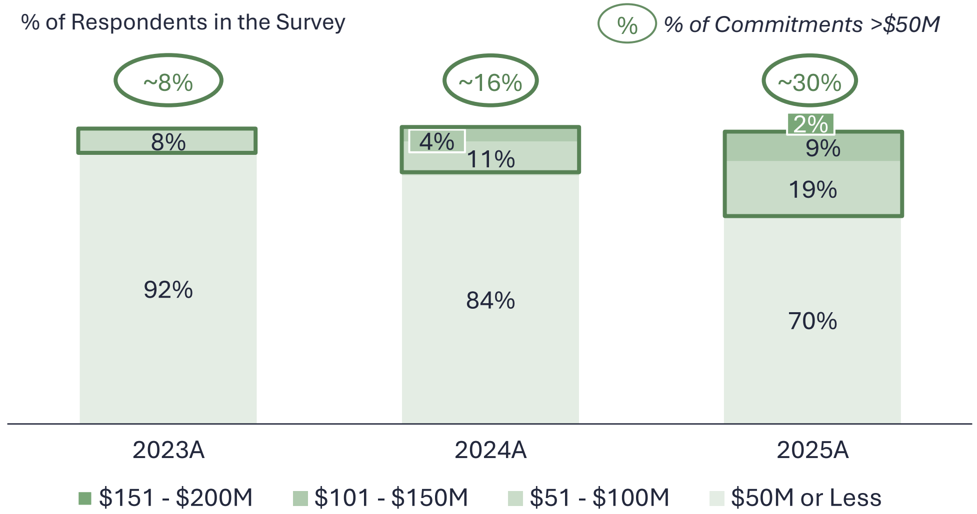
Average ticket sizes continued to rise in 2025. At the upper end of the market, roughly 16% of lead investors reported average commitments above $200 million, up slightly from about 14% in 2024. Syndicate investors showed an even sharper increase, with around 30% reporting average tickets above $50 million, compared with roughly 15% the prior year

Average Lead Investor Commitment[1]



~39% of lead investors had an average commitment greater than $100M in 2025

Average Syndicate Investor Commitment[2]



~30% of syndicate investors had an average commitment greater than $50M in 2025

LAZARD Observation

- Lead investor ticket sizes continued to rise, with checks above $100 million increasing by 4% from 2024 to 2025, underscoring deeper capital availability and sustained confidence in high-quality GP-led transactions
- Syndicate commitments also expanded meaningfully in 2025: 30% of respondents reported tickets exceeding $50M, double the roughly 15% recorded in 2024, reinforcing the multi-year shift toward larger syndicate participation
- The broad-based increase in check sizes across both lead and syndicate investors in 2025 highlights growing capital depth and a consistent willingness to support larger GP-led opportunities, partially due to deployment pressures from investors with Evergreen funds

Source: *Lazard Estimates.*
Note: Figures may not add up as a result of rounding.
1 Due to data limitations, 2023A and 2024A treat all check sizes above $200M as part of the $201 – $300M category.
2 Due to data limitations, 2023A and 2024A treat all check sizes above $100M as part of the $101 – $150M category.

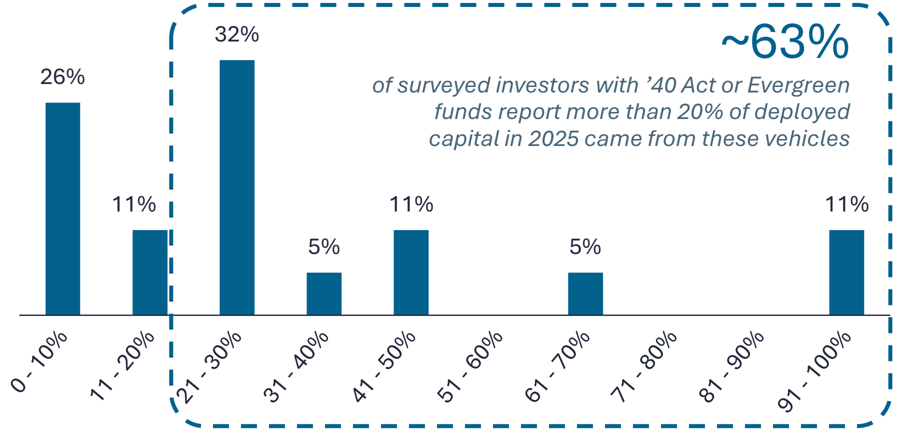
Additional Retail Capital Raised and Deployed towards GP-Led Secondaries

As more investors continue to raise '40 Act or Evergreen vehicles, buyside dynamics continue to favor General Partners issuing diversified portfolio opportunities, such as Multi-Asset Continuation Funds

Growing Set of Investors with '40 Act / Evergreen Vehicles

Select Managers	Fund Name	Fund AUM[1]	Select Managers	Fund Name	Fund AUM[1]
Adams Street	Adams Street Private Equity Navigator Fund	$525	Hamilton Lane	Hamilton Lane Private Assets Fund	$5,430
Carlyle AlpInvest	Carlyle AlpInvest Private Markets Sub-Fund I	$1,549	HarbourVest	HarbourVest Private Investments Fund	$572
S3 x Apollo	Apollo S3 Private Markets Fund	$900[2]	J.P.Morgan Asset Management	J.P. Morgan Private Markets Fund	$1,570
Ardian	Ardian Access LLC	$976	Lexington Partners	Franklin Lexington Private Markets Fund	$1,830
Ares	Ares Private Markets Fund	$5,100	LGT	LGT Global Private Equity Master	$1,880
BlackRock	BlackRock Private Investments Fund	$465	Morgan Stanley	North Haven Private Assets Fund	$434
Blackstone	Blackstone Private Equity Strategies Fund	$12,400	Neuberger Berman	NB Private Markets Access Fund	$2,010
Cliffwater	Cascade Private Capital Fund	$4,800	Pantheon	AMG Pantheon Fund	$6,400
Coller Capital	Coller Secondaries Private Equity Opportunities Fund	$1,212	Pomona Capital	Pomona Investment Fund	$2,000
Future Standard	FS MVP Private Markets Fund	$1,600	StepStone	StepStone Private Equity Strategies Fund	$1,500

Total % Deployment from '40 Act Funds



Lazard Observation

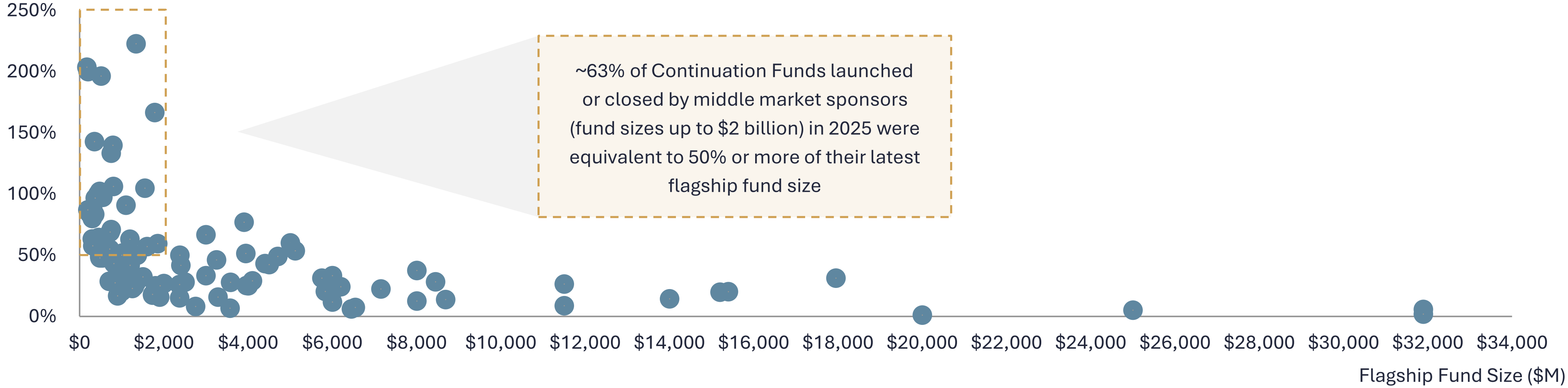
- Capital inflows from retail investors continue to accelerate, fueling a rise in '40 Act fund AUM with new vehicles continually coming online
- Given the structure of these vehicles, capital needs to be deployed rapidly into diversified opportunities with more regular or contractual cash flows to reduce the cash drag on returns. Within the GP-led secondary transaction landscape, Multi-Asset Continuation Funds tend to be the best fits for these '40 Act vehicles
- The emergence of '40 Act funds and associated capital deployment pressures, bolstered by increased market confidence, have improved pricing across most strategies
- Increasing competition in the market, driven by strong pricing offered by '40 Act funds with lower return thresholds, is narrowing bid-ask spreads and driving several traditional investors out of the LP market

Source: *Lazard Intelligence, Public Filings and Company Websites.*
Note: $ in millions.
1 Estimates and subject to change. As of latest information available. Does not include flagship secondary fund.
2 Reflects Apollo S3 Evergreen Secondaries Strategies AUM.

Middle Market GPs Use Continuation Funds to Raise Significant Amounts of Capital

Middle market sponsors are increasingly utilizing the secondary market as a strategic tool to efficiently manage large NAV exposures and accelerate AUM growth. This trend is bolstered by enhanced deal flow in the middle market, which is being positively received by the secondary market as more investors seek to allocate capital to these opportunities

2025 Continuation Funds[1]: Size as a % of the Sponsor's Latest Flagship Fund



LAZARD Observation

- Continuation Funds have firmly established themselves as a core liquidity and portfolio-management tool alongside traditional exits. In 2025, roughly 63% of middle market sponsors (fund sizes up to $2 billion) targeted Continuation Fund raises equal to at least 50% of their latest flagship fund, and about 23% pursued vehicles sized at or above 100% of their prior fund
- What was once an exit path to larger sponsors has shifted: middle market managers are now using Continuation Funds to deliver LP liquidity while actively managing concentration and NAV exposure within existing funds. This structure allows sponsors to retain control of their highest-conviction assets and expand platform-level AUM
- Secondary investor appetite in the middle market has been strong, driven by the opportunity to back seasoned assets with clear value-creation momentum and well-defined exit pathways, supporting continued capital formation in the GP-led market

Source: Lazard Estimates.
1 Consist of Continuation Funds that have launched and closed in 2025 and active in-market transactions; failed deals and transactions that have been put on hold were excluded.

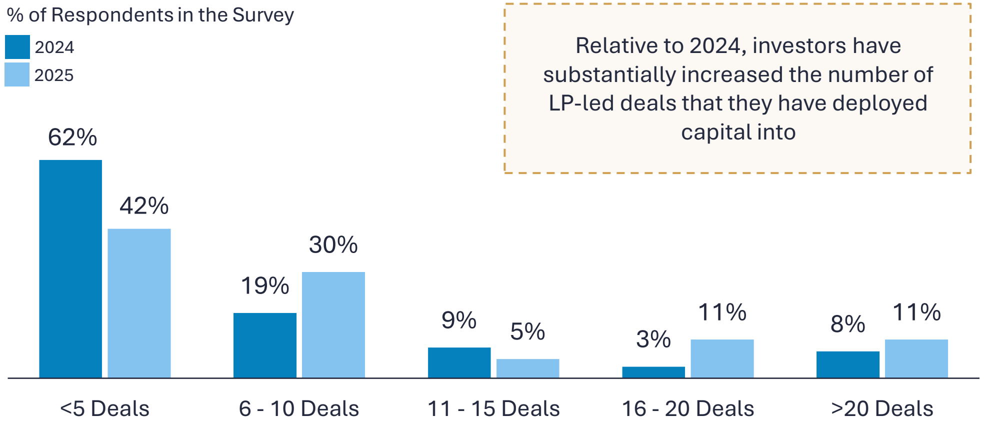
III LP-Led at a Glance

2025 LP-Led Market at a Glance

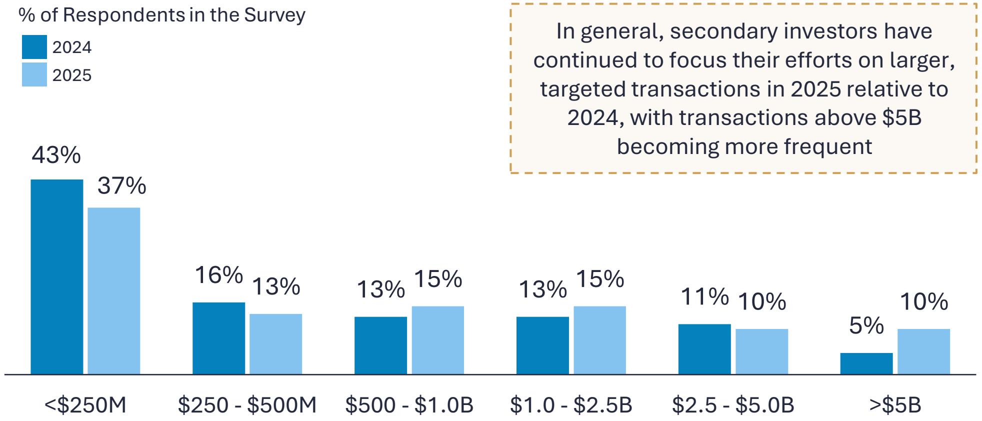
LP-led transactions accounted for roughly 50% of secondary market volume in 2025, extending the multi-year trend of LP sales ceding share to the rapidly expanding Continuation Fund segment

$117 Billion -- $80 Billion in 2024	LP-led transaction volume reached $117 billion in 2025, a 47% increase from 2024 levels, driven by diversified portfolio sales to manage allocations and accelerate liquidity
~777[1] Deals -- ~650 in 2024	LP-led transactions closed in 2025, an ~20% increase relative to 2024 volume, substantiating that the number of transactions in the LP-led market is steadily growing
6 Buyers -- 8 in 2024	Individual buyers together accounted for ~50% of LP-led market volume in 2025, highlighting the ongoing market bifurcation: a few investors are concentrating on large, complex transactions

Number of LP-Led Transactions Completed by Investors



Volume of LP-Led Transactions Completed by Investors



LAZARD Observation

- Despite the reemergence of M&A and IPO market exits in 2025, LPs continued to utilize the secondary market to manage overallocations to private equity and accelerate liquidity within respective portfolios
- Larger transactions became more prevalent in 2025, with the average deal size increasing and significant contributions from pensions, sovereign wealth funds and endowments, highlighting robust buyer demand and expanded participation from diverse LP types
- Innovative structuring solutions like deferrals, managed funds and collateralized fund obligations gained popularity, enabling sellers to meet liquidity needs while preserving portfolio upside and maintaining alignment with GPs, reflecting the increasing sophistication of the secondary market

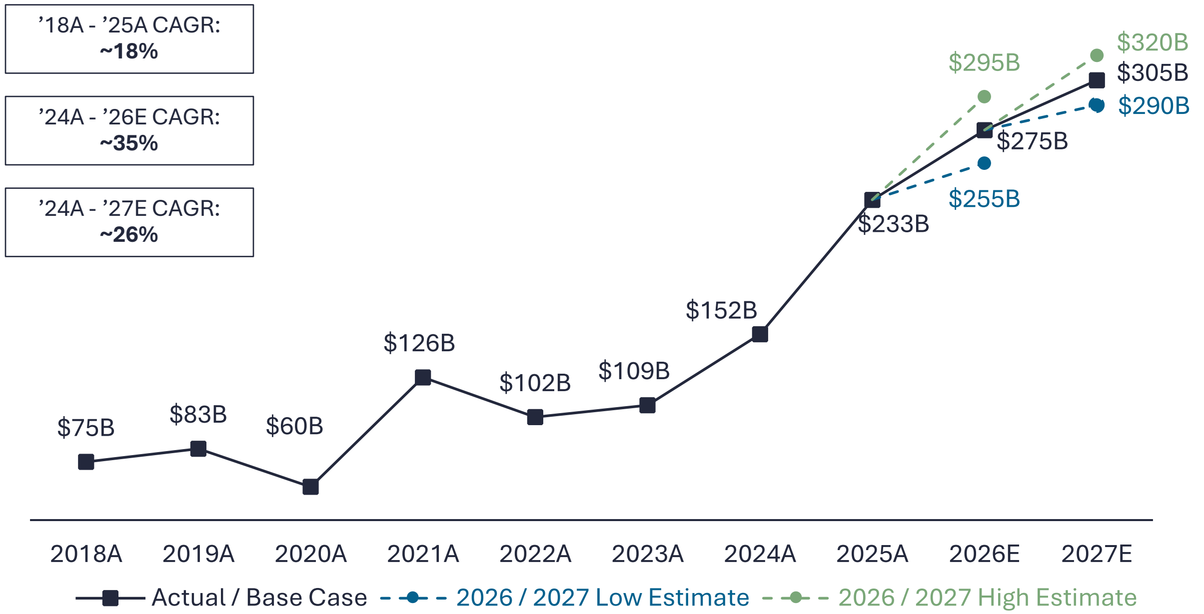
Source: Lazard Estimates.
1 Calculated as the sum of each investor's reported deal count.

IV Outlook and Predictions

Outlook for the Secondary Market in 2026

2025 saw impressive deal volume, and the secondary market is expected to maintain its momentum in 2026, supported by greater supply via portfolio liquidity needs and rising demand from ’40 Act funds and new entrants

2025 / 2026 Outlook for Secondary Market Volumes



- The secondary market hit record levels in 2025 with the expectation of sustainable growth through 2026 based on survey responses
- The increase of dry powder, underpinned by new capital sources like ’40 Act funds and Evergreen vehicles, is expected to continue to push volumes upwards in both GP-led and LP-led transactions
- With the M&A market near its all-time high and the IPO market in recovery, the secondary market has remained robust as improving exit conditions enhance buyer conviction in value realization and support continued appetite for GP-led transactions

Key Opportunities and Challenges for the Next 12 Months

Top 3 Opportunities (by % of Respondents)

38%	Expansion of GP-led activity from increased sponsor adoption in the middle market and higher usage of the technology by repeat issuers
29%	LP liquidity pressure remains a key catalyst for GP-led deals, supported by strategic opportunities for reinvestment and portfolio funding
22%	Growth in GP-led deal volumes supported by an increased supply of aging fund vintages and an improving macroeconomic exit outlook

Top 3 Challenges (by % of Respondents)

38%	Elevated NAV marks and firm seller expectations widen bid-ask spreads, with greater asset-quality dispersion requiring more selectivity
35%	Geopolitical tensions, tariff-driven inflation and rate volatility contribute to market uncertainty and complicate underwriting
27%	Increased participation from ’40 Act funds further intensify competition and push pricing higher, especially for premier GP-led transactions

Source: *Lazard Estimates.*

Eight Predictions for the Secondary Market in 2026

1 GP-led transactions will surpass LP-led activity as the dominant segment of the market, supported by growing LP acceptance of the liquidity tool and broad sponsor adoption of the Continuation Fund technology

2 Large cap sponsors will increasingly tap the secondary market for innovative liquidity solutions and private IPOs for large private holdings as alternatives to traditional public exits

3 ’40 Act and Evergreen vehicles will continue to expand their assets under management, contributing significantly to the secondary market’s growth and investors’ abilities to augment check sizes into transactions with retail capital

4 Private Credit secondaries will see outsized growth relative to other alternative asset classes, the result of a large cohort of credit managers coming to market with GP-led opportunities and new investors dedicated to the strategy

5 As investor competition intensifies and new entrants with direct investing backgrounds proliferate, secondary investors will increasingly specialize strategies, focusing on specific sectors or asset classes to gain advantages

6 Continuation Fund-to-Continuation Fund (or “CV-on-CV”) exits will become more common as GPs continue to hold onto their top-performing assets and seek structured mechanisms to extend ownership

7 Whole-fund recapitalizations will become more prevalent as fundraising alternatives for private equity managers undergoing generational transitions, aiming to realign incentives and return capital to LPs

8 Continuation Fund transactions will see declines in existing LP selling volumes, driven by greater use of purchase price deferrals and LPs’ desire to maintain exposure to the highest-performing assets and managers

Source: Lazard Estimates.

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